

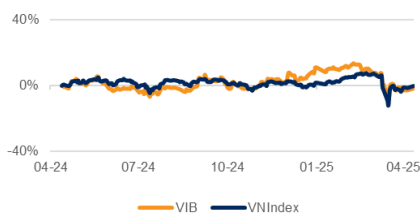
**VIB COMMERCIAL JSB (VIB)**
**FINANCIALS**

Current Price	VND17,550
52Wk High/ Low	VND20,296/16,304
Target Price	VND23,600
Last Updated	12/26/2024
Last Rating	ADD
TP vs Consensus	8.1%
Upside	34.5%
Dividend Yield	3.2%
TSR	37.7%

Market Cap	USD1.99bn
3MADTV	USD7.0mn
Foreign Room	USD0.0mn
Outstanding Shares	2,979.1mn

	VIB	VNI
P/E TTM	7.3x	11.9x
P/B Current	1.2x	1.5x
ROAA	17.4%	2.2%
ROAE	16.4%	13.6%

\*as of 5/5/2025

**Share Price Performance**

**Ownership**

Chairman & related parties	15.3%
Commonwealth Bank of Australia	4.7%
UniCap & related parties	7.5%
Others	72.5%

**Business Description**

VIB Commercial JSB (VIB) is a leading commercial bank in Vietnam, with a focus on retail customers, mortgages and auto loans. The bank has a network of over 189 branches and 298 ATMs across the country, and serves over 4.5 million customers.

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**NIM contraction weighs on earnings [In-line]**

- 1Q25 TOI declined 13.5% YoY to VND4.6tn (USD177mn) due to contracted NIM and a slump in net fee income.
- 1Q25 PBT decreased 3.2% YoY to VND2.4tn (USD93mn), fulfilling 20% of our FY24 forecast.
- We see downward pressure on our target price of VND23,600, which we will update after further review.

**Modest topline growth amid narrowing NIM**

VIB posted total operating income (TOI) of VND4.6tn (USD177mn) in 1Q25, increasing 3.8% YoY. Despite solid credit growth of 3.1% YTD, NIM narrowed by 93bps YoY to 3.04%, driven by a 53-bp YoY drop in asset yield as lending rates declined. As a result, net interest income fell 7.4% YoY.

**Non-interest income dropped sharply due to a decline in fee income**

Non-interest income fell 32.6% YoY in 1Q25, primarily dragged by a steep 50% YoY drop in net fee income. Income from FX trading also plummeted 60% YoY. In contrast, other income rose 51% YoY, possibly supported by debt recovery or one-off gains.

**Provision relief cushions net profit**

In 1Q25, operating expenses dropped 6% YoY, yet the cost-to-income ratio (CIR) rose to 31.8% from 30.1% in 1Q24. While topline growth missed our expectation, earnings were partly cushioned by a 55% YoY drop in provision expenses, totaling VND421bn (USD16.2mn) in 1Q25. This decline likely reflects improved risk recognition in prior periods. Despite this relief, profit before tax still fell 3.2% YoY, mainly due to narrowed NIM.

**Asset quality showed signs of deterioration**

VIB's asset quality exhibited early signs of weakening in 1Q25. The non-performing loan (NPL) ratio rose to 3.8%, up from 3.6% in 1Q24. Although the group 2 loan ratio improved significantly to 3.3% from a high base of 5.6% in 1Q24, the uptick in NPLs suggests that deterioration in loan performance still persists. Meanwhile, the loan loss reserve (LLR) ratio declined further to 38.6%, down from 49.8% in 1Q24, reflecting reduced provisioning coverage. The decline in reserve buffer amid rising NPLs points to a more vulnerable risk profile and warrants closer monitoring of portfolio quality.

	1Q24	1Q25	3M24	3M25	FY25F (VND's forecast)
NII YoY	-6.2%	-7.4%	-6.2%	-7.4%	18.6%
Non-interest income YoY	105.1%	-32.6%	105.1%	-32.6%	18.0%
OPEX YoY	19.4%	-6.0%	19.4%	-6.0%	20.2%
PPOP YoY	2.5%	-17.6%	2.5%	-17.6%	17.6%
Provision expenses YoY	41.5%	-55.4%	41.5%	-55.4%	9.5%
Pre-tax profit YoY	-7.1%	-3.2%	-7.1%	-3.2%	20.6%
			0.0%	0.0%	
Loan growth	16.8%	24.8%	16.8%	24.8%	15.9%
Deposit growth	17.5%	20.5%	17.5%	20.5%	18.1%
			0.0%	0.0%	
NIM	4.0%	3.0%	4.0%	3.0%	3.8%
Interest-earning asset yield	7.5%	6.8%	7.5%	6.8%	7.5%
Cost of funds	4.0%	4.2%	4.0%	4.2%	4.1%
CASA ratio	13.4%	15.1%	13.4%	15.1%	15.1%
CIR	35.2%	38.2%	35.2%	38.2%	35.0%
ROAE	23.7%	17.4%	23.7%	17.4%	20.9%
			0.0%	0.0%	
NPLs / Gross loans	3.60%	3.79%	3.6%	3.8%	3.4%
Group 2 loans / Gross loans	5.6%	3.3%	5.6%	3.3%	3.5%
Loan loss reserves	49.8%	38.6%	49.8%	38.6%	56.1%

Source: VNDIRECT RESEARCH

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## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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