Maybank Securities

Vietcombank (VCB VN)

Well-reserved for future growth and profitability

BUY

Share Price	VND 81,600
12m Price Target	VND 115,000 (+41%)
Previous Price Target	*VND 115,000*

Robust and quality ROE at reasonable valuation; BUY

VCB's upbeat performance in 2Q22 (net profit +50% YoY) driven by a healthy balance sheet further strengthened our conviction and forecasts for the bank. Its industry leading asset quality (0.6% NPL ratio and over 500% loan-loss coverage) and strategic decision to restructure a weak bank (in exchange for higher credit growth quota) open ample room for maintaining 19.5% average ROE during FY22-24E. Its quality and robust ROE plus available foreign room means VCB remains the only proxy-status bank for Vietnam. Maintain BUY and TP based on 4x FY22E P/BV (2SD above 5Y mean). This valuation level is common for proxy-status banks in the region and is what VCB used to get in 2018 and early 2021.

Solid operating metrics, with over 500% LLCR

VCB's loan book grew strongly (19.4% YoY I 14.6% YTD). This, along with higher CASA mix (35.4%), supported stable NIM at 3.4% in 1H22 in the face of rising deposit rates. Asset quality remained extremely solid. NPL ratio fell further to 0.61% and loan-loss coverage surged to an historical high of 506% by end-2Q22, the best ratios in VCB's history and among all Vietnam's banks. Even if we included all Group-2 (i.e. special-mention) loans into the NPL balance, the loan-loss coverage was still beefy at 270%.

Ample room to maintain robust ROE

We maintain our forecasts for VCB with c.28% profit growth in FY22E and ROE improving further to above 20%. VCB has been overly provisioned; hence, there is substantial room for it to manage robust earnings growth in 3Q by easing provisions. Note that VCB has also agreed to participate in restructuring a weak bank in exchange for preferential treatment from the central bank, including higher annual credit growth quota linked to its CAR. This, along with beefy loan-loss reserves built up in FY21-22, will open up room for VCB to maintain strong earnings and profitability over the next 2-3 years, in our view.

A proxy-bank at undemanding valuation

VCB's share price held up well during Vietnam's steep market correction in 1H22, outperforming the market by 14%. VCB still trades at a very reasonable valuation (2.8x FY22E P/BV, close to 1SD below 5-year average) for a proxy-status bank with solid ROE (19.5% FY22-24E average). Note that regional peers with proxy status (such as Indonesia's BCA and India's HDFC) normally trade at 4-5x P/BV. We expect VCB could be re-rated to c.4x FY22E P/BV (or 2SD above average), driven by its more robust growth and the return of foreign money (firstly via ETFs) to Vietnam's stock market.

FYE Dec (VND b)	FY20A	FY21A	FY22E	FY23E	FY24E
Operating income	49,063	56,711	62,841	71,566	81,068
Pre-provision profit	33,024	39,136	43,185	49,420	56,163
Core net profit	16,581	19,608	25,027	29,495	33,514
Core EPS (VND)	3,504	4,143	5,288	6,232	7,082
Core EPS growth (%)	1.9	18.3	27.6	17.9	13.6
Net DPS (VND)	800	1,200	0	0	0
Core P/E (x)	21.9	19.0	15.4	13.1	11.5
P/BV (x)	3.0	2.6	2.8	2.3	1.9
Net dividend yield (%)	1.0	1.5	0.0	0.0	0.0
Book value (VND)	25,347	29,951	28,761	34,993	42,075
ROAE (%)	19.0	19.1	20.2	19.6	18.4
ROAA (%)	1.3	1.4	1.6	1.7	1.7
Consensus net profit	-	-	27,881	32,893	39,927
MKE vs. Consensus (%)	-	-	0.3	0.2	(6.2)

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Company Description

Vietnam's largest bank by market cap. One of the big 4 banks in Vietnam, owned by the state, possessing the strongest brandname and deposit franchise.

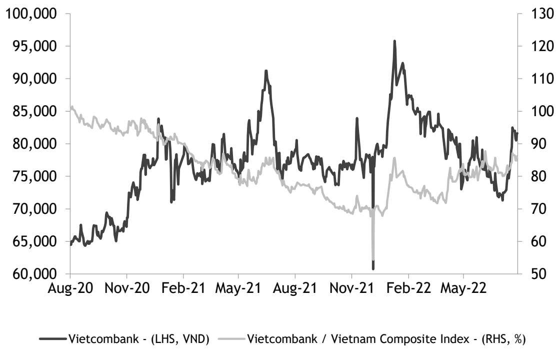
Statistics

52w high/low (VND)	95,800/60,743
3m avg turnover (USDm)	3.2
Free float (%)	7.9
Issued shares (m)	4,732
Market capitalisation	VND386.1T
	USD16.5B

Major shareholders:

State Bank of Vietnam	77.1%
Mizuho Bank	15.0%
Others	7.9%

Price Performance



	-1M	-3M	-12M
Absolute (%)	13	6	4
Relative to index (%)	6	4	12

Source: FactSet

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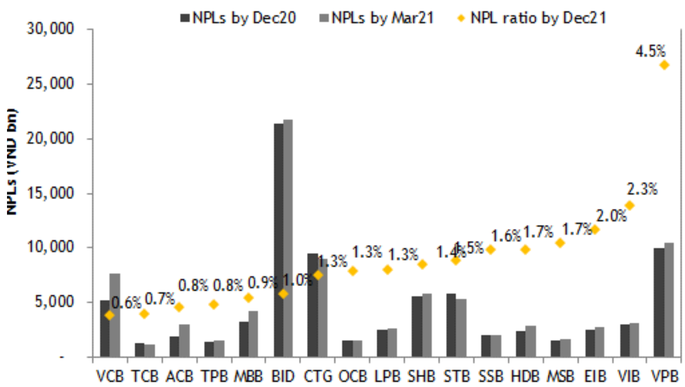
Tear Sheet Insert

Banks
Vietnam

Value Proposition

- No.1 deposit franchise with very low cost of funds to sustain its asset growth and help it expand its market share.
- Best-managed state-owned bank, thanks to its traditional role in providing trade financing to Vietnam's largest companies.
- Expanding its retail lending rapidly, with retail mix increased from 12% of its loan book in 2012 to 47% in 2021.
- Maintains industry-leading asset quality and the most prudent provisioning. First Vietnamese bank to adopt Basel 2 standard from 2019.

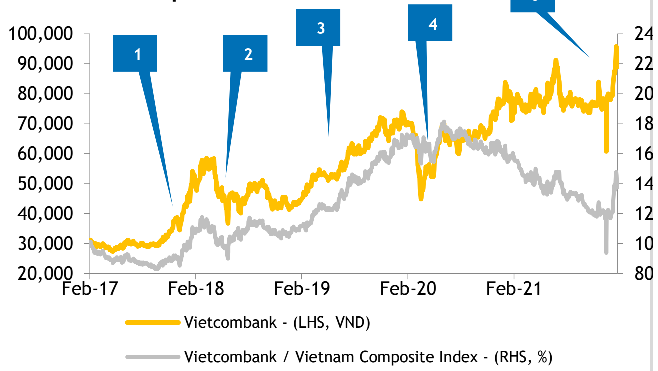
Best-in-class asset quality



Source: Company

Price Drivers

Historical share price trend



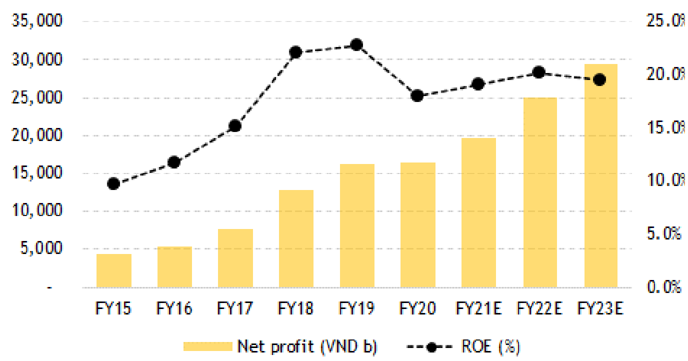
Source: Company, Maybank IBG Research

1. Strong recovery in earnings growth with a significant drop in NPLs below 2%. Earnings growth the highest in seven years. ROE reached 15%. Fully resolved legacy bad debts.
2. Correction after peaking at 5x P/BV, in line with the market correction due to rising global uncertainties.
3. Announcement of exclusive bancassurance deal with FWD & 3Q19 robust earnings growth beat market expectation.
4. Market panic about Covid-19.
5. Covid impacts appeared manageable + Vietnam's higher weighting in MSCI Frontier Index, where VCB is a top 5 largest constituent.

Financial Metrics

- Low cost of funds and rising retail loan mix support NIM expansion from 2.6% to 3.2% during FY15-21.
- Credit costs can be controlled below 1.2% and to ease to around 0.8% over the next three years thanks to solid asset quality (0.6% NPL ratio) and beefy loan loss reserves. Coverage ratio above 400% as of end-2021.
- Expanding NIMs and easing credit costs to support steady earnings growth and robust ROEs of average 19.6% in FY21-23E.

Earnings growth and ROE improvement



Source: Company

Swing Factors

Upside

- More foreign money inflow via ETFs (tracking MSCI indices, VN30) which will benefit VCB the most given its being one of the largest market caps with available room for foreign ownership.
- Higher credit growth quota, or even better that SBV allows VCB to expand credit based on its CAR (instead of credit growth quota) in exchange for its participation in restructuring a weak bank.
- Successful new capital-raising, which will strengthen CAR and enable VCB to get higher credit growth quota from the regulator.

Downside

- Market de-rating risk, due to unexpected uncertainties - VCB is relatively more vulnerable to de-rating risk because of its premium P/BV.
- Long-term risk: emerging digital banking to erode advantages in pricing i.e. low cost of funds.

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Risk Rating & Score[1]	na
Score Momentum[2]	na
Last Updated	na
Controversy Score[3]	na

Business Model & Industry Issues

- Given its majority state ownership and banking nature (with 44% loans made to corporate, 47% to retail and 9% to SMEs), VCB is exposed to potential ESG risks, more indirectly via its clients. E & G risks are relatively greater than S factor.
- We observed so far no exceptional ESG issues typical for a big bank like VCB.
- VCB has been an active partner of the government's campaign named "For a Green Vietnam". But by far, the bank hasn't reconciled statistics on sustainable financing.
- VCB is not exposed to political influence on asset allocation, loan underwriting and risk management policies, but it is moderately influenced by government's directions in terms of setting interest rates and booking earnings during years when the government wants to demonstrate support to local enterprises).

Material E issues

- VCB mentions sustainability as a key consideration in its development strategy, but not yet integrated as a key pillar in its operation. Disclosure on sustainability/ environmental issues remains general.
- VCB has been an active partner of the government's campaign named "For a Green Vietnam", which aims to plant 30m trees across Vietnam.
- When conducting appraisal of projects, VCB also considers social and environmental impacts; and it makes regular check of its borrowers' compliance with environmental standards during loan monitoring process.
- In 2019, VCB became the first VN bank getting green loan package from Japan Bank for International Corporation (JBIC), worth of USD200m, to lend on to renewable projects in Vietnam. According to the management, waste treatment is also a focus segment which VCB aims to expand lending to. But by far, the bank hasn't reconciled statistics on sustainable financing.

Material S issues

- Potential S issues largely stem indirectly from corporate borrowers, especially SME clients who tend to have poorer employment/ work-fare policies. But so far, there have been no identified S issues related to VCB's borrowers.
- For VCB itself, the bank has been recognized as the best employer of the year in 2019 by Anphabe and Intage (two independent HR intelligence agencies), an improvement from No.2 ranking in 2018 and No.4 in 2017. The bank maintained a fairly balanced workforce in terms of gender (48% male: 52% female).
- VCB committed around USD16.6m in 2020, equal to 2.1% NPAT (which is the highest among VN banks) towards various social and charitable activities including development of social security, healthcare and educational support for the community.

Key G metrics and issues

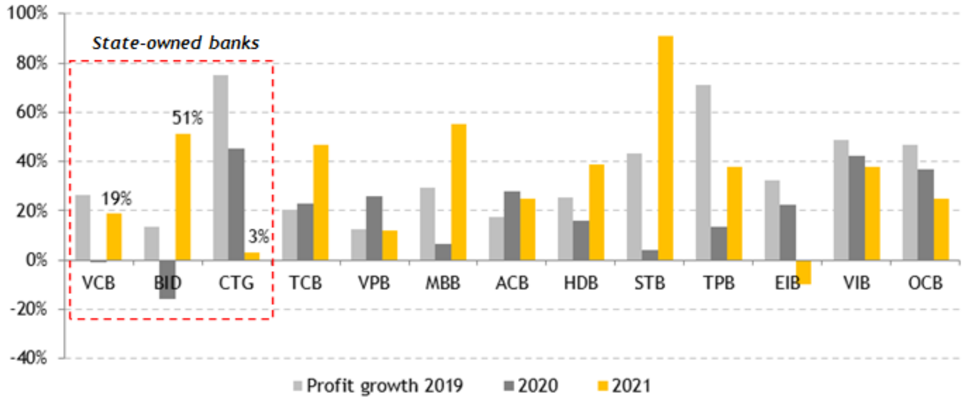
- The state, owning 75% of the bank, aims to grow VCB to become Vietnam's champion bank on par with regional peers. Hence, the government limits its interference in the bank's operations, not influencing its asset allocation and loan underwriting. But it appears to have influence on dividend policy and management remuneration.
- The bank's business operations are overseen by a board of directors (BOD), who are supervised by a supervisory board and an independent audit committee. VCB's BOD structure is fairly balanced and diversified in terms of experience and age, but not balanced in gender and independence. The BOD includes 9 members, all males, with only 1 independent director. Meanwhile, the supervisory board is composed of 3 members, all female.
- The total remuneration of the BOD & BoM was 0.17% FY19 NPAT, 0.15% of FY20 NPAT and 0.14% of FY21 NPAT. We observed no dispute about the remuneration/ESOP for the bank's BoD and management team so far.
- We have not identified any controversial issues related to any member of the board/senior management by far.
- There is neither public recording nor perceived risk of related-party transactions at VCB.
- VCB has not had any material accounting, tax, or regulatory issues in the past 5 years. KPMG has been its auditor for the past 3 years (prior to this, E&Y was the bank's auditor). There has been no qualified opinion from these auditors so far.
- According to our observation, VCB has fair disclosure on market-sensitive information, and investor relation services are better than peers in terms of accessibility. However, information disclosure in its interim financial statements appears rather inadequate, below the benchmark of the most transparent local banks.

[1]***Risk Rating & Score*** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. [2]***Score Momentum*** - indicates changes to the company's score since the last update - a negative integer indicates a company's improving risk score; a positive integer indicates a deterioration. [3]***Controversy Score*** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

1. Ample room reserved for robust growth and profitability in coming years

We reiterate our stance that the State Bank of Vietnam (SBV) will remove its rigid control on the state-owned banks' profit growth from FY22 onwards when Covid-19 retreats. In addition, we observe that among three listed state-owned banks, VCB had to compress its earnings growth the most in the past three years (by overly provisioning), while CTG (CTG VN, Non-rated) and BID (BID VN, Non-rated) appeared to have taken turns to book strong growth in FY20-21 in support of their recapitalization plans.

Figure 1: VCB had to suppress its earnings for three years (by overly provisioning); We expect earnings to rebound strongly from FY22 onwards

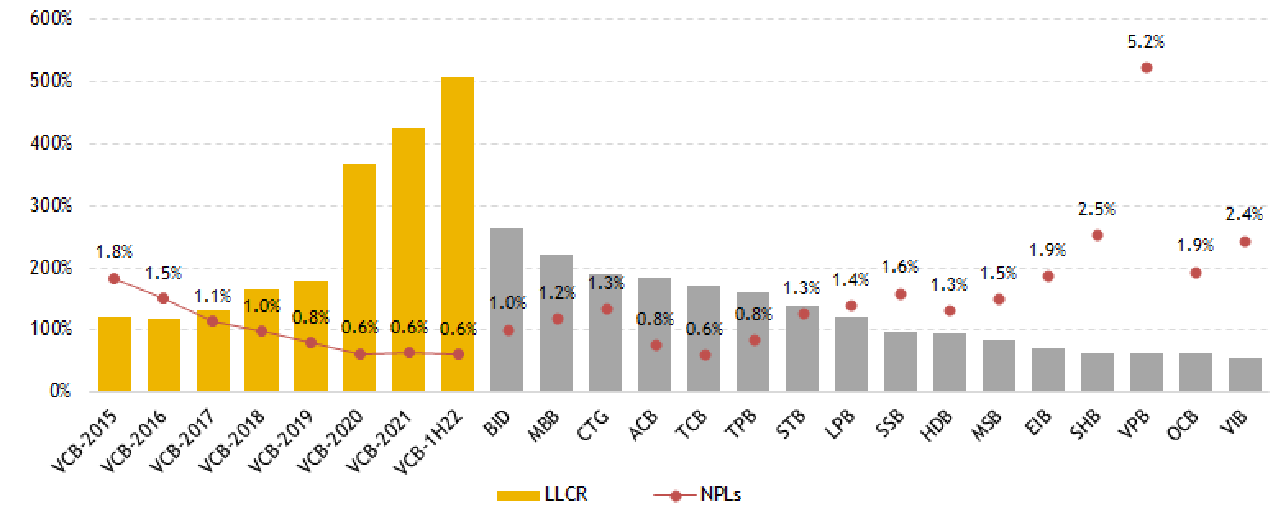


	VCB	BID	CTG	TCB	VPB	MBB	ACB	HDB	STB	TPB	EIB	VIB	OCB
NPL ratio	0.6%	1.0%	1.3%	0.7%	4.5%	0.9%	0.8%	1.7%	1.5%	0.8%	2.0%	2.3%	1.3%
Loan-loss coverage	424%	219%	180%	163%	61%	268%	209%	73%	123%	153%	61%	51%	83%

Source: Company, Maybank IBG Research

From FY22 onwards, we believe VCB has a chance to deliver stronger profit growth as it is hard for VCB to suppress earnings any longer given already high loan-loss coverage. In fact, this actually happened in 2Q22 when the bank posted 50% YoY profit growth, even though it continued making more provisions and increased the loan-loss coverage to a record high of 506%.

Figure 2: VCB's superior asset quality with record high loan-loss coverage of over 500% LLCR, represents ample room to manage stronger earnings in the coming quarters by easing provisions



Source: Company, Maybank IBG Research

This solid asset quality position (with over 500% LLCR) along with VCB's strategic decision to restructure a weak bank in exchange for preferential treatment from the central bank (including higher credit growth room) has opened up a large space for VCB to maintain strong growth and robust profit during FY22-25E.

- To recap, at the AGM held in April 2022, VCB's management announced that the bank would take over a nationalized bank in exchange for higher credit growth quotas, including a proposal allowing VCB to extend credit based on its capital adequacy. Like the case of MBB's taking over Ocean Bank, VCB will also have time (i.e. 7-8 years) to clean up all legacy assets and losses at the weak bank, then it can decide to merge it or divest it. Note that VCB will also get some preferential funding from SBV to restructure the acquired bank, and WON'T have to: i) consolidate the financials of the acquired bank into VCB's; nor ii) write down its investment in the acquired bank (hence, this won't affect VCB's capital adequacy ratio).

- In our view, this arrangement is beneficial to VCB and its shareholders, given the bank receives a larger growth space via higher annual credit growth quotas.

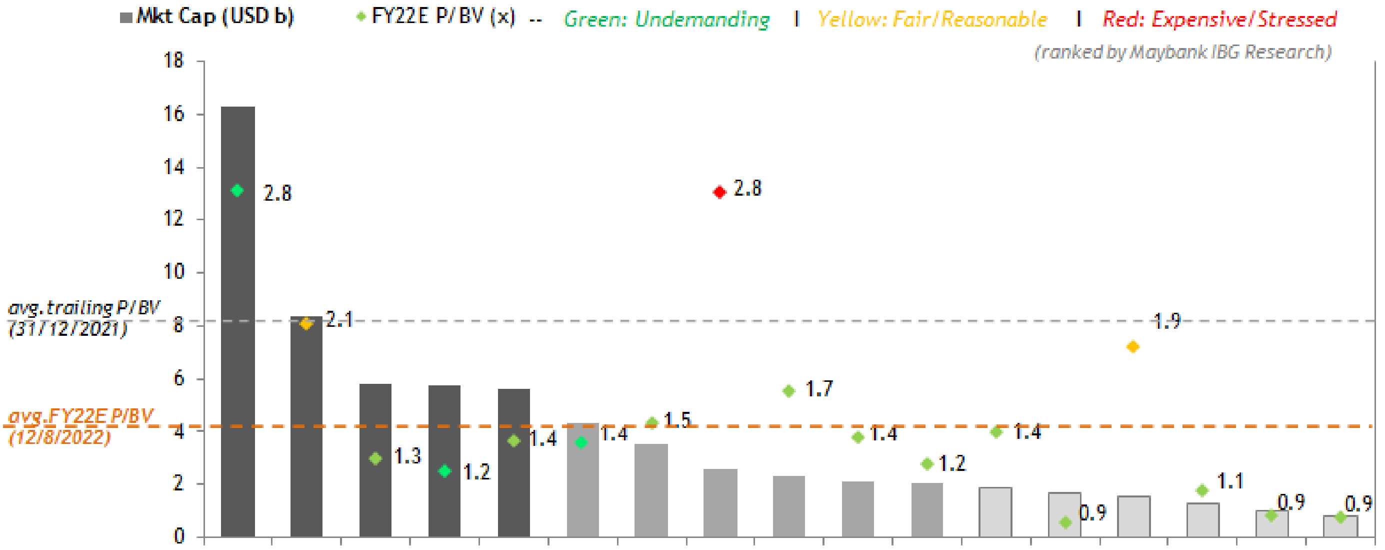
Figure 3: FY22-24E forecasts - Key assumptions; Higher credit growth will be a catalyst for upsides

(Unit: VND b)	FY21	FY22E	FY23E	FY24E
Net interest income	42,387	46,043	51,626	57,932
Growth (%)	*17.0%*	*8.6%*	*12.1%*	*12.2%*
NIM (%)	*3.23%*	*3.18%*	*3.15%*	*3.12%*
Loan growth (%)	*14.4%*	*14.5%*	*14.0%*	*13.5%*
Non-interest income	14,324	16,798	19,940	23,136
Growth (%)	*12.1%*	*17.3%*	*18.7%*	*16.0%*
Operating expense (Opex)	(17,575)	(19,656)	(22,146)	(24,905)
Growth (%)	*9.6%*	*11.8%*	*12.7%*	*12.5%*
CIR	*31.0%*	*31.3%*	*30.9%*	*30.7%*
Credit costs/Provision charges	(11,761)	(8,243)	(8,239)	(9,371)
Growth (%)	*18.6%*	*-29.9%*	*0.0%*	*13.7%*
Credit-cost rate (%)	*1.31%*	*0.80%*	*0.70%*	*0.70%*
Profit before taxes (PBT)	27,376	34,942	41,181	46,792
Growth (%)	*18.8%*	*27.6%*	*17.9%*	*13.6%*
Net profit	**19,608**	**25,027**	**29,495**	**33,514**
Growth (%)	*18.3%*	*27.6%*	*17.9%*	*13.6%*
ROAA-adjusted (%)	**1.4%**	**1.6%**	**1.7%**	**1.7%**
ROAE-adjusted (%)	**19.1%**	**20.2%**	**19.6%**	**18.4%**
BVPS (VND)	**29,951**	**28,761**	**34,993**	**42,075**

Source: Maybank IBG Research

2. Still very reasonable valuation

Figure 4: VCB share price held up very well during Vietnam's steep market correction in 1H22, outperforming the market by 14%. VCB is still trading at a very reasonable valuation for a proxy-status bank

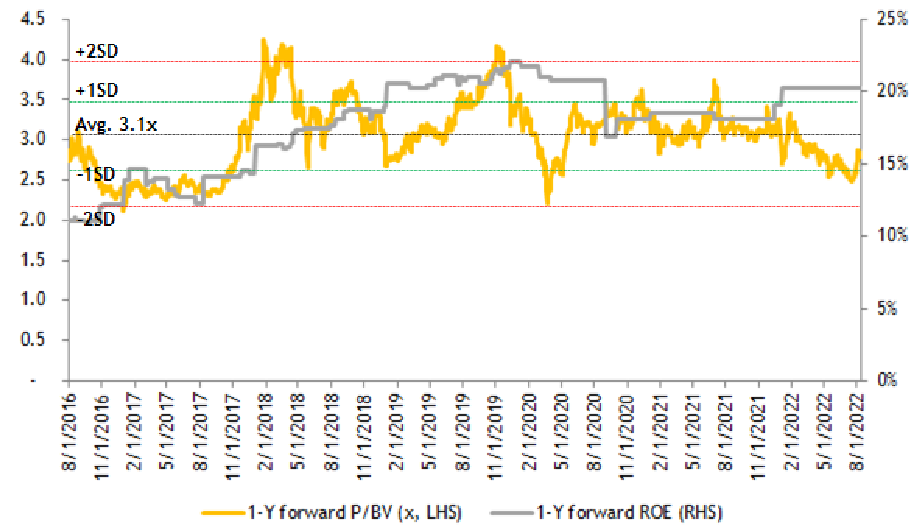


	VCB	BID	CTG	TCB	VPB	MBB	ACB	SSB	VIB	HDB	STB	TPB	SHB	EIB	MSB	OCB	LPB
YTD share price performance	4%	6%	-16%	-22%	-17%	-6%	-10%	-18%	-26%	-18%	-19%	-30%	-33%	-11%	-35%	-34%	-30%
FY22E profit growth	28%	50%	25%	26%	60%	27%	25%	20%	27%	21%	49%	39%	80%	50%	55%	20%	25%
FY21 profit growth	19%	51%	3%	47%	12%	55%	25%	89%	38%	39%	32%	38%	91%	-10%	102%	25%	50%
FY22E ROE (%)	20.1	14.9	15.7	21.7	21.5	23.8	23.6	15.5	28.8	22.4	13.8	22.9	22.3	7.8	24.9	21.6	19.3
FY21 ROE (%)	18.4	11.6	15.9	21.5	18.0	23.6	23.9	16.1	30.3	23.3	10.8	22.6	16.7	5.6	20.7	22.5	18.5
FY20 ROE (%)	19.0	9.4	16.9	18.1	21.9	19.2	24.0	10.9	28.9	20.2	8.1	23.5	12.2	6.6	12.7	24.2	12.3
BS leverage (x)	13.0	21.7	16.6	6.0	6.7	9.7	10.4	9.8	12.3	11.6	15.4	10.7	13.2	9.2	7.9	8.2	15.2

Source: Maybank IBG Research, Bloomberg, as of 28 Jan 2022

VCB has always traded at a premium in terms of P/BV thanks to its sector-proxy status, including its industry leading position, high-quality earnings growth, robust profitability, and especially available foreign-investor room.

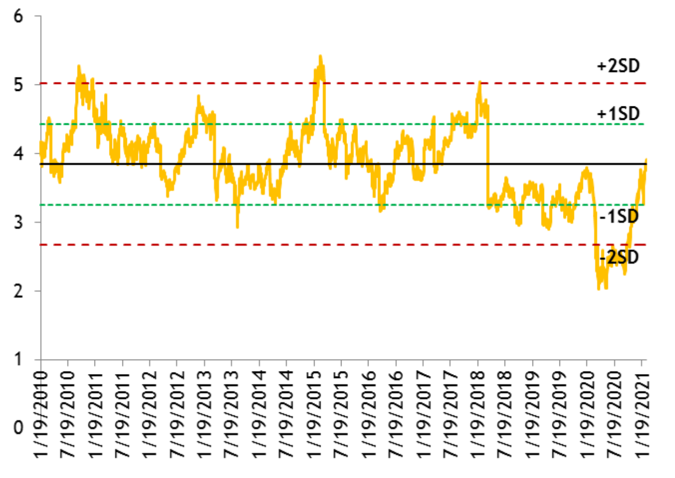
Figure 5: VCB is trading at 2.8x FY22E P/BV (close to 1SD below 5-year average); while its ROE and balance sheet are now more robust



Source: Bloomberg, Maybank IBG Research

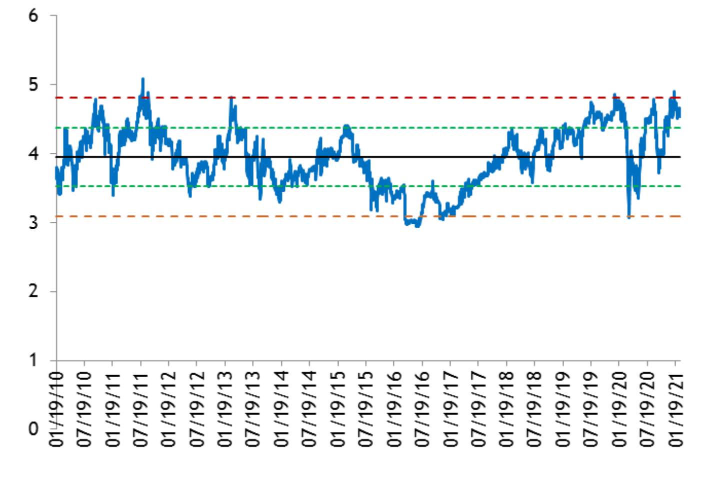
We observe that proxy banks in other markets in the high-growth cycle, such as BCCA (BCA IJ, SELL, TP: 6400) in Indonesia and HDFC (HDFC ID, Non-rated) in India, tend to command premium valuations, and trade at 3.5-5x P/BV for long periods.

Figure 6: HDFC Bank (HDFC)'s P/BV valuation



Source: Bloomberg

Figure 7: Bank of Central Asia (BCA)'s P/BV valuation



Source: Bloomberg

In view of its solid operating metrics, robust earnings growth and ROE outlook, and rising weightage in MSCI indices, we believe VCB's P/BV valuation will be re-rated to above the 3.5x level most of the time over the next 4 years.

Maintain BUY on VCB with a 12-month target price of VND115,000, which is based on 4x FY22E P/BV (i.e. 2SD above its 5-year average). VCB's more robust growth in FY22-24E and the return of foreign money (firstly via ETFs) to Vietnam's stock market will be catalysts for re-rating.

Figure 8: 12-month TP based on 4x FY22E P/BV, +2SD above its 5-year average

BVPS (FY22E: VND28,761)			Target price (VND)	Expected return (vs. last price of VND81,600)
Target P/BV (x)	1SD below 5-year average	2.6	74,800	-8%
	5-year average	3.1	89,200	9%
	1SD above 5-year average	**3.6**	**103,500**	**27%**
	2SD above 5-year average	**4.0**	**115,000**	**41%**

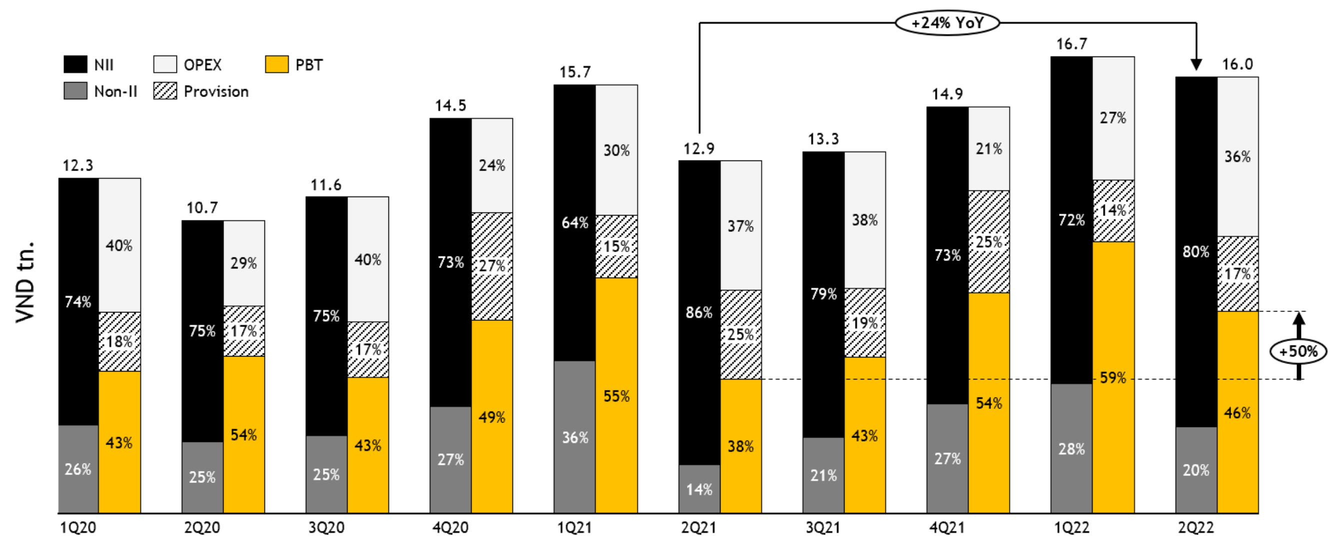
Source: Maybank IBG Research

3. 1H22 performance review

VCB significantly beat market expectation, posting robust growth (+50% YoY in Profit-before-taxes, PBT) in 2Q22, which helped lift 1H22 PBT to VND17.4t, +28% YoY.

Strong loan growth (+14.6% YTD, +19.4% YoY), **stable NIM** (at 3.4% annualized 1H), and **eased of provisioning** (-9% YoY in 1H) were key drivers of the robust 2Q and 1H22 performance.

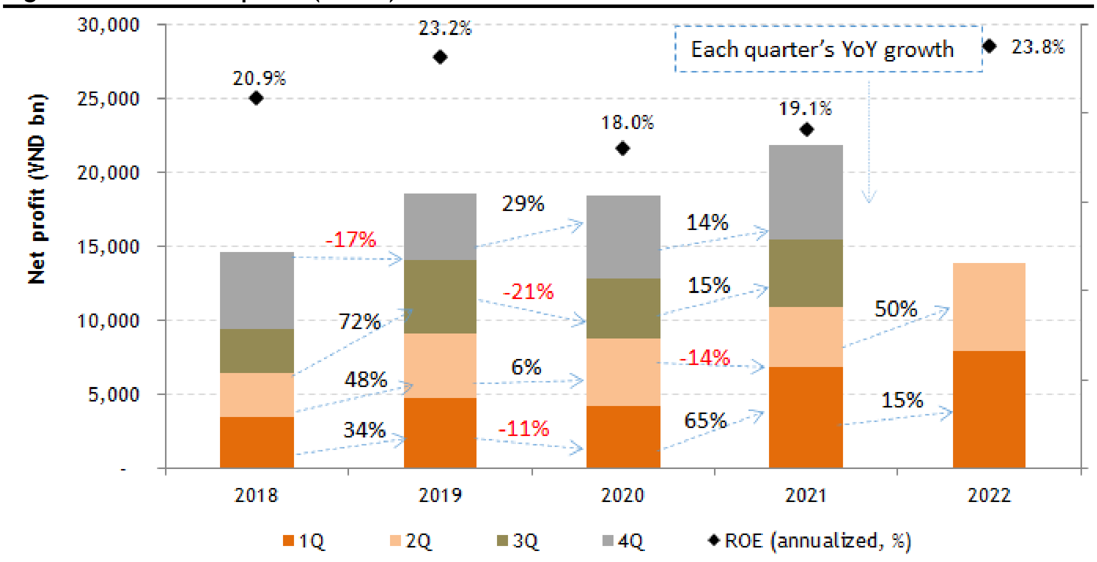
Figure 9: VCB's quarterly performance



Source: Company, Maybank IBG Research

Annualized ROE improved to 23.8%, based on 13x leverage (TA/TE).

Figure 10: VCB's net profit (VND b)



Source: Company, Maybank IBG Research

VCB’s top-lines in 1H22 were above our forecasts thanks to stronger credit growth, while the bottom-lines were in-line with our forecasts due to higher provisions -- VCB still maintained excess provisioning.

We thus maintain our FY22E forecasts for VCB with 28% net profit growth and ROE expanding to 20.2% (vs. 19.1% in FY21).

Figure 11: VCB’s quarterly updates and comparison

(Unit: VND b; unless otherwise stated)	**2Q22**	**2Q21**	***YoY growth***	**1H22**	**1H21**	***yoy growth***	**MKE FY22E old forecasts**	**Remark**
NII	12,797	11,088	*15.4%*	24,773	21,169	*17.0%*	46,043	Above (at 54% of our FY22E forecast), thanks to stronger credit growth in 1H22
Non-NII	3,175	1,807	*75.7%*	7,933	7,411	*7.0%*	16,798	Below (at 47%) due to lower fee incomes and trading incomes
Total operating incomes (TOI)	**15,972**	**12,895**	***23.9%***	**32,706**	**28,580**	***14.4%***	**62,842**	**In-line (at 52%)**
Total Opex	(5,816)	(4,731)	*22.9%*	(10,325)	(9,511)	*8.6%*	(19,656)	In-line (at 53%)
Pre-Provision Operating Profit (PPOP)	**10,157**	**8,163**	***24.4%***	**22,381**	**19,070**	***17.4%***	**43,185**	**In-line (at 52%)**
Provision charges	(2,733)	(3,225)	*-15.2%*	(5,007)	(5,500)	*-9.0%*	(8,243)	Above (at 61%). Thanks to steady top-line incomes, VCB kept making more provisioning, pushing up the loan-loss coverage ratio to record high of 506%
Profit before tax	**7,423**	**4,938**	***50.3%***	**17,373**	**13,570**	***28.0%***	**34,942**	**In-line (at 50%)**
Taxes	(1,481)	(978)	*51.4%*	(3,464)	(2,702)	*28.2%*	(6,953)	
Profit after tax	**5,942**	**3,960**	***50.0%***	**13,909**	**10,868**	***28.0%***	**27,989**	**In-line (at 50%)**
Minority interest	(5)	(5)	*8.9%*	(10)	(10)	*7.4%*	(26)	
PATMI	**5,937**	**3,956**	***50.1%***	**13,899**	**10,858**	***28.0%***	**27,963**	
Net profit to common shareholder	**5,937**	**3,956**	***50.1%***	**13,899**	**10,858**	***28.0%***	**25,027**	
EPS (VND)	1,255	836	*50.1%*	2,937	2,295	*28.0%*	5,288	

Source: Company, Maybank IBG Research

Other operating metrics were solid among the industry leaders. Particularly, CASA mix stayed at 35.4%; **NPL ratio declined slightly further to 0.61% and loan-loss coverage surged to an historical high of 506%.**

Figure 12: Operating ratios: Resilient NIM, LDR and CAR, while asset quality maintained at industry top [with record high LLCR]

Key ratios	**1Q19**	**2Q19**	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
ROE (annualised)	27.9%	25.2%	28.2%	23.8%	19.6%	21.1%	17.8%	24.6%	27.7%	15.5%	17.7%	24.6%	27.9%	20.3%
NIM (annualised)	3.38%	3.34%	3.36%	3.19%	3.24%	2.92%	3.09%	3.48%	3.26%	3.54%	3.27%	3.31%	3.47%	3.52%
Fee income/Total incomes	9.1%	9.5%	10.7%	8.3%	9.2%	10.8%	10.8%	21.3%	21.9%	3.3%	8.5%	16.2%	16.2%	4.3%
Cost-to-Income ratio (CIR)	37.3%	36.0%	34.9%	29.9%	40.0%	29.0%	39.5%	23.8%	30.5%	36.7%	37.7%	20.6%	26.9%	36.4%
Cost of Credit (annualised)	0.9%	1.1%	0.9%	1.2%	1.2%	1.0%	1.1%	2.0%	1.1%	1.5%	1.1%	1.7%	0.9%	1.1%
Gross NPL	1.03%	1.03%	1.08%	0.78%	0.82%	0.83%	1.01%	0.62%	0.88%	0.74%	1.16%	0.64%	0.81%	0.61%
Loan Loss Coverage	169%	177%	185%	182%	235%	254%	215%	370%	279%	352%	243%	424%	373%	506%
Loan-to-Deposit ratio (LDR)	80%	80%	78%	79%	81%	79%	80%	81%	85%	88%	84%	85%	87%	92%
CAR	9.9%	9.5%	9.5%	9.6%		10.0%		10.2%	10.1%	10.1%	0.0%	11.1%	11.2%	10.8%
TA/TE (x)	14.7	14.7	14.2	14.3	13.5	13.2	12.7	13.4	12.7	11.3	12.7	12.7	12.5	13.0

Note: CAR figures before 2019 were under local standards; From 2019, VCB started applying Basel 2 standards to compute its CAR.

Source: Company

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
Core P/E (x)	21.9	19.0	15.4	13.1	11.5
Core FD P/E (x)	21.9	19.0	15.4	13.1	11.5
P/BV (x)	3.0	2.6	2.8	2.3	1.9
P/NTA (x)	3.1	2.7	2.9	2.4	2.0
Net dividend yield (%)	1.0	1.5	0.0	0.0	0.0
INCOME STATEMENT (VND b)					
Interest income	69,205.1	70,749.4	80,793.1	90,960.4	102,495.9
Interest expense	(32,919.7)	(28,362.3)	(34,749.7)	(39,334.2)	(44,563.4)
Net interest income	**36,285.5**	**42,387.1**	**46,043.4**	**51,626.2**	**57,932.5**
Net insurance income	0.0	0.0	0.0	0.0	0.0
Net fees and commission	6,607.3	7,407.1	9,253.8	11,470.8	13,694.6
Other income	6,169.7	6,916.9	7,544.3	8,469.5	9,441.0
Total non-interest income	**12,777.1**	**14,324.0**	**16,798.1**	**19,940.2**	**23,135.6**
Operating income	**49,062.5**	**56,711.1**	**62,841.5**	**71,566.4**	**81,068.1**
Staff costs	(8,603.1)	(9,586.4)	(11,079.0)	(12,552.6)	(13,963.5)
Other operating expenses	(7,435.2)	(7,988.2)	(8,577.3)	(9,593.9)	(10,941.8)
Operating expenses	**(16,038.3)**	**(17,574.6)**	**(19,656.3)**	**(22,146.4)**	**(24,905.3)**
Pre-provision profit	**33,024.3**	**39,136.5**	**43,185.2**	**49,420.0**	**56,162.8**
Loan impairment allowances	(9,974.7)	(11,760.8)	(8,243.2)	(8,239.4)	(9,371.0)
Other allowances	0.0	0.0	0.0	0.0	0.0
Associates & JV income	0.0	0.0	0.0	0.0	0.0
Pretax profit	**23,049.6**	**27,375.7**	**34,941.9**	**41,180.5**	**46,791.8**
Income tax	(4,577.0)	(5,447.4)	(6,953.0)	(8,194.4)	(9,311.0)
Minorities	(21.2)	(20.2)	(25.8)	(30.4)	(34.6)
Discontinued operations	1.0	0.0	0.0	0.0	0.0
Reported net profit	**18,452.3**	**21,908.1**	**27,963.1**	**32,955.7**	**37,446.2**
Core net profit	**16,580.9**	**19,607.7**	**25,027.0**	**29,495.3**	**33,514.4**
BALANCE SHEET (VND b)					
Cash & deposits with banks	283,065.0	243,406.5	255,004.3	266,366.4	278,570.9
Sec. under resale agreements	0.0	0.0	0.0	0.0	0.0
Derivatives financial assets	0.0	303.2	0.0	0.0	0.0
Dealing securities	1,954.1	2,766.1	2,766.1	2,766.1	2,766.1
Available-for-sale securities	0.0	0.0	0.0	0.0	0.0
Investment securities	156,931.1	170,604.7	201,313.5	245,602.5	299,635.1
Loans & advances	820,545.5	934,774.3	1,070,991.8	1,222,645.9	1,390,606.2
Central bank deposits	33,139.4	22,506.7	45,612.7	51,760.5	58,471.5
Investment in associates/JVs	2,239.0	2,346.2	2,463.5	2,586.7	2,716.0
Insurance assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	5,411.1	5,552.6	7,409.6	10,369.0	12,672.3
Intangible assets	3,128.2	3,073.4	4,099.0	5,721.6	7,086.1
Other assets	19,816.7	29,431.8	33,699.4	38,417.3	43,603.7
Total assets	**1,326,230.1**	**1,414,765.5**	**1,623,359.9**	**1,846,236.0**	**2,096,127.9**
Deposits from customers	1,032,113.6	1,135,323.9	1,303,218.8	1,478,870.0	1,670,613.2
Deposits from banks & FIs	103,583.8	109,757.8	114,960.0	120,422.3	126,157.7
Derivatives financial instruments	52.0	0.0	0.0	0.0	0.0
Subordinated debt	10,802.0	10,973.8	10,973.8	10,973.8	10,973.8
Other securities in issue	10,452.8	6,421.7	21,606.7	25,998.0	30,791.6
Other borrowings	0.0	0.0	0.0	0.0	0.0
Insurance liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	75,130.8	41,117.7	36,490.1	44,366.1	58,471.5
Total liabilities	**1,232,135.1**	**1,303,594.8**	**1,487,249.4**	**1,680,630.1**	**1,897,007.6**
Share capital	37,088.8	37,088.8	47,325.2	47,325.2	47,325.2
Reserves	56,921.2	73,994.8	88,785.4	118,280.7	151,795.1
Shareholders' funds	94,010.0	111,083.5	136,110.5	165,605.9	199,120.2
Preference shares	0.0	0.0	0.0	0.0	0.0
Minority interest	85.0	87.1	0.0	0.0	0.0
Total equity	94,095.0	111,170.7	136,110.5	165,605.9	199,120.2
Total liabilities & equity	**1,326,230.1**	**1,414,765.5**	**1,623,359.9**	**1,846,236.0**	**2,096,127.9**

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth (%)					
Net interest income	4.9	16.8	8.6	12.1	12.2
Non-interest income	14.6	12.1	17.3	18.7	16.0
Operating expenses	1.4	9.6	11.8	12.7	12.5
Pre-provision profit	10.4	18.5	10.3	14.4	13.6
Core net profit	2.1	18.3	27.6	17.9	13.6
Gross loans	14.3	14.4	14.5	14.0	13.5
Customer deposits	11.2	10.0	14.8	13.5	13.0
Total assets	8.5	6.7	14.7	13.7	13.5
Profitability (%)					
Non-int. income/Total income	26.0	25.3	26.7	27.9	28.5
Average lending yields	5.72	5.39	5.58	5.55	5.52
Average cost of funds	2.85	2.30	2.40	2.40	2.40
Net interest margin	3.00	3.23	3.18	3.15	3.12
Cost/income	32.7	31.0	31.3	30.9	30.7
Liquidity (%)					
Loans/customer deposits	79.5	82.3	82.2	82.7	83.2
Asset quality (%)					
Net NPL	(1.7)	(2.1)	(1.9)	(1.8)	(1.5)
Gross NPL	0.6	0.6	0.7	0.7	0.8
Loan loss coverage	368.0	424.4	377.5	357.9	287.7
Capital adequacy (%)					
CET1	na	na	na	na	na
Tier 1 capital	8.7	9.8	10.5	11.2	11.9
Risk-weighted capital	10.0	11.4	12.0	12.6	13.2
Returns (%)					
ROAE	19.0	19.1	20.2	19.6	18.4
ROAA	1.3	1.4	1.6	1.7	1.7
Shareholders equity/assets	7.1	7.9	8.4	9.0	9.5

Source: Company; Maybank IBG Research

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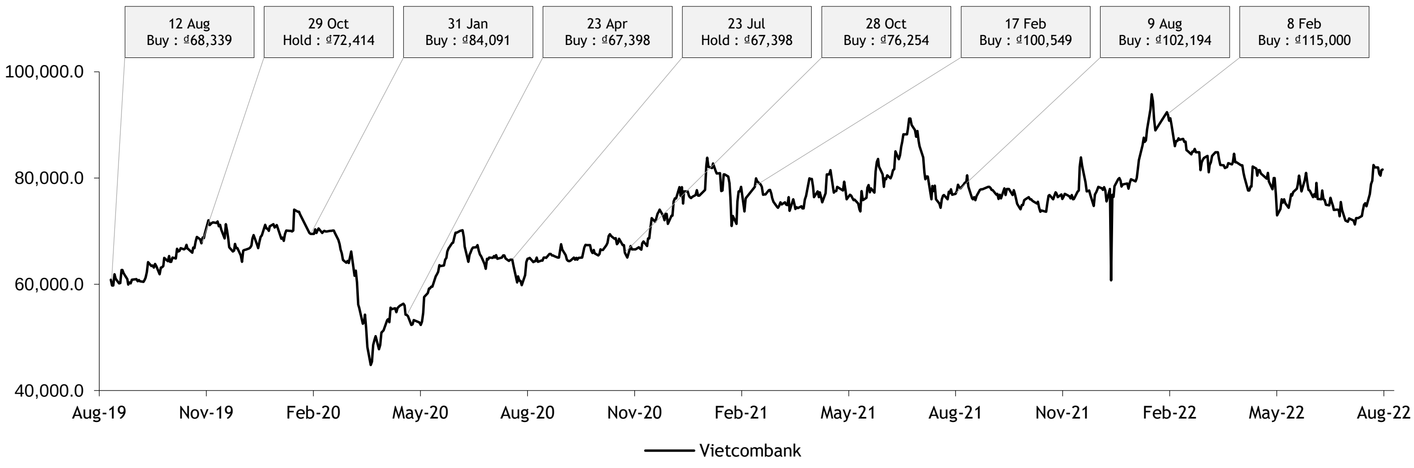
Historical recommendations and target price: Vietcombank (VCB VN)



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