

Vietnam International Bank

Expected to recover in 4Q21

On November 4, 2021, Vietnam International Commercial Joint Stock Bank (VIB) held an Analyst meeting to announce the 3Q21 business results and business outlook for the last quarter of 2021 as follows:

3Q PBT down 17% Yoy, bad debt ratio is 2.1%

- 3Q21, VIB recorded a decline in business results due to the impact of the Covid-19 pandemic. 3Q21 net interest income reached VND 2,678 billion, up 19.9% YoY driven by credit growth of 25.7% YoY (10.9% YTD) and NIM remained high at 4.37% (-17bps QoQ). Non-interest income reached VND 401 billion, down 49.6% YoY in which bancassurance fee dropped sharply by 46% YoY while card fee increased 21% YoY. Operating expenses increased sharply with CIR of 46.4% (+928bps YoY) and provision expenses increased by 12.0% YoY, causing PBT reach 1,385 billion VND, down 17.0% YoY. In 9M21, EBT reached 5,339 billion VND, up 32.7% YoY.
- Bad debt in 3Q21 reached VND3,986 billion with a bad debt ratio of 2.12%, up 43bps QoQ. Provision expense only increased by 12% YoY, making bad debt coverage ratio reach 54.1%, down 976bps QoQ, belonging to the group with low NPL coverage ratio in the bank sector. Outstanding loans restructuring according to Circular 01/2020 by the end of 3Q21 is less than 1% of total outstanding loans, of which about 95% belongs to retail banking and has collateral.

High growth is expected in 4Q21 thanks to the recovery after the 4th wave of the pandemic

- Business results in October 2021 had a significant recovery compared to 3Q21. Specifically, credit growth reached 13.4% YTD, equivalent to 2.6% MoM credit growth in October, far exceeding the 3-month average of 0.92% MoM. Net interest income increased by 32% compared to September, income from insurance and card fees increased by 58% and 29% respectively compared to the average of 3Q21; TOI increased by 35% MoM. Management expects that 4Q21 will record the highest business results of the year thanks to the post-pandemic recovery of the economy.

Bad debt will be a concern in the short-medium term

- In KBSV's opinion, with low NPL coverage along and a large proportion of retail banking, provisioning pressure on VIB will increase and affect business results if the economic recovery is delayed due to pandemic. However, efforts to grow credit, maintain NIM, improve CIR and have room to improve CASA by promoting digitization will be positive factors for VIB.

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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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