

Techcombank (TCB)

Lower concentration risk from real estate

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TCB's real estate lending will be halved to 25% in the next five years

Techcombank (TCB) has set a long-term plan to lower the proportion of the ReCom sector (Real estate, construction & construction materials) in its credit portfolio from the current 37% to 25% in the next five years. Assuming credit growth of 18%/year in 2026–2030, it is estimated that credit growth of the sector will slow down to 9–11%/year (or 50% less than the average growth rate of over 20% in the past three years).

NIM posted modest rebound QoQ, but it is still under pressure amid rising interest rates

Deposit interest rates are tending to increase again in the 4Q industrywide to balance deposits with loans, piling pressure on cost of funds (CoF) of TCB. NII from the Flexible pricing policy should help NIM recover after the bank completes the handling of outstanding loans under this policy in 2028.

Asset quality should not be affected by changes in lending strategy

We expect TCB to continue to maintain its leading position in asset quality, especially with the strategy of diversifying the loan portfolio to minimize concentration risk.

Valuation: BUY – Target price VND43,100/share

We recommend BUY for TCB shares with a target price of VND43,100 after shifting the valuation time to the end of 2026, which is equivalent to a potential upside of 28% compared to the closing price on November 28, 2025. For the period 2026–2030F, the expected annual profit growth is still positive, but the increase in interest rates may continue to put pressure on NIM, making it difficult to return to the peak of over 4.5–5% in history.

Buy change

Target price VND43,100

Upside	28.1%
Current price (Nov 28, 2025)	VND33,750
Consensus target price	VND44,143
Market cap (VNDtn/USDbn)	277.1/10.5

Forecast earnings & valuation

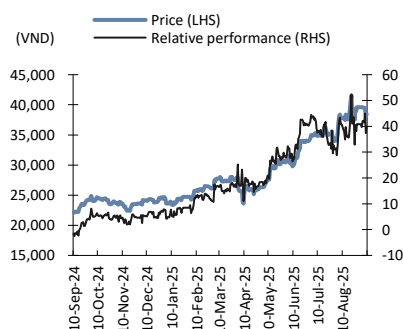
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	27,691	35,508	37,648	46,051
POPP (VNDbn)	26,809	31,621	35,335	41,254
NPAT-MI (VNDbn)	18,191	21,760	24,776	29,087
EPS (VND)	5,111	3,046	3,463	4,060
EPS growth (%)	-11%	-40%	14%	17%
PER (x)	5.1	8.6	7.5	6.4
Book value per share (VND)	37,364	20,940	24,085	26,351
PBR (x)	0.70	1.25	1.23	1.12
ROE (%)	14.8%	15.6%	15.6%	16.3%
Dividend yield (%)	0.00%	0.00%	2.87%	2.87%

Trading data

Free float	77.4%
3M avg trading value (VNDbn/USDmn)	933.9/35.6
Foreign ownership	22.5%
Major shareholder	Masan Group (MSN, 14.9%)

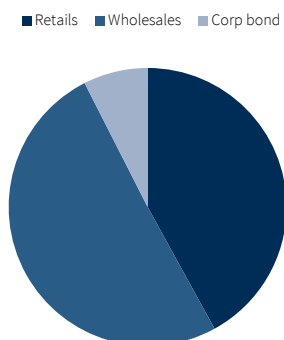
Share price performance

(%)	1M	3M	6M	12M
Absolute	1.7	28.1	38.5	73.0
Relative	-1.6	3.7	15.4	42.6



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



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 estimates, 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 could reach 18–20% in the next one to three years as the bank lowers credit into real estate and boosts retail lending.

NIM will be unlikely to return to historical highs, but it should be around 4% in 2025 thanks to good cost management.

Asset quality has been well controlled, making TCB one of the banks with the lowest NPL ratio in the industry.

Notes

Please see more details below

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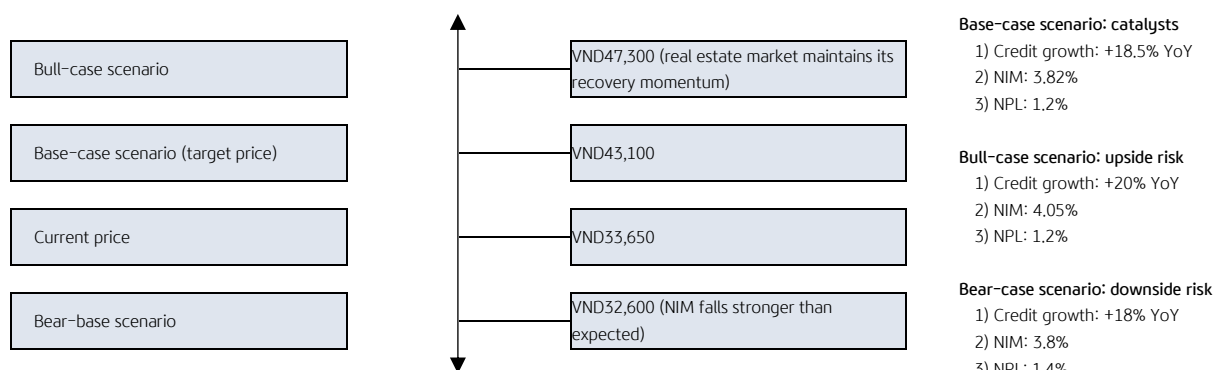
Please find more details in [2Q25 Update](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Net interest income (NII)	40,139	47,839	0%	0%	40,036	48,580	26%	-153%
Total operating profit (TOI)	37,252	44,014	4%	4%	36,370	43,852	243%	37%
NP after MI	26,116	31,035	5%	4%	25,246	30,538	345%	163%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

TCB set new quarterly profit records

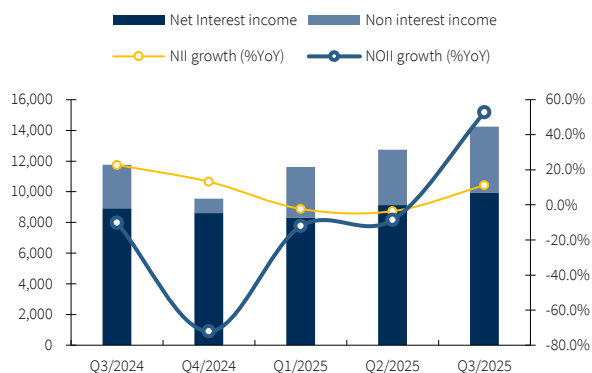
Credit as of the end of 3Q reached 17.9%, nearly completing the 18.5% limit assigned by the State Bank of Vietnam (SBV) with even growth across customer groups. There was an impressive increase in TOI (+21% YoY) while NPL and credit costs continued to decrease compared to the previous quarter, bringing PBT to VND8,300 billion, the highest quarterly profit in history.

Table 1. TCB – 3Q25 updated results

(VNDbn, %)	3Q24	3Q25	+/-%YoY	9M25	+/-YoY	Notes
Net interest income (NII)	8,929	9,925	11.2%	27,367	1.7%	The growth momentum for NII mainly came from good disbursement rate of 3Q credit, while lending interest rates stabilized and slowed down after continuously decreasing in previous quarters. NII showed a significant improvement compared to the previous quarter and contributed largely to the growth of the bank's total income (+53% YoY; +20% QoQ): – Revenue sources that recorded strong growth included: FX & gold trading (VND415 billion, +8x YoY); securities investment (+172% YoY); and bad debt recovery, helping other income surge 36% YoY.
Non-interest income (NOII)	2,826	4,317	52.8%	11,229	6.6%	– Maintenance fee income advanced 17% YoY but slowed down compared to the high level of the previous quarter mainly due to issuance consulting activities recording a decrease of 26% QoQ while card and payment service segments still posted positive growth.
Total operating income (TOI)	11,754	14,242	21.2%	38,596	3.1%	
Operating expenses	(3,431)	(4,493)	31.0%	(11,608)	9.2%	The increase in OPEX mainly resulted from higher personnel and marketing costs, +37% YoY and 69% YoY, respectively. However, the CIR remained relatively stable and adhered to the bank's plan (30–33%).
CIR	29.2%	31.5%	235bps	30%	168bps	
Provision for credit losses	(1,109)	(1,499)	35.2%	(3,603)	–9.1%	Positive income growth has given TCB more room to increase provisions to bring the loan loss coverage ratio (LLCR) to 120% (the highest level compared to private banks in the same group). Meanwhile, the increase in provisions during the period did not come from a sharp increase in NPLs since TCB has kept its asset quality under control.
Profit before taxes (PBT)	7,214	8,250	14.4%	23,385	2.4%	
Profit after taxes (NPAT)	5,793	6,614	14.2%	18,975	3.5%	
Credit growth (YTD)	17.5%	17.9%	+32bps			Credit growth in the first three quarters of the year almost reached the limit granted for the whole year 2025 (17.9% compared to the limit of 18.5%). Disbursement activities were led by the following sectors: – Customer loans increased by 21.4% YTD with balanced growth in both the individual and corporate customer groups (+20% YTD and +22% YTD, respectively). – Corporate bond balance witnessed a steep fall this quarter (–21% QoQ, –26% YTD).
Deposit growth (YTD)	9.7%	14.6%	+490bps			
NIM	4.41%	3.70%	–71bps			NIM keeps declining but at a slower pace (–15bps QoQ compared to –20bp drop in the previous quarter). The slight improvement in NIM over the quarters implied that NIM should be stable soon. Total outstanding balance spiked while absolute NPL remained unchanged compared to the previous quarter, helping the NPL ratio improve to 1.16%, the lowest in the industry. Substandard and doubtful debt shrank 26% and 9% QoQ while bad debt climbed 16% QoQ.
NPL	1.29%	1.16%	–12bps			

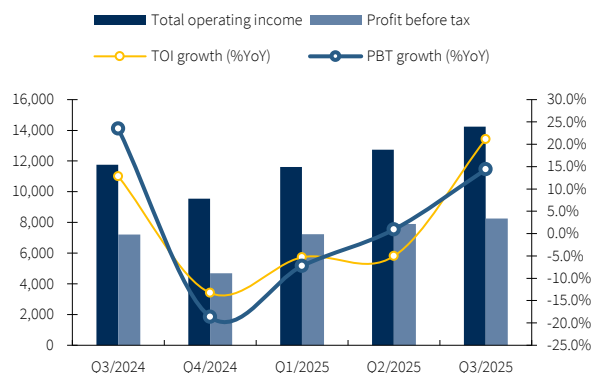
Source: Techcombank, KB Securities Vietnam

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



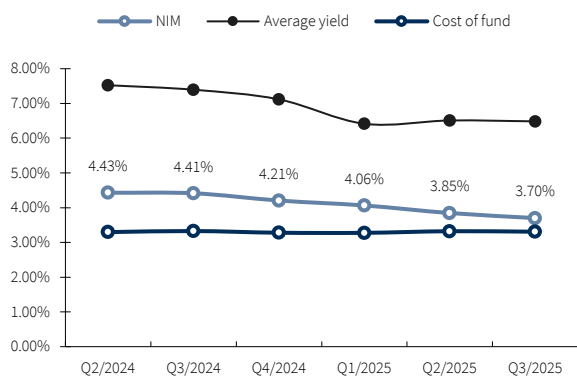
Source: Techcombank, KB Securities Vietnam

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



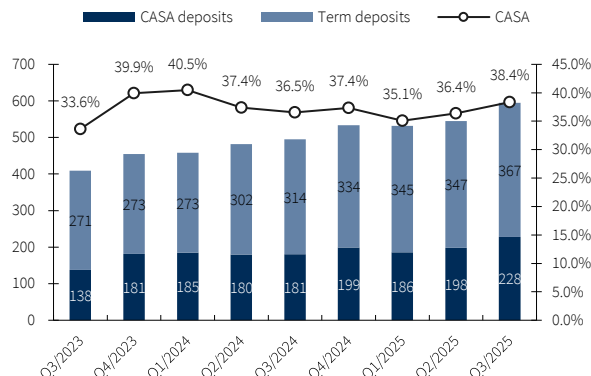
Source: Techcombank, KB Securities Vietnam

Fig 4. TCB – NIM, IEA, CoF (%)



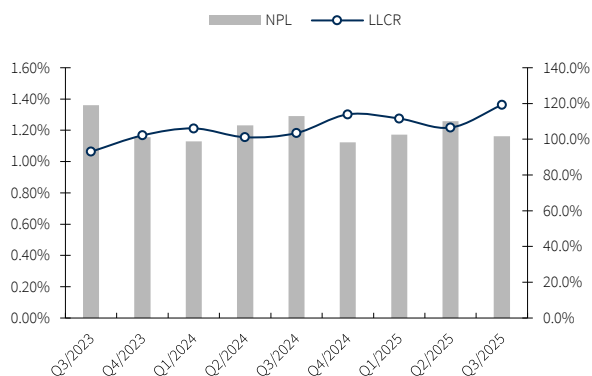
Source: Techcombank, KB Securities Vietnam

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



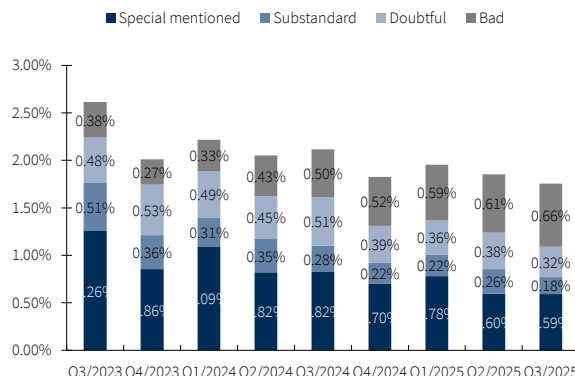
Source: Techcombank, KB Securities Vietnam

Fig 6. TCB – NPL ratio, LLCR (%)



Source: Techcombank, KB Securities Vietnam

Fig 7. TCB – Loan structure (%)



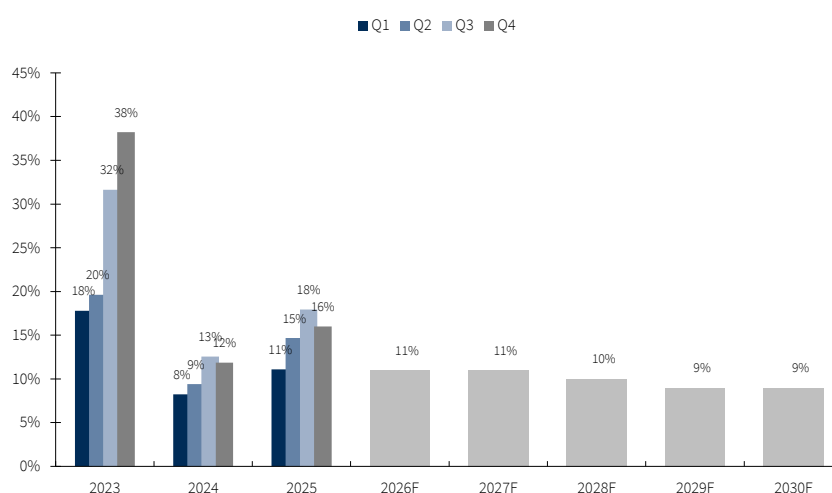
Source: Techcombank, KB Securities Vietnam

TCB's real estate lending will be halved to 25% in the next five years

With the strategy of diversifying the loan portfolio, TCB's management has set a long-term plan to lower credit ratio for the ReCom sector (Real estate, construction & construction materials) from the current 37% to 25% in the next five years. This proportion has been reduced from a high level of 39-40% to the current 36-37% since 2023. This is an initial positive sign, but the bank may need more effort to reach the goal of 25%. Assuming credit growth of 18%/year in 2026-2030, it is estimated that credit growth for the sector will slow down to 9-11%/year (or 50% less than the average growth of over 20% in the past three years).

We expect strong credit growth in the remaining sectors will compensate for the slowdown in ReCom, including (1) corporate lending to fast-moving consumer finance and FMCG (2) and retail lending (increasing from 40% to 50%).

Fig 8. TCB – Credit growth & ReCom credit proportion (%)

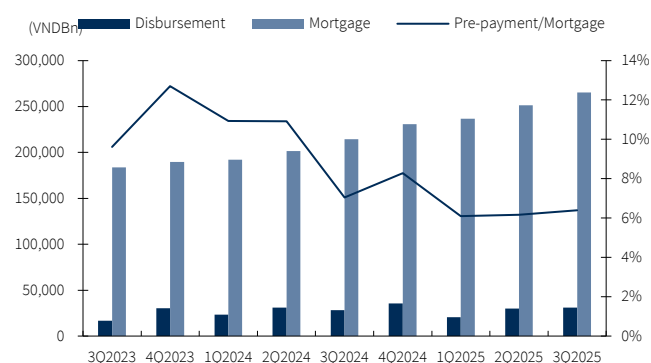


Source: Techcombank, KB Securities Vietnam

TCB is expanding the proportion of retail lending in total credit

For the personal lending segment, we expect the bank to expand growth from the card segment (raising the proportion from the current 7% to 10%) and unsecured lending to customers with good credit scores (only accounting for a small proportion of about 3% in the retail portfolio, so the room for growth is large). Margin lending, which is closely linked to Techcombank Securities' (TCBS) operations, should maintain the current double-digit growth rate, while home loans may further benefit from the recovery cycle of the real estate market that we have mentioned in the 2Q25 update report.

Fig 9. TCB – Home loan disbursement (VNDbn)

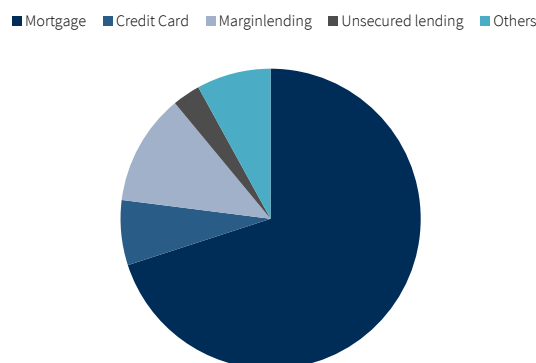


Source: Techcombank, KB Securities Vietnam

NIM slightly recovered compared to 2Q but was under pressure from rising interest rates

Changes in lending strategy are expected to have no impact on asset quality

Fig 10. TCB – Retail loan structure (%)



Source: Techcombank, KB Securities Vietnam

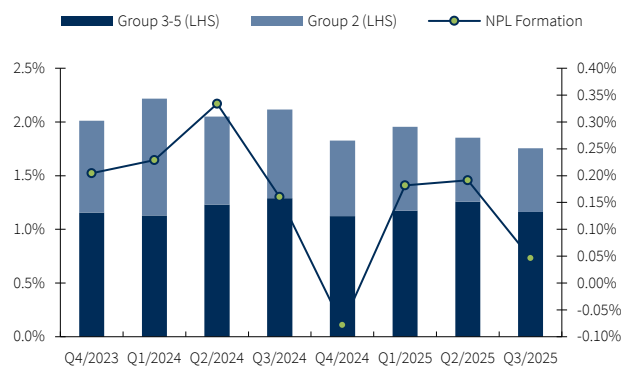
12-month NIM of TCB dropped 15bps QoQ to 3.7%, but 3Q NIM still rebounded from 2Q's. This is attributable to the stable CoF while lending yields have shown signs of slowing down as lending rates have bottomed out. However, deposit interest rates are on the rise again in 4Q across the industry to balance deposits with lending, which is piling pressure on TCB's CoF. However, we expect the increase in CoF to be offset by (1) boosting retail and unsecured lending to improve yields and (2) transferring part of the cost to customers, lending rates will also increase alongside deposit interest rates. (3) Furthermore, the advantage of CASA has helped TCB maintain a relatively better CoF compared to other banks.

Regarding the Flexible pricing policy, the bank said that customer support has affected NII in the past. In the coming time, when customers' finances improve, the accounting for this policy is expected to contribute more positively to the bank, thereby helping NIM improve with interest income recovery. The bank said that by 2028, all support under this policy will be handled.

In 3Q, TCB continued to achieve improvements in asset quality. The NPL formation ratio remained flat in 2Q and fell sharply this quarter (from 0.19% to 0.05%). The bank's NPL ratio was reduced to 1.23% in 3Q with improvements across all customer groups. In particular, NPLs of SME group were 22bps lower than 2Q, with NPLs from home loans gradually decreasing from 2.29% in 1Q to 2.02% in 3Q. NPLs from the corporate customer group were almost unchanged, with real estate NPLs fully removed.

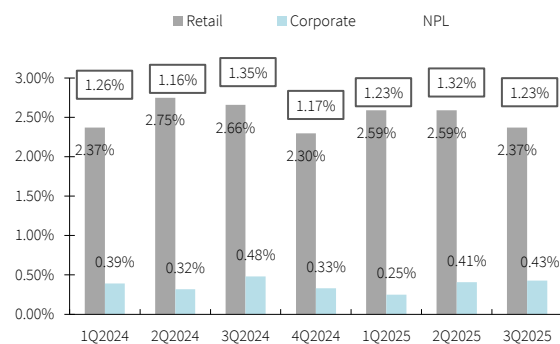
We expect TCB to continue to maintain its leading position in asset quality, especially with the strategy of diversifying the loan portfolio to minimize concentration risk set by the management.

Fig 11. TCB – NPL formation (%)



Source: Techcombank, KB Securities Vietnam

Fig 12. TCB – NPL ratio by customer group (%)



Source: Techcombank, KB Securities Vietnam

Forecast & valuation

Table 13. TCB – 2024A–2026F financial results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Net interest income (NII)	35,508	37,648	6.0%	46,051	22.3%	We lowered 2025 forecast as 4Q NII may be under growth pressure. Credit growth in 2026 should reach 18%.
Non-interest income (NOII)	11,482	14,315	24.7%	14,438	0.9%	We made a slight change in 2026 forecast as gold and FX trading are unlikely to make a breakthrough from this year highs.
Total operating income (TOI)	46,990	51,963	10.6%	60,489	16.4%	
Pre-provision operating profit (PPOP)	31,621	35,335	11.7%	41,254	16.8%	
Provisions for credit losses	(4,082)	(4,365)	6.9%	(4,895)	12.2%	Our forecast is unchanged compared to the 2Q25 update report,
Profit before taxes (PBT)	27,538	30,970	12.5%	36,358	17.4%	
NIM	4.21%	3.80%	-40bps	4.08%	28bps	NIM should return to around 4% as lending rates tend to increase along with deposit interest rates.
Average yield on earnings assets (IEA, %)	7.12%	6.98%	-13bps	7.28%	30bps	
Average CoF (%)	3.28%	3.57%	29bps	3.48%	-9bps	
CIR (%)	32.7%	32.0%	-71bps	31.8%	-20bps	
NPL ratio (%)	1.12%	1.20%	8bps	1.25%	5bps	Our forecast is unchanged compared to the 2Q25 update report.
Total assets	978,799	1,164,817	19%	1,339,755	15%	
Owner's equity	147,940	170,158	15%	186,168	9%	

Source: Techcombank, KB Securities Vietnam

We recommend BUY with a price target of VND43,100

Although most indicators after the first nine months of the year are in line with our projections, KBSV believes that growth pressure will increase in 4Q as the bank has almost reached its credit limit. For the period 2026–2030F, the expected annual profit growth is still positive, but the increase in interest rates may continue to put pressure on NIM, making it difficult to return to the high level of over 4.5–5% in history.

Moving the valuation time to the end of 2026, we combine two valuation methods, P/B and residual income, to determine a fair price for TCB.

1) P/B valuation method

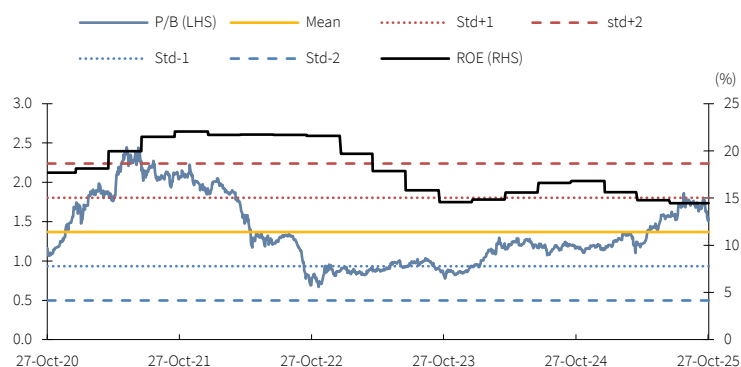
The target P/B for 2026 is 1.7x, slightly lower than 2025 when the TCBS IPO story has been reflected in the price, and the bank will need another two-three years for the new subsidiaries to contribute profits to the parent bank.

2) Residual income method

In addition, we incorporate the use of residual income method to reflect systematic risks and long-term expectations.

All things considered, we gave a BUY rating to TCB stock with target price of VND43,100/share, 28% higher than the closing price on November 28, 2025.

Fig 14. TCB – ROE, P/B in 2020–2025 (% , x)



Source: Bloomberg, KB Securities Vietnam

Table 15. TCB – Residual income valuation

(VNDbn)	2026F	2027F	2028F
NPAT	29,087	33,104	38,250
Excessed return	4,380	6,073	8,369
Required rate of return (re)	14.52%		
Growth (g)	3.0%		
Terminal value	73,818		
Total present value (PV)	292,536		
Value per share	41,407		

Source: KB Securities Vietnam

Table 16. TCB – Valuation results

Valuation method	Forecast price	Weighting	Weighted price
Residual income	44,797	50%	22,399
P/B	41,407	50%	20,704
Target price			43,100

Source: KB Securities Vietnam

TCB – 2023A–2026F summarized financials & forecasts

(VNDbn)						Balance Sheet					
Net interest income	2022	2023	2024	2025F	2026F	(VNDbn)	2022	2023	2024	2025F	2026F
Interest income	30,290	27,691	35,508	37,648	46,051	Loans	415,752	512,514	623,634	755,680	898,487
Interest expense	44,753	56,708	60,089	69,182	82,148	Marketable securities	961	4,433	9,001	3,168	3,518
Fees & commissions	(14,463)	29,017	(24,581)	(31,534)	(36,097)	Cash (ex. Reserves)	4,216	3,621	3,385	4,340	4,821
Other non-interest income	8,153	8,715	8,042	8,055	9,478	Interest earning assets	619,967	759,745	928,953	1,052,149	1,203,999
Total operating income	2,167	2,434	343	1,633	1,849	Fixed assets & other assets	79,995	92,482	55,070	117,567	142,674
SG&A expenses	40,527	40,061	46,990	51,963	60,489	Total assets	699,033	849,482	978,799	1,164,817	1,339,755
Pre-provisioning OP	(13,023)	(13,252)	(15,370)	(16,628)	(19,236)	Customer deposits	358,404	454,661	533,392	606,657	673,793
Provision for credit losses	27,504	26,809	31,621	35,335	41,254	Borrowings & call money/repos	35,858	84,703	141,354	195,695	232,003
Other income	(1,936)	(3,921)	(4,082)	(4,365)	(4,895)	Interest bearing liabilities	561,832	692,537	806,997	960,097	1,114,690
Other expense	4,500	6,460	9,325	8,165	9,041	Other liabilities	23,775	25,329	23,862	34,562	38,897
Pre-tax income	(2,333)	(4,026)	(8,982)	(6,532)	(7,192)	Total liabilities	585,608	717,866	830,859	994,659	1,153,587
Income tax expense	25,568	22,888	27,538	30,970	36,358	Charter capital	35,172	35,225	70,649	70,649	70,649
NP	(5,131)	(4,697)	(5,778)	(6,194)	(7,272)	Capital surplus	476	476	(0)	(0)	(0)
Minority interest profit	20,436	18,191	21,760	24,776	29,087	Retained earnings	64,483	49,013	42,219	54,317	70,327
Parent NP	(286)	(187)	(237)	(308)	(401)	Capital adjustments	-	-	-	-	-
(VNDbn)	20,150	18,004	21,523	24,468	28,686	Total shareholders' equity	113,425	131,616	147,940	170,158	186,168
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%	15.6%	16.3%	EPS	5,729	5,111	3,046	3,463	4,060
ROA	3.2%	2.3%	2.4%	2.3%	2.3%	BVPS	32,248	37,364	20,940	24,085	26,351
Pre-provision ROE	21.3%	17.4%	17.9%	17.8%	18.5%	Tangible BVPS	30,908	35,841	20,106	23,155	25,314
Pre-provision ROA	3.5%	2.8%	2.7%	2.6%	2.6%	Valuations					
Net interest margin (NIM)	5.3%	4.0%	4.2%	3.8%	4.1%	PER	4.6	5.1	8.6	7.5	6.4
Efficiency						PBR	0.8	0.7	1.2	1.2	1.1
Pure Loan to deposit ratio	117.3%	114.1%	118.4%	126.0%	135.0%		19.8%	14.8%	15.6%	15.6%	16.3%
Cost-income ratio	32.1%	33.1%	32.7%	32.0%	31.8%	ROE					
Growth						Capital Adequacy					
Asset growth	22.9%	21.5%	15.2%	19.0%	15.0%	CAR	15.6%	15.0%	15.2%	15.0%	>15%
Loan growth	21.0%	23.3%	21.7%	21.2%	18.9%	Asset Quality					
PPOP growth	6.2%	-2.5%	17.9%	11.7%	16.8%	NPL ratio (substandard)	0.7%	1.2%	1.1%	1.2%	1.3%
Parent NP growth	11.6%	-10.7%	19.5%	13.7%	17.2%	Coverage ratio (substandard)	123.2%	79.5%	90.4%	94.9%	97.9%
EPS growth	11.4%	-10.8%	-40.4%	13.7%	17.2%	NPL ratio (precautionary)	2.8%	2.0%	1.8%	1.9%	2.0%
BVPS growth	21.7%	15.9%	-44.0%	15.0%	9.4%	Coverage ratio (precautionary)	31.7%	45.7%	55.6%	60.0%	62.8%

Source: Techcombank, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of 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 the assessment of sector prospects over the next 6 months)

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

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