RONG VIET SECURITIES

BANKING

DIFFICULTIES ARE NOT OVER YET, BUT OPPORTUNITIES LIE AHEAD

Lam Nguyen – lam.ntp@vdsc.com.vn

Chinh Nguyen – chinh.nd@vdsc.com.vn

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Rating	Negative	Neutral	Positive

Overview

The deceleration in the banking sector's business activities in the first half of 2023 are in line with the expectations we mentioned in our 2023 strategy report. Under the impact of expansionary monetary policy and fiscal solutions, we expect the second half of 2023 to be more positive for the industry's income and profit.

Insisting on the base case that most economic activity will recover from the end of 2023 and embark on a turnaround in 2024, we believe that banking stocks still have headroom for growth at the current P/B. Compared to the carefully selected stock pick in the first half of the year, our portfolio of preferred banks has expanded in the second half. In which, besides ACB and VCB being two suitable stocks for long-term holding, we also like OCB and BID for the year-end period.

Highlights

Modest performance of the banking sector in the first half of 2023 (1H2023) following the downturn of economic activities.

- Credit growth until July 2023 reached 4.56% YTD, lower than 9.54% in 2022 due to weak credit demand amidst challenging business conditions and a stagnant real estate market. NIM continued to decline since the last quarter of 2022 but by varying degrees among banks, reflecting the significant increase in funding costs resulting from previous deposit interest rate hikes and continuously declined CASA ratios across the banking sector.
- NPLs have increased for the third consecutive quarter, reaching approximately 2.1% in 2Q2023 compared to 1.6% in 4Q2022. While 1Q2023 witnessed a clear divergence in the asset quality between state-owned banks and joint-stock commercial banks, the improvement tendency has become more aligned in 2Q2023 as net NPL formation cooled down across banking groups, yet pressure is still present at some specific banks.
- In general, total operating income (TOI) growth slowed down in 2Q2023, reaching 3% YoY in 1H2023, primarily driven by a 7.9% YoY increase in net interest income while net fee income decreased by 2.6%. PBT recorded a 3% decline.

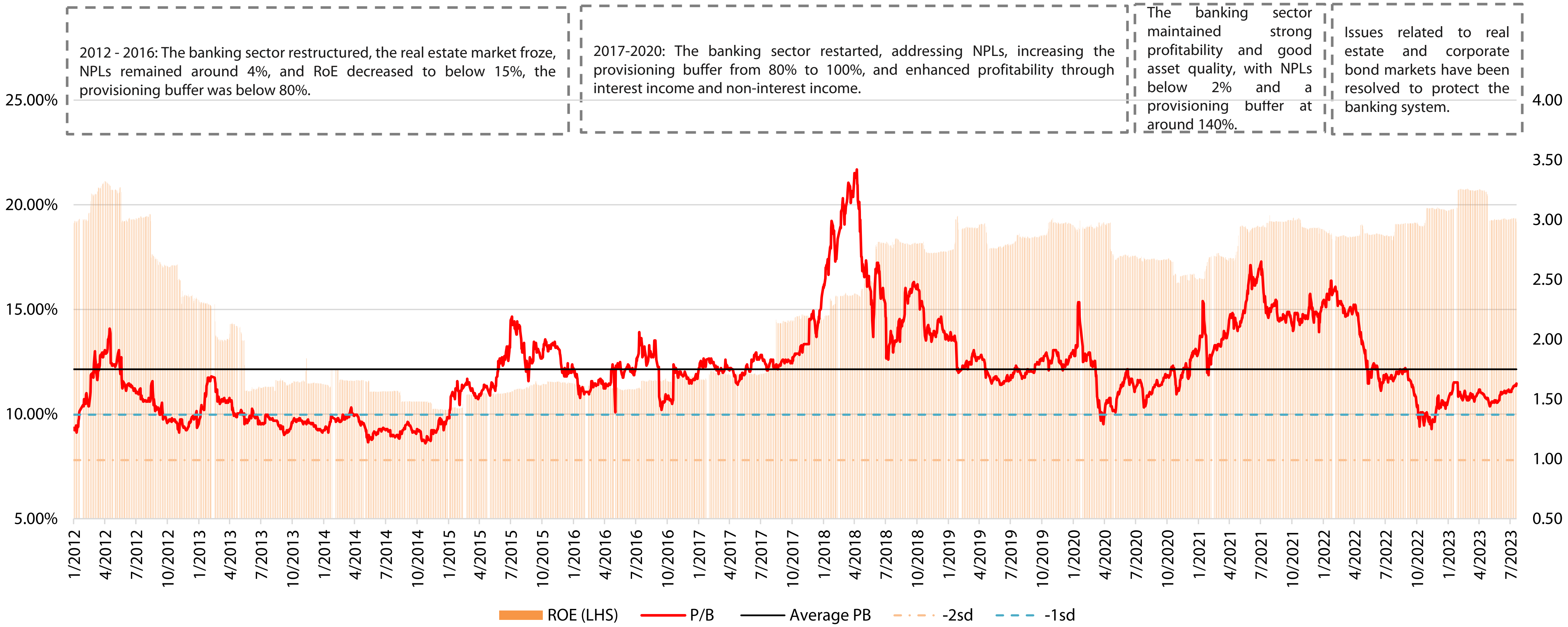
Industry income gradually improved in the second half of the year following the economic recovery. Asset quality needs to be closely monitored.

- Monetary policy is gradually expanding, along with a series of fiscal solutions being promoted, which is expected to create positive spillover effects on all economic sectors. Operating income is expected to be more positive than in the first half, mainly driven by interest income attributed to improved NIM and higher credit growth.
- The ease of non-performing loan formation will help reduce pressure on NPL ratios toward the year-end. NPL is expected to peak in 3Q2023 and decrease slightly in the last quarter of the year as economic conditions witness rosier prospect. Per our estimation, the 2023 NPL ratio in our coverage is 1.7%, up 30 bps from 2022. A 20-basis point decrease in the forecasted credit cost will drag down the overall LLR of our coverage portfolio to 136% compared to 157% in 2022.
- PBT growth for 2023E is projected at a modest 10% for our coverage, with the 9% growth in net interest income contributing to 6% increase in total operating income and the 1% reduction in provisioning expenses promoting the bottom-line growth.

BANKING INDUSTRY – DIFFICULTIES ARE NOT OVER YET, BUT OPPORTUNITIES LIE AHEAD

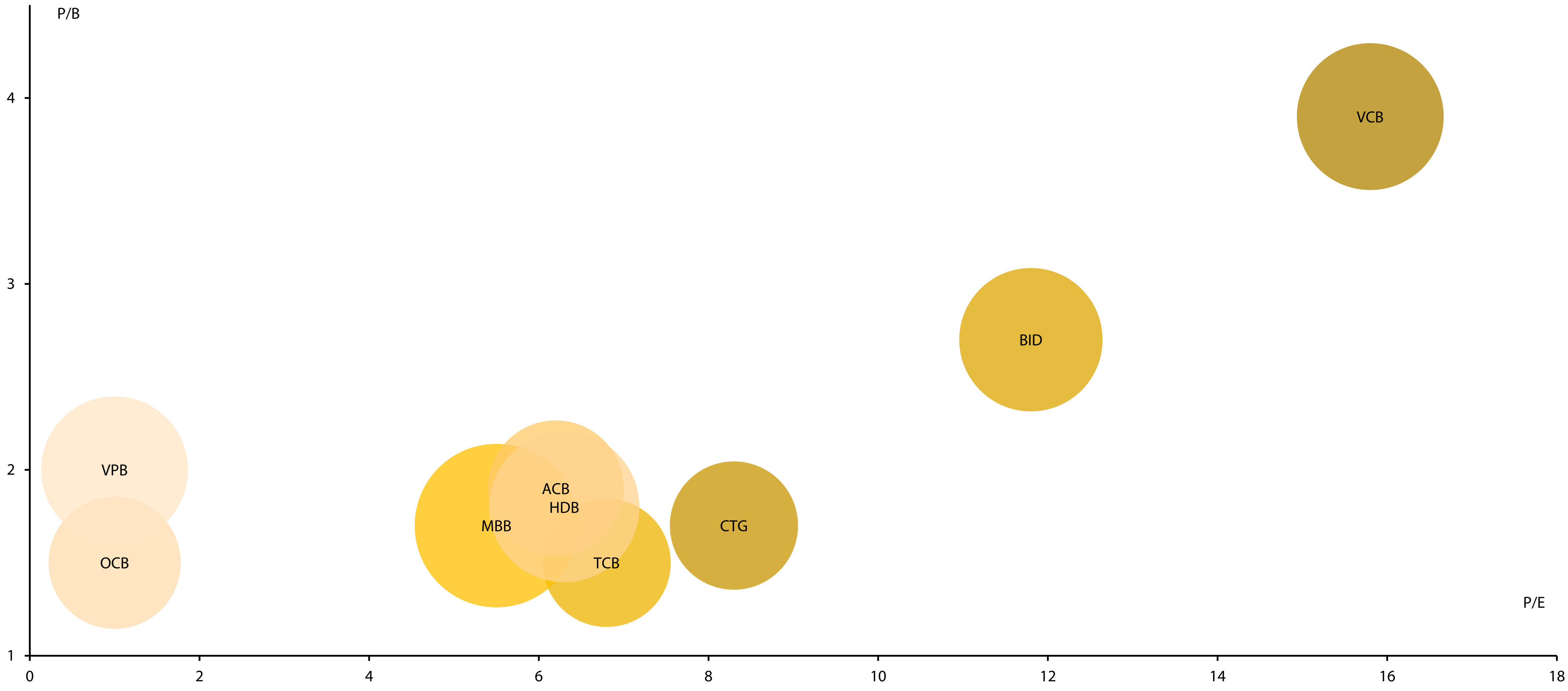
Risks	• The real estate market has yet to recover, making the authorities' support attempts ineffective so far.
Valuation	• Industry valuation has recovered following moves to resolve the bottlenecks in the corporate bonds and real estate market. The current P/B level of the industry is similar to that of the 2016 - 2017 period when the real estate market started to prosper after a long gloomy period. Therefore, in the current context, we also expect economic activities to show a clearer recovery so that banking stocks can be revalued to a higher level. • Besides ACB and VCB which are two banking stocks that we consider suitable for long-term holding, we see two potential new investment opportunities in OCB and BID. • The supportive policies for the real estate and corporate bond markets helped delay or even eradicate the elevating risk of non-performing loan in some commercial banks. Tier 1 commercial banks with many competitive advantages such as TCB and MBB are also opportunities that investors can consider.
Recommendations	• **ACB** (BUY, VND 29,000) • **BID** (ACCUMULATE, TP: VND 54,200) • **TCB** (ACCUMULATE, TP: VND 39,500) • **MBB** (ACCUMULATE, VND 22,300) • **OCB** (ACCUMULATE, VND 22,600)

Figure 1: Valuation & RoE (%)



Source: Fiinpro, RongViet Securities

INDUSTRY COMPARABLES (TTM)



Source: Fiinpro, RongViet Securities. The circle size corresponds to the ROE. Share price as of 15/08/2023

In 6M2023, the State Bank of Vietnam (SBV) prioritized interest rates cut to promote economic growth.

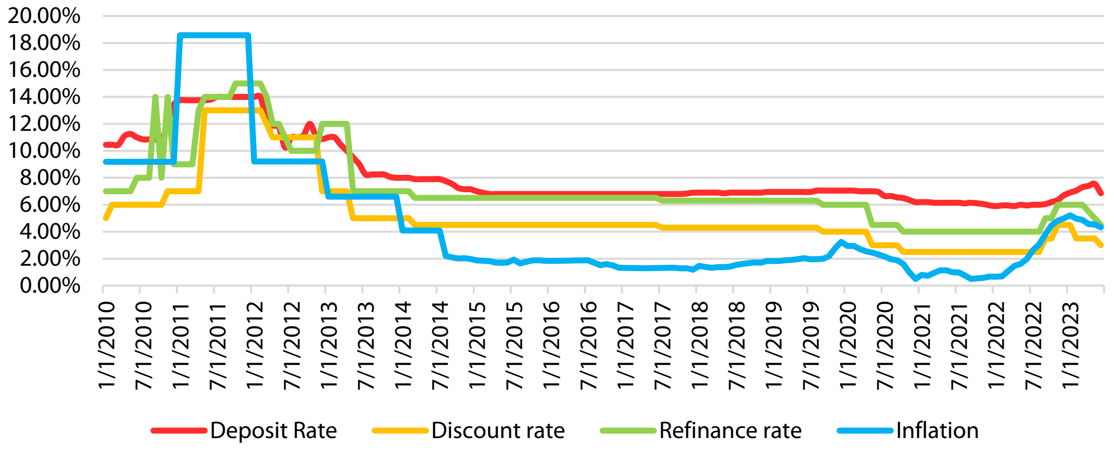
- In the first half of 2023, some risks diminished while the negative economic growth prospects prompted authorities to accelerate interest rate reduction: 1) Inflation was stabilized and peaked in Q1/23, 2) Credit demand was sluggish with low credit growth in the first half of the year, 3) The US dollar cooled down along with weak import demand, allowing the State Bank of Vietnam (SBV) to increase foreign exchange reserves, now at 92 billion USD at the beginning of May 2023.
- Besides, interbank interest rates have dropped sharply and fluctuated at low levels, indicating the abundance of liquidity in the system.
- With the SBV's interest rate cuts from March to June, the deposit rate for terms of less than six months has decreased from 6% to 4.7%. Along with that, the rediscount and refinancing rates also decreased from 3.5% and 6% to 3% and 4.5%, respectively. Thus, these rates have returned to the level prior to the liquidity stress period triggered by turbulence in the corporate bond market when SBV raised several policy rates in October 2022.

Figure 2: SBV interest rate cuts

SBV announced interest rates adjusment (%)	Previous rate	Adjustment in March	Adjustment in April	Adjustment in May	Adjustment in June
Discount rate	4.5	3.5	3.5	3.5	3.0
Overnight interbank rate and the rate to finance short-term balances in clearing transactions between the SBV and CI	7.0	6.0	6.0	5.5	5.0
Interest rate cap applied to the VND short-term loans for priority sectors	5.5	5.0	4.5	4.5	4.0
Refinancing rate	6.0	6.0	5.5	5.0	4.5
Ceiling rate for deposits with terms of less than 1 month	1.0	1.0	0.5	0.5	0.5
Celling rate for deposits with terms of 1 to less than 6 months	6.0	6.0	5.5	5.0	4.75
Deposits at People's credit fund and microfinance institutions	6.5	6.5	6.0	5.5	5.25
Deposits of State Treasury and Deposit Insurance of Vietnam	0.8	0.8	0.5	0.5	0.5

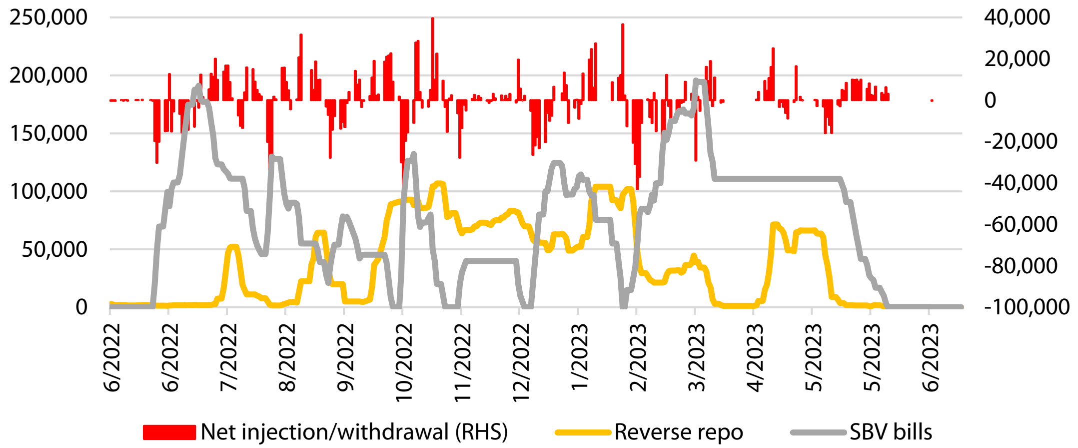
Source: SBV, RongViet Securities

Figure 3: System-wide deposit rates dropped, inflation peaked (%)



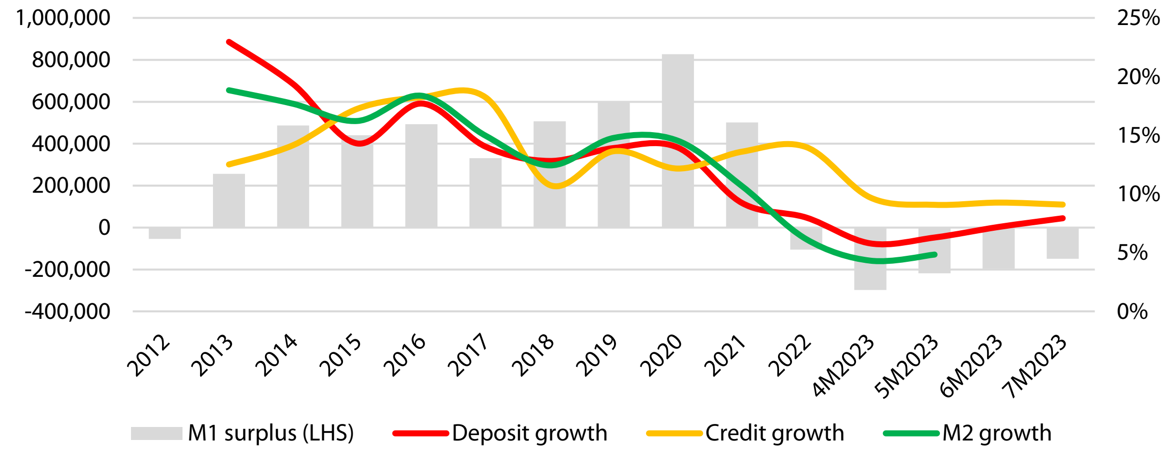
Source: SBV, Fiinpro, RongViet Securities

Figure 4: SBV injected funds to support liquidity (VND bn)



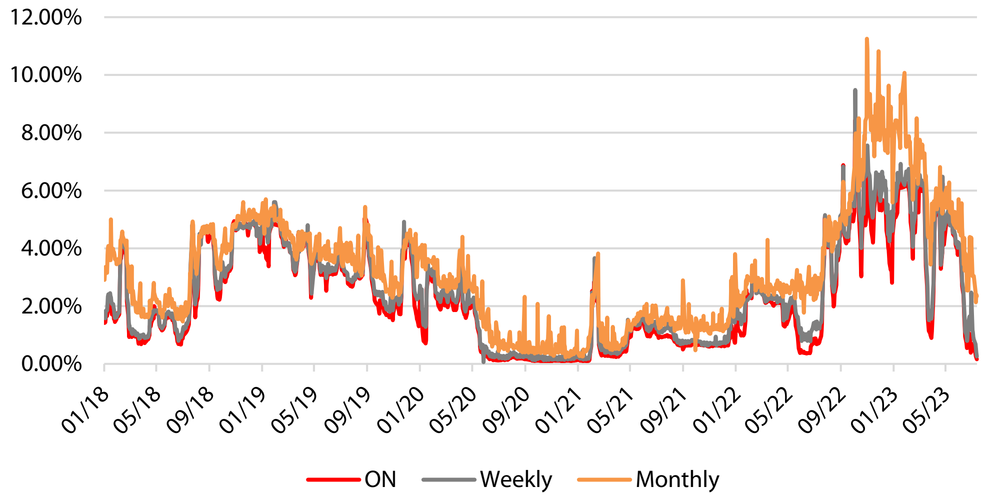
Source: SBV, RongViet Securities

Figure 5: Credit and deposit growth gap (YoY, %) as well as Market 1 surplus (VND bn)



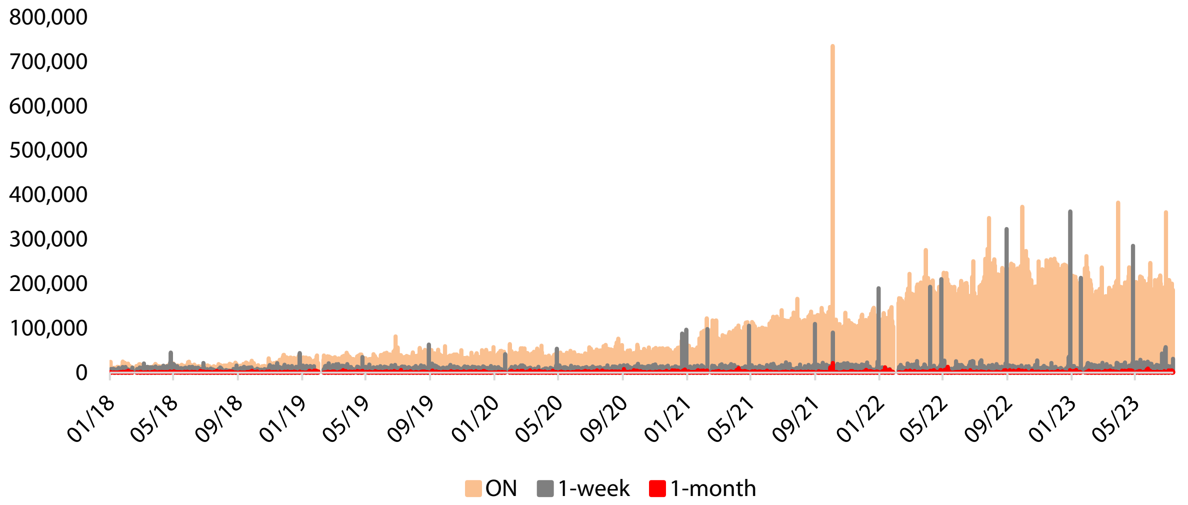
Source: Fiinpro, RongViet Securities

Figure 6: Interbank rates declined (%)



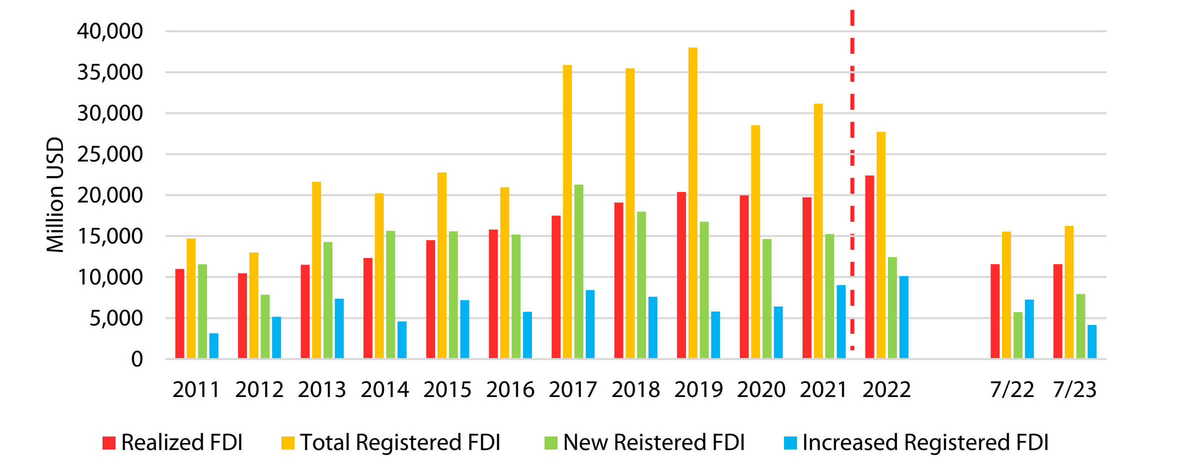
Source: Fiinpro, RongViet Securities

Figure 7: Interbank transaction volume remained high (VND bn)



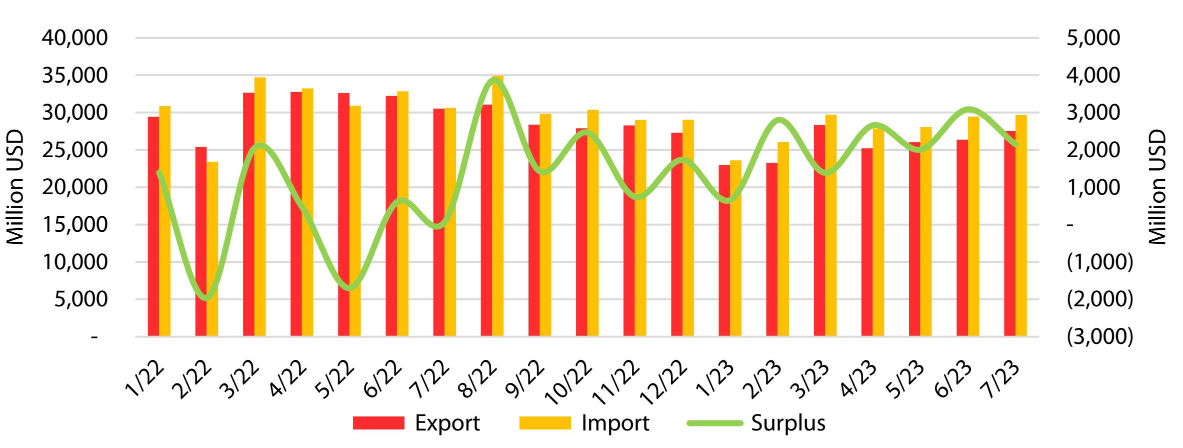
Source: Fiinpro, RongViet Securities

Figure 8: Realized FDI inflows remained stable (accumulated from the beginning of the year - million USD)



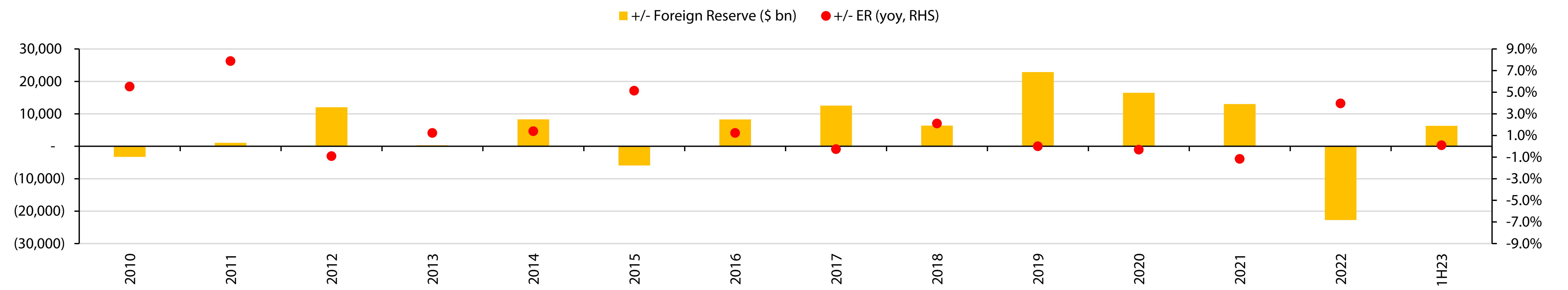
Source: Fiinpro, RongViet Securities

Figure 9: Monthly imports and exports still maintained (million USD)



Source: Fiinpro, RongViet Securities

Figure 10: Stable dollar index (DXY) coupled with declined demand for foreign currency, allowing the SBV to strengthen foreign exchange reserves



Source: Fiinpro, RongViet Securities

Rounds of rate cuts taking place since mid-March have facilitated the alleviation of system-wide's quoted deposit rates.

- The rate cuts stipulated by the SBV in March, May and June have allowed banks to adjust down their quoted deposit rates dramatically. Among our coverage universe, as of June, the group of State-owned banks has witnessed the average decline ranging from 1.1% to 1.7% across most tenors compared to the quoted rates in February. Meanwhile, the group of joint stock commercial banks also observed the average decrease varying from 1.3% to 1.7% during the same period. In general, the current deposit rate level is quite comparable or a bit higher than that seen in the first half of 2022, when the interest rates of the whole economy remained low.

Cost of funds to steadily decrease in the remainder of 2023.

- While the first quarter of 2023 witnessed a significant increase in funding costs (annualized, +94 bps QoQ), reflecting the impact of quoted interest rate hikes in the banking system in 4Q2022, this upward momentum slowed down in 2Q2023 on a sector-wide scale (+38 bps QoQ), but with varying degrees among banks depending on their funding structures and competitive advantages. In the upcoming period, we anticipate that funding costs will gradually decrease from 3Q2023 onwards due to the majority of short-term 3 to 6-month buckets in the funding structure adopted by most banks, as a result of the quoted deposit rate cuts conducted since March. This effect will continue in 4Q2023 but at a lower level, as funding costs are expected to remain flat or decrease slightly in the scenario of one more rates cut to be announced by the SBV. For the time being, as the group of State-owned banks has recently reduced further their quoted deposit rates that come into effect from mid-July, the funding cost of this group may decline by a greater extent.

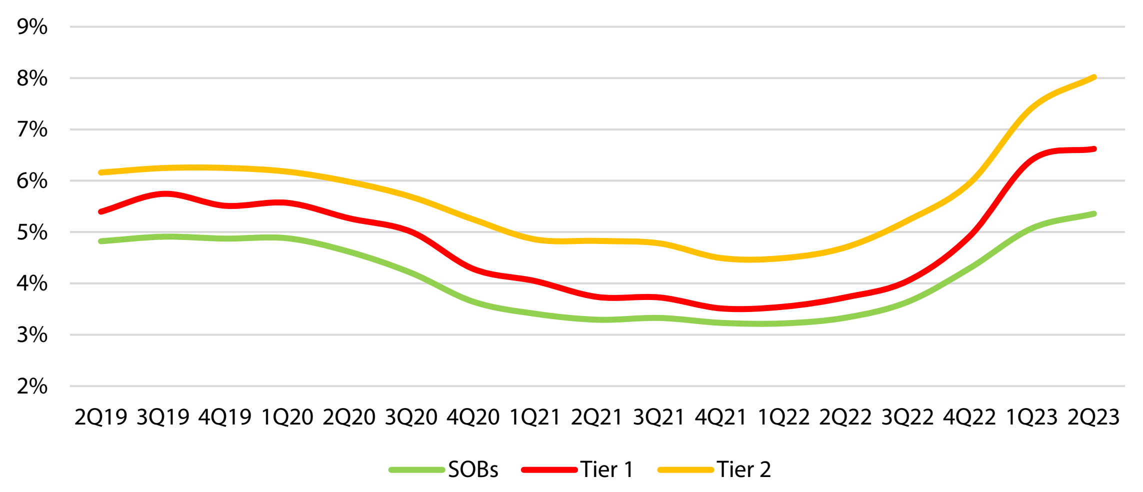
Lending yields will decline at a slower rate due to the lag in interest rate re-pricing.

- As cost of funds started to drop gradually from 2Q2023 and will likely bottom out in 3Q2023, we expect lending rates to follow a downward trend in 3Q2023 due to the 3 to 6-month repricing period.

NIM to prosper towards the year-end of 2023.

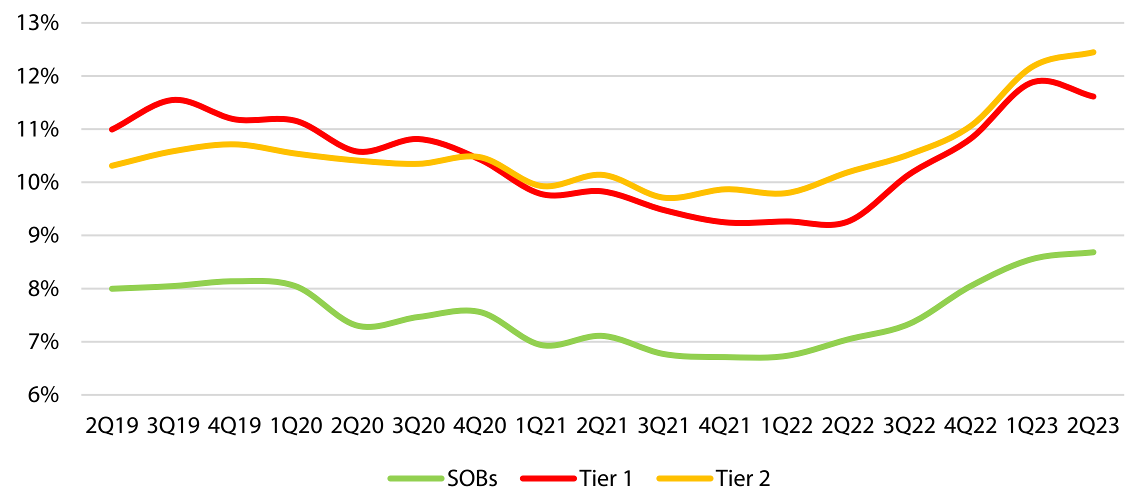
- Overall, sector-average NIM merely decreased in 2Q, reaching 3.41%, as funding cost upsurge has yet to cease and the burden from non-performing loans formation momentum continued to weigh on interest income. This impact is expected to be gradually mitigated in the following quarters driven by the improved Market 1 rate gap due to falling cost of fund as mentioned above, coupled with accelerating credit demand and alleviated NPL pressure.
- Altogether, we foresee a relatively flat NIM in 3Q compared to that of 2Q while the last quarter of 2023 will witness the most notable recovery, yet the whole-year results still record a lower figure than 2022. In our coverage universe, the average costs of funds will increase by circa 26 bps while interest-earning assets yield will rise with a slower pace, at 7 bps, resulting in a slight decrease of NIM, roughly 15 bps for the whole year 2023.
- It should be noted that the reduction of the limitation threshold for the ratio of short-term funding for mid and long-term loans (SFL) to 30% from the previous 34% cap, which will come into effect in early October may impact certain banks. As these players may somewhat restructure their portfolio to bring down the proportion of mid and long-term lending, NIM can be adversely affected.

Figure 11: Average deposit rates (annualized)



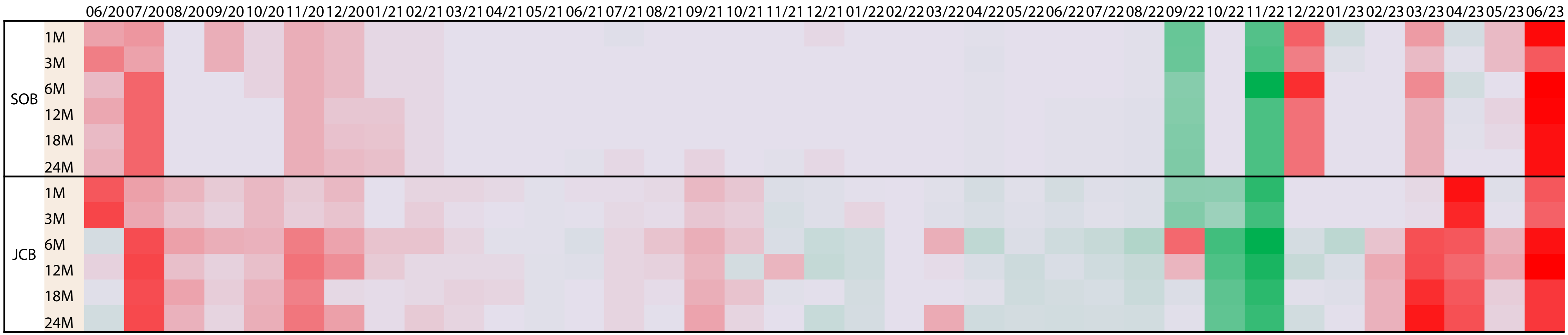
Source: RongViet Securities compiled

Figure 12: Average lending rates (annualized)



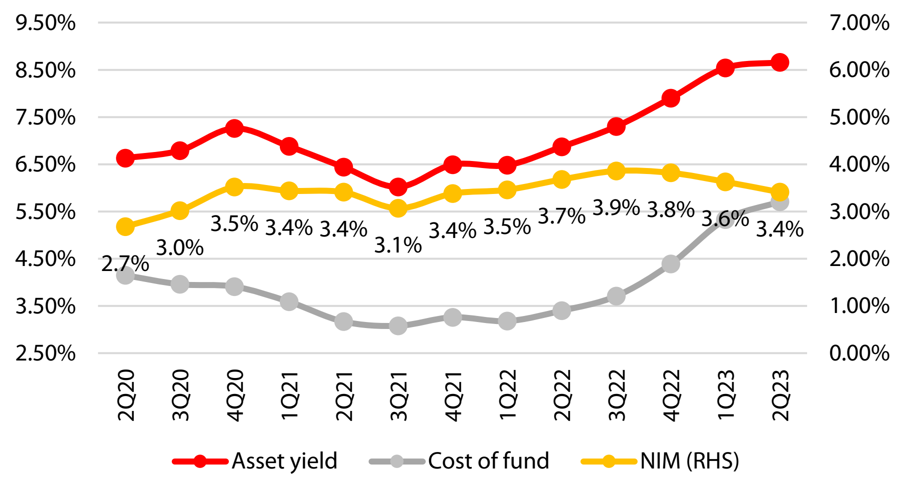
Source: RongViet Securities compiled

Figure 13: Quoted deposit rates (%) updated monthly by banks showing a strong downward trend since March 2023



Source: RongViet Securities | colored by the scale of rate change from the previous month. Rates are the highest possible retail deposit rates for each maturity.

Figure 14: NIM downward momentum is expected to cease from 3Q (RHS, annualized)



Source: Banks' FS, RongViet Securities compiled

Figure 15: 2Q23 NIM (annualized) and changes of banks' NIM in our coverage

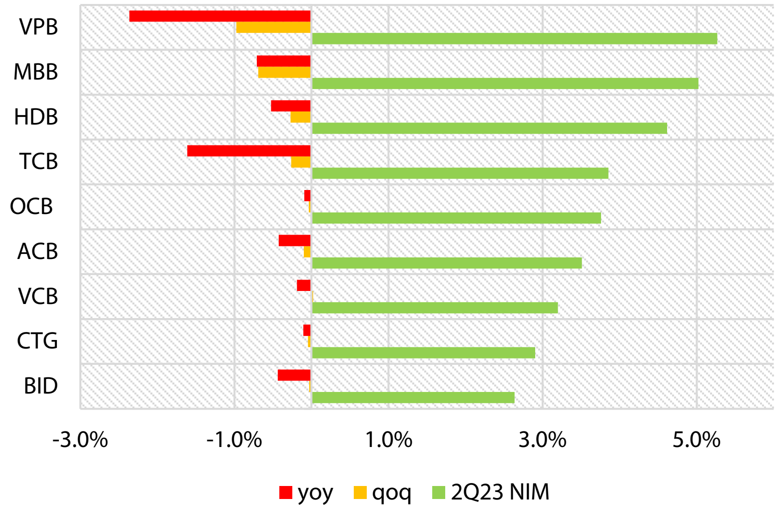


Figure 16: 2Q23 Cost of fund (annualized) and changes of banks' CoF in our coverage

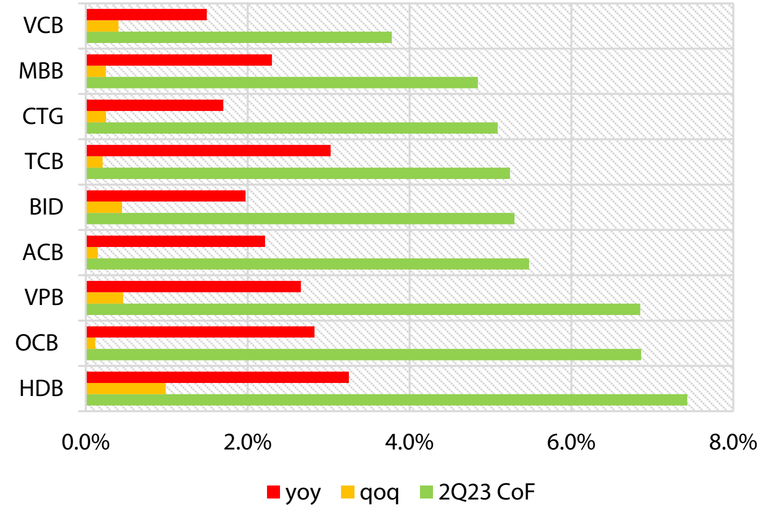
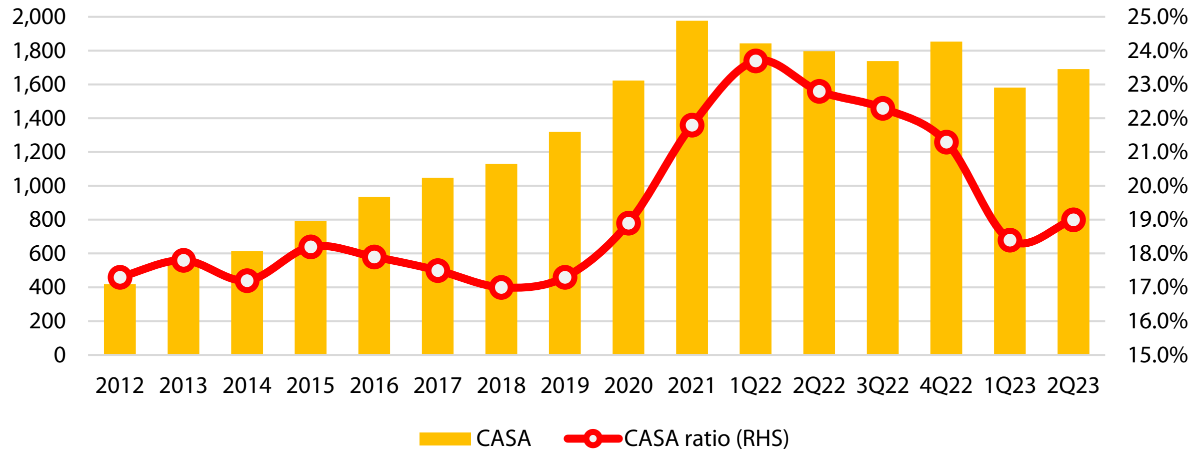
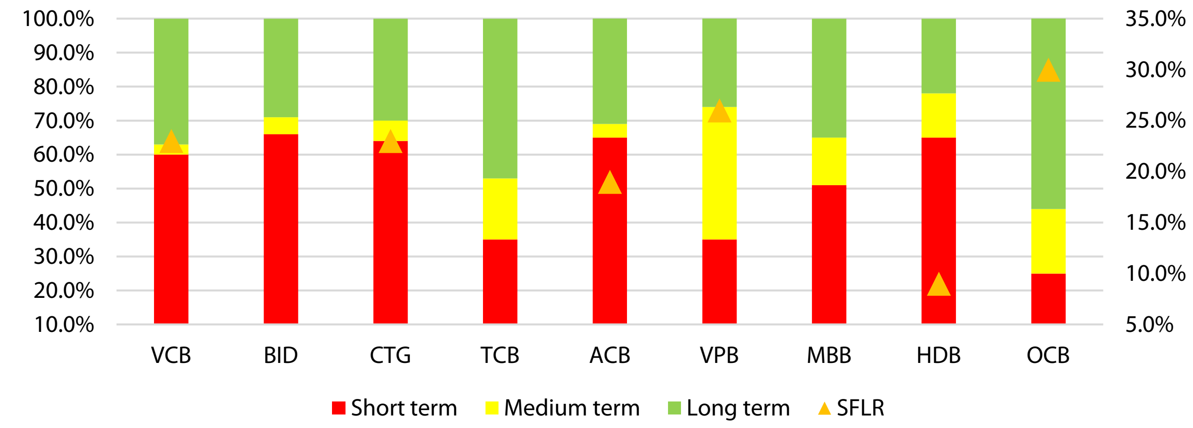


Figure 17: CASA bottomed out and recovered slightly in 2Q23 (VND bn)



Source: Fiinpro, RongViet Securities compiled

Figure 18: Loan book structure by maturity (%) and SFLR (RHS, %)

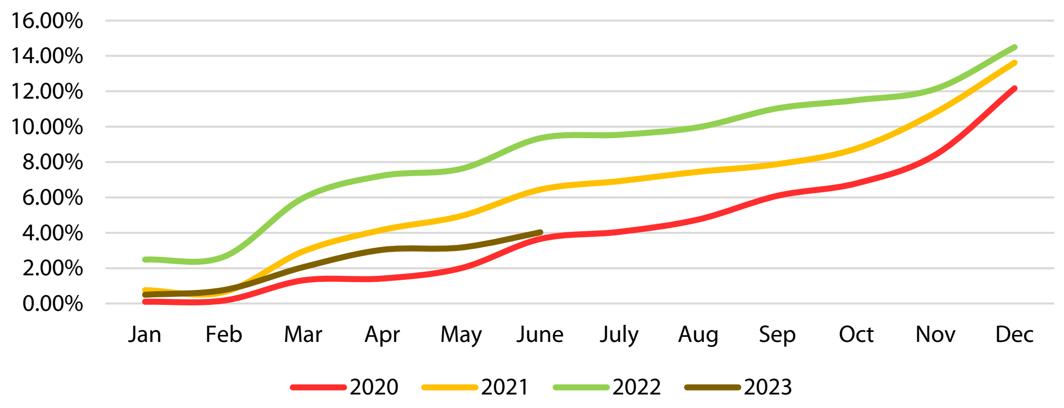


Source: Banks' investor presentation, RongViet Securities compiled

ANTICIPATED CREDIT GROWTH RECOVERY FROM 2H2023 ONWARDS TO BOOST INTEREST INCOME

- **Credit demand was sluggish in 1H2023 across most sectors**. Credit growth as of 7M2023 was 4.56% YTD and 9% YoY, a record-low rate in many years as the credit growth contribution witnessed a downhill in most of the production and business sectors. The **construction** sector is the only industry that managed to maintain a moderate growth rate, although the credit contribution of this sector is relatively small.
- **We estimate that credit growth of the whole industry will recover to about 12% for the whole year of 2023** (lower than 14.5% in 2022) when (1) credit demand in the industrial, manufacturing, trade, and services recovered thanks to the turnaround of import-export activities and consumption confidence, (2) brighter signals of the real estate market are spotted from 4Q23 onward when interest rates trend down.
- It can be seen that credit related to real estate has been the major driver of total credit growth for years, accounting for about 20% of credit balance, so (1the lending interest rate for home loans return to preferential rates (2) projects coming up for sale later this year may continue to be the engine of credit demand for developers and individuals in 2H2023 and 2024.
- Most banks in our coverage universe recorded **lower credit growth over the same period**, nevertheless, banks that lend to real estate developers showed superior credit growth while banks with high proportion of retail customers observed a slowdown.
- With the State Bank of Vietnam granting additional credit quota for banks in June combined with a stronger recovery of credit demand in the last months of the year, we forecast that **banks in our coverage universe** will record an average **credit growth** of 13.6% compared to 16% in 2022.
- With the aforementioned view on **NIM and credit growth**, we estimate **net interest income growth** for the banks **in our coverage** to retreat to **9%** for 2023, backed by a favorable contribution from the second half of 2023 before returning to the growth trajectory from 2024.
- **However**, it should be noted that **credit demand continues to remain low**, the **competition of lending rates between banks** may intensify, which will **weigh on the overall NIM** of the industry and **diminish the effect of granted credit growth quotas**.

Figure 19: Banking sector's credit growth by month (%,YTD)



Source: SBV, RongViet Securities

Figure 20: Real estate-related credit plays a vital role in total credit (VND tn)

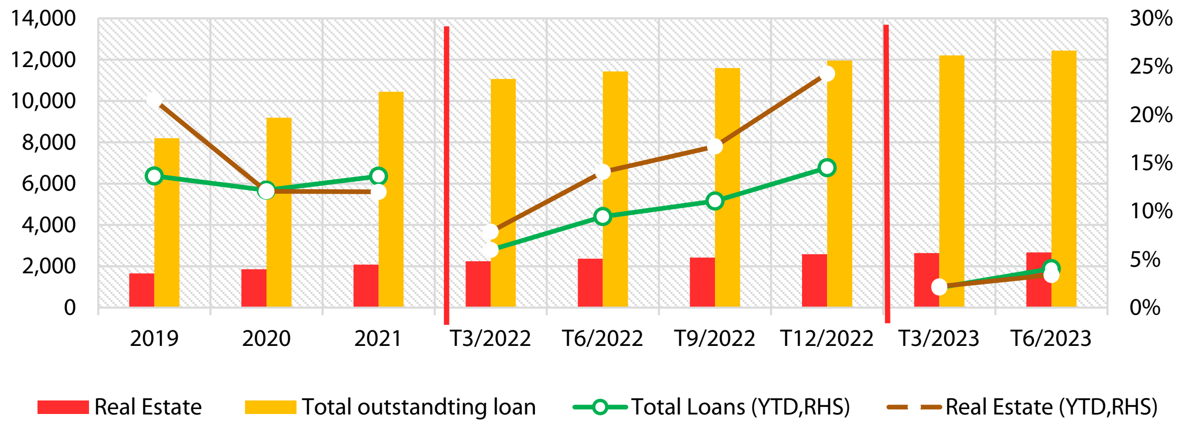
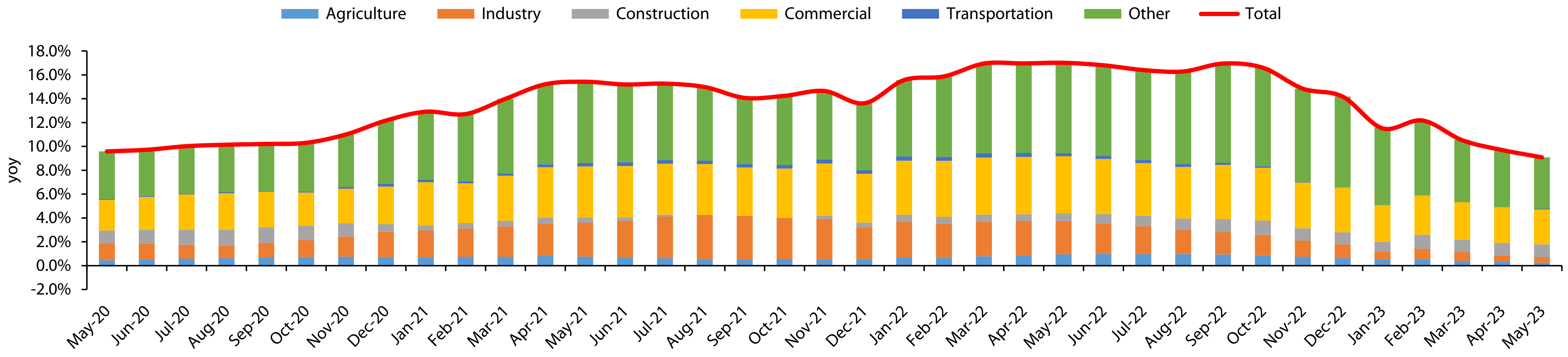
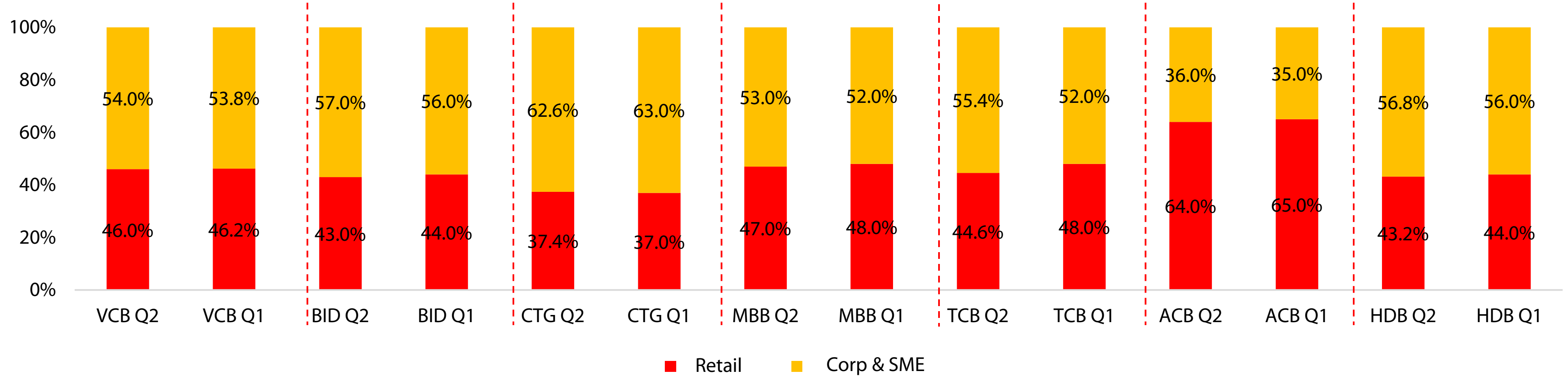


Figure 21: Credit growth was lower than the same period last year in most sectors except construction (%, YoY)



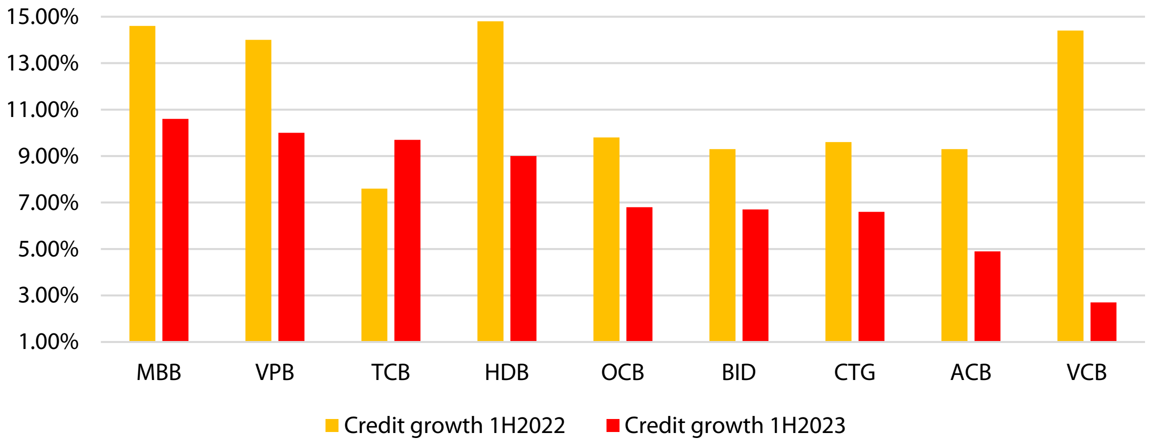
Source: SBV, RongViet Securities compiled

Figure 22: Credit growth driven mainly by corporate customers in the first half of 2023 (%)



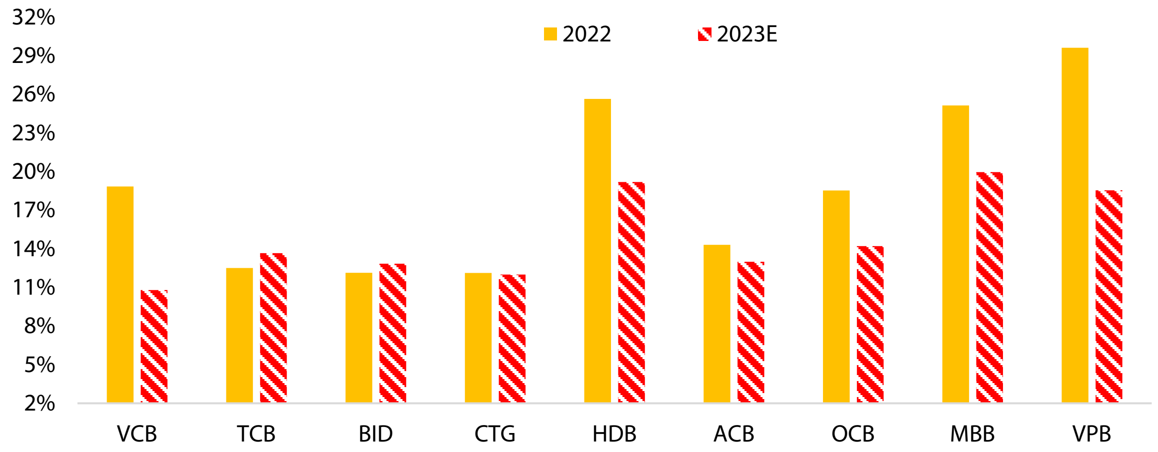
Source: Banks' investor presentation, RongViet Securities compiled

Figure 23: Credit growth polarized among banks (%, YTD)



Source: Banks' FS, RongViet Securities compiled

Figure 24: Forecasted credit growth of banks in our coverage(%)



Source: Banks' FS, RongViet Securities compiled

NPL FORMATION TO DECELERATE BEFORE PEAKING IN THE YEAR-END QUARTER

NPL ratio remained high in 2Q23, yet NPL formation momentum has showed signs of cooling after reaching a record high in 1Q

- Non-performing loans of the banking sector have been accelerating for the third consecutive quarter, following the expiration of Circular 14/2021 on Covid-19 restructured loans coupled with market turbulence in the second half of 2022. Per our population of 27 listed banks, the average NPL ratio jumped dramatically in 1Q23 to around 1.9% from 1.6% in 4Q22, with the remarkable upsurge of circa 68% in Group 3 loans. This is quite predictable as 4Q22 witnessed a considerable increase of more than 30% in Group 2 loans, which partially rolled forward to Group 3 loans in 1Q23. In 2Q23, banking sector's NPL ratio maintained an upward tendency yet with an easing degree, reaching 2.1%, mainly driven by the 25% climb in Group 4 loans.
- While the first quarter of 2023 witnessed a clear divergence in asset quality between bank groups, as can be seen in the diminishing NPL formation of State-owned banks in contrast to the escalating momentum of Joint stock commercial banks, the improving tendency seemed to reach more consensus in Q2 (Figure 26). Accordingly, net NPL formation rates have slowed down across all 4 bank groups (classified based on our criteria), yet the dispersion still presented between certain banks. In which, pressure still weighs on some Tier 1 and Tier 2 banks affected by high exposure to the real estate market or difficulties from the retail customer segment (such as VPB, HDB, OCB...). Meanwhile, VCB and ACB remain the banks with best-in-class asset quality in the system thanks to their prudent lending approach.

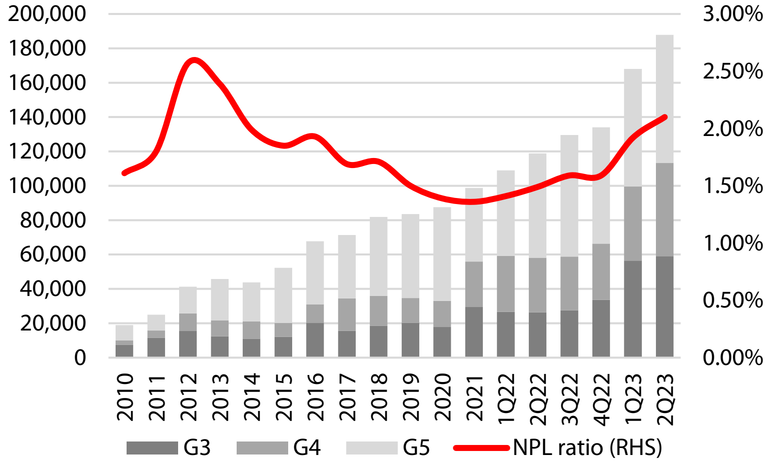
Pressure on non-performing loan formation to ease backed by policy tailwinds

- The SBV's release of Circular 02, which has come into effect since 24/4/2023, is expected to provide a backdrop for banks to retain loan classification, thereby generating capacity to flatten the NPL upward movement and somewhat smooth provisioning expenses for the next couple of quarters, especially 2Q23 and 3Q23. As of 31/07/2023, the system-wide total outstanding restructured loan including principal and interest according to Circular 02 was 96,000 bn (equivalent to 0.8% credit balance of the same period).
- We reckon the total restructured size under Circular 02 will be lower compared to that of the Covid-19 package, which shares the consensus with banks' representatives given the narrower scope of Circular 02 that allows only Group 1 loans to be restructured and the more drastic impact generated by such an unprecedented event like the **Covid-19 pandemic**.

The pressure on non-performing loan is foreseen to be mitigated yet still anchored at a relatively high level

- With NPL formation as well as NPL ratio recording a high in 2Q23 due to the lasting momentum from surging Group 2 formation in 1Q23, we anticipate the NPL ratio to reach a peak in 3Q23 and provide a backdrop for the gradual ease toward the year-end when the economic landscape is rosier. Per our estimation, the whole year 2023F NPL ratio under our coverage universe will be **1.7%,** up by 30 bps from 2022 figure.

Figure 25: On-balance sheet NPL



Source: Fiinpro, RongViet Securities

Figure 26: Quarterly net NPL formation (VND bn) decelerated in 2Q

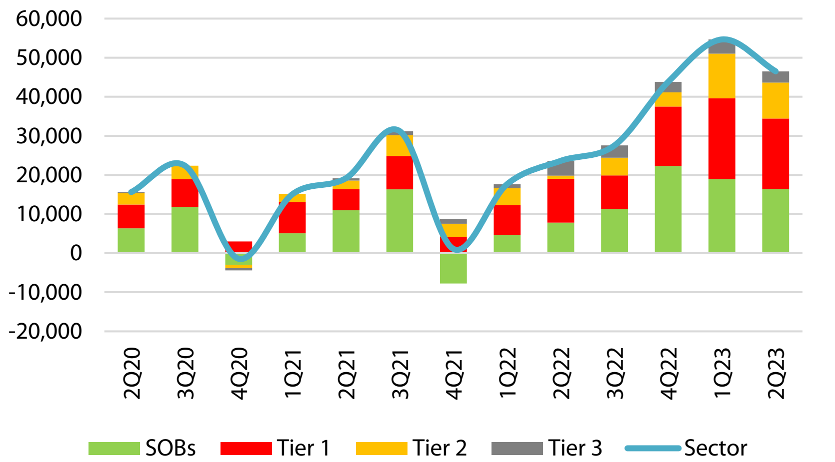


Figure 27: Net NPL formation fell slightly while write-offs remained high (VND bn)

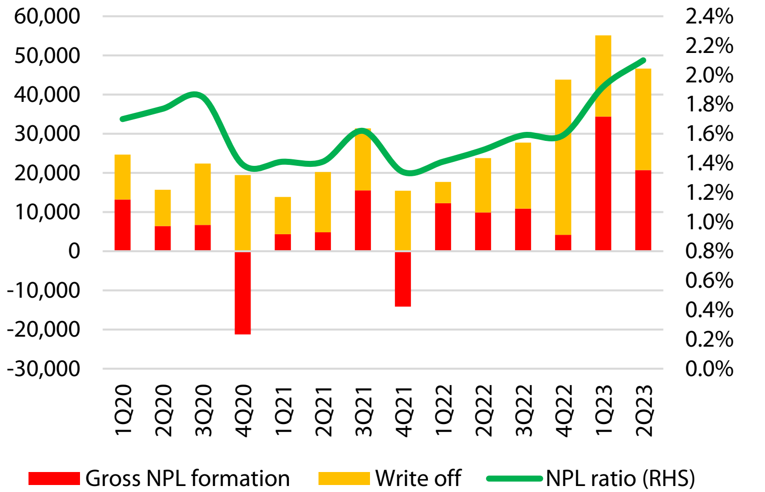
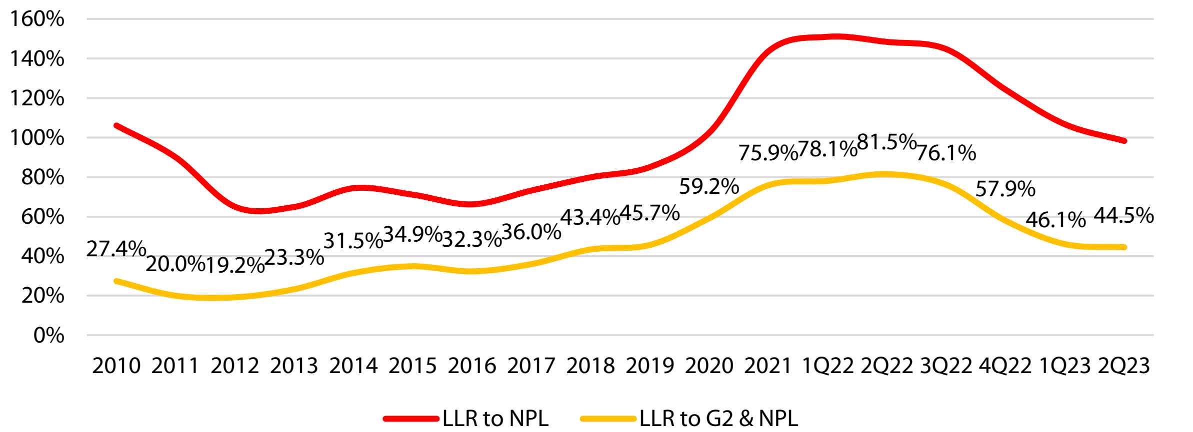
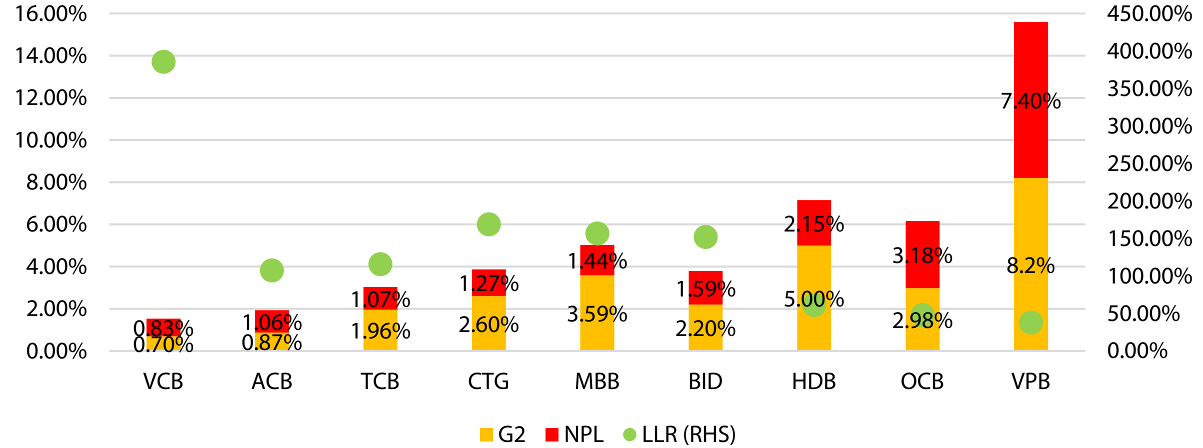


Figure 28: Sector's provisioning buffer continued to trend down as NPL increased faster than credit cost, yet the pace has slowed down (%)



Source: Fiinpro, RongViet Securities complied based on 27 listed banks

Figure 29: Asset quality and provisioning buffer of banks in our coverage universe (%)

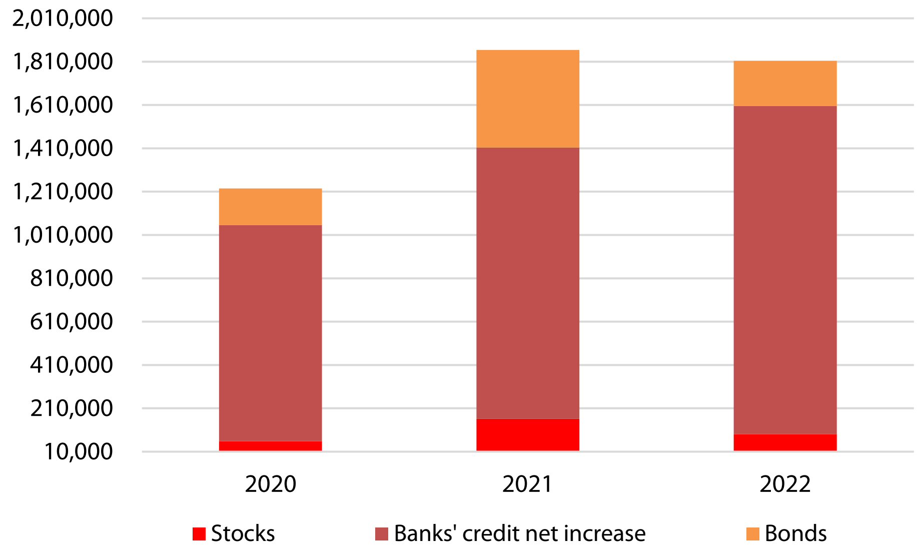


Source: Fiinpro, RongViet Securities

Nevertheless, credit quality related to corporate bond needs to be stringently supervised

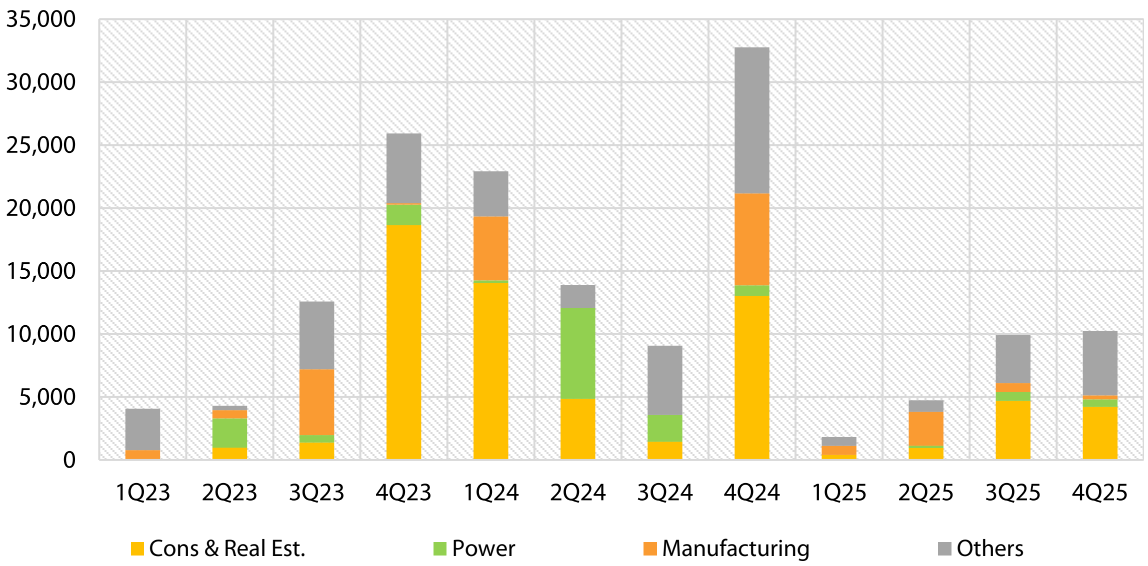
- The difficulty of mobilization channels such as bonds and stock issuance may incentivize the economy's capital demand to shift to banking channel. Thereby, with a large amount of corporate bonds coming to maturity in 3Q and 4Q, especially in the real estate sector, it is possible for these businesses to seek funding from some banks to carry out their duty.
- However, in our opinion, the total amount of mature bonds and non-financial bonds account for only 0.6% and 0.3% of the total credit balance of the economy as of June, so that the systemic risk associated with this problem is quite insignificant. Nevertheless, the concentration risk still has the probability to cast a cloud on certain banks' financial results and create a spillover effect in the whole system.

Figure 30: Banking credit is the cardinal mobilization channel for the rest of 2023 (VND billion)



Source: Fiinpro, HNX, VBMA

Figure 31: Bonds to maturity value by sector (*) (VND bn)

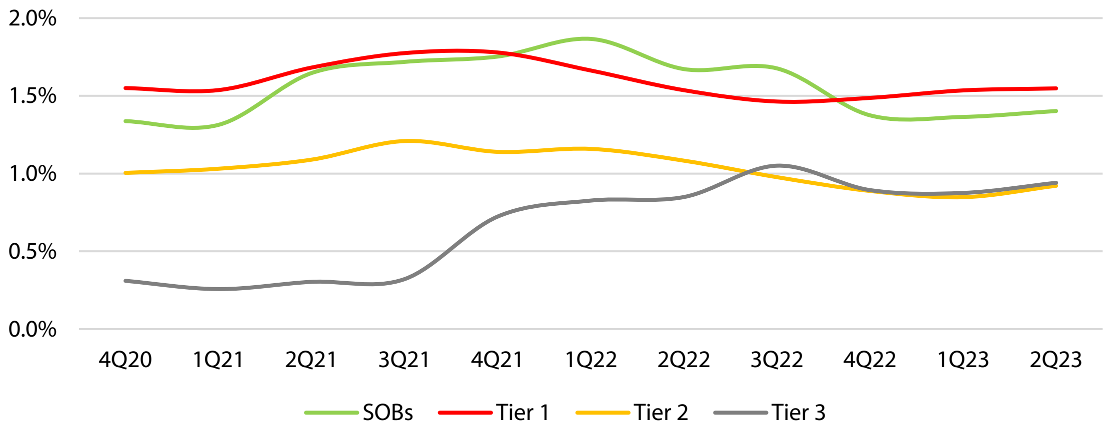


Source: HNX, VBMA, excluding the value of Financial & Banking sector

CREDIT COST TO BE MITIGATED YET WITH VARYING DEGREES

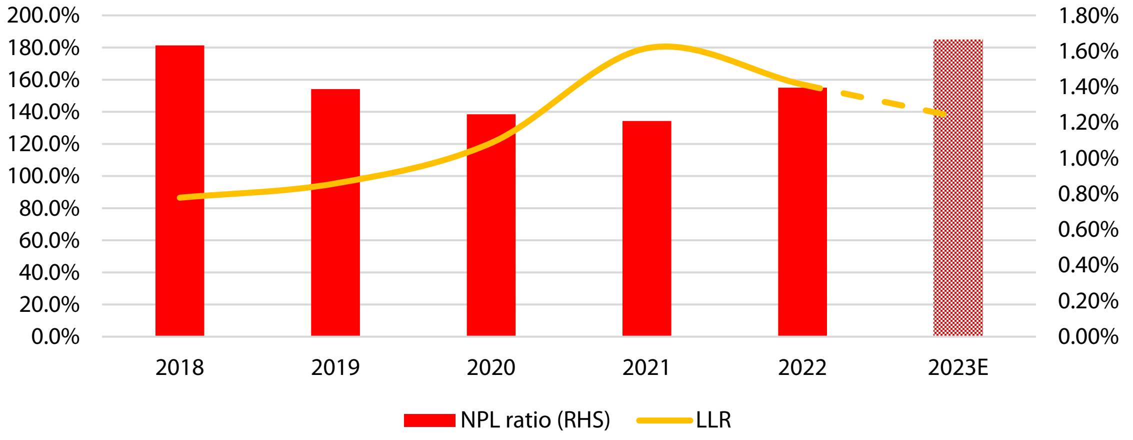
- We believe that the size of non-performing loan and credit costs will vary between banks, based on the bank's caution in provisioning and the financial resilience of their customers. Although the banking sector's balance sheet health generally recorded a decline in 2023, the issuance of Circular 02 by the SBV on April 23, 2023 has created a capacity for banks to retain loan groups, thereby facilitating the capability to soften the upward trend of NPL ratio and alleviate pressure on provisioning expenses towards the year-end. Nevertheless, it should be noted that regardless of the regulatory provisioning path promulgated by the SBV, banks are prone to follow their own internal policy on whether to make the totality of required provisions ahead of the deadline. Altogether, the pressure on credit costs is foreseen to be mitigated in the time to come, albeit there might still be varying degrees of provision expenses changes among banks.
- Among our coverage universe, regarding the State-owned banks group, the persistent reinforcement of provisioning buffer throughout the past years and the selectively resilient customer profile, coupled with the position of large enterprises holding supportive mechanisms will facilitate banks in this group to reduce credit costs, including VCB and BID.
- For Tier 1 banks, credit costs will be more differentiated based on the characteristics of each bank. That has been said, credit cost margins are expected to increase at TCB, ACB while slightly decrease at VPB, MBB as these two banks have made high provisions in the second half of 2022 and their credit growth rates in 2023 are expected to be high.
- The pressure on credit costs mainly comes from banks in Tier 2 and 3, given their risk appetite and financial health of customers that need more time to recover, as well as the thin provisioning buffers that need to be strengthened.

Figure 32: Credit cost margin by bank tier (%,TTM)



Source: Fiinpro, RongViet Securities complied based on 27 listed banks

Figure 33: LLR of our coverage to drop slightly in 2023 (%)



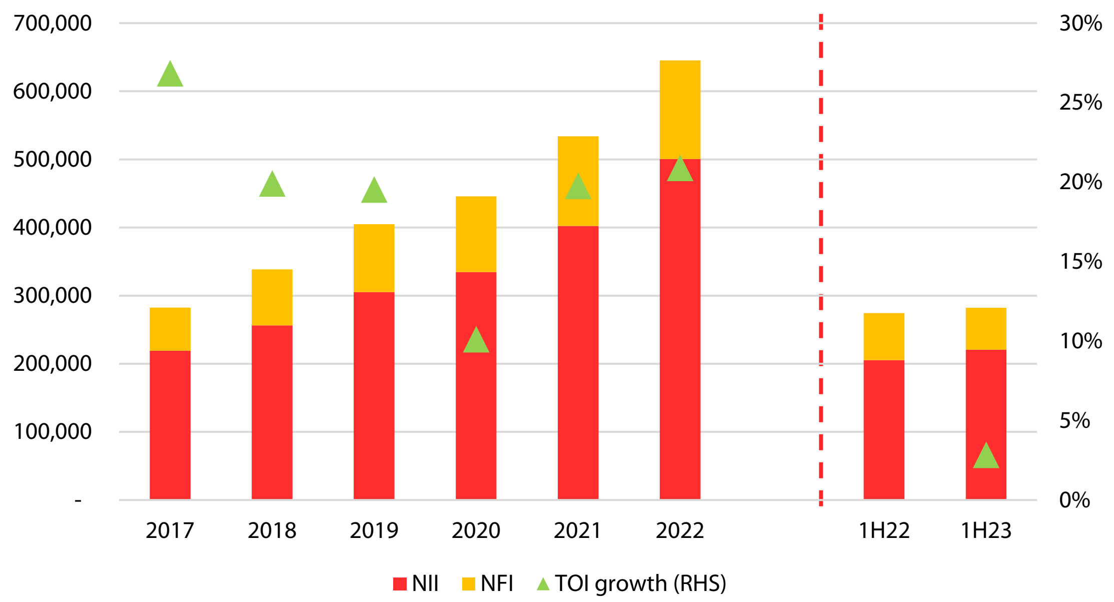
Source: RongViet Securities complied

NON-INTEREST INCOME DRAGGED DOWN BY FEE INCOME AND DEBT COLLECTION ACTIVITY

Non-interest income recorded slower growth due to the impact of fee income

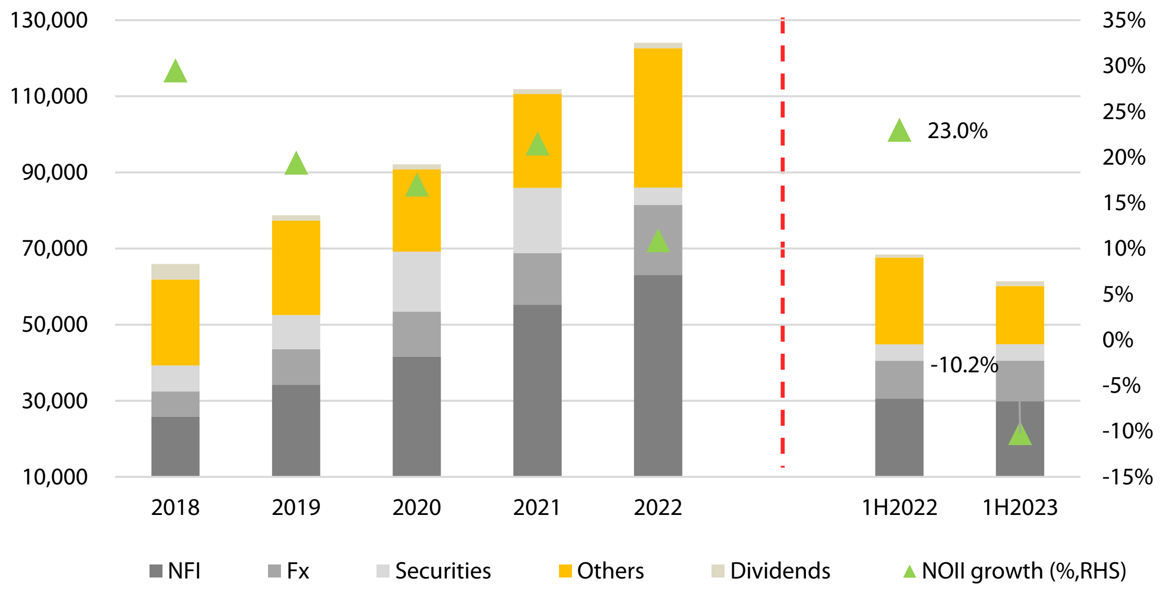
Non-interest income, with the proportion of roughly 25%, has contributed to boost total operating income growth of the banking industry in the last 5 years. However, this source of income is recording a decline of -10.9% YoY in 1H2023. The decrease in 1H2023 comes from 2 factors: (1) the impact of low credit growth on bank's cross-selling products (card segment, bancassurance, ...) (2) difficulties of bad debt collection activities in other non-interest income amid economic downturn. Specifically, 1H2023 **fee income of the whole sector** recorded a decline of 2.6% YoY, **other income** decreased by 15% YoY (excluding the one-off income from VPB's bancassurance upfront fees recorded in 1Q22). On the other side, **income from FX trading** recorded an 8% YoY growth and **income from disposal of trading and investment securities** remained flat, contributing to offset the decline in other non-interest income sources.

Figure 29: Sector's total operating income components (VND bn)



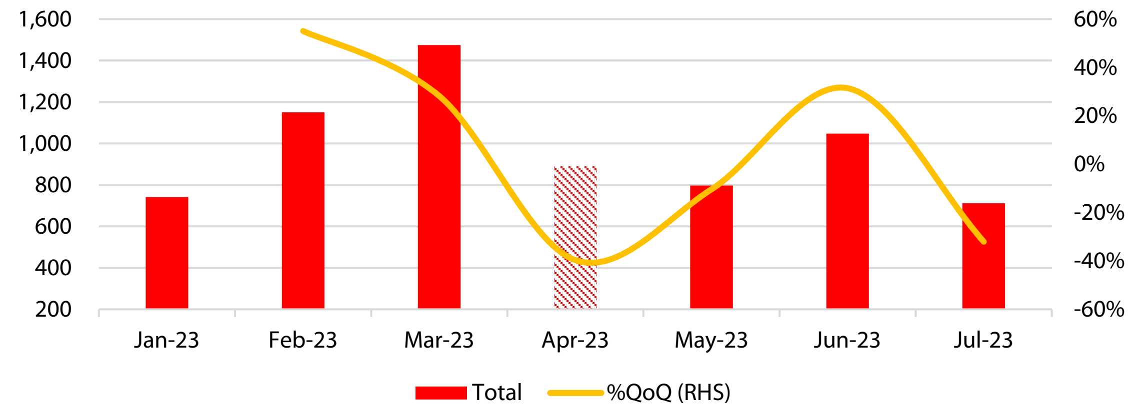
Source: Fiinpro, RongViet Securities

Figure 30: Sector's non-interest income components (VND bn)



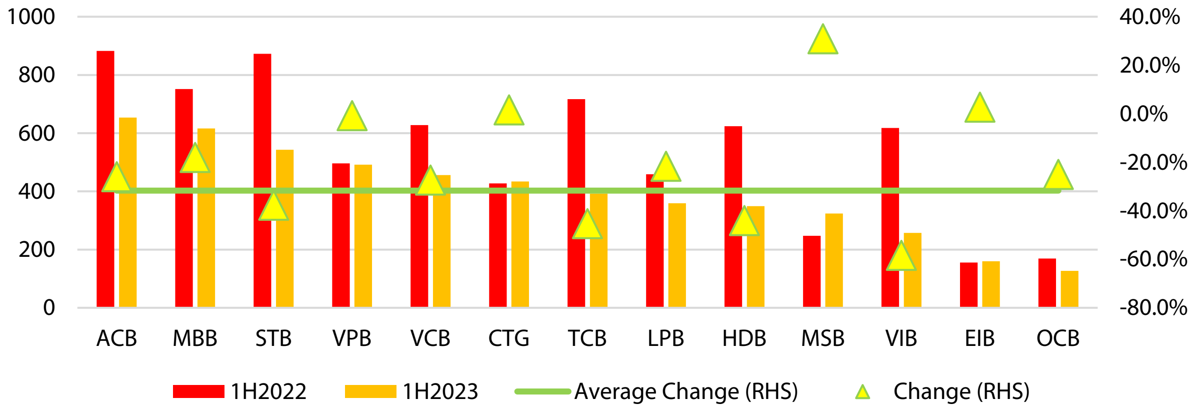
Source: Fiinpro, RongViet Securities

Figure 36: Total APE sales of insurance company via bancassurance channel have yet to recover on a sector-wide scale (VND bn)



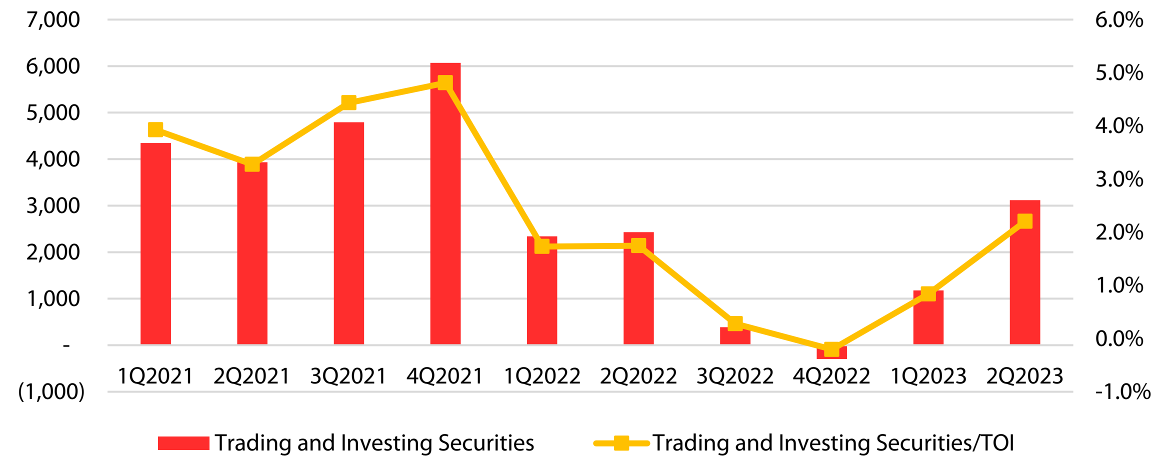
Source: Bancassurance data of 18 insurance companies

Figure 37: 1H2023 Bancassurance APE declined sharply compared to the same period last year (VND bn)

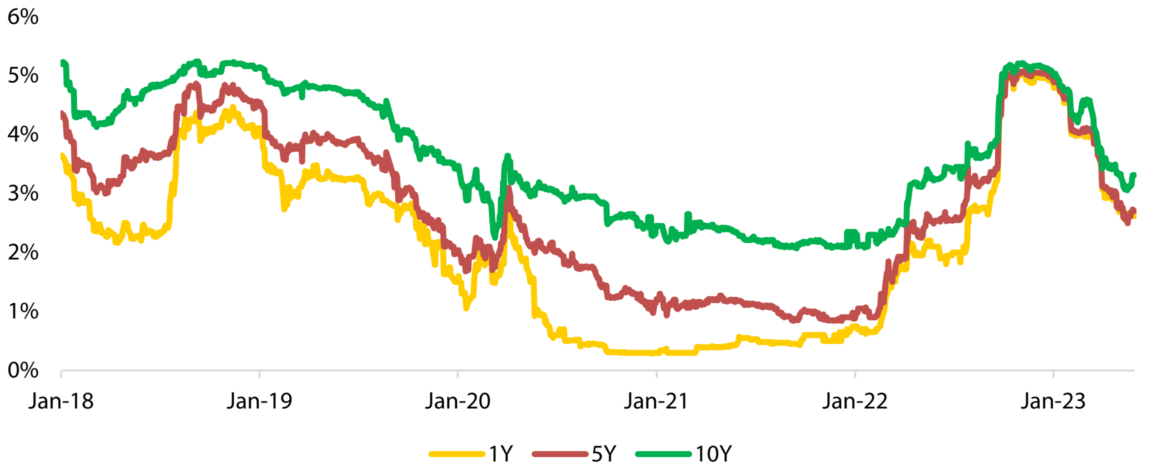


Source: RongViet Securities

Figure 38 & 39: Government bond yields (%) decreased in some terms supporting income from disposal of securities (VND bn)



Source: Fiinpro, RongViet Securities



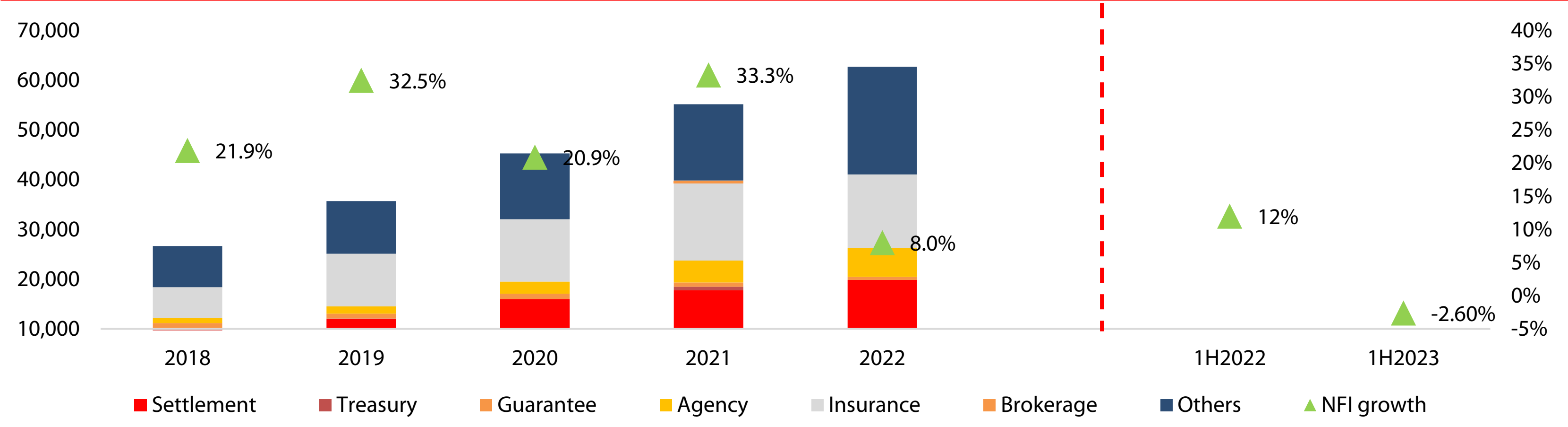
Source: Fiinpro, RongViet Securities

NON-INTEREST INCOME GROWTH TO WEAKEN AMID ECONOMIC DOWNTURN

Service income growth recorded a slowdown yet with polarization

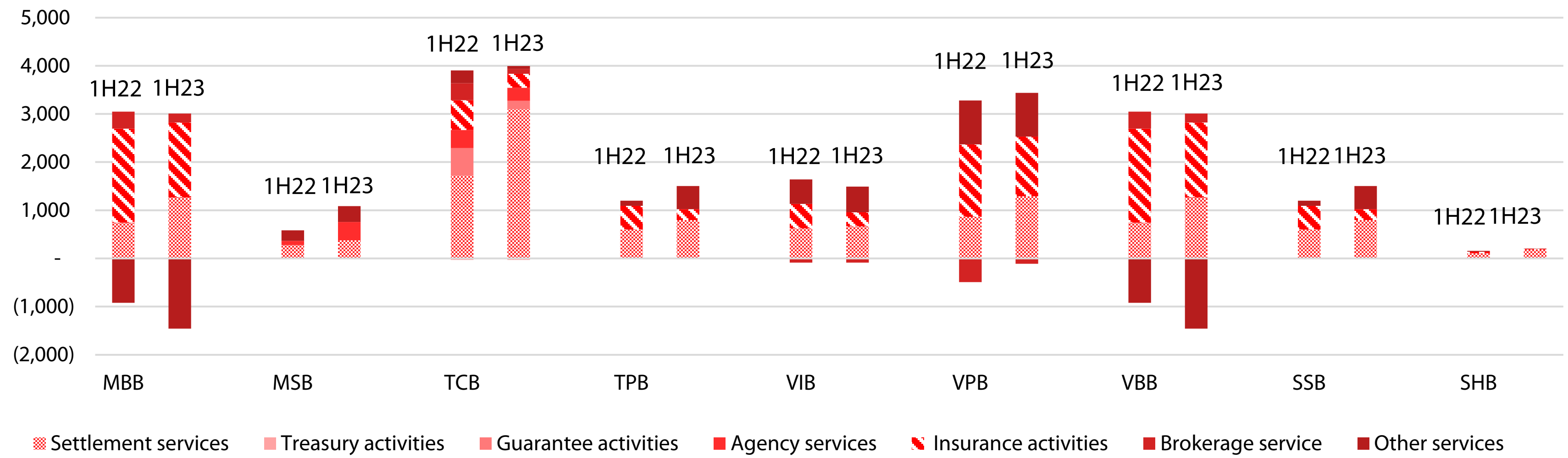
- Service income of the whole sector in 1H2023 witnessed a decrease of circa 2.6% YoY, yet there was a divergence between banks due to differences in structure of service income. Among State-owned banks, BID, CTG still recorded growth rates of 14.8% YoY and 33.3% YoY, respectively. Other join-stock commercial banks such as VPB, MSB, TPB or TCB also recorded growth over the same period, thanks to positive contribution of payment services (including L/C UPAS).

Figure 40: Service income components of the banking sector declined in 1H2023 (VND bn)



Source: Banks' FS, RongViet Securities

Figure 41: Some listed banks witnessed moderate fee income growth boosted by payment service (VND bn)



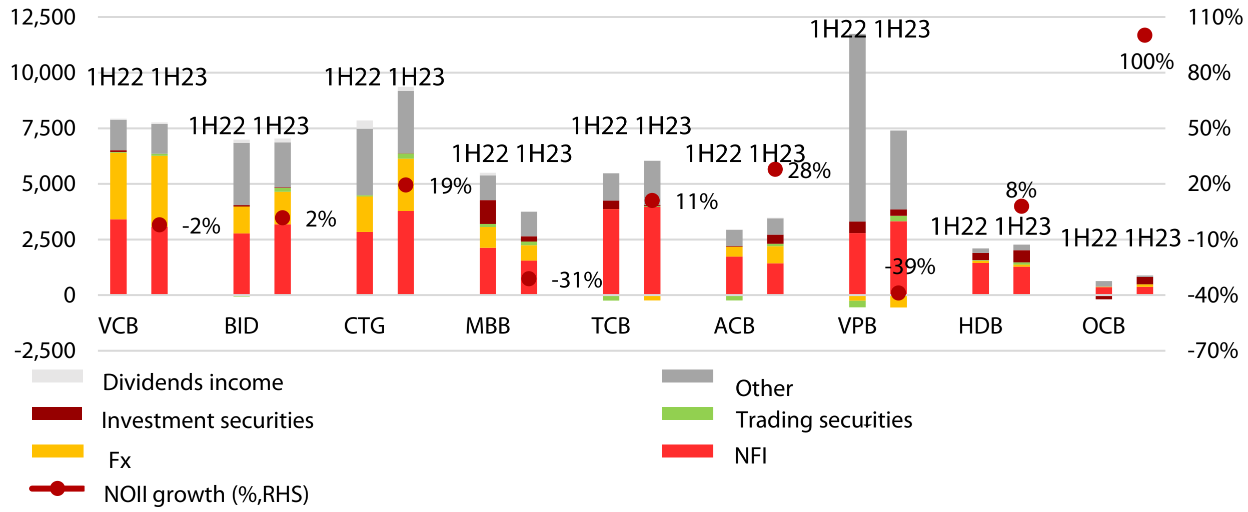
Source: Banks' FS, RongViet Securities

Non-interest income in 2023 is expected to grow by a lower rate

We believe that unfavorable prospect of non-interest income growth will persist in the remainder of 2023 due to challenging developments in service income as well as debt recovery activities, which continue to be affected by the on-going difficulties of the whole economy. However, there may be exceptions in a few banks.

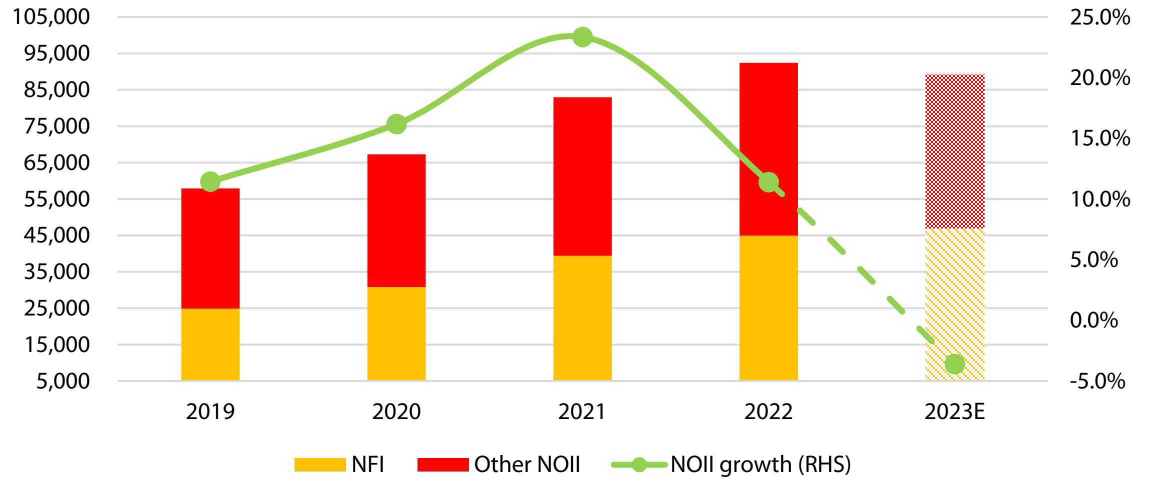
- Income from bancassurance activities is expected to slow down; however, we foresee a positive resurgence in this income stream as regulatory oversight and legal frameworks gradually improve, along with the attempts of Banks and insurance companies to improve service quality and increase awareness of customer rights protection. Thus, this will create a motivating force for the recovery of this high-potential product.
- Income from debt recovery is projected to slow down in the remaining period of 2H2023 due to the substantial proportion of collateral assets for liquidation being real estate. However, there is an optimistic expectation that this income will experience more favorable developments in the medium term when the economy recovers, contributing more significantly to non-interest income growth.
- The positive outlook for securities trading income amid declining government bond yields will support the profitability of certain banks.

Figure 42: Non-interest income of 9 banks in our coverage mostly decelerated in 1H23 (VND bn)



Source: Banks' FS, RongViet Securities

Figure 43: Forecasted non-interest income of our coverage (VND bn) slightly decreased for 2023

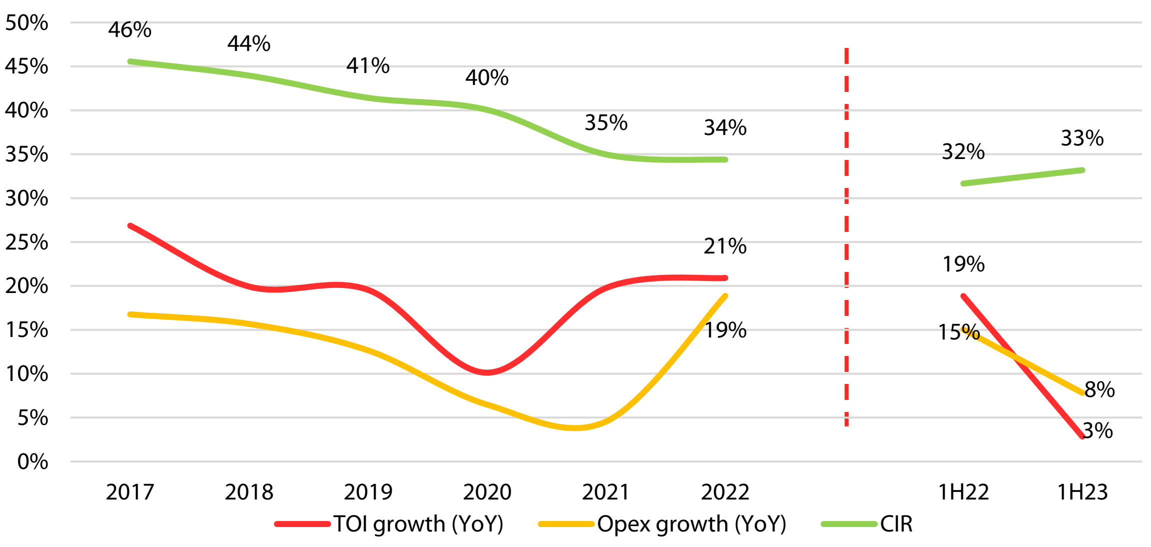


Source: Banks' FS, RongViet Securities

Operating expenses to be appropriately managed

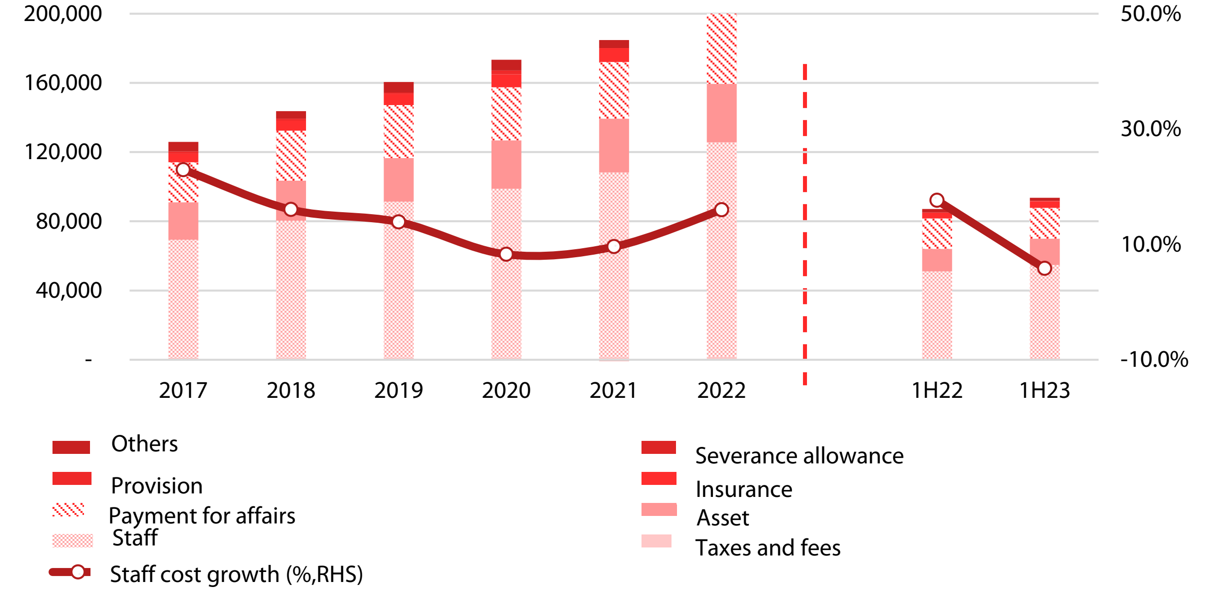
- The banking industry continues to maintain effective **control** over **operating expenses** over time, with the CIR continuously improving since 2017 due to achievements from the digital transformation process. In 1H2023, a low growth of 9% YoY in operating expenses (1H2022: 15% YoY) amid the modest growth of total operating income for the entire industry still managed to secure a flat CIR compared to that of 1H2022.
- We believe that **operating expenses** will inch up in the remainder of the year, yet **CIR will still be proactively controlled** in line with the recovery of total operating income.

Figure 44: TOI growth, OPEX growth and CIR (%)



Source: Banks' FS, RongViet Securities

Figure 45: Operating income cost structure of the banking sector (VND bn)

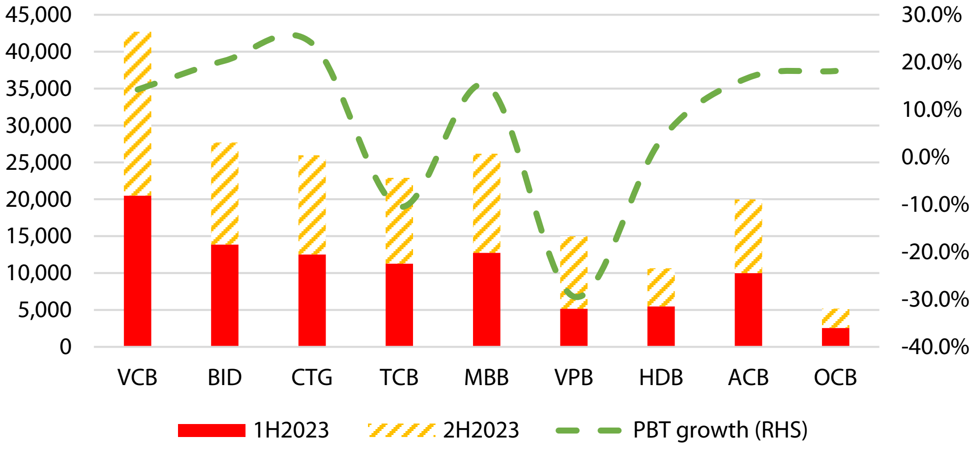


Source: Banks' FS, RongViet Securities

Forecast for 2H2023 and the entire year of 2023

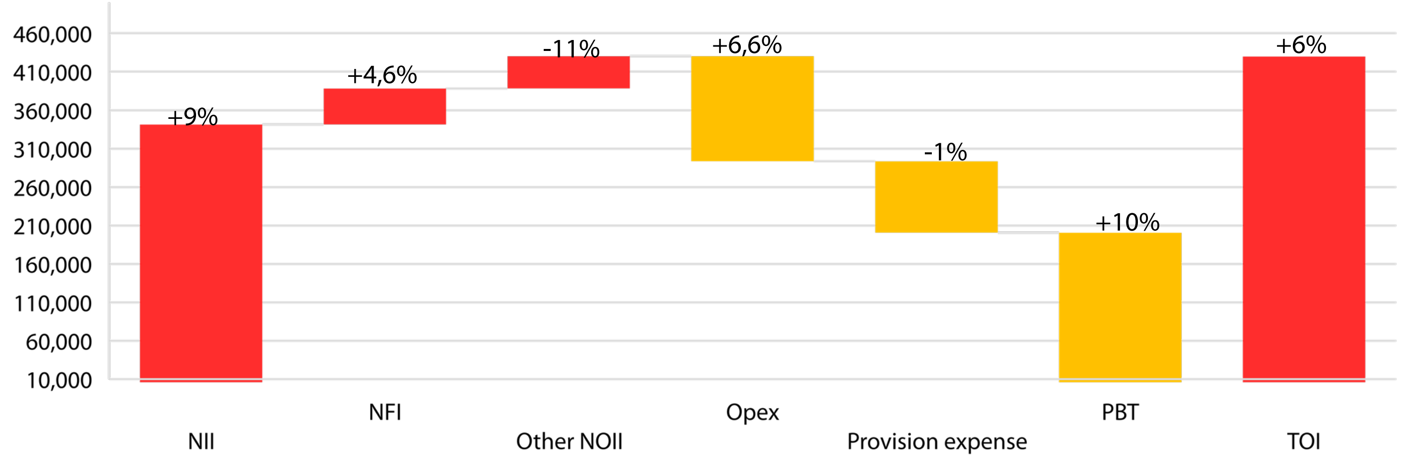
- In summary, with the expectation of system credit growth recovering in the latter part of the year, we expect a credit growth rate of **12% for the entire year 2023**. While NIM may recover compared to 1Q and 2Q, for the full year 2023, NIM is expected to go down and vary among banking groups, resulting in a year-over-year decreased NIM. The cooling down of non-interest income growth will lead to a relatively low growth rate in total operating income compared to the past period.
- **Based on the banking group we are monitoring, total operating income** for the year 2023 is projected to modestly increase by 6% YoY, with **interest income growth at 9% YoY** and the **fee income** growth engine gradually cooling down to **+4.6% YoY**. Thanks to well-controlled **operating expenses** and *credit cost* reduction, PBT is projected to increase moderately by 10% YoY.

Figure 46: Estimated PBT for 2H2023 of the banks in our coverage



Source: RongViet Securities

Figure 47: Forecasted 2023 PBT contribution for banks in our coverage (VND bn)



Source: RongViet Securities

INDUSTRY COMPARABLE (TTM)

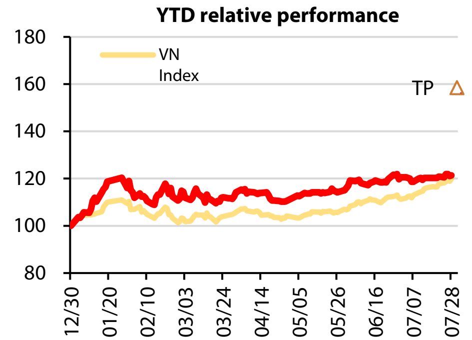
Ticker	Market cap (VND bn)	Target price (VND)	Closing price (31/07/2023)	Cash dividend in the coming 12-month	Total operating income growth %YoY			NPAT-MI growth %YoY			Profitability 2023(%)		P/E		P/B	
					2022A	2023F	2024F	2022A	2023F	2024F	ROE (*)	ROA (*)	Current *	5y average	Current *	5y average
ACB	89,139	29,000	22,950	0	22.2	12.5	15.0	42.5	16.8	16	23.9	2.4	5.8	7.4	1.3	1.6
OCB	26,165	22,600	19,100	0	-4.3	15.4	21.2	-20.3	24.9	24.1	16.0	2.1	6.0	N.A	0.9	N.A
BID	238,762	54,200	47,200	0	11.5	9.9	14.9	71.8	20.3	31.5	19.6	1.0	10.9	21.9	2.0	2.3
CTG	144,173	35,500	30,000	800	20.6	9.0	15.5	19.1	24.2	26.9	18	1.1	7.3	10.8	1.2	1.3
MBB	98,285	22,300	18,850	700	23.4	8.9	17.6	37.7	15.5	12.2	23.6	2.6	4.9	6.7	1.1	1.3
TCB	120,641	39,500	34,300	0	10.3	-3.3	23.6	11.7	-11	38	15.0	2.4	6.7	8.2	0.9	1.5
VCB	511,962	99,500	91,600	800	20.1	7.2	17.0	36.5	14.3	17.9	23.0	1.8	15.0	18.0	3.1	3.5
VPB	148,697	24,000	22,150	1000	30.5	-6	18.1	54	-23	24.2	13.0	2.4	9.1	8.0	1.2	1.5
HDB	50,186	18,500	17,350	0	31.1	8.3	42.7	27.9	4.4	78.9	19.5	1.8	6.2	8.4	1.1	1.6

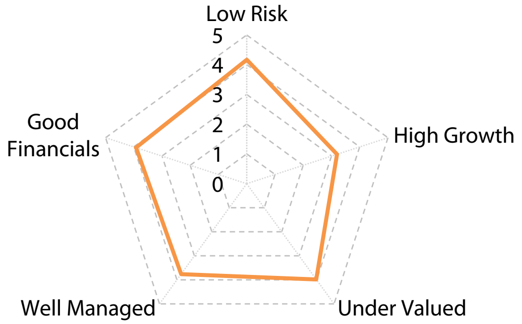
Source: Bloomberg, RongViet Securities. Data was obtained as of 31/07/2023.
**For stocks in the recommended list: ROE , ROA , P/B , and P/E forward based on our forecast of 2023 PBT*
** For stocks we track: the results are updated based on the data of the last 4 quarters*
N.R: No rating
N.A: No projections or no data
NPAT-MI: Net profit after tax of shareholders of parent company

RESILIENT IN THE FACE OF CHALLENGES

HSX: ACB

BUY: 26% **MP: 22,950** **TP: 29,000**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	89,139
Current Shares O/S (mn shares)	3,884
3M Avg. Volume (K)	9,856
3M Avg. Trading Value (VND Bn)	219
Remaining foreign room (%)	0.0
52-week range ('000 VND)	15.17 – 24.4

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	28,790	32,381	37,228
NPATMI (VND bn)	**13,688**	**15,989**	**18,535**
ROA (%)	2.41%	2.48%	2.56%
ROE (%)	**26.5%**	**24.7%**	**24.0%**
EPS (VND)	4,974	4,078	4,733
Book Value (VND)	15,046	18,293	23,065
Cash dividend (%)	0%	10%	0%
P/E (x)	5.24	5.53	4.76
P/B (x)	1.2	1.2	1.0

INVESTMENT RATIONALE

Asset quality has remained at a good level amid tough environment thanks to prudent lending approach

- ACB has one of the best asset quality in the industry with a conservative lending approach and a relatively healthy customer profile, as well as low exposure to the real estate market. Therefore, ACB's NPL risks also remained low, as of 2Q23 on-balance sheet NPL (excluding CIC) of ACB recorded 0.96%. In 2023, ACB's credit cost is expected to increase over the same period last year as the bank made provision reversals (270 billion) in 1H2022. Accordingly, ACB has made provision of 962 billion in the first half of 2023.

The growth driver of non-interest income from bancassurance is expected to stabilize as soon as the market recovers while interest income may slow down due to the balance sheet structure

- ACB recorded 13% YoY growth in net interest income in the first half of 2023, with credit growth at 4.6% YTD and a relatively narrowed down NIM (-10 bps YoY, 1H23 annualized). As the bank's lending structure is mainly short-term loan while the deposit structure is concentrated in the long term, ACB's NIM is expected to decrease slightly in the coming time when interest rates trend down.
- 6M2023 fee income declined 17% YoY but bancassurance activities remained positive. Specifically, ACB's APE sales in 6M were still at the top of the market with 653 billion even despite decreasing compared to the same period last year. With relatively good other non-interest income from disposal of investment securities and trading in gold and foreign exchange, ACB achieved an increase of 16% YoY in total operating income and 11% YoY PBT growth in 1H2023.

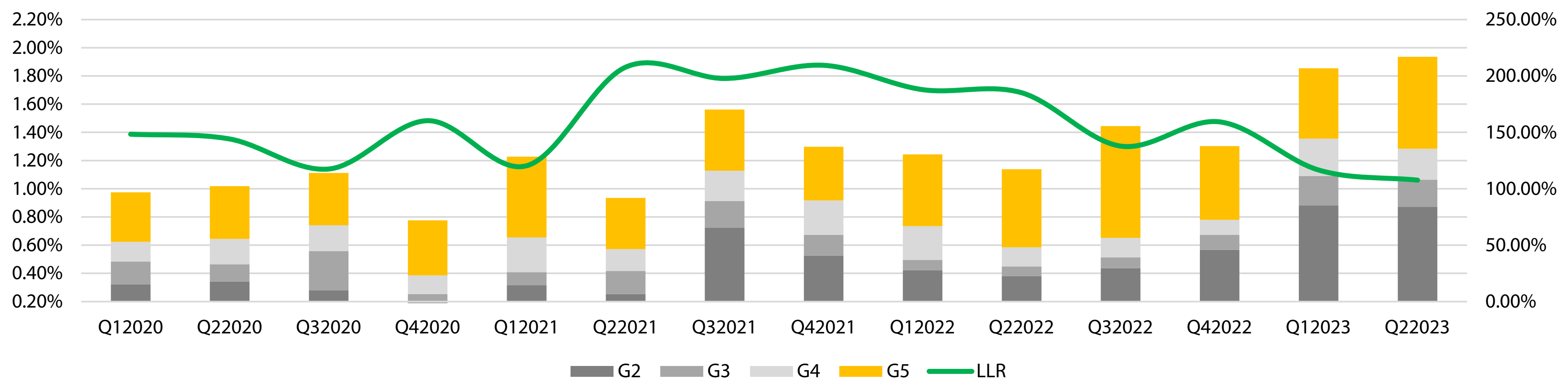
Credit demand to recover from the second half of 2023

- In the context that the retail lending segment was affected by weak consumer demand and declining income, ACB has proactively shifted to the corporate customer segment, selecting the leading enterprises with good financial health to attract large CASA and increase service fee income, partly offsetting the less attractive NIM compared to the retail segment. It is expected that from 2H2023 onwards when the economic landscape shows clearer signs of improvement and credit demand recovers, ACB as a leading retail bank will quickly benefit from its existing customer base to improve NIM.

RISKS TO OUR CALL

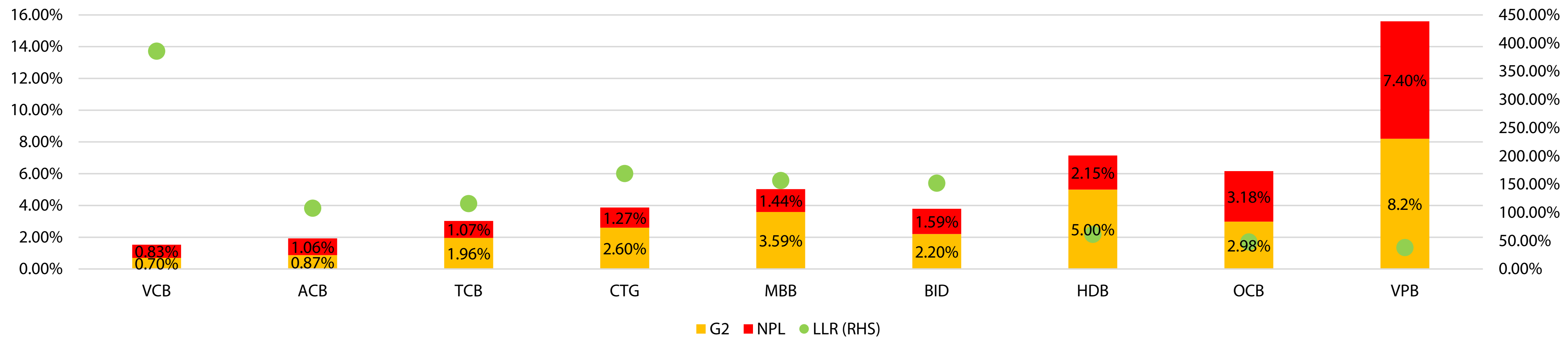
- Credit cost and non-performing loans increase more significantly when the economy fails to meet expectations for recovery.
- The contribution of the bancassurance channel to fee income slows down.

Figure 1: NPL ratio (LHS, %) is among the lowest level in the industry and LLR remains abundant (RHS, %)



Source: ACB, RongViet Securities

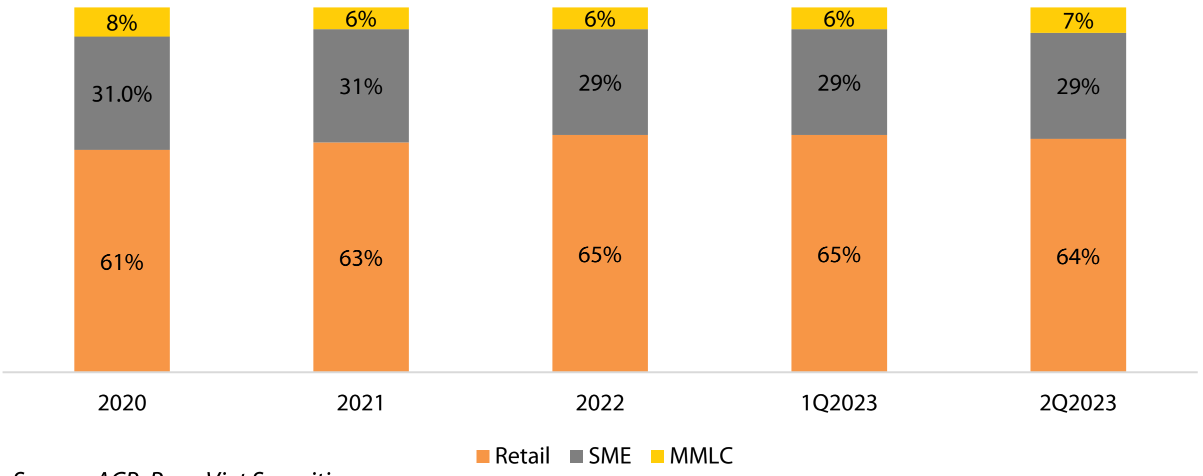
Figure 2: ACB has the second-highest asset quality in the industry and the highest among joint stock commercial banks



Source: ACB, RongViet Securities

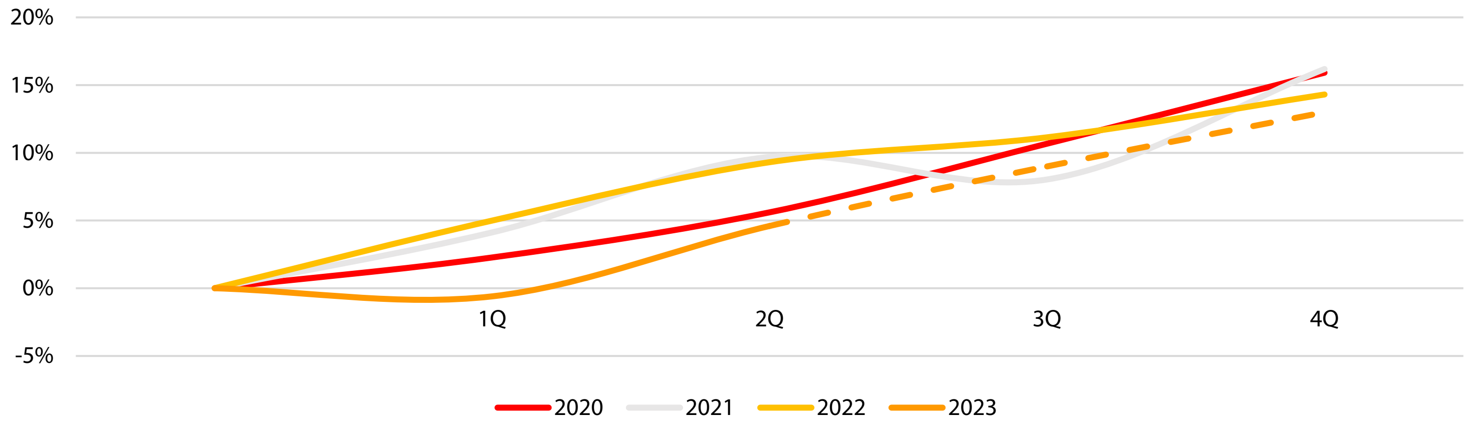
CREDIT GROWTH RECOVERED WHEN SHIFTING LOAN PORTFOLIO TO COPE WITH EXTERNAL CONDITION

Figure 3: Changes in loan groups to match economic status (%)



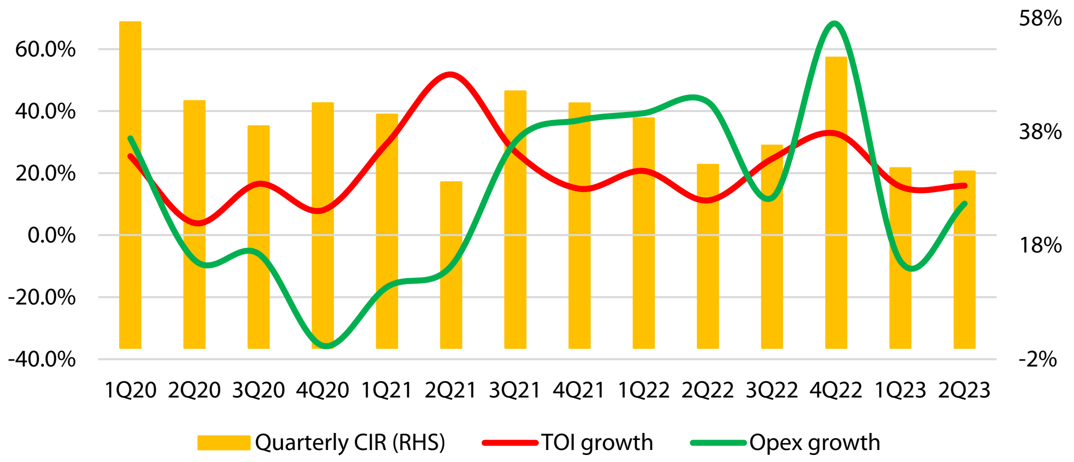
Source: ACB, RongViet Securities

Figure 4: Credit growth rebounded strongly in 2Q23 (%)



Source: ACB, RongViet Securities

Figure 5: Ongoing digital transformation process continues to be effective (%)



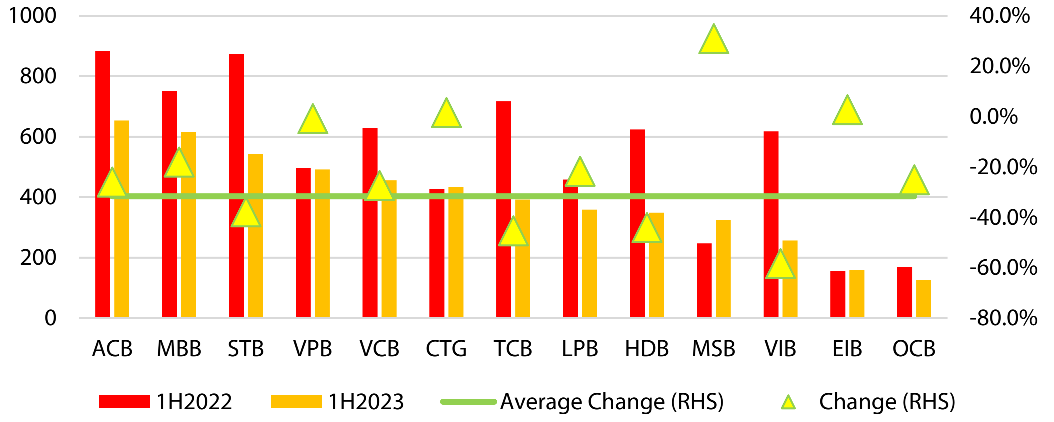
Source: ACB, RongViet Securities

Table 1: Forecast 2023E-2024F

Unit: VND bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	4.9%	13.0%	14.5%		
Funding	4.1%	13.8%	11.1%		
NIM (TTM)	4.35%	4.01%	4.2%		
Net interest income	**12,461**	**25,106**	**29,749**	**6.7%**	**18.5%**
Non-interest income	3,483	7,274	7,479	38.39%	2.8%
Operating profit	**15,944**	**32,381**	**37,228**	12.47%	**15.0%**
CIR	37%	34.2%	33%		
Provisions	-962	-1,323	-1,792	1768%	35%
PBT	**9,989**	**19,979**	**23,164**	**17%**	**16%**
Asset quality (%)					
Non-performing loans	1.06	0.92	0.80		
Provisions/NPL	108	135.4	159.7		

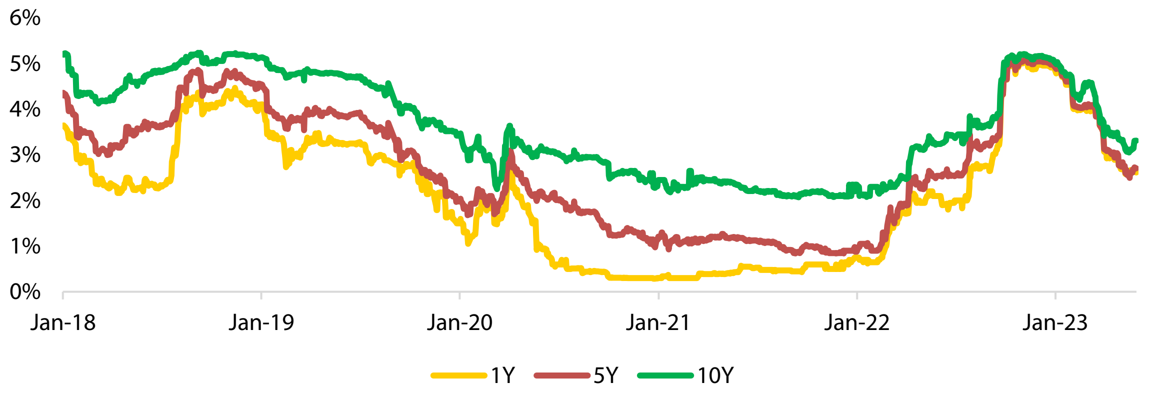
Source: ACB, RongViet Securities

Figure 6: Continue to lead in terms of APE sales (VND bn)



Source: ACB, RongViet Securities

Figure 6: The decline in government bond yields supports the income of the securities segment (%).

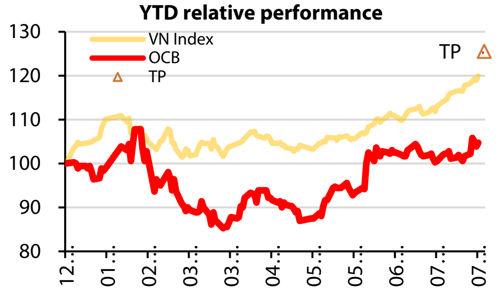


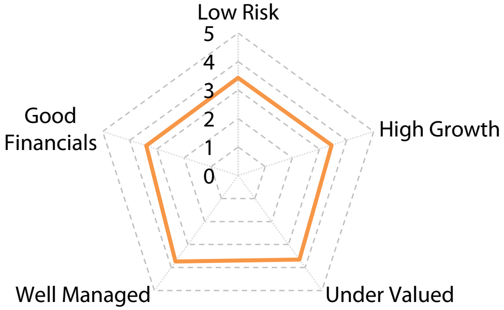
Source: ACB, RongViet Securities

REGAIN GROWTH MOMENTUM

HSX: OCB

ACCUMULATE: +18% **MP: 19,100** **TP: 22,600**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	26,165
Current Shares O/S (mn shares)	1,370
3M Avg. Volume (K)	1,573
3M Avg. Trading Value (VND Bn)	29
Remaining foreign room (%)	1.1
52-week range ('000 VND)	11.8 – 19.9

FINANCIALS

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	8,534	9,848	11,931
NPATMI (VND bn)	**3,510**	**4,385**	**5,442**
ROA (%)	1.85%	2.09%	2.23%
ROE (%)	**14.9%**	**16.0%**	**16.8%**
EPS (VND)	2,540	3,091	3,863
Book Value (VND)	18,448	21,648	25,621
Cash dividend (%)	0%	0%	0%
P/E (x)	7.56	6.00	4.80
P/B (x)	0.98	0.9	0.7

INVESTMENT RATIONALE

Asset quality is expected to be better controlled when the consumer finance segment is narrowed

- By drastically narrowing the consumer credit segment in recent years with the proportion decreasing from 7% of the loan portfolio in 2019 to 1% in 1Q23, the bank's asset quality has improved. In other words, the Bank was able to reduce the debt write-off rate, which at the time of 2Q23 only recorded 0.3% compared to 1% in the previous period, thereby reducing the pressure of assets settlement and provisioning expenses.

Business results recovered in both core activities and non-interest income sources

- In the first 6 months of 2023, OCB recorded a pre-provision profit (PPOP) of VND3,032 billion (+32% yoy). In which, going against the trend of the industry, net interest income was recorded at 3,568 billion (+5.8% yoy) thanks to the bank's credit growth of +6.8 % ytd combined with stable year-over-year NIM. Under the unfavorable influence of income from bancasurrance channel, the bank diversified other cross-selling products such as cards and asset management to help maintain fee income growth by 4% yoy to reach VND 374 billion. Other non-interest activities recorded 5 times the growth of the same period, reaching 510 billion, mainly from the turnaround of contribution from securities trading of 333 billion. Operating expenses were also better managed by the company over the same period with a decrease of -6% yoy, thereby boosting the Bank's bottom-line. Excluding the impact of income from securities activities in two periods, OCB's PPOP still recorded a growth rate of 8.5% in the context of the whole industry's difficulties.

Digital transformation is expected to bring even more tangible effects

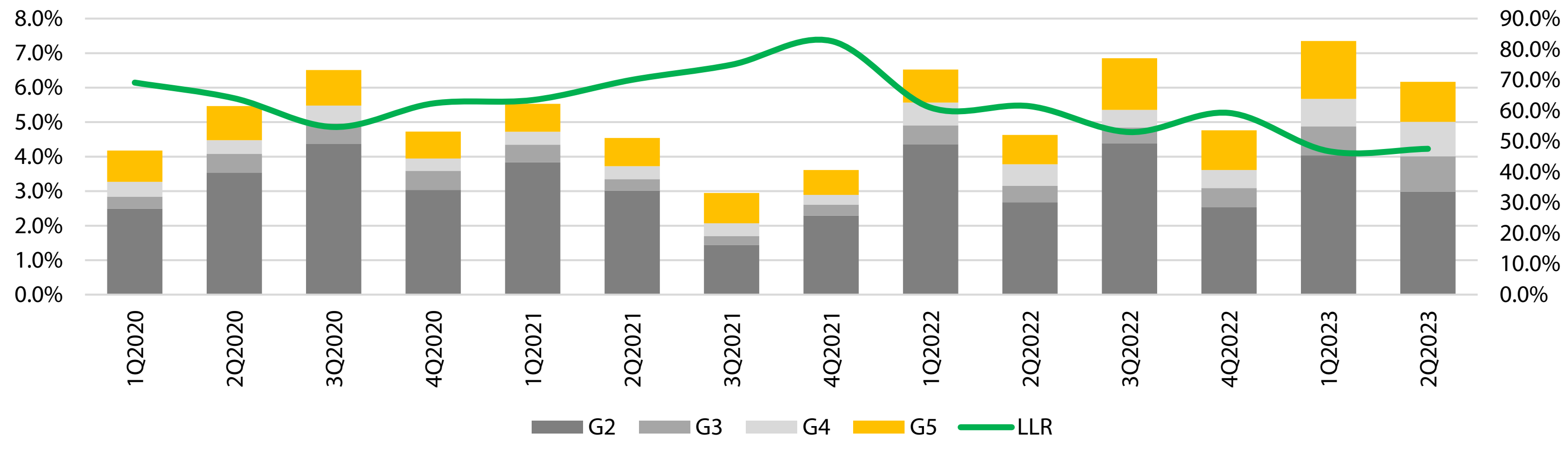
- Strongly transforming in terms of growth strategy and governance in recent years, OCB is oriented to be a modern retail bank focusing on providing financial products and services to small and medium enterprises (SME) and middle-income individual clients. With a strong capital base, OCB is able to maintain high credit growth compared to the industry average. Combined with an increasingly diverse service fee structure and a selectively invested digital transformation strategy with an annual digital transformation cost of 300-400 billion for improving operational efficiency, we expect OCB's return on equity to continue to improve in the coming years.

RISKS TO OUR CALL

- Procyclical business segments are susceptible to the ongoing economic downturn, resulting in higher-than-expected non-performing loans formation.

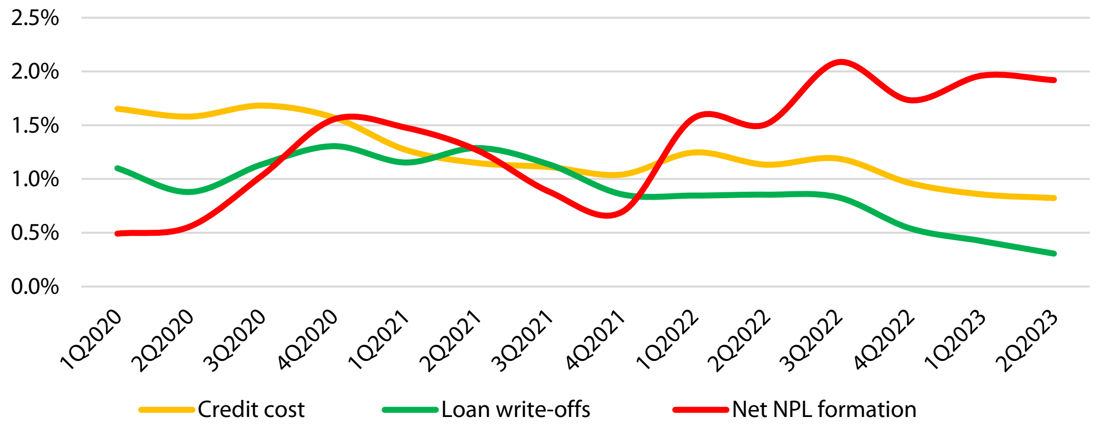
ASSET QUALITY IS EXPECTED TO BE BETTER CONTROLLED

Figure 1: Debt group (LHS, %) and LLR (RHS,%)



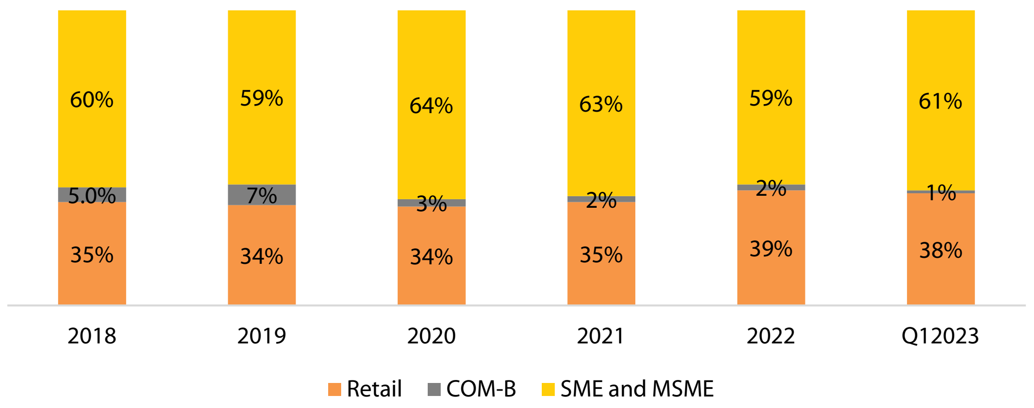
Source: OCB, RongViet Securities

Figure 2: Credit cost margin, net NPL formation (%, TTM)



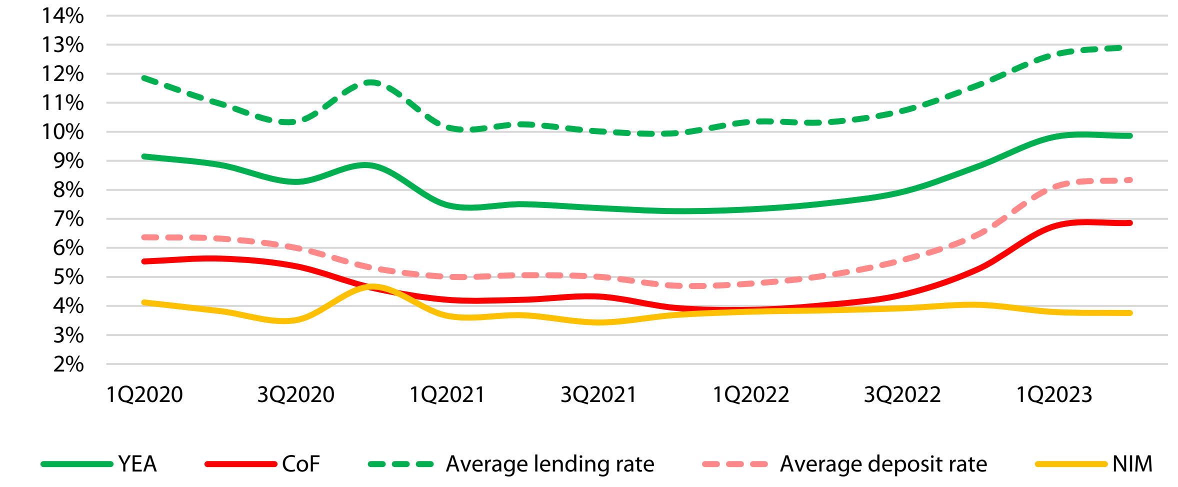
Source: OCB, RongViet Securities

Figure 3: Breakdown of credit outstanding by customer segments (%)



Source: OCB, RongViet Securities

Figure 4: Asset yield, CoF, NIM (%, annualized)



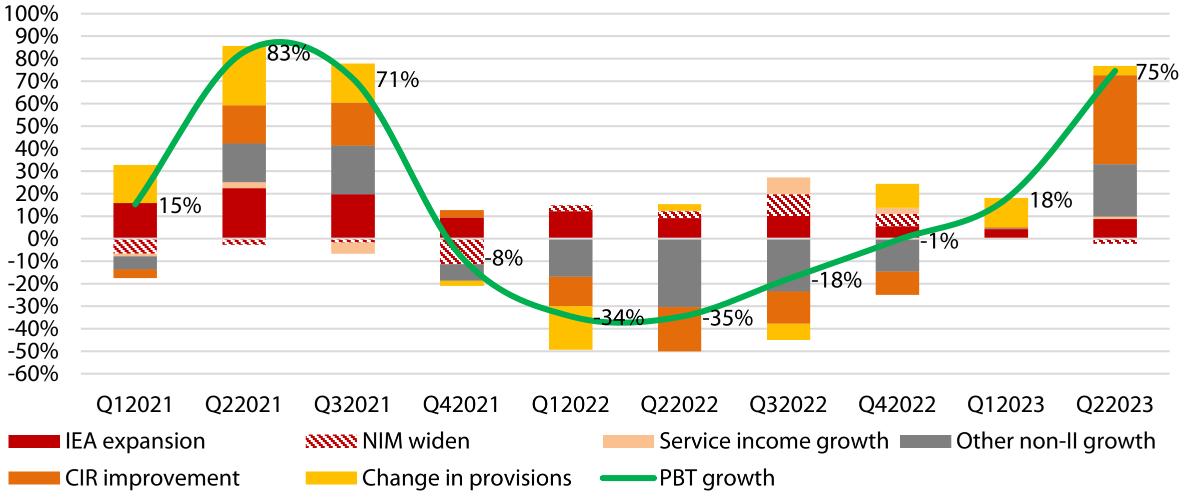
Source: OCB, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	7%	14.2%	19.4%		
Deposit	6%	13%	15%		
NIM (TTM)	3.8%	3.84%	3.9%		
Net interest income	**3,568**	**7,480**	**8,930**	**7.7%**	**19.4%**
Non-interest income	884	2,368	3,002	49.29%	26.8%
Total operating income	**4,453**	**9,848**	**11,931**	**15.40%**	**21.2%**
CIR	33%	31.0%	32.7%		
Provision	-471	-1,401	-1,335	31%	-5%
PBT	**2,560**	**5,486**	**6,811**	**25%**	**24%**
Asset quality (%)					
NPL ratio	3.18	2.62	2.27		
LLR/NPL	48	50	54		

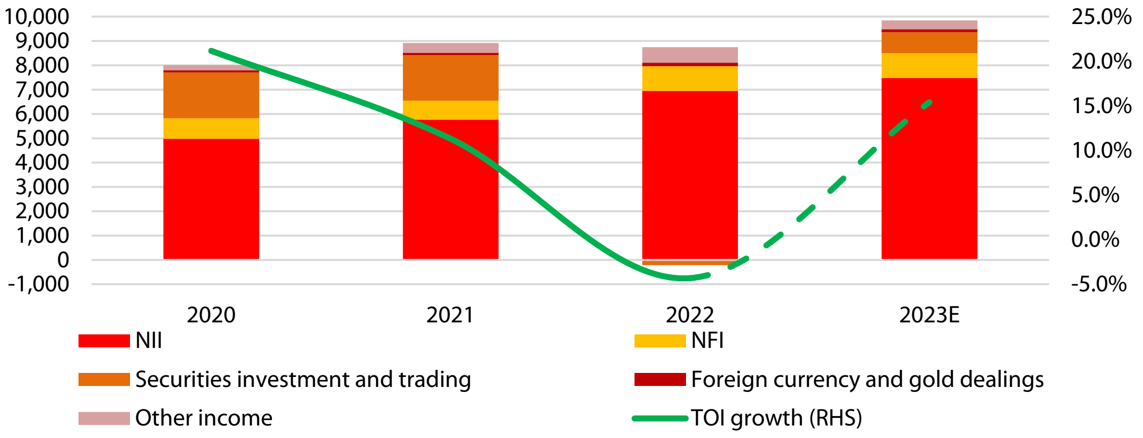
Source: OCB, RongViet Securities

Figure 5: Quarterly PBT growth components (%)



Source: OCB, RongViet Securities

Figure 6: Breakdown of TOI and TOI growth (RHS,%)



Source: OCB, RongViet Securities

RONG VIET SECURITIES

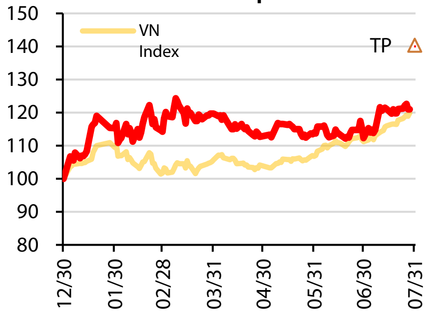
AWAITING THE NEXT GROWTH PHASE

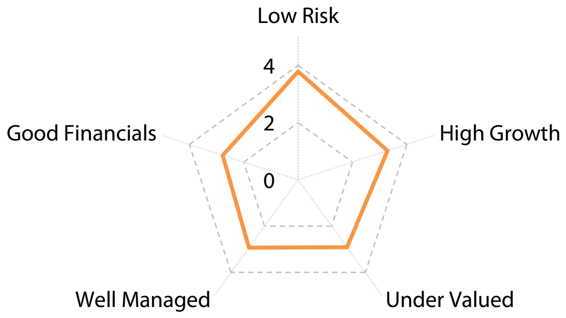
HSX: BID

ACCUMULATE: 15%

MP: 47,200 **TP: 54,200**

YTD relative performance





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	238,762
Current Shares O/S (mn shares)	5,059
3M Avg. Volume (K)	1,409
3M Avg. Trading Value (VND Bn)	65
Remaining foreign room (%)	12.9
52-week range ('000 VND)	28 – 49.5

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	69,582	76,461	87,854
NPATMI (VND bn)	**18,159**	**21,842**	**28,711**
ROA (%)	0.94%	0.98%	1.14%
ROE (%)	**19.1%**	**19.6%**	**21.8%**
EPS (VND)	3,125	3,869	5,086
Book Value (VND)	20,597	23,533	28,619
Cash dividend (%)	2%	0%	0%
P/E (x)	14.89	11.45	8.71
P/B (x)	2.2	1.9	1.5

INVESTMENT RATIONALE

Asset quality is expected to improve after a period of enhanced provisioning buffer

- By aggressively increasing provisioning in the period 2018-2022 with the annual credit cost margin fluctuating around 1.67%-2.3%, BID's asset quality has been significantly improved via the reinforcement of provisioning buffer and debt written-off. BID's NPL ratio as of Q2/2023 was 1.56% - comparable to the COVID period, yet the coverage ratio was strengthened at 153%. With the scenario of economic recovery from the second half of 2023 onwards, we expect BID's credit cost to drop significantly to 1.4%-1% in 2023 and the following years.

Anticipated high profit growth attributed to the granted credit quota and reduction in provisioning pressure

- In the first half of 2023, the bank's net interest income growth was relatively flat amid a moderate credit growth of 6.7% YTD and a drop of 30bps in NIM, however the reduction in provision expenses by 29% supported 1H2023 PBT to reach 13.8 trillion (+25% yoy).
- With a higher credit growth quota in the second half of 2023 and competitive advantages in terms of robust funding base that facilitate NIM improvement, we forecast that credit growth for 2023 will reach 12.8%, boosting net interest income to VND 63.9 trillion (+14% yoy) and total operating income to VND 76.4 trillion (+9.9%), while an expected credit cost margin of 1.4% will help the bank maintain favorable pre-tax profit at 27.6 trillion (+20% yoy).

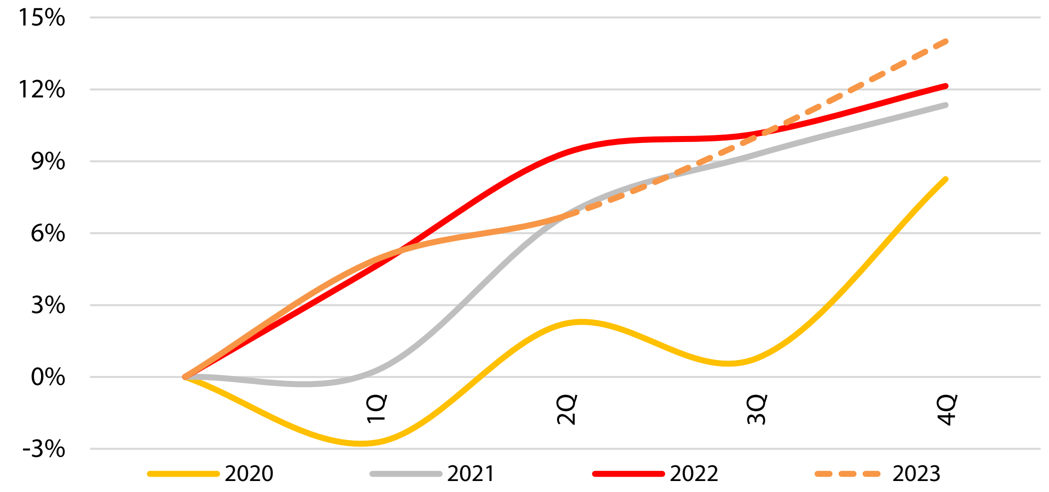
Upcoming plans are expected to be beneficial

- The private placement of 9% of charter capital to strategic partners will continue to help the bank promote its competitive advantages in the retail and SME segments while strengthen its digital technology infrastructure.
- The early completion of the bancassurance deal will help the bank record an upfront fee and improve fee income sources when the bancassurance channel gradually recovers from 2024 onwards.
- ROE improving to above 20% and equity supplement are expected to create a backdrop for maintaining high credit growth in the following years.

RISKS TO OUR CALL

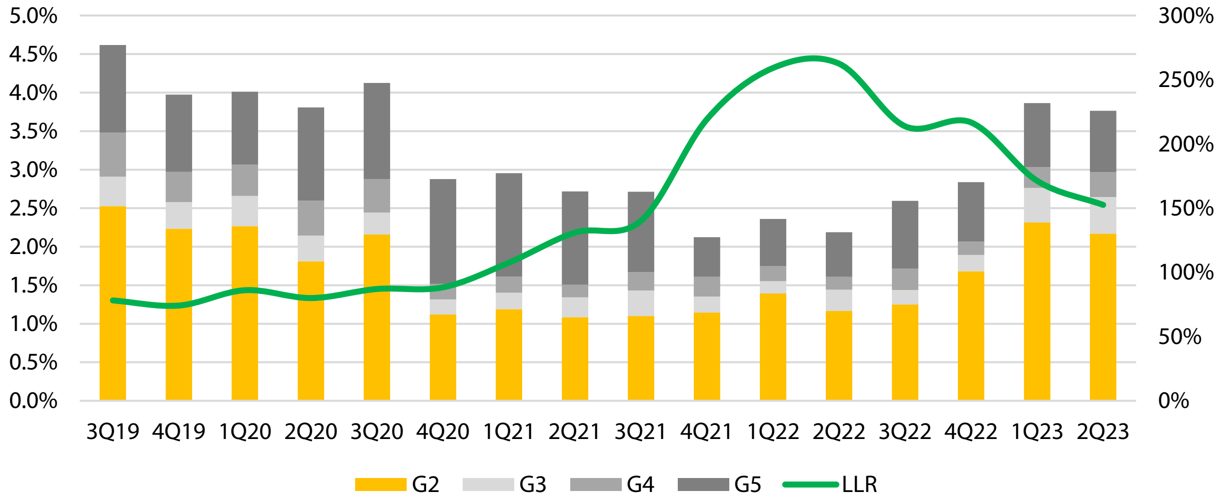
- Asset quality may deteriorate faster than expected as economic difficulties worsen.
- The bank's strategic plans may be postponed or proceed more slowly than anticipated.

Figure 1: Credit growth at a high level over the years (%)



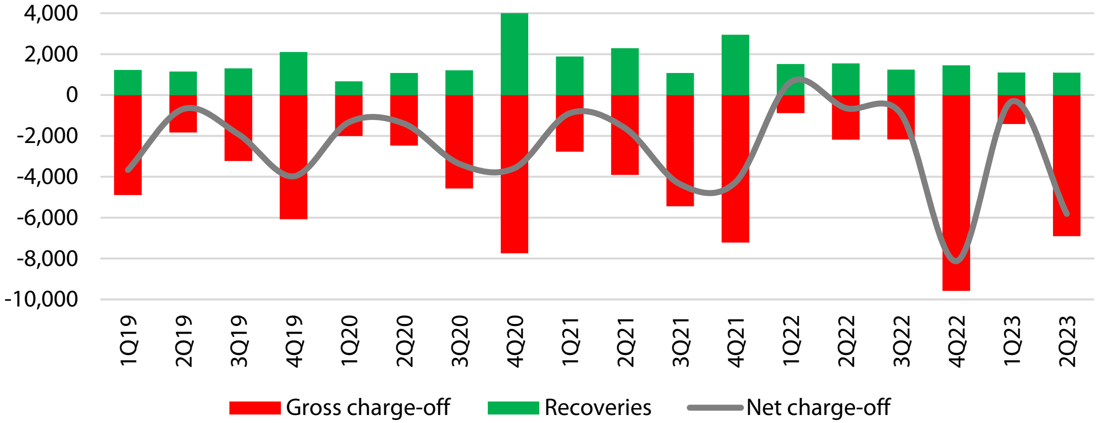
Source: BID, RongViet Securities

Figure 2: Debt group (LHS, %) showed an improvement and LLR (RHS,%) remained high in 2Q



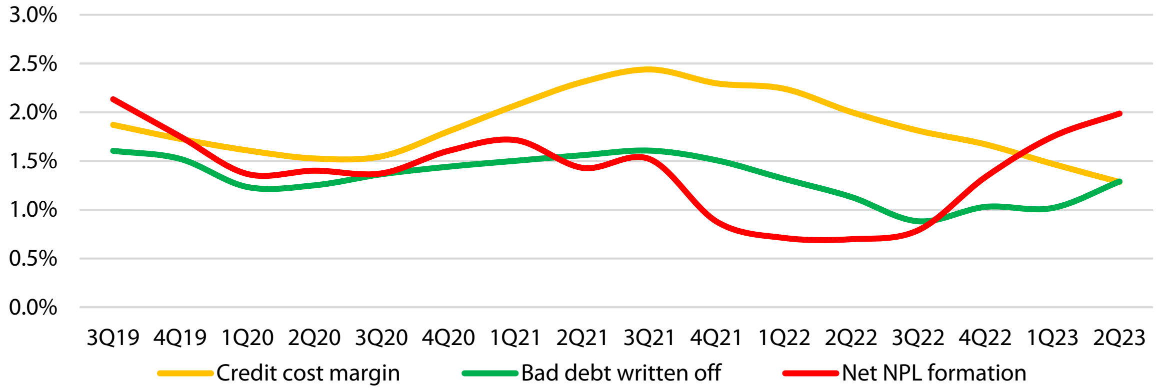
Source: BID, RongViet Securities

Figure 3: Debt write-off and recoveries (VND bn)



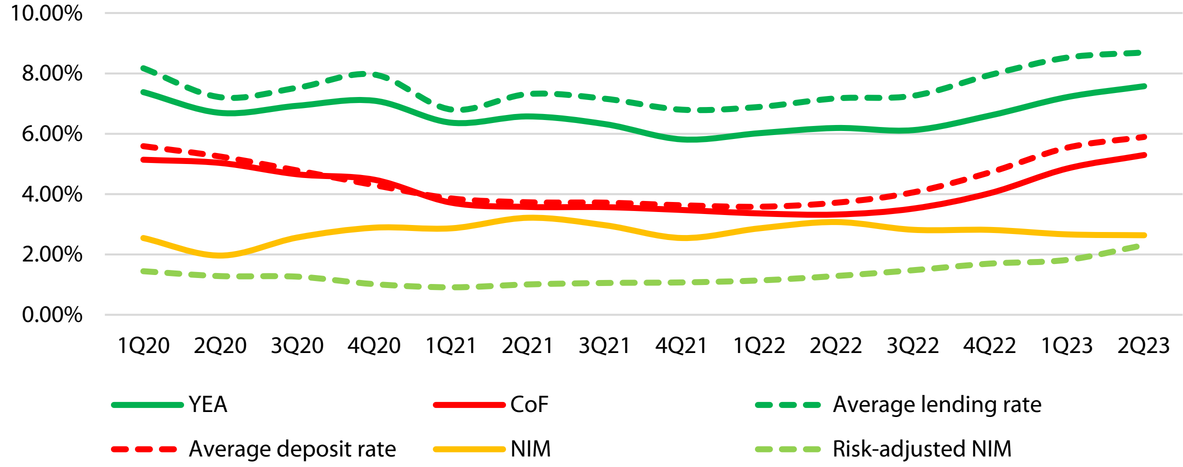
Source: BID, RongViet Securities

Figure 4: Credit cost, net NPL formation, write-off (%, TTM)



Source: BID, RongViet Securities

Figure 5: Asset yield, CoF, NIM (%, annualized) were in line with the sector trend



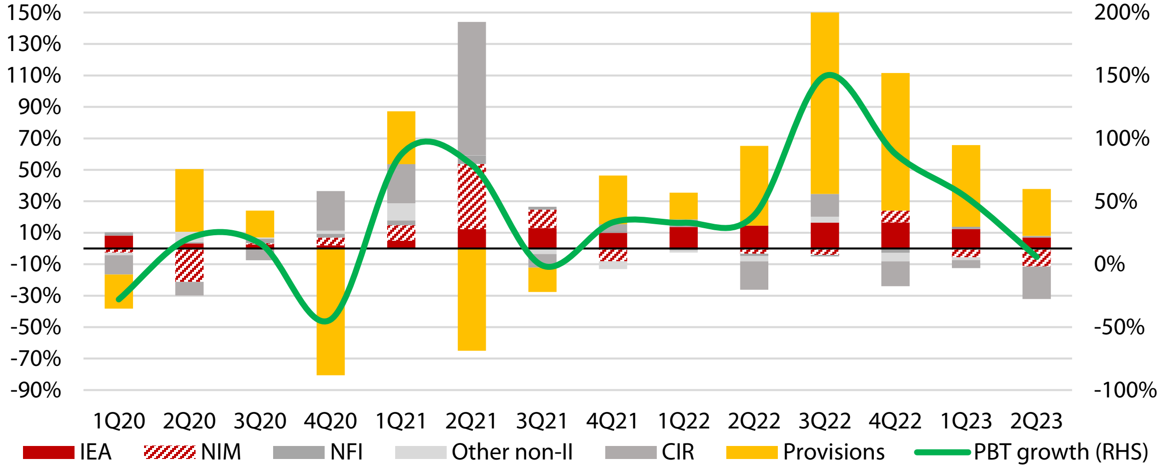
Source: BID, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	7%	13%	14%		
Funding	4%	14%	16%		
NIM (TTM)	2.83%	2.89%	2.91%		
Net interest income	**27,743**	**63,914**	**72,419**	**14.0%**	**13.3%**
Non-interest income	7,040	12,547	15,436	-7.15%	23.0%
Operating profit	**34,784**	**76,461**	**87,854**	**9.89%**	**14.9%**
CIR	35%	33.8%	34.6%		
Provisions	-9,719	-22,888	-21,764	-5%	-5%
PBT	**13,862**	**27,688**	**36,398**	**20%**	**31%**
Asset quality (%)					
Non-performing loans	1.59	1.31	1.36		
Provisions/NPL	153	197	181		

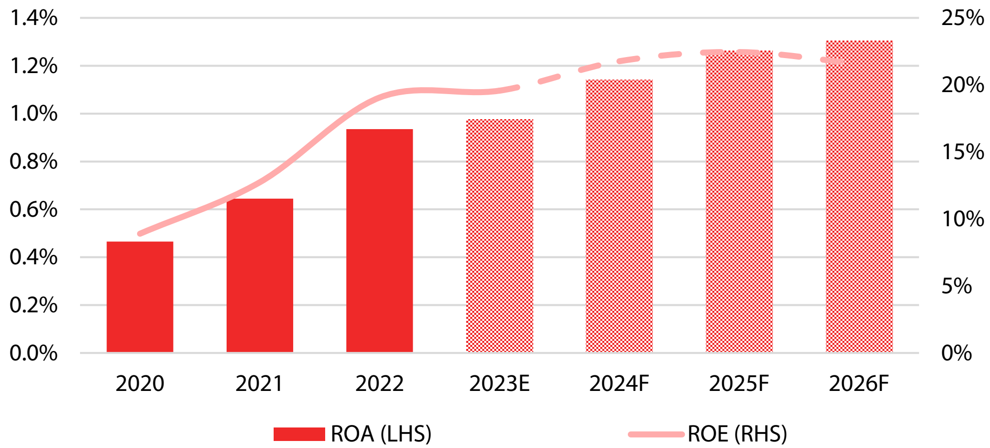
Source: BID, RongViet Securities

Figure 6: PBT's growth contribution (%, YoY)



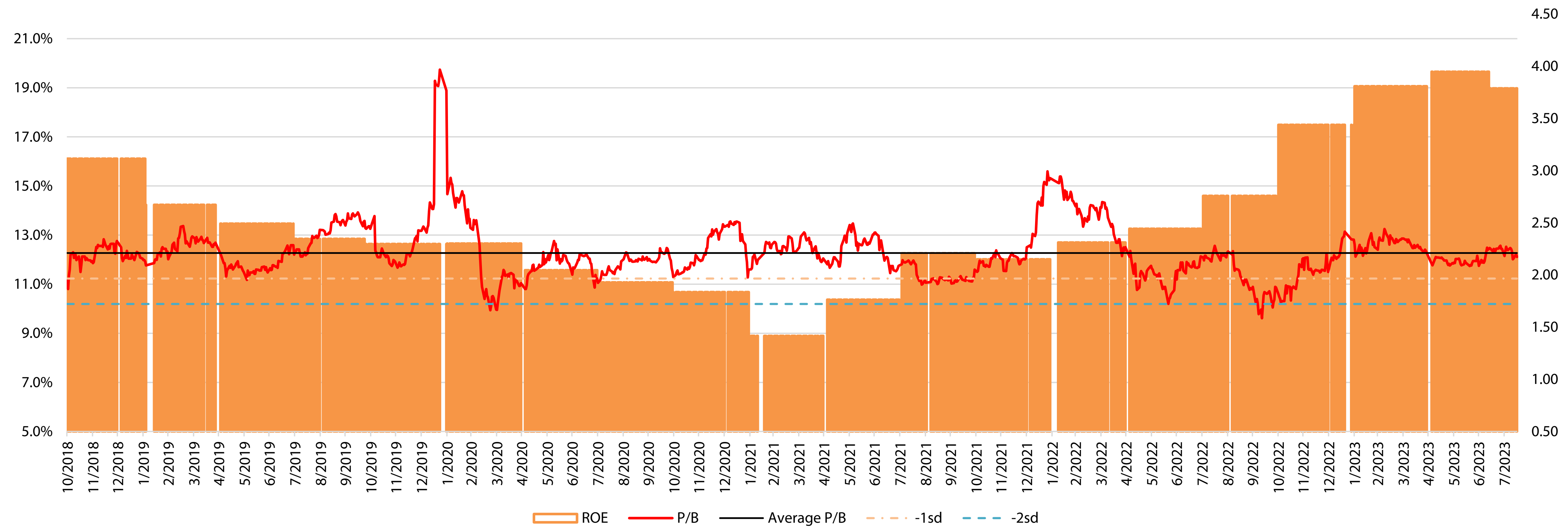
Source: BID, RongViet Securities

Figure 7: Profitability ratio



Source: BID, RongViet Securities

Figure 8: P/B valuation (right axis) will be revalued higher as return on capital (ROE, left axis) improves in the coming years



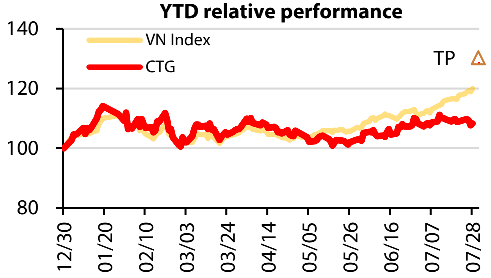
Source: BID, RongViet Securities

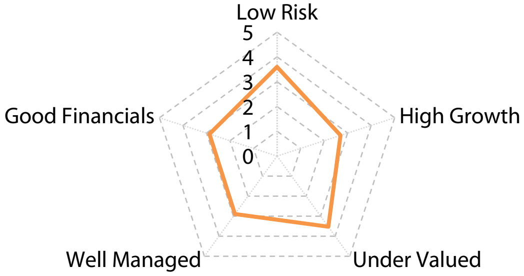
RONG VIET SECURITIES

SELF-REINFORCE, HEADING TO THE NEXT GROWTH PHASE

HSX: CTG

ACCUMULATE: +18% **MP: 30,000** **TP: 35,500**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	144,173
Current Shares O/S (mn shares)	4,806
3M Avg. Volume (K)	5,783
3M Avg. Trading Value (VND Bn)	171
Remaining foreign room (%)	2.9
52-week range ('000 VND)	19.5 – 32.85

FINANCIALS	2022A	2023E	2024F
Revenue (VND bn)	64,117	69,919	80,739
NPATMI (VND bn)	**16,775**	**20,840**	**26,451**
ROA (%)	1.00%	1.10%	1.28%
ROE (%)	**16.6%**	**18.0%**	**19.8%**
EPS (VND)	3,142	3,819	4,847
Book Value (VND)	22,508	25,673	30,020
Cash dividend (%)	5%	0%	8%
P/E (x)	10.84	8.47	6.67
P/B (x)	1.44	1.26	1.08

INVESTMENT RATIONALE

Expected improvement in asset quality will reduce provisioning pressure

- The bank's NPL ratio in 2Q2023 was 1.27% compared to 1.28% in 1Q2023, and Group 2 loan was also maintained at a stable level. In 6M2023, the bank also showed attempts to enhance its asset quality via provisioning and debt write-offs, with credit cost (TTM) at 2% and provisioning buffer at 169%, remaining high compared to that of the 2019-2020 period. Therefore, we expect NPL formation may slow down or peak in the next quarters, thereby generating capacity for easing CTG's credit cost pressure from the second half of 2023 and in the following years.

Anticipated high profit growth attributed to newly granted credit quota and improved NIM

- In the first half of 2023, CTG's total operating income maintained a favorable growth rate of 16% yoy thanks to the large contribution of net interest income, increasing15% yoy, and non-interest income growth of 19% yoy. Interest income growth remained high as opposed to the industry trend, thanks to credit growth of 9% yoy and an improved NIM of 2.87% compared to 2.83% in the first half of 2022. Through the bank's continued expansion of its lending structure to retail segment including priority customers, it has managed to achieve stable and better yield on interest-earning assets. However, maintaining high provision expenses made CTG's PBT grow modestly at 8%.
- With higher credit quota and NIM recovering from the second half of 2023, we forecast credit growth for 2023 to reach 12%, driving net interest income to VND 53.5 trillion (+12% yoy) and total operating income to 69.9 trillion (+9%). Credit cost is expected to decrease to 1.7%, which will help the bank maintain PBT at a high level of 25.9 trillion (+23.9% yoy).

In the medium term, the combination of retail expansion strategy and credit costs reduction will provide the bank with better capital base to ensure sustainable profitability and strengthen its fundamentals

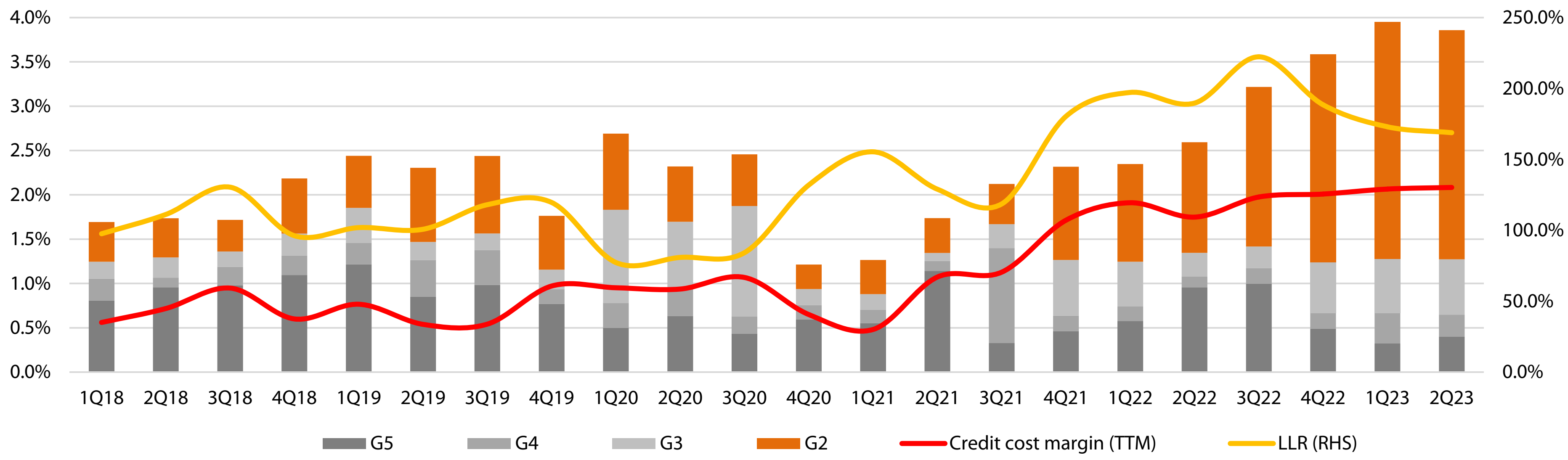
- With retail banking orientation helping to improve ROE above 18% through core income source when asset yields reach higher levels and credit demand recovers strongly, non-interest income activities are expected to expanded accordingly thanks to diverse products including payments, foreign exchange, trade finance and debt collection. Combined with credit costs expected to decrease over time, the bank will be able to secure a solid capital base that allow for sustainable profitability and reasonable growth.

RISKS TO OUR CALL

- Credit costs do not decrease as expected.
- Economic support packages hinder the expected NIM recovery.

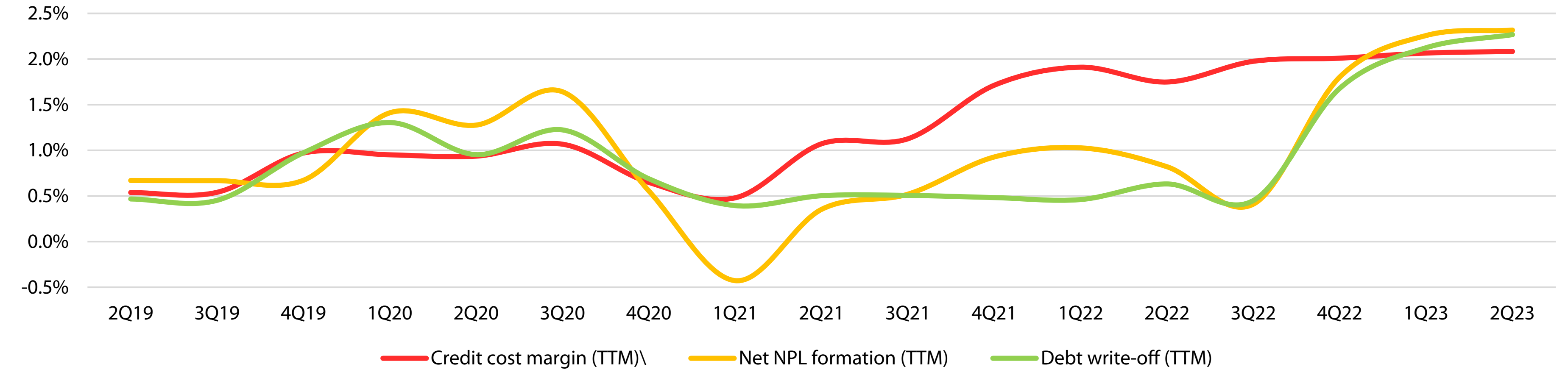
MITIGATED PRESSURE ON CREDIT COSTS SECURED BY STRENGTHENED PROVISIONING BUFFER AND ENHANCED ASSET QUALITY

Figure 1: Expected asset quality improvement coupled with high provisioning buffer (%)



Source: CTG, RongViet Securities

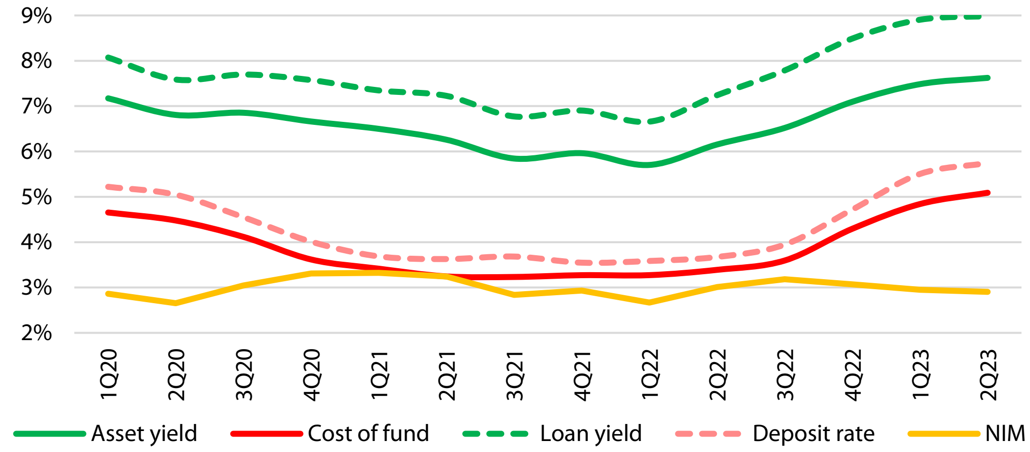
Figure 2: Net NPL formation, credit cost margin & write-off (TTM, %)



Source: CTG, RongViet Securities

STEADY TOTAL OPERATING INCOME GROWTH DRIVEN BY STABLE CORE INCOME AND DIVERSE NON-INTEREST SOURCES

Figure 3: Well-maintained NIM to recover from 2H23 onwards (%)



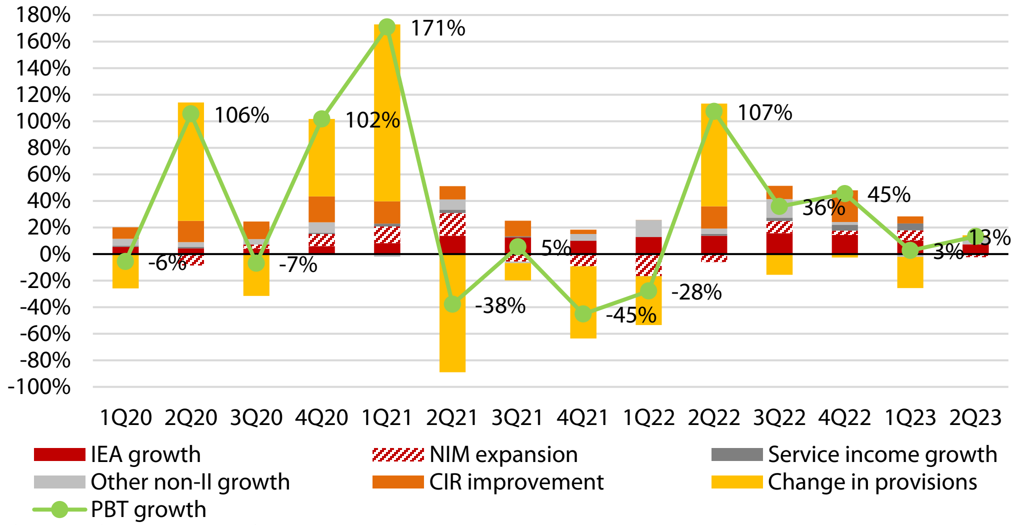
Source: CTG, RongViet Securities

Table 1: Forecast 2023E-2024F

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	7%	12.0%	14%		
Deposit	6%	11%	12%		
NIM (TTM)	3.03%	2.96%	3.0%		
Net interest income	**25,424**	**53,571**	**60,181**	**12.1%**	**12.3%**
Non-interest income	9,366	16,348	20,558	0.14%	25.8%
Total operating income	**34,790**	**69,919**	**80,739**	**9.05%**	**15.5%**
CIR	29.2	-29.4%	-28.6%		
Provision	-13,202	-23,429	-24,716	-3%	5%
PBT	**12,531**	**25,960**	**32,941**	**24%**	**27%**
Asset quality (%)					
NPL ratio	1.27	1.20	1.24		
LLR/NPL	169	231	243		

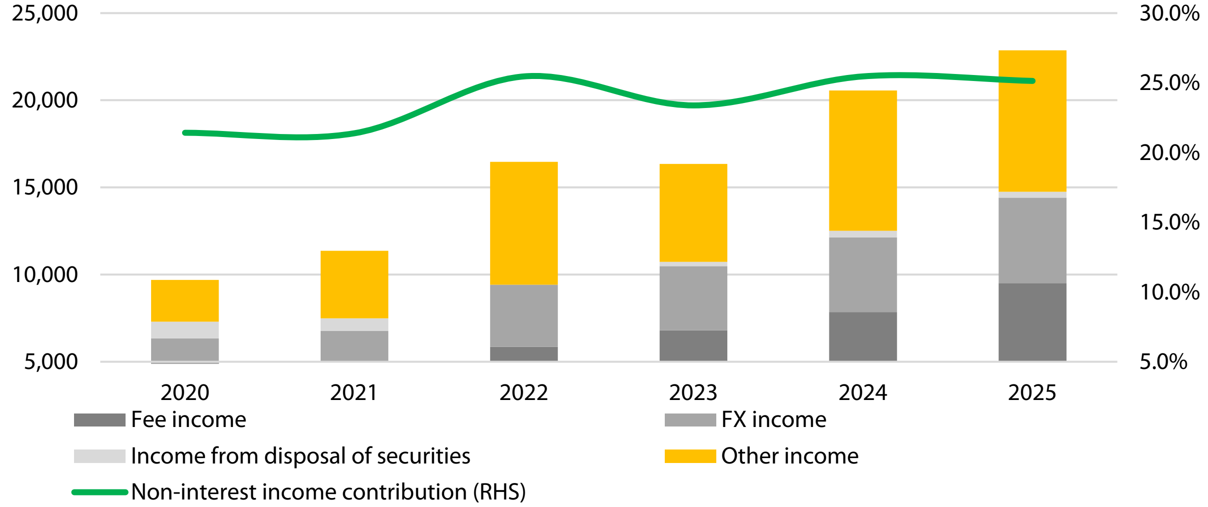
Source: CTG, RongViet Securities

Figure 4: Core activities still contribute to the growth components of PBT (yoy, %)



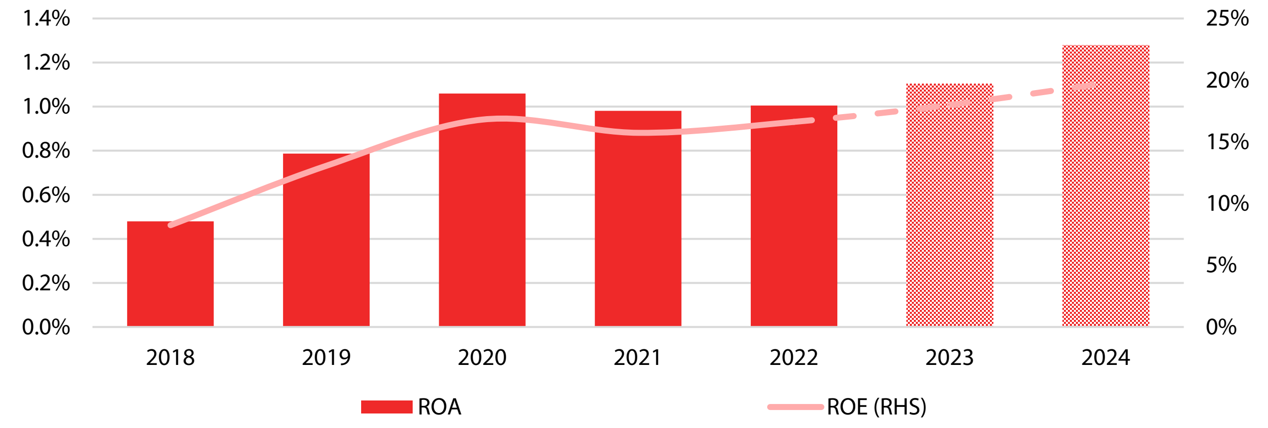
Source: CTG, RongViet Securities

Figure 5: Non-interest income continues to be the main contributor to stable operating income (VND bn)



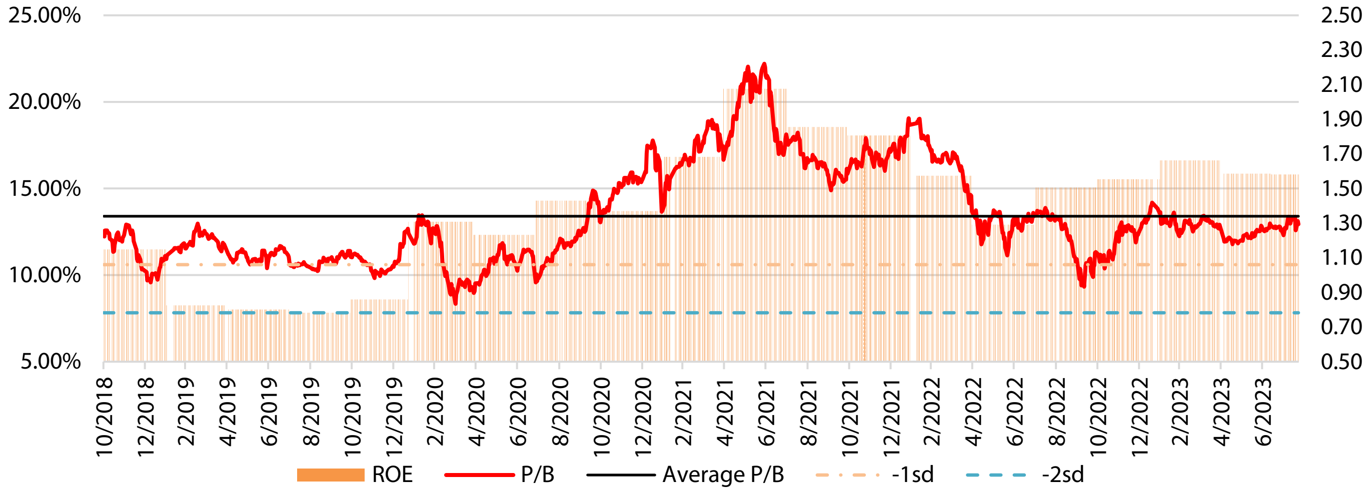
Source: CTG, RongViet Securities

Figure 6: Credit cost reduction will be a crucial factor in improving performance in the coming time



Source: CTG, RongViet Securities

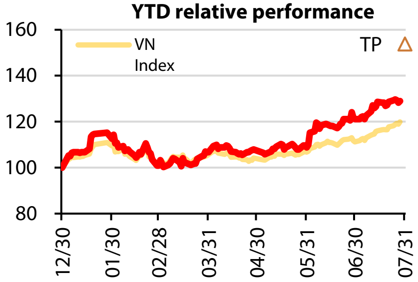
Figure 7: P/B valuation (RHS) to be revalued higher as return on equity (ROE, LHS) improves in the coming years

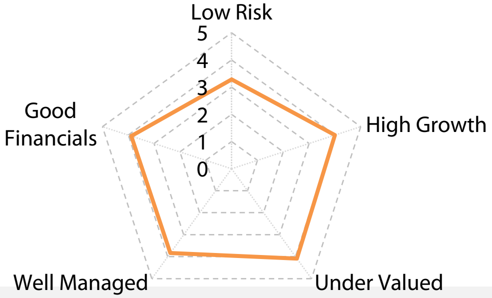


Source: CTG, RongViet Securities

DECELERATE AMID ECONOMIC DOWNTURN

ACCUMULATE: 18% **MP: 18,850** **TP: 22,300**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	98,285
Current Shares O/S (mn shares)	5,214
3M Avg. Volume (K)	11,999
3M Avg. Trading Value (VND Bn)	212
Remaining foreign room (%)	0.0
52-week range ('000 VND)	11.48 – 20.83

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	45,593	49,653	58,378
NPATMI (VND bn)	**17,483**	**20,196**	**22,652**
ROA (%)	2.6%	2.6%	2.5%
ROE (%)	**24.6%**	**23.6%**	**22.7%**
EPS (VND)	3,856	4,144	4,649
Book Value (VND)	15,269	17,499	20,839
Cash dividend (%)	0%	5%	7%
P/E (x)	4.3	4.27	3.81
P/B (x)	1.89	1.01	0.8

INVESTMENT RATIONALE

Non-performing loan risk that puts pressure on the bank's credit costs has gradually faded

- Concerns related to MBB's asset quality have been somewhat alleviated thanks to (1) the support measures taken by the authorities through the issuance of Decree 08 related to corporate bonds and Circular 02 on restructured loans have reduced the pressure on provisioning expenses and (2) The consistently strengthened provisioning buffer creates headroom to absorb risks while ensuring growth.
- The consolidated NPL ratio from customer loans fell to 1.4% in 2Q23 from a high of 1.7% in the previous quarter. The NPL formation rate also showed signs of slowing down (1.9%) compared to the previous quarter (2.3%) but still remained high as opposed to 4Q22 (1.5%). Provisioning pressure was eased with credit costs falling to 1.6% from 1.7% in 1Q23 and 1.9% at the end of 2022.

Core earnings growth slowed down, but strong competitive advantages of funding cost and assets yield will reboot momentum in the future

- In 1H2023, MBB's core income still recorded a moderate growth, +14% YoY, mainly driven by credit growth of 10.6% YTD that offset the decline in net profit margin (-47 bps YoY, 1H23 annualized) due to rising cost of fund. However, total operating income grew modestly by 3% YoY due to the adverse impact of the decline in fee income (-27% YoY), affected by difficulties in insurance, brokerage and investment banking activities. However, with a slight decrease in provision expenses, MBB still achieved a PBT growth of 7% YoY.
- Regardless of imminent difficulties, MBB's long-term growth drivers are still maintained: the advantage of competitive funding costs supported by high CASA ratio acquired from a robust corporate customer base, the capability of attracting potential retail customers thanks to the continuous digital transformation process, combined with high pricing power will create favorable conditions for interest income to recover in the time to come.

The diverse and comprehensive ecosystem, stable profitability and holistic efficiency on a firm capital base will secure long-term investment opportunity.

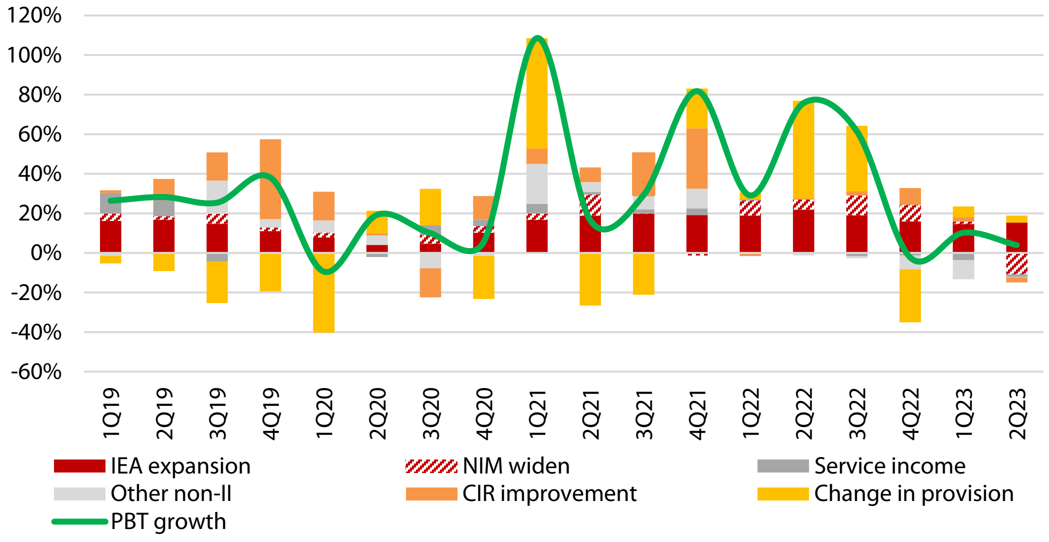
- Strategy of the 2022-2026 period aims to turn the bank into a financial technology corporation with a comprehensive digital scale. Self-built core technologies with in-house staff enable cost-effective updates and maintenance. Combined with the advantages of customer base and retail expansion, MBB is able to ensure high profitability through improving NIM and controlling credit loss. We reckon that when economic activities resume, MBB's profit growth will outperform the industry and its ROE will stay above 20%.

RISKS TO OUR CALL

- The risk of non-performing loans upsurge that put pressure on MBB to increase provisioning expenses in the coming years.
- Strategic segments were affected harder than expected.

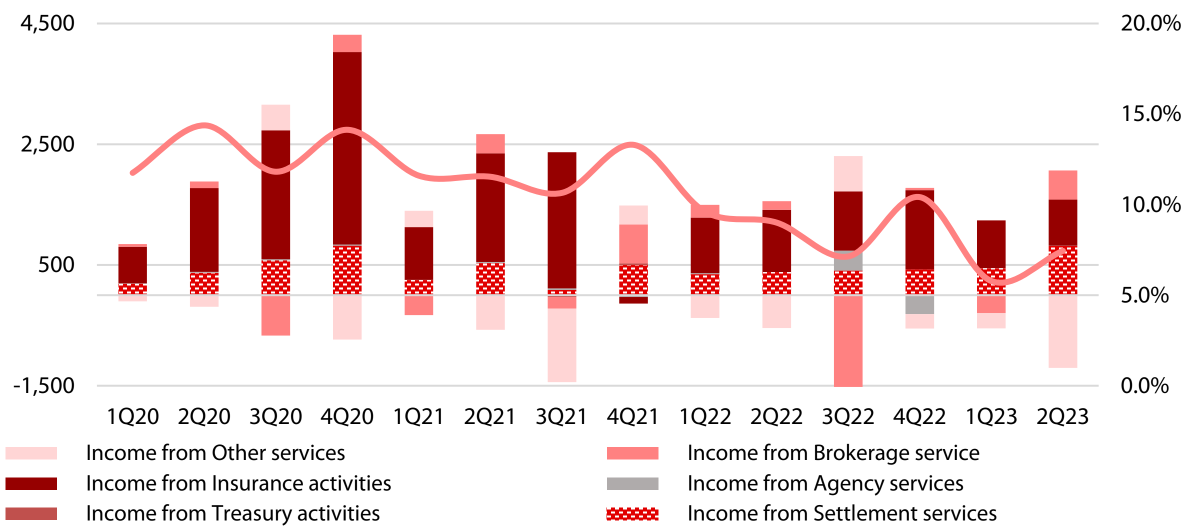
6M2023 PROFIT BEFORE TAX GROWTH SLOWED DOWN

Figure 1: Quarterly PBT growth factors (%, YoY)



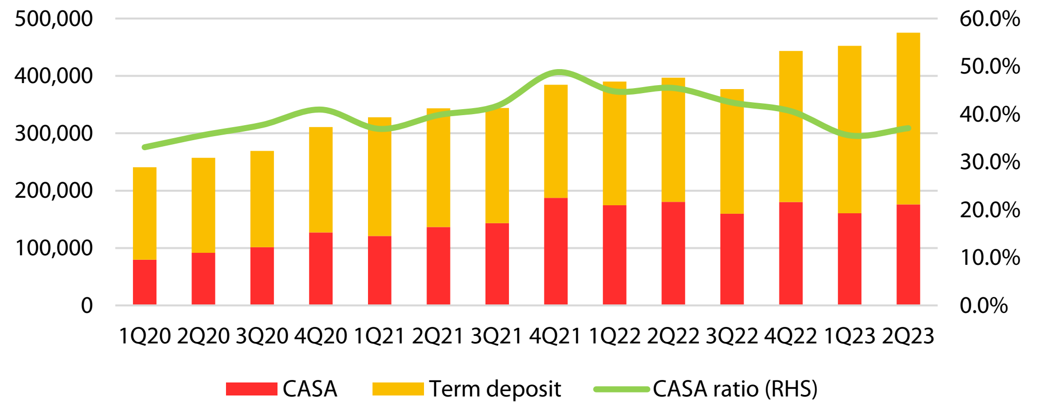
Source: MBB, RongViet Securities

Figure 2: Breakdown of fee income and its contribution to total income (VND bn,%)



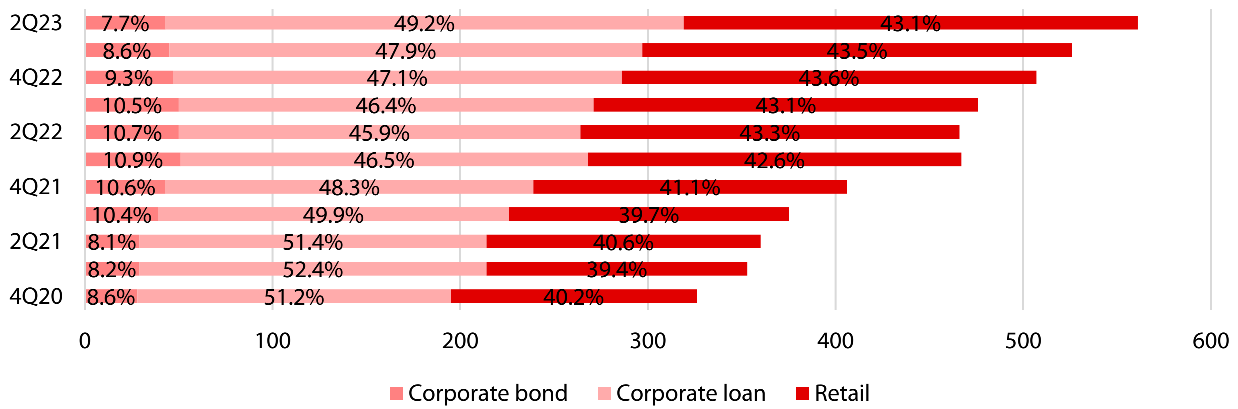
Source: MBB, RongViet Securities

Figure 3: CASA (LHS, VND bn) and CASA ratio (RHS, %) witnessed a recovery



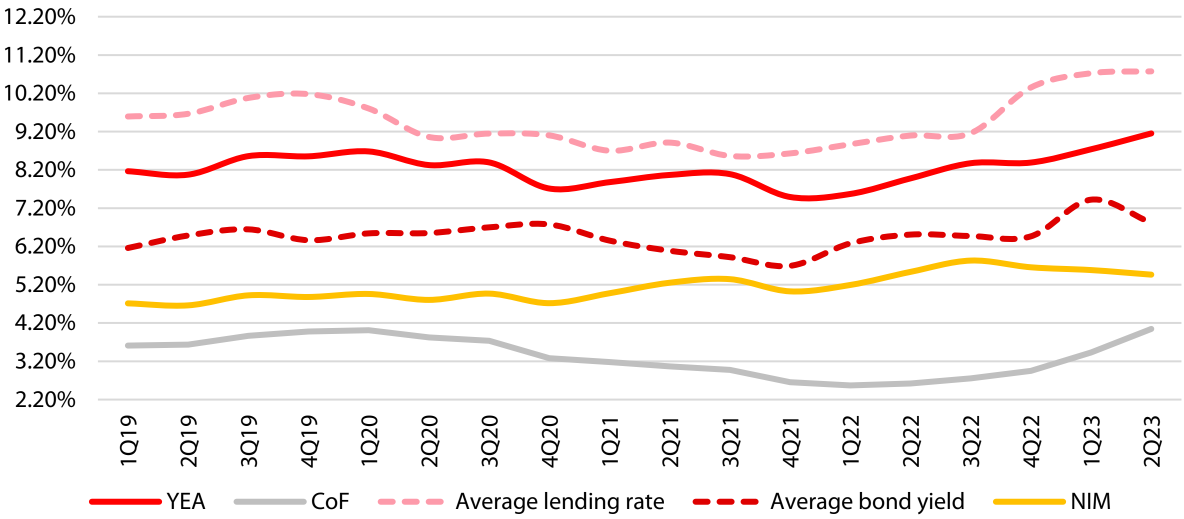
Source: MBB, RongViet Securities

Figure 4: Components of credit balance by customers (%)



Source: MBB, RongViet Securities

Figure 5: Assets yield, cost of funds, NIM (annualize,%)



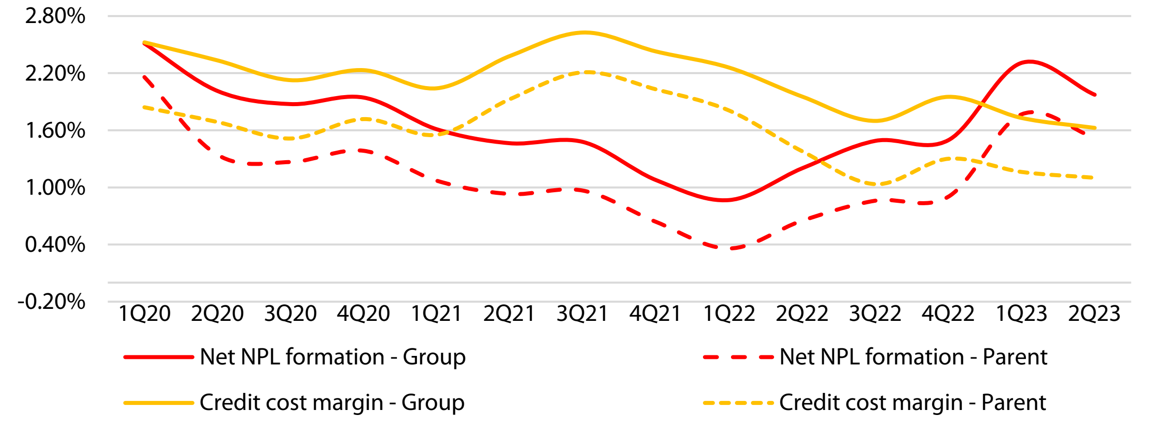
Source: MBB, RongViet Securities

Table 1: Forecast 2023E-2024F

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	10.6%	18.1%	20.7%		
Deposit	11.0%	15.4%	18.3%		
NIM (TTM)	5.46%	5.48%	5.5%		
Net interest income	**19,709**	**41,032**	**48,288**	**13.9%**	**17.7%**
Non-interest income	3,782	8,621	10,090	-9.91%	17.0%
Total operating income	**23,491**	**49,653**	**58,378**	**8.91%**	**17.6%**
CIR	33%	31.6%	32%		
Provision	-3,052	-7,764	-10,368	-4%	34%
PBT	**12,735**	**26,178**	**29,365**	**15%**	**12%**
Asset quality (%)					
NPL ratio	1.44	1.60	1.40		
LLR/NPL	157	155	182.6		

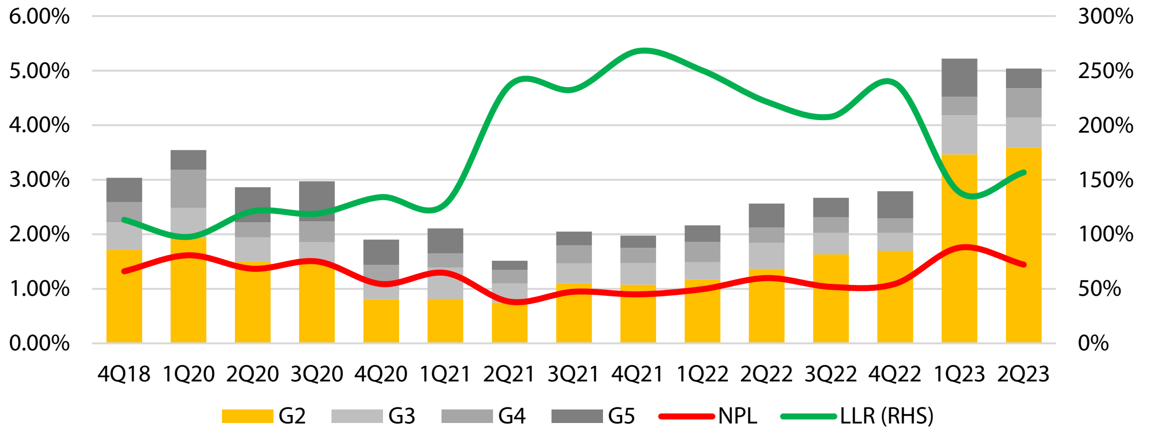
Source: MBB, RongViet Securities

Figure 6: Credit cost margin & net NPL formation (%, TTM)



Source: MBB, RongViet Securities

Figure 7: Debt Group (LHS, %) and LLR (RHS,%) still anchored at a high level

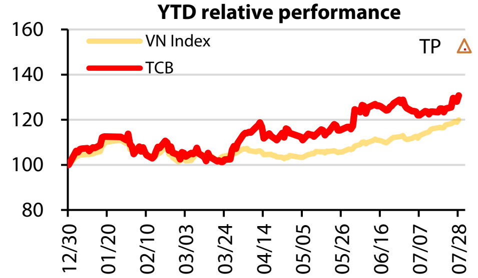


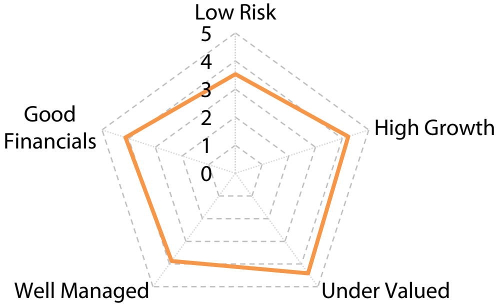
Source: MBB, RongViet Securities

THE CHALLENGING PHASE SOON PASSES, AWAITING THE RECOVERY MOMENTUM

HSX: TCB

ACCUMULATE: +15% **MP: 34,300** **TP: 39,500**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	120,641
Current Shares O/S (mn shares)	3,517
3M Avg. Volume (K)	4,928
3M Avg. Trading Value (VND Bn)	159
Remaining foreign room (%)	0.0
52-week range ('000 VND)	19.3 – 39.95

FINANCIALS

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	40,902	39,664	49,124
NPATMI (VND bn)	**20,150**	**17,968**	**24,926**
ROA (%)	3.18%	2.45%	3.00%
ROE (%)	**19.5%**	**14.7%**	**17.4%**
EPS (VND)	5,686	5,066	7,044
Book Value (VND)	31,927	37,236	44,323
Cash dividend (%)	0%	0%	0%
P/E (x)	4.5	6.63	4.77
P/B (x)	0.8	0.9	0.8

INVESTMENT RATIONALES

Increasing pressure on NIM and credit drags down core earnings growth in the short term…

- In the first half of 2023, TCB witnessed a sharp decline in net interest income (1H23, -19% YoY), causing total operating income and PBT to decrease by 12% and 20% YoY, respectively.
- NIM has showed a downward trend from Q2/2022 on the ground that cost of fund has increased faster than asset yields over the past time, following the decline of CASA ratio during the same period. NIM (TTM as of Q2/2023) has decreased by 134 bps yoy. Credit growth (+9.7% YTD) meanwhile also recorded a deceleration compared to previous years.

… yet difficulties are gradually being tackled

- TCB's CASA ratio showed a recovery to 35% in 2Q23 after previous strong declines attributed to portfolio shifting and rising deposit rates.
- Interest-earning assets yield tends to fluctuate less than cost of fund. Therefore, we expect NIM to improve gradually from the second half of 2023, when the bank's quoted deposit rates began to decline rapidly in the second quarter of 2023.

Stock revaluation opportunity given long-term balance sheet growth

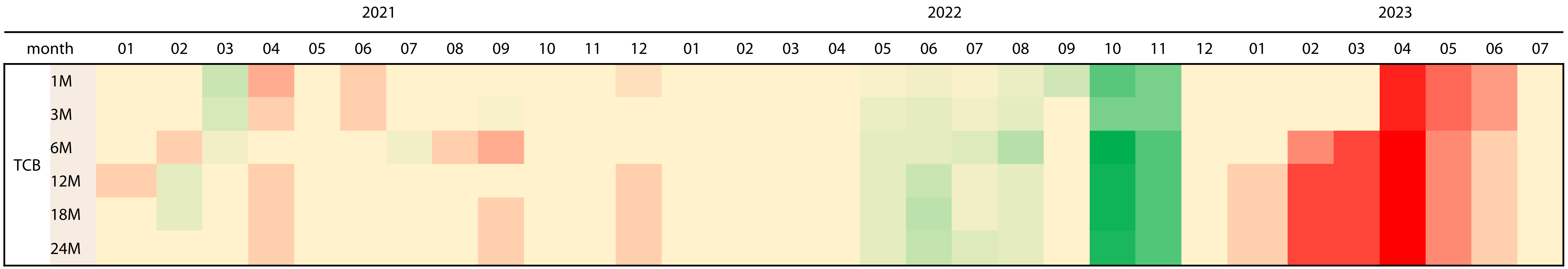
- TCB's pioneering and success in retail banking, supported by (1) leading technology infrastructure, (2) strong capital base, and (3) well-connected ecosystem , will help the bank grow rapidly during periods of economic prosperity.
- Therefore, despite modest expansion potential in 2023 due to difficult conditions, we hold a positive long-term outlook for balance sheet growth and ROE improvement when the bank will have managed to weather the storm. TCB is trading at a P/B of 0.9x, well below the industry average and below the bank's long-term prospect.

RISKS TO OUR CALL

- Credit growth in the first half of the year was driven by the real estate segment. Therefore, the slower-than-expected resurgence of the real estate market may affect the quality of the bank's balance sheet.

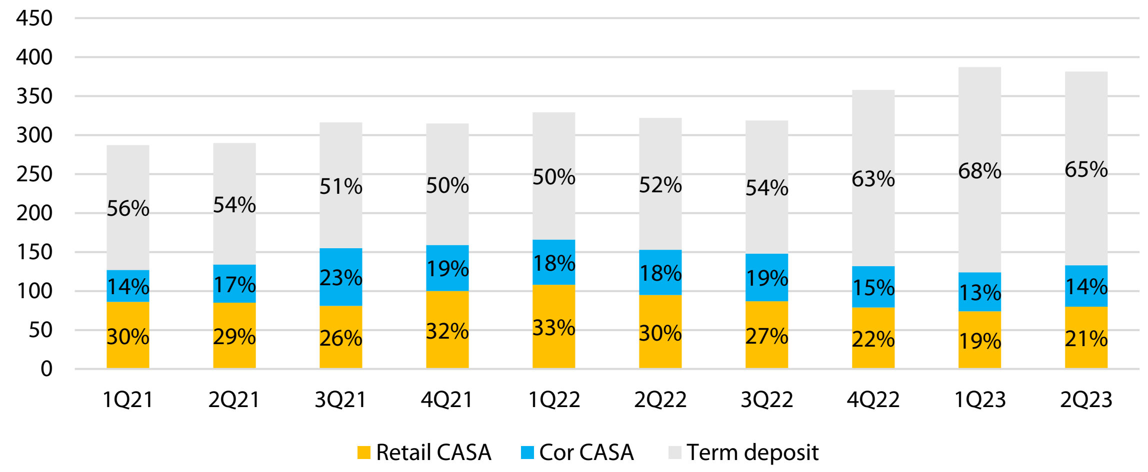
PRESSURE ON COST OF FUND TO BE GRADUALLY ALLEVIATED IN 2H2023

Figure 1: The level of changes in quoted deposit rates on the online channel has significantly decreased (%)



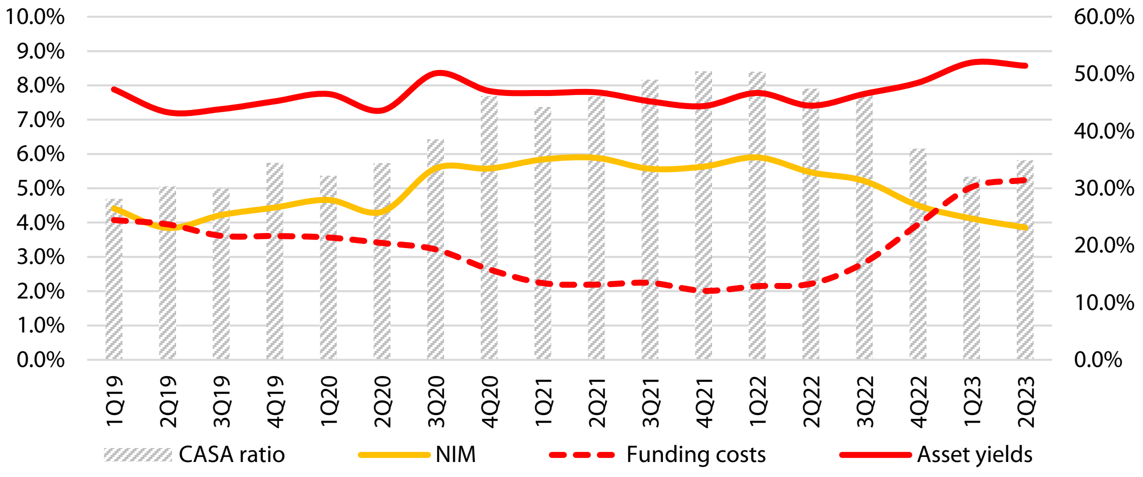
Source: TCB, RongViet Securities

Figure 2: Customer deposit structure (tn, %)



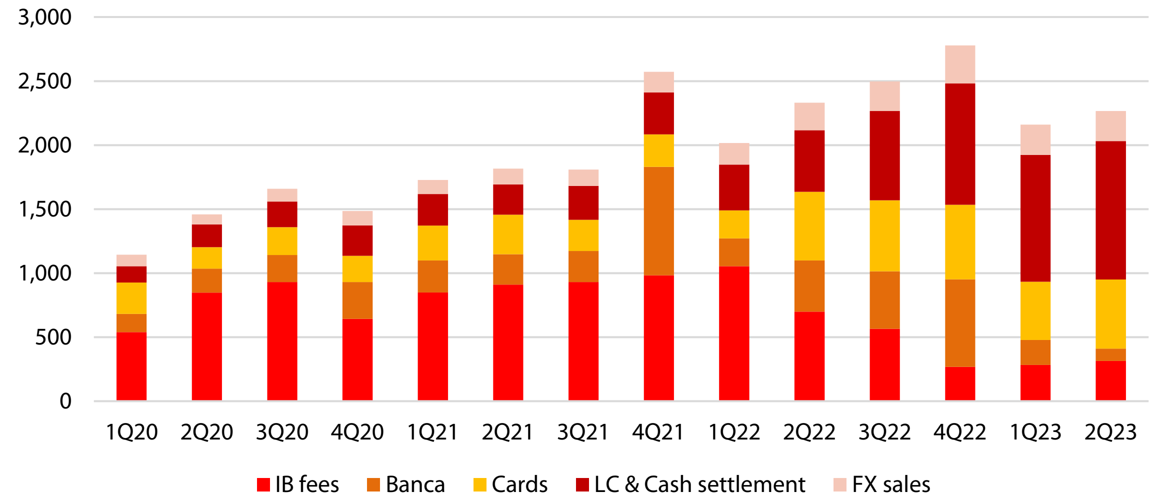
Source: TCB, RongViet Securities

Figure 3: Sensitivity of CASA's (RHS) impact on NIM over time (Annualized, %)



Source: TCB, RongViet Securities

Figure 6: Fee income contributes favorably to operating income (VND bn)



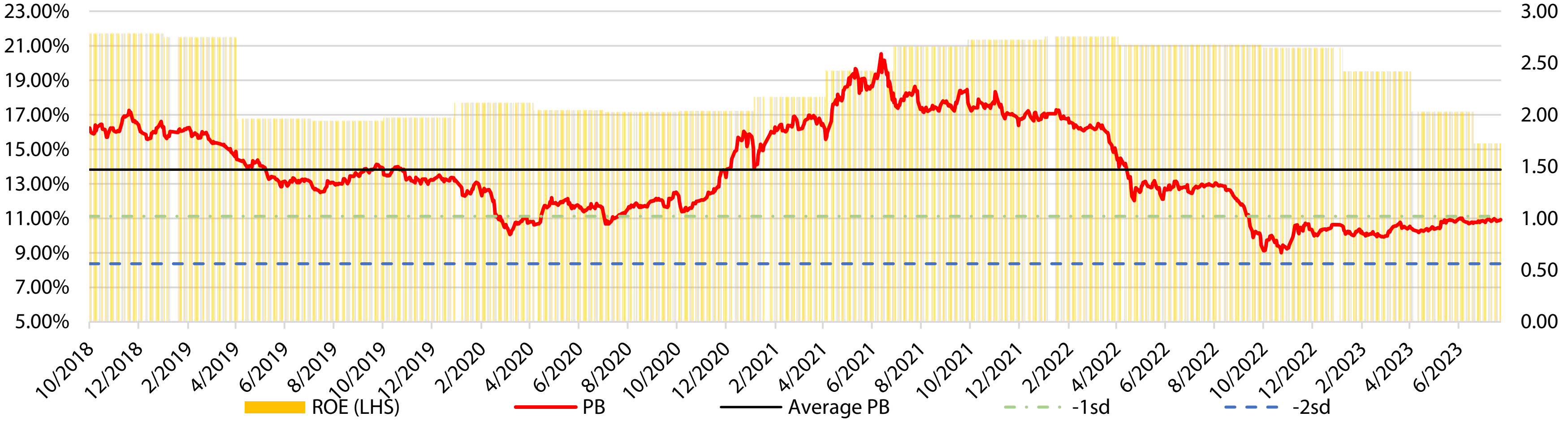
Source: TCB, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	10%	14%	18.3%		
Deposit	11%	13%	18%		
NIM (TTM)	4.5%	4.25%	4.7%		
Net interest income	**12,822**	**27,669**	**34,988**	**-8.7%**	**26.5%**
Non-interest income	5,803	11,995	14,136	13.03%	17.8%
Total operating income	**18,625**	**39,664**	**49,124**	**-3.03%**	**23.9%**
CIR	34%	28.1%	30.5%		
Provision	-1,342	-2,821	-3,564	46%	26%
PBT	**11,272**	**22,900**	**31,776**	**-10%**	**39%**
Asset quality (%)					
NPL ratio	1.07	0.96	1.00		
LLR/NPL	116	144	160		

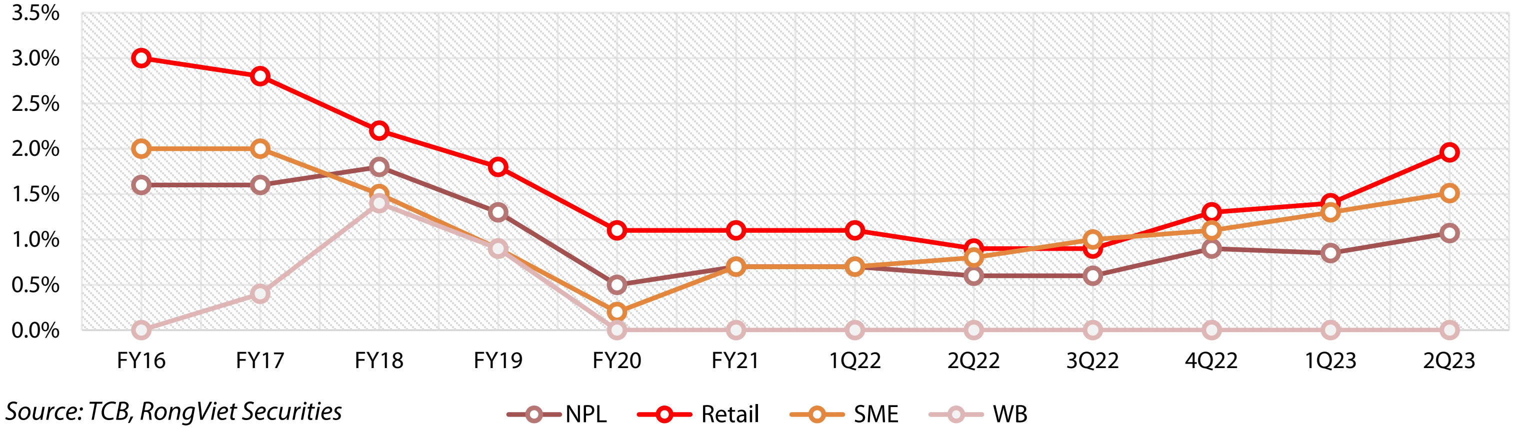
Source: TCB, RongViet Securities

Figure 7: P/B Valuation (RHS) will be revalued higher as return on equity (ROE, LHS) improves in the coming years



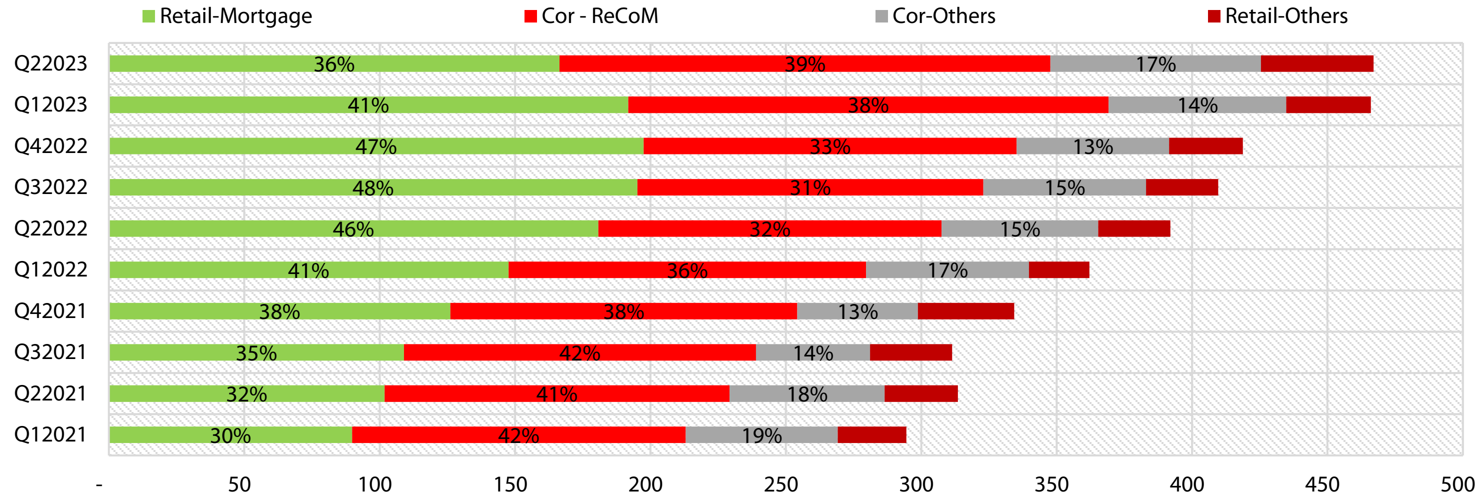
Source: TCB, RongViet Securities

Figure 4: NPL ratio picked up at SME & Corporate segments (%)



Source: TCB, RongViet Securities

Figure 5: Credit growth mainly concentrated in the ReCoM segment (VND tn, %)

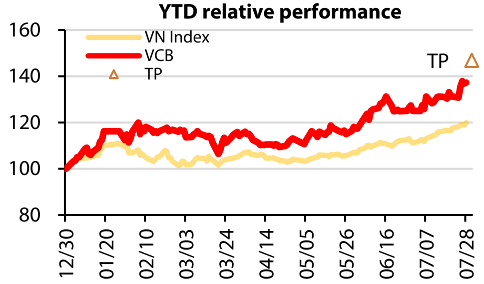


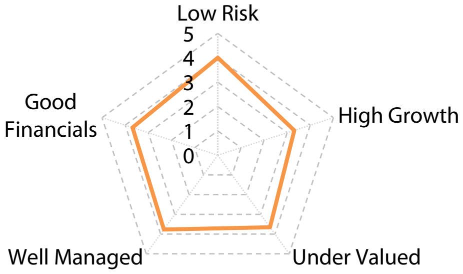
Source: TCB, RongViet Securities

TOP-TIER ASSET QUALITY

HSX: VCB

ACCUMULATE: +9%　**MP: 91,600**　**TP: 99,500**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	511,962
Current Shares O/S (mn shares)	5,589
3M Avg. Volume (K)	972
3M Avg. Trading Value (VND Bn)	84
Remaining foreign room (%)	6.5
52-week range ('000 VND)	52.5 – 93.7

FINANCIALS	2022A	2023E	2024F
Revenue (VND bn)	68,083	72,991	85,413
NPATMI (VND bn)	**29,899**	**34,168**	**40,295**
ROA (%)	1.85%	1.84%	2.02%
ROE (%)	**24.2%**	**22.9%**	**22.6%**
EPS (VND)	4,974	6,086	7,183
Book Value (VND)	24,270	29,078	34,767
Cash dividend (%)	8%	8%	8%
P/E (x)	17.48	14.90	12.63
P/B (x)	3.7	3.1	2.6

INVESTMENT RATIONALES

Resilient asset quality maintained at the industry top-tier level backed by prudent approach and reinforced provisioning buffer

- Having the best-in-class asset quality and persistently strengthened coverage ratio, VCB is considered the least vulnerable bank in our coverage universe. Accordingly, the bank's NPL ratio has improved slightly by 2bps compared to the previous quarter in 2Q23 (0.83%) while provisioning buffer also increased to nearly 390% after 3 consecutive quarters of reduction. With this conservative measure in loan appraising and provisioning, the bank's prolonged attempt is anticipated to pay off in the forthcoming 2023-2024 period with 2023F forecasted provision of 8 tn, including the 10 tn expected reversal for interbank lending provision made in 4Q22.

Transient slowdown in both interest and non-interest segments yet the long-term proficiency remains intact

- In 1H2023, the bank's NII observed a moderate growth rate of 14% YoY attributed to flat NIM (3.3%) and modest credit growth, at 2.8% YTD. Non-interest income source slowed down in 1H2023 as major constituents were impacted by sluggish external demand with the 8.5% decrease in trade finance activities, whereas it should be noted that the 9.6% drop in 6M fee income was partially ascribed to the base effect of upfront fee being fully recorded in 1Q22. Altogether, TOI and PBT reached VND 36 tn (+10% YoY) and 20.5 tn (+18% YoY), respectively.
- Regardless of short-term headwinds to the bank's operating profitability, VCB's core income is expected to prosper toward the year-end as funding cost has been trending down during recent months, resulting in flat or inched up NIM. Besides, income from trade finance and FX may gradually recover when international trade activities witness brighter signals in 2H2023.

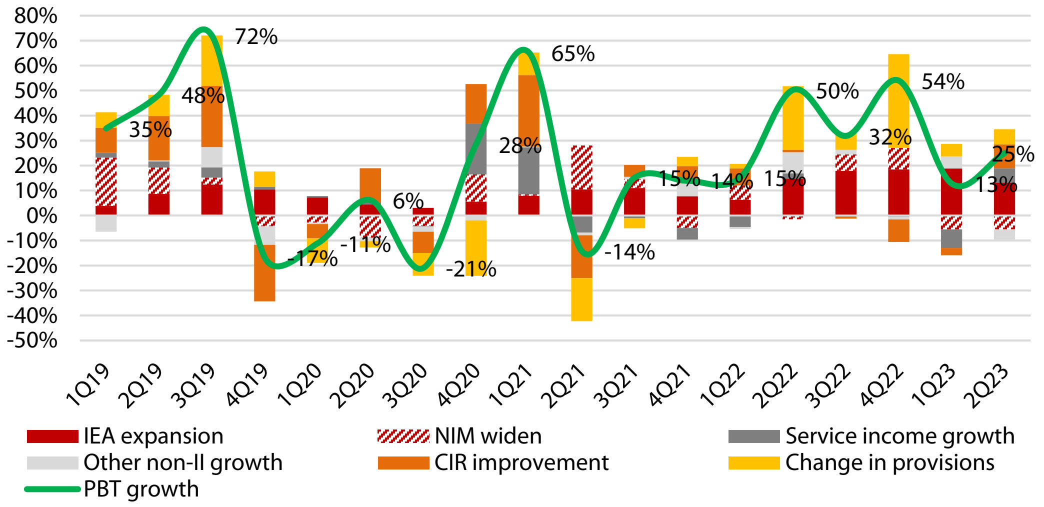
Sustainable growth in the long run secured by competitive advantages regarding massive customer network, firm capital base and well-controlled balance sheet health

- VCB is able to capitalize on low funding cost facilitated by stably high CASA ratio and customer-selection power to further improve its NIM. Promoted by established relationship with major exporters and importers, VCB has sustained advantages in non-interest segments such as payment, transfer, trade finance and FX business. Furthermore, the bank's firm capital base coupled with strong balance sheet health also assure the sustainability of holistic profitability and higher scaling ability.

RISKS TO OUR CALL

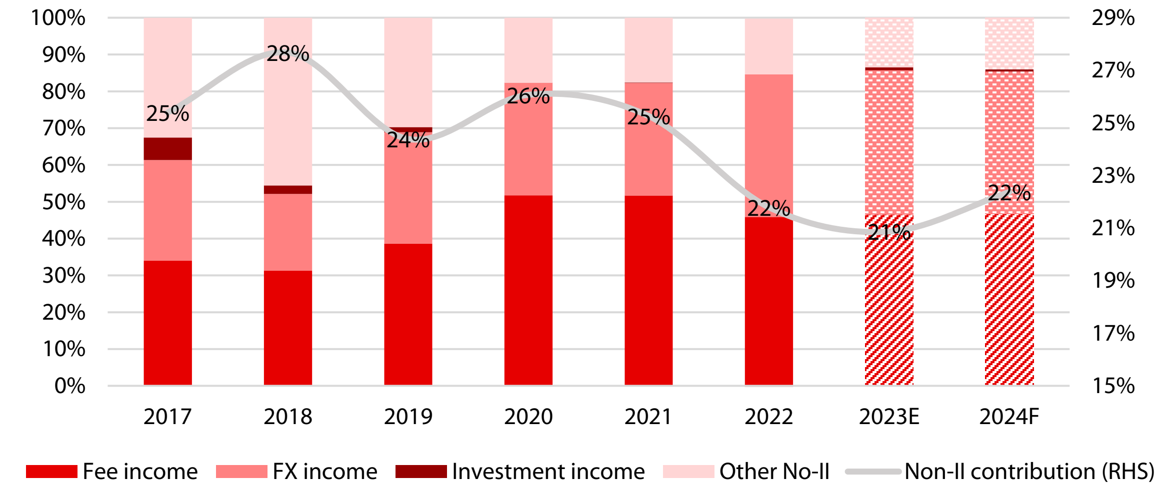
Downside risks include uncertain macro scenario and potential of further supportive package. Upside risks include the timing of the private placement and benefits of the transfer program.

Figure 1: Quarterly PBT's growth contribution (%, YoY)



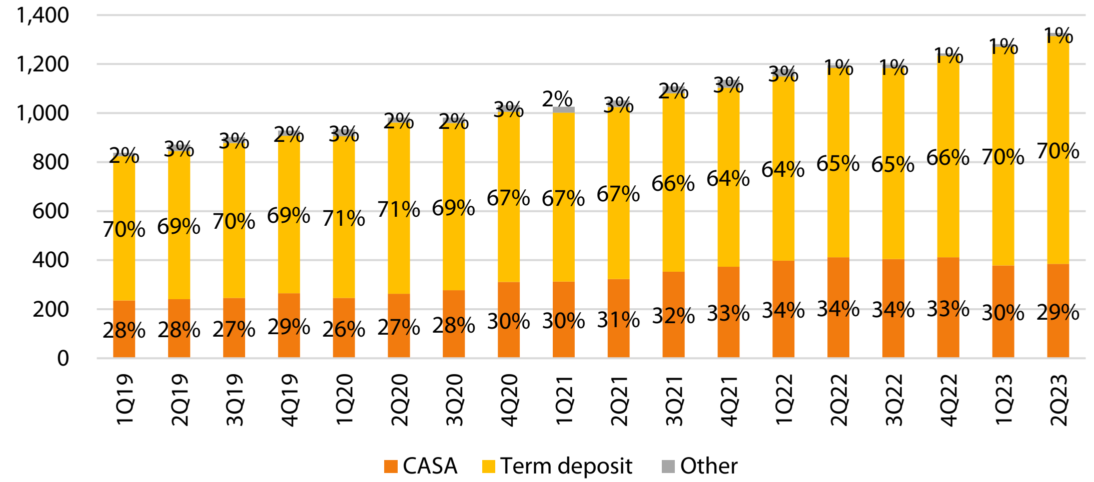
Source: VCB, RongViet Securities

Figure 2: Non-interest income components & contribution to TOI (RHS)



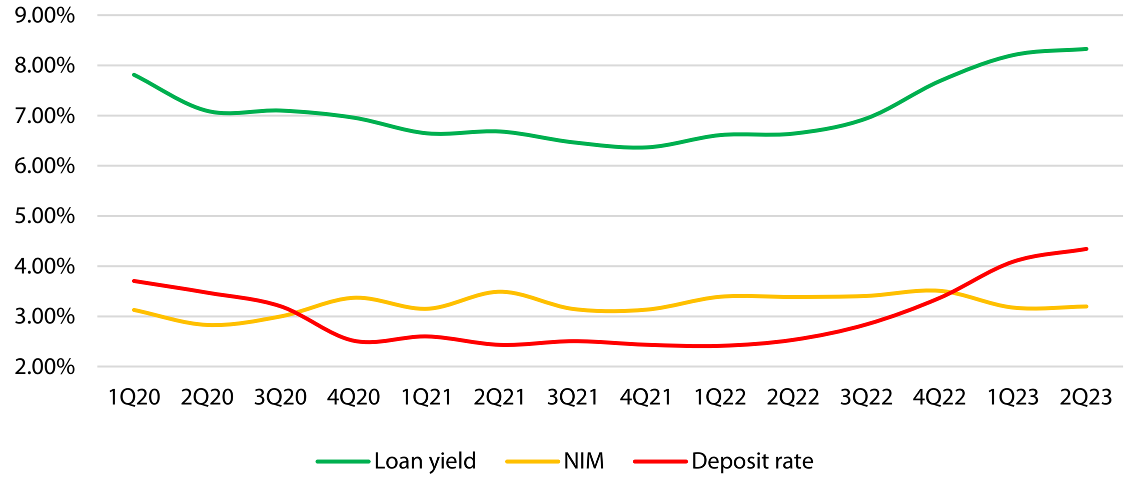
Source: VCB, RongViet Securities

Figure 3: Customer deposits breakdown by term



Source: VCB, RongViet Securities

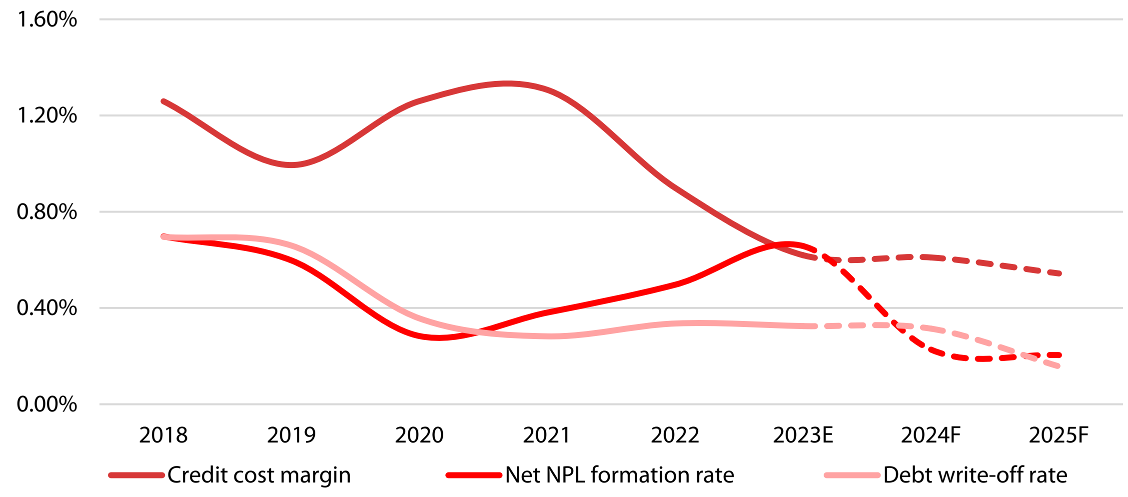
Figure 4: Lending yield, deposit rate & NIM (%, annualized)



Source: VCB, RongViet Securities

LONG-TERM ADVANTAGES REGARDING ASSET QUALITY AND EFFICIENCY

Figure 5: Credit cost margin and net NPL formation rate (%)



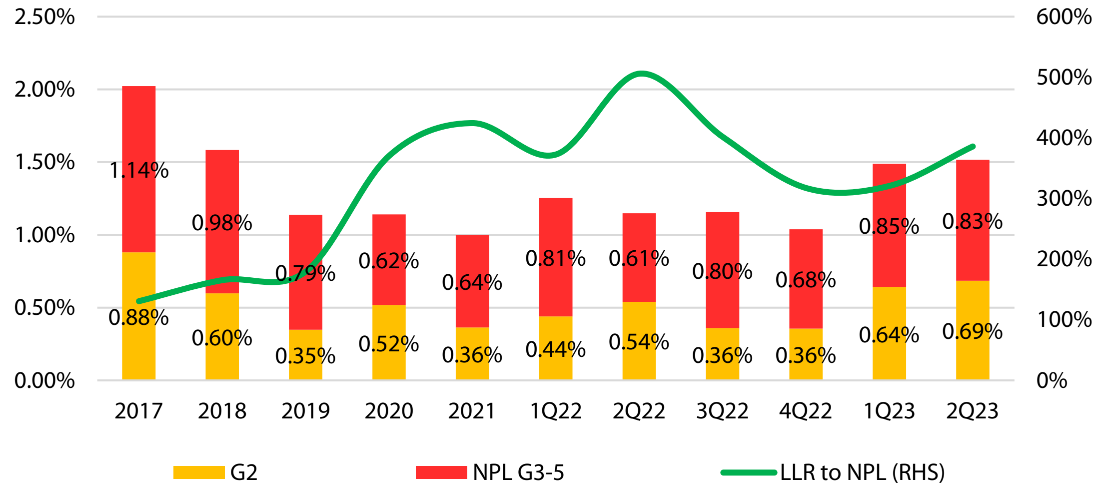
Source: VCB, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	2.7%	10.79%	14.0%		
Deposit	5.9%	9.0%	11.2%		
NIM (TTM)	3.56%	3.22%	3.38%		
Net interest income	**28,224**	**57,757**	**66,306**	**8.5%**	**14.8%**
Non-interest income	7,764	15,233	19,107	2.68%	25.4%
Total operating income	**35,987**	**72,991**	**85,413**	**7.21%**	**17.0%**
CIR	31%	31.3%	31.3%		
Provision	-4,558	-7,480	-8,293	-21%	11%
PBT	**20,499**	**42,684**	**50,348**	**14%**	**18%**
Asset quality (%)					
NPL ratio	0.83	0.93	0.74		
LLR/NPL	386	239.3	303.7		

Source: VCB, RongViet Securities

Figure 6: Asset quality indicators (%)



Source: VCB, RongViet Securities

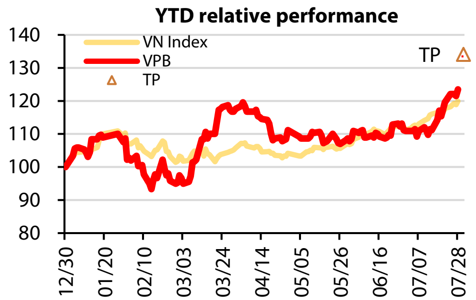
Figure 7: Credit growth and RoE (%)

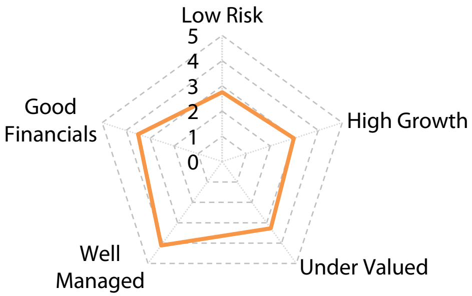
Source: VCB, RongViet Securities

NEED TIME TO UTILIZE THE NEWLY INJECTED CAPITAL

HSX: VPB

ACCUMULATE: 8% **MP: 22,150** **TP: 24,000**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	148,697
Current Shares O/S (mn shares)	6,713
3M Avg. Volume (K)	15,765
3M Avg. Trading Value (VND Bn)	323
Remaining foreign room (%)	1.0
52-week range ('000 VND)	13.65 - 23

FINANCIALS

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	57,797	54,341	64,174
NPATMI (VND bn)	**18,168**	**13,991**	**17,380**
ROA (%)	3.08%	2.03%	2.17%
ROE (%)	**19.1%**	**11.2%**	**11.6%**
EPS (VND)	2,706	1,912	2,191
Book Value (VND)	15,418	18,390	19,493
Cash dividend (%)	0%	10%	10%
P/E (x)	13.18	10.57	9.22
P/B (x)	2.3	1.1	1.0

INVESTMENT RATIONALE

Prolonged adverse impact on asset quality from the consumer finance segment

- Consolidated NPL ratio (Cir.11) jumped to 4.99% compared to 4.7% in 4Q22 due to the prolonged burden on vulnerable low and middle-income customers served by the parent bank and FE Credit. The consumer finance segment has made provision sharply to clean up its balance sheet from 2022 to 1Q23. Notably, consolidated write-off ratio has been trending up since the beginning of last year (2Q23: 5.6%) while that of the parent bank has fluctuated around 2.5%, which implies an escalating pressure to be produced by the consumer finance segment.

Awaiting new initiatives to expand credit market share and boost profit after a period of drastic scale-up

- During recent years, VPB has witnessed tremendous scale up regarding both sides of the balance sheet. High capital adequacy ratio and the support for distressed credit institutions has allowed VPB to be granted high credit growth quota compared to peers. VPB has also expanded credit market share massively, boosted by retail penetration and digital transformation.
- The bank has proactively placed concentrated emphasis on FDI and multinational enterprise customers. Besides driving VPB's CAR to the industry top-tier position of 19% from the current 14.5% level, the cooperation with SMBC can produce further synergy when considering the widespread global network and massive enterprise customers base of the Japanese investor.

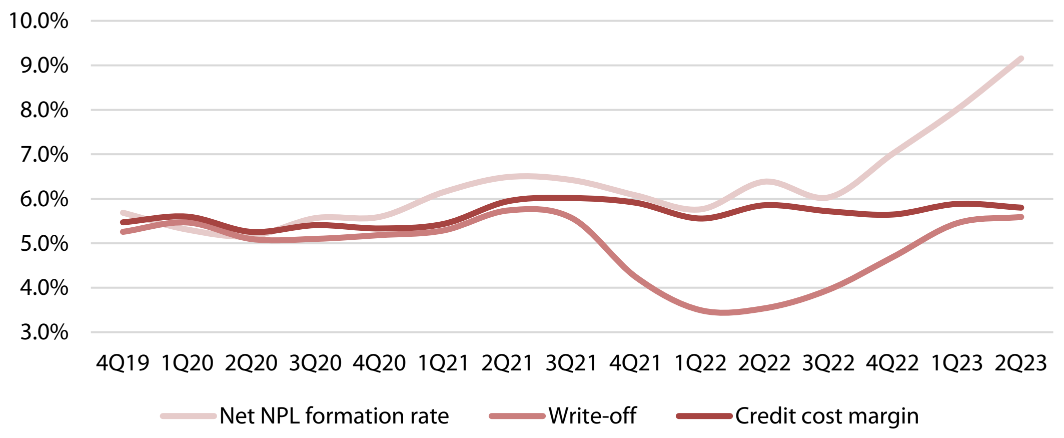
FY2023 outlook: Earnings growth is going to slow down yet the capital injection is expected to facilitate the development of strategic segments in the next growth phase

- With cooled-off deposit rates and capital injection from SMBC in 3Q23, NIM is expected to recover in the coming quarters. We forecast 2023 consolidated NIM to be down by circa 55 bps before gradually recovering in 2024. Consolidated NPL to rise in 1H23 before improving towards year-end, around 6.1%. Consolidated PBT to reach VND 18.5 tn (or USD 0.8 bn, -12% YoY).
- In the middle run, we anticipate a cooling in VPB's growth momentum due to fierce competition in retail segment. FE Credit is expected to return to the profitable trajectory from 2024, yet still need careful assessment.

RISKS TO OUR CALL

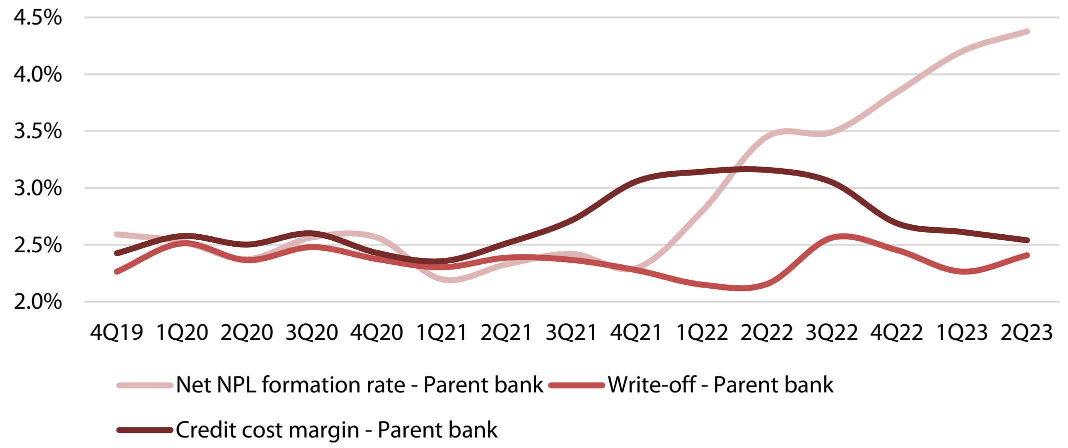
- Upside risk: Better-than-expected contribution from subsidiaries and benefits from the private placement.
- Downside risk: Stronger-than-expected weakening of low-income customers. Capital utilization efficiency fails to catch up with capital raising pace.

Figure 1: Consolidated NPL formation, credit cost & debt write-offs (%, TTM)



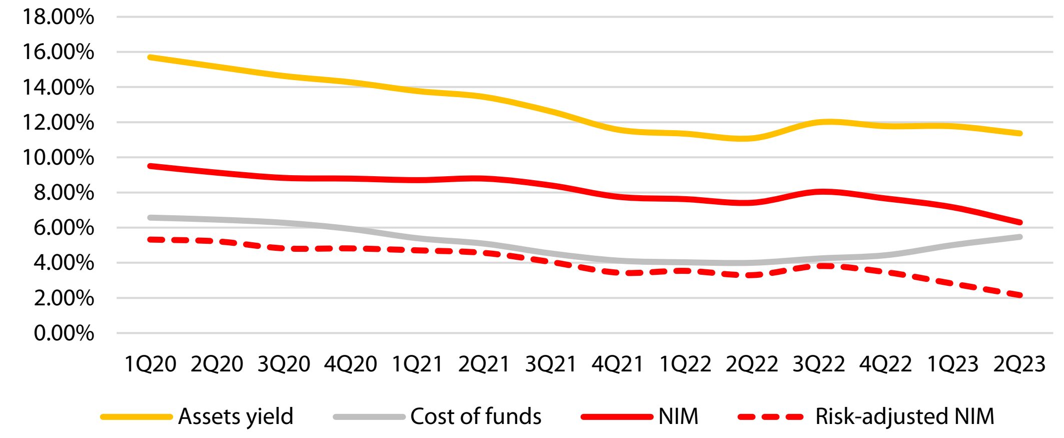
Source: VPB, RongViet Securities

Figure 2: Parent's NPL formation, credit cost & debt write-offs (%, TTM)



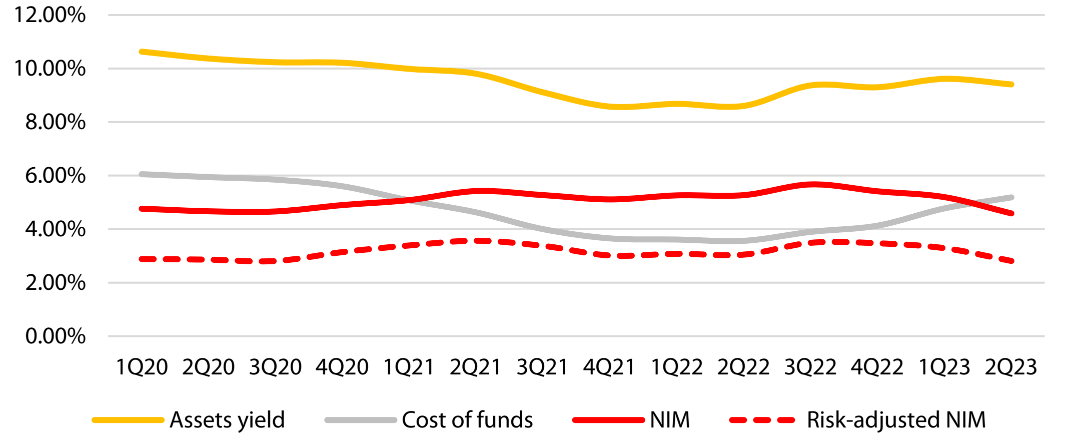
Source: VPB, RongViet Securities

Figure 3: Consolidated asset yield, CoF, NIM & risk-adjusted NIM (%, TTM)



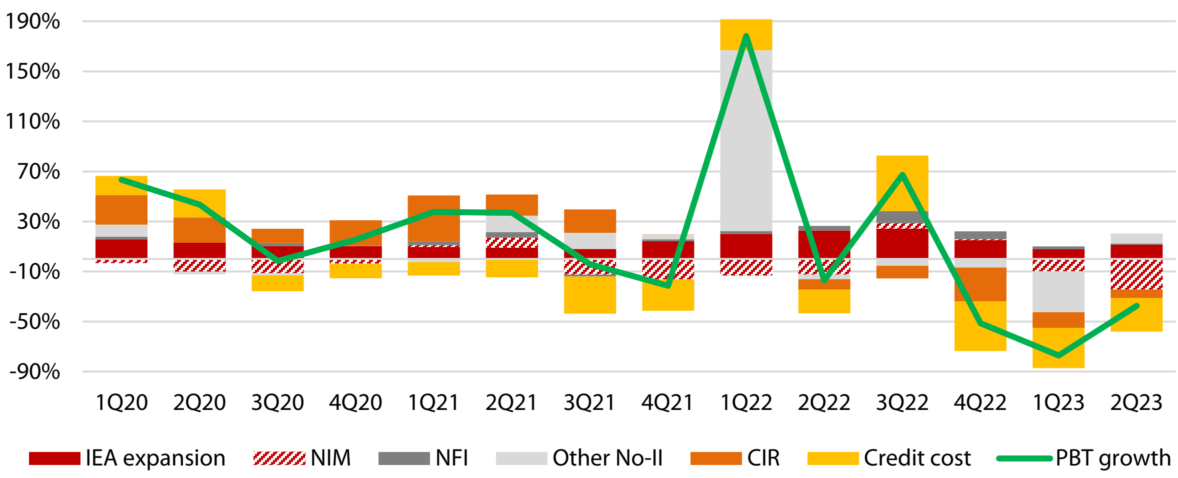
Source: VPB, RongViet Securities

Figure 4: Parent's asset yield, CoF, NIM & risk-adjusted NIM (%, TTM)



Source: VPB, RongViet Securities

Figure 5: Quarterly PBT's growth contribution (%, YoY)



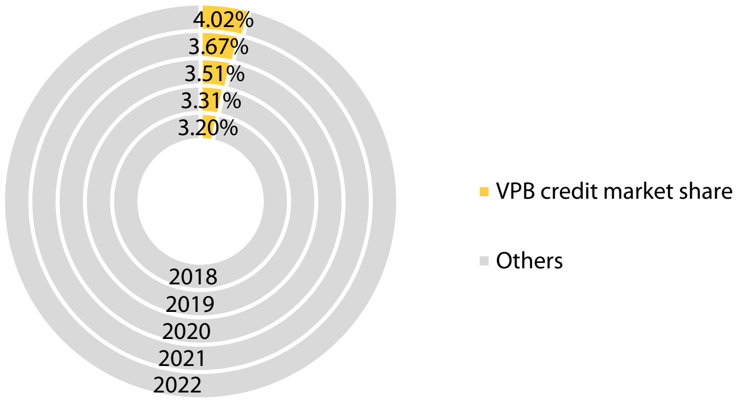
Source: VPB, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	10%	18.5%	20.2%		
Deposit	26%	15%	19%		
NIM (TTM)	6.3%	6.58%	6.59%		
Net interest income	**18,296**	**42,459**	**50,327**	**3.5%**	**18.5%**
Non-interest income	6,844	11,882	13,847	-29.17%	16.5%
Total operating income	**25,140**	**54,341**	**64,174**	**-5.98%**	**18.1%**
CIR	29%	26.6%	27.0%		
Provision	-12,876	-24,898	-25,282	11%	2%
PBT	**5,162**	**14,982**	**21,541**	**-29%**	**44%**
Asset quality (%)					
NPL ratio	7.44	6.06	4.75	33 bps	-131 bps
LLR/NPL	38	50	52	-420 bps	167 bps

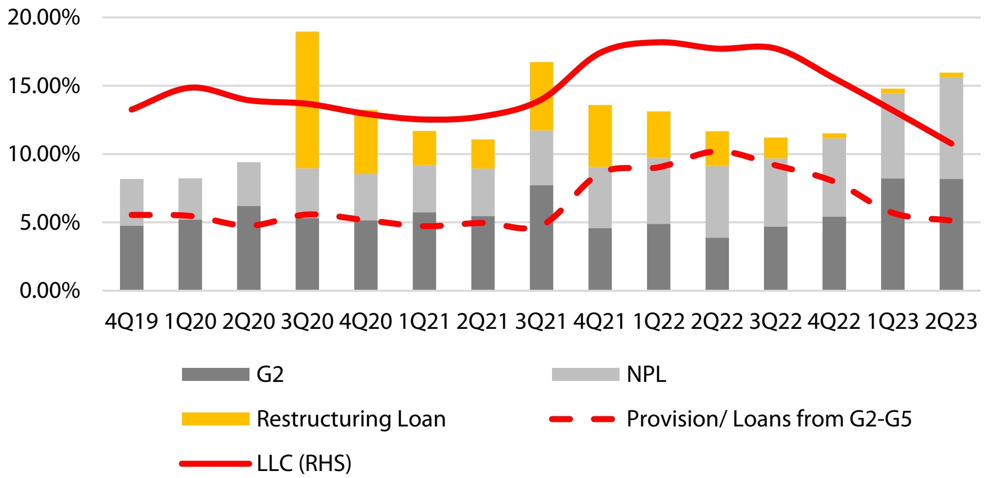
Source: VPB, RongViet Securities

Figure 6: VPB consolidated credit market share in 5 years (%)



Source: VPB, RongViet Securities

Figure 7: Asset quality and provisioning buffer (%)



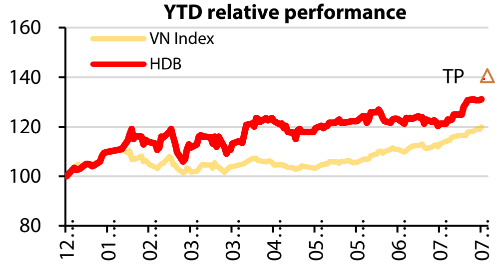
Source: VPB, RongViet Securities

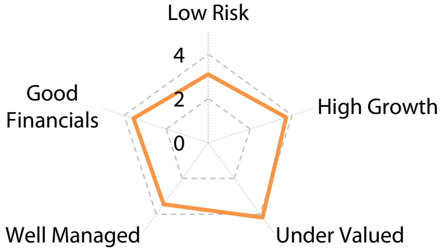
HAMPERED GROWTH MOMENTUM YET INTRINSIC STRENGTHS REMAIN

HSX: HDB

RONG VIET SECURITIES

ACCUMULATE: +7% **MP: 17,350** **TP: 18,500**





STOCK INFO

Sector	Banks
Market Cap (VND Bn)	50,186
Current Shares O/S (mn shares)	2,893
3M Avg. Volume (K)	2,811
3M Avg. Trading Value (VND Bn)	47
Remaining foreign room (%)	0.0
52-week range ('000 VND)	11.35 – 18.96

FINANCIALS	2022A	2023E	2024F
Revenue (VND bn)	21,967	23,789	33,940
NPATMI (VND bn)	**7,750**	**8,094**	**14,478**
ROA (%)	1.96%	1.78%	2.63%
ROE (%)	**22.2%**	**19.4%**	**28.1%**
EPS (VND)	4,974	2,746	4,953
Book Value (VND)	12,775	15,399	20,285
Cash dividend (%)	0%	0%	0%
P/E (x)	6.17	5.90	3.27
P/B (x)	1.3	1.1	0.8

INVESTMENT RATIONALE

Total operating income maintained its growth thanks to the stability of net interest income…

- The bank's net interest income in the first 6 months recorded a 14% yoy growth as the moderate credit growth of 9.3% ytd (or 19.7% yoy) offset the 11bps decline in annualized NIM. Thereby, total operating income maintained its growth at 12.8%.
- On an industry-wide basis, HDB is expected to be granted high credit quota through the bank's support for credit funds, offering loans to priority sectors and reducing interest rates to support customers, thereby offsetting the decline in NIM to provide a backdrop for maintaining net interest income growth in 2023, at 19.9 trillion (+10.6% yoy) per our projection.

However, the deterioration of asset quality may continue to put pressure on provision expenses, thus reducing PBT growth.

- NPL ratio from consolidated loans to customers in 2Q2023 was 2.15%, up 30 bps QoQ and Group 2 outstanding loans at the same time increased by 57% QoQ. Non-performing loans put escalating pressure on credit costs (TTM) when NPL ratio increased by 25bps to 1.53%. Therefore, although the bank's total operating income recorded a high level, provisioning expense was the factor that dragged down HDB's PBT growth to 3.4% in the first half of the year.

In the long run, good profitability and sustainable growth with middle-class orientation are backed by the consumer finance segment

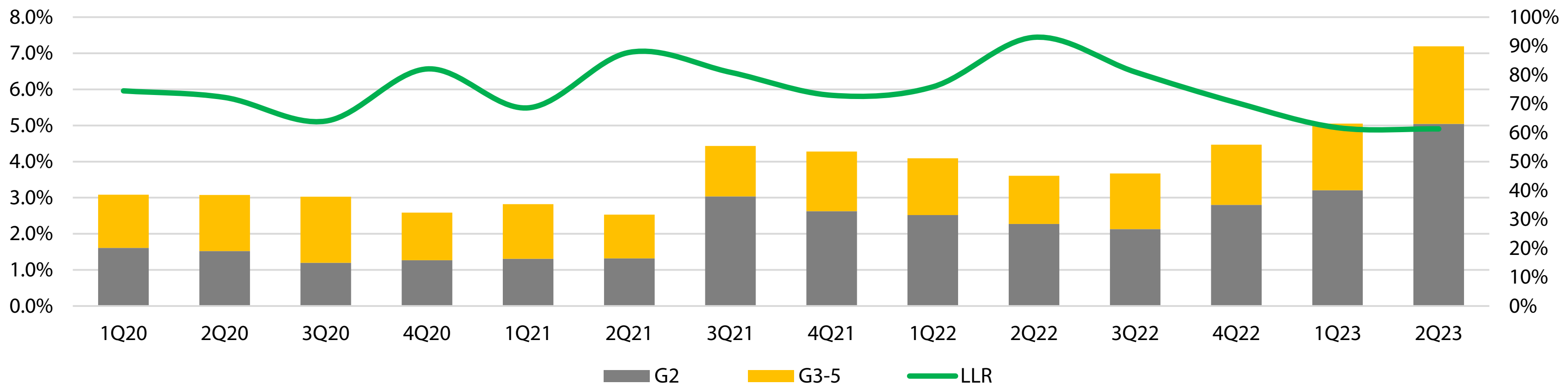
- HDB has the capability to sustain its efficiency ratios thanks to risk management policy, appropriate lending yield and stably high balance sheet growth. We expect the bank will continue to enhance ROA as technology applications help improve productivity, thereby driving CIR lower and boosting net profit margin.
- HDSaison, one of the leaders in consumer lending, plays a crucial role in the wide ecosystem with value-chain lending approach in the middle segments and enable HDB to reach early-staged customers who will later be served by the parent bank. Although HDSaison's credit balance decreased slightly in 1Q, we still hold a belief in its stable credit growth and intact market share due to resilient demand and the bank's favorable position.
- In addition, fee income growth remains strong with Banca upfront fees expected to play a pivotal role in promoting fee income in the long term.

RISKS TO OUR CALL

- Downside risks: The procyclical business segment is vulnerable to continuing economic slowdown. Granted credit quota may be lower than expected.

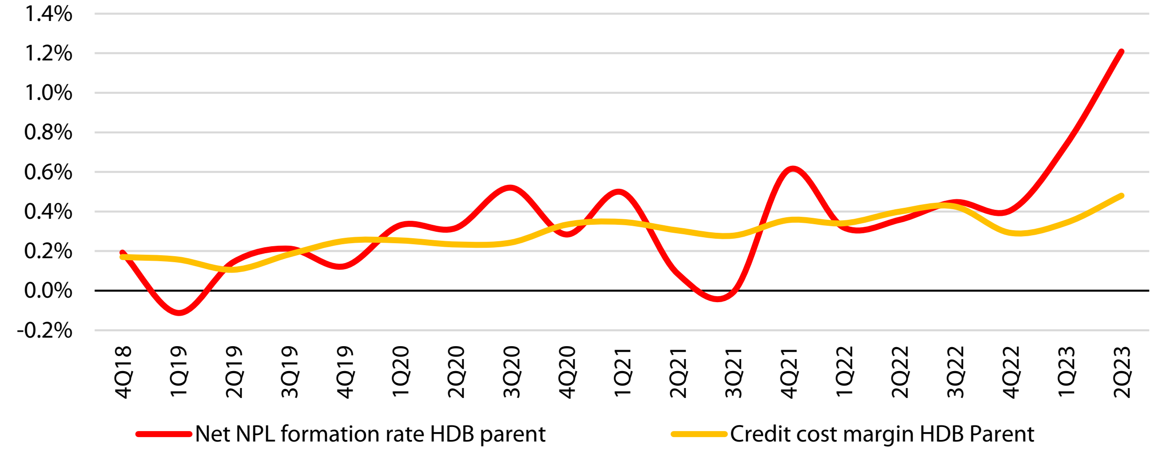
ELEVATING NPL PUT SIGNIFICANT PRESSURE ON THE BANK'S PROVISIONING EXPENSES

Figure 1: Group 2 loan and NPL increased sharply (LHS, %) & LLR (RHS,%)



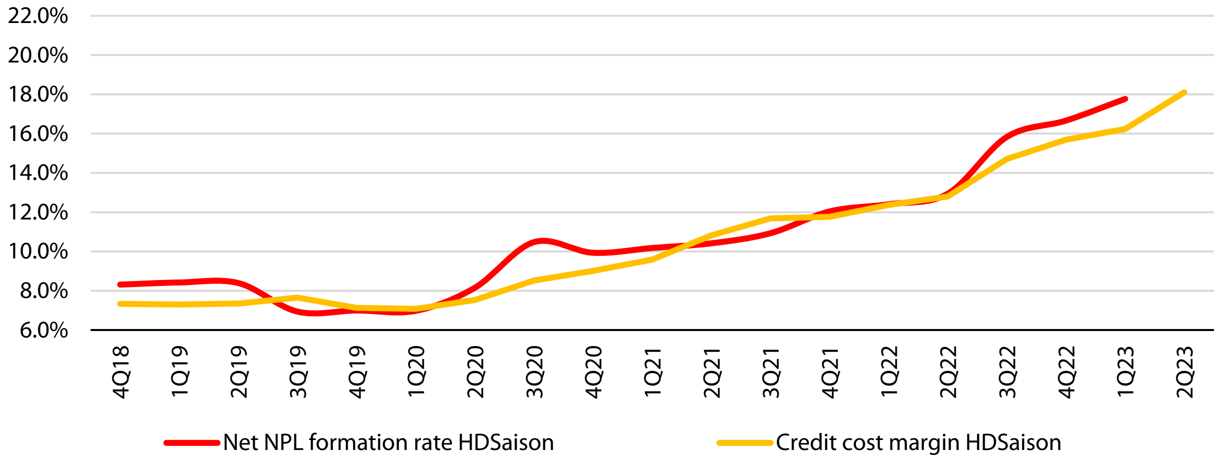
Source: HDB, RongViet Securities

Figure 2: NPL formation upsurge exerted significant pressure on credit costs – parent bank (%, TTM)



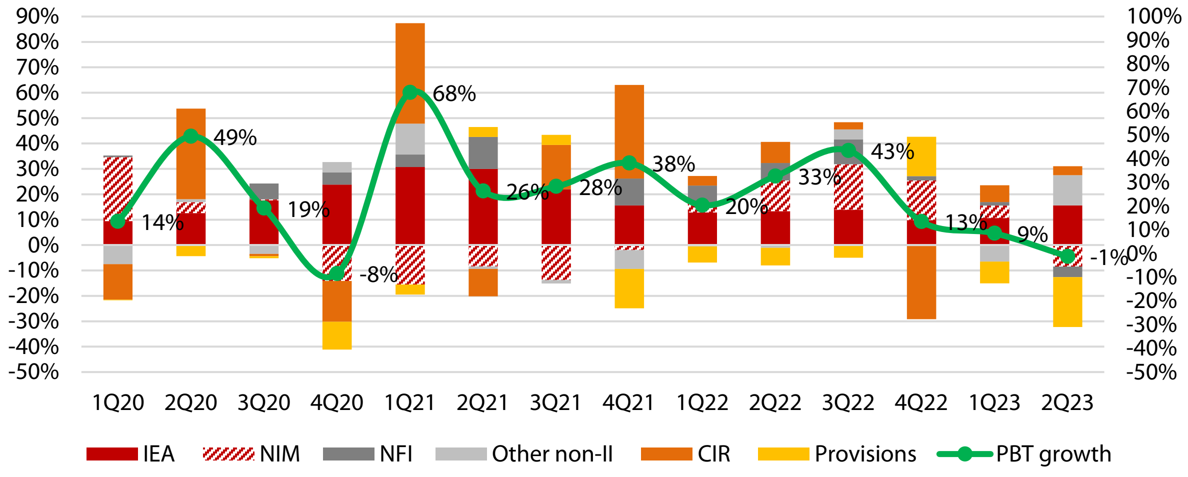
Source: HDB, RongViet Securities

Figure 3: Credit cost margin, NPL formation – HDS (%, TTM)



Source: HDB, RongViet Securities

Figure 4: Contribution to PBT growth slowed down due to a sharp drop in NIM and increased provisioning (%, YoY)



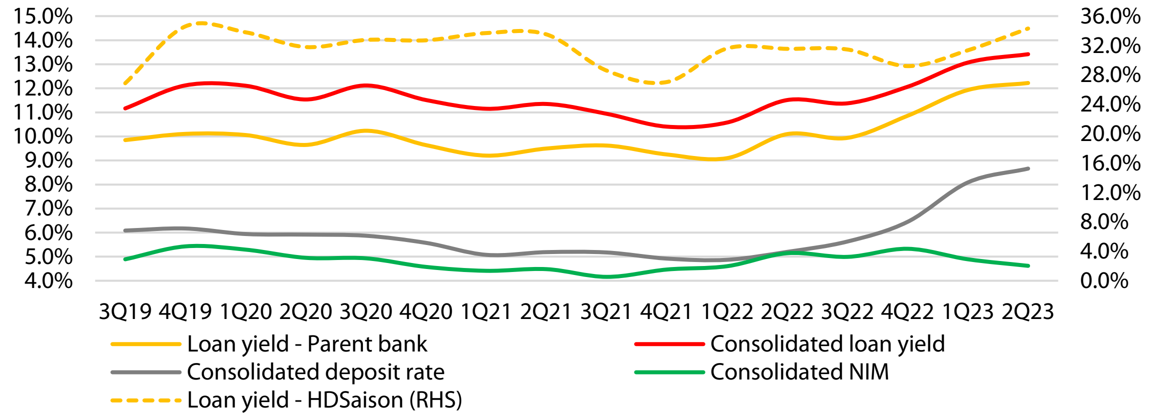
Source: HDB, RongViet Securities

Table 1: 2023E-2024F forecast

Unit: VND Bn	1H2023	2023E	2024F	%FY23	%FY24
Profitability					
Credit	9%	19.2%	21%		
Deposit	40%	23%	22%		
NIM (TTM)	4.95%	4.88%	4.94%		
Net interest income	**9,795**	**19,929**	**24,760**	**10.6%**	**24.2%**
Non-interest income	2,275	3,860	9,180	-2.41%	137.8%
Total operating income	**12,071**	**23,789**	**33,940**	**8.29%**	**42.7%**
CIR	38.0	38.5%	31.9%		
Provision	-2,389	-4,058	-4,585	32%	13%
PBT	**5,484**	**10,568**	**18,542**	**3%**	**75%**
Asset quality (%)					
NPL ratio	2.15	1.7	1.78		
LLR/NPL	61	72	71		

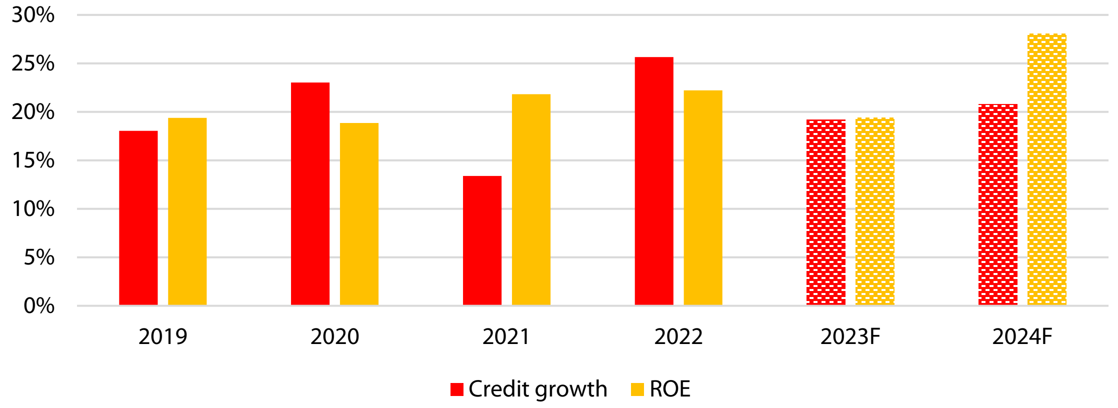
Source: HDB, RongViet Securities

Figure 5: Flat lending rates and rising funding costs caused NIM to drop sharply yet it is expected to recover from 2H2023 onwards (annualized, %)



Source: HDB, RongViet Securities

Figure 6: Performance efficiency may decrease slightly in 2023 before returning to the growth trajectory in 2024 (%)



Source: HDB, RongViet Securities

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Lam Nguyen
Head of Research
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)

Vu Tran
Senior Manager
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1512)
- O&G
- Fertilizer

Tung Do
Manager
tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Aviation
- Logistics
- Market Strategy

An Nguyen
Senior Analyst
an.ntn@vdsc.com.vn
+ 84 28 6299 2006 (1526)
Food & Beverage
Automotive & Spare parts

Lam Do
Senior Analyst
lam.dt@vdsc.com.vn
+ 84 28 6299 2006 (1524)
- Real Estate

Hung Le
Analyst
hung.ltq@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Industrial RE
- Market Strategy

Loan Nguyen
Analyst
loan.nh@vdsc.com.vn
+ 84 28 6299 2006 (1526)
- Retail
- Fishery
- F&B

Chinh Nguyen
Analyst
chinh.nd@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Bank

Hoai Trinh
Analyst
hoai.ttt@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Utilities
- Textiles

Quan Cao
Analyst
quan.cn@vdsc.com.vn
+ 84 28 6299 2006 (2223)
- Seaport
- Pharmaceutical

Ha My Tran
Senior Consultant
my.tth@vdsc.com.vn
+ 84 28 6299 2006
- Macroeconomics

Bernard Lapointe
Senior Consultant
bernard.lapointe@vdsc.com.vn
+ 84 28 6299 2006

Trinh Nguyen
Senior Consultant
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006

Ngan Le
Analyst
ngan.lk@vdsc.com.vn
+ 84 28 6299 2006
- O&G
- Fertilizer

Ha Tran
Assisstant
ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Khanh Dang
Assistant
khanh.bdc@vdsc.com.vn
+ 84 28 6299 2006

RONG VIET SECURITIES

VIET DRAGON SECURITIES CORPORATION

Floor 1 to Floor 8, Viet Dragon Tower, 141 Nguyen Du Street., Dist.1, HCMC, Vietnam

www.vdsc.com.vn

www.vdsc.com.vn