

UPDATE REPORT

Monday, 01st April, 2019

VIB – BUY

STOCK INFORMATION
(April 1st 2019)

Stock exchange	UPCOM
Market price (VND)	19,200
10-day average trading volume	395,978
Market capital (VND bn)	14,429
Outstanding shares	751,541,575

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Business results: VIB's pre-tax profit in 2018 was recorded at VND 2,743 billion (+ 95% yoy, exceeding 37% of the yearly plan). Credit outstanding reached VND 101 trillion (+ 16.78% yoy), deposits and valuable papers reached VND 95 trillion (+ 22.72% yoy). At the end of 2018, VIB became the first private joint stock bank which was approved by SBV to implement Basel II under Circular No. 41/2016.

Outlook: We forecast VIB's pre-tax profit for 2019 will be VND3,110 billion (+ 13.4% yoy).

Key growth drivers include: (i) Concentration on retail banking segment; (ii) Non-interest income, specially bacassurance and decline of CIR in long term; (iii) Improvement in asset quality; (iv) Increasing the number of branches and upgrading digital banks; and (v) Plan to increase charter capital.

Recommendation: With a market price of VND 19,200, VIB is trading at a forward P/B of 2019 of 1.13 times. We recommend BUY for VIB shares with a target price of VND 24,489/share, the above valuation does not include the dividend plan and individual issuance of the bank.

Unit: VND bn	2015	2016	2017	2018	2019F
Loans to customers	47,777	60,180	79,864	96,139	111,521
Deposits from customers and valuable papers	53,304	61,261	77,423	95,015	112,169
Net interest and similar income	2,344	2,626	3,456	4,825	5,723
Total operating income	2,929	3,401	4,092	6,086	7,153
Operating expenses	1,765	2,093	2,325	2,690	3,018
Provisions	509	606	361	653	1,025
Profit before tax	655	702	1,405	2,743	3,110
Profit after tax	521	562	1,125	2,194	2,488
NPL ratio	2.07%	2.58%	2.49%	2.52%	2.40%
CIR	60.3%	61.5%	56.8%	44.2%	42.20%
NIM	2.99%	2.86%	3.12%	3.79%	3.86%
ROE	6.3%	6.6%	12.8%	22.6%	21.60%
ROA	0.63%	0.61%	0.99%	1.67%	1.64%
CAR (Cir 36/2014)	18.04%	13.25%	13.07%	12.88%	NA
CAR (Basell II)	NA	NA	NA	10.2%	NA
LLR	76.1%	65.5%	47.6%	36.2%	38.25%
CASA	20.2%	18.6%	16.3%	14.3%	NA

Source: VIB, VCBS

APPENDIX

INCOME STATEMENT					
As of 31/12					
Unit: VND billion	2015	2016	2017	2018	2019F
Interest income	4,794	5,292	7,208	10,086	11,965
Interest expense	-2,450	-2,666	-3,753	-5,260	-6,242
Net interest income	2,344	2,626	3,456	4,825	5,723
Non-interest income (expense)	585	775	637	1,260	1,430
Total operating income	2,929	3,401	4,092	6,086	7,153
Operating expenses	-1,765	-2,093	-2,325	-2,690	-3,018
Operating profit (pre-provision)	1,164	1,308	1,767	3,396	4,135
Provisions (net of reversals)	-509	-606	-361	-653	-1,025
Profit before taxation	655	702	1,405	2,743	3,110
Taxation	-134	-140	-281	-549	-622
Profit after taxation	521	562	1,125	2,194	2,488
Minority interest	0	0	0	0	0

BALANCE SHEET					
As of 31/12					
Unit: VND billion	2015	2016	2017	2018	2019F
Gross loans to customers	47,777	60,180	79,864	96,139	111,521
Net loans to customers	47,025	59,164	78,919	95,261	110,497
Balances with SBV	6,892	4,015	3,588	2,474	2,477
Current accounts, deposits and placements with banks	762	9,152	10,275	8,416	9,678
Cash and equivalent	849	856	1,016	1,098	1,303
Marketable securities	26,452	28,698	25,610	28,578	37,089
Non-interest earning assets	2,330	2,631	3,751	3,340	3,763
Total assets	84,309	104,517	123,159	139,166	164,807
Deposits from customers	53,304	59,261	68,378	84,863	101,118
Current accounts of banks and payables to SBV	6,627	9,408	10,247	11,194	13,863
Borrowings from SBV and term deposits from banks	14,545	23,854	24,449	19,039	22,789
Debt securities and other borrowed funds	73	2,057	9,166	10,193	11,051
Non-interest generating liabilities	1,149	1,194	2,133	3,211	3,613
Total liabilities	75,698	95,774	114,372	128,499	152,435
Chartered capital	4,845	5,644	5,644	7,835	7,835
Surplus capital	1,958	1,159	1,159	721	721
Treasury stock	0	0	-763	-719	-719
Other capital	0	0	0	0	0
Reserve funds	1,186	1,257	2,028	1,709	2,137
Exchange rate differences&asset valuation differences	0	0	0	0	0
Distributable retained profits	66	683	720	1,123	2,399
Shareholders' equity	8,054	8,743	8,788	10,668	12,372
Minority interest	0	0	0	0	0
Total liabilities and equity	83,752	104,517	123,159	139,166	164,807

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