

Techcombank (TCB)

Preparing for a solid return

May 28, 2025

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TCB experienced subdued growth in the first three months of 2025

TCB posted credit growth of over 4% YTD in 1Q2025, notably lower than the 7% recorded in 1Q2024, while deposit growth saw a slight increase of 1.1% YTD. NIM has started to narrow, placing pressure on NII growth. Meanwhile, the NPL ratio rose by 4 bps (basis points) QoQ.

NOII growth is expected to offset short-term slowdown in NII growth

The bank continues to maintain low lending rates to support customers, which may weigh on NII growth in the near term. However, TCB expects NOII to offset this impact and support TOI growth. Fee-based income has remained resilient, driven by the bank's cross-selling strategy within its ecosystem and its strategic focus on the affluent customer segment.

Despite downward pressure, NIM will likely remain relatively high this year

While NIM is anticipated to remain under pressure throughout the remainder of 2025, KBSV expects TCB to manage the pace of decline more effectively than its peers and maintain a relatively high margin. This outlook is backed by: (i) effective funding cost management, leveraging its CASA advantage and Auto Earning feature; and (ii) a recovering real estate market and a diversified loan portfolio, limiting the decline in the interest-earning asset (IEA) yield.

We recommend BUY for TCB with a target price of VND35,600/share

Our forecasts remain broadly unchanged; however, we have revised the market risk premium to 8.35% in this report, leading to a higher required rate of return and a slight downward adjustment to the target price, now at VND35,600 per share. Accordingly, we reiterate BUY for TCB, implying an upside potential of 16.2% from the closing price on May 27, 2025.

Buy maintain

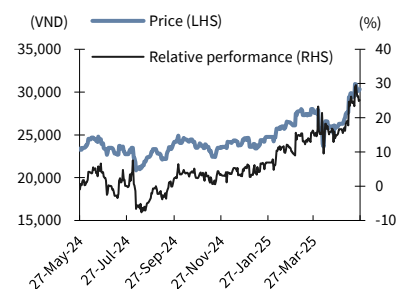
Target price	VND35,600
Upside	17.3%
Current price (May 27, 2025)	VND30,600
Consensus target price	VND31,500
Market cap (VNDtn/USDbn)	216.2/8.3

Trading data	
Free float	77.3%
3M avg trading value (VNDbn/USDmn)	521.1/20.2
Foreign ownership	22.5%
Major shareholder	Masan Group (MSN, 14.9%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	17.0	15.6	29.1	30.5
Relative	8.6	13.7	21.9	25.4

Forecast earnings & valuation

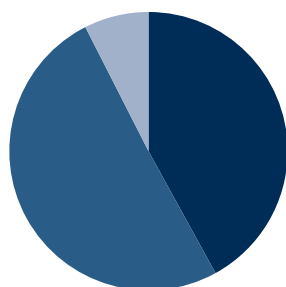
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	27,691	35,508	40,106	47,891
Pre-provision operating income (VNDbn)	26,809	31,621	35,663	42,474
NPAT-MI (VNDbn)	18,191	21,760	25,153	30,203
EPS (VND)	5,111	3,046	3,517	4,218
EPS growth (%)	-11	-40	15	20
PER (x)	5.1	8.6	7.4	6.2
Book value per share (VND)	37,364	20,940	24,135	26,547
PBR (x)	0.70	1.25	1.23	1.11
ROE (%)	14.8	15.6	15.8	16.9
Dividend yield (%)	0.00	2.87	2.8	2.8



Source: Bloomberg, KB Securities Vietnam

Credit composition (2024)

■ Retails ■ Wholesales ■ Corp bond



Source: Techcombank, KB Securities Vietnam

Business operation

Established in 1993, Techcombank (TCB) is currently ranked as the second-largest joint-stock commercial bank by total assets, in our estimate, with approximately VND978 trillion in assets. TCB's loan portfolio primarily targets large corporates and features a high proportion of mortgages in the retail banking segment. Notably, the bank has the highest exposure to the real estate sector in the industry, with real estate loans comprising 60-70% of its credit portfolio.

Investment Catalysts

Credit growth is projected to reach 18-20% during the 2025-2027 period, supported by a recovering real estate market.

NIM is expected to remain above 4% in 2025, driven by effective funding cost management, leveraging the bank's CASA strength and Auto Earning feature.

TCB continues to rank among the banks with the strongest asset quality, as evidenced by its low NPL ratio relative to the industry average.

Notes

Please find more details below

Please find more details below

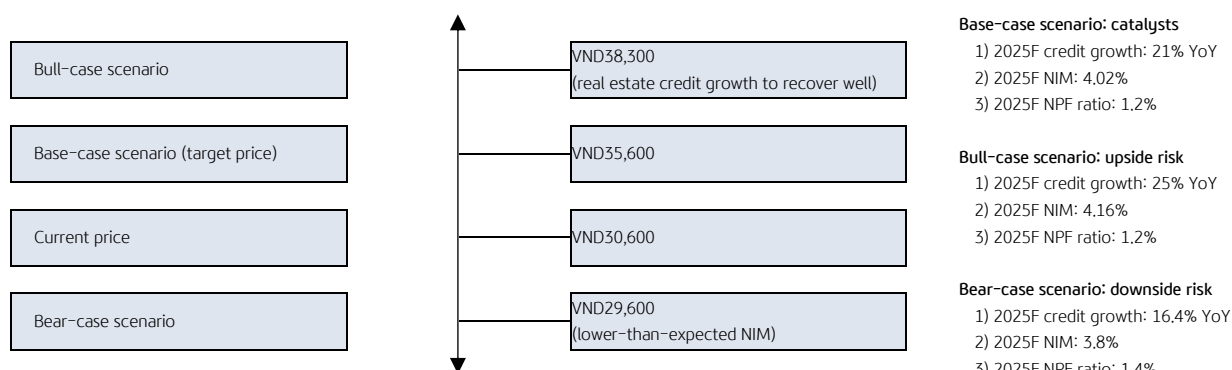
Please find more details [here](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	40,106	47,891	-4%	-1%	41,039	49,645	-2%	-4%
EBIT	35,663	42,474	-3%	-1%	36,905	45,864	-3%	-7%
NP after MI	24,845	29,802	-3%	-1%	25,237	30,697	-2%	-3%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

TCB experienced subdued growth in the first three months of 2025

TCB experienced subdued growth amid macroeconomic uncertainties. In particular, credit growth reached over 4% YTD, notably lower than the 7% recorded in 1Q2024, and deposit growth saw a slight increase of 1.1% YTD. NIM has started to narrow, exerting pressure on NII growth. While the NPL ratio rose by 4 bps QoQ, it remains relatively low compared to the industry average.

Table 1. TCB – 1Q2025 financial results

(VNDbn)	1Q2024	4Q2024	1Q2025	+/-%YoY	+/-%QoQ	Notes
Net interest income (NII)	8,500	8,602	8,305	-2.3%	-3.4%	NII saw a slight decline due to a high base in 1Q2024, which witnessed a strong 30% YoY expansion, and seasonal effects, during which borrowing demand is typically subdued. Credit growth reached 4.1% YTD in the period, outperforming the industry average of 3.93%, though it remained below the impressive 7% posted in 1Q2024. Additionally, persistently low lending rates continued to weigh on NII growth.
Non-interest income (NOII)	3,762	953	3,306	-12.1%	+247%	NOII has rebounded to around pre-4Q2024 levels, following TCB's termination of its exclusive partnership with Manulife: - While the bancassurance segment is in a transition phase as the bank seeks a new exclusive partner, TCB is temporarily distributing products from multiple providers, which has led to a recovery in bancassurance revenue (+14% QoQ). - Investment banking (IB) services, including bond advisory and underwriting, trustee services, brokerage, and fund management, delivered strong growth of 44% YoY. - Other NOII streams such as foreign exchange trading declined 17% YoY due to macroeconomic volatility, while securities trading and investment activities dropped 58%, further contributing to the overall decline in NOII.
Total operating income (TOI)	12,262	9,555	11,611	-5.3%	+21.5%	
Operating expenses	(3,249)	(4,741)	(3,285)	+1.1%	-30.7%	Operating expenses in 1Q2025 normalized after excluding one-time costs incurred in 4Q2024 (Manulife compensation costs and event-related expenses).
CIR	26.5%	49.6%	28.3%	+179bps	-2132bps	
Provision for credit losses	(1,211)	(118)	(1,090)	-10%	+825%	The slowdown in income has narrowed the buffer for provisioning. Provision expenses declined by 10% YoY, while NPLs saw a resurgence during the quarter.
Profit before taxes (PBT)	7,802	4,696	7,236	-7.2%	+54.1%	
Profit after taxes (NPAT)	6,277	3,420	6,014	-4.2%	+75.8%	
Credit growth (YTD)	7.1%	21.7%	4.1%			Credit growth was balanced across the board, supported by the real estate sector: - Corporate customers: Real estate development loans surged by 12% YTD. - Retail customers: Mortgage loans rose 2% YTD despite seasonal factors, while margin lending through Techcom Securities (TCBS) demonstrated robust growth of 18% QoQ, accounting for 10% of the retail loan portfolio.
Deposit growth (YTD)	4.6%	16.4%	1.1%			
NIM	4.09%	4.21%	4.06%	-2bps	-14bps	NIM continues to face downward pressure due to an industry-wide decline in lending rates, while the pace of improvement in the cost of funds (CoF) is gradually tapering off.
NPL ratio	1.13%	1.12%	1.17%	+4bps	+4bps	Asset quality slightly deteriorated as NPLs increased by 9.6% QoQ. Special-mention debts (Group 2) and bad debts (Group 5) rose significantly by 17% QoQ and 20% QoQ, respectively. Nevertheless, TCB's NPL ratio remains among the lowest in the industry.

Source: Techcombank, KB Securities Vietnam

Fig 2. TCB – NII, NOII & growth (VNDbn, %)

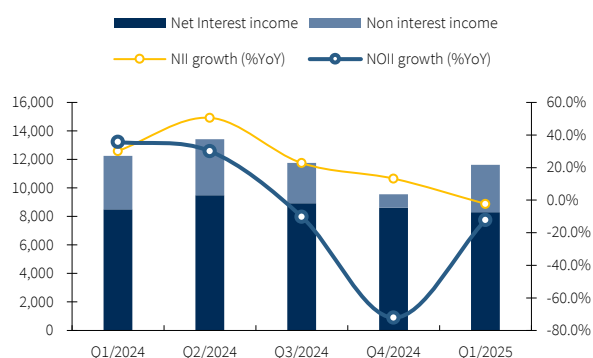


Fig 3. TCB – TOI, PBT & growth (VNDbn, %)

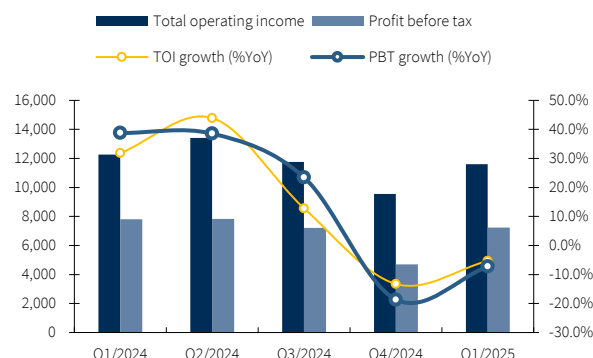
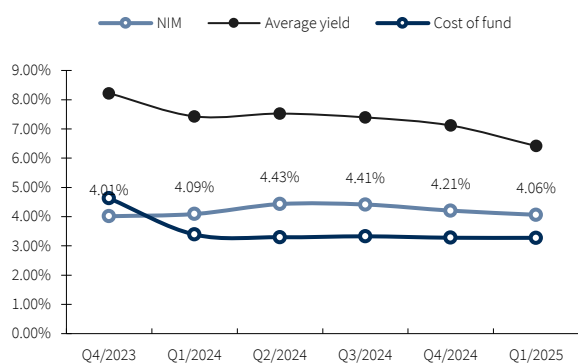
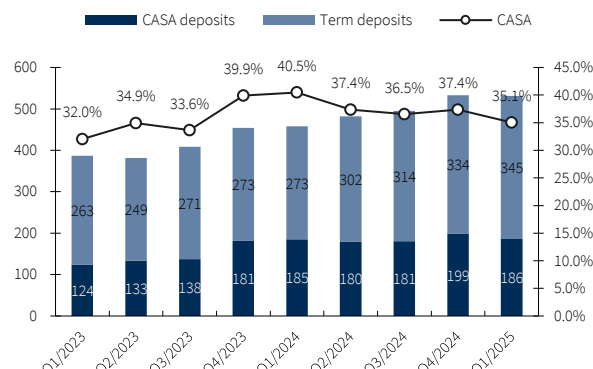


Fig 4. TCB – NIM, IEA yield, cost of funds (%)



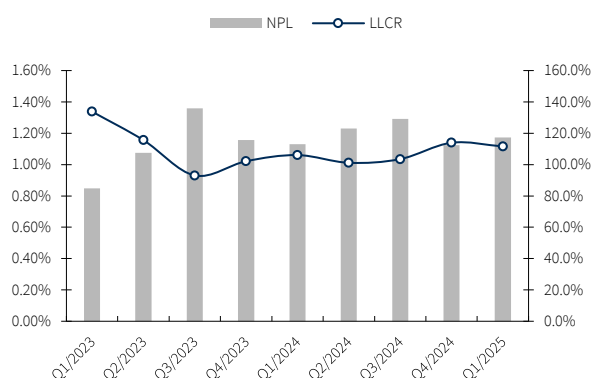
Source: Techcombank, KB Securities Vietnam

Fig 5. TCB – CASA, term deposits, CASA ratio (VNDtn, %)



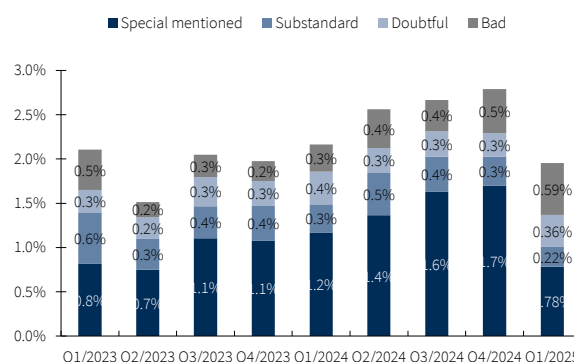
Source: Techcombank, KB Securities Vietnam

Fig 6. TCB – NPL ratio, LLCR (%)



Source: Techcombank, KB Securities Vietnam

Fig 7. TCB – Loan book structure (%)



Source: Techcombank, KB Securities Vietnam

Credit growth is expected to accelerate in the months to come

In 1Q2025, real estate development lending, which rose by 12% YTD, was the key driver of credit growth. Meanwhile, mortgage lending slowed compared to the previous quarter due to seasonal effects but remained relatively positive, expanding by 2% YTD, supported by the bank's ecosystem advantages. Although the disbursement pace moderated compared to the same period last year, we maintain our full-year 2025 credit growth forecast for TCB at over 20%, supported by: (i) an increase in real estate market supply from newly launched projects in the coming quarters by major developers such as Masterise Homes, Vinhomes (VHM), Dat Xanh Group (DXG), Phat Dat Real Estate Development (PDR), and Sun Group; (ii) tariff policies that are not expected to directly impact the bank's lending activities, given TCB's relatively low exposure to export-import and FDI-related loans; and (iii) ongoing government and State Bank of Vietnam (SBV) initiatives aimed at supporting economic growth.

NOII growth is expected to offset short-term slowdown in NII growth

The bank continues to maintain low lending rates to support customers, which may weigh on NII growth in the near term. However, TCB expects NOII to offset this impact and support TOI growth. Fee-based income has remained resilient, driven by the bank's cross-selling strategy within its ecosystem and its strategic focus on the affluent customer segment:

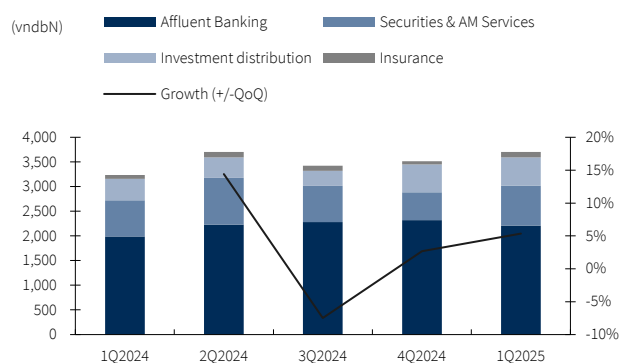
- **Bancassurance revenue** has rebounded quickly following the termination of the exclusive partnership with Manulife, supported by new distribution agreements and the ongoing search for a new partner, along with the development of an in-house insurance entity within the TCB ecosystem.
- TCB currently leads the market in **bond advisory and underwriting** with a share of approximately 57%.
- **Other financial services** including affluent banking, wealth management and securities services, and investment distribution recorded YoY growth of +11%, +11%, and +33% respectively (Figure 8). The wealth management segment is expanding rapidly and is expected to be a key contributor to fee income growth.

Despite downward pressure, NIM will likely remain relatively high this year

In 2024, contrary to the broader industry trend, TCB's NIM remained robust (above 4%). However, since the beginning of this year, NIM has come under increasing pressure due to heightened competition in lending rates and a slowdown in funding cost improvements. In 1Q2025, NIM declined by 14 bps from the end of 2024, primarily due to a 70bps QoQ drop in IEA yield, as lending rates remained low and CoF stayed flat, partly reflecting the deposit rate hikes implemented late last year.

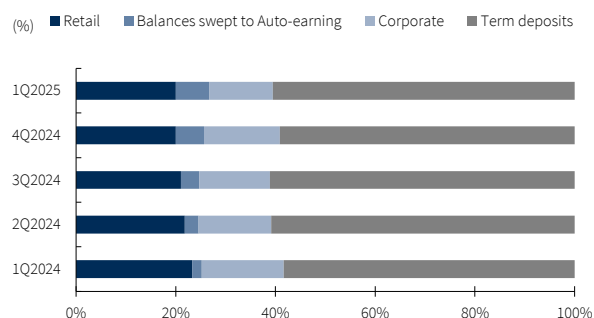
KBSV believes that while NIM will continue to face pressure throughout the remainder of the year, TCB is likely to manage the decline more effectively than its peers and maintain a relatively high NIM. This outlook is supported by: (i) effective funding cost management, leveraging its CASA advantage and Auto Earning feature (Figure 9); and (ii) the recovering real estate market combined with a diversified loan portfolio, limiting the decline in the IEA yield.

Fig 8. TCB – Income sources from wealth management (VNDbn)



Source: Techcombank, KB Securities Vietnam

Fig 9. TCB – Deposit composition (%)



Source: Techcombank, KB Securities Vietnam

TCB revealed its IPO plan for Techcom Securities (TCBS)

At the 2025 Annual General Meeting, TCB officially announced its IPO plan for Techcom Securities (TCBS), targeting completion the end of 2025, subject to market conditions and the progress of Vietnam's stock market upgrade. This move represents a key strategic step toward TCB's ambition to raise the bank's total market capitalization to USD20 billion. Management stated that TCBS currently contributes around 10% of TCB's consolidated profit and is expected to achieve a valuation of USD2.5 to USD4 billion upon listing.

Forecast & Valuation

Table 10. TCB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Net interest income (NII)	35,508	40,106	12.9%	47,891	19.4%	We maintain our credit growth forecast for TCB at over 20% in 2025 but have revised down our NII projection due to adjusted NIM assumption.
Non-interest income (NOII)	11,482	13,523	17.8%	15,787	16.7%	We maintain our previous projections, anticipating a strong recovery in NOII from last year's low base, which will further boost its contribution to TOI growth.
Total operating income (TOI)	46,990	53,629	14.1%	63,678	18.7%	
Pre-provision operating profit (PPOP)	31,621	35,663	12.8%	42,474	19.1%	
Provision for credit losses	(4,082)	(4,222)	3.4%	(4,720)	11.8%	We maintain our previous projections.
Profit before taxes (PBT)	27,538	31,441	14.2%	37,754	20.1%	
NIM	4.21%	4.02%	-19bps	4.17%	15bps	We have revised our NIM forecast downward due to 1Q2025 performance falling short of expectations and the low-interest rate environment persisting longer than previously anticipated.
Average IEA yield (%)	7.12%	7.17%	6bps	7.29%	11bps	
Average cost of fund (%)	3.28%	3.52%	24bps	3.38%	-15bps	
CIR (%)	32.7%	33.5%	79bps	33.3%	-20bps	
NPL ratio (%)	1.12%	1.20%	8bps	1.25%	5bps	The NPL ratio is expected to be well controlled below the bank's target of 1.5%.
Total assets	978,799	1,180,082	21%	1,364,089	16%	
Owner's equity	147,940	170,507	15%	187,553	10%	

Source: Techcombank, KB Securities Vietnam

We recommend BUY for TCB with a target price of VND35,600/share

We combine two valuation methods, P/B and residual income, to determine a fair price for TCB.

1) P/B valuation method

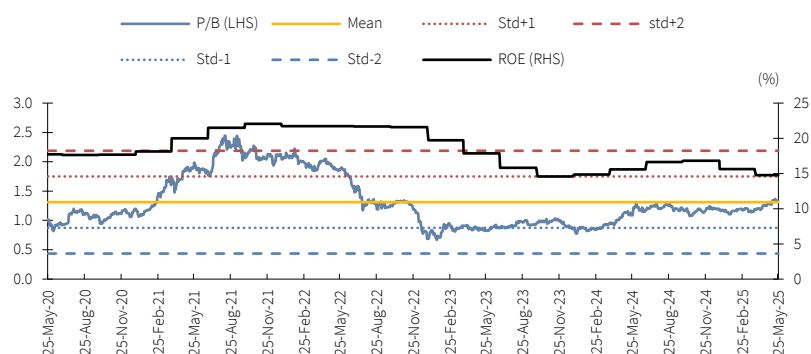
We maintain the 2025 forward P/B multiple at 1.3x as outlined in the previous report, reflecting the bank's growth prospects that remain above the industry average.

2) Residual income method

While the overall forecast remains largely unchanged, we have raised the market risk premium to 8.35% in this update, resulting in a higher required return and a slight downward revision of the target price.

Based on these assessments, we reiterate BUY for TCB with a revised target price of VND35,600/share, implying a potential upside of 16.2% from the closing price on May 27, 2025.

Fig 11. TCB – ROE, P/B in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 12. TCB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	25,153	30,203	34,707
Excessed return	3,177	4,874	6,846
Required rate of return (re)	14.86%		
Growth (g)	3.0%		
Terminal value	74,113		
Total present value (PV)	263,820		
Value per share	37,343		

Source: KB Securities Vietnam

Table 13. TCB – Valuation results

Valuation method	Forecast price	Weighting	Weighted price
Residual income	37,343	50%	18,671
P/B	33,788	50%	16,894
Target price			35,600

Source: KB Securities Vietnam

TCB – 2022A–2026F summarized financials & forecasts

Income Statement						Balance Sheet					
(VNDbn)	2022	2023	2024	2025F	2026F	(VNDbn)	2022	2023	2024	2025F	2026F
Net interest income	30,290	27,691	35,508	40,106	47,891	Loans	415,752	512,514	623,634	749,435	883,573
Interest income	44,753	56,708	60,089	71,613	83,709	Marketable securities	961	4,433	9,001	2,710	3,396
Interest expense	(14,463)	(29,017)	(24,581)	(31,507)	(35,818)	Cash (ex. Reserves)	4,216	3,621	3,385	4,520	5,664
Fees & commissions	8,153	8,715	8,042	9,552	11,215	Interest earning assets	619,967	759,745	928,953	1,068,134	1,229,686
Other non-interest income	2,167	2,434	343	1,225	1,643	Fixed assets & other assets	79,995	92,482	55,070	116,669	140,417
Total operating income	40,527	40,061	46,990	53,629	63,678	Total assets	699,033	849,482	978,799	1,180,082	1,364,089
SG&A expenses	(13,023)	(13,252)	(15,370)	(17,966)	(21,205)	Customer deposits	358,404	454,661	533,392	631,725	791,613
Pre-provisioning OP	27,504	26,809	31,621	35,663	42,474	Borrowings & call money/repos	35,858	84,703	141,354	173,567	102,995
Provision for credit losses	(1,936)	(3,921)	(4,082)	(4,222)	(4,720)	Interest bearing liabilities	561,832	692,537	806,997	982,190	1,140,026
Other income	4,500	6,460	9,325	8,165	8,746	Other liabilities	23,775	25,329	23,862	27,385	36,510
	(2,333)	(4,026)	(8,982)	(6,940)	(7,103)		585,608	717,866	830,859	1,009,575	1,176,536
Other expense						Total liabilities					
Pre-tax income	25,568	22,888	27,538	31,441	37,754	Charter capital	35,172	35,225	70,649	70,649	70,649
Income tax expense	(5,131)	(4,697)	(5,778)	(6,288)	(7,551)	Capital surplus	476	476	(0)	(0)	(0)
NP	20,436	18,191	21,760	25,153	30,203	Retained earnings	64,483	49,013	42,219	54,666	71,712
Minority interest profit	(286)	(187)	(237)	(308)	(401)	Capital adjustments	-	-	-	-	-
Parent NP	20,150	18,004	21,523	24,845	29,802	Total shareholders' equity	113,425	131,616	147,940	170,507	187,553
Financial Indicators						Valuation					
(%)	2022	2023	2024	2025F	2026F	(VND, X, %)	2022	2023	2024	2025F	2026F
Profitability						Share Price Indicators					
ROE	19.8%	14.8%	15.6%	15.8%	16.9%	EPS	5,729	5,111	3,046	3,517	4,218
ROA	3.2%	2.3%	2.4%	2.3%	2.4%	BVPS	32,248	37,364	20,940	24,135	26,547
Pre-provision ROE	21.3%	17.4%	17.9%	17.9%	19.0%	Tangible BVPS	30,908	35,841	20,106	23,238	25,583
Pre-provision ROA	3.5%	2.8%	2.7%	2.6%	2.7%	Valuations					
Net interest margin (NIM)	5.3%	4.0%	4.2%	4.0%	4.2%	PER	4.6	5.1	8.6	7.4	6.2
Efficiency						PBR	0.8	0.7	1.2	1.2	1.1
Pure Loan to deposit ratio	117.3%	114.1%	118.4%	120.0%	113.0%		19.8%	14.8%	15.6%	15.8%	16.9%
Cost-income ratio	32.1%	33.1%	32.7%	33.5%	33.3%	ROE					
Growth						Capital Adequacy					
Asset growth	22.9%	21.5%	15.2%	20.6%	15.6%	CAR	15.6%	15.0%	15.2%	15.0%	>15%
Loan growth	21.0%	23.3%	21.7%	20.2%	17.9%	Asset Quality					
PPOP growth	6.2%	-2.5%	17.9%	12.8%	19.1%	NPL ratio (substandard)	0.7%	1.2%	1.1%	1.2%	1.3%
	11.6%	-10.7%	19.5%	15.4%	20.0%	Coverage ratio	123.2%	79.5%	90.4%	94.9%	97.9%
Parent NP growth						(substandard)					
EPS growth	11.4%	-10.8%	-40.4%	15.4%	20.0%	NPL ratio (precautionary)	2.8%	2.0%	1.8%	1.9%	2.0%
	21.7%	15.9%	-44.0%	15.3%	10.0%	Coverage ratio	31.7%	45.7%	55.6%	60.0%	62.8%
BVPS growth						(precautionary)					

Source: Company report, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

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

Buy:	Neutral:	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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