

ASIA COMMERCIAL JSB (ACB) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND25,700	VND41,700	0.00%	Add	FINANCIALS

8 June 2022

Outlook – Short term: Positive
Outlook – Long term: Positive
Valuation: Positive

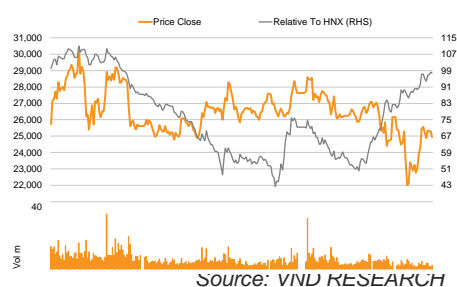
Consensus*: Add:11 Hold:1 Reduce:0

Target price / Consensus: -6.9%

Key changes in the report



Price performance



Key statistics

52w high (VND)	30,360
52w low (VND)	22,000
3m Avg daily value (VNDmn)	95,631
Market cap (VND bn)	85,449
Free float (%)	76
TTM P/E (x)	7.02
Current P/B (x)	1.50

Ownership

Chairman and related parties	11.3%
Dragon Financial Holdings Limited	6.9%
Whistler Investments Limited	5.0%
Others	76.8%

Source: VND RESEARCH

Analyst(s):


Thao Tran Thi Thu

thao.tranthu2@vndirect.com.vn

www.vndirect.com.vn

Safe and sound

- ACB's net profit rose 32.4% yoy to VND3.3tr, fulfilling 27% our forecast.
- Thanks to its prudent business model, ACB is among a few banks that might ease the impact from the government's scrutiny on capital market.
- Reiterate ADD with unchanged target price of VND41,700.

Upbeat 1Q22 results; asset quality remains solid

ACB's 1Q22 net profit (NP) rose 32.4% yoy to VND3.3tr (meeting 27% our forecast), underpinned by healthy loan growth, robust non-interest income (non-II) and especially reversed provisions. ACB posted a steady loan growth of 5% ytd (+17% yoy) at end-1Q22, in which retail loan is still the key driver (+6% ytd; 63% of total loan balances). Non-II grew 36% yoy on the back of 18.2% yoy growth in fee incomes and abnormal other incomes thanks to debt collections from G6. Notably, based on the previous aggressive provisions in 2021, ACB has been able to reverse provisioning charges in 1Q22 (VND3bn), mostly coming from rescheduled loan reverse. In terms of asset quality, bad debts rose 11.4% ytd and NPL ratio was still benign with 0.82% (vs. 0.77% at end-FY21); loan-loss coverage ratio (LLR) stayed at 188% (vs. 209% at end-FY21).

Prudent banking model helps ACB weather the turbulence

The recent government's scrutiny on Vietnam capital market led to a panic-selling effect in the stock market and banking sector has been hit hard since Apr-2022. However, ACB recorded the lowest drop in market price compared with the whole banking sector (only -4% vs. sector of -16.6%) thanks to its solid business model. ACB is one of the best SMEs and retail banks in Vietnam and it is well-known as the most conservative bank, reflecting in its sound asset portfolio with no exposure to corporate bonds (c-bonds); hence, the bank won't suffer from the stricter supervision on c-bond market, in our view. Otherwise, real estate loans made up c.18% of ACB's lending portfolio; however it mainly comes from mortgage (c.15%), implying a negligible impact when the government has aimed to closely monitor bank loans into property sector.

Valuation was down to 3-year bottom

We still expect ACB's NP to grow 25%/18% yoy in FY22-23F. Following the recent market correction, ACB' valuation has been significantly compressed to its 3-year bottom of only 1.23x FY22F P/BV, nearly equal to the 2-SD below average. Given the bank's capacity to deliver robust profitability and healthy balance sheet in the next three years, we believe ACB could re-rate to P/BV level of 1.9x and this is the good time for investors to accumulate a bank with a sustainable high-growth and high-return in the long run. Our TP is based on the combination of FY22F P/BV of 2x and residual income valuation approach (COE: 14.1%, LTG: 3%). Downside risks include (i) higher-than-expected inflation, which lower credit growth and (ii) higher-than-expected bad debt spike.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net interest income (bn)	14,582	18,945	20,541	24,158
Net interest margin	3.7%	4.0%	3.7%	3.7%
Total operating income (bn)	18,161	23,564	26,508	30,484
Total provision charges (bn)	(941)	(3,336)	(1,712)	(1,983)
Net profit (bn)	7,683	9,603	11,991	14,022
Net profit growth	27.8%	25.0%	24.9%	16.9%
Adjusted EPS	2,903	3,498	4,382	5,134
BVPS	13,120	16,618	20,955	25,645
ROAE	24.3%	23.9%	23.6%	22.3%

Source: VND RESEARCH

SAFE AND SOUND

Prudent banking model helps ACB weather the turbulence

We still like ACB thanks to (i) its good exposure to retail banking model to ride Vietnam’s ongoing retail banking race; (ii) strong fee income franchise thanks to its already large pool of retail customers; and (iii) benign asset quality. ACB has generated a fourth-lowest reported NPL ratio, fourth-highest loan loss coverage among its peers at end-FY21, which allows the bank to deliver sustainable high-growth and high-return in the long run.

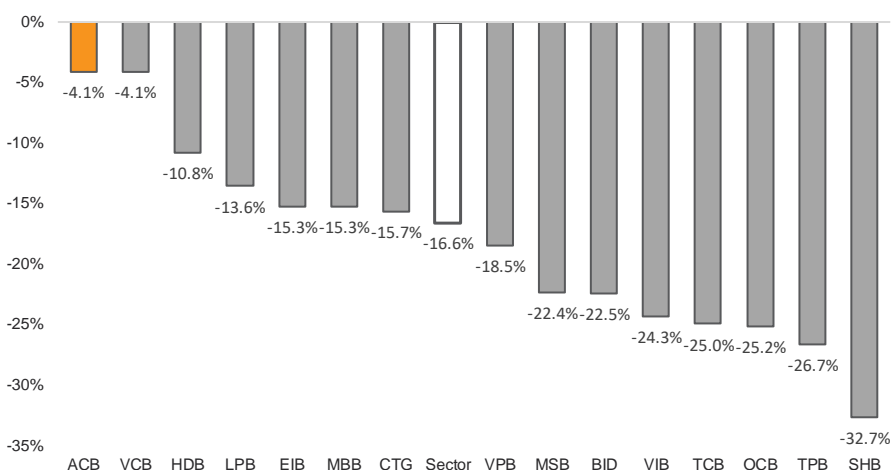
Referring to the recent government’s scrutiny on Vietnam capital market since Apr-2022, officials have been instructed to closely monitor issuance and trading of c-bonds, which has been highlighted some cases of principal mobilization for wrong purposes and bad practices. To mitigate any further risks, enhance the market integrity, and protect investors and businesses, the Ministry of Finance has been reviewing the legal framework with more stricter conditions for issuers (via Decree 153, which has been under revision).

We understand that this directive is necessary for the long-term sustainability, it actually led to a consequence that lots of Vietnamese executives being arrested, bringing a negative sentiment in Vietnam stock market. It can be seen that the VN-Index has posted a sharp correction of 15.4% since its peak at the beginning of Apr-2022, mainly due to panic selling by retail investors and margin-call effects. As playing an important role in the capital market, banking sector also faced headwinds, reflecting in a 16.6% drop for the whole sector since then.

However, ACB is well-known as the most conservative bank in Vietnam. Its sound asset portfolio with no exposure to c-bonds, which protects the bank from any risks coming from the regulatory tightening on c-bond market. Otherwise, ACB’s real estate loans made up c.20% of total lending portfolio; however it mainly comes from mortgage (c.15%), implying a negligible impact when the government has aimed to tighten bank loans into property sector. In other words, the bank’s prudent and solid banking model has helped it weather the turbulence of tight regulations on the capital market in Vietnam.

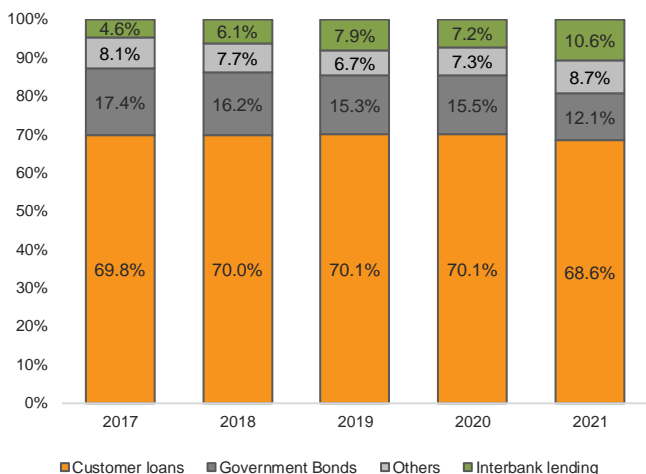
Figure 1: ACB recorded the lowest drop since the market’s peak

Data as of 08/06/2022



Source: VNDIRECT Research

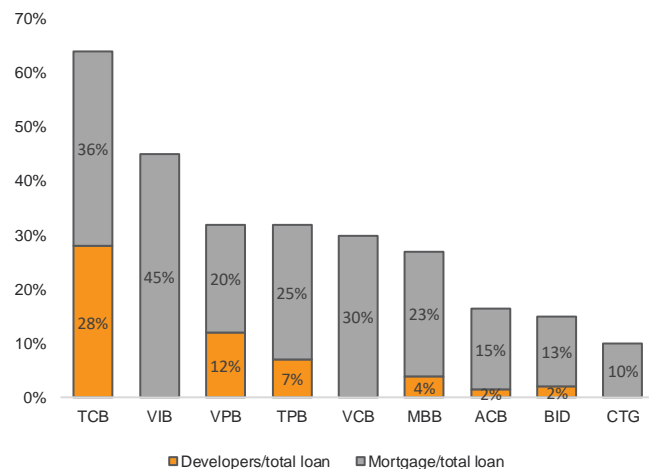
Figure 2: ACB's asset structure: no exposure to c-bonds



Source: ACB, VNDIRECT Research

Figure 3: Property exposure of each bank's loan: ACB recorded very low exposure to this sector

Data at end-FY21, round numbers



Source: Commercial banks, VNDIRECT Research

Reiterate Add with unchanged 1-year TP of VND41,700

We maintain our 1-year target price for ACB, which is VND41,700 following unchanged FY22-23F EPS and FY22F P/BV multiple of 1.9x. Our 1-year TP is based on residual income valuation (COE: 14.1%; LTG: 3.0%) and a P/BV approach, weighting equally.

At the current price, ACB is trading at 1.23x FY22F P/BV – nearly equivalent to its 2-SD below average. Given the bank's resilient profit growth, robust profitability and healthy balance sheet in the next three years, we believe ACB should be re-rated to P/BV level of 2x, or its 5-year average range.

Upside catalyst will be a better-than-expected NIM. Downside risks include (i) higher-than-expected inflation, causing a lower credit growth and (ii) higher-than-expected bad debt spike.

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

Assumptions	2022F	2022F	2023F	2024F	2025F	Terminal year
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	1.01	1.01	1.01	1.01	1.01	1.01
Cost of equity	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
Long-term growth rate						3.0%
<i>(in VND bn, otherwise noted)</i>						
Opening shareholders' equity	44,901					
PV of residual income (5 years)	21,872					
PV of terminal value	48,393					
Implied EV	115,165					
No. of outstanding shares (m shares)	2,702					
Implied value per share (VND/share)	42,623					

Source: VNDIRECT Research

Figure 5: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	42,623	21,311.57
P/BV multiple (at 1.9x FY22F BVPS)	50%	40,863	20,431.29
Target price (VND/share)			41,743
Target price (VND/share, rounded)			41,700

Source: VNDIRECT Research

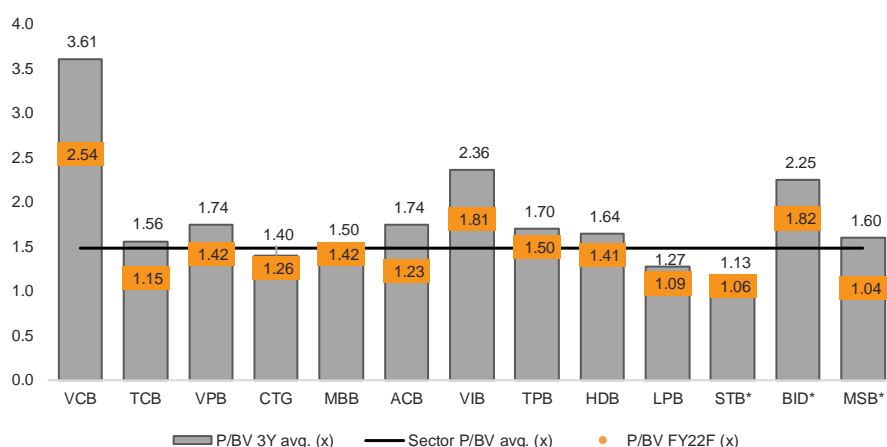
Figure 6: Vietnam bank comparison (price as of 08/06/2022)

Banks	Bloomberg Code	Recommendation	Price Latest	Target Price	Market cap (US\$bn)	P/B (x)			P/E (x)			3-yr Forward CAGR		ROE %		ROA %	
						Current	FY22F	FY23F	T12M	FY22F	FY23F	EPS	ROE %	ROA %	FY22F	FY23F	FY22F
			LC	LC								%					
Vietcombank	VCB VN	ADD	79,200	95,600	16.2	3.2	2.5	2.3	16.3	16.6	13.8	20.8%	20.0%	20.9%	1.7%	1.8%	
Vietnam Prosperity JSB	VPB VN	ADD	31,800	44,900	6.1	1.6	1.4	1.3	8.2	9.4	7.6	24.5%	17.6%	18.3%	2.5%	2.6%	
Vietinbank	CTG VN	ADD	27,700	40,600	5.7	1.4	1.3	1.1	10.8	11.1	9.4	16.3%	16.3%	16.9%	1.0%	1.1%	
Techcombank	TCB VN	ADD	37,250	66,400	5.6	1.3	1.2	0.9	6.8	5.8	4.8	20.6%	22.1%	21.6%	3.6%	3.7%	
Military Commercial JSB	MBB VN	ADD	27,950	40,800	4.6	1.7	1.4	1.2	7.7	6.8	5.6	21.7%	24.5%	24.1%	2.5%	2.6%	
Asia Commercial JSB	ACB VN	ADD	25,700	41,700	3.7	1.8	1.2	1.0	8.3	5.9	5.0	17.1%	23.6%	22.4%	2.1%	2.1%	
Vietnam International Commercial JSB	VIB VN	ADD	26,650	46,400	2.4	2.1	1.8	1.4	8.4	6.7	6.5	19.3%	26.7%	24.7%	2.1%	2.0%	
Tien Phong Commercial JSB	TPB VN	ADD	30,250	41,100	2.1	1.7	1.5	1.2	9.1	7.9	6.4	23.0%	20.9%	21.1%	1.9%	2.1%	
HDBank	HDB VN	ADD	25,950	35,900	2.3	1.7	1.4	1.0	8.1	7.0	4.8	21.5%	23.6%	23.6%	2.0%	2.0%	
LienViet Post Bank	LPB VN	ADD	15,150	21,300	1.0	1.2	1.1	0.8	6.9	6.0	4.7	26.8%	17.8%	18.8%	1.1%	1.2%	
Average						1.8	1.5	1.2	9.1	8.3	6.9	21.2%	21.3%	21.2%	2.1%	2.1%	
Asia Commercial JSB Bank	ACB VN	ADD	25,700	41,700	3.7	1.8	1.2	1.0	8.3	5.9	5.0	17.1%	23.6%	22.4%	2.1%	2.1%	

Source: VNDIRECT Research

Figure 7: Most of banks are trading below their 3Y P/BV average levels

Data as of 08/06/2022



Source: VNDIRECT Research

1Q22 recap: upbeat results

Figure 8: 1Q22 results comparison (VNDbn unless otherwise noted)

Profit & Loss statement	1Q22	1Q21	% yoy	4Q21	% qoq	VND FY22F forecasts	% of VND forecasts	Comments
Net interest income (NII)	5,441	4,640	17.3%	4,794	13.5%	19,534	27.9%	Slightly higher than our forecast
Non-interest income (Non-II)	1,409	1,036	36.0%	1,177	19.7%	5,968	23.6%	
Total Operating Income	6,850	5,675	20.7%	5,971	14.7%	25,501	26.9%	
Operation expenses	(2,739)	(1,965)	39.3%	(2,417)	13.3%	(8,415)	32.5%	Higher than our forecast
Pre-provision profit	4,111	3,710	10.8%	3,554	15.7%	17,086	24.1%	
Provision expenses	3	(606)	-100.5%	(524)	-100.5%	(2,103)	-0.1%	Reversed provisions
Pre-tax profit	4,114	3,104	32.5%	3,030	35.8%	14,983	27.5%	
Net profit	3,288	2,483	32.4%	2,428	35.4%	11,986	27.4%	Slightly higher than our forecast

Source: VNDIRECT Research

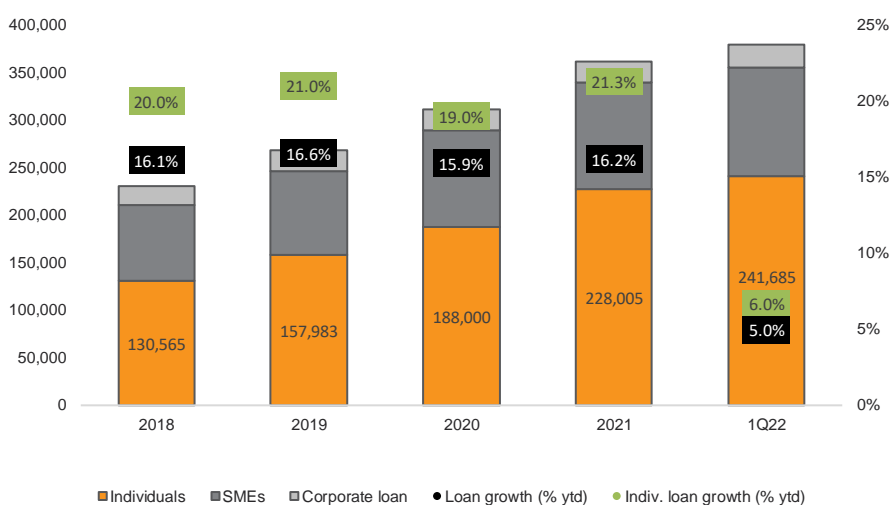
Figure 9: ACB's key ratios by quarter

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
NII/TOI	81.8%	73.5%	78.5%	69.2%	78.1%	75.9%	81.0%	85.0%	81.7%	80.1%	79.4%	80.3%	79.4%
Non-II/TOI	18.2%	26.5%	21.5%	30.8%	21.9%	24.1%	19.0%	15.0%	18.3%	19.9%	20.6%	19.7%	20.6%
NIM (annualised)	3.59%	3.52%	3.54%	3.73%	3.68%	3.28%	3.68%	4.23%	4.29%	4.46%	3.90%	3.90%	4.22%
CIR	51.5%	48.7%	47.9%	57.0%	53.9%	43.1%	38.6%	33.9%	34.6%	25.6%	39.6%	40.5%	40.0%
NPL ratio	0.7%	0.7%	0.7%	0.5%	0.7%	0.7%	0.8%	0.6%	0.9%	0.7%	0.8%	0.8%	0.8%
Loan loss reserve (LLR)	158.1%	161.5%	158.9%	175.0%	148.3%	144.1%	117.5%	160.3%	120.4%	207.7%	197.7%	209.4%	187.8%
Credit cost (annualised)	-0.03%	0.08%	0.09%	0.11%	0.14%	0.39%	0.33%	0.33%	0.76%	1.22%	1.14%	1.00%	0.00%
ROAA (trailing 12m)	1.6%	1.6%	1.7%	1.7%	1.6%	1.6%	1.7%	1.9%	2.1%	2.2%	2.2%	2.0%	2.1%
ROAE (trailing 12m)	25.2%	25.9%	25.6%	24.6%	23.8%	22.5%	22.9%	24.3%	25.6%	27.2%	25.8%	23.9%	24.2%

Source: VNDIRECT Research

ACB's 1Q22 net profit (NP) rose 32.4% yoy to VND3.3tr (fulfilling 27% our forecast), underpinned by healthy loan growth, robust non-interest income (non-II) and especially its reversed provisions.

- ACB posted a 17.2% of loan growth (+5.2% ytd) to VND380tr, in which individuals lending balances reached VND242tr (+6% ytd, 64% loan balances). SMEs lending increased 1.3% ytd, accounting for 29% in total loan mix.

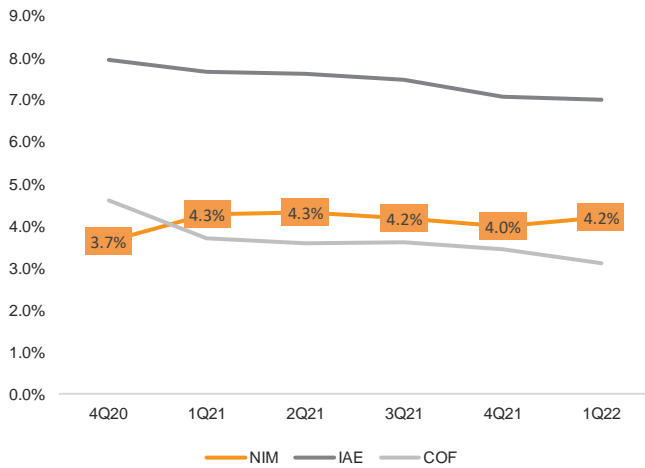
Figure 10: ACB's loan mix vs. loan growth (VNDbn; %)


Source: ACB, VNDIRECT Research

To mention about the bank's margin, ACB's asset yield dropped 66bps yoy as the bank aggressively reduced lending rates to support the pandemic-hit clients. However, cost of funds represented a sharp decline with 59bp yoy as a result of the historical low deposit rates. Therefore, NIM has shrunk to 4.22% in 1Q22 (from 4.29% in 1Q21).

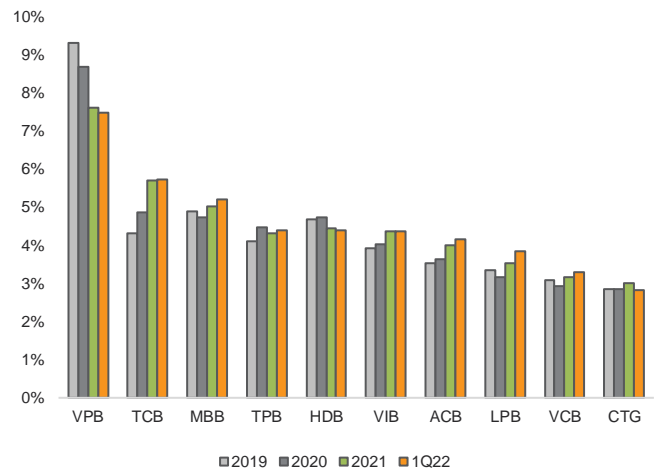
To recall, ACB has focused on improving CASA mix to optimize NIM in the upcoming years. The bank gained a higher level of CASA (26.7%) at end-1Q22 (FY21: 25.3%), while this ratio was only among 16-19% during 2016-2019.

Figure 11: NIM remains stable in 1Q22



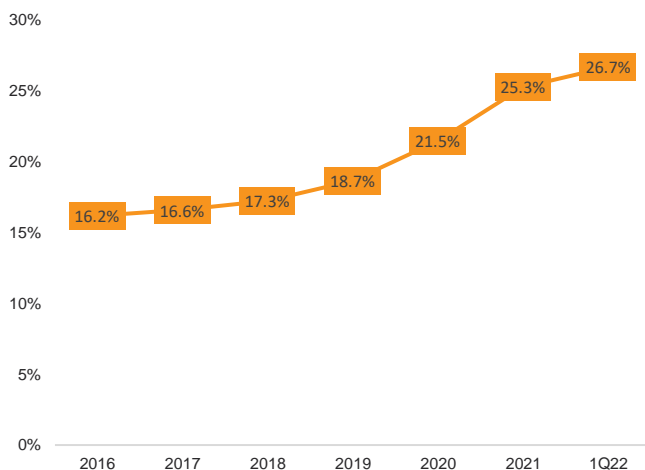
Source: ACB, VNDIRECT Research

Figure 12: Annualized NIM among banks in 1Q22



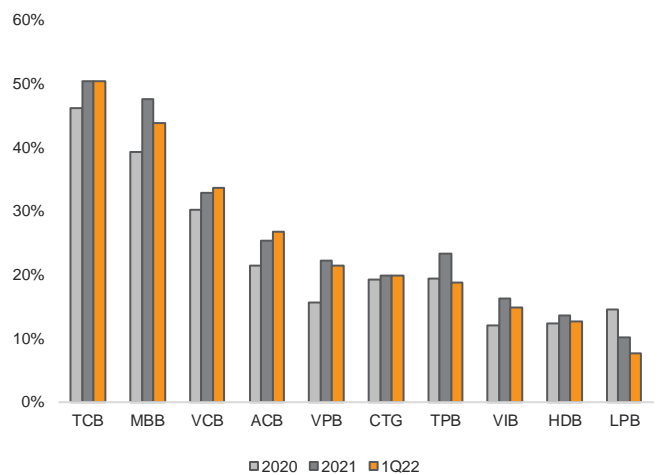
Source: Commercial banks, VNDIRECT Research

Figure 13: CASA has been improved during years



Source: ACB, VNDIRECT Research

Figure 14: ...and it ranks 4th among peers at end-1Q22



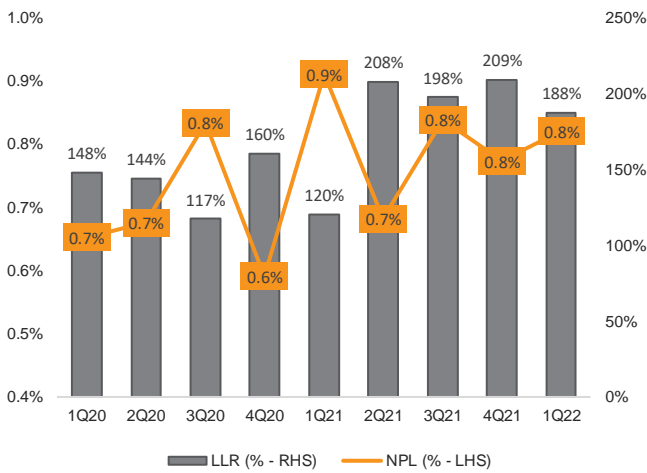
Source: Commercial banks, VNDIRECT Research

- Non-Il jumped 30.6% yoy to VND1.4tr in 1Q22, contributed by resilient fee incomes growth (+18.2% yoy) and abnormal other incomes (6 times higher than that of 1Q21 thanks to high debt collections from G6).
- ACB's operating expense increased 39% yoy in 1Q22. Its cost-to-income ratio (CIR) therefore rose to 40% from 34.6% in 1Q21.

- Notably, based on its previous aggressive provisions, ACB has been able to reverse its provisioning charges in 1Q22 (VND3bn), mostly coming from rescheduled loan reverse (figure 13). Annualized credit-cost rate dropped to 0.8% in 1Q22 from 1% in FY21. The bank's loan-loss coverage then remains unchanged, equivalent to a LLR of 188% at end-1Q22 (209.4% at end-FY21). Bad debts rose 11.4% ytd and NPL ratio was still benign with 0.82% (vs. 0.77% at end-FY21).

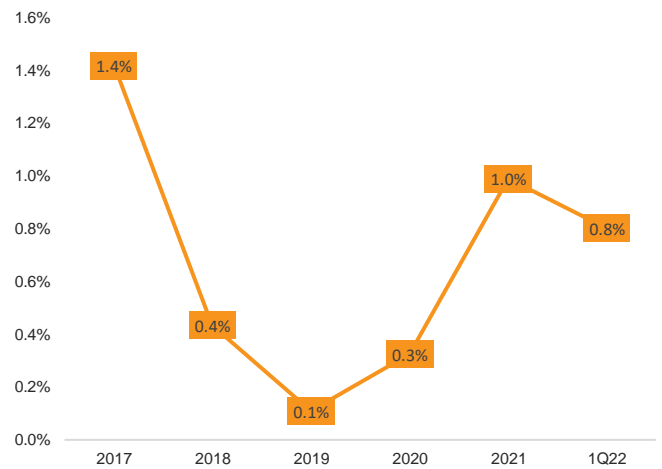
Restructured loans have been declined thanks to economic recovery, recording VND15tr at end-1Q22 (FY21 of VND17tr) and making up 3.9% per total loan balances (5% at end-FY21).

Figure 15: Asset quality is still well-manageable



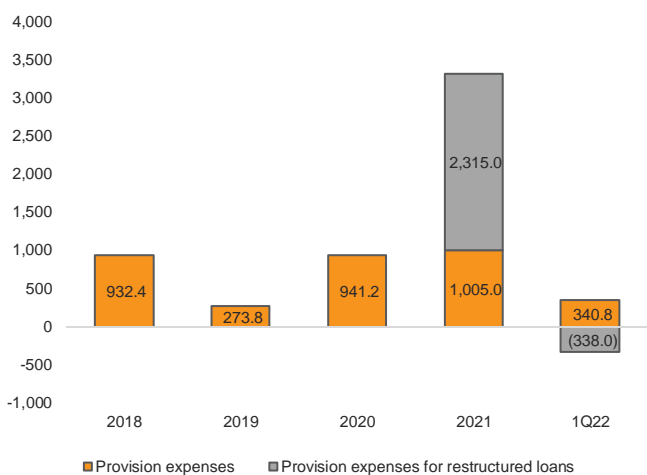
Source: ACB

Figure 16: Annualized credit cost is trending down



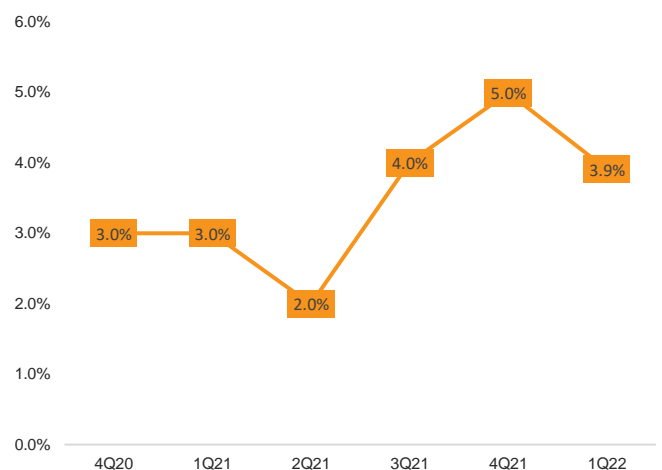
Source: ACB

Figure 17: ACB has reversed provision expenses for rescheduled loans (VNDbn)



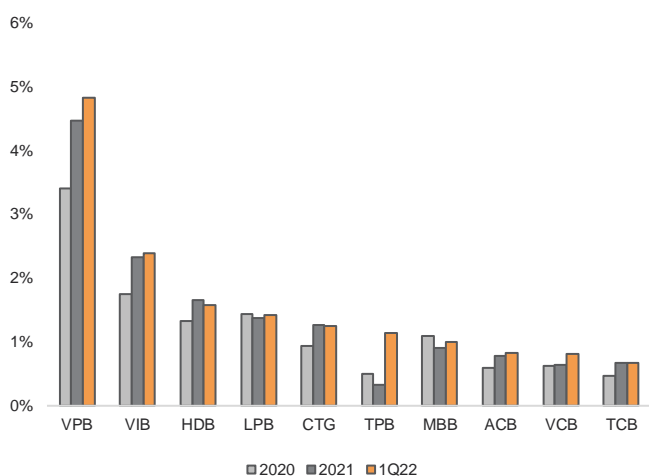
Source: ACB

Figure 18: Restructured loans per total outstanding loans



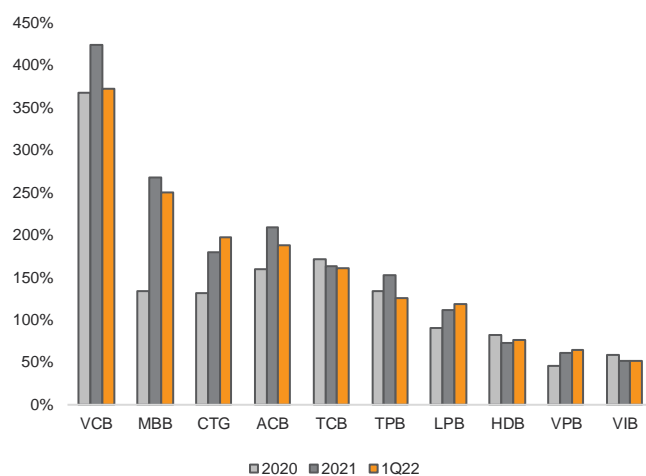
Source: ACB

Figure 19: ACB stayed at top-3 lowest NPL among the sector



Source: Commercial banks, VNDIRECT Research

Figure 20: ... and ranked 4th of the highest LLR among the sector



Source: Commercial banks, VNDIRECT Research

FY22-23F earnings forecasts

ACB is well-known as the best SME and retail bank in Vietnam and the bank will keep focusing on this field as its long-term development strategy. As being the first mover in Vietnam retail banking market, the bank definitely has a strong moat over other banks in the country's retail banking race with its good foundation and rich experience. We maintain our expectation that ACB will get a decent loan growth of 17% in FY22-23F (CARG FY19-21 of 16%), especially individuals' loan growth, the key driver of ACB's loan growth, will reach a 18% yoy growth. The bank will take a prudent step when proceeding its lending activities as its customer bases should have been vulnerable to Covid-19.

We estimate ACB's NIM to shrink 33bps to 3.68% in FY22F (from 4% in FY21) as the bank has limit room to minimize the risks of rising deposit rates, caused by higher inflation and competition for funds. Banks which have capacity to mitigate this risk are those having an ample CASA (which helps reduce cost of funds), more room to expand retail loan mix (which helps improve asset yields), and a low LDR. With a moderate CASA (26.7% at end-1Q22), an already optimal retail & SMEs loan mix (93% in retail lending), and a high LDR of 83% at end-1Q22 (regulatory threshold of 85%), we see ACB will face NIM pressure in 2022.

As mentioned before, ACB's large retail customer base helps the bank enable its strong fee income growth in the next three year. On the other hand, the bank has also conducted a huge investment in digital transformation in 2017. ACB has seen digital banking is an important mission to ensure the sufficient banking capacity so as to serve its fast-growing customer base, and it is expected to increase fee income and particularly improve cost efficiency. The bank had set up a taskforce, namely "Future Bank", to promote and implement digital banking initiatives. Until now, ACB has been successful with these strategies: its fee income CAGR 2019-21 gained 23% growth and its CIR dropped sharply from 45-50% in 2016-20 to only 33% in 2021. Hence...

- We expect fee income to keep its strong growth momentum of 20% yoy in FY22-23F, driven by payment services and bancassurance. The contribution of fee income in TOI will then enhance to 15% (from 10% in 2018-20).
- We estimate ACB's CIR will trend down to 37% in FY22-23F (FY18-20 of 44%; except FY21 of 33%); operating expense will then increase 19%/12% yoy.

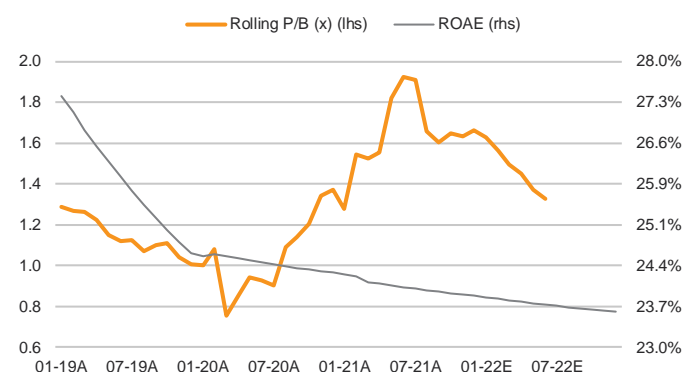
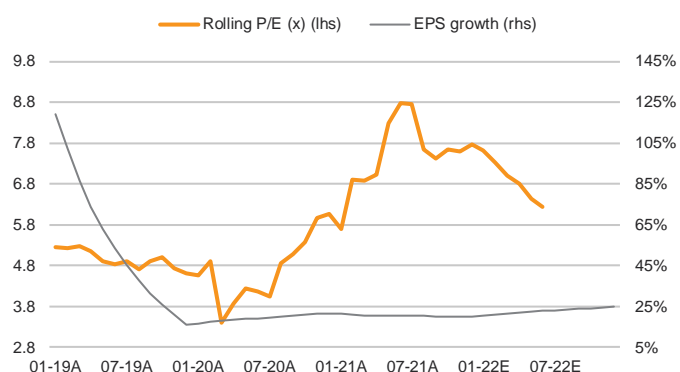
We expect ACB's provision charges will drop significantly 49% yoy in FY22F given (i) very solid asset quality which had been built up earlier and (ii) economy resumes. Credit-cost rate will fall to c.0.5% in FY22F from 1% in FY21.

In conclusion, we estimate ACB's net profit to grow 25%/18% yoy in FY22-23F, reaching VND12tr and VND14tr, respectively. ROEs will be sustained at high level of 24%.

Figure 21: FY22-24F earnings revision (VNDbn, unless otherwise noted)

	Old forecasts				New forecasts			Change			Comments
	FY21	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	
Net Interest Income	18,945	19,534	23,141	26,688	20,541	24,158	28,084	5.2%	4.4%	5.2%	Higher than our previous forecasts thanks to higher NIM
Non-Interest Income	4,619	5,968	6,326	7,672	5,968	6,326	7,672	0.0%	0.0%	0.0%	
Operating revenue	23,564	25,501	29,467	34,478	26,508	30,484	35,756	3.9%	3.5%	3.7%	
Operating expenses	(8,230)	(8,415)	(9,724)	(11,378)	(9,808)	(10,974)	(12,872)	16.5%	12.9%	13.1%	Higher than our previous forecasts (CIR FY22-23F: 37%)
Pre-provision profit	15,334	17,086	19,743	23,100	16,700	19,510	22,884	-2.3%	-1.2%	-0.9%	
Provision expenses	(3,336)	(2,103)	(2,084)	(2,490)	(1,712)	(1,843)	(2,303)	-18.6%	-11.5%	-7.5%	Lower than our previous forecast thanks to better debt collection
Pre-tax profit	11,998	14,983	17,659	20,610	14,988	17,667	20,581	0.0%	0.0%	-0.1%	
Net profit	9,603	11,986	14,127	16,488	11,991	14,133	16,465	0.0%	0.0%	-0.1%	
No. of shares outstanding (m)	2,702	2,702	2,702	2,703	2,702	2,702	2,702	0.0%	0.0%	0.0%	
EPS (VND/share)	3,498	4,436	5,229	6,100	4,438	5,231	6,094	0.0%	0.0%	-0.1%	

Source: VNDIRECT Research

Valuation

Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net interest income	18,945	20,541	24,158
Non interest income	4,619	5,968	6,326
Total operating income	23,564	26,508	30,484
Total operating costs	(8,230)	(9,808)	(10,974)
Pre-provision operating profit	15,334	16,700	19,510
Total provision charges	(3,336)	(1,712)	(1,983)
Income from associates & JVs			
Net other income			
Pre-tax profit	11,998	14,988	17,527
Tax expense	(2,395)	(2,998)	(3,505)
Profit after tax	9,603	11,991	14,022
Minority interest	0	0	0
Net profit	9,603	11,991	14,022

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Gross loans to customers	361,913	423,184	495,527
Loans to banks	49,819	57,292	65,885
Total gross loans	411,731	480,476	561,412
Securities - total	70,742	81,917	94,880
Other interest earning assets	32,576	39,091	46,910
Total gross IEAs	515,050	601,484	703,201
Total provisions	(5,870)	(6,439)	(7,073)
Net loans to customers	356,051	417,217	488,995
Total net IEAs	509,180	595,045	696,128
Cash and deposits	7,510	7,848	8,201
Total investments	388	405	424
Other assets	10,692	11,173	11,676
Total non-IEAs	18,590	19,426	20,301
Total assets	527,770	614,471	716,429
Customer deposits	379,921	450,206	535,745
Cds outstanding	30,548	31,159	31,782
Customer interest-bearing liabilities	410,469	481,365	567,527
Bank deposits	0	0	0
Broad deposits	410,469	481,365	567,527
Other interest-bearing liabilities	54,480	57,204	60,064
Total IBLs	464,949	538,569	627,591
Deferred tax liability			
Other non-interest bearing liabilities	17,920	19,283	19,547
Total non-IBLs	17,920	19,283	19,547
Total liabilities	482,869	557,852	647,138
Share capital	27,020	27,019	27,019
Additional paid-in capital	272	0	0
Treasury shares	0	0	0
Retained earnings reserve	10,445	22,436	35,107
Other reserves	7,164	7,164	7,164
Shareholders' equity	44,901	56,620	69,290
Minority interest	0	0	0
Total equity	44,901	56,620	69,290
Total liabilities & equity	527,770	614,471	716,429

	12-21A	12-22E	12-23E
Growth rate (yoy)			
Cust deposit growth	7.6%	18.5%	19.0%
Gross cust loan growth	16.2%	16.9%	17.1%
Net interest income growth	29.9%	8.4%	17.6%
Pre provision operating profit growth	45.5%	8.9%	16.8%
Net profit growth	25.0%	24.9%	16.9%
Growth in IEAs	19.4%	16.9%	17.0%
Share value			
Basic EPS (VND)	3,554	4,438	5,189
BVPS (VND)	16,618	20,955	25,645
DPS (VND)	0	0	0
EPS growth	20.0%	24.9%	16.9%

Key ratios

	12-21A	12-22E	12-23E
Net interest margin	4.0%	3.7%	3.7%
Cost-income ratio	(34.9%)	(37.0%)	(36.0%)
Reported NPLs / gross cust loans	0.8%	0.8%	0.9%
Reported NPLs / net cust loans	0.8%	0.8%	0.9%
GP charge / average cust loans	1.0%	0.4%	0.4%
Total CAR	12.4%	13.1%	13.5%
Loan deposit ratio	88.2%	87.9%	87.3%
Margins and spreads			
Return on IEAs	7.1%	6.7%	6.9%
Cost of funds	3.4%	3.4%	3.6%
Interest return on average assets	3.9%	3.6%	3.6%
ROAE	23.9%	23.6%	22.3%

Source: VND RESEARCH

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 – Research Director

Email: hien.trankhanh@vndirect.com.vn

Thao Tran Thi Thu – Analyst

Email: thao.tranthu2@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>