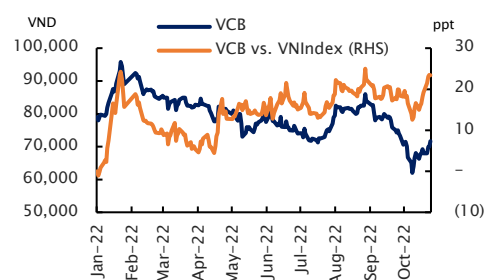


BUY
TP upside (downside) +25%
Close 28 Oct 2022
Price VND 71,600
12M Target VND 89,850
Share price performance relative to VNI

Source: Fiipro

Market cap	US\$13.6 bn
6M avg. daily turnover	US\$4.4 mn
Outstanding shares	4,733 mn
Free float	11%
FINI ownership	23.6%
Major shareholders	93.0%
2022E Asset/Equity (*)	12x
2022E P/E (*)	13x
2022E P/B (*)	2.4x
FOL Remaining Room	6.4%
Dividend yield (*)	0.9%

Source: FiinPro, (*) Yuanta Vietnam

VCB's 3Q22 Results	3Q22	% QoQ	% YoY
NII (VND bn)	13,664	7%	31%
Net Fee Inc.(VND bn)	1,102	59%	-2%
Other non-II (VND bn)	1,559	-3%	25%
Adj. TOI (VND bn)	16,325	8%	28%
Opex (VND bn)	6,370	10%	27%
Provision (VND bn)	2,778	2%	11%
PATMI (VND bn)	6,065	2%	32%
NPL (%)	0.80%	+19bps	-37bps
LLR (%)	402%	-104ppt	159ppt
CASA (%)	34.9%	-50bps	60bps

Source: Company Data, Yuanta Vietnam
Research Analyst:
Tanh Tran

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Vietcombank (VCB VN)

Strong credit growth drives earnings

VCB reported 3Q22 PATMI of VND6.1 tn (+2% QoQ/+32% YoY). The YoY increase was driven by higher net interest income. 9M22 PATMI was VND19.9 tn (+29% YoY), fulfilling 64% of our 2022E forecast.

Details

Loans to customers increased by 17.6% YTD to reach VND1,130 tn, whereas deposits from customers increased by +5.4% YTD to reach VND1,197 tn as at 3Q22.

3Q22 net interest income (net-II) was VND13.7 tn (+7% QoQ/+31% YoY). 9M22 net-II was VND38.4 tn (+22% YoY). We estimate 3Q22 NIM/total assets was 3.36% (+2bps QoQ/+26bps YoY).

3Q22 net fee income was VND1.1 tn (+59% QoQ/-2% YoY). 9M22 net fee income was VND4.5 tn (-10% YoY).

Net gains from FX trading and securities trading/investment were VND1.4 tn (-9% QoQ/+19% YoY) in 3Q22.

Net other income (mainly NPL recoveries) was VND389 bn (-56% QoQ/-14% YoY) in 3Q22.

Opex increased +10% QoQ/+27% YoY to reach VND6.4 tn. 9M22 opex was VND16.7 tn (+15% YoY). We estimate adj. CIR of 39% (+50bps QoQ/-10bps YoY) in 3Q22.

Provisioning was VND2.8 tn (+2% QoQ/+11% YoY) in 3Q22. 9M22 provisioning was VND7.8 tn (-3% YoY).

Increasing NPLs. NPL ratio was 0.80% (+19bps QoQ/-37bps YoY) in 3Q22. Aggregate NPLs jumped to VND9.0 tn (+35% QoQ/ but -17% YoY). **LLR ratio decreased to 402%** (+104ppt QoQ/+159ppt YoY), which we believe is still the highest in the sector.

CASA deposits were VND418 tn (-1% QoQ/+10% YoY) as at 3Q22. **CASA ratio was 34.9%** as at 3Q22 (-50bps QoQ/but +60bps YoY).

Our view

Maintaining the high loan loss reserve ratio is prudent. Unlike the other high-LLR banks, VCB did not reduce provisioning to boost its 3Q22 earnings. However, we continue to believe that its high LLR ratio implies lower future provisioning, which should help to normalize its earnings in 4Q22 and beyond.

Category 3 NPLs increased by 214% YTD, which could be cause for concern. However, the overall asset quality remains strong demonstrated by low NPL and high LLR ratios.

Maintain BUY. The stock now trades at 2.4x 2022E P/B. **We continue to view VCB as the highest quality bank in Vietnam**, and we believe VCB's valuation premium to be merited. We maintain our BUY rating.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD-Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD-Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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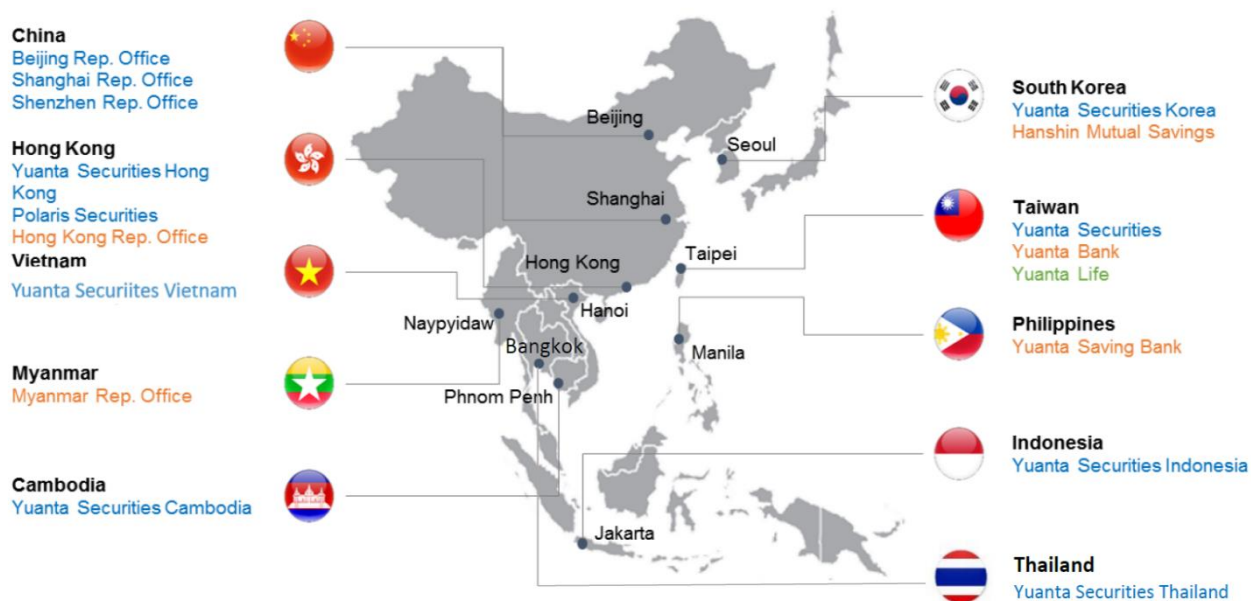
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