

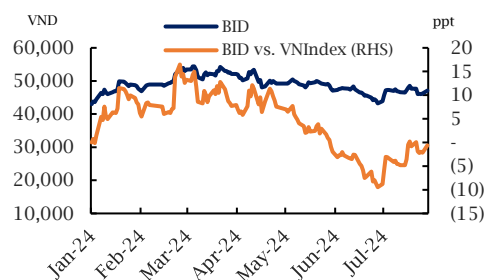
## HOLD-Underperform

TP upside/(downside): +1%

Close 29 Jul 2024

Price VND 47,100  
12M Target VND 47,470

Share price performance relative to VNI



Source: Bloomberg

Market cap	US\$10.6 bn
6M avg. daily turnover	US\$4.1 mn
Outstanding shares	5,700 mn
Free float	4%
FINI ownership	17.2%
Major shareholders	96%
2024 Asset/Equity (*)	17x
2024E P/E (*)	11.4x
2024E P/B (*)	1.9x
FOL Remaining Room	12.8%
Dividend yield (*)	0%

Source: FiinPro-X, (\*) Yuanta Vietnam

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Bloomberg code: YUTA

## BIDV (BID VN)

### Net-II boosted earnings

BID posted 2Q24 PATMI of VND6.4 tn (+10% QoQ/+17 YoY), driven by increased net interest incomes, net fees, gains from FX trading and investment securities. 1H24 PATMI was VND12.2 tn (+12% YoY, fulfilling 52% of our 2024E forecast.

#### Details

Both loans and deposits increased by +6% YTD in 1H24.

Net interest income increased by +10% both QoQ and YoY in 2Q24, which was largely attributable to reduced cost of funds. Interest expenses declined by -5% QoQ/-26% YoY in 2Q24. **Annualized NIM was 2.45%** (+11bps QoQ/ but -11bps YoY) in 2Q24, in our calculation.

BID's CASA ratio was **18.9%** at end-June (+10bps QoQ / +2ppt YoY).

Net fees were VND1.9 tn (+15% QoQ/+16% YoY) in 2Q24.

FX gains were VND1.7 tn (+18% QoQ/+2.2x YoY), and gains from investment securities posted VND513 bn (versus a loss of -VND291 in 1Q24/ +18x YoY) in 2Q24.

Opex increased by +24% QoQ/+5% YoY to reach VND6.7 tn in 2Q24. BID's adjusted CIR was **35%** (+2.6ppt QoQ/ but -4.3ppt YoY) in 2Q24, in our calculation.

BID increased its provisioning cost by +22% QoQ/+36% YoY in 2Q24.

Aggregated NPLs were up by +6% QOQ/+10% YoY and NPL ratio was **1.52%** (+2bps QoQ/ but -7bps YoY). LLR ratio fell to **132%** (-21ppt QoQ/-19ppt YoY).

#### Our view

**Asset quality remained under control.** We think the NPL ratio has peaked, and it will reduce in the 2H24 along with economic recovery. The bank maintains its LLR ratio of 100%+, which is prudent.

We expect **provisioning costs** to decrease backed by improved asset quality, which will drive earnings in 2H24.

**Funding costs** will increase in 2H24, affecting banks across the board. With a CASA ratio of just 19%, BID lags its peers such as VCB. Thus, we think BID's will have less room compared to VCB to manage its funding costs, which will constraint its NIM in 2H24.

**BID** trades at 1.9x 2024E P/B vs. the sector median of 1.2x despite our 2024E ROE forecast of 17% vs. the sector median 18%. Maintain HOLD.

**A potential catalyst** that could constitute an upside risk to our target price is the successful 9% stake sale to foreign investors, which will help improve BID's CAR to about 11% based on our estimation.

*The table below illustrates the various share issuance prices and the corresponding impacts to CAR.*

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## Analyzing the impact of potential stake sale to BID's CAR

BID plans to sell 9% of its stake (2.9% in 2024 and 6.1% in 2025) to foreign investors.

Assuming that BID sells at a range of 2024E P/B of 2.1–2.3x, BID will collect a total of about VND26–VND29 tn (~USD1.0 –1.1 bn) (comprising VND5.1 tn in charter capital and VND21–24 tn in share premium).

Based on the latest disclosed data on Tier 1, CAR, and risk weighted assets (RWA) as of Dec 31, 2023, we estimate that BID's CAR will improve by about +1.5ppt to 10.7% post deal.

The table below illustrates the various share issuance prices and the corresponding impacts to CAR.

Issuing price Scenarios	Unit	47,410	49,905	52,400	54,895	57,391	59,886	62,381
<b>P/BV</b>	x	1.9x	2.0x	2.1x	2.2x	2.3x	2.4x	2.5x
<i>Premium to the current price</i>	%	<b>0%</b>	<b>6%</b>	<b>11%</b>	<b>16%</b>	<b>22%</b>	<b>27%</b>	<b>32%</b>
Current Shareholder Capital	VND bn	57,004	57,004	57,004	57,004	57,004	57,004	57,004
New issuing shares	mn shares	513	513	513	513	513	513	513
Additional Shareholder Capital	VND bn	5,130	5,130	5,130	5,130	5,130	5,130	5,130
<b>Total Shareholder Capital</b>	VND bn	<b>62,134</b>	<b>62,134</b>	<b>62,134</b>	<b>62,134</b>	<b>62,134</b>	<b>62,134</b>	<b>62,134</b>
<b>Share Premium</b>	VND bn	<b>19,192</b>	<b>20,473</b>	<b>21,753</b>	<b>23,033</b>	<b>24,313</b>	<b>25,593</b>	<b>26,873</b>
Total Shareholder Capital + share premium	VND bn	81,327	82,607	83,887	85,167	86,447	87,728	89,008
<b>Current Tier 1 capital</b>	VND bn	<b>117,059</b>	<b>117,059</b>	<b>117,059</b>	<b>117,059</b>	<b>117,059</b>	<b>117,059</b>	<b>117,059</b>
<b>Tier 1 capital after raising capital</b>	VND bn	<b>141,382</b>	<b>142,662</b>	<b>143,942</b>	<b>145,222</b>	<b>146,502</b>	<b>147,783</b>	<b>149,063</b>
Tier 2 capital	VND bn	53,577	53,577	53,577	53,577	53,577	53,577	53,577
RWA (31/12/23)	VND bn	1,859,656	1,859,656	1,859,656	1,859,656	1,859,656	1,859,656	1,859,656
CET 1 ratio before raising capital	%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
<b>CET 1 ratio after raising capital</b>	%	<b>7.6%</b>	<b>7.7%</b>	<b>7.7%</b>	<b>7.8%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>8.0%</b>
CAR before raising capital	%	9.18%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
<b>CAR after raising capital</b>	%	<b>10.5%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.7%</b>	<b>10.8%</b>	<b>10.8%</b>	<b>10.9%</b>

Source: Company Data, Yuanta Vietnam

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