

# Techcombank (TCB)

## Analyst meeting updates

### Business results in 4Q 2023 and the whole year 2023

- By the end of 2023, Techcombank (TCB) recorded total outstanding loans of VND530.1 trillion, up 19.2% YTD, meeting the credit limit assigned by the State Bank of Vietnam (SBV). Specifically, retail loans recovered in the fourth quarter, up 5% QoQ due to the resurgence of demand for home loans. Corporate loans continued to be the main driving force behind credit growth, with outstanding loans to the real estate, construction, and materials sectors experiencing a robust 60% YTD growth.
- Net interest income (NII) rebounded by 11.4% in 4Q 2023 after a three consecutive quarter decline, driven by strong credit growth in the year-end period. Consequently, NII for the entire year of 2023 only dropped by 8.6% YoY. Net fee income (NFI) enjoyed positive growth, contributing to an overall annual growth of 9.5% YoY, reaching VND10.2 trillion.
- Operating expenses rose to VND13.3 trillion in 2023, leading to a cost-to-income ratio (CIR) of 33.1%. Credit-related expenses also saw a significant increase over the past year (up 102.5% YoY), triggering a deterioration in asset quality at TCB as well as the industry as a whole. Therefore, TCB reported PBT of VND22.9 trillion, corresponding to a 10% YoY decrease but still achieving the 2023 objective set by the Board of Directors.

### NIM continued its downward trend due to the faster decline in IEA compared to CoF

- The net interest margin (NIM) in 4Q 2023 continued its downward trend, down to 3.9% from 4.0% in the immediate previous quarter. It was attributed to TCB significantly lowering its lending interest rates to compete with other banks, resulting in a reduction in interest-earning assets (IEA) at a faster pace than the decline in the cost of funds (CoF).
- The CASA ratio bounced back, up from 33.5% in 3Q to 39.9%, helping TCB regain its leading position in the CASA ratio. CASA was predominantly contributed by corporate customers, with a remarkable 59% YoY growth.

### Asset quality improved in 4Q 2023

- The special mentioned loan ratio has dropped for two consecutive quarters to 0.88%. The NPL decreased from 1.4% in the third quarter to 1.19% in the fourth quarter. NPLs across various customer segments all demonstrated improvement compared to the previous quarter. Nevertheless, a more thorough evaluation of the bank's asset quality will be conducted in the upcoming update report, considering the sudden surge in credit growth in the year-end period, which may cause changes in NPL calculations.
- Per TCB, its current outstanding restructured loans under Circular 02 amount to ~ VND1.8 trillion, making up ~1% of the total outstanding loans. The Board of Directors mentioned that the expiration of Circular 02 this coming June will not result in a substantial rise in the NPL ratio, given the improved financial situation of customers. The NPL ratio is set to be controlled at the current level.

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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