

## VIB COMMERCIAL JSB (VIB) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND22,000	VND26,300	0%	ADD	FINANCIALS

28 Aug 2020

Outlook – Short term:	Neutral
Outlook – Long term:	Positive
Valuation	Positive
Consensus*: Add: 2 Hold: 1 Reduce: 0	
Target price / Consensus:	14.8%

### Key changes in the report

- TP revised up 10.5%

### Price performance



SOURCE: VNDIRECT RESEARCH

### Key statistics

52w high (VND)	22,800
52w low (VND)	12,400
3m Avg daily value (VNDm)	24,849
Market cap (VNDbn)	20,339
Free float (%)	20%
TTM P/E (x)	6.3
Current P/B (x)	1.5

### Ownership

Chairman & related parties	14.9%
Commonwealth Bank of Australia	20.0%
BOD members and related parties	12.9%
Others	52.2%

SOURCE: VNDIRECT RESEARCH

### Analyst(s):



Nguyen Dang Bao Ngoc

ngoc.nguyendang@vndirect.com.vn

## Stellar 1H20 performance despite the pandemic

- VIB's 2Q20 net interest income and non-interest income surged 24.1% yoy and 56.7% yoy, respectively, driving 2Q20 net profit up 26.8% yoy.
- 1H20 net profit grew 29.5% yoy to VND1,885bn, forming 53.5% of our FY20F forecast.
- Reiterate ADD with higher TP of VND26,300 on the imminent migration to HOSE.

### Solid topline growth in 1H20

VIB's 1H20 net interest income (NII) grew 26.9% yoy, mainly driven by a 20.5% yoy loan book expansion as NIM stood stable at 3.9%. 1H20 non-interest income (Non-II) surged 49.4% yoy to VND1,113bn, thanks to a 33.7% yoy growth in net fee income (NFI), and a net gain of VND82bn from trading investment securities (mostly government bonds) in 1H20. Total operating income rose 31.5% yoy to VND4,815bn in 1H20. However, cost-to-income ratio (CIR) edged up to 42.3% in 1H20 from 41.6% in 1H19 on a 51.7% yoy surge in the staff budget.

### 1H20 bad debt increase to weigh on provision

Non-performing loans (NPL) rose 28.8% yoy in 1H20, pushing NPL ratio to 2.37% at end-2Q20 from 1.96% at end-FY19. However the bad debt ratio was equivalent to the level of 2.36% seen at end-2Q19. 1H20 provision expense increased 31.7% yoy in 1H20 which dragged the bottom line to grow at a lower pace of 29.5% yoy, fulfilling 53.5% of our FY20F forecast.

### We forecast net profit CAGR of 17.7% over FY20-22F

In our view, VIB is well-positioned to deliver higher-than-peer loan growth post-pandemic thanks to its advanced technology and largest market share in car loans. VIB's car lending can benefit from decreasing car prices and a 50% reduction in registration fee. We expect VIB's net profit CAGR of 17.7% over FY20-22F on a 22.5% loan book CAGR, and a 20.5% non-II CAGR. Moreover, VIB's plan to migrate to HOSE in Nov 2020 increases its attractiveness to both local and foreign investors.

### Reiterate ADD with a higher TP of VND26,300

We lift our TP by 10.5% to VND26,300 on higher target FY21F P/BV of 1.1x (previously, 1.0x) to reflect the re-rating catalyst of migration to HOSE, planning for an official listing in Nov 2020. Our TP is based on residual income valuation (COE: 16.1%; LTG: 3.0%) and 1.1x FY21F P/BV, with equal weighting. Upside risk is better-than-expected loan growth. Downside risk would be higher-than-expected bad debt.

Financial summary (VND)	12-18A	12-19A	12-20E	12-21E
Net interest income (bn)	4,825	6,213	7,692	9,546
Net interest margin	3.8%	3.9%	3.9%	4.0%
Total operating income (bn)	6,086	8,152	9,954	12,294
Total provision charges (bn)	(653)	(633)	(1,169)	(1,697)
Net profit (bn)	2,194	3,266	3,525	4,151
Net profit growth	95.1%	48.9%	7.9%	17.8%
Adjusted EPS	2,522	3,687	3,927	4,625
BVPS	11,539	14,527	17,772	22,263
ROAE	22.6%	27.1%	23.6%	22.4%

SOURCE: VNDIRECT RESEARCH, COMPANY REPORT

## STELLAR 1H20 PERFORMANCE DESPITE THE PANDEMIC

Figure 1: Results comparison (VND bn, otherwise noted)

FYE (VNDbn)	2Q20	2Q19	%yoy	1Q20	%qoq	1H20	1H19	%yoy	% of VND FY20F forecasts	Comments
Net interest income	1,902	1,532	24.1%	1,799	5.7%	3,701	2,917	26.9%	48.1%	In line with our forecast.
Non-interest income	652	416	56.7%	461	41.5%	1,113	745	49.4%	49.2%	In line with our forecast.
Operating revenue	2,554	1,948	31.1%	2,260	13.0%	4,815	3,662	31.5%	48.4%	
Operating expenses	(1,008)	(775)	30.1%	(1,029)	-2.1%	(2,037)	(1,522)	33.8%	46.5%	Slightly lower than our forecast
Pre-provision profit	1,547	1,174	31.8%	1,231	25.6%	2,778	2,140	29.8%	49.8%	
Provision expenses	(265)	(163)	62.4%	(156)	70.2%	(421)	(320)	31.7%	36.0%	Provision expense rose 31.7% yoy, while non-performing loan (NPL) rose 25.8% yoy (28.8% ytd) along with lower annualised write-off rate at 0.12% in 1H20 vs. 0.19% in 1H19 (0.2% in FY-19), leading to NPL ratio increased to 2.37% at end-1H20 from 1.96% at end-FY19 (2.36% at end-1H19). We expect provision expense to increase in the remaining quarters to curb the rising bad debt.
Pretax profit	1,281	1,010	26.8%	1,075	19.1%	2,356	1,820	29.5%	53.5%	
Net profit	1,025	808	26.8%	860	19.1%	1,885	1,456	29.5%	53.5%	Above our forecast as 1H20 provision expense is tracking behind our projection.

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: VIB key ratios by quarters

Key ratios	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest income/Total operating income	84.1%	83.1%	85.7%	68.2%	80.8%	78.6%	73.3%	73.5%	79.6%	74.5%
Non-interest income/Total operating income	15.9%	16.9%	14.3%	31.8%	19.2%	21.4%	26.7%	26.5%	20.4%	25.5%
NIM (annualised)	3.3%	3.7%	3.8%	3.8%	4.0%	3.9%	3.9%	3.9%	3.9%	3.9%
Cost to Income ratio (CIR)	51.0%	48.7%	47.7%	44.2%	43.6%	41.6%	41.5%	42.2%	45.5%	42.3%
Non-performing loan (NPL) ratio	2.5%	2.3%	2.5%	2.5%	2.5%	2.4%	2.0%	2.0%	2.2%	2.4%
Loan-loss-reserves (LLR)	46.0%	53.2%	46.6%	36.2%	40.3%	42.3%	49.9%	50.7%	47.3%	49.8%
Credit cost (annualised)	0.5%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%
ROAA (trailing 12 months)	1.2%	1.4%	1.6%	1.7%	1.8%	1.9%	2.1%	2.0%	2.0%	2.0%
ROAE (trailing 12 months)	15.9%	19.2%	21.5%	22.7%	23.9%	25.6%	28.0%	27.5%	27.6%	27.6%

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

### Moderate loan book expansion amid sector gloom in 1H20

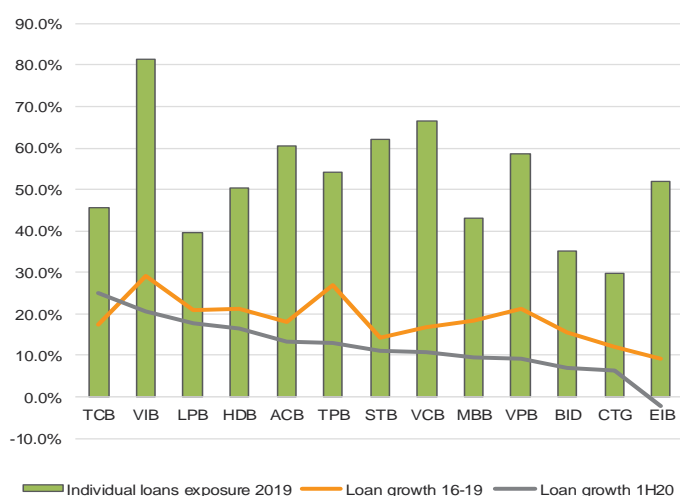
VIB's 1H20 gross loan expanded 6.7% ytd, lower than the level of 19.1% ytd seen in 1H19 but still the third highest among peers. Individual lending grew 31.4% yoy (or 8.2% ytd); contributing 82.4% to total loan book as at end-2Q20. We observed that VIB is a pure retail lending player with the largest exposure to individuals among peers. Currently, VIB is also the leading player in car lending market thanks to the bank's competitive advantages in terms of interest and tenure.

We expect VIB's loan growth to improve in 2H20-FY21F to reach 18%/23% in FY20F/FY21F on our base case assumption that the second wave of the pandemic in Vietnam will be controlled at end-3Q20F, accompanied by public investment boost and loosening monetary policy. Vietnam system credit grew 3.65% ytd at end-2Q20, much improved from the level of 1.31% ytd at end-1Q20, driven by Vietnam's resilient growth as the pandemic was under control at the beginning of May in Vietnam while many countries were shutting their borders due to the outbreak at that time. However, Vietnam is witnessing the second wave of Covid-19, beginning at end-Jul; the government has quickly tackled it by applying strict social distancing requirements to hard-hit cities while maintaining the business activities at other cities and provinces. Simultaneously, the Vietnamese government's public investment

disbursement jumped 27.2% yoy to VND203tr in 7M20 (7M19: 4.7% yoy), completing 42.7% of full-year target, creating jobs for corporates and individuals. In addition, the loosening monetary policies by two occasions of key rates cut in Mar/May lowered the lending rate which encouraged corporates to take new loan for operation resumption. Moreover, other countries are considering to reopen their borders in the light of the success in Covid-19 vaccine production, which could boost trade, manufacturing, tourism, and indirectly improve people's income. In these circumstances, VIB, which has high individual market share (4.3% at end-FY19), prominent position in auto loan, and lending product interest and tenure competitive advantages, can surpass other peers and maintain its high credit growth in 2H20-FY21F.

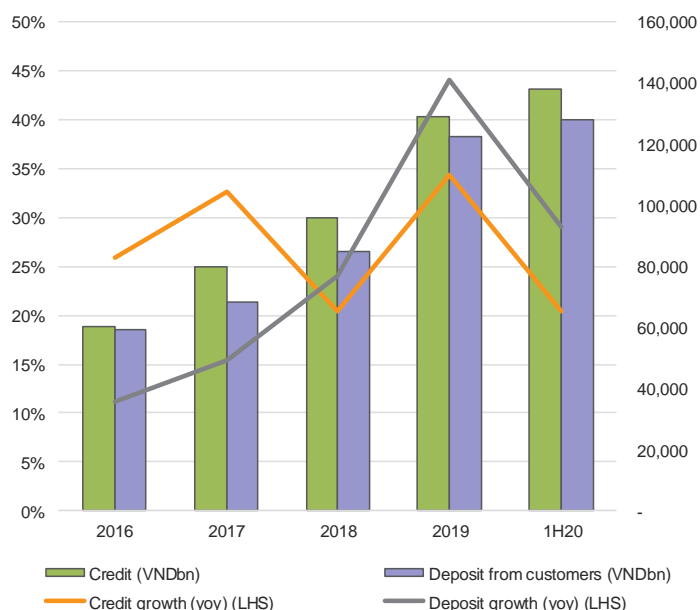
VIB's 1H20 high loan growth was supported by a steady source of funding structure, with higher contribution of deposit from customers' funding source. Deposit from customers grew 29% yoy, accounting for 70.4% of total funding source at end-1H20, comparing to the 67.1% level at end-1H19. Moreover, valuable papers rose 29.9% yoy, increasing its contribution in the funding sources to 10.9% at end-2Q20 from 10.3% at end-2Q19. Meanwhile, interbank lending increased 3.8% yoy, lowering its contribution to 18.7% at end-2Q20 from 22.2% at end-2Q19. The current funding structure made the bank more liquid and less sensible to the market rate, as VIB's major loan portfolio is medium-to-long term loan, albeit the structure also puts pressure on the bank's cost of fund. The medium-to-long term loan accounted for 81.7% of loan portfolio at end-2Q20 (81.8% as at end-2Q19).

**Figure 3: VIB led in loan book growth in 2016-1H20, with largest exposure to individual loan**



SOURCE: VNDIRECT RESEARCH, COMPANY REPORT

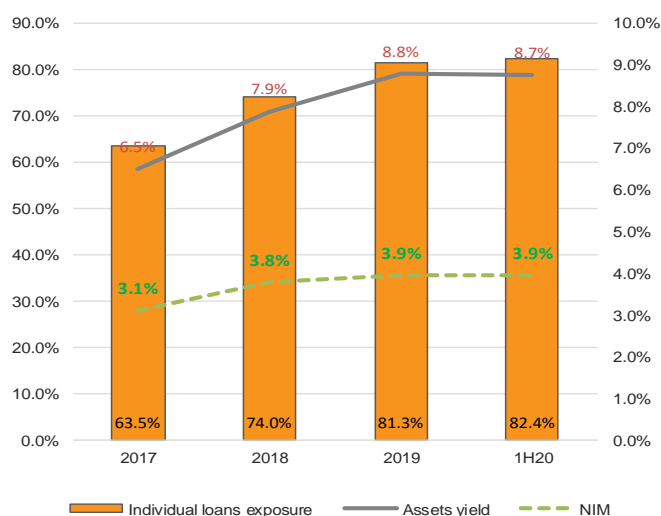
**Figure 4: VIB had higher deposit growth over 2 recent years thanks to its brand's improvement**



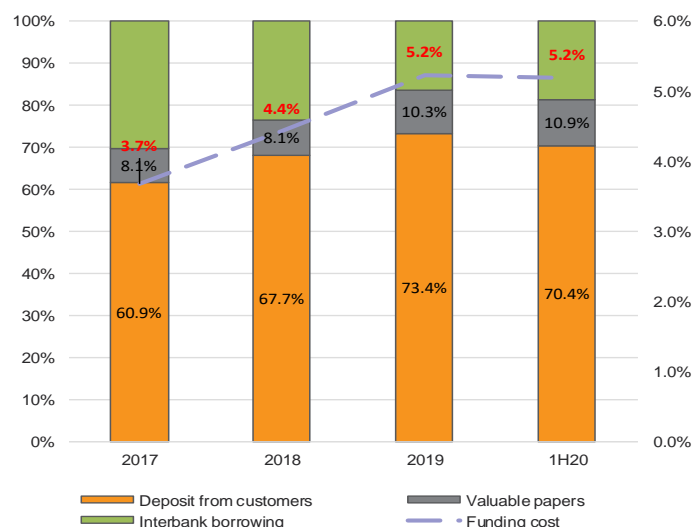
SOURCE: VNDIRECT RESEARCH, COMPANY REPORT

### Rising funding cost was offset by higher asset yield

Annualised cost of funds (COF) climbed to 5.2% in 1H20 from 4.92% in 1H19, as VIB stepped up using customers' deposits and valuable papers, while less often resorted to interbank lending. The change has helped stabilise funding sources, increasing liquidity and reducing sensitivity to market interest rates as c.82% of VIB's total loan was medium-to-long term loan. Meanwhile, annualised assets yield was 8.74% in 1H20, up from 8.49% in 1H19, thanks to VIB's higher exposure to individual lending, which rose to 82.4% of VIB's outstanding loans at end-1H20 from 75.5% at end-1H19. Consequently, VIB's 1H20 NIM was stable at 3.9%, the sixth-highest among listed banks, as a 25bp yoy rise in assets yield offset the 28bp yoy growth in cost of funds.

**Figure 5: Higher assets yield on large individual loan exposure**


SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 6: COF rose on a more stable funding source structure**


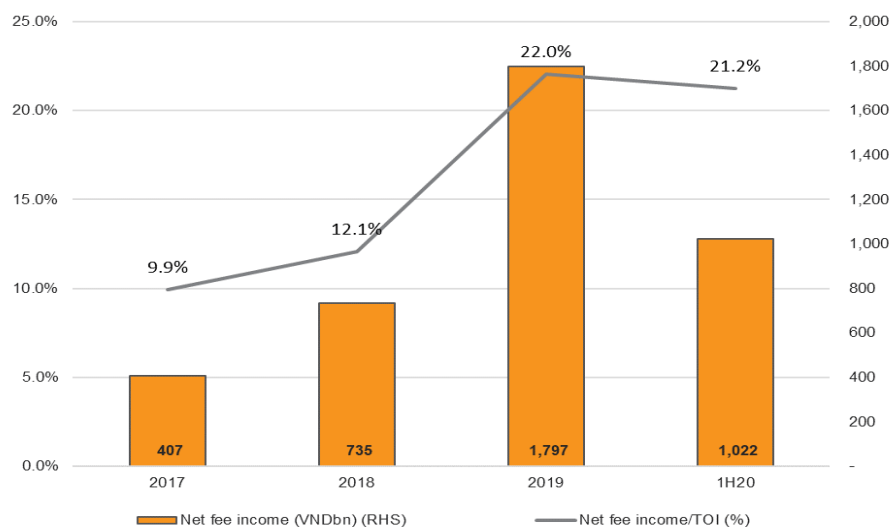
SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

### Robust net fee income growth driven by bancassurance business

While boosting credit activities, VIB also focused on bancassurance activity and credit card issuance which led to an increase in income from payment and commission fee. NFI reached VND1,022bn in 1H20, making up 21.2% of the total operating income (TOI), thanks to a 70.6% yoy surge in settlement income and a 22.7% rise in commission fee income. As a result, net fee income which recorded high growth rate in the two most recent years, has raised its contribution to over 21% of total operating income in 2019 and 1H20.

We expect VIB's net fee income CAGR at 21% over FY20-22F, mainly contributed by incomes from commission fee from bancassurance activity and payment service from card issuance activity. Regarding card issuance activity, VIB has classified its credit card products into six types which have various cashback and reward programs depending on cards' credit limit and annual fee, to boost consumption. New card issuance increased 170% yoy, and average payment by credit card increased 196% yoy in 2019, helping VIB maintain the leading position in payment by credit card among domestic peers for two consecutive years. In terms of bancassurance activity, VIB and Prudential signed a 15-year strategic partnership agreement at end-FY15. VIB's bancassurance products are divided into six types, including four life insurance and two non-life insurance products. Income from commission fee made up 49.7%/41.2% of total fee income in FY19/1H20. In 2019, revenue from VIB's bancassurance sales accounted for 76% of Prudential's total bancassurance revenue.

**Figure 7: Higher contribution of NFI in TOI, driven by income from commission fee and payment service**



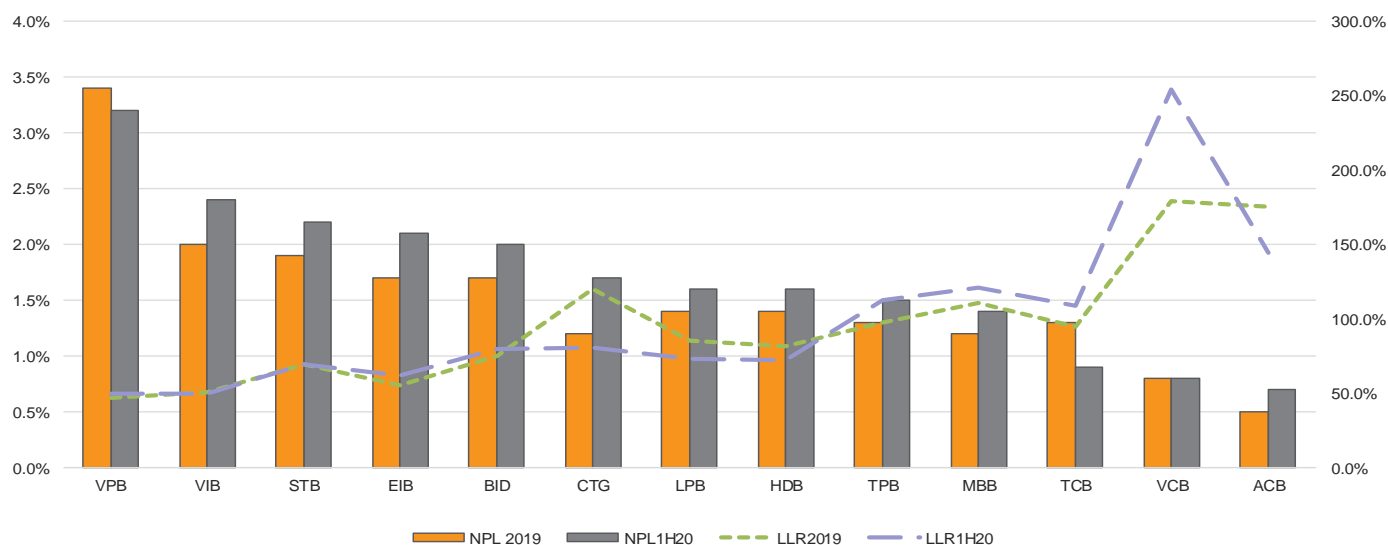
SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

### COVID-19 pandemic casted shadow over the bank's asset quality

NPL ratio climbed to 2.37% at end-1H20 from 1.96% at end-FY19, and group 2 loans soared 113.6% ytd, accounting for 2.3% of loan book at end-1H20 vs. 1.1% at end-FY19. The higher ratio was in place because NPL rose 28.8% ytd, along with a lower annualised write-off rate of 0.12% in 1H20 vs. 0.2% in FY19. We expect VIB to increase its provision expense and write-off more bad debt in the subsequent quarters, as comparing to peers, VIB has higher NPL ratio while having lower LLR.

In 1H20, VIB has restructured a loan portfolio worth VND500bn (0.36% of loan book at end-1H20). The bank also reduced the lending rates by up to 2% pts on a loan portfolio valued at VND8,700bn (6.3% of loan book at end-1H20) to support customers affected by the pandemic.

**Figure 8: VIB has high NPL ratio and low LLR comparing to peers**



SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS



### WE FORECAST VIB'S FY20-22F NET PROFIT TO GROW AT A CAGR OF 17.7%

We expect NII CAGR to be at 23.8% over FY20-22F, on the back of a 22.5% loan book CAGR and 15bp NIM expansion. VIB's large individual loan market share and largest market share in car loans will lift the bank's credit growth, especially when car prices drop and the vehicle's registration fee has been cut by 50%. Meanwhile, NIM improves on higher asset yield due to large exposure to individual loans, while COF will be stable as the bank keeps its current funding source structure intact.

We estimate NFI CAGR at 21% for FY20-22F, for which income from commission fees and income from payment service of credit cards will remain key drivers in coming years.

Cost income ratio is expected to remain at 44% in FY20-22F, slightly up from 42.2% in FY19, as the bank keeps digitalising its banking system, improving new credit solution, core card, and scoring card which will put pressure on operating expense.

We expect VIB to increase its provision expense and the write-off rate in the subsequent quarters to improve its NPL ratio and loan loss coverage. Hence, we forecast the provision expense CAGR at 41.4% for FY20-22F.

Consequently, the net profit CAGR will be 17.7% over FY20-22F.

**Figure 9: Forecast performance in FY20-22F**

<b>Profit &amp; Loss Statement</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Net interest income	7,692	9,546	11,791
yoy %	23.8%	24.1%	23.5%
Non-interest income	2,262	2,748	3,284
yoy %	16.7%	21.5%	19.5%
Operating income	9,954	12,294	15,075
Operation expense	4,380	5,410	6,633
Pre-provision profit	5,574	6,885	8,442
Provision expenses	1,169	1,697	2,336
Pre-tax profit	4,405	5,188	6,106
Net profit	3,525	4,151	4,885
yoy %	7.9%	17.8%	17.7%
<b>Key Financial Ratios</b>			
Loan growth	18.0%	23.0%	22.0%
Deposit growth	20.0%	25.0%	25.0%
Non-performing loan (NPL) ratio	2.3%	2.5%	2.4%
Loan-loss-reserves (LLR)	46.1%	48.8%	62.3%
Credit Cost	0.8%	1.0%	1.1%
Loan-to-deposit ratio (LDR)	78.1%	77.9%	77.8%
Cost-to-income ratio (CIR)	44.0%	44.0%	44.0%
Capital adequacy ratio (CAR)	9.9%	10.1%	9.9%
ROA	1.8%	1.7%	1.7%
ROE	23.6%	22.4%	21.4%

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

### VALUATION: REITERATE ADD WITH A HIGHER TP OF VND26,300

We reiterate ADD rating with a higher TP of VND26,300 on higher target FY21F P/BV of 1.1x (previously 1.0x) to reflect the possibility of the bank's migration from UPCOM to HOSE. The migration to main bourse will help to lure interest of both foreign and local investors to VIB. Our TP is based on residual income valuation and P/BV multiple valuation, with 50% weighting for each method.

**Figure 10: Our target price calculation**

Approach	Weighting	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	28,189	14,095
P/BV multiple (at 1.1x FY21F P/BV)	50%	24,489	12,244
Target price (VND/share)			26,339
<b>Target price (VND/share, rounded)</b>			<b>26,300</b>

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 11: Residual income valuation, based on our estimates**

Key assumptions	2020E	2021E	2022E	2023E	2024E	Terminal
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	1.1	1.1	1.1	1.1	1.1	1.1
Cost of equity	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
Long-term growth rate						3.0%
<i>(in VND bn, otherwise noted)</i>						
Opening shareholder's equity	13,430					
PV of RI (5 years)	5,088					
PV of Terminal value	7,543					
Implied Equity value	26,061					
No. of outstanding shares (m shares)	924.5					
Implied value per share (VND/share)	<b>28,189</b>					

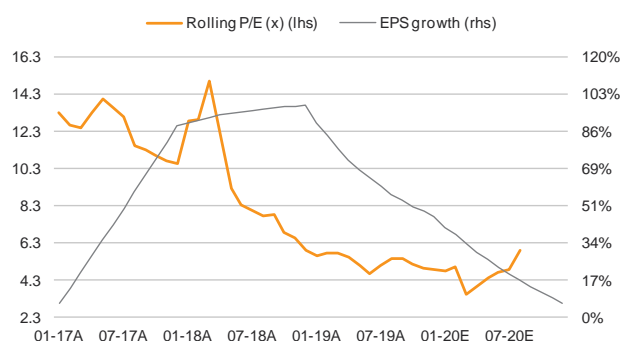
SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 12: Vietnam banks comparison**

Banks	Ticker	Recommendation	Closing Price	Target Price	Market cap	P/B (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(VND)	(VND)	(US\$m)	FY20F	FY21F	FY20F	FY21F	%	FY20F	FY21F
Vietcombank	VCB	HOLD	83,000	86,200	13,099	3.2	2.6	14.6	12.5	16.1%	23.6%	22.7%
BIDV	BID	N/a	40,950	N/a	7,009	2.2	2.0	35.7	20.3	37.8%	9.1%	12.3%
Vietinbank	CTG	N/a	25,700	N/a	4,072	1.2	1.1	14.3	10.6	19.6%	10.1%	12.0%
Techcombank	TCB	ADD	21,300	27,400	3,172	1.0	0.9	7.1	6.1	12.5%	15.9%	15.7%
VPBank	VPB	HOLD	23,350	25,000	2,422	1.1	1.0	7.0	5.6	15.5%	17.9%	18.4%
MBBank	MBB	ADD	17,950	26,200	1,842	0.9	0.8	4.9	4.3	13.3%	20.5%	19.4%
Asia Commercial Bank	ACB	ADD	21,200	28,500	1,950	1.1	0.9	5.4	4.9	11.6%	21.6%	20.4%
HDBank	HDB	N/a	28,350	N/a	1,165	1.2	1.0	7.0	5.8	12.9%	20.9%	21.6%
TPBank	TPB	N/a	22,500	N/a	782	1.1	0.9	6.4	5.3	13.4%	22.4%	18.4%
Lien Viet Post Bank	LPB	ADD	9,200	11,000	382	0.6	0.6	7.8	6.6	11.2%	11.3%	11.9%
<b>Average</b>						<b>1.4</b>	<b>1.2</b>	<b>11.0</b>	<b>8.2</b>	<b>16.4%</b>	<b>17.3%</b>	<b>17.3%</b>
<b>Vietnam International Bank</b>	<b>VIB</b>	<b>ADD</b>	<b>22,000</b>	<b>26,300</b>	<b>865</b>	<b>1.2</b>	<b>1.0</b>	<b>5.6</b>	<b>4.8</b>	<b>13.9%</b>	<b>23.6%</b>	<b>22.4%</b>

PRICE AS AT 31 AUG 2020  
SOURCE: VNDIRECT RESEARCH, BLOOMBERG

## Valuation

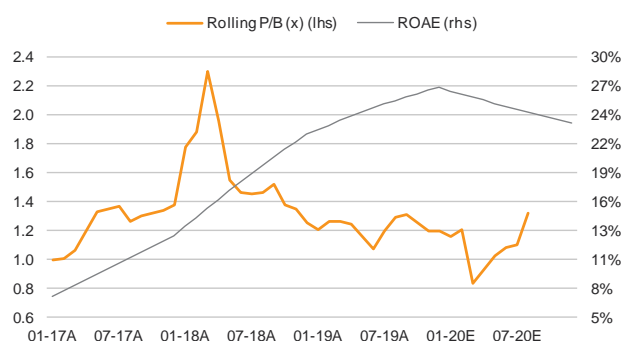


### Income statement

(VNDbn)	12-19A	12-20E	12-21E
<b>Net interest income</b>	<b>6,213</b>	<b>7,692</b>	<b>9,546</b>
<b>Non interest income</b>	<b>1,939</b>	<b>2,262</b>	<b>2,748</b>
<b>Total operating income</b>	<b>8,152</b>	<b>9,954</b>	<b>12,294</b>
Total operating costs	(3,437)	(4,380)	(5,410)
<b>Pre-provision operating profit</b>	<b>4,715</b>	<b>5,574</b>	<b>6,885</b>
<b>Total provision charges</b>	<b>(633)</b>	<b>(1,169)</b>	<b>(1,697)</b>
Income from associates & JVs			
Net other income			
<b>Pre-tax profit</b>	<b>4,082</b>	<b>4,405</b>	<b>5,188</b>
Tax expense	(816)	(880)	(1,037)
<b>Profit after tax</b>	<b>3,266</b>	<b>3,525</b>	<b>4,151</b>
Minority interest	0	0	0
<b>Net profit</b>	<b>3,266</b>	<b>3,525</b>	<b>4,151</b>

### Balance sheet

(VNDbn)	12-19A	12-20E	12-21E
Gross loans to customers	129,200	152,456	187,521
Loans to banks			
<b>Total gross loans</b>	<b>129,200</b>	<b>152,456</b>	<b>187,521</b>
Securities - total	27,925	43,262	51,908
Other interest earning assets	23,052	16,840	22,163
<b>Total gross IEAs</b>	<b>180,177</b>	<b>212,558</b>	<b>261,591</b>
<b>Total provisions</b>	<b>(1,368)</b>	<b>(1,802)</b>	<b>(2,530)</b>
<b>Net loans to customers</b>	<b>127,914</b>	<b>150,870</b>	<b>185,250</b>
<b>Total net IEAs</b>	<b>178,808</b>	<b>210,756</b>	<b>259,061</b>
Cash and deposits	1,160	1,229	1,303
Total investments	106	112	119
Other assets	4,458	4,725	5,009
<b>Total non-IEAs</b>	<b>5,723</b>	<b>6,067</b>	<b>6,431</b>
<b>Total assets</b>	<b>184,531</b>	<b>216,822</b>	<b>265,491</b>
Customer deposits	122,357	146,828	183,536
Cds outstanding	17,155	18,870	24,531
Customer interest-bearing liabilities	139,512	165,699	208,067
Bank deposits	0	0	0
Broad deposits	139,512	165,699	208,067
Other interest-bearing liabilities	27,238	29,961	32,956
<b>Total IBLs</b>	<b>166,750</b>	<b>195,660</b>	<b>241,023</b>
Deferred tax liability			
Other non-interest bearing liabilities	4,352	4,732	3,887
<b>Total non-IBLs</b>	<b>4,352</b>	<b>4,732</b>	<b>3,887</b>
<b>Total liabilities</b>	<b>171,102</b>	<b>200,392</b>	<b>244,910</b>
Share capital	9,245	9,245	9,245
Additional paid-in capital	0	0	0
Treasury shares			
Retained earnings reserve	1,590	4,591	8,742
Other reserves	2,594	2,594	2,594
<b>Shareholders' equity</b>	<b>13,430</b>	<b>16,430</b>	<b>20,582</b>
Minority interest	0	0	0
<b>Total equity</b>	<b>13,430</b>	<b>16,430</b>	<b>20,582</b>
<b>Total liabilities &amp; equity</b>	<b>184,531</b>	<b>216,822</b>	<b>265,491</b>



	12-19A	12-20E	12-21E
<b>Growth rate (yoy)</b>			
Cust deposit growth	44.2%	20.0%	25.0%
Gross cust loan growth	34.4%	18.0%	23.0%
Net interest income growth	28.8%	23.8%	24.1%
Pre provision operating profit growth	38.8%	18.2%	23.5%
Net profit growth	48.9%	7.9%	17.8%
Growth in IEAs	32.7%	17.9%	22.9%
<b>Share value</b>			
Basic EPS (VND)	3,580	3,813	4,490
BVPS (VND)	14,527	17,772	22,263
DPS (VND)	567	0	500
EPS growth	46.3%	6.5%	17.8%

### Key ratios

	12-19A	12-20E	12-21E
Net interest margin	3.9%	3.9%	4.0%
Cost-income ratio	(42.2%)	(44.0%)	(44.0%)
Reported NPLs / gross cust loans	2.0%	2.3%	2.5%
Reported NPLs / net cust loans	2.0%	2.3%	2.5%
GP charge / average cust loans	0.6%	0.8%	1.0%
Total CAR	9.7%	9.9%	10.1%
Loan deposit ratio	92.6%	92.0%	90.1%
<b>Margins and spreads</b>			
Return on IEAs	8.8%	8.9%	9.0%
Cost of funds	5.2%	5.4%	5.4%
Interest return on average assets	3.8%	3.8%	4.0%
ROAE	27.1%	23.6%	22.4%

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS



## DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Hien Tran Khanh – Deputy Head of Research**

Email: [hien.trankhanh@vndirect.com.vn](mailto:hien.trankhanh@vndirect.com.vn)

**Ngoc Nguyen Dang Bao – Senior Analyst**

Email: [ngoc.nguyendang@vndirect.com.vn](mailto:ngoc.nguyendang@vndirect.com.vn)

**VNDIRECT Securities Corporation**

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn)

Website: <https://vndirect.com.vn>