

13 May 2025

## Investment and Development of Vietnam (BID)

### Unchanged earnings

- Weak operating incomes in 1Q25F
- Moderate earnings growth in 2Q25F
- Maintain BUY rating

### Facts: Flat earnings growth

- 1Q25 profit before tax stayed flat, +0.3%yoy to VND7,413bn due to weak operating incomes: modest increase in net interest incomes (+3.0%yoy), investment incomes (+103%yoy), and other incomes (+143%yoy), compensating for lower net fee incomes from services (-9.0%yoy), FX (-41.1%). Meanwhile, the operating expenses (+9.5%yoy) and provision expenses (+4.3%yoy) rose moderately. Actual 1Q25 PBT equaled 96% of KIS's 1Q25 estimation due to lower net interest margin and net fee incomes, and 21% of KIS's 2025 forecast.
- Net interest incomes in 1Q25 were mainly driven by higher credit growth. Total credit growth rose by +2.5% YTD in 1Q25, higher than 0.9% YTD in 1Q24. SMEs and consumer loans were the main drivers for credit growth. Lower asset yields led to lower NIM from 2.44% in 1Q24 to 2.07% in 1Q25 due to 1) a seasonal event, 2) higher non-performing loans, and 3) loan packages with preferential lending rates.
- Total deposit growth (+4.7%YTD) from customer deposits, valuable paper, and deposits from other credit institutions was higher credit growth, lowering LDR.
- Service incomes were sluggish across all major segments: trade finance (-38%yoy) from regulatory changes for LC business, payment services (+1%yoy), insurance (-12%yoy) amid the weak market conditions, and cards (2.2%yoy).
- An increase in non-performing loans: NPL (3-5 group)/ NPL (2-5 group) rallied from 1.4%/3.1% in 4Q24 to 1.9%/3.7% in 1Q25, resulting from group 2, group 3, and group 5. The loan loss coverage ratio (LLCR) declined from 134% in 4Q24 to 97% in 1Q25 due to higher non-performing loans.

### Pros & Cons: Modest earnings growth in 2Q25F

- We estimate that 2Q25 credit growth could be higher than in the same period. 2025 credit growth could keep the high rate as in the last years, in line with the industry target. According to the plan, credit growth could fulfill the credit quota of 16% in 2025, compared to 15.5% in 2024. 2Q25 NIM could improve quarterly thanks to enhancing asset yields.

12M rating **BUY**

12M TP **48,900** from 35,800

Up/Downside +36.5%

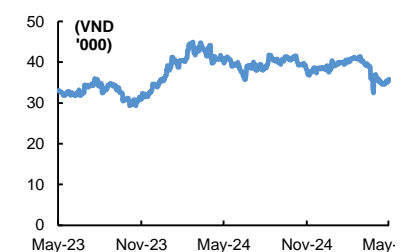
### Stock Data

VNIndex (May 13, pt)	1,293
Stock price (May 13, VND)	35,800
Market cap (USD mn)	9,684
Shares outstanding (mn)	7,021
52-Week high/low (VND)	41,819/32,450
6M avg. daily turnover (USD mn)	4.73
Free float / Foreign ownership (%)	20.4/17.6
Major shareholders (%)	
SBV	81.0
KEB Hana Bank	15.0

### Performance

	1M	6M	12M
Absolute (%)	0.0	-0.1	-0.1
Relative to VNIndex (%p)	-0.1	-0.1	-0.2

### Stock price trend



Source: Bloomberg

### Research Dep

researchdept@kisvn.vn

- Reciprocal tariff could impact BID's credit disbursement because estimated customer loans are affected by tariffs about VND300tn, equalling 14.6% of total loans (including FDIs, export and imports, and related indirect industries). Fortunately, the evolution of tariff policies has not been as critical as first communicated, and there are other viable markets besides US market.
- In 1Q25, non-performing loans rose partly due to CIC's involvement with some customers in the construction materials industry. If excluding these customers, NPLs declined from 1.9% to 1.7%-1.6%. According to BID, these customers could be reclassified from group 5 to group 1 in 2Q25. BID aims to keep non-performing loans below 1.4% in 2025, thanks to 1) better business conditions 2) strengthening debt collection and settlement.
- 2025F: BID could grow at a moderate rate in 2025 thanks to (1) maintained high credit growth NIM and (2) remaining good asset quality & reasonable credit costs. According to the management, BIDV set the 2025F plan with a PBT target of 6%-10%.

### Action: BUY rating for BID

We maintain a target price of VND48,900, implying a 36.5% upside, considering its remaining profit growth potential and attractive valuation. BIDV plans to increase charter capital from VND 70,214bn to VND 91,870bn (+30.8%) from 1) capital reserve fund (7.1%), 2) stock dividend (19.9%), and 3) private placement (3.84%).

Table1. Earnings trend and outlook

	2024				2025				2024	2025F	1Q25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			QoQ	YoY
Loans to customers and corporate bonds	1,800,661	1,889,677	1,959,684	2,061,532	2,112,773				2,061,532	2,402,579	2.5	17.3
% growth (ytd)	0.9	5.9	9.8	15.5	2.5				15.5	16.5		
Loans to customers	1,793,930	1,882,815	1,953,065	2,056,082	2,107,330				2,056,082	2,396,228	2.5	17.5
NPL (3-5 group)	27,000	28,687	33,386	29,036	39,909				29,036	29,199	37.4	47.8
NPL ratio (% , %p)	1.51	1.52	1.71	1.41	1.89				1.41	1.22		
NPL (2-5 group)	63,832	58,620	65,954	63,191	78,831				63,191	69,005	24.8	23.5
NPL ratio (% , %p)	3.6	3.1	3.4	3.1	3.7				3.1	2.9		
Loan loss coverage (% , %p)	152.8	132.2	115.7	133.7	96.8				133.7	157.2		
VAMC	-	-	-	-	-				-	-		
<b>Deposit from customers and bond</b>	<b>1,915,344</b>	<b>2,004,575</b>	<b>2,067,042</b>	<b>2,152,071</b>	<b>2,187,577</b>				<b>2,152,071</b>	<b>2,494,794</b>	1.6	14.2
Deposit from customers	1,734,779	1,806,926	1,873,725	1,953,170	1,976,946				1,953,170	2,264,218	1.2	14.0
% growth (ytd)	1.8	6.0	9.9	14.6	1.2				14.6	15.9		
CASA (%)	18.2	18.2	18.1	19.5	18.3				19.9	19.9		
<b>Total assets</b>	<b>2,328,731</b>	<b>2,521,053</b>	<b>2,575,981</b>	<b>2,760,693</b>	<b>2,856,111</b>				<b>2,760,693</b>	<b>3,150,966</b>	3.5	22.6
<b>Total equity</b>	<b>129,018</b>	<b>134,700</b>	<b>138,440</b>	<b>139,278</b>	<b>150,550</b>				<b>144,512</b>	<b>165,329</b>	8.1	16.7
<b>Total operating income</b>	<b>17,171</b>	<b>20,225</b>	<b>17,259</b>	<b>26,405</b>	<b>17,898</b>				<b>81,060</b>	<b>90,686</b>	(32.2)	4.2
Net interest income	13,541	14,838	13,990	15,639	13,946				58,008	71,072	(10.8)	3.0
NIM (% , %p)	2.44	2.56	2.30	2.45	2.07				2.38	2.50		
Non-interest income	3,630	5,387	3,269	10,767	3,953				23,052	19,614	(63.3)	8.9
Net commission income	3,158	3,665	2,207	3,404	2,402				12,434	13,324	(29.4)	
Gains on investment securities	-29	691	-443	5,413	334				5,632	1,610	(93.8)	(23.9)
Other non-interest income	500	1,031	1,505	1,949	1,216				4,987	4,681	(37.6)	
Provision for credit losses	4,389	5,358	4,453	7,687	4,578				21,887	25,318	(40.4)	143.1
Net operating revenue	12,783	14,867	12,805	18,718	13,320				59,173	65,369	(28.8)	4.2
SG&A	5,393	6,708	6,307	9,382	5,907				27,790	30,833	(37.0)	9.5
CIR (%)	31.4	33.2	36.5	35.5	33.0				34.3	34.0		
<b>Pre-provision earnings</b>	<b>11,779</b>	<b>13,517</b>	<b>10,951</b>	<b>17,023</b>	<b>11,992</b>				<b>53,270</b>	<b>59,853</b>	(30)	1.8
<b>EBT</b>	<b>7,390</b>	<b>8,159</b>	<b>6,498</b>	<b>9,336</b>	<b>7,413</b>				<b>31,383</b>	<b>34,535</b>	(20.6)	0.3
Net profit	5,916	6,534	5,214	7,464	5,955				25,122	27,641	(20.2)	0.7
Controlling-int. NP	5,813	6,369	5,151	7,328	5,840				24,658	27,131	(20.3)	0.5

Sources: FiinproX, bank, KIS Research

## Income statement

(VND tn)

## Balance sheet

(VND tn)

	2022A	2023A	2024A	2025F
Total assets	2,121	2,301	2,761	3,151
Gross IEAs	2,092	2,271	2,719	3,109
Loans and corp bonds	1,535	1,785	2,062	2,403
Household				
Corporate				
Dep't and loans to FIs	332	305	434	466
Dep't to SBV and G-bond	225	181	224	241
VAMC bond	-	-	-	-
NIEAs	68	72	82	90
Others	43	54	51	57
Total liabilities	2,016	2,178	2,616	2,986
Deposits	1,474	1,704	1,953	2,264
Debentures	157	189	199	231
Dep't and loans from FIs	190	194	245	257
Loans from Gov't and SBV	153	36	168	177
Other liabilities	43	54	51	57
Total equities	109	123	145	165
Controlling interests	104	118	139	160
Capital stock	51	57	69	69
Capital surplus	15	15	15	15
Other reserves	12	12	16	20
Retained earnings	22	34	39	57
OCI	4	(0)	(0)	(1)
Minority interest	5	5	5	5

## Key financial data

	2022A	2023A	2024A	2025F
<b>Profitability and efficiency (%)</b>				
ROE	19.1	19.4	19.2	18.1
ROA	0.9	1.0	1.0	0.9
NIM	2.98	2.63	2.38	2.50
Asset yield	6.44	7.16	5.67	5.97
Cost of fund	3.60	4.72	3.42	3.60
Cost-income ratio	32.4	34.3	34.3	34.0
Credit cost	1.65	1.22	1.14	1.13
<b>Growth (%)</b>				
Net profit of controlling interest	72.3	18.7	14.4	10.0
Pre-provision earnings	9.3	2.0	11.1	12.4
Credit growth	12.1	16.3	15.5	16.5
Total assets	20.4	8.5	20.0	14.1
<b>Asset quality (%)</b>				
NPL ratio	1.2	1.3	1.4	1.2
NPL coverage ratio	211.3	180.7	133.7	157.2
Loan to deposit	86.8	87.6	87.4	88.6
<b>Capital adequacy (%)</b>				
CAR ratio	9.3	9.2	9.2	9.4
CET1 ratio	n.a	n.a	n.a	n.a
Tier 1 ratio	n.a	n.a	n.a	n.a

	2022A	2023A	2024A	2025F
Total operating income	70	73	81	91
Net interest income	56	56	58	71
Interest income	121	153	138	170
Interest cost	65	97	80	99
Non-interest income	14	17	23	20
Net commission income	9	11	12	13
Gains on investment securities	1	4	6	2
Other non-interest income	4	2	5	5
Provision for credit losses	24	20	22	25
Net operating revenue	46	53	59	65
SG&A	23	25	28	31
Employee benefits	-	-	-	-
Pre-provision earnings	47	48	53	60
Earnings before tax	23	28	31	35
Tax	5	6	6	7
Tax rate (%)	0.0	0.0	0.0	0.0
Continuing operations profit	13	17	20	20
Reversals of written-off loans	6	5	5	8
Net profit	18	22	25	28
Net profit of controlling interest	18	22	25	27

## Valuation

	2022A	2023A	2024A	2025F
<b>Per share (VND, adj.)</b>				
BPS	18,278	18,361	17,919	22,801
EPS	2,771	2,893	2,791	3,029
DPS	-	-	-	-
<b>Valuation (x)</b>				
PB	1.9	1.9	2.0	1.6
PE	12.8	12.3	12.7	11.7
P/PPE	4.3	4.7	5.2	4.2
Dividend yield (%)	-	-	-	-
Dividend payout ratio (%)	-	-	-	-
<b>ROE analysis (%)</b>				
ROE	19.1	19.4	19.2	18.1
Leverage(x)	19.5	18.7	19.1	19.1
IEAs to total assets	96.7	96.4	96.7	96.9
Net income to IEAs	0.9	0.9	0.9	0.9
Net interest income to IEAs	2.7	2.5	2.1	2.3
Non-interest income to IEAs	0.6	0.7	0.8	0.6
Credit cost to IEAs	1.1	0.9	0.8	0.8
SG&A to IEAs	1.1	1.1	1.0	1.0

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