

## HDBANK (HSX: HDB)

### Positive outlook in 2H2024 and 2025 thanks to outstanding results in 1H2024.

- Thanks to very positive earnings growth in 1H2024, we expect that net profit in 2024/2025 will grow 28.0% and 29.7% yoy.
- NPL and group 2 debt ratios are expected to reduce to 1.9% and 3.9% respectively thanks to improved asset quality in 1H2024.
- We maintain **ADD** recommendation for **HDB** and adjust target price up to **31,300 VND/share** thanks to outstanding business results in 6M2024.

#### Substantial growth in 1H2024 leading to positive outlook for 2024-2025.

In 6M2024, net profit grew impressively 47.9% yoy thanks to TOI reached VND 16,045 billion (+32.9% YoY) and provisioning expenses was VND 2,396 billion (+0.3% YoY). Cost-to-income ratio (CIR) decreased a little by 30 bps to 34.2%. It has completed 47.9% of our last forecast and 54.5% the HDB's plan of 2024.

We expect that net profit of 2024 will grow by 28.0% YoY with expectation of lower NIM in 2H2024 and 100% credit quote used (25%). In 2025, net profit's growth is forecasted to reach 29.7% thanks to the strong recovery of Noll stemmed by recovered banca and payment fees. Besides, NII in 2025 is expected to keep growing pace since NIM and credit growth are maintained similar to FY2024.

#### Declined NPL and higher LLR by the end of 2024 compared to 1H2024.

Asset quality as of the end of 2Q2024 has been improved a little compared to last quarter but still been down versus at the end of 2023. At the end of 2Q2024, NPL ratio was 2.1%, -14 bps QoQ and +31 bps YTD; group 2 debt ratio was 4.5%, -22 bps QoQ and -92 bps YTD. NPL and group 2 debt ratio are expected to reduce to 1.9% and 3.9% respectively by the end of 2024. Provision expense in 2H2024 is expected to rise 7.3% compared to 1H2024 and 38.6% YoY. The using provisioning ratio is forecasted to reach 85.0% rising slightly LLR to 67.9% at the end of 2024.

#### Recommend ADD and raise the target price to 31,300 VND/ share.

We adjust up the 12-month target price of HDB to 31,300 VND/share as (i) increasing net profit of 2025 by 11.0% thanks to expected positive results in 2024 (ii) target P/B is reduced to 1.3x applied to 2024-2025 average BVPS to reflect confident earning growth potential in 2025. We maintain ADD recommendation for HDB thanks to top ranked ROE of sector along with outperformed earning growth.

Figure 1: Financial Indicator (Unit: VND bn)

	2023A	2024F	2025F	2026F
Total Operating Income (TOI)	26,414	32,773	42,219	56,278
Net Interest Income (NII)	22,184	29,848	37,909	50,466
NIM	5.1%	5.4%	5.4%	5.9%
Provision expense	4,268	4,967	6,257	5,995
NET PROFIT	10,336	13,232	17,158	24,510
NET PROFIT's growth	25.9%	28.0%	29.6%	42.8%
Credit growth	31.8%	24.7%	24.6%	25.6%
Funds growth	51.0%	16.2%	19.5%	25.8%
BVPS	15,268	18,697	24,438	32,639
P/B	1.7x	1.4x	1.1x	0.8x

Source: HDB, MBS Research

ADD

Target price

31,300 VND

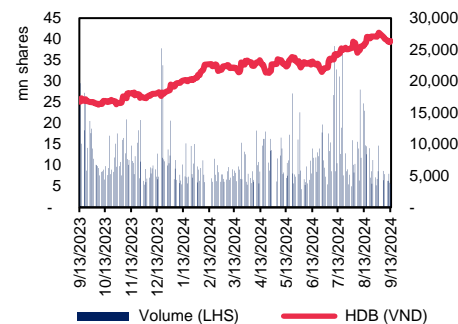
Upside

+23.3%

#### Material changes in the report

Target price is adjusted up by 10.2% vs last forecast.

#### Information



Source: FiinProX, MBS Research

Market price (VND)	26,600
High 52w (VND)	27,700
Low 52w (VND)	16,300
Market cap (VND bn)	76,891
P/E (TTM)	6.3x
P/B (TTM)	1.5x
Dividend yeild (%)	N/A
Foreign ownership (%)	18.92%

Source: FiinproX, VSD

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

Sovico Corp	14.37%
Pham Van Dau	4.31%
Nguyen Thi Phuong Thao	3.72%
Nguyen Huu Dang	2.75%
Dao Duy Tuong	2.73%

Source: FiinproX

#### Analyst



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## Outperformed earning growth in 6M2024 supported by outstanding credit growth and increased NIM.

### 2Q2024 and 6M2024 business performance update

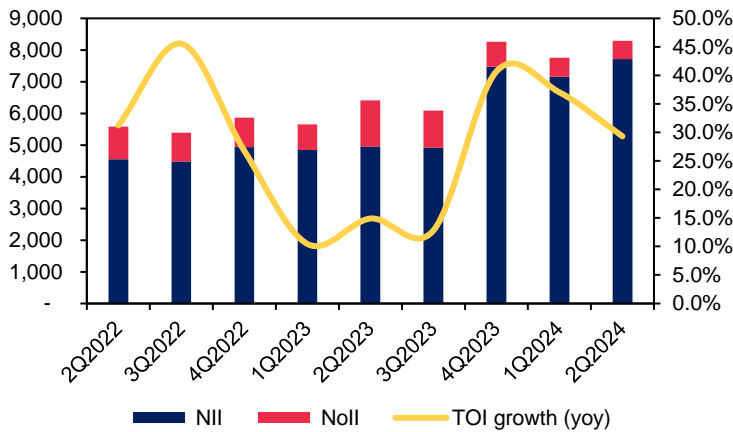
TOI in 6M2024 significantly increased mainly driven by NII growth.

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

Items	2Q2024	% yoy	6M2024	% yoy	% vs last forecast	Comments
Net interest income (NII)	7,720	55.8%	14,880	51.9%	52.2%	NIM significantly increased by 58 bps yoy in 1H2024 along with dominant credit growth by 13.0% YTD that have helped NII of HDB rose notably by 47.8% yoy. HDB was also among the top 3 banks having most increasing NIM in 6M2024.
Non-interest income (Noll)	573	-60.7%	1,165	-48.8%	25.4%	Most of non-interest activities have slow down in 1H2024. Net fee income (NFI) which is the largest portion of Noll has decreased by 54.5% yoy, accounting for 49.9% of Noll. Besides, income from securities recorded loss of VND 64bn while it was VND 644bn profit in 6M2023. Income from gold and FX exchange was 5 times higher yoy occupying 41.6% of Noll.
Total operating income	8,293	29.3%	16,045	32.9%	48.5%	
Operating expense	3,030	35.3%	5,484	30.7%	48.7%	Even when CIR in 2Q2024 raised significantly up to 36.5% compared to the level of 31.7% in 1Q2024, CIR in 1H2024 was stabilized at 34.2%, little lower than it was 34.8% in 1H2023.
Profit before provision expense	5,263	26.1%	10,561	34.1%	48.3%	
Provision expense	1,126	-21.4%	2,396	0.3%	48.3%	Slow down NPL emerging has encouraged HDB to reduce its provision in 2Q2024 versus 1Q2024. As a result, the provision of 6M2024 has flatted yoy.
NET PROFIT	3,252	49.2%	6,465	47.8%	47.9%	
Credit growth (YTD)	13.0%	365 bps				
Funds growth (YTD)	3.0%	-1792 bps				
NIM	5.8%	98 bps	5.7%	75 bps		Cost of fund (COF) has been significantly declined by 59 bps QoQ and 258 bps yoy in 2Q2024 thanks to low interest environment.
CIR	36.5%	163 bps	34.2%			
LDR	72.6%	401 bps				
CASA	9.8%	243 bps				
NPL	2.1%	-5 bps				NPL at 30/06/2024 was slightly down versus last quarter since HDB spent more provision to write off bad debt and stronger cash flow of borrowers to pay the loans in time resulted by the recovery of economy and low interest rates environment.
LLR	58.8%	-254 bps				
ROE	27.0%	472 bps				Top 2 highest ROE in the banking sector.
ROA	2.2%	33 bps				

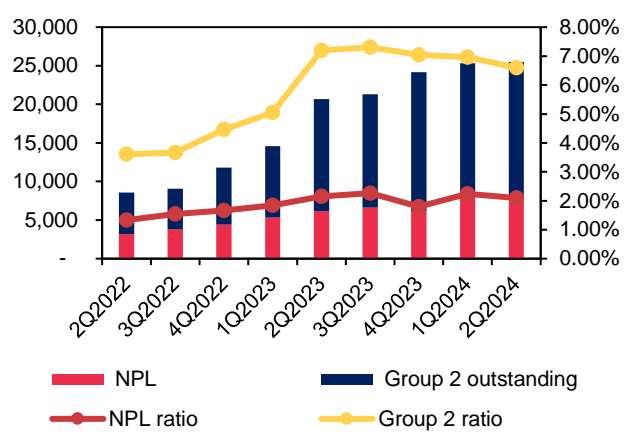
Source: HDB, MBS Research

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



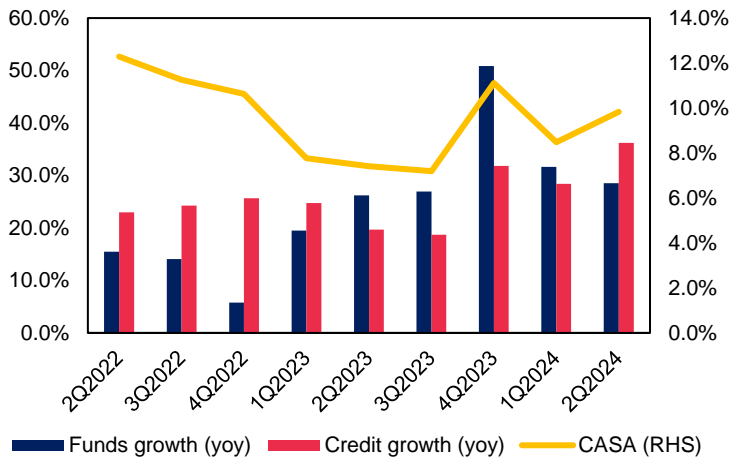
Source: HDB, MBS Research

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



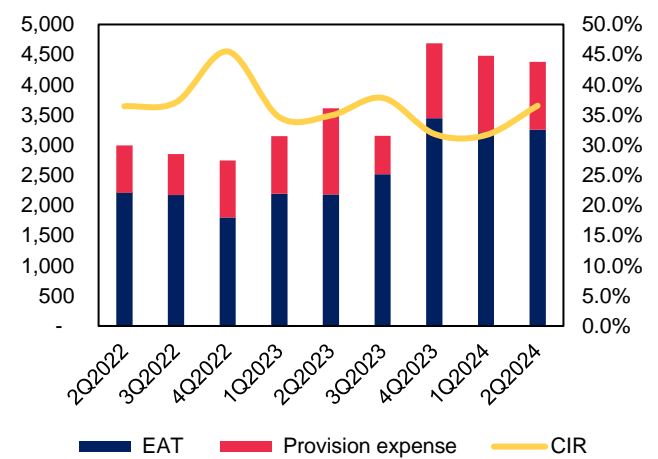
Source: HDB, MBS Research

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



Source: HDB, MBS Research

Figure 6: HDB's earning structure quarterly (VND bn)



Source: HDB, MBS Research

**Net profit's growth in 2024 is maintained vs last forecast while earnings growth expectation in 2025 is accelerated.**

**Expectation of highest credit quote expansion thanks to outperformed credit growth in 1H2024.**

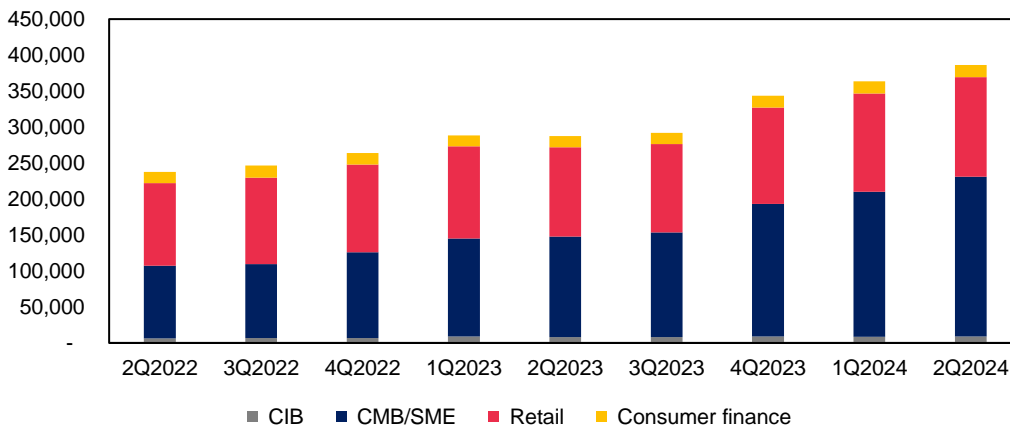
As of 30/06/2024, credit growth has reached 13.3% YTD, over 2 times higher than the average growth of the banking system (6.0% YTD) and much higher than the listed banks (7.6% YTD). The main driver of credit growth in 1H2024 was from CMB/SME clients (+59.4% yoy, +20.4% YTD) while loan outstanding of retail banking and consumerfinance was slightly up by 3.2% and 5.3% YTD.

In 1H2024, credit growth mainly focused on manufacturing and commercial activities while mortgage lending has grown much slower due to weak recovery of real estate market. At the end of 2Q2024, total loan outstanding of real estate accounted for around 18% of total loan. NPL of real estate loans was 0.3% at the end of 2Q2024, the lowest among the industries.

Recently, SBV has announced to expand the credit quota of selected banks that had credit growth exceeding 80% of provided quota. We expect that HDB is

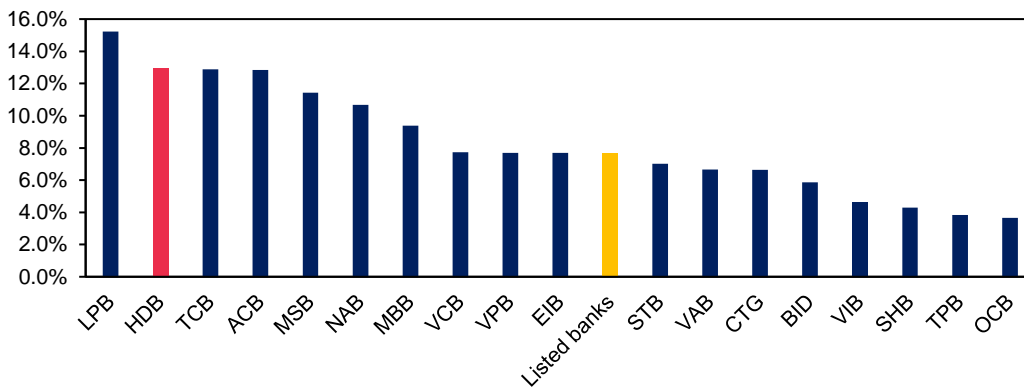
among the banks having the most credit quote expansion in 2H2024 (estimated at 25%) thanks to impressive credit growth in 1H2024. Moreover, we believe that HDB can effectively use 100% of credit quota in 2024 thanks to (i) the stronger recovery of retail agriculture loans driven by wide-spread presence of HDB in rural areas and tier-2 cities combined with higher demand in 2H2024 (ii) increased mortgage lending is driven by low interest rates and real estate market recovery; (iii) consumer finance will be accelerated during the peak consumption season in the later half of year. We expect that credit growth of HDSaison will reach around 18% in 2024 thanks to the higher consumer finance demand caused by the improvement of workers' income following the recovery of the manufacturings and contructions.

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



Source: HDB, MBS Research

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



Source: Listed banks, MBS Research

**NIM in 2024 will increase 24 bps with anticipation of lower NIM in 2H2024.**

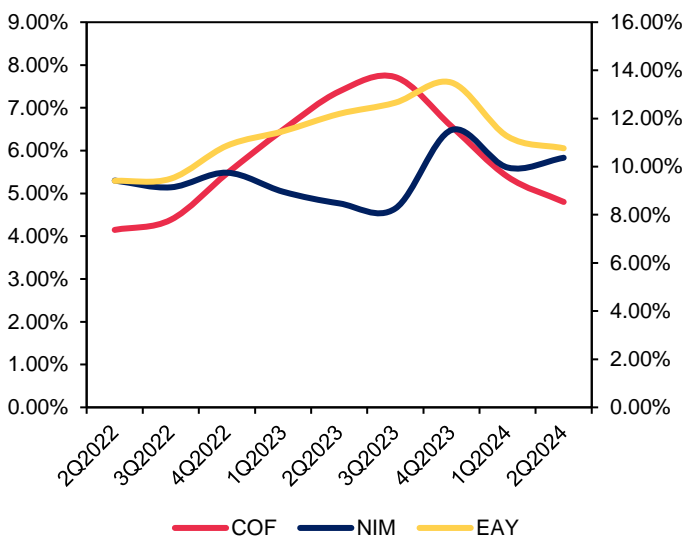
Thanks to significant decrease of deposit rates, cost of fund (COF) of HDB has been reduced sharply in 1H2024 contributing to strong recovery of NIM. NIM in 2Q2024 was 5.8%, +107 bps yoy and +23 bps QoQ leading NIM in 6M2024 to reach 5.7%, +75% bps yoy. We see that the decline in asset yield has been slow down thanks to high credit growth while downtrend of COF was much faster supported by low interest rates environment. Asset yield was down by 100 bps yoy whereas COF was down by 202 bps in 6M2024.

Besides, the strong recovery of HDSaison's lending growth has significantly contributed to NIM's upward of HDB in recent quarters. After 4 consecutive

quarters of negative growth, HDSaison has recorded positive credit growth of 4.2% YTD since 1Q2024. Even this trend has been much slow down in 2Q2024 (5.3% YTD, 1.1% QoQ), we see that it has significantly supported to NIM's recovery of HDB.

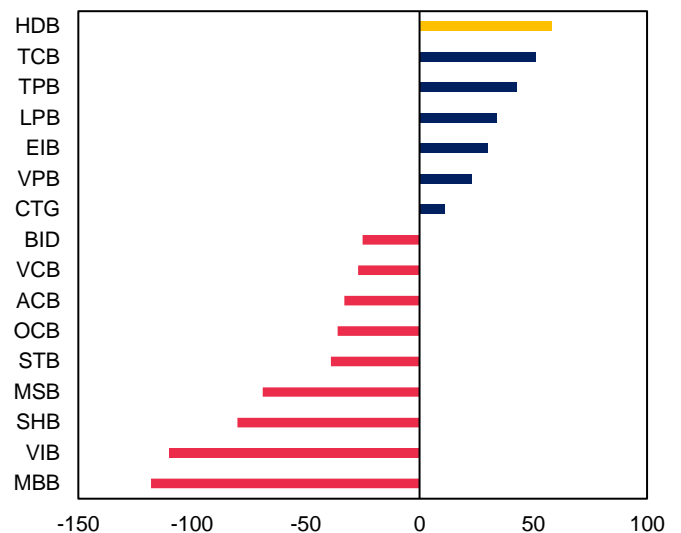
We anticipate that deposit rates will gradually increase in 2H2024 as system-wide liquidity tightens, prompting banks to ramp up their funding activities. Meanwhile, lending rates are expected to remain low and will not experience significant upward as SBV's willing to support the economy. Hence, we forecast that NIM of most banks will be down in 2H2024 compared to 1H2024. Additionally, HDB's CASA does not provide a significant advantage. End of 2Q2024, HDB's CASA ratio reached 9.8%, slightly up from 8.5% at the end of 1Q2024 but still significantly lower than the industry average of 20.9%. Therefore, we anticipate that NIM of HDB in 2H2024 will be around 5.0% dragging down NIM in 2024 to 5.4%. Despite, HDB is one of few banks expecting to get NIM increase in 2024.

Figure 9: Quarterly NIM, COF and Asset yield of HDB (%)



Source: HDB, MBS Research

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



Source: HDB, MBS Research

**Accelerated provisioning and increased writing off bad debt in 2H2024 to lower NPL under 2% by the end of 2024.**

Asset quality as of the end of 2Q2024 has been improved a little compared to last quarter but still been down versus at the end of 2023. At the end of 2Q2024, NPL ratio was 2.1%, -14 bps QoQ and +31 bps YTD; group 2 debt ratio was 4.5%, -22 bps QoQ and -92 bps YTD. In detail, NPL ratio of parent bank has fluctuated similar to the consolidated NPL ratio that reached 1.85% end of 2Q2024, -14 bps QoQ and +34 bps YoY; meanwhile NPL ratio of HDSaison was flattened at around 7.5-7.6% in 1H2024.

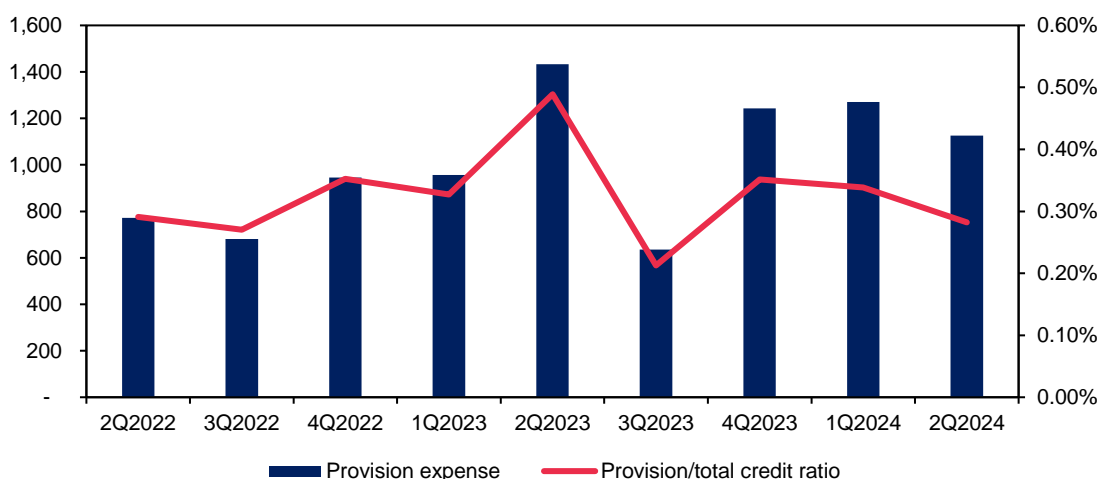
Provisioning was slow down in 2Q2024 compared to last quarter but using provision was accelerated instead. Provision/total credit ratio was 0.28% in 2Q2024, slightly down versus it was 0.34% in last quarter, however the using provision ratio was 101.9%, much higher than it was 63.2% in 1Q2024. Accumulatively, provision expense in 1H2024 was VND 2,396 bn (+0.3% YoY) and has been used by 80.1% for writing off bad debt. Thanks to very positive business result in 1H2024, HDB has hastened its provisioning to keep NPL ratio

away from being pumped up when credit growth boosted. Moreover, we appreciate the bank’s effort to stabilize NPL ratio of HDSaison while maintain the positive growth pace.

In 2H2024, we anticipate that pressure of emerging NPL will go down thanks to higher credit growth and accelerating writing off bad debt. We expect that credit growth will still focus on CMB/SME clients which has shown high demand of credit and better asset quality compared to retailing banking. Despite the percentage of HDSaison is still high and has grown fastly, those lendings are only for loyal customers who have shown good credit records and definitely not for new clients. Hence, we believe that NPL of HDSaison will be remained under 7.5% by the end of 2024, insufficiently impact to NPL of HDB. We expect that NPL and group 2 ratios are little down to 1.9% and 3.9% at the end of 2024 respectively.

Provisioning expense of 2024 is expected to reach 4,967 billion VND (+16.4% YoY) that means the provision in 2H2024 will increase 7.3% vs 1H2024 and +36.8% YoY. Additionally, we also forecast that the using provision expense ratio in 2024 will reach 85.0%. End of 2024, LLR is expected to be 67.9%, a little higher than it was 65.8% at the end of 2Q2024.

Figure 11: Provision expense and provision/total credit ratio of HDB by quarter (in billion VND, %)

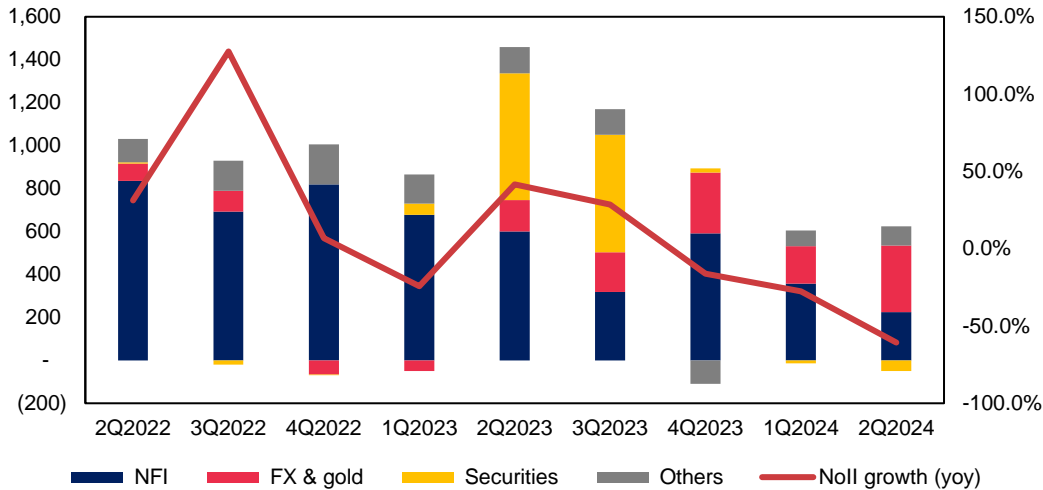


Source: Banks, MBS Research

**Headwinds of Noll recovery were caused by bancassurance and payment fees deduction.**

Net fee income (NFI) was VND 1,165bn in 1H2024, -48.8% YoY, in which the main contributors such as payment fee and bancassurance recorded sharply decrease by 35.3% and 69.4% YoY. We forecast that Noll growth will not be better than it was in 1H2024 as (i) the spotlight of Noll structure in 1H2024 was income from forex and gold trading that has shown unstableness; (ii) NFI is expected to go down YoY in 2H2024 as the banca has revealed no sign of recovery whereas payment fee income has been impacted by low credit demand from retail banking. Therefore, we anticipate that Noll in 2024 will be down by 30.8% YoY driven by the increased income from debt collection.

Figure 12: Noll structure of HDB by quarter (in billion VND, %)



Source: Banks, MBS Research

**Business results forecast: Net profit is expected to grow 28.0% yoy in 2024 and the growth will be accelerated to 29.7% in 2025.**

Figure 13: Business results forecast of 2024-2025

Items	2023	2024F	% yoy	2025F	% yoy	Comments
NII	22,184	29,848	34.5%	37,909	27.0%	
Noll	4,230	2,925	-30.8%	4,310	47.4%	NFI will be strongly recovered driven by payment fee while bancassurance fee's growth is still slow down in 2024.
TOI	26,414	32,773	24.1%	42,219	28.8%	
Operating expense	9,129	11,143	22.1%	14,355	28.8%	
Profit before provision expense	17,284	21,630	25.1%	27,865	28.8%	
Provision expense	4,268	4,967	16.4%	6,257	26.1%	Provisioning will be maintained the same high in 2025 as in 2024 to remain NPL ratio under 2%.
Net profit	10,336	13,232	28.0%	17,158	29.7%	
Credit growth (YTD)	31.8%	24.7%	-712 bps	24.6%	-5 bps	
Funds growth (YTD)	51.0%	16.2%	-3472 bps	19.5%	330 bps	
NIM	5.1%	5.4%	23 bps	5.4%	9 bps	Lending rates are expected to remain during the next 12-18 months to support the economy, especially when the real estate has not recovered fully potential.
CIR	34.6%	34.0%	-56 bps	34.0%	0 bps	
LDR	65.9%	70.6%	478 bps	73.7%	300 bps	
CASA	11.1%	10.9%	-25 bps	10.9%	0 bps	
NPL	1.8%	1.9%	7 bps	1.5%	-41 bps	
LLR	65.8%	67.9%	203 bps	94.6%	2674 bps	
ROE	25.4%	26.8%	136 bps	27.3%	56 bps	
ROA	2.0%	2.0%	1 bps	2.2%	20 bps	

Source: HDB, MBS Research



## Investment Thesis

We raise the 12-month target price for HDB to **31,300 VND/share** (+10.2% vs last forecast) due to (i) increasing NET PROFIT of 2025 by 11.0% based on the assumptions that business result of 2024 is positive along with more solid asset quality leading to outstanding NET PROFIT in 2025; (ii) using the average BVPS 2024-2025 with lower P/B of 1.3x to reflect the potential earning growth next year. We maintain ADD recommendation for HDB thanks to:

- Net profit growth is expected to remain above 28%/year for the next 5 years as it has done during the last 5 years. The main drivers are still from NIM being kept over 5% while credit growth over 20%.
- ROE has consistently ranked among the highest in the industry, thanks to its ability to optimize operational efficiency and capital utilization, contributing to HDB's P/B ratio consistently outperforming its peers.

## Summary of Assumptions in the Valuation Method

We value HDB'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 1.3x to apply for HDB's average ending book value in 2024-2025. This PB is fair with total sector (1.3x excluding SOEs banks) reflecting the ability of net profit weathering the difficulties.
- Regarding residual income method, the proportion of book value in the valuation component is only 45.2% in this valuation indicating a more positive profit outlook for HDB in the coming years.

## Investment risks

- The slow recovery in the real estate market, especially the primary market, poses a significant challenge to HDB's credit growth in upcoming quarters.
- Sharply decrease of bancassurance demand combined with the restrictions of the new credit law in terms of banca business have reduced significantly banca fee leading to notable reduction of Noll of most of the banks. We concern that slow recovery of banca will have serious impact to Noll's growth of the whole sector in next 12-18 months.



## Valuation

Figure 14: 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	1.59	1.59	1.59	1.59	1.59
Cost of equity	17.6%	17.6%	17.6%	17.6%	17.6%
Long-term growth rate	3.0%				
<i>(Unit: VND bn)</i>					
Residual income (RI)	3,833	5,245	8,748	9,937	9,032
PV of RI	3,833	4,460	6,327	6,111	4,724
Beginning equity value	44,469				
Total PV of RI	25,455				
PV of terminal value	28,361				
Ending equity value	98,285				
Outstanding shares (mn shares)	2,913				
<b>Stock value (VND/share)</b>	<b>33,700</b>				

Source: MBS Research

Figure 15: Peer comparison (closing price at 17/09/2024)

	Mkt price (VND/share)	Mkt cap (VND bn)	Total asset (VND bn)	P/E		P/B		ROE		ROA	
				TTM	2024	TTM	2024	TTM	2024	TTM	2024
BID	48,700	279,036	2,521,053	11.7x	11.1x	2.1x	1.9x	18.8%	16.9%	1.0%	0.9%
VCB	90,500	193,588	1,905,639	14.8x	14.6x	2.7x	2.5x	19.5%	17.1%	1.8%	1.7%
CTG	34,950	510,284	2,161,429	8.4x	8.3x	1.3x	1.3x	15.9%	17.3%	1.0%	1.8%
MBB	24,250	130,005	988,605	5.8x	6.2x	1.2x	1.1x	22.6%	22.2%	2.3%	2.4%
TCB	22,750	162,388	908,307	7.0x	6.6x	1.1x	1.1x	16.2%	16.6%	2.5%	2.5%
VPB	18,650	147,968	864,392	11.8x	10.2x	1.1x	1.0x	9.1%	11.7%	1.4%	1.8%
ACB	24,500	109,880	769,679	6.4x	5.9x	1.4x	1.3x	22.9%	21.6%	2.3%	2.3%
STB	29,850	56,274	717,313	6.7x	6.6x	1.1x	1.0x	17.6%	16.2%	1.2%	1.2%
HDB	26,600	77,183	624,443	6.2x	5.8x	1.5x	1.4x	26.2%	23.3%	2.1%	1.9%
LPB	30,700	78,007	442,583	8.3x	9.5x	1.9x	1.9x	24.7%	21.6%	2.1%	2.0%
VIB	18,150	54,369	430,962	6.8x	6.0x	1.4x	1.1x	20.5%	23.4%	1.9%	2.2%
TPB	18,150	40,290	361,555	8.0x	7.4x	1.1x	1.1x	14.1%	14.5%	1.3%	1.5%
OCB	11,600	28,480	238,884	7.9x	4.8x	1.0x	0.7x	13.0%	15.9%	1.6%	1.9%
<b>Avg. excluding SOEs</b>		<b>88,484</b>	<b>634,672</b>	<b>7.5x</b>	<b>6.9x</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>
Avg.		143,673	994,988	8.4x	7.9x	1.4x	1.3x	18.5%	18.3%	1.7%	1.8%

Source: Fiiipro, MBS Research

Figure 16: Valuation summary

Valuation method	Valuation price	Weight	Contribution
Residual income discount	33,700	50%	16,850
P/B (target P/B = 1.3x for avg BVPS 2024-2025)	28,900	50%	14,450
<b>Target price</b>			<b>31,300</b>

Source: MBS Research

## Financial Statements

Income Statement (VND billion)	2023A	2024F	2025F	2026F	Key ratio	2023A	2024F	2025F	2026F
Net interest income	22,184	29,848	37,909	50,466	<b>Growth</b>				
Net income from services	2,188	959	1,898	2,736	Asset growth	44.7%	15.5%	20.5%	26.6%
Net income from gold and forex	565	894	1,120	1,437	Loan & Investments growth	29.1%	24.9%	21.4%	28.5%
Gain/(loss) from trading securities	42	213	289	291	Deposit & Commercial papers growth	46.4%	16.2%	19.5%	25.8%
Gain/(loss) from investment securities	1,167	492	536	702	Profit before provision and tax growth	26.8%	28.0%	29.7%	42.9%
Other net income	259	366	467	645	EBT growth	25.9%	28.0%	29.7%	42.9%
<b>TOTAL OPERATING INCOME</b>	<b>26,414</b>	<b>32,773</b>	<b>42,219</b>	<b>56,278</b>					
OPERATING EXPENSES	9,129	11,143	14,355	19,416	<b>Capital Adequacy</b>				
<b>Profit before provision &amp; tax</b>	<b>17,284</b>	<b>21,630</b>	<b>27,865</b>	<b>36,862</b>	CAR	14.4%	14.5%	N/A	N/A
Credit provision expenses	4,268	4,967	6,257	5,995	Total Equity/Total Assets	8.4%	7.9%	8.5%	9.1%
<b>Profit Before Tax</b>	<b>13,017</b>	<b>16,663</b>	<b>21,608</b>	<b>30,867</b>	Total Assets/Total Equity	11.93	12.59	11.75	11.03
Total income tax expenses	2,681	3,432	4,450	6,357					
<b>Profit After Tax</b>	<b>10,336</b>	<b>13,232</b>	<b>17,158</b>	<b>24,510</b>	<b>Asset Quality</b>				
Minority interest	(265)	(331)	(429)	(613)	Loan group 3-5	1.8%	1.9%	1.5%	1.4%
<b>Net profit for bank's shareholders</b>	<b>10,071</b>	<b>12,901</b>	<b>16,729</b>	<b>23,897</b>	Loan group 2	5.2%	3.9%	3.3%	2.5%
					Provision reserve/Loan group 3-5 (LLR)	65.8%	67.9%	94.6%	95.7%
<b>Balance Sheet</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>					
Cash & cash equivalents	2,810	2,745	3,906	4,333	<b>Liquidity</b>				
Balances with the SBV	41,482	21,179	25,932	32,293	Loan-to-Deposit ratio (LDR)	65.9%	70.6%	73.7%	73.6%
Balances with and loans to other Cis	96,515	105,367	116,568	135,234	Liquid asset/Total Assets	33.8%	30.0%	27.8%	28.3%
Net Trading securities	18,581	21,392	26,532	33,168	Liquid asset/Customer deposit	42.2%	36.8%	35.4%	36.2%
Derivatives and other financial liabilities	110	110	110	110					
Loans purchase	-	-	-	-	<b>Profitability</b>				
Loans and advances to customers	343,404	427,834	530,632	663,367	ROA	2.0%	2.0%	2.2%	2.6%
Loan provision	(4,054)	(5,416)	(7,298)	(8,842)	ROE	25.4%	26.8%	27.3%	29.5%
Net Investment securities	44,092	58,151	59,693	95,409	NIM	5.1%	5.4%	5.4%	5.9%
Long-term investments	144	156	157	158	Interest Income/ Operating Income	84.0%	91.1%	89.8%	89.7%
Fixed assets	1,423	1,540	1,674	1,829	Operating Expense/ Operating Income	34.6%	34.0%	34.0%	34.5%
Investment properties	-	-	-	-					
Other assets	57,809	62,657	80,605	104,601	<b>Valuation</b>				
<b>TOTAL ASSET</b>	<b>602,315</b>	<b>695,714</b>	<b>838,511</b>	<b>1,061,659</b>	Basic EPS (VND)	3,458	4,429	5,744	8,205
<b>LIABILITIES</b>	<b>555,915</b>	<b>638,997</b>	<b>764,644</b>	<b>963,294</b>	BVPS (VND)	15,268	18,697	24,438	32,639
Deposits of Government and the SBV	27	-	-	-	P/E	7.7x	6.0x	4.6x	3.2x
Deposits and borrowings from other Cis	112,087	132,201	156,523	228,357	P/B	1.7x	1.4x	1.1x	0.8x
Customer deposits	370,778	436,267	501,693	601,961					
Derivatives and other financial liabilities	-	-	-	-					
Agent capital of Cis	2,811	3,966	4,696	6,851					
Valuable certificates issued	50,938	51,340	82,779	100,832					
Other liabilities	19,274	15,223	18,954	25,293					
<b>EQUITY</b>	<b>46,400</b>	<b>56,717</b>	<b>73,867</b>	<b>98,366</b>					
Common shares	29,076	29,076	29,076	29,076					
Common shares surplus	536	536	536	536					
Treasury shares	(413)	(413)	(413)	(413)					
Other capital	0	0	0	0					
Funds of bank	4,708	5,714	7,019	8,883					
Retained earnings	10,562	19,542	34,957	56,980					
Minorities interest	1,931	2,262	2,691	3,304					
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>602,315</b>	<b>695,714</b>	<b>838,511</b>	<b>1,061,659</b>					

Source: BCTC HDB, 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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