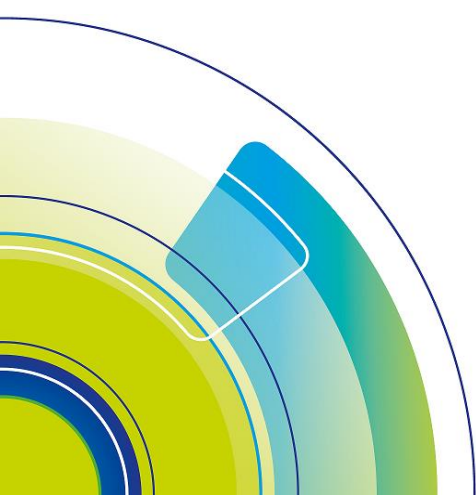




Update **BID – OUTPERFORM**

March 27, 2025



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Recommendation **OUTPERFORM**

HOSE: BID

Banking

Current price (VND) **39,100**

Target price (VND) **44,000**

Expected share price return +12.5%

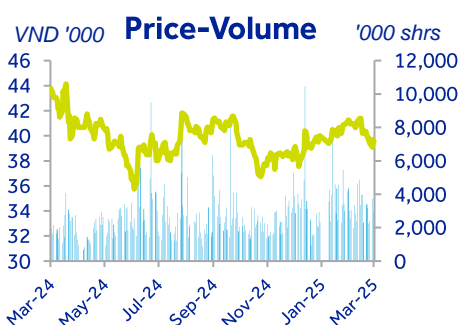
Expected dividend yield 0.0%

Expected total return **+12.5%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	5.3	-3.8	2.7	-9.4
Relative	0.6	-6.0	-2.0	-16.3

Source: Bloomberg



Ownership

State Bank of Vietnam	79.6%
KEB Hana Bank	14.7%
Others	5.7%

Stock Statistics **27-03-2025**

Bloomberg code	BID VN
52-week range (VND)	35,537-45,041
No. of shares (m)	7,021
Mkt cap (VND bn)	277,695
Mkt cap (USD m)	10,772
Foreign room left (%)	12.4
Est. free float (%)	20.4
3m avg daily vol (shs)	3,428,344
VND/USD	25,780
Index: VNIndex / HNX	1326.09/241.33

BANK FOR INVESTMENT & DEVELOPMENT (BID)

We maintain an **OUTPERFORM** recommendation for BID with a 1-year target price of VND 44,000 per share, based on target P/E and P/B ratios of 12.7x and 1.7x, respectively. 2025's profit growth is expected to slow down due to the high base from bond profit-taking in 2024, despite a potential NIM recovery driven by increased retail lending.

2024's PBT grew by 13.8% y/y, supported by strong bond profit-taking and off-balance sheet debt recovery (+70.6% y/y and +49.4% y/y, respectively), particularly in Q4. NFI surprisingly emerged as a profit growth driver (+36.6% y/y) amid challenges in NII. Credit growth remained good (+15.5% y/y) but NIM declined significantly (-25bps y/y) to 2.38% due to lower lending rates, leading to NII growth of only 3.3% y/y.

Asset quality saw a slight improvement, though potential risks are increasing. NPL and Special mentioned loan ratios were kept stable at 1.41% and 1.66%, respectively, at the end of Q4/24. Restructured loans accounted for a low proportion of ~0.4%. NPL coverage declined but rebounded slightly in Q4/24 to 134%. A notable concern is the sharp rise in interest collection days from a healthy level of 30 days in mid-2023 to 57 days currently.

For 2025, we forecast PBT at VND 34,657 billion (+10.4% y/y). Our forecast aligns with BID's management guidance of 6-10% profit growth. Key assumptions:

- (1) Credit growth of 15.6%, with NIM improving by 12bps to 2.5%, driving NII growth of 22.8% y/y. BID's current low lending rate (~6.5%) could improve as retail loans grow by 24.6% in 2024, increasing retail lending proportion from 43.9% to 47.3%.
- (2) NFI to decline by 11.2% y/y due to the high 2024 base from bond gains, despite positive off-balance sheet debt recovery prospects, supported by real estate market recovery and large outstanding off-balance debt balance (~VND 130,000 billion).
- (3) Operating expenses to stay flat (+1.3% y/y) as BID's headcount shrank by 3% in 2024. CIR (excluding bonuses & welfare fund provisioning) is expected to decline from 34% to 31%, ensuring BID's profitability.
- (4) Provision expenses to rise 32% y/y to maintain a prudent buffer amid weaker coverage levels. LLC is expected to be maintained at 134% by year-end 2025.

(VND bn)	2021	2022	2023	2024	2025F	2026F
Credit growth	11.2%	12.1%	16.3%	15.5%	15.6%	15.6%
NIM	2.96%	2.98%	2.63%	2.38%	2.50%	2.51%
NFI proportion	25.1%	19.5%	23.1%	28.4%	22.3%	21.6%
TOI growth	24.9%	11.2%	5.1%	11.0%	13.1%	13.2%
CIR	31.1%	32.7%	34.4%	34.3%	30.7%	29.8%
Credit costs	2.3%	1.7%	1.2%	1.1%	1.3%	1.4%
Profit before tax	13,548	22,923	27,589	31,383	34,657	38,180
growth	50.1%	69.2%	20.4%	13.8%	10.4%	10.2%
Profit attributable	8,654	16,013	18,736	21,981	24,140	26,562
Adjusted EPS (VND)	1,255	2,322	2,716	3,187	3,438	3,533
Adjusted BVPS (VND)	12,053	14,410	17,093	20,192	23,959	29,075
Adjusted ROA	0.5%	0.8%	0.8%	0.9%	0.8%	0.8%
Adjusted ROE	10.8%	17.5%	17.2%	17.1%	15.7%	13.7%
CAR (Basel 2)	9.0%	9.3%	9.2%	9.9%	10.5%	11.9%
P/E	21.7	12.2	13.2	11.8	11.2	10.2
P/B	2.3	2.0	2.1	1.9	1.6	1.2
DPS (VND)	200	-	-	-	-	-

(2024)	BID	CTG	VCB	Comments
Lending yield	6.5%	6.9%	5.6%	BID's lending rates are 0.4 pcts lower than that of its peer state-owned bank, CTG. Therefore, BID has room to improve its lending rates as well as its NIM, as it is pushing its retail lending segment.
Deposit rate	-3.7%	-3.5%	-2.5%	
NIM	2.4%	2.9%	2.9%	
CIR	34.3%	27.5%	33.6%	BID's CIR is higher than CTG's due to BID's relatively large headcount. BID has reduced its headcount by 3% in 2024 and CIR may improve in the coming years.
Credit costs	-1.1%	-1.7%	-0.2%	Low provisioning has reduced BID's buffer and is currently significantly thinner than CTG and VCB. Meanwhile, the high interest collection days indicates an increase in potential bad debt risks. Therefore, BID's provision expenses is expected to increase in 2025.
NPL coverage	134%	175%	223%	
Interest collection days	61	39	35	

Source: Banks, ACBS

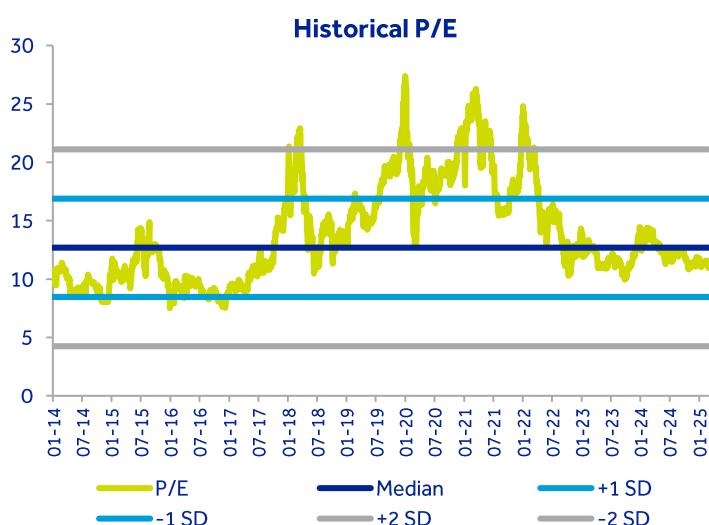
Impact of private placement

As per the 2023 AGM resolution, BID plans to privately issue 9% of its shares to strategic investors. In Q1/25, BID completed the first tranche, issuing 124 million shares (1.8%) at VND 38,800 per share, equivalent to 2.0x BVPS as of Q3/24.

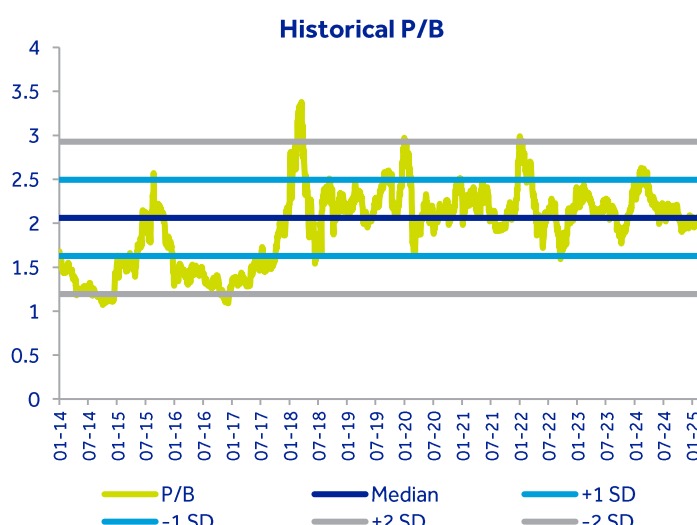
For the remaining ~7.2%, BID will continue seeking potential domestic and foreign investors, with issuance depending on market conditions and business outlook. Based on previous placements, we estimate future issuance prices will also be around 2.0x BVPS.

Capital raising is more crucial for BID than for its peers, as its CAR stood at just above 9% by end-2024, close to the minimum 8% requirement and significantly below the sector average (~12%). After the first tranche of issuance, CAR is estimated to improve to ~10.5%. The capital raise will help lower funding costs, support credit growth, and prepare for stricter Basel III capital requirements.

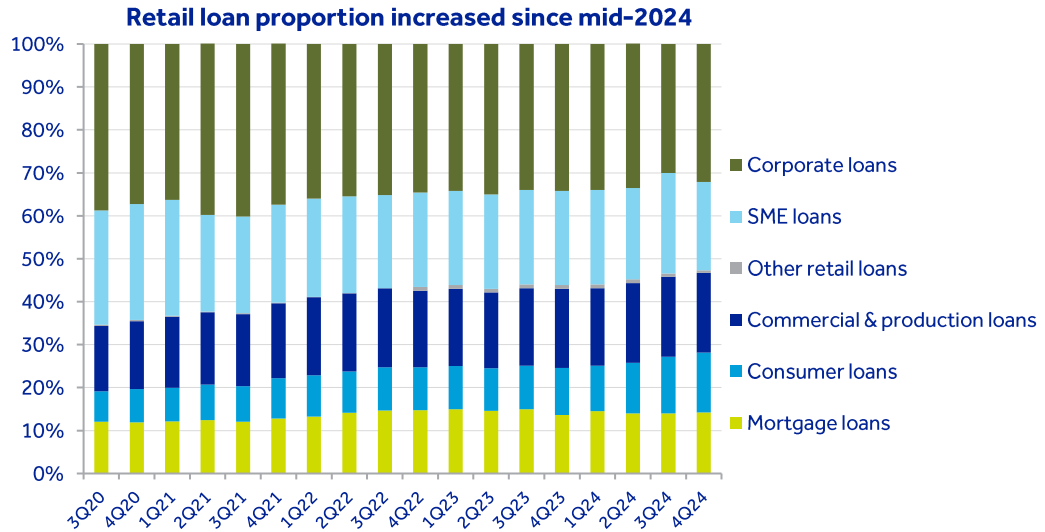
However, increasing equity capital will put pressure on ROE, especially in the context of slower profit growth. We estimate BID's ROE will decline from 17% currently to 15% post-issuance, aligning with the industry average.



Source: FiinPro-X, ACBS

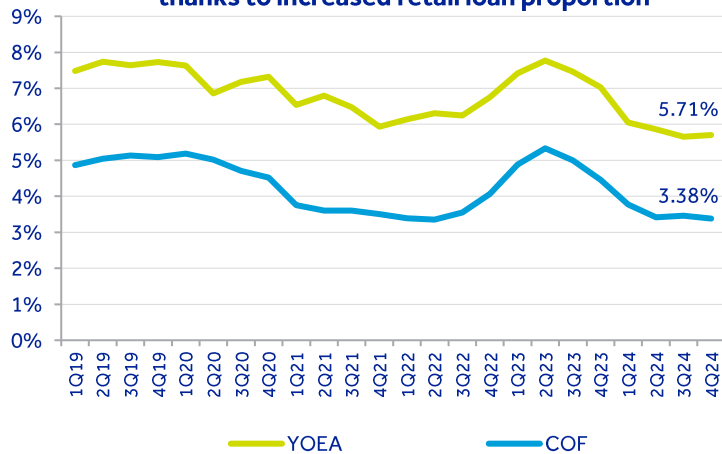


Source: FiinPro-X, ACBS



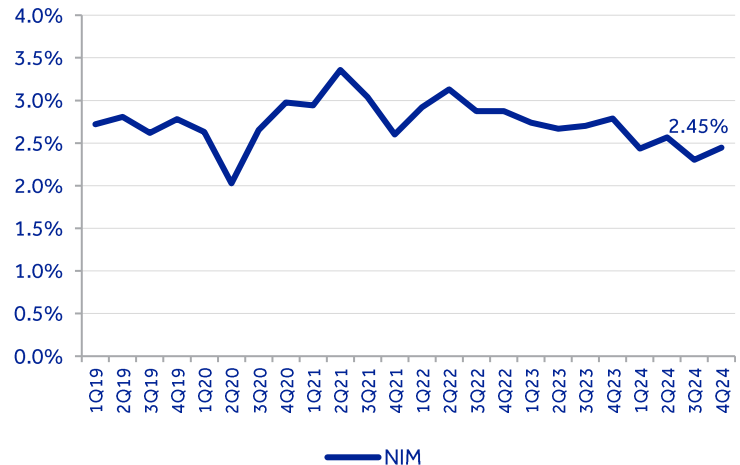
Source: BID, ACBS

Lending rates are low and could improve thanks to increased retail loan proportion



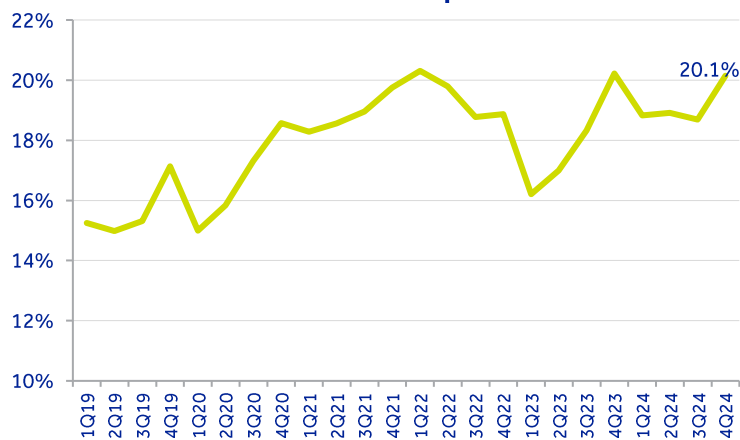
Source: BID, ACBS

... giving NIM room to recover in 2025



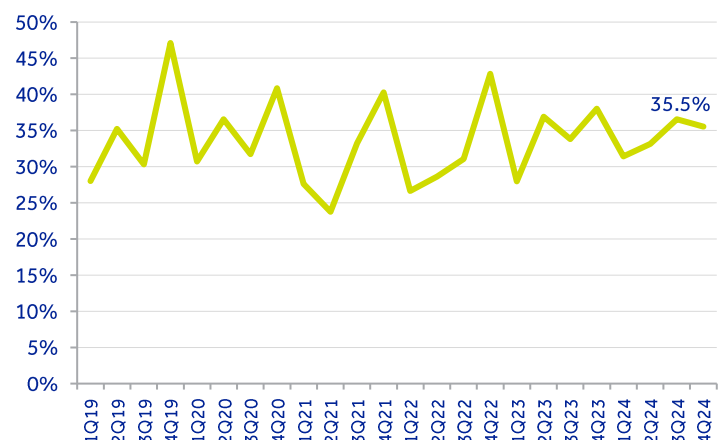
Source: BID, ACBS

CASA ratio improved



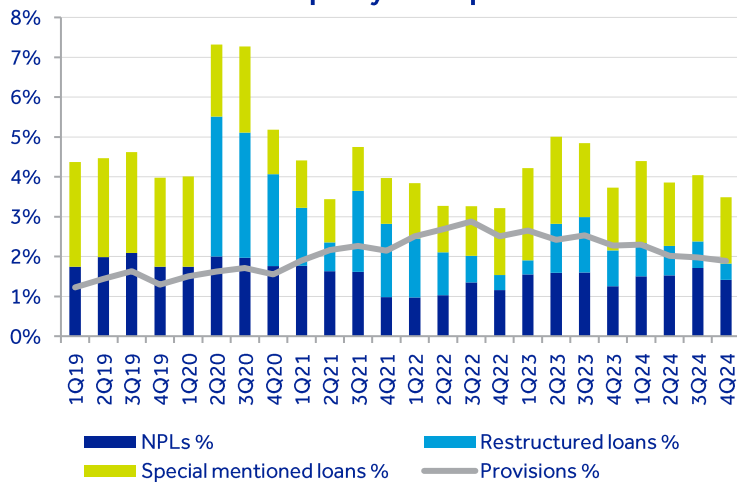
Source: BID, ACBS

CIR could fall thanks to reduced headcount



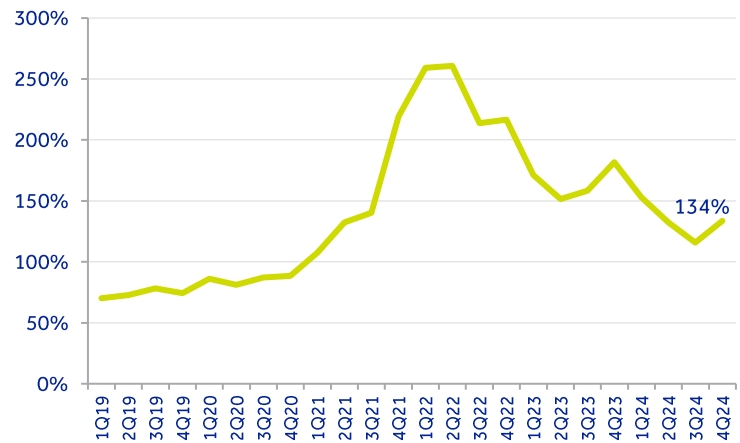
Source: BID, ACBS

Asset quality was kept stable



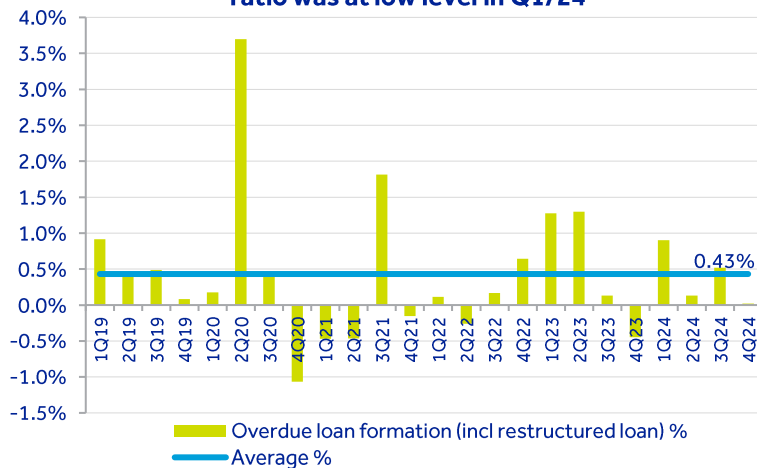
Source: BID, ACBS

NPL coverage ratio improved slightly



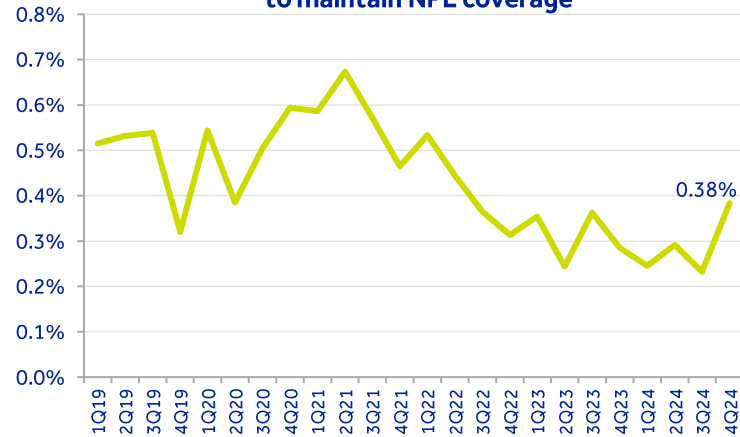
Source: BID, ACBS

Overdue loan formation (incl restructured loan) ratio was at low level in Q1/24



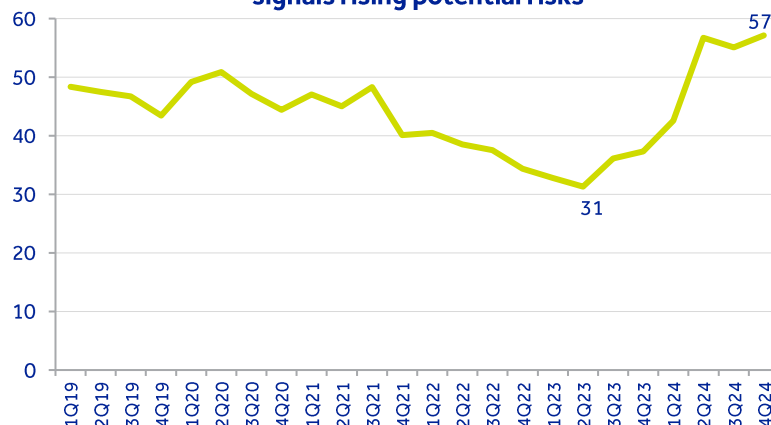
Source: BID, ACBS

Credit costs was low and needed to increase to maintain NPL coverage



Source: BID, ACBS

A sharp increase in interest collection days signals rising potential risks



Source: BID, ACBS

BANK'S FINANCIAL RATIOS

(Unit: VND billion)

Ticker	Exchange	Mkt cap 26-03-25	Equity 4Q24	Total Assets 4Q24	NPL ratio 4Q24	Special mentioned loan 4Q24	NPL coverage 4Q24	CAR (Basel 2) 4Q23	ROA (TTM)	ROE (TTM)	P/E	P/B
BID	HOSE	277,695	2,760,693	144,512	1.4%	1.7%	133.7%	8.6%	1.0%	19.2%	11.1	2.0
CTG	HOSE	224,197	2,385,388	148,505	1.2%	1.4%	174.7%	9.3%	1.2%	18.6%	8.8	1.5
VCB	HOSE	549,804	2,085,397	198,956	1.0%	0.3%	223.3%	11.4%	1.7%	18.6%	16.3	2.8
MBB	HOSE	146,455	1,128,801	117,060	1.6%	1.6%	92.3%	10.8%	2.2%	22.1%	6.4	1.3
TCB	HOSE	197,816	978,799	147,940	1.1%	0.7%	113.9%	14.4%	2.4%	15.6%	9.2	1.4
VPB	HOSE	153,521	923,848	147,275	4.2%	6.5%	56.2%	17.1%	1.8%	11.4%	9.7	1.1
ACB	HOSE	116,803	864,006	83,462	1.5%	0.5%	77.9%	12.5%	2.1%	21.8%	7.0	1.4
STB	HOSE	72,769	748,095	54,972	2.4%	0.8%	68.4%	9.1%	1.4%	20.0%	7.2	1.3
SHB	HOSE	49,799	747,244	57,850	2.6%	0.9%	65.1%	12.2%	1.3%	17.1%	5.4	0.9
HDB	HOSE	79,513	697,281	56,658	1.9%	4.8%	68.7%	12.6%	2.0%	25.8%	6.2	1.5
LPB	HOSE	99,925	508,330	43,338	1.6%	1.0%	83.3%	12.2%	2.2%	25.1%	10.3	2.3
VIB	HOSE	59,434	493,158	41,862	3.5%	3.4%	50.1%	11.7%	1.6%	18.1%	8.2	1.4
TPB	HOSE	38,308	418,028	37,596	1.5%	1.8%	81.3%	12.4%	1.6%	17.3%	6.3	1.0
MSB	HOSE	30,680	320,177	36,818	2.7%	1.3%	64.4%	12.8%	1.9%	16.2%	5.6	0.8
SSB	HOSE	55,620	325,699	35,003	1.9%	0.7%	82.9%	13.6%	1.6%	14.8%	11.5	1.6
OCB	HOSE	27,740	280,712	31,671	3.2%	2.4%	47.1%	13.3%	1.2%	10.5%	8.7	0.9
NAB	HOSE	23,059	245,129	19,289	2.3%	1.5%	52.8%	11.2%	1.6%	20.9%	6.2	1.2
EIB	HOSE	36,323	239,768	25,099	2.5%	1.1%	42.3%	13.4%	1.5%	14.0%	10.9	1.5
ABB	UPCoM	8,190	176,742	14,049	3.7%	1.6%	45.5%	11.0%	0.4%	4.4%	13.4	0.6
BAB	HNX	11,496	165,487	11,782	1.2%	0.4%	97.4%	8.6%	0.6%	8.9%	11.4	1.0
VBB	UPCoM	6,985	162,856	8,701	2.7%	0.9%	46.0%	10.4%	0.6%	11.6%	7.5	0.8
VAB	UPCoM	5,701	119,832	8,866	1.3%	0.5%	72.5%	9.3%	0.8%	10.4%	6.5	0.6
NVB	HNX	13,978	118,499	6,093	19.5%	2.2%	8.6%	9.2%	-	-	-	2.3
BVB	UPCoM	7,964	103,536	6,155	3.1%	1.4%	45.2%	11.3%	0.3%	5.2%	-	1.3
KLB	UPCoM	4,241	92,176	6,605	1.9%	1.2%	83.7%	9.7%	1.0%	14.4%	4.8	0.6
PGB	UPCoM	7,540	73,211	5,163	2.6%	1.5%	40.5%	12.0%	0.5%	6.7%	-	1.5
SGB	UPCoM	4,484	33,260	4,090	2.7%	5.1%	36.3%	17.7%	0.2%	1.9%	-	1.1
Average		85,557	636,894	55,532	2.8%	1.7%	76.1%	11.8%	1.3%	15.0%	8.6	1.3
Median		38,308	325,699	36,818	2.3%	1.4%	68.4%	11.7%	1.5%	15.9%	8.2	1.3

Source: FiinPro-X, ACBS

(Unit: VND billion, unless otherwise stated)	Market price (VND):	39,100	Target price (VND):	44,000	Market cap (VND bn):	269,693
INCOME ITEMS	2021	2022	2023	2024	2025F	2026F
Net interest income	46,823	55,960	56,136	58,008	71,217	81,424
Net fee & commission income	6,614	5,651	6,570	7,074	7,781	8,403
Other non-interest income	9,056	7,868	10,308	15,979	12,701	14,001
Total operating income	62,494	69,480	73,013	81,060	91,698	103,828
Growth (%)	24.9%	11.2%	5.1%	11.0%	13.1%	13.2%
Operating expenses	(19,465)	(22,715)	(25,081)	(27,790)	(28,152)	(30,967)
Profit before provision & tax	43,028	46,765	47,932	53,270	63,547	72,861
Provision for credit losses	(29,481)	(23,842)	(20,344)	(21,887)	(28,890)	(34,681)
Profit before tax	13,548	22,923	27,589	31,383	34,657	38,180
Profit after tax after minority interests	50.1%	69.2%	20.4%	13.8%	10.4%	10.2%
Profit attributable to shareholders	10,540	18,086	21,505	24,658	27,210	29,950
Growth (%)	8,654	16,013	18,736	21,981	24,140	26,562
Adjusted EPS (VND)	1,255	2,322	2,716	3,187	3,438	3,533
BALANCE SHEET ITEMS	2021	2022	2023	2024	2025F	2026F
Outstanding loans & corporate bonds	1,368,891	1,535,139	1,785,020	2,061,532	2,383,010	2,754,978
Growth (%)	11.2%	12.1%	16.3%	15.5%	15.6%	15.6%
Customer deposit	1,380,398	1,473,598	1,704,690	1,953,170	2,207,083	2,494,003
Growth (%)	12.5%	6.8%	15.7%	14.6%	13.0%	13.0%
Total assets	1,761,696	2,120,677	2,300,869	2,760,693	3,130,275	3,561,502
Shareholder's equity	83,135	99,395	117,901	139,278	168,223	218,596
BVPS (VND)	12,053	14,410	17,093	20,192	23,959	29,075
KEY RATIOS	2021	2022	2023	2024	2025F	2026F
NPL (%)	1.0%	1.2%	1.3%	1.4%	1.3%	1.3%
NPL coverage (%)	214.8%	210.4%	180.9%	133.7%	133.5%	135.4%
NIM (%)	3.0%	3.0%	2.6%	2.4%	2.5%	2.5%
CIR (%)	31.1%	32.7%	34.4%	34.3%	30.7%	29.8%
ROA (%)	0.5%	0.8%	0.8%	0.9%	0.8%	0.8%
ROE (%)	10.8%	17.5%	17.2%	17.1%	15.7%	13.7%
CAR Basel 2 (%)	9.0%	9.3%	9.2%	9.9%	10.5%	11.9%
P/E (x)	21.7	12.2	13.2	11.8	11.2	10.2
P/B (x)	2.3	2.0	2.1	1.9	1.6	1.2
Dividend yield (%)	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%

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BUY	: total stock returns (including dividend yield) over the next 12 months are forecast to be 20% or higher.
OUTPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from 10 to 20%.
NEUTRAL	: total stock returns (including dividend yield) over the next 12 months are forecast to be between -10 and 10%.
UNDERPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from -10 to -20%.
SELL	: total stock returns (including dividend yield) over the next 12 months are forecast to be -20% or lower.

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