

30 Mar 2021

Banks

Overweight (Maintain)

Positive guidance for 2021

Ambitious 2021 plans

- 1Q21 is going to an end while listed companies including banks are busy for their 2020 annual general meetings.
- From their AGM's documents and/or management's initial messages, we see that banks seem quite positive on 2021's outlook with resilient credit growth guidelines, healthier assets quality and profit.
- In particular, VIB, MSB, MBB, and KLB expect to outpace the industry average (as per SBV's 2021 initial guidance of 12%) with skyrocketed credit growths ranging from 20% to 30%. We also see positive views from a credit growth guidance of 12% by VCB, 12-15% by BID and 6-12% by CTG. Meanwhile ACB is quite hesitate with a conservative lending growth target of 9%.
- Regarding earnings, banks including BID, CTG, KLB, EIB and MSB expect strong bottom line growths after solving their legacy assets while the others e.g. MBB, VIB and VCB plan to leverage on healthy credit growth and fee income generators. In sum, the group of nine banks below has planned for a 21-22% PAT growth on average in 2021 (See Table 1).

Country credit growth outpaced deposit growth in 1Q21

- GSO announced in 1Q21 meeting that the country credit growth reached 1.47% ytd as of 19 March, which improves from 0.68% of the same period last year but still be a low as compared to previous years. As banks have often been busy at the end of the quarters, we believe this will not be a sign of bank tightening credit to the economy.
- Meanwhile, the system's deposit growth was slow down at 0.54% ytd as compared to 1.47% of the credit growth. This may explain for recent fluctuation of interbank rates and G-bond yields. Given the economic warm-up, yields may be more volatile in coming months.

Yen Tran

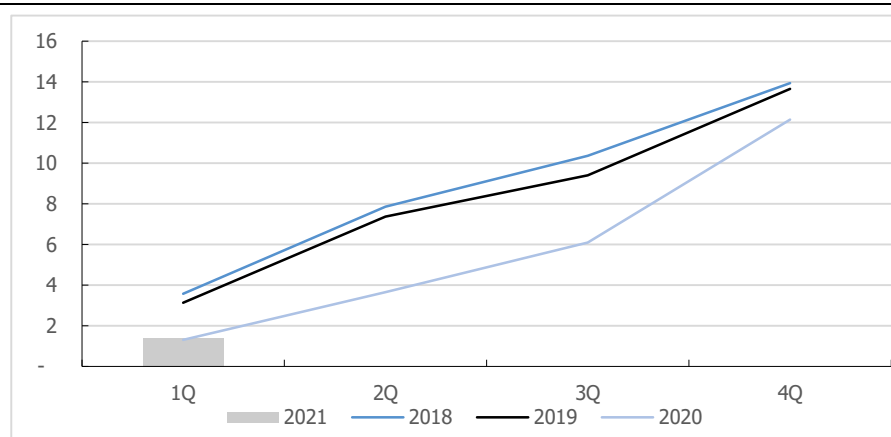
Yen.tt@kisvn.vn

Table 1. 2021 banks' business plan

(VND bn)

Ticker	PAT			Credit growth		Dividend & bonus	
	2020	2021F	Growth	2020	2021F	2020F	2021F
ACB	7,683	8,482	10%	16%	9%	25% stock	25% stock
BID	7,224	10,400	44%	9%	12-15%	7% stock	n.a
CTG	13,741	15,100-15,400	10-12%	8%	6-12%	5% cash + 10% stock	>12% (including 5% cash)
EIB	1,070	1,720	61%	-11%	18%	n.a	n.a
KLB	126	800	535%	4%	30%	n.a	n.a
MBB	8,606	11,680	36%	23%	21%	n.a	n.a
MSB	2,011	2,624	31%	25%	25%	30% stock	>15%
VCB	18,468	20,160	12%	13%	12%	n.a	n.a
VIB	4,642	6,008	29%	30%	31%	40% stock	n.a
Sum			21%-22%				

Source: Company data, KIS

Figure 1. Quarterly credit growth 2018-2021

Source: SBV, KIS

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Prepared by: Yen Tran

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