



## **9M24 TECHCOMBANK (TCB - VN) RESULTS**

**Robust results driven by momentum in net interest income (NII) and cost management**

### **9M24 HIGHLIGHTS**

- PBT of VND 22.8 trillion – up 33.5% YoY
- TOI of VND 37.4 trillion – up 28.9% YoY
- 40.5% CASA ratio. CASA balance, which included Auto-earning accounts, reached all time high level of over VND 200 trillion
- Industry-leading capital adequacy and profitability with 15.1% CAR (Basel II) and 2.6% ROA (LTM).

**Hanoi, 21 Oct 2024** – Vietnam Technological and Commercial Joint Stock Bank (“Techcombank” or the “Bank”) today announced its financial results for the 09 months ending 30 Sep 2024.

*“Techcombank extended its robust performance into 3Q24, in line with management guidance. TOI excluding recoveries and PBT increased 11.3% and 23.5% YoY respectively. Key operating metrics remained robust with our CASA ratio remaining at 40.5%, net interest margin above 4%, and non-performing loans at 1.35%. Our credit and deposit growth continued to be higher than the industry. Notably, our retail credit book expanded 6.0% QoQ, driven by demand for mortgages.*

*3Q24 marked a busy and productive quarter for our insurance business. Techcom Non-Life Insurance Joint Stock Company (TCGIns) was established while our exclusive partnership with Manulife was mutually agreed to conclude. These developments open the opportunity for the Bank to expand our ecosystem strategy, reaching out to more customers and serving them through more integrated and compelling propositions.”*

**- Jens Lottner – Techcombank CEO**

## Income statement

- **In 9M24, net interest income (NII)** reached VND 26.9 trillion, up 33.9% YoY. NIM (LTM) remained at 4.3%, improving YoY and flat QoQ. Quarterly NIM fell to 4.1%, from 4.3% in 3Q23 and 4.6% in 2Q24, in line with previous management guidance. NIM compression was driven by the adjustment of the flexible pricing policy in some parts of the Bank's real estate books, as well as the overall context of lending competition and pick-up in term deposit rates.
- **Net fee income (NFI)<sup>2</sup>** grew 17.1% YoY to VND 8.3 trillion. Individual performance by product type for 9M24 was as follows:
  - ✓ **Letters of Credit (LC), Remittance and Other cash & settlement (VND 2,958 billion, down 8.1% YoY):** lower fee collection YTD were mostly due to headwinds in Letters of Credit (LC) business, which in turn was driven by regulatory changes and adverse interest rate conditions affecting a specific category of credit-linked LCs ("UPAS LC").
  - ✓ **IB fees (VND 2,541 billion, up 110.6% YoY):** 3Q24 IB fees amounted to VND 750 billion, up 23.3% YoY. While this was lower than 2Q24 record high fees (over VND 1 trillion), the result was encouraging given relatively muted bond issuance volume in the period.
  - ✓ **Cards (VND 1,506 billion, broadly flat YoY):** flat net card fee income was mainly due to the high level achieved in the same period last year while Techcombank continued to invest in revamped card campaigns and loyalty programs, aiming at providing customers with best-in-class rewards and experiences. For the record, Techcombank's net card fees had jumped 34% in FY23, after an impressive expansion of 172% in FY22.
  - ✓ **Banca fees (VND 594.1 billion, up 29.8% YoY):** the strong progression reflected the outstanding banca experience that Techcombank offered to its customers as confidence in the market slowly began to return.
  - ✓ **FX sales (VND 610.3 billion, down 16.5% YoY):** the decline was driven by lower FX derivative demand as well as tighter margins, in a context where the VND:USD exchange rate remained close to the SBV's ceiling rate during most of the reporting period.

- **Net income from other activities**, excluding recoveries, totalled VND 1,367 billion, up 3.9% YoY. Most of the income was recognized in 1H24 as the Bank realised profit on its bond trading portfolio in anticipation of the pick-up in interest rates.
- **Recoveries** extended robust collection, resulting in VND 391.3 billion in 3Q24, up 88.2% YoY, and VND 829.1 billion in 9M24, up 59.5% YoY.
- **Operating expenses** increased by 10.2% YoY to VND 10.6 trillion. In 3Q24 OPEX decreased by 5.5% YoY and 13.1% QoQ to VND 3.4 trillion. As a result, 9M24 cost-to-income ratio (CIR) stood relatively flat at 28.4%.
- **Provision expenses** amounted to VND 3,964 billion, a 73.4% increase from 9M23. Loan loss coverage ratio improved to 103.4% at the end of September 2024.

### **Balance sheet**

**By the end of 9M24, Techcombank's total assets** reached **VND 927.1 trillion**, up 9.1% YTD and 18.7% YoY. At the bank-only level, customer credit posted 17.4% YTD growth to VND 622.1 trillion.

- **On a consolidated basis, 3Q24 saw commendable growth in retail credit**, which grew 6.0% QoQ, double the growth of the corporate credit (bonds + loans).
  - Retail credit growth was attributable to upbeat performance in mortgage lending, which expanded 6.6% QoQ and 13.2% YTD to all-time high level of VND 193.6 trillion. Notably, mortgage prepayment volume positively declined to one-year low, whilst disbursement volume remained at a high level of over VND 28 trillion.
  - Corporate credit grew 2.9% QoQ and 16.3% YTD to VND 395.1 trillion. This quarter marked increasing visibility on the Bank's diversification initiatives, with real estate credit remaining almost flat QoQ.
- **Customer deposits** reached VND 495.0 trillion, up 8.9% YTD and 21.0% YoY. Thanks to commendable results of the new Auto-earning proposition, CASA balance reached a record high level of VND 200.3 trillion, driving up the Bank's CASA ratio to 40.5%.

### **Liquidity and capital**

- The Bank's funding position remained robust, with a regulatory **loan-to-deposit ratio** (LDR) of 82.2% at 30 September 2024, below the 85% cap imposed by the State Bank of Vietnam. At 30 September 2024, **short-term funding to medium and long-term loan ratio** stood at 24.2%, in line with the last quarter.

- **The Bank’s capital adequacy ratio (CAR) improved to 15.1%** at 30 September 2024, continuing to be well above the Basel II, Pillar I minimum requirement of 8.0%. This level is consistent with the Bank’s target range of 14% to 15%.

### **Asset quality**

- **Special mention loans (B2)** ticked up to VND 5,163 billion (from VND 4,855 billion at the end of 2Q24), translating into 0.86% B2 ratio (broadly flat QoQ). Higher B2 formation in the reporting quarter was due to CIC impacts as organic B2 formation reduced slightly to VND 1.9 trillion (vs. VND 2.0 trillion in 2Q24).
- **Non-performing loans (NPL)** stood at 1.35%, from 1.28% at the end of 2Q24. NPL pre-CIC was 1.16%.

### **Subsidiaries**

- In 3Q24, TCBS achieved a **profit before tax (PBT) of VND 1,097 billion** (flat YoY and down 31.9% QoQ), bringing the accumulated 9-month profit for 2024 to VND 3,869 billion, +28.9% YoY, **reaching 105% of the full-year target**.
- **TCBS maintained the #3 largest brokerage market share (7.09%)** on the Ho Chi Minh Stock Exchange (HOSE) and #2 (with 7.89% market share) on the Hanoi Stock Exchange (HNX). This performance shows that TCBS remains a top choice for investors, thanks to its service quality and “Zero Fee” offerings.
- With regard to bond business, TCBS provided underwriting services for a total issuance volume of approximately VND 40 trillion in 9M24, accounting for about 44% market share excluding bank bonds. In 9M24, TCBS’s bond distribution volume reached over VND 57 trillion, posting a robust 52.1% YoY increase.
- Thanks to heavy investment in technology infrastructure, TCBS has delivered superior customer experiences. In the first 9 months of 2024, the TCInvest platform reported impressive performance with over 86,400 new customers and an average of 166 million visits per month. User satisfaction ratings on the TCInvest app remain high, with scores above 4/5 on both the App Store and CH Play. TCBS continues to cement its pioneering position in Fintech by applying **Generative AI (GenAI)** in innovative solutions that provide outstanding customer experiences.

## **CUSTOMER AND OTHER HIGHLIGHTS**

### **New customers & E-banking transactions**

Techcombank ended 9M24 with ~14.8 million customers, adding nearly 500,000 new customers in 3Q24. Of these, 57.4% were acquired digitally and 42.1% were through branches, as the Bank accelerated merchant acquisition through suitable offerings for those potential customers such as Auto-earning, Soft POS and other programs to serve individual needs.

The number of retail customer transactions through e-banking channels was 850.5 million during 3Q24, up 8.9% QoQ and 47.2% YoY. Total transaction value in 3Q24 reached VND 2.7 quadrillion, down 9.0% and up 10.7% YoY. Overall, in 9M24, e-banking transaction volume and value totalled 2.3 billion and VND 8.2 quadrillion, up 53.5% and 20.3% YoY, respectively.

### **FiinRatings upgraded Techcombank's credit rating on improved funding and liquidity profile**

In August, FiinRatings upgraded the Long-Term Issuer Credit Rating on Techcombank to 'AA-', from 'A+', with 'Stable' outlook. Vietnamese banking sector rating stands at 'a-'.

According to FiinRatings, an 'AA-' rating reflects a stable credit profile, attributable to a solid business profile, in tandem with funding and liquidity strengths and high profitability. "In this surveillance, Techcombank's funding and liquidity has shown certain improvements compared to that during our initial rating; this is demonstrated via the Bank's continuous efforts to increase stable funding sources while the liquidity profile remains assured through FiinRatings' stress testing scenario." – FiinRatings announced.

The rating agency also acknowledges that Techcombank has continued to leverage the core strength of its high-quality, affluent customer base and has shown healthy expansion and diversification in its lending strategies; these help to support the Bank's business stability and diversity. "The diversification efforts of the Bank are also witnessed in its corporate loan books, with corporate lending into non-real estate sector becoming the credit growth driver within 2023-2024 and expected to be the Bank's top prioritized strategies in the medium term" – FiinRatings assessed.

Finally, Techcombank's capital and earnings continued to be "the key credit strength" of the Bank, and risk position is reaffirmed at the 'Adequate' level.

### **Latest updates on Techcombank's insurance business**

On 8<sup>th</sup> October, Manulife Vietnam and Techcombank announced to have mutually agreed to discontinue their distribution partnership, effective from 14<sup>th</sup> October.

In response to the evolving market landscape, the new requirements of the Insurance Business Law and changes to the strategies of Manulife Vietnam and Techcombank, the two parties have mutually agreed to conclude their distribution partnership, effective from 14 October, after which date Manulife insurance policies will not be distributed via Techcombank channels. As agreed between Techcombank and Manulife, Techcombank will pay Manulife a one-off amount of VND 1,808 billion to terminate the distribution agreement as well as the service level agreement. The one-off payment, which was determined by reference to a formula in the original distribution agreement, will be recorded as operational expenses in the Bank's 4Q24 accounts.

The conclusion of the distribution partnership will not affect the rights and interests of customers who purchased Manulife insurance policies through Techcombank. These insurance policies remain unchanged and will continue to be maintained by Manulife. Techcombank is fully committed to supporting Manulife and customers in a smooth and orderly transition with regards to their interests and rights being protected by Manulife Vietnam so that they may continue their contracts with confidence and peace of mind.

With the vision to “Change banking, Change lives”, Techcombank will continue its customer-centric strategy and is committed to continuing to bring valuable financial solutions and the best experiences to customers. October also witnessed the establishment of Techcom Non-Life Insurance Joint Stock Company (TCGIns) – marking the Bank's strides towards offering differentiated non-life insurance solutions.

### **Comprehensive partnership with Bee Logistics**

In August, Techcombank and Bee Logistics Corporation established a comprehensive partnership, opening a new chapter in the provision of financial and non-financial solutions for the logistics industry.

According to the agreement, the two parties will jointly deploy a comprehensive set of financial solutions including integrated cash flow management solutions, working capital solutions, and investment and financing solutions for Bee Logistics' ecosystem. With these solutions, Techcombank will provide payment tools to businesses so they can trade easily,

seize opportunities and optimize costs. At the same time, the tools will help businesses improve their capital management capacity to make quick, effective decisions and increase their competitive advantage in the market.

Techcombank is committed to accompanying Bee Logistics' ecosystem, providing individually designed financial solutions to meet the specific needs of each business, thereby helping businesses enhance their competitiveness, expanding business scale and seizing new opportunities in the market.

### **Overseas Talent Roadshow in Singapore and London**

The event attracted the participation of many talents living and working in the UK and neighboring countries, with the presence of Techcombank's senior leaders.

The return to the UK after the success in 2022 has created significant buzz, affirming Techcombank's position in the international market. Inspirational stories and attractive career opportunities were discussed enthusiastically at this event, bringing to a close an impressive Roadshow season.

### **Giving back to the community through the Techcombank Hanoi International Marathon & other CSR activities**

On September 22, the Techcombank Hanoi International Marathon Season 3 was successfully organized, with participation by over 10,000 athletes from 42 countries. The event was an important race for the competitive athletes, but it also helped to uplift the wider community through the power of sport and by fostering a spirit of sportsmanship and solidarity. The third season of the marathon also paid tribute to the historical and cultural values of Hanoi, as the city marked the 70th anniversary of the Liberation of the Capital of Vietnam.

In addition, Techcombank has taken timely measures to provide relief to those affected by the Typhoon Yagi and its after-effects in Hanoi and Northern provinces. The Bank donated VND 3 billion to the Vietnamese Fatherland Front (VFF), also, for every donation by Techcomers, Techcombank contributed the same amount, providing a "double" contribution to aid typhoon victims.

## AWARDS AND RECOGNITION

In 3Q24, Techcombank was honored with multiple accolades for its outstanding Human Resources achievements. They are:

- **The Stevie Awards for Great Employers**
  - Silver award for Employer of the Year
  - Bronze award for HR Technology Transformation
- **Best Workplaces in Asia by Great Place to Work (GPTW):** 2<sup>nd</sup> year consecutively.

**Learn more about Techcombank’s results:** Techcombank will present 9M24 results as below:

1. Institutional investors and analysts can join us at 2:45PM on 22 Oct 2024

- English: <https://www.youtube.com/live/UTAIUVBYqGQ>
- Vietnamese: <https://www.youtube.com/live/nb7elA2tR5U>

2. Retail investors (in Vietnamese only) can join us at 2:45PM on 23 Oct 2024

- Youtube: <https://youtube.com/live/N5FzpxsLqXI?feature=share>
- Facebook: <https://www.facebook.com/events/1226903871861083/?ref=newsfeed>

View the webcast and presentation slides at any time via [Techcombank Investor Presentation](#).

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## About Techcombank (Ticker: TCB VN, HOSE)

Vietnam Technological and Commercial Joint Stock Bank (Techcombank) is one of the largest joint stock banks in Vietnam, and a leading bank in Asia, with a vision to “Change banking, Change lives”. The Bank pursues a proven customer-centric strategy in providing a broad range of retail and corporate banking solutions and services to help financially empower its customers. Techcombank has ~14.8 million retail and corporate customers, which it serves through a market-leading digital banking platform and mobile app, and an



extensive network of transaction service outlets at locations across Vietnam. The Bank's ecosystem approach, co-created through partnerships in multiple key economic sectors, adds further scale and differentiation in one of the fastest growing markets in the world.

Techcombank is rated AA- by FiiRatings, Ba3 by Moody's and BB- by S&P, leading among Vietnam joint stock commercial banks.

Acronyms:

<i>APE</i> – Annual premium equivalent	<i>NIM</i> – Net interest margin
<i>CAR</i> – Capital adequacy ratio	<i>NPL</i> – Non-performing loan
<i>CASA</i> – Current account savings account	<i>PBT</i> – Profit before tax
<i>CIBG</i> – Corporate and Institutional Banking Group	<i>Q1, Q2, Q3, Q4</i> – Quarter 1,2,3,4
<i>CIR</i> – Cost-to-income ratio	<i>RBG</i> – Retail Banking Group
<i>HOSE</i> – Ho Chi Minh Stock Exchange	<i>ROA</i> – <i>Return on assets</i>
<i>IB</i> – Investment banking	<i>ROE</i> – <i>Return on equity</i>
<i>LC</i> – Letters of Credit	<i>SME</i> – Small and medium-sized enterprise
<i>LDR</i> – Loan-to-deposit ratio	<i>ST</i> – Short-term
<i>MoM</i> – Month-on-month	<i>TCBS</i> – Techcom Securities
<i>NII</i> – Net interest income	<i>TOI</i> – Total operating income
<i>NFI</i> – Net fee and commission income	<i>VND</i> – Vietnamese dong
	<i>YoY</i> – Year-on-year

Balance sheet (VND Bn)	3Q23	4Q23	1Q24	2Q24	3Q24	Q/Q	Y/Y
<b>Total Assets</b>	781,279	849,482	885,653	908,307	927,053	2.1%	18.7%
<b>Deposits from customers</b>	409,045	454,661	458,041	481,860	494,954	2.7%	21.0%
<b>Credit growth<sup>3</sup> (YTD)</b>	11.4%	19.2%	6.4%	11.6%	17.4%	+576 bps	+593 bps
<b>CASA<sup>7</sup></b>	33.6%	39.9%	42.5%	40.3%	40.5%	+16 bps	+684 bps
<b>NPL</b>	1.40%	1.19%	1.17%	1.28%	1.35%	+6 bps	-5 bps
<b>Credit costs (LTM)</b>	0.7%	0.8%	0.9%	1.1%	1.1%	+1 bps	+38 bps
<b>Coverage ratio</b>	93.0%	102.1%	105.9%	101.0%	103.4%	+237 bps	+1,036 bps
Capital and Liquidity	3Q23	4Q23	1Q24	2Q24	3Q24	Q/Q	Y/Y
<b>Basel II CAR</b>	15.0%	14.3%	14.2%	14.5%	15.1%	+56 bps	+4 bps
<b>Basel II Tier 1 ratio</b>	14.8%	13.9%	13.8%	14.2%	14.6%	+40 bps	-28 bps
<b>Short-term fundings to medium and long-term loans<sup>4</sup></b>	30.5%	26.4%	25.1%	24.2%	24.2%	0 bps	-634 bps
<b>LDR<sup>5</sup></b>	76.7%	77.4%	78.5%	79.6%	82.2%	+260 bps	+547 bps
Profitability (VND Bn)	3Q23	3Q24	N/N		9M23	9M24	Y/Y
<b>Net interest income</b>	7,272	8,929	22.8%		20,094	26,906	33.9%
<b>Non-interest income</b>	3,146	2,826	-10.2%		8,950	10,530	17.7%
<b>Total operating income</b>	10,418	11,754	12.8%		29,044	37,436	28.9%
<b>Operating expenses</b>	(3,631)	(3,431)	-5.5%		(9,642)	(10,629)	10.2%
<b>Profit before tax</b>	5,843	7,214	23.5%		17,115	22,842	33.5%
<b>NFI/TOI<sup>6</sup></b>	26.3%	21.9%	-440 bps		24.9%	22.8%	-218 bps
<b>CIR</b>	34.8%	29.2%	-566 bps		33.2%	28.4%	-480 bps
<b>ROA (LTM)</b>	2.4%	2.6%	+22 bps		2.4%	2.6%	+22 bps
<b>ROE (LTM)</b>	14.6%	16.8%	+217 bps		14.6%	16.8%	+217 bps
<b>NIM (LTM)</b>	4.1%	4.3%	+21 bps		4.1%	4.3%	+21 bps
<b>Cost of funds</b>	4.7%	3.4%	-132 bps		5.1%	3.3%	-181 bps

**Notes:**

1. All numbers are consolidated, unless otherwise noted
2. NFI includes fee from bond distribution and FX sales
3. Bank-only number per SBV regulations
4. Bank-only number per SBV regulations; SBV limit: 30%
5. Bank-only number per SBV regulations; SBV limit: 85%
6. NFI includes fee from bond distribution and FX sales, TOI excludes recoveries
7. CASA balance and ratio include Auto-earning in the "SA" component computation, unless otherwise stated

## Financial metrics formula

Indicators	Formula
NPL coverage ratio	$\frac{\text{Provision reserves for loans to customers}}{\text{NPL balance}}$ <ul style="list-style-type: none"> <li>Excluding provision reserves for margin lending</li> <li>NPL balance excludes margin lending</li> </ul>
CASA ratio	$\frac{\text{Demand deposits} + \text{Margin deposits} + \text{Auto – earning balance}}{\text{Total deposits from customers}}$
ROA LTM	$\frac{\text{PAT for the consecutive 4 quarters}}{\text{Average total assets (over 5 latest quarters)}}$
ROE LTM	$\frac{\text{PAT post NCI for the consecutive 4 quarters}}{\text{Average equities excl. NCI (over 5 latest quarters)}}$ <ul style="list-style-type: none"> <li>Interest earning assets comprise: Balance with SBV, Deposits and loans to other credit institutions, Loans to customers, and debt investment securities</li> </ul>
NIM LTM	$\frac{\text{NII for interest earning assets for the consecutive 4 quarters}}{\text{Average interest earning assets (over 5 latest quarters)}}$
Credit cost LTM	$\frac{\text{Provision expenses for loans and corporate bonds for the consecutive 4 quarters}}{\text{Average loans and corporate bonds (opening and ending balances)}}$ <ul style="list-style-type: none"> <li>Provision expenses for credit losses are for loans to customers (excl. margin lending) and unlisted corporate bonds (excl. for listed corporate bonds).</li> <li>Loans to customers balance excludes margin lending</li> </ul>
Credit cost net recoveries	$\frac{\text{Provision expenses for loans and corporate bonds – recoveries for the consecutive 4 quarters}}{\text{Average loans and corporate bonds (opening and ending balances)}}$

Indicators	Formula
Asset yields	$\frac{\text{Interest income for the quarter} * 4}{\text{Average daily interest earning assets}}$
Loan yields	$\frac{\text{Interest income from loans for the quarter} * 4}{\text{Average daily loan balance}}$
Cost of funds	$\frac{\text{Interest expenses for the quarter} * 4}{\text{Average daily funding balance}}$
Deposit yields	$\frac{\text{Interest expenses for deposits for the quarter} * 4}{\text{Average daily deposit balance}}$

- Interest earning assets comprise: Balance with SBV, Balance at credit institutions, loans to customers, and investment securities