

20 Aug 2025

## Investment and Development of Vietnam (BID)

### Enhancing bad debt recovery

- Moderate earnings growth in 2Q25F
- Double-digit growth in 3Q25F
- Maintain BUY rating

#### Facts: Moderate earnings growth

- 2Q25 profit before tax rose by +5.7%yoy to VND8,626bn mainly thanks to other incomes (+181%yoy) from bad debt collection. Accumulated 1H25 PBT rose by +3.1%yoy to VND16,039bn, completing 50% of the 2025 guidance and 46% of KIS's 2025 forecast.
- Net interest income in 2Q25 inched up +1%yoy thanks to credit growth. Total credit growth rose by +6.1% YTD in 2Q25, lower than the industry's 9.9%. Retail loans experienced significantly higher credit growth (+9.4% YTD) compared to corporate (+3.0% YTD). Mortgage and customer loans were the main drivers of retail loans. Net interest margin in 2Q25 changed by +7bps qoq and -42bps to 2.14%. Improving asset yields led NIM recovery in 2Q25.
- 2Q25 total deposit growth (+9.6%YTD) from customer deposits, valuable paper, and other credit institutions was higher credit growth, lowering LDR.
- Service incomes in 2Q25 were sluggish, down -2.7%yoy due to trade finance and card activities. Meanwhile, payment services and insurance recovered quarterly.
- Operating expenses rose by +9.8%yoy in 2Q25 in line with the total operating incomes (+9.2%yoy), maintaining the CIR ratio.
- Non-performing loans: NPL (3-5 group)/ NPL (2-5 group) changed from 1.9%/3.7% in 1Q25 to 2.0%/3.5% in 2Q25, resulting from group 3 – doubtful debts. Higher provision expenses in 2Q25 (+13.8%yoy) reflected higher bad debts. The loan loss coverage ratio (LLCR) declined 97% in 1Q25 to 89% in 2Q25 due to more aggressive bad debt resolution.

#### Pros & Cons: Double-digit growth in 3Q25F from a low base

- We estimate that 3Q25 credit growth could be higher than in the same period. 2025 credit growth could remain high, similar to recent years. According to the plan, credit growth in 2025 is expect to reach 14-16%, compared to 15.5% in 2024. 3Q25F could improve net interest margin by enhancing asset yields. According to the management, BID could focus on loans with better interest margins and cost of fund optimization.

12M rating **BUY (Maintain)**

12M TP **54,900** from 40,300

Up/Downside +36%

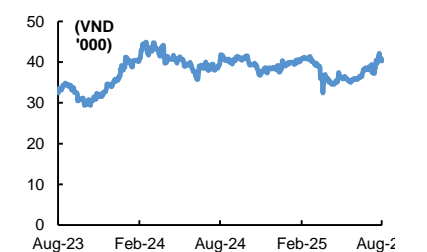
#### Stock Data

VNIndex (Aug 20, pt)	1,637
Stock price (Aug 20, VND)	40,300
Market cap (USD mn)	10,747
Shares outstanding (mn)	7,021
52-Week high/low (VND)	42,150/32,450
6M avg. daily turnover (USD mn)	7.80
Free float / Foreign ownership (%)	20.4/17.4
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

- According to the management, non-performing loans in 2Q25 rose partly due to CIC's involvement and the expired Circular 02/2023/TT-NHNN. BID aims to keep non-performing loans below 1.4% in 2025.
- According to the management, incomes from bad debt collection in 1H25 were around VND5,000bn and target above VND10,000bn in 2025. Besides, the risk provision expenses in 2025 could remain unchanged from the previous year. These could contribute to the bottom line.
- BID could plan to implement Circular 14/2025/TT-NHNN (new application of CAR ratio: standardized approach and internal rating-based approach) in 2028 and aims to apply it as early as 2029.

### Recommendation

2H25 prospect could improve compared to 1H25, driven by sustained credit recovery, a continued rebound in net interest margin, increased bad debt collection, and controlled bad debts. 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%). The private placement, approved in April 2025, is set for implementation in 2025-2026.

We maintain a BUY rate for BID following the adjustment of our target price to mid-2026 with a target price of VN54,900, implying a 36% upside, considering its remaining profit growth and attractive valuation.

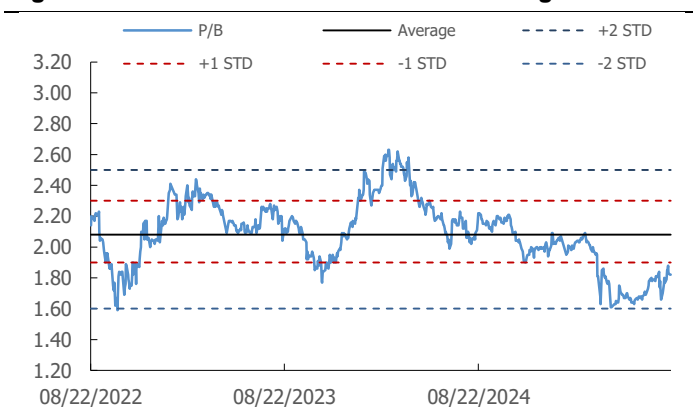
**Table 1. Cost of equity**

Items	%
Beta (x)	1.0
Risk free rate (%)	3.4
Equity risk premium (%)	8.4
Cost of equity (%)	11.8

**Table 2. Bended valuation**

Metrics	Implied price	Weight	Weight
PB	51,899	50%	25,950
Residual approach	57,939	50%	28,970
<b>Target share price</b>			<b>54,919</b>

**Figure 1. P/B valuation in the historical trading**



Source: FiinproX, KIS research

**Table 3. Valuation approach**

1. Residual approach	2025F	2026F	2027F	2028F	2029F
Net attrib profit	26,902	32,725	38,906	50,567	51,480
Equity	167,439	196,966	231,981	277,924	323,393
ROE (%)	17	18	18	20	17
Cost of equity (%)	11.8	11.8	11.8	11.8	11.8
Residual income	10,537	13,051	15,762	23,310	18,824
Discount factor	1.0	0.89	0.80	0.72	0.64
PV of FCF 2025-2029	63,611	59,310			
Inter – growth (%)	6.5	6.5			
Perpetual growth (%)	3	3.0			
Terminal value	181,341	202,649			
Total value	384,230	429,398			
Outstanding shares	7,021	7,021			
Price (VND/shr) (A)	54,723	61,156			
<b>Mid-FY 26 TP</b>	<b>57,939</b>				
<b>2. P/B multiple approach</b>					
BVPS (average of 2025F-2026F, VND)	25,950				
Fair PB (x)	2.0				
<b>Price (VND/shr) (B)</b>	<b>51,899</b>				

Table 4. Earnings trend and outlook (Unit: VNDbn, %)

	2024				2025				2024	2025F	2Q25	
	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	2,187,090			2,061,532	2,402,579	3.5	15.7
% growth (ytd)	0.9	5.9	9.8	15.5	2.5	6.1			15.5	16.5		
Loans to customers	1,793,930	1,882,815	1,953,065	2,056,082	2,107,330	2,179,880			2,056,082	2,396,228	3.4	15.8
NPL (3-5 group)	27,000	28,687	33,386	29,036	39,909	43,140			29,036	33,512	8.1	50.4
NPL ratio (% , %p)	1.51	1.52	1.71	1.41	1.89	1.98			1.41	1.40		
NPL (2-5 group)	63,832	58,620	65,954	63,191	78,831	76,688			63,191	73,318	(2.7)	30.8
NPL ratio (% , %p)	3.6	3.1	3.4	3.1	3.7	3.5			3.1	3.1		
Loan loss coverage (% , %p)	152.8	132.2	115.7	133.7	96.8	89.1			133.7	136.7		
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>2,306,253</b>			<b>2,152,071</b>	<b>2,494,794</b>	<b>5.4</b>	<b>15.0</b>
Deposit from customers	1,734,779	1,806,926	1,873,725	1,953,170	1,976,946	2,074,788			1,953,170	2,264,218	4.9	14.8
% growth (ytd)	1.8	6.0	9.9	14.6	1.2	6.2			14.6	15.9		
CASA (%)	18.2	18.2	18.1	19.5	18.3	19.9			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>2,991,644</b>			<b>2,760,693</b>	<b>3,155,612</b>	<b>4.7</b>	<b>18.7</b>
<b>Equity</b>	<b>129,018</b>	<b>134,700</b>	<b>138,440</b>	<b>139,278</b>	<b>150,550</b>	<b>157,362</b>			<b>144,512</b>	<b>172,935</b>	<b>4.5</b>	<b>16.8</b>
<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>22,089</b>			<b>81,060</b>	<b>86,566</b>	<b>23.4</b>	<b>9.2</b>
Net interest income	13,541	14,838	13,990	15,639	13,946	14,992			58,008	63,769	7.5	1.0
NIM (% , %p)	2.44	2.56	2.30	2.45	2.07	2.14			2.38	2.24		
Non-interest income	3,630	5,387	3,269	10,767	3,953	7,097			23,052	22,797	79.6	31.7
Net commission income	3,158	3,665	2,207	3,404	2,402	3,244			12,434	13,324	35.0	(11.5)
Gains on investment securities	-29	691	-443	5,413	334	956			5,632	1,610	186.0	38.3
Other non-interest income	500	1,031	1,505	1,949	1,216	2,898			4,987	7,863	138.3	181.0
Provision for credit losses	4,389	5,358	4,453	7,687	4,578	6,098			21,887	22,889	33.2	13.8
Net operating revenue	12,783	14,867	12,805	18,718	13,320	15,991			59,173	63,677	20.1	7.6
SG&A	5,393	6,708	6,307	9,382	5,907	7,366			27,790	29,432	24.7	9.8
CIR (%)	31.4	33.2	36.5	35.5	33.0	33.3			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>14,724</b>			<b>53,270</b>	<b>57,134</b>	<b>23</b>	<b>8.9</b>
<b>EBT</b>	<b>7,390</b>	<b>8,159</b>	<b>6,498</b>	<b>9,336</b>	<b>7,413</b>	<b>8,626</b>			<b>31,383</b>	<b>34,244</b>	<b>16.4</b>	<b>5.7</b>
Net profit	5,916	6,534	5,214	7,464	5,955	6,898			25,122	27,408	15.8	5.6
Controlling-int. NP	5,813	6,369	5,151	7,328	5,840	6,755			24,658	26,902	15.7	6.1

Sources: FiinproX, bank, KIS Research

**Balance sheet**

(VND tn)

	2023A	2024A	2025F	2026F
Total assets	2,301	2,761	3,156	3,601
Gross IEAs	2,271	2,719	3,116	3,555
Loans and corp bonds	1,785	2,062	2,403	2,731
Household				
Corporate				
Dep't and loans to FIs	305	434	473	564
Dep't to SBV and G-bond	181	224	241	260
VAMC bond	-	-	-	-
NIEAs	72	82	87	97
Others	54	51	54	61
Total liabilities	2,178	2,616	2,983	3,398
Deposits	1,704	1,953	2,264	2,616
Debentures	189	199	231	266
Dep't and loans from FIs	194	245	257	269
Loans from Gov't and SBV	36	168	177	186
Other liabilities	54	51	54	61
Total equities	123	145	173	203
Controlling interests	118	139	167	197
Capital stock	57	69	70	70
Capital surplus	15	15	19	19
Other reserves	12	16	20	24
Retained earnings	34	39	59	85
OCI	(0)	(0)	(1)	(1)
Minority interest	5	5	5	6

**Income statement**

(VND tn)

	2023A	2024A	2025F	2026F
Total operating income	73	81	87	106
Net interest income	56	58	64	84
Interest income	153	138	154	193
Interest cost	97	80	90	109
Non-interest income	17	23	23	22
Net commission income	11	12	13	14
Gains on investment securities	4	6	2	2
Other non-interest income	2	5	8	6
Provision for credit losses	20	22	23	28
Net operating revenue	53	59	64	78
SG&A	25	28	29	36
Employee benefits	-	-	-	-
Pre-provision earnings	48	53	57	70
Earnings before tax	28	31	34	42
Tax	6	6	7	8
Tax rate (%)	0.0	0.0	0.0	0.0
Continuing operations profit	17	20	14	24
Reversals of written-off loans	5	5	13	9
Net profit	22	25	27	33
Net profit of controlling interest	22	25	27	33

**Key financial data**

	2023A	2024A	2025F	2026F
<b>Profitability and efficiency (%)</b>				
ROE	19.4	19.2	17.5	18.0
ROA	1.0	1.0	0.9	1.0
NIM	2.63	2.38	2.24	2.57
Asset yield	7.16	5.67	5.40	5.92
Cost of fund	4.72	3.42	3.28	3.49
Cost-income ratio	34.3	34.3	34.0	34.0
Credit cost	1.22	1.14	1.03	1.10
<b>Growth (%)</b>				
Net profit of controlling interest	18.7	14.4	9.1	21.6
Pre-provision earnings	2.0	11.1	7.3	22.5
Credit growth	16.3	15.5	16.5	13.7
Total assets	8.5	20.0	14.3	14.1
<b>Asset quality (%)</b>				
NPL ratio	1.3	1.4	1.4	1.2
NPL coverage ratio	180.7	133.7	136.7	147.4
Loan to deposit	87.6	87.4	88.6	87.8
<b>Capital adequacy (%)</b>				
CAR ratio	9.2	9.2	9.3	9.0
CET1 ratio	n.a	n.a	n.a	n.a
Tier 1 ratio	n.a	n.a	n.a	n.a

**Valuation**

	2023A	2024A	2025F	2026F
<b>Per share (VND, adj.)</b>				
BPS	18,361	17,919	23,847	28,052
EPS	2,944	2,781	3,398	4,205
DPS	-	-	-	-
<b>Valuation (x)</b>				
PB	2.2	2.3	1.7	1.5
PE	13.9	14.7	12.0	9.7
P/PPE	5.5	6.0	5.0	4.1
Dividend yield (%)	-	-	-	-
Dividend payout ratio (%)	-	-	-	-
<b>ROE analysis (%)</b>				
ROE	19.4	19.2	17.5	18.0
Leverage(x)	18.7	19.1	18.2	17.8
IEAs to total assets	96.4	96.7	97.1	97.1
Net income to IEAs	0.9	0.9	0.9	0.9
Net interest income to IEAs	2.5	2.1	2.0	2.4
Non-interest income to IEAs	0.7	0.8	0.7	0.6
Credit cost to IEAs	0.9	0.8	0.7	0.8
SG&A to IEAs	1.1	1.0	0.9	1.0

■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

■ **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

■ **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 20 Aug 2025.

KIS Vietnam Securities Corp. has not provided this report to various third parties.

Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 20 Aug 2025.

KIS Vietnam Securities Corp. has not issued CW with underlying stocks of Investment and Development of Vietnam (BID) and is not the liquidity provider.

Prepared by: Research Dep

## Global Disclaimer

### ■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

### ■ Country-specific disclaimer

**United States:** This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

**United Kingdom:** This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

**Hong Kong:** This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

**Singapore:** This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2025 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..