

Sacombank [STB VN]

10 September 2021

Downgrade to SELL

TP upside (downside) -12%

Close 09 Sep 2021

Price VND 27,350
 12M Target VND 24,000
 Previous Target VND 16,790

What's new?

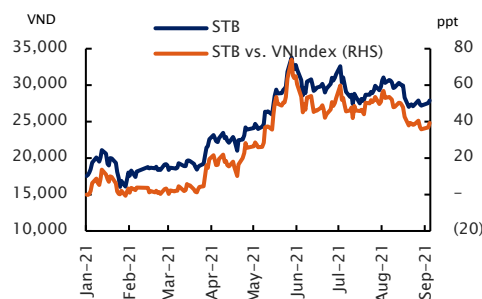
- We assume that STB will resolve all legacy assets in 2023E.
- We increase our 2021E provisioning forecast by 6% to reach VND3.8 tn (+24% YoY).
- We lower our earnings forecast by -10% for 2021E and -9% for 22E

Our view

- **Downgrade to SELL** from HOLD–Underperform due to stretch valuation
- Solid progress on NPA resolution, but the restructuring is not complete yet.
- STB trades at 1.5x 2021E P/BV vs. peer median of 1.8x, but its 2021E ROE of 9% is far below the sector's 21%.

Company profile: STB is Vietnam's fifth largest listed bank by assets with 5.2% market share as at 2Q21. It operates a primarily retail- and SME-focused commercial banking business. A merger with the former Southern Bank in 2015 resulted in substantial asset quality woes, a challenge that the Bank's management is now addressing with strong support from government policy.

Share price performance relative to VNIndex



Market cap	US\$2.3 bn
6M avg. daily turnover	US\$41 mn
Outstanding shares	1,885 mn
Free float	95.0%
FINI ownership	16.1%
Major shareholders	10.8%
2021E Asset/equity (x)	15.4
2021E P/E (x)	18.6
2021E P/B (x)	1.5
FOL remaining room	13.9%
2021E dividend yield (%)	0.0%

Source: FiinPro, Yuanta Vietnam

	2020A	2021E	2022E	2023E
NIM (%)	2.74%	2.95%	3.17%	3.38%
Fee growth (%)	13%	22%	21%	19%
CIR	67%	66%	65%	64%
PPOP growth (%)	33%	24%	24%	22%
PATMI (VND bn)	2,251	2,701	3,351	3,998
ROAA (%)	0.57%	0.63%	0.71%	0.76%
ROAE (%)	8.1%	8.5%	9.2%	9.9%
PE (x)	22.4	19.1	15.7	13.2
PB (x)	1.7	1.5	1.4	1.2
Div. yield (%)	0.0%	0.0%	0.0%	0.0%

Source: Company Data, Yuanta Vietnam

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Sacombank [STB VN]

Stretched valuation, downgrade to SELL

We now assume that STB will resolve all legacy assets by 2023E, so loan growth could outperform the sector thereafter – but this is a long way off. Our 2021E loan growth forecast remains 13% YoY.

We expect NIM to be supported by the resolution of legacy assets, as the capital freed up is shifted into interest-earning assets. We reduce our 2021E NIM forecast to 2.95% (+21bps YoY but 21bp lower than our previous forecast), largely due to reduced yields for Covid-impacted clients. However, we expect NIM to recover and to reach 3.66% in 2024E after STB has cleared all of its legacy assets.

We assume STB will strengthen its provisioning as it accelerates its restructuring process. We increase our 2021E provisioning forecast by 6% to VND3.8 tn (+24% YoY). However, provisioning should drop by -51% YoY in 2024E, after the legacy assets are resolved.

We slash our PATMI forecasts down by -10% for 2021E and -9% for 2022E on tightened NIM and higher credit costs. Our decreased PATMI forecasts are -12% below the Consensus mean for 2022E, but still represent growth of +24% YoY in 2022E.

Turnaround story remains intact but the valuation has priced in too much optimism. STB trades at 1.5x vs. sector's median of 1.8x, which is not cheap given its low adjusted 2021E ROE of 9% vs the sector's 21%. We increase our target price to VND24,000 given the expected strong recovery in 2024E. However, the investment thesis depends on STB's specific restructuring of legacy assets, which has become more uncertain due to the pandemic. Thus, we downgrade to SELL. The greatest upside risk for the stock is probably the continuation of M&A chatter (and although we are skeptical, we can't rule out an actual deal).

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Valuations

Valuation Ratios	2019A	2020A	2021E	2022E	2023E	2024E
Adjusted PER (x)	24.2	21.9	18.6	15.4	12.9	6.0
PEG	0.5	2.1	1.1	0.7	0.7	0.1
Adj. ROA (%)	0.57%	0.57%	0.63%	0.71%	0.76%	1.44%
Adj. ROE (%)	7.9%	8.1%	8.5%	9.2%	9.9%	18.4%
PBR (x)	1.8	1.7	1.5	1.3	1.2	1.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

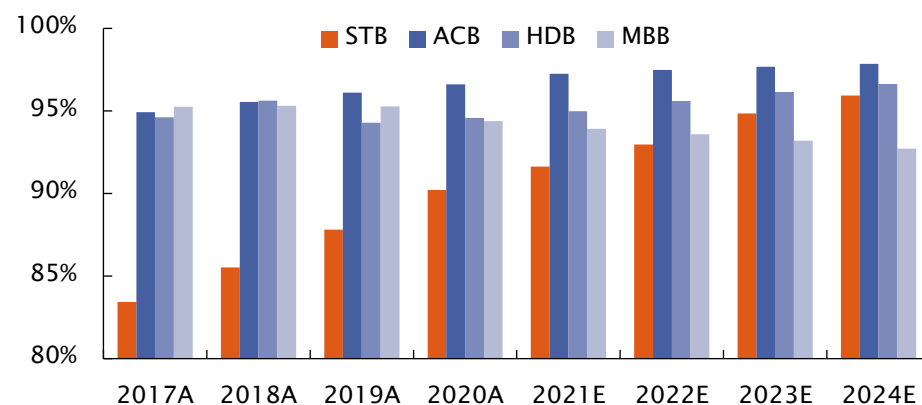
Source: Company data, Yuanta Vietnam

Company Update

We assume that STB will resolve all of its legacy nonperforming assets by the end of 2023E, which is two years earlier than the official SBV-approved plan. Indeed, management expects the bank will complete its restructuring in 2022E. However, given the macro headwinds due to the severe impact of the pandemic, it might be difficult to find buyers for collateral assets (i.e. mostly real estate) and the bids for such collateral may not be especially attractive or even possible for the bank to accept. Thus, we believe that the restructuring will take longer than management's expectation.

Interest earnings assets (IEAs) per total assets was 90% in 2020A (+2ppt YoY). This ratio improved significantly compared to 81% in 2015A when the bank merged with Southern Bank. We expect interest earnings assets to increase and reach 96% in 2024E given the bank's ongoing effort in resolving non-performing assets. Assuming most recouped legacy assets will be shifted into gross loans as free funds, we expect increased credit growth and NIM to be the happy result of this balance sheet shift.

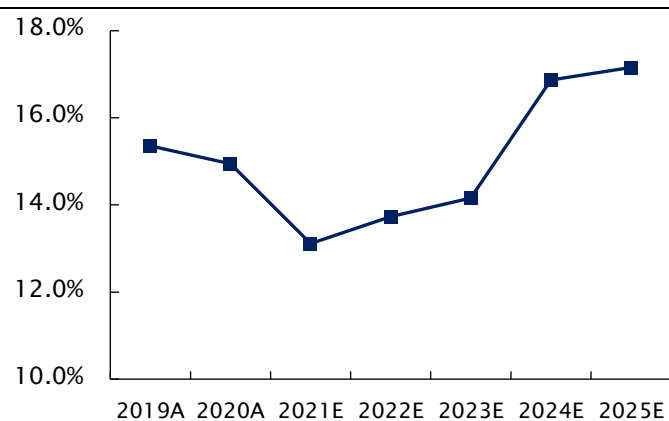
Figure 1: Interest Earnings Assets / Total Assets (%)



Source: Company data, Yuanta Vietnam.

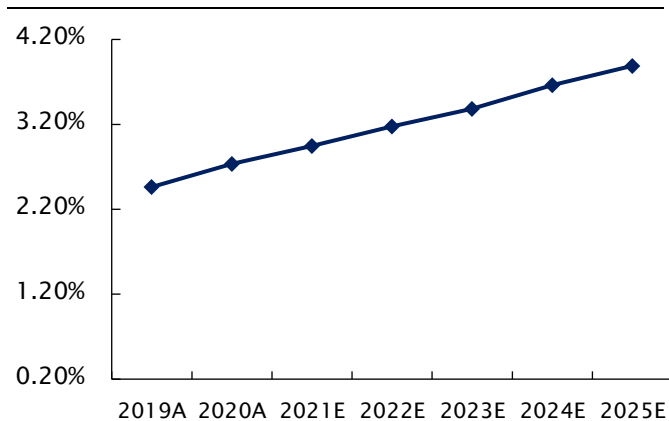
We make no changes to our previous loan growth assumption for 2021E. The bank has delivered 6.1% loan growth YTD in 1H21, and we reiterate our full-year forecast for loan growth of 13% YoY in 2021E. However, we expect STB's loan growth to jump significantly in 2024E-25E (+17% YoY) after it completes its restructuring (under our assumption).

Figure 2: Loan growth forecast (%)



Source: FiinPro, Yuanta Vietnam

Figure 3: NIM forecast (%)



Source: FiinPro, Yuanta Vietnam

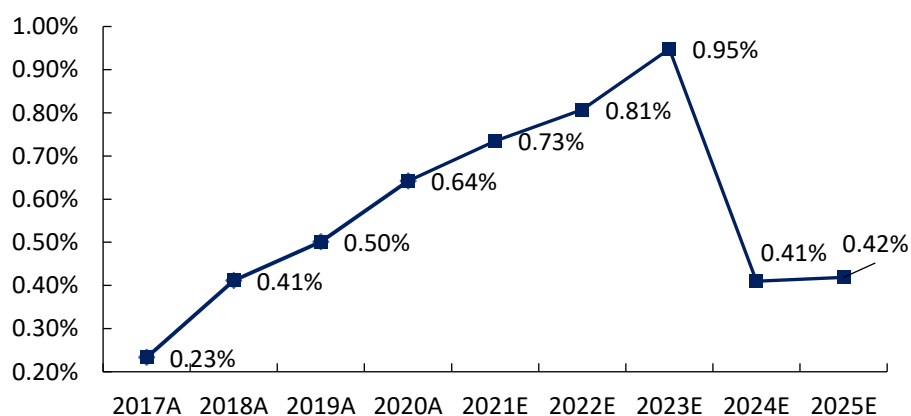
Continue to build up stronger provisioning buffer

We assume that STB will sacrifice earnings growth to build up stronger credit loss provisions as it accelerates its restructuring progress. We have adjusted our provisioning assumptions by +6% for 2021E and +15% for 2022E versus our [previous forecasts](#).

Total provisions/average assets was about 0.57% on average in 2019A–20A. We expect STB to resolve all legacy assets in 2023E; thus, STB will not have to make provision for legacy assets from 2024E onwards, assuming any restructured legacy assets do not revert to NPA status.

As such, we forecast provisioning expense to decrease by -51% YoY in 2024E; thus, the total provisions/average assets ratio will decline by 54bps YoY to reach 0.41% in 2024E.

Figure 4: Provisions/avg. assets to decline once resolving all legacy assets (%)



Source: Company data, Yuanta Vietnam.

STB's key metrics should improve after its legacy asset restructuring is complete

Assuming that STB will resolve all its legacy assets in 2023E, the bank's key metrics should improve substantially in subsequent years.

We expect NIM, ROA and ROE to improve significantly after the bank resolves all bad debts. Adj. ROE should be in the double-digits and reach about 18% in 2024E.

Figure 5: STB's key metrics estimation once resolving all legacy assets



Source: Company Data, Yuanta Vietnam

STB's asset and loan amounts are similar to those of its major peers (i.e. ACB and MBB, see figure below). However, our expected NIM, ROA, and ROE are lower than those of its peers in 2024E.

At the current price, STB's 2024E P/B is about 1.0x, which is in line with peer valuations. Our generous assumption for STB's 2024E ROE is about 18%, which is still lower than our expected ROEs for ACB (23%) and MBB (22%) in 2024E. Thus, we believe that STB's valuation should be lower than that of ACB and MBB even after it resolves the legacy assets.

M&A hopes are the key valuation driver. During the recent annual general meeting, STB's management announced a plan to sell the VAMC's 32.5% stake in STB at 33,000 to 34,000 per share (upon the government's approval). We view this factor as the key driver of STB's overvaluation based on our assessment.

Figure 6: STB's key metrics for 2024E compared peers



Unit: VND bn for Assets and Loans

Source: Company Data, Yuanta Vietnam

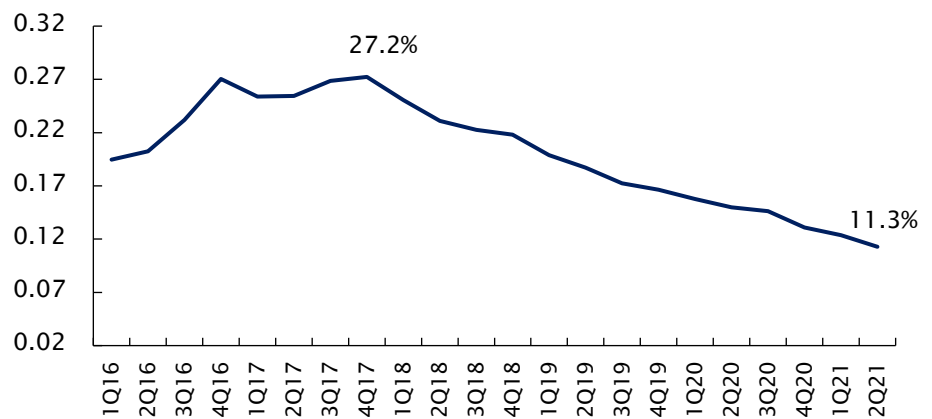
M&A speculation has resulted in overpricing

Admittedly, the strong business performance (especially pre-provisioning operating result) and positive NPA handling progress has helped to boost the stock price recently. However, we believe that the key reason for the stock price outperformance has been M&A chatter. As such, the recent share price increase was largely due to speculation rather than fundamentals, in our opinion.

The NPA handling has shown positive progress. Total NPAs (including net NPLs, net VAMC bonds, accrued interests, and “other receivables”) have decreased significantly from the peak of 27.2% of total assets in 4Q17 to 11.3% in 2Q21. Admittedly, this ratio is still high (NPAs represent 1.9x the bank’s total common equity), but the trend has been declining, which bolsters our argument that STB should be able to clear 100% of its legacy assets by 2023E.

However, the absolute value of total net NPAs is about VND57 tn as at 2Q21, which is about 1.9x of STB’s total shareholder’s equity in 2Q21. This raises concerns about capital adequacy, which would be especially acute if the non-performing asset resolution is delayed.

Figure 7: Total NPA ratio (%) (Total NPA / Asset)



Source: Company data, Yuanta Vietnam.

The valuation is stretched

STB is now trading at 1.5x 2021 P/BV vs. the sector’s median of 1.8x, which is not cheap relative to the sector given what are still very high level of NPAs on its balance sheet, as well as its low adjusted 2021E ROE of 9% vs the sector’s median of 21%.

The stock’s P/BV multiple recently hit 2 standard deviations above its own historical mean, and it still remains elevated at c.1.7 standard deviations above the mean. Although STB has made substantial improvements since the management changes, we do not believe this valuation to be fundamentally merited at the current phase of its restructuring and given the broader macroeconomic implications of COVID-19.

We increase our target price by 43% after factoring in an earnings recovery in 2024E, after the bank resolves all of its legacy assets (under our assumption) in 2023E. Our new target is VND24,000, with no support from cash dividends, implying 12-month downside of -12%.

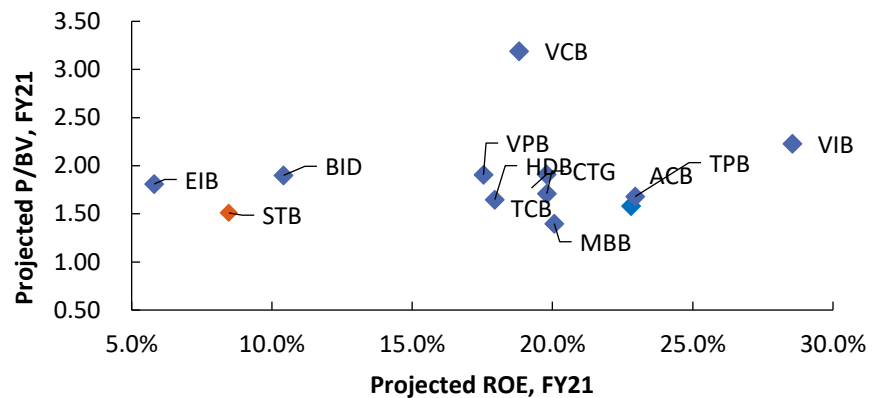
From a strategy view, we have become more cautious on the banks and suggest that investors consider lightening up on the sector given the potential rising NPL and provisioning cost due to the current macro headwinds. Thus, we downgrade our rating on STB to **SELL** from **HOLD**–Underperform.

Figure 8: STB Historical PB



Source: Bloomberg, Yuanta Vietnam.

Figure 9: Scatter Plot between banks' 2021E ROE and PB



Source: Company data, Yuanta Vietnam.

Valuation table

Residual Income approach

Terminal Net Income Growth Rate:	4.0%
Projected Net Income 1 Year After Period:	15,190
Residual Income Terminal Value:	13,578
(+) Current Common Shareholders' Equity:	30,384
(+) PV of Residual Income Terminal Value:	2,903
(+) Sum of PV of Residual Income:	12,009
Implied Equity Value:	45,296
Implied Share Price:	24,028

Source: Yuanta Vietnam

Sensitivity table: ROE vs. Cost of equity

	Cost of Equity (declines by 0.3% annually from 2026)						
	12.5%	13.0%	13.5%	14.2%	14.9%	15.4%	15.9%
14.0%	42,581	37,504	33,287	28,325	24,503	22,217	20,227
13.5%	40,812	35,983	31,970	27,244	23,600	21,420	19,520
13.0%	39,052	34,469	30,658	26,167	22,701	20,625	18,815
12.5%	37,298	32,961	29,352	25,095	21,806	19,834	18,113
12.0%	35,553	31,460	28,052	24,028	20,915	19,047	17,415
11.5%	33,815	29,966	26,757	22,965	20,028	18,263	16,719
11.0%	32,085	28,478	25,469	21,907	19,145	17,482	16,027
10.5%	30,363	26,997	24,186	20,854	18,265	16,705	15,337
10.0%	28,649	25,522	22,908	19,805	17,390	15,931	14,651

Source: Yuanta Vietnam

Yuanta vs. Consensus

Net income (VND bn)	2021E	2022E
Consensus mean	3,250	4,537
Yuanta forecast	3,218	3,992
%ge difference	-1.0%	-12.0%
Consensus high	3,250	4,537
Consensus low	3,250	4,537
EPS (VND)		
Consensus mean	1,457	1,983
Yuanta forecast (adj.)	1,464	1,778
%ge difference	0.5%	-10.4%
Consensus high	1,457	1,983
Consensus low	1,457	1,983

Source: Bloomberg, Yuanta Vietnam

Investment risk

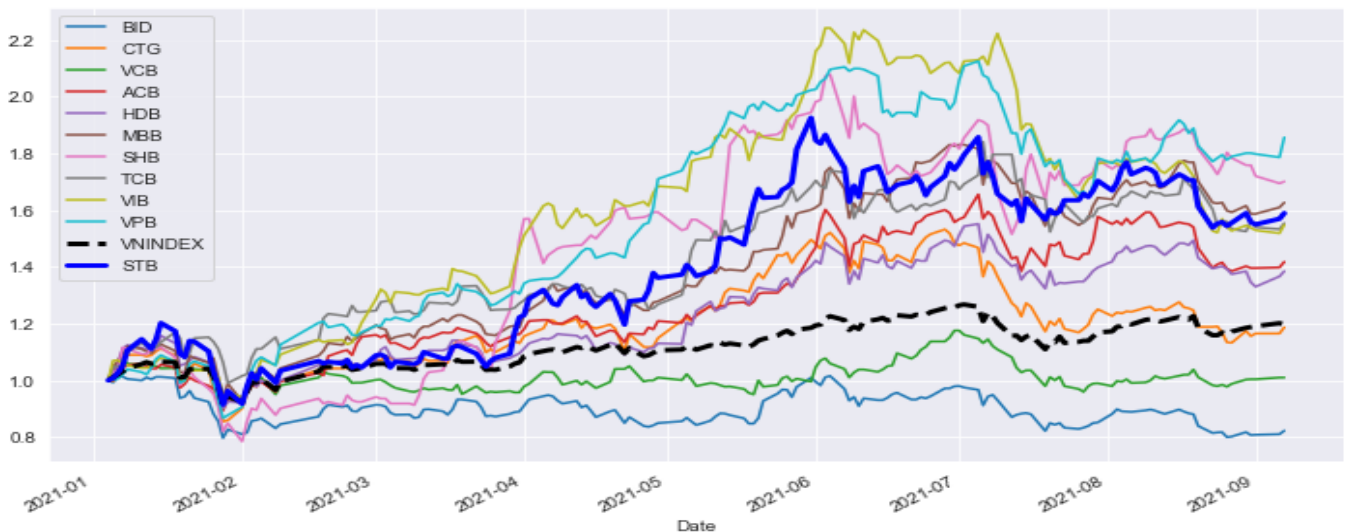
Real estate exposure. Most collateral for legacy nonperforming assets is real estate; thus, legacy assets handling progress largely depends on the real estate market, which is uncertain in the medium term due to the impact of the pandemic. Delays in handling non-performing assets could impact STB's earnings and share price.

Capital selling plan. STB management has announced a plan to sell its shares that are currently held by VAMC (i.e., 32.5% of outstanding shares) at a price of 33,000–34,000 per share pending government approval. We believe that such a divestment is inevitable in the long term, but the procedure is likely to be highly complicated from a legal perspective and thus might take a long time to complete. Completion of such a deal is thus highly uncertain. Although related chatter may continue to support the share price, outright cancellation of the plan would likely cause the stock to pull back significantly. We think this is the biggest risk to STB's share price, because we believe strongly that the recent price increase was largely due to expectations of a divestment by VAMC.

However, if the bank can resolve the legacy assets sooner than our expectation and the major stake sale is successful as per the bank's expectations, it would constitute **upside risks** to our cautious stock recommendation.

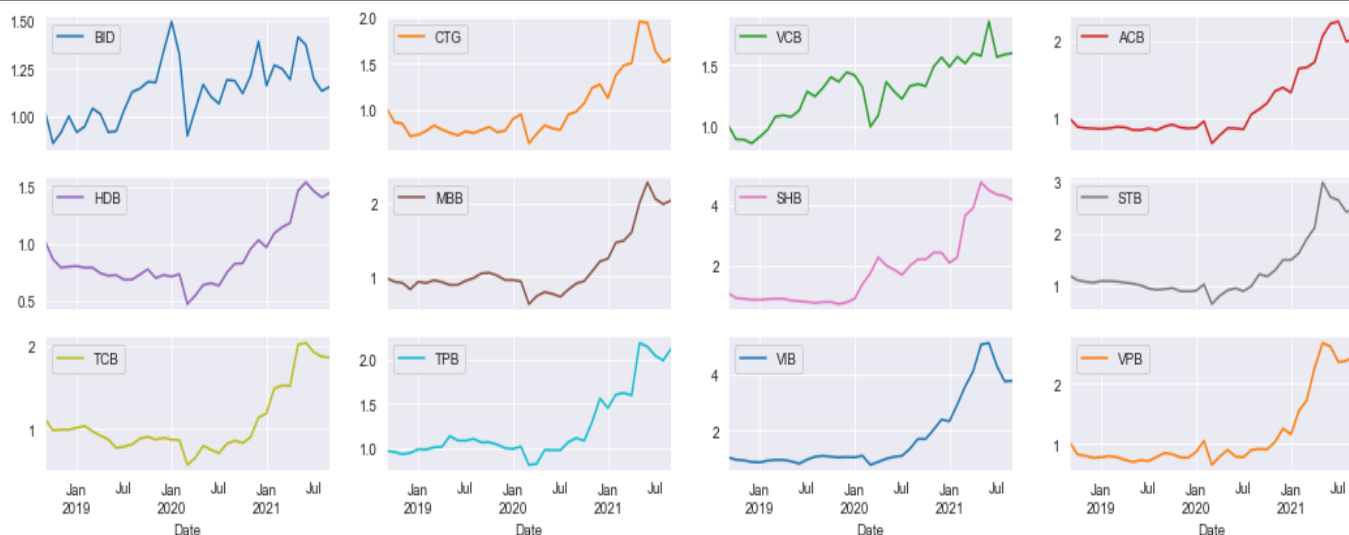
Some basic statistics

Figure 10: Banks stock prices from Jan to Sep 2021 (all prices start at 1 for ease of comparison)



Source: Bloomberg, Yuanta Vietnam

Figure 11: Banks' Cumulative return ((based on monthly return from Sep 2018 to Sep 2021)



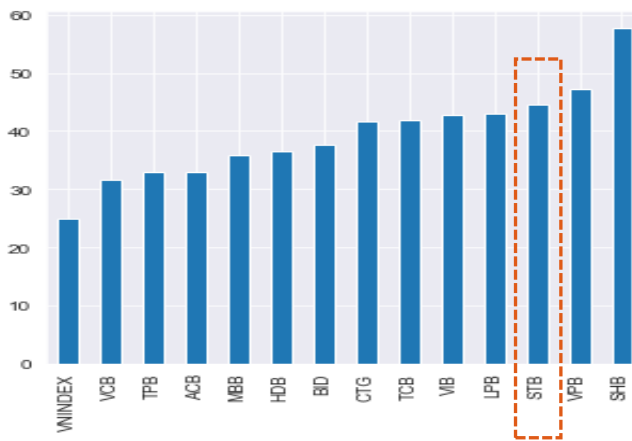
Source: Bloomberg, Yuanta Vietnam

Figure 12: Correlation between banks and VNINDEX (based on monthly return from Sep 2018 to Sep 2021)

	VNINDEX	BID	CTG	VCB	ACB	HDB	LPB	MBB	SHB	STB	TCB	TPB	VIB	VPB
VNINDEX	1.000000	0.762385	0.797929	0.823152	0.810600	0.841367	0.265086	0.863292	0.034454	0.672784	0.830402	0.620324	0.752192	0.764651
BID	0.762385	1.000000	0.735782	0.656881	0.652088	0.715668	0.299089	0.628523	0.026235	0.566185	0.725100	0.592164	0.638590	0.619009
CTG	0.797929	0.735782	1.000000	0.609069	0.869968	0.836856	0.239830	0.823636	0.320171	0.731465	0.765666	0.679285	0.788146	0.782841
VCB	0.823152	0.656881	0.609069	1.000000	0.589097	0.644747	0.089458	0.671829	-0.159432	0.342674	0.557487	0.415778	0.520315	0.515136
ACB	0.810600	0.652088	0.869968	0.589097	1.000000	0.901378	0.118880	0.838637	0.217039	0.735520	0.801086	0.654696	0.776061	0.783053
HDB	0.841367	0.715668	0.836856	0.644747	0.901378	1.000000	0.300647	0.843972	0.197032	0.836812	0.848481	0.743512	0.774860	0.777844
LPB	0.265086	0.299089	0.239830	0.089458	0.118880	0.300647	1.000000	0.226263	0.260153	0.431934	0.369723	0.381311	0.428504	0.326678
MBB	0.863292	0.628523	0.823636	0.671829	0.838637	0.843972	0.226263	1.000000	0.070922	0.729692	0.817939	0.698799	0.786190	0.749979
SHB	0.034454	0.026235	0.320171	-0.159432	0.217039	0.197032	0.260153	0.070922	1.000000	0.372185	0.097071	0.056779	0.303679	0.353670
STB	0.672784	0.566185	0.731465	0.342674	0.735520	0.836812	0.431934	0.729692	0.372185	1.000000	0.799400	0.710045	0.770867	0.718087
TCB	0.830402	0.725100	0.765666	0.557487	0.801086	0.848481	0.369723	0.817939	0.097071	0.799400	1.000000	0.771730	0.764943	0.758677
TPB	0.620324	0.592164	0.679285	0.415778	0.654696	0.743512	0.381311	0.698799	0.056779	0.710045	0.771730	1.000000	0.642032	0.572514
VIB	0.752192	0.638590	0.788146	0.520315	0.776061	0.774860	0.428504	0.786190	0.303679	0.770867	0.764943	0.642032	1.000000	0.747544
VPB	0.764651	0.619009	0.782841	0.515136	0.783053	0.777844	0.326678	0.749979	0.353670	0.718087	0.758677	0.572514	0.747544	1.000000

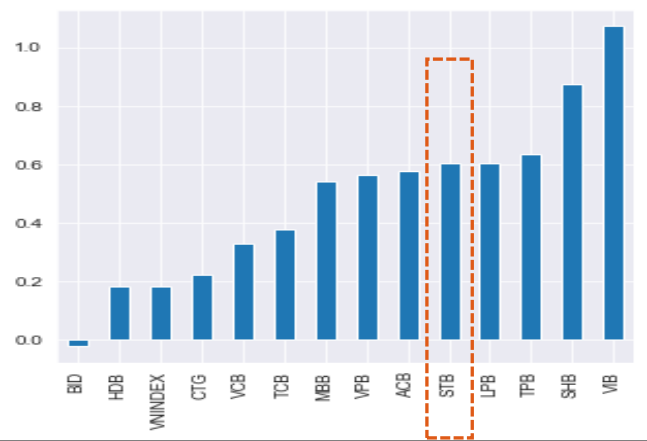
Source: Bloomberg, Yuanta Vietnam

Figure 13: Annualized volatility (Sep 2018–Sep 2021)



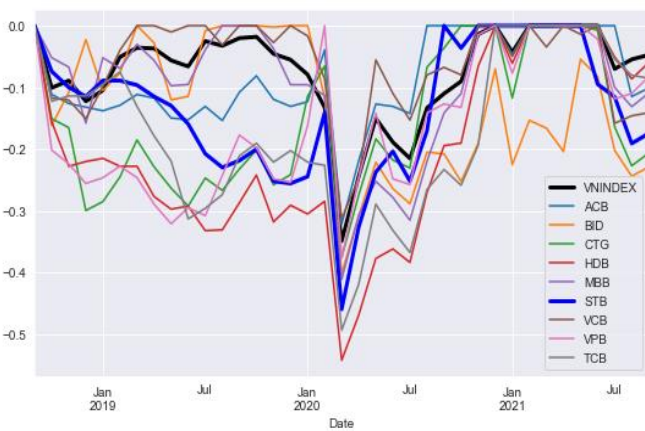
Source: Bloomberg, Yuanta Vietnam

Figure 14: Sharpe ratio (Sep 2018 – Sep 2021)



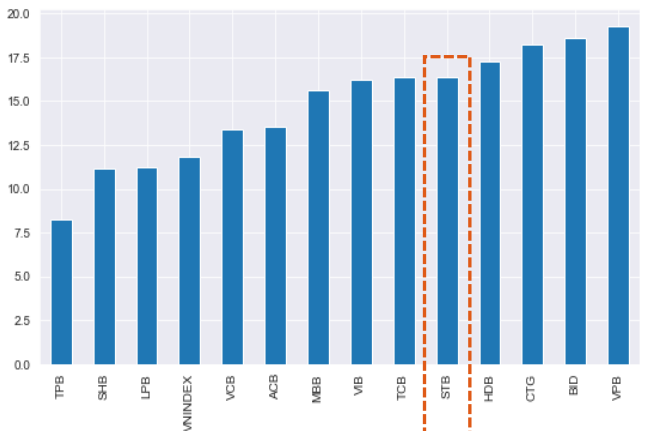
Source: Bloomberg, Yuanta Vietnam

Figure 15: Monthly drawdown (Sep 2018–Sep 2021)



Source: Bloomberg, Yuanta Vietnam

Figure 16: Value at Risk (VaR) at 5% level



Source: Bloomberg, Yuanta Vietnam

Figure 17: Summary Statistics (based on monthly return from Sep 2018 to Sep 2021)

	Annualized Return	Annualized Volatility	Skewness	Kurtosis	Cornish-Fisher Var (5%)	Conditional Var (5%)	Annual Sharpe Ratio	Max Drawdown
VNINDEX	0.103834	0.248026	-0.946942	6.258959	0.118460	0.174820	0.182837	-0.348628
BID	0.047571	0.375698	-0.734869	3.679273	0.185792	0.244496	-0.022301	-0.400971
CTG	0.153255	0.417226	-0.259566	4.001202	0.182420	0.246454	0.220690	-0.375681
VCB	0.164665	0.315276	-0.214326	4.425076	0.133613	0.202824	0.327142	-0.312639
ACB	0.255984	0.329755	-0.365829	5.509725	0.135534	0.204225	0.576206	-0.321407
HDB	0.126421	0.366008	-0.823831	5.992295	0.172389	0.257720	0.182014	-0.541828
LPB	0.328946	0.429344	1.350990	5.822502	0.112310	0.176291	0.604086	-0.274247
MBB	0.260556	0.357341	-0.694498	5.597316	0.156269	0.217892	0.543686	-0.410869
SHB	0.587991	0.577479	1.846130	6.545190	0.111511	0.147511	0.875843	-0.340659
STB	0.338702	0.444877	0.135980	5.641797	0.164041	0.232682	0.603515	-0.459259
TCB	0.223212	0.417680	0.105872	4.903443	0.163437	0.233752	0.379841	-0.493197
TPB	0.275596	0.329354	1.395037	6.664585	0.082192	0.133814	0.633779	-0.282427
VIB	0.538747	0.427851	-0.182178	3.077584	0.162511	0.225782	1.072870	-0.292817
VPB	0.337568	0.473162	-0.220760	4.167423	0.192951	0.289165	0.564945	-0.376838

Source: Bloomberg, Yuanta Vietnam

Key financial data (Old vs. New)

Balance Sheet (VND bn)	Old		New		% Difference (New vs. Old)	
	2021E	2022E	2021E	2022E	2021E	2022E
Gross Loans:	385,280	436,623	384,889	437,744	-0.1%	0.3%
Total Assets:	533,821	580,853	536,703	593,941	0.5%	2.3%
Deposits:	479,283	523,158	478,033	535,634	-0.3%	2.4%
Total Liabilities:	501,871	545,971	501,859	555,746	0.0%	1.8%
Capital & Premium:	18,918	18,918	21,354	21,354	12.9%	12.9%
Total Equity:	31,951	34,883	34,844	38,195	9.1%	9.5%
Total Liabilities & Equity:	533,821	580,853	536,703	593,941	0.5%	2.3%

Income Statement (VND bn)	Old		New		% Difference (New vs. Old)	
	2021E	2022E	2021E	2022E	2021E	2022E
Net interest income	14,432	16,686	13,785	16,571	-4%	-1%
Net fee income	4,643	5,654	4,554	5,490	-2%	-3%
Other Non-II	989	1,076	1,025	1,135	4%	5%
Adj. TOI:	20,064	23,416	19,364	23,195	-3%	-1%
Total Expenses:	(13,281)	(15,396)	(12,842)	(15,133)	-3%	-2%
PPOP:	6,783	8,020	6,522	8,062	-4%	1%
Gross Provisions:	(3,563)	(3,962)	(3,780)	(4,566)	6%	15%
Other Incomes	1281	1452	1,281	1,494	0%	3%
Net Provisions:	(2,282)	(2,511)	(2,500)	(3,072)	10%	22%
Pre-Tax Income:	4,501	5,509	4,022	4,990	-11%	-9%
(-) Tax:	(900)	(1,102)	(804)	(998)	-11%	-9%
Net Income	3,601	4,408	3,218	3,992	-11%	-9%
(-) Minority Interest	-	-	-	-	N/A	N/A
(-) Others:	(607)	(742)	(517)	(641)	-15%	-14%
PATMI	2,994	3,665	2,701	3,351	-10%	-9%

Source: Yuanta Vietnam

Financial Statement (Revised)

Balance Sheet

(VND bn)	2020A	2021E	2022E	2023E
Cash & Balances at SBV	7,679	8,577	9,610	10,687
Loans to banks	18,397	14,277	15,997	17,790
Investment securities	75,156	79,167	83,350	92,692
Others:	446	498	558	620
Gross Loans:	340,268	384,889	437,744	499,725
(-) Specific Provisions:	2,999	(4,357)	(5,954)	(7,526)
(-) General Provisions:	2,415	(2,887)	(3,283)	(3,748)
Total provisions:	(5,414)	(7,243)	(9,237)	(11,274)
Net Loans:	334,855	377,646	428,508	488,450
Fixed Tangible asset:	4,746	4,746	4,746	4,746
Intangible Assets:	3,829	3,829	3,829	3,829
Real estate investment	0	0	0	0
Accrued interests:	17,500	16,625	15,794	10,266
Deferred tax:	450	450	450	450
Other Assets:	19,405	17,948	16,599	15,352
Total Assets:	492,516	536,703	593,941	661,010
Deposits:	427,972	478,033	535,634	595,671
Due to SBV & banks:	8,024	8,024	8,024	8,024
Subordinated notes	11,144	11,144	11,144	11,144
Other Liabilities:	16,191	4,549	820	3,836
Total Liabilities:	463,560	501,859	555,746	618,817
Capital & Premium:	18,918	21,354	21,354	21,354
Reserves:	3,486	3,486	3,486	3,486
Treasury Shares	(751)	-	-	-
Retained Earnings:	7,304	10,005	13,356	17,354
Total Equity:	28,956	34,844	38,195	42,193
Total Liabilities & Equity:	492,516	536,703	593,941	661,010

Income Statement

(VND bn)	2020A	2021E	2022E	2023E
Net Interest income	11,527	13,785	16,571	19,954
<i>Net Fee Income</i>	3,744	4,554	5,490	6,529
<i>Other Non-II</i>	877	1,025	1,135	1,263
Total Non-II	4,621	5,579	6,624	7,792
TOI	16,147	19,364	23,195	27,746
Total expenses	(10,895)	(12,842)	(15,133)	(17,875)
Adj. PPOP:	5,252	6,522	8,062	9,871
Gross Provisions:	(3,037)	(3,780)	(4,566)	(5,948)
NPL Recoveries:	1,124	1,281	1,494	2,031
Net Provisions:	(1,913)	(2,500)	(3,072)	(3,917)
Pre-Tax Income:	3,339	4,022	4,990	5,954
(-) Income Tax:	(657)	(804)	(998)	(1,191)
Net Income	2,682	3,218	3,992	4,763
(-) Minority Interest	-	-	-	-
(-) Others	431	517	641	765
PATMI	2,251	2,701	3,351	3,998
Adjusted Diluted EPS	1,248	1,464	1,778	2,121

Source: Company data, Yuanta Vietnam

SELECTED FINANCIAL RATIOS	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
GROWTH PROJECTIONS						
Net interest income	20.3%	25.6%	19.6%	20.2%	20.4%	23.9%
Fee Income	23.9%	12.7%	21.6%	20.6%	18.9%	20.5%
Other NII	65.8%	23.4%	17.0%	10.7%	11.3%	13.9%
Operating costs	18.2%	17.6%	17.9%	17.8%	18.1%	13.0%
Provision	35.3%	41.1%	24.5%	20.8%	30.3%	-51.3%
Pre-provision profit	35.8%	33.0%	24.2%	23.6%	22.4%	40.1%
Adjusted Net profit	44.5%	10.6%	20.0%	24.1%	19.3%	114.0%
Assets	11.7%	8.6%	9.0%	10.7%	11.3%	13.9%
ASSET ANALYSIS						
Earning assets to total assets	88%	90%	92%	93%	95%	96%
Avg. Returns on IEAs	0.55%	0.53%	0.58%	0.64%	0.68%	1.27%
LOAN ANALYSIS						
Loan growth (% YoY)	15%	15%	13%	14%	14%	17%
Loans to IEAs	73%	75%	77%	78%	78%	79%
DEPOSIT ANALYSIS						
Deposit growth (YoY %)	15%	7%	12%	12%	11%	12%
Deposits to IBLs	94%	92%	95%	96%	96%	95%
LIQUIDITY						
LDR	73%	78%	79%	80%	82%	86%
ASSET QUALITY						
NPL ratio	1.94%	1.70%	1.71%	1.69%	1.61%	1.53%
General Provisions/ loans	0.75%	-0.71%	0.75%	0.75%	0.75%	0.75%
LLR	69%	94%	110%	125%	140%	150%
SPREAD ANALYSIS						
Int. rate received on Avg. IEA	8.17%	7.97%	8.14%	8.37%	8.49%	8.62%
Int. rate paid on Average IBL	5.27%	4.96%	5.04%	5.12%	5.13%	5.07%
Interest rate spread	2.91%	3.02%	3.10%	3.24%	3.36%	3.55%
NIM	2.46%	2.74%	2.95%	3.17%	3.38%	3.66%
OTHER INCOME						
Fee income to total income	25%	23%	24%	24%	24%	23%
Other Non-IL to total Income	5%	5%	5%	5%	5%	4%
OPERATING EFFICIENCY						
Cost to income ratio	70%	67%	66%	65%	64%	59%
CREDIT COSTS						
Provision/Avg. loans	0.78%	0.95%	1.04%	1.11%	1.27%	0.53%
PROFITABILITY						
Pre-provision ROAA	0.92%	1.11%	1.27%	1.43%	1.57%	1.96%
Pre-provision ROAE	15.4%	18.9%	20.4%	22.1%	24.6%	29.8%
ROAA	0.57%	0.57%	0.63%	0.71%	0.76%	1.44%
ROAE	7.9%	8.1%	8.5%	9.2%	9.9%	18.4%
Dividend Yield	0%	0%	0%	0%	0%	0%
VALUATIONS						
PER (x)	24.2x	21.9x	18.6x	15.4x	12.9x	6.0x
PBR (x)	1.8x	1.7x	1.5x	1.3x	1.2x	1.0x

Source: Company data, Yuanta Vietnam.

Appendix A: Important Disclosures

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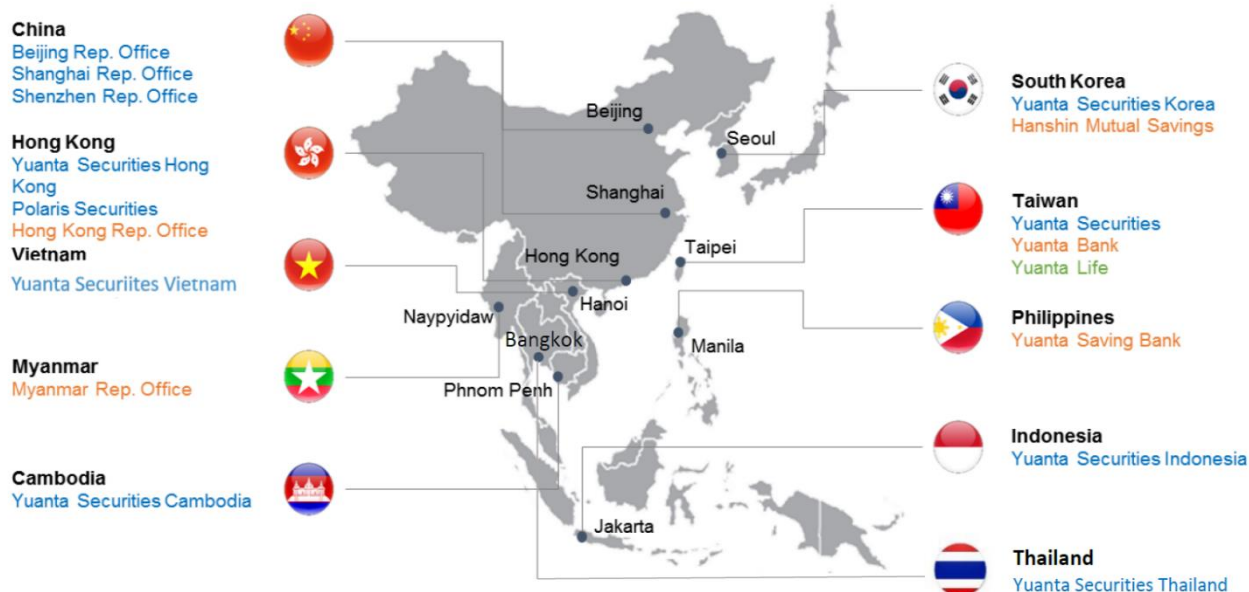
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