

12/04/2024

RECOMMENDATION	BUY
Fair price	31,000
Current price	24,300
Upside/downside	28%

### STOCK INFORMATION

Outstanding shares (mil)	2.907
Free float (mil)	2.184
Market cap. (billion VND)	69,318
3m avg. volume (shares)	8,595,675
Foreign ownership (%)	19.7%
First listing date	01/05/2018

### SHAREHOLDER STRUCTURE

Sovico JSC	14.37%
Pham Van Dau	4.31%
Nguyen Thi Phuong Thao	3.72%
Nguyen Huu Dang	2.75%

### KEY ATTRIBUTES

TTM EPS (VND)	3,555
BVPS (VND)	15,958
Debt/Equity (%)	7.7%
ROA (%)	2%
ROE (%)	24.2%
P/E	6.9x
P/B	1.6x
Dividend yield (%)	

### PRICE PERFORMANCE



### COMPANY PROFILE

Ho Chi Minh City Development Commercial Joint Stock Bank (HDB), formerly known as Ho Chi Minh City Housing Development Bank, was established in 1989. The bank operates mainly in the field of capital mobilization and lending. Credit. HDB was listed and traded on the Ho Chi Minh City Stock Exchange (HOSE) respectively from the end of 2017 and early 2018..

### ANALYST(S)

Vy Nguyen  
vynnguyen@phs.vn

### CHUYÊN VIÊN PHÂN TÍCH

Nguyễn Thị Thảo Vy  
vynnguyen@phs.vn

## AMBITIOUS BUSINESS PLAN

- By the end of February 2024, HDBank's total outstanding credit balance reached VND 346,506 billion, growing 2.71% compared to 2023, making it one of the banks with high credit growth in the industry.
- We expect 2024 will be better thanks to the improvement of the economy and recovery of investor sentiment, slightly increasing interest rates, and the Government maintaining its loose monetary policies.
- HDB is a bank that benefits from good fundamentals, with a 2024 P/B of 1.5x, PHS projects that the fair value of HDB is 31,000 VND/share. We recommend BUY with potential upside of 28%.

### Investment highlight:

**The highest Credit growth.** Credit growth at the end of 2023 was 31.8%YoY thanks to participating in restructuring weak banks. Retail loans are high (43.7% of Gross loans), thereby bringing HDB's average lending interest rate to 12.7%, higher than the industry average of 11.1%.

**Outstanding NIM.** In terms of capital mobilization, HDB is one of the banks that uses a large amount of capital from the interbank market with more than 21% of the capital mobilization. Hence, interest rates in secondary market have decreased deeply in 2023 (ON-1W term around 0.5 - 1.0%), which maintains the cost advantage. In addition, HDB is one of the few banks that actively mobilizes capital from international financial institutions, especially Green bonds with preferential interest rates.

**Profitability remains stable.** By the end of 2023, NIM of HDB would be 5.1%, down 10 bps compared to 2022. The trend of NIM reduction occurs in most banks in 2023 and HDB is one of the banks with the least decrease. One of the reasons is that HDB has a fairly high risk appetite with a relatively high proportion of medium- and long-term loans (accounting for 47%).

### Projection for 2024F:

We project HDB's credit growth in 2024 to be 28%YoY. Receiving the mandatory credit institution transfer would allow HDB to receive priority from the State Bank in allocating credit "room". But PHS maintains a cautious view that growth will cool down compared to last year, partly because the economy's capital needs are still weak (system-wide credit growth as of the end of the first quarter only increased by 0.26%).

We expect the lending rates would increase slightly, while the deposit rates would rise more slowly. NPLs in 2023 and legal problems in handling collateral would put a burden on HDB's asset quality. We project the NPL ratio in 2024 to be 1.97%. Hence, Net Profit in 2024 is projected to be VND 13,140 billion (+27%YoY).

### Evaluation:

By using P/B and Residual Income, we recommend BUY for HDB at a price of VND 31,000 per share, indicating a potential price increase of 28% compared to the current price.