

## Update Annual General Meeting for Shareholder 2023 Strategic partnership boosts long-term growth momentum

### BUY [+56%]

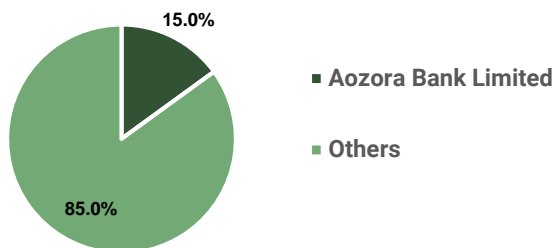
Updated: 08/05/2023

Fair price 24,800 VND  
Current price 15,950 VND

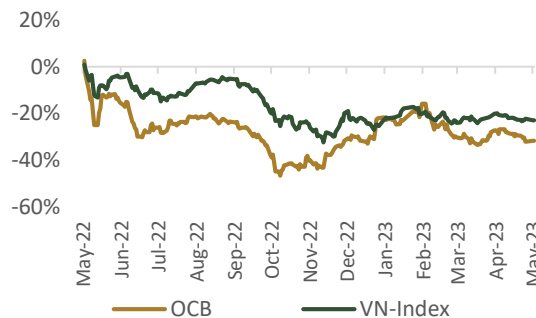
### STOCK INFORMATION

Outstanding shares (mil) 1,369.9  
Free float (mil) 753.4  
Market cap. (billion VND) 21,575.6  
3m avg. volume (shares) 1,434,534  
Foreign ownership (%) 21.3%  
First listing date 28/01/2021

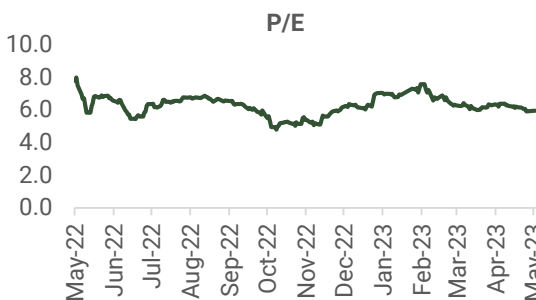
### MAJOR SHAREHOLDERS



### PRICE MOVEMENT COMPARED TO THE INDEX



### HISTORICAL VALUATION



**Key points: Business results in Q1 2023:** At the end of Q1 2023, OCB's Net Interest Income grew by 5%YoY to VND 1,751 billion, contributing 84% to Total Operating Income. Non-Interest Income of the bank was VND 339 billion, maintaining the same level compared to the same period last year. Net Profit rose 18% YoY to VND 786 billion due to the sharp decrease in the provision expense and the slow growth of lending activities.

**Business plan for 2023.** OCB plans to increase credit growth by 20% in 2023 to VND 147 trillion, while deposits grow more strongly at 26%YoY to VND 173 trillion. So, Pre-tax profit in 2023 would be VND 6,000 billion (+37%YoY). The bank plans to raise its Total Assets by 25%YoY to VND 48 trillion. The management team said that core activities of the bank grew well in 2022. Additionally, the expectation of the prosperity of investment bond trading would be the foundation for OCB to achieve its business plan in 2023. We believe that since OCB's credit growth at the end of Q1 2023 was only 1.97% YTD, the 20% credit growth target is quite challenging given weak credit demand due to high interest rates and economic stagnation.

**For loans to FLC and Dai Nam:** The Management team said that OCB has fully recovered debts of FLC and Dai Nam. For asset collaterals, the bank gave the third party time to deposit the funds. OCB bought the 265 Cau Giay building to invest in assets, OCB terminated the transaction in 2022 because FLC had not yet conducted the procedures for transferring the name due to its internal difficulties. FLC had paid the fine enough to OCB.

**Capital injection plan in 2023.** OCB plans to increase capital by 50% YTD to VND 20,548 billion from equity. The additional charter capital is used for the following purposes: (1) VND 6,176 billion is used for operation, investment, and lending activities; (2) VND 672 billion is used to invest in information technology, upgrade assets, and buy fixed assets. **Dividends:** In 2023, OCB would pay 50% stock dividend for 2022 and 2021.

**Valuation & recommendation:** We expect credit demand would be more positive in the H2 2023, thereby maintaining our projection credit growth of OCB in 2023 at 16.8%YTD. We expect the downward trend of interest rates continue in 2023, so we project NIM of OCB to be 3.87%, down 13 bps compared to 2022. Circular 02/2023/TT-NHNN allows credit institutions to restructure loans and maintain the same debt category for customers from 24 APR 2023 to the end of 30 JUN 2024. So we project NPL ratio of OCB to be 2.63% in 2023. Although challenges from the economy affect credit activities of the bank in 2023, we expect that thanks to the intrinsic strength from the core business and the recovery of Investment securities trading activities would benefit business results of OCB this year. Hence, using the Discounted Residual Income and P/B valuation methods, we raise the fair price for OCB to VND 24,800/share. So we make recommendation: Buy.

**Investment risks:** (1) Interest rate risk; (2) Risk from rising NPLs; (3) Competitive risk; (4) Market risk; (5) Legal risk; (6) Risk from corporate bonds.

Financial Indicators	2017A	2018A	2019A	2020A	2021A	2022A	2023F
Net Interest Income (billion VND)	2,401	3,436	4,101	4,982	5,766	6,948	7,620
Net Profit (billion VND)	817	1,761	2,582	3,535	4,405	3,510	4,354
EPS (VND)	1,634	2,669	3,269	3,226	3,216	2,562	3,178
EPS Growth (%)	69%	116%	47%	37%	25%	-20%	24%
Book Value (VND)	12,278	13,331	14,568	15,909	15,917	18,448	21,626
P/E	N/A	N/A	N/A	6.63	7.10	7.66	7.82
P/B	N/A	N/A	N/A	1.34	1.43	1.1	1.1
Cash dividend (VND)	5%	0%	0%	0%	0%	0%	0%