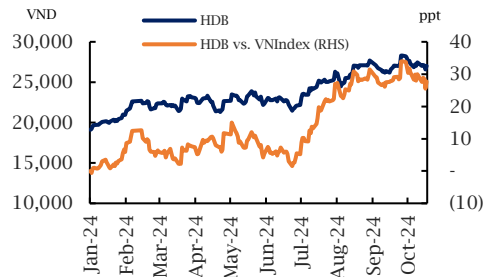


HDBank [HDB VN]
30 October 2024
BUY
TP upside: +15%
Close 30 Oct 2024
Price VND 27,200
12M Target VND 31,156

Share price performance relative to VNI


Market cap	US\$3.1 bn
6M avg. daily turnover	US\$12 mn
Outstanding shares	2,913 mn
Free float	75%
FINI ownership	17.9%
Major shareholders	29%
2024E Asset/equity (x)	12.6x
2024E P/E (x)	6.1x
2024E P/B (x)	1.4x
FOL room	2.1%
2025E Dividend yield (%)	3.7%

Source: FiinPro, Yuanta Vietnam

HDB Results	3Q24	% QoQ	% YoY
NII (VND bn)	7,773	1%	58%
Net Fee Inc. (VND bn)	412	84%	30%
Adj. TOI (VND bn)	8,384	2%	40%
Opex (VND bn)	2,951	-3%	28%
Provision (VND bn)	1,093	-3%	72%
PATMI (VND bn)	3,424	10%	38%
NPL (%)	1.90%	-20bps	-37bps
LLR (%)	66%	7.1ppt	11.7ppt
CASA (%)	8.9%	-90bps	1.8ppt

Source: Company Data, Yuanta Vietnam
Research Analyst:
Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn
Bloomberg code: YUTA
Strong NIM & loan growth drive earnings

HDB posted 3Q24 PATMI of VND3.4 tn (+10% QoQ/+38% YoY). As a result, 9M24 PATMI reached VND9.6tn, fulfilling 74% of our 2024E forecast. Strong net-interest income (net-II) was the key earnings driver in 3Q24.

Details

3Q24 net interest income grew by +1% QoQ/+58% YoY to VND7.8tn.

Reported NIM reached 5.76% (+5bps QoQ/+69bps YoY) driven by lower interest expenses, which declined by -24% YoY.

Consolidated credit grew by +16.6% YTD (including corporate bonds), while deposits (customer deposits + valuable papers) increased by +10.1% YTD in 3Q24. Parent bank credit surged by +17.0% YTD, while that of HDSaison increased by +7.3% YTD to reach 4.2% of total credit, on our calculation.

Net fees surged by +84% QoQ/+30% YoY to VND412 bn, largely driven by settlement fees.

Opex was VND2.9 tn (-3% QoQ/ +28% YoY). We estimate that adjusted CIR (excluding net other income) declined to 35.2% (-1.7ppt QoQ/-3.4ppt YoY) in 3Q24.

Provisioning increased by +72% YoY to VND1.1 tn in 3Q24, helping to boost its LLR ratio to 66% (+12ppt YoY).

NPL ratio (based on the financial statement) decreased by -20bps QoQ/-37bps YoY to 1.90%. We estimate HDSaison's NPL ratio was 7.47% (-4bps QoQ/-43bps YoY).

CASA ratio was 8.9% (-93bps QoQ/ but +1.8ppt YoY) in 3Q24.

Our view

As expected, net-interest was the key income growth driver in 3Q24, and this trend should continue given our expectation of continued strong credit growth and lower interest expenses (YoY) in 4Q24.

9M24 credit growth completes 87% of HDB's full-year quota of 19.0%. We believe that HDB is in line to receive an increased quota from the SBV in the coming months given its strong capital, improved asset quality, and (we strongly believe) participation in the restructuring of a troubled bank.

Asset quality improved but LLR coverage is still low. The reduced NPL ratio and improved LLR ratio are positive trends. But HDB's LLR ratio is still low at 66%. We think it should increase this provisioning buffer.

Strong capital with CAR of 14.8% implies the ability to absorb unexpected losses and sustain its cash dividend policy going forward.

HDB trades at 1.4x 2024E P/B, above the sector median 1.2x, but HDB's operating efficiency is superior to that of its peers. We forecast 25% ROE in 2024E vs. a sector median of 18% (Bloomberg consensus), which justifies a premium valuation. Our [target price](#) (revised on Oct 22) implies 12m TSR of 19% and an undemanding 1.3x 2025E P/B.

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

© 2024 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

For U.S. persons only: This research report is a product of Yuanta Securities Vietnam Limited Company, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Yuanta Securities Vietnam Limited Company has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

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

Giang Hoang

Assistant Analyst

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

giang.hoang@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
