

FY21 TECHCOMBANK (TCB - VN) RESULTS

TCB's investment in Digital, Data and Talent delivers USD 1 billion+ pre-tax profit, despite COVID's fourth wave

FY2021 HIGHLIGHTS

- VND 23.2 trillion PBT – up 47.1% YoY
- TOI up 35.4% YoY to VND 37.1 trillion
- Strengthened sector-leading 50.5% CASA ratio and 3.7% ROA
- Robust Basel II CAR of 15%

FY21 saw TCB record a USD 1 billion+ pre-tax profit, despite COVID's fourth wave, reinforcing the resilience and potential of our business models. TOI grew 35.4%, while our sector-leading CASA ratio reached 50.5%. Our relentless focus on transformation and technology investments, to meet the needs of our fast-growing customer base, drove an impressive 81% rise in the value of e-banking transactions.

We're cautiously optimistic for Vietnam in 2022. Vietnam's vaccination rate – one of the world's best – will help us manage COVID in its many variants. Business sentiment is positive and cross-border travel is gradually being relaxed. Prudent risk management, cost optimisation, and investments in Digital, Data and Talent, position us well to capitalise on economic recovery. Importantly, we will continue standing by our customers, especially in tough times like the past two unprecedented years.

- Jens Lottner, CEO Techcombank

2021 income statement

- Strong NII and NFI growth drove a 35.4% YoY uptick in TOI to VND 37.1 trillion.
- NII expanded 42.4% YoY to VND 26.7 trillion, primarily driven by a 5.6% NIM vs 2020's 4.9%.
- NFI¹ grew 42.4% YoY to VND 7.8 trillion with contributions from all key fee segments.
- IB service fees, NFI's largest component, grew 32.8% YoY to VND 3.6 trillion, driven by 57.4% growth in bond distribution and 66.7% in other IB services –broadened products and services monetised our 30% larger customer base.
- Bancassurance fees grew 88.4% YoY to VND 1.6 trillion – the strengthened Techcombank and Manulife Vietnam partnership helped grow APE in 4Q21 by 39.5% YoY; 104.5% QoQ post lockdowns.
- Operating expenses rose 24.6% YoY to VND 11.2 trillion with CIR at 30.1% – as lockdown measures eased, IT investments and volume-driven marketing expenses grew, coupled with growing customer bases for Techcombank and TCBS.
- The Bank advanced full provision for its restructured loan at the end of 2021, in lieu of amortisation over three years with a first year mandatory minimum requirement of 30%. This saw provision expenses grow 2.1% to VND 2.7 trillion.

2021 balance sheet

Total assets grew 29.4% YoY to VND 568.8 trillion at 31 December 2021:

- Customer credit on single basis grew 22.1% YoY to VND 388.3 trillion – matching the State Bank of Vietnam's credit quota
- On consolidated basis, retail loans up 45.5% YoY to VND 161.7 trillion and credit to large corporates and SMEs (loans and bonds) grew 16.6% to VND 248.5 trillion

- Customer deposits up 13.4% YoY to VND 314.8 trillion
- Strong growth in other funding sources – e.g. syndicated loans up 136.6% YoY to VND 27.3 trillion; valuable papers up 20.7% YoY to VND 33.7 trillion
- CASA ratio grew to 50.5% – CASA balance of VND 158.9 trillion – primarily led by a 30.8% YoY expansion of retail customers
- Term deposits grew by 4.3% YoY to VND 155.9 trillion, reflecting balance sheet and funding optimization.

2021 liquidity and capital

- 75.0% LDR offered ample liquidity and the ST funding to medium and long-term loan ratio reached 28.8% by year’s end, down from 32.6% at the end of 3Q21.
- Our 15.0% CAR at the end of 2021 was well above the Basel II Pillar I minimum requirement of 8.0%.

2021 asset quality

- 4Q21’s NPL ratio was 0.7%, with a healthy coverage ratio of 162.9%, reflecting the Bank’s successful management of COVID uncertainties.
- Restructured loans under our COVID-19 customer support program were VND 1.9 trillion (0.5% outstanding loans) down from 3Q21’s VND 2.8 trillion.

2021 subsidiaries

- A solid performance by TCBS contributed to strong consolidated results, with revenues in 2021 up 59.4% YoY to VND 5.2 trillion and PBT up 41.5% YoY to VND 3.8 trillion.
- In 2021, TCBS captured 38.9% of corporate bond brokerage and 4.6% of stock brokerage market share on the HOSE.

- TCBF, an open-ended bond fund managed by TCBS, remained the largest domestic bond fund with VND 21.6 trillion assets under management at 31 December 2021.

CUSTOMER AND OTHER HIGHLIGHTS

Customer relief and community support

During the pandemic, we rescheduled around VND 11.8 trillion in loans with further interest reduction of VND 540 billion in 2021. To support those hardest hit by COVID's fourth wave, Techcombank contributed more than VND 400 billion for social activities, e.g donate COVID-19 Vaccine Fund, fund for hospital construction, medical equipment and other support to patients and their families.

New customers

We ended 2021 with 9.6 million customers, having added approximately 1.2 million over the year. Retail customer transactions during FY21 via e-banking channels grew to 652 million, up 70.0% YoY. Their value grew 80.5% YoY to VND 9.1 quadrillion.

Techcombank's new mobile app

Launched in November, our new cutting-edge tech app features a refreshed user interface by Vietnam's largest design agency. Customer digital journeys have been redesigned based on interviews and surveys of over 4,200 customers. We logged hundreds of hours of co-creation usability testing.

Features include:

- Easier payments – Customers can easily pay and transfer money using a personalised QR code or via their phone. A first-to-market billing hub lets customers forecast bills for better budgeting.

- Wealth management – Techcombank savvy investors will get a more comprehensive savings and investment portfolio view with our partner TCBS.
- Personalisation – Money Tracker and Payday Saver allow insights into spending habits and customers can now select their own background and theme.

New Chief Finance Officer (CFO)

Mr Alexandre Macaire was appointed CFO on 11 January 2022, following Mr Bang Trinh’s four-year tenure. Mr. Macaire joins Techcombank after 15 years at HSBC, where he held senior leadership positions in investment banking, capital management and finance. Most recently he was HSBC’s CFO for Wealth and Personal Banking Asia Pacific, a top-priority business division, where he helped scale up regional manufacturing and distribution capabilities and expand into new products and channels. Mr Macaire contributed to HSBC’s ambition to be the Asia Pacific’s Number 1. wealth manager. He holds a maths and physics degree from Ecole Polytechnique and is a French National School of Administration (ENA) graduate.

Techcombank awarded Best Treasurer, Asia Pacific by Corporate Treasurer

In our first entry, Techcombank won Best Treasurer, Asia Pacific (Marquee Award). Our Treasury Department was recognised for the leading position and capability in the market and its contribution to the Bank’s operations and bottom line.

Other prestigious awards we won in 2021 include:

- Best Bank in Vietnam - *EuroMoney*
- Best Bank in Vietnam – *FinanceAsia*
- Leading Partner Bank in Vietnam - *Asia Development Bank*.

Learn more about our results:

Techcombank will present 4Q21 financial results via two conference calls
(please log in 15 minutes prior):

1. Institutional investors and analysts can join us at 14:45 on 25 January 2022

- English: <https://www.youtube.com/watch?v=8Pa4rRt-Tk>
- Vietnamese: <https://www.youtube.com/watch?v=MnnQxMLNai4>

2. Retail investors (in Vietnamese only) can join us at 14:45 on 26 January 2022 <https://www.youtube.com/watch?v=8KKeOT3tXf4>

View the webcast and presentation slides any time at

www.techcombank.com.vn (Investor Relations > Financials > 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 9.6 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 and 2021
- Best Bank in Vietnam – *FinanceAsia* in 2020 and 2021
- Leading Partner Bank in Vietnam 3Q21 – *Asia Development Bank*
- One of the best Asian companies to work for – *HR Asia*, two consecutive years
- ‘Best Payments Bank’ and ‘Most Recommended Transaction Bank’ in Vietnam – *The Asian Banker*
- 2021 Best Treasurer, Asia Pacific (Marquee Award) – *Corporate Treasurer*.

<p><i>Acronyms:</i> <i>APE</i> – Annual premium equivalent <i>CAR</i> – Capital adequacy ratio <i>CASA</i> – Current account savings account <i>CIR</i> – Cost-to-income ratio <i>FY2021</i> – Financial year 2021 <i>HOSE</i> – Ho Chi Minh Stock Exchange <i>IB</i> – Investment banking <i>LDR</i> – Loan-to-deposit ratio <i>NFI</i> – Net fee and commission income <i>NII</i> – Net interest income</p>	<p><i>NIM</i> – Net interest margin <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>SME</i> – Small and medium-sized enterprise <i>ST</i> – Short-term <i>TCBS</i> – Techcom Securities <i>TOI</i> – Total operating income <i>VND</i> – Vietnamese dong <i>YoY</i> – Year-on-year</p>
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Balance sheet (VND billion)	4Q20	1Q21	2Q21	3Q21	4Q21	QoQ	YoY
Total assets	439,603	462,823	504,304	541,635	568,811	5.0%	29.4%
Deposits from customers	277,459	287,446	289,335	316,376	314,753	-0.5%	13.4%
Credit growth ² (YTD)	23.3%	5.7%	11.2%	14.1%	22.1%	n/a ⁵	n/a ⁵
CASA	46.1%	44.2%	46.1%	49.0%	50.5%	3.0%	9.4%
NPL	0.5%	0.4%	0.4%	0.6%	0.7%	16 bps	42 bps
Credit cost (LTM)	0.9%	0.8%	0.9%	0.7%	0.7%	0 bps	-25 bps
Coverage ratio	171.0%	219.4%	258.9%	184.4%	162.9%	-12 bps	-5 bps
Capital and liquidity							
Basel II CAR	16.1%	15.8%	15.2%	15.2%	15.0%	-1 bps	-7 bps
Basel II Tier 1 ratio	15.7%	15.4%	14.8%	14.7%	14.6%	-1 bps	-7 bps
ST funding to MLT loans ³	33.9%	34.4%	39.1%	32.6%	28.8%	-12 bps	-15 bps
SBV LDR ⁴	78.1%	79.2%	76.6%	76.7%	75.0%	-2 bps	-4 bps
Profitability (VND billion)	4Q20	4Q21	YoY		FY20	FY21	YoY
Net interest income	5,469	7,245	32.5%		18,751	26,699	42.4%
Non-interest income	2,397	2,914	21.6%		8,627	10,378	20.3%
Total operating income	7,866	10,159	29.1%		27,379	37,076	35.4%
Operating expenses	(2,411)	(3,392)	40.7%		(8,967)	(11,173)	24.6%
Profit before tax	5,089	6,140	20.7%		15,800	23,238	47.1%
NFI/TOI ⁶	18.9%	25.7%	682 bps		20.9%	21.6%	71 bps
CIR	30.7%	33.4%	274 bps		32.8%	30.1%	-262 bps
ROA (LTM)	3.1%	3.7%	52 bps		3.1%	3.7%	52 bps
ROE (LTM)	18.3%	21.7%	342 bps		18.3%	21.7%	342 bps
NIM (LTM)	4.9%	5.6%	69 bps		4.9%	5.6%	69 bps
Cost of funds	2.8%	2.1%	-72 bps		3.4%	2.2%	-115 bps

Notes:

1. NFI includes fee from bond distribution and FX sales
2. Credit growth under SBV regulations
3. Bank-only number; SBV limit: 40%
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