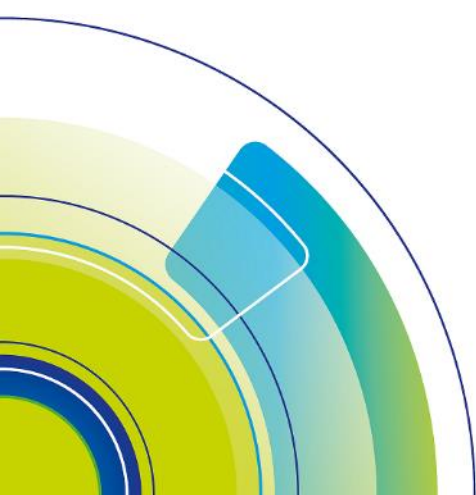




# Update TCB – NEUTRAL

February 27, 2024

---



### Hung Cao, CFA

(+84 28) 7300 7000 (ext: 1049)

[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

### Recommendation **NEUTRAL**

HOSE: TCB

Banking

Current price (VND) **41,200**

Target price (VND) **42,300**

Expected share price return +2.7%

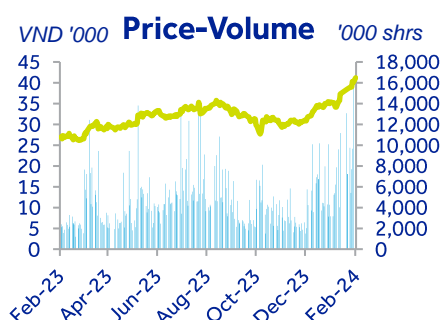
Expected dividend yield 3.6%

Expected total return **+6.3%**

### Stock performance (%)

	YTD	1M	3M	12M
Absolute	29.6	13.1	31.9	43.5
Relative	21.1	10.2	20.2	26.5

Source: Bloomberg



### Ownership

Masan Group	15.0%
Chairman & relatives	13.9%
Others	71.1%

### Stock Statistics **26-Feb-24**

Bloomberg code **TCB VN**

52-week range (VND) 25,850-42,350

No. of shares (m) 3,523

Mkt cap (VND bn) 145,127

Mkt cap (USD m) 5,838

Foreign room left (%) 0.0

Est. free float (%) 68.2

3m avg daily vol (shs) 5,101,505

VND/USD 24,860

Index: VNIndex / HNX 1224.17/232.86

## VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK (TCB)

### Business results recovered in 2H2023

TCB ended a quite difficult year with a 10.5% decline in profits due to a strong contraction in NIM of 1.28 percentage points to 4.09% and a doubling of provision costs compared to 2022. However, we see some positive points in 2H2023 with CASA rebounding, NIM recovering slightly, NFI improving and NPL being controlled.

Balance sheet growth was good with consolidated credit growth reaching 21.6% in 2023, driven mainly by large corporate lending (up 72.8%) in the real estate and manufacturing sectors.

### Outlook for 2024 is more positive, profits are expected to grow by 20.7%

We forecast that PBT in 2024 is expected to reach VND 27,630 billion, up 20.7% compared to 2023 with growth drivers coming from expanding NIM and a slight decrease in credit costs.

NII in 2024 is expected to increase by 24% compared to 2023, based on expected credit growth in 2024 of 19% and NIM increasing by 15 bps.

NFI is forecast to continue to face difficulties because the banca and IB businesses are not expected to fully recover soon. Therefore, we expect non-interest income to have a modest growth of 1.9% compared to 2023.

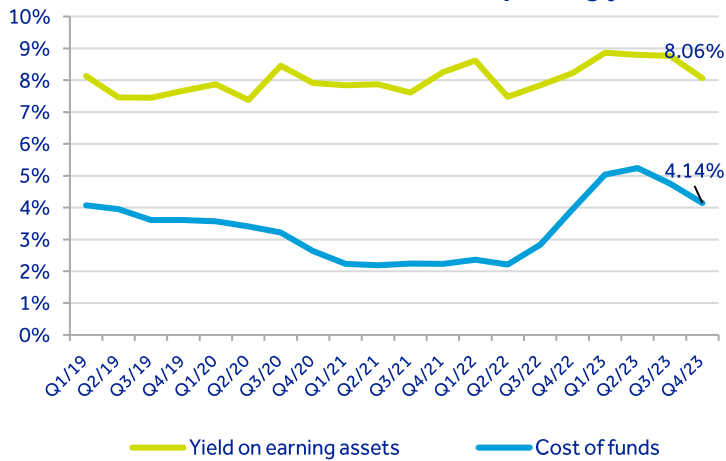
Provision costs are expected to stay flat in 2024 because TCB increased provisioning in the last quarter of 2023, bringing the NPL coverage ratio to 102%. Restructured loan accounts for a negligible proportion and has been 100% provisioned, while NPL formation pressure will continue to ease in 2024 thanks to a more favorable macro environment.

### Adjusted rating from BUY to NEUTRAL due to hitting target price

We downgrade our recommendation from BUY to **NEUTRAL** because TCB stock price has increased 24% since our last report, while the target price is almost unchanged at **42,300 VND/share**. Our target price is equivalent to the forward P/E and P/B at the end of 2024 of **6.8** times and **1.0** times.

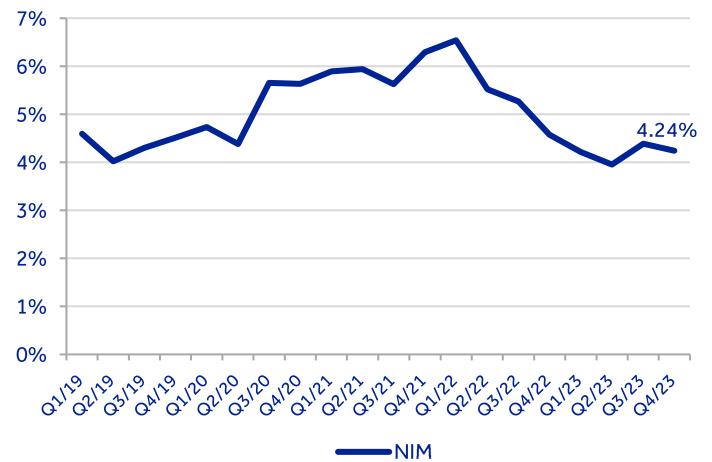
(VND bn)	2020	2021	2022	2023	2024F	2025F
Credit growth	24.0%	26.5%	12.5%	21.6%	19.0%	18.0%
NIM	4.94%	5.76%	5.37%	4.09%	4.24%	4.21%
NFI proportion	30.7%	28.0%	25.9%	30.9%	26.9%	26.4%
TOI growth	28.4%	37.1%	10.3%	-2.1%	17.2%	15.3%
CIR	31.9%	30.1%	32.8%	33.1%	32.5%	32.4%
Net credit costs	-0.46%	-0.42%	-0.14%	-0.60%	-0.47%	-0.46%
Profit before tax	15,800	23,238	25,568	22,888	27,630	31,994
Growth	23.1%	47.1%	10.0%	-10.5%	20.7%	15.8%
Profit attributable	12,325	18,052	20,150	18,004	21,889	25,348
Adjusted EPS (VND)	3,516	5,142	5,729	5,111	6,214	7,196
BVPS (VND)	21,151	26,259	31,927	36,994	41,708	47,404
CAR (Basel 2)	16.0%	15.0%	15.2%	14.0%	13.6%	13.1%
ROA	3.0%	3.6%	3.2%	2.3%	2.4%	2.4%
ROE	18.1%	21.7%	19.7%	14.8%	15.8%	16.2%
P/E (x)	11.8	8.0	7.2	8.1	6.6	5.7
P/B (x)	2.0	1.6	1.3	1.1	1.0	0.9
DPS (VND)	-	-	-	-	1,500	1,500
Dividend yield	-	-	-	-	3.6%	3.6%

### Cost of funds decreased sharply, while lending rates did not decrease correspondingly...



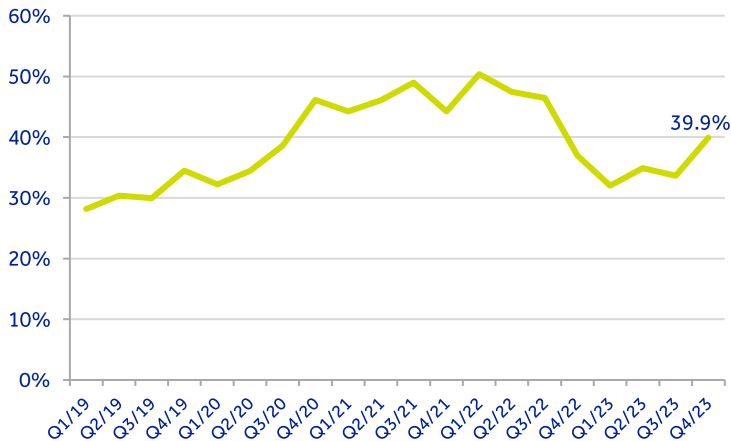
Source: TCB, ACBS estimated

### ... helped NIM recover slightly in 2H2023



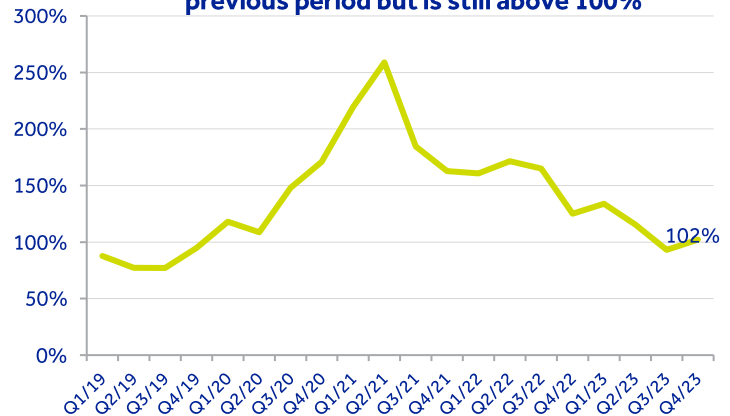
Source: TCB, ACBS estimated

### CASA ratio rebounded



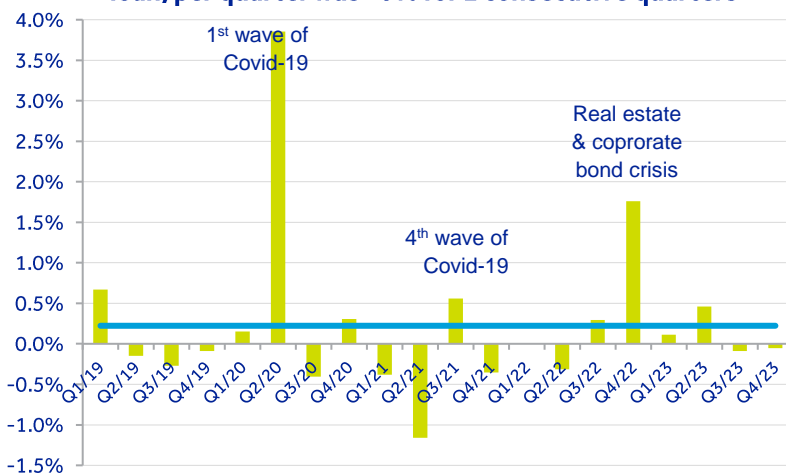
Source: TCB, ACBS estimated

### NPL coverage was no longer as thick as in the previous period but is still above 100%



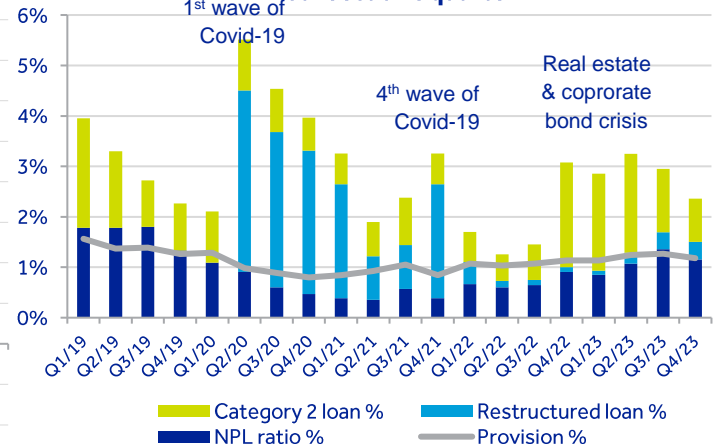
Source: TCB, ACBS estimated

### Overdue loan formation (including restructured loan) per quarter was ~0% for 2 consecutive quarters



Source: TCB, ACBS estimated

### Problematic loan ratio decreased for the second consecutive quarter



Source: TCB, ACBS estimated

(Unit: VND billion, unless otherwise stated)	<b>Market price (VND):</b>	<b>41,200</b>	<b>Target price (VND):</b>	<b>42,300</b>	<b>Market cap (VND bn):</b>	<b>145,127</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024F</b>	<b>2025F</b>
<b>INCOME ITEMS</b>							
Net interest income	14,258	18,751	26,699	30,290	27,691	34,329	39,853
Net fee & commission income	3,253	4,189	6,382	8,527	8,715	10,022	11,525
Other non-interest income	3,557	4,103	3,995	2,085	3,655	2,583	2,745
<b>Total operating income</b>	<b>21,068</b>	<b>27,043</b>	<b>37,076</b>	<b>40,902</b>	<b>40,061</b>	<b>46,934</b>	<b>54,123</b>
Growth (%)	14.8%	28.4%	37.1%	10.3%	-2.1%	17.2%	15.3%
Operating expenses	(7,313)	(8,631)	(11,173)	(13,398)	(13,252)	(15,240)	(17,526)
<b>Profit before provision &amp; tax</b>	<b>13,756</b>	<b>18,411</b>	<b>25,903</b>	<b>27,504</b>	<b>26,809</b>	<b>31,695</b>	<b>36,598</b>
Provision for credit losses	(917)	(2,611)	(2,665)	(1,936)	(3,921)	(4,064)	(4,604)
<b>Profit before tax</b>	<b>12,838</b>	<b>15,800</b>	<b>23,238</b>	<b>25,568</b>	<b>22,888</b>	<b>27,630</b>	<b>31,994</b>
<b>Profit after tax after minority interests</b>	<b>10,226</b>	<b>12,582</b>	<b>18,415</b>	<b>20,436</b>	<b>18,191</b>	<b>22,104</b>	<b>25,595</b>
<b>Profit attributable to shareholders</b>	<b>10,075</b>	<b>12,325</b>	<b>18,052</b>	<b>20,150</b>	<b>18,004</b>	<b>21,889</b>	<b>25,348</b>
Growth (%)	19.1%	22.3%	46.5%	11.6%	-10.7%	21.6%	15.8%
<b>Adjusted EPS (VND)</b>	<b>2,878</b>	<b>3,516</b>	<b>5,142</b>	<b>5,729</b>	<b>5,111</b>	<b>6,214</b>	<b>7,196</b>
<b>BALANCE SHEET ITEMS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024F</b>	<b>2025F</b>
Outstanding loans & corporate bonds	261,400	324,253	410,150	461,539	561,150	667,769	787,967
Growth (%)	19.0%	24.0%	26.5%	12.5%	21.6%	19.0%	18.0%
Customer deposit	231,297	277,459	314,753	358,404	454,661	531,953	627,705
Growth (%)	14.8%	20.0%	13.4%	13.9%	26.9%	17.0%	18.0%
<b>Total assets</b>	<b>383,700</b>	<b>439,603</b>	<b>568,729</b>	<b>699,033</b>	<b>849,482</b>	<b>988,338</b>	<b>1,159,829</b>
<b>Shareholder's equity</b>	<b>61,782</b>	<b>74,131</b>	<b>92,195</b>	<b>112,296</b>	<b>130,311</b>	<b>146,917</b>	<b>166,981</b>
BVPS (VND)	17,651	21,151	26,259	31,927	36,994	41,708	47,404
<b>KEY RATIOS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024F</b>	<b>2025F</b>
NPL (%)	1.3%	0.5%	0.7%	0.7%	1.2%	1.0%	1.0%
NPL coverage (%)	95%	171%	163%	157%	102%	110%	110%
NIM (%)	4.4%	4.9%	5.8%	5.4%	4.1%	4.2%	4.2%
CIR (%)	35%	32%	30%	33%	33%	32%	32%
ROA (%)	2.9%	3.0%	3.6%	3.2%	2.3%	2.4%	2.4%
ROE (%)	17.8%	18.1%	21.7%	19.7%	14.8%	15.8%	16.2%
CAR Basel 2 (%)	15.5%	16.0%	15.0%	15.2%	14.0%	13.6%	13.1%
P/E (x)	14.4	11.8	8.0	7.2	8.1	6.6	5.7
P/B (x)	2.3	2.0	1.6	1.3	1.1	1.0	0.9
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	3.6%

## CONTACTS

### Ho Chi Minh City Head Office

Leman Tower, 117 Nguyen Dinh Chieu, District 3,  
Ho Chi Minh City, Vietnam  
Tel: (+84 28) 7300 1000

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 24) 3942 9395  
Fax: (+84 24) 3942 9407

## RESEARCH DEPARTMENT

### Acting Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)

[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties

##### Truc Pham

(+84 28) 7300 7000 (x1043)

[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials

##### Hung Cao, CFA

(+84 28) 7300 7000 (x1049)

[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Consumer-related, Technology

##### Chi Luong

(+84 28) 7300 7000 (x1042)

[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas

##### Hung Phan

(+84 28) 7300 7000 (x1044)

[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials

##### Trung Tran

(+84 28) 7300 7000 (x1045)

[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Analyst – Utilities

##### Toan Pham

(+84 28) 7300 7000 (x1051)

[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate – Macro & Money Market

##### Minh Trinh Viet

(+84 28) 7300 7000 (x1046)

[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate – Logistic

##### Hung Nguyen

(+84 28) 7300 7000 (x1047)

[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Analyst – Technical

##### Huu Vo

(+84 28) 7300 7000 (x1052)

[huuuvp@acbs.com.vn](mailto:huuuvp@acbs.com.vn)

#### Analyst – Market data

##### Anh Mai

(+84 28) 7300 7000 (x1110)

[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)

[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)

[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

#### Associate

##### Huynh Nguyen

(+84 28) 7300 6879 (x1088)

[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

#### Associate

##### Dung Ly

(+84 28) 7300 6879 (x1084)

[dungln.hso@acbs.com.vn](mailto:dungln.hso@acbs.com.vn)

## DISCLAIMER

### Our Recommendation System

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

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

**© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.**