

# VIB Bank (VIB)

## Analyst meeting updates

### Updates on business performance in 4Q2023 and 2023

- In 2023, VIB Bank (VIB) reported credit growth of 14.2% YTD, with total outstanding loans amounting to VND267,071 billion, fulfilling the quota the State Bank of Vietnam (SBV) assigned. Despite accounting for only 15% of the lending portfolio, wholesale lending showed a remarkable growth of 71%. In contrast, retail lending experienced a slower pace of growth (+7%) due to customers affected by economic woes.
- Net interest income (NII) recorded VND17,361 billion, up 16% YoY. Operating income grew by only 4%, but net gains from foreign exchange and gold trading hit VND548 billion versus a loss of VND 275 billion in the same period a year earlier, contributing to the overall growth of non-interest income (NOII). Consequently, the total operating income (TOI) touched VND22,160 billion, up 22.7% YoY, a relatively positive performance compared to the industry as a whole and the general challenging economic backdrop over the past year.
- VIB effectively controlled operating expenses, with the cost-to-income ratio (CIR) falling from 34% in 2022 to 29.8% at the end of 2023. However, due to a significant rise in credit costs (+279% YoY), which eroded a portion of the profits, the net profit after tax (NPAT) only saw a slight increase of 1.2% YoY, reaching VND10,703 billion.

### NIM maintained a positive trend compared to the overall industry

- VIB was among the few banks whose net interest margin (NIM) remained unaffected in 2023, sitting at 4.7%. The bank leveraged the advantage of funds sourced from foreign credit institutions rather than relying on domestic customer deposits.
- The cost of funds also showed improvement as the low-interest-rate environment began to be reflected in the cost of funds (CoF). VIB's management anticipates that VIB will continue to sustain a high NIM in 2024.

### Strengthen bad debt handling to improve asset quality

- Due to increased provisioning for bad debts in 2023, the credit cost to total outstanding loans ratio rose from 0.6% at the end of 2022 to 1.8% in 2023. VIB allocated VND3.6 trillion to write off non-performing loans (NPLs) on the balance sheet. The NPL ratio contracted by 54 basis points (bps) compared to the third quarter to 3.18%.
- Although special mentioned, substandard, and doubtful debts all recorded reductions in 4Q2023, bad debts experienced a significant 68% QoQ increase. We will further monitor the evolution of VIB's asset quality and provide updates in the upcoming reports.
- The restructured debt under Circular 02 of VIB topped VND819 billion as of the end of 2023 or 0.34% of the bank's total outstanding loans. COVID-related restructured loan continued its downward trend, reaching only VND79 billion.

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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:	Hold:	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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