

Whatever we do, whether it's an email,  
a phone call or a branch transaction, we'll always ask,  
"Will our customer be better off for this?"



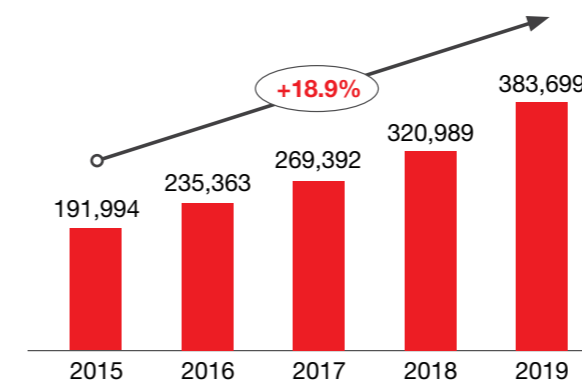
# Techcombank results in 2019

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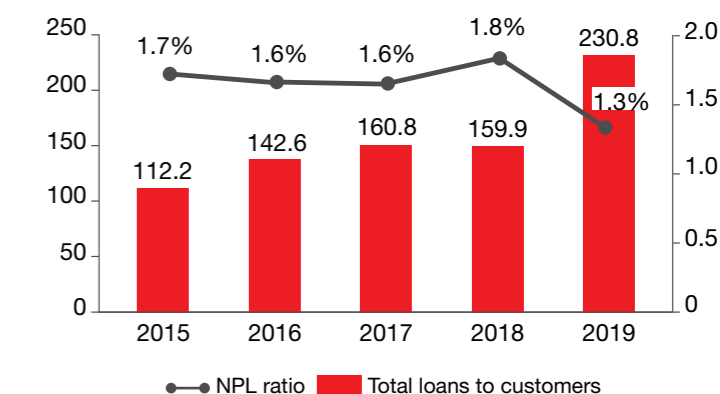
# Financial highlights

Indicator (VND million)	2015	2016	2017	2018	2019
<b>Balance sheet</b>					
Total deposits	142,239,546	173,448,929	170,970,833	201,414,532	231,296,761
Total loans to customers	112,179,889	142,616,004	160,849,037	159,939,217	230,802,027
Total assets	191,993,602	235,363,136	269,392,380	320,988,941	383,699,461
Total shareholders' equity	16,457,566	19,586,476	26,930,745	51,782,705	62,072,767
<b>Profit or losses</b>					
Net interest income	7,213,680	8,142,221	8,930,412	11,389,939	14,257,844
Net fee and commission income	1,272,138	1,955,764	3,926,084	3,272,580	3,253,353
Total operating income	9,343,942	11,833,153	16,457,988	18,349,768	21,068,145
Profit before tax	2,037,205	3,996,640	8,036,297	10,661,016	12,838,268
Provision expenses	(3,627,889)	(3,661,091)	(3,609,226)	(1,846,245)	(917,368)
Profit after tax	1,529,188	3,148,846	6,445,595	8,473,997	10,226,209
<b>Profitability</b>					
CASA ratio	20.6%	22.7%	24.1%	28.7%	34.5%
Net interest margin (NIM)	4.4%	4.1%	4.0%	3.7%	4.2%
Cost to income ratio (CIR)	39.4%	35.3%	29.2%	31.8%	34.7%
ROA	0.8%	1.5%	2.6%	2.9%	2.9%
ROE	9.7%	17.5%	27.7%	21.5%	17.8%
<b>Capital adequacy and asset quality</b>					
CAR (Basel II)			9.4%	14.6%	15.5%
Non-performing loan (NPL) ratio	1.7%	1.6%	1.6%	1.8%	1.3%
<b>Liquidity</b>					
Loan to deposit ratio (LDR)	70.0%	71.8%	76.6%	65.5%	76.3%
Short-term funding to medium and long-term loans	45.9%	41.5%	43.0%	31.5%	38.4%

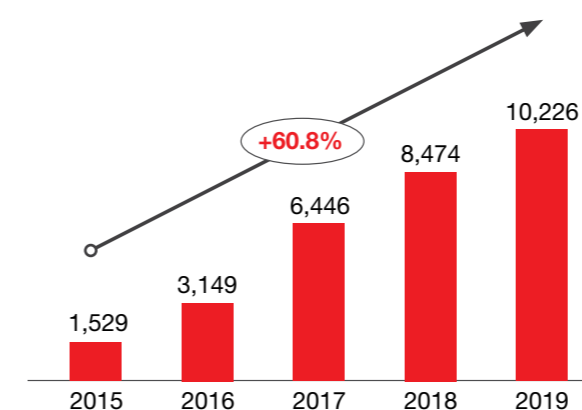
Total assets (VND billion)



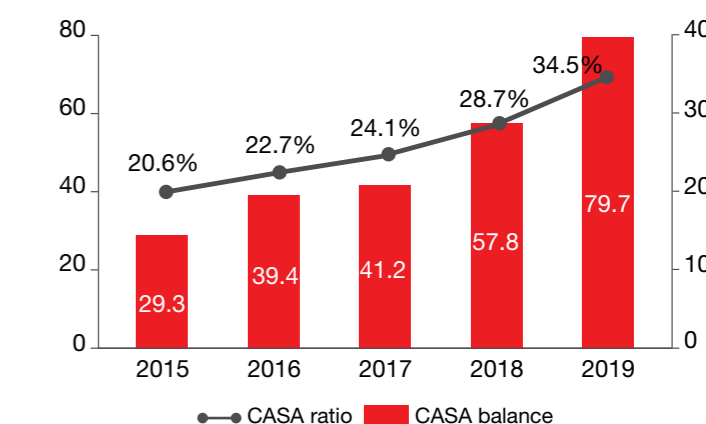
Total loans to customers (VND trillion)



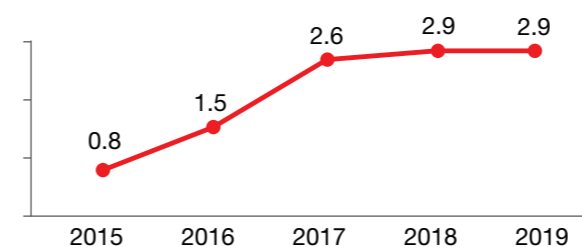
Profit after tax (VND billion)



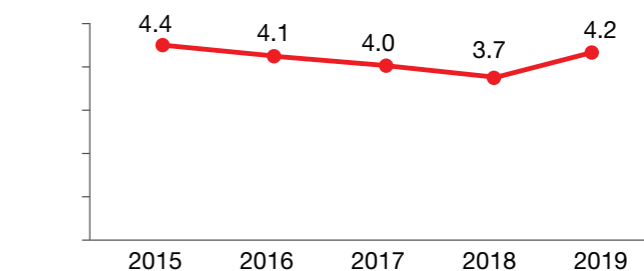
CASA balance (VND trillion)



ROA (%)



NIM (%)



## ➤ How Techcombank performed in 2019

“ Techcombank’s stunning growth trajectory led to us being the only bank to place in the Vietnam Report’s Top 3 Vietnam Profit500. We were also awarded Vietnam House of the Year by Asia Risk. Techcombank continues to be the #1 bank for operational efficiency. ”



### #1 Most profit before tax for a joint stock bank

During our second wave of transformation, 2019 saw Techcombank record:

- Total operating income (TOI) of VND 21.1 trillion with YoY TOI growth of 24.7% <sup>(1)</sup>.
- Profit before tax (PBT) of VND 12.8 trillion with PBT growth of 31.5% <sup>(2)</sup>. Improved asset quality led to strong growth across all business lines, with 18.8% bank-wide credit growth and a 2019 year-end NPL ratio of just 1.3%. Our low-risk, high-return strategy has successfully moved our TOI structure to less reliance on lending, reducing

**Profit before tax**  
 VND **12,838** bn  
 ▲ 31.5%<sup>(2)</sup> YoY

expected loss and credit cost. The reward is our position as the #1 bank for operational efficiency. We have a ROE of 17.8% and a ROA of 2.9%.

Items	2019	2018	Growth	
	VND bn	VND bn	VND bn	%
Total operating income (TOI)	21,068	18,350	2,718	24.7% <sup>(1)</sup>
• Net interest income	14,258	11,390	2,868	25.2%
• Net fee and commission income	3,253	3,273	(20)	-0.6%
• Other non-interest income	3,557	3,687	(130)	-3.5%
Operating expenses	(7,313)	(5,843)	(1,470)	25.2%
Provision expenses for credit loss	(917)	(1,846)	(929)	-50.3%
<b>Profit before tax (PBT)</b>	<b>12,838</b>	<b>10,661</b>	<b>2,177</b>	<b>31.5%<sup>(2)</sup></b>

Notes:

<sup>(1)</sup> Excluding an one-off item in 2018 and recoveries.

<sup>(2)</sup> Excluding an one-off item in 2018.

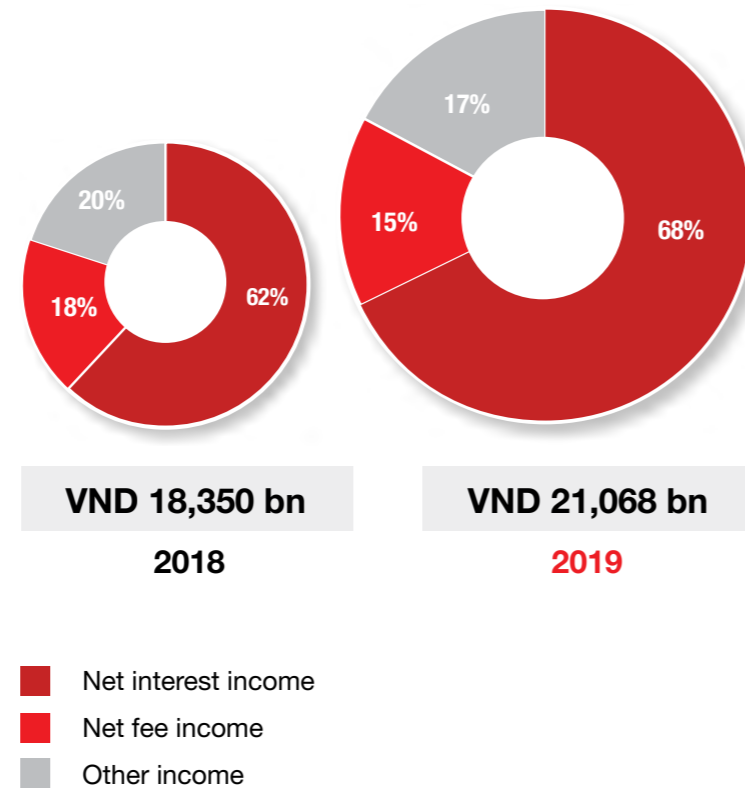
# ➤ How Techcombank performed in 2019 (continued)

## Sustainable income growth from net interest income and net non-interest income

In 2019, our TOI reached VND 21,068 billion, recording YoY growth of 24.7%<sup>(1)</sup>, thanks to strong income growth from interest (25.2%) and non-interest (23.4%)<sup>(1)</sup> income. Impressive growth in our CASA balance – 37.9% between 2018 and 2019 – plus the additional credit growth to

18.8% permitted by SBV in 2019, helped drive the Bank's net interest income (NII) to a three-year record rate. NII contributed 68% of this year's TOI.

TOI structure 2018–2019



Note: <sup>(1)</sup> Excluding an one-off item in 2018 and recoveries.

## A growing credit portfolio focusing on retail and SMEs

“ In line with our strategy, SME segments recorded an increase of 50% in short-term loans for working capital. ”

At the end of 2019, Techcombank's separate credit balance was VND 258,041 billion, equal to a credit growth rate of 18.8%. SBV approved this credit growth rate because we were early adapters of Circular 41/2016/TT-NHNN on Capital Adequacy Ratio for commercial banks and branches of foreign banks, as per Basel II.

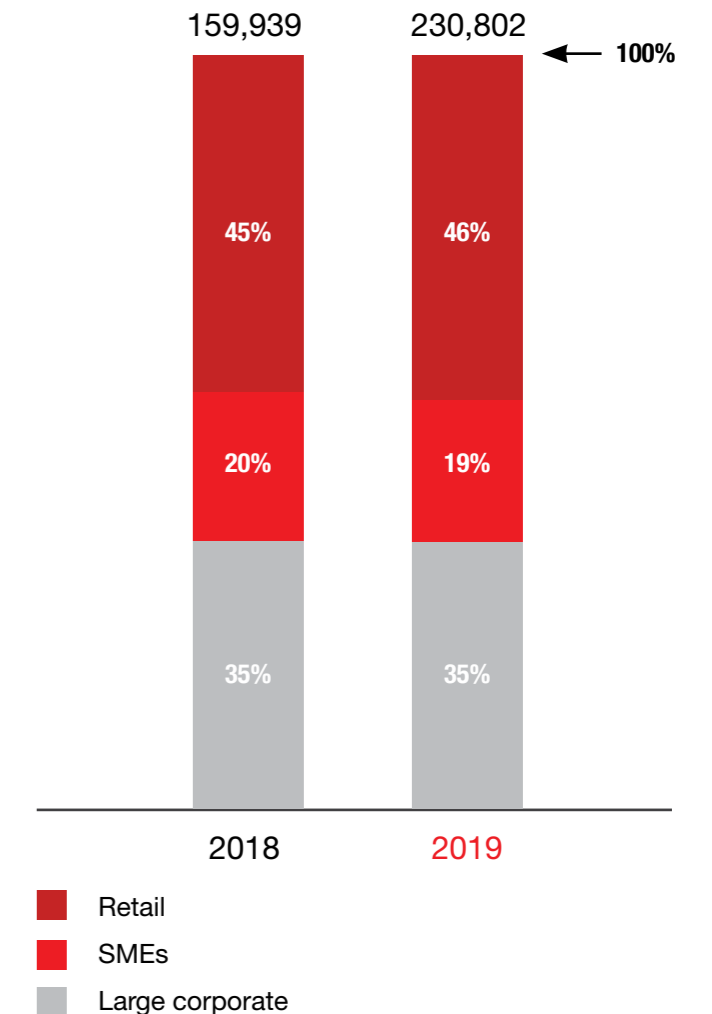
The Bank continued to focus on individual customers and SMEs with loan growth of 45% and 43%, respectively, in 2019, which accounted for 46% and 19% of our total loan portfolio. The retail segment maintained its shift to secured loans with stable growth of 60% for mortgages and 9% in auto loans. In line with our strategy, SME segments recorded an increase of 50% in short-term loans for working capital.

These impressive achievements resulted from a range of initiatives to:

- Improve customer experience
- Develop employee capabilities
- Streamline operational processes
- Improve credit risk management.

Separate credit balance in 2019  
 VND **258,041** bn  
 ▲ 18.8% YoY

Customer loan composition (VND bn, %)



## ➤ How Techcombank performed in 2019 (continued)

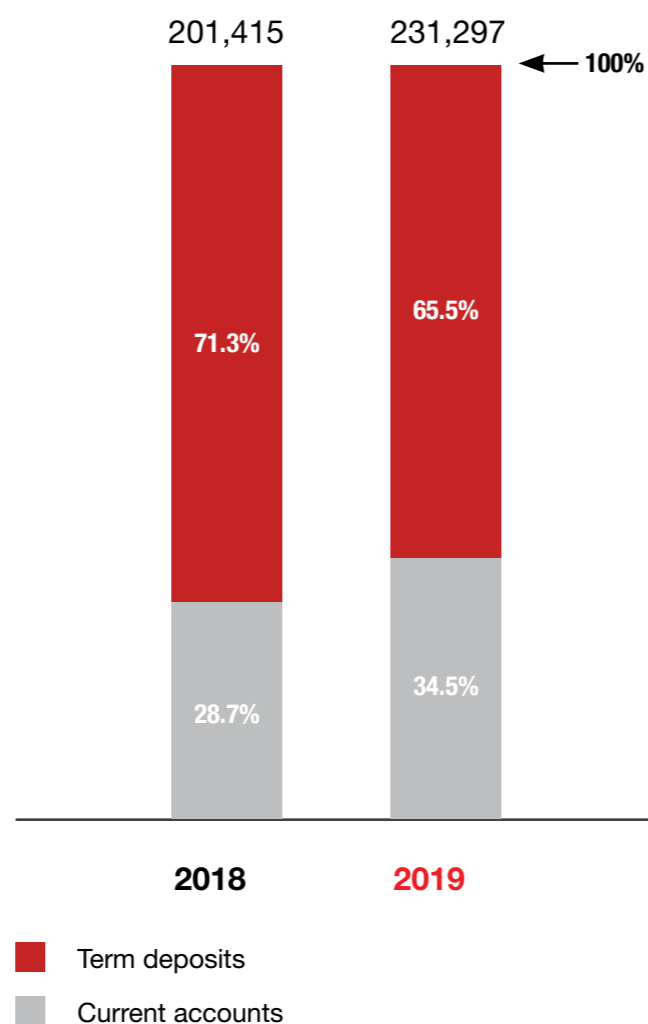
### Deposits Growing – CASA ratio at 34.5%

Our shift to low-risk assets was only one aspect of our strategy. The main driver of our record ROA was our focus on CASA deposits as a way to mobilise low-cost funds. The hugely successful Zero Fees program which waived transfer fees for corporate and individual customers, and the Unlimited 1% Cashback program, helped us sign over 1 million new customers, changing cash-use habits in the process. This gave us 40% growth in the retail and corporate segments.

Rapid growth in digital banking has allowed us to continue investing in improving customer convenience and quality. In 2019, digital transactions went up nearly three times in both value and volume through e-banking channels. The combination of preferences for online and excellent customer experience grew our total CASA deposits by a record 37.9% and raised our CASA ratio from 28.7% to 34.5%. Individual CASAs grew significantly to 83%, accounting for 58% of total current deposits, while CASA growth improved our net interest margin to 4.2%, up 0.5% from 2018.

We'll continue investing in technology, automating and digitalising the customer journey, and improving banking functionalities to maintain sustainable CASA growth.

Customer deposit composition (VND bn, %)



Deposit composition by customer segment	31/12/2019		31/12/2018	
	VND bn	%	VND bn	%
<b>Term deposits</b>	<b>151,581</b>	<b>100%</b>	<b>143,613</b>	<b>100%</b>
<i>Individual</i>	121,187	80%	116,844	81%
<i>Institutional</i>	30,394	20%	26,769	19%
<b>Current accounts<sup>(1)</sup></b>	<b>79,716</b>	<b>100%</b>	<b>57,801</b>	<b>100%</b>
<i>Individual</i>	46,025	58%	25,212	44%
<i>Institutional</i>	33,691	42%	32,589	56%

Note:

<sup>(1)</sup> Inclusive of marginal deposits.

### Fee income stabilised at 15% of total operating income

Fees from guarantee for securities issuance of 30% and bancassurance fees of 29% accounted for the largest share of fee income. This reflects continued need for corporate credit and the community's growing demand for

bancassurance products. Strong growth in non-interest income in general, and fee income specifically, grew our ROA. The Bank can earn strong profits while prudently managing our balance sheet.

Net fee and commission income structure	2019		2018	
	VND bn	%	VND bn	%
Income from guarantee for securities issuance	970	30%	1,160	35%
Income from bancassurance	932	29%	722	22%
Card services	443	14%	497	15%
Payment and cash services (excluding card services)	675	21%	748	23%
Other services	233	6%	145	5%
<b>Net fee and commission income</b>	<b>3,253</b>	<b>100%</b>	<b>3,273</b>	<b>100%</b>

# ➤ How Techcombank performed in 2019 (continued)

## Fee income stabilised at 15% of total operating income (continued)

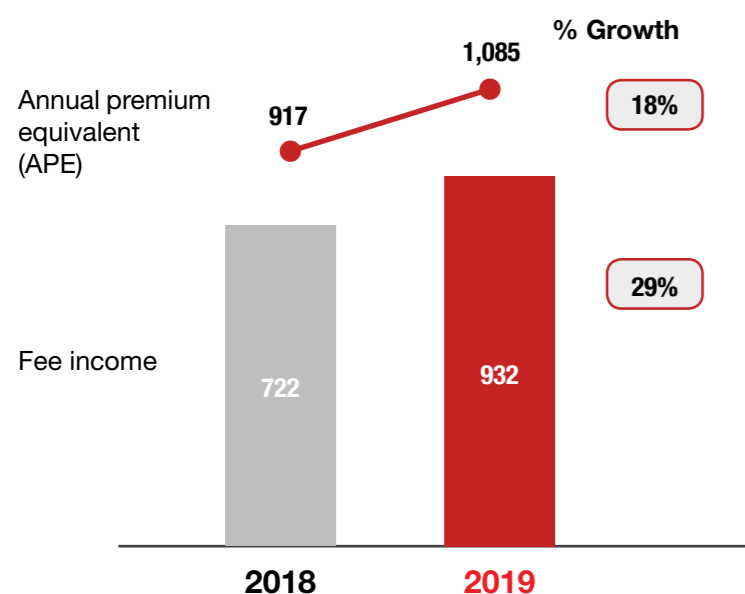
Helping corporate clients raise funds via the capital market is important to Techcombank's balance sheet conversion strategy. We continued to lead Vietnam's corporate bond market, issuing bonds worth over VND 60 trillion and earning VND 970 billion in guarantee for securities issuance fees.

We retained the growth rate in bancassurance and have worked hard this year to set up a direct sales model. This model will not only boost our annual premium equivalent (APE) but also strengthen cross-selling to customers. Bancassurance's fee income reached VND 932 billion, up by 29% YoY.

Our extensive network of one head office, two representative offices and 311 transaction offices across provinces and cities currently serves the financial needs of over 7 million individual and corporate customers with:

- Convenient credit card issue
- Free online banking services
- Cash-back programs
- Tailored mortgage products that help people into their dream home.

We want to lead the change in the lives of Vietnamese consumers. In line with SBV policy for limiting the use of cash, Techcombank's cutting edge solutions and tools for online banking have grown transactions on our e-channels twentyfold. We're proud to have played an integral part in this profound Vietnamese consumer behaviour change. We've had a doubling of cards & new retail customers over three years, along with robust growth in active customers (around 3.5 times) and an increase in transaction volumes (approximately 7.1 times) via the e-banking channel.



Extensive network across provinces and cities

**311** transaction offices

Serves the financial needs of over

**7** million customers

## Cost to income ratio strong at 34.7%

Item	31/12/2019		31/12/2018		Change	
	VND bn	%	VND bn	%	VND bn	%
Salaries and related expenses	4,262	58.3%	3,240	55.5%	1,022	31.5%
Office and asset rental, tools and equipment, utilities, depreciation and amortisation expenses	1,193	16.3%	1,088	18.6%	105	9.7%
Publication, marketing and promotion	441	6.0%	301	5.2%	140	46.5%
Expenditure on payment of insurance premium, preservation fee for customers' deposits	229	3.1%	194	3.3%	35	18.0%
Per diem expenses	99	1.4%	100	1.7%	-1	-1.0%
Training and education expenses	57	0.8%	35	0.6%	22	62.9%
Conference expenses	55	0.8%	76	1.3%	-21	-27.6%
Consulting expenses	231	3.2%	152	2.6%	79	52.0%
Other operating expenses	746	10.1%	657	11.2%	89	13.5%
<b>Total operating expenses</b>	<b>7,313</b>	<b>100%</b>	<b>5,843</b>	<b>100%</b>	<b>1,470</b>	<b>25.2%</b>
Average number of employees (person)	10,457		9,043		1,414	15.6%
<b>Revenue/employee/year</b>	<b>2.01</b>		<b>2.03</b>		<b>-0.01</b>	<b>-0.7%</b>
<b>Cost/employee/year</b>	<b>0.70</b>		<b>0.65</b>		<b>0.05</b>	<b>8.2%</b>
<b>CIR (%)</b>	<b>34.7%</b>		<b>31.8%</b>		<b>2.9%</b>	

Also, contributing to 2019's tremendous financial performance was our:

- Tight control of CIR
- Cost management improvements
- Resource optimisation.

Techcombank's operating expenses were up 25.2% from 2018, 6% lower than the 2019 budget. At 34.7%, our 2019 CIR was in the Top 3 lowest of all joint stock commercial banks, with staff costs making up 58.3% of operating expenses.

A major pillar of our 2016–2020 transformation was building strong foundations in people excellence. We're very proud to say that over 11,000 employees share common goals and objectives that are boosting our rapid growth. To ensure we win the battle for talent, we're developing and retaining the best candidates. Competitive salary increases and excellent technical and leadership training are investments in our company's future. Accordingly, average costs per employee have increased by around 8% and training costs by 62.9%, since 2018.

# ➤ How Techcombank performed in 2019 (continued)

## Cost to income ratio strong at 34.7% (continued)

On top of efforts to strengthen our human resources, Techcombank has prioritised programs to make us a leading bank, while still adding value for our millions of customers and optimising operational expenses. Digital banking is cheaper to operate than traditional over-the counter service but also offers customers much greater flexibility.

Techcombank remains a strong corporate citizen by continuing to sponsor numerous sporting events and grant

learning scholarships. Other banks and companies have followed our lead and there is now a mass sports event most weekends; connecting people, promoting a healthy lifestyle, and spreading the Be Greater spirit. Our marketing and promotional expenses grew by 46.5% YoY.

We've strategically managed costs in line with our long-term objectives, recording an impressive profit for 2019 while maintaining a sustainable development trajectory.

## Balance sheet management

2019 saw effective and well-managed balance sheet growth:

- Total assets reached VND 383,699 billion, a YoY increase of 19.5% or VND 62,710 billion
- Primary market consolidated lending and corporate bond investment rose 19.0% or VND 41,805 billion
- Deposits and valuable papers grew by 15.9% or VND 34,164 billion.

Strong and stable growth for demand deposits optimised our funding costs. Resulting profit increases lifted Techcombank's 2019 equity and reserves by 19.9% from 2018, equivalent to VND 10,290 billion.

## Capital management

In 2019, the SBV allowed Techcombank to apply Basel II. According to Circular 41, on 31 December 2019, our CAR was 15.5%. Significantly higher than the required 8%, this impressive figure was driven by strong equity growth following 2018's IPO, 2019's outstanding performance, our no-dividend payout in cash policy, and our focus on lending to low-risk business sectors.

The Bank's high CAR gave us a competitive edge, allowing proactive balance sheet management and giving us the ability to provide the best benefits to customers, shareholders and staff.

## Liquidity management

Techcombank maintained our compliance with SBV's liquidity requirements prescribed in Circular 36/2014/TT-NHNN and amended by Circular 22/2019/TT-NHNN. We further developed our internal liquidity ratios and enhanced liquidity management forecasts.

Techcombank has strong policies and regulations to manage internal liquidity risks. Our Audit and Risk Committee (ARCO) has developed a framework setting out the Bank's risk appetite, with defined limits and thresholds, and the Asset and Liability Committee (ALCO) implements and supervises processes to ensure compliance.

Item	2019	2018	Change	
	VND bn	VND bn	VND bn	%
<b>Loans to customer and corporate bond</b>	<b>261,400</b>	<b>219,595</b>	<b>41,805</b>	<b>19.0%</b>
Loans to customer	230,802	159,939	70,863	44.3%
Corporate bonds	30,598	59,656	(29,058)	-48.7%
Deposits from customers and valuable papers issued	248,758	214,593	34,165	15.9%
<i>Deposits from customers</i>	<i>231,297</i>	<i>201,415</i>	<i>29,882</i>	<i>14.8%</i>
<i>Valuable papers issued</i>	<i>17,461</i>	<i>13,178</i>	<i>4,283</i>	<i>32.5%</i>
Capital and reserves	62,073	51,783	10,290	19.9%
<i>Share capital</i>	<i>35,478</i>	<i>35,443</i>	<i>35</i>	<i>0.1%</i>
<i>Total reserves</i>	<i>5,173</i>	<i>3,868</i>	<i>1,305</i>	<i>33.7%</i>
<i>Retained earnings</i>	<i>21,131</i>	<i>12,403</i>	<i>8,728</i>	<i>70.4%</i>
<i>Minority interest</i>	<i>291</i>	<i>69</i>	<i>222</i>	<i>322%</i>

We carry out monthly liquidity stress tests using industry-wide and Techcombank-specific scenarios. These help us forecast cash flow over a set period, and test how the Bank would face stressful events such as a sharp rise in withdrawals or limited access to interbank funds. Our liquidity conservation plan (LCP) aims to ensure a timely response to such stressors and help prevent a cash crisis.

We have a long way to go, but Techcombank's determined execution of our transformation strategy is delivering outstanding results. The Board of Management and our employees are confident that Techcombank is on track for even greater success.

Liquidity ratio	Limit 2019	Actual 31/12/2019	Limit 2018	Actual 31/12/2018
Liquid reserve ratio	≥10%	22.1%	≥10%	16.9%
30-day solvency ratio (VND)	≥50%	71.3%	≥50%	55.9%
Loan to deposit ratio	≤80%	76.3%	≤80%	65.4%
Short-term funding to the medium and long-term loans	≤40%	38.4%	≤45%	31.5%

## Personal financial services

“We’re proud to say that Asian Banker awarded Techcombank 2019’s Best Home Loan Product in retail banking.”

### Personal Financial Services Division (PFS)

In 2019, retail lending exceeded VND 105.2 trillion, representing 45% YoY growth. Our efforts to improve customers’ experience with better lending policies and solutions, supported by our intelligence decision computing (IDC) system, which offers advanced credit approval processes, are really having an impact.

Our focus was on mortgage loans for off-the-plan properties with a balance over VND 72 trillion and residential houses with balances of nearly VND 13 trillion. We’re proud to say that Asian Banker awarded Techcombank 2019’s Best Home Loan Product in retail banking. It’s validation of the leading mortgage loan products we’ve developed over recent years.

We welcomed many new customers, who helped grow our deposit base. Our big Zero Fees and 1% debit cash-back programs have seen online savings rocket by 151%, and CASA by over 67% YoY. Affluent customers accounted for 85% of this increase. We’ve changed the banking behaviour of 180,000 customers.

Bancassurance also improved markedly in 2019. Techcombank coordinated more closely with Manulife, our strategic partner, to provide quality life insurance products, including An Nhien 360, Universal Life 2019 and Digital Insurance. We now have a leading position in Vietnam’s life insurance distribution market.

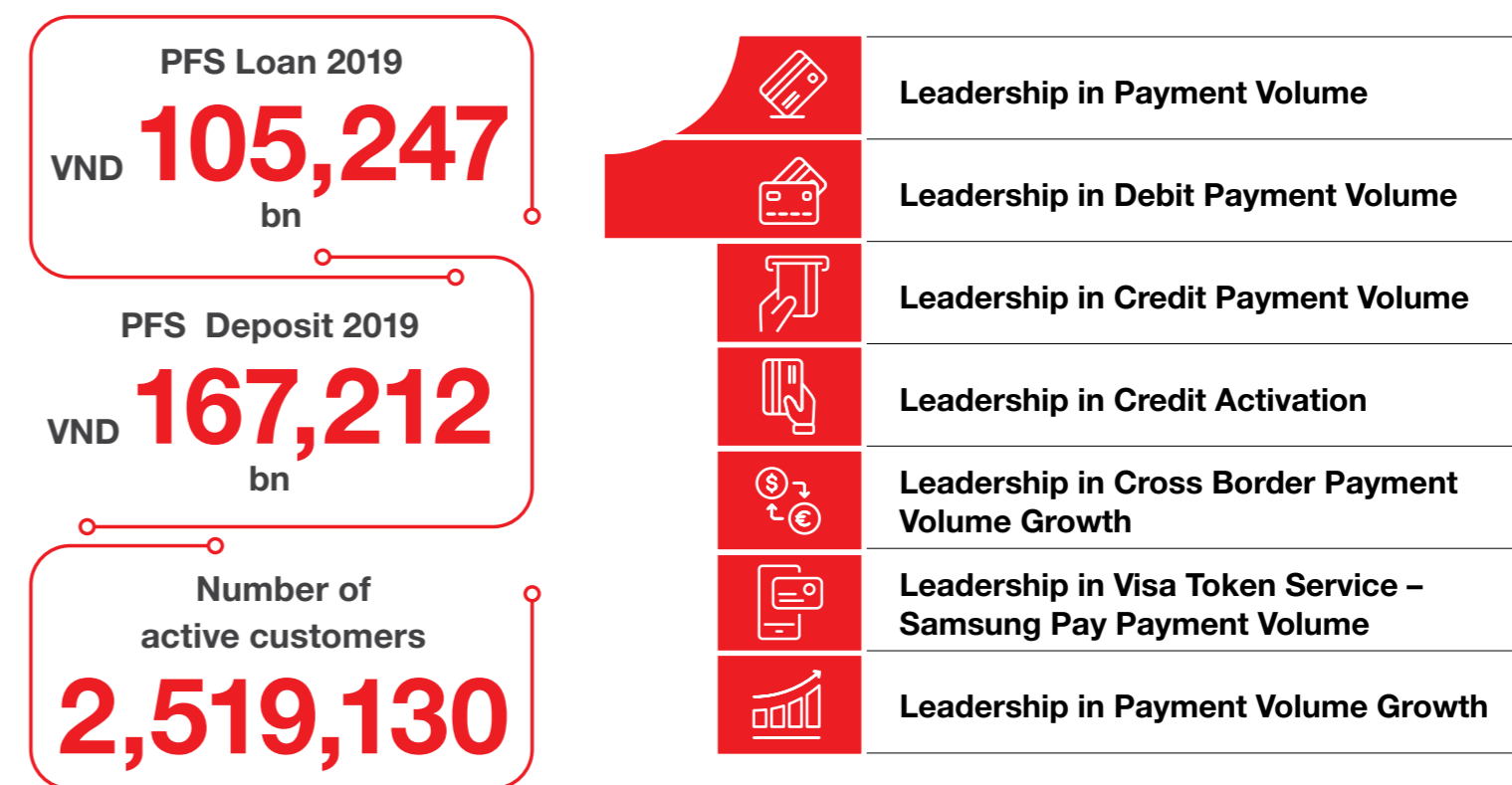
Heavy investment in technology, to attract and serve more customers via digital banking, has been critical. Techcombank’s success is being acknowledged. At the Napas Member Bank Conference in 2019, we were honoured by both Napas and SBV for outstanding banking performance. We received Vietnam’s most important awards for domestic non-cash payment services:

- Outstanding Bank in Interbank Fund Transfers (IBFT)
- Outstanding Bank in Card Payment Transactions (covers ATM card payment transactions via POS and e-commerce)
- Outstanding Bank Performance.

Napas applauded Techcombank for helping regulators implement non-cash payment policies such as our breakthrough Zero Fees for e-Banking, 1% cash-back debit card, and other card payment and e-bank transactions promotions. These policies, developed in line with Napas standards and the SBV national payment system, drove considerable transaction volumes, high customer satisfaction and better risk management – all while improving operations. We’re now installing chips on our cards, further complying with SBV requirements.

The accolades don’t end there. VISA Inc. honoured Techcombank as a 2019 Outstanding Performance Bank, giving us seven awards – the highest number of any bank in Vietnam. They also recognised Techcombank’s steady growth since 2016, and our modern and secure payment methods. We remain determined to deliver customers the best card services and benefits.

### 2019 VISA Inc. awards



Our impressive bundle of Visa and Napas awards reaffirm Techcombank’s relentless efforts to implement the best payment services for our customers and the Vietnamese people, while also realising the aims of the government’s and SBV’s non-cash payment policy.



## Business banking



“In the Business Banking Division (BB), our aim is to be the one-stop solutions provider for our corporate customers and their value chains.”

In 2019, we continued our journey to be truly customer-centric by providing new and improved solutions to address the ever-evolving needs of our customers.

In line with the Vietnam government's drive to develop the economy and promote digitisation, we are proud to be the first Vietnamese bank to offer overseas remittances, including value-added functionalities to buy and sell foreign currency online through our corporate online banking platform, Fast E-bank (FEB). This service not only saves our customers'

BB Loan 2019  
VND **44,921**  
bn

BB Deposit 2019  
VND **28,740**  
bn

Number of  
active customers  
**37,937**

time and resources, with the transaction being processed in approximately one hour, it has significantly enhanced customer satisfaction.

We have also enhanced FEB to serve our customers' payroll needs. With our online payroll solution, our customers no longer have to queue at branches and can seamlessly manage their monthly payroll via FEB. With our commitment to be a supportive partner promoting customer growth, our solution also protects our customers, fulfils customers' needs for internal control (with features such as customisable multiple approvers, automatic checking of remittance requests for limits), and minimises potential processing errors.

Based on our Voice of Customer (VOC) survey, we noted that charging transfer fees for local payments is a pain point that has been highlighted by many Vietnamese SMEs and mid-sized corporate businesses alike. Therefore, we led the way and were the first and only bank that offers truly Zero Fees to our customers when they initiate payments through our FEB platform. Our commitment is to offer this to all clients, leveraging FEB for local payments without any cap, thereby making our Zero Fee offering truly unlimited and without any caps or restrictions.

We acknowledge that as SMEs grow, their needs become more complex and diverse. With specific industry-focused solutions, designed by a team of industry experts and delivered by our well-trained and qualified frontline teams, we are able to strongly partner our clients and enable them to effectively manage their funding and liquidity needs in the short term, and enable them to grow in the long term.

Our commitment to customer excellence and support has resulted in their continued trust, which is well demonstrated through sustainable income growth of 29% YoY. This maintains the momentum of the strong 25% YoY growth in 2018. We have a balanced mix of both non-credit and credit customers and have solutions to meeting their following diverse needs:

- Short-term and long-term working capital
- Cash management and liquidity
- Business expansion
- Risk management and hedging
- Boosting yield.

Other performance highlights include:

- A 2.9% Bank-wide ROA
- Strong YoY lending growth of 43% and deposit growth of 22%
- BB revenue grew strongly at 29% (25% in 2018)
- A strong risk management culture, supported by early-warning triggers and tools, has further improved our already prudent NPL to 0.9% at December 2019, compared to 1.5% in 2018.

## ➤ Wholesale banking

“ Our Wholesale Banking Division (WB) is striving hard toward the strategic of becoming our customers’ trusted advisor and primary bank. WB has focused this year on implementing our ‘one bank’ approach as part of Techcombank’s 5-year strategy. ‘One bank’ aims to provide value chain solutions to rainmakers and large corporate customers across selected economic sectors and ecosystems. ”

### WB’s approach is building on the following pillars

WB piloted the client service team (CST) model, collaborating with the BB and PFS Divisions to form teams, focusing on one economic sector. The teams garnered in-depth knowledge of the business and value chains across each customer ecosystem to provide answers in the shortest time possible. By breaking down silos within the Bank, Techcomers (our workforce) could better share insights about customers, designing and rolling out richer solutions, and excellent after-sales service.

Team members included senior experts from different units, so customer advice and solutions covered financial services, but also legal, marketing, sales and people management. The advice applied to WB’s clients, their suppliers, distributors and end-users, so all parties had comprehensive solutions across the entire value chain. This aided sustainable development and helped customers grow stronger, be more satisfied and want to transact more with Techcombank.

**Industry knowledge excellence:** Leading market insights to provide comprehensive solutions across our six chosen economic sectors.

**People excellence:** A high-quality, excellence focused sales force who can offer financial advice.

**Technology excellence:** Industry-leading products (transaction banking, markets, investment banking) and support for our sales force with productivity enhancing sales tools like account planning, and tools to support and boost sales like CRM and RM Workbench.

**Risk management and operational excellence:**

- Better managing risk through greater insight into customers, value chains and sectors.
- Standardising and simplifying credit conditions for sectors/ industries based on in-depth knowledge of risk.

WB’s dedicated sales and service model allowed Techcombank employees to improve their capabilities and learn from peers.

Superior results and bolstered morale will inspire Techcomers to deliver even better customer value.



## ➤ Results of strategies and transformation projects



For 26 years, the #1 aim of Techcombank has been to provide the best possible value to our customers, employees and shareholders. We're now Vietnam's most efficient bank and our 2016–2020 Customer-Centric Strategy is delivering ever greater value to customers, employees and the community. Our successful operations make customers happy every day, as we go from being a good bank to the best bank.

Over the past 10 years, a laser focus on customers has helped us gather valuable insights across the entire customer value chain. By really getting to know the people who bank with us, we can meet their needs more comprehensively and increase their satisfaction. The growing prestige of Techcombank has significantly grown our customer numbers with the number of new retail and corporate customers doubling between 2016 and 2019.

On average, over 100,000 new accounts are added every month and we now have an astonishing 7.3 million customers at the end of 2019.

Our commitment to 'work effectively and prioritise tasks that generate high value' has seen us focus on six key sectors of the domestic economy, meeting retail and corporate customers' demands for:

- Long-term funding – housing, automobile, financial services
- Short-term capital – telecommunications, FMCG, travel and leisure.

In 2019, Techcombank enjoyed notable success in the housing sector with our M+ project. In this Vietnamese first, we went digital to offer an outstanding customer experience, with rapid turn-arounds and lean processes, allowing customers to manage their financial journey precisely and effectively – anywhere, anytime.

In financial services, via our Direct Model program, our Bancassurance products meant many staff members were called upon to provide financial advice. We proudly and continuously led 2019's corporate bond market distribution, diversifying customers' investment channels.

Our transaction channels across FMCG, travel and leisure, have improved markedly. We've promoted consumption through initiatives like our flagship Zero Fees program and unlimited 1% cashback, to bring customers a best-in-class experience.

Our enormous investment in foundational capabilities allows us to better meet the demands of our rapidly growing customer base.

People Excellence is at our core. We never forget that the secret to our success is our workforce – we call them Techcomers – and we've always been among the biggest investors in talent acquisition and professional, systematic training. Training reinforces customer trust and fosters more capable, devoted employees, who have our values and beliefs in their DNA. They are:

- Inspirational
- Transparent
- Ethical
- Professional
- Knowledgeable.

We harness the power of each individual to create a collective of talent that is greater than the sum of its parts, guaranteeing great success for our customers and community.

Techcombank's business model is effective, sustainable and profitable. In the past four years we've committed to low-risk, high-return, stable revenue growth that has seen us shift away from lending and towards fee-for-service, dramatically increasing net non-interest income. Seventeen consecutive quarters of growth with revenue increasing at a CAGR of 22%, record operating income and a tripling of profit before tax since 2016. What a journey ...

Constant improvements in governance and robust management have been important. We're proudly Basel II compliant, boast a new head office with agile design, and have begun the second wave of digitalising all our processes. Some tweaks to our corporate culture, and other shifts in the Bank's fundamentals will drive our success forward.

In 2020 and beyond, Techcombank will continue to:

- Deepen our customer insights
- Develop outstanding IT infrastructure
- Digitalise our centralised operation system
- Nurture skilled employees
- Develop excellent risk management systems.

All this and more, will help us realise our ambition to be Vietnam's #1 most trusted bank.

## Risk management

“ In 2019, Techcombank continued its transformation journey to be Vietnam’s best bank. Our comprehensive risk management model follows our customer centric strategy of putting the people who bank with us at the centre of everything we do. ”



### Here’s a few risk management highlights from 2019

#### Becoming Basel II compliant

Achieving Basel II compliance ahead of the SBV timeframe in Circular 41/2016/TT-NHNN on capital adequacy ratios for bank and foreign bank branches was a major achievement that reflects our efforts to make our management system more professional, transparent and effective.

During 2019 we developed our internal capital adequacy assessment process (ICAAP), conducted stress testing, and did the necessary capital planning to meet Basel II requirements. We’ll continue improving our risk rating models according to the advanced, internal ratings-based (IRB) approach.

This work ensures we’ll have adequate capital in different risk scenarios and puts us in line with international best practice. It’s a mark of professionalism and makes our governance transparent – based on data and strong analytics – so we can win the trust and confidence of customers and investors.

#### Comprehensive risk management

From late 2018 to early 2019, Techcombank set up and operated the Executive Risk, and Capital Management committees in compliance with the SBV’s Circular 13/2018/TT-NHNN on corporate governance systems for commercial and foreign bank branches. During the second half of 2019, we worked with renowned consulting firms to refine the roles and responsibilities of these committees and help them function more effectively.

The Bank also undertook activities focused on managing material risks.

##### Managing credit risk

Techcombank has gained in-depth insights into our customers and their ecosystem; and our credit policy, and business strategy are focused on customer segments.

We’ve gradually applied risk assessment models to our end-to-end credit process, shortening turn-around-times and improving customer experience, as we provide optimal financial solutions.

##### Managing market risk

Techcombank has measured and assessed market risks according to Basel II requirements by:

- Computing value at risk (VaR) and expected shortfall for portfolios for the trading book
- Conducting backtesting of VaR for each trading portfolio
- Simultaneously launching a project to validate models so functional and business units can make well-informed decisions.

##### Managing liquidity risk

As per SBV requirements, our regulations and processes on liquidity risk management fully comply with Circular 13/2018/TT-NHNN on corporate governance. Our new governance structure and model, our policies, our processes, our regulations and limits will identify, measure, monitor

and report risk triggers; in compliance with SBV’s banking regulations on liquidity and solvency ratios.

##### Managing operational risk

Protecting the Bank, shareholders and customers from operational losses is a priority.

Our Operational Risk Management sub-committee executed our 2019 operational risk management strategy. This dedicated team identifies, and evaluates operational risks and handles them quickly and consistently in compliance with the Bank’s risk management policy and regulatory requirements.

Additionally, Techcombank has been transferring operational risks via insurance. Our insurance needs are managed by the Operational Risk Insurance Management team – part of our Insurance Division. Centralising resources, from planning to execution and assessment of appropriate insurance, makes for more efficient operations.

# Human Resources



In 2019, in addition to fostering the value of People Excellence, Techcombank closely monitored employees' trust in our organisation, and their well-being. Techcombank believes employees are fulfilled when they are recognised

and rewarded fairly and transparently, and given training and opportunities to develop. The ultimate goal is to make Techcombank Vietnam's #1 bank.

“Techcombank believes employees are fulfilled when they are recognised and rewarded fairly and transparently, and given training and opportunities to develop. The ultimate goal is to make Techcombank Vietnam's #1 bank.”

Techcombank's headcount in 2019  
 **11,156** people

## Onboarding and training programs during 2019

Techcombank invested heavily in training in 2019, introducing practical solutions to improve employee quality. We equipped people with the skills and knowledge they'll need for the Bank's transformation strategy. In 2019, 109,975 trainees completed 1,348 courses and examinations including.

- 665 centralised courses
- 597 e-learning courses
- 86 decentralised courses (outside the Bank).

In-house trainers gradually increased throughout 2019, hitting 435 (excluding contractors).

These impressive numbers affirm another successful year for training at Techcombank.

Notably, the Bank continued to prioritise and focus on intensive training for managers and successors. Our innovative programs provide the foundation individuals need to adapt to change and take on new roles. Senior managers receive leadership skills through leadership competency development programs recommended by leading consulting firms.

Taking an employee-centric approach to all activities, we focus on both quality and quantity:

- In 2019, Techcombank's headcount increased by 14% (from 9,757 in 2018 to 11,156 in 2019), in line with the Bank's strategy and business development plan, affirming our scope and market position
- Employees with higher education increased, with 84% now holding bachelor's degrees and 8% having masters or higher.

At 16.7%, Techcombank's attrition rate remains unchanged from 2018. Given our high recruitment numbers, this is a great result and reflects the Bank's constant investment in:

- Competitive policies to attract and retain the strongest talent (annual salary rises, outstanding performance programs, etc.)
- Intensive training, competency-based training, personal development plan (PDP) implementation, succession planning, etc.

Our average employee's tenure is 4.5 years, while the service industry's average is three. This shows how committed our employees are.

## ➤ Human Resources (continued)



### Competitive compensation policy

Techcombank's competitive compensation policy is based on our people excellence strategy and aligns with our talent management strategy. We aim to maximise both resource efficiency and employee satisfaction.

Our compensation is higher than at other Vietnamese banks and multinationals, with all employees paid at P50 or above, and P75/P90 payments offered to the talented and hi-performing. We make sure the benefits on offer stay ahead of market trends through programs such as Employee(s) of the Year, TechcomKids scholarship, ESOP, etc., to keep employees motivated and retain their trust and commitment.

In the unfortunate event that a Techcomer must leave the Bank due to an unfortunate personal or family situation, we'll use our Charity Fund to support them through the difficult times.

Additionally, at Techcombank, employees enjoy a clear career path with plenty of development opportunities in a professional, friendly environment. We make sure our competency framework is current and progressive, and hold regular workshops such as the Capability Framework Instruction Workshop, to pass on new, useful knowledge.

We expect all Techcomers to perform their role but also to take responsibility for broadening their knowledge and skills, through our PDPs and succession plans. Those who propose new ideas and initiatives that we consider for adoption, are rewarded with compensation and development opportunities.



### Assessing employee engagement and the results for 2019

Every two years, Human Resources (HR) collaborates with the Korn Ferry on our Employee Engagement Survey (EES). In 2019, our EES engagement, enablement and effectiveness levels increased significantly from 2017, across all 12 dimensions. The four highest were:

- Clear and potential career orientation (95% vs. 93%)
- Quality and customer focus (92% vs. 86%)
- Trust in the leadership (89% vs. 83%)
- Work, structure and process (89% vs. 84%).

Techcombank scored highly when benchmarked against other Southeast Asian foreign banks and multinationals in Vietnam.

Internal surveys also frequently assess employee satisfaction. Satisfaction has remained high, and increased notably year after year.



### Employer of the Year

In September, we won Employer of the Year – Banking at the Stevie Awards for Great Employers. This prestigious international award is the business equivalent of an Oscar and reflects our commitment to outstanding employment policies, individual satisfaction and inspiration.

“Techcombank HR enjoyed huge success in 2019. In 2020, growing morale will reinforce our solid foundation for ongoing, shared success towards become Vietnam's #1 bank.”



## Corporate culture

“Shaped by our mission and vision, it forms part of every Techcomer’s DNA, with staff at all levels sharing core values and meeting behavioural norms.”






Over the past 10 transformational years, Techcombank has hit many important milestones and is now Vietnam’s most efficient domestic bank. Our leading achievements include:

- A clear development strategy
- A customer-centric business model
- A strong and effective corporate culture.

Our powerful and unique corporate culture is crucial to our success. It forms the rails upon which the Techcombank train runs smoothly. Shaped by our mission and vision, it forms part of every Techcomer’s DNA, with staff at all levels sharing core values and meeting behavioural norms. Our executives play a leading role, reinforcing and promoting what we stand for, and encouraging staff to embrace our way of doing things at every turn.

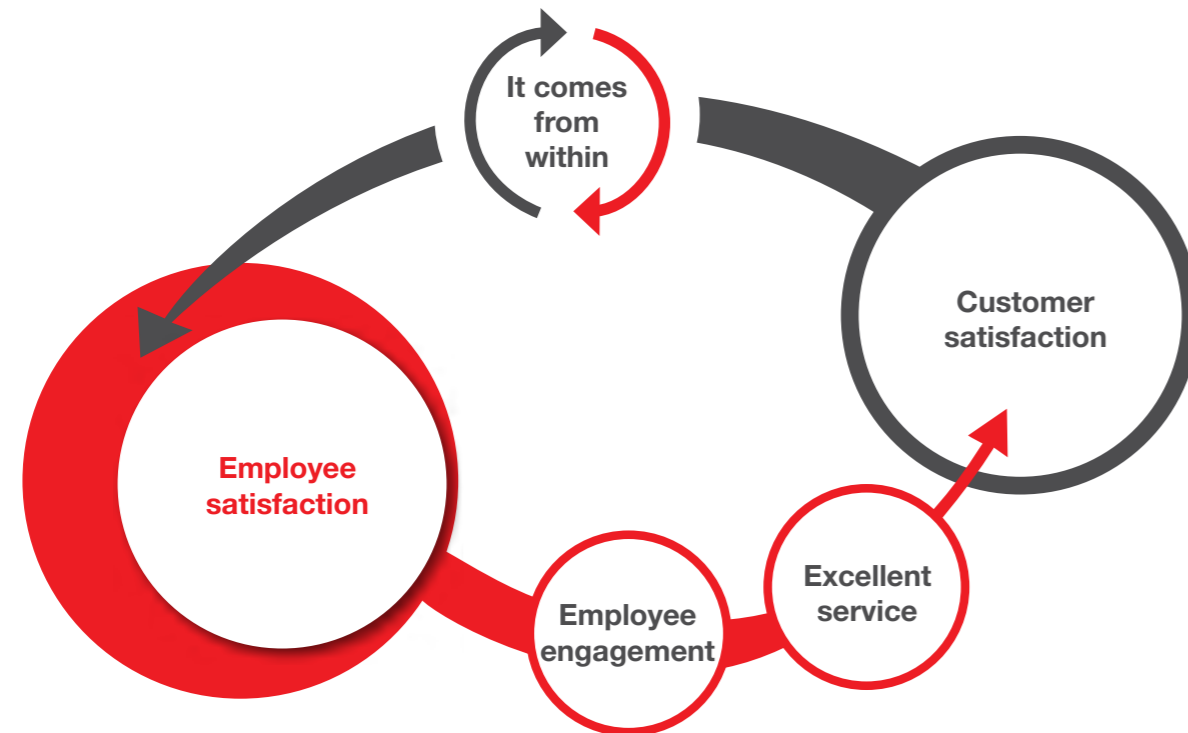
In preparation for our 2021–2025 Transformation strategy, our executives have begun to tweak our core values and behavioural norms. Following are the core values and beliefs that will shape the Bank’s future, guiding us to meet customer needs, and growing their trust and satisfaction with the Bank.

### Core values of Techcombank in the new era

VALUE	BELIEF	INTERPRETATION
 <p><b>CUSTOMER CENTRICITY</b></p>	<p><b>Because we only succeed when customers succeed</b></p>	<ul style="list-style-type: none"> <li>› Seeks the solution that proactively meets the client’s needs</li> <li>› Performs work beyond their scope of responsibilities to solve issues for customers</li> <li>› Looks for ways to increase customer satisfaction</li> </ul>
 <p><b>INNOVATION &amp; CREATIVENESS</b></p>	<p><b>To always lead</b></p>	<ul style="list-style-type: none"> <li>› Looks for ways to overcome obstacles in the way of reaching the objective</li> <li>› Proposes new solutions for current tasks</li> <li>› Initiates improvements in working practices of a department he/she is working in</li> </ul>
 <p><b>COLLABORATION FOR COMMON OBJECTIVES</b></p>	<p><b>To create collective strength to bring outstanding results to both individuals and the organisation</b></p>	<ul style="list-style-type: none"> <li>› Engages colleagues in working together/joint work</li> <li>› Accepts feedback in a constructive way and corrects his/her behavior accordingly</li> <li>› Speaks sincerely on current problems in his/her work and encourages others to do so</li> </ul>
 <p><b>SELF-DEVELOPMENT</b></p>	<p><b>To be able to grasp development opportunities with the organisation</b></p>	<ul style="list-style-type: none"> <li>› Studies new fields/technologies even if they are not related to his/her work directly but which can contribute to organisational development</li> <li>› Sets himself/herself goals for career development</li> <li>› Improves his/her professional knowledge and skills</li> </ul>
 <p><b>WORK EFFICIENCY</b></p>	<p><b>To bring greater success with appropriate resources</b></p>	<ul style="list-style-type: none"> <li>› Complies with Code of Conduct and standards of Techcombank</li> <li>› Organises his/her work to perform it consistently and without emergencies</li> <li>› Uses the resources available with rationality</li> </ul>

## ➤ Corporate culture (continued)

### The relationship between employee and customer satisfaction



#### Individual belief

Two of Techcombank's five core values emphasise the importance of individuals. For us, our strength lies in their excellence. We pick the right people and provide the optimal working environment for self-development. This is borne out by 2019's sharp increases in our OHI and EES scores, which are among the highest in our region. Techcombank's keenness to benefit employees through our AON and ESOP policies has seen us invest heavily in TechcomLead training courses and the 2019 National University of Singapore (NUS) Boot Camp.

Staff have made great strides with clear career development paths and a sense of security and loyalty to the Bank. As we rolled out a myriad of initiatives, many staff were honoured for their breakthrough innovations. Innovation and creativeness are critical to who we are.



#### Our collective strength

Our spirit of teamwork is embedded in the two core values of 'Collaborating for common objectives' and 'Efficiency'. We believe that **If you want to go fast, go alone. If you want to go far, go together.** We are structured so that all divisions, functions and units work together efficiently, and staff are trained to allocate resources reasonably; anticipating risks and minimising waste.

In line with our core belief in the power of cooperation, every Techcomer, no matter their role, works with others. On joint projects, Techcomers always engage and support each other. They enthusiastically welcome and respond to suggestions from colleagues, supervisors and subordinates with the aim: **Make today better than yesterday.**

The consensus and commitment fostered within our corporate culture makes it easier for us to solve problems, so we can grow and enhance customer experience and satisfaction.





“Our cultural transformation to realise the ambition of ‘Becoming the #1 bank’, must be sustainable. So, we’re making steady progress and ensuring we get things right. Once we reach the top, we want to remain the institution behind our customers’ success.”

## ➤ Corporate culture (continued)

### Shared joy, shared success

Techcombank staff put the customer at the centre of everything we do. Techcomers’ love, trust, and pride in the Bank, cements our commitment to help customers through any difficulties they face in reaching their goals. The relentless efforts of the whole Techcombank team to make dreams come true has put millions of smiles on millions of faces.

Importantly, our trusting customers happily refer us to friends, family and business partners. The 2019 Net Promoter Score (NPS) survey saw an increase from 2017 in our satisfaction index, and in customer willingness to recommend our services in the affluent and mass customer segments.

Despite high levels of customer satisfaction (>80%), we never rest on our laurels and respond eagerly to customer feedback. From executive level down, we’re always on the hunt for ways to grow customer satisfaction and trust.

### Constant development, constant improvement

A thriving corporate culture takes time to build. Through our internal communication network and unique corporate culture programs, we have been strengthening and maintaining ours for years, with 2019 being the eighth year of our ‘Cultural Journey’ program. This program helps employees gain a deeper understanding of our core values and how they translate into behavioural norms.

Individuals who always showcase all that Techcombank stands for, and who are not only talented but also lead by example through their focus on customers, are eligible for the Techcomer of the Year Award. This coveted honour is presented by the Chairman.