

**BIDV [BID VN]**

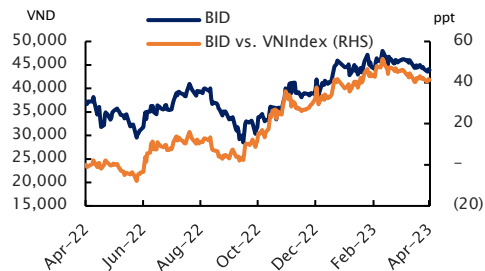
**28 April 2023**

**HOLD-Underperform**

**TP upside/(downside) -11%**

**Close 29 Apr 2023**

Price VND 43,500  
12M Target VND 38,860



Market cap	US\$9.5 bn
6M avg. daily turnover	US\$2.4 mn
Outstanding shares	5,059 mn
Free float	4%
FINI ownership	17.2%
Major shareholders	96.3%
2022 Asset/Equity	20x
2023E P/E (*)	14.6x
2023E P/B (*)	1.8x
FOL Remaining Room	12.8%
2023E Dividend yield (*)	0.0%

Source: FiinPro, Yuanta Vietnam, Company Data

**BID – PBT growth target of 10-15% YoY**

**BID** held its AGM on Apr 28 to discuss their business results for 2022 and set targets for 2023. The bank targets 2023E PBT growth of +10–15% YoY. Capital raising was also a key focus of discussion.

**Key Takeaways**

**Management targets to grow PBT by 10–15% YoY.** BID posted preliminary 1Q23 bank standalone PBT of VND6.6 tn (+19% QoQ/ +58% YoY), mainly driven by relatively strong credit growth of +5% YTD in 1Q23.

**Full-year credit growth target to follow the SBV’s guidance.** BID’s initial quota is +8.3% YoY in 1Q23.

**The bank aims to control its NPL ratio at below 1.4% in 2023E.**

**Capital increase was a key focus** of the AGM. BID plans to increase its charter capital by 22% to VND61.6 tn (USD2.6 bn) in 2023 by issuing ~642 mn shares as stock dividends *based on retained earnings from 2021*. In addition, the bank plans to issue an additional of 455mn new shares via public or private placement, with the latter issuance equivalent to 9.0% of shares outstanding in 2022.

**BID also plans to issue ~1.16 bn shares as a separate stock dividend** based on retained earnings from 2022. Although the timing of the latter issuance has not been finalized, we expect it to be in 2024.

**Management says that BID’s loan exposure to real estate developers** represents just 2% of total loans, while homebuyer mortgages account for 15% of total loans.

**BID plans to reduce its provisioning** to about VND20–21 tn in 2023, a decrease of approximately 13–17% YoY.

**Our view**

**BID’s relatively high LLR ratio allows for lower provisioning**, and we expect the targeted YoY reduction in provisioning to be a key earnings growth driver in 2023.

**Asset quality held up.** NPL and LLR ratios are at healthy levels in 4Q22.

**Capital is a key constraint** given that CAR is just c.9%, which is too low especially for such a systemically important bank, in our opinion.

**Deposit franchise is not as strong as peers’** (i.e. [VCB \(BUY\)](#), [MBB \(BUY\)](#), and TCB (not rated)). BID’s CASA ratio was only 19% as at 4Q22, much lower than those of SOE VCB (34%) and MBB (41%).

**HOLD–Underperform.** **BID** trades at 1.8x 2022E P/B vs. the sector median 1.1x despite 2023E ROE of 15% vs. the sector median of 19%.

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