

BE GREATER 

TECHCOMBANK 

UNBOX  
THE POWER OF  
**TECH**



**2021 ANNUAL REPORT**

HARNESSING THE POWER OF  
DATA, DIGITAL AND TALENT

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# THE VISION OF **TECH**

We are shaping the  
banking industry in  
Vietnam.

What's next?





# THE VISION OF **TECH**

Here's how our  
Chairman and CEO  
put it into perspective.

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## THE VISION OF TECH

- Chairman's letter
- CEO report

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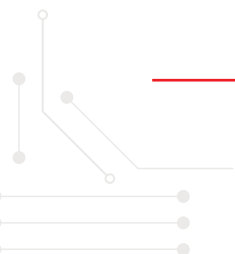
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We are ready every day for new and superior challenges; fulfilling our mission to lead the digitalisation of the financial industry; providing unique solutions for the best customer experiences; and motivating individuals, businesses and organisations to succeed sustainably.

**Ho Hung Anh**

*Chairman of Board of Directors*





# CHAIRMAN'S LETTER

Dear valued shareholders, customers, partners and Techcomers,

The COVID-19 pandemic continued in 2021 with a new, lasting mutation impacting Vietnam's socio-economic development.

Many experts agree that 2021 challenged our domestic economy more than at any point during this pandemic. However, in concert with efforts to tackle the virus and keep people safe, Vietnam's financial system saw various positive spots.

Vietnam continues to be seen as a stable, developing economy, recording a GDP growth rate of 2.6% in 2021, following a 2.9% GDP growth in 2020. This intact growth was driven by efforts across many sectors, especially banking. Techcombank is proud to have played a very important role – working with the government, businesses and the Vietnamese people to mitigate impacts of disease and fuel economic recovery, while continuing to develop under 'new normal' conditions.

As one of Vietnam's leading banks, Techcombank worked hard to create a favourable environment for customers and businesses, implementing policies to support the community and aid economic recovery. The Bank restructured nearly VND 11.8 trillion in loans in 2020–21 and assisted with interest rate reductions of VND 540 billion. To support the most pandemic-affected individuals and communities, Techcombank contributed around VND 400 billion towards the vaccine fund and medical equipment, including a donation of VND 100 billion to build a hospital to treat COVID-19, as well as providing direct help to the community, patients and their families.

During 2021, more than 12,000 Techcombank employees shared a determination for excellence to overcome the

Techcombank is proud to have played a very important role – working with the government, businesses and the Vietnamese people to mitigate impacts of disease and fuel economic recovery, while continuing to develop under 'new normal' conditions.

year's many difficulties. Business continued, quality products and services were supplied and the customer experience was improved. Our people's commitment validates our many years of operating with a customer-centric strategy.

Thanks to this consensus and drive, and the trust of customers and shareholders, Techcombank continued to grow – approaching the standard and size of leading regional banks – achieving pre-tax profit of USD 1 billion (VND 23,238 billion) for the first time. The Bank not only exceeded 2021 plan but also performed well, continuing to lead the industry with a current and





We attracted over 1.2 million new customers, bringing our total to more than 9.6 million.

PRE-TAX PROFIT

**VND 23,238 BILLION**

savings accounts (CASA) ratio of 50.5% and return on assets of 3.7%. We attracted over 1.2 million new customers, bringing our total to more than 9.6 million. Customers made 652 million electronic transactions, up 70.0% from 2020, with a total value of VND 9.1 quadrillion, up 80.5%. We also maintained our leading market position for sales payments via Visa card.

All these achievements saw *Brand Finance* pronounce Techcombank one of the top 200 most valuable global banking brands. Our brand value (up 80% to USD 945 million) rose 74 places – from 270 to 196 – recognising our serious investment in cloud infrastructure among others, as part of our digital strategy to nurture long-term customer relationships. Techcombank was also one of only two Vietnamese banks mentioned by *Brand Finance* for rapid growth.

We have taken the initial steps towards being a top 10 regional bank by 2025 and are ready every day for:

- New and superior challenges
- Fulfilling our mission to lead the digitalisation of the financial industry
- Providing unique solutions for the best customer experiences
- Motivating individuals, businesses and organisations to succeed sustainably.

In the ‘new normal’ period expected for 2022, Vietnam's economy will see prosperity expand as it flexibly and safely adapts to the pandemic paradigm. With our vision of *Change banking, change lives*, combined with the trust and companionship of our shareholders, customers and partners, I firmly believe Techcombank is set to achieve great things. We remain committed to continuous improvement and ongoing development that maximises benefits to shareholders, creates sustainable value for customers and the country, and allows Techcombank to proudly hold a worthy regional position.

Warmest regards,

**Ho Hung Anh**

**Chairman of Board of Directors**



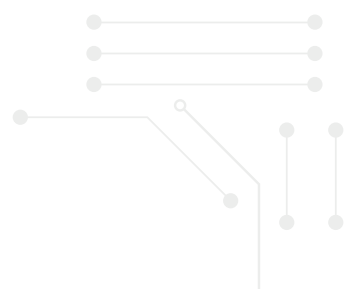
# CEO REPORT

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Favourable self-built catalysts drove profitability and gave us the space to invest in data and technology, empowering digital customer acquisition and engagement, and enabling us to gain a higher share of the primary banking relationship.

**Jens Lottner**  
*Chief Executive Officer*



**Dear valued shareholders,**

As 2021 unfolded, the COVID-19 pandemic continued to impact industries, regions, and customer segments. Stringent measures were required in response to the 4<sup>th</sup> wave of infections including extended lockdowns in Ho Chi Minh City and the surrounding neighbourhood.

However, government vaccinations were rolled-out in record time, seeing 100% of adults double vaccinated in just over 6 months and helping domestic activities resume safely from Q4. This, alongside other government support like manufacturing and export assistance, enabled Vietnam to still record positive annual GDP growth of 2.6%.

The pandemic has not changed the favourable macro trends that are providing tailwinds for Vietnam's economic growth. In 2022, strong GDP growth of 5.5–6.5% is forecast, and I continue to be optimistic about Vietnam's immense economic potential.

**This year, growth is being driven by the reopening of the economy as we enter the 'new normal'.**

Tourism and related services are increasing, there has been a pickup in domestic demand, and foreign direct investment (FDI) is also rising as investors return. However, despite these positive signs, I still believe a degree of caution is necessary given the potential economic effects of global issues such as US-China tensions and the Russia-Ukraine conflict.

During 2021, the impact of lockdowns on customer behaviours was significant and is likely to be long term. These challenging times led to an accelerated shift

towards digital banking and strong demand for simpler, more intuitive, wealth management products.

A YouGov survey conducted in late 2021 found that the top financial priorities of customers in Vietnam are:

- **Saving money for unexpected hardship**
- **Adequate protection for emergencies**
- **Making money through investing**
- **Paying bills on time.**

The shift toward a cashless economy, which was already underway in Vietnam, got a serious boost as many people tried e-banking and mobile banking for the first time and discovered that it is instant, convenient, and safe. Techcombank had anticipated this shift and has been relentlessly striving to meet the ever-changing needs of our customers by providing digital paths to enable them to achieve their goals and by investing to continuously improve our offerings.

As a result, our performance has proven resilient and we have fared better than expected in the second year of the pandemic. Favourable self-built catalysts drove profitability and gave us the space to invest in data and technology, empowering digital customer acquisition and engagement, and enabling us to gain a higher share of the primary banking relationship.





# CEO REPORT

2021: Another Year Of Exceptional Results

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Our customer-centric policy and calculated risk framework made us the most profitable by ROA and operationally efficient bank in Vietnam.

Our return ratios – return on equity (ROE), return on assets (ROA), and current and savings accounts (CASA) ratio – are also among the highest in the market.

Reflecting on the success of the past year, I would like to highlight three points:

1

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We continued to enjoy a fast-growing customer base as we quickly adapted to refining business models, funding options and opportunity pools.

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2

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We recruited 4,300+ new employees with a shift towards digital and data under our comprehensive HR plan to attract and retain talent.

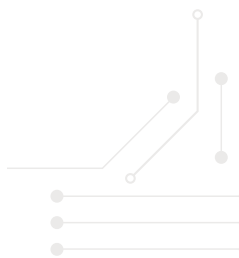
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The Bank stood alongside our community and people – supporting government pandemic initiatives, driving vaccination for our employees and their families, and offering customer and employee care programs.

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CHANGE BANKING,  
CHANGE LIVES

# 2021-2025 STRATEGY

Techcombank embarked on the first year of our *Change banking, change lives* 2021–25 strategy for a customer-centric, data and digital-first transformation.



# CEO REPORT

2021: Another Year Of Exceptional Results (continued)

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## Change banking, change lives 2021–25 strategy

We:

- Introduced new customer interaction platforms
- Built better credit decision models
- Invested in technology and data infrastructure and development.

We adapted to changing customer behaviours and needs by innovating to make digital experiences simple, safe, and seamless, while empowering staff to offer personalised advice. Transforming our customer engagement platform meant:

- Developing better products
- Scaling our digital services
- Creating a seamless banking experience for customers.

As COVID-19 spread across Vietnam, Techcombank supported customers, employees, the government and broader community through:

- Provision of early vaccination for all 12,000 + employees to help ensure their safety during the pandemic
- VND 11.8 trillion rescheduled loans, and VND 540 billion waived and/or reduced interest to help businesses and retail customers
- Contributing approximately VND 400 billion to COVID-19 vaccine programs, test kits, hospital construction, and donations to support impacted people and families.

### Performance highlights

2021 was another year of robust financial and non-financial performance for Techcombank, reaffirming our position as Vietnam's most profitable and operationally efficient bank.



Enhanced customer satisfaction and loyalty, as measured by the Net Promoter Score (NPS) and customer satisfaction (CSAT)

Being Ranked

**No. 6**

in Asia's Top 10 most recommended retail banks by BankQuality Consumer Survey and Ranking – the only Vietnamese bank to make Top 10

Strong profit before tax

**↑47.1%<sub>YoY</sub>**

**VND 23.2 trillion**

the first non-state-owned commercial bank to join the USD 1 billion club

TOI

**↑35.4%<sub>YoY</sub>**

**VND 37.1 trillion**

CASA

**50.5%**

the industry's highest CASA ratio

NIM

**5.6%**

Fee Income Growth

**↑42.4%<sub>YoY</sub>**

Strong Balance Sheet and Capital Adequacy Ratio (CAR)

**15.0%**

Market Capitalisation

**↑58.7%**

**VND 175 trillion (USD 7.6 billion)**

Notably, Techcombank also completed a record USD 800 million syndicated loan, reaffirming international lenders' trust and confidence in the Bank and supplementing our working capital so we can meet ever-growing demand for medium and long-term loans.

**Techcombank is tracking well towards our 2025 goals of:**

**55%**

CASA ratio

**USD 20 BILLION**

Market Cap

*(making us one of the region's most valuable banks)*

**20%**

ROE

**>30%**

Net Fee Income/TOI



# CEO REPORT

2021: Another Year Of Exceptional Results (continued)

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Talent, Digital and Data form the three integrated core pillars of Techcombank's competitive strategy. In 2021, we focused on building on this foundation, and enhancing our existing compliance and risk management capabilities to set new standards for the industry.







**Building on our foundation**

**Talent**

Our deep-rooted belief is that the success of our employees is the bedrock for Techcombank’s success. In 2021, the Bank focused on talent strategies enabling employee success. We started with a refreshed employee value proposition (EVP) to increase attraction, retention, and engagement of the best possible staff.

The refreshed EVP helped us secure high-quality regional and international talent, while we also retained and developed existing employees with various learning initiatives. The Bank successfully recruited 4,375 employees, including 32 expatriates, 201 senior leaders and three executive members. More than 17% of these staff work in technology as the Bank focused on building data and digital enablers for 2021–25. In 2021, we provided 2,871 training programs via virtual classroom, e-learning, and in-class sessions. Aligned with the transformation strategy, the key focus of development was on data and digital training, in close cooperation with our strategic partner Amazon Web Services (AWS).

Our effort was acknowledged and reflected in our effective employee focus score. Conducted bi-annually by Korn Ferry, we have seen a steady improvement over the last three cycles, with our score rising to 78 in 2021, up from 74 in 2019 and 66 in 2017.

**Effective Employee Focus (EES) Survey**



**In 2021 the Bank recruited**

**4,375 Employees** including 32 expatriates, 201 senior leaders and 3 executive members

**>17%** of these staff work in technology

**2,871 Training programs** via virtual classroom, e-learning, and in-class sessions





# CEO REPORT

2021: Another Year Of Exceptional Results (continued)

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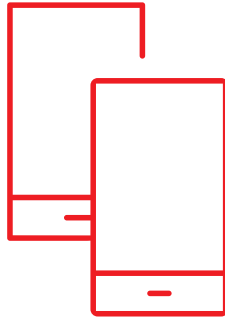
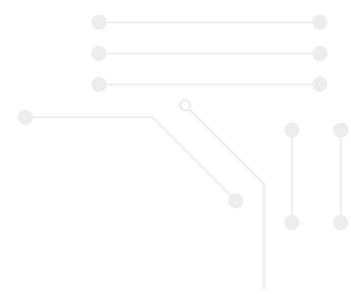
The Bank adopted a ‘Cloud First’ strategy for technology infrastructure.

## **Building on our foundation** (continued)

### **Digital**

In 2021, Techcombank focused on strengthening our core infrastructure, as well as improving our transaction banking and credit platforms, both for retail and corporates. The objective was to make everyday banking as simple, intuitive and easy as possible, while reducing time-to-yes (TTY) through enhanced underwriting capabilities.

The Bank adopted a ‘Cloud First’ strategy for technology infrastructure. The vast majority of our old applications will migrate to the cloud, while all new ones will be established there. To that end, Techcombank entered a strategic partnership with Amazon Web Services (AWS), the global leader in cloud services, to complete this move over the next two to three years.



*In terms of new platforms, our focus was on launching our new transaction banking mobile app and credit underwriting models, which included:*

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**Mobile app for retail customers:** We launched our new mobile platform to enable fast and intuitive payments, and significantly reduce customer pain points in everyday banking.

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**Mobile app for corporate customers:** As part of digitalising banking services and making them accessible anytime through multiple channels for better customer experience, we successfully piloted a new mobile banking app for corporate customers in Q4 2021. The full roll-out is expected to start in Q2 2022.

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**Next generation of loan origination platforms:** We launched 'Smart Credit', a cloud-based lending platform for retail customers that has enabled our most critical underwriting processes to be fully operated on the cloud, increasing efficiency and scalability. We also made significant further advancements for our business credit platform (BCDE), following its launch in the second half of 2020. BCDE was designed to effectively automate and manage the credit management value chain for our non-retail portfolio. This platform incorporates refreshed credit models that have been annually reviewed with the goal to streamline the entire credit lifecycle from onboarding to post disbursement performance monitoring, including covenant compliance. The new technology was a major step in upgrading our digital, data and decisioning frameworks.

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**Market leading fraud management platforms:** Including a powerful two-factor customer and card authentication (Visa 3D secure 2.0) that enables customers to 'shop safe' in the ever-expanding e-commerce ecosystem.

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**Anti-money laundering (AML) platform:** We completed preparation for launching a new, leading AML cloud-based system that ensured strict regulatory compliance, aligned with the highest global standards.

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# CEO REPORT

2021: Another Year Of Exceptional Results (continued)

## Building on our foundation (continued)

### Data

Data is essential to informed decision making and personalised customer solutions.

To this effect, in 2021 we focused on:

Building a hybrid data lake on the cloud with AWS

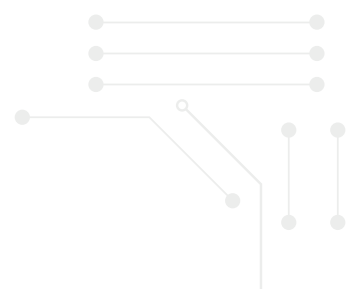
Using data and analytics capabilities to improve propensity models, better predict customer behaviour and raise lead generation conversion rates

Revamping data governance to implement new policies and standards, identifying target-state architecture and technologies



The newly founded Data and Analytics unit (DnA) was charged with delivering these priorities. A key achievement was building the foundation of a next-generation data lake, now integrating over 60% of critical business systems. This has been instrumental in:

- Several value-creating credit card initiatives and mortgage risk decisioning
- Reducing approval times from days to hours
- Improving customers' digital experience.



**Building on our foundation** (continued)

**Awards/Recognition**

Techcombank continues to be recognised as the largest private bank in Vietnam and one of the leading banks in Asia Pacific.

- Best Bank in Vietnam – *Euromoney Awards for Excellence 2021*
- Best Bank in Vietnam – *FinanceAsia Country Awards 2021*
- Asia Pacific Best Treasurer – *Corporate Treasurer*
- Most Recommended Retail Bank in Vietnam in the Asia Pacific – *The Asian Banker BankQuality Consumer Survey and Ranking of Retail Banks 2021*
- ‘Bank of the Year 2021’ based on highest number of domestic transaction volume and value – *Vietnam National Payment Corporation (Napas)*
- Best Investment Product and Best Mortgage/Home Loan Product – *The Asian Banker Vietnam Country Awards 2021*
- Best in Treasury and Working Capital (small to medium enterprises, SMEs) – *The Asset*



**Asia Pacific Best Treasurer**



**Best in Treasury and Working Capital (SMEs)**



**Bank of the Year 2021**



**Most Recommended Retail Bank in Vietnam in the Asia Pacific**



**Best Bank in Vietnam**



**Best Bank in Vietnam**

**Best Investment Product and Best Mortgage/Home Loan Product**





# CEO REPORT

## 2022 Priorities And Focus Areas

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As we move into the second year of our five-year transformation journey, we will take all necessary measures to identify and safeguard stakeholders' interests – positioning the bank for another year of healthy growth and considerable progress in our digital transformation.

We will continue to strengthen our foundation across talent, digital, and data. The Bank will step up our focus on acquiring and engaging customers on digital platforms; analysing their spending data and learning to better predict spending behaviour. Data will improve how we personalise customer offerings and nudges; engaging customers with appropriate content, advice and solutions tailored to their needs and preferences.

We will continuously enhance our retail and corporate transaction platforms – adding new features and functionalities to make them simpler and more intuitive. Customers will use our platform for their everyday banking, investment, financial planning, credit, and service-related needs. Powered by data, the platform will also provide insights and suggestions for our customers, guiding them through their financial decisions.

We will also roll-out a rewards and recognition program that increases engagement and interactions, not only for banking services, but also across our ecosystem partners to expand customer reach and offer a compelling proposition.

We remain committed to investing in lending transformation to achieve our vision of being the most profitable, yet relevant and sustainable lender through economic cycles. These business initiatives will improve risk management – both credit and non-credit risks – helping us enhance customer confidence in Techcombank, optimise returns, comply with regulations, and achieve sustainable growth.

We will refine our credit life cycle models with specific emphasis on improving solutions offered to SMEs. These models will use traditional and non-traditional data to improve their accuracy and enable prudent risk management. In line with our vision to be a leader in enterprise risk management (ERM) and to sustain the Bank's long-term growth, other focus areas in 2022 will be strengthening our capabilities in:

- Environmental, social and governance (ESG) risks
- Technology, operations, and financial crime risks (TOFC)
- Model risk management (MRM).



Continuing our well-defined and established approach, Techcombank will further build capabilities with the aim of serving all our customers' daily banking needs.

At the same time, Techcombank will accelerate the process of diversifying into new areas, including building transaction, liquidity and investment capabilities and implementing supply chain solutions. We will also extend digital transformation to new parts of customer journeys, improving efficiency and making Techcombank our customers' primary banking relationship.

Finally, as talent is critical to any organisation's success, we are determined to invest in attracting, developing, and retaining the best employees. We are working with leading institutions to develop training programs for employees to continuously develop themselves, which is also one of our core values.

To close, I want to express my gratitude to our talented and dedicated staff who have delivered another year of outstanding financial performance, to our resilient shareholders for standing by us during the challenging times, and to regulators – valuable partners who supported us regardless of the difficulties that COVID-19 brought. Most importantly, I want to thank our rapidly growing customer base for their loyalty and support as we work to achieve our mission – to lead the digital transformation of Vietnam's financial industry.

Kindest regards,

**Jens Lottner**  
CEO