Vietnam Prosperity JSC Bank (HSX: VPB)

Capital injection lays down the foundation for growth phase

(VND bn)	Q1-FY23	Q4-FY22	+/-(qoq)	Q1-FY22	+/-(yoy)
Total operating income	12,359	12,768	-3.2%	18,270	-32.4%
PPOP	8,936	8,703	2.7%	15,279	-41.5%
PBT	2,550	1,383	84.3%	11,146	-77.1%
NPAT	2,536	2,258	12.3%	8,672	-70.8%

Source: VPB, RongViet Securities

1Q23 moderate core income growth accompanied by intensive provisioning efforts

- The parent bank has utilized the majority of its granting quota to make up a 7.1% credit growth. Meanwhile, consolidated figures recorded a 5% YTD credit growth, dragged down by its subsidiaries. Consolidated NIM also narrowed down to 6.5% (-100 bps QoQ), resulting in a fall of NII by 3.6% YoY or 7.3% QoQ. Other non-interest income sources also performed poorly. These movements translated into the falling TOI on both consolidated and standalone basis, -32.4% and -39.7%YoY, respectively.
- Asset quality continued to witness deterioration on both the standalone and consolidated front. In particular, the net NPL formation (TTM) rate of the parent bank and the group surged by 36 bps and 99 bps QoQ to reach 4.2% and 8% in 1Q23, respectively. Consolidated credit cost margin jumped to 5.9% while the bank-only figure almost remained flat from the previous quarter.
- Overall, in 1Q23, VPB observed sluggish growth across all income sources, leading to the plunge of total operating income (TOI) on both a quarterly and yearly basis. Accompanied with high credit cost, PBT narrowed down dramatically (-54.8% YoY if excluding one-off bancassurance supporting fee in 1Q22), with the main impact attributed by the consumer finance subsidiary.

2023: Capital injection to lay down the foundation for the next growth phase

In 2023, on a consolidated basis, we forecast NIM to go down by circa 55 bps before gradually recovering in 2024. Credit growth is expected to reach over 17%, resulting in NII's growth of +7% YoY. NFI is projected to grow by 3% YoY yet total operating income might slightly decline (-3% YoY or +7% YoY if excluding the one-off in Q1/22).

On the asset quality front, consolidated NPL is anticipated to rise in the first half of 2023 before improving toward year end. Credit cost might not pose significant drag-down effect on the bottom line due to the high base effect of 2022 and expected improvement in asset quality by year-end. Factoring the above assumptions, we forecast PBT to reach VND 18.5 tn in 2023, (or USD 0.8 bn, -12% YoY). NPAT and correspondent EPS will be VND 15.7 tn (or USD 0.7 bn) and VND 2,100, respectively.

Valuation and recommendation

Possessing high capital adequacy ratios combined with the bank's assistance in the transferring of distressed credit institutions, VPB has witnessed a tremendous scale up in credit market share during the past five years from 3.2% to 4%. During the economic slowdown in 2023, VPB's growth momentum is going to slowdown as it is facing numerous difficulties from funding and credit costs, yet core earnings are expected to rise.

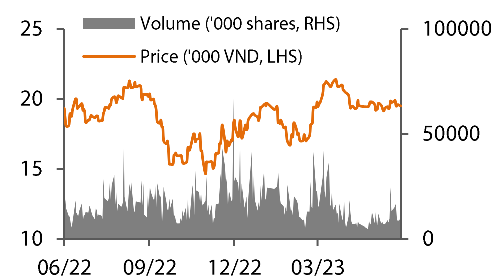
However, capital injection is expected to go on from 3Q23 to drive the bank's charter capital to top-tier position among joint-stock commercial banks, laying down the foundation for the next growth phase. Our current target price is VND 24,000/share, offering an upside of 19% compared to the closing price as of Jun 28th, 2023, hence, we recommend to ***BUY*** *this stock for long term investment.*

BUY	+19%
Current market price (VND)	20,250
Target price (VND)	24,000
Cash dividend	-

Stock Info	
Sector	Banks
Market Cap (VND billion)	132,585.8
Current Shares O/S	6,713.2
Avg. Daily Volume (in 20 sessions)	11,429.3
Free float (%)	100
52 weeks High	21,400
52 weeks Low	14,650
Beta	1.2

	2022	TTM
EPS	2,716	1,796
EPS Growth (%)	53%	-53%
Diluted EPS	2,716	1,796
P/E	13.2	10.9
P/B	2.3	1.3
Cash dividend yield (%)	0%	0%
ROE (%)	19.1%	11.7%

Price performance



Major Shareholders (%)	
Composite Capital Master Fund LP.	5.00%
Diera Corp	4.54%
Vietnam Enterprise Investments Ltd	1.95%
Amersham Industries Ltd	1.22%
Remaining foreign ownership room (%)	2.0

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Exhibit 1: Q1-2023 Results

(VND Bn)	Q1-FY23	Q4-FY22	+/-(qoq)	Q1-FY22	+/-(yoy)
Interest and Similar Income	18,029	16,656	8.2%	14,239	26.6%
Interest and Similar Expenses	-8,495	-6,373	33.3%	-4,352	95.2%
Net Interest Income	**9,534**	**10,283**	**-7.3%**	**9,888**	**-3.6%**
Non-interest Income	2,825	2,485	13.7%	8,382	-66.3%
Net fee and commission Income	1,668	1,881	-11.3%	1,249	33.6%
Net gain/(loss) from foreign currency and gold dealings	-347	-340	2.0%	-83	318.1%
Net gain/(loss) from trading of securities	95	68	39.4%	-66	-243.5%
Net gain/(loss) from disposal of investment securities	31	-22	-236.8%	172	-
Net other income/expenses	1,377	898	53.4%	7,110	-80.6%
Income from capital contribution	0	0	-	0	-
Total operating income	**12,359**	**12,768**	**-3.2%**	**18,270**	**-32.4%**
Operating expenses	-3,423	-4,065	-15.8%	-2,991	14.4%
Operating profit before provision	8,936	8,703	2.7%	15,279	-41.5%
Provision expenses	-6,386	-7,320	-12.8%	-4,132	54.5%
Profit before tax	**2,550**	**1,383**	**84.4%**	**11,146**	**-77.1%**
Corporate income tax	-900	-258	271.3%	-2,229	-59.6%
NPAT	**1,650**	**1,125**	**44.7%**	**8,917**	**-81.5%**
Attributable to parent company	**2,536**	**2,258**	**11.9%**	**8,672**	**-70.8%**

Source: VPB, RongViet Securities

Exhibit 2: Q1-2023 Performance Analysis

Particulars	Q1-FY23	Q4-FY22	+/-(qoq)	Q1-FY22	+/-(yoy)
Profitability (TTM)					
NIM	7.01	7.49	-47 bps	7.48	-47 bps
CIR	28.04	24.42	361 bps	21.58	646 bps
ROAE	12.02	19.14	-711 bps	22.85	-1083 bps
ROAA	1.94	3.08	-114 bps	3.45	-152 bps
Asset Quality					
NPL ratio	6.2	5.7	50 bps	4.8	139 bps
Bad debt coverage ratio	46.2	54.4	-821 bps	63.7	-1743 bps
Equity-to-assets ratio	15.5	16.4	-89 bps	16.9	-137 bps
Operating Safety Ratio					
Customer loans-to-total assets ratio	76.9	75.0	184 bps	73.7	316 bps
Customer LDR	110.6	106.8	378 bps	110.0	57 bps
Adjusted LDR	121.6	130.8	-915 bps	118.8	280 bps

Source: VPB, RongViet Securities

Exhibit 3: Q2-2023 Forecast

Particulars (VND Bn)	2Q-FY23	+/- (QoQ)	+/- (YoY)
Credit growth		+1.7%	+19%
Deposit growth		+2.2%	+14%
TOI	12,683	2.6%	-4.5%
PPOP	9,191	2.9%	-5.8%
PBT	2,997	17.5%	-28.2%
NPAT	2,981	17.5%	-15.0%

Comment

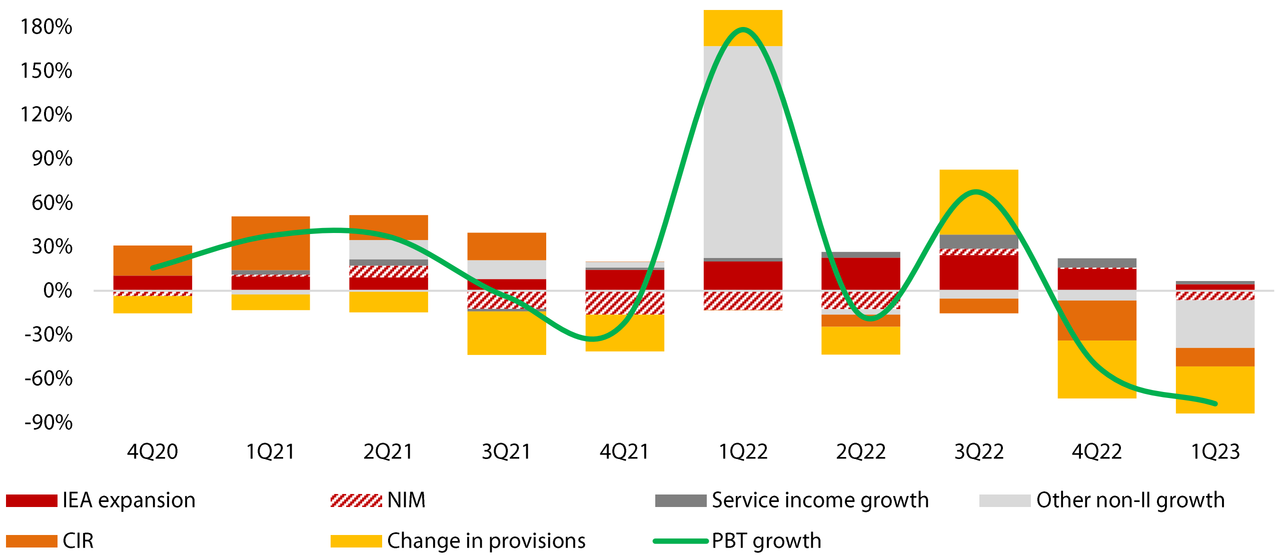
We expect VPB to utilize the full of its 1st credit quota in 2Q23 while deposits are expected to rise faster than that of credit, resulting in a climb of 1.1% QoQ and -7.9% YoY in NII. NoII is expected to grow roughly 7.7% QoQ and 8.3% YoY, and TOI is forecasted to recover QoQ while dropping YoY. Cost savings and a slower pace of provision expenses growth will support PBT.

Source: VPB, RongViet Securities

Update

1Q23 moderate core income growth accompanied by intensive provisioning efforts

Figure 1. Quarterly and yearly PBT growth (%, YoY)



Source: VPB, RongViet Securities

Overall, in 1Q23, VPB had sluggish growth across all income sources, leading to the plunge of total operating income (TOI) on both quarterly and yearly basis. Accompanied by high credit costs, PBT narrowed down dramatically, with the main impact attributed to the consumer finance subsidiary FE Credit.

- Net interest income (NII) of the parent bank continued to cushion the negative performance seen in its subsidiary as standalone NII reached VND 6.6 tn (or USD 284 mn), + 8.5% YoY while the consolidated figure fell by 3.6% YoY to reach 9.5 tn (or USD 408 mn), given plummeting NIM despite moderate interest-earning asset expansion.
- A similar situation was spotted in net fee income (NFI) with the parent bank's NFI growing by 43.6% YoY whereas consolidated NFI rose by a smaller extent, at 33.6% YoY, corresponding to the amount of VND 1.6 tn (or USD 69 mn) and 1.7 tn (or USD 73 mn) respectively. Breaking down by components, the bank-only gross fee income of VND 2,303 bn was mainly contributed by payment and acquiring activities (contributing 50%, +56% YoY), card services (contributing 18%, +31% YoY) and Bancassurance (contributing 14%, +95% YoY).
- Other non-interest income sources also poorly performed as the bank recorded net loss from the FX business which was four times higher than the same period last year, coupled with a decline of 25.2% YoY in bad debt recovery income, reaching VND 420 bn (or USD 18 mn) due to unfavorable economic conditions.

These movements eventually translated into the falling TOI on both consolidated and standalone basis, landing at VND 12.4 tn (USD 0.5 tn, -32.4% YoY) for the consolidated group and VND 8.5 tn (or USD 365 mn, -39.7% YoY) for the bank only. If excluding the one-off income from bancassurance supporting fee in 1Q22, these two figures would decline by 3.2% YoY and 1.5% YoY, respectively. Consolidated provision expenses, although somewhat easing from the previous quarter (-12.8% QoQ), still played a significant role in adversely affecting the year-on-year bottom-line growth.

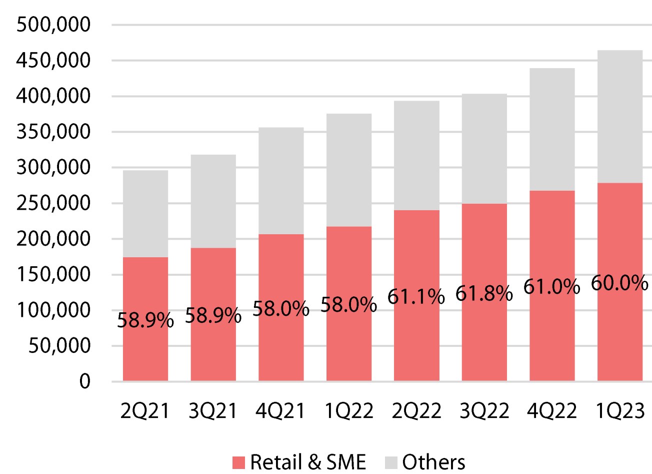
Altogether, consolidated PBT reached circa VND 2.6 tn in 1Q23 (USD 111 mn, -77% YoY or -54.8% YoY if excluding one-off bancassurance supporting fee in 1Q22), of which the parent bank's PBT contributed VND 4.1 tn (USD 175 mn, -60.9% YoY or -18.1% YoY if excluding one-off Bancassurance supporting fee in 1Q22), dragged down mainly by NIM shrinkage (-160 bps, consolidated) and credit cost upsurge (+54% YoY, consolidated) while net fee income growth continued to be a favorable factor.

As of 1Q23, the parent bank has utilized almost its granting quota to make up a 7.1% credit growth, of which customer loans grew by 9.2%YTD and corporate bonds dropped by 14.3% YTD. Meanwhile, consolidated figures recorded a lower loan growth rate, at 5.7% YTD, associated with the 4.2% YTD decline in corporate bonds to produce a 5% YTD credit growth, dragging down by its subsidiaries.

Lending to retail and SME segments accounted for 60% of total outstanding loans, increasing by 6% from the end of FY2022. Business loans and mortgages are the driving products for this segment, growing by 11% YTD and 5% YTD, respectively. Concerning real estate-related loans, corporate and individual home loans exposure accounted for 15% and 21% of the bank-only lending book.

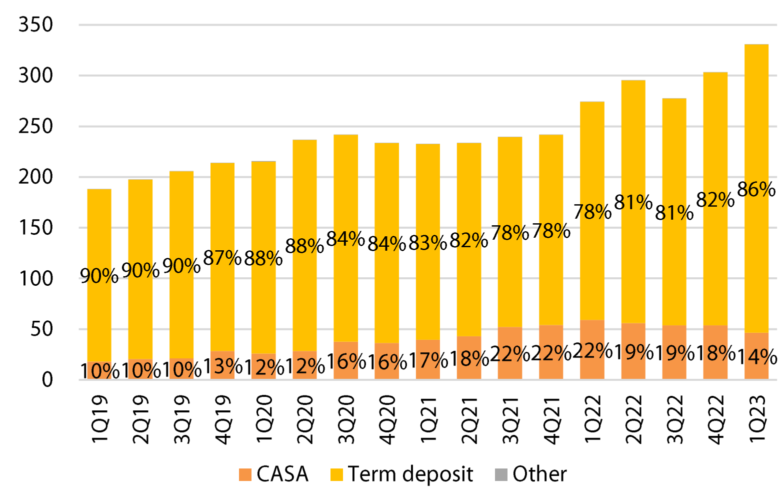
On the funding side, consolidated customer deposit growth reached 9.2% YTD while valuable papers balance surged by 29.5% YTD, leading to a comparative figure of 12.8% for mobilization growth in 1Q23. Standalone customer deposits and mobilization growth were also strengthened, at 11.8% YTD and 7.8% YTD, higher than the sector average mobilization growth of 0.77%. In which, retail customers continued to extend their contribution to 60% of total deposit from 55% in FY2022. Regarding deposit tenors, CASA ratio at the parent bank kept declining dramatically to 14.2% from 19.2% in 4Q22, following the industry trend.

Figure 2. Credit portfolio by segment (VND bn)



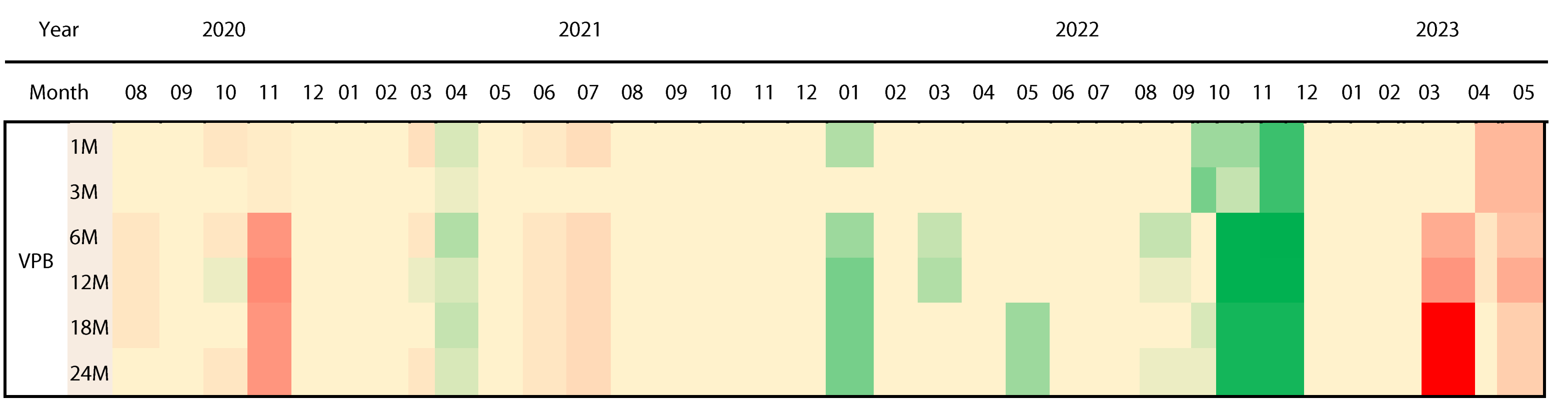
Source: VPB, RongViet Securities

Figure 3. Customer deposit breakdown by term (VND tn)



Source: VPB, RongViet Securities

Table 1. MoM change in average quoted deposit rates (colored by scale, green: up, red: down, yellow: unchanged)

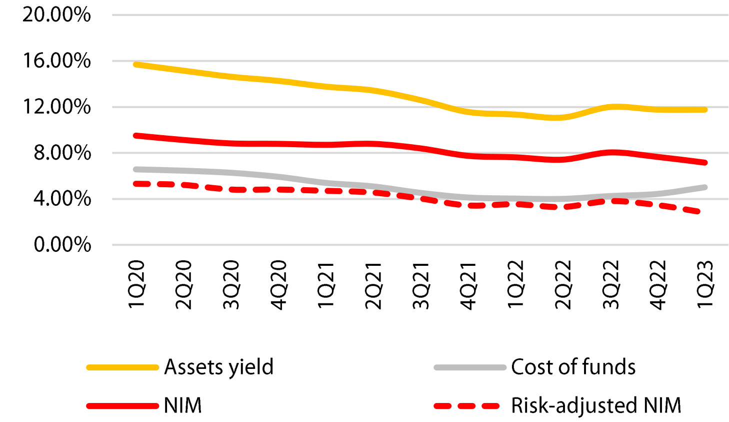


Source: RongViet Securities. Online quoted interest rates

1Q23 has reflected the intensive rates hikes since the last quarter of 2022 as the parent bank's cost of funds (annualized) surged to 6.1% from 4.9% in 4Q22. Meanwhile, annualized asset yield witnessed a smaller rise of 60 bps QoQ to reach 10.7% in 1Q23, dragging NIM down to 5% from 5.5% in 4Q22. Consolidated NIM was also dramatically narrowed down to 6.5% (-100 bps QoQ) in 1Q23.

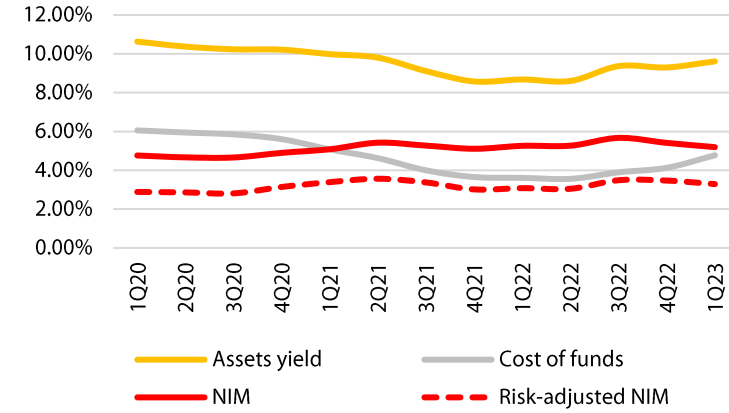
However, deposit rates have cooled-off across the banking system in recent months, with a reduction of 60-200 bps for VPB's deposit buckets taking place in March. Coupled with the capital injection from the Japanese partner SMBC conducted in 3Q23, NIM is expected to recover in the coming quarters.

Figure 4. Consolidated asset yield, COF, NIM & risk-adjusted NIM (TTM, %)



Source: VPB, RongViet Securities

Figure 5. Parent bank's asset yields, COF, NIM & risk-adjusted NIM (TTM, %)



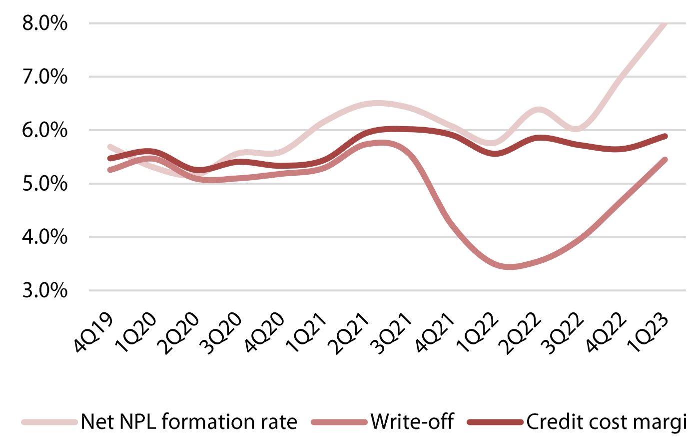
Source: VPB, RongViet Securities

Prolonged reversed impact on asset quality from the consumer finance segment

Asset quality continued to witness deterioration on both the standalone and consolidated front. In particular, the net NPL formation (TTM) rate of the parent bank and the group surged by 36 bps and 99 bps QoQ to reach 4.2% and 8% in 1Q23, per our calculations. Based on Circular 11, the bank NPL ratio increased to 2.7% in 1Q23 from 2.2% in 4Q22. Consolidated NPL ratio (Circular 11) also jumped to 4.99% compared to 4.7% in 4Q22, due to the prolonged burden on vulnerable low and middle-income customers segment served by the parent bank and its consumer finance subsidiary. Being the bank's original strategic segment that generates profitable margin and contributes to establish its brand positioning as a dynamic retail-oriented bank, the mass and lower-mass customers have been hit hard by the aftermath effect as a combination of Covid-19 pandemic waves, high interest rates environment, turbulence on the real estate and corporate bond markets as well as economic downturn risks.

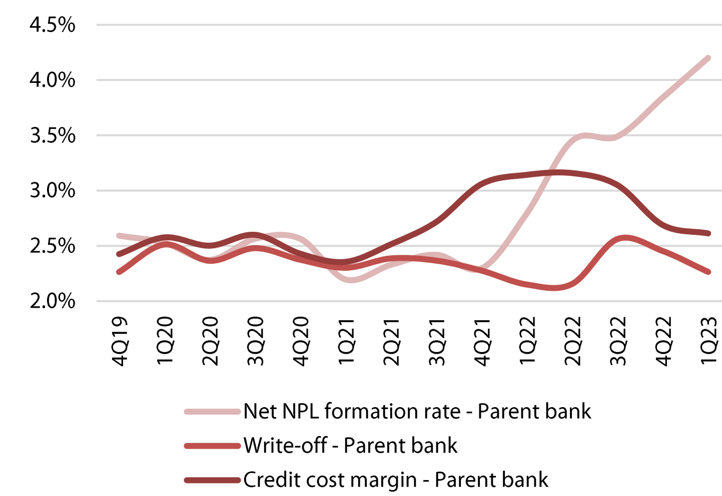
In 1Q23, VPB recorded VND 6.4 tn (or USD 276 mn, +54% YoY) and 2.4 tn (or USD 103 mn, +20.6% YoY) provision expenses for the consolidated and parent bank, both exerting adverse effects on the bottom-line growth. The consumer finance segment has made provision sharply to clean up its balance sheet from 2022 to 1Q23. Hence, 1Q23 consolidated credit cost margin jumped to 5.9% while the bank-only figure almost remained flat from the last quarter. If factoring in the recovery of written-off bad debts, the bank-only credit cost was 2.1%, down slightly from 2.6% in 4Q22. Notably, the consolidated write-off ratio has been continuously trending up since the beginning of last year while that of the parent bank has fluctuated around the 2.5% level, which implies an escalating development to be produced by the consumer finance segment.

Figure 6. Consolidated net NPL formation, credit cost margin & write-off (%, TTM)



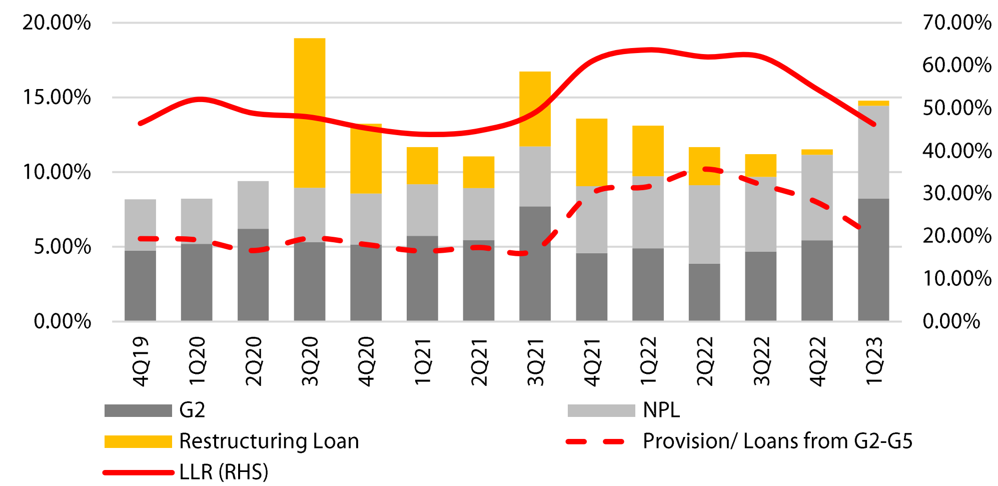
Source: VPB, RongViet Securities

Figure 7. Net NPL formation, credit cost margin & write-off of parent bank (TTM, %)



Source: VPB, RongViet Securities

Figure 8. Asset quality and provisioning buffer indicators (%)



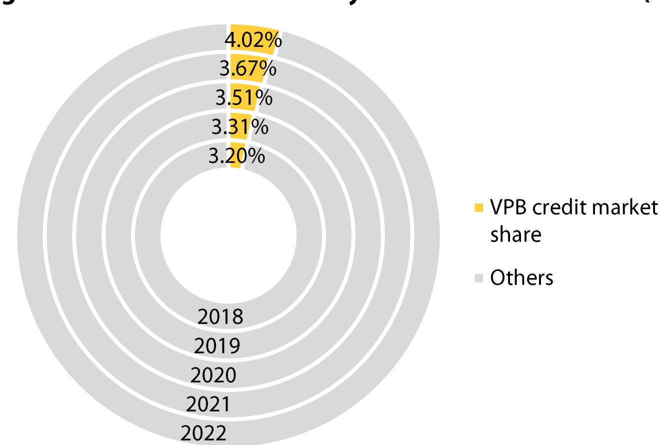
Source: VPB, RongViet Securities

The bank has drastically scaled up in terms of equity and credit market share during the past five years, but will the trend continue?

During recent years, VPB has witnessed tremendous scale up regarding both sides of the balance sheet. The capital plans in 2021 and earnings growth in 2022 have boosted the bank's equity growth while facilitating its charter capital hike to reach the industry's top-tier position of VND 67,434 bn (USD 2.91 bn) by the end of 2022. The successful divestment of half of its stake in FE Credit in 2021 also brought about more than VND 20 tn abnormal income, thereby elevating both bottom line growth and equity growth via retained earnings. Coupled with a thick capital buffer, its leverage ratio is among the lowest compared to industry peers. This results in a robust capital adequacy (CAR – Basel II) of 14.5% on a consolidated basis and 12.6% on a standalone basis, as of 1Q23.

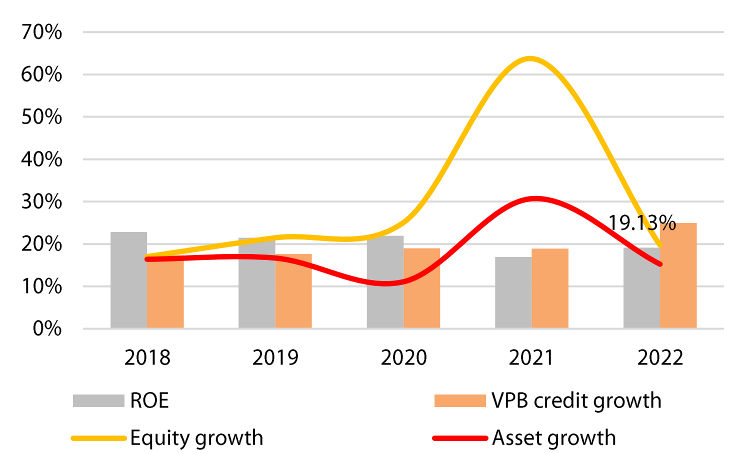
High capital adequacy ratios combined with the bank's assistance in the transferring of distressed credit institutions, has allowed VPB to be granted relatively high credit growth quota as opposed to peers throughout the years. In addition to robust growth, the bank has also conducted massive expansion to steadily widen its credit market share, boosted by profound retail penetration and digital transformation strategy. It can be seen that the credit market share (including loan and corporate bonds) of both parent bank and the consolidated group have been relentlessly enlarged during the last five years, with the newly acquired market share for the 5-year period reaching circa 1.1% and 0.9%, respectively. High profit margins of retail banking and consumer finance segments have supported VPB's return on equity ratio (ROE), hovering around 20% over the years.

Figure 9: Consolidated VPB's 5-year credit market share (%)



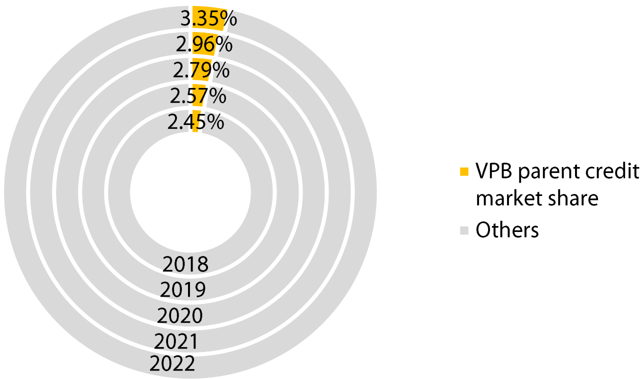
Source: VPB, RongViet Securities

Figure 10: Consolidated VPB's growth and profitability ratio (%)



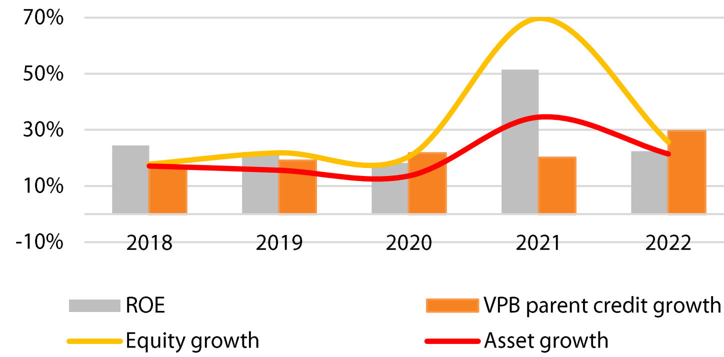
Source: VPB, RongViet Securities

Figure 11: VPB parent's 5-year credit market share (%)



Source: VPB, RongViet Securities

Figure 12: VPB parent's growth and profitability ratio (%)



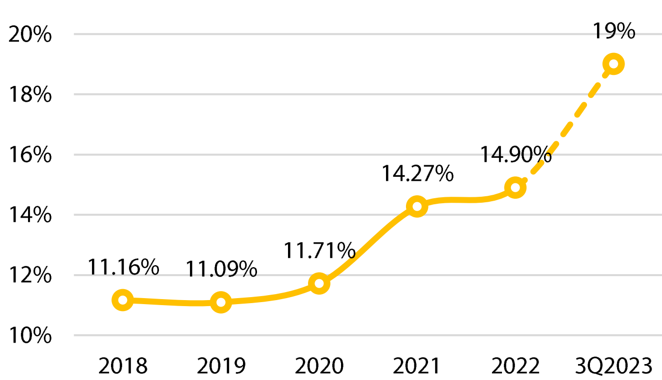
Source: VPB, RongViet Securities

Newly introduced initiatives to expand credit market share and boost profit as the consumer finance segment contributes less

VPB has successfully self-positioned itself as a retail-oriented bank with dramatic scale-up throughout the years. In the middle run, given the bank's expanded credit market share and fierce competition in the retail lending segment, we anticipate a cooling in its growth momentum. Challenges in terms of weak demand and consumption accompanied by gloomy business activities and economic slowdown which have put detrimental impact on mass individuals' financial conditions, also play a part in hindering the bank's growth engine.

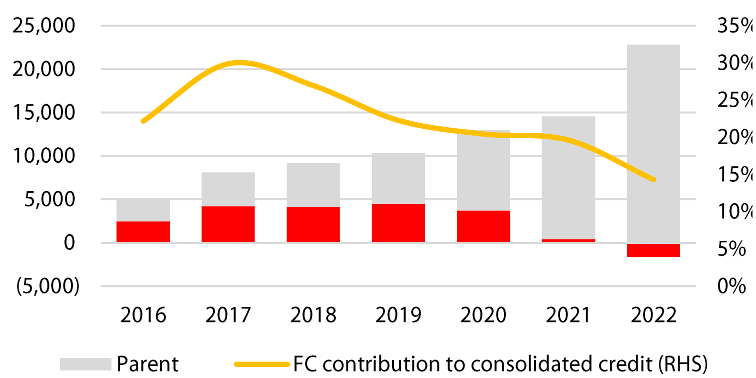
Amid that context, the bank has proactively placed concentrated emphasis on FDI and multinational enterprise customers. Penetrating these fertile playgrounds, on the one hand can generate tremendous benefits regarding growth and credit market share, yet on the other hand may cause the newcomer to face intensive blockage from existing giants in the field. Nevertheless, the bank's strategic partnership with the Japanese bank SMBC will somehow contribute to facilitate its transformation. As shared by VPB, it has received a 10% deposit for the private placement worth 15% of its charter capital on April 17, while the implementation process is projected to be fulfilled by late July or early August. Beside the capital enhancement effect, which is expected to drive VPB's CAR to the industry top position of 19% from the current 14.5% level, the cooperation can produce further synergy when considering the widespread global network and massive enterprise customers base of the Japanese investor. With the support from SMBC, VPB has recently established a department managed by a Japanese head and tailored for on-going FDI segment tactics. Under this plan, the bank is aiming to increase the number of FDI customers to 600 businesses within this year and targeting to serve at least 10-15% of total Japanese companies operating in Vietnam.

Figure 13: CAR enhancement throughout the years



Source: VPB, RongViet Securities

Figure 14. FC's contribution to consolidated PBT (VND bn, LHS) and credit (%, RHS)



Source: VPB, RongViet Securities

Added value from the consumer finance segment persists despite slowing down contribution due to the potential of the domestic socio-economic landscape

VPB has endured prolonged pressure from the consumer finance segment for quarters. With the parent bank's aggressive execution of the restructuring plan for its subsidiary jumpstarted from the last two months backed by the aid of SMBC. FE Credit is expected to return to the profitable trajectory from 2024, yet we need to closely monitor the economic recovery. The backdrop of Circular 02 recently promulgated by the SBV on restructured loans for credit institutions is also expected to assist in mitigating the NPL upward trend at both parent bank and the subsidiary. In the coming time, we anticipate a shrinking contribution of FE Credit to the consolidated balance sheet as well as the bottom line due to the parent bank's drastic expansion in the past five years and its divestment from the company in 2021. Despite that, add-in value from the consumer finance segment will continue to maintain an essential role in VPB's operating results thanks to untapped potential in the Vietnam market.

FY2023 outlook: Earnings growth is going to slow down yet the capital injection is expected to build the next growth phase

In 2023, we forecast consolidated NIM to be down by circa 55 bps before gradually recovering in 2024 due to the lagging trajectory of asset yield compared to funding costs, as well as the burden from asset quality and the consumer finance segment amid unfavorable market demand. The bank also anticipates a cool down in the cost of funds from 3Q23 onwards due to the signs of rates cut in the last month of 1Q23. Pressure on NIM might be mitigated toward the year-end quarters and rosier prospect for the bank's interest income can be expected in 2024.

Credit growth is expected to reach nearly 17% on a consolidated basis and 18.5% on a standalone basis for 2023, higher than industry average due to the aforementioned reasons. Based on these assumptions, we forecast the parent bank's core income source to remain steady, resulting in the consolidated NII of around VND 44 tn (or USD 1.9 bn, +7% YoY). NFI is projected to grow moderately by over 3% YoY yet total operating income might slightly decline (-3% YoY) due to the base effect from a one-off item recorded in 1Q22.

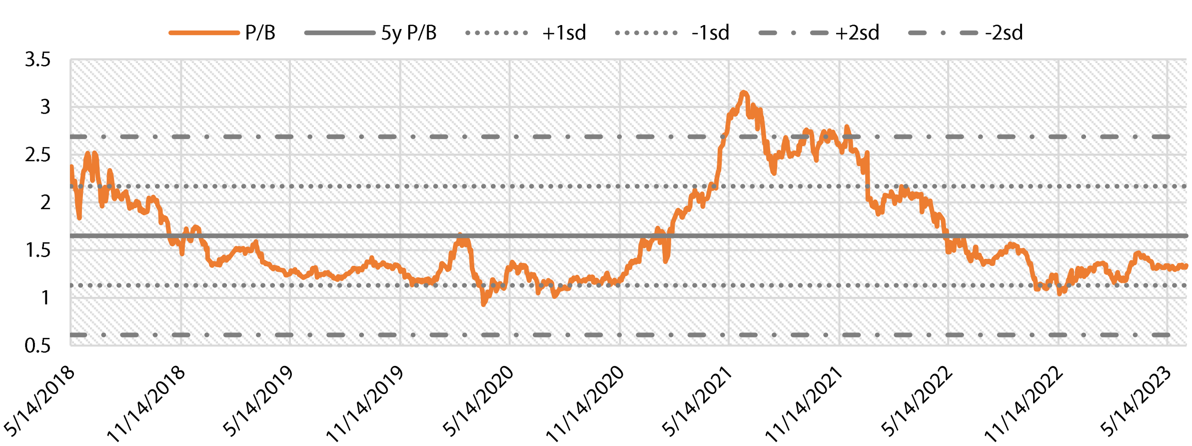
On the asset quality front, consolidated NPL is anticipated to rise in the first half of 2023 before improving towards year end. Thus, we forecast the year-end customer lending NPL ratio to be higher than that of 2022, at around 6.1%. Credit cost might not pose a significant drag-down effect on the bottom line due to the high base effect of 2022 and expected improvement in asset quality by the year-end. Factoring the above assumptions, we forecast consolidated PBT to reach VND 18.5 tn in 2023 (or USD 0.8 bn, -12% YoY).

Valuation

Holding an aggressive strategy, VPB has expanded its credit activities and total assets quickly over the past five years and has become the second-largest bank in terms of equity. During the economic slowdown, VPB's profit growth momentum slowed down as it is facing numerous difficulties from funding costs and credit costs. However, we expect the bank to recover at the end of 2023 as pressure on NIM is expected to ease and macroeconomic recovery and the backdrop from Circular 02 might mitigate credit costs.

Using DCF and P/B methodology, with the same portion of 50% for each method, we estimate VPB's fair value at VND 24,000 per share, equivalent to a 2023 forward P/B of 1.3x. This valuation has factored in the private placement, which might hinder the return on equity in the next 2 years, leading to the modest target P/B. This target price offers an expected return of 19% compared to the closing price as of Jun 28th, 2023. Therefore, we recommend to **BUY** this stock for long-term investment.

Figure 15: Price to book ratio



Source: BB, RongViet Securities

VND Bn

INCOME STATEMENT	FY2021A	FY2022A	FY2023E	FY2024F
Interest and Similar Income	50,827	62,200	72,154	85,144
Interest and Similar Expenses	-16,478	-21,179	-28,137	-30,703
Net Interest Income	**34,349**	**41,021**	**44,017**	**54,441**
Non-interest Income	9,953	16,776	11,819	14,151
Net fee and commission Income	4,059	6,438	6,647	8,232
Net gain/(loss) from foreign currency and gold dealing	-76	-618	-216	-166
Net gain/(loss) from trading of securities	9	-149	9	116
Net gain/(loss) from disposal of investment securities	3,151	509	464	1,374
Net other income/expenses	2,808	10,584	4,915	4,596
Income from capital contribution	2	13	0	0
Total operating income	**44,301**	**57,797**	**55,836**	**68,592**
Operating expenses	-10,719	-14,116	-14,794	-18,345
Operating profit before provision	33,583	43,681	41,042	50,247
Provision expenses	**-19,219**	**-22,461**	**-22,518**	**-24,510**
Profit before tax	**14,364**	**21,220**	**18,525**	**25,737**
Corporate income tax	-2,887	-4,311	-3,764	-5,229
NPAT	**11,477**	**16,909**	**14,761**	**20,508**
Attributable to parent company	**11,721**	**18,168**	**15,725**	**20,765**

%

FINANCIAL RATIO	FY2021A	FY2022A	FY2023E	FY2024F
Growth				
Customer loans	20.9	22.8	20.5	19.3
Customer deposit	3.6	25.4	9.0	20.0
Net interest income	6.2	19.4	7.3	23.7
Operating income	13.5	30.5	-3.4	22.8
NPAT	13.4	53.9	-13.4	32.1
Total Assets	30.7	15.2	15.0	15.4
Equity	63.8	19.7	43.4	8.1
Profitability				
NIM	7.6	7.5	6.9	7.4
CIR	24.2	24.4	26.5	26.7
ROAE	17.0	19.1	12.5	13.4
ROAA	2.4	3.1	2.3	2.7
Asset Quality				
NPL ratio	4.5	5.7	6.1	4.9
Bad debt coverage ratio	60.9	54.4	43.1	43.8
Equity-to-Asset ratio	15.8	16.4	20.5	19.2
Operating Safety Ratio				
Customer Loans-to-Total Assets ratio	73.7	75.0	77.6	79.3
Customer LDR	147.3	144.9	159.3	157.6

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BALANCE SHEET	FY2021A	FY2022A	FY2023E	FY2024F
Cash and precious metals	2,346	2,658	5,790	4,527
Balances with the SBV	10,861	9,935	6,853	8,600
Placements with and loans to other credit institutions	57,105	47,965	50,564	52,850
Trading securities, net	6,971	7,793	7,793	6,235
Derivatives and other financial assets	103	0	0	0
Loans and advances to customers, net	346,349	425,556	512,609	611,416
Investment securities	75,798	83,076	86,802	91,314
Investment in other entities and long-term investments	250	189	145	145
Fixed assets	1,873	1,858	2,137	2,304
Investment properties	0	0	0	0
Other assets	45,754	51,981	52,937	60,261
TOTAL ASSETS	**547,409**	**631,013**	**725,630**	**837,651**
Due to Gov and borrowings from SBV	8,454	1,929	1,929	1,949
Deposits and borrowings from other credit institutions	114,619	140,249	151,639	170,427
Deposits from customers	241,837	303,151	330,505	396,485
Derivatives and other financial liabilities	0	15	0	0
Funds received from Gov, international & other institutions	104	47	47	54
Convertible bonds/CDs and other valuable papers issued	81,296	63,700	66,468	78,239
Other liabilities	6,900	7,495	8,556	9,897
Total liabilities	**461,131**	**527,511**	**571,472**	**670,591**
Shareholder's equity	**86,278**	**103,502**	**148,459**	**160,556**
Capital	43,374	66,551	103,641	103,641
Reserves	12,559	13,535	19,776	22,289
Foreign currency difference reserve	0	0	0	0
Difference on assets revaluation	0	0	0	0
Retained Earnings	22,439	16,752	25,042	34,626
Minority interest	7,906	6,664	5,700	6,505
LIABILITIES AND SHAREHOLDER'S EQUITY	**547,409**	**631,013**	**725,630**	**837,651**

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FOOTNOTES	FY2021A	FY2022A	FY2023E	FY2024F
Interest Income	**50,827**	**62,200**	**72,154**	**85,144**
From customers	44,083	53,704	63,377	75,720
From other Cis	128	373	841	779
From fixed-income investment	4,617	5,837	5,903	6,249
From guarantee	0	0	0	0
From other activities	1,998	2,286	2,876	3,436
Interest Expenses	**-16,478**	**-21,179**	**-28,137**	**-30,703**
To customers	-9,808	-13,337	-18,459	-20,648
To other Cis	-1,297	-2,915	-4,828	-4,687
To fixed-income investment	-4,666	-4,075	-3,923	-4,204
To other activities	-707	-853	-927	-1,164
Operating expenses	**-10,719**	**-14,116**	**-14,794**	**-18,345**
Provision expenses	**-19,219**	**-22,461**	**-22,518**	**-24,510**

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report. we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information. investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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