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# Techcombank (TCB)

## Outstanding business results

### Techcombank (TCB) recorded impressive business results in 2021

- In 2021, TCB achieved VND23,238 billion (+47.1% YoY) in PBT and VND37,076 billion (+37.1% YoY) in TOI.
- ROA ratio increased to 3.7% from 3.1% in 2020, reflecting TCB's effective asset allocation.

### NIM improved thanks to capital cost optimization

- TCB's NIM (LTM) continued its upward trend, reaching 5.6% in 4Q21 against 4.9% in 4Q20 thanks to improved capital cost, supported by: (1) ample liquidity; (2) efforts to diversify funding sources, especially international fundings with relatively lower capital costs (TCB secured a 5-year offshore syndicated loan worth USD800 million); and (3) CASA ratio reaching all-time high at 50.5% against 46.1% of 2020 with the main contribution from retail customers.

### NFI was up across all segments

- TCB's NFI expanded by 42% YoY (an increase comparable to that of NII), underpinned by higher IB maintenance fees (+33% YoY) and premiums (+88% YoY).

### Asset quality remained resilient amid the COVID-19 pandemic

- NPL ratio for the whole year of 2021 inched up slightly to 0.7% vs. 0.5% in 2020, which is low compared to the industry standard. The gain primarily came from high ratio for SMEs which stood at 0.7% in 3Q and 4Q as a result of prolonged social restrictions. Loan loss coverage ratio (LLCR) fell from 184% in 3Q to 163% in 4Q.
- Restructured loans dropped considerably to VND1.9 trillion or 0.5% of outstanding loans, and were fully made provision.

### The outlook for 2022F business performance is still positive

- The BOD expects credit growth to be positive this year thanks to favorable macroeconomic conditions combined with supportive monetary policy.
- From the management's perspective, competitive lending rates among banks to maintain credit growth within the SBV's target cap may pose more pressure on NIM, thereby leading to higher deposit rates.
- TCB's management is not interested in current foreign room given high CAR at 15%.

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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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