MILITARY COMMERCIAL JSB – MBB

Add

One of the best risk-reward opportunities out there

FINANCIALS | Update

Target price (12M)
VND29,300

Consensus*: Add:12 Hold:2 Reduce:0

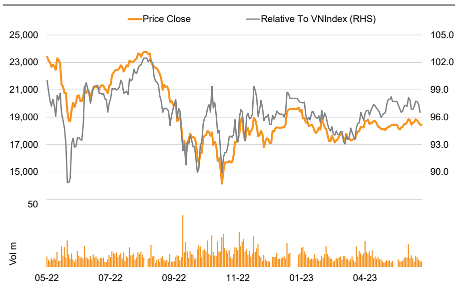
Target price / Consensus: -1%

Key changes in the report

- Increase FY23-24F EPS estimates by 2.2%/3.0%, respectively

Current price	VND18,600
52w high (VND)	23,750
52w low (VND)	14,150
3m Avg daily value (VNDmn)	125,656
Market cap (VNDbn)	85,012
Free float	52%
Dividend yied	0%
TTM P/E (x)	4.7
Current P/B (x)	1.1

Price performance



Source: VNDIRECT RESEARCH

Ownership

Viettel Group	18.5%
SCIC	9.4%
Vietnam Helicopter Corporation	8.8%
Others	63.3%

Source: VNDIRECT RESEARCH

- MBB's 1Q23 net profit (NP) grew by 10.5% yoy to VND5.0tr, fulfilling 26% of our previous full-year FY23F forecast.
- With cheap valuation against sustainable ROE in the 20%+ range, MBB stands out as one of the best risk-reward opportunities currently out there.
- Reiterate Add rating with unchanged TP of VND29,300.

1Q23: strong NII growth and well-contained credit costs

1Q23 net interest income (NII) grew by 22% yoy, driven by 13% yoy credit growth and a 10bps expansion in NIM. Non-interest income (non-II) declined by 48% yoy due to (1) a 38% decline in NFI due to poor brokerage/insurance activities, (2) an 85% decline in trading income, and (3) a 21% decline in FX trading gains. On the expenses side, provision and operating expenses were well-controlled and declined yoy by 13% and 1%, respectively. Overall, TOI grew by 3% yoy and NP grew by 11% yoy, which was ahead of our forecast.

Resilient NIM with solid growth in credit and funding

MBB's asset yield increased by 190bps yoy while its cost of funds (COF) increased by 210bps yoy in 1Q23. As a result, annualized NIM expanded by 10bps yoy to 5.7% (-10bps qoq), which was best-in-class and outperformed our expectation. The bank's CASA ratio, despite falling in the quarter like most banks in our coverage, remained the highest in the system at 35.5% (-5.1% pts qoq) and contributed to NIM resilience. MBB delivered 3.8%% credit growth ytd, which was better than system growth at 2.1% ytd. Deposit growth was solid at 2.0% ytd led by a 10.5% increase in retail deposits, partially offset by an 8.4% decrease in corporate deposits.

Asset quality weakened but Circular 2 should help control NPL/provision

NPL rose by 75bps yoy and 65bps qoq to 1.8% at end-1Q23. Group 2 as % of loans also rose sharply by 230bps yoy and 180bps qoq to 3.5%. We suspect asset quality deterioration occurred primarily in the real estate space, including both loans to developers and mortgages. MBB's loan loss ratio (LLR) slid in the quarter from 238% at end-FY22 to 138% at end-1Q23 given the spike in NPL. Although the increases in NPL/Group 2 ratios look alarming, we remain convinced that the MBB will be able to keep its NPL/provision under control this year considering potential benefit from application of Circular 02/23 and recent positive developments in the real estate and renewable energy sectors, where MBB holds sizeable credit exposure.

No changes to our bullish view; reiterate ADD with TP of VND29,300

Given better-than-expected 1Q23 result, we tweak our provision forecasts lower and raise our NP forecasts over FY23-24F slightly by 2.2%/3.0% to VND19.6tr/22.9tr, respectively. We also incorporate cash dividend of VND500/share (2.7% yield) in our model. Overall, we believe much of the headwind/uncertainty around the bank's asset quality has been priced in as MBB is now trading at only 0.9x FY23F P/B, well below its 3-year average of 1.5x. At this valuation, we continue find stock very attractive for its long-term growth drivers including low COF advantage via top-tier CASA level and diversified ecosystem of financial services via its subsidiaries and affiliates. Thus, we reiterate ADD with unchanged TP of VND 29,300. Downside risks include higher-than-expected bad debts and lower-than-expected credit growth.

Analyst(s):

Quan Vu – Senior Analyst
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Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net interest income (bn)	26,200	36,023	42,077	49,688
Net interest margin	5.0%	5.7%	5.5%	5.6%
Total operating income (bn)	36,934	45,593	50,968	59,989
Total provision charges (bn)	(8,030)	(8,048)	(9,120)	(11,120)
Net profit (bn)	12,697	17,483	19,639	22,947
Net profit growth	53.7%	37.7%	12.3%	16.8%
Adjusted EPS	3,154	3,954	4,072	4,757
BVPS	15,768	16,751	20,571	25,032
ROAE	23.6%	25.8%	23.2%	22.2%

Source: VNDIRECT RESEARCH

One of the best risk-reward opportunities out there

Investment thesis

Despite near-term turbulence, we believe the long-term growth story of MBB remains very compelling given the bank's following attributes: (1) above-average credit growth backed by strong liquidity position, participation in handling of weak credit institutions, and strength in high-growth areas such as renewable energy and retail lending, (2) low COF advantage driven by market leading CASA ratio to help sustain top-tier NIM, and (3) diversified ecosystem of financial services to empower long-term sustainable growth encompassing consumer finance, insurance (life and non-life), securities brokerage, and fund management. The subsidiaries providing these services outside the traditional lending business contributed to 11% of MBB's consolidated pre-tax profit in FY22, with significant headroom for growth.

MBB is currently trading merely 0.9x FY23F P/B, well below its 3-year average of 1.5x. At this valuation level, we find MBB as one of the best risk-reward opportunities out there in the banking sector, especially for long-term investors seeking high-quality growth over the long haul.

Reiterate ADD with unchanged target price of VND29,300

For P/B valuation, we maintain target multiple of 1.4x on FY23F book value per share of ~VND20,600. With equal weights between the residual income valuation and P/B multiple valuation, we derive a target price of VND29,300 for MBB. Downside risks include higher-than-expected bad debts and lower-than-expected loan growth.

Figure 1: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	29,532	14,766
P/BV multiple (at 1.4x FY23F BVPS)	50%	29,005	14,503
Target price (VND/share)			29,269
Target price (VND/share, rounded)			**29,300**

Source: VNDIRECT Research

Figure 2: Key assumptions of residual income valuation, based on our estimates

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	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%
Opening shareholder's equity	75,949					
PV of RI (5 years)	29,074					
PV of Terminal value	28,873					
Implied Equity value	133,897					
No.of o/s shares (m shares)	4,534					
Implied value per share (VND/share)	**29,532**					

Source: VNDIRECT Research

Figure 3: Vietnam peer's comparison (price as of 05/31/2023)

Banks	Bloomberg Ticker	Recommendation	Closing Price	Target Price	Market cap	P/BV (x)		P/E (x)		FY21-24F EPS CAGR	ROE (%)		ROA (%)	
			(local curr.)	(local curr.)	(US$bn)	FY23F	FY24F	FY23F	FY24F	%	FY23F	FY24F	FY23F	FY24F
Vietcombank	VCB VN	ADD	94,000	108,700	18.9	2.7	2.2	12.8	11.3	21.4%	23.1%	21.5%	1.8%	1.9%
VietinBank	CTG VN	ADD	28,000	35,900	5.7	1.1	0.9	7.2	5.9	17.1%	16.2%	16.9%	1.0%	1.2%
Vietnam Prosperity JSC Bank	VPB VN	ADD	19,300	24,800	5.5	1.1	1.0	9.9	7.5	19.5%	12.0%	13.9%	1.8%	2.4%
Techcombank	TCB VN	ADD	29,950	42,000	4.5	0.8	0.7	4.8	4.1	12.1%	17.9%	17.4%	3.0%	3.0%
Asia Commercial JS Bank	ACB VN	ADD	25,400	30,000	3.7	1.2	1.0	5.5	4.8	23.1%	24.1%	22.5%	2.4%	2.4%
HD Bank	HDB VN	ADD	18,400	25,000	2.0	1.0	0.8	5.1	4.2	22.1%	22.6%	22.5%	2.1%	2.2%
Vietnam International Bank	VIB VN	ADD	21,400	27,000	1.9	1.2	0.9	4.7	4.0	20.7%	26.6%	25.2%	2.6%	2.7%
Tien Phong Commercial JSB	TPB VN	ADD	25,000	31,000	1.7	1.0	0.8	5.7	4.9	19.0%	19.4%	18.9%	2.0%	2.2%
LienViet Post Bank	LPB VN	ADD	14,500	17,400	1.1	0.9	0.7	5.2	4.5	25.1%	18.4%	17.7%	1.4%	1.5%
Average						***1.2***	***1.0***	***6.8***	***5.7***	***20.0%***	***20.0%***	***19.6%***	***2.0%***	***2.2%***
Military Commercial JSB	*MBB VN*	*ADD*	*18,600*	*29,300*	*3.6*	*0.9*	*0.7*	*4.3*	*3.7*	*21.8%*	*23.2%*	*22.2%*	*2.5%*	*2.5%*

Source: VNDIRECT Research, BLOOMBERG

1Q23 recap: better than our expectation with resilient NIM and well-contained credit costs

Figure 4: 1Q23 results comparison (VND bn, otherwise noted)

Profit & Loss statement	1Q23	1Q22	% yoy	4Q22	% qoq	Previous VND FY23F forecasts	% of VND forecasts	Comments
Net interest income	10,227	8,385	22%	9,630	6%	41,961	24%	Better than our forecast thanks to stronger NIM than expected
Non-interest income	1,703	3,248	-48%	2,122	-20%	9,577	18%	Weaker NFI than expected
Operating revenue	11,930	11,633	3%	11,751	2%	51,537	23%	
Operating expenses	(3,568)	(3,598)	-1%	(3,628)	-2%	(16,633)	21%	
Pre-provision profit	8,362	8,035	4%	8,123	3%	34,905	24%	
Provision expenses	(1,850)	(2,126)	-13%	(3,585)	-48%	(9,928)	19%	Lower than expected provision charges/write-off
Pre-tax profit	6,512	5,910	10%	4,538	44%	24,976	26%	
Net profit (ex. MI)	5,024	4,546	11%	3,434	46%	19,208	26%	Better than expected

Source: VNDIRECT Research, Company reports

Figure 5: MBB's key ratios by quarter

Key ratios	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
NII/Total Operating Income (TOI)	70%	77%	75%	65%	74%	75%	71%	72%	80%	82%	82%	86%
Non-II/TOI	30%	23%	25%	35%	26%	25%	29%	28%	20%	18%	18%	14%
NIM (annualized)	4.7%	5.1%	5.3%	5.0%	5.4%	5.1%	5.2%	5.6%	5.7%	5.8%	5.8%	5.7%
NPL	1.4%	1.5%	1.1%	1.3%	0.8%	0.9%	0.9%	1.0%	1.2%	1.0%	1.1%	1.8%
Loan-Loss-Reserves (LLR)	121%	119%	134%	127%	236%	233%	268%	250%	221%	208%	238%	138%
Credit costs (annualized)	2.0%	1.3%	2.7%	2.3%	3.0%	2.1%	2.2%	2.2%	1.2%	0.9%	3.2%	1.6%
CIR (cost-to-income)	37%	42%	42%	31%	35%	35%	34%	31%	34%	34%	31%	30%
Provision/Pre-provisioning operating profit (PPOP)	29%	23%	43%	28%	42%	31%	30%	26%	19%	13%	44%	22%

Source: VNDIRECT Research, Company reports

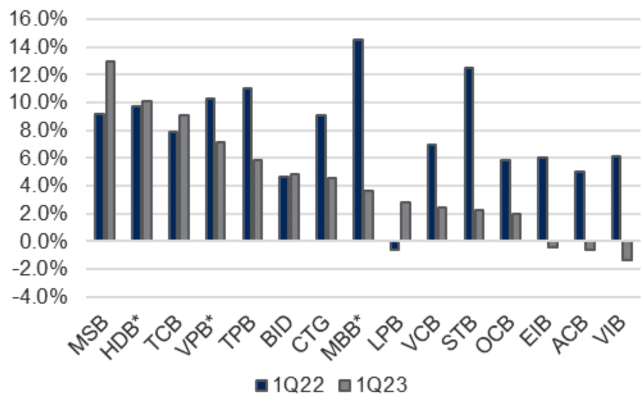
FY23-24F outlook: no changes to our view that earnings growth may slow but profitability will remain strong

Credit growth to slow over FY23-24F amid macro challenges

For 1Q23, credit grew by 3.8% ytd, which was better than system growth at 2.1% ytd but lower than most peers under our coverage. Loan growth of 4.5% ytd was the main driver behind credit growth, with solid contribution from Retail customers (+3.4% ytd, 48% of total loans). Meanwhile, corporate bonds balance declined by 3.0% qoq as issuance activities have been largely frozen. On the funding side, customer deposit grew by 2.0% ytd, which was better than the system at 0.8% ytd but weaker than most peers under our coverage. MBB's CASA ratio, despite falling in the quarter like most banks in our coverage, remained the highest in the system at 35.5% (-5.1% pts qoq).

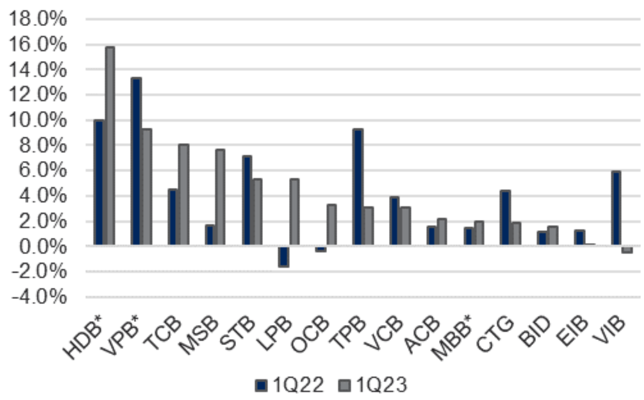
As Vietnam's economy is going through tough times with falling export, industrial, and construction activities, we continue to forecast MBB's credit growth will slow over FY23-24F to 17% from 23-25% range over the past 3 years. Specifically, we assume 19-20% loan growth, a 10% decline in corporate bonds in FY23F followed by flat growth in FY24F. Although we expect MBB's credit growth to moderate, we believe strong liquidity position and the fact that MBB would be supporting a distressed credit institution should enable the bank to receive above-average credit quota from SBV. For FY23-24F, we forecast annual customer deposit growth of ~16% to support credit growth and CASA ratio to recover to the 40%+ range.

Figure 6: MBB delivered solid credit growth in 1Q23



Source: VNDIRECT Research, Company reports. *Parent bank only.

Figure 7: Deposit growth was also decent in 1Q23



Source: VNDIRECT Research, Company reports. *Parent bank only.

FY23F NIM pressure appears less severe than we expected

MBB managed to improve its consolidated NIM slightly by 10bps yoy to 5.7% in 1Q23 as its asset yield rose by ~190bps to 9.7% and its COF rose by only ~210bps to 4.6%. On a qoq basis, the bank's NIM declined by only 10bps, which is a much better performance than most other banks with sizeable exposure to the real estate and c-bond markets. We believe that MBB's top-tier CASA ratio and the fact that the bank did not have to raise its deposit rates until late in FY22 given its strong liquidity position contributed to strong NIM performance.

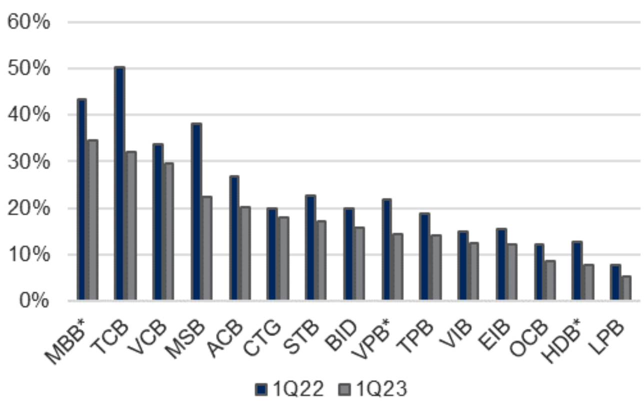
For FY23-24F, we continue to forecast consolidated NIM at 5.6%, down slightly from 5.8% in FY22 as we think MBB can offset most of the impact of higher deposit rates/COF by improving the Retail weight in its credit mix and maintaining its already strong CASA funding. Also, deposit rates have been on a downtrend ytd as the State Bank of Vietnam cut policy rates twice over the past 2 months. Therefore, we expect COF pressure from higher deposit rates should be alleviated in the remainder of the year.

Figure 8: MBB managed to improve NIM yoy in 1Q23 (Unit: bps)

Bank	Asset yield	CoF	NIM
STB	383	220	193
VIB	279	268	48
MSB	222	253	35
HDB*	305	271	32
CTG	178	157	28
MBB	193	213	12
OCB	249	288	-1
ACB	192	221	-2
BID	120	149	-20
VCB	72	110	-22
EIB	171	227	-28
VPB*	200	260	-50
TPB	139	207	-58
LPB	106	203	-70
TCB	89	288	-179

Source: VNDIRECT Research, Company reports. *Parent bank only.

Figure 9: MBB maintained the #1 CASA ratio position in 1Q23



Source: VNDIRECT Research, Company reports. *Parent bank only.

Asset quality weakened but Circular 2 should help control NPL/provision

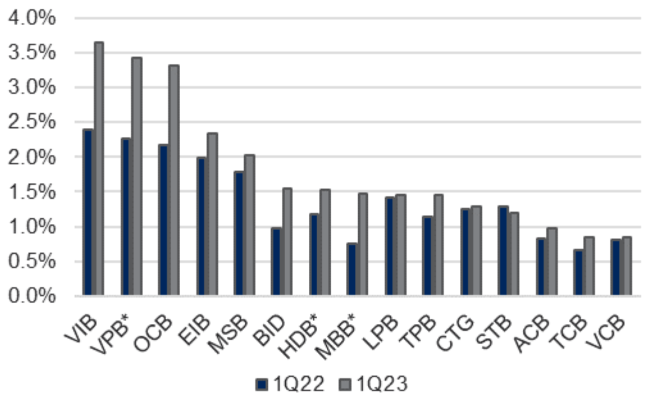
Asset quality at MBB deteriorated quite meaningfully in 1Q23 as its NPL ratio increased by by 75bps yoy and 65bps qoq to 1.8% at end-1Q23. Group 2 as % of loans also rose sharply by 230bps yoy and 180bps qoq to 3.5%. We suspect weakness primarily came from the real estate sector, including both loans to developers and mortgages. MBB's loan loss ratio (LLR) slid in the quarter from 238% at end-FY22 to 138% at end-1Q23 given the spike in NPL.

Although the increases in Group 2/NPL certainly raise the alarm, we remain convinced that MBB will be able to keep NPL/provision under control this year. First, we are seeing positive developments within the real estate and renewable energy sectors, where MBB is a top lender. For example, Novaland, which is a large client of MBB in the real estate space, has been able to resume several large-scale projects thanks to regulatory support from the government – which should allow the company to complete the projects and improve its cash flows. In the renewables space, many developers who could not meet the COD deadline were able to receive a temporary price while negotiating for the final price mechanism with EVN – which reduces default risk.

Second and more importantly, the recent Circular 02 from the SBV will be highly beneficial for the banking sector in terms of containing NPL formation as it allows banks to restructure/maintain debt classification for loans meeting certain criteria and spread provision expenses for such restructured loans over 2 years.

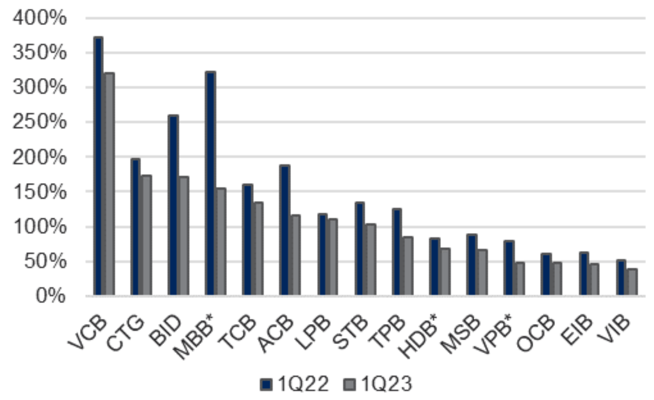
For FY23-24F, we revise our provision expense forecasts lower from VND9.9tr/VND11.3tr to VND9.2tr/VND11.1tr, given better than expected 1Q23 result and potential benefit from Circular 02. These are equivalent to ~1.8% of average loans, which is largely similar to FY22 level. We raise our forecasts for NPL ratio to increase to 1.5-1.6% in FY23-24F given worse-than-expected 1Q23 result. We assume MBB will write off bad debts aggressively at 2.0%/1.7% of average loans, respectively, which is higher than just 1.1% in FY21-22.

Figure 10: Like many banks with sizeable exposure in the real estate space, MBB saw sharply higher NPL ratio



Source: VNDIRECT Research, Company reports. *Parent bank only.

Figure 11: MBB's LLR slid in 1Q23 due to spike in NPL but remained stronger than most private banks



Source: VNDIRECT Research, Company reports. *Parent bank only.

Non-II: tepid growth in the near term

Non-II dropped sharply by 47.6% yoy in 1Q23 with declines across all components. Specifically, NFI (41% of 1Q23 non-II) declined by 38.3% yoy due to weaker securities brokerage and insurance activities as well as lower fee income from AMC activities. Net other income (27% of non-II), which primarily consists of bad debt recovery, dropped by 13.2% yoy. Net securities trading income (10% of non-II) declined by 84.7%, likely due to lower bonds trading gains as rates went higher. Net FX gains (22% of non-II) declined by 20.6% yoy.

Given weaker-than-expected 1Q23 result, we revise NFI growth in FY23F lower to a 3% decline from previous 10% growth but raise our FY24F growth forecast to 15% from previous 10%. We expect the key driver of NFI growth this year will be settlement and treasury services thanks to strong customer acquisition. For the brokerage (MBS), life insurance (MB Ageas), and non-life insurance arms (MBB owns majority stakes in all 3), we expect fee income growth to be modest this year and improve next year as the growth outlook of these businesses is closely tied to the economy.

Solid operating expenses control

CIR ratio improved by 1.0% pts yoy to 29.9% in 1Q23 as MBB continued to manage its staff expense tightly. Regarding non-staff operating expenses, the bank will continue to prioritize investing in IT and digitalization to support its long-term customer acquisition strategy. We continue to forecast MBB's CIR to improve slightly to 32.1%/31.9% in FY23-24F, respectively, vs. 32.5% in FY22 as MBB balances between investing into digitalization/marketing and realizing operating leverage from TOI growth.

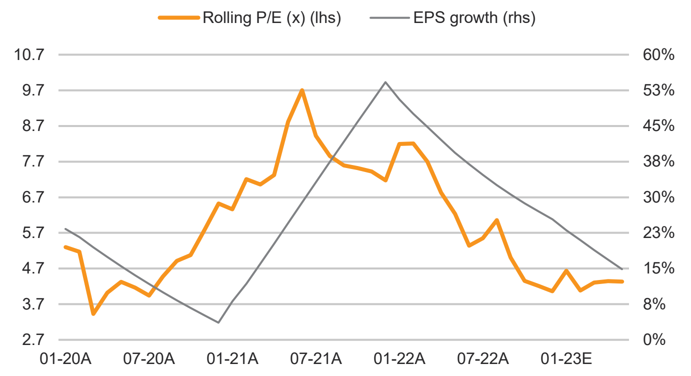
All in all, we increase MBB's net profit in FY23-24F by 2.2%/3.0%, respectively. Our revised forecasts imply healthy earnings growth of 12.3%/16.8% yoy over FY23-24F, respectively. Under our forecasts, MBB's ROE will remain robust in the 22-23% range, which puts the bank at the top range in its peer group.

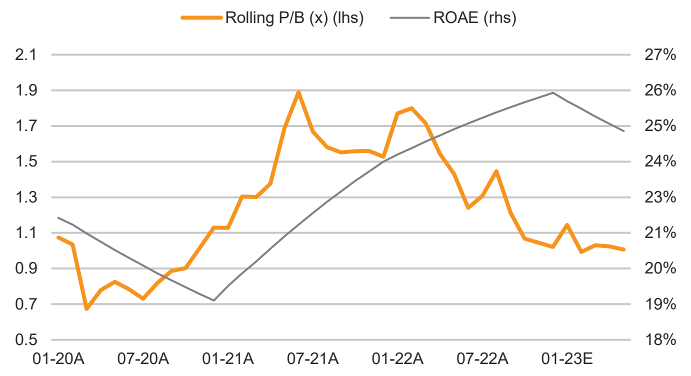
Figure 12: FY23-24F earnings revision (VNDbn unless otherwise noted)

	Old forecasts		New forecasts		Change		Comments
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	
Net Interest Income	41,961	48,640	42,077	49,688	0.3%	2.2%	Slightly higher NIM assumed in FY24F
Non-Interest Income	9,577	10,605	8,891	10,301	-7.2%	-2.9%	We lower our NFI forecasts given poor 1Q23 result
Operating revenue	51,537	59,244	50,968	59,989	-1.1%	1.3%	
Operating expenses	(16,633)	(18,973)	(16,360)	(19,111)	-1.6%	0.7%	
Pre-provision profit	34,905	40,271	34,608	40,878	-0.8%	1.5%	
Provision expenses	(9,928)	(11,307)	(9,120)	(11,120)	-8.1%	-1.6%	Lower credit costs assumed given better-than-expected 1Q23 provision
Pre-tax profit	24,976	28,964	25,488	29,758	2.0%	2.7%	
Net profit	19,208	22,282	19,639	22,947	2.2%	3.0%	

Source: VNDIRECT Research

Valuation





Income statement

(VNDbn)	12-22A	12-23E	12-24E
Net interest income	**36,023**	**42,077**	**49,688**
Non interest income	**9,570**	**8,891**	**10,301**
Total operating income	**45,593**	**50,968**	**59,989**
Total operating costs	(14,816)	(16,360)	(19,111)
Pre-provision operating profit	**30,777**	**34,608**	**40,878**
Total provision charges	**(8,048)**	**(9,120)**	**(11,120)**
Income from associates & JVs			
Net other income			
Pre-tax profit	**22,729**	**25,488**	**29,758**
Tax expense	(4,574)	(5,102)	(5,952)
Profit after tax	**18,155**	**20,386**	**23,807**
Minority interest	(672)	(748)	(860)
Net profit	**17,483**	**19,639**	**22,947**

	12-22A	12-23E	12-24E
Growth rate (yoy)			
Cust deposit growth	15.3%	17.4%	15.2%
Gross cust loan growth	26.7%	19.8%	18.6%
Net interest income growth	37.5%	16.8%	18.1%
Pre provision operating profit growth	25.3%	12.4%	18.1%
Net profit growth	37.7%	12.3%	16.8%
Growth in IEAs	21.3%	18.1%	16.0%
Share value			
Basic EPS (VND)	4,206	4,331	5,061
BVPS (VND)	16,751	20,571	25,032
DPS (VND)	0	0	0
EPS growth	25.4%	3.0%	16.8%

Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Gross loans to customers	460,574	551,819	654,394
Loans to banks	32,937	34,745	38,352
Total gross loans	**493,512**	**586,564**	**692,746**
Securities - total	164,089	212,285	234,323
Other interest earning assets	40,731	22,723	24,855
Total gross IEAs	**698,331**	**821,572**	**951,924**
Total provisions	**(12,379)**	**(11,441)**	**(12,405)**
Net loans to customers	**448,599**	**540,897**	**642,563**
Total net IEAs	**685,952**	**810,130**	**939,520**
Cash and deposits	3,744	3,337	3,870
Total investments	861	1,051	1,219
Other assets	37,975	41,637	48,287
Total non-IEAs	**42,580**	**46,025**	**53,376**
Total assets	**728,532**	**856,156**	**992,896**
Customer deposits	443,606	520,715	599,814
Cds outstanding	96,578	113,101	130,956
Customer interest-bearing liabilities	540,184	633,816	730,769
Bank deposits	65,149	83,721	96,033
Broad deposits	605,332	717,537	826,803
Other interest-bearing liabilities	2,003	1,069	1,069
Total IBLs	**607,335**	**718,606**	**827,871**
Deferred tax liability			
Other non-interest bearing liabilities	41,584	39,868	46,257
Total non-IBLs	**41,584**	**39,868**	**46,257**
Total liabilities	**648,919**	**758,474**	**874,128**
Share capital	45,340	45,340	45,340
Additional paid-in capital	2,257	2,257	2,257
Treasury shares	0	0	0
Retained earnings reserve	19,064	36,426	56,652
Other reserves	9,289	9,247	9,247
Shareholders' equity	**75,949**	**93,270**	**113,496**
Minority interest	3,664	4,412	5,272
Total equity	**79,613**	**97,681**	**118,768**
Total liabilities & equity	**728,532**	**856,156**	**992,896**

Key ratios

	12-22A	12-23E	12-24E
Net interest margin	5.7%	5.5%	5.6%
Cost-income ratio	(32.5%)	(32.1%)	(31.9%)
Reported NPLs / gross cust loans	1.5%	1.5%	1.4%
Reported NPLs / net cust loans	1.5%	1.5%	1.4%
GP charge / average cust loans	2.0%	1.8%	1.8%
Total CAR	11.5%	33.5%	32.6%
Loan deposit ratio	85.3%	87.1%	89.5%
Margins and spreads			
Return on IEAs	8.2%	9.4%	8.9%
Cost of funds	2.9%	4.4%	3.8%
Interest return on average assets	5.4%	5.3%	5.4%
ROAE	25.8%	23.2%	22.2%

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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