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# HDBank (HDB)

## Ambitious 2020E guidance; IPO HD Saison

### Guiding for ambitious performance in 2020E & on track to meet half of goal in 1H 2020

- Shareholders approved ambitious 2020E earnings guidance of VND5,661 billion or up 13% YoY at the annual general shareholders' meeting. Other metrics approved were: 1) credit growth of 16% YoY to VND177,790 billion and the bank will ask the SBV to grant them credit growth in the highest category; 2) total funding capital growth of 35% YoY to VND275,246 billion (*including customer deposits, deposits & loans from other credit institutions, convertible bonds, certificates of deposit, funds received from the government, international and other institutions*); 3) total assets growth of 33% YoY to VND305,372 billion; 4) nonperforming loans below 2%; 5) ROA of 1.69% (vs 2019's 1.80%) and ROE of 20.02% (vs 2019's 21.61%) and 6) expanding the branch network to 308 locations (+8%) from 286 at the end of 2019.
- Management also announced that up to May: 1) the bank only restructured only about 3% of loan portfolio (VND5,000 billion) and well below the forecast of 15%; 2) credit growth was 8% at the parent bank; and 3) parent bank's funding capital increased by 11% from the end of 2019. Management also announced that parent bank's pretax earnings are on track to reach VND2,300 billion in 1H or 50% of the annual plan.

### Extensive plans to secure longer-term funding: convertible & international bonds

- Management hopes to take advantage of the near-0% interest rates to secure mid- to longer-term funding from international markets via a convertible bond and overseas bonds. Shareholders approved issuing up to USD500 million or VND10 trillion in convertible bonds between 2020 and 2021 and up to USD1 billion in Euro Medium Term Notes (EMTNs) between 2020 and 2024, with maturities of three to ten years. Shareholders also approved the plan to declare a 2-for-1 stock dividend for 2019 performance as well and issuing 15% bonus shares from capital surplus.

### Q&A session: PGBank merger entering final stage & plan to IPO HD Saison

- Management announced that it would initiate the final application process with the State Bank of Vietnam to complete the merger with PGBank. HDBank's chairwomen also revealed plans to convert HD Saison (the 50%-owned consumer finance JV) to a joint stock company and move ahead with an IPO. Other strategic initiatives include: continuing the "ecosystem" strategy and the bank now manages over 80% of Vietjet's (VJC) cash flow; and HD Saison also sells Vietjet airline tickets on an installment basis via the website and mobile banking.

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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