

Bank Sector_September Update

5 September 2024

Stock code	Yuanta Rating	Current price (VND)	Target price (VND)	12-m TSR*
ACB VN	BUY	24,500	28,513	20%
BID VN	HOLD-UPF	48,700	47,470	-3%
HDB VN	BUY	26,950	28,450	10%
MBB VN	BUY	23,950	31,980	36%
STB VN	HOLD-OPF	29,600	34,930	18%
TCB VN	BUY	22,800	26,470	20%
VCB VN	BUY	90,100	106,910	19%
VPB VN	BUY	18,300	22,400	28%

Prices are as at Sep 5, 2024.
Target prices are adjusted for dividends.

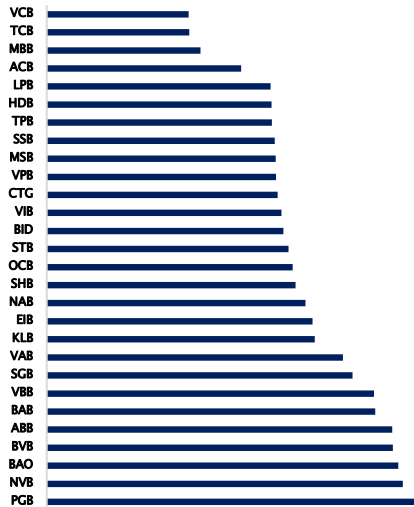
What's new?

- VCB, TCB, MBB, and ACB remain the top 4 banks in our CAMEL framework.
- Credit growth was 6.6% YTD to Aug 26 but should increase in Sep-Dec.
- Increase credit quotas for banks that achieved 80% of yearly target in 8M24.
- SBV has eased policy via OMO actions e.g., VND45tn injected on Aug 26-Sep 4.
- We initiated coverage on TCB (BUY) on Aug 27, with a 12-m TSR of 20%.

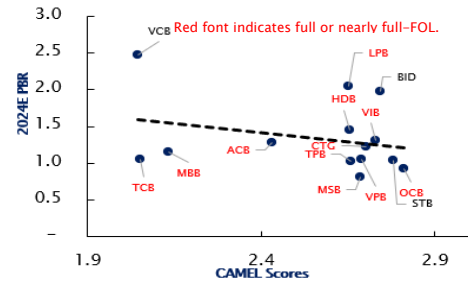
Our view

- FY Credit growth of 15% is achievable given the ongoing economic recovery.
- SBV policy to remain easier going forward given the likely Fed pivot in Sep.
- The NPL ratio has peaked, and we expect improvements in 2H24.
- Attractive valuations. The sector trades at 1.2x 2024E with 17% ROE (BBG est).
- Top picks: ACB, MBB, and VCB. We also have BUY calls on HDB, TCB, and VPB.

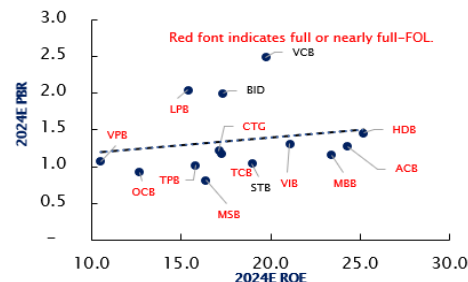
Banks Ranking based on CAMEL scores



Source: FiinPro-X, Bloomberg, Company Data, Yuanta Vietnam (please see page 11 for details)



Source: FiinPro-X, Bloomberg, Yuanta Vietnam
Note: lower CAMEL scores = higher ranking



Source: Bloomberg, Yuanta Vietnam

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Bloomberg code: YUTA

Easing monetary policy may continue

CAMEL framework: VCB, TCB, MBB, ACB take the top-4 quality rankings.

LPB jumped to 5th place. LPB's PATMI expanded by +242% YoY in 2Q24, driven by strong net interest income (+49% YoY) and net fee income (+248% YoY), which was probably due to one-off fees.

Sector credit growth reached +6.6% YTD as at Aug 26, far below the SBV's full-year target of +15%. We expect credit growth to recover in 2H24, driven by retail lending and supported by strengthening economic momentum. Also, banks that completed 80% of their full-year credit growth quota as at Aug 28 should receive increased quotas from the SBV. Probable contenders include ACB, TCB, HDB, LPB, and perhaps MBB.

Funding cost pressures to ease in 2H24 given the high possibility of a Fed pivot starting in Sept. Pressure on the VND has already eased, allowing for greater SBV policy flexibility to support the economy. Loosened liquidity conditions without the need to bolster the currency in 2H24 suggests lower bank funding costs -- and thus improved NIM.

We think the NPL ratio has peaked and expect improved asset quality in 2H24 and beyond. Asset quality should improve on 1) the new real estate laws, 2) state financial & legal support for infrastructure projects, and 3) eased credit conditions - all of which should support the beleaguered property markets into yearend.

Corporate bond exposure continues to trend down. Sector's corporate bonds-to-total assets decreased to 1.1% (-10bps QoQ) at 2Q24. Banks with high exposure: TCB (4.6%), MBB (3.7%), TPB (3.4%), & VPB (2.7%).

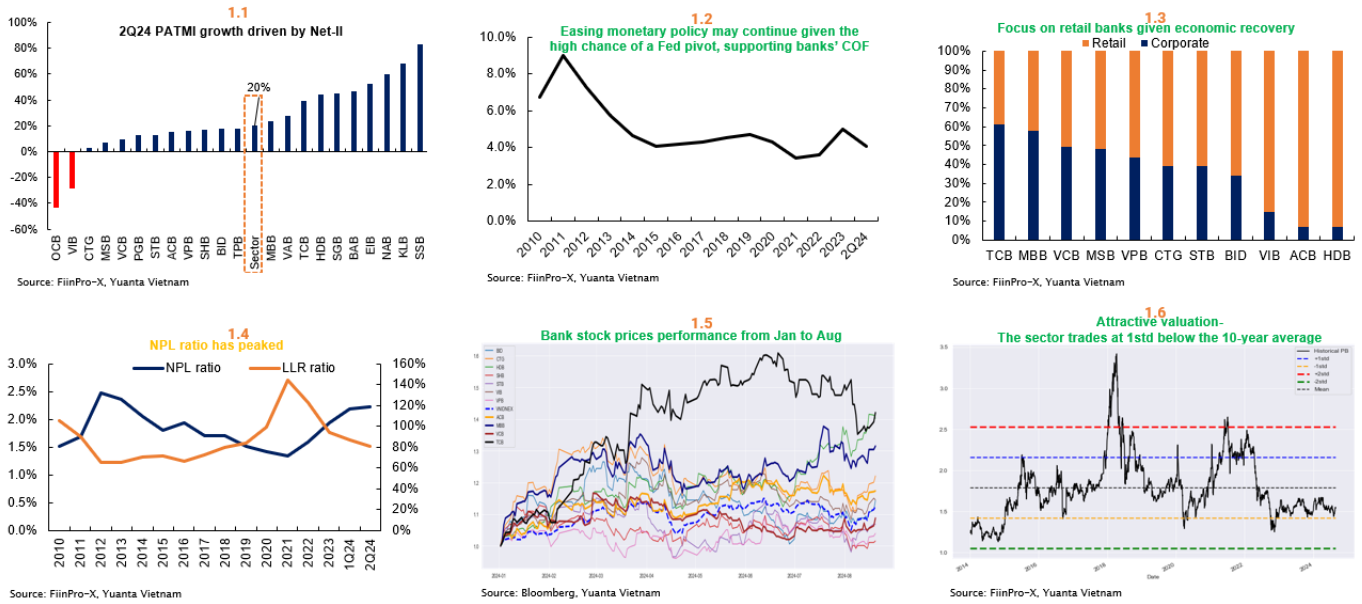
Overweight the banks. The sector trades at -1std below its 10yr historical mean valuation, reflecting concerns over the property market, which we think has bottomed and expect to enter an upcycle in 2H25. We reiterate BUY on ACB, MBB, HDB, VCB, and VPB. In addition, we reiterate our Aug 27 initiation on TCB, which we have added to our BUY list with expected 12-m TSR of 20%.

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.

Vietnam bank sector overview and outlook

Figure 1: Big picture – Vietnam bank overview and outlook



Source: FiinPro-X, Bloomberg, Yuanta Vietnam

SBV to lean toward looser policy going forward, given the upcoming Fed pivot and eased VND depreciation pressure

1H24 earnings were mainly driven by net interest income, with NIMs supported by low cost of funds. (please see figure 1.1 and 1.2 above)

Many banks have increased their deposit rates by about 50bps to 100bps since April 2024, so funding costs are no longer be as cheap across the sector as they were in 1H24 and especially 1Q24.

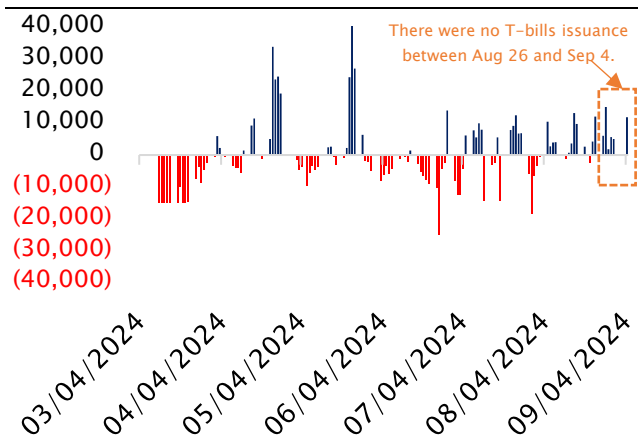
However, we believe that the sector's aggregate COF is unlikely to increase substantially during the rest of the year, given the likelihood for a persistent monetary policy easing cycle by the SBV in 2H24.

Previously, the Street (including us) anticipated that the SBV might maintain increased policy rates for longer given the strong pressure on the USDVND exchange rate in 1H24.

However, with the Fed clearly signaling a pivot in September, this pressure on the Vietnam dong has already begun to ease. This has reduced the need for the SBV to increase policy rates to support the currency.

Moreover, we expect the State Bank of Vietnam (SBV) to prioritize liquidity support for the market, which should be beneficial for the financial system's liquidity and help to reduce banks' funding costs. For example, the SBV injected nearly VND 45.2 trillion (USD1.8 billion) into the financial system between August 26 and September 4, without any withdrawals during that period.

Figure 2: Daily net bills issuance by the SBV (VND bn)



Source: SBV

Figure 3: SBV injected VND45 tn, without any withdrawals from Aug 26 to Sep 4

Date 26 Month 08 Year 2024			
Type of transaction	Number of participants/winners	Amount of the winning bids (billion VND)	Interest rates of the winning bids (% p.a.)
Maturities			
- Term 14	7/7	5,980.59	4.25
Total		5,980.59	

Date 04 Month 09 Year 2024			
Type of transaction	Number of participants/winners	Amount of the winning bids (billion VND)	Interest rates of the winning bids (% p.a.)
Maturities			
- Term 7	4/4	11,875.2	4.25
Total		11,875.2	

Source: SBV

Credit growth, especially retail segment, will drive earnings.

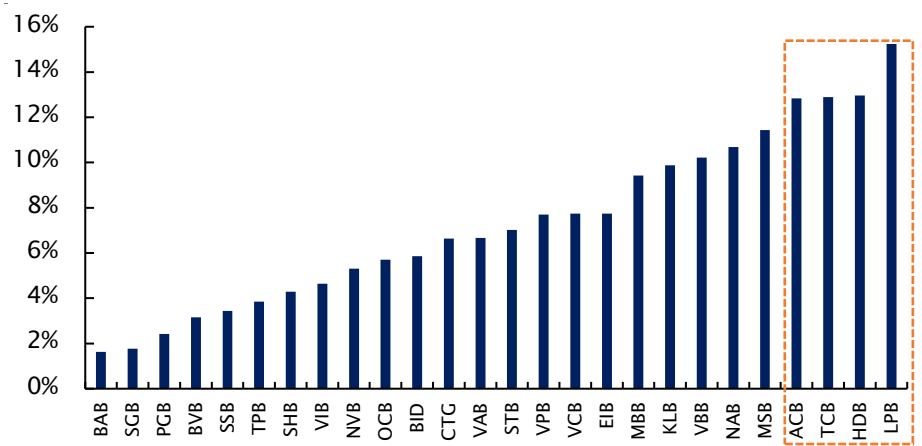
Total credit increased by only 6.1% YTD in 1H24 and 6.6% as at Aug 26, 2024 compared to the SBV’s annual target of 15%.

Banks that had completed 80% of their full-year credit growth quota as at Aug 28, 2024, are likely to receive an increased quota from the SBV, in our opinion.

As at 2Q24, there were four banks that fulfilled more than 80% of their full-year credit quota, including ACB, TCB, HDB, and LPB. Thus, those banks will receive quota increases.

In addition, some banks may have increased their credit growth in July and August, potentially reaching 80% threshold and qualifying for a higher credit quota. Banks in this category might include MBB and MSB.

Figure 4: Credit growth among banks as at 2Q24 (% YTD)



Source: FiinPro-X, Yuanta Vietnam

New real estate laws, effective from Aug 1, 2024, should help to resolve the various legal bottlenecks in the real estate market over time. We don’t expect the real estate market to experience a rapid boom in the immediate future, but at least the new laws will help to increase housing supply by resolving legal issues at certain projects and boost homebuyers’ confidence.

We think credit will improve – especially driven by the retail segment – in 2H24, along with the economic recovery. Banks with high focus on retail include ACB, HDB, and VIB. *(please see figure 1.3 above)*

Asset quality – We think the NPL ratio has peaked

The sector's NPL ratio increased slightly by +4bps QoQ to 2.22%, while the SML ratio dropped by –28bps QoQ to 1.82%.

This suggests that some SML (group 2) loans were downgraded and instead classified as NPLs (groups 3–5). However, the greater reduction in the SML ratio (–28bp QoQ) vs. the sequential increase in the sector's NPL ratio (+4bp QoQ) likely illustrates that more SML loans were upgraded to normal (group 1) loan status than were downgraded during the quarter.

We believe that this supports our thesis that new NPL formation should slow in 2H24, especially given our anticipation of eased credit conditions and improved credit growth.

Of course, the official NPL ratio still understates the asset quality risks given the ongoing SBV policy of regulatory forbearance on select borrowers / industries. Circular 06/2024/TT–NHNN has extended the period of debt restructuring without downgrading loan classifications until Dec 31, 2024. As such, reported NPLs understate the real asset quality situation.

Asset quality may be better illustrated by accrued interest on the banks' balance sheets. The sector's median accrued interest/assets was 1.18% (–1bps QoQ) as at 2Q24, a flat sequential result that does not indicate any structural deterioration in our view. However, stock–specifics matter: banks with high levels of accrued interest as a percentage of total assets include VAB (7.3%, –40bps QoQ), NVB (3.7%, –20bps QoQ), and SHB (3.0%, –10bps QoQ).

Investors should closely monitor banks that report high and increasing accrued interest assets, as this could misrepresent the banks' earnings and solvency capital if they are unable to collect the cash represented by these accrued interest assets in the future. But the three most–exposed banks above all saw sequential declines in this ratio in 2Q24, which is a positive sign.

We think NPL ratio has peaked and will decrease in 2H24 and 2025, given the possibility of continued easing monetary policy and the help of new real estate laws. Thus, the SBV might not need to further extend the forbearance policy related to debt payment restructuring.

We believe that discontinuation of this policy would be a very positive indicator given the implication that the SBV no longer views this issue as a structural problem. This event (if it occurs) would no doubt see NPL ratios increase at some banks and bank shares might take a short–term hit. By contrast, we think it would be a very positive signal and would be BUYers of any irrational share price declines for the banks.

We don't have visibility on when the forbearance policy will be ended, but we believe it to be possible on a medium term (12–18 month) view.

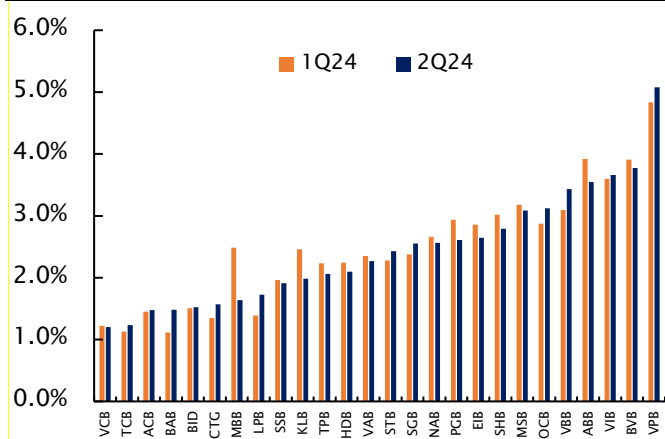
Real estate is not likely to experience a rapid boom in the immediate future, but we believe the worst is behind us. The new real estate laws that have recently come into effect should help to resolve legal issues related to real estate projects over time. We believe that the property market upcycle will occur inevitably, but we only expect a broad-based upturn in 2H25.

However, we believe that the worst has already passed. Vietnam’s property market woes are mainly a function of administrative bottlenecks, and addressing these constraints -- as the reforms were enacted to do -- should help to restore investor confidence and stimulate a gradual recovery in the market going forward.

Additionally, government support for infrastructure projects and easier domestic credit conditions starting from 2H24 will also support the real estate market, in our opinion. The steep undervaluation of the Vietnam banks is primarily due to concerns about the property market, so a gradual improvement in real estate industry conditions should help to reflate the bank stocks, especially given our view that NPLs have peaked.

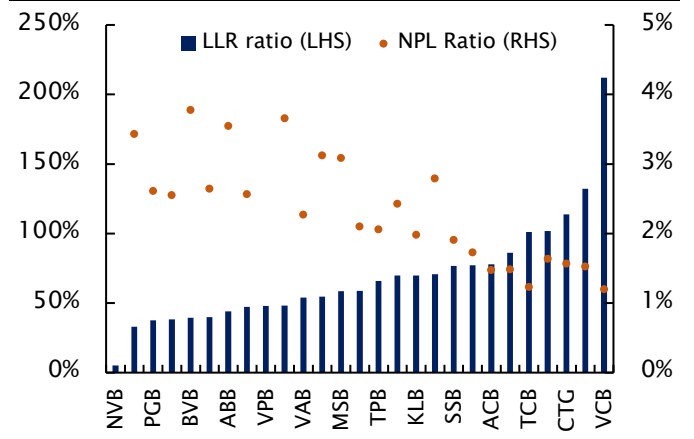
Provisioning pressure for banks (especially the ones with low NPL ratios and high LLR ratios – please see figure 6) should ease in 2H24 and beyond, which will help improve earnings.

Figure 5: NPL ratio on a downtrend at some banks



Source: FiinPro-X, Yuanta Vietnam

Figure 6: NPL and LLR ratios among banks



Source: FiinPro-X, Yuanta Vietnam

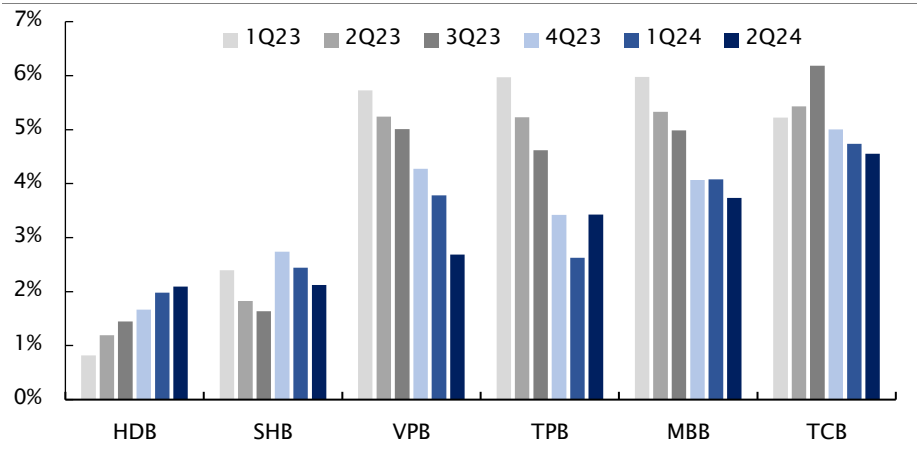
Corporate bond exposure has been on a downtrend

Bank sector corporate bonds as a percentage of total assets decreased to 1.1% (-10bps QoQ) as of 2Q24. But this ratio for the entire sector is not very meaningful given the concentration of corporate bonds on certain banks’ balance sheets.

It may be surprising to casual observers to learn that the total bonds / sector assets ratio is skewed *down* by the Big 4 SOE banks. This is due to the large scale of the SOE banks, which have by far the largest balance sheets, but which have relatively low exposure to corporate bonds.

By contrast, a few non-stated owned banks have much higher corporate bond exposure. This includes TCB (4.6% of total assets, -20bps QoQ), MBB (3.7%, -30bps QoQ), TPB (3.4%, +80bps QoQ), VPB (2.7%, -1.1 ppt QoQ), and SHB (2.1%, -30bps QoQ).

Figure 7: Corporate bonds per total assets among banks from 1Q23 to 2Q24



Source: FiinPro-X, Yuanta Vietnam

Valuation is still attractive

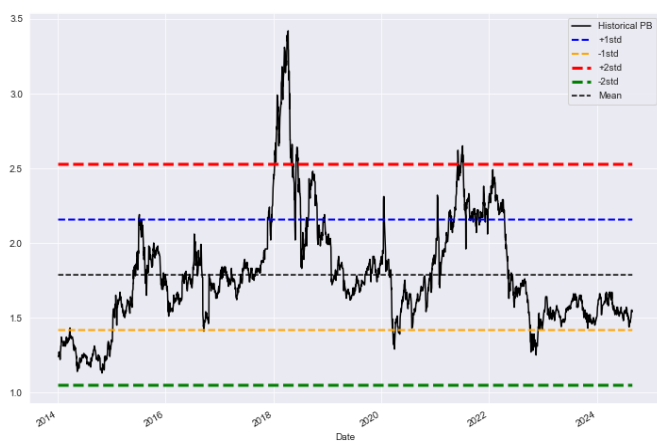
The listed banks trade at a median of 1.2x 2024E PB, an attractive level given the sector’s 2024–25E ROE of 18% on average (*Source: Bloomberg Consensus*).

Our top picks are [ACB \(BUY\)](#), [MBB \(BUY\)](#), [VPB \(BUY\)](#). We also have BUY ratings on [VCB \(BUY\)](#), and [HDB \(BUY\)](#). We also initiated coverage on [TCB](#) with a BUY recommendation on Aug 27, with a 12-month TSR of 21% at the current market price.

The sector’s current PB ratio is -1std below the historical mean, which suggests an attractive opportunity for long-term investors. The reasons for the low PB valuation can be attributed primarily to concerns about the domestic property market, including rising NPLs, tepid credit growth, and constrained NIMs.

However, several positive factors may help to boost bank valuations going forward. We believe that credit growth and asset quality will improve heading into the second half of 2024 and 2025, along with a bottoming out in the property market (and thus, and improved outlook for the domestic economy). Provisioning pressure may ease as a result, with highly provisioned banks potentially seeing reversals. These expected benefits of reduced provisioning / reversals are likely to come in 4Q24, in our opinion.

Figure 8: Bank Sector Historical P/BV



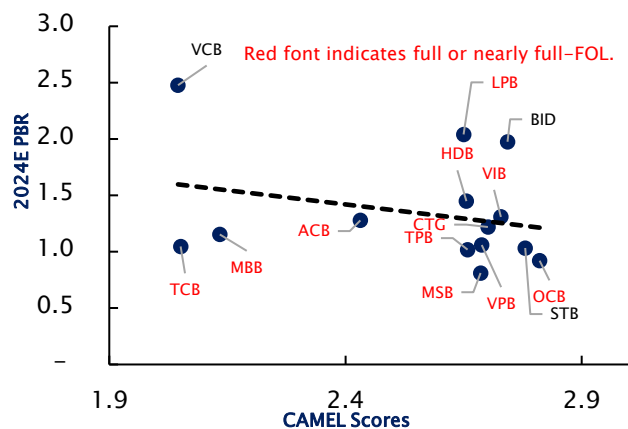
Source: FiinPro-X, Yuanta Vietnam

Figure 9: Bank Sector Historical P/E



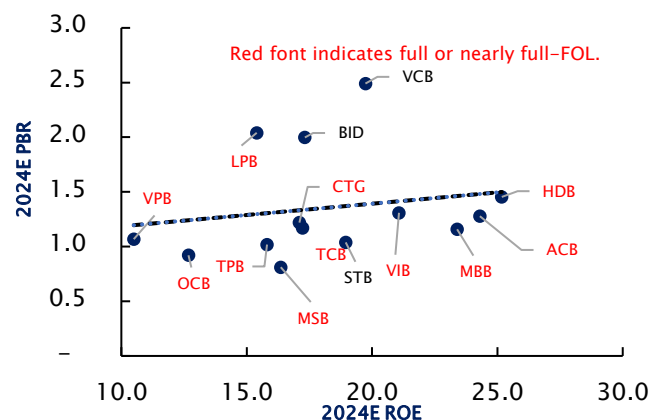
Source: FiinPro-X, Yuanta Vietnam

Figure 10: 2024E PB vs CAMEL Scores



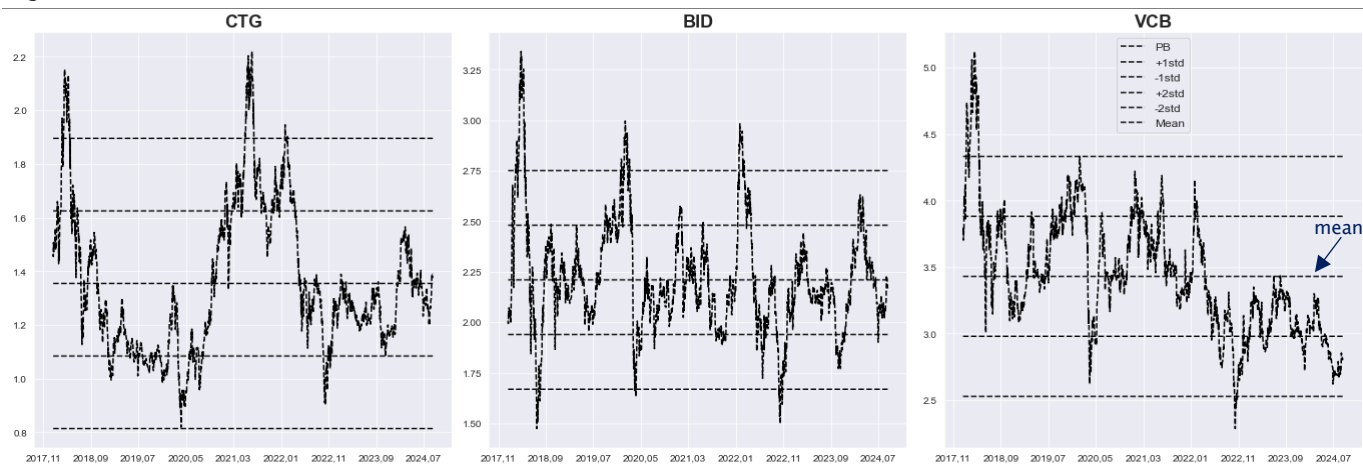
Source: Bloomberg, Yuanta Vietnam

Figure 11: 2024E PB vs. 2024E ROE



Source: Bloomberg, Yuanta Vietnam

Figure 12: SOCBs Historical P/BV valuations



Source: Bloomberg, Yuanta Vietnam

Figure 13: JOCBs Historical P/BV valuations



Source: Bloomberg, Yuanta Vietnam

Yuanta Vietnam banks coverage universe:

ACB VN: currently trades at 1.3x 2024E P/BV.

- We believe ACB deserves a premium over peers given its strong operational results and solid asset quality. ACB's NPL ratio of 1.48% in 2Q24, which is the third lowest in the sector, and the bank has no exposure to corporate bonds.
- ACB always ranks in the top 3 in our CAMEL framework.
- Capital level is strong, with CAR of 11.8%, far above the Basel II's minimum requirement of 8.0% and Basel III of 10.5%.
- Our target price is VND28,510, implying a 12-month total shareholder return (TSR) of 20% with a 2024E P/BV of 1.5x.

HDB VN:

- Ample room for credit growth and business expansion – such as opening new branches – to compensate for HDB's participation in restructuring a weak bank.
- Strong operational performance, with the highest ROE in the sector. We forecast 2024E ROE of 25%.
- Strong capital level, with CAR of 13.9% far above the Basel II's minimum requirement of 8.0% and Basel III of 10.5%.

Catalysts:

- A potential new exclusivity bancassurance deal.
- Potential stake sale. HDB plans to reduce its FOL room to 17.5% from 20.0%. This might be HDB's plan to reserve FOL room for a strategic foreign investor.
- In addition, HDB might receive a higher FOL room, up to 49%, as compensation for its involvement in restructuring a weak bank. The current FOL room is capped at 30% for Vietnam banks.
- Our target price of VND28,450, implying a 12-month total shareholder return (TSR) of 10% with a 2024E P/BV of 1.6x.

MBB VN: valuation is cheap. MBB trades at 1.2x 2024E P/BV, which is in line with the sector's median of 1.2x, despite its superior operating results.

- We forecast MBB's 2024E ROE of 23% versus the sector's median of 17%.
- MBB has a strong deposit franchise with the highest CASA ratio of 38.6%.
- Potential high credit quota and networks expansion given its involvement in restructuring a weak bank.
- MBB always appears in the top 4 in our CAMEL framework.
- Our target price is VND31,980, implying a 12-month TSR of 36% with a 2024E P/BV of 1.5x.

VCB VN:

- Always rank no. 1 in our CAMEL framework given its strong asset quality and prudent risk management.
- Lowest funding costs among banks given its strong deposit franchise.
- Strong operational results with 2024E ROE of 20% versus the sector of 17%.
- VCB is one of four banks that will participate in restructuring a weak bank. Thus, VCB will also receive benefits such as a high credit quota.
- Catalyst: VCB plans to sell 6.5% of its stake via private placement. Though this has been delayed, we believe it will happen eventually to boost capital level and ensure the sustainable development of Vietcombank – one of the largest banks in Vietnam.
- Our target price of 106,910, implying a 12-month TSR of 19%.

VPB VN:

- VPB is under leveraged, and its capital level is the strongest in the sector, with CAR of 15.6%.
- Effective cost management with the lowest CIR among banks.
- Similar to HDB, MBB, and VCB, VPB will also be involved in restructuring a troubled bank. Thus, the credit quota for VPB will also be high.
- FE Credit has shown signs of recovery, posting positive earnings in 2Q24.
- Catalyst: VPB and HDB are likely the two banks to receive higher FOL room (up to 49%) given their participation in restructuring weak banks. The current FOL room is capped at 30% for Vietnam banks
- Our target price of VND22,400, implying a 12-month TSR of 28%.

TCB VN:

- **We just initiated TCB on Aug 27.**
- **Quality bank at a bargain price.** TCB trades at 1.1x 2024E P/BV, which is slightly lower than the sector median.
- Strong deposit franchise, with the second highest CASA ratio (37.4%) among banks.
- NIM is among the highest in the sector (LTM NIM of 4.16%) despite its lack of unsecured consumer finance exposure. We forecast NIM to reach 4.44% in 2024E and 4.40% in 2025E.
- Solid asset quality with the second lowest NPL ratio of 1.28%.
- TCB is under leveraged, and its CAR is the second highest in the sector with 14.5%, just behind that of VPB (15.6%).
- TCB paid a cash dividend for the first time in 2024 since its IPO, and we believe cash dividend is sustainable given its healthy capital level.
- TCB always ranks high in the top 3 in our CAMEL framework.
- Catalyst: potential from IPO of Techcom Securities, where TCB owns a 94% stake.
 - We don't know whether the IPO will happen or when it will happen, but the value added from TCBS's IPO could boost TCB's valuation.
 - Based on the median 2024E P/BV of the brokerage sector of 2.2x, we estimate that TCBS could be worth about USD2.2 bn, which is about 1/3 of TCB's market capitalization.
 - TCBS's value could be worth more than USD2.2 bn if it decided to do an IPO, given its superior operational results compared to its peers.
- Our target price for TCB of VND26,470, implying a 12-month TSR of 20%.

APPENDIX

Table 1 – Yuanta Vietnam Banks Coverage Universe

Stock code	Yuanta Rating	Market Cap (USD mn)	Current price (VND)	Target price (VND)	2024E Dividend yield	12-m TSR*	2024E ROE	2024E ROA	2024E PB
ACB VN	BUY	4,378	24,500	28,513	3.5%	20%	24%	2.5%	1.3x
BID VN	HOLD-UPF	11,018	48,700	47,470	0.0%	-3%	17%	1.1%	2.0x
HDB VN	BUY	3,189	26,950	28,450	4.0%	10%	25%	2.0%	1.4x
MBB VN	BUY	5,212	23,950	31,980	2.1%	36%	23%	2.5%	1.1x
STB VN	HOLD-OPF	2,276	29,600	34,930	0.0%	18%	19%	1.5%	1.0x
TCB VN	BUY	6,502	22,800	26,470	4.4%	20%	17%	2.6%	1.1x
VCB VN	BUY	20,258	90,100	106,910	0.0%	19%	20%	2.0%	2.4x
VPB VN	BUY	5,943	18,300	22,400	5.3%	28%	10%	1.7%	1.0x

*Note: TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends.

Pricing data as of close on Sep 5, 2024.

Source: Bloomberg, Yuanta Vietnam

Table 2: Peers valuation comparison table

Company	Ticker	Rating	Current Price	Mkt Cap (US\$ bn)	ROE			PER (x)			PBR(x)		
					2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E	2025E
Techcombank	TCB VN	BUY	22,800	6.5	15%	17%	19%	4.3	5.1	5.6	0.6	1.1	1.0
Peers													
Asia Commercial Bank	ACB VN	BUY	24,500	4.4	24%	24%	23%	6.2	5.5	5.0	1.4	1.3	1.1
BIDV Bank	BID VN	HOLD-UPF	48,700	11.0	17%	17%	17%	13.5	11.4	9.6	2.3	1.9	1.6
Vietinbank	CTG VN	Not Rated	35,000	7.4	16%	17%	19%	10.0	8.5	6.3	1.4	1.2	1.0
HDBank	HDB VN	BUY	26,950	3.2	24%	25%	25%	7.3	5.6	4.6	1.6	1.3	1.1
Military Bank	MBB VN	BUY	23,950	5.2	23%	23%	22%	6.3	5.1	4.3	1.3	1.1	0.9
Maritime Bank	MSB VN	Not Rated	11,350	1.2	17%	16%	15%	5.8	5.4	5.1	0.9	0.8	0.7
Orient Commercial Bank	OCB VN	Not Rated	11,700	1.2	16%	13%	14%	7.0	7.8	6.4	1.0	0.9	0.8
Sacombank	STB VN	HOLD-OPF	29,600	2.3	16%	19%	21%	8.0	5.7	4.2	1.2	1.0	0.8
Tienphong Bank	TPB VN	Not Rated	17,600	1.6	16%	16%	17%	5.5	6.9	3.9	1.1	1.0	0.9
Vietcombank	VCB VN	BUY	90,100	20.3	20%	20%	19%	16.1	13.2	11.2	2.9	2.4	2.0
Vietnam International Bank	VIB VN	Not Rated	18,150	2.2	25%	21%	23%	6.2	6.7	5.1	1.4	1.3	1.1
Vietnam Prosperity Bank	VPB VN	BUY	18,300	5.9	8%	10%	13%	13.2	10.0	7.7	1.1	1.1	1.0

Source: Company data, Bloomberg Consensus for CTG, MSB, OCB, TPB, and VIB, Yuanta Vietnam estimates for ACB, BID, HDB, MBB, STB, TCB, VCB, and VPB

2Q24 EARNINGS AND CAMEL SCORES SUMMARY

Table 3– Banks’ 2Q24 earnings and key components

Banks	Earnings drivers													
	PATMI		Net-II		Fee income		Adj. non-II		Opex		Provision		Net other income	
	% QoQ	% YoY	% QoQ	% YoY	% QoQ	% YoY	% QoQ	% YoY	% QoQ	% YoY	% QoQ	% YoY	% QoQ	% YoY
Sector	5%	20%	6%	20%	14%	11%	-7%	8%	9%	7%	15%	19%	100%	-12%
ABB	103%	493%	20%	2%	-19%	-54%	460%	32%	2%	-6%	161%	-34%	83%	111%
ACB	14%	16%	6%	14%	18%	9%	-41%	-53%	-11%	-1%	15%	-17%	358%	76%
BAB	-40%	46%	13%	44%	14%	16%	N/A	N/A	4%	-4%	16858%	265%	157%	11%
BID	10%	17%	10%	10%	15%	16%	68%	141%	24%	5%	22%	36%	106%	0%
BVB	20%	492%	17%	50%	10%	29%	-30%	-30%	-4%	-2%	72%	207%	129%	160%
CTG	8%	3%	1%	20%	6%	6%	-1%	-9%	6%	7%	-3%	21%	40%	-39%
EIB	22%	52%	11%	38%	13%	1%	98%	-37%	47%	21%	-22%	24%	337%	189%
HDB	0%	44%	8%	56%	-37%	-63%	61%	-65%	23%	35%	-11%	-21%	20%	-27%
KLB	58%	69%	50%	112%	7%	28%	N/A	N/A	13%	36%	119%	2279%	75%	68%
LPB	5%	242%	5%	49%	6%	248%	-53%	2%	-9%	-16%	158%	5%	784%	121%
MBB	33%	23%	16%	11%	43%	57%	-27%	105%	28%	9%	-26%	67%	184%	65%
MSB	45%	7%	-1%	6%	23%	-54%	-25%	16%	8%	12%	16%	25%	N/A	567%
NAB	22%	60%	29%	44%	-55%	-61%	-93%	-89%	-1%	5%	123%	6%	136%	4005%
NVB	N/A	698%	23%	29%	608%	244%	-11%	-20%	-11%	5%	423%	3919%	N/A	N/A
OCB	-25%	-43%	5%	9%	26%	-40%	-99%	-100%	10%	45%	105%	225%	1%	394%
PGB	31%	13%	16%	28%	N/A	-60%	N/A	N/A	-8%	12%	147%	100%	133%	N/A
SGB	10%	45%	23%	-6%	30%	1%	12%	-26%	-5%	6%	222%	-59%	-20%	142%
SHB	-29%	17%	-21%	0%	51%	74%	-19%	-93%	7%	10%	-29%	-67%	-64%	119%
SSB	15%	83%	37%	82%	36%	-22%	-34%	233%	4%	11%	116%	306%	-23%	-91%
STB	3%	13%	3%	6%	18%	4%	-2%	21%	13%	31%	-31%	-65%	111%	-48%
TCB	0%	39%	12%	51%	13%	22%	-23%	1599%	22%	38%	36%	104%	N/A	-72%
TPB	4%	18%	-6%	19%	32%	18%	N/A	N/A	-17%	-28%	-20%	158%	N/A	N/A
VAB	32%	28%	-5%	18%	126%	38%	-83%	-79%	16%	21%	N/A	70%	-42%	99%
VBB	368%	96%	80%	81%	-12%	26%	-45%	-64%	8%	3%	57%	199%	N/A	-99%
VCB	-5%	9%	-1%	-1%	4%	-8%	5%	-16%	1%	-9%	0%	-40%	-95%	-91%
VIB	-16%	-29%	-2%	-10%	-2%	-6%	-83%	762%	-3%	16%	20%	31%	33%	77%
VPB	0%	16%	10%	42%	21%	13%	107%	236%	-4%	-9%	44%	28%	434%	-45%

Source: FiinPro-X, Yuanta Vietnam

Table 4– Weighted ratings for each component of the CAMEL model

SUMMARY	ABB	ACB	BAB	BAO	BID	BVB	CTG	EIB	HDB	KLB	LPB	MBB	MSB	NAB	NVB	OCB	PGB	SGB	SHB	SSB	STB	TCB	TPB	VAB	VBB	VCB	VIB	VPB
Capital Adequacy	2.6	2.8	2.8	3.5	2.8	3.2	3.1	2.6	2.6	2.9	2.7	2.5	2.4	2.8	3.5	2.2	2.9	1.5	2.3	2.2	3.0	2.2	2.4	2.9	3.0	2.3	2.9	2.0
Asset Quality	3.6	2.8	2.5	4.1	1.9	4.1	2.1	3.4	3.3	3.1	2.9	2.2	3.7	3.4	4.2	3.4	3.4	3.8	2.9	3.1	3.0	2.2	3.2	3.3	3.6	1.6	3.6	3.8
Management	3.8	2.4	4.0	3.4	3.1	3.7	3.2	3.2	2.5	2.9	2.1	2.1	2.9	2.8	3.7	3.2	4.3	3.7	3.3	2.3	3.1	2.0	2.9	3.7	3.6	2.9	2.4	2.6
Earnings	4.1	1.9	4.3	3.1	2.9	4.2	3.0	3.4	2.2	3.2	2.1	2.0	2.2	2.4	3.9	2.6	4.5	4.1	2.9	2.1	2.9	1.8	2.3	3.5	4.2	2.0	2.0	2.5
Liquidity	3.7	2.2	3.5	3.9	3.1	2.7	2.1	2.2	2.8	2.8	3.6	1.9	2.4	2.8	2.7	2.7	3.6	3.2	2.8	3.8	2.0	2.2	2.6	2.5	2.7	1.5	2.8	2.7
CAMEL Score	3.5	2.4	3.4	3.6	2.7	3.5	2.7	3.0	2.7	3.0	2.7	2.1	2.7	2.8	3.6	2.8	3.7	3.3	2.8	2.7	2.8	2.1	2.7	3.2	3.4	2.0	2.7	2.7

Source: FiinPro-X, Yuanta Vietnam

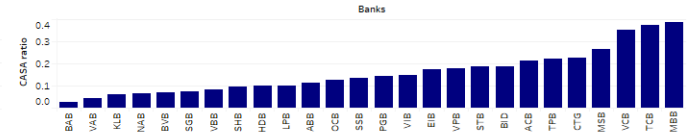
2Q24	ABB	ACB	BAB	BAO	BID	BVB	CTG	EIB	HDB	KLB	LPB	MBB	MSB	NAB	NVB	OCB	PGB	SGB	SHB	SSB	STB	TCB	TPB	VAB	VBB	VCB	VIB	VPB		
Capital Adequacy	CAR	3	3	3	3	3	3	3	5	2	3	2	3	2	3	3	2	3	1	2	2	3	2	2	3	3	3	3	1	
	Equity / Assets	3	2	3	5	4	4	4	1	3	4	3	2	1	3	5	1	3	1	3	1	4	1	2	3	4	2	3	1	1
	Equity / Assets + Off BS exposures	2	1	3	4	4	3	3	1	2	3	2	1	1	3	4	1	2	1	2	1	3	1	1	3	4	1	2	1	1
	VAMC-adj equity / Adj Assets	2	2	3	5	4	4	3	1	2	3	2	1	1	3	5	1	3	1	2	1	4	1	2	3	4	2	2	1	1
	Tangible Equity / Tangible Assets	3	2	4	5	4	4	4	2	3	4	3	2	1	3	5	1	3	1	3	1	4	1	2	3	4	2	3	1	1
	VAMC-adj TE / VAMC adj TA	2	2	3	5	4	4	3	2	2	4	2	1	1	3	5	1	3	1	3	1	4	1	2	3	4	2	2	1	1
	Interbank / Assets	5	3	3	4	3	3	4	3	3	5	3	2	5	3	2	4	5	3	4	2	2	4	3	4	3	4	4	5	3
	Loans / Assets	3	5	5	1	5	4	5	5	4	4	5	5	3	5	4	4	4	4	4	5	5	5	4	3	5	4	5	4	5
	Current FOL room (%)	2	5	1	1	3	3	1	5	1	3	5	5	1	2	5	1	2	5	1	1	3	2	5	5	5	1	2	3	3
	Basel II approval	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Trend	3	4	3	5	2	4	3	4	2	2	3	3	4	2	4	3	4	2	2	2	3	4	3	2	3	2	4	4	3	
AVERAGE RATING	2.4	2.4	2.9	3.4	3.1	3.1	3.2	2.4	2.5	3.0	2.5	2.2	2.1	2.7	3.6	2.0	2.6	1.6	2.4	1.9	3.0	1.9	2.2	2.9	3.1	2.2	2.7	1.8		
Asset Quality	SML ratio	2	1	1	4	2	2	2	5	1	2	2	3	3	5	3	1	3	1	2	1	1	1	3	1	2	1	5	5	
	Type 3 NPL ratio	3	1	1	1	3	1	1	4	1	1	2	1	2	1	2	1	2	1	2	1	1	1	1	3	3	3	1	3	5
	Type 4 NPL ratio	4	1	2	1	3	3	2	2	2	2	2	3	3	3	3	3	3	3	1	1	1	1	1	2	1	2	1	5	5
	Type 5 NPL ratio	5	4	2	5	3	5	1	5	2	5	3	1	5	5	5	5	5	5	5	5	5	5	1	1	5	5	3	5	4
	NPL & SML ratio	5	3	3	5	5	5	5	5	4	4	5	5	5	5	5	5	5	5	5	5	5	3	5	3	5	2	5	5	
	Gross NPL ratio	5	2	2	5	3	5	3	4	3	3	3	3	5	4	5	5	5	4	4	4	3	4	2	4	4	5	2	5	5
	Net NPL ratio	5	3	2	5	1	5	4	5	4	3	3	2	5	5	5	5	4	4	4	3	3	2	3	4	5	1	5	5	
	LLR / Gross loans	1	3	3	1	2	1	4	3	2	2	1	1	3	1	1	1	4	4	1	2	1	3	2	3	3	1	1	1	
	LLR / NPLs	5	4	3	5	1	5	1	5	5	5	4	1	5	5	5	5	5	5	4	4	5	1	5	5	5	1	5	5	
	GPs / Performing loans	1	2	1	1	1	1	1	1	2	2	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1	2	1	1
	SPs / NPLs	4	4	3	5	1	4	2	4	3	3	2	4	4	5	3	4	4	3	3	3	3	3	4	3	4	3	4	1	4
	SPs / NPLs & SMLs	4	4	3	5	1	4	2	5	5	3	3	3	4	5	4	5	4	3	4	2	3	2	3	4	2	5	1	4	4
	VAMC bonds / Assets	1	1	1	5	1	5	1	1	1	1	1	1	1	1	5	1	5	3	1	1	5	1	1	1	1	1	1	1	1
	Accrued interest / Assets	2	1	5	5	1	5	1	1	2	4	3	1	5	3	5	1	2	4	5	2	1	3	1	5	5	1	1	1	
	Other receivables / Assets	5	2	1	4	2	5	2	3	3	4	2	4	3	2	5	5	2	5	3	5	2	2	5	3	2	2	2	5	
	Trend	4	4	4	5	4	4	4	3	4	3	4	4	3	2	4	3	4	3	4	3	3	3	4	3	4	3	3	3	4
AVERAGE RATING	3.5	2.5	2.3	4.0	1.8	3.9	2.1	3.2	3.4	2.9	2.6	2.2	3.4	3.3	4.1	3.3	3.2	3.7	2.8	2.7	2.7	2.0	2.9	3.0	3.5	1.5	3.5	3.7		
Management	Fees / Adj income	2	4	5	1	4	5	3	4	5	2	1	3	4	4	4	4	5	5	5	3	4	1	3	5	5	4	2	3	
	Fees / Assets	3	5	1	3	5	3	4	4	2	1	2	3	4	4	5	3	5	4	5	3	3	1	2	5	5	3	2	2	
	Costs / Adj income	5	1	5	3	1	5	1	4	1	4	1	1	2	3	5	2	5	5	1	1	4	1	2	2	4	1	1	1	
	Qtr PATMI YoY growth	1	2	1	5	2	1	5	1	1	1	1	1	4	1	1	5	3	1	2	1	3	1	2	1	1	4	5	2	
	CASA growth (YTD)	5	5	5	5	5	2	4	2	5	4	1	4	1	2	3	3	5	4	5	1	3	5	5	5	3	5	1	3	
	Credit costs / Assets	2	1	1	5	2	3	1	2	2	2	2	2	1	1	2	2	2	2	2	2	1	2	4	2	1	1	3	5	
	Credit cost adjusted NIM	5	1	4	4	4	4	3	1	3	2	1	2	1	5	2	3	3	3	2	1	2	5	4	2	2	2	3		
	Governance rating	5	2	5	5	3	5	3	5	5	2	3	5	5	2	5	5	2	5	3	3	3	2	3	5	5	2	2	2	
	Quality of current management	5	1	5	5	3	5	3	5	2	5	5	1	3	5	5	3	5	5	3	3	3	1	2	5	5	1	2	2	
	Trend	4	3	4	3	3	3	4	4	3	2	1	3	4	2	3	5	5	3	4	4	4	4	4	4	3	3	4	3	
	AVERAGE RATING	3.7	2.3	4.0	3.7	3.0	3.7	3.3	3.3	2.7	3.0	2.0	2.0	2.8	2.8	3.7	3.1	4.3	3.7	3.3	2.3	2.9	1.9	2.9	3.8	3.6	2.7	2.3	2.6	
Earnings	NIM	5	1	5	1	4	4	3	3	1	2	2	1	1	5	2	3	3	2	2	3	2	1	1	4	5	3	1	1	
	Fees / adj revenue	2	4	5	1	4	5	3	4	5	2	1	3	4	4	4	4	5	5	5	3	4	1	3	5	5	4	2	3	
	Investment inc / adj revenue	5	1	3	5	1	3	3	4	5	5	2	1	5	1	3	5	5	5	1	4	2	2	1	4	2	4	5		
	Total adj non-int inc / adj revenue	1	1	3	1	1	4	2	3	4	1	1	2	1	4	1	2	5	4	5	1	3	1	1	1	1	4	2	1	
	Cost / adj revenue	5	1	5	3	1	5	1	4	1	4	1	2	3	5	2	5	5	1	1	4	4	1	2	2	4	1	1	1	
	PPOP / Assets	5	1	5	1	1	5	1	4	1	3	1	1	1	5	1	5	5												

Key ratios

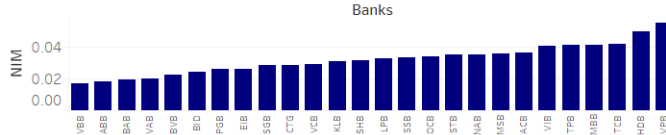
A/E Leverage



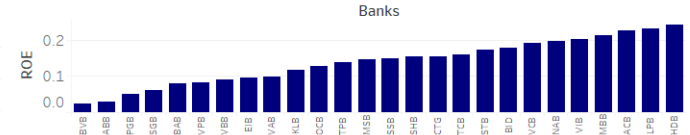
CASA Ratio



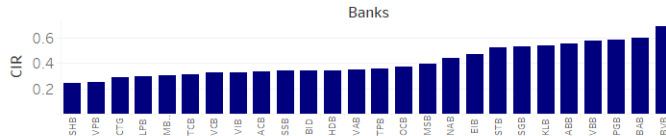
NIM



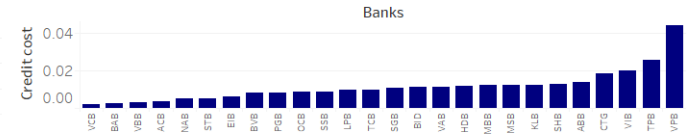
ROE ROA



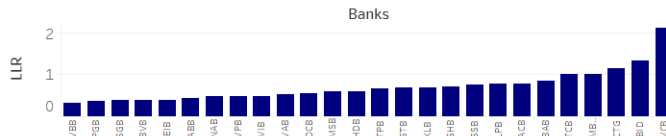
CIR



Credit cost



LLR



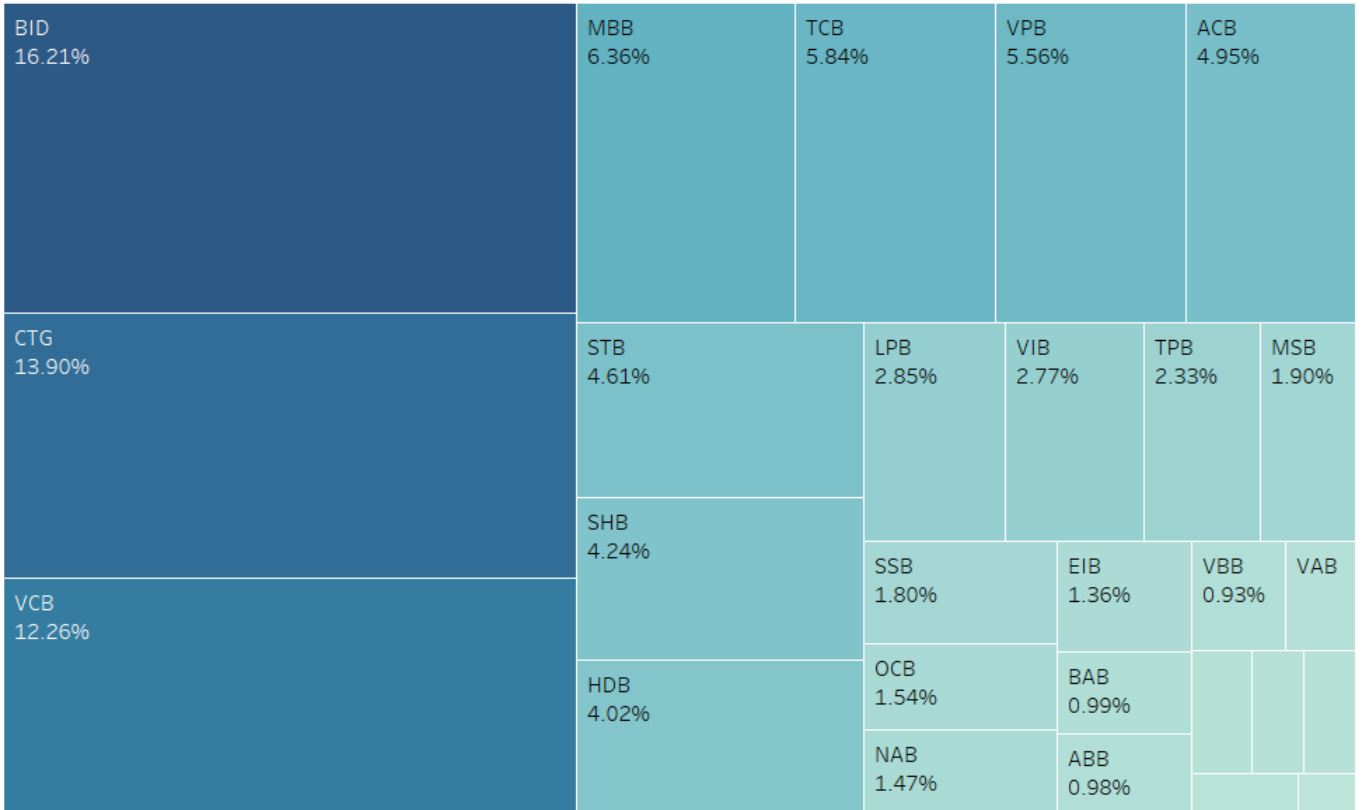
NPL



Source: FiinPro, Yuanta Vietnam

* Data are as at 2Q24 of the 27-listed banks

Asset market share



Loan market share

BID 17.36%	MBB 6.21%	VPB 5.76%	TCB 5.46%	ACB 5.07%					
CTG 14.49%	STB 4.76%	LPB 2.93%	VIB 2.57%	TPB 1.97%	SSB 1.71%				
	SHB 4.25%	MSB 1.53%	EIB 1.40%	VBB	VAB				
VCB 12.63%	HDB 3.56%	NAB 1.44%	BAB 0.94%	NVB	BVB				
		OCB 1.41%	ABB	KLB					

Deposit market share

BID 17.61%	MBB 6.03%	STB 5.35%	ACB 4.99%	TCB 4.70%					
CTG 14.29%	VPB 4.59%	LPB 2.81%	VIB 2.41%	TPB 1.98%	EIB				
	SHB 4.48%	NAB 1.49%	OCB 1.28%	BAB 1.17%	VBB				
VCB 13.40%	HDB 3.77%	MSB 1.48%	VAB 0.84%	NVB 0.83%	BVB				
		SSB 1.46%	ABB 0.83%	KLB					

Source: FiinPro, Yuanta Vietnam

* **Note:** These data are as at 2Q24 and based on the 27 listed banks (which do not include sizeable unlisted banks like Agribank or SCB).

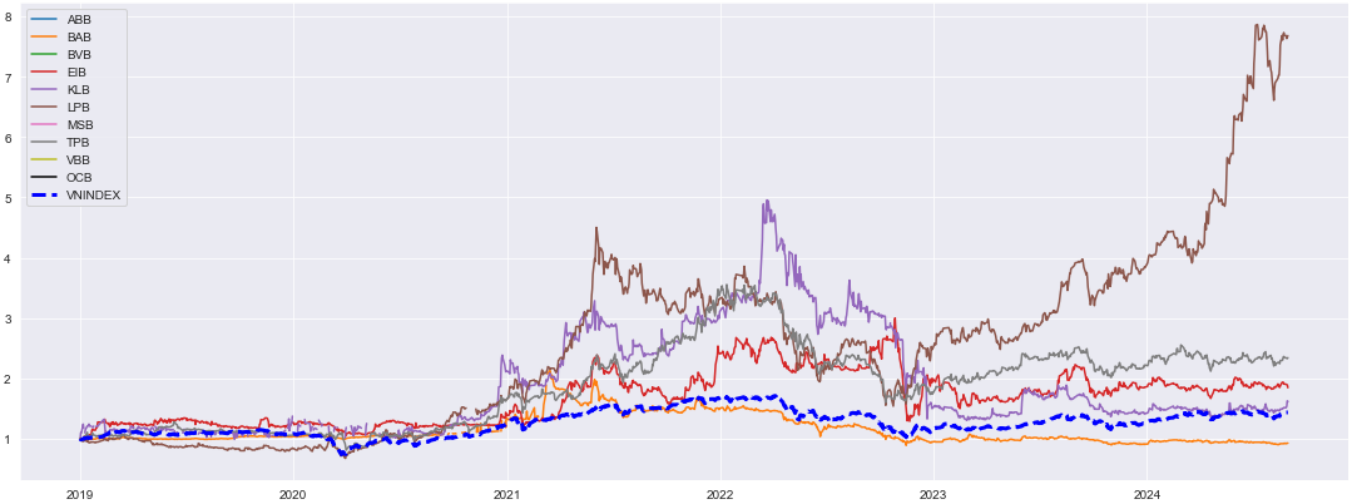
Basic Statistics: Risks and Returns

Figure 14: Large cap bank (>US\$2 bn) stock price performance vs. VNINDEX from Jan '19 – Aug '24 (all start at 1)



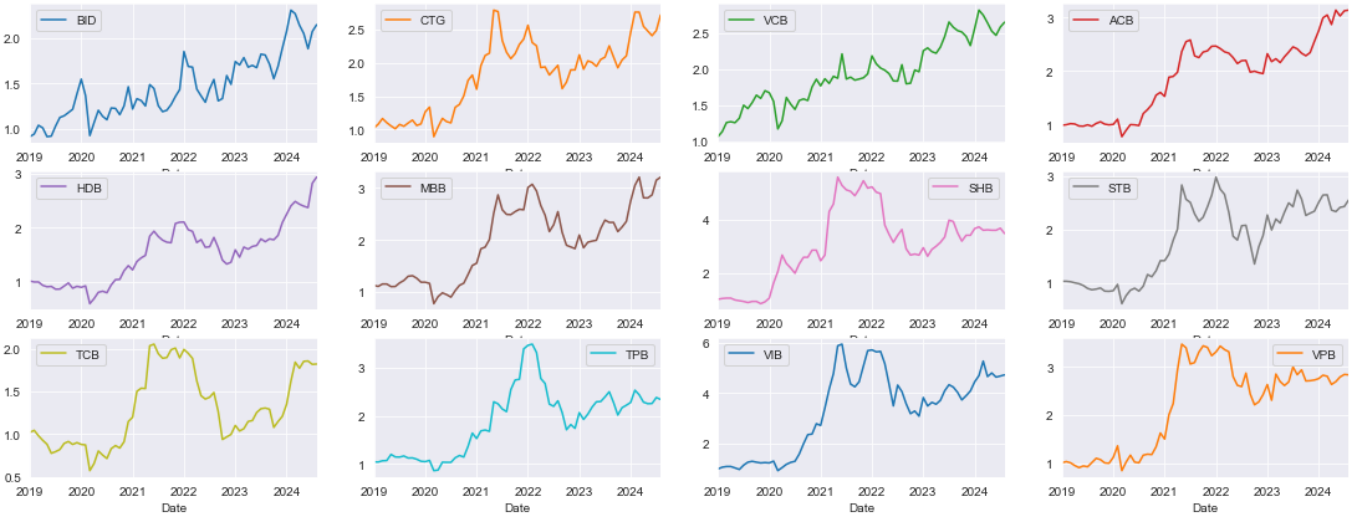
Source: Bloomberg, Yuanta Vietnam

Figure 15: Medium and small cap bank (<US\$2 bn) stock price performance from Jan '19 – Aug '24 (all start at 1)



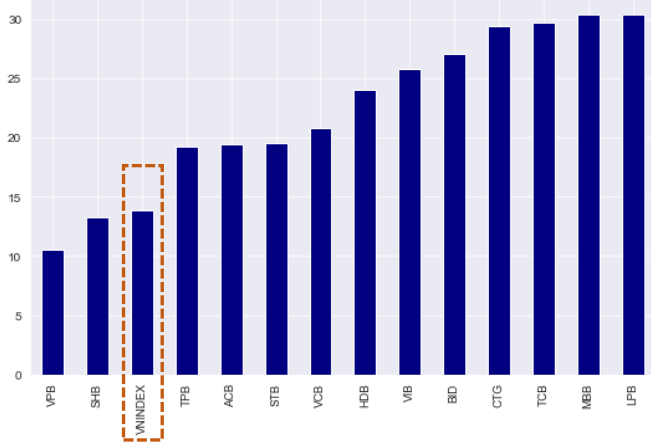
Source: Bloomberg, Yuanta Vietnam

Figure 16: Banks' stock cumulative monthly return from Jan 2019 – Aug 2024



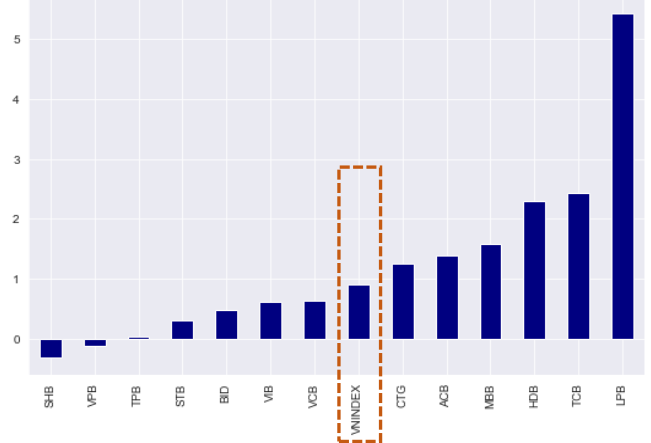
Source: Bloomberg, Yuanta Vietnam

Figure 17: Annualized volatility (Jan 2024–Aug 2024)



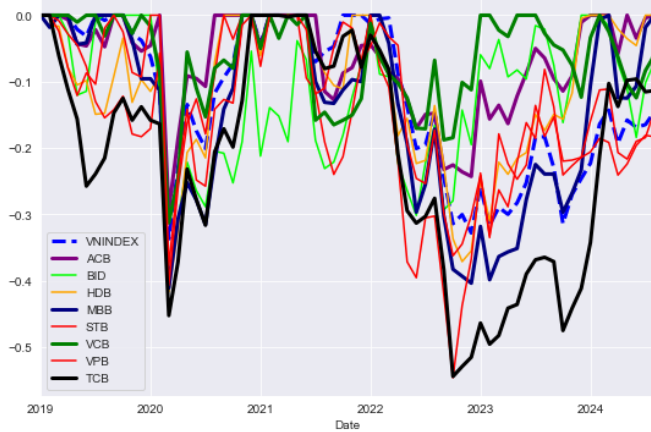
Source: Bloomberg, Yuanta Vietnam

Figure 18: Sharpe ratios (Jan 2024–Aug2024)



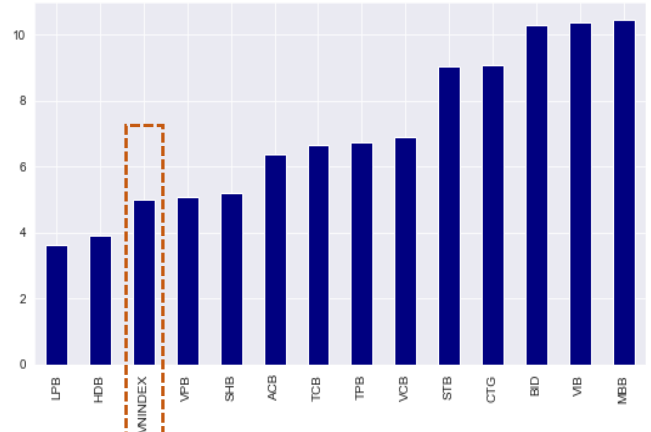
Source: Bloomberg, Yuanta Vietnam

Figure 19: Monthly drawdown (Jan 2019–Aug 2024)



Source: Bloomberg, Yuanta Vietnam

Figure 20: Value at Risk (VaR) at 5% level (Jan–Aug '24)



Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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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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