

# VIETNAM INTERNATIONAL COMMERCIAL JSB (HSX: VIB)

**HOLD**

**Target price**

**20,800 VND**

Upside

-1.7%

- 2Q2024 and 6M2024 PAT decreased by 28.6% YoY and 18.4% YoY, respectively, due to a decline in net interest income (-31.4%) and a significant increase in provisioning expenses (35.8%).
- End of 2Q2024 asset quality improved slightly QoQ but still declined YoY despite active provisioning in the first two quarters.
- We maintain **HOLD** recommendation for **VIB** and reduce target price to **20,800 VND/share** due to less-than-expected business results in 6M2024.

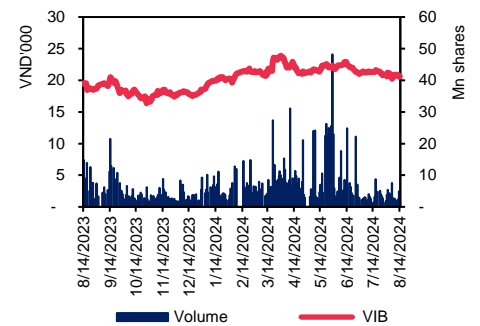
### Material changes in the report

2024 PAT and the 12-month target price are adjusted to decrease 9.7% and 3.3% compared to the previous report.

### 6M2024 PAT decreased due to provision expense and the increase of CIR.

In 6M2024, TOI reached VND 10,358 billion (+0.6% YoY); of which, net interest income decreased by 8.3% while non-interest income increased by 30.6% YoY. 6M2024 NIM decreased significantly by 110 bps YoY, leading to the sharp decline in net interest income. End of 2Q2024, credit growth reached 4.6%, lower compared to other banks achieving 7.6% YoY. 6M2024 non-interest income was primarily driven by debt restructuring (+145.4% YoY) and FX trading, with a profit of VND 315 billion compared to a loss of VND 18 billion YoY. 6M2024 provisioning expenses reached VND 2,075 billion (+35.8% YoY), while the cost-to-income ratio (CIR) increased by 520 bps to 35.5%, causing PAT to decrease by 18.4% YoY. This only represents 42.4% of our latest full-year 2024 PAT forecast and 38.4% of the bank's full-year plan.

### Information



Source: FiinProX, MBS Research

### NPL returned to its peak in 3Q2023.

Asset quality was deteriorated as end of 2Q2024 NPL reached 3.7%, equivalent to the 3Q2023 peak. Conversely, group 2 debt fell to 4.5%, its lowest point since 1Q2023. Overall, the sub-standard debt ratio (groups 2-5) decreased to 8.1% at the end of 2Q2024, compared to the same period (2Q2023: 10.1%) and the previous quarter (9.2%). NPL is forecasted to decrease slightly to 3.6% while group 2 debt is expected to decline sharply to 4.0% by the end of 2024.

Market price (VND)	21,150
High 52w (VND)	23,891
Low 52w (VND)	16,378
Market cap (VND bn)	52,258
P/E (TTM)	6.8x
P/B (TTM)	1.4x
Dividend yield (%)	6.1%
Foreign ownership (%)	20.48%

Source: FiinproX, VSD

### HOLD recommendation and target price reduced to 20,800 VND/ share.

We reduce VIB 12-month target price to 20,800 VND/share (lower than the previous forecast of 3.3%) as (i) 6M2024 business results were lower-than-expected, leading to reduce PAT forecast by 9.7% (ii) target P/B is reduced to 1.1x applied to 2024-2025 average book value due to the continuously increase of NPL. We maintain HOLD recommendation for VIB thanks to the annually potential growth for 20% and an outperforming ROE versus the overall sector.

### Ownership structure (30/06/2024)

Commonwealth Bank of Australia (CBA)	19.84%
Do Xuan Hoang	4.95%
Dang Khac Vy	4.95%
Funderra JSC	4.68%
Uniben JSC	2.62%

Figure 1: Financial Indicator (Unit: VND bn)

Financial Indicator	31/12/23	31/12/24	31/12/25	31/12/26
Total operating income	22,160	22,693	28,173	35,288
Net interest income	17,361	16,496	20,681	26,209
Net Interest Margin (NIM)	4.7%	3.8%	4.2%	4.5%
Total provision charges	4,847	5,819	6,628	6,703
Net profit	8,562	7,693	10,254	14,406
Net profit growth	1.1%	-10.2%	33.3%	40.5%
Customer loan growth	14.2%	16.0%	19.3%	20.7%
Deposit growth	20.6%	12.5%	15.3%	20.4%
BVPS	14,955	16,608	20,473	25,899
P/B	1.4x	1.1x	0.9x	0.7x

Source: VIB, MBS Research

### Analyst



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## 2Q2024 and 6M2024 PAT decreased due to the low retail credit

### 2Q2024 and 6M2024 performance update

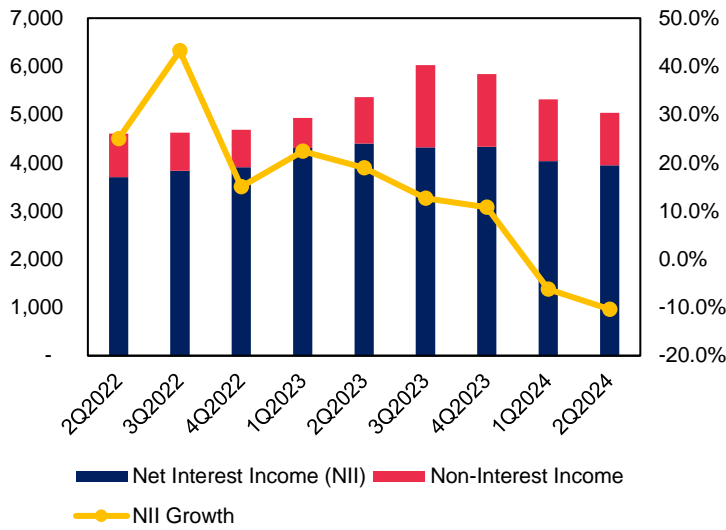
2Q2024 and 6M2024 PAT decreased by 28.6% and 18.4% YoY, respectively.

Figure 2: 2Q2024 and 6M2024 performance update (Unit: VND bn)

Business metrics	2Q2024	Growth (yoy)	6M2024	Growth (yoy)	Compared to MBS's latest forecast	Assessment
Total operating income	5,039	-6.1%	10,358	0.6%	43.8%	
Net Interest Income	3,946	-10.4%	7,981	-8.3%	44.4%	2Q2024 NIM continuously declined from 1Q2024, dropping to 3.8% (-110bps QoQ). Besides, 6M2024 credit growth reached only 4.6% compared to the end of 2023, lower than the sector average of 6% (listed banks: 7.6% compared to the end of 2023), leading to a decrease in net interest income.
Non-interest income	1,094	13.7%	2,376	49.7%	41.9%	6M2024 non-interest income was primarily driven by bad debt write-off (+145.4% YoY) and FX trading, with a profit of VND 315 billion compared to a loss of VND 18 billion YoY. 6M2024 fee income only increased slightly by 6.5% YoY.
Provision expense	1,130	31.4%	2,075	35.8%	39.6%	Provision expense/ total outstanding loans ratio increased to 0.41% (1Q2024: 0.35%, 2Q2023: 0.34%) while NPL showed signs of rebounding after a period of decline.
Operating expense	1,806	16.1%	3,677	17.7%	48.6%	
PAT	1,683	-28.6%	3,684	-18.4%	42.4%	2024 PAT is underwhelming due to slow growth in operating income and increased provisioning costs. PAT has only reached 38.4% of the full year target.
NIM	3.8%	-110 bps	3.8%	-110 bps		
CIR	35.8%	684 bps	35.5%	516 bps		2H2024 CIR rose to 29.8% compared to 2023, due to stagnant operating income and increasing bad debt settlement for following years.
ROE	21.4%	-744 bps				
Credit growth (YTD)	4.6%	382 bps				End of 2Q2024 credit growth was lower compared to the whole industry (6.0% compared to the end of 2023) and listed banks (7.6% compared to the end of 2023) due to the continued weakness in the retail segment across the industry, which was negatively impacted by the real estate market and macroeconomic fluctuations.
Deposit growth (YTD)	6.3%	-495 bps				
CASA	14.7%	270 bps				
NPL	3.7%	2 bps				NPL ratio tends to return to its peak in 3Q2023, however, the decline in group 2 debt indicates an improvement in asset quality.
LLR	48.1%	907 bps				

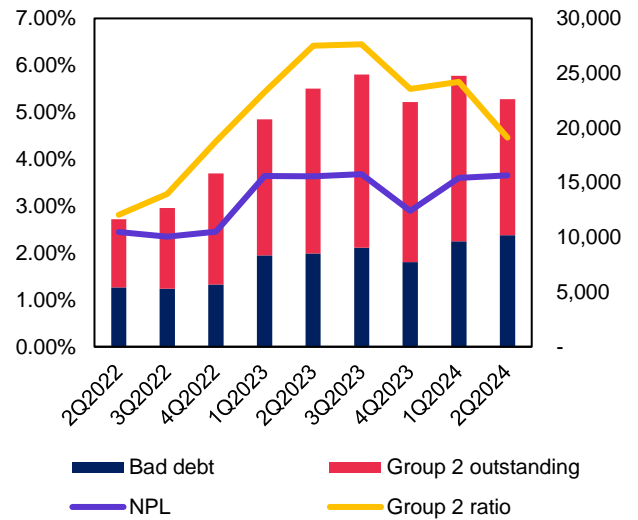
Source: VIB, MBS Research

Figure 3: Quarterly business performance of VIB (Unit: VND bn, %)



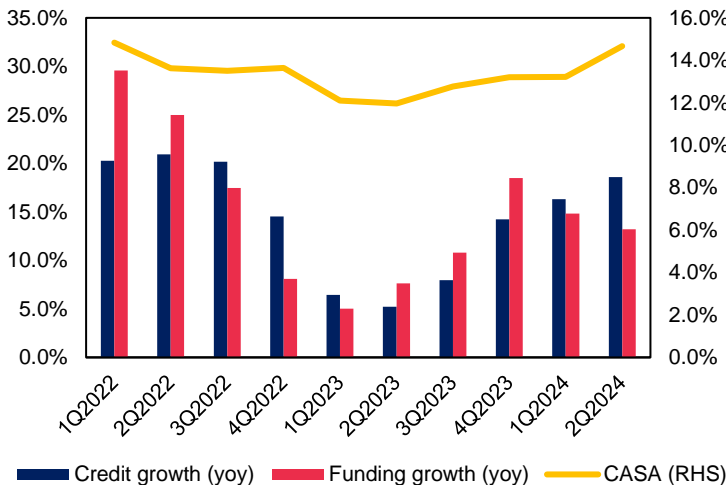
Source: VIB, MBS Research

Figure 4: Quarterly asset quality of VIB (% , VND bn)



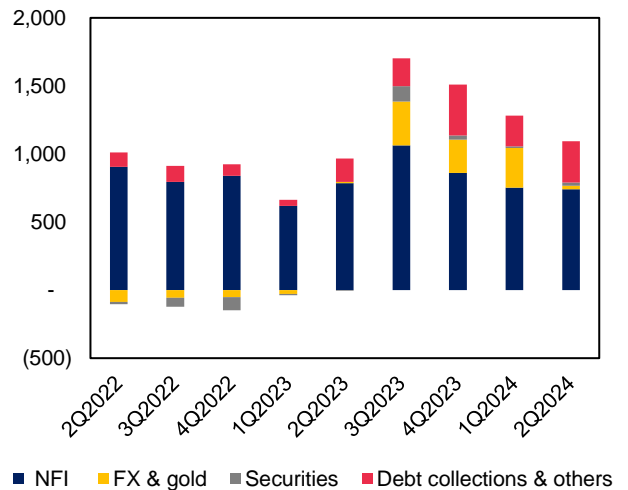
Source: VIB, MBS Research

Figure 5: Quarterly credit growth and funding growth (Unit: %)



Source: VIB, MBS Research

Figure 6: VIB's monthly non-interest income structure (VND bn)



Source: VIB, MBS Research

**We reduce 2024 PAT forecast by 10.9% compared to previous forecast as the 2Q2024 business results were lower-than-expected.**

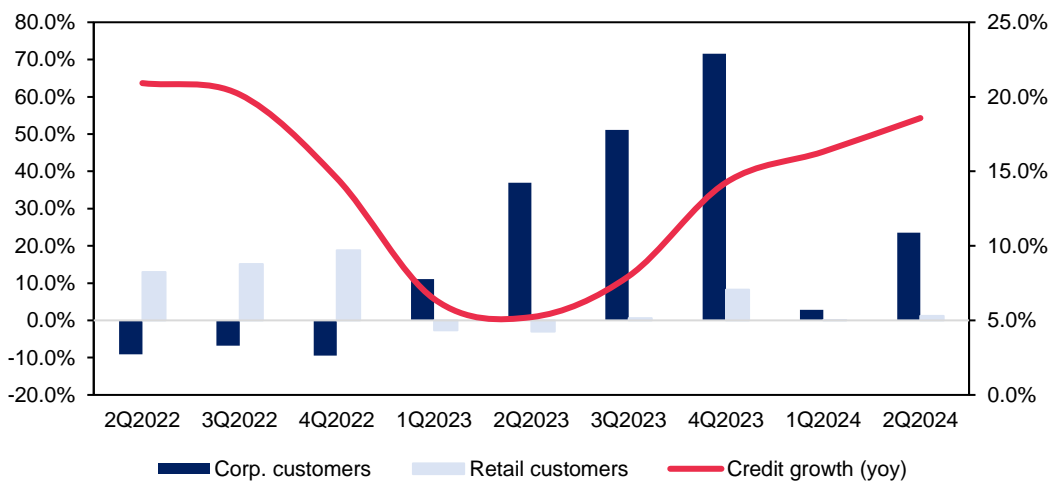
**Credit growth forecasted is reduced to 16.0% from the previous forecast of 19.3%.**

End of 2Q2024, VIB's outstanding loans grew by 4.6% compared to the end of 2023, a 4.2% increase from the previous quarter and significantly higher than the same period last year (2Q2023 grew by 0.8% compared to the end of 2022). However, this growth rate is much lower compared to the entire banking system (6.0%) and compared to joint-stock commercial banks (7.6% compared to the beginning of the year). The outstanding loan balance for the business clients group increased significantly by 23.5% compared to the beginning of the year, while the retail segment only grew by 1.2%. The ratio of retail loans in VIB's credit structure also decreased to 82%, the lowest since 2020.

The decline in credit demand from small and medium-sized enterprises (SMEs) across the industry has led to a slowdown in retail lending for most banks compared to business lending. VIB's credit growth has been driven by auto loans and credit card lending, while mortgage lending remains sluggish. End of 2Q2024, VIB holds the third-largest market share in auto loans at 12%. In the mortgage market, VIB primarily lends for secondary real estate figures and faces significant competition from peers in the same segment as well as larger banks with cost and network advantages such as TCB, VPB, etc. This is because the primary real estate market has not yet to recover due to legal issues, making it difficult to attract credit.

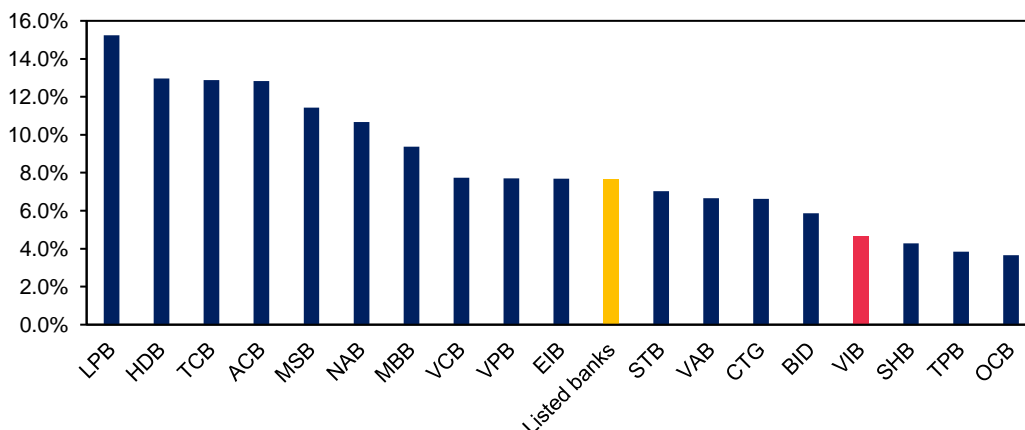
We assess VIB's credit growth in 1H2024 to be relatively weak, not only due to the industry-wide low demand for retail loans but also due to the pressure of declining asset quality, which has led the bank to reduce lending to focus on settling bad debts for a sustainable long-term growth. We forecast VIB's credit growth in 2024 to reach 16.0%, meeting the 100% growth limit currently granted by SBV, assuming that the overall retail lending activity will improve in 2H2024 when (i) credit card lending is boosted during the peak consumption season in 2H2024; (ii) secondary home loans are expected to be more favorable in 2H2024 when new provisions of the Land Law take effect, stimulating secondary transactions while primary transactions are forecast to remain relatively weak.

Figure 7: Quarterly credit growth of VIB, by customer segment (%)



Source: VIB, MBS Research

Figure 8: Credit growth of listed bank in 2Q2024 versus the beginning of 2024 (%)



Source: Listed banks, MBS Research

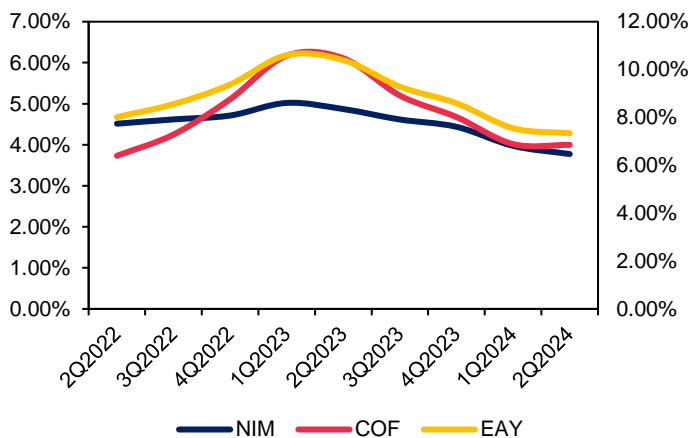
**NIM in 2H2024 is expected to remain similar to 1H2024.**

Net Interest Margin (NIM) in 2Q2024 stood at 3.8%, a decrease of 110 bps YoY and 20 bps QoQ. Despite a significant decline in the cost of funds from 6.1% in 2Q2023 to 4% in 2Q2024, the interest income trended downwards to attract credit, causing the return on assets (ROA) to decrease more sharply.

According to our observations, the rate of decline in the cost of funds has been slower compared to the return on assets (ROA) in 1H2024. The cost of funds stood at 4.0% in 1Q2024 and remained in 2Q2024, while ROA was 7.6% in 1Q2024 and decreased to 7.3% in this quarter. This indicates that the low credit demand has had a stronger impact on VIB's NIM while deposit rates have been gradually increasing along with tight liquidity.

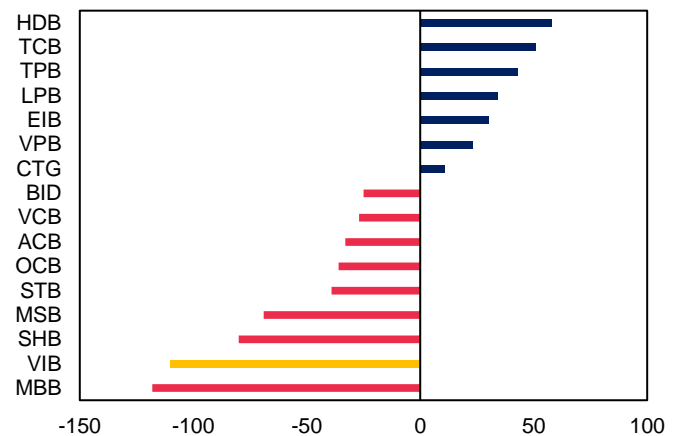
We anticipate that deposit rates will gradually increase in 2H2024 as system-wide liquidity tightens, prompting banks to ramp up their funding activities. Meanwhile, lending rates are expected to remain low and will not experience significant upward pressure as credit demand has not fully recovered, especially in the mortgage segment for small and medium-sized enterprises (SMEs). Therefore, we forecast that net interest margins (NIMs) of most banks will not improve compared to 1H2024. Additionally, VIB's customer deposits (CASA) do not provide a significant advantage. End of 2Q2024, VIB's CASA ratio reached 14.7%, slightly up from 13.2% at the end of 2023 but still significantly lower than the industry average of 20.9%. As a result, we lower our forecast for 2024 VIB's NIM to 3.8%, implying that 2H2024 NIM will be similar to the first half.

Figure 9: Monthly NIM, COF and Asset yield of VIB (%)



Source: VIB, MBS Research

Figure 10: NIM changes of listed banks in 6M2024 (bps)



Source: VIB, MBS Research

**Provisioning pressure remains high as asset quality is not expected to improve significantly by the end of 2024.**

Asset quality will be deteriorated as end of Q2/2024 NPL reached 3.7%, equivalent to the 3Q2023 peak. Conversely, group 2 debt fell to 4.5%, its lowest point since 1Q2023. Overall, the sub-standard debt ratio (Groups 2-5) was 8.1% at the end of 2Q2024, a significant decrease compared to the same period (2Q2023: 10.1%) and the previous quarter (9.2%).

6M2024 credit growth was primarily driven by the business clients segment, where asset quality remains well-controlled. NPL ratio for this group stood at 0.5% at the end of 2Q2024, down 30 bps QoQ and 40 bps YoY. Therefore, we

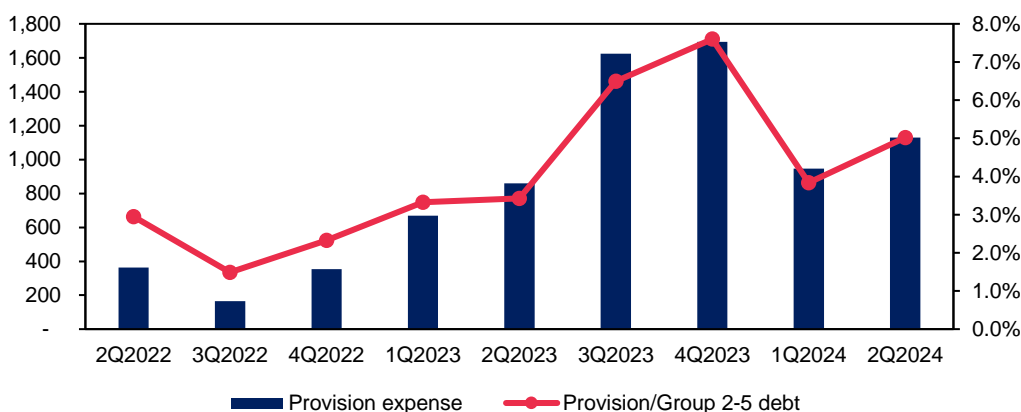
believe that the increase in non-performing loans is mainly due to the reclassification of loans within the SME segment, coupled with a slow credit growth rate.

Provisioning and bad debt management have been a positive highlight in both 2023 and 2024, especially considering that credit growth has not been a top priority amid the slow recovery of retail credit demand. LLR for total loans in 6M2024 reached 0.75%, higher than the 0.64% YoY. Although the utilization rate of total provisions was 69.4%, lower than the 82.2% of the same period last year, the costs of provisions used in 2024 increased by 17.4% YoY. As a result, income from bad debt management in 2024 reached 499 billion VND, a more than 2.7-fold increase YoY. Restructured debt under Circular 02 at the end of 2Q2024 reached 582 billion VND, accounting for 0.2% of total loans and decreasing significantly from 819 billion VND at the end of 2023.

We commend VIB's efforts in managing non-performing loans, especially considering that profit growth targets have been prioritized to ensure long-term prospects. However, VIB's asset quality is not expected to improve significantly in 2H2024. We believe that NPL pressure in 2H2024 will persist as retail lending remains low, leading to less vigorous debt collection activities, particularly for home loan customers, where asset quality may deteriorate due to a weak market with no signs of recovery. Additionally, the impact of customer debt reclassification on CIC is not insignificant for retail banks, as loans from other banks are larger and therefore riskier. We expect VIB's NPL ratio to remain at 3.6% at the end of 2024, even though credit growth will outperform the beginning of the year. Group 2 debt is forecasted to decrease to 4.0% with the expectation that the bank will maintain high provisioning levels as it has done in the past six quarters.

End of Q2Q2024 LLR reached 48.1%, decreasing significantly from 55.3% at the end of 2023. We expect full-year 2024 provisioning expense to reach 5,819 billion VND (+20.1% YoY). The pace of provisioning is slowing down mainly due to the high base of the same period in 2023 when 2H2023 provisioning expense increased 2.2 times compared to the first half. Overall, we expect 6M2024 provisioning expense to increase by 82.9% compared to the first half. End of 2024 LLR is expected to be 44.1% with the expectation that the provision using rate in 2024 will reach 98.0%.

Figure 11: Provision expense and sub-standard provision ratio of VIB by quarter (in billion VND, %)



Source: Banks, MBS Research

## Business Results Forecast : PAT is forecasted to decrease by 9.7% in 2024 and increase sharply by 32.4% in 2025

Figure 12: Business results forecast of 2024-2025

Business metrics	2023F	2024F	% YoY	2025F	% YoY	Assessment
Net interest income	17,361	16,496	-5.0%	20,681	25.4%	
Non-interest income	4,800	6,197	29.1%	7,491	20.9%	
Operating income	22,160	22,693	2.4%	28,173	24.1%	
Operating expense	6,611	7,262	9.8%	8,734	20.3%	
Profit before provision	15,550	15,431	-0.8%	19,439	26.0%	
Provision expense	4,847	5,819	20.1%	6,628	13.9%	
PAT	8,562	7,693	-10.2%	10,254	33.3%	
Credit growth (YTD)	14.2%	16.0%	177 bps	19.3%	329 bps	
Funding growth (YTD)	20.6%	12.5%	-810 bps	15.3%	272 bps	
NIM	4.7%	3.8%	-86 bps	4.2%	36 bps	
CIR	29.8%	32.0%	217 bps	31.0%	-100 bps	Credit growth both increases net interest income and non-interest income such as fees and debt servicing, thereby improving CIR
LDR	74.2%	75.2%	104 bps	77.5%	228 bps	
CASA	13.4%	12.7%	-70 bps	11.9%	-82 bps	CASA growth is expected to slow down compared to 6M2024, as liquidity is not abundant and deposit rates are trending upward.
NPL	3.1%	3.6%	42 bps	3.2%	-32 bps	
LLR	51.0%	44.1%	-686 bps	39.9%	-427 bps	
ROE	24.3%	19.2%	-504 bps	21.8%	258 bps	The pessimistic forecast for business results in 2024 also causes VIB's ROE to decline significantly, falling below 20% for the first time since 2018.
ROA	2.3%	1.8%	-51 bps	2.0%	28 bps	

Source: VIB, MBS Research

## Investment Thesis

We reduce the 12-month target price for VIB to **20,800 VND/share** (-3,3% compared to the latest forecasted price) due to (i) 2Q2024 the weaker-than-expected business results, leading to lower expected net profit by 9,7% compared to the latest forecast; (ii) reduce the target P/B ratio to 1.1x due to the non-peaking bad debt. We maintain a NEUTRAL recommendation for VIB despite the relatively pessimistic outlook for 2024 as:

- Post-2024, credit growth is forecasted to average 20% annually (growth rate is subject to the State Bank's approval). We believe that VIB's intrinsic capacity can possibly surpass this figure as credit demand recovers, evidenced by the CAGR 21.5% over the past 5 years.
- PAT growth is expected to reach the CARG over 25% in the next 5 years as NIM is about to remain above 4.5%. The loan structure with 80% retail loan quickly boosts the rate of return when credit recovers and the interest rate environment is favorable.
- ROE has consistently ranked among the highest in the industry, thanks to its ability to optimize operational efficiency and capital utilization, contributing to VIB's P/B ratio consistently outperforming its peers.

## Summary of Assumptions in the Valuation Method

We value VIB's stock using a combination of 2 valuation methods: Residual income (RI) and P/B.

- P/B: We use a targeted P/B ratio of 1.1x to apply for VIB's average ending book value in 2024-2025. This PB is much lower than total sector (1.4x) due to the continuous deterioration in asset quality coupled with a weak growth outlook for 2024.
- Regarding residual income method, the proportion of book value in the valuation component has been reduced to 72.3% in this valuation indicating a more positive profit outlook for VIB in the coming years as credit demand gradually recovers.

## Investment risks

- Exchange rate pressure in the upcoming quarters will lead to higher deposit interest rate than forecasted. We also do not rule out the possibility that the SBV might slightly increase policy rates to stabilize the exchange rate, which could put a huge pressure on cutting NIM down than projected.
- Mortgage lending still accounts for the largest proportion of VIB's loan portfolio. Therefore, the lack of recovery in the real estate market, especially the primary market, poses a significant challenge to VIB's credit growth in 2H2024



## Valuation

Figure 13: Valuation summary of residual income valuation method

	2024	2025	2026	2027	2028
Risk-free rate	3.3%	3.3%	3.3%	3.3%	3.3%
Risk premium	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	2.05	2.05	2.05	2.05	2.05
Cost of equity	21.7%	21.7%	21.7%	21.7%	21.7%
Long-term growth rate	3.0%	3.0%	3.0%	3.0%	3.0%
<i>(UNIT: VND bn)</i>					
RI	(1,006)	33	1,624	3,099	3,968
Current RI	(827)	28	1,334	2,546	3,260
Beginning shareholder's equity	37,939				
Total current RI (5 years)	6,341				
Current terminal value	8,163				
Ending shareholder's equity	52,443				
Outstanding shares (million shares)	2,537				
<b>Stock value (VND/share)</b>	<b>20,700</b>				

Source: MBS Research

Figure 14: Peer comparison (closing price at 16/08/2024)

	Giá hiện tại	Vốn hoá	Tổng tài sản	P/E		P/B		ROE		ROA	
	(VND/cp)	(tỷ đồng)	(tỷ đồng)	TTM	2024	TTM	2024	TTM	2024	TTM	2024
BID	47,500	268,206	2,521,053	11.7x	10.8x	2.1x	1.8x	18.8%	16.9%	1.0%	0.9%
VCB	88,100	491,840	1,905,639	14.8x	14.2x	2.7x	2.4x	19.5%	17.1%	1.8%	1.7%
CTG	32,500	170,766	2,161,429	8.4x	7.8x	1.3x	1.2x	15.9%	17.3%	1.0%	1.8%
MBB	24,050	124,168	988,605	5.8x	6.2x	1.2x	1.1x	22.6%	22.2%	2.3%	2.4%
VPB	18,400	142,811	864,392	11.8x	10.0x	1.1x	1.0x	9.1%	11.7%	1.4%	1.8%
TCB	21,450	149,354	908,307	7.0x	6.3x	1.1x	1.0x	16.2%	16.6%	2.5%	2.5%
ACB	24,000	105,190	769,679	6.4x	5.8x	1.4x	1.3x	22.9%	21.6%	2.3%	2.3%
STB	29,350	55,048	717,313	6.7x	6.5x	1.1x	1.0x	17.6%	16.2%	1.2%	1.2%
HDB	25,900	75,435	624,443	6.2x	5.7x	1.5x	1.3x	26.2%	23.3%	2.1%	1.9%
LPB	28,800	73,659	442,583	8.3x	8.9x	1.9x	1.7x	24.7%	21.6%	2.1%	2.0%
VIB	21,150	52,258	430,962	6.8x	7.0x	1.4x	1.3x	20.5%	23.4%	1.9%	2.2%
OCB	14,450	29,898	238,884	7.9x	6.0x	1.0x	0.9x	13.0%	15.9%	1.6%	1.9%
TPB	17,500	37,868	361,555	8.0x	7.2x	1.1x	1.0x	14.1%	14.5%	1.3%	1.5%
<b>Trung bình loại trừ SOEs</b>		<b>84,569</b>	<b>634,672</b>	<b>7.5x</b>	<b>7.0x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>18.7%</b>	<b>18.7%</b>	<b>1.9%</b>	<b>2.0%</b>
<i>Trung bình</i>		<i>136,654</i>	<i>994,988</i>	<i>8.4x</i>	<i>7.9x</i>	<i>1.4x</i>	<i>1.3x</i>	<i>18.5%</i>	<i>18.3%</i>	<i>1.7%</i>	<i>1.8%</i>

Source: Finpro, MBS Research

Figure 15: Valuation summary

Valuation method	Forecasted Price	Weight	Contribution
Residual Income	20,700	50%	10,350
P/B (targeted P/B = 1.1x)	20,900	50%	10,450
<b>Target price</b>			<b>20,800</b>

Source: MBS Research

## Financial Statements

Income Statement (VND bn)	31/12/23	31/12/24	31/12/25	31/12/26	Financial ratios	31/12/23	31/12/24	31/12/25	31/12/26
Net Interest Income	17,361	16,496	20,681	26,209	<b>Growth</b>				
Net fee and commission income	3,327	4,860	6,009	7,375	Asset growth	19.6%	12.8%	16.6%	19.9%
Net gains from gold and FX	548	323	409	539	Loan growth	14.8%	15.8%	19.3%	20.7%
Net gains from trading securities	-	-	-	-	Securities	51.4%	-9.0%	19.3%	20.6%
Net gains from investment securities	130	143	116	111	Deposit	18.2%	15.1%	21.9%	20.9%
Net other income	795	871	958	1,054	Valuable papers	-24.8%	54.8%	-0.6%	26.7%
<b>Total operating income</b>	<b>22,160</b>	<b>22,693</b>	<b>28,173</b>	<b>35,288</b>	PAT	1.1%	-10.2%	33.3%	40.5%
Operating expense	6,611	7,262	8,734	10,586	<b>Capital Adequacy</b>				
Provision expenses	4,847	5,819	6,628	6,703	CAR	12.1%	12.0%	N/A	N/A
<b>Profit before tax</b>	<b>10,703</b>	<b>9,612</b>	<b>12,811</b>	<b>17,999</b>	Total Equity/Total Assets	9.3%	9.1%	9.6%	10.2%
Business income tax	2,141	1,919	2,558	3,593	Financial leverage	10.8	11.0	10.4	9.8
<b>Profit after tax</b>	<b>8,562</b>	<b>7,693</b>	<b>10,254</b>	<b>14,406</b>	<b>Asset quality</b>				
Benefits of minority shareholders	-	-	-	-	Group 3-5/ Total loans	3.1%	3.6%	3.2%	2.9%
NPAT-MI	8,562	7,693	10,254	14,406	Group 2/ Total loans	5.6%	4.0%	3.5%	2.5%
<b>Balance Sheet (VND bn)</b>	<b>31/12/23</b>	<b>31/12/24</b>	<b>31/12/25</b>	<b>31/12/26</b>	LLR	51.0%	44.1%	39.9%	43.8%
Cash and cash equivalents	1,681	1,548	1,694	1,838	<b>Liquidity</b>				
Balances with SBV	8,218	8,508	9,953	11,930	LDR	74.2%	75.2%	77.5%	78.4%
Placements with and loans to other credit institutions	68,198	81,994	85,204	99,753	Liquid asset/Total assets	97.9%	97.6%	97.6%	97.7%
Trading securities	-	-	-	-	Liquid asset/Customer deposit	169.6%	165.7%	158.6%	157.5%
Derivatives and other financial assets	157	-	-	-	<b>Profitability</b>				
Debt purchasing	16	-	-	-	ROA	2.3%	1.8%	2.0%	2.4%
Loans and advances to customers	266,346	308,307	367,826	443,820	ROE	24.3%	19.2%	21.8%	24.5%
Allowance for credit losses	(4,271)	(4,852)	(4,754)	(5,640)	NIM	4.7%	3.8%	4.2%	4.5%
Investment securities	60,988	55,527	66,241	79,919	Interest Inc./ Operating Inc.	78.3%	72.7%	73.4%	74.3%
Other long-term investments	69	53	54	56	CIR	29.8%	32.0%	31.0%	30.0%
Fixed assets	756	814	891	985	<b>Valuation</b>				
Investment properties	3	12	12	14	Basic EPS (VND)	3,375	3,033	4,042	5,679
Other assets	7,720	10,433	11,943	13,929	BVPS (VND)	14,955	16,608	20,473	25,899
<b>TOTAL ASSETS</b>	<b>409,881</b>	<b>462,343</b>	<b>539,063</b>	<b>646,604</b>	P/E	6.2x	6.9x	5.1x	3.7x
Borrowings with SBV	-	-	-	-	P/B	1.4x	1.1x	0.9x	0.7x
Placements and borrowings from other credit institutions	98,640	100,730	106,164	118,300					
Customer deposits	236,577	272,242	331,762	401,017					
Derivatives and other financial liabilities	-	-	-	-					
Funds received from Government, international and other institutions	7	101	106	118					
Valuable papers	23,897	36,997	36,783	46,601					
Other liabilities	12,821	10,143	12,313	14,867					
<b>TOTAL LIABILITIES</b>	<b>371,942</b>	<b>420,213</b>	<b>487,127</b>	<b>580,902</b>					
<b>EQUITY</b>	<b>37,939</b>	<b>42,130</b>	<b>51,936</b>	<b>65,702</b>					
Charter capital	25,368	29,681	34,133	39,253					
Share premium	2	2	2	2					
Treasury shares	-	-	-	-					
Other capital	-	-	-	-					
Funds	3,470	3,778	4,188	4,765					
Retained earnings	9,099	8,670	13,613	21,683					
Minority interest	-	-	-	-					
<b>LIABILITIES AND EQUITY</b>	<b>409,881</b>	<b>462,343</b>	<b>539,063</b>	<b>646,604</b>					

Source: BCTC VIB, MBS Research

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## MBS RECOMMENDATION FRAMEWORK

### Stock Ratings

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.

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.

### Segment Ratings

Positive	Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

## ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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