



**Vietnam Technological and Commercial
Joint Stock Bank**

Consolidated financial statements under
International Financial Reporting Standards for
the year ended 31 December 2020

Vietnam Technological and Commercial Joint Stock Bank

Content

	Page
Bank information	1
Statement of the Executive Team	3
Independent Auditor's Report on Consolidated Financial Statements	4
Consolidated statement of profit or loss	9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	16
Notes to the consolidated financial statements	18

Vietnam Technological and Commercial Joint Stock Bank Bank Information

Banking Operation

Licence No. 0040/NH-GP 6 August 1993

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

Business Registration

Certificate No. 055697 7 September 1993

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

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

Mr. Ho Hung Anh	Chairman
Mr. Nguyen Dang Quang	First Vice Chairman
Mr. Nguyen Thieu Quang	Vice Chairman
Mr. Nguyen Canh Son	Vice Chairman
Mr. Do Tuan Anh	Vice Chairman
Mr. Ho Anh Ngoc	Vice Chairman (from 24 April 2021)
Mr. Lee Boon Huat	Member
Mr. Saurabh Narayan Agarwal	Member
Mr. Nguyen Nhan Nghia	Independent Member

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

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

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

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

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

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

	Mr. Do Tuan Anh	Deputy Chief Executive Officer (until 14 July 2020) cum Chief Corporate Affairs Officer (until 1 April 2020)
	Mr. Pham Quang Thang	Deputy Chief Executive Officer cum Transformation Director (until 1 April 2020) cum Chief Corporate Affairs Officer (from 2 April 2020)
	Mr. Phan Thanh Son	Deputy Chief Executive Officer cum Chief Global Transaction Services Officer cum Transformation Director
	Mr. Kalyanaraman Sivaramakrishnan	Deputy Chief Executive Officer (from 10 January 2021) cum Chief Risk Officer (from 1 October 2020)
	Mr. Trinh Bang	Group Chief Financial Officer cum Chief of Strategy and Development Officer (from 1 February 2021)
	Ms. Phan Thi Thanh Binh	Chief Wholesale Banking Officer
	Mr. Vishal Shah	Chief Business Banking Officer
	Ms. Dang My Quyen	Chief Human Resources Officer (from 4 May 2020)
	Mr. Nguyen Anh Tuan	Chief Information Officer (from 17 July 2020)
	Mr. Chu Hong Ngoc	Chief Operating Officer (from 4 May 2020)
	Ms. Thai Minh Diem Tu	Chief Marketing Officer (from 3 September 2020)
	Mr. Santhosh Mahendiran	Chief Data & Analytics Officer (from 20 October 2020)
	Mr. Kyle Timothy Justin	Chief Transformation Officer (from 30 October 2020)
	Mr. Pranav Seth	Chief Digital Officer (from 13 January 2021)
Legal Representative	Mr. Ho Hung Anh	Chairman of Board of Directors
Registered office	191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi Vietnam	
Auditors	KPMG Limited Vietnam	

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

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

Executive Team’s responsibility for the consolidated financial statements

The Bank’s Executive Team is responsible for the consolidated financial statements which give a true and fair view of the consolidated financial position of Techcombank and of the consolidated results of their operations, their consolidated changes in equity and their consolidated cash flows for the year ended 31 December 2020. In preparing those consolidated financial statements, the Executive Team is required to:

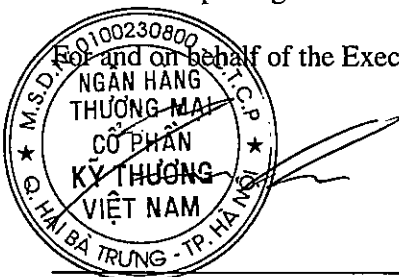
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that Techcombank will continue its business.

The Executive Team of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of Techcombank and ensuring that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of Techcombank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Team of the Bank confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

Statement by the Executive Team

The Executive Team does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Techcombank as at 31 December 2020 and of the consolidated results of their operations, their consolidated changes in equity and their consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.



Mr. Jens Lottner
Chief Executive Officer

6 May 2021
Hanoi, Vietnam



KPMG Limited
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E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To: The Shareholders of
Vietnam Technological and Commercial Joint Stock Bank**

Opinion

We have audited the consolidated financial statements of Vietnam Technological and Commercial Joint Stock Bank (the "Bank") and its subsidiaries (collectively referred to as "Techcombank"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information, as set out on page 9 to page 132.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Techcombank as at 31 December 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Techcombank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Areas of focus	How our audit addressed the risk factors
<p>Expected credit losses of loans and advances to customers and debt instruments not carried at fair value through profit or loss</p> <p>As at 31 December 2020, loans and advances to customers and debt instruments not carried at fair value through profit and loss contributed approximately 84.07% of Techcombank's total assets. Techcombank's loan portfolio consists of large wholesale loans, smaller loans and consumer loans, while debt instruments not carried at fair value through profit and loss mostly comprise corporate bonds.</p> <p>The measurement of expected credit loss ("ECL") requires the application of significant judgement and increased complexity which includes the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward-looking macroeconomic factors and probability-weighted multiple scenarios.</p> <p><i>Refer to summary of significant accounting policies in Note 3(h), significant accounting judgements, estimates and assumptions in Notes 4(b) and the disclosures of loans and advances to customers in Note 19 and debt instruments not carried at fair value through profit or loss in Notes 18 to the financial statements.</i></p>	<p>Our audit procedures included understanding and testing of the design and implementation and testing of operating effectiveness of the key controls over the following:</p> <ul style="list-style-type: none"> ▪ loan origination, approval and credit monitoring; ▪ ongoing internal credit quality assessments; ▪ identification of significant increase in credit risk, impairment measurement methodologies, governance for model development and maintenance of ECL models, inputs, basis and assumptions used by Techcombank in staging the credit exposures and calculating the ECL. <p>We performed the following substantive procedures for impairment allowances of loans and advances to customers and debt instruments not carried at fair value through profit or loss in response to the identified risk:</p> <ul style="list-style-type: none"> ▪ For staging and identification of credit exposures with significant increase in credit risk, we assessed and tested the appropriateness of the transfer criteria applied by Techcombank for different types of credit exposures. We evaluated if the transfer criteria were consistent with Techcombank's credit risk management practices. ▪ For the measurement of ECL, we assessed and tested the reasonableness of Techcombank's ECL models, data and assumptions for significant portfolios. We challenged whether historical experience is representative of current circumstances and of the recent loss experience incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios. ▪ We evaluated if changes in modelling approaches, parameters and assumptions were needed and if any changes made were appropriate. We also assessed, tested and monitored the sensitivity of the expected credit loss allowance to changes in modelling assumptions, including sensitivity from adjustments to forward-looking inputs. ▪ We reconciled the ECL model input data back to the sources and tested input data on a sample basis to ensure the ECL model data are accurately transferred from the sources.





Areas of focus	How our audit addressed the risk factors
	<ul style="list-style-type: none"> ▪ With respect to individually assessed ECL which are mainly in relation to the impaired financial assets in Stage 3, we reviewed and tested a sample of loans, advances and debt investments to evaluate the timely identification by Techcombank of exposures with significant deterioration in credit quality or which have been impaired. For cases where impairment has been identified, we assessed Techcombank's assumptions on the expected future cash flows, including the value of realizable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available. ▪ We also assessed whether the financial statement disclosures are adequate and appropriately reflect Techcombank's exposures to credit risk. <p>We also recalculated management's calculation to assess the completeness and accuracy of Techcombank's impairment allowances.</p>
<p>Valuation of financial instruments classified as fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") with a higher degree of estimation uncertainty</p> <p>The valuation of Techcombank's financial instruments at FVTPL and FVOCI was a key area of focus of our audit due to the degree of subjectivity involved in valuing certain instruments and the significance of the judgments and estimates made by management.</p> <p>In particular, the determination of Level 3 valuations requires a higher degree of management judgement as a result of the use of significant unobservable inputs.</p> <p>At 31 December 2020, VND 64,502,507 million of Techcombank's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unlisted corporate bonds and a small number of unlisted equity investments.</p> <p><i>Refer to Note 17, 18(a), 18(b) and 35(a) of the consolidated financial statements for financial assets at FVTPL and FVOCI.</i></p>	<p>We evaluated the design of and tested the operating effectiveness of the key controls over Techcombank's purchase, selling and recognition process of financial assets at FVTPL, debt instruments at FVOCI and equity instruments at FVOCI.</p> <p>For those financial assets at FVTPL, debt instruments at FVOCI and equity instruments at FVOCI with significant unobservable valuation inputs, we critically assessed the valuation assumptions by comparison to pricing information from similar transactions which were observable and inputs used by management, and performed an independent valuation.</p> <p>We also challenged the management's classification of financial instruments to levels in the fair value hierarchy, sensitivity analysis presented in the financial statements and assessment of other disclosures to ensure the classification, analysis and disclosures are reasonable and appropriate.</p>

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Other Matter

The consolidated financial statements of Techcombank for the year ended 31 December 2019 was audited by another firm of auditors whose reports dated 25 April 2020, expressed an unqualified opinion on those statements.

Responsibilities of Executive Team and Those Charged with Governance for the Consolidated Financial Statements

Executive Team is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as 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.

In preparing the consolidated financial statements, management is responsible for assessing Techcombank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Techcombank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Techcombank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of Techcombank.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Techcombank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Techcombank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Techcombank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

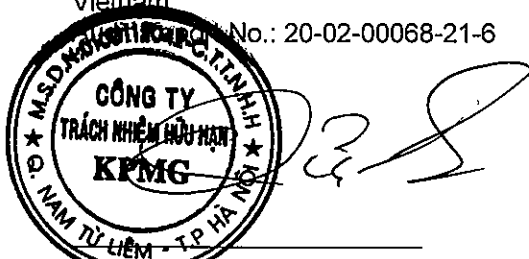
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tran Dinh Vinh.

On behalf of KPMG Limited

Vietnam

No.: 20-02-00068-21-6



Tran Dinh Vinh
Deputy General Director

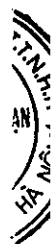
Hanoi, **06 MAY 2021**

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Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of profit or loss for the year ended 31 December 2020

	Note	2020 VND million	2019 VND million (Reclassified)
Interest income	6	28,540,168	24,509,652
Interest expenses	6	(10,318,194)	(10,844,033)
Net interest income		18,221,974	13,665,619
Fee and commission income	7	6,365,192	5,318,073
Fee and commission expenses	7	(1,859,665)	(1,600,493)
Net fee and commission income		4,505,527	3,717,580
Net trading income	8	1,983,695	1,933,098
Other operating income	9	3,126,478	2,526,574
Total operating income		27,837,674	21,842,871
Credit loss expense on financial assets	33(b)	(3,237,608)	(363,791)
Net operating income		24,600,066	21,479,080
Personnel expenses	10	(5,375,036)	(4,526,679)
Depreciation of property and equipment and right-of-use assets	20, 32	(695,440)	(547,741)
Amortisation of intangible assets	21	(118,679)	(92,518)
Other operating expenses	11	(2,804,968)	(2,434,889)
Total operating expenses		(8,994,123)	(7,601,827)
Profit before tax		15,605,943	13,877,253
Current tax expense	12	(3,217,829)	(2,612,059)
Deferred tax expense	12	6,127	(255,903)
Net profit for the year		12,394,241	11,009,291
Profit attributable to:			
Equity holders of the Bank		12,136,443	10,858,285
Non-controlling interests		257,798	151,006
Earnings per share			
Basic earnings per share (VND/share)	13	3,467	3,104

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



Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 VND million	2019 VND million
Net profit for the year		12,394,241	11,009,291
Other comprehensive income (“OCI”)			
<i>Items that will not be reclassified to profit or loss</i>			
Net change in fair value - Equity instruments at FVOCI		(49,882)	57,122
Related tax	12(b)	9,975	(11,424)
		(39,907)	45,698
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net change in fair value - Debt instruments at FVOCI	18(a)	495,558	1,206,080
Reclassification from fair value reserve to profit or loss		(45,850)	(253,792)
Changes in allowance for expected credit losses (“ECL”)			
- Debt instruments at FVOCI		468,718	61,277
Related tax	12(b)	(183,685)	(202,713)
		734,741	810,852
Other comprehensive income, net of tax		694,834	856,550
Total comprehensive income, net of tax		13,089,075	11,865,841
Total comprehensive income attributable to:			
Equity holders of the Bank		12,836,273	11,710,170
Non-controlling interests		252,802	155,671

Hanoi, 6 May 2021

Prepared by:



Ms. Bui Thi Khanh Van
Chief Accountant

Approved by:



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



Mr. Jens Lottner
Chief Executive Officer

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

Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of financial position as at 31 December 2020

	Note	31 December 2020 VND million	31 December 2019 VND million (Reclassified)
ASSETS			
Cash and cash equivalents	14	35,604,523	46,541,440
Due from other credit institutions ("CIs")	15	8,098,909	9,576,346
Derivative financial assets	16	2,732,511	1,070,762
Financial assets at fair value through profit or loss ("FVTPL")	17	9,613,018	12,473,011
Debt instruments at fair value through other comprehensive income ("FVOCI")	18(a)	83,949,534	64,633,484
Equity instruments at FVOCI	18(b)	472,058	721,933
Loans and advances to customers at amortised cost	19	286,356,047	235,486,248
Debt instruments at amortised cost	18(c)	3,416,230	3,535,048
Property and equipment and right-of-use assets	20	9,173,380	7,564,873
Intangible assets	21	1,002,955	688,397
Deferred tax assets	12(d)	211,552	166,943
Other assets	22	3,881,476	3,061,410
TOTAL ASSETS		444,512,193	385,519,895
LIABILITIES AND EQUITY			
LIABILITIES			
Due to other CIs	23	46,955,619	60,569,994
Derivative financial liabilities	16	1,617,229	570,685
Deposits from customers	24	279,624,755	233,660,465
Other borrowed funds	25	601,083	820,658
Debt instruments issued	26	28,360,295	17,652,059
Current tax liabilities	27	1,287,627	934,024
Deferred tax liabilities	12(d)	677,774	465,582
Other liabilities	28	9,252,398	7,883,605
TOTAL LIABILITIES		368,376,780	322,557,072

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

Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of financial position as at 31 December 2020 (continued)

	Note	31 December 2020 VND million	31 December 2019 VND million
SHAREHOLDERS' EQUITY			
Share capital	29(a)	35,049,062	35,001,400
Share premium	29(a)	1,729,532	1,636,167
Treasury shares	29(a)	(30,338)	(45,068)
Retained earnings		30,273,106	19,754,237
Statutory reserves	29(b)	6,789,643	5,172,684
Fair value reserve		1,784,409	1,084,579
Other reserves		53,690	60,882
Total equity, excluding non-controlling interests		75,649,104	62,664,881
Non-controlling interests		486,309	297,942
TOTAL EQUITY		76,135,413	62,962,823
TOTAL LIABILITIES AND EQUITY		444,512,193	385,519,895

Hanoi, 6 May 2021

Prepared by:



Ms. Bui Thi Khanh Van
Chief Accountant

Approved by:



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



Mr. Jens Lottner
Chief Executive Officer

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

Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of changes in equity for the year ended 31 December 2020

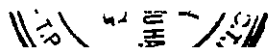
	Share capital	Share premium	Treasury shares	Retained earnings	Statutory reserves	Fair value reserve	Other reserves	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2020	35,001,400	1,636,167	(45,068)	19,754,237	5,172,684	1,084,579	60,882	62,664,881	297,942	62,962,823
Total comprehensive income for the year										
Profit for the year	-	-	-	12,136,443	-	-	-	12,136,443	257,798	12,394,241
<i>Other comprehensive income</i>										
Net change in fair value - Equity instruments at FVOCI	-	-	-	-	-	(44,025)	-	(44,025)	(5,857)	(49,882)
Net change in fair value - Debt instruments at FVOCI	-	-	-	-	-	496,286	-	496,286	(728)	495,558
Reclassification of fair value reserve to profit or loss	-	-	-	-	-	(44,772)	-	(44,772)	(1,078)	(45,850)
Changes in allowance for ECL - Debt instruments at FVOCI	-	-	-	-	-	467,300	-	467,300	1,418	468,718
Tax on OCI	-	-	-	-	-	(174,959)	-	(174,959)	1,249	(173,710)
Total comprehensive income	-	-	-	12,136,443	-	699,830	-	12,836,273	252,802	13,089,075
Transactions with shareholders										
Capital increase	47,662	(60)	-	-	-	-	-	47,602	651	48,253
Dividend paid	-	-	-	-	-	-	-	-	(65,086)	(65,086)
Equity-settled share-based payment	-	93,425	14,730	-	-	-	(7,192)	100,963	-	100,963
Total contribution by and distributions to shareholders	47,662	93,365	14,730	-	-	-	(7,192)	148,565	(64,435)	84,130
Movements in reserves and others										
Transfer to reserves	-	-	-	(1,617,574)	1,617,574	-	-	-	-	-
Utilisation of reserves	-	-	-	-	(615)	-	-	(615)	-	(615)
Total movements in reserves and others	-	-	-	(1,617,574)	1,616,959	-	-	(615)	-	(615)
Balance at 31 December 2020	35,049,062	1,729,532	(30,338)	30,273,106	6,789,643	1,784,409	53,690	75,649,104	486,309	76,135,413

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

Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of changes in equity for the year ended 31 December 2020 (continued)

	Share capital	Share premium	Treasury shares	Retained earnings	Statutory reserves	Fair value reserve	Other reserves	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2019	34,965,922	1,563,953	(56,798)	10,273,242	3,867,372	232,694	27,903	50,874,288	71,933	50,946,221
Adjustments on initial application of IFRS 16	-	-	-	(58,472)	-	-	-	(58,472)	-	(58,472)
Restated balance at 1 January 2019	34,965,922	1,563,953	(56,798)	10,214,770	3,867,372	232,694	27,903	50,815,816	71,933	50,887,749
Total comprehensive income for the year										
Profit for the year	-	-	-	10,858,285	-	-	-	10,858,285	151,006	11,009,291
<i>Other comprehensive income</i>										
Net change in fair value - Equity instruments at FVOCI	-	-	-	-	-	52,598	-	52,598	4,524	57,122
Net change in fair value - Debt instruments at FVOCI	-	-	-	-	-	1,205,989	-	1,205,989	91	1,206,080
Reclassification of fair value reserve to profit or loss	-	-	-	-	-	(253,990)	-	(253,990)	198	(253,792)
Changes in allowance for ECL - Debt instruments at FVOCI	-	-	-	-	-	60,259	-	60,259	1,018	61,277
Tax on OCI	-	-	-	-	-	(212,971)	-	(212,971)	(1,166)	(214,137)
Total comprehensive income	-	-	-	10,858,285	-	851,885	-	11,710,170	155,671	11,865,841
Transactions with shareholders										
Issuance of shares	35,478	(50)	-	-	-	-	-	35,428	70,338	105,766
Equity-settled share-based payment	-	72,264	11,730	-	-	-	32,979	116,973	-	116,973
Total contribution by and distribution to shareholders	35,478	72,214	11,730	-	-	-	32,979	152,401	70,338	222,739

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



Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of changes in equity for the year ended 31 December 2020 (continued)

	Share capital	Share premium	Treasury shares	Retained earnings	Statutory reserves	Fair value reserve	Other reserves	Total equity attributable to the Bank	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<i>Movements in reserves and others</i>										
Transfer to reserves	-	-	-	(1,314,751)	1,314,751	-	-	-	-	-
Utilisation of reserves	-	-	-	-	(9,913)	-	-	(9,913)	-	(9,913)
Other movements	-	-	-	(4,067)	474	-	-	(3,593)	-	(3,593)
Total movements in reserves and others	-	-	-	(1,318,818)	1,305,312	-	-	(13,506)	-	(13,506)
Balance at 31 December 2019	35,001,400	1,636,167	(45,068)	19,754,237	5,172,684	1,084,579	60,882	62,664,881	297,942	62,962,823

Hanoi, 6 May 2021

Prepared by:



Ms. Bui Thi Khanh Van
Chief Accountant

Approved by:

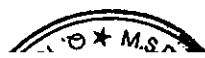


Ms. Thai Ha Linh
Director of Accounting, Financial Policy and
Tax, Finance and Planning Division



Mr. Jens Lottner
Chief Executive Officer

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



Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method)

	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,605,943	13,877,253
<i>Adjustments for:</i>		
Depreciation of property and equipment and right-of-use assets	695,440	547,741
Amortisation of intangible assets	118,679	92,518
Credit loss expense on financial assets	3,237,608	363,791
Equity-settled share-based payment transactions	100,963	111,973
	19,758,633	14,993,276
Changes in:		
Due from other CIs	1,461,363	2,094,685
Derivative financial assets	(1,661,749)	(491,242)
Financial assets at FVTPL	2,859,993	(4,736,135)
Loans and advances to customers at amortised cost	(53,745,857)	857,073
Debt instruments at FVOCI	(18,820,492)	(650,009)
Equity instruments at FVOCI	199,993	(72,776,326)
Debt instruments at amortised cost	246,413	20,761,137
Other assets	(2,564,706)	37,063
Due to the Government and the State Bank of Vietnam ("SBV")	-	(6,033,332)
Due to other CIs	(13,614,375)	25,044,704
Derivative financial liabilities	1,046,544	(261,603)
Deposits from customers	45,964,290	29,741,999
Other borrowed funds	(219,575)	(172,811)
Debt instruments issued	10,867,876	7,537,602
Other liabilities	999,424	(628,953)
	(26,980,858)	323,852
Income taxes paid	(2,881,901)	(2,678,919)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(10,104,126)	12,638,209

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

Vietnam Technological and Commercial Joint Stock Bank
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method - continued)

	2020 VND million	2019 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of assets	(665,860)	(257,620)
Dividend received and profit shared from long-term investments	4,191	4,216
Proceeds from disposals of property and equipment	6,278	31,160
NET CASH USED IN INVESTING ACTIVITIES	(655,391)	(222,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	47,602	35,428
Payments for long-term debt instruments issued qualified to classify as subordinated debts	(159,640)	(3,245,094)
Dividends paid for non-controlling shareholders	(65,086)	-
Proceeds from capital contributed by non-controlling shareholders	651	70,338
NET CASH USED IN FINANCING ACTIVITIES	(176,473)	(3,139,328)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,935,990)	9,276,637
CASH AND CASH EQUIVALENTS AT 1 JANUARY	46,547,085	37,270,448
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 14)	35,611,095	46,547,085

Hanoi, 6 May 2021

Prepared by:



Ms. Bui Thi Khanh Van
Chief Accountant

Approved by:



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



Mr. Jens Lottner
Chief Executive Officer

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

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020

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

1. Reporting entity

(a) Establishment and operations

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

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

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposit funds from organisations and individuals; lending to organisations and individuals up to the nature and ability of the Bank’s capital resources; conducting settlement and cash services and other banking services as approved by the SBV; making capital contributions, purchasing shares, investment in bonds and trading foreign currencies in accordance with the law.

(b) Charter capital

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

(c) Location and network

The Bank’s Head Office is located at 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam. As at 31 December 2020, the Bank had one (1) Head Office, two (2) representative offices, three hundred and eight (308) transaction offices nationwide and three (3) subsidiaries (31/12/2019: one (1) Head Office, two (2) representative offices, three hundred and eleven (311) transaction offices nationwide and three (3) subsidiaries).

At the reporting date, the Bank has three (3) subsidiaries as follows:

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

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(d) Total number of employees

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

2. Basis of financial statement preparation

(a) Basis of accounting

The consolidated financial statements of Techcombank have been prepared in accordance with International Financial Reporting Standards.

(b) Accounting period

Techcombank's annual accounting period is from 1 January to 31 December. The consolidated financial statements are prepared for the year ended 31 December.

(c) Functional and presentation currency

These consolidated financial statements are presented in Vietnam Dong ("VND"), which is Techcombank's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated separately.

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2020. The Bank consolidates a subsidiary from the date of control of subsidiary and continues to consolidate until the date that such control ceases. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In case the Bank divests its equity interest in a subsidiary resulting in loss of control over the subsidiary, the Bank only consolidates the financial result of the subsidiary from the beginning of the year up to the date of the divestment without consolidating the net assets of the subsidiary. Furthermore, the Bank makes adjustments of indirect impact of the divestment transactions on the consolidated cash flow statement.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows are eliminated in full on consolidation.

Techcombank acts as fund manager to a number of investment funds. Determining whether Techcombank controls such an investment fund usually focuses on the assessment of the aggregate economic interests of Techcombank in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager. For all funds managed by Techcombank, the investors are able to vote by simple majority to remove Techcombank as fund manager without cause, and Techcombank's aggregate economic interest is in each case less than 15%. As a result, Techcombank has concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds.

(b) Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using exchange rates ruling at the reporting date (Note 38). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into functional currency using the spot exchange rates as at the date of recognition.

Foreign currency differences arising from translation are recognised in consolidated profit or loss.

(c) Financial instruments - Initial recognition and initial measurement

(i) Initial recognition of financial instruments

Financial assets and financial liabilities, with the exception of loans and advances to customers and deposits from customers, are initially recognised on the trade date, i.e. the date that Techcombank becomes a party to the contractual provisions of the instrument. This includes regular way trades - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account. Deposits from customers are recognised due to customer balances when funds are transferred to Techcombank.

(ii) Initial measurement of financial instruments

Financial instruments, except for receivables without significant financing component, are initially measured at their fair value plus or minus, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value of financial instruments at initial recognition is generally its transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, Techcombank accounts for the Day 1 profit or loss, as described below.

(iii) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is evidenced by a quoted price in an active market or based on a valuation technique using only data from observable market, Techcombank recognises the difference between the transaction price and fair value in consolidated profit or loss. In other cases, the difference between the transaction price and the fair value is deferred and is only recognised in consolidated profit or loss when the inputs become observable, or when the instrument is derecognised.

During the year, Techcombank recognised Day 1 loss for preference loans to its employees which have interest rate significantly lower than market rate in "Personnel expenses". The difference between the fair value of the loans (using discounted cash flow method) and their principal is amortised along their committed working time or the life of the relevant loans.

(d) Financial instruments - Classification and reclassification

Techcombank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, Techcombank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. As at 31 December 2020 and 31 December 2019, there was no financial asset that was designated as at FVTPL.

Business model assessment

Techcombank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. Techcombank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Business strategy for the portfolios;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of Techcombank's assessment.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from Techcombank's original expectations, Techcombank does not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

Techcombank assesses the contractual terms of financial assets to identify whether they meet the SPPI, i.e. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

“Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, Techcombank applies judgment and consider relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held-for-trading or derivative instruments.

Reclassification of financial assets and liabilities

Techcombank does not reclassify its financial assets subsequent to their initial recognition apart from the exceptional circumstances in which Techcombank changes its business model for managing financial assets. Financial liabilities are never reclassified.

(e) Financial instruments - Derecognition

Financial assets

Techcombank derecognises a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when the contractual rights to the cash flows from the asset have expired. Techcombank also derecognises a financial asset when it transfers such financial asset, and the transfer qualifies for derecognition.

Techcombank transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive cash flows of the financial asset; or
- retains the rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows in full without material delay to a third party under a “pass-through” arrangement.

Pass-through arrangements are transactions where Techcombank retains the contractual rights to receive the cash flows of a financial asset (the “original asset”), but assumes a contractual obligation to pay those cash flows to one or more entities (the “eventual recipients”) and all of the following three conditions are met:

- Techcombank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- Techcombank is prohibited by terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- Techcombank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, Techcombank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

A transfer only qualifies for derecognition if either:

- Techcombank transfers substantially all the risks and rewards of the financial asset; or
- Techcombank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but transfers control of the financial asset.

In relation to the above, Techcombank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When Techcombank neither transfers nor retains substantially all of the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, Techcombank continues to recognise the transferred asset to the extent of its continuing involvement. The extent of Techcombank's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. In that case, Techcombank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Techcombank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Techcombank could be required to repay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, Techcombank's continuing involvement is the amount of the transferred asset that Techcombank may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Techcombank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in consolidated profit or loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender but on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in consolidated profit or loss.

(f) Financial instruments - Offsetting

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the Bank and/or its counterparties.

As at 31 December 2020, Techcombank has no financial assets and liabilities that are offset and recognised in net value in the consolidated financial statements.

(g) Financial instruments - Fair value

Techcombank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments at the measurement date. Techcombank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, Techcombank will classify the instruments as Level 3.
- Level 3: Inputs that are unobservable and such unobservable inputs have a significant effect on the instrument's valuation.

Techcombank periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of Techcombank's financial instruments such as credit risk ("CVA"), own credit ("DVA") and/or funding costs ("FVA"). Therefore, Techcombank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

Techcombank estimates the value of their own credit from market observable data, such as secondary prices for their traded debt and the credit spread on credit default swaps and traded debts by itself.

Techcombank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

(h) Financial instruments - Impairment

(i) Overview of the ECL principles

Techcombank recognises allowance for ECL on all loans and other debt financial assets not measured at FVTPL, together with loan commitments and financial guarantee contracts issued (in this section all referred to as "financial instruments"). Equity instruments are not subject to impairment under IFRS 9.

The ECL allowances are based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL (Note 3(h)(ii)). Techcombank's policies for determining if there has been a significant increase in credit risk are set out in Note 33(b)(iv)(5).

The 12-month ECL is the portion of lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Both lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. Techcombank's policy for grouping financial assets measured on a collective basis is explained in Note 33(b)(iv)(6).

Techcombank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 33(b)(iv)(5).

Based on the above process, Techcombank groups its loans into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired financial assets ("POCI"), as described below:

- Stage 1: When loans are first recognised, Techcombank recognises an allowance based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2;
- Stage 2: When a loan has shown a significant increase in credit risk since origination, Techcombank records an allowance for the lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3;
- Stage 3: Loans considered credit-impaired (as outlined in Note 33(b)(iv)(1)). Techcombank records an allowance for the lifetime ECL;
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECL is only recognised or released to the extent that there is a subsequent change in the ECL.

For financial asset for which Techcombank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

(ii) The calculation of ECL

Techcombank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate ("EIR"). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that Techcombank expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default ("PD"): The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 33(b)(iv)(2).
- Exposure at Default ("EAD"): The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 33(b)(iv)(3).
- Loss Given Default ("LGD"): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 33(b)(iv)(4).



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

When estimating the ECL, Techcombank considers three scenarios (base case, upside, and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how individually significant loans are expected to be recovered, including the probability that the loans will make repayment timely and the value of collateral or the amount that might be received for selling the asset.

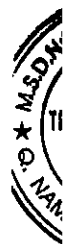
The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless Techcombank has the legal right to call it earlier. For mortgage portfolio of retail customers, however, Techcombank accounts for the observed payment behaviour of their customers into their calculation of the lifetime ECL by adjusting their assessment of EAD accordingly. Behavioural lifetime is stated in the table below:

<u>Product</u>	<u>Tenor</u>	<u>Behavioural lifetime</u>
Mortgage (including Project Mortgage)	0 - 5 years	Contractual life
	5 - 10 years	5.5 years
	10 - 20 years	6.5 years
	20 - 99 years	7.5 years

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying amount.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Techcombank calculates the 12-month ECL allowances based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above;
- Stage 2: When a loan has shown a significant increase in credit risk since origination, Techcombank records an allowance for the lifetime ECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR;
- Stage 3: For loans considered credit-impaired, Techcombank recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%;
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. Techcombank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR;
- Loan commitments and letters of credit: When estimating lifetime ECL for undrawn loan commitments, Techcombank estimates the expected portion of the loan commitments that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments and letters of credit, the ECL is recognised within "Allowances for expected credit losses on off-balance sheet commitments" under "Other liabilities";
- Financial guarantee contracts: Techcombank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in consolidated profit or loss, and the ECL allowances. For this purpose, Techcombank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECL related to financial guarantee contracts are recognised within “Allowances for expected credit losses on off-balance sheet commitments” under “Other liabilities”.

(iii) Debt instruments measured at FVOCI

The ECL for debt instruments measured at FVOCI does not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to consolidated profit or loss. The accumulated loss recognised in OCI is recycled to the consolidated profit or loss upon derecognition of the assets.

(iv) Purchased or originated credit impaired financial assets

For POCI financial assets, Techcombank only recognises the cumulative changes in lifetime ECL since initial recognition in the loss allowances.

(v) Forward-looking information

In its ECL models, Techcombank incorporates on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic product (GDP) growth;
- Unemployment rates;
- Inflation;
- House price indices.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or management overlays are occasionally made as temporary adjustments when such differences are material.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances with the SBV and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by Techcombank in the management of its short-term commitments.

(j) Due from other CIs, loans and advances to customers at amortised cost and debt instruments at amortised cost

Due from other CIs, loans and advances to customers at amortised costs and debt instruments at amortised cost are initially measured at fair value plus or minus incremental direct transaction costs, and subsequently measured at their amortised costs using the EIR method as described at Note 3(aa)(i).

(k) Derivative financial assets/liabilities

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e. the “underlying”);

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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors;
- It is settled at a future date.

Techcombank enters into derivative transactions with various counterparties. These include interest rate swaps, cross-currency swaps, cross currency interest rate swap, forward foreign exchange contracts and options on interest rates.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Techcombank accounts in this way for derivatives embedded in financial liabilities and non-financial host contracts. Financial assets are classified based on the business model and SPPI assessments as outlined in Note 3(d).

(l) Other financial assets at FVTPL

Other financial assets at FVTPL include debt and equity instruments and loans and advances to customers mandatory measured at FVTPL. These are initially measured at fair value with changes recognised immediately as net trading income in consolidated profit or loss.

(m) Debt instruments at FVOCI

Debt instruments at FVOCI are measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in consolidated profit or loss as "Net interest income". The ECL calculation for debt instruments at FVOCI is recognised in "Credit loss expense on financial assets". When debt instruments are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated profit or loss.

(n) Equity instruments at FVOCI

Upon initial recognition, Techcombank can elect to present changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on these equity instruments are never recycled to consolidated profit or loss. Dividends are recognised in consolidated profit or loss as "Other operating income" when the right of the payment has been established, except when Techcombank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(o) Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives for the current and comparative periods are as follows:

▪ Buildings	8 - 50 years
▪ Office equipment	3 - 10 years
▪ Vehicles	6 - 10 years
▪ Other fixed assets	4 - 10 years

Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other operating income" in consolidated profit or loss in the period the asset is derecognised.

(p) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in consolidated profit or loss.

▪ Computer software	4 - 8 years
▪ Others	4 - 8 years

(q) Fiduciary assets

Techcombank provides trust and other fiduciary services that result in the holding or investing in assets. Assets held in a fiduciary capacity are not recognised in the consolidated financial statements as they are not assets of Techcombank.

(r) Impairment of non-financial assets

At each reporting date, Techcombank assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Techcombank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets (excluding goodwill), an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, Techcombank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in consolidated profit or loss.

Impairment losses relating to goodwill are not reversed in future periods. Techcombank has assessed and concluded that the non-financial assets are not impaired in the reported periods.

(s) Deposits, debt instruments issued and other borrowed funds

Deposits, debt instruments issued and other borrowed funds are initially measured at fair value plus or minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the EIR method.

(t) Financial guarantees, letters of credit and undrawn loan commitments

Techcombank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are contracts that require Techcombank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitments, Techcombank is required to provide a loan with pre-specified terms to the customer.

Financial guarantees are initially recognised in the consolidated financial statements (within "Other liabilities") at fair value, being the premium received. Subsequent to initial recognition, Techcombank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in consolidated profit or loss, and an ECL provision as set out in Note 28.

The premium received is recognised in consolidated profit or loss in "Net fee and commission income" on a straight-line basis over the life of the guarantee.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 28.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(u) Provision

Provisions are recognised when Techcombank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, Techcombank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in consolidated profit or loss, net of any reimbursement.

(v) Treasury shares

Owner equity instruments of Techcombank which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issuance or cancellation of Techcombank's own equity instruments is recognised directly in equity. No gain or loss is recognised in consolidated profit or loss on the purchase, sale, issuance or cancellation of own equity instruments.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in consolidated profit or loss in "Net trading income".

(w) Share-based payments

Employees of Techcombank receive remuneration in the form of share-based payments transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (as Other reserves during vesting period), over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). On vesting date, the accumulated amount recorded in Other reserves will be transferred to relevant accounts of share capitals.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects Techcombank's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period is recorded in "Personnel expenses" and represents the movement in cumulative expense recognised as at the beginning and end of that period and the corresponding amount is represented in equity.



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(x) **Reserves**

(i) **Statutory reserves**

Reserves and funds of the Bank

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

	<u>Basis for calculation</u>	<u>Maximum level</u>
Capital supplementary reserve	5% of profit after tax under Vietnamese Accounting Standards	100% charter capital
Financial reserve	10% of profit after tax under Vietnamese Accounting Standards	Not regulated

Other equity funds are appropriated from profit after tax. The appropriation from profit after tax and the utilisation of the other equity funds are approved by the General Meeting of Shareholders. These funds are not required by law and are fully distributable.

Reserves and funds of subsidiaries

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

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

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

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

	<u>Basis for calculation</u>	<u>Maximum level</u>
Capital supplementary reserve	5% profit after tax under Vietnamese Accounting Standards	10% charter capital
Financial reserve	5% profit after tax under Vietnamese Accounting Standards	10% charter capital

Financial reserve will be used to compensate losses in business operation. These above reserves, are made at year end, not available for distribution and classified as items in shareholder's equity.

(ii) **Other equity reserves**

Other equity reserves include:

- Fair value reserve which comprises:
 - The cumulative net change in fair value of debt instruments classified at FVOCI, less the allowance for ECL; and
 - The cumulative net change in fair value of equity instruments at FVOCI.
- Other reserves, which represent the equivalent portion of service cost relating to share based payments during the vesting period.

(y) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (“repo”) are not derecognised from the consolidated statement of financial position as Techcombank retains substantially all of risk and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability in “Due to other credit institutions” for purpose of reflecting the transaction’s economic substance as a loan to Techcombank. The difference between the sale price and repurchase price is interest expense and accrued during the effective duration of the contract using the EIR method.

When the counter party has a right to sell or mortgage bonds, subject to cases that Techcombank reclassifies these bonds in the consolidated statement of financial position in financial instruments at FVTPL or FVOCI mortgaged as collateral.

Conversely, securities purchased under agreements to resell at a specific date in the future (“reverse repo”) are not recognised in the consolidated financial statements. The consideration paid, including accrued interest, is recorded in the consolidated statement of financial position as an asset in “Due from other credit institutions” for purpose of reflecting the transaction’s economic substance as a loan by Techcombank. The difference between the purchase price and resale price is recorded in “Net interest income” and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities at FVTPL and measured at fair value with any gains or losses included in “Net trading income”.

(z) Leasing - Techcombank acting as lessees

(i) Right-of-use assets

At inception of a contract, Techcombank assesses whether a contract is, or contains, a lease arrangement based on whether the contract conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. Techcombank combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

Techcombank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if Techcombank is reasonably certain to exercise that option. Unless Techcombank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment assessment.

(ii) Lease liabilities

At the commencement date of the lease, Techcombank recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Techcombank and payments of penalties for terminating a lease, if the lease term reflects Techcombank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Techcombank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets*

Techcombank elects not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (i.e. leases with term of 12 months or less). Techcombank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iv) *Significant judgement in determining the lease term of contracts with renewal options*

Techcombank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Techcombank has the option, under some of its leases to lease the assets for additional terms. Techcombank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, Techcombank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

(aa) *Interest*

(i) *The effective interest rate method*

Interest income and expenses are recorded in consolidated profit or loss using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

Techcombank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through “Net interest income” in consolidated profit or loss.

(ii) Interest income

Techcombank calculates interest income by applying the EIR to the gross carrying amount of financial assets (other than credit-impaired assets). The amortised cost of the financial asset is adjusted if Techcombank revises their estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as “Net interest income” for financial assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as ‘Stage 3’ (as set out in Note 3(h)), Techcombank calculates interest income by applying the EIR to the net amortised cost (amortised cost net of ECL) of the financial asset. If the financial assets cures and is no longer credit-impaired, Techcombank reverts to calculating interest income on a gross basis.

For POCI financial assets (as set out in Note 3(h)), Techcombank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in “Net trading income”.

(bb) Fee and commission

Fee and commission income is measured based on the consideration specified in a contract with a customer. Techcombank recognises revenue when it transfers control over a service to a customer.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When Techcombank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time as below:

- *Fee and commission income from services where performance obligations are satisfied over time:* Performance obligations satisfied over time include asset management and other services, where the customer simultaneously receives and consumes the benefits provided by Techcombank’s performance as Techcombank performs;
- *Fee and commission income from providing services where performance obligations are satisfied at a point in time:* Services provided where the Bank’s performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. Techcombank typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Fee income can be divided into the following categories:

- *Commission:* Income earned in respect of sales or distribution of banking, investments and insurance products;
- *Service charges and fees:* Income earned on the services provided to retail and corporate customers, including account management and various transaction-based services, such as interchange foreign currency transactions, money order processing and insufficient funds/overdraft transactions;

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

- *Underwriting fees*: Income earned for the placement of a customer's debt or equity securities;
- *Brokerage income*: Brokerage income includes fees earned from transaction-based services that are performed as part of investment management services;
- *Fees on loans, advances and financing*: Income earned in respect of loans, advances and financing such as loan commitments, financial guarantees and standby letters of credit;

(cc) Dividend income

Dividend income is recognised when Techcombank's right to receive the payment is established, which is generally when the issuers' shareholders approve the dividend. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment. Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

(dd) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and interest income of financial assets and financial liabilities at FVTPL.

(ee) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in consolidated profit or loss. Defined contribution plans include post-employment benefits for retired employee, unemployment allowance and health insurance contribution.

Post-employment benefits

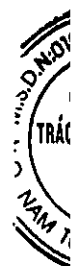
Post-employment benefits are paid to retired employees of Techcombank by the Social Insurance Agency which belongs to the Ministry of Labour, Invalids and Social Affairs. From 1 June 2017, according to Decision No. 595/QĐ-BHXH dated on 14 April 2017 and Decision No. 44/2017/ND-CP dated on 14 April 2017, Techcombank is required to pay a social insurance premium at the rate of 17.5% of an employee's basic monthly salary, salary-related allowances and other supplements. Other than that, Techcombank has no further obligation relating to post-employment benefits.

Unemployment allowance

According to Circular No. 28/2015/TT-BLĐTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, Techcombank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

Health insurance contribution

According to Decision No. 595/QĐ-BHXH dated on 14 April 2017, Techcombank is required to contribute to employee benefits by paying health insurance premium to the Health Insurance Agency at the rate of 3% of an employee's basic salary on a monthly basis.



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(ii) Defined benefit plans

Voluntary resignation benefits

Techcombank has the obligation, under Section 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest year up to the resignation date.

Techcombank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(ff) Corporate income tax

(i) Current tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be paid to (or recovered from) the taxation authorities. The tax rates and tax laws are applied and enacted at the reporting date.

Current income tax is charged or credited to consolidated profit or loss except when it relates to items recognised directly to equity the current income tax is also dealt with in equity.

Current tax assets and liabilities of Techcombank are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and Techcombank intends to settle their current tax assets and liabilities on a net basis.

Techcombank's tax returns are subject to examination by the tax authorities. Because the applicability of tax laws and regulations on many types of transactions and susceptible to various interpretation, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

- All deductible temporary differences from investments in subsidiaries, affiliates and joint ventures that are definitely temporary differences will be reversed in forecastable future and taxable profit is used for those temporary differences.

The carrying amount of deferred income tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in consolidated profit or loss except for tax related to the fair value remeasurement of FVOCI assets, foreign exchange differences, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to consolidated profit or loss together with the respective deferred loss or gain. Techcombank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

Techcombank only offsets deferred tax assets against liabilities when there is both a legal right to offset and it is Techcombank's intention to settle on a net basis.

(gg) Earnings per share

Techcombank presents basic and diluted earnings per share of ordinary shares. Basic earnings per share is calculated by dividing net profit attributable to the equity holders of Techcombank by the weighted average number of ordinary shares in circulation during the year. If new shares issued during the year only change the number of shares, not the equity, Techcombank will adjust the weighted average number of ordinary shares outstanding during the year presented on the consolidated financial statements, which leads to corresponding adjustment for earning per share.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(hh) Operating segments

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

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

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4. Use of judgements and estimates

The preparation of Techcombank's consolidated financial statements requires the Executive Team of Techcombank to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods.

In the process of applying Techcombank's accounting policies, management has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period. Existing circumstances and assumptions about future developments may change due to circumstances beyond Techcombank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

(a) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimation is required in establishing fair values. Judgments and estimations include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty) and funding value adjustments.

(b) Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Techcombank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Techcombank's internal credit grading model, which assigns Probability of Default ("PD") to the individual grades;
- Techcombank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PD, Exposure at Default ("EAD") and Loss Given Default ("LGD"); and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been Techcombank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(c) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

(d) Provision and other contingent liabilities

Techcombank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings, arising in the ordinary course of Techcombank's business. When Techcombank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, Techcombank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when Techcombank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then Techcombank does not include detailed, case-specific disclosures in the consolidated financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, Techcombank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

5. Operating segments

Techcombank has four reportable segments, as described below, which are their strategic business units. The strategic business units offer different products and services are managed separately based on the Bank's management and internal reporting structure. For each strategic business unit, the Executive Team (also the chief operating decision maker) reviews its operating results and internal management reports on a quarterly basis. The following summary describes the operations in each reportable segment:

<i>Reportable segments</i>	<i>Operations</i>
Commercial banking	Includes loans, deposits and other transactions and balances with banks, corporate and retail customers
Asset management	Undertakes Techcombank's loan collaterals and restructured loans management
Securities investment	Conducts securities brokerage activities, securities trading activities, securities underwriting activities and consultancy services
Fund management	Operates funds management activities and entrusted fund management

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Team. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

As at and for the year ended 31 December 2020

	Commercial banking VND million	Assets management VND million	Securities investment VND million	Fund management VND million	Elimination (* VND million	Total VND million
For the year ended 31 December 2020						
Net interest income/(expenses)	17,638,014	(28,070)	574,474	34,983	2,573	18,221,974
Net fee and commission income/(expenses)	2,343,026	-	1,931,811	233,772	(3,082)	4,505,527
Net trading income/(expenses)	1,983,847	-	(239)	(56)	143	1,983,695
Other operating income/(expenses)	3,088,738	251,284	574,428	1,648	(789,620)	3,126,478
Credit loss expense on financial assets	(3,225,476)	(2,719)	11,592	(1,716)	(19,289)	(3,237,608)
Net operating income	21,828,149	220,495	3,092,066	268,631	(809,275)	24,600,066
Personnel expenses	(5,004,752)	(110,483)	(231,106)	(28,695)	-	(5,375,036)
Depreciation of property and equipment and right-of-use assets	(651,166)	(37,321)	(6,953)	-	-	(695,440)
Amortisation of intangible assets	(101,523)	(456)	(16,696)	(4)	-	(118,679)
Other operating expenses	(2,888,640)	(26,289)	(125,439)	(4,996)	240,396	(2,804,968)
Profit before tax	13,182,068	45,946	2,711,872	234,936	(568,879)	15,605,943
Income tax expense	(2,614,993)	(8,557)	(541,142)	(47,010)	-	(3,211,702)
Net profit for the year	10,567,075	37,389	2,170,730	187,926	(568,879)	12,394,241
As at 31 December 2020						
Reportable segment assets	437,609,460	1,233,801	8,771,025	494,985	(3,597,078)	444,512,193
Reportable segment liabilities	367,382,451	473,863	2,582,806	41,137	(2,103,477)	368,376,780

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

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2019 and for the year ended 31 December 2019

	Commercial banking VND million (Reclassified)	Assets management VND million	Securities investment VND million	Fund management VND million	Elimination (*) VND million	Total VND million (Reclassified)
For the year ended 31 December 2019						
Net interest income/(expenses)	13,400,159	(33,013)	221,093	14,883	62,497	13,665,619
Net fee and commission income/(expenses)	2,244,960	-	1,269,640	206,040	(3,060)	3,717,580
Net trading income/(expenses)	1,933,366	-	-	(355)	87	1,933,098
Other operating income/(expenses)	2,011,072	187,703	583,604	675	(256,480)	2,526,574
Credit loss expense on financial assets	(359,181)	(295)	2,761	(2,472)	(4,604)	(363,791)
Net operating income	19,230,376	154,395	2,077,098	218,771	(201,560)	21,479,080
Personnel expenses	(4,221,614)	(115,361)	(164,817)	(24,882)	(5)	(4,526,679)
Depreciation of property and equipment and right-of-use assets	(497,384)	(38,667)	(8,382)	(24)	(3,284)	(547,741)
Amortisation of intangible assets	(92,517)	(734)	(2,323)	(23)	3,079	(92,518)
Other operating expenses	(2,518,868)	(28,307)	(56,842)	(9,166)	178,294	(2,434,889)
Profit before tax	11,899,993	(28,674)	1,844,734	184,676	(23,476)	13,877,253
Income tax expense	(2,461,929)	(560)	(369,411)	(36,936)	874	(2,867,962)
Net profit for the year	9,438,064	(29,234)	1,475,323	147,740	(22,602)	11,009,291
As at 31 December 2019						
Reportable segment assets	381,352,734	1,293,218	6,367,002	288,932	(3,781,991)	385,519,895
Reportable segment liabilities	322,558,782	573,407	1,689,560	28,443	(2,293,120)	322,557,072

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

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2020 VND million	2019 VND million
Net operating income		
Net operating income for reportable segments	25,409,341	21,680,640
Elimination	(809,275)	(201,560)
Consolidated net operating income	24,600,066	21,479,080
	2020 VND million	2019 VND million
Profit before tax		
Profit before tax for reportable segments	16,174,822	13,900,729
Elimination	(568,879)	(23,476)
Consolidated profit before tax	15,605,943	13,877,253
	31 December 2020 VND million	31 December 2019 VND million
Assets		
Total assets for reportable segments	448,109,271	389,301,886
Elimination	(3,597,078)	(3,781,991)
Consolidated total assets	444,512,193	385,519,895
	31 December 2020 VND million	31 December 2019 VND million
Liabilities		
Total liabilities for reportable segments	370,480,257	324,850,192
Elimination	(2,103,477)	(2,293,120)
Consolidated total liabilities	368,376,780	322,557,072

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

6. Net interest income

	2020 VND million	2019 VND million (Reclassified)
Interest income		
Due from other CIs	539,992	1,182,841
Loans and advances to customers at amortised cost	21,352,880	16,348,436
Debt instruments at FVOCI	5,833,905	5,021,384
Debt instruments at amortised cost	317,776	1,649,969
Other income from credit activities	495,615	307,022
Total interest income	28,540,168	24,509,652
Interest expenses		
Due to the Government and the SBV	2,231	102,273
Due to other CIs	807,449	1,213,122
Deposits from customers	7,947,855	8,437,456
Other borrowed funds	37,459	38,737
Debt instruments issued	1,419,134	966,909
Other expenses	36,575	4,056
Interest expense on lease liabilities	67,491	81,480
Total interest expenses	10,318,194	10,844,033
Net interest income	18,221,974	13,665,619

The interest income reported above includes interest income, calculated using EIR, that relates to the following financial assets.

	2020 VND million	2019 VND million (Reclassified)
Financial assets measured at amortised cost	22,706,263	19,488,268
Financial assets measured at FVOCI	5,833,905	5,021,384
Total	28,540,168	24,509,652

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

7. Net fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services.

	2020			
	Commercial banking VND million	Securities investment VND million	Fund management VND million	Total VND million
Fee and commission income				
Settlement and cash services	2,914,167	-	-	2,914,167
Cashiering services	2,679	-	-	2,679
Trustee and agency services	467	553,005	-	553,472
Consulting services	383	126,290	-	126,673
Bancassurance services	827,321	-	-	827,321
Securities issuance guarantee services	-	1,037,650	-	1,037,650
Securities brokerage services	-	210,495	-	210,495
Fee of fund management	-	-	295,194	295,194
Guarantee services	316,749	-	-	316,749
Other services	78,297	2,495	-	80,792
Total fee and commission income	4,140,063	1,929,935	295,194	6,365,192
Fee and commission expenses				
Settlement and cash services	1,672,413	-	-	1,672,413
Cashiering services	68,962	-	-	68,962
Securities brokerage services	-	29,276	9,300	38,576
Consulting service	495	10,000	-	10,495
Other services	58,087	11,132	-	69,219
Total fee and commission expenses	1,799,957	50,408	9,300	1,859,665
Net fee and commission income	2,340,106	1,879,527	285,894	4,505,527

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

	2019			
	Commercial banking VND million (Reclassified)	Securities investment VND million	Fund management VND million	Total VND million (Reclassified)
Fee and commission income				
Settlement and cash services	2,338,815	-	-	2,338,815
Cashiering services	4,566	-	-	4,566
Trustee and agency services	1,694	193,587	-	195,281
Consulting services	597	1,053	-	1,650
Bancassurance services	931,882	-	-	931,882
Securities issuance guarantee services	-	970,323	-	970,323
Securities brokerage services	-	120,524	-	120,524
Fee of fund management	-	-	206,040	206,040
Guarantee services	464,227	-	-	464,227
Other services	84,124	641	-	84,765
Total fee and commission income	3,825,905	1,286,128	206,040	5,318,073
Fee and commission expenses				
Settlement and cash services	1,371,196	-	-	1,371,196
Cashiering services	65,716	-	-	65,716
Securities brokerage services	-	11,484	-	11,484
Consulting service	30,657	1,080	-	31,737
Other services	112,545	7,815	-	120,360
Total fee and commission expenses	1,580,114	20,379	-	1,600,493
Net fee and commission income	2,245,791	1,265,749	206,040	3,717,580

8. Net trading income

	2020 VND million	2019 VND million
Net gain from trading of derivatives	1,618,478	1,415,325
Net gain from trading of financial assets at FVTPL	227,933	412,868
Interest income from financial assets at FVTPL	137,284	104,905
	<u>1,983,695</u>	<u>1,933,098</u>

9. Other operating income

	2020 VND million	2019 VND million
Net gain on sale of financial assets other than those measured at FVTPL	1,576,590	1,200,764
Recovery of bad debts previously written off	1,259,653	1,080,236
Dividend income	4,191	4,216
Others	286,044	241,358
	<u>3,126,478</u>	<u>2,526,574</u>

10. Personnel expenses

	2020 VND million	2019 VND million
Salaries, bonuses and other related expenses	5,168,914	4,307,483
Employee preference loans	110,159	107,223
Personnel expense for share-based payment programs	95,963	111,973
	<u>5,375,036</u>	<u>4,526,679</u>

Equity-settled share-based payment

Shares are granted to the key management personnel and employees of the Bank. A portion of the shares granted is subject to restriction of transfer for a period of 4 years. After each year, shares are proportionately released from the transfer restriction.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Expenses arising from share-based payment transactions are presented by terms and conditions as follows:

Employees entitled	Vetting conditions	2020 VND million	2019 VND million
Shares granted to employees	Immediately	8,320	-
Employee Stock Ownership Plan (“ESOP”) program to employees	Immediately	54,335	38,493
ESOP program to employees	Minimum 4 years of employment after the grant date (*)	33,308	73,480
		95,963	111,973

Number of instruments relating to share-based payment transactions during the year are as follows:

Employees entitled	Conditions	Number of shares	
		2020	2019
Shares granted to key management personnel	Immediately	300,000	-
ESOP program to employees	Immediately	4,766,268	3,547,802
		5,066,268	3,547,802

(*) Shares are proportionately released from the transfer restriction each year.

The fair value of shares granted is determined based on the market price of shares at the grant date. Reconciliation of outstanding share-based payment arrangements is as follows:

Number of instruments	Number of shares	
	2020	2019
As at 1 January	1,500,000	2,000,000
Vested during the year	(500,000)	(500,000)
As at 31 December	1,000,000	1,500,000

11. Other operating expenses

	2020 VND million	2019 VND million
Publication, marketing and promotion	344,294	440,670
Tax, duties and fees	120,749	113,109
Tools and equipment expenses	123,127	122,569
Telecommunication expenses	48,181	46,821
Expenses for maintenance and repair of assets	272,834	226,094
Utilities expenses	87,082	80,323
Payment of insurance premium for customers' deposits	267,524	228,831
Per diem expenses	37,433	61,134
Consultancy expenses	377,392	231,004
Training and education expenses	78,014	57,277
Conference expenses	42,859	54,803
Expense for social activities	75,515	46,170
Expenses on disposal of assets	14,664	22,601
Other debt settlement expenses	21,462	27,941
Office management fee	73,509	62,788
Expenses on security guard	83,380	73,731
Others	736,949	539,023
	2,804,968	2,434,889

12. Income tax

Current corporate income tax ("CIT") payable is based on taxable income of the current year. Taxable income differs from the income reported in consolidated profit or loss as taxable income excludes items of income or expenses that are taxable deductible in other years due to the difference between the recorded under the accounting policies of Techcombank and the current tax regulations, and also does not include items not taxable or deductible for tax purposes. Corporate income tax is payable by Techcombank is calculated using tax rates that have been enacted at the reporting date.

(a) Amounts recognised in consolidated statements of profit or loss

	2020 VND million	2019 VND million
Current tax expenses		
Current year	3,225,330	2,630,814
Over provision in prior years	(7,501)	(18,755)
	3,217,829	2,612,059
Deferred tax expenses		
Origination and reversal of temporary differences	(6,127)	255,903
	3,211,702	2,867,962

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

(b) Amounts recognised in OCI

	Before tax	2020 Tax (expenses)/ benefits	Net of tax	Before tax	2019 Tax (expenses)/ benefits	Net of tax
	VND million	VND million	VND million	VND million	VND million	VND million
Items that will not be reclassified to profit or loss						
<i>Equity instruments at FVOCI</i>						
Net change in fair value of equity instruments at FVOCI	(49,882)	9,975	(39,907)	57,122	(11,424)	45,698
Items that will be reclassified to profit or loss						
<i>Debt instruments at FVOCI and Cash and cash equivalents measured at FVOCI</i>						
Net change in fair value	495,558	(99,111)	396,447	1,206,080	(241,216)	964,864
Reclassification to profit or loss	(45,850)	9,170	(36,680)	(253,792)	50,758	(203,034)
Changes in allowance for ECL	468,718	(93,744)	374,974	61,277	(12,255)	49,022
	918,426	(183,685)	734,741	1,013,565	(202,713)	810,852
	868,544	(173,710)	694,834	1,070,687	(214,137)	856,550

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(c) Reconciliation of effective tax rate

	2020 VND million	2019 VND million
Accounting profit before tax	15,605,943	13,877,253
Tax at Techcombank's tax rate	3,121,189	2,775,451
Tax exempt income	(838)	(843)
Non-deductible expense	99,063	112,109
Adjustment to increase taxable income	(211)	-
Over tax provision in prior years	(7,501)	(18,755)
	3,211,702	2,867,962

The statutory income tax rate applied to Techcombank is 20% of taxable income. The corporate income tax computation is subject to review and approved by local Tax authorities.

(d) Movements in deferred tax balances

Deferred tax assets and liabilities as at 31 December 2020:

	Assets VND million	Liabilities VND million	Net VND million
The Bank			
Cash and cash equivalents	1,314	-	1,314
Due from other CIs	4,342	-	4,342
Derivative financial instruments	-	(263,252)	(263,252)
Financial assets at FVTPL	12,884	-	12,884
Debt instruments at FVOCI	-	(408,812)	(408,812)
Equity instruments at FVOCI	-	(1,963)	(1,963)
Loans and advances to customers at amortised cost	41,878	-	41,878
Debt instruments at amortised cost	11,035	-	11,035
Other assets	(361)	-	(361)
Off-balance sheet commitments	140,460	-	140,460
	211,552	(674,027)	(462,475)
Subsidiaries			
Financial assets at FVTPL	-	(101)	(101)
Debt instruments at FVOCI	-	(3,646)	(3,646)
	-	(3,747)	(3,747)
Net tax assets/(liabilities)	211,552	(677,774)	(466,222)

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Deferred tax assets and liabilities as at 31 December 2019:

	Assets VND million	Liabilities VND million	Net VND million
The Bank			
Cash and cash equivalents	1,117	-	1,117
Due from other CIs	1,133	-	1,133
Derivative financial instruments	-	(147,195)	(147,195)
Financial assets at FVTPL	398	-	398
Debt instruments at FVOCI	-	(291,879)	(291,879)
Equity instruments at FVOCI	-	(1,340)	(1,340)
Loans and advances to customers at amortised cost	-	(11,728)	(11,728)
Debt instruments at amortised cost	23,963	-	23,963
Other assets	76,300	-	76,300
Off-balance sheet commitments	64,013	-	64,013
	166,924	(452,142)	(285,218)
Subsidiaries			
Cash and cash equivalents	12	-	12
Due from other CIs	7	-	7
Financial assets at FVTPL	-	(48)	(48)
Debt instruments at FVOCI	-	(2,793)	(2,793)
Equity instruments at FVOCI	-	(10,599)	(10,599)
	19	(13,440)	(13,421)
Net tax assets/(liabilities)	166,943	(465,582)	(298,639)

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Movements of tax on temporary differences during the year ended 31 December 2020:

	Balance at the beginning of the year VND million	Recognised in profit or loss VND million	Recognised in OCI VND million	Balance at the end of the year VND million
The Bank				
Cash and cash equivalents	1,117	197	-	1,314
Due from other CIs	1,133	3,209	-	4,342
Derivative financial instruments	(147,195)	(116,057)	-	(263,252)
Financial assets at FVTPL	398	12,486	-	12,884
Debt instruments at FVOCI	(291,879)	66,752	(183,685)	(408,812)
Equity instruments at FVOCI	(1,340)	1	(624)	(1,963)
Loans and advances to customers at amortised cost	(11,728)	53,606	-	41,878
Debt instruments at amortised cost	23,963	(12,928)	-	11,035
Other assets	76,300	(76,661)	-	(361)
Off-balance sheet commitments	64,013	76,447	-	140,460
	(285,218)	7,052	(184,309)	(462,475)
Subsidiaries				
Cash and cash equivalents	12	(12)	-	-
Due from other CIs	7	(7)	-	-
Financial assets at FVTPL	(48)	(53)	-	(101)
Debt instruments at FVOCI	(2,793)	(853)	-	(3,646)
Equity instruments at FVOCI	(10,599)	-	10,599	-
	(13,421)	(925)	10,599	(3,747)
	(298,639)	6,127	(173,710)	(466,222)

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Movements of tax on temporary differences during the year ended 31 December 2019:

	Balance at the beginning of the year VND million	Recognised in profit or loss VND million	Recognised in OCI VND million	Balance at the end of the year VND million
The Bank				
Cash and cash equivalents	1,511	(394)	-	1,117
Due from other CIs	958	175	-	1,133
Derivative financial instruments	17,982	(165,177)	-	(147,195)
Financial assets at FVTPL	(32,929)	33,327	-	398
Debt instruments at FVOCI	(16,581)	(74,395)	(200,903)	(291,879)
Equity instruments at FVOCI	(515)	-	(825)	(1,340)
Loans and advances to customers at amortised cost	126,964	(138,692)	-	(11,728)
Debt instruments at amortised cost	(29,043)	53,006	-	23,963
Other assets	18,282	58,018	-	76,300
Off-balance sheet commitments	81,745	(17,732)	-	64,013
	168,374	(251,864)	(201,728)	(285,218)
Subsidiaries				
Cash and cash equivalents	5	7	-	12
Due from other CIs	3	4	-	7
Financial assets at FVTPL	-	(48)	-	(48)
Debt instruments at FVOCI	3,019	(4,002)	(1,810)	(2,793)
Equity instruments at FVOCI	-	-	(10,599)	(10,599)
	3,027	(4,039)	(12,409)	(13,421)
	171,401	(255,903)	(214,137)	(298,639)

13. Earnings per share

(a) Profit attributable to ordinary shareholders

	2020 VND million	2019 VND million
Profit after tax attributable to shareholders holding ordinary shares of the Bank for calculating basic earnings per share	12,136,443	10,858,285

(b) Weighted-average number of ordinary shares

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

(c) Earnings per share

	2020	2019
Basic earnings per share (VND/share)	3,467	3,104



14. Cash and cash equivalents

	31 December 2020 VND million	31 December 2019 VND million
Cash and gold	3,663,615	4,820,627
Balances with the SBV	10,253,324	3,192,256
Financial assets with original maturities of three months or less from the date of acquisition	21,694,156	38,534,202
<i>Debt instruments at FVTPL</i>	782,391	-
<i>Debt instruments at FVOCI</i>	-	10,787
<i>Due from other CIs</i>	20,911,765	38,523,415
	<hr/>	<hr/>
Allowance for ECL (i)	35,611,095 (6,572)	46,547,085 (5,645)
	<hr/>	<hr/>
	35,604,523	46,541,440
	<hr/>	<hr/>

The table below shows the credit quality and maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2).

	31 December 2020 Stage 1 Collective VND million	31 December 2019 Stage 1 Collective VND million
Performing		
Group A rating	20,226,831	33,531,139
Group B rating	684,934	5,003,063
	<hr/>	<hr/>
	20,911,765	38,534,202
	<hr/>	<hr/>

An analysis of changes in the gross carrying amount is as follows:

	2020 Stage 1 Collective VND million	2019 Stage 1 Collective VND million
Gross carrying amount		
As at 1 January	38,534,202	24,108,498
New assets originated or purchased	20,911,765	38,534,202
Assets derecognised or repaid (excluding write-offs)	(38,534,202)	(24,108,498)
	<hr/>	<hr/>
As at 31 December	20,911,765	38,534,202
	<hr/>	<hr/>

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

- (i) An analysis of changes in the corresponding ECL allowances for financial assets with original maturities of three months or less from the date of acquisition (except debt instruments at FVTPL) is as follows:

	2020 Stage 1 Collective VND million	2019 Stage 1 Collective VND million
ECL allowances		
As at 1 January	5,645	7,580
Allowance made/(reversed) during year (Note 33(b)(vii))	927	(1,935)
<i>New assets originated or purchased</i>	6,572	5,645
<i>Assets derecognised or repaid (excluding write-offs)</i>	(5,645)	(7,580)
As at 31 December	6,572	5,645

15. Due from other CIs

	31 December 2020 VND million	31 December 2019 VND million
Due from other CIs	8,120,684	9,582,047
<i>Balances with other CIs with original terms of over three months</i>	211,185	95,989
<i>Loans to other CIs</i>	7,909,499	9,486,058
Allowance for ECL	(21,775)	(5,701)
	8,098,909	9,576,346

The table below shows the credit quality and maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2).

	31 December 2020 Stage 1 Collective VND million	31 December 2019 Stage 1 Collective VND million
Performing		
Group A rating	4,264,405	3,573,102
Group B rating	3,856,279	6,008,945
	8,120,684	9,582,047

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

An analysis of changes in the gross carrying amount is as follows:

	2020 Stage 1 Collective VND million	2019 Stage 1 Collective VND million
Gross carrying amount		
As at 1 January	9,582,047	11,676,732
New assets originated or purchased	8,120,684	9,582,047
Assets derecognised or repaid (excluding write-offs)	(9,582,047)	(11,676,732)
	<hr/>	<hr/>
As at 31 December	8,120,684	9,582,047
	<hr/>	<hr/>

An analysis of changes in the corresponding ECL allowances is as follows:

	2020 Stage 1 Collective VND million	2019 Stage 1 Collective VND million
ECL allowances		
As at 1 January	5,701	4,809
Allowance made during year (Note 33(b)(vii))	16,074	892
<i>New assets originated or purchased</i>	21,775	5,701
<i>Assets derecognised or repaid (excluding write-offs)</i>	(5,701)	(4,809)
	<hr/>	<hr/>
As at 31 December	21,775	5,701
	<hr/>	<hr/>

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16. Derivative financial instruments

	As at 31 December 2020		
	Assets VND million	Liabilities VND million	Nominal value VND million
Foreign exchange contracts	433,959	(748,228)	170,624,846
<i>Forward contracts</i>	160,108	(171,249)	79,566,587
<i>Swap contracts</i>	273,851	(576,979)	91,058,259
Cross currency swap and interest rate swap contracts	2,298,552	(869,001)	59,736,465
	<u>2,732,511</u>	<u>(1,617,229)</u>	<u>230,361,311</u>

	As at 31 December 2019		
	Assets VND million	Liabilities VND million	Nominal value VND million
Foreign exchange contracts	242,475	(375,893)	144,536,851
<i>Forward contracts</i>	60,859	(74,515)	33,248,703
<i>Swap contracts</i>	181,616	(301,378)	111,288,148
Cross currency swap and interest rate swap contracts	828,287	(194,792)	50,662,360
	<u>1,070,762</u>	<u>(570,685)</u>	<u>195,199,211</u>

17. Financial assets at FVTPL

	31 December 2020 VND million	31 December 2019 VND million
Debt instruments at FVTPL	7,874,612	10,521,495
- Government bonds	4,244,193	6,969,366
- Bonds issued by local CIs	3,630,419	3,552,129
<i>In which: Bonds with settlement guaranteed by the Government</i>	128,671	185,885
Equity instruments at FVTPL	6,018	5,750
Loans and advances to customers at FVTPL	1,732,388	1,945,766
	<u>9,613,018</u>	<u>12,473,011</u>

18. Financial asset other than those measured at FVTPL

(a) Debt instruments at FVOCI

	31 December 2020 VND million	31 December 2019 VND million
Government bonds	15,270,110	12,313,859
Bonds issued by local CIs	21,259,149	21,560,132
<i>In which: Bonds with settlement guaranteed by the Government</i>	<i>10,311,578</i>	<i>13,095,854</i>
Bonds issued by local economic entities	47,420,275	30,759,493
Total debt instruments at FVOCI	83,949,534	64,633,484

The table below shows the fair value of Techcombank's debt instruments measured at FVOCI by credit risk as at 31 December 2020, based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2) and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 33(b)(iv)(6).

	31 December 2020		
	Stage 1 Collective VND million	Stage 2 Collective VND million	Total VND million
Performing			
Group A rating	65,454,764	-	65,454,764
Group B rating	17,471,542	-	17,471,542
Group C rating	617,243	405,985	1,023,228
	83,543,549	405,985	83,949,534

	31 December 2019		
	Stage 1 Collective VND million	Stage 2 Collective VND million	Total VND million
Performing			
Group A rating	57,199,258	-	57,199,258
Group B rating	7,434,226	-	7,434,226
	64,633,484	-	64,633,484

Vietnam Technological and Commercial Joint Stock Bank

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

An analysis of changes in the fair value is as follows:

	2020		2019			
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	Collective	Collective	VND million	Collective	Collective	VND million
	VND million	VND million		VND million	VND million	VND million
Fair value						
As at 1 January	64,633,484	-	64,633,484	64,362,440	-	64,362,440
New assets originated or purchased	62,219,174	-	62,219,174	53,838,225	-	53,838,225
Assets derecognised or repaid (excluding write-offs)	(44,348,722)	-	(44,348,722)	(55,184,104)	-	(55,184,104)
Change in fair value	1,445,598	-	1,445,598	1,616,923	-	1,616,923
<i>Recognised to OCI</i>	495,558	-	495,558	1,206,080	-	1,206,080
<i>Recognised to profit or loss</i>	950,040	-	950,040	410,843	-	410,843
Transfer to Stage 2	(405,985)	405,985	-	-	-	-
As at 31 December	83,543,549	405,985	83,949,534	64,633,484	-	64,633,484

An analysis of changes in the corresponding ECL allowances is as follows:

	2020		2019			
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	Collective	Collective	VND million	Collective	Collective	VND million
	VND million	VND million		VND million	VND million	VND million
ECL allowances						
As at 1 January	72,716	-	72,716	187,268	-	187,268
Allowance made/(reversed) (Note 33(b)(vii))	411,142	11,726	422,868	(114,552)	-	(114,552)
<i>New assets originated or purchased</i>	267,573	-	267,573	76,381	-	76,381
<i>Assets derecognised or repaid (excluding write-offs)</i>	(45,850)	-	(45,850)	(175,829)	-	(175,829)
<i>Transfer to Stage 2</i>	(525)	525	-	-	-	-
<i>Impact on ECL of exposures transferred between stages during the year</i>	-	11,201	11,201	-	-	-
<i>Changes to inputs used for ECL calculations</i>	189,944	-	189,944	(15,104)	-	(15,104)
As at 31 December	483,858	11,726	495,584	72,716	-	72,716

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(b) Equity instruments at FVOCI

	31 December 2020 VND million	31 December 2019 VND million
Equity instruments at FVOCI (*)	472,058	721,933

(*) These include equity securities of local CIs and local economic entities which Techcombank has no intention to dispose as at 31 December 2020.

(c) Debt instruments at amortised cost

	31 December 2020 VND million	31 December 2019 VND million
Government bonds	3,140,434	3,391,261
Bonds issued by local economic entities	331,559	327,145
<i>In which: Bonds with settlement guaranteed by the Government</i>	<i>132,304</i>	<i>125,167</i>
Allowance for ECL	(55,763)	(183,358)
Total debt instruments at amortised cost	3,416,230	3,535,048

The table below shows the credit quality and maximum exposure to credit risk as at 31 December 2020 based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2).

As at 31 December 2020	Stage 1 Collective VND million	Stage 2 Individual VND million	Stage 3 Individual VND million	Total VND million
Performing				
Group B rating	-	3,272,738	-	3,272,738
Group C rating	199,255	-	-	199,255
	199,255	3,272,738	-	3,471,993
As at 31 December 2019				
Performing				
Group A rating	201,978	-	-	201,978
Group D rating	-	-	3,516,428	3,516,428
	201,978	-	3,516,428	3,718,406

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

An analysis of changes in the gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 2 Individual VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount				
As at 1 January	201,978	-	3,516,428	3,718,406
New assets originated or purchased	20,893	-	7,147	28,040
Assets derecognised or repaid (excluding write-offs)	(23,616)	-	(250,837)	(274,453)
Transfer to stage 2	-	3,272,738	(3,272,738)	-
As at 31 December	199,255	3,272,738	-	3,471,993
2019	Stage 1 Collective VND million	Stage 2 Individual VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount				
As at 1 January	20,508,370	-	3,971,173	24,479,543
New assets originated or purchased	223,978	-	7,138	231,116
Assets derecognised or repaid (excluding write-offs)	(20,530,370)	-	(461,883)	(20,992,253)
As at 31 December	201,978	-	3,516,428	3,718,406

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 2 Individual VND million	Stage 3 Individual VND million	Total VND million
ECL allowances				
As at 1 January	470	-	182,888	183,358
Allowance made/(reversed) (Note 33(b)(vii))	4,898	50,395	(182,888)	(127,595)
<i>New assets originated or purchased</i>	49	-	1,116	1,165
<i>Assets derecognised or repaid (excluding write-offs)</i>	(50)	-	(22,243)	(22,293)
<i>Transfer to stage 2 Individual assessment</i>	-	161,761	(161,761)	-
<i>Impact on ECL of exposures transferred between stages during the year</i>	-	(111,366)	-	(111,366)
<i>Changes to inputs used for ECL calculations</i>	4,899	-	-	4,899
As at 31 December	5,368	50,395	-	55,763
2019				
	Stage 1 Collective VND million	Stage 2 Individual VND million	Stage 3 Individual VND million	Total VND million
ECL allowances				
As at 1 January	43,880	-	237,916	281,796
Allowance reversed (Note 33(b)(vii))	(43,410)	-	(55,028)	(98,438)
<i>New assets originated or purchased</i>	470	-	34,994	35,464
<i>Assets derecognised or repaid (excluding write-offs)</i>	(43,880)	-	(81,001)	(124,881)
<i>Changes to inputs used for ECL calculations</i>	-	-	(9,021)	(9,021)
As at 31 December	470	-	182,888	183,358

19. Loans and advances to customers at amortised cost

	31 December 2020 VND million	31 December 2019 VND million
Non-retail	178,771,555	133,846,043
Retail	110,381,437	104,924,662
	<hr/>	<hr/>
Allowances for ECL	289,152,992 (2,796,945)	238,770,705 (3,284,457)
	<hr/>	<hr/>
	286,356,047	235,486,248
	<hr/>	<hr/>

Allowances for ECL on loans and advances to customers at amortised cost comprises of:

	As at 31 December 2020		
	Collective VND million	Individual VND million	Total VND million
Non-retail	1,713,141	11,642	1,724,783
Retail	975,278	96,884	1,072,162
	<hr/>	<hr/>	<hr/>
	2,688,419	108,526	2,796,945
	<hr/>	<hr/>	<hr/>

	As at 31 December 2019		
	Collective VND million	Individual VND million	Total VND million
Non-retail	585,222	977,228	1,562,450
Retail	1,159,372	562,635	1,722,007
	<hr/>	<hr/>	<hr/>
	1,744,594	1,539,863	3,284,457
	<hr/>	<hr/>	<hr/>

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

(a) Loans and advances to non-retail customers

The table below shows the credit quality and maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of allowances for expected credit losses. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2) and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 33(b)(iv)(6).

As at 31 December 2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
Performing	174,211,291	-	4,453,844	-	-	-	178,665,135
<i>Group A rating</i>	95,737,178	-	867,593	-	-	-	96,604,771
<i>Group B rating</i>	65,401,664	-	1,073,030	-	-	-	66,474,694
<i>Group C rating</i>	10,612,358	-	1,830,373	-	-	-	12,442,731
<i>Group D rating</i>	2,460,091	-	682,848	-	-	-	3,142,939
Non-performing	-	-	-	18,445	86,293	1,682	106,420
<i>Group E rating</i>	-	-	-	18,445	86,293	1,682	106,420
	174,211,291	-	4,453,844	18,445	86,293	1,682	178,771,555

As at 31 December 2019	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
Performing	110,918,719	16,014,945	5,759,298	3,251	12,864	-	132,709,077
<i>Group A rating</i>	65,405,031	7,541,559	148,488	51	-	-	73,095,129
<i>Group B rating</i>	43,145,695	8,473,386	4,095,410	302	-	-	55,714,793
<i>Group C rating</i>	2,078,966	-	257,434	-	-	-	2,336,400
<i>Group D rating</i>	289,027	-	1,257,966	2,898	12,864	-	1,562,755
Non-performing	-	-	-	59,845	1,075,439	1,682	1,136,966
<i>Group E rating</i>	-	-	-	59,845	1,075,439	1,682	1,136,966
	110,918,719	16,014,945	5,759,298	63,096	1,088,303	1,682	133,846,043

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
Gross carrying amount							
As at 1 January 2020	110,918,719	16,014,945	5,759,298	63,096	1,088,303	1,682	133,846,043
New assets originated or purchased	145,526,211	933,116	140,961	109,861	12,659	-	146,722,808
Assets derecognised or repaid (excluding write-offs)	(87,514,823)	(8,311,564)	(3,872,202)	(13,909)	(123,219)	-	(99,835,717)
Transfer to stage 3 - individually impaired	(33,042)	-	-	-	33,042	-	-
Transfer to stage 1 - collective	8,745,477	(8,636,497)	(108,980)	-	-	-	-
Transfer to stage 2 - collective	(3,397,423)	-	3,397,597	(174)	-	-	-
Transfer to stage 3 - collective	(121)	-	(223)	865	(521)	-	-
Amounts written off	(30,444)	-	(862,607)	(141,294)	(923,971)	-	(1,958,316)
Foreign exchange adjustments	(3,263)	-	-	-	-	-	(3,263)
As at 31 December 2020	174,211,291	-	4,453,844	18,445	86,293	1,682	178,771,555

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2019	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
Gross carrying amount								
As at 1 January 2019	74,013,337	-	12,706,705	5,709,182	264,381	1,124,326	1,682	93,819,613
New assets originated or purchased	103,673,781	15,293,484	3,312,321	76,580	18,029	14,342	-	122,388,537
Assets derecognised or repaid (excluding write-offs)	(65,859,704)	(70,000)	(11,131,979)	(5,087,119)	(111,771)	(94,969)	-	(82,355,542)
Transfer to stage 1 - individually impaired	(791,461)	791,461	-	-	-	-	-	-
Transfer to stage 3 - individually impaired	(20,318)	-	(15,611)	-	(15,200)	51,129	-	-
Transfer to stage 1 - collective	501,692	-	(499,669)	-	(2,023)	-	-	-
Transfer to stage 2 - collective	(592,278)	-	1,391,335	(698,643)	(100,414)	-	-	-
Transfer to stage 3 - collective	(6,046)	-	(3,797)	-	16,064	(6,221)	-	-
Amounts written off	-	-	-	-	(5,968)	-	-	(5,968)
Foreign exchange adjustments	(284)	-	(7)	-	(2)	(304)	-	(597)
As at 31 December 2019	110,918,719	16,014,945	5,759,298	-	63,096	1,088,303	1,682	133,846,043

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
ECL allowances							
As at 1 January 2020	215,839	45,981	334,669	33,032	931,247	1,682	1,562,450
Allowance made/(reversed) (Note 33(b)(vii))	1,284,818	(45,981)	762,505	114,941	4,366	-	2,120,649
<i>New assets originated or purchased</i>	<i>1,203,905</i>	<i>4,303</i>	<i>14,248</i>	<i>107,995</i>	<i>156</i>	-	<i>1,330,607</i>
<i>Assets derecognised or repaid (excluding write-offs)</i>	<i>(151,593)</i>	<i>(9,892)</i>	<i>(51,752)</i>	<i>(2,750)</i>	<i>(5,653)</i>	-	<i>(221,640)</i>
<i>Transfer to stage 3 - individually impaired</i>	<i>(261)</i>	-	-	-	<i>261</i>	-	-
<i>Transfer to stage 1 - collective</i>	<i>44,151</i>	<i>(40,392)</i>	<i>(3,759)</i>	-	-	-	-
<i>Transfer to stage 2 - collective</i>	<i>(8,361)</i>	-	<i>8,422</i>	<i>(61)</i>	-	-	-
<i>Transfer to stage 3 - collective</i>	<i>(2)</i>	-	<i>(7)</i>	<i>201</i>	<i>(192)</i>	-	-
<i>Impact on ECL of exposures transferred between stages during the year</i>	<i>(1,954)</i>	-	<i>116,885</i>	<i>57</i>	<i>3,957</i>	-	<i>118,945</i>
<i>Changes to inputs used for ECL calculations</i>	<i>168,739</i>	-	<i>(4,565)</i>	<i>937</i>	<i>(3,666)</i>	-	<i>161,445</i>
<i>Allowance made for written offs</i>	<i>30,198</i>	-	<i>683,033</i>	<i>8,562</i>	<i>9,503</i>	-	<i>731,296</i>
<i>Foreign exchange adjustments</i>	<i>(4)</i>	-	-	-	-	-	<i>(4)</i>
Utilisation of ECL allowance in the year	(30,444)	-	(862,607)	(141,294)	(923,971)	-	(1,958,316)
As at 31 December 2020	1,470,213	-	234,567	6,679	11,642	1,682	1,724,783

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2019	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	POCI VND million	Total VND million
ECL allowances								
As at 1 January 2019	313,402	-	1,037,918	346,283	130,454	393,598	1,682	2,223,337
Allowance made/(reversed) in the year (Note 33(b)(vii))	(97,563)	45,981	(703,249)	(346,283)	(91,454)	537,649	-	(654,919)
<i>New assets originated or purchased</i>	193,260	44,127	36,035	149	13,130	5,296	-	291,997
<i>Assets derecognised or repaid (excluding write-offs)</i>	(247,137)	-	(964,725)	(344,046)	(54,896)	(36,141)	-	(1,646,945)
<i>Transfer to stage 1 - individually impaired</i>	(2,106)	2,106	-	-	-	-	-	-
<i>Transfer to stage 3 - individually impaired</i>	(218)	-	(7,549)	-	(9,847)	17,614	-	-
<i>Transfer to stage 1 - collective</i>	15,012	-	(13,571)	-	(1,441)	-	-	-
<i>Transfer to stage 2 - collective</i>	(2,788)	-	49,687	(2,386)	(44,513)	-	-	-
<i>Transfer to stage 3 - collective</i>	(87)	-	(92)	-	1,493	(1,314)	-	-
<i>Impact on ECL of exposures transferred between stages during the year</i>	(14,009)	-	(4,476)	-	3,368	10,037	-	(5,080)
<i>Changes to inputs used for ECL calculations</i>	(39,490)	(252)	201,442	-	1,254	542,334	-	705,288
<i>Foreign exchange adjustments</i>	-	-	-	-	(2)	(177)	-	(179)
Utilization of ECL allowance in the year	-	-	-	-	(5,968)	-	-	(5,968)
As at 31 December 2019	215,839	45,981	334,669	-	33,032	931,247	1,682	1,562,450



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(b) Loans and advances to retail customers

As at 31 December 2020	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	107,624,328	1,543,434	205	-	109,167,967
<i>Group A rating</i>	74,689,012	10,851	-	-	74,699,863
<i>Group B rating</i>	29,171,876	450,689	133	-	29,622,698
<i>Group C rating</i>	3,531,133	732,756	17	-	4,263,906
<i>Group D rating</i>	232,307	349,138	55	-	581,500
Non-performing	-	-	674,304	539,166	1,213,470
<i>Group E rating</i>	-	-	674,304	539,166	1,213,470
	107,624,328	1,543,434	674,509	539,166	110,381,437
As at 31 December 2019					
	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	100,732,294	2,295,039	135	-	103,027,468
<i>Group A rating</i>	69,736,628	26,807	-	-	69,763,435
<i>Group B rating</i>	27,159,747	694,299	24	-	27,854,070
<i>Group C rating</i>	3,582,969	1,223,990	20	-	4,806,979
<i>Group D rating</i>	252,950	349,943	91	-	602,984
Non-performing	-	-	1,073,780	823,414	1,897,194
<i>Group E rating</i>	-	-	1,073,780	823,414	1,897,194
	100,732,294	2,295,039	1,073,915	823,414	104,924,662

Vietnam Technological and Commercial Joint Stock Bank

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

An analysis of changes in the gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount					
As at 1 January 2020	100,732,294	2,295,039	1,073,915	823,414	104,924,662
New assets originated or purchased	63,604,051	191,193	164,699	25,936	63,985,879
Assets derecognised or repaid (excluding write-offs)	(55,667,230)	(1,066,619)	(248,457)	(141,544)	(57,123,850)
Transfer to stage 3 - individually impaired	(360,904)	(108,996)	-	469,900	-
Transfer to stage 1 - collective	705,368	(687,536)	(16,744)	(1,088)	-
Transfer to stage 2 - collective	(1,048,139)	1,064,453	(10,460)	(5,854)	-
Transfer to stage 3 - collective	(335,945)	(110,343)	447,802	(1,514)	-
Amounts written off	(5,167)	(33,757)	(736,246)	(630,084)	(1,405,254)
As at 31 December 2020	107,624,328	1,543,434	674,509	539,166	110,381,437
2019					
	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount					
As at 1 January 2019	66,545,917	3,684,552	1,413,725	787,447	72,431,641
New assets originated or purchased	73,282,521	634,090	151,925	22,421	74,090,957
Assets derecognised or repaid (excluding write-offs)	(38,977,487)	(1,808,817)	(528,822)	(155,963)	(41,471,089)
Transfer to stage 3 - individually impaired	(74,308)	(114,248)	(9,650)	198,206	-
Transfer to stage 1 - collective	1,254,536	(1,194,694)	(49,687)	(10,155)	-
Transfer to stage 2 - collective	(1,260,181)	1,278,244	(17,210)	(853)	-
Transfer to stage 3 - collective	(161,130)	(165,794)	343,177	(16,253)	-
Amounts written off	(1,634)	(18,294)	(229,543)	(1,436)	(250,907)
Reclassification from other assets	124,060	-	-	-	124,060
As at 31 December 2019	100,732,294	2,295,039	1,073,915	823,414	104,924,662

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances					
As at 1 January 2020	559,280	136,353	463,739	562,635	1,722,007
Allowance made/(reversed) (Note 33(b)(vii))	20,521	(33,328)	603,883	164,333	755,409
<i>New assets originated or purchased</i>	372,763	16,361	56,850	2,315	448,289
<i>Assets derecognised or repaid (excluding write-offs)</i>	(269,334)	(55,527)	(50,667)	(43,004)	(418,532)
<i>Transfer to stage 3 - individually impaired</i>	(5,436)	(6,296)	-	11,732	-
<i>Transfer to stage 1 - collective</i>	46,948	(39,270)	(6,774)	(904)	-
<i>Transfer to stage 2 - collective</i>	(8,555)	14,353	(4,072)	(1,726)	-
<i>Transfer to stage 3 - collective</i>	(11,601)	(12,919)	25,065	(545)	-
<i>Impact on ECL of exposures transferred between stages in this year</i>	(40,010)	31,769	213,840	64,415	270,014
<i>Changes to inputs used for ECL calculations</i>	(71,599)	(7,348)	1,734	(3,429)	(80,642)
<i>Allowance made for written offs</i>	7,345	25,549	367,907	135,479	536,280
Utilisation of ECL allowance in the year	(5,167)	(33,757)	(736,246)	(630,084)	(1,405,254)
As at 31 December 2020	574,634	69,268	331,376	96,884	1,072,162

Vietnam Technological and Commercial Joint Stock Bank

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

2019	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances					
As at 1 January 2019	289,846	171,980	551,520	88,504	1,101,850
Allowance made/(reversed) (Note 33(b)(vii))	271,041	(17,333)	141,762	475,567	871,037
<i>New assets originated or purchased</i>	370,257	45,559	146,027	3,313	565,156
<i>Assets derecognised or repaid (excluding write-offs)</i>	(125,654)	(68,760)	(162,530)	(18,484)	(375,428)
<i>Transfer to stage 3 - individually impaired</i>	(233)	(9,244)	(1,887)	11,364	-
<i>Transfer to stage 1 - collective</i>	63,260	(48,553)	(14,054)	(653)	-
<i>Transfer to stage 2 - collective</i>	(7,735)	14,294	(6,549)	(10)	-
<i>Transfer to stage 3 - collective</i>	(6,041)	(21,764)	33,557	(5,752)	-
<i>Impact on ECL of exposures transferred between stages in this year</i>	(47,498)	61,783	112,177	69,721	196,183
<i>Changes to inputs used for ECL calculations</i>	24,685	9,352	35,021	416,068	485,126
Reclassification from other assets	27	-	-	-	27
Utilisation of ECL allowances in the year	(1,634)	(18,294)	(229,543)	(1,436)	(250,907)
As at 31 December 2019	559,280	136,353	463,739	562,635	1,722,007

20. Property and equipment and right-of-use assets

	31 December 2020 VND million	31 December 2019 VND million (Reclassified)
Property and equipment (a)	5,217,644	4,018,060
Right-of-use assets (Note 32)	1,547,128	1,092,297
Construction in progress	2,408,608	2,454,516
	9,173,380	7,564,873

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

(a) Property and equipment

Year ended 31 December 2020

	Buildings and improvements VND million	Machines and equipment VND million	Means of transportation VND million	Land use rights VND million	Others VND million	Total VND million
Cost						
As at 1 January 2020	1,668,395	1,316,879	210,219	2,064,499	1,674	5,261,666
Additions	41,654	801,305	80,481	557,955	-	1,481,395
Disposals	(13,322)	(231,980)	(22,941)		(316)	(268,559)
As at 31 December 2020	1,696,727	1,886,204	267,759	2,622,454	1,358	6,474,502
Accumulated depreciation						
As at 1 January 2020	308,322	831,559	102,003	447	1,275	1,243,606
Charge for the year	40,614	204,088	23,321	29	32	268,084
Disposals	(1,525)	(231,745)	(21,246)	-	(316)	(254,832)
As at 31 December 2020	347,411	803,902	104,078	476	991	1,256,858
Net book value						
As at 1 January 2020	1,360,073	485,320	108,216	2,064,052	399	4,018,060
As at 31 December 2020	1,349,316	1,082,302	163,681	2,621,978	367	5,217,644

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

Year ended 31 December 2019

	Buildings and improvements VND million	Machines and equipment VND million	Means of transportation VND million	Land use rights VND million	Others VND million	Total VND million
Cost						
As at 1 January 2019	1,887,102	1,217,801	164,463	647,826	1,605	3,918,797
Additions	121,837	277,102	65,722	1,424,817	325	1,889,803
Disposals	(15,098)	(177,784)	(19,966)	(8,144)	(256)	(221,248)
Others	(325,446)	(240)	-	-	-	(325,686)
As at 31 December 2019	1,668,395	1,316,879	210,219	2,064,499	1,674	5,261,666
Accumulated depreciation						
As at 1 January 2019	276,481	906,264	102,489	30,567	1,397	1,317,198
Charge for the year	41,162	102,639	18,507	29	131	162,468
Disposals	(2,757)	(177,418)	(18,912)	-	(256)	(199,343)
Others	(6,564)	74	(81)	(30,149)	3	(36,717)
As at 31 December 2019	308,322	831,559	102,003	447	1,275	1,243,606
Net book value						
As at 1 January 2019	1,610,621	311,537	61,974	617,259	208	2,601,599
As at 31 December 2019	1,360,073	485,320	108,216	2,064,052	399	4,018,060



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

21. Intangible assets

	31 December 2020 VND million	31 December 2019 VND million (Reclassified)
Computer software and other intangible assets (a)	520,503	350,241
Construction in progress	482,452	338,156
	1,002,955	688,397

(a) Computer software and other intangible assets

Year ended 31 December 2020

	Computer software VND million	Others VND million	Total VND million
Cost			
As at 1 January 2020	1,016,803	4,846	1,021,649
Additions	288,941	-	288,941
Disposals	(9,546)	(295)	(9,841)
As at 31 December 2020	1,296,198	4,551	1,300,749
Accumulated amortisation			
As at 1 January 2020	668,932	2,476	671,408
Charge for the year	118,617	62	118,679
Disposals	(9,546)	(295)	(9,841)
As at 31 December 2020	778,003	2,243	780,246
Net book value			
As at 1 January 2020	347,871	2,370	350,241
As at 31 December 2020	518,195	2,308	520,503

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Year ended 31 December 2019

	Computer software VND million	Others VND million	Total VND million
Cost			
As at 1 January 2019	887,850	4,361	892,211
Additions	128,922	485	129,407
Others	31	-	31
As at 31 December 2019	1,016,803	4,846	1,021,649
Accumulated amortisation			
As at 1 January 2019	576,469	2,421	578,890
Charge for the year	92,463	55	92,518
As at 31 December 2019	668,932	2,476	671,408
Net book value			
As at 1 January 2019	311,381	1,940	313,321
As at 31 December 2019	347,871	2,370	350,241

22. Other assets

	31 December 2020 VND million	31 December 2019 VND million
Financial assets		
Deposits for office rent	115,162	101,714
Deposits for gold, commodity and foreign currencies trading in futures markets	92,078	44,763
Receivables from loan sold contracts	449,939	567,348
Other financial assets	562,491	572,526
	1,219,670	1,286,351
Non-financial assets		
Deposits for purchases of offices	377,397	377,397
Prepayment to suppliers	250,120	117,826
Receivables related to Interest Subsidy Program	20,006	20,006
Materials	19,415	12,916
Prepaid expenses	1,246,616	571,775
Other non-financial assets	860,099	1,119,948
	2,773,653	2,219,868
Allowances for ECL (i)	3,993,323 (111,847)	3,506,219 (444,809)
	3,881,476	3,061,410

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(i) Allowances for ECL of other financial assets include:

	31 December 2020 VND million	31 December 2019 VND million
Receivables from loan sold contracts	15,686	354,141
Other financial assets	96,161	90,668
	111,847	444,809

An analysis of changes in allowances for ECL on other financial assets during the year is as follows:

2020	Stage 1 Collective VND million	Stage 3 Individual VND million	Total VND million
Balance as at 1 January	2,345	442,464	444,809
Allowances made/(reversed) for other financial assets (Note 33(b)(vii))	5,493	(338,455)	(332,962)
Balance as at 31 December	7,838	104,009	111,847

2019	Stage 1 Collective VND million	Stage 3 Individual VND million	Total VND million
Balance as at 1 January	4,871	39,650	44,521
Allowances (reversed)/made for other financial assets (Note 33(b)(vii))	(2,429)	402,814	400,385
Utilisation of allowances	(70)	-	(70)
Reclassification to allowance for loans to customers	(27)	-	(27)
Balance as at 31 December	2,345	442,464	444,809

23. Due to other CIs

	31 December 2020 VND million	31 December 2019 VND million
Demand deposits	882,329	6,416,010
Term deposits	20,354,200	32,244,128
Borrowings	25,719,090	21,909,856
	46,955,619	60,569,994

24. Deposits from customers

	31 December 2020 VND million	31 December 2019 VND million
Retail customers		
Term deposits	121,283,545	123,076,855
Current accounts	76,087,537	46,022,581
Margin deposits	1,728	2,022
	197,372,810	169,101,458
Corporate customers		
Term deposits	30,302,783	30,867,994
Current accounts	46,884,952	30,030,815
Margin deposits	5,064,210	3,660,198
	82,251,945	64,559,007
	279,624,755	233,660,465

25. Other borrowed funds

	31 December 2020 VND million	31 December 2019 VND million
Other borrowed funds in VND		
International credit project with Japan Bank for International Cooperation	-	48,769
Joint Stock Commercial Bank for Investment and Development of Vietnam	601,083	771,889
	601,083	820,658

26. Debt instruments issued

	31 December 2020 VND million	31 December 2019 VND million
Bonds		
From 1 year to 5 years	8,965,153	10,766,253
Over 5 years	700,449	859,640
	9,665,602	11,625,893
Certificates of deposits		
From 1 year to 5 years	18,694,693	6,026,166
	28,360,295	17,652,059

27. Current tax liabilities

	31 December 2020 VND million	31 December 2019 VND million
Value added tax	27,407	24,327
Corporate income tax	1,179,555	848,194
Other taxes	80,665	61,503
	<u>1,287,627</u>	<u>934,024</u>

Movements of tax liabilities

Year ended 31 December 2020

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

Year ended 31 December 2019

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

28. Other liabilities

	31 December 2020 VND million	31 December 2019 VND million
<i>Financial liabilities</i>		
Remittance payables	2,872,105	3,087,402
Disbursements awaiting settlement	8,169	30,284
Deposit certificates and funds kept for customers awaiting for settlement	42,589	35,802
Lease liabilities (Note 32)	1,095,777	699,116
Settlement on behalf of other CIs	700,510	370,161
Others awaiting for settlement	160,689	783,971
Other payables	497,570	328,973
Total financial liabilities	5,377,409	5,335,709
<i>Non-financial liabilities</i>		
Proceeds from sale of collaterals awaiting for resolution	90,238	50,946
Payables to employees	1,162,664	1,054,399
Deferred income	665,248	226,397
Accrued salaries	241,810	286,394
Accrued operating expenses	1,002,218	596,659
Allowances for expected credit losses on off-balance sheet commitments (i)	702,301	320,063
Other non-financial liabilities	10,510	13,038
Total non-financial liabilities	3,874,989	2,547,896
Total other liabilities	9,252,398	7,883,605

(i) Allowances for expected credit losses on off-balance sheet commitments.

An analysis of changes in the gross carrying amount and the corresponding allowances for expected credit losses in relation to off-balance sheet commitments is as follows:

	2020 VND million	2019 VND million
As at 1 January	320,063	358,742
Allowance made/(reversed) during the year	382,238	(38,679)
<i>Financial guarantees</i>	146,729	(10,639)
<i>Letters of credit</i>	65,895	31,918
<i>Undrawn loan commitments</i>	169,614	(59,958)
As at 31 December	702,301	320,063

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

(1) *Financial guarantees*

The table below shows the credit quality and the maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of allowances for expected credit losses. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2) and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 33(b)(iv)(6).

As at 31 December 2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	21,507,922	-	490,532	22,379	-	22,020,833
Group A rating	19,175,119	-	303,683	-	-	19,478,802
Group B rating	2,153,582	-	77,286	-	-	2,230,868
Group C rating	19,412	-	3,994	715	-	24,121
Group D rating	159,809	-	105,569	21,664	-	287,042
Non-performing	-	-	-	29,468	-	29,468
Group E rating	-	-	-	29,468	-	29,468
	21,507,922	-	490,532	51,847	-	22,050,301
As at 31 December 2019						
	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	21,919,175	8,712	391,030	3,051	1,539	22,323,507
Group A rating	20,384,612	8,712	149,597	3,051	-	20,545,972
Group B rating	1,297,305	-	239,205	-	-	1,536,510
Group C rating	48,465	-	273	-	-	48,738
Group D rating	188,793	-	1,955	-	1,539	192,287
Non-performing	-	-	-	146	744	890
Group E rating	-	-	-	146	744	890
	21,919,175	8,712	391,030	3,197	2,283	22,324,397

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount							
As at 1 January 2020	21,919,175	8,712	391,030	-	3,197	2,283	22,324,397
New assets originated or purchased	16,639,012	-	465,498	-	54,177	-	17,158,687
Assets derecognised or repaid	(17,101,888)	(8,712)	(365,996)	-	(5,527)	(2,283)	(17,484,406)
Foreign exchange adjustments	51,623	-	-	-	-	-	51,623
As at 31 December 2020	21,507,922	-	490,532	-	51,847	-	22,050,301
2019							
Gross carrying amount							
As at 1 January 2019	18,696,716	-	305,306	20,404	25,035	100	19,047,561
New assets originated or purchased	17,808,428	8,712	347,296	-	21	2,183	18,166,640
Assets derecognised or repaid	(14,585,948)	-	(261,569)	(20,404)	(21,859)	-	(14,889,780)
Foreign exchange adjustments	(21)	-	(3)	-	-	-	(24)
As at 31 December 2019	21,919,175	8,712	391,030	-	3,197	2,283	22,324,397

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances						
As at 1 January 2020	29,691	342	1,478	1,094	384	32,989
Allowance made/(reversed) (Note 33(b)(vii))	67,822	(342)	49,221	30,412	(384)	146,729
As at 31 December 2020	97,513	-	50,699	31,506	-	179,718
2019						
ECL allowances						
As at 1 January 2019	31,446	-	5,451	6,631	100	43,628
Allowance made/(reversed) (Note 33(b)(vii))	(1,755)	342	(3,973)	(5,537)	284	(10,639)
As at 31 December 2019	29,691	342	1,478	1,094	384	32,989

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(2) *Letters of credit*

The table below shows the credit quality and the maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2) and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 33(b)(iv)(6).

As at 31 December 2020

	Stage 1 Collective VND million	Stage 2 Collective VND million	Total VND million
Performing	21,433,116	69,393	21,502,509
<i>Group A rating</i>	19,879,061	56,122	19,935,183
<i>Group B rating</i>	1,463,483	13,271	1,476,754
<i>Group C rating</i>	3,304	-	3,304
<i>Group D rating</i>	87,268	-	87,268
	21,433,116	69,393	21,502,509

As at 31 December 2019

	Stage 1 Collective VND million	Stage 2 Collective VND million	Total VND million
Performing	12,504,909	770,125	13,275,034
<i>Group A rating</i>	11,001,761	2,954	11,004,715
<i>Group B rating</i>	1,404,391	767,171	2,171,562
<i>Group C rating</i>	43,895	-	43,895
<i>Group D rating</i>	54,862	-	54,862
	12,504,909	770,125	13,275,034

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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount						
As at 1 January 2020	12,504,909	770,125	-	-	-	13,275,034
New assets originated or purchased	21,430,696	-	-	-	-	21,430,696
Assets derecognised or repaid	(12,505,031)	(700,452)	-	-	-	(13,205,483)
Foreign exchange adjustments	2,542	(280)	-	-	-	2,262
As at 31 December 2020	21,433,116	69,393	-	-	-	21,502,509
2019						
Gross carrying amount						
As at 1 January 2019	7,785,330	13,043	127,969	1,777	626	7,928,745
New assets originated or purchased	12,264,263	770,125	-	-	-	13,034,388
Assets derecognised or repaid	(7,540,639)	(13,043)	(127,969)	(1,777)	(626)	(7,684,054)
Foreign exchange adjustments	(4,045)	-	-	-	-	(4,045)
As at 31 December 2019	12,504,909	770,125	-	-	-	13,275,034

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances					
As at 1 January 2020	23,447	33,856	-	-	57,303
Allowance made/(reversed) (Note 33(b)(vii))	98,093	(32,198)	-	-	65,895
As at 31 December 2020	121,540	1,658	-	-	123,198
2019					
ECL allowances					
As at 1 January 2019	25,233	101	51	-	25,385
Allowance made/(reversed) (Note 33(b)(vii))	(1,786)	33,755	(51)	-	31,918
As at 31 December 2019	23,447	33,856	-	-	57,303

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Vietnam Technological and Commercial Joint Stock Bank

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

(3) Undrawn loan commitments

The table below shows the credit quality and the maximum exposure to credit risk based on Techcombank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances. Details of Techcombank's internal grading system are explained in Note 33(b)(iv)(2) and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 33(b)(iv)(6).

As at 31 December 2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	139,036,599	-	15,056,972	-	-	154,093,571
<i>Group A rating</i>	116,464,037	-	6,893,548	-	-	123,357,585
<i>Group B rating</i>	20,962,740	-	4,846,562	-	-	25,809,302
<i>Group C rating</i>	599,527	-	752,803	-	-	1,352,330
<i>Group D rating</i>	1,010,295	-	2,564,059	-	-	3,574,354
	139,036,599	-	15,056,972	-	-	154,093,571

As at 31 December 2019	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Performing	113,682,020	3,408,668	5,391,356	176	11,678	122,493,898
<i>Group A rating</i>	95,029,076	-	2,570,723	-	-	97,599,799
<i>Group B rating</i>	17,274,740	2,428,910	2,478,093	-	-	22,181,743
<i>Group C rating</i>	941,603	979,659	293,972	-	-	2,215,234
<i>Group D rating</i>	436,601	99	48,568	176	11,678	497,122
	113,682,020	3,408,668	5,391,356	176	11,678	122,493,898

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in gross carrying amount is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Gross carrying amount						
As at 1 January 2020	113,682,020	3,408,668	5,391,356	176	11,678	122,493,898
New assets originated or purchased	75,612,093	-	13,463,521	191,280	-	89,266,894
Assets derecognised or repaid	(50,257,514)	(3,408,668)	(3,797,905)	(191,456)	(11,678)	(57,667,221)
As at 31 December 2020	139,036,599	-	15,056,972	-	-	154,093,571
2019						
Gross carrying amount						
As at 1 January 2019	92,691,594	-	8,263,071	87,440	-	101,042,105
New assets originated or purchased	76,044,608	3,408,668	1,619,299	-	13,019	81,085,594
Assets derecognised or repaid	(55,054,182)	-	(4,491,014)	(87,264)	(1,341)	(59,633,801)
As at 31 December 2019	113,682,020	3,408,668	5,391,356	176	11,678	122,493,898



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

An analysis of changes in the corresponding ECL allowances is as follows:

2020	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances						
As at 1 January 2020	194,596	4,205	29,873	118	979	229,771
Allowance made/(reversed) (Note 33(b)(vii))	165,948	(4,205)	8,968	(118)	(979)	169,614
As at 31 December 2020	360,544	-	38,841	-	-	399,385
2019						
	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
ECL allowances						
As at 1 January 2019	172,105	-	86,062	31,562	-	289,729
Allowance made/(reversed) (Note 33(b)(vii))	22,491	4,205	(56,189)	(31,444)	979	(59,958)
As at 31 December 2019	194,596	4,205	29,873	118	979	229,771

29. Capital and reserves

(a) Share capital, share premium and treasury shares

(i) *Authorised shares*

	31 December 2020 Number of shares	31 December 2019 Number of shares
Ordinary shares	3,504,906,230	3,500,139,962

(ii) *Ordinary shares*

	Number of shares	VND million
As at 1 January 2019	3,496,592,160	34,965,922
Issuance of shares	3,547,802	35,478
As at 31 December 2019	3,500,139,962	35,001,400
Issuance of shares	4,766,268	47,662
As at 31 December 2020	3,504,906,230	35,049,062

(iii) *Shares premium and Treasury shares*

	Share premium VND million	Treasury share VND million
As at 1 January 2019	1,563,953	(56,798)
Incremental cost attributable to the issuance of shares	(50)	-
Equity-settled share-based payment	72,264	11,730
As at 31 December 2019	1,636,167	(45,068)
Incremental cost attributable to the issuance of shares	(60)	-
Equity-settled share-based payment	93,425	14,730
As at 31 December 2020	1,729,532	(30,338)

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

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(b) Statutory reserves

2020	Capital supplementary reserve VND million	Financial reserve VND million	Other reserve VND million	Total VND million
As at 1 January	1,332,891	3,839,319	474	5,172,684
Transfer to reserves	1,617,574	-	-	1,617,574
Utilisation of reserves	(615)	-	-	(615)
As at 31 December	2,949,850	3,839,319	474	6,789,643

2019	Capital supplementary reserve VND million	Financial reserve VND million	Other reserve VND million	Total VND million
As at 1 January	892,289	2,975,083	-	3,867,372
Appropriation to reserves	440,602	874,149	-	1,314,751
Utilisation of reserves	-	(9,913)	-	(9,913)
Others	-	-	474	474
As at 31 December	1,332,891	3,839,319	474	5,172,684

30. Repo and reserve repo agreements and assets held or pledged as collateral

The following table summarises the consideration paid, including accrued interest which is recorded in the consolidated statement of financial position under “reverse repos”, reflecting the transaction’s economic substance as a loan to other bank and the liability arising from the consideration received, including accrued interest which is recorded in the consolidated of financial position under “repos”, reflecting the transaction’s economic substance as a borrowing from other banks.

	31 December 2020 VND million	31 December 2019 VND million
Reverse repo agreements		
Consideration paid for reverse repos	2,961,246	5,742,779
Repo agreements		
Consideration received for repos	-	530,108

The following table summarises the assets which are pledged and held as collateral for repo and reverse repo agreements.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

	31 December 2020 VND million	31 December 2019 VND million
Assets held as collateral		
Assets held as collateral under reverse repo agreements	3,317,452	5,512,700
Assets pledged as collateral		
Assets pledged as collateral under repo agreements	-	500,000

31. Related parties

Related party transactions include all transactions undertaken with other entities to which Techcombank are related. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A party is deemed to be a related party to Techcombank if:

- a. Directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control by Techcombank (this includes parents and subsidiaries);
 - has contribution (own from 5% of chartered capital or share equity with voting right) in Techcombank that gives it significant influence over Techcombank; or
 - has joint control over Techcombank;
- b. The party is a joint-venture, associate in which Techcombank are the ventures, investors (own over 11% of chartered capital or share equity with voting right but not subsidiaries);
- c. The party is a member of the key management personnel of Techcombank;
- d. The party is a close member of the family of any individual referred to in (a) or (c); or
- e. The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such the Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

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



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

	Relationship	Assets/(Liabilities)		Income/(Expense)	
		31 December 2020 VND million	31 December 2019 VND million	2020 VND million	2019 VND million
<i>European Plastic Window Joint Stock Company</i>	(ii)				
▪ Loans to customers		522,087	509,927	-	-
▪ Interest receivable from loans		1,938	2,228	-	-
▪ Guarantee, letters of credit contracts		26,725	35,384	-	-
▪ Demand deposits		(6,938)	(11,042)	-	-
▪ Derivative, foreign currency contracts		-	(49,482)	-	-
▪ Interest income from loans		-	-	44,313	44,713
<i>One Mount Group Joint Stock Company</i>	(iii)				
▪ Demand deposits		(5,465)	(16,041)	-	-
▪ Term deposits		(2,500)	-	-	-
▪ Interest payables on term deposits		(4)	-	-	-
▪ Interest expenses from deposits		-	-	(568)	(2)
<i>One Distribution Joint Stock Company</i>	(iii)				
▪ Demand deposits		(41,679)	-	-	-
▪ Term deposits		(1,000)	-	-	-
▪ Interest payables on term deposits		(2)	-	-	-
▪ Interest expenses from deposits		-	-	(1,067)	-
<i>FCE Vietnam Joint Stock Company</i>	(iii)				
▪ Demand deposits		(1,651)	(2,578)	-	-
<i>IMG Housing Joint Stock Company</i>	(iii)				
▪ Demand deposits		(1,807)	-	-	-
<i>Online Mobile Services Joint Stock Company</i>	(iii)				
▪ Demand deposits		(621)	(129)	-	-

Vietnam Technological and Commercial Joint Stock Bank

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

	Relationship	Assets/(Liabilities)		Income/(Expense)	
		31 December 2020 VND million	31 December 2019 VND million	2020 VND million	2019 VND million
<i>Masan Group Corporation and a group of related companies</i>					
	(iv)				
▪ Bonds par value		738,509	332,310	-	-
▪ Accrued interest on bonds		9,427	2,556	-	-
▪ Guarantee, letters of credit contracts		73,657	67,342	-	-
▪ Loans to customers		1,921,332	1,012,502	-	-
▪ Interest receivable from loans		1,127	858	-	-
▪ Term deposits		(1,351,225)	(1,410,303)	-	-
▪ Interest payables on term deposits		(1,921)	(1,693)	-	-
▪ Demand deposits		(484,539)	(752,246)	-	-
▪ Interest income from bonds		-	-	74,042	8,304
▪ Interest income from loans		-	-	103,346	52,982
▪ Interest expenses on deposits		-	-	(20,522)	(41,505)
▪ Income from fee and commission		-	-	445,857	25,841
<i>Members of Board of Directors, Supervisory Board, Executive Team and other related individuals</i>					
	(i), (iii)				
▪ Term deposits		(671,842)	(550,359)	-	-
▪ Interest payables on term deposits		(17,147)	(11,916)	-	-
▪ Demand deposits		(146,726)	(103,162)	-	-
▪ Interest expenses on deposits		-	-	(2,214)	(12,889)
<i>Remuneration of Board of Directors, Supervisory Board, Executive Team</i>					
Remuneration of Board of Directors, Supervisory Board		-	-	(34,363)	(32,133)
Remuneration of Executive Team		-	-	(211,093)	(145,317)

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

- (i) Shareholder has its representative in the Board of Directors.
- (ii) Related party has its representative in the Board of Directors.
- (iii) Related party has its representative in the Board of Directors, or Executive Team, or Supervisory Board or majority shareholders related to members of the Board of Directors, or Executive Team or Supervisory Board of the Bank;
- (iv) Masan Group Corporation and a group of related companies of Masan Group Corporation have their representative in the Board of Directors of the Bank or their representative related to members of the Board of Directors, or Executive Team or Supervisory Board of the Bank.

32. Leases

Leases as lease

2020	Right-of-use assets				Lease liabilities
	Properties	Means of transportation	Other equipment	Total	
	VND million	VND million	VND million	VND million	VND million
As at 1 January 2020	1,084,602	4,222	3,473	1,092,297	(699,116)
Additions	882,439	15,760	2,273	900,472	(900,472)
Depreciation expense	(419,118)	(6,911)	(1,327)	(427,356)	-
Interest expense	-	-	-	-	(67,491)
Payments	-	-	-	-	551,958
Disposals	(15,015)	-	(3,270)	(18,285)	19,344
As at 31 December 2020	1,532,908	13,071	1,149	1,547,128	(1,095,777)
2019	Right-of-use assets				Lease liabilities
	Properties	Means of transportation	Other equipment	Total	
	VND million	VND million	VND million	VND million	VND million
As at 31 December 2018	-	-	-	-	-
Remeasured balance at beginning of the year under IFRS 16	694,502	-	668	695,170	(606,565)
As at 1 January 2019	694,502	-	668	695,170	(606,565)
Additions	772,952	8,749	4,615	786,316	(786,316)
Depreciation expense	(379,302)	(4,161)	(1,810)	(385,273)	-
Interest expense	-	-	-	-	(81,480)
Payments	-	-	-	-	770,972
Disposals	(3,550)	(366)	-	(3,916)	4,273
As at 31 December 2019	1,084,602	4,222	3,473	1,092,297	(699,116)

33. Financial risk management

Techcombank has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

(a) Introduction

Risk is inherent in Techcombank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to Techcombank's continuing profitability and each person within Techcombank is accountable for the risk exposures relating to his or her responsibilities. Techcombank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to country risk and various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. Techcombank's policy is to monitor those business risks through Techcombank's strategic planning process.

(i) Risk Management Structure

The Executive Team is responsible for the detection and control of risks. However, each separate member will be responsible for monitoring and managing the risks.

(ii) Board of Directors

The Board of Directors is responsible for the overall risk management in Techcombank.

(iii) Risk Committee

The Risk Committee consults with the Board of Directors in promulgating the process and policies related to risks in banking activities which are under the authority of the Board of Directors.

The Risk Committee analyses and recommends the warnings on safety level of Techcombank on potential effectible risk and prevention methods in short-term and long-term.

The Risk Committee reviews and assesses suitability and effectiveness of current risk management processes and policies of Techcombank to recommend with the Board of Directors on requirements of changes in the current processes, policies and operating strategy.

(iv) Supervisory Board

The Supervisory Board is responsible for overall risk management in Techcombank.

(v) Internal Audit

According to the annual internal audit plan, the operating procedures of Techcombank will be audited by the internal audit unit to examine the adequacy and compliance of the procedures. Internal audit discusses the evaluation results with the Board of Directors and reports findings and recommendations to the Supervisory Board.

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(vi) **Audit Risk Committee (“ARCO”)**

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 Techcombank’s operating activities 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 operating activities and approving market risk limit, credit risk limit for each industry, business line and other general risk limits of Techcombank.

(vii) **Risk measurement and reporting system**

Techcombank’s risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling risks are primarily performed based on limits established by Techcombank and complied with safety regulations of the SBV. These limits reflect the business strategy and market environment of Techcombank as well as the level of risk that Techcombank are willing to accept.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Executive Team, the Board of Directors and the Head of each business division. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for ECL on a quarterly basis. The Board of Directors receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of Techcombank.

For all levels throughout Techcombank, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

(viii) **Risk reduction**

Techcombank has been using collateral assets to reduce credit risk.

(ix) **Excessive risk concentration**

Risk concentrations arise when a number of counterparties of Techcombank are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of Techcombank’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, Techcombank’s policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within Techcombank to manage risk concentrations at both the relationship and industry levels.



(b) Credit risk

Credit risk is the risk that Techcombank incurs a loss because its customers or counterparties fail to discharge their contractual obligations. Techcombank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Techcombank establishes credit quality review processes to provide early identification of possible changes in the creditworthiness of counterparties. Counterparty limits are established through the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to quarter revision. The credit quality review process aims to allow Techcombank to assess the potential loss as a result of the risks to which they are exposed and take corrective action.

(i) Credit quality and credit risk

Techcombank sets up internal credit ratings to score customers based on risk level. Techcombank has not established internal credit rating for other financial assets based on their risk level.

(ii) Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. In the case of credit derivatives, Techcombank is also exposed to, or protected from, the risk of default of the underlying entity referenced by the derivative.

With gross-settled derivatives, Techcombank is also exposed to a settlement risk, being the risk that Techcombank honours its obligation, but the counterparty fails to deliver the counter value.

(iii) Credit-related commitments risks

Techcombank makes available to their customers guarantees that may require that Techcombank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit Techcombank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose Techcombank to similar risks to loans and are mitigated by the same control processes and policies.

(iv) Impairment assessment

For the purpose of presenting consolidated financial statements under IFRS, Techcombank uses an expected loss model for the recognition of losses on impaired financial assets. This means that Techcombank always accounts for ECL and update the loss allowance for change in these ECL at each reporting date to reflect changes in credit risk since initial recognition. Consequently, Techcombank needs to take into account the following information:

- The probability-weighted outcome;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort.

(1) Definition of default and cure

Techcombank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

As a part of a qualitative assessment of whether a customer is in default, Techcombank considers a variety of instances that may indicate unlikelihood to pay. When such events occur, Techcombank carefully considers whether the events should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

For treasury and money market, non-retail and retail lending portfolio:

- The financial instruments being rescheduled/restructured for the second time or extended its maturity date for the first time;
- The borrower failing to fulfil Off-balance sheet commitments (including financial guarantee and letters of credit) and Techcombank has to grant them a loan to cover that obligation;
- The borrower having interest exemption or deduction;
- The borrower having non-performing loans at other CIs;
- The borrower having written off exposure or sold loans; or
- Internal rating of the borrower indicating default;

For share margin financing portfolio:

- A material decreases in the underlying collateral value where the collateral value coverage does not meet 160%.

It is Techcombank's policy to consider a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria has been present for at least one month for short term debts or three consecutive months for middle and long-term debts since the day Techcombank received full repayment of the overdue principals and interests or at the decision by relevant committees to remove it out of the default portfolio. The decision on whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

(2) *Techcombank's internal rating and probability of default ("PD") estimation process*

Techcombank's Risk Management Department operates its internal rating models. Techcombank runs separate models for their key portfolios in which their customers are rated from AAA to E3 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. These information sources are first used to determine the PDs within Techcombank's Basel II framework. The internal credit grades are assigned based on these Basel II grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Treasury, trading and interbank relationships

Techcombank's treasury, trading and interbank relationships and counterparties comprise of financial services institutions, banks, broker-dealers, and exchanges. For these relationships with local financial institutions, the Bank's internal risk department analyses publicly available information such as financial information and other external data, and assigns the internal rating that will be mapped to internal Master PD scale to identify PD, as shown in the table below. For the relationships with foreign financial institutions, Techcombank uses external data, e.g. Moody's, to identify PD for its counterparties, as shown in the table below.

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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Local financial institutions:

<u>Internal rating grade</u>	<u>Master scale rating grade</u>	<u>12-month Basel II PD</u>	<u>12-month IFRS PD</u>
AAA - AA	Aa3	0.28%	0.26%
A - BBB	A1	0.58%	0.54%
BB	A2	0.89%	0.83%
B	A3	1.35%	1.26%
CCC	B1	2.04%	1.90%
CC	B2	2.97%	2.77%
C	B3	4.27%	3.98%

Foreign financial institutions:

<u>Moody's rating</u>	<u>12-month Moody's PD</u>	<u>12-month IFRS PD</u>
Aaa	0.00%	0.00%
Aa1	0.01%	0.01%
Aa2	0.02%	0.02%
Aa3	0.02%	0.02%
A1	0.04%	0.04%
A2	0.06%	0.06%
A3	0.09%	0.09%
Baa1	0.14%	0.14%
Baa2	0.22%	0.22%
Baa3	0.33%	0.33%
Ba1	0.51%	0.51%
Ba2	0.79%	0.79%
Ba3	1.22%	1.22%
B1	1.88%	1.88%
B2	2.88%	2.88%
B3	4.39%	4.39%
Caa1	6.64%	6.64%
Caa2	9.92%	9.92%
Caa3	14.57%	14.57%
Ca-C	20.89%	20.89%

Corporate lending

For corporate lending, the borrowers are assessed by specialised credit risk employees of Techcombank. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

Financial report component, including the following criteria:

- Financial structure;
- Liquidity ratio;
- Solvency ratio;
- Revenue size and activities; and
- Financial growth perspective.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Transaction and past due behaviour, including the following criteria:

- Delinquency status;
- Credit relationship with Techcombank;
- Current account/Saving account balance; and
- Transactional information.

Other criteria that evaluate corporate customers' credit ability:

- Characteristic, objective of corporate;
- Competitive strategy;
- Boards of Directors;
- Product and TT objective;
- Supply and production;
- Distribution and sales; and
- Industry risk.

The complexity and granularity of the rating techniques varies based on the exposure of Techcombank and the complexity and size of the customer.

<u>Internal rating grade</u>	<u>12-month Basel II PD range</u>	<u>12-month IFRS 9 PD range</u>
Performing		
Aaa - A3	0.03% - 1.75%	0.03% - 1.26%
B1 - B3	1.75% - 4.90%	1.90% - 3.98%
C1 - C3	4.90% - 11.00%	5.26% - 8.82%
D1 - D4	11.00% - 99.99%	12.10% - 75.60%
Non-performing		
E1 - E3	100.00%	100.00%

Retail lending

Retail lending comprises of auto, mortgage, credit cards, overdraft and other personal loans. These products are rated by a scorecard with the following key inputs:

- Demographic information;
- Past-due information;
- Transaction behaviour;
- Limit utilisation behaviour; and
- Financial ability.

Retail lending - Unsecured:

<u>Internal rating grade</u>	<u>12-month Basel II PD range</u>	<u>12-month IFRS 9 PD range</u>
Performing		
Aaa - A3	0.03% - 1.75%	0.03% - 1.84%
B1 - B3	1.75% - 4.90%	1.84% - 5.35%
C1 - C3	4.90% - 11.00%	5.35% - 12.00%
D1 - D4	11.00% - 99.99%	12.00% - 99.99%
Non-performing		
E1 - E3	100.00%	100.00%

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Retail lending - Secured - Real estates:

<u>Internal rating grade</u>	<u>12-month Basel II PD range</u>	<u>12-month IFRS 9 PD range</u>
<i>Performing</i>		
Aaa - A3	0.03% - 1.75%	0.02% - 1.01%
B1 - B3	1.75% - 4.90%	1.01% - 3.00%
C1 - C3	4.90% - 11.00%	3.00% - 6.95%
D1 - D4	11.00% - 99.99%	6.95% - 99.99%
<i>Non-performing</i>		
E1 - E3	100.00%	100.00%

Retail lending - Secured - Other collaterals:

<u>Internal rating grade</u>	<u>12-month Basel II PD range</u>	<u>12-month IFRS 9 PD range</u>
<i>Performing</i>		
Aaa - A3	0.03% - 1.75%	0.07% - 3.65%
B1 - B3	1.75% - 4.90%	3.65% - 10.26%
C1 - C3	4.90% - 11.00%	10.26% - 21.58%
D1 - D4	11.00% - 99.99%	21.58% - 99.99%
<i>Non-performing</i>		
E1 - E3	100.00%	100.00%

(3) *Exposure at default ("EAD")*

The EAD represents the gross carrying amount of the financial instruments subjected to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

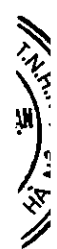
To calculate the EAD for a Stage 1 loan, Techcombank assesses the possible default events within 12 months for the calculation of the 12-month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Techcombank determines EAD by modelling the range of possible exposure outcomes at various points in time, corresponding to the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Techcombank's models.

(4) *Loss given default ("LGD")*

For corporate lending, LGD value is assessed at least every three months by account managers and reviewed and approved by Techcombank's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison with the amount expected to be recovered or realised from any collateral held.

Techcombank segments their retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g. product type, months on book, etc.) as well as borrower characteristics.



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group. Techcombank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

(5) Significant increase in credit risk

Techcombank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subjected to 12-month ECL or lifetime ECL, Techcombank assesses whether there has been a significant increase in credit risk since initial recognition.

Techcombank applies a qualitative method for triggering a significant increase in credit risk for an asset, such as the rating downgrade in notches. In certain cases, Techcombank may also consider that events explained in Note 33(b)(iv)(1) are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECL on a collective basis for a group of similar assets (as set out in Note 33(b)(iv)(6)), Techcombank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(6) Grouping financial assets measured on a collective basis

As explained in Note 3(h)(i), being dependant on the factors below, Techcombank calculates ECL either on a collective or an individual basis.

Techcombank determines the allowances appropriate for each individually significant loan or advance on an individual basis, taking into account any overdue payments of interests, credit rating downgrades, or infringements of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. ECL allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

All the other assets which are not individually significant will be measured on a collective basis. Techcombank groups these exposures into smaller homogeneous portfolios, based on the combination of internal and external characteristics of the loans, as described below:

For retail lending:

- Months on book;
- Days past due; and
- Product segment.

For corporate lending:

- Customer segment; and
- Days past due.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(v) Collateral assets

To mitigate its credit risks on financial assets, Techcombank seeks to use collateral where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements. Collateral, unless repossessed, is not recorded on Techcombank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collaterals, for example, cash or securities relating to margining requirements, are valued daily.

(vi) Incorporation of forward-looking information

Techcombank incorporates forward-looking information into both the assessment of whether the credit risk of an instruments has increased significantly since its initial recognition and the measurement of ECL.

Techcombank formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The scenario probability weighting applied in measuring ECL are as follows:

	31 December 2020			31 December 2019		
	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	15%	70%	15%	15%	70%	15%



Vietnam Technological and Commercial Joint Stock Bank

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

(vii) Amount arising from ECL

The table below shows the ECL allowances of financial instruments for the year ended 31 December 2020.

	Notes	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Cash and cash equivalents	14	927	-	-	-	-	-	927
Due from other CIs	15	16,074	-	-	-	-	-	16,074
Debt instruments at FVOCI	18(a)	411,142	-	11,726	-	-	-	422,868
Debt instruments at amortised cost	18(c)	4,898	-	-	50,395	-	(182,888)	(127,595)
Loans and advances to customers at amortised cost		1,305,339	(45,981)	729,177	-	718,824	168,699	2,876,058
<i>Non-retail</i>	19(a)	1,284,818	(45,981)	762,505	-	114,941	4,366	2,120,649
<i>Retail</i>	19(b)	20,521	-	(33,328)	-	603,883	164,333	755,409
Other assets	22	5,493	-	-	-	-	(338,455)	(332,962)
Financial guarantees	28(i)(1)	67,822	(342)	49,221	-	30,412	(384)	146,729
Letters of credit	28(i)(2)	98,093	-	(32,198)	-	-	-	65,895
Undrawn loan commitments	28(i)(3)	165,948	(4,205)	8,968	-	(118)	(979)	169,614
		2,075,736	(50,528)	766,894	50,395	749,118	(354,007)	3,237,608

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

The table below shows the ECL allowances of financial instruments for the year ended 31 December 2019.

	Notes	Stage 1 Collective VND million	Stage 1 Individual VND million	Stage 2 Collective VND million	Stage 2 Individual VND million	Stage 3 Collective VND million	Stage 3 Individual VND million	Total VND million
Cash and cash equivalents	14	(1,935)	-	-	-	-	-	(1,935)
Due from other CIs	15	892	-	-	-	-	-	892
Debt instruments at FVOCI	18(a)	(114,552)	-	-	-	-	-	(114,552)
Debt instruments at amortised cost	18(c)	(43,410)	-	-	-	-	(55,028)	(98,438)
Loans and advances to customers at amortised cost		173,478	45,981	(720,582)	(346,283)	50,308	1,013,216	216,118
<i>Non-retail</i>	19(a)	(97,563)	45,981	(703,249)	(346,283)	(91,454)	537,649	(654,919)
<i>Retail</i>	19(b)	271,041	-	(17,333)	-	141,762	475,567	871,037
Other assets	22	(2,429)	-	-	-	-	402,814	400,385
Financial guarantees	28(i)(1)	(1,755)	342	(3,973)	-	(5,537)	284	(10,639)
Letters of credit	28(i)(2)	(1,786)	-	33,755	-	(51)	-	31,918
Undrawn loan commitments	28(i)(3)	22,491	4,205	(56,189)	-	(31,444)	979	(59,958)
		30,994	50,528	(746,989)	(346,283)	13,276	1,362,265	363,791

Vietnam Technological and Commercial Joint Stock Bank

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

(viii) *Analysis by sector*

The following table shows the risk concentration by sector for financial assets (not including allowance for impairment) on the consolidated financial statements:

	Cash and cash equivalents	Due from other CIs	Financial assets at FVTPL	Derivative financial assets	Loans and advances to customers at amortised cost	Debt instruments at FVOCI	Debt instruments at amortised cost	Other financial assets	Off-balance sheet commitments
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
As at 31 December 2020									
Government	10,253,324	-	4,244,193	-	-	15,270,110	3,140,434	-	-
Banking	21,694,156	8,120,684	3,630,419	2,697,714	-	21,259,149	-	85,233	2,823,667
Corporate	-	-	1,732,388	34,797	178,771,555	47,420,275	331,559	1,042,322	171,554,238
Retail	-	-	-	-	110,381,437	-	-	92,115	23,268,476
	31,947,480	8,120,684	9,607,000	2,732,511	289,152,992	83,949,534	3,471,993	1,219,670	197,646,381
As at 31 December 2019									
Government	3,192,256	-	6,969,366	-	-	12,313,859	3,391,261	-	-
Banking	38,523,415	9,582,047	3,552,129	206,782	-	21,560,132	-	90,159	1,414,350
Corporate	10,787	-	1,951,516	863,980	133,846,043	30,759,493	327,145	1,191,128	139,884,545
Retail	-	-	-	-	104,924,662	-	-	5,064	16,794,434
	41,726,458	9,582,047	12,473,011	1,070,762	238,770,705	64,633,484	3,718,406	1,286,351	158,093,329



Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

(ix) Commitments and guarantees

To meet the financial needs of customers, Techcombank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the consolidated statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of Techcombank.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount Techcombank would have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the consolidated financial statements.

The following table presents the maximum credit risk of Techcombank for the commitments and guarantees:

	31 December 2020	31 December 2019
	VND million	VND million
Letters of credit	21,502,509	13,275,034
Financial guarantees	22,050,301	22,324,397
Undrawn loan commitments	154,093,571	122,493,898
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	197,646,381	158,093,329
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(x) Analysis of non-performing loans

Non-performing loans comprise of loans of group E rating.

	31 December 2020	31 December 2019
	VND million	VND million
Non-performing loans	1,319,890	3,034,160
Non-performing loan ratio	0.46%	1.27%
Individual impairment loss of non-performing loans	(108,526)	(837,129)
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Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

(xi) Overview of modified and forborne loans

	Gross carrying amount	Performing portfolio		Non-performing portfolio		Total forborne loans	Impairment allowance of forborne loans			
		Permanent modification	Total performing forborne	Permanent modification	Total non-performing forborne		Performing	Non-performing	Total allowance	Forbearance ratio
As at 31 December 2020										
Loans to other CIs	8,120,684	-	-	-	-	-	-	-	-	0.00%
Loans and advances to customers at amortised cost	289,152,992	9,758,156	9,758,156	108,008	108,008	9,866,164	135,838	29,104	164,942	3.41%
<i>Non-retail</i>	178,771,555	8,265,714	8,265,714	-	-	8,265,714	128,397	-	128,397	4.62%
<i>Retail</i>	110,381,437	1,492,442	1,492,442	108,008	108,008	1,600,450	7,441	29,104	36,545	1.45%
Total	297,273,676	9,758,156	9,758,156	108,008	108,008	9,866,164	135,838	29,104	164,942	3.32%

	Gross carrying amount	Performing portfolio		Non-performing portfolio		Total forborne loans	Impairment allowance of forborne loans			
		Permanent modification	Total performing forborne	Permanent modification	Total non-performing forborne		Performing	Non-performing	Total allowance	Forbearance ratio
As at 31 December 2019										
Due from other CIs	9,582,047	-	-	-	-	-	-	-	-	0.00%
Loans and advances to customers at amortised cost	238,770,705	723,184	723,184	397,422	397,422	1,120,606	35,269	396,685	431,954	0.47%
<i>Non-retail</i>	133,846,043	713,236	713,236	922	922	714,158	35,234	185	35,419	0.53%
<i>Retail</i>	104,924,662	9,948	9,948	396,500	396,500	406,448	35	396,500	396,535	0.39%
Total	248,352,752	723,184	723,184	397,422	397,422	1,120,606	35,269	396,685	431,954	0.45%

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

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

(c) Liquidity risk

Liquidity risk is defined as the risk that Techcombank might be unable to meet their payment obligations when they fall due under both normal and stress circumstances. To limit this risk, Techcombank has arranged for diversified funding sources in addition to their core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. Techcombank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Techcombank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. Techcombank also has committed lines of credit that it can access to meet liquidity needs. In addition, Techcombank maintains a compulsory reserve at the SBV based on deposits from customers (Note 14). The most important is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Liquid assets consist of cash, gold; balances with the SBV; debt instruments negotiable by the SBV; demand deposits in correspondent banks, except for commitments for specific payment purpose; zero term deposits in CIs and Government provisional notes.

Analysis of financial assets and liabilities by remaining contractual maturities

(i) *Maturity profile of the discounted cash flows of financial assets and liabilities*

The table below summaries the maturity profile of the discounted cash flows of Techcombank's financial assets and liabilities as at year end. Repayments subjected to notice are treated as if notice were to be given immediately. However, Techcombank expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

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Vietnam Technological and Commercial Joint Stock Bank

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

As at 31 December 2020	Overdue up to 3 months VND million	Overdue over 3 months VND million	On demand VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Financial assets									
Cash and cash equivalents	-	-	20,944,029	10,354,761	4,312,305	-	-	-	35,611,095
Due from other CIs	-	-	-	4,060,323	1,641,767	2,418,594	-	-	8,120,684
Derivative financial assets	-	-	-	441,499	258,005	1,032,568	1,000,439	-	2,732,511
Financial assets at FVTPL	-	-	-	6,018	109,520	2,038,222	1,492,923	5,966,335	9,613,018
Debt instruments at FVOCI	-	-	-	1,452,906	971,761	21,017,334	42,574,022	17,933,511	83,949,534
Equity instruments at FVOCI	-	-	-	450,548	-	-	-	21,510	472,058
Loans and advances to customers at amortised cost	1,808,726	1,301,450	-	20,371,684	31,705,962	69,360,840	71,059,881	93,544,449	289,152,992
Debt instruments at amortised cost	-	-	-	-	-	324,674	3,147,319	-	3,471,993
Other financial assets	-	89,698	92,078	472,793	449,939	-	115,162	-	1,219,670
Total financial assets	1,808,726	1,391,148	21,036,107	37,610,532	39,449,259	96,192,232	119,389,746	117,465,805	434,343,555
Liabilities									
Due to other CIs	-	-	882,329	17,216,973	10,678,568	6,997,822	11,179,927	-	46,955,619
Derivative financial liabilities	-	-	-	307,295	346,859	602,788	360,287	-	1,617,229
Deposits from customers	-	-	128,038,427	66,620,669	36,096,042	46,265,190	2,541,664	62,763	279,624,755
Other borrowed funds	-	-	-	-	30,759	79,284	491,040	-	601,083
Debt instruments issued	-	-	-	1,586,948	428,948	435,861	25,908,538	-	28,360,295
Other financial liabilities	-	-	-	3,509,947	115,319	450,733	1,265,610	35,800	5,377,409
Total financial liabilities	-	-	128,920,756	89,241,832	47,696,495	54,831,678	41,747,066	98,563	362,536,390
Net liquidity gap	1,808,726	1,391,148	(107,884,649)	(51,631,300)	(8,247,236)	41,360,554	77,642,680	117,367,242	71,807,165

Vietnam Technological and Commercial Joint Stock Bank

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

As at 31 December 2019	Overdue up to 3 months VND million	Overdue over 3 months VND million	On demand VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Financial assets									
Cash and cash equivalents	-	-	20,005,222	22,240,729	4,301,134	-	-	-	46,547,085
Due from other CIs	-	-	-	1,055,410	7,469,243	1,057,394	-	-	9,582,047
Derivative financial assets	-	-	-	302,445	105,153	669,536	(6,372)	-	1,070,762
Financial assets at FVTPL	-	-	-	566,184	160,562	1,276,287	1,406,042	9,063,936	12,473,011
Debt instruments at FVOCI	-	-	-	586,179	678,620	21,715,110	25,485,628	16,167,947	64,633,484
Equity instruments at FVOCI	-	-	-	13	-	702,996	-	18,924	721,933
Loans and advances to customers at amortised cost	2,129,458	3,031,483	-	5,490,296	23,295,606	66,969,328	47,205,983	90,648,551	238,770,705
Debt instruments at amortised cost	62,709	62,709	-	-	-	-	577,982	3,015,006	3,718,406
Other financial assets	-	88,327	-	283,037	107	768,402	146,478	-	1,286,351
Total financial assets	2,192,167	3,182,519	20,005,222	30,524,293	36,010,425	93,159,053	74,815,741	118,914,364	378,803,784
Liabilities									
Due to other CIs	-	-	6,416,010	27,832,487	16,901,524	8,780,059	636,892	3,022	60,569,994
Derivative financial liabilities	-	-	-	144,299	150,522	242,434	33,430	-	570,685
Deposits from customers	-	-	79,715,616	63,076,499	36,342,012	50,178,567	4,285,717	62,054	233,660,465
Other borrowed funds	-	-	-	-	40,380	55,446	724,832	-	820,658
Debt instruments issued	-	-	-	-	-	4,173,974	13,478,085	-	17,652,059
Other financial liabilities	-	-	-	3,968,785	278,990	260,025	783,942	43,967	5,335,709
Total financial liabilities	-	-	86,131,626	95,022,070	53,713,428	63,690,505	19,942,898	109,043	318,609,570
Net liquidity gap	2,192,167	3,182,519	(66,126,404)	(64,497,777)	(17,703,003)	29,468,548	54,872,843	118,805,321	60,194,214



Vietnam Technological and Commercial Joint Stock Bank

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

(ii) Maturity profile of the undiscounted cash flows of financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of Techcombank's financial liabilities as at year end.

As at 31 December 2020	On demand	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Due to other CIs	882,329	17,232,400	10,716,209	7,146,223	12,165,376	-	48,142,537
Derivative financial liabilities	-	314,880	362,405	723,466	494,135	-	1,894,886
Deposits from customers	128,038,427	66,409,285	36,083,714	47,228,798	2,883,285	118,835	280,762,344
Other borrowed funds	-	-	31,154	81,562	539,033	-	651,749
Debt instruments issued	-	1,813,829	440,346	946,560	28,672,745	-	31,873,480
Other financial liabilities	-	3,509,947	115,319	450,733	1,265,610	35,800	5,377,409
Total financial liabilities	128,920,756	89,280,341	47,749,147	56,577,342	46,020,184	154,635	368,702,405

As at 31 December 2019	On demand	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Due to other CIs	6,416,010	28,239,993	17,254,811	9,002,135	645,085	3,181	61,561,215
Derivative financial liabilities	-	186,794	232,756	604,193	323,882	-	1,347,625
Deposits from customers	79,715,616	62,127,907	37,019,122	52,366,716	4,633,073	138,740	236,001,174
Other borrowed funds	-	-	40,906	58,384	801,924	-	901,214
Debt instruments issued	-	-	-	4,398,847	15,700,269	-	20,099,116
Other financial liabilities	-	3,968,785	278,990	260,025	783,942	43,967	5,335,709
Total financial liabilities	86,131,626	94,523,479	54,826,585	66,690,300	22,888,175	185,888	325,246,053

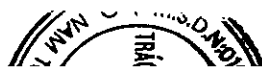
Vietnam Technological and Commercial Joint Stock Bank

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

The table below presents the status of the remaining maturity of the commitments:

As at 31 December 2020	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Letters of credit	324,648	-	350,769	20,810,884	16,208	21,502,509
Financial guarantees	2,315,315	5,068,259	7,925,168	6,268,599	472,960	22,050,301
Undrawn loan commitments	10,974,390	17,080,257	37,365,244	38,280,531	50,393,149	154,093,571
Total commitments and guarantees	13,614,353	22,148,516	45,641,181	65,360,014	50,882,317	197,646,381

As at 31 December 2019	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Letters of credit	-	-	16,557	13,249,243	9,234	13,275,034
Financial guarantees	3,819,890	4,241,377	8,875,950	4,846,197	540,983	22,324,397
Undrawn loan commitments	6,320,112	11,426,473	34,027,563	22,979,994	47,739,756	122,493,898
Total commitments and guarantees	10,140,002	15,667,850	42,920,070	41,075,434	48,289,973	158,093,329



(d) **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Techcombank classifies exposures to market risk into either trading or non-trading portfolios and manage each of those portfolios separately. Non-trading positions are managed and monitored using other sensitivity analysis.

(i) ***Interest rate risk***

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the non-trading interest rate gaps for stipulated periods. Techcombank's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The table below analyses the interest rate risk for financial assets and financial liabilities of Techcombank presented at the gross carrying amount and classified by the repricing date.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2020	Overdue	Non-sensitive to interest rate	Interest rate repricing period						Gross carrying amount
			Up to one month	1 to 3 months	3 to 6 months	6 to 12 months	From 1 to 5 years	Over 5 years	
			VND million	VND million	VND million	VND million	VND million	VND million	
Cash and cash equivalents	-	20,944,029	10,354,761	4,312,305	-	-	-	-	35,611,095
Due from other CIs	-	-	4,060,323	1,641,767	2,413,494	5,100	-	-	8,120,684
Derivative financial assets	-	-	441,499	258,005	387,853	644,715	1,000,439	-	2,732,511
Financial assets at FVTPL	-	6,018	-	143,058	798,809	1,406,810	1,492,923	5,765,400	9,613,018
Debt instruments at FVOCI	-	-	15,733,151	19,732,795	12,694,407	13,295,448	5,911,410	16,582,323	83,949,534
Equity instruments at FVOCI	-	472,058	-	-	-	-	-	-	472,058
Loans and advances to customers at amortised cost	3,110,176	12,061,855	128,340,726	80,732,010	21,643,344	18,569,009	24,022,877	672,995	289,152,992
Debt instruments at amortised cost	-	-	-	-	199,255	125,419	3,147,319	-	3,471,993
Other financial assets	89,698	680,033	449,939	-	-	-	-	-	1,219,670
Total assets	3,199,874	34,163,993	159,380,399	106,819,940	38,137,162	34,046,501	35,574,968	23,020,718	434,343,555
Liabilities									
Due to other CIs	-	882,329	17,167,115	21,821,682	5,563,164	1,392,175	126,537	2,617	46,955,619
Derivative financial liabilities	-	-	307,295	346,859	247,528	355,260	360,287	-	1,617,229
Deposits from customers	-	-	196,108,706	35,440,289	32,233,303	13,365,918	2,418,178	58,361	279,624,755
Other borrowed funds	-	-	4,885	38,636	96,478	38,686	422,398	-	601,083
Debt instruments issued	-	-	1,940,927	5,471,168	5,114,068	1,147,172	14,686,960	-	28,360,295
Other financial liabilities	-	4,281,632	627	4,785	9,168	60,762	984,666	35,769	5,377,409
Total liabilities	-	5,163,961	215,529,555	63,123,419	43,263,709	16,359,973	18,999,026	96,747	362,536,390
Total interest sensitivity gap	3,199,874	29,000,032	(56,149,156)	43,696,521	(5,126,547)	17,686,528	16,575,942	22,923,971	71,807,165

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2019	Overdue	Non-sensitive to interest rate	Interest rate repricing period						Gross carrying amount
			Up to one month	1 to 3 months	3 to 6 months	6 to 12 months	From 1 to 5 years	Over 5 years	
			VND million	VND million	VND million	VND million	VND million	VND million	
Cash and cash equivalents	-	23,197,478	19,048,473	4,301,134	-	-	-	-	46,547,085
Due from other CIs	-	-	1,055,410	7,469,243	918,286	139,108	-	-	9,582,047
Derivative financial assets	-	-	302,445	105,153	273,034	396,502	(6,372)	-	1,070,762
Financial assets at FVTPL	-	5,750	580,351	160,715	814,984	1,027,187	1,458,386	8,425,638	12,473,011
Debt instruments at FVOCI	-	-	15,160,921	16,083,854	4,315,786	6,081,132	10,299,202	12,692,589	64,633,484
Equity instruments at FVOCI	-	721,933	-	-	-	-	-	-	721,933
Loans and advances to customers at amortised cost	5,160,941	8,634,519	102,322,549	44,508,670	18,731,771	30,861,995	27,191,491	1,358,769	238,770,705
Debt instruments at amortised cost	125,418	-	-	2,006	450,808	-	125,167	3,015,007	3,718,406
Other financial assets	88,327	1,197,221	56	107	215	425	-	-	1,286,351
Total assets	5,374,686	33,756,901	138,470,205	72,630,882	25,504,884	38,506,349	39,067,874	25,492,003	378,803,784
Liabilities									
Due to other CIs	-	6,416,010	27,832,486	16,901,524	8,475,350	304,710	636,892	3,022	60,569,994
Derivative financial liabilities	-	-	144,298	150,522	96,279	146,156	33,430	-	570,685
Deposits from customers	-	-	142,517,931	38,010,426	32,735,817	17,134,186	3,247,205	14,900	233,660,465
Other borrowed funds	-	-	-	40,380	-	55,446	724,832	-	820,658
Debt instruments issued	-	-	1,746,540	2,671,875	1,601,669	179,155	11,452,820	-	17,652,059
Other financial liabilities	-	4,636,593	22,580	2,939	12,239	67,027	553,851	40,480	5,335,709
Total liabilities	-	11,052,603	172,263,835	57,777,666	42,921,354	17,886,680	16,649,030	58,402	318,609,570
Total interest sensitivity gap	5,374,686	22,704,298	(33,793,630)	14,853,216	(17,416,470)	20,619,669	22,418,844	25,433,601	60,194,214

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Interest rate sensitivity

Assuming that all other variables unchanged, the fluctuation in interest rates that affect the pre-tax profit and equity of Techcombank as follows:

	Increase in interest rate %	Effect on Profit before tax VND million	Effect on Equity VND million
As at 31 December 2020			
USD	1.50	(214,552)	(171,642)
VND	3.00	1,792,665	1,434,132
<hr/>			
As at 31 December 2019			
USD	1.50	(201,818)	(161,454)
VND	3.00	4,022,154	3,217,723
<hr/>			

The increase/decrease in basis points used to analyse the sensitivity to interest rates is assumed based on the conditions that can be observed on the current market.

A 3.00% decrease of VND interest rate and a 1.50% decrease of USD interest rate as at 31 December 2020 and 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

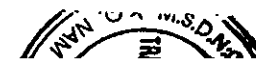
Techcombank is established and incorporated in Vietnam and accounting currency is Vietnam Dong, the main transaction currencies of Techcombank are Vietnam Dong, gold, USD, EUR and other foreign currencies. Techcombank establishes limits on positions by currency. In accordance with Techcombank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

Classification of assets and liabilities by currency converted into VND of Techcombank as at 31 December 2020 and 31 December 2019 is as follows:

Vietnam Technological and Commercial Joint Stock Bank

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

As at 31 December 2020	VND VND million	USD converted VND million	EUR converted VND million	Gold converted VND million	Other currencies converted VND million	Total VND million
Assets						
Cash and cash equivalents	23,417,256	11,120,888	531,579	5,083	536,289	35,611,095
Due from other CIs	7,636,327	484,357	-	-	-	8,120,684
Derivative financial assets	110,850,265	117,515,189	200,719	-	6,412,350	234,978,523
Financial assets at FVTPL	9,613,018	-	-	-	-	9,613,018
Debt instruments at FVOCI	83,949,534	-	-	-	-	83,949,534
Equity instruments at FVOCI	472,058	-	-	-	-	472,058
Loans and advances to customers at amortised cost	264,581,050	22,864,600	631,012	-	1,076,330	289,152,992
Debt instruments at amortised cost	3,471,993	-	-	-	-	3,471,993
Other financial assets	1,129,997	88,892	-	-	781	1,219,670
Total financial assets	505,121,498	152,073,926	1,363,310	5,083	8,025,750	666,589,567
Liabilities						
Due to other CIs	20,205,584	25,040,116	631,970	-	1,077,949	46,955,619
Derivative financial liabilities	112,550,971	114,681,078	198,021	-	6,433,171	233,863,241
Deposits from customers	267,395,272	11,222,908	517,394	-	489,181	279,624,755
Other borrowed funds	601,083	-	-	-	-	601,083
Debt instruments issued	28,360,295	-	-	-	-	28,360,295
Other financial liabilities	5,093,011	274,022	6,266	-	4,110	5,377,409
Total financial liabilities	434,206,216	151,218,124	1,353,651	-	8,004,411	594,782,402
Net gap	70,915,282	855,802	9,659	5,083	21,339	71,807,165



Vietnam Technological and Commercial Joint Stock Bank

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

As at December 2019	VND VND million	USD converted VND million	EUR converted VND million	Gold converted VND million	Other currencies converted VND million	Total VND million
Assets						
Cash and cash equivalents	33,299,051	12,307,757	531,910	12,836	395,531	46,547,085
Due from other CIs	7,852,967	1,712,007	-	-	17,073	9,582,047
Derivative financial assets	90,738,526	97,809,407	1,049,820	-	8,935,425	198,533,178
Financial assets at FVTPL	12,473,011	-	-	-	-	12,473,011
Debt instruments at FVOCI	64,633,484	-	-	-	-	64,633,484
Equity instruments at FVOCI	721,933	-	-	-	-	721,933
Loans and advances to customers at amortised cost	218,192,952	17,399,271	540,730	-	2,637,752	238,770,705
Debt instruments at amortised cost	3,718,406	-	-	-	-	3,718,406
Other financial assets	1,131,293	153,633	29	-	1,396	1,286,351
Total financial assets	432,761,623	129,382,075	2,122,489	12,836	11,987,177	576,266,200
Liabilities						
Due to other CIs	33,501,072	23,883,557	543,127	-	2,642,238	60,569,994
Derivative financial liabilities	88,739,253	99,548,359	1,042,542	-	8,702,947	198,033,101
Deposits from customers	221,812,336	10,720,374	530,625	-	597,130	233,660,465
Other borrowed funds	820,658	-	-	-	-	820,658
Debt instruments issued	17,652,059	-	-	-	-	17,652,059
Other financial liabilities	4,404,791	901,361	2,223	-	27,334	5,335,709
Total financial liabilities	366,930,169	135,053,651	2,118,517	-	11,969,649	516,071,986
Net gap	65,831,454	(5,671,576)	3,972	12,836	17,528	60,194,214

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

Exchange rate sensitivity

On the assumption that other variances are unchanged, the table below shows the sensitivity of profit before tax of Techcombank (due to changes in fair value of assets and liabilities) to changes occurring at suitable level of USD and EUR exchange rate. Risk due to changes in exchange rate to other foreign currencies of Techcombank is not significant.

	Level of increase %	Effects on Profit before tax VND million	Effect on Equity VND million
As at 31 December 2020			
USD	1.00	(8,558)	(6,846)
EUR	1.00	(97)	(78)
<hr/>			
As at 31 December 2019			
USD	1.00	(56,716)	(45,373)
EUR	1.00	40	32
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A 1.00% strengthening in the VND against USD and EUR as at 31 December 2020 and as at 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. Techcombank cannot expect to eliminate all operational risks, but they endeavour to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

34. Capital

Techcombank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the SBV. The adequacy of Techcombank's capital is among other measures and adopted by the SBV in supervising Techcombank.

(a) Capital management

The primary objectives of the Bank's capital management policy are to ensure that the Bank comply with externally imposed capital requirements and maintain strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Bank manages their capital structure and make adjustments to it according to changes in economic conditions and the risk characteristics of their activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the prior periods. However, they are under constant review by the Executive Team.

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(b) Regulatory capital

The table below shows the regulatory capital and capital adequacy ratio of Techcombank as at 31 December 2020 and 31 December 2019. According to regulations of the SBV, the regulatory capital and capital adequacy ratio are calculated following the guideline of Circular No. 22/2019/TT-NHNN dated 15 November 2019 by the SBV on limits and prudential ratios of banks and foreign bank branches, and determined based on the audited consolidated financial statements of Techcombank in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

	31 December 2020 VND million	31 December 2019 VND million
Tier 1 Capital	74,131,020	61,782,043
Tier 2 Capital	1,977,345	1,391,499
Total equity capital	76,108,365	63,173,542
Risk weighted assets	473,371,400	407,330,250
Tier 1 capital adequacy ratio	15.66%	15.17%
Total capital adequacy ratio	16.08%	15.51%
Minimum adequacy for total capital ratio required by regulations on prudential ratios	9.00%	9.00%



35. Fair value of financial instruments

(a) Financial instruments recorded at fair value

The following section describes how to determine the fair value of financial instruments recorded at fair value using valuation methods. The method is based on estimates and assumptions of Techcombank which are made on the views of market participants.

(i) Methods for determination of fair value and fair value level

Techcombank uses the following levels to assess and present the fair value of financial instruments:

- Level 1: Listed (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(ii) *Valuation techniques*

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are mostly highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, Techcombank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolates yields outside the range of active market trading, in which instances Techcombank classifies those securities as Level 2.

Debt securities issued by CIs and corporates

Whilst most of these instruments are standard fixed or floating rate securities, some may have more complex coupon or embedded derivative characteristics. Techcombank uses active market prices when available, or other observable inputs in discounted cash flow models and the relevant credit spreads to estimate the corresponding fair value. Bonds issued by CIs and corporates are Level 1 instruments when the bonds are listed in active market, Level 2 instruments where inputs are observable data or Level 3 instruments where significant inputs cannot be referenced to observable data and, therefore, inputs are adjusted for relative tenor and issuer quality.

Equity instruments

Some equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1.

Equity investments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3.

Cross currency swap and interest rate swap

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant to the position. Techcombank's cross currency swap and interest rate swap contracts are generally Level 2.

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Techcombank classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Loans and advances to customers at FVTPL

Techcombank uses discounted cash flows model to measure fair value of the loans with unobservable inputs, i.e. the interest rate of the similar loans at the date of initial recognition.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

The following table presents the fair value of the financial instruments by levels as at 31 December 2020:

	Level 1 VND million	Level 2 VND million	Level 3 VND million	Total VND million
Cash and cash equivalents				
Debt instruments at FVTPL (*)	-	-	782,391	782,391
Financial assets at FVTPL				
Government bonds	4,156,634	87,559	-	4,244,193
Credit institution bonds	128,671	-	3,501,748	3,630,419
Equity instruments	-	-	6,018	6,018
Loans and advances to customers at FVTPL	-	-	1,732,388	1,732,388
	4,285,305	87,559	5,240,154	9,613,018
Derivative financial assets				
Foreign exchange contracts	-	433,959	-	433,959
Cross currency swap and interest rate swap	-	2,298,552	-	2,298,552
	-	2,732,511	-	2,732,511
Debt instruments at FVOCI				
Government bonds	14,707,657	562,453	-	15,270,110
Credit institution bonds	2,215,343	8,096,237	10,947,569	21,259,149
Corporate bonds	359,392	-	47,060,883	47,420,275
	17,282,392	8,658,690	58,008,452	83,949,534
Equity instruments at FVOCI				
	548	-	471,510	472,058
Derivative financial liabilities				
Foreign exchange contracts	-	(748,228)	-	(748,228)
Cross currency swap and interest rate swap	-	(869,001)	-	(869,001)
	-	(1,617,229)	-	(1,617,229)
Total	21,568,245	9,861,531	64,502,507	95,932,283

(*) Debt instruments at FVTPL which have original maturities of three months or less from the date of acquisition are reclassified into cash and cash equivalents.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020
(continued)

The following table presents the fair value of the financial instruments by levels as at 31 December 2019:

	Level 1 VND million	Level 2 VND million	Level 3 VND million	Total VND million
Cash and cash equivalents				
Debt instruments at FVOCI (*)	-	-	10,787	10,787
Financial assets at FVTPL				
Government bonds	5,941,723	1,027,643	-	6,969,366
Credit institution bonds	185,885	-	3,366,244	3,552,129
Equity instruments	-	-	5,750	5,750
Loans and advances to customers at FVTPL			1,945,766	1,945,766
	6,127,608	1,027,643	5,317,760	12,473,011
Derivative financial assets				
Foreign exchange contracts	-	242,475	-	242,475
Cross currency swap and interest rate swap	-	828,287	-	828,287
	-	1,070,762	-	1,070,762
Debt instruments at FVOCI				
Government bonds	10,965,263	1,348,596	-	12,313,859
Credit institution bonds	2,225,047	10,870,807	8,464,278	21,560,132
Corporate bonds	587,885	-	30,171,608	30,759,493
	13,778,195	12,219,403	38,635,886	64,633,484
Equity instruments at FVOCI	644	-	721,289	721,933
Derivative financial liabilities				
Foreign exchange contracts	-	(375,893)	-	(375,893)
Cross currency swap and interest rate swap	-	(194,792)	-	(194,792)
	-	(570,685)	-	(570,685)
Total	19,906,447	13,747,123	44,685,722	78,339,292

(*) Debt instruments at FVOCI which have original maturities of three months or less from the date of acquisition are reclassified into cash and cash equivalents.

(b) Reconciliation of level 3 fair value measurements

The table below shows a reconciliation of the opening and closing amount of Level 3 financial assets which were recorded at fair value:

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2020	FVTPL				Debt and equity instruments at FVOCI			
	Cash and cash equivalents	CI bonds	Equity instruments	Loans and advances to customers at FVTPL	Cash and cash equivalents	CI bonds	Corporate bonds	Equity instruments
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
As at 1 January 2020	-	3,366,244	5,750	1,945,766	10,787	8,464,278	30,171,608	721,289
Total gains or losses	-	419,756	268	96,942	-	(45,640)	758,519	(59,762)
<i>in profit or loss</i>	-	419,756	-	96,942	-	(113,077)	95,118	-
<i>in OCI</i>	-	-	268	-	-	67,437	663,401	(59,762)
Purchase	782,391	3,442,896	-	1,177	-	10,028,207	36,257,097	62,984
Settlement	-	(3,727,148)	-	(311,497)	(10,787)	(7,499,276)	(20,008,644)	(253,001)
Transferred to level 3	-	-	-	-	-	-	98,220	-
Transferred from level 3 (*)	-	-	-	-	-	-	(215,917)	-
As at 31 December 2020	782,391	3,501,748	6,018	1,732,388	-	10,947,569	47,060,883	471,510

(*) These instruments were transferred from Level 3 to Level 1 because their prices were obtained in active markets at the reporting date.

Vietnam Technological and Commercial Joint Stock Bank
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2019	FVTPL				Debt and equity instruments at FVOCI			
	CI bonds	Corporate bonds	Equity securities	Loans and advances to customers	Cash and cash equivalents	CI bonds	Corporate bonds	Equity securities
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
As at 1 January 2019	1,049,250	1,159,384	-	-	11,632	9,011,223	33,907,392	14,179
Total gains or losses	167,066	(17,208)	-	-	-	315,792	609,867	4,114
<i>in profit or loss</i>	167,066	(17,208)	-	-	-	(26,898)	217,003	-
<i>in OCI</i>	-	-	-	-	-	342,690	392,864	4,114
Purchase	3,178,364	-	5,750	-	10,787	7,298,281	29,203,721	702,996
Settlement	(1,028,436)	(1,142,176)	-	-	(11,632)	(8,161,018)	(33,539,487)	-
Transferred from level 3 (*)	-	-	-	-	-	-	(9,885)	-
Reclassification	-	-	-	1,945,766	-	-	-	-
As at 31 December 2019	3,366,244	-	5,750	1,945,766	10,787	8,464,278	30,171,608	721,289

(*) These instruments were transferred from Level 3 to Level 1 because their prices were obtained in active markets at the reporting date.

(c) **Information about significant unobservable inputs used in Level 3 fair value measurements**

As at 31 December 2020, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted corporate bonds, unquoted credit institution bonds, unquoted equity securities and loans and advances to customers which are summarised as follows:

<i>Assets</i>	<i>Classification</i>	<i>Valuation technique</i>	<i>Unobservable inputs</i>
<i>Financial instruments at FVTPL</i>			
Unquoted credit institution bonds	FVTPL	Discounted cash flow	Discount rates
Loans and advances to customers	FVTPL	Discounted cash flow Black-scholes model	Discount rates Share price
Unquoted equity securities	FVTPL	Net asset value	Net asset value
<i>Financial instruments at FVOCI</i>			
Unquoted credit institution bonds	FVOCI	Discounted cash flow	Discount rates
Unquoted corporate bonds	FVOCI	Discounted cash flow	Discount rates
Unquoted equity securities	FVOCI	Net asset value	Net asset value

The discount rates of unquoted corporate bonds are determined based on the average interest rate of loans and advances to customers with similar characteristics: same sector, tenor and repricing period while the discount rates of unquoted credit institution bonds are determined based on the interest rate of governmental bonds with similar tenors plus a credit spread. A significant increase/decrease in the average interest rate of loans and advances to customers and interest rate of governmental credit institution bonds would result in a significant lower/higher fair value measurement of the unquoted corporate bonds and credit institution bonds.

Valuation of unquoted equity securities includes unobservable inputs such as net asset value, earnings and financial ratio multiples. A significant increase/decrease in the net asset value, earnings and financial ratios multiples would result in a significant higher/lower fair value measurement.

The movement in fair value arising from reasonably possible changes to the significant unobservable input is assessed as not significant.

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36. Comparative figures

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

	2019 VND million (Reclassified)	2019 VND million (Previous financial statement)
Consolidated statement of profit or loss		
Interest and similar income	24,509,652	24,505,596
Interest and similar expenses	(10,844,033)	(10,839,977)
Fee and commission income	5,318,073	5,348,635
Fee and commission expenses	(1,600,493)	(1,631,055)
	31 December 2019 VND million (Reclassified)	31 December 2019 VND million (Previous financial statement)
Consolidated statement of financial position		
Property and equipment and right-of-use assets	7,564,873	7,903,029
Intangible assets	688,397	350,241

37. Unusual items

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

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020, Vietnam Government has performed significant control measures including the social distancing initiated on 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors.

38. Exchange rate of foreign currencies as at end of the year

The following was the significant foreign exchange rates applied by Techcombank:

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

Hanoi, 6 May 2021

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