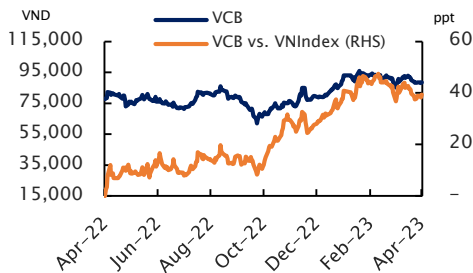


BUY
TP upside/(downside) +7%
Close 21 Apr 2023
Price VND 87,500
12M Target VND 93,230


Market cap	US\$17.8 bn
6M avg. daily turnover	US\$4.2 mn
Outstanding shares	4,733 mn
Free float	11%
FINI ownership	23.5%
Major shareholders	92.7%
2023E Asset/equity (x)	11.5
2023E P/E (x)	11.8
2023E P/B (x)	2.4
FOL remaining room	6.5%
2023E Dividend yield (%)	1.0%

Source: FiinPro, HSX, Yuanta Vietnam

VCB's 2023E Plans	% YoY
Assets (VND tn)	+9%
Credits (VND tn)	+14%
PBT (VND tn)	>=15%
NPL ratio (%)	<1.5%

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VCB - Annual General Meeting Takeaways
Key Takeaways

VCB targets 2023E credit growth of 14% YoY (vs. our forecast of 17% YoY). The bank said credit growth was 2.5% YTD, and deposit growth was 3.2% YTD in 1Q23.

2023–2028 targets: Asset growth of 9–10% YoY, credit growth of 12–14% YoY, deposit growth of 10–11% YoY, ROE of 17–18%, NPL ratio of below 1.5%, and CAR of 10–11%.

NPLs increased slightly in 1Q23, but the bank did not disclose the specific number. However, the bank said that NPLs are still under control, and it targets to retain an NPL ratio of below 1.5% in 2023E.

Provisioning policy: VCB guides for provisioning of VND10 tn (+6% YoY) in 2023, which is in line with our forecast.

Private placement update. VCB plans to sell 6.5% of its charter capital to foreign investors. The bank expects to complete the issuance by the end of 2023 or early 2024.

1Q23 PBT was about VND11.2 tn (–12% QoQ/+13% YoY), completing 26% of the bank's full-year target and 23% of our forecast. The bank set a 2023E PBT growth target of at least +15% YoY.

Our view

We believe that VCB's high credit growth and possible provisioning reversals to be the key earnings growth drivers in 2023E.

VCB is likely to receive a high credit growth quota from the SBV given its robust balance sheet and participation in the restructuring of a struggling bank. Additionally, VCB has been proactive in offering loan packages with favorable interest rates to support borrowers.

Loan loss coverage of 317% as at 4Q22 is the highest in the sector, representing a strong buffer against any potential asset quality deterioration going forward. The high LLR ratio allows for flexibility to reduce provisioning and boost earnings without sacrificing its asset quality.

VCB has very low exposure to corporate bonds at only 0.6% of its total assets as at 4Q22. Thus, the direct impact of the ongoing corporate bond issues on VCB's asset quality is negligible.

VCB has consistently ranked as Vietnam's highest quality bank in [our CAMEL ratings](#), and we believe the valuation premium to be merited. The stock trades at 2.4x 2023E P/B with expected 2023E ROE of 23%, and we maintain BUY.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

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