

Vietnam Prosperity Joint Stock Commercial Bank (VPB: HOSE)



OUTPERFORM – 1Y Price Target: VND 25,600

Current price: VND 20,250

Linh Nguyen

linhnt1@ssi.com.vn

+84 24 3936 6321 ext. 679

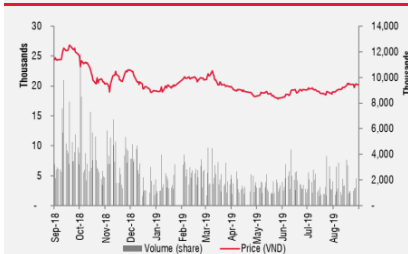
10 September 2019

FINANCIALS - VIETNAM

Key figures

Market cap (USD mn)	2,134
Market cap (VND bn)	49,504
Outstanding shares (mn)	2,457
52W high/low (VND 1,000)	27.15/17.5
Average 3M volume (share)	1,786,036
Average 3M value (USD mn)	1.48
Average 3M value (VND bn)	34.32
Foreign ownership (%)	22.72
State ownership (%)	0
Management ownership (%)	29.7

VPB Price & Trading Volume



Source: Bloomberg

Company Snapshot

Vietnam Prosperity JSC Bank (VPB) was founded in Aug 1993 with a charter capital of VND 20bn. This Hanoi-based bank is ranked among the top private banks in Vietnam in terms of scale and profitability. It comprised 2.7% of total assets in the Vietnam banking system, and 2.6% of the total credit market in 2016 with a network of 51 branches and 163 transaction offices. VPB delivered the highest profitability among listed banks with a 2016 ROAE of 25.7%.

Analyst Meeting Note

Recently, VPBank held an analyst meeting to provide an update regarding its Q2 and 1H results, and below are the key highlights.

1. Strong Q2 results with improvement in funding

Key business indicators – Balance Sheet at consolidation

(VND bn)	1H 2019	2018	% YTD growth	1H 2018	%YoY growth
Total assets	348,732	323,291	7.9%	293,112	19.0%
Customer loans (incl. C-bonds)	256,379	230,790	11.1%	210,620	21.7%
Customer deposits (incl. valuable papers)	251,118	219,509	14.4%	215,613	16.5%
NPL (Cir.02)	3.01%	3.21%		3.47%	
LLC	48.5%	45.93%		43.95%	
LDR (parent bank)	75.3%	73.7%		73.0%	
Ratio of short-term funds used for medium- and long-term lending	27.5%	33.6%		29.3%	
CAR (Cir. 36)	12.3%	12.3%		15.0%	

Source: VPB & SSI Research

Key business indicators – Income Statement at consolidation

(VND bn)	2Q 2019	2Q 2018	% YoY growth	1H 2019	1H 2018	% YoY growth	1H 2018 (excl. banca upfront fee)	1H2019 % YoY
NII	7,426	6,169	20.0%	14,451	12,187	18.6%	12,187	
Non-interest income	1,443	496	190.8%	2,381	2,324	2.4%	1,468	62.2%
TOI	8,869	6,878	29.0%	16,832	14,511	16.0%	13,655	23.3%
Operating expenses	3,044	2,328	31.0%	6,020	4,689	28.4%	4,689	
CIR	34.3%	33.8%		35.8%	32.3%		34.3%	
Provision for credit loss	3,266	2,794	16.9%	6,470	5,446	18.8%	5,446	
PBT	2,560	1,757	45.7%	4,343	4,375	-0.8%	3,519	23.4%
NIM	9.43%	9.44%		9.15%	9.14%			

Source: VPB & SSI Research

There was a hallmark of strong credit growth in 1H 2019 for VPBank, at +11.1% YTD, much higher than the average sector growth of only +7.33% YTD, and the Bank's own 1H 2018 growth of +7.1% YTD. Similar to 1Q 2019, credit growth in the parent bank continued to play a key role with a +11.6% YTD growth, while credit growth at FE Credit improved significantly at +9.4% YTD, compared to 1Q 2019 growth at only +2.61% YTD. Credit growth at the parent bank and FE Credit nearly reached growth caps originally assigned by the central bank for the whole year, at +12% YoY and +10% YoY respectively.

At the parent bank, strong credit growth was thanks to wholesale and retail sectors (including automobile repair) of +18.4% YTD, and at 14.7% of total credit. Real estate grew by +15.7% YTD, at 11.5% of total credit. Mortgages grew by +10.3% YTD, at 11% of total credit. Manufacturing grew by +16% YTD, at 7% of total credit). Credit cards were responsible for a +30.9% YTD growth, yet accounted for just 4.5% of total credit. Lastly, debt purchases from FE Credit (~8x as much as the balance in 2018, grew by an impressive +684% YTD, yet only comprised 2% of total credit.

Customer deposit growth exceeded credit growth by +14.4% YTD. This was much higher than growth in 1H 2018 of 8% YTD. Of which, customer deposits at the parent bank rose by +14% YTD, while that of FE Credit hiked by +17.1% YTD, mostly thanks to a Certificate of Deposit in VND with terms from 1Y to 5Y (at +20.7% YTD).

With the enhancement of medium- and long-term funding, the consolidated ratio of short-term funds used for medium and long-term loans improved to 27.5% from 33.6% by 2018, much lower than the current cap of 40%.

NIM in 2Q 2019 and 1H 2019 stayed flat YoY. In detail, while NIM at the parent bank fell to 4.53% in 1H 2019 from 4.72% in 1H 2018 (due to deposit growth surpassing credit growth), NIM at FE Credit improved from 28.26% to 28.71% at the same time.

In Q1 2018, the bank received a non-recurrent income item of VND 856 bn, which was the upfront fee from the exclusive bancassurance contract with AIA signed in Q4 2017. Excluding this item, **non-interest income** in 1H 2019 surged by +62.2% YoY on a normalized basis. This was mostly thanks to the strong growth in **net fee income**, which grew strongly by 104.2% YoY in 1H 2019. Of which, the largest income drivers included bancassurance and credit cards, respectively responsible for 55% and 20% of total fee revenue. Growth in these two business segments also performed admirably, growing by +36% YoY and +39.5% YoY respectively. These two business items rose strongly at both the parent bank and FE Credit, and did so at higher rates compared to relevant credit growth, showcasing the improvement in business efficiency. Income from payment and treasury services also surged by +72.5% YoY, accounting for 13% of total fee revenue. Income from FX and securities trading and investment also hiked by +105% YoY to VND 296 bn, accounting for only 12.4% of Non Nil.

In 1H, net other income recorded a rise of +18.4% YoY on a normalized basis to VND 851 bn, mainly because of the improvement in write-backs at the parent bank (+128% YoY). On the other hand, FE Credit registered lower writebacks YoY, as it had liquidated a significant amount of its bad debt load back in late 2018.

In total, consolidated **TOI** in 1H 2019 was brisk, growing by +23.3% YoY on a normalized basis.

Operational expenses in 2Q 2019 grew more strongly than in 1Q 2019, at +31% YoY vs. +25.9% YoY, driven by elevated staffing costs (+32.6% YoY), which made up 60.4% of operating expenses. As mentioned in our previous report, rising costs climbed in tandem from a rising number of bank staff, with an increase by 2,702 people YoY on average (+11 YoY). Also, the bank in 3Q 2018 made periodical adjustments to raise staff salaries and average monthly income of VPB staff, which expanded by +19.6% YoY in 1H 2019.

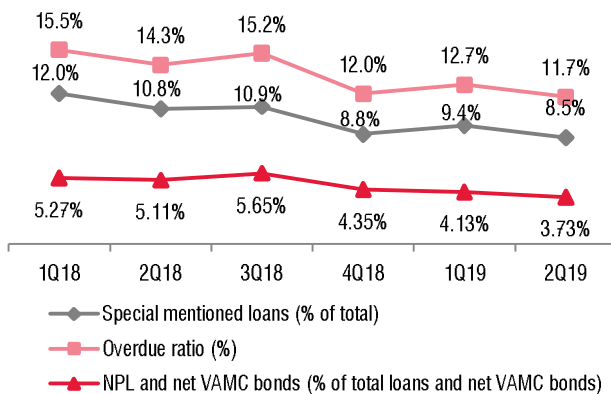
Provision costs increased by +16.9% YoY in 2Q 2019 and by +18.8% YoY in 1H 2019. In the first 6 months, VPB wrote-off VND 5.67 tn of its bad debt, +20.1% more than last year on a YoY basis, and cleared up VND 1.68 tn of VAMC bonds.

After the first quarter, characteristic of flat earnings YoY, **consolidated PBT** in 2Q 2019 achieved VND 2.56 tn, at +45.7% YoY. 1H 2019 PBT reached VND 4.34 tn, at +23.4% YoY on a normalized basis, fulfilling 45.7% of the annual target. From this target reached, 50.9% or VND 2.21 tn originated from the parent bank, (and with a +14% YoY growth in Q1 2018 when excluding non-recurring income), and 49.1% (or VND 2.13 bn) was from FE Credit, at +36% YoY.

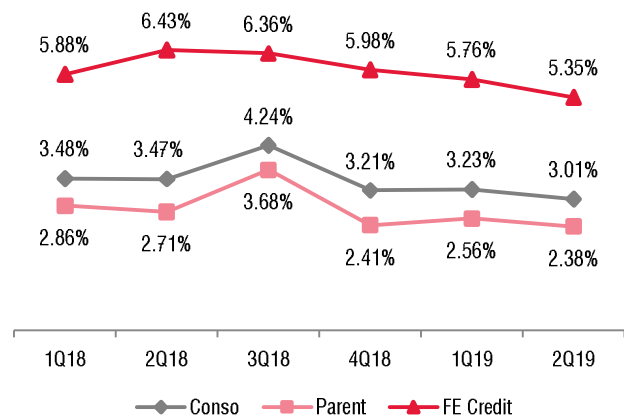
2. Quality of assets continued to improve

CAR (pursuant to Circular 36) improved to 13.0% in 1Q, a slight rise from 12.3% in 4Q 2018. However, this then reduced to 12.3% in the 2Q, fueled by strong credit growth during the quarter. CAR (under Basel II) posted 11.2% by the 2Q, the same as in 2018.

NPL ratios – at consolidation



NPL ratios



Source: VPBank & SSI Research

Asset quality continued to improve with the **consolidated NPL** ratio decreasing to 3.01% from 3.21% in 2018. This was driven by the decline in the NPL ratio at both the parent bank (from 2.41% in 2018 to 2.38% in 2Q), as well as from FE Credit (from 5.98% in 2018 to 5.35% in 2Q). NPL ratio at FE Credit has fallen for the 4th consecutive quarter since the peak in 2Q 2018, and FE Credit’s NPL balance has dropped for the second consecutive quarter, at -2% YTD.

At the same time, the **consolidated ratio of special mentioned loans** out of total loans also dropped quite significantly compared to previous quarters.

In 1H 2019, VPB cleared up VND 1.68 tn of VAMC bonds, equivalent to 53% of the 2018 balance of VND 3.61 tn. Of which, VND 761 bn (or 45%) was resolved in 1Q, and VND 917 tn (or 55%) was resolved in the 2Q. **Taking net VAMC bonds into account, the combined NPL ratio would then be 3.73%, a decrease of -62 bps YTD. This was the continuation of a steady decline in NPLs for the past 4 consecutive quarters, from the peak of 5.65% in 3Q 2018.**

The consolidated **loan-loss-coverage ratio** (LLC) continued to march up to 48.5%, the highest among the last 6 quarters, showing an improvement from the previous average of 44% during 2018.

In 2Q, **provision expenses** consumed 56.1% of pre-provision operating profit (PPOP). This was noticeably reduced compared to 64.3% in 1Q thanks to lower NPL formation. The ratio for 1H 2019 was 60%. This was

higher than the 55.5% attained in 1H 2018, exhibiting an increase at the parent bank and the apparent decline at FE Credit.

3. FE Credit 1H results

Key business indicators

(VND bn)	2Q 2019	2Q 2018	% YoY growth	1H 2019	1H 2018	% YoY growth
NII	4,687	3,511	33.5%	8,508	6,808	25.0%
Non-interest income	109	81	34.3%	475	488	-2.7%
TOI	4,796	3,593	33.5%	8,983	7,297	23.1%
Operating expenses	1,402	1,052	33.3%	2,767	2,111	31.1%
CIR	29.2%	29.3%		30.8%	28.9%	
Provision for credit loss	2,027	1,901	6.7%	4,085	3,618	12.9%
PBT	1,367	640	113.5%	2,131	1,567	36.0%
NIM	31.3%	29.5%		28.7%	28.3%	

Source: FE Credit & SSI Research

(VND bn)	1H 2019	2018	% YTD growth	1H 2018	%YoY growth
Total credit	58,300	53,270	9.4%	46,385	25.7%
Of which: Consumers finance loans	58,300	49,944	16.7%	46,385	25.7%
NPL (VAS)	5.4%	6.0%		6.4%	
NPL (IFRS)	4.0%	4.42%		5.2%	
LLC	42.5%	36.1%		38.4%	

Source: FE Credit & SSI Research

- Earnings result recovered strongly for 2Q. TOI surged by +40.5% YoY, driven by equal growth in both NII and non-interest income at +34% YoY. Furthermore, both CIR and Provision/PPOP fell QoQ, posting 29.2% and 60% in the 2Q compared to 32.6% and 73% in 1Q 2019. Net fee income for 2Q was negative (negative fee income also happened in 2Q 2018).
- In 1H2019, PBT achieved VND 2.13 tn. This was a +36% YoY rise driven by a NII growth of +25% YoY, while non-interest income inched down by -2.7% YoY.

Loan items with the strongest YTD growth are credit card loans (+39.5% YTD), consumer durables (+25.4% YTD), cross-sales, and top-ups (+19.2% YTD). Personal new customer cash loans rose (+5.4% YTD). By the 2Q, FEC cleared up institutional loans of VND 1.4 tn as reported by the end of the first quarter. All credit growth consisted of consumer finance. This was a +16.7% YTD growth, much higher than the 2Q 2018 figure of +3.5% YTD.

As standard loans out of total loans increased from 81% in 1H 2018 to 83.8% in 1H 2019, NIM improved from 28.3% in 1H 2018 to 28.7% in 1H 2019.

New loans disbursement rose by +16.2% QoQ or +57% YoY to VND 19.74 tn, the highest ever. The attrition ratio continued to reduce to 74.5%, lower than the average ratio of 92% exhibited in 2018. This was comprised of a lower repayment ratio (64.3% of new disbursements vs. 2018's average of 78.9%), along with a lower write-off ratio (10.2% vs 13.3% on average in 2018). This coincided with the company applying their new client KYC system in order to render better credit assessments, starting in August 2018.

1H fee income revenue soared up by +43% YoY, mostly driven by banca income growth at +40.6% YoY, when this item accounted for 88.7% of total fee revenue. Credit card fees also surged strongly by +65.6% YoY.

Writebacks continued to be stagnant in 1H with only VND 283 bn of income, a marked decline of -46.7% YoY. In 4Q 2018, the company sold out rights to collect an amount of written-off bad debt, and recorded a huge amount of VND 1.46 tn in writebacks. This will definitely have negative impacts on writeback income in following quarters. Together with lower new NPL formations witnessed in 1H 2019, we expect lower writeback income this year.

As mentioned earlier, asset quality improved, with VAS NPL ratios dipping to 5.4% from 5.98% in 4Q 2018 and 6.4% in 2Q 2018, while the LLC ratio increased from 36.1% in 4Q 2018 to 42.5% as of the 2Q this year.

4. Forecast for 2019 and 2020

Unit: VND bn	2018	% YoY	2019P	% YoY
Total assets	323,291	16.40%	373,649	15.60%
Customer credit	230,790	17.30%	265,408	15.00%
Customer deposits & CDs	219,509	9.90%	252,435	15.00%
NPL of the parent bank	2.40%		< 3%	
PBT	9,199	13.10%	9,500	3.3% (14% YoY excl. banca upfront fee in 2018)

Source: VPB & SSI Research

As mentioned in our earlier report, **the bank targeted its 2019 PBT at VND 9.5 tn, growing by +3.3% YoY. If excluding income from the VND 856 bn bancassurance deal in 2018, growth is projected to be 14% YoY.** This will be driven by total assets, credit, and customer deposits growing at 15.6% YoY, 15% YoY, and 15% YoY respectively, while the NPL ratio at the parent bank is targeted at under 3%.

The credit growth cap assigned by the central bank in February for 2019 was originally 13% YoY, and revised up to 16% YoY recently. For FE Credit, the credit growth cap was originally 10% YoY, but adjusted upwards to 13.75% YoY. For 2019/2020, we forecast a respective consolidated credit growth of +14.4%/+14.3 YoY, based on credit growth at the parent bank of +15.1%/ +15.6% YoY and at FE Credit of +17.6%/ +17.2%. Total customer deposit and CD are forecasted to rise at +14.1%/ 14.3% YoY.

We expect consolidated TOI growth at +12.6% YoY in 2019 to VND 35 tn, which will be driven by NII and non-NII growth of +21.1% YoY and -20% YoY, as the bank will no longer record non-recurring income from exclusive bancassurance deals, and writebacks that do occur will be reduced along with lower ongoing NPL formation. In 2020, TOI is expected to rise by +14.3% YoY, fueled by NII and non-NII growth of +17.8% YoY and -6.3% YoY. NIM is expected to improve to 8.95% in 2019 and 9.14% in 2020 from 8.79% in 2018, thanks to a higher quality loan book, with a larger portion of standard loans compared to 2018 at both the parent company and at FE Credit alike.

We forecast that CIR would increase to 36.1% on average, higher than the 34.2% attained in 2018 in the absence of one-off income items from the previous notable bancassurance deal in 2018, but lower than 36.7% in 2017 thanks to further efforts made towards digital transformation of bank processes.

VPB plans to clear up all VAMC bonds in 2019. As of 2018, VPB has VND 2.37 tn of un-provisioned VAMC bonds, which was reduced to 1.11 tn VND by 2Q 2019. The clearance of VAMC bonds will partially affect the bank's bottom line this year. As a result, the provision for credit losses is expected to rise by +13.9% YoY in 2019, and then reduce by -5.8% in 2020 when VAMC bonds are no longer remaining on the Bank's books.

Consolidated NPL ratios are estimated to decline to 2.73%/ 2.6%, while LLC is projected to improve to 49.3%/ 52.4% compared to 46% in 2018.

VPB has a plan to raise capital by selling 31 million treasury shares, (1.26% of total outstanding shares) to staff via ESOP, and then plans to issue a maximum of 260 million common shares (equivalent to VND 2.6 tn of capital, or 10.28% of current charter capital) by way of private placement in 2019. The FOL will also be raised to the maximum 30% from the current 22.72%. The tentative sale of treasury shares and new issuance of capital is expected to raise the bank's capital by 11.5% to VND 28.2 tn. However, the plan has not been carried out as of yet.

Instead, the bank received the approval of its shareholders to buy back up to 10% of total outstanding shares, or nearly 245.7 million shares to be stored in the company treasury, in 4Q 2019. Recently, the bank announced to buy back up to 50 million of shares in 4Q 2019, with the budgeted price in the range from VND 20,000 – VND 24,000 per share.

Consolidated PBT are estimated at VND 9.61 bn/ VND 13.41 bn, at +4.5%/ 39.6% YoY. 2019E and 2020E BVPS are estimated at VND 16,622 and VND 21,293 respectively. While we don't include the assumption of new capital issuance in our model, we apply the sales of the 31 million treasury shares at VND 10,000 per share (under ESOP scheme) in our calculation of 2019 BVPS, we nevertheless assume the bank would buy back 50 million shares into its treasury, feasibly executed at the highest price of VND 24,000 per share.

5. Investment view

At the current price of VND 20,250/share, VPB is trading respectively at a 2019E and 2020E PBR of 1.22x and 0.95x. The P/B ratio is lower than the industry average of 1.45x for 2019 and 1.21x for 2020.

We like the fact that VPB asset quality has been consistently improving at a much faster speed than we estimated, especially in the case of FE Credit. We expect the bank can quickly resolve its legacy debt and VAMC bonds in 2019, to be primed to perform starting 2020.

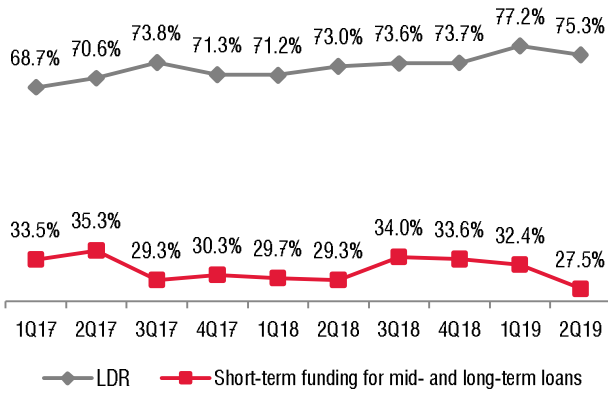
With a targeted P/B ratio of 1.2x, using 2020E BVPS our 1Y target price would arrive at VND 25,600 per share. This is equivalent to an upside potential of 25.8% from the current price. Therefore, we recommend **Outperform** on the stock.

Downside risk

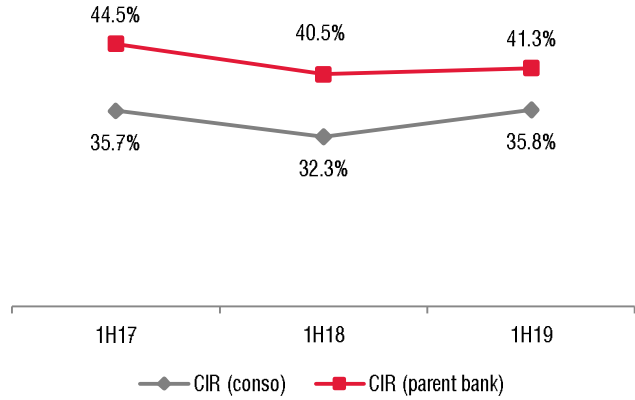
New NPL formation could speed up, especially at FE Credit, due to a possible downturn in the economic cycle or through normal business operations.

The purchase of shares placed into the company treasury, to an equivalent of up to 10% of current total outstanding shares, would impair book value if the purchase price is higher than the current 2020E BVPS.

Consolidated LDR

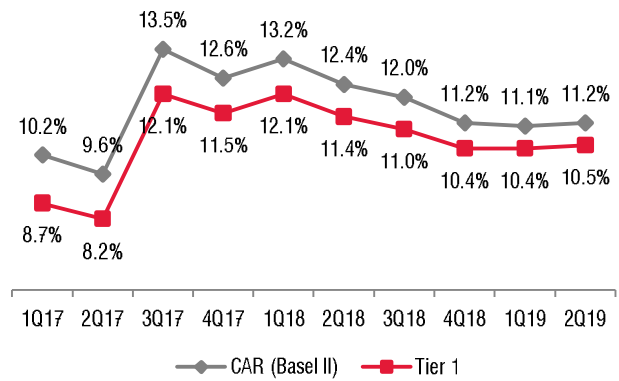
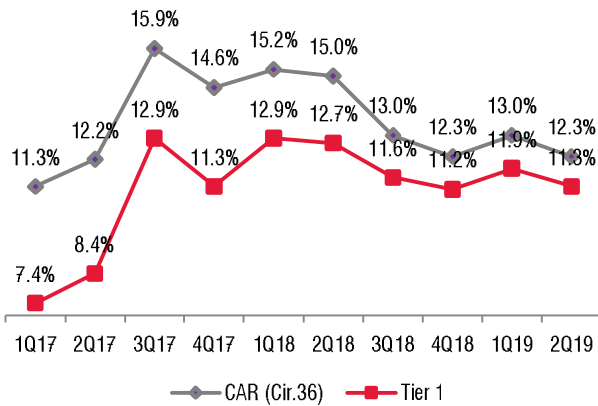


CIR



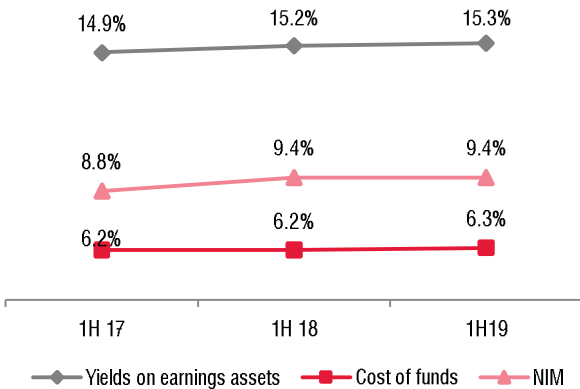
Source: VPBank & SSI Research

CAR

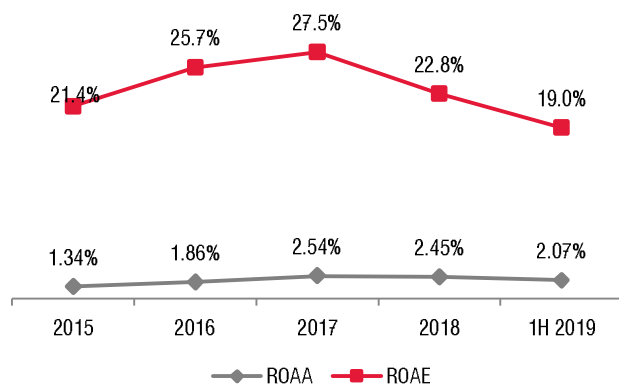


Source: VPBank & SSI Research

NIM



Profitability ratios – at consolidation



Source: VPBank & SSI Research

APPENDIX: ANNUAL FINANCIAL STATEMENTS

VND Million	2016	2017	2018F	2019F	2020F
Balance Sheet					
+ Cash on hand, gold and gemstones	1,727,361	2,574,284	1,855,473	23,929	(53,373)
+ Balances with the SBV	2,982,589	6,460,795	10,828,571	9,549,575	11,253,929
+ Balances with and loans to other CIs	9,388,905	17,520,025	16,571,491	23,257,045	27,777,139
+ Trading securities	2,952,206	1,424,854	4,202,413	5,393,899	6,706,833
+ Derivatives and other financial assets	-	-	-	-	-
+ Loans and advances to customers	142,583,251	179,518,809	218,395,223	253,271,241	294,760,222
+ Investment securities	55,339,988	53,558,049	51,926,416	59,175,986	66,907,765
+ Long-term investments	222,930	152,506	190,654	190,654	190,654
+ Fixed assets	624,197	808,486	1,963,096	2,715,680	4,282,912
+ Investment property	27,162	-	-	-	-
+ Other assets	12,922,329	15,734,506	17,357,782	19,109,733	21,004,307
Total Assets	228,770,918	277,752,314	323,291,119	372,687,743	432,830,389
+ Amounts due to the Government and the SBV	1,103,686	26,015	3,781,343	3,522,550	3,894,781
+ Deposits and borrowings from other CIs	28,835,898	33,200,418	54,231,451	65,589,561	76,519,368
+ Deposits from customers	123,787,572	133,550,812	170,850,871	198,066,782	229,593,831
+ Derivatives and other financial liabilities	191,325	160,469	18,571	68,444	68,444
+ Financed funds, trust funds and borrowings from other credit institutions	1,389,786	3,899,364	329,649	329,649	329,649
+ Valuable papers issued	48,650,527	66,104,605	48,658,036	52,468,934	56,889,576
+ Other liabilities	7,634,596	11,114,921	10,671,129	12,121,587	13,627,319
Total Liabilities	211,593,390	248,056,604	288,541,050	332,167,507	380,922,968
+ Capital	10,469,863	21,572,335	24,096,960	23,206,960	23,206,960
+ Reserves	1,526,621	1,337,409	-	-	-
+ Foreign exchange differences	-	-	-	-	-
+ Asset revaluation differences	-	-	-	-	-
+ Retained earnings	3,757,473	4,565,110	5,187,230	10,381,457	19,880,564
Total Shareholders' Equity	17,177,528	29,695,710	34,750,069	40,520,236	51,907,421
Minority Interests	-	-	-	-	-
Total Liabilities, Shareholders' Equity & Minority Interest	228,770,918	277,752,314	323,291,119	372,687,743	432,830,389
Growth					
Deposit	13.3%	15.8%	9.9%	14.1%	14.3%
Credit	25.0%	23.9%	17.3%	15.4%	16.0%
Total assets	18.0%	21.4%	16.4%	15.3%	16.1%
Shareholders' Equity	28.3%	72.9%	17.0%	16.6%	28.1%
Net interest income	46.5%	35.9%	19.8%	21.1%	17.8%
Operating income	39.8%	48.4%	24.2%	12.6%	14.3%
Operating expense	16.3%	34.3%	19.5%	18.4%	15.5%
Profit before tax	59.2%	64.9%	13.1%	4.5%	39.6%
Profit after tax	64.2%	63.7%	14.2%	5.8%	38.0%
Valuation					
P/E	5.98	14.54	6.51	6.34	4.60
P/B	0.91	2.17	1.43	1.22	0.95
BVPS (VND)	18,710	18,907	13,735	16,622	21,293

VND Million	2016	2017	2018F	2019F	2020F
Income Statement					
Net interest income	15,167,859	20,614,426	24,701,575	29,904,832	35,233,221
Non-interest income	1,695,898	4,411,665	6,384,088	5,112,116	4,791,979
TOTAL OPERATING INCOME	16,863,757	25,026,091	31,085,663	35,016,948	40,025,200
Operating expenses	(6,621,352)	(8,894,970)	(10,633,924)	(12,591,577)	(14,544,688)
Pre-provision operating profit	10,242,405	16,131,121	20,451,739	22,425,371	25,480,512
Provision expense	(5,313,094)	(8,001,058)	(11,253,231)	(12,813,619)	(12,066,369)
PROFIT BEFORE TAX	4,929,311	8,130,063	9,198,508	9,611,752	13,414,143
Corporate Income Tax	(994,266)	(1,689,296)	(1,842,940)	(1,828,746)	(2,676,958)
PROFIT AFTER TAX	3,935,045	6,440,767	7,355,568	7,783,006	10,737,185
Net profit attributable to the minority interest	(146,439)	(146,439)	(146,439)	-	-
NET PROFIT ATTRIBUTABLE TO PARENTS' SHAREHOLDERS	3,788,606	6,294,328	7,209,129	7,783,006	10,737,185
EPS (VND)	2,843	2,820	3,025	3,193	4,405
Capitalization					
Capital adequacy ratio - CAR (Basel II in 2019F-2020F)	13.2%	14.6%	11.9%	11.0%	10.8%
Equity/Total assets	7.5%	10.7%	10.7%	10.9%	12.0%
Equity/Loans to customers	11.9%	16.3%	15.7%	15.8%	17.3%
Assets quality					
NPL ratio	2.79%	2.89%	3.21%	2.73%	2.60%
Provision coverage ratio	49.7%	50.8%	45.9%	49.3%	52.4%
Management					
Cost to income ratio - CIR	39.3%	35.5%	34.2%	36.0%	36.3%
Net operating profit per employee	970	1,050	1,133	1,161	1,184
Profit before tax per employee	284	341	335	319	397
Net operating profit per branch/transaction office	78,436	115,328	138,775	154,260	171,048
Profit before tax per branch/transaction office	22,927	37,466	41,065	42,343	57,325
Earnings					
Net interest margin - NIM	7.75%	8.76%	8.79%	9.12%	9.24%
Non-interest income/Net operating profit	10.1%	17.6%	20.5%	14.6%	12.0%
ROA - average balance	1.9%	2.5%	2.4%	2.2%	2.7%
ROE - average balance	25.7%	27.5%	22.8%	20.7%	23.2%
Liquidity					
Loans to deposits ratio - Pure LDR	92.0%	98.5%	105.1%	106.3%	107.9%

Source: Company, SSI Research

1. ANALYST CERTIFICATION

The research analyst(s) on this report certifies that (1) the views expressed in this research report accurately reflect his/her/our own personal views about the securities and/or the issuers and (2) no part of the research analyst(s)' compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

2. RATING

Buy: Expected to provide price gains of at least 10 percentage points greater than the market over next 12 months

Outperform: Expected to provide price gains of up to 10 percentage points greater than the market over next 12 months.

Market Perform: Expected to provide price gains similar to the market over next 12 months.

Underperform: Expected to provide price gains of up to 10 percentage points less than the market over next 12 months.

Sell: Expected to provide price gains of at least 10 percentage points less than the market over next 12 months

3. DISCLAIMER

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time, and no unpublished price sensitive information would be included in the report. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. This report also does not recommend to U.S. recipients the use of SSI to effect trades in any security and is not supplied with any understanding that U.S. recipients will direct commission business to SSI. SSI and other companies in the SSI and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies.


This document is for private circulation only and is not for publication in the press or elsewhere. SSI accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user.


4. CONTACT INFORMATION

Institutional Research & Investment Advisory

 **Linh Nguyen**

Research Manager


 Tel: (84-24) 3936 6321 ext. 679

 linhntt1@ssi.com.vn

 **Phuong Hoang**

Deputy Managing Director,

Head of Institutional Research & Investment Advisory

 phuonghv@ssi.com.vn

 **Hung Pham**

Associate Director

 hungpl@ssi.com.vn

 **Giang Nguyen, ACCA**

Associate Director

 giangntt@ssi.com.vn