

Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) reinforces its leading position in the banking sector in Vietnam, delivering strong nine-month 2020 PBT of VND 10.7 Tn (up 20.9% YoY) on TOI of VND 19.3 Tn (up 33.5% YoY). This marks the bank's 20 consecutive quarters of positive YoY revenue growth, despite continuing challenges due to Covid-19.

Hanoi, October 26, 2020, Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) recorded Profit before tax (PBT) for the nine-month 2020 of VND 10.7 trillion, up 20.9% versus a year ago and equivalent to 82.4% of the full-year PBT target approved by the Annual General Meeting (AGM). Profit after tax (PAT) of VND 8.6 trillion increased 20.6% over VND 7.1 trillion for the nine-month 2019. The Bank continues to lead the market with a healthy 3.0% return on assets (ROA) for the last twelve months ended September 30, 2020. Capital position is strong with Basel II CAR at 16.7%.

“Our robust capital and funding positions have enabled us to support our customers and weather the difficult operating environment this year. As we look towards the end of 2020 and beyond, we are cautiously optimistic that the impact of Covid-19 has peaked and that proven preparedness of the Government, together with the collective experience of the business and broader community, will allow us to manage and mitigate risks should there be another breakout. Importantly, the long-term drivers for growth are intact, and we remain focused on the consistent execution of our strategy and investments in digitalization to improve our customer experience,” shared Techcombank CEO Jens Lottner.

INCOME STATEMENT

The Bank's Total Operating Income (TOI) grew 33.5% to VND 19.3 trillion for the nine months ended September 30, 2020 from VND 14.4 trillion for the nine months of 2019.

Net interest income (NII) for the nine months grew to VND 13.3 trillion, up 28.4% Year-over-Year (YoY). Net Fee and Commission Income (NFI) was VND 3.1 trillion, increasing 65.1% YoY. NFI was 16.2% of TOI as compared to 13.1% in the nine months of 2019, with a strong contribution from bond underwriting activity during the period.

Operating expenses was VND 6.3 trillion for the nine months ended September 30, 2020, up 27.1% YoY. Cost to income ratio (CIR) was improved, being lowered to 32.8% from 34.5% a year ago on the back of stronger TOI growth.

In the third quarter of 2020, the Bank continued to proactively write off selected non-performing loans. Provision expenses for the nine-month 2020 prudently increased to VND 2.2 trillion from VND 605 billion for the nine months ended September 30, 2019.

BALANCE SHEET

Total assets were VND 401.5 trillion at the end of 3Q20, an increase of 9.2% from September 30, 2019 and up 4.6% Year-To-Date (YTD). Total credit extended to customers as of September 30, 2020 was VND 279.4 trillion, an increase of 14.4% over September 30, 2019 and up 8.3% YTD.

Total deposits as at September 30, 2020 were VND 252.6 trillion, an increase of 9.2% YTD. CASA deposits grew by 22.2% YTD to VND 97.5 trillion, while time deposits were VND 155.1 trillion, an increase of 2.4% YTD, reflecting the Bank's success in optimizing its cost of funding. CASA ratio was 38.6% for the quarter ended September 30, 2020, up from 34.5% at the end of 2019.

LIQUIDITY AND CAPITAL

Techcombank maintained ample liquidity exceeding regulatory requirements with a loan-to-deposit ratio (LDR) of 71.9% and short-term funds to medium-to-long-term loans ratio of 31.1%, improving from the 38.4% at the end of 2019.

The Bank also maintained its position as the best capitalized listed bank in Vietnam¹ with a Basel II Capital Adequacy Ratio (CAR) of 16.7%, 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 0.6% as at September 30, 2020, against 0.9% as at June 30, 2020 and 1.8% as at September 30, 2019. NPL ratio decreased thanks to both proactive writing off bad debts and

Notes:

1. Latest data available up to 27th July 2020

ongoing prudent risk management especially during Covid-19 in the nine months of 2020. NPL coverage ratio as at September 30, 2020 was 148.0% compared to 108.6% as at June 30, 2020 and 77.1% as at September 30, 2019.

CUSTOMER AND OTHER HIGHLIGHTS

During nine-month 2020, Techcombank added 760,000 net new customers to bring the total customers served by the Bank to more than 8 million. The Bank has continued to maintain high safety standards to protect our customers and employees while keeping all of our branches and ATMs operating normally during the nine months 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. Retail customers' transaction volume and value during nine months through Techcombank's e-banking channels increased to 256 million and VND 3.3 quadrillion (up 117.2% and up 84.4% YoY, respectively).

Standard & Poor's in its September 2020 update re-affirmed BB-/Stable/B for Techcombank despite the negative impact on economic activities and GDP growth in 2020 due to the Covid pandemic. S&P's highlighted Techcombank's good franchise, above industry average profitability and capitalization as key factors for its rating on the bank. It also emphasized that the bank's deposit base will remain adequate thanks to a sizable network and brand name.

Earlier Moody's Investor Service also maintained Techcombank's rating at Ba3 (Baseline Credit Assessment) which reflected the bank's stable asset quality, solid profitability and strong capitalization. Among the 19 banks rated by Moody's in Vietnam, Techcombank was the only one with a BCA that was constrained by the sovereign rating.

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 more than 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, which is 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 Ba3² from Moody's and BB-³ from S&P and was named "Best Bank in Vietnam 2020" by FinanceAsia, "Best SME bank 2020" 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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2. *Baseline credit assessment*

3. *Long-term credit rating*

Financial Highlights

Balance sheet (VND Bn)	3Q20	2Q20	FY19	3Q19	QoQ	YTD
Total assets	401,462	395,861	383,699	367,538	1.4%	4.6%
Total Risk Weighted Assets (Basel II)	430,065	408,155	407,330	370,011	5.4%	5.6%
Deposits from customers	252,572	249,857	231,297	218,655	1.1%	9.2%
Credit growth⁴	8.3%	2.7%	18.8%	12.5%		
CASA	38.6%	34.4%	34.5%	30.0%		
NPL	0.6%	0.9%	1.3%	1.8%		
Credit cost (LTM)	1.1%	0.8%	0.5%	0.4%		
Coverage ratio	148.0%	108.6%	94.8%	77.1%		
Capital and liquidity	3Q20	2Q20	FY19	3Q19	QoQ	YTD
Basel II CAR	16.7%	16.9%	15.5%	16.5%		
Basel II Tier 1 ratio	16.3%	16.4%	15.2%	15.9%		
Short-term funding to medium and long-term loan⁵	31.1%	25.5%	38.4%	36.1%		
SBV LDR⁵	71.9%	72.5%	76.3%	70.9%		

Notes:

4. Credit growth under SBV regulations

5. Bank-only number

Profitability (VND Bn)	3Q20	3Q19	YoY	9M20	9M19	YoY
Net interest income	5,148	3,725	38.2%	13,295	10,354	28.4%
Non-interest income	2,349	1,634	43.8%	5,985	4,087	46.4%
Total operating income	7,497	5,359	39.9%	19,281	14,441	33.5%
Operating expenses	(2,489)	(1,794)	38.7%	(6,324)	(4,976)	27.1%
Profit before tax	3,974	3,199	24.2%	10,711	8,860	20.9%
NFI/TOI	15.3%	11.9%		16.2%	13.1%	
CIR	33.2%	33.5%		32.8%	34.5%	
ROA (LTM)				3.0%	2.8%	
ROE (LTM)				17.7%	17.2%	
NIM				4.8%	4.2%	
Cost of funds				3.6%	4.0%	