CGSCIMB

DOWNGRADE

VNDIRECT
WISDOM TO SUCCESS

Company Note | Banks | Vietnam | May 14, 2020 | Shariah Compliant

Vietnam Prosperity JSC Bank

Asset protection over profit

- VPB posted robust net profit growth (+62.7% yoy) in 1Q20 amid headwinds from the pandemic, thanks to stricter cost control and risk management.
- 1Q20 net profit of VND2,314bn was below at 23.0% of our FY20F forecast.
- Hence, we downgrade VPB from Add to Hold with a lower TP of VND25,000.

Vietnam

HOLD *(previously ADD)*

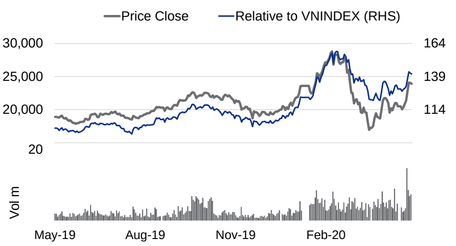
Consensus ratings*: Buy 11 Hold 1 Sell 0

Current price:	VND23,900
Target price:	VND25,000
Previous target:	VND25,800
Up/downside:	4.6%
CGS-CIMB / Consensus:	-21.8%
Reuters:	VPB.HM
Bloomberg:	VPB VN
Market cap:	US$2,496m
	VND58,262,184m
Average daily turnover:	US$4.21m
	VND98,323m
Current shares o/s:	2,438m
Free float:	72.7%

**Source: Bloomberg*

Key changes in this note

- FY20-21F EPS reduced by 13.3-18.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	19.8	-10.2	29.9
Relative (%)	10.9	0.9	42.9

Major shareholders	% held
Mr. Ngo Chi Dzung	4.5
Mr. Bui Hai Quan	2.3
Mr. Lo Bang Giang	0.1

Strong topline but NIM is falling

VPB's net interest income (NII) rose 18.2% yoy in 1Q20 thanks to 14.0% yoy loan book growth and 94.6% yoy growth in corporate bonds. Much of the latter came from 2019 pipeline. Net interest margin (NIM) was flat yoy at 8.9%, but fell 41bp qoq as VPB scaled down its unsecured lending at FE Credit. 1Q20 non-interest income surged 60.1% yoy as income from bad debt recovery doubled yoy while gain from securities jumped 4.3x yoy as VPB sold 8.5% of its bond book (VND4,800bn) in 1Q20. Net fee income slipped 6.7% yoy due to sluggish insurance sales at FE Credit, while income from payment service climbed by 93.6% yoy.

Cost control efforts boosted the bottom line

Opex rose 10.3% yoy in 1Q20 as cost-to-income ratio (CIR) declined to 33.1% from 37.4% in 1Q19 and 34.0% in FY19. Progressive digitalisation has helped VPB to enhance online transaction volume by 25% yoy and the number of digital users by 64% yoy in 1Q20 (~200k new users per quarter). 1Q20 provision expense rose 15.8% yoy as VPB ramped up loan write-offs. Hence, non-performing loan (NPL) ratio decreased from 3.6% in 1Q19 to 3.0% in 1Q20. The hike in opex and provision expense trailed the growth of total operating income (+24.4% yoy), thus net profit surged 62.7% yoy.

Curbing high risk activities will hurt FY20F profit

VPB's large footprint in unsecured lending exposes it to high credit risk amid the pandemic, because the customers of its consumer finance subsidiary – FE Credit – are low income individuals. VPB shared that it will curb activities at FE Credit in FY20, limit lending to new customers and shift focus to loan recovery. Loan growth at FE Credit loans only rose 1.4% in 1Q20 while it was 2.9% at VPB. FE Credit's loan book is targeted at VND62tr in FY20F, falling 3.7% yoy. FE Credit contributed 58.7% to VPB's FY19 NII. Therefore, scaling down consumer finance may hurt VPB's NIM and profit in FY20F.

Downgrade to Hold; TP is reduced to VND25,000

We cut FY20-21F EPS by 13.3-18.2% on lower loan growth, lower NIM and lower fee income projections. We forecast a 72bp drop in FY20F NIM due to the scaling down of unsecured lending. Our TP is based on residual income valuation (COE: 14.3%; LTG: 3.0%), with risk premium revised up to 11% from 10% previously, due to higher uncertainty caused by the Covid-19 pandemic. Downside risk could come from a higher-than-expected credit cost. Upside risk would be better-than-expected credit growth.

Analyst(s)

Thuy LE Minh
T (84) 96 784 4629
E thuy.leminh@vndirect.com.vn

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income (VNDb)	24,702	30,670	31,793	37,380	45,311
Total Non-Interest Income (VNDb)	6,384	5,685	6,383	8,144	9,131
Operating Revenue (VNDb)	31,086	36,356	38,177	45,524	54,442
Total Provision Charges (VNDb)	(11,253)	(13,688)	(14,480)	(17,251)	(20,515)
Net Profit (VNDb)	7,356	8,260	8,269	10,237	12,333
Core EPS (VND)	3,015	3,285	3,392	4,199	5,059
Core EPS Growth	11.6%	9.0%	3.3%	23.8%	20.5%
FD Core P/E (x)	7.93	7.28	7.05	5.69	4.72
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	14,145	17,315	20,707	24,907	29,966
P/BV (x)	1.69	1.38	1.15	0.96	0.80
ROE	22.8%	21.5%	17.8%	18.4%	18.4%
% Change In Core EPS Estimates			(18.2%)	(13.3%)	
CGS-CIMB/Consensus EPS (x)			0.95	0.98	0.98

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Asset protection over profit

Strong 1Q20 results

Figure 1: Results comparison (VND bn)

Profit & Loss Statement	1Q20	1Q19	yoy%	4Q19	qoq%	VND FY20F previous forecasts	% of VND previous forecasts	Comments
Net interest income	8,021	6,785	18.2%	8,242	-2.7%	34,186	23.5%	Below our forecast due to lower NIM and loan growth than our projections.
Non-interest income	1,884	1,177	60.1%	1,780	5.9%	8,440	22.3%	Below our forecast due to sluggish insurance sales.
Operating revenue	9,906	7,963	24.4%	10,022	-1.2%	42,626	23.2%	
Operation expenses	(3,283)	(2,976)	10.3%	(3,202)	2.5%	(14,493)	22.6%	Below our forecast as actual opex was lower than our expectation due to increased digitalisation and slow sales activities at FE Credit.
Pre-provision profit	6,623	4,987	32.8%	6,820	-2.9%	28,133	23.5%	
Provision expenses	(3,712)	(3,204)	15.8%	(3,695)	0.5%	(15,561)	23.9%	Below our forecast as VPB has limited loan growth in the high risk unsecured lending business, hence the level of bad debt was lower than our projection.
Pre-tax profit	2,911	1,783	63.3%	3,125	-6.8%	12,573	23.2%	
Net profit	2,314	1,422	62.7%	2,507	-7.7%	10,054	23.0%	Below our forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: VPB's key ratios by quarter

Key ratios	1Q19	2Q19	3Q19	4Q19	1Q20
NII/Total operating income (TOI)	85.2%	83.7%	84.0%	82.2%	81.0%
Non-II/TOI	14.8%	16.3%	16.0%	17.8%	19.0%
NIM (annualised)	8.9%	9.1%	9.3%	9.3%	8.9%
Non-performing loans (NPL) ratio	3.6%	3.4%	3.5%	3.4%	3.0%
Loan-loss-reserves (LLR)	48.3%	48.5%	49.6%	46.4%	52.0%
Credit cost (annualised)	5.7%	5.5%	5.6%	5.6%	6.1%
ROAA (trailing 12 months)	2.2%	2.3%	2.5%	2.4%	2.5%
ROAE (trailing 12 months)	20.0%	21.1%	22.6%	21.5%	22.7%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Measures taken to limit the pandemic's impact and implications on business results

VPB shared that it will scale down unsecured lending business, i.e. FE Credit in FY20F. In our view, the scale down of this risky business at VPB will be quite aggressive. Below are some measures VPB has taken to limit the potential credit risks:

- Loans at FE Credit have been shifted to better risk categories. FE Credit has stopped lending to new-to-bank customers and is focused on lending to existing customers. Within the existing customer base, FE Credit reduces cash loan and credit limit of credit card products. On a consolidated basis, the drawback of various activities at FE Credit reduced its contribution to the total loan book from 22% at end-FY19 to 21% at end-1Q20. 1Q20 NIM dropped 41bp qoq due to lower growth of the high-yield unsecured lending book.
- Focus shifted from lending to recovery: instead of pushing sales activities to expand FE Credit's loan book, the bank has diverted its resources towards

loan collection. More channels and points-of-contact are developed to increase collection intensity. As a result, 1Q20 income from bad debt recovery doubled that in 1Q19.

- Actively curb operating cost: 1Q20 consolidated CIR was 33.1%, lower than the level of 37.4% in 1Q19 and 34.0% in FY19. For the parent bank, 1Q20 CIR increased by 170bp from FY19 to reach 34.4%. Meanwhile, CIR of FE Credit reduced 370bp from 35.5% in FY19 to 31.8% in 1Q20. In our view, the improvement in the consolidated CIR is driven by enhanced digitalisation and sluggish sales activities at FE Credit.

Although the loan book of FE Credit recorded 1.4% growth in 1Q20, the bank targets the loan book balance for FY20F at VND62tr, which is 3.7% reduction versus FY19. Due to the deceleration of consumer finance business, we forecast its blended NIM to fall by 74bp and the consolidated loan book growth to be low at 7.4% in FY20F. We forecast a modest fee income growth of 5% in FY20F due to stagnant insurance sales, also driven by FE Credit's downsizing as insurance products are cross-sold when the bank gives out new loans.

Regarding asset management, VPB has ramped up loan write-offs in 1Q20, with write-off rate of 5.6% in 1Q20 compared to 5.3% in FY19. As such, NPL ratio dropped from 3.4% at end-FY19 to 3.0% at end-1Q20, and loan-loss-reserves improved from 46.4% at end-FY19 to 52.0% at end-1Q20. Although 1Q20 provision expense grew moderately by 15.8% yoy, VPB was able to write-off bad debt and cut its NPL because in 2019 the bank had to book provision for Vietnam Asset Management Company (VAMC) bonds. Without the burden of VAMC provisioning in FY20F, VPB can utilise more provision for loan write-offs. In addition, aggressive downsizing of unsecured lending and more collection effort would lower the credit risk caused by the pandemic. We forecast VPB's credit cost of 5.4% in FY20F, slightly higher than 5.3% in FY19.

Outlook: 1Q20 growth is unlikely to sustain for FY20F

The Covid-19 outbreak poses a risk of surging bad debt in the consumer finance business, and FE Credit's aggressive scale down is an indication of surging credit risk, given this company's largest market share in this business. Consumer finance companies provide unsecured loans and credit cards for the mass customer segment, which has low income and is the most vulnerable to an economic downturn. The pandemic has caused temporary shutdowns or scaled-down operations for small and micro businesses, leading to rising unemployment or reductions in salary.

According to the Ministry of Labour - Invalids and Social Affairs, the number of people applying for unemployment benefits in Feb 2020 surged 70% yoy to 47,000. The Vietnamese government has executed various measures to help low income people, including a VND62tr package to support those who have lost their jobs, loans with zero interest for companies to pay salaries, and a 10% electricity tariff cut. However, we are of the view that consumer finance cannot recover quickly post-pandemic as people's incomes are still affected by slow economic growth. Thus, demand for consumption loans is likely to remain low after the pandemic is over.

Figure 3: Earnings revision (VND bn unless otherwise noted)

	Old forecasts		New forecasts		Change		Comments
	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Net interest income	34,186	39,688	31,793	37,380	-7.0%	-5.8%	Lower NII forecasts is due to 47bp and 24bp reduction in FY20-21F NIM forecasts on lower-than-expected loan contribution from FE Credit, and due to a lower loan growth projection of 7.4% in FY20F, compared to 16% previously.
Non-interest income	8,440	10,344	6,383	8,144	-24.4%	-21.3%	We revise downward non-II income due to slow insurance sales in 1Q20. For the whole FY20F, FE Credit's scale down will result in a slow insurance sales as insurance products are often sold together with new loans.
Operating revenue	42,626	50,032	38,177	45,524	-10.4%	-9.0%	
Operating expenses	(14,493)	(17,011)	(13,362)	(15,478)	-7.8%	-9.0%	Lower operating expenses is due to VPB's efforts to promote digitalisation and also the scale down of FE Credit.
Pre-provision profit	28,133	33,021	24,815	30,046	-11.8%	-9.0%	
Provision expenses	(15,561)	(18,343)	(14,480)	(17,251)	-6.9%	-6.0%	We lower provision expenses forecasts because VPB's curbing of unsecured lending and enhanced debt collection efforts will lower credit risk. FY20F credit cost is projected at 5.4%, slightly higher than 5.3% in FY19.
Pre-tax profit	12,573	14,678	10,335	12,795	-17.8%	-12.8%	
Net profit	10,054	11,737	8,269	10,237	-17.8%	-12.8%	
No. of outstanding sha	2,424	2,424	2,438	2,438	0.6%	0.6%	
EPS (VND/share)	4,148	4,843	3,392	4,199	-18.2%	-13.3%	

SOURCES: VNDIRECT RESEARCH

Valuation : Downgrade to Hold; TP is reduced to VND25,000

Figure 4: Key assumptions of our valuation based on residual income method

General assumptions	2020F	2021F	2022F	2023F	2024F	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	0.9	0.9	0.9	0.9	0.9	0.9
Cost of equity	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Long-term growth rate						3.0%
(in VND bn)						
Opening shareholders' equity	42,210					
PV of residual income (5 years)	9,607					
PV of terminal value	9,199					
Implied EV	61,016					
No.of o/s shares (m shares)	2,438					
Implied value per share (VND/share)	25,030					
Target price (VND/share, rounded)	**25,000**					

SOURCES: VNDIRECT RESEARCH

Our target price is reduced by 3.1% from VND25,800 to VND25,000, based on residual income valuation. We cut our FY20-21F EPS by 13.3-18.2% on lower loan growth, lower NIM and lower fee income projections versus our previous forecasts, due to the impact of the Covid-19 outbreak. In addition, we raise equity risk premium from 10% previously to 11% to reflect greater uncertainty driven by fear of economic fallout caused by the pandemic. VPB is trading at 1.16x FY20F P/BV which is on par with regional peers. Our new TP is close to the market price. As such, we have a Hold rating on VPB.

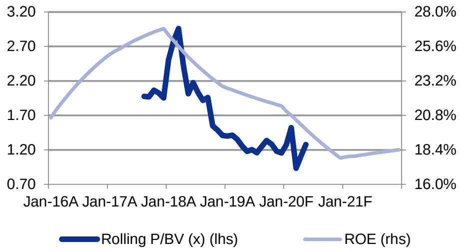
Figure 5: Regional peers comparison

Bank	Bloomberg Ticker	Recommendation	Closing price	Target price	Market Cap	P/BV (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(local curr.)	(local curr.)	(US$m)	FY20F	FY21F	FY20F	FY21F	%	FY20F	FY21F
China Merchants Bank	3968 HK	ADD	37	48	122,089	1.2	1.0	7.2	6.1	18.4%	17.1%	17.9%
Bank Rakyat Indonesia	BBRI IJ	ADD	2,470	3,600	20,495	1.6	1.4	10.0	9.2	6.1%	15.5%	16.2%
Bank Mandiri	BMRI IJ	ADD	4,010	5,500	12,589	1.0	0.9	8.4	7.2	6.9%	11.6%	13.3%
Vietcombank	VCB VN	ADD	75,600	86,200	12,014	2.7	2.2	13.2	11.3	16.1%	18.4%	17.9%
BDO Unibank	BDO PM	HOLD	97	150	8,440	1.1	1.0	9.6	7.6	20.4%	12.2%	13.9%
Yes Bank	YES IN	ADD	29	100	4,765	0.2	0.2	4.0	1.9	28.3%	6.1%	11.9%
Indusind Bank	IIB IN	ADD	449	675	4,123	0.8	0.7	6.7	5.9	14.1%	13.1%	13.5%
Techcombank	TCB VN	ADD	20,600	27,400	3,089	1.0	0.9	6.7	5.7	14.6%	16.1%	16.2%
Military Commercial Joint Stock Bank	MBB VN	ADD	17,500	26,200	1,808	0.9	0.8	4.8	4.2	13.3%	19.3%	18.3%
Asia Commercial Joint Stock Bank	ACB VN	ADD	21,700	28,500	1,546	1.1	0.9	5.5	4.9	11.6%	21.4%	20.1%
Average						***1.2***	***1.0***	***7.6***	***6.4***	***15.0%***	***15.1%***	***15.9%***
VPBank	**VPB VN**	**HOLD**	**23,900**	**25,000**	**2,496**	**1.2**	**1.0**	**7.0**	**5.7**	**15.5%**	**17.9%**	**18.4%**

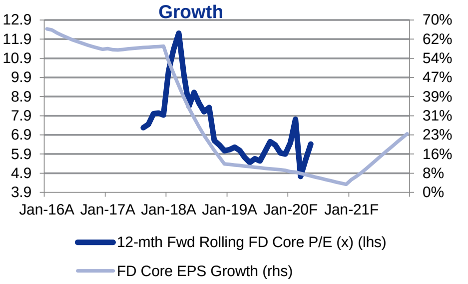
PRICE AS OF 13 MAY 2020
SOURCES: CGS-CIMB RESEARCH, VNDIRECT RESEARCH, BLOOMBERG

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income	24,702	30,670	31,793	37,380	45,311
Total Non-Interest Income	6,384	5,685	6,383	8,144	9,131
Operating Revenue	**31,086**	**36,356**	**38,177**	**45,524**	**54,442**
Total Non-Interest Expenses	(10,634)	(12,344)	(13,362)	(15,478)	(18,510)
Pre-provision Operating Profit	**20,452**	**24,012**	**24,815**	**30,046**	**35,932**
Total Provision Charges	(11,253)	(13,688)	(14,480)	(17,251)	(20,515)
Operating Profit After Provisions	**9,199**	**10,324**	**10,335**	**12,795**	**15,416**
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	**9,199**	**10,324**	**10,335**	**12,795**	**15,416**
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	**9,199**	**10,324**	**10,335**	**12,795**	**15,416**
Exceptional Items					
Pre-tax Profit	**9,199**	**10,324**	**10,335**	**12,795**	**15,416**
Taxation	(1,843)	(2,064)	(2,066)	(2,558)	(3,083)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	**7,356**	**8,260**	**8,269**	**10,237**	**12,333**
Minority Interests					
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	**7,356**	**8,260**	**8,269**	**10,237**	**12,333**
Recurring Net Profit	7,356	8,260	8,269	10,237	12,333

Balance Sheet Employment

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Loans/Cust Deposits	130%	120%	111%	111%	108%
Avg Loans/Avg Deposits	133%	125%	116%	111%	110%
Avg Liquid Assets/Avg Assets	27.8%	25.9%	26.8%	27.6%	27.5%
Avg Liquid Assets/Avg IEAs	29.4%	27.7%	28.8%	29.5%	29.3%
Net Cust Loans/Assets	67.6%	67.1%	64.8%	66.0%	65.8%
Net Cust Loans/Broad Deposits	79.8%	78.5%	76.4%	77.6%	77.4%
Equity & Provns/Gross Cust Loans	17.3%	18.0%	20.0%	20.3%	21.2%
Asset Risk Weighting	97%	105%	111%	109%	109%
Provision Charge/Avg Cust Loans	5.56%	5.71%	5.43%	5.74%	5.84%
Provision Charge/Avg Assets	3.74%	3.91%	3.64%	3.82%	3.92%
Total Write Offs/Average Assets	3.61%	3.76%	3.46%	3.74%	3.56%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Gross Loans	249,362	280,736	302,728	358,004	419,080
Liquid Assets & Invst. (Current)	56,129	70,296	87,866	95,774	111,120
Other Int. Earning Assets					
Total Gross Int. Earning Assets	**305,491**	**351,032**	**390,593**	**453,777**	**530,200**
Total Provisions/Loan Loss Reserve	(3,567)	(4,084)	(4,808)	(5,166)	(7,026)
Total Net Interest Earning Assets	**301,924**	**346,948**	**385,786**	**448,611**	**523,174**
Intangible Assets	578	580	627	689	772
Other Non-Interest Earning Assets	18,934	27,217	29,394	32,334	36,214
Total Non-Interest Earning Assets	**19,512**	**27,797**	**30,021**	**33,023**	**36,986**
Cash And Marketable Securities	**1,855**	**2,459**	**2,656**	**2,922**	**3,272**
Long-term Investments	0	0	0	0	0
Total Assets	**323,291**	**377,204**	**418,463**	**484,556**	**563,432**
Customer Interest-Bearing Liabilities	219,509	271,549	305,772	360,789	425,339
Bank Deposits	54,231	50,868	49,262	50,788	53,350
Interest Bearing Liabilities: Others	4,130	357	356	356	356
Total Interest-Bearing Liabilities	**277,870**	**322,774**	**355,391**	**411,933**	**479,045**
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	10,671	12,220	12,594	11,908	11,338
Total Liabilities	**288,541**	**334,994**	**367,984**	**423,841**	**490,383**
Shareholders' Equity	**34,750**	**42,210**	**50,479**	**60,716**	**73,049**
Minority Interests	0	0	0	0	0
Total Equity	**34,750**	**42,210**	**50,479**	**60,716**	**73,049**

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Income Growth	24.2%	17.0%	5.0%	19.2%	19.6%
Operating Profit Growth	26.8%	17.4%	3.3%	21.1%	19.6%
Pretax Profit Growth	13.2%	12.2%	0.1%	23.8%	20.5%
Net Interest To Total Income	79.5%	84.4%	83.3%	82.1%	83.2%
Cost Of Funds	6.05%	6.39%	6.21%	6.27%	6.37%
Return On Interest Earning Assets	14.2%	15.2%	14.3%	14.6%	15.0%
Net Interest Spread	8.15%	8.80%	8.04%	8.28%	8.61%
Net Interest Margin (Avg Deposits)	16.2%	15.9%	13.8%	13.8%	14.2%
Net Interest Margin (Avg RWA)	8.92%	8.65%	7.41%	7.54%	7.93%
Provisions to Pre Prov. Operating Profit	55.0%	57.0%	58.4%	57.4%	57.1%
Interest Return On Average Assets	8.22%	8.76%	7.99%	8.28%	8.65%
Effective Tax Rate	20.0%	20.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Return On Average Assets	2.45%	2.36%	2.08%	2.27%	2.35%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Loan Growth (%)	21.5%	15.9%	7.4%	17.6%	16.2%
Net Interest Margin (%)	8.7%	9.3%	8.6%	8.9%	9.2%
Non Interest Income Growth (%)	45.1%	-10.9%	12.3%	27.6%	12.1%
Cost-income Ratio (%)	34.2%	34.0%	35.0%	34.0%	34.0%
Net NPL Ratio (%)	-9.5%	-12.8%	-16.9%	-19.1%	-21.8%
Loan Loss Reserve (%)	45.9%	46.4%	51.2%	45.7%	59.8%
GP Ratio (%)	0.9%	0.9%	1.0%	0.9%	1.0%
Tier 1 Ratio (%)	11.0%	10.7%	10.9%	11.5%	11.9%
Total CAR (%)	11.9%	11.1%	11.2%	11.8%	12.1%
Deposit Growth (%)	27.9%	25.2%	15.8%	18.1%	18.9%
Loan-deposit Ratio (%)	127.8%	118.3%	109.5%	109.3%	106.5%
Gross NPL Ratio (%)	3.5%	3.4%	3.4%	3.5%	3.1%
Fee Income Growth (%)	11.3%	73.1%	5.0%	30.0%	20.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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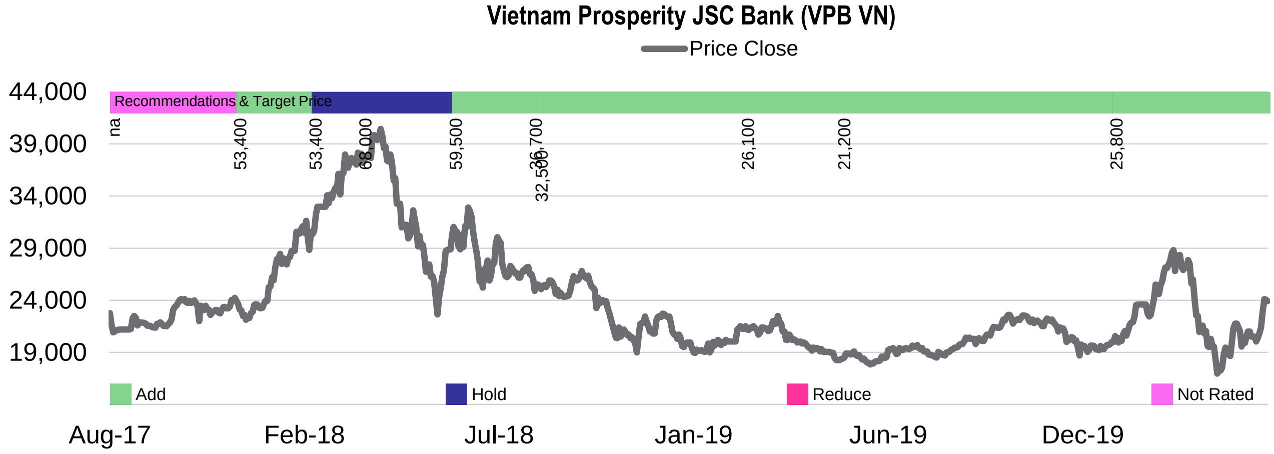
Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

Spitzer Chart for stock being researched (2 year data)


Vietnam Prosperity JSC Bank (VPB VN)
Price Close
44,000
39,000
34,000
29,000
24,000
19,000
Recommendations & Target Price
na
53,400
53,400
68,000
59,500
36,700
32,500
26,100
21,200
25,800
Add
Hold
Reduce
Not Rated
Aug-17
Feb-18
Jul-18
Jan-19
Jun-19
Dec-19

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)
2 AGM Level 2018 from Thai Investors Association
3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:
companies that have declared their intention to join CAC, and companies certified by CAC.
4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:
SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)
SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

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.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

Hien Tran Khanh – Deputy Head of Research
Email: hien.trankhanh@vndirect.com.vn

Thuy LE Minh – Analyst
Email: thuy.leminh@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 | Website: https://vndirect.com.vn