



**VIETNAM TECHNOLOGICAL AND COMMERCIAL
JOINT STOCK BANK**

RESTRUCTURING PLAN ASSOCIATED WITH BAD DEBT SETTLEMENT IN THE PERIOD OF 2021-2025

(according to Decision No. 689/QĐ-TTg dated 08/06/2022 approving the Project on restructuring the system of credit institutions associated with bad debt settlement in the period 2021-2025 of the Prime Minister and the Action Plan of the banking sector issued together with Decision 1382/QĐ-NHNN dated 02/08/2022)

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RESTRUCTURING PLAN ASSOCIATED WITH BAD DEBT SETTLEMENT IN THE PERIOD OF 2021-2025 OF VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK

(according to Decision No. 689/QĐ-TTg dated 08/06/2022 approving the Project on restructuring the system of credit institutions associated with bad debt settlement in the period 2021-2025 of the Prime Minister and the Action Plan of the banking sector issued together with Decision 1382/QĐ-NHNN dated 02/08/2022)

(I) RESULTS OF IMPLEMENTATION OF THE RESTRUCTURING PLAN ASSOCIATED WITH BAD DEBT SETTLEMENT IN THE PERIOD OF 2016 – 2020 AND UPDATED TO THE LATEST YEAR

Basically, Techcombank (TCB) has completed the main and important contents in the restructuring plan approved by the Governor of the State Bank. The implementation of the contents of the restructuring plan shows the high feasibility of the developed measures/solutions, and the implementation results have helped improve the financial capacity, asset quality and competitiveness of the Bank. In addition, the quality of credit growth and bad debt ratio are always controlled at a safe level; TCB's activities are increasingly consolidated; financial situation tends to be sustainable, always ensuring safety ratios in banking activities; The bank's management and administration capacity is increasingly enhanced.

The results of the implementation of the set out structural plans are as presented below:

1. Implementation of the objectives stated in Techcombank's restructuring scheme/plan

1.1. The objective is to continue to healthy the financial situation, improve the governance capacity of credit institutions in accordance with the law and in line with international practices

Techcombank has a healthy financial position, capital sources, capital adequacy ratio, and equity capital level that always meet and exceed Basel II capital standards (standard method according to TT41). By March 31, 2023, Techcombank's charter capital will reach VND 35,172 billion. Techcombank's private equity capital at March 31, 2023 reached VND 104,960 billion.

Besides, the minimum capital adequacy ratio under TT41 at March 31, 2023 of individual and consolidated individuals reached 14.08% and 15.01%, respectively, much higher than the SBV's limit of 8%.

Techcombank would like to report the results of the implementation of financial data under the scheme up to 31/03/2023 as follows:

Unit: Billion VND

STT	Item	Objectives in the Restructure plan by 2020	Implemented at 31/12/2020 (**)	% Fulfillment of the goal for the whole restructuring period	Implemented by 31/03/2023 (**)
1	Equity	59.100	68.721	116%	105.903
2	Charter capital	11.500	35.049	305%	35.172
3	Total assets	421.300	432.720	103%	699.585
4	Total credit balance (*)	318.035	318.035	100%	485.993
5	Market Mobilized Capital 1	320.500	279.108	87%	389.498
6	Market Mobilization Capital 2	45.000	46.280	103%	142.144
7	Profit before tax	13.400	13.366	100%	4.265
8	Profit after tax	10.800	10.743	99%	3.439
9	Contingency costs	(1.100)	(2.194)	199%	(5.282)

* The planned number of the Credit Balance section is determined according to the Credit Growth Balance approved by the SBV in 2020

**Contingent expense is the provision for customer loan risk on the balance sheet.

Credit growth: Techcombank always complies with the outstanding credit growth approved by the SBV in 2020.

Unit: Billion VND

Item	Objectives in the CCL plan by 2020	Implemented at 31/12/2020	Implemented by 31/03/2023
Loan balance	259.500	273.391	456.228
Corporate bonds	76.200	44.644	29.765
Total credit balance	335.700	318.035	485.993
Credit growth rate (*)	25,78%	23,25%	9,31%

(*) The credit growth rate in 2020 assigned at CV CV4960/NHNN-CSTT on 08/07/2020 is 23.25%.

For the ratio of short-term capital sources for medium and long-term loans: Techcombank ensures compliance with this ratio according to the SBV's roadmap. Specifically, this ratio at times is as follows:

	The maximum percentage of short-term funds used for medium and long-term lending	
	<i>Regulation</i>	<i>Actual</i>
31/12/2018	$\leq 45\%$	31,50%
31/12/2019	$\leq 40\%$	38,40%
31/12/2020	$\leq 40\%$	33,88%
31/03/2023	$\leq 34\%$	33,49%

For the ratio of outstanding loans to total deposits: Techcombank ensures compliance with this ratio according to the SBV's roadmap. Specifically, this ratio at times is as follows:

	The ratio of outstanding loans to total deposits	
	<i>Regulation</i>	<i>Actual</i>
31/12/2018	$\leq 85\%$	65,45%
31/12/2019		76,27%
31/12/2020		78,11%
31/03/2023		80,97%

For receivables from TCB AMC and TCO:

- For office lease deposit receivables (former TCO Vietnam Investment Joint Stock Company now transferred to Limetta V Lime B Holdings Co., Ltd.): as of 31/12/2020, Techcombank has recovered the above receivables.
- For receivables from subsidiaries (AMC) is a lease deposit: as at 31/12/2020 due to the fact that AMC has not transferred the building, TCB continues to extend the lease. Currently, Techcombank has ended the contract and signed a transfer for Vinhomes from 8/12/2022. The reimbursement period under the Liquidation Minutes is December 31, 2023.

Divestment in TCF in 2018: Techcombank completed its divestment in TCF in 2018 to focus resources on serving key customer segments in line with the Bank's strategy.

1.2. Objectives: Commercial banks (commercial banks) basically have their own capital according to Basel II standards; Commercial banks successfully apply Basel II

Since July 1, 2019, Techcombank has been officially approved by the State Bank of Vietnam to apply before the deadline of Circular 41/2016/TT-NHNN stipulating capital adequacy ratio for foreign banks and branches according to Basel II standard methods.

The minimum capital adequacy ratio according to TT41 from the time of application to the present time of 30/06/2020 of individual and consolidated individuals is much higher than the SBV's limit of 8%, specifically as follows:

Item	31/12/2020	31/12/2022	31/03/2023
Individual capital adequacy ratio	15,07%	14,33%	14,08%
Consolidated capital adequacy ratio	16,08%	15,18%	15,01%

1.3. The goal of completing the listing of shares on the Vietnam stock market

On 04/06/2018, Techcombank successfully listed on Ho Chi Minh City Stock Exchange (HOSE) under the ticker TCB. Currently, Techcombank's shares are one of the high-priced stocks in banks, and Techcombank's market capitalization at 31/08/2020 reached more than VND 74 trillion, ranking 1st among private commercial joint stock banks and 4th among listed joint stock commercial banks (after Vietcombank, BIDV and Vietinbank).

1.4. The objective of basic and thorough handling of bad debts; strive to handle and control the bad debt ratio by 2020 according to the objectives in the scheme promulgated together with Decision No. 1058 and the approved scheme/plan of each credit institution

As of March 31, 2023, Techcombank's NPL settlement results are as follows:

Unit: Billion VND

STT	Indicator name	Cumulative figures reported from January 1, 2023 to March 31, 2023	Cumulative data reported from 01/01/2018 to 31/12/2020
I	In the form of bad debt settlement	(billion)	(billion)
1	Customers repay debts	435,42	3.065,15
3	Handling collateral to recover bad debts	7,40	368,08
4	Use provision for bad debt settlement risks	140,55	3.169,86

STT	Indicator name	Cumulative figures reported from January 1, 2023 to March 31, 2023	Cumulative data reported from 01/01/2018 to 31/12/2020
5	3rd party debt repayment	-	-
6	Sale of bad debts to asset management companies, debt trading companies and other organizations and individuals	-	632,50
7	Sale of bad debts to the Corporate Debt and Outstanding Assets Trading Company (DATC) under the Ministry of Finance	-	-
8	Sale of bad debts to VAMC	-	-
	Sum	583,37	7.235,59

1.5. Objectives "Technology system, data, strong operation and reasonable governance organizational structure":

According to the target plan for 2016 – 2020, Techcombank has set out the goal of "Technology, data, strong operation system and reasonable governance structure", with plans and actions, the Bank has made a number of transformations as follows:

Organizational structure: Techcombank has separated 2 functions: Technology and Data & Analytics. This ensures specialization, excellence and focus for these 2 key areas when both information and data are considered great assets of the Bank.

Technology systems: Techcombank invests in and uses digital platforms to support business continuity, advancement and in line with the Bank's "Customer Centric" objective. This includes upgrading technology platforms for e-banking such as e-banking systems for individual customers and customers enterprises, Techcombank uses Backbase provider.

In the period of 2017-2020, the operating model of the Technology Division has been structured according to technology services provided and served for business and units to manage and operate technological processes in the block.

For Data: Techcombank considers data to be an important asset of the bank, therefore, security requirements for data protection are built and established in place, specifically: The Bank has issued Regulations on Data Governance, Data Classification and Classification. Buzz data,

high security requirements with important data. Techcombank has implemented a data loss prevention solution for endpoints, applied to the entire information system at the bank, strictly controlling customer data through the following channels: Internet upload; Copy via USB; Printing; Transmission via application; Send email outside the organization. Reality check, the sending of card information to the outside via email is detected and prevented on the spot.

1.6. Objective "Staff with high capacity and level of engagement for the Bank, in accordance with the orientations according to Resolution No. 42/2017/QH14 of the National Assembly Service Committee and Decision No. 1058/QOD-TTg of the Prime Minister" (TCB has set targets in the 2016-2020 plan)

With the objective of reporting to the State Bank, TCB has built a team of competent and highly engaged employees for the bank. Specifically, TCB has promoted the recruitment of middle and senior management positions worldwide, and constantly improved the training of employees. In 2022: The average number of training hours across the bank was 69.65 hours per person; The number of trained employees during the year was 531,391. TCB focuses on both management and professional training by organizing 21,469 hours of training on leadership skills and 874,079 hours of professional programs. In 2023, TCB will continue to strive to create a work culture that attracts and develops the best individuals, empowering them to reach their potential.

In addition, TCB always creates conditions for employees to promote their own capacity and increase the level of engagement with the Bank. Employee efficiency scores (EES) increased through surveys, 74% in 2019, 78% in 2021. Currently, Techcombank is in the top 6% of companies in Southeast Asia with an EES score of 78.

2. Assessment of limitations that exist during the implementation of the Restructuring Plan for the period 2016-2020

In addition to the results achieved, there are still some points that have not been completed under the Plan. TCB has continued to implement and has so far completed the remediation. Specifically: Regarding the target of increasing the proportion of income from non-credit service activities in the total income of commercial banks:

In the restructuring project for the period 2016-2020, Techcombank aims to gradually transform its business model from dependent on credit activities to a multi-service business model. TCB also aims to reduce dependence on revenue and risks from credit, increasing the proportion of revenue from service activities (non-credit) to account for 30% of the Bank's total net revenue by 2020.

However, the results are as follows:

Item	31/12/2020	31/12/2022	31/03/2023
The ratio of income from service activities (non-credit) to gross income	8.37%	16.92%	20.90%

Some of the objective reasons for not achieving the above goal are as follows:

- As a bank that has always been at the forefront of the Government's policy of improving Vietnamese people's access to financial services and reducing cash use, Techcombank is the first bank to comprehensively apply a wide range of fee waivers through the "Zero VND fee" program for individual customers since 2016 and for customers business since 2018. The total amount of fees waived for customers from the beginning of the program to the end of 2019 has reached trillions of VND, and benefited millions of individual customers as well as tens of thousands of corporate customers. On the other hand, this fee waiver reduced Techcombank's non-credit service income, although the Bank compensated by boosting other sources of fee revenue such as bancassurance and corporate bond distribution service fees.

- On the other hand, Techcombank's continuous improvement in service quality has helped Techcombank gain more and more customers' trust, with the number of transactions and cash value in accounts (CASA) of customers at Techcombank. By the end of the first quarter of 2020, Techcombank is the joint stock commercial bank with the highest CASA ratio to total deposits in the system. As a result, Techcombank's net interest income has increased recently, but mainly due to the reduction in mobilization costs, not because of the increase in credit (Techcombank's credit increased within the limit allowed by the SBV). The increase in Techcombank's net interest income has indirectly reduced the ratio of non-credit service income to total income, but this result comes from increasing understanding and extensive relationships with customers in accordance with SBV's direction and orientation rather than depending on credit relationships.

- In 2020, Techcombank continues to apply a policy of free fees to customers and maintain a high quality of service to benefit customers, and therefore will still face challenges in achieving the ratio of non-credit service income to total income. In addition, the Covid-19 epidemic has had a detrimental impact on Techcombank's fee revenue. Currently, Techcombank's non-credit services come from a number of main sources including bancassurance, bond issuance and distribution consultancy, transaction banking for corporate customers. Amid the epidemic, individual customers reduced their investments and limited their direct exposure to buying bonds and banca. At the same time, corporate customers faced difficulties, import and export activities were stalled, leading to a decrease in transaction banking service fees. Due to the complicated development of the epidemic, it is currently not possible to determine a specific target for the new non-credit service income ratio for 2020, but Techcombank will actively implement solutions to

improve and maintain this ratio to the best of the Bank's capabilities, including but not limited to continuing to improve the quality of services and current service usage of customers to enhance fee income from existing sources, and seeking and developing new services to create new sources of fee revenue for the Bank.

3. Causes and lessons learned

Based on the results of the implementation of the Restructuring Plan for the period 2016-2020, from the achieved results, as well as the remaining limitations, TCB has drawn lessons learned to continue sustainable development, in line with the Government's orientation and restructuring plan for economic organizations, in which, credit institutions and TCBs are the backbone. Since then, it has well implemented the restructuring plan associated with bad debt settlement in the period of 2021-2025. Specifically by acting as follows:

- Focus on cleaning the balance sheet and retained profits to continue business development and investment in infrastructure, information technology systems, people, risk management systems...
- Focus on handling bad debts decisively and thoroughly, thereby creating a premise for a breakthrough in the following years.
- Continue to focus on business expansion and high-efficiency sectors, industries and segments.
- Implement core strategies to become the No. 1 bank according to the plan set by the Board of Directors, increase the bank's capitalization and have a roadmap to list shares on the stock exchange to bring value to investors.

In addition, the adoption of Resolution 42/2017/QH14 by the National Assembly has created a foundation for commercial banks to handle bad debts, the Resolution when implemented will overcome difficulties, problems and legal inadequacies existing in the process of handling bad debts and secured assets of credit institutions, as well as of the Vietnam Asset Management Company of Credit Institutions (VAMC). The Resolution stipulates a number of measures to handle bad debts and collaterals of bad debts in order to remove current legal problems and difficulties related to the settlement of bad debts and collaterals of debts of credit institutions, creating a synchronous handling mechanism, effective and feasible to quickly and definitively handle bad debts to ensure that credit institutions continue to promote their role as the main capital channel, meeting capital needs for production and business activities of the economy.

The government has created the full legal baggage: from the legislature, the executive to the judiciary. From there, creating favorable conditions for enterprises to stabilize production and business activities, promoting the operation of the economy in general.

The SBV has been more closely involved in the process of handling bad debts and restructuring commercial banks. The SBV's active delving into the process of implementing the restructuring plan of commercial banks, from the stage of planning, evaluating operation results in each period, promptly detecting and handling outstanding limitations will help the entire commercial banking system to handle bad debts and restructuring plans in the period of 2016-2020 effective. In the process of handling bad debts, commercial banks and the State Bank of Vietnam have come closer to international standards in debt classification, provisioning, applying IFRS, Basel II accounting standards and towards diversified, safe business products, high profitability, etc towards balancing the portfolio of assets and capital, contributing to ensuring the solid operation of the banking system, promoting the development of the economy in general.

(II) PURPOSES, REQUIREMENTS AND LEGAL BASIS OF DEVELOPING A RESTRUCTURING PLAN ASSOCIATED WITH BAD DEBT SETTLEMENT IN THE PERIOD OF 2021-2025

1. The purpose of developing a restructuring plan associated with bad debt settlement in the period of 2021-2025

Techcombank's restructuring plan associated with bad debt settlement in the period of 2021-2025 aims at the following purposes:

- a. Develop Techcombank's system towards healthy, quality, efficient, open and transparent operations, meeting banking safety standards as prescribed by law and close to international practices
- b. Promote bad debt settlement, improve credit quality, prevent and minimize newly arising bad debts, improve financial capacity.

In particular:

- a. Develop digital banking models, increase utilities, customer experience and realize the goal of comprehensive and sustainable financial development on the basis of promoting the application of new and advanced technologies in administration and supply of products and services towards process automation, optimization of professional operations;
- b. Strongly apply achievements of the Industrial Revolution 4.0 to upgrade and develop payment infrastructure, non-cash payment services (EIA), meeting the payment needs conveniently and effectively of organizations and individuals; ensure security, safety and confidentiality in EIA activities;

- c. Handle and remedy potential existences and risks in the bank's operations and definite existences and violations identified through inspection, inspection and supervision.

2. Requirements of developing a restructuring plan associated with bad debt settlement in the period of 2021-2025

Techcombank's restructuring plan associated with bad debt settlement for the period 2021-2025 aims to meet the following requirements:

- Assess the financial situation, operations, risks, existence, violations and limitations that need to be overcome from the restructuring plan associated with bad debt settlement in the period 2015-2020 and the current situation.
- Specific goals, roadmaps and restructuring orientations to 2025 need to be clearly defined. From there, find restructuring solutions associated with bad debt settlement to overcome and handle shortcomings in operations to achieve the set goals.

3. Legal basis

Techcombank shall base itself on the following regulations/legal documents to develop a restructuring plan associated with bad debt settlement for the period 2021-2025:

- Decision No. 689/Q Đ-TTg 08/06/2022 approving the "Project on restructuring the system of credit institutions associated with bad debt settlement in the period 2021-2025" of the Prime Minister
- Action plan of the banking sector issued together with Decision No. 1382/QĐ-NHNN dated 02/08/2022
- Official Letter No. 2959/NHNN-TTGSNH of the State Bank dated 25/04/2023 on the implementation of construction and approval of the restructuring plan

(III) ASSESSING THE CURRENT STATUS OF OPERATIONS

1. Some financial indicators

Techcombank's main financial targets are presented in Appendix 01 attached

2. Organization structure and corporate governance

2.1 Establishment and operation license

Vietnam Technological and Commercial Joint Stock Bank (Techcombank) was established and operated under the Banking License No. 38/GP-NHNN issued by the State Bank of Vietnam ("SBV") on March 6, 2018 (renewed for Operation License No. 0040/NH-GP issued on August 6, 1993) and Business Registration Certificate No. 0100230800 issued by the Department of Planning and Planning Hanoi Investment granted, first registered on September 7, 2023, registered for the 56th change on January 30, 2023.

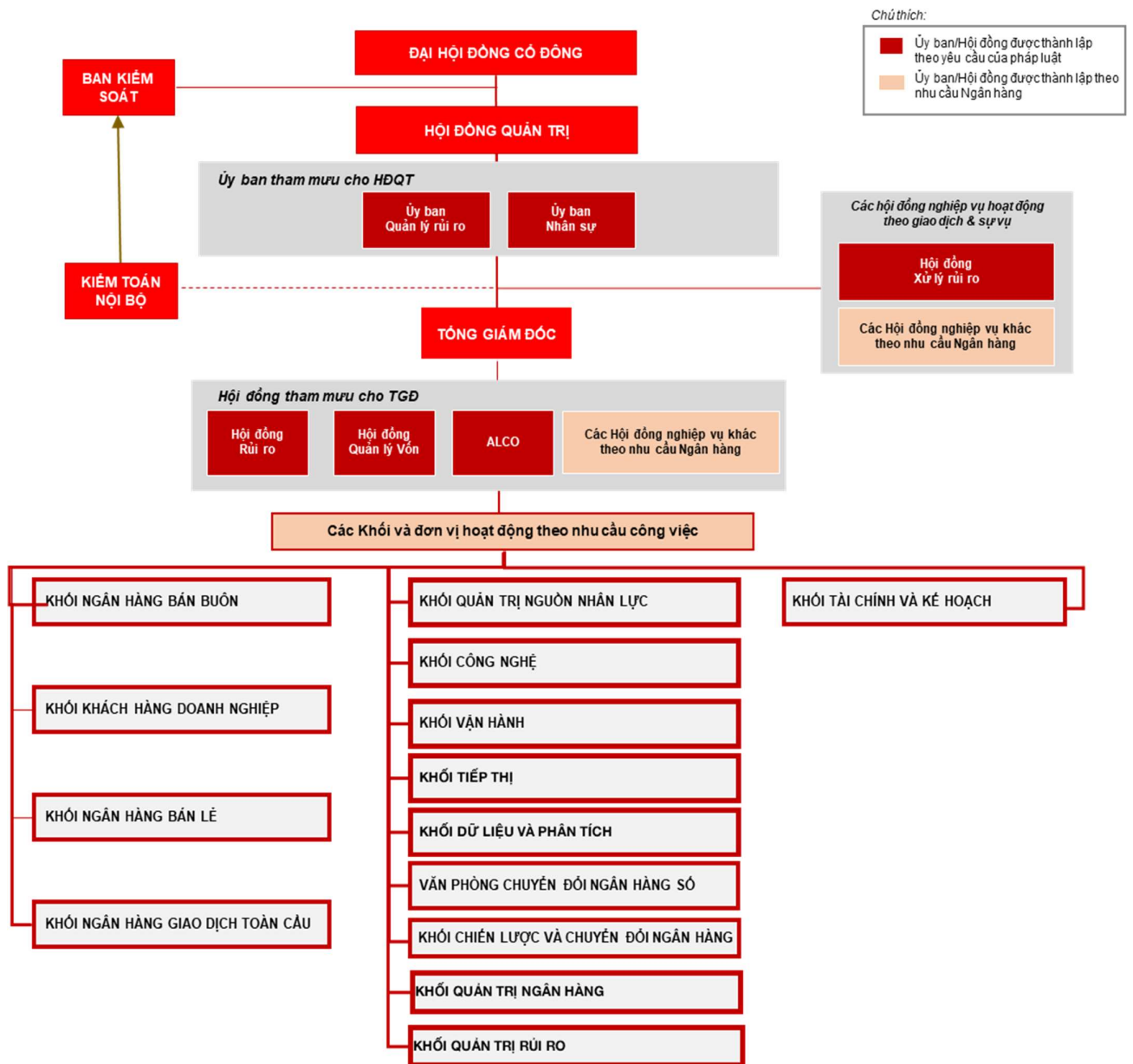
According to the operation license, Techcombank is allowed to carry out activities of commercial banks in accordance with the law and the State Bank of Vietnam, including 24

activities, Techcombank would like to enclose the Establishment and Operation License No. 38/GP-NHNN dated March 06, 03, 2018, in which the main activities are specific:

- (i) Receive demand deposits, time deposits, savings deposits and other types of deposits.
- (ii) Granting credit in the form of
- (iii) Open a payment account for a client
- (iv) Provide domestic payment services
- (v) Open an account
- (vi) Internal payment institutions, participating in the national interbank payment system.
- (vii) Cash management services, banking and financial consulting, asset management and preservation services, cabinet rental, safe deposit box.
- (viii) Corporate finance consulting, buying, selling, mergers, mergers and acquisitions advisory and investment consulting.
- (ix) Participate in bidding, buying and selling Treasury bills, negotiable instruments, Government bonds, State Bank bills and other valuable papers in the money market.
- (x) Buy and sell Government bonds, corporate bonds.
- (xi) Currency brokerage services
- (xii) Issue certificates of deposit, promissory notes, bills and bonds to raise capital in accordance with the Law on Credit Institutions, the Law on Securities, regulations of the Government and guidelines of the State Bank of Vietnam.
- (xiii) Trading and providing foreign exchange services in the domestic market and in the international market within the scope prescribed by the State Bank of Vietnam.
- (xiv) Trading in and supplying interest rate derivative products in accordance with the provisions of law and guidance of the State Bank.
- (xv) ...

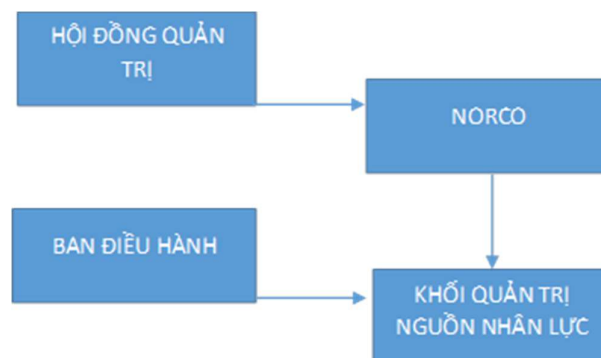
2.2 Organizational model, personnel, meeting organizational structure, personnel on the Board of Directors, Control Board and Executive Board as prescribed in the Law on CIs (amended and supplemented)

The structure chart of the Committees under the Board of Directors and the Credit Council is as follows:



Personnel

TCB's human resource management model is as follows:



Where,

- Human Resources Committee (NORCO) is an agency under the Board of Directors to perform a number of professional functions and duties assigned and/or delegated by the Board of Directors related to policy making, resources and compensation issues.
- The IA with highly specialized functions and always focuses on improving effective HR solutions to improve the quality of human resources, towards building a world-class working environment. The main divisions of the IA include:

- ✓ Consulting and supporting HR activities: Manage HR relationships worldwide, in line with TCB's HR policy and business strategy; Perform the function of acting as a "focal point" connecting and providing two-way services between human resources units and business units; or/and provide "on-site", "fast" HR/consulting services to internal clients.
- ✓ Recruitment: Manage and coordinate "Ad-hoc" recruitment activities in accordance with approved policies, processes and budgets and provide recruitment solutions for the entire team.
- ✓ Training and Development: Assessment and capacity building through training programs; Design and implement training; Manage training activities.
- ✓ HR Services: Effectively support HR activities, providing HR products and services, from simple transactional activities to professional services.
- ✓ Reward: Design salary, bonus and remuneration programs. Cost management of full-line personnel;

Talent management and organizational development: Manage, develop talent segments and develop organizations.

Human resource system management: Management and development of human resource systems; Develop and monitor HR policies and procedures; HR risk management.

- ✓ Culture and employee experience: Participate in developing/supervising the implementation of projects/activities to build corporate culture, improve the Bank's coherence with the Bank's strategy and mission.

As of 31/03/2023, the total number of TCB employees is 11,327 people (male: 7942 employees and women: 3385 employees). Information on the number, qualifications and level of meeting the job requirements of officials holding leadership positions and professional staff at TCB is as follows:

Executive Board: 18 people

- University level: 06 people
- Postgraduate level: 12 persons

Officers in leadership positions: 1,617 people

- Undergraduate level: 1,284 people
- Postgraduate level: 287 persons
- College: 34 persons
- Intermediate: 06 persons
- Secondary: 01 person
- Other: 05 people.

Internal audit: 23 people

- Undergraduate: 17 persons
- Overgraduate: 06 people.

Professional staff: 9,669 people

- Secondary: 30 people
- Intermediate: 95 persons
- College: 555 people
- University: 8336 people
- Postgraduate: 618
- Other: 35 persons

Techcombank's Governance and Governance Structure is designed on the principle of transparency and efficiency, which clearly separates between Executive and Executive levels in order to maximize the roles and responsibilities of each level. As Vietnam's legal environment continues to shift towards the application of corporate governance principles in line with international practices, Techcombank has proactively updated its Governance-Governance model, ensuring absolute compliance with Vietnamese laws and meeting increasingly high international standards.

TCB implements executive governance on the basis of organizing the governance apparatus in accordance with the provisions of law and international practices, and ensuring that its members have sufficient capacity and ethics to perform their tasks. The number, structure, operation regulations and capacity of members of the Board of Directors and BKS of TCB meet the provisions of the Law on Credit Institutions and the provisions of law and the SBV, the members of the Board of Directors and the Board of Directors of TCB are all highly competent and reputable personnel, has managed TCB with good results in the term 2014-2019 and is trusted

by the General Meeting of Shareholders to continue to elect to hold responsibilities in the Board of Directors and BKS in the term 2019-2024.

TCB 's Board of Directors has 8 members, including 1 independent member and one member who is a foreign national. Details are as follows:

- *Mr. Ho Hung Anh- Chairman - Appointed on 13/4/2019;*
- *Mr. Nguyen Dang Quang - Vice Chairman - Appointed on 13/4/2019;*
- *Mr. Nguyen Thieu Quang - Vice Chairman - Appointed on 13/4/2019;*
- *Mr. Nguyen Canh Son – Vice Chairman – Appointed on 13/4/2019;*
- *Mr. Ho Anh Ngoc – Vice Chairman – Appointed on 24/4/2021;*
- *Mr. Lee Boon Huat – Member - Appointed on 13/4/2019;*
- *Mr. Nguyen Nhan Nghia – Independent Member - Appointed on 13/4/2019;*
- *Mr. Saurabh Narayan Agarwal - Member - Appointed on 13.04.2019;*

TCB's Supervisory Board has 3 members, including 2 full-time members and 1 member is a foreign national. Details are as follows:

- *Mr. Hoang Huy Trung - Head of the Supervisory Board - Appointed on 13/4/2019;*
- *Mr. Mag Rec Soc Oec Romauch Hannes - Member - Appointed 13 April 2019;*
- *Ms. Bui Thi Hong Mai - Member - Appointed on 13/4/2019;*

The Executive Board is registered for a management role with the State Bank of Vietnam

- + *Mr. Jens Lottner - General Director - Appointed on 18/8/2020;*
- + *Mr. Phung Quang Hung - Permanent Deputy General Director cum Director of Corporate Banking Division - Appointed on 09/3/2020 and effective from 15/3/2020.*
- + *Mr. Pham Quang Thang - Deputy General Director cum Director of Banking Management Division - Appointed on 01/08/2017*
- + *Mr. Phan Thanh Son - Deputy General Director cum Director of Global Transaction Banking - Appointed on 01/08/2019*
- + *Mr. Kalyanaraman Sivaramakrishnan - Deputy General Director Director of Risk Management Division - Appointed on 06/01/2021 and effective from 10/01/2021.*

The organizational structure of Techcombank's units is based on and in line with Techcombank's development strategy and business model. From 2018 until now, the structure of all units/units in the bank has been reviewed and evaluated according to the strategic plan and the

bank has carried out timely adjustments/restructuring works to optimize operational efficiency and towards achieving the bank's strategic goals.

2.3 Operation network

As of 31/12/2022, TCB is one of the leading joint stock commercial banks in Vietnam with 01 head office, 02 representative offices, 03 subsidiaries and 300 transaction points nationwide.

With an extensive network in 46 provinces and cities, TCB has been providing financial products and services to more than 10.8 million customers, including individual and corporate customers in Vietnam. TCB Headquarters and in provinces also actively contribute to community development activities such as supporting school construction, supporting disadvantaged children to go to school... thereby contributing to promoting socio-economic development and building prestige, image and brand in the hearts of Vietnamese customers.

The number of Techcombank's branches/transaction offices and ATMs at the following times:

Type	Year 2020	Year 2021	Year 2022	Number of new CN/PGD openings in 2022	Number of CN/PGDs closed in 2022
ATM	837	714	755	120	79
CN/PGD	309	308	302	05	11

Number of branches/transaction offices opened in rural areas in 2022:

Type	CN/PGD opens in rural areas	CN/PGD opens in towns, communes and wards (nationwide)	Rural proportions
ATM	77	755	10%
CN/PGD	19	302	6,2%

2.4 Corporate Governance

In terms of capacity, corporate governance mechanism:

Techcombank has actively implemented the model of Committees and Councils as stipulated in Circular 13/2018/TT-NHNN. Techcombank has issued the Risk Management Policy effective from 01/01/2019 and amended and supplemented documents; Establish risk councils, risk management committees, personnel committees, capital management councils, asset/liabilities management councils to meet and manage business operations with the highest efficiency.

In addition, Techcombank has implemented internal control activities under the model of 03 protection lines from 2014 until now. Accordingly, the organization of completing and documenting the model of the Bank's Internal Control System is stipulated in the Regulation on Internal Control System at Techcombank, in accordance with Circular 13, specifically:

The first line of protection: has the function of identifying, controlling and minimizing risks performed by the following components:

- Business divisions (including product development departments), departments with other revenue-generating functions; Departments with the function of making decisions with risks
- Operating units – supporting the bank's operations, including: Units with the function of allocating risk limits, controlling risks, minimizing risks for each type of transaction, business activities and supporting operating units.

The second line of protection: the function of developing internal policies and regulations on risk management, measurement, risk monitoring and compliance control of Techcombank's laws and internal regulations

The third line of protection: there is an internal audit function performed by the Internal Audit Department in accordance with the Law on Credit Institutions and Circular 13.

Techcombank's organizational structure is designed, reviewed and updated periodically, meeting the requirements of Circular 13 on Internal Control System under the 3-Line Protection model and in accordance with the Bank's operations from time to time.

Internal audit inspection and supervision activities

Techcombank has fully promulgated regulations and procedures for IA operations, meeting the provisions of Circular 13 and relevant legal regulations. Internal reports of internal audit activities are periodically reviewed and continue to be strengthened to improve audit efficiency.

Audit planning is based on a comprehensive, risk-oriented principle for activities, processes and departments; including: corporate and individual customer credit activities, capital source activities, information technology activities, activities finance and business support... takes place within Techcombank's network, including at the Head Office and branches. The annual internal audit plan is approved by the Supervisory Board and fully reported to the SBV as prescribed.

Implementation of internal audit activities: In recent years, based on the direction from the Board of Directors and the support and coordination from the Board of Directors/Chairman of the Board of Directors and the Board of Directors/TGD, the IA has actively implemented the IA plan every year and arising works at the request of the SBV and the BKS. Internal Audit continue to

actively work with the General Director (CEO) and related units to supervise and promptly overcome the shortcomings, contributing to building and developing sustainable, safe and effective banking activities.

The recommendations of BKS and KTNB have been urgently handled and corrected by the Bank's Board of Directors and Blocks/functional units according to specific deadlines/roadmaps. The results of internal audit are promptly reported to the SBV by Techcombank according to regulations.

About the internal inspection and control system

Issuance of internal regulations: Techcombank has fully promulgated internal regulations as stipulated in Article 93 of the Law on Credit Institutions. Based on legal requirements and internal management needs, Techcombank has developed and issued specific policies, regulations, procedures and guidelines to ensure the implementation of the Bank's operations and operations.

Compliance with internal regulations of individuals and departments: Techcombank always focuses on promoting self-control, inspection and supervision activities at the routes to monitor and evaluate the compliance with internal regulations such as:

- Implement proactive control activities at business/professional units, inspection activities, thematic supervision, independent remote monitoring by units with inspection and supervision functions at the routes, thereby also recording a number of compliance violations, risk issues.
- Implement a plan to promptly remedy problems and strictly handle cases of violations in compliance with Techcombank's Internal Labor Regulations and disciplinary procedures.

Internal controls at Techcombank: Internal control activities are implemented at Techcombank to ensure the following requirements:

- Techcombank's operations comply with the law;
- Control conflicts of interest, detect and promptly handle violations;
- Raise awareness of roles and responsibilities of individuals and departments for internal control to build and maintain the bank's control culture.

In view of the aforementioned objectives, Techcombank has implemented necessary internal control activities to meet the provisions of Circular 13 (Articles 14, 15 and 16) in:

- Decentralization of authority: as stipulated in Techcombank's internal regulations (ensuring decentralization requirements according to the level of trust, antennae, limited scope of specific business groups).
- Activities regulating functions and tasks of individuals and departments in transactions and professional processes at the bank: Techcombank has made specific regulations on functions and powers of individuals in activities and business processes to ensure compliance with

prescribed principles (Members of the Board of Directors do not participate in the review, approving decisions with risks falling within the functions and duties of the General Director; Processes and instructions for the implementation of operations and transactions with appropriate assignment of responsibilities to prevent and prevent conflicts of interest and take inspection measures during and after the process to prevent and promptly detect violations and errors; Periodic /irregular control, inspection and supervision activities for business processes are carried out by operational management units, departments with the function of independent inspection and supervision of compliance belonging to the protection lines.)

- Decentralization of management responsibilities of individuals and departments for assets; Accounting activities : fully promulgate internal regulations, to unify the implementation of operations in the Bank.
- Appropriate allocation of human resources for activities: Human resource recruitment and training activities are standardized and implemented to ensure the adequacy of human resources to carry out activities and professional processes in compliance with internal laws and regulations. Techcombank also has a rotation, part-time and standby personnel mechanism to ensure continuous and compliant operations and processes.
- Measures to prevent, detect and handle violations of internal laws at Techcombank: In addition to the control measures implemented before, during and after the above activities, business processes and communication, reminder and training activities, Techcombank also has channels and addresses to receive and handle whistleblower and denunciation information in order to further strengthen the prevention and detection of arising violations and violations. Techcombank also has regulations on disciplinary actions to ensure appropriate handling of arising violations and violations.
- Control activities of the head office with branches: The activities and business processes carried out at the branch have mechanisms to be checked and supervised directly or indirectly by the units managing business processes or units, The department has the function of inspection and supervision of security lines at the head office, through information technology systems, or records, documents and data stored.
- Construction and communication activities, training on professional ethical standards: Techcombank has issued professional ethical standards applicable to all employees of Techcombank. All officers and employees are complied with and grasped by the media about the responsibility to proactively notify and report promptly when detecting violations of laws and internal regulations through the bank's whistleblower channels.

In general, the internal control activities being implemented at Techcombank comply with and meet the requirements of Techcombank's laws and internal regulations.

About the risk management system:

In order to ensure clear, smooth and effective risk management, business support and achieve the Bank's strategic objectives, Techcombank has developed and implemented a Risk Management Framework to meet the provisions of Circular 13/2018/TT-NHNN and amended documents, complementing as well as meeting international standards. The risk management framework ensures the management of material risks in business operations; ensure adequate identification, accurate measurement, regular monitoring to prevent and minimize material risks; ensure control of risk status and ensure that risky decisions are made transparently, clearly, in accordance with risk policies and risk limits. Accordingly, Techcombank's Risk Management Framework is built on the following foundations:

First, the Governance of the Board through Risk Appetite and Risk Management Committee:

Techcombank's risk appetite is established to maintain a comprehensive Risk Management Framework with the goal of sustainable business development and community responsibility, while maintaining its market leadership position in terms of capital, liquidity and safety ratios. Techcombank's operating and business model underpins prudent risk management culture and principles; accordingly, it is not acceptable for violations of the provisions of law and competent state agencies.

The Risk Management Committee is established by the Board of Directors to perform a number of professional functions and tasks assigned by the Board of Directors related to inspection, supervision and risk management of the Bank's activities, ensuring that at least one-second (1/2) of the voting members are non-executive members.

Second, risk management tools and methods (organizational structure, risk management implementation and risk management tool system):

For the organizational structure of risk management and management, Techcombank establishes a Risk Council and Risk Management Department. The Risk Council has the function of proposing, advising and deciding on issues related to material risks and managing and supervising the Bank's material risks effectively and smoothly.

The Risk Management Department at Techcombank is established based on the Decision on the Organizational Structure of the Board of Directors under the second line of protection and has the following functions:

- Assist the Risk Council in proposing and advising on the process of developing and implementing risk management policies; implementing risk management policies and evaluating risk management policies; developing and implementing risk limits, proposing risk limit allocation according to each business activity, professional

- activities; handle and overcome shortcomings and limitations in risk management; self-inspection and assessment of risk management and monitoring of risk status against risk limits to warn and identify risks and risks of risk limit violations early;
- Coordinate with the first line of protection to fully identify and track risks that arise;
 - Develop and use risk assessment and measurement methods, models;
 - Control, prevent and propose measures to minimize arising risks;
 - Participate in risk-related contents in the process of making decisions with corresponding risks according to each competent level according to Techcombank's internal regulations;
 - Scenario endurance testing on the department in coordination with the business department, compliance department and other relevant departments;
 - Conduct internal reports on risk management in accordance with Techcombank's internal regulations.

In addition, Techcombank has developed a system of risk management tools through

- (i) Policies,
- (ii) Guidelines and procedures,
- (iii) Risk limits,
- (iv) Identification/measurement/management/monitoring and reporting tools/models,
- (v) Tolerance testing.

Techcombank's risk management policy issued in 2019 covers risk appetite, material risks and material risk management strategies. At the same time, Techcombank has developed a credit orientation for each customer segment to orient bank-wide activities according to risk appetite. Material risk limits and governance indicators are established as required by law and for internal governance purposes, allocated directly from Risk Appetite. Techcombank periodically checks liquidity tolerance and capital adequacy ratio as stipulated in Circular 13/2018/TT-NHNN and amended and supplemented documents.

Third, risk culture

A risk culture is built with all employees understanding the risks that arise and risk control is the only way Techcombank can sustainably grow and achieve its strategic objectives. At Techcombank, everyone and everyone, across the system, has the right and responsibility to manage risk.

2.5 Basel II/Basel III implementation/application (applied or not applied, applying Basel II according to standard or advanced methods; applying/implementing/planning to apply Basel

II/Basel III, ...)

Techcombank has applied Basel II according to the standard method specified in Circular 41/2016/TT-NHNN. Since being selected by the State Bank of Vietnam (SBV) as one of the pioneering banks in Basel II implementation, Techcombank has conducted gap analysis and developed an overall implementation roadmap. Since then, Techcombank has always closely followed the SBV's guidelines, proactively implemented projects on data collection and processing, reviewed and updated regulations, internal processes, organizational structure and was approved by the SBV as one of the banks to apply Basel standards early according to Circular 41/2016/TT-NHNN from July 1, 2019.

Following this result, in 2021, Techcombank continued to implement and completed the Internal Capital Adequacy Assessment Process (ICAAP) one year earlier than prescribed. In addition, in Q2 2021, the Bank completed an independent review of Techcombank's capital adequacy internal assessment process (Pillar II), SBV's regulations on Pillar I (capital adequacy ratio regulations under Circular 41/2016/TT-NHNN) and Basel II Pillar III (capital adequacy ratio disclosure regulations), implemented by a Big 4 consultant with the result Techcombank has complied with SBV's regulations on three pillars according to Basel II standards.

In addition, with the strategy of prioritizing investment in technology and credit analysis as part of the overall strategy of digitalization of the whole Bank, Techcombank has invested in building an internal credit rating system very early, in which components of advanced approaches such as PD, LGD, EAD are used in TCB's strategy development and business planning as well as in credit risk management including portfolio management, credit approval, review and monitoring, performance evaluation, risk limit setting, etc provision for credit risks as well as customer classification. This is the premise and foundation to ensure that Techcombank is always ready to apply the internal rating method (IRB) in calculating capital for credit risks according to the roadmap and orientation of the State Bank.

Regarding the implementation of Basel III in TCB, in terms of liquidity, TCB has implemented an internal system to measure and monitor daily the liquidity assurance ratio (LCR) and stable capital ratio (NSFR). For the capital component, when establishing the risk appetite for TCB, we have taken into account the Basel III minimum capital requirements including capital preservation and counter-cyclical buffer and capital buffer required for D-SIB (Domestic System Important Bank). In fact, our current CAR level of 15.18% as of 31/12/2022 is much higher than the Basel III minimum requirement (refer to similar markets in Southeast Asia).

In addition, Techcombank continues to improve its ability to measure risk, not only pillar 1 risk but also pillar 2 risk, specifically for interest rate risk on bank books, in 2022, the Bank has implemented the following measurement tools:

- Complete the method of building a discount rate curve for bank books, as a basis for measuring the Delta EVE risk state according to the discounted cash flow method, to give more accurate results than the method determined on the interest rate gap.
- Apply CASA behavior model and 6 Basel III scenarios in Delta EVE measurement.

In 2023 and beyond, Techcombank will continue to improve its KRM (Kamakura Risk Manager) asset management system to fully apply behavioral models and IRRBB measurement scenarios according to Basel III.

3. Information technology system, digital transformation implementation and digital banking development at TCB

3.1 Information technology systems

Pursuant to Decision 2655/QĐ-NHNN v/v approving the Vietnam Banking Information Technology Development Strategy to 2025 with orientation to 2030 and Decision 810/QĐ-NHNN v/v approving the "plan for digital transformation of the banking industry to 2025 with orientation to 2030", Techcombank has been investing in information technology (IT) systems to ensure continuous, secure and compliant support in its banking operations. The Bank has carried out the following activities:

- a) Develop a technology development strategy that follows the Bank's business strategy over time.*

By 2023, Techcombank has been implementing strategic initiatives. Along with that, there are projects in blocks/units to standardize and optimize the operation of technology systems. Techcombank is constantly moving

- b) Implement technology risk management in operations and in technological change.*

Techcombank's risk management model is operating in a three-layer (03) layer (03 lines of defense), including: Defense Line 1, Defense Line 2 and Defense Line 3. Techcombank has issued specific policies, regulations, procedures and guidelines for the bank's technology risk management activities to identify challenges and risks to technology operations at the bank, including internal (in-bank), external (customer) risks, cyber attacks (hackers, etc.). In order to limit possible technology risks, Techcombank has been implementing the following work items.

Pursuant to Circular No. 09/2020/TT-NHNN of the State Bank on Security of Information Systems in Banking Operations; TCVN 11930:2017 and Circular 12/2022/TT-BTTTT dated 12/8/2022 of the Ministry of Information and Communications: In 2023, Techcombank has completed the classification and assessment of the level of technology systems and developed a plan to ensure system security for each system. Techcombank's Risk Management Department has conducted annual information security compliance assessments based on the requirements of Circular 09/2020/TT-NHNN.

- The scope of valuation activities includes information systems at Techcombank and is carried out in the Technology Division and a number of related entities.
- The conduct of the compliance audit shall be carried out on all 10 Sections, 54 Articles specified in the Circular. The Risk Management Department has made an assessment plan and agreed on a working schedule with relevant units, prepared necessary resources and met the requirements of resources to ensure the effectiveness of the audit. The approach used includes: gathering documents, policies, procedures, regulations, standards and guidelines currently being used at the Bank; conducting interviews with specialized Information Technology officers, managers and executives; evaluate directly on the documentation provided or on the system to verify the implementation of controls complies with the terms set forth in the Circular. The Compliance Assessor also conducts any sampling to ensure responsive stone activities are effectively implemented within the Bank.
- After the evaluation process, outstanding issues to ensure compliance with the Regulations on Information Security are discussed, clarified and agreed with relevant departments, and the unit is required to come up with specific handling plans and implementation plans. The results of the compliance assessment after being recorded in the report have been submitted to the competent authorities for review and approval. The remediation plans will continue to be monitored and monitored by the Risk Management Department to ensure that corrective actions are implemented on schedule and effectively as planned. This will be updated according to changes in the current technology system and the review will be carried out annually to ensure consistency throughout the row.

Currently, Techcombank's information systems and information technology (IT) infrastructure are deployed centrally in 2 data centers:

- The main data center (DC) is located in Thang Long Industrial Park, Hanoi.
- Redundant data center (DR) located in Duy Tan, Cau Giay district, Hanoi.

The data center of GDS and CMC has obtained certificates: ISO/IEC 27001:2013, PCI DSS, ITIL ... Therefore, the protection, monitoring and fire protection at these data centers are always guaranteed to operate well, ensuring the continuous operation of the technology system to support the business activities of the whole company. Techcombank has also issued procedures and guidelines for infrastructure, service and information security management such as: Guidelines for preventing and responding to malware infection incidents, General Guide for responding to IT incidents, Guidelines for IT testing frameworks, Guidelines for technology

project management, etc Information Security Monitoring Framework; Technology Incident Management Process, Tape Backup Management Process, Technology Patch Management and Update Process, Data Backup and Restore Regulations, Process for managing physical access to critical data containers and logical access to application systems and its layers, etc...

Techcombank considers data to be an important asset of the bank, therefore, security requirements for data protection are built and established in place, specifically: The Bank has issued the Regulations on Data Governance, Data Classification and Data Partitioning, High security requirements with important data. Techcombank has implemented a data loss prevention solution for endpoints, applied to the entire information system at the bank, strictly controlling customer data through the following channels: Internet upload; Copy via USB; Printing; Transmission via application; Send email outside the organization. Reality check, the sending of card information to the outside via email is detected and prevented on the spot.

For information security and security, Techcombank has set up a dedicated department in ensuring information security and responding to cybersecurity incidents for Techcombank, which has the main functions including:

- Information Security Monitoring & Response Center: supervise and operate the IT Monitoring and Response Center (SOC), proactively respond immediately to security incidents, comply with the provisions of Article 47, Circular 09/2020/TT-NHNN.
- IT development: research, consulting, developing, deploying and controlling IT solutions to meet the needs of departments and projects.
- ANTT (Pen-tests): Manage test operations, conduct tests for security vulnerabilities, perform periodic intrusion tests, deploy attack campaigns of the "Red-team".
- IT planning: develop an enterprise security strategy and architecture in collaboration with the Architecture team, thereby defining the most effective security standards, methods and frameworks for the bank.
- IT governance: implement procedures for managing security standards and frameworks for all IT-related activities, which have been implemented and applied to applications.

Network security assurance, network security monitoring, malicious code prevention, continuous access control, data protection, periodic security assessment, security incident management, and network security operation are operated continuously and there is a plan to ensure the entire technology system operates continuously.

c) Modes and difficulties:

Due to the specific nature of products of the banking industry, professional activities face many challenges and difficulties such as constantly changing cyberattacks, compliance

requirements of regulations, challenges because of diverse needs/requirements to connect with partners – part of the risk related to partners, etc...

In addition, there are challenges in the continuous development of technology, difficulties in integrating into the old & current systems of the bank in the process of implementing digital transformation.

d) Solutions and implementation plans:

Techcombank has given directions to have the power of synergies across functions in the Bank to ensure that the plan is delivered and implemented according to the roadmap, meeting business needs in the process of digital transformation and digital banking development.

The Bank's Board of Directors always stands by and gives timely instructions to ensure the development of the Bank strongly while ensuring safety in business activities.

3.2 Situation of digital transformation and development of digital banking at TCB

Actively accompanying and pioneering the digital transformation policy of the Government and the State Bank, Techcombank always considers digitalization as a pillar of its sustainable development strategy, aiming for a seamless and superior experience for customers.

In 2022, we continue to focus on banking digitization. By investing in digital technologies, Techcombank has a solid stepping stone for growth, attracting and increasing customer engagement. To meet the growing demand for digital banking, we have quickly implemented many digital product and service packages on a large scale. Our new platforms and technology infrastructure help improve the banking experience to meet the changing needs of our customers, both online and at the branch. Q4 2022 saw the number of new customers near record highs despite a number of events affecting liquidity and confidence in the banking system. In particular, nearly 72% of these new customers have been opened digitally. By the end of 2022, all of our individual customers with active accounts have switched to the new Techcombank Mobile app, with more than 200 features added during the year to further enhance the seamless experience and delightful interactions shared by customers "the more you use, the more you like". The total number of transactions via the app increased by about 28%. In addition, the average balance of online term deposits also increased by nearly 33%.

We also launched the iDo digital branch platform, which allows our branch staff to offer a wide range of tablet-based banking services, based on completely paperless processes. This platform enhances convenience and saves time so that branch staff can focus on providing value-added services to customers. We continue to drive our "Cloud First" strategy for technology infrastructure, and operate more applications and customer-facing processes in the cloud. This is also the first time a customer relationship management (CRM) system has been deployed in the

cloud in Vietnam's banking industry. Techcombank becomes the first bank to deploy an end-to-end customer experience technology platform in Vietnam, through the deployment of Adobe's Experience Cloud, including the Real-Time Customer Data Platform (CDP). Implementing this platform allows us to quickly deliver a hyper-personalized banking experience at every touchpoint, in person or online. In addition, with Personetics, Techcombank can provide hundreds of insights into customers' spending habits, cash in/out flows, transaction types, etc., to provide the best recommendations to customers, helping them build financial prosperity. In addition, we continue to upgrade our internal information technology and network security systems, making it the most efficient and secure bank in Vietnam.

4. Financial situation

4.1 Capital

The situation of equity, charter capital, real value of charter capital, own capital

TCB affirms that it has met the legal capital level; the real value of charter capital and own capital has been calculated in accordance with current regulations of the SBV

Unit: Billion VND

STT	Item	31/12/2020	31/12/2022	31/03/2023	Comparison of 31/03/2023 with 31/12/2020	Comparison of 31/03/2023 to 31/12/2022
1	Charter capital	35.049,06	35.172,39	35.172,39	123,32	-
2	Treasury shares	-	-	-	-	-
3	Equity surplus	476,51	476,42	476,42	(0,09)	-
4	Exchange rate difference	-	-	4,65	4,65	4,65
5	Charter Capital Supplementary Reserve Fund	1.706,41	3.391,83	3.391,83	1.685,42	-
6	Financial Provident Fund	4.745,62	8.100,85	8.099,00	3.353,38	(1,85)
7	Other funds	0,47	0,47	0,47	-	-
8	Undistributed profits	26.743,39	55.319,46	58.758,68	32.015,29	3.439,22
9	Capital and funds	68.721,47	102.461,41	105.903,43	37.181,96	3.442,02

The real value of charter capital as prescribed in Article 5 of the Government's Decree No. 93/2017/ND-CP dated 07/08/2017 on the financial regime for credit institutions is as follows:

Unit: Billion VND

STT	Item	31/12/2020	31/12/2022	31/03/2023	Comparison of 31/03/2023 with 31/12/2020	Comparison of 31/03/2023 to 31/12/2022
	Real value of charter capital (as prescribed in Article 5 of Decree No. 93/2017/ND-CP)	62.268,96	90.968,26	94.407,48	32.138,52	3.439,22
1	Actual charter capital contributed	35.049,06	35.172,39	35.172,39	123,32	-
2	Equity surplus	476,51	476,42	476,42	(0,09)	-
3	Undistributed accumulated profit	26.743,39	55.319,46	58.758,68	32.015,29	3.439,22
4	Unprocessed accumulated losses	-	-			

For own capital: own capital data as prescribed in Circular No. 41/2016/TT-NHNN dated 30/12/2016 of the Governor of the SBV as follows:

Unit: Billion VND

STT	Components (as per Circular 41)	31/12/2020	31/12/2022	31/03/2023	Comparison of 31/03/2023 with 31/12/2020	Comparison of 31/03/2023 to 31/12/2022
1	Tier 1 capital	68.721,47	102.461,41	105.909,00	37.187,54	3.447,59
2	Tier 2 capital	1.477,88	(1.006,26)	103,58	(1.374,30)	1.109,84
3	Reduced items unless calculating Equity	1.050,77	1.052,26	1.052,26	1,50	-
4	Total own capital	69.148,58	100.402,89	104.960,32	35.811,74	4.557,43

Shareholder structure and share ownership

- Regarding shareholder structure, share ownership:
 - + Regarding the ratio of capital contribution and share purchase: TCB always controls the ratio of capital contribution and share purchase within the permissible limit.
 - + Regarding share ownership ratio: TCB has no violations of share ownership ratio.

- + Violations of regulations restricting credit limits: TCB has always controlled this ratio and there are currently no violations.
 - + Violations of regulations on capital contribution to buy shares between subsidiaries, affiliated companies, controlling companies: Currently, TCB has no violations of regulations on capital contribution to buy shares between subsidiaries, affiliates and controlling companies.
 - + Regarding the situation of credit granting and investment between TCB and shareholders and related persons: TCB always complies with the SBV's regulations on credit granting and investment between TCB and shareholders and related persons in Articles 126 and 127 of the Law on Credit Institutions
- In terms of shareholder structure, share ownership as of March 31, 2023 is as follows:
- + Concentration of ownership of shareholders as of 31/03/2023:

Total outstanding shares:	3.517.238.514
Number of treasury shares	0
Number of shares restricted from transfer	628.322.632
Number of freely transferable shares	2.888.915.882

	Number of shares owned	Percentage %/Charter Capital
Majority shareholders	524.315.499	14,9070
Remaining shareholders	2.992.923.015	85,0930
Total	3.517.238.514	100,0

	Number of shares owned	Percentage %/Charter Capital
Institutional shareholders	1.649.328.372	46,8927
Individual shareholders	1.867.910.142	53,1073
Total	3.517.238.514	100,0

Domestic shareholders	2.727.299.330	77,5409
Foreign shareholders	789,939,184	22,4591
Total	3.517.238.514	100,0

+ List of shareholders, share ownership ratio of the 50 largest shareholders, 100 largest shareholders: *Details of information about shareholders and groups of shareholders according to Appendix 02 attached*

+ The total number of outstanding shares of Techcombank at 31.03.2023 is 3,517,238,514 shares (equivalent to charter capital of VND 35,172,385,140,000)

+ From 01/01/2023 to 31/03/2023, Techcombank will not incur treasury share trading. As of March 31, 2023, Techcombank has no treasury shares.

The listing of shares on the stock exchange

On 04/06/2018, Techcombank successfully listed on Ho Chi Minh City Stock Exchange (HOSE) under the ticker TCB. Currently, Techcombank's shares are among the high-priced stocks in banks, and Techcombank's market capitalization at December 31, 2022 reached more than VND 90.9 trillion.

Implementation of capital adequacy ratio according to Circular 41/2016/TT-NHNN

As one of 10 banks selected to pilot Basel II implementation in Vietnam, since the SBV issued the draft Circular on Capital Adequacy Ratio (later Circular 41), Techcombank has actively analyzed the current situation, identified the gap with Basel II regulations, at the same time, collecting and processing data, building internal processes, designing and implementing the automatic calculation system of capital adequacy ratio according to Circular 41. As a result, Techcombank is one of the banks approved by the State Bank of Vietnam to apply before the deadline of Circular 41/2016/TT-NHNN in July 2019. Since then, Techcombank has always focused on asset quality management, implementing profit retention policies for development, as well as managing and optimizing credit structure in industries and assets with high profitability (risk adjustment) with Techcombank always maintaining capital adequacy ratio among the highest in the market.

In the period of 2021-2023, Techcombank continues to implement plans to improve capital adequacy ratio through solutions to optimize credit portfolios in the direction of risk control, profit optimization, strengthening internal control systems and risk management to control factors affecting risky assets. Furthermore, Techcombank promotes the application of models, measurement and risk management tools based on standardized data models, digitizes, improves

the quality of risk analysis and reporting throughout the system; ensure the application of models and estimation methods developed by the bank itself based on data and specific information of the portfolio in order to quantify risks and make appropriate risk policies. As a result, Techcombank's capital adequacy ratio is always in the leading group of joint-stock commercial banks, exceeding 11-12% according to the target set in the Project "*Restructuring the system of credit institutions associated with bad debt settlement in the period of 2021-2025*" issued together with Decision No. 689/QD-TTg.

	12.2020	12.2021	12.2022	03.2023
Individual capital adequacy ratio	15,07%	14,40%	14,33%	14,08%

4.2 Capital raising

Situation of capital mobilization from economic organizations, individuals and deposits, loans from the Government and SBV: The situation of mobilization from market 1 and market 2 is as follows:

Item	Figures at 31.03.2023
I. Capital mobilized from economic and residential organizations (Market mobilization 1)	422.495,35
<i>1. Customer deposits</i>	<i>389.498,22</i>
- Demand deposits	120.309,19
<i>Demand deposit in VND</i>	<i>111.986,95</i>
<i>Demand deposits in foreign currencies</i>	<i>8.322,24</i>
- Time deposits	263.324,74
<i>Time deposit in VND</i>	<i>259.988,95</i>
<i>Time deposits in foreign currencies</i>	<i>3.335,79</i>
- Margin	5.864,29
<i>Deposit in VND</i>	<i>5.804,52</i>
<i>Deposit in foreign currency</i>	<i>59,77</i>
2. Valuable documents	32.997,13
- Valuable papers are available perpetually	-
<i>Documents with demand price in VND</i>	<i>-</i>
<i>Papers with demand prices in foreign currencies</i>	<i>-</i>
- Term papers	32.997,13
<i>Documents are priced in VND</i>	<i>32.997,13</i>
<i>Documents priced in foreign currency</i>	<i>-</i>
II. Capital mobilized from other credit institutions (Market mobilization 2)	155.193,99
<i>1. Deposits of financial institutions and other credit institutions</i>	<i>47.939,77</i>
- Demand deposits	269,29
<i>Demand deposit in VND</i>	<i>263,80</i>
<i>Demand deposits in foreign currencies</i>	<i>5,49</i>
- Time deposits	47.670,48
<i>Time deposit in VND</i>	<i>36.595,00</i>
<i>Time deposits in foreign currencies</i>	<i>11.075,48</i>
2. Borrowing from other credit institutions	94.204,22
<i>Loans from other credit institutions in VND</i>	<i>21.190,33</i>
<i>Borrowing from other credit institutions in foreign currencies</i>	<i>73.013,89</i>
3. Valuable documents	13.050,00
- Valuable papers are available perpetually	-
<i>Documents with demand price in VND</i>	<i>-</i>
<i>Papers with demand prices in foreign currencies</i>	<i>-</i>
- Term papers	13.050,00
<i>Documents are priced in VND</i>	<i>13.050,00</i>
<i>Documents priced in foreign currency</i>	<i>-</i>
III. Deposits and loans from the Government and SBV	121,61
- Deposits and loans from the Government and the State Bank of Vietnam	121,61
<i>Vietnam Dong (*)</i>	<i>121,61</i>
<i>Foreign currency conversion</i>	<i>-</i>
- Term deposits and loans from the Government and the State Bank of Vietnam	-
<i>Vietnam Dong</i>	<i>-</i>
<i>Foreign currency conversion</i>	<i>-</i>

Notes: (*) State Treasury deposits at Techcombank

In the past 3 years, the total balance of science and technology deposits has made significant progress in the total capital mobilization of the Bank. The average growth in mobilized sales in the past 3 years has reached nearly 20% and is constantly increasing every year. Especially, 2022 was the year Techcombank's deposit grew the highest in 5 years and reached 31% despite many difficulties during the Covid Pandemic. Entering 2023, despite challenges related to policy and money markets such as rising term deposit interest rates and continuous fluctuations, the growth of deposit balances will still maintain a good pace (24%), in which the shift from direct transaction channels to online channels (Online deposits) is still increasing.

To achieve such results, we have strictly complied with the policies of the State Bank of Vietnam on capital mobilization, interest rate ceiling, deposit rates to ensure capital adequacy for the Bank. At the same time, we have been steadfast in the right direction of technology from the beginning, the personal deposit segment on online deposit channel is gradually dominating the number of customers using as well as the total amount of deposits thanks to the good implementation of the goal of diversifying non-credit products on e-banking channels, thereby enhancing the experience and bringing convenience to customers. In addition, we are constantly building new products and implementing programs and policies on channels to increase cohesion and attract new deposits from customers.

Many new products/policies and programs have been developed and implemented in the past 3 years, such as: Accumulated Deposit Products based on customer's need, Flexible Principal Withdrawal Deposit Products, Security Certificates of Deposit with new features to help customers flexibly deposit and withdraw money according to their needs. In addition, a series of promotional programs and policies have been implemented to increase customers' awareness of products, maintain and increase new money sales for the Bank. Highlights are "Interest rate policy for first deposit", "Interest rate policy for customers with additional deposit balance growth" and especially the program to thank customers who have many transactions with Techcombank "Golden Mark" have brought satisfaction and great experience.

Along with the development of new products/programs, the basic and existing products are still focused and continuously improved, focusing on a convenient, fast experience, friendly interface, easy to use, this is also the reason for customers to increasingly trust and deposit money on Techcombank's online channel.

Continuing to promote the strengths of technology and people as well as strictly following the SBV's orientation on deposits and savings, in the coming time, Techcombank will continue to focus on building and developing digital banking, adding deposit products & transaction solutions via electronic channels for each specific customer segment, meet a variety of needs; thereby

bringing a better customer experience journey, contributing to the bank's strong structural and transformation journey in the period of 2021-2025.

Particularly for products, services and activities related to current accounts, savings accounts, demand deposits and payment solutions and tools for retail customers, Techcombank has focused on re-researching customers' payment needs and behaviors for the post-Covid period to be able to develop solution packages for accounts and payments aligns with the Bank's key customer segments and expects to introduce these new products, services and utilities to market in 2023. Individual customers will easily manage their personal and family finances through a dedicated sub-account solution for specific spending purposes, a family account package to manage household spending, integration with targeted savings to assist customers in regulating cash flow and harmonizing activities spending and saving or investing for the long term for big goals such as home upgrades, children's education, car purchases, etc. v. Techcombank also researches and develops features to help customers' idle cash flow optimize profits in the short term based on machine learning and automation technology while ensuring compliance with the Bank's operating regulations and benefits for customers.

In addition, TCB also focuses on redesigning payment solutions for individual customers including payment cards, credit cards and payments through electronic devices, banking applications in the online and offline environment. TCB is also at the forefront of contactless payment technology integration initiatives with global partners such as Google Pay and Apple Pay, pioneering a completely contactless payment experience where customers only need to use their mobile devices when spending. TCB also strengthened cooperation with organizations such as Visa, MasterCard and Napas to strengthen its capacity to detect and prevent fraudulent payment acts that hurt customers when making domestic and foreign payments, online and offline.

Participating in the National Digital Transformation Program to contribute to the government's goal of cashless payment from now to 2030 is also the orientation that TCB pays great attention to, especially with the strategy of applying technology to banking operations. With this orientation, TCB has implemented research and development projects on high-tech integrated financial solutions and payment tools for small and medium enterprises as well as family businesses for the period of 2022 – 2025. These projects will help small businesses access new forms of payment, financial solutions to increase business efficiency, simple, easy to use but still safe and bring many economic benefits from TCB's partner network.

Concentration of capital raising

The percentage of deposits of the 50 largest customers in the total deposit details as the following table:

Unit: billion dong, %

Item	31.03.2023
Total top 50 Science and Technology and Science (Excluding credit institutions)	59.673,70
Total Client's Deposits (CR 42*)	389.498,22
Proportion	15,32%

Detailed explanation of the 50 customers with the largest deposits at the Bank at the time as attached Appendix 03

4.3 Asset Quality

4.3.1. Credit granting situation

a. Credit balance for economic organizations and individuals

Credit balance for economic organizations and individuals (determined according to the provisions of Section 5, Part 2, Appendix 2 promulgated together with Circular 35 and amended and supplemented documents if any)

+ Details in the form of credit grant;

Item	31/03/2023
Credit balance	485.993,11
- Outstanding loans to customers:	456.121,97
+ Loan balance	427.454,96
+ Outstanding discount, re-discount of negotiable instruments and other valuable papers	7.089,03
+ Financial leasing balance	-
+ Factoring balance	711,57
+ Payments on behalf of individuals and organizations in case the guaranteed individual or organization fails to perform their obligations when payment is due	24,46
+ Credit card issuance	20.841,95
- Balance for purchase and investment of corporate bonds (excluding bonds issued by asset management companies of Vietnamese credit institutions and bonds issued by credit institutions)	29.765,09
- Buy debt	106,04

Where:

+ Details of outstanding loans to customers (including loan balance, re-discount balance, financial leasing balance, factoring, payment in lieu of guarantee, credit card issuance) by currency, term, object:

Unit: Billion VND

Item	31/03/2023
1, By currency	456.121,97
VND	441.305,45
- Foreign currency	14.816,52
2, By term	456.121,97
-Short-term	136.688,54
- Medium, long term	319.433,43
3, By object	456.121,97
3.1 Enterprise	243.093,91
- Enterprises with State capital in which:	2.393,07
+ State limited liability company	2.371,56
+ Joint-stock companies with share capital of the State;	21,51
- Other businesses	240.700,84
3.2 Personal	213.028,06

+ Data on distribution of outstanding loans to customers by economic sectors:

Unit: Billion VND

Industry name	31/03/2023
<i>Lending to economic organizations</i>	243.093,91
Agriculture, forestry and fisheries	2.514,91
Mining	3.786,04
Processing and manufacturing industry	32.017,89
Production and PP electricity, gas and hot water, steam and air conditioning	3.964,09
Water supply; waste and wastewater management activities	25,85
Build	12.819,65
Wholesale and retail; repair of motorcycles, cars, motorcycles and other motor vehicles	36.734,18
Warehousing	1.256,50
Accommodation and food services	454,95
Information and communication	404,61
Financial, banking and insurance activities	231,47
Real estate business	147.906,76

Industry name	31/03/2023
Professional, scientific and technological activities	320,00
Administrative activities and support services	279,63
Activities of the Communist Party, Socio-Political Organizations, National People's Democratic Party, ANQP; Compulsory Social Guarantee	-
Education and training	107,67
Health and social assistance activities	45,34
Arts, recreation and entertainment	86,40
Other service activities	0,71
Activities of hired jobs in households, production of material products and services for household self-consumption	137,27
<i>Personal loans</i>	213.028,06
Sum	456.121,97

Loan situation in some areas

- According to potentially risky fields such as: Real estate, securities, BOT, BT, BTO...; loans for living needs, consumer loans

TCB assesses that lending to the fields of real estate, securities and BOT-BT projects is potentially risky, it is necessary to be careful in appraising, approving and managing loans. In order to manage the risks of loans in potentially risky areas, TCB has been developing loan programs/products, which stipulate conditions for customers, loans and specific risk management contents to minimize credit risks that may arise.

Unit: Billion VND

<i>According to some areas</i>	Outstanding balance at 31/03/2023
- Real estate	344.256
-Securities	381
- BOT, BT	77
<i>BOT loans (intra-table debt)</i>	77
<i>BOT loans (off-balance sheet debt)</i>	575
- Loans for living needs, consumer loans	160.197

<i>Where: Buying housing; renting, renting and buying housing; construction and repair of houses; receive transfer of land use rights to build houses</i>	133.347
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- Credit status for sectors affected by the Covid-19 epidemic as of March 31, 2023.

Unit: Billion VND

STT	Item	Debt balance affected by the epidemic
II	Classification by 21 economic sectors	5.291,61
1	Agriculture, forestry and fisheries	-
2	Mining	-
3	Processing and manufacturing industry	498,33
4	Production and distribution of electricity, gas, hot water, steam and air conditioning	400,47
5	Water supply; management and treatment of waste and wastewater.	-
6	Build	128,37
7	Wholesale and retail; repair of cars, motorcycles, motorcycles and other motor vehicles	373,96
8	Warehousing	126,60
9	Accommodation and food services	181,37
10	Information and communication	-
11	Financial, banking and insurance activities	-
12	Real estate business	2.025,94
13	Professional, scientific and technological activities	-
14	Administrative activities and support services	-
15	Activities of the Communist Party, socio-political organizations, state management, security and defense; compulsory social guarantees	-
16	Education and training	-
17	Health and social assistance activities	-
18	Arts, recreation and entertainment	-
19	Other service activities	2,80
20	Activities of hired jobs in households, production of material products and self-consumption services of households	1.553,78
21	Activities of international organizations and agencies	-

- Status of credit granting to securities companies: as at 31/03/2023, Techcombank does not incur credit balances for securities companies.
- Corporate bond investment:

Unit: Billion VND

Item	31/03/2023
Corporate bond investment	29.765,09

b. Grant of credit to persons who are granted creditor limit of credit grant; grant credit over the limit

With regard to the granting of credit to non-credit beneficiaries, Techcombank always complies with the non-grant of credit to the entities listed in Article 126 - Cases of non-grant of credit under the Law on Credit Institutions No. 47/2010/QH12 and clearly stipulated in internal management documents.

At the same time, Techcombank also ensures compliance with the non-grant of unsecured credit, granting credit with preferential conditions to those restricted from granting credit specified in Article 127 of the Law on Credit Institutions No. 47/2010/QH12. Credit grant limits for subjects restricted from granting credit are strictly monitored and followed by Techcombank, ensuring that they do not exceed the limit threshold prescribed by law.

For credit over-limit, Techcombank ensures compliance with regulations on credit limit, not exceeding the limit. Techcombank has developed and promulgated regulations on credit grant limits for one customer, one customer and related persons (the maximum credit grant ratio for these subjects to own capital is 15% and 25% respectively), credit limit for 01 customer, customers and related persons compared to Techcombank's total outstanding balance, in accordance with the law. In addition, Techcombank also manages risks by industry, economic sector, collateral, etc. and comply with the provisions of Circular 13/2018/TT-NHNN. On the basis of defined and regulated limits and limits, Techcombank develops processes for coordination and control of the implementation of regulations in a clear and scientific way; Building a management information system, assigning tasks to individuals and departments to strictly and regularly control the situation of compliance with limits and limits, including early warning when limits and limits reach a certain percentage (about 90-95%) compared to the prescribed threshold.

By synchronously implementing these solutions, Techcombank always ensures a combination of compliance, business efficiency and risk management. The following data table shows the compliance with credit granting limits as stipulated in Article 127 of the Law on Credit

Institutions, according to which, Techcombank strictly complies with the limits and keeps the limits as low as possible.

Item	Limit	31.03.2023
Total outstanding amount of credit for the subjects specified at Points a, b, c, d and dd, Clause 1, Article 127 of the Law on Credit Institutions	≤ 5%	1,02%
Total outstanding amount of credit for an entity specified at Point e, Clause 1, Article 127 of the Law on Credit Institutions	≤ 10%	0,19%
Total credit balance for all subjects specified at Point e, Clause 1, Article 127 of the Law on Credit Institutions	≤ 20%	0,19%
Total outstanding amount of credit to a customer and related persons according to Article 128 of the Law on Credit Institutions on Own Capital (*)	≤ 15%	12,08%
Total outstanding amount of credit to a customer and related persons according to Article 128 of the Law on Credit Institutions on Own Capital (*)	≤ 25%	21,75%

c. Credit concentration assessment

❖ On the level of credit concentration:

According to detailed data on customer lending by industry and sector, For statue of Techcombank customers as described in Section 4.3.1.1 above.

- Divided by industry and sector, the industry/sector accounts for the highest proportion among the industries granted credit at Techcombank: As at 31/03/2023, the outstanding credit balance in the real estate sector is as follows:

Item	Figures for 31/03/2023
Total credit balance in the field of real estate	344.256
- Outstanding loans in the field of real estate	324.743
- Outstanding corporate bonds in the field of real estate	19.514
Total credit balance	485.993
Proportion of outstanding loans in the field of real estate to total credit balance	70,8%

(i) *For corporate customers and project investors:*

- Techcombank mainly provides credit to businesses and investors to develop apartment complexes and urban areas to serve the needs of people in big cities such as Hanoi and Ho Chi Minh City. Techcombank provides credit to the real estate sector along the value chain, also known as the "ecosystem"; on the basis of understanding customers, industries and business

characteristics of customers, accordingly, the Bank prioritizes credit in a closed chain from investors, contractors and final home buyers.

- Outstanding loans for enterprises in the field of real estate are strictly managed to ensure credit quality. In 2020 and 2021, the ratio of bad debts to total corporate credit balance in the real estate sector of the whole Techcombank system is at 0.009%; As of October 31, 2022, this rate has been brought back to 0%.

- With the orientation of granting credit to corporate customers and real estate project investors as above, the NPL ratio of Techcombank's credit portfolios in real estate business is always very low compared to the average NPL ratio of the whole industry.

(ii) For homebuyer customers:

- Techcombank's portfolio of home buyers is highly differentiated, focusing mainly on borrowers to buy good quality real estate: Residential real estate projects of prestigious investors and residential real estate located 1-2-3 in big cities.

- Techcombank's home loan customers are mainly in the Affluent segment – customers with total income of > VND 1.3 billion/VND/year, accounting for ~90% of total outstanding loans for home buyers.

- With the orientation of credit to home buyers as above, the NPL ratio for individual home and real estate loan customers at Techcombank is relatively low (approximately 0.36%).

(iii) Assessment of credit risks and measures to prevent credit risks for the real estate sector.

Strictly complying with the SBV's instructions and orientations, combined with the Bank's experience and understanding of the market and customers, Techcombank has developed and promulgated regulations on credit restriction for potentially risky sectors, ensure prudence in credit granting activities for potentially high-risk areas such as real estate investment, stocks, securities... To manage the risks of these loans, Techcombank has developed specific loan programs/products, which stipulate conditions for customers, loans and corresponding risk management contents, applying advanced risk measurement tools to minimize credit risks that may arise. Credit granting decisions are made to ensure compliance with Techcombank's internal risk management regulations and regulations.

Accordingly, for the granting of credit to the real estate sector, Techcombank has set out and strictly enforced regulations to manage risks such as:

- Techcombank only grants credit on the basis of: (i) Customer Knowledge; (ii) Principle of caution; and (iii) It is important above all to comply with the provisions of law and SBV. Techcombank's portfolio of real estate loans is dominated by Techcombank's customers

funded through a business program specifically designed for the value chain, also known as the "business ecosystem". Ecosystem lending is also Techcombank's business strategy, in which risk management is implemented through cash flow management of the entire ecosystem chain, from investors, contractors to end-users. This credit solution helps the Bank to minimize risks arising from customers' debt repayment sources, while supporting customers in financial management, risk management and bringing sustainable profits to customers.

- Techcombank provides credit to the real estate sector along the value chain; on the basis of understanding customers, industries and business characteristics of customers, accordingly, the Bank prioritizes credit in a closed chain from investors, contractors and final home buyers. This helps Techcombank better manage risks, on the one hand, thanks to strict control of cash inflows and outflows related to real estate projects; On the other hand, thanks to the dispersion and transformation of credit risks beyond the mere real estate sector, because the source of debt repayment of end users is the income of home loan individuals – coming from a variety of industries and economic fields. At the same time, in this closed chain, Techcombank also clearly defines the characteristics of each customer to provide appropriate credit orientations and credit products, along with corresponding credit supervision and risk management measures to strictly and effectively manage arising risks, concrete:

- + For investors: Select capable and potential investors in the next 05 years; Enhance payment solutions, attract customer funds; Only partially direct financing and arranging the remaining capital needs through medium-long-term bonds, co-financing ...
- + For contractors: screening and selecting qualified contractors, giving priority to contractors whose revenue is over 30% from projects funded by the Bank, participating in financing solutions along the value chain; orientation of medium-long-term capital financing to invest in machinery and equipment for customers...
- + For home loan individuals (end users): understand and classify customers according to a variety of criteria such as credit history, income, area, type of real estate borrowed to buy... thereby designing appropriate loan products, applying corresponding risk management measures.
- + For all of the above-mentioned customers, Techcombank manages its credit portfolio according to clearly defined and issued indicators and limits; Regularly monitored, monitored and evaluated periodically to ensure timely identification and identification of abnormal developments in the portfolio, thereby understanding the causes and proposing corresponding risk mitigation measures.

- Techcombank sets out very strict criteria for screening and selecting project financing as follows:

- + Projects developed by leading and branded real estate corporations
- + Focus on projects in big cities such as Hanoi, Ho Chi Minh City
- + Customers have a good business model, capable of implementing business plans in both normal and stressful scenarios
- + The project has feasible legality, effective business plan (NPV>0), ability to repay bank debts
- + Customers and project investors are willing to cooperate with Techcombank, giving priority to Techcombank as a bank providing comprehensive financial services, project banking, including financing for project product buyers; Mortgage all forms of project assets at Techcombank and not mortgage at any other bank; The bank can manage cash flow, revenue and project costs

- Credit grants for potentially risky domains need to be calculated risk indexes, granted credit in accordance with internal regulations, processes and guidelines, have full collateral when granting credit and be strengthened in supervision, monitoring and early warning.

- With the above policies and enforcement measures, Techcombank's credit quality in general and credit quality for the real estate sector in particular are always guaranteed at a safe level, fully complying with approved limits and limits (specific data and results as mentioned in the above section of this report).

❖ Credit balance of customers with large balances:

Detailed information of customers with large balances at Techcombank is presented in the following Appendices:

- *Annex 04: List of 100 legal entity customers with the largest credit balances, 100 individual customers with the largest credit balances at 31/03/2023 - excluding credit grants to other credit institutions.*
- *Annex 05.2: List of customers with large credit balances at 31/03/2023 according to Circular 52/2018/TT-NHNN (amended and supplemented) and assessment of debt repayment capacity of this group of customers*

Based on full compliance with the provisions of the Law on Credit Institutions, relevant Circulars (Circular No. 13/2018/NHNN, No. 22/2019/TT-NHNN...) combined with the Bank's screening, evaluation, control and governance measures, Techcombank always ensures

compliance, effective in risk management in general, credit risk management and centralized risk management in particular, including centralized risk management for credit activities .

Customers with large outstanding loans are also strictly controlled through regular assessment of business performance, cash flow/ability to repay debts ...). As of now, customers are being grouped with Group 1 debt.

❖ Customers with large credit balances and related persons:

Detailed information about customers with large credit balances and related persons at Techcombank is presented in the following Appendix:

- *Annex 05.1: Credit schedule for customers and related customers with large credit balances of 1% of own capital as at March 31, 2023.*

In the above list, there are 3 cases with Group 2 PLN with specific information as follows:

- 01 Bond issued by SMART DRAGON INVESTMENT JOINT STOCK COMPANY are being classified as Group 2 debts as of March 31, 2023. Since the time of bond investment, Techcombank has maintained close supervision and control after customers. The enterprise has paid principal and interest in full and up to now, classifies customers' debts as Group 1.
- 01 credit grant to Surprise Van Luong customer (limit of VND 1,394 billion, current outstanding balance is more than VND 650 million). As of March 31, 2023, CIC shows that customers belong to the group of debts that need attention. However, KH later arranged the sources of repayment and, at the present time, has returned to Group 1.
- 01 credit grant to Hua Kiem Thang customer (outstanding balance of VND 76 million): customers borrow credit cards and have been transferred to AMC department to handle according to regulations.

With centralized risk management for credit activities, Techcombank has developed and issued regulations on credit grant limits for one customer, one customer and related persons (the maximum credit grant ratio for these subjects to own capital is 15% and 25% respectively), respectively credit limit for 01 customer, customer and related person compared to Techcombank's total outstanding balance, in accordance with the law. In addition, Techcombank also manages risks by industry, economic sector, collateral, etc. and comply with the provisions of Circular 13/2018/TT-NHNN. On the basis of defined and regulated limits and limits, Techcombank develops processes for coordination and control of the implementation of regulations in a clear and scientific way; Building a management information system, assigning tasks to individuals and departments to strictly and regularly

control the situation of compliance with limits and limits, including early warning when limits and limits reach a certain percentage (about 90-95%) compared to the prescribed threshold. By synchronously implementing these solutions, Techcombank always ensures a combination of compliance, business efficiency and risk management.

For each specific credit grant, Techcombank closely monitors credit granting activities to customers, customer groups and related persons through pre- and post-disbursement controls. Where:

- Prior control: The business unit and related departments perform a credit limit status check for a customer and a group of related customers to estimate disbursement to ensure that the prescribed credit limit thresholds are not exceeded.
- Post-disbursement control: After disbursement, Techcombank has a regime to periodically report credit limits to customers, customer groups and related persons. Thereby, warnings are issued in case risk indicators related to customers and customer groups are close to reaching and/or exceeding the internal warning threshold (still guaranteed to be within the limit prescribed by law, SBV), accompanied by timely management measures.

With regard to the administration of credit limits for one customer, one customer and related persons, Techcombank already formulate and promulgate decisions fixing approving risk limits for the bank's material risks from time to time, including credit concentration risk limits. Decisions fixing Risk limit approval always clearly states that the management of the Credit Concentration Risk Limit index must; capable Protect the principles of centralized risk management in operations move grant credit in accordance with laws and regulations fixing Credit risk management at Techcombank in each period; capable Protect the principles of governance and supervision Ward Cross credit lines for a customer, customer and customer. Relevant vs. D sumur debt.

The criteria for identifying customers and related persons are stipulated in compliance with legal documents. On that basis, Techcombank identifies relevant customer groups and monitors credit limits. Techcombank checks the credit limit of customers and related customer groups before and after granting credit to ensure that it does not exceed the credit limit prescribed by the SBV, and warns in case customers exceed the warning threshold and/or are at risk of exceeding the limit. Up to now, the customers (and their related persons) mentioned in Appendix 05.1 comply with on-time debt payment and qualified debt classification.

d. Other credit card loans as at 31/03/2023

Unit: Billion VND

STT	Customer Name	Tax ID/ ID card	Redeemable balance	Debt group	Specific redundancy	TSB
1	THE AGRICULTURAL BANK OF CHINA YUNNAN BRANCH	10158987	0,00	1	-	-
2	CENTRAL PEOPLE'S FUND (HCMC)	0100112620001	0,00	1	-	-
3	NH TMCP LIEN VIET	6300048638	0,00	1	-	-
4	AN BINH COMMERCIAL JOINT STOCK BANK	0301412222	7,25	1	-	-
5	DAU GIAY LABEL CREDIT FUND	3602888451	7,73	5	7,73	-
6	MILITARY COMMERCIAL JOINT STOCK BANK	0100283873	32,01	1	-	-
7	QUY TIN DUNG NHAN DAN TAN TIEN	3602660993	93,37	5	93,37	-
8	ELECTRICITY FINANCE JOINT STOCK COMPANY	0102806367	136,49	1	-	-
9	CT TAI CHINH TNHH MTV SHINHAN VN	0304946247	200,00	1	-	-
10	HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK	00300608092	1.054,86	1	-	-
11	TIEN PHONG COMMERCIAL JOINT STOCK BANK	0102744865	1.544,32	1	-	-
12	BAO VIET COMMERCIAL JOINT STOCK BANK	0103126572	3.459,87	1	-	750
13	NH TMCP HANG HAI VIET NAM	0200124891	3.729,60	1	-	-
	Sum		10.265,49			

e. Investment in bonds issued by other credit institutions

Detailed information on bond investment items issued by other credit institutions is presented in Appendix 06 attached.

4.3.2. Asset quality

a. Total debts and off-balance sheet commitments must be classified according to the provisions of Circular No. 11/2021/TT-NHNN dated 30/7/2021 (Circular 11).

(i) Total debts, group 1 debts, group 2 debts, the ratio of group 2 debts to total debts, internal bad debts, bad debt ratio as prescribed in Circular 11.

Classification of debts by items

Unit: Billion VND

Item	31/03/2023
Customer loans	456.121,97
Lending to other credit institutions	330,03
Discounting and re-discounting negotiable instruments and valuable papers for other credit institutions	9.935,46
Deposits (except payment deposits) at domestic credit institutions, foreign bank branches in Vietnam and deposits at foreign credit institutions.	51.961,45
The amount of purchase and entrustment to purchase corporate bonds that have not been listed on the stock market or not registered for trading on the trading market of unlisted public companies	33.703,59
Buy debt	106,04
Sale of debt	330,31
Purchase promissory notes, bills and certificates of deposit issued by credit institutions or other foreign bank branches.	19.632,77
Other liabilities (LC UPAS receivables)	38.181,33
Total debt TT11	610.302,95

Details of Group 1 debt, Group 2 debt; bad debts are classified according to the provisions of Circular No. 11/2021/TT-NHNN as attached Appendix 07.1.

Unit: Billion VND

STT	Item	31/03/2023
1	Total debt TT11	614.687,93
1.1	Total Debt Group 1	594.937,69
1.2	Total Debt Group 2	10.980,27
1.3	Total debt Group 3	1.170,85
1.4	Total Debt Group 4	1.665,35
1.5	Total Debt Group 5	1.548,79
2	Ratio of debt groups	
2.1	Ratio of Group 1 Debt/Total Debt	97,48%
2.2	Group 2 Debt Ratio / Total Debt	1,80%
2.3	Group 3 Debt to Total Debt Ratio	0,19%
2.4	Group 4 Debt Ratio / Total Debt	0,27%
2.5	Group 5 Debt Ratio / Total Debt	0,25%
	Internal NPL/Total Debt	0,72%

Which notes:

- For customer assessment of bad debt grouping with a balance of VND 1 billion or more: details in Appendix 07.2

- For debt purchase and sale: details in Appendix 07.3.

- Total debts subject to debt classification as prescribed in Circular 11/2021/TT-NHNN (Details by industry, sector, customer and type of enterprise according to Appendix 07.4):

- Details of Collateral are as follows:

Unit: Billion VND

Type of TSB	31/03/2023
Real estate	158.885,81
Valuable papers	82.516,05
Production lines, machinery and equipment	15.346,06
Other collateral	392.783,99
Sum	649.531,91

(ii) Off-balance sheet commitments must classify debts according to Circular 11, detailing each group 1 to group 5; bad credit grant ratio as prescribed in Circular No. 11.

Unit: Billion VND

	31/03/2023
Off-balance sheet commitments	121.345,84
Group 1	121.286,31
Group 2	57,87
Group 3	0,22
Group 4	1,24
Group 5	0,19
Ratio of off-balance sheet commitments group 3,4,5 to total off-balance sheet commitments	0.001%

Bad credit grant ratio according to TT11/2021 on PLN

	31/03/2023
Total Credit Grade	736.033,77
Group 1	716.224,00
Group 2	11.038,14

	31/03/2023
Group 3	1.171,07
Group 4	1.666,59
Group 5	1.548,98
Bad credit grant rates	0,60%

(iii) Debts payable to transfer bad debts according to the Conclusion of inspection, inspection and audit but not yet transferred: At 31/03/2023, Techcombank does not incur debts payable to transfer bad debts according to the Conclusion of inspection, inspection and audit but has not yet transferred.

b. Structural debt, interest exemption, reduction and retention of debt group

- Structural debt and maintaining the same debt group as prescribed in Decision 780/QD-NHNN dated 23/4/2012 (Decision 780) and Circular 09/2014/TT-NHNN dated 18/03/2014 (Circular 09).

Unit: Billion VND

Item	31/03/2023
<i>The balance of debts is kept in group 1</i>	1,91
In which: the balance of debts is kept in group 1 according to QD 780	1,91
<i>The balance of debts is kept in group 2</i>	-
In which: the balance of debts is kept in group 2 according to QD 780	-
Total	1,91

- Debts restructure debt repayment term, exempt and reduce interest and keep the debt group intact according to Circular 01/2020/TT-NHNN (amended, supplemented or replaced if any).

Where:

- + Structural principal balance as at 31/03/2023: VND 98.86 billion
- + Structural interest balance as at 31/03/2023: VND 15.07 billion
- + The debt balance of customers is not transferred to the bad debt group due to the restructuring of the debt repayment term, interest exemption and reduction and keeping the debt group at 31/03/2023: VND 314.47 billion
- + The debt balance is restructured debt payment term, interest exemption and reduction is not transferred to the bad debt group due to the restructuring of debt repayment term, interest exemption and reduction and retention of the debt group: VND 109.54 billion

Details are in Appendices 08.1 and 08.2

(data on debt restructuring debt repayment term, interest exemption and reduction and keeping the debt group intact according to Circular 01/2020/TT-NHNN as at 31/03/2023 taken according to schedule C00034 to the Department of Credit of Economic Sectors).

- Structural debt, interest exemption, reduction and retention of other debt groups (excluding the above-mentioned structural debts): At 31/03/2023, Techcombank will not incur structural debts, exempt or reduce interest and keep other debt groups intact (excluding the above-mentioned structural debts).

c. Bad debts sold to Asset Management Company of Vietnam Credit Institutions (VAMC), Vietnam Debt Trading Company Limited (DATC)

At 31/03/2023, Techcombank will not incur bad debts sold to Vietnam Asset Management Company (VAMC), Vietnam Debt Trading Company Limited (DATC).

d. Investment of contingent corporate bonds into bad debts and 4.3.2.e. Other receivables are difficult to claim

Details of potential corporate bond investments into bad debts and other difficult receivables are detailed as follows:

Unit: Billion VND

STT	Item	31/03/2023
I	Investing in corporate bonds is potentially bad debt	-
I.1	CTY CP DICH VU CAP TREO BA NA	-
II	Other receivables are difficult to claim	53,3
II.1	KINH CHAU COFFEE CO., LTD.	0,03
II.2	TRUST CO., LTD.	0,23
II.3	THIEN HOANG GROUP JOINT STOCK COMPANY	0,00
II.4	CONG TY CO PHAN THUONG MAI DV DU LICH SAI GON AIRLINES	1,17
II.5	THAI BINH PEOPLE'S CREDIT FUND.	51,67
II.6	MDC CONSTRUCTION CONSULTANCY DESIGN SURVEY COMPANY	0,18

- For the investment in corporate bonds Ba Na Fox Service Joint Stock Company for debt restructuring purposes: The customer has settled and collected all debts of customers from 24/07/2022.

- For bad receivables: Techcombank has fully deducted 100% of the provision for bad receivables.

In which the recoverability of these amounts is as follows:

- (i) Kinh Chau Coffee Co., Ltd.: no possibility of recall, unit pending risk treatment according to regulations
- (ii) Tin Tin Co., Ltd: no possibility of revocation, the unit is pending risk handling according to regulations
- (iii) Thien Hoang Joint Stock Company: unable to revoke, unit pending risk handling according to regulations
- (iv) Saigon Airlines Tourism Trading Service Joint Stock Company: Very low recoverability
- (v) Thai Binh People's Credit Fund: Receivables have been transferred to debt collection streams according to the procedural asset handling process.
- (vi) MDC Construction Design Survey Company: No possibility of recall

f. Interest receivables must be divested but not divested

At March 31, 2023, Techcombank will not incur interest that must be divested but not divested

g. Risk provision (general provision, specific contingency)

Details of general and specific provisions as at 31/03/2023 are as follows:

Unit: Billion VND

	31/03/2023
General Provident Fund - according to the Quarterly Financial Statements	3.412,58
Specific contingency fund - according to quarterly financial statements	1.868,95

- The appropriation of specific provisions for structural debts, exemption and reduction of interest and fees and retention of debt groups (Specific provisions must be made for structural debts and keep the same group of debts according to Decision 780, Circular 09/2014/TT-NHNN; Specific provisions must be made for additional deductions for debts restructuring debt repayment term, exemption, reduction of interest and fees and keeping the same group of debts according to Circular No. 01/2020 /TT-NHNN (amended and supplemented), for other structural debts...): as at 31/03/2023, Techcombank does not incur specific provisions to be deducted but not deducted according to regulations.

h. Bad debt settlement situation

Unit: Billion VND

STT	Indicator name	Cumulative data from 01/01/2021 to 31/03/2023
I	In the form of bad debt settlement	
1	Customers repay debts	2.583,57
3	Handling collateral to recover bad debts	154,32
4	Use provision for bad debt settlement risks	1.519,92
5	3rd party debt repayment	200,00
6	Sale of bad debts to asset management companies, debt trading companies and other organizations and individuals	-
7	Sale of bad debts to the Corporate Debt and Outstanding Assets Trading Company (DATC) under the Ministry of Finance	-
8	Sale of bad debts to VAMC	-
9	Other forms (Transfer of debt to HO for processing)	-
10	Other Forms (Debt Group Transfer)	1.963,86
	Sum	6.421,67

h.2. According to resolution 42

Unit: Billion VND

TT	Item	Data 31/12/2020	Data 31/12/2022	Data 31/03/2023	Increase and decrease compared to 31/12/2020		Increase and decrease compared to 31/12/2022	
					Amount	%	Amount	%
III	Bad debts determined according to Resolution 42/2017/QH14							
	Total bad debt determined according to Resolution 42/2017/QH14	13.050	9.024	9.004	(4.045)	-31%	(20)	0%
	<i>Where:</i>							

TT	Item	Data 31/12/2020	Data 31/12/2022	Data 31/03/2023	Increase and decrease compared to 31/12/2020		Increase and decrease compared to 31/12/2022	
					Amount	%	Amount	%
1	Internal accounting bad debts determined according to Resolution 42/2017/QH14	360	113	164	(196)	-54%	52	46%
2	Bad debts for off-balance sheet accounting determined according to Resolution 42/2017/QH14	12.689	8.911.1	8.840	(3.849)	-30%	(71)	-1%
3	Bad debts determined under Resolution 42/2017/QH14 sold to VAMC shall be paid by special bonds	-	-	-	-			

Unit: Billion VND

STT	Forms of bad debt settlement	Bad debts will be processed from 15/08/2017 to 31/03/2023	Bad debts are processed from 15/08/2017 to 31/12/2022	Bad debts are processed from 15/08/2017 to 31/12/2020
I	Settlement of outstanding debts in the balance sheet determined under Resolution No. 42	6.672,90	6.666,84	6.322,88
1	Customers repay debts	2.704,30	2.698,25	2.474,61
2	Credit institutions receive fixed assets in lieu of debt repayment obligations	-	-	-
3	Sale and development of collateral to recover bad debts	225,06	225,06	222,47
4	Use provision for bad debt settlement risks	2.747,04	2.747,03	2.629,29
5	Swap debt into contributed capital and shares of borrowers	-	-	-
6	3rd party debt repayment	-	-	-
6	Sale of bad debts to the Corporate Debt and Outstanding Assets	353,40	353,40	353,40

STT	Forms of bad debt settlement	Bad debts will be processed from 15/08/2017 to 31/03/2023	Bad debts are processed from 15/08/2017 to 31/12/2022	Bad debts are processed from 15/08/2017 to 31/12/2020
	Trading Company (DATC) under the Ministry of Finance			
7	Sell to VAMC at market price	-	-	-
8	Sale of debt to another organization	632,50	632,50	632,50
9	Other forms	10,60	10,60	10,60
II	Handling of off-balance sheet accounting liabilities determined under Resolution 42	5.840,39	5.745,09	4.775,95
	Where: Disposal of Collateral	803,41	800,56	767,44
III	Settlement of outstanding debts on and off the balance sheet determined in accordance with Resolution No. 42	12.513,29	12.411,93	11.098,83

i. Debts used for risk provision for handling and recovery processing situation

Unit: Billion VND

	Year 2020	Year 2022	First quarter of 2023
Debt has used risk provision to handle	3.363,57	683,01	151,34
Risk-treated debt revenues	1.253,35	1.307,42	118,59

k. Investment and capital contribution activities:

Detailed information on investment and capital contribution activities is presented in Appendix 10.

Evaluation of investments in subsidiaries: Techcombank's subsidiaries have good business results and operate effectively, so Techcombank continues to maintain these contributed capitals in subsidiaries.

Review of long-term investments:

+ For Banking Training and Consulting Joint Stock Company (Institute of Human Resources of Banking and Finance - BTCI): Techcombank continues to monitor the progress of BTCI's dissolution in 2023; continue to carry out procedures for provisioning if necessary for these long-term investments in accordance with the law.

+ For other long-term investments: As of 31/03/2023, Techcombank assesses that these are effective investments, so Techcombank continues to maintain Techcombank's capital contribution to the above companies.

l. Other activities: Evaluation of business activities, provision of foreign exchange services,

exchange transactions, guarantees

For foreign exchange business and service provision: Techcombank always focuses on developing solutions to develop service activities to improve the quality of the bank's operations, especially in timely and effective implementation of foreign exchange management mechanisms and policies.

With complex transaction characteristics, Techcombank strictly complies with the regulations of the State Bank of Vietnam in controlling transaction purposes by improving the capacity of officials directly involved in controlling and especially developing trading platforms and channels to support the management of foreign exchange transactions. Up to now, the majority of transactions made with customers come from E-Banking channel with many utilities for customers as well as solutions to enhance risk control.

For guarantee issuance services: Techcombank aims to bring the best experience to customers through (1) specific solutions based on deep understanding of business lines, (2) providing guarantee products through online channels with fast transaction execution time, Documents provided are simple. In 2023, in addition to issuing industry-specific guarantee solutions, Techcombank will officially launch an online guarantee channel for 5 common types of guarantees (Bid guarantee, Contract performance guarantee, Advance guarantee, Payment guarantee) and proceed to complete the digitalization of the guarantee journey by 2024. Thanks to that difference, Guarantee sales increased sharply in both quantity and quality. In 2022, the underwriting value increased by more than 100% resulting in more than 60% growth in revenue compared to 2021. As of August 2023, underwriting values typically increase by nearly 19% and result in a revenue increase of more than 40% compared to the same period in 2022. Home buyer guarantees are affected by the declining real estate market, so the guarantee value decreased by more than 10% compared to the same period in 2022 but is expected to recover and achieve the revenue target of 2023.

During its operation, Techcombank has not incurred risks and violations that need to be remedied.

m. Other Assets

- Receivables: Interest expenses, receivables (classification of receivables over 01 year and less than 01 year, specifying interest, receivables from structured debts, interest receivables to be divested for debts that are not qualified by regulations in nature, interest receivables must be divested according to the conclusion of inspection, inspection, audit ..., handling measures); other assets; Risk provision for other assets: Details in Appendix 11 attached.

- Other assets that are overdue and/or have a long recovery period (over 3 years), specifying balance items over VND 1 billion; Cause of non-revocation: Details in Appendix 09 attached.

4.4 Payment, agency, fiduciary activities

a. Evaluate the application of the 4.0 technology revolution to upgrade and develop the internal payment system, provide payment products and services, meet the payment needs conveniently and effectively of customers; ensure security, safety and confidentiality in non-cash payment and protect the legitimate rights and interests of payment service users

The Industrial Revolution 4.0 (Industry 4.0) has had a great impact on all economic and social fields, including the banking sector. This revolution brings many opportunities but also many challenges. In this context, Techcombank has always been one of the pioneering banks in developing solutions to develop payment activities to improve the efficiency and quality of the bank's operations, especially in timely and effective implementation of mechanisms, Cashless Payment Policy:

- In 2023, Techcombank has actively researched and deployed payment services based on technology application, specifically:

- + Officially deploy the e-tax payment feature via Etax Mobile channel from 06/2023
- + QR247 payment receiving solution for stores and retailers, supporting businesses to manage revenue flows conveniently, anytime, anywhere
- + Online payment and e-wallet solutions: Develop a wide range of host-to-host online connections with large enterprise customers and payment intermediaries. Techcombank has links with the most popular e-wallets in Vietnam: Momo, Moca, ZaloPay, ShopeePay, SmartPay, VinID, ... to bring the best payment service to users.
- + Develop complete features on Techcombank **Business digital platform - helping corporate customers transact online with Techcombank**. With many outstanding features and utilities, these will be effective support tools to help businesses manage financial operations easily, efficiently and cost-effectively.
- + Building and integrating many payment utilities on electronic channels, mobile banking applications: Techcombank has been integrating with many service providers and authorities to suit the needs of customers such as payment: electricity, water bills, tuition fees, non-stop traffic tolls, etc insurance, payment to the State Budget,...

- In addition, Techcombank has also developed solutions such as:

- + Smart OTP solution allows corporate customers to sign online payment transactions via applications on computer and mobile devices.

- + The solution allows customers to sign online Terms and Conditions of banking services.
- + Techcombank upgrades e-invoicing system to help customers manage easily - Standardize data - Optimal experience
- + Implementing Swift ISO 20022 project to meet international standards for international payment transactions at Techcombank

b. Evaluating the implementation of Decision No. 2006/QĐ-NHNN dated 17/12/2021 promulgating the Plan to implement Decision No. 1813/QĐ-TTg dated 28/10/2021 of the Prime Minister approving the Project on the development of non-cash payment in Vietnam for the period 2021-2025

- Techcombank promotes non-cash payments:
 - + Implement appropriate policies on **non-cash payment service fees, facilitating users to access non-cash payment services at reasonable costs**
 - + In 2023, Techcombank will continue its zero VND fee policy for money transfer services performed on e-banking such as: internal and external transfer fees, payroll service fees via accounts
 - + Promote online bill payment services such as payment of electricity, water, insurance ... via E-Banking channel, supporting businesses to pay bills easily, conveniently and completely free of charge
 - + Implement preferential exchange rate programs, international money transfer fees for both individual and corporate customers
 - + Especially for Debit Card products for institutional customers, Techcombank offers free card issuance fee and first year annual fee for corporate customers using Business One Solution Package. At the same time, designing cashback incentive programs to motivate corporate customers to make more card payments, bringing many cost management benefits to businesses
- Strengthen propaganda about digital banking on websites and digital platforms, social networks (fanpage, Facebook, Youtube, Zalo ...); Regularly update daily articles about digital banking services with offers, policies and customer experiences; propagating and promoting the benefits, utilities and safety of using digital banking services.

**RESULTS OF E-COMMERCE PAYMENT IMPLEMENTATION AT TECHCOMBANK
(2022 AND THE FIRST 3 MONTHS OF 2023)**

Electronic channel transaction data	Year 2022	First 3 months of 2023
Dịch vụ Internet Banking - FEB/TCBB		
<i>Total number of transactions (transactions)</i>	30,881,580	6,493,834
<i>Total transaction value (billion VND)</i>	4,159,470	1,056,093
H2H online connection service		
<i>Total number of transactions (transactions)</i>	23,454,574	7,292,316
<i>Total transaction value (billion VND)</i>	1,112,595	245,933

4.5 Business results

Techcombank's business results over the specific periods are as follows:

Unit: Billion VND

	2020	2022	First 3 months of 2023
PERFORMANCE REPORT			
Interest income and similar earnings	28.300,92	42.469,92	13.152,59
Interest expense and similar expenses	(10.130,75)	(13.844,92)	(7.046,75)
Net interest income	18.170,17	28.624,99	6.105,84
Income from service activities	3.823,31	8.324,25	2.217,53
Costs from service activities	(1.800,04)	(2.144,96)	(572,63)
Net profit/loss from service activities	2.023,28	6.179,28	1.644,91
Net profit/loss from forex and gold trading	0,75	(287,67)	(226,65)
Net profit/loss from trading securities	321,40	(241,85)	29,27
Net profit/loss from trading investment securities	937,19	245,37	(13,47)
Income from other activities	5.448,12	4.621,22	1.186,27
Other operating expenses	(3.254,86)	(2.632,69)	(856,77)
Net profit / loss from other activities	2.193,26	1.988,53	329,50
Income from capital contribution, share purchase	530,79	8,78	2,64
Operating expenses	(8.209,24)	(12.280,50)	(2.886,07)
Net operating profit before credit risk provision costs	15.967,59	24.236,93	4.985,97

	2020	2022	First 3 months of 2023
PERFORMANCE REPORT			
Provision cost for credit risk	(2.601,87)	(1.869,12)	(720,66)
Total profit before tax	13.365,72	22.367,81	4.265,31
Current CIT costs	(2.622,74)	(4.504,18)	(827,58)
Deferred CIT expense	-	42,90	1,48
CIT costs	(2.622,74)	(4.461,28)	(826,09)
Profit after tax	10.742,98	17.906,54	3.439,22
Proportion of income from non-credit service activities/ Total income (applicable to commercial banks)	8.37%	16.92%	20.90%

Review of items that may reduce the Bank's profit in 2023: According to the current progress, Techcombank's profit forecast in 2023 still meets the target set in the General Meeting of Shareholders.

4.6. Liquidity situation and observance of safety limits and ratios

Techcombank considers liquidity risk as one of its material risks according to Circular 13/2018/TT-NHNN. Liquidity risk may be implicit when the Bank is unable to meet its repayment obligations when due; or the Bank is able to fulfill its repayment obligations when due but incurs higher costs than the average market cost. Like other banks in Vietnam, Techcombank poses liquidity risks in its business operations or from ongoing fluctuations in the business environment, market and economy. To always be ready to respond and react quickly to potential liquidity risks that may occur, Techcombank has built a robust liquidity risk management system through:

- Develop and control internal limits/internal warning thresholds that are always more prudent than the SBV's required limits;
- Building advanced ALM platform and automated measurement and control instrument systems in accordance with international risk management standards;
- Integrate behavioral analysis in behavioral measurement and analysis tools to control fluctuations in business behavior and optimally implement balance sheets;

- Carry out regular stress tests in simulated scenarios focusing on the impact of market fluctuations on the Bank's capital
- Develop a liquidity contingency plan to react quickly and effectively to maintain business operations once problems arise...

Detailed information on the liquidity situation and the observance of safety limits and ratios is as follows:

STT	Item	Regulation	31/03/2023
I	Minimum capital adequacy ratio (According to Circular 41/2016/TT-NHNN)		
1	Individual capital adequacy ratio (reported monthly)	$\geq 8\%$	14,08%
2	Consolidated capital adequacy ratio (quarterly report)	$\geq 8\%$	15,01%
II	Credit limits, restrictions		
<i>1</i>	<i>Credit restriction</i>		
a	Total outstanding amount of credit for the subjects specified at Points a, b, c, d and dd, Clause 1, Article 127 of the Law on Credit Institutions	$\leq 5\%$	1,02%
b	Total outstanding amount of credit for an entity specified at Point e, Clause 1, Article 127 of the Law on Credit Institutions	$\leq 10\%$	0,19%
c	Total credit balance for all subjects specified at Point e, Clause 1, Article 127 of the Law on Credit Institutions	$\leq 20\%$	0,19%
<i>2</i>	<i>Credit Grade Limits</i>		
a	Total outstanding amount of credit to a customer according to Article 128 of the Law on Credit Institutions on Own Capital	$\leq 15\%$	12,08%
b	Total outstanding amount of credit to a customer and related persons according to Article 128 of the Law on Credit Institutions on Own Capital	$\leq 25\%$	21,75%
c	Total outstanding amount of credit for investment and trading in corporate bonds (including bonds of credit institutions and foreign bank branches) on charter capital	$\leq 5\%$	1,08%
d	Total outstanding amount of credit for investment and trading in shares on charter capital	$\leq 5\%$	0,00%
III	Affordability Ratio		
<i>1</i>	<i>Liquidity reserve ratio</i>	$\geq 10\%$	15,55%
<i>2</i>	<i>30-day affordability rate</i>		
a	Vietnamese Dong	$\geq 50\%$	69,22%

STT	Item	Regulation	31/03/2023
b	Foreign currency	$\geq 10\%$	-1.131,53%
IV	The maximum percentage of short-term funds used for medium and long-term lending		
1	<i>The maximum percentage of short-term funds used for medium and long-term lending</i>	<i>From October 1, 2022 to March 31, 2023: $\leq 34\%$;</i>	33,49%
2	<i>The maximum ratio of investment purchases of Government bonds and bonds guaranteed by the Government compared to the average liabilities of the preceding month</i>	$\leq 30\%$	7,02%
V	Limit on capital contribution and share purchase		
1	<i>The level of capital contribution or share purchase of a commercial bank and its subsidiaries and affiliated companies to an enterprise operating in the fields specified in Clause 4, Article 103 of the Law on Credit Institutions must not exceed 11% of the charter capital of the enterprise receiving contributed capital.</i>	$\leq 11\%$	11,00%
2	<i>The total amount of capital contribution or share purchase of a commercial bank to enterprises, including subsidiaries and affiliated companies of that commercial bank must not exceed 40% of the charter capital and reserve fund of the commercial bank.</i>	$\leq 40\%$	3,14%
3	<i>A commercial bank may only purchase or hold shares of another credit institution of less than 5% of the voting share capital of that other credit institution;</i>	$\leq 5\%$	-
MICRO	The ratio of outstanding loans to total deposits	$\leq 85\%$	80,97%

(*) Figures on the TT11_122-TTGS_ report on the grant of credit to a customer, a customer and related persons.

4.7. Operation situation and business results of domestic subsidiaries

Detailed information on the operation and business results of subsidiaries is presented in the following Appendices:

STT	Subsidiary Name	Appendix Name
1	Debt Management and Asset Exploitation Company Limited	Appendix 12.1
2	Technical and Commercial Securities Company	Appendix 12.2
3	Technical Fund Management Company	Appendix 12.3

4.8 Operation situation and business results of subsidiaries and branches operating abroad

At the moment, Techcombank has no subsidiaries or branches operating overseas.

4.9. Operation situation of domestic branches

Techcombank's overall business results over the years are presented in Appendix 13. The overview is as follows:

Unit: billion VND

Year	Total outstanding loans to customers	Total capital mobilized	Income and expenditure difference
2020	273.391,76	306.565,40	11.696,11
2022	411.369,03	393.099,95	19.459,22
31/03/2023	456.121.968,17	435.544,22	4.507.622,35

As of March 31, 2023, several branches recorded negative business results. These branches are newly relocated/newly established branches, so operating expenses (depreciation) are large, requiring time from 2 years of operation to reach the break-even point. Details are as follows:

Unit: billion VND

Year	Branch Name	Total outstanding loans to customers	Total capital mobilized	Income and expenditure difference
2020	Nguyen Tuan Branch	0,35	74,11	(0,48)
2022	Ecopark Branch	6,00	122,86	(0,03)
2022	Ruby Branches	-	20,59	(0,51)
2022	Zhongshan Branch	0,00	16,24	(0,40)
2022	Quang Binh Branch	0,03	2,47	(0,08)
31/03/2023	Ecopark Branch	6.801,67	181,70	(133,72)
31/03/2023	Ruby Branches	964,08	81,16	(325,51)
31/03/2023	Zhongshan Branch	1.778,73	41,99	(811,41)
31/03/2023	Quang Binh Branch	362,70	33,20	(717,67)

Although the business results of some branches have just opened negatively, in general, credit granting activities for individual customers at Techcombank have always developed steadily on the basis of compliance with the provisions of law, with NPL ratio < 1%:

Unit: billion dong

Year	Total outstanding loans to customers	NPL ratio for customer loans (PLN CIC)	
		Amount	%
2020	273.391,76	1.286,00	0,47%
2022	411.369,03	3.032,53	0,74%
31/03/2023	456.121.968,17	3.837.923,85	0,84%

4.10. Status of implementation and implementation of the Green Bank Development Project in Vietnam issued under Decision No. 1604/QD-NHNN dated 07/8/2018 of the Governor of the SBV and related documents.

Techcombank has made a detailed report on the implementation of the Green Bank Development Project in Vietnam according to Decision No. 1604/QD-NHNN dated 07/08/2018 of the Governor of the SBV and related documents in Official Letter No. 1719A-03/2023/CA-TCB dated 27/02/2023 attached.

(IV) EXISTENCES, NON-COMPLIANCES, RISKS IN OPERATION

In the process of developing the Restructuring Plan (PACCL), TCB is responsible for proactively identifying and assessing specific shortcomings, violations, risks and limitations in operation to develop objectives, orientations and solutions to overcome; which notes some contents as follows:

1. Regarding the contents of recommendations in the Inspection Conclusion (KLTT) No. 95/KL-Department I.2.m

Techcombank has issued Official Letters No. 2739-03/2021/CA-TCB dated 29/4/2021, No. 3158-03/2021/CA-TCB dated 18/5/2021 and No. 3236-03/2021/CA-TCB dated 19/5/2021 reporting that all recommendations mentioned in Inspection Conclusion No. 95/KL-Department I.2.m and No. 1930/KL-Department I.2.m against Techcombank. Currently, Techcombank is reviewing and clarifying documents proving the correction and correction at the request of the SBV for the SBV to consider and approve for the completion of all these recommendations.

2. Regarding the petitions in KLTT No. 1930/KL-Department I.2.m

KLTT No. 1930/KL-Department I.2.m issued for Techcombank AMC. Techcombank has issued Official Letters No. 2739-03/2021/CA-TCB dated 29/4/2021, No. 3158-03/2021/CA-TCB dated 18/5/2021 and No. 3236-03/2021/CA-TCB dated 19/5/2021 reporting on the implementation of the recommendations mentioned in Inspection Conclusion No. 95/KL-Department I.2.m and No. 1930/KL-Department I.2.m for Techcombank. Basically, Techcombank AMC has completed the recommendations mentioned in KLTT, except for the following:

2.1. For the proposal for operation of Vincom B Tower, 191 Ba Trieu, basement B1, B2, part of the 1st floor, 2nd floor of Vincom commercial area, 191 Ba Trieu (hereinafter referred to as "191 Ba Trieu Real Estate"):

Following the implementation of the Restructuring Plan for the period 2016-2020, recently, after Techcombank moved its head office from 191 Ba Trieu, Hanoi to 6 Quang Trung, Hanoi, Techcombank AMC has actively sought partners to receive this real estate transfer. As a

result, the Company has found a partner, Truong Think Company and now the two parties are actively completing the transfer of 191 Ba Trieu real estate.

2.2. For the proposal to amend Techcombank AMC's Charter in 2012:

Currently, Techcombank AMC has not completed this petition because some necessary industries are retained in the company's charter as a basis for remedying the existence related to the above 191 Ba Trieu real estate.

3. Regarding the recommendations in Appendix 02.6 KLTT No. 4112/KL-TTGSNH2 dated 29/11/2022 of the Agency of Information and Communications on corporate bond investment activities and provision of collateral management, payment guarantee, corporate bond depository services

Techcombank has issued Official Letters No. 638-01/2022/TGD-TCB dated December 26, 2022 and No. 3709-03/2023/TGD-TCB dated April 25, 2023, No. 874-01/2023/TGD-TCB dated October 25, 2023, 1220-01/2023/TGD-TCB dated December 8, 2023, reporting that all recommendations mentioned in Annex 2.6 attached to KLTT No. 4112/KL-TTGSNH2 dated November 29, 2022. Currently, Techcombank is reviewing and clarifying documents proving the correction and correction at the request of the SBV for the SBV to consider and approve for the completion of all these recommendations.

4. On the recommendation of the independent auditor set out in the 2021 management letter

Techcombank has completed all recommendations of the independent auditor outlined in its 2021 Management Letter.

5. About granting credit in the field of real estate

In credit granting activities, Techcombank is always careful in appraisal, approval and management before, during and after loans to ensure credit safety. For each customer, Techcombank takes screening steps to ensure that each customer satisfies the credit orientation indicators based on risk appetite and the total credit risk limit; At the same time, determine appropriate governance thresholds, perform screening and selection of good customers, and be at the top of the business.

Techcombank always focuses on implementing post-loan control to ensure credit safety and minimize bad debt ratio. Techcombank establishes the following controls, compliance controls, identification and early warning departments. Customers are given the following control in accordance with the credit management process on a monthly or quarterly basis based on risk classification. The business unit also performs monthly/quarterly post-loan control including: visiting customers; field inspection of the property; field inspection of the project; check documents of capital use purpose; collect information from third parties; collect financial and legal

records of customers.... Periodically, the unit conducts an overall assessment of the credit situation of customers after borrowing, including: updating analysis, assessing the situation, business, finance, funded plan, cash flow, fixed asset situation, risk indicators EL/ECL, RWA... to assess the client's ability to fulfill financial obligations.

6. About corporate bond investment

Data on corporate bond investment for construction, real estate business and corporate bond investment in general are as follows:

Unit: Billion VND

Item	31.12.2020	31.12.2022	31.03.2023
Corporate bonds for the purpose of construction and real estate business	29.237,21	27.111,96	19.513,78
Corporate bonds	44.644,35	33.130,67	29.765,09
Proportion	65,49%	81,83%	65,56%

Techcombank always complies with legal regulations in corporate bond investment activities by issuing internal documents and complying with internal regulations, procedures as well as legal regulations and taking measures to more strictly manage these activities.

Specifically, comply with relevant provisions in Circular No. 16/2021/TT-NHNN dated 10/11/2021 stipulating the purchase of corporate bonds by credit institutions and banks; Circular No. 15/2018/TT-NHNN dated June 18, 2018 and Circular No. 22/2016/TT-NHNN dated June 30, 2016 stipulating the purchase of corporate bonds by credit institutions and branches, Techcombank has issued regulations on management of corporate bond purchase activities in accordance with the provisions of these Circulars from time to time.

For the entire corporate bond investment process in general, Techcombank considers corporate bond investment as one of the important credit granting activities, governed by policies, regulations, processes, guidelines on credit risk management and other important risk management regulations and procedures to ensure the management of arising risks, especially, credit risks throughout and consistently including and not limited to regulations on credit rating of issuers, post-purchase management process of corporate bonds, control of safety limits, inspection and control after graduation, principles of handling problematic debts...

Techcombank also carefully reviews and monitors the financial status of customers at the time of investment, ensuring that it is consistent with existing business and investment operations; Customers participate in sufficient own capital/equity to implement business plans and business

plans according to progress; The liquidity of the Customer is guaranteed; valid and maturing projects need to be disbursed to increase supply to the market.

7. About the concentration of credit granting to customers

Unit: Billion VND

Item	31/12/2020		31/12/2022		31/03/2023	
	Outstanding balance	Number of customers	Outstanding balance	Number of customers	Outstanding balance	Number of customers
Total credit balance	318.036	479.954	444.608	806.714	485.993	804.095
Total credit balance for customers over VND 500 billion	148.326	61	157.054	65	200.993	73
Density	47%	0%	35%	0%	41%	0%

As mentioned in Sections III.4.3.1, IV.4: Techcombank always complies with and is cautious in credit granting activities. For each customer, Techcombank takes screening steps to ensure that each customer satisfies the credit orientation indicators based on risk appetite and the total credit risk limit; At the same time, determine appropriate governance thresholds, perform screening and selection of good customers, and be at the top of the business. In addition, Techcombank aims to develop business activities along the value chain, ensuring customer understanding, business management as well as transaction status of customers at Techcombank. With this orientation, Techcombank's selected customers are large customers, playing a central role in value chains, having strong interoperability and supporting Techcombank in managing other customers in the chain.

After selecting and deeply understanding customers, Techcombank aims to become the main or sole sponsor, financial advisor and capital arranger for selected large customers. With this orientation, Techcombank ensures that it can understand customers, thereby advising and supporting customers to implement business plans effectively, ensuring the ability to pay obligations when due.

8. Consulting, introducing and providing information on corporate bonds, investment fund certificates

In accordance with the SBV's regulations and the State Bank's license and the direction of competent authorities, Techcombank does not provide services related to securities investment consultancy in general and fund certificates in particular. Techcombank only shares information with customers about Bonds/Fund Certificates. As follows:

- **Vietnam Technological and Commercial Joint Stock Bank ("Techcombank")** is a commercial bank established and operating under the provisions of Vietnamese law, currently having full operation licenses of a commercial bank.

- **Techcom Capital Fund Management Joint Stock Company ("Techcom Capital")** is a subsidiary of Techcombank, a securities investment fund management company that establishes securities investment funds, including the Open-ended Bond Investment Fund (TCBF Fund) and issues fund certificates to investors in this fund.

TCBF operates under the current Securities Law, licensed by the State Securities Commission, independently managed by Techcombank Capital and the Fund's Representative Board elected by the Fund's investors. The Fund is independently managed and supervised by Standard Chartered Bank, audited annually by Ernst & Young Vietnam, and its cash and investment assets are deposited and deposited with Standard Chartered Bank. *Thus, in terms of organizational structure, TCBF Fund is managed and supervised independently by a third party, not related to Techcombank.*

- **Technical and Commercial Securities Company ("TCBS")** is a subsidiary of Techcombank, established and operating in accordance with current securities laws. **TCBS is the distributor of fund certificate products of TCBF Fund.**

- When customers come to Techcombank to make transactions with the bank, if they want to learn about fund certificate products, Techcombank will share the information with them. This is to increase utilities, meet the investment needs of customers according to the development trend of Vietnam's financial market today, on the basis of the scope and functions of each type of organization.

Techcombank purely shares product information with customers with the expectation that customers will have access to more diverse information and services in the financial market. Techcombank does not receive and benefit from any funds from this activity.

Techcombank's customer information sharing is a normal civil partnership, does not constitute business activities and is carried out on the basis of reciprocity and attachment of enterprises in the national economic development trend, at the same time, create conditions for customers when customers approach, learn about products and services so that customers can actively decide to use and invest.

Insurance agency activities

Techcombank regularly monitors, propagates and disseminates insurance business laws for credit officers and insurance agency officers; in particular, special attention should be paid to

officers and employees for violations of the law on insurance business; Techcombank's ministries and employees must strictly comply with regulations and internal procedures of the bank in introducing and offering insurance products, explaining terms and conditions of insurance products as well as other insurance agency activities to customers wishing to buy insurance in order to help customers properly understand/fully understand their legitimate rights and interests, payment terms/conditions of the insurance policy. At Techcombank, we build an internal monitoring and risk management system with a system-wide Risk Management, Retail Banking Risk Management and Internal Audit team to perform periodic audits and checks on the sales process, mechanism for identifying and controlling risks in the distribution of insurance products. In addition, the commitment to compliance is understood by bank staff and implemented according to the principle of product consultation based on customer needs. In addition, the bank provides a clear sanctions mechanism to handle violations.

9. About the operation of branches in the TCB system

About the disparity between raising capital and lending at some branches:

Unit: billion VND

Branch	Total outstanding loans to customers	Total capital mobilized	Income and expenditure difference	P/L
Ecopark Branch	6,80	181,70	(0,13)	Hole
Ruby Branches	0,96	81,16	(0,33)	Hole
Zhongshan Branch	1,78	41,99	(0,81)	Hole
Quang Binh Branch	0,36	33,20	(0,72)	Hole

These are newly established branches, operating costs are still high, in the context of large fluctuations in the interest rate market affecting loan growth, leading to a high difference between mobilization and lending.

About the ratio of real estate credit balance/average outstanding balance at some branches

Techcombank 's outstanding credit balance for the real estate sector includes loans and bonds. As at March 31, 2023, total credit balance in field B was VND 344,256 billion, accounting for 70.84%.

Item	31/03/2023
Total credit balance in the field of real estate	344.256
- Outstanding loans in the field of real estate	324.743
- Outstanding corporate bonds in the field of real estate	19.514
Total credit balance	485.993
Proportion of outstanding loans in the field of real estate to total credit balance	70,8%

In particular, there are some branches with a high proportion of real estate loans / total outstanding loans of branches as follows:

Unit: billion VND

Branch	Total outstanding loans to customers	Outstanding loans in the field of real estate	Proportion of BDS/Outstanding Balance
Ha Thanh Branch	75.975,14	72.046,83	94,83%
Ha Tinh Branch	779,59	718,26	92,13%
Hong Bang Branch	495,82	474,04	95,61%
Quang Ninh Branch	4.655,68	4.427,74	95,10%
Thanh Hoa Branch	5.846,95	5.306,55	90,76%

Some branches with a high proportion of real estate loans focus mainly on housing loans, serving the needs of settlement, life stability and helping to realize the dream of housing ownership of Vietnamese people throughout as above.

Regarding group 2 debt ratio and bad debt ratio at some branches

- Techcombank's Group 2 debt as at March 31, 2023 is VND 10,980.27 billion, accounting for 1.8% of the bank's total debt. Where:
 - Top 5 branches with a high group 2 debt ratio of over 2%:

Techcombank's business unit	Total outstanding loans to customers	NPL ratio for customer loans (PLN CIC)	
		Amount	%
Cho Lon Branch	12.269.964,36	347,245.06	2.83%
Zhangyang Branch	1,584,165.52	46,318.15	2.92%
Ba Dinh Branch	1,893,620.74	51,270.57.	2.71%
Lam Dong Branch	249,413.32	7,113.29	2.85%
Ninh Binh Branch	262,208.04	7,842.73	2.99%

- Top 5 branches with high NPL ratio of over 3% as follows:

Techcombank's business unit	Total outstanding loans to customers	NPL ratio for customer loans (PLN CIC)	
		Amount	(%)
Phu Quoc Branch	84,510.54	6,557.39	7.76%
Thai Binh Branch	153,798.27	10,510.84	6.83%
Thu Duc Branch	1,297,915.81	276,251.78	21.28%
Vinh Phuc Branch	295,160.30	21,285.38	7.21%
Ecopark Branch	6,801.67	575.42	8.46%

- Techcombank's NPLs as at March 31, 2023 were VND 4,384.99 billion, accounting for 0.72% of the bank's total debt.

The reasons for the increase in group 2 debt, bad debts are due to:

- The impact of post-Covid 19 is also due to the severe economic downturn in late 2022 and early 2023, so most customers face financial difficulties. Customers who have not fully recovered their income due to the impact of the pandemic face an economic recession leading to a decline in income, unable to pay their loan balances in full and on time to banks.
- Market volatility and the impact of other banks' sub-standard debt on Techcombank's debt portfolio.
- The real estate market is in a difficult period (global economic fluctuations, inflation, rising unemployment, rising lending rates, real estate is slow to hand over/ prices fall sharply/ liquidity difficult...) and is expected to continue to last until 2024-2025, affecting the liquidity of the market, and customer repayment cash flow.
- Difficulties, and liquidity delays from bond and stock investment channels affect cash flow, and customer plans.
- For branches with high bad debt ratios as mentioned above such as Thu Duc, Cho Lon, Chuong Duong, Ba Dinh, Lam Dong, Ninh Binh, focusing on some businesses directly affected by long covid covid, ineffective investment activities leading to business losses; capital imbalance leads to affected Client's income. Currently, the dossier has been pushed through AMC to track the sale of mortgaged assets at TCB along with the outstanding corporate loans of customers at TCB to recover the maximum debt.
- In addition, customers using overdue credit cards are mostly issued on payroll, issued to office workers and workers to serve consumer shopping needs. Due to the impact of the Covid epidemic, companies and businesses operate moderately or reduce personnel to the maximum, leading to customers having no income, reduced income, accumulated income is only enough to maintain essential activities, in addition to rising consumer costs due to

high market prices. Many customers have not returned to the normal rhythm of life, leading to group 3 or more overdue debts in the credit card group are still high. Client records have transferred AMC to support gradual debt recovery to reduce overdue balances.

- For overdue individuals, bad debts in the above branches are also caused by the income from business activities affected by long Covid, causing business activities to be declining, stagnating and insolvent to the bank. Currently, branches are also urging debt collection, closely coordinating with specialized debt collection departments to implement thorough debt recovery measures, especially for bad debt customers of groups 3-5, with customers who are owed to group B2 units to regularly monitor and supervise customers to pay debts in full, on time to bring a challenging B2 debt group to the category 1 conventional debt group.

Regarding the implementation of recommendations at KLTT of some branches

Basically, Techcombank's branches have completed the implementation of the recommendations of the SBV's provincial and city branches mentioned in the inspection conclusion.

Some remaining recommendations of the SBV branch have not been overcome such as:

- Recommendations related to UPAS LC operations: Implementing these recommendations, Techcombank has proactively reported directly and sought guidance from the State Bank on how to conduct Upas LC professional accounting. Up to now, SBV is developing and collecting comments on the Draft Upas LC professional accounting guidelines to guide, unify the implementation method across the system of credit institutions.
- Petition to request customers to renew insurance for collaterals: Currently, TCB is still contacting customers to renew insurance for collateral

Currently, branches are still closely monitoring and continue to follow the progress and have reported to the State Bank of Vietnam, provincial and city branches as required related to monitoring the implementation of recommendations at the inspection conclusion.

(V) OVERALL ASSESSMENT OF STRENGTHS, WEAKNESSES, DIFFICULTIES, CHALLENGES, TRENDS AFFECTING THE BANK'S OPERATIONS

Assessment of challenges and trends affecting the bank's operations

Entering 2023, Vietnam's economy faces many difficulties when the world economy slows down, greatly affecting the domestic industry due to a sharp decrease in export orders. GDP

growth in the first six months of 2023 increased by 3.72% only higher than 2020's 1.74% in the period 2011-2023, indicating that the Government's growth target of 6 to 6.5% will be difficult to reach, when the average growth of the remaining two quarters of the year must be about 9%. Techcombank's baseline scenario for GDP growth this year will be around 4.5 percent with the remaining two quarters of the year reaching growth rates of 4.5 to 6 percent. The main driving force comes from the recovery of the service sector, public investment disbursement has been accelerated and slightly improved in the industry, built in a low interest rate environment with great support from the State Bank of Vietnam and the whole banking and finance industry. Therefore, business results in the banking industry in 2023 are forecasted to be no better than 2022 when asset quality is reduced, provisions increase due to domestic economic difficulties, profit margins decrease to support the economy.

In 2024-2025, the world economy is expected to recover when world inflation will gradually stabilize, State Banks such as the US Fed and European ECB will lead to the release of tightening monetary policy. On average, world GDP growth is expected to reach 2.7% in 2024, higher than 2.5% today, according to forecasts by the International Monetary Fund, Bloomberg and the World Bank. Therefore, we expect Vietnam's GDP growth in 2024-2025 to be in the region of 6% to 7% when Vietnam's exports will grow strongly again, followed by industry, manufacturing and manufacturing. In addition, Vietnam's service industry is expected to maintain the recovery momentum when international visitors to Vietnam are strong, especially Chinese tourists. The government and the SBV are expected to continue supporting the economy by maintaining low overall interest rates and accelerating the disbursement of public investment, especially for infrastructure projects. The banking and finance business will also be better in 2023 as lower interest rates are reflected in deposit costs, with improved profit margins coupled with better asset quality as the economy recovers.

Assessment of strengths and weaknesses in Techcombank's operations:

Techcombank continues and sticks to its 5-year strategy to realize the vision of "Transforming the financial industry, enhancing the value of life"

The strength of the Bank's business model enables Techcombank to accumulate and accelerate investment in its digital transformation strategy across three key pillars – Talent, Digitalization and Data. These pillars have helped Techcombank lay the foundation for growth and strengthen the foundation for sustainable development for the future.

- New product and service packages and partner ecosystems make banking simple, easy and convenient, thereby enabling Techcombank to quickly attract customers.
- Techcombank is always working to improve the way data is used to understand customers' unique needs and provide them with personalized products and services, both online and in person. Techcombank has partnered with leading companies in the fintech and marketing technology ecosystems to build a martech system, aiming to be the first bank capable of implementing hyper-personalization at scale
- Techcombank continues to recruit and retain top talent, while nurturing a corporate culture that empowers employees to "Exceed Every Day" as Techcombank's brand motto.

1. Talent

Techcombank's talented team is Techcombank's greatest asset and foundation for success. Therefore, Techcombank strives to create a work culture that attracts and develops the best individuals and empowers them to reach their potential. Techcombank has focused on further improving the employee experience at every level – from recruitment, onboarding, training and development, to recognition and compensation.

Techcombank adopts a newly upgraded orientation process. With a culture of mutual support from day one, new employees can quickly understand and connect with the Bank's values. Techcombank strengthens partnerships with leading organizations to develop training programs that foster a culture of professional development.

2. Digitization

Techcombank continues to focus on banking digitalization. By investing in digital technologies, Techcombank has a solid stepping stone for growth, attracting and increasing customer engagement. To meet the growing demand for digital banking services, Techcombank has rapidly implemented digital product and service packages on a large scale. Techcombank's new platforms and technology infrastructure help improve the banking experience to meet the changing needs of customers, both online and in branches.

In addition, Techcombank continues to upgrade its internal information technology and cybersecurity systems, becoming the most efficient and secure bank in Vietnam.

3. Data

The ability to collect, store and analyze data efficiently from all departments within the Bank is vital in its survival and development, enabling informed, timely decisions and delivering personalized experiences to customers. Therefore, Techcombank has continued to expand its AWS-based cloud-integrated data warehouse, with the aim of building a strong "data brain" for the whole Bank.

- Techcombank is focused on leveraging the capabilities of its data warehouse to improve trend patterns to better understand customers and provide them with tailored products. This activity has helped improve conversion rates, accelerate customer acquisition, and reduce customer churn.
- Techcombank creates a real-time customer data platform (CDP) based on the new data layer, providing a comprehensive, accurate and unified customer data field to design and deliver the desired customer service and experience in the shortest possible time.
- Techcombank also strengthens its data governance framework through strong policies, standards and technology capabilities to ensure information security and maintain customer trust.

(VI) VIEWPOINTS AND GOALS OF RESTRUCTURING TO 2025

TCB's overall vision and goal to 2025 is to become the best bank and leading enterprise in Vietnam, continuing its outstanding position in the industry in the following specific financial targets:

- Basel II application: With the first strategy of investing in technology and credit analysis, Techcombank has invested in building an internal credit rating system and applied these internal models in banking governance: credit appraisal, risk limit development and management, performance evaluation ... This is the premise and foundation to ensure that Techcombank is always ready to apply advanced Basel II methods in calculating capital for credit risks according to the roadmap and orientation of the State Bank of Vietnam (SBV).

As one of the first 10 banks selected by the SBV to participate in the pilot implementation of Basel II application under the Advanced Method (FIRB), Techcombank is currently implementing internal projects with the help of Big4 consultants with the goal of meeting meet the requirements of Basel II to improve the method, complete the pilot application of FIRB, have assessment results from the independent unit, be ready for the registration of FIRB application according to the implementation schedule of the SBV.

- Currently, TCB's capital adequacy ratio is much higher than SBV's minimum requirement at 15.1% and TCB still aims to maintain CAR at a safe level. This is also TCB's target in the period of 2021 - 2025 and may be adjusted year by year, ensure that the capital adequacy ratio is always at a safe level, comply with the requirements of the SBV, follow the direction of management agencies and create advantages in Techcombank's business activities.
- Charter capital: TCB's individual charter capital as of June 30, 2023 is VND 35,172 trillion, much higher than the target that large-scale commercial banks need to achieve by 2025 of VND 15 trillion. TCB will continue to strive to maintain or increase its charter capital after consulting at the annual General Meeting of Shareholders until 2025.
- Develop a digital banking model, increase utilities, customer experience and realize financial inclusion and sustainable development goals on the basis of promoting the application of new and advanced technologies in executive management and supply of products and services towards process automation, optimize business operations.
- According to the 5-year strategy for the period 2021 - 2025, TCB has set very ambitious targets in terms of ROE, capitalization value, CASA ratio as well as the proportion of fee income (NFI/TOI). These are very challenging targets, especially domestic and foreign economic and social fluctuations in the past period have had many impacts on TCB's roadmap to achieve these goals. In order to achieve these goals, TCB continues to modernize its systems in the Bank, to improve operational efficiency and customer digital experience with the following focuses: (i) execution excellence and transformation, (ii) compliance and risk management, (iii) enhancing customer value and (iv) building technology talent. TCB continues to invest in leading technologies to accelerate its "Cloud First" strategy and comprehensive digitalization strategy with Techcombank Mobile App (for individual customers) and Techcombank Business App (for enterprises).
- Strongly apply achievements of the Industrial Revolution 4.0 to upgrade and develop payment infrastructure, non-cash payment services (EIA), meeting the payment needs conveniently and effectively of organizations and individuals; ensure security, safety and confidentiality in commercial center activities and protect the legitimate rights and interests of payment service users.
- To make day-to-day transactions simpler, more intuitive and easier, while reducing time-to-yes (TTY), Techcombank continues to invest in the best possible technologies to accelerate its cloud-first and digital-first strategy. Specifically, the Bank has stepped up investments in the most advanced digital platforms, cloud transformation and compliance.

As a result, the Bank can deliver a personalized experience, expand branches and grow partnerships, while maintaining stable and efficient operations.

- Non-Credit Service Activities: On Environmental, Social and Governance (ESG), in 2022, TCB completed an assessment of the materiality of ESG topics. Accordingly, with the pillar of environment, TCB focuses on greenhouse gas emissions, environmental impact financing, climate change, electricity and water consumption and waste production. On that basis, TCB strives to increase the proportion of income from non-credit services in TCB's total income and increase bank credit capital to invest in low-carbon production and consumption industries.
- TCB maintains the internal NPL ratio at 1% at all times in 2023 while striving to continue ensuring bad debts at a healthy level (below 1%, depending on the speed of economic recovery) until 2025.

(VII) RESTRUCTURING SOLUTIONS AND IMPLEMENTATION ROADMAP

Common Solutions Group

1. Regarding improving efficiency and quality of TCB's operation

1.1 Improving operational efficiency, business administration and transparency in the operation of credit institutions

(i) Improve financial strength and credit quality

Techcombank ensures business performance and transparency in the operation of credit institutions by establishing an internal control system in compliance with Circular 13/2018/TT-NHNN and amendments to monitor, prevent, detect and report to credit institutions. the Administrator of the State. Accordingly, the model of committees and councils including risk councils, risk management committees, personnel committees, capital management councils, asset/liabilities management councils was established and constantly improved the organization, operation, ensuring members' strength and uniqueness establish competence, responsibilities and obligations in order to promote the roles and responsibilities of committees and councils, meet and manage business administration to achieve the highest efficiency. Internal control activities at Techcombank are established according to the 3-line of defense model mentioned in Section and the organizational structure is periodically reviewed and updated to meet the requirements of Circular 13 and in accordance with the Bank's operations from time to time.

(ii) Improve operational efficiency, business administration, transparency in the operation of credit institutions

Techcombank ensures that the responsibilities before law of members of the Board of Directors, the Board of Directors and the Supervisory Board, especially for credit granting activities, Techcombank has done the following:

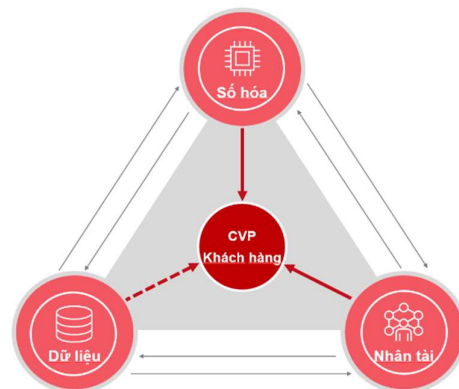
In order to control conflicts of interest in credit granting activities, Techcombank has stipulated that individuals/departments have independent credit appraisal functions with individuals/departments that have:

- Customer relations (belonging to the Business Division at the first line of protection, which is a function independent of the credit appraisal function);
- Approving credit grant decisions;
- Control credit risk limits, manage problematic credit grants, set up risk provisions and use reserves to handle credit risks (under the QTRR at the second line of protection. In particular, the control function as above is independent of the function of appraisal and approval of credit grant).

1. 2 Modernize banks, improve competitiveness

In 2020, Techcombank, in consultation with McKinsey, developed a 5-year strategy 2021-25 and we completed the first 2-year leg of this journey

The Bank's growth continues to be underpinned by its customer-centric strategy, further enhancing customer insights and providing them with personalised solutions that meet specific needs at each stage of the financial lifecycle. In order to implement a customer-centric strategy, further enhance customer understanding and provide them with personalized solutions that meet specific needs at each stage of the financial lifecycle, Techcombank's 3 investment focus platforms are Talent, Data and Digitization.



In its 2020-2025 strategy, Techcombank continues to emphasize the importance of digitalization, science, technology and innovation in creating a foundation for sustainable development for the Bank. The application of advanced and modern technology along with promoting digital transformation in the Bank is carried out in 3 major stages:

- *Phase 1: Preparatory phase (2021-2022)*
 - Prepare to scale by building foundations through data, technology, processes, and people.
- *Phase 2: Acceleration phase (2022-2023)*
 - Invest in enhanced customer engagement such as loyalty programs, digital marketing, better products and services
- *Phase 3: Peak Stage (2023 onwards)*
 - Commercially exploiting solutions – attracting business volumes at scale

Techcombank has achieved many achievements in its digital transformation journey

***a) Building a digital platform - Excellent execution and transformation Leading technology
Building and developing a talent pool creates the foundation for science, technology and
innovation development strategies***

By the first half of the year, the Bank has successfully completed important digital platforms:

- Mobile application for individual customers – Techcom Mobile
- Mobile application for business customers - TCB Business mobile
- Hyper-personalized banking experience, partnered with Adobe
- Customer Relationship Management (CRM)
- Anti-Money Laundering System
- Data platforms

b) Accelerate data and analytics

Techcombank goes to great lengths to ensure that Techcombank truly understands, even thinks, like its customers – we want to know exactly which products are popular and why, which features are useful to customers or vice versa, what financial issues concern them, etc. What services can benefit them, and so on. When we can accurately predict and personalize online services for each customer, as well as ensure that our relationship managers provide timely insights, we become every customer's first choice.

- **Proactive and predictive:** Based on the data lake deployed since 2021, Techcombank began to build a "data brain" through the development and application of customer-centric analytics. Our goal is to understand, as quickly as possible, the entire customer experience journey – from greeting a customer, when they choose or reject a product or service, to the end
- **Track and manage business performance more transparently and effectively:** In the context of volatile business, we have applied data to monitor business performance more transparently, promptly and effectively. We are able to dig into multiple layers of customer data, thanks to intuitive interactive reports that track the daily activities, deposits, and cash flow in and out of each customer segment and sub-segment.
- **Consolidate and scale data governance framework, focusing on technology capabilities:** Techcombank promotes data governance, documentation, standardization of processes, establishment of strict policies and standards, and ensures compliance with comprehensive security and privacy policies

c) Building and developing a talent pool to create a foundation for science, technology and innovation development strategies

Techcombank is the first Vietnamese bank to conduct roadshows to find talent overseas. The bank traveled to Singapore, London, San Francisco, Melbourne to meet and recruit Vietnamese talent who have valuable international work experience in these global financial centers or Silicon Valley.

The bank is constantly striving to improve the employee experience journey, providing them with all the tools they need, giving them the right recognition so that employees feel satisfied with their work and life. Techcombank becomes the first Vietnamese bank to achieve the "Great Place to Work" certification.

Techcombank also strengthens partnerships with leading organizations to develop training programs that foster a culture of professional development while enhancing employees' overall competencies in technology, digitalization and innovation. Techcombank employees participated in approximately 900,000 hours of training during the year – equivalent to approximately 70 hours per employee – through virtual classes, online classes and on-site sessions. The training includes enhancing employees' digital and data transformation capabilities, under a strategic partnership agreement with Amazon Web Services (AWS). The bank has also developed personalized

learning pathways and leadership training programs for more than 1,000 positions. More than a thousand middle and senior leaders participated in these programs.

1.3 Develop a digital banking model, effectively implement the digital transformation plan of the banking industry; development of cashless payments

To make day-to-day transactions simpler, more intuitive and easier, while reducing time-to-yes (TTY), Techcombank continues to invest in the best possible technologies to accelerate its cloud-first and digital-first strategy. Specifically, the Bank has stepped up investments in the most advanced digital platforms, cloud transformation and compliance. As a result, the Bank can deliver a personalized experience, expand branches and grow partnerships, while maintaining stable and efficient operations.

Working with AWS to develop cloud services enables Techcombank to operate a lean, rapidly scalable infrastructure to efficiently serve customers and quickly get to market with innovative products and services. This promotes a secure, reliable online banking experience and helps the Bank transform its Information Technology (IT) operations with new techniques and tools. Cloud-powered programs at Techcombank include Oracle for Anti-Money Laundering, Backbase for digital transaction banking platform, Salesforce for customer relationship management (CRM), Moody's CreditLens for corporate credit rating tool, Finastra's Kondor for asset and liquidity management (AML), and SAP HR for human resource management. In 2022, Techcombank will upgrade key systems such as core banking IT systems with enhanced hardware and operational systems, ensuring that the number of transactions will be processed by at least 2025.

These improvements will (1) support the transition of more customers to digital banking channels and increased adoption of new digital applications, (2) better support Omnichannel Retail (ROC) strategies and increase online transactions during holiday seasons, and (3) serve the growing demand for the ecosystem and Techcombank's directly integrated payment.

Other improvements were made for: Card management system (CMS), Business Process Management (BPM), Software-defined networking (SDN), Software-defined wide area network (SDWAN), Enterprise Service Bus (ESB), Office365, Change Advisory Board (CAB), etc.

1.4. Continue to apply and implement Basel II, Basel III

Regarding the implementation of Basel II and Basel III in TCB in the period of 2023-2025, as mentioned above, Techcombank is always ready to accompany the SBV in strengthening risk management standards including pioneering in the implementation of Basel II FIRB and Basel III capital standards. This will enable the bank to manage risk more effectively, enhance customer, investor and market confidence in Techcombank, optimize risk-adjusted returns, ensure compliance with regulatory regulations, and meet advanced regional standards, pursue long-term sustainable growth goals as well as contribute to maintaining the stability of Vietnam's macroeconomy and banking and finance.

1.5 About network development

Techcombank's strategy is always customer-centric, focusing on developing and arranging and multi-channel presence in provinces and cities across the country for people to access banking services as well as the trend of the 4.0 era.

With the impact of the Covid epidemic, the trend of banking digitization is increasingly promoting to people, so Techcombank continues to be one of the leading banks investing heavily in digitalization and point-of-service network to take care of and exploit customers nationwide in general and cover remote areas, remote areas in particular by automatic channels such as Techcombank Mobile application platform, CDM deposit & withdrawal transaction machines and ATM cash machines, in addition, the pilot combines payment services with a network of more than 3000 Winmart+ stores covering 64 provinces nationwide of Wincommerce, Techcombank expects to bring convenient financial services anytime, anywhere to customers from the beginning of the country to remote mountainous areas, rural areas can reach most effectively.

As a result, in 2022, due to the impact of the Covid epidemic nationwide, the overall development picture of the economy is significantly reduced, Techcombank is more cautious in its plan to develop branches in remote areas, but instead approaches to digital coverage and automated machine networks to increase efficiency. New branches/transaction offices open with large investment costs, so TCB needs to optimize potential markets. In rural, remote and remote areas, the market potential is low, the population concentration is not high, so it is difficult to meet the criteria of investment efficiency. However, in 2022, Techcombank's business zones have opened new ones in rural, remote and mountainous provinces with high development potential such as: Establishing new branches in Quang Binh; New branch in Van Giang District – Hung Yen, New branch in Gia Lam District – Hanoi. In 2023, continue to survey and research the market and plan to build a new project to open CN/PGD in mountainous and remote provinces/districts

such as Tuyen Quang, Bao Loc, Sapa... and border gate & coastal provinces/districts such as Mong Cai, Van Don - Quang Ninh, Phan Thiet, Quang Tri... will be a bright spot in the period of 2024 - 2025 for Techcombank to have facilities to expand CN/PGD in these remote areas.

1.6 Improve the efficiency of credit capital allocation, promote green credit, green banks, invest in renewable energy, clean energy...

Techcombank recorded strong demand growth from all customer segments and made appropriate disbursements in line with its credit limits. Techcombank continues to shift its credit portfolio from a large business to an individual person and an SME, in accordance with the criteria to a strategy such as a focus on improve the risk and efficiency of using the bank's capital. Because of the translation of credit activities to the sales segment, it has helped diversify the economy, thereby reducing the overlap in the loan portfolio.

1.7 Solutions for developing non-credit service activities

In the coming period, Techcombank will continue to expand card acceptance services, accept payments and apply strict risk management principles. At the same time, focusing on the group of customers who are enterprises providing goods and services with a large network of business systems, chain stores nationwide. Concrete:

- ❖ *Implement appropriate policies on **non-cash payment service fees, facilitating users to access non-cash payment services at reasonable costs***
- In 2023, Techcombank will continue its zero VND fee policy for money transfer services performed on e-banking such as: internal and external transfer fees, payroll service fees via accounts
- Promote online bill payment services such as payment of electricity, water, insurance ... via E-Banking channel, supporting businesses to pay bills easily, conveniently and completely free of charge
- Implement preferential exchange rate programs, international money transfer fees for both individual and corporate customers
- Especially for Debit Card products for institutional customers, Techcombank offers free card issuance fee and first year annual fee for corporate customers using Business One Solution Package. At the same time, designing cashback incentive programs to motivate corporate customers to make more card payments, bringing many cost management benefits to businesses

- ❖ *Research and apply technology, business models, advanced digital solutions, innovations associated with Industry 4.0 to develop a variety of payment products and services on digital platforms, ensuring safety and security, bringing convenience to users*
- The general trend of banks is the shift of distribution channels of traditional banking products and services from branches, transaction counters, physical ATMs to digital channels, helping to interact customers more and more effectively. And Techcombank is not out of this trend when it has actively diversified and improved the quality of payment products and services based on modern information technology, meeting more and more diverse needs of customers.
- For Card products and services: Techcombank has implemented many new products and functions in line with the industrial revolution 4.0 such as: QR Code payment, contactless card payment - new technology to optimize utilities, increase security and shorten transaction time for cardholders....

2. Solutions to handle bad debts

In the context of economic recession, the heavy impact of the Covid 19 pandemic is expected to last until 2025, Techcombank assessed that besides business activities, improving credit quality and strengthening bad debt settlement is an essential requirement and needs to be focused resources to implement effectively. In particular, the strict control of credit quality is a prerequisite contributing to limiting the arising of group 2 debts, bad debts regardless of the time and impacts on macroeconomic conditions.

Firstly, Techcombank aims to implement debt recovery management effectively and scientifically, ensuring compliance with the law through the following solutions:

- Problematic debt settlement focuses on understanding the root cause. Techcombank invests in and establishes a dedicated debt settlement team to aim to control the debt quality of the entire portfolio, plan and take timely actions to respond to rapid market fluctuations. Problematic debt management personnel are invested on the basis of the business plan and the problematic debt portfolio status. The system of policies and procedures for debt settlement is built synchronously, uniformly, strictly managed and complies with the provisions of law. Information systems are invested in automation, transparency and information to be able to make the best decisions.
- To closely manage solutions, debt portfolios are analyzed and grouped as (i) individual customer groups, corporate customer groups,.. (ii) divided into types of credit such as without collateral, with collateral,... and depending on the ability to repay debts, goodwill to repay debts of customers to apply debt recovery solutions:

- Urge to repay debts: for early debts, Techcombank coordinates with customers to have appropriate solutions, accompanying customers to remove temporary difficulties so that customers can ensure the earliest completion of credit obligations to Techcombank
- The structure of the debt term, exemption and reduction of interest, penalty and reserve the cause of the debt in accordance with the provisions of the law applied: Techcombank is ready to accept the migration of customers who encounter difficulties, review and penalty Customers affected by Covid 19, assessing the ability of customers to repay their debts Contract with each customer/loan account.
- Implement restructuring, financial solutions for difficult customers in the moment, with the spirit of cooperation. Techcombank supports businesses to recover, optimize cash flow and increase debt repayment capacity for banks.
- Lawsuits: applicable to debts, customers who are unable to repay debts or do not cooperate in repaying debts, Techcombank takes steps in accordance with the law and complies with internal regulations.
- Sale and disposal of collaterals: for debt settlement assets, Techcombank shall manage and handle them in accordance with current regulations. Asset disposal is carried out early to minimize credit losses.
- Application of measures and policies specified in Resolution 42/2017/QH14 (or documents amended, supplemented/replaced).
- To set aside and use risk provisions to settle bad debts in accordance with the provisions of law

Secondly, Techcombank continues to implement long-term measures to improve credit quality, prioritizing internal measures to manage and control loans such as:

- Improve customer appraisal, improve the quality of new credit grants.
- Strengthen post-loan supervision, early warning activities, ensure the grasp of fluctuations affecting customers' business activities and debt repayment sources, step up the assessment of the financial situation, business status and debt repayment capacity of major customers. Regularly interact to record difficulties and problems of customers to have appropriate support measures in accordance with the law.
- Regularly review due debts, debts at risk of overdue, transfer higher group debts to urge customers, soon take timely handling measures.
- Improve the capacity, ethics and expertise of staff. Organize training sessions related to regulations, credit granting processes and debt management to improve risk management capacity and risk avoidance awareness in credit activities for employees.
- Strengthen internal communication to improve the understanding and consistency of

relevant individuals and departments on solutions to handle bad debts in Resolution 42/2017/QH14 (or documents amended, supplemented/replaced).

Techcombank assesses that with the above solutions, the Bank has been and will continue to control bad debts incurred, increase the efficiency of debt collection to ensure safe and effective operation.

Techcombank Restructuring Solutions

1. Some solutions to restructure TCB

1.1 Overcoming the recommendations in KLTT No. 95/KL-Department I.2.m and Appendix 02.6 KLTT No. 4112/KL-TTGSNH2

Techcombank has fixed all recommendations in the MPS as reported in Section IV.1 and is awaiting the SBV's response. Therefore, Techcombank has temporarily not included restructuring goals and solutions. Techcombank will make a report in a separate letter upon receipt of a request from the State Bank of Vietnam regarding this content.

1.2 Overcoming the petitions in KLTT No. 1930/KL-Department I.2.m

KLTT No. 1930/KL-Department I.2.m issued for Techcombank AMC. Techcombank AMC is and will work closely with partners to quickly complete the transfer procedures. Immediately after the completion of this transfer, Techcombank AMC will amend and supplement the Charter of organization and operation of Techcombank AMC according to the recommendation of the Inspection Team at KLTT No. 1930/Department I.2.m.

1.3 Addressing the independent auditor's recommendation outlined in the 2021 management letter

Techcombank has remedied all recommendations of the independent auditor as reported in Section IV.3.

1.4 About granting credit in the field of real estate

Continuing to implement effective solutions in the previous period, in the period of 2020 – 2025, Techcombank continues to strictly comply with the instructions and orientations of the State Bank of Vietnam, while combining with the Bank's experience and understanding of the market and customers, Techcombank has developed and promulgated regulations on credit restriction for potentially risky sectors, ensuring prudence in credit granting activities for potentially high-risk sectors such as real estate business, stocks, stocks...

To manage the risks of these loans, Techcombank has developed specific loan programs/products, which stipulate eligibility for customers, loans and corresponding risk management contents, applying advanced risk measurement tools to minimize credit risks that may arise. Credit granting decisions are made to ensure compliance with Techcombank's internal risk management regulations.

In addition, credit grants for potentially risky domains need to be calculated risk indexes, granted credit in accordance with regulations, internal processes and guidelines, have collateral when granting credit and be strengthened supervision and monitoring, early warning.

1.5 About corporate bond investment

Continuing the effective solutions implemented from the previous period, Techcombank always complies with legal regulations in corporate bond investment activities by issuing internal documents and complying with internal regulations, processes as well as legal regulations and taking measures to more strictly manage these activities.

For the entire corporate bond investment process in general, Techcombank considers corporate bond investment as one of the important credit granting activities, governed by policies, regulations, processes, guidelines on credit risk management and other material risk management regulations and procedures to ensure the management of arising risks; Overall assessment in a timely manner, with solutions/behavior as soon as warning signs arise in order to limit the impact on credit quality.

1.6 About the concentration of credit granting to customers

As described in Sections III.4.3.1, IV.6: In credit granting activities, Techcombank continues to be prudent in appraisal, review and management before-during, and after loans to ensure compliance with regulations related to credit granting, non-performing loan ratio control as well as credit safety indicators in accordance with Techcombank's laws and internal regulations in force from period to period.

2.7. Insurance agency activities

With insurance agency activities, Techcombank continues to closely review and inspect insurance agency activities:

- Techcombank always complies with legal regulations in insurance agency operations by issuing internal documents and complying with internal regulations, procedures and regulations.
- Develop measures to strictly manage insurance agency activities to ensure the full fulfillment of commitments in insurance distribution contracts signed with insurance partners, including introduction, solicitation, sale and provision of sufficient information to customers to buy insurance in accordance with the scope authorized in the contract.

- To further improve the quality of insurance agent training, comply with the principle of introducing and offering products based on customer needs, the participation of customers in insurance is not a mandatory condition for performing financial services of the bank.
- Carry out communication and fully disseminate to the sales force the regulations and requirements of the SBV for insurance agency activities

2.8 About the operation of branches in the TCB system

Regarding the difference between capital mobilization and lending, effective use of locally mobilized capital at some branches:

Techcombank continues to implement solutions to adjust policies and products to suit the market but still ensure compliance with risk management for the system to help units increase efficiency in business operations, Branches also promote credit growth business focusing on risk assurance areas, Good liquidity, helping to ensure a balance between mobilizing and lending in compliance with regulations of the State Bank.

Regarding the average ratio of real estate credit balance/outstanding balance in the area at some branches:

In addition to lending, Techcombank closely supervises credit grants for real estate business. Techcombank restricts investment in real estate business and is very cautious in appraising, approving and managing loans in the field of real estate investment and business. To manage the risks of these loans, Techcombank has been developing loan programs/products, which stipulate conditions for customers, loans and specific risk management contents, applying advanced risk measurement tools to minimize credit risks that may arise. Credit granting decisions are made to ensure compliance with Techcombank's internal risk management regulations and regulations. As at 31/03/2021, the ratio of bad loans in the real estate sector to total outstanding loans was 0.2%.

Techcombank always complies with the provisions of the law on credit granting and secured transactions, strictly appraises credit conditions and dossiers, focuses on assessing customers' financial capacity, ability to recover loans, strengthens inspection and supervision of loan use, etc limit the incurrence of bad debts.

The credit control before, during and after the loan, especially the supervision of capital use purposes, is carried out regularly by Techcombank and is detailed in the Bank's Debt Management Guidance Process. Not stopping there, customer management units are required to regularly monitor and periodically evaluate the financial situation, collaterals, as well as the implementation of customer commitments. During the review, customers with adverse

information that may affect the source of repayment will be reported to the competent authorities for timely and appropriate behavior.

Post-loan appraisal, approval and supervision are always strengthened by Techcombank, focusing on understanding customers and strictly supervising and controlling loans to minimize risks that may arise for the bank. For bad debts and overdue debts, Techcombank always closely monitors and supervises customers, actively applies measures to urge customers to repay debts in accordance with commitments, agreements with banks or apply measures to handle collateral and legal measures as prescribed by law in accordance with each case to support customers, optimizing debt collection.

Regarding group 2 debt ratio and bad debt ratio at some branches

Continuing the effective solutions implemented from the previous period, Techcombank always strictly complies with the instructions of the State Bank of Vietnam to reduce the bad debt ratio at the bank, ensure risks when granting credit and collecting debts, specifically the following actions:

- Establishing a debt settlement task force towards the objectives of controlling debt quality of the whole portfolio, planning and proposing a series of timely actions to respond to rapid market fluctuations, requires solutions/programs/debt management and settlement campaigns to be decided/approved quickly and promptly implemented to the operation team to ensure the goal of controlling and reducing the bad debt ratio.
- Take initiative in reviewing and re-evaluating debts that are currently being restructured debt repayment term and keep the debt group intact to classify debts in accordance with the provisions of law; safe, effective credit growth, suitable to the scale, capital structure and risk management capacity.
- Strengthen inspection and supervision of the use of loans and debt repayment of customers; promote the assessment of the financial situation, current status of business activities and debt repayment capacity of major customers.
- Restructure debt repayment term, exempt and reduce interest and fees, maintain debt groups to support customers facing difficulties in accordance with law. In particular: Focus on classifying customers facing difficulties and assessing customers' ability to fully repay debts to ensure that the support is in accordance with regulations of the State Bank as Circular 02/NHNN issued on April 23, 2023.
- Implement review programs to help borrowers self-consolidate, rectify operations, improve financial capacity, governance, enhance technology application and competitiveness; proactively and actively coordinate with Techcombank to develop and

implement debt restructuring plans, remove production and business difficulties; actively develop commodity consumption markets, boost exports; actively participate in business support programs and solutions implemented by the Government, ministries, branches and localities.

- Actively and proactively deploy synchronous and drastic solutions to handle bad debts such as urging debt collection; sale and settlement of debts and collaterals; initiate lawsuits against borrowers; use of risk provision; take appropriate support measures for customers to overcome difficulties and develop production and business; continue to provide capital, credit and debt restructuring in accordance with the provisions of law.
- Improve the efficiency of internal control and audit, ensure compliance in credit granting activities.
- Enhance the application of information technology in credit risk management.
- Strengthen internal communication to improve understanding and consistency of relevant individuals and departments in the bank on solutions to handle bad debts in Resolution 42/2017/QH14 (or documents amended, supplemented/replaced).

Above is the content of Techcombank's report, our Bank looks forward to continuing to receive your support and direction.

Thank you again!