

8 Oct 2020

Nam A Bank (NAB)

Pre-listing brief

Overview

Nam A Bank was established in HCM in 1992. Its total assets reached VND95tn (+26% yoy) in 2019, ranking 23/31 domestic commercial banks in Vietnam, and held 0.9% lending market share. It increased presence significantly since 2018 and achieved 105 branches and transaction offices as of June 2020. NAB retail clients account for 84% of the bank total deposits but just 30% of loans.

NAB has a condensed shareholder structure with ~84% stake owned by 162 shareholders (2020 Annual Meeting). The bank plans to raise chartered capital from VND3.9tn to VND7tn by 2020-end via stock dividend and private placement.

Financial highlights

NAB pursues a robust growth strategy. It achieved a 2014-2019 CAGR of 34% in credit and 24% in assets. In 1H20, NAB kept its outstanding trajectory with a ytd credit growth of 13% vs. 4.65% of the whole industry. The bank's equity multiplier also mounted to 20x in 2019 from 11x in 2014. CAR came at 9.66% in 2019 (Basel I) and 8.99% in 1H20 (Basel II).

There is currently no outstanding VAMC bond as of 1H20. Receivables related to sold debts decreased from VND1.6tn as of Dec 2019 to VND1.5tn as of June 2020 and kept decreasing to VND922bn as of Aug 2020. However, NAB reported NPL ratio at 2.9% as of 1H20, an increase of 0.9%p from the beginning of the year, and NPL coverage ratio was quite small at 30%.

TOI structure skewed toward credit business as usual with 89% from NII. NFI was tiny at 7% in 1H20. Overall NIM was around 2.8-2.9% in 2018-2019 and trimmed to 2.4% in 1H20. NP saw a strong increase from VND33bn in 2016 to VND732bn in 2019. 1H20 NP reached VND160bn, decreasing 54% yoy and fulfilling 20% of 2020' guidance.

	2016A	2017A	2018A	2019A	1H20
TOI (VND bn)	1,309	1,683	1,796	2,466	1,195
chg. (% YoY)	20.7	28.6	6.7	37.3	7.2
PPE (VND bn)	527	822	642	912	478
Net profit (VND bn)	33	239	591	732	160
EPS (adj. VND)	84	615	1,369	1,622	1,393
BVPS (VND)	8,825	9,427	9,797	10,993	13,148
NIM (%)	4.3	3.4	2.9	2.8	2.4
ROE (%)	1.0	6.7	15.0	15.9	10.9
ROA (%)	0.1	0.5	0.9	0.9	0.6

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

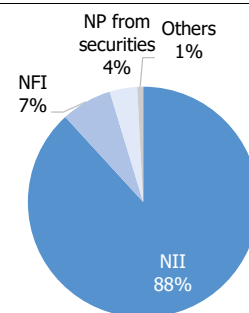
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Stock Data

Company name	Nam A Commercial JSB
Ticker	NAB
Scheduled listing day	10/9/2020
Reference price (VND)	13,500
Sector	Bank
Sub-sector	Commercial bank
Paid-in capital (VND bn)	3,890
Listed shares	389,005,328
Outstanding shares	389,005,328
Major shareholders (%)	
Pacific Dragon Co., Ltd.	14.2
Nguyen Quoc Toan	5.0

Source: Bloomberg, Company data

Revenue structure 1H20

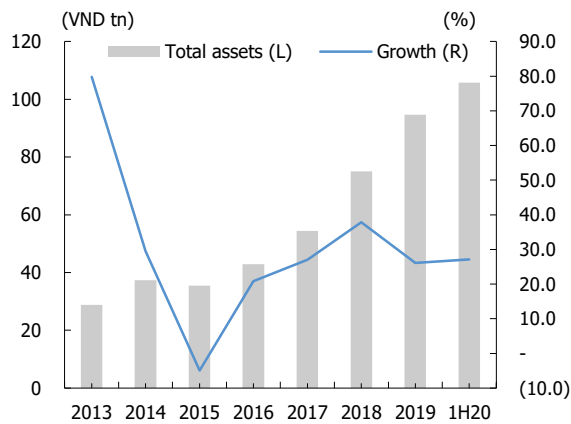


Source: Company data

Yen Tran

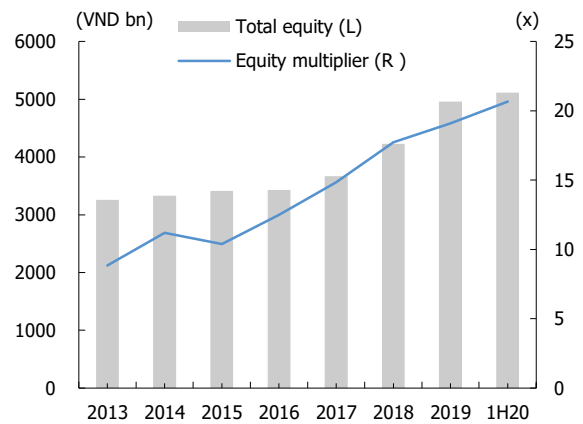
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Figure 1. NAB total assets



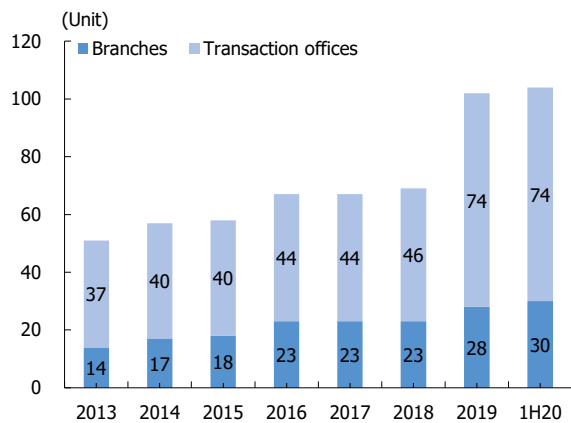
Source: Company data, KIS

Figure 2. NAB total equity



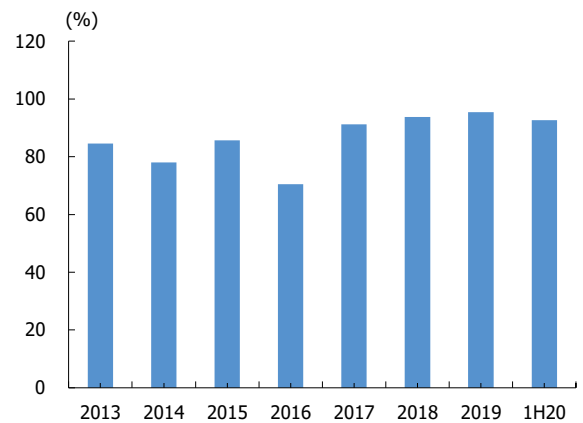
Source: Company data, KIS

Figure 3. NAB distribution network



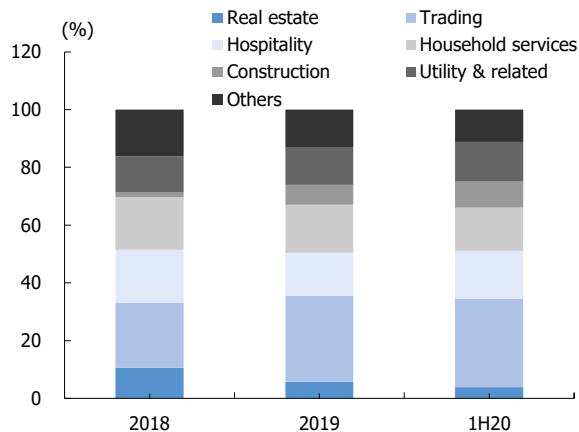
Source: Company data, KIS

Figure 4. NAB pure LDR



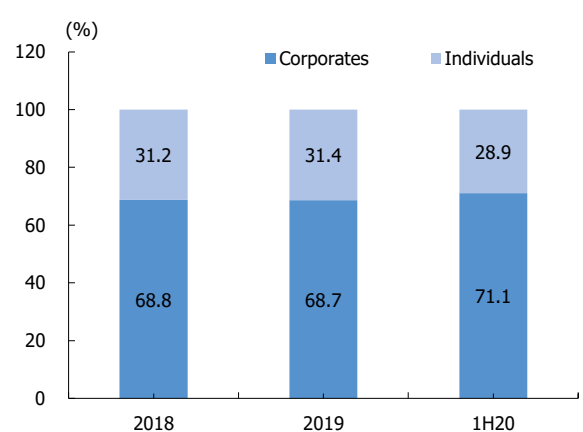
Source: Company data, KIS

Figure 5. NAB loans by sectors



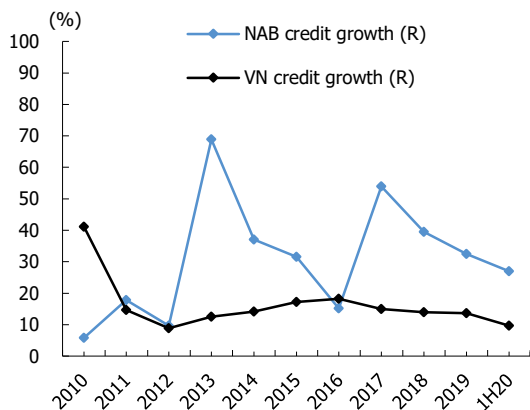
Source: Company data, KIS

Figure 6. NAB loans by type of customers



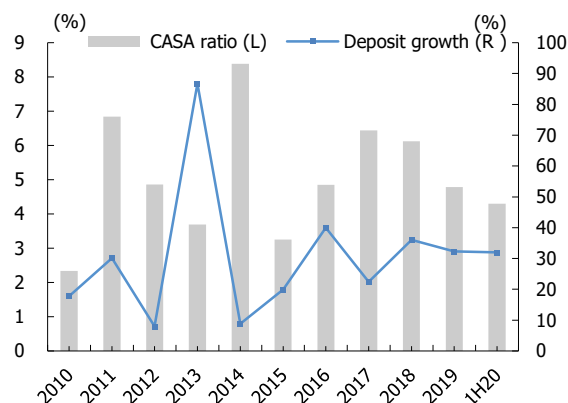
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Figure 7. NAB credit growth



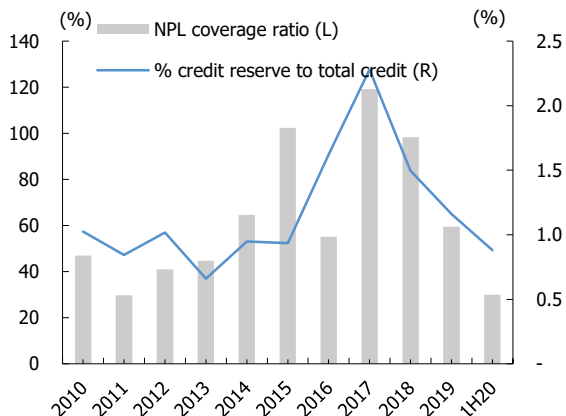
Source: Company data, KIS

Figure 8. NAB deposit growth



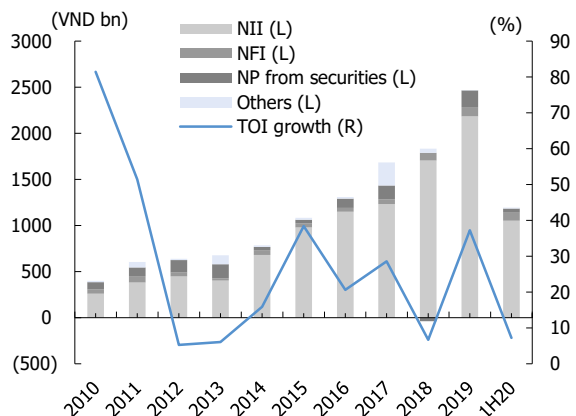
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Figure 9. NAB bad debt coverage



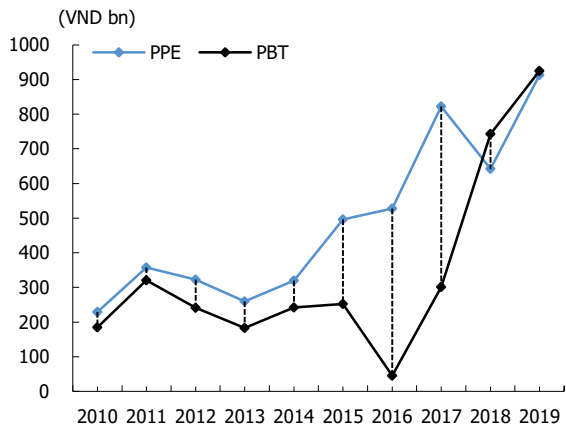
Source: Company data, KIS

Figure 10. NAB TOI breakdown



Source: Company data, KIS

Figure 11. NAB PPE and PBT



Source: Company data, KIS

Figure 12. NAB ROE and ROA



Source: Company data, KIS

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