

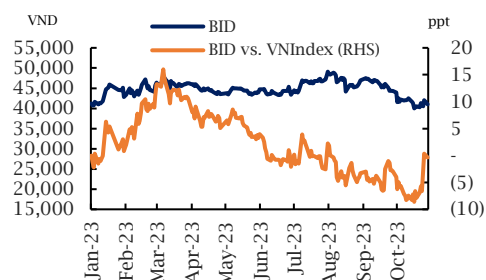
HOLD-Underperform

TP upside/(downside): +6%

Close 31 Oct 2023

Price VND 40,200
12M Target VND 42,780

Share price performance relative to VNI



Source: Bloomberg

Market cap	US\$8.4 bn
6M avg. daily turnover	US\$2.5 mn
Outstanding shares	5,059 mn
Free float	4%
FINI ownership	17.2%
Major shareholders	96%
2024 Asset/Equity (*)	17x
2024E P/E (*)	9.4x
2024E P/B (*)	1.5x
FOL Remaining Room	12.8%
Dividend yield (*)	2.4%

Source: FiinPro, (*) Yuanta Vietnam

BID's 3Q23 Results	3Q23	% QoQ	% YoY
NII (VND bn)	13,783	2%	-2%
Net Fee Inc.(VND bn)	1,764	5%	22%
Other non-II (VND bn)	1,598	60%	67%
Adj. TOI (VND bn)	17,146	6%	4%
Opex (VND bn)	6,044	-5%	11%
Provision (VND bn)	5,950	51%	10%
PATMI (VND bn)	4,583	-16%	-13%
NPL (%)	1.60%	1bp	25bps
LLR (%)	158%	7ppt	-55ppt
CASA (%)	18.3%	1.3ppt	-40bps

Source: Company Data, Yuanta Vietnam

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BIDV (BID VN)

Built up stronger buffer in 3Q23

BID reported 3Q23 PATMI of VND4.6 tn (-16% QoQ/-13% YoY), largely attributable to increased provisioning. 9M23 PATMI was VND15.5 tn (+10% YoY), fulfilling 84% of our 2023E forecast.

Details

Total credit increased by 8.3%, while deposits were up +7.0% in 9M23.

3Q23 net interest income was VND13.8 tn (+2% QoQ/-2% YoY). We estimate 3Q23 annualized NIM on average total assets was 2.59% (+3bps QoQ/-21bps YoY).

3Q23 net fee income was VND1.7 tn (+5% QoQ/+22% YoY), and 9M23 net fee income increased by +17% YoY to VND4.9 tn.

3Q23 net FX gain jumped by +115% QoQ/+110% YoY to VND1.7 tn, while trading gains on securities recorded a loss of -VND180 bn (vs gains of +VND208 bn in 2Q23/ and +VND57 bn in 3Q22).

Opex was VND6.0 tn (-5% QoQ/+11% YoY) in 3Q23, and 9M23 opex increased by +15% YoY to VND17.3 tn. We estimate adj. CIR (excluding net other incomes) was 35% (+4ppt YoY).

BID increased provisioning by +51% QoQ/+10% YoY to VND5.9tn. 9M23 provisioning was down by -20% YoY to VND15.4 tn.

NPL ratio was 1.60% (+1bp QoQ/+25bps YoY) in 3Q23, and LLR ratio was 158% (+7ppt QoQ/but -55ppt YoY) in 3Q23.

CASA deposits increased by +10% QoQ/+9% YoY to VND290tn. CASA ratio increased to 18.3% (+1.3ppt QoQ/ but -40bps YoY).

Continued decline in government deposits. BID's government deposit/total liabilities decreased from 6.2% in 1Q23 to 2.6% in 2Q23 and 0.7% in 3Q23. This might be an indicator of the step-up in public investment disbursement.

Our view

Improved asset quality. Unlike the previous quarter, BID built up a stronger LLR buffer by increasing provisioning in 3Q23. We think this is necessary to weather against asset quality deterioration. But BID's NPL ratio did not increase much, and its loan loss reserve ratio is high.

Improved CASA will help the cost of funds. While many banks experienced a decrease in CASA ratios in 3Q23, BID recorded an increase during the quarter. This should help to lower funding costs and improve earnings for BID in 4Q23.

Maintain HOLD-UPF. BID trades at 1.5x 2024E P/B vs. the sector median of 0.9x despite our 2024E ROE of forecast of 17% vs. the sector median 20%.

A potential catalyst that could constitute an upside risk to our target price is the successful stake sale to foreign investors.

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