

**VIETNAM TECHNOLOGICAL AND  
COMMERCIAL JOINT STOCK BANK**

Consolidated financial statements  
for the year ended 31 December 2014

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# VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

## Corporate Information

<b>Banking Licence No.</b>	0040/NH - GP	6 August 1993
	The banking licence was issued by the State Bank of Vietnam and was initially valid for 20 years from the date of the banking licence. The operation period was extended to 99 years under Decision No. 330/QD-NH5 issued by the State Bank of Vietnam dated 8 October 1997.	
<b>Business Registration Certificate No.</b>	055697	7 September 1993
	The Bank's Business Registration Certificate has been amended 46 times, the most recent of which is by Business Registration Certificate No. 0100230800 issued by Hanoi Department of Planning and Investment, dated 25 October 2013.	
<b>Board of Directors</b>	Mr. Ho Hung Anh Mr. Nguyen Thieu Quang Mr. Nguyen Canh Son Mr. Nguyen Dang Quang Mr. Do Tuan Anh Mr. Lee Boon Huat Mr. Nguyen Doan Hung	Chairman Vice Chairman Vice Chairman Member Member Member Independent Member
<b>Board of Supervision</b>	Mr. Hoang Huy Trung  Mr. Mag Rec Soc Oec Romauch Hannes Ms. Nguyen Thu Hien Ms. Bui Thi Hong Mai	Head of Board of Supervision and Standing Member  Member Standing Member Member
<b>Board of Management</b>	Mr. Do Tuan Anh Mr. Murat Yuldashev Mr. Vikesh Mirani Ms. Dang Tuyet Dung  Mr. Nguyen Canh Vinh  Mr. Pham Quang Thang  Mr. Phan Thanh Son Mr. Phung Quang Hung  Mr. Anil Kumar Parimo	Deputy Chief Executive Officer in charge Executive Director Group Chief Financial Officer Head of Wholesale Banking (until 31/10/2014) Head of Sales and Distribution (until 31/10/2014) Head of Wholesale Banking (from 1/11/2014) Deputy Chief Executive Officer, Head of Compliance and Operational Risk Management and Legal Head of Markets Head of IT and Operations (until 31/10/2014) Head of Sales and Distribution (from 1/11/2014) Chief Risk Officer (until 31/12/2014)

## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

### Corporate Information (continued)

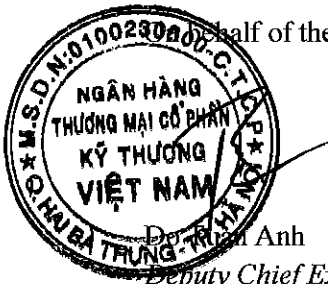
	Mr. Sagyndyk Kassainov	Head of Personal Financial Services
	Mr. Nguyen Quoc Nam	Head of Human Resources (until 2/1/2015)
	Ms. Pham Vu Minh Dan	Head of Human Resources (from 8/1/2015)
	Mr. Nguyen Dang Thanh	Deputy Chief Executive Officer, Head of Business Banking
	Mr. Le Anh Quan	Chief Marketing Officer (until 30/6/2014)
	Ms. Kunsulu Kapbassova	Chief Marketing Officer (from 1/7/2014)
<b>Legal representative</b>	Mr. Ho Hung Anh	Chairman
<b>Registered office</b>	191 Ba Trieu Street Hai Ba Trung District, Hanoi, Vietnam	
<b>Auditors</b>	KPMG Limited Vietnam	

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**  
**Statement of Board of Management**

The Board of Management of Vietnam Technological and Commercial Joint Stock Bank (“the Bank”) is responsible for preparation and presentation of the consolidated financial statements of the Bank and its subsidiaries (collectively referred to as “Techcombank”) in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the consolidated financial statements set out on pages 6 to 79 give a true and fair view of the consolidated financial position of Techcombank as at 31 December 2014, and of the consolidated statement of income and the consolidated cash flows of Techcombank for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit Institutions issued 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 the Board of Management to believe that Techcombank will not be able to pay its debts as and they fall due.

The Board of Management has, on the date of this statement, authorised these consolidated financial statements for issue.



Half of the Board of Management

Đ. Văn Anh  
*Deputy Chief Executive Officer in charge*

Hanoi, 16 March 2015



**KPMG Limited**

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72-Storey Building, Plot E6, Pham Hung Street  
Me Tri, Tu Liem, Hanoi City  
The Socialist Republic of Vietnam

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**INDEPENDENT AUDITORS' REPORT**

**To the Shareholders and the Board of Directors  
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, "Techcombank") which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statement of income and cash flows for the year then ended and the explanatory notes thereto which were authorized for issue by the Bank's Board of Management on 16 March 2015, as set out on pages 6 to 79.

**Management's responsibility**

The Bank's Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines 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 the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Accounting 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers the internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 respect, of the consolidated financial position of Techcombank as at 31 December 2014 and of its consolidated statement of income and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

The consolidated financial statements of Techcombank for the year ended 31 December 2013 were audited by another firm of auditors whose report dated 22 March 2014 expressed an unqualified opinion on those statements.

**KPMG Limited**  
Vietnam  
Investment Certificate No. 011043000345  
Audit Certificate No. 14-02-047/5



Tran Dinh Vinh  
Practicing Auditor Registration  
Certificate No. 0339-2013-007-1  
*Deputy General Director*

Nguyen Minh Hieu  
Practicing Auditor Registration  
Certificate No. 1572-2013-007-1

Hanoi, 16 March 2015

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

Consolidated balance sheet as at 31 December 2014

Form B02/TCTD-HN

	Note	31/12/2014 VND million	31/12/2013 VND million
<b>A ASSETS</b>			
<b>I Cash and gold on hand</b>	5	2,723,642	2,291,494
<b>II Balances with the State Bank of Vietnam</b>	6	1,168,265	2,830,794
<b>III Balances with and loans to other credit institutions</b>	7	18,922,460	15,420,747
1 Balances with other credit institutions		9,588,234	11,856,655
2 Loans to other credit institutions		9,343,996	3,599,224
3 Allowance for balances with and loans to other credit institutions		(9,770)	(35,132)
<b>IV Securities held for trading</b>	8	2,086,246	919,608
1 Securities held for trading		2,089,318	921,035
2 Allowance for diminution in the value of securities held for trading		(3,072)	(1,427)
<b>VI Loans and advances to customers</b>		79,347,790	69,088,680
1 Loans and advances to customers	10	80,307,567	70,274,919
2 Allowance for loans and advances to customers	11	(959,777)	(1,186,239)
<b>VII Investment securities</b>	12	54,978,730	49,845,591
1 Available for sale securities		49,704,301	46,169,754
2 Held to maturity securities		6,197,583	3,693,837
3 Allowance for diminution in the value of investment securities		(923,154)	(18,000)
<b>VIII Long-term investments</b>	13	693,788	128,625
4 Other long-term investments		697,630	128,625
5 Allowance for diminution in the value of long-term investment		(3,842)	-
<b>IX Fixed assets</b>		1,036,505	1,032,737
1 Tangible fixed assets	14	657,032	656,656
a Cost		1,361,399	1,234,437
b Accumulated depreciation		(704,367)	(577,781)
3 Intangible fixed assets	15	379,473	376,081
a Cost		624,331	552,644
b Accumulated amortisation		(244,858)	(176,563)
<b>X Investment property</b>	16	1,389,389	1,421,469
a Cost		1,489,656	1,484,363
b Accumulated amortisation		(100,267)	(62,894)
<b>XI Other assets</b>	17	13,554,979	15,916,918
1 Receivables		10,376,418	10,345,060
2 Accrued interest and fee receivables		3,341,124	5,256,518
3 Deferred tax assets	31	17,498	28,578
4 Other assets		606,412	337,896
5 Allowance for other assets		(786,473)	(51,134)
<b>TOTAL ASSETS</b>		<b>175,901,794</b>	<b>158,896,663</b>

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



	Note	31/12/2014 VND million	31/12/2013 VND million
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>II</b>			
<b>Deposits and borrowings from other credit institutions</b>	<b>18</b>	<b>19,471,408</b>	<b>15,224,974</b>
1 Deposits from other credit institutions		7,846,677	4,565,048
2 Borrowings from other credit institutions		11,624,731	10,659,926
<b>III</b>			
<b>Deposits from customers</b>	<b>19</b>	<b>131,689,810</b>	<b>119,977,924</b>
<b>IV</b>			
<b>Derivatives and other financial liabilities</b>	<b>9</b>	<b>18,409</b>	<b>73,157</b>
<b>V</b>			
<b>Other borrowed and entrusted funds</b>		<b>67,266</b>	<b>64,137</b>
<b>VI</b>			
<b>Valuable papers issued</b>	<b>20</b>	<b>6,253,623</b>	<b>5,643,295</b>
<b>VII</b>			
<b>Other liabilities</b>	<b>21</b>	<b>3,415,228</b>	<b>3,993,107</b>
1 Accrued interest and fee payables		1,907,877	1,861,191
3 Other liabilities		1,507,351	2,020,106
4 Provisions for off-balance sheet commitments		-	111,810
<b>TOTAL LIABILITIES</b>		<b>160,915,744</b>	<b>144,976,594</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>VIII</b>			
<b>Capital and reserves</b>	<b>22</b>	<b>14,986,050</b>	<b>13,920,069</b>
1 Capital		8,878,079	8,878,079
a <i>Share capital</i>		8,878,079	8,878,079
2 Reserves		4,551,560	4,372,389
5 Retained earnings		1,556,411	669,601
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>14,986,050</b>	<b>13,920,069</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>175,901,794</b>	<b>158,896,663</b>

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

	31/12/2014 VND million	31/12/2013 VND million
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>I CONTINGENT LIABILITIES</b>	<b>15,876,067</b>	<b>20,578,532</b>
1 Loan commitments	5,953	7,297
2 Letters of credit	8,535,196	9,240,217
3 Other guarantees	7,334,918	11,331,018
<b>II OTHER COMMITMENTS</b>	<b>28,422,783</b>	<b>14,278,177</b>
1 Undrawn loan commitments	-	476
2 Other commitments	2,381,836	5,517,418
3 Unmatured foreign currency contracts	26,040,947	8,760,283

Prepared by:



Bui Thi Khanh Van  
Chief Accountant

Approved by:



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



Đỗ Tuan Anh  
Deputy Chief Executive  
Officer in charge

16 March 2015

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

**Consolidated statement of income for year ended 31 December 2014**

**Form B03/TCTD-HN**

		Note	2014 VND million	2013 VND million
1	Interest and similar income	23	12,931,617	13,281,305
2	Interest and similar expenses	23	(7,158,987)	(8,945,643)
<b>I</b>	<b>Net interest income</b>	<b>23</b>	<b>5,772,630</b>	<b>4,335,662</b>
3	Fee and commission income	24	1,665,405	1,150,038
4	Fee and commission expenses	24	(542,822)	(413,795)
<b>II</b>	<b>Net fee and commission income</b>	<b>24</b>	<b>1,122,583</b>	<b>736,243</b>
<b>III</b>	<b>Net gain/(loss) from trading of foreign currencies and gold</b>	<b>25</b>	<b>22,898</b>	<b>(121,501)</b>
<b>IV</b>	<b>Net gain from trading of securities held for trading</b>	<b>26</b>	<b>97,227</b>	<b>105,137</b>
<b>V</b>	<b>Net gain from investment securities</b>	<b>27</b>	<b>77,654</b>	<b>160,910</b>
5	Other income	28	985,922	738,646
6	Other expenses	28	(977,475)	(324,514)
<b>VI</b>	<b>Net other income</b>	<b>28</b>	<b>8,447</b>	<b>414,132</b>
<b>VII</b>	<b>Income from investments in other entities</b>		<b>4,993</b>	<b>17,253</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>29</b>	<b>(3,431,045)</b>	<b>(3,355,666)</b>
<b>IX</b>	<b>Operating profit before allowance and provision expenses for credit losses</b>		<b>3,675,387</b>	<b>2,292,170</b>
<b>X</b>	<b>Allowance and provision expenses for credit losses</b>	<b>30</b>	<b>(2,258,366)</b>	<b>(1,413,964)</b>
<b>XI</b>	<b>Profit before tax</b>		<b>1,417,021</b>	<b>878,206</b>
7	Income tax expense – current	31	(324,083)	(213,146)
8	Income tax expense – deferred	31	(11,080)	(5,989)
<b>XII</b>	<b>Total income tax expense</b>	<b>31</b>	<b>(335,163)</b>	<b>(219,135)</b>
<b>XIII</b>	<b>Net profit after tax</b>		<b>1,081,858</b>	<b>659,071</b>

*The accompanying notes are an integral part of the consolidated financial statements*

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

**Consolidated statement of income for the year**

**ended 31 December 2014 (continued)**

**Form B03/TCTD-HN**

	Note	2014 VND	2013 VND
<b>XV Basic earnings per share (VND/share)</b>	<b>32</b>	<b>983</b>	<b>600</b>

Prepared by



Bui Thi Khanh Van  
Chief Accountant

Approved by



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



Tuan Anh  
Deputy Chief Executive  
Officer in charge

16 March 2015

*The accompanying notes are an integral part of the consolidated financial statements*

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

Consolidated statement of cash flows for the year  
ended 31 December 2014

Form B04/TCTD-HN

	2014 VND million	2013 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01	14,847,011	13,919,984
02	(7,112,301)	(9,153,635)
03	1,122,583	736,243
04	197,779	144,546
05	8,447	(1,294,019)
06	54,826	63,392
07	(3,104,451)	(1,292,795)
08	(217,534)	(38,545)
	<b>5,796,360</b>	<b>3,085,171</b>
<b>Changes in operating assets</b>		
09	(2,908,996)	13,288,145
10	(5,621,629)	(1,171,702)
11	-	40,868
12	(8,583,308)	(2,013,477)
13	(1,451,867)	(1,377,891)
14	(1,497,483)	4,619,273
<b>Changes in operating liabilities</b>		
16	4,246,434	(23,945,431)
17	11,711,886	8,515,636
18	610,328	(4,807,548)
19	3,129	(63,816)
20	(54,748)	73,157
21	(626,782)	(1,317,119)
22	(2,216)	(436)
<b>I</b>	<b>1,621,108</b>	<b>(5,075,170)</b>

*The accompanying notes are an integral part of the consolidated financial statements*

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

Consolidated statement of cash flows for the year  
ended 31 December 2014 (continued)

Form B04/TCTD-HN

	2014 VND million	2013 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01	(187,647)	(202,299)
02	11,434	677
04	(8,736)	(129,902)
07	(570,405)	(35,800)
09	4,993	17,253
<b>II</b>	<b>(750,361)</b>	<b>(350,071)</b>
<b>IV</b>	<b>870,747</b>	<b>(5,425,241)</b>
<b>V</b>	<b>17,196,728</b>	<b>22,621,969</b>
<b>VI</b>	<b>18,067,475</b>	<b>17,196,728</b>

Prepared by



Bui Thi Khanh Van  
Chief Accountant

Approved by



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



Do Tuan Anh  
Deputy Chief Executive  
Officer in charge

16 March 2015

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

# VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

Notes to the consolidated financial statements  
for the year ended 31 December 2014

Form B05/TCTD-HN

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

## 1. Reporting entity

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

The Bank was established pursuant to Banking Licence No. 0040/NH-GP dated 6 August 1993 issued by the State Bank of Vietnam (“the SBV”) and Business Registration Certificate No. 055697 dated 7 September 1993 issued by Hanoi Department of Planning and Investment. Its operation period was extended to 99 years under Decision No. 330/QD-NH5 dated 8 October 1997 by the SBV.

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

As at 31 December 2014, the Bank’s share capital was VND8,878,079 million. There were 887,807,871 ordinary shares in issue with face value per share of VND10,000.

The Bank’s Head Office is located at 191 Ba Trieu, Hanoi. As at 31 December 2014, the Bank had one (1) Head Office, two (2) representative offices, three hundred and twelve (312) transaction offices nationwide and three (3) subsidiaries.

The consolidated financial statements of the Bank as at and for the year ended 31 December 2014 comprise financial statements of the Bank and its subsidiaries (together referred to as “Techcombank”).

As at 31 December 2014, the Bank had three (3) subsidiaries as follows:

Subsidiaries	Operating licence	Nature of Business	% owned by the Bank
Techcom Securities Company Limited	98/UBCK-GP, dated 18 September 2008 granted by State Securities Commission	Securities activities	100%
Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited	0104003519 dated 18 June 2008 granted by Hanoi Department of Planning and Investment	Asset management	100%
Techcom Capital Management Company Limited	40/UBCK-GP, dated 21 October 2008 granted by State Securities Commission	Fund management	100%

As at 31 December 2014, Techcombank had 7,419 employees (31 December 2013: 7,290 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 Credit Institutions issued by SBV, and relevant statutory requirements applicable to financial reporting. These accounting policies may differ in some material respects from the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and 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.

### (b) Basis of measurement

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

### (c) Accounting period

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

### (d) Accounting currency

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

## 3. Changes in accounting policies

Except for the changes in accounting policies listed below, Techcombank has consistently applied the accounting policies that are discussed in Note 4 for all the accounting periods presented in these consolidated financial statements.

Techcombank has prospectively adopted the Circular No. 02/2013/TT-NHNN issued by the SBV on 21 January 2013 on asset classification, risk provisioning and use of provision against credit risks by credit institutions and foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN issued by the SBV on 18 March 2014 on amending and supplementing a number of articles of Circular 02 ("Circular 09") which were effective from 1 June 2014.

The application of Circular 02 and Circular 09 affects the following accounting policies:

- Balances with and loans to other credit institutions - loan classification and allowance for credit risk (Note 4(d));
- Securities held for trading - allowance for diminution in value (Note 4(e));
- Loans and advances to customers - loan classification and allowance of credit risk (Note 4(h) and 4(i));
- Provision for off-balance sheet commitments (Note 4(k));
- Allowance for diminution in the value of investment securities (Note 4(f)); and
- Allowance for receivables from loans sold (Note 4(p)).



#### 4. Summary of significant accounting policies

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

##### (a) Basis of consolidation financial statement preparation

###### (i) *Subsidiaries*

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

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

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

##### (b) Foreign currency transactions

Transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the date of the transactions. Foreign exchange translation differences arisen from revaluing the balances of foreign trading accounts at the year-end are recognised in the consolidated statement of income. Income/expense transactions incurred in foreign currencies are recognised in the consolidated statement of income in VND using the exchange rates ruling on the dates of the transactions.

##### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, Government promissory notes and other short-term valuable papers which are eligible for rediscount at SBV, demand deposits and term deposits with other credit institutions with original terms to maturity not exceeding three months, and investment securities with terms from the date of purchase to maturity not exceeding three months.

Gold is revalued at the balance sheet date and the differences arising on revaluation are recorded in the consolidated statement of income.

##### (d) Balances with and loans to other credit institutions

###### *From 1 June 2014*

The classification of credit risks for balances with and loans to other credit institutions and the corresponding allowance are in accordance with Circular 02 and Circular 09. Accordingly, the Bank makes specific provision for balances with, (except for current accounts) and loans to other credit institutions as described in policy in Note 4(i).

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

***Prior to 1 June 2014***

Techcombank adopted Circular No. 21/2012/TT-NHNN issued by SBV on 18 June 2012 regulating on activities of lending, borrowing; term purchase and sale of valuable papers among credit institutions and foreign bank branches ("Circular 21") and Circular No. 01/2013/TT-NHNN issued by SBV on 7 January 2013 on amendments of and supplements to a number of articles of Circular 21. Accordingly, Techcombank classified and made provisions for loans to other credit institutions using the methods of the classification and allowance for loans and advances to customers in accordance with Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 ("Decision 493") and Decision No. 18/2007/QĐ-NHNN ("Decision 18") dated 25 July 2007 of the Governor of the SBV as described in Note 4(h).

Having applied such change in accounting policy, Techcombank reversed the general allowance amounted to VND35,132 million for balances with (except for current accounts) and loans to other credit institutions during the year. Simultaneously, Techcombank also made the specific allowance amounted to VND9,770 million for balances with and loans to other credit institutions during the year.

**(e) Securities held for trading****(i) Classification and recognition**

Securities held for trading are debt or equity securities, which are acquired for trading purpose. Securities held for trading are initially recognised at cost.

**(ii) Measurement**

Listed equity securities held for trading are stated at cost less allowance for diminution in the value which is determined by reference to closing prices of securities from the Ho Chi Minh and Hanoi Stock Exchange at reporting date.

Allowance for diminution in the value of unlisted securities which are actively traded on trading market for unlisted public companies market (Upcom) are determined as the average transaction price as at consolidated balance sheet date.

Allowance for unlisted securities which are not actively traded on Upcom is determined by reference to the average price of the transaction price quotes from three securities companies having chartered capital above VND300 billion. In case that market price of these securities is not available or cannot be determined reliably, these securities are stated at carrying value at the date of determining market price.

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

***From 1 June 2014***

Debt securities held for trading which were unlisted corporate bonds are stated at cost less allowance for credit risk as stipulated in Circular 02 and Circular 09 as described in Note 4(i).

*Prior to 1 June 2014*

Debt securities held for trading which were unlisted corporate bonds were stated at cost less allowance for diminution in the value based on their number of overdue days as stipulated in Circular No. 228/2009/TT-BTC dated 7 December 2009 by the Ministry of Finance guiding the appropriation and use of allowances for devaluation of inventories, loss of financial investments, doubtful debts and warranty for products, goods and construction works at enterprises ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amended and supplemented Circular 228 ("Circular 89") as follows:

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

This change in accounting policy for securities held for trading had no impact on financial statements as Techcombank did not have unlisted corporate bonds which were held for trading at the time of making allowance (30 November 2014).

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

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

**(iii) De-recognition**

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

**(f) Investment securities****(i) Classification**

Investment securities are classified into available for sale investment securities and held to maturity investment securities. Techcombank initially recognised investment securities at cost. Techcombank classifies investment securities at the purchase date. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Techcombank is allowed to reclassify investment securities once after their purchase date.

Held-to-maturity investment securities

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.

Available-for-sale investment securities

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

**(ii) Recognition**

Techcombank recognises investment securities on the date that it acquires substantially all the risks and rewards of owning these securities.

**(iii) Measurement*****Equity securities***

Listed available-for-sale equity securities are stated at cost less allowance for diminution in the value which is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at reporting date.

For the unlisted available-for-sale equity securities which are actively traded on the unlisted public company market (Upcom), allowance for diminution in the value is determined by the average trading price in the market at the reporting date.

For the unlisted available-for-sale equity securities which are not registered on the Upcom, allowance for diminution in the value is calculated based on the average quoted prices of three securities companies whose share capital greater than VND300 billion. In case the quoted prices of three securities companies cannot be determined, the securities are recorded at carrying value at the date of determining market price.

***Debt securities***

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

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

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

Techcombank determines allowance for diminution in value of unlisted available-for-sale debt securities and unlisted held-to-maturity debt securities (excluding unlisted corporate available-for-sale and held-to-maturity debt securities) in accordance with regulations stipulated in Circular 228 and Circular 89 as described in Note 4(e).

***For unlisted corporate bonds******From 1 June 2014***

Allowance for diminution in value of investment securities which are overdue unlisted corporate bonds is determined in accordance with regulations stipulated in Circular 02 and Circular 09 as described in Note 4(i).

*Prior to 1 June 2014*

Techcombank determined allowance for diminution in the value of unlisted corporate bonds based on number of overdue days in accordance with regulations stipulated in Circular 228 and Circular 89 as follows:

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

Having applied such change in accounting policy Techcombank made general and specific allowances amounted to VND140,272 million and VND319,247 million, respectively, for unlisted corporate bonds during the year.

**(iv) Special bonds issued by Vietnam Asset Management Company**

Special bonds issued by Vietnam Asset Management Company (“VAMC”) are term valuable papers, which aim to purchase bad debts of the Bank. Special bonds are classified as held-to-maturity securities. Special bonds are initially recorded at cost at transaction date and subsequently carried at par value less allowance. Par value of special bonds is equivalent to the value of bad debts sold which is the principal balance net of specific allowance made but not utilized for those debts.

According to requirement of Circular No. 19/2013/TT-NHNN issued on 6 September 2013 by the SBV on the purchase, sales and disposal of bad debts of the Vietnam Asset Management Company, during the holding period of special bonds, Techcombank makes specific provision with the minimum annual amount equalling par value divided by total number of tenor of the bonds (currently 5 years). Techcombank allocates this annual allowance expense on a monthly basis. The allowance is recorded to the consolidated statement of income.

**(g) Long-term investments**

Other long term investments are investments in the equity of companies without control or significant influence over the investees. These investments are initially stated at cost.

***Allowance for diminution in the value of investment securities and long-term investments***

Allowance for diminution in value is required for other long-term investments when investee companies suffer losses, except when the loss was anticipated in their business plan before the date of investment. Allowance for diminution in value is determined as the total actual contributed capital of parties to the investee company (par value) less (-) the actual owner’s equity multiplied (x) by the Techcombank’s ownership percentage (par value) in the investee company. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(h) Loans and advances to customers**

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

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

***From 1 June 2014***

The classification of loans and allowance for credit losses were carried out in accordance with Circular 02 and Circular 09 as described in Note 4(i).

***Prior to 1 June 2014***

The classification of loans and allowance for credit losses were carried out in accordance with Decision No. 493/2005/QĐ-NHNN ("Decision 493") dated April 22, 2005 and Decision No. 18/2007/QĐ-NHNN ("Decision 18") dated April 25, 2007 by the Governor of the State Bank of Vietnam.

Specific allowance as at reporting date in accordance with Decision 493 and Decision 18 was made based on principal less discounted value of collateral multiplying with allowance rates which were determined based on loan classifications as at 30 November:

<i>Group</i>		<i>Overdue status</i>	<i>Allowance rate</i>
1	Current	<ul style="list-style-type: none"> <li>Current loans or overdue loans less than 10 days.</li> </ul>	0%
2	Special mentioned	<ul style="list-style-type: none"> <li>Loans being overdue between 10 days to 90 days; or</li> <li>Loans having revised terms of repayments for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayments for the case of enterprises and organisational customers).</li> </ul>	5%
3	Sub standard	<ul style="list-style-type: none"> <li>Loans being overdue between 91 days and 180 days;</li> <li>Loans having rescheduled terms of repayments for the first time except for the loans with revised terms of repayments classified into the above mentioned Group 2; or</li> <li>Loans having exempt or reduced interest because customers are not able to pay the interest according to contracts.</li> </ul>	20%
4	Doubtful	<ul style="list-style-type: none"> <li>Loans being overdue between 181 days and 360 days;</li> <li>Loans having rescheduled terms of repayments for the first time and being overdue less than 90 days according to the first rescheduled terms of repayments; or</li> <li>Loans having rescheduled terms of repayments for the second time.</li> </ul>	50%
5	Loss	<ul style="list-style-type: none"> <li>Loans being overdue more than 360 days;</li> <li>Loans having rescheduled terms of repayments for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayments;</li> <li>Loans having rescheduled terms of repayments for the second time and being overdue according to the second reschedule terms of repayments;</li> <li>Loans having rescheduled terms of repayments for the third time; or</li> <li>Blocked loans, or loans awaiting for settlements.</li> </ul>	100%

The basis to determine the value and discounted value for each type of collateral was specified in Decision 493 and Decision 18.

Techcombank applied Decision No. 780/QD-NHNN dated 23 April 2012 by the SBV providing guidance for the classification of loans being rescheduled or having the repayment term extended ("Decision 780") under which the loans' group was kept the same as before adjusting the repayment period, loan rescheduling if the business of the borrower was rated as tending positive and customers with good repayment capacity after adjusting the repayment period, loan rescheduling.

In accordance with Decision 493 and Decision 18, Techcombank was also required to make and maintain a general allowance of 0.75% of outstanding loans and advances to customers that were classified from Group 1 to Group 4 as at 30 November.

Techcombank has not determined the effects of this change in accounting policy on loans and advances to customers in the year as after applying the changes in accounting policies, Techcombank has no longer applied the classification of loans and made provision for credit losses for loans and advances to customers in accordance with Decision 18 and Decision 493.

**(i) Loan classification and allowance for balances with and loans to other credit institutions, purchase and entrusted purchase of corporate bonds issued by unlisted enterprises, loans and advances to customers, and entrusted extension of credit**

Loan classification for balances with and loans to other credit institutions, purchase and entrusted purchase of corporate bonds issued by unlisted enterprises, loans and advances to customers, and entrusted extension of credit (collectively referred to as "debts") is implemented using the quantitative method as regulated in Article 10 of Circular 02.

Specific allowance as at 31 December in accordance with Circular 02 and Circular 09 is made based on principal less discounted value of collateral multiplying with allowance rates which were determined based on the Bank's debt classification as at 30 November. The allowance rates of specific allowance for specific debt groups as follows:

Debt group		Overdue status	Rate of allowance
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	0%
2	Special mentioned	(a) Debts which are overdue for a period of between 10 days and 90 days; or (b) Debts which are restructured repayment term for the first time.	5%
3	Substandard	(a) Debts which are overdue for a period of between 91 days and 180 days; or (b) Debts which are extended repayment term for the first time; or (c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Debts in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> <li>▪ Debts in breach of clauses 1, 3, 4, 5 or 6 of article 126 of the Law on Credit Institutions;</li> <li>▪ Debts in breach of clauses 1, 2, 3 or 4 of article 127 of the Law on Credit Institutions;</li> <li>▪ Debts in breach of clauses 1, 2 or 5 of article 128 of the Law on Credit Institutions;</li> </ul> or (e) Debts which are recovered under inspection conclusions.	20%

Debt group		Overdue status	Rate of allowance
4	Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which are restructured repayment term for the second time; or (d) Debts which are specified in point (d) of debt 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) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	50%
5	Loss	(a) Debts which are overdue for a period of more than 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or (c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or (e) Debts which are specified in point (d) of debt Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Debts of customers being credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.	100%

In case where a customer has more than one debt with Techcombank, if any of these debts is transferred to a higher risk debt group, Techcombank is required to reclassify the other debts of that customers to that higher risk group corresponding to their risk levels.

When Techcombank participates in a syndicated loan but does not act as the lead bank, Techcombank shall classify the loans (including the syndicated loan) of such customer in the higher risk loan group between that assessed by the lead bank and that assessed by Techcombank.

According to Clause 3a, Article 10 of Circular 09, debts are restructured and maintained in the same debt group as before rescheduling when they meet the following criteria:

- The debts and relevant credit granting processes are not in breach of law;
- Debt rescheduling is in conformity with the purpose of borrowings in credit contracts;
- Customers utilize the capital for the right purpose;
- Customers have the new feasible debt repayment options, in alignment with business plans; and
- Techcombank meets the regulations of SBV on limits, safety ratios in operations, including a maximum ratio of short-term fund used for medium- or long-term loans in cases of rescheduling short-term loans to medium- and long-term loans.



Only when the above conditions are met, Techcombank reschedules the repayment period of the loans to customers and maintains such loans to customers in the same loan group as being currently classified. Such repayment period rescheduling and maintaining debts' group are allowed once (01) only. Clause 3a, Article 10 of Circular 09 is effective from 20 March 2014 and expires on 1 April 2015.

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

According to Circular 02, Techcombank is also required to make a general provision at 30 November of 0.75% of outstanding debts excluding balances with and loans to other credit institutions and debts that are classified as Loss.

**(j) Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated financial statements. The corresponding cash received is recognised as a borrowing in the consolidated balance sheet. The difference between the sale price and repurchase price is recorded in the consolidated statement of income under contractual interest.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognised in the consolidated financial statements. The corresponding cash payment is recognised as an investment in the consolidated balance sheet. The difference between the purchase price and resale price is recorded in the consolidated statement of income under contractual interest.

**(k) Provision for off-balance sheet commitments**

Off balance sheet commitments including guarantees, payment acceptances and irrevocable unconditional loan commitments with specific implementing time.

***From 1 June 2014***

The classification of off-balance sheet commitments are made only for the purpose of managing and monitoring the credit process under the policy applied to debts classification as described in Note 4(i).

In accordance with Circular 02, no allowance is made for off-balance sheet commitments.

***Prior to 1 June 2014***

In accordance with Decision 18, Techcombank was required to classify guarantees, payment acceptances, loan commitments which were irrevocable and unconditional into relevant groups and made specific allowances accordingly. The specific provision rates for the above balances were the same as those for loans and advances to customers as described in Note 4(h).

Additionally, Techcombank was also required to make a general provision of 0.75% of total the balances of letters of guarantee, letters of credit and loan commitments which were irrevocable and unconditional as at 30 November.

Having applied such change in accounting policy, Techcombank reversed allowances amounted to VND111,810 million for off balance sheet commitments during the year.

**(l) Derivative financial instruments****(i) Foreign exchange contracts**

Techcombank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of Techcombank.

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognised at nominal value at the transaction date and are revalued at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the consolidated statement of income.

The currency swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional principal amount. The discount or premium due to difference between spot exchange rate at the effective date of the contract and the forward rate is recognized at the effective date of the contract as an asset if positive or a liability if negative in the consolidated balance sheet. This difference will be amortized on a straight line basis to the consolidated statement of income over the term on the contract.

**(ii) Interest rate swap contracts**

Commitment value in interest rate swap contracts are not recognised in the consolidated balance sheet. Differences in interest rate swaps are recognised in the consolidated statement of income on an accrual basis.

**(iii) Commodity future contracts**

Techcombank provides brokerage services for clients to sign the commodity future contracts, and hence the value of those contracts are not recognised in the consolidated balance sheet. Income arising from the brokerage transactions are recognised in the consolidated statement of income.

**(m) Tangible fixed assets****(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

• buildings and building improvements	8 - 50 years
• office equipment	3 - 10 years
• vehicles	6 - 10 years
• other fixed assets	4 - 10 years

**(n) 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 4 to 8 years.

**(ii) Land use rights**

Land use rights comprise:

- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

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

**(iii) Other intangible fixed assets**

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

**(o) Investment property****(i) Cost**

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

**(ii) Depreciation**

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

• Building	10 - 40 years
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**(p) Other account receivables**

Other accounts receivable are presented at cost less allowance for doubtful debts in the following periods.

Receivables are subject to review for impairment based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Allowance expense is recorded in operating expenses for the year.

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

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

*Classification and provision making for the debts which have been sold but not yet collected****From 1 June 2014***

Techcombank reclassifies and makes allowance for the debts which have been sold but not yet collected, using the loan classification and collateral value as before the selling date.

***Prior to 1 June 2014***

Techcombank made provision for the receivables from loan sold based on number of overdue days in accordance with Circular 228 and Circular 89 as mentioned above.

Having applied such change in accounting policy, Techcombank made specific allowances amounted to VND749,929 million for the loans sold but not yet collected during the year.

**(q) Other provision**

A provision other than allowances described in Note 4(d), 4(e), 4(f), 4(g), 4(h), 4(i) and 4(p), 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.

**(r) Convertible bonds**

Convertible bonds issued by Techcombank entitle bondholders to convert their bonds into a fixed number of shares of Techcombank at the time of issuance.

There are two types of convertible bonds: (1) mandatory convertible bonds where the bondholders signed agreements to convert the bonds to shares at maturity and (2) normal convertible bonds where the bondholders have the option to convert at maturity. Both types of convertible bonds are classified as financial liabilities in the balance sheet.

**(s) Other payables**

Other payables are stated at their cost.

**(t) Employees benefits**

According to the Social Insurance Law, from 1 January 2009, Techcombank and its employees are required to contribute to unemployment insurance fund managed by the Vietnam Social Insurance. The portion that Techcombank contributes for its employees is recognised as an expense in the consolidated statement of income when occurred.

**(u) Share capital****(i) Ordinary shares**

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

**(ii) Share premium**

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

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

The Bank is required to make the following allocations before distribution of profits:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Reserve to supplement share capital	5% of profit after tax	Share capital
Financial reserve	10% of profit after tax	25% share capital

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

**(ii) Reserves of subsidiaries:*****Reserves of Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited:***

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the reserves allocation requirements for Vietnam Technological and Commercial Joint Stock Bank - Asset Management Company Limited are the same as those of the Bank.

***Reserves of Techcom Securities Company Limited and Techcom Capital Management Company Limited:***

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance, the realised profits of securities company and capital management companies, after offsetting previous years' losses in accordance with the Law of Corporate Income Tax and paying corporate income tax, are distributed as follows:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Reserve to supplement chartered capital	5% of profit after tax	10% of chartered capital
Financial reserve	5% of profit after tax	10% of chartered capital

The purpose of the financial reserve is to cover losses incurred during the normal course of business. This reserve together with the reserve to supplement chartered capital are non-distributable.

**(w) Revenue recognition**

**(i) Interest income**

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on debts classified in Group 2 to Group 5 as defined in Note 4(i) which is recognised upon receipt.

**(ii) Fee and commission income**

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

**(iii) Dividend income**

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

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

**(x) Interest expenses**

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

**(y) Operating lease payments**

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

**(z) Taxation**

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

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

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

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

**(aa) Earnings per share**

Techcombank presents its basic 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 of Techcombank and the weighted average number of ordinary shares outstanding during the period for the effect of all dilutive instruments, include convertible bond. Dilutive ordinary shares have dilution effect only when their conversions to ordinary shares could reduce earnings per share or increase loss per share. If potential ordinary shares do not have dilutive effect, Techcombank does not present diluted EPS.

The weighted average number of shares outstanding during the year takes into account the effect of mandatory convertible bonds in issue and the change in conversion rate due to bonus shares issuance or dividend in shares during the year.

**(ab) 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 primary format for segment reporting is based on geographical segments; Techcombank's secondary format for segment reporting is based on business segments.

**(ac) Commitments and contingent liabilities**

At any time, Techcombank has outstanding commitments to extend credit. These commitments take the form of approved 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 being advanced in whole or in part. Therefore the amounts do not represent firm commitment of future cash flows.

**(ad) Financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the financial position and results of operations and the nature and extent of risk arising from financial instruments, Techcombank classifies its financial instruments as follows:

**(i) Financial assets***Financial assets recognised at fair value through profit or loss*

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by Techcombank as 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 as such recognised at fair value through profit or loss statements;
- Financial assets already categorised as available-for-sale;
- Financial assets that meet the definitions of loans and receivables.

*Loans and receivables*

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

- that Techcombank intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that 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 available-for-sale.

*Available-for-sale investments*

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

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; or
- Loans and receivables.

**(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:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by Techcombank as 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 instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.



## 5. Cash and gold on hand

	31/12/2014 VND million	31/12/2013 VND million
Cash on hand in VND	2,149,520	1,564,022
Cash on hand in foreign currencies	517,744	686,472
Gold on hand	56,378	41,000
	<b>2,723,642</b>	<b>2,291,494</b>

## 6. Balances with the State Bank of Vietnam

Balances with SBV consist of a compulsory reserve for liquidity and a current account.

Under the State Bank of Vietnam'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 multiply with preceding month's average balances of deposits in scope as follows:

<b>Deposits in scope</b>	<b>CRR rates</b>	
	31/12/2014	31/12/2013
Preceding month's average balances of:		
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of and more than 12 months	6%	6%
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of and more than 12 months	1%	1%
	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND million</b>	<b>VND million</b>
Current account and compulsory reserve in VND	895,410	2,145,665
Current account and compulsory reserve in foreign currencies	272,855	685,129
	<b>1,168,265</b>	<b>2,830,794</b>

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Deposits in VND		
Within the compulsory reserve requirement	0.10%	0.10%
Exceeding the compulsory reserve requirement	0.00%	0.00%
Deposits in USD		
Within the compulsory reserve requirement	0.00%	0.00%
Exceeding the compulsory reserve requirement	0.05%	0.05%

**7. Balances with and loans to other credit institutions**

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
<b>Current accounts</b>		
Current accounts in VND	43,856	66,526
Current accounts in foreign currencies	1,702,786	3,839,454
<b>Term deposits</b>		
Term deposits in VND	2,918,092	5,561,701
Term deposits in foreign currencies	4,923,500	2,388,974
	<u>9,588,234</u>	<u>11,856,655</u>
<b>Loans</b>		
Loans in VND	5,433,374	3,388,864
Loans in foreign currencies	3,910,622	210,360
	<u>9,343,996</u>	<u>3,599,224</u>
Allowance for balances with and loans to other credit institutions (i)	(9,770)	(35,132)
	<u><b>18,922,460</b></u>	<u><b>15,420,747</b></u>

(i) Allowance for balances with and loans to other credit institutions consist of:

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
General allowance for loans to other credit institutions	-	35,132
Specific allowance for balances with other credit institutions	9,770	-
	<u>9,770</u>	<u>35,132</u>

Movements in general allowance for loans to other credit institutions were as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	35,132	53,611
Allowance reversed during the year (Note 30)	(35,132)	(18,479)
Closing balance	<u>-</u>	<u>35,132</u>

Movements in specific allowance for balances with and loans to other credit institutions were as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	-	2,300
Allowance made/(reversed) during the year (Note 30)	9,770	(2,300)
Closing balance	<u>9,770</u>	<u>-</u>

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Current deposits in VND	0.10% - 1.00%	0,00% - 2,40%
Current deposits in foreign currencies	0.00% - 2.54%	0,00% - 0,50%
Term deposits in VND	3.40% - 9.60%	4.00% - 12.00%
Term deposits in foreign currencies	0.20% - 1.80%	0.50% - 1.50%
Loans in VND	3.50% - 10.00%	5.20% - 6.70%
Loans in foreign currencies	1.15% - 2.30%	1.20%

## 8. Securities held for trading

	31/12/2014 VND million	31/12/2013 VND million
<b>Debt securities</b>		
▪ Government bonds	1,389,696	583,021
▪ Bonds issued by local credit institutions	101,884	105,755
▪ Bonds issued by local economic entities	421,689	-
<b>Equity securities</b>		
▪ Shares issued by local credit institutions	42,253	145,000
▪ Shares issued by local economic entities	133,796	87,259
	2,089,318	921,035
Allowance for diminution in the value of securities held for trading (i)	(3,072)	(1,427)
	<b>2,086,246</b>	<b>919,608</b>

Listing status of securities held for trading is as follows:

	31/12/2014 VND million	31/12/2013 VND million
<b>Debt securities</b>		
▪ Listed	1,389,696	688,776
▪ Unlisted	523,574	-
<b>Equity securities</b>		
▪ Listed	31,048	87,259
▪ Unlisted	145,000	145,000
	2,089,318	921,035

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Movements in allowance for diminution in the value of securities held for trading were as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	1,427	31,412
Allowance made during the year (Note 26)	16,538	21,958
Allowance reversed during the year (Note 26)	(14,893)	(51,943)
Closing balance	<u>3,072</u>	<u>1,427</u>

**9. Derivatives and other financial liabilities**

	<u>31/12/2014</u>		<u>31/12/2013</u>	
	<u>Total contract nominal value</u>	<u>Total carrying value</u>	<u>Total contract nominal value</u>	<u>Total carrying value</u>
	<u>VND million</u>	<u>Assets/(liabilities) VND million</u>	<u>VND million</u>	<u>Assets/(liabilities) VND million</u>
Foreign exchange forward contracts	17,133,993	(131,411)	8,293,520	(105,874)
Foreign exchange swap contracts	26,040,947	113,002	8,760,283	32,717
	<u>43,174,940</u>	<u>(18,409)</u>	<u>17,053,803</u>	<u>(73,157)</u>

**10. Loans and advances to customers**

	31/12/2014 VND million	31/12/2013 VND million
Loans to local economic entities and individuals	79,526,573	69,683,693
Loans to foreign economic entities and individuals	6,452	-
Discounted bills	751,838	505,300
Payables on behalf of customers	-	1,137
Loans granted from other borrowed and entrusted funds	22,704	33,614
Frozen loans and loans awaiting for handling	-	51,175
	<b>80,307,567</b>	<b>70,274,919</b>

Analysis of credit quality was as follows:

	31/12/2014 VND million	%	31/12/2013 VND million	%
Current	76,478,617	95.24%	63,736,184	90.70%
Special mentioned	1,915,114	2.38%	3,972,491	5.65%
Sub-standard	532,325	0.66%	447,898	0.64%
Doubtful	326,336	0.41%	1,128,849	1.61%
Loss	1,055,175	1.31%	989,497	1.40%
	<b>80,307,567</b>	<b>100.00%</b>	<b>70,274,919</b>	<b>100.00%</b>

According to the Techcombank's report on loans rescheduled without changing in loan group to SBV, as at 31 December 2014, loans kept in the same group as they were classified before rescheduled in accordance with to Clause 3a, Article 10 of Circular 09 as prescribed in Note 4(i) (31 December 2013: Decision 780, (Note 4(h)) are as follows:

	31/12/2014 VND million	31/12/2013 VND million
Rescheduled or extended portions of loans kept in loan group 1	3,194,152	4,279,772
Rescheduled or extended portions of loans kept in loan group 2	1,186,784	2,527,104
	<b>4,380,936</b>	<b>6,806,876</b>

Loan portfolio by term was as follows:

	31/12/2014 VND million	%	31/12/2013 VND million	%
Short term	33,790,244	42.07%	35,073,969	49.91%
Medium term	27,326,600	34.03%	19,421,234	27.64%
Long term	19,190,723	23.90%	15,779,716	22.45%
	<b>80,307,567</b>	<b>100.00%</b>	<b>70,274,919</b>	<b>100.00%</b>

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**for year ended 31 December 2014 (continued)**

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Loan portfolio by industry sectors was as follows:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
<b>Corporate loans</b>	<b>49,404,471</b>	<b>61.52%</b>	<b>47,423,467</b>	<b>67.48%</b>
Agriculture, forestry and aquaculture	131,799	0.17%	1,194,386	1.70%
Mining and quarrying	915,800	1.14%	231,310	0.33%
Manufacturing and processing	11,825,354	14.73%	14,313,753	20.37%
Electricity, petroleum & hot water	784,889	0.98%	356,136	0.51%
Water supplying and garbage and sewage treatment and management	47,167	0.06%	47,084	0.07%
Construction	2,321,401	2.89%	3,746,689	5.33%
Wholesale and retail trade, repair of motor vehicles, motor cycles	9,446,877	11.77%	9,893,952	14.08%
Transport, warehouse	3,864,476	4.81%	2,209,017	3.14%
Hospitality services	193,809	0.24%	1,984,994	2.82%
Information and communication	1,406,736	1.75%	85,757	0.12%
Finance, banking and insurance	1,078,101	1.34%	244,046	0.35%
Real estates	15,674,898	19.52%	11,926,047	16.97%
Science and technology	35,322	0.04%	27,969	0.04%
Administrative activities and supporting service	224,720	0.28%	100,980	0.14%
Parties, unions, state management, security and national defence, social guarantee	3,000	0.00%	90	0.00%
Education and training	58,558	0.07%	28,073	0.04%
Health care and social work	20,374	0.03%	71,757	0.10%
Recreational, culture, sporting activities	16,761	0.02%	18,644	0.03%
Other service activities	1,255,621	1.56%	873,993	1.24%
Other household services, manufacturing household consuming goods	98,808	0.12%	68,790	0.10%
<b>Individual loans</b>	<b>30,903,096</b>	<b>38.48%</b>	<b>22,851,452</b>	<b>32.52%</b>
	<b>80,307,567</b>	<b>100.00%</b>	<b>70,274,919</b>	<b>100.00%</b>

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

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**for year ended 31 December 2014 (continued)**

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Loans to customers by ownership and types of customers:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
<b>Corporate loans</b>	<b>49,404,471</b>	<b>61.52%</b>	<b>47,423,467</b>	<b>67.48%</b>
State-owned enterprises	2,029,379	2.53%	3,024,562	4.30%
Other limited companies	32,028,370	39.88%	20,980,870	29.86%
Joint stock companies in which the State's holding percentage is 50% or more	294,375	0.37%	317,631	0.45%
Other joint-stock companies	13,845,086	17.24%	22,197,736	31.58%
Private companies	712,333	0.88%	530,959	0.76%
Foreign invested enterprises	258,040	0.32%	216,201	0.31%
Cooperatives, cooperative unions	85,246	0.11%	82,034	0.12%
Administrative units, parties, unions and associations	32,659	0.04%	21,700	0.03%
Others	118,983	0.15%	51,774	0.07%
<b>Individual loans</b>	<b>30,903,096</b>	<b>38.48%</b>	<b>22,851,452</b>	<b>32.52%</b>
	<b>80,307,567</b>	<b>100.00%</b>	<b>70,274,919</b>	<b>100.00%</b>

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Loans and advances in VND	0.00% - 22.00%	0.00% - 23.00%
Loans and advances in USD	0.00% - 10.75%	2.37% - 10.50%

## 11. Allowance for loans and advances to customers

Allowance for loans and advances to customers consist of:

	31/12/2014 VND million	31/12/2013 VND million
General allowance	563,395	518,109
Specific allowance	396,382	668,130
	<b>959,777</b>	<b>1,186,239</b>

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

	2014 VND million	2013 VND million
Opening balance	518,109	470,951
Allowance made during the year (Note 30)	260,433	86,323
Allowance reversed during the year (Note 30)	(215,147)	(39,165)
Closing balance	<b>563,395</b>	<b>518,109</b>

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

	2014 VND million	2013 VND million
Opening balance	668,130	654,184
Allowance made during the year (Note 30)	1,479,270	2,042,613
Reversal of allowance during the year (Note 30)	(301,678)	(650,776)
Utilisation of allowance for doubtful debts during the year	(1,449,340)	(1,377,891)
	<hr/>	<hr/>
Closing balance	396,382	668,130
	<hr/>	<hr/>

## 12. Investment securities

	31/12/2014 VND million	31/12/2013 VND million
<b>Available for sale securities</b>		
<i>Debt securities</i>		
▪ Government bonds	28,747,074	12,512,524
▪ Bonds issued by local economic entities	11,268,962	21,597,457
▪ Bonds issued by local credit institutions	9,688,265	11,989,545
<i>Equity securities</i>		
▪ Shares issued by local credit institutions	-	70,228
	<hr/>	<hr/>
	<b>49,704,301</b>	<b>46,169,754</b>
	<hr/>	<hr/>
<b>Held to maturity securities</b>		
<i>Debt securities</i>		
▪ Government bonds	906,885	350,000
▪ Bonds issued by local economic entities	2,310,000	880,000
▪ Special bonds issued by Vietnam Asset Management Company ("VAMC")	2,980,698	1,823,793
▪ Bonds issued by local credit institutions	-	640,044
	<hr/>	<hr/>
	<b>6,197,583</b>	<b>3,693,837</b>
	<hr/>	<hr/>
Allowance for diminution in the value of held to maturity securities (i)	(923,154)	(18,000)
	<hr/>	<hr/>
	<b>54,978,730</b>	<b>49,845,591</b>
	<hr/>	<hr/>



Listing status of investment securities is as follows:

	31/12/2014 VND million	31/12/2013 VND million
<b>Debt securities</b>		
<i>Listed</i>		
▪ Government bonds	28,747,074	12,862,524
▪ Corporate bonds	7,549,366	11,987,780
	36,296,440	24,850,304
<i>Unlisted</i>		
▪ Government bonds	906,885	-
▪ Corporate bonds	15,717,861	23,119,266
	16,624,746	23,119,266
▪ Special bonds issued by VAMC	2,980,698	1,823,793
<b>Unlisted equity securities</b>		
▪ Shares issued by local credit institutions	-	70,228
	55,901,884	49,863,591

(i) Allowance for diminution in the value of investment securities were comprised of:

	31/12/2014 VND million	31/12/2013 VND million
General allowance for unlisted corporate bonds (*)	140,272	-
Specific allowance for unlisted corporate bonds (**)	319,247	-
Allowance for special bonds VAMC (***)	463,635	18,000
	923,154	18,000

(\*) Movement of general allowance for unlisted corporate bonds was as follows:

	2014 VND million	2013 VND million
Opening balance	-	-
General allowance made for unlisted corporate bonds (Note 30)	153,058	-
Reversal of general allowance made for unlisted corporate bonds (Note 30)	(12,786)	-
	140,272	-

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(\*\*) Movements of specific allowance for diminution in the value of investment securities and unlisted corporate bonds were as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	-	333,676
Reversal of specific allowance made for investment securities during the year (Note 27)	-	(244,850)
Specific allowance made for unlisted corporate bonds during the year (Note 30)	379,676	-
Reversal of specific allowance made for unlisted corporate bonds during the year (Note 30)	(60,429)	-
Utilisation of allowance	-	(88,826)
Closing balance	<u>319,247</u>	<u>-</u>

(\*\*\*) Movements in allowance for diminution in the value of VAMC bonds was as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	18,000	-
Allowance made for VAMC bonds during the year (Note 27)	454,733	18,000
Reversal of allowance made for VAMC bonds during the year (Note 27)	(9,098)	-
Closing balance	<u>463,635</u>	<u>18,000</u>

**13. Long-term investments**

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
Other long-term investments – cost (i)	697,630	128,625
Allowance for diminution in the value of long-term investments (ii)	(3,842)	-
	<u>693,788</u>	<u>128,625</u>

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(i) Other long-term investments comprise of:

	31/12/2014		31/12/2013	
	Share holding %	Investment at cost VND million	Share holding %	Investment at cost VND million
<b>Investments in other credit and similar institutions</b>				
Vietnam Chemical Finance JSC	10.00%	60,000	10.00%	60,000
<b>Investments in other economic entities</b>				
Vietnam Airlines Corporation	1.81%	570,405	-	-
TCO Vietnam Investment JSC	11.00%	16,500	11.00%	16,500
Smartlink Card JSC	2.00%	1,000	2.00%	1,000
Banking Training and Consultancy JSC	9.87%	1,040	9.87%	1,040
PCB Investment JSC	8.95%	7,962	8.95%	7,962
The Society for Worldwide Interbank Financial Telecommunication	0.00%	1,005	0.00%	1,005
Vietnam Real Estate Exchange Joint Stock Company	1.00%	660	1.00%	660
Ky An Securities Joint Stock Company	11.00%	748	11.00%	748
Mercury Investment and Trading Joint Stock Company	10.00%	600	10.00%	600
Hue Real Estate Trading and Investment Limited Liabilities Company	0.50%	50	0.50%	50
TIC	10.00%	600	10.00%	600
Hanoi North Urban development JSC	-	-	7.00%	1,400
Techcom Developer Project Developing JSC	11.00%	660	11.00%	660
Northern Electricity Development and Investment JSC	7.28%	36,400	7.28%	36,400
		697,630		128,625

(ii) Movement of allowance for diminution of other long-term investments are as follows:

	2014 VND million	2013 VND million
Opening balance	-	-
Allowance made during the year (Note 29)	5,242	-
Utilisation of allowance during the year	(1,400)	-
Closing balance	3,842	-

## 14. Tangible fixed assets

Year ended 31 December 2014

	<b>Buildings and building improvements</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Other assets</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Cost</b>					
Balance at 1 January 2014	44,559	1,025,209	142,403	22,266	1,234,437
Additions	1,640	88,716	6,210	97	96,663
Transfer from construction in progress	63,726	4,949	1,940	-	70,615
Other increases	266	352,407	607	-	353,280
Disposals	(4,000)	(18,303)	(4,346)	(1,289)	(27,938)
Other decreases	(417)	(347,834)	-	(17,407)	(365,658)
Balance at 31 December 2014	105,774	1,105,144	146,814	3,667	1,361,399
<b>Accumulated depreciation</b>					
Balance at 1 January 2014	9,638	509,280	50,859	8,004	577,781
Charge for the year	3,379	138,314	15,186	3,869	160,748
Other increases	297	240,983	-	-	241,280
Disposals	(520)	(16,199)	(1,613)	(751)	(19,083)
Other decreases	-	(246,305)	(1,502)	(8,552)	(256,359)
Balance at 31 December 2014	12,794	626,073	62,930	2,570	704,367
<b>Net book value</b>					
Balance at 1 January 2014	34,921	515,929	91,544	14,262	656,656
Balance at 31 December 2014	92,980	479,071	83,884	1,097	657,032

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**for year ended 31 December 2014 (continued)**

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*Year ended 31 December 2013*

	<b>Buildings and building improvements</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Other assets</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Cost</b>					
Balance at					
1 January 2013	50,386	1,051,094	139,303	30,864	1,271,647
Additions	-	83,642	4,379	3,350	91,371
Reclassifications	(5,827)	(108,605)	-	(11,791)	(126,223)
Other increases	-	3,070	-	-	3,070
Disposals	-	(1,168)	(876)	(35)	(2,079)
Other decreases	-	(2,824)	(403)	(122)	(3,349)
Balance at 31 December 2013	44,559	1,025,209	142,403	22,266	1,234,437
<b>Accumulated depreciation</b>					
Balance at					
1 January 2013	8,907	384,416	47,584	10,974	451,881
Charge for the year	942	181,007	4,462	3,031	189,442
Reclassifications	(211)	(54,785)	-	(5,948)	(60,944)
Other increases	-	115	-	-	115
Disposals	-	(938)	(876)	(15)	(1,829)
Other decreases	-	(535)	(311)	(38)	(884)
Balance at 31 December 2013	9,638	509,280	50,859	8,004	577,781
<b>Net book value</b>					
Balance at 1 January 2013	41,479	666,678	91,719	19,890	819,766
Balance at 31 December 2013	34,921	515,929	91,544	14,262	656,656

**15. Intangible fixed assets***Year ended 31 December 2014*

	<b>Software VND million</b>	<b>Land use rights VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
<b>Cost</b>				
Balance at 1 January 2014	502,955	29,885	19,804	552,644
Additions	83,786	-	-	83,786
Other increases	13,814	-	442	14,256
Other decreases	(3,488)	(6,773)	(16,094)	(26,355)
Balance at 31 December 2014	597,067	23,112	4,152	624,331
<b>Accumulated amortisation</b>				
Balance at 1 January 2014	171,961	465	4,137	176,563
Charge for the year	66,842	39	3,290	70,171
Other increases	5,479	-	-	5,479
Other decreases	(1,791)	-	(5,564)	(7,355)
Balance at 31 December 2014	242,491	504	1,863	244,858
<b>Net book value</b>				
Balance at 1 January 2014	330,994	29,420	15,667	376,081
Balance at 31 December 2014	354,576	22,608	2,289	379,473

*Year ended 31 December 2013*

	<b>Software VND million</b>	<b>Land use rights VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
<b>Cost</b>				
Balance at 1 January 2013	401,821	21,937	20,871	444,629
Additions	101,660	9,061	207	110,928
Reclassifications	(526)	-	(1,274)	(1,800)
Other decreases	-	(1,113)	-	(1,113)
Balance at 31 December 2013	502,955	29,885	19,804	552,644
<b>Accumulated amortisation</b>				
Balance at 1 January 2013	115,126	420	2,425	117,971
Charge for the year	57,287	45	2,687	60,019
Reclassifications	(403)	-	(977)	(1,380)
Other increases	-	-	2	2
Other decreases	(49)	-	-	(49)
Balance at 31 December 2013	171,961	465	4,137	176,563
<b>Net book value</b>				
Balance at 1 January 2013	286,695	21,517	18,446	326,658
Balance at 31 December 2013	330,994	29,420	15,667	376,081

## 16. Investment property

*Year ended 31 December 2014*

	<b>Land use rights VND million</b>	<b>Buildings VND million</b>	<b>Total VND million</b>
<b>Cost</b>			
Balance at 1 January 2014	19,526	1,464,837	1,484,363
Additions	-	137	137
Transfer from construction in progress	-	7,061	7,061
Disposals	-	(1,905)	(1,905)
Balance at 31 December 2014	19,526	1,470,130	1,489,656
<b>Accumulated amortisation</b>			
Balance at 1 January 2014	-	62,894	62,894
Charge for the year	-	37,948	37,948
Disposals	-	(575)	(575)
Balance at 31 December 2014	-	100,267	100,267
<b>Net book value</b>			
Balance at 1 January 2014	19,526	1,401,943	1,421,469
Balance at 31 December 2014	19,526	1,369,863	1,389,389

*Year ended 31 December 2013*

	<b>Land use rights VND million</b>	<b>Buildings VND million</b>	<b>Total VND million</b>
<b>Cost</b>			
Balance at 1 January 2013	19,357	1,335,104	1,354,461
Transferred from fixed assets	-	28,465	28,465
Additions	169	105,541	105,710
Other decreases	-	(4,273)	(4,273)
Balance at 31 December 2013	19,526	1,464,837	1,484,363
<b>Accumulated amortisation</b>			
Balance at 1 January 2013	-	25,068	25,068
Charge for the year	-	37,826	37,826
Balance at 31 December 2013	-	62,894	62,894
<b>Net book value</b>			
Balance at 1 January 2013	19,357	1,310,036	1,329,393
Balance at 31 December 2013	19,526	1,401,943	1,421,469

## 17. Other assets

	31/12/2014 VND million	31/12/2013 VND million
<b>Receivables</b>		
▪ Internal receivables	55,939	66,081
▪ Deposits and advances for office rental (i)	446,190	381,096
▪ Receivables relating to Interest Subsidy Program	33,847	34,005
▪ Advances to suppliers	46,009	47,305
▪ Advance to purchase securities	-	500,000
▪ Deposits for gold, commodity and foreign currencies trading in futures markets	85,884	39,853
▪ Receivables relating to commodities trading in futures market	392,610	-
▪ Loans purchased from asset management companies of domestic commercial joint stock banks	9,817	747,214
▪ Receivables from the sales of loans to customers (ii)	7,108,225	7,656,214
▪ Advances for investment contract (iii)	723,658	-
▪ Receivables from advance for usance payables at sight L/C (iv)	468,858	-
▪ Construction in progress, advance to purchase fixed assets	45,953	86,105
▪ Tax overpaid (Note 36)	246	19,940
▪ Receivables from Vietnam Asset Management Company ("VAMC")	151,048	-
▪ Other external receivables	808,134	767,247
	10,376,418	10,345,060
<b>Accrued interest and fee receivables</b>	3,341,124	5,256,518
<b>Deferred tax assets</b>	17,498	28,578
<b>Other assets</b>		
▪ Materials	29,501	44,962
▪ Prepayments	576,824	289,230
▪ Others	87	3,704
	606,412	337,896
<b>Allowance for other assets (v)</b>	(786,473)	(51,134)
	13,554,979	15,916,918

(i) These were advances for office rental of the Bank's headquarter and branches, the largest amount of which was the deposit for the South Head Office at Linn Tower Building at No. 9-11, Ton Duc Thang Street, Ben Nghe ward, District 1, Ho Chi Minh City with the amount of VND392 billion.

(ii) These are receivables from other companies for sales of Techcombank's loans to customers:

	31/12/2014 VND million	31/12/2013 VND million
Sales contract to licensed economic entities	7,108,225	6,427,325
Sales contract to asset management companies of domestic commercial joint stock banks	-	1,228,889
	7,108,225	7,656,214



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**for year ended 31 December 2014 (continued)**

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- (iii) These were the advances for the purchase of shares of Vietnam Chemical Finance Joint Stock Company (“VCFC”). At the reporting date, these shares have been transferred to Techcombank (Note 41).
- (iv) There were receivables from importers who were the Techcombank’s clients of usance payable at sight imported letter of credit financing service provided by Techcombank. Accordingly, Techcombank finances the usance letter of credit for the beneficiary (exporters) prior to the matured date. The importers have advanced a part of these payments to Techcombank to perform these transactions with balance as at 31 December 2014 amounted to VND145,184 million (Note 21(ii)).
- (v) Movement of allowance for diminution of other assets is as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	51,134	42,933
Allowance made for the loans sold but not yet collected during the year (Note 30)	749,929	-
Allowance reversed for the loans purchase during the year (Note 30)	(36,788)	-
Allowance made for other assets during the year (Note 29)	23,325	8,201
Utilisation of allowance made for other assets	(1,127)	-
Closing balance	<u>786,473</u>	<u>51,134</u>

**18. Deposits and borrowings from other credit institutions**

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
<b>Demand deposits</b>		
Demand deposits in VND	428,025	83,077
Demand deposits in foreign currencies	51,851	1,383,927
<b>Term deposits</b>		
Term deposits in VND	5,648,000	2,765,675
Term deposits in foreign currencies	1,718,801	332,369
	<u>7,846,677</u>	<u>4,565,048</u>
<b>Borrowings</b>		
Borrowings in VND	3,186,182	1,150,000
Borrowings in foreign currencies	8,438,549	9,509,926
	<u>11,624,731</u>	<u>10,659,926</u>
	<u><b>19,471,408</b></u>	<u><b>15,224,974</b></u>

Year-end annual interest rates were as follows:

	<b>31/12/2014</b>	<b>31/12/2013</b>
Term deposits in VND	3.00% - 4.60%	3.40% - 8.30%
Term deposits in foreign currencies	0.30% - 1.20%	0.20% - 0.50%
Borrowings in VND	3.00% - 4.70%	4.00% - 5.50%
Borrowings in foreign currencies	0.62% - 5.05%	0.32% - 5.05%

## 19. Deposits from customers

	31/12/2014 VND million	31/12/2013 VND million
<b>Current accounts</b>		
Current accounts in VND	17,996,191	15,958,922
Current accounts in	1,900,494	1,736,250
<b>Term deposits</b>		
Term deposits in VND	101,390,221	91,869,156
Term deposits in foreign currencies	8,297,075	9,083,772
<b>Margin deposits</b>		
Margin deposits in VND	1,091,358	463,471
Margin deposits in foreign currencies	1,014,471	866,353
	<b>131,689,810</b>	<b>119,977,924</b>

Deposits from customers by type of customers were as follows:

	31/12/2014 VND million	31/12/2013 VND million
Economic entities	43,888,766	40,972,617
Individuals	87,801,044	79,005,307
	<b>131,689,810</b>	<b>119,977,924</b>

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Current accounts in VND	0.10%	0.50%
Current accounts in foreign currencies	0.10%	0.10%
Term deposits in VND	0.00% - 12.00%	0.50% - 14.00%
Term deposits in foreign currencies	0.00% - 2.00%	0.10% - 8.00%

## 20. Valuable papers issued

Valuable papers issued are categorised by term as follows:

	31/12/2014 VND million	31/12/2013 VND million
Up to 12 months (i)	51,883	1,090,342
From 12 months up to 5 years (ii)	-	1,500,000
More than 5 years (iii)	3,201,740	52,953
Convertible bonds issued (iv)	3,000,000	3,000,000
	<b>6,253,623</b>	<b>5,643,295</b>

- (i) These were certificates of deposits that bore interest rates ranging from 4.50% to 7.05% (31/12/2013: 6.80% to 7.00%) per annum.

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- (ii) These were bonds that bore interest rates at 10.50% (2013: 10.50% to 14.00%) per annum.
- (iii) These were deposit certificates that bore interest rates ranging from 0.10% to 8.80% (2013: 0.10% to 6.80%) per annum.
- (iv) These were convertible bonds issued to shareholders of the Techcombank at the issuance date with term of 10 years. The bonds were issued in 2010 and had an interest rate of 0% per annum for the first 5 years. From the 6th year, interest rate applied is the lower of 15% per annum or ceiling interest rate applied for equivalent bonds. Bond-holders can convert these bonds to ordinary shares of Techcombank after 5 years. The initial conversion rate is VND17,188.38 bond value for one ordinary share (par value VND10,000) at the date of issue. Following the issue of bonus shares in 2011, the conversion rate was changed to VND13,683.04 bond value per share due to the anti-dilution term of the bonds.

**21. Other liabilities**

	31/12/2014 VND million	31/12/2013 VND million
<b>Accrued interest and fee payables</b>	1,907,877	1,861,191
<b>Other liabilities</b>		
▪ Internal payables	127,621	-
▪ Remittance payables	49,593	137,736
▪ Payable to employees	191,468	203,931
▪ Settlement on behalf of other credit institutions	202,342	90,815
▪ Payable for loans purchased from asset management company of domestic commercial joint stock banks	9,814	668,129
▪ Tax payables (i)	141,946	35,171
▪ Deferred income	26,560	185,480
▪ Advance from customers	3,805	3,477
▪ Accrued expenses	340,631	470,320
▪ Payables relating to marketing and promotion activities	31,199	49,292
▪ Bonus and welfare funds	10,984	-
▪ Other payables (ii)	371,388	175,755
	1,507,351	2,020,106
<b>Provision for off-balance-sheet commitments (iii)</b>	-	111,810
	<b>3,415,228</b>	<b>3,993,107</b>

(i) Tax payables

	31/12/2014 VND million	31/12/2013 VND million
Value added tax	41,929	19,962
Corporate income tax	85,696	76
Other taxes	14,321	15,133
	141,946	35,171

Refer to Note 36 for details of tax payables.

(ii) Other payables include:

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
Payables awaiting for settlement relating to usance payables at sight L/C (*)	145,184	-
Advance from customers for debt purchase contracts	40,000	-
Amount kept for customers and awaiting for settlement	88,620	18,703
Other payables	97,584	157,052
	<b>371,388</b>	<b>175,755</b>

(\*) These are amount importers give advances to Techcombank to pay in advance for exporters in usance payables at sight L/C (Note 17(iv)).

(iii) Provision for off-balance sheet commitments

Movements in general provision for off-balance sheet commitments were as follows:

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
Opening balance	111,810	116,062
Provision reversed during the year (Note 30)	(111,810)	(4,252)
Closing balance	-	111,810

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22. Capital and reserves

Statement of changes in equity

	Share capital	Reserve to supplement capital	Financial reserve	Other reserves	Total Reserves	Retained profits	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Balance at 1 January 2013</b>	8,848,079	2,516,873	958,871	-	3,475,744	965,753	13,289,576
Conversions to share capital	30,000	-	-	-	-	(30,000)	-
Net profit for the year	-	-	-	-	-	659,071	659,071
Appropriations to equity funds	-	835,738	60,869	-	896,607	(896,607)	-
Utilisation of reserves	-	-	(436)	-	(436)	-	(436)
Appropriations to bonus and welfare fund	-	-	-	-	-	(28,844)	(28,844)
Other movements	-	-	-	474	474	228	702
<b>Balance at 1 January 2014</b>	<b>8,878,079</b>	<b>3,352,611</b>	<b>1,019,304</b>	<b>474</b>	<b>4,372,389</b>	<b>669,601</b>	<b>13,920,069</b>
Net profit for the year	-	-	-	-	-	1,081,858	1,081,858
Appropriations to equity funds	-	63,170	118,217	-	181,387	(181,387)	-
Utilisation of reserves	-	-	(2,216)	-	(2,216)	-	(2,216)
Appropriations to bonus and welfare fund	-	-	-	-	-	(13,661)	(13,661)
<b>Balance at 31 December 2014</b>	<b>8,878,079</b>	<b>3,415,781</b>	<b>1,135,305</b>	<b>474</b>	<b>4,551,560</b>	<b>1,556,411</b>	<b>14,986,050</b>

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**Share capital**

	31/12/2014		31/12/2013	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	<b>887,807,871</b>	<b>8,878,079</b>	<b>887,807,871</b>	<b>8,878,079</b>
<b>Issued share capital</b>				
Ordinary shares	887,807,871	8,878,079	887,807,871	8,878,079
<b>Shares in circulation</b>				
Ordinary shares	887,807,871	8,878,079	887,807,871	8,878,079

Nominal value of Techcombank's ordinary share is VND10,000. Each share is entitled to one vote at meetings of Techcombank. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to Techcombank's residual assets.

As mentioned in Note 4(r) and Note 20, mandatory convertible bonds also ranked equally to ordinary shares with regard to Techcombank's residual assets.

**23. Net interest income**

	2014 VND million	2013 VND million
<i>Interest and similar income from</i>		
Interest income from deposits	330,255	1,030,519
Interest income from loans	7,723,850	7,383,889
Interest income from debt securities investment	4,877,512	4,866,897
	12,931,617	13,281,305
<i>Interest and similar expenses for</i>		
Interest expense for deposits from customers	(6,687,930)	(8,029,476)
Interest expense for borrowings	(279,180)	(542,787)
Interest expense for valuable papers issued	(191,877)	(373,380)
	(7,158,987)	(8,945,643)
<b>Net interest income</b>	<b>5,772,630</b>	<b>4,335,662</b>

**24. Net fee and commission income**

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
<i>Fee and commission income from</i>		
Guarantee services	98,711	100,525
Settlement and cash services	909,938	728,309
Cashiering services	6,342	18,429
Trustee and agency services	1,516	1,759
Consulting services	247,046	112,125
Other services	401,852	188,891
	<u>1,665,405</u>	<u>1,150,038</u>
<i>Fee and commission expenses from</i>		
Settlement and cash services	(183,468)	(137,709)
Communication charges	(35,508)	(36,006)
Cashiering services	(50,741)	(55,739)
Consulting services	(143,857)	(74,298)
Other services	(129,248)	(110,043)
	<u>(542,822)</u>	<u>(413,795)</u>
<b>Net fee and commission income</b>	<u><b>1,122,583</b></u>	<u><b>736,243</b></u>

**25. Net gain/(loss) from trading of foreign currencies and gold**

	<b>2014</b> <b>VND million</b>	<b>2013</b> <b>VND million</b>
<i>Income from trading of foreign currencies and gold trading</i>		
Foreign exchange trading	250,813	560,436
Gold trading	-	87,415
Financial derivatives	268,842	224,861
	<u>519,655</u>	<u>872,712</u>
<i>Expense for trading of foreign currencies and gold trading</i>		
Foreign exchange trading	(240,330)	(637,044)
Gold trading	-	(180,278)
Financial derivatives	(256,427)	(176,891)
	<u>(496,757)</u>	<u>(994,213)</u>
<b>Net gain/(loss) from trading of foreign currencies and gold</b>	<u><b>22,898</b></u>	<u><b>(121,501)</b></u>

**26. Net gain from trading of securities held for trading**

	2014 VND million	2013 VND million
Income from trading of securities held for trading	182,604	137,423
Expense from trading of securities held for trading	(83,732)	(62,271)
Allowance made for diminution in the value of trading securities during the year (Note 8)	(16,538)	(21,958)
Allowance reversed for diminution in the value of trading securities during the year (Note 8)	14,893	51,943
	<u>97,227</u>	<u>105,137</u>

**27. Net gain from investment securities**

	2014 VND million	2013 VND million
Income from trading of investment securities	586,459	199,051
Expense from trading of investment securities	(63,170)	(264,991)
Allowance reversed for diminution in the value of investment securities (Note 12)	-	244,850
Allowance made for VAMC bonds (Note 12)	(454,733)	(18,000)
Allowance reversed for VAMC bonds (Note 12)	9,098	-
	<u>77,654</u>	<u>160,910</u>

**28. Net other income**

	2014 VND million	2013 VND million
<b>Other income</b>		
From income from other derivatives	411,364	100,215
From recovery of bad debts previously written off	54,826	63,392
Interest income from advances for office rental	-	161,900
From others	519,732	413,139
	<u>985,922</u>	<u>738,646</u>
<b>Other expense</b>		
From expense from other derivatives	(352,403)	(66,418)
From others	(625,072)	(258,096)
	<u>(977,475)</u>	<u>(324,514)</u>
	<u>8,447</u>	<u>414,132</u>



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29. Operating expenses

	2014 VND million	2013 VND million
Salaries and related expenses	1,626,522	1,385,789
Publication, marketing and promotion	134,965	278,924
Office and asset rental	445,031	414,004
Depreciation of fixed assets	268,867	287,287
Tax, duties and fees	79,552	109,331
Telecommunication expenses	35,948	36,947
Tools and equipment expenses	73,952	80,800
Expenses for maintenance and repair of assets	172,107	173,493
Expense for electricity, water supply, office hygiene	52,762	57,880
Expenditure on payment of insurance premium for customers' deposits	112,519	106,192
Per diem expenses	42,243	28,588
Other allowance expenses (Note 17)	23,325	8,201
Allowance expenses for long-term investments (Note 13)	5,242	-
Other operating expenses	358,010	388,230
	<b>3,431,045</b>	<b>3,355,666</b>

30. Allowance and provision expenses

	Note	2014 VND million	2013 VND million
Reversal of general allowance made for loans to other credit institutions	7	(35,132)	(18,479)
Specific allowance made for loans to other credit institutions	7	9,770	-
Reversal of specific allowance made for loans to other credit institutions	7	-	(2,300)
General allowance made for loans and advances to customers	11	260,433	86,323
Reversal of general allowance made for loans and advances to customers	11	(215,147)	(39,165)
Specific allowance made for loans and advances to customers	11	1,479,270	2,042,613
Reversal of specific allowance made for loans and advances to customers	11	(301,678)	(650,776)
General allowance made for unlisted corporate bonds	12	153,058	-
Reversal of general allowance made for unlisted corporate bonds	12	(12,786)	-
Specific allowance made for unlisted corporate bonds	12	379,676	-
Reversal of specific allowance made for unlisted corporate bonds	12	(60,429)	-
Allowance made for loans sold but not yet collected	17	749,929	-
Reversal of allowance for loans purchase	17	(36,788)	-
Reversal of provision for off-balance-sheet commitments	21	(111,810)	(4,252)
		<b>2,258,366</b>	<b>1,413,964</b>

**31. Income tax expense****(a) Recognised in the statement of income**

	2014 VND million	2013 VND million
<b>Current tax expense</b>		
Current year	317,992	213,146
Adjustment to increase last year corporate income tax expense	6,336	-
Effect of different tax rates in subsidiaries	(245)	-
	324,083	213,146
<b>Deferred tax income</b>		
Origination of temporary difference	11,080	-
<b>Income tax expense</b>	335,163	213,146

**(b) Reconciliation of effective tax rate**

	2014 VND million	2013 VND million
<b>Profit before tax</b>	1,417,021	878,206
<i>Adjustment for:</i>		
- Tax exempt income	(4,993)	(17,253)
- Non-deductible expenses	89,898	-
- Other non-taxable income	-	(7,608)
- Adjustment of profit arising from consolidation	-	(761)
- Loss carried forward in subsidiaries	(50,136)	-
- Deferred income	(6,374)	-
<b>Total taxable income</b>	1,445,416	852,584
<b>Corporate income tax</b>	317,992	213,146
Adjustment to increase last year corporate income tax expense	6,336	-
Effect of different tax rates in subsidiaries	(245)	-
<b>Total current income tax expense</b>	324,083	213,146
Adjustment due to tax finalisation	-	211
<b>Opening corporate income tax deducted</b>	(19,864)	(194,676)
Tax paid during the year	(217,534)	(38,545)
Adjustment for differences in corporate income tax of previous years	(1,230)	-
<b>Closing income tax payable/(deducted)</b>	85,455	(19,864)

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(c) **Applicable tax rate**

Effective 1 January 2014, Techcombank's income tax rate is reduced from 25% to 22% (for the years 2014 and 2015), and to 20% from 2016 due to change in the effective income tax law.

(d) **Deferred tax assets**

	31/12/2014 VND million	31/12/2013 VND million
Unearned revenue and tax loss carried forwards	17,498	28,578

**32. Basic earnings per share**

(i) *Net profit after tax*

	31/12/2014 VND million	31/12/2013 VND million
Net profit after tax	1,081,858	659,071

(ii) *Weighted average number of ordinary shares*

	2014	2013
Issued ordinary shares at the beginning of the year	887,807,871	884,807,871
Effect of convertible bonds	213,199,321	213,199,321
Effect of shares issued for employees during the year	-	552,198
Weighted average number of ordinary shares in the year	1,101,007,192	1,098,559,390

(iii) *Basic earnings per share*

	2014 VND	2013 VND
Basic earnings per share	983	600

**33. Cash and cash equivalents**

	31/12/2014 VND million	31/12/2013 VND million
Cash and gold on hand	2,723,642	2,291,494
Balances with the SBV	1,168,265	2,830,794
Investment in SBV bills with original terms of not exceeding three months	5,204,019	3,670,246
Balances with credit institutions with original terms of not exceeding three months	8,971,549	8,404,194
	<b>18,067,475</b>	<b>17,196,728</b>

**34. Significant transactions with related parties**

In the normal course of banking business, Techcombank carries out transactions with related parties. The terms of these transactions are approved by the Techcombank's management.

As at the year-end, there were the following significant balances and transactions with related parties:

	Balance		Transaction	
	31/12/2014	31/12/2013	2014	2013
	VND million	VND million	VND million	VND million
<i>EuroFinance Joint Stock Company -- Shareholder and Related party having members in the Board of Directors of Techcombank</i>				
Demand deposits	4	-		
<i>Masan Joint Stock Company - Shareholder and Related party having members in the Board of Directors of Techcombank</i>				
Demand deposits	66,492	1,113		
Interest expenses			9	34
<i>Masan Group Corporation - Shareholder and Related party having members in the Board of Directors of Techcombank</i>				
Other receivables	-	134,623		
Demand deposits	9,621	11,122		
Term deposits	104,614	226,500		
Interest expenses			15,885	13,509
<i>SENCO Joint Stock Company - Shareholder and Related party having members in the Board of Directors of Techcombank</i>				
Demand deposits	484	146		
Loans	2,538	1,490		
Interest income			100	188
Interest expenses			2	47
<i>The European Plastic Window Joint Stock Company - Related party having members in the Board of Directors of Techcombank</i>				
Demand deposits	22,277	5,365		
Loan	284,165	478,430		
Interest income			29,232	36,553
Interest expenses			380	28
<i>Viet Nam T&amp;M Investment Joint Stock Company - Related party of which major voting rights are held by a close family member of members in the Board of Directors of Techcombank</i>				
Demand deposits	4	45		

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	Balance		Transaction	
	31/12/2014	31/12/2013	2014	2013
	VND million	VND million	VND million	VND million
<b><i>Vinh Trade Centre Investment Joint Stock Company – Related party having members in the Board of Directors of Techcombank</i></b>				
Demand deposits	23	32	-	-
Interest income			-	45,250
Interest expenses			-	55,959
<b><i>Hanoi - Moscow Plaza Investment Joint Stock Company – Shareholder and Related party having members in the Board of Directors of Techcombank</i></b>				
Demand deposits	9	12		
<b><i>Masan Consumer Corporation (formerly call: Masan Food Corporation) - Shareholder and Related party having members in the Board of Directors of Techcombank</i></b>				
Demand deposits	141	688		
Term deposits	3,186,100	2,824,100		
Interest expenses			139,885	81,044
<b><i>HSBC Bank (Vietnam) Ltd.- Shareholder</i></b>				
Demand deposits	55,993	-		
Interest income			-	19
Interest expenses			8,483	8,614
<b><i>Eurolands - Eurowindow Holdings branch – Shareholder and Related party having members in the Board of Directors of Techcombank</i></b>				
Demand deposits	39	28		
<b><i>Board of Directors and Board of Supervision</i></b>				
Remuneration for members of Board of Directors and Board of Supervision			26,804	21,984
<b><i>Board of Management</i></b>				
Remuneration for members of Board of Management			62,502	50,837

**35. Employee benefits**

	2014	2013
Total employees as at 31 December (employees)	7,419	7,290
Average number of employees in the year (employees)	7,355	7,229
Employees' remuneration		
1. Basic salaries (VND million)	1,314,573	1,127,677
2. Other allowance (VND million)	311,949	258,112
	<u>1,626,522</u>	<u>1,385,789</u>
Average monthly salary (VND million)	15	13
Average monthly remuneration (VND million)	<u>18</u>	<u>16</u>

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**36. Obligations to the State Budget (Note 17 and Note 21)**

*Year ended 31 December 2014*

	1/1/2014	Incurred	Adjustment	Paid	31/12/2014	31/12/2014
	VND million	VND million	VND million	VND million	Receivable VND million	Payable VND million
Value added tax	19,962	134,806	-	(112,839)	-	41,929
Corporate income tax	(19,864)	324,083	(1,230)	(217,534)	(241)	85,455
Other taxes	15,133	135,300	-	(136,117)	(5)	14,321
	<b>15,231</b>	<b>594,189</b>	<b>(1,230)</b>	<b>(466,490)</b>	<b>(246)</b>	<b>141,946</b>
						<b>141,700</b>

*Year ended 31 December 2013*

	1/1/2013	Incurred	Adjustment	Paid	31/12/2013	31/12/2013
	VND million	VND million	VND million	VND million	Receivable VND million	Payable VND million
Value added tax	22,841	288,769	-	(291,648)	-	19,962
Corporate income tax	(194,676)	213,146	211	(38,545)	(19,940)	76
Other taxes	16,882	117,588	-	(119,337)	-	15,133
	<b>(154,953)</b>	<b>619,503</b>	<b>211</b>	<b>(449,530)</b>	<b>(19,940)</b>	<b>35,171</b>
						<b>15,231</b>

### 37. Segment reporting

#### Geographical segments

Techcombank reports segment information by main regions in Vietnam as follows:

VND million	The North		The Central		The South		Total
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	
Assets	124,254,051	105,658,924	3,969,415	6,078,157	47,678,328	47,159,582	175,901,794
Liabilities	109,948,813	92,648,590	3,885,106	5,923,604	47,081,825	46,404,400	160,915,744
Fixed assets	996,125	974,989	5,247	11,276	35,133	46,472	1,036,505

VND million	The North		The Central		The South		Total
	2014	2013	2014	2013	2014	2013	
Revenue	12,360,248	11,158,503	371,348	603,393	4,144,369	4,891,367	16,875,965
Expenses (*)	(11,624,132)	(11,227,030)	(287,039)	(445,085)	(3,547,773)	(4,102,942)	(15,775,057)
Profit before tax	736,116	(68,527)	84,309	158,308	596,596	788,425	1,417,021

(\*) These are direct expenses excluding allocation of Head Office's costs.



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*Business segments*

Techcombank operates in the retail banking, assets management, securities trading and fund management segments.

VND million	Banking		Asset management		Securities trading		Fund management		Elimination		Total	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Assets	176,218,011	157,227,975	1,783,159	2,685,317	1,240,332	506,948	54,597	47,624	(3,394,305)	(1,571,201)	175,901,794	158,896,663
Liabilities	161,543,558	143,599,987	1,250,233	2,190,970	64,287	2,203	1,971	4,635	(1,944,305)	(821,201)	160,915,744	144,976,594
Fixed assets	1,012,148	1,000,346	20,392	31,230	3,965	1,161	-	-	-	-	1,036,505	1,032,737

VND million	Banking		Asset management		Securities trading		Fund management		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	16,412,655	16,461,237	500,949	376,916	402,636	159,524	19,833	8,698	(460,108)	(353,112)	16,875,965	16,653,263
Expenses	(15,071,091)	(15,726,128)	(451,290)	(366,412)	(207,506)	(27,516)	(7,633)	(8,113)	278,576	353,112	(15,458,944)	(15,775,057)
Profit before tax	1,341,564	735,109	49,659	10,504	195,130	132,008	12,200	585	(181,532)	-	1,417,021	878,206

### 38. Financial risk management

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

#### (i) Financial risk management policy

The Board of Directors has overall responsibility for the establishment and oversight of Techcombank's financial risk management policy 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, establish business limit, approve high-value business transactions in accordance with both legal and internal requirements, and determine organisational structure and key managing directors.

Risk management strategies and policies are adhered to Techcombank's charter and General Shareholders' Meeting resolution.

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

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

#### (ii) Credit risk

Techcombank is subject to credit risk through its lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, Techcombank attempts to deal with counterparties of good credit standing, and, when appropriate, obtains collateral. Techcombank's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the 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; regular review of credit risk; development of a credit rating system and loan classification; setting up authorisation levels within the credit approval process.

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**for the year ended 31 December 2014 (continued)**

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

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
Balances with and loans to other credit institutions – gross	18,932,230	15,455,879
Securities held for trading – gross (i)	1,913,269	688,776
Loans and advances to customers – gross	80,307,567	70,274,919
Investment securities - gross (i)	55,901,884	49,793,363
Others financial assets - gross	13,717,296	15,601,578
	<b>170,772,246</b>	<b>151,814,515</b>

- (i) Securities held for trading and available-for-sale securities exclude investments in equity securities:

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

	<b>31/12/2014</b> <b>VND million</b>	<b>31/12/2013</b> <b>VND million</b>
Balances with and loans to at other credit institutions – gross	18,733,730	15,455,879
Securities held for trading – gross	1,913,269	688,776
Loan and advance to customers – gross	76,478,617	63,736,184
Investment securities – gross	52,343,959	47,344,570
Others financial assets – gross	6,542,644	14,840,026
	<b>156,012,219</b>	<b>142,065,435</b>

***As at 31 December 2014***

Information about financial assets that are past due but not impaired was as follows:

<b>VND million</b>	<b>Less than 90 days overdue</b>	<b>91 – 180 days overdue</b>	<b>181 – 360 days overdue</b>	<b>More than 360 days overdue</b>	<b>Total</b>
Loan and advance to customers – gross	811,629	157,079	83,539	197,618	1,249,865
	<b>811,629</b>	<b>157,079</b>	<b>83,539</b>	<b>197,618</b>	<b>1,249,865</b>

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Information about financial assets that are impaired was as follows:

<b>VND million</b>	<b>Not overdue</b>	<b>Less than 90 days overdue</b>	<b>91 – 180 days overdue</b>	<b>181 – 360 days overdue</b>	<b>More than 360 days overdue</b>	<b>Total</b>
Balances with and loans to at other credit institutions – gross	-	-	-	-	198,500	198,500
Loans and advances to customers – gross	-	1,103,485	375,246	242,797	857,557	2,579,085
Investment securities – gross	2,980,698	-	-	-	577,227	3,557,925
Others financial assets - gross	7,118,042	2,763	-	-	53,847	7,174,652
	<b>10,098,740</b>	<b>1,106,248</b>	<b>375,246</b>	<b>242,797</b>	<b>1,687,131</b>	<b>13,510,162</b>

*As at 31 December 2013*

Information about financial assets that are past due but not impaired was as follows:

<b>VND million</b>	<b>Less than 90 days overdue</b>	<b>91 – 180 days overdue</b>	<b>181 – 360 days overdue</b>	<b>More than 360 days overdue</b>	<b>Total</b>
Loans and advances to customers - gross	633,771	160,958	479,979	107,366	1,382,074
Investment securities - gross	300,000	-	-	325,000	625,000
	<b>933,771</b>	<b>160,958</b>	<b>479,979</b>	<b>432,366</b>	<b>2,007,074</b>

Information about financial assets that are impaired was as follows:

<b>VND million</b>	<b>Not past due</b>	<b>Less than 90 days overdue</b>	<b>91 – 180 days overdue</b>	<b>181 – 360 days overdue</b>	<b>More than 360 days overdue</b>	<b>Total</b>
Loans to customers - gross	-	3,338,720	286,940	648,870	882,131	5,156,661
Investment securities - gross	1,823,793	-	-	-	-	1,823,793
Other financial assets - gross	747,214	-	-	-	14,338	761,552
	<b>2,571,007</b>	<b>3,338,720</b>	<b>286,940</b>	<b>648,870</b>	<b>896,469</b>	<b>7,742,006</b>

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Book values of collateral assets held by Techcombank at the year-end which were revaluated annually or at loan granting dates in accordance with internal policies of Techcombank are as follows:

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND million</b>	<b>VND million</b>
Real estates	111,586,287	98,546,071
Equipment and machinery	33,874,777	36,272,830
Valuable papers issued	37,624,505	28,442,971
Others	41,823,363	50,791,715
	<b>224,908,932</b>	<b>214,053,587</b>

**(iii) Liquidity risk**

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

The following table provides an analysis of the monetary assets and liabilities of Techcombank into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of monetary assets or liabilities may differ from contractual terms based on both verbal agreements between the parties and addenda to the contracts which may exist.

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As at 31 December 2014 (VND million)	Overdue less than 3 months	Overdue more than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
<b>Assets</b>								
Cash and gold on hand	-	-	2,723,642	-	-	-	-	2,723,642
Balances with the SBV	-	-	1,168,265	-	-	-	-	1,168,265
Balances with and loans to other credit institutions – gross	-	198,500	8,716,568	6,803,544	3,018,720	194,898	-	18,932,230
Securities held for trading – gross	-	-	2,037,360	-	-	-	51,958	2,089,318
Loans and advances to customers - gross	1,915,114	1,913,836	5,044,307	10,520,859	25,005,617	28,094,868	7,812,966	80,307,567
Investment securities – gross	-	577,227	4,414,292	3,563,895	5,866,422	34,001,954	7,478,094	55,901,884
Long term investments – gross	-	-	-	-	-	-	697,630	697,630
Fixed assets and investment properties	-	-	65	1,307	18,234	458,358	1,947,930	2,425,894
Other assets – gross	2,763	53,847	9,447,149	828,359	919,713	2,788,368	301,253	14,341,452
	<b>1,917,877</b>	<b>2,743,410</b>	<b>33,551,648</b>	<b>21,717,964</b>	<b>34,828,706</b>	<b>65,538,446</b>	<b>18,289,831</b>	<b>178,587,882</b>
<b>Liabilities</b>								
Deposits and borrowings from other credit institutions	-	-	10,381,539	4,205,502	3,642,508	1,241,859	-	19,471,408
Deposits from customers	-	-	63,596,877	28,309,968	23,117,188	14,473,805	2,191,972	131,689,810
Derivative and other financial liabilities	-	-	(80,524)	(7,031)	102,733	3,231	-	18,409
Other borrowed and entrusted funds	-	-	200	3,296	11,524	45,770	6,476	67,266
Valuable papers issued	-	-	47,882	1,277	4,231	5,200,181	1,000,052	6,253,623
Other liabilities	-	-	2,139,345	289,088	527,577	436,427	22,791	3,415,228
	-	-	<b>76,085,319</b>	<b>32,802,100</b>	<b>27,405,761</b>	<b>21,401,273</b>	<b>3,221,291</b>	<b>160,915,744</b>
<b>Net liquidity gap</b>	<b>1,917,877</b>	<b>2,743,410</b>	<b>(42,533,671)</b>	<b>(11,084,136)</b>	<b>7,422,945</b>	<b>44,137,173</b>	<b>15,068,540</b>	<b>17,672,138</b>

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As at 31 December 2013 (VND million)	Overdue less than 3 months	Overdue more than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
<b>Assets</b>								
Cash and gold on hand	-	-	2,291,494	-	-	-	-	2,291,494
Balances with the SBV	-	-	2,830,794	-	-	-	-	2,830,794
Balances with and loans to other credit institutions – gross	-	-	8,135,649	3,986,092	2,442,500	650,000	241,638	15,455,879
Securities held for trading – gross	-	-	921,035	-	-	-	-	921,035
Loans and advances to customers – gross	3,972,491	2,566,244	5,009,640	9,269,439	25,264,376	10,510,562	13,682,167	70,274,919
Investment securities – gross	300,000	325,000	3,670,180	1,634,821	12,979,221	28,131,925	2,822,444	49,863,591
Long term investments – gross	-	-	-	-	-	-	128,625	128,625
Fixed assets and investment properties	-	-	108,842	76	10,397	402,931	1,931,960	2,454,206
Other assets – gross	-	14,338	8,608,934	1,059,253	3,272,882	2,998,853	13,792	15,968,052
	<b>4,272,491</b>	<b>2,905,582</b>	<b>31,576,568</b>	<b>15,949,681</b>	<b>43,969,376</b>	<b>42,694,271</b>	<b>18,820,626</b>	<b>160,188,595</b>
<b>Liabilities</b>								
Deposits and borrowings from other credit institutions	-	-	6,844,382	4,578,308	1,897,899	1,899,225	5,160	15,224,974
Deposits from customers	-	-	67,742,527	20,762,464	30,393,909	1,048,752	30,272	119,977,924
Derivative and other financial liabilities	-	-	(50,355)	24,418	99,489	(395)	-	73,157
Other borrowed and entrusted funds	-	-	2,505	3,667	13,798	40,212	3,955	64,137
Valuable papers issued	-	-	1,070,335	70,000	1,500,000	3,000,037	2,923	5,643,295
Other liabilities	-	-	1,407,829	842,990	1,544,404	85,542	532	3,881,297
	-	-	77,017,223	26,281,847	35,449,499	6,073,373	42,842	144,864,784
<b>Net liquidity gap</b>	<b>4,272,491</b>	<b>2,905,582</b>	<b>(45,440,655)</b>	<b>(10,332,166)</b>	<b>8,519,877</b>	<b>36,620,898</b>	<b>18,777,784</b>	<b>15,323,811</b>

(iv) **Market risks**

*Interest rate risk*

Techcombank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in differing amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

The following tables show Techcombank's assets and liabilities categorised by the contractual repricing or maturity date and the effective interest rates at the balance sheet date.



**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCTD-HN

As at 31 December 2014 (VND million)	Overdue	Not influence by changes of interest rate	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 year to 5 years	Upon 5 years	Total
Cash and gold on hand	-	2,723,642	-	-	-	-	-	-	2,723,642
Balances with the SBV	-	1,168,265	-	-	-	-	-	-	1,168,265
Balances with and loans to other credit institutions – gross	198,500	1,545,842	7,170,726	6,998,442	1,306,260	1,712,460	-	-	18,932,230
Securities held for trading – gross	-	691,693	-	-	-	7,929	1,389,696	-	2,089,318
Loans and advances to customers – gross	3,828,950	-	46,314,366	9,536,991	9,381,636	5,522,355	5,247,106	476,163	80,307,567
Investment securities – gross	577,227	146,147	3,985,969	8,182,663	5,322,603	5,596,500	28,210,199	3,880,576	55,901,884
Long term investments – gross	-	697,630	-	-	-	-	-	-	697,630
Fixed assets and investment property	-	2,425,894	-	-	-	-	-	-	2,425,894
Other assets – gross	56,610	14,284,842	-	-	-	-	-	-	14,341,452
	<b>4,661,287</b>	<b>23,683,955</b>	<b>57,471,061</b>	<b>24,718,096</b>	<b>16,010,499</b>	<b>12,839,244</b>	<b>34,847,001</b>	<b>4,356,739</b>	<b>178,587,882</b>
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	479,875	10,318,086	4,205,502	4,462,734	5,211	-	-	19,471,408
Deposits from customers	-	22,107,516	42,597,073	27,885,760	13,356,262	9,081,220	16,648,734	13,245	131,689,810
Derivatives and other financial liabilities	-	-	(77,661)	(7,031)	24,098	75,772	3,231	-	18,409
Other borrowed and entrusted funds	-	-	19,771	47,495	-	-	-	-	67,266
Valuable papers issued	-	(11,453)	59,335	1,277	2,051	2,180	6,200,030	203	6,253,623
Other liabilities	-	3,415,228	-	-	-	-	-	-	3,415,228
	-	<b>25,991,166</b>	<b>52,916,604</b>	<b>32,133,003</b>	<b>17,845,145</b>	<b>9,164,383</b>	<b>22,851,995</b>	<b>13,448</b>	<b>160,915,744</b>
<b>Interest sensitivity gap of balance sheet items</b>	<b>4,661,287</b>	<b>(2,307,211)</b>	<b>4,554,457</b>	<b>(7,414,907)</b>	<b>(1,834,646)</b>	<b>3,674,861</b>	<b>11,995,006</b>	<b>4,343,291</b>	<b>17,672,138</b>

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCCTD-HN

As at 31 December 2013 (VND million)	Overdue	Not influence by changes of interest rate	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 year to 5 years	Upon 5 years	Total
<b>Assets</b>									
Cash and gold on hand	-	2,291,494	-	-	-	-	-	-	2,291,494
Balances with the SBV	-	2,830,794	-	-	-	-	-	-	2,830,794
Balances with and loans to other credit institutions – gross	-	3,904,705	4,230,944	4,950,230	2,050,000	320,000	-	-	15,455,879
Securities held for trading – gross	-	232,259	-	-	-	-	688,776	-	921,035
Loans and advances to customers – gross	6,538,735	-	36,037,919	10,161,204	6,606,134	9,308,639	1,602,520	19,768	70,274,919
Investment securities – gross	625,000	347,970	4,300,018	4,555,024	6,397,000	9,273,630	20,586,004	3,778,945	49,863,591
Long term investments – gross	-	128,625	-	-	-	-	-	-	128,625
Fixed assets and investment property	-	2,454,206	-	-	-	-	-	-	2,454,206
Other assets – gross	14,338	15,453,714	-	500,000	-	-	-	-	15,968,052
	<b>7,178,073</b>	<b>27,643,767</b>	<b>44,568,881</b>	<b>20,166,458</b>	<b>15,053,134</b>	<b>18,902,269</b>	<b>22,877,300</b>	<b>3,798,713</b>	<b>160,188,595</b>
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	1,467,005	5,996,037	4,578,308	3,158,069	25,555	-	-	15,224,974
Deposits from customers	-	19,233,310	49,040,896	20,752,610	15,713,955	14,410,417	818,215	8,521	119,977,924
Derivatives and other financial liabilities	-	-	(50,751)	24,418	32,019	67,471	-	-	73,157
Other borrowed and entrusted funds	-	-	36,818	27,319	-	-	-	-	64,137
Valuable papers issued	-	-	1,070,341	70,000	-	500,000	4,000,030	2,924	5,643,295
Other liabilities	-	3,881,297	-	-	-	-	-	-	3,881,297
	-	<b>24,581,612</b>	<b>56,093,341</b>	<b>25,452,655</b>	<b>18,904,043</b>	<b>15,003,443</b>	<b>4,818,245</b>	<b>11,445</b>	<b>144,864,784</b>
Interest sensitivity gap of balance sheet items	<b>7,178,073</b>	<b>3,062,155</b>	<b>(11,524,460)</b>	<b>(5,286,197)</b>	<b>(3,850,909)</b>	<b>3,898,826</b>	<b>18,059,055</b>	<b>3,787,268</b>	<b>15,523,811</b>

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*Sensitivity analysis*

The following table estimates the sensitivity of profit or loss for the year ended 31 December and equity as at 31 December of Techcombank from the assumed increase in lending and funding interest. The result is reversed from the assumed decrease in lending and funding interest.

*As at 31 December 2014*

Currency	Increase in interest rate	Impact to net profit and equity VND million
VND	3.00%	212,951
USD	1.50%	(78,134)

*As at 31 December 2013*

Currency	Increase in interest rate	Impact to net profit and equity VND million
VND	3.00%	159,714
USD	1.50%	(58,600)

*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 Techcombank transacts is VND. Techcombank's loans and advances were mainly denominated in VND with the remainder mainly in USD. However, some of Techcombank's other assets are in currencies other than the reporting currency and USD. Techcombank's management has set limits on positions by currency in accordance with Techcombank's policy and SBV's regulation. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCTD-HN

As at 31 December 2014 (VND million)	VND	USD	EUR	Gold	Other currencies	Total
<b>Assets</b>						
Cash and gold on hand	2,149,520	329,432	66,125	56,378	122,187	2,723,642
Balances with the SBV	895,410	272,855	-	-	-	1,168,265
Balances with and loans to other credit institutions – gross	8,395,323	10,135,919	54,862	-	346,126	18,932,230
Securities held for trading – gross	2,089,318	-	-	-	-	2,089,318
Loans and advances to customers – gross	72,567,141	7,711,891	24,555	-	3,980	80,307,567
Investment securities – gross	54,845,783	1,056,101	-	-	-	55,901,884
Long - term investment – gross	697,630	-	-	-	-	697,630
Fixed assets and investment properties	2,425,894	-	-	-	-	2,425,894
Other assets – gross	13,303,297	1,025,576	130	-	12,449	14,341,452
	<b>157,369,316</b>	<b>20,531,774</b>	<b>145,672</b>	<b>56,378</b>	<b>484,742</b>	<b>178,587,882</b>
<b>Liabilities</b>						
Deposits and borrowings from other credit institutions	9,262,207	10,209,191	10	-	-	19,471,408
Deposits from customers	120,477,770	10,193,760	607,766	-	410,514	131,689,810
Derivatives and other financial liabilities	3,392,322	(3,026,170)	27,318	-	(375,061)	18,409
Other borrowed and entrusted funds	67,266	-	-	-	-	67,266
Valuable papers issued	6,253,596	27	-	-	-	6,253,623
Other liabilities	3,172,373	237,686	3,835	-	1,334	3,415,228
	<b>142,625,534</b>	<b>17,614,494</b>	<b>638,929</b>	<b>-</b>	<b>36,787</b>	<b>160,915,744</b>
<b>FX position on balance sheet</b>	<b>14,743,782</b>	<b>2,917,280</b>	<b>(493,257)</b>	<b>56,378</b>	<b>447,955</b>	<b>17,672,138</b>
<b>FX position off-balance sheet</b>	<b>4,352,764</b>	<b>(4,329,173)</b>	<b>411,488</b>	<b>-</b>	<b>(452,269)</b>	<b>(17,190)</b>
<b>Total FX position on and off-balance sheet</b>	<b>19,096,546</b>	<b>(1,411,893)</b>	<b>(81,769)</b>	<b>56,378</b>	<b>(4,314)</b>	<b>17,654,948</b>

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCTD-HIN

As at 31 December 2013 (VND million)	VND	USD	EUR	Gold	Other currencies	Total
<b>Assets</b>						
Cash and gold on hand	1,564,022	447,231	87,739	41,000	151,502	2,291,494
Balances with the SBV	2,145,665	685,129	-	-	-	2,830,794
Balances with and loans to other credit institutions – gross	9,019,576	5,843,689	160,745	-	431,869	15,455,879
Securities held for trading – gross	921,035	-	-	-	-	921,035
Loans and advances to customers – gross	61,254,995	8,944,405	71,373	-	4,146	70,274,919
Investment securities – gross	48,290,312	1,573,279	-	-	-	49,863,591
Long – term investment – gross	128,625	-	-	-	-	128,625
Fixed assets and investment properties	2,454,206	-	-	-	-	2,454,206
Other assets – gross	15,852,810	114,698	544	-	-	15,968,052
	<b>141,631,246</b>	<b>17,608,431</b>	<b>320,401</b>	<b>41,000</b>	<b>587,517</b>	<b>160,188,595</b>
<b>Liabilities</b>						
Deposits and borrowings from other credit institutions	3,998,752	11,226,211	11	-	-	15,224,974
Deposits from customers	108,289,063	10,759,188	441,204	-	488,469	119,977,924
Derivatives and other financial liabilities	4,099,997	(3,983,255)	(4,028)	(29,531)	(10,026)	73,157
Other borrowed and entrusted funds	64,137	-	-	-	-	64,137
Valuable papers issued	5,642,970	325	-	-	-	5,643,295
Other liabilities	3,700,190	139,692	1,960	7	39,448	3,881,297
	<b>125,795,109</b>	<b>18,142,161</b>	<b>439,147</b>	<b>(29,524)</b>	<b>517,891</b>	<b>144,864,784</b>
<b>FX position on balance sheet</b>	<b>15,836,137</b>	<b>(533,730)</b>	<b>(118,746)</b>	<b>70,524</b>	<b>69,626</b>	<b>15,323,811</b>
<b>FX position off-balance sheet</b>	<b>1,745,158</b>	<b>(1,817,616)</b>	<b>115,736</b>	<b>-</b>	<b>(6,882)</b>	<b>36,396</b>
<b>Total FX position on and off-balance sheet</b>	<b>17,581,295</b>	<b>(2,351,346)</b>	<b>(3,010)</b>	<b>70,524</b>	<b>62,744</b>	<b>15,360,207</b>

The following table estimates the sensitivity of the profit or loss for the year ended and equity as at balance sheet date of Techcombank with the assumption that all other variables, in particular interest rates, remain constant in the cases:

*As at 31 December 2014*

Currency	Level of increase	Impact to net profit and equity VND million
USD	1%	(14,262)
Euro	1%	(826)
Gold	3%	1,744
		<u>(13,344)</u>

*As at 31 December 2013*

Currency	Level of increase	Impact to net profit and equity VND million
USD	1%	(23,751)
Euro	1%	(30)
Gold	3%	1,587
		<u>(22,194)</u>

### 39. Operating lease commitments

The minimum lease payments under operating leases commitments are as follows:

	31/12/2014 VND million	31/12/2013 VND million
Within one year	114,278	6,478
Within two and five years	215,989	24,834
	<u>330,267</u>	<u>31,312</u>

### 40. Disclosure of financial instruments

#### Disclosure of fair value

Circular No. 210/2009/TT-BTC stipulated by Ministry of Finance dated 6 November 2009 requires Techcombank to disclose fair value of each class of financial assets and financial liabilities in a way that permits it to be compared with its carrying amount.

The following table presents book value and fair value of Techcombank's financial assets and liabilities as at 31 December 2014:

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCTD-HN

As at 31 December 2014

	Carrying value			Fair value
	<i>At fair value through profit or loss</i>	<i>Loans and receivables</i>	<i>Available-for-sale</i>	
	VND million	VND million	VND million	VND million
<b>Financial assets</b>				
I Cash and gold on hand	-	2,723,642	-	2,723,642
II Balances with the State Bank of Vietnam	-	1,168,265	-	1,168,265
III Balances with and loans to other credit institutions	-	18,922,460	-	(*)
IV Trading securities	2,086,246	-	-	(*)
VI Loans and advances to customers	-	79,347,790	-	(*)
VII Investment securities	-	-	49,262,107	(*)
VIII Other long-term investments	-	-	693,788	(*)
X Other financial assets	-	13,717,296	-	(*)
	2,086,246	115,879,453	49,955,895	173,638,217

**Financial liabilities**

II Amount due to other credit institutions	-	-	19,471,408	(*)
III Deposits from customers	-	-	131,689,810	(*)
IV Derivatives and other financial liabilities	18,409	-	-	(*)
V Other borrowed and entrusted funds	-	-	67,266	(*)
VI Valuable papers issued	-	-	6,253,623	(*)
VII Other financial liabilities	-	-	3,246,722	(*)
	18,409	-	160,728,829	160,747,238

(\*) Techcombank has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. There fair values of these financial instruments may differ from their carrying amounts.

**VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK**

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

Form B05/TCTD-HIN

	As at 31 December 2013				Fair value
	At fair value through profit or loss	Held-to maturity	Loans and receivables	Available-for-sale	
	VND million	VND million	VND million	VND million	VND million
<b>Financial assets</b>					
I Cash, gold, silver, gemstones on hand	-	-	2,291,494	-	2,291,494
II Balances with the State Bank of Vietnam	-	-	2,830,794	-	2,830,794
III Balances with and loans to other credit institutions	-	-	15,420,747	-	15,420,747 (*)
IV Trading securities	919,608	-	-	-	919,608 (*)
VI Loans and advances to customers	-	-	69,088,680	-	69,088,680 (*)
VII Investment securities	-	3,675,837	-	46,169,754	49,845,591 (*)
VIII Other long-term investments	-	-	-	128,625	128,625 (*)
X Other financial assets	-	-	15,496,499	-	15,496,499 (*)
	<b>919,608</b>	<b>3,675,837</b>	<b>105,128,214</b>	<b>46,298,379</b>	<b>156,022,038</b>
<b>Financial liabilities</b>					
II Amount due to other credit institutions	-	-	-	15,224,974	15,224,974 (*)
III Deposits from customers	-	-	-	119,977,924	119,977,924 (*)
IV Other borrowed and entrusted funds	-	-	-	64,137	64,137 (*)
V Derivatives and other financial liabilities	73,157	-	-	-	73,157 (*)
VI Valuable papers issued	-	-	-	5,643,295	5,643,295 (*)
VII Other financial liabilities	-	-	-	3,660,646	3,660,646 (*)
	<b>73,157</b>	-	-	<b>144,570,976</b>	<b>144,644,133</b>

(\*) Techcombank has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. The fair values of these financial instruments may differ from their carrying amounts.



**41. Post balance sheet event**

On 18 December 2014, the SBV has given initial approval to the takeover of the Vietnam Chemical Finance Joint stock Company (“VCFC”) by Techcombank and Techcombank has 90 days to purchase VCFC shares and submits proposals to the SBV for consideration. On 9 January 2015, Vietnam Chemical Finance Joint stock Company announced that Vietnam Technological and Commercial Joint stock Bank had completed transferring 53,922,500 shares with the price of VND723,658 million (Note 17(iii)), equivalent to 89.87% VCFC’s chartered capital, increasing total owned shares at VCFC to 99.87%. However, as at reporting date, the SBV has not officially approved on the takeover of Vietnam Chemical Finance Joint stock Company by Techcombank.

Prepared by



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Approved by



Thai Ha Linh  
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Financial Policy and Tax, Finance and  
Strategy Division



Do Phan Anh  
Deputy Chief Executive  
Officer in charge

16 March 2015

