



Company Report: Vietnam International Joint Stock Commercial Bank (VIB)

CVPT

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1H2022 Update: Added to VN30 basket

1H Performance

In 1H2022, VIB reported VND5,023 bn PBT, +27%yoy. NII increased 26%yoy while service income increased by 14%yoy.

The bank lending book grew 9.7%ytd in 1H while customer deposits were maintained well with ytd growth of 13.97%.

VIB continues to stand as the most effective bank in the system in terms of ROE at 30%, stable compared to the 2 latest quarters. Meanwhile, NIM was up to 4.5% from 4.4% and OPEX increased slowly with the CIR ratio decreasing in 1H.

COMMENTS

VIB maintained its momentum in 1H2022. However, profit would be hit in the 2nd haft due to the higher deposit rate and its relatively weaker CASA position. NIM may fall between the 4.3%-4.5% range at the end of the year.

We believe that the bank can get at least 15% credit growth this year and PBT fulfills the target of VND10,000bn, +30%yoy.

In the market, VIB stock is expected to attract more investment from investors and funds since it will officially be in the VN30 basket from August.

Recommendation:

Mua
(Maintained)

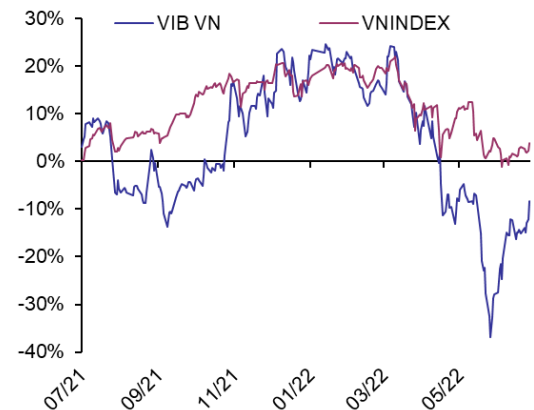
6-18m TP:

32.700

Current price:

VND26,450

Price performance



Price change	1 M	3 M	1Y
Abs. %	27.8	-13.8	-7.4
Relative to VN index	28.2	-24.3	-12.4
Avg price (VND)	24,604	24,956	29,408

Sources: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2020A	11,216	4,642	4,096	5.19%	11,574	-	-	4.2%	-39.81%	29.57%
2021A	14,891	6,410	4,067	-0.71%	11,526	-	-	4.5%	-35.47%	30.33%
2022F	18,057	8,002	3,797	-6.64%	17,954	-	-	4.4%	-36.00%	25.76%
2023F	22,091	9,828	4,663	22.81%	22,617	-	-	4.5%	-36.00%	22.99%
2024F	25,830	11,628	5,517	18.32%	28,134	-	-	4.6%	-36.00%	21.74%

Shares in issue (m)	2,107.67	Major shareholders (%)	BCA 20%
Market cap (VND b)	56,591.02	Free float (%)	55%
3- month average vol. ('000)	1,724.18	LDR (%)	70.0
52w high/low (VND)	36296 / 18000	CAR (%)	11.5

Sources: the Company, Guotai Junan (VN).

The increasing proportion of RB in the lending book. At the end of 1H2022, RB accounted for 90% total credit of VIB, up from 87% in Q1. Of which, the mortgage is the key driver with ytd growth of 17%.

Customer deposits are quite well compared to peers with ytd growth of 13.6%. CASA funding slightly decreased by VND1,000 while term deposits climbed by 16.5%ytd in line with interest rate hikes in the market. A small reduction in CASA and the cheap funding sources in market 2 helped the COF of the bank to be stable in Q2.

Good credit growth and NII are the key driving factors for TOI growth in 1H2022. Moreover, OPEX grew by only 9% with lower provision pressure strongly supporting the bank's PBT to get 27%yoy growth.

VIB is one of the very few banks having expanded NIM in Q2 (from 4.4% up to 4.5%)

VIB maintained its position in the strategic segments like No.2 in auto lending (12% market share) and APE sales ranked No.3 in Q2. Additionally, VIB is one of the most active banks in credit card development. Now it is accounting for 35% Mastercard share in Vietnam. This position helped the bank record payment income growing by 50%yoy in 1H2022.

Improved asset quality

The bank has insignificant exposure to corporate bonds due to its lending book focusing on the retail segment. The securities portfolio of the bank includes government bonds and credit institutions' bonds mostly.

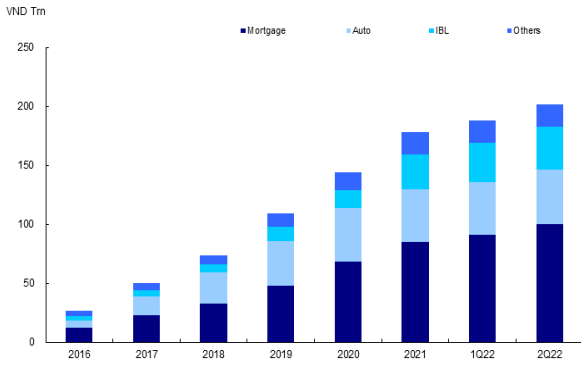
Restructured loan continued to decline to VND666 bn at the end of Q2. The bank plans to set aside VND 1,600-1,800 bn provision expenses for the full year.

2H2022 business prospect

VIB plans to report VND10trn profit in 2022, +30%yoy. NIM ranges from 4.3%-4.5% with the focus segment in mortgage and credit cards.

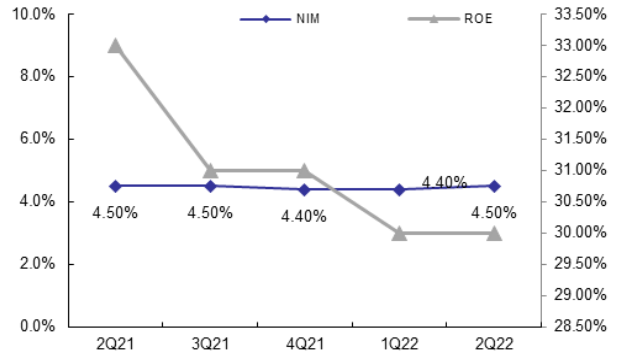
Although still waiting for a new credit room from SBV, the bank targets recording 17%-20% credit growth in 2022 (the old room at 10% and nearly full in 1H). A strong capital buffer and improving asset quality would be positive attribution for the bank to receive a better limit from SBV.

Figure-1: Retail lending breakdown



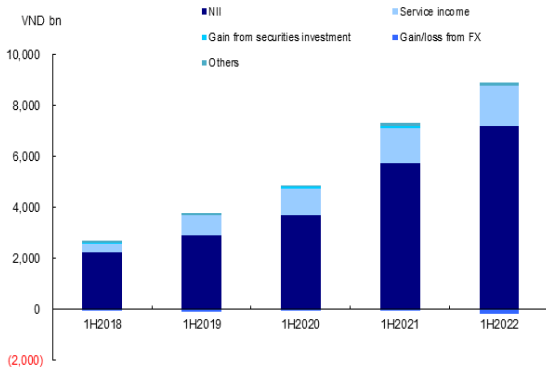
Source: VIB, Guotai Junan (VN).

Figure-2: Profitability



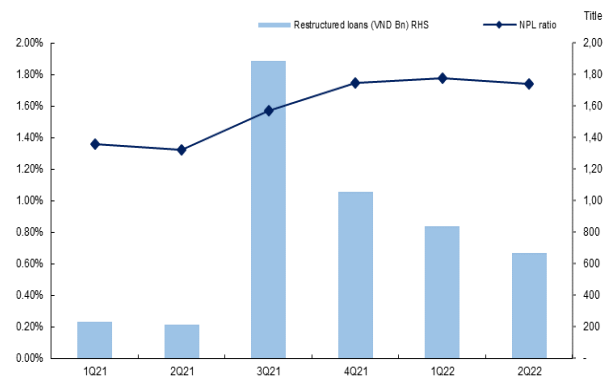
Source: VIB, Guotai Junan (VN).

Figure-3: TOI breakdown



Source: VIB, Guotai Junan (VN).

Figure-4: Asset quality



Source: VIB, Guotai Junan (VN).

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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