

BANKING SECTOR

1Q22 Update Outlook

Son Nguyen & Nguyen Nguyen

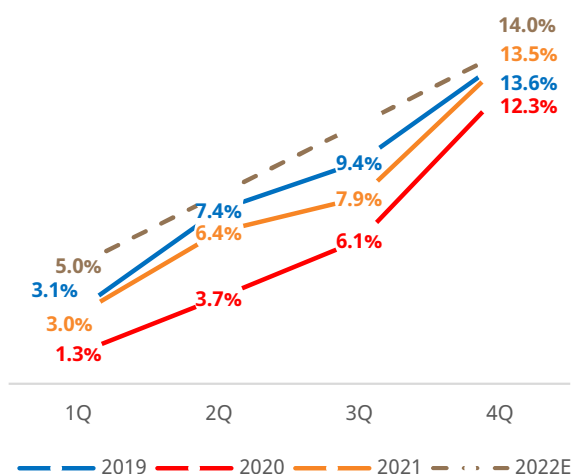
Banking Sector – At a Glance

Sustained high credit growth

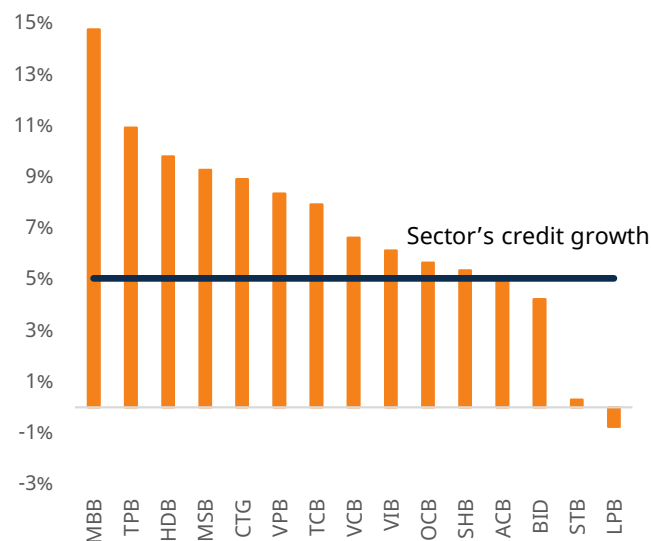
NIM hovered high in 1Q22

- **Credit growth continued to rally in 1Q22:** Thanks to high funding demand from both the retail and business segments, credit growth in 1Q22 reached a new high of 5.03% YTD.
- **Credit growth were consensus among banks:** In 1Q22, the credit growth of bank groups, including State-Owned Commercial Banks (SOCBs) and Private Commercial Banks (PCBs), was much more balanced compared with previous periods. In our opinion, the rebound of SOCBs was mainly driven by the new campaign of the group (waiving transaction fees), which has increased customer interactions with the banks. In addition, the lending rates of SOCBs are much attractive than those of PJCBS. In all, SOCBs have become the preferred destination of both individual and corporate client borrowers.
- **Regardless of high base in 2021, exceptional credit growth will continue in 2022:** Based on the extraordinary performance in 1Q22, 2022 credit growth should exceed 14%. As the banking sector plays a crucial role in accelerating economic recovery, a high-credit-growth orientation should be tolerated in the medium term.
- **NIM inched up in general; however, uptrend should face pressure:** Due to the high inflation outlook and central rate increases of major markets, domestic rate adjustments should be necessary. Moreover, high credit growth should tighten the sector's liquidity. In all, expectations for funding cost increases should further pressure NIM.

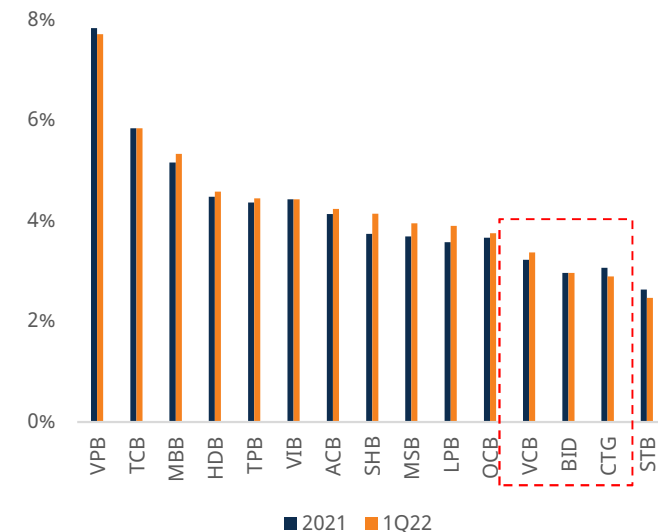
Credit growth



Credit growth of banks in 1Q22



NIM



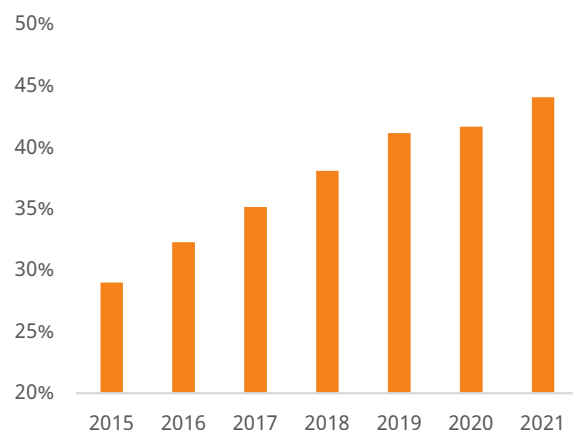
Sources: SBV, GSO, Mirae Asset Vietnam

Banking Sector – At a Glance

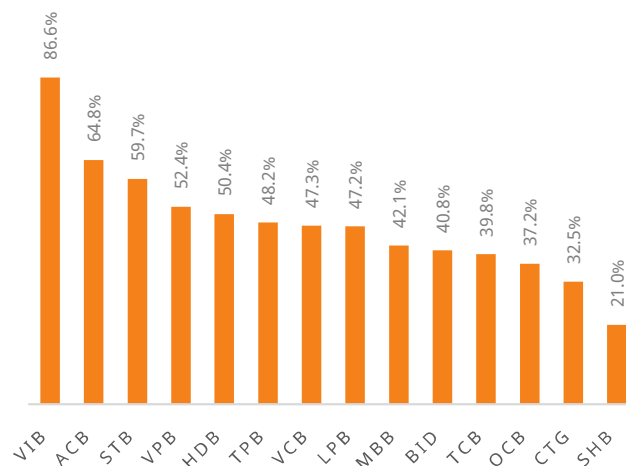
Incremental credit to be allocated to both individuals and businesses in a more balanced manner

- **Retail banking has been losing momentum, with its weight approaching regional norms:** Since the last domestic banking crisis in 2011–2012, banks have tried to diversify credit risks, as well as expand credit portfolio yields. The retail proportion increased sharply, from 20% in 2011 to more than 44.1% in 2021, which is close to the levels of advanced ASEAN economies.
- **Discrepancy between growth in retail banking and business banking to narrow:** COVID-19 put pressure on retail lending growth in the medium-term, due to the pandemic’s direct impact on personal income. Consumer credit — including cash loans, auto loans, and credit cards — is expected to see pressures from tailwinds from the pandemic in 2022. Due to restrictions on mortgage disbursement in late-2Q22, we still expect housing loans to be the key driver of retail banking in 2022. On the other hand, credit demand from businesses to resume or expand their operations should rebound in 2022, in parallel with the Vietnam government’s orientation.
- **Cleaning up the market for sustainable growth of corporate bond market:** Local corporate bonds should see some turbulence in the short term, due to the revision of authority on the compliance of issuers. Those activities should lay the foundations for sustainable growth of the bond market in the future. In addition, there is still room for growth of the corporate bond market in the future. In comparison with regional peers, in terms of corporate bonds to GDP percentage, such as Thailand (~97%) and Malaysia (~58%), Vietnam’s ratio remained low, at 15% (adjusted).

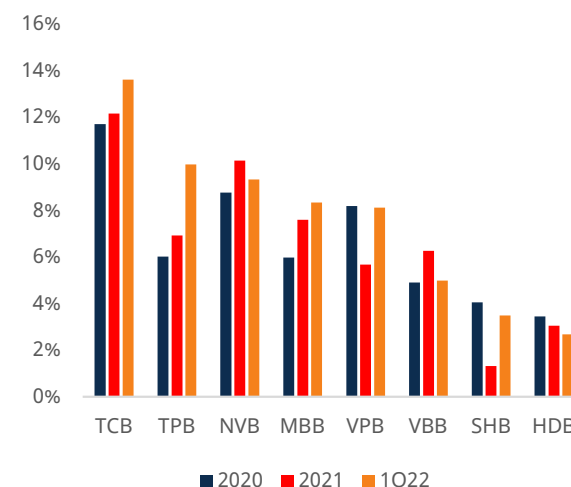
Retail proportion



Retail proportion of banks



Corporate bonds/ interest earning assets (*)



Sources: SBV, Company Data, Mirae Asset Vietnam

Note: “*” chart shows only the banks with the proportion > 2.5%

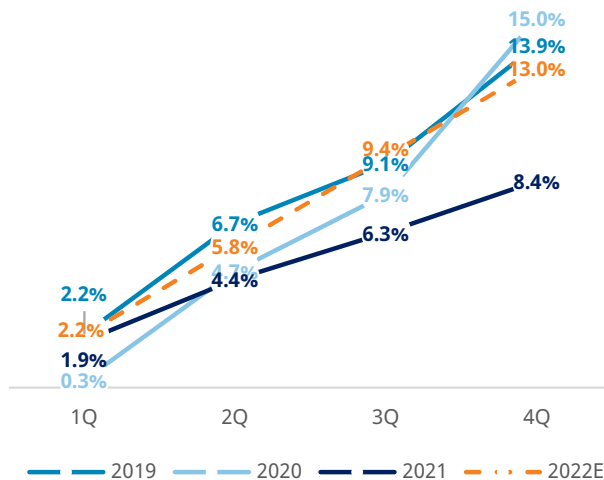
Banking Sector – At a Glance

Deposits should recover in upcoming quarters

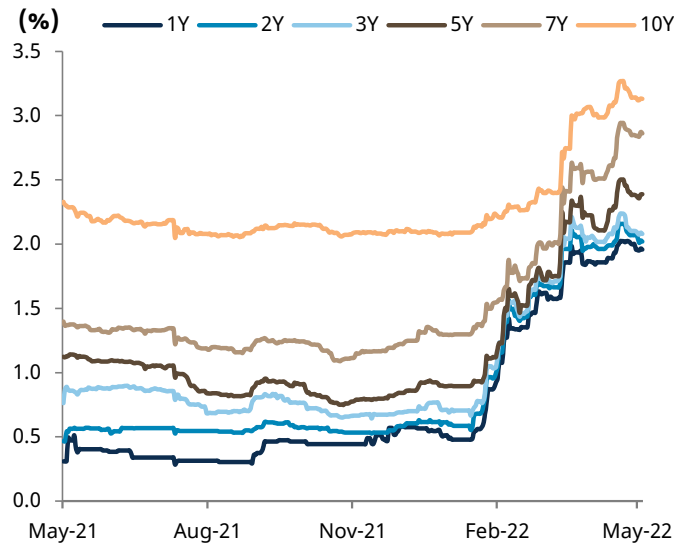
Cheap funding period is about to conclude

- **Unattractive deposit rates and increase in defensive assets conversion stress deposit growth:** Due to uncertainties in the global economy, demand for defensive assets (such as gold) increased significantly, while domestic central rates remained low. As a result, deposit growth was low, at 2.2% YTD, compared with that of credit growth (+5% YTD).
- **Yield expectations on treasuries approaching pre-COVID levels:** In the wake of the worldwide increase in central bank rates, yield expectations on the domestic treasury have increased since early-2022. In addition to last month's 50bps rate increase by the Fed, another rate hike is highly likely, due to soaring inflation.
- **Macro factors urge SBV to increase central rate:** In addition to rate hikes in major markets and increasing inflationary pressure, we expect the central bank to increase lending rates in 2H22. We expect domestic policy rates to increase in 2022, in order to stabilize the VND, as well as draw the attention of risk-averse investors toward debt markets and savings.

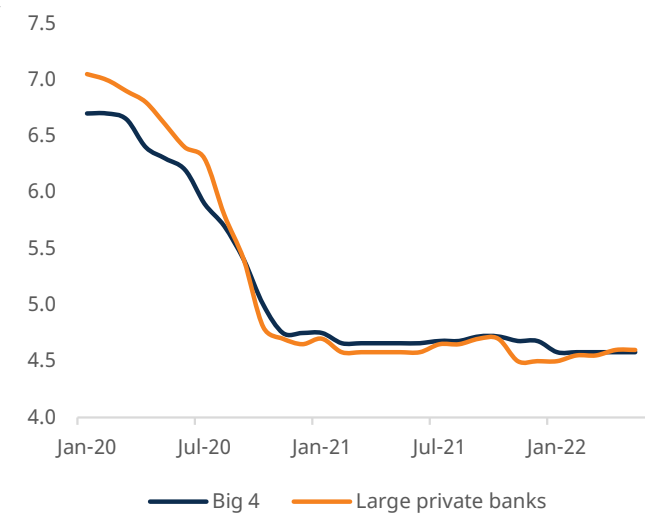
Deposit growth



Treasury yield



Deposit rate (12M)



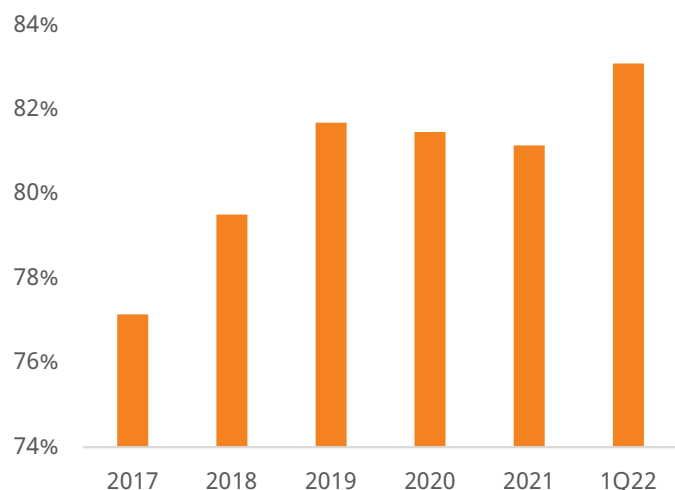
Sources: SBV, Bloomberg, Company Data, Mirae Asset Vietnam

Banking Sector – At a Glance

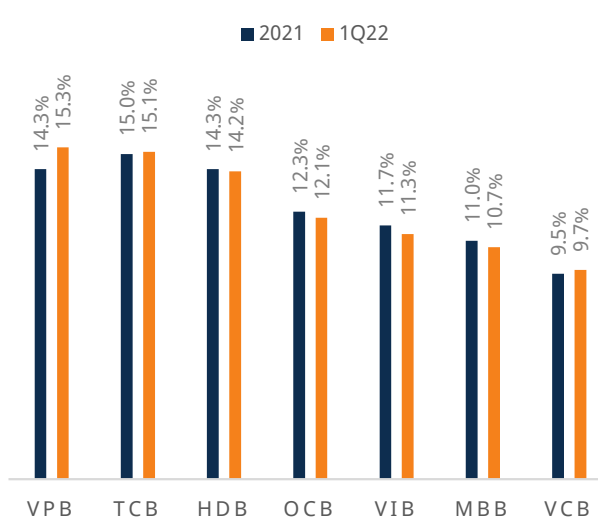
**Liquidity tightened;
capital buffer
remained healthy**

- **Liquidity ratios of banks reduced:** Short-term funding for the medium- and long-term lending ratio (SFMLL) of banks increased in 1Q22, but remained below the cap. The loan-to-deposit ratio (LDR) surged in 1Q22, as usual. Due to the review by the government on the corporate bond market, bank loans appear to be the preferred fund-raising option, rather than bond issuance. Moreover, unattractive rates cannot boost deposits. Consequently, we expect liquidity ratios to remain high in the short-term.
- **Increased use of interbank funding and international loans.** Regarding interbank funding, the largest net lenders are VCB, BID, CTG, and EIB, while the net borrowers are VPB, HDB, TCB, TPB, VIB, LPB, and MBB (in descending order). Net interbank funding of the aforementioned top seven net borrowers in 2021 increased significantly, up 75% YoY. This showed that there was ample room for liquidity in the banking system, making interbank funding an attractive source of low-cost funds.
- **Strong capital buffer endures high credit growth:** Thanks to the impressive performance of the banking sector in recent years, regardless of the turbulence caused by COVID-19, the capital adequacy ratio (CAR) of banks remained consistent. A sufficient capital buffer is a prerequisite for credit growth in the medium term.

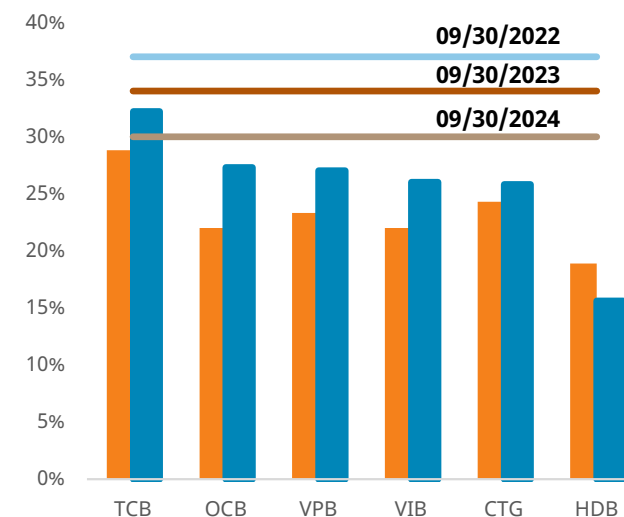
LDR



CAR



SFTMLL and regulated SFMLL timelines



Sources: Company Data, Mirae Asset Vietnam

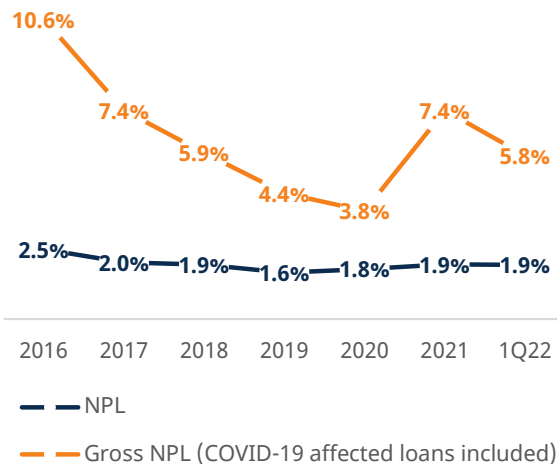
Banking Sector – At a Glance

Tackling restructured loans related to COVID-19 in progress

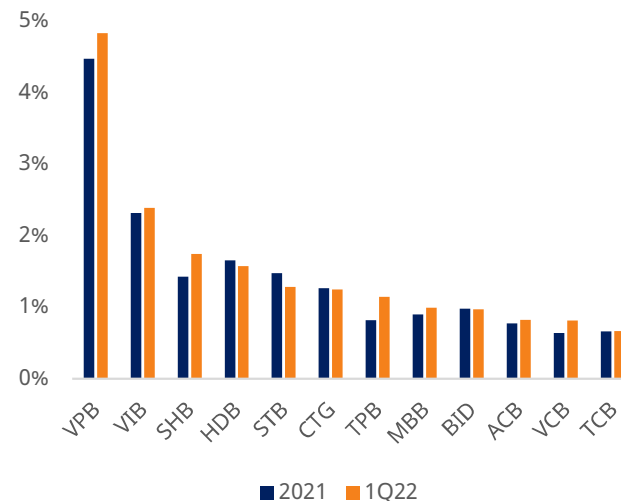
NPL saw uptrend

- **Gross NPL (including Group 2 loans, VAMC bonds, and restructured loans affected by COVID-19) reduced:** As the number of restructured loans has turned either good or bad, due to the expiration of the grace period from Cir.14/2021/TT-NHNN, potential bad debt was reduced significantly. Accordingly, on-balance-sheet NPL and broad NPL (including Group 2 loans) increased in 1Q22.
- **NPL to increase:** In spite of the exceptional credit growth in 1Q22, NPL and broad NPL increased significantly, particularly for high retail-exposure banks. As a majority of COVID-19 affected loans were restructured during the second half of 2021, non-current loans should continue to grow in 2H22 and 1H23. Consequently, the NPL of banks is expected to increase during the period, due to the conclusion of COVID-19-related Circulars.
- **Fear over systematic risks:** We recommend investors not lower their vigilance yet, due to the effects of Cir.14/2021/TT-NHNN. Reported total loans receiving special treatment from the Circular should be insignificant. Failure to meet the debt obligations of one debt can trigger credit risks for the remaining debt. Recently, the government forced issuers to recall improperly-distributed bonds, pressuring both cashflow and income. The stress test raised concerns over concentration risks for major banks, as a number of large corporations have struggled to recall bonds as requested.

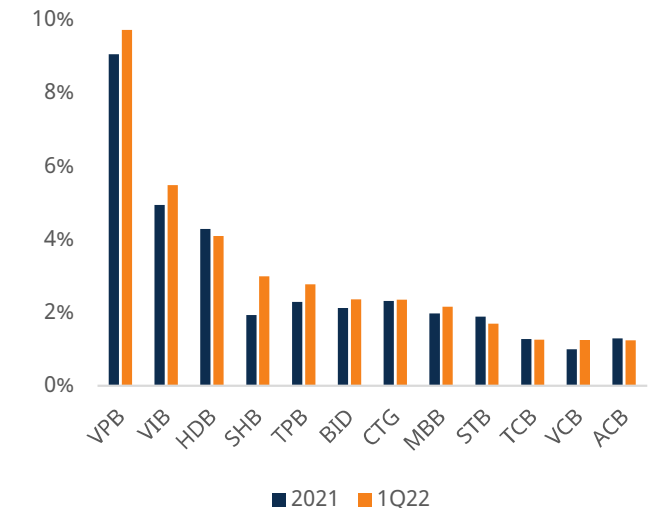
NPL and gross NPL of banking sector



NPL



Broad NPL



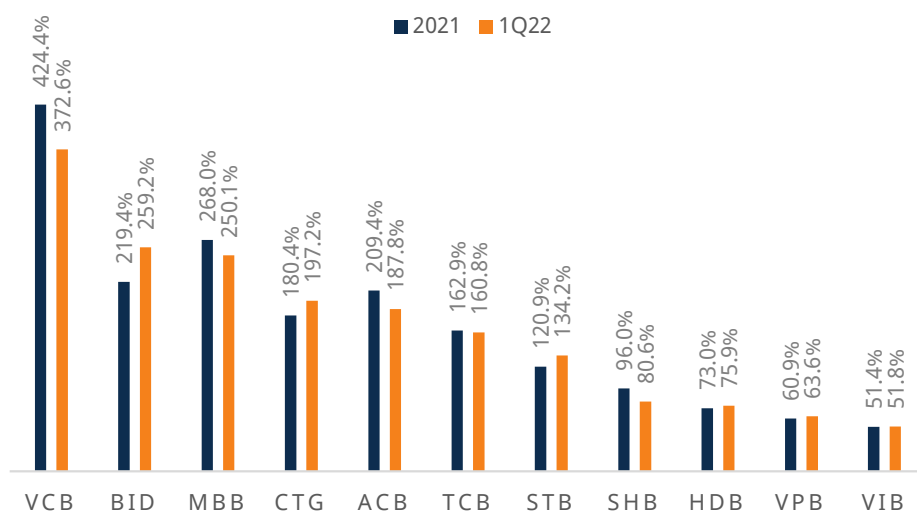
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Banking Sector – At a Glance

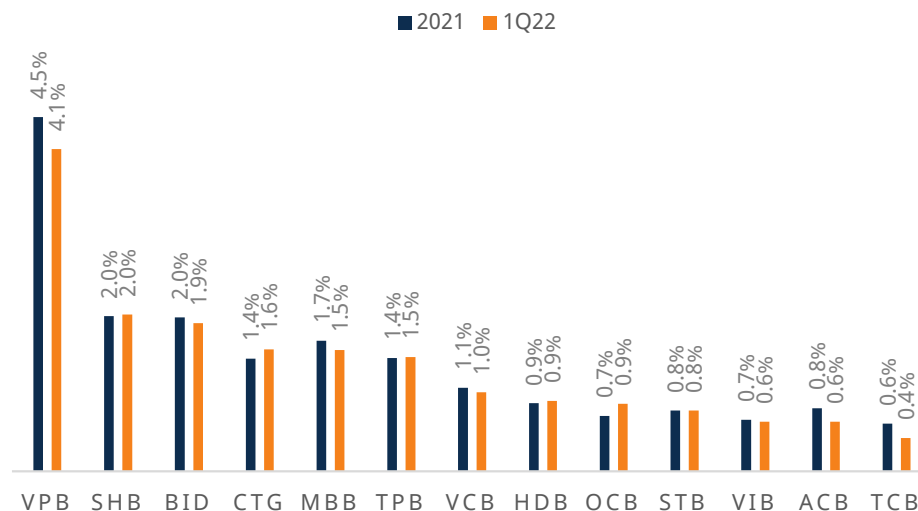
The paradox between risk and return

- **Provisioning coverage level and credit cost was stable in 1Q22:** It is obvious that there is strong divergence among banks, in terms of provisioning buffers. While a number of banks maintained high NPL coverage ratios, in order to prevent earnings turbulence, other banks preferred impressive growth over sustainability.
- **Due to macroeconomic instability factors, we favour banks with a conservative policy:** The notable names are VCB, ACB, and MBB. We forecast that approximately 30%–50% of total restructured loans will become NPLs, which should not cause significant pressure on the balance sheets and income statements of banks possessing sufficient provisioning buffers.

Provision coverage ratio



Credit cost

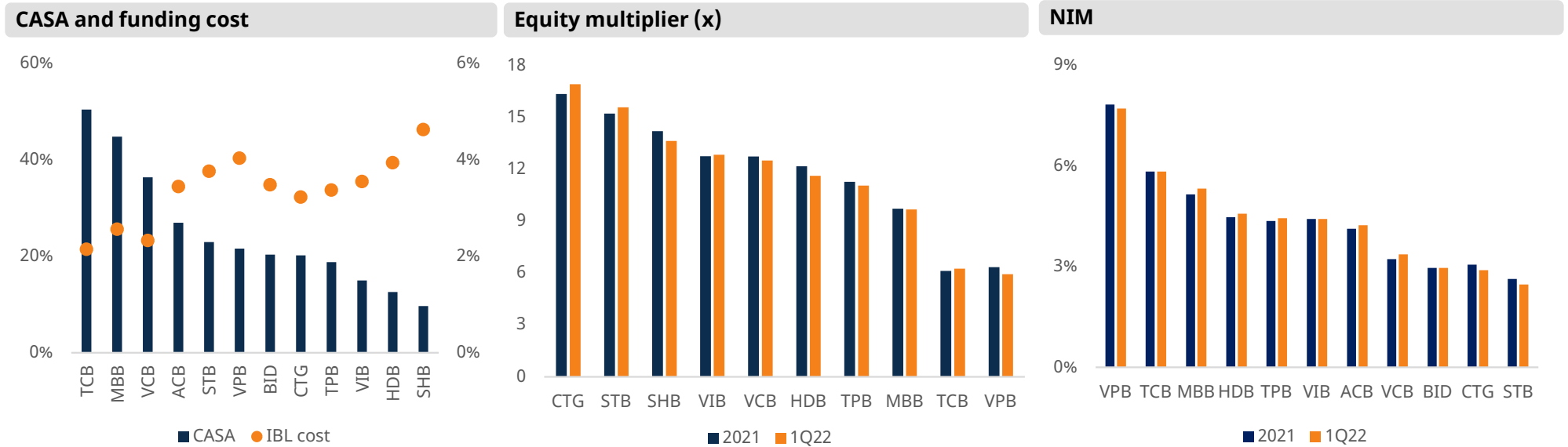


Sources: Company data, Mirae Asset Vietnam

Banking Sector – At a Glance

Big-4 joined CASA race;
NIM inched up

- CASA of state-owned banks recorded improvements thanks to transaction fee waiving policy recently:** Due to the strong correlation between funding cost and CASA, the Big-4 banks are being forced to trade-off transaction fee income for cheap funding. Moreover, concerns over losing customer share to private banks has pushed them to follow the norm. The CASA of the banking sector is expected to see continued expansion in the medium-term.
- Average NIM of listed banks increased by 6bps in 1Q22:** Due to the outperformance of profit growth (+33.3% YoY) over asset growth (+14.5% YoY) in 2021, the financial leverage of the Big-4 declined in 2021. Although the change in funding costs and asset yields was insignificant, leverage reduction sustained NIM expansion. In addition, the common characteristic of banks whose NIM improved in 1Q22 — such as MBB, ACB, and VCB — was good asset quality, with low restructured loans and high provisioning coverage.
- High NIM should be maintained:** The strengthening and weakening factors weighing on NIM outlook are balancing. On the upside, continued high credit growth in 2021—regardless of COVID-19 effects — should preserve interest income growth. Meanwhile, increasing NPL should negatively affect the asset yield of banks, while funding cost should rise, based on central rate increase expectations.



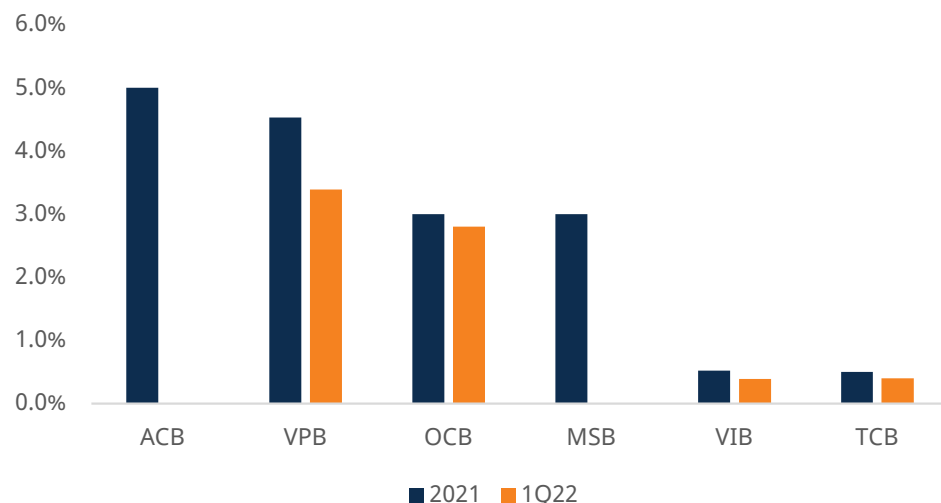
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Banking Sector – At a Glance

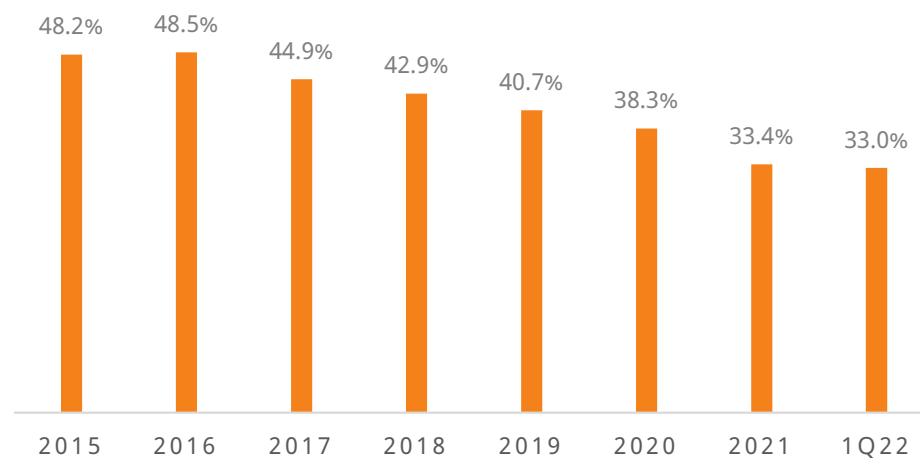
Provisioning expenses to play crucial role in net earnings of banks in medium term

- **High provisioning stress in 2022 and 2023:** The majority of loans affected by COVID-19 should be accurately classified. Based on disclosed information of restructured loans, the figure was significant. According to Cir.14, NPL arising from the pandemic must be fully covered by 2023, thus, the provisioning expenses of banking sector are likely to increase. Corporate bond tapering activities could heighten NPL in the short term, which would lead to increasing credit cost.
- **OPEX ratio in good shape:** As banks expect profit instability in the near future, they have maintained tight cost control. Despite the fact that significant investment is required for digital transformation, spending must be based on residual income. For example, banks with robust income growth (i.e., TCB, VPB, and MBB) were able to accelerate their investments in technology and human resources.

Restructured loans to total loans



CIR



Sources: Company data, Mirae Asset Vietnam

Banking Sector – Valuation distress

Attractive valuation

- **Retail investors' panic, higher yield expectation, and short-term asset liquidation distress valuation:** The recent market correction has brought banks' valuations down to mostly -1 std.
- **NPLs relating to corporate bonds still vague:** This is a risk that investors must be aware of. We will update our target after 2Q22 financial statement release.
- **Strong correction makes valuation benchmark of the sector appeal to long-term investors (2.17x for SOCBs and 1.57x for PCBs):** As a result, there are opportunities for banks (especially PCBs) with relatively strong asset quality and advantages in cost of funding.
- **For PCBs, we prefer banks with solid top-line and relatively strong asset quality, such as ACB and VIB. For SOCBs, we prefer VCB, thanks to its leader solid asset quality.**

Banking Sector – Valuation distress

Fairly deep discount valuation

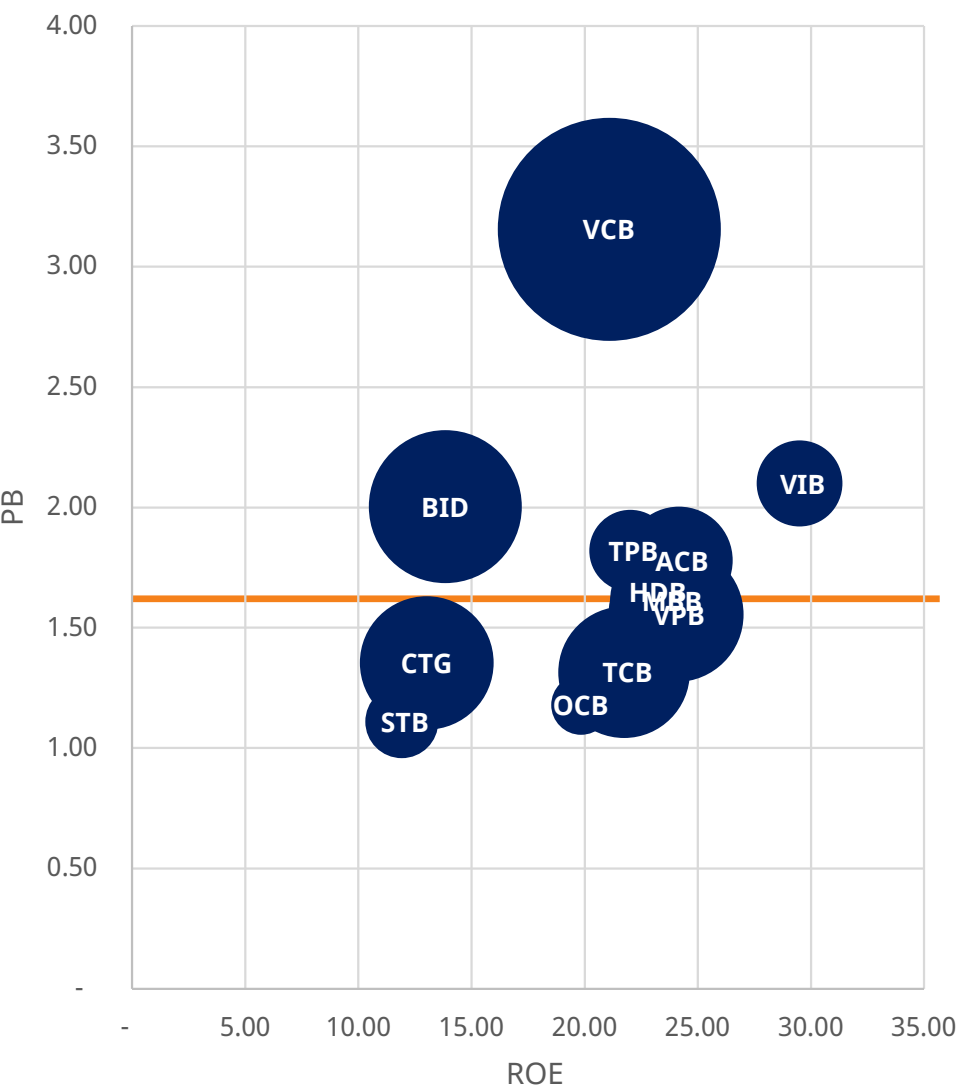
Ticker	Market Cap (VNDbn)	EPS LTM (VND)	LLR (%)	LDR (Pure %)	NPL (%)	CAR	NIM (%)	ROE (%)	ROA (%)	P/B	P/E	Equity (VNDtn)	Total assets (VNDtn)
State-owned banks													
VCB	369,136	4,855	424.36	84.62	0.64	9.56	3.23	21.09	1.68	3.16	16.07	109,117	1,414,673
BID	173,507	2,266	214.85	92.79	0.98	8.61	3.01	13.84	0.67	2.00	15.14	86,329	1,761,696
CTG	132,158	2,558	180.38	94.99	1.26	> 9%	3.10	13.02	0.82	1.35	10.75	93,650	1,531,587
Average				90.8	1.0			15.98	1.06	2.17	13.98		
TOP Commercial Banks													
TCB	128,499	5,462	162.85	110.35	0.66	11.00	5.81	21.74	3.55	1.32	6.70	93,041	568,729
VPB	135,365	3,874	60.89	128.37	4.57	16.08	7.78	24.04	3.44	1.56	7.86	86,278	547,409
MBB	103,148	3,623	267.98	82.62	0.90	>12%	5.33	23.73	2.36	1.61	7.53	62,486	607,140
HDB	51,613	3,217	72.98	107.12	1.65	> 9%	4.41	23.08	1.81	1.65	7.97	30,790	374,612
ACB	85,787	3,081	209.39	95.26	0.77	9.53	4.24	24.16	2.13	1.78	8.24	44,901	527,770
STB	39,401	2,093	118.61	90.77	1.50	12.10	2.67	11.91	0.74	1.11	9.98	34,261	521,117
TPB	49,825	3,308	152.60	93.78	0.82	11.70	4.59	22.02	1.92	1.82	9.52	25,987	292,827
VIB	54,905	3,189	51.33	116.10	2.32	14.00	4.83	29.50	2.29	2.10	8.17	24,291	309,517
OCB	26,507	2,965	82.70	99.51	1.32	12.30	3.00	19.84	2.33	1.18	6.53	21,805	184,491
Average				102.7	1.61			22.22	2.29	1.57	8.06		
Median										1.61	7.97		
Other Banks													
LPB	21,501	2,203	110.73	115.91	1.37	N/A	3.18	18.52	1.08	1.13	6.49	16,802	289,194
MSB	30,168	2,823	95.36	102.32	1.74	10.81	2.88	20.96	2.24	1.31	7.00	22,038	203,665
SSB	55,935	1,976	84.65	108.09	1.65	11.64	2.81	16.84	1.49	2.48	17.06	18,663	211,664
EIB	38,358	1,172	60.81	83.48	1.96	11.52	2.32	8.13	0.86	2.08	26.63	17,785	165,832
ABB	10,821	1,783	50.16	101.68	2.34	11.81	2.85	15.12	1.31	0.92	6.45	11,729	120,937
SHB	37,870	2,404	75.87	110.76	1.69	9.00	3.81	19.73	1.34	1.00	5.91	35,532	506,604
Average				103.71	1.79			16.55	1.39	1.49	11.59		
Average (All)										1.58	8.07		

Sources: Bloomberg (06/06/2022), Mirae Asset Vietnam
LDR, LLR, NPL, CAR is at 12/31/2022

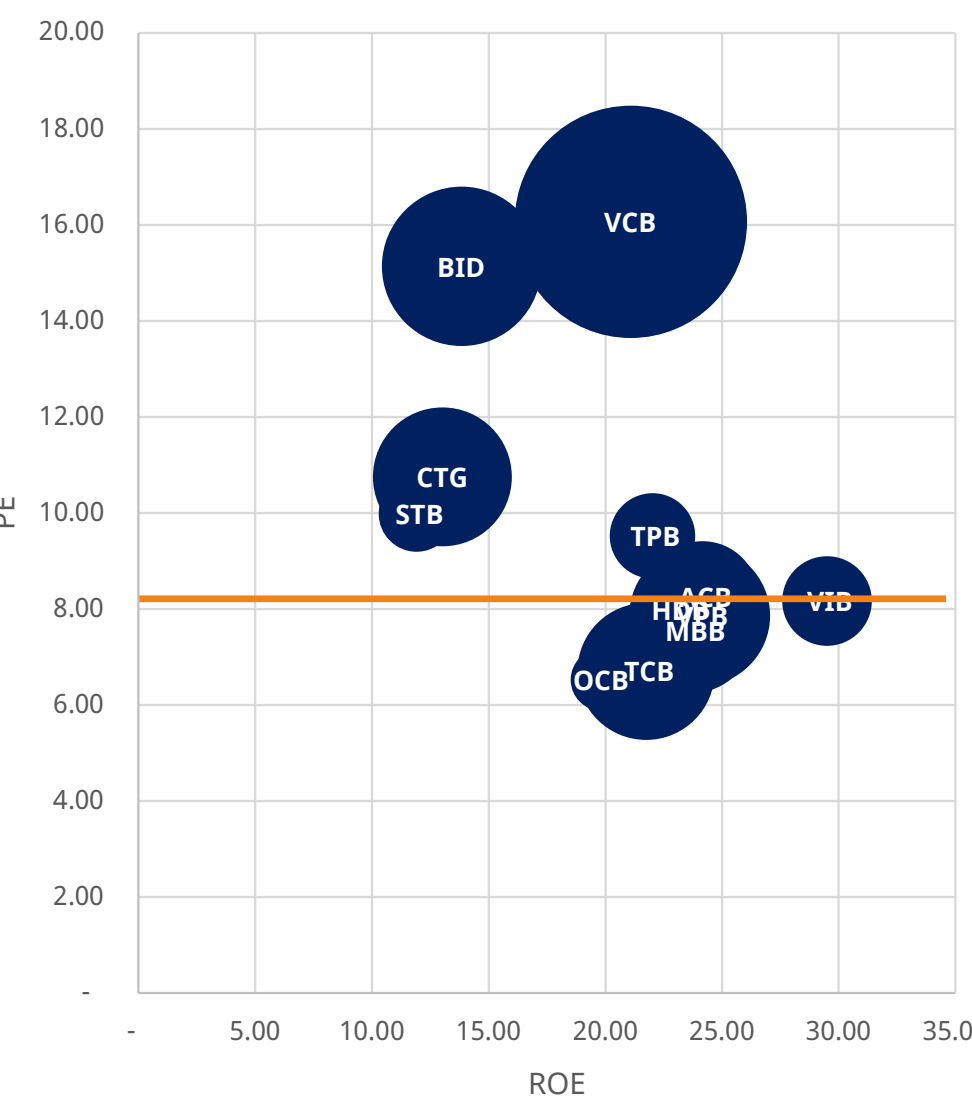
Banking Sector – Valuation distress

Relative valuation

Current market cap, ROE, and trailing PB (avg. PB of 18 banks: 1.58)



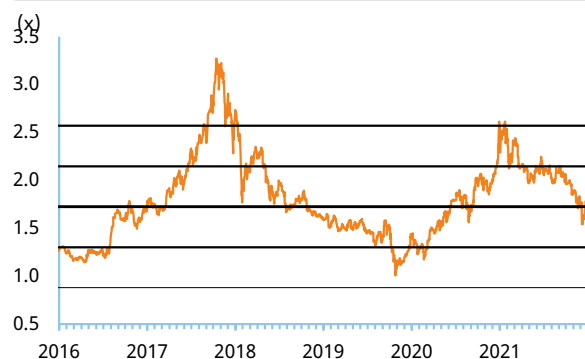
Current market cap, ROE, and trailing PE (avg. PE of 18 banks: 8.07)



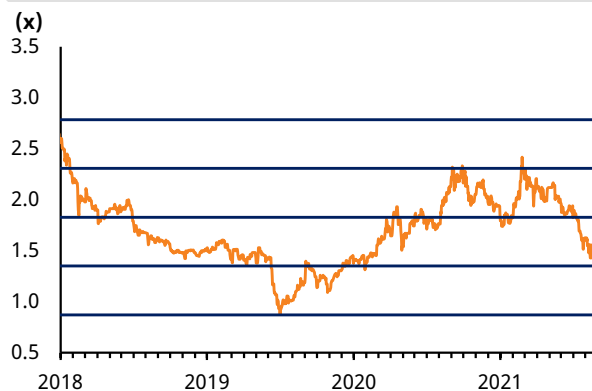
Sources: Bloomberg (06/06/2022), Mirae Asset Vietnam

Banking Sector– P/B band chart

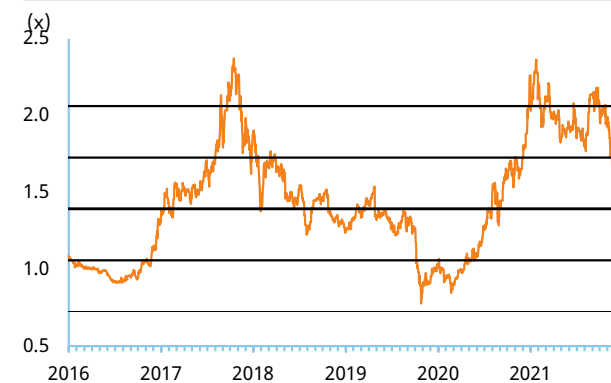
ACB



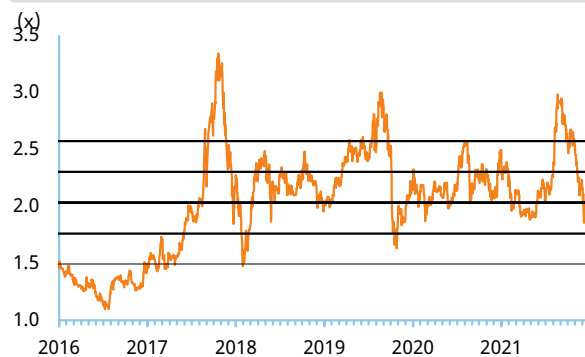
HDB



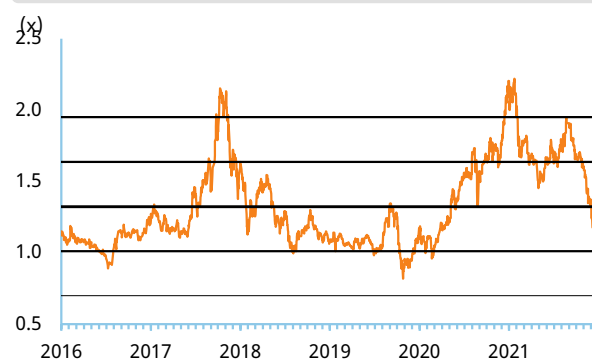
MBB



BID



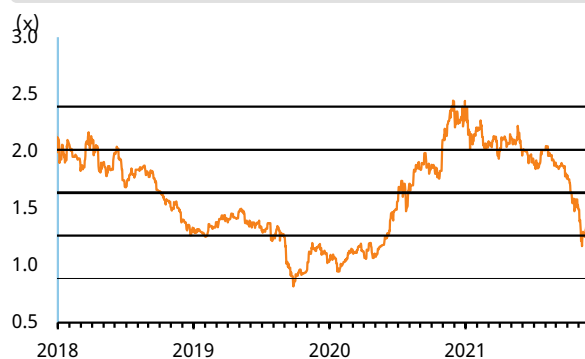
CTG



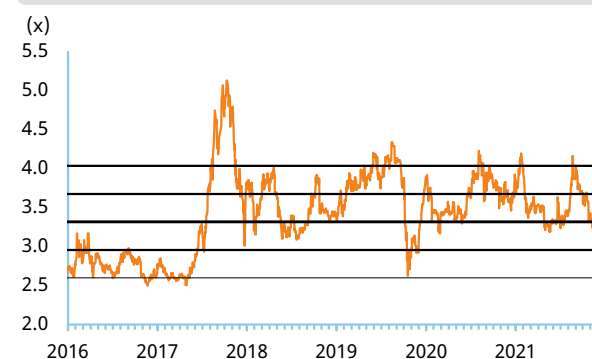
VIB



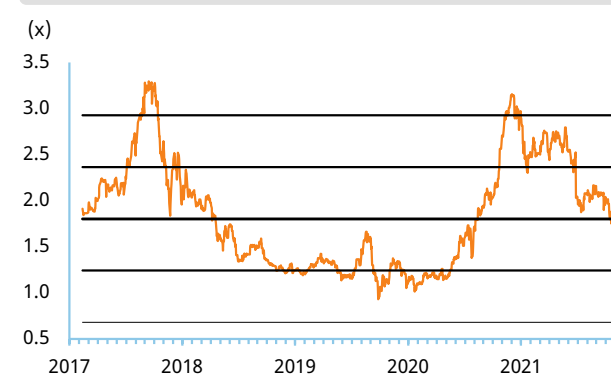
TCB



VCB



VPB



Sources: Bloomberg (06/03/2022), Mirae Asset Vietnam

Bank for Foreign Trade of Vietnam (VCB VN)

Top pick

Emerging unscathed



(Maintain)	BUY
Target price (VND, 12M)	97,600
Current price (06/07/22)	81,000
Expected return	20.5%

NP (22F, VND bn)	25,604		
Consensus OP (22F, VND bn)	N/A		
EPS growth (22F, %)	-8.5(*)		
P/E (22F, x)	14.98		
Market cap (VND bn)	383,333		
Shares outstanding (mn)	4,733		
Free float (%)	25.2		
Foreign ownership (%)	23.7		
52-week low	73,000		
52-week high	96,000		
(%)	1M	6M	12M
Absolute	1.7	1.1	1.1
Relative	-1.3	-11.7	2.0

Investment points

- Overview: In 1962, VCB was established as Foreign Exchange Office, belonging to the National Bank of Vietnam. In 1990, VCB changed from a bank specializing in foreign trade economic activities to a general commercial bank. In 2009, the stocks listed on the Ho Chi Minh Stock Exchange (HOSE).

Maintain growth momentum and No. 2 position, in terms of profit

- By the end of 1Q22, VCB's loan book growth was impressive at 6.7% YTD, reaching VND997tr and ranking second among SOCBs loans growth. NIM advanced by 0.2%p YTD to 3.4%, while CASA reached a new high of 36.3% (+0.6%p YTD) thanks to the new fee policy. Increasing NIM in the context of high loans growth in 1Q22, showed that the impact on NIM of VCB's interest rate support for customers is quite small compared with that of some other banks.
- 1Q22 pre-tax profit reached almost VND10tr, ranking 2nd among banking sector. If we excluded one-off income of VPB (the top performer in 1Q22), profit of VCB should stay on top.

Asset quality slightly reduced amid tailwind effects of COVID-19

- The on-balance-sheet NPL at end-1Q22 remained increased by 15bps to 0.81%. Broad NPL (including group 2 loans) rose to 1.3% (+0.25%p YTD). Meanwhile, the LLR rate dropped to 372.6% (-50.8%p YTD). Fortunately, the bank had set aside all restructuring debts during the year of 2021, according to VCB. Therefore, it is expected that provisioning of VCB should flat in 2022 and 2023.



FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest income (VNDbn)	28,409	34,577	36,285	42,387	46,270	51,755
Net fee income (VNDbn)	3,402	4,307	6,607	7,407	7,878	8,439
Profit before tax (VNDbn)	18,269	23,122	23,050	27,376	32,005	38,770
NP (VNDbn)	14,622	18,526	18,473	21,928	25,604	31,016
EPS (VND)	3,584	4,481	4,470	5,907	5,405(*)	6,548
ROE (%)	25.49%	25.90%	21.11%	21.37%	21.06%	21.05%
P/E (x)	14.93	20.47	21.90	13.34	15.57	12.85
P/B (x)	3.10	4.14	3.86	2.63	3.01	2.44
BVPS (VND)	17,283	21,808	25,370	29,974	27,892 (*)	34,388
Total assets (VNDbn)	1,074,027	1,222,719	1,326,230	1,414,765	1,588,184	1,793,046
Equity (VNDbn)	62,179	80,883	94,095	111,171	131,999	162,744

Source: Bloomberg, Mirae Asset Vietnam Research, (*) fully-diluted

JSCB for Investment and Development of Vietnam (BID VN)

Evolving



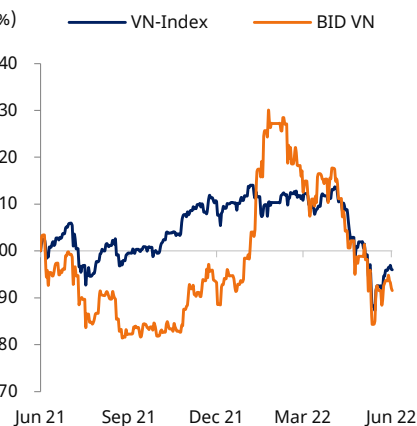
(Maintain)	BUY
Target price (VND, 12M)	43,100
Current price (06/03/2022)	34,350
Expected return	+25.5%

Investment points

- Overview: JSCB for Investment and Development of Vietnam (BID) was founded in 1957 under the Ministry of Finance as the Bank for Construction of Vietnam. BID began operating as a commercial bank in 1995. In 2014, the stock was listed on the Ho Chi Minh Stock Exchange (HOSE). The total assets of the bank are the largest in the banking sector, with more than US\$61bn-worth of assets under management.
- Asset quality saw improvements. NPL fell slightly, to 0.97% (-0.01%p), while provisioning coverage reached a new high of 260% (+40% YTD). Broad NPL increased by 0.2%p YTD to 2.4%, remaining well below the sector's average.
- Net interest margin (NIM) advanced as expected, reaching 2.9% (+0.3%p YoY). Notably, loan yield increased by nearly 1%p QoQ, that confirming our assumptions on NIM expansion in the coming quarters. Furthermore, strong credit growth in 1Q22 should buttress yields in late-2022, when the interest rate incentive period expires.
- One-off income and digitalization should offset the consequences of BID's new zero-fee strategy. Increasing the written-off NPL recovery has become an important earnings source for BID over the past few years. In addition, the decline in CIR, thanks to digitalization, has given the bank the confidence to waive transaction fees to attract retail customers.

NP (22, VNDbn)	13,798
Consensus NP (22F, VNDbn)	16,315
EPS Growth (22, %)	26.4
P/E (22F, x)	14.8

Market cap (VNDbn)			174,519 (%)
Shares outstanding (mn)			5,059 140
Free float (%)			19 130
Foreign ownership (%)			16.8 120
52-week low			1.1 110
52-week high			30,055 100
(%)	1M	6M	12M 90
Absolute	-7.4	3.3	-11.1 80
Relative	-2.8	14.2	-5.4 70



FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest inc. (VNDbn)	34,956	35,978	35,824	46,818	54,980	58,469
Net non-interest inc. (VNDbn)	10,812	13,086	14,086	15,390	16,999	18,038
Profit before tax (VNDbn)	9,339	10,518	8,899	13,414	17,414	23,812
NP (VNDbn)	7,477	8,368	6,997	10,573	13,798	18,877
EPS (VND)	1,613	2,163	1,447	1,986	2,511	3,435
ROE (%)	11.04	11.49	7.40	12.1	12.7	14.1
P/E (x)	21.33	21.34	33.10	18.7	14.8	10.8
P/B (x)	4.2	5.3	6.0	4.4	3.8	3.6
BVPS (VND)	15,047	18,529	18,998	17,073	23,020	25,729

Source: Company data, Mirae Asset Vietnam Research

Vietnam JSCB for Industry and Trade (CTG VN)

Turbulence ahead



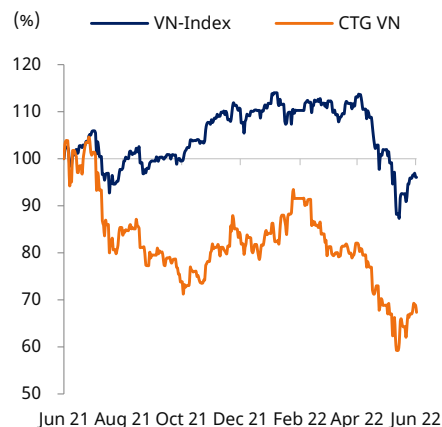
(Maintain)	BUY
Target price (VND, 12M)	34,400
Current price (06/03/2022)	27,400
Expected return	+25.5%

NPAT (22F, VNDbn)	16,639
Market consensus (22F, VNDbn)	20,788
EPS Growth (22F, %)	18.1
P/E (22F, x)	6.9

Market cap (VNDbn)	130,476
Shares outstanding (mn)	4,806
Free float (%)	35.5
Foreign ownership (%)	26.1
52-week low	1.3
52-week high	23,500
(%)	1M 6M 12M
Absolute	0.6 -17.7 -34.6
Relative	5.1 -6.9 -29

Investment points

- 1Q22 performance highlights: Loans to customers unexpectedly surged by 8.6% YTD to VND1,131tr, ranking third in the banking sector. The non-performing loan ratio (NPL) continued to decline by 0.1%p YTD to 1.2% in 1Q22. The provisioning coverage ratio reached a new high of 197.1% (+17%YTD), while the current account and savings account ratio (CASA) inched up by 0.1%p YTD to 20.2% in 2021. The ratio is expected to progressively advance in the medium term, thanks to transaction fee promotion.
- In order to accelerate economic recovery post-COVID-19, a high credit growth target should be maintained. However, the government will curb credit flow into high credit risk sectors, such as corporate bonds and real estate. Therefore, we expect the government to encourage the credit growth of State-Owned Commercial Banks (SOCBs), whose credit flows should be easier to oversee than those of private banks. SOCBs are expected to be key funding sources for public investment projects in 2022. In return, interest rate support packages from SBV should offset negative effects of economic supporting activities.
- In addition to robust income expectations, thanks to sustainable credit growth and high provisioning coverage, one-off income, such as bancassurance and written-off bad-debt recovery, should buoy the bank's profit and capital adequacy ratio (CAR).
- Key risks to our call is higher provisioning than expected. As CTG plays an important role in funding public projects, turbulence in the cashflow of these projects could cause financial distress to borrowers. These loan are usually large; thus, NPL arising from public projects cannot be fully provisioned in the short term.



FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest inc. (VNDbn)	22,520	33,199	35,581	41,788	47,121	49,399
Net non-interest inc. (VNDbn)	6,227	7,320	9,699	11,360	10,033	11,674
Operating profit (VNDbn)	6,742	11,781	17,070	17,589	20,733	24,200
NP (VNDbn)	5,421	9,461	13,679	14,092	16,639	19,422
EPS (VND)	1,456	2,541	3,674	2,932	3,462	4,041
ROE (%)	8.3	13.1	16.8	15.7	16.7	17.1
P/E (x)	19.3	11.5	5.8	10.7	6.9	7.2
P/B (x)	1.6	1.4	1.5	1.8	1.6	1.4
BVPS (VND)	18,120	20,775	22,935	19,488	22,090	25,244

Note: All figures are based on consolidated VAS; NP refers to net profit attributable to controlling interests

Source: Company data, Mirae Asset Vietnam Research

Vietnam International Commercial Joint Stock Bank (VIB VN) Top pick

Into the future

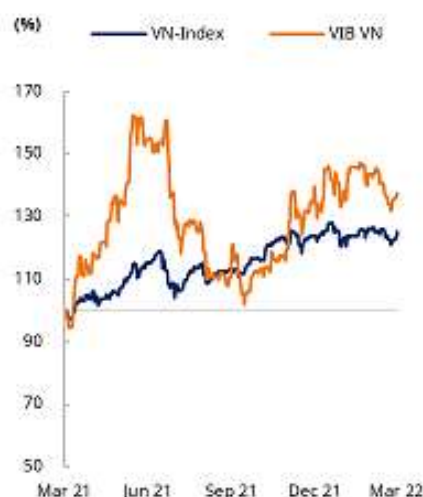


(Maintain)	BUY
Target price (VND, 12M)	38,350
Current price (06/07/22)	26,000
Expected return	47.5%

NPAT (22F, VNDbn)	8,424		
Market consensus (22F, VNDbn)	NA		
EPS Growth (fully diluted by 35%,%)	-1.7%		
P/E (22F, x)	8.21		
Market cap (VNDbn)	69,115		
Shares outstanding (mn)	2,108		
Free float (%)	63.3		
Foreign ownership (%)	20.5		
52-week low	23,550		
52-week high	40,158		
(%)	1M	6M	12M
Absolute	-7.7	-16.3	-27.9
Relative	-0.8	-5.7	-27.0

Investment points

- Overview: Established on September 18, 1996, VIB started operations with initial charter capital of VND50bn and a staff of 23. VIB's stock was officially traded on UPCOM from 2017. VIB officially listed nearly 1bn shares on HOSE in 2020.
- Due to the nature of VIB's credit book (high retail concentration), credit growth was low in 1Q22. In details, retails credit demand for first quarter usually low caused by long holidays effects. In addition, the temporarily interruption global supply chain pressures auto supply, negatively affecting auto loans need. During the period, credit growth of the bank was on par with the sector average, increasing by 6.1% YTD. VIB's net loans reached VND211tn (+6.2% YTD), which is expected to rebound in the remaining period of the year.
- VIB is negotiating to have new Banca upfront fees. The fees are expected to be recorded in 2022. We expect that, by 2022, VIB will continue to achieve the highest ROE in the banking industry, at an estimated 29.4%.
- Thanks to its huge growth potential, proven profitability track record (ROE), and unique and diversified credit portfolio (thus minimizing concentration risk), VIB is currently trading at a P/B of +33.75%, compared with the average for the eight top comparative commercial banks.
- Going forward, we still see great potential for the retail lending segment (house and car loans), as well as demand for life insurance and, in particular, card payments. This is also consistent with the trend of non-cash payments taking place in the world. We assess that in the period of 2022-2023, VIB will still be a growth stock.



	FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest income		4,825	6,213	8,496	11,816	14,251	16,935
Net fee income		735	1,797	2,389	2,742	3,586	4,175
Profit before tax (VNDbn)		2,743	4,082	5,803	8,011	10,530	12,414
NP (VNDbn)		2,194	3,266	4,642	6,410	8,424	9,931
EPS (VND)		3,873	3,894	4,096	4,067	3,997	6,394
ROE (%)		22.55%	27.11%	29.57%	30.33%	29.43%	26.21%
P/E (x)		4.42	4.34	6.58	10.01	9.60	8.14
P/B (x)		1.24	1.19	2.00	3.02	2.45	1.89
BVPS (VND)		13,616	14,527	16,202	15,640	21,221	27,564
Total assets (VNDbn)		139,166	184,531	244,676	309,517	370,233	426,006
Equity (VNDbn)		10,668	13,430	17,974	24,291	32,960	42,811

Source: Bloomberg, Mirae Asset Vietnam forecast

(*) reported EPS as of 4Q21, (**): average equity 2020-2021

Vietnam Technological and Commercial JSB (TCB VN)

Stay in shape



(Maintain)	BUY
Target price (VND, 12M)	48,000
Current price (06/03/22)	36,450
Expected return	+31.6%

NP (22, VND bn) 22,137

Consensus NP (22F, VND bn) 21,073

EPS Growth (22, %) 22.7

P/E (22F, x) 5.9

Market cap (VNDbn) 127,271

Shares outstanding (mn) 3,511

Free float (%) 77.1

Foreign ownership (%) 22.5

52-week low 1.2

52-week high 32,550

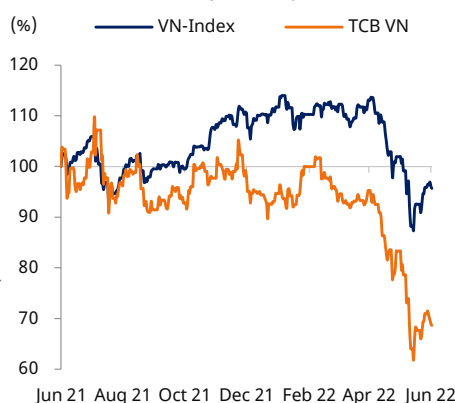
(%)	1M	6M	12M
Absolute	-13.7	-27.8	-33.9
Relative	-8.8	-16.7	-27.9

Investment points

- 1Q22 performance highlights are as follows: 1) Credit growth surged by nearly 8% YTD, mainly driven by corporate bonds (+22.3% YTD), and accounting for 17.4% (+2%p YTD) of total credit portfolio; 2) extraordinary CASA remained at 55.4%, the highest among banking sector; 3) NIM inched up by 10bps YTD to 5.8%; 4) NPL was well-controlled, flat at 0.7%; 5) high loan-loss coverage was sustained, at 106.8% (-2%p YTD); and 6) pre-tax profit reached VND6.8tr (US\$292mn, +25.2% YoY), completing 25.2% of the annual target.
- Over the next 3–5 years, TCB aims to achieve double-digit annual growth, which is backed by the following indications: 1) A high capital adequacy ratio (CAR), which sustains high credit growth; 2) superior CASA, which secured high NIM; and 3) declining CIR and provisioning, which helped support its bottom line. Currently, TCB's 2022 profit growth guidance, which was derived in accordance with a base scenario (credit growth of +15%), was low compared with its previous performance. In our opinion, a higher credit growth limit should be given to TCB, thanks to its strong balance sheet and thick capital buffer, which should eventually lead to higher-than-expected profit.

Risks

- Key risks to our call include: 1) the bank's extraordinary performance, which set high expectations from shareholders; and 2) concentration risk, which continues to be our key concern, with high credit exposure to real estate and corporate bonds of 77.4% in its credit book, as of 1Q22. Corporate bond clean-up activities should negatively affect bond-related incomes of TCB in the short term. In addition, unofficial information could temporarily distress valuation.



FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest inc. (VNDbn)	11,127	14,258	18,751	26,699	33,153	36,105
Net non-interest inc. (VNDbn)	7,223	6,810	8,291	10,378	10,062	11,037
Operating profit (VNDbn)	10,661	12,838	15,800	23,238	28,520	30,853
NP (VNDbn)	8,463	10,075	12,325	18,038	22,137	23,948
EPS (VND)	2,420	2,878	3,516	5,138	6,305	6,821
ROE (%)	21.5	17.7	18.0	21.5	21.3	19.0
P/E (x)	15.2	9.0	10.5	7.2	5.9	5.4
P/B (x)	2.5	1.5	1.7	1.4	1.1	0.9
BVPS (VND)	14,809	17,734	21,289	26,505	32,621	39,237

Note: All figures are based on consolidated VAS; NP refers to net profit attributable to controlling interests

Source: Company data, Mirae Asset Vietnam Research

Vietnam Prosperity JSCB (VPB VN)

One-off income uplifted quarterly profit



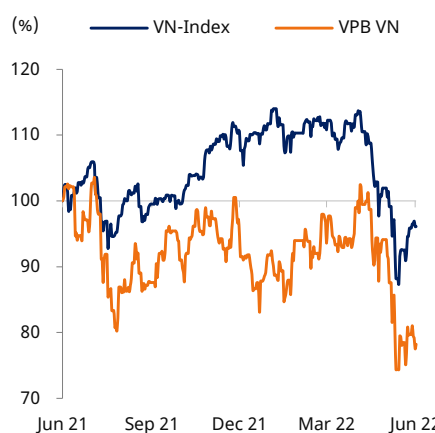
(Maintain)	BUY
Target price (VND, 12M)	38,400
Current price (06/03/22)	30,700
Expected return	+25.1%

NP (22, VND bn)	18,602
Consensus NP (22F, VND bn)	20,182
EPS Growth (22, %)	57.6
P/E (22F, x)	7.2

Market cap (VNDbn)	135,587		
Shares outstanding (mn)	4,445		
Free float (%)	69.8		
Foreign ownership (%)	17.4		
52-week low	1.3		
52-week high	28,950		
(%)	1M	6M	12M
Absolute	-14.8	-14.6	-22.2
Relative	-10.3	-3.8	-16.7

Investment points

- VPB had an impressive performance in 1Q22, as follows: 1) Credit growth (+8.3%YTD) exceeded asset growth (+3% YTD); 2) CIR fell to 21.6% (-2.6%p YTD), tops in the banking sector; 3) 1Q22 profit soared by 178% YoY, thanks to renewal fees from the bancassurance deal between VPB and AIA worth VND5.6tr. On the downside, asset quality and NIM have yet to record improvements as expected. NPL and broad NPL (including Group 2 loans) continued to increase, up by 0.3%p YTD and 0.7%p YTD, respectively, reaching a respective 4.8% and 9.7%. Provisioning coverage remained low, at 63.6% (+1.3%p YTD), compared with those of listed peers. NIM fell by 0.2%p, as the key driver of credit growth was corporate bonds (+49.7% YTD), rather than consumer credit growth (~+1.6% YTD).
- We expect VPB's profits to rebound in 2022, based on following factors: 1) the peak in 2021 of both NPL and credit cost, which should progressively decline from 2022 onward; 2) the improvement in interest-earning asset (IEA) yield from high disbursement in 4Q21, and the end of interest incentive packages; and 4) the bank's ability to maintain a low CIR.
- VPB's superior capital adequacy ratio (CAR) should endure high credit growth in the medium term. CAR reached 15.3% as of 1Q22, one of the highest among domestic banks. A possible private issuance to strategic partners should drive its CAR to a new high, which would not only improve NIM, but also allow VPB to expand its credit portfolio with less concern over liquidity.



FY (31/12)	12/18	12/19	12/20	12/21	12/22F	12/23F
Net interest inc. (VNDbn)	24,702	30,670	32,346	34,349	43,830	50,122
Net non-interest inc. (VNDbn)	6,384	5,685	6,687	9,953	15,324	12,707
Profit before tax (VNDbn)	9,199	10,324	13,019	14,580	27,772	29,608
NP (VNDbn)	7,356	8,260	10,414	11,808	18,602	19,798
EPS (VND)	2,994	3,388	4,242	2,656	4,185	4,454
ROE (%)	22.8	21.5	21.9	17.0	19.1	16.4
P/E (x)	10.1	11.1	7.1	11.4	7.2	6.8
P/B (x)	2.1	2.1	1.4	1.7	1.4	1.1
BVPS (VND)	14,579	17,996	22,187	17,891	22,133	26,648

Source: Company data, Mirae Asset Vietnam Research

Appendix

Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (—), Not covered (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

* Although it is not part of the official ratings at Mirae Asset Vietnam Co., Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

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