



2Q23 TECHCOMBANK (TCB - VN) RESULTS

Steady performance with encouraging signs of stabilisation

1H23 HIGHLIGHTS

- PBT of VND 11.3 trillion – down 20.1% YoY, with 2Q23 PBT broadly stable vs 1Q23
- TOI of VND 18.6 trillion – down 11.1% YoY, with 2Q23 TOI broadly stable vs 1Q23
- 34.9% CASA ratio, improved from 32.0% at 1Q23
- Industry-leading capital adequacy and profitability with 15.1% CAR (Basel II) and 2.6% ROA

Hanoi, 24 July 2023 - Vietnam Technological and Commercial Joint Stock Bank (“Techcombank” or the “Bank”) announced today its financial results for 2Q23.

“Techcombank delivered steady performance during the second quarter in an environment which remains challenging despite some signs of recovery. Investment banking (IB) activities showed pick-ups in stock market and bond distribution volumes. We continued to outperform the market in credit and deposit growth while NPL and CAR stayed at healthy levels. We saw increases in CASA balances and CASA ratio improved to nearly 35% at the end of the period.

We broke a new record on customer acquisition, with 1.4 million new customers added during the first two quarters, more than all of 2022. We launched a new merchant proposition, extending integrated and customised digital offerings to Vietnamese households and micro-SMEs. We were proud to receive coveted industry accolades such as Best bank in Vietnam by FinanceAsia and No. 1 Vietnam Best Workplaces (large company category) by Great Place to Work, just to name a few.”

- Jens Lottner – Techcombank CEO

Income statement

- In 1H23, **NII** saw a 19.4% YoY decline to VND 12.8 trillion, as the Net Interest Margin (NIM) remains below the record-high levels of early 2022. During the second quarter, liquidity in the system eased and interest rates started to trend down following rate cuts by the State Bank of Vietnam (SBV). However, asset yields remained under pressure due to the flexible pricing policy implemented to support customers, as well as aggressive competition in the market. The Bank expects these headwinds to continue to weigh on the NIM in the third quarter.
- **NFI²** grew 4.7% YoY to VND 4.4 trillion, notably:
 - ✓ **Cards (VND 995 billion, up 53.4% YoY):** credit card fees benefited from growth in purchase volumes (VND 67.4 trillion in 1H23, up 28.5% YoY) on the back of revamped propositions. The Bank also saw high growth in installment volumes (up 52.1% YoY), following efforts to make this product simpler and more convenient for customers.
 - ✓ **Letters of Credit (LC), Remittance and Other cash & settlement (VND 2,071 billion, up 147% YoY):** the Bank further widened and deepened its range of tailored digital offerings, including advanced solutions for trade business and cash management, on top of its market-leading app for SME customers.
 - ✓ **FX sales (VND 481 billion, up 25.4% YoY):** the increase was driven by steady FX flows (up 4.3% YoY) and strong demand for FX hedging (up 155.3% YoY). Techcombank stepped up its propositions, with dedicated salesforce and advanced FX solutions to service the demand arising from Vietnam's growing integration into the global supply chain.
 - ✓ **Banca fees (VND 290 billion, down 53.0% YoY):** the decrease was in line with market-wide trends. Amidst challenges faced by Vietnam's insurance industry, Techcombank is taking proactive steps to improve insurance advisory services. Supporting its existing need-based sales approach, the Bank implemented the Salesforce CRM platform, which will work in synergy with the iTCBlife need-analysis app deployed last year. Techcombank also established an inbound banca call center to address the specific customer queries relating to insurance products.
 - ✓ **IB fees** reported a **decline of 65.9% YoY**, amounting to VND 599 billion due to market-wide headwinds in the bond market. However, 2Q23 witnessed encouraging recovery with IB fees edging up 11% QoQ. Bond underwriting volume in 2Q23

increased by 95.8% and bond distribution volume by 63.4% compared to a low base in 1Q23.

- **Net income from other activities**, excluding recoveries, reached VND 1,061 billion, vs. VND 43 billion net expenses in same period last year, primarily driven by trading gains and lower swap costs as well as a VND 731 billion one-off gain on the sale of the legacy Hanoi headquarter in 1Q23.
- **Recoveries** stood at VND 312 billion, down 63.1% YoY, in-line with market-wide headwinds and the first half of 2022 included some one-off debt collection items.
- In 1H23, **operating expenses** declined slightly by 3.0% YoY to VND 6.0 trillion, with Cost-to-Income Ratio (CIR) standing at 32.3% (2Q23 CIR: 30.8%). The decrease was driven by tight control of staff costs and lower marketing expenses. The Bank continued to invest in digital and cloud technology, driving higher costs for depreciation & amortization of fixed assets (up 74.3% YoY) as well as premises & equipment (up 47.3% YoY).
- **Provision expenses** increased 111.1% YoY, following the progression of non-performing loan balances, as anticipated, but also due to significant reversal of COVID provision in 1H22. The Bank's credit cost remained well-controlled, at 0.6%.

Balance sheet

Total assets grew 17.4% YoY to **VND 732.5 trillion** at 30 June 2023. At the Bank's level, customer credit grew 8.5% YTD to VND 482.2 trillion. Quarter-on-quarter, balances remained broadly stable as Techcombank was constrained by the credit quota granted by the State Bank of Vietnam.

- **Retail loans** including margin lending by TCBS were broadly flat YoY and down 6.7% QoQ. Techcombank's mortgage loan balances reduced due to higher prepayments and lower new disbursements, in line with market-wide headwinds. On the other hand, margin lending balance at TCBS grew 7.1% QoQ, as liquidity in bond and stock markets started to return.
- **Corporate credit** (including loans & bonds) was up 27.2% YoY (up 6.4% QoQ), reflecting continued demand for credit from customers and concerted efforts from Global Transaction Services (GTS) and Digital Office (DO) division, to provide widened product ranges and customized digital offerings to customers.

Customer deposits stood at **VND 381.9 trillion**, up 18.8% YoY and flat QoQ. CASA started a recovery, reaching VND 133.4 trillion, up 7.5% QoQ, but still down 12.6% YoY. Beyond the normalisation of interest rates and aggressive customer acquisition strategy, CASA is expected to further benefit from the targeted propositions which are being developed in the corporate as well as retail bank. Meanwhile, term deposits (TD) stood at VND 248.6 trillion, up 47.1% YoY and down 5.6% QoQ.

Liquidity and capital

- The Bank's funding position remained robust, with a regulatory **loan to deposit ratio** (LDR) of 80.4% at 30 June 2023 (vs. 81.0% at 31 March 2023), and a **short-term funding to medium and long-term loan ratio** of 31.6% (vs. 33.5% at 31 March 2023). The Bank is preparing for the new regulatory requirement of 30%, which will be effective from 1 October 2023.
- The Bank's capital adequacy ratio (CAR) stood at 15.1% at 30 June 2023, well above the Basel II Pillar I minimum requirement of 8.0%.

Asset quality

- The bank asset quality is within our Risk Appetite and in line with our 2Q23 projection for SM/NPL formation.
- **Special mention loans** (B2) ratio was stable at 2.0% at 30 June 2023 (vs. 1.9% at 31 March 2023). This included a significant impact from credit bureau (CIC)-induced reclassifications relating to other banks' asset quality, while the Bank's organic B2 ratio stood at 1.4%.
- The Bank's **Non-performing loans** (NPL) ratio increased to 1.07% from 0.85% with a healthy coverage ratio of 115.8%. The increase was primarily driven by NPL of the retail book, because of (1) the growth in unsecured lending exposures (2) higher debt burden & slower recovery for mortgage portfolio due to continued economic slowdown (3) CIC impact. Excluding CIC impact, the Bank's organic NPL ratio remained well-controlled at 0.9%.

Subsidiaries

- **TCBS** posted VND 2.0 trillion of operating revenue for 1H23, down 33.8% YoY. However, 2Q23 showed a positive trend, as revenue edged up 16.4% QoQ. Amidst challenges in

the corporate bond market, TCBS continued to show resilience, recording VND 25.2 trillion in bond issuance volume in 1H23, of which 2Q23 was VND 15.8 trillion, up 68.2% QoQ.

- Total trading volume of retail customers across all products in 2Q23 reached 8.4 million transactions, up 39% QoQ. Currently, there are about 1 million visits to TCBS's leading TCInvest trading platform on a daily basis.
- In 2Q23, TCBS successfully issued over VND 10,000 billion worth of common shares to TCB, bringing TCBS's total equity to over VND 22,000 billion. This capital increase is one of the strategic steps to make TCBS the leading Wealthtech company in Vietnam in terms of capital base, profitability, and operational efficiency.
- As Vietnam's pioneer in providing outstanding digital experiences, TCBS attracted a substantial number of new customers in 2Q23, accounting for ~8% of the total number of new accounts opened in the market. TCBS' significant acquisition efforts helped bring the total number of individual customers of the company to over 900,000.
- In addition, TCBS was recognised by The Asset Triple A Digital Awards 2023, where it won the awards for "Digital Wealth Manager of the Year" and "Best Data Analytics Project-TCAnalysis". The securities company was also named a "Pioneer in applying Blockchain technology in the digital transformation of finance and banking" at the first anniversary of the Vietnam Blockchain Association.

CUSTOMER AND OTHER HIGHLIGHTS

New customers & E-banking transactions

Techcombank ended 1H23 with 12.2 million customers, adding around 1.4 million new customers during the period. Of these, 45.3% were acquired digitally and 43.8% through ecosystem partners. The bank acquired more customers in the first half of the year than it did across the whole of 2022.

The number of retail customer transactions through e-banking channels grew to 499.7 million during 2Q23, up 16.4% QoQ and up 36.4% YoY, while total transaction value amounted to ~VND 2.3 quadrillion, up 6.8% QoQ and down 18.6% YoY.

Accelerated customer acquisition and engagement via partnership with Masan

Techcombank deployed banking services through the WinLife ecosystem at over 3,000 Masan stores nation-wide. Over 0.6 million Masan customers started a banking relationship

with Techcombank in 1H23, and about 90% of the newly acquired customers are actively transacting with the bank. The programme is encouraging customers to shift their payment from cash to convenient and secure digital transactions (generating over 10 million transactions in 1H23).

Vietnam's pioneer in the organization of Overseas Talent Roadshow

Building on the success of the 2022 editions in Singapore, the U.S and the U.K. during 2022, Techcombank organized in June 2023 an Overseas Talent Roadshow in Sydney, Australia. The Bank expects this year's campaign to once again help it engage and attract high-quality personnel, who will bring unique skills and experience to the Bank's strategic transformation.

To recall, in 2022, Techcombank became the first Vietnamese bank to run talent roadshows overseas, demonstrating the Bank's proactive approach to talent and human development – a strategic pillar of its 2021-2025 transformation plan.

Techcombank launched new merchant propositions

The second quarter of the year saw the launch of an ambitious program to address the needs of Vietnam's multi-million merchant population through persona-based value propositions. Techcombank rolled out a holistic QR collection solution that is easy and convenient, enhancing payment speed, business decision-making and in turn, sales efficiency. The Bank was the first in market to launch an instant notification application to multi cashiers and owners. This solution significantly removes transaction bottlenecks and allows businesses to optimise efficiency. In addition, as part of this integrated solution, Techcombank rolled out an in-app performance tracking dashboard, allowing merchants to have a holistic view of their business on a daily basis, and in turn, make faster and better decisions. This is just the first phase of a series of personalised value-added services and solutions that the Bank will provide to its merchant customers such as payment gateway, POS-based instant loan, personal/business dual wealth creation, etc.

C-Cash, first treasury management system deployed by a Vietnamese bank

In 2Q23, Techcombank collaborated with Kyriba – a leading treasury solution provider – to design an integrated corporate treasury management solution called C-Cash. This solution includes a holistic treasury management platform, an in-depth treasury toolkit and other value-added services. Users can have full visibility over their cash across their group of entities and across banks, as well as do cash flows forecasting leveraging information from

their bank positions (e.g., investments, debts, FX exposure etc.) as well as the Enterprise Resource Planning platform. The convenience and efficiency brought about by this platform will incentivise corporate customers to choose Techcombank as their main banking account, which in turn will help drive the Bank’s CASA balances.

AWARDS AND RECOGNITION

Techcombank was awarded the Best Bank in Vietnam and Most Innovative use of Technology in Vietnam by FinanceAsia. These awards highlight Techcombank’s position as the best bank for retail customers in Vietnam, offering innovative and tailored propositions for customers, empowered by technology and cloud transformation.

Other awards won in 2Q23 include:

- The Asian Banker: Best Cash Management and Transaction Bank in Vietnam and Best Collection Management solution via Virtual Account for leading trade solutions
- No. 1 Large Category, Vietnam Best Workplaces - certified by Great Place to Work for international-standard culture and work environment, where employees can grow and contribute to the Bank’s success and the sustainable development of local community.
- Asia’s Leaders in Customer Engagement - accredited in the International Data Corporation (IDC) Financial Insights Innovation Awards.

Learn more about Techcombank’s results: Techcombank will present 2Q23 as below:

1. Institutional investors and analysts can join us at 2:45 pm on 25 July 2023

- English: <https://youtube.com/live/pea6ngRiDCA?feature=share>
- Vietnamese: <https://youtube.com/live/9DjQ-IN2qxU?feature=share>

2. Retail investors (in Vietnamese only) can join us at 2:45 pm on 26 July 2023

- Youtube: <https://youtube.com/live/A-Fw4BZXKqA?feature=share>
- Facebook: <https://fb.me/e/12DVm6vCp>

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

<p><u>Public relations contact:</u> Nguyen Thi Bich Thuy</p>	<p><u>Investor relations contact:</u> Investor Relations Department</p>	
---	--	--

About Techcombank

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 over 12.2 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 Ba3 by Moody's and at BB- by S&P, which is the highest among Vietnam joint stock commercial banks. Techcombank is listed on the Ho Chi Minh Stock Exchange (HoSE) as TCB.

Acronyms:

<i>APE</i> – Annual premium equivalent	<i>SME</i> – Small and medium-sized enterprise
<i>LC</i> – Letter of Credit	<i>ST</i> – Short-term
<i>CAR</i> – Capital adequacy ratio	<i>TCBS</i> – Techcom Securities
<i>CASA</i> – Current account savings account	<i>TOI</i> – Total operating income
<i>CIR</i> – Cost-to-income ratio	<i>VND</i> – Vietnamese dong
<i>HOSE</i> – Ho Chi Minh Stock Exchange	<i>YoY</i> – Year-on-year
<i>IB</i> – Investment banking	<i>RBG</i> – Retail Banking Group
<i>LDR</i> – Loan-to-deposit ratio	<i>BB</i> – Business Banking Group, servicing Middle Market (MM, annual revenues more than VND 600 billion, less than VND 2 trillion), Upper SME (USME, annual revenues more than VND 200 billion, less than VND 600 billion), SME (annual revenues more than VND 200 billion, more than VND 20 billion), and Micro SME (MSME, annual revenues less than VND 20 billion) customers
<i>NII</i> – Net interest income	<i>WB</i> – Wholesales Banking Group, servicing large corporate customers
<i>NFI</i> – Net fee and commission income	
<i>NIM</i> – Net interest margin (<i>LTM</i>)	
<i>NPL</i> – Non-performing loan	
<i>PBT</i> – Profit before tax	
<i>Q1, Q2, Q3, Q4</i> – Quarter 1,2,3,4	
<i>ROA</i> – Return on assets	
<i>ROE</i> – Return on equity	

Balance sheet (VND Bn)	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23 vs 1Q23	2Q23 vs 2Q22
Total Assets	623,739	671,354	699,033	723,518	732,470	1.2%	17.4%
Deposits from customers	321,634	318,919	358,404	387,298	381,947	-1.4%	18.8%
Credit growth ³ (YTD)	8.5%	11.1%	14.5%	9.3%	8.5%	-85 bps	-2 bps
CASA	47.5%	46.5%	37.0%	32.0%	34.9%	+289 bps	-1,254 bps
NPL	0.60%	0.65%	0.72%	0.85%	1.07%	+22 bps	+47 bps
Credit costs (LTM)	0.4%	0.3%	0.3%	0.4%	0.6%	+20 bps	+18 bps
Coverage ratio	171.6%	165.0%	151.2%	133.8%	115.8%	-1,799 bps	-5,579 bps
Capital and Liquidity	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23 vs 1Q23	2Q23 vs 2Q22
Basel II CAR	15.8%	15.7%	15.2%	15.0%	15.1%	+13 bps	-69 bps
Basel II Tier 1 ratio	15.5%	15.6%	15.2%	14.8%	14.9%	+4 bps	-60 bps
Short-term fundings to medium and long-term loans ⁴	32.0%	27.4%	28.8%	33.5%	31.6%	-192 bps	-40 bps
LDR ⁵	78.8%	78.2%	76.6%	81.0%	80.4%	-55 bps	+160 bps
Profitability (VND Bn)	2Q22	2Q23	2Q23 vs 2Q22		6M22	6M23	6M23 vs 6M22
Net interest income	7,794	6,295	-19.2%		15,905	12,822	-19.4%
Non-interest income	3,141	3,030	-3.5%		5,036	5,803	15.2%
Total operating income	10,934	9,325	-14.7%		20,941	18,625	-11.1%
Operating expenses	(3,196)	(2,869)	-10.2%		(6,199)	(6,011)	-3.0%
Profit before tax	7,321	5,649	-22.8%		14,106	11,272	-20.1%
NFI/TOI ⁶	22.4%	24.7%	+233 bps		21.1%	24.2%	+313 bps
CIR	29.2%	30.8%	+154 bps		29.6%	32.3%	+267 bps
ROA (LTM)	3.6%	2.6%	-100 bps		3.6%	2.6%	-100 bps
ROE (LTM)	21.8%	15.8%	-600 bps		21.8%	15.8%	-600 bps
NIM (LTM)	5.6%	4.3%	-130 bps		5.6%	4.3%	-130 bps
Cost of funds	2.3%	5.4%	+311 bps		2.2%	5.3%	+310 bps

Notes:

- All numbers are consolidated, unless otherwise noted
- NFI includes fee from bond distribution and FX sales
- Bank-only number per SBV regulations
- Bank-only number per SBV regulations; SBV limit: 34%
- Bank-only number per SBV regulations; SBV limit: 85%
- 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	$\frac{\text{Interest expenses for deposits for the quarter} * 4}{\text{Average daily deposit balance}}$	