

**BIDV [BID VN]**

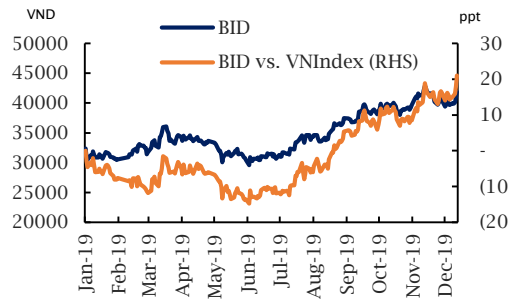
**9 January 2020**

**Hold-OPF**

**TP upside (downside) -22%**

**Close 08 Jan 2019**

Price **VND 49,650**  
 12M Target **VND 38,713**



Market cap	US\$8.6 bn
6M avg. daily turnover	US\$1.9 mn
Outstanding shares	4,022 mn
Free float	19%
FINI ownership	18%
Major shareholders	96%
2019E Asset/equity (x)	22
2019E P/E (x)	25.7
2019E P/B (x)	2.5
FOL remaining room	12%

Source: Bloomberg, Yuanta Vietnam

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**Preliminary 4Q19 PBT +61% QoQ / 69% YoY**

- Preliminary 4Q19 PBT was up 61% QoQ and 69% YoY (source: [cafef](#)). These preliminary results are reported on a local website, and do not include the full financial statements.
- 2019 PBT (+14% YoY) reached 88% of our full-year forecast and 105% of full-year guidance.
- Loans reached VND 1,098 tn (+12.4% YoY), implying 13.4% market share of total Vietnam loans.

**Our Take**

**Credit growth reached 12.4% YoY, slightly higher than the initial target of 12.0%** disclosed at the beginning of the year. Retail loans continue to be the key driver to loan growth and NIM improvement, accounting for 34% of the total loan. The bank has not disclosed its NIM, but we estimate 2019E's NIM improved to 3.18% (+23bps YoY) on a shift in the loan mix to increased retail lending.

**PBT reached VND3.7 tn in 4Q19, up +61% QoQ and +69% YoY.** Preliminary 2019 PBT reached VND10.7 tn (+14% YoY), completing 105% of the bank's full-year target and 88% of our forecast for 2019.

**Ending the year with a stronger capital position.** In October 2019, BID issued 603.3 million shares (equivalent to 15% of BID's post-deal capital) to KEB Hana Bank at VND33,640 per share. We estimate that the deal helped improve CAR to approximately 11% under the Basel II standards. The SBV approved BID for Basel II compliance in December.

**Key Financial data**

	4Q19	QoQ chg	YoY chg	2019P	YoY change	Full-year vs guidance	Full-year vs Yuanta forecast
<b>PBT (VND tn)</b>	3.7	+61%	+69%	10.7	+14%	105%	88%
<b>Loans (VND tn)</b>	1,098	+2.0%	12.4%	1,098	+12.4%	103%	96%
<b>Assets (VND tn)</b>	1,450	+2.0%	10.4%	1,450	+10.4%	N/A	96%

Source: [www.cafef.vn](http://www.cafef.vn), Yuanta Vietnam

**Our view.** BID has risen 44% since the KEB-Hana Bank investment was announced on July 22. We remain positive on the deal largely due to its alleviation of BID's prior capital constraints as well as operational support from this strategic partner. The increased capital reduced the bank's asset/equity leverage from 25x pre-deal to 22x post-deal. It should also reduce BID's long-term funding costs and thus improve NIM.

**Stretched valuation.** We are positive on the earnings prospects for 2020-21E, the current price multiple of 2.5x 2019E P/BV appears stretched vs our relatively bullish 2020E ROE forecast of 13%. With 22% downside to our target price, our investment case on BID is under review. Please see our March initiation note [Time to Make a BID](#) for details of our view.

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