

## TPBANK (TPB) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND28,600	VND38,500	0.00%	Add	FINANCIALS

10 August 2022

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

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

Target price / Consensus: 11%

### Key changes in the report

- Decrease FY23-24F EPS by 2.1%/2.4%
- Lower FY22F P/B target to 1.9x from 2.0x
- Lower 1-year TP by 6.3%

### Price performance



Source: VNDIRECT RESEARCH

### Key statistics

52w high (VND)	43,000
52w low (VND)	25,036
3m Avg daily value (VNDmn)	70,302
Market cap (VND bn)	45,159
Free float (%)	60
TTM P/E (x)	8.2
Current P/B (x)	1.6

### Ownership

Doji Gold & Gems Group	5.9%
FPT Group	5.3%
PYN Elited Fund	5.1%
Others	83.7%

Source: VNDIRECT RESEARCH

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## A small bump on the road

- 2Q22 net profit (NP) surged 37% yoy thanks to a robust top-line growth of 33% yoy. 1H22 NP grew 26% yoy, fulfilling 50% our forecast.
- We expect TPB's earnings to grow 22%/24% yoy over FY22-23F.
- Attractive valuation; reiterate Add with a lower TP of VND38,500.

### 1H22 results: so far so good

TPB posted VND1.7tr in 2Q22 NP (+37% yoy) mainly driven by 33% top-line growth. Specifically, non-interest income soared 60% yoy given bancassurance sales recovery and robust payment fees. The great 2Q22 result has contributed to a solid 1H22 NP growth of 26% yoy to VND3tr. Asset quality stayed resilient with NPL ratio of 0.85% at end-2Q22 (vs 0.8% at end-FY21 and 1.1% at end-1Q22) and LLR of 162% at end-2Q22 (153% at end-FY21). Noted that the bank kept writing off bad debts aggressively (VND1.1tr, especially in 2Q22).

### 2H22 outlook: A small bump on the road

One of the most debatable issue in Vietnam financial market is that the government has aimed to manage credit flows into property sector and stricter supervision on corporate bond (c-bond) issuance to enhance the integrity of the capital market in the long run. This action has created short-term hurdles to banks having exposures to mortgage and c-bond, like TPB (accounting for 18.4% and 13.4% of total credit balances, respectively). At end-2Q22, TPB's credit growth was 9.1% ytd (11% ytd at end-1Q22); in which c-bond slowed its momentum with 25% ytd (48% at end-1Q22) due to prepayment. With this situation, although 1H22 was 9% ytd, TPB will slower its credit expansion in 2H22 to reach 14%/18% growth for FY22-23F (vs. previous forecasts of 22%/20%).

In terms of NIM, 1H22 NIM shrank to 4.2% from 4.6% of 1H21, in which asset yields declined 70bps to 7.5% due to a lower lending rate to support pandemic-hit clients and especially the backward result in c-bond balances during 2Q22. This on-going struggles in c-bond market will threaten the bank's asset yields and thus its NIM in 2H22, in our view. Moreover, rising deposits rate caused by inflation is another key risk to watch, even though TPB has capacities to protect NIM from severe compression thanks to its low LDR of only 55% at end-2Q22, indicating a weak demand for fund raisings and thus a relatively low costs of funds. We estimate TPB's FY22F NIM will narrow 23bps yoy to 4.1%.

### Reiterate ADD with a lower TP of VND38,500

We expect TPB to deliver a 22%/24% NP growth in FY22-23F. TPB's share price declined 30% from peak in Apr-2022 as inflation and capital market scrutiny raised concerns towards the bank, which strongly depressed the bank's valuation to 1.4x FY22F P/B, equal to -1SD range despite its solid fundamentals, implying an attractive valuation. We lowered the FY22-23F EPS forecasts by 2.1%/2.4% and P/BV to 1.9x (from 2.0x) to derive a TP of VND38,500 (-6.3% vs. previous TP). Downside risks include higher-than-expected inflation and bad debt spike.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net interest income (bn)	7,619	9,946	11,623	13,074
Net interest margin	4.5%	4.3%	4.1%	4.1%
Total operating income (bn)	10,369	13,517	15,994	18,105
Total provision charges (bn)	(1,783)	(2,908)	(2,813)	(2,597)
Net profit (bn)	3,510	4,830	5,913	7,337
Net profit growth	13.5%	37.6%	22.4%	24.1%
Adjusted EPS	3,126	3,560	3,738	4,638
BVPS	14,291	16,430	20,112	24,750
ROAE	23.5%	22.6%	20.5%	20.7%

Source: VNDIRECT RESEARCH

## A SMALL BUMP ON THE ROAD

### Reiterate Add with a lower 1-year TP of VND38,500

TPB is one of a potential candidate to ride the Vietnam's ongoing retail banking race, underpinned by (i) its strategy of focusing on retail lending products, which still has a low penetration in Vietnam, and especially (ii) being the first mover in digital banking era with an undeniable competitive edge i.e. a strong lending capacity on mass access and simple loan process. This helps the bank broaden its young customer bases and increase deposit mobilization in the next 3 years. Furthermore, TPB also tapped into c-bond market to utilize the potential growth of the nascent Vietnam capital market, its c-bond holdings has been in the top-5 banks having the greatest c-bond portfolio among the sector.

Inflation pressure and the scrutiny on capital market have posted some big concerns on the banking sector outlook in the past few months. As a consequence, banking sector has dropped 15% since its peak in Apr-2022 and TPB has recorded a 30% drop in its market price in the same period. However, we still believe that TPB will maintain its solid fundamentals with strong growth and profitability in the next three years (ROE of 20-21% over FY22-24F); and the bank's FY22F P/B is now 1.4x – equivalent to minus 1SD range. This implies an attractive valuation and thus a good entry point for investors to accumulate more, in our view.

Noted that we have lowered the FY22-23F EPS by 2.1%/2.4% and lowered our P/B target to 1.9x (from 2.0x) to reflect the growing concern over tight credit growth limit, leading to a lower 1-year TP of VND38,500 (-6.3% vs. previous TP of VND41,100). Our 1-year TP is based on residual income valuation (COE: 14.0%; LTG: 3.0%) and P/B approach, weighting equally.

Upside catalyst will be better-than-expect NIM. Downside risks include (i) higher-than-expected inflation causing a lower credit growth and (ii) higher-than-expected bad debt.

**Figure 1: 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	1.00	1.00	1.00	1.00	1.00	1.00
Cost of equity	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Long-term growth rate						3.0%
<i>(in VND bn, otherwise noted)</i>						
Opening shareholders' equity	25,988					
PV of residual income (5 years)	11,062					
PV of terminal value	25,904					
Implied EV	62,954					
No. of outstanding shares (m shares)	1,582					
Implied value per share (VND/share)	<b>39,800</b>					

Source: VNDIRECT Research

**Figure 2: Target price calculation, based on our estimates**

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	39,800	19,900
P/B multiple (at 1.9x FY22F BVPS)	50%	37,207	18,604
Target price (VND/share)			38,503
Target price (VND/share, rounded)			<b>38,500</b>

Source: VNDIRECT Research

**Figure 3: Vietnam bank comparison (price as of 09/08/2022)**

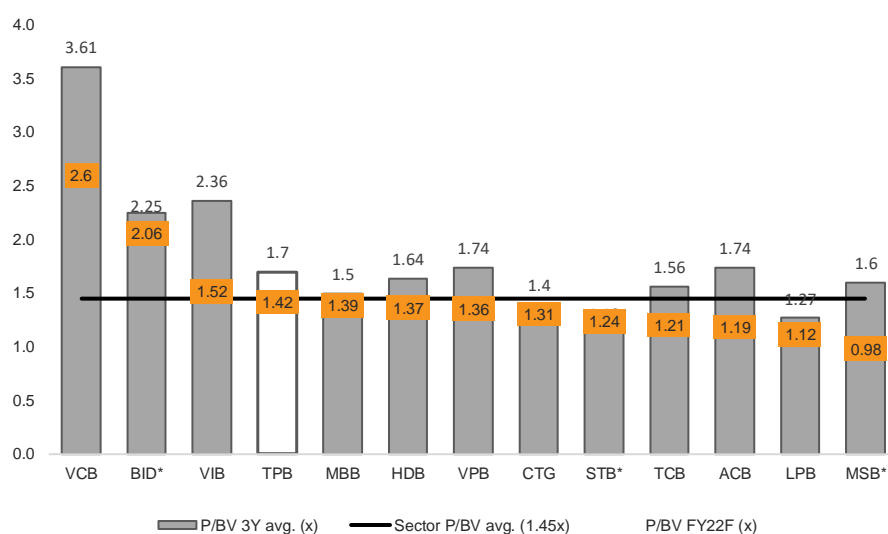
Banks	Bloomberg Code	Recommendation	Price	Target	Market cap	P/B (x)			P/E (x)			3-yr Forward CAGR EPS	ROE %		ROA %	
			Latest	Price		Current	FY22F	FY23F	T12M	FY22F	FY23F	%	FY22F	FY23F	FY22F	FY23F
			LC	LC	(US\$bn)											
Vietcombank	VCB VN	ADD	80,800	95,600	16.3	3.0	2.4	2.1	14.2	11.9	11.0	20.8%	20.5%	20.3%	1.8%	1.9%
Vietnam Prosperity JSB	VPB VN	ADD	30,250	44,900	5.7	1.5	1.3	1.1	8.1	5.7	6.4	24.5%	23.9%	18.7%	3.6%	2.9%
Vietinbank	CTG VN	ADD	28,800	40,600	5.9	1.4	1.2	1.1	9.4	10.6	8.9	16.3%	16.7%	17.5%	1.0%	1.1%
Techcombank	TCB VN	ADD	39,150	66,400	5.9	1.3	1.2	1.0	6.8	5.9	4.9	20.6%	22.1%	21.6%	3.6%	3.7%
Military Commercial JSB	MBB VN	ADD	27,350	40,800	4.4	1.5	1.3	1.1	6.6	6.3	5.2	21.7%	24.5%	23.8%	2.5%	2.6%
Asia Commercial JS Bank	ACB VN	ADD	24,950	33,400	3.6	1.6	1.2	1.0	7.2	5.6	4.8	17.1%	23.6%	22.4%	2.1%	2.1%
Vietnam International Commercial JSB	VIB VN	ADD	26,050	34,400	2.3	1.9	1.6	1.4	7.6	6.4	6.1	18.2%	28.0%	25.6%	2.3%	2.2%
<b>Tien Phong Commercial JSB</b>	<b>TPB VN</b>	<b>ADD</b>	<b>28,600</b>	<b>38,500</b>	<b>1.9</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>	<b>8.2</b>	<b>7.0</b>	<b>5.6</b>	<b>22.3%</b>	<b>20.5%</b>	<b>20.7%</b>	<b>1.9%</b>	<b>2.1%</b>
HDBank	HDB VN	ADD	25,150	35,900	2.2	1.5	1.3	1.1	7.2	6.5	5.5	21.5%	23.6%	23.6%	2.0%	2.0%
LienViet Post Bank	LPB VN	ADD	15,550	21,300	1.0	1.0	1.1	0.9	4.8	6.2	5.7	26.8%	19.1%	18.8%	1.1%	1.2%
<b>Average</b>						<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>8.0</b>	<b>7.2</b>	<b>6.4</b>	<b>21.0%</b>	<b>22.3%</b>	<b>21.3%</b>	<b>2.2%</b>	<b>2.2%</b>

Source: VNDIRECT Research

**Figure 4: Most of Vietnam banks are trading below its 3Y average P/B**

Data as of 09/08/2022

(\*) stands for Bloomberg consensus



Source: Bloomberg, VNDIRECT Research

## 1H22 recap: so far so good

Figure 5: 2Q22 & 1H22 results comparison (VNDbn unless otherwise noted)

FYE (VNDbn)	2Q22	2Q21	% yoy	1Q22	% qoq	1H21	1H22	VND FY22F forecasts	% VND FY22F forecasts	Comment
Net interest income	3,035	2,527	20.1%	2,831	7.2%	4,790	5,866	11,341	51.7%	In line with our forecast Higher than our forecast due to better investment incomes and banca sales
Non-interest income	1,538	908	69.4%	785	96.0%	1,443	2,323	4,005	58.0%	recovery
Operating revenue	4,573	3,435	33.1%	3,616	26.5%	6,233	8,189	15,347	53.4%	
Operating expenses	(1,763)	(1,238)	42.4%	(1,238)	42.4%	(2,223)	(3,000)	(5,448)	55.1%	Higher than our forecast due to higher-than-expected CIR (36% vs. 35% of forecast)
Pre-provision profit	2,810	2,197	27.9%	2,378	18.1%	4,010	5,188	9,899	52.4%	
Provision expenses	(645)	(612)	5.4%	(755)	-14.6%	(1,003)	(1,401)	(2,351)	59.6%	Higher than our forecast as TPB has to prepare for possible risks from c-bond
Pretax profit	2,165	1,585	36.6%	1,623	33.4%	3,007	3,788	7,547	50.2%	
Net profit	1,732	1,267	36.7%	1,299	33.3%	2,405	3,031	6,038	50.2%	In line with our forecast

Source: TPB, VNDIRECT Research

Figure 6: TPB key ratios by quarters

Key ratios	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
NII/TOI	53.6%	71.1%	72.0%	77.1%	73.9%	80.9%	73.6%	77.8%	78.3%	66.4%
Non-NII/TOI	46.4%	28.9%	28.0%	22.9%	26.1%	19.1%	26.4%	22.2%	21.7%	33.6%
NIM (annualised)	4.4%	4.4%	4.2%	4.5%	4.7%	4.6%	4.5%	4.3%	4.1%	4.2%
Cost to Income ratio (CIR)	35.7%	45.1%	40.1%	36.6%	40.0%	35.2%	36.0%	25.6%	39.0%	34.2%
Non-performing loan (NPL) ratio	1.3%	1.9%	1.5%	1.8%	1.2%	1.2%	1.1%	0.8%	1.1%	0.9%
Loan-loss-reserves (LLR)	97.8%	76.0%	112.7%	92.2%	134.2%	134.0%	144.8%	152.6%	125.7%	161.5%
ROAA (trailing 12 months)	2.1%	2.0%	2.1%	2.1%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%
ROAE (trailing 12 months)	26.1%	25.6%	26.6%	26.3%	23.5%	24.1%	24.7%	22.6%	122.6%	222.6%

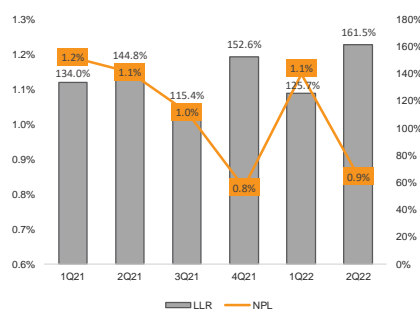
Source: TPB, VNDIRECT Research

## Asset quality stayed resilient

1H22 provisioning charges grew 39.6% yoy (credit-cost reduced to 1.9% from 2.2% in FY21). It mainly came from 1Q22 heavy provisions of 93% yoy growth. NPL ratio inched up to 0.85% at end-2Q22 from 0.82% at end-FY21. Although TPB kept aggressively writing off bad debts with VND1.1tr (mainly in 2Q22 of VND700bn), LLR was still benign with 162% at end-2Q22 (153% at end-FY21). TPB is still among the top-5 banks having benign asset quality with the lowest NPL and the top-6 higher LLR (figure 10 & 11).

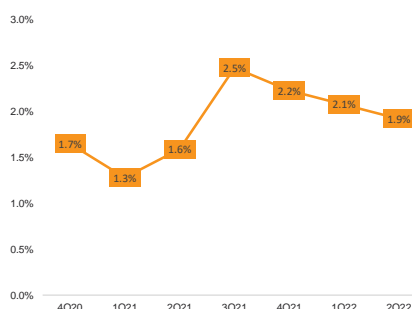
- Group-2 loans was VND2.3tr (+11.5% ytd) at end-2Q22, accounting for 1.53% of total loans (vs. 1.47% at end-FY21).
- Restructured loans (under C.03) was VND900bn at end-2Q22, or 0.6% of outstanding loans vs. 1% at end-FY21 (figure 9).

Figure 7: Asset quality is still well-manageable



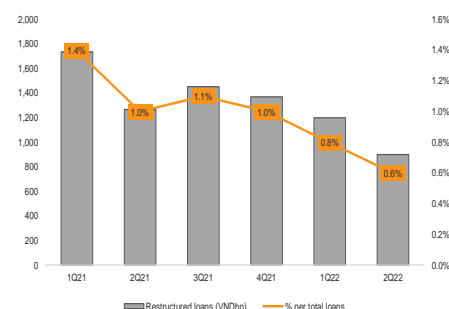
Source: TPB, VNDIRECT Research

Figure 8: Annualized credit cost is trending down

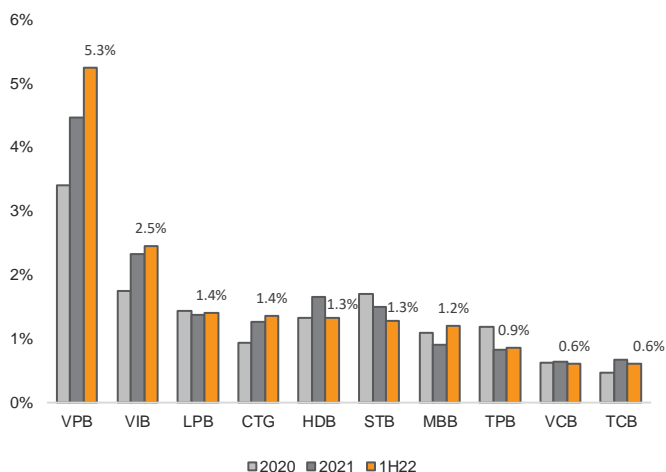


Source: TPB, VNDIRECT Research

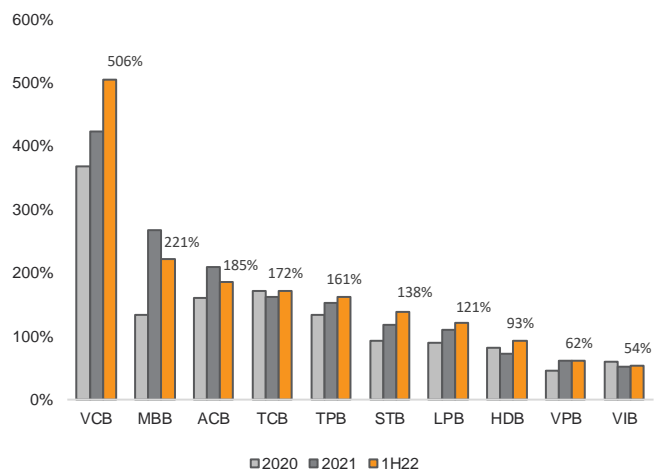
Figure 9: Restructured loan balance squeezed



Source: TPB, VNDIRECT Research

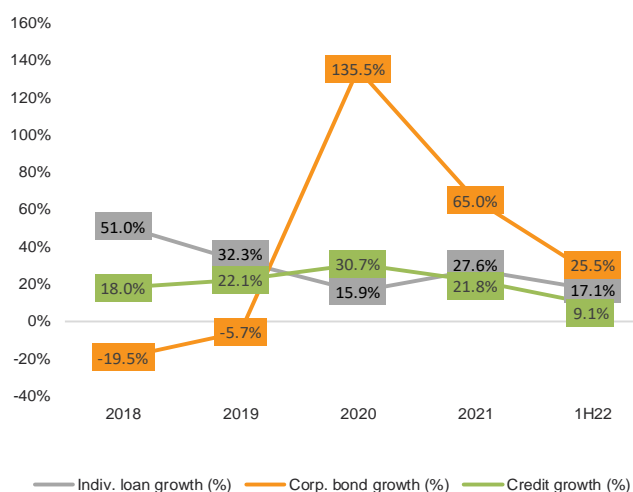
**Figure 10: TPB is among the top lowest NPL ratio among the sector**


Source: Commercial banks, VNDIRECT Research

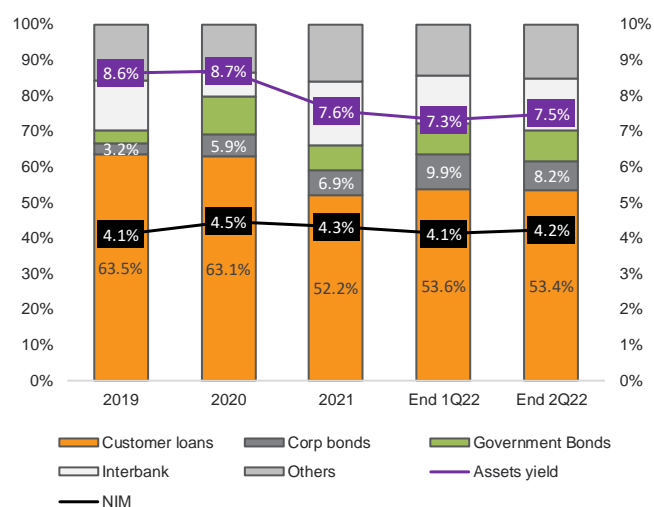
**Figure 11: ...and top highest LLR ratio among the sector**


Source: Commercial banks, VNDIRECT Research

We expect NIM to compress in 2H22 mostly due to lower asset yields

**Figure 12: TPB's credit growth (%)**


Source: TPB, VNDIRECT Research

**Figure 13: TPB has increased its exposure to C-bonds in the past 2 years**


Source: TPB, VNDIRECT Research

## Corporate bond struggles to dent asset yields expansion...

### Corporate bond faced mid-term hurdles

Although TPB posted an 11% ytd credit growth at end-1Q22, it only grew 9.1% ytd at end-2Q22 - lower than the system credit of 9.4% and lower than that of 9.6% of the same period last year. This result was caused by the noticeable slowdown in c-bond balances (c.13% total credit mix), which was 25.5% ytd at end-2Q22 vs. 48% ytd growth at end-1Q22. Since Apr-2022, authorities have instructed to closely monitor issuance and trading of corporate bonds; which urged some issuers to buy back their bonds in order to avoid any possible risks.

*The Ministry of Finance has been reviewing the legal framework with more stricter conditions for bond issuers, especially private placement, which has been highlighted some cases of principal mobilization for wrong purposes and*



*bad practices. 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 being amended for that purposes.*

As aiming to a more sustainable development in c-bond market, this regulatory tightening will not be an “overnight” re-arrangement and it will take times to keep things in order when Decree 153 amendment is applied. Therefore, we believe the c-bond market will witness a slower growth momentum until at least the beginning of the next year; thus it will negatively affect to the credit growth and also NIM of banks with great exposure to c-bond like TPB in this second half of this year.

A reduction in interbank loan balances. TPB has known as an active play in interbank market (interbank loans made up 14.4% in the bank’s earning asset vs. 18% at end-FY21); however the interbank loan balances reduced 16.4% ytd to keep being a net-borrower in the interbank market. As a net-borrower, it could be negatively impacted in 2H22 by the rising interbank rate. We emphasized that Vietnam interbank rate will not stay at low level and it will start to increase in 2H22 onwards under the pressure of global rate hikes and spiral inflation.

Heading to a “more” individual lending bank. TPB’s loan growth was 7% ytd at end-2Q22 (6% ytd at end-1Q22), reflecting a slowdown in growth momentum in 2Q as inflation risk and capital market scrutiny have put a lid to the credit growth quota on most of the banks, including TPB. As a result, TPB’s management has claimed that they will try to switch to the “better yield” segment, like individual lending, to defend with this limitation. In fact, TPB’s individual lending balances expanded 17% ytd at end-2Q22 to VND89.2tr (making up 51% in credit mix vs. 48% at end-FY21), while SMEs loan slightly decreased 0.3% ytd (making up 25.7% of credit mix). This strategy will help TPB generate a good asset yield, in our view.

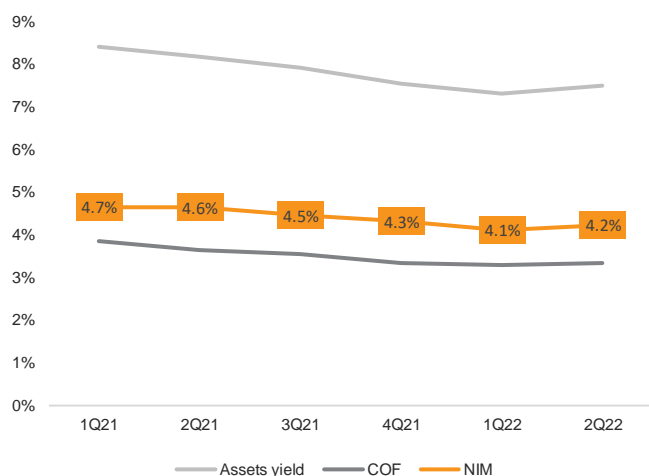
In conclusion, changes in earnings asset structure will affect the bank’s asset yields. TPB’s c-bond and interbank balances have gained more shares from customer loans in recent years. Hence, the on-going struggles in c-bond market (we have mentioned above) will threaten the bank’s asset yields and thus its NIM in 2H22, although TPB also has an advantage of individual lending expansion to minimize this risk, in our view.

### **... leading to a weaker NIM although low costs of funds could help ease this tension**

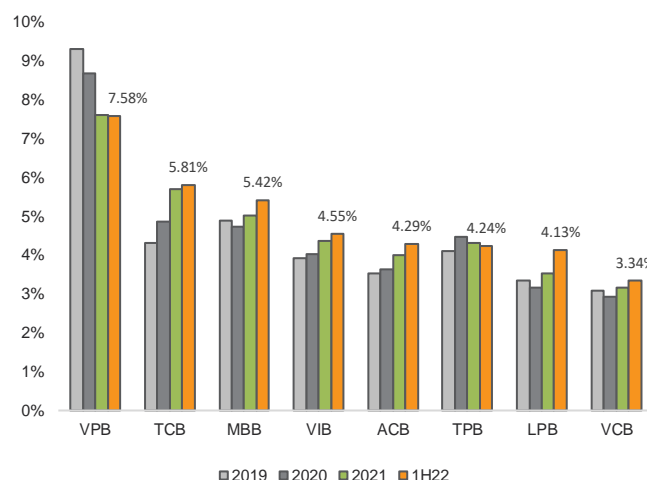
The rising deposit rates caused by inflation pressure is another risk to the bank’s NIM performance, even though we see some possibilities for TPB to prevent NIM from severe compression based on its very low LDR.

To recall, TPB’s asset yield dropped 70bps yoy as the bank has reduced lending rates to support the pandemic-hit clients and suffered from the c-bond balances reduction, while cost of funds only declined 29bps yoy given low deposit rates.

Another reason why TPB recorded a lower reduction in costs of funds rather than asset yields is that the bank kept building up its mobilization during 1H22, despite it has already had an abundant liquidity with LDR of 54% at end-FY21. At end-2Q22, deposits from customers rose 12% ytd whereas loan balances only expanded 7% ytd, thus its LDR has been maintained at a very low level of 55% (vs. peers’ average of 76% and regulatory threshold of 85%), indicating a weak demand for fund raisings for the rest of the year and thus a relatively low costs of funds. We believe this low LDR is one of the bank’s advantage to defend with NIM compression risk across the sector in 2H22 onwards.

**Figure 14: TPB's annualized NIM performance**


Source: TPB, VNDIRECT Research

**Figure 15: Annualized NIM among banks**


Source: Commercial banks, VNDIRECT Research

### We fine-tune our FY22-23F earnings forecasts

With the on-going struggles we have discussed before, TPB will not be able to proceed its lending activities, especially in 2H22. We estimate that after a steady 9% ytd credit growth in 1H22, TPB's credit growth will see a slower momentum in 2H22 to reach a 14%/18% for FY22-23F (vs. previous forecasts of 22%/20%).

We forecast TPB's FY22F NIM will stay at 4.1%, 23bps lower than FY21 (previous forecast of -30bps).

We expect fee income to grow 20%/10% yoy in FY22-23F, mostly driven by payment services and bancassurance.

We adjust FY22-23F credit-cost rate to reach 1.9%/1.5% (2.2% in FY21). Provision charges will decrease 2.3%/7.8% in FY22-23F (from -19%/-11% of previous forecasts).

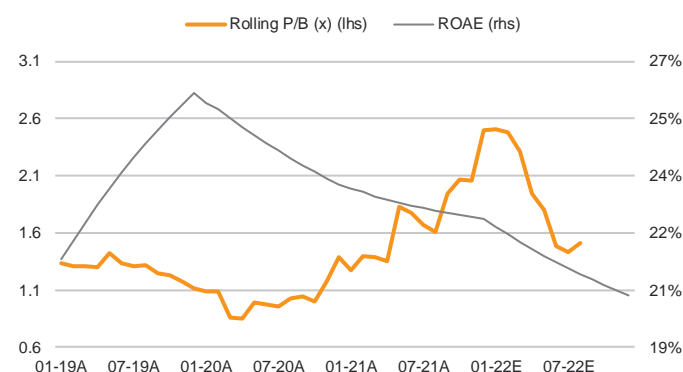
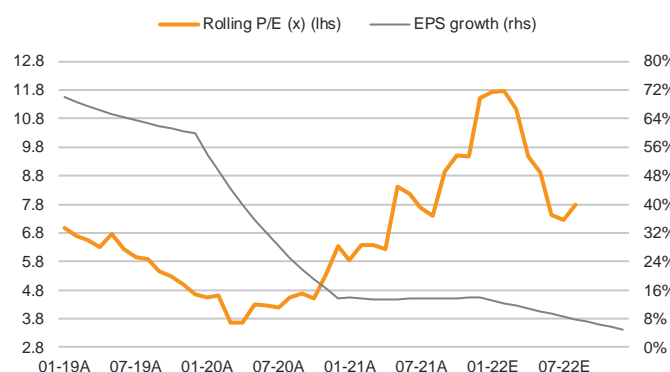
In conclusion, we estimate TPB's net profit to grow 22%/24% yoy in FY22-23F, reaching VND5.9tr and VND7.3tr, respectively.

**Figure 16: FY22-24F earnings revision (VND bn, unless otherwise noted)**

	FY21	Old forecasts			New forecasts			Change			Comments
		FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	
Net Interest Income	9,946	11,341	13,106	15,350	11,623	13,074	15,070	2.5%	-0.2%	-1.8%	
Non-Interest Income	3,571	4,005	4,561	5,187	4,371	5,031	5,706	9.1%	10.3%	10.0%	Higher than previous forecast thanks to better banca sales
Operating revenue	13,517	15,347	17,666	20,538	15,994	18,105	20,776	4.2%	2.5%	1.2%	
Operating expenses	(4,571)	(5,448)	(6,183)	(7,086)	(5,790)	(6,337)	(7,272)	6.3%	2.5%	2.6%	Higher than previous forecast thanks to higher-than-expected CIR in 2Q
Pre-provision profit	8,947	9,899	11,483	13,452	10,204	11,768	13,504	3.1%	2.5%	0.4%	
Provision expenses	(2,908)	(2,351)	(2,085)	(2,038)	(2,813)	(2,597)	(2,442)	19.6%	24.6%	19.9%	Higher than our forecast as TPB has to prepare for possible risks from c-bond
Pre-tax profit	6,038	7,547	9,398	11,415	7,392	9,171	11,062	-2.1%	-2.4%	-3.1%	
Net profit	4,830	6,038	7,519	9,132	5,913	7,337	8,850	-2.1%	-2.4%	-3.1%	

Source: VNDIRECT Research

## Valuation



### Income statement

(VNDbn)	12-21A	12-22E	12-23E
<b>Net interest income</b>	<b>9,946</b>	<b>11,623</b>	<b>13,074</b>
<b>Non interest income</b>	<b>3,571</b>	<b>4,371</b>	<b>5,031</b>
<b>Total operating income</b>	<b>13,517</b>	<b>15,994</b>	<b>18,105</b>
Total operating costs	(4,571)	(5,790)	(6,337)
<b>Pre-provision operating profit</b>	<b>8,947</b>	<b>10,204</b>	<b>11,768</b>
<b>Total provision charges</b>	<b>(2,908)</b>	<b>(2,813)</b>	<b>(2,597)</b>
Income from associates & JVs			
Net other income			
<b>Pre-tax profit</b>	<b>6,038</b>	<b>7,392</b>	<b>9,171</b>
Tax expense	(1,208)	(1,478)	(1,834)
<b>Profit after tax</b>	<b>4,830</b>	<b>5,913</b>	<b>7,337</b>
Minority interest	0	0	0
<b>Net profit</b>	<b>4,830</b>	<b>5,913</b>	<b>7,337</b>

### Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Gross loans to customers	141,228	159,587	186,717
Loans to banks	48,753	43,878	50,459
<b>Total gross loans</b>	<b>189,981</b>	<b>203,465</b>	<b>237,177</b>
Securities - total	62,780	78,396	90,155
Other interest earning assets	18,040	16,236	18,671
<b>Total gross IEAs</b>	<b>270,801</b>	<b>298,097</b>	<b>346,003</b>
<b>Total provisions</b>	<b>(2,141)</b>	<b>(3,915)</b>	<b>(6,398)</b>
<b>Net loans to customers</b>	<b>139,463</b>	<b>156,062</b>	<b>180,768</b>
<b>Total net IEAs</b>	<b>268,660</b>	<b>294,182</b>	<b>339,605</b>
Cash and deposits	2,553	2,732	2,923
Total investments	0	0	0
Other assets	21,614	23,127	24,746
<b>Total non-IEAs</b>	<b>24,167</b>	<b>25,859</b>	<b>27,669</b>
<b>Total assets</b>	<b>292,827</b>	<b>320,041</b>	<b>367,274</b>
Customer deposits	139,562	153,518	165,800
Cds outstanding	35,405	38,946	42,840
Customer interest-bearing liabilities	174,967	192,464	208,640
Bank deposits	564	564	564
Broad deposits	175,531	193,028	209,204
Other interest-bearing liabilities	87,418	91,768	111,869
<b>Total IBLs</b>	<b>262,949</b>	<b>284,797</b>	<b>321,073</b>
Deferred tax liability			
Other non-interest bearing liabilities	3,890	3,431	7,051
<b>Total non-IBLs</b>	<b>3,890</b>	<b>3,431</b>	<b>7,051</b>
<b>Total liabilities</b>	<b>266,839</b>	<b>288,228</b>	<b>328,125</b>
Share capital	15,818	15,818	15,818
Additional paid-in capital	2,561	2,561	2,561
Treasury shares	0	0	0
Retained earnings reserve	6,221	12,134	19,471
Other reserves	1,389	1,300	1,300
<b>Shareholders' equity</b>	<b>25,988</b>	<b>31,813</b>	<b>39,149</b>
Minority interest	0	0	0
<b>Total equity</b>	<b>25,988</b>	<b>31,813</b>	<b>39,149</b>
<b>Total liabilities &amp; equity</b>	<b>292,827</b>	<b>320,041</b>	<b>367,274</b>

	12-21A	12-22E	12-23E
<b>Growth rate (yoy)</b>			
Cust deposit growth	20.4%	10.0%	8.0%
Gross cust loan growth	17.7%	13.0%	17.0%
Net interest income growth	30.5%	16.9%	12.5%
Pre provision operating profit growth	45.0%	14.1%	15.3%
Net profit growth	37.6%	22.4%	24.1%
Growth in IEAs	42.9%	9.5%	15.4%
<b>Share value</b>			
Basic EPS (VND)	3,560	3,738	4,638
BVPS (VND)	16,430	20,112	24,750
DPS (VND)	0	0	0
EPS growth	13.9%	5.0%	24.1%

### Key ratios

	12-21A	12-22E	12-23E
Net interest margin	4.3%	4.1%	4.1%
Cost-income ratio	(33.8%)	(36.2%)	(35.0%)
Reported NPLs / gross cust loans	0.8%	1.1%	1.3%
Reported NPLs / net cust loans	0.8%	1.1%	1.4%
GP charge / average cust loans	2.2%	1.9%	1.5%
Total CAR	13.0%	13.9%	14.7%
Loan deposit ratio	80.7%	82.9%	89.5%
<b>Margins and spreads</b>			
Return on IEAs	7.6%	7.3%	7.3%
Cost of funds	3.3%	3.4%	3.5%
Interest return on average assets	4.0%	3.8%	3.8%
ROAE	22.6%	20.5%	20.7%

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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