

UPDATE REPORT: HOLD

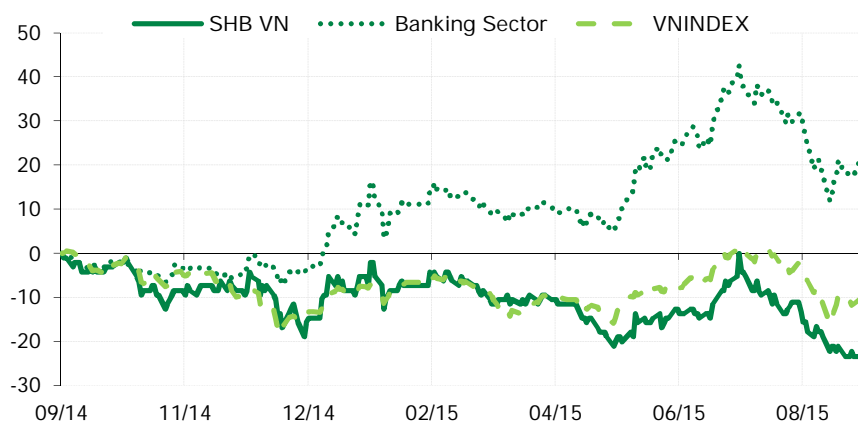
Current Price (10/09/2015):	VND	6,900		
Long-term value	Fully-valued			
Target Price:	VND	6,750		
Short-term trend:	Neutral			
Resistance level:	VND	7,700		
Support level:	VND	6,200		
Bloomberg ticker: SHB VN	Exchange:	HNX		
Industry:	Banking			
Adjusted Beta:	1.25			
52w High / Low (VND)	9,159/6,200			
Outstanding Shares (mn)	948			
Market Cap (VND bn)	6,542			
Free Float (%)	82.6			
TLM Avg Trading Vol	434,000			
Foreign-owned Ratio (%)	9.3			
Year	NIM(%)	NPL(%)	Div. Rate(%)	EPS
2017F	2.16	2.80	7.5	1,022
2016F	2.06	3.00	7.5	936
2015F	2.03	3.10	7.5	746
2014	2.00	2.02	7.0	892
	SHB	Peers	VNI	
P/E	8.22	11.56	11.18	
P/B	0.60	1.13	1.72	
ROE	7.10	11.24	15.66	
ROA	0.44	0.96	2.83	

Company Description:

Bank of Sai Gon - Ha Noi (SHB), formerly known as Nhon Ai Rural Joint Stock Bank, was established on November 13, 1993 with initial charter capital of VND400 million (USD18.3 mn).

SHB provides a full range of commercial banking services and its long-term vision is to become a leading financial group.

The bank currently has charter capital of VND8,865 billion (USD405 mn), total assets of VND177,746 billion (USD6.6 bn), and is ranked tenth in the banking industry.



We maintain our HOLD recommendation with a 2015 target price of VND6,750. We believe the shares are fully valued for long-term investors and that now is not the right time to buy because of the neutral short-term trend.

- ❖ **2015 EPS will be driven down significantly by higher provision for credit losses and slower credit growth.** Short-term price appreciation may be hampered by high NPL ratios and low profitability ratios. However, we expect earnings growth to improve from 2016 due to the easing of non-performing loans, and improved credit growth from the consumer lending segment.
- ❖ **VVF merger provides access to consumer lending.** VVF is too small and performing too poorly to directly impact SHB's financial results. The deal, however, gives SHB a licensed consumer finance company capable of penetrating the consumer lending segment.
- ❖ **The trend of agriculture, property, and construction project lending will likely continue.** New regulations lower the risk adjusted capital ratio for real estate lending, which is one of SHB's core businesses.
- ❖ **SHB's multiples are consistently below their peer group.** SHB trades well below its peers on both P/E and P/B bases and the discrepancy is getting larger as low ROE and ROA shown no sign of improvement while the NPL ratio is rising.

Please see disclaimer language at the end of this report.

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1H2015 RESULTS UPDATE

Credit and deposits registered high growth

Lending for property construction, agriculture, and export-import enterprises has fueled credit growth.

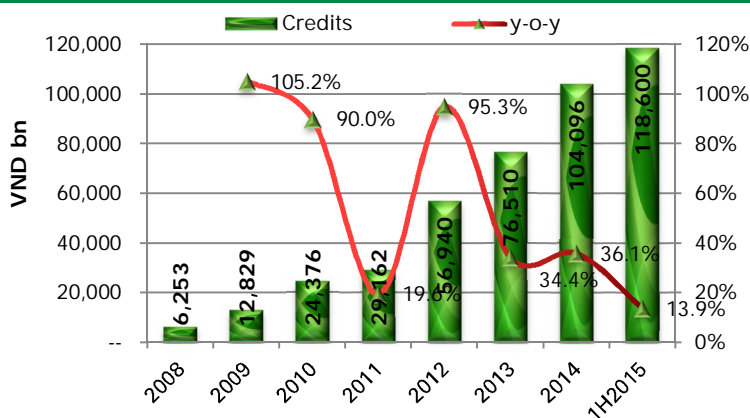
SHB has registered high customer credit and deposit growth of 13.92 percent and 14.38 percent respectively (versus an industry average of 7.83 percent for credit growth and 4.58 percent for deposit growth), ranking second among listed banks, and almost reaching its full year adjusted targets of 15 percent credit growth and 19.4 percent deposit growth. The bank maintained a focus on prioritized industries such as the agriculture, forestry, and fisheries sectors (21.9 percent of total loans outstanding in 1H2015).

As mentioned in our previous report, SHB continues to emphasize the construction and real estate industries, which together accounted for 22.6 percent of total loans in 1H2015. SHB is among 33 banks eligible to guarantee real estate projects. This emphasis on construction and real estate will likely continue for the following reasons:

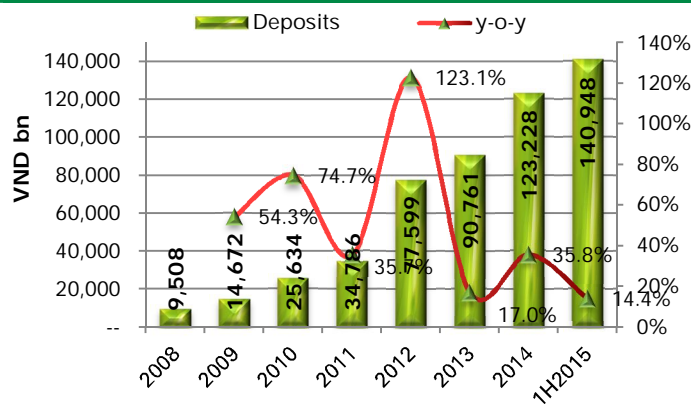
- 1) the reduction of risk-weighted ratios for securities and property lending from 250 percent to 150 percent in Circular 36
- 2) the percentage of short-term funding allowed for medium- and long-term lending increasing from 30 percent to 60 percent
- 3) newly adjusted housing laws which allow foreigners and Vietnamese abroad to own houses
- 4) the implementation of a credit package comprising VND30,000 billion (USD1.4 billion) with interest rate subsidies and VND50,000 billion (USD2.3 billion) without interest rate subsidies

In 1H2015, SHB disbursed VND1,200 billion (USD54 million) from a USD credit package of VND2,000 billion (USD91 million) for export and import enterprises with interest rates from 2.5 percent per annum, to promote the recovery of this segment. In the second half of the year, individual loans will likely take off because of SHB's newly launched VND5,000 billion (USD228 million) credit package, with interest rates of seven percent per annum and multiple flexible advantages.

SHB credit growth



SHB deposit growth



Sources: SHB's Financial Report

1H2015 PBT met 42.9 percent of full year target

High credit growth has translated to higher net interest income, reaching VND1,548 billion (USD71 million) in 1H2015, up 31 percent y-o-y. Unfortunately, the combination of incomes from services, FX trading, trading securities, and other activities fell by 65 percent, with most components recording negative growth. The exception was FX and gold trading which showed a 39 percent increase in net gains.

Net fees and commissions income declined by 55.5 percent because of the exclusion of guarantees incomes – from 2014 onwards listed banks have reclassified their income breakdown, and have included guarantees income as part of interest income rather than fees income. Hence, net interest income as well as NIM may be artificially improved as guarantees services usually do not incur costs, and guarantees balances are off-balance-sheet.

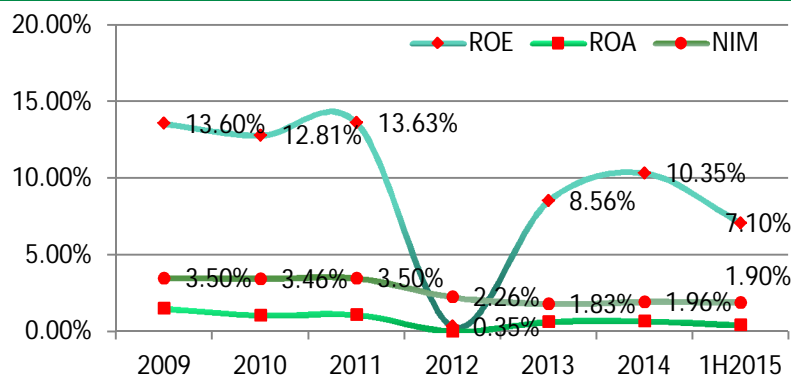
SHB’s PBT growth ranked seventh out of eight listed banks in 1H2015, with a decline of five percent y-o-y due to high growth in provisions expenses of 72.7 percent y-o-y. Provision expenses for credit losses totaled VND246 billion (USD11.2 million), accounting for 33 percent of pre-provision operating profit. This was because SHB started to record provision expenses from Q2/2014 instead of provisions reversal in Q1/2014.

Despite a slight improvement in the estimated earning interest rate from 7.42 percent in 2014 to 7.61 percent in 2015, the paying rate also rose by 17 bps, close to the 19 bps improvement in the earning rate. Meanwhile, average interest earning assets expanded by more than 10 percent, causing NIM to inch down by 6 bps to 1.90 percent for 1H2015. SHB is still one of the lower-ranked banks; even though SHB’s strategy is to become a leading retail bank, its current loans breakdown does not reflect this, with only 16.3 percent of total loans devoted to individuals while SOE loans account for 19.5 percent of its total credit, up from 16 percent in 2014.

Overall, in comparison with other listed banks, SHB tended to lag behind in all three profitability ratios – ROA, ROE, and NIM – in 1H2015.

SHB has a low NIM due to low returns from infrastructure lending and a relatively high cost of funds.

SHB’s profitability



Sources: SHB’s Financial Report

NPL ratio jumped to 2.48 percent along with higher LLC ratio

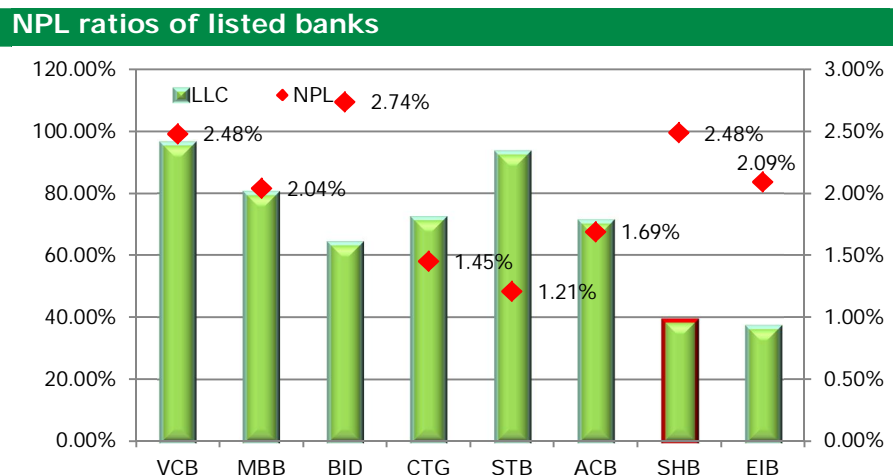
Despite a large credit expansion, NPLs jumped 40 percent in 1H2015 to VND2,945 billion (USD134 million), which increased the NPL ratio to 2.48 percent from 2.02 percent in 2014. As mentioned in our previous report, the newly adjusted housing

The newly adjusted housing law's effectiveness in reducing SHB's NPLs has yet to be demonstrated.

law will likely have a positive impact on SHB and its NPL ratio, as the bank has always dedicated a higher proportion of its total loans to construction and the real estate industry, between approximately 14 and 24 percent. The facilitation of foreigners' ownership of housing will likely assist VAMC in selling real estate collaterals to foreign investors. Additionally, as the new law raises demand for real estate in Vietnam, the construction and real estate industries are likely to recover. This will then help SHB in recollecting the bank's overdue loans provided to construction and real estate companies, and reduce its NPL ratio accordingly. The law, however, has been effective only since July 2015. In the first seven months of 2015 VAMC has resolved only around VND10,000 billion (USD456 million) of NPLs as there are other frameworks that have restricted foreign investors from buying NPLs. We therefore expect the effectiveness of this regulation to increase, and VAMC to accelerate resolution of non-performing assets in 2016.

From April 2015, according to Circular 09 (following Decision 780), banks can no longer restructure overdue loans without reclassifying loan groups, as they had previously. It is worth noting that in 2013 SHB had restructured over VND5,000 billion (USD228 million) of NPLs following Decision 780, equivalent to 6.5 percent of its total loans at the time. In 2013, 60 percent of the restructured loans were likely NPLs, hence we are concerned about the underlying risks of SHB's restructured loans. Subsequently, in 1H2015, SHB's NPL ratio has jumped by 46 bps as its overdue loans can no longer be covered. SHB has revealed that its NPL ratio will rise by one to two percentage points once the effects of Circular 09 become apparent. In 2013, SHB swapped VND1,797 billion (USD82 million) of NPLs with VAMC for VND1,665 billion (USD76 million) of special bonds.

The bank's LLC ratio improved from 27 percent in 1H2014 to 39 percent a year later, but still ranked second-last among listed banks, slightly above EIB, while its peers' LLC ratio has tended to fluctuate from 70 to 90 percent. We expect SHB's LLC ratio to eventually converge with peers' at a minimum level of 50 percent in 2016.



Sources: SHB's financial report, VPBS collection

Upcoming merger with Vinaconex-Viettel financial firm (VVF)

A number of shareholders have questioned the financial health of VVF and the benefits of the merger, as VVF has a legacy of non-performing assets, but Mr. Nguyen Quang Hien, Chairman of SHB, has insisted that VVF is among the best

The key benefit of a VVF-SHB merger is to enable SHB to penetrate the consumer lending market.

finance companies in the market at the moment. Viettel had made clear the condition of the company's bad debt before it divested from VVF to improve net gains. Mr Hien has also stated that many partners are interested in, and fond of, this new "daughter in law" of SHB. To try to calm shareholders' concerns, he has reiterated that VVF is absolutely a profitable investment. Completion of the deal had previously been announced for Q2/2015, however there has been no news y-t-d.

As we mentioned in our previous report, VVF is in an alarming financial condition with degrading asset quality, poor efficiency, and low profitability. The sole benefit of this merger for SHB is the potential to enter the consumer lending segment, as banks are no longer allowed to operate in this field. However, because of VVF's micro scale compared to SHB, once consolidated its impact on the bank's balance sheet and income statement seems insignificant. It is, nevertheless, damaging to shareholders' interests as their holdings will be diluted by the swap ratio of 1:1 – this is an equity swap deal and VVF shareholders are expected to receive one SHB share for each VVF share.

2015 BUSINESS TARGETS AND OUR FORECAST

SHB has set the following targets for FY2015:

- ❖ **Credit growth** target for 2015 is initially set at 11 percent. However, at the AGM, shareholders challenged the BOD for setting such a conservative target in comparison to the bank's expected high deposit growth of 19.4 percent. Consequently, the credit growth rate target was revised upward to 15 percent upon the State Bank of Vietnam's approval. Given the above expected results for 1H2015, we forecast credit growth of 23 percent for FY2015.
- ❖ **NPL ratio:** In order to keep NPLs below the targeted three percent, SHB will set aside an additional VND880 billion (USD41 million) as provision. SHB did not disclose the total registered value of NPLs it plans to sell to VAMC, but has stated that the bank will continue to sell VND15.1 billion (USD0.7 million) of Vinashin loans to VAMC in 2015. However, given that SHB's current asset quality is on a rising trend, we expect the NPL ratio to exceed three percent for FY2015.
- ❖ **PBT:** For 2015, the bank targets pre-tax profit of VND1,120 billion (USD52.2 million), up 10.6 percent y-o-y. We forecast a slight decrease in PBT from VND1,012 billion (USD46.2 million) in 2014 to VND1,000 billion (USD46 million) in 2015 due to a 37 percent increase in provision expenses.
- ❖ **Network:** SHB plans to open eight new branches and 35 points of transaction in 2015 to develop its retail banking.

VND billion	2015 Target	2015 Growth	Key ratios	2015 Target
Total assets	200,000	18.3%	CAR	>9%
Total credits	115,546	11%	NPL ratio	<3%
Total mobilizations	152,000	19.4%	ROA	1-1.2%
Charter Capital	10,486	18%	ROE	10-12%
Profit before tax	1,120	10.6%	Dividend	7.5%

We have made some slight adjustments to the bank's credit and deposits growths, as well as its profitability and asset quality, after taking into consideration the updates to its 1H2015 performance and 2015 - 2019 key financial targets as stated in the bank's 2015 annual general meeting materials.

VND billion	2015 Growth (revised/original)	Key ratios	2015 Forecast
Total assets	18.3%/21.6%	CAR	>9%
Customers loans	23%/25%	NPL ratio	3.1%
Customers deposits	24%/27%	ROE	6.85%
Charter Capital	18%/25%	ROA	0.42%
Profit before tax	-1%	Dividend	7.5%

The assumptions in our VND1,000 billion (USD46 million) pretax profit forecast include:

- ❖ Net interest income growth of 20 percent, versus 30 percent in 2014, driven by 22 percent loan growth. NIM remains relatively unchanged from last year's result. Despite the bank's strategy to penetrate the retail segment, we have not seen any progress in this regard, and SHB's emphasis on SOEs and corporate loans remains high.
- ❖ Non-NII growth of 26 percent, driven by 13 percent growth in net fees and commissions incomes and net gains from investment, compared to a net loss in 2014.
- ❖ Operating expenses increasing by 29 percent as the bank plans to open new branches and points of transaction. In 1H2015 SHB also recruited an additional 176 employees.
- ❖ As NPLs are expected to increase further in 2015 when Circular 09 becomes fully effective, SHB has raised its provision expenses, which will eventually depress its profitability. Provision expenses growth of 37 percent accounted for 46 percent of pre-provision operating profit (PPOP), versus 38 percent in FY2014.

VALUATION AND RECOMMENDATION

Recent performance

In our update report on SHB published on December 9, 2014, we gave a HOLD recommendation and indicated a target price of VND8,600 for SHB stock.

Since then, SHB has fluctuated within a range of VND7,000-VND8,900, following the rising and falling trends of banking stocks generally. Due to the recent shock caused by the devaluation of CNY, SHB has fallen by 11.54 percent, while the banking sector and VN-Index dropped by 13.73 percent and 12.33 percent, respectively. We believe there are two major factors that would be depressing the price of SHB, even in normal market conditions: its huge legacy of non-performing assets, and the bank's below-average performance in terms of profitability.

Valuation

As we have revised some key growth targets, we have generated a revised target price for SHB shares of **VND6,750**.

Combined valuation		
Method	Target price	Weight
Residual income	7,241	40%
P/B	4,753	20%
P/E	7,258	40%
Weighted average target price	6,750	

Residual income

We utilize the residual income method to value SHB's share price, and this model suggests a fair price of **VND7,241** per share. We have incorporated the following inputs into our model:

- The *risk-free rate* is taken from the 5-year local currency Government bond yield, which is equivalent to 6.45 percent.
- The *equity risk premium* is expected to be 9.31 percent.
- SHB's *beta* is estimated to be 1.25.
- Cost of equity is estimated to be 18.09 percent using the capital asset pricing model (CAPM).
- In SHB's case, during the five years of our forecast, Residual Income is negative. In other words, ROE is less than the bank's cost of equity. We believe that, as SHB's asset quality improves, the bank can eventually earn ROE equal to its cost of equity by 2020. As such, residual income should be positive from 2020 onwards, and its long term growth is estimated to be five percent thereafter.

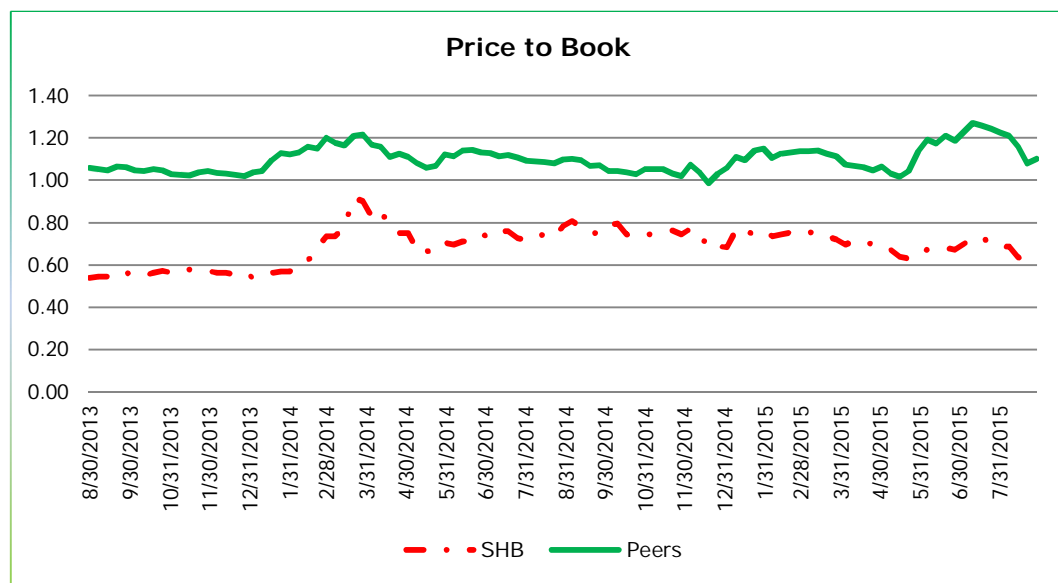
Residual Income valuation	2015F	2016F	2017F	2018F	2019F
Net Income	782,130	978,928	1,176,636	1,493,094	1,807,997
Shareholders Investment	12,326,084	12,677,314	14,063,183	14,635,653	15,523,025
Capital Charge	2,229,480	2,293,009	2,543,678	2,647,224	2,807,727
Residual Income	(1,447,351)	(1,314,081)	(1,367,042)	(1,154,130)	(999,730)
Present Value Factor	0.847	0.717	0.607	0.514	0.435
PV Residual Net Income	(1,225,659)	(942,355)	(830,176)	(593,525)	(435,375)
Total Projected EVA	(4,027,089)				
Curent Book Value Equity	10,892,714				
Value of Equity	6,865,625				
Number of Shares	948,100				
Share Value (VND)	7,241				

Market-based valuation

Bank	Price (VND)	P/E	P/B	LTM EPS (VND)	BVPS 1H2015 (VND)	ROE (%)	ROA (%)	2015NIM (%)	CIR (%)
STB	16.800	9,05	1,01	1,860	15,810	12.74%	1.18%	4.66%	50.47%
MBB	15.300	7,38	1,10	2,070	13,870	16.76%	1.42%	4.17%	34.00%
EIB	11.900	--	1,01	(1,825)	11,440	6.20%	0.60%	2.52%	59.00%
ACB	19.200	18,25	1,39	1,050	13,770	9.24%	0.62%	3.29%	62.00%
Peer avg		11,56	1,67	1,660	13,723	11.24%	0.96%	3.66%	51.37%
SHB	6,900	8.22	0.60	839	13,640	7.10%	0.44%	1.90%	52.48%

SHB's valuation multiples (i.e. P/E and P/B) appear to be quite cheap, which is

understandable as its ROA and ROE in 1H2015 are inferior compared to its peer group. SHB is currently trading at a P/E of 8.22x, a 29 percent discount compared to its peer group. Using the peer group P/E as a benchmark, we value SHB’s share price at VND4,753 based on an average P/E of 11.56x times, SHB’s expected EPS of 748, and a discount factor of 45 percent. The discount is justified because SHB’s P/E has been consistently lower than the industry average and the discrepancy is getting larger. We are concerned about the bank’s (1) higher NPL ratio, (2) its low LLC, and (3) the merger with a weak financial firm. SHB stock recently seemed to be conservative despite banking stocks waves.



Using P/B multiple and SHB’s current BVPS of VND11,782, we value SHB shares at VND7,258. In our model we applied a 45 percent discount on SHB’s multiple as we see an increasing discrepancy: SHB is trading at a P/B of 0.60x, a xx percent discount on average compared to its peer group.

P/E valuation	
SHB's 2015 EPS (VND)	748
SHB's P/E (x)	8.22
Peers' P/E (x)	11.56
Forward P/E	6.36
Target price	4,753

P/B valuation	
SHB's 2015 BV (VND)	11,782
SHB's P/B	0.60
Peers' P/B	1.12
Forward P/B	0.62
Target price	7,258

Recommendation

The stock is currently trading at VND6,900, 2.2 percent higher than our target price of VND6,750. Combined with expected dividend yields of 10.9 percent, our total expected return for SHB over a one-year time horizon is 8.7 percent. We therefore feel that the shares are FULLY VALUED for long-term investment.

TECHNICAL ANALYSIS

The technical chart has shown the price of SHB declining from its peak of 9,200 in July 14 to break down the support level of the MA50 days at 7,800 on August 3, 2015.

After reaching the support level at about 6,500, SHB has been trading sideways around 6,700 in the last three weeks. Its trading volume has been stable in this period, which reinforce the accumulation phase of this ticker.

We expect that SHB could continue to trade sideways in a NEUTRAL trend for the short-term before generating the new trend signals.

Ticker	SHB
Horizon analytic	3 to 6 months
3-month highest price	9,200
3-month lowest price	6,200
Current MA100 days	7,600
Current MA300 days	7,700
Mid-term resistance level	7,700
Mid-term support level	6,200
Recommendation	NEUTRAL



Source: VPBS

APPENDIX – VPBS PROJECTION

INCOME STATEMENT (VND billion)	2014	2015F	2016F	2017F	2018F	2019F
Interest Income						
From loans	8,064	9,982	12,222	14,777	17,491	20,702
From fixed income	895	928	1,210	1,508	1,785	2,088
From placements and others	<u>1,354</u>	<u>1,574</u>	<u>1,715</u>	<u>1,815</u>	<u>1,957</u>	<u>2,080</u>
<i>Total</i>	10,313	12,484	15,147	18,100	21,232	24,870
Interest expense	<u>(7,587)</u>	<u>(9,202)</u>	<u>(11,187)</u>	<u>(13,196)</u>	<u>(15,551)</u>	<u>(18,237)</u>
Net Interest Income	2,726	3,281	3,961	4,904	5,682	6,633
Fee income	354	401	521	651	781	938
Net gains from gold and FX dealing	66	72	79	87	96	106
Net gains from disposal of equities investment	(3)	70	(93)	(85)	84	94
Income from equity investment	8	9	9	10	11	13
Other operating income	<u>108</u>	<u>119</u>	<u>130</u>	<u>143</u>	<u>158</u>	<u>174</u>
Non-Interest Income	531	670	647	807	1,130	1,324
Total Operating Income	3,257	3,951	4,608	5,711	6,812	7,957
Staff costs	(883)	(1,067)	(1,244)	(1,656)	(2,112)	(2,467)
Other operating expenses	(724)	(1,030)	(1,249)	(1,483)	(1,722)	(1,974)
Operating expenses	(1,607)	(2,096)	(2,493)	(3,139)	(3,833)	(4,441)
Operating profit pre prov.	1,650	1,855	2,115	2,571	2,979	3,516
Provisions for loan / investment losses	<u>(288)</u>	<u>(852)</u>	<u>(891)</u>	<u>(1,101)</u>	<u>(1,112)</u>	<u>(1,256)</u>
Profit Before Tax	1,363	1,003	1,224	1,471	1,866	2,260
Taxation	<u>(222)</u>	<u>(221)</u>	<u>(245)</u>	<u>(294)</u>	<u>(373)</u>	<u>(452)</u>
Net Profit	1,141	782	979	1,177	1,493	1,808
Earnings Per Share	892	748	936	1,022	1,297	1,571

Balance Sheet (VND billion)	2014	2015F	2016F	2017F	2018F	2019F
Cash and equivalents	4,147	5,077	4,936	6,980	7,082	7,289
Loans and advances	103,048	126,593	154,549	185,558	217,191	254,106
Placements to other banks	29,491	29,202	29,494	29,788	30,086	30,387
Debt securities investment	<u>13,383</u>	<u>17,468</u>	<u>22,801</u>	<u>27,314</u>	<u>32,077</u>	<u>37,652</u>
Interest-Earning Assets	145,923	173,262	206,844	242,660	279,354	322,144
Equities investment	441	495	556	626	705	796
Fixed assets	4,106	4,516	4,968	5,465	6,011	6,612
Other assets	<u>14,419</u>	<u>16,534</u>	<u>19,012</u>	<u>21,861</u>	<u>25,137</u>	<u>28,906</u>
Total Assets	<u>169,036</u>	<u>199,885</u>	<u>236,316</u>	<u>277,591</u>	<u>318,291</u>	<u>365,748</u>
Customer deposits	123,228	152,802	184,891	220,020	255,223	296,059
Other interest-bearing liabilities	33,030	31,983	35,420	39,515	43,641	48,415
Other non-interest bearing liabilities	2,295	2,771	3,325	3,990	4,788	5,745
Shareholders' funds	<u>10,480</u>	<u>12,326</u>	<u>12,677</u>	<u>14,063</u>	<u>14,636</u>	<u>15,523</u>
Total Liabilities and Equity	<u>169,036</u>	<u>199,885</u>	<u>236,316</u>	<u>277,591</u>	<u>318,291</u>	<u>365,748</u>

SAIGON- HANOI COMMERCIAL BANK

CAMELS	2014	2015F	2016F	2017F	2018F	2019F
CAPITAL						
Capital adequacy ratio (CAR)	11.3%					
Owners' equity/ Total deposits	8.50%	8.07%	6.86%	6.39%	5.73%	5.24%
Owners' equity/ Total assets	6.20%	6.17%	5.36%	5.07%	4.60%	4.24%
ASSET QUALITY						
Earning assets/Total assets	87.19%	87.63%	88.50%	88.39%	88.69%	88.99%
NPL ratio	2.02%	3.10%	3.00%	2.80%	2.70%	2.60%
Loans losses coverage (LLC)	47.49%	40.00%	40.00%	40.00%	50.00%	50.00%
MANAGEMENT ABILITY						
Loan growth	36.06%	23.00%	22.00%	20.00%	17.00%	17.00%
Deposit growth	35.77%	24.00%	21.00%	19.00%	16.00%	16.00%
Asset growth	17.69%	18.25%	18.23%	17.47%	14.66%	14.91%
Interest income growth	29.56%	20.37%	20.70%	23.81%	15.86%	16.75%
Non-interest income growth	101.29%	26.11%	-3.48%	24.76%	40.09%	17.09%
Revenue growth	37.55%	21.31%	16.60%	23.95%	19.28%	16.81%
Net income growth	-6.95%	-1.09%	25.16%	20.20%	26.90%	21.09%
Cost/ Income ratio (CIR)	49.87%	53.06%	54.10%	54.97%	56.27%	55.81%
EARNINGS						
Net profit margin	24.28%	19.79%	21.25%	20.60%	21.92%	22.72%
Net interest margin (NIM)	2.00%	2.03%	2.06%	2.16%	2.15%	2.18%
Earning rate						
Loan rate	7.56%	7.74%	7.88%	7.96%	8.05%	8.18%
Loan rate	8.93%	8.60%	8.60%	8.60%	8.60%	8.70%
Debt instrument rate	5.52%	5.85%	5.85%	5.85%	5.85%	5.85%
Interbank Placement rate	2.08%	2.62%	2.83%	2.84%	2.96%	2.98%
Paying rate						
Deposit rate	5.28%	5.40%	5.52%	5.50%	5.57%	5.67%
Deposit rate	6.35%	6.35%	6.20%	6.12%	6.17%	6.22%
Borrowing rate	0.68%	0.44%	0.61%	0.61%	0.40%	0.19%
Bond rate	5.83%	3.50%	3.70%	3.50%	3.50%	3.80%
Spread						
Spread	2.28%	2.34%	2.36%	2.46%	2.48%	2.51%
ROE						
ROE	7.55%	6.35%	7.72%	8.37%	10.20%	11.65%
ROAE						
ROAE	7.59%	6.86%	7.83%	8.80%	10.41%	11.99%
ROA						
ROA	0.47%	0.39%	0.41%	0.42%	0.47%	0.49%
ROAA						
ROAA	0.51%	0.42%	0.45%	0.46%	0.50%	0.53%
LIQUIDITY						
Liquid asset/Total asset	84.47%	83.79%	84.49%	85.20%	85.93%	86.67%

GUIDE TO RATINGS DEFINITION

VPBank Securities (VPBS) ratings are based on a combination of short-term and long-term analysis.

We use the following long-term ratings system:

Undervalued: Expected return, including dividends, over the next 12 months is greater than 10 percent.

Fully-valued: Expected return, including dividends, over the next 12 months is from zero to 10 percent.

Overvalued: Expected return, including dividends, over the next 12 months is below zero.

We then form a short-term outlook by combining macroeconomic factors with our technical analysis scoring system. This system generates bullish, neutral or bearish signals based on analysis of trending indicators, such as moving average, PSAR, and MACD, and momentum indicators, such as RSI and MFI.

Our overall recommendation is based on the following combinations of short-term and long-term views:

Recommendation	Long-Term Value	Short-Term Trend
BUY	Undervalued	Bullish or Neutral
	Fully-valued	Bullish
HOLD	Undervalued	Bearish
	Fully-valued	Neutral
	Overvalued	Bullish
SELL	Fully-valued	Bearish
	Overvalued	Neutral or Bearish

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