VNDIRECT
WISDOM TO SUCCESS

TECHCOMBANK (TCB) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND22,150	VND44,000	0.00%	Add	FINANCIALS

24 November 2022

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

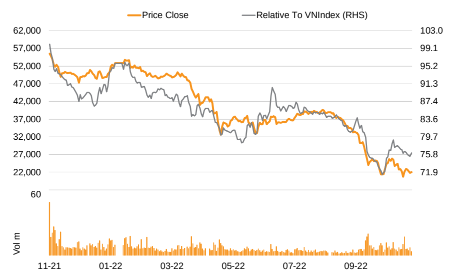
Consensus*: Add:14 Hold:2 Reduce:0

Target price / Consensus: -26.4%

Key changes in the report

- Lower P/B target to 1.1x from 2.0x
- Lower 1-year TP (-29% from previous TP)

Price performance



Source: VNDIRECT RESEARCH

Key statistics

52w high (VND)	55,500
52w low (VND)	20,700
3m Avg daily value (VNDmn)	155,616
Market cap (VND bn)	76,852
Free float (%)	77
TTM P/E (x)	3.7
Current P/B (x)	0.8

Ownership

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

Source: VNDIRECT RESEARCH

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Cautious but confident

- TCB's 3Q22 earnings grew 22.1% yoy, taking 9M22 pace to +23.5% yoy, fulfilling 74% our full-year forecast.
- Amid sectoral headwinds, we expect NP growth to slow down over FY23-24F following weaker credit growth, softer NIM and higher credit cost.
- Current valuation is attractive at 0.6x P/B FY23F. Reiterate ADD.

3Q22 results: inline with our expectations

TCB's 3Q22 net profit (NP) rose 22.1% yoy given a steady credit growth, robust fee incomes (+42% yoy) and softer provisioning expense. Credit balances expanded 11.1% ytd at end-3Q22, which retail loan grew 37% ytd (making up 49% of credit balances), offsetting a significant drop of corporate bond (c-bond; -30.7% ytd). TCB has less pressure to build up its defense with the help of a chunky provision, resulting in only 3.5% yoy increase in provisioning expense. For 9M22, TCB's NP reached VND16.6tr (+23.5% yoy), fulfilling 74% of our FY22F forecasts.

Banking sector outlook: a bumpy road ahead

Together with the global market, VND continues to deal with US$ strengthening pressure, forcing SBV to put more interventions besides relying on selling US$ reserve. After widening the VND trading band, the SBV recently made a second consecutive 100bps hike on its policy rates and this rate hike will inevitably impact banks' NIMs due to rising costs of funds (COF). Besides, "liquidity constraints" issue among Vietnam corporates and property market's struggles will threaten banks' asset quality. In overall, due to the tightening monetary policy and macro uncertainties, banks' FY23-24F outlook will see elevated risks relating to weaker credit growth, softer NIM and higher credit cost.

Corporate bond market: not out of the wood yet

Vietnam c-bond market has faced a boycott due to the authorities' tightening on privately placed c-bond via a series of investigations and Decree 65 revision. Currently, investors are losing faith to c-bond issuers' integrity as many cases of principal mobilization for bad practices were found and lots of Vietnamese executives were arrested. As an active play in c-bond market (c.10% credit mix and c.33% of fee incomes generated from c-bond underwriting and distribution), TCB's bottomline is still under stress, in our view.

Reiterate ADD with a lower TP of VND44,000

We expect TCB's NP to grow modestly 12-14% yoy over FY23-24F. We downgrade the target P/B of TCB to 1.1x from 2.0x to fully reflect the sectoral headwinds; together with a 50% contribution from residual income approach (COE: 15.3%, LTG: 3%), we derive a new TP of VND44,000 (-29% vs. previous TP). Currently, TCB is trade at only 0.6x P/B FY23F, which is largely priced the negativities, in our view. Risks to our call include (i) higher-than-expected rate hike, (iii) higher-than-expected bad debt spike, (iii) the prolonged scrutiny in property and c-bond market.

Financial summary (VND)	12-21A	12-22E	12-23E	12-24E
Net interest income (bn)	26,699	31,232	34,551	39,397
Net interest margin	5.7%	5.5%	5.4%	5.4%
Total operating income (bn)	37,076	43,451	48,563	55,170
Total provision charges (bn)	(2,665)	(1,727)	(2,228)	(2,397)
Net profit (bn)	18,052	22,374	24,963	28,465
Net profit growth	46.5%	23.9%	11.6%	14.0%
Adjusted EPS	5,140	6,361	7,097	8,092
BVPS	26,264	32,172	39,282	47,390
ROAE	21.7%	21.8%	19.9%	18.7%

Source: VNDIRECT RESEARCH

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9M22 results inline with expectations

Figure 1: 3Q22 and 9M22 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	7,565	6,742	12.2%	23,470	19,454	20.6%	31,206	75.2%	In line with our forecast
Non-interest income	2,773	2,037	36.1%	8,016	7,463	7.4%	12,219	65.6%	Lower than our forecast due to investment incomes
Operating revenue	10,338	8,779	17.8%	31,486	26,917	17.0%	43,425	72.5%	
Operation expenses	(3,014)	(2,628)	14.7%	(9,420)	(7,781)	21.1%	(13,027)	72.3%	
Pre-provision profit	7,324	6,151	19.1%	22,067	19,136	15.3%	30,397	72.6%	
Provision expenses	(609)	(589)	3.5%	(1,245)	(2,037)	-38.9%	(1,727)	72.1%	
Pre-tax profit	6,715	5,562	20.7%	20,822	17,098	21.8%	28,670	72.6%	
Net profit	5,298	4,338	22.1%	16,603	13,445	23.5%	22,360	74.3%	In line with our forecast

Source: TCB, VNDIRECT Research

Figure 2: TCB's key ratios by quarters

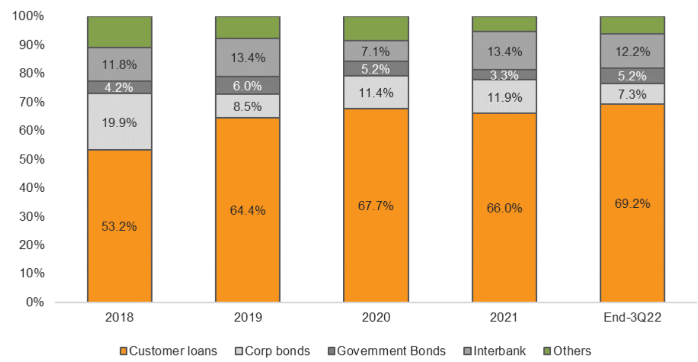
Key ratios	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
NII/TOI	69.9%	66.8%	68.7%	70.3%	68.6%	71.6%	76.8%	71.3%	80.2%	70.6%	73.2%
Non-II/TOI	30.1%	33.2%	31.3%	29.7%	31.4%	28.4%	23.2%	28.7%	19.8%	29.4%	26.8%
NIM (annualised)	4.5%	4.5%	4.8%	4.9%	5.2%	5.6%	5.7%	5.7%	5.7%	5.8%	5.6%
Cost to Income ratio (CIR)	35.4%	31.2%	33.2%	29.7%	28.7%	28.1%	29.9%	33.4%	30.7%	29.9%	29.2%
Non-performing loan (NPL) ratio	1.1%	0.9%	0.6%	0.5%	0.4%	0.4%	0.6%	0.7%	0.7%	0.6%	0.6%
Loan-loss-reserves (LLR)	117.9%	108.6%	148.0%	171.0%	219.4%	258.9%	184.4%	162.9%	160.8%	171.6%	165.0%
Credit cost (annualised)	0.7%	0.9%	1.1%	1.1%	1.1%	1.1%	0.8%	0.9%	0.6%	0.5%	0.5%
ROAA (trailing 12 months)	2.9%	2.9%	3.0%	3.0%	3.3%	3.6%	3.7%	3.6%	3.6%	3.6%	3.5%
ROAE (trailing 12 months)	17.7%	17.6%	17.7%	18.1%	20.0%	21.5%	22.1%	21.7%	21.7%	21.7%	21.6%

Source: TCB, VNDIRECT Research

Figure 3: TCB's key balance sheet KPIs analysis

TCB's earning asset mix

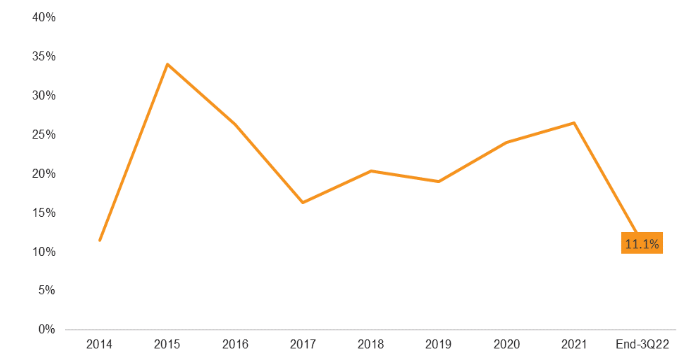
- TCB's earnings asset grew 12.7% ytd at end-3Q22, in which c-bond balances dropped 30.7% ytd (c.10% of credit mix vs 15.3% at end-FY21) due to prepayment but its loan to customers surged 18.2% ytd (making up 69% credit mix vs 66% at end-FY21).
- TCB is still a net-borrower in interbank market.



TCB's loan mix vs. growth

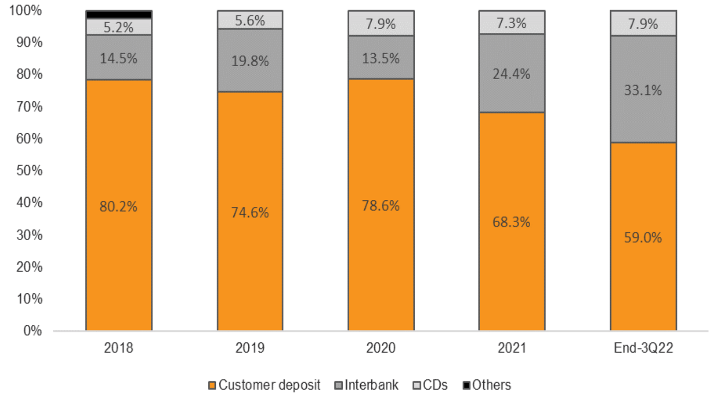
- TCB loan growth: 18.2% ytd, driven by retail segments of +37% ytd; while SMEs and large corp. loan (WB) only rose 10.9% ytd and decreased 3.4% ytd, respectively.
- Mortgage loans has become a key driver of TCB's retail lending. It has increased 39.4% ytd to make up 82% in retail loan mix (from the level of 78% at end-FY21). Otherwise, credit card also performed greatly with 51.6% ytd growth (c.8% in retail loan mix).

- System credit growth is hitting the brakes as inflation control and macroeconomic stability are the government's top priorities in 2022 and even in 2023-24F.
- TCB's credit growth: 11.1% ytd. With a full-year credit quota of 11.7%, TCB's room to expand is limited for the rest of this year.



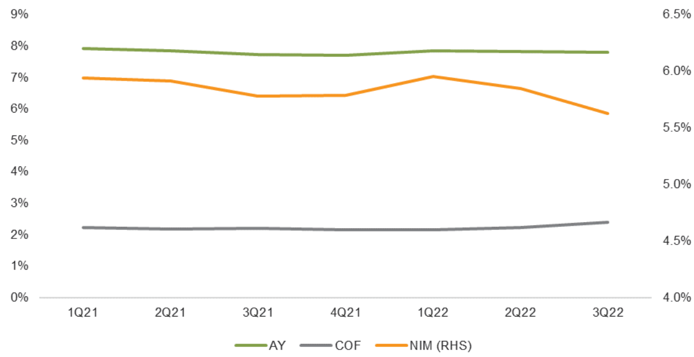
TCB's mobilization mix, deposit and CASA ratio

- TCB's deposit growth: 1.3% ytd (vs. 17.4% ytd growth of total mobilization; customer deposit accounted for 59% of total mobilization). Instead of relying on customer deposit channel, TCB also strongly raised fund from interbank market and CDs (+59% ytd and +27% ytd, respectively). This helped ease the bank's liquidity tension as its LDR maintains at a reasonable level of 78% at end-3Q22 (regulatory threshold of 85%).
- Otherwise, TCB has reduced its short-term deposit/long-term loans to 27% (vs. sector's maximum level of 34%) from 32-33% in the previous quarters.
- CASA reduced to 46.5% as individuals withdrew their idle money to fund their own businesses in the context of limited credit growth. Amid the liquidity constraint among Vietnam corporates, we believe this money flows will not come back soon.



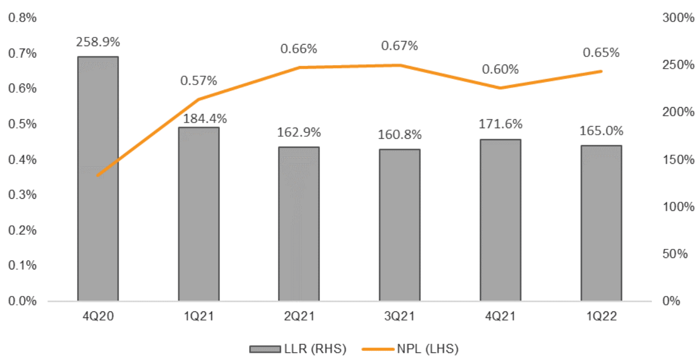
TCB's annualized NIM performance (%)

- TCB's annualized NIM has shrinked in 3Q22 as (1) change in earning asset structure with decreasing c-bond contribution (with lower yield) and (2) higher COF as low interest rate environment has come to an end since 2H22.
- The rising COF will continue in 4Q22F and even 2023-24F; so that the bank's NIM is expected to shrink in the upcoming quarters.



TCB's asset quality

- TCB's bad debt rose 16% ytd, in which group-5 debt was 47% higher compared to the level at end-FY21 because Cir.14 was expired (since June 30, 2022). Rescheduled loans declined to VND0.4tr (c.0.1% of outstanding balances vs FY21 level of 0.5%), as more customers paid down previously rescheduled loans or exited the Covid-support program thanks to finances recovery.
- NPL ratio was 0.65% (vs. 0.66% at end-FY21). LLR stayed at 165% (vs. 163% at end-FY21). The bank's asset quality is still very solid, in our view.



Source: TCB, VNDIRECT RESEARCH

Banking sector outlook: 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 stablise 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 100bps 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. We see that lending interest rates are unlikely to trailing inline with the rising funding cost as SBV are strictly monitoring interest 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 COF.

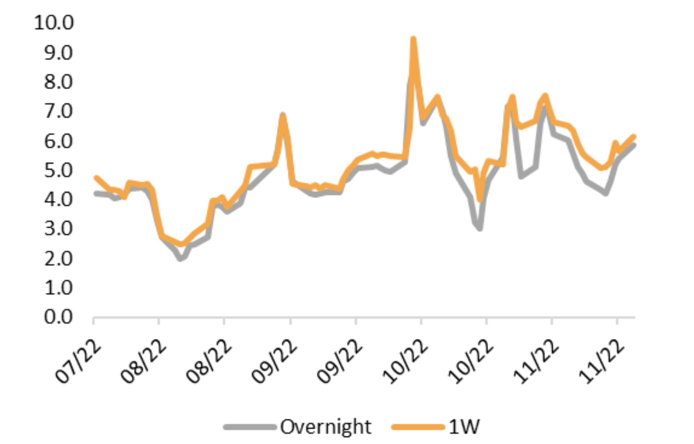
We believe that things will become more "comfortable" only when the US$ pressure eases. Currently, more rate hikes from FED is expected in these two last months of this year; hence, this tension could be lasted long until at least at the end of 1H23F. We still estimate that SBV will increase its policy rates by c.50bps in 4Q22 or maybe 1Q23F.

Weakening asset quality

We see another serious issue relating to "liquidity constraints" among Vietnam corporates, particularly 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, thus many corporates will find hard to generate enough funding for their operations. The difficulties in accessing funding and lower ability to fulfil debt obligations of Vietnam corporates will threaten banks' asset quality in 2023F onwards.

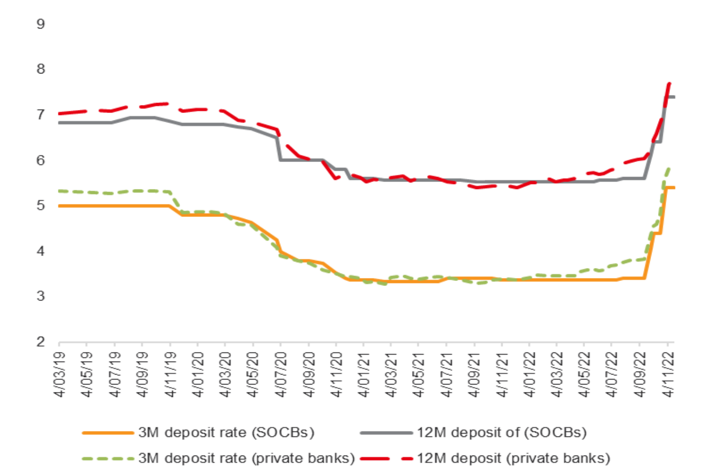
In conclusion, due to the tightening monetary policy and macro uncertainties, Vietnam banks' FY23-24F outlook will see elevated risks relating to lower credit growth, pressure to sacrifice profits (NIM compression), and face concerns over asset quality.

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



Source: SBV

Figure 5: Deposits rate has made the same movement (%)



Source: Commercial banks, VNDIRECT Research

The tension on c-bond and property market has not eased yet

Corporate bond (c-bond) market: losing faith

Since 2Q22, the government has put a strict supervision on c-bond market. Decree 65 – which tighten rules on c-bond issuance – was finally issued. Again, we understand this will encourage the public issuances, improving the quality of issuers and the sustainability of this nascent market in the long run. However, in short-term, the market has witnessed a series of investigations, which many cases of principal mobilization for bad practices have been proven and lots of Vietnamese executives are arrested. This has discouraged investors' confidence to issuers' integrity and led to a boycott on c-bond market. Moreover, it has also negatively impacted to banks with high exposure to c-bond via rising credit risk and declining fee incomes generated from c-bond underwriting and distribution (like TCB).

The government seems to keep these drastic measures to finetune the capital market and there has no signs of easing on these local investigations yet.

Property market: no longer a favourable choice

Although there was no "official statement" from the SBV relating to the tightening credit flows into property market, banks are fully aware of staying away from property lending since 2Q22, especially high risk segments because…

- Real estate loans are often medium-and-long-term loans. According to Circular 08/2020, the cap on short-term funding for medium-and long-term lending will be cut to 34% from 37% since 1 October, 2022. Therefore, banks will pay attentions to liquidity management and thus they will not let their exposure to property loans increasing uncontrollably.
- As loans to property developers has the highest risk weighted ratio of 200% compared to other risky assets, banks have to watch out their exposure to property loans to protect the capital adequacy and asset quality.

As more inspections and reviews of property exposure to each bank will be executed further, banks tapping into property lendings will find it hard to boost lending growth in 2023-24F.

We take a prudent FY23-24F earnings forecast for TCB

Due to the sector headwinds and the scrutiny in c-bond and property markets, TCB's NP growth will inevitably be hindered in FY23-24F, in which:

- Credit growth will slow down to 10% in FY23F (FY19-21 CAGR of 25%).
- NIM will shrink c.12bps in FY23-24F. An ample CASA and a "further room to expand" retail lending mix help TCB partially mitigate NIM compression risk.
- TCB will have to ramp up provisions to defend with possible bad debt spike.

In conclusion, we expect TCB's NP to grow 12-14% yoy on average during FY23-24F (FY19-21 CAGR of 34%).

Figure 6: Key ratio forecasts (%)

	2019	2020	2021	2022F	2023F	2024F
Credit growth	19.0%	24.0%	26.5%	12.3%	10.1%	15.2%
Deposit growth	14.8%	20.0%	13.4%	1.5%	10.0%	15.0%
NIM	4.33%	4.88%	5.70%	5.54%	5.42%	5.42%
LDR	75.3%	79.8%	77.2%	78.2%	79.1%	80.1%
CAR	15.5%	16.0%	15.0%	15.7%	16.0%	17.0%
NPL	1.3%	0.5%	0.7%	0.7%	0.8%	0.8%
LLR	94.8%	171.0%	162.9%	167.0%	160.2%	151.0%

Source: VNDIRECT Research

Figure 7: Profit & loss statement key KPIs

(In VND bn, otherwise noted)	2019	2020	2021	2022F	2023F	2024F	CAGR 2019 - 21	CAGR 2022 - 24F
NII	14,258	18,751	26,699	31,232	34,551	39,397	36.8%	12.3%
% yoy	*28.1%*	*31.5%*	*42.4%*	*17.0%*	*10.6%*	*14.0%*		
Non-II	6,810	8,627	10,378	12,219	14,012	15,773	23.4%	13.6%
% yoy	*-5.7%*	*26.7%*	*20.3%*	*17.7%*	*14.7%*	*12.6%*		
TOI	21,068	27,379	37,076	43,451	48,563	55,170	32.7%	12.7%
% yoy	*14.8%*	*30.0%*	*35.4%*	*17.2%*	*11.8%*	*13.6%*		
G&A expenses	7,313	8,967	11,173	13,035	14,326	16,275	23.6%	11.7%
% yoy	*25.2%*	*22.6%*	*24.6%*	*16.7%*	*9.9%*	*13.6%*		
Operating profit before provision	13,756	18,411	25,903	30,416	34,237	38,895	37.2%	13.1%
% yoy	*10.0%*	*33.8%*	*40.7%*	*17.4%*	*12.6%*	*13.6%*		
Provisions for bad debts	917	2,611	2,665	1,727	2,228	2,397	70.4%	17.8%
% yoy	*-50.3%*	*184.6%*	*2.1%*	*-35.2%*	*29.0%*	*7.6%*		
PBT	12,838	15,800	23,238	28,689	32,009	36,498	34.5%	12.8%
% yoy	*20.4%*	*23.1%*	*47.1%*	*23.5%*	*11.6%*	*14.0%*		
NP	10,075	12,325	18,052	22,374	24,963	28,465	33.9%	12.8%
% yoy	*19.1%*	*22.3%*	*46.5%*	*23.9%*	*11.6%*	*14.0%*		

Source: VNDIRECT Research

Figure 8: 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"	358,387	409,953	526,197	600,372	674,880	778,499	21.2%	13.9%
% yoy	*19.3%*	*14.4%*	*28.4%*	*14.1%*	*12.4%*	*15.4%*		
Gross loans to customers	230,802	277,525	347,341	419,883	466,598	539,877	22.7%	13.4%
% yoy	*44.3%*	*20.2%*	*25.2%*	*20.9%*	*11.1%*	*15.7%*		
Interbank deposit and loans	47,990	28,995	70,584	74,113	88,936	106,723	21.3%	20.0%
% yoy	*35.0%*	*-39.6%*	*143.4%*	*5.0%*	*20.0%*	*20.0%*		
Securities	76,402	93,181	103,363	101,222	113,161	124,477	16.3%	10.9%
% yoy	*-19.1%*	*22.0%*	*10.9%*	*-2.1%*	*11.8%*	*10.0%*		
Interest-bearing liabilities "IBLs"	310,458	353,110	460,891	543,191	597,121	682,092	21.8%	12.1%
% yoy	*20.6%*	*13.7%*	*30.5%*	*17.9%*	*9.9%*	*14.2%*		
Customer deposit	231,297	277,459	314,753	319,474	351,421	404,134	16.7%	12.5%
% yoy	*14.8%*	*20.0%*	*13.4%*	*1.5%*	*10.0%*	*15.0%*		
CDs and valuable papers	17,461	27,900	33,680	43,784	45,973	48,272	38.9%	5.0%
% yoy	*32.5%*	*59.8%*	*20.7%*	*30.0%*	*5.0%*	*5.0%*		
Deposit and loan from other banks	61,267	47,485	112,459	179,934	199,727	229,686	35.5%	13.0%
% yoy	*68.2%*	*-22.5%*	*136.8%*	*60.0%*	*11.0%*	*15.0%*		

Source: VNDIRECT Research

Reiterate Add with a lower 1-year TP of VND44,000

In order to fully reflect the banking sector's headwinds, we downgrade the P/B target for TCB (from 2.0x to 1.1x – equal to minus 1SD of 3-year average level), combining with residual income approach (COE: 15.3%, LTG: 3%), we derive a TP of VND44,000 (-29% from previous TP). Our TP is based on residual income valuation and P/B approach, weighting equally.

However, although we have reflected all these negativities, TCB still looks like an oversold performer as its current P/B and P/B FY23F dropped to 0.8x and 0.6x, respectively (vs. peers' average of 1.0x and the 3-year average of 1.5x).

Downside risks includes (i) higher-than-expected rate hike, (ii) higher-than-expected bad debt spike, and (iii) the prolonged scrutiny in property and c-bond market.

Figure 9: 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	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
Long-term growth rate						3.0%
(Unit: VNDbn)						
Opening shareholder's equity	112,953					
PV of RI (5 years)	27,947					
PV of Terminal value	16,301					
Implied EV	157,200					
No.of o/s shares (m shares)	3,510.9					
Implied value per share (VND/share)	**44,775**					

Source: VNDIRECT Research

Figure 10: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	44,775	22,387
P/BV multiple (at 1.1x FY22F BVPS)	50%	43,210	21,605
Target price (VND/share)			43,993
Target price (VND/share, rounded)			**44,000**

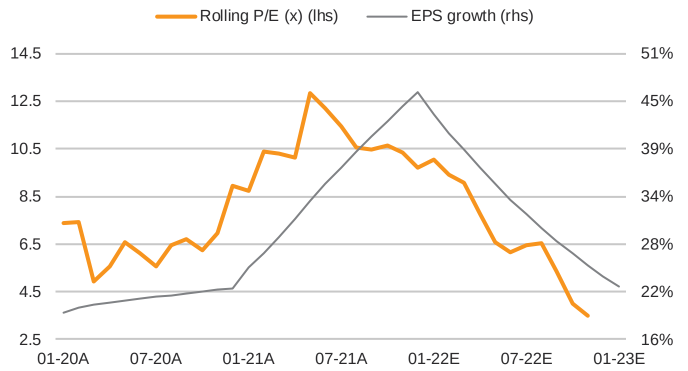
Source: VNDIRECT Research

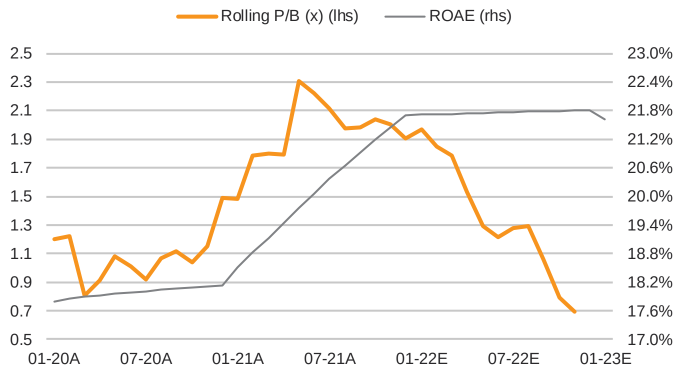
Figure 11: Vietnam bank comparison (price as of 24 Nov 2022)

Banks	Bloomberg Code	Recommendation	Price Latest	Target Price	Market cap	P/B (x)		P/E (x)		3-yr fw CAGR EPS	ROE		ROA	
			LC	LC	(US$bn)	FY22F	FY23F	FY22F	FY23F	%	FY22F	FY23F	FY22F	FY23F
Vietcombank	VCB VN	ADD	73,000	84,600	13.9	2.6	2.2	12.5	12.4	13.4%	20.5%	19.3%	1.6%	1.6%
Vietnam Prosperity JSB	VPB VN	ADD	15,100	26,300	4.1	1.2	1.0	4.7	5.7	9.4%	23.4%	18.7%	3.5%	2.9%
Techcombank	**TCB VN**	**ADD**	**22,150**	**44,000**	**3.1**	**0.7**	**0.6**	**3.6**	**3.2**	**13.8%**	**21.8%**	**19.9%**	**3.6%**	**3.5%**
Vietinbank	CTG VN	ADD	24,600	34,400	4.8	1.1	1.0	9.6	8.4	15.2%	16.5%	16.8%	1.0%	1.1%
Military Commercial JSB	MBB VN	ADD	15,700	30,600	2.9	1.1	0.8	4.6	4.3	16.5%	25.6%	23.1%	2.7%	2.6%
Asia Commercial JS Bank	ACB VN	ADD	21,000	30,000	2.9	1.3	1.0	5.2	5.2	10.2%	26.0%	22.5%	2.4%	2.4%
Vietnam International Commercial JSB	VIB VN	ADD	17,850	28,000	1.5	1.1	1.0	4.6	4.6	14.4%	28.4%	24.8%	2.4%	2.4%
HDBank	HDB VN	ADD	14,800	23,000	1.5	1.1	0.9	4.9	4.8	17.0%	24.3%	22.8%	2.1%	2.2%
Tien Phong Commercial JSB	TPB VN	ADD	20,000	31,000	1.3	1.1	0.9	5.8	4.7	22.3%	20.5%	20.7%	1.9%	2.1%
LienViet Post Bank	LPB VN	ADD	9,990	15,800	0.7	0.9	0.7	4.2	5.0	6.7%	22.3%	17.5%	1.5%	1.3%
Average						***1.2***	***1.0***	***6.0***	***5.8***	***13.9%***	***22.9%***	***20.6%***	***2.3%***	***2.2%***

Source: Bloomberg, VNDIRECT Research

Valuation





Income statement

(VNDbn)	12-22E	12-23E	12-24E
Net interest income	**31,232**	**34,551**	**39,397**
Non interest income	**12,219**	**14,012**	**15,773**
Total operating income	**43,451**	**48,563**	**55,170**
Total operating costs	(13,035)	(14,326)	(16,275)
Pre-provision operating profit	**30,416**	**34,237**	**38,895**
Total provision charges	**(1,727)**	**(2,228)**	**(2,397)**
Income from associates & JVs			
Net other income			
Pre-tax profit	**28,689**	**32,009**	**36,498**
Tax expense	(5,881)	(6,562)	(7,482)
Profit after tax	**22,808**	**25,447**	**29,016**
Minority interest	(433)	(483)	(551)
Net profit	**22,374**	**24,963**	**28,465**

	12-22E	12-23E	12-24E
Growth rate (yoy)			
Cust deposit growth	1.5%	10.0%	15.0%
Gross cust loan growth	20.9%	11.1%	15.7%
Net interest income growth	17.0%	10.6%	14.0%
Pre provision operating profit growth	17.4%	12.6%	13.6%
Net profit growth	23.9%	11.6%	14.0%
Growth in IEAs	14.0%	12.4%	15.4%
Share value			
Basic EPS (VND)	6,373	7,110	8,107
BVPS (VND)	32,172	39,282	47,390
DPS (VND)	0	0	0
EPS growth	23.8%	11.6%	14.0%

Balance sheet

(VNDbn)	12-22E	12-23E	12-24E
Gross loans to customers	419,883	466,598	539,877
Loans to banks	74,113	88,936	106,723
Total gross loans	**493,996**	**555,535**	**646,600**
Securities - total	101,222	113,161	124,477
Other interest earning assets	5,154	6,185	7,422
Total gross IEAs	**600,372**	**674,880**	**778,499**
Total provisions	**(5,440)**	**(6,409)**	**(7,373)**
Net loans to customers	**415,149**	**460,966**	**533,358**
Total net IEAs	**594,932**	**668,472**	**771,126**
Cash and deposits	3,758	3,945	4,143
Total investments	1,157	1,215	1,275
Other assets	77,034	84,358	92,396
Total non-IEAs	**81,949**	**89,518**	**97,814**
Total assets	**676,881**	**757,990**	**868,940**
Customer deposits	319,474	351,421	404,134
Cds outstanding	43,784	45,973	48,272
Customer interest-bearing liabilities	363,258	397,394	452,406
Bank deposits	179,934	199,727	229,686
Broad deposits	543,191	597,121	682,092
Other interest-bearing liabilities	0	0	0
Total IBLs	**543,191**	**597,121**	**682,092**
Deferred tax liability			
Other non-interest bearing liabilities	19,458	21,191	18,154
Total non-IBLs	**19,458**	**21,191**	**18,154**
Total liabilities	**562,650**	**618,312**	**700,246**
Share capital	35,109	35,109	35,109
Additional paid-in capital	0	0	0
Treasury shares	0	0	0
Retained earnings reserve	69,844	94,807	123,272
Other reserves	8,000	8,000	8,000
Shareholders' equity	**112,953**	**137,916**	**166,381**
Minority interest	1,278	1,762	2,313
Total equity	**114,231**	**139,678**	**168,694**
Total liabilities & equity	**676,881**	**757,990**	**868,940**

Key ratios

	12-22E	12-23E	12-24E
Net interest margin	5.5%	5.4%	5.4%
Cost-income ratio	(30.0%)	(29.5%)	(29.5%)
Reported NPLs / gross cust loans	0.7%	0.8%	0.8%
Reported NPLs / net cust loans	0.7%	0.8%	0.8%
GP charge / average cust loans	0.5%	0.5%	0.5%
Total CAR	16.4%	17.8%	18.1%
Loan deposit ratio	115.6%	117.4%	119.3%
Margins and spreads			
Return on IEAs	8.4%	8.5%	8.2%
Cost of funds	3.2%	3.5%	3.2%
Interest return on average assets	5.0%	4.8%	4.8%
ROAE	21.8%	19.9%	18.7%

Source: VND RESEARCH

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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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