

1H22 TECHCOMBANK (TCB - VN) RESULTS

Techcombank Reports Strong 1H 2022 Financial Performance

1H22 HIGHLIGHTS

- PBT of VND 14.1 trillion – up 22.3% YoY
- TOI of VND 21.1 trillion – up 16.6% YoY
- Strong 47.5% CASA ratio and sector-leading 3.6% ROA
- Robust Basel II CAR of 15.7%

Hanoi, 21 July, 2022 - Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) today announced another strong set of financial results for the six months ended 30 June, 2022.

“Techcombank extended its strong momentum during 2Q22, navigating a significantly more volatile environment. Our core revenue engines continued to perform well, with credit demand and margins remaining high and strong double-digit growth from key fee drivers. Notably, we were able to accelerate credit exposure diversification toward retail customers, who at the end of June accounted for 46.6% of our credit balances, up from 38.8% at the end of March.

During 2Q22, we advanced several digital initiatives to bring simple and intuitive “Banking at your fingertips” solutions to our customers. We launched a new mobile app for business customers and migrated over 70% of our active retail customers to our new retail banking app. Our commitment to delivering outstanding customer experiences won us “Best Bank in Vietnam” for the second year in a row by Euromoney. We will now build on this success by continuing to upgrade our technology and infrastructure and offering new and unique digital experiences.”

- Jens Lottner, CEO Techcombank

Income statement

- Strong NII and NFI growth drove a 16.6% YoY uplift in TOI to VND 21.1 trillion.
- NII expanded 25.1% YoY to VND 15.9 trillion, primarily driven by growth of credit book with NIM (LTM) stable at 5.6%. In 2Q22 Techcombank saw asset yields decrease by 17.0 bps QoQ and costs of funds (CoF) increase by 12.0 bps QoQ.
- NFI¹ grew 29.5% YoY to VND 4.4 trillion with strong growth from core drivers:
 - Cards (generating VND 844.4 billion, +45.3% YoY): a deep understanding of the customer needs enabled the creation of targeted, relevant card value propositions and offers.
 - Banca (VND 617.1 billion, +31.5% YoY): the Bank met increasing customer needs for proper protection post-pandemic by offering a combination of total product solutions, salesforce enhancement and digitized sales processes. Techcombank was the first partner in Vietnam to adopt Manulife's regional high net worth underwriting protocol, which significantly shortens issuance turnaround time (TAT).
 - Letters of credit (VND 544.2 billion, +56.8% YoY), cash & settlement (VND 294.3 billion, +147.3% YoY): this was attributable to various upgrades and new value-added offerings and solutions by both Global Transaction Services (GTS) division and Business Banking (BB) division such as new and enhanced digital channels (new corporate banking mobile app, upgraded internet banking and direct integration channel for corporates) as well as trade service and working capital management.
- IB fees grew 4.0% YoY in 1H22, reaching VND 1.8 trillion. This growth was mainly attributable to an increase of 35.3% YoY in 1Q22. In 2Q22, IB fees declined by 22.8% YoY, largely due to the imminent impacts of changes in laws and regulations governing bond activities. Encouragingly, despite a sharp drop of over 40% in daily liquidity on the stock exchange, non-bond IB fees decreased by only 6.6%, contributing 59.7% of total IB fees in the last quarter, and 57.3% in 1H22, reducing the Bank's dependence on bond businesses as Techcom Securities (TCBS) diversifies its services.
- Operating expenses increased 24.3% YoY to VND 6.4 trillion, with CIR at 30.3%. This is in line with the Bank's strategic plan to invest into Digital, Data and Talent.
- Provision expenses decreased sharply by 56.1% YoY as customer financial health continued to improve enabling the reversal of some provisions made in prior reporting quarters.

Balance sheet

Total assets grew 23.7% YoY to VND 623.7 trillion at 30 June 2022:

- At the bank-only level, customer credit grew 8.5% YTD to VND 421.2 trillion, reflecting healthy demand across all segments.
- On a consolidated basis, retail loans grew 59.4% YoY to VND 205.4 trillion, accounting for 46.6% of the Bank's outstanding credit book. Loans to SME customers were VND 69.4 trillion, +20.8% YoY. Total financing to large corporates (loans and bonds) were VND 166.4 trillion, -7.0% YoY and explained 37.7% of total Bank's credit, significantly lower than that of 49.0% in the same period last year (2Q21) and 45.6% at the end of 1Q22.
- Customer deposits were VND 321.6 trillion, up 11.2% YoY or 2.2% YTD, of which term deposits were VND 169.0 trillion, +8.4% YoY and CASA were VND 152.7 trillion, +14.4% YoY. CASA ratio lowered to 47.5% (vs. that of 50.4% at the end of 1Q22) as customers increasingly sought to redeploy their CASA into investments, notably real estate and securities trading.
- Continued progress was made in the diversification of funding sources with a total balance of VND 72.0 trillion syndicated loans and valuable papers, up 56.2% YoY.

Liquidity and capital

- At 30 June 2022, the short-term funding to medium and long-term loan ratio stood at 32.0%, and the loan to deposit ratio (LDR) increased to 78.8%. Both were comfortably below the regulatory limits.
- At 15.7%, the Bank's capital adequacy ratio (CAR) was well above the Basel II Pillar I minimum requirement of 8.0% and had increased from 15.1% at 31 March 2022.

Asset quality

- In 2Q22, the Bank's NPL ratio was 0.6%, with a healthy coverage ratio of 171.6%, reflecting its asset quality and stability during and post COVID-19 pandemic.
- Rescheduled loans under the COVID-19 customer support program were VND 0.5 trillion (0.1% of outstanding loans), down from VND 1.6 trillion at 31 March 2022.

Subsidiaries

- In 2Q22, despite the high level of volatility in the stock market and a quieter bond market the performance of TCBS showed relative resilience. TCBS posted VND 1.4 trillion in revenue, up 4.7% YoY, and VND 0.8 trillion PBT, down 16.9% YoY. Outstanding margin lending at 30 June was VND 13.9 trillion, a rise of 70.8% YoY. This brought 1H revenues to VND 3.0 trillion, up 31.9% YoY and PBT to VND 2.0 trillion, up 8.9% YoY.
- In 2Q22, the stock brokerage market share on the HOSE remained steady at around 5.4%. In 2Q TCBS launched an upgrade of iCopy with newly added features for futures contracts, besides spot contracts that had been launched since mid-2021, and attracted over 53,000 investors as viewers, of which nearly 8,000 with approx. VND 400 billions in their portfolios have used the services (i.e. copying successful iTraders). TCBS has also been the first financial institution in Vietnam applying blockchain in the whole process of primary and secondary bond distribution, enhancing privacy and safety and thus confidence of customers when they buy or trade bonds with or through TCBS.
- TCBS's pioneering position in the digital space helped the company be the first securities firm in Vietnam to win "Most innovative use of technology, 2022". The award is specifically granted for TCBS's investments and continuous upgrades of Wealthtech on its [TCInvest](#).
- TCBF, an open-ended bond fund managed by TCC, remained the largest domestic bond fund with VND 18.8 trillion assets under management at 30 June 2022.

CUSTOMER AND OTHER HIGHLIGHTS

New customers & E-banking transactions

The Bank ended 2Q22 with 10.1 million customers, adding over 0.2 million in the last quarter. The number of retail customer transactions through e-banking channels grew to 206.1 million during 2Q, up 28.8% YoY. Transaction value grew 14.0% YoY to VND 2.8 quadrillion.

A USD 1 billion offshore syndicated loan facility

On 26 June 2022, Techcombank successfully concluded a landmark USD 1 billion syndicated loan facility (the "Facility"), setting another milestone in its offshore fund-raising activity. This is to date the largest-ever medium and long-term syndicated loan for

a Vietnamese financial institution. The Facility marks Techcombank's third approach to the offshore loan syndication market, following its inaugural USD 500 million transaction in 2020 and a highly successful USD 800 million financing last year.

The fully underwritten financing was selectively launched in last December at an original target size of USD 700 million with a pre-funding option, and subsequently offered to the wider market in February 2022. Owing to stellar market response, the facility amount was upsized to USD 1 billion, comprising three tranches with tenors of 3, 4 and 5 years. The 5-year tranche followed the successful precedent set earlier in its USD 800 million deal.

Techcombank's exemplary track record and robust business strategy have enabled it to access a large pool of liquidity from a diverse range of investors. The outstanding success of the transaction in terms of size, tenor and participation reaffirmed the pioneering position of Techcombank in the Vietnamese banking sector.

Growing adoption of retail digital banking app

The Bank launched its new Techcombank Mobile app in late 2021. Since then all new retail customers have been enrolled with the new app, while existing customers are being migrated to the app in phases. By end of June 2022 more than 70% of the Bank's active customers had been successfully migrated. The new app has obtained a 4.7/5.0 rating, putting it among the top ranked mobile banking apps available with users finding it simple to use, easy to understand and informative. The app offers users a wide range of outstanding capabilities including instant credit card approvals and instant use for existing bank customers (Techcombank is the first in Vietnam to offer this capability through an app), eKYC, CASA and debit card combos, lending and banca lead generations, automatated bill payments, and a feature that empowers customers to track their day-to-day spending habits. In 2H22, Techcombank intends to further enhance the app, adding new features including an "Alert, suggest, act" capability through money tracker, investment tracker, as well as nudges to provide customers with instant notifications.

During the period Techcombank launched a new savings offering on the new app called Như Ý, or "As desired". This breakthrough online savings product is designed to help customers with a stable monthly income achieve their financial goals by establishing a monthly savings habit. It offers personalised features including suggesting a unique

savings roadmap based on their goals, allowing for flexibility over monthly savings, and optimized interest rates.

Launch of new digital banking platform for business customers

In May, Techcombank officially launched its new digital banking platform for business customers that offers a seamless digital experience by enabling businesses to meet their banking needs from a computer or mobile device. Leveraging Techcombank's cutting-edge data lake and data analytics capabilities customers can enjoy real-time processing for online onboarding and unsecured lending through the digital platform. In the first two months, Techcombank has seen over one fifth of business customer transactions being made on the mobile app, while online term deposits (TD) and transaction values increased by around 40% and 20% respectively. In the next phase, new functions supporting sales and beyond banking services will be made available through partnerships to further elevate the customer experience.

iDO - a new digital branch platform

In April, Techcombank introduced its new iDO digital branch platform, aimed to digitise and streamline branch processes, reduce paperwork and free branch relationship managers to provide value-added support and advice to customers.

In June, the Bank piloted a new Account Bundle opening feature on the iDO platform at 68 branches. This feature enabled branch staff to open a new customer account through a tablet, 100% paperlessly, and reduced processing time to an average of 3-5 minutes. The Account Bundle has since been rolled-out bank-wide at 256 branches across Vietnam and has been positively received by customers.

In 2H22, the iDO platform will be further enhanced to enable credit card applications and the updating of customer information via a tablet. Ultimately, the iDO platform will become Techcombank's single customer sign-on platform for branches and contact centers, helping to reduce the cost of customer acquisition, improve branch productivity, enable cross-selling of services, and further improve the customer experience.

Awards and Recognition

Techcombank was named the "Best Bank in Vietnam" by *Euromoney* at its Awards for Excellence 2022. This is the fourth time Techcombank has won this prestigious award,

reflecting the Bank’s consistently strong performance and commitment to delivering outstanding customer experiences. Euromoney’s “Awards for Excellence” are among the world’s most highly acclaimed awards program, recognising superior banking performance, innovation and leadership.

Learn more about Techcombank’s results:

Techcombank will present 2Q22 financial results via two conference calls

1. Institutional investors and analysts can join us at 2:45 pm on 22 July 2022

- English: <https://youtu.be/rXDos-zpc7Q>
- Vietnamese: <https://youtu.be/YFlex5GXDJg>

2. Retail investors (in Vietnamese only) can join us at 2:45 pm on 25 July 2022

- Vietnamese: <https://youtu.be/PXbzVhrQ-B4>

View the webcast and presentation slides any time at

<https://www.techcombank.com.vn/investors/financials/documents/> (Tab “ Documents”).

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About Techcombank

Techcombank is listed on the HOSE as TCB VN. It was established in 1993 as Vietnam was transitioning from a centrally planned to a more market-oriented economy. Techcombank is now one of Vietnam’s largest joint stock banks and a leading Asian bank. The Bank pursues a proven customer centric strategy, with a broad range of banking solutions and services to more than 10.1 million customers, through an extensive network of over 300 transaction offices. The Bank’s ecosystem approach, which is implemented

across multiple key economic sectors, further differentiates Techcombank in one of the world’s fastest growing economies.

Moody’s rates Techcombank the highest among Vietnamese banks with a Ba3, Positive Outlook – the only bank constrained by the sovereign rating. S&P rates the Bank with BB – (Stable Outlook).

Techcombank awards include:

- Best Bank in Vietnam – *Euromoney in 2018, 2021 and 2022*
- Best Bank in Vietnam – *FinanceAsia in 2020 and 2021*
- Leading Partner Bank in Vietnam 3Q21 – *Asia Development Bank*
- Best Companies to work for in Asia – *HR Asia in 2019, 2020*
- ‘Best Payments Bank’, ‘Most Recommended Transaction Bank’, ‘Most Recommended Retail Bank’ and ‘Best Corporate Payment Implementation’ in Vietnam in 2021 – *The Asian Banker*
- 2021 Best Treasurer, Asia Pacific (Marquee Award) – *Corporate Treasurer*
- Leadership in VISA Card Issuing and Payment award – *VISA, the fourth year in a row*
- Eight awards – *VISA, the most VISA awards in 2021.*

<u><i>Acronyms:</i></u>	<i>NFI</i> – Net fee and commission income
<i>APE</i> – Annual premium equivalent	<i>NIM</i> – Net interest margin (<i>LTM</i>)
<i>LC</i> – Letter of Credit	<i>NPL</i> – Non-performing loan
<i>CAR</i> – Capital adequacy ratio	<i>PBT</i> – Profit before tax
<i>CASA</i> – Current account savings account	<i>Q1, Q2, Q3, Q4</i> – Quarter 1,2,3,4
<i>CIR</i> – Cost-to-income ratio	<i>ROA</i> – Return on assets
<i>FY2021</i> – Financial year 2021	<i>SME</i> – Small and medium-sized enterprise
<i>HOSE</i> – Ho Chi Minh Stock Exchange	<i>ST</i> – Short-term
<i>IB</i> – Investment banking	<i>TCBS</i> – Techcom Securities
<i>LDR</i> – Loan-to-deposit ratio	<i>TOI</i> – Total operating income
<i>NII</i> – Net interest income	<i>VND</i> – Vietnamese dong
	<i>YoY</i> – Year-on-year

Balance sheet (VND billion)	2Q21	3Q21	4Q21	1Q22	2Q22	QoQ	YoY
Total assets	504,304	541,635	568,729	615,270	623,745	1.4%	23.7%
Deposits from customers	289,335	316,376	314,753	328,914	321,634	-2.2%	11.2%
Credit growth ² (YTD)	11.2%	14.1%	22.1%	7.9%	8.5%	+59 bps	n/a
CASA ratio	46.1%	49.0%	50.5%	50.4%	47.5%	-293 bps	+135 bps
NPL ratio	0.4%	0.6%	0.7%	0.7%	0.6%	-7 bps	+25 bps
Credit cost (LTM)	0.9%	0.7%	0.7%	0.6%	0.4%	-20 bps	-48 bps
Coverage ratio	258.9%	184.4%	162.9%	160.8%	171.6%	+1076 bps	-8734 bps

Capital and liquidity							
Basel II CAR	15.2%	15.2%	15.0%	15.1%	15.7%	+60 bps	+51 bps
Basel II Tier 1 ratio	14.8%	14.7%	14.6%	14.7%	15.4%	+72 bps	+58 bps
ST funding to MLT loans ³	39.1%	32.6%	28.8%	32.2%	32.0%	-19 bps	-716 bps
SBV LDR ⁴	76.6%	76.7%	75.0%	71.9%	78.8%	+696 bps	+227 bps

Profitability (VND billion)	2Q21	2Q22	YoY		6M21	6M22	YoY
Net interest income	6,588	7,794	18.3%		12,712	15,905	25.1%
Non-interest income	2,618	3,242	23.8%		5,427	5,243	-3.4%
Total operating income	9,206	11,036	19.9%		18,138	21,148	16.6%
Operating expenses	(2,591)	(3,297)	27.3%		(5,154)	(6,406)	24.3%
Profit before tax	6,018	7,321	21.7%		11,536	14,106	22.3%
NFI/TOI ⁶	20.2%	23.1%	+287 bps		19.6%	21.8%	+218 bps
CIR	28.1%	29.9%	+174 bps		28.4%	30.3%	+188 bps
ROA (LTM)	3.7%	3.6%	-13 bps		3.7%	3.6%	-13 bps
ROE (LTM)	21.7%	21.8%	+15 bps		21.7%	21.8%	+15 bps
NIM (LTM)	5.6%	5.6%	-4 bps		5.6%	5.6%	-4 bps
Cost of funds	2.2%	2.3%	+6 bps		2.3%	2.2%	-6 bps

Notes:

1. NFI includes fee from bond distribution and FX sales

2. Credit growth under SBV regulations

3. Bank-only number; SBV limit: 37%

4. Bank-only number; SBV limit: 85%

5. n/a: not applicable

6. NFI includes fee from bond distribution and FX sales, TOI excludes recoveries

Indicator	Formula	Note
NPL coverage ratio	$\frac{\text{Provision reserves for loans to customers}}{\text{NPL balance}}$	
CASA ratio	$\frac{\text{Demand deposits} + \text{Margin deposits}}{\text{Total deposits from customers}}$	
ROA LTM	$\frac{\text{PAT for the consecutive 4 quarters}}{\text{Average total assets (over 5 latest quarters)}}$	
ROE LTM	$\frac{\text{PAT post NCI for the consecutive 4 quarters}}{\text{Average equities excl. NCI (over 5 latest quarters)}}$	
NIM LTM	$\frac{\text{NII for interest earning assets for the consecutive 4 quarters}}{\text{Average interest earning assets (over 5 latest quarters)}}$	Interest earning assets comprise: Balance with SBV, Balance at credit institutions, loans to customers, and investment securities
Credit cost LTM	$\frac{\text{Provision expenses for loans and corporate bonds for the consecutive 4 quarters}}{\text{Average loans and corporate bonds (opening and ending balances)}}$	
Credit cost net recoveries LTM	$\frac{\text{Provision expenses for loans and corporate bonds} - \text{recoveries for the consecutive 4 quarters}}{\text{Average loans and corporate bonds (opening and ending balances)}}$	
Asset yield	$\frac{\text{Interest income for the quarter} * 4}{\text{Average daily interest earning assets}}$	Interest earning assets comprise: Balance with SBV, Balance at credit institutions, loans to customers, and investment securities
Loan yield	$\frac{\text{Interest income from loans for the quarter} * 4}{\text{Average daily loan balance}}$	
Cost of funds	$\frac{\text{Interest expenses for the quarter} * 4}{\text{Average daily funding balance}}$	
Deposit yield	$\frac{\text{Interest expenses for deposits for the quarter} * 4}{\text{Average daily deposit balance}}$	