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Анализ заемного капитала
(субординированных
облигаций) Тинькофф банка из
отрасли кредитных
организаций

Владислав Ковтун

ДММ-102СМ

Financial performance - Tinkoff Bank JSC has 55,3 million USD net profit in Q2 2020. He was able to leave ROA at 5,83% with avr. 2-year 6,01% and ROE at 40,51% with avr 2-year 37,6% during a pandemic.

Tinkoff Bank had a local bank run in Q1 2020 around 20% in a dollar amount. In the second quarter it reached pre-crisis levels.

Non-performing loans hit risk-weighted assets, but

Tier-1 capital ratio showed good stability even in comparison with other Russian banks. As a result, we see affirmed credit rating of Expert RA and Fitch at stable levels.

Bank load ST investments (AFS) and recover portion of investments in Q2.

Net income and Operating income margins fell hard, and this can cause capital burn in future periods

Deal with Yandex - Oleg Tinkov spoke about the possibilities of these two companies last year, and now we are looking at negotiations of merger bank with Yandex, which will undoubtedly give synergy to JV and increase the client base.

This deal is important for the bank because resources for organic growth are dwindling. And many analysts agree with this, which is reflected in the share price.

TCS-perp is a subordinated bond CoCo type. Has a permanent write down trigger with CET-1 ratio at 5.125%. This issue has discrete call option at 09/15/2022 and may be called in full only. Also after 1st call date coupon changes to float (Treasury 5y + 759.2 bp).

In 2017, the bank already used a call option on the previous subordinated debt. Now the bonds are traded in the 5.8% YTC and there is a high probability of option execution.

Potential upside and liquidity

Main market-maker in TCS-perp is Pareto Securities with 1000 ASz (M) and ED&F / BCS GM with 500 ASz (M). Actually, in pending call execution bonds have 5,7 – 5,8 % Yield to Call. If Yandex close merge deal with Tinkoff we have potential improve in credit rating of bank, due to access to Yandex resources as a part of ECO-System.

Key metrics

In Millions of USD	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
3 Months Ending	06/30/2019	09/30/2019	12/31/2019	03/31/2020	06/30/2020

Net Interest Margin %	16,10	16,16	15,92	17,69	16,13
Loans to Deposit Ratio %	106,8	106,6	94,8	96,9	87,0
Return on Assets %	5,02	6,03	5,74	6,02	5,83
Return on Equity %	33,10	39,01	39,72	40,64	40,51
Risk-Weighted Assets	11 109,8	11 920,4	13 292,4	11 194,2	12 285,5
Tier 1 Capital Ratio %	8,7	9,4	9,6	9,7	10,8
Operating Income Margin %	22,2	24,9	18,6	32,2	12,2
Net Income Margin %	6,2	24,9	12,8	26,5	9,6
Net Debt	199,8	-12,1	-177,6	20,6	-214,3

In Millions of USD	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
3 Months Ending	06/30/2019	09/30/2019	12/31/2019	03/31/2020	06/30/2020

Net Interest Income	294,3	333,7	352,2	347,9	320,5
Non Interest Income	285,7	334,5	203,5	346,7	257,7
Net Revenue	580,0	668,2	555,6	694,7	578,2

Net Revenue, Excluding Commissions Paid	427,4	515,6	379,1	547,1	454,0
Provision for Loan Losses	110,6	111,1	107,9	161,6	203,6
Compensation/Salary Expense	89,6	84,3	106,5	86,7	84,1
Non Interest Expense	329,0	390,9	344,2	309,2	305,9
Net Income to Common	35,7	166,2	71,1	183,9	55,3
Basic EPS, GAAP	0,05	0,25	0,10	0,27	0,08
Total Loans	5 714,7	6 299,0	6 760,8	5 616,5	6 143,2
Net Loans	4 801,6	5 333,6	5 709,3	4 678,5	4 935,2
Earning Assets	7 275,2	7 822,4	9 000,4	7 743,3	9 267,2
Total Assets	6 972,7	7 525,0	8 939,1	7 513,8	8 975,8
Total Deposits	5 349,9	5 909,2	7 133,8	5 797,1	7 063,4
Total Debt	536,9	376,5	384,7	512,8	418,6
Total Liabilities	6 005,4	6 404,7	7 661,0	6 424,3	7 650,4
Total Equity	967,3	1 120,3	1 278,1	1 089,4	1 325,4

Cash From Operations	-2,6	204,3	-28,8	495,8	27,9
Cash From Investing	-534,7	-1 000,4	-789,6	-311,4	-766,7
Cash From Financing	607,9	848,7	967,4	-135,7	824,1
Net Changes in Cash	70,6	52,6	148,9	48,6	85,2