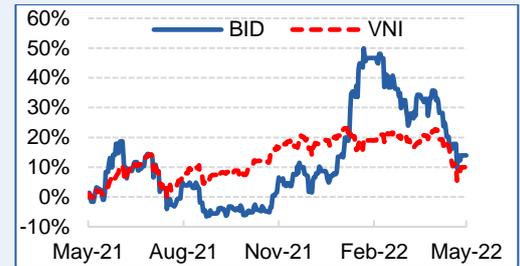


Industry:	Banking		2021	Q1 22	2022F
Report Date:	May 4, 2022	PPOP y/y	33.0%	12.6%	10.7%
Current Price:	VND37,250	NPAT y/y	50.1%	33.7%	46.1%
Target Price*:	VND42,300	EPS y/y	57.5%	34.9%	46.7%
Upside:	13.6%	NIM	2.90%	2.87%	2.92%
Dividend Yield:	2.1%	NPLs/loans	1.00%	0.97%	1.10%
TSR:	15.7%	CIR	31.1%	26.6%	31.8%
Rating*:	MARKET PERFORM	P/E	23.4x	N/A	15.9x
		P/B	2.3x	2.2x	2.1x



			BID	Peers	VNI
Market Cap:	USD8.1bn		21.3x	8.7x	14.7x
Foreign Room:	USD178mn	P/E (ttm)	2.2x	1.7x	2.3x
ADTV30D:	USD4.2mn	P/B (curr)	13.3%	21.9%	15.8%
State Ownership:	81.0%	ROE (ttm)	0.7%	1.9%	2.6%
Outstanding Shares*:	5.058 bn	ROA (ttm)			
Fully Diluted Shares*:	5.058 bn				

Company Overview

Founded in 1957, BID is the largest bank among our coverage banks as calculated by total assets as of December 31, 2021. BID has one of the top three largest bank networks in Vietnam. The bank had its IPO in 2011 and listed shares on January 24, 2014.

BID tracks relatively in line with 2022 forecast

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BID released Q1 2022 results with TOI of VND16.2tn (USD706mn; +11.1% YoY) and NPAT-MI of VND3.6tn (USD155mn; +34.9% YoY), achieving 23.2% and 23.0% of our FY2022 forecasts, respectively. The increase in the bottom line was mainly due to (1) an 18.4% YoY increase in NII, (2) 7.1% YoY increase in OPEX that lagged TOI growth of 11.1% and (3) relatively flat provision expenses, which were partly offset by a 9.9% YoY decrease in Noll. We see no material change to our current forecast for BID's earnings, pending a fuller review.

BID experienced slightly lower credit growth in Q1 2022 compared to VCB and CTG. While Q1 2022 credit growth at CTG and VCB was 9.09% QoQ and 6.94% QoQ, respectively, it was 4.61% QoQ at BID. BID's Q1 2022 credit growth was led by 4.67% QoQ growth in loans to customers as its corporate bond balance decreased 0.57% QoQ.

NIM flat on a YoY basis. NIM of SOE banks went in different directions in Q1 2022. While CTG reported a YoY decrease and VCB reported a YoY increase in Q1 2022 NIM, BID reported flat YoY NIM as a 36-bp YoY decrease in COF offset a 35-bp YoY decrease in IEA yield. One similarity in the SOE banks' Q1 2022 results was improvement in CASA ratios on both a QoQ and YoY basis, which we believe could be partly derived from the "zero-fee programs" that these banks have run since the beginning of 2022.

Weak Q1 2022 Noll growth caused by weak NFI and gains from trading activities. BID's Q1 2022 Noll decreased 9.9% YoY to VND3.4tn, which was mainly due to (1) an 11.1% YoY decrease in pure NFI, which could be partly derived from the zero-fee program that BID launched at the beginning of the year, (2) a VND2bn loss from trading securities vs a VND451bn gain in Q1 2021, and (3) a 19.2% YoY decrease in net other income. These are partly offset by (1) a 54.2% YoY increase in gains from FX trading and (2) VND2bn gain from investment securities vs a VND331bn loss in Q1 2021.

Q1 2022 provision expenses were relatively flat on a YoY basis. BID reported Q1 2022 provision expenses of VND7.4tn (+3.0% YoY) on the back of a 79-bp YoY decrease in the Q1 2022 NPL ratio. We believe BID could have booked additional provision expenses for restructured loans worsening QoQ and/or its intention to improve its provisioning buffer.

NPL ratio dropped below 1% in Q1 2022. The Q1 2022 NPL ratio decreased to 0.97% (-3 bps QoQ -79 bps YoY) vs our full-year forecast of 1.1%. Group 2 loans relative to gross loans inched up to 1.39% in Q1 2022 (+27 bp QoQ and +20 bps YoY). Q1 2022 accrued interest over IEAs was 0.66%

(+4 bps QoQ and -16 bps YoY). Q1 2022 LLR and annualized credit costs were 259% (+1.5 pts YoY) and 2.09% (-24 bps YoY), respectively. BID recorded VND884bn of write-offs in Q1 2022 (vs VND2.8tn in Q1 2021) — equivalent to a write-off rate over gross loans of 0.06%. Note that BID revised its Q4 2021 numbers in its financial statements.

Figure 1: BID's consolidated Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY
NII	10,830	12,826	18.4%
Non-interest income	3,775	3,401	-9.9%
OPEX	(4,037)	(4,322)	7.1%
PPOP	10,569	11,905	12.6%
Provision expenses	(7,173)	(7,391)	3.0%
NPAT-MI	2,648	3,571	34.9%
Loan growth**	1.6%	4.7%	3.1 pts
Deposit growth**	-0.1%	1.2%	N/A
NIM	2.87%	2.87%	0.0 bps
Asset yield	6.38%	6.03%	-35.0 bps
Cost of funds	3.72%	3.36%	-36.0 bps
CASA ratio*	18.3%	20.3%	2.0 pts
CASA ratio plus term deposits in FX	21.1%	23.8%	2.7 pts
CIR	27.6%	26.6%	-1.0 pts
NPLs/gross loans	1.76%	0.97%	-79.0 bps
Group 2 loans/gross loans	1.19%	1.39%	20.0 bps
Accrued interest/ IEAs	0.82%	0.66%	-16.0 bps

Source: BID, VCSC; (*) CASA calculation consists of demand, margin and specific purpose deposits; ** Q1 2021 and Q1 2022 loan and deposit growth is QoQ growth.

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Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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