

VietinBank (CTG)

Bright growth prospect in long term

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2020 earnings were VND13,740 billion, up 45.0% YoY

Powered by strong 4Q20 performance, 2020 accumulated net interest income of VietinBank (CTG) reached VND35,581 billion, up 7.2% YoY; non-interest income hit VND9,698 billion, up 32.5% YoY, and earnings after taxes were VND13,741 billion, up 45.0% YoY.

Bancassurance should be the driver for NOII growth in the coming years

CTG signed a bancassurance contract with Manulife for a 16-year term. We expect the bancassurance segment to make a significant contribution to 2021 NOII growth with annual upfront and transaction fees.

CTG expects to keep NPL ratio below 2%

CTG hopes it can keep non-performing loan (NPL) ratio below 2% in 2021. The provision value may be still high, but there will be no sudden changes thanks to less Coronavirus-exposed customers and the favorable amended Circular No.01.

Capital raising plan in the period of 2021–2025 will be the driving force for long-term growth

The new issuance plan to increase charter capital and equity in the period 2021 – 2025 will be the best option for CTG to improve its CAR, thereby increasing credit growth limit and minimizing the loss of market share to other joint stock commercial banks.

We recommend to BUY with the target price of VND41,100 per share

Based on valuation results, business prospects as well as considering possible risk factors, we recommend BUY for CTG shares. Target price is 41,100 VND / share, 17.8% higher than the price as of February 3, 2021.

BUY initiate

Target price	VND 41,100
Total return (%)	17.8%
Current price (Feb 03)	VND 34,900
Consensus target price	VND 35,100
Mkt capitalization (USDbn)	5.62

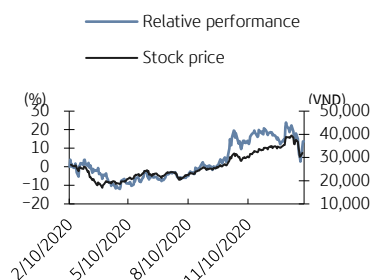
Trading data	
Free float (%)	15.8%
Avg trading value (3M)	USD 13.9mn
Foreign ownership (%)	28.73
Major shareholder	State Bank (64.46%)

Share price performance				
(%)	1M	3M	6M	12M
CTG	-7.8	16.1	52.6	30.1
VNIndex	-2.8	16.7	22.2	18.5

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021F	2022F
Revenue (VNDbn)	33,199	35,581	38,112	42,892
Earning before Provision	24,785	29,219	31,754	35,175
NP attribute to parent	9,461	13,679	14,767	17,066
EPS (VND)	2,541	3,674	3,079	3,559
EPS growth (%)	79%	45%	-16%	16%
P/E (x)	13.7	9.5	11.3	9.8
BVPS (VND)	20,775	22,935	20,780	24,338
PBR (x)	1.68	1.52	1.68	1.43
ROE (%)	13.1%	16.9%	16.0%	15.9%

Source: Bloomberg, KB Securities Vietnam



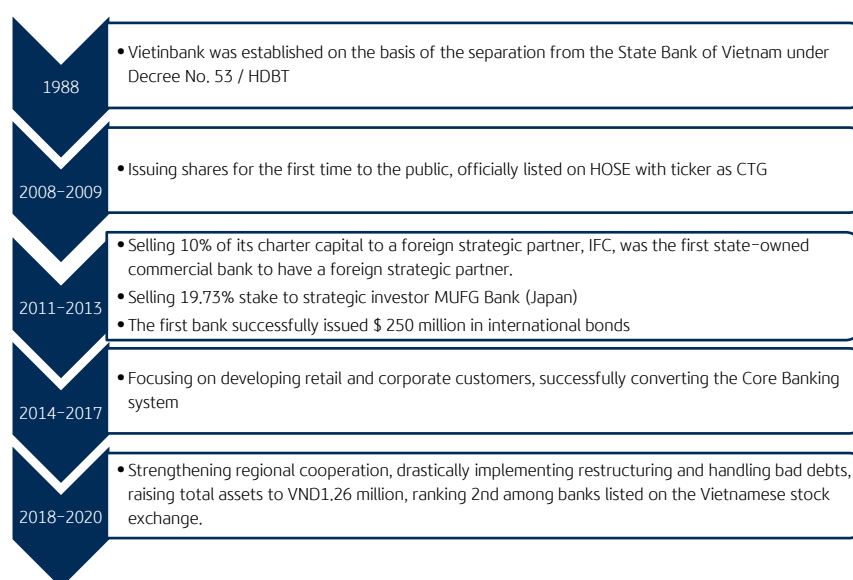
Source: Bloomberg, KB Securities Vietnam

Overview

CTG is a state-owned commercial bank with the second largest asset size in the entire listed banking system.

Vietnam Joint Stock Commercial Bank for Industry and Trade – VietinBank (CTG) was established in 1988 after separating from the State Bank of Vietnam. CTG is in the top three State-owned commercial banks with over 50% state capital ownership, together with Vietcombank (VCB) and Bank for Investment & Development (BID). Up to 3Q2020, CTG has the second largest asset scale in the entire listed banks, reaching VND 1.26 million, smaller than BID's.

Fig 1. VietinBank – Development history



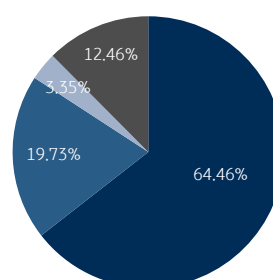
Source: VietinBank

Fig 2. VietinBank – Ownership structure

The State Bank of Vietnam is the largest shareholder, holding 64.46% of CTG shares, followed by two strategic partners Tokyo Mitsubishi UFJ and IFC Investment Fund, respectively holding 19.73% and 3.35%.

CTG's current foreign ownership is 28.9%.

■ Vietnam State Bank ■ Tokyo Mitsubishi UFJ Bank ■ IFC ■ Others

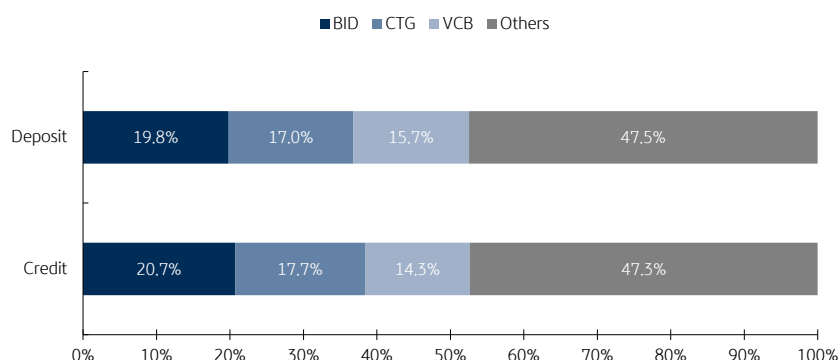


Source: Fiinpro

CTG holds the second largest credit & deposit market share 17% and 17.7% respectively) among listed banks, only after BID.

The market shares of the three State-owned commercial banks are larger than the total market shares of the rest of the commercial banks.

Fig 3. Vietnam 15 listed banks – Credit & deposit market share

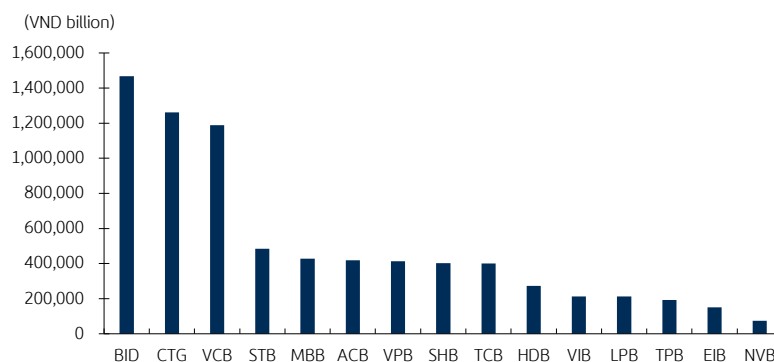


Source: Banks' reports, KB Securities Vietnam

CTG total assets were VND1.261 quadrillion, ranked second in the whole system, after BID with VND1.468 quadrillion.

Total asset of the three state-owned commercial banks (VND1.3 quadrillion on average) was far higher than that of other commercial banks (VND300 trillion on average)

Fig 4. Vietnam listed banks – Total asset as of 3Q20

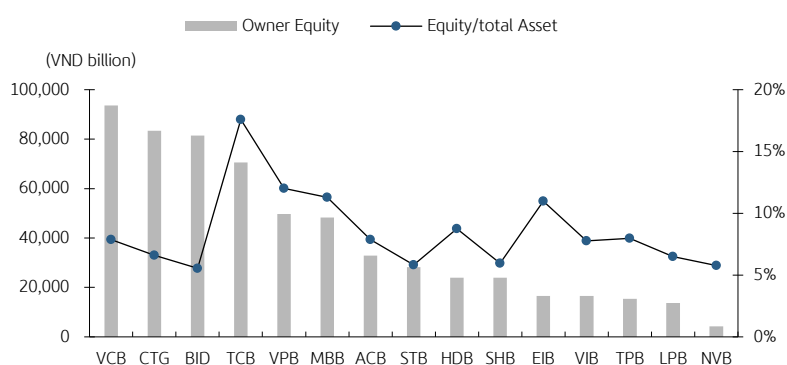


Source: Banks' reports, KB Securities Vietnam

CTG's equity reached VND83,322 billion, ranked second in the whole system, after BID with VND93,576 billion.

CTG is among banks that used high leverage ratios with low equity/total assets ratio (only 6.6% vs system average of 8.6%).

Fig 5. Listed banks – Owner's equity and equity/total assets ratio as of 3Q20



Source: Banks' reports, KB Securities Vietnam

Business model

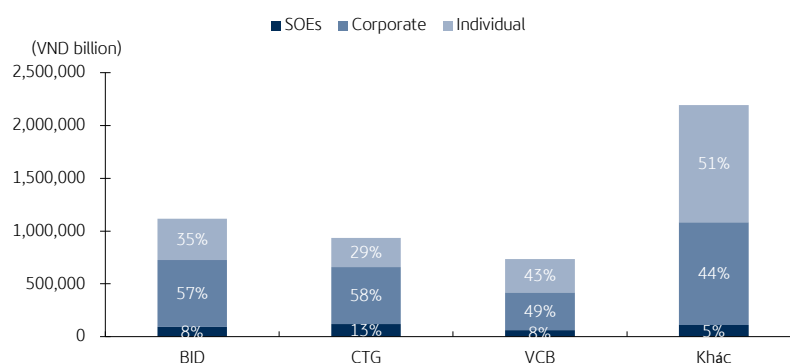
❖ Credit structure

CTG has the second largest customer credit in the system with the private enterprise segment accounting for the largest proportion of 58% (2019)

CTG has the second largest outstanding customer loan balance in the whole system, reaching VND935,271 billion, behind BID and far surpassing joint stock commercial banks average of VND200,000 billion. In terms of credit structure, the corporate segment accounted for the highest proportion of total outstanding loans with 58% in 2019 (Fig 6). CTG has the largest proportion of outstanding loans in the corporate segment among state commercial banks, which is also higher than the average of commercial banks. Meanwhile, the individual customer segment has not really been focused, accounting for only 29% of total credit. Besides, CTG has the largest loan outstanding in the SOE segment, more than double of VCB and greater than the total credit of joint stock commercial banks.

CTG, BID and VCB has the advantage of low-cost capital and focus on promoting the corporate loan segment with higher proportion than other joint stock commercial banks

Fig 6. Listed banks – Credit structure in 2019



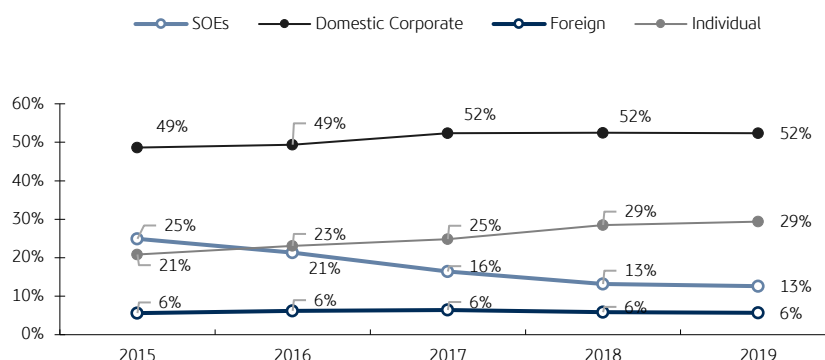
Source: Banks' reports, KB Securities Vietnam

A sharp turn of credit structure from SOEs to individual customers

In the period 2015–2019, CTG made a strong credit structural shift from state-owned enterprises to individual customers (Fig 7). The proportion of individual customer loans rose from 21% in 2015 to 29% in 2019 with a CAGR of 25.1% thanks to the complete change in sales strategy and continuous improvement in products and services diversification. Meanwhile, the credit proportion for SOE clients decreased from 25% to 13%, mainly due to the equitization of state-owned enterprises with a part of bad debts being sold to VAMC.

Loan proportion to private businesses has remained stable at 52% for the last three years while the shift from SOEs to individual customers is quite clear.

Fig 7. VietinBank – Credit structure in 2015–2019



Source: Banks' reports, KB Securities Vietnam

❖ Deposit structure

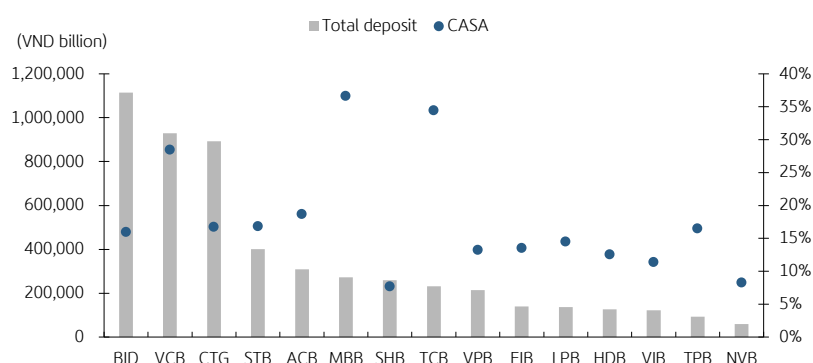
CTG has the third largest customer deposit amount in the system. CASA ratio reached 19.3%.

Total customer deposits of CTG reached VND892,785 billion in 2019, ranked third in the banking system, only after BID and VCB (Fig 8). In general, the amount of customer deposit of state-owned banks still outperformed the group of joint stock commercial banks thanks to the great advantage of the network and the guarantee of state support during economic hardships. CTG's CASA in 4Q2020 was 19.3%, higher than the 3Q2020 system average of 17.7%.

Corporate deposit/total deposit ranks fourth in bank system

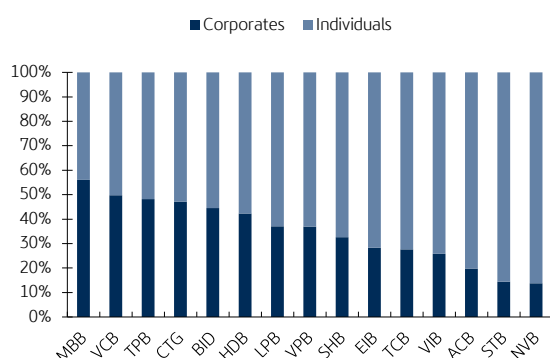
CTG mobilizes a large amount of capital from corporate customers, accounting for 47.1% of total deposit, ranked fourth in the system, behind MBB, VCB and TPB (Fig 9) thanks to: (1) being a state-owned commercial bank, a depository for large state-owned enterprises; and (2) its system of branches and transaction points nationwide, which is convenient for business transactions.

Fig 8. Listed banks – Total customer deposit and CASA in 2019



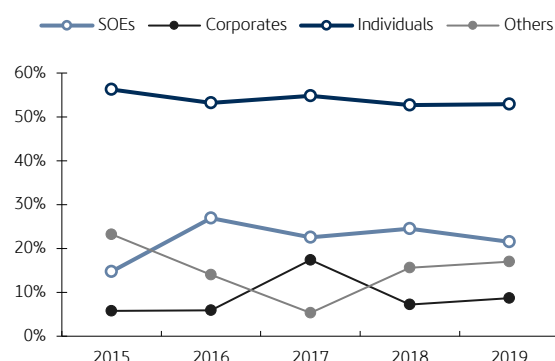
Source: Banks' reports, KB Securities Vietnam

Fig 9. Listed banks – deposit structure according to customer type 2019



Source: Banks' reports, KB Securities Vietnam

Fig 10. VietinBank – Deposit structure in 2015–2019



Source: Banks' reports, KB Securities Vietnam

❖ Income structure

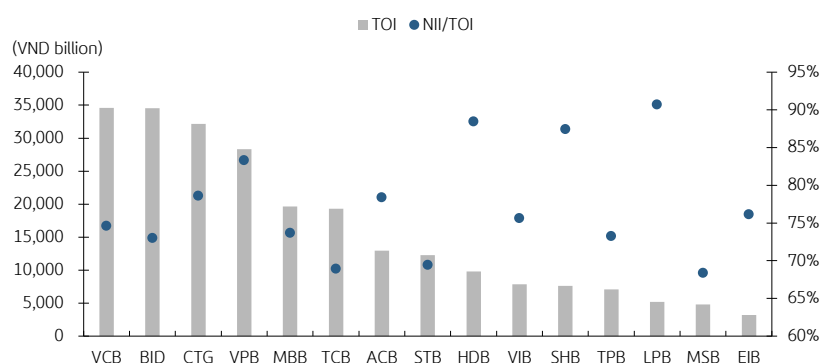
9M2020 NII/TOI was 79%, higher than VCB, BID and the average of commercial banks

Total operating income (TOI) of CTG as of September 2020 was VND32,170 billion, ranked third in the whole system, after BID and VCB (Fig 11). Despite having higher credit balance compared to VCB (27.3% higher than VCB's), low net interest margin (NIM) and foreign interest income made CTG's TOI 7% lower than VCB. CTG's income still mainly came from net interest income (NII) with the ratio of NII/TOI in 9M2020 of 79%, higher than that of VCB, BID and the average of commercial banks (Fig 12).

CTG tends to focus more on non-interest income

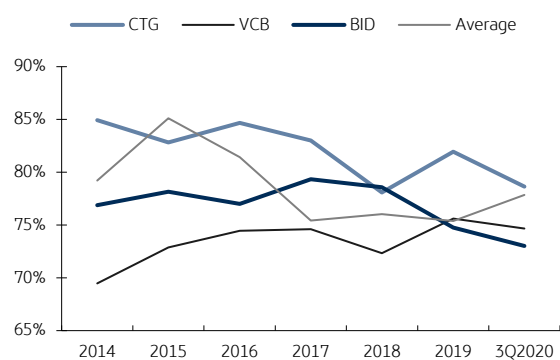
In recent years, CTG has focused more on non-interest income, reflected by the fall in NII/TOI ratio from 83% in 2015 to 78% as of September 2020. Of which, interest from service activities accounted for the highest proportion (47%) with the main contribution from payment services and other income sources (Fig 13). In addition, foreign exchange trading profit maintained over 10% weight and steadily increased in recent years. In the coming time, we expect NOI of CTG to improve after the bank signed an exclusive bancassurance contract with Manulife.

Fig 21. Listed banks – Income structure in 9M2020



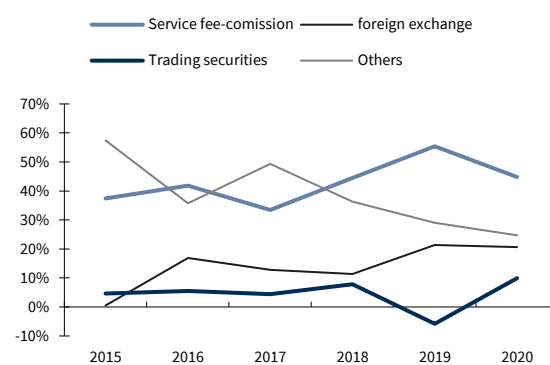
Source: Banks' reports, KB Securities Vietnam

Fig 12. VietinBank – Relative NII/TOI vs the average



Source: Banks' reports, KB Securities Vietnam

Fig 13. VietinBank – Non-NII structure changes in 2015–9M2020



Source: Banks' reports, KB Securities Vietnam

Business performance

9M2020 earnings rose 22.4% YoY to VND8,357 billion

In 4Q2020, CTG performance improved compared to 9M2020. Specifically, NII reached VND10,286 billion, up 18.3% YoY and Non – NII was VND2,823 billion, up 50.0% YoY, which was the main reason for TOI's 24.0% YoY rise to VND13,109 billion. Moreover, lower than expected provision caused NPAT in 4Q20 up 103.0% YoY to VND5,384 billion. In 2020, NII was firmer by 7.2% YoY to VND35,581 billion; and NPAT was up 45.0% YoY to VND13,740 billion (Fig 14–15)

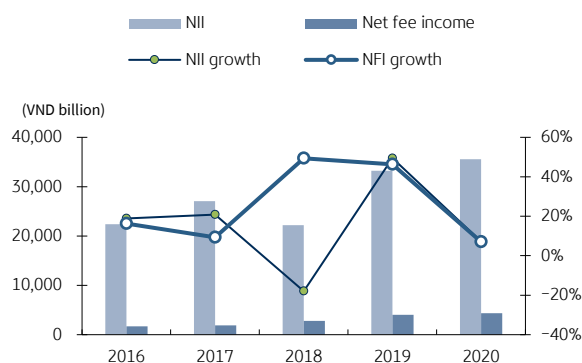
Credit growth in 4Q2020 reached 5.2% of QoQ and 7.8% of YTD

Customer credit improved 6.0% QoQ or 8.4% YTD in 4Q while corporate bond decreased by 30.4% QoQ, raising 4Q total credit by 5.2% QoQ and 7.8% YTD, lower than the system average of 12.1% YTD (Fig 18). Corporate bond was still low, only reached 1.2% of total credit, showing that CTG still focuses on traditional lending.

2020 NIM was stable at 2.94%

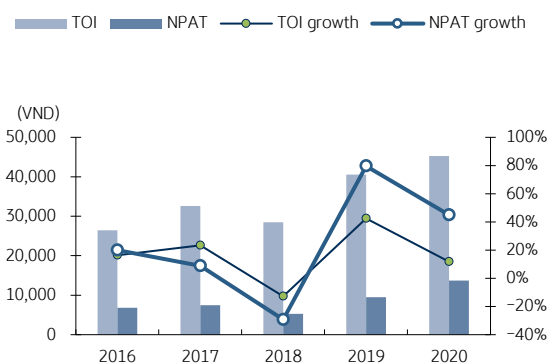
In 2H2020, CTG continuously launched preferential low-interest loan packages to help households and businesses overcome Coronavirus-induced difficulties, pushing average rate down 32 bps YTD. However, thanks to the State Bank's policy of cutting interest rates and the improved CASA ratio (Fig 17), CTG still maintained a NIM of 2.94% in 4Q, up 3 bps YTD and up 5 bps QoQ (Fig 16).

Fig 14. VietinBank – NII & Income from services (VNDbn, %)



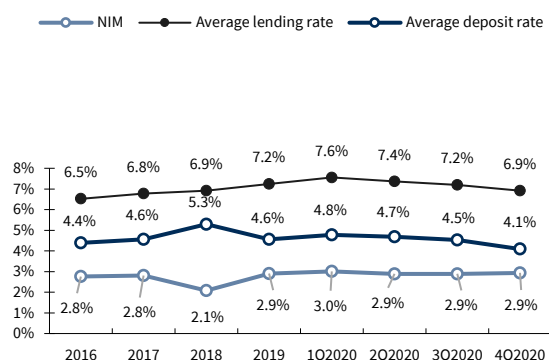
Source: Banks' reports, KB Securities Vietnam

Fig 15. VietinBank – TOI & NPAT growth (VNDbn, %)



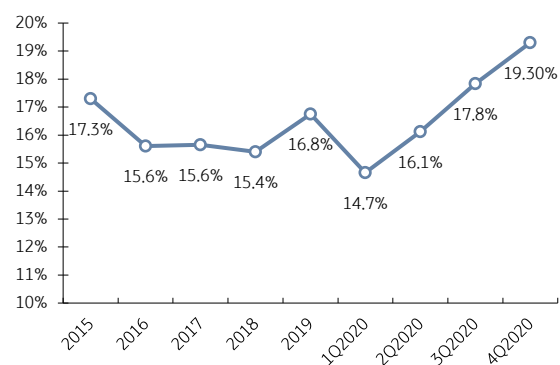
Source: Banks' reports, KB Securities Vietnam

Fig 16. VietinBank – NIM, lending rate & deposit rate 2016–2020



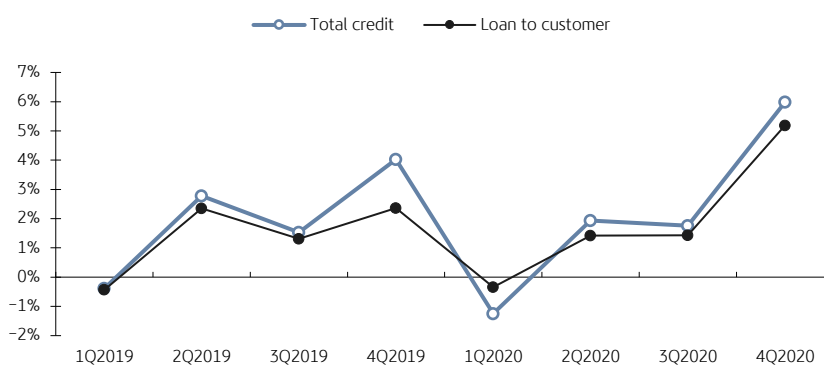
Source: Banks' reports, KB Securities Vietnam

Fig 17. Vietinbank – CASA ratio in 2015–2020



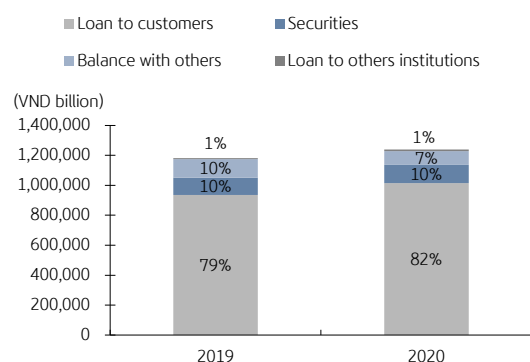
Source: Banks' reports, KB Securities Vietnam

Fig 18. VietinBank banks – Credit growth in 2019–2020



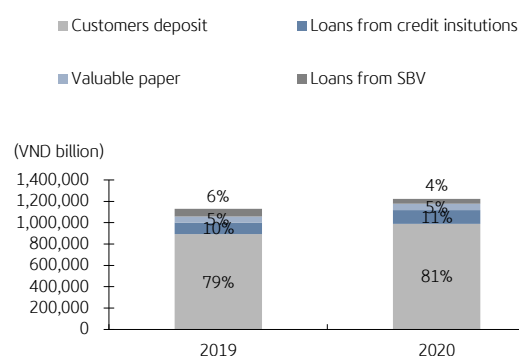
Source: Banks' reports, KB Securities Vietnam

Fig 19. VietinBank – Profitable asset structure 2019–2020



Source: Banks' reports, KB Securities Vietnam

Fig 20. Vietinbank – Deposit structure 2019–2020



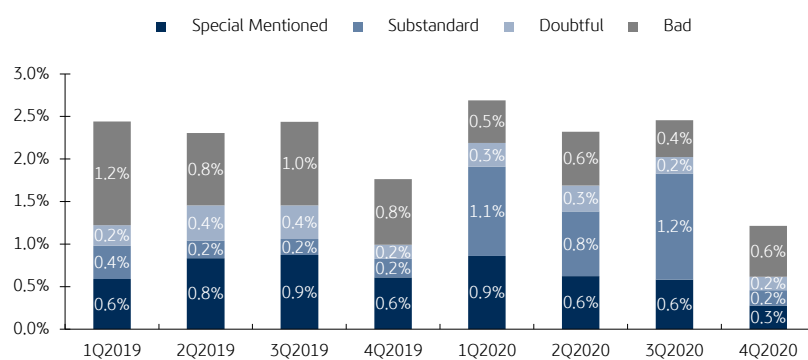
Source: Banks' reports, KB Securities Vietnam

NPL ratio reached 0.94%, the lowest level in last 5 years.

NPL ratio in 4Q20 reached 0.94%, down 93 bps QoQ and 22 bps YTD due to a re-classification in debt group 3 and VND2,497 billion provision reversal (Fig 21). Unlike some other top banks such as VCB, TCB, and MBB that boosted provisioning under the influence of COVID-19, CTG has not made a strong action as the provision and provision utilised amount did not have many changes compared to 2019 (Fig 22). NPL coverage as of 4Q2020 reached 132%, higher than the 2015–2019 average of 100.3% thanks to debt re-classification and high debt quality. Given Circular No. 1 on debt restructuring going to expire in early 2021 and the global movement of COVID-19 still quite serious, we believe that CTG will face great pressure on provisioning in 2021.

Substandard loan (group 3) increased significantly in 1Q2020 to 1.1% but down to 0.2% in 4Q2020, causing low NPL in the end of the year.

Fig 21. VietinBank– Special mentioned Loan structure 2019–2020

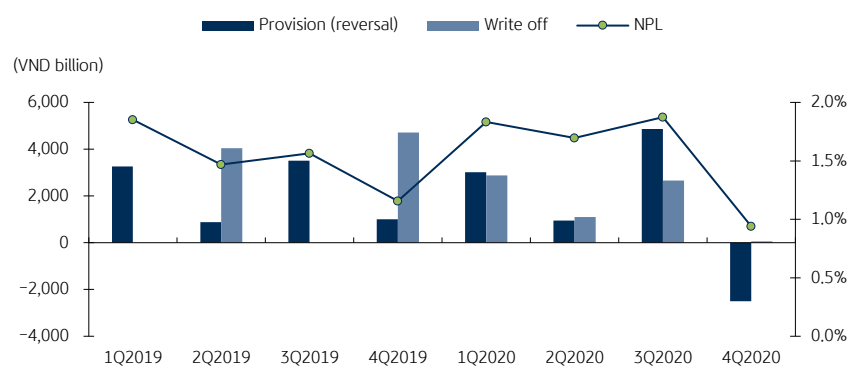


Source: Banks' reports, KB Securities Vietnam

NPL ratio decreased significantly thanks to re-classification of Group 3 of Debt and VND2,497 billion provision reversal.

There is no significant change of provision and write off bad debt compared to 2019.

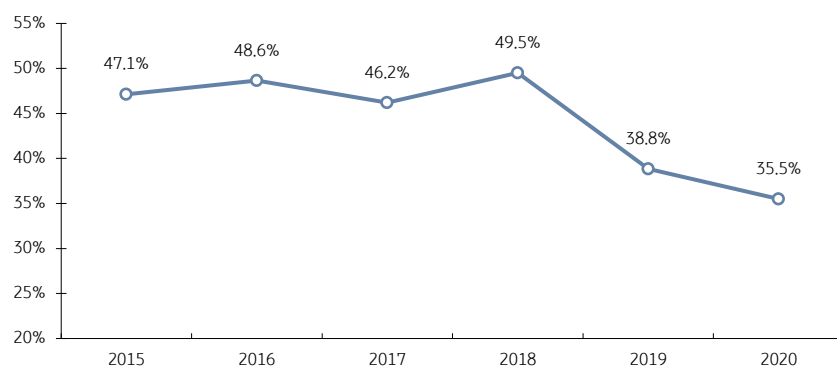
Fig 22. VietinBank–Provision and provision utilised to write off bad debt



Source: Banks' reports, KB Securities Vietnam

In 2019 and 2020, CTG accelerated cutting HR costs and administration cost, causing the CIR to decline sharply after maintaining at a high background in the period of 2015-2018

Fig 23. VietinBank – CIR ratio in 2015-2020



Source: Banks' reports, KB Securities Vietnam

Investment viewpoint

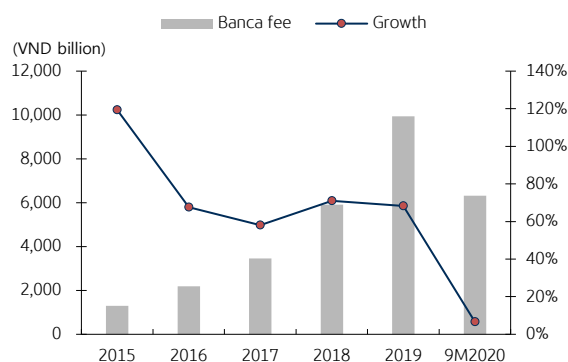
Growth potential of the insurance industry remains great in the near future

Revenue from bancassurance fees of banks had a four-year CAGR of 66.2%. In 9M2020, the pandemic triggered a decline in people's income, thereby limiting the access to insurance packages, but bancassurance premium revenue still maintained an increase of 6.7% YoY (Figure 24). We think that the growth potential of the insurance industry in the coming period is still very large based on: (1) higher awareness of the level of risks after the pandemic; and (2) the expansion of the middle class which raised the demand for insurance.

CTG signed an exclusive bancassurance contract with Manulife, which is expected to be the main driver of Non-NII growth in the coming years

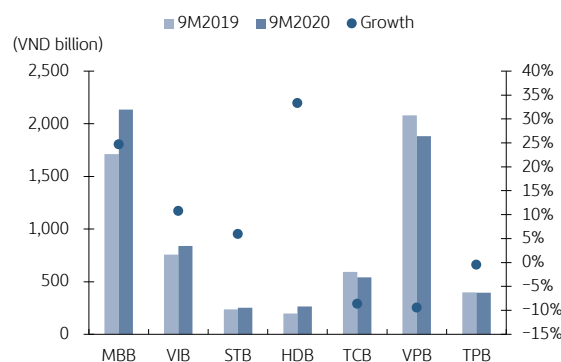
State-owned commercial banks joined the bancassurance activity quite late compared to other banks. While revenue from insurance fees for the whole system recorded VND9,939 billion in 2019, CTG has not logged any revenue from this sector. On December 14, 2020, CTG signed an exclusive cooperation agreement to distribute insurance with Manulife for 16 years. Manulife was the first foreign-owned life insurance company authorized to operate in Vietnam since 1999 with 50,000 agents and one million customers. With the leading large branch network in the country, we expect the bancassurance segment to make a significant contribution to 2021 Non-NII growth with annual upfront fee and transaction fees.

Fig 24. Banking system – Bancassurance fee growth



Source: Banks' reports, KB Securities Vietnam

Fig 25. Listed banks – Income from bancassurance in 9M20



Source: Banks' reports, KB Securities Vietnam

The plan to keep NPL ratio below 2% is practical thanks to: (1) low restructuring/total outstanding debt ratio; and (2) favorable draft amendments to Circular 01

The State Bank and the Ministry of Finance would submit a draft to amend Circular 01, which will maintain debt groups to help businesses maintain normal interest rates, but banks must make provisions considering true nature of the debt. The provisioning roadmap will take place for three years, starting from 2021 to prevent profit shocks for banks. As of 3Q20, CTG's restructuring debt ratio reached VND8.4 trillion, equivalent to 0.9% of total customer loan balance, lower than the average of top four leading private banks (TCB, VPB, MBB and ACB) which is 4.2%. This indicates that the impact of the pandemic on CTG is less powerful than that of private banks. We forecast that CTG can keep the NPL ratio below 2% with high provision, but there will be no sudden changes thanks to less Coronavirus-exposed customers and the favorable

amended circular.

CTG bought all bad debts from VAMC

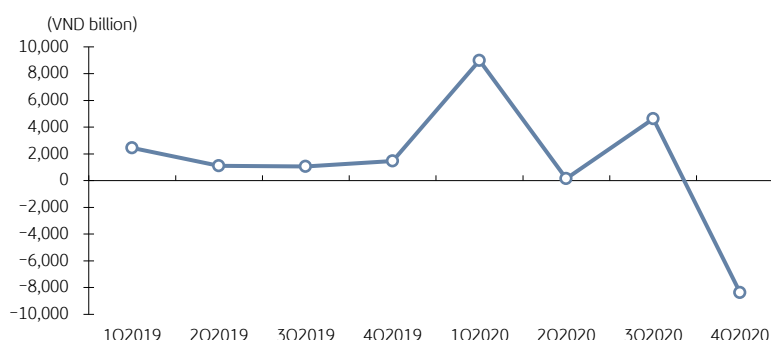
At the end of 2018, CTG sold VND13,427 billion in bad debt to VAMC which was paid in special bonds, maturing in December 2023 according to the restructuring plan associated with handling bad debts in the 2016–2020 period of the State Bank. By October 2020, with measures to handle bad debts combined with accelerated provisioning for VAMC special bonds, CTG settled all those bonds. The full settlement benefited CTG:

- (1) CTG was allowed to pay cash dividends. According to the revised Circular 32/2019/TT-NHNN, credit institutions selling VAMC special debts are not allowed to pay cash dividends until special bonds are paid in order to create sources to handle bad debts. Right after settling VAMC bonds, CTG decided to pay VND500 cash dividends;
- (2) CTG will be more proactive in classifying and handling bad debts to achieve optimal efficiency and reduce pressure on provisioning in 2021 as the banks has already made full provisions in 2020.

New arising bad debts increased sharply in 1Q20 and 3Q20 due to the direct impacts of COVID-19. However, bad debt decreased sharply due to re-classification in 4Q2020.

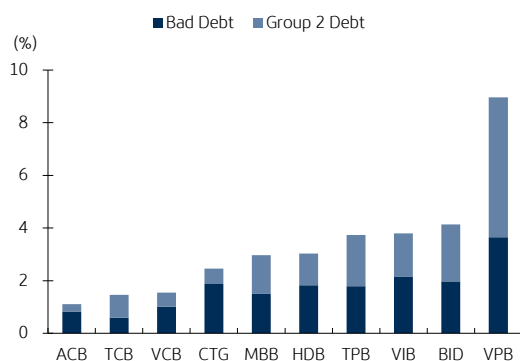
It is likely that new arising bad debts will continue to remain at a high level (VND3,000 billion – VND4,000 billion) in 2021, causing CTG to maintain a large capital buffer.

Fig 26. VietinBank – New arising bad debts in 2019 – 2020



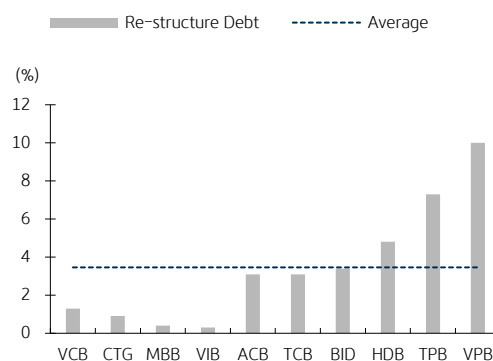
Source: Banks' reports, KB Securities Vietnam

Fig 27. Listed banks – Special mention debt structure 9M2020



Source: Banks' reports, KB Securities Vietnam

Fig 28. Listed banks – Re-structure Debt/Total Debt in 9M2020



Source: Banks' reports, KB Securities Vietnam

CTG would officially apply Basel II from 2021

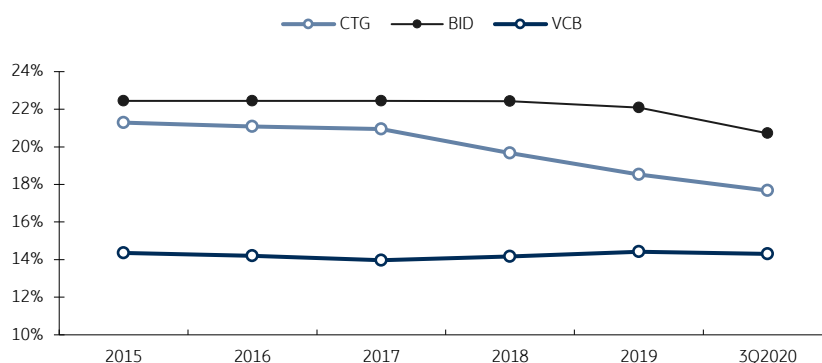
In 4Q20, CTG Management approved to pay VND500 cash dividends for 2019 earnings and pay stock dividends for 2017 and 2018 performance at the rate of 28.8%, raising capital charter capital from VND37,234 billion to VND47,953 billion. After raising capital, CTG will officially comply with CAR Basel II (Circular 41) instead of applying CAR Basel I (Circular 22). The application of Basel II would help CTG: (1) to increase transparency. Investors, partners, and depositors can check their own transactions and CTG would also have more appropriate risk management policies; (2) to build more favorable relationships with foreign organizations. Basel II is an important indicator for evaluating the quality of a bank internationally and a positive factor to upgrade credit rating, hence easier access to international capital at reasonable costs.

Capital raising plan in the period of 2021–2025 will be the driving force for long-term growth

In the long-term, CTG expects to issue shares to domestic strategic investors and a foreign strategic investor to raise charter capital by 2025, thereby lowering the state ownership to 51%. This is the best option for CTG to improve its CAR, raise credit growth limit and limit the loss of market share to commercial banks (Fig 29).

Facing the strong rise of joint stock commercial banks, the market share of the State-owned banks, especially CTG, decreased from 21.3% in 2015 to 17.7% by 3Q2020

Fig 29. State-owned commercial banks – Credit market share (%)

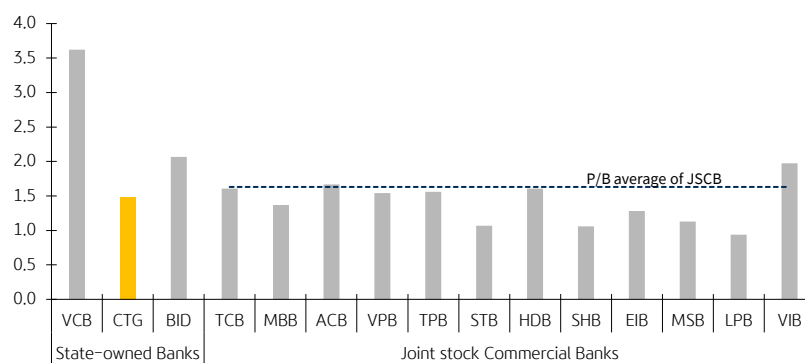


Source: Banks' reports, KB Securities Vietnam

CTG shares are traded at a lower P/B than other state-owned banks and leading joint stock commercial banks

CTG shares are currently traded at a P/B of 1.49, lower than the two state-owned banks, VCB (3.62) and BID (2.07) and lower than the average of the top joint stock commercial banks (1.63). As a state-owned bank with advantages in capital costs, a nationwide network, positive prospects from Basel II commitment, capital raising plans and low pressure to make provisions in 2021, CTG should to be traded at P/B equal to BID, a state-owned bank with quite similar equity size, but lower ROE.

Fig 30. Vietnam banks – P/B ratio



Source: Fiinpro, KB Securities Vietnam

Forecast performance

2021E business results

CTG performance in 2021 is forecast as follows:

- Credit growth is forecast to reach 8.0% in 2021 when businesses accelerate their borrowing to recover from the pandemic.
- We estimate CTG's 2021 NIM to decrease by 2 bps YoY to 2.92% on the assumption that CTG will accelerate lowering lending rates to stimulate credit growth and support businesses.
- Interest from service activities should rise 32.6% YoY, driven by prepaid bancassurance contract fees
- NPL ratio may be higher at 1.7% when signs of bad debts become clearer after a year of struggling with COVID-19.
- The provisioning expense is expected to remain high in 2021, reaching VND13,202 billion to ensure the provisioning buffer for newly arising bad debts.
- We forecast NPAT in 2021 at VND14,841 billion, up 8.0% YoY

Table 31. VietinBank – 2020–2021E business performance

	2020	2021F	2022F	% Yoy 2021	%YoY 2022
Net interest income	35,581	38,112	42,892	7%	13%
Net fee income	4,341	5,758	6,161	33%	7%
Total operating income	45,280	48,111	53,295	6%	11%
Provision for credit losses	(12,148)	(13,202)	(13,736)	9%	4%
Net profit after tax	13,741	14,841	17,151	8.0%	15.6%
NIM	2.94%	2.92%	3.01%	–2bps	9bps
Average interest rate	6.92%	7.19%	7.28%	28bps	9bps
Average deposit rate	4.09%	4.39%	4.45%	30bps	6bps
CIR	35.5%	34.0%	34.0%	–147bps	0bps
NPL	0.94%	1.70%	1.40%	76bps	–30bps
Total asset	1,341,393	1,475,843	1,587,573	10%	8%
Owner Equity	85,395	99,646	116,712	17%	17%

Source: Fiinpro, KB Securities Vietnam

We recommend to BUY CTG shares at VND41,100

We combine 2 valuation methods: P/B and Residual income methods to find the fair price for CTG shares.

(1) P/B valuation method: We assume CTG's 2021 target P/B at 2.07, equivalent to P/B of another state-owned bank BID.

(2) Residual income method (Table 32): We use the residual income method for risk assessment and long-term outlook forecast.

We combine two above valuation methods with the ratio of 50–50 to find the final fair value for a CTG share at VND41,100, 17.8% higher than the price at the valuation time.

Table 32. Listed banks – Relative P/B

Banks	Type	Feb-21
ACB	Top JSCB	1.67
BID	SOCB	2.07
CTG	SOCB	1.49
EIB		1.28
HDB	Top JSCB	1.61
LPB		0.94
MBB	Top JSCB	1.36
NVB		1.22
SHB		1.06
STB		1.07
TCB	Top JSCB	1.61
TPB		1.56
VCB	SOCB	3.62
VIB	Top JSCB	1.97
VPB	Top JSCB	1.54
Average		1.60
State-owned Commercial Banks		2.39
Top Joint Stock Commercial Banks		1.63

Source: Fiinpro, KB Securities Vietnam

Table 33. VietinBank – Residual income method

VND billions	2021F	2022F	2023F
NPAT	14,841.50	17,151.33	22,941.64
Residual Income	2,427.34	2,611.10	5,557.59
Required rate of return (r)	12.46%		
Growth (g)	5.0%		
Terminal value	55,013		
Present value (PV)	146,458		
Price	39,334		

Source: KB Securities Vietnam

Table 34. VietinBank – Residual income & P/E valuation methods

Methods	Forecasted price	Proportion	Price*proportion
Residual Income	39,334	50%	19,667
P/B	43,014	50%	21,507
Target price			41,100

Source: KB Securities Vietnam

Table 34. VietinBank – Financials

Income Statement (VNDbn)						Balance Sheet (VNDbn)					
	2018	2019	2020E	2021F	2022F		2018	2019	2020E	2021F	2022F
Net interest income	22,212	33,199	35,581	38,112	42,892	Loans	851,866	922,325	1,002,771	1,078,054	1,166,979
Interest income	73,870	82,743	83,682	93,918	103,875	Marketable securities	3,132	3,825	5,602	5,904	6,377
Interest expense	(51,658)	(49,544)	(48,100)	(55,807)	(60,983)	Cash (ex. Reserves)	7,028	8,283	9,930	10,080	10,887
Fees & commissions	2,771	4,055	4,341	5,758	6,161	Interest earning assets	1,103,511	1,181,210	1,238,884	1,373,358	1,479,654
Other non-interest income	1,889	1,497	1,876	1,887	1,887	Fixed assets & other assets	46,188	46,931	47,861	50,591	54,052
Total operating income	28,446	40,519	45,280	48,111	53,295	Total assets	1,164,290	1,240,711	1,341,393	1,475,843	1,587,573
SG&A expenses	(14,084)	(15,735)	(16,062)	(16,358)	(18,120)	Customer deposits	825,816	892,785	990,331	1,044,343	1,127,890
Pre-provisioning OP	14,361	24,785	29,219	31,754	35,175	Borrowings & call money/repos	52,150	62,842	62,609	72,092	77,540
Provision for credit losses	(7,803)	(13,004)	(12,148)	(13,202)	(13,736)	Interest bearing liabilities	1,046,032	1,129,938	1,223,323	1,318,840	1,424,009
Other income	2,914	2,357	2,701	2,971	2,971	Other liabilities	45,007	27,643	29,941	54,370	43,627
Other expense	(1,025)	(860)	(825)	(1,084)	(1,084)	Total liabilities	1,096,973	1,163,357	1,255,998	1,376,197	1,470,861
Pre-tax income	6,559	11,781	17,070	18,552	21,439	Charter capital	37,234	37,234	37,234	47,954	47,954
Income tax expense	(1,281)	(2,304)	(3,329)	(3,710)	(4,288)	Capital surplus	8,975	8,975	8,975	8,975	8,975
NP	5,277	9,477	13,741	14,841	17,151	Retained earnings	11,837	19,833	25,985	30,032	47,097
Minority interest profit	(2)	(16)	(62)	(74)	(86)	Capital adjustments	-	-	-	-	-
Parent NP	5,275	9,461	13,679	14,767	17,066	Total shareholders' equity	67,316	77,355	85,395	99,646	116,712

Financial Indicators (%)						Valuation (VND, X, %)					
	2018	2019	2020E	2021F	2022F		2018	2019	2020E	2021F	2022F
Profitability						Share Price Indicators					
ROE	8.1%	13.1%	16.9%	16.0%	15.9%	EPS	1417	2,541	3,674	3,079	3,559
ROA	0.5%	0.8%	1.1%	1.1%	1.1%	BVPS	18,079	20,775	22,935	20,780	24,338
Pre-provision ROE	17.6%	27.5%	28.8%	27.5%	26.0%	Tangible BVPS	16,751	19,547	21,752	19,835	23,416
Pre-provision ROA	1.0%	1.7%	1.8%	1.8%	1.8%	Valuations					
Net interest margin (NIM)	2.1%	2.9%	2.9%	2.9%	3.0%	PER	24.6	13.7	9.5	11.3	9.8
Efficiency						PBR	19	17	15	17	14
Pure Loan to deposit ratio	104.7%	104.8%	102.5%	105.0%	105.0%	Dividend yield	0.0%	0.0%	14%	12%	14%
Cost-income ratio	49.5%	38.8%	35.5%	34.0%	34.0%	ROE	8.1%	13.1%	16.9%	16.0%	15.9%
Growth						Capital Adequacy					
Asset growth	6.3%	6.6%	8.1%	10.0%	7.6%	CAR	10.0%	9.3%	10.0%	>8%	>8%
Loan growth	8.9%	8.3%	8.7%	7.5%	8.2%	Asset Quality					
PPOP growth	-18.2%	72.6%	17.9%	8.7%	10.8%	NPL ratio (substandard)	16%	12%	0.9%	17%	14%
Parent NP growth	-29.0%	79.4%	44.6%	8.0%	15.6%	Coverage ratio (substandard)	60.6%	120.8%	136.0%	99.3%	104.4%
EPS growth	-29.0%	79.4%	44.6%	-16.2%	15.6%	NPL ratio (precautionary)	2.2%	18%	12%	2.4%	1.7%
BVPS growth	5.6%	14.9%	10.4%	-9.4%	17.1%	Coverage ratio (precautionary)	43.9%	79.2%	105.1%	70.3%	86.0%

Source: Bloomberg

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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