

HDBank [HDB VN]

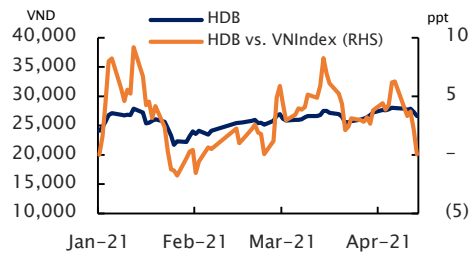
26 April 2021

BUY

TP upside/(downside) +18%

Close 23 Apr 2021

Price VND 26,900
12M Target VND 31,656



Market cap	US\$1.9 bn
6M avg. daily turnover	US\$5.8 mn
Outstanding shares	1,594 mn
Free float	70%
FINI ownership	17.1%
Major shareholders	18.9%
2021E Asset/equity (x)	12.9
2021E P/E (x)	8.1
2021E P/B (x)	1.5
FOL room	4.4%
2021E Dividend yield (%)	0.0%

Source: FiinPro, Yuanta Vietnam

AGM Takeaways

HDB held its annual general meeting (AGM) on Apr 23, 2021.

Key Takeaways

The bank targets credit growth (including corporate bonds) at +26% YoY (vs. our forecast of 22%). 1Q21 credit growth was 5.2% YTD.

HDB targets 2021E PBT of VND7.2 tn (+25% YoY). 1Q21 PBT was about VND2.1 tn (+68% YoY), completing 29% of the bank's full-year target and 28% of our forecast.

HDB aims to achieve 2021E ROA of 1.62% (-7bps YoY) and 2021E ROE of 21.1% (+50bps YoY). The bank also targets to increase its number of branches/offices to 329 in 2021 from 308 in 2020.

No cash dividend planned. Stock dividend is set at VND2,500 per share to increase charter capital to about VND20.1 tn from VND16.1 tn.

The merger with PGBank is officially off the table. Both HDB and PGBank have agreed to step away from the merger.

HDB also plans to issue ESOP of 40 mn shares at par value. The issuance time is from 2021-2022, and the lockup period is 3 years.

Our view

HDB's credit growth target appears aggressive vs the SBV's target for the sector of 12%. However, we believe that the SBV will increase the credit growth quota for the sector in support of the economic recovery in 2021E, and regardless of the overall quota, HDB should be able to achieve higher credit growth vs. the sector.

Solid capital and liquidity: The share dividend (and lack of cash dividend) will help strengthen HDB's capital. HDB's CAR ratio was about 12% as at 1Q21. Short-term funding used for medium to long-term loans was 23.4%, well below the SBV's cap of 40%.

We maintain BUY. HDB trades at 1.5x 2021E P/B versus the sector median of 1.6x. High loan growth and a potentially renegotiated bancassurance exclusivity fee will help boost HDB's earnings in 2021E and beyond. We expect HDB's 2021E adjusted ROE to reach 19% compared to the sector median of 18%. Our target price of VND31,656 implies 1.7x 2021E P/B and a 12-month TSR of 16%, and we maintain our BUY rating.

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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

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