



Company Report: Vietnam Technological and Commercial Joint Stock Bank (HOSE: TCB)

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1H 2025 Financial Results Update

KEY HIGHLIGHTS

Total credit outstanding, including corporate bonds, reached VND 759 trillion—an 11.29% year-to-date increase. By segment, corporate lending expanded 13.57% ytd, while retail lending grew 11.27% ytd.

Despite this robust credit growth, Techcombank's profitability has softened: profit before tax (PBT) for 1H fell 3% year-on-year. Net interest income (NII) continues to come under pressure from intensified competition, and the net interest margin (NIM) now hovers at approximately 3.7–3.8%, down from over 4% in 2024

In Q2, the gross non-performing loan ratio inched up marginally to 1.32%, driven by increased problem-loan classifications reported to the Credit Information Center among corporate clients; however, the core NPL ratio remained stable at 1.05%. The cost of credit declined sharply to 0.6%, while other key prudential metrics—namely the capital adequacy ratio and short-term liquidity coverage—continued to comfortably exceed regulatory requirements.

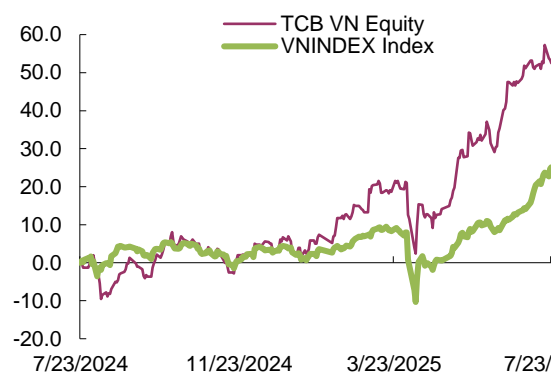
We expect Techcombank to sustain its credit-growth momentum in H2 2025, underpinned by a recovering real-estate cycle, and forecast full-year loan growth of approximately 18%. Conversely, we anticipate the net interest margin to remain largely flat at around 3.8%, constraining any near-term expansion in net interest income. Under these assumptions, we project net interest income of VND 20.5 trillion in H2 2025—up 17% y/y—while non-interest income will be supported by investment banking and FX operations and bancassurance initiatives, albeit tempered by higher operating expenses. Overall, we estimate pre-tax profit of roughly VND 31.5 trillion, in line with the bank's 2025 target.

Recommendations: **NEUTRAL**

Target Price

Current Share Price (22/07/2025) 35,350

Share Price Performance (1y return)



Share Change	Price	1 M	3 M	1Y
Percentage Change (%)		4.0%	35.4%	49.5%
Relative to VN-Index (%)		15.8%	60.1%	69.8%
Average Price (VND)		34,815	31,702	26,171

Source: Bloomberg, Guotai Junan (VN)

Shares Outstanding (Million)	7,064.85	Major shareholder	Masan Corp 14.88%
Market cap (VND b)	248,329.54	Free float (%)	65%
3-Month Average Volume ('000)	19,209.11	CAR ratio	15%
Highest/ Lowest price 52w (VND)	36500 / 20750	LDR	106.4%

Source: Bloomberg, Guotai Junan (VN).



TECHCOMBANK BUSINESS RESULTS UPDATE

Loan Book Expanded by 11.12% YTD

- Growth was anchored in the real-estate value chain. Real-estate business, construction & building materials, and mortgage lending together accounted for 70% of TCB's total loans. Within this portfolio, real-estate business loans rose 3% QoQ and 15% YTD; construction & building materials loans grew 6% QoQ and 11% YTD; and mortgage loans increased 8% QoQ and 10% YTD.
- Margin lending at subsidiary TCBS delivered exceptional growth of 18% QoQ and 36% YTD, representing 11% of the bank's retail loan book. TCBS margin finance has also enhanced TCB's yield profile, thanks to its higher lending rates.

NII and NIM Under Competitive Pressure

- Despite robust loan growth of 20% YoY, Techcombank's Q2 net interest income (NII) declined 4% YoY. NII for 1H 2025 reached VND 17.4 trillion, down 3% YoY. Q2 NIM inched up marginally to 3.8%—driven by an improved CASA ratio from the Auto-Earning product and higher credit yields—yet remains low compared with the 4.8% NIM recorded in Q2 2024 and 2024 average NIM.

Non-Interest Income Marginally Declined; Well-Controlled OPEX and Lower Provisions Drive a 0.1% YoY PBT Increase in Q2

- Fee Income: Reached VND 5,532 billion in 1H 2025, down 5% YoY, chiefly due to lower card-related fees and reduced letters-of-credit (LC) revenue following a change in accounting recognition.
- Investment Banking: Revenue surged 36% QoQ in Q2 and 30% in 1H. As the corporate bond market reactivates, we expect Techcombank to sustain this momentum through H2 and into subsequent years.
- Bancassurance & Insurance: Insurance revenue showed a mild recovery, reflecting the bank's rollout of enhanced distribution processes. Notably, TCB deepened its bancassurance footprint by launching Techcom Life Insurance (TCLife) with charter capital of VND 1.3 trillion (80% ownership; licensed in July) and acquiring a 68% stake in Techcom NonLife Insurance (TCGIns) earlier this year. In the near term, however, this segment will weigh on profitability due to initial setup and operating costs. Management expects the insurance arm to incur losses in its first two years, before turning profitable in year three.

TCLife Business Plan (VND billion)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Expenses	1,040	1,367	1,134	1,668	2,154	2,249	9,612
Profit		1,298	1,739	2,025	2,651	3,094	10,807
Net Profit	-1,040	-69	605	357	497	845	1,195
ROE							23.4%
Total assets	728	3,243	6,930	10,392	16,081		

Source: TCB

- Stable Operating Expenses: In 1H 2025, the bank's operating expenses were well-managed, with a cost-to-income ratio of around 30%. OPEX remained flat year-on-year at VND 8,116 billion.
- Lower Credit Provisions: Provisioning charges for credit risk fell sharply by 38% in Q2.

Asset Quality

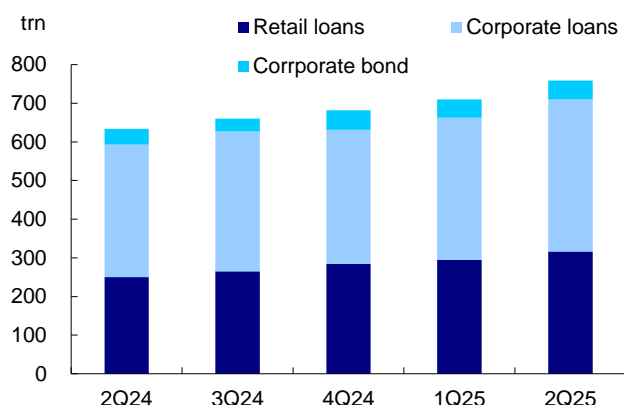
- NPL Ratio: In Q2, the non-performing loan ratio rose to 1.32% (vs. 1.23% in Q1), driven by higher NPLs in the corporate segment (CIC -driven). Mortgage NPLs remained stable at around 2.2%. The loan-loss coverage ratio continues to exceed 100%.

- **Capital Adequacy:** The capital adequacy ratio was maintained at 15%, among one of the highest level across the banking sector.

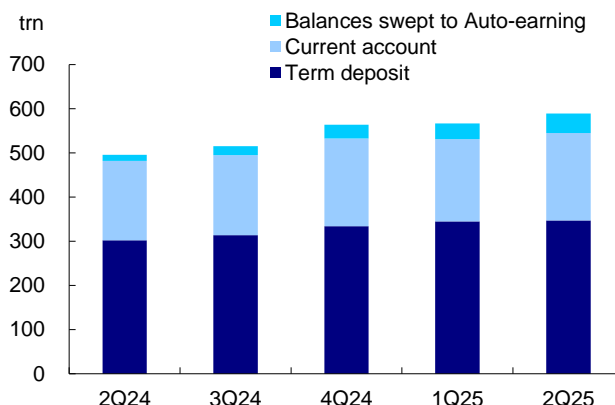
CONCLUSION & OUTLOOK

- **Mixed H1 2025 Performance:** Techcombank's operations in the first half displayed both strengths and challenges. Loan growth accelerated on the back of a recovering real-estate market, while the corporate bond business saw renewed activity that bolstered investment-banking revenue.
- **Profitability Headwinds:** Earnings metrics underscore sector-wide pressures—net interest margins are being squeezed by higher funding costs and still-low lending rates. Nevertheless, TCB continues to lead with innovative solutions: its Auto-earning 2.0 product has attracted and retained new customer deposits, lifting CASA above 41% and alleviating funding costs.
- **Strategic Insurance Push:** In response to evolving regulations, Techcombank has deepened its bancassurance footprint via Techcom Life Insurance (TCLife) and Techcom NonLife Insurance (TCGIns). While this new segment will weigh on short-term earnings due to setup and operating expenses, it offers attractive medium-to-long-term returns.
- **H2 2025 Outlook:** We expect TCB to maintain credit-growth momentum—driven by the property sector's rebound—with full-year loan growth of ~18%. NIM should remain around 3.8%, capping near-term NII expansion. Under these assumptions, we forecast H2 2025 NII of VND 20.5 trillion (+17% y/y) and pre-tax profit of VND 31.5 trillion, in line with the bank's 2025 targets.

Credit mix by customers



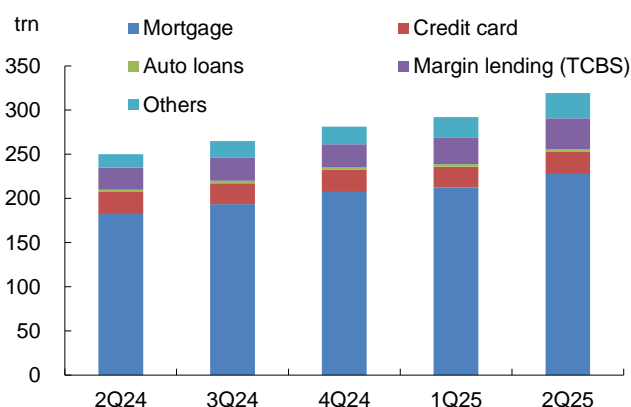
Deposit mix



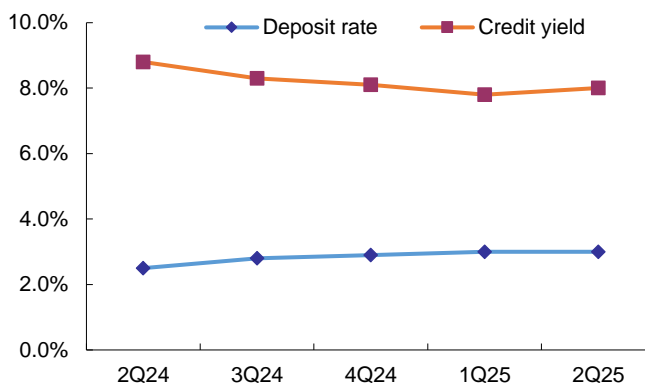
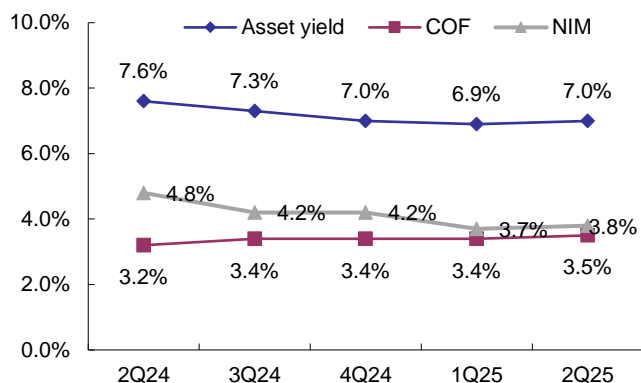
Corporate Loan Portfolio



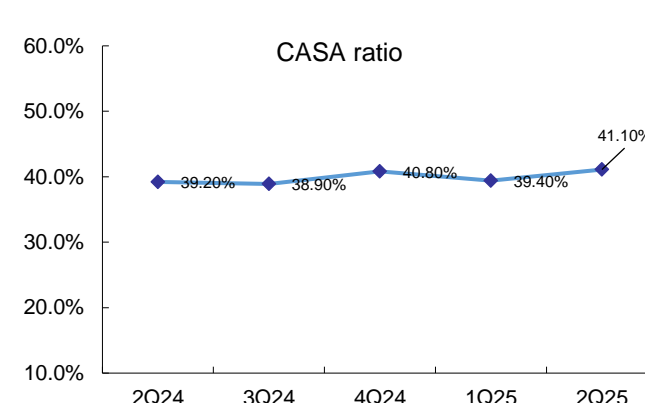
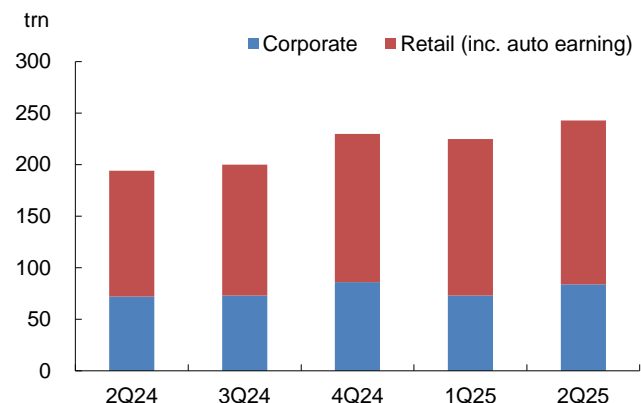
Retail Loan Portfolio



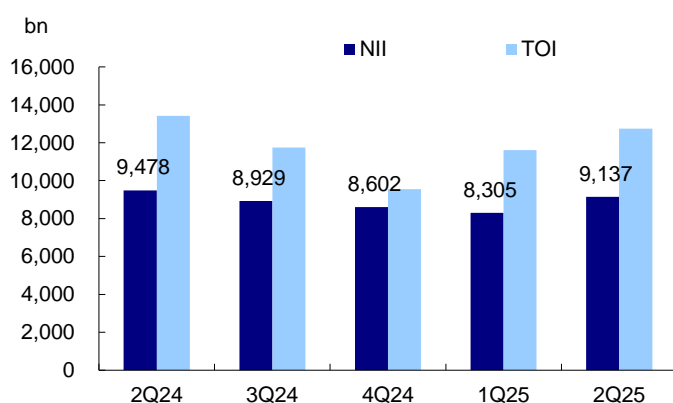
Profitability



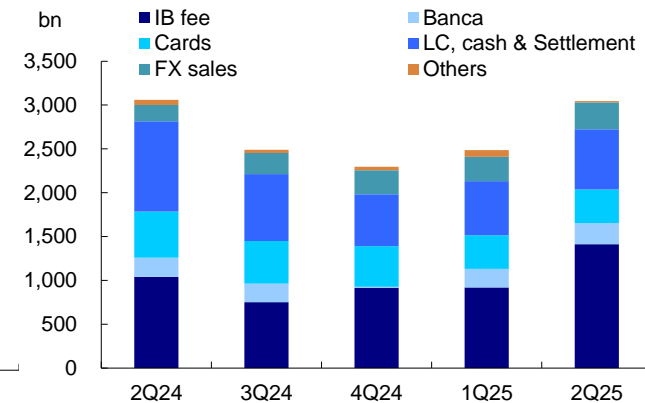
CASA mix



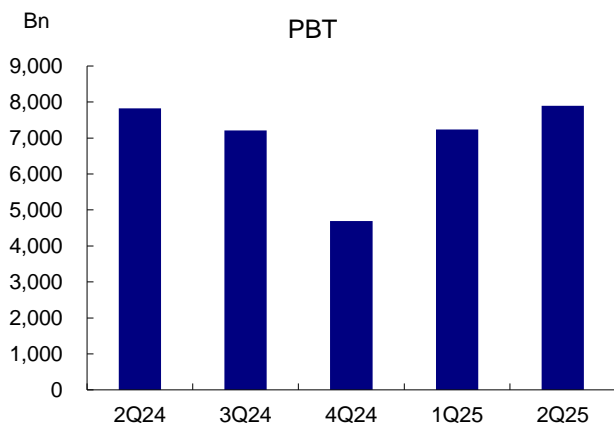
Net Interest Income & TOI



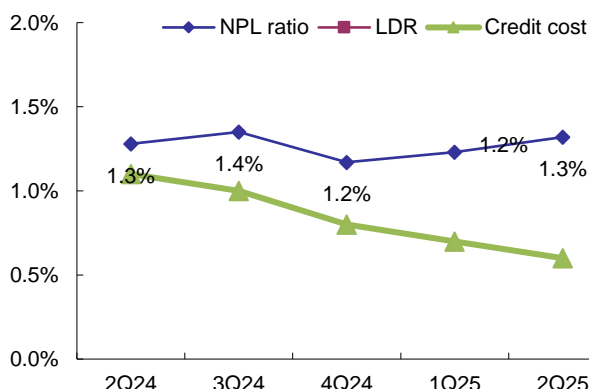
Non-Interest Income



PBT



NPL ratio and credit cost



Source: TCB, FiinproX, GTJASVN RS



COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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