

**9M22 TECHCOMBANK (TCB - VN) RESULTS**

**Techcombank Reports Continued Growth Momentum**

**9M22 HIGHLIGHTS**

- PBT of VND 20.8 trillion – up 21.8% YoY
- TOI of VND 31.5 trillion – up 16.9% YoY
- Healthy CASA ratio of 46.5% and sector-leading ROA of 3.6%
- High Basel II CAR at 15.7%

**Hanoi, 20 Oct, 2022** - Vietnam Technological and Commercial Joint Stock Bank (“Techcombank” or the “Bank”) today announced another strong set of financial results for the nine months ended 30 September, 2022.

*“Our 9M PBT was up 22% YoY, on the back of strong performance across all key segments and accelerating GDP growth. In 3Q22, we saw some margin compression, but Techcombank retains a firm competitive advantage as an institution with a large CASA base and superior fee-generation capacity. The strength of our balance sheet was also confirmed by Moody’s upgrade of our baseline credit rating to ba2, the highest of any bank in Vietnam.*

*During 3Q22, we launched several unique new offerings designed to meet the banking needs of customers. We introduced Inspire, our new comprehensive proposition for young and affluent customers. We also entered a partnership with Masan to create a “one-stop shop” for services that brings Techcombank’s financial offerings into Winmart stores. Our efforts to innovate ‘best in the-industry’ solutions were recognised externally when Techcombank was named “Best Consumer Digital Bank in Vietnam” by Global Finance, and through a host of other prestigious awards won during the quarter.”*

**- Jens Lottner, CEO Techcombank**

## **Income statement**

- Strong NII and non-IB NFI growth drove a 16.9% YoY uplift in TOI to VND 31.5 trillion.
- NII expanded 20.6% YoY to VND 23.5 trillion, driven by growth of credit book, while NIM (LTM) moderated to 5.4%. Lower NIM was due to higher cost of funds, which increased 58 bps QoQ in 3Q22 to 2.9%.
- NFI<sup>1</sup> grew 32.5% YoY to VND 6.9 trillion with strong growth from core drivers:
  - Cards (VND 1,398.8 billion NFI, +69.5% YoY): Growth in fees was driven by the Bank's focus on partnership usage deals, marketing communication and e-commerce promotion. Customers also responded enthusiastically to refreshed card products such as cohort specific thematic cards with attractive permanent promotions and partners, and to launches of new installment products. On the back of these efforts Techcombank has emerged for the first time as #1 in Credit card payment volume.
  - Banca (VND 1,066.3 billion NFI, +50.0% YoY): In August, Techcombank launched a new life insurance product called 'Legacy', co-created with Techcombank, Techcom Capital, Manulife and Manulife Investment. This is the first time in Vietnam that a bank has participated in co-creating an insurance product by managing investment-linked funds, along with the insurer, to provide customers with a comprehensive combination of protection and investment benefits. To support the new product, Techcombank launched the 'Partner For Life' customer communication campaign, which highlighted the importance of a long-term relationship with customers. Driven by a strong early response to 'Legacy', the Bank recorded 104% YoY growth in APE in 3Q22.
- Letters of credit (VND 1,125.1 billion NFI, +103.7% YoY), cash & settlement (VND 411.9 billion NFI, +130.0% YoY): Strong YTD growth was driven by deeper digitalization and value-added solutions from the Global Transaction Services (GTS) and Business Banking (BB) divisions. Client uptake of direct connection (Host-to-host) for payments, holistic FX solutions and deeper cash and trade products are helping to win main operating accounts (MOA) from customers.
- IB fees decreased 11.3% YoY in 9M22, to VND 2.3 trillion. This was due partly to the decline of trading liquidity at Vietnam stock markets and slower activities of bond advisory business in 3Q.
- Operating expenses increased 20.9% YoY to VND 9.4 trillion, with CIR standing at 29.9%. The Bank continues to invest in Digital, Data and Talent.

- Provision expenses continued their downward trend, falling to VND1.2 trillion (-38.9% YoY), as customer financial health improved in-line with robust economic recovery.

### **Balance sheet**

Total assets grew 23.9% YoY to VND 671.4 trillion at 30 September 2022. The credit book continued to rotate from large corporates to retail customers, enhancing the risk profile and capital efficiency of the Bank:

- At the bank-only level, customer credit grew 11.1% YTD to VND 431.4 trillion. The Bank observed strong demand across all segments and disbursements were in-line with the credit quota granted.
- On a consolidated basis, retail loans grew 61.2% YoY to VND 222.4 trillion, accounting for 49.0% of the Bank's outstanding credit book (up from 36.4% at 30 September 2021). Loans to SME customers were VND 70.7 trillion, up +22.7% YoY. Total financing to large corporates (loans and bonds) reduced -12.5% YoY to VND 161.0 trillion, or 35.5% of the Bank's outstanding credit book. This compares to 48.5% at 30 September 2021, and 37.7% at 30 June 2022.
- Customer deposits were VND 318.9 trillion, up +0.8% YoY or +1.3% YTD, of which term deposits were VND 170.7 trillion (up +5.8% YoY) and CASA were VND 148.2 trillion (-4.4% YoY). CASA ratio reduced slightly to 46.5%, from 47.5% at 30 June 2022. These trends reflect a context of scarcer liquidity in the economy, designed to control inflation and stabilize exchange rates. This has led businesses and households to reduce their savings in order to fund their investments and support their consumption needs.

### **Liquidity and capital**

- At 30 September 2022, the Bank's funding position was strong with a ratio of 27.4% of short-term funding used for MLT loans. This is comfortably below the new regulatory threshold of 34%, effective from 1 October 2022.
- At 15.7% at 30 September 2022, the Bank's capital adequacy ratio (CAR) was also well above the Basel II Pillar I minimum requirement of 8.0%, and showed an improvement of 68bps since the beginning of the year.

### **Asset quality**

- The Bank's NPL ratio was 0.6% at 30 September 2022, with a healthy coverage ratio of 165.0% and a satisfactory performance of credit books.
- Rescheduled loans under the COVID-19 customer support program were VND 0.4 trillion (0.1% of outstanding loans), down from VND 0.5 trillion at 30 June 2022.

### **Subsidiaries**

- In 9M22, TCBS posted VND 4.2 trillion in revenue, up 14.2% YoY. The investment products business made the largest contribution, recording VND 2.9 trillion, up 26.0% YoY. PBT amounted VND 2.7 trillion (-3.8% YoY), achieving 81% of FY22 guidance.
- TCBS has continued to enhance its comprehensive wealth management system on the TCInvest platform, fully integrating financial and investment products, including stocks, bonds, mutual funds, and derivatives, all on one platform.
- TCBS has also continued to improve the information and analysis it provides directly to investors through further enhancements to its YouTube channel. This now regularly features experienced analysts and experts, as well as new investment series, such as Reveal the trading strategy (Ven man chien luoc giao dich), Useful features on the TCInvest platform, and the TCBS Bond Investment Handbook.
- Recently, TCBS was honored in the Asia Technology Excellence Awards 2022, in the Big Data - Banking category, and by FinanceAsia in the category for the Most Domestic Innovative Use of Technology in Vietnam.

## **CUSTOMER AND OTHER HIGHLIGHTS**

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

Techcombank ended 3Q22 with 10.4 million customers, adding over 300,000 in the last quarter. The number of retail customer transactions through e-banking channels grew to 205.4 million during 3Q, up 29.2% YoY, while total transaction value grew 30.6% YoY to VND 2.5 quadrillion.

### **Credit rating upgraded to Ba2 by Moody's**

On 7 September 2022, Moody's Investor Service ("Moody's") upgraded Techcombank's Baseline Credit Assessment (BCA) and credit rating. Specifically, Moody's upgraded Techcombank's long-term counterparty risk assessment (CRR) to Ba1 from Ba2 and long-

term deposit to Ba2 from Ba3, with a ‘Stable’ outlook. Moody's also upgraded the Bank's BCA to ba2 from ba3. Techcombank is currently the only Vietnamese bank with a BCA of ba2.

According to Moody's analysis, Techcombank now has the strongest creditworthiness among all Vietnamese banks, with capital and profitability Techcombank's key credit strengths.

### **Partnership with Masan to offer simple and intuitive “banking at your fingertips” services at Win stores**

In September, Techcombank partnered with Masan to create the WINLife ecosystem, a one-stop-shop that provides customers with “All You Need”. This is the first ecosystem of its kind in Vietnam, bringing together two leading Vietnamese brands—Techcombank in banking and Masan in retail—to offer customers a host of essential financial and non-financial services on a single platform.

The WINLife ecosystem was launched at 27 WIN convenience stores situated in prime locations in Hanoi and Ho Chi Minh City, and will be extended to 80-100 WIN stores across the country between now and the end of the year. In the future, the WIN membership program has the potential to be scaled up to more than 3,000 WIN supermarkets and convenience stores nationwide, expanding Techcombank's financial services to more customers across Vietnam.

### **Launching Techcombank Inspire - the first financial brand dedicated to the young generation**

In August 2022, Techcombank launched Inspire, the first financial brand dedicated to the ‘Why Not?’ generation of customers who are young, ambitious, and believe in a brighter future. Techcombank Inspire offers personalised privileges and experiences tailored for younger customers to enable them to maximise value, optimise financial resources, and get a great banking experience.

For Techcombank Inspire customers annual fees are waived for account management transactions at the counter, and there are no annual issuance fees for credit and debit cards. Customers receive unlimited cashback of up to 2% on spending, and a zero interest rate on installment purchases, among a suite of other benefits.

## **Awards and Recognition**

In 3Q22, Techcombank was named “Best Consumer Digital Bank in Vietnam” by *Global Finance* in recognition of outstanding achievements in digital banking. To date, Techcombank is the first and the only bank in Vietnam to be honoured with this prestigious award by *Global Finance*.

Techcombank won two awards at the 2022 *Asian Banking & Finance (ABF)* Retail Banking Awards, taking home the prizes for “Domestic Bank of the Year – Vietnam”, and “Credit Card Initiative of the Year – Vietnam”.

For the third year in succession, the *Asia Development Bank (ADB)* named Techcombank “Vietnam Leading Partner Bank 2022”, based on the highest volume of transactions using ADB credit lines in the review period. This prize affirms the Bank’s outstanding achievements in expanding trade finance activities regionally and globally.

### **Learn more about Techcombank’s results:**

Techcombank will present 3Q22 financial results via two conference calls

1. Institutional investors and analysts can join us at 2:45 pm on 21 October 2022

- English: <https://youtu.be/ildZ2Ucllls>
- Vietnamese: <https://youtu.be/pa9SGX70ENA>

2. Retail investors (in Vietnamese only) can join us at 2:45 pm on 24 October 2022

- Vietnamese: [https://youtu.be/az6ol3pwq\\_k](https://youtu.be/az6ol3pwq_k)

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 10.4 million customers, through an extensive network of 297 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.

Techcombank is currently the only Vietnamese bank with a Baseline Credit Assessment (BCA) of ba2 (Stable Outlook), rated by Moody's. 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 3Q22 – *Asia Development Bank*, the third year in a row
- 'Domestic Bank of the Year – Vietnam', and 'Credit Card Initiative of the Year – Vietnam' in 2022 – *Asian Banking & Finance (ABF)*
- 'Best Consumer Digital Bank in Vietnam' in 2022 – *Global Finance*
- 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

<p><u>Acronyms:</u></p> <p><i>APE</i> – Annual premium equivalent</p> <p><i>LC</i> – Letter of Credit</p> <p><i>CAR</i> – Capital adequacy ratio</p> <p><i>CASA</i> – Current account savings account</p> <p><i>CIR</i> – Cost-to-income ratio</p> <p><i>HOSE</i> – Ho Chi Minh Stock Exchange</p> <p><i>IB</i> – Investment banking</p> <p><i>LDR</i> – Loan-to-deposit ratio</p> <p><i>NII</i> – Net interest income</p>	<p><i>NFI</i> – Net fee and commission income</p> <p><i>NIM</i> – Net interest margin (<i>LTM</i>)</p> <p><i>NPL</i> – Non-performing loan</p> <p><i>PBT</i> – Profit before tax</p> <p><i>Q1, Q2, Q3, Q4</i> – Quarter 1,2,3,4</p> <p><i>ROA</i> – Return on assets</p> <p><i>SME</i> – Small and medium-sized enterprise</p> <p><i>ST</i> – Short-term</p> <p><i>TCBS</i> – Techcom Securities</p> <p><i>TOI</i> – Total operating income</p> <p><i>VND</i> – Vietnamese dong</p> <p><i>YoY</i> – Year-on-year</p>
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Balance sheet (VND billion)	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ	YoY
<b>Total assets</b>	541,635	568,729	615,270	623,739	671,354	7.6%	23.9%
<b>Deposits from customers</b>	316,376	314,753	328,914	321,634	318,919	-0.8%	0.8%
<b>Credit growth<sup>2</sup> (YTD)</b>	14.1%	22.1%	7.9%	8.5%	11.1%	+262 bps	-299 bps
<b>CASA ratio</b>	49.0%	50.5%	50.4%	47.5%	46.5%	-100 bps	-253 bps
<b>NPL ratio</b>	0.6%	0.7%	0.7%	0.6%	0.6%	+5 bps	+8 bps
<b>Credit cost (LTM)</b>	0.7%	0.7%	0.6%	0.4%	0.3%	-7 bps	-35 bps
<b>Coverage ratio</b>	184.4%	162.9%	160.8%	171.6%	165.0%	-662 bps	-1944 bps
<b>Capital and liquidity</b>							
<b>Basel II CAR</b>	15.2%	15.0%	15.1%	15.8%	15.7%	-11 bps	+55 bps
<b>Basel II Tier 1 ratio</b>	14.7%	14.6%	14.7%	15.5%	15.6%	+16 bps	+92 bps
<b>ST funding to MLT loans<sup>3</sup></b>	32.6%	28.8%	32.2%	32.0%	27.4%	-457 bps	-514 bps
<b>SBV LDR<sup>4</sup></b>	76.7%	75.0%	71.9%	78.8%	78.2%	-65 bps	+146 bps

Profitability (VND billion)	3Q21	3Q22	YoY	9M21	9M22	YoY
<b>Net interest income</b>	6,742	7,565	12.2%	19,454	23,470	20.6%
<b>Non-interest income</b>	2,037	2,773	36.1%	7,463	8,004	7.3%
<b>Total operating income</b>	8,779	10,338	17.8%	26,917	31,475	16.9%
<b>Operating expenses</b>	(2,628)	(3,014)	14.7%	(7,781)	(9,408)	20.9%
<b>Profit before tax</b>	5,562	6,715	20.7%	17,098	20,822	21.8%
<b>NFI/TOI<sup>6</sup></b>	20.8%	24.6%	+384 bps	20.0%	22.7%	+274 bps
<b>CIR</b>	29.9%	29.2%	-78 bps	28.9%	29.9%	+98 bps
<b>ROA (LTM)</b>	3.8%	3.6%	-20 bps	3.8%	3.6%	-20 bps
<b>ROE (LTM)</b>	22.1%	21.7%	-45 bps	22.1%	21.7%	-45 bps
<b>NIM (LTM)</b>	5.6%	5.4%	-22 bps	5.6%	5.4%	-22 bps
<b>Cost of funds</b>	2.3%	2.9%	+60 bps	2.3%	2.5%	+16 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	$\frac{\text{Interest expenses for deposits for the quarter} * 4}{\text{Average daily deposit balance}}$	