

**VPB – HOLD**

**STOCK INFORMATION**  
(Sep 04<sup>th</sup> 2019)

Stock exchange	HSX
Market price (VND)	20,300
10-day average trading volume	1,822,053
Market capital (VND bn)	49,796
Outstanding shares	2,456,748,366

**EQUITY ANALYST**

Ngo Phuong Anh  
[nphan@vcbs.com.vn](mailto:nphan@vcbs.com.vn)

**VCBS's Research**

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

**VCBS Bloomberg Page:**

<VCBS><go>

**UPDATE REPORT**

**Business results:** 1H.2019 profit before tax of the consolidated VPB recorded at VND 4,343 billion (- 0.8% yoy, fulfilling 46% of the whole year plan). Although the growth rate was not maintained at the holding bank, FE Credit witnessed the recovery coming from credit growth. NPL ratio decreased at FE Credit, while the write-off of NPLs in the period was on an upward trend and recovery from debt collection had no improvement.

**Outlook:** We forecast VPB's profit before tax in 2019 at VND 9,294 billion (+ 2.5% yoy, down 5% compared to the forecast in the previous report). Pre-tax profit of the holding bank reached VND 6,403 billion (- 19% yoy) and that of FE Credit reached VND 4,295 billion (+ 4% yoy).

Key drivers include: (i) Expecting VPB to use up the credit limit granted by the State Bank for 2019 to restructure credit portfolio and increase loan growth at FE Credit; (ii) Income from non-interest activities; (iii) CIR is maintained at a low level compared to the average of the banking industry.

**Risks:** Risks of low credit quality still exist. The recovery from written-off loans at FE Credit dropped sharply compared to previous years, showing that cash lending risk is becoming more negative when the company is unable to recover most of the NPLs written off.

**Recommendation:** With a market price of VND 20,300, VPB is trading at forward P/B of 1.25 times. **We recommend HOLD and estimate fair value of VPB share by P/B comparison method of 21,053 VND / share.**

Unit: VND bn	2017	2018	1H.2019	2019F
Net Interest income	20,625	24,702	14,451	28,579
Non-interest income	4,399	6,384	2,381	4,465
Total operating income	25,023	31,086	16,832	33,044
Provisions	8,002	11,253	6,470	11,987
Profit before tax	8,126	9,199	4,343	9,294
Profit after tax	6,438	7,356	3,471	7,432
NPL ratio	3.39%	3.50%	3.43%	3.40%
CIR	36%	34.21%	35.76%	35.60%
NIM	8.6%	8.7%	8.8%	8.72%
ROE	27.5%	22.8%	20.8%	19.94%
CAR (Cir 36)	14.40%	12.30%	12.30%	NA
CAR (Basell II)	12.60%	11.10%	11.20%	NA
LLR	50.79%	45.93%	48.46%	48.12%
CASA	15.04%	13.68%	10.41%	NA

Source: VPB, VCBS summaries

**APPENDIX**

<b>INCOME STATEMENT</b>					
<b>As of 31/12</b>					
Unit: VND billion	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>
Interest income	18,759	25,631	34,131	40,280	47,378
Interest expense	-8,405	-10,463	-13,506	-15,579	-18,800
<b>Net interest income</b>	<b>10,353</b>	<b>15,168</b>	<b>20,625</b>	<b>24,702</b>	<b>28,579</b>
Non-interest income (expense)	1,713	1,696	4,399	6,384	4,465
<b>Total operating income</b>	<b>12,066</b>	<b>16,864</b>	<b>25,023</b>	<b>31,086</b>	<b>33,044</b>
Operating expenses	-5,692	-6,621	-8,895	-10,634	-11,763
Operating profit (pre-provision)	6,374	10,242	16,128	20,452	21,282
Provisions (net of reversals)	-3,278	-5,313	-8,002	-11,253	-11,987
<b>Profit before taxation</b>	<b>3,096</b>	<b>4,929</b>	<b>8,126</b>	<b>9,199</b>	<b>9,294</b>
Taxation	-700	-994	-1,688	-1,843	-1,862
<b>Profit after taxation</b>	<b>2,396</b>	<b>3,935</b>	<b>6,438</b>	<b>7,356</b>	<b>7,432</b>
Minority interest	0,0	0,0	0,0	0,0	0,0

<b>BALANCE SHEET</b>					
<b>As of 31/12</b>					
Unit: VND billion	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>
Gross loans to customers	116,804	144,673	182,666	221,962	256,064
Net loans to customers	115,062	142,583	179,517	218,395	251,877
Balances with SBV	2,261	2,983	6,460	10,829	7,336
Current accounts, deposits and placements with banks	14,600	9,389	17,520	16,571	24,694
Cash and equivalent	1,632	1,727	2,574	1,855	2,525
Marketable securities	49,773	58,292	54,983	56,129	65,558
Non-interest earning assets	10,547	13,797	16,695	19,512	20,063
<b>Total assets</b>	<b>193,876</b>	<b>228,771</b>	<b>277,750</b>	<b>323,291</b>	<b>372,053</b>
Deposits from customers	130,271	123,788	133,551	170,851	192,066
Current accounts of banks and payables to SBV	4,866	2,111	108	3,523	4,015
Borrowings from SBV and term deposits from banks	17,720	27,829	33,118	54,490	63,205
Debt securities and other borrowed funds	22,375	50,232	70,164	49,006	63,133
Non-interest generating liabilities	5,256	7,635	11,115	10,671	9,848
<b>Total liabilities</b>	<b>180,488</b>	<b>211,593</b>	<b>248,057</b>	<b>288,541</b>	<b>332,267</b>
Chartered capital	8,056	9,181	15,706	25,300	25,300
Surplus capital	1,289	1,289	5,866	1,289	1,289
Treasury stock	0	0	0	(2,492)	(2,492)
Other capital	0	0	0	0	0
Reserve funds	1,325	2,950	2,751	4,551	6,229
Exchange rate differences&asset valuation differences	0	0	0	0	0
Distributable retained profits	2,719	3,757	5,370	6,102	9,460
Shareholders' equity	13,389	17,178	29,693	34,750	39,786
Minority interest	0	0	(0)	(0)	(0)
<b>Total liabilities and equity</b>	<b>193,876</b>	<b>228,771</b>	<b>277,750</b>	<b>323,291</b>	<b>372,053</b>

## DISCLAIMER

This report is designed to provide updated information on the fixed-income, including bonds, interest rates, some other related. The VCBS analysts exert their best efforts to obtain the most accurate and timely information available from various sources, including information pertaining to market prices, yields and rates. All information stated in the report has been collected and assessed as carefully as possible.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (thereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

## CONTACT INFORMATION

<p><b>Tran Minh Hoang</b> Head of Research tmhoang@vcbs.com.vn</p>	<p><b>Mac Dinh Tuan</b> Head of Equity team mdtuan@vcbs.com.vn</p>	<p><b>Ngo Phuong Anh</b> Senior Equity Analyst npanh@vcbs.com.vn</p>
--	--	--

## VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>

<b>Ha Noi Headquarter</b>	Floor 12 <sup>th</sup> & 17 <sup>th</sup> , Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151
<b>Ho Chi Minh Branch</b>	Floor 1 <sup>st</sup> and 7 <sup>th</sup> , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-28)-3820 8116 Ext:104/106
<b>Da Nang Branch</b>	Floor 12 <sup>th</sup> , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City Tel: (+84-236) 3888 991 ext: 801/802
<b>Nam Sai Gon Transaction Unit</b>	Floor 3 <sup>rd</sup> , V6 Tower, Plot V, Him Lam Urban Zone, 23 Nguyen Huu Tho Street, Tan Hung Ward, District No. 7, Ho Chi Minh City Tel: (84-28)-54136573
<b>Giang Vo Transaction Unit</b>	Floor 1 <sup>st</sup> , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi Tel: (+84-24) 3726 5551
<b>Tay Ho Transaction Unit</b>	1st & 3rd Floor, 565 Lac Long Quan Street, Tay Ho District, Hanoi. Tel: (+84-24) 2191048 (ext: 100)
<b>Hoang Mai Transaction Unit</b>	1st Floor Han Viet Building, 203 Minh Khai Street, Hai Ba Trung District, Hanoi. Tel: (+84-24) 3220 2345
<b>Can Tho Representative Office</b>	Floor 1 <sup>st</sup> , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City Tel: (+84-292) 3750 888
<b>Vung Tau Representative Office</b>	Floor 1 <sup>st</sup> , 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province Tel: (+84-254) 351 3974/75/76/77/78
<b>An Giang Representative Office</b>	Floor 7 <sup>th</sup> , Vietcombank An Giang Tower, 30-32 Hai Ba Trung, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
<b>Dong Nai Representative Office</b>	Floor 1 <sup>st</sup> & 2 <sup>nd</sup> , 79 Hung Dao Vuong, Trung Dung Ward, Bien Hoa City, Dong Nai Province Tel: (84-61)-3918815
<b>Hai Phong Representative Office</b>	Floor 2 <sup>nd</sup> , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City Tel: (+84-225) 382 1630
<b>Binh Duong Representative Office</b>	Floor 3 <sup>th</sup> , 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-274) 3855 771