

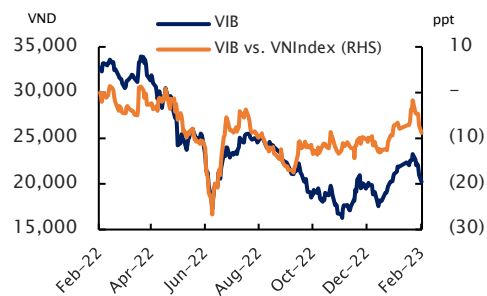
Vietnam: Banking

15 February 2023

Not Rated
TP upside/(downside) N/A

Close 14 Feb 2023

 Price VND 20,500
 12M Target N/A

Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$1.8 bn
6M avg. daily turnover	US\$5.5 mn
Outstanding shares	2,108 mn
Free float	50%
FINI ownership	20.5%
Major shareholders	24.7%
Asset/Equity (x)	11.5x
2023E P/E (x) (*)	5.4x
2023E P/B (x) (*)	1.2x
FOL remaining room	0.0%
2023E dividend yield	5.0%

Source: FiinPro, (*) Bloomberg

VIB's 4Q22 Results	4Q22	% QoQ	% YoY
NII (VND bn)	3,911	2%	15%
Net Fee Inc.(VND bn)	840	6%	-12%
Adj. TOI (VND bn)	4,602	2%	4%
Opex (VND bn)	1,566	-6%	37%
Provision (VND bn)	353	113%	-48%
PATMI (VND bn)	2,217	-1%	4%
NPL (under SBV regulations) (%)	1.8% +10bps		flat
LLR (%)	54%	flat	+3ppt
CASA (%)	13.8% +10bps		-3ppt
CAR	12.8%		

Source: Company Data, Yuanta Vietnam

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Bloomberg code: YUTA

VIB: Analyst Meeting takeaways

4Q22 PATMI was flat (-1% QoQ/+4% YoY). But full-year 2022 PATMI rose by +32% YoY to reach VND8.5 tn, mainly driven by higher net interest income (+27% YoY) and lower provisioning cost (-22% YoY).

Details

Loans increased by +15% YoY. Retail loans account for 90% of total 2022 loans (vs. 84% in 2021); 93% of retail loans are secured. VIB's LDR was relatively low at 76%, below the SBV's cap of 85%.

4Q22 net interest income increased by +2% QoQ/+15% YoY to reach VND3.9 tn. **2022 net-II was VND14.9 tn (+27% YoY).** VIB reported 2022 NIM of 4.6% (+0.2ppt YoY), and it expects to maintain NIM at this level in 2023. (NIM was up by +35bp YoY on our calculations.)

4Q22 net fee income was VND840 bn (+6% QoQ/ but -12% YoY). **2022 net fee income increased by +16% YoY** to reach VND3.2 tn, driven by banca and cards. VIB states that it was No. 2 in the banca market in 2022, with full-year APE sales of VND1.9 tn.

4Q22 opex was VND1.6 tn (-6% QoQ/+37% YoY). **2022 opex was VND6.2 tn (+17% YoY).** The bank reported CIR of 34% (-1 ppt YoY).

4Q22 provisioning was VND353 bn (+113% QoQ/-48% YoY). **2022 provisioning was VND1.3 tn (-22% YoY).** The bank reported credit cost/loans of 0.6% (-30bps YoY).

VIB's NPL ratio was 1.8% (+10bps QoQ/flat YoY) at 4Q22 (defined under SBV regulations). **We estimate 4Q22 LLR ratio was 54% (flat QoQ/+3ppt YoY).**

Restructured loans were VND319 bn as at 4Q22 (0.1% of total loans).

CASA ratio was 13.8% (+10bps QoQ/-3ppt YoY) as at 4Q22. **ST funding to MLT loans (SML) was 30%** as at 4Q22 vs. the SBV's cap of 34%. **CAR was 12.8% (+1.1 ppt YoY).**

Cash dividend plans. In 2023, VIB plans to pay a cash dividend of VND1,000/share, which is equivalent to a dividend yield of about 5%.

Our view

Low LDR and high CAR allows for future growth and dividend plans.

VIB has low corporate bond exposure at 0.5% of total assets, which should alleviate concerns about corporate bond default risk.

VIB's LLR is low vs. peers. The bank justifies this by noting the high percentage of secured loans in its retail book. But collateral valuations in consumer lending (ex-mortgages) can be tricky.

We don't cover VIB and have no recommendation on the stock. VIB trades at 1.2x 2023E P/B vs. the sector median of 1.0x. This appears to be reasonable given the Bloomberg consensus expectation of 25% ROE in 2023E for VIB vs. the sector median of 18%.

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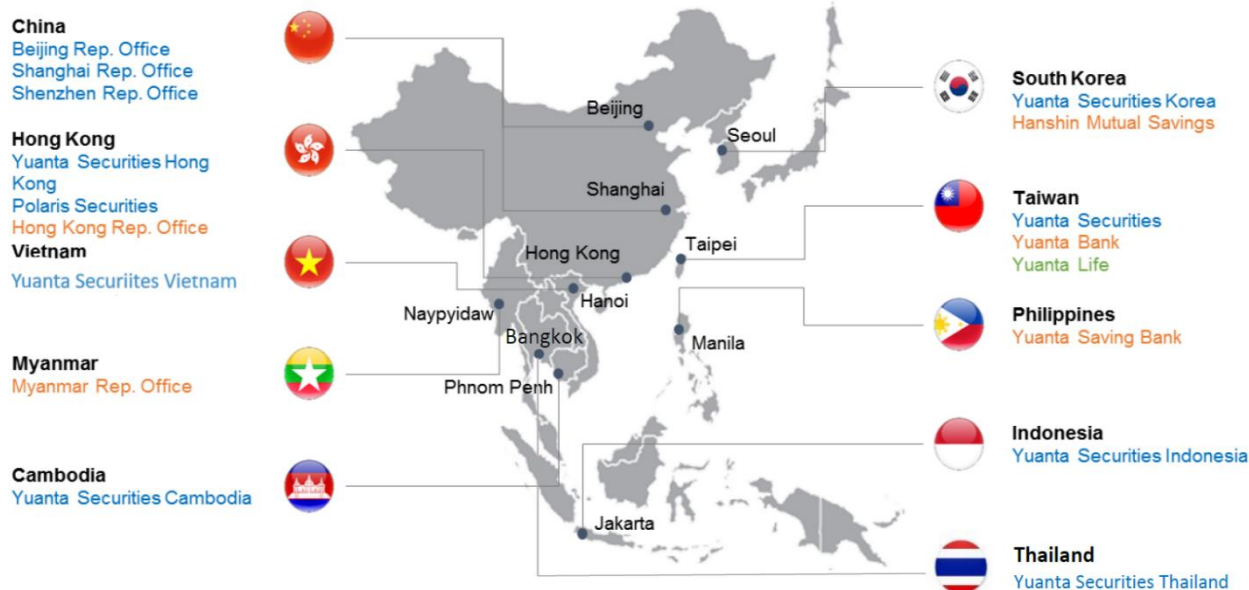
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