

REPORT
BUSINESS PERFORMANCE IN 2021, BUSINESS PLAN FOR 2022
PART I
REPORT ON THE BANK'S BUSINESS PERFORMANCE IN 2021
AND BUSINESS PLANS FOR 2022

Below is the Bank's executive team report for the AGM on the '*Bank's business performance in 2021 and business plan for 2022*':

I. BUSINESS PERFORMANCE IN 2021

A. Key performance indicators (FY2021, EOP) - Another year of strong results:

- (i) Total assets increased to VND 568,729 billion (up 29.4% year-on-year) and total deposits (including Certificates of Deposit for individual customers) rose to VND 331,983 billion (up 14.6% year-on-year).
- (ii) Consolidated PBT grew 47.1% year-on-year at VND 23,238 billion, supported by a net interest margin improvement as well as strong growth in net fee income.
- (iii) Total credit exposure⁽¹⁾ stood at VND 388,308 billion, up 22.1% year-on-year and within the credit growth limit granted by the State Bank of Vietnam (SBV).
- (iv) The capital adequacy ratio (CAR) under Circular 41 was maintained at a healthy level of c.15.0% at year-end, significantly above the 8.0% regulatory requirement.
- (v) The non-performing loans (NPL) ratio moderately increased to 0.7%, largely due to COVID wave 4 impacts.

Unit: billion VND

Items	2020	2021		% Versus	
		Plan	Actual	2020	Plan
Credit balance ⁽¹⁾	318,035	356,199	388,308	22.1%	9.0%
Total deposits from customers ⁽²⁾	289,784	334,291	331,983	14.6%	-0.7%
Total assets	439,603		568,729	29.4%	
Profit before tax	15,800	19,800	23,238	47.1%	17.4%
Non-performing loans	0.5%	<2.0%	0.7%	0.2%	

⁽¹⁾ The Bank's credit balance and growth are calculated according to SBV regulations

⁽²⁾ Including certificates of deposit to individual customers

B. Overall business performance in 2021

2021 has been another unprecedented year with COVID influencing every aspect of society and the economy. The Bank's main objective has remained to stand by our customers and employees. As part of the COVID customer relief program, Techcombank has been rescheduling nearly VND 11.8 trillion in loans in 2020-21. Their outstanding balance was managed down to VND 1.9 trillion by year-end with the recovery (equivalent to 0.5% of total outstanding loans), and the Bank granted VND 540 billion worth of interest reductions. To help those hardest hits, the Bank also contributed about VND 400 billion for community support, including donations for the COVID-19 Vaccine Fund and field hospital construction, provision of medical equipment and other support to patients and their families. With our prior investments in technology and infrastructure, Techcombank was able to maintain all banking services, even during periods of extended lockdown, while providing safe working environments for employees.

1. Sources of funds

In line with evolving customer needs, Techcombank has diversified its investment products and promoted digital platforms to maintain necessary financial transactions for customers during extended lockdown periods and cost of fund advantages. A strong increase in transaction volumes and value from both retail and corporate customers was the key contributor of the breakthrough growth in CASA, with +30.8% year-on-year (YoY) growth in the retail segment and +24.7% growth in the small-medium enterprise (SME) segment. This helped push the CASA ratio up to 50.5%, setting a new record for Techcombank and for Vietnam's banking sector. Besides focusing on CASA, in 2021 Techcombank completed the largest ever offshore syndicated loan in Vietnam to date – USD 800 million at a competitive cost compared to local financial markets, thanks to the Bank's strong credit rating and overwhelming international lenders' confidence.

2. Use of funds

2021 was a challenging year for both individual and corporate customers as all economic activity slowed, particularly in Q2 and Q3. The epidemic and lockdowns imposed significant impacts on customers' credit demands and the Bank's related operations. Techcombank responded by quickly adjusting our credit policy towards retail lending. Demand in this segment recovered rapidly, especially post lockdown in Q4 2021. This allowed Techcombank to maintain steady credit expansion to deliver a 22.1% annual growth of as granted by the SBV. The credit structure showed diversification progress, with the contribution from corporate customers decreasing to 44.9% (from 49.7% in FY20) and that of retail customers increasing to 39.4%, from 34.3%, in line with the strategic focus on retail and SME segments.

3. Non-lending activities

The pandemic's complications, particularly extended lockdowns in the largest cities, disrupted customer branch transactions and slowed the growth of banking service income in Q2 and Q3. However, our prior and ongoing investments in digitalising operations meant that Techcombank managed to not only maintain service quality but also to accommodate volume increases and launch new offerings. This led to an impressive 42.4% YoY increase in fee income⁽¹⁾, having grown 47.6% and 31.5% in FY19 and FY20 already. 2021 saw all core fee-based products achieved strong double-digit growth in line with the Bank's efforts to diversify fee income sources – boosting banca, cards, transaction banking etc. A thorough review of the bancassurance business in 2021 introduced new products, digitalised key processes and customer interactions, improved the quality of the customer experience and strengthened strategic cooperation with Manulife. As a result, bancassurance revenue grew 88.4% YoY and its contribution to total service income went from 15.2% to 20.1%.

⁽¹⁾ *Includes FX sales and bond distribution*

4. Human resources management

Talent, Digital and Data form the three integrated core pillars of Techcombank's competitive strategy. Our deep-rooted belief is that the success of our employees is the bedrock for our success. In 2021, the Bank focused on talent strategies enabling employee success, starting with a refreshed Employee Value Proposition (EVP) to increase attraction, retention and engagement of the best possible staff.

The refreshed EVP helped us secure high-quality regional and international talent, while retaining and developing existing employees with various learning initiatives. The Bank successfully recruited 4,375 employees, including 32 expatriates from around the world, 201 senior leaders and three executive members. More than 17% of these staff work in technology as the Bank focuses on building Data and Digital enablers for 2021–25. At the end of last year the Techcombank group employed 12,500+ people for an average tenure of 4.6 years.

In 2021, the Bank provided 2,871 training programs via virtual classroom, e-learning, and in-class sessions. Aligned with the transformation strategy, the key focus of development was on Data and Digital training, in close cooperation with the Bank's strategic partner AWS. After the launch of the Learning Management System (LMS) in October 2021 and integrating other learning platforms (PluralSight, LinkedIn Learning, Percipio, AWS), there were more than 220,000 logins for self-development learning. The learning system integrates with our new Human Resource and Talent Acquisition systems, so that from prior to joining TCB to becoming a TCB employee, everyone has a well-defined career development plan to match their career aspirations.

Throughout the pandemic, Techcombank stayed committed to providing employees with job security, stable income, health care (e.g. vaccinations) and financial support, just as the Bank has done from the outset.

Techcombank was honored with the prestigious international Stevie's Awards for Great Employers in the category of 'Employers of the Year – Banking' in 2021. Strong results from the Employee Engagement Survey (EES) placed Techcombank in the top 12% of companies, with the highest score on Engagement and Enablement in Southeast Asia – 91% of respondents said they would 'recommend Techcombank as the best place to work'.

5. Technology and digitalisation

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

The Bank adopted a 'Cloud First' strategy for technology infrastructure. The vast majority of our old applications will migrate to the cloud, while all new ones will be established there. To that end, Techcombank entered into a strategic partnership with Amazon Web Services (AWS), the global leader in cloud services, to complete this move over the next two to three years. In addition, the Bank enabled DevSecOps in order to automate manual and repetitive work, avoid human errors, provide better analytics and improve productivity with the ultimate goal to shorten time-to-market for new services and offerings. At the same time, the Bank upgraded its IT security capability to strengthen cyber security surveillance and mitigation, while fully complying with PCI – DSS standards laid down by cards and payments industry bodies.

To reduce time-to-market and increase our efficiency, Techcombank deployed a **world-class Application Programming Interface (API) management system** which positions the Bank for the future of open API standards. We also implemented a **real-time key monitoring system** with early warnings, so we can pro-actively respond to potential incidents, resulting in a better customer experience.

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

- **Mobile app for retail customers:** Techcombank believes that mobile will become focal to most individual financial transactions, hence our new mobile platform is aimed at making these simple, intuitive and personalised. Launched in November 2021, this platform enables fast and intuitive payments, and significantly reduces customer pain

points in everyday banking. Included in the app are nudges and personalised financial well-being tips, which help optimise investments and pro-actively offer services, and will be fully rolled out in 2022.

- **Mobile app for corporate customers:** As part of digitalising and simplifying most services and making them available anytime/anywhere through multiple channels for a better customer experience, the Bank successfully piloted a new web/mobile banking app for corporate customers, with the full roll out starting in Q2 2022.
- **Next generation loan origination platforms:** Techcombank launched ‘Smart credit’, a cloud-based lending platform with a multitude of internal and external APIs, in 2021. This new technology initiative is a major step in upgrading the Bank’s digital, data and decisioning platforms and frameworks. Considerable progress on the business credit platform (BCDE) was made in launching the business banking credit origination modules (entity management and rating module launched in 2020). Almost all our existing and newly onboarded clients were made through this new platform in 2021. *For more details refer to Risk management section.*
- **Anti-Money Laundering (AML) platform:** A leading cloud-based system will ensure strict regulatory compliance. This system covers all areas of customer verification and transaction monitoring. The Bank will gradually release modules until Q2 2022, at which point our platform will align with highest global standards.

6. Data capabilities

Data is essential to informed decision making and personalised customer solutions. To this effect, in 2021 we focused on:

- (1) building a **hybrid data lake on the cloud with Amazon Web Services (AWS)**
- (2) using **data and analytics capabilities to improve propensity models** predicting customer behavior and lead generation conversion rates
- (3) revamping **data governance** to implement new policies and standards; identifying target-state architecture and technologies.

The newly founded Data and Analytics office (DnA) was charged with delivering these priorities in 2021. A key achievement has been building the foundation of a next-generation data lake, now integrating over 60% of critical business systems and so far has been instrumental in:

- several credit card value creating initiatives and mortgage risk decisioning
- reducing approval times from weeks to hours
- improving customers’ digital experience.

Even though it's still early days, the Bank can attribute over VND 400 billion in incremental revenue to data-driven initiatives.

7. Risk management

Techcombank's asset quality improved in 2021 despite COVID's spread across Vietnam. Prudent lending policy as per approved risk appetite was maintained with a CAR at c.15.0%, NPL at 0.7% and reducing credit cost to 0.7% (from 0.9% in FY20). The Bank also successfully managed down nearly 80% of 2020 COVID restructured portfolios. Techcombank will continue to pursue a profitable, yet safe, growth strategy across targeted economic sectors and customer segments, in line with its proven business models.

The **Lending transformation**, which designs scalable credit processes and risk models, together with reengineering the service management processes to align costs with risks, has progressed well during 2021 and will continue in 2022, helping to scale up lending across targeted portfolios and customer segments. Key highlights are:

- The launch of a market leading **omni channel retail lending platform (Smart credit)** that offers pre-approved, instant and higher credit quality decisions for credit cards and mortgages. This initiative provides capability to manage the consumer credit life cycle with innovative ideas to launch new products and services and manage credit quality within the approved risk-reward limits. Decision making is enabled by a cloud-based Loan Origination System (LOS). Depending on the different types of customers and products being offered, 'time to yes' (TTY) ranges from 5–15 minutes, whilst decisioning time for pre-approved and in-principle approved customers is less than three seconds. The scoring models and refreshed credit policies powering the 'smart credit' framework incorporates around 300 derived decisioning features based on approximately 2,000 raw data elements from about 15 data sources internally and externally. Since the launch of 'smart credit' applications, Techcombank's credit card platforms have seen a significant uptake in number of cards acquired, of which 92% are active, with customer satisfaction very high at 96%.
- In 2021, Techcombank continued to expand its **Corporate commercial lending platform (BCDE)**, which was introduced and designed to effectively automate and manage the credit management value chain for non-retail credit portfolios. This platform incorporates refreshed credit lifecycle models that have been annually reviewed and refreshed with the goal to streamline the entire credit lifecycle from client onboarding to post disbursement performance monitoring including covenants compliance. While Techcombank launched the lending platform in 2H20 the real transformation occurred in 2021 and will continue in 2022. The goal is to reduce the

time from application to disbursement to less than five working days, creating a best-in-class customer experience. This platform was originally launched ‘on premises’ and has already been moved to the cloud.

- Debt collection platform and processes have been enhanced to suit the new normal, and digitalisation of customer interactions are well underway.
- Last but not least, the Bank launched market leading fraud management platforms including a powerful two factor customer and card authentication (Visa 3D secure 2.0) to enable customers to ‘shop safe’ in the ever-expanding e-commerce eco system.

Compliance through contemporary risk management: Techcombank was the first to introduce IFRS 9 in 2018, followed by full compliance with Circular 41 in 2019 and with three pillars of Basel II in 2020. In 2021, the Bank upgraded its Basel and IFRS models, with stress test modelling capabilities across credit, liquidity and operational risk management. The Risk Management division and Treasury department also launched Kamakura, a market leading market risk and liquidity management platform. Combined with the strategy to further expand the newly launched risk data mart as part of the aforementioned data lake build-up, Techcombank will have the best management platform in the market by the end of 2022, along with upskilling risk management capabilities.

8. Subsidiaries

8.1 Techcombank’s Asset Management Company Limited (Techcombank AMC)

The ongoing pandemic continued difficulties for all Vietnamese businesses. A longer lockdown period and social distancing affected our debt collection. Techcombank AMC collected VND 1,923 billion in 2021, of which VND 1,121 billion was from previously provisioned debt – directly contributing to the Bank’s bottom line.

The company recorded total revenue of VND 243 billion (+1.1% YoY) and profit before tax of VND 52 billion (up 6.2% YoY).

8.2 Techcom Securities Joint Stock Company (TCBS)

The new 5-year strategic plan of Techcom Securities Joint Stock Company (Techcom Securities – ‘TCBS’) was initiated in 2021, in line with the group’s five-year plan for the 2021–25 period. Despite increasingly fierce competition from other securities firms, TCBS managed to deliver another year of impressive results. Revenue totalled VND 5.2 trillion, up 59.4% YoY and pre-tax profit reached VND 3.8 trillion, up 41.5% YoY. The pre-tax profit margin was retained at a very high 73%, while return on equity stood at 39.6%.

In 2021, TCBS upheld its No. 1 position in the bond brokerage market for the sixth year. It distributed approximately VND 41.4 trillion of iBond corporate bonds, up 20.1% vs. FY20.

In December 2021, TCBS received an unsecured loan of USD 83 million (equivalent to VND 1.9 trillion) from foreign financial institutions, one of the largest such loans to any Vietnamese securities company.

8.3 Techcom Capital Joint Stock Company (TCC)

In 2021, TCC recorded revenue and pre-tax profit of VND 429 billion and VND 276 billion, up 45.2% and 17.6% year-on-year. Total assets under management (AUM) for domestic open-ended funds was VND 22,241 billion, maintaining No. 1 position with a 53% share of the Vietnamese market.

At the end of 2021 net asset value of TCBF, TCC's flagship fund, was VND 21.6 trillion with nearly 80,000 individual customers, maintaining its position as the largest domestic bond fund – market share c.87%. Customers can easily buy fund certificates on the TCInvest app from as low as VND 10,000.

Techcom's Top 30 Stock Fund (TCEF), with an expected return of 12% per year, has attracted more than 14,000 investors. In 2021 it raised VND 979 billion, an increase of 30.6 times YoY. Also, in 2021 TCC established a new fund, Techcom Value Investment Fund (TCVF) – a member fund – with charter capital of VND 50 billion.

II. BUSINESS PLAN FOR 2022

Building upon the accomplishments of the last few years, Techcombank will continue to put customers at the centre and provide them with responsible and comprehensive financial solutions in 2022.

1. Key financial targets for 2022

- | | |
|--|---|
| (i) Credit balance ⁽¹⁾ : | VND 446,554 billion (growth of 15.0% or higher as per SBV's approval) |
| (ii) Total deposits: | To be in line with actual credit growth, so as to optimise balance sheet management |
| (iii) Profit before tax: | VND 27,000 billion (up 16.2% year-on-year) |
| (iv) Non-performing loans: | lower than 1.5% |

⁽¹⁾ bank's credit balance and growth are calculated according to SBV's regulations

To pro-actively implement the Business Plan, Techcombank will propose to shareholders that the Board of Directors consider and approve the plan, including the abovementioned guidance, to ensure compliance with the credit growth limit approved by the SBV and other prevailing regulations from time to time.

2. Specific business plan

Vietnam's GDP growth in 2022 is expected to range between 5.5– 6.0% as projected by the World Bank and by the Government. Growth will be largely driven by measures taken to open up the economy, improving macro-economic indicators, and vaccinating people to minimise the overall impacts of COVID. Having said that, the full effect of the Russia/ Ukraine tension on the global and Vietnamese economy remains unclear. Techcombank is taking all measures to identify and safeguard stakeholders' interests – positioning the Bank for another year of healthy growth to drive top and bottom line growth.

As Techcombank moves into the second year of its five-year transformation journey, the Bank will continue to strengthen its foundation across data, digital, and talent. The Bank will step up its focus on acquiring and engaging customers on its digital platforms, using the power of data to personalise customer offerings and nudges, and ensuring customers are engaged with appropriate content, tailored to their needs and preferences.

This means the Bank will increase its focus on offering the right solutions to the right segments to cater to customer needs, increasing its share of primary banking relationships. To do this, the Bank will launch tiered offerings for customers. Linked to these tiers will be targeted customer advice and solutions, including digital ones. The Bank will also leverage propensity and machine learning models to identify customers early on and offer them solutions based on insights.

Techcombank will continue to enhance its retail and corporate transaction platforms – adding new features and functionalities to make them simple, intuitive and insightful for customers. Customers will be able to use the Bank's platform right from the start – meeting their everyday banking, investment, financial planning, credit and service-related needs. Powered by data, the platform will provide insights and suggestions to our customers, guiding them through their financial decisions.

As customers need to protect themselves and their families, but also as new opportunities arise for individuals and businesses when the economy kick-starts again after COVID, the Bank will package solutions and offer them across multiple channels, making it easy for customers to access them. In addition, the Bank will continue to improve the digitalisation of its advisory process, allowing frontline staff to recommend the right solution based on a better understanding of every client's unique circumstances. The Bank will roll out a rewards and recognition program that increases engagement and interactions, not only for banking services, but also across ecosystem partners to expand customer outreach and offer a compelling proposition.

Techcombank will continue to invest in lending transformation to achieve its vision of being the most profitable yet relevant and sustainable lender through economic cycles. This is

to make sure all business initiatives are being implemented against the background of improved risk (credit risk and non-credit risk) management in order to enhance customers' confidence in dealing with the Bank (i.e. their money is safe), optimise returns, comply with regulations, ensure sustainable growth etc. Particularly in 2022, it will refine its focus on retail, business and corporate banking credit life cycle models, using more and better data to continually improve the accuracy and efficiency of the credit decision framework. Specific emphasis will be given to improving solutions offered to SMEs, focusing on specific economic activities – in line with the Bank's risk appetite. These credit models will be driven by the use of traditional and non-traditional data that will improve model accuracy and manage risk prudently. In addition, relationship managers serving SMEs will be equipped with tools to interpret and address customer needs. This will allow the Bank to meet customer needs to grow, expand and drive their businesses on an ongoing basis. Also, Techcombank will further digitalise early warning systems and processes, besides continually enhancing customer debt collections through smart reminders and data driven strategies to power collections operating models.

In line with our vision to be the leader in Enterprise Risk Management (ERM), as well as credit risk management, Techcombank will continue strengthening capabilities by focusing on three areas:

- i. environmental, social, and corporate governance ESG risks
- ii. technology, operations and financial crime risks (TOFC)
- iii. model risk management (MRM).

To support targeted customer segments and business models, Techcombank will continue to upgrade and embed liquidity and market risk management as part of strengthened ERM capabilities. This will include continued focus on stress tests and advanced indicators, as required by both Basel and managerial frameworks. Whilst the focus will be thematic and build foundational capabilities for ESG and MRM, the Bank will accelerate its approach to possess advanced capabilities for TOFC, providing high level of assurance, security and protection for banks, customers and the broader eco-system.

Continuing with the Bank's well-defined and established approach, Techcombank will further build on capabilities to serve customers through the value chains. At the same time, Techcombank will accelerate the process of diversifying into other sectors; building transaction, liquidity and investment capabilities, implementing supply chain solutions and digitalising key parts of customer journeys to improve efficiency and make Techcombank their primary banking relationship.

Last but not least, as talent is critical to any organisation's success, Techcombank will further invest in attracting, developing and retaining employees. The Bank will keep

implementing innovative hiring methods such as techathon and partnerships with universities. At the same time, the Bank will partner with leading institutions to develop training programs for employees to continuously develop themselves – which is also one of the Bank’s core values. The Bank will enhance its employee value proposition (EVP) to further engage and retain talent, making choosing to stay and grow with the Bank, a rewarding and fulfilling experience.

3. Budget for remuneration of the Board of Directors and Supervisory Board

3.1. Budget for Remuneration, operational expenses and other expenses of the Board of Directors (BOD) and Supervisory Board (BOS) in 2022 is presented below:

Item	Actual 2021	Budget 2022
Fixed salary	VND 35.0 billion	VND 38.9 billion
Performance bonus	BOD and BOS do not get bonuses	BOD and BOS do not get bonuses
Operational expenses, other expenses ⁽¹⁾	VND 7.9 billion	VND 9.2 billion

(1) The budget includes medical allowance, voluntary social insurance and professional liability insurance.

3.2. The BOD and BOS are responsible for managing; deciding to amend items; identifying issues related to remuneration, operational expenses and other expenses within the approved estimation plan; and overseeing principles, standards and interests of the positions of the BOD and BOS in compliance with the law, the Charter and the internal regulations of Techcombank.

PART II
RECOMMENDATIONS

With a solid foundation for further development and the unfailing support of its shareholders, the Bank's leadership is confident it will achieve 2022's business goals , setting the operational direction for the next phase of strategic expansion and ensuring that the Bank continues to change banking while improving customer's lives .

The Board of Directors and the Executive Team would like to propose at the General Shareholders' Meeting to:

1. Approve the business performance report of 2021, the business plan and budget for 2022, including the budget for the Board of Directors and Supervisory Board in 2022;
2. Approve the assignment to the Techcombank Board of Directors of the task of considering and making decisions to implement the business plan and budget for 2022.

**FOR AND ON BEHALF OF THE BOARD OF
MANAGEMENT
CHIEF EXECUTIVE OFFICER**

**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS
CHAIRMAN**

(Signed)

(Signed)

Jens Lottner

Ho Hung Anh