

## VIB COMMERCIAL JSB (VIB) – UPDATE

<b>Market Price</b>	<b>Target Price</b>	<b>Dividend Yield</b>	<b>Rating</b>	<b>Sector</b>
VND48,400	VND45,300	0.00%	Hold	FINANCIALS

31 March 2021

**Outlook – Short term:** **Positive**  
**Outlook – Long term:** **Positive**  
**Valuation:** **Neutral**

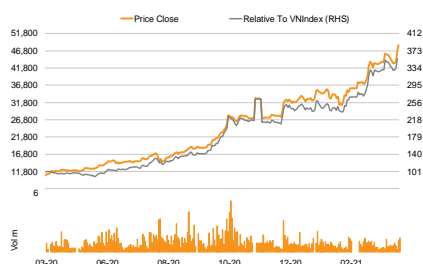
Consensus\*: Add:2 Hold:0 Reduce:2

Target price / Consensus: 25.1%

### Key changes in the report

- Raise target price by 29.4% to VND45,300.

### Price performance



Source: VNDIRECT RESEARCH

### Key statistics

52w high (VND)	48,400
52w low (VND)	11,000
3m Avg daily value (VNDmn)	28,517
Market cap (VND bn)	53,694
Free float (%)	77.8%
TTM P/E (x)	10.6
Current P/B (x)	2.99

### Ownership

Chairman & related parties	14.9%
Commonwealth Bank of Australia	20.0%
BOD members and related parties	12.9%
Others	52.2%

Source: VNDIRECT RESEARCH

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## Priced almost to perfection

- In FY21, the bank sets targets of VND7,510bn (+29.4% yoy) in terms of profit before tax and 31.0% credit growth.
- We expect EPS to grow 18.9% CAGR over FY21-23F on a higher NII growth boosted by retail lending expansion, improved CIR, and credit cost.
- We reiterate Hold with a 1-year TP of VND45,300.

### Strong earnings target for FY21F

According to the annual shareholder meeting on 24 Mar, VIB set targets of VND7,510bn (+29.4% yoy) in FY21F earnings and 31.0% credit growth. The bank plans to raise shareholder equity by (i) a 40.0% stock dividend payment using retained earnings, completed by the end of 3Q21F; and (ii) a 3.0% public or private issuance later. The funds are mainly used for lending expansion. VIB aims to control its non-performing loan (NPL) ratio under 3.0% in FY21F.

### We forecast that EPS CAGR will reach 18.9% during 2021-23F

We expect that NII CAGR will reach 26.3% on a combination of 23.5% loan book CAGR, a 15bp NIM expansion, and a 17.6% non-II CAGR given a 19% NFI CAGR. We estimate that CIR will slightly grow to 40% (compared to 39.8% in 2020). We anticipate a credit cost of 0.67-1% (compared to 0.56-0.64% in 2019/20), maintaining the NPL ratio under 2%. For FY21F, we expect a 26.0% yoy loan growth and a 10bp yoy NIM improvement to 4.1%, which would raise NII by 31.8% yoy; a 22.0% yoy NFI growth helping non-II increase 20.1% yoy; together with a CIR of 40% and a credit cost of 0.67%. Thus, we forecast net profit to grow 27.6% yoy.

### We still like VIB for longer-term investment horizon

VIB is one of the most profitable banks in the country in terms of return on capital despite its modest lending market share of 2.8% and its deposit market share of 2.4% at the end of FY20. The bank has potential to deliver strong credit growth over the years (31.2% yoy in FY20 and 31% yoy in FY21F), based on retail-focused lending products, especially mortgage and car loans. We see bancassurance is the key driver to support Non-II to grow at 17.6% CAGR over FY21-23F. Finally, we believe the bank would be on the self-sustained capital level, given the combination of ROE and growth.

### Reiterate Hold with TP of VND45,300

Our TP is based on the residual income valuation (COE: 14%; LTG: 3.0%) and 2x FY21F P/BV, weighted equally. VIB is trading at 2.2x 2021 BVPS as the bank delivered more robust earnings growth and higher ROE/ROAA than those of peers. Thus, we apply 2x target FY21 P/B to VIB. Upside catalysts are better-than-expected loan and NIM increase. Downside risk would be a higher-than-expected bad debt.

Financial summary (VND)	12-19A	12-20A	12-21E	12-22E
Net interest income (bn)	6,213	8,496	11,202	14,464
Net interest margin	3.9%	4.0%	4.1%	4.3%
Total operating income (bn)	8,152	11,216	14,469	18,335
Total provision charges (bn)	(633)	(950)	(1,281)	(1,839)
Net profit (bn)	3,266	4,641	5,920	7,329
Net profit growth	48.9%	42.1%	27.6%	23.8%
Adjusted EPS	3,473	4,572	5,286	6,545
BVPS	14,527	16,200	21,536	28,143
ROAE	27.1%	29.6%	28.3%	26.6%

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## PRICE ALMOST TO PERFECTION

### Investment thesis

We still like VIB for longer-term investment horizon as:

- VIB is one of the most profitable banks in the country in terms of return on capital despite its modest lending market share of 2.8% and deposit market share of 2.4% at end-FY20.
- The bank has the potential to deliver strong credit growth over the years (31.2% yoy in FY20 and 31% yoy in FY21F), based on retail-focused lending products, especially mortgage and car loans.
- We see bancassurance is the key driver to support Non-Il to grow at 17.6% CAGR over FY21-23F.
- We believe the bank to be on a self-sustained capital level, given the combination of ROE and growth.

**Reiterate HOLD rating with a target price of VND45,300.** Our valuation is based on the residual income valuation (COE: 14%; LTG: 3.0%) and 2x FY21F P/BV, weighted equally.

For peer comparison, we choose banks with solid earnings growth outlook, high profitability, and similar financial metrics as VIB. We forecast that VIB will achieve ROE of 28%/27% in FY21/FY22F, higher than the peer average ROE of 18%/19%. VIB is currently trading at 2.2x FY21F P/BV, which is higher than the FY21F peer average P/BV of 1.7x. We believe that VIB deserves to trade at 2x FY21F P/BV, given its higher profitability. As a result, we apply a target multiple of 2x to FY21F book value per share for our P/BV valuation.

**Figure 1: Valuation summary**

Approach	Weighting	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	47,580	23,790
P/BV multiple (at 2x FY21F P/BV)	50%	43,072	21,536
Target price (VND/share)			45,326
<b>Target price (VND/share, rounded)</b>			<b>45,300</b>

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 2: Residual income valuation, based on our estimates**

Key assumptions	2021E	2022E	2023E	2024E	2025E	Terminal
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Long-term growth rate						3.0%

*(in VND bn, otherwise noted)*

Opening shareholder's equity	17,972
PV of RI (5 years)	12,665
PV of Terminal value	22,149
Implied Equity value	52,785
No. of outstanding shares (m shares)	1,109.4
Implied value per share (VND/share)	<b>47,580</b>

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 3: Vietnam banks comparison**

Banks	Ticker	Recomm endation	Closing Price (VND)	Target Price (VND)	Market cap (US\$m)	P/B (x)		P/E (x)		3-yr Forward EPS CAGR		ROE (%)		ROA (%)	
						FY21F	FY22F	FY21F	FY22F	%	FY21F	FY22F	FY21F	FY22F	
Vietcombank	VCB VN	ADD	94,800	111,400	14,962	3.18	2.65	19.72	16.62	22.9%	20.7%	20.5%	1.6%	1.7%	
Techcombank	TCB VN	ADD	40,400	40,400	6,025	1.59	1.36	10.73	9.20	18.5%	16.0%	15.9%	2.8%	2.8%	
VPBank	VPB VN	ADD	44,650	44,300	4,664	1.60	1.30	8.70	7.40	19.5%	19.3%	19.0%	2.5%	2.6%	
MBBank	MBB VN	ADD	28,150	35,900	3,353	1.40	1.10	7.60	6.30	21.4%	19.4%	20.6%	1.9%	2.1%	
Asia Commercial Bank	ACB VN	ADD	33,300	35,400	3,063	1.59	1.33	8.48	7.13	17.2%	20.5%	19.8%	1.8%	1.8%	
Lien Viet Post Bank	LPB VN	HOLD	17,350	15,900	793	1.0	0.8	7.4	6.0	19.0%	13.80%	14.90%	0.8%	0.9%	
<b>Average</b>						<b>1.7</b>	<b>1.4</b>	<b>10.4</b>	<b>8.8</b>	<b>19.8%</b>	<b>18.3%</b>	<b>18.5%</b>	<b>1.9%</b>	<b>2.0%</b>	
Vietnam International Bank	VIB VN	HOLD	48,400	45,300	2,285	2.2	1.7	9.2	7.4	18.9%	28.3%	26.6%	2.2%	1.8%	

PRICE AS OF MARCH 31 2021

Source: VNDIRECT RESEARCH, COMPANY REPORTS, BLOOMBERG

### 2020 RESULTS ABOVE OUR EXPECTATION

**Figure 4: Results comparison (VNDbn, otherwise noted)**

FYE (VNDbn)	4Q20	4Q19	%yoy	3Q20	%qoq	FY20	FY19	%yoy	% of VND FY20F forecasts	Comments
Net interest income	2,561	1,677	52.7%	2,233	14.7%	8,496	6,213	36.7%	106.0%	In line with our forecast.
Non-interest income	808	605	33.6%	798	1.3%	2,719	1,939	40.3%	120.2%	Above our forecast given by higher-than-expected net fee income growth and a 2020 Net gain from foreign currency and gold dealings vs. a 2019 loss one.
Operating revenue	3,370	2,282	47.6%	3,031	11.2%	11,216	8,152	37.6%	109.2%	
Operating expenses	(1,303)	(1,002)	30.1%	(1,125)	15.9%	(4,465)	(3,437)	29.9%	102.2%	In line with our forecast.
Pre-provision profit	2,066	1,281	61.3%	1,906	8.4%	6,751	4,715	43.2%	114.3%	
Provision expenses	(290)	(114)	155.0%	(238)	21.7%	(950)	(633)	50.1%	101.7%	In line with our forecast.
Pretax profit	1,776	1,167	52.2%	1,668	6.5%	5,801	4,082	42.1%	116.6%	
Net profit	1,421	934	52.1%	1,335	6.4%	4,641	3,266	42.1%	116.6%	Above our forecast driven by higher-than-expected total operating income expansion.

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 5: VIB key ratios by quarters**

Key ratios	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
NII/TOI	84.1%	83.1%	85.7%	68.2%	80.8%	78.6%	73.3%	73.5%	79.6%	74.5%	73.7%	76.0%
Non-II/TOI	15.9%	16.9%	14.3%	31.8%	19.2%	21.4%	26.7%	26.5%	20.4%	25.5%	26.3%	24.0%
NIM (annualised)	3.3%	3.7%	3.8%	3.8%	4.0%	3.9%	3.9%	3.9%	3.9%	3.9%	4.1%	4.0%
Cost to Income ratio (CIR)	51.0%	48.7%	47.7%	44.2%	43.6%	41.6%	41.5%	42.2%	45.5%	42.3%	40.3%	38.4%
Non-performing loan (NPL) ratio	2.5%	2.3%	2.5%	2.5%	2.5%	2.4%	2.0%	2.0%	2.2%	2.4%	2.1%	0.0%
Loan-loss-reserves (LLR)	46.0%	53.2%	46.6%	36.2%	40.3%	42.3%	49.9%	50.7%	47.3%	49.8%	48.3%	0.0%
Credit cost (annualised)	0.5%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%	0.7%
ROAA (trailing 12 months)	1.2%	1.4%	1.6%	1.7%	1.8%	1.9%	2.1%	2.0%	2.0%	2.0%	2.1%	2.2%
ROAE (trailing 12 months)	15.9%	19.2%	21.5%	22.7%	23.9%	25.6%	28.0%	27.5%	27.6%	27.6%	28.9%	30.0%

Source: VNDIRECT RESEARCH, COMPANY REPORTS

### Retail lending continues steering loan expansion

Vietnam International Bank's (VIB) gross loan jumped 31.2% yoy at the end of 2020, matching its 2019 stride of 34.4% yoy. This is driven by a 33.7% yoy growth in individual loan book, which accounted for 82.8% of gross loan at the end of 2020 and 81.3% of gross loan at the end of 2019. VIB's credit market

share has resiliently improved to 2.8% at the end of 2020 (end-1H20: 2.5%; end-2017: 2%) because the bank proactively provided stimulus packages to both current and fresh loans. Particularly, current customers benefit from lower lending rates up to 2% p.a., and the fresh loan value of VND140tn (83% total loan book at the end of 2020) is applied lower lending rates of up to 1.2% p.a. in 2020 than those in 2019.

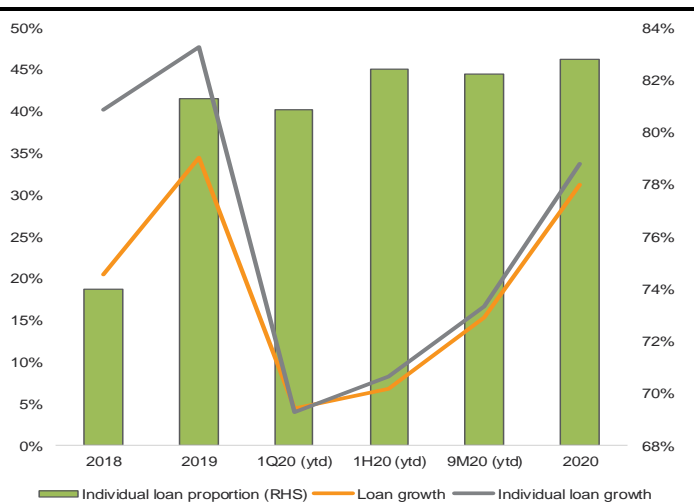
**Improved NIM is driven by lower funding cost**

Net interest margin (NIM) grew 11bp yoy, reaching its highest level of 4.04% in 2020, as a higher improvement in funding cost of 63bp offset a 47bp drop in asset yield.

Asset yield decreased to 8.3% in 2020 from 8.8% in 2019, given by the central bank's lower lending interest rate stimulus packages and waive/reduction in interest rate to support customers impacted by the pandemic. Specifically, VIB has restructured loan value of VND3,400bn (2% loan book at the end of 2020), lowered its lending rates to current customers up to 2% p.a., and the fresh loan value of VND140tn (83% total loan book at end-2020) had lower lending interest rate of up to 1.2% p.a. than those in 2019.

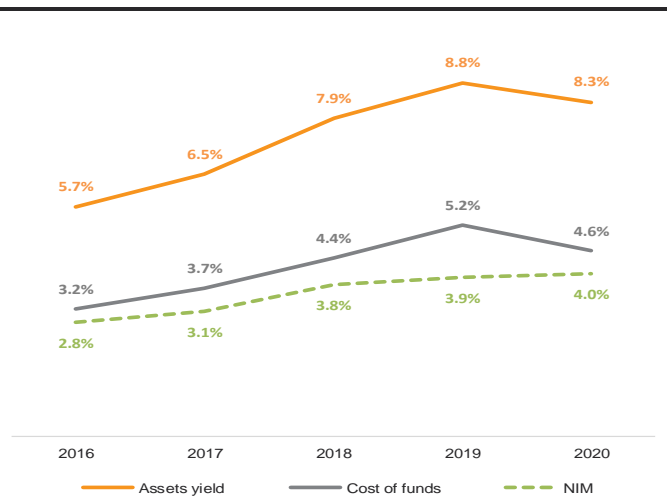
Meanwhile, the fund cost fell to 4.6% in 2020 from 5.2% in 2019, mainly driven by lower deposit rates under three key rates cuts. VIB's short-term deposit rates plummeted up to 160bp in Dec 2020 since the first key rates cut in Mar 2020. Meanwhile, optimizing the cheaper interbank funding source, which accounted for 19.2% interest bearing liabilities at the end of 2020 from the lower proportion of 16.3% at the end of 2019 (end-1Q20: 19.3%, end-2Q20:18.7%, end-3Q20: 13.3%), contributed to funding cost improvement in 2020.

**Figure 6: Accelerated loan expansion on solid retail lending growth**



Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 7: Ongoing improved NIM reached its highest level in 2020**

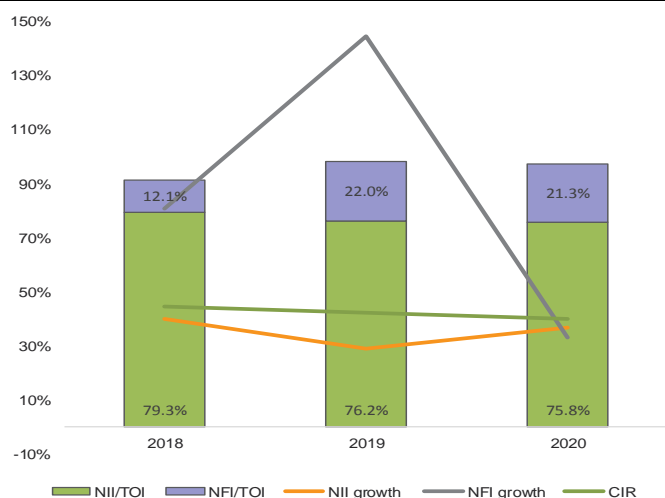


Source: VNDIRECT RESEARCH, COMPANY REPORTS

**NFI has maintained a key driver of TOI within the past two years**

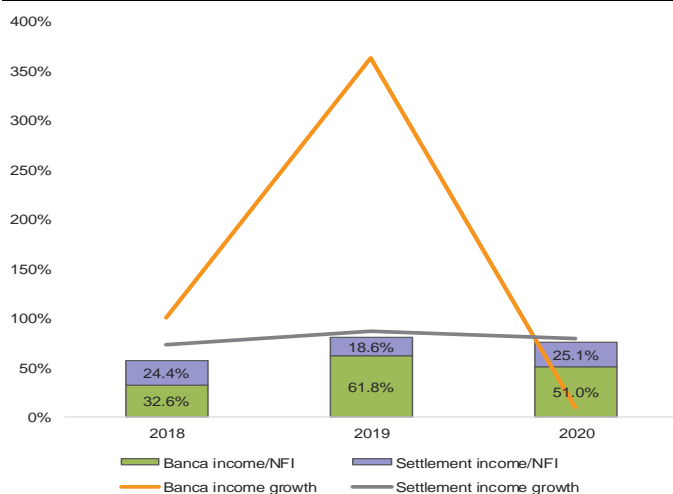
NFI grew 32.9% yoy to VND2,389bn, mainly contributed by the increase of 79.1% yoy of payment income and 9.5% yoy rise in banca commission fee income. Income from commission fee grew only 9.5% yoy and reached VND1,217bn, accounting for 51% NFI in 2020, lower than the growth rate of 363.4% and the contribution of 61.8% in 2019. Meanwhile, income from payment activity grew stably 79.1% yoy in 2020 (2019: 86.3% yoy; 2018: 73% yoy), contributing 18.6% to NFI.

**Figure 8: Lower NFI rise steered by...**



Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 9: ... lower banca income growth**



Source: VNDIRECT RESEARCH, COMPANY REPORTS

### Bad debt saw some improvement

According to VIB, the bank's non-performing loan (NPL) ratio fell to 1.46% at the end of 2020, compared to 1.96% at the end of 2019. VIB raised provision expense by 50.1% in 2020 and write-off rate to 0.32%, helping improve its asset quality. Meanwhile, VIB has restructured loans for over 2,500 customers with a total value of VND3,400bn (2% total loan book at the end of 2020).

## FY21-22F OUTLOOK

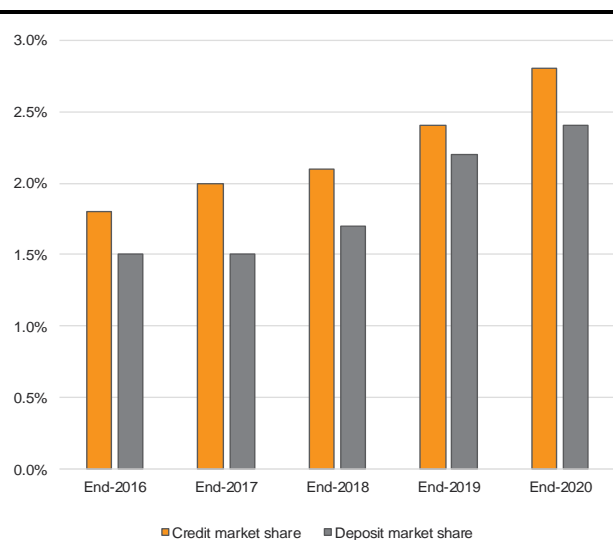
### Confident target for FY21F

VIB sets its 2021F pretax profit to grow 29.4% yoy to VND7,510bn (2020: +42.1% yoy), given a 31% yoy planned rise in credit which continues to focus on retail lending expansion.

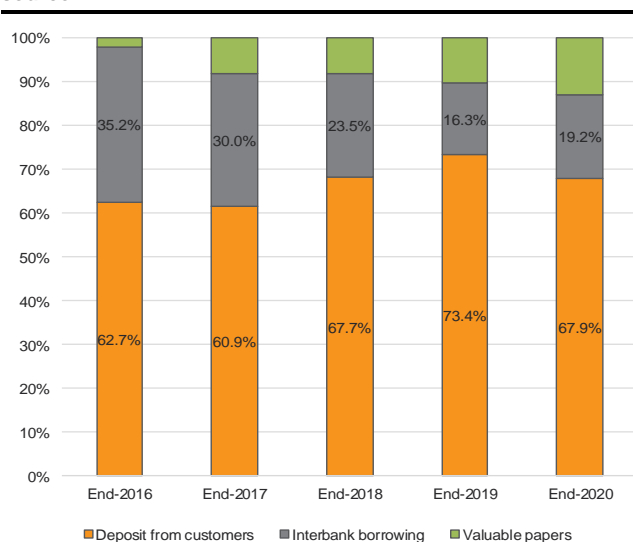
First, VIB's competency in broadening lending market share while keeping asset quality under control even amid the pandemic in 2020 makes its plan in boosting credit under the economic recovery in 2021F more achievable. VIB's credit market share improved to 2.8% at end-2020 from 2.4% at end-2019 (end-2018: 2.1%).

Second, enhanced assets yield on retail lending penetration and flexible funding cost structure promise VIB to maintain high NIM. Retail lending accounted for 83% of loan book at end-2020 vs. 81.3% at end-2019 (end-2018: 74%). While VIB hoisted the proportion of deposits from customers in its funding source up to 70%, helping stabilise funding sources, it continued utilising the cheaper interbank funding source.

Finally, VIB is apt to raise enough funding sources for credit expansion. VIB succeeded in raising deposits from customers with its market share growing to 2.4% at end-2020 from 2.2% at end-2019 (end-2018: 1.7%); and VIB's planned equity increase, from 40% share dividend mainly from retained earnings executing before end-3Q21F, will fund the lending activities.

**Figure 10: VIB has improved market share year over year**


Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 11: Flexible funding structure optimises & stabilises funding source**


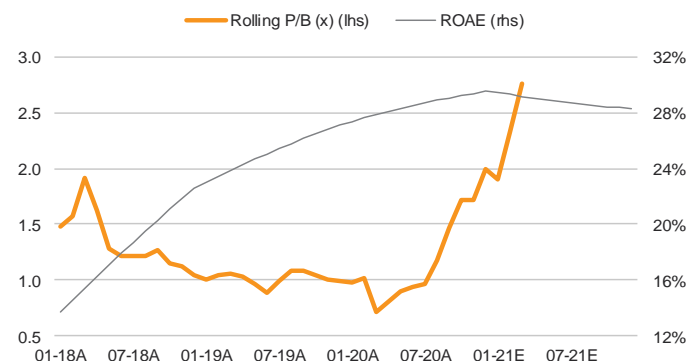
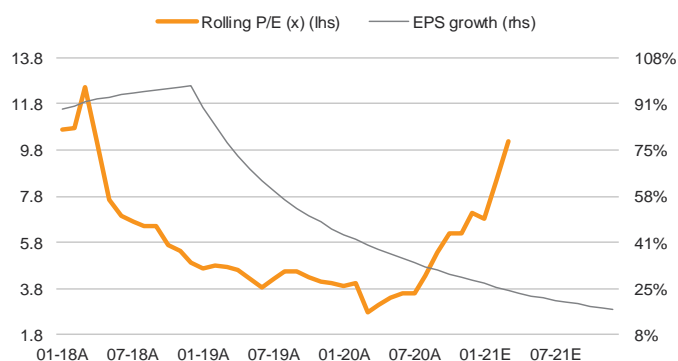
Source: VNDIRECT RESEARCH, COMPANY REPORTS

### We forecast net profit CAGR of 18.9% in 2021-23F

**Figure 12: Profit & Loss statement key KPIs, based on our forecasts**

(In VND bn, otherwise noted)	2020A	2021F	2022F	2023F Comments
<b>Net interest income</b>	<b>8,496</b>	<b>11,202</b>	<b>14,464</b>	<b>17,876</b>
% growth	36.7%	31.8%	29.1%	23.6%
<b>Non-interest income</b>	<b>2,719</b>	<b>3,267</b>	<b>3,871</b>	<b>4,521</b>
% growth	40.3%	20.1%	18.5%	16.8%
<b>Total operating income</b>	<b>11,216</b>	<b>14,469</b>	<b>18,335</b>	<b>22,397</b>
% growth	37.6%	29.0%	26.7%	22.2%
<b>Operating expenses</b>	<b>(4,465)</b>	<b>(5,787)</b>	<b>(7,334)</b>	<b>(8,959)</b>
% growth	29.9%	29.6%	26.7%	22.2%
<b>Pre-provision profit</b>	<b>6,751</b>	<b>8,681</b>	<b>11,001</b>	<b>13,438</b>
% growth	43.2%	28.6%	26.7%	22.2%
<b>Provision expense</b>	<b>(950)</b>	<b>(1,281)</b>	<b>(1,839)</b>	<b>(2,968)</b>
% PPOP	14.1%	14.8%	16.7%	22.1%
<b>Pre-tax profit</b>	<b>5,801</b>	<b>7,400</b>	<b>9,162</b>	<b>10,470</b>
% growth	42.1%	27.6%	23.8%	14.3%
<b>Net profit</b>	<b>4,641</b>	<b>5,920</b>	<b>7,329</b>	<b>8,376</b>
% growth	42.1%	27.6%	23.8%	14.3%
No. of outstanding shares (m)	1,017	1,109	1,109	1,109
EPS (VND/share)	4,572	5,286	6,545	7,479

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Valuation**

**Income statement**

(VNDbn)	12-20A	12-21E	12-22E
<b>Net interest income</b>	<b>8,496</b>	<b>11,202</b>	<b>14,464</b>
<b>Non interest income</b>	<b>2,719</b>	<b>3,267</b>	<b>3,871</b>
<b>Total operating income</b>	<b>11,216</b>	<b>14,469</b>	<b>18,335</b>
Total operating costs	(4,465)	(5,787)	(7,334)
<b>Pre-provision operating profit</b>	<b>6,751</b>	<b>8,681</b>	<b>11,001</b>
<b>Total provision charges</b>	<b>(950)</b>	<b>(1,281)</b>	<b>(1,839)</b>
Income from associates & JVs			
Net other income			
<b>Pre-tax profit</b>	<b>5,801</b>	<b>7,400</b>	<b>9,162</b>
Tax expense	(1,160)	(1,480)	(1,833)
<b>Profit after tax</b>	<b>4,641</b>	<b>5,920</b>	<b>7,329</b>
Minority interest	0	0	0
<b>Net profit</b>	<b>4,641</b>	<b>5,920</b>	<b>7,329</b>

**Balance sheet**

(VNDbn)	12-20A	12-21E	12-22E
Gross loans to customers	169,520	213,595	266,994
Loans to banks			
<b>Total gross loans</b>	<b>169,520</b>	<b>213,595</b>	<b>266,994</b>
Securities - total	41,466	49,753	58,702
Other interest earning assets	28,984	37,896	49,556
<b>Total gross IEAs</b>	<b>239,970</b>	<b>301,244</b>	<b>375,253</b>
<b>Total provisions</b>	<b>(1,817)</b>	<b>(2,486)</b>	<b>(3,409)</b>
<b>Net loans to customers</b>	<b>167,798</b>	<b>211,358</b>	<b>263,879</b>
<b>Total net IEAs</b>	<b>238,154</b>	<b>298,757</b>	<b>371,843</b>
Cash and deposits	1,422	1,507	1,598
Total investments	74	78	83
Other assets	5,052	5,355	5,677
<b>Total non-IEAs</b>	<b>6,548</b>	<b>6,941</b>	<b>7,357</b>
<b>Total assets</b>	<b>244,701</b>	<b>305,698</b>	<b>379,201</b>
Customer deposits	150,360	187,951	231,179
Cds outstanding	28,559	35,699	44,623
Customer interest-bearing liabilities	178,919	223,649	275,802
Bank deposits	0	0	0
Broad deposits	178,919	223,649	275,802
Other interest-bearing liabilities	42,486	53,105	66,379
<b>Total IBLs</b>	<b>221,406</b>	<b>276,754</b>	<b>342,182</b>
Deferred tax liability			
Other non-interest bearing liabilities	5,324	5,052	5,798
<b>Total non-IBLs</b>	<b>5,324</b>	<b>5,052</b>	<b>5,798</b>
<b>Total liabilities</b>	<b>226,729</b>	<b>281,806</b>	<b>347,979</b>
Share capital	11,094	11,094	11,094
Additional paid-in capital	0	0	0
Treasury shares			
Retained earnings reserve	5,624	11,544	18,873
Other reserves	1,254	1,254	1,254
<b>Shareholders' equity</b>	<b>17,972</b>	<b>23,892</b>	<b>31,221</b>
Minority interest	0	0	0
<b>Total equity</b>	<b>17,972</b>	<b>23,892</b>	<b>31,221</b>
<b>Total liabilities &amp; equity</b>	<b>244,701</b>	<b>305,698</b>	<b>379,201</b>

	12-20A	12-21E	12-22E
<b>Growth rate (yoy)</b>			
Cust deposit growth	22.9%	25.0%	23.0%
Gross cust loan growth	31.2%	26.0%	25.0%
Net interest income growth	36.7%	31.8%	29.1%
Pre provision operating profit growth	43.2%	28.6%	26.7%
Net profit growth	42.1%	27.6%	23.8%
Growth in IEAs	33.2%	25.4%	24.5%
<b>Share value</b>			
Basic EPS (VND)	4,563	5,336	6,607
BVPS (VND)	16,200	21,536	28,143
DPS (VND)	0	0	0
EPS growth	27.5%	16.9%	23.8%

**Key ratios**

	12-20A	12-21E	12-22E
Net interest margin	4.0%	4.1%	4.3%
Cost-income ratio	(39.8%)	(40.0%)	(40.0%)
Reported NPLs / gross cust loans	1.5%	1.7%	1.7%
Reported NPLs / net cust loans	1.5%	1.7%	1.7%
GP charge / average cust loans	0.6%	0.7%	0.8%
Total CAR	10.1%	10.2%	10.4%
Loan deposit ratio	94.7%	95.5%	96.8%
<b>Margins and spreads</b>			
Return on IEAs	8.3%	8.3%	8.4%
Cost of funds	4.6%	4.5%	4.5%
Interest return on average assets	4.0%	4.1%	4.2%
ROAE	29.6%	28.3%	26.6%

Source: VNDIRECT RESEARCH, COMPANY REPORTS

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## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

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.

*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.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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