

Vietnam Technological and Commercial Joint Stock Bank

[Viet Nam / Banking]

Bloomberg Code (TCB VN) | Reuters Code (TCB.HM)

BUY

Initiate coverage

Target price (12 months)	**58,700VND**
Current price (09/09/22)	37,550VND
Suất sinh lời (%)	56%



[Analyst]

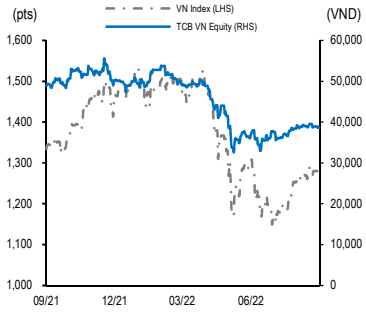
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VNINDEX	1,245
HNXINDEX	282
Market cap (bn VND)	132,424
Outstanding shares (1mn)	3,517
Free float (1mn)	2,714
52-week high/low (VND)	56,000/32,550
90-day avg. trading volume (1mn)	5.1
90-day avg. turnover (bn VND)	166
Foreign ownership (%)	27.5

Major shareholders (%)	Masan Group Corporation	14.93
	Directors and relevants	0.42

Performance	3T	6T	12T
Absolute (%)	7.1	27.7	59.2
Relative to VN-Index(%)	5.6	-7.8	-16.3



Shinhan Securities

Oustanding asset quality

Initiate coverage with BUY rating and target price of VND 58,700

Tecombank (HoSE: TCB) is one of the largest retail banks in Vietnam, with remarkable success. TCB's strategy is not only focusing on investing in technology but also on building an overall digital-data system with talented personnel. The bank is currently leading the system with many vital indicators such as ROA, CASA ratio, and bad debt ratio (NPL). We value TCB for the first time at VND 58,700, equivalent to an upside of 56%.

Outstanding asset quality in the industry with a thick capital buffer, low NPL ratio, high NPL coverage

The CAR ratio by June 2022 reached 15.7%, nearly double the requirement of Basel II on capital adequacy ratio. Equity reached VND 104,473 billion in 1H2022, ranking second in the system. NPL was the lowest in the industry, gaining 0.6% in 1H2022, with a high NPL coverage ratio of 171.6%.

High profitability benefits from the low capital cost

TCB has a cost advantage, as leading the industry with a CASA ratio of 47.5% as of 1H2022 and successfully approaching offshore loan syndication market of USD 1 billion in early 2022. Low cost helps TCB have a competitive advantage in lending interest rates, and NIM has many potentials to expand. NIM improved from 4% in 2017 to 5.6% in 2021, and remained until 1H2022.

The ability to adjust credit structure allows TCB to change appropriately with the market

TCB leads the market in corporate bond investment, reaching VND 62,609 billion in 2021. However, TCB has reduced the number of corporate bonds to VND 49,345 billion in 2Q2022, shifting its strategy to loans to customers, especially housing loans for individuals. The restructure is appropriate in the context of the unstable market and the increase in control of the State Bank (SBV) in corporate bonds.

A unique ecosystem provides a strong and diverse source of non-interest income

The cooperation between TCB and Masan and Vingroup has brought many benefits in attracting individual customers, helping TCB increase fee income from service activities. Besides, TCB has many advantages in bancassurance activities with the exclusive 15-year cooperation with Manulife.

Risks (1) Inflation risk; (2) Increase in bad debt; (3) Unstable real estate market.

Year to Dec.	2021	2022F	2023F	2024F	2025F
Net interest income (bn VND)	26,699	32,410	38,568	47,706	56,055
Net non-interest income (bn VND)	10,378	10,045	11,551	13,358	15,540
TOI (bn VND)	37,076	42,454	50,118	61,065	71,595
TOI before provision (bn VND)	25,903	28,898	33,561	40,699	46,361
NPAT (bn VND)	18,415	21,794	25,087	30,592	34,765
EPS (VND)	5,245	6,197	7,133	8,698	9,885
EPS growth rate (%)	46.1	18.2	15.1	21.9	13.6
P/E (x)	7.4	6.3	5.5	4.5	3.9
P/B (x)	1.5	1.2	1.0	0.8	0.7
ROA (%)	3.6	3.4	3.3	3.3	3.1
ROE (%)	21.5	20.6	19.3	19.3	18.1

Source: Company data, Shinhan Securities Vietnam

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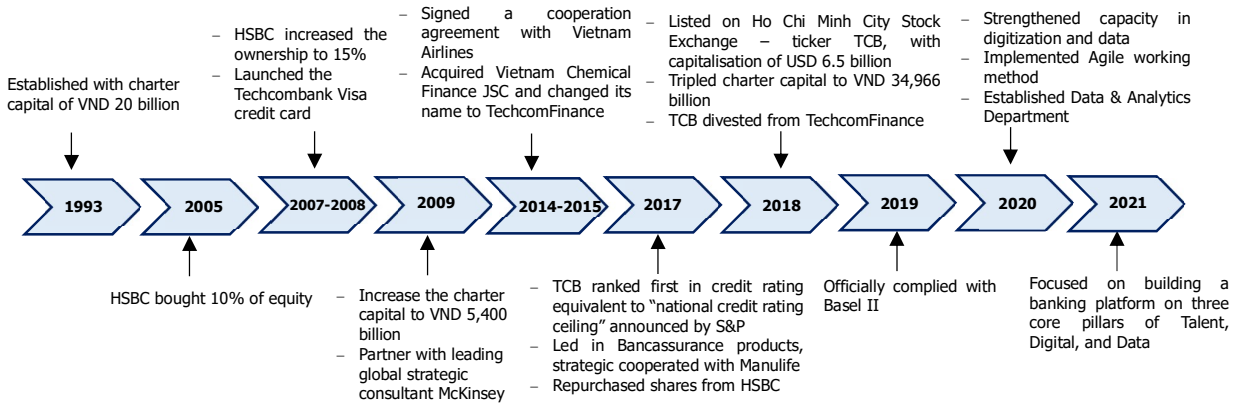
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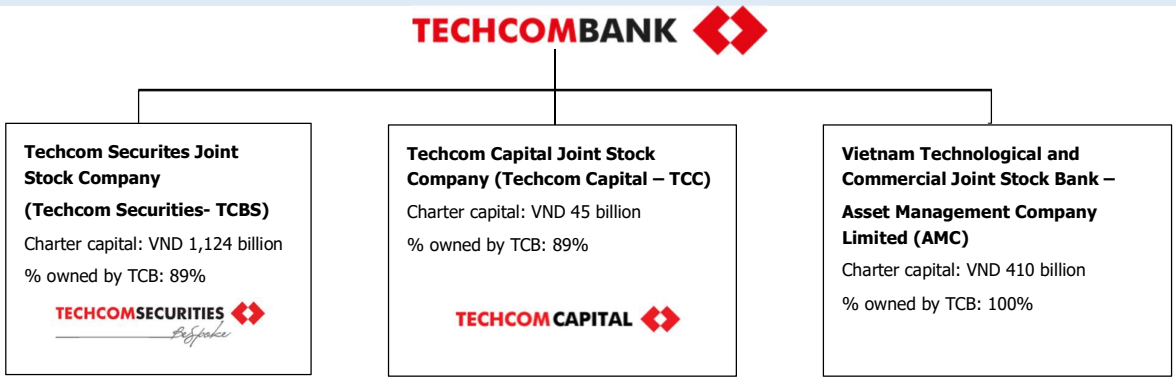
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Company background

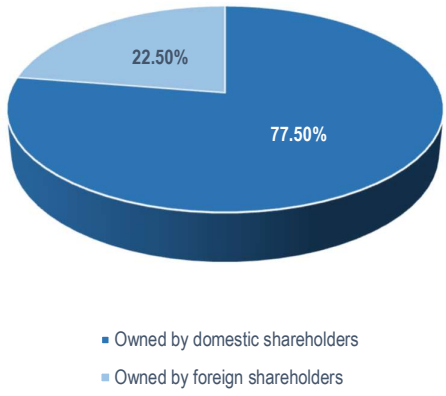
History



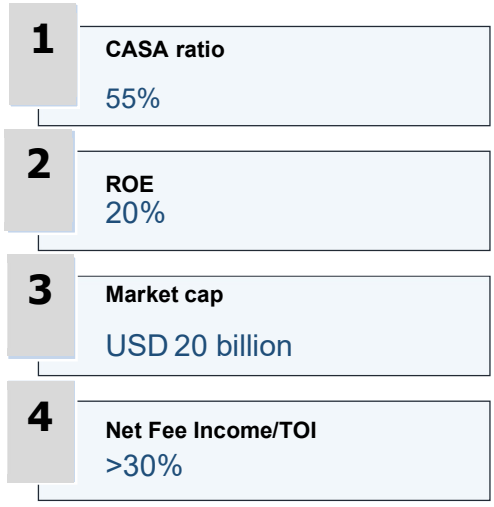
Organization's structure



Shareholding structure (as of 31 December 2021)



2021-2025 Strategy



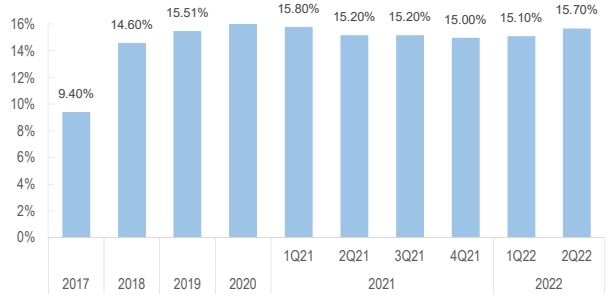
Source: Company data, Shinhan Securities Vietnam

Investment Catalyst & Theses

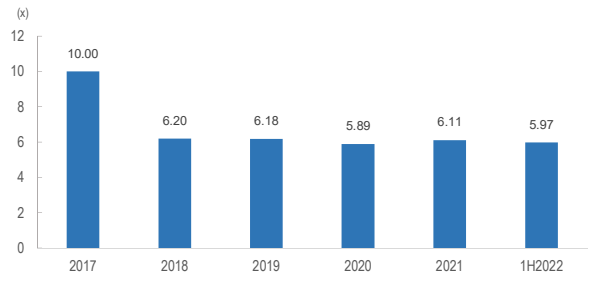
Outstanding asset quality in the industry with a thick capital buffer, low NPL ratio, high NPL coverage

1. Capital adequacy ratio (CAR) is highest in the system, with low level of leverage

CAR - TCB



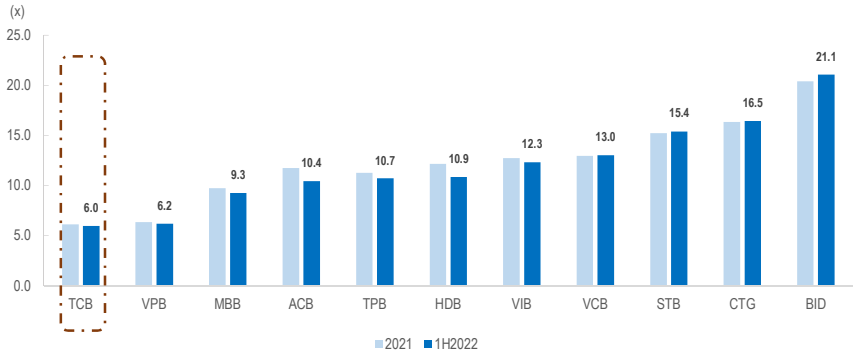
Leverage (Total assets/Total equity) - TCB



Source: Company data, Shinhan Securities Vietnam

Capital adequacy ratio (CAR) at the end of 2021 reached 15%, and in 1H/2022 achieved 15.7%, almost twice as high as the Basel II requirement of 8%, and led the banking system to help TCB (1) create a solid foundation for strong growth, (2) form the basis for being granted a high credit growth, (3) become one of the banks highly appreciated by international organizations with many promising developments, and is limited only by the national credit rating ceiling from Moody's.

Leverage of listed banks

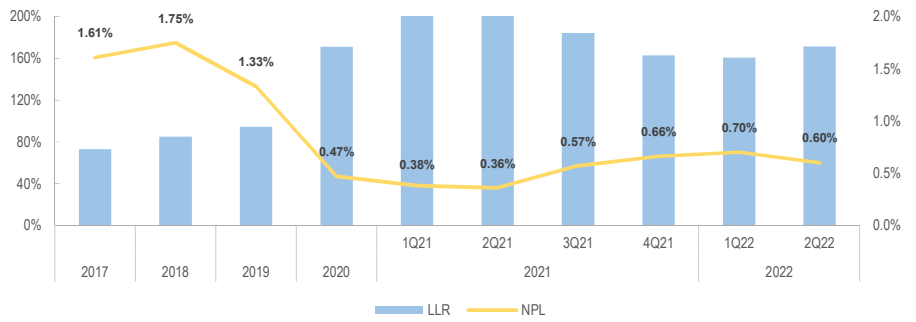


Source: Fiinpro, Shinhan Securities Company

In addition, TCB's equity increased more than 3 times, from VND 26,931 billion in 2017 to VND 93,041 billion in 2021. The thriving capital increase in 2018 supported a sharp rise in TCB's capital buffer and equity, helping TCB surpass that of its private banking group competitors. By the end of 2021, TCB ranked 3rd in the system in equity, just behind two state-owned banks. TCB's leverage ratio in the past 3 years was only around 6x, the lowest among listed banks. Those advantages opened up TCB's potential to grow ROA and ROE, as this bank has achieved the highest ROA in the system, with ROA of 3.7% and ROE of 21.7% in 2021. We believe that TCB's capital buffer will continue to be strengthened when the SBV has approved a maximum increase in charter capital by VND 63,237 billion by issuing shares under the employee stock ownership plan (ESOP) in 2022.

2. Lowest non- performing loan (NPL) ratio in the industry with high loan- loss reserve (LLR) ratio

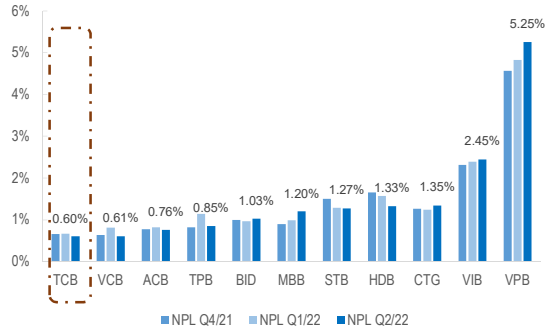
NPL ratio and LLR ratio- TCB



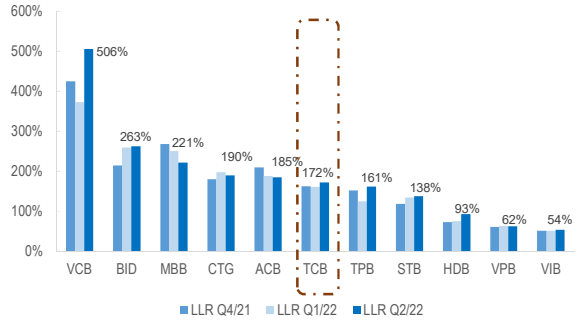
Source: Fiinpro, Shinhan Securities Company

TCB's low NPL ratio and high LLR ratio help affirm its asset quality in the current volatile economy. By the end of 2021, TCB's NPL ratio (NPL) reached 0.66%, an increase compared to the end of 2020 due to the impact of the pandemic, but still lower than the bad debt ratio of the banking system of 1.9% (excluding VAMC). Thanks to increased provisioning and handling of risky debt, TCB kept NPL below 1% and dropped to 0.6% as of Q2/2022, the lowest NPL ratio in the system, reflecting the asset's quality and stability during and after the pandemic. TCB has maintained a high LLR ratio over the years, reaching 162.85% at the end of 2021 and increasing to 171.60% in 1H2022, becoming one of the banks with high LLR in the system. With TCB's asset quality, we believe in the situation of increasing bad debt when Circular 14/2021/TT-NHNN on restructuring the term repayment, exemption, or reduction expired on June 30, 2002, TCB would not be significantly affected.

NPL ratio of listed banks



LLR ratio of listed banks

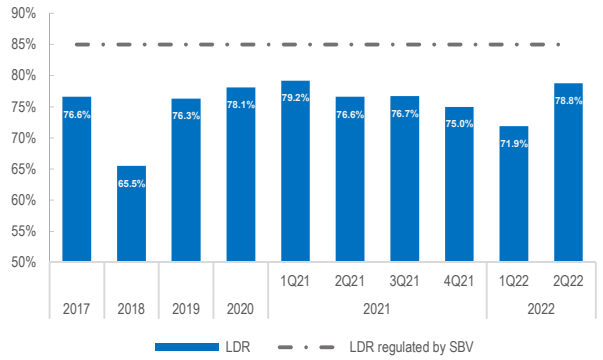


Source: Fiinpro, Shinhan Securities Vietnam

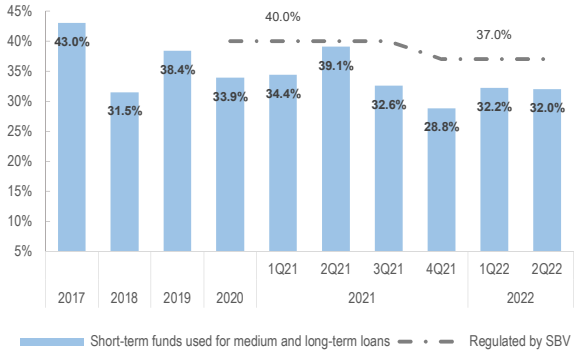
3. High liquidity

TCB demonstrated its liquidity when keeping the loan-to-deposit ratio (LDR) below the maximum level of 85% regulated by SBV when TCB reached 75% by the end of 2021. LDR increased 78.8% by the end of Q2/2022 to maximize the profit target, but it was still kept below the prescribed level. In addition, SBV stipulated that the maximum ratio of short-term capital for medium and long-term loans would decrease from 40% to 37% from Q4/2021 and was expected to drop to 34% from Q4/2022. While maximizing loan balance, TCB maintained this ratio well, reaching 28.8% at the end of 2021 and 32% at the end of Q2/2022. TCB has also implemented plans to increase liquidity buffers with medium and long-term capital sources such as foreign syndicated loans. It not only helps TCB optimize profits but also helps the Bank to ensure liquidity risk.

Loans to deposits ratio- TCB



Short-term funds used for medium and long-term loans- TCB

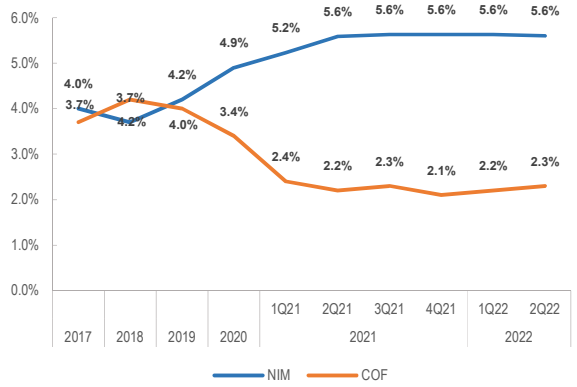


Source: Company data, Shinhan Securities Vietnam

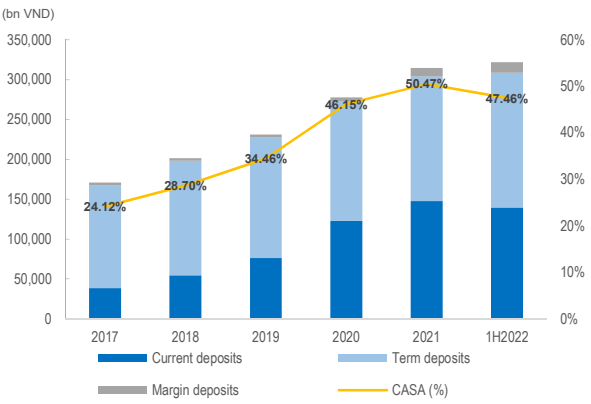
High profitability benefits from the low capital cost

Average net profit margin (NIM) in the last 5 years of TCB increased from 4.0% to 5.6% at the end of 2021, and also in 6M/2022, TCB is leading the system, excluding VPB with a different model compared to other banks. The cost of capital (COF) gradually decreased over the years, reaching 2.1% at the end of 2021 and increasing slightly to 2.2% in 1H2022. The gap between NIM and COF shows that TCB has excellent control over capital costs, helping to compete in lending rates and improve NIM.

NIM ratio and COF ratio- TCB



Components of deposits- TCB

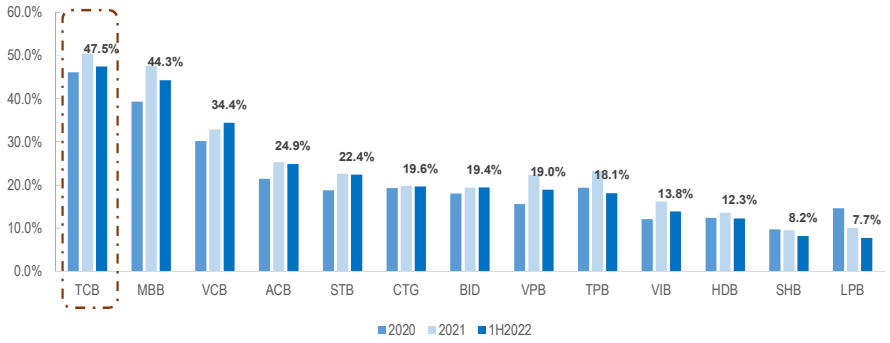


Source: Company data, Shinhan Securities Vietnam

TCB has attracted many customers as a leading bank in the process of "zero fees" and investing heavily in digital transformation. TCB is leading in the system regarding the CASA ratio (including demand deposits and margin). This low-cost capital of TCB has continuously increased for many years and reached VND 158,858 billion at the end of 2021, and CASA ratio reached 50.5%, a slight decrease in Q2/2022 with CASA of 47.5%, reaching VND 152.659 billion when customers still looking for more profitable investment channels. However, we believe this is only a temporary decrease when the economy is experiencing many fluctuations. In the context that banks are racing to increase deposit interest rates to mobilize capital in 6M/2022, banks with high CASA ratios, like TCB, have a superior advantage in competing for loan interest rates and the ability to preserve/improve NIM. From 2020 to 1H2022, TCB has led the system regarding CASA ratio. Besides successfully mobilizing customer deposits, TCB set a record with an offshore loan syndication market of up to USD 1 billion in 06/2022. Previously, TCB had successfully approached foreign capital twice, with 500 million USD in 2020 and 800 million USD in 2021. We believe that with solid equity capital and low cost, TCB can expand NIM and potentially develop retail banking, reaching individual customers and small SMEs.

Therefore, TCB has steadily increased net interest income thanks to the credit growth with stable NIM, reaching nearly VND 26,699 billion in 2021 (+42.4% YoY), and VND 15,905 billion in 6M/2022 (25.1% YoY). Along with the considerable increase in operating income, TOI in 2021 will reach VND 37,076 billion (+35.4% YoY), and VND 21,148 billion 1H2022 (+16.6% YoY).

CASA ratio of listed banks



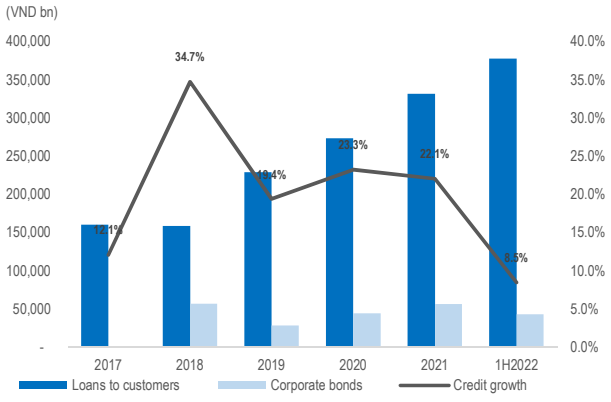
Source: Fiinpro, Shinhan Securities Company

The ability to adjust credit structure allows TCB to change appropriately with the market

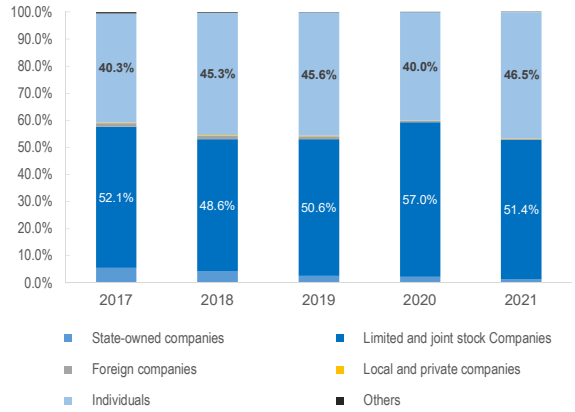
TCB's separated credit balance reached VND 387.973 billion in 2021, credit growth gained 22.1%, and consolidated credit balance was VND 410,150 billion (+26.5% YoY). In 6M/2022, separated credit balance reached VND 421.121 billion, and credit growth gained 8.5% since the beginning of the year. Corporate bonds accounted for 15.3% of the consolidated credit balance by the end of 2021, decreasing to only 11.2% in 6M/2022. Specifically, corporate bonds decreased from VND 62,809 billion in 2021 (+34.4% YoY), and VND 76,782 billion (+22.3% YoY) in Q1/2022 and to VND 49,345 billion in Q2/2022 (-36% QoQ). The fall showed that TCB has flexibly restructured its credit portfolio in the context of financial market fluctuations, with the SBV tightening investment in corporate bonds and banks having almost reached their credit growth limits. Especially, they reduced corporate bonds to reserve more room for customer loans.

The bank has also gradually shifted the structure of customer loans from businesses to individuals. Outstanding personal loans reached VND 161,657 billion (+45.5% YoY) at the end of 2021, accounting for 46.5% of total outstanding customer loans. Meanwhile, the proportion of outstanding loans to businesses (including foreign enterprises) decreased from 60% in 2020 to 53.3% in 2021. The restructure aligned with TCB's development strategy in the coming years, increasing and strengthening product development for individual groups.

Credit components- TCB



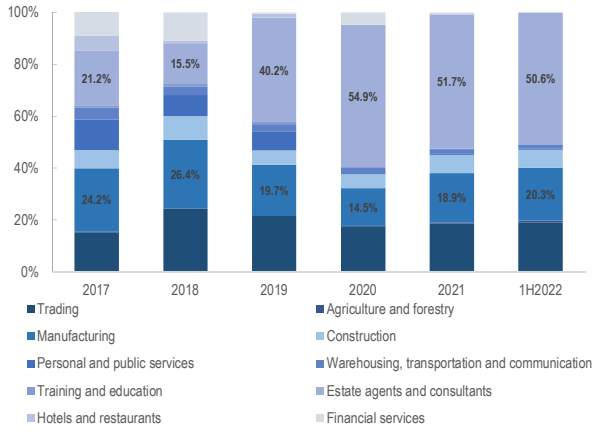
Loans by customer types- TCB



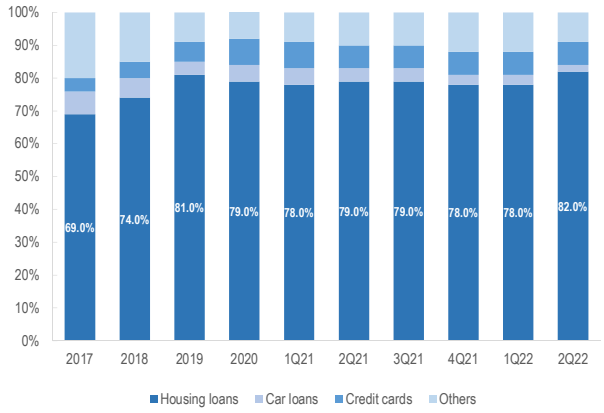
Source: Fiinpro, Shinhan Securities Company

TCB can be flexible in allocating its corporate loan portfolio by sector. The Bank has gradually shifted from real estate lending to FMCG, retail, and logistics industries, continuing to diversify its portfolio when the real estate market has changed and tightened by the State. Specifically, real estate lending decreased from VND 95,913 billion in 2021 to VND 94,358 billion in 1H2022. The proportion decreased from 51.7% to 50.6%, while the proportion of other industries such as trade and logistics have grown. TCB has gradually shifted from high-risk loan products to home and car loans for individual customers with lower risk. Home loan balance by the end of 2021 reached more than VND 126,300 billion, accounting for 78% of the proportion of loans to individuals, and continued to increase this ratio to 82% per year to more than 168 trillion VND (+25.1% QoQ, 66% YoY) in 6M/2022.

Loans to corporate customers by sector- TCB



Loans to individual customers by product- TCB



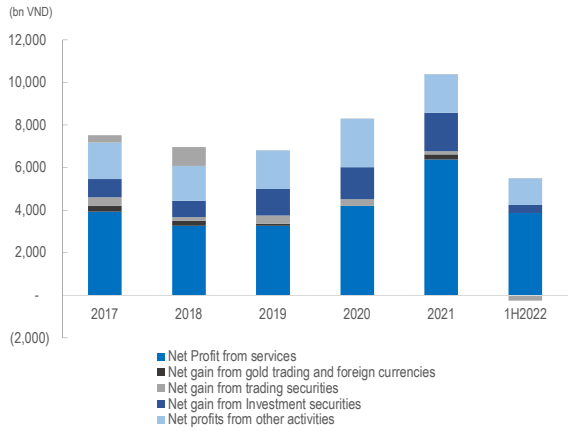
Source: Company data, Shinhan Securities Company

A unique ecosystem provides a strong and diverse source of non-interest income

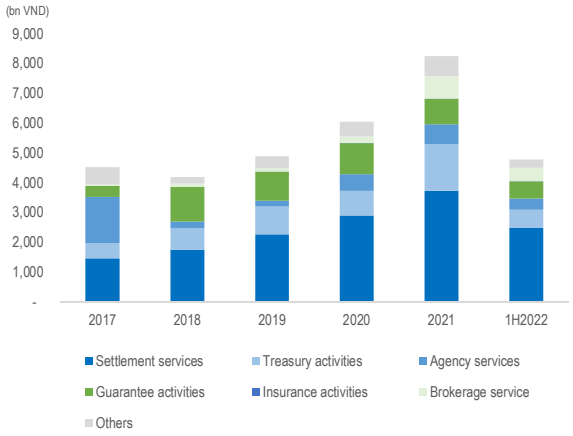
Cooperation between TCB and large corporations such as Masan and Vingroup has brought many benefits to TCB as it has many opportunities to approach customers, especially retail customers. If TCB and Masan make the mini supermarket system the center of financial transactions, TCB can attract many deposits from customers there. In addition, with the 15-year exclusive cooperation agreement between TCB and Manulife since 2017, TCB has increased its bancassurance income, contributing to the growth of TCB's non-interest income.

Net services income made up for a large proportion of TCB's non-interest income, accounting for more than 60% at the end of 2021 and over 70% in 6M/2022. Income from card and payment services reached VND 3,739 billion (+28.3% YoY) and VND 2,483 billion (+38.7% YoY) in 6M/2022. Income from the insurance segment increased continuously over the years and reached VND 1,558 billion at the end of 2021 (+88.4% YoY), reaching VND 617 billion (+31.5% YoY) 1H2022. Total income from TCB services in 2021 achieved VND 6,382 billion (+52.4% YoY), and 1H2022 reached VND 3,870 billion (+39.1% YoY).

Non- interest income- TCB



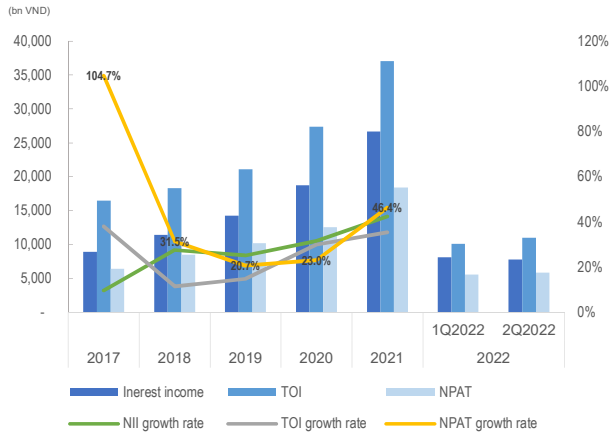
Income from service activities- TCB



Source: Company data, Shinhan Securities Company

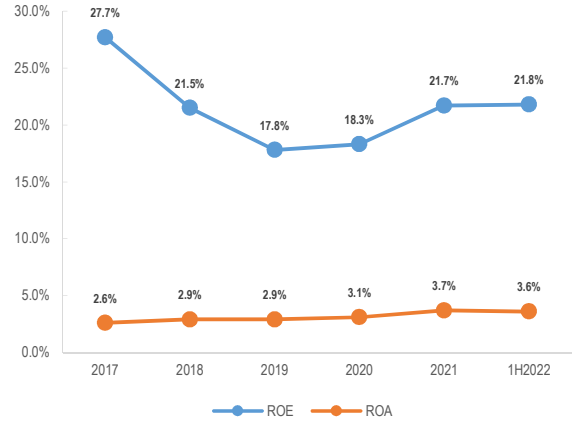
TCB always controls operating costs well, so its cost-to-income index (CIR) is always relatively low compared to other banks in the system. CIR at the end of 2021 reached 30.1% and 30.3% in 6M/2022. TCB's operating expenses mainly come from staff salaries, reaching VND 6,356 billion at the end of 2021 (+22.9% YoY), accounting for more than 56% of total operating expenses. In 2021, TCB started implementing the 2021-2025 plan, focusing on building a banking platform on the pillars of Talent, Digital, and Data. Thanks to efforts to control costs at around 30% and reduce credit costs in late 2021 and early 2022 as many customers' finances were restored, TCB's NPAT grew again from 2020 after a decrease in NPAT growth rate in 2019 due to Covid-19. By 2021, NPAT reached VND 18,415 billion (+46.4% YoY), the second highest in the banking system, just behind VCB. NPAT in 6M/2022 continued to increase compared to the same period last year to reach VND 11,497 billion (+23.8% YoY), completing more than 52% of the plan set for the whole year of 2022.

Interest income- TOI and NPAT- TCB



Souce: Fiinpro, Shinhan Securities Company

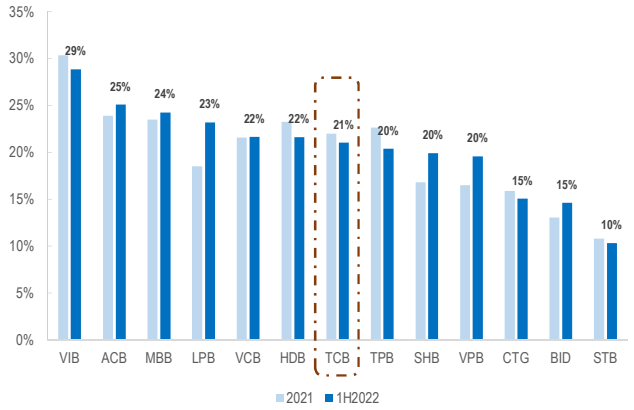
ROE and ROA- TCB



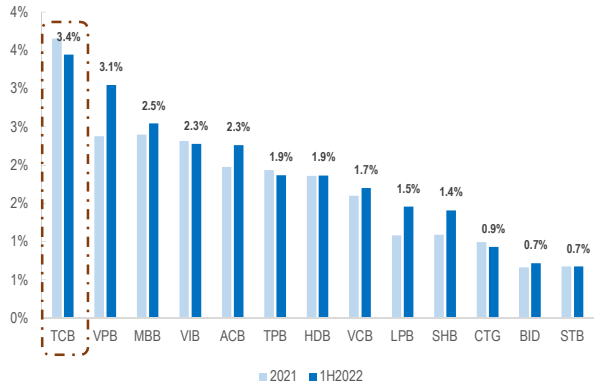
Source: Company data, Shinhan Securities Company

TCB strengthens its position as a high-performing bank with a 5-year average return on equity (ROE) of over 21%, belonging to the group of banks with high ROE in the system. In 2021, TCB's ROE reached 21.7%, and return on assets (ROA) was the highest in the industry at 3.7% in 2021. Given TCB's current capabilities, we expect the Bank to continue to maintain its position in the industry.

ROE (TTM) of listed banks



ROA (TTM) of listed banks



Source: Fiinpro, Shinhan Securities Company

Earnings estimates

TCB achieved outstanding business results and maintained operating efficiency in the first 6 months of 2022, with PBT reaching VND 14.1 trillion, TOI reaching VND 21.1 trillion, CASA value and ROA ranked first in the system with 47.5 billion and 3.6%, respectively. Besides, asset quality continued to strengthen, with NPL reached 0.6%, the lowest in the industry, while LLR increased to 171.6%. Based on the positive results from the first half of the year of TCB, we expect:

Credit growth in 2022 is forecasted to increase by 15%, based on the SBV's regulations and TCB's plan. The growth rate decreased compared to 2021 due to unpredictable economic changes and the lack of credit room. Credit growth is forecasted to increase to 18% in 2023, with the expectation that the economy will be stable and TCB has enough financial capacity to enhance the credit room as high as in previous years. Besides, we forecast customer deposits to increase by 21.5% in 2022 as TCB has also participated in the race to raise deposit interest rates, with a CASA ratio of 49%.

We expect NIM 2022 to reach 5.6%, down slightly from 2021 at 5.7% as deposit interest rates increase faster than lending interest rates and credit growth has little room. NIM will rise again to 5.7% in 2023 thanks to TCB having low-cost advantage with high CASA ratio and foreign loans. With this assumption, we forecast TCB's net interest income to grow by 21.4% in 2022 to VND 32,410 billion and increase to VND38,568 billion (+19% YoY) in 2023.

We forecast that income from card, payment, and bancassurance services will continue to grow, contributing to TCB's growth in non-interest income. Specifically, income from service activities is forecasted to increase by 30% in 2022 and 2023 to reach VND 4,860 billion and VND 6,319 billion, respectively; and income from bancassurance activities will increase by 25% in 2022 and 2023 to gain VND 1,948 billion and VND 2,435 billion, respectively. Thus, TOI in 2022 and 2023 is forecast to increase by 15% and 18%, reaching VND 42,454 billion and VND 50,118 billion, respectively.

Operating expenses are projected to increase by an average of 21% in 2022/2023, mainly focusing on personnel costs with a forecast increase of 25%. The CIR ratio is forecast to increase slightly to 33% in 2022/2023 from 32% in 2021. The projected increase in operating expenses is reasonable given that TCB's plan for 2021-2025 is to develop 3 pillars Talent, Digital, Data, so the Bank focuses on investing in technology and implementing many procedures to recruit talents from abroad.

We forecast bad debt ratio in 2022 to increase slightly to 0.7% and 0.75% in 2023 when Circular 14/2021/TT-NHNN expires. This forecast is equivalent to provision expense on total outstanding loans of 0.4%/0.44% in 2022/2023, in line with TCB's plan.

With the above assumptions, we forecast PBT to grow 17.2% and 15.1%, respectively, reaching VND 27,243 billion and VND 31,359 billion in 2022 and 2023. ROE will get 20.6%/19.3% in 2022/2023, and ROA will maintain at 3.4%/3.3% in the next 2 years. ROE has slightly decreased as we believe TCB plans to increase its charter capital up to VND 63,200 billion through employee stock options (ESOP), while profit growth is not fast enough to compensate capital growth rate.

Valuation and Recommendation

Initiate coverage with BUY rating and target price of VND 58,700

We initiate coverage Vietnam Technological and Commercial Joint Stock Bank (TCB) with a buy recommendation and a target price of VND 58,700, corresponding to an increase of 56% from the current price. For a long-term view, TCB is an investment that can be considered with following advantages:

1) Oustanding asset quality in the industry with a thick capital buffer, low NPL ratio, high NPL coverage
2) High profitability benefits from the low capital cost
3) The ability to adjust credit structure allows TCB to change appropriately with the market
4) A unique ecosystem provides a strong and diverse source of non-interest income

Valuation

We apply a combination of Residual income (RI) method and P/B with 60%/40% weights to value TCB.

RI valuation method (bn VND)	2H2022F	2023F	2024F	2025F	2026F
Cost of equity	11.97%	11.97%	11.97%	11.97%	11.97%
Cost of equity after 2026					11.97%
Net income	10,300	25,087	30,592	34,765	39,412
Residual income (RI)	4,731	11,334	13,835	14,347	14,833
Present value (PV) of RI	**4,495**	**9,520**	**10,377**	**9,613**	**8,900**

Terminal value of RI (bn VND)	**136,565**
Terminal growth (%)	1.0%

PV of RI (bn VND)	81,939
PV of terminal value (bn VND)	42,904
Beginning equity (bn VND)	104,473
Total value (bn VND)	229,315
Total outstanding shares (*) (mn)	3,517
Target price (VND)	**65,202**

Cost of Equity (%)	**11.97%**
Beta (x)	1.23
Adjusted beta (x)	1.15
Risk-free rate (%)	3%
Equity risk premium (%)	7.8%

Source: Shinhan Securities Vietnam

(*) Number of outstanding shares after TCB issues 6.32 million shares in Employee Stock Ownership Plan (ESOP) in 2022.

Regarding P/B method, we apply P/B average of banking industry including commercial joint stock banks which have equivalent asset size as of 30/08/2022.

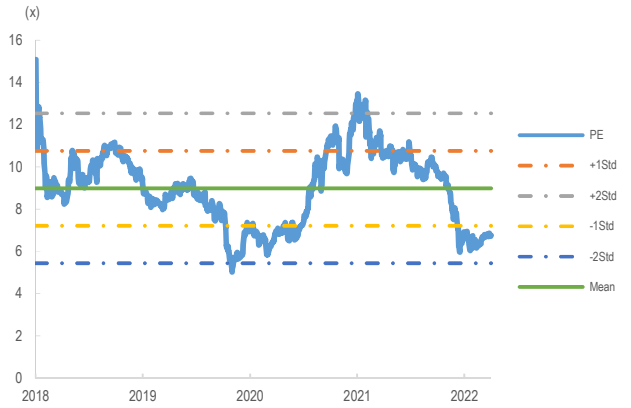
Ticker	P/B
ACB	1.59
EIB	1.97
HDB	1.59
LPB	1.06
MBB	1.59
MSB	1.18
OCB	1.04
STB	1.30
TPB	1.52
VPB	1.55
VIB	1.87
P/B average	**1.48**

Source: Fiinpro, Shinhan Securities Vietnam

Valuation		
Method	Tỷ trọng	Giá mục tiêu
Residual income	60%	65,202
P/B average (1.5x)	40%	49,004
Target price	**58,700**	

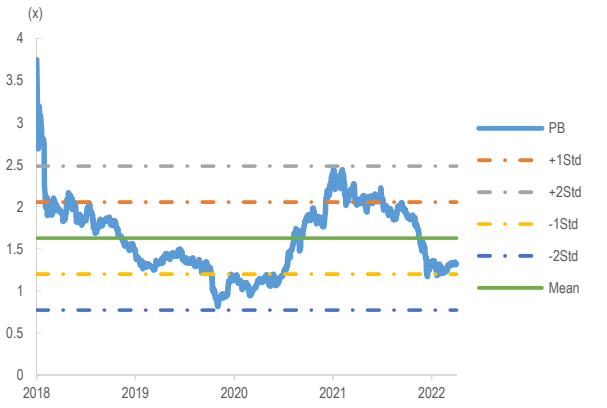
Source: Shinhan Securities Vietnam

TCB's PER chart



Source: Bloomberg, Company data, Shinhan Securities Vietnam

TCB's PBR chart



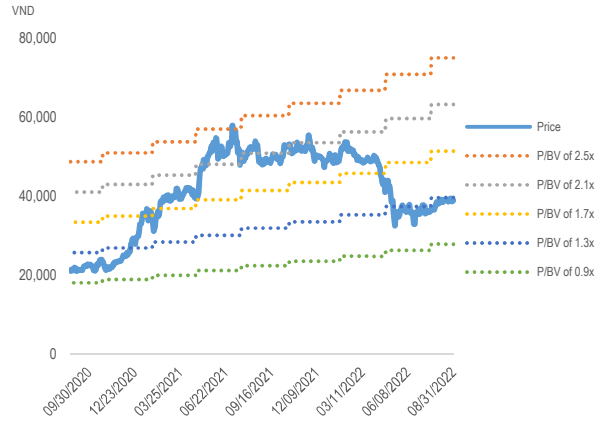
Source: Bloomberg, Company data, Shinhan Securities Vietnam

TCB's PER band chart



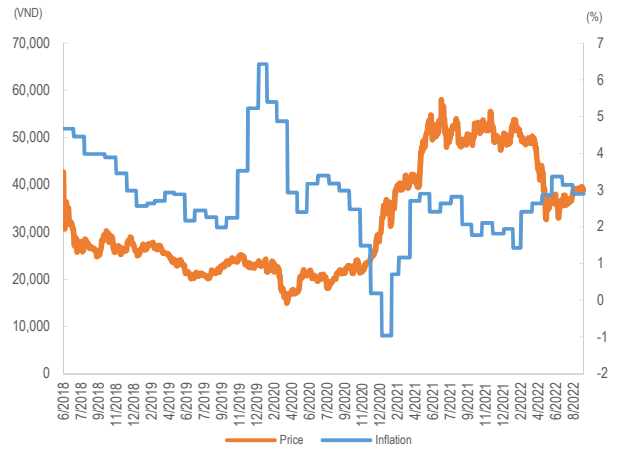
Source: Bloomberg, Company data, Shinhan Securities Vietnam

TCB PBR band chart



Source: Bloomberg, Company data, Shinhan Securities Vietnam

TCB's share price vs. inflation rate



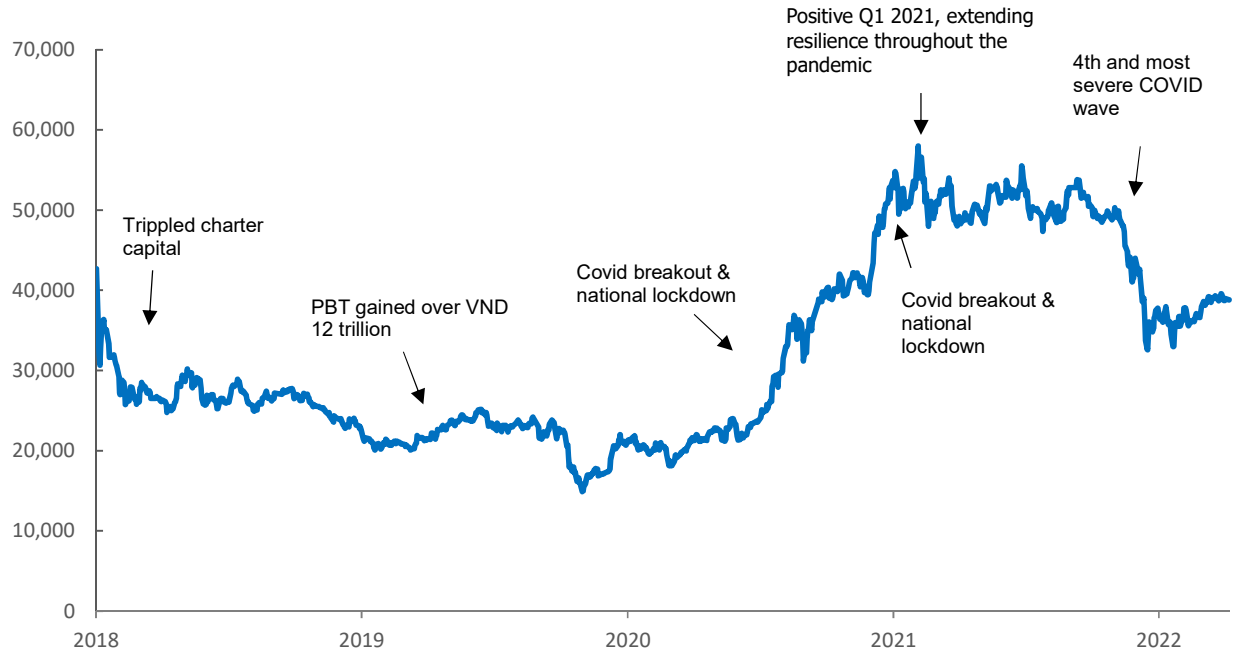
Source: Bloomberg, Company data, Shinhan Securities Vietnam

TCB's PBR vs. ROE forward



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key event chart of Techcombank



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Inflation risk

Inflation risks spread in the near future, stemming from the context of high inflation in the world, forcing central banks to raise interest rates. The pressure to increase deposit interest rates is high, leading to an increase in borrowing rates, but it will be later than deposit rates, leading to narrower profit margins.

Increase in bad debt

Bad debt has a risk of increasing, potentially exposing the whole system. Especially when Circular 14 expires on June 30th, 2022, the loans are facilitated to retain the debt group 1 and 2 during the period affected by the pandemic, then will be forced to convert into bad debt if they cannot recover timely.

Unstable real estate market

Real estate loans account for a large proportion of Techcombank's loan portfolio so that the Bank may face the risk of cross-default from loans secured by real estate. In addition, with limited credit resouorces, bond issuance has become an effective method of raising capital for real estate businesses. However, real estate bonds are facing many fluctuations, so they can significantly impact on the Bank.

Appendix: Financial statements

Balance sheet

Year (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**439,603**	**568,729**	**690,231**	**825,292**	**994,099**
Cash and precious metals	3,664	3,579	6,101	10,387	16,341
Balances with the SBV	10,253	4,909	5,922	6,971	8,308
Placements with and loans to other credit institutions	28,995	70,515	90,804	106,846	125,286
Trading securities	8,348	5,071	4,816	5,298	6,092
Derivatives and other financial assets	-	294	294	294	294
Loans and advances to customers	275,310	343,606	412,138	496,537	603,156
Debts purchase	-	133	140	147	154
Investment securities	84,447	97,586	106,323	117,500	130,276
Long-term investments	12	13	13	14	14
Fixed assets	4,613	7,224	11,133	16,530	24,257
Investment properties	1,125	1,089	1,126	1,167	1,209
Other assets	22,836	34,711	51,420	63,601	78,712
Total liabilities	**364,988**	**475,687**	**575,332**	**685,306**	**823,522**
Due to Gov and Loans from SBV	0	1	1	1	1
Deposits and Loans from other credit institutions	47,485	112,459	139,511	173,342	215,718
Deposits from customers	277,459	314,753	382,394	448,442	530,644
Derivatives and other financial liabilities	267	-	-	-	-
Funds received from Gov, international and other institutions	-	-	-	-	-
Convertible bonds/CDs and other valuable papers issued	27,900	33,680	35,619	41,969	50,948
Other liabilities	11,878	14,796	17,808	21,552	26,212
Shareholder's equity	**74,615**	**93,041**	**114,898**	**139,986**	**170,577**
Capital	35,526	35,586	35,649	35,649	35,649
Reserves	6,790	9,156	20,053	32,596	47,892
Retained earnings	31,816	47,453	57,920	69,969	84,662
Minority interest	484	847	1,274	1,763	2,357
Total liabilities and equity	**439,603**	**568,729**	**690,231**	**825,292**	**994,099**

Income statement

Year (bn)	2020	2021	2022F	2023F	2024F
Interest and Similar Income	29,002	35,503	45,434	55,349	69,005
Interest and Similar Expenses	(10,251)	(8,805)	(13,024)	(16,781)	(21,299)
Net Interest Income	**18,751**	**26,699**	**32,410**	**38,568**	**47,706**
Net Fee and Commission Income	4,525	6,382	5,394	6,488	7,845
From foreign currency and gold	1	231	220	242	266
From trading of trading securities	321	152	160	176	194
From disposal of investment securities	1,497	1,804	1,985	2,183	2,402
Net Fee and Commission Income	2,279	1,803	2,282	2,457	2,648
Dividends income	4	4	4	4	4
Total non-interest income	**8,627**	**10,378**	**10,045**	**11,551**	**13,358**
Total operating income	**27,379**	**37,076**	**42,454**	**50,118**	**61,065**
General and Admin expenses	(8,967)	(11,173)	(13,556)	(16,558)	(20,366)
Operating Profit Before Provision (PPOP)	**18,411**	**25,903**	**28,898**	**33,561**	**40,699**
Provision for credit losses	(2,611)	(2,665)	(1,656)	(2,202)	(2,459)
Profit before tax	**15,800**	**23,238**	**27,243**	**31,359**	**38,240**
Corporate income tax	(3,218)	(4,840)	(5,449)	(6,272)	(7,648)
Net profit after tax	**12,582**	**18,415**	**21,794**	**25,087**	**30,592**
Attributable to parent company	12,325	18,052	21,364	24,592	29,988

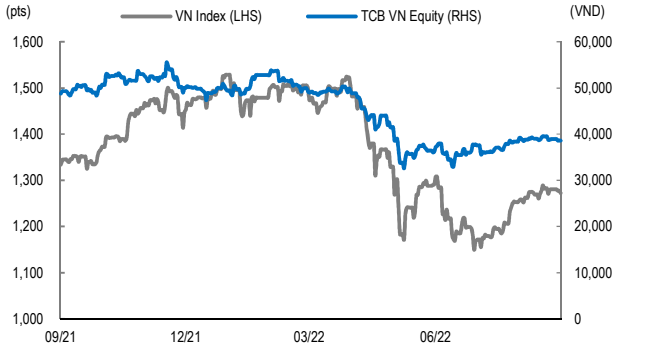
Financial indicators

Year	2020	2021	2022F	2023F	2024F
Growth (% YoY)					
Loans to customers	20.2	25.2	20.0	20.5	21.5
Deposits from customers	20.0	13.4	21.5	17.3	18.3
Shareholders' equity	20.2	24.7	23.5	21.8	21.9
Total assets	14.6	29.4	21.4	19.6	20.5
Net interest income	31.5	42.4	21.4	19.0	23.7
Net non-interest income	26.7	20.3	-3.2	15.0	15.6
PPOP	33.9	40.7	11.6	16.1	21.3
Net profit before tax	23.1	47.1	17.2	15.1	21.9
Net profit after tax	23.0	46.4	18.4	15.1	21.9
Profitability (%)					
NIM	4.9	5.7	5.6	5.7	5.9
ROA	3.0	3.6	3.4	3.3	3.3
ROE	18.0	21.5	20.6	19.3	19.3
Liquidity (%)					
LDR	78.2	74.7	83.9	83.2	82.4
Loans/Deposits	99.2	109.2	109.0	112.0	115.0
Asset quality					
Leverage (x)	5.9	6.1	6.0	5.9	5.8
NPL ratio (%)	0.5	0.7	0.7	0.8	0.8
LLR ratio (%)	171.0	162.9	160.1	151.8	145.1
Reverse/total credit (%)	0.7	0.9	1.0	1.0	1.1
Credit costs/total loans (%)	0.9	0.8	0.4	0.4	0.4
Credit costs/total credit (%)	0.8	0.6	0.4	0.4	0.4
Per share items (VND)					
EPS	3,590	5,245	6,197	7,133	8,698
BPS	21,151	26,259	32,304	39,296	47,822
PPOP/share	5,235	7,365	8,217	9,542	11,572

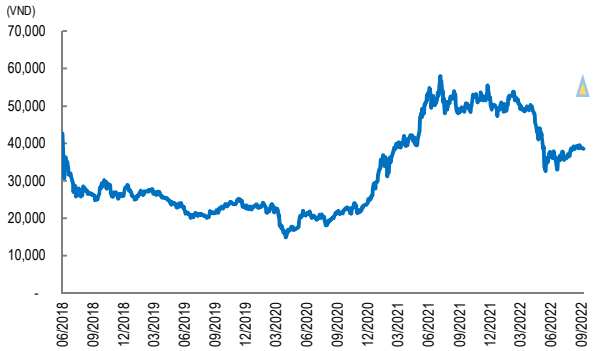
Source: Company data, Shinhan Securities Vietnam

Vietnam Technological and Commercial Joint Stock Bank (TCB VN)

Share price



Target price



Date	Rating	Target price (VND)	Target price gap (%) TB	Max/Min
September 9th , 2022 (Initiation)	BUY	58,700	13.2	3.2/26.1

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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