

BID Bank (BID)

Prevailing pressure on NIM in 2H25

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Manager Nguyen Anh Tung

(+84) 24-7303-5333 tungna@kbsec.com.vn

1Q25 PBT gained 0.3% YoY to VND7,413 billion

In 1Q25, Bank for Investment & Development of Vietnam (BID) logged VND13,946 billion in NII (-10.8% QoQ, +3.0% YoY) and VND17,898 billion in TOI (-33.2% QoQ, +4.2% YoY). Credit costs were low (0.22%) with provisions reaching VND4,578 billion (-33.7% QoQ, +4.3% YoY), resulting in PBT touching VND7,413 billion (-25.4% QoQ, +0.3% YoY).

Credit growth target for 2025 is 16%

At the 2025 AGM, shareholders approved the guidance targeting (1) credit growth ~ 16% and (2) capital growth equivalent to credit growth. At the same time, shareholders also agreed on a capital increase plan, including a private placement or public offering for up to 269.8 million shares (ratio 3.84%).

The downward pressure on NIM will persist in 2H25

KBSV maintains the view that NIM will be under pressure in the rest of 2025 mainly because deposit interest rates may escalate when exchange rates and liquidity increase amid tariff impacts and slow deposit growth. On the contrary, fierce competition among banks in the context of unpromising credit demand has narrowed the room for raising lending interest rates.

Valuation: BUY rating – Target price VND45,000/share

Based on the valuation results, business prospects and possible risks, we maintain our BUY recommendation on BID shares. The target price for 2025 is VND45,000 apiece, 23.6% higher than the price on May 29, 2025.

Buy maintain

Target price VND45,000

Upside	23.6%
Current price (May 29, 2025)	VND36,450
Consensus target price	VND43,900
Market cap (VNDtn/USDbn)	255.9/9.8

Forecast earnings & valuation

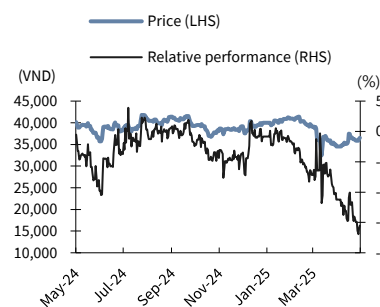
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	56,136	58,008	64,524	79,518
PPOP (VNDbn)	47,932	53,094	57,736	69,619
NPAT-MI (VNDbn)	21,505	25,140	26,689	29,619
EPS (VND)	3,773	3,645	3,801	4,218
EPS growth (%)	5	(3)	4	11
PER (x)	9.7	10.0	9.6	8.6
BVPS	21,554	21,009	25,124	29,342
PBR (x)	1.69	1.73	1.45	1.24
ROE (%)	19.4	19.1	16.9	15.8
Dividend yield (%)	0.0	0.0	0.0	0.0

Trading data

Free float	20.4%
3M avg trading value (VNDbn/USDmn)	132.8/5.1
Foreign ownership	17.6%
Major shareholder	State Bank of Vietnam (SBV, 80.99%)

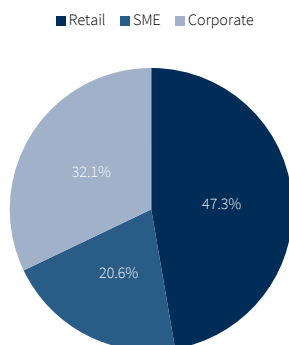
Share price performance

(%)	1M	3M	6M	12M
Absolute	5.6	-10.9	-5.5	-9.1
Relative	-3.8	-13.7	-12.8	-14.6



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Bank for Investment & Development, KB Securities Vietnam

Business operation

Bank for Investment and Development of Vietnam (BID) is a state-owned commercial joint stock bank with the largest asset size in the banking industry by the end of 2024, reaching VND2,760,693 billion. Lending to individual customers contributes the largest proportion to BID's credit structure with 47.3%.

Investment Catalysts

NIM will be under downward pressure in 2025. Deposit interest rates may get higher while lending interest rates remain low due to high competition and economic support policies.

Credit growth is poised to reach ~16% in 2025, driven by the recovery of the real estate market, accelerated public investment, and low lending interest rates.

Tariff uncertainty threatens asset quality. A "thin" provision buffer increases provisioning pressure in the second half of the year as the bank wants to keep the LLCR at 130%.

Notes

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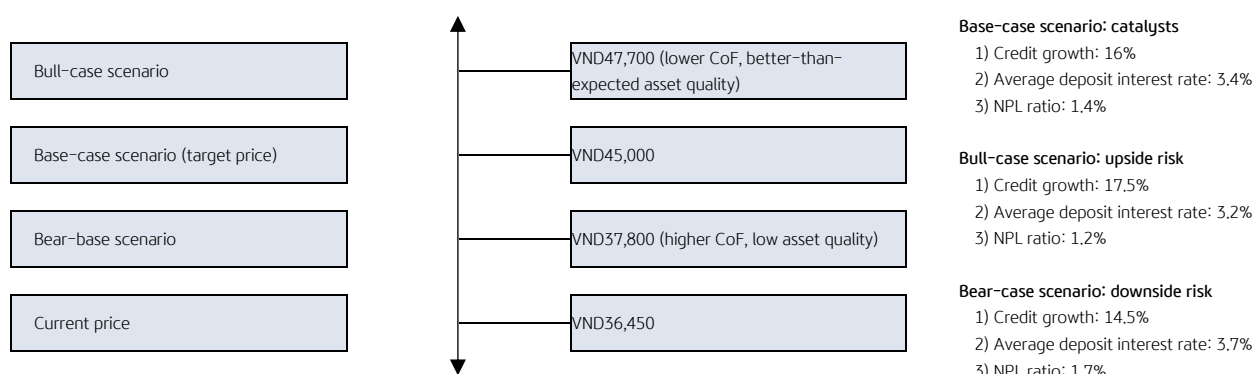
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
NII	64,524	79,518	-8%	-6%	-	-	-	-
PPOP	57,736	69,619	-3%	-1%	-	-	-	-
NP after MI	26,689	29,619	-3%	-3%	27,635	31,959	-3%	-7%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

1Q25 PBT inched up 0.3% YoY to VND7,413 billion

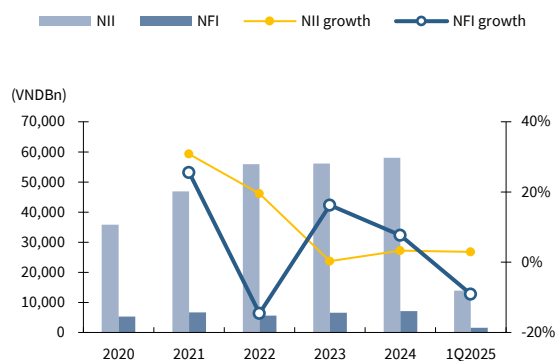
In 1Q25, BID recorded VND13,946 billion in NII (-10.8% QoQ, +3.0% YoY), and VND3,953 billion in NOI (-63.3% QoQ, +8.9% YoY), making TOI reach VND17,898 billion (-33.2% QoQ, +4.2% YoY). Credit costs were low (0.22%) with VND4,578 billion in provisions (-33.7% QoQ, +4.3% YoY), resulting in PBT of VND7,413 billion (-25.4% QoQ, +0.3% YoY).

Table 1. BID – 1Q25 updated results

(VNDbn, %)	1Q24	4Q24	1Q25	+/-%QoQ	+/-%YoY	Notes
Net interest income (NII)	13,541	15,639	13,946	-10.8%	3.0%	The negative growth in NII compared to the previous quarter mainly came from a decrease in NIM as the bank cut yields on earnings (IEA) to boost credit growth and the economy while credit growth was not strong enough.
Net fee income (NFI)	1,693	1,968	1,539	-21.8%	-9.1%	The estimated trade finance segment dropped 38% YoY due to changes in the way UPAC – LC service fee revenue is recorded. The bancassurance segment decreased by 12% YoY while the payment segment is estimated to grow by a mere of 1% due to the application of zero fee policies.
Other non-interest income (NOII)	1,937	8,800	2,414	-72.6%	24.6%	NOII plummeted as BID no longer recorded extraordinary profits from securities investment activities as in 4Q24. The FX segment plunged 41.1% YoY while net income from other activities hit VND1,216 billion (-37.6% QoQ, +143.1% YoY).
Total operating income (TOI)	17,171	26,406	17,898	-32.2%	4.2%	
Operating expenses	(5,393)	(9,558)	(5,907)	-38.2%	9.5%	
Pre-provision operating profit (PPOP)	11,779	16,848	11,992	-28.8%	1.8%	
Provisions	(4,389)	(6,910)	(4,578)	-33.7%	4.3%	Provisions were low amid signs of deterioration in asset quality, weaker provision buffer, and loan loss coverage ratio (LLCR) declining 34.2ppts QoQ to 97%.
Profit before taxes (PBT)	7,390	9,938	7,413	-25.4%	0.3%	
NPAT-MI	5,813	7,810	5,840	-25.2%	0.5%	
Credit growth	0.9%	5.2%	2.5%	-2.7 ppts	1.6 ppts	The driving force for credit growth came from the SME customer segment (+6.5% YTD. The individual customer group showed a 3.4% YTD growth while outstanding loans from large corporate customers decreased by 1.3% YTD.
Deposit growth	1.3%	7.3%	3.4%	-3.9 ppts	2 ppts	The retail customer segment was the main growth force, increasing by 5.4% YTD while mobilization from corporate customers declined by 4.9% YTD.
NIM	2.55%	2.32%	2.29%	-3 bps	-25 bps	NIM continued to slip due to lower lending rates to boost credit growth while there was not much room left to reduce deposit rates.
Average yield on earnings asset (IEA)	6.79%	5.54%	5.49%	-5 bps	-130 bps	
Average costs of fund (CoF)	4.53%	3.42%	3.40%	-2 bps	-113 bps	
CIR	31.4%	36.2%	33.0%	-3.1 ppts	1.5 ppts	
NPL	1.51%	1.41%	1.89%	48 bps	38 bps	Substandard and bad debt groups showed a sharp increase, respectively up by 15bps QoQ and 36bps QoQ since (1) some customers with debt were transferred to debt groups at other banks; and (2) economic instability dented asset quality. Special mention also climbed 19bps QoQ.

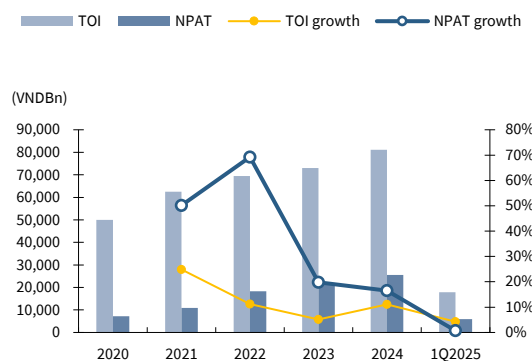
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 2. BID – NII, NFI growth (VNDbn, %YoY)



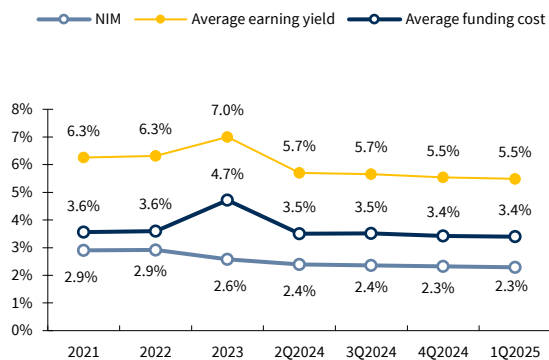
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 3. BID – TOI & NPAT growth (VNDbn, %YoY)



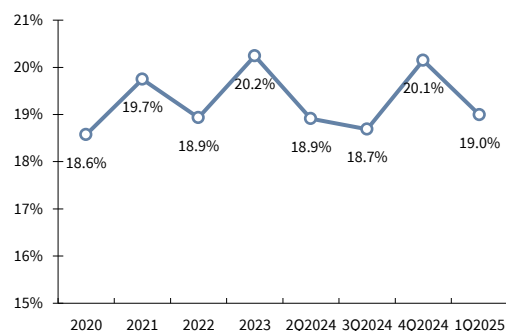
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 4. BID – NIM, average IEA & CoF (%)



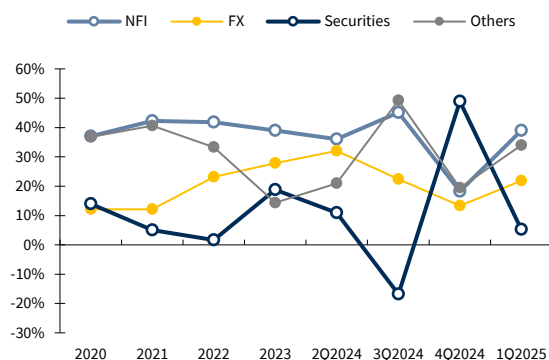
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 5. BID – CASA ratio (%)



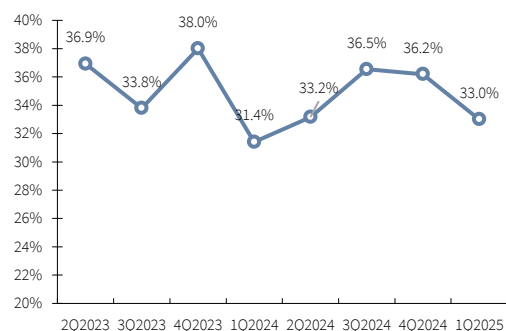
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 6. BID – NOII breakdown (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Fig 7. BID – CIR (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Credit growth objective for 2025 reached 16%

At the 2025 AGM held on April 26, 2025, shareholders approved the business plan including: (1) a credit growth target of 16% and (2) capital growth equivalent to credit growth. In addition, shareholders also agreed on a capital increase plan with specific steps as follows:

- (1) Issuing 498.5 million shares from the charter capital reserve fund (ratio 7.1%), equivalent to VND4,985 billion;
- (2) Paying stock dividends from 2023 profits (ratio 19.9%), equivalent to more than VND13,972 billion;
- (3) Giving a private or public placement for up to 269.8 million shares (ratio 3.84%).

Pressure on NIM will remain in 2H25

In the rest of 2025, KBSV still believes that NIM will face pressure mainly from the risk of increasing deposit interest rates:

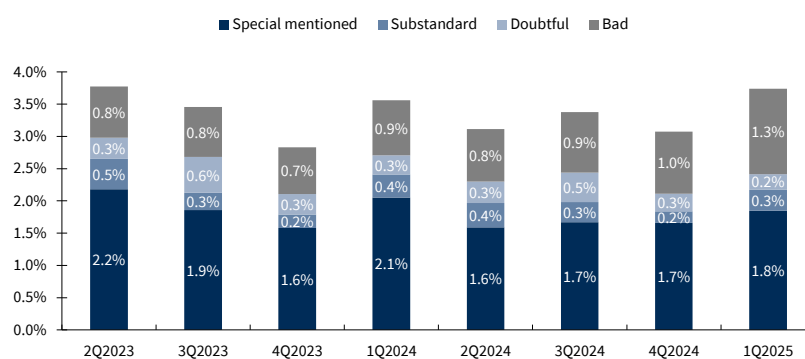
- (1) The exchange rate pressure may get bigger. Up to now, the VND has depreciated 2.3% against the USD while the DXY index dropped 6.3% YTD, showing that the VND has depreciated 8.6% against the group of the strongest currencies. Expecting the Fed will start reducing interest rates no sooner than September 2025 with a total cut of 0.5% – 0.75% in 2025, we believe that the pressure on the VND/USD exchange rate will remain high in the rest of the year.
- (2) The risk of withdrawals from foreign investors amid tax chaos and exchange rate pressure makes Vietnam market less attractive.

BID targets NPL at 1.4% and provisions at VND21,000 billion in 2025

On the other hand, fierce competition among banks in the context of sluggish credit demand has narrowed the room for increasing lending interest rates. This raises the risk of NIM decline, which should be closely monitored in the second half of the year. Some factors supporting NIM in 2H25 include: (1) Liquidity support from the State Bank of Vietnam (SBV) and BID's positive 1Q25 deposit growth, reaching 3.4% YTD, better than the system average (+2.4% YTD); (2) higher demand for loans in 2H25, lowering pressure on lending interest rate competition; and (3) strategies to promote CASA and USD mobilization, limiting the ratio of medium and long-term capital sources.

According to BID, the bank expects to keep NPL ratio at the end of the year at 1.4% with provisions flatlining compared to last year, reaching about VND21,000 billion, and LLCR at 130–140%. In KBSV's view, this is a relatively challenging target due to (1) negative impacts from tariffs. The total outstanding debt of the group of customers affected by tariffs (FDI, import and export) is about VND300,000 billion, or 14.6% of total outstanding credit. In case the tariff agreement develops unfavorably, it will directly impact this group of customers. In addition, (2) BID's current reserve buffer is relatively thin with LLCR reaching 96%, lower than Viettinbank (CTG, 137%) and Vietcombank (VCB, 216%), making provisioning pressure relatively high for the rest of the year if it wants to maintain LLCR at 130–140%.

Fig 8. BID – NPL breakdown (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Fig 9. Vietnam banks – NPLs & special mention (%)

	% NPL	QoQ	% Group 2	QoQ	Provision (Billion VND)	LLCR
VPB	4.74%	0.55%	4.30%	-1.36%	-16,414	47.4%
OCB	3.91%	0.75%	2.35%	0.05%	-2,397	35.0%
VIB	3.79%	0.28%	3.31%	-0.01%	-4,894	38.6%
EIB	2.59%	0.05%	0.86%	-0.15%	-1,803	38.7%
MSB	2.57%	-0.11%	1.25%	0.03%	-2,946	59.6%
STB	2.51%	0.11%	0.79%	0.02%	-10,566	74.7%
HDB	2.37%	0.44%	5.39%	0.66%	-5,638	53.3%
BID	1.89%	0.48%	1.85%	0.19%	-38,651	96.8%
MBB	1.84%	0.22%	1.91%	0.34%	-11,050	75.3%
LPB	1.73%	0.16%	1.39%	0.40%	-4,525	74.3%
CTG	1.55%	0.33%	1.32%	-0.03%	-38,269	136.8%
ACB	1.48%	-0.01%	0.71%	0.08%	-6,375	72.1%
TCB	1.17%	0.05%	0.78%	0.08%	-8,686	111.6%
VCB	1.03%	0.06%	0.29%	0.02%	-32,494	216.1%

Source: Vietnam banks, KB Securities Vietnam

Forecast & valuation

Table 10. BID – 2025–2026F business results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
NII	58,008	64,524	11.2%	79,518	23.2%	Net interest income forecast was downgraded 8.4% YoY from the previous forecast due to lower NIM projection while maintaining growth expectation at 16%.
NFI	7,074	6,544	-7.5%	7,002	7.0%	
TOI	81,061	87,479	7.9%	104,848	19.9%	Other operating profit forecast was raised by 66% on more positive expectations on debt recovery in FY25.
Provisions	(21,109)	(23,737)	12.5%	(31,894)	34.4%	We maintain high provisioning forecast, reflecting cautious view on asset quality in 2H25 due to impact from tariffs.
NP after MI	25,140	26,689	6.2%	29,619	11.0%	
NIM	2.32%	2.20%	-13bps	2.35%	15bps	NIM forecast was decreased by 22bps QoQ, reflecting more cautious view on IEA amid competitive pressure.
Average IEA	5.54%	5.37%	-17bps	5.65%	28bps	
Average CoF	3.42%	3.36%	-6bps	3.50%	14bps	
CIR	34.5%	34.0%	-50bps	33.6%	-40bps	
NPL	1.41%	1.40%	-1bps	1.30%	-10bps	
Total assets	2,760,792	3,206,744	16.2%	3,680,360	14.8%	
Owner's equity	144,911	176,404	21.7%	206,022	16.8%	

Source: Bank for Investment & Development, KB Securities Vietnam

We maintained our BUY recommendation with a price target of VND45,000

We combine two valuation methods, P/B and residual income, to find a reasonable price for BID shares.

(1) P/B valuation method:

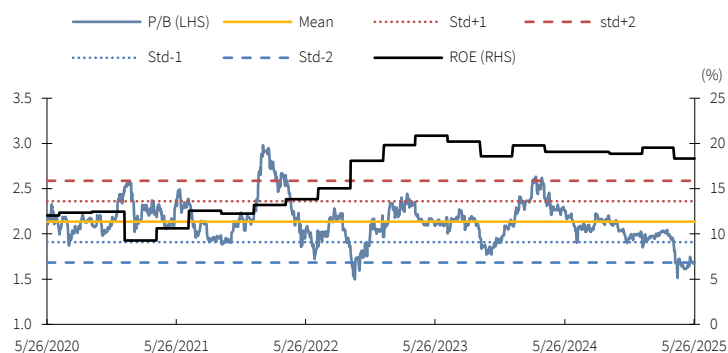
We maintain the 2025 forecast P/B at 2.1x, equivalent to BID's five-year average P/B, based on high credit growth prospects and improved asset quality compared to 2024 while pressure on NIM still exists.

(2) Residual income valuation method (Table 12):

In addition, we combine the use of a residual income model to reflect systemic risks and long-term expectations. We adjust the market risk premium to 8.35% to reflect risks from exchange rates and trade wars to the economy.

Combining the two valuation methods above at a 50–50 ratio gives the final fair price for BID shares for 2025 of VND45,000/share, 23.6% higher than the price on May 29, 2025.

Fig 14. BID – P/B in 2020–2025 (x)



Source: Bloomberg, KB Securities Vietnam

Table 15. BID – Valuation according to residual income method

(VNDbn)	2025F	2026F	2027F
NPAT	27,199	30,180	38,761
Excessed return	6,644	5,157	9,537
Required rate of return (r)	14.20%		
Growth (g)	3.0%		
Terminal value	42,078		
2025-end fair value	255,314		
Value per share	36,363		

Source: Bloomberg, KB Securities Vietnam

Table 16. BID – Final valuation & target price (VND)

Valuation method	Forecast price	Weighting	Weighted price
P/B	53,765	50%	26,883
Residual income	36,363	50%	18,181
Target price			45,000

Source: KB Securities Vietnam

BID – 2022A–2026F summarized financials & forecasts

Income Statement (VNDbn)						Balance Sheet (VNDbn)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Net interest income	56,070	56,136	58,008	55,844	68,702	Loans	1,483,996	1,737,196	2,018,044	2,312,512	2,656,202
Interest income	121,111	152,761	138,288	156,673	187,815	Marketable securities	1,701	6,972	12,734	14,345	16,424
Interest expense	(65,041)	(96,626)	(80,281)	(100,828)	(119,114)	Cash (ex. Reserves)	13,745	11,029	10,773	12,135	13,895
Fees & commissions	5,648	6,570	7,074	6,544	7,002	Interest earning assets	2,092,669	2,271,476	2,720,288	3,121,430	3,544,792
Other non-interest income	4,210	2,068	4,987	7,297	9,673	Fixed assets & other assets	51,896	59,850	68,427	76,345	84,842
Total operating income	69,582	73,013	81,061	78,799	95,598	Total assets	2,120,609	2,300,869	2,760,792	3,168,419	3,604,340
SG&A expenses	(22,557)	(25,081)	(27,967)	(26,792)	(32,121)	Customer deposits	1,473,598	1,704,690	1,953,165	2,200,200	2,519,229
Pre-provisioning OP	47,025	47,932	53,094	52,008	63,477	Borrowings & call money/repos	170,289	202,023	210,882	245,168	262,020
Provision for credit losses	(24,015)	(20,344)	(21,109)	(28,427)	(31,784)	Interest bearing liabilities	1,973,861	2,124,440	2,565,390	2,942,363	3,345,098
Other income	6,526	6,543	9,192	12,162	16,121	Other liabilities	42,558	53,562	50,491	57,988	66,380
Other expense	(2,316)	(4,475)	(4,205)	(4,865)	(6,448)	Total liabilities	2,016,419	2,178,002	2,615,881	3,000,351	3,411,478
Pre-tax income	23,009	27,589	31,985	23,580	31,694	Charter capital	50,585	57,004	68,975	70,213	70,213
Income tax expense	(4,589)	(5,612)	(6,381)	(4,716)	(6,339)	Capital surplus	15,351	15,361	15,361	18,926	18,926
NP	18,420	21,977	25,604	18,864	25,355	Retained earnings	21,576	30,331	36,192	54,546	79,340
Minority interest profit	(262)	(472)	(464)	(510)	(561)	Capital adjustments	-	-	-	-	-
Parent NP	18,159	21,505	25,140	18,353	24,794	Total shareholders' equity	104,190	122,867	144,911	168,068	192,862

Financial Indicators (%)						Valuation (VND, X, %)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Profitability						Share Price Indicators					
ROE	19.3%	19.4%	19.1%	12.1%	14.0%	EPS	3,590	3,773	3,645	2,614	3,531
ROA	0.9%	10%	10%	0.6%	0.7%	BVPS	20,597	21,554	21,009	23,937	27,468
Pre-provision ROE	39.5%	33.7%	31.7%	26.6%	28.1%	Tangible BVPS	19,720	20,730	20,238	23,187	26,728
Pre-provision ROA	19%	17%	17%	14%	15%	Valuations					
Net interest margin (NIM)	2.9%	2.6%	2.3%	1.9%	2.1%	PER	10.2	9.7	10.0	13.9	10.3
Efficiency						PBR	18	17	17	15	13
Pure Loan to deposit ratio	103.3%	104.3%	105.3%	107.0%	107.0%	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Cost-income ratio	32.4%	34.4%	34.5%	34.0%	33.6%	ROE	19.3%	19.4%	19.1%	12.1%	14.0%
Growth						Capital Adequacy					
Asset growth	20.4%	8.5%	20.0%	14.8%	13.8%	CAR	9.5%	9.9%	8.6%	>9%	>9%
Loan growth	12.0%	17.1%	16.2%	14.6%	14.9%	Asset Quality					
PPOP growth	9.3%	19%	10.8%	-2.0%	22.1%	NPL ratio (substandard)	12%	13%	14%	17%	13%
Parent NP growth	72.3%	18.4%	16.9%	-27.0%	35.1%	Coverage ratio (substandard)	216.8%	180.7%	133.7%	104.2%	112.4%
EPS growth	72.3%	5.1%	-3.4%	-28.3%	35.1%	NPL ratio (precautionary)	2.8%	2.8%	3.1%	3.3%	3.0%
BVPS growth	20.7%	4.6%	-2.5%	13.9%	14.8%	Coverage ratio (precautionary)	88.4%	80.2%	61.4%	53.7%	48.7%

Source: Bank for Investment & Development, KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Research Division

research@kbsec.com.vn

Nguyen Xuan Binh – Head of research

binhnx@kbsec.com.vn

Financials

Nguyen Anh Tung – Manager

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

Consumer

Nguyen Duc Quan – Analyst

quannd@kbsec.com.vn

Nguyen Hoang Duy Anh – Analyst

anhnhd@kbsec.com.vn

Real Estate

Pham Hoang Bao Nga – Manager

ngaphb@kbsec.com.vn

Nguyen Thi Trang – Analyst

trangnt6@kbsec.com.vn

Industrials & Materials

Nguyen Duong Nguyen – Senior analyst

nguyennd1@kbsec.com.vn

Nguyen Thi Ngoc Anh – Analyst

anhntn@kbsec.com.vn

Macro & Strategy

Tran Duc Anh – Head of macro & strategy

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienns@kbsec.com.vn

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

Energy, Utilities & IT

Nguyen Viet Anh – Analyst

anhnv3@kbsec.com.vn

Support Team

Nguyen Cam Tho – Assistant

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, Office Building, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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