

**VIETINBANK - CTG**

**Add**

**Solid assets to sail through headwinds**

Target price (12M)  
**VND35,900**

FINANCIALS | Update

Consensus\*: Add:6 Hold:3 Reduce:0

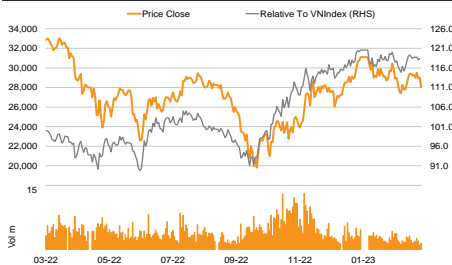
Target price / Consensus: 5.4%

**Key changes in the report**

- Increase EPS FY23/24F 2.7%/7.9%
- Increase TP by 4%

Previous rating	Add
Previous TP	VND34,400
Current price	VND28,000
52w high (VND)	33,050
52w low (VND)	19,800
3m Avg daily value (VNDmn)	78,006
Market cap (VNDbn)	139,367
Free float	15%
Dividend yield	0.00%
TTM P/E (x)	7.96
Current P/B (x)	1.25

**Price performance**



Source: VNDIRECT RESEARCH

**Ownership**

State Bank of Vietnam	64.5%
Bank of Tokyo-Mitsubishi UFJ (BTMU)	19.7%
Others	15.8%

Source: VNDIRECT RESEARCH

**Analyst(s):**



**Thanh Nguyen**

thanh.nguyenphuong@vndirect.com.vn

- FY22, CTG's NP reached VND16,908bn (+20% yoy) driven by strong growth in non-interest income, fulfilling 102% of our forecast.
- We expect EPS FY23-24F to grow by 11%/21% yoy, higher than previous forecasts as we lift our forecasts of credit growth and NIM.
- Reiterate Add with higher TP of VND35,900 as we increased FY23/24F EPS by 2.7%/7.9%.

**Steady FY22 NP growth thanks to non-interest income (non-II) surge**

FY22 NP rose by 20%, driven by 13% increase in loan balance yoy and impressive non-II growth. At end 4Q22, CTG's credit balance grew by 12% yoy, lower than the 15.4% level of the sector. Cir.26 issued at end 2022 has eased its LDR ratio from 82% (according to Cir. 22) to 79%, clearing the path for credit expansion in FY23F. Meanwhile, FY22's NIM remained on par yoy as the bank was able to lift its assets yield to compensate for the hike of interest rate environment. CTG's non-II surged by 47% yoy thanks to recording the up-front fee from its exclusive bancassurance deal with Manulife and bad debts collecting activities (VND5.4bn, +65.3% yoy). Even though the bank didn't disclose the exact amount, we estimated approx. ~VND1-1.2tr to be booked during the year, in line with our expectation.

**Asset quality to be the main focus on FY23F**

The bank also announced its FY23F guidance in its 4Q22 Investor Meeting. Even though most of the key performances are still waiting SBV's approval, the BOD shows confidence to target 10-12% in credit growth and 10-15% NP growth in the next year. However, asset quality is still at its forefront given the uncertainties in global and domestic macro environment. Particularly, CTG has reviewed its bad debts classification policy, adding qualitative criteria besides conventional regulations, leading to a surge in group 2 bad debts by 2.5x yoy, lifting its contribution in total outstanding loans from 1.1% to 2.4% at end-FY22.

**We project EPS FY23-24F to grow by 11%/21% yoy thanks to stable NIM**

Even CTG's credit growth only achieved 1.6% ytd at end Feb-23, we believe the bank would be able to achieve a solid credit growth of 10% for FY23F, as the recent easing lending rates policies would fuel system's credit growth, starting from 2Q23. We also lift our NIM forecast to be on par yoy at 3% versus our previous projection of 3.0%/2.8% in FY23-24F thanks to the bank's proactive strategy. On the expense side, we increase CTG's credit cost from 1.7%/1.45% to 1.8%/1.5% to reflect the bank's conservative stance in asset quality. Overall, we expect CTG's EPS to grow by 11%/21% over FY23- 24F, 2.7%/7.9% higher than previous forecast.

**Reiterate Add with a higher TP of VND35,900**

As stated in our recent sector report [Asset quality is the key](#), our take is that asset management is the main theme for 1H23. Thus, CTG is one of our top picks given the bank's diversified loan mix and low credit exposure to property sector. We reiterate Add rating with a higher TP of VND35,900 as we lifted our EPS forecasts by 2.7%/7.9% in FY23/24F on higher loan growth projections and a target P/B of 1.3x for FY23F book value with equal weight.

Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net interest income (bn)	41,788	47,930	51,836	53,858
Net interest margin	3.1%	3.0%	2.9%	2.9%
Total operating income (bn)	53,157	64,580	69,334	72,986
Total provision charges (bn)	(18,382)	(24,163)	(24,094)	(22,086)
Net profit (bn)	14,089	16,908	18,743	22,647
Net profit growth	2.7%	20.0%	10.9%	20.8%
Adjusted EPS	2,189	2,627	2,912	3,519
BVPS	19,343	22,382	25,782	29,894
ROAE	15.9%	16.9%	16.2%	16.9%

Source: VNDIRECT RESEARCH

## Solid assets to sail through headwinds

### Valuation

We use the residual income and P/BV methods to value CTG, with equal weighting of each method. We revise up our TP from VND34,400 to VND35,900 on the back of higher loan growth projections and a target P/B of 1.3x for FY23F book value. At the current price, CTG is currently trade at a FY23F P/BV of 1.1x, lower than the bank's 5-year average of 1.3x. Potential downside risks include higher-than-expected credit costs. Strong growth in fee income that exceeds our projections is a re-rating catalyst.

Figure 1: Valuation – Residual income

GENERAL ASSUMPTIONS	2023F	2024F	2025F	2026F	2027F	Terminal
Risk free rate (5-year VGB yield)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Long-term growth rate						4.0%
Long-run ROE						18.0%
Opening shareholder's equity	107,561					
PV of RI (5 years)	22,410					
PV of Terminal value	47,541					
Implied EV	177,512					
No. of o/s shares (m shares)	4,806					
<b>Implied value per share (VND/share)</b>	<b>36,937</b>					

Source: VNDIRECT RESEARCH

Figure 2: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	36,937	18,469
P/BV multiple (at 1.3x FY23F BVPS)	50%	34,805	17,403
Target price (VND/share)			35,871
<b>Target price (VND/share, rounded)</b>			<b>35,900</b>

Source: VNDIRECT RESEARCH

Figure 3: Regional peer comparison (price as of 27 Mar 2023)

Banks	Bloomberg Code	Recom	Closing price (local curr.)	Target price (local curr.)	Market cap (US\$bn)	P/B (x)		P/E (x)		3-yr Forward EPS CAGR		ROE (%)		ROA (%)	
						FY23F	FY24F	FY23F	FY24F	%	FY23F	FY24F	FY23F	FY24F	
Vietcombank	VCB VN	Hold	91,000	91,000	17.4	2.58	2.17	12.80	11.62	10.1%	22.1%	20.3%	1.8%	1.8%	
Techcombank	TCB VN	ADD	26,500	44,000	4.1	0.67	0.56	3.73	3.27	17.0%	19.9%	18.7%	3.5%	3.5%	
Vietnam Prosperity JSC Bank	VPB VN	ADD	21,250	25,700	5.1	1.27	1.07	8.24	6.67	25.4%	16.3%	17.0%	2.5%	2.7%	
Military Commercial Joint Stock Bank	MBB VN	ADD	17,950	29,300	3.4	0.86	0.69	4.24	3.65	19.5%	22.5%	21.0%	2.4%	2.4%	
Tien Phong Commercial JSB	TPB VN	ADD	21,900	31,000	1.6	0.88	0.72	4.77	4.04	16.7%	20.2%	19.6%	2.1%	2.2%	
Asia Commercial Joint Stock Bank	ACB VN	ADD	24,450	30,000	3.6	1.42	1.13	5.60	5.65	4.6%	26.0%	22.5%	2.4%	2.4%	
<i>Average</i>						1.3	1.1	6.6	5.8	15.6%	21.2%	19.8%	2.5%	2.5%	
<b>VietinBank</b>	<b>CTG VN</b>	<b>ADD</b>	<b>28,750</b>	<b>35,900</b>	<b>4.6</b>	<b>1.1</b>	<b>1.0</b>	<b>7.4</b>	<b>6.1</b>	<b>21.7%</b>	<b>16.2%</b>	<b>16.9%</b>	<b>1.0%</b>	<b>1.0%</b>	

Source: VNDIRECT RESEARCH

## FY22 results recap: In line with our expectation

Figure 4: Results comparison (VND bn, otherwise noted)

Profit & Loss statement	4Q22	4Q21	% yoy	3Q22	% qoq	FY22	FY21	% yoy	Previous VND		Comments
									FY22F forecasts	% of VND forecasts	
Net interest income	12,848	10,396	23.6%	12,924	-0.6%	47,930	41,788	14.7%	47,439	101%	In line with our forecast Slightly higher than our forecast given better bad debts collecting activities
Non-interest income	4,398	3,491	26.0%	4,401	-0.1%	16,650	11,360	46.6%	15,334	109%	
Operating revenue	17,245	13,887	24.2%	17,324	-0.5%	64,580	53,149	21.5%	62,774	103%	
Operating expenses	(6,363)	(5,832)	9.1%	(4,847)	31.3%	(19,304)	(17,178)	12.4%	(20,088)	96%	In line with our forecast
Pre-provision profit	10,882	8,055	35.1%	12,477	-12.8%	45,277	35,970	25.9%	42,686	106%	Higher than our forecast as the bank took a prudent approach towards provisioning; increasing its credit cost to 2% vs our expectation of 1.85%
Provision expenses	(5,533)	(4,377)	26.4%	(8,321)	-33.5%	(24,163)	(18,382)	31.5%	(22,016)	110%	
Pre-tax profit	5,349	3,678	45.4%	4,157	28.7%	21,113	17,589	20.0%	20,671	102%	
Net profit	4,260	2,921	45.9%	3,338	27.6%	16,908	14,049	20.4%	16,557	102%	Match with our projections

Source: VNDIRECT RESEARCH, Company reports

Figure 5: CTG's key ratios by quarters

Key ratios	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
NII/Total Operating Income (TOI)	78.2%	78.9%	78.5%	82.4%	77.2%	80.6%	74.9%	72.1%	75.4%	74.6%	74.5%
Non-II/TOI	21.8%	21.1%	21.5%	17.6%	22.8%	19.4%	25.1%	27.9%	24.6%	25.4%	25.5%
NIM (annualised)	2.61%	3.00%	3.27%	3.28%	3.20%	2.79%	2.88%	2.62%	2.95%	3.10%	3.00%
Loan-to-deposit ratio (Circular 36)	87.3%	84.9%	86.5%	85.9%	85.2%	83.5%	83.1%	83.6%	83.5%	83.1%	79.7%
NPL	1.7%	1.9%	0.9%	0.9%	1.3%	1.7%	1.3%	1.2%	1.3%	1.4%	1.2%
Loan-Loss-Reserves (LLR)	80.9%	84.2%	132.2%	155.4%	129.0%	118.6%	180.4%	197.2%	189.7%	222.4%	188.4%
Cost-to-income ration (CIR)	32.9%	32.6%	43.6%	27.2%	29.7%	29.8%	42.0%	27.2%	26.8%	28.0%	36.9%
Credit cost	1.4%	1.6%	1.3%	0.5%	1.6%	1.8%	1.7%	1.5%	1.7%	2.1%	2.0%
Provision/Pre-provisioning operating profit (PPOP)	33.0%	62.6%	9.3%	14.3%	71.8%	64.4%	54.3%	43.2%	50.4%	66.7%	50.8%
ROAA (trailing 12M)	0.9%	0.9%	1.1%	1.4%	1.2%	1.2%	1.0%	0.8%	0.9%	1.0%	1.0%
ROAE (trailing 12M)	14.6%	14.0%	17.0%	21.2%	18.9%	18.5%	15.4%	13.1%	15.3%	15.8%	16.7%

Source: VNDIRECT RESEARCH, Company reports

## CTG's FY23-24F outlook: sustainable growth is prioritisation

### Asset quality to be the main focus on FY23F

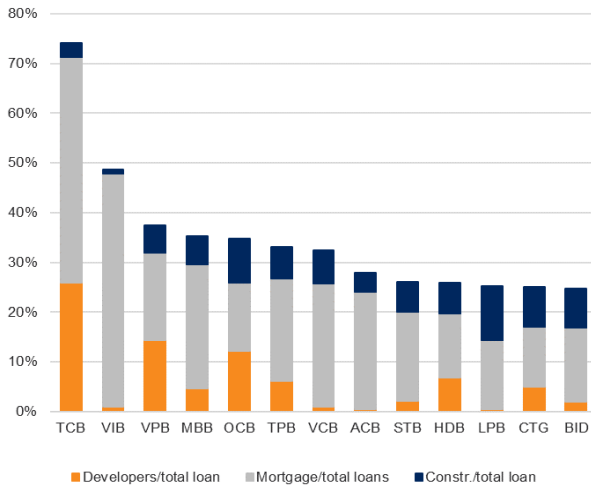
As being one of the four biggest commercial banks in Vietnam, the main priority of CTG is not impressive expansion but rather sustainable growth for its asset quality. Aiming itself as one of the main credit providers for commercial and trading companies, CTG's loan portfolio is highly focus on lending to trading industry. Thus, total property credit exposure (the current distressed sector) of CTG at end-FY22 only accounted for ~25% of the bank's loan book – one of the lowest among sector. Furthermore, investment portfolio (Govt. bond + corp. bond) decreased its contribution in CTG's interest earning assets (IEA) mix from 6.2% at end-FY21 to 4.9% at end-FY22 as a consequence of a hiking interest rate environment. Meanwhile, corporate bonds continued to remain the lowest contribution in the bank's total IEA mix (less than 1%)

In terms of asset quality, CTG's NPL remained on par yoy at 1.2% at end-FY22. However, group 2 loans soared by 2.5x to approx. VND30tr. According to the BOD, the bank has adjusted its own internal rating system besides SBV's conventional regulation to re-classify its loans portfolio, leading to a surge in

group 2 from undue loans – but would potentially grow into bad debts. Thus, the bank’s LLR (NPL + SML) decreased sharply to 65% at end-FY22 from 83% yoy.

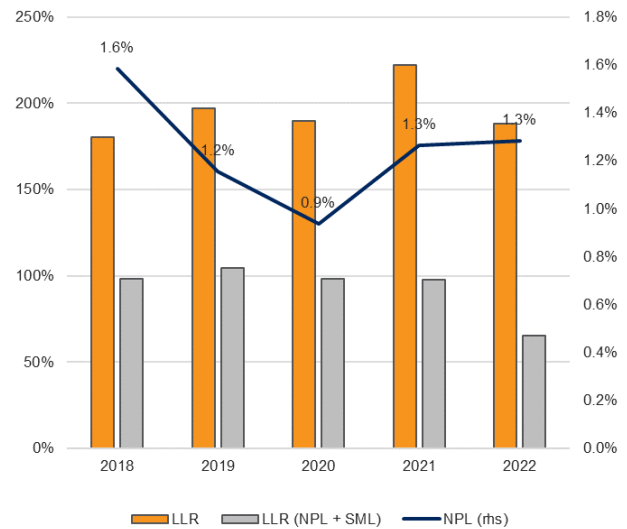
During FY22, the bank’s write-off rate also recorded the highest level in history of 1.7%. However, the bank was still able to achieve its FY22 guidance of NP

**Figure 6: CTG is among one of commercial banks having lowest credit exposure to property sector**



Source: VNDIRECT RESEARCH, Commercial banks

**Figure 7: Cautious with special-mentioned loan group**



Source: VNDIRECT RESEARCH, CTG

Thus, we revise up our FY23-25F credit cost forecasts from 1.65%/1.45%/1.20% to 1.8%/1.5%/1.5% during the period to reflect the bank’s prudential take in asset quality. In terms of loan growth, we expect CTG would be able to achieve a 10% growth instead of 9.5% at our previous forecast as Circular 26 has slightly removed the burden of closely touching the LDR cap of the bank for many years.

**Stable NIM and non-II to be the main growth engines in FY23-24F**

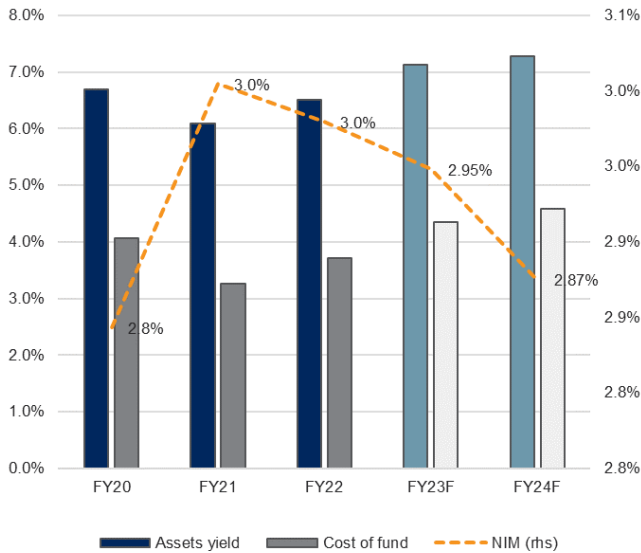
We also forecast CTG's NIM to stay at 2.9% - 3% over the period, given the bank's proactive tactical strategy in maintaining its NIM. During FY22, CTG's funding cost grew by 45bps to 3.7% as a consequence of hiking interest rate environment. Particularly, the bank’s interest rates have increased by 0.3-1% pts across all maturity spectrum. However, its NIM was able to maintain on par at 3% yoy as the bank has proactively lifted its assets yield to offset for the increase in cost of fund.

In FY22, the bank recorded VND16,650bn (+47% yoy) in non-II, driven by 69% increase yoy in collecting bad debt activities and realizing the up-front banca fee. In Jan 23, the bank has officially activated its exclusive bancassurance partnership with Manulife, and started to book the upfront banca fee in consecutive 5 years. Based on our calculation, we estimate the bank has recorded approx. VND1,200bn in FY22, which is in line with our forecast.

Another bright spot is that net fee income reached VND6,090bn in FY22 (+23% yoy), in which income from insurance service and other business (VBI’s revenue, commission fees with Manulife, fee collection from import-export LC) showed impressive growth (+35% yoy). Meanwhile, net profit from payment activities slightly decreased yoy (-3.4%) as CTG implemented zero-fee policy for all its clients starting FY22. Hence, we lift our non-II forecast due to higher-than-

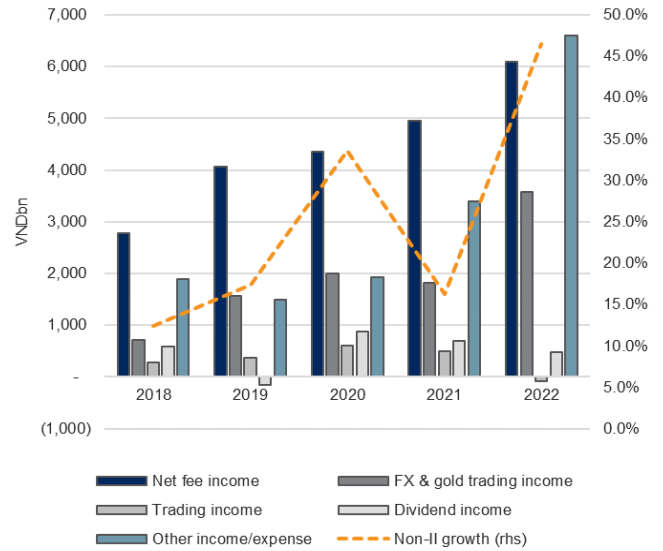
expected income flow from insurance business with Manulife. We believe CTG can exploit its competitive advantage of huge base corporate customers to grow its bancassurance business, given the low life insurance penetration rate in Vietnam.

**Figure 8: We expect FY23-24F NIM to maintain at 2.9 – 3% range thanks to the bank’s proactive tactical strategy**



Source: VNDIRECT RESEARCH, CTG

**Figure 9: Surge in non-II growth due to realizing up-front banca fee and impressive bad debts collecting activities**

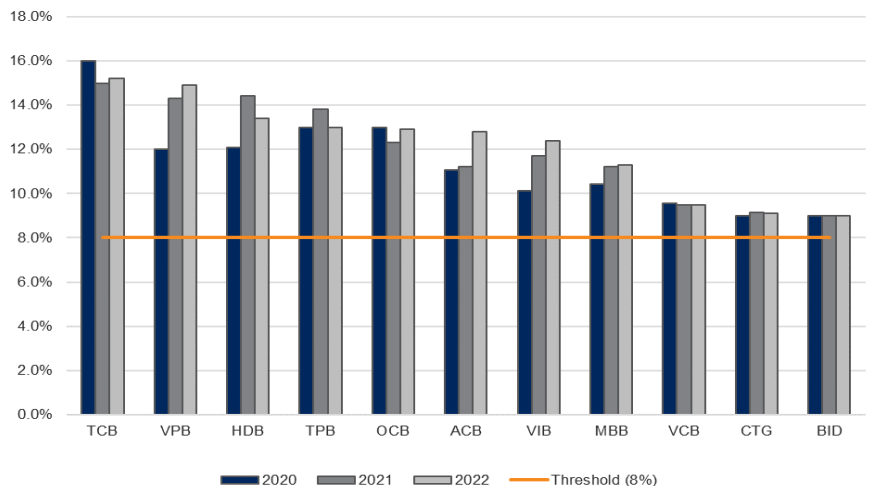


Source: VNDIRECT RESEARCH, CTG

### Capital raising is still an urgent need

Even CTG had FY21 issuing stock dividends plan, it wouldn't be able to complete during the expected timeline due to slow policy approval process. We believe that liquidity is still a burden of the bank in FY23F as its CAR was still one of the lowest among peers. In FY23F, we expect CTG could implement the previous stock dividends plan, otherwise its capital buffer as well as market share will continue to be eroded as a consequence of fierce competition from private banks

**Figure 10: CTG is still one of commercial banks having lowest CAR ratio among sector**



Source: VNDIRECT RESEARCH



**We expect CTG 's net profit to grow by 11%/21% yoy over FY23-24F**

**Figure 11: FY23-25F earnings revision**

Profit & Loss statement	Old forecasts			New forecasts			Change			Comments
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	
Net Interest Income	48,853	51,728	57,506	51,836	53,858	59,878	6.1%	4.1%	4.1%	We revise our loan growth projection from 9.5% to 10% in FY23. We also forecast CTG's NIM to remain stable at 3% over the period, given the bank's proactive tactical strategy in maintaining its NIM.
Non-Interest Income	15,932	16,425	18,067	17,498	19,128	20,920	9.8%	16.5%	15.8%	We lift our non-II forecast due to higher-than-expected income flow from insurance business with Manulife. We believe CTG can exploit its competitive advantage of huge base corporate customers to grow its bancassurance business, given the low life insurance penetration rate in Vietnam.
Operating revenue	64,785	68,153	75,573	69,334	72,986	80,799	7.0%	7.1%	6.9%	
Operating expenses	(20,407)	(21,127)	(23,050)	(21,840)	(22,626)	(24,644)	7.0%	7.1%	6.9%	Opex is lifted up due to increasing in TOI
Pre-provision profit	44,377	47,025	52,524	47,494	50,360	56,155	7.0%	7.1%	6.9%	
Provision expenses	(21,594)	(20,829)	(18,962)	(24,094)	(22,086)	(24,295)	11.6%	6.0%	28.1%	We continue to increase our provisioning forecasts given the bank's conservative stance in maintaining asset quality
Pre-tax profit	22,783	26,196	33,562	23,400	28,274	31,860	2.7%	7.9%	-5.1%	
Net profit	18,249	20,983	26,882	18,743	22,647	25,519	2.7%	7.9%	-5.1%	Change net profit forecast forecast mainly derives from adjustment above.
No. of shares outstanding (m)	4,806	4,806	4,806	4,806	4,806	4,806	0.0%	0.0%	0.0%	
EPS (VND/share)	2,835	3,260	4,177	2,912	3,519	3,965	2.7%	7.9%	-5.1%	

Source: VNDIRECT RESEARCH, CTG

**Figure 12: Balance sheet key KPIs**

(In VND bn, otherwise noted)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	CAGR 2020-22	CAGR 2023-25F
	Interest-earning assets (excl. provisions) "IEAs"	1,126,827	1,206,328	1,296,516	1,484,968	1,732,527	1,784,231	1,962,654	2,158,919	15.6%
% growth		7.1%	7.5%	14.5%	16.7%	3.0%	10.0%	10.0%		
Gross loans to customers	864,926	935,271	1,015,333	1,130,668	1,274,822	1,402,304	1,542,534	1,696,788	12.1%	10.0%
% growth		8.1%	8.6%	11.4%	12.7%	10.0%	10.0%	10.0%		
Interbank deposit and loans	130,512	129,389	102,533	149,317	243,099	145,859	160,445	176,490	54.0%	10.0%
% growth		-0.9%	-20.8%	45.6%	62.8%	-40.0%	10.0%	10.0%		
Securities	107,926	116,325	120,896	180,146	181,802	199,982	219,980	241,978	22.6%	10.0%
% growth		7.8%	3.9%	49.0%	0.9%	10.0%	10.0%	10.0%		
Interest-bearing liabilities "IBLs"	1,051,966	1,135,713	1,226,056	1,401,001	1,657,883	1,718,532	1,880,829	2,051,793	16.3%	9.3%
% growth		8.0%	8.0%	14.3%	18.3%	3.7%	9.4%	9.1%		
Customer deposit	825,816	892,785	990,331	1,161,848	1,249,181	1,374,099	1,511,509	1,655,102	12.3%	9.7%
% growth		8.1%	10.9%	17.3%	7.5%	10.0%	10.0%	9.5%		
CDs and valuable papers	46,216	57,066	59,876	64,497	91,370	100,507	110,558	121,614	23.5%	10.0%
% growth		23.5%	4.9%	7.7%	41.7%	10.0%	10.0%	10.0%		
Deposit and loan from other banks	111,400	109,483	128,519	138,834	210,160	147,112	161,823	178,005	27.9%	10.0%
% growth		-1.7%	17.4%	8.0%	51.4%	-30.0%	10.0%	10.0%		
Loan from SBV	62,600	70,603	44,597	33,294	104,779	94,301	94,301	94,301	53.3%	0.0%
Other funds from gov. and other org.	5,934	5,776	2,733	2,528	2,392	2,512	2,637	2,769	-6.4%	5.0%

Source: VNDIRECT RESEARCH, CTG

**Figure 13: P&L Key KPIs**

(In VND bn, otherwise noted)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	CAGR 2020-22	CAGR 2023-25F
Net interest income	22,212	33,199	35,580	41,788	47,930	51,836	53,858	59,878	16.1%	7.5%
Net fee income	2,771	4,055	4,362	4,961	6,089	6,698	7,368	8,105	18.1%	10.0%
FX & gold trading income	710	1,564	2,000	1,812	3,570	3,570	3,927	4,320	33.6%	10.0%
Income from trading and investment securities	864	203	1,486	1,197	386	425	467	514	-49.0%	10.0%
Other income	1,889	1,497	1,929	3,398	6,605	6,805	7,365	7,982	85.0%	8.3%
Operating income	28,446	40,519	45,357	53,157	64,580	69,334	72,986	80,799	19.3%	8.0%
% growth		42.4%	11.9%	17.2%	21.5%	7.4%	5.3%	10.7%		
Operating expense	14,084	15,735	16,069	17,186	19,304	21,840	22,626	24,644	9.6%	6.2%
% growth		11.7%	2.1%	6.9%	12.3%	13.1%	3.6%	8.9%		
Pre-provision profit	14,361	24,785	29,288	35,971	45,277	47,494	50,360	56,155	24.3%	8.7%
% growth		72.6%	18.2%	22.8%	25.9%	4.9%	6.0%	11.5%		
Provision expense	7,803	13,004	12,168	18,382	24,163	24,094	22,086	24,295	40.9%	0.4%
% growth		66.7%	-6.4%	51.1%	31.5%	-0.3%	-8.3%	10.0%		
Profit before tax	6,559	11,781	17,120	17,589	21,113	23,400	28,274	31,860	11.1%	16.7%
% growth		79.6%	45.3%	2.7%	20.0%	10.8%	20.8%	12.7%		
Profit after tax and minority interest	5,275	9,461	13,720	14,089	16,908	18,743	22,647	25,519	11.0%	16.7%
% growth		79.4%	45.0%	2.7%	20.0%	10.9%	20.8%	12.7%		

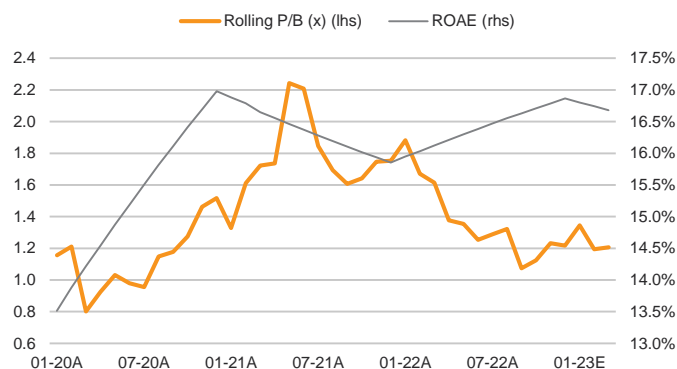
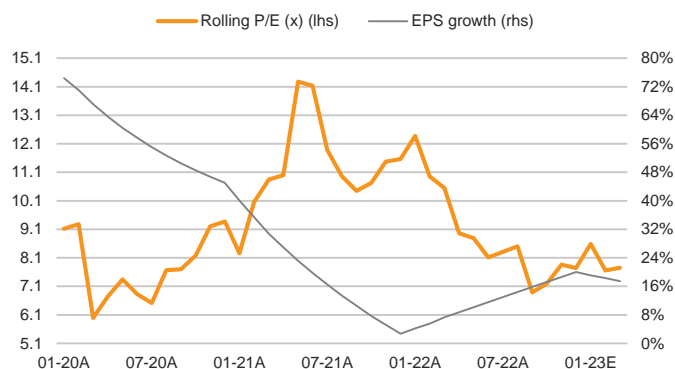
Source: VNDIRECT RESEARCH, CTG

**Figure 14: Key ratios forecasts in FY23-25F**

	2021	2022	2023F	2024F	2025F
Loan growth	11.4%	12.7%	10.0%	10.0%	10.0%
Deposit growth	17.3%	7.5%	10.0%	10.0%	9.5%
NIM	3.00%	2.98%	2.95%	2.87%	2.91%
NPL	1.26%	1.24%	1.64%	1.77%	1.71%
LLR	180%	228%	215%	216%	245%
ROAA	0.98%	1.01%	1.03%	1.17%	1.20%
ROAE	15.85%	16.86%	16.20%	16.93%	16.72%

Source: VNDIRECT RESEARCH, CTG

## Valuation



## Income statement

(VNDbn)	12-22A	12-23E	12-24E
<b>Net interest income</b>	<b>47,930</b>	<b>51,836</b>	<b>53,858</b>
<b>Non interest income</b>	<b>16,650</b>	<b>17,498</b>	<b>19,128</b>
<b>Total operating income</b>	<b>64,580</b>	<b>69,334</b>	<b>72,986</b>
Total operating costs	(19,304)	(21,840)	(22,626)
<b>Pre-provision operating profit</b>	<b>45,277</b>	<b>47,494</b>	<b>50,360</b>
<b>Total provision charges</b>	<b>(24,163)</b>	<b>(24,094)</b>	<b>(22,086)</b>
Income from associates & JVs			
Net other income			
<b>Pre-tax profit</b>	<b>21,113</b>	<b>23,400</b>	<b>28,274</b>
Tax expense	(4,141)	(4,563)	(5,513)
<b>Profit after tax</b>	<b>16,972</b>	<b>18,837</b>	<b>22,760</b>
Minority interest	(64)	(94)	(114)
<b>Net profit</b>	<b>16,908</b>	<b>18,743</b>	<b>22,647</b>

## Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Gross loans to customers	1,274,822	1,402,304	1,542,534
Loans to banks	243,099	145,859	160,445
<b>Total gross loans</b>	<b>1,517,921</b>	<b>1,548,163</b>	<b>1,702,980</b>
Securities - total	181,802	199,982	219,980
Other interest earning assets	32,805	36,085	39,694
<b>Total gross IEAs</b>	<b>1,732,527</b>	<b>1,784,231</b>	<b>1,962,654</b>
<b>Total provisions</b>	<b>(29,833)</b>	<b>(49,543)</b>	<b>(59,127)</b>
<b>Net loans to customers</b>	<b>1,245,058</b>	<b>1,352,900</b>	<b>1,483,560</b>
<b>Total net IEAs</b>	<b>1,702,695</b>	<b>1,734,688</b>	<b>1,903,526</b>
Cash and deposits	11,067	11,275	12,372
Total investments	3,586	3,654	4,009
Other assets	91,841	93,566	102,673
<b>Total non-IEAs</b>	<b>106,494</b>	<b>108,495</b>	<b>119,055</b>
<b>Total assets</b>	<b>1,809,189</b>	<b>1,843,183</b>	<b>2,022,581</b>
Customer deposits	1,249,181	1,374,099	1,511,509
Cds outstanding	91,370	100,507	110,558
Customer interest-bearing liabilities	1,340,551	1,474,607	1,622,067
Bank deposits	314,939	241,413	256,125
Broad deposits	1,655,491	1,716,020	1,878,192
Other interest-bearing liabilities	2,392	2,512	2,637
<b>Total IBLs</b>	<b>1,657,883</b>	<b>1,718,532</b>	<b>1,880,829</b>
Deferred tax liability			
Other non-interest bearing liabilities	43,001	(88)	(2,864)
<b>Total non-IBLs</b>	<b>43,001</b>	<b>(88)</b>	<b>(2,864)</b>
<b>Total liabilities</b>	<b>1,700,884</b>	<b>1,718,444</b>	<b>1,877,965</b>
Share capital	48,058	48,058	48,058
Additional paid-in capital	9,811	9,811	9,811
Treasury shares	0	0	0
Retained earnings reserve	33,487	45,080	59,106
Other reserves	16,206	20,953	26,690
<b>Shareholders' equity</b>	<b>107,561</b>	<b>123,901</b>	<b>143,664</b>
Minority interest	743	838	951
<b>Total equity</b>	<b>108,305</b>	<b>124,739</b>	<b>144,616</b>
<b>Total liabilities &amp; equity</b>	<b>1,809,189</b>	<b>1,843,183</b>	<b>2,022,581</b>

	12-22A	12-23E	12-24E
<b>Growth rate (yoy)</b>			
Cust deposit growth	7.5%	10.0%	10.0%
Gross cust loan growth	12.7%	10.0%	10.0%
Net interest income growth	14.7%	8.1%	3.9%
Pre provision operating profit growth	25.9%	4.9%	6.0%
Net profit growth	20.0%	10.9%	20.8%
Growth in IEAs	16.7%	1.9%	9.7%
<b>Share value</b>			
Basic EPS (VND)	3,518	3,900	4,712
BVPS (VND)	22,382	25,782	29,894
DPS (VND)	0	500	600
EPS growth	20.0%	10.9%	20.8%

## Key ratios

	12-22A	12-23E	12-24E
Net interest margin	3.0%	2.9%	2.9%
Cost-income ratio	(29.9%)	(31.5%)	(31.0%)
Reported NPLs / gross cust loans	1.2%	1.6%	1.8%
Reported NPLs / net cust loans	1.3%	1.7%	1.8%
GP charge / average cust loans	2.0%	1.8%	1.5%
Total CAR			
Loan deposit ratio	95.1%	95.1%	95.1%
<b>Margins and spreads</b>			
Return on IEAs	6.5%	7.1%	7.3%
Cost of funds	3.7%	4.4%	4.6%
Interest return on average assets	2.9%	2.8%	2.8%
ROAE	16.9%	16.2%	16.9%

Source: VND RESEARCH



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## 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 – Head of Research

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

### Thanh Nguyen – Senior Analyst

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

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