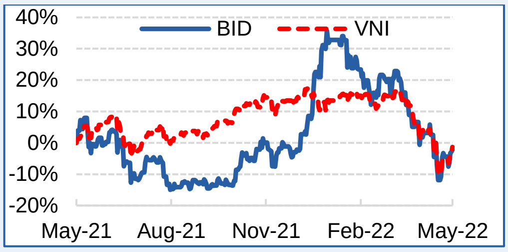
VIET CAPITAL SECURITIES

BIDV (BID) [BUY +27.5%]

Update Report

			2021	2022F	2023F	2024F
Industry:	**Banking**					
Report Date:	**May 31, 2022**	PPOP y/y	33.0%	8.2%	16.3%	11.2%
Current Price:	VND35,300	NPAT y/y	50.1%	54.8%	23.2%	24.3%
Target Price:	VND44,200	EPS y/y	57.5%	55.4%	23.2%	24.3%
Last Target Price:	VND42,300	NIM	2.90%	2.95%	3.14%	3.22%
		NPLs/loans	1.00%	1.10%	1.25%	1.40%
Upside to TP:	25.2%	CIR	31.1%	32.5%	33.2%	33.7%
Dividend Yield:	2.3%	P/E	22.2x	14.3x	11.6x	9.3x
TSR:	27.5%	P/B	2.1x	1.9x	1.7x	1.5x



			BID	Peers	VNI
Market Cap:	USD7.7bn				
Foreign Room:	USD168mn	P/E (ttm)	20.2x	8.2x	13.9x
ADTV30D:	USD2.4mn	P/B (curr)	2.1x	1.6x	2.2x
State Ownership:	81.0%	ROE	13.3%	22.0%	15.9%
Outstanding Shares:	5.058 bn	ROA	0.7%	1.9%	2.6%
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.

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Asset quality improvements unburden BID

- We raise our target price (TP) for BID by 4.5% to VND44,200/share but upgrade our rating from MARKET PERFORM to BUY as the bank's share price has decreased ~18% over the past three months.
- Our higher TP is mainly due to the positive effect of rolling it forward to mid-2023, which is partly offset by a 1.2% decrease in our projection for aggregate 2022-2026F NPAT-MI. We keep our target P/B for BID at 2.1x.
- The decrease in our 2022-2026F earnings is underpinned by a 13.9% decline in pure NFI following higher-than-expected impact from the zero-fee program, which is partly offset by (1) a 1.5% aggregate increase in NII thanks to an upward revision in our projection for BID's CASA ratio, (2) 13.6% aggregate increase in gains from FX trading and (3) 0.9% aggregate decrease in provision expenses.
- We raise our forecast for 2022F NPAT-MI by 5.6% to VND16.3tn (USD673mn; +55.2% YoY) following (1) a 7.9% decrease in our projection for provision expenses (as BID continued to show strong evidence of improvement in official credit quality metrics as well as restructured loans) and (2) 22.7% increase in gains from FX trading, which are partly offset by a 13.9% decrease in pure NFI. We maintain our projection for recovery from written off bad debts at VND8.8tn.
- Main risks: (1) Capital raising is required to sustain future loan growth, posing dilution risk; (2) higher-than-expected support measures for customers that dampen NIM.

Positive and most aggressive guidance among SOE banks. While CTG guides for implied 2022F PBT growth of 14.8% YoY (despite aiming to book the first batch of its upfront bancassurance fee in 2022) and VCB guides for PBT growth of a minimum 12% YoY, BID has set more aggressive earnings guidance for PBT growth of 52.1% to VND20.6tn (USD896mn). BID's chairman is confident that the bank can achieve this target as provision expenses are expected to ease in 2022 after BID made aggressive provisioning to resolve its legacy bad debts over the last few years. With the post-COVID economic recovery that we have seen so far and a decrease in restructured loans, we are positive regarding the earnings of SOE banks this year. We forecast for aggregate net income of SOE banks to increase by 45.7% YoY in 2022.

Official credit quality improved in Q1 2022. For the first time since 2017, BID successfully brought down its official credit quality metrics to the peer level in Q1 2022 (see page 4). Q1 2022 was also the first time that BID's NPL ratio grossed up for the write off rate and net VAMC over gross loans went below that of CTG. BID's Q1 2022 restructured loans also experienced a significant improvement as restructured loans over gross loans decreased to 1.48% from 1.85% in Q4 2021. We believe that 2022 will mark a new milestone for BID. With a cleaner balance sheet and lower provisioning, we expect BID's NPAT-MI to grow at a CAGR of 22.3% in 2022-2025.

Q1 2022 Recap: Provisioning remains elevated, increasing LLR

Figure 1: BID's Q1 2022 results

VND bn	Q1 2021	Q1 2022	Y-o-Y	% VCSC 2022F (Old)	VCSC comments
Net interest income (NII)	10,830	12,826	18.4%	23.8%	* Q1 2022 NII increased 18.4% but although NIM was flat on a YoY basis as loans to customers grew at a faster pace than deposits from customers — 4.7% QoQ and 1.2% QoQ, respectively. * Q1 2022 credit growth was 4.6%, in which corporate bonds dropped 0.6% QoQ. BID's Q1 2022 corporate bond book accounted for 0.99% of total credit exposure, which was the lowest level among the three SOE banks in our coverage universe.
Net fee income (NFI) (includes FX)	1,813	1,860	2.5%	19.6%	* Q1 2022 pure NFI decreased 11.1% YoY mainly due to downward pressure from payment settlement fees that was derived from the zero-fee program BID launched at the beginning of the year. This was partly offset by a 4% YoY increase in the card business, 17% YoY increase in trade finance and 68% YoY increase in the insurance business (from a low base), per the bank. * Meanwhile, gains from FX trading increased 54.2% YoY to VND585bn. We believe that BID could have benefited in Q1 2022 from highest FDI inflows in the last six years.
Total non-interest income (NoII)	3,775	3,401	-9.9%	21.1%	* BID reported a net loss of VND313mn from trading and investment securities vs a net gain of VND120bn in Q1 2021. Net other income decreased 19.2% YoY.
TOI	14,605	16,227	11.1%	23.2%	
OPEX	(4,037)	(4,322)	7.1%	19.4%	
Pre-provision operating profits (PPOP)	10,569	11,905	12.6%	25.0%	
Provision expenses	(7,173)	(7,391)	3.0%	26.6%	* Q1 2022 provision expenses increased by 3.0% YoY to VND7.4tn 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 worsening restructured loans QoQ and/or its intention to improve its provisioning buffer. * Q1 2022 LLR climbed to 259% from 215% in Q4 2021 and 108% in Q1 2021.
NPAT-MI	2,648	3,571	34.9%	23.0%	
Net-interest margin (NIM)	2.87%	2.87%	0 bps		
Interest-earning asset (IEA) yields	6.38%	6.03%	-35 bps		* We attribute the decrease in BID's IEA yield to concessionary lending rate and/or support lending packages.
Cost of funds (COF)	3.72%	3.36%	-36 bps		
CASA ratio	18.3%	20.3%	2.0 ppts		
CASA with term deposits in foreign currencies	21.1%	23.8%	2.7 ppts		
Cost to income ratio	27.6%	26.6%	-1.0 ppts		
Non-performing loans (NPLs)	1.76%	0.97%	-79 bps		* Q1 2022 NPL ratio dropped below 1% for the first time since 2015. * Q1 2022 write-off rate over gross loans was relatively low at 0.06%.
Loan growth (3M)	1.6%	4.7%	3.1 ppts		* Q1 2022 loan growth was the lowest among the SOE banks and was mainly driven by the retail (+8.1% QoQ) and SME segments (+5.1% QoQ), per our estimation. * Q1 2022 retail loans were primarily driven by (1) mortgages (+8.4% QoQ) and (2) commercial and production (+9.3% QoQ)
Deposit growth (3M)	-0.1%	1.2%	N/A		

Source: BID, VCSC. NIM, IEA yields, COF are calculated with Q1 2020 / Q1 2021 – Q1 2021 / Q1 2022 average denominators; CASA consists of demand, specific purposes and margin deposits.

2022F Outlook: Provision forecast lowered as elevated provision buffers are already built

Figure 2: VCSC's 2022 forecast

VND bn	2021	2022F New	2022F Old	YoY	VCSC comments
NII	46,823	54,318	53,788	16.0%	* We raise our projection for 2022F NII by 1.0% following a 3-bp upward revision in our NIM assumption. * We maintain our assumption for 2022F credit growth at ~12%.
NFI (Includes FX)	8,510	8,925	9,477	4.9%	* We cut our forecast for 2022F pure NFI by 13.9% mainly because of a downward revision in our forecast for payment fee services as we believe we previously underestimated the impact of the zero-fee program on BID. * Meanwhile, we raise our projection for 2022F gains from FX trading by 22.7% to VND2.6tn following an outstanding result of this category in Q1 2022.
Total NoII	15,671	14,633	16,137	-6.6%	* We maintain our forecast for 2022F recovery from written-off bad debts at VND8.8tn (+10% YoY). At BID's recent AGM, the chairman shared that the bank targets to collect VND8tn of this category in 2022 and will make efforts to collect VND9tn – in line with our expectation. * We forecast for losses from trading and investment securities as a result of a surge in Government bond yields.
TOI	62,494	68,951	69,924	10.3%	
OPEX	(19,465)	(22,385)	(22,266)	15.0%	
PPOP	43,029	46,566	47,659	8.2%	
Provision expenses	(29,481)	(25,588)	(27,795)	-13.2%	* We cut our projection for 2022F provision expenses by 7.9% relative to our previous Update Report as there was a significant improvement in the restructured loan balance in Q1 2022 and we expect for some provision expense reversals this year. At the recent AGM, the bank set a target to book ~VND23tn of provision expenses in 2022. In the last five years, the bank used its earnings to increase its provisioning buffer, improve its credit ratios and resolve legacy bad debts; therefore, the bank expects that its provisioning burden will ease beginning in 2022.
NPAT-MI	10,540	16,362	15,494	55.2%	
NIM	2.90%	2.95%	2.92%	5 bps	
IEA yield	6.26%	6.47%	6.46%	21 bps	* We maintain our assumption for BID to continue to run lending support packages for customers lower than last year's level of VND7.9tn.
COF	3.56%	3.73%	3.75%	17 bps	* We maintain our view that the deposit rate will increase in 2022 as the economy recovers; however, the magnitude will be less than or equal to 50 bps to support the economy. * Nevertheless, we cut our projection for 2022F COF by 2 bps as we revise up our assumption for CASA ratio following a positive CASA improvement in Q1 2022 that we believe was partly derived from BID's zero-fee program.
CASA ratio	19.7%	22.1%	21.1%	232 bps	
CIR	31.1%	32.5%	31.8%	132 bps	
NPL ratio	1.00%	1.10%	1.10%	10 bps	* We maintain our 2022F NPL ratio assumption at 1.1%. As BID already booked 100% of additional provision expenses for restructured loans as of Q1 2022, we foresee a low likelihood of significant NPL formation in 2022 — even when Circular 14 does not allow for new restructuring to be done after June 30, 2022.
Gross loans	1,354,634	1,517,190	1,517,190	12.0%	
Customer deposits	1,380,398	1,546,046	1,546,050	12.0%	
Valuable papers	123,682	140,682	138,682	13.7%	* We expect that BID will continue to raise CDs and tier-2 bonds in 2022 to improve its CAR and regulated LDR.
Total assets	1,761,696	1,969,027	1,966,589	11.8%	
ROAE	13.2%	18.7%	17.8%	547 bps	
ROAA	0.64%	0.88%	0.83%	23 bps	
Regulated LDR	83.4%	82.6%	82.2%	-80 bps	

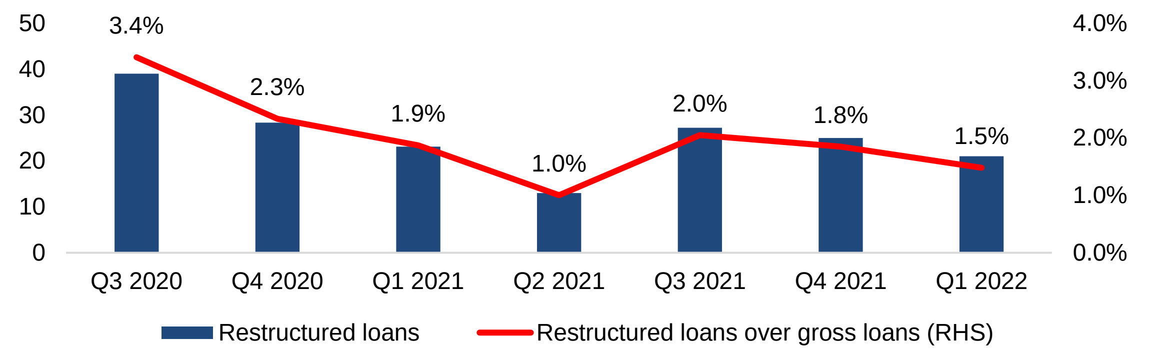
Source: BID, VCSC. CASA consists of demand, specific purposes and margin deposits.

BID's restructured loans under Cir.14 continued their downtrend in Q1 2022. BID's restructured loans decreased from VND25tn in Q4 2021 (equivalent to 1.85% of gross loans) to VND21tn in Q1 2022 (equivalent to 1.48% of gross loans). Given BID's largest balance sheet among our coverage banks and as this was the second quarter that BID reported a QoQ decrease in restructured loans after Vietnam's severe fourth wave of COVID-19 in Q3 2021, we believe that restructured loans of banks in our coverage universe will continue to trend down in the next few quarters.

In Q1 2022, all banks in our coverage universe (excluding STB due to lack of data) experienced a QoQ decrease in restructured loans amid the end of COVID-19 social distancing measures and an economic recovery. Aggregate restructured loans over gross loans as of Q1 2022 for banks in our coverage universe (excluding STB) decreased to 1.23% from 1.72% in Q4 2021. The main declines were focused at BID, VCB, LPB and VPB.

BID finished booking its entire additional provision expense obligation for restructured loans in Q1 2022. The banks that have fully provisioned for restructured loans include VCB, ACB, MBB, HDB and TCB. As half of the banks in our coverage universe fully booked additional provision expenses for restructured loans, we see no material impact on banks in our coverage universe — even when Circular 14 does not allow for new restructuring to be done after June 30, 2022.

Figure 3: BID's restructured loans (VND tn)



Source: BID, VCSC

Official credit quality metrics at BID converged with the peer level for the first time since 2017. In the last four years, BID has made strong provisioning in order to write off NPLs and clean its balance sheet. The fruits of this labor was evident as BID's credit quality metrics converged with the peer level in Q1 2022. BID's NPL ratio as of Q1 2022 of 0.97% was the lowest for quarters that we have records for and was the fourth lowest in our coverage universe. BID's provisioning buffer also improved significantly with LLR of 259%, ranking second in our coverage universe in Q1 2022.

Figure 4: Group 2 loans over gross loans and NPL ratio grossed up for write-off rate of BID and banks in our coverage universe excluding BID (%)

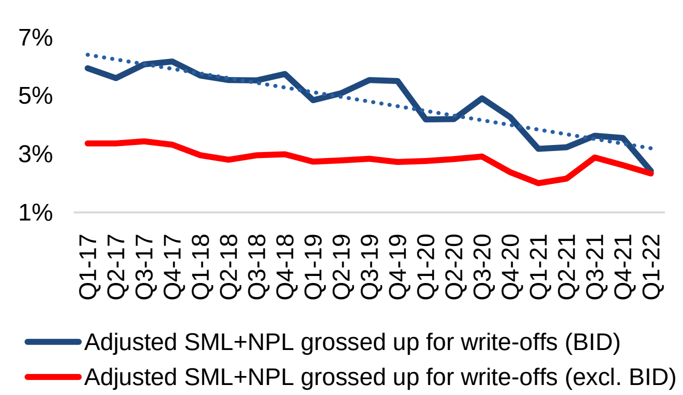
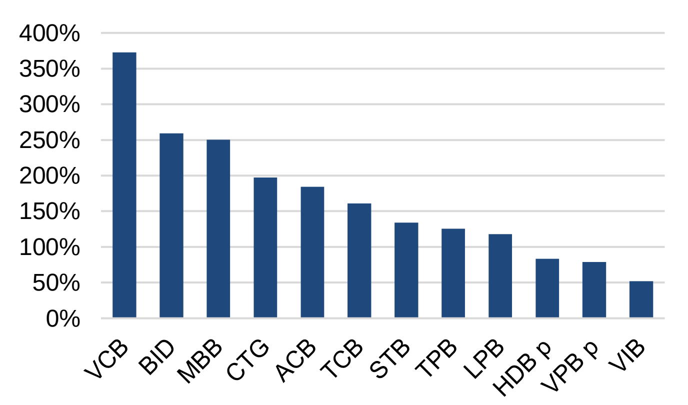


Figure 5: Q1 2022 LLR of banks in our coverage universe



Source: Company data, VCSC (p denotes parent)

Figure 6: NIM and NII (VND bn)

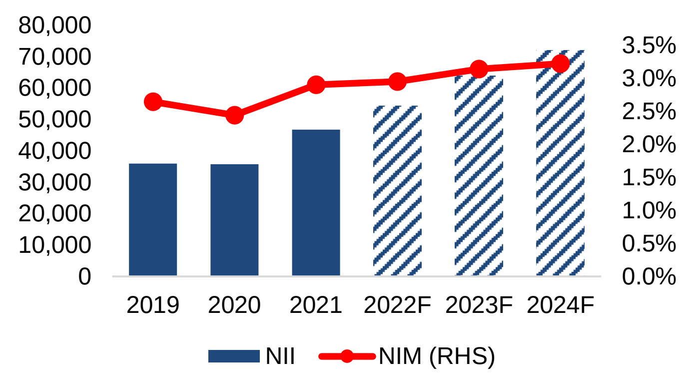
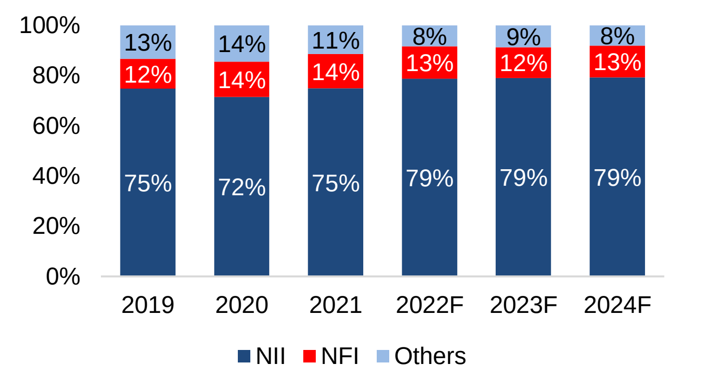


Figure 7: TOI components



Source: BID, VCSC

Figure 8: OPEX, provision expenses & PBT as % of TOI

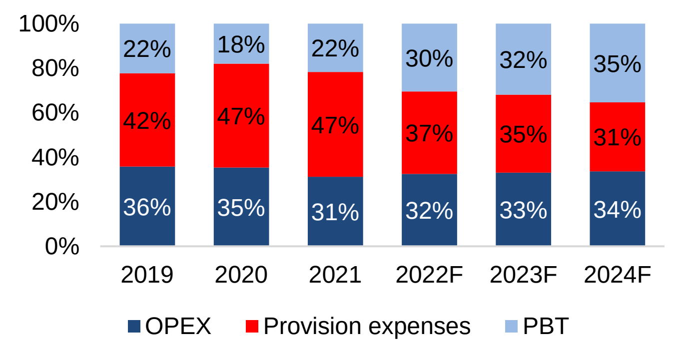
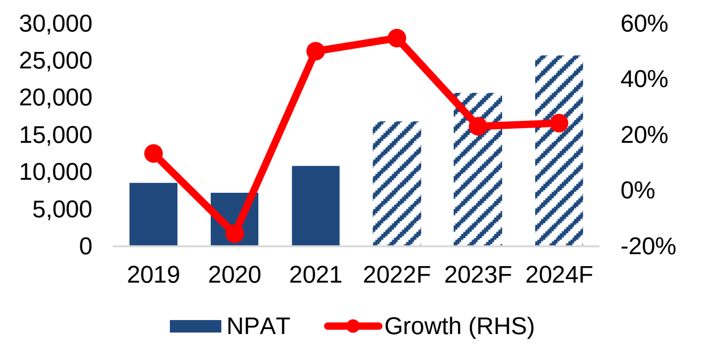


Figure 9: NPAT (VND bn) and NPAT growth



Source: BID, VCSC

Figure 10: Risk-weighted assets over total assets

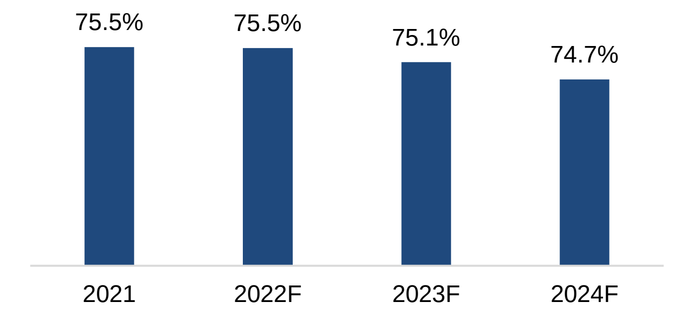
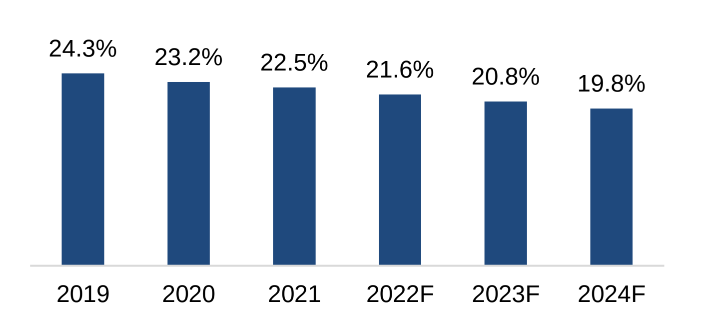


Figure 11: Lending market share in our coverage



Source: BID, VCSC

Figure 12: IEA yields, funding costs and net interest spread (Q1 2022)

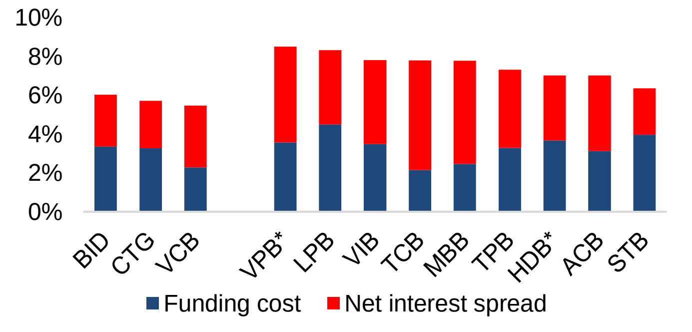
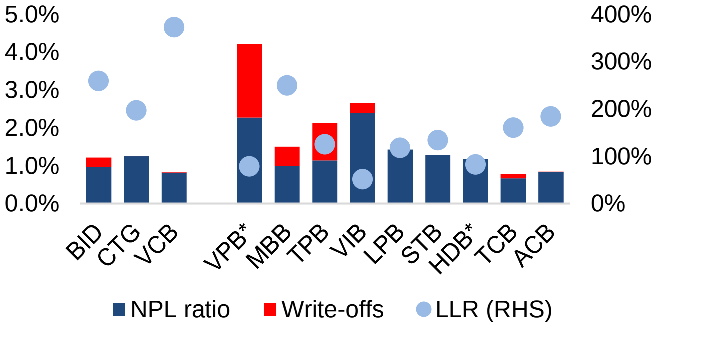


Figure 13: NPLs, write-offs over gross loans and LLR (Q1 2022)**



Source: Company data. (*) Parent bank only; (**) LLR is percentage of total provisions over Group 3-5 loans.

Valuation

We utilize two valuation methodologies to reach our estimated target price for mid-2023, including (1) a residual income method and (2) target P/B valuation — with a 50% weighting assigned for each method.

In this Update Report, we increase our TP by 4.5% to VND44,200/share following the positive effect of rolling it forward to mid-2023, which is partly offset by a 1.2% decrease in our projection for aggregate 2022-2026F NPAT-MI. Meanwhile, we keep our target P/B for BID at 2.1x.

Our lower aggregate 2022-2026F NPAT-MI is mainly driven by a 13.9% decrease in pure NFI following higher-than-expected impact from BID's zero-fee program, which is partly offset by (1) a 1.5% aggregate increase in NII thanks to an upward revision in our projection for CASA ratio, (2) 13.6% aggregate increase in gains from FX trading and (3) 0.9% aggregate decrease in provision expenses.

Figure 14: Valuation summary

(VND/share)	Fair value	Weighting	Contribution
Number of outstanding shares (billion)			5.058
Residual income	48,000	50%	24,000
Target P/B @ 2.1x average 2022/23F	40,300	50%	20,200
Target Price (TP)			**44,200**
Current Price			35,300
Upside to TP (%)			25.2
Dividend yield (%)			2.3
TSR (%)			27.5
2022F P/B at TP			**2.43**
Rating			**BUY**

Source: VCSC (values in VND per share unless otherwise stated)

Residual income model

Figure 15: Residual income model

(VND bn)	2022F	2023F	2024F	2025F	2026F
ROE (Beginning period)	19.7%	21.9%	24.5%	25.8%	25.7%
COE	12.5%	12.5%	12.5%	12.5%	12.5%
Economic margin	7.18%	9.40%	11.97%	13.32%	13.20%
Equity value (Beginning period)	83,135	92,009	102,349	115,918	132,720
Residual income (RI)	2,985	8,652	12,247	15,443	17,517
PV of RI	2,815	7,251	9,123	10,226	10,311
Sum PV of RI					39,725
PV of Terminal value (4.0% intermediate growth for 10 years and thereafter at 3.0% growth)					79,370
Beginning EV (average book value 2021/22F)					87,572
Current equity value					**242,576**
Total outstanding shares (billion)					5.058
Fair value per share (VND)					**48,000**

Source: VCSC

Figure 16: Cost of equity

Cost of equity	
Risk free rate* (%)	5.5
Beta	1.0
Market risk premium (%)	7.0
COE (%)	12.5

Source: VCSC. (*) Average 12-month deposit rate at SOE banks.

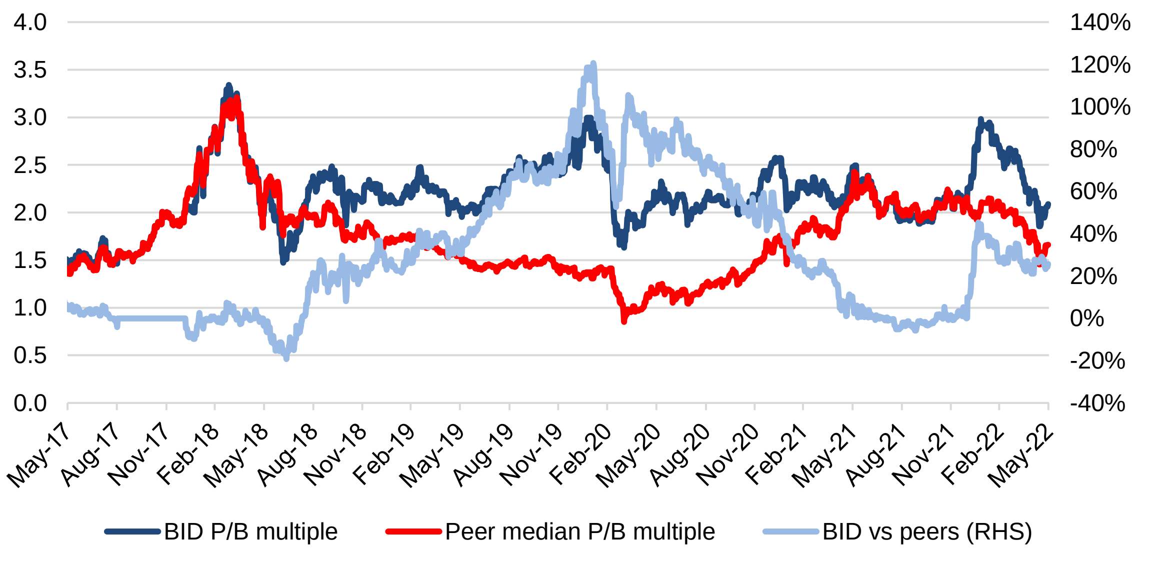
Target P/B

Throughout the past five years, BID has been trading at a 25.3% premium to its peers at an average trailing P/B of 2.19x (see **Figure 18**). We observe that the divergence between BID's P/B multiple and its peers narrowed from a peak of 109% in February 2020 to a trough of -6.2% in September 2021, which we believe was mainly due to (1) the uncertainty of COVID-19 because BID would be expected to run heavy support packages to support the economy as a SOE bank, and (2) the superior asset quality of its peers. From end-September 2021 to March 1, 2022, the gap widened to 28.4%, which we attribute to (1) the expectation for an economic recovery, which provides SOE banks room to lower their support packages and/or provision expenses and (2) significant improvement in BID's asset quality relative to peers (see **Figure 4**).

In this Update Report, we set our target P/B for BID at 2.1x, implying a 23.5% premium to the peer median target P/B of 1.7x. This reflects our view that the premium between BID's P/B multiple and its peers will remain as the economy recovers and provision expenses at the bank eases.

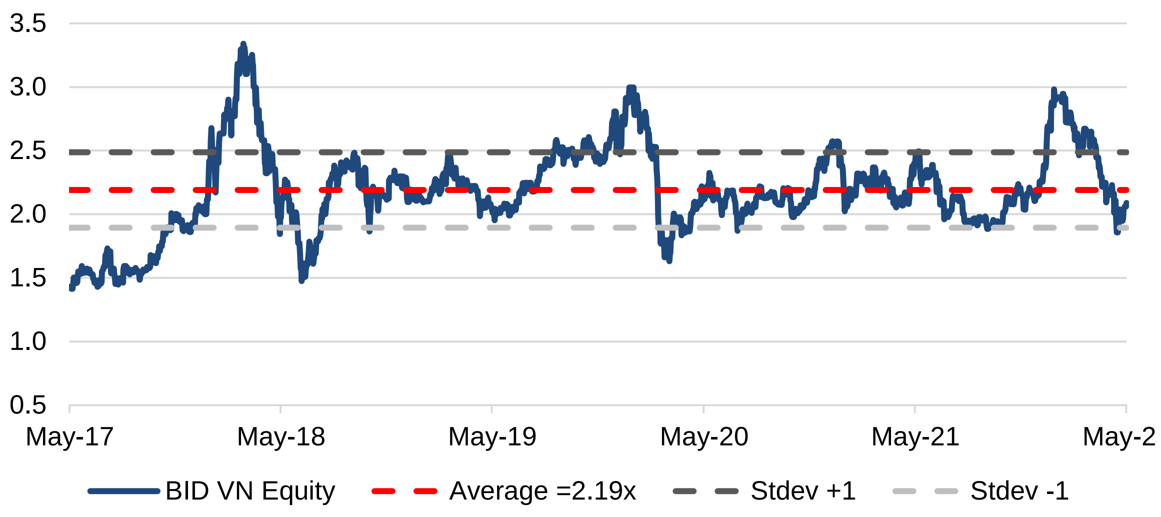
In our opinion, BID deserves to maintain a premium valuation relative to the median peer level because it is the largest lender in Vietnam with total assets of USD80.3bn and outstanding loans reaching USD61.6bn — equivalent to a 22.8% lending market share of our banking sector coverage in Q1 2022. The bank also has the biggest retail lending book on an absolute basis among our coverage with a CAGR of 15.2% in 2017-2021. The bank has traded above the VND26,900/share adjusted buy-in price of KEB Hana since that transaction was officially announced on July 22, 2019.

Figure 17: BID's P/B multiple vs peer median



Source: Bloomberg as of May 30, 2022, VCSC

Figure 18: Trailing P/B for BID in the past five years



Source: Bloomberg as of May 30, 2022, VCSC

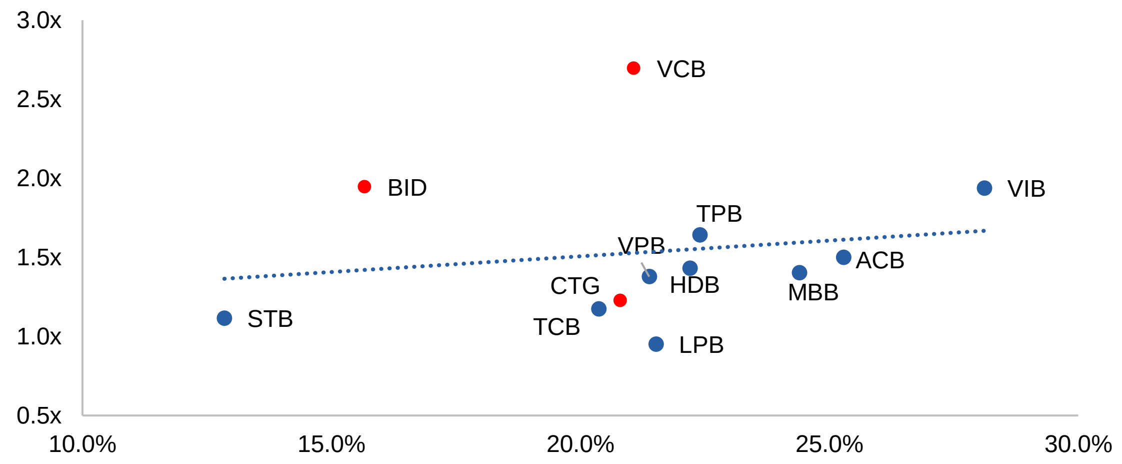
Figure 19: Sensitivity of "fair" P/B for BID for different ROEs and terminal growth rates derived from the Gordon Growth Model, ceteris paribus

		Sustainable ROE				
		17.6%	**19.1%**	**20.6%**	**22.1%**	**23.6%**
Terminal growth (g)	**2.0%**	1.49	1.63	1.77	1.91	2.06
	2.5%	1.51	1.66	1.81	1.96	2.11
	3.0%	1.54	1.69	1.85	2.01	2.17
	3.5%	1.57	1.73	1.90	2.07	2.23
	4.0%	1.60	1.78	1.95	2.13	2.31

Source: VCSC (our sustainable ROE is computed as an average of 2016-2026F ROE)

Our target P/B used in this Update Report represents a 13.4% premium to the fair P/B derived from the Gordon Growth Model (GGM) (see **Figure 19**) because the calculation of sustainable ROE is derived from an average ROE in 2016-2026F. However, this period includes 2020 ROE at 9.5%, which we believe is not representative of a future sustainable ROE for BID as the bank was in the final stage of a five-year restructuring plan (2015-2020) with the last VAMC special bond disposal occurring in Q1 2020. In addition, we believe BID possesses benefits from being a SOCB. Like CTG and VCB, BID receives competitive advantages in branching scale and reputation that allow the bank to expand its market share in the retail segment by giving competitive rates to customers.

Figure 20: Vietnam banks P/B (y-axis) and ROE (x-axis) (2022F)



Source: Bloomberg as of May 30, 2022, VCSC

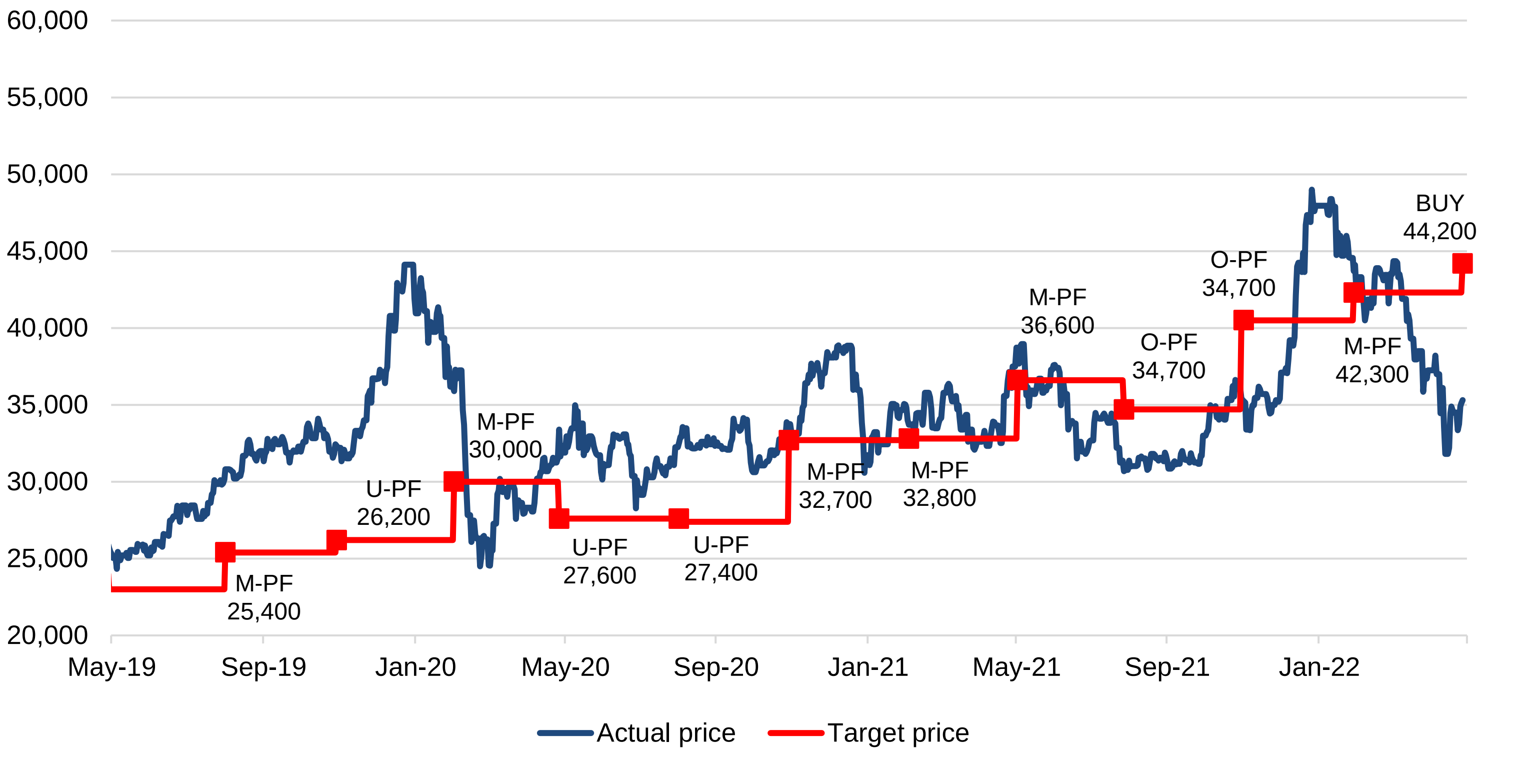
Figure 21: Consensus data of Vietnamese banks from Bloomberg

Bloomberg Ticker	Market Cap. (USD bn)	P/E			P/B			ROE			ROA	Equity Multi-plier	NPL ratio
		2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F	TTM	2021	2021
ACB VN	3.72	8.3	7.0	5.8	1.79	1.50	1.23	24.2%	25.3%	23.2%	2.1%	11.75	0.77%
CTG VN	5.66	10.7	6.3	5.2	1.34	1.23	1.05	13.0%	20.8%	21.8%	0.8%	16.35	1.26%
MBB VN	4.58	7.8	7.1	5.4	1.66	1.40	1.11	23.7%	24.4%	23.7%	2.4%	9.72	0.90%
VCB VN	15.92	16.1	14.2	11.6	3.16	2.70	2.25	21.1%	21.1%	21.7%	1.7%	12.73	0.64%
VPB VN	6.06	8.2	7.2	6.9	1.61	1.38	1.14	24.0%	21.4%	17.6%	3.4%	6.33	4.47%
STB VN	1.85	10.9	9.9	5.8	1.21	1.12	0.95	11.9%	12.9%	18.3%	0.7%	15.21	1.47%
HDB VN	2.24	8.0	7.0	6.1	1.66	1.43	1.21	23.1%	22.2%	20.6%	1.8%	12.17	1.65%
TCB VN	5.72	6.9	6.2	5.2	1.36	1.17	0.96	21.7%	20.4%	19.4%	3.6%	6.11	0.66%
TPB VN	2.25	10.0	8.1	6.5	1.91	1.64	1.31	22.0%	22.4%	22.5%	1.9%	11.27	0.82%
VIB VN	2.46	8.5	7.7	6.1	2.19	1.94	1.48	29.5%	28.1%	26.5%	2.3%	12.74	2.32%
LPB VN	0.99	6.9	5.4	5.1	1.21	0.95	0.80	18.5%	21.5%	19.0%	1.1%	17.21	1.33%
Median		**8.2**	**7.1**	**5.8**	**1.64**	**1.39**	**1.13**	**21.9%**	**21.5%**	**21.1%**	**1.9%**	**11.96**	**1.08%**
BID VN	**7.80**	**15.8**	**13.2**	**8.5**	**2.09**	**1.95**	**1.53**	**13.8%**	**15.7%**	**18.4%**	**0.7%**	**20.40**	**0.98%**

Source: Bloomberg as of May 30, 2022, VCSC

Historical Recommendations

Figure 22: Historical target prices (VND/share)



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F
Interest inc.	101,008	119,187	138,070	156,085
Interest exp.	(54,185)	(64,869)	(74,075)	(84,094)
Net interest inc.	**46,823**	**54,318**	**63,995**	**71,991**
Net fee income	8,510	8,925	10,008	11,509
Other NoII	7,160	5,708	7,019	7,360
Total NoII	15,671	14,633	17,027	18,869
Total operating inc.	**62,494**	**68,951**	**81,022**	**90,860**
Non-interest exp.	(19,465)	(22,385)	(26,862)	(30,623)
Other G&A exp.	0	0	0	0
Total OPEX	(19,465)	(22,385)	(26,862)	(30,623)
PPOP	**43,029**	**46,566**	**54,160**	**60,237**
Provision exp.	(29,481)	(25,588)	(28,323)	(28,134)
Other inc./exp.	0	0	0	0
Pre-tax profit	**13,548**	**20,977**	**25,837**	**32,103**
Taxes	(2,706)	(4,195)	(5,167)	(6,421)
Net profit	**10,841**	**16,782**	**20,670**	**25,683**
Minorities/pref divs	(301)	(420)	(517)	(642)
Attributable profit	**10,540**	**16,362**	**20,153**	**25,041**
Wgt.avg.shares (bn)	5.058	5.058	5.058	5.058
EPS (VND)	**1,591**	**2,472**	**3,044**	**3,782**
DPS (VND)	**800**	**1,000**	**1,100**	**1,200**

B/S (VND bn)	2021	2022F	2023F	2024F
Cash & equiv.	12,661	14,247	15,704	17,163
Bal. with SBV	68,851	79,770	88,626	97,168
Due from FIs	135,940	144,092	140,025	143,473
ST investments	117,446	128,418	141,502	155,932
Net cust. loans	1,325,529	1,491,395	1,657,223	1,822,506
HTM	65,711	72,283	79,511	87,462
LT investments	2,848	3,012	3,088	3,166
Prop. & Equip.	10,741	11,206	11,692	12,200
Other assets	21,968	24,604	27,311	30,042
Total assets	**1,761,696**	**1,969,027**	**2,164,684**	**2,369,112**
Bal. from SBV	25,340	21,057	17,854	19,512
Bal. from FIs	98,007	116,651	132,001	149,438
Other funds	14,350	14,780	15,224	15,681
Cust. deposits	1,380,398	1,546,046	1,700,650	1,853,709
Other fin. inst	0	0	0	0
Valuable papers	123,682	140,682	157,682	174,682
Other liabilities	33,590	34,262	34,947	35,646
Total equity	83,135	92,009	102,349	115,918
MI	3,194	3,541	3,977	4,526
Liabilities & SE	**1,761,696**	**1,969,027**	**2,164,684**	**2,369,112**

RATIOS (%)	2021	2022F	2023F	2024F
Growth				
Loan growth	11.6	12.0	11.0	10.0
Deposit growth	12.5	12.0	10.0	9.0
TOI growth	24.9	10.3	17.5	12.1
PPOP growth	33.0	8.2	16.3	11.2
NPAT growth	50.1	54.8	23.2	24.3
Asset quality				
Group 2 ratio	1.12	1.12	1.12	1.12
NPL ratio	1.00	1.10	1.25	1.40
LLR	214.8	154.6	127.6	115.6
Prov exp./ loans	2.18	1.69	1.68	1.52
Liquidity				
CAR under Basel II	8.97	8.99	9.19	9.51
Regulated LDR	83.5	82.7	83.0	83.3

RATIOS (%)	2021	2022F	2023F	2024F
Profitability				
NIM	2.90	2.95	3.14	3.22
IEA yields	6.26	6.47	6.78	6.98
Funding costs	3.56	3.73	3.84	3.97
CIR	31.1	32.5	33.2	33.7
CASA ratio	19.7	22.1	22.6	23.1
ROE decomposition as % of total assets				
Pre-prov. NIM	2.86	2.91	3.10	3.18
Provisions	(1.80)	(1.37)	(1.37)	(1.24)
Post-prov. NIM	1.06	1.54	1.73	1.93
Non-interest inc.	0.96	0.78	0.82	0.83
Operating exp.	(1.21)	(1.22)	(1.32)	(1.38)
Taxes	(0.17)	(0.22)	(0.25)	(0.28)
ROAA	0.64	0.88	0.98	1.10
Equity Mult. (x)	20.5	21.3	21.3	20.8
ROAE	13.2	18.7	20.7	22.9

Source: BID, VCSC

VCSC Rating System

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%
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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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