

09/04/2024

**RECOMMENDATION**

**BUY**

Fair price	27,000
Current price	23,050
Upside/downside	17%

**STOCK INFORMATION**

Outstanding shares (mil)	2.536
Free float (mil)	1.395
Market cap. (billion VND)	60,502
3m avg. volume (shares)	3,459,343
Foreign ownership (%)	20.5%
First listing date	01/09/2017

**SHAREHOLDER STRUCTURE**

Commonwealth Bank of Australia (CBA)	20%
Funderra JSC	4.7%
Others	75.3%

**KEY ATTRIBUTES**

TTM EPS (VND)	3,507
BVPS (VND)	14,207
Debt/Equity (%)	91%
ROA (%)	2.4%
ROE (%)	26.7%
P/E	7.1x
P/B	1.6x
Dividend yield (%)	29.5%

**PRICE PERFORMANCE**



**COMPANY PROFILE**

Vietnam International Commercial Joint Stock Bank (VIB) was established in 1996. VIB operates mainly in the fields of capital mobilization and credit lending. The bank also participates in international payment activities, foreign exchange trading, financial investment, risk management and capital preservation. VIB has been listed on the Ho Chi Minh City Stock Exchange (HOSE) since October 2020.

**ANALYST(S)**

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**VIB Annual Meeting of Shareholder 2024**

- Pre-tax Profit in Q1/2024 completed 22% of the yearly plan, creating a good stepping stone for VIB to complete its 2024 business plan.
- We expect 2024 to be a positive year for VIB thanks to the recovery of the economy and retail lending activities. PHS expects the fair value of VIB is 27,000 VND/share. We recommend BUY with upside potential of 17%.

**Plans on Profit distribution**

In 2023, VIB continued to maintain a high dividend payout ratio, however this ratio in 2023 was lower than in 2022. Specifically, the dividend payout ratio would be 29.5%, of which the stock dividend is 17.5% and the cash dividend is 12.5%. This figure is lower than the 35% (20% cash and 15% stock) in 2022.

**Q1/2024 Earning Flash**

EBT in Q1/2024 was VND 2,600 billion, fulfilling 22% of the annual plan. The BOM reported that VIB's credit growth in Q1/2024 increased by nearly 1%, thanks to the low interest rate that has boosted mortgage lending. VIB is applying preferential loan programs with interest rates of 5.8%, 6.8% and 7.8% to boost credit. NPL ratio rose from 2.2% at the end of 2023 to 2.4% at the end of Q1/2024, as the BOM said that NPLs from retail loans are more difficult to collect than those of corporate loans. Restructured debt was estimated at VND 1,000 billion, equivalent to 0.4% of Gross Loan. VIB has recovered VND 200 billion from NPL settlement in Q1/2024.

**Business Plan for 2024**

**Business plan in 2024:** In 2024, VIB plans to increase EBT by 13% to VND 12,045 billion. Total Assets would be VND 492 trillion (+20% YoY). Total credit would be VND 320.6 trillion (+20% YoY), while Mobilized capital would be VND 315.2 trillion (+21% YoY). NPL ratio is below 3%. The bank estimates that Income from handling collaterals could reach VND 1,000-1,500 billion by the end of 2024. In 2024, VIB would invest VND 1,000 billion to build Temenos' core banking system running on AWS cloud platform, aiming to provide customers with the most suitable products, thereby raising the bank's competitive advantage. We believe that VIB has set a prudent business plan and is likely to be completed in 2024.

**Capital injection plan in 2024:** VIB plans to issue shares to existing shareholders at a rate of 17% and to issue ESOP to employees at a rate of 0.44%. Hence, the charter capital after the capital increase would be VND 29,791 billion. The additional charter capital comes from the Capital Reserve Fund. The increased capital would be used to supplement medium- and long-term capital for credit activities and to develop the system of technology, products, and human resources.

**Business strategy in 2024:** VIB continues to implement its 10-year transformation strategy (2017-2026). The strategy aims to achieve a CAGR of 20-30% for lending, mobilization, cards, insurance, and customers within 10 years. The target is to increase annual TOI and Net Profit by 20-30%. To implement this plan, for retail customers, VIB implements the MABC (Mortgage-Auto-Business-Cards) business model, focusing on 4 main segments: home loans, car loans, business loans for households, and cards. The BOM said that the bank's card segment accounts for 35% of Mastercard's market share in Vietnam. Moreover, thanks to the advantage of securing a USD 2 billion loan from international financial institutions, VIB is able to keep its Cost of Funds low, which supports NIM. For corporate customers, VIB invests in solutions for businesses in the industrials, services, and trade sectors. Furthermore, VIB continues its technology strategy with 3 factors: prioritizing mobile applications, cloud storage, and artificial intelligence, developing human resources, building brand, and managing risk by 4 layers.