



RECOVERY

April 02, 2025



RECOMMENDED STOCK

TICKER: VCB

ANALYST-PINBOARD

Update on Banking Sector

MARKET AND TRADING STRATEGY

MARKET COMMENTARY

- The market showed a recovery response after testing the old peak area of 2024, the 1,306 point area, in the previous session. Liquidity decreased compared to the previous session, indicating a significant cooling of supply despite persistent net selling pressure from Foreign Investors.
- The recovery movement and closing above the 1,316 point area, the previous support area, may help the market continue to recover in the near term and retest the MA(20) area, around 1,325 points. At this area, the possibility of contention will arise, but supply and demand signals may influence the market's next move.

TRADING STRATEGY

- Investors may expect the market's recovery potential but need to observe supply and demand movements to reassess the market's condition.
- Investors should still maintain a reasonable portfolio allocation due to potential risk factors in some stock groups while the market is below the MA(20).
- However, Investors may consider short-term buying in some stocks, focusing on those with good fundamentals and positive momentum from strong support areas or exhibiting good bullish patterns.

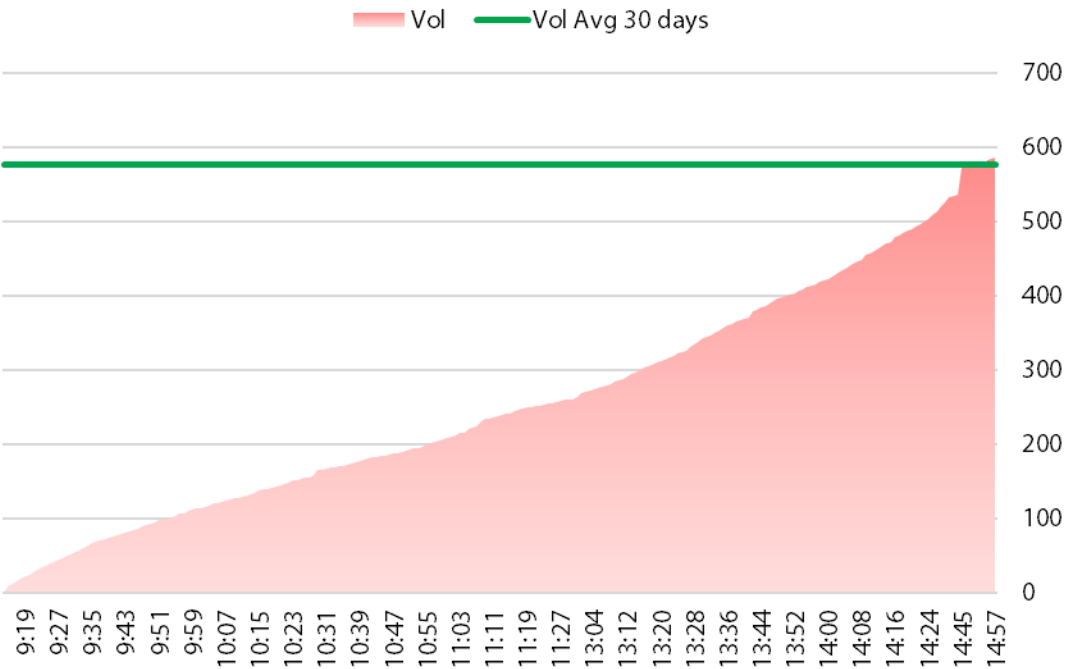
VN-INDEX TECHNICAL SIGNALS

TREND: **SIDEWAY**



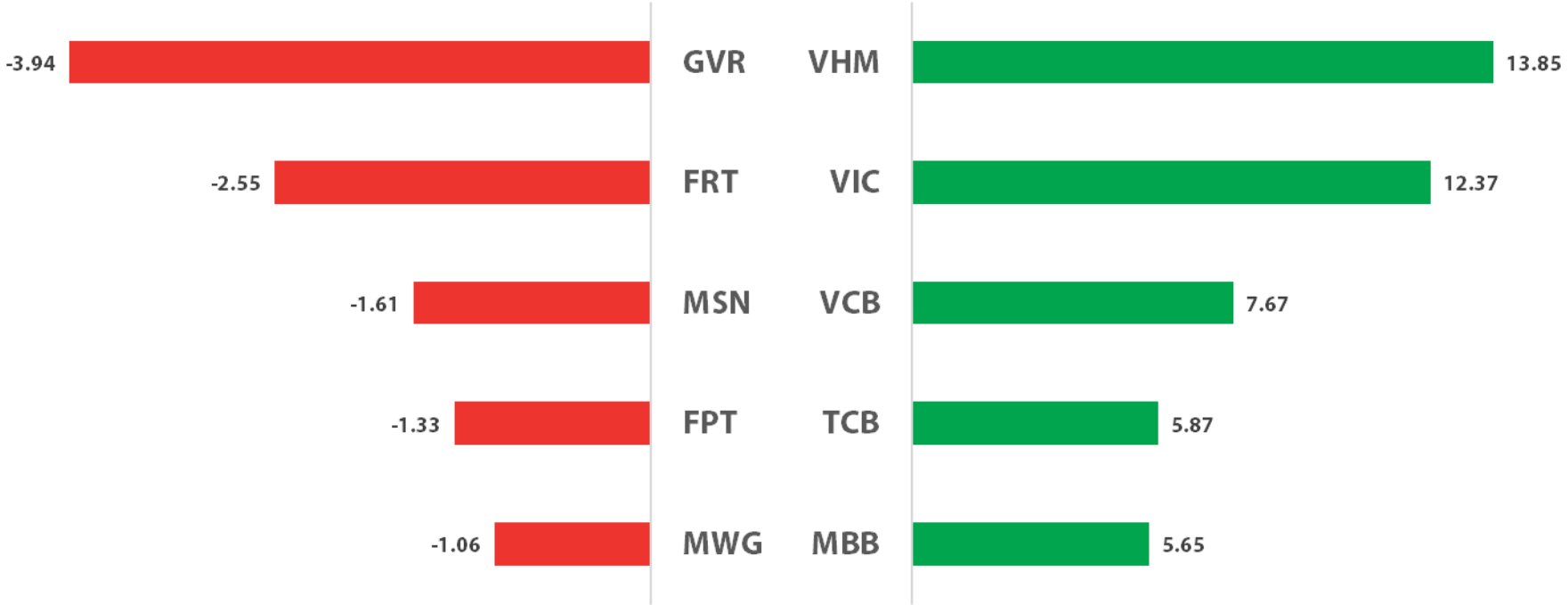
MARKET INFOGRAPHIC

TRADING VOLUME (MILLION SHARES)

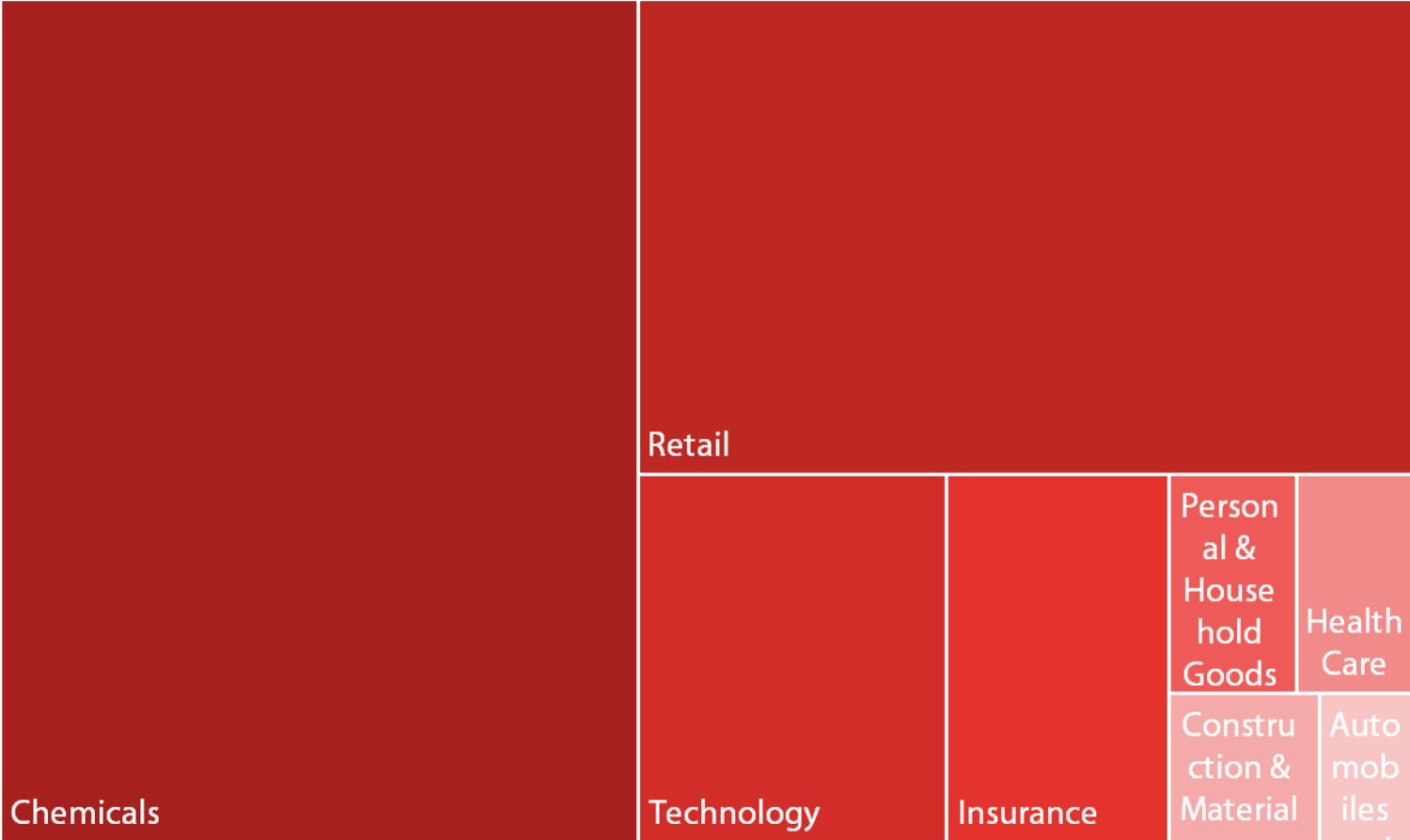
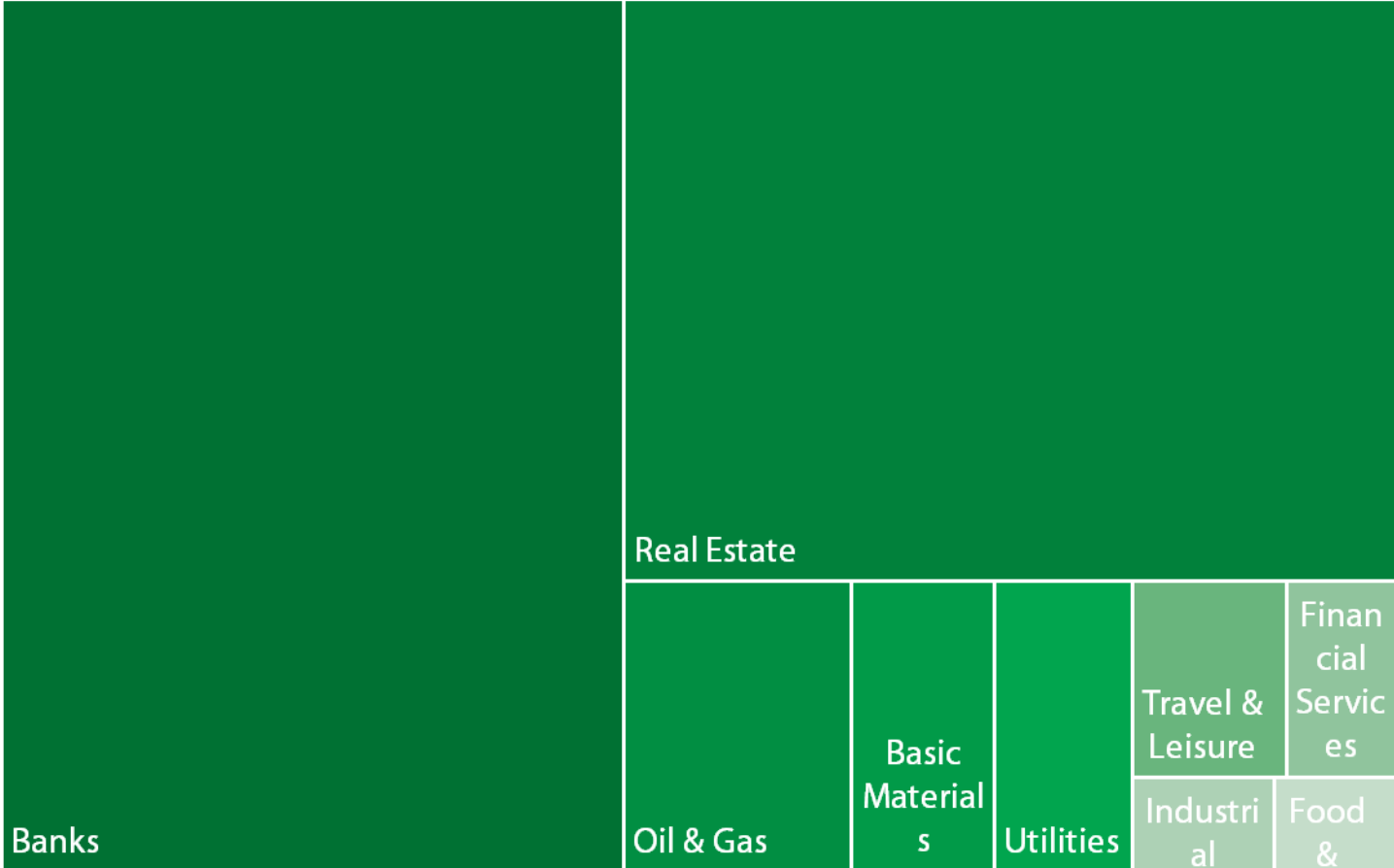


April 01, 2025

TOP STOCKS CONTRIBUTING TO THE INDEX (%)



TOP SECTOR CONTRIBUTING TO THE INDEX (%)



Bank for Foreign Trade of Vietnam



Recommendation - BUY	
Recommended Price (02/04/2025) (*)	64,000 – 64,700
Short-term Target Price 1	68,500
Expected Return 1 (at recommended time):	▲ 5,9% - 7%
Short-term Target Price 2	73,500
Expected Return 2 (at recommended time):	▲ 13,6% - 14,8%
Stop-loss	60,800

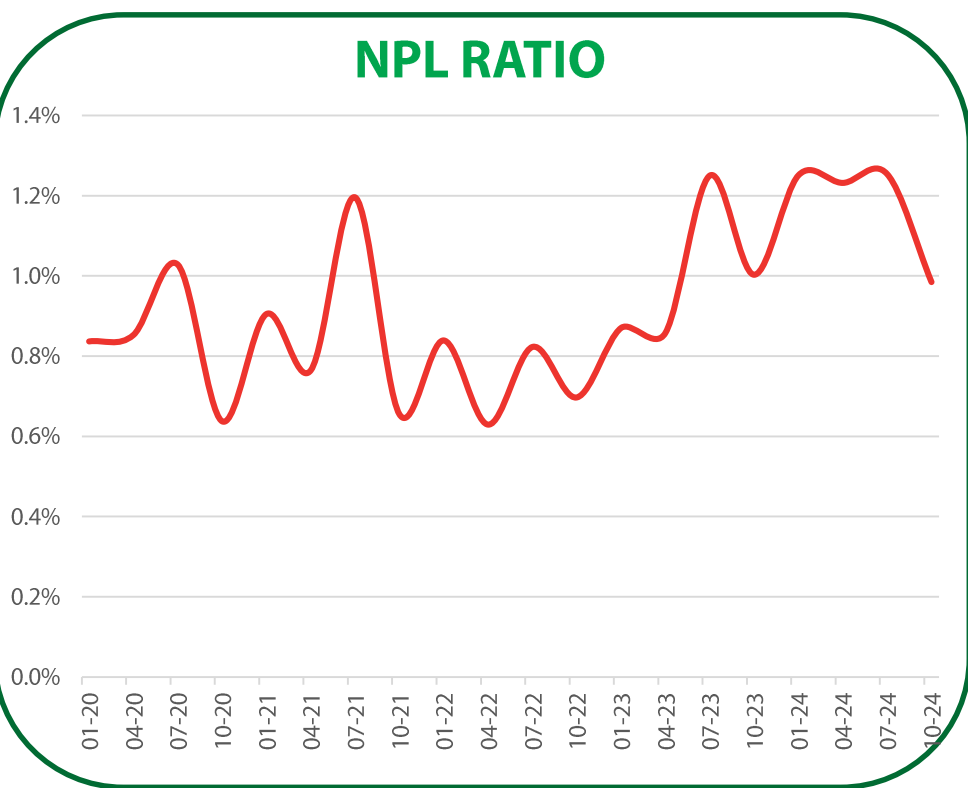
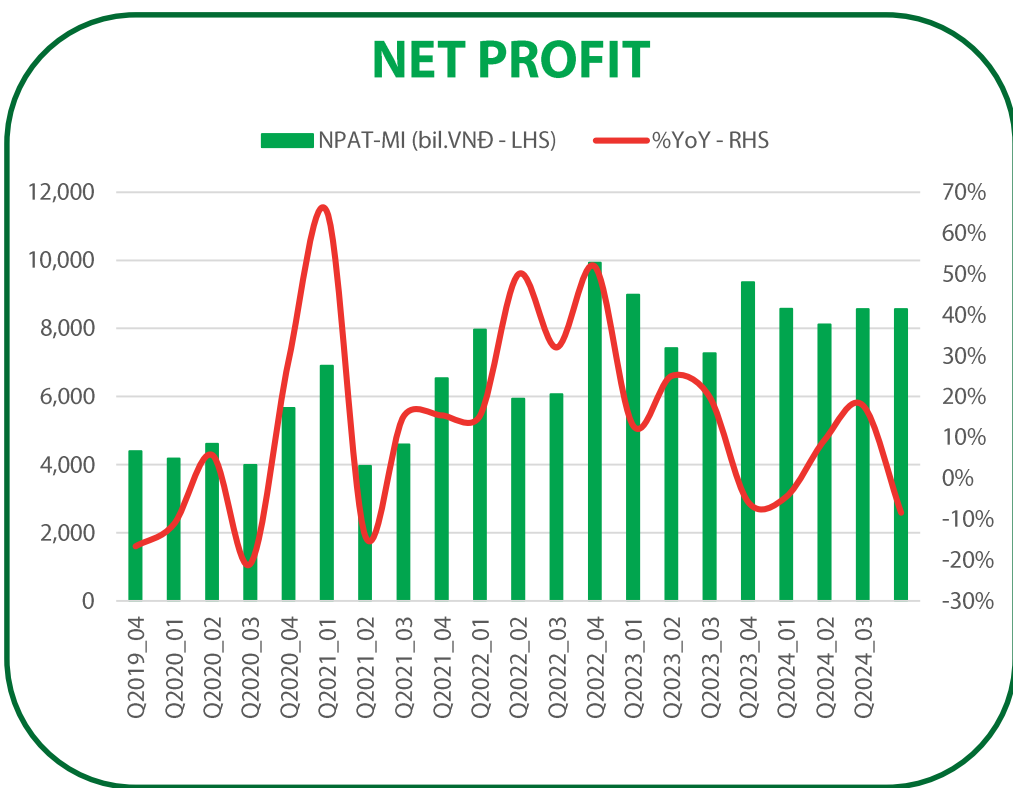
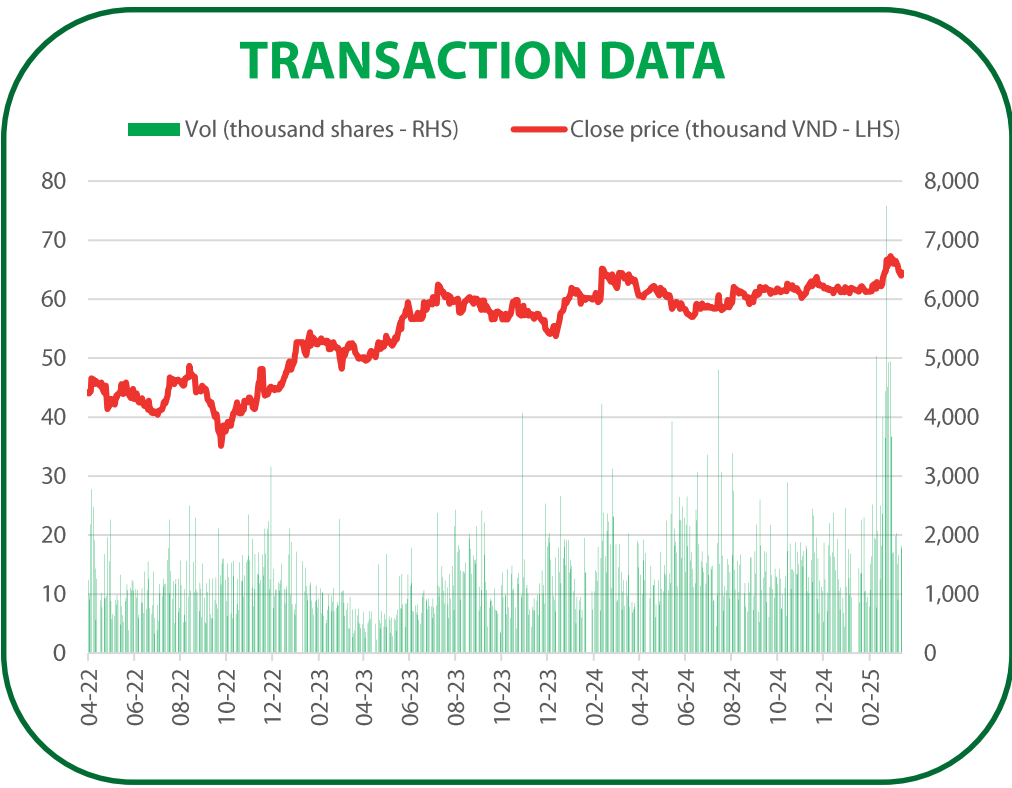
(* Recommendation is made before the trading session)

STOCK INFO	
Sector	Banks
Market Cap (\$ mn)	538,941
Current Shares O/S (mn shares)	8,356
3M Avg. Volume (K)	2,658
3M Avg. Trading Value (VND Bn)	169
Remaining foreign room (%)	4.9%
52-week range ('000 VND)	56.990-67.300

INVESTMENT THESIS

- VCB reported 4Q24 PBT of VND 10.7 trillion (-9% YoY), bringing full-year PBT to VND 42.2 trillion (+2% YoY), in line with forecasts. Total operating income remained flat at VND 66.8 trillion, while fee income (-7% YoY) and FX trading revenue (-6% YoY) declined due to weak market demand. NIM compressed to 2.94% (-30-35 bps in 4Q24), reflecting lower asset yields.
- Asset quality remained robust, with the NPL ratio improving to 0.96% (3Q24: 1.22%), supported by NPL write-backs, while NPL coverage increased to 223%, the highest in the sector. Loan loss provisions fell 30% YoY, cushioning earnings but failing to drive stronger profitability. ROAE declined to 18.5% (2023: 22.0%), marking the first time since 2018 that VCB's ROE has fallen below 20%, highlighting slower earnings growth relative to equity expansion.
- For 2025, VCB targets loan growth of at least 16.28%, PBT growth of at least 5%, and NPL control below 1.5%. However, pressure from margin compression and modest earnings growth may continue to weigh on ROE. While earnings momentum remains subdued, VCB maintains its leadership in asset quality. At P/B of 2.7x, the stock may appear less attractive in the short term but remains suitable for long-term investors seeking stability. Maintain ACCUMULATE with a target price of VND 108,100/share.



KEY FINANCIAL INDICATORS



TECHNICAL VIEW

- The corrective movement of VCB, from the 67 - 68 resistance area, is showing signs of pausing near the support area of 63.5, a resistance area that VCB broke through on March 10, 2025. Currently, VCB is experiencing probing fluctuations within the 64 - 65.3 area and is retesting the MA(20) area, around 65.3. Temporarily, the MA(20) area is still presenting resistance pressure for VCB, but it is anticipated that VCB will continue to receive support on pullbacks. Additionally, the prior upward trend is still providing supportive influence for VCB. Therefore, Investors may anticipate that VCB will experience an upward price movement following the current probing phase.
- Support: 63,500 VND.
- Resistance: 73,500 VND.



Ticker	Technical Analysis
<div><div>MSB</div><div>Uptrend</div></div>	<div><div><div>Support</div><div>11.5</div></div><div><div>Current Price</div><div>12.2</div></div><div><div>Resistance</div><div>13.2</div></div></div> <div><p>➤ Although the uptrend has yet to expand, MSB has shown a strong recovery against selling pressure, as reflected by the long lower shadow. Additionally, this rebound helps ease the supply pressure from the breakout session on March 31, 2025. Therefore, MSB is expected to absorb supply well in the next session, paving the way to extend its uptrend toward the 2024 peak around 13.2.</p></div> <div></div>
<div><div>POW</div><div>Uptrend</div></div>	<div><div><div>Support</div><div>12.0</div></div><div><div>Current Price</div><div>12.95</div></div><div><div>Resistance</div><div>14.0</div></div></div> <div><p>➤ Although the uptrend has yet to extend, POW continues to hold its breakout above the MA 200. The narrowing trading range and declining volume on red candles as the stock approaches this support indicate weakening selling pressure. Therefore, with the MA 200 as a support base, POW is expected to break out soon and extend its uptrend toward the nearest target around 14.</p></div> <div></div>



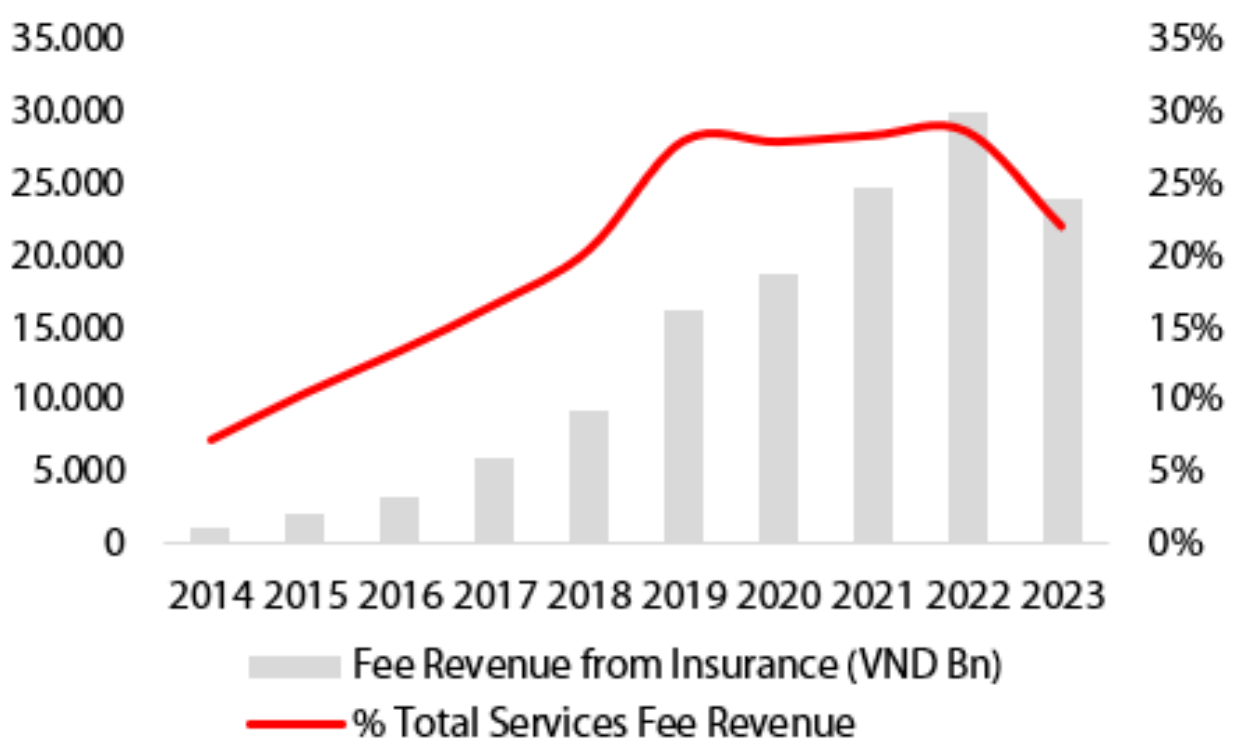
HIGHLIGHT POINTS

Bancassurance in Vietnam: A Journey of Recovery and Long-Term Growth Potential

(Tung Do – tung.dt@vdsc.com.vn)

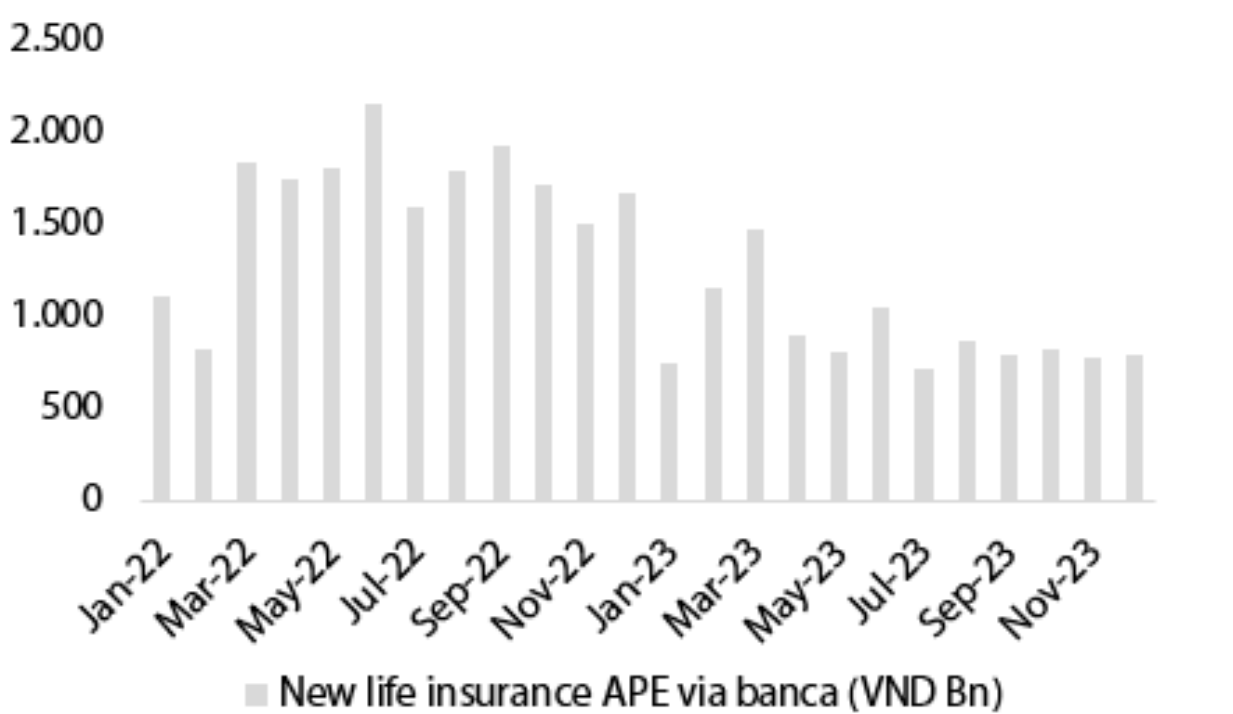
- Bancassurance in Vietnam has experienced robust growth since 2014, following Circular 86/2014, which removed barriers for banks to act as insurance agents. Between 2014 and 2022, insurance premium revenue grew at a compound annual growth rate (CAGR) of 50%, boosting the contribution of service fee income from 7% to 29%. However, since 2023, negative incidents involving misleading advice and coercive insurance sales have triggered a crisis of confidence in the life insurance market.
- Starting in 2022, regulators tightened oversight of insurance operations with the amended Insurance Business Law (2023), Decree 46/2023, Circular 67/2023, and the revised Law on Credit Institutions (2024). These measures aim to enhance transparency, accountability among insurers and banks distributing products, and, most critically, restore customer trust.
- New life insurance gross written premium in 3Q24 reached VND 5.9 trillion (+3% YoY), while 4Q24 recorded VND 6.5 trillion (-7% YoY), partly due to a 15% decline in the bancassurance channel after TCB terminated its partnership with Manulife in October 2024. Despite the loss of TCB-Manulife (estimated at 13% market share), 4Q24 revenue rose 10% quarter-over-quarter, signaling early recovery signs. New GWP from bancassurance channel stabilized in the second half of 2024 and grew modestly by 3% YoY in 2M25.
- Vietnam’s insurance penetration remains low, with life insurance at 1.3% of GDP and non-life at 0.7% in 2024, compared to 2.7% and 1.2%, respectively, for emerging Asian economies. This underscores significant growth potential, aligned with economic expansion and rising per capita income. The government targets insurance premium revenue of 3.3%-3.5% of GDP by 2030 and 18% life insurance participation by 2025, implying an annual growth rate of 20-25% through 2030.

Figure 1: Fee revenue from Insurance accounted for ~30% of total fee revenue for commercial banks from 2019-2022



Source: Financial statements of 27 listed banks, RongViet Securities
* Note: This revenue does not include commissions some banks record under other service fees revenue. 2024 data is incomplete pending audited financial statements

Figure 2: New life insurance APE via bancassurance witnessed a sharp decline from mid-2022



Source: RongViet Securities estimates

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Date	Ticker	Current Price	Entry Price	Short-term Target Price 1	Short-term Target Price 2	Stop-loss	Exit Price	Gain/ Loss	Status	Change of VN-Index (*)
27/03	MWG	58.60	60.00	63.00	67.00	55.90		-2.3%		-0.7%
25/03	SSI	26.05	27.00	29.00	32.50	25.40		-3.5%		-1.0%
18/03	HCM	30.90	32.00	35.00	38.00	30.70	30.70	-4.1%	Closed (27/03)	-0.9%
17/03	DBC	29.65	29.35	32.00	35.50	27.80		1.0%		-0.7%
13/03	CTD	85.50	84.90	93.00	100.00	79.80		0.7%		-1.3%
13/03	FMC	47.30	48.05	52.50	55.00	46.20		-1.6%		-1.3%
10/03	ACB	26.05	26.50	28.50	31.00	24.40		-1.7%		-0.7%
07/03	KBC	30.55	30.40	33.30	36.30	28.80		0.5%		-0.1%
04/03	MWG	58.60	58.70	62.00	66.00	55.30		-0.2%		0.6%
04/03	VHC	62.80	71.30	78.00	88.00	68.70	68.70	-3.6%	Closed (12/03)	1.9%
28/02	IJC	13.85	14.80	17.00	19.00	14.20	14.20	-4.1%	Closed (05/03)	-0.2%
27/02	VSC	17.75	18.20	19.50	21.50	17.30	18.50	1.6%	Closed (03/03)	0.5%
Average performance (QTD)								3.0%		2.0%

(*) Change of VN-Index (calculated from Recommendation date to position closing date) is the basis for comparing recommendation effectiveness.

Vietnam events

Date	Events
01/04/2025	Publication of PMI (Purchasing Managers Index)
06/04/2025	Announcement of Vietnam's economic data March 2024
17/04/2025	Expiry date of VN30F2504 futures contract
21/04/2025	Announcement of VN Diamond and VN Finselect basket

Global events

Date	Countries	Events
01/04/2025	China	Caixin Manufacturing PMI
01/04/2025	EU	Final Manufacturing PMI
01/04/2025	UK	Final Manufacturing PMI
01/04/2025	US	Final Manufacturing PMI
01/04/2025	US	JOLTS Job Openings
04/04/2025	US	Nonfarm Payroll
10/04/2025	US	FOMC Meeting Minutes
10/04/2025	US	CPI m/m
10/04/2025	China	CPI y/y
11/04/2025	US	PPI m/m
11/04/2025	UK	GDP m/m
16/04/2025	China	GDP y/y
16/04/2025	China	House Price Index y/y
16/04/2025	US	Retail Sales m/m
16/04/2025	UK	CPI y/y
16/04/2025	EU	CPI y/y
17/04/2025	EU	ECB Monetary Policy Statement
21/04/2025	China	Loan Prime Rate
25/04/2025	UK	Retail Sales m/m
29/04/2025	US	JOLTS Job Openings



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RONGVIET RECENT REPORTS

COMPANY REPORTS	Issued Date	Recommend	Target Price
KBC - Unlocking the Potential of Large-Scale Projects	Mar 31 st 2025	Buy – 1 year	40,300
VNM - The big boat strives to conquer mighty waves	Mar 17 th 2025	Neutral – 1 year	69,500
PVT - Contribution of new vessels as growth driver in 2025	Mar 13 rd 2025	Buy – 1 year	31,500
TNG - Upside potential is limited as high-growth phase ends	Dec 02 nd 2024	Accumulate – 1 year	26,700
VHC - Export volume remains the key driver of growth momentum	Nov 18 th 2024	Observe – 1 year	73,300
Please find more information at https://www.vdsc.com.vn/en/research/company			

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