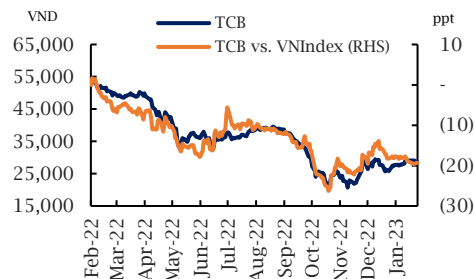


## Vietnam: Banking

2 February 2023

**Not Rated**
**TP upside/(downside) N/A**
**Close 1 Feb 2023**
**Price VND 28,200**  
**12M Target N/A**
**Share price performance relative to VNI**

**Source: Bloomberg**

<b>Market cap</b>	<b>US\$4.3 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$11 mn</b>
<b>Outstanding shares</b>	<b>3,517 mn</b>
<b>Free float</b>	<b>65%</b>
<b>FINI ownership</b>	<b>22.5%</b>
<b>Major shareholders</b>	<b>15.4%</b>
<b>Asset/equity (x)</b>	<b>6.2x</b>
<b>2023E P/E (x)</b>	<b>4.5x</b>
<b>2023E P/B (x)</b>	<b>0.7x</b>
<b>FOL remaining room</b>	<b>0.0%</b>
<b>2023E dividend yield</b>	<b>0.0%</b>

**Source: FiinPro, Bloomberg**

TCB's 4Q22 Results	4Q22	% QoQ	% YoY
NII (VND bn)	6,819	-10%	-6%
Net Fee Inc.(VND bn)	2,535	19%	21%
Adj. TOI (VND bn)	8,932	-10%	-7%
Opex (VND bn)	3,990	32%	18%
Provision (VND bn)	691	13%	10%
PATMI (VND bn)	3,544	-33%	-23%
NPL (%)	0.91%	+26bps	+25bps
LLR (%)	125%	-40ppt	-38ppt
CASA (%)	37.0%	-10ppt	-14ppt

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

### Analyst Meeting Takeaways

4Q22 PATMI reached VND3.5 tn (-33% QoQ/-23% YoY). The decline was due to lower net interest income, losses on FX and securities trading/investments, and higher opex. 2022 PATMI was VND20 tn (+12% YoY), driven by increased net-ll and lower provisioning costs.

#### Details

4Q22 net interest income (net-ll) was VND6.8 tn (-10% QoQ/-6% YoY), a decline that was due to increased funding cost. Full-year net-ll was VND30.3 tn (+13% YoY) in 2022. Full-year NIM was 5.1% (-50bps YoY).

4Q22 net fee income was VND2.5 tn (+19% QoQ/+21% YoY). 2022 net fees jumped by +34% YoY to VND8.5 tn driven by letters-of-credit & cash settlement fees, FX, and cards. IB fees declined by -28%, primarily due to slower bond origination and reduced brokerage fees at TCBS.

4Q22 opex was VND4.0 tn (+32% QoQ/+18% YoY). Full-year opex was VND13.4 tn (+20% YoY), resulting in CIR of 33% (+3ppt YoY). TCB attributes its increased costs to technology spending and increased marketing costs.

4Q22 provisioning was VND691 bn (+13% QoQ/+10% YoY). 2022 provisioning fell by -27% YoY to reach VND1.9 tn, which TCB attributes to reversals of provisions on COVID-related restructured loans.

NPL ratio increased to 0.91% as at 4Q22 (+26bps QoQ/+25bps YoY), but we believe this is still among the lowest NPL ratios in the sector.

4Q22 LLR ratio declined to 125% (-40ppt QoQ/-38ppt YoY), primarily as a result of the increased NPLs.

Restructured loans were VND400 bn as at 4Q22 (0.1% of total loans).

CASA ratio tumbled to 37% as at 4Q22 (-10ppt QoQ/-14ppt YoY) due to tighter liquidity and the attractions of higher term deposit rates.

ST funding to MLT loans was 28.8% as at 4Q22, well below the SBV's cap of 34.0%. LDR was 76.6% versus the SBV's cap of 85.0%.

CAR was 15.2%, far above the Basel II minimum requirement of 8.0%.

#### Our view

**Strong capital and low leverage.** TCB's 15.2% CAR as of 4Q22 is among the highest in the sector.

**However, TCB has high exposure to corporate bonds,** at 5.9% of total assets as at 4Q22 (down from 6.5% as at 3Q22). We broadly believe that the changes in regulation governing bond activities will continue to hit the industry's IB fees in the coming quarters.

**No longer king of CASA.** TCB's CASA ratio dropped to 37.0%, which is still among Vietnam's CASA nobility but below MBB's 40.6%.

**We don't cover TCB** and have no investment view on the stock. But the valuation appears cheap at 0.7x PB vs. the sector median of 1.0x.

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