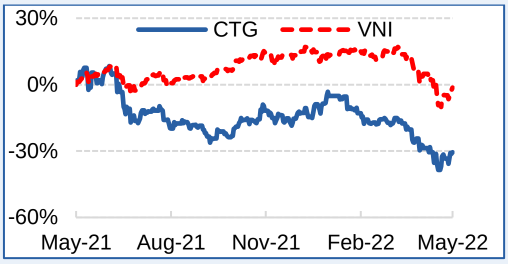
VIET CAPITAL SECURITIES

Vietinbank (CTG) [BUY +52.0%]

Update Report

Industry:	**Banking**
Report Date:	**May 31, 2022**
Current Price:	VND27,900
Target Price:	VND41,600
Last Target Price:	VND42,200
Upside to TP:	49.1%
Dividend Yield:	2.9%
TSR:	52.0%

	2021	2022F	2023F	2024F
PPOP y/y	22.8%	13.4%	11.7%	12.9%
NPAT y/y	3.1%	46.1%	21.1%	17.8%
EPS y/y	11.0%	39.3%	25.7%	17.9%
NIM	3.01%	2.97%	3.11%	3.22%
NPL	1.26%	1.40%	1.45%	1.50%
CIR	32.3%	33.0%	34.0%	34.5%
P/B	1.4x	1.3x	1.1x	0.9x
P/E	11.0x	7.9x	6.3x	5.3x



Market Cap:	USD5.8bn
Foreign Room:	USD228mn
ADTV30D:	USD5.8mn
State Ownership:	64.5%
Outstanding Shares:	4.806 bn
Fully Diluted Shares:	4.806 bn

	CTG	Peers	VNI
P/E (ttm)	13.3x	8.2x	13.9x
P/B (curr)	1.4x	1.7x	2.2x
ROE	12.9%	22.0%	15.9%
ROA	0.8%	1.9%	2.6%

Company overview

Founded in 1988, CTG is the second-largest bank in our coverage universe as calculated by total assets as of December 31, 2021. CTG has one of the largest franchise networks in Vietnam. The bank had its IPO in 2008 and has listed shares since July 16, 2009.

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NIM cut as sizeable concessionary lending continues

- We cut our target price (TP) for CTG by 1.4% to VND41,600/share but maintain a BUY rating.
- Our lower TP is mainly driven by (1) a 5.8% aggregate decrease in our projection for 2022-2026F NPAT-MI and (2) downward revision in our target P/B for CTG from 1.7x to 1.5x, which are partly offset by the positive effect of rolling our TP forward to mid-2023.
- We cut our 2022F NPAT-MI by 5.2% to VND20.6tn (USD898mn; +46.5% YoY) relative to our previous report mainly due to a 3.7% decrease in our forecast for 2022F NII following a 12-bp cut in our NIM projection, which is partly offset by a 1.4% increase in pure NFI and 35.9% increase in gains from FX trading.
- Main risks: (1) The bank fails to lift the retail lending portion and/or CASA ratio; (2) banca deal does not materialize as expected; (3) higher-than-expected NPL formation; (4) customer support packages in 2022 are higher than our expectation.

Bancassurance to be a growth driver for CTG in 2022. CTG only started to sell Manulife insurance products in February 2022, but we are surprised that its April 2022 annual premium equivalent (APE) ranked third in the market, according to industry sources. CTG's 4M 2022 APE completed 82.1% of our previous 2022F APE forecast. With the largest network among banks in our coverage universe, we believe CTG is well positioned to push its bancassurance sales to boost its earnings amid capital constraints that could limit growth in its NII relative to peers. In this Update Report, we revise up our projection for 2022F commission fees from bancassurance by 157% from a low base following an increase in our assumption for 2022F APE.

At CTG's recent AGM, management specified 2022 as when it will receive the first payment of the upfront fee from its insurance partner. The size of the upfront fee that CTG will receive from Manulife has not been disclosed. We currently assume the total upfront fee from the deal at USD300mn with CTG recording part of the upfront fee (USD60mn) in 2022.

Support packages dragged on Q1 2022 NIM; we revise up our assumption for support packages for full-year 2022. While BID reported flat YoY NIM and VCB reported a YoY increase in Q1 2022 NIM, CTG reported a YoY decrease in this figure. CTG commented that its Q1 2022 NIM was impacted by support packages for customers affected by COVID-19, but it has not quantified the extent of this assistance. Previously, we expected that CTG would continue to offer support packages for customers affected by COVID-19 in 2022, albeit at a lower level than in 2021. However, following the sharp drop in Q1 2022 NIM, we now forecast that CTG will offer support packages with equal to the amount last year (~VND7tn), which is the main reason behind a 12-bp decrease in 2022F NIM projection.

CTG's restructured loans decreased on both an absolute basis and relative basis in Q1 2022. CTG booked more than 90% of additional provision expenses for restructured loans in Q1 2022 and targets to fully book this expense in 2022.

Q1 2022 Recap: Higher provisions wipe out PPOP gains

Figure 1: CTG's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY	% VCSC's 2022F (Old)	VCSC comments
Net interest income (NII)	10,642	10,146	-4.7%	20.7%	* Q1 2022 NII decreased 4.7% YoY, which was mainly due to a 67-bp YoY decrease in NIM. * Q1 2022 credit growth was 9.1% QoQ, in which corporate bonds grew 45.1% QoQ from a low base. The Q1 2022 corporate bond book accounted for 1.26% of total credit exposure, which was relatively similar to VCB.
Net fee income (NFI) (includes FX)	1,624	2,062	27.0%	23.0%	* Q1 2022 pure NFI was relatively flat at VND1.28tn (-0.4% YoY) as a 16.2% YoY decrease in settlement fees was partly offset by a 17.7% YoY increase in insurance fees, based on our estimation. The former was partly due to the zero-fee program that CTG launched at the beginning of the year and fee reductions for customers affected by COVID-19, while the latter was driven by the non-life insurance business with its subsidiary Vietinbank Insurance Corporation (VBI). * Q1 2022 gains from FX trading increased 130% YoY, which was thanks to increase in demand for import & export payments along with the highest disbursed FDI inflows in the last six years, per CTG. Three listed SOE banks were ranked in the top three market share for FX trading on the non-interbank market, followed by HSBC and TCB.
Total Non-interest income (NoII)	2,280	3,924	72.1%	28.2%	* Q1 2022 net other income rose 4.3x YoY to VND1.9tn, which we believe was mainly derived from recovery income from written-off bad debts. * Meanwhile, gains from trading and investment securities recorded a VND176bn loss in Q1 2022 vs VND67bn gains in Q1 2021.
TOI	12,923	14,070	8.9%	22.4%	
OPEX	(3,512)	(3,821)	8.8%	18.4%	
Pre-provision operating profits (PPOP)	9,410	10,249	8.9%	24.3%	
Provision expenses	(1,350)	(4,427)	227.9%	29.8%	* We attribute the increase in Q1 2022 provision expenses to (1) a 37-bp YoY increase in NPL ratio, (2) 72-bp YoY increase in group 2 loans over gross loans and (3) additional provision expenses for restructured loans.
NPAT-MI	6,462	4,664	-27.8%	21.4%	
NIM*	3.29%	2.62%	-67 bps		
IEA yields*	6.52%	5.72%	-80 bps		* CTG shared that the sharp drop in Q1 2022 IEA yield was mainly due to support packages for customers affected by COVID-19; however, the size of the package run in Q1 2022 was not disclosed.
COF*	3.41%	3.27%	-14 bps		
CASA ratio**	18.7%	20.2%	1.5 ppts		
CIR	27.2%	27.2%	0.0 ppts		
NPL ratio	0.88%	1.25%	37 bps		* The Q1 2021 NPL ratio increased 37 bps YoY but dropped 1 bp QoQ. * CTG recorded minimal write-offs of VND101mn in Q1 2022.
Loan growth (3M)	0.2%	8.7%	8.5 ppts		* CTG's Q1 2022 loan growth was the highest among SOE banks and was mainly driven by the retail (+14.2% QoQ) and SME segments (+9.2% QoQ), per our estimation. *Q1 2022 retail loans were primarily driven by (1) mortgages (+13.4% QoQ) and (2) business and manufacturing (+11.9% QoQ).
Deposit growth (3M)	1.3%	4.4%	3.1 ppts		

Source: CTG; VCSC. (*) NIM, IEA, COF are calculated with Q1 2020 / Q1 2021 – Q1 2021 / Q1 2022 average denominators; (**) CASA consists of demand, specific purposes and margin deposits.

2022F: Lower NIM outweighs gains in other topline items

Figure 2: VCSC's 2022 forecasts

VND bn	2021	2022F New	2022F Old	YoY	VCSC comments on 2022 forecasts
Net interest income	41,788	47,125	48,926	12.8%	* We cut our projection for 2022F NII by 3.7% following a 12-bp cut in our projection for 2022F NIM. * We raise our assumption for 2022F credit growth to 12.3% from 11.8% following strong Q1 2022 results. CTG's initial credit quota is 10%.
Net fee income*	6,773	9,746	8,976	43.9%	* We assume the total upfront fee that CTG will receive from the exclusive bancassurance deal with Manulife at USD300mn and that CTG will book this upfront fee over five years, with the first recognition of USD60mn in 2022. * We raise our projection for 2022F pure NFI by 1.4% based on an upward revision in our assumption for 2022F APE from ~VND400bn previously to VND1tn, thereby boosting our forecast for commission fees on selling Manulife life insurance products. This is partly offset by a 24.8% downward revision in settlement fees as we believe we previously underestimated the impact of zero-fee program. * Meanwhile, we increase gains from FX trading by 35.9% following an outstanding Q1 2022 results.
Total NOII	11,368	13,779	13,917	21.2%	* We forecast for losses from trading and investment securities as a result of a surge in Government bond yields.
TOI	53,157	60,904	62,844	14.6%	
OPEX	(17,186)	(20,098)	(20,738)	16.9%	
PPOP	35,971	40,806	42,105	13.4%	
Provision expenses	(18,382)	(14,836)	(14,842)	-19.3%	* We maintain our forecast for 2022F provision expenses at VND14.8tn. We model for CTG to fully book additional provision expenses in 2022.
NPAT-MI	14,089	20,646	21,788	46.5%	
NIM	3.01%	2.97%	3.09%	-4.0 bps	
IEA yield	6.09%	6.17%	6.30%	8.0 bps	* Previously, we expected that CTG would continue to run support packages for customers affected by COVID-19 in 2022, albeit at a lower level than in 2021. Due to a sharp drop in Q1 2022 IEA yield, we now forecast for CTG to offer support packages equal to last year's amount of ~VND7tn; this is the main reason behind the 13-bp decrease in 2022F IEA yield projection. * Support packages had a more pronounced effect on CTG's H2 2021 results. Therefore, we expect for a YoY NIM improvement at CTG in H2 2022.
Cost of funds	3.26%	3.41%	3.41%	15.0 bps	* Although Q1 2022 COF was much lower than our expectation, we keep our forecast for 2022F COF relatively unchanged as we foresee an increase in deposit rates over the next three quarters.
CASA ratio**	20.1%	22.0%	22.0%	190.0 bps	
CIR	32.3%	33.0%	33.0%	0.7 ppts	
NPL ratio	1.26%	1.40%	1.40%	14.0 bps	* While COVID-19 is now controlled and businesses are back to normal, we are conservative in forecasting the NPL ratio for CTG as uncertainty remains.
Gross loans	1,130,668	1,266,348	1,266,350	12.0%	
Customer deposits	1,161,848	1,312,888	1,312,830	13.0%	
Valuable papers	64,497	78,646	76,446	21.9%	* We believe that CTG will continue to raise tier-2 capital in 2022 through both public and private bonds issuance to improve CAR.
Total assets	1,531,587	1,727,511	1,727,155	12.8%	
Total equity	93,650	106,759	108,737	14.0%	
ROAA	1.0%	1.3%	1.3%	29.0 bps	
ROAE	15.8%	20.8%	21.7%	5.0 ppts	
Regulated LDR	81.9%	81.5%	82.5%	-0.4 ppts	

Source: VCSC, units are in VND bn unless otherwise stated — *Net fee income includes FX income; **CASA volume includes demand and margin deposits.

We believe bancassurance will be a growth driver for CTG in 2022. CTG entered an exclusive bancassurance contract with Manulife in December 2020. In late January 2022, CTG and Manulife held a ceremony to officially activate their exclusive bancassurance contract. After the ceremony, CTG started to sell Manulife products in February 2022, and its April 2022 APE ranked third in the market, according to industry sources. CTG's 4M 2022 APE was ~VND322bn per industry sources, accounting for 82.1% of our previous 2022F APE forecast. In this Update Report, we therefore revise up our assumption for 2022F APE to VND1tn, thereby increasing our projection for 2022F commission fees from bancassurance by 157% (from low base).

The size of the upfront fee that CTG will receive from Manulife has not been disclosed. We currently assume the total upfront fee from the deal at USD300mn with CTG recording part of the upfront fee (USD60mn) in 2022. At CTG's recent AGM, management specified 2022 as when it will receive the first payment of the upfront fee from its insurance partner.

Given CTG's capital constraints, we believe the bank will focus on expanding its NOII by utilizing its largest network among our coverage banks.

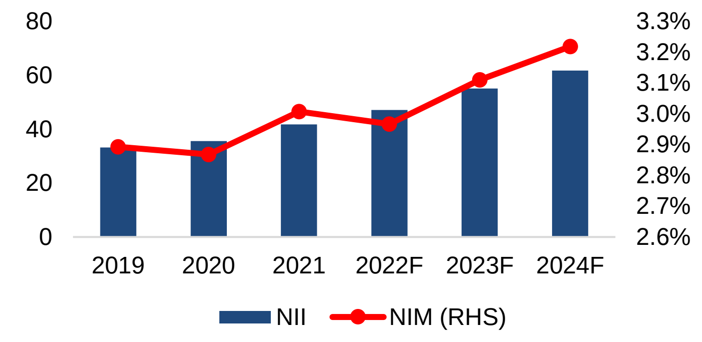
Restructured loans decreased in Q1 2022 on both an absolute basis and relative basis. CTG's restructured loans dropped from VND10.3tn (equivalent to 0.91% of gross loans) in Q4 2021 to VND8.4tn (equivalent to 0.84% of gross loans). Including interest, CTG's restructured balance was VND11.4tn as of Q1 2022, and the total outstanding balance of loans from borrowers with loans subject to restructuring was ~VND69tn.

In Q1 2022, all banks in our coverage universe (excluding STB due to lack of data) experienced a QoQ decrease in restructured loans amid the end of COVID-19 social distancing measures and an economic recovery. As businesses have returned to normal, we believe that restructured loans will continue to trend down in upcoming quarters. Given that half of the banks in our coverage universe fully booked additional provision expenses for restructured loans, we see no material impact on banks in our coverage universe — even as Circular 14 does not allow for new restructuring to be conducted after June 30, 2022.

By YE2021, CTG booked ~90% of the provisioning for restructured loans; it booked more than 90% of this expense as of Q1 2022. With BID and VCB fully booking provision expenses for restructured loans by YE2021, we believe that earnings for SOE banks in 2022 will recover after two years having to support the economy and provisioning for restructured loans. We forecast for aggregate net income of SOE banks to increase by 45.7% YoY in 2022.

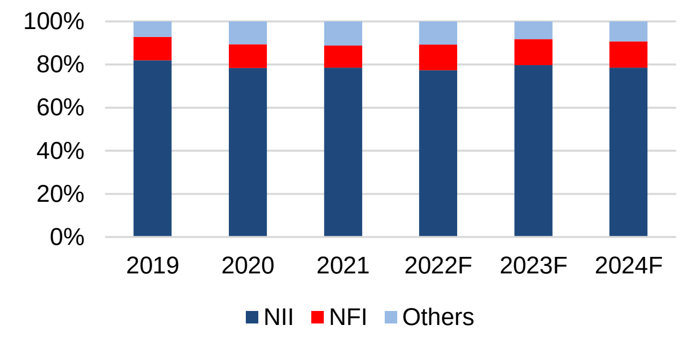
Key Figures of CTG

Figure 3: NIM (%) and NII (VND tn) (2019-2024F)



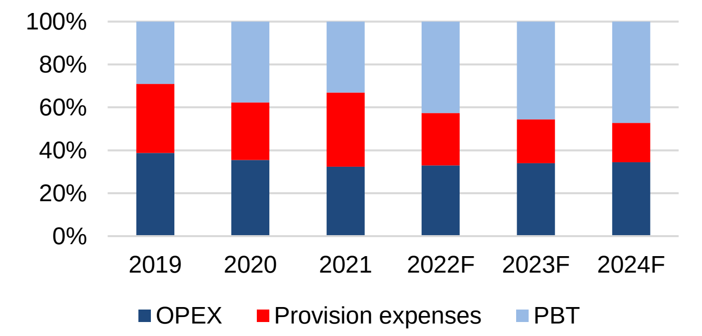
Source: CTG, VCSC

Figure 4: TOI components (2019-2024F)



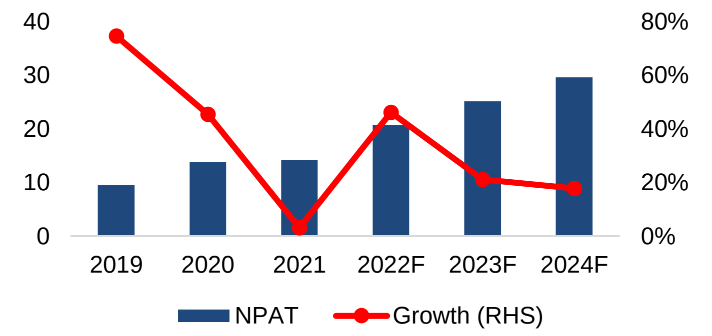
Source: CTG, VCSC

Figure 5: OPEX, provision expenses and PBT as % of TOI (2019-2024F)



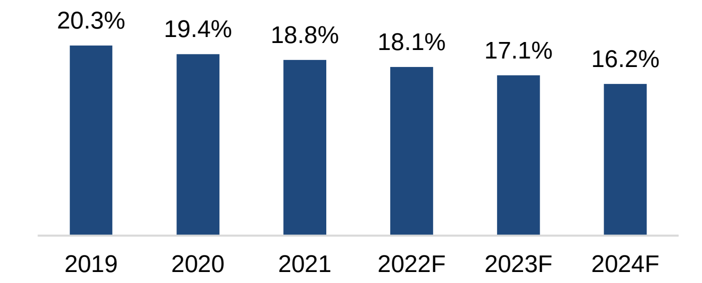
Source: CTG, VCSC

Figure 6: NPAT (VND tn) and NPAT growth (%) (2019-2024F)



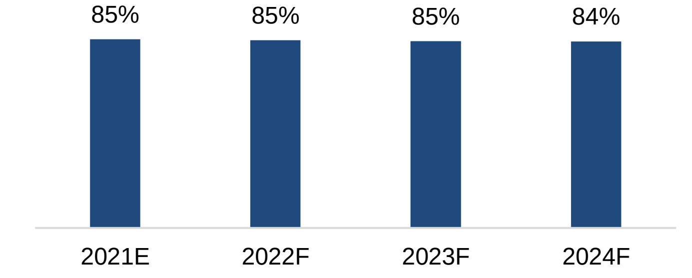
Source: CTG, VCSC

Figure 7: Lending market share in our coverage universe (2019-2024F)



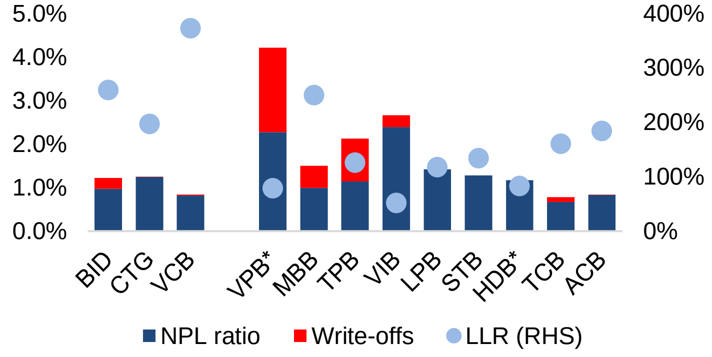
Source: Company data, VCSC

Figure 8: RWAs as % of total assets (2021-2024F)



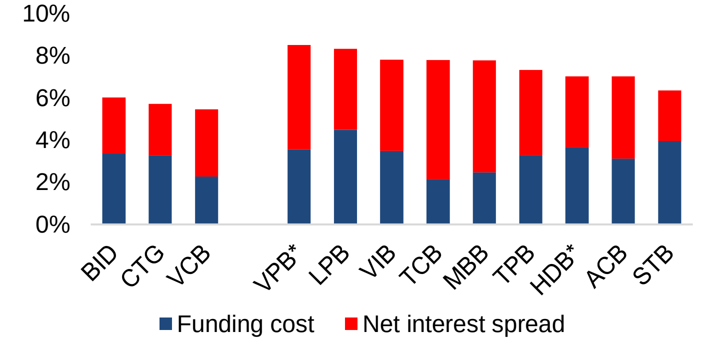
Source: CTG, VCSC

Figure 9: NPL ratio, annualized write-offs over gross loans and LLR of banks under coverage (Q1 2022)**



Source: Company data, VCSC – * standalone bank only; ** LLR is percentage of total loan provision balance over NPLs.

Figure 10: Annualized interest-earning asset yields of banks under VCSC's coverage (Q1 2022)



Source: Company data, VCSC – * standalone bank only.

Valuation

We utilize two valuation methodologies to reach our estimated target price for mid-2023, including the residual income method with 50% weighting and the target P/B method with 50% weighting.

In this Update Report, we cut our target price (TP) by 1.4% following (1) a 5.8% aggregate decrease in our projection for 2022-2026F NPAT-MI and (2) a downward revision in our target P/B for CTG from 1.7x to 1.5x, which are partly offset by the positive effect of rolling over our TP to mid-2023. The decrease in our 2022-2026F NPAT-MI is mainly derived from (1) a 1.3% aggregate decrease in NII resulting from our cut for average NIM in the period from 3.19% to 3.14%, (2) 9.4% aggregate increase in provision expenses and (3) 2.1% aggregate increase in OPEX. Our assumption for 2022-2026F average credit growth is 9.4%.

Figure 11: Valuation summary

Method	Fair value	Weighting	Contribution
Residual income	227,704	50%	113,852
Target P/B @ 1.5x average 2022/23F	172,085	50%	86,042
Composite valuation			**199,895**
Number of shares outstanding (billion)			4.806
Target price (VND)			**41,600**
Current price			27,900
Upside			49.1%
Dividend yield			2.9%
TSR			52.0%
2022F P/B at TP			1.88x
RATING			**BUY**

Source: VCSC; units are in VND bn unless otherwise stated.

Residual income model

Figure 12: Residual income model

Residual income	2022F	2023F	2024F	2025F	2026F
ROE (over beginning period equity)	22.4%	23.7%	24.0%	23.1%	20.8%
COE	12.5%	12.5%	12.5%	12.5%	12.5%
Economic Margin	9.9%	11.2%	11.5%	10.6%	8.3%
Equity value (beginning period)	92,955	106,017	123,430	144,653	169,026
Residual income (RI)	4,578	11,913	14,222	15,279	14,065
PV of residual income	4,316	9,984	10,595	10,117	8,279
Sum PV of RI					43,290
PV of terminal value (4% intermediate growth rate for 10 years and 3% perpetual growth)					84,928
Beginning EV (average book value 2021/22F)					99,486
Fair equity value					**227,704**
Number of shares outstanding (billion)					4.806
Fair value per share (VND)					**47,304**

Source: VCSC (units are in VND bn unless otherwise stated)

Figure 13: Cost of equity

Cost of equity	
Risk free rate* (%)	5.5
Beta	1.0
Market risk premium (%)	7.0
COE (%)	12.5

Source: VCSC. (*) Average 12-month deposit rate at SOE banks.

Target P/B

We observe a correlation between the difference in CTG's P/B vs BID's P/B and the discrepancy of the two banks' asset quality. The divergence between CTG's P/B multiple and BID widened from an average of -33.7% to a trough of -64% at end-2019 as CTG's asset quality deteriorated relative to BID's improvement. As CTG's asset quality metric returned to an improving trend in 2020, we saw the same trend in the gap of the two banks' P/B (see **Figure 15** and **Figure 16**).

However, the gap has widened again from -10% since July 2021 to -35% in May 2022, which we attribute to a faster deterioration in CTG's asset quality relative to BID during the severe lockdowns in Q3 2021 and a slower improvement in CTG's asset quality relative to BID after the lockdowns.

We apply a 30% discount to BID's target P/B of 2.1x to arrive at a target P/B for CTG at 1.5x. Our rational behind the 30% discount is as follows:

1. The sizeable capital raising needed by CTG for comfortable CAR headroom requires changes in foreign ownership laws applicable to banks, which will not change in the short term.

2. There was a faster deterioration in CTG's official asset quality metrics in Q3 2021 due to COVID-19 and slower improvement in CTG's official asset quality metrics as the effects of the pandemic faded.

3. BID fully booked additional provision expenses for restructured loans in Q1 2022, while CTG booked over 90% of additional provision expenses for restructured loans in Q1 2022.

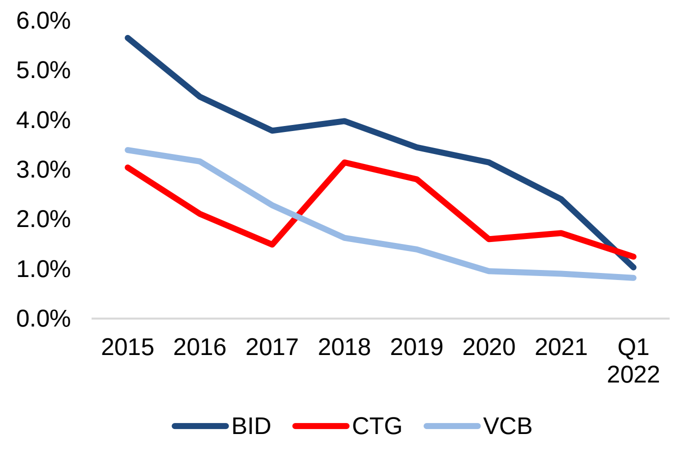
CTG is currently trading at an 17.0% discount to the peer median 2022F P/B of 1.41x (**Figure 18**). Our observation suggests that CTG traded at an average discount of 16.6% to the peer median trailing P/B in the past 12 months.

Figure 14: Target P/B approach

	Fair value
Target P/B	**1.50**
Average 2022F/23F equity value (VND bn)	114,723
Target market value of equity	172,085
Number of outstanding shares (billion)	4.806
Average 2022F/23F BVPS (VND)	23,872
Fair value per share (VND)	**35,808**

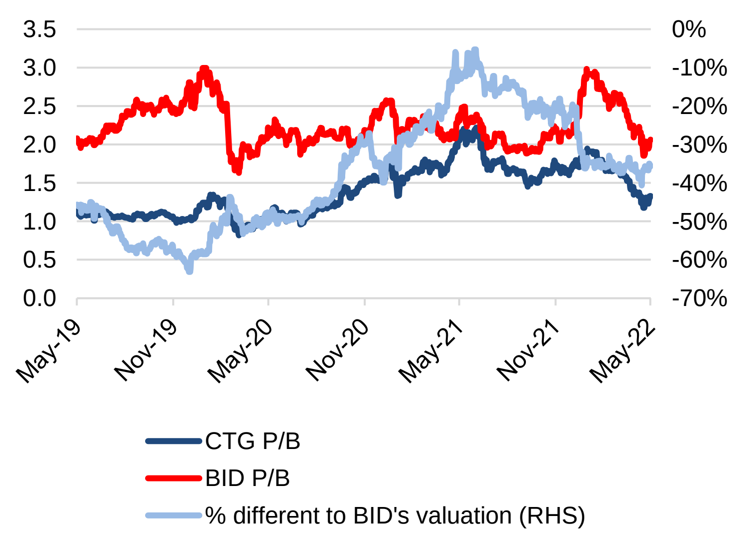
Source: VCSC

Figure 15: NPL ratio grossed up for write off rate over gross loans and net VAMC over gross loans



Source: company data, VCSC

Figure 16: Historical trailing P/B of CTG and BID over the past three years



Source: Bloomberg, VCSC

Figure 17: Sensitivity analysis of our 2022F P/B for CTG in relation to ROE derived from the Gordon Growth Model and terminal growth rate, ceteris paribus.

		Average ROE during 2016-2026F				
		12.6%	14.6%	16.6%	18.6%	20.6%
Terminal growth (g)	**1.5%**	1.01	1.19	1.37	1.55	1.74
	2.0%	1.01	1.20	1.39	1.58	1.77
	2.5%	1.01	1.21	1.41	1.61	1.81
	3.0%	1.01	1.22	1.43	1.64	1.85
	3.5%	1.01	1.23	1.46	1.68	1.90
	4.0%	1.01	1.25	1.48	1.72	1.95

Source: VCSC

The above sensitivity matrix illustrates a fair value P/B multiple for CTG at 1.43x using the Gordon Growth Model (GGM) with our average ROE in 2016-2026F at 16.6%, cost of equity at 12.5% and terminal growth of 3.0%.

The P/B multiple derived from the GGM is 4.6% lower than our 2022F target P/B multiple of 1.5x as we believe CTG has benefits from being a SOCB. Like BID and VCB, CTG receives competitive advantages in branching scale and reputation that allow the bank to expand its market share in the retail segment by giving competitive rates to customers. In addition, we project ROEs will trend up with an average ROE in 2022F-2026F at 21.1% relative to an average ROE in 2016-2026F at 16.6%.

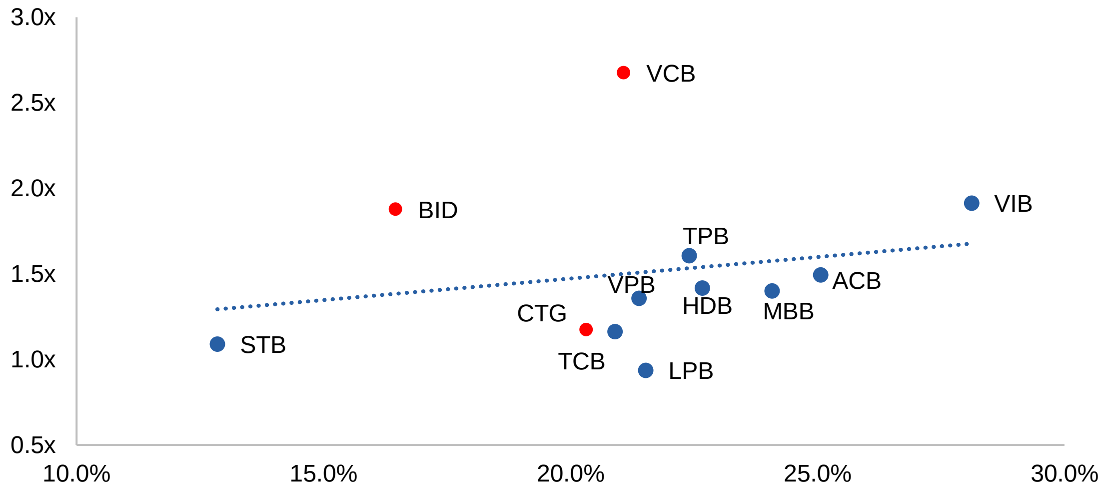
Comparable peers

Figure 18: Bloomberg consensus forecasts for Vietnamese banks

Bloomberg Ticker	Market Cap. (USD bn)	P/E			P/B			ROE			ROA	Equity Multiplier	NPL ratio
		2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F	TTM	2021	2021
ACB VN	3.70	8.3	6.9	5.7	1.78	1.49	1.20	24.2%	25.1%	23.1%	2.1%	11.75	0.77%
BID VN	7.70	15.6	13.6	9.4	2.06	1.88	1.51	13.8%	16.5%	19.2%	0.7%	20.41	1.00%
MBB VN	4.56	7.7	7.0	5.6	1.65	1.40	1.14	23.7%	24.1%	23.4%	2.4%	9.72	0.90%
VCB VN	15.79	15.9	14.1	11.5	3.13	2.68	2.23	21.1%	21.1%	21.7%	1.7%	12.96	0.64%
VPB VN	5.96	8.0	7.1	6.8	1.59	1.36	1.12	24.0%	21.4%	17.6%	3.4%	6.34	4.57%
STB VN	1.81	10.6	9.7	5.7	1.18	1.09	0.93	11.9%	12.9%	18.3%	0.7%	15.21	1.50%
HDB VN	2.24	8.0	7.0	6.0	1.66	1.42	1.17	23.1%	22.7%	21.8%	1.8%	12.17	1.65%
TCB VN	5.67	6.9	6.1	5.1	1.35	1.16	0.95	21.7%	20.9%	20.0%	3.6%	6.11	0.66%
TPB VN	2.20	9.8	7.9	6.3	1.87	1.61	1.28	22.0%	22.4%	22.5%	1.9%	11.27	0.82%
VIB VN	2.43	8.4	7.6	6.0	2.16	1.91	1.46	29.5%	28.1%	26.5%	2.3%	12.74	2.32%
LPB VN	0.98	6.8	5.3	5.0	1.19	0.94	0.79	18.5%	21.5%	19.0%	1.1%	17.21	1.37%
Median	**3.01**	**8.1**	**7.1**	**5.8**	**1.66**	**1.41**	**1.16**	**21.9%**	**21.5%**	**20.9%**	**1.9%**	**11.96**	**0.94%**
CTG VN	**5.59**	**10.6**	**6.5**	**5.6**	**1.33**	**1.17**	**1.02**	**13.0%**	**20.3%**	**20.9%**	**0.8%**	**16.35**	**1.26%**

Source: Bloomberg as of May 27, 2022, VCSC

Figure 19: Vietnamese banks' P/B (y-axis) and ROE (x-axis) (2022F)

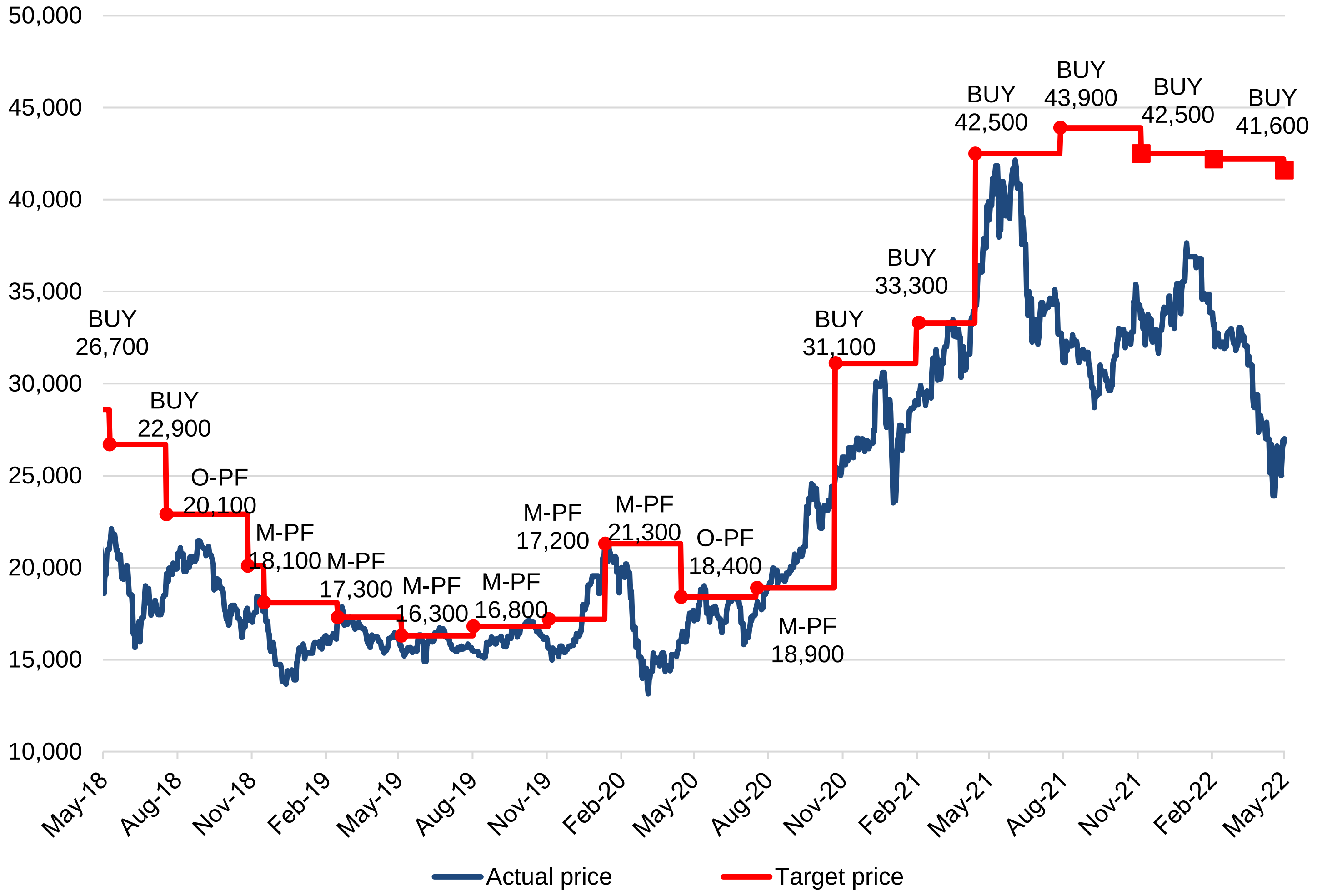


Source: Bloomberg, VCSC – Red dots signify SOCBs (priced on May 27, 2022)

Potential downside risks: CTG may fail to meet our earnings and profitability either due to its failure to execute on its business model and/or failure to continue growing its retail franchise/digital banking; NPL formation to be higher than our expectation.

History of Recommendations

Figure 20: Historical VCSC target price vs share price (VND/share)



Source: Bloomberg, VCSC

VIET CAPITAL SECURITIES

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F
Interest inc.	84,628	98,034	114,696	130,389
Interest exp.	(42,840)	(50,909)	(59,634)	(68,656)
Net interest inc.	**41,788**	**47,125**	**55,062**	**61,733**
Net fee income	4,961	7,208	8,242	9,355
Other NOII	6,408	6,571	5,752	7,458
Total NOII	11,368	13,779	13,994	16,814
Total operating inc.	**53,157**	**60,904**	**69,056**	**78,547**
Non-interest exp.	(17,186)	(20,098)	(23,479)	(27,099)
Other G&A exp.	0	0	0	0
Total operating exp.	(17,186)	(20,098)	(23,479)	(27,099)
PPOP	**35,971**	**40,806**	**45,577**	**51,448**
Provision exp.	(18,382)	(14,836)	(14,121)	(14,384)
Other inc./exp.	0	0	0	0
Pre-tax profit	**17,589**	**25,970**	**31,456**	**37,064**
Taxes	(3,374)	(5,194)	(6,291)	(7,413)
Net profit	**14,215**	**20,776**	**25,165**	**29,651**
Minorities/pref divs	**(127)**	**(130)**	**(133)**	**(136)**
Attributable profit	**14,089**	**20,646**	**25,032**	**29,515**
Wt avg shares (mn)	4,806	4,806	4,806	4,806
EPS (VND)	**2,525**	**3,518**	**4,423**	**5,216**
DPS (VND)	800	800	800	800

BS (VND bn)	2021	2022F	2023F	2024F
Cash & equiv.	11,331	12,794	14,073	15,207
Bal. with SBV	23,383	35,341	39,524	43,235
Due from FIs	149,317	188,726	193,890	184,696
ST investments	177,323	199,853	218,176	239,580
Net cust. loans	1,104,873	1,235,847	1,366,520	1,496,667
HTM securities	2,697	2,693	2,693	2,693
LT investments	3,290	3,374	3,436	3,501
Fixed assets	10,496	10,892	11,305	11,736
Other assets	48,878	37,990	40,396	42,514
Total assets	**1,531,587**	**1,727,511**	**1,890,015**	**2,039,828**
Bal. from SBV	33,294	40,498	29,698	16,045
Bal. from FIs	138,834	147,459	156,684	166,555
Other funds	2,528	2,477	2,428	2,379
Cust. deposits	1,161,848	1,312,888	1,444,177	1,559,711
Other fin. int.	0	0	0	0
Valuable papers	64,497	78,646	92,011	106,712
Other liabilities	36,937	38,784	40,723	42,759
Total equity	92,955	106,017	123,430	144,653
MI	695	742	864	1,013
Liabilities & SE	**1,531,587**	**1,727,511**	**1,890,015**	**2,039,828**

RATIOS (%)	2021	2022F	2023F	2024F
Growth				
Loan growth	11.4	12.0	10.0	9.0
Deposit growth	17.3	13.0	10.0	8.0
TOI growth	17.2	14.6	13.4	13.7
PPOP growth	22.8	13.4	11.7	12.9
NPAT growth	3.1	46.1	21.1	17.8
Asset quality				
Group 2 ratio	1.05	0.50	0.50	0.50
NPL ratio	1.26	1.40	1.45	1.50
LLR	180.4	172.0	131.0	95.2
Provision exp./ loans	1.63	1.17	1.01	0.95
Liquidity				
CAR*	9.1	9.5	9.9	10.5
Regulated LDR	81.9	81.5	81.5	82.1

RATIOS (%)	2021	2022F	2023F	2024F
Profitability				
NIM	3.01	2.97	3.11	3.22
IEA yields	6.09	6.17	6.48	6.80
Funding costs	3.26	3.41	3.61	3.84
CIR	32.3	33.0	34.0	34.5
ROE decomposition (as % avg total assets)				
NII	2.91	2.89	3.04	3.14
Provisions	-1.28	-0.91	-0.78	-0.73
Post-provision NII	1.63	1.98	2.26	2.41
Non-Interest inc.	0.79	0.85	0.77	0.86
Operating exp.	-1.20	-1.23	-1.30	-1.38
Taxes & MI	-0.24	-0.33	-0.36	-0.38
ROAA	0.98	1.27	1.38	1.50
Equity Mult. (x)	16.2	16.4	15.8	14.7
ROAE	15.8	20.8	21.8	22.0

Source: Company data, VCSC. (*) 2021-2024F CAR under Basel II.

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Equity rating key	Definition
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UNDERPERFORM	If the projected TSR is between -10% and -20%
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