

Vietnam Technological and Commercial Joint-Stock Bank (Techcombank, Ticker: TCB VN) continues strong 2020 momentum with record 1Q21 financial results. TCB posted Profit Before Tax of VND 5.5 trillion (up 76.8% YoY) on VND 8.9 trillion Total Operating Income, up 46.2% YoY and achieved a sector-leading CASA ratio of 44.2% and ROA of 3.5%

Hanoi, April 26, 2021, Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) reported Profit before tax for 1Q21 of VND 5.5 trillion, up 76.8% versus 1Q20. The Bank continues to lead the market with a healthy 3.5% return on assets (ROA) for the twelve months ended March 31, 2021. Capital position remains robust with Basel II CAR of 15.8% at quarter end.

“Our robust first quarter performance built on the strong momentum from the fourth quarter of 2020. We continue to focus on consistent execution of our strategy and invest in digitalization to scale our business to meet the needs of our growing customer base. For 2021 our priority will be on building foundational capabilities in data, digital, and talent to deliver the 2021-25 plan. While the benefits of these investments will become more evident over time we can see already some of the upside potential in parts of our business like bancassurance where improvements in digital, data and people have led to an 80.5% YoY growth in 1Q21 APE,” said Techcombank CEO Jens Lottner.

INCOME STATEMENT

The Bank’s Total Operating Income (TOI) grew 46.2% to VND 8.9 trillion in 2020, outpacing the 15.7% increase in operating expenses. Net Interest Income (NII) grew to VND 6.1 trillion, up 45.5% Year-over-Year (YoY), driven by the improvement of NIM of 5.2% (versus 4.7% for the twelve months ended 31 March 2020). Net Fee and Commission Income (NFI) grew 40.9% YoY to VND 1.3 trillion. Securities related fees were the largest component of NFI, comprising VND 183 billion in bond underwriting fees and VND 416 billion in other services which include trustee, consulting, agency, brokerage and fund management fees. Bancassurance posted strong results with an 80.5% increase in APE and 76.2% increase in NFI YoY.

Operating expenses were VND 2.6 trillion in 1Q21, up 15.7% YoY. Combined with strong TOI growth, the cost to income ratio (CIR) declined to 28.7% from 36.3% a year ago.

In the first quarter, the Bank incurred VND 851 billion provision expenses, 10.2% higher than in 1Q20.

BALANCE SHEET

Total assets were VND 462.8 trillion at the end of the first quarter, an increase of 18.1% from a year ago. Total credit provided to customers as of March 31, 2021 was VND 336.2 trillion, 26.7% higher than 1Q20-end and 5.7% higher year-to-date (YTD). Credit demand extended the pick-up from 4Q20 as economic activity continued to recover led by a 9.0% growth YTD from large corporates. A temporary flare-up of COVID cases in February, together with selected social distancing measures during the Tet holiday, resulted in slower credit disbursement by individuals as well as Small and Medium Enterprises (SME), whose outstanding loans at Techcombank edged up 3.6% and 3.4% in 1Q21, respectively.

Total deposits as at March 31, 2021 were VND 287.4 trillion, an increase of 22.3% YoY. CASA deposits grew by 67.9% YoY to VND 127.2 trillion, while term deposits increased 0.6% to VND 160.3 trillion, as the Bank attempted to optimize its funding costs. Within CASA, retail CASA surged 83.6% from a year ago while corporate CASA also rose 42.6% YoY. CASA ratio was 44.2% as at March 31, 2021, a slight decrease from the record of 46.1% at the end of 2020 due to seasonality and a 7.3% increase in term deposits YTD.

LIQUIDITY AND CAPITAL

Techcombank maintained ample liquidity, exceeding regulatory requirements with a loan-to-deposit ratio (LDR) of 79.2% and short-term funding to medium-to-long-term loans ratio of 34.4%, increasing from the 33.9% at the end of 2020.

The Bank remains one of the best capitalized banks in Vietnam¹ with a Basel II Capital Adequacy Ratio (CAR) of 15.8%, nearly twice times higher than the Basel II Pillar I minimum requirement of 8.0%.

ASSET QUALITY

NPL ratio was 0.4% as at March 31, 2021, against 1.1% last year and 0.5% at the end of 2020. NPL coverage ratio at the end of the first quarter improved to 219.4% compared to 171.0% at the end of 2020 and 117.9% at March 31, 2020.

Restructured loans under the Bank's program to support customers impacted by COVID, declined to VND 6.7 trillion, or 2.3% of outstanding loans, as 56.0% of these customers had recovered by the end of 1Q21.

SUBSIDIARIES

Consolidated results also benefited from the robust performance of Techcom Securities (TCBS) which recorded revenues of VND 1.0 trillion up 60.9% YoY and Profit before tax (PBT) of VND 843 billion up 65.3% YoY. TCBS captured 68% of the corporate bond brokerage market share and more than 30% market share of new securities account openings in the first quarter of 2021.

TCBF, an open-ended bond fund managed by TCBS, continued to be the largest bond fund in the market with VND 28.6 trillion AUM at 31 March 2021, up 91% YoY.

CUSTOMER AND OTHER BUSINESS HIGHLIGHTS

During 1Q21, Techcombank added c.245,000 net new customers to bring total customers served to 8.6 million. Retail customer transaction volume during 1Q21 through Techcombank's e-banking channels increased to 136.9 million and value of transactions were nearly VND 2.0 quadrillion, up 88.6% YoY and 101.8% YoY, respectively.

On 15 January 2021, Techcombank launched "Titanium 1.0", a life insurance product specifically designed for mass-affluent customers. With a simplified underwriting process enabled by a digitized, protection-need-based, consultative sales process, Titanium 1.0 is a key addition to the product solution suite to support Retail Banking Officers (RBO) and Senior Retail Banking Officers (SRBO) to have a faster, better way to give consultations to customers who are yet to be covered by Priority Banking.

In February Techcombank launched iTCBLife, a fully digital protection planning tool which enables our frontline employees to engage in guided conversations with customers based on their individual needs, life stage, lifestyle and future goals. iTCBLife then recommends suitable product solutions in real time. Early adoption indicators have been quite encouraging, with more than 1,500 Bancassurance advisory conversations one month after launching, and positive feedback from both employees and customers. Advisors can use this tool, anytime anywhere, and see a productivity uplift of 25-30%. Encouraged by positive results, Techcombank is now planning to roll out iTCBLife to all branches and connect with other Techcombank applications to have a seamless customer journey. It also has plans to connect the tool with our data lake to enable using machine learning (ML) and artificial intelligence (AI) to provide automatic product recommendations for customers.

In March 2021, Moody's Investor Service reaffirmed Techcombank's rating at Ba3², reflecting the bank's stable asset quality, solid profitability and strong capitalization, and upgraded the outlook to positive from negative, in line with the country outlook. Among the 19 banks rated by Moody's in Vietnam, Techcombank is the only one with a BCA constrained by the sovereign rating.

In April 2021, Techcombank received the "Best Mortgage Product in Vietnam" and "Best Investment Product in Vietnam" award by The Asian Banker for its efforts to provide optimal financial solutions to our customers based on customer journeys tailored for each customer segment powered by increased digitalization.

ABOUT TECHCOMBANK

Techcombank was established in 1993, just as Vietnam was beginning its transition from a centrally planned to more market-oriented economy.

As Vietnam's most pioneering bank, it is committed to continuously delivering greater value to customers and stakeholders. Techcombank's customers seek autonomy, and they own their desire for success on their own terms. The Bank's mission is to lead the digital transformation of the financial industry, enabling individuals, businesses, and corporations to progress and thrive sustainably. It believes a society can only prosper when its people are financially empowered.

Starting with VND 20 billion in charter capital, Techcombank is now Vietnam's 3rd largest bank by profit with highest return on assets. This success is driven by a strategy of focusing on customers and their evolving needs, especially over the past 5 years. In the next five years its focus on customers will not change but products and services will be further enhanced, being enabled by stronger than ever investments in digitalization, data and talent.

Techcombank provides a broad range of products and services to over 8.4 million retail and corporate customers in Vietnam. Its extensive network includes one (1) head office, two (2) representative offices and 309 transaction offices across 45 cities and provinces.

Techcombank is rated highest among banks in Vietnam with a Ba3, Positive Outlook by Moody's and was the only bank that was restrained by sovereignty ratings. It is rated BB-, Positive Outlook by S&P. The Bank was named The Best Bank in Vietnam by Euromoney in 2018, The Best Bank in Vietnam by FinanceAsia in 2020. Techcombank is listed on the Ho Chi Minh Stock Exchange (HoSE) under the ticker TCB VN.

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Financial Highlights

Balance sheet (VND Bn)	1Q20	2Q20	3Q20	4Q20	1Q21	QoQ	YoY
Total Assets	391,808	395,861	401,462	439,603	462,823	5.3%	18.1%
Deposits from customers	235,099	249,857	252,572	277,459	287,446	3.6%	22.3%
Credit growth⁴ (YTD)	2.9%	2.7%	8.3%	23.3%	5.7%	n/a ⁷	284bps
CASA	32.2%	34.4%	38.6%	46.1%	44.2%	-190 bps	1,203 bps
NPL	1.1%	0.9%	0.6%	0.5%	0.4%	-8 bps	-71 bps
Credit cost (LTM)	0.5%	0.6%	1.0%	0.9%	0.8%	-10 bps	32 bps
Coverage ratio	117.9%	108.6%	148.0%	171.0%	219.4%	484 bps	1,015 bps
Capital and Liquidity	1Q20	2Q20	3Q20	4Q20	1Q21	QoQ	YoY
Basel II CAR	16.6%	16.9%	16.7%	16.1%	15.8%	-30 bps	-82 bps
Basel II Tier 1 ratio	16.3%	16.4%	16.3%	15.7%	15.4%	-33 bps	-90 bps
ST funding to MLT loan⁵	30.7%	25.5%	31.1%	33.9%	34.4%	56 bps	376 bps
SBV LDR⁶	76.8%	72.5%	71.9%	78.1%	79.2%	111 bps	238 bps
Profitability (VND Bn)	1Q20	1Q21	YoY				
Net interest income	4,209	6,124	45.5%				
Non-interest income	1,899	2,808	47.9%				
Total operating income	6,109	8,932	46.2%				
Operating expenses	(2,216)	(2,563)	15.7%				
Profit before tax	3,121	5,518	76.8%				
NFI/TOI	15.4%	14.8%	-56 bps				
CIR	36.3%	28.7%	-758 bps				
ROA (LTM)	3.0%	3.5%	51 bps				
ROE (LTM)	17.7%	20.1%	244 bps				
NIM (LTM)	4.7%	5.2%	53 bps				
Cost of funds	3.7%	2.4%	-136 bps				

Notes:

1. As of 31 March 2021
2. Baseline credit assessment (BCA)
3. Long-term credit rating
4. Credit growth under SBV regulations
5. Bank-only number; SBV limit: 40%
6. Bank-only number; SBV limit: 85%
7. n/a: not applicable