

Vietnam

ADD (previously HOLD)

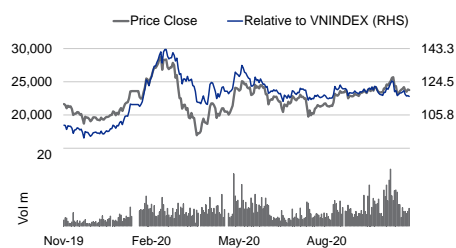
Consensus ratings*: Buy 9 Hold 5 Sell 0

Current price:	VND23,750
Target price:	VND28,000
Previous target:	VND25,000
Up/downside:	17.9%
CGS-CIMB / Consensus:	-5.9%
Reuters:	VPB.HM
Bloomberg:	VPB VN
Market cap:	US\$2,499m
	VND57,896,524m
Average daily turnover:	US\$5.55m
	VND128,633m
Current shares o/s:	2,438m
Free float:	72.7%

*Source: Bloomberg

Key changes in this note

- FY20F EPS increased by 17.9%.
- FY21F EPS increased by 9.8%.
- FY22F EPS increased by 6.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.5	11.2	7.2
Relative (%)	-1.5	-1.7	14.1

Major shareholders

	% held
Mr. Ngo Chi Dzong	4.5
Mr. Bui Hai Quan	2.3
Mr. Lo Bang Giang	0.1

Analyst(s)
Thanh NGUYEN

T (84) 91 514 3803

E thanh.nguyenphuong@vndirect.com.vn

Vietnam Prosperity JSB

Strong earnings growth on positive operating jaws

- VPB's 3Q20 net profit was flat yoy at VND2,252bn.
- Strong 9M20 net profit growth of 31% yoy was underpinned by a significant drop in provision expenses; 9M20 net profit formed 91% of our FY20F.
- We upgrade to Add from Hold with a higher TP of VND28,000, as we raise our loan growth assumptions and lower our opex forecasts for FY20-22F.

9M20 net interest income (NII) rose 5.3% yoy on credit spike

VPB posted NII of VND3,606bn in 9M20, on the back of 16.5% yoy credit growth despite a 77bp yoy drop in NIM. 9M20 blended NIM slipped to 8.5% from 9.3% in 9M19 as a result of lacklustre credit growth at the bank's consumer finance arm, FE Credit. Loan growth remained strong at 9% yoy in 3Q20 after VPB restructured its lending portfolio, and after the State Bank of Vietnam lifted the credit growth quota (includes loans and corporate bonds) for VPB from 13% to 21.5% in FY20F. Thus, we revise up our forecast for consolidated loan book growth from 7.4% to 10.2% in FY20F.

Better operating cost controls thanks to digitalisation

VPB's cost-to-income ratio (CIR) fell sharply from 34.7% in 9M19 to 30.5% in 9M20, the lowest among listed banks, thanks to investment ramp-up in digital banking. The bank was almost the first mover to be fully compliant with all eKYC (contactless onboarding) regulations, allowing customers to open accounts and conduct transactions online within several minutes. By end-3Q20, the number of digital users at the parent bank reached 1.3m (+75% yoy). We expect digitalisation will improve VPB's performance efficiency and help the bank to maintain its low CIR levels (32%) in FY20-22F.

Assets quality showed signs of deterioration

Non-performing loan (NPL) ratio inched up to 3.6% at end-3Q20 from 3.5% at end-3Q19 as NPL ratio of FE Credit jumped to 6.5% at end-3Q20 from 5.2% at end-3Q19. We believe the increase in bad debts was due to the negative impact of Covid-19 on the mass customer segment, which is a major focus area for the consumer finance company. Furthermore, loan-loss reserve (LLR) fell to 48% at end-3Q20 (the lowest among HOSE listed banks) from 50% at end-3Q19 while annualised write-off ratio decreased by 4bp yoy to 4.75% in 9M20.

Upgrade to Add with a higher TP of VND28,000/share

We raise our EPS forecasts for FY20-22F by 6.1-17.9% on the back of higher credit growth and lower operating expense assumptions. As a result, our target price rises 12% to VND28,000, based solely on the residual income valuation (COE: 14.3%, LTG: 3.0%). Downside risks could come from higher-than-expected credit costs. Potential re-rating catalysts include better-than-expected asset yields and equity raising via the sale of a 49% stake in FE Credit with higher-than-expected valuation to strategic investors.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income (VNDb)	24,702	30,670	33,038	38,554	45,207
Total Non-Interest Income (VNDb)	6,384	5,685	6,383	8,189	9,197
Operating Revenue (VNDb)	31,086	36,356	39,421	46,742	54,404
Total Provision Charges (VNDb)	(11,253)	(13,688)	(15,018)	(17,731)	(20,096)
Net Profit (VNDb)	7,356	8,260	9,747	11,245	13,083
Core EPS (VND)	3,015	3,285	3,998	4,613	5,367
Core EPS Growth	11.6%	9.0%	21.7%	15.4%	16.4%
FD Core P/E (x)	7.88	7.23	5.94	5.15	4.43
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	14,145	17,315	21,314	25,926	31,293
P/BV (x)	1.68	1.37	1.11	0.92	0.76
ROE	22.8%	21.5%	20.7%	19.5%	18.8%
% Change In Core EPS Estimates			17.9%	9.8%	6.1%
CGS-CIMB/Consensus EPS (x)			1.18	1.18	1.14

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Strong earnings growth on positive operating jaw 9M20 recap: ahead of our forecasts

Figure 1: 3Q20 results summary (VND bn unless otherwise noted)

Profit & Loss Statement	3Q20	3Q19	yoy%	2Q20	qoq%	9M20	9M19	yoy%	VND FY20F forecasts	% of VND forecasts	Comments
Net interest income	7,884	7,977	-1.2%	7,701	2.4%	23,606	22,428	5.3%	31,793	74.2%	In line with our forecast
Non-interest income	1,588	1,524	4.2%	1,248	27.3%	4,720	3,905	20.9%	6,383	73.9%	In line with our forecast
Operating revenue	9,472	9,501	-0.3%	8,948	5.8%	28,326	26,334	7.6%	38,177	74.2%	
Operation expenses	(2,787)	(3,122)	-10.7%	(2,555)	9.1%	(8,625)	(9,142)	-5.7%	(13,362)	64.5%	Below our forecast as CIR dropped to 30.5% in 9M20 from 34.7% in 9M19, and lower than our forecast of 35% thanks to digitalising operations
Pre-provision profit	6,685	6,379	4.8%	6,393	4.6%	19,701	17,192	14.6%	24,815	79.4%	
Provision expenses	(3,872)	(3,523)	9.9%	(2,720)	42.4%	(10,303)	(9,993)	3.1%	(14,480)	71.2%	Slightly below our forecast due to lower than expected credit cost. The bank has scaled down unsecured lending business lately, thus reducing the contribution of consumer loan (which has higher credit cost) in consolidated loan book. Therefore, VPB's annualized credit cost declined significantly from 5.6% in 9M19 to 5.1% in 9M20
Pre-tax profit	2,813	2,856	-1.5%	3,673	-23.4%	9,398	7,199	30.5%	10,335	90.9%	
Net profit	2,252	2,283	-1.4%	2,951	-23.7%	7,517	5,754	30.6%	8,269	90.9%	Higher than our estimate

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: VPB's key ratios by quarter

Key ratios	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
NII/Total operating income (TOI)	92.8%	79.0%	74.9%	85.2%	83.7%	84.0%	82.2%	81.0%	86.1%	83.2%
Non-II/TOI	7.2%	21.0%	25.1%	14.8%	16.3%	16.0%	17.8%	19.0%	13.9%	16.8%
NIM (annualised)	0.0%	8.9%	8.8%	8.9%	9.1%	9.3%	9.3%	8.9%	8.7%	8.5%
Non-performing loans (NPL) ratio	4.1%	4.7%	3.5%	3.6%	3.4%	3.5%	3.4%	3.0%	3.2%	3.6%
Loan-loss-reserves (LLR)	43.9%	41.7%	45.9%	48.3%	48.5%	49.6%	46.4%	52.0%	49.1%	47.9%
Credit cost (annualised)	5.7%	5.7%	5.6%	5.7%	5.5%	5.6%	5.6%	5.7%	4.9%	5.1%
Cost-to-income ratio (CIR)	32.3%	35.2%	34.2%	37.4%	35.8%	34.7%	34.0%	33.1%	28.6%	29.4%
ROAA (trailing 12 months)	2.7%	2.4%	2.5%	2.2%	2.3%	2.5%	2.4%	2.5%	2.7%	2.6%
ROAE (trailing 12 months)	25.9%	22.2%	22.9%	20.0%	21.1%	22.6%	21.5%	22.7%	23.6%	22.3%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: FE Credit's key ratios by quarter

Key ratios	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
NII/Total operating income (TOI)	101.2%	84.9%	83.8%	92.3%	99.1%	95.0%	95.9%	97.9%	97.6%	92.9%
Non-II/TOI	-1.2%	15.1%	16.2%	7.7%	0.9%	5.0%	4.1%	2.1%	2.4%	7.1%
NIM (annualised)	30.2%	28.7%	28.7%	27.2%	29.5%	28.9%	29.5%	27.1%	26.6%	26.5%
Non-performing loans (NPL) ratio	6.4%	6.4%	6.0%	5.5%	5.0%	5.2%	5.6%	3.9%	5.0%	6.5%
Loan-loss-reserves (LLR)	38.4%	40.3%	36.1%	42.6%	43.1%	40.9%	37.9%	55.3%	46.2%	44.0%
Credit cost (annualised)	15.8%	16.4%	15.3%	14.8%	14.1%	13.8%	14.6%	14.7%	12.5%	13.1%
Cost-to-income ratio (CIR)	29.3%	33.4%	21.9%	33.0%	31.0%	31.1%	30.2%	31.8%	26.3%	26.9%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Decent performance by parent bank offset the lacklustre FE Credit results

The parent bank's 9M20 total operating income (TOI) increased by 6.7% yoy, driven by 15.6% yoy growth in NII and a 10.6% decline in non-II. The strong growth in NII of the parent bank was thanks to 1) 10.6% yoy loan book growth and 2) stable NIM. Meanwhile, FE Credit's TOI decreased 2.4% yoy to VND13,602 as its NIM slipped 2.4% pts yoy to 26.5%. Given the slowdown at FE Credit, management made a concerted effort to reduce operating costs at

the parent bank to boost the bottomline. 9M20's standalone operating expenses fell 1.1% yoy, trailing the 6.7% yoy growth in operating income which boosted pretax profit growth to 21.4% yoy. The standalone CIR reduced significantly from 35% in end-FY19 to 32.3% in 9M20 – the lowest in the Vietnam banking sector.

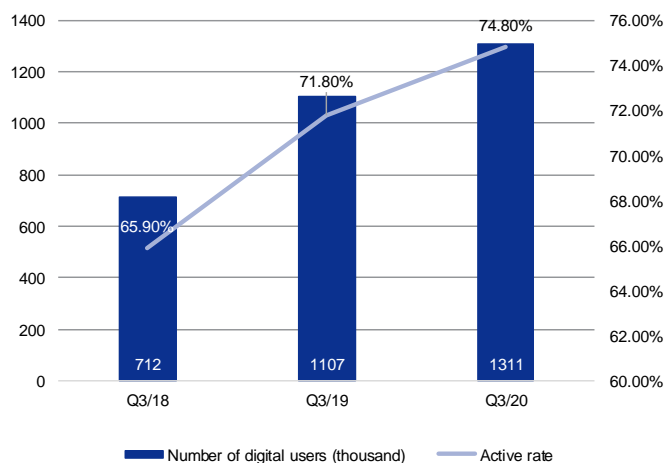
Figure 4: 9M20 results of the standalone bank and FE Credit, based on our estimates

FYE (VNDbn)	Standalone bank			FE Credit		
	9M20	9M19	yoy%	9M20	9M19	yoy%
Net interest income	10,528	9,108	15.6%	13,077	13,320	-1.8%
Non-interest income	4,195	4,694	-10.6%	525	612	-14.3%
Operating revenue	14,724	13,802	6.7%	13,602	13,932	-2.4%
Operation expenses	(4,761)	(4,813)	-1.1%	(3,864)	(4,329)	-10.7%
Pre-provision profit	9,963	8,990	10.8%	9,738	9,603	1.4%
Total provision charges	(3,757)	(3,879)	-3.2%	(6,547)	(6,114)	7.1%
Pre-tax profit	6,207	5,111	21.4%	3,191	3,489	-8.6%

SOURCES: VND RESEARCH, COMPANY REPORTS

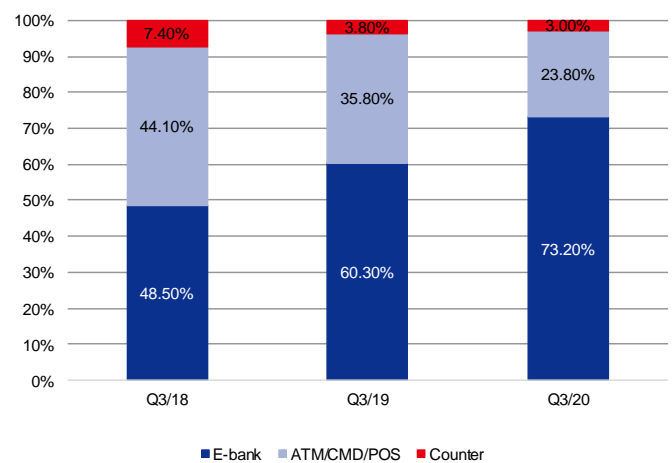
The main reasons for the decline in CIR were a sharp cut in employee numbers and digitalisation. In 9M20, VPB reduced its staff count by 4,445 employees (-17% yoy), of which 99.8% were at FE Credit. We believe the downsizing at FE Credit was due to decreased consumer lending activities in FY20F. In addition, the consolidated expenses for employees/TOI slipped to 17.3% at end-9M20 from 20.4% at end-9M19 thanks to higher levels of automation. In Jul 2020, VPB was the first bank to deploy eKYC, which enabled the bank to overcome geographical and time barriers to identify customers online based on biometrics. Furthermore, from Jul 2020, VPB's customers can register for services directly instead of going to the counter or calling the hotline. After creating the request, customers can check the status of their request online. As a result, at end-9M20, the number of digital users for VPB reached 1.3m (+18.4% yoy), driving e-banking transaction contribution to 73.2% of total transactions.

Figure 5: The number of digital users saw impressive growth...



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 6: ...lifting e-banking transaction contribution to 73.2%



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Consumer finance: Restructuring to combat the pandemic

With low-income clients as the main customer segment, FE Credit is concerned about the negative impact of the pandemic on the bank's customers. The company estimates that more than 15% of FE Credit's customers have lost jobs and more than 60% have had their incomes reduced, affecting 75% of the current loan portfolio. Therefore, the company has implemented various strategies to support its bottomline. For instance, the company was able to cut its funding cost from 9.2% in 9M19 to 8.3% in 9M20 by exploiting low-cost funding source. Besides, with the aid of technologies such as implementing e-

signature to reduce courier costs and using artificial intelligence (AI) in tele-calls, its CIR shrank from 28.9% in 9M19 to 26.5% in 9M20. The company also mitigated potential risks from new loans by reducing disbursements to new customers and shifting new loans towards better risk categories.

Figure 7: Number of sales (thousand contracts)

	9M20	9M19	% change
Two-wheeler loans	185	247	-25.1%
Consumer Durable loans	1012	1783	-43.2%
Personal new-to-bank loans	290	380	-23.7%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

The restructuring strategy has showed some encouraging results. According to the board of directors (BOD), as at end-9M20, total completed credit restructuring amount was VND27.8tr, of which VND23.9tr was from the parent bank and VND3.9tr from FE Credit (equivalent to 8% of total consolidated gross loans). Among those, only 4% turned more than 10 days past due. We expect the credit restructuring balance will not increase till the end of 2020 as the credit restructuring has stabilised since Jun 2020 and the economy is showing signs of gradual recovery.

We raise our FY20-22F EPS forecasts by 6.1-17.9%

Vietnam has been able to control the pandemic relatively well with more than 60 days of no community transmission, and businesses have started to operate normally. The unemployment rate in the working age population edged down to 2.5% at end-9M20, from 2.7% at end-9M19. With expectations of strong economic recovery, FE Credit has eased its strategy of scaling down unsecured lending. During 9M20, FE credit's loan balance grew 6% yoy, vs. its 4% reduction targeted at the beginning of the year. In addition, SBV recently allowed VPB to lift its credit growth limit from 13% to 21.5% for FY20F. Thus, we believe that VPB has enough room to increase credit growth towards year-end. We adjusted our interest-earning assets (IEAs) growth forecast for the consolidated bank from 11.3% to 13.4% for FY20F, driven mainly by a higher loan growth forecast for FE Credit and higher securities investment growth for the parent bank. We also lowered our opex growth assumption from 35% to 32% in FY20-21F, thanks to digitalisation but still higher than the current level of 30.5% as we think consumer lending would require more debt collection staff, increasing the bank's opex in the future.

Figure 8: Earnings revision (VND bn unless otherwise noted)

	Old forecasts			New forecasts			Change			Comments
	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F	
Net interest income	31,793	37,380	45,311	33,038	38,554	45,207	3.9%	3.1%	-0.2%	We increase our forecasts for NII based on higher consolidated IEAs growth projection of 13.4% in FY20F, compared to 11.3% previously and higher expected contribution of FE Credit in the consolidated loan book.
Non-interest income	6,383	8,144	9,131	6,383	8,189	9,197	0.0%	0.5%	0.7%	
Operating revenue	38,177	45,524	54,442	39,421	46,742	54,404	3.3%	2.7%	-0.1%	
Operating expenses	(13,362)	(15,478)	(18,510)	(12,221)	(14,958)	(17,953)	-8.5%	-3.4%	-3.0%	Lower operating expenses is due to VPB's efforts to promote digitalising operations.
Pre-provision profit	24,815	30,046	35,932	27,201	31,785	36,450	9.6%	5.8%	1.4%	
Provision expenses	(14,480)	(17,251)	(20,515)	(15,018)	(17,731)	(20,096)	3.7%	2.8%	-2.0%	
Pre-tax profit	10,335	12,795	15,416	12,182	14,054	16,354	17.9%	9.8%	6.1%	
Net profit	8,269	10,237	12,333	9,747	11,245	13,083	17.9%	9.8%	6.1%	
No. of outstanding shares	2,438	2,438	2,438	2,438	2,438	2,438	0.0%	0.0%	0.0%	
EPS (VND/share)	3,392	4,199	5,059	3,998	4,613	5,367	17.9%	9.8%	6.1%	

SOURCES: VNDIRECT RESEARCH

Valuation

Upgrade to Add with a higher TP of VND28,000 ➤

We revise up our TP from VND25,000 to VND28,000 on the back of higher credit growth and lower operating expense assumptions. At the current price, VPB trades at a FY21F P/BV of 0.9x, lower than the regional peer average of 1.5x. We think VPB's current valuation is attractive as its ROE is much higher than peers thanks to high-yield unsecured lending. In addition, VPB's consumer finance arm – FE Credit – had the highest market share of 52% as of end-FY19, and we believe such a dominant position in the high-yield consumer finance segment deserves a valuation premium versus peers. Potential re-rating catalysts include the sale of a 49% stake in FE Credit to strategic investors

Figure 9: Key assumptions for our residual income valuation, based on our estimates

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%
<i>(in VND bn)</i>						
Opening shareholders' equity	42,210					
PV of residual income (5 years)	12,602					
PV of terminal value	13,393					
Implied EV	68,205					
No. of o/s shares (m shares)	2,438					
Implied value per share (VND/share)	27,979					
Target price (VND/share, rounded)	28,000					

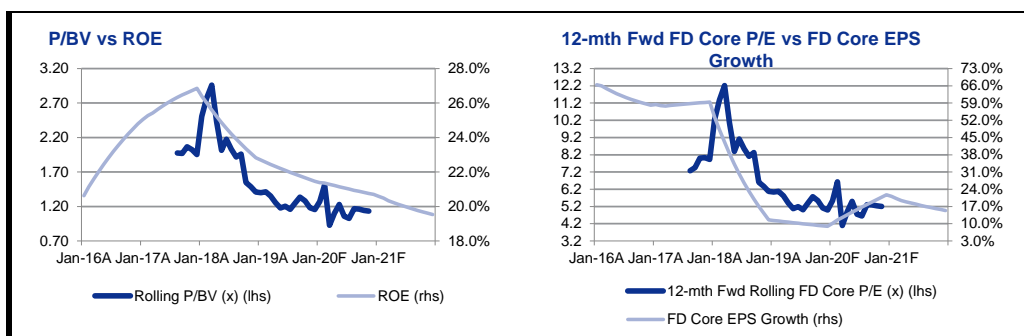
SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 10: Regional peers comparison

Bank	Bloomberg Ticker	Recommendation	Closing price	Target price	Market Cap (US\$m)	P/BV (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(local curr.)	(local curr.)		FY20F	FY21F	FY20F	FY21F	%	FY20F	FY21F
China Merchants Bank	3968 HK	ADD	48	45	165,236	1.6	1.4	10.6	9.2	14.0%	16.1%	16.5%
Bank Rakyat Indonesia	BBRI IJ	ADD	4,000	4,000	35,079	2.6	2.3	22.2	14.9	7.1%	11.2%	16.4%
Bank Mandiri	BMRI IJ	ADD	6,375	7,400	21,152	1.6	1.4	17.5	10.8	8.4%	8.7%	14.0%
Vietcombank	VCB VN	HOLD	85,100	89,200	13,623	3.3	2.7	16.9	12.9	16.6%	21.2%	23.1%
BDO Unibank Inc	BDO PM	ADD	96	135	8,698	1.1	1.0	14.0	12.7	1.7%	8.0%	8.2%
Military Commercial JSB	MBB VN	ADD	18,100	22,900	2,167	1.0	0.9	5.8	5.1	13.3%	20.0%	18.9%
Asia Commercial JS Bank	ACB VN	ADD	25,300	28,200	2,360	1.6	1.3	7.5	6.9	4.3%	20.8%	20.6%
Techcombank	TCB VN	ADD	22,100	27,400	3,339	1.1	0.9	7.2	6.2	12.5%	16.0%	15.8%
Average						1.7	1.5	12.7	9.8	9.7%	15.2%	16.7%
VPBank	VPB VN	ADD	23,750	28,000	2,499	1.1	0.9	5.9	5.1	15.9%	20.7%	19.5%

SOURCES: CGS-CIMB RESEARCH, VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income	24,702	30,670	33,038	38,554	45,207
Total Non-Interest Income	6,384	5,685	6,383	8,189	9,197
Operating Revenue	31,086	36,356	39,421	46,742	54,404
Total Non-Interest Expenses	(10,634)	(12,344)	(12,221)	(14,958)	(17,953)
Pre-provision Operating Profit	20,452	24,012	27,201	31,785	36,450
Total Provision Charges	(11,253)	(13,688)	(15,018)	(17,731)	(20,096)
Operating Profit After Provisions	9,199	10,324	12,182	14,054	16,354
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	9,199	10,324	12,182	14,054	16,354
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	9,199	10,324	12,182	14,054	16,354
Exceptional Items					
Pre-tax Profit	9,199	10,324	12,182	14,054	16,354
Taxation	(1,843)	(2,064)	(2,435)	(2,810)	(3,271)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	7,356	8,260	9,747	11,245	13,083
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	9,747	11,245	13,083
Recurring Net Profit	7,356	8,260	9,747	11,245	13,083

Balance Sheet Employment

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Loans/Cust Deposits	130%	120%	114%	118%	119%
Avg Loans/Avg Deposits	133%	125%	117%	116%	119%
Avg Liquid Assets/Avg Assets	27.8%	25.9%	26.6%	27.4%	27.6%
Avg Liquid Assets/Avg IEAs	29.4%	27.7%	28.5%	29.3%	29.4%
Net Cust Loans/Assets	67.6%	67.1%	65.4%	65.9%	65.4%
Net Cust Loans/Broad Deposits	79.8%	78.5%	77.5%	78.0%	79.6%
Equity & Provs/Gross Cust Loans	17.3%	18.0%	20.0%	21.1%	22.4%
Asset Risk Weighting	97%	105%	110%	110%	109%
Provision Charge/Avg Cust Loans	5.56%	5.71%	5.55%	5.84%	5.77%
Provision Charge/Avg Assets	3.74%	3.91%	3.74%	3.90%	3.86%
Total Write Offs/Average Assets	3.61%	3.76%	3.56%	3.82%	3.51%

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	310,151	357,197	414,103
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	398,017	452,970	525,223
Total Provisions/Loan Loss Reserve	(3,567)	(4,084)	(4,826)	(5,201)	(7,018)
Total Net Interest Earning Assets	301,924	346,948	393,190	447,769	518,205
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	425,868	483,714	558,464
Customer Interest-Bearing Liabilities	219,509	271,549	306,847	342,751	389,025
Bank Deposits	54,231	50,868	53,013	65,790	70,040
Interest Bearing Liabilities: Others	4,130	357	356	356	356
Total Interest-Bearing Liabilities	277,870	322,774	360,215	408,897	459,421
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	10,671	12,220	13,696	11,616	22,758
Total Liabilities	288,541	334,994	373,911	420,513	482,179
Shareholders' Equity	34,750	42,210	51,957	63,201	76,285
Minority Interests	0	0	0	0	0
Total Equity	34,750	42,210	51,957	63,201	76,285

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Income Growth	24.2%	17.0%	8.4%	18.6%	16.4%
Operating Profit Growth	26.8%	17.4%	13.3%	16.9%	14.7%
Pretax Profit Growth	13.2%	12.2%	18.0%	15.4%	16.4%
Net Interest To Total Income	79.5%	84.4%	83.8%	82.5%	83.1%
Cost Of Funds	6.05%	6.39%	6.12%	6.15%	6.25%
Return On Interest Earning Assets	14.2%	15.2%	14.4%	14.6%	14.8%
Net Interest Spread	8.15%	8.80%	8.28%	8.47%	8.54%
Net Interest Margin (Avg Deposits)	16.2%	15.9%	14.3%	14.8%	15.4%
Net Interest Margin (Avg RWA)	8.92%	8.65%	7.66%	7.71%	7.91%
Provisions to Pre Prov. Operating Profit	55.0%	57.0%	55.2%	55.8%	55.1%
Interest Return On Average Assets	8.22%	8.76%	8.23%	8.48%	8.68%
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%	2.43%	2.47%	2.51%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Loan Growth (%)	21.5%	15.9%	10.2%	14.2%	15.0%
Net Interest Margin (%)	8.7%	9.3%	8.8%	9.1%	9.2%
Non Interest Income Growth (%)	45.1%	-10.9%	12.3%	28.3%	12.3%
Cost-income Ratio (%)	34.2%	34.0%	31.0%	32.0%	33.0%
Net NPL Ratio (%)	-9.5%	-12.8%	-16.8%	-19.9%	-22.5%
Loan Loss Reserve (%)	45.9%	46.4%	54.4%	52.6%	66.3%
GP Ratio (%)	0.9%	0.9%	1.0%	0.9%	1.1%
Tier 1 Ratio (%)	11.0%	10.7%	11.1%	11.9%	12.5%
Total CAR (%)	11.9%	11.1%	11.4%	12.2%	12.7%
Deposit Growth (%)	27.9%	25.2%	16.0%	10.5%	13.7%
Loan-deposit Ratio (%)	127.8%	118.3%	112.3%	116.2%	117.2%
Gross NPL Ratio (%)	3.5%	3.4%	3.1%	3.1%	2.8%
Fee Income Growth (%)	11.3%	73.1%	5.0%	30.0%	20.0%

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THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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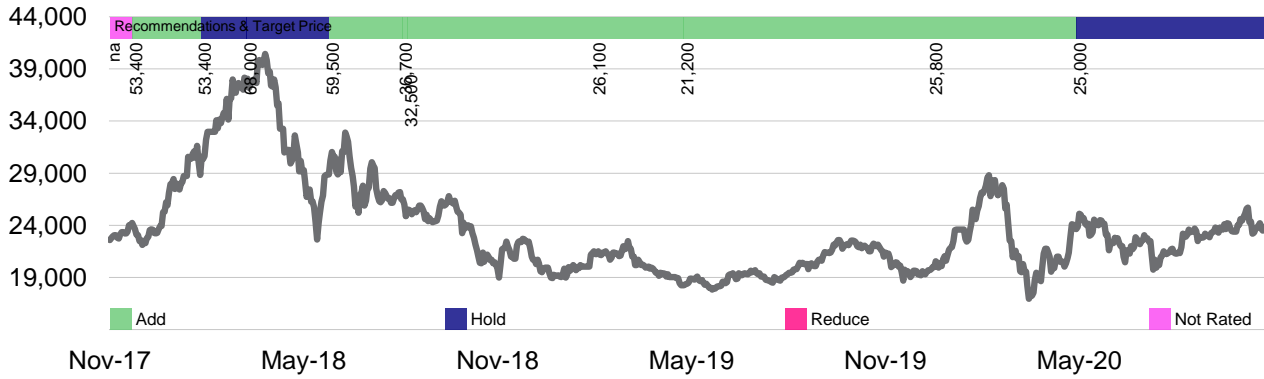
institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2020		
795 companies under coverage for quarter ended on 30 September 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	63.0%	0.5%
Hold	25.2%	0.1%
Reduce	11.8%	0.3%

Spitzer Chart for stock being researched (2 year data)

Vietnam Prosperity JSB (VPB VN)

— Price Close



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, **BGP** – Excellent, Certified, **BPCG** – 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, **CENDEL** – 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

Thanh NGUYEN – Analyst

Email: thanh.nguyenphuong@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>