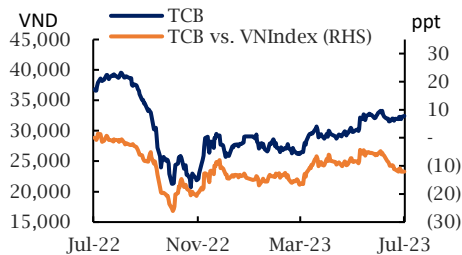


Not Rated
TP upside/(downside) N/A
Close 25 Jul 2023
Price VND 33,550
12M Target N/A
Share price performance relative to VNI

Source: Bloomberg

Market cap	US\$5.0 bn
6M avg. daily turnover	US\$5.0 mn
Outstanding shares	3,517 mn
Free float	77%
FINI ownership	22.5%
Major shareholders	15.4%
Asset/equity (x)	6.1x
2024E P/E (x)	4.9x
2024E P/B (x)	0.8x
FOL remaining room	0.0%
2023 dividend yield	0.0%

Source: FiinPro, Bloomberg

TCB's 2023 Results	2023	% QoQ	% YoY
NII (VND bn)	6,295	-4%	-19%
Net Fee Inc.(VND bn)	2,019	+4%	+2%
Adj. TOI (VND bn)	8,386	+2%	-18%
Opex (VND bn)	2,869	-9%	-10%
Provision (VND bn)	807	+51%	+93%
PATMI (VND bn)	4,455	-1%	-23%
NPL (%)	1.07%	+22bps	+47bps
LLR (%)	116%	-18ppt	-56ppt
CASA (%)	35%	+3ppt	-13ppt

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

Analyst Meeting Takeaways

2Q23 PATMI reached VND4.5 tn (-1% QoQ/-23% YoY). The decline was due to lower net interest income and higher provisioning costs. 1H23 PATMI was VND8.9 tn (-21% YoY).

Details

Credit growth was 8.5% YTD vs TCB's full-year credit quota of 14.1%.

2Q23 net interest income declined by -4% QoQ/-19% YoY to VND6.3 tn due to increased funding cost. 1H23 net-II was VND12.8 tn (-19% YoY). TCB reported its 12m trailing NIM fell to 4.3% (-30bps QoQ/-1.3ppt YoY).

Net fee income increased slightly to VND2.0 (+4% QoQ/+2% YoY) in 2Q23, largely driven by LCs, cash & settlements (+9% QoQ/+125% YoY), offset by plummeting banca sales (-51% QoQ/-76% YoY).

1H23 net fees increased by +5% YoY to VND3.9 tn, largely driven by LCs, cash & settlements (+147% YoY), followed by cards (+53%), and FX sales (+25% YoY). By contrast, banca sales declined by -53% YoY, and IB fees declined by -66% YoY in 1H23.

2Q23 opex decreased by -9% QoQ/-10% YoY to VND2.9 tn. 1H23 opex was VND6.0 tn (-5% YoY), while total operating income declined by -12%, resulting in CIR of 32% (+2ppt YoY). We estimate adjusted CIR (excluding other incomes) at 36% (+4ppt YoY) in 1H23.

Provisioning rose by +51% QoQ/+93% YoY in 2Q23. 1H23 provisioning jumped by +111% YoY to reach VND1.3 tn.

NPL ratio increased to 1.07% as at 2Q23 (+22bps QoQ/+47bps YoY), mainly from retail with NPL ratio of 1.96% and SMEs with 1.51%. 2Q23 LLR ratio declined to 116% (-18ppt QoQ/-56ppt YoY), primarily because of the increased NPLs.

CASA ratio of 35% as at 2Q23 was +3ppt QoQ/-13ppt YoY.

CAR was 15.1%, far above the Basel II minimum requirement of 8.0%.

Our view

Strong capital. TCB's 15.1% CAR as of 2Q23 is among the highest in the sector.

TCB has high exposure to corporate bonds at 5.4% of total assets as at 2Q23 (unchanged QoQ). However, we believe that supportive policies such as [Circular 03/2023/TT-NHNN](#) and [Decree 08/2023/ND-CP](#) should alleviate some corporate bond risks.

CASA recovery. TCB's CASA ratio of 35% is among the highest in the sector. We expect CASA to continue to improve in 2H23, which should help reduce funding costs. However, loan yields might decrease at a faster rate than deposit rates, which might further constrain NIM.

We don't cover TCB and have no investment view on the stock. But the valuation looks cheap at 0.8x 2024E PB vs. the sector median of 0.9x.

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.

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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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