

## Vietnam International Commercial JSB (HSX: VIB)

### Strategic shift: Poised for transformation

We conducted a valuation for VIB stock and estimate its fair value at **VND 24,100** per share, equivalent to a projected 2025F and 2026F P/B of 1.7x and 1.5x, respectively.

**Earnings are supported by the bank's strategic shift, expanding into corporate lending amid a slow recovery in retail credit.** VIB's new direction is expected to create opportunities to boost credit growth and expand non-interest income through the development of products and services targeting corporate clients. Meanwhile, in the medium term, we expect ample room for growth in the bank's core business of retail lending, supported by a rebound in consumer credit demand.

**Profit growth is supported by the outlook for bad debt recovery.** We see strong potential for VIB's NPL recovery in the coming period, underpinned by **(1) The incorporation of asset seizure rights under Resolution 42** into the Law on Credit Institutions, approved by the National Assembly and effective from Q4/2025, which is expected to shorten asset seizure timeframes (to 3-6 months) and reduce litigation costs associated with recovering collateral from non-cooperative borrowers. **(2) The continued recovery of the real estate market is expected to accelerate collateral liquidation** (real estate accounts for 64% of total collateral value) and capital recovery. While recoveries from previously written-off bad debts are expected to provide VIB with a notable one-off boost to income, the recovery of on-balance-sheet NPLs will enable interest income reversals and lower credit costs, thereby improving NIM and profitability in the medium term.

**Valuation.** Despite a slow rebound in core retail lending activities, we believe that the full enactment of Resolution 42 into law and an improving real estate market will support asset quality enhancement and profitability metrics, thereby underpinning our 1-year forward target P/B multiple of 1.5x, equivalent to the 5-year average P/B. In addition, the ongoing search for a strategic investor, supported by a 25% remaining foreign ownership limit, offers potential re-rating opportunities for VIB shares.

**Risks.** Credit growth may remain constrained and asset quality could deteriorate if the economic recovery and real estate market rebound fall short of expectations, especially under the influence of global macroeconomic volatility.

### Key financial ratios

Y/E Dec (VND Bn)	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
TOI	18,058	22,160	20,569	22,034	26,534	30,394
Growth (%)	21.3%	22.7%	22.7%	-7.2%	5.3%	19.8%
<b>PBT</b>	10,581	10,704	9,004	10,755	13,116	15,645
Growth (%)	32.1%	1.1%	-15.9%	19.5%	21.9%	19.3%
ROAA (%)	2.6	2.3	1.6	1.6	1.6	1.7
ROAE (%)	29.75	24.26	18.06	19.1	20.1	20.6
EPS (VND)	2,449	2,491	2,092	2,505	3,060	3,656
BVPS (VND)	9,614	11,171	12,326	14,217	16,577	19,233
Cash dividend (VND)	0	1,500	1,250	700	700	1,000
P/E (x)	5.5	11.0	9.1	8.1	6.6	5.6
P/B (x)	1.4	2.4	1.5	1.4	1.2	1.1

Source: VIB, RongViet Securities. Based on the closing price on Aug 15th 2025.

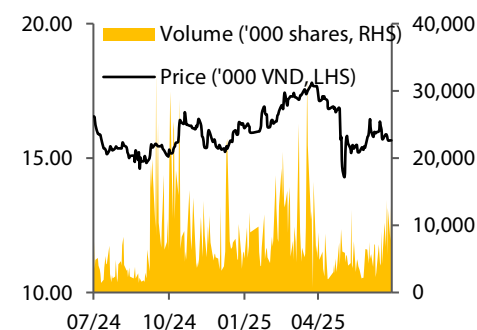
## BUY

## +22%

Market Price (VND)	20,350
Target Price (VND)	24,100
Expected cash dividend next 12M (VND)	700

### Stock Information

Sector	Banks
Market Cap (VND Bn)	69,101
No. of outstanding shares (mn)	3,404
Beta	1.4
Free Float (%)	60.0
52-week High	20,850
52-week Low	13,300
20 session avg. volume ('000 shares)	21,141



### Performance (%)

	3T	1N	2N
VIB	7.9	9.0	23.1
VN30 Index	21.7	22.1	37.3
VN-Index	19.5	15.1	25.0

### Major shareholders (%)

Dang Khac Vy and related parties	19.2
Unicap JSC and related parties	9.3
Do Xuan Hoang and related parties	8.8
Uniben JSC	3.9
Others	58.8
Remaining foreign room (%)	0.0

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## VALUATION

### LONG-TERM VALUATION BY RESIDUAL INCOME METHOD

Residual Income Assumptions	Value	Valuation Summary	Unit: VND Bn
Cost of Equity	14.5%	Forecasted Period	5 years
Effective CIT Rate	20%	Opening Shareholders' Funds	41,862
5Y Risk-free Rate	2.5%	+ PV 5Y Residual Income	14,192
Equity Risk Premium	12.0%	+ PV Terminal Value	23,261
Long-term ROE	21.6%	Value of Shareholders' Funds	79,314
Beta	1.0	Number of Shares Outstanding (mn)	3,396
Terminal Growth	1.5%	<b>Value Per Share (VND)</b>	<b>23,354</b>

**Table 1: Share price sensitivity (VND)**

Ke	Terminal growth					
		1.1%	1.3%	1.5%	1.7%	1.9%
	12.5%	24,758	24,908	25,067	25,222	25,387
13.5%	23,872	24,022	24,182	24,337	24,501	
14.5%	23,038	23,189	<b>23,348</b>	23,503	23,667	
15.5%	22,253	22,403	22,562	22,717	22,882	
16.5%	21,512	21,663	21,822	21,977	22,141	

Source: RongViet Securities

### SHORT-TERM VALUATION BY P/B MULTIPLE

	Market cap. (USD Mn)	Total asset (USD Mn)	NPL ratio (%)	ROE 2024 (%)	ROA 2024 (%)	P/B (x)
<b>Vietnam International Commercial JSB</b>	<b>2,313</b>	<b>19,351</b>	<b>3.5</b>	<b>17.8</b>	<b>1.6</b>	<b>1.4</b>
Bank OCBC NISP Tbk PT	1,876	17,278	1.5	12.5	1.8	0.7
Bank Permata Tbk PT	6,057	15,929	2.1	8.6	1.4	0.8
Union Bank of the Philippines	1,901	19,682	7.2	6.4	1.0	1.1
Hong Leong Bank Bhd	1,209	63,131	0.6	11.8	1.5	1.1
Tien Phong Commercial JSB	1,469	16,403	1.5	17.3	1.6	1.3
Asia Commercial JSB	4,530	33,903	1.5	21.2	2.1	1.6
<b>Average of VIB's peers (2019-2024)</b>						<b>1.1</b>

**Table 2: Share price sensitivity (VND)**

BVPS (VND)	P/B							
		1.2	1.3	1.4	1.5	1.6	1.7	1.8
	<b>2025</b>	14,217	17,060	18,481	19,903	<b>21,325</b>	22,746	24,168
<b>2026</b>	16,577	19,892	21,550	23,208	<b>24,865</b>	26,523	28,181	29,839

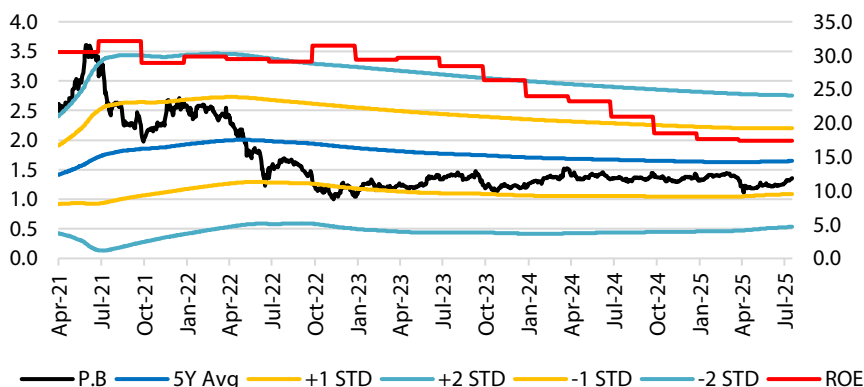
Source: RongViet Securities

We chose to adopt the P/B valuation method instead of P/E to more accurately reflect the net asset value of the business, particularly relevant for the banking sector, which inherently holds financial assets such as deposits, loans, and investment securities. Moreover, the P/B multiple tends to be more stable than P/E, as bank earnings are subject to significant volatility due to economic cycles, monetary policy, and other macroeconomic factors.

We believe that the formalization of Resolution 42 into law and the recovery of the real estate market will support the bank to improve its asset quality and profitability metrics, thereby underpinning our 1-year forward **target P/B multiple of 1.5x**, equivalent to the 5-year average P/B.

In addition, the bank's ongoing plan to attract a strategic investor, with 25% remaining room in the foreign ownership limit, offers potential for a re-rating of VIB shares. Recent precedent transactions, such as OCB and VPB, support this, as these banks were valued at P/B multiples of 2.3-2.5x generating ROEs in the 21-25% range.

**Figure 1: Historical P/B and ROE (%-RHS) of VIB**



Source: Bloomberg, RongViet Securities

By combining two valuation methods (1) the Residual Income Method for long-term valuation and (2) the P/B Comparable Method for short-term valuation, with an equal weighting of 50% for each, we arrive at a target price of **VND 24,100** per share for VIB, equivalent to projected 2025F and 2026F P/B multiples of 1.7x and 1.5x, respectively. Investors may refer to our sensitivity analysis (Tables 1 and 2) to make investment decisions aligned with their risk appetite for this stock.

**Table 3: Valuation summary**

Valuation Methodology	Target price	Weight	Average
Residual Income (g: 1.5%, Ke: 14.5%)	23,354	50%	11,677
P/B (1.5x BVPS 2026F)	24,865	50%	12,433
<b>Total</b>		<b>100%</b>	<b>24,100</b>
Implied P/B 2025F			1.7
Implied P/B 2026F			1.5
Current price (Aug 15th 2025)			20,350
Cash dividend in the next 12M			700
<b>Total expected return</b>			<b>22%</b>

Source: RongViet Securities

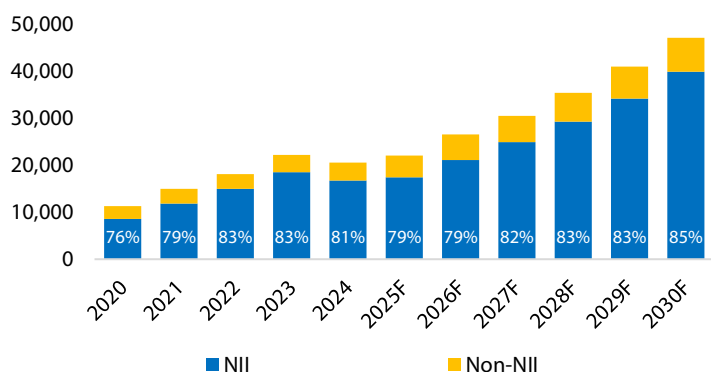
## FORECAST FOR THE 2025F-2030F PERIOD

**Total operating income (TOI)** is projected to grow at a compound annual growth rate (CAGR) of 15% during the 2025F-2030F period, driven primarily by net interest income on the back of an expected recovery in net interest margin (NIM). Non-interest income is also anticipated to improve, supported by the expansion potential of fee-based income and recoveries from previously provisioned non-performing loans (NPLs).

**Net interest income** is expected to increase its contribution to TOI, growing at a CAGR of 16% in the 2025F-2030F period, supported by the following factors:

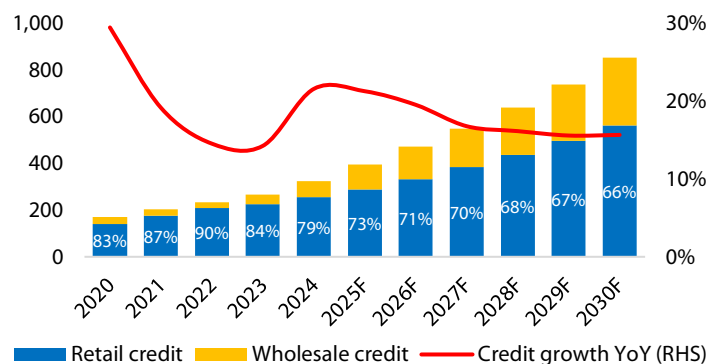
- Credit growth:** We believe that, in the short time, focusing on corporate lending is a necessary strategy for VIB to achieve its growth targets given the slow recovery in retail loan demand. In the medium term, however, the retail lending segment still holds significant untapped potential and will continue to serve as the bank's main credit growth driver. Total loan book CAGR is forecast at 17% over 2025F-2030F. Specifically, personal and corporate lending CAGRs are projected at 14% and 23%, respectively, with the loan mix by 2030F estimated at 66% personal / 34% corporate.
- NIM** In the medium term, we expect VIB's net interest margin (NIM) to expand to 3.5%, up from a low base of 3.25% in 2025F (a projected 50bps YoY decline), driven by the following factors **(1)** strong credit growth, led by the recovery of the retail lending segment - particularly mortgage loans, **(2)** optimized funding costs supported by robust CASA deposit growth, and **(3)** interest income reversals enabled by the potential recovery of on-balance-sheet non-performing loans, underpinned by the legal codification of Resolution 42 and the rebound of the real estate market.

**Figure 2: Projected breakdown of total operating income (VND billion)**



Source: VIB, RongViet Securities

**Figure 3: Projected credit portfolio CAGR of 17% in 2025F-2030F (VND trillion)**



Source: VIB, RongViet Securities

Note: We have also visualized this data in table format. More detailed information can be found in the Appendix. [\(Refer to page 29\)](#)

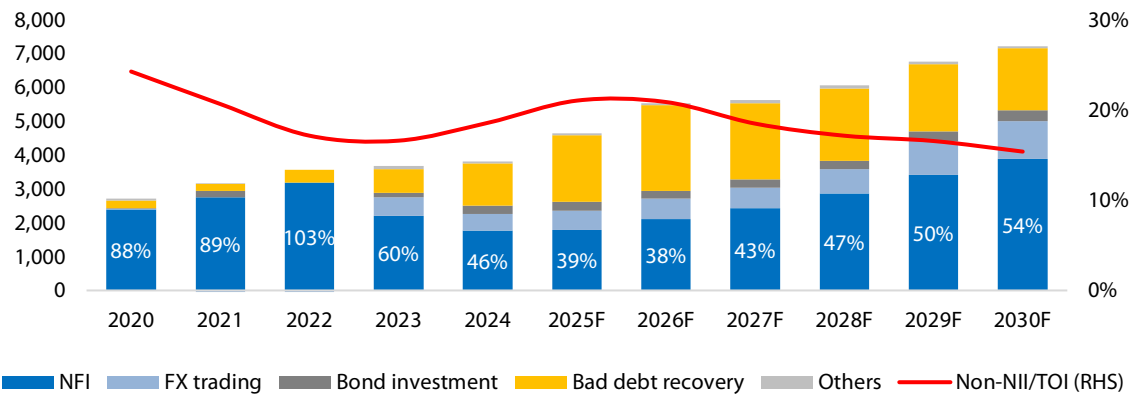
**Non-interest income** is expected to grow steadily, supported by recoveries from previously provisioned non-performing loans (NPLs) and bancassurance activities. In addition, we expect that in the medium term, VIB will be able to diversify its income sources through its ownership of Kafi Securities.

- VIB's net fee income** is projected to grow at a compound annual growth rate (CAGR) of 14% during 2025F-2030F, primarily driven by bancassurance (CAGR: 23%), while payment-related fees are expected to grow at a slower pace (CAGR: 11%) due to industry-wide fee compression. Bancassurance income is likely to recover thanks to favorable trends in disposable income and restored customer confidence. Notably, the proportion of Vietnam's population in the middle-to-upper income class - defined as those with sufficient disposable income to spend on non-essential services such as insurance - is forecast to increase from 60% to 72% during 2025F-2030F, according to World Bank estimates. We forecast that VIB's bancassurance income could return to its 2022 peak of VND 1.3 trillion by 2029F. Growth in payment service fees will be supported by the increasing

number of credit cards and the expansion of financial products and services tailored for corporate clients, in line with VIB’s strategy to grow its corporate lending segment.

- **Income from NPL recoveries** is expected to expand, supported by the legal codification of Resolution 42, which takes effect on October 15, 2025, enhancing banks’ asset repossession rights. Combined with the recovery of real estate market, these factors create favorable conditions for VIB to accelerate the liquidation and recovery of non-performing assets.
- In line with the industry trend of expanding financial ecosystems to grow the customer base, boost non-interest income, and strengthen competitive advantages, we **expect VIB to diversify its income sources by consolidating financial results from its ownership of Kafi Securities in the medium term.** In 2024, Kafi delivered an outstanding profit before tax (PBT) of VND 256 billion (+59% YoY), driven by strong growth in margin lending (interest income +272% YoY) and investments in financial assets under FVTPL (interest income +320% YoY).

**Figure 4: Breakdown of non-interest income (VND billion)**



Source: VIB, RongViet Securities

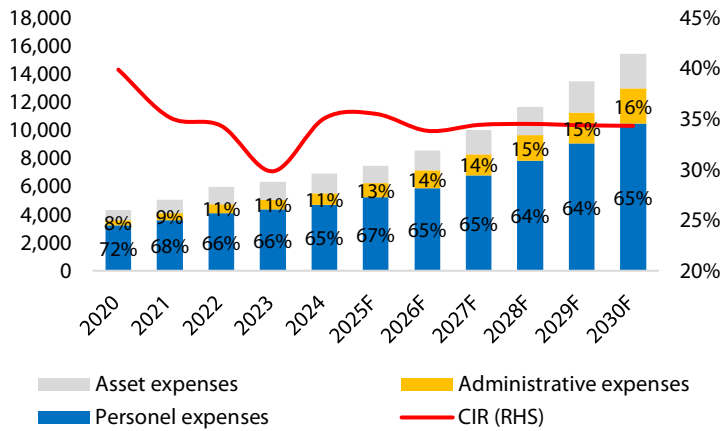
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**Net profit:** Net profit after tax (NPAT) is projected to grow at a CAGR of 20% during 2025F-2030F, driven by lower provisioning expenses as net NPL formation improves.

**Operating expenses:** With VIB’s strategic focus on accelerating digital transformation to expand its customer base and integrate advanced technologies into its products and services, we expect the bank to continue increasing operating expenses in the coming years to support this goal. However, the digitization process is also expected to enhance operational efficiency, particularly through human resource cost optimization. As a result, the cost-to-income ratio (CIR) is projected to improve to 34% in the medium term.

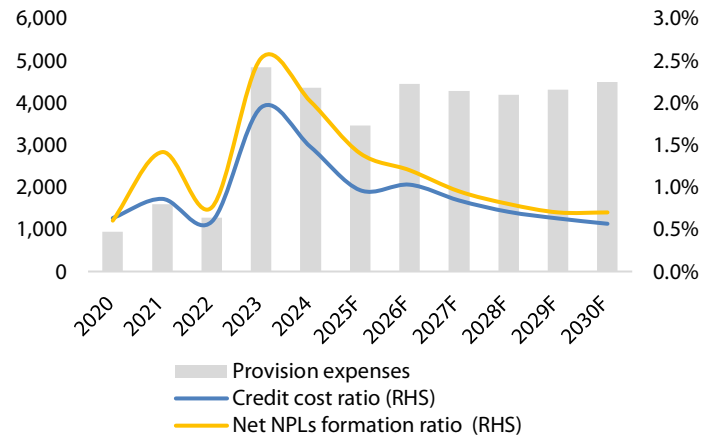
**Credit provisioning expenses:** Net NPLs formation peaked at VND 4.9 trillion in 2023 and declined to VND 2.1 trillion in 2024. In the medium term, we expect a favorable macroeconomic environment and a recovering real estate market to enhance borrowers’ repayment capacity, thereby reducing newly formed bad debts and easing provisioning requirements. At the same time, VIB is expected to accelerate its NPL resolution efforts, supported by the legal codification of Resolution 42 and improved real estate market conditions - factors that will facilitate provision reversals and reduce credit costs for the bank. Although net NPLs formation and total NPLs may slightly increase in absolute terms in the coming years - as a natural consequence of rapid credit expansion (CAGR 2025F - 2030F: 17%) - the credit cost ratio is projected to decline steadily over the period, from 1.5% in 2024 to 0.6% by 2030F.

**Figure 5: Projected operating expenses of VIB (VND billion)**



Source: VIB, RongViet Securities

**Figure 6: Projected credit provisioning expenses of VIB (VND billion)**



Source: VIB, RongViet Securities

Note: We have also visualized this data in table format. More detailed information can be found in the Appendix. ([Refer to page 29](#))

## BANK OVERVIEW

Vietnam International Commercial Joint Stock Bank (VIB) was established in 1996 with an initial charter capital of VND 50 billion. The signing of a strategic cooperation agreement with Commonwealth Bank of Australia (CBA) in 2009 marked a turning point in VIB's development journey, opening opportunities for a strong transformation toward becoming a professional retail bank. From its foundation as a bank with a lending structure oriented toward corporate clients, VIB implemented a comprehensive transformation strategy for the period 2017-2026, aiming to become a leading retail bank in terms of service quality and operational scale, while setting ambitious targets for profit growth and operational efficiency. The compound annual growth rate (CAGR) during 2017-2024 of Total assets / Outstanding loans / PBT reached 21% / 22% / 38%, respectively.

### Charter capital

After more than 28 years since its establishment, VIB's charter capital has been increased to nearly VND 29,800 billion. As of the end of Q2/2025, VIB's equity reached over VND 43,600 billion and total assets were approximately VND 500,000 billion, ranking the bank among medium-sized banks in Vietnam.

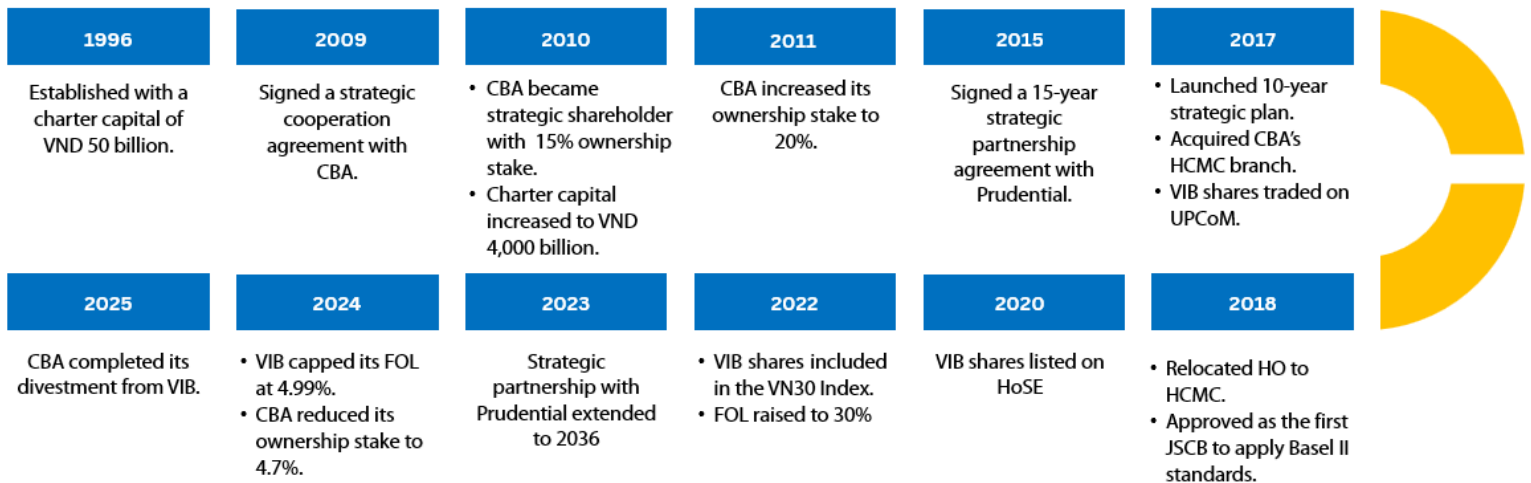
### Operational scale

In 2024, VIB opened 8 new branches across 7 provinces/cities, expanding its network to 64 branches and 127 transaction offices across 32 key provinces and cities nationwide, with more than 11,200 employees. The bank owns one subsidiary - VIB Asset Management and Debt Recovery One-Member Limited Liability Company (VIB AMC), established by VIB in 2009 with 100% ownership. VIB AMC plays the role of providing services that help VIB manage credit risk, including valuation, management, and disposal of collateral assets.

### Development history

VIB marked its transformation beginning in 2017 with the launch of a 10-year strategic transformation plan (2017-2026), positioning itself as a leading retail bank in Vietnam.

**Figure 7: Key milestones of VIB**



Source: VIB, RongViet Securities

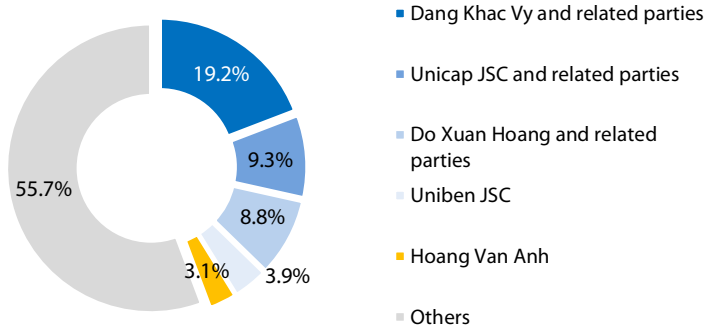


**Ownership structure**

As of the present time, we estimate that the ownership ratio of the Chairman and related parties (including his spouse, Funderra JSC, and Beston JSC) accounts for approximately 19.2%.

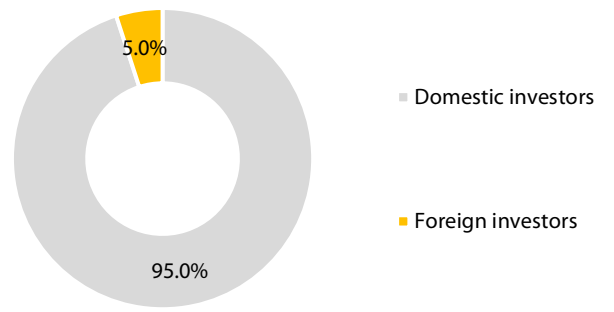
In 2024, VIB reduced its foreign ownership limit from 30% to 4.99% and has maintained this level to date. Accordingly, with plans to seek a new strategic investor following Commonwealth Bank of Australia (CBA)'s full divestment in March 2025, VIB still has 25% remaining headroom for foreign ownership.

**Figure 8: Estimated ownership ratios of shareholders holding over 1%**



Source: VIB, RongViet Securities, data as of 14/07/2025

**Figure 9: Ownership structure of foreign investors**



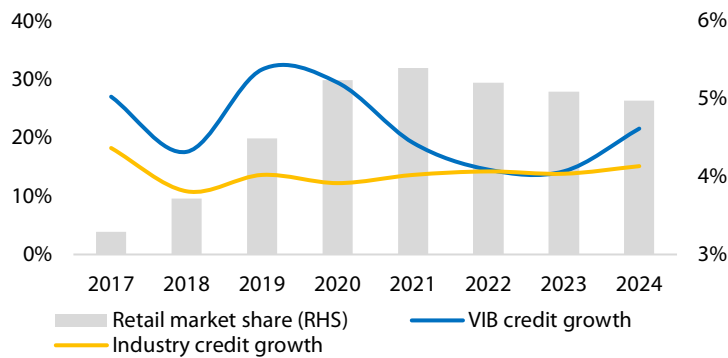
Source: VIB, HSX, RongViet Securities, data as of 14/07/2025

**Business overview**

**1. Lending activities**

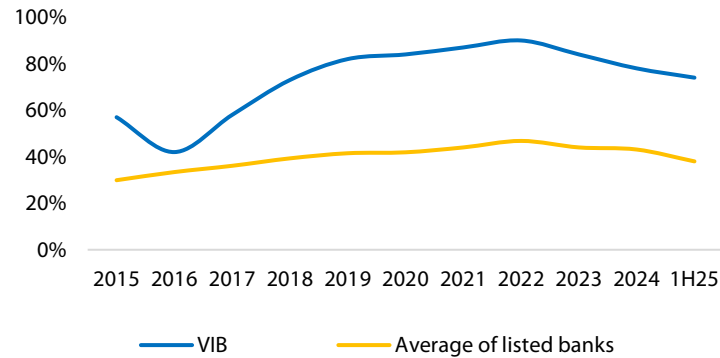
Since 2017, with the retail banking strategy, VIB has recorded a significant shift in its lending structure by customer segments (Figure 11). From a bank with a balanced loan portfolio between individuals and corporates, the proportion of retail lending at VIB expanded rapidly, peaking at 89% in 2022. Thanks to the successful transition to the retail model, VIB’s credit size grew at a compound annual growth rate (CAGR) of 22% during 2017-2024, significantly higher than the system-wide average of 14%, thereby increasing VIB’s loan market share from 1.7% to 2.7%. From 2023 to date, weakening credit demand from retail customers, along with a subdued real estate market, has slowed VIB’s retail lending growth. Instead, the bank has shifted its focus more toward corporate lending (Figure 13) to optimize the granted credit growth quota.

**Figure 10: VIB’s credit growth vs. the banking system**



Source: VIB, RongViet Securities

**Figure 12: VIB’s retail credit proportion compared to the average of listed banks**



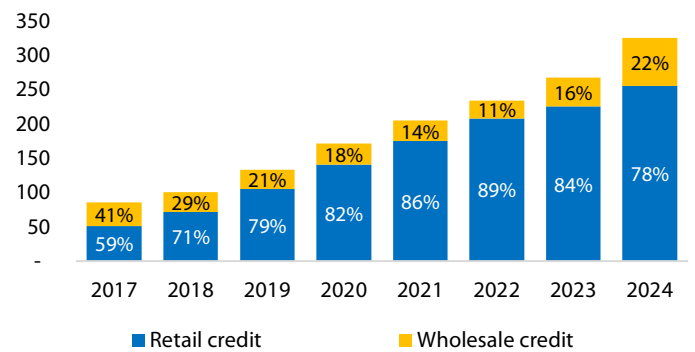
Source: VIB, RongViet Securities

**1.1. Retail lending**

As of 2024, VIB is serving approximately 5.5 million individual customers, the most of whom were in the mass segment with moderate to upper-middle income (estimated to account for nearly 90%). The bank’s target customers are young individuals from the Millennial and Gen Z generations (born between 1981 and 2012), who prioritize digital experience, have stable incomes, and exhibit high demand for consumption, borrowing, and personal investment.

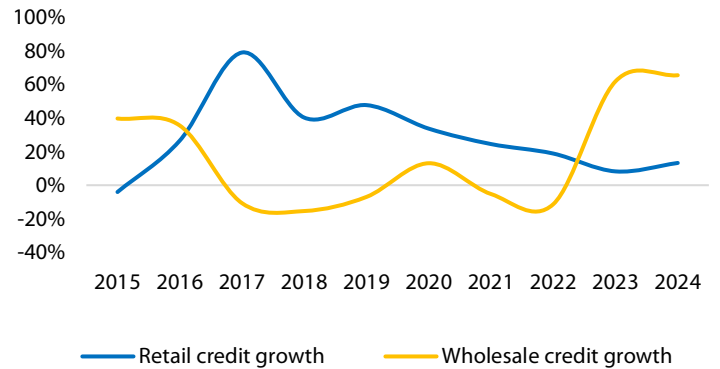
Based on the advantage of simplified lending procedures and fast approval speed thanks to the branch-level approval process, VIB has successfully implemented the retail banking model and turned this business segment into a core strength of the bank. Since officially adopting the retail strategy in 2017,

**Figure 11: Rapid credit expansion with the highest retail lending proportion in the system**



Source: VIB, RongViet Securities

**Figure 13: Credit growth by customer segments**

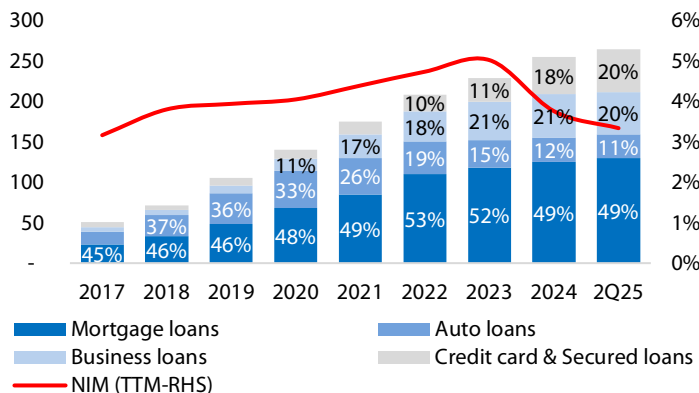


Source: VIB, RongViet Securities

the proportion of retail lending at VIB has expanded rapidly and maintained a leading position in the system, with the highest share reaching 90% in 2022. From 2023 onward, as credit demand from individual customers weakened, and competitive pressure in the retail segment increased, the share of VIB's flagship product, mortgage loans, declined, resulting in a reduction in the proportion of long-term loans as well (Figures 15). Alongside the launch of promotional lending packages for home and auto loans (implemented from Q2/2024) to stimulate credit growth, the bank's NIM fell sharply from 5.0% in 2023 to 3.7% in 2024 (Figure 14). Currently, VIB offers four key products for individual customers, including (1) home purchase loans, (2) auto loans, (3) business household loans, and (4) secured loans & credit cards.

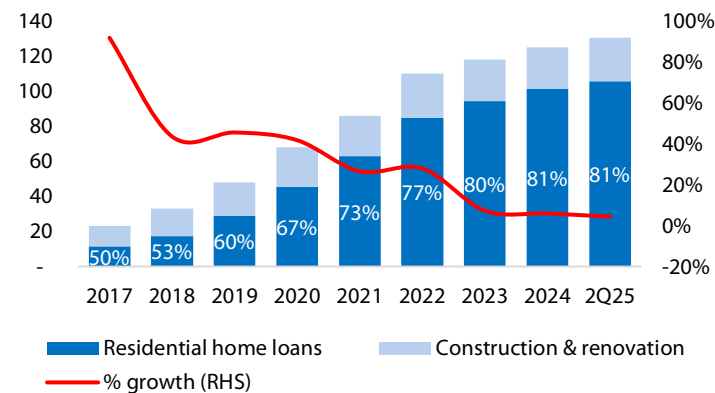
- **Home purchase loans are the core retail product, accounting for up to 50% of the bank's retail loan portfolio.** Previously, VIB focused almost entirely on lending for houses with complete legal documents (red/pink book), with collateral assets for 90% of the loans being real estate. This strategy helped VIB strictly control legal and credit risks, while offering loans for a diverse range of RE types, depending on the customers' home-buying needs. However, in the new context of slowly recovering retail demand, VIB has set a direction to further develop project-based home loan products, in order to take advantage of the customer ecosystems of corporate partners who are real estate developers.
- **VIB is one of the pioneer banks in offering car loans to meet travel needs.** Through (1) business cooperation with car dealerships of many major and reputable auto brands such as Toyota, Thaco, Ford, Honda, and Hyundai, (2) offering competitive commission rates for partners, and (3) fast loan approval speed within 2 hours, VIB has successfully strengthened its market share in the auto loan segment of the banking sector (maintaining a top 3 position in auto loan market share). As of Q2/2025, VIB's market share had declined to approximately 14% (Figure 16).
- **Business household loans are aimed at financing business households and small traders engaged in production and business activities.** VIB offers loans and accepts collateral in the form of real estate with ownership certificates, for purposes such as supplementing working capital, purchasing machinery and equipment, constructing/renovating premises, and buying real estate to serve as business locations. This product serves as a foundation for the bank to develop cash flow management products, increase CASA ratio, and cross-sell other financial products.
- **Credit card lending and secured loans have continuously increased their share in recent years.** Secured loans include those backed by collateral assets other than real estate. Outstanding loans in this category have recorded strong growth in recent quarters (up 37% YTD in Q2/2025). Meanwhile, the credit card product has achieved positive results in terms of both the number of cards issued (accumulated nearly 3.5 million cards as of 2024) and total card spending (around USD 5 billion as of 2024), ranking first in Mastercard's spending market share and third in the overall market. These achievements were driven by VIB's strategy of personalizing customer experience, applying technology (100% digital card issuance process), and effectively leveraging brand communication.

**Figure 14: Retail loan portfolio by product (VND Tn)**



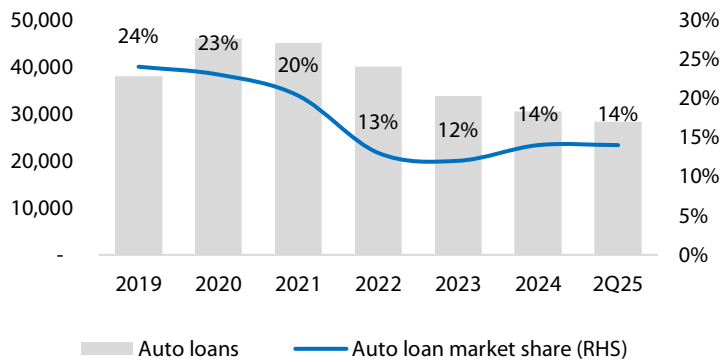
Source: VIB, RongViet Securities

**Figure 15: Mortgage loan structure by purpose (VND Tn)**



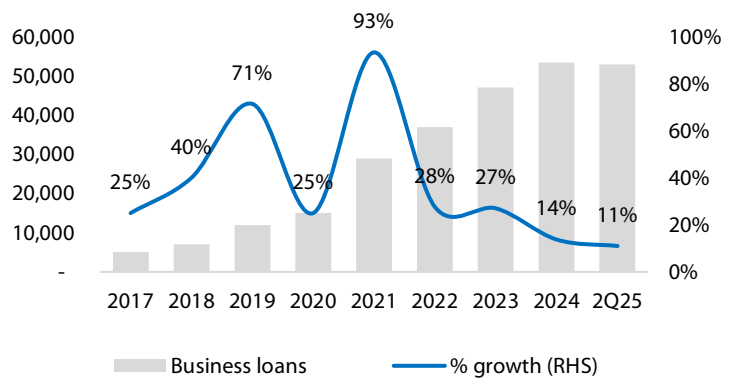
Source: VIB, RongViet Securities

**Figure 16: Auto loan balance (VND billion) and VIB's market share**



Source: VIB, RongViet Securities

**Figure 17: Business household loan balance (VND billion)**



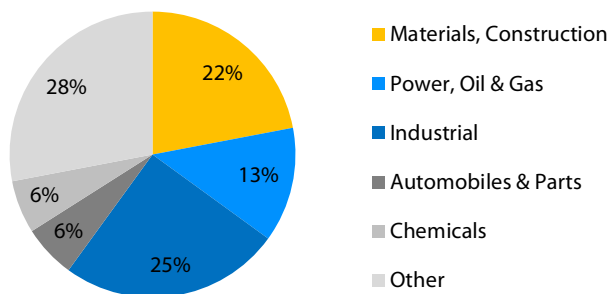
Source: VIB, RongViet Securities

### 1.2. Corporate lending

VIB focuses on serving the group of micro-enterprises - MSMEs (with revenue or charter capital under VND 100 billion) and small and medium-sized enterprises - SMEs (with revenue or charter capital under VND 400 billion).

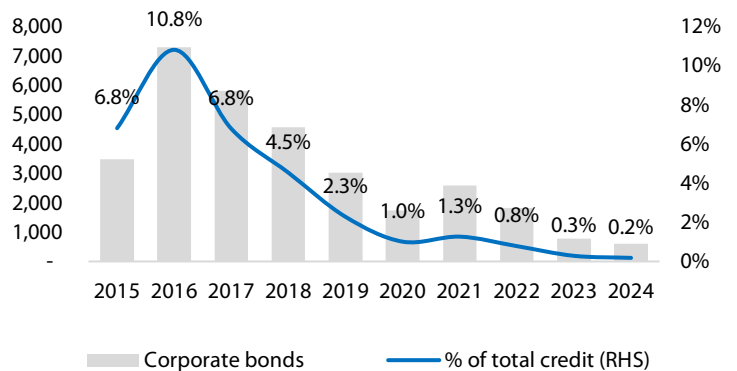
- **Working capital financing:** VIB provides loans of up to VND 15 billion with terms of up to 24 months to supplement businesses's working capital. Collateral can be real estate or valuable papers, with maximum loan-to-collateral ratios of 80% and 100%, respectively.
- **Trade finance:** VIB issues letters of credit, while also offering international payment services and guarantees to support businesses in importing goods and managing cash flow.
- **Guarantees:** VIB commits to fulfilling financial obligations to the beneficiary on behalf of customers in case they fail to perform the obligations as committed in the guarantee letter.
- **Credit card:** In early 2025, VIB launched its first business credit card product, business card, providing unsecured credit lines of up to VND 1 billion, with flexible benefit options (up to 58 days interest-free or 1% cashback on transactions).
- **Corporate bonds:** In recent years, VIB has significantly reduced investment in corporate bonds, and this segment now accounts for only a very small portion of the bank's total outstanding credit balance.

**Figure 18: Corporate loan portfolio by sector as of Q2/2025**



Source: VIB, RongViet Securities

**Figure 19: Corporate bond portfolio (VND Bn)**



Source: VIB, RongViet Securities

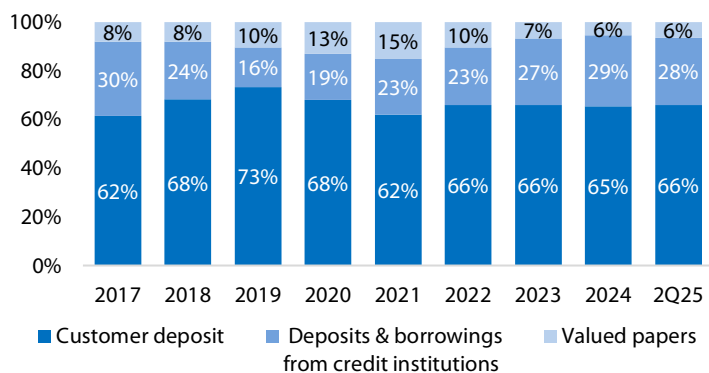
### 2. Funding activities

VIB's structure of funding from the primary market is mainly concentrated in customer deposits, accounting for 80-90% of total primary market mobilization, while the proportion of valued papers has

declined, standing at only around 6% as of the end of Q2/2025. All of the banks valued papers newly issued in Q1/2025 were certificates of deposit, serving the rollout of the new Super Account product launched earlier this year. The shift toward a retail-focused banking model and the reduced proportion of wholesale lending has made it difficult for VIB to attract CASA from corporate customers, resulting in a CASA ratio lower than that of other retail-oriented banks.

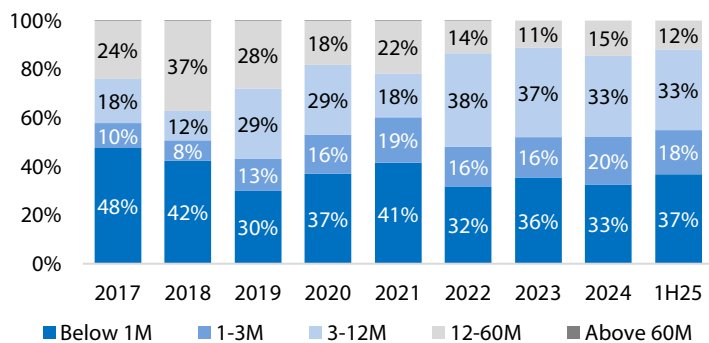
The Super Account product for individual customers, launched in Q1/2025, offers VIB an opportunity to strengthen its low-cost funding base. As of the end of Q2/2025, after five months of implementation, the product had attracted around 500 thousand customers with a total balance exceeding VND 5 trillion. Accordingly, CASA deposits recorded a solid 31% YTD growth, with the CASA ratio reaching 16.8% (Q4/2024: 14.1%). In its initial phase, the product has delivered encouraging results, helping the bank keep its funding cost flat in Q1/2025 and reduce it by 10 bps QoQ in Q2/2025, while the sector's average funding cost has risen by about 15 bps since the beginning of the year. In 2025, VIB targets attracting over 1 million individual customers to the High-Yield Account, and starting from Q2/2025, the bank has also begun offering this product to corporate customers, aiming to further optimize funding costs and improve NIM.

**Figure 20: Structure of VIB's funding sources**



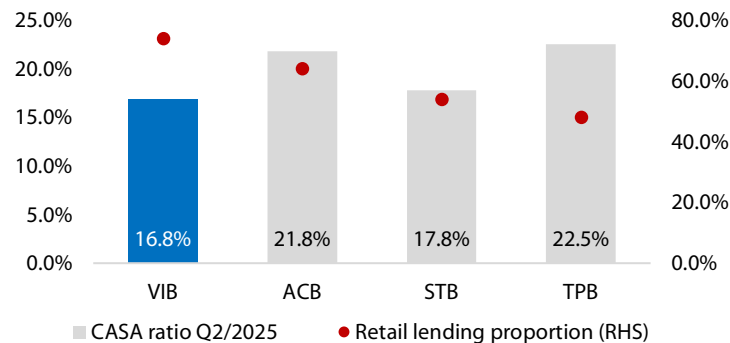
Source: VIB, RongViet Securities

**Figure 22: Structure of customer deposit funding by remaining term**



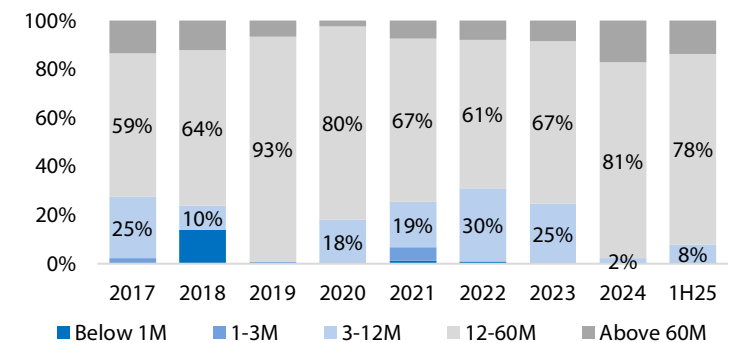
Source: VIB, RongViet Securities

**Figure 21: VIB's CASA ratio compared to selected retail-focused banks**



Source: VIB, RongViet Securities

**Figure 23: Structure of valued paper funding by remaining term**



Source: VIB, RongViet Securities

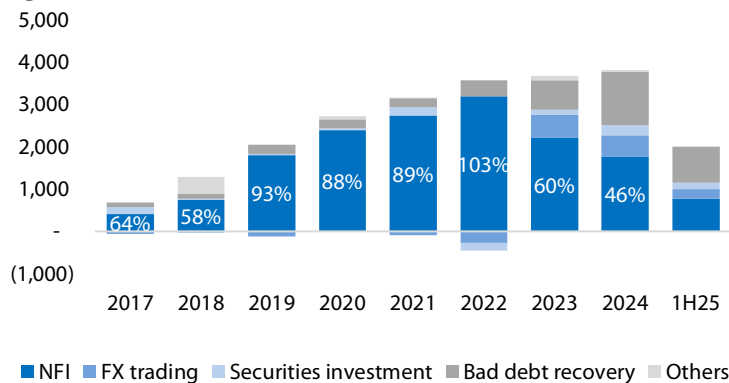
**3. Non-interest income sources**

VIB's non-interest income is primarily contributed by (1) service-related income and (2) income from the recovery of written-off bad debts.

- **Service-related income** experienced strong growth during the 2017-2022 period, notably from the following:

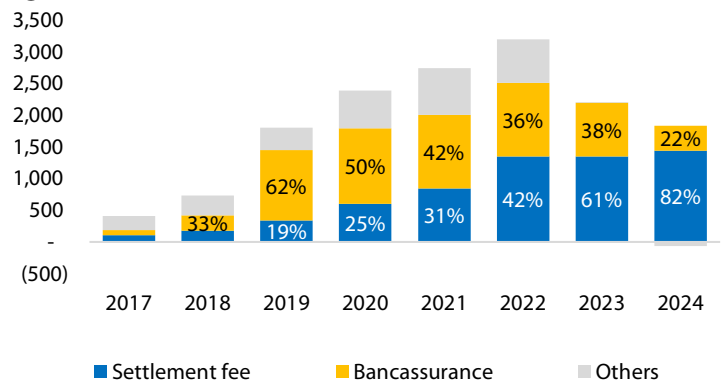
- Bancassurance activities: VIB signed an exclusive 15-year life insurance distribution agreement with Prudential (a UK-based insurer) for the first time in 2015. Bancassurance commission income expanded rapidly starting in 2019 (up 360% YoY), when VIB consistently exceeded Prudential's sales targets, resulting in a fivefold increase in performance bonuses compared to the previous year. In 2023, the two parties agreed to extend the partnership through 2036, while also adding new clauses to improve oversight and quality control in sales consulting and customer service. However, the bancassurance market weakened as regulatory tightening on insurance distribution via banking channels took effect, combined with declining customer demand due to lower disposable income. Consequently, VIB's APE sales fell sharply by about 60% YoY in 2023 and 2024. The contribution of bancassurance to total service fee income was halved, to approximately 22% in 2024.
- Payment services: As one of the stable contributors to VIB's non-interest income, payment service revenue is primarily driven by card operations. Accordingly, the bank has made significant investments in digital payment solutions, particularly in the credit card segment, in terms of both issuance and the expansion of its spending ecosystem.
- **Bad debt recovery:** As a retail-focused bank, VIB's collateral portfolio consists of nearly 70% real estate assets, most of which have full legal documentation (land use right certificates / ownership certificates), This has enabled the bank to efficiently liquidate pledged assets and recover bad debts. In 2024, VIB recovered more than VND 1.2 trillion in written-off debts, exceeding the initial plan of VND 1.1 trillion (113% of target).
- **Foreign exchange trading:** VIB offers interest rate and foreign exchange risk hedging solutions to both customers and the bank itself, through structured and derivative products. In 2024, total FX trading volume reached over USD 7.6 billion, representing a 153% increase YoY.
- **Securities trading:** VIB primarily holds bonds issued by credit institutions. Income from this activity remains modest, accounting for only 3-5% of total non-interest income.

**Figure 24: Structure of non-interest income sources**



Source: VIB, RongViet Securities

**Figure 25: Structure of service-related income**



Source: VIB, RongViet Securities

#### 4. Business strategy

##### Growth targets for the final two years (2025-2026) of the 10-year strategy (2017-2026)

**Table 4: Summary of growth targets in the 10-year strategy**

Target 2025-2026	Result 2024
<b>Profitability</b>	
• Profit before tax (PBT) growth of 20-25% per year	-16%
• ROAE to reach 20-24%	18%
<b>Credit activities</b>	
• Credit growth of 20-30% per year	21.5%

• Deposit growth of 20-30% per year	15.0%
• Growth in card transactions and spending value of 30-40% per year	Card spending up 21%
Operational efficiency	
• CIR ratio to be maintained between 30-35%.	35%
• Continued investment in digitalization, technology, branding, and people.	
Risk management	
• NPL (per Circular 31) controlled between 2.0-2.2%.	2.4%
• CAR (Basel II) target 11-13%, pilot Basel III by end of 2025.	CAR (Basel II) 11.9%
• Recover VND 3-5 trillion in written-off bad debts during 2025-2026	Over VND 1.2 trillion recovered
Customer base to grow by 20-30% annually, targeting 7.5 million customers by 2026.	Approximately 5.5 million customers

Source: VIB, RongViet Securities

### **Business strategy transformation: Expansion into corporate lending**

In the context of a slow recovery in retail credit, VIB has outlined a strategic business shift plan to accelerate corporate lending - a business segment considered to have strong potential in the coming period. Accordingly, the bank plans to reduce the proportion of personal loans to around 70% of total outstanding credit, thereby reserving more credit quota for corporate customers. In parallel, VIB is placing greater emphasis on project-based home loan products instead of focusing solely on secondary real estate, to enable retail credit to penetrate the customer ecosystems of real estate developer partners.

### **Strategic partnership with Kafi Securities**

In early April 2025, Kafi Securities Joint Stock Company and VIB signed a Memorandum of Understanding (MoU) on cooperation. Under this agreement, Kafi and VIB will jointly develop and integrate digital financial products and services on both parties' technology platforms, aiming to build a comprehensive digital financial ecosystem that delivers solutions for both individual and institutional clients. Some of the products and services currently being co-developed include:

- Super Account for individual customers on the MyVIB app: Kafi acts as an intermediary, facilitating transactions involving the purchase and sale of certificates of deposit (valued papers) issued by VIB for individual customers.
- Opening Kafi securities accounts and executing securities transactions directly within VIB's digital banking application (MyVIB).

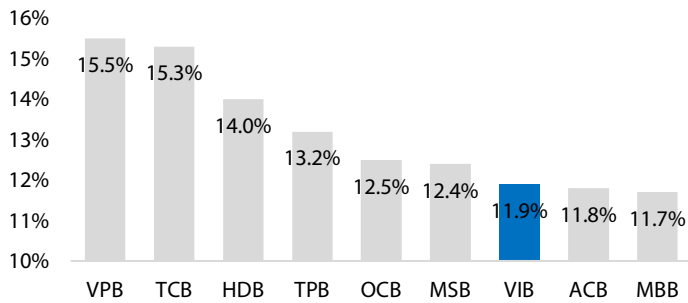


**FINANCIAL ANALYSIS**

**Maintaining a safe capital buffer alongside a stable cash dividend policy**

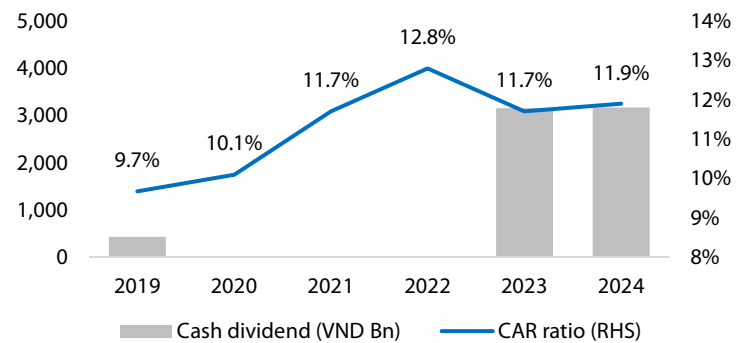
By maintaining a high return on equity (ROE) and not distributing cash dividends during the 2020 - 2022 period, VIB was able to accumulate Tier 1 capital, thereby improving its leverage ratio (A/E), which decreased to 10.5 times, and increasing its capital adequacy ratio (CAR) - according to Basel II - to 12,8% in 2022. Over the next two years, 2023-2024, VIB consistently paid out cash dividends, which led to a slight decrease in the CAR ratio to 11,9% by the end of 2024.

**Figure 26: CAR ratio of VIB and other banks in 2024**



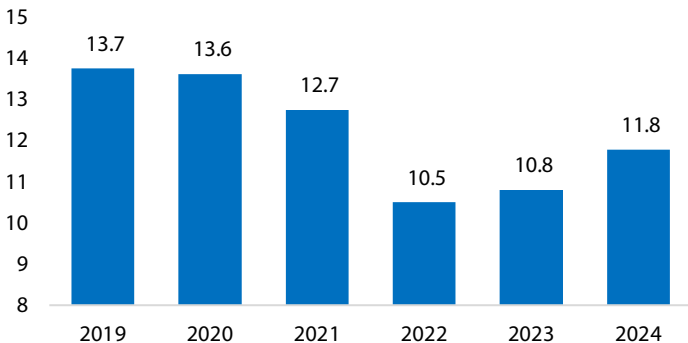
Source: VIB, RongViet Securities

**Figure 27: Cash dividends paid and CAR ratio from 2019 to 2024**



Source: VIB, RongViet Securities

**Figure 28: Leverage ratio (A/E)**



Source: VIB, RongViet Securities

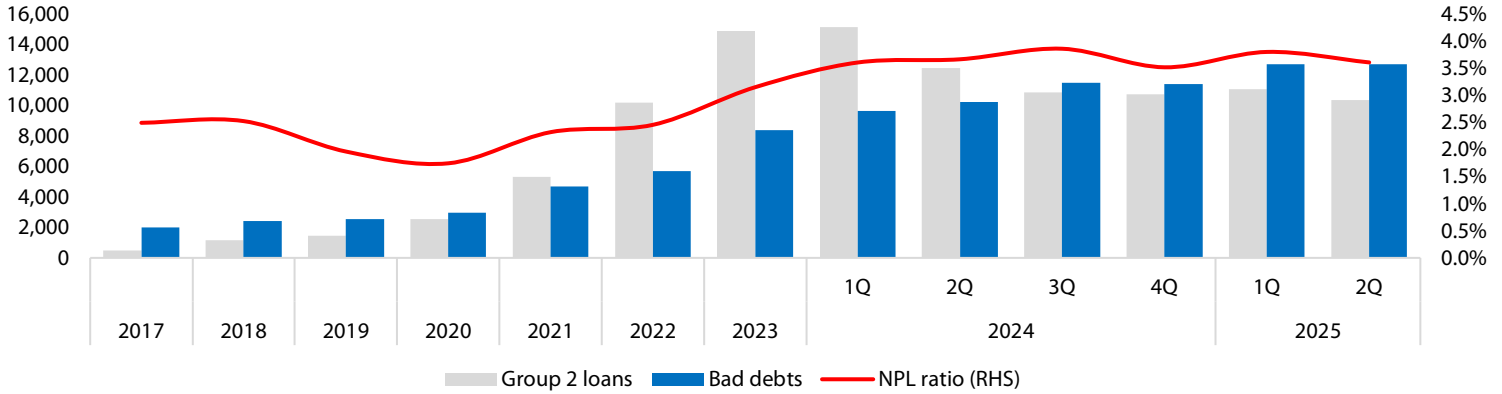
**Asset quality deterioration as non-performing loans increase rapidly, eroding the provision buffer**

Since 2021, VIB's NPLs have increased sharply due to the pressure from rapid credit growth, particularly in the retail segment, such as business household loans and personal consumer loans, compounded by the challenging economic environment post-pandemic and the downturn in the real estate market.

Although the bank's asset quality improved in the final quarter of 2024, with the formation of new NPLs (TTM) decreasing significantly to 2% (3Q24: 3%), NPLs surged again in Q1/2025, however, a notable improvement was recorded in Q2/2025, leading to an increase in the NPL ratio (customer loans) to 3.8% (4Q24: 3.5%). The formation of new NPLs is rising rapidly while provisioning remains low, causing the provision coverage ratio to fall to a very low level of 37% (Figure 30). We believe that in the upcoming quarters, VIB will need to increase provisioning to improve the NPL coverage ratio.

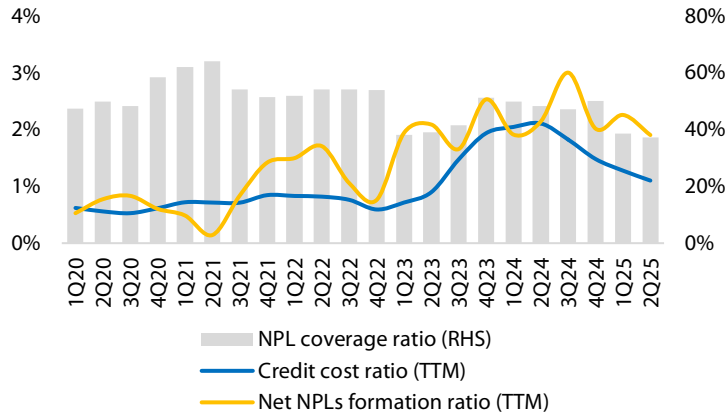


**Figure 29: Non-performing loans and group 2 loans movement (VND billion)**



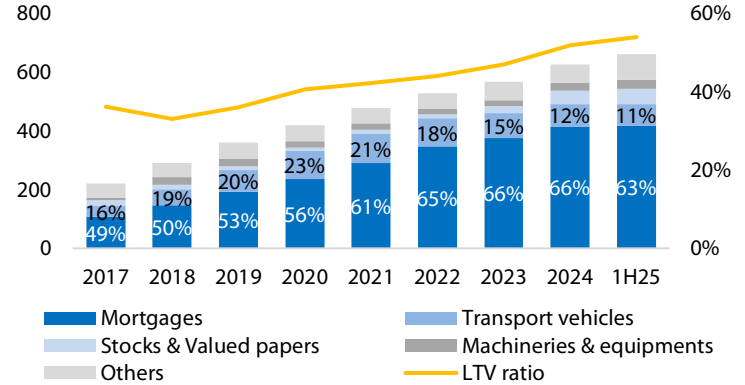
Source: VIB, RongViet Securities

**Figure 30: Net formation of NPL ratio, credit costs, and NPL coverage**



Source: VIB, RongViet Securities

**Figure 31: Collateral portfolio structure (Trillion VND) and LTV ratio**



Source: VIB, RongViet Securities

With its nature as a retail bank, VIB's collateral portfolio predominantly consists of assets from individual customers, with more than 60% of the portfolio being real estate. Additionally, the bank's prudent collateral valuation process enables it to make informed credit approval decisions and build a healthy collateral portfolio, which is advantageous for asset disposal when non-performing loans arise.

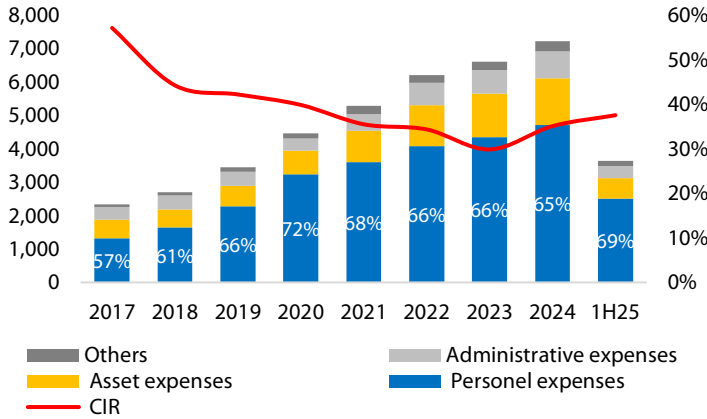
Accordingly, VIB prioritizes accepting highly liquid real estate located in major cities, along main roads, near commercial centers, and avoids real estate with incomplete infrastructure. The ownership of VIB AMC also supports the bank's operations in managing and disposing of collateral, enabling VIB to efficiently handle collateral from non-performing loans and improve asset liquidation and capital recovery.

**Operational efficiency has been optimized through digital transformation**

Thanks to its digital transformation strategy, VIB has successfully increased its operational cost control efficiency during the 2017-2023 period, as reflected by a gradual decrease in its CIR ratio from 57% in 2017 to 30% in 2023. However, the contraction in total operating income since 2024 has caused the CIR ratio to rise sharply again, reaching 35%.

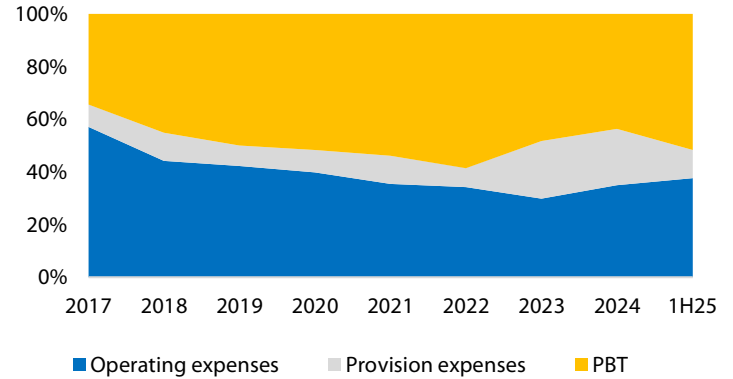
With the goal of maintaining a CIR ratio within the range of 30-35%, VIB has decided to cancel its plan to open 10-12 new branches and transaction offices in 2025, which had been previously proposed, and instead, will focus on investing in digitalization, technology, branding, and human resources.

**Figure 32: Operating costs (VND billion) and CIR ratio**



Source: VIB, RongViet Securities

**Figure 33: Allocation of total operating income by year**



Source: VIB, RongViet Securities

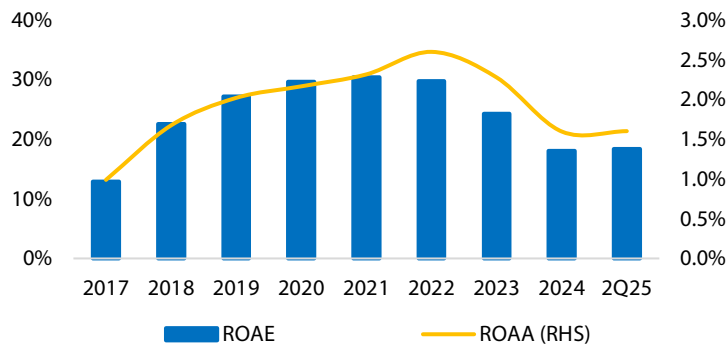
**Profitability under pressure amid shrinking NIM and deteriorating asset quality**

After a period of strong growth from 2017 to 2022, VIB has reported less favorable profitability over the past two years, mainly due to (1) slower growth in net interest income under the pressure from a shrinking NIM, (2) a decline in non-interest income, and (3) higher provisioning costs amidst deteriorating asset quality. According to this trend, the ROAE and ROAA (TTM) indicators sharply decreased to 18.4% and 1.6%, respectively in Q2/2025.

The decline in retail credit, especially home loan products, increased competition among banks, and poor asset quality are the key factors causing VIB's NIM to shrink significantly. The decline in retail credit, especially home loan products, increased competition among banks, and poor asset quality are the key factors causing VIB's NIM to shrink significantly.

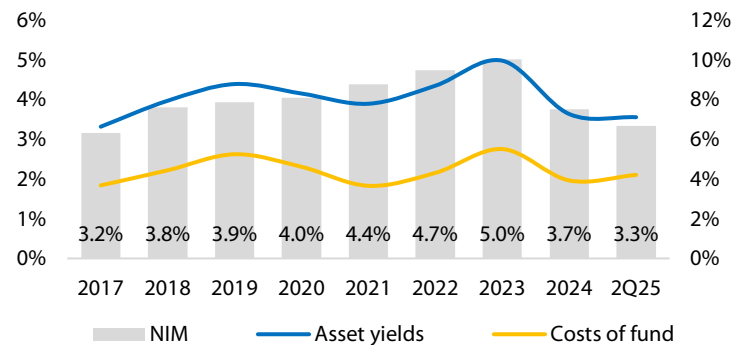
The deterioration in asset quality during the period from 2023-2024 forced VIB to increase provisioning costs. The credit cost ratio in 2023 and 2024 reached 1.9% and 1.5%, respectively, much higher than the 5-year average of 1.0%, thereby putting pressure on the bank's profits. As of the end of Q2/2025, the credit cost ratio (TTM) had decreased to 1.1%, however, the provisioning buffer against bad debts was very low at 37%, which is likely to put pressure on provisioning costs in 2H2025.

**Figure 34: ROAA and ROAE of VIB**



Source: VIB, RongViet Securities

**Figure 35: NIM Trend of VIB**



Source: VIB, RongViet Securities

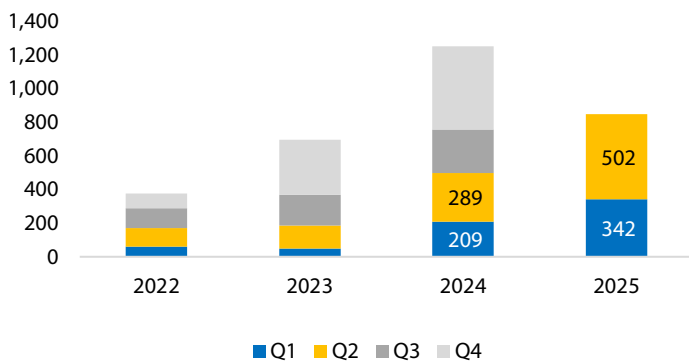
Although net interest income growth has been unpromising, non-interest income has been significantly expanded thanks to efforts in bad debt recovery, which has mitigated risks. As a retail bank (with retail loans accounting for nearly 80% of total outstanding loans), most of VIB's non-performing loans come from individual customers, particularly home loan and credit card borrowers. Additionally, as of Q2/2025, more than 60% of the collateral portfolio is real estate, most of which have ownership certificates (land use right certificates / ownership certificates) and are located in major cities, near central areas. This creates favorable conditions for the bank in liquidating collateral and recovering bad debts.

Since 2024, VIB, like other banks, has faced difficulties in seizing collateral related to non-performing loans due to the expiration of Resolution 42/2017/QH14 on bad debt settlement by credit institutions. However, with (1) ownership of a subsidiary for asset management (VIB AMC), (2) the nature of easy-to-liquidate collateral, and (3) a recovering real estate market supporting the collateral liquidation process, VIB has still achieved positive results in recovering previously written-off bad debts.

In 2024, income from bad debt recovery saw significant growth, increasing by 80% YoY, reaching over VND 1.2 trillion, completing 113% of the 2024 target (the target was to recover VND 1.1 trillion of written-off bad debts). For 2025, the bank targets to recover between VND 1.5 trillion and VND 1.6 trillion in off-balance-sheet bad debts. By 1H2025, VIB recorded approximately VND 850 billion in income from bad debt recovery, a 69% increase compared to the same period in 2024, achieving 53% of the full-year target.

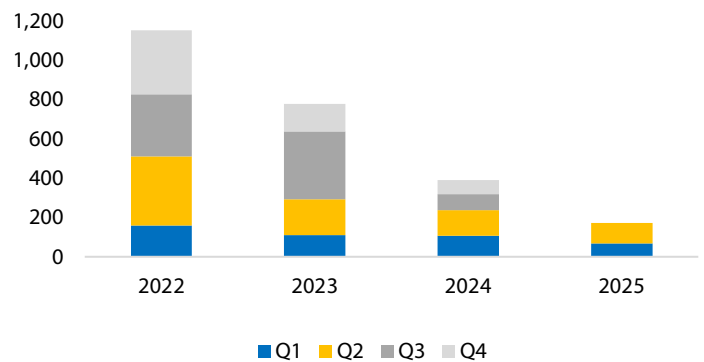
On the other hand, the banca business, a major income contributor to VIB (accounting for 40-60% of fee income from 2019 to 2022), has declined since 2023 due to tightened regulations related to insurance distribution, while demand from the public has also stagnated due to income impacts. This caused VIB's APE revenue to decrease sharply by about 60% compared to the previous period in 2023-2024. The contribution from banca fees to total fee income has also significantly narrowed, dropping to around 22% by the end of 2024. As of Q2/2025, income from banca activities showed improvement compared to the previous quarter (up 51% QoQ), but was still lower than the same period last year (down 20% YoY), resulting in a 27% YoY decline for 1H2025.

**Figure 36: Income from bad debt recovery after risk mitigation showed positive growth in 2024 and 1H2025 (VND billion)**



Source: VIB, RongViet Securities

**Figure 37: Income from bancassurance activities has decreased sharply in the past two years (VND billion)**



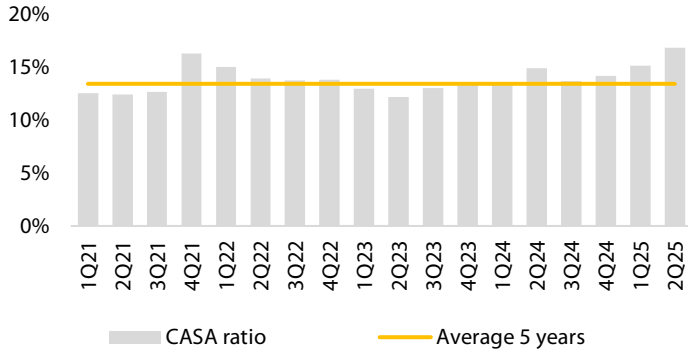
Source: VIB, RongViet Securities

**Liquidity remains within safe limits, creating room to improve bank profitability**

Despite not having the advantage of attracting non-term deposits from corporate clients, we recognize the initiative to improve CASA from individual customers through the Super Account product. The CASA ratio has exceeded the average threshold for two consecutive quarters and saw a strong increase in Q2/2025, reaching 16.8%.

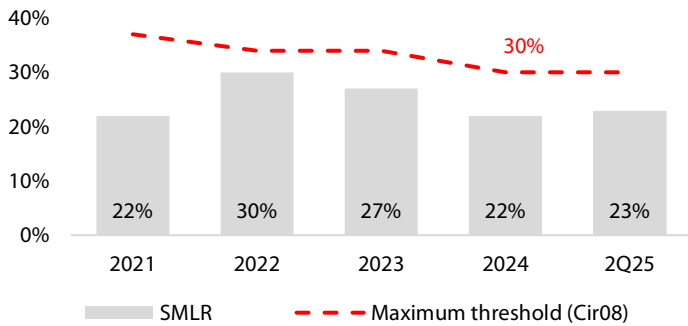
We believe the bank still has significant room to improve profitability metrics, as the loan-to-deposit ratio (LDR) in Q2/2025 was 77% and the short-term loan-to-medium and long-term loan ratio (SMLR) in Q2/2025 was 23%, both of which are well below the maximum regulatory thresholds.

**Figure 38: CASA ratio by quarter**



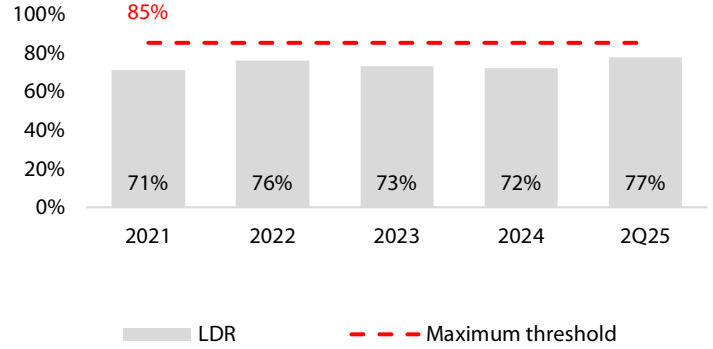
Source: VIB, RongViet Securities

**Figure 40: Short-term loan-to-medium-and-long-term loan ratio - SMLR (%)**



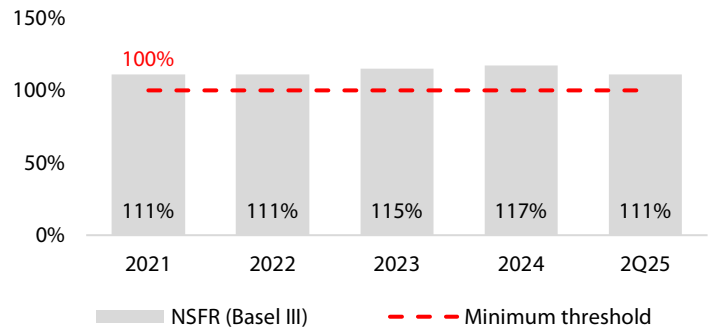
Source: VIB, RongViet Securities

**Figure 39: Loan-to-deposit ratio (LDR%)**



Source: VIB, RongViet Securities

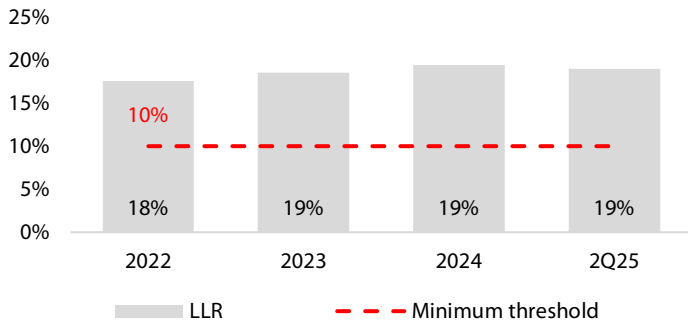
**Figure 41: Net stable funding ratio - NSFR (%)**



Source: VIB, RongViet Securities

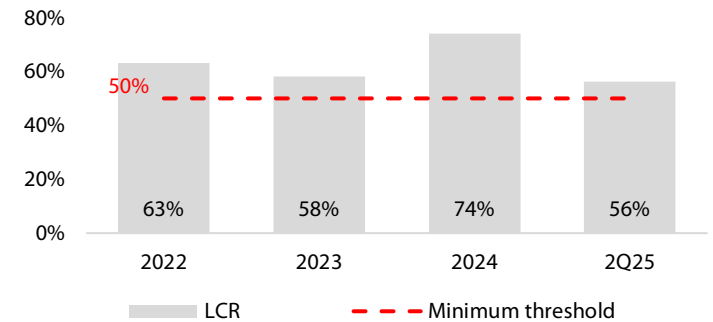
The liquidity reserve ratio - LRR remained relatively stable, increasing slightly from 19% in 2024 to 20% in Q2/2025. The 30-day liquidity coverage ratio - LCR dropped significantly from 74% in 2024 to 56% in Q2/2025. This was mainly due to a 6% YTD decrease in high-liquidity asset growth, primarily because VIB reduced deposits at the State Bank of Vietnam (SBV) and other credit institutions, with reductions of 42% and 3% YTD, respectively.

**Figure 42: Liquidity reserve ratio - LRR**



Source: VIB, RongViet Securities

**Figure 43: Liquidity coverage ratio - LCR**



Source: VIB, RongViet Securities

## 1H2025 BUSINESS RESULTS

VIB's 1H2025 business results were generally positive YoY, with key highlights including **(1)** Income from bad debt recoveries rising sharply (+69% YoY), contributing to an expansion in non-interest income; and **(2)** improved asset quality as net NPL formation in Q2/2025 declined significantly compared to the previous quarter.

However, **(1)** Q2/2025 NIM (TTM) narrowed to 3.3% (-94 bps YoY), leading to negative growth in net interest income; **(2)** Net fee income dropped sharply (-48% YoY), mainly due to a decline in bancassurance performance (-27% YoY); and **(3)** the NPL coverage ratio fell to a very low level (37%), all of which are areas in need of improvement.

**Table 5: VIB's business results for Q2 and 1H2025**

Unit: VND Bn	Q2/2025	QoQ	YoY	1H2025	YoY	% 2025F	Note
Net interest income	3,969	6%	1%	7,706	-3%	44%	
Net fee income	401	6%	-46%	779	-48%	43%	Fee income is primarily contributed by payment fees, reaching VND 650 billion in 1H2025 (+4% YoY). Banca activities improved in Q2/2025 (VND 104 billion, +51% QoQ), however, 1H2025 still saw a 27% decrease YoY.
Income from FX trading	108	-5%	323%	223	-29%	39%	
Income from securities investment	121	317%	404%	150	307%	59%	
Other income	517	51%	47%	860	63%	43%	Bad debt recovery after risk mitigation recorded positive results, reaching VND 844 billion in 1H2025 (+69% YoY), achieving 52% of the full-year bad debt recovery target (approximately VND 1.5 trillion).
<b>TOI</b>	<b>5,117</b>	<b>11%</b>	<b>2%</b>	<b>9,718</b>	<b>-6%</b>	<b>44%</b>	
Operating expenses	-1,886	7%	4%	-3,645	-1%	47%	
Profit before provisions	3,231	14%	0%	6,073	-9%	43%	
Provision expenses	-636	51%	-44%	-1,057	-49%	31%	Provisioning costs have been significantly optimized YoY, however, the provisioning coverage ratio for bad debts (37%) needs to be improved.
<b>PBT</b>	<b>2,596</b>	<b>7%</b>	<b>23%</b>	<b>5,016</b>	<b>9%</b>	<b>47%</b>	Achieved 46% of the full-year 2025 pre-tax profit target (approximately VND 11 trillion)
Credit growth (%)	9.8	6.5	27.6	9.8			Credit growth accelerated in Q2/2025 (Q1/2025: 3.1% YTD). <ul style="list-style-type: none"> <li>• Credit growth continued to be led by corporate lending, with a 31.1% YTD growth (Q1/2025: 10.2% YTD), with strong disbursement in the commercial (+52% YTD), financial services (+60% YTD), and real estate (+78% YTD) sectors.</li> <li>• Retail lending saw a recovery, growing 3.8% YTD (Q1/2025: 1.0% YTD), with the return of the core product - home loans, growing 3.8% YTD (Q1/2025: -1.0% YTD). However, the loan balance for household businesses decreased by around VND 1</li> </ul>

trillion in this quarter, resulting in a 1.1% YTD reduction in credit growth.

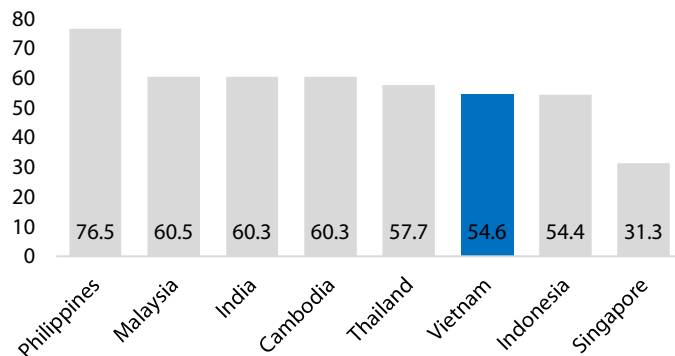
Mobilization growth (%)	11.4	8.3	11.4	11.4	Customer deposits increased by 2.2% YTD (Q1/2024: -1% YTD). With the launch of the "Super Account" product in February this year, CASA deposits and Super Account balances saw strong growth of 51% YTD. The CASA ratio rose to 16.8% (Q1/2025: 15.1%). As the "Super Account" product expanded, the issuance of certificates of deposit increased sharply by more than 25% YTD.
NIM (%)	3.12	7 bps	-65 bps		NIM in Q2/2025 (annualized) recorded a slight recovery, reaching 3.1%, up 7 bps QoQ, due to optimized funding costs (down 10 bps QoQ), while asset yields remained flat.
Avg. Asset yields (%)	6.90	-2 bps	-52 bps		
Avg. Costs of fund (%)	4.13	-9 bps	12 bps		
CIR (TTM-%)	36.0	26 bps	378 bps		
NPL (%)	3.56	-24 bps	-10 bps		Asset quality improved as net formation of non-performing loans decreased significantly, totaling only VND 800 billion (Q1/2025: VND 2.5 trillion).
Cost of credit ratio (Q-%)	0.2	6 bps	-23 bps		
ROAE (%)	18.4	86 bps	-344 bps		
ROAA (%)	1.6	-3 bps	-65 bps		

Source: VIB, RongViet Securities

**APPENDIX - RETAIL BANKING OUTLOOK**

Although, in the new context, VIB is expanding into corporate lending, retail credit still plays a core role, accounting for approximately 60-70% of total customer loans. We expect VIB, as a retail bank with proven experience and competitive advantages, to continue to effectively leverage this business segment, given the significant room for growth in retail credit.

**Figure 44: Household expenditure/GDP of Vietnam and regional countries in 2023 (%)**

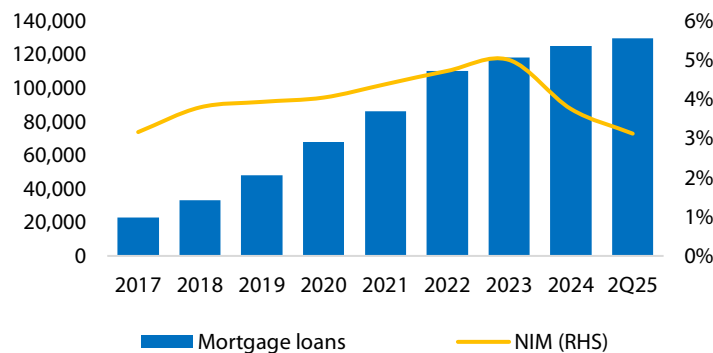


Source: World Bank, Rong Viet Securities

**Home mortgage lending remains a core product driving credit growth and improving net interest margin (NIM)**

Home purchase loans are one of VIB’s key business segments, accounting for nearly 50% of total outstanding credit. During the 2017-2022 period, this product served as both a driver for credit growth and a support for improving the bank’s NIM. (Compared to other loan products, home purchase loans typically have higher interest rates and longer terms, which allows the bank to optimize capital utilization and increase interest income in the medium and long term).

**Figure 45: Outstanding home purchase loans (VND billion) and annual NIM**



Source: VIB, RongViet Securities

We expect the growth of home purchase loans to recover due to the following factors:

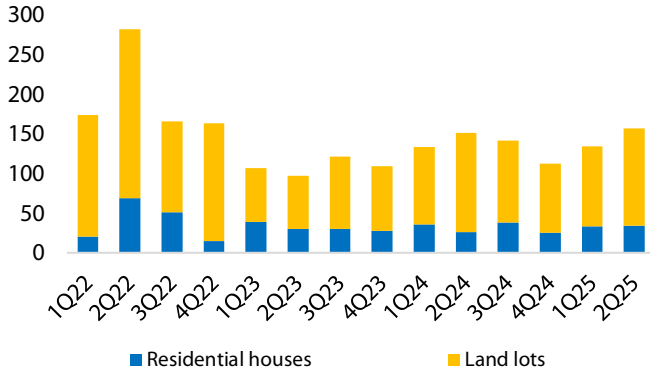
**The real estate market has shown signs of recovery**

According to data from the Ministry of Construction, the number of real estate transfer transactions nationwide (including apartments, houses, and land plots) improved in 2024, following a sharp decline in 2023. Specifically, the number of real estate transfer transactions in 2024 grew by 24% YoY, with land

plot transactions increasing by 34% YoY, while apartment and housing transactions decreased slightly by -0.5% YoY.

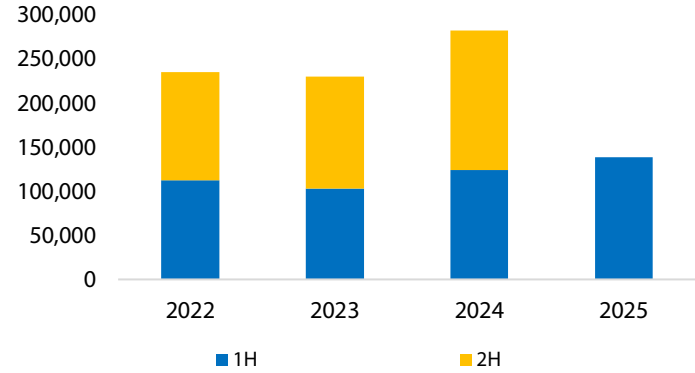
Additionally, the southern region (VIB’s primary operational area), especially Ho Chi Minh City, also recorded signs of recovery in the real estate market. According to data on real estate business revenues (total taxes and fees collected from real estate transactions and related activities) from the Ho Chi Minh City Tax Department, the first half of 2025 saw a 12% improvement compared to the same period in 2024.

**Figure 46: Recovery in the number of real estate transfer transactions after a sharp decline in 2023 (Thousands of transactions)**



Source: Ministry of Construction, RongViet Securities

**Figure 47: Real estate business revenue in Ho Chi Minh City (VND billion)**



Source: Ho Chi Minh City Tax Department, RongViet Securities

**Expansion of mortgage loan products to the project-based housing segment**

VIB’s plan to expand into project-based home loans, which it started implementing in early 2025, is expected to support credit growth for home purchase loans in the coming period. Initially, VIB is financing loans for several real estate projects included in the preferential list through a VND 25 trillion home loan package. Most of the projects being financed are real estate in major cities (Hanoi and Ho Chi Minh City) that have completed construction and handed over homes, while a few projects (such as Citi Grand) have just started sales in Q2/2025.



**APPENDIX - PEER COMMERCIAL JOINT-STOCK BANKS**

In this report, we use six commercial joint-stock banks from Asian countries, which have high retail proportions and similar positions to VIB, as benchmarks for analysis and forecasting.

1. **Bank Permata Tbk PT (BNLI IJ Equity)** is one of the top 10 largest banks in Indonesia and has been owned by Bangkok Bank since 2020. The bank offers a wide range of retail financial products with its target customers being individuals and middle-income families in major urban areas. Its retail strategy focuses on personalizing products and providing fast loan processing through the PermataMobile X digital banking app.
2. **Ping An Bank Co., Ltd. (000001 CH)** is a subsidiary of Ping An Financial and Insurance Group. Ping An Bank is renowned for its strong development of retail banking and comprehensive digital transformation, with the "Ping An Pocket Bank" mobile platform currently serving around 170 million accounts. The bank's retail loan portfolio over the past 5 years accounts for approximately 70% of total outstanding loans, focusing on consumer loans and home purchase loans.
3. **Union Bank of the Philippines (UBP PM)** is one of the largest commercial banks and a pioneer in digital transformation in the Philippines. With a strategic focus on technology and digital finance, UnionBank has rapidly developed electronic banking platforms and expanded its coverage in both the individual and small business customer segments. In retail banking, personal loans account for over 60% of UnionBank's total outstanding loans, focusing on products such as consumer loans, unsecured loans, credit card loans, and personal living loans.
4. **Hong Leong Bank Bhd (HLBK/R MK)** is one of Malaysia's largest commercial banks, a subsidiary of Hong Leong Group. In retail lending, Hong Leong Bank maintains its position as one of the banks with the highest retail proportion in the region, with personal loans accounting for over 65% of its total outstanding loans. The retail lending activities are mainly focused on mortgage products such as home loans, auto loans, and unsecured consumer loans. The bank operates with an efficiency-focused and risk-controlled operating model, targeting a primarily middle-to-high-income retail customer base.
5. **Tien Phong Commercial Joint Stock Bank (TPB VN)** was established in 2008. TPBank stands out for its focus on digital strategies, applying technology to improve operational efficiency and enhance customer experience. In its credit operations, TPBank focuses on retail lending, with the retail loan portfolio accounting for approximately 50% of total outstanding loans. The bank offers a wide range of consumer loan products such as home loans, auto loans, unsecured loans, and individual business loans. TPBank has also developed digital technology platforms for loan solutions, such as eLoan, which helps automate the loan assessment and approval process.
6. **Asia Commercial Joint Stock Bank (ACB VN)** was established in 1993 and is one of the largest and most efficient commercial banks in Vietnam. Retail banking is a strategic focus for ACB, accounting for over 60% of its total outstanding loans. The bank focuses on personal loan products such as home loans for residential purposes, consumer loans, and individual business loans, with a cautious credit policy and no lending for real estate investment projects. The target customers are primarily individuals and families with stable incomes in major urban areas in the southern region.

**Table 6: VIB's peer banks (FY2024)**

Unit: USD Mn	Nation	Market Cap.	Total asset	TOI	PBT
<b>Vietnam International Commercial JSB</b>	<b>Vietnam</b>	<b>2,313</b>	<b>19,351</b>	<b>879</b>	<b>359</b>
Bank OCBC NISP Tbk PT	Indonesia	1,876	17,278	753	378
Bank Permata Tbk PT	Indonesia	6,057	15,929	748	291
Union Bank of the Philippines	Philippines	1,901	19,682	1,389	274
Hong Leong Bank Bhd	Malaysia	9,847	63,131	1,230	1,094
Tien Phong Commercial JSB	Vietnam	1,469	16,403	761	303
Asia Commercial JSB	Vietnam	4,530	33,903	1,427	839

Source: Bloomberg, RongViet Securities, data of FY2024

Compared to the average of similar banks, VIB has a higher P/B valuation (the 5-year average P/B ratio is 1.5x), thanks to its superior profitability metrics. Specifically, VIB's NIM and ROAE ratios have remained high, with the 5-year averages at 4.5% and 24.5%, nearly double the industry average.

VIB maintains the highest proportion of retail lending among its peers, averaging approximately 83% of total outstanding loans, serving as a key driver for the bank's credit growth and high profitability in recent periods. However, VIB's asset quality has deteriorated significantly, with an increasing non-performing loan (NPL) ratio and a notably lower NPL coverage ratio compared to the industry average, indicating limited room for credit risk management and potential pressure on profitability from provisioning requirements.

**Table 7: Average of 6 peer banks comparable to VIB**

Year	2019	2020	2021	2022	2023	2024	Weighted Avg 5Y
Weight	10%	10%	10%	20%	20%	30%	
<b>Valuation</b>							
<b>P/B (times)</b>							
VIB	1.1	1.8	2.7	1.1	1.2	1.4	1.5
Mean	1.3	1.5	1.5	1.0	1.0	1.0	1.1
Median	1.3	1.4	1.4	1.0	1.1	1.1	1.2
<b>Profitability</b>							
<b>NIM (%)</b>							
VIB	4.2	4.5	4.8	5.0	5.1	3.8	4.5
Mean	3.3	3.7	3.7	3.7	3.7	3.4	3.5
Median	3.8	3.8	3.8	3.7	3.7	3.6	3.5
<b>ROE (%)</b>							
VIB	26.6	28.9	29.9	29.4	23.9	17.8	24.5
Mean	13.5	12.5	12.9	13.7	12.3	12.7	12.9
Median	11.3	9.6	10.8	10.9	11.8	11.8	10.7
<b>ROA (%)</b>							
VIB	2.0	2.2	2.3	2.6	2.3	1.6	2.1
Mean	1.3	1.2	1.3	1.5	1.4	1.5	1.4
Median	1.7	1.2	1.2	1.3	1.3	1.5	1.2
<b>Asset quality</b>							
<b>NPL (%)</b>							
VIB	2.0	1.7	2.3	2.5	3.2	3.5	2.8
Mean	1.3	1.9	2.0	1.9	2.3	2.2	2.0
Median	1.3	1.2	1.0	1.0	1.6	1.5	1.4
<b>LLR (%)</b>							
VIB	50.7	59.1	51.3	53.8	50.7	50.9	52.3
Mean	173.1	163.9	203.3	187.7	180.2	186.0	183.4
Median	167.0	160.3	226.9	211.8	168.8	155.0	161.4
<b>Operational metrics</b>							
<b>NII/TOI (%)</b>							
VIB	71.8	72.1	75.4	77.1	78.4	76.1	75.9
Mean	68.4	72.6	72.4	74.7	74.4	75.0	74.8
Median	67.9	73.2	72.4	74.5	72.5	72.9	73.4
<b>CIR (%)</b>							
VIB	40.4	37.9	33.7	31.9	28.0	32.8	33.0
Mean	37.4	42.8	38.9	41.0	38.3	40.7	40.9
Median	45.2	39.6	33.3	38.3	39.1	40.5	41.0
<b>Retail lending/Total loans (%)</b>							
VIB	81.3	82.8	86.7	89.6	84.4	78.4	83.4
Mean	43.5	76.7	76.9	77.3	74.0	74.1	70.6
Median	41.6	75.4	73.4	76.2	74.6	74.2	71.2
<b>Growth metrics</b>							
<b>Customer loans (%)</b>							
VIB	34.6%	31.6%	20.3%	11.2%	11.8%	15.8%	18.0%
Mean	14.5%	9.6%	10.0%	8.0%	9.8%	5.1%	9.0%
Median	15.8%	8.3%	10.2%	4.6%	10.6%	4.7%	6.7%
<b>PBT (%)</b>							
VIB	47.5%	42.1%	39.9%	29.4%	-0.6%	-20.0%	12.7%
Mean	43.1%	-4.0%	22.2%	28.3%	-0.8%	14.3%	16.6%
Median	41.2%	-8.0%	22.2%	27.0%	-0.2%	11.0%	15.2%

Source: Bloomberg, RongViet Securities

## APPENDIX - 2025F-2030F FORECASTS TABLES

**Table 8: Projected annual financial statements of VIB**

INCOME STATEMENT	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Interest Income	27,509	36,691	32,443	38,218	47,283	57,029	66,385	76,965	89,197
Interest Expenses	-12,547	-18,207	-15,693	-20,817	-26,288	-32,253	-37,148	-42,873	-49,503
<b>Net Interest Income</b>	<b>14,963</b>	<b>18,484</b>	<b>16,750</b>	<b>17,400</b>	<b>20,995</b>	<b>24,776</b>	<b>29,237</b>	<b>34,091</b>	<b>39,694</b>
Net Fee Income	3,188	2,203	1,765	1,795	2,101	2,426	2,866	3,415	3,886
Net gain/(loss) from FX and gold dealings	-275	548	501	566	612	612	709	1,000	1,121
Net gain/(loss) from trading/investment bonds	-176	130	248	253	220	252	255	291	317
Net other income	355	792	1,301	2,015	2,602	2,325	2,218	2,057	1,893
<b>TOI</b>	<b>18,058</b>	<b>22,160</b>	<b>20,569</b>	<b>22,034</b>	<b>26,534</b>	<b>30,394</b>	<b>35,288</b>	<b>40,858</b>	<b>46,914</b>
OPEX	-6,197	-6,611	-7,211	-7,825	-8,980	-10,465	-12,186	-14,057	-16,116
Profit before provision	11,861	15,550	13,358	14,209	17,553	19,929	23,102	26,801	30,798
Provision for credit losses	-1,280	-4,846	-4,353	-3,454	-4,438	-4,284	-4,190	-4,314	-4,489
<b>PBT</b>	<b>10,581</b>	<b>10,704</b>	<b>9,004</b>	<b>10,755</b>	<b>13,116</b>	<b>15,645</b>	<b>18,912</b>	<b>22,487</b>	<b>26,309</b>
Corporate income tax	-2,112	-2,141	-1,800	-2,149	-2,622	-3,127	-3,780	-4,495	-5,259
Minority interest	0	0	0	0	0	0	0	0	0
<b>NPAT-MI</b>	<b>8,469</b>	<b>8,563</b>	<b>7,204</b>	<b>8,606</b>	<b>10,494</b>	<b>12,518</b>	<b>15,132</b>	<b>17,992</b>	<b>21,051</b>
<b>EPS (VND)</b>	<b>4,018</b>	<b>2,837</b>	<b>2,385</b>	<b>2,505</b>	<b>3,060</b>	<b>3,656</b>	<b>4,426</b>	<b>5,268</b>	<b>6,169</b>

Source: VIB, RongViet Securities estimates

**Table 9: Projected annual balance sheet of VIB**

BALANCE SHEET	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
<b>ASSETS</b>									
Cash and precious metals	1,681	1,639	1,665	1,661	1,684	1,699	1,690	1,737	1,786
Balances with the SBV	8,218	9,909	11,748	11,749	14,015	16,229	18,709	21,507	24,715
Placements with and loans to other credit institutions	68,198	105,589	116,147	116,147	133,569	146,926	154,273	168,157	183,291
Trading securities, net	0	0	0	0	0	0	0	0	0
Loans and advances to customers, net	262,091	318,325	386,944	387,152	462,613	540,094	627,295	724,789	838,128
Investment securities	60,988	50,344	59,353	59,353	71,105	86,519	105,409	128,589	157,069
Investment in other entities and long-term investments	69	69	69	82	97	113	186	214	247
Fixed assets	700	756	795	887	975	1,174	1,321	1,535	1,762
Other assets	9,165	7,720	5,663	6,230	7,164	8,239	9,474	10,896	12,530
<b>TOTAL ASSETS</b>	<b>342,799</b>	<b>409,881</b>	<b>493,158</b>	<b>583,262</b>	<b>691,225</b>	<b>800,996</b>	<b>918,359</b>	<b>1,057,426</b>	<b>1,219,532</b>
<b>LIABILITIES</b>									
Due to Gov and borrowings from SBV	0	0	18,587	16,728	13,383	16,233	15,448	13,519	13,560
Deposits and borrowings from other credit institutions	71,166	98,640	123,201	139,833	166,820	188,507	213,013	246,030	284,165
Deposits from customers	200,124	236,577	276,308	332,841	393,884	457,930	526,848	606,244	696,332
Funds received from Gov, international and other institutions	8	7	5	6	6	6	6	6	6
Valuable papers issued	31,775	23,897	23,263	34,149	47,126	56,552	67,172	80,136	95,442
Other liabilities	7,075	12,821	9,933	11,423	13,707	16,449	18,916	21,753	25,016

<b>Total liabilities</b>	<b>310,148</b>	<b>371,942</b>	<b>451,297</b>	<b>534,980</b>	<b>634,926</b>	<b>735,675</b>	<b>841,402</b>	<b>967,688</b>	<b>1,114,521</b>
<b>MINORITY INTEREST</b>	0	0	0	0	0	0	0	0	0
<b>SHAREHOLDER'S EQUITY</b>									
Capital	21,078	25,370	29,793	33,964	33,964	33,964	33,964	33,964	33,964
Reserves	2,518	3,470	4,333	5,364	6,621	8,120	9,933	10,374	10,614
Retained Earnings	9,055	9,099	7,735	8,954	15,714	23,236	33,059	45,400	60,433
Shareholder's equity	32,651	37,940	41,862	48,282	56,299	65,320	76,956	89,738	105,011
<b>TOTAL LIABILITIES &amp; EQUITIES</b>	<b>342,799</b>	<b>409,881</b>	<b>493,158</b>	<b>583,262</b>	<b>691,225</b>	<b>800,996</b>	<b>918,359</b>	<b>1,057,426</b>	<b>1,219,532</b>

Source: VIB, RongViet Securities estimates

**Table 10: Profitability metrics**

<b>PROFITABILITY</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>	<b>2030F</b>
Avg lending yield	11.5%	12.9%	9.7%	9.2%	9.5%	9.7%	9.7%	9.7%	9.7%
Avg deposit rate	5.2%	7.0%	5.0%	5.7%	5.9%	6.1%	6.1%	6.1%	6.1%
Avg yield of earning assets	8.7%	9.9%	7.3%	7.1%	7.5%	7.7%	7.7%	7.8%	7.9%
CoF	4.3%	5.5%	3.9%	4.3%	4.6%	4.8%	4.8%	4.8%	4.9%
NIM	4.7%	5.0%	3.7%	3.3%	3.3%	3.3%	3.4%	3.5%	3.5%
ROAE	29.7%	24.3%	18.1%	19.1%	20.1%	20.6%	21.3%	21.6%	21.6%
ROAA	2.6%	2.3%	1.6%	1.6%	1.6%	1.7%	1.8%	1.8%	1.8%

Source: VIB, RongViet Securities estimates

**Table 11: Asset quality indicators**

<b>ASSET QUALITY</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>	<b>2030F</b>
NPL ratio	2.5%	3.1%	3.5%	3.3%	3.2%	3.1%	2.9%	2.8%	2.8%
Net NPL formation (VND bn)	1,645	6,298	5,940	5,018	5,176	4,837	4,742	4,805	5,554
Net NPL formation rate	0.8%	2.5%	2.0%	1.4%	1.2%	1.0%	0.8%	0.7%	0.7%
Credit cost	0.6%	1.9%	1.5%	1.0%	1.0%	0.8%	0.7%	0.6%	0.6%
LLR	53.9%	51.0%	50.1%	44.2%	47.3%	49.6%	51.4%	53.9%	54.8%

Source: VIB, RongViet Securities estimates

**Table 12: Operational efficiency ratios**

<b>OPERATING METRICS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>	<b>2030F</b>
NII/TOI	82.9%	83.4%	81.4%	79.0%	79.1%	81.5%	82.9%	83.4%	84.6%
NFI/TOI	17.7%	9.9%	8.6%	8.1%	7.9%	8.0%	8.1%	8.4%	8.3%
Other Non-NII/TOI	0.0%	6.6%	10.0%	12.9%	13.0%	10.5%	9.0%	8.2%	7.1%
CIR	34.3%	29.8%	35.1%	35.5%	33.8%	34.4%	34.5%	34.4%	34.3%
Total assets/Equity	10.5	10.8	11.8	12.1	12.3	12.3	12.0	11.8	11.6

Source: VIB, RongViet Securities estimates

**Table 13: Growth indicators**

GROWTH METRICS	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
NII	26.6%	23.5%	-9.4%	3.9%	20.7%	18.0%	18.0%	16.6%	16.4%
NFI	16.3%	-30.9%	-19.9%	1.7%	17.0%	15.5%	18.1%	19.2%	13.8%
Other Non-NII	-128.0%	-	39.4%	38.2%	21.1%	-7.2%	-0.2%	5.2%	-0.5%
TOI	21.3%	22.7%	-7.2%	7.1%	20.4%	14.6%	16.1%	15.8%	14.8%
OPEX	17.3%	6.7%	9.1%	8.5%	14.8%	16.5%	16.4%	15.4%	14.6%
Provision expenses	-19.9%	278.7%	-10.2%	-20.7%	28.5%	-3.5%	-2.2%	3.0%	4.0%
PBT	32.1%	1.2%	-15.9%	19.5%	22.0%	19.3%	20.9%	18.9%	17.0%
NPAT-MI	32.1%	1.1%	-15.9%	19.5%	22.0%	19.3%	20.9%	18.9%	17.0%

Source: VIB, RongViet Securities estimates

**Table 14: Projected annual cash dividends of VIB**

	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Cash dividend per share (VND)	0	1,500	1,250	700	700	1,000	1,000	1,000	1,000
Dividend payout ratio (VND)	0%	15%	12.5%	7%	7%	10%	10%	10%	10%
Dividend yield	0.0%	5.5%	6.6%	4.0%	4.0%	5.8%	5.8%	5.8%	5.8%

Source: VIB, RongViet Securities estimates

## Company Report

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

## RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

In some cases, we do not provide specific buy/sell recommendations but only offer some reference valuations to give investors additional information, classified under the **OBSERVE** recommendation

## ABOUT US

**RongViet Securities Corporation (RongViet)** was established in 2006, licensed to perform the complete range of securities services including brokerage, financial investment, underwriting, financial and investment advisory, and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the manpower as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongVietSecurities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

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