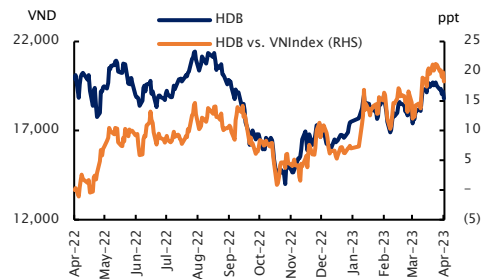


## BUY

**TP upside: +23%**
**Close 9 May 2023**
**Price VND 19,050**  
**12M Target VND 23,510**
**Share price performance relative to VNI**


<b>Market cap</b>	<b>US\$2.0 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$2.7 mn</b>
<b>Outstanding shares</b>	<b>2,515 mn</b>
<b>Free float</b>	<b>70%</b>
<b>FINI ownership</b>	<b>19.5%</b>
<b>Major shareholders</b>	<b>16.6%</b>
<b>2023E Asset/equity (x)</b>	<b>11</b>
<b>2023E P/E (x)</b>	<b>4.9</b>
<b>2023E P/B (x)</b>	<b>1.0</b>
<b>FOL room</b>	<b>0.5%</b>
<b>2023E Dividend yield (%)</b>	<b>5%</b>

**Source: FiinPro, Yuanta Vietnam**

HDB's 1Q23 Results	1Q23	% QoQ	% YoY
NII (VND bn)	4,841	-2%	20%
Net Fee Inc. (VND bn)	677	-17%	11%
Adj. TOI (VND bn)	5,526	-3%	10%
Opex (VND bn)	1,959	-27%	2%
Provision (VND bn)	956	1%	43%
PATMI (VND bn)	2,088	20%	9%
NPL (%)	1.85%	+18bps	+27bps
LLR (%)	62%	-9ppt	-14ppt
CASA (%)	7.8%	-2.9ppt	-4.8ppt
CAR (%)	12.5%		

**Source: Company Data, Yuanta Vietnam**
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## HD Bank (HDB VN)

### Strong credit growth

HDB posted 1Q23 PATMI of VND2.1 tn (+20% QoQ/+9% YoY), fulfilling 21% of the bank's full-year target and 22% of our forecast. The QoQ increase was largely due to lower operating cost, while the YoY increase was driven by stronger net-ll and net fee income.

### Details

**Loans to customers increased by +9.4% QoQ** in 1Q23. Retail and SMEs accounted for 91.6% of the total loans (versus 91.3% in 4Q22). Consumer finance loans (HDSaison) decreased by -7.8% QoQ, representing 5.4% of the total loans (versus 6.2% in 4Q22). LDR was 73.1% vs. the SBV's cap of 85.0%.

**1Q23 net interest income** was VND4.8 tn (-2% QoQ/+20% YoY). The bank reported NIM of 5.1% in 1Q23 (-10bps QoQ/+30bps YoY).

**Net fee income** in 1Q23 was VND677 bn (-17% QoQ/+11% YoY).

**Opex** was VND1.9 tn (-27% QoQ/+2% YoY) in 1Q23. HDB reports CIR of 34.6%, and we estimate adj. CIR (ex. other income) was 35.4%.

**Provisioning** was VND956 bn in 1Q23 (+1% QoQ/+43% YoY). **But HDB's LLR ratio still declined to 62% (-9ppt QoQ/-14ppt YoY)** in 1Q23 due to the increased NPLs. HDB plans to increase its LLR ratio to 90-95% by the end of 2023.

**The consolidated NPL ratio increased to 1.85% (+18bps QoQ/ +27bps YoY)**. The parent bank NPL ratio of 1.50% was primarily driven by the retail segment, which posted an NPL ratio of 2.40% (+50bps YTD). Meanwhile, the 1Q23 NPL ratio at HDSaison was 7.48% (+37bps YTD).

**CASA ratio fell to just 7.8%** as at 1Q23 (-2.9ppt QoQ/-4.8ppt YoY).

**CAR was 12.5%** (versus 13.4% in 4Q22), which is still among the highest in the sector.

### Our view

**HDB's low LDR should allow the bank the flexibility to expand loans**, and we expect HDB to receive a higher credit quota than the sector average given its participation in restructuring a weak bank.

**Plan to increase LLR ratio is prudent**, in our view. Despite higher provisioning cost in 1Q23, HDB's LLR ratio still decreased and remains low at 62% due to the rapid rise in NPLs. However, the bank plans to increase its LLR ratio in 2023, which we consider a prudent approach given ongoing uncertainties regarding asset quality.

**Solid capital:** HDB's CAR ratio was 12.5% as at 1Q23, which is among the highest in Vietnam.

**We maintain BUY.** HDB trades at 1.0x 2023E P/B versus the sector median of 1.1x. We expect HDB's 2023E adjusted ROE to reach 22% compared to the sector median of 19%. Our target price implies a 12-month TSR of 28%, and we maintain our BUY rating.

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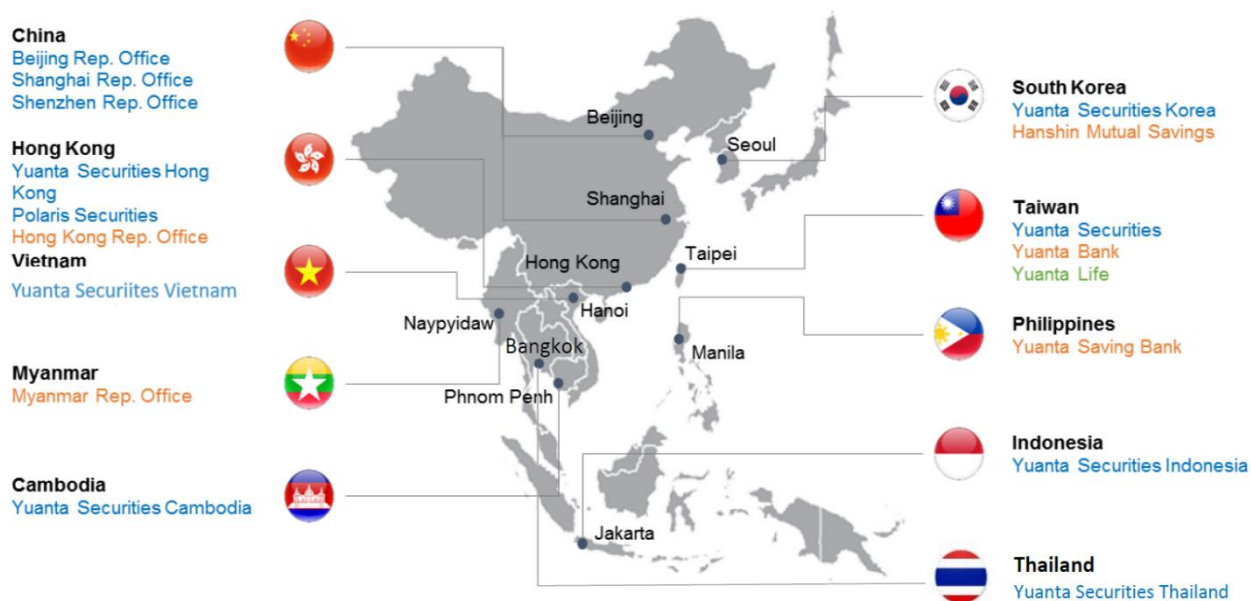
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