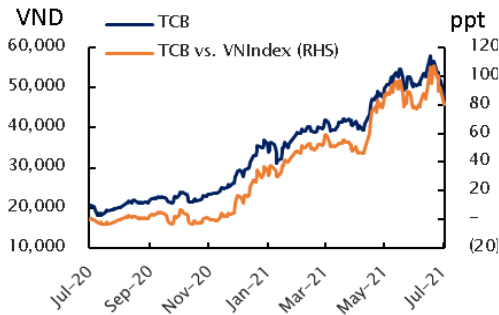


**Not Rated**

**TP upside/(downside) N/A**

**Close 21 Jul 2021**

Price VND 50,300  
12M Target N/A



Market cap	US\$7.3 bn
6M avg. daily turnover	US\$37.1 mn
Outstanding shares	3,575 mn
Free float	65%
FINI ownership	22.5%
Major shareholders	15.4%
Asset/equity (x)	5.9
2021E P/E (x)	10.8x
2021E P/B (x)	2.0x
FOL remaining room	0.0%
2021E dividend yield	0.0%

Source: FiinPro

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**Techcom Bank: Analyst meeting takeaways**

TCB held an analyst meeting on Jul 21 to report business result in 1H21.

**2Q21 net interest income was VND6.6 tn (+8% QoQ/+67% YoY).** 1H21 net interest income was VND12.7 tn (+56% YoY), largely driven by low funding cost and high CASA ratio.

**2Q21 net fee income was VND1.5 tn (+10% QoQ/+24% YoY).** 1H21 net fee income was VND2.8 tn (+31% YoY).

**2Q21 opex was VND2.6 tn (+1% QoQ/+47% YoY).** 1H21 opex was VND5.2 tn (+30% YoY) due to IT investments. CIR was 28.1% (-60bps QoQ/-2.1ppt YoY), which is among the lowest in the sector.

**2Q21 provisioning was VND598 bn (-30% QoQ/+36% YoY).** 1H21 provisioning was VND1.4 tn (+20% YoY). **NPL ratio was only 0.36%** as at 2Q21 (-3bps QoQ/-55bps YoY), which we believe is the lowest in the sector. **2Q21 LLR ratio was 259%** (+40ppt QoQ/+150ppt YoY).

**PATMI reached VND4.7 tn in 2Q21 (+7% QoQ/+67% YoY).** 1H21 PATMI reached VND9.1 tn (+73% YoY), mostly driven by low funding cost, improved fee income and other non-interest incomes.

**Total restructured loans reduced to VND2.7 tn** as at 2Q21 (0.8% of 2Q21 loans) from VND6.7 tn in 1Q21 (2.3% of 1Q21 loans).

**Strong deposit franchise.** CASA increased 55% YoY to reach VND133 tn. CASA ratio was 46.1% as at 2Q21 (+1.9ppt QoQ/+11.7ppt YoY), which is the highest in the sector.

**Management view**

**Managements expect cost of funds to continue to decline; however they expect NIM to remain flat for the 2H21** as the bank will continue to support clients due to the impact of the pandemic. The bank plans to reduce its loan yields by 1.0-1.5ppt for existing and new loans.

**Bancassurance sales** continues to improve. Banca annual premium equivalent (APE) increased +7% QoQ/+44% YoY to reach VND264 bn in 2Q21.

**Our view**

TCB appears to be a relatively strong bank fundamentally and has always ranked high in our [CAMEL rankings](#) due to its strong capital ratios, low leverage, and solid funding position. CAR was 15.2% in 2Q21, and CASA was 46.1%, which are the highest in the sector.

**Asset quality remains strong,** which NPL ratio is lowest in the sector.

**ST funding to MLT loans was 39.1%** as at 2Q21, which is still below the SBV's current cap of 40%. **However,** we believe TCB needs to reduce this ratio as the SBV will cap it at 37% starting from Oct 1<sup>st</sup> 2021

We don't cover TCB, so we don't have a official view on this stock. TCB currently trades at 2.0x PB vs. the sector median of 1.9x.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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