Bank for Foreign Trade of Vietnam

[Vietnam / Banking]

Bloomberg Code (VCB VN) | Reuters Code (VCB.HM)

BUY

Initiate Coverage

Target price (12 months)	**87,200 VND**
Current price (03/11/22)	73,600 VND
Upside/downside (%)	18.5%

[Analyst]

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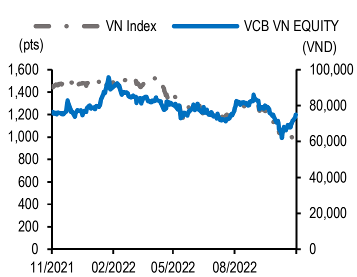
VNINDEX	1,023
HNXINDEX	212
Market Cap (bn VND)	348,313
Outstanding shares (mn)	4,733
Free-Floating (mn)	1,192
52-Wk High/Low (VND)	96,000/62,000
90-day avg. trading volume (mn)	1.10
90-day avg. turnover (bn VND)	86
Foreign ownership (%)	23.6

Major shareholders (%)	State bank of Vietnam	74.8
	Mizuho Bank, Ltd.	15

Performance	3T	6T	12T
Absolute (%)	-4.9	-7.3	-2.2
Relative to VN-Index (%)	11.8	17.1	26.6



Shinhan Securities

Growing sustainably

Initiate coverage with BUY rating and target price of VND 87,200

Bank for Foreign Trade (HoSE: VCB) is one of the "Big 4" state-owned banks with the largest market capitalization in the banking industry. VCB has always maintained the advantage of being the most efficient bank in business, improved asset quality over the years, and constantly made efforts in digital transformation. In addition, VCB always aims at international standards throughout its operation, continuously being trusted by prestigious organizations worldwide. We value VCB for the first time at VND 87,200, equivalent to a return of 18.5%.

Good asset quality, low NPL ratio, and highest loan-loss reserves ratio in the industry

NPL ratio remained low when it reached 0.64% at the end of 2021, increasing to 0.80% as of Q3/2022. VCB's bad debt coverage ratio has been leading the industry for years, with 424% at the end of 2021, continuing to remain high LLR with 402% as of Q3/2022. VCB raised its charter capital by issuing shares to pay dividends and issued many bonds to increase Tier 2 capital to ensure the CAR ratio above 8% according to Basel II requirements.

Diversified funding sources, and a relatively low cost of capital, create many potentials to improve NIM

Thanks to its reputation, business characteristics, and extensive branch network, VCB has mobilized abundant capital from the State Bank (SBV), other credit institutions, and large enterprises. Therefore, VCB is not under much pressure to mobilize capital because banks are in the race to increase deposit interest rates due to the influence of macro factors. The rate of CASA improving over the years ranked third in the system with 33.79% as of Q3/2022.

Outstanding business results with industry-leading profits

VCB leads the system in terms of EBT, reaching VND 27,385 billion (+18.82% YoY) at the end of 2021. After being surpassed in Q1/2022, VCB returned to the throne in Q2/2022 and temporarily leading in Q3/2022, with accumulated EBT results in 9M2022 reached VND 24,940 billion (+29.15% YoY). Thanks to the positive contribution from foreign exchange trading and service activities, besides effective cost management, CIR remained around 33.78%.

Risks (1) Risk of increasing interest rates; (2) Exchange rate risk; (3) Bad debt increasing.

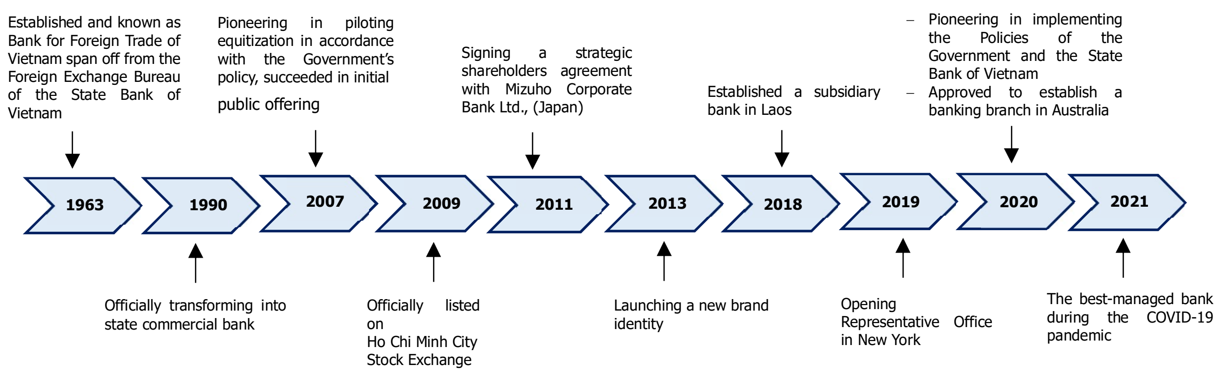
Year to Dec.	2021	2022F	2023F	2024F	2025F
Net interest income (bn VND)	42,273	48,888	57,912	69,794	83,745
Net non-interest income (bn VND)	14,357	17,743	21,172	25,609	30,831
TOI (bn VND)	56,630	66,631	79,084	95,403	114,576
Profit before provision (bn VND)	38,964	46,701	56,301	69,143	84,047
NPAT (bn VND)	22,017	29,049	35,293	43,144	54,269
EPS (VND)	5,936	6,138	7,458	9,117	11,467
EPS growth rate (%)	19.2	3.4	21.5	22.2	25.8
P/E (x)	12.6	12.9	10.6	8.7	6.9
P/B (x)	3.4	2.6	2.2	1.9	1.5
ROE (%)	1.6	1.9	1.9	2.0	2.1
Year to Dec.	21.6	23.8	23.9	24.5	25.5

Source: Company data, Shinhan Securities Vietnam

Contents

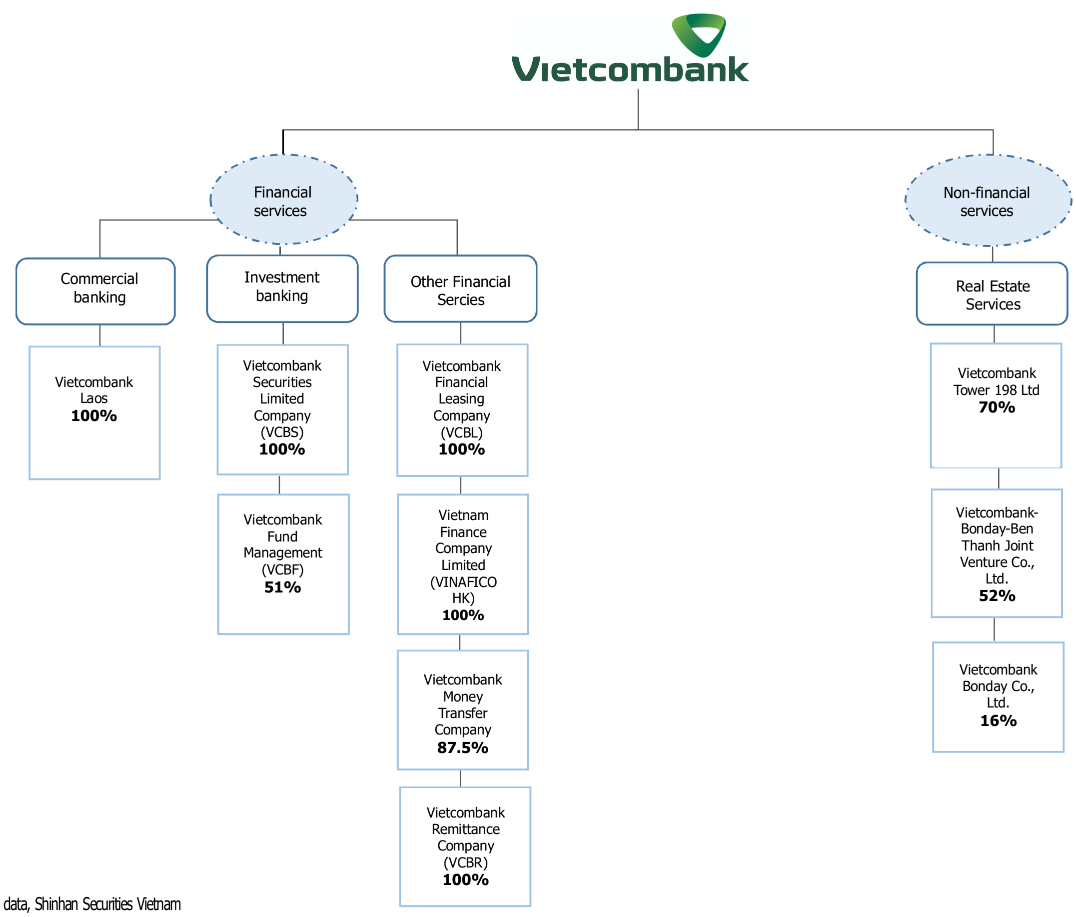
Company background

History



Model of Governance

Vietcombank owns many subsidiaries operaitng in financial and non-financial services, including:



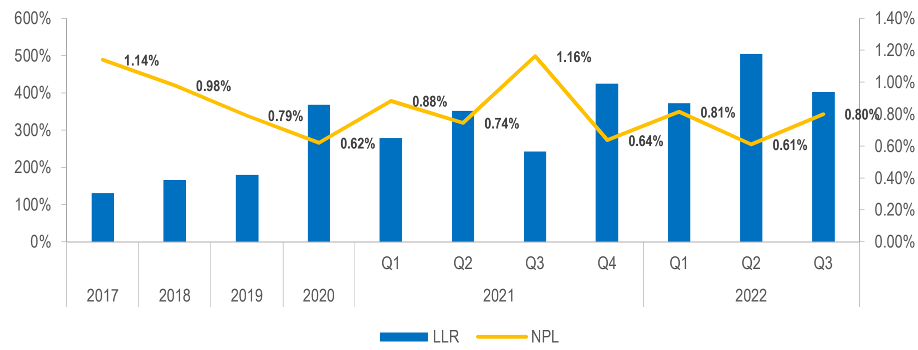
Source: Company data, Shinhan Securities Vietnam

Investment Catalyst & Theses

Good asset quality, low NPL ratio, and highest loan-loss reserves ratio in the industry

1. Loan-loss reserves ratio is outstanding in the industry

NPL and LLR ratio of VCB

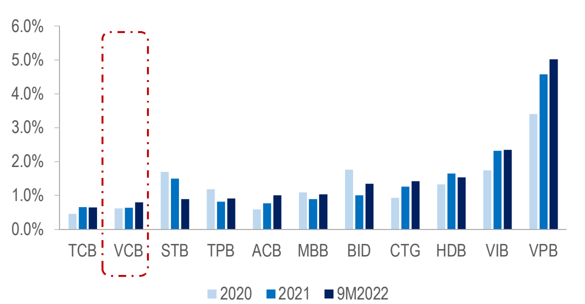


Source: Company data, Shinhan Securities Vietnam

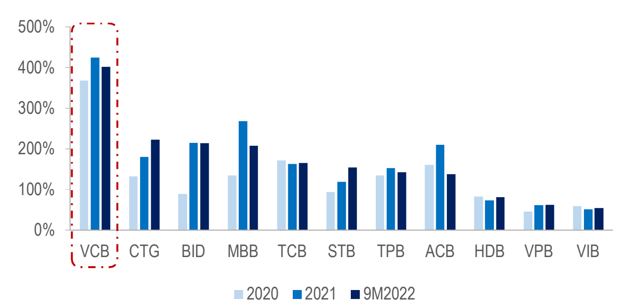
VCB's asset quality is demonstrated by its low NPL ratio (NPL) and high provisioning (LLR), helping VCB maintain its position in the context of the following volatile economic conditions after the epidemic. VCB's NPL improved significantly to gain 0.61% as of Q2/2022, but increasing again to 0.80% as of Q3/2022. However, VCB still belongs to the group of banks with low NPL ratio, showing that the Bank is well controlling the quality of loans, as well as evaluating quality of customer files.

VCB's business and lending orientation has always been in a cautious direction as the bad debt coverage ratio (LLR) continued to increase and reached the highest level ever of the Bank as well as the highest in the system. LLR rate reached 424% at the end of 2021, increased to 504% in 1H2022, slightly decreasing in Q3 with 402% as of Q3/2022, maintaining the leading position and far ahead of other competitors in the industry. The provisioning ratio depends on the risk appetite of each Bank. VCB advocates reducing the deduction of the value of collateral assets while increasing the provisioning. In addition, VCB has made 100% provision for restructured debts in support policy according to Circular 14/2021/TT-NHNN. With the bad debt ratio still low and customers recovering gradually while the provisioning rate is high, the potential for reversing provisions into profit at VCB is also a worthy point.

NPL ratios of banks in the system



LLR ratios of banks in the system



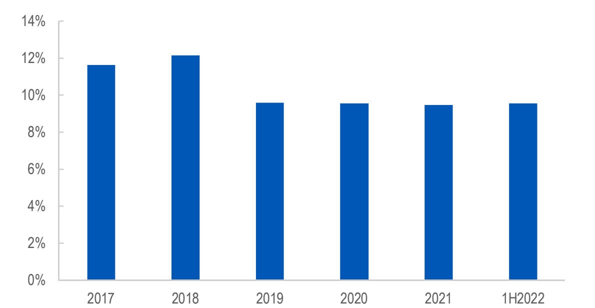
Source: Company data, Shinhan Securities Vietnam

2. Increase capital to maintain capital adequancy ratio (CAR)

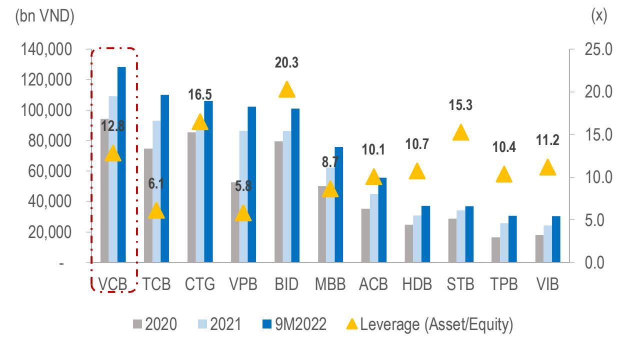
VCB maintains a CAR ratio above the required level of 8%, as Basel II requires. Specifically, the Bank reached 9.47% at the end of 2021, increasing to 9.56% by June 2022. To ensure capital safety when VCB expands its business and grows credit in the coming time, increasing the capital buffer should be a concern. Therefore, in 2021 and early 2022, VCB issued many additional bonds to tier 2 capital to increase CAR.

In terms of equity, VCB has grown enormously since 2017, with nearly VND 52,558 billion to VND 128,390 billion by September 2022, maintaining its top advantage for many consecutive years. The substantial equity increase was made possible when VCB issued 111 million shares to partners GIC Private Limited (GIC) and Mizuho Bank Ltd in 2019 and issued nearly 1,024 million shares to pay dividends completed in early 2022. With strong equity capital, VCB has shown its resilience, especially during economic difficulties. VCB's leverage ratio has gradually decreased over the years but remained at a high level of 12.8x by September 2022. In state-owned banks, it is easy to see when raising charter capital is more complicated.

CAR of VCB



Equity and Leverage ratio (Asset/Equity) of banks in the system

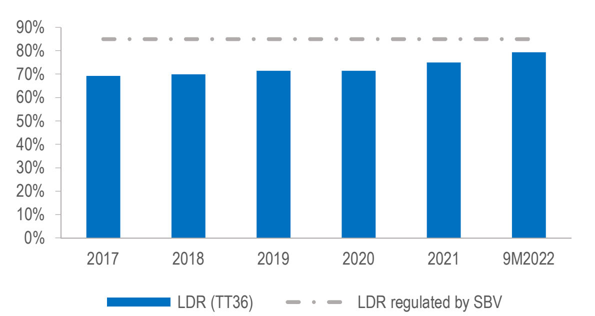


Source: Company data, Shinhan Securities Vietnam

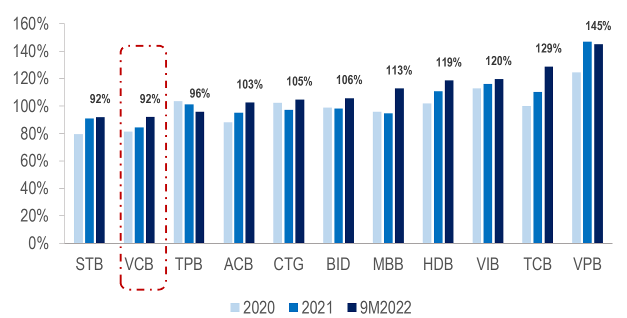
3. Good liquity management

In general, VCB manages liquidity quite closely when the loan-to-deposit ratio (LDR) is always below the maximum regulated level of the SBV. LDR (according to Circular 36/2014/TT-NHNN) of VCB reached nearly 75% at the end of 2021, slightly increased to 79.4% as of September 2022, which is quite far from the regulation on maximum LDR ratio for a state-owned commercial bank is 90%, according to Circular 36 (*). Comparing loan-to-deposit ratio (pure LDR) with other banks in the industry, VCB belongs to the group with a low ratio, reaching about 84.6% in 2021 and 89.30% in 1H2022. With good liquidity, the bank has a lot of growth potential in lending and the ability to respond to large withdrawals from customers promptly.

LDR (Circular 36) of VCB



LDR (pure) ratios of banks in the system



Source: Company data, Shinhan Securities Vietnam

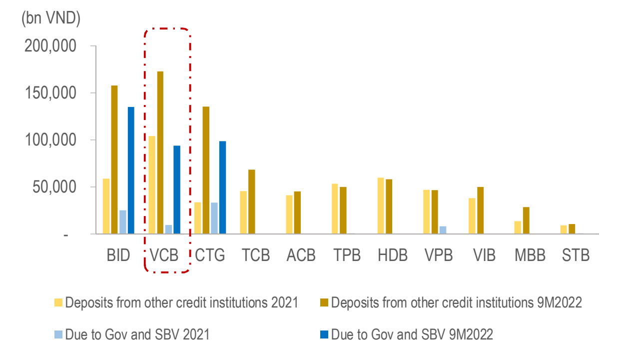
(*) Circular 22/2019/TT-NHNN on limits and prudential ratios of banks and foreign bank branches regulated that every bank and foreign bank branches shall maintain a maximum LDR of 85%.

Diversified funding sources, and a relatively low cost of capital, create many potentials to improve NIM

1. Abundant and sustainable mobilized capital from SBV, other credit institutions and large enterprises

Mobilized capital components of VCB

Deposits from other credit institutions- Due to Gov and SBV of banks in system

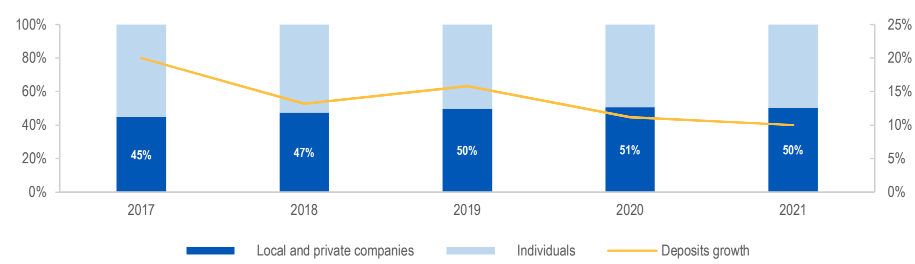


Source: Company data, Shinhan Securities Vietnam

State-owned commercial banks, in general, have an advantage in the race to raise money thanks to their reputation, operational characteristics, and nationwide network of branches and transaction offices. At VCB, deposits of other credit institutions increased over the years to VND 104,044 billion (+3.10% YoY) but significantly increased in 9M2022 to VND 173,006 billion (+70.29% YoY). Due to Gov and loans from SBV increased to VND 93,953 billion (+978.78% YoY) at the end of Q3/2022. As a result, VCB is not under too much pressure to raise deposit rates during this period and can limit the increase in capital costs.

In general, the growth rate of customer deposits of VCB decreased over the years. Deposits from customers reached nearly VND 1,135 million billion (+10% YoY) by the end of 2021, only increasing by about VND 62 trillion to VND 1,197 million billion (+8.01% YoY) at the end of Q3/2022. In which the component of deposits from economic organizations has increased in proportion to 50% since 2021.

Deposits from corporates and individuals of VCB

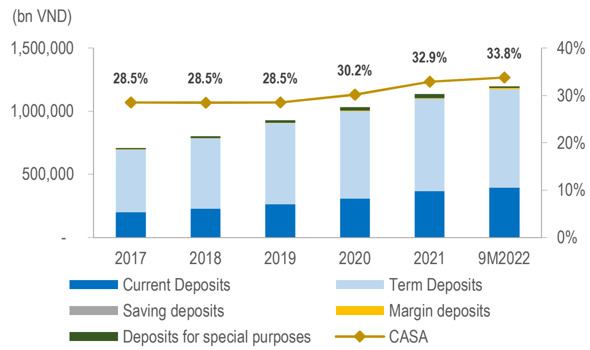


Source: Company data, Shinhan Securities Company

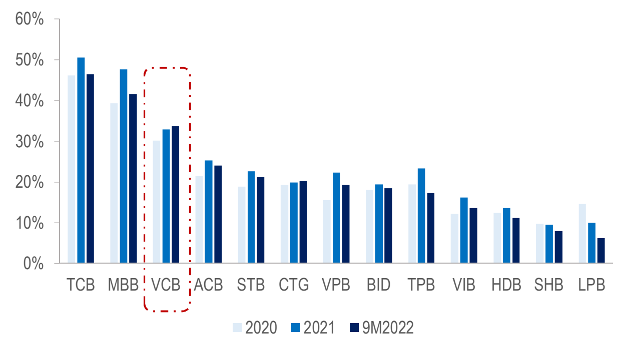
Demand deposits at VCB maintained a growth rate of VND 367,149 billion (+19.58% YoY) at the end of 2021 and reached VND 393,800 billion (+13.53% YoY) in 9M2022. The increase in CASA ratio (including demand deposits and margin) shows the advantage of low-cost capital mobilization of VCB, CASA at the end of 2021 reached 32.9%, increased to 33.79% as of September 2022, belonging to the group of banks with the leading CASA ratio in the industry.

Bank interest rates from the beginning of 2022 fluctuate due to domestic and foreign macro factors. Central banks around the world have increased interest rates. Along with that trend, the SBV has increased the operating interest rate, the interbank interest rate has been adjusted, and other large banks in Vietnam have increased deposit rates. Therefore, interest rates at terms have also been adjusted sharply by VCB but are still low compared to private banks. Regarding the current deposit interest rate, VCB remained at 0.1%.

Types of customer deposits of VCB



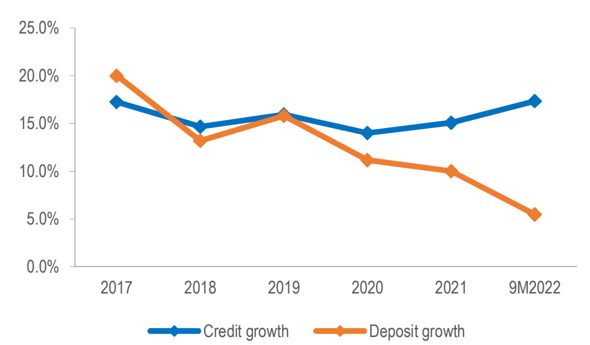
CASA of banks in the system



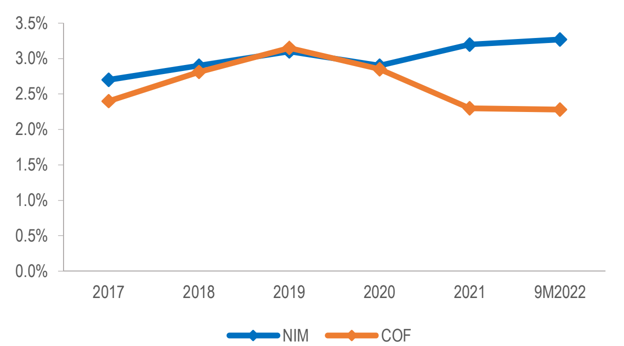
Source: Company data, Fiinpro, Shinhan Securities Company

2. High profitability

Credit growth and deposit growth of VCB



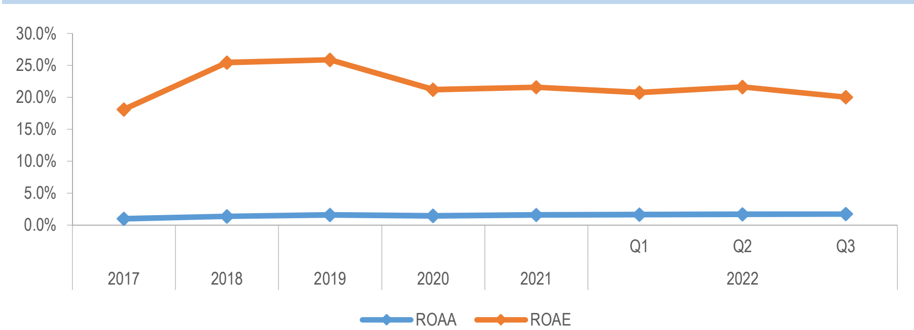
Cost of funding and NIM of VCB



Source: Company data, Fiinpro, Shinhan Securities Company

VCB's credit has a high growth rate in the first half of 2022. According to our calculations, credit balance (including corporate bonds) increased by 15% YoY as of 2021 and, in 9M2022, increased by nearly 17.35% compared to the beginning of the year. Credit growth has outpaced customer deposits over the years, especially in the first half of 2022. It is worth noting that VCB's NIM expanded quite slowly, although the cost of capital remained relatively low as VCB implemented the structure to mobilize input capital. The reason may be that VCB has been implementing preferential loan programs with low-interest rates to support production recovery after the COVIC-19 pandemic. The NIM ratio has broken over 3% since 2020, widening the difference between NIM and the cost of capital ratio. NIM reached 3.27% as of September 2022. With the expectation that the economy will recover shortly, VCB has much potential for credit growth and a low-cost base capital, so NIM is likely to be improved and expanded.

ROAE and ROAA of VCB



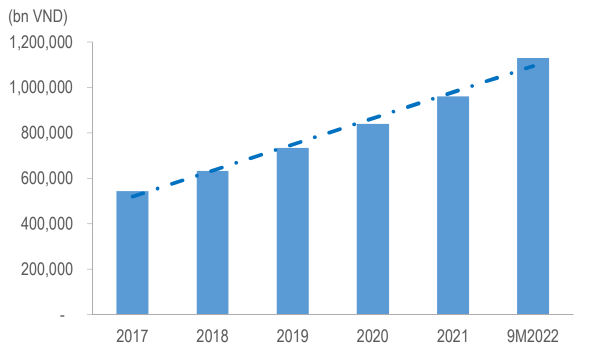
Source: Company data, Shinhan Securities Company

For ROAE and ROAA, ROAE reached 20.3%, and ROAA got 1.72% (TTM), the 5-year average ROE was 21% higher.

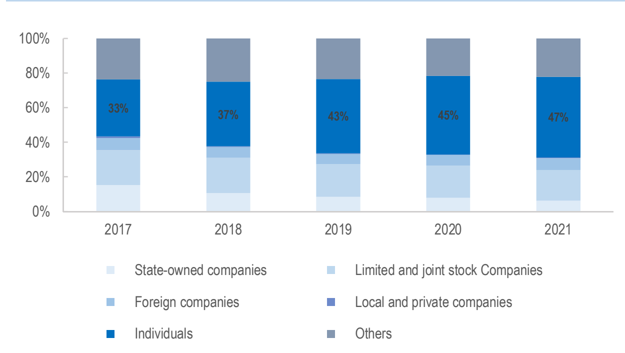
We believe that VCB still has a lot of potential for improvement in these two indexes as (1) interest income increases partly thanks to the gradual shift to retail lending; (2) non-interest income continued to increase strongly along with good cost control; (3) the cost of provision is stable and there is a possibility of reversing the provision from previous years.

3. Lending portfolio shifts to retail

Customer loans of VCB



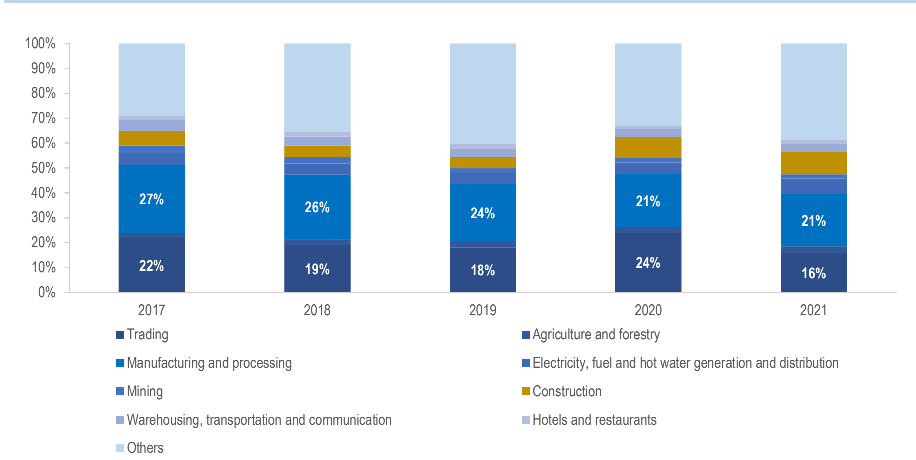
Loans by customer types of VCB



Source: Company data, Shinhan Securities Company

Outstanding customer loans reached VND 960,750 billion in 2021, reaching more than VND 1 million billion in 9M2022, recording a CARG increase of nearly 17% from 2017. Based on the total outstanding loans of 27 listed banks, market share VCB's loan balance maintained around 13% of the total loan balance of the whole industry. The ratio of loans to individual customers increased from 45% at the end of 2020 to 47% in 2021, in line with the Bank's focus on business restructuring, which is to increase the proportion of outstanding retail loans. The Bank's strategic goal by 2025 is to become the No. 1 bank in retail and investment banking. Therefore, VCB has many prospects to increase interest income from individual customers with higher lending rates. VCB's loan portfolio by industry focuses mainly on low-risk sectors to support the recovery and development of the domestic economy. The Bank cooperates and lends primarily for trade, processing, and manufacturing businesses, taking advantage of abundant foreign currency resources, large scale, and broad relationships with many significant partners.

Loans by sectors of VCB

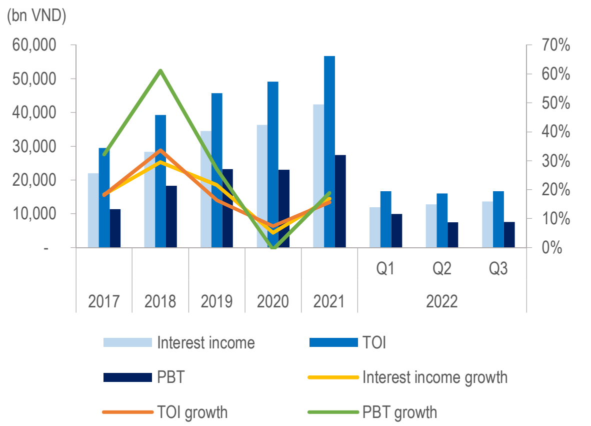


Source: Company data, Shinhan Securities Company

Outstanding business results with industry-leading profits

1. Efficient contribution of non-interest income

Net interest income- TOI and profit before tax off VCB



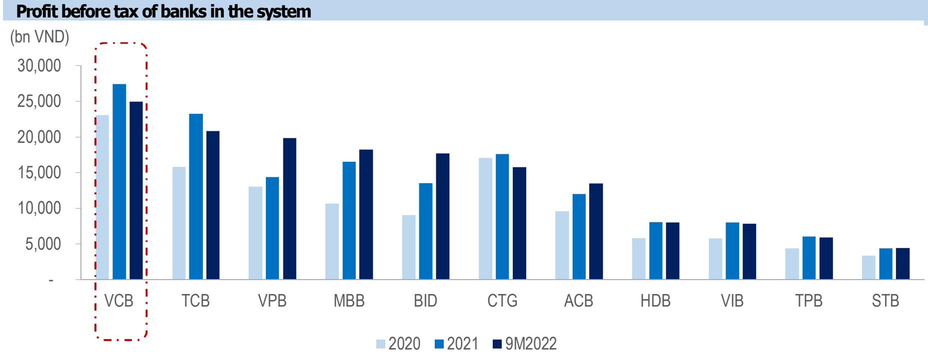
Net-interest income and Net non-interest income of VCB

Source: Company data, Shinhan Securities Company

Total operating income (TOI) continued to increase, and the growth rebounded in 2021, reaching VND 56,724 billion (+15.61% YoY), Q2/2022 reaching VND 15,972 billion (+23.78% YoY). VCB's pre-tax profit (PBT) has increased rapidly over the years, reaching VND 27,385 billion (+18.82% YoY) in 2021, leading the industry thanks to the positive results of its business segments. After being surpassed by VPB in terms of EBIT in 1Q2022, VCB regained the throne in Q2 and Q3/2022 when it achieved VND 7,566 billion (+31.87% YoY) in Q3/2022.

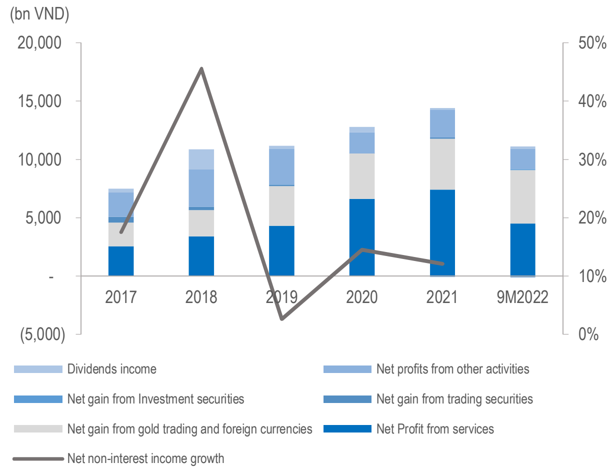
The non-interest business profit reached VND 14,324 billion (+12.12% YoY) in 2021, accumulated in 9M2022, and reached VND 10,983 billion (+7.30% YoY), contributing to the strong growth of pre-tax profit. Income from foreign exchange trading and services accounted for a large proportion of non-interest income, accounting for 52% and 31%, respectively, as of 2021. Income from foreign exchange activities reached VND 4,375 billion (+12% YoY) in 2021, which is much higher than other banks in the industry and continues to maintain its advantage in 9M2022 when the cumulative 9M gained of VND 4,580 billion (+43.06% YoY). Income from service activities also maintained an upward momentum when reaching VND 7,407 billion in 2021 (+12.11% YoY). The growth rate slightly decreased compared to the previous year because VCB reduced service fees for all services. All customers to support during the epidemic season. Accumulation of 9M decreased slightly to VND 4,508 billion (-9.73% YoY). The decrease may come from the fact that from 2022, VCB has offered a policy of free of charge for all money transfers, free of charge for management and maintenance on VCB Digibank. With the ownership of more than 600 branches and transaction offices (by the end of 2021), the free policy will be a catalyst to help VCB attract a significant number of customers in the future, increase the CASA ratio and improve a portion of the cost of capital. In addition, from 2021, VCB has focused on digital transformation, improving customer experience, and increasing competition for retail market share with large private banks that have been digitally transformed for many years.

Profit before tax of banks in the system

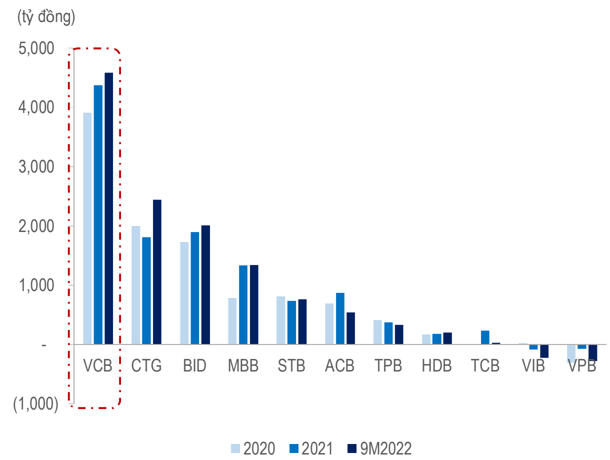


Source: Company data, Shinhan Securities Company

Components of non-interest income of VCB



Net gain from gold trading and foreign currencies

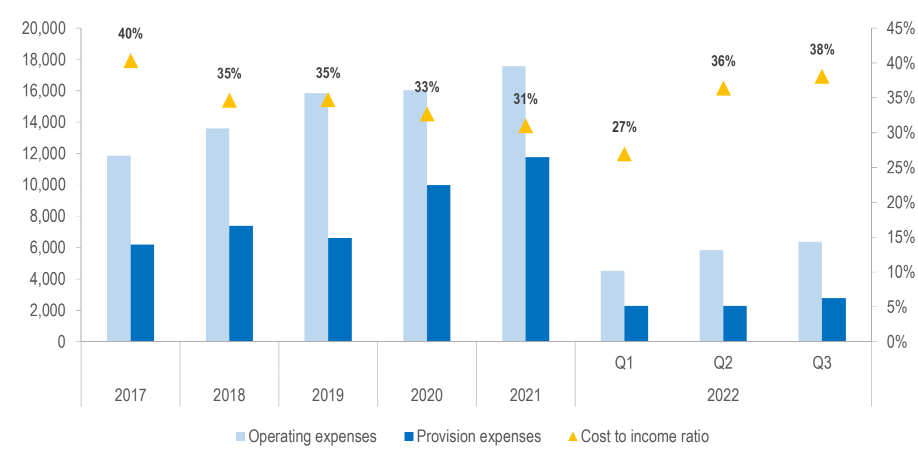


Source: Company data, Shinhan Securities Company

2. Effective operating expenses management

Growth in operating expenses has decreased steadily over the years, specifically in 2021, it will only increase by 9.57% YoY to reach VND 17,574 billion, accumulated in 9M2022 to reach VND 16,695 billion (+15% YoY). The ratio of operating expenses to total operating income (CIR) gradually decreased over the years when it reached only 31% at the end of 2021, fell in Q1/2022 at 27%, and then increased to 38% as of Q3/2022. VCB manages operating expenses at a stable level while maintaining the CIR ratio of around ~35%. Besides, provision expenses, after increasing rapidly in 2020, decreased to VND 11,761 billion (+17.90% YoY), but accumulated in 9M2022 decreased to VND 7,326 billion (-2.83% YoY). VCB has fully made provision for restructuring loans, keeping the group of debt intact before the deadline prescribed by the State Bank, so the Bank will no longer be under pressure in the coming time.

Operating expenses and CIR of VCB



Source: Company data, Shinhan Securities Company

Earnings estimates

Indicators	2021	2022	YoY	2023	YoY
Total credit (including corporate bonds) (bn VND)	972,680	1,147,762	+18.0%	1,342,882	+17.00%
Deposits from customers (bn VND)	1,135,324	1,316,707	+15.9%	1,522,377	+15.6%
NPL (%)	0.64	0.70		0.75	
NIM (%)	3.2	3.2		3.3	
Net interest income (bn VND)	42,273	48,888	+15.7%	57,912	+18.5%
Net non-interest income (bn VND)	14,357	17,743	+23.6%	21,172	+19.3%
Total operating income (bn VND)	56,630	66,631	+17.7%	79,084	+18.7%
Provision expense (bn VND)	(11,478)	(10,390)	-9.5%	(12,185)	+17.3%
Operating expense (bn VND)	(17,666)	(19,930)	+12.8%	(22,783)	+14.3%
Net profit before tax (bn VND)	27,486	36,311	+32.1%	44,116	+21.5%

We forecast VCB's credit growth in 2022 at 18% based on the Bank's good business results and the expectation of another room loosening from the SBV. Customer deposits continue to increase by 15.9% as VCB also increased deposit interest rates and developed other products to attract customers.

In the context that bad debt is expected to increase rapidly when Circular 14/2021/TT-NHNN expires in June 2022, bad debt at VCB has increased rapidly in Q3/2022 to 0.80%, so we expect that there will not be much fluctuation in Q4/2022. We forecast VCB's bad debt in 2022 will reach 0.70%. Besides, provision expense in 2022 will decrease 9.5%. Due to the extensive provisioning from previous years, provision expense is forecasted that there is no more provisioning pressure in coming years.

With the above projections, we expect net interest income to increase by 15.7% based on 9M2022 accumulated business results that have increased by nearly 22% YoY. Meanwhile, NIM in 2022 will maintain at 3.3% because VCB raised deposit interest rates in September 2022. Non-interest income is expected to grow by 23.6%, with the expectation that income from services and foreign exchange will continue to increase. In addition, VCB continues cooperating with FWD Vietnam Life Insurance Company Limited (FWD) to launch new products that attract many customers. Therefore, we expect that insurance income will contribute to the upcoming non-interest income. Pre-tax profit is expected to grow 32.1% this year and 21.5% in 2023, with the expectation that income will increase along with stable expenses under control. In addition, VCB plans to receive a forced transfer of a weak bank from the direction of the SBV, which will help expand its business scale, customer base, and network. Therefore, we expect VCB's business results to continue to be positive in the coming time.

Valuation and Recommendation

Initiate coverage with BUY rating and target price of VND 87,200

We initiate coverage Bank for Foreign Trade of Vietnam (VCB) with a buy recommendation and a target price of VND 87,200, corresponding to an increase of 18.5% from the current price. For a long-term view, VCB is an investment that can be considered with following advantages:

1) Good asset quality, low NPL ratio, and highest loan-loss reserves ratio in the industry;

2) Diversified funding sources, and a relatively low cost of capital, create many potentials to improve NIM;

3) Outstanding business results with industry-leading profits.

Valuation

We apply a combination of Residual income (RI) method and P/B with 60%/40% weights to value VCB.

RI valuation method (bn VND)	Q4/2022F	2023F	2024F	2025F	2026F
Cost of equity	11.47%	11.47%	11.47%	11.47%	11.47%
Cost of equity after 2026					11.47%
Net income	9,070	35,293	43,144	54,269	64,486
Residual income (RI)	5,938	19,851	24,813	32,262	37,685
PV of RI	**5,760**	**17,270**	**19,354**	**22,583**	**23,742**

Terminal value of RI (bn VND)	**401,217**
Terminal growth (%)	1.00%

PV of RI (bn VND)	88,709
PV of terminal value (bn VND)	252,767
Beginning equity (bn VND)	128,390
Total value (bn VND)	469,866
Total outstanding shares (*) (mn)	4.732
Target price (VND)	**93,973**

Cost of Equity (%)	**11.47%**
Beta (x)	0.75
Adjusted beta (x)	0.83
Risk-free rate (%)	5.00%
Equity risk premium (%)	7.80%

Source: Shinhan Securities Vietnam

(*) If VCB increases its charter capital by issuing shares to pay dividends from the remaining profit in 2019 and 2020, the number of shares expected to be printed is about 856 million at the price of 10,000 dong/ share. The target price is adjusted to 77,000.

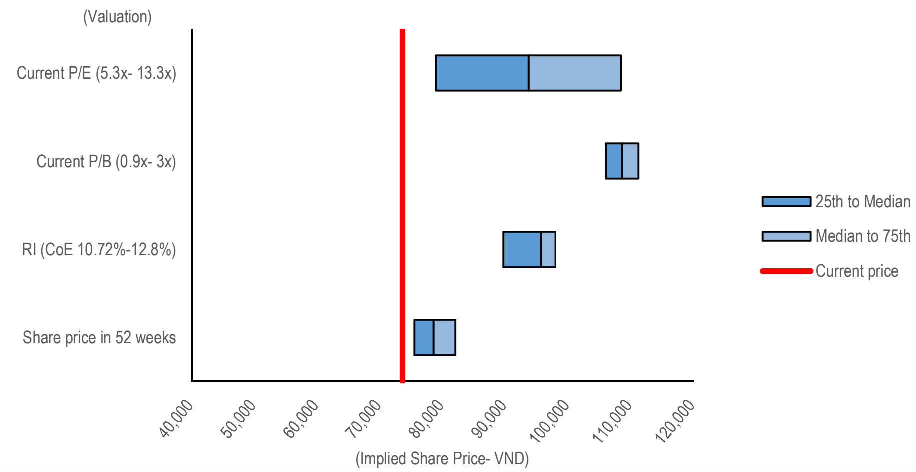
For the P/B method, we take the average P/B value of VCB for the last 5 years as of September 30, 2022, as 3x.

Valuation

Method	Proportion	Target price
Residual income	60%	93,973
P/B average (3x)	40%	77,034
Target price	**87,197**	

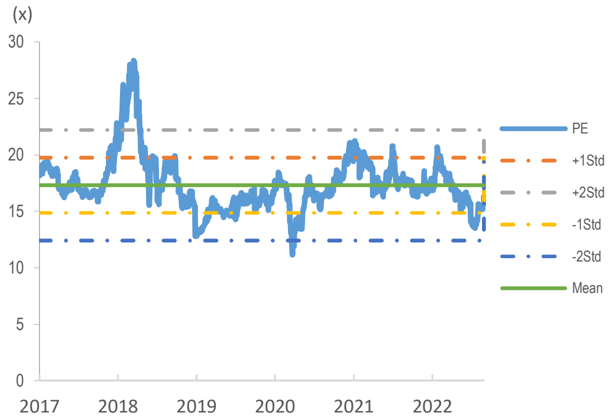
Source: Shinhan Securities Vietnam

Football field



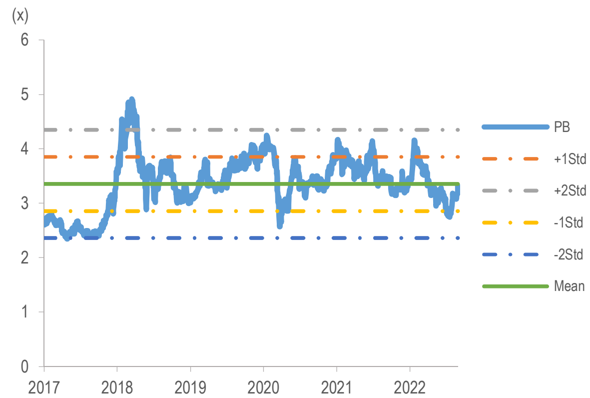
Source: Bloomberg, Shinhan Securities Vietnam

VCB's PER chart



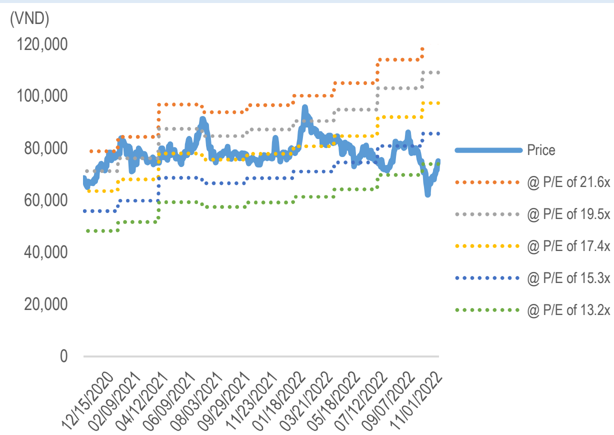
Source: Bloomberg, Company data, Shinhan Securities Vietnam

VCB's PBR chart



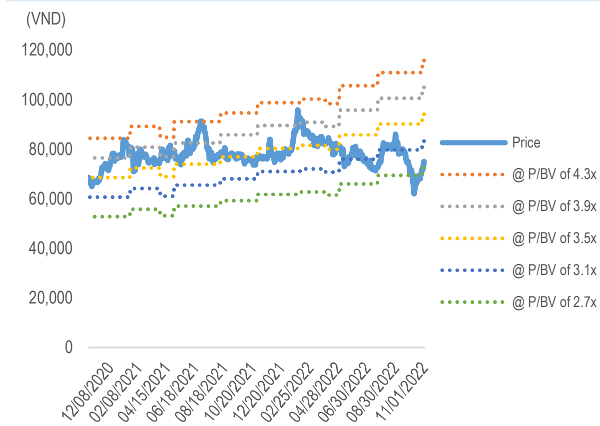
Source: Bloomberg, Company data, Shinhan Securities Vietnam

VCB's PER band chart



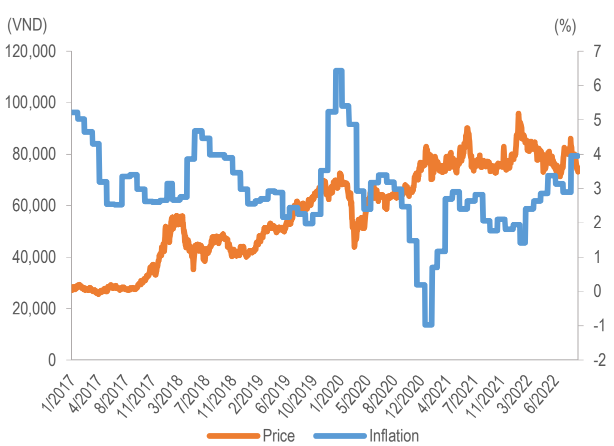
Source: Bloomberg, Company data, Shinhan Securities Vietnam

VCB PBR band chart



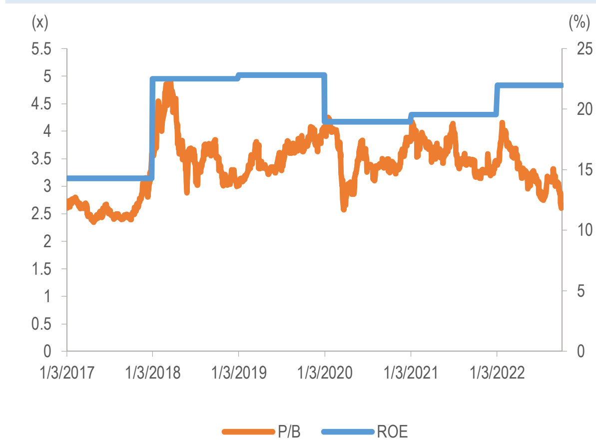
Source: Bloomberg, Company data, Shinhan Securities Vietnam

VCB's share price vs. inflation rate



Source: Bloomberg, Company data, Shinhan Securities Vietnam

VCB's PBR vs. ROE forward



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key event chart of Vietcombank

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of increasing interest rates

Inflation risks spread in the near future, stemming from the context of high inflation in the world, forcing central banks to raise interest rates. The pressure to increase deposit interest rates is high, leading to an increase in borrowing rates, but it will be later than deposit rates, leading to narrower profit margins.

Interest rate risk

Foreign currency deposits at VCB are relatively high, averaging 16% of total customer deposits from 2017 to 2021. Therefore, if the USD/VND exchange rate continues to increase, it will put pressure on the Bank's total liabilities. Besides, foreign exchange business accounts for a large proportion of VCB's non-interest income. Given the current volatile exchange rate situation, VCB's income from foreign exchange trading is at risk of being affected.

Increase in bad debt

Bad debt has a risk of increasing, potentially exposing the whole system. Especially when Circular 14 expires on June 30th, 2022, the loans are facilitated to retain the debt group 1 and 2 during the period affected by the pandemic, then will be forced to convert into bad debt if they cannot recover timely.

Appendix: Financial statements

Balance sheet

Year (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**1,326,230**	**1,414,986**	**1,681,899**	**1,976,251**	**2,320,186**
Cash and precious metals	15,095	18,012	20,107	20,290	18,618
Balances with the SBV	33,139	22,507	21,674	24,520	28,391
Placements with and loans to other credit institutions	267,970	225,765	285,642	343,570	395,705
Trading securities	1,954	2,766	3,614	4,715	6,146
Derivatives and other financial assets		303	303	303	303
Loans and advances to	820,545	934,774	1,098,872	1,288,615	1,497,837
Debts purchase					
Investment securities	156,931	170,605	195,055	217,232	264,896
Long-term investments	2,239	2,346	3,264	3,430	3,605
Fixed assets	8,539	8,626	9,412	10,266	11,193
Investment properties					
Other assets	19,817	28,969	43,956	63,310	93,492
Total liabilities	**1,232,135**	**1,305,555**	**1,547,316**	**1,816,493**	**2,128,383**
Due to Gov and Loans from SBV	41,177	9,468	19,409	31,054	43,476
Deposits and Loans from other credit institutions	103,584	109,758	156,519	205,647	261,130
Deposits from customers	1,032,114	1,135,324	1,316,707	1,522,377	1,763,492
Derivatives and other financial liabilities	52		-	-	-
Funds received from Gov, international and other	15	8	8	8	8
Convertible bonds/CDs and other	21,240	17,388	19,127	20,083	21,087
Other liabilities	33,954	33,854	35,546	37,324	39,190
Shareholder's equity	**94,095**	**109,186**	**134,583**	**159,758**	**191,803**
Capital	42,429	42,429	52,665	52,665	52,665
Reserves	14,926	18,173	22,579	27,921	34,440
Retained earnings	36,650	48,503	59,226	79,027	104,514
Minority interest	85	87	113	145	184
Total liabilities and equity	**1,326,230**	**1,414,986**	**1,681,899**	**1,976,251**	**2,320,186**

Income statement

Year (bn)	2020	2021	2022F	2023F	2024F
Interest and Similar Income	70,622	87,883	107,357	130,488	158,511
Interest and Similar Expenses	-28,349	-38,995	-49,445	-60,694	-74,766
Net Interest Income	**42,273**	**48,888**	**57,912**	**69,794**	**83,745**
Net Fee and Commission Income	6,607	7,407	8,777	10,231	12,134
From foreign currency and gold	3,906	4,375	6,125	7,963	10,352
From trading of trading securities	2	138	125	150	180
From disposal of investment securities		-85	85	85	85
Net Fee and Commission Income	1,800	2,393	2,501	2,613	2,728
Dividends income	461	130	130	130	130
Total non-interest income	**12,778**	**14,357**	**17,743**	**21,172**	**25,609**
Total operating income	**49,063**	**56,630**	**66,631**	**79,084**	**95,403**
General and Admin expenses	-16,038	-17,666	-19,930	-22,783	-26,260
Operating Profit Before Provision (PPOP)	33,024	38,964	46,701	56,301	69,143
Provision for credit losses	-9,975	-11,478	-10,390	-12,185	-15,213
Profit before tax	**23,050**	**27,486**	**36,311**	**44,116**	**53,930**
Corporate income tax	-4,577	-5,469	-7,262	-8,823	-10,786
Net profit after tax	**18,473**	**22,017**	**29,049**	**35,293**	**43,144**
Attributable to parent company	18,451	21,997	29,023	35,261	43,105

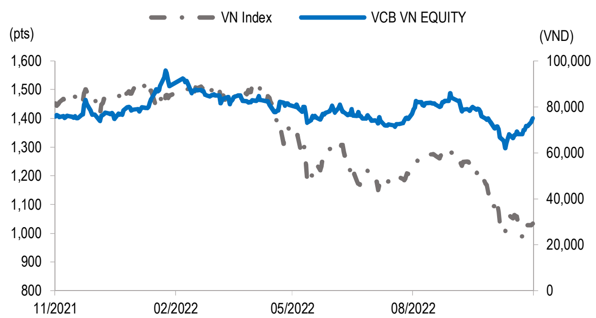
Financial indicators

Year	2020	2021	2022F	2023F	2024F
Growth (% YoY)					
Loans to customers	14.30	14.40	18.00	17.50	16.50
Deposits from customers	11.17	10.00	15.98	15.62	15.84
Shareholders' equity	16.23	16.04	23.26	18.71	20.06
Total assets	8.46	6.69	18.86	17.50	17.40
Net interest income	5.06	16.50	15.65	18.46	20.52
Net non-interest income	14.55	12.36	23.58	19.33	20.96
PPOP	10.75	17.99	19.86	20.56	22.81
Net profit before tax	-0.70	19.25	32.11	21.49	22.25
Net profit after tax	-0.67	19.18	31.94	21.49	22.25
Profitability (%)					
NIM	2.92	3.15	3.24	3.25	3.35
ROA	1.45	1.60	1.87	1.93	2.01
ROE	21.08	21.64	23.81	23.96	24.52
Liquidity (%)					
LDR	81.4	84.6	86.1	87.50	88.00
Loans/Deposits					
Asset quality	14.09	12.96	12.50	12.37	12.10
Leverage (x)	0.62	0.64	0.70	0.75	0.80
NPL ratio (%)	367.93	424.38	438.67	435.04	435.25
LLR ratio (%)	2.29	2.70	3.07	3.26	3.48
Reverse/total credit (%)	1.19	1.22	0.92	0.91	0.98
Credit costs/total loans (%)	1.18	1.21	0.91	0.91	0.96
Credit costs/total credit (%)					
Per share items (VND)	4,981	5,915	5,810	7,059	8,629
EPS	25,347	29,397	28,414	33,727	40,490
BPS	8,904	10,555	9,868	11,897	14,610

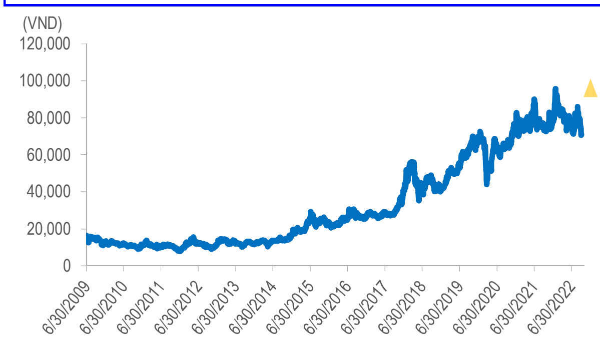
Source: Company data, Shinhan Securities Vietnam

Ngân hàng TMCP Ngoại Thương Việt Nam (VCB VN)

Giá cổ phiếu



Giá mục tiêu



Ngày	Khuyến nghị	Giá mục tiêu (VND)	Khoảng giá MT (%) TB	Max/Min
03/11/2022 (BC lần đầu)	MUA	87,200	9.7	-9.9/28.0

Lưu ý: Tính toán chênh lệnh giá mục tiêu dựa trên 12 tháng qua

Shinhan Securities Vietnam

Cổ phiếu	Ngành
◆ **MUA:** Khả năng sinh lời trong 12 tháng từ 15% trở lên ◆ **GIỮ:** Khả năng sinh lời trong 12 tháng từ -15% đến 15% ◆ **BÁN:** Khả năng sinh lời trong 12 tháng thấp hơn 15%	◆ **TÍCH CỰC:** Cổ phiếu được theo dõi có vốn hóa lớn nhất trong ngành được khuyến nghị MUA ◆ **TRUNG LẬP:** Cổ phiếu được theo dõi có vốn hóa lớn nhất trong ngành được khuyến nghị GIỮ ◆ **TIÊU CỰC:** Cổ phiếu được theo dõi có vốn hóa lớn nhất trong ngành được khuyến nghị BÁN

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