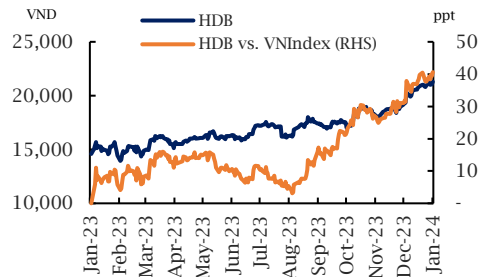


BUY

TP upside: +3%
Close 31 Jan 2024
Price VND 21,800
12M Target VND 22,390
Share price performance relative to VNI


Market cap	US\$2.5 bn
6M avg. daily turnover	US\$7.8 mn
Outstanding shares	2,893 mn
Free float	70%
FINI ownership	19.8%
Major shareholders	29%
2024E Asset/equity (x)	11x
2024E P/E (x)	5.2x
2024E P/B (x)	1.2x
FOL room	0.2%
2024E Dividend yield (%)	4.6%

Source: FiinPro, Yuanta Vietnam

HDB Results	4Q23	% QoQ	% YoY
NII (VND bn)	7,473	52%	52%
Net Fee Inc.(VND bn)	592	86%	-28%
Other non-II (VND bn)	302	-59%	-537%
Adj. TOI (VND bn)	8,367	40%	47%
Opex (VND bn)	2,630	14%	-2%
Provision (VND bn)	1,242	95%	31%
PATMI (VND bn)	3,344	35%	93%
NPL (%)	1.79%	-0.47%	0.12%
LLR (%)	66%	11.6%	-5%
CASA (%)	11.1%	4.0%	0.5%
CAR	12.6%		
ST funds for MLT loans	22.5% (vs. a cap of 30.0%)		
LDR	66.2% (vs. a cap of 85.0%)		

Source: Company Data, Yuanta Vietnam
Research Analyst:
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HDBank [HDB VN]

Strong net-II drove earnings

HDB posted 4Q23 PATMI of VND3.3 tn (+35% QoQ/+93% YoY), which was attributable to strong net-interest income. 2023 PATMI was VND10.1 tn (+30% YoY), fulfilling 108% of our 2023E forecast.

Details

Credit increased by +32%, and **deposits** jumped by +62% in 2023. SMEs was the key loan growth driver in 4Q23 with 53.7% of the total loans (+3.9ppt QoQ), followed by retails with 39.0% (-3.2ppt QoQ), consumer finance (i.e., HDSaison: 4.7%, -50bps QoQ), and large corporates with 2.6% (-20bps QoQ). The bank expects credit growth to be at least 20% in 2024.

4Q23 net interest income jumped by +52% both QoQ and YoY, which drove the earnings growth. HDB reported NIM of 5.1% (-10bps YoY).

Net fee income was VND592 bn (+86% QoQ/-28% YoY), and YoY decline was largely attributable to bancassurance.

FX trading gains jumped to VND283 bn (+52% QoQ/ vs. a loss of -VND66 bn in 4Q22). **Gains from securities trading/investment** were only VND19 bn (-97% QoQ, vs. a -VND4 bn loss in 4Q22).

Opex was VND2.6 tn (+14% QoQ/ but -2% YoY) in 4Q23, and 2023 opex increased by +6% YoY to VND9.1 tn. Cost efficiency improved with CIR declined to 34.6% (-4.7ppt YoY).

Provisioning buffer jumped by +95% QoQ/+31% YoY to VND1.2 tn in 4Q23, bringing total provisioning to VND4.3 tn (+39% YoY). Thus, the LLR ratio increased to 66% (+12ppt QoQ/-5ppt YoY) in 4Q23.

The consolidated NPL ratio declined to 1.79% (-47bps QoQ/ but +12bps YoY) as at 4Q23. **The NPL ratio at parent bank** was 1.51% (+21bps YoY), and **the NPL ratio at HDSaison** was 7.6% (+50bps YoY).

CASA ratio improved to 11.1% (+4ppt QoQ/+50bps YoY) as at 4Q23.

Our view

HDB posted a solid earnings result, mostly driven by strong net interest income as we mentioned in the [3Q23's result note](#).

HDB's NIM will further improve in 2024 given reduced funding cost. **Also, HDB has room to improve NIM** by increasing its ratio of ST funding used for MLT loans, which is just 22.5% vs. the cap of 30.0%.

Improved asset quality with lower NPL ratio and higher LLR ratio. However, investors should keep an eye on special mentioned loans, which jumped by +22% QoQ/+144% YoY. The SML ratio is 5.24%.

HDB trades at 1.2x 2024E P/B, higher than the sector median; however, 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.

HDB's price surged by 27% since [our last update](#), and we maintain BUY and any price correction would be an opportunity to add more shares.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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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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.

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