

Securities

Waiting for “Upgrading” theme

Aggregated 1Q25 NPAT was flatted yoy

1Q25 total operating income sustained at 1.5% yoy, -3% qoq driven by plunging brokerage income (-31.4% yoy, -10.9% qoq) and IB income (-27.2% yoy, -4.1% qoq) (Fig 1). The biggest growth went to VIX's operating income of VND979.7bn (+171.7% yoy, +80% qoq) (Fig2). TCBS's operating income grew the most in the TOP5 at VND2,082bn (+19.8% yoy, +10% qoq). However, 1Q25 total net operating income (after deducting the cost of goods sold) slowed 2.7% yoy, +11.4% qoq (Fig 3). 1Q25 NPAT came in at VND6.2tn (-1.9% yoy, +20.9% qoq), resulting in the net margin expansion to 32.8% (+6.3%p qoq) (Fig 4). The strongest growth was VPBanks (VND280.5bn, +92.7% yoy, -7.6% qoq), VPS (VND734.8bn, +45.5% yoy, -12% qoq). On the other hand, VND and HCM saw their NPAT plunge 38% yoy and 18.1% yoy, respectively (Fig 5).

The recovery of investor deposits balance

After 3 consecutive quarters of slump, the 1Q25 investor deposit came in at VND92tn (-12.1% yoy, +26.4% qoq) (Fig11). VPS, SSI, TCBS together hold nearly 50% of the investor deposit market share, highlighting the competitive advantage in the industry (Fig 12). Margin loan balance hit the new record to VND267tn (+37.42 yoy) despite the unprecedentedly challenging investing landscape and that boosted huge margin lending income (Fig 13). The margin lending rate in domestic-owned companies trended more downward than to foreign-owned players (Fig 15).

Valuation is skewed in favor players exposing to foreign client

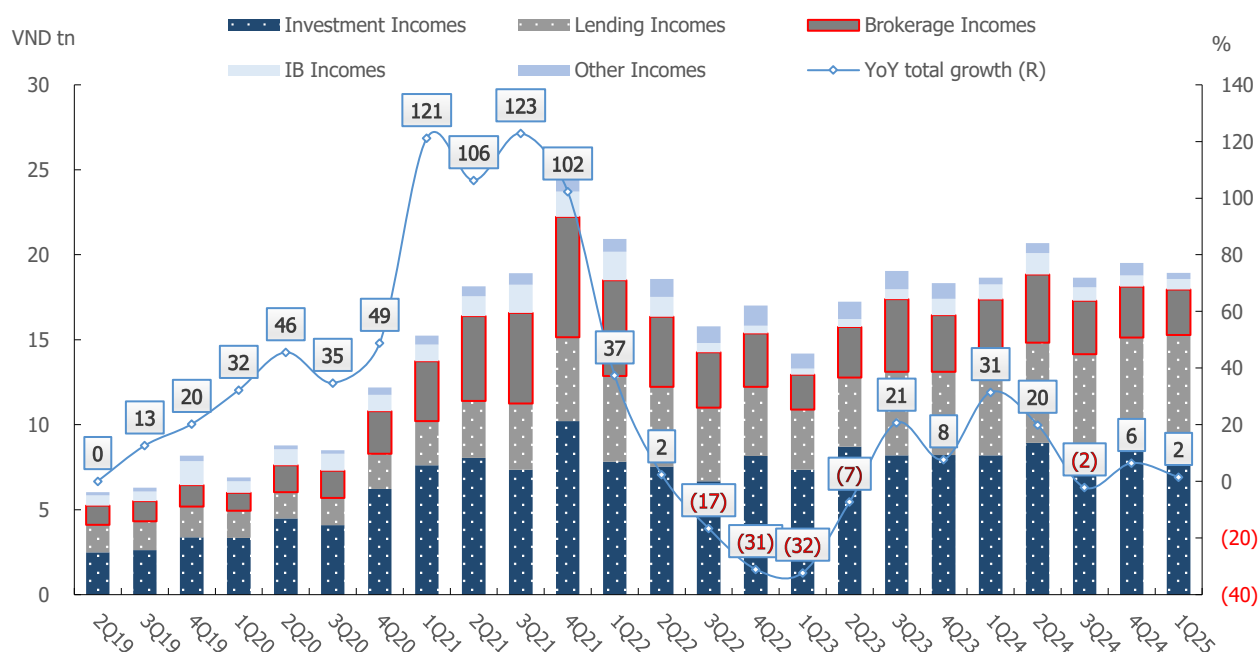
Securities industry is trading at 1.42 PB, in line with 5- year average of 1.55x (Fig 19). The investors pay premium to FTS (2.6x PB) thanks to its superior ROE of 13.7%. The market also highly favors SSI (1.7x PB, 11.5% ROE), VCI (2.1x PB, 9.4% ROE) and HCM (1.7x PB, 9.5% ROE) thanks to their significant exposure to the foreign clients (Fig 20). Those companies could ride on the tailwinds of upgrading market from frontier to emerging, facilitating the billions of fund flow from abroad to Vietnam.

Non-Rated

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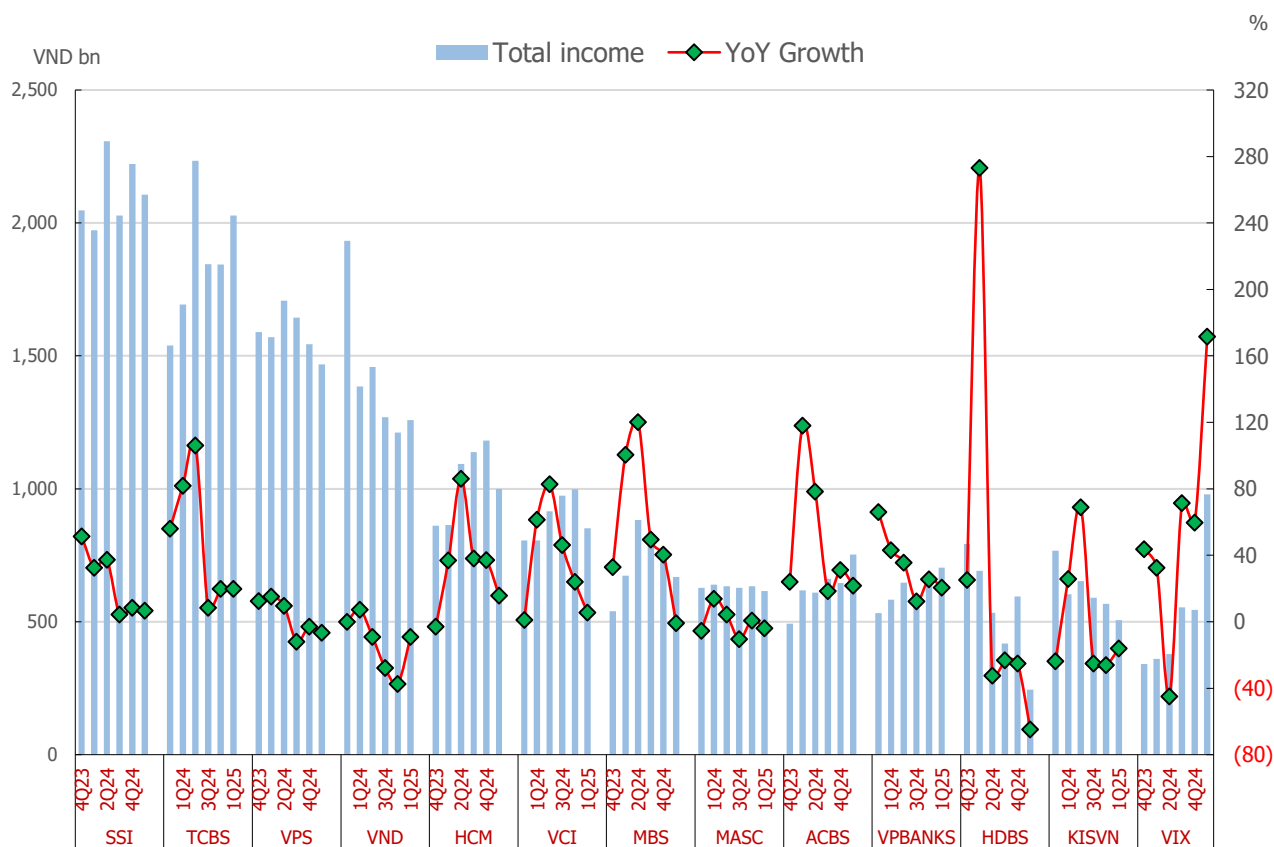
Figure 1. Quarterly aggregated income by type : 1Q25 total income sustained at 1.5% yoy, -3% qoq driven by decreasing brokerage income (-31.4% yoy, -10.9% qoq)



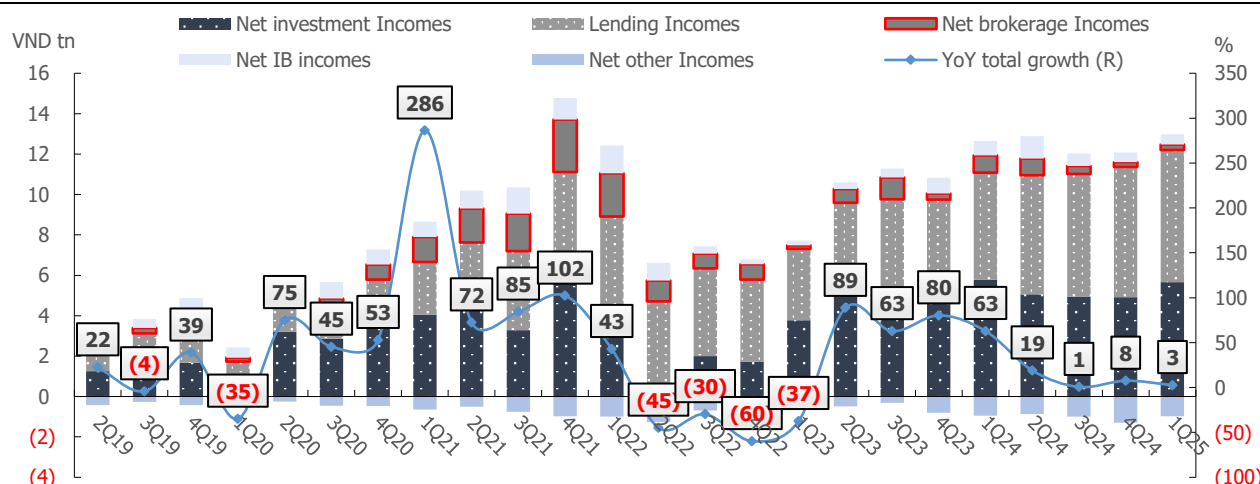
Source: FiinproX, KIS Research

Note: Income is abbreviated as total operating income; Investment incomes include the income from assets held as FVTPL, AFS and HTM; Lending incomes consists of income from the margin lending and advance payment; Brokerage incomes are derived from the commission/fee of trading/transactions; IB incomes contain the consulting, underwriting and guarantee of investment banking business; Other incomes sum the custody business.....

Figure 2. Quarter income by player: TCBS maintained highest income growth among 5 biggest players in 1Q25 and VIX recorded a significant growth

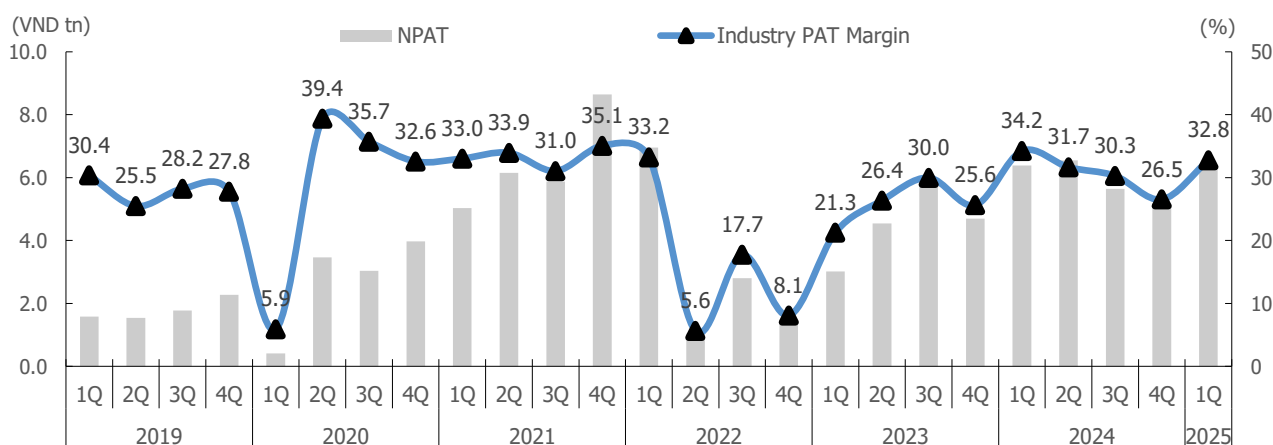


Source: FiinproX, KIS Research

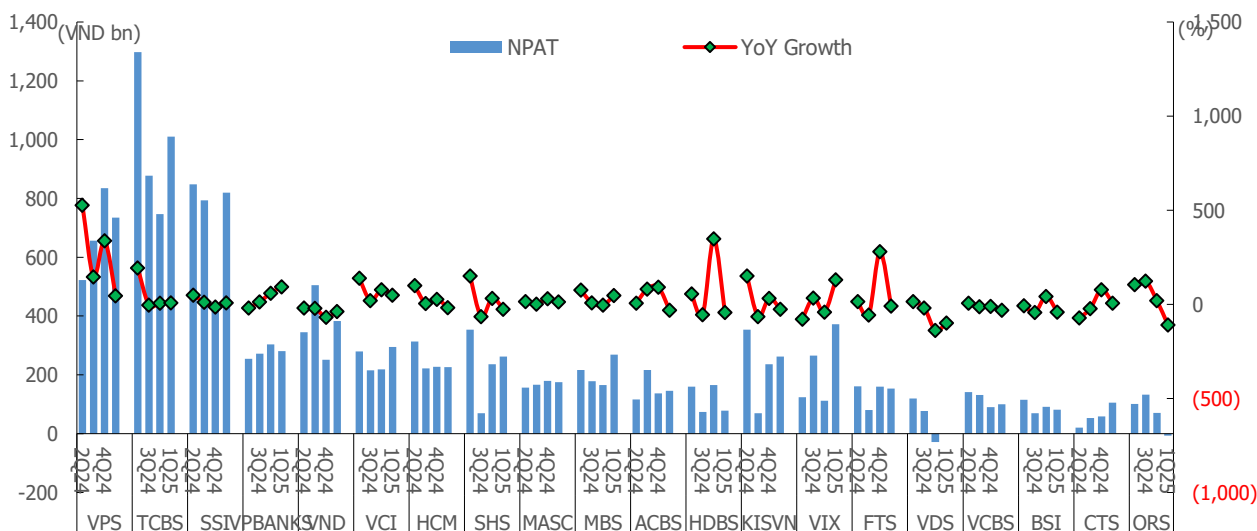
Figure 3. Quarterly aggregated net income by type: 1Q25 total net income growth slowed 2.7% yoy, +11.4% qoq

Source: FiinproX, KIS Research

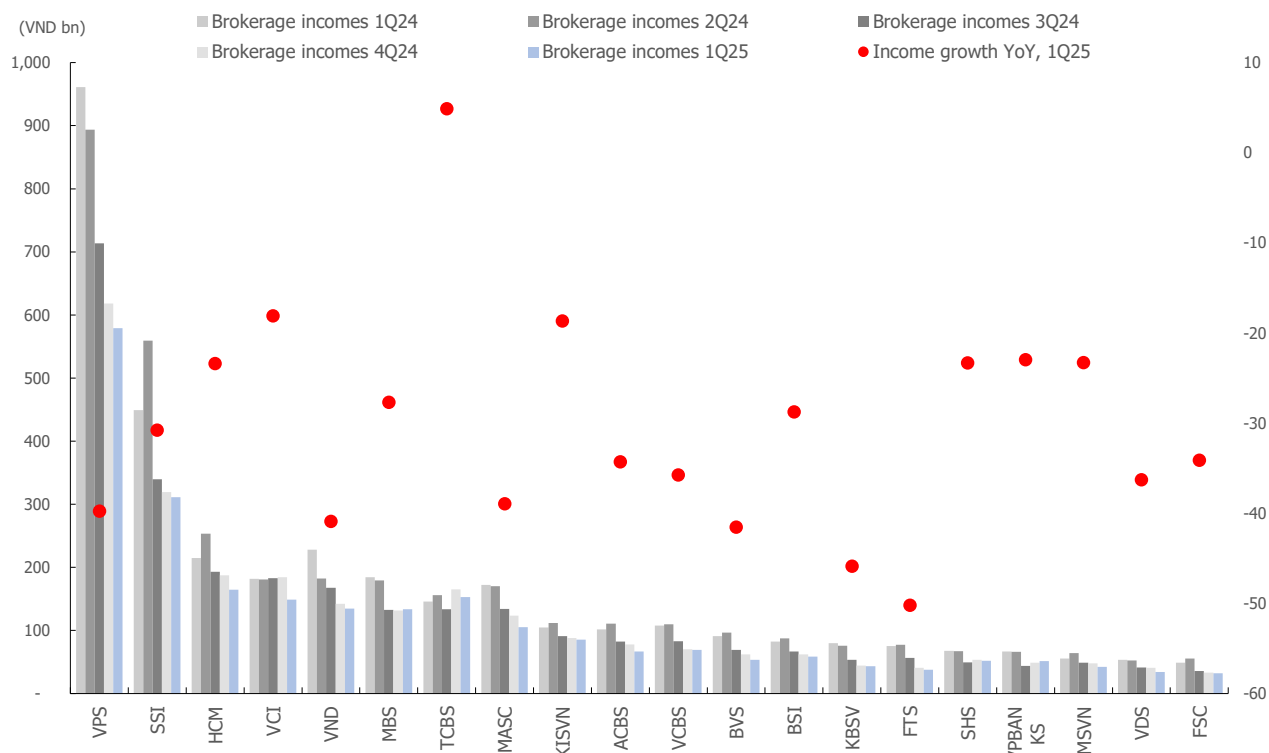
Note: Net Income is abbreviated as total operating income after deducted the bearing cost; Investment net incomes include the income from assets held as FVTPL, AFS and HTM and deducted the cost of goods sold; Lending incomes consists of income from the margin lending and advance payment; Brokerage incomes are derived from the commission/fee of trading/transactions after subtracting the relevant cost (commission/salary paid to the broker forces), IB incomes contain the consulting, underwriting and guarantee of investment banking business after deducting the relevant cost; Other incomes sum the custody business.....

Figure 4. NPAT came in at VND6,2tn (-1.9% yoy, +20.9% qoq). PAT margin increased to 32.8% (+6.3 %p qoq)

Source: FiinproX, KIS Research

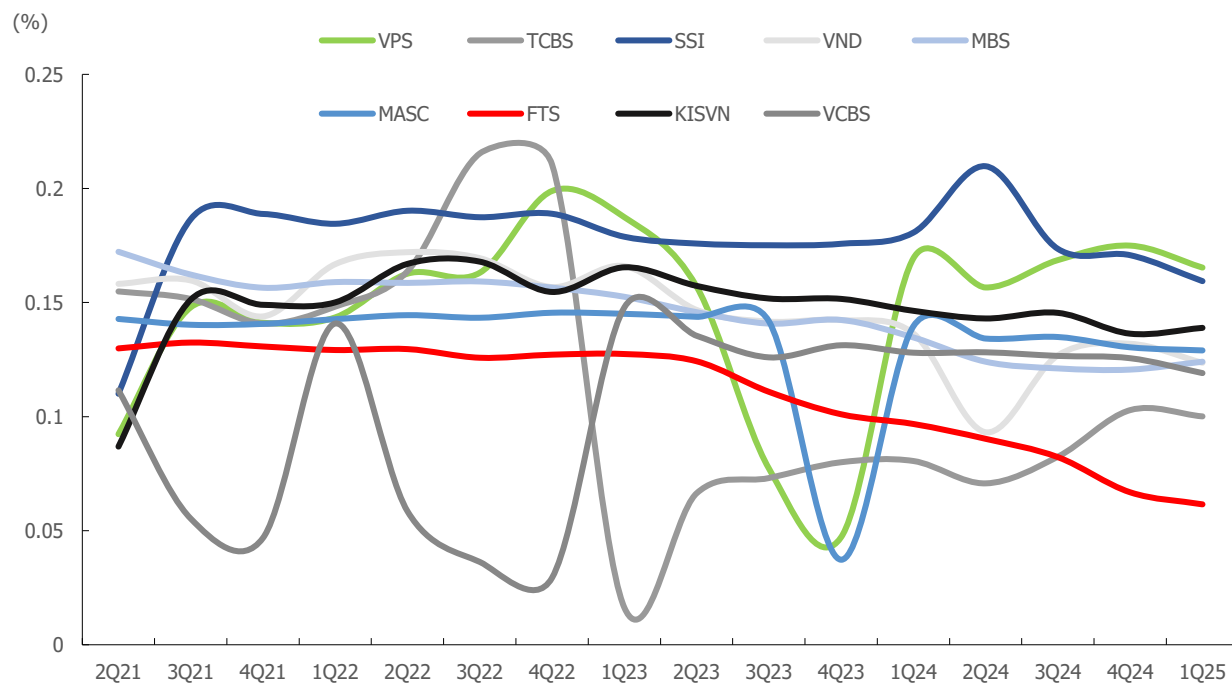
Figure 5. Quarterly NPAT by company: VPBanks, VPS led the 1Q25 NPAT growth (+92.7/45.5% yoy) while the VND and HCM plunged by 38/18.1% yoy

Source: FiinproX, KIS Research

Figure 6. Brokerage income moved downward

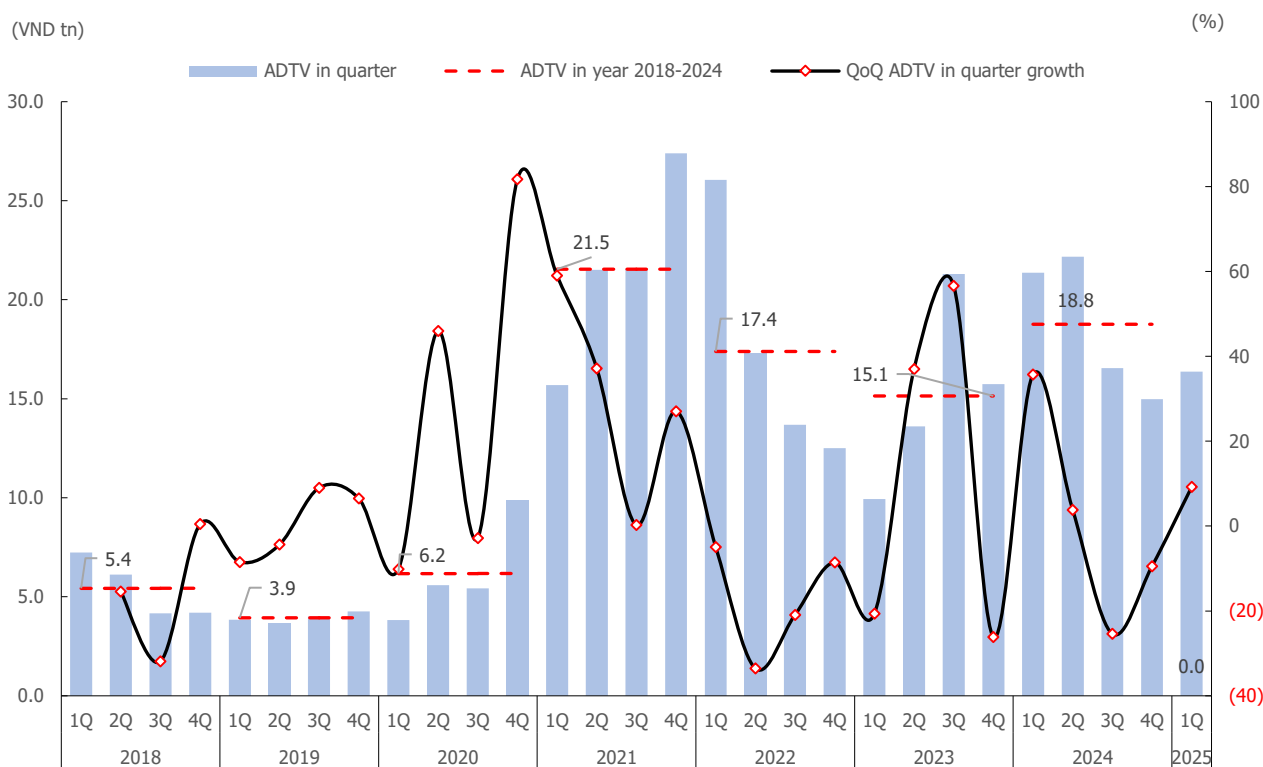
Source: FiinproX, KIS Research

Note: Net brokerage incomes are derived from the commission/fee of trading/transactions after subtracting the relevant cost (commission/salary paid to the broker forces).

Figure 7. Commission rate converged to 0.15%

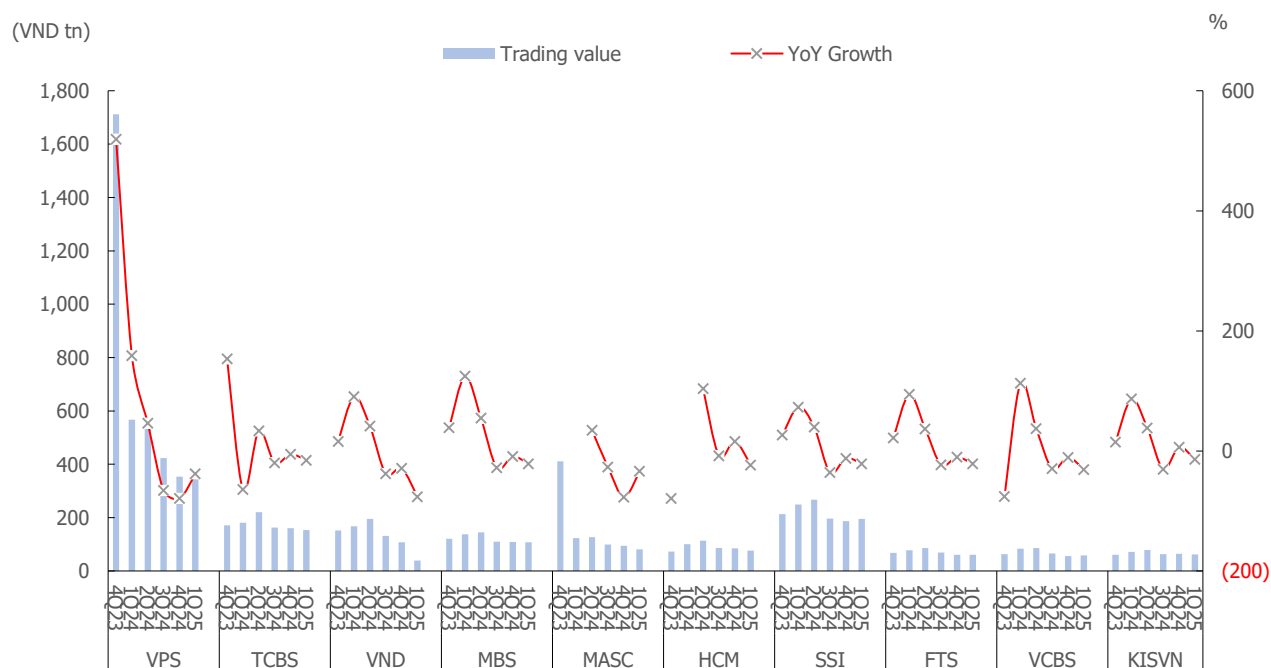
Source: FiinproX, KIS Research

Note: Commission is calculated by dividing the brokerage income by the share trading value in each quarter.

Hinh 8. Average trading value came in at VND16.3tn in 1Q25 (-23% yoy)

Source: FiinproX, KIS Research

Note: ADTV stands for average daily trading volume

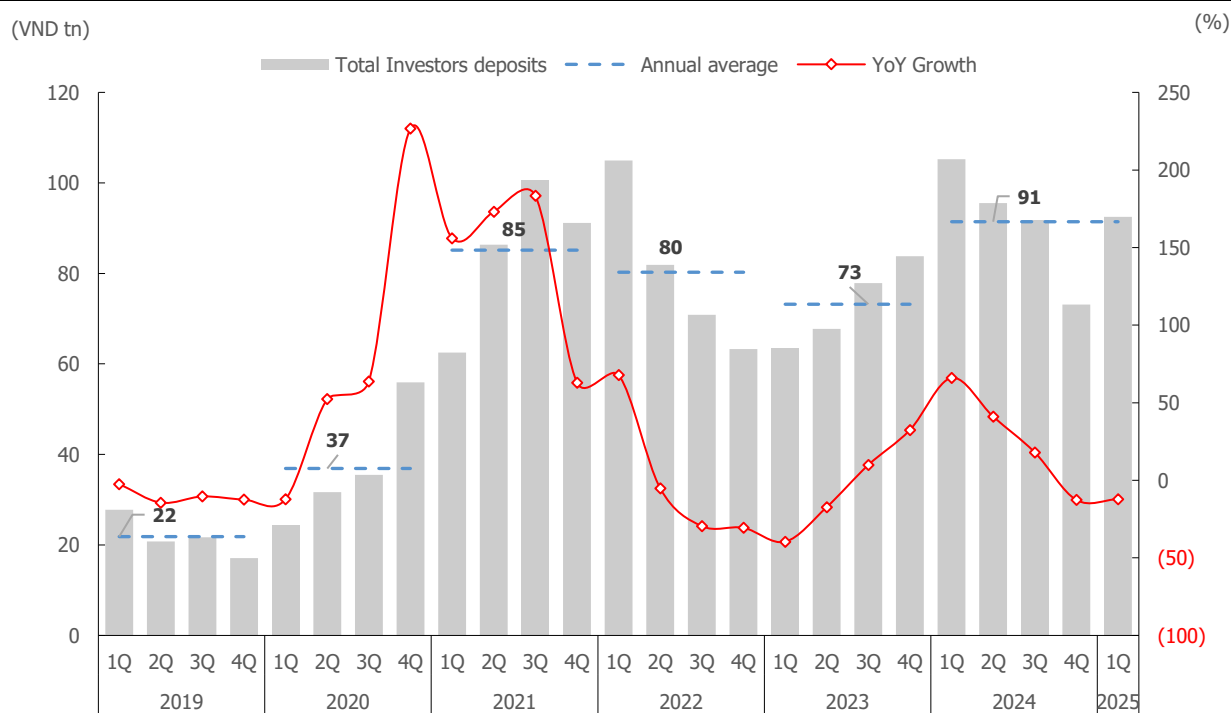
Figure 9. Aggregated stock trading value of investors: the trading value still decreased

Source: FiinproX, KIS Research

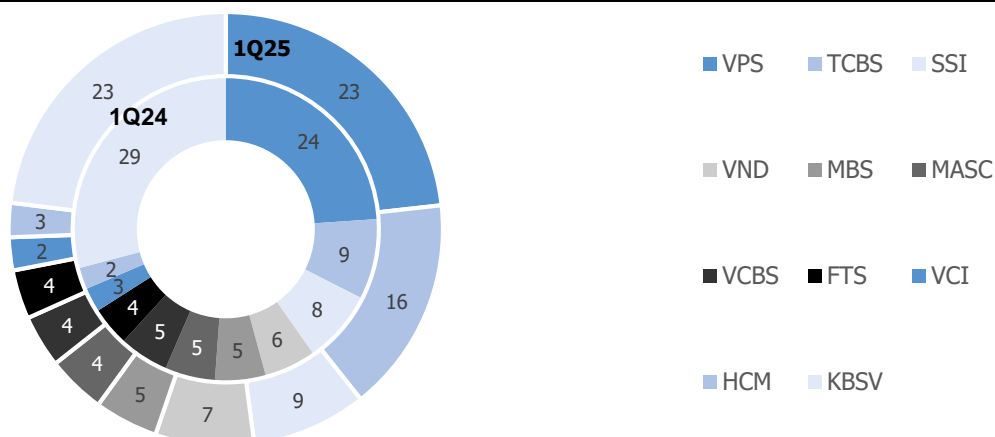
Note: The trading value consists of investors only

Figure 10. Aggregated bond trading value of investors: TCBS, SHS, and VPS were among the top

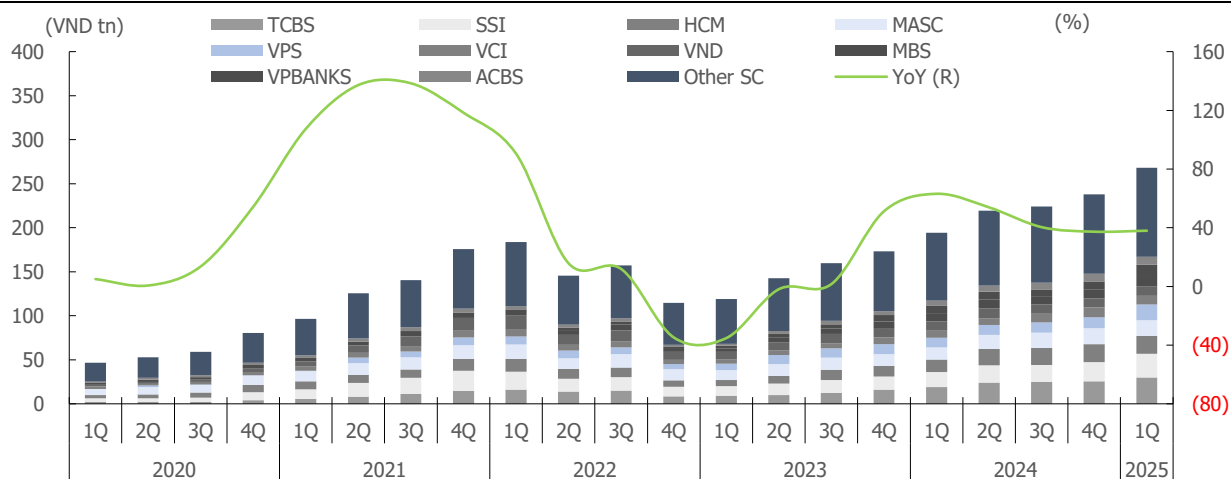
Source: FiinproX, KIS Research
The trading value consists of investors only

Figure 11. Investor deposits by quarter: deposit balance recovered in 1Q25 after 3 consecutive quarters of slump

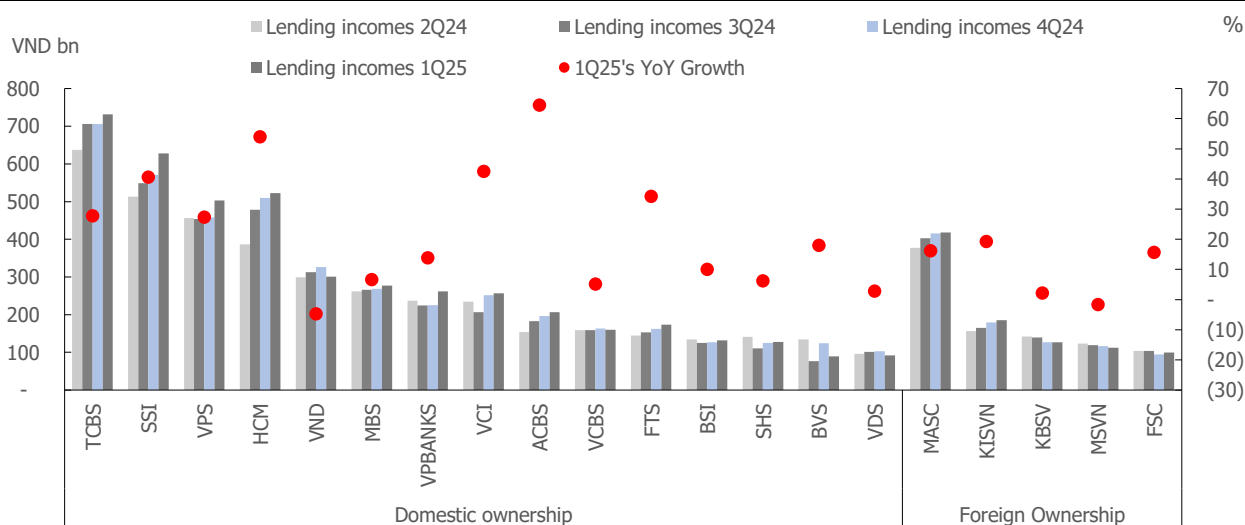
Source: FiinproX, KIS Research

Figure 12. Investor deposit share by player: VPS, TCBS and SSI still gained the deposit market share.

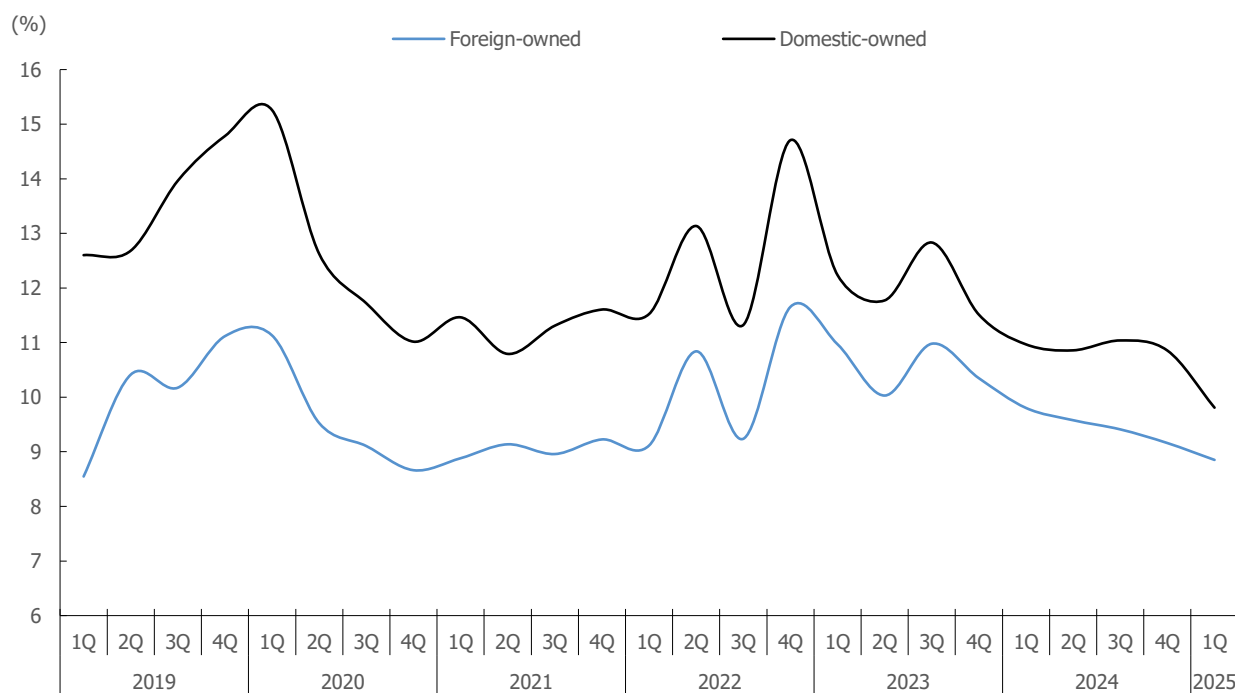
Source: FiinproX, KIS Research

Figure 13. Margin Debt hit new record high

Source: FiinproX, KIS Research

Figure 14. Lending income growth, group by ownerships

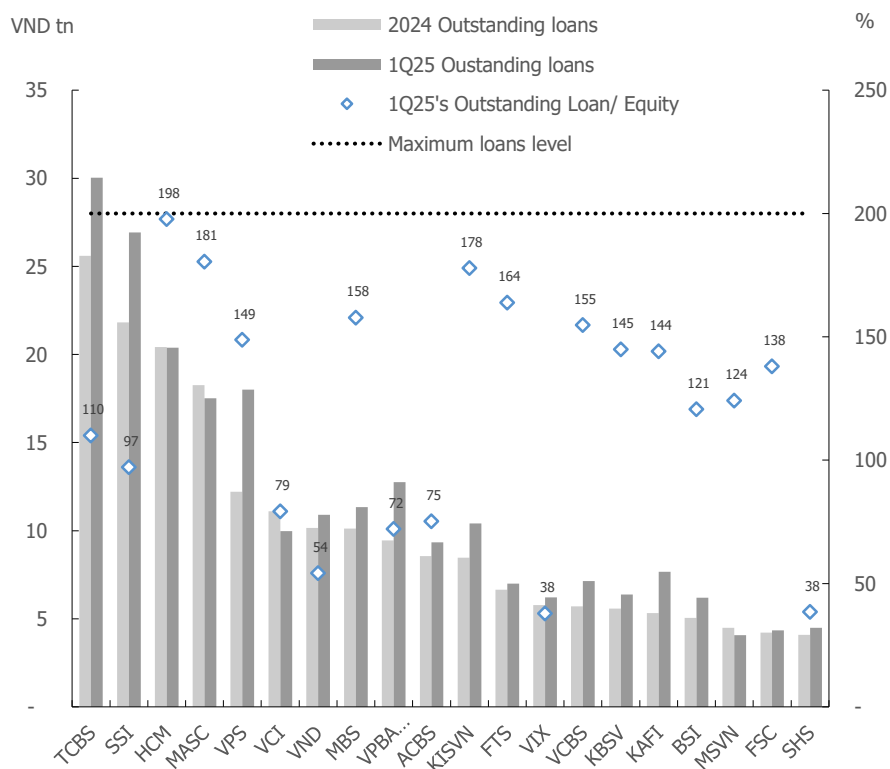
Source: FiinproX, KIS Research

Figure 15. Margin lending rate subsided more in the domestic-owned companies

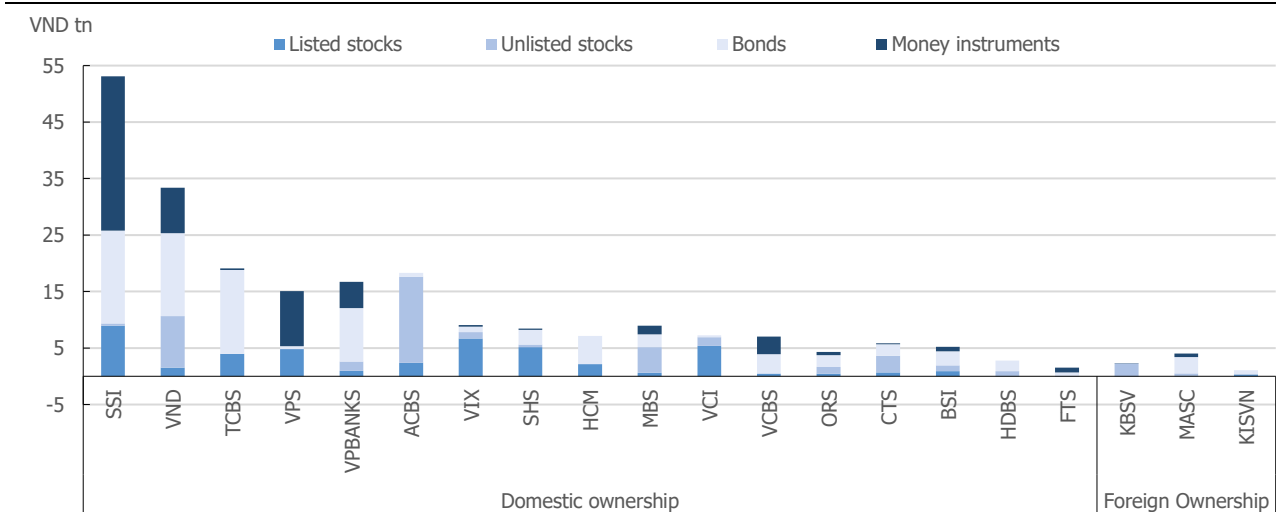
Source: FiinproX, KIS Research

Stock portfolio by company

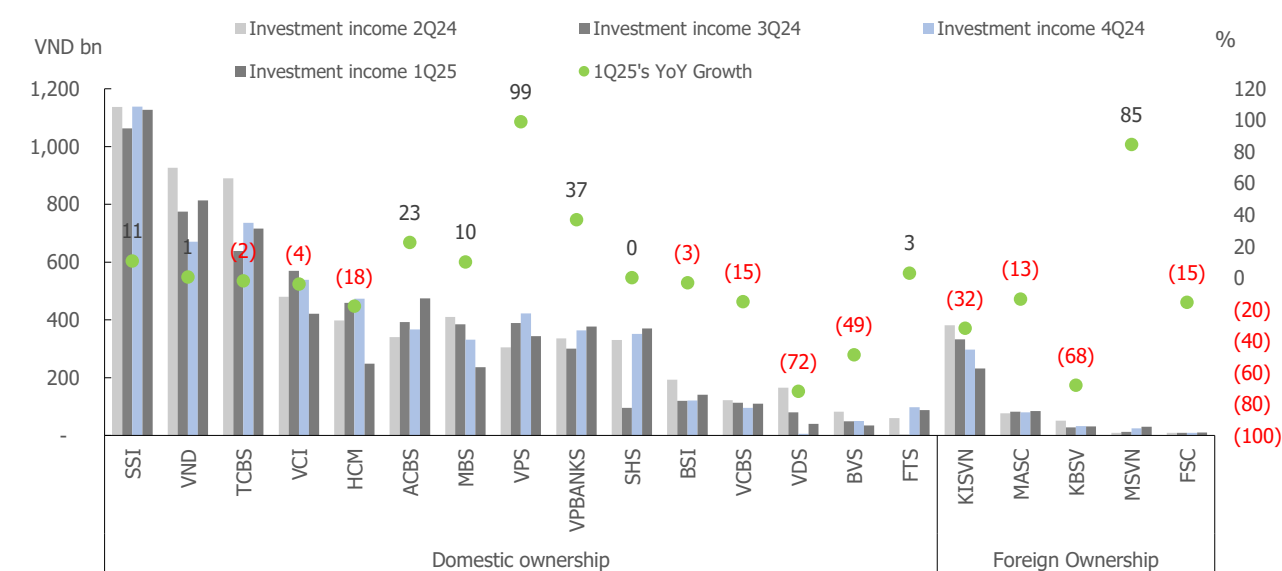
| | SSI | VND | SHS | HCM |
|-----|------|-------|------|------|
| FPT | 0 | 0 | 225 | 2.4 |
| HPG | 0 | 0 | 131 | 16 |
| MWG | 45.3 | 0 | 0 | 13 |
| VPB | 883 | 459 | 298 | 43 |
| FRT | 0 | 0 | 385 | 0 |
| VTP | 0 | 0 | 449 | 0 |
| SHB | 0 | 0 | 549 | 0 |
| TCD | 0 | 0 | 35.4 | 0 |
| MBB | 47.6 | 0 | 0 | |
| STB | 0 | 105.4 | 0 | 17 |
| TCB | 0 | 0 | 115 | 0 |
| CTG | 0 | 113 | 80 | 0 |
| VHC | 0 | 0 | 0 | 26.3 |
| VNM | 0 | 0 | 0 | 37 |
| GEX | 0 | 0 | 313 | 54 |

Figure 16. HCM and Mirae securities expose to equity fund raising challenge

Source: FiinproX, KIS Research

Figure 17. Asset type by company: Bond asset made up a significant share

Source: FiinproX, KIS Research

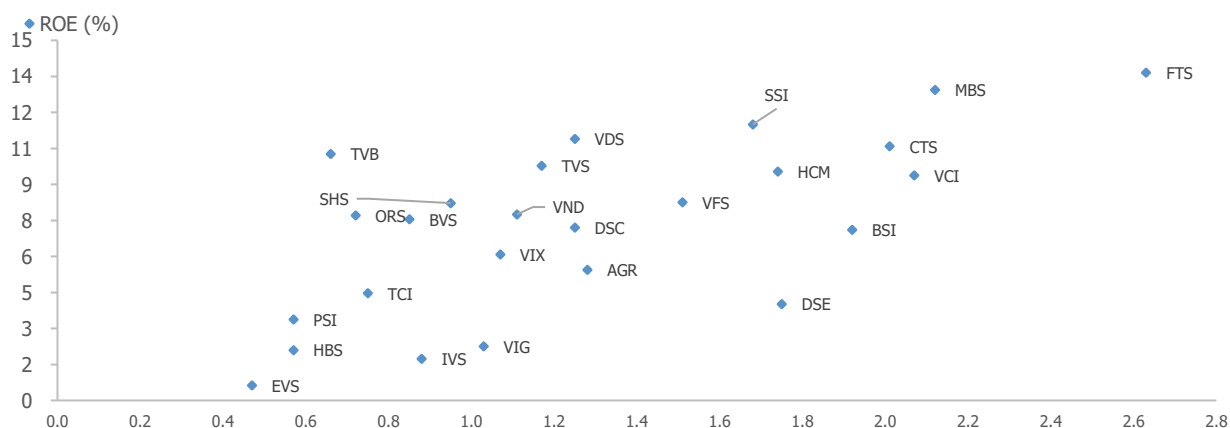
Figure 18. Investment Income growth

Source: FiinproX, KIS Research

Note: Investment net incomes include the income from assets held as FVTPL, AFS and HTM and deducted the cost of goods sold

Figure 19. Industry PB: the brokerage is trading at below 5Y PB average

Source: FiinproX, KIS Research

Figure 20. The matrix of PB and ROE

Source: FiinproX, KIS Research
Data as of May 08 2025

Table 1. Top 10 PBT Guidance

| Company | 2024 Actual | 2024 Guidance | 2025 Guidance | 2024 Actual/2024 Guidance | 2025 Guidance/2024 Actual |
|---------|-------------|---------------|---------------|---------------------------|---------------------------|
| TCBS | 4,802 | 3,700 | 5,765 | 130% | 120% |
| SSI | 3,544 | 3,398 | 4,252 | 104% | 120% |
| VPS | 3,154 | 1,500 | 3,500 | 210% | 111% |
| VND | 2,088 | 2,525 | 2,300 | 83% | 110% |
| HCM | 1,296 | 1,450 | 1,602 | 89% | 124% |
| SHS | 1,239 | 1,035 | 2,520 | 120% | 203% |
| VPBANKS | 1,220 | 1,932 | 2,003 | 63% | 164% |
| VCI | 1,089 | 700 | 1,420 | 156% | 130% |
| MBS | 931 | 930 | 1,300 | 100% | 140% |
| MASC | 822 | 913 | 911 | 90% | 111% |

Source: FiinproX, KIS Research

Table 2. Top 10 Revenue Guidance

| Company | 2024 Actual | 2024 Guidance | 2025 Guidance | 2024 Actual/2024 Guidance | 2025 Guidance/2024 Actual |
|---------|-------------|---------------|---------------|---------------------------|---------------------------|
| SSI | 8,529 | 8,112 | 9,695 | 105% | 114% |
| TCBS | 7,615 | 6,420 | 9,323 | 119% | 122% |
| VPS | 6,466 | | 8,500 | | 131% |
| VND | 5,325 | 3,982 | 4,412 | 134% | 83% |
| HCM | 4,276 | 3,182 | 4,438 | 134% | 104% |
| VCI | 3,696 | 2,511 | 4,325 | 147% | 117% |
| MBS | 3,120 | 2,786 | 3,370 | 112% | 108% |
| VPBANKS | 2,483 | 3,509 | 4,553 | 71% | 183% |
| SHS | 1,991 | 1,844 | 1,600 | 108% | 80% |
| MASC | 2,535 | 2,730 | 2,641 | 93% | 104% |

Source: FiinproX, KIS Research

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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