

## MILITARY COMMERCIAL JSB (MBB) – UPDATE

|                     |                     |                       |               |               |
|---------------------|---------------------|-----------------------|---------------|---------------|
| <b>Market Price</b> | <b>Target Price</b> | <b>Dividend Yield</b> | <b>Rating</b> | <b>Sector</b> |
| VND24,000           | VND35,900           | 0.00%                 | ADD           | FINANCIALS    |

26 January 2021

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

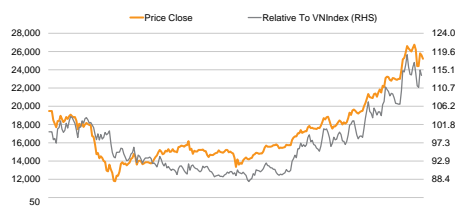
Consensus\*: Add:10 Hold:3 Reduce:0

Target price / Consensus: 29.2%

### Key changes in the report

- FY21F EPS increased by 4.6%
- FY22F EPS increased by 10.6%

### Price performance



Source: VND RESEARCH

### Key statistics

|                            |         |
|----------------------------|---------|
| 52w high (VND)             | 26,750  |
| 52w low (VND)              | 11,783  |
| 3m Avg daily value (VNDmn) | 322,987 |
| Market cap (VND bn)        | 71,648  |
| Free float (%)             | 20      |
| TTM P/E (x)                | 8.50    |
| Current P/B (x)            | 1.49    |

### Ownership

|                                |        |
|--------------------------------|--------|
| Viettel Group                  | 14.6%  |
| SCIC                           | 9.8%   |
| Vietnam Helicopter Corporation | 7.8%   |
| Others                         | 67.80% |

Source: VND RESEARCH

### Analyst(s):



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## Strong in all facets

- 4Q20 net profit grew 3.2% yoy to VND1,931bn as loan to customers accelerated 19% yoy in 4Q20, driven by individual and SME lending.
- MBB posted FY20 net profit of VND8,263bn (+5.6% yoy), in line with our expectations at 96% of our FY20 forecast.
- We maintain our Add call with a higher TP of VND35,900

### Modest net profit growth in 4Q20

MBB's 4Q20 total operating income (TOI) climbed 15% yoy to VND7,714bn, driven by a 18.5% yoy increase in net interest income (NII) and 6.4% yoy growth in non-interest income (non-II). Loan balance rose 19% yoy, higher than the 17% yoy growth in 4Q19 thanks to the State Bank of Vietnam's easing monetary policy. On the expenses side, a 59% yoy surge in provision expenses dragged net profit to inch up only 3.2% yoy to VND1,931bn.

### Strong loan growth to offset subdued net interest margin (NIM)

FY20 NII grew 13% yoy on the back of 19% yoy loan growth and a 16bp yoy decrease in NIM. MBB's credit growth for the year remained strong momentum of 23% yoy. MBB's FY20 asset yield slipped by 84bp as the bank increased its government bond book 10% yoy from VND48,000bn to VND52,500bn – which has lower asset yield compared with other interest earning assets' yield. However, FY20 funding cost fell by 70bps yoy to 3.3% - lowest level since establishment as CASA ratio improved from 34% at end-FY19 to 37% at end-FY20. Thus, MBB's FY20 NIM slipped by 14bp yoy to 4.7%.

### Forecast EPS CAGR of 22% over FY21-23F

We project a net profit CAGR of 22% over FY21-23F, driven by 20% CAGR in net interest income, on the back of 15% loan CAGR and 49bp NIM expansion over the period. We forecast 17% CAGR in non-II, including 24.5% CAGR in fee income, for FY21-23F, thanks to income from payment services and bancassurance. On the balance sheet side, we project the non-performing loan and loan loss reserve ratios to sustain in FY21-23F at 1.0% and 120%, respectively.

### Reiterate Add rating with a higher TP of VND35,900

We raise our EPS forecasts for FY21-22F by 8.5-14%, mainly driven by higher credit growth. We also lift our target P/BV FY21F from 1.2x to 1.7x, in line with local peers' average (ex-VCB). As a result, our target price is increased to VND35,900 (previously VND27,000), still based on equal weighting of residual income valuation (COE: 13.3%; LTG: 3.0%) and 1.7x FY21F P/BV, implying a potential upside of 42.6%. Potential downside risks include higher-than-expected credit costs. Strong growth in fee income that exceeds our projections is a re-rating catalyst.

| Financial summary (VND)      | 12-19A  | 12-20A  | 12-21E  | 12-22E  |
|------------------------------|---------|---------|---------|---------|
| Net interest income (bn)     | 18,000  | 20,278  | 25,566  | 30,611  |
| Net interest margin          | 4.9%    | 4.7%    | 5.1%    | 5.3%    |
| Total operating income (bn)  | 24,650  | 27,362  | 34,796  | 41,828  |
| Total provision charges (bn) | (4,891) | (6,118) | (6,985) | (7,704) |
| Net profit (bn)              | 7,823   | 8,263   | 10,510  | 13,172  |
| Net profit growth            | 28.0%   | 5.6%    | 27.2%   | 25.3%   |
| Adjusted EPS                 | 2,690   | 2,786   | 3,514   | 4,384   |
| BVPS                         | 13,769  | 16,960  | 20,083  | 24,147  |
| ROAE                         | 22.1%   | 19.2%   | 20.1%   | 21.1%   |

Source: VND RESEARCH

**FY20 RESULTS: IN LINE WITH OUR FORECASTS**
**Figure 1: FY20 results summary (VNDbn, otherwise noted)**

| Profit & Loss statement | 4Q20    | 4Q19    | yoy%  | 3Q20    | qoq%   | FY20     | FY19    | yoy%  | VND FY20F forecasts | % of VND forecasts | Comments  |
|-------------------------|---------|---------|-------|---------|--------|----------|---------|-------|---------------------|--------------------|---|
| Net interest income     | 5,794   | 4,889   | 18.5% | 5,165   | 12.2%  | 20,278   | 18,000  | 12.7% | 20,120              | 100.8%             | In line with our forecasts.   |
| Non-interest income     | 1,920   | 1,804   | 6.4%  | 1,571   | 22.3%  | 7,084    | 6,650   | 6.5%  | 8,286               | 85.5%              | Below our forecasts as bad debt collecting activities has been squeezed during the prevailing economic headwinds.   |
| Operating revenue       | 7,714   | 6,693   | 15.3% | 6,735   | 14.5%  | 27,362   | 24,650  | 11.0% | 28,406              | 96.3%              |   |
| Operating expenses      | (3,235) | (3,059) | 5.7%  | (2,836) | 14.1%  | (10,555) | (9,724) | 8.6%  | (11,646)            | 90.6%              | Below our forecasts as CIR dropped to 38.5% in FY20, lower than our forecast of 41% due to curbing opex at the subsidiaries, given the prevailing economic headwinds. |
| Pre-provision profit    | 4,479   | 3,634   | 23.3% | 3,899   | 14.9%  | 16,807   | 14,927  | 12.6% | 16,760              | 100.3%             |   |
| Provision expenses      | (1,925) | (1,214) | 58.5% | (884)   | 117.9% | (6,118)  | (4,891) | 25.1% | (5,624)             | 108.8%             | Higher than our forecast as MBB increased its loan loss reserve ratio to 134%, highest in the bank's history.   |
| Pre-tax profit          | 2,554   | 2,420   | 5.6%  | 3,015   | -15.3% | 10,688   | 10,036  | 6.5%  | 11,135              | 96.0%              |   |
| Net profit              | 1,931   | 1,870   | 3.2%  | 2,357   | -18.1% | 8,263    | 7,823   | 5.6%  | 8,641               | 95.6%              | In line with our forecasts.   |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

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

|                                     | 3Q18    | 4Q18    | 1Q19   | 2Q19   | 3Q19    | 4Q19    | 1Q20   | 2Q20    | 3Q20    | 4Q20    |
|-------------------------------------|---------|---------|--------|--------|---------|---------|--------|---------|---------|---------|
| NII/Total Operating Income (TOI)    | 75.69%  | 72.67%  | 75.81% | 71.37% | 72.20%  | 73.04%  | 74.07% | 70.34%  | 76.68%  | 75.11%  |
| Non-II/TOI                          | 24.31%  | 27.33%  | 24.19% | 28.63% | 27.80%  | 26.96%  | 25.93% | 29.66%  | 23.32%  | 24.89%  |
| NIM (annualised)                    | 4.47%   | 4.53%   | 4.68%  | 4.70%  | 4.85%   | 4.89%   | 4.83%  | 4.71%   | 4.86%   | 4.73%   |
| Loan-to-deposit ratio (Circular 36) | 73.63%  | 73.66%  | 74.17% | 72.77% | 74.45%  | 74.19%  | 74.14% | 76.04%  | 78.75%  | 72.22%  |
| NPL                                 | 1.57%   | 1.33%   | 1.41%  | 1.26%  | 1.54%   | 1.16%   | 1.62%  | 1.37%   | 1.50%   | 1.07%   |
| Loan-Loss-Reserves (LLR)            | 105.95% | 112.29% | 96.49% | 97.60% | 102.73% | 110.47% | 97.56% | 121.03% | 118.88% | 134.07% |
| Credit cost (annualised)            | 1.57%   | 1.52%   | 1.74%  | 2.08%  | 2.16%   | 2.10%   | 3.36%  | 2.59%   | 2.15%   | 2.54%   |
| ROAA (trailing 12M)                 | 1.59%   | 1.82%   | 1.85%  | 1.88%  | 1.98%   | 2.02%   | 1.94%  | 1.95%   | 1.99%   | 1.82%   |
| ROAE (trailing 12M)                 | 16.90%  | 20.22%  | 20.19% | 21.83% | 21.82%  | 22.15%  | 20.05% | 20.70%  | 20.01%  | 19.24%  |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Modest growth in FY20 non-interest income**

FY20 non-II rose gradually by 6.5% yoy to VND7,084bn, driven by 21% growth in FX trading gain and a 49% increase in income from investment securities. During 4Q20, the bank offloaded 14% of its FI bond book vs end-FY19. FY20 net fee income increased slightly 12% yoy, mainly by strong bancassurance sales.

**Further improvement on asset quality**

During 4Q20, the bank ramped up its provision expenses to VND1,925bn (+59% yoy). Thus, non-performing loan (NPL) ratio was well-managed at 1.1% at end-FY20, lower than the 1.2% level seen at end-FY19. Besides, its loan-loss-reserves ratio also improved from 111% to 134% at end-FY20 – the highest ratio in five recent years. . At end-FY20, MBB's total restructured loans was c.VND3,000bn, equivalent to 1.0% of its gross loans.

**OUTLOOK: WE MADE AN UPWARD ADJUSTMENT BY 4.6 – 10.6% ON FY21-22F EARNINGS ON THE BACK OF HIGHER LOAN GROWTH FORECASTS**

Figure 3: Earning revision (VND bn, unless otherwise noted)

|                               | Old forecasts |          | New forecasts |          | Change |       | Comments  |
|-------------------------------|---------------|----------|---------------|----------|--------|-------|---|
|                               | FY21F         | FY22F    | FY21F         | FY22F    | FY21F  | FY22F |   |
| Net Interest Income           | 23,091        | 27,113   | 25,566        | 30,611   | 10.7%  | 12.9% | We increase our forecasts for net interest income based on higher loan growth assumptions from 14%/14% in FY21-22F to 17%/15%. The bank recorded an impressive credit growth of 23% in FY20 and plans to maintain a credit growth above 20% level in FY21F. |
| Non-Interest Income           | 10,047        | 11,840   | 9,230         | 11,217   | -8.1%  | -5.3% | We slightly reduce our non-II growth as a consequence of squeezing bad debt collecting activities during the prevailing economics headwinds   |
| Operating revenue             | 33,138        | 38,953   | 34,796        | 41,828   | 5.0%   | 7.4%  |   |
| Operating expenses            | (13,586)      | (15,971) | (14,266)      | (17,150) | 5.0%   | 7.4%  | Higher operating expenses as a result of higher operating revenue   |
| Pre-provision profit          | 19,551        | 22,982   | 20,530        | 24,679   | 5.0%   | 7.4%  |   |
| Provision expenses            | (6,783)       | (7,915)  | (6,985)       | (7,704)  | 3.0%   | -2.7% |   |
| Pre-tax profit                | 12,768        | 15,067   | 13,544        | 16,975   | 6.1%   | 12.7% |   |
| Tax expense                   | (2,554)       | (3,013)  | (2,709)       | (3,395)  | 6.1%   | 12.7% |   |
| Net profit                    | 9,908         | 12,054   | 10,510        | 13,172   | 6.1%   | 9.3%  |   |
| No. of shares outstanding (m) | 2,773         | 2,773    | 2,812         | 2,824    | 1.4%   | 1.8%  |   |
| EPS (VND/share)               | 3,359         | 3,963    | 3,514         | 4,384    | 4.6%   | 10.6% | Higher net profit forecasts are mainly driven by higher loan growth.  |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## VALUATION

### Reiterate ADD rating with a higher TP of VND35,900

We reiterate Add rating with higher TP of VND35,900 on higher net profit forecast and and higher target P/BV to reflect a sharp re-rating in banking sector. At the current price, MBB is trading at 1.2x FY21F P/BV, 29% lower than regional peers' average FY21F P/BV. We upgrade our target P/BV from 1.2x to 1.7x, which is the regional peers' average FY21F P/BV. We believe MBB deserves to trade in line with local peers' average P/BV of 1.7x (ex-VCB), given its strong foundation to grow retail banking with low funding costs, prudent risk management, sufficient capital buffers and a large partnership ecosystem. As a result, our target price is increased to VND35,900 (previously VND27,000), still based on equal weighting of residual income valuation (COE: 13.3%; LTG: 3.0%) and 1.7x FY21F P/BV, implying a potential upside of 49.6%.

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

| Key assumptions                     | 2020E   | 2021E | 2022E | 2023E | 2025E | Terminal      |
|-------------------------------------|---------|-------|-------|-------|-------|---------------|
| 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                                | 1.05    | 1.05  | 1.05  | 1.05  | 1.05  | 1.05          |
| Cost of equity                      | 14.6%   | 14.6% | 14.6% | 14.6% | 14.6% | 14.6%         |
| Long-term growth rate               |         |       |       |       |       | 3.0%          |
| <i>(in VND bn, otherwise noted)</i> |         |       |       |       |       |               |
| Opening shareholder's equity        | 47,907  |       |       |       |       |               |
| PV of RI (5 years)                  | 17,448  |       |       |       |       |               |
| PV of Terminal value                | 40,924  |       |       |       |       |               |
| Implied EV                          | 106,278 |       |       |       |       |               |
| No. of o/s shares                   | 2,824   |       |       |       |       |               |
| Implied value per share             |         |       |       |       |       | <b>37,629</b> |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 5: Target price calculation, based on our estimates**

| Approach                                 | Weight | Fair value (VND/share) | Contribution (VND/share) |
|--|--------|------------------------|--------------------------|
| Residual income                          | 50%    | 37,629                 | 18,814                   |
| P/BV multiple (at 1.7x FY21F BVPS)       | 50%    | 34,110                 | 17,055                   |
| Target price (VND/share)                 |        |                        | 35,870                   |
| <b>Target price (VND/share, rounded)</b> |        |                        | <b>35,900</b>            |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

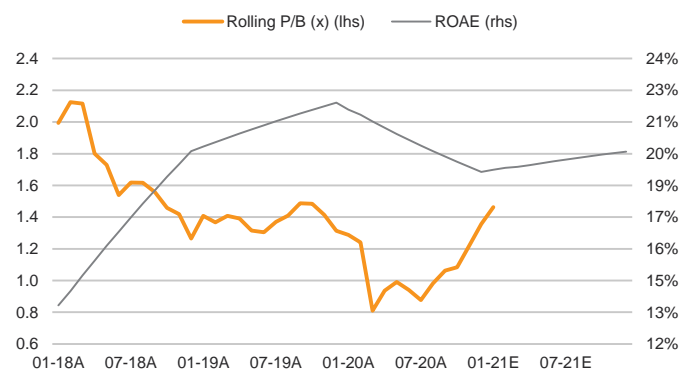
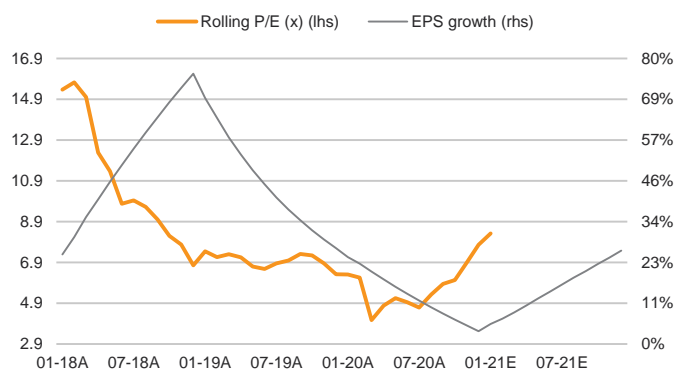
**Figure 5: Regional sector comparison (price as of 25 January 2021)**

| Banks                                | Bloomberg Ticker | Recommendation | Closing Price | Target Price  | Market cap | P/B (x)    |            | P/E (x)     |             | 3-yr Forward CAGR EPS | ROE %        |              | ROA %       |             |
|--------------------------------------|------------------|----------------|---------------|---------------|------------|------------|------------|-------------|-------------|-----------------------|--------------|--------------|-------------|-------------|
|                                      |                  |                |               |               |            | FY21F      | FY22F      | FY21F       | FY22F       |                       | FY21F        | FY22F        | FY21F       | FY22F       |
|                                      |                  |                | (local curr.) | (local curr.) | (US\$m)    |            |            |             |             | %                     |              |              |             |             |
| China Merchants Bank                 | 3968 HK          | n/a            | n/a           | n/a           | 199,320    | 1.9        | 1.7        | 13.2        | 11.7        | 10.2%                 | 15.3%        | 15.4%        | 1.2%        | 1.2%        |
| Bank Mandiri                         | BMRI IJ          | n/a            | n/a           | n/a           | 23,818     | 1.8        | 1.6        | 19.7        | 13.7        | 4.2%                  | 8.8%         | 12.5%        | 1.3%        | 1.7%        |
| BDO Unibank Inc                      | BDO PM           | n/a            | n/a           | n/a           | 10,120     | 1.3        | 1.2        | 18.1        | 14.9        | 0.4%                  | 7.5%         | 8.5%         | 0.9%        | 1.0%        |
| Vietcombank                          | VCB VN           | HOLD           | 102,500       | 97,700        | 16,557     | 3.3        | 2.8        | 19.4        | 15.3        | 12.3%                 | 19.3%        | 20.7%        | 1.5%        | 1.7%        |
| Techcombank                          | TCB VN           | ADD            | 35,800        | 40,400        | 5,514      | 1.7        | 1.5        | 11.3        | 9.8         | 14.6%                 | 16.8%        | 16.4%        | 2.8%        | 2.8%        |
| Vietnam Prosperity JSB               | VPB VN           | ADD            | 35,900        | 44,300        | 3,883      | 1.5        | 1.2        | 8.4         | 7.5         | 14.3%                 | 18.5%        | 17.2%        | 2.3%        | 2.3%        |
| Asia Commercial JS Bank              | ACB VN           | ADD            | 28,100        | 35,400        | 2,684      | 1.8        | 1.5        | 9.1         | 7.8         | 12.8%                 | 22.3%        | 21.1%        | 1.7%        | 1.7%        |
| Vietnam International Bank           | VIB VN           | HOLD           | 34,150        | 35,000        | 1,640      | 1.8        | 1.5        | 8.0         | 6.9         | 9.7%                  | 23.0%        | 21.4%        | 1.9%        | 1.8%        |
| Lienvietpost Bank                    | LPB VN           | HOLD           | 14,300        | 13,100        | 661        | 0.9        | 0.8        | 7.5         | 5.8         | 14.5%                 | 13.4%        | 14.9%        | 0.9%        | 1.0%        |
| <b>Average</b>                       |                  |                |               |               |            | <b>1.8</b> | <b>1.5</b> | <b>12.7</b> | <b>10.4</b> | <b>10.3%</b>          | <b>16.1%</b> | <b>16.5%</b> | <b>1.6%</b> | <b>1.7%</b> |
| Military Commercial Joint Stock Bank | MBB VN           | ADD            | 24,000        | 35,300        | 3,188      | 1.2        | 1.0        | 6.5         | 5.3         | 13.4%                 | 20.0%        | 20.6%        | 2.0%        | 2.1%        |

Source: VNDIRECT RESEARCH, COMPANY REPORTS, BLOOMBERG



**Valuation**



**Income statement**

| (VNDbn)                               | 12-20A         | 12-21E         | 12-22E         |
|---------------------------------------|----------------|----------------|----------------|
| <b>Net interest income</b>            | <b>20,278</b>  | <b>25,566</b>  | <b>30,611</b>  |
| <b>Non interest income</b>            | <b>7,084</b>   | <b>9,230</b>   | <b>11,217</b>  |
| <b>Total operating income</b>         | <b>27,362</b>  | <b>34,796</b>  | <b>41,828</b>  |
| Total operating costs                 | (10,555)       | (14,266)       | (17,150)       |
| <b>Pre-provision operating profit</b> | <b>16,807</b>  | <b>20,530</b>  | <b>24,679</b>  |
| <b>Total provision charges</b>        | <b>(6,118)</b> | <b>(6,985)</b> | <b>(7,704)</b> |
| Income from associates & JVs          |                |                |                |
| Net other income                      |                |                |                |
| <b>Pre-tax profit</b>                 | <b>10,688</b>  | <b>13,544</b>  | <b>16,975</b>  |
| Tax expense                           | (2,082)        | (2,709)        | (3,395)        |
| <b>Profit after tax</b>               | <b>8,606</b>   | <b>10,836</b>  | <b>13,580</b>  |
| Minority interest                     | (343)          | (325)          | (407)          |
| <b>Net profit</b>                     | <b>8,263</b>   | <b>10,510</b>  | <b>13,172</b>  |

**Balance sheet**

| (VNDbn)                                | 12-20A         | 12-21E         | 12-22E         |
|--|----------------|----------------|----------------|
| Gross loans to customers               | 298,297        | 349,008        | 401,359        |
| Loans to banks                         | 47,889         | 52,678         | 57,945         |
| <b>Total gross loans</b>               | <b>346,186</b> | <b>401,685</b> | <b>459,304</b> |
| Securities - total                     | 103,235        | 120,569        | 138,484        |
| Other interest earning assets          | 17,334         | 19,067         | 20,974         |
| <b>Total gross IEAs</b>                | <b>466,754</b> | <b>541,321</b> | <b>618,762</b> |
| <b>Total provisions</b>                | <b>(4,790)</b> | <b>(4,652)</b> | <b>(5,315)</b> |
| <b>Net loans to customers</b>          | <b>293,943</b> | <b>344,765</b> | <b>396,514</b> |
| <b>Total net IEAs</b>                  | <b>461,964</b> | <b>536,669</b> | <b>613,447</b> |
| Cash and deposits                      | 3,109          | 3,327          | 3,560          |
| Total investments                      | 1,133          | 1,212          | 1,297          |
| Other assets                           | 28,776         | 30,790         | 32,945         |
| <b>Total non-IEAs</b>                  | <b>33,018</b>  | <b>35,329</b>  | <b>37,802</b>  |
| <b>Total assets</b>                    | <b>494,982</b> | <b>571,999</b> | <b>651,249</b> |
| Customer deposits                      | 310,960        | 357,604        | 405,881        |
| Cds outstanding                        | 50,924         | 56,016         | 61,618         |
| Customer interest-bearing liabilities  | 361,884        | 413,620        | 467,499        |
| Bank deposits                          | 50,892         | 55,981         | 61,579         |
| Broad deposits                         | 412,776        | 469,601        | 529,078        |
| Other interest-bearing liabilities     | 207            | 207            | 207            |
| <b>Total IBLs</b>                      | <b>412,983</b> | <b>469,809</b> | <b>529,285</b> |
| Deferred tax liability                 |                |                |                |
| Other non-interest bearing liabilities | 31,900         | 42,950         | 50,839         |
| <b>Total non-IBLs</b>                  | <b>31,900</b>  | <b>42,950</b>  | <b>50,839</b>  |
| <b>Total liabilities</b>               | <b>444,883</b> | <b>512,758</b> | <b>580,124</b> |
| Share capital                          | 27,988         | 28,244         | 28,244         |
| Additional paid-in capital             | 1,303          | 1,303          | 1,303          |
| Treasury shares                        | (564)          | (564)          | (564)          |
| Retained earnings reserve              | 12,956         | 21,516         | 32,993         |
| Other reserves                         | 6,225          | 6,225          | 6,225          |
| <b>Shareholders' equity</b>            | <b>47,907</b>  | <b>56,722</b>  | <b>68,200</b>  |
| Minority interest                      | 2,193          | 2,518          | 2,925          |
| <b>Total equity</b>                    | <b>50,099</b>  | <b>59,240</b>  | <b>71,126</b>  |
| <b>Total liabilities &amp; equity</b>  | <b>494,982</b> | <b>571,999</b> | <b>651,249</b> |

|                                       | 12-20A | 12-21E | 12-22E |
|---------------------------------------|--------|--------|--------|
| <b>Growth rate (yoy)</b>              |        |        |        |
| Cust deposit growth                   | 14.0%  | 15.0%  | 13.5%  |
| Gross cust loan growth                | 19.2%  | 17.0%  | 15.0%  |
| Net interest income growth            | 12.7%  | 26.1%  | 19.7%  |
| Pre provision operating profit growth | 12.6%  | 22.2%  | 20.2%  |
| Net profit growth                     | 5.6%   | 27.2%  | 25.3%  |
| Growth in IEAs                        | 19.1%  | 16.2%  | 14.3%  |
| <b>Share value</b>                    |        |        |        |
| Basic EPS (VND)                       | 2,963  | 3,738  | 4,664  |
| BVPS (VND)                            | 16,960 | 20,083 | 24,147 |
| DPS (VND)                             | 0      | 600    | 600    |
| EPS growth                            | 3.6%   | 26.1%  | 24.8%  |

**Key ratios**

|                                   | 12-20A  | 12-21E  | 12-22E  |
|-----------------------------------|---------|---------|---------|
| Net interest margin               | 4.7%    | 5.1%    | 5.3%    |
| Cost-income ratio                 | (38.6%) | (41.0%) | (41.0%) |
| Reported NPLs / gross cust loans  | 1.1%    | 0.9%    | 0.9%    |
| Reported NPLs / net cust loans    | 1.1%    | 1.0%    | 0.9%    |
| GP charge / average cust loans    | 2.2%    | 2.2%    | 2.1%    |
| Total CAR                         | 10.2%   | 10.1%   | 10.3%   |
| Loan deposit ratio                | 82.4%   | 84.4%   | 85.9%   |
| <b>Margins and spreads</b>        |         |         |         |
| Return on IEAs                    | 7.6%    | 8.4%    | 8.6%    |
| Cost of funds                     | 3.3%    | 3.8%    | 3.8%    |
| Interest return on average assets | 4.5%    | 4.8%    | 5.0%    |
| ROAE                              | 19.2%   | 20.1%   | 21.1%   |

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. |

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