

**Vietnam Technological and Commercial
Joint Stock Bank**

Consolidated Financial Statements for the
year ended 31 December 2020

Vietnam Technological and Commercial Joint Stock Bank Corporate Information

Banking Operation

Licence No. 0040/NH-GP 6 August 1993

The Banking Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the licence date. The Banking Operation Licence has been amended several times, the most recent of which is the Banking Operation Licence No. 0038/GP-NHNN dated 6 March 2018 issued by the State Bank of Vietnam.

Business Registration

Certificate No. 055697 7 September 1993

The Business Registration Certificate has been amended several times, the most recent of which is the Business Registration Certificate No. 0100230800 dated 19 January 2021 issued by Hanoi Department of Planning and Investment.

The Board of Directors during the year and until the issuing date of the consolidated financial statements

Mr. Ho Hung Anh	Chairman
Mr. Nguyen Dang Quang	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. Saurabh Narayan Agarwal	Member
Mr. Nguyen Nhan Nghia	Independent Member

The Supervisory Board during the year and until the issuing date of the consolidated financial statements

Mr. Hoang Huy Trung	Head of the Supervisory Board cum Specialist Member
Mr. Mag Rec Soc Oec Romauch Hannes	Member
Ms. Bui Thi Hong Mai	Member

The Executive Team during the year and until the issuing date of the consolidated financial statements

Mr. Jens Lottner	Chief Executive Officer (from 18 August 2020)
Mr. Nguyen Le Quoc Anh	Chief Executive Officer (until 17 August 2020)
Mr. Phung Quang Hung	Standing Deputy Chief Executive Officer (from 15 March 2020) cum Managing Director (from 13 January 2020 until 9 January 2021) cum Chief Customer Services & Financial Advisory Officer (until 15 November 2020)

**Vietnam Technological and Commercial Joint Stock Bank
Corporate Information (continued)**

The Executive Team during the year and until the issuing date of the consolidated financial statements (continued)

Mr. Do Tuan Anh	Deputy Chief Executive Officer (until 14 July 2020) cum Chief Corporate Affairs Officer (until 1 April 2020)
Mr. Pham Quang Thang	Deputy Chief Executive Officer cum Transformation Director (until 1 April 2020) cum Chief Corporate Affairs Officer (from 2 April 2020)
Mr. Phan Thanh Son	Deputy Chief Executive Officer cum Chief Global Transaction Services Officer cum Transformation Director
Mr. Kalyanaraman Sivaramakrishnan	Deputy Chief Executive Officer (from 10 January 2021) cum Chief Risk Officer (from 1 October 2020)
Mr. Trinh Bang	Group Chief Finance Officer cum Chief of Strategy and Corporate Development (from 1 February 2021)
Ms. Phan Thi Thanh Binh	Chief Wholesale Banking Officer
Mr. Vishal Shah	Chief Business Banking Officer
Mr. Dang Cong Hoan	Deputy Chief of Retail Banking Officer cum Head of Investment Solutions Development (from 10 January 2021)
Ms. Dang My Quyen	Chief Human Resources Officer (from 4 May 2020)
Mr. Nguyen Anh Tuan	Chief Information Officer (from 17 July 2020)
Mr. Chu Hong Ngoc	Chief Operating Officer (from 4 May 2020)
Ms. Thai Minh Diem Tu	Chief Marketing Officer (from 3 September 2020)
Mr. Santhosh Mahendiran	Chief Data & Analytics Officer (from 20 October 2020)
Mr. Kyle Timothy Justin	Chief Transformation Officer (from 30 October 2020)
Mr. Pranav Seth	Chief Digital Officer (from 13 January 2021)

**Vietnam Technological and Commercial Joint Stock Bank
Corporate Information (continued)**

Legal Representative	Mr. Ho Hung Anh	Chairman of the Board of Directors
Registered office	191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi Vietnam	
Auditor	KPMG Limited Vietnam	

Vietnam Technological and Commercial Joint Stock Bank Statement of the Executive Team

The Executive Team of Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) present this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as “Techcombank”) for the year ended 31 December 2020.

Techcombank’s Executive Team is responsible for the true and fair presentation of the accompanying consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and relevant statutory requirements applicable to financial reporting. In the opinion of Techcombank’s Executive Team:

- (a) the consolidated financial statements set out on pages 7 to 89 give a true and fair view of the consolidated balance sheet of Techcombank as at 31 December 2020, and of the consolidated statement of income and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for Techcombank’s Executive Team to believe that the Bank or its subsidiaries will not be able to pay its debts as and when they fall due.

Techcombank’s Executive Team has, on the date of this statement, authorised the issuance of the accompanying consolidated financial statements.

On behalf of the Executive Team,

Jens Lottner
Chief Executive Officer

Hanoi, 15 March 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Vietnam Technological and Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) and its subsidiaries (collectively referred to as “Techcombank”), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statement of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Executive Team on 15 March 2021, as set out on pages from 7 to 89.

Responsibility of the Bank’s Executive Team

The Bank’s Executive Team is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Bank’s Executive Team determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries as at 31 December 2020 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Other Matter

The consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2019 were audited by another firm of auditors whose reports dated 18 March 2020 expressed an unqualified opinion on those statements.

KPMG Limited

Vietnam

Audit Report No. 20-02-00068-21-4

Doan Thanh Toan
Practicing Auditor Registration
Certificate No. 3073-2019-007-1
Deputy General Director

Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Hanoi, 15 March 2021

	Note	31/12/2020 VND million	31/12/2019 VND million
A ASSETS			
I Cash and gold on hand	4	3,663,615	4,820,627
II Balances with the State Bank of Vietnam (“SBV”)	5	10,253,324	3,192,256
III Balances with and loans to other credit institutions (“CIs”)	6	28,994,954	47,990,224
1 Balances with other CIs		21,112,630	38,596,420
2 Loans to other CIs		7,882,324	9,393,804
IV Securities held-for-trading	7	8,347,576	10,041,556
1 Securities held-for-trading		8,357,447	10,052,963
2 Allowance for securities held-for-trading		(9,871)	(11,407)
VI Loans and advances to customers		275,310,367	227,885,283
1 Loans and advances to customers	8	277,524,615	230,802,027
2 Allowance for loans and advances to customers	9	(2,214,248)	(2,916,744)
VII Debt purchases	10	-	-
1 Debt purchases		1,682	1,682
2 Allowance for debt purchases		(1,682)	(1,682)
VIII Investment securities		84,447,241	66,054,597
1 Available-for-sale securities	11(a)	84,632,952	66,158,709
2 Held-to-maturity securities	11(b)	200,000	202,006
3 Allowance for investment securities	11(c)	(385,711)	(306,118)
IX Long-term investments	12	11,806	12,223
4 Other long-term investments		12,466	12,883
5 Allowance for diminution in the value of long-term investments		(660)	(660)
X Fixed assets		4,613,423	3,207,777
1 Tangible fixed assets	13	1,470,942	793,484
<i>a Cost</i>		2,416,349	1,761,468
<i>b Accumulated depreciation</i>		(945,407)	(967,984)
3 Intangible fixed assets	14	3,142,481	2,414,293
<i>a Cost</i>		3,923,203	3,086,148
<i>b Accumulated amortisation</i>		(780,722)	(671,855)
XI Investment property	15	1,124,724	1,160,524
<i>a Cost</i>		1,435,699	1,435,699
<i>b Accumulated depreciation</i>		(310,975)	(275,175)
XII Other assets	16	22,835,903	19,334,394
1 Receivables		16,572,411	12,954,103
2 Accrued interest and fee receivables		5,184,822	5,553,724
4 Other assets		1,268,562	1,055,475
5 Allowance for other on-balance sheet assets		(189,892)	(228,908)
TOTAL ASSETS		439,602,933	383,699,461

The accompanying notes are an integral part of these consolidated financial statements

	Note	31/12/2020 VND million	31/12/2019 VND million
B			
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
II			
Deposits and borrowings from other CIs	17	47,484,812	61,266,635
1 Deposits from other CIs		21,232,089	38,632,337
2 Borrowings from other CIs		26,252,723	22,634,298
III			
Deposits from customers	18	277,458,651	231,296,761
IV			
Derivatives and other financial liabilities	19	266,926	434,008
VI			
Valuable papers issued	20	27,899,640	17,460,634
VII			
Other liabilities	21	11,878,118	11,168,656
1 Accrued interest and fee payables		3,252,009	3,479,310
3 Other liabilities		8,626,109	7,689,346
TOTAL LIABILITIES		364,988,147	321,626,694
OWNERS' EQUITY			
VIII			
Capital and reserves	22	74,614,786	62,072,767
1 Capital		35,525,569	35,477,967
<i>a</i> Charter capital		35,049,062	35,001,400
<i>c</i> Share premium		476,507	476,567
2 Reserves		6,789,643	5,172,684
5 Retained earnings		31,815,808	21,131,391
6 Non-controlling interests		483,766	290,725
TOTAL OWNERS' EQUITY		74,614,786	62,072,767
TOTAL LIABILITIES AND OWNERS' EQUITY		439,602,933	383,699,461

The accompanying notes are an integral part of these consolidated financial statements

	Note	31/12/2020 VND million	31/12/2019 VND million
OFF-BALANCE SHEET ITEMS			
I CONTINGENT LIABILITIES AND OTHER COMMITMENTS			
1	Loan guarantees	34,868	38,509
2	Foreign exchange commitments	185,950,560	228,476,804
	<i>Commitments to buy foreign currency</i>	1,605,493	1,108,119
	<i>Commitments to sell foreign currency</i>	3,004,364	5,611,861
	<i>Commitments to buy currency swap contracts</i>	90,498,304	110,730,891
	<i>Commitments to sell currency swap contracts</i>	90,842,399	111,025,933
4	Letters of credit	30,880,187	21,909,553
5	Other guarantees	21,121,837	22,285,888
6	Valuable papers forward commitments	15,802,168	19,281,908
7	Other commitments	131,316,212	113,347,193
	<i>Commitments for cross currency swap in foreign currency</i>	59,869,362	50,759,660
	<i>Commitments for cross currency swap in VND</i>	60,198,065	50,662,360
	<i>Commitments for interest rate swap in foreign currency</i>	9,994,922	2,471,787
	<i>Commitments for interest rate swap in VND</i>	-	7,161,705
	<i>Other commitments</i>	1,253,863	2,291,681
8	Unused credit limit	155,200,484	128,092,826

15 March 2021

Prepared by:

Reviewed by:

Approved by:

Bui Thi Khanh Van
 Chief Accountant

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

Jens Lottner
 Chief Executive Officer

	Note	2020 VND million	2019 VND million (Reclassified)	
1	Interest and similar income	23	29,001,912	25,020,397
2	Interest and similar expenses	23	(10,250,703)	(10,762,553)
I	Net interest income		18,751,209	14,257,844
3	Fee and commission income	24	6,048,443	4,853,846
4	Fee and commission expenses	24	(1,859,665)	(1,600,493)
II	Net fee and commission income		4,188,778	3,253,353
III	Net gain from trading of foreign currencies	25	745	104,581
IV	Net gain from trading securities	26	321,397	397,664
V	Net gain from investment securities	27	1,496,997	1,243,759
5	Other income	28	5,460,013	4,425,079
6	Other expenses	28	(3,180,804)	(2,618,351)
VI	Net other income	28	2,279,209	1,806,728
VII	Income from capital contribution, share purchase		4,191	4,216
VIII	Operating expenses	29	(8,631,195)	(7,312,509)
IX	Net operating profit before allowance expenses		18,411,331	13,755,636
X	Allowance expenses for credit losses	30	(2,611,035)	(917,368)
XI	Profit before tax (Carried forward to next page)		15,800,296	12,838,268

	Note	2020 VND million	2019 VND million (Reclassified)
XI Profit before tax (Brought forward from previous page)		15,800,296	12,838,268
7 Corporate income tax expenses - current	31	(3,217,829)	(2,612,059)
XII Corporate income tax expenses	31	(3,217,829)	(2,612,059)
XIII Net profit after tax		12,582,467	10,226,209
XIV Non-controlling interests		(257,476)	(151,070)
XVI Net profit attributable to Bank's shareholders		12,324,991	10,075,139
XV Basic earnings per share (VND/share)	32	3,515	2,871

15 March 2021

Prepared by:

Reviewed by:

Approved by:

Bui Thi Khanh Van
Chief Accountant

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

Jens Lottner
Chief Executive Officer

	2020 VND million	2019 VND million (Reclassified)
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	28,933,307	25,681,231
02 Interest and similar expenses paid	(10,155,492)	(10,869,069)
03 Net fees and commission income received	4,140,309	3,170,716
04 Net receipts from trading activities (foreign currencies, gold and securities)	1,897,196	1,703,869
05 Other income	1,190,483	485,024
06 Proceeds from bad debts previously written off	1,259,653	1,080,236
07 Payments for salary and operating expenses	(6,752,272)	(5,565,179)
08 Corporate income tax paid during the year	(2,881,901)	(2,678,919)
Cash flows from operating activities before changes in operating assets and liabilities	17,631,283	13,007,909
Changes in operating assets		
09 Decrease in balances with and loans to other CIs	1,401,381	2,033,530
10 (Increase)/decrease in trading securities	(16,005,291)	18,030,873
12 (Increase) in loans and advances to customers	(46,722,588)	(70,862,810)
13 Decrease in allowance to write off	(3,363,570)	(256,945)
14 (Increase) in other operating assets	(6,261,043)	(4,670,768)
Changes in operating liabilities		
15 (Decrease) in amounts due to the Government and the SBV	-	(4,024,907)
16 (Decrease)/increase in deposits and borrowings from other CIs	(13,781,823)	24,841,075
17 Increase in deposits from customers	46,161,890	27,882,109
18 Increase in valuable papers issued	10,596,719	7,482,675
20 (Decrease)/increase in derivatives and other financial liabilities	(167,082)	123,695
21 Increase/(decrease) in other operating liabilities	422,272	(944,721)
22 Utilisations of reserves	(615)	(9,913)
I NET CASH FLOWS FROM OPERATING ACTIVITIES	(10,088,467)	12,631,802
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payments for purchases of fixed assets	(665,860)	(257,620)
02 Proceeds from disposals of fixed assets	6,837	31,428
03 Payments for disposals of fixed assets	(559)	(268)
09 Dividends received and profit shared from long-term investments	4,191	4,216
II NET CASH FLOWS FROM INVESTING ACTIVITIES	(655,391)	(222,244)

The accompanying notes are an integral part of these consolidated financial statements

	2020 VND million	2019 VND million (Reclassified)
CASH FLOWS FROM FINANCING ACTIVITIES		
01 Increase of share capital from issuance of shares	47,602	35,428
03 Payments for settlement of long-term valuable papers eligible for recognition as owners' equity and other long-term loans	(157,713)	(3,200,000)
04 Payments for dividends	(65,086)	-
07 Proceeds from capital contribution of non-controlling shareholders	651	70,338
III NET CASH FLOWS FROM FINANCING ACTIVITIES	(174,546)	(3,094,234)
IV NET CASH FLOWS DURING THE YEAR	(10,918,404)	9,315,324
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	46,514,303	37,198,979
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 33)	35,595,899	46,514,303

15 March 2021

Prepared by:

Reviewed by:

Approved by:

Bui Thi Khanh Van
Chief Accountant

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

Jens Lottner
Chief Executive Officer

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

1. Reporting entity

(a) Establishment and operation

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

The Bank was established pursuant to Banking Operation License No. 0040/NH-GP dated 6 August 1993. The Banking Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the licence date. The Banking Operation Licence has been amended several times, the most recent of which is the Banking Operation Licence No. 0038/GP-NHNN dated 6 March 2018 issued by the State Bank of Vietnam. The operation time according to the Banking Operation Licence is 99 years from 6 August 1993.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposits from organisations and individuals; lending to organisations and individuals 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; making capital contributions, purchasing shares, investing in bonds and trading foreign currencies in accordance with the law.

(b) Charter capital

As at 31 December 2020, the Bank’s charter capital was VND35,049,062,300,000 (31/12/2019: VND35,001,399,620,000). The Bank issued 3,504,906,230 ordinary shares with the par value of VND10,000 per share.

(c) Head Office and network

The Bank’s Head Office is located at 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam. As at 31 December 2020, The Bank had one (1) Head Office, two (2) representative offices, three hundred and nine (309) transaction offices nationwide and three (3) subsidiaries (31/12/2019: one (1) Head Office, two (2) representative offices, three hundred and eleven (311) transaction offices nationwide and three (3) subsidiaries).

The consolidated financial statements of the Bank as at 31 December 2020 and for the year then ended consist of the financial statements of the Bank and its subsidiaries (herein collectively referred to as “Techcombank”).

(d) Subsidiaries

As at 31 December 2020, the Bank has three (3) subsidiaries as follows:

Company name	Operation License	Business sector	% owned by the Bank
Techcom Securities Joint Stock Company	72/GPDC-UBCK dated 4 November 2020 granted by the State Securities Commission	Securities activities	88.94843%
Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited	0102786255 dated 18 June 2008 granted by the Hanoi Department of Planning and Investment which was amended for the 22 nd time on 3 May 2019	Debt and asset management	100%
Techcom Capital Management Joint Stock Company	33/GPDC-UBCK dated 5 June 2019 granted by the State Securities Commission	Fund management	88.99956%

(e) Total number of employees

As at 31 December 2020, Techcombank had 11,802 employees (31/12/2019: 11,156 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for CIs stipulated by the State Bank of Vietnam and relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ in some material aspects from International Financial Reporting Standards, generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present Techcombank's consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices for CIs.

(b) Basis of measurement

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

(c) Accounting period

The annual accounting period of Techcombank is from 1 January to 31 December.

(d) Accounting currency

Techcombank's accounting currency is Vietnam Dong ("VND"). These consolidated financial statements have been prepared and presented in Vietnam Dong ("VND"), rounded to the nearest million ("VND million").

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by Techcombank in preparing these consolidated financial statements.

Except for the adoption of Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV on CIs' and foreign bank branches' restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the Covid-19 pandemic as described in Note 3(h)(ii), the accounting policies that have been adopted by Techcombank in the preparation of these consolidated financial statements are consistent with those adopted in the preparation of the latest annual financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Techcombank. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of subsidiaries have been also revised when necessary to ensure consistency with the accounting policies applied by Techcombank.

(b) Foreign currency

Foreign currency transactions

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at average exchange rate for spot selling and buying (gold is converted at the average selling and buying rate) of the Bank at the end of the last working day of the annual accounting period if the difference between this rate and the weighted average buying and selling rate of the last working day of the annual accounting period is less than 1% (refer to Note 48 for details of foreign exchange rates as at 31 December 2020). If the difference between the average exchange rate for spot selling and buying at the end of the last working day of the annual accounting period and the weighted average buying and selling rate of the last working day of the annual accounting period is 1% or more, Techcombank shall use the weighted average buying and selling rate of the last working day of the annual accounting period.

Non-monetary foreign currency assets and liabilities are translated into VND using the exchange rates effective at the dates of the transactions. Income and expense in foreign currencies are translated into VND using the exchange rates effective at the dates of the transactions.

Foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies as at the end of the annual accounting period are recognised in the consolidated statement of income.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, Government treasury bills and other short-term valuable papers which are eligible for rediscount with the SBV, balances with other CIs without a term and with original terms to maturity of less than three months and securities with recovery or maturity period not exceeding three months from the acquisition date.

(d) Balances with and loans to other CIs

Balances with other CIs, except for current deposits, are deposits at other CIs with original terms of not exceeding three months. Loans to other CIs are loans with original terms to maturity of less than one year.

Current deposits at other CIs are stated at the amount of the outstanding principal. Term deposits at and loans to other CIs are stated at the amount of outstanding principal less allowance for credit risks.

Credit risk classification of balances with and loans to other CIs and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of CIs and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV amending and supplementing certain articles of Circular 02 ("Circular 09"). Accordingly, Techcombank has provided specific allowance for balances with (except for current accounts at domestic CIs and foreign bank branches the territory of in Vietnam) and loans to other CIs in accordance with the method described in Note 3(h).

According to Circular 02, Techcombank is not required to make general allowance for balances with and loans to other CIs.

(e) Securities held-for-trading and investment securities

(i) Classification

Securities held-for-trading are debt securities which are acquired principally for the purpose of selling them in the short term or there is an evidence of a recent pattern of short-term profit-taking.

Investment securities include available-for-sale investment securities and held-to-maturity investment securities. Available-for-sale investment securities are debt securities or equity securities, which are held for an indefinite period and may be sold at any time. Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments, where Techcombank has the positive intention and ability to hold until maturity.

Techcombank classifies investment securities at the date of acquisition as available-for-sale investment securities and held-to-maturity investment securities. According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 of the SBV, Techcombank is allowed to reclassify investment securities for a maximum of one time after initial recognition.

(ii) Recognition

Techcombank recognises securities held-for-trading and investment securities on the date that Techcombank becomes a party under purchase contracts for these securities (trade date accounting).

(iii) Measurement

Equity securities

For equity investment securities, Techcombank initially records at cost including purchase cost plus other directly attributable costs such as brokerage fees, transaction fees, information fees and bank charges (if any). They are subsequently recognised at the lower of book value and the actual market price with the allowance expenses recognised in the consolidated statement of income.

For listed equity securities, the actual market price of securities is the closing bid price at the latest trading date prior to the end of the annual accounting period. If the listed securities are not traded in 30 days before making allowance or the listed securities are cancelled or suspended from trading on the date of making allowance, allowance for each investment in equity securities is determined as those for other investments specified in Note 3(f)(ii).

If there is no reliable information to determine allowance for investments in accordance with Note 3(f)(ii), Techcombank shall not make allowance for such investments.

Debt securities

For debt securities held-for-trading, Techcombank records at cost less allowance for credit risks and diminution in value of securities held-for-trading.

For debt investment securities, Techcombank initially records at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for risks of investment securities, including allowance for diminution in value of securities and allowance for credit risk of unlisted corporate bonds. Premium and discounts arising from purchases of debt securities are amortised to the consolidated statement of income on a straight-line basis over the period from acquisition date to maturity date.

Allowance for diminution in value of investment securities is determined based on actual market prices. For Government bonds, the actual bond prices on the market are the average of prices set by market makers, commercial banks and securities companies announced and selected by the Ministry of Finance, pledge to bid in the bid session. In the absence of the aforementioned price commitment, the actual bond price on the market is the latest trading price at the Stock Exchange within 10 days to the end of the annual accounting period. If there is no transaction within 10 days to the end of the annual accounting period, Techcombank will not make allowance for these investments.

For municipal bonds, government-guaranteed bonds, and corporate bonds that are listed, registered for transactions, the market price of bonds is the latest transaction price at the Stock Exchange within 10 days to the end of the annual accounting period. If there is no transaction within 10 days to the end of the annual accounting period, Techcombank will not make allowance for these investments.

Other debt securities of unlisted enterprises (excluding held-to-maturity debt securities and available-for-sale investments of unlisted enterprises) are stated at cost less allowance for diminution in value determined by market value of securities. If there is no market value or market value cannot be determined reliably, these securities will be recognised at their carrying amount.

Allowance for credit risk of unlisted corporate bonds is made in accordance with the policies applicable to loans and advances to customers as described in Note 3(h).

The allowance for diminution in value of securities mentioned above is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

Interest income from debt securities after the acquisition date is recognised in the consolidated statement of income when the income is received on an accrual basis. Accrued interest receivable account of the pre-acquisition accumulated interest income of Techcombank will be reduced upon receipt.

(iv) *De-recognition*

Techcombank derecognises securities held-for-trading and investment securities when the contractual rights to the cash flows from these securities expired or when the significant risks and rewards of ownership of these securities have been transferred.

(f) *Long-term investments*

(i) *Other long-term investments*

Other long-term investments are investments in the equity of other companies without having control or significant influence. These long-term investments are initially recognised at cost at the date of acquisition, and subsequently stated at cost less allowance for diminution in the value of investments.

(ii) *Allowance for diminution in value of long-term investments*

Allowance for diminution in the value of other long-term investments is made when the invested economic entities suffer losses, except when the loss was anticipated in the initial business plan before the date of investment. Allowance for diminution in the value is determined as the total actual contributed capital of parties to the investee less (-) the actual owner's equity multiplied (x) by Techcombank's ownership percentage in the investee.

The allowance is reversed if the recoverable amounts are subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(g) Loans and advances to customers

Loans and advances to customers are stated at the amount of the principal outstanding less allowance for loans and advances to customers.

Short-term loans are those with maturity term of no more than 1 year from the loan disbursement date. Medium-term loans are those with maturity of more than 1 year and no more than 5 years of the loan disbursement date. Long-term loans are those with maturity term of more than 5 years from the loan disbursement date.

Techcombank derecognises loans when the contractual rights to the cash flows from these loans expire or when substantial risks and rewards of ownership of these loans have been transferred.

Debt classification and allowance for loans and advances to customers are made in accordance with Circular 02 and Circular 09 as described in Note 3(h).

(h) Debt classification and the rate and method of making allowance for credit losses

(i) *Debt classification*

Classification of deposits with and loans to other CIs (excluding current deposits), purchases and entrustment amount to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted credit (collectively referred to as “loans”), loans already sold but payments not yet collected, is implemented using the method based on the quantitative element as stipulated in Article 10 of Circular 02.

(ii) *Specific allowance for credit losses*

According to Circular 02 and Circular 09, Techcombank determines specific allowance for credit risks based on the allowance rates corresponding to debt classification results and loan principals balance less the discounted value of collaterals. Specific allowance as at 31 December is determined based on the debt classification results and loan principals balance at the last working day of November. The rates of specific allowance for specific loan groups are as follows:

<i>Loan group</i>		<i>Overdue status</i>	<i>Rate of allowance</i>
1	Current	(a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or (b) Loans 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) Loans which are overdue for a period of between 10 days and 90 days; or (b) Loans which are restructured repayment term for the first time.	5%
3	Sub-standard	(a) Loans which are overdue for a period of between 91 days and 180 days; or (b) Loans which are extended repayment term for the first time; or (c) Loans which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Loans in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> • Loans in breach of clauses 1, 3, 4, 5 or 6 of Article 126 of the Law on CIs; • Loans in breach of clauses 1, 2, 3 or 4 of Article 127 of the Law on CIs; • Loans in breach of clauses 1, 2 or 5 of Article 128 of the Law on CIs; or (e) Loans which are recovered under inspection conclusions.	20%
4	Doubtful	(a) Loans which are overdue for a period of between 181 days and 360 days; or (b) Loans 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) Loans which are restructured repayment term for the second time; or (d) Loans which are specified in point (d) of loan Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	50%
5	Loss	(a) Loans which are overdue for a period of more than 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or (c) Loans which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Loans which are restructured repayment term for the third time or more, whether loans are overdue or not; or (e) Loans which are specified in point (d) of loan Group 3 have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or (f) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Loans of customers being CIs which are announced by the SBV to place in special control status, or foreign bank branches of which capital and assets are blockaded.	100%

Payments on behalf arising from off-balance sheet commitments are classified based on the number of overdue days, starting from the date when Techcombank committed obligations:

- Group 3 - Sub-standard loans: overdue for less than 30 days;
- Group 4 - Doubtful loans: overdue for between 30 days and less than 90 days;
- Group 5 - Loss loans: overdue for 90 days or more.

In case where a customer has more than one loan with Techcombank, if a loan is reclassified to a higher risk group, Techcombank is required to reclassify the other loans of that customers to that higher risk loan group.

When Techcombank participates in a syndicated loan to a customer not as a lead bank, Techcombank classifies loans (including the syndicated loan) of the customer to a higher risk group between the risk assessment made by the lead bank and made by Techcombank.

Techcombank also collects loan classification results of the customers provided by the Credit Information Center of the SBV (“CIC”) at the date of loan classification to adjust its own classification of loans. If a customer’s loans and off-balance sheet commitments are classified in a loan group that has a lower risk than the loan groups provided by CIC, Techcombank shall adjust its classification of loans and off-balance commitments following the loan groups provided by CIC.

Since 13 March 2020, Techcombank has applied Circular No. 01/2020/TT-NHNN (“Circular 01”) issued by the SBV providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the Covid-19 pandemic of CIs, foreign bank branches. Accordingly, for customers incurred obligations of loan principal repayments and/or interest payments during the period from 23 January 2020 to the succeeding day of the date after three months from the Government’s announcement of the termination of Covid-19 pandemic and these customers are unable to repay loan principles or to pay interest upon maturity of the signed loan contracts or agreements due to decreases in revenue and income caused by effect of the Covid-19 pandemic, Techcombank is allowed to reschedule loan repayment periods, exemption/reduction of interest/fees and loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020.

Those collaterals that are movable assets, immovable assets and those collaterals that are not gold bars, government securities listed in the Stock Exchanges, securities issued by enterprises or other credit institutions valued at VND50 billion or more in respect of the loans of customers that are related persons of Techcombank and other persons under Article 127 of the Law on Credit Institutions; and those collaterals that are valued at VND200 billion or more, shall be evaluated by professional valuers. For other cases, collaterals are valued in accordance with Techcombank’s internal regulations and procedures. For collaterals which fail to fully meet conditions specified in Clause 3, Article 12 of Circular 02, their discounted value must be considered as zero.

The discount rates for collaterals are determined as follows:

Types of collaterals	Maximum discount rate
(a) Deposits from customers in VND	100%
(b) Gold bars, except for gold bars as described in item (i) deposits from customers in foreign currencies	95%
(c) Government bonds, negotiable instruments, valuable papers issued by the Bank; saving cards, deposit certificates, treasury notes, treasury bills issued by other CIs, foreign banks' branches	
▪ With the remaining term of less than 1 year	95%
▪ With the remaining term of between 1 year and 5 years	85%
▪ With the remaining term of more than 5 years	80%
(d) Securities issued by other CIs and listed on the Stock Exchange	70%
(e) Securities issued by other enterprises and listed on the Stock Exchange	65%
(f) Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point (c), and issued by CIs which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point (c), and issued by CIs which have not registered securities listing on the Stock Exchange	30%
(g) Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have registered securities listing on the Stock Exchange	30%
Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have not registered securities listing on the Stock Exchange.	10%
(h) Real estates	50%
(i) Gold bars without listed prices, other gold and other collaterals	30%

(iii) General allowance for credit risks

According to Circular 02, general allowance is also required at the rate of 0.75% of total balance of loans, except for the balances with and loans to other CIs and the loans classified into the Loss group. General allowance as at 31 December is calculated based on the result of loan classification and the outstanding loan principal amount at the last working day of November.

(iv) Write-off of bad debts

According to Circular 02 and Circular 09, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

(v) *Off-balance sheet commitments*

According to Circular 02 and Circular 09, the classification of off-balance sheet credit commitments is conducted solely for risk management, credit quality supervision of credit granting activities. No allowance is made for off-balance sheet credit commitments, except where Techcombank has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made for in accordance with policy in Note 3(h).

(i) *Debt purchases and sales*

(i) *Debt purchases*

Debt purchases are initially recognised at purchase price, and subsequently recognised at cost less allowance for credit losses. The debt purchase price is the amount the purchaser must pay to the debt seller under the debt purchase contract. Interest income is recognised in the consolidated statement of income, except for the interest arising before Techcombank purchases the debts which is deducted from the purchase price.

Purchased debts are classified in the loan groups which are not lower than those classified by the seller before purchase and allowance is made for them as described in Note 3(h).

(ii) *Debt sales*

Income and expenses from the sale of debts are recognised in accordance with Circular No. 09/2015/TT-NHNN providing guidance on the sale of debts of CIs and foreign bank branches. According to Circular 09, for debts recorded in the consolidated balance sheet, if the sale price is higher than the book value of the debt, the difference shall be recorded as income of Techcombank during the year. If the sale price is lower than the book value of the debt, the difference shall be offset by 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 claim paid by the insurer, or utilisation of allowance recognised as expense previously. The remaining balance (if any) shall be recognised as other expense of Techcombank during the year.

For debts which have been sold but have not yet been collected, the debts shall be classified and made allowance as before the sale of debts under guidance of Circular 02.

For debts written-off and monitored off-balance sheet, the proceeds from sale of debts shall be recognized as other income of the Techcombank.

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

The selling price is the total amount to be paid to a debt seller under a debt sale contract.

(j) Derivative financial instruments

(i) Currency forward and swap contracts

Techcombank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, adjust or mitigate foreign exchange risks and also for the business purposes of Techcombank.

Currency forward contracts are commitments to buy or to sell an amount of foreign currency at a specified interest rate at the transaction date and will be settled at a specific date in the future. The forward contracts are recorded at nominal value at the date of transaction and are revalued at exchange rate at the reporting date and are stated at net value on the consolidated balance sheet. Differences upon revaluation of foreign exchange rate at the end of the annual accounting period are recognised in the consolidated statement of income. Differences between the amounts in VND of the foreign currency amounts which are committed to buy/sell at forward rate and spot rate are recognised in the consolidated statement of income on a straight-line basis over the term of the contracts.

The currency swap contracts are commitments to buy or to sell the same amount of foreign currency (only two currencies are used in the transaction) with the same partner, in which there is a transaction with the spot payment term and a transaction with a payment period determined in the future and the rate of the two transactions is determined at the time of determination of spot transaction.

Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised immediately on the effective date of the contracts on the consolidated balance sheet as an asset if such difference is positive or as a liability if such difference is negative. This difference is amortised to the consolidated statement of income on a straight-line basis over the term of the swap contracts.

(ii) Interest rate swap contracts

Interest swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. The contract value in basic interest rate swaps of the same currency is not recognised in the consolidated balance sheet. Income earned and expenses incurred are recognised in the consolidated statement of income on an accrual basis.

(k) 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. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of income during the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted as 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 tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	8 - 50 years
▪ machines and equipment	3 - 10 years
▪ means of transportation	6 - 10 years
▪ others	4 - 10 years

(l) Intangible fixed assets

(i) Software

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

(ii) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of definite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation of definite land use rights is computed on a straight-line basis.

(iii) Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation. Intangible fixed assets are amortised on a straight-line basis over 4 to 8 years.

(m) Investment property

Cost

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

Depreciation

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

▪ buildings	10 - 40 years
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(n) Other assets

Other assets, except receivables from credit activities, are stated at cost less allowance for other on-balance sheet assets.

For other assets that are not classified as credit risk assets and are overdue, allowance are made based on the overdue status of receivables or expected losses which may incur in case receivables are overdue or undue receivables are likely to become overdue. Allowance expense is recorded in operating expense during the year.

Allowance rates by overdue period are as follows:

Overdue period	Allowance rate
▪ From more than six (06) months up to less than one (01) year	30%
▪ From one (01) year up to less than two (02) years	50%
▪ From two (02) years up to less than three (03) years	70%
▪ Three (03) years or more	100%

(o) Provision

A provision is recognised if, as a result of a past event, Techcombank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Deposits from customers

Deposits from customers are stated at cost.

(q) Valuable papers issued

Valuable papers issued are stated at cost, including par value, discount/premium plus other directly attributable costs such as brokerage fees, issuing fees, and other costs (if any).

(r) Other payables

Other payables are stated at cost.

(s) Share capital

(i) Ordinary shares

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

(ii) **Share premium**

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

(iii) **Treasury shares**

When repurchased shares are recognised as equity, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold subsequently (reissued), cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(t) **Reserves and funds**

(i) **Reserves and funds of the Bank**

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government of Vietnam providing regulations on the financial regime applicable to credit institutions (“Decree 93”), Law on Credit Institutions No. 47/2010/QH12 and Charter of the Bank, the Bank is required to make the following reserves before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	Not stipulated

Financial reserve is used to cover financial losses incurred during the normal course of business. Financial reserve and reserve to supplement charter capital are non-distributable and classified as equity.

Other funds are allocated from profit after tax (unconsolidated). The allocation from profit after tax to these funds is approved by the shareholders in the Annual General Meeting. Other funds are not required by law and are fully distributable.

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

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

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

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

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

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	10% of charter capital
Financial reserve	5% of profit after tax	10% of charter capital

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

(u) Employee benefits

(i) *Post-employment benefits*

Post-employment benefits are paid to retired employees of Techcombank by the Social Insurance Agency which belongs to the Ministry of Labors, War Invalids and Social Affairs. Techcombank is required to contribute to these post-employment benefits by paying social insurance at the rate of 17.5% of employees' basic salary plus other allowances. Other than that, Techcombank has no further obligation. Expenses for such contribution are recognised in the consolidated statement of income in the year.

(ii) *Voluntary resignation*

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

(iii) *Unemployment allowance*

According to Circular No. 28/2015/TT-BLDTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, Techcombank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance. Expenses for such contribution are recognised in the consolidated statement of income during the year.

(v) Welfare fund

Welfare fund is allocated from profit after tax at the discretion of the shareholders at the Annual General Meeting of Shareholders and is mainly used to pay Techcombank's employees.

(w) Revenue

(i) *Interest income*

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 as described in Note 3(h) and restructured loans kept unchanged in Group 1 as a result of implementation of Circular 01. When loans are classified in Group 2 to Group 5 as defined in Note 3(h) or kept unchanged in Group 1 as a result of implementation of Circular 01, interest receivable will be derecognised and recorded as off-balance sheet items. Interest on these loans are recognised in the consolidated statement of income upon receipt.

(ii) Fee and commission income

Fees and commissions are recognised in the consolidated statement of income upon delivery of the services rendered.

(iii) Income from investing activities

Income from sale of securities is recognised in the consolidated statement of income upon receipt of the order matching notice from Vietnam Securities Depository (listed securities) and completion of the assets transfer agreement (unlisted securities) and is determined based on the differences between selling price and weighted average cost of securities sold.

Dividend income in the form of cash is recognised in the consolidated statement of income when Techcombank's right to receive dividend is established. Dividends received in the form of shares, bonus shares and rights to purchase shares given to existing shareholders, shares distributed from retained earnings are not recognised as an increase in investment and such dividend income is not recognised in the consolidated statement of income. When share dividends are received, Techcombank only recognises an increase in the number of shares.

Dividends received which are attributable to the period before acquisition date are deducted against the carrying amount of the investment.

(x) Interest expenses

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

(y) Fee and commission expenses

Fee and commission expenses are recognised in the consolidated statement of income when these expenses are incurred.

(z) Operating lease payments

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

(aa) Taxation

Corporate income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

(bb) Related parties

Related parties of Techcombank include:

- Management or members of the Supervisory Board of the Bank;
- Individuals, organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Wives, husbands, parents, children, siblings of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Enterprises held directly or indirectly by such individuals hold an important part of voting rights or through this person, this person may significantly influence the enterprises. This case includes businesses owned by the Bank's leaders or key shareholders and those businesses that have a key managing member with the Bank;
- Representatives for the Bank's paid-in capital and shares.

(cc) Segment reporting

A segment is a distinguishable component of Techcombank that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

(dd) Earnings per share

Techcombank presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of Techcombank by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options. As at and for the year ended 31 December 2020, Techcombank had no potential ordinary shares and therefore does not present diluted EPS.

(ee) Commitments and contingent liabilities

At any point of time, Techcombank has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. Techcombank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

(ff) Nil balances

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 (“Decision 16”) of the SBV’s Governor promulgating the regulation on financial reporting regime applicable to CIs and Circular No. 49/2014/TT-NHNN dated 31 December 2014 (“Circular 49”) of the SBV’s Governor on amending and supplementing a number of articles of the regulation on financial reporting regime applicable to CIs accompanying Decision 16, Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the chart of accounts of CIs accompanying the Decision that are not shown in these consolidated financial statements indicate nil balances.

(gg) Financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments on Techcombank’s consolidated balance sheet and statement of income and the nature and extent of risk arising from financial instruments, Techcombank classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

- financial assets that, upon initial recognition, were categorised by Techcombank as financial assets at fair value through profit or loss;
- financial assets already categorised by Techcombank as assets that available for sale; or
- financial assets qualified the definitions of loans and receivables.

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

4. Cash and gold on hand

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand in VND	3,408,588	4,396,424
Cash on hand in foreign currencies	249,944	411,367
Gold on hand	5,083	12,836
	3,663,615	4,820,627

5. Balances with the State Bank of Vietnam

These consist of current accounts and compulsory reserve balances for liquidity.

	31/12/2020 VND million	31/12/2019 VND million
Current deposits and compulsory reserve balances with the SBV		
▪ In VND	10,231,475	3,190,934
▪ In foreign currencies	21,849	1,322
	10,253,324	3,192,256

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

Year-end CRR rates were as follows:

Deposits in scope

	CRR rates	
	31/12/2020 %	31/12/2019 %
Preceding month average balances of:		
▪ Deposits in foreign currencies with term of less than 12 months	8.00	8.00
▪ Deposits in foreign currencies with term of and more than 12 months	6.00	6.00
▪ Deposits in VND with term of less than 12 months	3.00	3.00
▪ Deposits in VND with term of and more than 12 months	1.00	1.00

Year-end annual interest rates were as follows:

	31/12/2020 %	31/12/2019 %
Deposits in VND within the CRR	0.50	0.80
Deposits in foreign currencies within the CRR	0.00	0.00
Deposits in VND beyond the CRR	0.00	0.00
Deposits in foreign currencies beyond the CRR	0.05	0.05

6. Balances with and loans to other credit institutions

	31/12/2020	31/12/2019
	VND million	VND million
Current accounts		
Current accounts in VND	719,343	6,117,336
Current accounts in foreign currencies	6,307,747	9,056,471
Term deposits		
Term deposits in VND	8,477,100	19,657,000
Term deposits in foreign currencies	5,608,440	3,765,613
	<hr/> 21,112,630	<hr/> 38,596,420
Loans to other CIs		
In VND	7,399,254	7,695,397
In foreign currencies	483,070	1,698,407
	<hr/> 7,882,324	<hr/> 9,393,804
	<hr/> 28,994,954	<hr/> 47,990,224

Balances of term deposits with and loans to other CIs by groups were as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Group 1 - Current	21,967,864	32,816,417

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
	%	%
Demand deposits in VND	0.00	0.00
Demand deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.12 - 6.00	1.20 - 6.80
Term deposits in foreign currencies	0.05 - 0.52	1.55 - 2.10
Loans in VND	0.20 - 4.23	3.50 - 6.00
Loans in foreign currencies	1.25 - 1.75	3.09 - 3.94

7. Securities held-for-trading

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Government bonds	4,035,936	6,688,778
Debt securities issued by local CIs	4,321,511	3,364,185
<i>In which: Bonds guaranteed by the Government for settlement</i>	<i>128,615</i>	<i>185,821</i>
	<hr/> 8,357,447	<hr/> 10,052,963
Allowance for securities held-for-trading		
General allowance of unlisted corporate bonds	-	(8,184)
Allowance for diminution in value of listed securities held-for-trading	(9,871)	(3,223)
	<hr/> (9,871)	<hr/> (11,407)
	<hr/> 8,347,576	<hr/> 10,041,556

Listing status of securities held-for-trading was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Listed	4,164,551	6,874,599
Unlisted	4,192,896	3,178,364
	<hr/> 8,357,447	<hr/> 10,052,963

Movements in general allowance for unlisted corporate bonds during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	8,184	10,544
Allowance reversed during the year (Note 26)	(8,184)	(2,360)
	<hr/> -	<hr/> 8,184
Closing balance	<hr/> -	<hr/> 8,184

Movements of allowance for diminution in value of listed securities held-for-trading during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	3,223	317
Allowance made during the year (Note 26)	7,353	3,220
Utilisation of allowance during the year	(705)	(314)
Closing balance	9,871	3,223

8. Loans and advances to customers

	31/12/2020 VND million	31/12/2019 VND million
Loans to local economic entities and individuals	275,594,164	229,188,137
Loans on discounting negotiable instruments and valuable papers	1,815,974	1,265,636
Loans granted from borrowed and entrusted funds	113,310	254,269
Payments on behalf of customers	-	93,575
Loans to foreign entities and individuals	1,167	410
	277,524,615	230,802,027

Loan portfolio by loans group was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
Group 1 - Current	274,423,557	98.88	225,601,458	97.75
Group 2 - Special mention	1,805,866	0.65	2,122,693	0.92
Group 3 - Sub-standard	416,892	0.15	218,128	0.09
Group 4 - Doubtful	533,944	0.19	305,230	0.13
Group 5 - Loss	344,356	0.13	2,554,518	1.11
	277,524,615	100.00	230,802,027	100.00

Loan portfolio by terms was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
Short-term loans	92,424,839	33.30	85,584,018	37.08
Medium-term loans	85,255,104	30.72	47,443,165	20.56
Long-term loans	99,844,672	35.98	97,774,844	42.36
	277,524,615	100.00	230,802,027	100.00

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
	%	%
Loans in VND	0.00 - 11.29	0.00 - 19.55
Loans in foreign currencies	1.50 - 7.41	2.50 - 8.69

Loan portfolio by industry sectors was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
Agriculture, forestry and aquaculture	240,565	0.09	16,855	0.01
Mining	1,242,940	0.45	1,418,239	0.61
Manufacturing and processing	19,732,665	7.11	20,431,391	8.85
Production and distribution of electricity, gas, hot water, steam and air-conditioning	3,100,097	1.12	2,858,783	1.24
Water supply; waste and wastewater management and processing	43,775	0.02	31,413	0.01
Construction	9,135,831	3.29	6,957,444	3.01
Wholesale and retail trade; repair of motor vehicles, motorcycles	29,247,061	10.54	27,075,217	11.73
Transport, warehousing	2,700,900	0.97	2,822,942	1.22
Hospitality services	194,360	0.07	1,876,083	0.81
Information and communications	685,428	0.25	1,002,211	0.43
Finance and insurance	7,794,676	2.81	662,780	0.29
Real estates	91,360,789	32.92	50,421,549	21.85
Science and technology	256,158	0.09	842,877	0.37
Administrative activities and supporting services	322,874	0.12	800,483	0.35
Political activities	-	-	1,178	0.00
Education and training	186,103	0.07	242,994	0.11
Health care and social work	39,231	0.01	29,948	0.01
Art, entertainment and recreation	1,056	0.00	62,876	0.03
Households services	-	-	184,851	0.08
Other services	100,660	0.04	7,814,563	3.39
Loans to individuals	111,139,446	40.03	105,247,350	45.60
	277,524,615	100.00	230,802,027	100.00

Portfolio of loans and advances to customers by ownership and customer type was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
State-owned limited liability companies	5,761,372	2.08	5,566,486	2.41
Other limited liability companies	66,976,430	24.15	47,003,186	20.37
Joint stock companies with State capital	427,229	0.15	297,929	0.13
Other joint stock companies	91,324,824	32.91	69,763,527	30.22
Private companies and partnerships	275,967	0.10	442,319	0.19
Foreign invested enterprises	1,345,667	0.48	2,104,387	0.91
Cooperatives, cooperative unions	7,818	0.00	37,405	0.02
Administrative units, parties, unions and associations	265,862	0.10	339,438	0.15
Individuals	111,139,446	40.03	105,247,350	45.60
	277,524,615	100.00	230,802,027	100.00

9. Allowance for loans and advances to customers

	31/12/2020	31/12/2019
	VND million	VND million
General allowance (i)	1,879,473	1,651,666
Specific allowance (ii)	334,775	1,265,078
	2,214,248	2,916,744

(i) Movements in general allowance for loans and advances to customers were as follows:

	2020	2019
	VND million	VND million
Opening balance	1,651,666	1,225,265
Allowance made during the year (Note 30)	227,807	425,586
Reclassification from allowance of other assets bearing credit risks (Note 16(v))	-	815
Closing balance	1,879,473	1,651,666

(ii) Movements in specific allowance for loans and advances to customers were as follows:

	2020	2019
	VND million	VND million
Opening balance	1,265,078	1,159,849
Allowance made during the year (Note 30)	2,433,267	362,060
Utilisation of allowance during the year	(3,363,570)	(256,875)
Reclassification from allowance of other assets bearing credit risks (Note 16(v))	-	44
	<hr/>	<hr/>
Closing balance	334,775	1,265,078
	<hr/>	<hr/>

10. Debt purchases

	31/12/2020	31/12/2019
	VND million	VND million
Debt purchases in VND	1,682	1,682
Allowance for debt purchases	(1,682)	(1,682)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The value of principals and interest of debts purchased was as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Interest of debt purchases	1,682	1,682
	<hr/>	<hr/>

Movements in specific allowance during the year were as follows:

	2020	2019
	VND million	VND million
Opening and closing balance	1,682	1,682
	<hr/>	<hr/>

11. Investment securities

(a) Available-for-sale investment securities

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Government bonds	17,367,757	14,807,620
Debt securities issued by local CIs	20,280,594	20,299,324
<i>In which: Bonds guaranteed by the Government for settlement</i>	9,568,061	12,313,699
Debt securities issued by local economic entities	46,528,654	30,396,241
Equity securities		
Equity securities issued by other local CIs	-	200,000
Equity securities issued by local economic entities	455,947	455,524
	84,632,952	66,158,709

Portfolio of unlisted debt securities classified as assets exposed to credit risk by loan group was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current	47,295,542	32,326,671

(b) Held-to-maturity investment securities

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Debt securities issued by local economic entities	200,000	202,006

Portfolio of unlisted debt securities classified as assets exposed to credit risk by loan group was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current	200,000	202,006

(c) Allowance for investment securities

	31/12/2020	31/12/2019
	VND million	VND million
General allowance of unlisted corporate bonds	373,566	303,935
Allowance for diminution in value of listed investment securities	12,145	2,183
	<hr/>	<hr/>
	385,711	306,118
	<hr/>	<hr/>

Movements in general allowance of unlisted corporate bonds during the year were as follows:

	2020	2019
	VND million	VND million
Opening balance	303,935	345,316
Allowance made/(reversed) during the year (Note 27)	69,631	(41,381)
	<hr/>	<hr/>
Closing balance	373,566	303,935
	<hr/>	<hr/>

Movements in allowance for diminution in value of listed investment securities were as follows:

	2020	2019
	VND million	VND million
Opening balance	2,183	3,797
Allowance made/(reversed) during the year (Note 27)	10,496	(1,614)
Utilisation of allowance during the year	(534)	-
	<hr/>	<hr/>
Closing balance	12,145	2,183
	<hr/>	<hr/>

12. Long-term investments

	31/12/2020 VND million	31/12/2019 VND million
Other long-term investments - cost (i)	12,466	12,883
Allowance for diminution in the value of other long-term investments (ii)	(660)	(660)
	<u>11,806</u>	<u>12,223</u>

- (i) Details of the other long-term investments of Techcombank at the year-end were as follows:

Company name	31/12/2020		31/12/2019	
	Cost VND million	Holding rate	Cost VND million	Holding rate
Vietnam Real Estate Exchange JSC	660	11.00%	660	11.00%
PCB Investment Joint Stock Company	7,962	6.64%	7,962	6.64%
Society for Worldwide Interbank Financial Telecommunication	1,804	0.00%	1,804	0.00%
Banking Operations Training and Advisory JSC	1,040	10.93%	1,040	10.93%
National Payment Corporation of Vietnam	1,000	0.42%	1,000	0.42%
Vietnam Airlines Corporation (*)	-	0.00%	417	0.00%
	<u>12,466</u>		<u>12,883</u>	

- (*) The Bank has reclassified the investment in Vietnam Airlines Corporation to available-for-sale investment securities.
- (ii) Movements in allowance for diminution in value of long-term investments were as follows:

	2020 VND million	2019 VND million
Opening and closing balance	660	660

13. Tangible fixed assets

The year ended 31 December 2020

	Buildings and structures	Machines and equipment	Means of transportation	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	232,696	1,316,879	210,219	1,674	1,761,468
Additions	1,471	440,079	24,709	-	466,259
Transfer from construction in progress	40,183	361,226	55,772	-	457,181
Disposals	(13,322)	(231,980)	(22,941)	(316)	(268,559)
Closing balance	261,028	1,886,204	267,759	1,358	2,416,349
Accumulated depreciation					
Opening balance	33,147	831,559	102,003	1,275	967,984
Charge for the year	4,814	204,088	23,321	32	232,255
Disposals	(1,525)	(231,745)	(21,246)	(316)	(254,832)
Closing balance	36,436	803,902	104,078	991	945,407
Net book value					
Opening balance	199,549	485,320	108,216	399	793,484
Closing balance	224,592	1,082,302	163,681	367	1,470,942

Included in tangible fixed assets were assets costing VND474,904 million which were fully depreciated as of 31 December 2020 (31/12/2019: VND614,338 million), but still in active use.

The year ended 31 December 2019

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

14. Intangible fixed assets

The year ended 31 December 2020

	Land use rights VND million	Software VND million	Others VND million	Total VND million
Cost				
Opening balance	2,064,499	1,016,803	4,846	3,086,148
Additions	-	214,908	-	214,908
Transfer from construction in progress	557,955	75,341	-	633,296
Disposals	-	(9,546)	(295)	(9,841)
Other movements	-	(1,308)	-	(1,308)
Closing balance	2,622,454	1,296,198	4,551	3,923,203
Accumulated amortisation				
Opening balance	447	668,932	2,476	671,855
Charge for the year	29	118,617	62	118,708
Disposals	-	(9,546)	(295)	(9,841)
Closing balance	476	778,003	2,243	780,722
Net book value				
Opening balance	2,064,052	347,871	2,370	2,414,293
Closing balance	2,621,978	518,195	2,308	3,142,481

Included in intangible fixed assets were assets costing VND396,941 million which were fully amortised as of 31 December 2020 (31/12/2019: VND275,271 million), but still in active use.

The year ended 31 December 2019

	Land use rights VND million	Software VND million	Others VND million	Total VND million
Cost				
Opening balance	647,826	887,850	4,361	1,540,037
Additions	4,289	113,446	485	118,220
Transfer from construction in progress	1,420,528	15,476	-	1,436,004
Disposals	(8,144)	-	-	(8,144)
Other movements	-	31	-	31
Closing balance	2,064,499	1,016,803	4,846	3,086,148
Accumulated amortisation				
Opening balance	30,567	576,469	2,421	609,457
Charge for the year	29	92,463	55	92,547
Other movements	(30,149)	-	-	(30,149)
Closing balance	447	668,932	2,476	671,855
Net book value				
Opening balance	617,259	311,381	1,940	930,580
Closing balance	2,064,052	347,871	2,370	2,414,293

15. Investment property

	Buildings	
	2020	2019
	VND million	VND million
Cost		
Opening and closing balance	1,435,699	1,435,699
<hr/>		
Accumulated depreciation		
Opening balance	275,175	239,375
Charge for the year	35,800	35,800
<hr/>		
Closing balance	310,975	275,175
<hr/>		
Net book value		
Opening balance	1,160,524	1,196,324
Closing balance	1,124,724	1,160,524
<hr/>		

16. Other assets

	31/12/2020 VND million	31/12/2019 VND million
Receivables		
Internal receivables	65,888	60,256
External receivables	16,506,523	12,893,847
▪ Deposits for office rental (i)	115,162	101,714
▪ Deposits for purchases of offices (ii)	377,397	377,397
▪ Receivables relating to the Interest Subsidy Program	20,006	20,006
▪ Prepayments to suppliers	250,120	117,826
▪ Deposits for gold, commodity and foreign currencies trading in futures markets	92,078	44,763
▪ Advances for fixed assets purchase and construction in progress (iii)	2,891,060	2,792,672
▪ Receivables from loan sold contracts	449,939	567,348
▪ Receivables from UPAS L/C (Usance Payable At Sight Letters of Credit (iv))	12,061,855	8,634,519
▪ Other external receivables	248,906	237,602
	16,572,411	12,954,103
Interest and fee receivables	5,184,822	5,553,724
Other assets		
Materials	19,415	12,916
Prepaid expenses	1,246,616	1,037,910
Other assets	2,531	4,649
	1,268,562	1,055,475
Allowance for other assets (v)	(189,892)	(228,908)
	22,835,903	19,334,394

- (i) These represent deposits for office rental of Techcombank's headquarter and branches.
- (ii) These represent deposits for the purchase of Techcombank's offices in Hanoi.
- (iii) These represent the advances for the purchase of fixed assets and construction of Techcombank's offices.
- (iv) Receivables from importers who are the Bank's customers from UPAS L/C (Usance Payable At Sight Letters of Credit usance payable at sight). Accordingly, the corresponding bank made payment to the beneficiaries (exporters) prior to those letter of credits' matured dates and earned fees for advanced settlement services.

(v) Allowance for other assets consists of the following:

	31/12/2020	31/12/2019
	VND million	VND million
Allowance for receivables from loan sold contracts	24,439	100,679
<i>General allowance</i>	-	4,255
<i>Specific allowance</i>	24,439	96,424
Allowance for receivables from UPAS L/C (Usance Payable At Sight Letters of Credit)	89,334	63,134
<i>General allowance</i>	89,334	63,063
<i>Specific allowance</i>	-	71
Other allowance	76,119	65,095
	189,892	228,908
	189,892	228,908

Movements of allowance during the year were as follows:

	Note	2020	2019
		VND million	VND million
Opening balance		228,908	75,839
Movement of allowance for receivables from loan sold contracts		(76,240)	100,679
<i>General allowance (reversed)/made</i>	30	(4,255)	4,255
<i>Specific allowance (reversed)/made</i>	30	(71,985)	96,424
Allowance made for receivables from UPAS L/C (Usance Payable At Sight Letters of Credit)	30	26,201	29,043
Allowance made for other assets	29	11,023	24,276
Utilisation of allowance during the year		-	(70)
Reclassification from allowance for other assets bearing credit risks to allowance for loans and advances to customers		-	(859)
		189,892	228,908
Closing balance		189,892	228,908

17. Deposits and borrowings from other credit institutions

	31/12/2020 VND million	31/12/2019 VND million
Demand deposits from other CIs		
In VND	881,447	6,415,253
In foreign currencies	882	757
Term deposits from other CIs		
In VND	18,111,000	23,399,000
In foreign currencies	2,238,760	8,817,327
	21,232,089	38,632,337
Borrowings from other CIs		
In VND	1,261,569	4,472,179
In foreign currencies	12,929,299	9,527,600
Payables for UPAS L/C (Usance Payable At Sight Letter of Credit)	12,061,855	8,634,519
	26,252,723	22,634,298
	47,484,812	61,266,635

Year-end annual interest rates were as follows:

	31/12/2020 %	31/12/2019 %
Term deposits in VND	0.10 - 0.80	1.20 - 5.10
Term deposits in foreign currencies	0.12 - 0.18	1.60 - 2.20
Borrowings in VND	0.18 - 6.00	3.00 - 8.50
Borrowings in foreign currencies	0.06 - 3.99	0.06 - 3.99

18. Deposits from customers

	31/12/2020 VND million	31/12/2019 VND million
Current accounts		
Current accounts in VND	116,113,684	70,297,064
Current accounts in foreign currencies	6,858,805	5,756,332
Term deposits		
Term deposits in VND	144,128,288	145,641,213
Term deposits in foreign currencies	5,291,936	5,939,932
Marginal deposits		
Marginal deposits in VND	4,987,448	3,510,647
Marginal deposits in foreign currencies	78,490	151,573
	277,458,651	231,296,761

Deposits from customers by types of customers were as follows:

	31/12/2020 VND million	%	31/12/2019 VND million	%
State-owned limited liability companies	4,718,936	1.70	5,717,986	2.47
Other limited liability companies	30,606,797	11.03	22,375,849	9.67
Joint stock companies with state-owned capital	65,328	0.02	93,074	0.04
Other joint stock companies	39,532,016	14.25	28,612,952	12.37
Private companies and partnerships	194,889	0.07	62,483	0.03
Foreign invested enterprises	4,249,447	1.53	3,746,288	1.62
Cooperatives, cooperative unions	7,141	0.00	15,425	0.01
Administrative units, parties, unions and associations	1,903,013	0.69	2,018,720	0.87
Others	541,364	0.20	1,442,006	0.63
Individuals	195,639,720	70.51	167,211,978	72.29
	277,458,651	100.00	231,296,761	100.00

Year-end annual interest rates were as follows:

	31/12/2020 %	31/12/2019 %
Current accounts in VND	0.00 - 0.30	0.00 - 0.80
Current accounts in foreign currencies	0.00 - 0.10	0.00 - 0.10
Term deposits in VND	0.20 - 7.10	0.30 - 7.60
Term deposits in foreign currencies	0.00 - 0.60	0.00 - 0.60

19. Derivatives and other financial liabilities

Details of financial derivatives at the end of the year were as follows:

	Total contract value (at foreign exchange rate at the effective date of the contract)	Total book value (at foreign exchange rate at the reporting date)
	VND million	Liabilities VND million
As at 31 December 2020		
Foreign exchange forward contracts	79,566,587	18,160
Foreign exchange swap contracts	91,058,259	344,094
Interest rate swap contracts cross two currencies	59,736,465	(95,328)
	230,361,311	266,926
As at 31 December 2019		
Foreign exchange forward contracts	33,248,703	56,734
Foreign exchange swap contracts	111,288,148	295,034
Interest rate swap contracts cross two currencies	50,662,360	82,240
	195,199,211	434,008

20. Valuable papers issued

	31/12/2020 VND million	31/12/2019 VND million
From 12 months up to 5 years (i)	27,199,640	16,602,921
Over 5 years (ii)	700,000	857,713
	27,899,640	17,460,634

- (i) These bonds and certificates of deposits bear interest rates ranging from 3.80% to 8.50% per annum (31/12/2019: 5.20% to 8.50% per annum).
- (ii) These bonds bear interest rates of 7.80% per annum (31/12/2019: 8.20% to 15.00% per annum).

21. Other liabilities

	31/12/2020 VND million	31/12/2019 VND million
Accrued interest and fee payables	3,252,009	3,479,310
Other payables and liabilities	8,626,109	7,689,346
Internal payables	9,322	13,038
External payables	8,616,787	7,676,308
▪ <i>Payables to employees</i>	1,066,559	926,704
▪ <i>Salary accrued expenses</i>	241,810	286,394
▪ <i>Other accrued expenses</i>	1,010,921	605,025
▪ <i>Bonus and welfare fund</i>	9,862	10,226
▪ <i>Deferred income</i>	665,248	226,397
▪ <i>Taxes payable (Note 35)</i>	1,287,627	934,024
▪ <i>Disbursements awaiting settlement</i>	8,169	30,284
▪ <i>Deposit certificates and funds kept for customers awaiting for settlement</i>	42,589	35,802
▪ <i>Proceeds from sale of collaterals awaiting for resolution</i>	90,238	50,946
▪ <i>Remittance payables</i>	2,872,105	3,087,402
▪ <i>Settlement on behalf of other CIs</i>	700,510	370,161
▪ <i>Others awaiting for settlement</i>	160,689	783,971
▪ <i>Other payables</i>	460,460	328,972
	11,878,118	11,168,656

22. Capital and reserves

Changes in capital and reserves of Techcombank during the year ended 31 December 2020 were as follows:

	Charter capital	Share premium	Reserve to supplement charter capital	Financial reserve	Other reserves	Retained earnings	Non- controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2019	34,965,922	476,617	892,289	2,975,083	474	12,403,003	69,317	51,782,705
Additions of capital	35,478	(50)	-	-	-	-	70,338	105,766
Net profit for the year	-	-	-	-	-	10,075,139	151,070	10,226,209
Appropriation to reserves	-	-	440,602	874,149	-	(1,314,751)	-	-
Appropriation to welfare fund	-	-	-	-	-	(32,000)	-	(32,000)
Utilisations of reserves	-	-	-	(9,913)	-	-	-	(9,913)
Balance at 1 January 2020	35,001,400	476,567	1,332,891	3,839,319	474	21,131,391	290,725	62,072,767
Additions of capital	47,662	(60)	-	-	-	-	651	48,253
Net profit for the year	-	-	-	-	-	12,324,991	257,476	12,582,467
Appropriation to reserves	-	-	539,211	1,078,363	-	(1,617,574)	-	-
Payment of dividends	-	-	-	-	-	-	(65,086)	(65,086)
Appropriation to welfare fund	-	-	-	-	-	(23,000)	-	(23,000)
Utilisations of reserves	-	-	-	(615)	-	-	-	(615)
Balance at 31 December 2020	35,049,062	476,507	1,872,102	4,917,067	474	31,815,808	483,766	74,614,786

Charter capital

	31/12/2020		31/12/2019	
	Number of shares	VND million	Number of shares	VND million
Shares registered for issuance	3,504,906,230	35,049,062	3,500,139,962	35,001,400
Shares issued to the public				
Ordinary shares	3,504,906,230	35,049,062	3,500,139,962	35,001,400
Shares in circulation				
Ordinary shares	3,504,906,230	35,049,062	3,500,139,962	35,001,400

All ordinary shares of the Bank have a par value of VND10,000. Each share is entitled to one vote at meetings of the Bank. All ordinary shares are ranked equally with regard to the Bank's residual assets.

23. Net interest income

	2020 VND million	2019 VND million (Reclassified)
Interest and similar income		
Interest income from deposits	346,650	720,639
Interest income from loans	21,590,084	16,727,930
Income from investments in securities	6,252,814	6,794,537
Income from guarantee services	316,749	414,244
Other income from credit activities	495,615	363,047
	29,001,912	25,020,397
Interest and similar expenses		
Interest expenses for deposits	(8,195,501)	(9,421,181)
Interest expenses for borrowings	(599,493)	(370,407)
Interest expenses for valuable papers issued	(1,419,134)	(966,909)
Other expenses from credit activities	(36,575)	(4,056)
	(10,250,703)	(10,762,553)
Net interest income	18,751,209	14,257,844

24. Net fee and commission income

	2020 VND million	2019 VND million (Reclassified)
Fee and commission income from		
Settlement and cash services	2,914,167	2,338,815
Cashiering services	2,679	4,566
Trustee and agency services	553,472	195,281
Consulting services	126,673	1,650
Bancassurance services	827,321	931,882
Securities issuance guarantee services	1,037,650	970,323
Securities brokerage services	210,495	120,524
Fee of fund management	295,194	206,040
Other services	80,792	84,765
	6,048,443	4,853,846
Fee and commission expenses for		
Settlement and cash services	(1,672,413)	(1,371,196)
Cashiering services	(68,962)	(65,716)
Securities brokerage services	(38,576)	(11,484)
Consulting services	(10,495)	(31,737)
Other services	(69,219)	(120,360)
	(1,859,665)	(1,600,493)
Net fee and commission income	4,188,778	3,253,353

25. Net gain from trading of foreign currencies

	2020 VND million	2019 VND million
Gain from trading of foreign currencies		
Gain from spot foreign exchange trading	1,278,966	1,014,049
Gain from currency derivatives	1,404,612	1,321,921
	2,683,578	2,335,970
Loss from trading of foreign currencies		
Loss from spot foreign exchange trading	(1,198,056)	(642,943)
Loss from currency derivatives	(1,484,777)	(1,588,446)
	(2,682,833)	(2,231,389)
Net gain from trading of foreign currencies	745	104,581

26. Net gain from trading securities

	2020 VND million	2019 VND million
Income from trading of securities held-for-trading	828,500	592,871
Expenses for trading of securities held-for-trading	(507,934)	(194,347)
General allowance reversed of unlisted corporate bonds (Note 7)	8,184	2,360
Allowance made for diminution in value of listed securities held-for-trading (Note 7)	(7,353)	(3,220)
	<hr/>	<hr/>
Net gain from trading securities	321,397	397,664
	<hr/> <hr/>	<hr/> <hr/>

27. Net gain from investment securities

	2020 VND million	2019 VND million
Income from trading of investment securities	2,563,876	1,526,258
Expenses for trading of investment securities	(986,752)	(325,494)
General allowance (made)/reversed for unlisted corporate bonds (Note 11(c))	(69,631)	41,381
Allowance (made)/reversed for diminution in value of listed investment securities (Note 11(c))	(10,496)	1,614
	<hr/>	<hr/>
Net gain from investment securities	1,496,997	1,243,759
	<hr/> <hr/>	<hr/> <hr/>

28. Net other income

	2020 VND million	2019 VND million
Income from other activities		
Income from other derivatives	3,914,316	3,159,510
Recoveries of bad debts previously written off	1,259,653	1,080,236
Other income	286,044	185,333
	<hr/> 5,460,013	<hr/> 4,425,079
Expenses for other activities		
Expenses for other derivatives	(2,908,170)	(2,493,050)
Other expenses	(272,634)	(125,301)
	<hr/> (3,180,804)	<hr/> (2,618,351)
Net income from other activities	<hr/> 2,279,209	<hr/> 1,806,728

29. Operating expenses

	2020 VND million	2019 VND million
Salaries and related expenses (Note 34)	5,172,140	4,414,550
Publication, marketing and promotion	344,294	287,776
Office and asset rental	512,142	509,450
Depreciation and amortisation of fixed assets	386,763	254,986
Tax, duties and fees	120,749	113,109
Tools and equipment expenses	123,127	122,569
Telecommunication expenses	48,181	46,821
Expenses for maintenance and repair of assets	272,834	226,094
Utilities expenses	87,082	80,323
Payment of insurance premium for customers' deposits	267,524	228,831
Per diem expenses	60,421	98,577
Consultancy expenses	377,392	231,004
Training and education expenses	78,014	57,277
Conference expenses	42,859	54,803
Allowance made for other assets (Note 16(v))	11,023	24,276
Other operating expenses	726,650	562,063
	<hr/> 8,631,195	<hr/> 7,312,509

30. Allowance expenses for credit losses

	Note	2020 VND million	2019 VND million
Movements in allowance for loans and advances to customers		2,661,074	787,646
<i>General allowance made</i>	9(i)	227,807	425,586
<i>Specific allowance made</i>	9(ii)	2,433,267	362,060
Movements in allowance for receivables from loan sold contracts		(76,240)	100,679
<i>General allowance (reversed)/made</i>	16(v)	(4,255)	4,255
<i>Specific allowance (reversed)/made</i>	16(v)	(71,985)	96,424
Allowance made for receivables from UPAS L/C (Usance Payable At Sight Letter of Credit)	16(v)	26,201	29,043
		<u>2,611,035</u>	<u>917,368</u>

31. Corporate income tax expenses

(a) Recognition in the consolidate statement of income

	2020 VND million	2019 VND million
Current tax expense		
Current year	3,225,330	2,630,814
Over provision in prior years	(7,501)	(18,755)
	<u>3,217,829</u>	<u>2,612,059</u>

(b) Reconciliation of effective tax rate

	2020 VND million	2019 VND million
Accounting profit before tax	15,800,296	12,838,268
Tax at Techcombank's tax rate	3,160,059	2,567,654
Tax exempt income	(838)	(843)
Adjustment to taxable income	(211)	(4,840)
Non-deductible expenses	63,558	65,356
Over provision in prior years	(7,501)	(18,755)
Others	2,762	3,487
	<u>3,217,829</u>	<u>2,612,059</u>

(c) **Applicable tax rate**

Techcombank has an obligation to pay corporate income tax to the Government at the rate of 20% of taxable profit (2019: 20%). The corporate income tax computation is subject to review and approval by local tax authorities.

32. Basic earnings per share

(i) *Net profit attributable to ordinary shareholders*

	2020 VND million	2019 VND million
Net profit after tax attributable to ordinary shareholders	12,324,991	10,075,139
Deduction for welfare funds	(23,000)	(32,000)
Net profit attributable to ordinary shareholders	<u>12,301,991</u>	<u>10,043,139</u>

(ii) *Weighted average number of ordinary shares*

	2020	2019
Issued ordinary shares brought forward from previous year	3,500,139,962	3,496,592,160
Effect of dilution due to additional issuance of shares	195,339	1,010,881
	<u>3,500,335,301</u>	<u>3,497,603,041</u>

(iii) *Earnings per share*

	2020	2019
Basic earnings per share (VND/share)	<u>3,515</u>	<u>2,871</u>

33. Cash and cash equivalents

	31/12/2020 VND million	31/12/2019 VND million
Cash and gold on hand	3,663,615	4,820,627
Balances with the SBV	10,253,324	3,192,256
Investment securities with maturity period not exceeding 3 months from the acquisition date	771,430	-
Deposits with other CIs with original terms not exceeding 3 months	20,907,530	38,501,420
	<u>35,595,899</u>	<u>46,514,303</u>

34. Employee benefits

	2020 VND million	2019 VND million
Average number of employees during the year (employees)	11,479	10,457
Employees' remunerations		
1. Salaries	4,187,592	3,628,394
2. Allowances and other income	984,548	786,156
Total income	5,172,140	4,414,550
Average monthly salary	30	29
Average monthly income	38	35

35. Obligations to the State Budget

Year ended 31 December 2020

	1/1/2020 VND million	Incurred VND million	Paid/deducted VND million	31/12/2020 VND million
Payables				
Value added tax	24,327	226,797	(223,717)	27,407
Corporate income tax	848,194	3,217,829	(2,886,468)	1,179,555
Other taxes	61,503	996,028	(976,866)	80,665
	934,024	4,440,654	(4,087,051)	1,287,627

Year ended 31 December 2019

	1/1/2019 VND million	Incurred VND million	Paid/deducted VND million	31/12/2019 VND million
Payables				
Value added tax	16,080	221,678	(213,431)	24,327
Corporate income tax	915,054	2,612,059	(2,678,919)	848,194
Other taxes	48,928	733,826	(721,251)	61,503
	980,062	3,567,563	(3,613,601)	934,024

36. Assets and valuable papers mortgaged, pledged, discounted and rediscounted

Assets and valuable papers mortgaged, pledged, discounted and rediscounted to Techcombank

	31/12/2020 VND million	31/12/2019 VND million
From customers		
Real estates	383,624,900	304,248,231
Equipment and machines	20,685,030	20,859,401
Valuable papers	125,741,532	112,325,000
Other collaterals	109,912,998	156,656,790
	639,964,460	594,089,422
From other CIs		
Valuable papers	2,730,000	5,512,700
Other collaterals	758,425	637,934
	3,488,425	6,150,634
	643,452,885	600,240,056

Assets and valuable papers mortgaged, pledged, discounted and rediscounted by Techcombank

	31/12/2020 VND million	31/12/2019 VND million
Other collaterals	1,616,800	6,463,460

37. Significant transactions and balance with related parties

In the normal course of operation, the Bank carries out transactions with related parties.

Balances with related parties at 31 December 2020 and 31 December 2019, and value of transactions for the year ended 31 December 2020 and the year ended 31 December 2019 were as follows:

	Relationship	Assets/(Liabilities)		Revenue/(Expense)	
		31/12/2020 VND million	31/12/2019 VND million	2020 VND million	2019 VND million
<i>European Plastic Window Joint Stock Company</i>	(ii)				
▪ Loans to customers		522,087	509,927	-	-
▪ Interest receivable from loans		1,938	2,228	-	-
▪ Guarantee, letter of credit contracts		26,725	35,384	-	-
▪ Demand deposits		(6,938)	(11,042)	-	-
▪ Derivative, foreign currency contracts		-	(49,482)	-	-
▪ Interest income from loans		-	-	44,313	44,713
<i>One Mount Group Joint Stock Company</i>	(iii)				
▪ Term deposits		(2,500)	-	-	-
▪ Interest payables on term deposits		(4)	-	-	-
▪ Demand deposits		(5,465)	(16,041)	-	-
▪ Interest expenses from deposits		-	-	(568)	(2)
<i>One Distribution Joint Stock Company</i>	(iii)				
▪ Term deposits		(1,000)	-	-	-
▪ Interest payables on term deposits		(2)	-	-	-
▪ Demand deposits		(41,679)	-	-	-
▪ Interest expenses from deposits		-	-	(1,067)	-

	Relationship	Assets/(Liabilities)		Revenue/(Expense)	
		31/12/2020 VND million	31/12/2019 VND million	2020 VND million	2019 VND million
<i>FCE Vietnam Joint Stock Company</i>	(iii)				
▪ Demand deposits		(1,651)	(2,578)	-	-
<i>IMG Housing Joint Stock Company</i>	(iii)				
▪ Demand deposits		(1,807)	-	-	-
<i>Online Mobile Services Joint Stock Company</i>	(iii)				
▪ Demand deposits		(621)	(129)	-	-
<i>Masan Group Corporation and a group of related companies</i>	(iv)				
▪ Guarantee, letter of credit contracts		73,657	67,342	-	-
▪ Loans to customers		1,921,332	1,012,502	-	-
▪ Interest receivable from loans		1,127	858	-	-
▪ Term deposits		(1,351,225)	(1,410,303)	-	-
▪ Interest payables on term deposits		(1,921)	(1,693)	-	-
▪ Demand deposits		(484,539)	(752,246)	-	-
▪ Interest income from loans		-	-	103,346	52,982
▪ Interest expenses from deposits		-	-	(20,522)	(41,505)
▪ Income from fee and commission		-	-	445,857	25,841
▪ Bond par value		738,509	332,310	-	-
▪ Accrued interest on bonds		9,427	2,556	-	-
▪ Interest income from bonds		-	-	74,042	8,304
<i>Members of Board of Directors, Supervisory Board, Executive Team and other related individuals</i>	(i), (iii)				
▪ Term deposits		(671,842)	(550,359)	-	-
▪ Interest payables on term deposits		(17,147)	(11,916)	-	-
▪ Demand deposits		(146,726)	(103,162)	-	-
▪ Interest expenses from deposits		-	-	(2,214)	(12,889)

Relationship	Assets/(Liabilities)		Revenue/(Expense)	
	31/12/2020 VND million	31/12/2019 VND million	2020 VND million	2019 VND million
<i>Members of Board of Directors, Supervisory Board, Executive Team</i>				
▪ Allowance of Board of Directors, Supervisory Board	-	-	(34,363)	(32,133)
▪ Salary, bonus and other benefits of the Chief Executive Officer and other management personnel	-	-	(211,093)	(145,317)
(i) Shareholder has its representative in the Board of Directors;				
(ii) Related party has its representative in the Board of Directors;				
(iii) Related party has its representative in the Board of Directors, or Executive Team, or Supervisory Board or majority shareholders related to members of the Board of Directors, or Executive Team or Supervisory Board of Techcombank;				
(iv) Masan Group Corporation and a group of related companies of Masan Group Corporation have their representatives in the Board of Directors of Techcombank or their Board of Directors' members are related parties of members of the Board of Directors, or Executive Team or Supervisory Board of Techcombank.				

38. Geographical concentration of assets, liabilities and off-balance sheet items

As at 31 December 2020

	Total loans	Total deposits	Contingent credit commitments	Derivatives (*)	Trading and investment securities
	VND million	VND million	VND million	VND million	VND million
Domestic	285,405,772	296,661,546	207,186,789	217,795,679	93,190,399
Overseas	1,167	2,029,194	50,587	12,565,632	-
	285,406,939	298,690,740	207,237,376	230,361,311	93,190,399

As at 31 December 2019

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

(*) Total contract value.

39. Segment reporting

Business segments

Year ended 31 December 2020

	Banking VND million	Assets Management VND million	Securities trading VND million	Fund Management VND million	Elimination (*) VND million	Total VND million
I. Revenue						
1. Interest revenue	61,499,424	3,424	693,378	34,469	(30,276)	62,200,419
<i>External revenue</i>	28,300,917	3,424	693,378	34,469	(30,276)	29,001,912
<i>Internal revenue</i>	33,198,507	-	-	-	-	33,198,507
2. Fee and commission income	3,823,314	-	2,012,713	295,194	(82,778)	6,048,443
3. Revenue from other business activities	11,447,848	251,284	607,328	-	(766,302)	11,540,158
	76,770,586	254,708	3,313,419	329,663	(879,356)	79,789,020
II. Expenses						
1. Interest expenses	(43,329,258)	(31,464)	(121,195)	-	32,707	(43,449,210)
<i>External expenses</i>	(10,130,751)	(31,464)	(121,195)	-	32,707	(10,250,703)
<i>Internal expenses</i>	(33,198,507)	-	-	-	-	(33,198,507)
2. Depreciation and amortisation expenses	(325,334)	(37,777)	(23,649)	(3)	-	(386,763)
3. Expenses directly related to business activities	(17,148,406)	(136,841)	(476,707)	(95,120)	315,358	(17,541,716)
	(60,802,998)	(206,082)	(621,551)	(95,123)	348,065	(61,377,689)
Profit before allowance expenses for credit losses	15,967,588	48,626	2,691,868	234,540	(531,291)	18,411,331
Allowance expenses for credit losses	(2,601,866)	5	-	-	(9,174)	(2,611,035)
Segment profit before tax	13,365,722	48,631	2,691,868	234,540	(540,465)	15,800,296

(*) Elimination of internal transactions and reclassification according to Bank's accounting policies.

As at 31 December 2020

	Banking VND million	Assets Management VND million	Securities trading VND million	Fund Management VND million	Elimination (*) VND million	Total VND million
III. Assets						
1. Cash and gold on hand	3,663,615	-	-	-	-	3,663,615
2. Fixed assets and investment property	4,567,199	1,125,836	46,974	-	(1,862)	5,738,147
3. Other assets	424,489,608	106,286	8,712,179	488,314	(3,595,216)	430,201,171
	432,720,422	1,232,122	8,759,153	488,314	(3,597,078)	439,602,933
IV. Liabilities						
1. External liabilities	363,989,634	473,717	2,579,922	39,029	(2,103,477)	364,978,825
2. Internal liabilities	9,322	-	-	-	-	9,322
	363,998,956	473,717	2,579,922	39,029	(2,103,477)	364,988,147

(*) Elimination of internal transactions and reclassification according to Bank's accounting policies.

Year ended 31 December 2019	Banking VND million	Assets Management VND million	Securities trading VND million	Fund Management VND million	Elimination (*) VND million	Total VND million
I. Revenue						
1. Interest revenue	53,662,724	6,657	255,742	14,310	12,288	53,951,721
<i>External revenue</i>	24,727,344	6,657	255,742	14,310	12,288	25,016,341
<i>Internal revenue</i>	28,935,380	-	-	-	-	28,935,380
2. Fee and commission income	3,361,680	-	1,320,584	206,040	(3,896)	4,884,408
3. Revenue from other business activities	8,341,276	186,047	598,530	-	(241,459)	8,884,394
	65,365,680	192,704	2,174,856	220,350	(233,067)	67,720,523
II. Expenses						
1. Interest expenses	(39,660,174)	(39,655)	(44,255)	-	50,207	(39,693,877)
<i>External expenses</i>	(10,724,794)	(39,655)	(44,255)	-	50,207	(10,758,497)
<i>Internal expenses</i>	(28,935,380)	-	-	-	-	(28,935,380)
2. Depreciation and amortisation expenses	(204,791)	(39,247)	(10,705)	(47)	(196)	(254,986)
3. Expenses directly related to business activities	(13,706,893)	(143,856)	(300,415)	(34,562)	169,702	(14,016,024)
	(53,571,858)	(222,758)	(355,375)	(34,609)	219,713	(53,964,887)
Profit before allowance expenses for credit losses	11,793,822	(30,054)	1,819,481	185,741	(13,354)	13,755,636
Allowance expenses for credit losses	(912,833)	5	-	-	(4,540)	(917,368)
Segment profit before tax	10,880,989	(30,049)	1,819,481	185,741	(17,894)	12,838,268

(*) Elimination of internal transactions and reclassification according to Bank's accounting policies.

As at 31 December 2019

	Banking VND million	Assets Management VND million	Securities trading VND million	Fund Management VND million	Elimination (*) VND million	Total VND million
III. Assets						
1. Cash and gold on hand	4,820,627	-	-	-	-	4,820,627
2. Fixed assets investment property	3,156,993	3,083	49,558	4	(1,861)	3,207,777
3. Other assets	371,620,872	1,288,588	6,252,138	289,593	(3,780,134)	375,671,057
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	379,598,492	1,291,671	6,301,696	289,597	(3,781,995)	383,699,461
IV. Liabilities						
1. External liabilities	321,630,955	573,289	1,674,518	27,913	(2,293,019)	321,613,656
2. Internal liabilities	13,038	-	-	-	-	13,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	321,643,993	573,289	1,674,518	27,913	(2,293,019)	321,626,694

(*) Elimination of internal transactions and reclassification according to Bank's accounting policies.

40. Financial risk management

This note provides information of Techcombank's exposure to risk and describes the policies, the methods used by the Bank's Executive Team to control risk. The most important types of financial risk to which Techcombank is exposed to are credit risk, liquidity risk and market risk.

Risk management policy

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

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

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

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

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

41. Credit risk

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

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

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

	31/12/2020 VND million	31/12/2019 VND million
Balances with and credit granting to other CIs - gross	28,994,954	47,990,224
Securities held-for-trading - gross	8,357,447	10,052,963
Loans to customers - gross	277,524,615	230,802,027
Debt purchases - gross	1,682	1,682
Investment securities - gross	84,377,005	65,705,191
Others financial assets - gross	18,152,762	15,139,670
	417,408,465	369,691,757

Financial assets that are neither past due nor impaired

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

	31/12/2020 VND million	31/12/2019 VND million
Balances with and credit granting to other CIs - gross	28,994,954	47,990,224
Securities held-for-trading - gross	8,357,447	10,052,963
Loans to customers - gross	274,423,557	225,601,458
Investment securities - gross	84,377,005	65,579,773
Others financial assets - gross	17,611,956	14,483,999
	413,764,919	363,708,417

Techcombank's financial assets, which are neither past due nor impaired, include debts in Group 1 - Current, securities, receivables and other financial assets which are not overdue. Techcombank believes that those financial assets can be fully and timely recovered in the future.

Financial assets that are past due but not impaired

The aging of financial assets that are past due but not impaired as at 31 December 2020 and 31 December 2019 was as follows:

As at 31 December 2020

	Overdue less than 90 days VND million	Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	Total VND million
Loans to customers	221,102	26,330	51,420	78,809	377,661

As at 31 December 2019

	Overdue less than 90 days VND million	Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	Total VND million
Loans to customers	268,157	40,820	55,426	741,528	1,105,931
Investment securities	62,709	-	62,709	-	125,418
	330,866	40,820	118,135	741,528	1,231,349

These overdue loans were not impaired as they were secured by adequate collaterals.

Financial assets that are impaired

The aging of financial assets that are impaired as at 31 December 2020 and 31 December 2019 was as follows:

As at 31 December 2020

	Not past due VND million	Overdue less than 90 days VND million	Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	Total VND million
Loans to customers	-	1,584,764	390,562	482,524	265,547	2,723,397
Debt purchases	-	-	-	-	1,682	1,682
Other financial assets	449,939	-	-	-	90,867	540,806
	449,939	1,584,764	390,562	482,524	358,096	3,265,885

As at 31 December 2019

	Not past due VND million	Overdue less than 90 days VND million	Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	Total VND million
Loans to customers	-	1,854,536	117,308	249,804	1,812,990	4,034,638
Debt purchases	-	-	-	-	1,682	1,682
Other financial assets	567,348	-	-	-	88,323	655,671
	567,348	1,854,536	117,308	249,804	1,902,995	4,691,991

42. Liquidity risk

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

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

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

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

The table in the next page shows the analysis of assets and liabilities of Techcombank according to their maturities as at 31 December 2020 and 31 December 2019:

As at 31 December 2020 (VND million)	Overdue		Current					Total
	Less than 3 months	More than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	
Assets								
Cash and gold on hand	-	-	3,663,615	-	-	-	-	3,663,615
Balances with the SBV	-	-	10,253,324	-	-	-	-	10,253,324
Balances with and loans to other CIs - gross	-	-	20,955,604	5,862,457	2,176,893	-	-	28,994,954
Securities held-for-trading - gross	-	-	450,001	400,000	1,991,728	1,488,578	4,027,140	8,357,447
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	137,411	4,027,140	4,164,551
Loans and advances to customers - gross	1,805,866	1,295,192	19,204,584	27,371,207	62,903,705	70,367,286	94,576,775	277,524,615
Debt purchases - gross	-	1,682	-	-	-	-	-	1,682
Investment securities - gross	-	-	1,845,040	920,786	20,909,778	44,472,955	16,684,393	84,832,952
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	350,426	302,335	4,509,626	6,507,610	15,139,958	26,809,955
Long-term investments - gross	-	-	-	-	-	-	12,466	12,466
Fixed assets and investment property - net	-	-	2,647,643	853,357	2,549	963,364	1,271,234	5,738,147
Other assets - gross	-	89,698	8,531,139	5,888,048	6,908,292	1,156,754	451,864	23,025,795
Total assets	1,805,866	1,386,572	67,550,950	41,295,855	94,892,945	118,448,937	117,023,872	442,404,997
Liabilities								
Deposits and borrowings from other CIs	-	-	18,083,986	10,664,808	7,065,050	11,670,968	-	47,484,812
Deposits from customers	-	-	194,016,381	35,326,133	45,604,700	2,452,477	58,960	277,458,651
<i>In which: Demand deposits and marginal deposits</i>	-	-	127,600,110	114,859	297,921	25,537	-	128,038,427
Derivatives and other financial liabilities	-	-	54,712	200,124	76,743	(64,653)	-	266,926
Valuable papers issued	-	-	1,573,473	422,300	428,539	25,474,900	428	27,899,640
Other liabilities	-	-	8,599,761	977,028	1,465,266	832,229	3,834	11,878,118
Total liabilities	-	-	222,328,313	47,590,393	54,640,298	40,365,921	63,222	364,988,147
Net liquidity gap	1,805,866	1,386,572	(154,777,363)	(6,294,538)	40,252,647	78,083,016	116,960,650	77,416,850

As at 31 December 2019 (VND million)	Overdue		Current					Total
	Less than 3 months	More than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	
Assets								
Cash and gold on hand	-	-	4,820,627	-	-	-	-	4,820,627
Balances with the SBV	-	-	3,192,256	-	-	-	-	3,192,256
Balances with and loans to other CIs - gross	-	-	35,257,804	11,687,934	1,044,486	-	-	47,990,224
Securities held-for-trading - gross	-	-	535,821	157,927	1,227,868	1,327,507	6,803,840	10,052,963
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	185,821	-	-	85,498	6,603,280	6,874,599
Loans and advances to customers - gross	2,122,693	3,077,876	4,622,890	19,193,145	62,408,895	46,741,699	92,634,829	230,802,027
Debt purchases - gross	-	1,682	-	-	-	-	-	1,682
Investment securities - gross	62,709	62,709	541,214	646,287	21,827,267	25,098,719	18,121,810	66,360,715
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	62,709	62,709	350,545	306,288	3,592,940	8,056,297	14,770,030	27,201,518
Long-term investments - gross	-	-	-	-	-	-	12,883	12,883
Fixed assets and investment property - net	-	-	644,696	976	14,658	415,131	3,292,840	4,368,301
Other assets - gross	-	88,323	4,707,744	3,990,470	6,469,378	3,731,948	575,439	19,563,302
Total assets	2,185,402	3,230,590	54,323,052	35,676,739	92,992,552	77,315,004	121,441,641	387,164,980
Liabilities								
Deposits and borrowings from other CIs	-	-	34,606,537	17,118,946	8,893,006	645,085	3,061	61,266,635
Deposits from customers	-	-	141,111,010	35,947,167	49,903,273	4,274,210	61,101	231,296,761
<i>In which: Demand deposits and marginal deposits</i>	-	-	79,003,002	163,158	495,159	54,297	-	79,715,616
Derivatives and other financial liabilities	-	-	62,233	137,742	196,801	37,232	-	434,008
Valuable papers issued	-	-	-	-	4,128,710	13,331,924	-	17,460,634
Other liabilities	-	-	8,013,377	1,027,636	1,311,874	811,322	4,447	11,168,656
Total liabilities	-	-	183,793,157	54,231,491	64,433,664	19,099,773	68,609	321,626,694
Net liquidity gap	2,185,402	3,230,590	(129,470,105)	(18,554,752)	28,558,888	58,215,231	121,373,032	65,538,286

43. Market risk

(a) Interest rate risk

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

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

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

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

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

The following table presents assets and liabilities of Techcombank based on the “interest gap” model as at 31 December 2020 and 31 December 2019:

Vietnam Technological and Commercial Joint Stock Bank
191 Ba Trieu Street, Le Dai Hanh Ward
Hai Ba Trung District, Hanoi, Vietnam

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

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of the State Bank of Vietnam)

As at 31 December 2020 (VND million)	Overdue	Non-sensitive to interest rate	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	More than 5 years	Total
Assets									
Cash and gold on hand	-	3,663,615	-	-	-	-	-	-	3,663,615
Balances with the SBV	-	10,253,324	-	-	-	-	-	-	10,253,324
Balances with and loans to other CIs - gross	-	6,985,539	13,893,438	5,862,457	2,048,420	205,100	-	-	28,994,954
Securities held-for-trading - gross	-	-	450,000	400,000	1,015,307	976,422	1,488,578	4,027,140	8,357,447
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	-	-	-	-	137,411	4,027,140	4,164,551
Loans and advances to customers - gross	3,101,058	-	128,228,278	79,985,790	21,480,113	18,552,464	23,789,486	2,387,426	277,524,615
Debt purchases - gross	1,682	-	-	-	-	-	-	-	1,682
Investment securities - gross	-	1,834,994	14,899,853	18,342,118	12,043,798	13,552,443	9,941,684	14,218,062	84,832,952
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	1,384,380	350,000	300,000	1,521,200	2,908,709	6,333,666	14,012,000	26,809,955
Long-term investments	-	12,466	-	-	-	-	-	-	12,466
Fixed assets and investment property - net	-	5,738,147	-	-	-	-	-	-	5,738,147
Other assets - gross	89,698	22,936,097	-	-	-	-	-	-	23,025,795
Total assets	3,192,438	51,424,182	157,471,569	104,590,365	36,587,638	33,286,429	35,219,748	20,632,628	442,404,997
Liabilities									
Deposits and borrowings from other CIs	-	882,329	17,155,147	21,847,815	5,713,497	1,461,013	422,398	2,613	47,484,812
Deposits from customers	-	-	194,589,556	35,165,752	31,983,609	13,262,379	2,399,446	57,909	277,458,651
<i>In which: Demand deposits and marginal deposits</i>	-	-	128,038,427	-	-	-	-	-	128,038,427
Derivatives and other financial liabilities	-	(147)	13,315,936	6,064,610	(3,388,118)	(2,487,757)	(13,237,598)	-	266,926
Valuable papers issued	-	-	1,909,401	5,382,300	5,031,000	1,128,539	14,448,400	-	27,899,640
Other liabilities	-	11,878,118	-	-	-	-	-	-	11,878,118
Total liabilities	-	12,760,300	226,970,040	68,460,477	39,339,988	13,364,174	4,032,646	60,522	364,988,147
Interest sensitivity gap	3,192,438	38,663,882	(69,498,471)	36,129,888	(2,752,350)	19,922,255	31,187,102	20,572,106	77,416,850

Vietnam Technological and Commercial Joint Stock Bank
191 Ba Trieu Street, Le Dai Hanh Ward
Hai Ba Trung District, Hanoi, Vietnam

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49/2014/TT-NHNN dated 31 December 2014
of the State Bank of Vietnam)

As at 31 December 2019 (VND million)	Overdue	Non-sensitive to interest rate	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	More than 5 years	Total
Assets									
Cash and gold on hand	-	4,820,627	-	-	-	-	-	-	4,820,627
Balances with the SBV	-	3,192,256	-	-	-	-	-	-	3,192,256
Balances with and loans to other CIs - gross	-	15,173,787	20,084,018	11,587,933	1,005,544	138,942	-	-	47,990,224
Securities held-for-trading - gross	-	-	535,821	157,927	779,559	960,729	1,015,647	6,603,280	10,052,963
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	-	-	185,821	-	-	-	85,498	6,603,280	6,874,599
Loans and advances to customers - gross	5,200,569	-	101,225,542	44,068,564	18,592,697	32,081,861	26,952,364	2,680,430	230,802,027
Debt purchases - gross	1,682	-	-	-	-	-	-	-	1,682
Investment securities - gross	125,418	1,943,751	14,716,451	14,839,304	3,689,782	5,336,209	11,791,612	13,918,188	66,360,715
<i>In which: Government bonds and bonds guaranteed by the Government for settlement</i>	125,418	1,296,179	350,000	305,714	2,052,709	1,520,160	7,640,228	13,911,110	27,201,518
Long-term investments	-	12,883	-	-	-	-	-	-	12,883
Fixed assets and investment property - net	-	4,368,301	-	-	-	-	-	-	4,368,301
Other assets - gross	88,323	19,474,979	-	-	-	-	-	-	19,563,302
Total assets	5,415,992	48,986,584	136,561,832	70,653,728	24,067,582	38,517,741	39,759,623	23,201,898	387,164,980
Liabilities									
Deposits and borrowings from other CIs	-	6,416,010	28,190,526	17,118,946	8,584,377	308,630	645,085	3,061	61,266,635
Deposits from customers	-	-	143,218,063	35,762,392	32,233,184	16,871,104	3,197,347	14,671	231,296,761
<i>In which: Demand deposits and marginal deposits</i>	-	-	79,715,616	-	-	-	-	-	79,715,616
Derivatives and other financial liabilities	-	-	19,722,421	4,713,084	(2,222,793)	(3,127,042)	(18,651,662)	-	434,008
Valuable papers issued	-	-	1,727,600	2,642,900	1,584,300	177,212	11,328,622	-	17,460,634
Other liabilities	-	11,168,656	-	-	-	-	-	-	11,168,656
Total liabilities	-	17,584,666	192,858,610	60,237,322	40,179,068	14,229,904	(3,480,608)	17,732	321,626,694
Interest sensitivity gap	5,415,992	31,401,918	(56,296,778)	10,416,406	(16,111,486)	24,287,837	43,240,231	23,184,166	65,538,286

The following table estimates the sensitivity of profit before tax and equity of Techcombank assuming that there is an increase in lending and funding interest rate. The result is reversed if assuming that there is a decrease in lending and funding interest rate.

As at 31 December 2020

Currency	Increase in interest rate	Increase/(Decrease)	
		Consolidated profit before tax for year ended 31/12/2020 VND million	Consolidated equity as at 31/12/2020 VND million
VND	3.00%	5,196,747	4,157,398
USD	1.50%	(80,277)	(64,222)

As at 31 December 2019

Currency	Increase in interest rate	Increase/(Decrease)	
		Consolidated profit before tax for year ended 31/12/2019 VND million	Consolidated equity as at 31/12/2019 VND million
VND	3.00%	3,626,285	2,901,028
USD	1.50%	(107,159)	(85,727)

(b) Currency risk

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

The following table presents the assets and liabilities denominated in other currencies translated into VND at the end of the annual accounting period:

As at 31 December 2020 (VND million)	USD equivalent	EUR equivalent	Gold equivalent	Other currencies equivalent	Total
Assets					
Cash and gold on hand	151,060	45,575	5,083	53,309	255,027
Balances with the SBV	21,849	-	-	-	21,849
Balances with and loans to other CIs - gross	11,430,274	486,004	-	482,979	12,399,257
Loans and advances to customers - gross	13,016,773	-	-	-	13,016,773
Other assets - gross	10,230,806	631,012	-	1,077,398	11,939,216
	34,850,762	1,162,591	5,083	1,613,686	37,632,122
Liabilities					
Deposits and borrowings from other CIs	25,002,536	631,022	-	1,076,331	26,709,889
<i>In which: UPAS L/C</i>					
<i>(Usance Payable At Sight Letters of Credit)</i>	9,833,605	631,012	-	1,076,331	11,540,948
Deposits from customers	11,222,868	517,355	-	489,008	12,229,231
Derivatives and other financial liabilities	(5,330,254)	2,972	-	7,478	(5,319,804)
Other liabilities	605,286	13,841	-	9,079	628,206
	31,500,436	1,165,190	-	1,581,896	34,247,522
FX position on-balance sheet	3,350,326	(2,599)	5,083	31,790	3,384,600
FX position off-balance sheet	1,391,203	(5,671)	-	13,339	1,398,871
Total FX position on and off-balance sheet	4,741,529	(8,270)	5,083	45,129	4,783,471

As at 31 December 2019 (VND million)	USD equivalent	EUR equivalent	Gold equivalent	Other currencies equivalent	Total
Assets					
Cash and gold on hand	239,241	64,143	12,836	107,983	424,203
Balances with the SBV	1,322	-	-	-	1,322
Balances with and loans to other CIs - gross	13,748,109	467,767	-	304,615	14,520,491
Loans and advances to customers - gross	11,912,935	-	-	-	11,912,935
Other assets - gross	5,760,921	540,759	-	2,650,140	8,951,820
	31,662,528	1,072,669	12,836	3,062,738	35,810,771
Liabilities					
Deposits and borrowings from other CIs	23,801,711	540,740	-	2,637,752	26,980,203
<i>In which: UPAS L/C (Usance Payable At Sight Letters of Credit)</i>	5,456,037	540,730	-	2,637,752	8,634,519
Deposits from customers	10,720,334	530,572	-	596,931	11,847,837
Derivatives and other financial liabilities	(4,873,955)	(7,281)	-	(208,188)	(5,089,424)
Other liabilities	1,428,930	4,663	-	43,403	1,476,996
	31,077,020	1,068,694	-	3,069,898	35,215,612
FX position on-balance sheet	585,508	3,975	12,836	(7,160)	595,159
FX position off-balance sheet	(4,528,156)	-	-	24,413	(4,503,743)
Total FX position on and off-balance sheet	(3,942,648)	3,975	12,836	17,253	(3,908,584)

The following table estimates the sensitivity of the profit before tax of Techcombank with the assumption that all other variables, in particular interest rates, remain constant in the cases:

As at 31 December 2020

Currency	Increase in exchange rate	Increase/(Decrease)	
		Consolidated profit before tax for the year ended 31/12/2020 VND million	Consolidated equity as at 31/12/2020 VND million
USD	1.00%	47,415	37,932
EUR	1.00%	(83)	(66)
Gold	3.00%	152	122

As at 31 December 2019

Currency	Increase in exchange rate	Increase/(Decrease)	
		Consolidated profit before tax for the year ended 31/12/2019 VND million	Consolidated equity as at 31/12/2019 VND million
USD	1.00%	(39,426)	(31,541)
EUR	1.00%	40	32
Gold	3.00%	385	308

44. Disclosure of financial instruments

Fair value disclosure

Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 requires disclosing on fair value determination method and fair value of financial assets and financial liabilities to have a comparison between fair value and carrying value.

The following table sets out the carrying value and fair value of Techcombank's financial assets and financial liabilities at the end of the annual accounting period:

As at 31 December 2020 (VND million)	Carrying value					Total carrying value	Fair value
	Fair value through profit and loss	Held-to- maturity	Loans and receivables	Available for sale	At amortised cost		
Financial assets							
Cash and gold on hand	-	-	3,663,615	-	-	3,663,615	3,663,615
Balances with the SBV	-	-	10,253,324	-	-	10,253,324	(*)
Balances with and loans to other CIs - gross	-	-	28,994,954	-	-	28,994,954	(*)
Securities held-for-trading - gross	8,357,447	-	-	-	-	8,357,447	(*)
Loans and advances to customers - gross	-	-	277,524,615	-	-	277,524,615	(*)
Debt purchases - gross	-	-	1,682	-	-	1,682	(*)
Available-for-sale securities - gross	-	-	-	84,632,952	-	84,632,952	(*)
Held-to-maturity securities - gross	-	200,000	-	-	-	200,000	(*)
Other long-term investments	-	-	-	12,466	-	12,466	(*)
Other financial assets	-	-	23,025,795	-	-	23,025,795	(*)
	8,357,447	200,000	343,463,985	84,645,418	-	436,666,850	
Financial liabilities							
Deposits and borrowings from other CIs	-	-	-	-	47,484,812	47,484,812	(*)
Deposits from customers	-	-	-	-	277,458,651	277,458,651	(*)
Derivatives and other financial liabilities	266,926	-	-	-	-	266,926	(*)
Valuable papers issued	-	-	-	-	27,899,640	27,899,640	(*)
Other financial liabilities	-	-	-	-	11,878,118	11,878,118	(*)
	266,926	-	-	-	364,721,221	364,988,147	

(*) Techcombank has not determined the fair value of these items due to Vietnamese Accounting Standard, Vietnamese Accounting System for CIs lack of detailed guidance on fair value when using valuation model. Fair value of these financial instruments might be different from book value.

As at 31 December 2019 (VND million)	Carrying value					Total carrying value	Fair value
	Fair value through profit and loss	Held-to- maturity	Loans and receivables	Available for sale	At amortised cost		
Financial assets							
Cash and gold on hand	-	-	4,820,627	-	-	4,820,627	4,820,627
Balances with the SBV	-	-	3,192,256	-	-	3,192,256	(*)
Balances with and loans to other CIs - gross	-	-	47,990,224	-	-	47,990,224	(*)
Securities held-for-trading - gross	10,052,963	-	-	-	-	10,052,963	(*)
Loans and advances to customers - gross	-	-	230,802,027	-	-	230,802,027	(*)
Debt purchases - gross	-	-	1,682	-	-	1,682	(*)
Available-for-sale securities - gross	-	-	-	66,158,709	-	66,158,709	(*)
Held-to-maturity securities - gross	-	202,006	-	-	-	202,006	(*)
Other long-term investments	-	-	-	12,883	-	12,883	(*)
Other financial assets	-	-	15,139,670	-	-	15,139,670	(*)
	10,052,963	202,006	301,946,486	66,171,592	-	378,373,047	
Financial liabilities							
Deposits and borrowings from other CIs	-	-	-	-	61,266,635	61,266,635	(*)
Deposits from customers	-	-	-	-	231,296,761	231,296,761	(*)
Derivatives and other financial liabilities	434,008	-	-	-	-	434,008	(*)
Valuable papers issued	-	-	-	-	17,460,634	17,460,634	(*)
Other financial liabilities	-	-	-	-	8,115,902	8,115,902	(*)
	434,008	-	-	-	318,139,932	318,573,940	

(*) Techcombank has not determined the fair value of these items due to Vietnamese Accounting Standards and Vietnamese Accounting System for CIs lack of detailed guidance on fair value when using valuation model. Fair value of these financial assets might be different from book value.

45. Profit movements

The consolidated profit after tax for the year ended 31 December 2020 of Techcombank increased by VND2,356,258 million equivalent to an increase of 23.04% compared to the year ended 31 December 2019 due to the following reasons:

	Profit after tax VND million
Increase/(decrease) of profit after tax as a result of:	
Increase in net interest income	4,493,365
Increase in net fee and commission income	935,425
(Decrease) in net gain from trading of foreign currencies	(103,836)
(Decrease) in net gain from trading of securities held-for-trading	(76,267)
Increase in net gain from investment securities	253,238
Increase in net gain from other activities	472,481
(Decrease) in income from investments in other entities	(25)
Increase in operating expenses	(1,318,686)
Increase in allowance expenses for credit losses	(1,693,667)
Increase in corporate income tax expenses	(605,770)
	<hr/>
Increase in profit after tax	2,356,258
	<hr/>

46. Comparative figures

Some comparative figures have been reclassified to conform to the current financial reporting requirements. The table compares the figures presented in the previous year, before and after reclassification as follows:

	2019 VND million (As reclassified)	2019 VND million (As previously stated)
Consolidated statement of income		
Interest and similar income	25,020,397	25,016,341
Interest and similar expenses	(10,762,553)	(10,758,497)
Fee and commission income	4,853,846	4,884,408
Fee and commission expenses	(1,600,493)	(1,631,055)
	<hr/>	<hr/>
Consolidated statement of cash flows		
Interest and similar income received	25,681,231	25,677,175
Interest and similar expenses paid	(10,869,069)	(10,865,013)
	<hr/>	<hr/>

47. Other events

In 2020, Vietnam's economy and society were dramatically affected by the Covid-19 pandemic.

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020, Vietnam Government has performed significant control measures including the social distancing initiated on 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors. On 28 January 2021, the Covid-19 pandemic broke out again in Quang Ninh and Hai Duong, and tended to spread to other provinces. The Covid-19 pandemic greatly affected the business activities of many enterprises in many different industries.

During the year ended 31 December 2020, Techcombank restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 affected customers according to Circular 01.

48. Exchange rates of some currencies at the balance sheet date

The followings were the significant foreign exchange rates applied by Techcombank:

	Exchange rate as at	
	31/12/2020 VND	31/12/2019 VND
AUD	17,797	16,006
CAD	17,861	17,760
CHF	26,192	23,927
CNY	3,528	3,328
DKK	3,811	3,477
EUR	28,356	25,976
GBP	31,546	30,452
HKD	2,977	2,976
JPY	224	213
NOK	2,708	2,635
SEK	2,828	2,481
SGD	17,458	17,002
THB	769	755
USD	23,080	23,173
XAU	5,567,500	4,235,000

15 March 2021

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