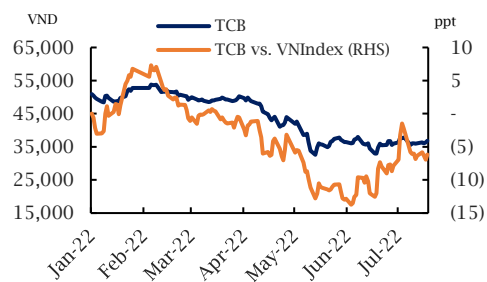


Not Rated
TP upside/(downside) N/A
Close 22 Jul 2022
Price VND 37,100
12M Target N/A
Share price performance relative to VNI

Source: Bloomberg

Market cap	US\$5.6 bn
6M avg. daily turnover	US\$17 mn
Outstanding shares	3,511 mn
Free float	65%
FINI ownership	22.5%
Major shareholders	15.4%
Asset/equity (x)	6.0x
2022E P/E (x)	5.9x
2022E P/B (x)	1.1x
FOL remaining room	0.0%
2022E dividend yield	0.0%

Source: FiinPro, Bloomberg

TCB's 2Q22 Results	2Q22	% QoQ	% YoY
NII (VND bn)	7,794	-4%	+18%
Net Fee Inc.(VND bn)	2,077	+16%	+43%
TOI (VND bn)	11,036	+9%	+20%
Opex (VND bn)	3,297	+6%	+27%
Provision (VND bn)	417	+91%	-30%
PATMI (VND bn)	5,800	+5%	+23%
NPL (%)	0.60%	-7bps	+25bps
LLR (%)	172%	+11ppt	-87ppt
CASA (%)	47.5%	-3ppt	+1ppt

Source: Company Data, Yuanta Vietnam
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Techcombank (TCB VN)

Analyst Meeting Takeaways

PATMI reached VND5.8 tn (+5% QoQ/+23% YoY) in 2Q22. The YoY increase was driven by strong net interest income and fees, and by sharply lower provisioning. 1H22 PATMI was VND14.1 tn (+22% YoY), completing 52% of the bank's full-year target.

Details

2Q22 net interest income was VND7.8 tn (-4% QoQ/+18% YoY). 2Q22 credit growth was 13% YTD, and retail loans accounted for 46.6% of the total as at 2Q22 (vs. 38.8% as at 1Q22). NIM was 5.6% (-4bps YoY).

2Q22 net fee income was VND2.1 tn (+16% QoQ/+43% YoY), driven by cards, banca, and letters of credit. The bank reported banca sales of VND617 bn in 1H22 (+31.5% YoY); thus, 2Q22 banca sales were VND399 bn (+83% QoQ/+68% YoY). **IB fees were VND1.8 tn in 1H22 (+4.0% YoY);** thus, 2Q22 fees were VND704 bn (-22.8% YoY), largely due to the changes in regulations governing bond activities.

2Q22 opex was VND3.3 tn (+6% QoQ/+27% YoY). CIR was 30% (-1ppt QoQ/+2ppt YoY), which is among the lowest in the sector.

2Q22 provisioning was VND417 bn (+91% QoQ/ -30% YoY). 1H22 provisioning declined by -56% YoY to reach VND636 bn. The bank said that customer financial health has improved, which has allowed for provisioning reversals.

NPL ratio decreased slightly to 0.60% as at 2Q22 (-7bps QoQ/+25bps YoY), which we believe is once again the lowest in the sector. **TCB's 2Q22 LLR ratio was 172%** (+11ppt QoQ/-87ppt YoY).

Total restructured loans decreased by -69% QoQ/-81% YoY to VND500 bn as at 1Q22 (0.1% of 2Q22 total loans).

CASA ratio decreased to 47.5% as at 2Q22 (-3ppt QoQ/+1ppt YoY). The bank states that customers have been allocating their CASA deposits into investments such as real estate and securities trading.

ST funding to MLT loans was 32.0% as at 2Q22, well below the SBV's cap of 37.0%. LDR was 78.8% versus the SBV's cap of 85.0%.

CAR was 15.7%, far above the Basel II's minimum requirement of 8.0%.

Our view

TCB is a fundamentally strong bank that scores highly in our [CAMEL rankings](#) given its strong capital, low leverage, and solid funding.

Solid capital and liquidity. TCB's 15.7% CAR and 47.5% CASA ratios as of 2Q22 are likely to be the highest in the sector.

We don't cover TCB, so we don't have an official view on the stock. However, the valuation now appears cheap at 1.1x PB vs. the sector median of 1.3x, a mismatch that belies the bank's underlying quality.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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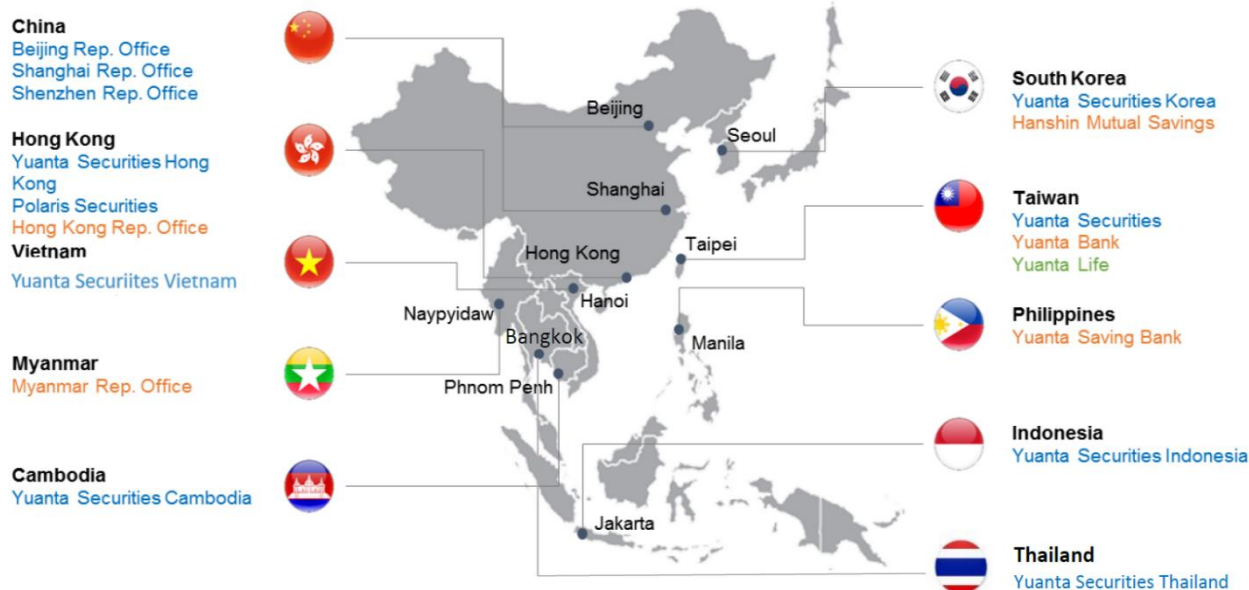
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