

**Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) delivers strong first half 2020 PBT of VND 6.7 Tn (up 19% YoY) on TOI of VND 11.8 Tn (up 30% YoY) and extends to 19 consecutive quarters of YoY revenue growth, despite continuing challenges due to Covid-19.**

Hanoi, July 27, 2020, Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) recorded Profit before tax (PBT) for the first half 2020 of VND 6.7 trillion, up 19% versus a year ago and equivalent to 51.5% of the full-year PBT target approved by the AGM. Profit after tax (PAT) of VND 5.4 trillion increased 19% over VND 4.5 trillion for the first half 2019. The Bank continued to lead the market with a healthy 2.9% return on assets (ROA) for the last twelve months ended June 30, 2020. Capital position is strong with Basel II CAR at 16.9%.

## **INCOME STATEMENT**

The Bank's Total Operating Income (TOI) grew 30% to VND 11.8 trillion for the six months ended June 30, 2020 from VND 9.1 trillion in the first half of 2019.

Net interest income (NII) for the first half grew to VND 8.1 trillion, up 23% YoY. Net Fee and Commission Income (NFI) was VND 2.0 trillion for the six months ended June 30, 2020 up 57% YoY. NFI was 16.8% of TOI as compared to 13.8% in the first half of 2019, with strong contribution from bond underwriting activity during the period.

Operating expenses was VND 3.8 trillion for the six months ended June 30, 2020, up 21% YoY. However, cost to income ratio (CIR) improved to 32.5% from 35% a year ago.

In the second quarter of 2020, the Bank continued to proactively write off selected non-performing loans. Provision expenses for the first half 2020 prudently increased to VND 1.2 trillion from VND 239 billion for the six months ended June 30, 2019.

## **BALANCE SHEET**

Total assets were VND 395.9 trillion, an increase of 9.8% from June 30, 2019 and up 3.2% versus the end of 2019. Total credit extended to customers as of June 30, 2020 was VND 265 trillion, an increase of 7.4% over June 30, 2019 and up 2.7% from the end of 2019.

Total deposits as at June 30, 2020 were VND 249.9 trillion, an increase of 13.4% over June 30, 2019. CASA deposits grew by 29% YoY to VND 86 trillion, while time deposits were VND 163.9 trillion, an increase of 7% over the previous year, reflecting the Bank's continued focus on CASA growth. CASA ratio was 34.4% for the quarter ended June 30, 2020, up from 30.4% in 2Q19.

## **LIQUIDITY AND CAPITAL**

Techcombank maintained ample liquidity exceeding regulatory requirements with a loan-to-deposit ratio of 72.5% and short-term funds to medium-to-long-term loans ratio of 25.5%, improving from the 38.4% at the end of 2019.

In the second quarter of 2020, Techcombank successfully raised USD500 Million in its Inaugural Syndicated Offshore Loan Facility - a 3-year senior unsecured loan which offers an interest margin of 1.5% per annum over USD London Inter-Bank Offered Rate ("LIBOR"). Loan proceeds are for general corporate and working capital purposes and will serve as an additional liquidity cushion for the bank. "The overwhelming success of this transaction and pricing achieved affirms the international lenders' solid confidence in Techcombank's robust credit profile and customer centric business strategy" said Mr. Phung Quang Hung, Managing Director and Standing Deputy CEO of Techcombank.

The Bank also maintained its position as the best capitalized bank in Vietnam<sup>1</sup> with a Basel II Capital Adequacy Ratio (CAR) of 16.9%, more than double the Basel II Pillar I minimum requirement of 8% and up from 15.5% at the end of 2019.

## **ASSET QUALITY**

NPL ratio was 0.9% as at June 30, 2020, against 1.1% as at March 31, 2020 and 1.8% as at June 30, 2019. NPL ratio decreased due to the bank's proactive writing off bad debts in the first half of 2020. NPL coverage ratio as at June 30, 2020 was 108.6%.

*Note:*

1. Latest data available up to 27<sup>th</sup> July 2020
2. Baseline credit assessment
3. Long-term credit rating

## CUSTOMER AND OTHER HIGHLIGHTS

During 1H20, Techcombank added more than 330,000 net new customers to bring the total customers served by the Bank to nearly 8 million. The Bank implemented rigorous safety measures to protect our customers and employees while keeping all of our branches and ATMs operating normally during the first half of 2020. These actions combined with our leadership position in online and mobile banking ensured that customers continued to be well-served during the lock down measures in April and after they were lifted. Transaction volume and value during first half through Techcombank's e-banking channels increased to 153 million and VND2.0 quadrillion (up 130% and up 91% YoY), respectively.

Moody's Investor Service has also published its credit opinion on Techcombank, confirming the bank's rating at ba3 (Baseline Credit Assessment) during the second quarter of 2020. In its report, Moody's highlighted that "Techcombank's ba3 BCA reflects the bank's stable asset quality, solid profitability and strong capitalization". Among the 19 banks that Moody's rates in Vietnam, Techcombank is also the only one with a BCA that is constrained by the sovereign rating (the rating given by credit agencies to a country).

## ABOUT TECHCOMBANK

Established in 1993, Techcombank is one of the largest joint stock banks in Vietnam, and a leading bank in Asia. Techcombank pursues a proven customer-centric strategy in providing a broad range of banking solutions and services to almost 8 million retail and corporate customers in Vietnam through an extensive network of over 300 transaction offices across the country and through its market leading digital banking services. The Bank's ecosystem approach implemented across multiple key economic sectors further differentiates Techcombank in one of the fastest growing economies in the world.

Techcombank is rated highest among banks in Vietnam with a Ba3<sup>2</sup> from Moody's and BB-<sup>3</sup> from S&P and was named "Best Bank in Vietnam 2020" by FinanceAsia, and "Best SME bank 2020"

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and “Best home loan product 2020” by The Asian Banker. Techcombank is listed on the Ho Chi Minh Stock Exchange (HOSE) under the ticker TCB.

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**Notes:**

4. Credit growth under SBV regulations
5. Bank-only number

## Financial highlights

Balance sheet (VND Bn)	2Q20	1Q20	FY19	QoQ	YTD
Total assets	395,861	391,808	383,699	1.0%	3.2%
Total Risk Weighted Assets (Basel II)	408,155	394,639	407,330	3.4%	0.2%
Deposits from customers	249,857	235,099	231,297	6.3%	8.0%
Credit growth <sup>4</sup>	2.7%	2.9%	18.8%		
CASA	34.4%	32.2%	34.5%		
NPL	0.9%	1.1%	1.3%		
Credit cost (LTM)	0.8%	0.7%	0.5%		
Coverage ratio	108.6%	117.9%	94.8%		

Capital and liquidity	2Q20	1Q20	FY19		
Basel II CAR	16.9%	16.6%	15.5%		
Basel II Tier 1 ratio	16.4%	16.3%	15.2%		
Short-term funding to medium and long-term loan <sup>5</sup>	25.5%	30.7%	38.4%		
SBV LDR <sup>5</sup>	72.5%	76.8%	76.3%		

Profitability (VND Bn)	2Q20	2Q19	1H20	1H19	YoY
Net interest income	3,935	3,199	8,148	6,629	22.9%
Non-interest income	1,818	1,492	3,636	2,453	48.2%
Total operating income	5,753	4,691	11,784	9,082	29.7%
Operating expenses	(1,697)	(1,574)	(3,835)	(3,181)	20.6%
Profit before tax	3,617	3,045	6,738	5,662	19.0%
ROA (LTM)	2.9%	2.7%	2.9%	2.7%	
ROE (LTM)	17.6%	17.0%	17.6%	17.0%	
NIM	4.5%	4.1%	4.5%	4.1%	
NFI/TOI	19.3%	16.1%	16.8%	13.8%	
CIR	29.5%	33.6%	32.5%	35.0%	

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