

## **1H21: Results resilient amidst a cautious economic recovery**

**Technological and Commercial Joint-Stock Bank**

**(Techcombank: TCB VN)**

### **1H21 HIGHLIGHTS**

- **PBT VND 11.5 trillion (up 71.2% YoY)**
- **TOI up 52.1% YoY, delivering VND 18.1 trillion**
- **Maintained sector-leading CASA ratio of 46.1% and ROA of 3.7%**
- **Robust capital position with Basel II CAR of 15.2%**

*Our first-half performance continues to benefit from the economic recovery that began in the fourth quarter last year. Net-interest income growth drove our year-over-year core businesses as credit demand remained healthy. An expanding customer base and higher level of banking engagement in both retail and corporate sectors helped grow fee income. While we remain confident about medium and long-term economic prospects, COVID-19 continues to challenge some of our customers. This was exacerbated towards the end of the second quarter when the government mandated stricter social distancing to control recent outbreaks, while ramping up its vaccination program.*

*As we have since the pandemic started, Techcombank remains focused on protecting our employees and providing customers with increasingly digital, branchless solutions.*

– Jens Lottner, CEO Techcombank

### **INCOME STATEMENT**

- TOI in 1H21 grew 52.1% YoY to VND 18.1 trillion as NII and NFI both saw double digit growth.
- NII grew 56.0% YoY to VND 12.7 trillion, driven by NIM of 5.6% (versus 4.5% for a similar period last year).
- NFI grew 31.5% YoY to VND 2.8 trillion with contributions from all key fee segments.

- Securities related fees, the largest component of NFI, grew 18.4% YoY, comprising VND 420 billion in bond underwriting fees and VND 865 billion in other services – including trustee, consulting, agency, brokerage and fund management fees.
- Bancassurance grew 60.1% in APE and net banca fees grew 48.1% YoY despite the impact of increased social distancing on in-person consultations.
- Operating expenses were up 29.6% YoY to VND 5.2 trillion and CIR was 28.4% given COVID-19 related delays in IT and marketing investments.
- Provision expenses were VND 1.4 trillion, 19.6% more than in the same period last year.

## **BALANCE SHEET**

- Total assets ended 1H21 up 27.4% YoY to VND 504.3 trillion, and up 14.7% YTD.
- Credit provided to customers as at 30 June 2021 was up 11.2% YTD to VND 353.7 trillion, and up from 5.7% at the end of 1Q21. Retail loan pick-up in 2Q21 kept credit demand healthy, up 16.0% YTD.
- Outstanding credit to large corporates and SMEs grew c.11% from the end of 2020.
- Total deposits at 30 June 2021 was up 15.8% YoY to VND 289.3 trillion and up 4.3% YTD.

## **CASA**

- CASA ratio was 46.1% as at 30 June 2021, unchanged versus the end of 2020.
- Current account and savings account (CASA) balance grew 55.1% YoY to VND 133.4 trillion. Retail and corporate CASA grew 56.9% and 52.3% YoY, respectively.
- Term deposits were down 4.8% YoY to VND 155.9 trillion, as the Bank optimized its funding structure to favor lower yielding liabilities.

## **LIQUIDITY AND CAPITAL**

- Techcombank maintained ample liquidity with a LDR of 76.6%. Short-term funding to medium-to-long-term loan ratio was 39.1% at the end of 2Q21, up from 33.9% at the end of 2020.
- Techcombank remains one of Vietnam's best capitalized banks with a Basel II CAR of 15.2%, higher than the Basel II Pillar I minimum requirement of 8.0%.

## ASSET QUALITY

- NPL ratio was 0.4% as at 30 June 2021, against 0.9% last year and 0.4% at the end of 1Q21. The NPL coverage ratio at the end of the second quarter was 259% compared to 171% at the end of 2020, and 109% as at 30 June 2020.
- Restructured loans under Techcombank's support program for COVID-19 impacted customers fell to VND 2.7 trillion, or 0.8% of outstanding loans, with 67% of these customers having recovered by the end of 1H21.

## SUBSIDIARIES

- A robust performance by TCBS drove consolidated results with revenues in 1H21 up 55.8% YoY to VND 2.3 trillion, and PBT was up 45.1% YoY to VND 1.8 trillion.
- TCBS captured 46.2% of the corporate bond brokerage market share on the Hochiminh Stock Exchange and c.27% of new securities accounts opened in 1H21.
- TCBF, an open-ended bond fund managed by TCBS, remained the largest bond fund up 56.4% YoY to VND 26.7 trillion assets under management at 30 June 2021.

## CUSTOMERS AND OTHER BUSINESS HIGHLIGHTS

### 'Best Bank in Vietnam'

- In June 2021, *FinanceAsia* awarded Techcombank 'Best Bank in Vietnam' for the second consecutive year. The bank also earned *EuroMoney* 'Best Bank in Vietnam' for the second time since listing in 2018. These awards are a strong recognition of the Bank's delivery against its 2016–20 plan and management and performance through COVID-19.
- A *BankQuality* Consumer Survey and Ranking of Retail Banks 2021 in the region saw Techcombank emerge as the only Vietnamese bank with a Top 10 customer satisfaction score – the most recommended retail bank in the Asia Pacific region.

### New customers

Techcombank added nearly half a million net new customers in 1H21 to bring total customers served to 8.9 million. Retail customer transactions during 1H21 via e-banking channels, grew to 296.9 million. The value of transactions was nearly VND 4.3 quadrillion, up 94.5% YoY and 122.5% YoY, respectively.

## **Technology – Cloud**

Upgrading our technology platform will continue our positive growth in customer transactions and additional applications. With e-banking transaction volume amongst Vietnam's highest, Techcombank will lead the industry in cloud computing adoption at scale to ensure highest reliability and performance. The bank has completed a comprehensive assessment and mobilization plan for migration of its key applications and infrastructure to the cloud. By the end of 2021, the foundation for a new hybrid data lake will house its data, providing a secure foundation with additional functionalities to better serve corporate and retail customer needs.

## **Bancassurance partnership**

After a careful review, Techcombank (TCB) has strengthened its bancassurance partnership with Manulife Vietnam (MLV) which was established in 2017. Techcombank will receive increased training and financial investments to accelerate growth of Banca through the pillars of digital, data and talent. The partnership is thus further aligned to capture new opportunities in Vietnam's dynamic and growing bancassurance market and is expected to drive strong growth in fee income over the remaining term of the partnership.

Each partner will build on their strengths and further accelerate a common mission – to extend holistic financial solutions and increase the level of comprehensive protection benefits for Techcombank customers. These solutions will focus on customer centricity and digital capabilities, creating market-leading and differentiated user experiences specific to Techcombank's customers. Optimizing the digital capabilities of both TCB and MLV, particularly on customer servicing touch points and end-to-end operational processes, will further drive efficiencies and positive business results for the partnership.

## **Card partnerships**

In 2Q21, Techcombank for the first time signed a long-term five-year strategic partnership with Visa, as a mark of our continued and close relationship in building payments in Vietnam. To better serve the growing payments needs and to provide diversified offering to our customers, we also signed and initiated a new relationship with Mastercard with plans to launch two new products in 2021. We will continue working with Payments leaders, global and local, to provide customers with the right digital and payment solutions.

## ABOUT TECHCOMBANK

Techcombank is listed on the Hochiminh Stock Exchange (HoSE) as TCB VN. It was established in 1993 as Vietnam was transitioning from a centrally planned, to more market-oriented economy.

Techcombank now 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 8.9 million retail and corporate customers in Vietnam through an extensive network of over 300 transaction offices across the country. The bank's ecosystem approach, which is implemented across multiple key economic sectors, further differentiates Techcombank in one of the fastest growing economies in the world.

Moody's rates Techcombank the highest among Vietnam banks with a Ba3, Positive Outlook and the only bank being constrained by the sovereign rating. The Bank is also rated by S&P with BB-, Stable Outlook.

The Bank was named 'Best Bank in Vietnam' by *Euromoney* in 2018 and 2021, and 'Best Bank in Vietnam's by *FinanceAsia* in 2020, 2021.

<b>Public relations, please contact:</b>	<b>Investor relations, please contact:</b>
NGUYEN THI LE NA	Investor Relations Department
External Affairs	Email: <a href="mailto:ir@techcombank.com.vn">ir@techcombank.com.vn</a>
Tel: +84 24 3944 6368 – Ext: 6403	
Email: <a href="mailto:nantl2@techcombank.com.vn">nantl2@techcombank.com.vn</a>	

### Acronyms defined:

- Annual premium equivalent (APE)
- Capital adequacy ratio (CAR)
- Cost to income ratio (CIR)
- Current account savings account (CASA)
- First half of 2021 (1H)
- Loan-to-deposit ratio (LDR)
- Net fee and commission income (NFI)
- Net interest income (NII)
- Non-performing loan (NPL)
- Letter of Credit (LC)
- Profit before tax (PBT)
- Quarter 1, 2 (1Q, 2Q)
- Small and medium-sized enterprises (SMEs)
- Techcombank securities (TCBS)
- Total operating income (TOI)
- Vietnamese dong (VND)
- Year-on-year (YoY)
- Year-to-date (YTD)
- Investment Banking (IB)

### Financial highlights

Balance sheet (VND Bn)	2Q20	3Q20	4Q20	1Q21	2Q21	QoQ	YoY
<b>Total Assets</b>	395,861	401,462	439,603	462,823	504,304	9.0%	27.4%
<b>Deposits from customers</b>	249,857	252,572	277,459	287,446	289,335	0.7%	15.8%
<b>Credit growth<sup>1</sup> (YTD)</b>	2.7%	8.3%	23.3%	5.7%	11.2%	n/a <sup>4</sup>	n/a <sup>4</sup>
<b>CASA</b>	34.4%	38.6%	46.1%	44.2%	46.1%	186bps	1,169bps
<b>NPL</b>	0.9%	0.6%	0.5%	0.4%	0.4%	-3 bps	-55 bps
<b>Credit cost (LTM)</b>	0.6%	1.0%	0.9%	0.8%	0.9%	10 bps	28 bps
<b>Coverage ratio</b>	108.6%	148.0%	171.0%	219.4%	258.9%	395bps	1,504bps

Capital and Liquidity							
<b>Basel II CAR</b>	16.9%	16.7%	16.1%	15.8%	15.2%	-63 bps	-168 bps
<b>Basel II Tier 1 ratio</b>	16.4%	16.3%	15.7%	15.4%	14.8%	-61 bps	-166 bps
<b>ST funding to MLT loan<sup>2</sup></b>	25.5%	31.1%	33.9%	34.4%	39.1%	470 bps	1,368 bps
<b>SBV LDR<sup>3</sup></b>	72.5%	71.9%	78.1%	79.2%	76.6%	-266 bps	405 bps

Profitability (VND Bn)	2Q20	2Q21	YoY	6M20	6M21	YoY
<b>Net interest income</b>	3,938	6,585	67.2%	8,147	12,708	56.0%
<b>Non-interest income</b>	1,878	2,621	39.6%	3,778	5,430	43.7%
<b>Total operating income</b>	5,817	9,206	58.3%	11,926	18,138	52.1%
<b>Operating expenses</b>	(1,761)	(2,591)	47.1%	(3,977)	(5,154)	29.6%
<b>Profit before tax</b>	3,617	6,018	66.4%	6,738	11,536	71.2%
<b>NFI/TOI</b>	20.2%	15.8%	-439 bps	17.7%	15.3%	-241 bps
<b>CIR</b>	30.3%	28.1%	-213 bps	33.3%	28.4%	-494 bps
<b>ROA (LTM)</b>	2.9%	3.7%	81 bps	2.9%	3.7%	81 bps
<b>ROE (LTM)</b>	17.6%	21.7%	404 bps	17.6%	21.7%	404 bps
<b>NIM (LTM)</b>	4.5%	5.6%	114 bps	4.5%	5.6%	114 bps
<b>Cost of funds</b>	3.7%	2.2%	-148 bps	3.7%	2.3%	-142 bps

Notes:

1. Credit growth under SBV regulations
2. Bank-only number; SBV limit: 40%
3. Bank-only number; SBV limit: 85%
4. n/a: not applicable