VPBANK - VPB

Add

Solid parent bank performance while FEC disappointed

FINANCIALS | Update

Target price (12M)

VND24,800

Consensus*: Add:11 Hold:2 Reduce:0

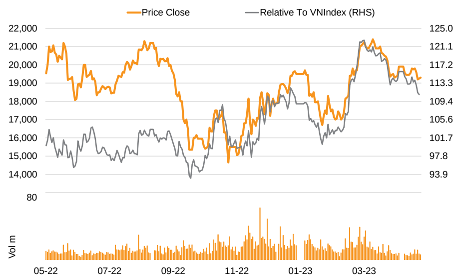
Target price / Consensus: 0%

Key changes in the report

- Lower FY23-25F net profit estimates by 17%/5%/5%, respectively
- Lower target price by 4%

Previous rating	Add
Previous TP	VND25,700
Current price	VND19,450
52w high (VND)	21,400
52w low (VND)	14,650
3m Avg daily value (VNDmn)	258,962
Market cap (VNDbn)	130,572
Free float	73%
Dividend yield	5.1%
TTM P/E (x)	10.8
Current P/B (x)	1.3

Price performance



Source: VNDIRECT RESEARCH

Ownership

Mr. Ngo Chi Dzung	4.5%
Mr. Bui Hai Quan	2.3%
Mr. Lo Bang Giang	0.1%
Others	93.1%

Source: VNDIRECT RESEARCH

Analyst(s):

Quan Vu – Senior Analyst

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- Excluding banca upfront fee in 1Q22, net profit in 1Q23 declined by 41% yoy due to weaker NIM at parent bank and a significant loss at FE Credit.
- Although FEC performance was disappointing, we remain optimistic about the parent bank's outlook and the overall long-term growth story of VPB, especially now with a huge capital boost from SMBC coming soon.
- Reiterate ADD with slightly lower TP of VND24,800.

1Q23 recap: weak net interest income (NII) and sharply higher provision

1Q23 NII decreased by 4% yoy, priomarily driven by a 140bps contraction in net interest margin (NIM) partially offset by 21% yoy credit growth. Non-interest income (non-II) declined slightly by 2% yoy (ex. upfront fee) as a 22% yoy decline in bad debt recovery and a 4x jump in FX trading losses offset strong NFI growth at 34% yoy. On the expenses side, provision and operating expenses rose yoy in 1Q23 by 55% and 14%, respectively, causing 1Q23 NP to decline by 41% yoy (ex. upfront fee). Overall, 1Q23 NP results trailed our expectation and fulfilled only 15% of our previous FY23 forecast.

Parent bank: strong credit / funding growth but asset quality weakened

VPB's parent bank delivered robust credit growth of 7.1% ytd in 1Q23, well above system growth of 2.1% ytd and with contribution from both Retail & SME and Corporate segments. Deposit growth was also impressive at 7.8% ytd, much higher than peers as VPB added 2M customers in the quarter. LDR remained strong at 76.0% (-80bps qoq and -30bps yoy). NIM contracted by ~50bps yoy to 5.0% as expected due to pressure from higher COF/deposit rates. Asset quality deteriorated as NPL ratio and Group 2 ratio both increased meaningfully to 3.4% (+60bps qoq) and 7.5% (+340bps qoq), respectively.

FE Credit: restructuring is a must and will take time

FEC continued to miss both internal and external expectations with a pre-tax loss of VND1.8tr in 1Q23 (vs. a VND3.1tr loss in FY22). NPL ratio continued to grind higher in the quarter to 23.4% (+3.2%pts qoq and +8.9%pts yoy); and provision increased meaningfully yoy. Management has stressed FEC is undergoing a comprehensive review & restructuring this year. Given ongoing economic challenges, we expect it will take quite some time for the restructuring process to yield positive results.

Long-term growth story remains intact; reiterate ADD

We factor in our model SMBC private placement deal (1.19bn shares, VND35.9tr proceeds) and cash dividend of VND1.000/share (~5% yield). We trim our FY23-25F net profit estimates by 16%/5%/5%, respectively, primarily to reflect a slower recovery at FEC. Our revised forecasts still imply solid EPS CAGR of 16% for the FY22-25F period (ex. upfront fee from FY22 base). In our view, FY23F will be the toughest year for VPB in the current economic downturn and we fully expect that earnings will rebound strongly starting next year. VPB is now trading at only 1.1x FY23F P/B on our estimate, well below its 3-year average of 1.8x. At this valuation, we continue to find VPB attractive considering the bank's significant long-term growth potential underpinned by a strong capital base. Therefore, we will be buyers on any stock weakness – reiterate ADD with slightly lower TP of VND 24,800.

Financial summary (VND)	12-22A	12-23E	12-24E	12-25E
Net interest income (bn)	41,021	40,194	49,010	58,414
Net interest margin	7.5%	6.2%	6.3%	6.4%
Total operating income (bn)	57,797	52,675	64,766	75,873
Total provision charges (bn)	(22,461)	(22,003)	(23,231)	(24,128)
Net profit (bn)	18,167	14,181	20,148	25,671
Net profit growth	55.0%	(22.0%)	42.1%	27.4%
Adjusted EPS	2,718	1,956	2,568	3,272
BVPS	14,552	17,723	19,291	21,563
ROAE	20.7%	12.0%	13.9%	16.0%

Source: VNDIRECT RESEARCH

Solid parent bank performance while FEC disappointed

Reiterate ADD with slightly lower 1-year target price of VND24,800

We continue to like VPB as one of our top picks for "growth-seeking" investors who are willing to look through the near-term macro uncertainties and want to embrace the long-term growth potential of Vietnam's banking sector. Our preference for VPB is based on: (1) top-tier CAR ratio of ~18% post-SMBC deal by our estimate allowing for above-average credit growth, (2) multiple opportunities to grow outside of the traditional lending business via its subsidiaries in the consumer finance (FECredit), brokerage (VPBank Securities), and non-life insurance (OPES) industries, and (3) attractive valuation with FY23F P/B of 1.1x, well below 3-year average of 1.8x, against 15%+ core EPS growth over the FY22-25F period.

We reiterate our ADD rating with a slightly lower target price VND24,800. Upside catalysts include (1) faster-than-expected recovery at FEC and (2) stronger-than-expected NIM performance at parent bank. Downside risks include (1) lower-than-expected credit growth and (2) higher-than-expected spike in bad debt considering the company's high-risk appetite.

Figure 1: Our target price valuation

Valuation	
FY23F Total equity (VNDbn)	139,036
FY23F Number of shares outstanding (M)	7,845
FY23F Book value per share	17,723
Target P/B (1.4x)	1.4
Target price (VND/share)	24,812
Target price (VND/share, rounded)	$\boxed{24,800}$

Source: VNDIRECT Research

Figure 2: Vietnam peer's comparison (price as of 05/30/2023)

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	94,500	108,700	19.0	2.7	2.2	12.9	11.4	21.4%	23.1%	21.5%	1.8%	1.9%
VietinBank	CTG VN	ADD	28,050	35,900	5.7	1.1	0.9	7.2	6.0	17.1%	16.2%	16.9%	1.0%	1.2%
Techcombank	TCB VN	ADD	30,200	42,000	4.5	0.8	0.7	4.8	4.2	12.1%	17.9%	17.4%	3.0%	3.0%
Asia Commercial JS Bank	ACB VN	ADD	25,200	30,000	3.6	1.2	1.0	5.5	4.8	23.1%	24.1%	22.5%	2.4%	2.4%
Military Commercial JSB	MBB VN	ADD	18,750	29,300	3.6	0.9	0.7	4.3	3.7	21.8%	23.2%	22.2%	2.5%	2.5%
HD Bank	HDB VN	ADD	18,800	25,000	2.0	1.0	0.8	5.2	4.3	22.1%	22.6%	22.5%	2.1%	2.2%
Vietnam International Bank	VIB VN	ADD	21,300	27,000	1.9	1.2	0.9	4.7	4.0	20.8%	29.3%	26.2%	2.6%	2.7%
Tien Phong Commercial JSB	TPB VN	ADD	24,100	31,000	1.6	1.0	0.8	5.5	4.7	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***	***6.1***	***5.3***	***20.3%***	***21.6%***	***20.6%***	***2.1%***	***2.2%***
Vietnam Prosperity JSC Bank	*VPB VN*	*ADD*	*19,450*	*24,800*	*5.6*	*1.1*	*1.0*	*9.9*	*7.6*	*19.5%*	*12.0%*	*13.9%*	*1.8%*	*2.4%*

Source: VNDIRECT Research, BLOOMBERG

1Q23 recap: sharply higher provision and weak NII given NIM compression

Figure 3: 1Q23 results comparison (VNDbn)

Profit & Loss statement	1Q23	1Q22	% yoy	4Q22	% qoq	Previous VND FY23F forecasts	% of VND forecasts	Comments
Net interest income	9.534	9.888	-4%	10.283	-7%	47.205	20%	Weaker-than-expected NIM & loan growth at FEC and weaker-than-expected NIM at parent bank
Non-interest income	2.825	8.382	-66%	2.485	14%	12.337	23%	In-line NFI but worse-than-expected FX losses
Operating revenue	12.358	18.270	-32%	12.768	-3%	59.542	21%	
Operation expenses	(3.423)	(2.991)	14%	(4.065)	-16%	(15.458)	22%	Slightly higher than expected
Pre-provision profit	8.936	15.279	-42%	8.703	3%	44.084	20%	
Provision expenses	(6.386)	(4.132)	55%	(7.320)	-13%	(22.972)	28%	Largely in-line
Pre-tax profit	2.549	11.146	-77%	1.383	84%	21.112	12%	
Net profit ex. MI	2.536	8.672	-71%	2.266	12%	17.160	15%	Weaker than expected primarily due to weaker NII

Source: VNDIRECT Research, Company reports

Figure 4: VPB's key ratios by quarter

Key ratios	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
NII/Total operating income (TOI)	86%	83%	82%	83%	77%	74%	77%	54%	79%	77%	81%	77%
Non-II/TOI	14%	17%	18%	17%	23%	26%	23%	46%	21%	23%	19%	23%
NIM (annualised)	8.3%	8.3%	8.9%	9.1%	8.9%	6.9%	7.1%	7.6%	7.6%	7.4%	7.2%	6.2%
Non-performing loans (NPL) ratio	3.2%	3.6%	3.4%	3.5%	3.5%	4.0%	4.5%	4.8%	5.3%	5.0%	5.7%	6.2%
Loan-loss-reserves (LLR)	49%	48%	45%	44%	45%	49%	61%	64%	62%	62%	54%	46%
Credit cost (annualised)	4.1%	5.7%	6.1%	6.0%	5.5%	6.3%	6.3%	4.5%	5.8%	5.5%	7.0%	5.7%
Cost-to-income ratio (CIR)	29%	29%	26%	23%	23%	24%	26%	23%	27%	26%	32%	28%
Provision/Pre-provisioning operating profit (PPOP)	43%	58%	54%	53%	45%	65%	65%	27%	57%	55%	84%	71%

Source: VNDIRECT Research, Company reports

Parent bank: impressive growth in credit / funding and fee income but weaker asset quality merits concern

For 1Q23, credit at parent bank grew by 7.1% ytd, which was stronger than system growth at 2.1%. Strong loan growth of 9.2% ytd was the main driver behind credit growth, with contribution from both Retail & SME (+6% ytd) and Corporate segments. Corporate bonds at the parent bank declined 14.3% ytd. However, at the consolidated level, corporate bonds declined by only 4.2% ytd as we believe some of the c-bonds holdings were shifted to VPBank Securities.

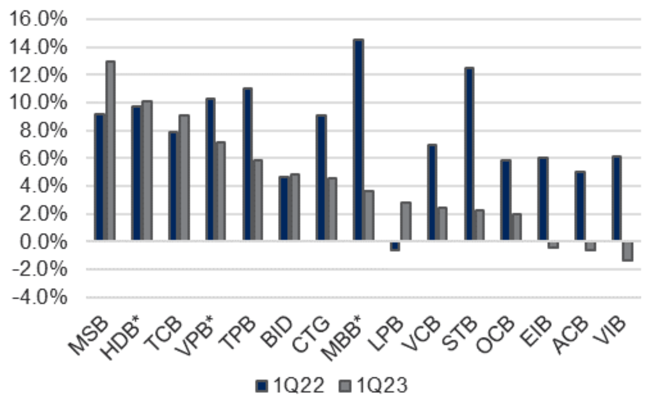
Within the Retail portfolio, growth was relatively broad-based across different products including mortgages (+5% ytd), business loans (+11% ytd), and cards (+10% ytd). Meanwhile for the Corporate segment, lending to the real estate & construction sectors (+14.0% and +12.2% ytd, respectively) were the primary drivers of loan growth. Overall, even under this challenging economic environment, credit demand from VPB's customers still looks quite healthy. This gives us confidence that VPB will continue to deliver market-leading credit growth this year.

On the funding side, customer deposits grew by 7.8% ytd, the 2nd highest in our coverage (only behind HDB). CASA ratio fell from 19.2% at end-FY22 to 14.2% at end-1Q23, a trend seen at most banks. Valuable papers increased sharply in the quarter by 46.1% or VND16.6tr, with certificate of deposits (CDs) to retail and non-FI corporate customers (mostly short-term) up 119% or VND17.6tr being the key driver. Strong growth in customer deposits and CDs continue to indicate the bank's strong branding and success in attracting new customers.

NIM at parent bank contracted by 50bps qoq to 5.0% (-50bps yoy) in 1Q23 as its COF rose by 120bps qoq to 6.1% (+260bps yoy) but its asset yield rose by only 60bps qoq to 10.7% (+200bps yoy). COF increased sharply due to 1) higher customer deposit rates and 2) more costly USD debts due to rate increases by the FED. Meanwhile, lending yield could not increase in line given asset-based loans are typically re-priced every 3 months so there was a time lag. Overall, NIM contraction should not come as a surprise given we saw deposit rates jump significantly during 4Q22.

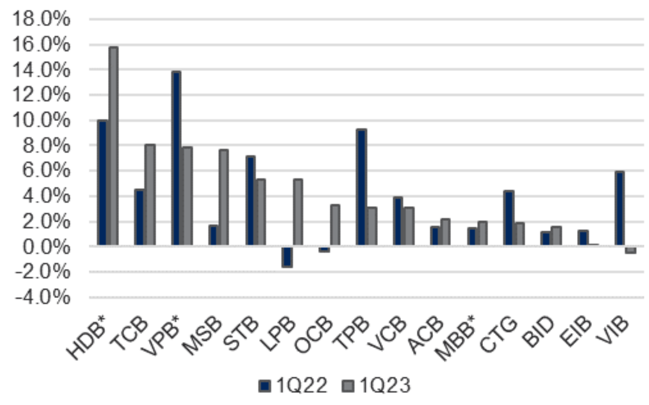
Deposit rates have been on a downtrend ytd as the State Bank of Vietnam (SBV) cut policy rates twice by a total of 100bps over the past 2 months. Therefore, we expect COF (and NIM) would gradually improve through the remainder of this year, likely more notably in the 2H once lending yield catches up, lower deposit rates start to run through COF, and proceeds from private placement (expected in 3Q) come in.

Figure 5: VPB 's parent bank delivered strong credit growth in 1Q23



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

Figure 6: Deposit growth was also impressive at 7.8%



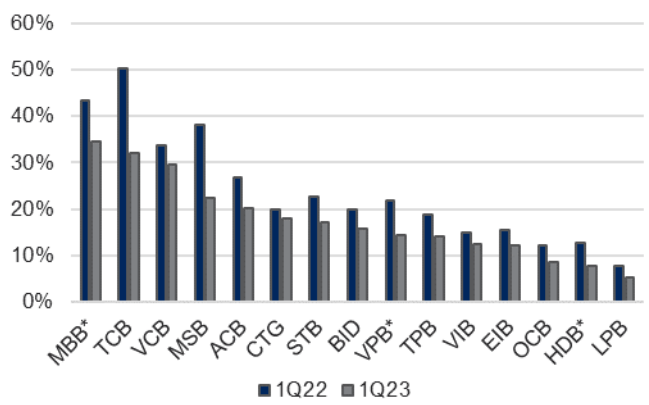
Source: VNDIRECT Research, Company reports. *Parent bank only.

Figure 7: VPB saw meaningful yoy NIM compression in 1Q23 due to sharply higher COF / deposit rates (Unit: bps)

Bank	Asset yield	CoF	NIM
STB	383	220	193
VIB	279	268	48
MSB	222	253	35
HDB	305	271	32
MBB	214	142	29
CTG	178	157	28
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

Figure 8: Similar to most banks, VPB experienced a decline in its CASA ratio in 1Q23



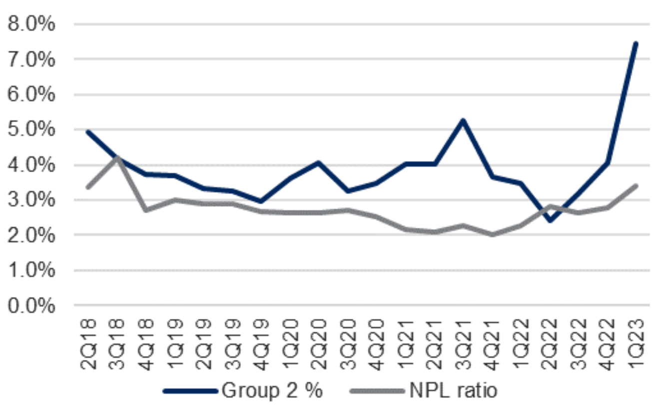
Source: VNDIRECT Research, Company reports. *Parent bank only.

At the parent bank, non-II declined by 24.9% yoy in 1Q23 (after excluding banca upfront fee in 1Q22) as a 106.2% decline in net gain from financial assets and a 25.2% decline in bad debt recovery more than offset strong growth in NFI of 43.6%. Within NFI, all banking services saw robust growth: 1) cards (18% of total gross fee income, +31% yoy), payment & acquiring activities (50%, +56% yoy, includes LC, LG, and international / domestic payment & POS), banca (14%, +95% yoy), and others (18%, +37% yoy, includes account fee & arrangement fee). We view continued strong growth in NFI as a huge positive for the bank given NFI is a more stable source of income than trading income, which is subject to market conditions.

Asset quality at VPB's parent bank deteriorated in 1Q23 as NPL ratio increased by 60bps qoq to 3.4% (+115bps yoy). Management noted 2 key reasons behind weaker credit quality: 1) higher lending rates and 2) temporary downturn in the real estate market. The retail segment accounts for 61% of bank-wide NPL with particular weakness in mortgages. Group 2 as % of total loans also spiked from 4.1% at end-FY22 to 7.5% at end-1Q23, which looks alarming. That said, we believe a significant portion of the increase in Group 2 was due to the impact from Credit Information Center (CIC) – i.e. certain VPB's clients still made timely payments to VPB but missed payments due to other credit institutions; in this case, the worst loan classification will apply to all credit institutions. Also notably, loans to Novaland (ticker: NVL), a large developer who has been facing liquidity issues, are still classified as Group 1 according to VPB.

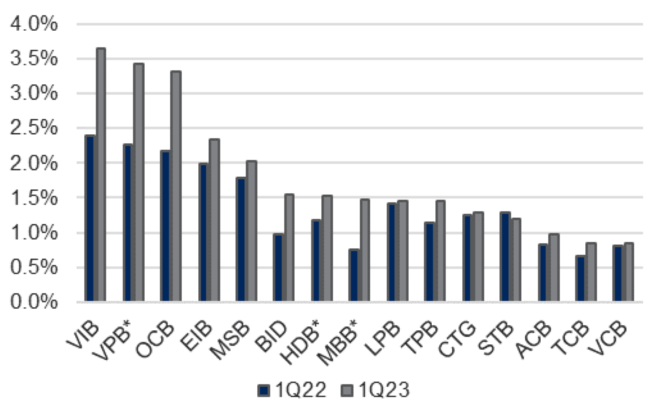
For the remainder of the year, management expects that parent bank's NPL may stay elevated in 2Q and will start to come down in the 2H23F as economic conditions improve. Importantly, recent Circular 02 from the SBV will help banks keep NPL/provision under control as it allows banks to restructure/maintain debt classification for loans meeting certain criteria and spread provision expenses for such restructured loans over 2 years.

Figure 9: Group 2 and NPL trended sharply higher in 1Q23 at VPB's parent bank



Source: VNDIRECT Research, Company reports

Figure 10: Most other banks did not see such a large increase in NPL ratio like VPB did in 1Q23



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

FE Credit: Murky outlook as the company undergoes restructuring

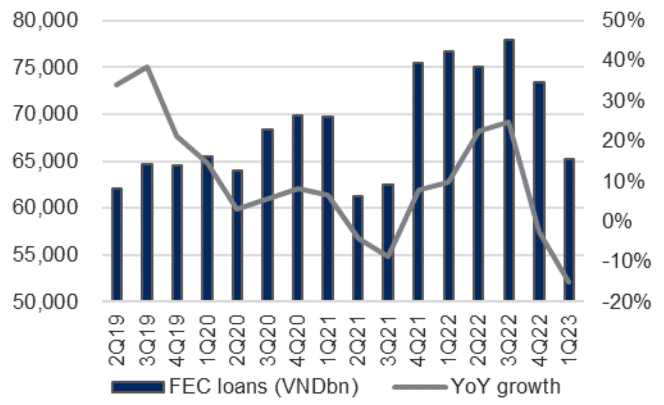
We estimate loan balance at FE Credit declined by 11.2% qoq and 15.0 % yoy in 1Q23. NII/TOI declined by 30.1%/14.4% yoy to VND2.7tr/VND3.5tr, respectively. However, provision expenses spiked meaningfully yoy, leading FEC to swing from a ~VND610bn pre-tax income in 1Q22 to a VND1.8tr pre-tax loss in 1Q23. NPL ratio continued to grind higher in the quarter to 23.4% (+3.2%pts qoq and +8.9%pts yoy).

These results did not meet VPB's plan as FEC's recovery post COVID continued to be slower than expected according to management. The current downswing on exports, industrial, real estate &construction activities has continued to take a heavy toll on the financial situations of low-income individuals, which are the main customers of FE Credit.

Looking ahead, management has stressed that FEC is undergoing a comprehensive review and restructuring of its current business model, which has been focused on growth and perhaps lacks the flexibility needed to deal with sudden shifts in the economy. We note since VPB's purchase of FEC in 2014, the consumer finance company has not yet gone through a significant economic downturn until this one.

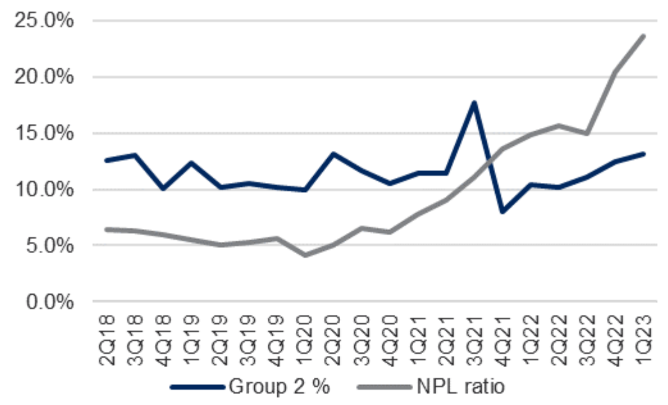
Overall, we believe the restructuring process will take some time and likely will likely rationalizing of expenses and lending standards. Therefore, we take a conservative tack and lower our loan growth and PBT estimates for FEC during FY23-24F down to (15.6%)/8.2% and (VND3.1tr)/VND260bn.

Figure 11: FEC reported a large decline in loans during 1Q23



Source: VNDIRECT Research, Company reports

Figure 12: FEC NPL continued to increase in 1Q23



Source: VNDIRECT Research, Company reports

VPBank Securities posted solid results in 1Q23

The company generated VND324bn of pre-tax profit in 1Q23, fulfilling 20% of management target of VND1.6tr for full-year FY23F. Margin loans dropped slightly qoq by 2.4% to VND3.2tr. Meanwhile, c-bond balance rose sharply by 42.6% qoq to VND10.3tr, which equates to 66% of equity (vs. max 70% per regulation). With market trading sideways on low volume over the past few months, it has been a great period of time for VPBS to build up its platform and get ready to capture market share during the next bull run. We continue to believe with strong branding and capital base, the segment will soon become an important revenue / earnings growth engine for the whole banking group.

FY23-24F outlook

For the parent bank, we raise our assumptions for yoy loan growth over FY23-24F to 28.7%/26.9% from 24.0%/22.2%, respectively. Credit growth for parent bank will be 24.8%/25.7% as we assume c-bonds will decline this year. Strong CAR and ample funding/liquidity as well as the fact that VPB will be supporting a distressed credit institution give us confidence that the bank will continue to receive above-average credit quota from SBV. At the consolidated level, we expect credit growth will be 19.0%/23.8% yoy in FY23-24F, lower than growth at parent bank as we assume FEC loans will decline this year and will grow modestly next year.

We slash parent bank's NIM in FY23-24F by 15bps to ~5.05%/5.25%, respectively, given weaker-than-expected 1Q23 results. At the consolidated level, we revise our consolidated NIM forecasts in FY23-24F down from previous 7.4%/7.3% to 6.2%/6.4% (vs. 7.5% in FY22), primarily due to weaker NIM / credit growth at FEC and slightly lower NIM at parent bank.

We largely maintain CIR assumptions at 27.0%/25.0% in FY23-24F vs. 27.0% in FY22 (ex. banca upfront fee) as VPB stands to gain some operating leverage after expanding its staff and marketing budget meaningfully in last year.

In terms of provisioning, we forecast provision expenses will increase by 22.0%/27.7% yoy in FY23-24F at the parent bank to VND10.6tr/VND13.6tr, respectively, which reflects our expectation of rising default risks especially in the real estate space (both mortgages and loans to developers). These are equivalent to 2.6% of average loans vs. 2.8% in FY22. For FEC, we forecast provision expenses will moderate by 17.3%/15.0% yoy in FY23-24F to VND11.4tr/VND9.7tr, but remain elevated as % of loans at 17.5%/15.0%, respectively, vs 18.2% in FY22. Overall, total provision expenses will decline by 2.1% in FY23F but increase by 5.6% in FY24F to VND22.0tr/23.2tr. We expect consolidated NPL ratio to reach 5.2%/4.1% in FY23-24F vs. 5.7% in FY22.

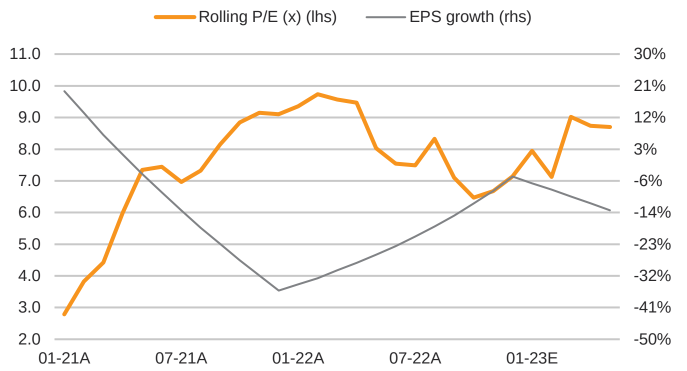
All in all, we revise VPB's net profit ex. MI during FY23-25F lower by 17.4%/4.9%/4.9%, respectively. Our revised forecasts still imply solid EPS CAGR of 16% for the FY22-25F period (excluding upfront fee from FY22 base).

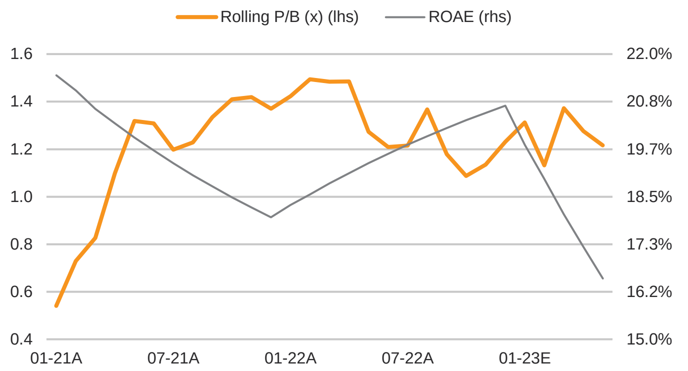
Figure 13: FY23-25F earnings revision (VNDbn unless otherwise noted)

	Old forecasts			New forecasts			Change			Comments
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	
Net interest income	47,205	54,814	63,168	40,194	49,010	58,414	-15%	-11%	-8%	Lower NIM / credit growth assumed at FEC and slightly lower NIM assumed at parent bank
Non-interest income	12,337	14,533	16,817	12,481	15,756	17,458	1%	8%	4%	
Operating revenue	59,542	69,347	79,985	52,675	64,766	75,873	-12%	-7%	-5%	
Operating expenses	(15,458)	(17,848)	(20,391)	(14,208)	(16,220)	(18,825)	-8%	-9%	-8%	Lower opex assumed as VPB rationalizes their expenses at FEC and tightens their belt at parent bank after expanding its staff and marketing budget in FY22
Pre-provision profit	44,084	51,499	59,594	38,467	48,546	57,048	-13%	-6%	-4%	
Provision expenses	(22,972)	(24,361)	(25,124)	(22,003)	(23,231)	(24,128)	-4%	-5%	-4%	Lower provision assumed given solid 1Q23 results and potential benefit from Circular 02
Pre-tax profit	21,112	27,138	34,471	16,464	25,315	32,920	-22%	-7%	-4%	
Net profit ex. MI	17,160	21,194	27,000	14,181	20,148	25,671	-17%	-5%	-5%	

Source: VNDIRECT Research

Valuation





Income statement

(VNDbn)	12-23E	12-24E	12-25E
Net interest income	**40,194**	**49,010**	**58,414**
Non interest income	**12,481**	**15,756**	**17,458**
Total operating income	**52,675**	**64,766**	**75,873**
Total operating costs	(14,208)	(16,220)	(18,825)
Pre-provision operating profit	**38,467**	**48,546**	**57,048**
Total provision charges	**(22,003)**	**(23,231)**	**(24,128)**
Income from associates & JVs			
Net other income			
Pre-tax profit	**16,464**	**25,315**	**32,920**
Tax expense	(3,683)	(5,063)	(6,584)
Profit after tax	**12,781**	**20,252**	**26,336**
Minority interest	1,400	(104)	(666)
Net profit	**14,181**	**20,148**	**25,671**

Balance sheet

(VNDbn)	12-23E	12-24E	12-25E
Gross loans to customers	531,975	664,012	793,811
Loans to banks	79,137	79,137	79,137
Total gross loans	**611,112**	**743,149**	**872,948**
Securities - total	90,713	100,130	110,524
Other interest earning assets	866	866	866
Total gross IEAs	**702,690**	**844,145**	**984,338**
Total provisions	**(13,938)**	**(14,491)**	**(14,525)**
Net loans to customers	**518,336**	**649,852**	**779,650**
Total net IEAs	**688,752**	**829,654**	**969,813**
Cash and deposits	2,901	3,495	4,085
Total investments	210	253	296
Other assets	61,127	73,632	86,071
Total non-IEAs	**64,239**	**77,380**	**90,453**
Total assets	**752,991**	**907,034**	**1,060,265**
Customer deposits	368,914	463,446	558,672
Cds outstanding	78,857	91,537	99,947
Customer interest-bearing liabilities	447,771	554,982	658,619
Bank deposits	138,014	166,549	191,039
Broad deposits	585,786	721,532	849,658
Other interest-bearing liabilities	864	864	864
Total IBLs	**586,650**	**722,396**	**850,522**
Deferred tax liability			
Other non-interest bearing liabilities	22,067	27,958	34,572
Total non-IBLs	**22,067**	**27,958**	**34,572**
Total liabilities	**608,717**	**750,354**	**885,094**
Share capital	79,334	79,334	79,334
Additional paid-in capital	23,989	23,989	23,989
Treasury shares	(883)	(883)	(883)
Retained earnings reserve	23,061	35,364	53,189
Other reserves	13,535	13,535	13,535
Shareholders' equity	**139,036**	**151,339**	**169,164**
Minority interest	5,237	5,341	6,007
Total equity	**144,274**	**156,680**	**175,171**
Total liabilities & equity	**752,991**	**907,034**	**1,060,265**

	12-23E	12-24E	12-25E
Growth rate (yoy)			
Cust deposit growth	21.7%	25.6%	20.5%
Gross cust loan growth	21.4%	24.8%	19.5%
Net interest income growth	(2.0%)	21.9%	19.2%
Pre provision operating profit growth	(11.9%)	26.2%	17.5%
Net profit growth	(22.0%)	42.1%	27.4%
Growth in IEAs	19.9%	20.5%	16.9%
Share value			
Basic EPS (VND)	1,808	2,568	3,272
BVPS (VND)	17,723	19,291	21,563
DPS (VND)	0	0	0
EPS growth	(27.9%)	42.1%	27.4%

Key ratios

	12-23E	12-24E	12-25E
Net interest margin	6.2%	6.3%	6.4%
Cost-income ratio	(27.0%)	(25.0%)	(24.8%)
Reported NPLs / gross cust loans	5.2%	4.1%	3.2%
Reported NPLs / net cust loans	5.3%	4.1%	3.3%
GP charge / average cust loans	4.5%	3.9%	3.3%
Total CAR	0.0%	0.0%	0.0%
Loan deposit ratio	118.8%	119.6%	120.5%
Margins and spreads			
Return on IEAs	11.6%	11.3%	11.3%
Cost of funds	6.4%	5.8%	5.8%
Interest return on average assets	5.8%	5.9%	5.9%
ROAE	12.0%	13.9%	16.0%

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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