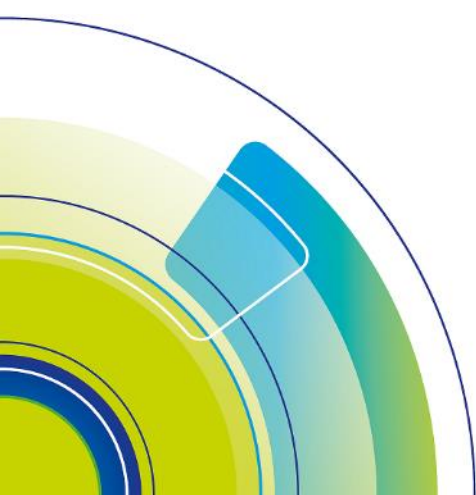




Update TCB – BUY

February 10, 2025



Hung Cao, CFA

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Recommendation

BUY

HOSE: TCB

Banking

Current price (VND) 25,750

Target price (VND) 33,100

Expected share price return +28.5%

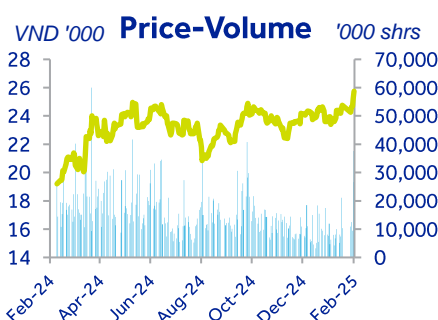
Expected dividend yield 3.1%

Expected total return +31.7%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	5.5	8.9	8.0	42.5
Relative	5.2	6.6	6.4	34.1

Source: Bloomberg



Ownership

Chairman's wife & relatives	32.8%
MaSan Group	15.2%
Warburg Pincus	7.9%
Maple Leaf Ltd.	5.0%
Nguyễn Phương Hoa (Vice Chairwoman) & relatives	3.3%
Morgan Stanley	1.5%
GIC	1.0%

Stock Statistics 10-Feb-25

Bloomberg code TCB VN

52-week range (VND) 18,725-26,250

No. of shares (m) 7,065

Mkt cap (VND bn) 183,686

Mkt cap (USD m) 7,188

Foreign room left (%) 0.0

Est. free float (%) 68.3

3m avg daily vol (shs) 10,386,740

VND/USD 25,560

Index: VNIndex / HNX 1269.88/228.69

VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK (TCB)

We recommend **BUY** for TCB with a target price of VND 33,100/share. The valuation includes the possibility of TCBS Securities Company being IPO'd and listed, assuming a valuation of 3.0x BVPS, higher than the industry average thanks to its leading scale, above-industry average ROE and synergies within TCB's customer ecosystem.

Despite the slowdown in 4Q24, TCB's 2024 business results are still quite **positive** with TOI and PBT growing by 17.3% and 20.3% respectively. Excluding the impact of the refund of upfront fees to Manulife due to the termination of the exclusive bancassurance agreement, TOI and PBT grew by 21.8% and 28.2% respectively.

Credit growth for the whole year of 2024 reached **21.7%**, higher than the industry's credit growth of 15.1%. Of which, outstanding home loans grew by 21.8% thanks to improved housing supply, especially in the Northern region. With the SBV's credit expansion orientation, we forecast that TCB's credit growth could continue to reach 20%/year in 2025 and 2026.

NIM for the whole year of 2024 will reach 4.27%, up 18 bps yoy thanks to a sharper decrease in funding costs than asset yields. However, we see **NIM falling for two consecutive quarters** as funding costs have bottomed out, while lending rates have fallen in line with the Government's guidance and TCB allocated credit to segments that have lower risk-weights. **We forecast that NIM will recover slightly, however, for the whole year of 2025, NIM will still decrease by 18 bps compared to 2024, reaching 4.09%.**

Although we forecast an improvement in asset quality in 2025, core business operating profit may grow at a slower pace. We project that the 2025's PBT will reach VND 32,817 billion, up 19.2% y/y. Excluding the impact of the refund of upfront fees to Manulife, the 2025's PBT would grow by 11.8% y/y.

(VND bn)	2021	2022	2023	2024	2025F	2026F
Credit growth	26.5%	12.5%	21.6%	21.7%	21.0%	20.0%
NIM	5.8%	5.4%	4.1%	4.3%	4.1%	4.1%
NFI proportion	28.0%	25.9%	30.9%	24.4%	25.3%	24.3%
TOI growth	37.1%	10.3%	-2.1%	17.3%	16.4%	18.7%
CIR	30.1%	32.8%	33.1%	32.7%	32.3%	31.3%
Net credit costs	0.85%	0.50%	0.84%	0.71%	0.60%	0.70%
Profit before tax	23,238	25,568	22,888	27,538	32,817	38,712
Growth	47.1%	10.0%	-10.5%	20.3%	19.2%	18.0%
Profit attributable	18,052	20,150	18,004	21,523	25,981	30,656
Adjusted EPS (VND)	2,555	2,852	2,548	3,046	3,677	4,339
Adjusted BVPS (VND)	13,050	15,895	18,445	20,583	23,461	27,000
CAR (Basel 2)	15.0%	15.2%	14.0%	15.3%	14.7%	14.2%
ROA	3.6%	3.2%	2.3%	2.4%	2.4%	2.4%
ROE	21.7%	19.7%	14.8%	15.6%	16.7%	17.2%
P/E (x)	9.5	4.4	6.0	8.1	6.9	5.8
P/B (x)	1.9	0.8	0.8	1.2	1.1	0.9
DPS (VND)	-	-	-	1,500	800	800
Dividend yield	0.0%	0.0%	0.0%	3.0%	3.2%	3.2%

NFI is forecasted to grow by 20.7% y/y in 2025. However, excluding the impact of the refund of upfront fees to Manulife, the projected NFI in 2025 would only increase by 4.2% y/y due to slow payment fee income growth and the lack of income from bancassurance activities.

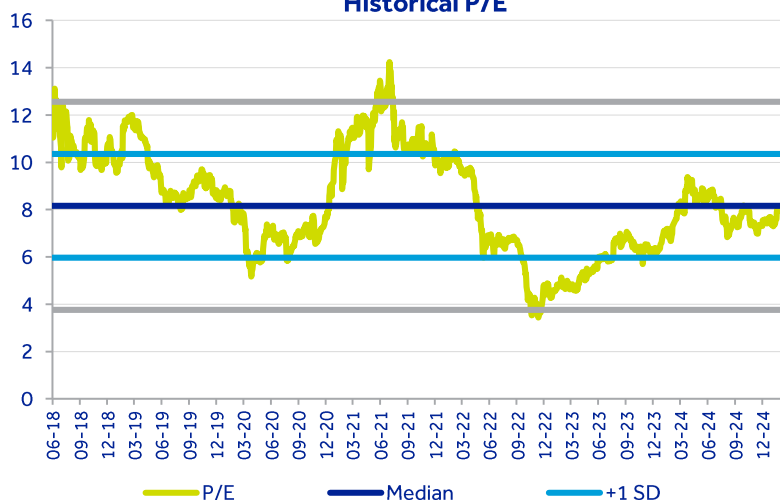
Asset quality is improving, but potential risks still require monitoring. TCB's overdue loans and restructured loans continue their downward trend. By the end of Q4/24, the NPL ratio and Special mentioned loan ratio were at 1.12% and 0.7%, respectively – among the lowest in the industry. Restructured loans under Circular 02/2023 and Circular 53/2024 (impacted by Typhoon Yagi) were approximately 0%.

Interest collection days dropped sharply in Q4/24. We observed a significant increase in interest collection days from early 2023 (Q1/23: 55 days) to Q3/24 (83 days) before it suddenly declined to a healthy level of 49 days by the end of Q4/24, as TCB collected over VND 5,700 billion in accrued interests. While there are no details on these accrued interests, we note that TCB's lending structure, which is heavily focused on real estate – especially large-scale projects with concentrated sales periods and various interest grace policies – may naturally lead to an increase in accrued interest days. Nevertheless, we highlight the potential risk of deteriorating asset quality if accrued interest days rise too quickly.

Despite potential risks are still exists, **we project provision expenses to increase only slightly by 2.6% in 2025**, as the economic outlook and real estate market recovery are expected to reduce NPL pressures on the bank. Additionally, TCB's good NPL coverage ratio of 114% provides further support.

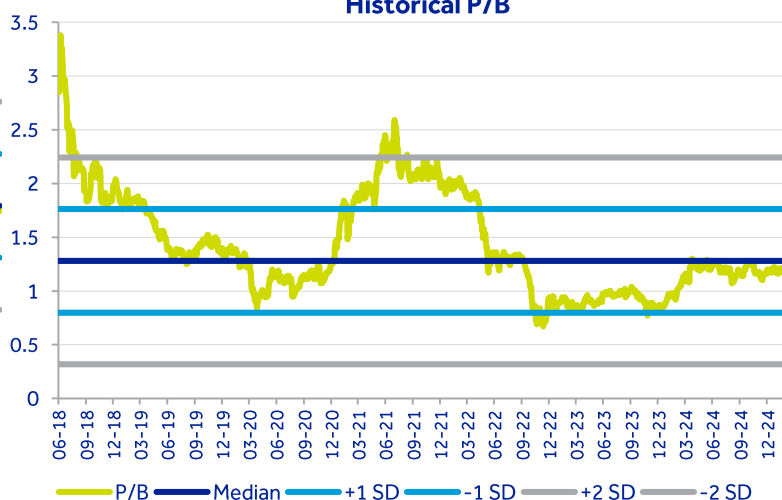
Re-valuation potential from IPO and listing TCBS. We recommend **BUY** for TCB with a 12-month target price of **VND 33,100/share**. This valuation includes a potential re-valuation of TCB due to the expected IPO and listing of TCBS, assuming a valuation of 3.0x BVPS – higher than the industry average due to TCBS's leading market position, above-industry average ROE, and synergies within TCB's customer ecosystem.

Historical P/E



Source: FiinPro-X, ACBS

Historical P/B

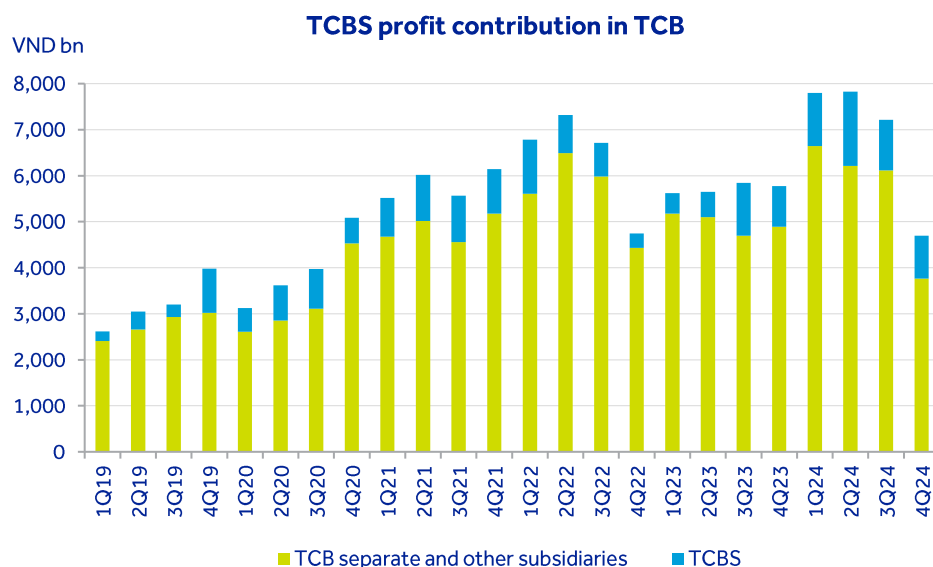


Source: FiinPro-X, ACBS

Valuation of TCBS Securities Company

TCBS is a securities subsidiary of TCB (holding 94.2%), responsible for securities brokerage, margin lending, proprietary trading, and investment banking services. TCBS contributes an average of ~15-20% to TCB's total consolidated PBT.

The strategic goal of TCBS is to become Vietnam's leading Wealthtech company with a market capitalization of USD 5 billion (~VND 120 trillion) by 2025, equivalent to 4-5 times its BVPS.



Source: TCB, TCBS

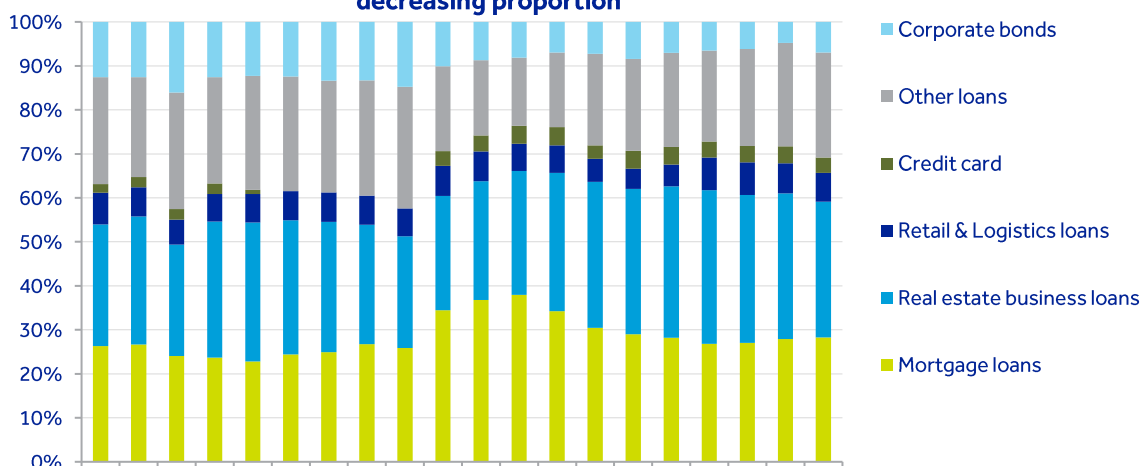
In case TCBS is IPO and listed in 2025, we assume that TCBS can be valued at **3.0x its book value**, higher than the average of other securities companies due to TCBS's leading scale, higher ROE than the industry average and benefiting from TCB's customer ecosystem. Accordingly, TCBS's capitalization is estimated to reach **VND 91,633 billion** at the end of 2025.

(Unit: VND billion)

Ticker	Exchange	Mkt cap 4Q24	Equity 4Q24	Total assets 4Q24	ROA	ROE	P/E	P/B
SSI	HOSE	49,635	26,827	73,507	4.0%	11.4%	16.5	1.9
VCI	HOSE	24,990	12,944	26,592	4.2%	9.0%	22.6	1.9
HCM	HOSE	20,987	10,444	31,340	4.2%	11.1%	18.6	2.0
VND	HOSE	18,877	19,715	44,295	4.0%	9.5%	10.1	1.0
MBS	HNX	15,923	6,909	22,132	4.0%	12.5%	17.6	2.3
VIX	HOSE	14,804	16,045	19,606	4.6%	5.3%	16.5	0.9
FTS	HOSE	12,757	4,118	9,760	6.3%	14.6%	22.3	3.1
Average		22,568	13,857	32,462	4.5%	10.5%	17.7	1.9
TCBS	OTC	?	26,297	53,244	7.9%	15.4%	?	?

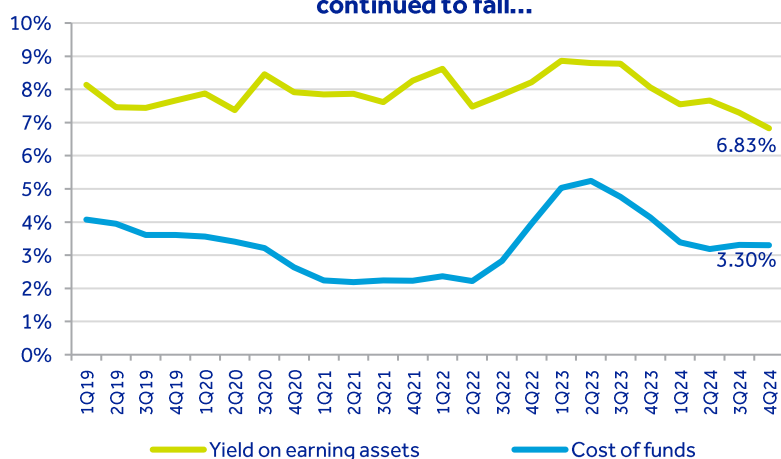
Source: FiinPro-X. ROE, ROA, P/E and P/B based on 2024 data.

Credit structure is heavily concentrated in real estate sector, but with a decreasing proportion



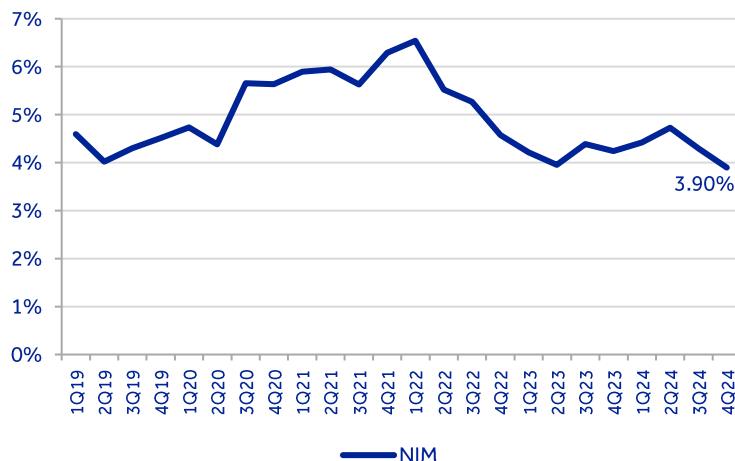
Source: TCB, ACBS estimated

Cost of funds bottomed out, while lending rates continued to fall...



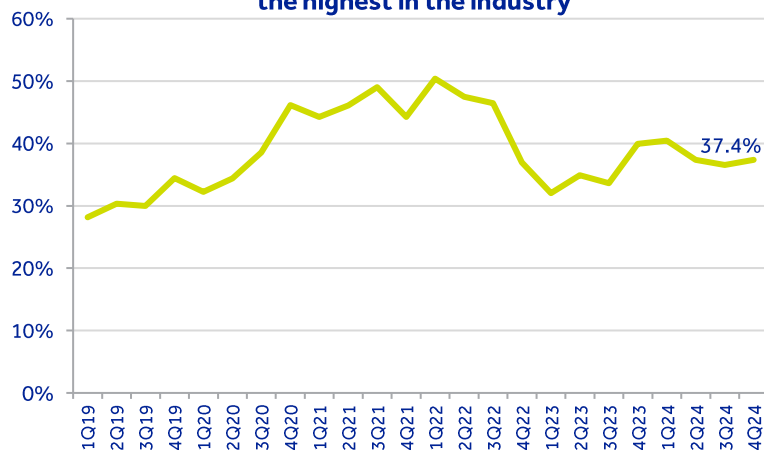
Source: TCB, ACBS estimated

... put pressure on NIM



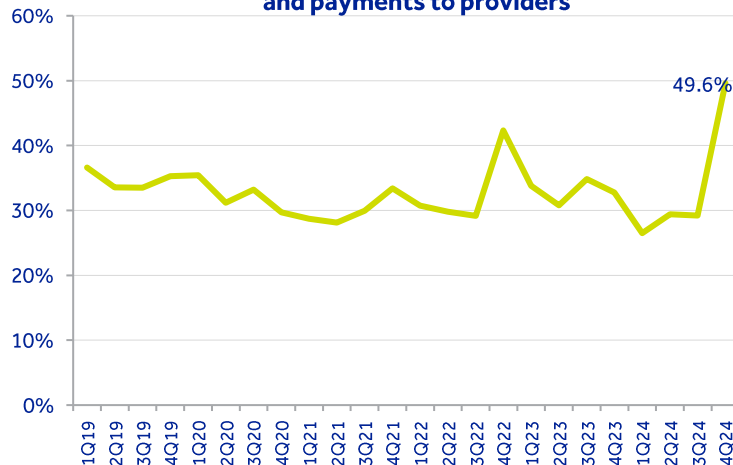
Source: TCB, ACBS estimated

CASA ratio recovered slowly but remained among the highest in the industry



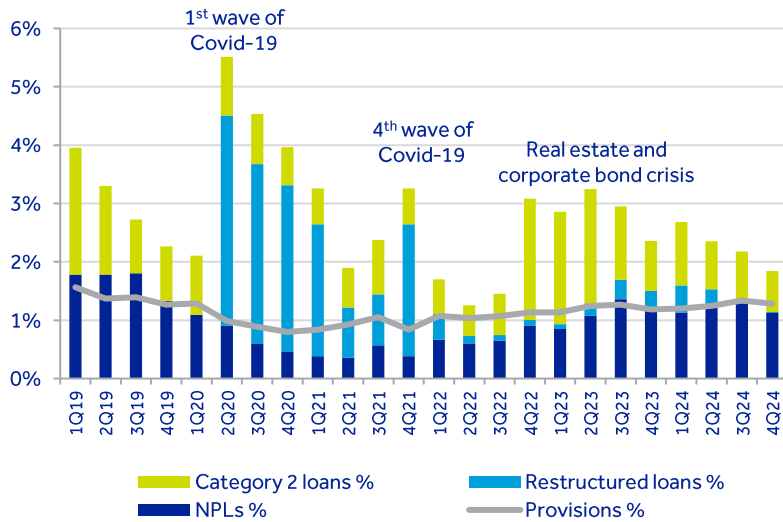
Source: TCB, ACBS estimated

CIR surged due to Manulife upfront fee refunds and payments to providers



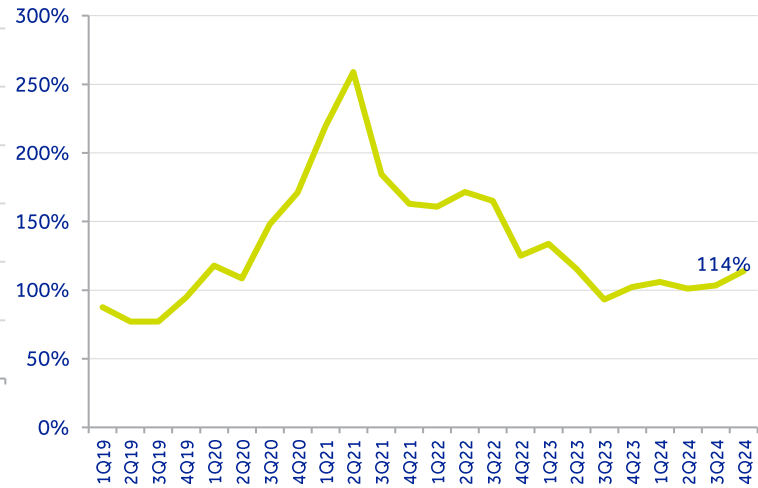
Source: TCB, ACBS estimated

Asset quality improved



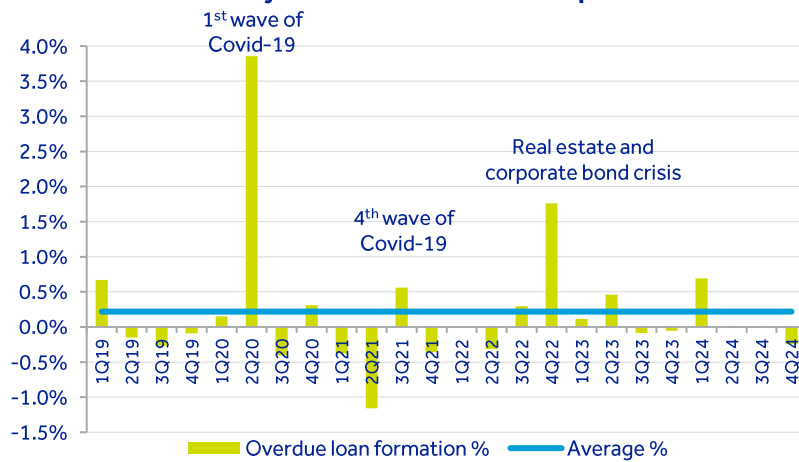
Source: TCB, ACBS estimated

NPL coverage ratio was stable above 100%



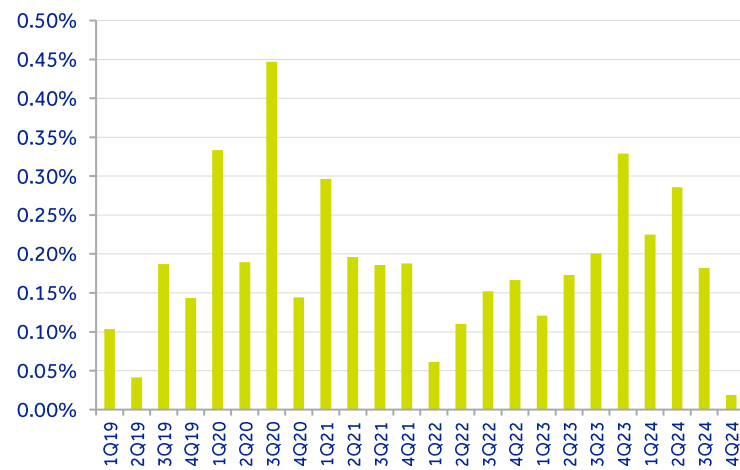
Source: TCB, ACBS estimated

Overdue loan (incl restructured loan) formation ratio stayed low for 3 consecutive quarters



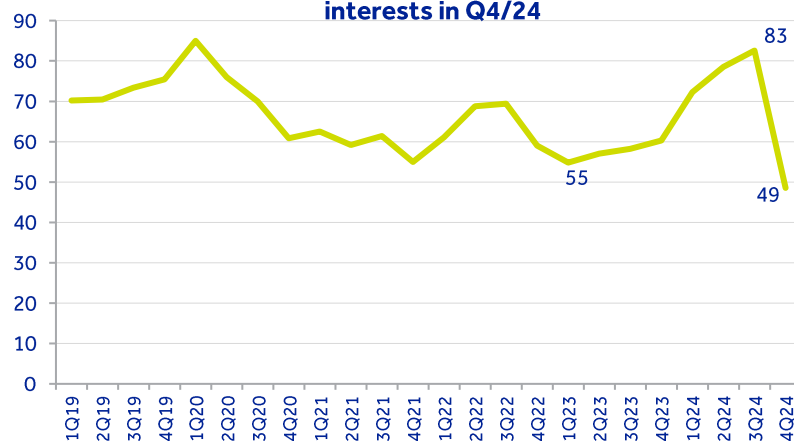
Source: TCB, ACBS estimated

Credit costs (quarterly) fell sharply in Q4/24



Source: TCB, ACBS estimated

Interest collection days decreased sharply thanks to the collection of large amount of accrued interests in Q4/24



Source: TCB, ACBS estimated

BANK'S FINANCIAL RATIOS

(Unit: VND billion)

Ticker	Exchange	Mkt cap 05-02-25	Equity 4Q24	Total Assets 4Q24	NPL ratio 4Q24	Special mentioned loan 4Q24	NPL coverage 4Q24	CAR (Basel 2) 31-12-23	ROA (TTM)	ROE (TTM)	P/E	P/B
BID	HOSE	273,142	2,760,693	144,512	1.4%	1.7%	133.7%	8.6%	1.0%	19.2%	11.1	2.0
CTG	HOSE	211,309	2,385,384	149,944	1.3%	1.4%	170.8%	9.3%	1.2%	18.5%	8.3	1.4
VCB	HOSE	517,550	2,085,397	198,956	1.0%	0.3%	223.3%	11.4%	1.7%	18.6%	15.3	2.6
MBB	HOSE	137,301	1,128,801	117,060	1.6%	1.6%	92.3%	10.8%	2.2%	22.1%	6.0	1.2
TCB	HOSE	174,502	978,799	147,940	1.1%	0.7%	113.9%	14.4%	2.4%	15.6%	8.1	1.2
VPB	HOSE	151,141	923,848	147,275	4.2%	6.5%	56.2%	17.1%	1.8%	11.4%	9.6	1.1
ACB	HOSE	113,453	864,006	83,462	1.5%	0.5%	77.9%	12.5%	2.1%	21.8%	6.8	1.4
STB	HOSE	70,224	748,095	54,972	2.4%	0.8%	68.4%	9.1%	1.4%	20.0%	7.0	1.3
SHB	HOSE	38,272	747,244	57,850	2.6%	0.9%	65.1%	12.2%	1.3%	17.1%	4.1	0.7
HDB	HOSE	78,988	697,281	56,658	1.9%	4.8%	68.7%	12.6%	2.0%	25.8%	6.2	1.5
LPB	HOSE	107,243	508,330	43,338	1.6%	1.0%	83.3%	12.2%	2.2%	25.1%	11.0	2.5
VIB	HOSE	60,774	493,158	41,862	3.5%	3.4%	50.1%	11.7%	1.6%	18.1%	8.4	1.5
TPB	HOSE	43,856	418,028	37,596	1.5%	1.8%	81.3%	12.4%	1.6%	17.3%	7.2	1.2
MSB	HOSE	29,510	320,177	36,818	2.7%	1.3%	64.4%	12.8%	1.9%	16.2%	5.4	0.8
SSB	HOSE	52,873	325,699	35,003	1.9%	0.7%	82.9%	13.6%	1.6%	14.8%	11.0	1.5
OCB	HOSE	28,110	280,712	31,672	3.2%	2.4%	47.1%	13.3%	1.2%	10.5%	8.9	0.9
NAB	HOSE	22,880	245,129	19,289	2.3%	1.5%	52.8%	11.2%	1.6%	20.9%	6.4	1.2
EIB	HOSE	34,460	239,768	25,099	2.5%	1.1%	42.3%	13.4%	1.5%	14.0%	10.4	1.4
ABB	UPCoM	7,611	176,742	14,049	3.7%	1.6%	45.5%	11.0%	0.4%	4.4%	12.5	0.5
BAB	HNX	11,113	165,487	11,782	1.2%	0.4%	97.4%	-	0.6%	8.9%	11.0	0.9
VBB	UPCoM	6,283	162,856	8,701	2.7%	0.9%	46.0%	10.4%	0.6%	11.6%	6.7	0.7
VAB	UPCoM	5,026	119,832	8,866	1.3%	0.5%	72.5%	9.3%	0.8%	10.4%	5.7	0.6
NVB	HNX	10,807	118,499	6,093	19.5%	2.2%	8.6%	9.2%	-	-	-	1.8
BVB	UPCoM	7,512	103,536	6,155	3.1%	1.4%	45.2%	11.3%	0.3%	5.2%	24.1	1.2
KLB	UPCoM	4,404	92,176	6,605	1.9%	1.2%	83.7%	9.7%	1.0%	14.4%	5.0	0.7
PGB	UPCoM	6,305	73,211	5,163	2.6%	1.5%	40.5%	12.0%	0.5%	6.7%	18.7	1.2
SGB	UPCoM	4,475	33,260	4,090	2.7%	5.1%	36.3%	17.7%	0.2%	1.9%	-	1.1
Average		81,819	636,894	55,585	2.8%	1.7%	75.9%	11.9%	1.3%	15.0%	9.4	1.3
Median		38,272	325,699	36,818	2.3%	1.4%	68.4%	11.8%	1.5%	15.6%	8.3	1.2

Source: FiinPro-X, ACBS

(Unit: VND billion, unless otherwise stated)	Market price (VND):	23,700	Target price (VND):	26,200	Market cap (VND bn):	166,967
INCOME ITEMS	2021	2022	2023	2024	2025F	2026F
Net interest income	26,699	30,290	27,691	35,508	40,825	49,145
Net fee & commission income	6,382	8,527	8,715	8,042	8,042	9,249
Other non-interest income	3,995	2,085	3,655	3,440	5,813	6,531
Total operating income	37,076	40,902	40,061	46,990	54,681	64,924
Growth (%)	37.1%	10.3%	-2.1%	17.3%	16.4%	18.7%
Operating expenses	(11,173)	(13,398)	(13,252)	(15,370)	(17,675)	(20,326)
Profit before provision & tax	25,903	27,504	26,809	31,621	37,005	44,598
Provision for credit losses	(2,665)	(1,936)	(3,921)	(4,082)	(4,188)	(5,886)
Profit before tax	23,238	25,568	22,888	27,538	32,817	38,712
Profit after tax after minority interests	18,415	20,436	18,191	21,760	26,254	30,970
Profit attributable to shareholders	18,052	20,150	18,004	21,523	25,981	30,656
Growth (%)	46.5%	11.6%	-10.7%	19.5%	20.7%	18.0%
Adjusted EPS (VND)	2,555	2,852	2,548	3,046	3,677	4,339
BALANCE SHEET ITEMS	2021	2022	2023	2024	2025F	2026F
Outstanding loans & corporate bonds	410,150	461,539	561,150	682,948	826,367	991,640
Growth (%)	26.5%	12.5%	21.6%	21.7%	21.0%	20.0%
Customer deposit	314,753	358,404	454,661	533,392	634,737	761,684
Growth (%)	13.4%	13.9%	26.9%	17.3%	19.0%	20.0%
Total assets	568,729	699,033	849,482	978,799	1,157,250	1,380,309
Shareholder's equity	92,195	112,296	130,311	145,419	165,748	190,752
BVPS (VND)	13,050	15,895	18,445	20,583	23,461	27,000
KEY RATIOS	2021	2022	2023	2024	2025F	2026F
NPL (%)	0.7%	0.7%	1.2%	1.1%	1.1%	1.1%
NPL coverage (%)	162.9%	157.3%	102.0%	113.9%	105.1%	106.7%
NIM (%)	5.8%	5.4%	4.1%	4.3%	4.1%	4.1%
CIR (%)	30.1%	32.8%	33.1%	32.7%	32.3%	31.3%
ROA (%)	3.6%	3.2%	2.3%	2.4%	2.4%	2.4%
ROE (%)	21.7%	19.7%	14.8%	15.6%	16.7%	17.2%
CAR Basel 2 (%)	15.0%	15.2%	14.0%	15.3%	14.7%	14.2%
P/E (x)	9.5	4.4	6.0	8.1	7.0	5.9
P/B (x)	1.9	0.8	0.8	1.2	1.1	1.0
Dividend yield (%)	0.0%	0.0%	0.0%	2.9%	3.1%	3.1%

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DISCLAIMER

Our Recommendation System

BUY	: total stock returns (including dividend yield) over the next 12 months are forecast to be 20% or higher.
OUTPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from 10 to 20%.
NEUTRAL	: total stock returns (including dividend yield) over the next 12 months are forecast to be between -10 and 10%.
UNDERPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from -10 to -20%.
SELL	: total stock returns (including dividend yield) over the next 12 months are forecast to be -20% or lower.

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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