TECHCOMBANK (TCB) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND36,050	VND66,400	0.00%	Add	FINANCIALS

7 June 2022

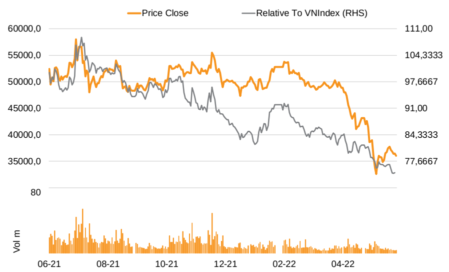
Outlook – Short term:	Positive
Outlook – Long term:	Positive
Valuation:	Positive

Consensus*: Add:15 Hold:2 Reduce:0
Target price / Consensus: -4.5%

Key changes in the report

- Lower P/BV target from 2.1x to 2.0x
- Decrease target price (TP) by 5%

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	58,000
52w low (VND)	32,600
3m Avg daily value (VNDmn)	278,226
Market cap (VND bn)	127,973
Free float (%)	77
TTM P/E (x)	7.01
Current P/B (x)	1.37

Ownership

Masan Group	15.0%
Chairman & family	10.0%
Nguyen Canh Son	3.3%
Others	71.7%

Source: VND RESEARCH

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Spring being compressed

- 1Q22 net profit rose 25.2% yoy driven by healthy credit expansion, robust fee incomes and well-controlled credit cost.
- We expect TCB will deliver strong NP growth of 26% yoy in FY22F thanks to a healthy credit growth (22% yoy), stable NIM and credit-cost reduction.
- Reiterated ADD with a lower TP of VND66,400.

Tight regulations on capital market raise concerns for TCB…

The government has aimed to tighten bank loans into property sector and stricter supervision on corporate bond (c-bond) issuance. In Apr-22, SBV required banks to closely monitor the credit flows into property sector and curb credit to those investing in premium properties, tourism and resort properties. Moreover, the regulations on c-bond market (i.e. Decree 153) has been amended for a prudent supervision to ensure the integrity of Vietnam's capital market. According to VBMA, c-bond issuance volume rose strongly 42% yoy but mainly came from privately-placed c-bonds (c.95% of total issuance), which some cases of principal mobilization for bad practices have been proven. As strongly tapping into property sector and c-bonds, investors therefore have negative sentiments towards TCB, resulting in a 27% drop in its market price since Apr-22.

…but this is a good opportunity for long-term investors

The panic selling has depressed TCB's valuation as it is trading at only 1.1x FY22F P/BV – 22% lower than peers' average of 1.46x despite a solid banking platform, robust profitability and healthy balance sheet. We believe TCB will face less risks relating to this regulatory tightening thanks to its unique banking model. Thanks to its self-sustained capital level, TCB will be able to minimize any credit risks even if it has a high exposure to property sector (68% of total corp. loans; 32% of total credit) and c-bonds (17%). Additionally, although the government's scrutiny posted some short-term hurdles, it is essential for a more sustainable growth of a nascent capital market like Vietnam. As being well-positioned in c-bond market, TCB will be able to ride the growth potentials of the capital market in the next few years.

We maintain our earnings forecast for TCB (+26% yoy), however we lower our P/BV target from 2.1x to 2.0x to reflect the on-going market's struggle. Combining P/BV approach and residual income valuation approach (COE: 14.2%, LTG: 3%), we derive a lower TP of VND66,400 (-5% vs previous TP). Risks to our call include (i) higher-than-expected inflation and (ii) higher-than-expected bad debt.

1Q22 results: as good as usual

Given strong credit growth (+28.5% yoy) and +6bps yoy NIM expansion, TCB has delivered 32.5% yoy growth in net interest income. Net fee income increased 35.3% yoy, driven by IB fees and payment fees. Meanwhile, provision charges dropped sharply 74% yoy (credit-cost rate of 0.6% from 0.9% in FY21). All in all, TCB's net profit rose 25.2% yoy to VND5.5tr, meeting 24.2% our forecast.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net interest income (bn)	18.751	26.699	32.895	40.365
Net interest margin	4,9%	5,7%	5,6%	5,7%
Total operating income (bn)	27.379	37.076	45.628	55.096
Total provision charges (bn)	(2.611)	(2.665)	(2.788)	(3.284)
Net profit (bn)	12.325	18.038	22.712	27.489
Net profit growth	22,3%	46,4%	25,9%	21,0%
Adjusted EPS	3.515	5.136	6.457	7.815
BVPS	21.179	26.264	32.268	40.098
ROAE	18,1%	21,7%	22,1%	21,6%

SPRING BEING COMPRESSED

The government's regulatory tightening of capital market led to a panic-selling in the stock market…

Since Apr-22, officials have been instructed to closely monitor issuance and trading of corporate bonds. According to VBMA, c-bond issuance volume rose strongly 42% yoy in 2021 but mainly come from private placement (accounting for 95% of total issuance), which has highlighted some cases of principal mobilization for wrong purposes and bad practices.

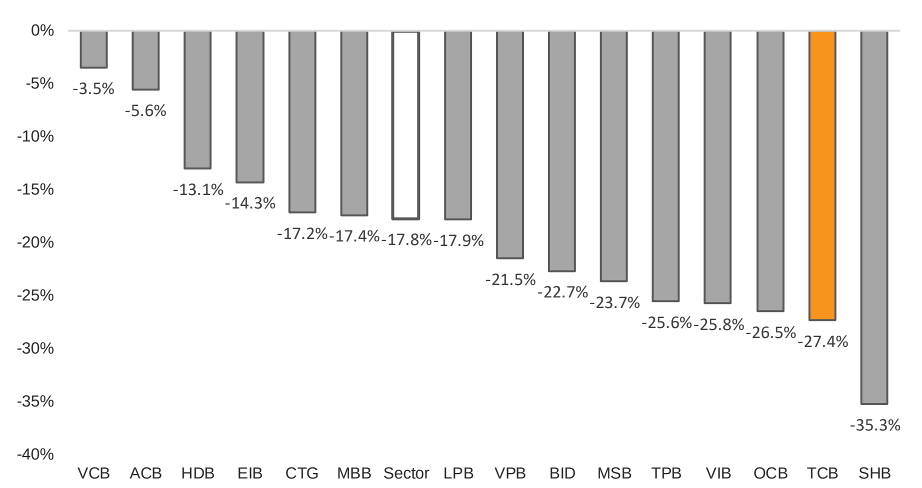
To mitigate any further risks, enhance the market integrity, and protect investors and businesses, the Ministry of Finance has been reviewing the legal framework with more stricter conditions for issuers, especially in private placement. The regulation on c-bond market i.e. Decree 153/2020/ND-CP, which prescribes private placement and trading of privately placed c-bonds in the domestic market and offering of c-bonds in the international market, is amended and supplemented. This will aim to supervise and inspect credit institutions investing in c-bonds, providing underwriting securities, investment, and distribution services for c-bonds especially bonds of real estate enterprises, enterprises with large issuance volume and high interest rates, or negative business results and no collateral/poor-quality collateral.

Furthermore, Decree 304/CĐ-TTg 2022, which relates to bond issuances and auction of land use rights, asks all the relevant ministries, sectors and agencies to conduct investigations on any manipulations in the equity, bond and property markets. All investigation findings will be reported to the Prime Minister before 30 April 2022.

We understand that this directive is to enhance the market integrity and improve Vietnam's credibility. However, it actually led to a consequence that lots of Vietnamese executives being arrested, bringing a negative sentiment to Vietnam stock market. It can be seen that the VN-Index has posted a sharp correction of 15.4% since its peak at the beginning of Apr-22, mainly due to panic selling by retail investors and margin-call effects. As strongly diving into property sector and c-bond market as well, the banking sector and TCB (in specific) also recorded a negative performance since then.

Figure 1: TCB saw a sharp correction of 27.4% since Apr-22 (sector's drop: 18%)

Data as of 06/06/2022



Source: VNDIRECT Research

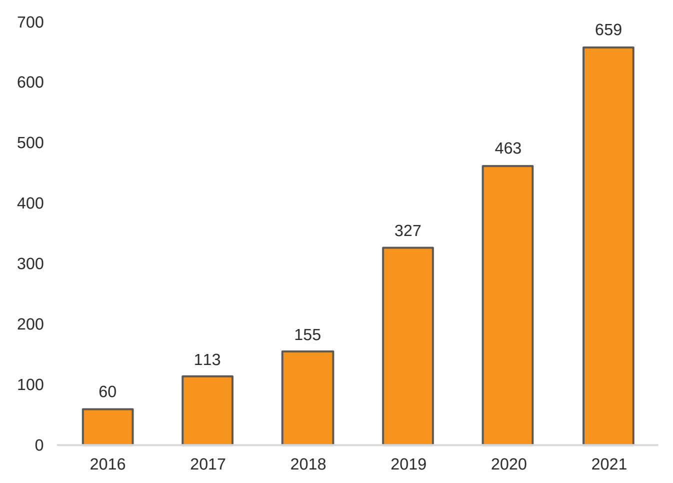
…and we believe this is a good opportunity to accumulate good bank like TCB

For TCB, although it has a high exposure to property sector (68% of total corp. loans; 32% of total credit) and c-bond (17% of total credit), we believe the bank will face less risks relating to this law enforcement thanks to its high-quality banking model.

TCB has a strong connections with large conglomerates in Vietnam which are Vingroup (VIC VN, Not Rated) and Masan Group (MSN VN, Not Rated). The large scale of these corporates allows TCB to build up its ecosystem, where TCB can tap into the entire supply chain of these corporates. This ecosystem does not only expand TCB's customer base but it also helps mitigate credit risks. When providing credit and banking services to these corporates, TCB can follow up borrowers' financial performance and ensure if they have sufficient cash flow to fulfill their obligations. On the other hand, TCB can approach high-income customers through those conglomerates, which have been classified as the affluent and mass affluent segments (c.93% of TCB's retail balances is made up by these kinds of customers). This high-end customer segment is ideal to promote credit cards, insurance and especially c-bonds as they have high propensity to invest without carrying high risks. To recall, the government's scrutiny is only to target the violations in the c-bond and property markets, which we believe TCB will have a negligible influence.

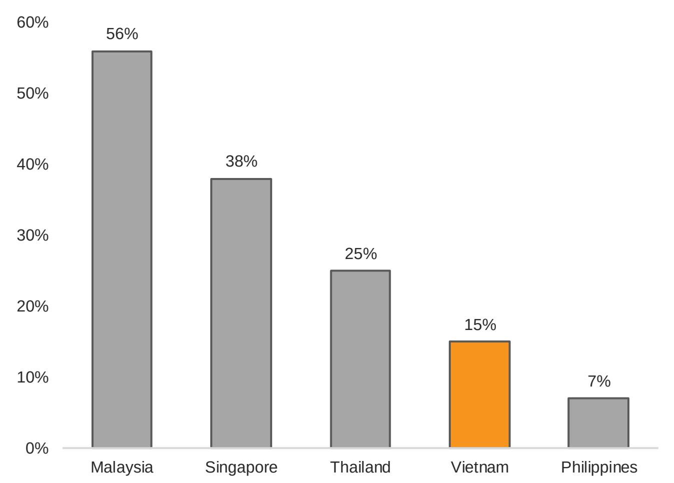
Otherwise, although the government's scrutiny has posted some headwinds to the market as a whole, this action is essential for a more sustainable growth of a nascent capital market like Vietnam, in our view. According to VBMA, outstanding c-bonds value are estimated to be around VND659tr at end-FY21, implying a CAGR of 61.5% during FY16-21 (figure 2). Despite the superb growth rate, it only made up c.12% of the total credit last year; and its market size (c-bond issuance value per GDP) is still small compared with regional peers (figure 3). As being well-positioned in c-bond trading activities, TCB will be able to ride on the strong growth of Vietnam capital market in the upcoming years.

Figure 2: C-bond issuance value posted a stellar CAGR of 61.5% during FY16-21



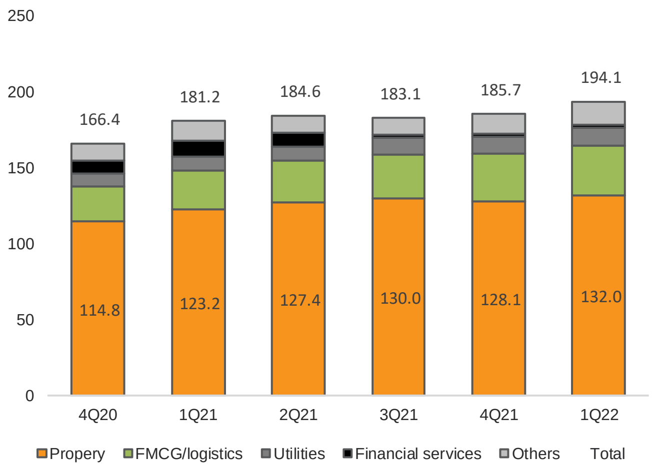
Source: VBMA

Figure 3: C-bond market size made up 15% of GDP - still small vs regional peers



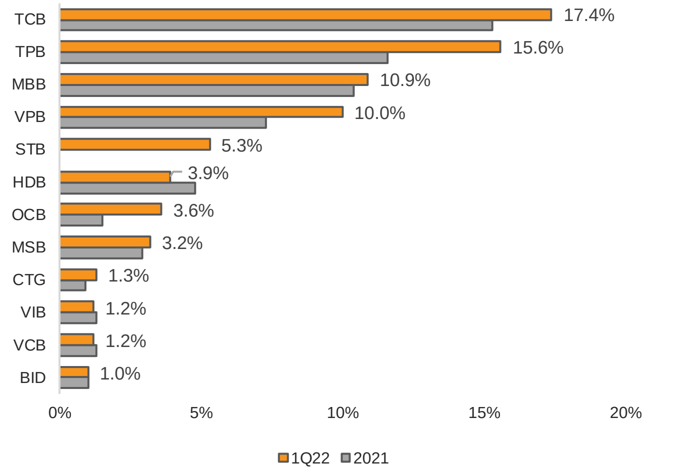
Source: VBMA

Figure 4: Property makes up a large proportion of 68% in TCB's corporates loans (and 32% of total credit)



Source: TCB, VNDIRECT Research

Figure 5: TCB has the highest exposure to c-bond compared with peers (c-bond per total credit)



Source: Commercial banks, VNDIRECT Research

Valuation: Reiterate Add with a lower TP of VND66,400

At the current price, TCB trades at only 1.1x FY22F P/BV, 23% lower than peers' average of 1.5x despite its solid banking platform, clear competitiveness, strong earnings power and healthy balance sheet. We believe TCB deserves to be further re-rated to P/BV of 2x – still slightly higher than local peers to fully reflect the bank's strengths.

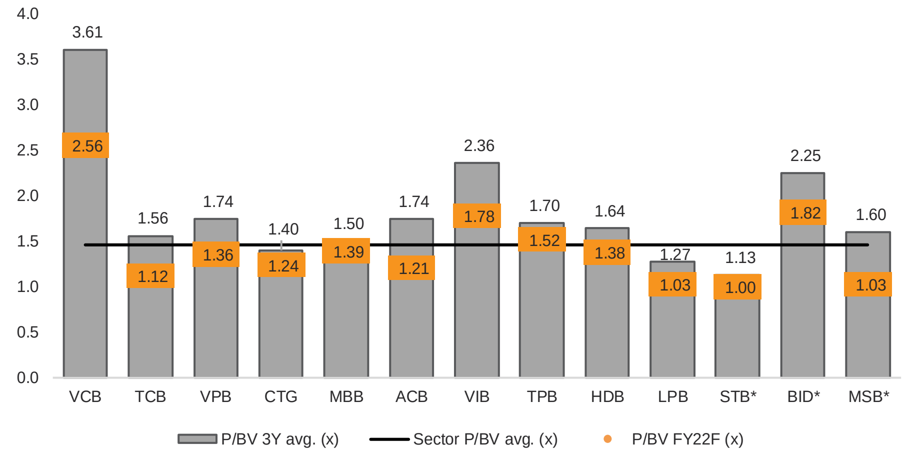
Figure 6: Vietnam bank comparison (price as of 06/06/2022)

Banks	Bloomberg Code	Recommendation	Price Latest	Target Price	Market cap	P/B (x)			P/E (x)			3-yr Forward CAGR EPS	ROE %		ROA %	
			LC	LC	(US$bn)	Current	FY22F	FY23F	T12M	FY22F	FY23F	%	FY22F	FY23F	FY22F	FY23F
Vietcombank	VCB VN	ADD	79,700	95,600	16.3	3.2	2.6	2.3	16.4	16.7	13.9	20.8%	20.0%	20.9%	1.7%	1.8%
Vietnam Prosperity JSB	VPB VN	ADD	30,600	44,900	5.9	1.6	1.4	1.2	7.9	9.0	7.3	24.5%	17.6%	18.3%	2.5%	2.6%
Vietinbank	CTG VN	ADD	27,200	40,600	5.6	1.3	1.2	1.1	10.6	10.9	9.3	16.3%	16.3%	16.9%	1.0%	1.1%
Techcombank	TCB VN	ADD	36,050	66,400	5.5	1.3	1.1	0.9	6.6	5.6	4.6	20.6%	22.1%	21.6%	3.6%	3.7%
Military Commercial JSB	MBB VN	ADD	27,250	40,800	4.4	1.6	1.4	1.1	7.5	6.7	5.5	21.7%	24.5%	24.1%	2.5%	2.6%
Asia Commercial JS Bank	ACB VN	ADD	25,300	41,800	3.7	1.8	1.2	1.0	8.2	5.8	4.9	17.1%	23.6%	22.4%	2.1%	2.1%
Vietnam International Commercial JSB	VIB VN	ADD	26,150	46,400	2.4	2.1	1.8	1.4	8.2	6.5	6.4	19.3%	26.7%	24.7%	2.1%	2.0%
Tien Phong Commercial JSB	TPB VN	ADD	30,700	41,100	2.1	1.8	1.5	1.2	9.3	8.0	6.5	23.0%	20.9%	21.1%	1.9%	2.1%
HDBank	HDB VN	ADD	25,300	35,900	2.2	1.6	1.4	0.9	7.9	6.8	4.5	21.5%	23.6%	23.6%	2.0%	2.0%
LienViet Post Bank	LPB VN	ADD	14,400	21,300	0.9	1.1	1.0	0.7	6.5	5.7	4.5	26.8%	17.8%	18.8%	1.1%	1.2%
Average						***1.7***	***1.5***	***1.2***	***8.9***	***8.2***	***6.7***	***21.2%***	***21.3%***	***21.2%***	***2.1%***	***2.1%***
Techcombank	**TCB VN**	**ADD**	**36,050**	**66,400**	**5.5**	**1.3**	**1.1**	**0.9**	**6.6**	**5.6**	**4.6**	**20.6%**	**22.1%**	**21.6%**	**3.6%**	**3.7%**

Source: VNDIRECT Research

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

Data as of 06/06/2022



Source: VNDIRECT Research

Noted that, although we maintain our earnings forecast for TCB (+26% yoy), we have decided to lower our P/BV target from 2.1x to 2.0x to price the on-going stock market's struggle. Combining P/BV approach and residual income valuation approach (COE: 14.2%, LTG: 3%), weighted equally, we derive a lower TP of VND66,400 (-5% vs previous TP) for TCB.

The potential IPO of brokerage subsidiary TCBS is also a strong upside catalyst for TCB. Downside risk includes (i) higher-than-expected inflation, which lower credit growth and (ii) higher-than-expected bad debt spike.

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

Assumptions	2022F	2023F	2024F	2025F	2026F	Terminal year
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Long-term growth rate						3.0%
Opening shareholder's equity	92,211					
PV of RI (5 years)	43,408					
PV of Terminal value	103,699					
Implied EV	239,318					
No.of o/s shares (m shares)	3,510.9					
Implied value per share (VND/share)	**68,164**					

Source: VNDIRECT Research

Figure 9: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	68,164	34,082
P/BV multiple (at 2x FY22F BVPS)	50%	64,536	32,268
Target price (VND/share)			66,350
Target price (VND/share, rounded)			**66,400**

Source: VNDIRECT Research

1Q22 recap: as good as usual

Figure 10: Results comparison (VNDbn unless otherwise noted)

Profit & Loss statement	1Q22	1Q21	% yoy	4Q21	% qoq	VND FY22F forecasts	% of VND forecasts	Comments
Net interest income	8,111	6,124	32.5%	7,245	12.0%	32,895	24.7%	In line with our forecast
Non-interest income	2,001	2,808	-28.8%	2,914	-31.3%	12,733	15.7%	Lower than our forecast due to heavy provisions for investment securities
Operating revenue	10,112	8,932	13.2%	10,159	-0.5%	45,628	22.2%	
Operation expenses	(3,108)	(2,563)	21.3%	(3,392)	-8.4%	(13,688)	22.7%	
Pre-provision profit	7,004	6,369	10.0%	6,767	3.5%	31,940	21.9%	
Provision expenses	(218)	(851)	-74.3%	(627)	-65.2%	(2,788)	7.8%	Lower than our forecast
Pre-tax profit	6,785	5,518	23.0%	6,140	10.5%	29,152	23.3%	
Net profit	5,505	4,397	25.2%	4,592	19.9%	22,712	24.2%	In line with our forecast

Source: VNDIRECT Research

Figure 11: TCB's key ratios by quarters

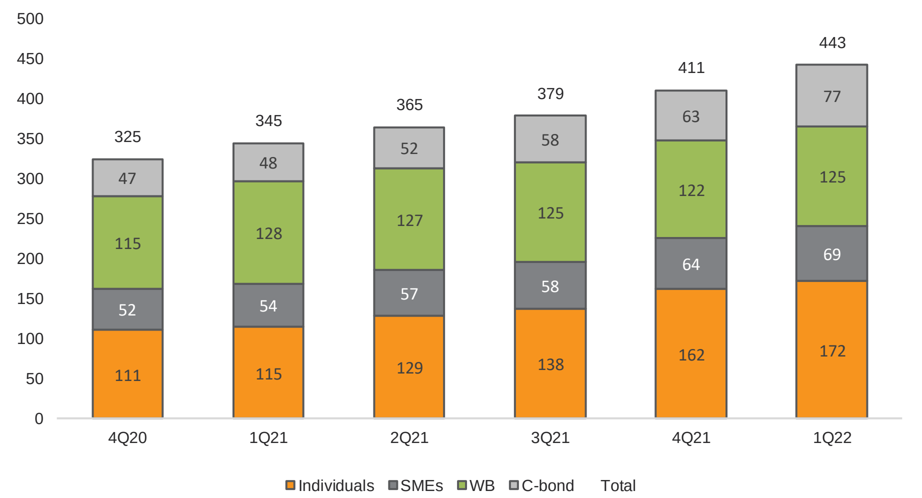
Key ratios	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
NII/TOI	78.1%	68.2%	69.5%	58.9%	69.9%	66.8%	68.7%	70.3%	68.6%	71.6%	76.8%	71.3%	80.2%
Non-II/TOI	21.9%	31.8%	30.5%	41.1%	30.1%	33.2%	31.3%	29.7%	31.4%	28.4%	23.2%	28.7%	19.8%
NIM (annualised)	4.2%	4.1%	4.2%	4.3%	4.5%	4.5%	4.8%	4.9%	5.2%	5.6%	5.7%	5.7%	5.7%
Cost to Income ratio (CIR)	36.6%	33.6%	33.5%	35.3%	35.4%	31.2%	33.2%	29.7%	28.7%	28.1%	29.9%	33.4%	30.7%
Non-performing loan (NPL) ratio	1.8%	1.8%	1.8%	1.3%	1.1%	0.9%	0.6%	0.5%	0.4%	0.4%	0.6%	0.7%	0.7%
Loan-loss-reserves (LLR)	87.7%	77.1%	77.1%	94.8%	117.9%	108.6%	148.0%	171.0%	219.4%	258.9%	184.4%	162.9%	160.8%
Credit cost (annualised)	0.7%	0.6%	0.4%	0.5%	0.7%	0.9%	1.1%	1.1%	1.1%	1.1%	0.8%	0.9%	0.6%
ROAA (trailing 12 months)	2.8%	2.7%	2.7%	2.9%	2.9%	2.9%	3.0%	3.0%	3.3%	3.6%	3.7%	3.6%	3.6%
ROAE (trailing 12 months)	18.6%	17.0%	17.2%	17.8%	17.7%	17.6%	17.7%	18.1%	20.0%	21.5%	22.1%	21.7%	21.7%

Source: VNDIRECT Research

In overall, strong credit growth and NIM expansion have driven TCB's NII strong growth of 32.5% yoy to VND8.1tr in 1Q22.

- TCB recorded VND443tr credit balance, expanding 8% ytd at end-1Q22 (+28.5% yoy), provided by the strong growth in retail lending balances, which is VND172tr (+49% yoy, accounting for 39% in total credit mix). SME and WB loan growth was 29% and -2% yoy, respectively.

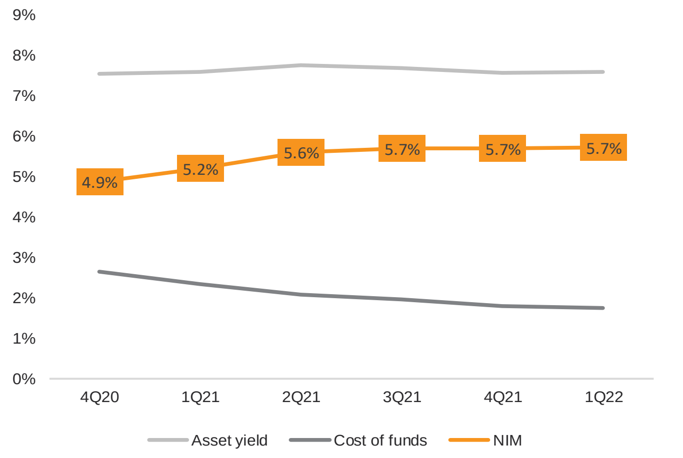
Figure 12: TCB's credit mix by quarters



Source: TCB, VNDIRECT Research

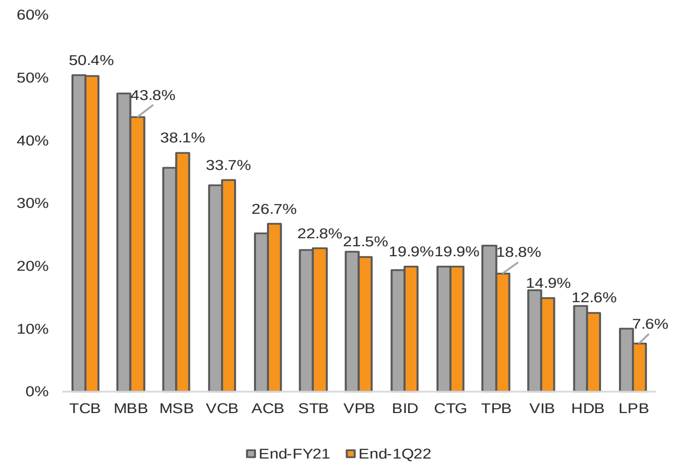
- TCB has differentiated itself from other local banks by focusing on CASA improvement. At end-1Q22, its CASA ratio reached 50.4% (vs. 50.5% at end-FY21 and much higher than peers' average of 24%). Combining this advantage with the low deposit rates environment, TCB has maintained its low cost of funds to only 2.2%. Given a stable asset yield of 7.3%, TCB's NIM has expanded by 6bps yoy to 5.7% in 1Q22 (FY21: 5.7%).

Figure 13: TCB still maintained robust NIM in 1Q22



Source: TCB, VNDIRECT Research

Figure 14: …thanks to its industry-leading CASA



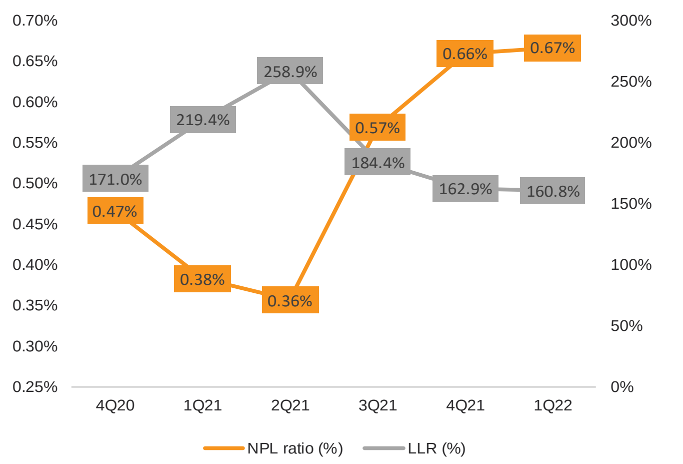
Source: Commercial banks, VNDIRECT Research

Non-II decreased 29% yoy growth due to the heavy provisions in investment incomes. On the other hand, fee income still recorded a resilient growth of 24% yoy, contributed by: IB fees +35.3%, payment fees +55%, FX +53.4%, which covered the 6% yoy drop in banca fees as a consequence of Omicron outbreak.

Although TCB's opex grew 21% yoy in 1Q22 as the bank has invested heavily in IT and human resources, its cost-to-income ratio (CIR) has been maintained at a very healthy level of 30.7% in 1Q22 (30% in FY21).

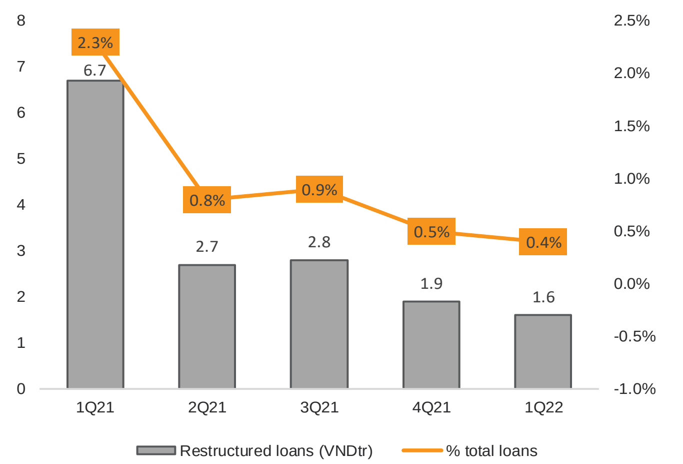
Provisioning charges declined sharply 74% yoy (credit cost rate of 0.6% from 0.9% in FY21). The double increase in 1Q22 NPLs is not a concern as the bank's NLP ratio was still manageable with 0.67% at end-1Q22 (0.66% at end-FY21). Loan-loss coverage increased by 57.6% yoy, equivalent to a LLR of 161% at end-1Q22 (162.8% at end-FY21).

Figure 15: TCB's asset quality was manageable



Source: TCB, VNDIRECT Research

Figure 16: Rescheduled loans keep declining as economy recovers



Source: TCB, VNDIRECT Research

FY22-23F earnings forecasts: up and coming

We maintain our forecasts for TCB's loan growth of 22%/21% in FY22-23F (CARG FY19-21 of 22.7%). Although TCB can receive a better-than-peer credit growth quota from the central bank this year as it has made up a strong CAR of 15.1% at end-1Q22 (15% at end-FY21), which is much higher than other local banks; it will be difficult to reach a higher growth than itself in the previous year due to having a great exposure to property and c-bond market (as discussed above).

We estimate TCB's NIM to stay at 5.7% in FY22-23F on the back of (i) its lending yields improvement via expanding retail loan mix and (ii) its industry-leading CASA mix. TCB still has room to expand its retail loan balances thanks to (i) low LDR of 72% at end-1Q22 (75% at end-FY21) and (ii) moderate retail loan mix of 47% in total credit balances. Besides, TCB can maintain its high CASA mix as it is the first mover in building a strong infrastructure for transaction banking, zero fee and cash back policies. Taking all these into account, we believe TCB is one of a few Vietnam banks which will be able to sustain its robust NIM regardless of higher deposit rates this year.

The deposits rate is unlikely to remain at historic low due to the following reasons (i) higher demand for fund raising as credit accelerates, (ii) higher inflation, (iii) compete more fiercely with other investment channels to attract capital inflow. In fact, deposits rate has started to pick up remarkably since Apr-22D.

We still expect fee income to keep its strong growth momentum of 20% yoy in FY22-23F, driven by IB fees, payment fees and bancassurance (the decrease in 1Q22 banca sales is temporary as it is negatively affected by Omicron outbreak, which has overcome already).

We forecast FY22-23F opex to grow 22.5%/20.8% yoy as TCB has planned to keep investing in digital transformation to strengthen its existing competitive advantage. Its cost-to-income ratio should be maintained at 30% in FY22-23F, in our view.

We expect FY22-23F credit-cost rate to fell to c.0.7% from 0.9% in FY21 given its already good asset quality position. As such, we estimate TCB's provision charges will increase 4.6%/17.8% in FY22-23F.

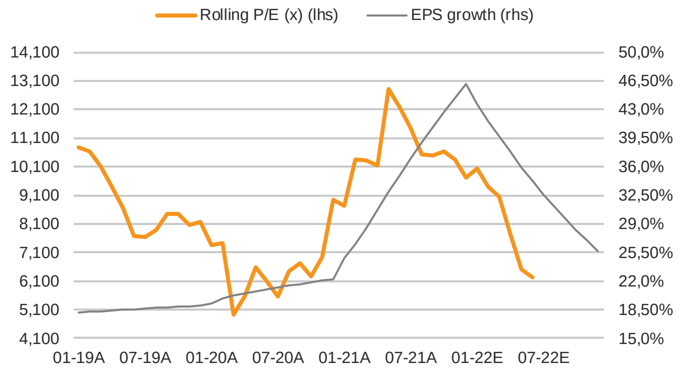
In conclusion, we maintain our estimates that TCB's net profit will grow 26%/21% yoy in FY22-23F, reaching VND22.7tr and VND27.5tr, respectively. ROE will further improve to 22% (from 21.7% in FY21).

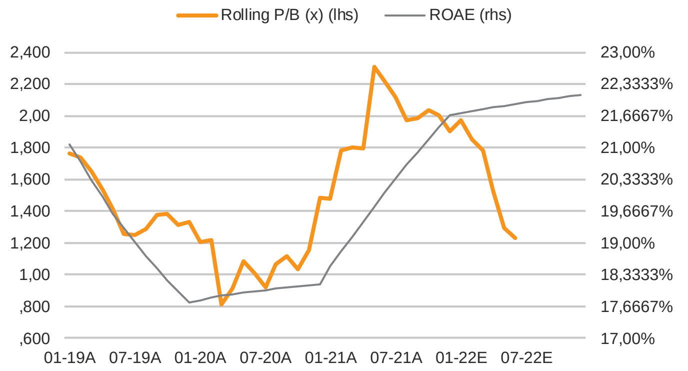
Figure 17: FY22-24F forecasts in summary

P&L	Forecasts (VNDbn)				Growth (%)		
	FY21	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Net Interest Income	26,699	32,895	40,365	49,330	23.2%	22.7%	22.2%
NIM (%)	5.70%	5.65%	5.73%	5.83%			
Non-Interest Income	10,378	12,733	14,731	16,644	22.7%	15.7%	13.0%
Operating revenue	37,076	45,628	55,096	65,974	23.1%	20.8%	19.7%
Operating expenses	(11,173)	(13,688)	(16,529)	(19,792)	22.5%	20.8%	19.7%
Pre-provision profit	25,903	31,940	38,567	46,182	23.3%	20.8%	19.7%
Provision expenses	(2,665)	(2,788)	(3,284)	(3,634)	4.6%	17.8%	10.7%
Credit cost rate (%)	0.85%	0.72%	0.70%	0.64%			
Pre-tax profit	23,238	29,152	35,283	42,548	25.4%	21.0%	20.6%
Net profit	18,038	22,712	27,489	33,149	25.9%	21.0%	20.6%

Source: VNDIRECT Research

Valuation





Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net interest income	**26.699**	**32.895**	**40.365**
Non interest income	**10.378**	**12.733**	**14.731**
Total operating income	**37.076**	**45.628**	**55.096**
Total operating costs	(11.173)	(13.688)	(16.529)
Pre-provision operating profit	**25.903**	**31.940**	**38.567**
Total provision charges	**(2.665)**	**(2.788)**	**(3.284)**
Income from associates & JVs			
Net other income			
Pre-tax profit	**23.238**	**29.152**	**35.283**
Tax expense	(4.840)	(5.976)	(7.233)
Profit after tax	**18.399**	**23.176**	**28.050**
Minority interest	(361)	(464)	(561)
Net profit	**18.038**	**22.712**	**27.489**

	12-21A	12-22E	12-23E
Growth rate (yoy)			
Cust deposit growth	13,4%	18,5%	17,5%
Gross cust loan growth	25,2%	22,1%	21,2%
Net interest income growth	42,4%	23,2%	22,7%
Pre provision operating profit growth	40,7%	23,3%	20,8%
Net profit growth	46,4%	25,9%	21,0%
Growth in IEAs	28,1%	21,3%	20,6%
Share value			
Basic EPS (VND)	5.145	6.469	7.830
BVPS (VND)	26.264	32.268	40.098
DPS (VND)	0	0	0
EPS growth	46,1%	25,7%	21,0%

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Gross loans to customers	347.341	424.151	513.904
Loans to banks	70.584	84.701	101.641
Total gross loans	**417.925**	**508.852**	**615.546**
Securities - total	103.363	123.762	147.909
Other interest earning assets	4.909	5.645	6.209
Total gross IEAs	**526.197**	**638.259**	**769.664**
Total provisions	**(4.442)**	**(5.406)**	**(6.427)**
Net loans to customers	**343.606**	**419.556**	**508.371**
Total net IEAs	**521.755**	**632.852**	**763.237**
Cash and deposits	3.579	3.865	4.174
Total investments	1.102	1.190	1.285
Other assets	41.949	44.957	48.182
Total non-IEAs	**46.629**	**50.012**	**53.642**
Total assets	**568.384**	**682.864**	**816.879**
Customer deposits	314.753	372.982	438.254
Cds outstanding	33.680	41.089	50.129
Customer interest-bearing liabilities	348.432	414.071	488.383
Bank deposits	112.459	137.200	167.384
Broad deposits	460.891	551.271	655.766
Other interest-bearing liabilities	0	0	0
Total IBLs	**460.891**	**551.271**	**655.766**
Deferred tax liability			
Other non-interest bearing liabilities	14.437	16.994	18.463
Total non-IBLs	**14.437**	**16.994**	**18.463**
Total liabilities	**475.328**	**568.265**	**674.229**
Share capital	35.109	35.109	35.109
Additional paid-in capital	476	0	0
Treasury shares	0	0	0
Retained earnings reserve	47.469	70.182	97.671
Other reserves	9.156	8.000	8.000
Shareholders' equity	**92.211**	**113.291**	**140.780**
Minority interest	845	1.308	1.869
Total equity	**93.056**	**114.599**	**142.650**
Total liabilities & equity	**568.384**	**682.864**	**816.879**

Key ratios

	12-21A	12-22E	12-23E
Net interest margin	5,7%	5,6%	5,7%
Cost-income ratio	(30,1%)	(30,0%)	(30,0%)
Reported NPLs / gross cust loans	0,7%	0,7%	0,7%
Reported NPLs / net cust loans	0,7%	0,7%	0,7%
GP charge / average cust loans	0,9%	0,7%	0,7%
Total CAR	15,1%	16,3%	16,8%
Loan deposit ratio	99,7%	102,4%	105,2%
Margins and spreads			
Return on IEAs	7,6%	7,6%	7,9%
Cost of funds	2,2%	2,3%	2,5%
Interest return on average assets	5,3%	5,3%	5,4%
ROAE	21,7%	22,1%	21,6%

Source: VND RESEARCH

DISCLAIMER

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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