

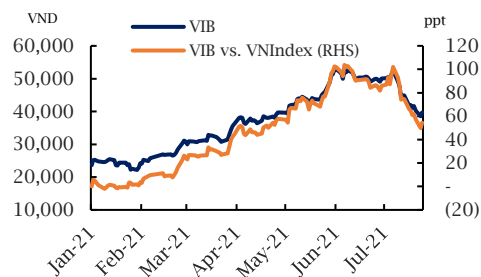
NOT RATED

TP upside (downside) N/A

Close 28 Jul 2021

Price VND 40,300
12M Target N/A

Share price performance relative to VNI



Market cap	US\$2.7 bn
6M avg. daily turnover	US\$5.2 mn
Outstanding shares	1,553 mn
Free float	70%
FINI ownership	20.4%
Major shareholders	24.7%
Asset leverage	13.6x
2021E P/E (*)	10.8x
2021E P/B (*)	2.4x
FOL Remaining Room	0.1%
2021E Dividend yield	0.0%

Source: FiinPro, (*) Bloomberg

	2Q21	% QoQ	% YoY
NII (VND bn)	2,960	+7%	+56%
NIM (%)	4.6%	+10bps	+60bps
Fee income (VND bn)	764	+26%	+25%
Opex (VND bn)	1,345	-1%	+34%
Provision (VND bn)	314	-6%	+18%
PBT (VND bn)	2,147	+19%	+68%
ROA (LTM) (%)	2.5%		
ROE (LTM) (%)	32.9%		
NPL (Cir. 02) (%)	1.32%	-4bps	-64bps

Source: Company Data, Yuanta Vietnam

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VIB: Analyst Meeting Takeaways

Event

VIB reported 2Q21 PBT of VND2.1 tn (+19% QoQ/+68% YoY). The YoY increase was largely driven by improved net interest income and strong fee income. 1H21 PBT was VND3.9 tn (+68% YoY).

Details

2Q21 total credit was VND185 tn (+7.6% YTD), vs. the bank's initial quota of 8.5%. The bank said that the SBV granted another 5.6% credit quota. Loans portfolio comprised mostly mortgage loans (43%) and auto loans (26%) as at 2Q21. Total restructured loans were VND2.5 tn (1.3% of 2Q21 total credit).

2Q21 net interest income was VND2.9 tn (+7% QoQ/ +56% YoY). 1H21 net interest income was VND5.7 tn (+55% YoY).

Net fee income was VND764 bn in 2Q21 (+26% QoQ/+25% YoY). 1H21 net fee income was VND1.4 tn (+34% YoY), mostly banca fee of VND590 bn (+12% YoY) and card fee of VND316 bn (+46% YoY).

Operating expense was VND1.3 tn in 2Q21 (-1% QoQ/+34% YoY). 1H21 opex was VND2.7 tn (+33% YoY). The bank reported CIR of 37% (-2ppt QoQ/-5ppt YoY).

2Q21 provisioning cost was VND314 bn (-6% QoQ/+18% YoY). 1H21 provisioning was VND648 bn (+54% YoY).

LLR ratio increased slightly to 64% (+2ppt QoQ/+14ppt YoY). The bank justifies its relatively low LLR by carrying low loan to value (LTV) of only 40% (-1ppt QoQ/+4ppt YoY) and high secured loans (92% of the total loans) with high collateral value.

The bank reported NPL ratio of 1.32% (-4bps QoQ/-64bps YoY).

Our view

VIB has more room to boost earnings with relatively low LDR (73% vs the SBV's cap of 85%) and low ST funding for MLT lending ratio (33% vs. the SBV's cap of 40%).

NIM is among the top in the sector though VIB does not own an unsecured consumer finance business. ROE is the highest in the sector, and we believe that the bank will be able to maintain high level of ROE given its focus on high margin loans (i.e. auto loans and mortgages) and strong fee income growth.

However, loan loss coverage ratio is among the lowest in the sector. Low LTV and mortgage collateral provide a solid buffer, but experience indicates that collateral value for auto loans can be a moving target.

We don't cover VIB and have no recommendation on the stock. VIB trades at 2.4x 2021E P/B vs. the sector median of 1.8x. This appears to be reasonable given the Bloomberg consensus expectation of 29% ROE in 2021E for VIB vs. the sector median of 20%.

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