

# Banking

## Navigating challenges

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### Vietnamese banks navigated a challenging year in 2024 due to economic and market difficulties

Local lenders faced a challenging 2024, marked by a slow economic rebound and a sluggish real estate market. Credit growth decelerated in the first half of the year before gradually improving towards the end of the period, reaching 12.5% YTD as of December 7. In 9M2024, PBT of 27 listed banks grew moderately by 16% YoY due to challenges in managing credit costs. NIM fell short of expectations, as funding costs were well-managed, but improving interest-earning asset (IEA) yields proved challenging. Additionally, asset quality showed limited improvement, exerting significant pressure on provisioning throughout 2024 and into subsequent years.

### It is anticipated that NIM may decline in 1H2025, followed by a recovery in 2H2025

KBSV anticipates a steady economic recovery in 2025, alongside a more favorable outlook for the real estate market, driven by ongoing improvements in the legal framework. Low interest rates are expected to further support sector-wide credit growth, forecast at 13–15%. Regarding profitability, while cost of funds (CoF) is unlikely to improve in 2025, NIM is projected to remain under pressure in the first half of the year. However, a recovery in lending rates and a rebound in the retail banking segment, characterized by higher yields, are expected to boost IEA yields in the second half. As a result, KBSV forecasts a 10–20bps YoY improvement in NIM for the banking sector in 2025. While favorable market conditions may lead to an improvement in the non-performing loan (NPL) ratio, provisioning pressures will likely persist for most banks, particularly private banks throughout 2025.

### Economic rebound & a more dynamic property market would drive banking stock performance

Currently, the banking sector is trading at a P/B of 1.53x, slightly above the -1 standard deviation of its 5-year average. While NIM and asset quality pressures may persist in 2025, the overall operating environment is expected to improve, supported by the ongoing economic recovery and the resurgence of the property market. Our top picks for 2025 include **ACB, TCB, VCB, BID, and CTG**.

## Positive maintain

Recommendations	
<b>Vietcombank (VCB)</b>	<b>BUY</b>
Target price	VND107,500
<b>BIDV (BID)</b>	<b>BUY</b>
Target price	VND53,900
<b>Vietinbank (CTG)</b>	<b>BUY</b>
Target price	VND44,600
<b>ACB Bank (ACB)</b>	<b>BUY</b>
Target price	VND37,400
<b>Techcombank (TCB)</b>	<b>BUY</b>
Target price	VND33,400
<b>MBBank (MBB)</b>	<b>BUY</b>
Target price	VND28,100
<b>Sacombank (STB)</b>	<b>BUY</b>
Target price	VND34,300
<b>VPBank (VPB)</b>	<b>BUY</b>
Target price	VND25,700

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## Business performance in 9M24

### Vietnamese banks navigated a challenging 2024

Local lenders faced a challenging 2024, marked by a slow economic rebound and a sluggish real estate market. Despite lending rates maintained at low levels, weak credit growth weighed on NII growth. NIM fell short of expectations, as funding costs were well-controlled but improving IEA yields remained challenging. Additionally, asset quality showed limited improvement, exerting significant pressure on provisioning throughout 2024 and into subsequent years.

### Credit growth is approaching the finish line in the final months of 2024

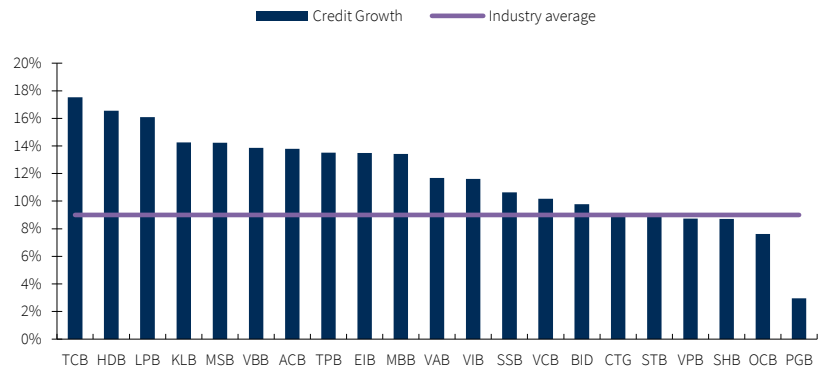
The SBV reported system-wide credit growth of 12.5% YTD as of December 7, 2024. A significant shift in credit portfolios was observed across banks in 2024, particularly:

- Most retail banks shifted towards wholesale banking, driven by two main factors: weak credit demand from individual customers during the first half of the year and increased competition in the retail banking segment from SoBs such as BID and CTG, which have been actively expanding their retail banking operations.
- Total outstanding corporate bonds declined by 13% YTD as of the end of 3Q2024. This reduction was primarily attributed to the ongoing stagnation in the market following the 2022–2023 real estate and corporate bond crisis. Additionally, the restructuring of some corporate bonds into loans contributed to this reduction.
- Credit to the real estate sector grew by 9.15% YTD in the first nine months of 2024, outpacing the overall credit growth rate of 9%. Disbursement for home loans at certain banks experienced a notable rebound, particularly from the second quarter onwards, given relatively low lending rates and preferential policies that stimulated housing loan demand. Furthermore, the improvement in real estate market liquidity and increased supply from new projects also played a significant role in boosting credit to the sector.

For the entire year, credit growth is estimated to reach the target of 14–15%, largely driven by a typical surge in credit demand during the year-end period. Notably, the retail banking segment has shown signs of improvement since the third quarter, aided by the attractive low-interest rate environment.

The SBV recently implemented a second credit limit expansion in 2024 for select banks that successfully achieved their previous credit allocation targets. We project the 2024 credit growth rates for banks under our coverage as follows: VCB (+14%), BID (+14%), CTG (+14%), MBB (+20%), TCB (+21%), ACB (+18.5%), VPB (+25%), and STB (+15%).

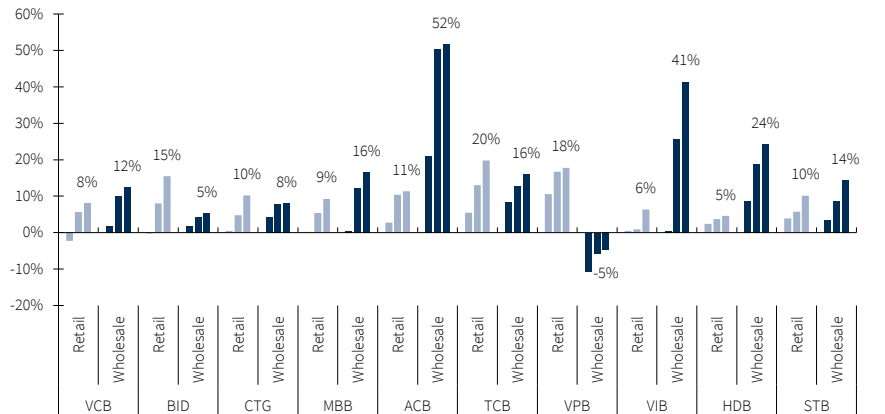
Fig 1. Vietnam – 9M2024 credit growth across banks (%)



Source: Company reports, KB Securities Vietnam

VCB, MBB, and HDB exhibited stronger credit growth within wholesale banking (large corporates) compared to retail banking (individuals and SMEs). This trend was also evident among retail-focused banks such as ACB, VIB, and STB, which also demonstrated a shift towards increased lending activities to corporate clients. Conversely, BID and CTG have actively expanded their presence in the personal customer segment, signaling a strategic diversification in their lending portfolios.

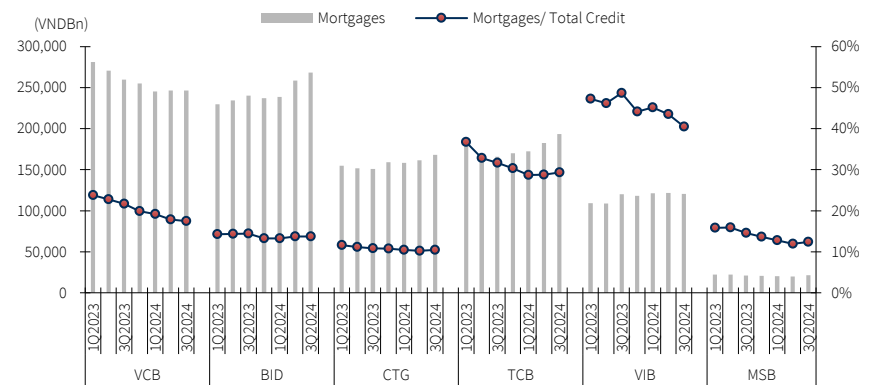
Fig 2. Vietnam – Retail & wholesale credit growth across banks (%)



Source: Company reports, KB Securities Vietnam

Outstanding mortgages saw significant improvement in 2Q2024, even extending into the typically low season of 3Q2024. Favorable lending rates, ranging from 5.5% to 8% under preferential programs, remain a key driver supporting the recovery of this segment compared to previous periods.

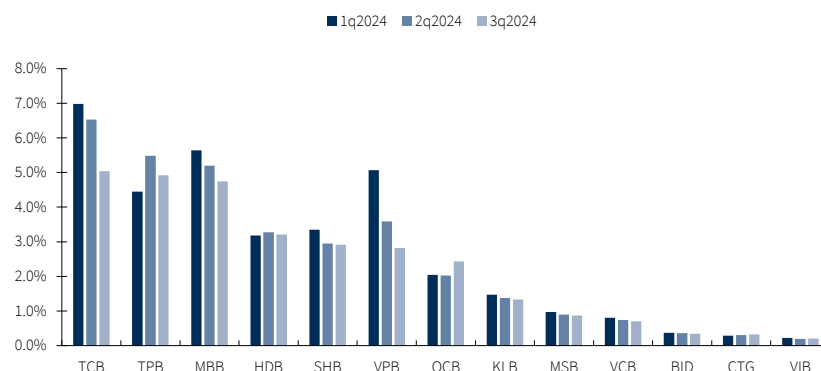
Fig 3. Vietnam – Mortgages, mortgages/total credit



Source: Company reports, KB Securities Vietnam

In 9M2024, the outstanding value of corporate bonds decreased significantly across banks: TCB (-22% YTD), VPB (-47% YTD), MBB (-10% YTD), and BID (-10% YTD).

Fig 4. Vietnam – Corporate bonds/total credit across banks (%)

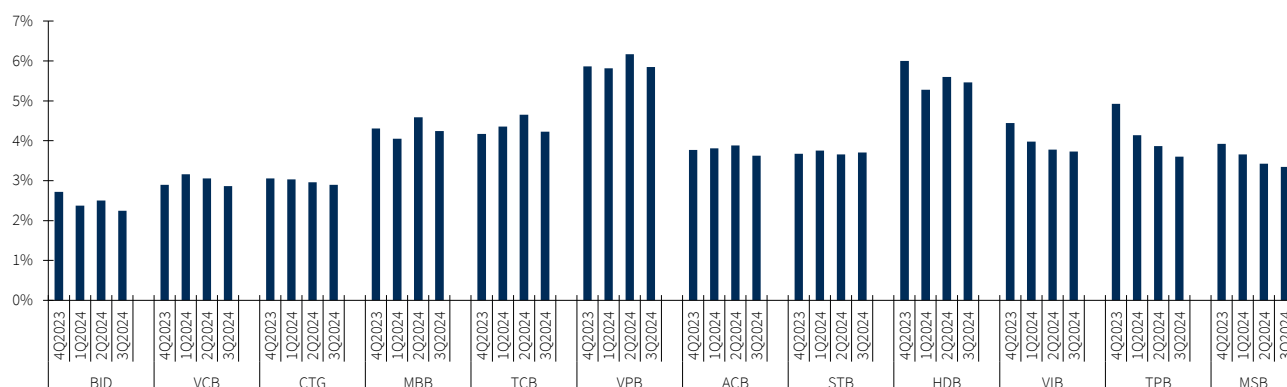


Source: Company reports, KB Securities Vietnam

### NIM was under pressure in 2024 amid rising CoF and declining IEA yield

In the first half of 2024, NIM witnessed a slight recovery, supported by effective cost control, benefiting from low deposit interest rates prevalent in late 2023 and early 2024, aligning with our previous projections. However, this positive trend reversed in the third quarter, with most banks reporting a decline in NIM compared to the previous two quarters. Industry-wide NIM contracted by 21bps QoQ in 3Q2024 amid rising CoF and declining IEA yield. In particular, CoF either slowed its decrease or increased slightly at some banks, reflecting the impact of interest rate hikes that began in April 2024. Meanwhile, IEA yields continued their downward trajectory from the start of the year, given: (i) the government's policy to maintain low interest rates to stimulate economic growth; (ii) the lending rate war; (iii) the rollout of preferential interest rate loan packages aimed at mitigating the aftermath of Typhoon Yagi; and (iv) a slowdown in personal loans, which typically offer higher yields. Additionally, deteriorating asset quality further weighed on NIM, compounding the challenges faced by banks. These factors collectively contributed to the decline in NIM observed in 3Q2024.

Fig 5. Vietnam – Quarterly NIM across monitored banks (%)



Source: Company reports, KB Securities Vietnam

## Asset quality continued to deteriorate in 2024

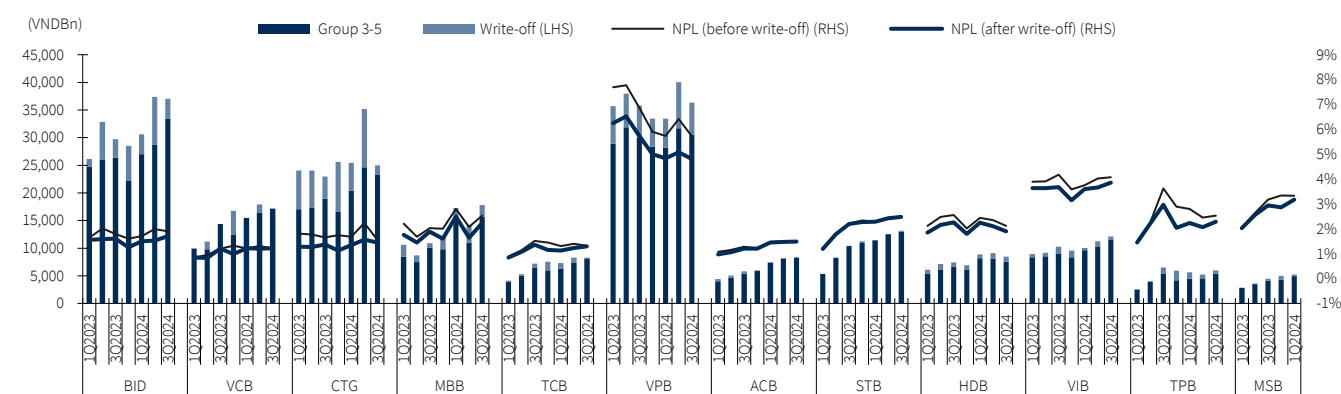
At the end of 3Q2024, the NPL ratio of 27 listed banks rose to 2.2%, up 30bps from the 1.9% recorded at the end of 2023. During the first two quarters of 2024, most banks were compelled to write off a significant portion of their bad debts, impacting their balance sheets. (Figure 6). This, coupled with modest earnings growth, has significantly depleted the available provisioning buffer. Currently, the provisioning buffer for the sector is at levels comparable to those observed during the 2019–2020 period. Moreover, the NPL formation has been trending upwards across many banks over the past three quarters, indicating a deterioration in asset quality throughout 2024, contributing to the decline in the sector's NIM.

## Restructured loans under Circular 02 would not pose significantly risk to asset quality

An analysis of restructured loans under Circular 02 reveals a gradual decline in their outstanding balance across the majority of monitored banks during the first three quarters of 2024 (Figures 8, 9). Notable exceptions include MBB, which saw a 165% YoY increase due to a spike in NPLs in 3Q, and VPB, which reported a 10% YoY increase. This suggests that lenders are actively addressing restructured loans, likely driven by the impending expiration of Circular 02 at the end of 2024 and improving customer financial conditions that allow for reclassification of loans to the standard category. Moreover, the proportion of restructured loans under Circular 02 relative to total credit outstanding at these banks remains relatively low. Therefore, the potential impact of the expiration of Circular 02 on overall asset quality is not expected to be significant.

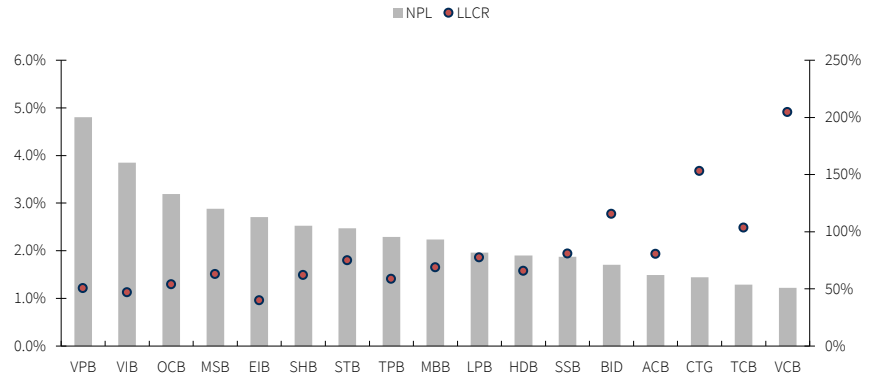
Recently, the SBV issued Circular 1510/QĐ-TTg regarding the restructuring of loans for customers affected by Typhoon No. 3 (Typhoon Yagi). The Circular mandates a minimum provisioning schedule of 35% in 2024, 70% in 2025, and 100% in 2026 for these loans. Available data indicates that loans to customers impacted by the typhoon represent a relatively small portion of the overall loan book, estimated at 1.1–1.2%, with a significant concentration within SoBs at ~60%. Given the limited scale of loans impacted by Typhoon Yagi, the overall impact of Circular 1510/QĐ-TTg on the banking sector is anticipated to be manageable. Moreover, the provisions outlined in the Circular are expected to mitigate potential risks to asset quality, particularly benefiting SoBs.

Fig 6. Vietnam – NPLs, write-offs, pre-write-off NPL ratio, post-write-off NPL ratio (VNDbn, %)



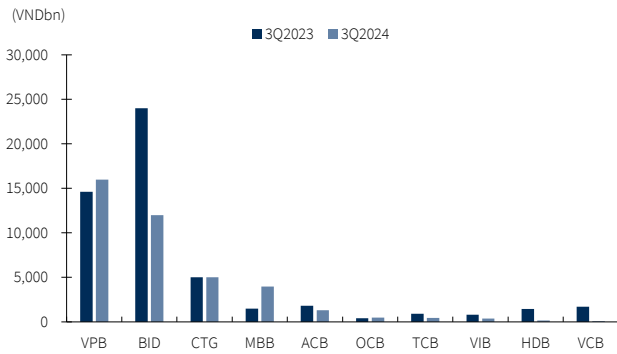
Source: Company reports, KB Securities Vietnam

Fig 7. Vietnam – NPL ratio, LLCR (%)



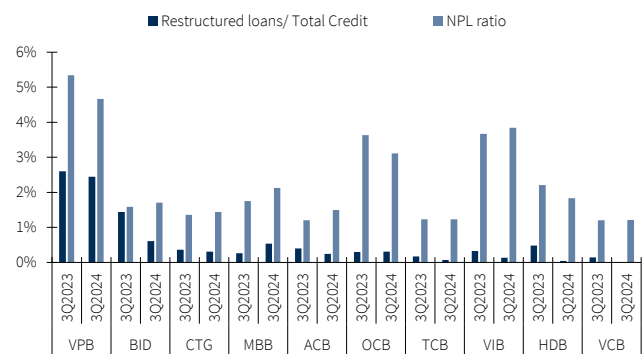
Source: Company reports, KB Securities Vietnam

Fig 8. Vietnam – Restructured loans under Circular 02 at some banks (VNDbn)



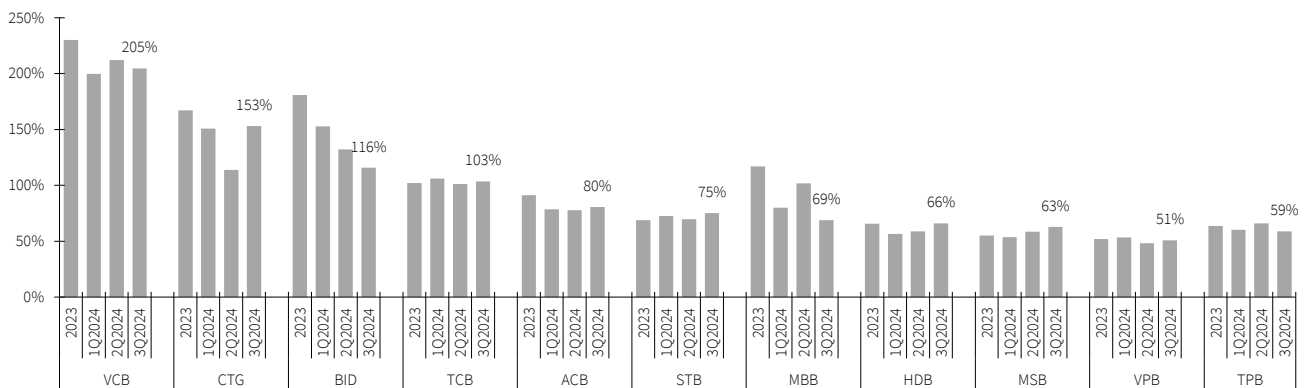
Source: Company reports, KB Securities Vietnam

Fig 9. Vietnam – Restructured loans under Circular 02/total credit, NPL ratio at some banks (%)



Source: Company reports, KB Securities Vietnam

Fig 10. Vietnam – LLCR at some banks (%)



Source: Company reports, KB Securities Vietnam

## Business outlook for 2025

**In 2025, interest rates are forecast to increase slightly but remain relatively low**

**Lenders face rising pressure to raise deposit interest rates to meet funding needs:** (i) the gap between deposit and credit growth in 2024 has driven the loan-to-deposit ratio (LDR) across banks closer to the regulatory cap of 85% set by the SBV; (ii) the credit growth target for 2025 remains high (around 13–15%); and (iii) interbank interest rates are unlikely to decrease in the near term, particularly given potential exchange rate pressures in 1H2025, making it more challenging for banks to secure funding through interbank borrowing. Deposit rates are expected to increase throughout 2025 to meet the growing demand for funding. However, the extent of this increase will vary across banks. SoBs are expected to experience more moderate deposit rate increases (+30–50bps) due to their access to stable funding sources like treasury deposits, which alleviate some of their liquidity concerns. In contrast, small-scale JCBs with weaker CASA franchises may face more pressure to increase deposit rates to attract and retain customers, ranging from 50–100bps.

**On the other hand, lending rates are expected to remain stable in 1H2025,** consistent with the government's policy to stimulate economic growth and support recovery efforts following Typhoon Yagi. We expect loan interest rates to slightly increase in the latter half of 2025, enabling banks to mitigate the impact of increased funding costs and maintain profitability.

KBSV anticipates a steady economic recovery in 2025, accompanied by a more dynamic real estate market. Given this backdrop and the interest rate outlook outlined above, we project the following for the banking sector in 2025:

**It is anticipated that NIM may decline in 1H2025, followed by a recovery in 2H2025**

Deposit rates typically exhibit a lag of 6–12 months behind changes in CoF. Considering the 10–120bps rate hike in 2024 and the expectation of continued gradual increases in deposit rates throughout 2025, we anticipate that CoF is unlikely to improve in 2025, and NIM is expected to remain under pressure in the first half of the year. In the second half, a gradual recovery in lending rates, combined with a rebound in the retail banking segment, would drive IEA yields. Overall, we forecast a 10–20bps YoY increase in NIM for banks in 2025.

**Credit growth is estimated at 13–15% for the whole year of 2025**

We assess that the market is in a more favorable position than in the past two years, which should enable credit growth within the banking sector to reach 13–15% in 2025, as: (1) the real estate market, after overcoming legal challenges, is expected to strongly recover and further contribute to credit growth; (2) low interest rates will boost credit demand, particularly within the retail banking segment; (3) the trend of FDI enterprises relocating to Vietnam under President-elect Donald Trump's new term will lead to higher disbursements in this sector. Furthermore, we believe the corporate bond market will still require more time for a full recovery, especially with significant maturity pressures expected between 2025–2026. In this context, the bank credit channel will remain crucial for the economy in the coming years.



However, credit growth is expected to be differentiated across banks. KBSV expects that retail banks, such as ACB, VIB, VPB, CTG, STB, will experience robust growth, driven by the anticipated recovery in the retail banking segment. Banks involved in the restructuring of weak financial institutions, including MBB, VPB, HDB, will likely continue receiving higher-than-average credit growth limits.

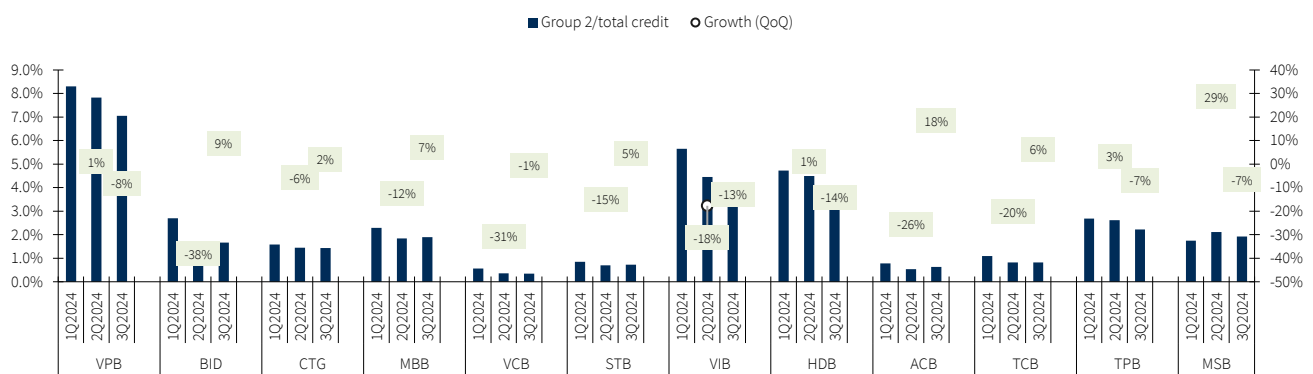
### The NPL ratio is expected to improve in 2025

While asset quality has not shown significant improvement in the first nine months of 2024, positive signals are emerging. A gradual decrease in NPLs and restructured loans was observed over the quarters, suggesting that the NPL ratio may have peaked in 3Q or 4Q2024. Looking ahead to 2025, we forecast an improvement in asset quality across the industry. The pressure from increasing NPLs is expected to ease towards the end of the year, supported by: (i) preferential interest rate loan packages and loan restructuring efforts and (ii) improved customer financial conditions alongside the economic recovery. KBSV projects that the NPL ratio may decrease by 10–30bps in 2025.

### Provisioning pressures would adversely impact earnings growth

The current provisioning buffer across banks has significantly diminished following substantial write-offs incurred over the past year. This necessitates a significant increase in provisioning efforts over the 2025–2026 period, which is expected to exert pressure on earnings growth. Private banks will likely face greater provisioning challenges due to the lingering risks associated with maturing bonds. In contrast, SoBs maintain relatively stronger provisioning buffers. We expect the resurgence of the real estate sector will support market liquidity, facilitating the process of handling NPLs and thus enhancing the prospects for bad debt recoveries for banks.

Fig 11. Vietnam – Special-mention loans/total credit, growth (%)



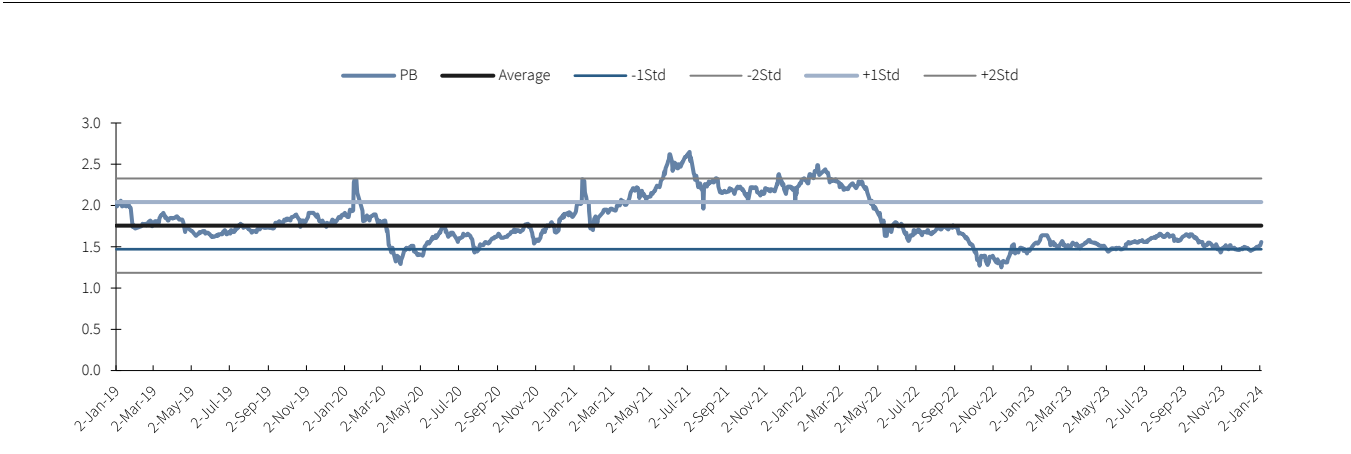
Source: Company reports, KB Securities Vietnam

Economic rebound and a more dynamic property market would drive banking stock performance

Currently, the banking sector is trading at a P/B of 1.53x, slightly above -1 standard deviation of its 5-year average. While the sector may continue to face challenges related to NIM and asset quality in 2025, the overall operating environment is expected to improve, supported by the ongoing economic recovery and the resurgence of the property market.

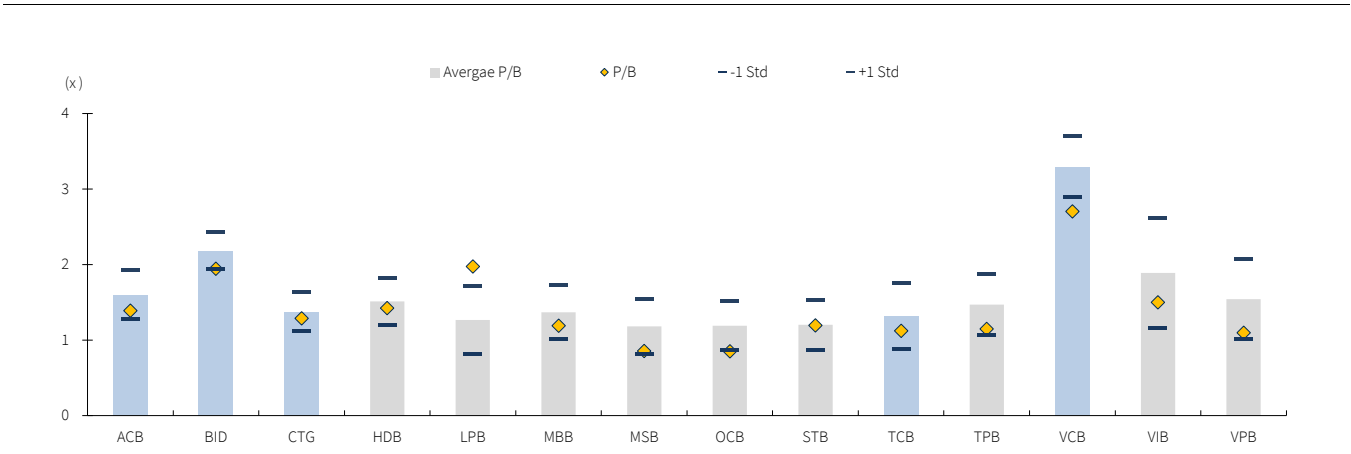
Our top picks for 2025 are based on growth potential and risk management. We select **ACB** (for its sustainable growth and prudent risk appetite), **TCB** (for its strong growth potential, driven by the real estate market recovery); **VCB** and **BID** (for their equity offering stories); and **CTG** (for its relatively attractive valuation and ongoing improvements in asset quality). These banks are expected to navigate the evolving market dynamics effectively and deliver strong financial performance in 2025.

Fig 12. Vietnam – Banking sector’s P/B in 2019–2024



Source: Flinpro, KB Securities Vietnam

Fig 13. Vietnam – P/B across banks



Source: Bloomberg, KB Securities Vietnam



# Companies

ACB Bank (ACB)

BIDV (BID)

VietinBank (CTG)

Techcombank (TCB)

Vietcombank (VCB)

# ACB Bank (ACB)

## Giving priority to sustainable growth

December 5, 2024

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**ACB focuses on credit quality, expecting a sustainable growth of 15–17% in 2025–2027**

The State Bank of Vietnam (SBV) has just raised the credit limit for banks in November, and the new limit for Asia Commercial Bank of Vietnam (ACB) is about 20%. However, as ACB prioritizes credit quality, we forecast the bank's credit growth for the whole year of 2024 would be 18.5% (unchanged from the previous forecast). For the period 2025–2027, we expect credit growth each year at about 15–17%, higher than the growth rate of the whole industry.

**The pressure on NIM prevails, but NIM should recover in 2H25**

As the lending rates do not recover as expected, we project NIM will drop to 3.9% by the end of 2024 and then improve to 4% in 2025. The pressure of NIM deterioration prevails in the whole industry, but for ACB, we still see some lights for the NIM outlook in the coming time.

**NPL has peaked in 3Q, and asset quality should be well controlled in the coming time**

The rate of new NPL formation slightly went up in 3Q but has slowed down and started to decrease since September. Restructured debts under Circular 02 have decreased to 0.2% of total loans, proving a prudent risk control strategy. We expect ACB's NPL to peak and be controlled at 1.4% in 2024 before dropping to 1.25% next year.

**Valuation: BUY rating – Target price VND37,400/share**

We gave a BUY rating to ACB shares with a target price of VND37,400/share, equal to a return of 49% compared to the closing price on December 4, 2024.

**Buy** maintain

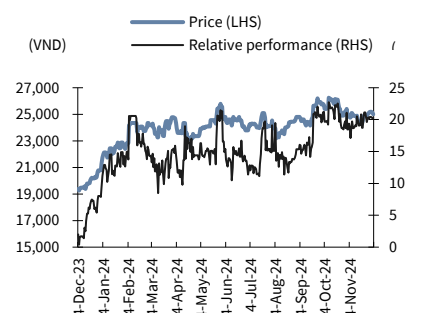
<b>Target price</b>	<b>VND37,400</b>
Upside	49.6%
Current price (Dec 4, 2024)	VND25,000
Consensus target price	VN 30,700
Market cap (VNDtn/USDtn)	111.9/4.4

<b>Trading data</b>	
Free float	79.0%
3M avg trading value (VNDbn/USDmn)	195.0/7.8
Foreign ownership	30.0%
Major shareholder	Sather Gate Investments Limited (4.99%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	1.0	1.4	2.0	28.9
<b>Relative</b>	0.6	3.5	4.7	17.4

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	23,534	24,960	29,401	34,454
Operating income/loss (VNDbn)	17,185	21,872	24,272	28,843
NPAT-MI (VNDbn)	13,688	16,045	17,479	20,869
EPS (VND)	4,053	4,131	3,913	4,672
EPS growth (%)	14%	2%	-5%	19%
P/E (x)	10.9	10.7	11.2	9.4
P/B (x)	17,303	18,269	18,768	22,009
ROE (%)	1.45	1.37	1.33	1.14
Dividend yield (%)	26.5%	24.8%	22.6%	22.9%
	2.40%	3.04%	3.50%	3.99%



Source: Bloomberg, KB Securities Vietnam

# BIDV (BID)

## Expecting a successful private placement in 1Q25

December 2, 2024

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### 3Q24 PBT gained 10.3% YoY to VND6,498 billion

In 3Q24, Bank for Investment & Development (BID) posted VND13,990 billion in NII (-5.7% QoQ, +1.5% YoY) and VND17,259 billion (-14.7% QoQ, -3.5% YoY) in TOI. Provisions were VND4,453 billion (-16.9% QoQ, -25.2% YoY), making PBT reach VND6,498 billion (-20.4% QoQ, +10.3% YoY) in 3Q and VND22,047 billion (+11.6% YoY) in 9M24.

### NIM is expected to recover slowly in 2025

KBSV believe that NIM of BID will improve in 2025 but not make a strong increase, based on: (1) The pressure on CoF may increase in 2025 with exchange rate risks while CASA has not shown signs of improvement. In addition, (2) IEA will improve thanks to the recovery of the retail group and the end of support packages, but lending rates will remain low.

### The charter capital increase plan should be approved in early 2025

BID's plan to pay dividends in shares at a rate of 21% is awaiting approval from the Ministry of Finance, expected to be approved in early 2025. Meanwhile, the private placement of 2.89% should be completed in 1Q25 with no information on the price yet.

### Valuation: BUY rating – Price target VND53,900

Based on the valuation results, business prospects and possible risks, we recommend BUY for BID shares. The target price for 2024 is VND53,900/share, 15.3% higher than the price on November 29, 2024.

## Buy change

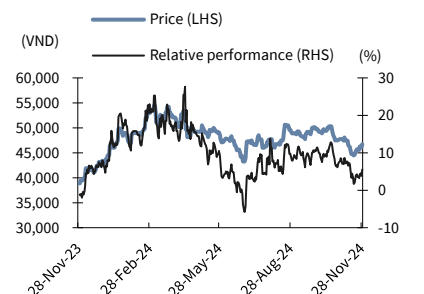
<b>Target price</b>	<b>VND53,900</b>
Upside	15.3%
Current price (Nov 29, 2024)	VND46,750
Consensus target price	VND55,000
Market cap (VNDtn/USDtn)	265.4/10.5

<b>Trading data</b>	
Free float	19.0%
3M avg trading value (VNDbn/USDmn)	98.3/3.9
Foreign ownership	17.0%
Major shareholder	State Bank of Vietnam (80.99%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	-2.1	-4.4	-0.7	18.7
<b>Relative</b>	-1.7	-1.8	0.1	5.2

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net interest income (VNDbn)	56,070	56,136	59,960	74,646
PPOP (VNDbn)	47,025	47,932	50,699	61,847
NPAT-MI (VNDbn)	18,159	21,505	22,589	25,628
EPS (VND)	3,590	3,773	3,963	3,629
EPS growth (%)	72%	5%	5%	-8%
PER (x)	13.0	12.4	11.8	12.9
BVPS	20,597	21,554	23,417	25,625
PBR (x)	2.27	2.17	2.00	1.82
ROE (%)	19.3	19.4	18.0	16.7
Dividend yield (%)	0.0	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

# VietinBank (CTG)

## Lower pressure on provisioning

November 22, 2024

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**3Q24 PBT gained 34.5% YoY to VND6,553 billion**

In 3Q24, CTG recorded VND15,578 billion in NII (+1.6% QoQ, +19.0% YoY) and VND21,916 billion in TOI (+11.6% QoQ, +26.0% YoY). Provisions remained high at VND9,269 billion (+18.6% QoQ, +24.6% YoY), making PBT reach VND6,553 billion (-2.9% QoQ, +34.5% YoY). 9M24 PBT was VND19,513 billion (+12.1% YoY).

**KBSV maintains forecast for CTG's 2024 credit growth at 15%, supported by retail lending**

9M24 credit growth was 9.0% YTD, led by retail customers and large enterprises with credit growing 11.9% and 6.8%, respectively. KBSV maintains the view that CTG will achieve a credit growth rate of 15% in 2024 when the whole system's credit tends to increase at the end of the year.

**NIM will face pressure in 2025**

According to KBSV, CTG's NIM will continue to improve in 4Q24 but face pressure in 2025, based on: (1) CoF may drop lower thanks to CASA and low deposit interest rates, but there is a risk of increasing deposit rates in 2025; and (2) lending interest rates are expected to remain low to support economic growth.

**Asset quality showed positive signals**

Asset quality improved with the NPL ratio going down 12bps QoQ to 1.45%. During the period, CTG continued to increase provisions, raising the LLCR to 153%, the second highest in the industry. KBSV expects that in 4Q24 and 2025, the provisioning pressure on CTG will be alleviated with the economic recovery.

**Valuation: BUY rating – Target price VND44,600**

Based on the valuation results, business prospects and potential risks, we recommend BUY for CTG shares. The target price for 2025 is VND44,600, 27.4%

**Buy** change

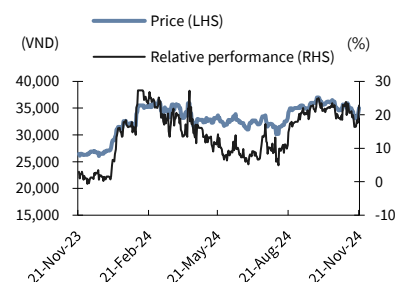
<b>Target price</b>	<b>VND44,600</b>
Upside	27.4%
Current price (Nov 22, 2024)	VND35,000
Consensus target price	VND39,700
Market cap (VNDtn/USDbn)	187.9/7.4

<b>Trading data</b>	
Free float	35.5%
3M avg trading value (VNDbn/USDmn)	260.8/10.5
Foreign ownership	26.7%
Major shareholder	State Bank of Vietnam (64.46%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	0.0	1.2	6.1	32.1
<b>Relative</b>	3.3	5.4	9.1	21.8

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net interest income (VNDbn)	47,792	52,957	61,859	67,991
PPOP (VNDbn)	44,922	50,105	58,655	63,556
NPAT-MI (VNDbn)	16,924	19,904	23,156	26,154
EPS (VND)	3,522	3,706	4,312	4,870
EPS growth (%)	20.1	5.3	16.3	12.9
PER (x)	9.9	9.4	8.1	7.2
BVPS	22,539	23,440	27,752	32,622
PBR (x)	1.55	1.49	1.26	1.07
ROE (%)	16.8	17.1	17.0	16.2
Dividend yield (%)	0.0	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

# Techcombank (TCB)

## A strategic move towards bancassurance

November 27, 2024

Analyst Pham Phuong Linh  
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### The outlook for credit growth looks promising in the 2025–2027 period

By the end of 3Q2024, TCB's credit growth had reached 17.4% YTD, while its credit limit was raised from 16% at the start of the year to 18.4%. We expect TCB to receive additional credit quota to accommodate peak borrowing demand in the final months of the year. According to our estimates, the bank is projected to sustain YoY growth of 21% in 2024 and 16–18% over the 2025–2027 period.

### TCB is seeking a new strategic partner for its bancassurance business after concluding its partnership with Manulife

TCB and Manulife concluded their exclusive bancassurance partnership in October 2024. The impact of this event includes: (i) a potential decline in bancassurance commissions in the near term and (ii) an increase in operating expenses (OPEX) as TCB is required to compensate Manulife ~VND1,800 billion. The bank has stated that it is actively seeking a new strategic partner in this sector.

### Becoming the diamond sponsor for the concert "Anh Trai Vuot Ngan Chong Gai" helps TCB enhance its brand visibility

The entertainment show Anh Trai Vuot Ngan Chong Gai (roughly translated as Brother Overcoming a Thousand Difficulties) has gained significant popularity. To capitalize on this, TCB launched a concert ticket giveaway program for existing customers and new account holders, contingent upon using the Auto Earning feature. This initiative is expected to yield: (i) a large influx of low-cost demand deposits with interest rates ranging from 0.2–0.5% and (ii) a broader client base, including prospective customers for the bank.

### We recommend BUY on TCB with a target price of VND33,400/share

We recommend BUY on TCB with a target price of VND33,400 per share, implying a 42% upside potential compared to the closing price on November 27, 2024.

**Buy** maintain

<b>Target price</b>	<b>VND33,400</b>
Upside	42%
Current price (Nov 27, 2024)	VND23,500
Consensus target price	VND28,100
Market cap (VNDtn/USDbn)	166.6/6.6

#### Forecast earnings & valuation

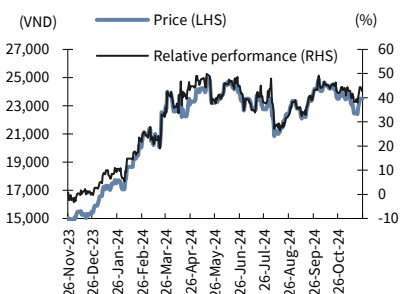
FY-end	2022A	2023A	2024F	2025F
Net interest income (VNDbn)	30,290	27,691	35,616	40,809
PPOP (VNDbn)	27,504	26,809	33,918	38,051
NPAT-MI (VNDbn)	20,436	18,191	23,052	27,709
EPS (VND)	5,729	5,111	3,238	3,888
EPS growth	11%	-11%	-37%	20%
PER (x)	4.1	4.6	7.3	6.0
BVPS (VND)	32,248	37,364	25,158	27,232
PBR (x)	0.73	0.63	1.18	1.09
ROE	19.8%	14.8%	14.9%	15.0%
Dividend yield	0.0%	0.0%	3.1%	3.1%

#### Trading data

Free float	68.2%
3M avg trading value (VNDbn/USDmn)	338.0/13.6
Foreign ownership	22.2%
Major shareholder	Masan Group (MSN, 14.9%)

#### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	0.0	4.4	1.3	56.4
<b>Relative</b>	1.4	8.0	3.5	43.7



Source: Bloomberg, KB Securities Vietnam

# Vietcombank (VCB)

## Officially took CBBank mandatory transfer

November 26, 2024

Manager Nguyen Anh Tung  
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**3Q24 PBT jumped 18.2% YoY to VND10,699 billion**

In 3Q24, Vietcombank (VCB) posted VND3,578 billion in NII (-2.4% QoQ, +7.8% YoY) and VND16,836 billion in TOI (+0.5% QoQ, +6.7% YoY). Provisions sharply fell to VND326 billion (-78.5% QoQ, -78.2% YoY), making PBT reach VND10,699 billion in 3Q (+5.8% QoQ, +18.2% YoY) and VND31,533 billion in 9M24 (+6.7% YoY).

**2024F credit growth was maintained at 14%**

Credit growth in 9M24 was 10.2% YTD. KBSV still believes that VCB will achieve a credit growth rate of 14% this year when: (1) System-wide credit tends to increase at the end of the year; and (2) the real estate market and (3) the manufacturing sector are recovering.

**NIM will face pressure in 2025**

VCB's NIM may face pressure in 2025 when (1) the pressure on CoF increases due to exchange rate and liquidity risks in the context of low deposit growth; and (2) lending interest rates are expected to stay low to support the economy.

**VCB officially took CBBank under the mandatory transfer**

On October 17, 2024, the State Bank of Vietnam (SBV) announced the mandatory transfer of Vietnam Construction Commercial Joint Stock Bank (CBBank) to VCB. CBBank is an independent legal entity and is not consolidated into VCB's financial statements. After the transfer, VCB can expand its network, increase its business scale, merge or divest CBBank after completing the mandatory transfer plan.

**Valuation: BUY rating – Target price VND107,500**

We recommend BUY for VCB shares. The target price for 2025 is VND107,500 per share, 17.8% higher than the closing price on November 25, 2024.

**Buy** maintain

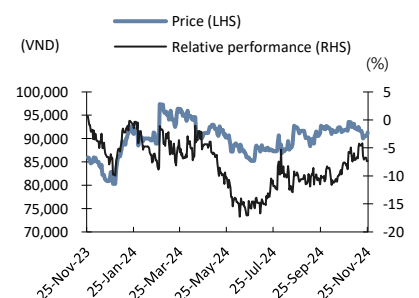
<b>Target price</b>	<b>VND107,500</b>
Upside	17.8%
Current price (Nov 25, 2024)	VND91,300
Consensus target price	VND109,100
Market cap (VNDtn/USDbn)	519.2/20.4

<b>Trading data</b>	
Free float	25.2%
3M avg trading value (VNDbn/USDmn)	124.5/5.0
Foreign ownership	23.2%
Major shareholder	State Bank of Vietnam (74.80%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	-0.5	-0.8	1.2	6.2
<b>Relative</b>	0.9	2.8	3.4	-6.5

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net interest income (VNDbn)	53,246	53,621	56,737	62,765
PPOP (VNDbn)	46,832	45,809	47,256	52,529
NPAT-MI (VNDbn)	29,899	33,033	34,359	34,257
EPS (VND)	6,318	5,910	6,147	6,129
EPS growth (%)	6.5	(6.4)	4.0	(0.3)
PER (x)	14.5	15.4	14.9	14.9
BVPS	28,663	29,524	35,672	41,801
PBR (x)	3.19	3.09	2.56	2.18
ROE (%)	24.4	22.0	18.9	15.8
Dividend yield (%)	0.0	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam



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**Investment ratings & definitions**

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**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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