

revenue, our annual growth rate has been in excess of 20%  
ree to five years Techcombank plans to become one of the  
registered capital in excess of VND 1,500 billion and total as  
ny person or organisation doing business with Techcombank  
anking products and services, provided by a friendly, trained  
the automatic and customised features of our on-line Glob  
y 100,000 individual **customers**, who represent about  
1. For these customers, Techcombank provides a full range  
for needs of this customer group at various stages in their li  
nts, savings, loan, payments, credit and debit cards, invest  
s. Our key products and services for these customers are car  
Techcombank is also providing its comprehensive range of





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at three to five years Techcombank plans to become one of the largest banks in Vietnam with registered capital in excess of VND 1,500 billion and total assets of VND 10,000 billion. Every person or organisation doing business with Techcombank has access to a full range of banking products and services, provided by a friendly, trained and professional staff, and by the automatic and customised features of our on-line Globus system. We have nearly 100,000 individual customers, who represent about 27% of the total population of Vietnam. For these customers we provide a full range of products to meet their particular needs of this customer group, including current accounts, savings, loan, payment services. Our key products are:



1.48	7.51	1.48
1.48	43.66	11.25
43.66	7.25	11.25
7.70	11.25	0.96
11.25	0.96	5.12
0.93	5.12	18.85
5.32	18.85	0.68
18.79	0.68	0.58
0.68	0.58	4.32
2.55	4.32	0.85
4.32	0.85	14.09
0.85	14.09	3.45
14.09	3.45	2.76

## ■ Financial Highlights

	2005	2006	2007
Total Revenue	905.00	1,398.00	2,653.29
Total Asset	10,666.00	17,326.00	39,542.50
Shareholder Equity	617.00	1,500.00	2,521.31
Share Capital	1,009.41	1,761.69	3,573.42
Profit before tax	286.06	356.52	709.74
Profit after tax	206.15	256.91	510.38
ROA (%)	2.60	1.89	1.99
ROE (%)	45.19	26.76	22.98

*Unit: Billion VND*



## ■ Highlights of the year

1. The Bank's total assets reached nearly 2.5 billion USD.
2. The branch network expanded to approximately 130 branches and sub-branches creating the second largest network among all joint stock banks in the country.
3. HSBC, Techcombank's strategic partner, increased its capital stake to 15% and actively supported Techcombank's management in running the Bank.
4. Techcombank profoundly enhanced its organizational structure by establishing the Corporate Banking Division, Personal Financial Services Division and the Credit and Risk Management Division.
5. The Core banking system was upgraded to the latest version T24R06.
6. The Card business grew strongly, achieving a total of 200,000 cards issued in the year.
7. Techcombank became the first and only Vietnamese bank to be complimented by Financial Insights for achievements in leading technological applications and solutions.
8. A "mystery shopper" program was deployed to assess the quality of service provided by branches.
9. The Bank launched a wide range of new products and services, including Bancassurance, supplier financing, real-time online banking service (F@st i-Bank), account management service for securities investors (F@st S-Bank), and an electronic payment gateway providing online payment solutions for e-commerce websites (F@stVietPay)...
10. Techcombank was awarded "Top Trade Services 2007" by the Ministry of Trade and Industry.



Message

**From the Chairman**





*In 2007, the banking system of Vietnam in general and Techcombank in particular achieved robust growth. With our great efforts in strengthening the Bank in all aspects including capital, total assets, branch network, business lines, human resources, and information technology, Techcombank is now on the right track to become the leading, most reliable and preferred bank in the country.*

*Corporate governance has been an important area of focus and we have enhanced this through new specialized units responsible for development strategies and for managing and auditing the bank's activities. We also set up the Executive Committee (EXCO) supported by a flexible authorization mechanism to ensure close and efficient collaboration between the Board of Directors and the Board of Management in running the Bank.*

*Acknowledging the vital role of human resources to the Bank's success, in addition to revising salaries, in 2007, we introduced the Employee Stock Option Program to grant shares as a bonus for outstanding and dedicated key staff. We also increased healthcare coverage for all staff and their families through the 'Techcombank Care' health insurance program signed with Bao Minh Insurance Company and AON Vietnam. We believe such fair and favorable treatment will increase employee productivity, encourage greater individual responsibility, entrepreneurial thinking and strengthen loyalty to the Bank.*

*We also benefited from the assistance offered by our strategic partner, the Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) in sharing experience in training staff and in transferring risk management skills.*

*2008 will bring both opportunities and challenges for all banks, including Techcombank and we will continue ahead with our development strategy to become the leading commercial joint stock bank in Vietnam. To achieve this, we will focus on sustainable development, advanced risk management practices and product and service innovation across banking, investment and insurance industries. I desire and believe that based on the strengthened operational capability and efficiency of the Bank, the dynamic and creative performance of the Board of Directors, Supervisory Committee, Board of Management and employees as well as the support of shareholders, Techcombank will continue to reap further success and reach new heights in business performance.*

*On behalf of the Board of Directors, I would like to extend my warmest wishes and sincerest thanks to shareholders, partners and customers who have backed and contributed significantly to Techcombank's development over the past year. I would also like to recognise the great contribution made by the Bank's employees who have devoted their time and energies to the development course of the Bank.*

**Chairman of the Board of Directors**

**NGUYỄN THIỆU QUANG**

■ Report  
**of the President and CEO**



*In 2007, Techcombank was well prepared in terms of capital, assets, human resources and information technology to take full advantage of the accelerating economic growth of the country.*

*As a result, we surpassed almost all business targets. By year end, total assets reached VND39,542 billion, more than double the level a year earlier. Profit before tax was also impressive at VND709 billion, also double the figure achieved in 2006. Furthermore, Techcombank was one of just a few Vietnamese banks with a fee and commission income ratio accounting for around 15% of total revenue.*

*The Techcombank family continued to expand to over 2,900 members, including a large number of young, enthusiastic, well-educated and experienced new employees who joined us during the year. The bank's physical network also expanded to nearly 130 branches and sub-branches, mainly located in large cities and key economic zones including Dong Nai, Binh Duong, Can Tho, Nghe An, Lang Son, Quang Ninh, An Giang, Quy Nhon and Dak Lak.*

*Having a true focus on our customers is the key factor directing our daily activities and great emphasis has been placed on renovating and innovating products and services to better meet our customers' needs. With this in mind, 2007 was a year of innovation for Techcombank. We made particularly strong use of our information technology strengths to deliver new hi-tech solutions. These included personal internet banking (F@st i-Bank), an electronic payment gateway (F@stVietPay), and cash management for investors (F@st S-bank). Techcombank was also proactive in reaching out to attract new business, with a number of successful marketing campaigns, notably the "Deposit at Techcombank, Win a Mercedes" promotion.*

*As a tribute to the benefits of our continued investment in technology, Techcombank has received a number of prestigious awards from reputable local and international organizations.*

*With the goal of becoming the leading commercial bank operating at international standards, Techcombank, along with our strategic partner HSBC, has refocused the organizational structure. Now, we operate by business divisions under vertical management and centralized accounting principles.*

*Alongside our business priorities, we take our corporate responsibility for the sustainable development of the society very seriously. During the year, Techcombank made significant contributions supporting and sponsoring charity programs, scholarships and other national and social events.*

*Looking forward to 2008, there will be many challenges for Techcombank as we are in the period of transition to become a leading retail bank in Vietnam. With the great enthusiasm and determination from all of our staff, I have great confidence that we will continue to achieve and even surpass our business plans and reap further successes in the coming year.*

**President and Chief Executive Officer**

**Mr. NGUYEN DUC VINH**

■ Leadership

BOARD OF DIRECTORS



Mr. NGUYEN THIEU QUANG  
*Chairman*

Date of birth: Aug 28, 1959  
Education background: Bachelor in Underground Construction  
Foreign languages: Russian

Mr. Nguyen Thieu Quang has been a shareholder of Techcombank since 1993. In 1999, Mr. Quang was elected to the Board of Directors (BOD) as a Standing Member and was re-elected to the Board for the term 2000-2003. In the 2003-2006 term, he was elected Vice Chairman. At the 2006 Annual Shareholders Meeting, Mr. Thieu Quang was elected Chairman of the BOD

Currently, Mr. Nguyen Thieu Quang is also holding the following positions:

- Chairman of La Giang Company
- Chairman of Da My Company
- BOD Member of Kim Son Company
- BOD Member of Togi Real Estate Company



Mr. HO HUNG ANH  
*First Vice Chairman*

Date of birth: Jun 8, 1970  
Education background: Bachelor of Electronic Engineering  
Foreign languages: Russian

Mr. Ho Hung Anh has been a shareholder of Techcombank since 1995. At the 2004 Annual Shareholders Meeting, he was elected to the BOD for the term 2003- 2006. At the Shareholder’s Meeting 2006, he was elected the First Vice Chairman.

At present, Mr. Hung Anh is also:

- Vice Chairman of Masan Group
- Vice Chairman of Masan Investment joint-stock Company
- President and CEO of the Masan-Rus Trading Company in Russia



Mrs. NGUYEN THI NGÀ  
*Vice Chairwoman*

Date of birth: Aug 17, 1955  
Education background: Bachelor of Economics  
Foreign languages: English

Madam Nga has been a shareholder of Techcombank since 2000. In 2002, Madam Nga was elected Vice Chairwoman. From 2003 to 2005 she was the First Vice Chairwoman, and from 2005 to August 2006 she held the Chairwoman position of Techcombank. At the 2006 Techcombank Shareholders Meeting, Madam Nga was elected Vice Chairwoman.

Ms. Nga is currently the General Director of King Valley Co., Ltd.



Mr. TRAN DUC LUU  
*Vice Chairman*

Date of birth: 1949  
Education background: Master of Management Science  
Foreign languages: Russian, English

Mr. Tran Duc Luu is a representative for the stake of Vietnam Airlines in Techcombank. Mr. Tran Duc Luu was elected to the BOD at the Annual Shareholders Meeting 2005. At the Shareholders Meeting 2006, Mr. Luu was elected Vice Chairman.

Mr. Luu is currently a BOD member of Vietnam Airlines.

**Mr. NGO CHI DZUNG***Vice Chairman*Date of birth: **Sep 25, 1968**Education background: **Ph.D. in Economics, Bachelor of Geological Engineering**Foreign languages: **Russian**

Mr. Ngo Chi Dzung was a founding shareholder and BOD member of the Vietnam International Bank from 1996-2004. Mr. Dzung has been the Director of Investment for Lien Minh Investment JSC since 2005. At the Techcombank Annual Shareholders Meeting 2006, Mr. Dzung was elected Vice Chairman.

**Mr. HOANG VAN ĐÀO***Member*Date of birth: **1955**Education background: **Ph.D. in Science and Technology.**

Mr. Dao is one of the founding shareholders of Techcombank. From 1996 to January 1999, Mr. Dao was Vice President of Techcombank.

At the Annual Shareholders Meeting 1999, Mr. Dao was elected BOD member and has been holding the position since then

**Mr. BRIAN GEORGE FREDRICK***Member*Date of birth: **7 Jan, 1952**Nationality: **British**Education: **Bachelor (Hons) of Politics and Government (University of Kent)**Languages: **English, French**

Mr. Brian Fredrick has been working with the HSBC Group for over 35 years and had previously served as HSBC's Chief Executive Officer in Indonesia, the Philippines and Mauritius. He was more recently HSBC's Head of International in Hong Kong and was a member of HSBC's Asia-Pacific EXCO.

He was elected as member of the Board of Directors in August 2006."

**Mr. THAI QUOC MINH***Member*Date of birth: **1960**Education background: **MBA, University of Edith Cowan, Australia**Foreign languages: **English**

- **2002-2005:** Chief Financial Officer of the PetroVietnam Financial Company, subsidiary of PetroVietnam Group.
- **2005-2006:** General Director of Pacific Commercial Joint-stock Bank.
- **From 2006 - present:** General Director of VINA Private Capital Investment Co., Ltd.

At the 2006 Shareholders Meeting, Mr. Minh was elected as BOD member of Techcombank.

**Mr. NGUYEN HOAI NAM***Member*Date of birth: **1959**Education background: **Bachelor of Foreign Economics, Foreign Trade University.**Foreign languages: **English, Japanese**

From 1988 to 1991, Mr Nam worked for Nisshoiwai in Japan. From 1993 to 1995, he worked for Mitsubishi Corp. in Hanoi. He has been the chairman of Phuong Hoang Jst. Company since 1997.

He was elected as member of the Board of Directors in August 2006."

BOARD OF SUPERVISION



Mrs. NGUYEN THU HIEN  
Head

Date of birth: Oct 20, 1965  
Education background : Bachelor in Credit Finance  
Foreign languages: Russian, English

Ms. Nguyen Thu Hien has been a shareholder of Techcombank since 1994.

- Sep 1993 - Feb 1996: Chief Accountant of Techcombank
- Mar 1996 - Mar 1998: Chief Accountant of Techcombank's HCM City Branch.
- Apr 1998 - Jan 1999: Deputy Director of Techcombank's HCM City Branch.
- Jan 1999 - Feb 2003: Member of the Board of Supervision
- In the 2005 Annual Shareholders Meeting, she was re-elected to the Board of Supervision.
- In the 2006 Annual Shareholders Meeting, Ms. Hien was elected Head of the Board of Supervision for the 2006-2009 term.



Mr. PHAM XUAN DINH  
Member

Date of birth: Aug 8, 1974  
Education background: Bachelor of Economics  
Foreign languages: English

Mr. Dinh was elected to the Board of Supervision in the 2003 Annual Shareholders Meeting and has held the position since that date



Mr. PHAM XUAN DINH  
Member

Date of birth: Apr 2, 1973  
Education background: MBA  
Foreign languages: English

From 1997-2005, Mr. Nguyen Manh Quan served as Director of Customer Services, Director of Quality Management, and Director of Internal Control and Compliance for Citibank. Since 2005, Mr. Quan has been the Director of Internal Control and Compliance for HSBC.

Mr. Quan was elected as a member of the Board of Supervision of Techcombank for the 2006-2009 term in the 2006 Annual Shareholders Meeting.

BOARD OF MANAGEMENT



**Mr. NGUYEN DUC VINH**  
*President and Chief Executive Officer*

Date of birth: **Sep 16, 1958.**  
Education background: **MBA**  
Foreign languages: **French, English**

Mr. Nguyen Duc Vinh was Deputy General Director of Vietnam Airlines before joining Techcombank. When Vietnam Airlines bought a stake in Techcombank, the Board of Directors of Techcombank appointed Mr. Vinh to the position of Deputy General Director.

In December 2000, Mr. Vinh was appointed as President and Chief Executive Officer of Techcombank.



**Mrs. NGUYEN THI THIEN HUONG**  
*Deputy Chief Executive Officer*

Date of birth: **Aug 11, 1961**  
Education background: **Bachelor of Science, Bachelor of Economics, MBA**  
Foreign languages: **Russian, English**

Ms. Nguyen Thi Thien Huong started working at Techcombank in September 1995, and held the positions of Head of the Planning and Securities Investment Department and Head of the Credit Department before she was appointed to the position of Deputy Chief Executive Officer in February 2001.



**Ms. NGUYEN THI TAM**  
*Deputy Chief Executive Officer*

Date of birth: **Feb 20, 1960**  
Education background: **Bachelor of Economics, MBA** Foreign languages: **English**

Ms. Nguyen Thi Tam had many years of experience in the banking industry before joining Techcombank in 1994. Ms. Tam has since held the following positions: Deputy Director of Business, Head of Foreign Relations Dept., Head of Enterprise Banking Services Dept., Director of Head Office's Business Center. In September 2004, Ms. Tam was appointed Deputy Chief Executive Officer.



**Mr. NGUYEN DUY PHU**  
*Deputy Chief Executive Officer*

Date of birth: Dec 22, 1962  
Education background: Bachelor of Banking

Mr. Nguyen Duy Phu has many years of experience in the fields of finance and banking. Before working at Techcombank, Mr. Phu worked as Chief Accountant for Vietnam International Leasing Co. (from 1999 to 2005). Mr. Phu was appointed Deputy Chief Executive Officer on Jan 11, 2006.



**Ms. LUU THI ANH XUAN**  
*Deputy Chief Executive Officer*

Date of birth: **Apr 4, 1970**  
Education: **MBA, Henley University, England**  
Foreign languages: **English**

Ms. Luu Thi Anh Xuan has many years of experience in the fields of finance and banking. Before working at Techcombank, Ms. Xuan held senior positions at a number of international banks including Citibank, ABN AMRO Bank and Deutsche Bank. Her previous roles included being the Director of Payment and Commercial Sponsorship and Head of the Business Department. Ms. Xuan was appointed Deputy Chief Executive Officer on Feb 22, 2007.



**Mr. PHAM QUANG THANG**  
*Deputy Chief Executive Officer*

Date of birth: **Mar 14, 1973**  
Education background: **Master of International Accounting**  
Foreign languages: **English**

Mr. Pham Quang Thang has many years of experience in the fields of finance and banking. Before being appointed to his current position, Mr. Thang held important positions including Head of the Finance and Accounting Dept. and Director of the Center for Management of Capital and Financial Market Transactions. Mr. Thang was appointed as Deputy Chief Executive Officer of Techcombank on Oct 16, 2007.



**Mr. NGUYEN THANH LONG**  
*Deputy Chief Executive Officer*

Date of birth: **Jul 19, 1966**  
Education background: **Master of Economic Law**  
Foreign languages: **English**

Mr. Nguyen Thanh Long has many years of experience in the fields of finance and banking. Before working at Techcombank, Mr. Long held the position of Deputy Chief of the Legal Department of the State Bank of Vietnam. Mr. Long was appointed Deputy Chief Executive Officer of Techcombank on Nov 11, 2007.



Within three to five years Techcombank plans to become one of the leading banks in Vietnam with registered capital in excess of VND 1,500 billion and total assets exceeding VND 5,000 billion. Every person or organisation doing business with Techcombank will have access to a full range of banking products and services, provided by a friendly, trained staff. The bank's success is also due to the automatic and customised features of our on-line Global Banking System. We currently have nearly 100,000 individual **customers**, who represent about 20% of the total population of Vietnam. For these customers, Techcombank provides a full range of services to meet the particular needs of this customer group at various stages in their lives. These services include current accounts, savings, loan, payments, credit and debit cards, investment



## ■ Report on Techcombank's activities in 2007

### Business Environment

Whilst the Vietnam economy was impacted by various natural disasters and the global economic slowdown, there were many encouraging achievements in 2007.

The country attained GDP growth of 8.48%, the highest level recorded over the last 12 years and one of the highest in the world. GDP reached VND1,143 trillion and the per capita average was around VND13.42 million, equivalent to USD71.5 billion and USD839 respectively.

Of all sectors, industrial production and construction grew the most, by 10.6% year-on-year, reaching VND476 trillion, whilst the services sector expanded by 8.68% to VND436 trillion. Agriculture, forestry and fisheries, which were badly hit by natural disasters and epidemics, registered a low growth rate of 3.14%, reaching VND232 trillion.

The economic structure of GDP continued to adjust with increasing contributions by the industrial production, construction and services sectors, while gradually reducing the proportion



of agriculture, forestry and fisheries. The proportions of the three sectors in 2007 were 41.61%, 38.14% and 20.25%, compared to 41.56%, 38.08% and 20.36% in 2006, respectively.

The high economic growth was the result of both input and output factors. For input, huge investment was seen as a force pushing the economy’s growth rate. In the year, total investment capital was VND462 trillion or USD28 billion, equal to 40.4% of GDP and an increase of 15.8% over 2006. Of that, investment by the State sector was VND210 trillion or USD12.7 billion, and realized foreign direct investment was VND4.2 billion, the highest result ever.

For output, both domestic consumption and exports grew strongly. Total retail sales revenue increased by 23.3% year-on-year to VND726 trillion or USD44 billion. This indicator is expected to keep rising, driven by rising consumerism from the young and expanding population. Exports were outstanding, both in terms of size (USD48.4 billion) and growth rate (21.5%).

Thanks to the high economic growth, the country’s Human Development Index (HDI) was visibly improved. HDI rose continuously through the years, from 0.590 in 1985 to 0.620 in 1990; 0.672 in 1995; 0.682 in 2000; 0.704 in 2005; 0.709 in 2006 and 0.733 in 2007. Vietnam’s international standing also continued to rise, notably since the country became an official member of the WTO early last year and was elected as a non-permanent member of the UN Security Council last October.

### Business Performance

2007 marked another year of outstanding success for Techcombank. With a development strategy focusing on customers, the Bank surpassed almost all targets set for the year, including those in total assets, capital, lending, profit, revenue, network expansion and product development.

As of 31 December 2007, Techcombank’s total assets were VND39,542 billion or USD2.4 billion, an increase of 128% compared to a year earlier. Total customer deposits were VND24,477 billion, an increase of 156% compared to a year earlier. Of that, deposits by individuals were VND14,119 billion, making up over 40% of the total and showing a generally stable growth trend with an appropriate structure to guarantee safety in all business operations of the bank.

At the same time, Techcombank’s outstanding loans and advances to customers were VND19,958 billion, an increase of 127% compared to 31 December 2006. In parallel with promoting lending activities, Techcombank tightly controlled the credit quality, and thus reduced the non-performing loan (NPL) ratio significantly to 1.39% at the end of 2007 from 3.11% a year earlier.

Techcombank raised total shareholder equity and share capital by 103% and 68% year-on-year to VND3,573 billion and VND2,521 billion respectively by the year end. During the year, the Bank sold an additional stake of 5% to HSBC, raising total ownership by the strategic foreign partner to 15%.

Regarding business results, Techcombank attained total net income of VND1,216 billion, an increase of 99% compared to 2006. Of that, net interest income more than doubled 2006’s level to reach VND925 billion, or 76% of total net income. Commission and fee income also increased sharply, by 74% year-on-year to the level of VND176.9 billion. This accounted for almost 15% of the Bank’s total net income, a very high ratio compared to other joint stock banks in Vietnam.



Revenue from international payment services was VND86 billion and represented 42% of total commission and fee income. In particular, in 2007 income from domestic services increased markedly — 2.3 times the amount in 2006, of which guarantees from financing arrangements brought in the biggest proportion — 58%.

As a result of high growth in all business lines, the Bank achieved pre-tax profits of more than VND709 billion in 2007, nearly doubling that of 2006 and standing third in the group of joint-stock banks in Vietnam.

In order to expand operations and improve its competitive ability as a domestic bank, Techcombank has continuously enlarged and upgraded its branch network to almost 130 locations in 23 cities and provinces throughout the country by the end of 2007. This expansion has helped Techcombank seize the growing market opportunities before foreign banks fully deploy their products and services in Vietnam.

To further focus on customer-driven businesses, Techcombank actively launched many new well-tailored products and services. Standouts were F@st i-Bank – a real-time online banking service for individuals; Logistics Financing – a lending program for importers and exporters with the cooperation of logistics agencies; Personal Consumer Loans — a retail product enabling individuals to borrow for a purchase and pay by installments; F@st S-bank – an account management service for securities investors and securities companies.

Techcombank also carried out a profound change in its organizational structure with a number of business groups established and head office departments reorganized. This helped the Bank specialize and professionalize all banking operations as seen in many global banks whilst raising labor productivity and improving risk management. The Bank set up the Commercial and Corporate Banking Division in March 2007 and the Personal Financial Services Division later, which both brought many positive changes in serving their targeted clients. The Internal Audit department was also established during the year to help improve organizational structure and operating processes. The department now provides objective checking of branch operating procedures and controls together with all aspects of accounting, credit, payments, etc.

In 2007, in addition to cooperative programs with and technical support from HSBC, Techcombank welcomed experts from HSBC directly into the bank’s operations as officers of Techcombank. These experts were appointed to the positions of Chief Operating Officer, Head of Marketing, Head of Personal Financial Services, Co-Head of the Card and Consumer Finance Center, and Head of Retail Credit Risk Management. Techcombank also received consulting expertise to develop improved management information capabilities. These support programs with the direct contributions of officers from foreign countries have brought many positive benefits, and affirmed the direct and effective participation of HSBC in Techcombank’s operations

Indicator	Target for 2007	Result in 2007	% Achievement
Net income	1,134.43	1,216.00	107%
Operating expenses	416.43	425.38	102%
Provisions	78.01	80.89	103%
Pre-tax profit	640.00	709.74	111%

Unit: Billion VND





## ■ Personal Financial Services

### Centralisation of Personal Financial Services

Techcombank established the Personal Financial Services Division in September 2007 under a centralized management framework consulted and managed by experts from HSBC. This approach directs the branches and sub-branches across the country to focus on sales and customer service, while all other activities such as risk management, credit approval, product research and development, and debt collection are centralized at the Head Office's respective centers.

Network extension plays a key role in the retail banking strategy of Techcombank. With the advent of the new division, branches and sub-branches will now be in a better position to exploit every single business opportunity and for their performance to be independently evaluated.



## Good performance of card business

Techcombank issued around 200,000 new cards in 2007, a remarkable increase of 150% when compared to 2006. Out of those, around 50,000 were international Techcombank Visa debit cards and 150,000 were F@staccess domestic debit cards. Along with the rapid growth in card issuing, the average account balance increased significantly to VND4 million per account in 2007 from VND2.9 million in 2006.

Card service coverage has also expanded, especially in the economic and politic centers of the country. By the end of 2007 the Bank had installed 168 ATMs and 2,300 Point of Sale devices nationwide. This contributed to doubling the number of card transactions to 660,000 transactions/month at the end of 2007 from 328,000 transactions/month at the end of 2006.

The government’s mandate on salary payment by bank transfer also created a huge market for Techcombank. In the last three months of 2007, the Bank reached agreement to carry out salary payment for many government ministries including the Ministry of Justice, the Ministry of Planning and Investment, the Ministry of Trade & Industry, the Ministry of Labor, War Invalids and Social Affairs and the Ministry of Foreign Affairs. Furthermore, the Bank also reached similar agreements with the Supreme People’s Court, Bao Viet Insurance, Vietnam Airlines, Pacific Airlines, and some universities.

## Home loan activities strengthened

In 2007, Techcombank set up a Home Loan Center working closely with property developers to expand the bank’s mortgage portfolio. At the end of 2007, total outstanding mortgages were nearly VND4,200 billion, an increase of nearly 400% compared to year end 2006.

## Consumer finance products launched

In 2007, a number of international and private credit organizations started to introduce consumer lending in Vietnam, especially in Ho Chi Minh City, including SG Viet Finance, Easy Financial Co. and Prudential. Techcombank was also quick to recognize the business opportunities and rolled out a range of unsecured consumer finance products. These loans were evaluated through a structured risk appraisal of the customers and managed by risk assessment, debt collection models and procedures used by the world’s leading retail banks.





To promote consumer finance, the Bank signed cooperation agreements with many manufacturers, retail stores, and supermarkets to have access to potential clients and to make it easier and faster to provide loans to consumers. In Hanoi alone, more than 100 stores and supermarkets joined Techcombank in this program, including Nguyen Kim Electronics Supermarket, Nha Xinh interior decorations, Piaggio scooter shops... Other consumer loan packages such as car loans and education loans also attracted a considerable number of customers. Techcombank also tried various new ways to approach customers, including installing a booth at every big supermarket and retail store, while simplifying the application procedures.

The above efforts brought total outstanding consumer lending to VND1,506 billion by the end of 2007, an increase of 110% over a year earlier.

## Branch network widened to attract individual deposits

The extensive branch network provides Techcombank with a big advantage in approaching customers. Supported by a series of attractive marketing programs to encourage customers to deposit at Techcombank, the wide network of branches and sub-branches has brought Techcombank much closer to the urban population. This has made it easier to mobilize capital from individual customers, who have deposited more than VND14 trillion, an increase of 200% over 2006.



## E-commerce solutions introduced

The real-time online banking service for individuals, F@st i-Bank, was a breakthrough for Techcombank, delivering the first authentic internet banking service in Vietnam. After seven months of deployment, 820 customers had registered to use this service with total transaction value amounting to VND155 billion.

Techcombank was also the first bank to supply payment services through SMS. This enables customers to buy goods, pay phone bills and insurance fees through a simple one-step text message. Additional e-commerce solutions including F@st Mobipay – transactions through SMS, and F@st VietPay – the electronic payment gateway, helped Techcombank capitalize not only on individual clients but also big partners such as FPT, Bao Minh Insurance, Pacific Airlines and VinaPhone.



## ■ **Corporate and Commercial Banking Services**

### **Organizational structure adjusted to serve business clients more professionally**

Techcombank set up the Commercial and Corporate Banking Services Division in March 2007, marking a profound change in the operational structure in serving business clients. The organizational restructuring has delivered the following results as at the end of 2007:

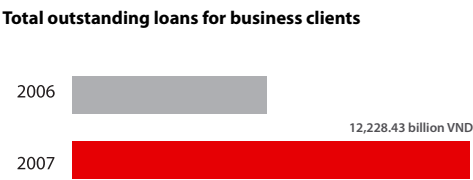
- The number of business clients rose by more than 1.5 times, to 14,848 clients from 9,285 in 2006. SME clients continue to be the most important segment for the Bank, making up more than 80% of its business customers.



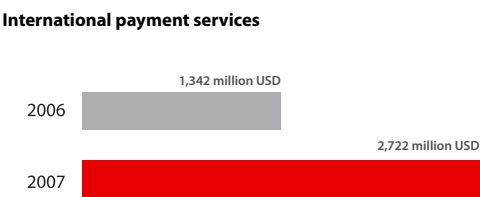
- Deposits by business clients reached VND10,057 billion, a sharp increase of more than 300% compared to a year earlier.



- Total outstanding loans for business clients increased 204% compared to the end of 2006, reaching VND12,479 billion, representing more than 60% of the bank's total outstanding loans.



- The NPL ratio for business clients has continually lowered over the years and by the end of 2007 stood at a level of 1.66%.
- International payment services continued to be one of Techcombank's strengths, with total turnover in 2007 rising to USD2,722 million, compared to USD1,342 million in 2006.



## Products and services improved and diversified

In 2007, Techcombank continued to prove its very strong position in the commercial banking sector, providing a broad range of tailored and packaged services to meet the various needs of business clients, including the most demanding ones. These services include:

- Account and trade services: deposit accounts, current accounts and special-use accounts.

Financing products: capital financing (working capital financing, medium and long-term investment financing), overdraft, full package project financing, agricultural loans (rice, pepper, cashews, coffee), logistics financing, supplier financing, trade financing, factoring and guarantees...

- Domestic payment services: money transfers (in cash or cheque), payment orders. Customers can directly transact at the bank or send requests directly through the Telebank network (a direct connection between the bank and its customers) or over the Internet.
- International payment services: money transfers, collections, and letters of credit.
- Foreign exchange services: buying and selling foreign currency for immediate delivery, buying and selling foreign currency on schedule, foreign currency swaps, and foreign currency options.
- Other banking services: term deposit contracts, asset management, salary payment services, cash management services and account management services for securities investors.

In addition, the Division tailored many products and services to the needs of businesses operating in each industry such as textiles, ship-building, and construction.

By the end of 2008, the Division expects to have the most comprehensive and advanced list of banking services and products available to businesses among all joint stock banks in Vietnam.



## Customer development boosted

As well as improving our current products and developing new products, the Commercial and Corporate Banking Division plans to expand its communications channels, introducing products directly or indirectly to customers through events and other media opportunities.

In 2007, Techcombank participated in many events, including the Seminar on Complete Financial Solutions for Businesses in Industrial Parks and Export Processing Zones, the Seminar on Financial Solutions for Businesses in Pho Noi A Industrial Park, the Seminar on Stable Development for Vietnamese Furniture Exports, and the Conference on Guidelines for Presenting Business and Investment Plans to Borrow Bank Loans and International Trade Payments.

The Bank also organized frequent meetings with potential clients to discuss cooperation opportunities. In the year, it reached a Comprehensive Partnership Agreement with the Vietnam Superintendence and Inspection Joint Stock Company (Vinacontrol).



## Qualification of specialists improved

To serve the increasing number of business clients, Techcombank has strengthened its team of employees specializing in serving business clients.

While recruiting more specialists in this field, Techcombank continued to invest in and improve the qualifications of the team through dedicated training programs. Apart from providing training in technical knowledge, service skills and banking products, Techcombank hired prestigious domestic and international professional training organizations to teach a range of professional skills, including sales, sales management, customer relations, negotiating skills, etc. These short training courses aimed at building a professional team of employees.





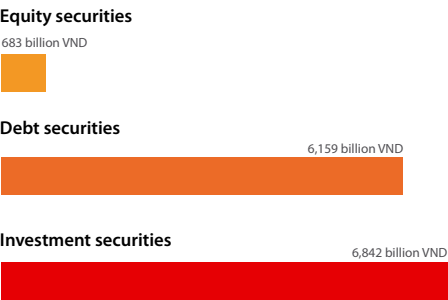


## ■ Interbank Activities

Techcombank is an active member in the interbank market. As of December 31, 2007, Techcombank’s total deposits at State banks and credit organizations was VND10,602 billion, 140% of the plan, including VND1,298 billion of deposits at the State Bank of Vietnam, the country’s central bank.

Deposits by others banks at Techcombank reached VND8,457 billion, representing 24% of total deposits at the Bank, an increase of 72% over the same time last year.

In the valuable papers trading market, Techcombank had good growth compared to the previous year, reaching VND6,842 billion. Of that, Techcombank invested VND6,159 billion in valuable papers issued by the government and debt securities from credit organizations and a number of economic organizations, and VND683 billion in equity securities from a number of credit organizations and economic organizations.







## ■ Information Technology

Throughout 2007, Techcombank continued to invest heavily in IT development, which we consider the foundation for robust business growth. We now have a team of about 80 IT officers working across three main regions of the country to run the 24-hour IT systems for the bank.

The foundation of the bank's IT systems is the T24 Core Banking platform, which was launched in 2003, making Techcombank the first bank to implement such a modern integrated banking solution. In the first quarter 2007, we successfully upgraded it to the version T24R06 and once again, Techcombank became the first bank in the country to apply this latest version. The Bank's IT Center also completed the project through its own human resources without assistance from experts from Temenos. This tremendous effort helped Techcombank save a considerable budget and showed the capacity of our IT team.



The upgraded version of T24R06 enabled the IT Center to implement a significant management information system (MIS) project - the deployment of the ‘multi-book’ module. Thanks to this module, TCB can now manage each branch and sub-branch as an independent unit with separate P&L and balance sheet reporting.

As Techcombank was more focused on its retail banking development strategy last year, the relevant T24R06 modules were exploited to improve our retail banking capabilities. Specifically, the credit assessment and centralized collection management modules were successfully deployed and went live in the second quarter of the year.

Along with T24R06, the IT center coordinated with product research and development teams to bring advanced IT applications into daily business processes, introducing many hi-tech products and services into the market. These included the real-time internet banking service (F@st I-bank), an online transaction service through SMS (F@st Mobipay), the electronic payment gateway (F@st Vietpay), and an account management service for securities investors and securities firms (F@st S-Bank).



In 2007, Techcombank established a brand new data center with modern hi-tech equipment including the platform systems and upgraded hi-tech transmission systems using fiber optics and MegaWAN technology. As a result, Techcombank has ensured the highest level of connectivity between all branches, sub-branches and the data center.

Acknowledging the critical importance of information security in 2007 Techcombank established a specialized IT Security Department. In addition, an independent IT Audit Department was set up to ensure that IT operations comply with international IT standards such as Cobit and ISO: 270001

Through these various advances, Techcombank has maintained its position as the most modern, pioneering bank applying advanced IT solutions to support its business strategy. More challenges lie ahead and IT officers will continue to improve their professional skills and mindsets to accomplish the plan for 2008 set forth by the Board of Management.



## ■ Consolidated Risk Management

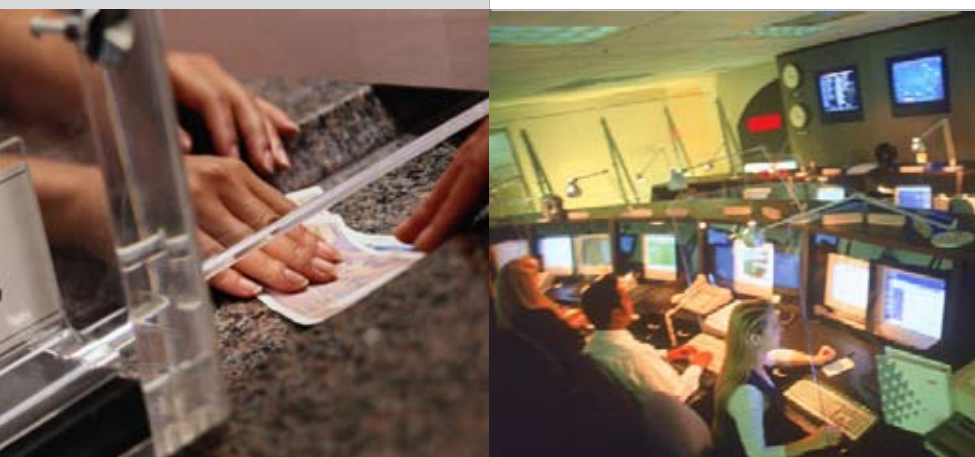
Risk is inevitable in the banking business and to optimize business profitability, the risk management capabilities must be strong. Given its critical importance, Techcombank has continued to improve its risk management activities in 2007, particularly those relating to credit risk. This is an essential foundation for the bank to grow its business in a sustainable and efficient way, especially with the expansion into Personal Banking..

Establishing a centralised Risk Management Department at Head Office was the first step taken in 2006, and with guidance from HSBC, this department was upgraded in 2007 to become the Credit and Risk Management Division. Since its establishment, responsibilities for risk management and asset valuation, both at the division and branch level have been separated from the business generating activities. This helps to ensure that objective evaluations and recommendations are made to the Board of Management, ensuring sound business decisions and improving the Bank's operational efficiency.



Alongside structural reform, there were significant improvements in credit risk management practices, especially corporate credit risk, with a reform in loan application and loan appraisal procedures. The new procedures helped to create a leap in credit growth while maintaining the non-performing loan ratio at a low level. Retail credit risk management was also strengthened with the help of a credit scoring system to assess personal loan applications more systematically.

Techcombank was the first bank in Vietnam to successfully apply a market risk management system in 2003. In 2007, the system continued to be reformed and updated with the latest technology and practices. As well as interest rate risk management via GAP analysis, Duration and Modified Duration – a more modern model to manage interest rate risk – was tested and will officially go live in 2008.



For liquidity risk management, a MCO (maximum cumulative outflow) model was still at work and under control, helping the Board of Management and Treasury to have a live picture over the liquidity situation and to take timely decisions as required. Stress Testing Techniques (crisis assumptions and actions) were also used. Last year, the Risk Management Department designed and successfully applied an exposure limit system for Forex using the Value at Risk (VAR) model. This system helps Techcombank to be more sensitive to make deals in the money market while keeping good control over relevant risks.

Operational risk management also produced good results last year. Separated from the IT Center, the IT Auditing Department tested and successfully applied COBIT, allowing the Board of Management to get an overview of potential system risks. In addition, a new IT security policy under ISO 17799 has been issued, aligning Techcombank's IT security in phases to international standards. A plan to observe the Basel II Accord, started in 2006, has been gradually formed and will be finalised in 2008.

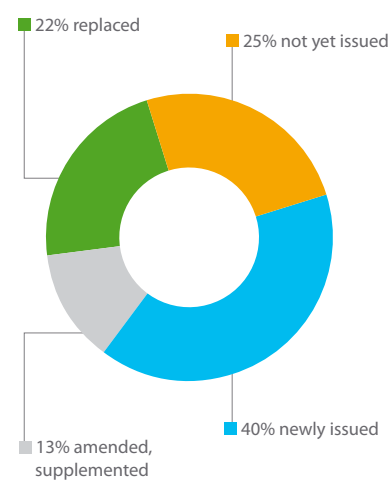






## ■ Quality Management

Percentage of quality documents controlled in 2007



Techcombank carried out many development and innovation projects focused on raising service quality across the Bank's operations. These projects were recognized with many positive results and have contributed to promoting Techcombank's reputation and competitive position in the local banking industry.

The participation of HSBC experts in 2007 gave the Quality Management Department the opportunity to approach modern international management methods. This is helping us to progressively renovate our quality systems to reach an international level, and has reaffirmed the important role that quality management has contributed in every aspect of banking operations.

One of our top priorities is to ensure that the quality of operations is maintained at the highest level throughout the entire system. The process of quality control, research and development is therefore always a main concern for Techcombank.

In October 2007, the Bank's Quality System was certified by the international quality assessment organization Bureau Veritas with ISO 9001:2000 standards for the second time for 2007-2010.

**As part of the 2008 business strategy, quality requirements will continue to be given due attention to ensure the improvement of labor productivity and operational efficiency. This is essential to help Techcombank achieve our development goals and to approach modern banking standards.**

at three to five years Techcombank plans to become one of the largest banks in Vietnam with registered capital in excess of VND 1,500 billion and total assets of VND 5,000 billion. Every person or organisation doing business with Techcombank will have access to a full range of banking products and services, provided by a friendly, trained and professional staff. The automatic and customised features of our on-line Globus system will enable us to serve nearly 100,000 individual customers, who represent about 27% of the total population. For these customers, Techcombank provides a full range of financial services at various stages in their lives, including accounts, savings, loan, credit cards and debit cards, investment services. Our key products



## ■ Marketing

### Market research

In 2007, Techcombank was very active in customer and market research, providing valuable information to build up a database for strategic business decisions. Notable research included a 'Mystery Shopper' programme to assess the quality of services at branch level, a brand survey, a number of product surveys and a customer satisfaction survey. Techcombank also conducted investigations and analyses into the competitive and economic situation, the import/export industry as well as other major economic sectors.



## 24/7 Customer Service Centre

The central Customer Service Department continued in its front line role serving customers, answering questions and helping to improve customer satisfaction. Last year, the department answered more than 80,000 calls and replied to more than 3,600 emails and letters, most seeking advice on Techcombank's products and services. To improve the service experience, customers can now phone to register to open an account, to have a F@st Access card or Visa Debit card issued or to register for Homebanking services.

The Customer Service Department also serves as an intermediary, coordinating across relevant internal departments to help meet customer needs. This single hotline convenience has been greatly appreciated by customers, and has been extremely important in reflecting Techcombank's customer focus and high service standards.

To further improve the call centre operations, Techcombank will invest in an advanced telephony system to create a modern Contact Center. This will further improve customer experience by providing additional options, such as fax and an automated response system.

## General Marketing Campaigns

In 2007, Techcombank launched a number of major marketing campaigns to raise brand awareness in the market. These campaigns, together with various product promotions, contributed to strong sales performance especially for retail products such as Techcombank Visa cards, consumer finance and savings products.

## Information, Brand Management and Marketing Communications

In 2007, the Marketing Department initiated a project to review and reposition the Techcombank brand image. This has made strong progress.

To make a strong impression in the market, information about the Bank's events, programs, products and services is regularly updated to Techcombank's employees, customers and to the public through targeted and mass media channels (including print, email, SMS, TV, audio and the Internet). Techcombank's website is becoming a particularly important customer communication tool, receiving nearly 3.5 million visits during the year.

Techcombank also put a strong focus on internal communication activities in order to help employees understand more clearly about the Bank's programs, products and services.

To enable Techcombank's shareholders to keep up-to-date with Techcombank's performance, information was updated regularly on our website and through shareholder meetings.



## Promotional Events

A wide range of events were held throughout the year to retain a strong media and PR profile. This included a series of new product launches (F@st i-Bank, F@st VietPay, F@st S-Bank, Bancasurance products), promotional events such as “Deposit at Techcombank, Win a Mercedes”, signing ceremonies, meetings and especially branch openings. The marketing department proactively coordinated to successfully and effectively organize these events, contributing to the improved brand image.

## Advertising and sponsorship

An extensive program of advertising and sponsorship activities was completed in 2007 to raise brand awareness and to support sales. A very large audience was exposed to the Techcombank brand name through TV programs such as “Financial Bulletin” and “Knock on the Door of the New Day” on VTV1, and “Golden Moment” and “Online Family” on VTC1. The Bank also advertised its products on Hanoi buses; on large outdoor billboards in Nha Trang, Hue, Binh Duong and Hanoi; on the Cau Giay LED board in Hanoi, billboards at the airport and through extensive street banners across Ho Chi Minh City and Hanoi. Greater use of electronic media has also been explored with web banner placements in the on-line newspapers vnexpress.net and ngoisao.net. Through effective use of these multi-channel advertising activities, the image of Techcombank has been brought closer to customers.



As part of our Corporate Social Responsibility program, Techcombank has sponsored various community and social programs to demonstrate its support for the local community. Notable programs in Ho Chi Minh City included sponsorship of the Mid-Autumn Festival program for children and ‘walking for the poor’. In the Central Region, we supported flood victims, whilst in the North, we sponsored health examinations for the poor.

In 2008, marketing activities will continue to support Techcombank’s brand image as the most prestigious, modern, professional and friendly bank in Vietnam.

in three to five years Techcombank plans to become one of the largest banks in Vietnam with registered capital in excess of VND 1,500 billion and total assets of VND 5,000 billion. Every person or organisation doing business with Techcombank can enjoy the convenience of banking products and services, provided by a friendly, trained and professional staff, as well as by the automatic and customised features of our on-line Globus system. We currently serve nearly 100,000 individual customers, who represent about 27% of the total population of Hanoi. For these customers, Techcombank provides a full range of products and services to meet their particular needs at various stages in their lives, including credit, savings, loan, payment and debit cards, investment and insurance products. These customers are credit-







## Human Resources Management & Training

In order to meet the business' expansion requirements in 2007 and beyond, the Human Resources Division has changed its internal organization, creating more specialized divisions who will be better able to provide and develop the qualified labor force needed.

In 2007, Techcombank selected and recruited its largest number of employees ever. Although people were recruited in great numbers, the standard induction and training programmes for each work position/group ensured that new employees were well trained and able to quickly catch up with their new roles.

During the year, 7,531 Techcombank employees had taken part in training programs (70% more than in 2006). With over 55 hours of training on average for each employee (a 20% increase), training operations continue to make a very important contribution to the bank's success.

To further enhance training quality, in late 2007, the Human Resources Division began to sign training contracts with reputable universities in Hanoi and Ho Chi Minh City. It also contacted and placed orders with prestigious training centers to design new training programs focused on high potential staff who will become the bank's future managers and leaders.

Training course	Total courses	Total participations of employee completed	Total training time (hours)	Average training time per employee (hours/employee)
Total	291	7,351	122,547	55.68
Internal courses	126	4,621	55,305	25.13
Outside courses	165	2,730	67,242	30.55

at three to five years Techcombank plans to become one of the largest banks in Vietnam with registered capital in excess of VND 1,500 billion and total assets of VND 5,000 billion. Every person or organisation doing business with Techcombank will have access to a full range of banking products and services, provided by a friendly, trained and professional staff. The automatic and customised features of our on-line Globus system will enable us to serve nearly 100,000 individual customers, who represent about 27% of the total population of Vietnam. For these customers, Techcombank provides a full range of financial services at various stages in their lives, including current accounts, savings, loan, credit cards and debit cards, investment services. Our key products are:

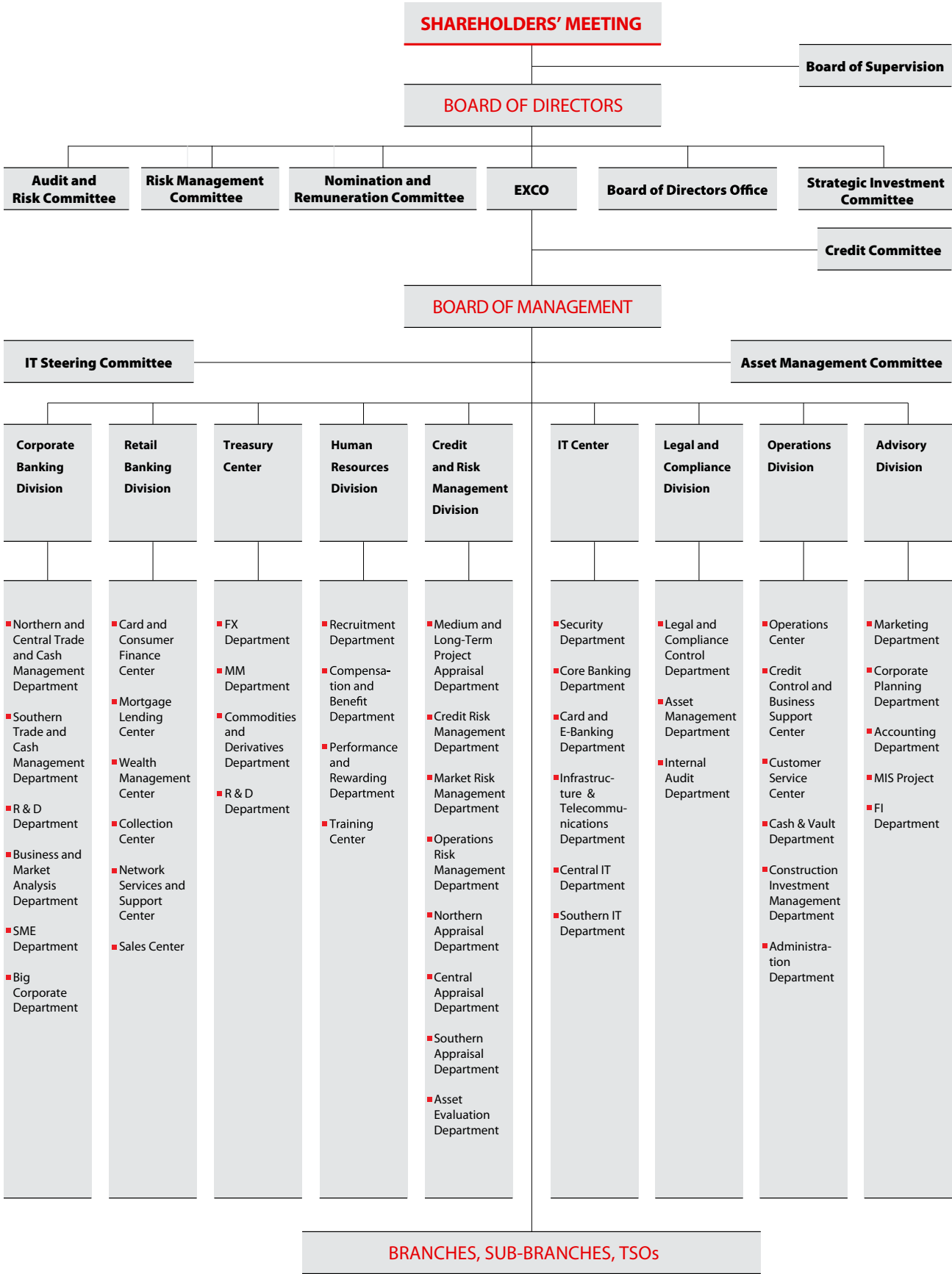




## ■ Outlook for 2008

- Total assets to reach VND68,000 billion, an increase of 70% in comparison to 2007, including VND35,000 billion in personal deposits and VND16,000 billion in business deposits.
- Share capital to double to VND6,000 billion.
- Newly-issued cards to reach 300,000, bringing the total number of cards to 650,000.
- Implement 170 new ATMs and install 1,000 new card point of sale devices.
- Fee and commission income to grow to VND360 billion, an increase of 80%. The proportion of fee and commission income in total income to increase to 20%
- Total loans and advances to customers to rise to VND32,000 billion, an increase of 60% year-on-year
- NPL to be maintained at less than 2%
- ROE to be between 18% and 20%

# ■ Organization Chart



# Financial statements

(Quoted from Audited financial statements)

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

(Incorporated in the Socialist Republic of Vietnam)

Audited financial statements in accordance with Vietnamese Accounting Standards for the year ended 31 December 2007

## Corporate Information

**Vietnam Technological Commercial Joint Stock Bank**  
(Incorporated in the Socialist Republic of Vietnam)

**Banking Licence No.** 0040/NH-GP 6 August 1993

The banking licence was issued by the State Bank of Vietnam and was valid for 20 years from the date of the banking licence. The operation period was extended to 99 years under Decision No. 330/QĐ-NH5 of the State Bank of Vietnam dated 8 October 1997.

### Board of Directors

Mr. Nguyen Thieu Quang	Chairman
Mr. Ho Hung Anh	First Vice Chairman
Mrs. Nguyen Thi Nga	Vice Chairman
Mr. Tran Duc Luu	Vice Chairman
Mr. Ngo Tri Dung	Vice Chairman
Mr. Brian Fredrick	Member
Mr. Hoang Van Dao	Member
Mr. Thai Quoc Minh	Member
Mr. Nguyen Hoai Nam	Member

### Board of Management

Mr. Nguyen Duc Vinh	Chief Executive Officer
Ms. Nguyen Thien Huong	Deputy General Director
Ms. Nguyen Thi Tam	Deputy General Director
Mr. Nguyen Duy Phu	Deputy General Director
Ms. Luu Anh Xuan	Deputy General Director
Mr. Pham Quang Thang	Deputy General Director (from 16/10/2007)
Mr. Nguyen Thanh Long	Deputy General Director (from 1/11/2007)

### Head Office

70-72 Ba Trieu Street, Hoan Kiem District, Hanoi, Vietnam

### Auditors

KPMG Limited, Vietnam

# REPORT OF THE INDEPENDENT AUDITORS

**To the Bank's Board of Directors and Management  
Vietnam Technological Commercial Joint Stock Bank  
(Incorporated in the Socialist Republic of Vietnam)**

## Scope

We have audited the accompanying balance sheet of Vietnam Technological Commercial Joint Stock Bank ("the Bank") as of 31 December 2007 and the related statements of income, changes in equity and cash flows for the year then ended, as set out on pages 3 to 29. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing and International Standards on Auditing accepted in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

## Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vietnam Technological Commercial Joint Stock Bank as of 31 December 2007 and the results of its operations and its cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and accounting principles generally accepted in Vietnam



### KPMG Limited

Vietnam  
Investment Licence No. 863/GP  
Audit Report No: 07-02-108

**Mark E. Jerome**  
CPA No. 0628/KTV  
Deputy General Director

**Ho Viet Ha**  
CPA No. 0676/KTV

## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

# Balance sheet

as at 31 December 2007

	Note	31/12/2007 VND million	31/12/2006 VND million
<b>Assets</b>			
Cash on hand and valuable papers	25	496,173	203,940
Balances with the State Bank of Vietnam	3, 25	1,298,682	409,281
Balances with other financial institutions	4	9,303,685	4,458,308
Investment securities	5	6,842,172	2,876,804
Loans and advances to customers	6	20,486,131	8,696,101
Equity investments	7	36,930	30,783
Fixed assets	8	436,970	338,301
Other assets	9	641,753	312,835
		<b>39,542,496</b>	<b>17,326,353</b>
<b>Liabilities</b>			
Borrowings from the State Bank of Vietnam	10	301,993	57,883
Balances and borrowings from other financial institutions	11	8,458,903	5,070,852
Entrusted funds		161,170	277,307
Deposits from customers	12	24,476,576	9,566,043
Valuable papers issued	13	1,750,715	192,242
General provision for commitments issued		25,216	5,279
Other liabilities	14	638,183	367,005
Provision for taxation	15	156,324	28,055
		<b>35,969,080</b>	<b>15,564,666</b>
<b>Share capital</b>	16	2,521,308	1,500,000
<b>Share premium</b>		476,779	3,942
<b>Other capital</b>		371	371
<b>Retained earnings</b>		428,636	171,121
<b>Reserves</b>	17	146,322	86,253
		<b>39,542,496</b>	<b>17,326,353</b>
<b>Off-balance sheet items</b>			
Off-balance sheet items		4,710,503	1,022,665
Letters of credit, deferred		744,689	146,704
Financial guarantees		1,348,279	639,545
Foreign exchange contracts		375,323	299,174
Futures commodity purchase commitments	28	6,051,861	12,813
Futures commodity sales commitments	28	5,881,154	205,156



**Nguyen Duc Vinh**  
Chief Executive Officer

Approved by:

**Tran Van Chien**  
Chief Accountant

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

Statement of income for the year

ended 31 December 2007

	Note	Year ended 31/12/2007 VND million	Year ended 31/12/2006 VND million
Interest and similar income	18	2,326,002	1,207,503
Interest and similar expenses		(1,400,728)	(750,056)
Net interest income	18	925,274	457,447
Fee and commission income	19	206,958	132,987
Fee and commission expenses	19	(30,022)	(31,511)
Net fee and commission income	19	176,936	101,476
Foreign exchange gains – net		24,583	7,491
Dividend income		2,992	724
Income from securities trading – net		81,761	5,065
Other income		4,462	39,156
Salaries and related expenses		(182,240)	(97,835)
Provision for doubtful debts	6	(59,115)	(27,773)
General provision for commitments issued		(19,937)	(2,884)
Provision for equity investments	7	(1,835)	
Depreciation and amortisation of fixed assets		(23,535)	(12,249)
General administration expenses	20	(219,606)	(114,096)
Profit before taxation		709,740	356,522
Corporate income tax	21	(199,356)	(99,616)
Profit after taxation		510,384	256.906
Earnings per share (par value of VND'000 each)			
Basic earnings per share (VND)	22	2,452	2,892



Nguyen Duc Vinh  
Chief Executive Officer

Approved by:



Tran Van Chien  
Chief Accountant

## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

## Statement of changes in equity for the year

ended 31 December 2007

(VND million)	Share capital	Share premium	Other capital	Retained profits	Reserves	Total
<b>Balance at 1 January 2006</b>	<b>617,660</b>	<b>213,235</b>	<b>371</b>	<b>127,796</b>	<b>50,343</b>	<b>1,009,405</b>
Capital contribution	669,105	6,436	-	-	-	675,541
Transfer from share premium to reserves	-	(2,494)	-	-	2,494	-
Net profit for the year	-	-	-	256,906	-	256,906
Transfer to share capital	213,235	(213,235)	-	-	-	-
Transfer to reserves	-	-	-	(48,624)	48,624	-
Utilisation of reserves	-	-	-	-	(15,195)	(15,195)
Distribution to shareholders in cash	-	-	-	(164,957)	-	(164,957)
Other movements	-	-	-	-	(13)	(13)
<b>Balance at 1 January 2007</b>	<b>1,500,000</b>	<b>3,942</b>	<b>371</b>	<b>171,121</b>	<b>86,253</b>	<b>1,761,687</b>
Capital contribution	859,102	472,837	-	-	-	1,331,939
Distributions to shareholders in shares	149,366	-	-	(149,366)	-	-
Transfer from reserve to share capital	12,840	-	-	-	(12,840)	-
Net profit for the year	-	-	-	510,384	-	510,384
Transfer to reserves	-	-	-	(103,503)	103,503	-
Utilisation of reserves	-	-	-	-	(30,594)	(30,594)
<b>Balance at 31 December 2007</b>	<b>2,521,308</b>	<b>476,779</b>	<b>371</b>	<b>428,636</b>	<b>146,322</b>	<b>3,573,416</b>



**Nguyen Duc Vinh**  
Chief Executive Officer

Approved by:

**Tran Van Chien**  
Chief Accountant



## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

## Statement of cash flows for the year

ended 31 December 2007

	Note	Year ended 31/12/2007 VND million	Year ended 31/12/2006 VND million
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		709,740	356,522
Adjustments for:			
Depreciation and amortisation of fixed assets		23,535	12,249
General provision for commitments issued		19,937	2,884
Provision for bad debts – net	6	59,115	27,773
Provision for diminution of equity investment	7	1,835	-
Gain on disposal of equity investment		-	(810)
Loss/(Gain) on disposal of fixed assets		458	(27,340)
Dividend income received during the year		(2,992)	(724)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>811,628</b>	<b>370,554</b>
Increase in operating assets			
Balances with other financial institutions		(2,890,053)	(2,041,756)
Investment securities - net movements		(3,965,368)	(934,184)
Loans and advances to customers		(11,849,145)	(3,430,812)
Other assets		(328,918)	(163,754)
Increase/(decrease) in operating liabilities			
Borrowings from the State Bank of Vietnam		244,110	(92,219)
Balances and borrowings from other financial institutions		3,388,051	2,166,898
Entrusted funds		(116,137)	166,430
Customer deposits		14,910,533	3,370,971
Valuable papers issued		1,558,473	192,242
Other liabilities		274,844	120,889
<b>Cash inflow/(outflow) from operating activities</b>		<b>2,038,018</b>	<b>(274,741)</b>
Corporate income tax paid		(74,697)	(135,654)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,963,321</b>	<b>(410,395)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets and construction in progress		(122,662)	(239,360)
Purchase of equity investments		(7,982)	(21,645)
Proceeds from disposal of equity investment		-	3,510
Proceeds from disposal of fixed assets		-	72,704
Dividends received during the year		2,992	724
<b>Net cash outflow from investing activities</b>		<b>(127,652)</b>	<b>(184,067)</b>
<b>Cash flows from investing activities</b>			
Increase in share capital and share premium		1,331,939	675,541
Utilisation of reserves and other movements		(30,594)	(15,208)
Distributions to shareholders in cash		(57)	(157,099)

	Note	Year ended 31/12/2007 VND million	Year ended 31/12/2006 VND million
<i>Net cash outflow from investing activities</i>		<b>(127,652)</b>	<b>(184,067)</b>
<b>Cash flows from investing activities</b>			
Increase in share capital and share premium		1,331,939	675,541
Utilisation of reserves and other movements		(30,594)	(15,208)
Distributions to shareholders in cash		(57)	(157,099)
<i>Net cash inflow from financing activities</i>		<b>1,301,288</b>	<b>503,234</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,136,957</b>	<b>(91,228)</b>
Cash and cash equivalents at the beginning of the year		2,638,901	2,730,129
<b>Cash and cash equivalents at the end of the year</b>	<b>25</b>	<b>5,775,858</b>	<b>2,638,901</b>



**Nguyen Duc Vinh**  
Chief Executive Officer

Approved by:

**Tran Van Chien**  
Chief Accountant

## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

# Notes to the financial statements for the year ended 31 December 2007

*(These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements)*

## Principal activities

The principal activities of Vietnam Technological and Commercial Joint Stock Bank ("the Bank"), which is incorporated as a joint stock bank in the Socialist Republic of Vietnam, are to carry out banking activities, under Banking Licence No. 0040/NH-GP issued by the State Bank of Vietnam ("SBV") on 6 August 1993 for an initial period of 20 years. The operation of the Bank was extended to 99 years under Decision No. 330/QD-NH5, dated 8 October 1997, of the SBV.

The Bank's Head Office is located at 70 – 72 Ba Trieu, Hanoi. As at 31 December 2007, the Bank has one Head Office, 01 transaction centers, 38 branches and 92 transaction offices nationwide.

As at 31 December 2007, the Bank had 2,929 employees (31 December 2006: 1,584 employees).

## Summary of significant accounting policies

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

### (a) Basis of financial statement preparation

The financial statements, expressed in Vietnam Dong ("VND"), rounded to the nearest million, have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions and other relevant accounting regulations stipulated by the State Bank of Vietnam, and accounting principles generally accepted in Vietnam, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

The financial statements are prepared on the historical cost basis. The accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year.

### (b) Fiscal year

The fiscal year of the Bank is from 1 January to 31 December.

### **(c) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling on transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

Open commitments on forward foreign exchange contracts are revalued at rates of exchange ruling at the balance sheet date. Any gain or loss arising therefrom is included in the statement of income.

### **(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with the SBV and balances with other banks with original terms to maturity of less than 90 days.

### **(e) Investment securities**

Investment securities comprise securities issued by the Government, the SBV and other banks and companies. Those that the Bank holds for the purpose of short-term profit taking are classified as trading instruments. Those that the Bank has the intention and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

Investment securities are stated at cost. Where appropriate, a provision will be made for diminution in value of investments in accordance with Government Decree No. 146/2005/ND-CP dated 23 November 2005.

### **(f) Loans and advances**

Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by State Bank of Vietnam, which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by State Bank of Vietnam, requires specific provision to be made for loans and advances on a quarterly basis based on loan gradings.

The specific provision disclosed at the balance sheet date (i.e. 31 December) is determined utilising the following provision rates against principal outstanding as at 30 November less allowed value of collateral.

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

In addition, the Bank is required to make a general provision of 0.75% of total outstanding loans that are classified from Group 1 to Group 4 as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision No. 493/2005/QĐ-NHNN. As at the balance sheet date, the Bank provided a general provision of 0.45% of the above balances as at 30 November 2007.

No general provisions are made for country risk, other than the financial reserve required by the State Bank regulations (Note 17).

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

In accordance with Decision No. 493/2005/QD-NHNN, the Bank is also required to classify guarantees, acceptances, irrevocable undrawn loan commitments which are irrevocable into relevant groups and make specific provisions accordingly.

In addition, the Bank is required to make a general provision of 0.75% of total outstanding letters of guarantee, letters of credit, and irrevocable undrawn loan commitments as at the balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision No. 493/2005/QD-NHNN. As at the balance sheet date, the Bank provided a general provision of 0.45% of the above balances as at 30 November 2007.

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

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

■ buildings and building improvements	20-50 years
■ office equipment	4-8 years
■ motor vehicles	10 years
■ others	4-5 years

**(i) Intangible fixed assets****(i) Land use rights**

Land use rights include costs incurred to acquire formal rights to use land. The initial cost is based on the costs incurred and the value of land approved by the Government at the time of acquisition. Land use rights with indefinite term are not amortised.

**(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 to 8 years.

**(j) Provision**

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

**(k) Taxation**

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

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

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

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

**(l) Revenue recognition**

Interest income is recognised in the statement of income on an accruals basis, except for interest on loans classified in Group 2 to Group 5 which is recognised upon receipts.

Fees and commissions are recognised when incurred or earned.

Dividend income is recognised when the right to receive payment is established.

**(m) Operating lease payments**

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

**(n) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.



**(o) Earnings per share**

The Bank presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank (i.e. profits after tax before allocations to reserves) by the weighted average number of ordinary shares outstanding during the year.

**(p) Related companies**

Related companies include the shareholders and their subsidiaries and associates.

**(q) Off-balance sheet items**

**In the normal course of business, the Bank has entered into off-balance sheet commitments.**

**(i) Foreign Exchange Contracts**

The Bank enters into foreign exchange forwards and swaps which enable customers to transfer, modify or reduce their foreign exchange or other market risks and also trades these products for its own account.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and are settled in cash. Swap contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount.

**(ii) Futures Commodity Contracts**

Futures commodity contracts are commitments to either purchase or sell a designated commodity at a specified future date for a specified price and may be settled in cash or another financial asset, which enable customers to transfer, modify or reduce their market risks in terms of the fluctuations in commodity's prices.

The Bank acts as broker for its customers in entering into futures commodity contracts.

**(iii) Commitments and contingent liabilities**

At any time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore the amounts do not represent expected future cash flows.

