COMPANY REPORT

KB Securities VIETNAM

VIB Bank (VIB)

Ready for rebound

March 25, 2024

Analyst Pham Phuong Linh
linhpp@kbsec.com.vn

Shifting focus towards retail lending has brought about industry-leading profitability for VIB in 2017-2023

The shift towards retail lending has helped Vietnam International Bank (VIB) consistently achieve impressive growth across most financial indicators from 2017-2023. In particular, NPAT grew at a CAGR of 50%, with ROE and ROA maintained at industry-leading levels (27% and 2.4% respectively). We assess that core retail lending components (mortgages, business loans, auto loans) still have significant long-term growth potential and serve as the primary driver of profitability.

Diverse funding sources provide advantages for VIB

VIB has leveraged its offshore loans at lower costs than domestic ones. KBSV evaluates its current structure of capital mobilization as relatively reasonable, aiding VIB in (1) holding the cost of funds (CoF) in check to maintain high NIM and (2) maturity matching.

Stable macroeconomic prospects are expected to enhance asset quality in 2024

The most challenging period has passed, so we anticipate asset quality improvement in 2024 based on (1) the gradual recovery of the economy and real estate market in the base-case scenario; (2) a more neutral interest rate environment facilitating timely debt settlement; (3) tighter lending standards by VIB to curb the pace of NPL formation; and (4) VIB intensifying efforts to handle and recover auto loans (a segment with high NPL ratio).

We recommend BUY for VIB with a target price of VND27,900/share

By combining the P/B and residual income valuation methods, we recommend BUY for VIB and adjust the 2024F target price to VND27,900/share, representing a 16% upside from the closing price on March 22, 2024.

Buy initiate

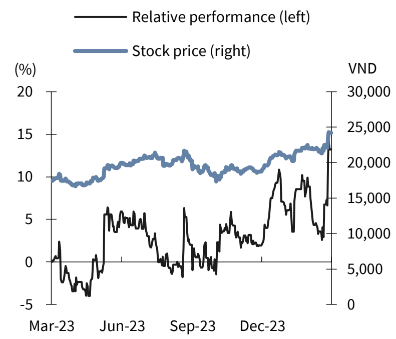
Target price	VND27,900
Upside	16%
Current price (Mar 22, 2024)	VND24,200
Consensus target price	VND23,600
Market cap (VNDbn/USDmn)	50/2.05

Trading data

Free float	55%
3M avg trading value (VNDbn/USDmn)	69.4/2.8
Foreign ownership	20.5%
Major shareholder	Commonwealth Bank of Australia (20%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	10	29	19	39
Relative	4	11	11	13



Source: Bloomberg, KB Securities Vietnam

Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net interest income (VNDbn)	14,963	17,361	19,692	23,402
PPOP (VNDbn)	11,861	15,550	17,219	19,647
NPAT-MI (VNDbn)	8,469	8,562	10,556	13,586
EPS (VND)	4,018	3,375	4,161	5,356
EPS growth (%)	-3%	-16%	23%	29%
PER (x)	11.0	13.0	10.6	8.2
Book value per share (VND)	15,492	14,955	17,993	22,589
PBR (x)	2.84	2.94	2.45	1.95
ROE (%)	29.7%	24.3%	25.3%	26.4%

Investment opinion & risks

Bull-case scenario	VND 30,000 (Real estate market to recover well, promoting mortgage loans)
Base-case scenario (target price)	VND 27,900
Current price	VND24,200
Bear-base scenario	VND 26,000 (Real estate market to recover slowly)

Base-case scenario:
1) 2024F credit growth: 16%
2) 2024F NIM: 4.5-4.6%
3) 2024F NPL ratio: down to 3%

Bull-case scenario:
1) 2024F credit growth: 20% (mortgage loans to rise on low lending rates)
2) 2024F NIM: 4.71% (flat YoY)
3) 2024F NPL ratio: down to 2.8% thanks to customer's improved financial health

Bear-case scenario:
1) 2024F credit growth: 16%
2) 2024F NIM: down to 4.4% due to a sharp fall in lending rates
3) 2024F NPL ratio: 3.2% due to low loan loss coverage ratio (LLCR)

Source: KB Securities Vietnam

Business performance

2023A business results

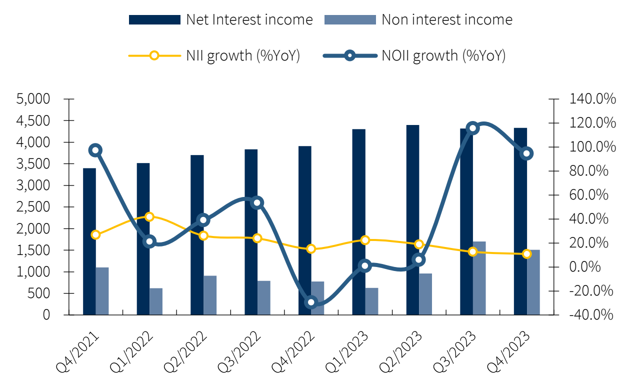
For the entire year 2023, VIB achieved credit growth of 14.2% YTD, equivalent to total outstanding loans of VND267,071 billion, meeting the limit assigned by the State Bank of Vietnam (SBV). NII recorded VND17,361 billion (+16% YoY) thanks to positive loan growth in 2H2023, while NOII also saw an impressive expansion of +55% YoY. As a result, TOI amounted to VND22,160 billion, up 22.7% YoY, which is relatively high compared to the overall industry and amidst the challenges of 2023. However, the sharp increase in credit costs (+279% YoY) caused NPAT to fall slightly by 1.2% YoY.

Table 1. VIB – 2022A–2023A business results

(VNDbn)	4Q2022	4Q2023	+/-YoY	2022A	2023A	+/-YoY	KBSV's comments
Net interest income (NII)	3,911	4,333	10.8%	14,963	17,361	16.0%	Driven by (1) high NIM compared to the industry, only down 1bps YoY from 2022's high base and (2) strong credit growth in 2H2023 vs. 0.8% YTD in 1H2023.
Non-interest income (NOII)	776	1,509	94.6%	3,095	4,800	55.1%	NOII saw impressive YoY growth due to: - High upfront fees from Prudential, significantly contributing to net fee and commission income growth (+33.5% in the third quarter). - Profit from FX and gold trading of VND244 billion in the fourth quarter vs. a loss of VND52 billion in the same period. - Other income surging to VND374 billion (+341.6% YoY) when VIB stepped up bad debt recovery.
Total operating income (TOI)	4,687	5,842	24.7%	18,058	22,160	22.7%	
Operating expenses	(1,566)	(1,771)	13.0%	(6,197)	(6,611)	6.7%	
CIR	33.4%	30.3%	-3.1%	34%	30%		Operating expenses were well controlled, CIR plummeted from 34% at the end of 2022 to 30% in 2023.
Provision expenses	(353)	(1,693)	379.3%	(1,280)	(4,847)	278.8%	Retail loans accounted for the majority of total outstanding loans, making VIB's NPL formation higher than others'. VIB's provision expenses jumped nearly fourfold YoY in 2023.
PBT	2,767	2,378	-14.0%	10,581	10,703	1.2%	
NPAT	2,217	1,902	-14.2%	8,469	8,562	1.1%	
Credit growth	14.5%	14.2%					Credit growth recovered in the third quarter and witnessed an abrupt increase in the fourth quarter (up 8.8% in 4Q2023 alone). Wholesale loans, although only making up 15% of total outstanding loans, recorded an impressive growth of 71% YoY, while retail loans slowed down (+7% YoY) due to economic headwinds affecting this customer group.
Deposit growth	8.1%	18.5%					Deposit growth came from interbank and customer deposits (+42% and +18.2% YoY). The CASA ratio improved but was still relatively low compared to other banks (13.4%).
NIM	4.72%	4.71%	-1bps				NIM improved YoY but still decreased QoQ (-17bps) due to the decline in yield on interest-earning assets (IEA) being faster than that in the cost of capital (CoF).
NPL ratio	2.45%	3.14%	69bps				The NPL ratio increased sharply by 69bps YoY but decreased by 54bps compared to the third quarter. The NPL ratio tended to peak in the third quarter and was gradually improving in the following quarters. In 2023, VIB used more than VND3 trillion to handle bad debt.

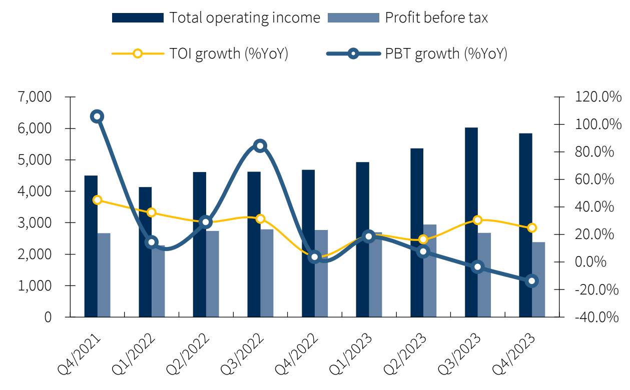
Source: VIB Bank, KB Securities Vietnam

Fig 2. VIB – NII, NOII growth (VNDbn, %YoY)



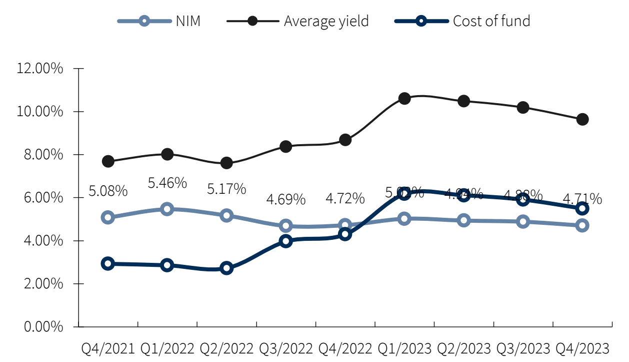
Source: VIB Bank, KB Securities Vietnam

Fig 3. VIB – TOI, PBT growth (VNDbn, %YoY)



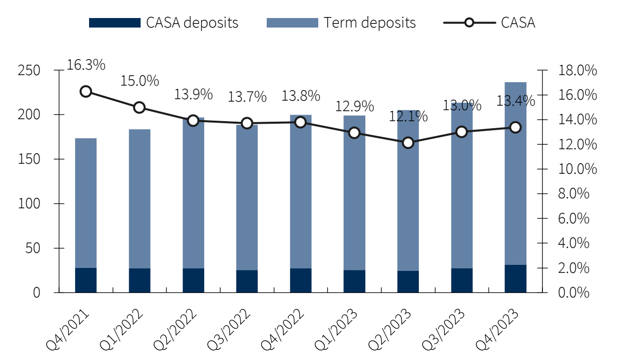
Source: VIB Bank, KB Securities Vietnam

Fig 4. VIB – NIM, average earnings yield & cost of funds (%)



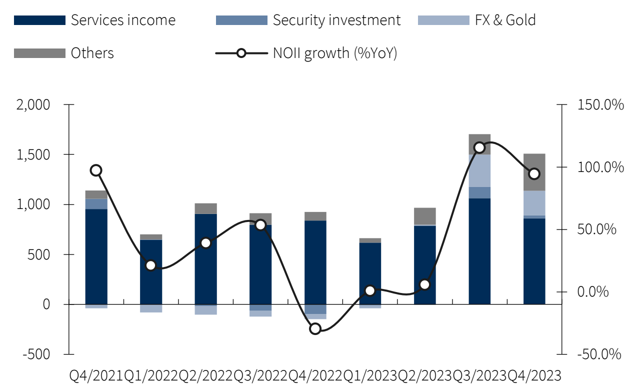
Source: VIB Bank, KB Securities Vietnam

Fig 5. VIB – CASA deposits, term deposits, CASA ratio (VNDbn, %)



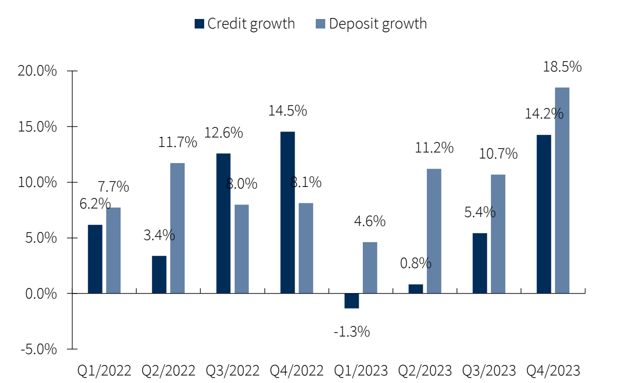
Source: VIB Bank, KB Securities Vietnam

Fig 6. VIB – NOII breakdown (VNDbn, %)



Source: VIB Bank, KB Securities Vietnam

Fig 7. VIB – Credit & deposit growth (%)



Source: VIB Bank, KB Securities Vietnam

Borrowing demand is signaling recovery, but there is differentiation among lending segments

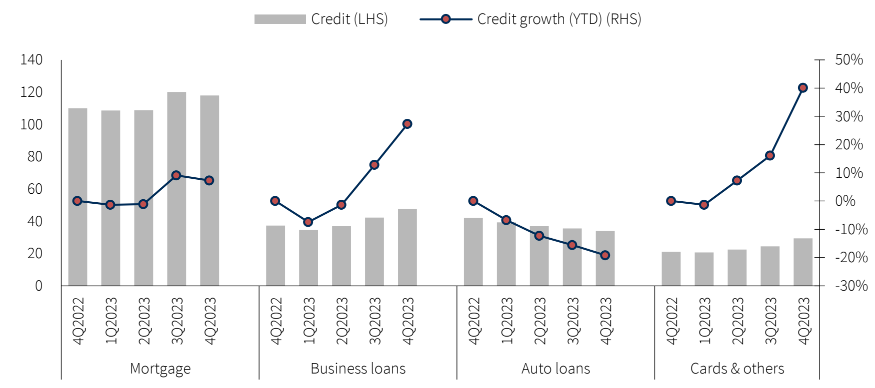
Credit growth accelerated in the latter half of 2023, increasing by an additional 4.5% in 3Q and 8.8% in 4Q, following sluggish growth of less than 1% in the first six months of the year. The borrowing demand is signaling recovery, but there is differentiation across VIB's lending segments:

- Mortgages: Disbursement was subdued in the first half of 2023 due to decreased demand amid a frozen real estate market and negative impact of economic slowdown on income. VIB's mortgages recorded a rebound, growing over 7% YTD by the end of 4Q2023 as supportive policies began to permeate the market, and a cooling interest rate environment helped secondary market transactions gradually recover.
- Business loans reversed course from 3Q compared to a negative growth of 1.2% at the end of 2Q, accumulating a positive growth of 27% YTD for the whole year. Consequently, business loans became the second-largest contributor to retail lending, a position previously held by auto loans.
- Auto loans: The auto market faced numerous challenges throughout 2023 due to the unfavorable economic situation affecting income and consumer sentiment, leading to a 15% YTD decline in VIB's auto loans. Despite the decrease in the loan balance resulting from demand issues, VIB still held the top position with a 12% market share in car loans.

A shift towards wholesale lending is suitable for the current context

Wholesale loans surged by 62% YTD, increasing its proportion in the lending structure from 10% in 2022 to 15% in 2023. Overall, the shift towards wholesale lending aligns with the industry trend amid a gloomy economic outlook, negatively impacting retail lending activities.

Fig 8. VIB – Mortgages, business loans, auto loans, cards & others (VNDtn, %)



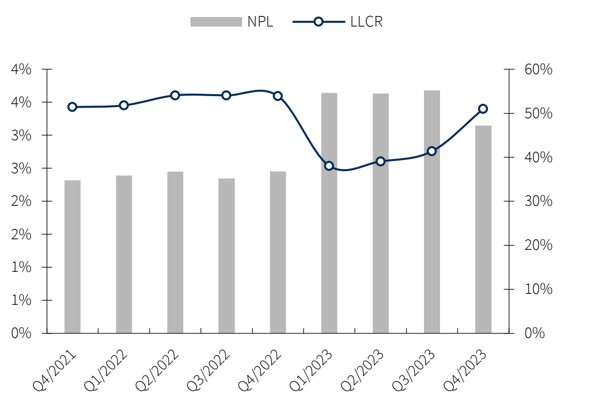
Source: VIB Bank, KB Securities Vietnam

VIB boosted provisions for credit losses to control NPLs

Due to increased provisions for credit losses in 2023, the credit cost to total outstanding loans rose from 0.6% (end of 2022) to 1.8% (end of 2023). VIB also allocated VND3.6 trillion to handle bad debts on the balance sheet. In 4Q2023, the NPL ratio decreased by 54 basis points (bps) QoQ to 3.18%. As a result, the loan loss coverage ratio (LLCR) improved from 39% in 2Q to 41% in 3Q2023, but this is still lower than previous periods (around 53-54%) as well as compared to other banks.

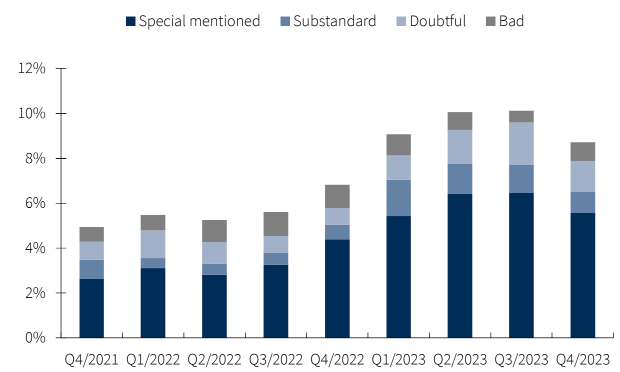
VIB's restructured loan balance under Circular 02 was VND819 billion by the end of 2023, accounting for 0.34% of the bank's total outstanding loans (flat YoY). Covid-related restructured loans continued to trend downwards, recording only VND79 billion.

Fig 9. VIB – NPL ratio, loan loss coverage ratio (%)



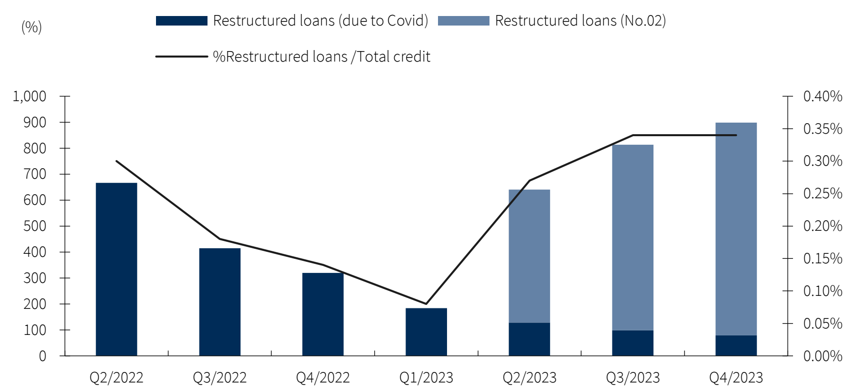
Source: VIB Bank, KB Securities Vietnam

Fig 10. VIB – Debt groups (VNDbn)



Source: VIB Bank, KB Securities Vietnam

Fig 11. VIB – Restructured loans (VNDbn, %)



Source: VIB Bank, KB Securities Vietnam

Investment catalysts

1. Shifting towards retail lending has brought about industry-leading profitability for VIB in 2017-2023

The 2017-2018 period marked a strategic transition for VIB, shifting focus from primarily lending to corporates to predominantly retail lending. This has enabled VIB to consistently achieve impressive growth in most financial indicators from 2017-2023, with NPAT growing at a compound annual growth rate (CAGR) of 48% while maintaining the industry-leading levels of return on equity (ROE) and return on assets (ROA) at 27% and 2.4% respectively. We assess that core retail lending segments (mortgages, business loans, and auto loans) still have significant long-term growth potential and serve as the primary driver of profitability.

Mortgage loans should increase in 2024 when the real estate market warms up

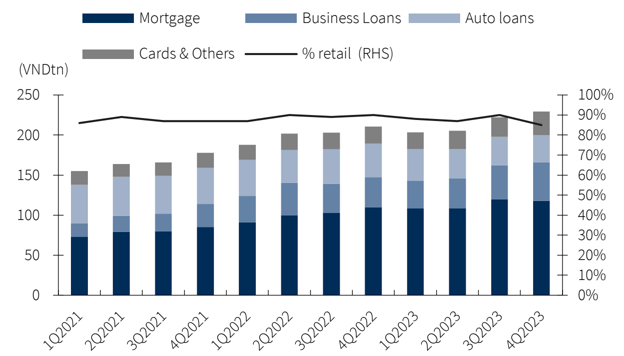
Mortgage loans account for the highest proportion at 52% of retail loans and 42% of total outstanding loans. Unlike other banks that also focus on mortgages such as Techcombank (TCB), MB Bank (MBB), HDBank (HDB), VPBank (VPB), VIB only provides direct loans to end buyers without affiliating or guaranteeing loans for project developers, with an average loan value of approximately VND1-2 billion. We believe VIB's lending structure in this regard carries less risk than other banks because (1) it does not bear counterparty risk from property developers in case of financial distress and (2) credit quality is higher as the collateral often consists of properties that borrowers intend to purchase. Breaking down the structure of the mortgage lending segment, 80% of the lending portfolio comprises loans for purchasing apartments/houses, while the remainder is for construction or renovation purposes. 99% of these loans are secured by the certificate of land use rights or certificate of land use rights and ownership of houses and other land-attached assets, indicating relatively safe collateral with high recovery value in the event of loan defaults.

Despite disbursement challenges in this segment over the past year due to ongoing crises in the real estate market, KBSV expects short-term recovery as well as significant long-term growth potential. We project a recovery in credit growth for the residential real estate sector from 2023’s low base:

- Reversal signals will appear in 2024 when: (1) stable interest rates and inflation will bolster confidence among homebuyers; (2) new supply is expected to rebound with high absorption rates in 2024 (according to CBRE forecasts); and (3) developers offering support policies to buyers and improving legal frameworks will support market sentiment and gradually alleviate market difficulties. However, we expect the recovery pace to be gradual as it takes time for the supportive policies to permeate the market, alongside barriers posed by significant disparities between housing prices (especially in the luxury segment) and people's incomes.

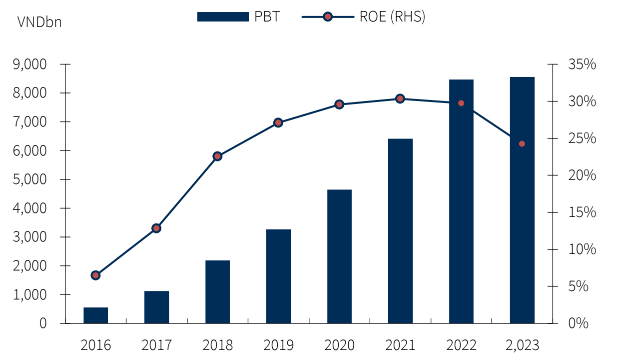
- In the long run, the demand for housing in major cities such as Hanoi and Ho Chi Minh City will remain high, providing growth opportunities for the mortgage lending segment. Additionally, VIB possesses competitive advantages such as fast disbursement (an important factor for homebuyers) and lending policies with more incentives than other banks, which will help VIB attract and expand its customer base.

Fig 12. VIB – Retail lending structure (VNDtn, %)



Source: VIB Bank, KB Securities Vietnam

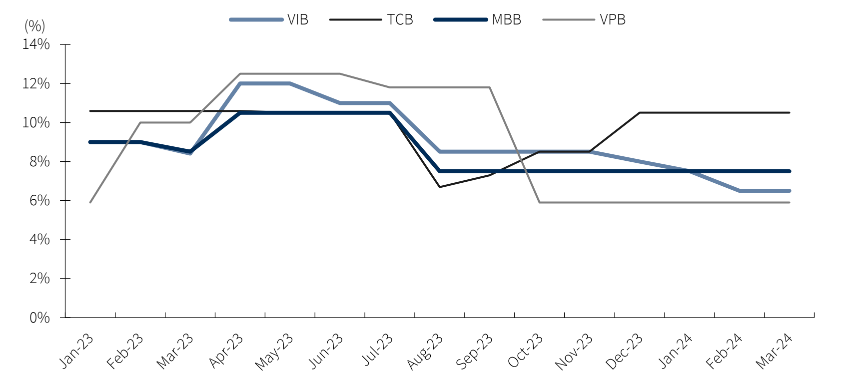
Fig 13. VIB – NPAT, ROE (VNDbn, %)



Source: VIB Bank, KB Securities Vietnam

Reduced mortgage rates will stimulate market demand. Mortgage rates at most banks have decreased significantly from the peak in the second quarter of 2023. At VIB, the preferential mortgage rate for the first year is around 6.5% (about 9.5-11% if considering the floating interest rate from the second year onwards), down 5.5% from the peak in April 2023. KBSV expects interest rates to remain at their current levels in 2024, creating room for further reductions in mortgage rates, thereby stimulating consumer demand for home loans.

Fig 14. Vietnam – Mortgage rates at some banks



Source: VIB Bank, Techcombank, MB Bank, VPBank, KB Securities Vietnam

Promoting business lending is appropriate amid an increasingly saturated auto market

Business lending primarily involves providing capital for the manufacturing and business sectors of small traders, household businesses, and micro-enterprises, which has been actively promoted in recent years. By the end of 2023, business lending had increased its proportion to 19% of retail loans, compensating for the temporary slowdown in auto lending.

Auto loans used to be the main growth driver in the retail segment, but VIB has recently shifted its focus away from this segment due to (1) declining demand; (2) the saturation of the auto market after the COVID-19 pandemic; (3) increased competition; and (4) high credit risk. We assess that VIB's auto loans will unlikely achieve impressive growth in the coming years but will still represent 15-20% of retail loans, given the advantages that the bank currently possesses: relationships with over 1,000 showrooms and dealerships of most car brands nationwide, fast disbursement (1-3 days vs. ~5 days at other banks), disbursing up to 75% of the car's value (vs. 70% at others), …

2. Diverse funding sources provide advantages for VIB

VIB's capital is sourced primarily from customers and other credit institutions. Specifically, customer deposits have accounted for 62-64% of the capital structure in the past three years, lower than the industry average of 77%. Meanwhile, interbank deposits have increased recently, making up nearly 30% of retail loans in 3Q2023. Funding from other credit institutions includes short-term capital in the interbank market with low interest rates and predominantly long-term capital from foreign credit institutions with lower funding costs than domestic sources. KBSV evaluates that in a macroeconomic scenario without significant fluctuations, VIB's funding structure is relatively reasonable, which will aid the bank in (1) controlling the CoF to maintain high NIM and (2) maturity matching.

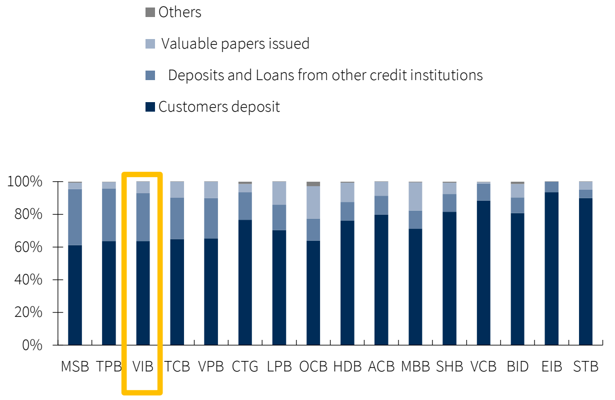
Low funding costs will be the driving force for VIB to maintain NIM at the top of the industry

Apart from the strategy of concentrating on high-yield retail lending, VIB's NIM has consistently remained among the top in the industry (only behind VPB and MBB which own consumer lending companies) due to its diverse funding sources. The bank stated that raising funds from foreign organizations helps VIB to keep the CoF in check, given lower funding costs relative to domestic sources (typically fixed interest rates for the first 1-2 years, then floating interest rates), especially in the context of rising interest rates previously. VIB's CoF only surged in 1Q2023, then tended to decrease in the following three quarters, a trend entirely opposite to the industry's overall trend. We expect VIB's NIM to remain high in 2024 thanks to the advantage from low-cost offshore loans combined with the low deposit interest rate environment domestically, helping the bank significantly improve the CoF.

Mobilized capital structure is consistent with the characteristics of long-term loans

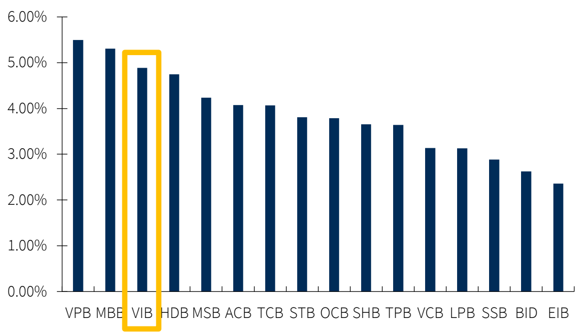
In addition to customer and interbank deposits (short-term), VIB utilizes funding from international institutions with long-term maturities of 3-5 years. In 2023, VIB secured an additional USD100 million loan from the International Finance Corporation (IFC) and USD280 million from 13 others. Most of VIB's loans are long-term ones (mortgage loans with terms up to 30 years, auto loans), so maintaining a reasonable proportion of long-term funding is essential to ensure the bank does not encounter liquidity problems. As of the end of September 2023, the ratio of short-term capital for medium and long-term loans (SMLR) at VIB had decreased to 27.9% following the prescribed roadmap (compared to the ceiling set by the SBV at 30%).

Fig 15. Vietnam – Deposit structure across banks (%)



Source: Vietnamese banks, KB Securities Vietnam

Fig 16. Vietnam – NIM across banks in 4Q2023 (%)



Source: Vietnamese banks, KB Securities Vietnam

3. Stable macroeconomic prospects are expected to enhance asset quality in 2024

We expect asset quality to improve in 2024

Currently, VIB's NPL ratio is among the highest in the banking system. Asset quality has deteriorated significantly due to the decline in individuals' income, affecting their loan settlements for mortgages and credit cards. However, KBSV assesses that the most challenging period has passed, and we expect asset quality to improve in 2024 based on (1) the gradual recovery of the economy and real estate market in the base-case scenario; (2) a more neutral interest rate environment facilitating timely loan repayments; (3) tighter lending standards by VIB to curb the pace of NPL formation; and (4) VIB intensifying efforts to handle and recover auto loans (a segment with high NPL ratio). We project VIB's 2024F NPL ratio to decrease by 14bps YoY to around 3.0%. Furthermore, VIB's corporate lending focuses solely on manufacturing, trade, and financial services. Outstanding balance to real estate and construction enterprises accounts for less than 1% of total outstanding loans as the bank restricts lending to high-risk sectors. Overall, VIB's lending structure is relatively safe, with no concentration risk like some other banks heavily involved in real estate and corporate lending.

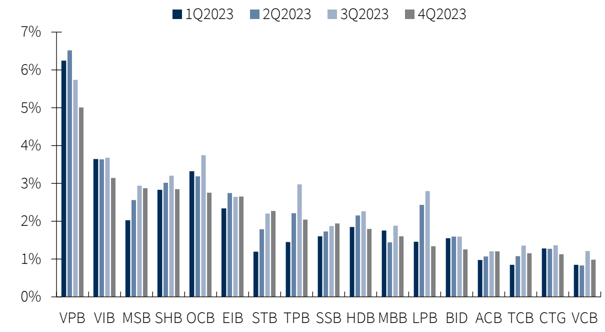
In addition, we like VIB given its good financial indicators even in a difficult context

VIB has consistently maintained the loan-to-deposit ratio (LDR) at 70-76% in 2018-2023, although there were periods of spikes (reaching as high as 76% due to system-wide liquidity strains in late 2022). The LDR improved to 73% by the end of 3Q2023 thanks to ample liquidity. VIB has also actively sought foreign funding to ensure liquidity, resulting in the SMLR falling to below 30% before September 30, 2023.

VIB's capital adequacy ratio under Basel II (CAR Basel II) has continuously improved and maintained above 12% in the past four quarters on (1) rapid earnings growth, while the asset portfolio is largely retail loans with low credit risk; (2) abundant Tier 1 capital with a CAR of 11%. The bank stated it would maintain CAR Basel II at 11-12% to meet the minimum level of 8% required by the SBV. Maintaining a high CAR is also a plus for VIB to be granted extra credit quota in the coming years.

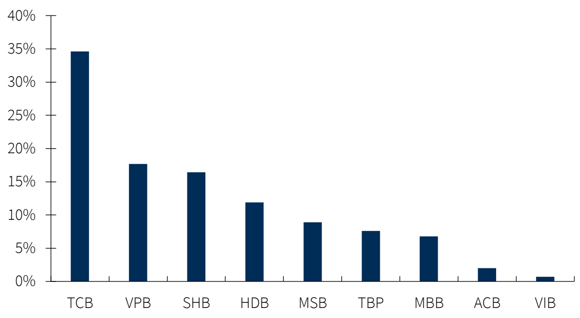
Digital transformation has helped VIB reach new customers and expand its customer base as well as optimized operating costs. The cost-to-income ratio (CIR) improved from 40% in 2020 to 30% at the end of 2023, placing it among the banks with the lowest CIR in the banking system. We expect the pace of operating cost increase to be slower than income growth, thereby helping VIB to maintain the CIR at around 30-32% in the near term.

Fig 17. Vietnam – NPL ratio across banks (%)



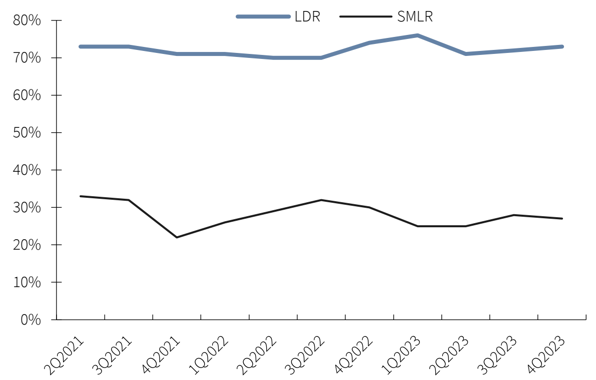
Source: Vietnamese banks, KB Securities Vietnam

Fig 18. Vietnam – Proportion of outstanding loans to real estate (%)



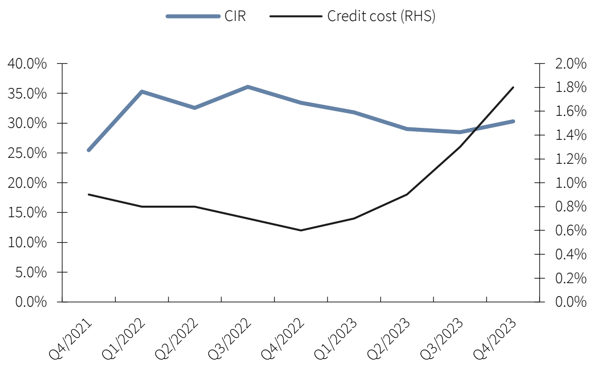
Source: Vietnamese banks, KB Securities Vietnam

Fig 19. VIB – LDR, SMLR (%)



Source: VIB Bank, KB Securities Vietnam

Fig 20. VIB – CIR, credit cost (%)



Source: VIB Bank, KB Securities Vietnam

Forecast & Valuation

Table 21. VIB – 2023A-2025F business results

(VNDbn)	2023A	2024F	% YoY 2023	2025F	%YoY 2024	KBSV's comments
Net interest income (NII)	17,361	19,692	13.4%	23,070	17.2%	Retail lending is expected to recover well (especially mortgage loans and business loans), helping VIB's credit growth reach 16% YoY.
Non-interest income (NOII)	4,800	4,906	2.2%	5,098	3.9%	It is expected that VIB will continue to book about VND250-350 billion in upfront fees each year, while sales will recover slowly as the bancassurance market needs more time to restore customer confidence.
Total operating income	22,160	24,598	11.0%	28,168	14.5%	
Pre-provision operating profit (PPOP)	15,550	16,973	9.2%	19,436	14.5%	
Provision expenses	(4,847)	(4,277)	-11.8%	(2,759)	-35.5%	We revise down our projection for provision expenses in 2024 due to the improvement in customers' financial health, but the decrease is insignificant as we expect VIB to increase provisioning to strengthen the provision buffer.
PBT	10,703	12,696	18.6%	16,677	31.4%	
NIM	4.71%	4.52%	-19bps	4.58%	6bps	
Average earnings yield	9.64%	9.08%	-56bps	8.86%	-22bps	
Average cost of funds	5.50%	5.03%	-47bps	4.66%	-37bps	
CIR	29.8%	31.0%	117bps	31.0%	0bps	CIR should be controlled between 30-32%.
NPL ratio	3.14%	3.00%	-14bps	3.00%	0bps	The NPL ratio should follow a downward trend on (1) positive signs in customers' debt settlement as the economy warms up and (2) VIB continuing to promote bad debt handling.
Total assets	409,881	480,368	17.2%	552,759	15.1%	

Source: KB Securities Vietnam

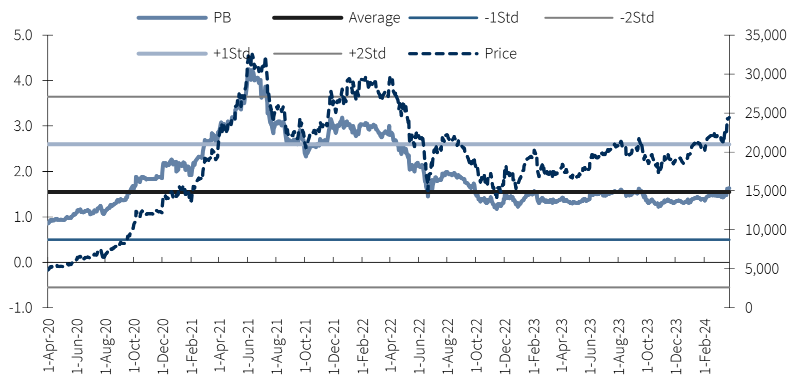
We recommend BUY for VIB with a target price of VND27,900/share

We employ two valuation methods, P/B and residual income, to determine a fair price for VIB.
(1) P/B method:
Despite the potential for recovery, we apply a conservative target P/B of 1.5x for 2024 due to lingering risks of rising non-performing loans.
(2) Residual income method:
We continue incorporating the residual income method to reflect systemic risks and long-term expectations.

We recommend BUY for VIB with a target price of VND27,900/share, representing a 16% upside compared to the closing price on March 22, 2024.

Downside risks include: (1) increased provision expenses to handle bad debts, affecting profitability and (2) worse-than-expected recovery of the economy and real estate market.

Fig 22. VIB – Historical P/B & share price performance (x, VND/share)



Source: Bloomberg, KB Securities Vietnam

Table 23. VIB – Residual income method

(VNDbn)	2024F	2025F	2026F
NPAT	10,157	13,342	15,811
Excessed return	4,275	6,310	7,010
Required rate of return (Re)	14.5%		
Growth (g)	3%		
Terminal value	14,817		
Present value (PV)	73,342		
Value per share	**28,911**		

Source: KB Securities Vietnam

Table 24. VIB – Valuation results

Valuation method	Forecast price	Weighting	Weighted price
P/B	26,817	50%	13,409
Residual income	28,911	50%	14,456
Target price			**27,864**

Source: KB Securities Vietnam

VIB – 2021A–2025F financials

Income Statement

(VNDbn)	2021	2022	2023	2024F	2025F
Net interest income	11,816	14,963	17,361	19,692	23,070
Interest income	20,975	27,509	35,568	39,594	44,605
Interest expense	(9,159)	(12,547)	(18,207)	(19,902)	(21,535)
Fees & commissions	2,742	3,188	3,327	3,563	4,275
Other non-interest income	221	355	792	806	454
Total operating income	14,891	18,058	22,160	24,598	28,168
SG&A expenses	(5,282)	(6,197)	(6,611)	(7,625)	(8,732)
Pre-provisioning OP	9,609	11,861	15,550	16,973	19,436
Provision for credit losses	(1,598)	(1,280)	(4,847)	(4,277)	(2,759)
Other income	280	408	850	948	535
Other expense	(59)	(53)	(59)	(142)	(80)
Pre-tax income	8,011	10,581	10,703	12,696	16,677
Income tax expense	(1,601)	(2,112)	(2,141)	(2,539)	(3,335)
NP	6,410	8,469	8,562	10,157	13,342
Minority interest profit	-	-	-	-	-
Parent NP	6,410	8,469	8,562	10,157	13,342

Balance Sheet

(VNDbn)	2021	2022	2023	2024F	2025F
Loans	199,116	228,879	262,074	304,279	350,184
Marketable securities	-	-	-	-	-
Cash (ex. Reserves)	1,522	1,618	1,681	2,114	2,388
Interest earning assets	299,149	334,199	403,760	468,421	538,904
Fixed assets & other assets	11,107	9,936	8,548	14,354	16,426
Total assets	309,517	342,799	409,881	480,368	552,759
Customer deposits	173,565	200,124	236,577	278,343	314,429
Borrowings & call money/repos	42,371	31,783	23,904	37,660	39,207
Interest bearing liabilities	280,392	303,073	359,121	432,908	491,985
Other liabilities	4,834	7,075	12,821	2,107	4,006
Total liabilities	285,226	310,148	371,942	435,015	495,990
Charter capital	15,531	21,077	25,368	25,368	25,368
Capital surplus	1	2	2	2	2
Retained earnings	6,971	9,055	9,099	16,514	27,929
Capital adjustments	-	-	-	-	-
Total shareholders' equity	24,291	32,651	37,939	45,354	56,769

Financial Indicators

(%)	2021	2022	2023	2024F	2025F
Profitability					
ROE	30.3%	29.7%	24.3%	24.4%	26.1%
ROA	2.3%	2.6%	2.3%	2.3%	2.6%
Pre-provision ROE	36.4%	33.3%	35.2%	32.6%	30.5%
Pre-provision ROA	2.8%	2.9%	3.3%	3.1%	3.0%
Net interest margin (NIM)	4.4%	4.7%	4.7%	4.5%	4.6%
Efficiency					
Pure Loan to deposit ratio	116.1%	115.9%	112.6%	111.0%	113.0%
Cost-income ratio	35.5%	34.3%	29.8%	31.0%	31.0%
Growth					
Asset growth	26.5%	10.8%	19.6%	17.2%	15.1%
Loan growth	18.7%	14.9%	14.5%	16.1%	15.1%
PPOP growth	42.3%	23.4%	31.1%	9.2%	14.5%
Parent NP growth	38.1%	32.1%	1.1%	18.6%	31.4%
EPS growth	-1.4%	-2.6%	-16.0%	18.6%	31.4%
BVPS growth	-3.5%	-0.9%	-3.5%	19.5%	25.2%

Valuation

(VND, X, %)	2021	2022	2023	2024F	2025F
Share Price Indicators					
EPS	4,127	4,018	3,375	4,004	5,259
BVPS	15,640	15,492	14,955	17,878	22,378
Tangible BVPS	15,445	15,353	14,841	17,759	22,254
Valuations					
PER	10.7	11.0	13.0	11.0	8.4
PBR	2.8	2.8	2.9	2.5	2.0
Dividend yield	30.3%	29.7%	24.3%	24.4%	26.1%
ROE					
Capital Adequacy					
CAR	11.0%	11.2%	12.8%	>13%	>13%
Asset Quality					
NPL ratio (substandard)	2.3%	2.5%	3.1%	3.0%	3.0%
Coverage ratio (substandard)	51.3%	53.8%	51.0%	50.5%	48.0%
NPL ratio (precautionary)	4.9%	6.8%	8.7%	8.0%	8.0%
Coverage ratio (precautionary)	24.1%	19.3%	18.4%	18.9%	18.0%

Source: VIB Bank, KB Securities Vietnam

Nguyen Xuan Binh – Head of Research
binhnx@kbsec.com.vn

Research Division
research@kbsec.com.vn

Equity

Banks, Insurance & Securities

Nguyen Anh Tung – Manager
tungna@kbsec.com.vn

Pham Phuong Linh – Analyst
linhpp@kbsec.com.vn

Real Estate, Construction & Materials

Pham Hoang Bao Nga – Senior Analyst
ngaphb@kbsec.com.vn

Nguyen Duong Nguyen – Analyst
nguyennd1@kbsec.com.vn

Retails & Consumers

Nguyen Truong Giang – Analyst
giangnt1@kbsec.com.vn

Industrial Real Estate, Logistics

Nguyen Thi Ngoc Anh – Analyst
anhntn@kbsec.com.vn

Oil & Gas, Chemicals

Pham Minh Hieu – Analyst
hieupm@kbsec.com.vn

Macro/Strategy

Tran Duc Anh – Head of Macro & Strategy
anhtd@kbsec.com.vn

Macroeconomics & Banks

Ho Duc Thanh – Analyst
thanhhd@kbsec.com.vn

Vu Thu Uyen – Analyst
uyenvt@kbsec.com.vn

Strategy, Investment Themes

Nghiem Sy Tien – Analyst
tienns@kbsec.com.vn

Nguyen Dinh Thuan – Analyst
thuannd@kbsec.com.vn

Support team

Nguyen Cam Tho – Assistant
thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant
huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:
Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 - Fax: (+84) 24 3776 5928

Hanoi Branch:
Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 - Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:
Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 - Fax: (+84) 28 3914 1969

Saigon Branch:
Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 - Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 - Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 - Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

Investment ratings & definitions

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

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose.