

SELL (Reinitiation)

JSC Bank for Foreign Trade of Vietnam (HSX: VCB)

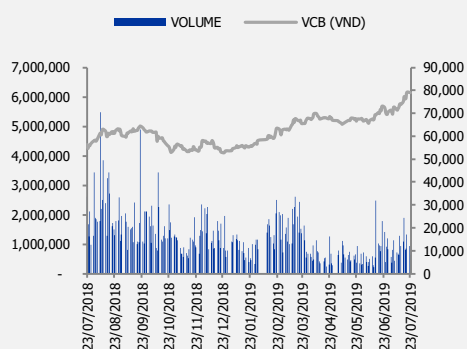
Report date	July. 23, 2019
Current price	VND 78,900
Target price	VND66,900
Upside	-15.2%
Bloomberg	VCB VN
Market cap	VND 292,630bn
	USD 12,566mn
52 weeks movement	VND79,000
	VND52,700
Average daily value	VND 77bn
	USD 3.3mn
FOL	30.00%
Current FO	23.79%

Outlier valuation for well-rounded background

Our takeaway

- We forecast 15% income growth for VCB and lower ROEA of 23% in 2019 due to stagnant outlook for the sector. Yet, we strongly believe in the long-term potential of VCB with significantly low LDR and extremely conservative risk management that sustains annual growth rate in the next 5 years averaging at 20% yoy.
- Despite the premium valuation of VCB is justified, thanks to fundamental soundness, underexploited segments and attractiveness to foreign fund flow, it is currently overvalued at P/B approximately 4.0x due to increasing foreign demand. Together with our modest outlook for 2H2019 of VCB, we recommend SELL for VCB at this price.

Price movement



Stock performance	1M	3M	12M
VCB (%)	9%	15%	40%
VN-Index (%)	3%	2%	6%

Source: Bloomberg

Major Shareholders

State Bank of Vietnam	74.8%
Mizuho Bank, Ltd	15.0%
GIC Private Limited	2.6%
Others	7.7%



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Key highlights

A top bank deserves a premium. Whilst we forecast earnings growth decelerating in 2019 due to no more one-off earnings booked, we believe that VCB could still maintain a growth by 15% yoy, compared to below 10% of SOEBs peers. Moreover, we trust in the long-term sustainability of VCB given that there are underexploited Bancassurance deal, well-established network and digital transformation. Moreover, VCB has weathered past dreary episodes since 2013 with relative calm thanks to capital soundness. VCB also satisfies all market capitalization, liquidity, abundant FO room and fundamentals for foreign investors to choose as the first banking stock pick.

Invincible cost of fund to sustain strongest earnings growth in the long term.

Current low LDR, SBV's current deposit and strengthened CASA support consistent low cost of fund at 2.89% in 2019, from 2.81% in 2018 despite interest rate hike outlook. Moreover, low cost of fund provides large headroom for retail growth to strengthen NIM by 20 bpts from 2.79% in 2018 to 2.99% in 2019 despite competition build-up. Retail lending contribution steadily rose from 16% to 37% in 2018 over the past 5 years (CAGR of 35% yoy), above SOEBs' average and in line with average industry despite more intense competition.

Solid asset quality enables credit extension and Basel II implementation. After 3% strategic issuance mainly to GIC in early 2019, the remaining 7% would support better CAR. Currently, the bank has already satisfied core capital requirement to apply Basel II earlier than plan in Dec 2018. NPL is well controlled at the lowest in the whole segment while LLR continues to increase to 169%, highest among all banks.

Earnings in 2H2019 could not be good as the growth in 1H2019 of 41% yoy thanks to interest income strengthening by 31% yoy from sustained traditional loan growth and margin. Lending to M1 market just slightly fell to 9.9% versus last year's rate of 11.2%. We have no concern about asset quality this quarter given that VCB has uplifted its non-performing loan coverage ratio. However, we presume our modest outlook for 2H2019 earnings given that no more one-off income from divestment is expected.

Valuation

We reinitiate VCB with a SELL recommendation and target price of VND66,900 using average P/B multiples of Vietnamese peers and similar banks in other countries (BVPS at 21,747 VND with premium P/B of 3.07x, higher than average 1.5x for peers).

About the potential exclusive Bancassurance deal with two possible partners FWD or Prudential, we assume if the initial payment of USD 400 mn is booked this YE 2019, BVPS and TP would increase to VND 23,224 and VND 71,300 respectively (P/B 3.07x). The negotiations are ongoing without target timeline.

Unit: VND billion	FY18	FY19F	FY20F	FY21F
Operating income	39,288	42,173	47,875	55,603
Pre-provision profit	25,679	26,991	30,640	35,586
Growth y-o-y	46%	5%	14%	16%
Provision expenses	7,379	5,927	4,937	5,971
Growth y-o-y	19%	-20%	-17%	21%
Profit before tax	18,300	21,064	25,703	29,615
Growth y-o-y	61%	15%	22%	15%
Net profit	14,658	16,851	20,562	23,692
Growth y-o-y	61%	15%	22%	15%
EPS (basic) (VND)	4,079	4,553	5,555	6,401
BVPS (VND)	17,570	21,774	26,039	31,072
ROAA	1.4%	1.5%	1.6%	1.7%
ROEA	25.3%	23.3%	23.1%	22.2%
Target P/E	16.4	14.7	12.0	10.4
Target P/B	3.81	3.07	2.57	2.15
P/E	19.3	17.3	14.2	12.3
P/B	4.49	3.62	3.03	2.54

Source: MBS Research

Earnings Model & Valuation

Valuation for top bank with bright outlook would be outlier to peers.

We reinitiate VCB at VND 66,900 by using P/B multiple method. We reach the target price using 12 month forward BVPS at 21,747 VND with premium P/B of 3.07x, higher than average multiple of 1.5x for its peer group.

RI method would underestimate long-term potential of VCB since our projection is based on current underexploited fee incomes regarding Bancassurance and limited credit growth imposed by SBV. We think that VCB possesses the most powerful long term compounding stories in Vietnam with its structural assets and unique funding advantages as detailed below. Hence, we exclude RI in our valuation for VCB.

In P/B multiple method, we add a premium of 101% to averaged P/B multiples of SOE banks (BID, CTG), and selected commercial banks in Vietnam with strong asset quality and profitability (ACB, MBB). VCB always trade at a premium to peers' average from Q1/2015 to current.

Figure 1: P/B Multiples of Vietnamese Banks

Ticker	Mkt cap (mn USD)	ROE	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Current		
VCB	3,602	21.5%	2.23	2.44	2.71	2.73	2.45	2.61	2.89	2.73	2.84	2.65	2.61	2.95	4.54	3.57	3.69	3.02	3.40		
BID	4,829	4.1%	1.45	1.58	2.22	1.95	1.46	1.42	1.35	1.22	1.34	1.40	1.54	1.80	2.60	1.77	2.38	2.38	2.10		
CTG	3,381	5.9%	1.17	1.23	1.42	1.31	1.16	1.10	1.09	0.99	1.12	1.19	1.19	1.26	1.74	1.33	1.47	1.22	1.13		
ACB	1,580	26.9%	1.20	1.30	1.47	1.42	1.34	1.27	1.20	1.25	1.61	1.67	1.78	2.11	2.71	2.11	2.18	1.76	1.64		
MBB	1,946	20.1%	0.98	0.94	1.02	1.04	1.03	1.05	1.01	0.95	0.97	1.23	1.48	1.57	2.03	1.60	1.59	1.29	1.31		
TCB	3,602	21.5%														2.25	2.06	1.75	1.56		
Average peers			1.20	1.26	1.53	1.43	1.24	1.21	1.16	1.10	1.26	1.37	1.50	1.68	2.27	1.81	1.94	1.68	1.55		
Premium over peer average			85%	93%	77%	91%	97%	116%	149%	147%	126%	94%	74%	75%	100%	97%	91%	80%	119%		
																				94%	
																					101%
																					3.11

Source: Bloomberg, MBS Research, price as at 16/05/2019

Additionally, we select top banks in India, Bangladesh, Philippines and Malaysia which share similar GDP growth pace and economic features to Vietnam to achieve foreign peer's multiple of 3.03x. Target P/B for 12 months is 3.1x.

Figure 2: P/B Multiples Comparable Market

Ticker	Market Cap (mn USD)	P/E	ROE	P/B	GDP Growth	GDP (bn USD)
HDFCB IN	88,653	27.5	17.0%	4.1	7.0%	2,726
IIB IN	11,817	22.9	16.2%	3.5	7.0%	2,726
KMB IN	37,869	36.9	13.2%	4.6	7.0%	2,726
BDO PM	10,986	15.9	10.4%	1.7	6.2%	331
MAY MK	23,826	12.1	10.9%	1.3	4.7%	354
PBK MK	20,886	15.6	14.3%	2.1	4.7%	354
DUBA BD	434	12.0	13.2%	1.7	7.9%	274
NBL BD	296	5.5	12.6%	5.3	7.9%	274
MEAN				3.03		

Data as at 16/05/2019, except for GDP as at YE2018

Source: Bloomberg, MBS Research

We believe the extra premium traded for VCB is reasonable given that:

- (i) VCB has weathered past dreary episodes since 2013 with relative calm. Earnings growth of the bank has been on an increasing trend, averaging 27.6% yoy from 2014 to 2018 compared to other SOEBs which saw a downturn due to capital rising issues and corporate governance. Furthermore, whilst we forecast earnings growth decelerating in 2019, we believe that VCB could still maintain growth of 15% yoy, second only to MBB. In 1Q2019, the bank outperformed peers with a growth of 35% yoy, among top performers.

- (ii) We trust in long-term sustainability of VCB given that there are underexploited fee segments. Beside current joint-venture with BNP Paribas Cardif, the bank has not explored any exclusive Bancassurance deal with outside partner, which leads to only modest increase in fee and service income in the last two years averaging 16% yoy (except for 2018 thanks to increasing scheme change). Hence, based solely on current well-established network and digital transformation kickoff this year, we project a higher increase of 25% yoy in fee income in 2019.

Figure 3: EBT growth of SOE banks

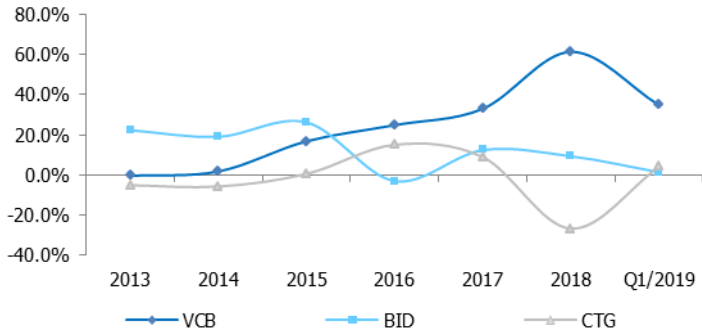
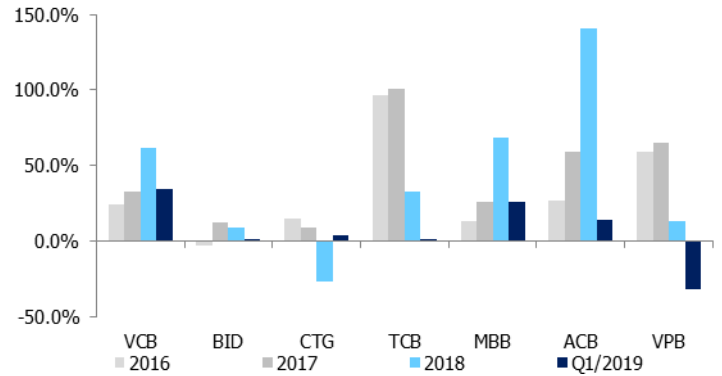


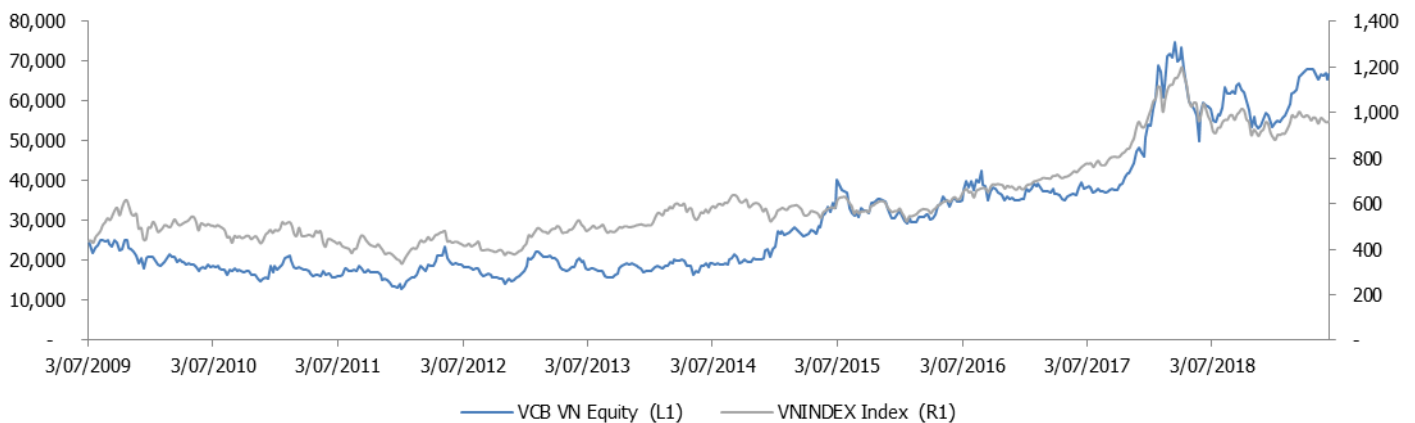
Figure 4: Earnings growth of similar banks



Source: FS VCB, MBS Research

- (iii) More importantly, we observed that price performance of VCB has not been solely driven by fundamental factors such as GDP growth, VCB’s earnings growth or ownership news since mid-end 2016. After the recovery of banking system in 2015, all banking stocks have gradually improved their valuation base and we explained the improvement by the strong correlation between P/B and ROE in our Banking Segment report. However, VCB’s P/B surged to a premium over peers and VCB outperformed VNIndex thereafter. We presume there was a strong relation between VCB’s average price change to net foreign buy/sell value rather than to net profit growth since VCB stock was the best banking stock that satisfies all market capitalization, liquidity, abundant FO room and fundamental requirements for foreign investors. Therefore, strong foreign capital inflow would be one of the major factors to lift the bank’s valuation over its peers.

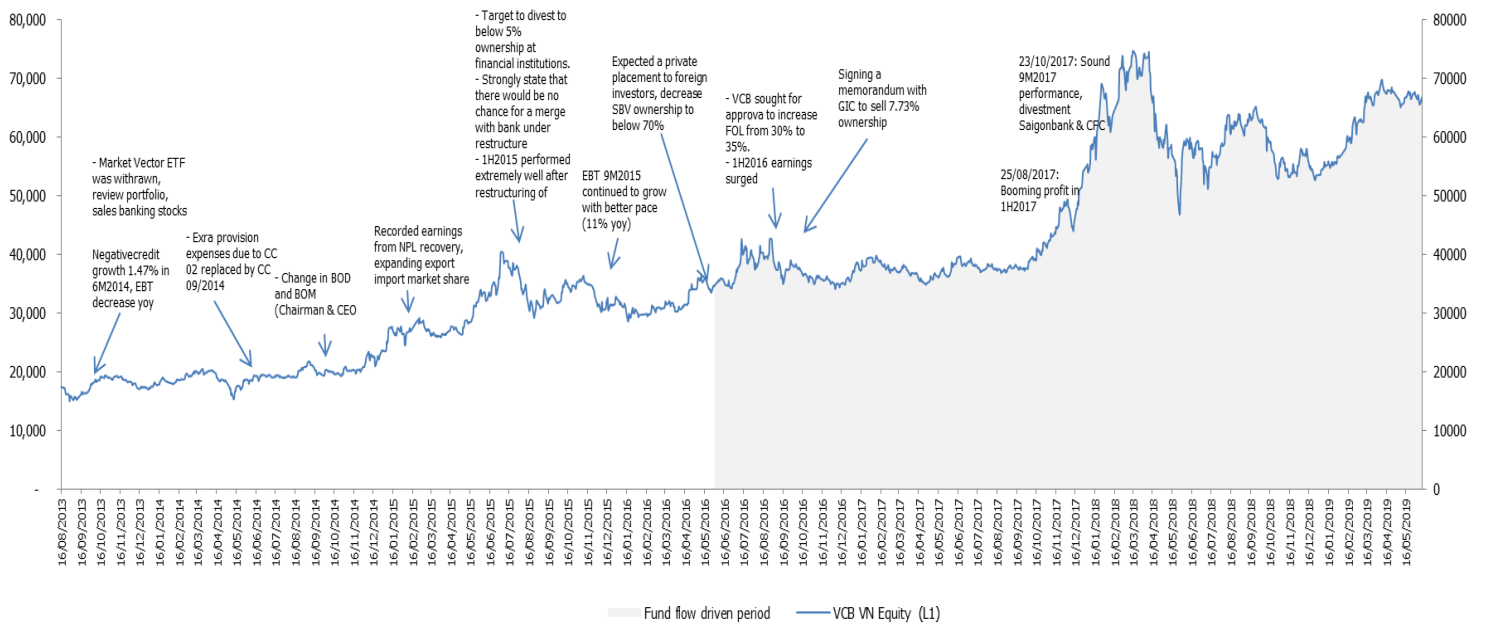
Figure 5: VCB vs VNIndex



Source: Bloomberg, MBS Research

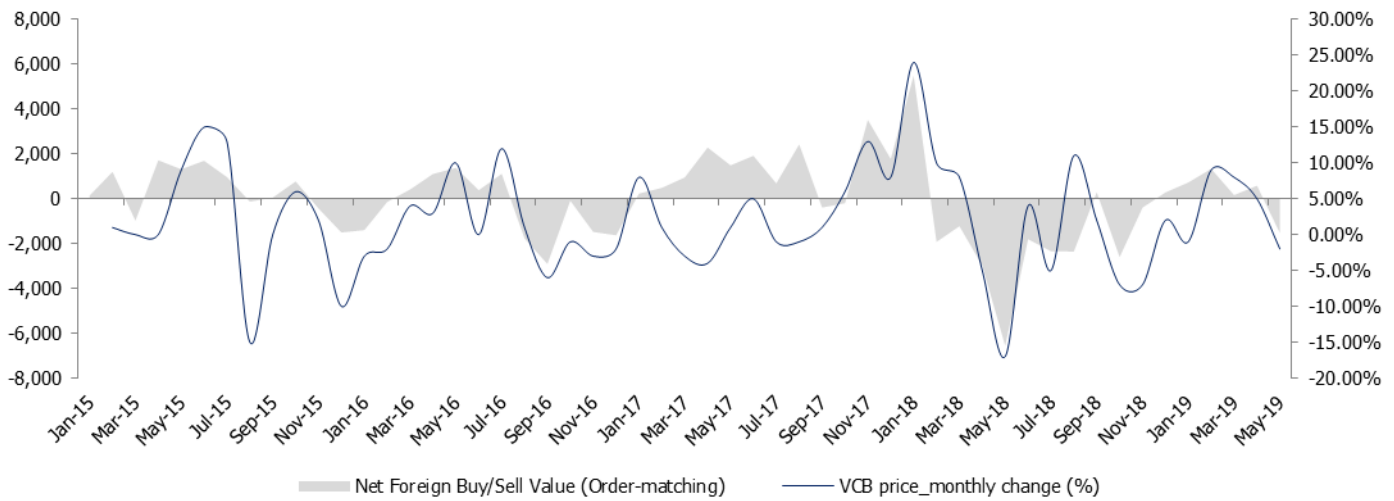
- (iv) VCB possessed strong core capital. Following their plan of 10% private placement, in January 2019, 2.55% and 0.45% total chartered capital were issued to GIC Private Limited and Mizuho Bank Ltd respectively. We expect the remaining 7.45% to be completed this year. Without incorporating the remaining placement in our model, the bank has already satisfied Circular 41 standards, achieving BVPS of 21,747 VND. In our forecast, the completion of the deal at our target price, would book approximately VND 14,900 billion premium to equity and increase BVPS in 2019 by 11.5% and enhance CAR tremendously to approximately 15%.

Figure 6: Event chart



Source: Bloomberg, MBS Research

Figure 7: VCB price change vs. net foreign buy/ sell value



Source: Bloomberg, MBS Research

Investment highlights

VCB possesses invincible cost of fund to sustain strongest earnings growth in the long term.

Current low LDR, SBV's current deposit and strengthened CASA buoy consistent low cost of fund.

LDR has been sustained at relatively low level from SBV cap rate on SOEBs at below 80% up to 2018. Moreover, thanks to high network cover age and reputation, we observed that customer deposit growth rate has maintained its top position, averaging 19% since 2015 despite low interest rates offered to customers. Hence, we believe that the low LDR M1 will be maintained in subsequent years, which offers VCB tremendous room for credit growth.

We forecast that VCB will continue to receive the lion share of SBV deposits. Such deposits will account for 6.8% of total deposits in 2019. Together with cheap funding from interbank market, they offer abundant low cost funds for VCB credit growth since VCB is still a preferred bank for SBV's spare cash compared to other SOEBs. In 2017, there was a sudden rise in the current account of SBV at VCB after the Sabeco deal of VND109,851 billion in 2017. Since this account is subjected to sudden withdrawal and we observed that this account decreased by 47% in YE2018, we discount 90% of SBV's deposits in our model in 2019 as a potential funding source.

Figure 8: Funding structure

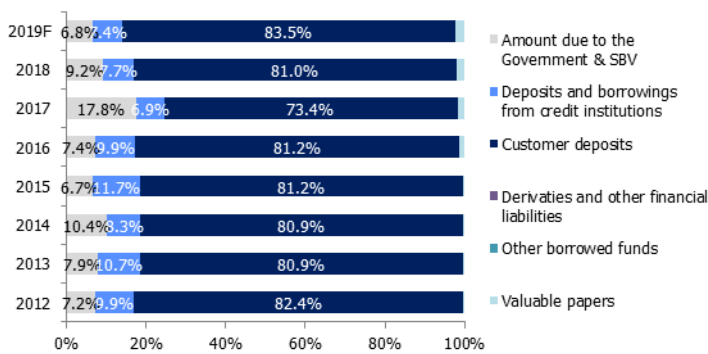
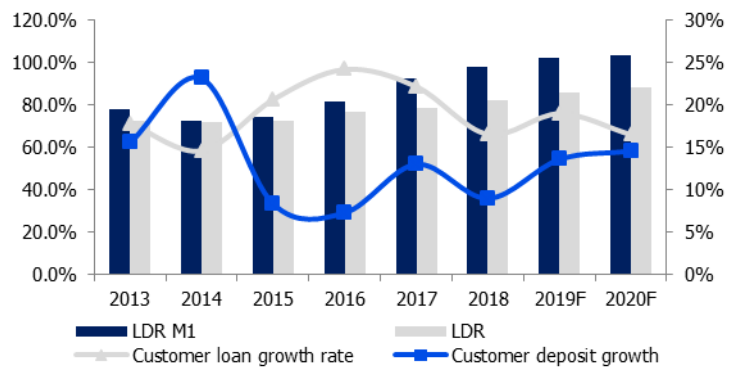


Figure 9: Loan to deposit



Source: FS VCB, MBS Research

Network coverage of VCB ranked fourth after long-established banks, especially CTG and BID. Yet, when we compare CASA ratio, VCB is at 28%, second only to MBB of 40%. In our view, VCB and MBB, beside unique funding advantages, have maintained their creditability well in M1 market, with right time acceleration of digital banking to attract transactions accounts. It would allow VCB to outpace its SOE peers and we continue to uplift CASA projection to approximately 29% this year.

Figure 10: CASA by banks

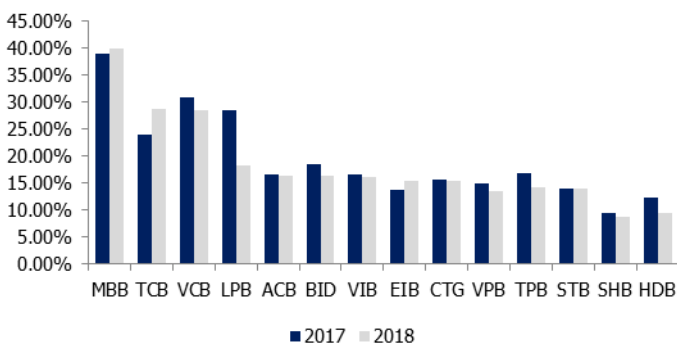


Figure 11: VCB's TOs & branches vs. other banks



Source: FS VCB, MBS Research

Hence, we forecast only minor increase in cost of fund for VCB at 2.89% in 2019 from 2.81% in 2018 despite interest rate hike outlook for the segment. In the same line of thought, we forecast deposit M1 to grow by 12% yoy in 2019, lower than credit growth rate since there is no need for the bank to attract funds aggressively with modest credit outlook.

Low cost of fund provides large headroom for retail growth despite competition build-up.

Regarding historical credit performance of VCB, we assume that credit growth in 2019 will be in line with their target of 15% yoy because of SBV's tightening policy and less chance for VCB to be approved for credit extension as a top bank.

However, we forecast the dynamics for credit growth this year should be based mainly on retail banking. Lending to individual customers steadily rose from 16% to 37% over the past 5 years (CAGR of 35% yoy). Given that VCB has just recently switched to retail banking, the bank has maintained its growth above SOEBs' average and in line to average industry growth under more intense competition.

Moreover, we observe that only VCB and MBB possess such low cost fund advantage while maintaining moderate spread from lending out rate. VCB with the lowest cost of fund would be easier to offer attractive lower lending rate to the customers while widening their spread.

Therefore, we believe that with better cost of fund and proven performance in retail segment, higher contribution from this target segment is achievable under intense retail competition landscape.

Figure 12: VCB lendings by customers

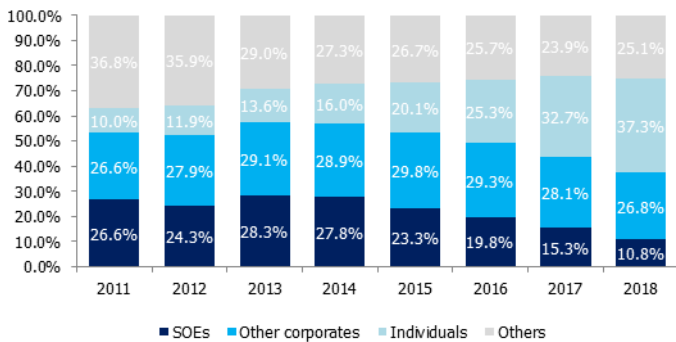
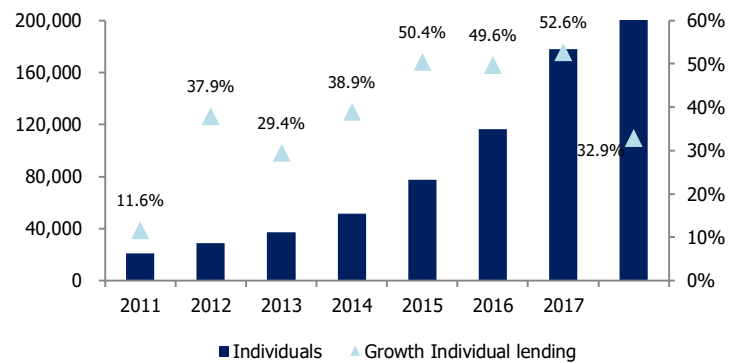


Figure 13: Individual lending growth



Source: FS VCB, MBS Research

Figure 14: Retail contributions by banks group

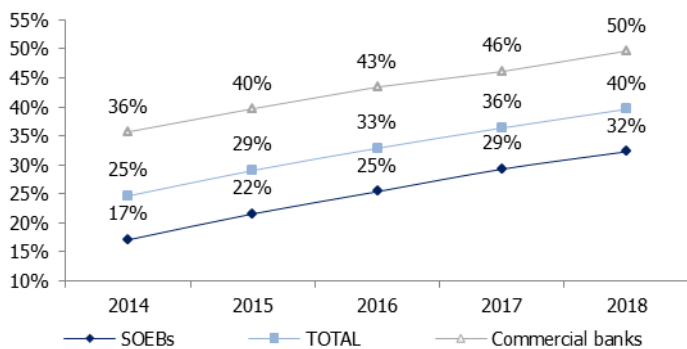
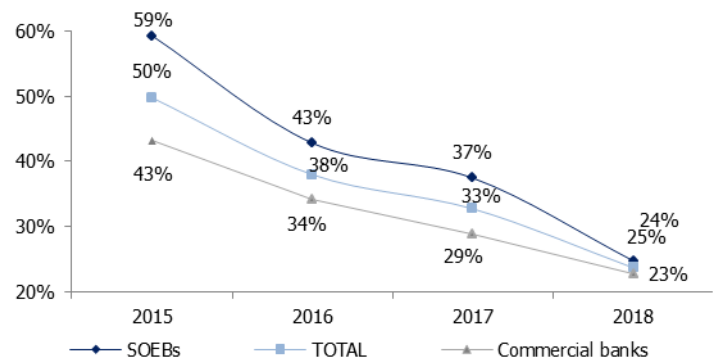


Figure 15: Retail lendings growth



Source: FS VCB, MBS Research

Figure 16: Deposit market share

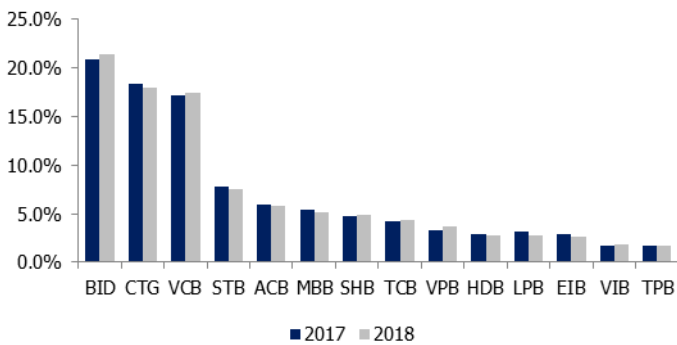


Figure 17: Margin comparison as at YE2018

	Cost of fund	Range	Lending rate	Range
VCB	2.81%	Low	5.49%	Low
BID	4.69%	Medium	7.38%	Medium
CTG	5.26%	Medium	7.24%	Medium
TCB	4.06%	Medium	7.63%	Medium
EIB	5.04%	Medium	6.93%	Medium
MBB	3.48%	Low	7.75%	Medium
STB	5.27%	Medium	7.97%	Medium
SHB	6.15%	High	8.25%	Medium
HDB	5.09%	Medium	9.41%	High
LPB	5.69%	Medium	8.61%	Medium
VIB	3.40%	Low	6.12%	Low
ACB	4.83%	Medium	8.13%	Medium
VPB	6.05%	High	14.28%	High
TPB	4.22%	Medium	7.88%	Medium
Med	4.94%		7.81%	
Stdev	1.0%		1.0%	

Source: FS Banks, MBS Research

Overall, we forecast that NIM will slightly increase by 20 bpts from 2.79% in 2018 to 2.99% in 2019. Thus, net interest income in 2019 is projected to grow by 14.6% and stabilize at that rate subsequently.

Solid asset quality enables credit extension and Basel II implementation.

Despite our outlook for NPL to be higher at the majority of banks, we believe that VCB could keep prudent ratios at an attractive range thanks to conservative risk management:

- (i) We forecast NPL of VCB would not vary significantly from 1% and has been reducing. This places it among the lowest rate in the system. In SOEBs group, VCB has cleared off VAMC bonds earliest while BID still has 14,138 bn VND of such bonds. CTG has built up similar bonds amounting to 13,427 bn VND in Q1/2019. Despite ongoing issues related to appointed lendings to SOE companies and BOT projects, VCB has maintained NPL rate below 1%. BID and CTG are currently at 1.5% and 1.9% NPL respectively as at Q1/2019 and is on an increasing trend. Compared to the overall system, VCB is only ranked after ACB and we believe that VCB will maintain their conservative risk management.

Figure 18: VAMC of SOEBs over 2015-Q1/2019

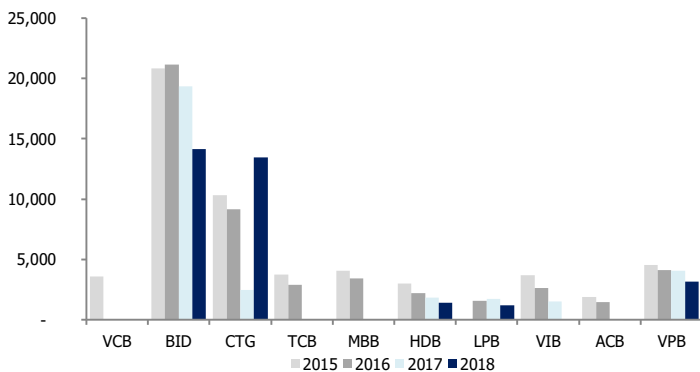
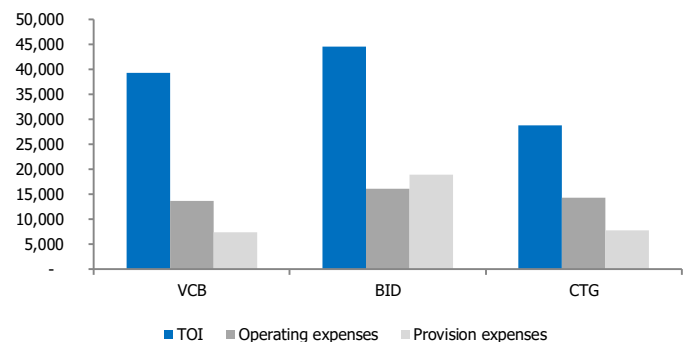


Figure 19: TOI vs operating expenses vs provision expenses of SOEBs



Source: FS Banks, MBS Research

- (ii) We note that VCB's current provision status is very conservative over the past 5 years at above 100%, rising to 165% in 2018. We keep the high LLR in our forecast at 160% range in the years after 2018 due to gloomier outlook for loan recovery.

Figure 20: CAR by banks

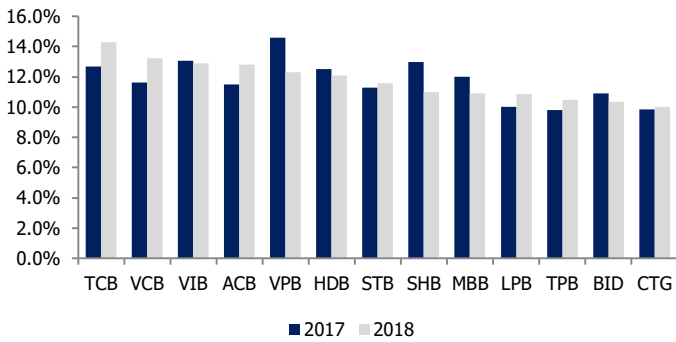
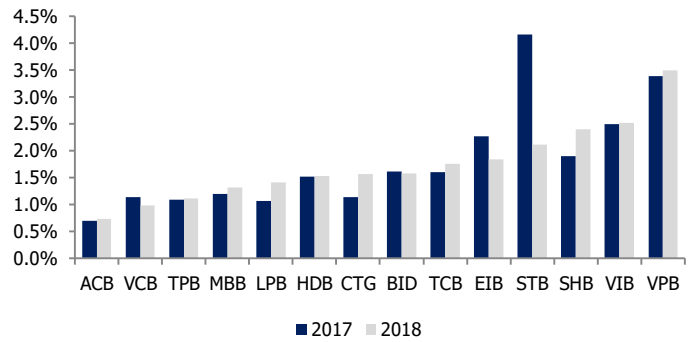


Figure 21: NPL by banks



Source: FS Banks, MBS Research

(iii) Accrued interest receivable over interest income is predicted to stabilize at the previous rate 13% consistently, relatively stable compared to the other banks.

Figure 22: VCB's Provision coverage

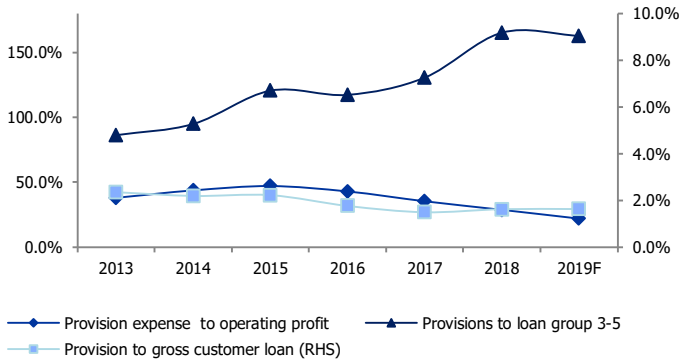
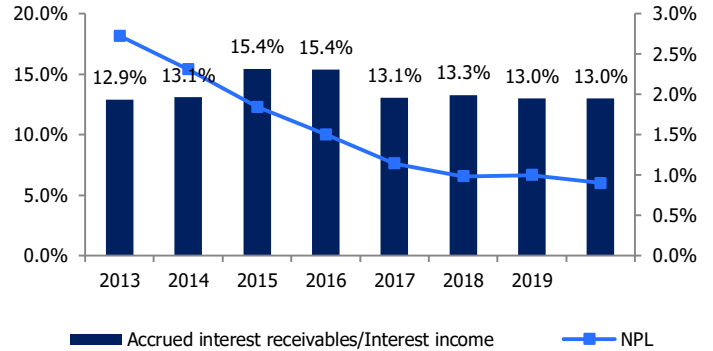


Figure 23: Asset quality



Source: FS VCB, asianbondsonline.adb.org

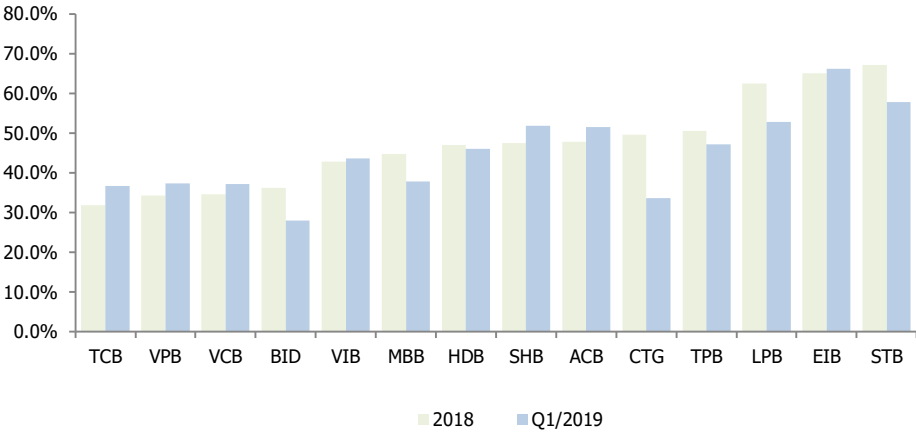
(iv) In Dec 2018, VCB was the first bank to satisfy core capital standards and other operational standard to be approved for early implementation of Circular 41, equivalent to Basel II standard. Current CAR of VCB as at YE2018 reached 12.14%, increasing from 11% in 2017 thanks to 61% earnings growth last year.

Neutral view about non-NII since there has been no impressive initiatives.

Non-NII is forecast to decrease by 11.6% in 2019 after significant divestment income from financial institutions were realized in 2018. However, we assume that net fee and commission income will improve significantly after recent updated fee charges and focus on retail banking. VCB has mentioned about their plan to sign an exclusive deal with an insurance partner and due diligence is being carried out. Hence, we forecast that fee and commission income will rise by 24% in 2019 without taking into account any exclusive bancassurance deal.

CIR will be slightly higher at 36% in 2019, yet still among the lowest among SOEBs. The bank will invest in technology and core system to enhance customer experience on services of VCB this year.

Figure 24: CIR By Banks



Source: FS Banks, MBS Research

Financial Update

(VND bn)		1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	yoy 2Q2018	yoy 2Q2019	yoy 1H2018	yoy 1H2019
Income/	TOTAL OPERATING INCOME	7,287	7,299	7,288	7,529	9,924	9,259	9,414	10,746	11,768	11,303	26.9%	22.1%	31.5%	20.3%
Expenses	Net interest income	5,276	5,637	5,248	5,777	6,197	6,800	7,432	7,981	8,499	8,580	20.6%	26.2%	19.1%	31.4%
	Non NII	720	574	744	844	2,231	1,184	518	1,334	1,271	949	106.2%	-19.8%	163.9%	-35.0%
	OPERATING EXPENSES	3,150	3,179	3,104	2,434	4,067	3,864	3,986	1,693	4,384	4,067	21.5%	5.3%	25.3%	6.6%
	Profit pre-provisions	4,138	4,119	4,184	5,095	5,857	5,395	5,429	9,053	7,384	7,236	31.0%	34.1%	36.3%	29.9%
	Credit provisions	1,401	1,602	1,504	1,692	1,498	1,738	1,762	2,381	1,506	1,811	8.5%	4.2%	7.8%	2.5%
	EBT	2,737	2,518	2,680	3,403	4,359	3,657	3,666	6,672	5,878	5,425	45.3%	48.3%	52.6%	41.0%
		1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19				
	Customer loan growth	8.4%	5.4%	2.5%	1.6%	6.3%	5.2%	4.0%	0.9%	6.4%	3.5%				
	Customer deposit growth	3.2%	6.8%	6.5%	3.5%	3.2%	4.7%	1.3%	4.1%	4.5%	4.1%				
Loan/ Deposit Growth	NPL	1.5%	1.5%	1.2%	1.1%	1.4%	1.2%	1.2%	1.0%	1.0%	1.0%				
	Loan group 2/Total Loan	1.4%	0.9%	1.1%	0.9%	1.1%	0.8%	0.6%	0.5%	0.6%	0.6%				
	LLR	128.9%	140.3%	164.8%	130.7%	121.4%	140.6%	155.5%	165.3%	169.2%	177.5%				

Source: FS VCB, MBS Research

Interest income in 1H2019 still strengthened by 31% yoy mainly thanks to sustained traditional lending out and strengthened NIM from increasing in corporate bond investment. Lending to M1 market of 9.9% indicated a slowdown versus that of last year's 11.8% offset by better NIM. We reiterate our view that VCB will be able to compete on widening their spread in retail market thanks to low cost of fund.

Dramatic decrease in non-NII of 35% yoy in 1H2019 led to modest EBT growth by 2% yoy only vs. 163% yoy in 1Q2018. Despite stable increase in net fee and service income by 23.8% yoy (vs. 32% in 1H2018) and FX trading by 57% yoy (vs. -3% in 1H2018), other income fell by 18% yoy, mainly due to no more realized divestment income, together with a decrease by 82% in trading securities and 63% shortfall in dividend received from the divested company.

We have no concern on asset quality of VCB this quarter given that the bank has uplifted its non-performing loan coverage ratio to the highest in industry at 177.5% and NPL has decreased to the lowest at 1.0% this period (vs. 1.2% in Q2/2018) plus decreasing loan group 2 to only 0.6%.

Financials and Valuation Summary

Income Statement (billion VND)	2018	2019F	2020F
Net interest income	28,409	32,555	36,945
Net fee and commission income	3,401	4,345	5,439
Net gain from trading foreign currencies	2,266	2,493	2,742
Net gain from sales of investment securities	250	193	227
Net other income	3,234	2,371	2,341
Income from investment in other entities	1,727	215	180
TOTAL OPERATING INCOME	39,288	42,173	47,875
OPERATING EXPENSES	(13,610)	(15,182)	(17,235)
Profit before credit provisions	25,679	26,991	30,640
Credit provisions	(7,379)	(5,927)	(4,937)
Earnings Before Tax	18,300	21,064	25,703
Total income tax expenses	(3,642)	(4,213)	(5,141)
Earnings After Tax	14,658	16,851	20,562
Minority interest	(16)	(34)	(41)
Net profit	14,642	16,818	20,521

Balance Sheet	2018	2019F	2020F
Cash	12,792	13,527	15,253
Balances with the SBV	10,846	16,573	18,555
Balances with and loans to other credit institutions	248,256	255,459	269,213
Trading securities	2,654	2,320	2,436
Derivatives and other financial assets	276	276	276
Loans and advances to customers	622,358	715,677	824,598
Loans and advances to customers	632,633	727,527	836,656
Allowance	(10,274)	(11,850)	(12,058)
Investment securities	149,296	151,418	158,989
Long-term investments	2,477	2,584	2,691
Fixed assets	6,528	7,077	7,775
Tangible fixed assets	4,460	4,906	5,494
Intangible fixed assets	2,068	2,172	2,280
Investment properties	-	-	-
Other assets	17,500	19,188	21,749
TOTAL ASSET	1,072,983	1,184,100	1,321,534
Amount due to the Government and the SBV	90,685	73,512	78,185
Deposits and borrowings from other credit institutions	76,524	79,443	79,400
Customer deposits	802,223	901,783	1,016,857
Derivatives and other financial liabilities	21,487	25,136	28,904
Other liabilities	18,175	22,613	20,570
EQUITY	63,889	81,612	97,617
- Charter capital	35,978	37,089	37,089
- Surplus	-	4,995	4,995
- Treasury shares	-	-	-
- Other capital	345	345	345
Reserves	7,265	9,787	12,862
Foreign exchange differences	84	77	78
Asset revaluation differences	119	119	119
Retained profits	20,029	29,098	41,985
Minority interest	69	103	144
TOTAL LIABILITIES AND EQUITY	1,072,983	1,184,100	1,321,534

Source: FS VCB, MBS Research

Key ratio	2018	2019F	2020F
Capital Adequacy			
CAR	12.14%	13.94%	0.00%
Total Equity/Total Assets	6%	7%	7%
Total Assets/Total Equity	16.79	14.51	13.54
Asset Quality			
Loan group 3-5	1.0%	1.0%	0.9%
Loan group 2	0.5%	0.5%	0.5%
Provision reserve/Loan group 3-5 (LLR)	165.3%	162.9%	160.1%
Credit cost rate	1.6%	1.6%	1.4%
Liquidity			
LDR	72.5%	74.5%	76.6%
Customer deposit growth	13.2%	12.4%	12.8%
Liquid asset/Total Assets	25.3%	24.1%	22.9%
Liquid asset/Customer deposit	33.9%	31.7%	29.8%
Profitability			
ROA	1.4%	1.5%	1.6%
ROE	25.3%	23.3%	23.1%
NIM	2.8%	3.0%	3.1%
Interest Income/ Operating Income	72.3%	77.2%	77.2%
Operating Expense/ Operating Income	34.6%	36.0%	36.0%
Growth			
Asset growth	10.5%	10.4%	11.6%
Customer loan growth	16.4%	15.0%	15.0%
Customer deposit growth	13.2%	12.4%	12.8%
Profit before provision and tax growth	46.4%	5.1%	13.5%
EBT growth	61.4%	15.1%	22.0%
Valuation			
EPS (basic) (VND)	4,079	4,553	5,555
BVPS (VND)	17,570	21,774	26,039
P/E	16.39	14.69	12.04
P/B	3.81	3.07	2.57

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STOCK RATING: The recommendation is based on the difference between the 12-month target price and the current price:

Rating	When (target price – current price)/ current price
BUY	>=15%
HOLD	From -15% to +15%
SELL	<= -15%

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