

BE GREATER 

TECHCOMBANK 

UNBOX
THE POWER OF
TECH



2021 ANNUAL REPORT

HARNESSING THE POWER OF
DATA, DIGITAL AND TALENT

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BANK-WIDE MANAGEMENT REPORT



Techcombank – Vietnam’s first private bank to reach a consolidated profit of

USD 1 BILLION

Despite the severe impacts of COVID-19 and extended lockdowns in Hanoi and Ho Chi Minh City during 2021, we were able to leverage our digital platform to continue to support our customers. The momentum built during this period translated into strong headline results for the year:

- Profit Before Tax (PBT) up 47.1% YoY to VND 23.2 trillion or USD 1 billion, a new record for a non-state owned commercial bank in Vietnam
- Total Operating Income (TOI) up 35.4% YoY to VND 37.1 trillion, with balanced growth from diversified income streams
- CASA ratio of 50.5%, the highest among Vietnamese banks
- ROE of 21.7% and ROA of 3.7%, improving further from the levels reached in FY20
- NPL of 0.7% and CAR of 15.0%, in line with the Bank’s prudent approach to risk-management.

TOI

↑ 35.4% YoY

VND 37.1 trillion

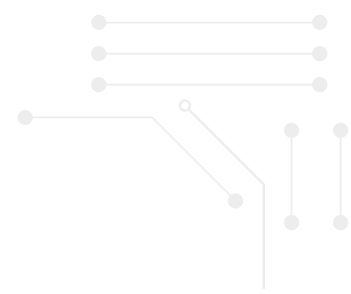
PBT

↑ 47.1% YoY

VND 23.2 trillion

CASA

50.5%



Steady operating income growth, contributed by both interest and fee income

Total operating income (TOI) grew by 35.4% YoY, after taking into account the impact from lower recoveries and trading income compared to FY20.

The complications of the pandemic, particularly the extended lockdown periods in the largest cities, caused disruption in customer transactions at branches and slowed down the growth of banking service income in Q2 and Q3 2021. However, due to our continuous investments in digitalising operations, we managed to not only maintain service quality but also to accommodate increases in volume and launch new offerings. Total operating income (TOI) grew by 35.4% YoY, after taking into account the impact from lower recoveries and trading income compared to FY20.

Our primary sources of revenue, net interest income (NII) and net fee income* (NFI), both grew at an accelerated rate of 42.4% YoY. The growth of NII benefited from the expansion of our lending book, as well as a reduction in the cost of funds due to higher CASA balances and additional long-term borrowing from offshore markets.

Net interest margin (NIM) improved to 5.6%, from 4.9% in FY20. NFI also achieved robust 42.4% YoY growth in 2021, after increases of 47.6% in FY19 and 31.5% in FY20. All core fee-based products achieved strong double-digit growth, in line with our efforts to diversify sources of fee income across bancassurance, cards, transaction banking and advisory.

In 2021, we carried out a thorough review of our bancassurance business, introducing new products, digitalising key processes and customer interactions, improving the quality of the customer experience and strengthening strategic cooperation with Manulife. As a result of this effort, bancassurance activities achieved revenue growth of 88.4% YoY and saw their contribution to total service income increase to 20.1% from 15.2%.

** Includes FX sales and bond distribution. Growth is calculated excluding one-off items.*

**Net interest income
(NII) revenue**

↑ **42.4%**

**Net fee income
(NFI) revenue**

↑ **42.4%** YoY

Bancassurance revenue

↑ **88.4%** YoY



BANK-WIDE MANAGEMENT REPORT

Healthy balance sheet expansion despite COVID-19

The growth of the balance sheet and active management of its structure played a significant role in the financial performance of Techcombank in 2021:

- Total consolidated assets grew 29.4% YoY to VND 568,729 billion, with lending and corporate bonds increasing 26.5% YoY to VND 410,150 billion
- Deposits and valuable papers grew 14.1% YoY, with CASA ratio reaching 50.5% of total customer deposits at the end of 2021
- Total equity grew 24.7% YoY, an increase of VND 18,426 billion.

Item	2021	2020	Movement	
	VND (billion)	VND (billion)	VND (billion)	Percentage increase
Customer loans and bonds	410,150	324,253	85,897	26.5
Lending market 1	347,341	277,524	69,817	25.2
Corporate bonds	62,809	46,729	16,080	34.4
Customer deposits and valuable papers issuance	348,433	305,359	43,074	14.1
Deposit market 1	314,753	277,459	37,294	13.4
Valuable papers	33,680	27,900	5,780	20.7
Capital and funds	93,041	74,615	18,426	24.7
Capital	35,586	35,526	60	0.2
Funds	9,155	6,790	2,365	34.8
Retained earnings	47,453	31,816	15,637	49.1
Minority interest	847	484	363	75.0

Total consolidated assets

↑ **29.4%** YoY

VND 568.7 trillion

Lending and corporate bonds

↑ **26.5%** YoY

VND 410.2 trillion

Deposits and valuable papers issuance

↑ **14.1%** YoY

VND 348.4 trillion

Total equity

↑ **24.7%** YoY

VND 93.0 trillion



Sources of funds

In line with evolving customer needs, we have diversified our investment products and promoted digital platforms in order to maintain necessary financial transactions for customers during extended lockdown periods, while preserving cost of fund advantage.

A strong increase in transaction volumes and value from retail and corporate customers was the key contributor to the breakthrough growth in CASA, which rose 30.8% YoY in the retail segment and 24.7% YoY in the small to medium enterprise (SME) segment. This helped push the CASA ratio up to 50.5%, setting a record for Vietnam's banking sector.

Besides focusing on CASA, we also completed the largest ever offshore syndicated loan in Vietnam, raising USD 800 million at a competitive cost compared to local financial markets. This was made possible by our strong credit rating and overwhelming international lenders' confidence.

Use of funds

2021 was a challenging year for retail and corporate customers as economic activity slowed, particularly in Q2 and Q3. The epidemic and lockdowns had a significant impact on customers' credit demands and related operations with Techcombank.

At Techcombank, we reacted quickly to adjust our credit policy in line with changes in customer needs, switching our focus to retail lending as the segment recovered, especially in Q4 2021. This allowed us to maintain a steady credit expansion throughout the year and deliver an annual growth of 22.1%, in line with the quota granted by the State Bank of Vietnam (SBV).

Our credit structure showed progress in diversification, with the contribution from large corporate customers decreasing to 44.9% (from 49.7% in FY20) and that of retail customers increasing to 39.4% (from 34.3% in FY20) – in line with the strategic focus on retail and SME segments.

BANK-WIDE MANAGEMENT REPORT



Techcombank
– one of
Vietnam’s best
capitalised banks

Capital Management

In early 2021, Techcombank was among the first Vietnamese banks to comply with the Internal Capital Adequacy Assessment Process (ICAAP) as defined in the Basel II international standards.

We continue to embed the ICAAP approach into our capital and business planning activities, focusing on:

- Material risk assessment methodologies
- Stress testing and capital planning
- Capital allocation to meet the Bank’s operating objectives.

As in previous years, the discipline put into risk selection and resource allocation enabled us to self-fund our balance sheet growth whilst maintaining a strong capital base. The consolidated capital adequacy ratio (CAR) stood at 15.0% on 31 December 2021, which is significantly above SBV’s requirement of 8% and positions us as one of Vietnam’s best capitalised banks.

**Techcombank’s consolidated
CAR under Circular 41**

15.0%

at 2021 – end

A high CAR provides a competitive advantage on funding costs and helps us actively manage the balance sheet in the best interest of our customers, shareholders and employees.



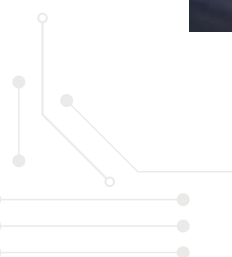
Liquidity management

The liquidity management framework of Techcombank consists of SBV's mandatory ratio limits as defined by Circular 22/2019/TT-NHNN and a set of internal liquidity management ratios developed in-house by the Bank.

The Board of Directors is responsible for the approval of our liquidity management policies and regulations. Liquidity risk management, measurement, monitoring, and forecast processes are overseen by our Risk Committee and the Asset and Liability Committee (ALCO).

The Risk Committee is an advisory body supporting the CEO in issuing the Bank-wide liquidity risk limit. The ALCO executes liquidity management policies, monitors compliance to limits, and provides warnings on limit thresholds regulated by the Risk Committee. In 2021, we rolled out a large-scale liquidity stress test based on a market-wide liquidity event, combined with Techcombank-specific stress scenarios. The test confirmed our resilience in the context of deposit withdrawals and limited interbank funding access. It also informed the update of our liquidity contingency plan (LCP).

	Limit 2021	Actual 31/12/2021	Limit 2020	Actual 31/12/2020
Liquidity ratios	%	%	%	%
Liquidity reserve ratio	≥ 10	15.0	≥ 10	14.4
30 days solvency ratio – VND	≥ 50	60.8	≥ 50	60.0
Loan-to-deposit ratio	≤ 85	75.0	≤ 80	78.1
Short-term funding to MLT loans ratio	≤ 37	28.7	≤ 40	33.9



BANK-WIDE MANAGEMENT REPORT

Cost-to-income ratio

30.1%

Cost efficiency

To achieve our strategic plans, we will continue to spend significantly on technology and infrastructure that improves customer experience, service and efficiency. In the meantime, we will continue to manage costs and optimise resources to deliver strong financial performance.

Although operating expenses rose from VND 9.0 trillion in FY20 to VND 11.2 trillion in FY21, a rise of 24.6% YoY, our cost-to-income ratio reduced from 32.8% in FY20 to 30.1% in FY21 as TOI grew at a faster rate of 35.4%. Importantly, increases in operating expenditure were largely linked to volume-based cash back expenses, IT-related personnel costs and digital and data related depreciation and amortisation.

Personnel expenses

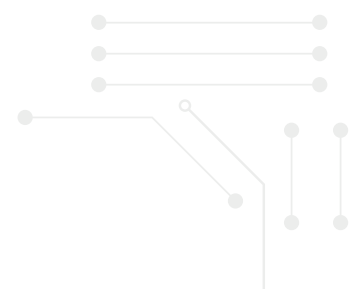
↑ 23.6% YoY

Personnel expenses

Our people are core to our ongoing success. Their role includes:

- Serving customers and communities
- Building technology
- Making strategic decisions
- Managing risks
- Determining investments
- Driving innovation to ensure our prosperity, now and in the future.

Investing in our people is therefore a top priority for the Bank. We aim to unlock their full potential through training that gives them the skills required in a rapidly changing world. We also seek to increase their compensation to the extent allowed by improved business performance. Our 23.6% YoY growth in personnel expenses was primarily driven by the growth of a quality workforce, higher salaries and compensation.



Publication, marketing and promotion expenses

In response to increasing competition from within Vietnam and from non-banking players, we continued to reward our customers with value-added services, leveraging data analytics and social media communication strategies for maximum effectiveness. These initiatives allowed us to generate high-quality leads and increase the conversion of prospects into new customers.

As part of the objective to return value to customers, we extended our transaction-based 1% cash back program. Techcom Securities (TCBS) did the same with iXu, a point system linked to trading turnover.

Premises and equipment, depreciation and amortisation

The adoption of digital banking services and digital ways of working was accelerated by the pandemic, making investment in technology an even more critical part of Techcombank's 2021-25 strategy. Our application of digital technologies empowered customers to access banking services without needing to visit a branch, while employees could work and interact remotely, ensuring services were maintained. As we continue to grow rapidly we are also investing in new buildings for headquarters, which has led to higher premises and equipment, depreciation and amortisation cost.

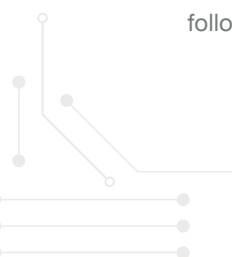
Business plan for 2022

Techcombank's Board of Directors will propose the approved 2022 business plan to shareholders at the General Meeting of Shareholders on 23 April 2022. It outlines:

(i) Credit balance*	VND 446,554 billion (growth of 15.0% or higher as per SBV's approval)
(ii) Total deposits	To be based on actual credit growth, so as to optimise balance sheet management
(iii) Profit before tax	VND 27,000 billion (up 16.2% year-on-year)
(iv) Non-performing loans	lower than 1.5%

* The Bank's credit balance and growth are calculated according to SBV's regulations.

2022 initiatives are presented in the CEO report from page 22 to page 23 and by business divisions in following sections.



RETAIL BANKING GROUP (RBG)

Overview

Despite the challenges posed by COVID-19 waves 3 and 4, our RBG kickstarted the 2021–25 strategy very successfully in 2021, adding 1.2 million new customers, posting a record-high CASA level of VND 100.0 trillion (+30.8% YoY), accelerating outstanding credit to VND 161.7 trillion (+45.5% YoY), and generating VND 14.2 trillion TOI (+33.7% YoY).

RGB new customers

1.2 MILLION

2021 highlights

RBG adheres closely to our vision Change banking, changes lives. We do this by developing solutions based on a deep understanding of customer needs and their regular financial journeys, to make their banking with us seamless and intuitive. We carry out extensive customer research to design different solutions and features for different types of customers – both digitally enabled and accessible via our extensive branch network across the country – and to serve customers at all stages of their financial lives.

1. Spending (e.g. CASA/debit cards, credit cards, mobile banking)
2. Saving (e.g. TDs, CD Bao Loc)
3. Borrowing (e.g. mortgages, auto loans, PIL, etc.)
4. Protecting (e.g. Banca products partnering with Manulife)
5. Investing (e.g. bonds, TCBS equities, Banca ILP).

To better serve our customers through all stages of their financial lives, in 2021, we completed the RBG restructure, based on centralised management by function, including:

- Business Segments
- Solution Development
- Omni Channel
- Operational Management
- Customer Franchise Management.

Everyday banking

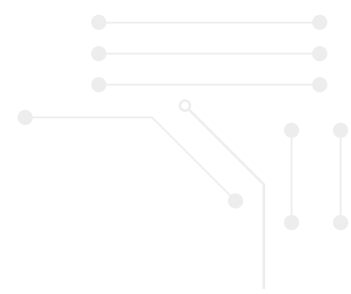
Improved offerings within some key payment solutions saw our retail customer payment transactions reach a record high, maintaining our outstanding position in the card and e-banking payment industry.

Our effective promotions and campaigns for card payment and e-banking services saw us lead the domestic market in transaction activities in 2021. Total number of transactions through Techcombank e-banking reached 652 million, up 70.0% YoY, with over five million customers using our F@st Mobile Banking (FMB) or F@st Internet Banking (FIB) services. These transactions totalled VND 9.1 quadrillion in gross value, up 80.5% YoY, of which retail transactions via cards valued VND 141 trillion, +53.1% YoY. Retail customer card transactions also reached more than 162 million.

Total number of e-banking transactions

↑ 70.0% YoY

652 million

**Everyday banking** (continued)

Our e-banking performance was officially recognised in late 2021, when the National Payment Corporation of Vietnam (NAPAS) named Techcombank as the Bank of the Year. Other awards by NAPAS in 2021 were:



**Market Leader in Domestic
Payment activities**

**Outstanding Bank in NAPAS247
Transactions**



**Outstanding Bank in Card
Payment Transactions**

**Outstanding Bank in Cashless
Payment Transactions**

According to the NAPAS Board of Directors, our effective implementation of breakthrough policies supported the accelerated development of non-cash payment services in the national economy. These policies resulted in growth in transaction numbers and customer satisfaction, while products such as Big Zero Fee and 1% Debit Cashback make our operations and risk management more efficient than many other banks.

We also received Visa's top award for Leadership in Visa Card Issuing and Payment for the fourth year in a row. With a total of eight prizes, we received the most Visa awards in 2021, reaffirming our success in providing customers with the best card services in Vietnam. Visa also recognised our steady and sustained growth during 2016–2021, and especially during 2018–2021, when we brought many modern, safe and secure payment solutions to the market.

Our eight awards by Visa were:

- 1 Leadership in Payment Volume**
- 2 Leadership in Payment Volume Growth**
- 3 Leadership in Debit Payment Volume**
- 4 Leadership in Credit Payment Volume**
- 5 Leadership in Visa Tap to Pay Payment Volume**
- 6 Leadership in Domestic e-Com Payment Volume**
- 7 Leadership in Contactless Penetration Growth**
- 8 Leadership in Contactless Active Terminals Penetration.**





RETAIL BANKING GROUP (RBG)

Everyday banking (continued)

As part of our continuous efforts to offer our customers a greater range of products and services, we were pleased to welcome Mastercard to the Bank's card suite in May 2021. Through improved technology, Mastercard Spark, which was the first Mastercard product launched,

provides new and unique features such as pre-approval credit, instant credit approval and use without a physical card. The excellent user experience was warmly welcomed by our customers.

Diversified platform for different savings needs

Servicing targeted customer profiles and providing outstanding deposit products, together with investing in technology – particularly digital banking – has led to steadily growing deposits in 2021, including growth in the number of depositors and total deposit value. The high-income customer segment remains the bedrock of our funding structure, representing 84% of the deposit balance.

Total RBG customer deposit remained robust with 12.8% growth in 2021, driven by that of 30.8% growth in CASA. Regarding term deposits (TD) we focused on promoting online savings, which successfully grew 11.2% YoY.

In 2021 we also announced the issue of Techcombank iCAP deposit certificates, offering value propositions such as flexible liquidity and optimal profit. The issue raised the volume of medium and long-term retail customer funding more than 39.7%, making iCAP a flagship product for 2022.

Total
customer deposits

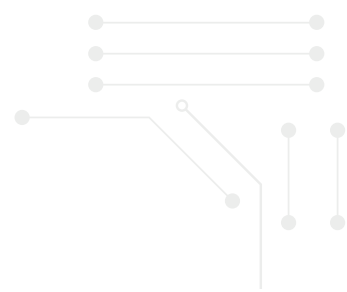
↑ 12.8% YoY

CASA

↑ 30.8% YoY

Online savings

↑ 11.2% YoY



Enhancing propositions to meet customers' loan demand

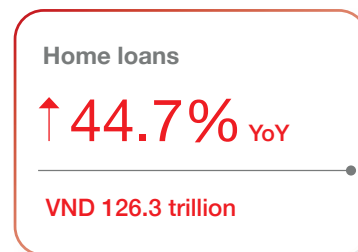
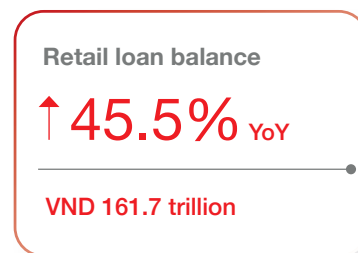
Despite the challenges of COVID-19, our retail loan balance ended the year above VND 161 trillion, a 45.5% increase from 2020. Home loans, Techcombank's flagship product, reached VND 126.3 trillion (+44.7% YoY) thanks to strong growth in both primary (+37.3%) and secondary mortgages (+64.2%) YoY. This was a tremendous achievement from RBG given the severe lockdown in Q3 2021 which put a hold on almost all activities in the south, and other waves of COVID-19 that substantially limited economic activities.

The results prove the wisdom of our customer-centric strategy, and our drive to improve customer experience with outstanding offerings such as:

- Home for Home products – a luxury home loan with up to 100% of loan value
- Excellent lending policies/solutions using the latest loan approval processes including the intelligence decision computing (IDC) system and Smart Credit automatic loan system (P-S5).

We also successfully repositioned our competitive lending interest rate policy for customers with good credit ratings, offering home loans with metrics that keep us competitive.

Our achievements in consumer lending in 2021 saw Techcombank win The Asian Banker award for Vietnam's Best Mortgage/Home Loan Product in the retail banking segment for the second time. The award is confirmation of our relentless efforts over past years in home loan product development, and continuous improvements to process and risk management models.





RETAIL BANKING GROUP (RBG)

Insurance protection

There has been growing interest in financial products with protection solutions, in line with Techcombank's core vision Change banking, change lives.

We rebooted our strategic relationship with Manulife this year, to offer life insurance products. Our joint investment in areas like digital sales systems and frontline training has led to our partnership now claiming the second highest number of premium-paying customers in the market.

To maximise customer benefits, we developed and implemented outstanding insurance solutions and online consulting activities using tools like TCBlife and online meetings especially during social distancing or lockdowns. Customers could access products and services despite COVID-19 lockdowns. It was an important move towards transforming both service delivery and the wider financial industry.

Meeting the investment needs of customers

Customers are increasingly keen on optimising their financial wealth, so wealth management solutions and services are more important than ever. At Techcombank we continued to collaborate with TCBS to develop and provide investment solutions to meet customers' growing demands. With TCBS, we have introduced products to improve the customer experience such as:

Corporate bonds

Funds and equity

Insurance bundle products

Investment lending

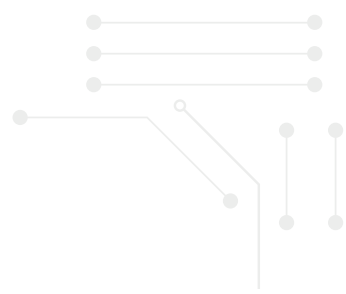
And more.

Our efforts in serving retail customers in 2021, using TCBS's investment solutions, were recognised by *The Asian Banker* with an award for Best investment Product.



THE ASIAN BANKER®
VIETNAM AWARDS

Best investment Product



The focus for RBG in 2022

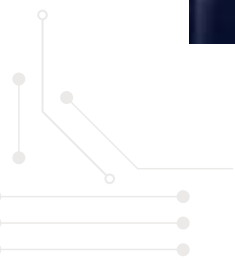
Providing the best customer experience via a new mobile app (pilot launch in Q4 2021 and available to all customers in 2022)

Further digitalising the customer journey (e.g. pre-approved credit cards, instant approval credit cards, instant approval primary mortgage)

Enhancing best-in-class private banking for targeted customers.

Connecting data and digital to drive customer acquisition and cross-selling

Completing comprehensive wealth management offerings



BUSINESS BANKING (BB)

Overview

The prolonged and continued spread of COVID-19 hampered local and international business economic growth, disrupted established supply chains, and compelled many SMEs to temporarily or permanently cease operations. Remote working and accelerated adoption of digital banking are now the ‘new normal’, and it may remain that way for some time or, indeed, permanently.

Despite these challenges, we continued to offer BB customers exceptional service and assistance. Our sector and industry-focused strategy and customer-centric business model ensured that we performed strongly despite the economic environment.

2021 highlights

Credit and liquidity support during COVID-19

At Techcombank our primary objective was to support our BB customers with ongoing credit and liquidity facilities, as well as ensuring we met their daily online and offline banking needs. As a result, net credit provided to BB customers in 2021 was VND 12.3 trillion, bringing total outstanding customer credit to VND 64.1 trillion, 23.7% higher than 2020.

Positive customer feedback provides BB with the motivation to continually strive to give our customers the best experiences as we work together in the ‘new normal’.

“When having problems, we always receive enthusiastic and attentive support from Techcombank staff.”

Simplified banking services

We accelerated our investment in fast-tracking digital transformation, rolling-out various offerings to ensure business continuity, and improving productivity for our customers. These included digital signature authorisation and corporate mobile banking. We also extended working hours and services during the lockdowns through our dedicated Corporate Contact Centre. Our customers greatly appreciated our efforts, with feedback including:

- Transactions with Techcombank are convenient with so many branches and transaction offices. Their e-banking is easy to use.
- F@st Mobile and F@st Ebank applications are simple and easy to operate.
- Fast money transfer, no fees. It is so easy to pay import tax.

TOI

↑ 29.5% YoY

NFI and FX income

↑ 54.2% YoY

Customer deposits

↑ 21.9% YoY



Product bundling

In response to the economic environment, we refreshed and enhanced our BusinessOne digital bundle – a first-of-its-kind offering for SMEs and corporates. We also continued to enhance our sector and industry-led business programs and embarked on pursuing end-to-end digitalisation of customer journeys for our non-credit and credit clients. This included simplifying most services to make them available anytime/anywhere, through multiple channels, for a better customer experience. 'Qx', a new web/mobile banking app, was successfully piloted for corporate customers. The full roll-out begins in Q2 2022 and will provide real time and in-app notification, cash flow management, QR code collection, customer self-service, and a consolidated personalised dashboard.

Our continued focus on driving strategic execution enabled strong BB performance in an unprecedented year, including:

- 29.5% YoY growth in TOI
- 54.2% YoY rise in NFI and FX income
- 21.9% YoY growth in customer deposits
- 24.9% YoY growth of online BB customers (86% in 2021 up from 81% in 2020)
- 58.3% YoY increase in e-banking transaction value
- 88.3% increase in overseas remittance customers using F@st Ebank for transactions.



The focus for BB in 2022

Continue to create compelling propositions for corporate OMNI channels

Redefine customer focus for business banking across all channels

Drive digital growth for business banking in a 'new normal' environment

Enhance our credit model and solutions, especially for export-led sectors

Provide our staff with more sales tools for a seamless BB customer experience.

Online BB customers

↑ 24.9% YoY

E-banking transaction value

↑ 58.3% YoY

Overseas remittance customers using F@st Ebank for transactions

↑ 88.3% YoY



WHOLESALE BANKING (WB)

Overview

WB Division continued to be a key contributor to Techcombank's overall performance, working closely with customers and other divisions to build on strengths in products and services and increase market share to maximise profitability.

WB focused on upgrading services for key customer groups (understanding them better, enhancing their experiences, providing more specialised services), in order to tighten relationships and, consequently, improve the productivity and efficiency of the Bank's sales team.

By the end of 2021 WB was servicing more than 2,000 large corporates with a focus on 500 active customers, compared to 1,900 and 450, respectively, at the end of 2020. Total WB deposits at the end of 2021 were VND 46.5 trillion, +8.9% YoY. The average CASA balance increased 67.8% YoY, while the CASA ratio remained high at 55.3%.

As efficiency improved, TOI generated by WB rose to VND 10.3 trillion (+72.5% YoY), of which NII accounted for VND 9.1 trillion (+77.2% YoY) and NFI for VND 1.2 trillion (+44.1% YoY), achieved through strong growth of trade finance – i.e. Letters of Credit (LC) and cashflow management. Total outstanding credit to WB customers on 31 December 2021, including loans and bonds, increased to VND 184.3 trillion, +14.3% YoY, but average credit reached VND 178.6 trillion, +34.3% YoY. The NPL ratio of WB customers continued to be managed at 0.02%. Relating to COVID support program, nearly 87% of our customers who had rescheduled loans with us were cured by end of last year, providing WB significant headroom to expand the loan book more strongly in 2022 and beyond.

TOI

↑ 72.5% YoY

VND 10.3 trillion

NII

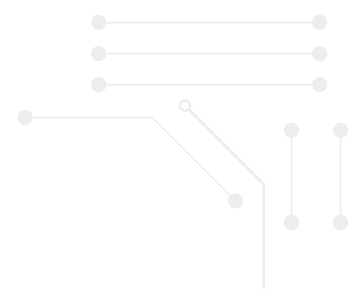
↑ 77.2% YoY

VND 9.1 trillion

NFI

↑ 44.1% YoY

VND 1.2 trillion



2021 business highlights

Highlights from WB's activities and initiatives during 2021 include:

1

Improving customer services and insight

With strengthened data analytics capabilities, WB – together with DnA – launched data-driven tools to help relationship managers (RMs) gain deeper industry insights and provide better quality advice to customers. This helped our NPS score improve from 55 in Q3 2021 to 75 in Q4, and we also won the award for Best Wholesale Bank in Vietnam. Trust in our services led to us being selected as the Mandate Lead Arranger for Petro Vietnam Power's USD 1.3 billion LNG project (PV Power).

2

Enhancing customer experiences

WB completed a comprehensive competency framework for upskilling the RM salesforce. A role-based training roadmap is establishing a new breed of RMs, who take an advisory-based approach, creating a new customer experience. This strategy has paid dividends, with improved customer satisfaction and industry recognition.

3

Diversifying core sectors

WB continued to prioritise four core sectors: real estate and construction, materials (ReCoM); fast moving consumer goods (FMCG); utilities and telcos; and financial services. We have dedicated teams of RMs and specialists to focus intensively on segmenting markets, building knowledge, and understanding trends and opportunities for each sector. We leveraged our well-established expertise in customer-centricity and our value chain approach to derive sector-specific solutions that met and exceeded customer demands. Our strategy and focus have delivered initial favourable results, demonstrated by more than 100% YoY in credit growth in FMCG, utilities and telecommunications, and financials.

The focus for WB in 2022

We are excited about our plans for 2022. To further increase fee income and total operating income (TOI), WB division will keep expanding our value chain capabilities including credit origination, distribution, transaction banking, investment products in priority sectors. We will upgrade our investment and liquidity management products to serve customer needs and digitalise the credit process to attract new credit customers. We will also onboard WB customers on the new Corporate lending platform (BCDE), using more, and better data to continually improve the accuracy and efficiency of the credit decision framework, thus improving overall customer experience and satisfaction.



GLOBAL TRANSACTION SERVICE (GTS)

Overview

Despite a tumultuous 2021 due to the COVID-19 pandemic, and social-distancing practices in Hanoi and Ho Chi Minh, our GTS Division managed to achieve encouraging progress and results:

- CASA balance increased nearly 1.5 times from 2020
- FX value grew by nearly 39.7%, with transactions via digital channels 1.8 times higher than 2020
- Domestic remittance volumes increased 34.3%, mainly from digital channels
- Total value of outward LGs increased by 46.7% YoY, while the value of LCs went up 55.7%.

2021 highlights

GTS aims to create comprehensive financial solutions through multi-channel transactions, so corporate clients have a truly seamless banking experience. In 2021, together with WB and BB, GTS devoted considerable resources to analysing and understanding client needs and converting this data to sales.

"We highly appreciate Techcombank's professionalism and support for businesses and partners like NextTech Group. Our cooperation is based on the specific advantages of the two businesses towards synergies to create added value for customers, partners, small and medium enterprises through online payment methods that are both fast, secure, and convenient. We are supporting businesses in digital transformation, saving costs, and increasing profits, especially in the context of the multi-faceted difficulties caused by the COVID-19 epidemic."

– NextTech Group

Positive feedback from customers is the greatest encouragement for us to continue enhancing and improving products and services, to better serve their needs.

Digitalisation

Scaling host-to-host solutions

There is great practical value in 'host-to-host' (H2H) connections, which link the multifunctional management system of corporate customers to Techcombank. Benefits for BB and WB clients include increased operating efficiency, reduced manual operations, enhanced security and simplified data reconciliation processes. H2H connections are especially helpful where large volumes of payment transactions are involved.

In 2021, GTS:

- Launched new services
 - » Tax collection via a F@st Mobile (Tpay) account link
 - » A solution package using Misa accounting software (B2FEB)
 - » A fast internet banking file sending service for international money transfers
 - » A partnership with NAPAS to implement 24/7 fast money transfer services for corporate clients
- Saw 1.5 times more customers register to use H2H services than in 2020
- Drove a 417.4% increase in the number of domestic remittances transactions compared to 2020.

Digitalisation of supply chain finance (SCF) services

GTS made progress toward converting suppliers and contractors to the online SCF platform. This reduces manual paperwork, streamlining and shortening the disbursement approval process. A contractor can actively choose the disbursement item according to need or set-up automatic disbursement requests. Customers can look up limits, disbursements and debt collection information; all without entering a bank branch.



Product enhancements and process standardisation

Letters of Credit and Guarantee

Standardising the features and operation of LC and LG products has been welcomed by customers and helped improve their experiences significantly:

- LG value increased 46.7% YoY, growing this WB segment by 129.3% compared to 2020
- 55.7% increase in issued LC value, resulting in a 48.9% rise in LC fee revenue compared to 2020
- LC UPAS product continued impressive growth. Total issued value reached more than VND 60 trillion, up more than 89.1% from 2020.

F@st Ebank (FEB) enhancements

GTS has continuously upgraded and optimised our e-banking channel for corporate customers, to improve the digital experience. The number of domestic remittance transactions increased by 34.3% YoY, with 19.6% growth in transactions via FEB and a 417.4% increase via H2H. In 2021, there was strong growth in the value of overseas transactions (+53.7% YoY), accounting for 42.2% of cash management fees from corporate customers. We are seeing a big transition from over-the-counter to digital channels.

Agile – Improving project management

In 2021, GTS was the first of our business units to successfully transition to Jira – an agile tool for project management. It is a new and effective way to track and implement customer products and services. Jira breaks each project into small sprints. We can involve customers at each ‘sprint’, respond to their needs and make changes quickly. Better products and services are rolled out, which increases our productivity. Customer satisfaction is higher and we are getting a better return on our investment.

LG value

↑ **46.7% YoY**

LC value

↑ **55.7% YoY**

GLOBAL TRANSACTION SERVICE (GTS)

2021 highlights (continued)

Product enhancements and process standardisation (continued)

The financial market

Our total FX trading value grew by nearly 39.7%, with transactions via digital channels 1.8 times higher than 2020. We continue to lead the Vietnamese financial market in trading in government bonds and derivatives on the FX:

- The Ministry of Finance and Vietnam Bond Market Association (VBMA) named Techcombank as the Leader of 2021 Market Makers
- Top 3 in the Vietnam in terms of largest FX matching transaction volume in 2021.

New products and services

State Treasury project

Thanks to outstanding H2H technology capability, GTS helped Techcombank successfully implement the state budget tax collection system. We are one of the first five private banks in Vietnam authorised to collect domestic and customs tax revenue. Customers will have a new channel to pay taxes, reducing time and costs and improving their overall banking experience. We are also helping the government expand its tax collection network, thanks to our wide coverage of branches and offices across the country.

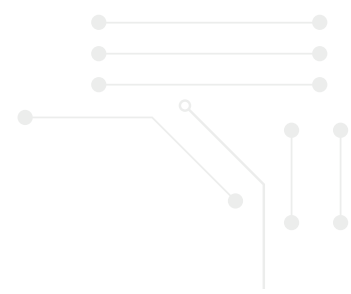
Collection services

GTS saw that many companies would like to collect payments from third parties via the Bank's networks and services (e.g. at the counter, terminals, POS, payment gateways, Techcombank app etc.). As a result, GTS piloted processes where a corporate customer could do this through partner channels including referral, master merchant and outsourcing; and also through a payment gateway that accepts their cards. We expect the card-accepting payment gateway to be expanded nationwide in 2022, completing the range of collection services for customers.

Digital signatures and 24/7 call centre support

In response to COVID-19, we offered email digital signature solutions so business activities and financial transactions could continue during quarantine periods. We will keep offering this feature to customers into the future.

Another support we provided to our corporate customers was extending our call centre's operation to 24/7. We have received much positive feedback regarding this extended support and will also keep this in the 'new normal'.



Awards

Thanks to the tremendous efforts of GTS and its outstanding products and services in 2021, we were publicly recognised for many achievements:



Most Recommended Transaction Bank in Vietnam

Best Corporate Payment Implementation



Bank of the Year



FX Matching Award by Refinitiv 2021

Best Market Maker

Most Active Bank

Top 5 in volume traded banks



Leading Market Maker in 2021

The focus for GTS in 2022

Throughout 2021, GTS continued investing in product upgrades, building and strengthening the corporate customers' technology platform and realising Techcombank's goal of bringing the best technology to Vietnam's financial industry. Digitalisation, data utilisation and people development remain top priorities for 2022.

GTS will focus particularly on:

- Expanding main operating account (MOA) and increasing product penetration through cross-selling, up-selling and engagement
- Continuously digitalising and transforming to H2H solutions with the targeted growth rate of transaction volume and value at over 100%
- Maintaining momentum and driving the CASA balance through MOA and accounts for trusts, securities and agencies
- Diversifying income by driving fees through investment products, CD Bao Loc, overseas remittances, trade and FX flows.

Two important strategic initiatives are:

- Improving cash and cash product capacity accounts and plans to market
- Implementing a supply chain sponsorship program.

