

## HDBANK (HDB) – UPDATE

<b>Market Price</b>	<b>Target Price</b>	<b>Dividend Yield</b>	<b>Rating</b>	<b>Sector</b>
VND16,650	VND25,000	0.00%	Add	FINANCIALS

21 December 2022

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

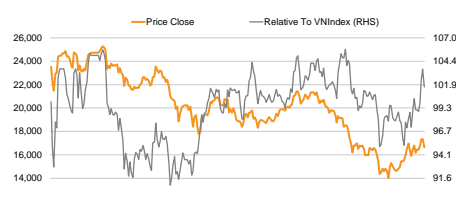
Consensus\*: Add:8 Hold:1 Reduce:0

Target price / Consensus: -19.5%

### Key changes in the report

- Lower P/B target to 1.3x from 2.0x
- 13% decrease in 1-year TP

### Price performance



Source: VND RESEARCH

### Key statistics

52w high (VND)	25,280
52w low (VND)	14,000
3m Avg daily value (VNDmn)	43,083
Market cap (VND bn)	43,640
Free float (%)	70
TTM P/E (x)	5.4
Current P/B (x)	1.2

### Ownership

Sovico	14.4%
Pham Van Dau	4.3%
Nguyen Thi Phuong Thao	3.7%
Others	77.6%

Source: VND RESEARCH

### Analyst(s):


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## Moderate growth

- HDB is one of a few banks which will be able to grant a high credit quota from the SBV in FY22 and even FY23F.
- However, sectoral headwinds will hinder HDB's NP growth to 16-20% yoy over FY23-24F.
- Reiterate ADD with a lower TP of VND25,000.

### A candidate to grant a higher-than-peer credit quota

HDB's 3Q22 net profit (NP) rose strongly 40.9% yoy to VND2.0tr, mostly driven by a strong loan growth and fast-growing fee incomes (+111% yoy, underpinned by bancassurance). HDB's 9M22 NP reached VND6.0tr (+32.3% yoy), fulfilling 77% of our forecasts. Notably, HDB is one of a few banks receiving a high credit quota from the SBV in 2022, thanks to a robust CAR (15.3% vs. peers' average of c.12%), well-managed LDR (71.4% vs. maximum threshold of 85%), benign loan mix (good exposure to retail lending and less exposure to corporate bond - CB), and participation in handling weak financial institutions. This is also its strong advantage to accelerate credit growth in the next year (20% per our estimate).

### Banking sector outlook to see a bumpy road ahead...

Firstly, SBV has increased policy rates by 200bps and this rate hike will inevitably put pressure on banks' NIM next year as cost of funds (COF) rises and a full pass-through into lending rates is unlikely. Secondly, stagnant property market and sluggish corporate bond (CB) recovery will stress banks' asset quality and liquidity. Besides, "liquidity constraint" issue among Vietnam corporates could also threaten banks' NPL. Overall, due to the tightening monetary policy and macro uncertainties, banks' FY23-24F outlook will see elevated risks via weaker credit growth, NIM compression and face concerns over asset quality.

### ... which hinder HDB's earnings growth over FY23-24F

Due to the sectoral headwinds, given (i) a 15bps NIM compression and (ii) higher provisions, HDB's earnings growth may soften to 16-20% yoy over FY23-24F (CAGR FY19-21 of 30%). However, it is still better than peer (ie. 10.4%) thanks to the ability to accelerate credit growth as we mentioned above. In the long run, we still like HDB thanks to (i) its unique banking model (approaching rural areas, which has huge loans demand); (ii) potential banca segment elevate fee incomes; (iii) good asset quality compared with its high risk-appetite peers; (iv) robust profitability with ROE of c.23% over FY20-22F (peers' average of c.20%).

### Reiterate ADD with a lower TP of VND25,000

We downgrade the P/B target to 1.3x from 2.0x to fully reflect the sectoral headwinds, with 50% contribution from residual income approach (COE: 16%, LTG: 3%), we derive a new TP of 25,000. However, the negativities were factored in as HDB's valuation has been compressed to 1.0x FY23F P/B - below minus 2SD of 3Y average, thus the stock is now undervalued. Downside risks include higher-than-expected rate hike and bad debt spike. However, the potential banca partnership with FWD is a strong upside catalyst for HDB in the upcoming time.

Financial summary (VND)	12-21A	12-22E	12-23E	12-24E
Net interest income (bn)	13,891	17,323	19,517	23,242
Net interest margin	4.4%	4.8%	4.7%	4.7%
Total operating income (bn)	16,758	22,490	25,887	30,857
Total provision charges (bn)	(2,306)	(3,498)	(4,150)	(4,912)
Net profit (bn)	6,054	7,855	9,144	10,925
Net profit growth	42.5%	29.8%	16.4%	19.5%
Adjusted EPS	2,992	3,451	3,616	4,320
BVPS	14,430	14,850	18,486	22,830
ROAE	21.8%	22.9%	21.4%	20.5%

## MODERATE GROWTH

### 9M22 recap: in line with expectations

**Figure 1: Results comparison (VNDbn unless otherwise noted)**

Profit & Loss statement	3Q22	3Q21	% yoy	9M22	9M21	% yoy	VND FY22F forecasts	% of VND forecasts	Comments
Net interest income	4,485	3,306	35.6%	13,079	10,138	29.0%	17,323	75.5%	In line with our expectations
Non-interest income	909	400	127.6%	3,019	1,991	51.7%	5,167	58.4%	Lower than our forecast due to a lower-than-expected investment incomes
Operating revenue	5,394	3,706	45.6%	16,098	12,128	32.7%	22,490	71.6%	
Operation expenses	(2,001)	(1,412)	41.7%	(5,960)	(4,726)	26.1%	(8,546)	69.7%	
Pre-provision profit	3,393	2,294	47.9%	10,139	7,402	37.0%	13,944	72.7%	
Provision expenses	(681)	(403)	68.8%	(2,123)	(1,318)	61.1%	(3,498)	60.7%	In line with our expectations
Pre-tax profit	2,712	1,891	43.4%	8,016	6,084	31.7%	10,445	76.7%	
Net profit	2,016	1,431	40.9%	6,014	4,546	32.3%	7,855	76.6%	In line with our expectations

Source: HDB, VNDIRECT Research

**Figure 2: HDB's key ratios by quarters**

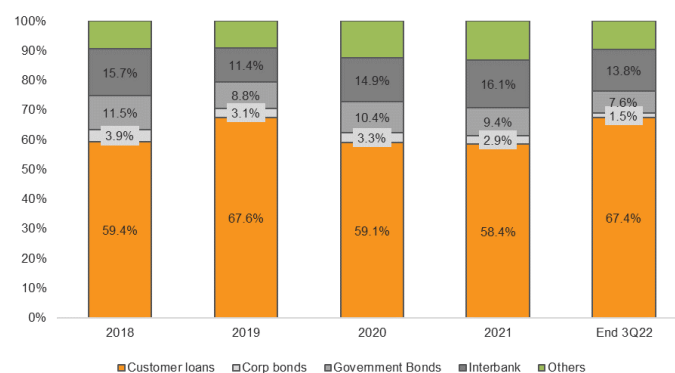
Key ratios	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
NII/TOI	91.5%	84.8%	87.1%	81.0%	80.7%	81.5%	89.2%	81.1%	78.9%	81.5%	83.1%
Non-II/TOI	8.5%	15.2%	12.9%	19.0%	19.3%	18.5%	10.8%	18.9%	21.1%	18.5%	16.9%
NIM (annualised)	5.3%	4.8%	4.9%	4.6%	4.4%	4.5%	4.2%	4.5%	4.6%	5.1%	5.0%
Cost to Income ratio (CIR)	51.0%	35.4%	45.0%	47.2%	39.1%	39.6%	38.1%	35.8%	37.6%	36.4%	37.1%
Non-performing loan (NPL) ratio	1.5%	1.6%	1.8%	1.3%	1.5%	1.2%	1.4%	1.7%	1.6%	1.3%	1.5%
Loan-loss-reserves (LLR)	74.5%	72.2%	64.1%	82.1%	68.6%	87.9%	80.9%	73.0%	75.9%	93.0%	81.0%
Credit cost (annualised)	0.8%	0.9%	1.0%	1.1%	1.0%	1.0%	0.9%	1.2%	1.2%	1.3%	1.2%
ROAA (trailing 12 months)	1.7%	1.8%	1.8%	1.5%	1.8%	1.8%	1.8%	1.7%	1.8%	1.9%	2.0%
ROAE (trailing 12 months)	20.5%	21.6%	21.5%	20.2%	22.3%	22.4%	22.6%	23.3%	23.1%	23.4%	24.0%

Source: HDB, VNDIRECT Research

**Figure 3: HDB's key balance sheet KPIs analysis**

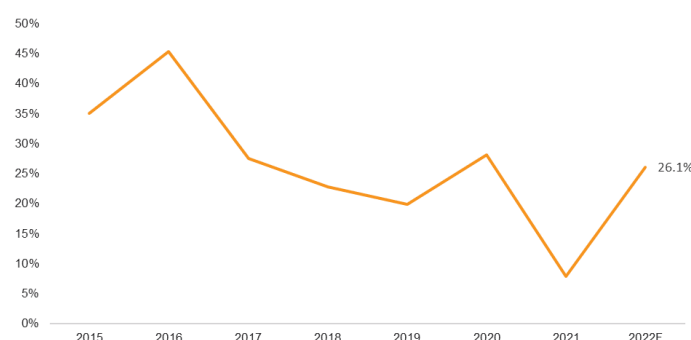
#### HDB's earning asset mix

- HDB's earnings asset mix has switched to customer loans.
- Specifically, HDB has less exposure to CB – a positive point when CB market has been facing mid-term struggles due to a series of local investigations and Decree 65 revision.
- HDB is still a net-borrower in interbank market.
- Note that, HDB's CB portfolio dropped 40% ytd due to the on-going struggles of CB market. However, CB only made up 1.5% in the bank's earnings asset mix, so no significant impact was found.



#### HDB's credit quota vs. growth

- Thanks to a robust CAR, a decent LDR, a benign loan mix (ie. good exposure to retail lending while having less exposure to CB), and its participation in handling weak financial institutions, HDB has been granted a higher-than-peers credit quota from the SBV this year.
- HDB's credit growth: c.24% ytd (at end-Nov 2022). With a full-year credit quota of 25.7%, HDB still has c.2% of credit room to expand for the rest of the year (the right chart shows HDB's credit growth per annum).



**HDB's loan mix vs. growth (%)**

- HDB loan growth: 21.3% ytd, driven by retail lending of 27% ytd (49% of loan balances). Retail lending for rural areas is still the bank's key strategy as HDB sees that 70% of Vietnam population is concentrated in rural areas, but the access to modern banking services in these locations is still limit. Nowadays most of Vietnam banks executed their retail & SME banking model in big cities, bringing a stiff competition into these areas. Meanwhile, people living in rural areas also crave for the same financial services as those living in big towns.
- Lending for SMEs (41.6% of loan balances) and large corp. (2.8% of loan balances) grew 15% and 14.7% ytd, respectively.

**HDB's consumer finance business**

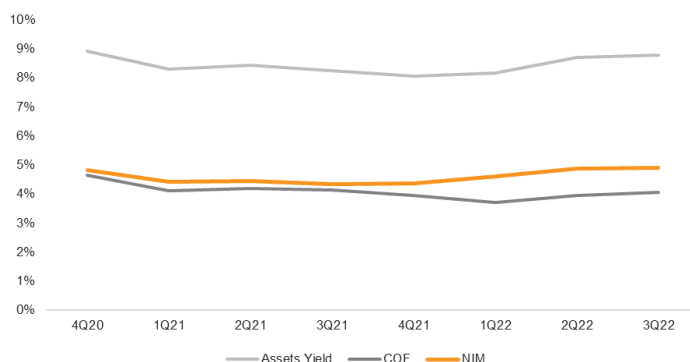
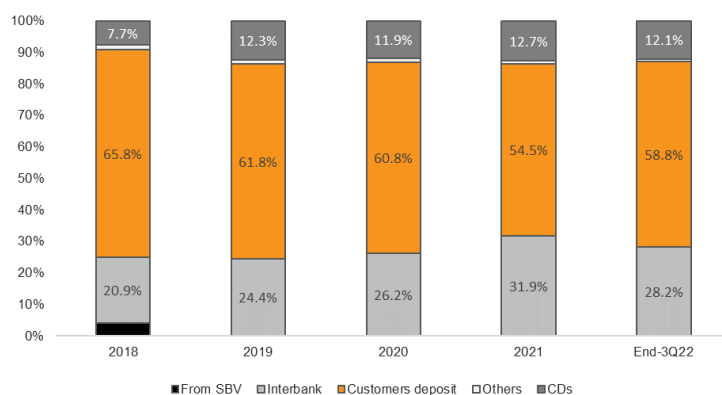
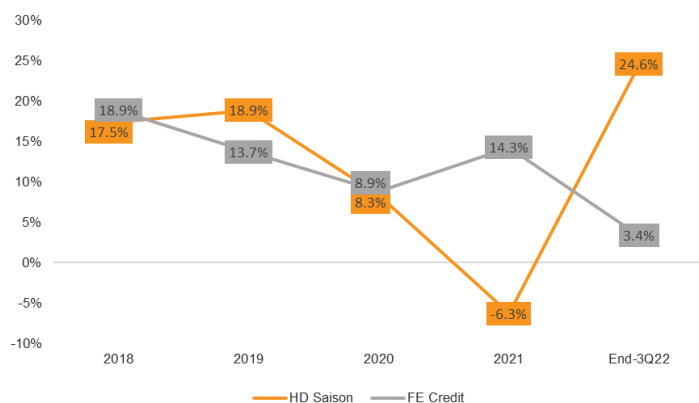
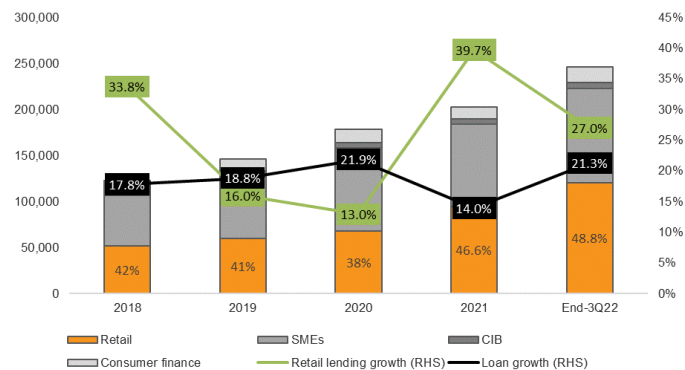
- HD Saison's loan book: VND16.7tr (+24.6% ytd), better than its peer ie. FE Credit (figure from the right hand side).
- To recall, consumer finance business had been hurt due to the pandemic last year, reflecting in a 6% yoy reduction in FY21 loan book and thus a weaker NIM. However, HD Saison has recovered rapidly post-pandemic via its 9M22 impressive consumer lending growth and this is also become another important factor helping HDB sustain NIM for the rest of this year.
- NPL ratio at end-3Q22: 7.4% vs. 7.3% at end-FY21 (FE Credit's NPL: 14.3% vs 13.6% at end-FY21).

**HDB's mobilization mix**

- HDB's deposit growth: 13.4% ytd (accounted for 59% of total mobilization) vs. 5% ytd growth of total mobilization. HDB's mobilization does not rely heavily on customer deposit, but it also diversified with good exposure to interbank borrowing (28%) and CDs paper (12%).
- LDR stayed at a benign level of c.71% (vs. 85% of regulatory threshold). Otherwise, the bank maintains a very healthy short-term deposit/long-term loans of only 14.1% (vs. sector maximum level of 34%).
- This good liquidity management provides HDB more capacity to deal with any possible systematic and liquidity risks in the future, and even catch up Basel III standards. Besides, it is a strong advantage for the bank to receive a higher-than-peer credit growth quota next year.
- CASA ratio reduced to 11.3% (vs. 13.1% at end-FY21) as individuals withdrew their idle money to fund their own businesses in the context of limited credit growth, thus this money flows will not come back soon.

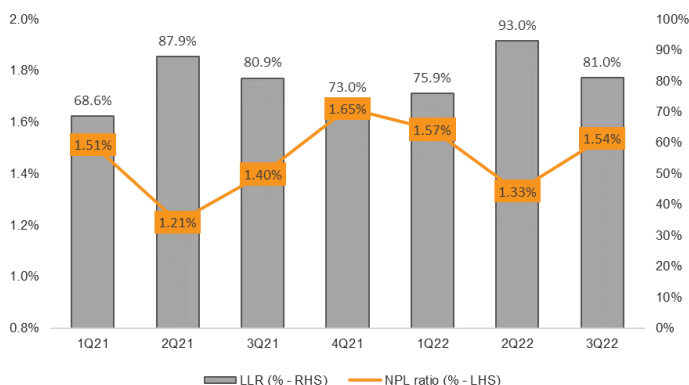
**HDB's annualized NIM performance**

- HDB's annualized NIM still stood at a robust level, underpinned by (1) an expansion in retail lending mix and (2) a strong recovery of consumer finance segment. However, it slightly shrank if comparing to the level of 2Q22 since the bank's COF started to pick up as a consequence of rising deposit rates.
- High interest rate environment will threaten HDB's COF and NIM will keep compressing since 4Q22 onwards, in our view.



### HDB's asset quality

- HDB bad debt surged 12.8% ytd because Circular 14 was expired (since June 30, 2022). Restructured loan was VND110bn (making up 0.04% total credit at end-3Q22 vs. 0.14% at end-FY21).
- As a result, NPL ratio climbed to 1.54% (vs. 1.33% at end-2Q22). LLR stayed at 81% (vs. 93% at end-2Q22). The bank's asset quality is still under control, in our view.



Source: HDB, VNDIRECT RESEARCH

## Banking sector outlook to see a bumpy road ahead...

### Lower credit growth and NIM compression

Vietnam banking sector has been challenged from external and internal headwinds. For external, the jumbo FED rate hike has pushed DXY to climb to two-decade high, creating downward pressure on most of the currencies in the recent few months and VND is not an exception. Together with selling US\$ to stabilise the FX, the State bank of Vietnam (SBV) also loosened the VND trading band (from 3% to 5%) and made a second consecutive 100bps hike on its policy rates.

The additional 200bps increase in policy rates has directly impacted on the deposit rates of all terms, and all of the banks have to raise their deposit rates at the same pace. On the other hand, we see that lending interest rates are unlikely to trailing inline with the rising funding cost as SBV are strictly monitoring lending rates in order to support for the enterprises. Therefore, this aggressive rate hike from SBV will negatively impact banks' NIMs as a consequence of higher costs of funds (COF).

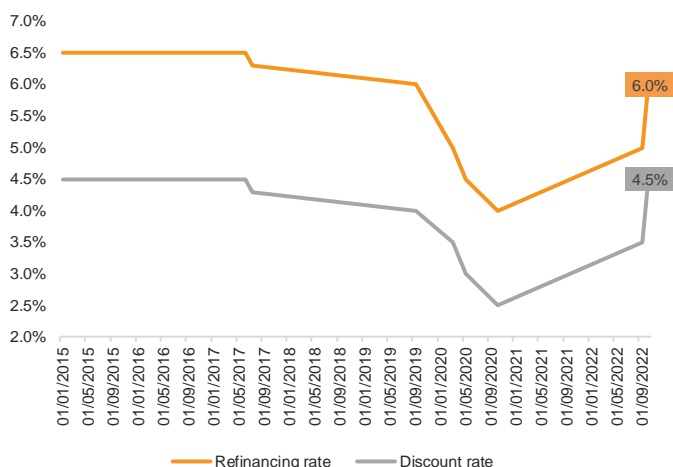
We believe that things will become more "comfortable" only when the US\$ pressure eases. Currently, more rate hikes from FED is expected in these two last months of this year; hence, this tension could be lasted long until at least at the end of 1H23.

### Weakening asset quality

We see another issue relating to "liquidity constraints" among Vietnam corporates, particularly property developers and SMEs, which could hit banks' asset quality. VN corporates have to deal with a higher interest expense (from US\$ strengthening and VND's higher interest rate), which dent profitability and heightened the pressure on their debt obligations. On the other hand, Vietnam capital market is being obstructed with a tightening bank's credit and a squeezed c-bond issuance (due to a series of local investigations and Dec 65 revisions), thus many corporates will be hard to generate enough funding for their operations. The difficulties in accessing funding and lower ability to fulfil debt obligations of Vietnam corporates may threaten banks' asset quality in 2023 onwards.

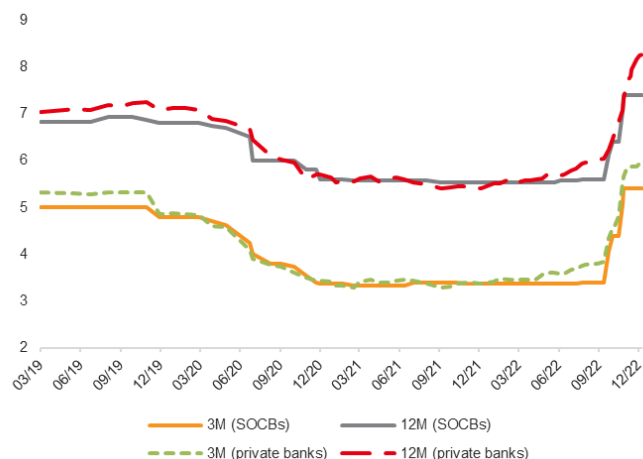
**In conclusion**, due to the tightening monetary policy and macro uncertainties, Vietnam banks' FY23-24F outlook will see elevated risks relating to lower credit growth, pressure to sacrifice profits (NIM compression), and face concerns over asset quality.

Figure 4: Vietnam's policy rates have climbed up (%)



Source: SBV

Figure 5: Deposit rates made the same movement (%)



Source: Commercial banks, VNDIRECT Research

...so FY23-24F forecasts for HDB should be more prudent

Due to the aforementioned sectoral headwinds, HDB will see a slower earnings growth of 15-19% yoy during FY23-24F (CAGR FY19-21 of 30%), given...

- Credit growth will slow down to 20% in FY23-24F (FY18-20 CAGR of 21%, we exclude 2021 as it was affected by Covid-19). However, it is still a better-than-peer credit quota, underpinned by its robust CAR, good liquidity management and a benign credit mix that we have mentioned above.
- NIM will shrink to 4.7% in FY23-24F vs. 4.9% in FY22F.

However, in the long-run, we still like HDB thanks to (i) its unique banking model to approach rural areas, which has a huge demand for loan; (ii) potential banca segment help elevate fee incomes; (iii) better asset quality compared with other high risk-appetite peers; and (iv) robust profitability with ROE of c.23% over FY19-21 (peers' average of 20%).

Figure 6: Profit & loss statement key KPIs

(In VND bn, otherwise noted)	2019	2020	2021	2022F	2023F	2024F	CAGR 2019 - 21	CAGR 2022 - 24F
NII	9,747	11,898	13,891	17,323	19,517	23,393	19.4%	16.2%
% yoy	27.5%	22.1%	16.8%	24.7%	12.7%	19.9%		
Non-II	1,641	1,882	2,867	5,167	6,370	7,615	32.2%	21.4%
% yoy	-8.5%	14.6%	52.4%	80.2%	23.3%	19.5%		
TOI	11,388	13,779	16,758	22,490	25,887	31,008	21.3%	17.4%
% yoy	20.6%	21.0%	21.6%	34.2%	15.1%	19.8%		
G&A expenses	5,080	6,173	6,383	8,546	9,578	11,473	12.1%	15.9%
% yoy	14.4%	21.5%	3.4%	33.9%	12.1%	19.8%		
Operating profit before provision	6,307	7,607	10,375	13,944	16,309	19,535	28.3%	18.4%
% yoy	26.2%	20.6%	36.4%	34.4%	17.0%	19.8%		
Provisions for bad debts	1,289	1,788	2,306	3,498	4,150	4,912	33.7%	18.5%
% yoy	29.7%	38.7%	28.9%	51.7%	18.6%	18.4%		
PBT	5,018	5,818	8,070	10,445	12,159	14,623	26.8%	18.3%
% yoy	25.3%	15.9%	38.7%	29.4%	16.4%	20.3%		
NP	3,605	4,249	6,054	7,855	9,144	10,996	29.6%	18.3%
% yoy	26.8%	17.9%	42.5%	29.8%	16.4%	20.3%		

Source: VNDIRECT Research

**Figure 7: Balance sheet key KPIs**

(In VND bn, otherwise noted)	2019	2020	2021	2022F	2023F	2024F	CAGR 2019 - 21	CAGR 2022 - 24F
Interest-earning assets (excl. provisions) "IEAs"	211,939	289,247	336,614	378,600	449,974	535,012	26.0%	18.9%
% yoy	3.5%	36.5%	16.4%	12.5%	18.9%	18.9%		
Gross loans to customers	144,700	176,388	200,759	260,499	312,618	374,637	17.8%	19.9%
% yoy	19.8%	28.2%	7.8%	26.1%	19.8%	19.8%		
Interbank deposit and loans	24,665	44,811	55,943	50,348	60,418	72,502	50.6%	20.0%
% yoy	-23.9%	81.7%	24.8%	-10.0%	20.0%	20.0%		
Securities	41,089	70,802	76,810	63,618	71,945	81,398	36.7%	13.1%
% yoy	-11.1%	72.3%	8.5%	-17.2%	13.1%	13.1%		
Interest-bearing liabilities "IBLs"	204,092	287,523	336,327	368,185	429,262	497,625	28.4%	16.3%
% yoy	4.9%	40.9%	17.0%	9.5%	16.6%	15.9%		
Customer deposit	126,019	174,620	183,283	216,274	257,366	308,839	20.6%	19.5%
% yoy	-1.6%	38.6%	5.0%	18.0%	19.0%	20.0%		
CDs and valuable papers	25,013	34,332	42,756	47,032	51,735	56,908	30.7%	10.0%
% yoy	67.6%	37.3%	24.5%	10.0%	10.0%	10.0%		
Deposit and loan from other banks	49,794	75,176	107,243	101,880	117,163	128,879	46.8%	12.5%
% yoy	22.4%	51.0%	42.7%	-5.0%	15.0%	10.0%		

Source: VNDIRECT Research

### Reiterate Add with a lower 1-year TP of VND25,000

To fully reflect the banking sector's headwinds, we downgrade the P/B target for HDB (from 2.0x to 1.3x – equal to minus 1SD of 3Y average level), combining with residual income approach (COE: 16.1%, LTG: 3%), we derive a TP of 25,000 (-13% from previous TP). However, we believe the bad news may partially price in as HDB's valuation has been compressed to only 1x FY23F P/B - below minus 2SD of 3Y average level, thus the stock is now undervalued.

**Figure 8: Key assumptions of residual income valuation, based on our estimates**

Assumptions	2023F	2024F	2025F	2026F	2027F	Terminal year
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	1.1	1.1	1.1	1.1	1.1	1.1
Cost of equity	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
Long-term growth rate						3.0%
<b>(VNDbn)</b>						
Opening shareholder's equity	37,349					
PV of RI (5 years)	14,062					
PV of Terminal value	12,915					
Implied EV	64,325					
No. of o/s shares (m shares)	2,515					
Implied value per share (VND/share)	<b>25,577</b>					

Source: VNDIRECT Research

**Figure 9: Target price calculation, based on our estimates**

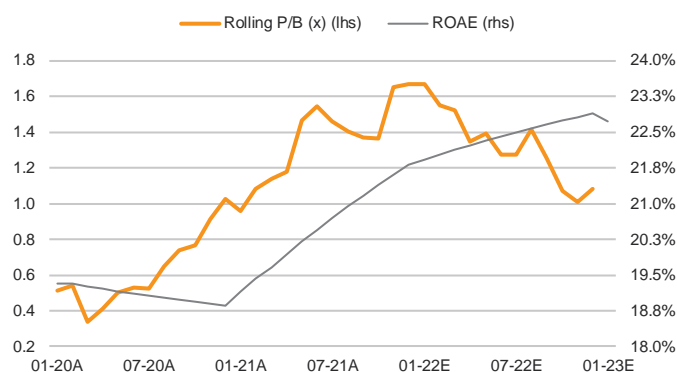
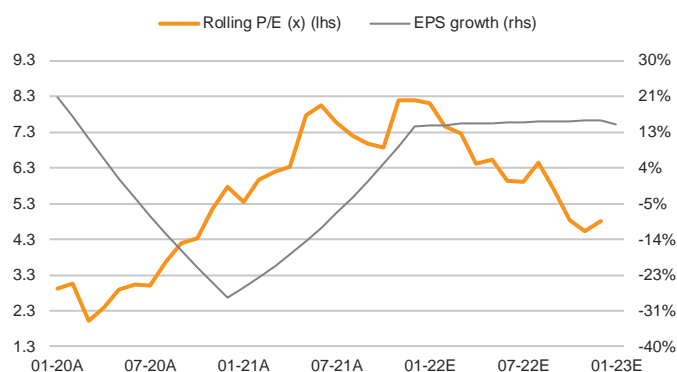
Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	25,577	12,788
P/BV multiple (at 1.3x FY23F BVPS)	50%	24,402	12,201
Target price (VND/share)			24,989
Target price (VND/share, rounded)			<b>25,000</b>

Source: VNDIRECT Research

**Figure 10: Vietnam bank comparison (price as of 19/12/2022)**

Banks	Bloomberg Code	Price	Target	Recomm	Market	P/B (x)			P/E (x)			3-yr fw CAGR		ROE %		ROA %	
		Lates	Price			endation	cap	Current	FY22F	FY23F	T12M	FY22F	FY23F	EPS	ROE %	ROA %	
		LC	LC		(US\$bn)							%	FY22F	FY23F	FY22F	FY23F	
Vietcombank	VCB VN	79,200	84,600	ADD	15.8	2.9	2.8	2.3	14.2	13.2	13.1	14.3%	20.5%	19.3%	1.6%	1.6%	
Vietinbank	CTG VN	27,550	34,400	ADD	5.6	1.3	1.3	1.1	8.5	10.8	9.4	15.5%	16.5%	16.8%	1.0%	1.1%	
Vietnam Prosperity JSB	VPB VN	17,950	26,300	ADD	5.1	1.3	1.2	1.0	6.0	4.9	6.0	28.8%	23.4%	18.7%	3.5%	2.9%	
Techcombank	TCB VN	29,250	44,000	ADD	4.3	0.9	0.9	0.7	4.8	4.6	4.1	16.4%	21.8%	19.9%	3.6%	3.5%	
Military Commercial JSB	MBB VN	18,350	30,600	ADD	3.5	1.1	1.1	0.9	4.7	4.6	4.4	23.2%	25.6%	23.1%	2.7%	2.6%	
Asia Commercial JSB	ACB VN	22,750	30,000	ADD	3.2	1.4	1.3	1.1	5.8	5.2	5.3	19.3%	26.0%	22.5%	2.4%	2.4%	
Vietnam International Commercial JSB	VIB VN	20,750	28,000	ADD	1.8	1.4	1.4	1.2	5.2	4.8	4.9	17.5%	31.1%	28.1%	2.4%	2.4%	
HDBank	HDB VN	17,350	25,000	ADD	1.8	1.2	1.2	0.9	5.8	5.1	6.3	21.4%	24.4%	22.9%	2.1%	2.1%	
Tien Phong Commercial JSB	TPB VN	22,500	31,000	ADD	1.5	1.2	1.1	0.9	5.9	5.7	5.2	19.0%	21.5%	19.4%	2.0%	2.0%	
LienViet Post Bank	LPB VN	13,150	15,800	ADD	1.0	1.0	1.0	0.8	4.4	4.6	5.4	21.4%	22.3%	17.5%	1.5%	1.3%	
<i>Average</i>						<i>1.4</i>	<i>1.3</i>	<i>1.1</i>	<i>6.5</i>	<i>6.3</i>	<i>6.4</i>	<i>19.7%</i>	<i>23.3%</i>	<i>20.8%</i>	<i>2.3%</i>	<i>2.2%</i>	
<i>Median</i>						<i>1.3</i>	<i>1.2</i>	<i>1.0</i>	<i>5.8</i>	<i>5.1</i>	<i>5.4</i>	<i>19.3%</i>	<i>23.3%</i>	<i>19.9%</i>	<i>2.3%</i>	<i>2.2%</i>	

Source: VNDIRECT Research

**Valuation**

**Income statement**

(VNDbn)	12-22E	12-23E	12-24E
<b>Net interest income</b>	<b>17,323</b>	<b>19,517</b>	<b>23,242</b>
<b>Non interest income</b>	<b>5,167</b>	<b>6,370</b>	<b>7,615</b>
<b>Total operating income</b>	<b>22,490</b>	<b>25,887</b>	<b>30,857</b>
Total operating costs	(8,546)	(9,578)	(11,417)
<b>Pre-provision operating profit</b>	<b>13,944</b>	<b>16,309</b>	<b>19,440</b>
<b>Total provision charges</b>	<b>(3,498)</b>	<b>(4,150)</b>	<b>(4,912)</b>
Income from associates & JVs			
Net other income			
<b>Pre-tax profit</b>	<b>10,445</b>	<b>12,159</b>	<b>14,528</b>
Tax expense	(2,089)	(2,432)	(2,906)
<b>Profit after tax</b>	<b>8,356</b>	<b>9,728</b>	<b>11,622</b>
Minority interest	(501)	(584)	(697)
<b>Net profit</b>	<b>7,855</b>	<b>9,144</b>	<b>10,925</b>

**Balance sheet**

(VNDbn)	12-22E	12-23E	12-24E
Gross loans to customers	264,113	317,039	380,483
Loans to banks	50,348	60,418	72,502
<b>Total gross loans</b>	<b>314,462</b>	<b>377,458</b>	<b>452,985</b>
Securities - total	63,618	71,945	81,398
Other interest earning assets	9,478	10,426	11,469
<b>Total gross IEAs</b>	<b>387,558</b>	<b>459,828</b>	<b>545,852</b>
<b>Total provisions</b>	<b>(3,693)</b>	<b>(4,509)</b>	<b>(5,942)</b>
<b>Net loans to customers</b>	<b>260,499</b>	<b>312,618</b>	<b>374,637</b>
<b>Total net IEAs</b>	<b>383,865</b>	<b>455,320</b>	<b>539,910</b>
Cash and deposits	2,617	2,800	2,996
Total investments	132	142	152
Other assets	28,656	30,662	32,808
<b>Total non-IEAs</b>	<b>31,405</b>	<b>33,604</b>	<b>35,956</b>
<b>Total assets</b>	<b>415,271</b>	<b>488,923</b>	<b>575,866</b>
Customer deposits	216,274	257,366	308,839
Cds outstanding	47,032	51,735	56,908
Customer interest-bearing liabilities	263,306	309,101	365,748
Bank deposits	101,880	117,163	128,879
Broad deposits	365,186	426,264	494,627
Other interest-bearing liabilities	2,999	2,999	2,999
<b>Total IBLs</b>	<b>368,185</b>	<b>429,262</b>	<b>497,625</b>
Deferred tax liability			
Other non-interest bearing liabilities	9,235	12,083	19,041
<b>Total non-IBLs</b>	<b>9,235</b>	<b>12,083</b>	<b>19,041</b>
<b>Total liabilities</b>	<b>377,420</b>	<b>441,345</b>	<b>516,666</b>
Share capital	25,150	25,150	25,150
Additional paid-in capital	536	536	536
Treasury shares	0	0	0
Retained earnings reserve	9,115	18,259	29,184
Other reserves	2,547	2,547	2,547
<b>Shareholders' equity</b>	<b>37,349</b>	<b>46,493</b>	<b>57,417</b>
Minority interest	501	1,085	1,782
<b>Total equity</b>	<b>37,850</b>	<b>47,578</b>	<b>59,200</b>
<b>Total liabilities &amp; equity</b>	<b>415,271</b>	<b>488,923</b>	<b>575,866</b>

	12-22E	12-23E	12-24E
<b>Growth rate (yoy)</b>			
Cust deposit growth	18.0%	19.0%	20.0%
Gross cust loan growth	30.0%	20.0%	20.0%
Net interest income growth	24.7%	12.7%	19.1%
Pre provision operating profit growth	34.4%	17.0%	19.2%
Net profit growth	29.8%	16.4%	19.5%
Growth in IEAs	12.2%	18.8%	18.8%
<b>Share value</b>			
Basic EPS (VND)	3,470	3,636	4,344
BVPS (VND)	14,850	18,486	22,830
DPS (VND)	0	0	0
EPS growth	15.3%	4.8%	19.5%

**Key ratios**

	12-22E	12-23E	12-24E
Net interest margin	4.8%	4.7%	4.7%
Cost-income ratio	(38.0%)	(37.0%)	(37.0%)
Reported NPLs / gross cust loans	1.6%	1.8%	1.5%
Reported NPLs / net cust loans	1.7%	1.8%	1.5%
GP charge / average cust loans	1.5%	1.4%	1.4%
Total CAR	15.3%	16.0%	16.8%
Loan deposit ratio	100.3%	102.6%	104.0%
<b>Margins and spreads</b>			
Return on IEAs	9.2%	9.5%	9.3%
Cost of funds	4.5%	5.0%	4.9%
Interest return on average assets	4.5%	4.4%	4.5%
ROAE	22.9%	21.4%	20.5%

Source: VNDIRECT 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.

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