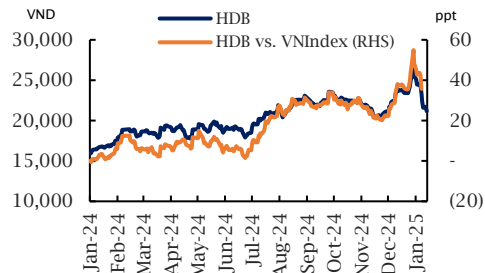


HDBank [HDB VN]
13 February 2025
BUY
TP upside: +15%
Close 12 Feb 2025
Price VND 22,550
12M Target VND 25,958

Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$3.1 bn
6M avg. daily turnover	US\$12 mn
Outstanding shares	3,495 mn
Free float	75%
FINI ownership	17.5%
Major shareholders	25%
2025E Asset/equity (x)	12.2x
2025E P/E (x)	4.5x
2025E P/B (x)	1.2x
FOL room	0.0%
2025E Dividend yield (%)	4.4%

Source: FiinPro, Yuanta Vietnam

HDB	4Q24	% QoQ	% YoY
NII (VND bn)	8,203	6%	10%
Net Fee Inc. (VND bn)	423	3%	-28%
Adj. TOI (VND bn)	9,055	8%	8%
Opex (VND bn)	3,540	20%	35%
Provision (VND bn)	1,832	68%	47%
PATMI (VND bn)	3,115	-9%	-7%
NPL ratio (%) (*)	1.98%	9bp	19bp
LLR ratio (%)	69%	2.8ppt	2.9ppt
CASA ratio (%)	12.0%	3.1ppt	90bp

Source: FiinPro-X, Yuanta Vietnam

(*) Note: we calculated the NPL ratio based on HDB's disclosure

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Potential stake sale

HDB's 4Q24 PATMI decreased by -9% QoQ/-7% YoY due to an increase in opex and provisioning.

But full-year PATMI jumped by +27% YoY, largely on strong net-ll growth, to fulfill 98% of our forecast. HDSaison's PBT reached VND1.2 tn (+84% YoY), contributing 7.2% to HDB's consolidated PBT in 2024 (versus 5.1% in 2023). HDB targets 2025 PBT growth of 25% YoY.

Details

Total credit jumped by +24% YoY. Corporate/SMEs accounted for 60.8% of total loans (+2.0ppt QoQ), with individuals at 32.8% (-2.2ppt QoQ). HDSaison accounted for 4.2% of 4Q24 loans (-10bp QoQ).

HDB expanded lending to real estate & construction segments by +34% YoY in 2024. Loans to the real estate and construction sectors represented 26% of total loans in 2024 (+2ppt YoY).

Aggregated NPLs increased by +13% QoQ/+39% YoY and HDB expanded provisioning by +68% QoQ/+47% in 4Q24. HDB's LLR thus improved slightly by +3ppt both QoQ and YoY to 69%.

Consolidated NPL ratio increased by +9bp QoQ/+19bp YoY to 1.98%. SML ratio was 4.85% (+1.1ppt QoQ/but -39bp YoY) in 4Q24.

CASA deposits surged by +48% QoQ/+28% YoY to reach VND53tn, accounting for 2.1% of the sector's (28 banks) CASA deposits. HDB's CASA ratio increased to 12.0% (+3.1ppt QoQ/+93bp YoY).

Management highlighted the key benefits from taking over DongA Bank, including higher credit quota, branch network expansion, and higher FOL room. HDB has locked its FOL at 17.5%, down from 20.0%.

Our view

Compensation for services rendered. We believe DongA restructuring positions HDB well for a potential FOL increase beyond 30%, which would pave the way for strategic capital raising from foreign investors.

HDB's CAR is high at 14.0%, but its Tier 1 ratio is low at 8.7%, indicating the potential need for capital raising in the future. We reckon that a sizeable stake sale could take place in late 2025 or early 2026, after HDB is granted increased FOL room.

There are also challenges associated with restructuring a weak bank. But HDB previously demonstrated strong execution in restructuring Dai A Bank, which should boost investor confidence.

CASA increase is encouraging. The bank's CASA ratio reached 12% for the first time since 1Q24. Although this is low compared to banks such as MBB (39.3%), TCB (37.4%), and VCB (36.7%), HDB's +48% QoQ / +28% YoY increase in CASA deposits in 4Q24 is an encouraging result.

HDB trades at 1.2x 2025E P/B, slightly above the sector median, but HDB's operating efficiency is superior to that of peers, as demonstrated by sector-high ROE. We reiterate BUY with target price of VND25,958, implying 12m TSR of 19% and 1.3x 2025E P/B.

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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.

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.

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