

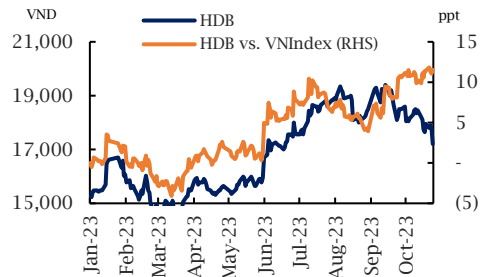
BUY

TP upside: +30%

Close 27 Oct 2023

Price VND 17,250
12M Target VND 22,390

Share price performance relative to VNI



Market cap	US\$2.0 bn
6M avg. daily turnover	US\$6.2 mn
Outstanding shares	2,893 mn
Free float	70%
FINI ownership	19.6%
Major shareholders	29%
2024E Asset/equity (x)	11x
2024E P/E (x)	4.0x
2024E P/B (x)	0.9x
FOL room	0.4%
2024E Dividend yield (%)	5.9%

Source: FiinPro, Yuanta Vietnam

HDB's 3Q23 Results	3Q23	% QoQ	% YoY
NII (VND bn)	4,916	-1%	10%
Net Fee Inc.(VND bn)	318	-47%	-54%
Other non-II (VND bn)	736	0%	866%
Adj. TOI (VND bn)	5,970	-5%	14%
Opex (VND bn)	2,302	3%	15%
Provision (VND bn)	636	-56%	-7%
PATMI (VND bn)	2,480	15%	23%
NPL (%)	2.26%	11bps	73bps
LLR (%)	54%	-7ppt	-27ppt
CASA (%)	7.2%	-30bps	-4.1ppt

Source: Company Data, Yuanta Vietnam

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn

Bloomberg code: YUTA

HDBank [HDB VN]

3Q23 boosted by trading gains

HDB posted 3Q23 PATMI of VND2.5 tn (+15% QoQ/+23% YoY), which was attributable to higher non-interest income and lower provisioning. 9M23 PATMI was VND6.7 tn (+12% YoY), fulfilling 72% of our 2023E forecast.

Details

Credit increased by +12%, while deposits jumped by +52% in 9M23.

3Q23 net interest income was VND4.9 tn (-1% QoQ/+10% YoY), which drove the YoY earnings growth. We estimate annualized NIM on average assets of 3.96% in 3Q23 (-24bps QoQ/-62bps YoY). 9M23 net interest income increased by +12% YoY to VND14.7 tn.

Net fee income declined by -47% QoQ/-54% YoY to VND318 bn in 3Q23. 9M23 fee income was down by -25% YoY to VND1.6 tn.

FX and trading gains were the key earnings drivers in 3Q23. FX trading gains increased by +28% QoQ/+93% YoY to VND186 bn, and gains from securities trading were back in positive territory at VND546 bn (-8% QoQ but a reversal of -VND20 bn loss in 3Q22).

Opex was VND2.3 tn (+3% QoQ/+15% YoY) in 3Q23, and 9M23 opex increased by +9% YoY to VND6.5 tn. We estimate adj. CIR (excluding net other income) of 36.5% (-1.3ppt YoY).

HDB reduced its provisioning cost by -56% QoQ/-7% YoY to VND636 bn in 3Q23, which helped earnings. This came after a substantial increase in provisioning in 2Q23. As a result, the LLR ratio decreased to only 54% (-7ppt QoQ/-27ppt YoY) in 3Q23.

The consolidated NPL ratio increased to 2.26% (+11bps QoQ/+73bps YoY) as at 3Q23, and the NPL ratio at parent bank was 1.96% (+14bps QoQ/+86bps YoY).

CASA ratio decreased to 7.2% (-30bps QoQ/-4.1ppt YoY) as at 3Q23.

CAR was strong with 12.3%, and short-term fundings used for MLT loans was very low at 15.6% (versus the SBV's cap of 30.0%) in 3Q23.

Our view

We expect net interest income to drive earnings in 4Q23, as we expect credit growth to increase and funding costs to decrease. NIM should improve in 4Q23 as a result.

HDB has room to improve NIM by increasing its ratio of ST funding used for MLT loans, which is just half of the regulatory cap at 3Q23.

Focus on asset quality. 3Q23 earnings was partly supported by lower provisioning, and HDB's LLR ratio fell to a very low level of 54%. The bank might need to increase the LLR going forward.

We maintain **BUY**. HDB trades at 0.9x 2024E P/B, in line with the sector median, while HDB's operating efficiency is superior to that of its peers. We forecast a 2024E ROE of 24% vs. the sector median of 20% (Bloomberg consensus), which justifies a higher valuation.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

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.

HOLD-Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD-Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative 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 reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2023 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK

China
Beijing Rep. Office
Shanghai Rep. Office
Shenzhen Rep. Office

Hong Kong
Yuanta Securities Hong Kong
Polaris Securities
Hong Kong Rep. Office

Vietnam
Yuanta Securities Vietnam

Myanmar
Myanmar Rep. Office

Cambodia
Yuanta Securities Cambodia



South Korea
Yuanta Securities Korea
Hanshin Mutual Savings

Taiwan
Yuanta Securities
Yuanta Bank
Yuanta Life

Philippines
Yuanta Saving Bank

Indonesia
Yuanta Securities Indonesia

Thailand
Yuanta Securities Thailand

YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

lawrence.heavey@yuanta.com.vn

Dat Bui

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

dat.bui@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Anh Nguyen

Sales Trader Supervisor

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

vi.truong@yuanta.com.vn