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|  | | February 1, 2024 | Analyst Pham Phuong Linh  linhpp@kbsec.com.vn |
|  | HDBank (HDB)  Analyst meeting updates | | |
|  | Good results in 4Q2023 and the whole year 2023   * HDB's total outstanding loans by the end of 2023 reached VND353.441 trillion (up 31.8% YTD), accomplishing the quota assigned by the State Bank of Vietnam (SBV). Credit recorded a significant increase in the fourth quarter (up 20% QoQ), in line with the overall trend of the entire industry. Specifically, retail lending grew by 10.8% YTD, while corporate lending rose by 54.5% YTD. The BOD shared that the credit limit assigned for 2024 is 20%. * Net interest income (NII) in 4Q2023 climbed 60% QoQ to VND7.473 trillion, attributed to the sudden surge in credit. The figure for the year 2023 is VND22.184 trillion, up 23.2% YoY. Net fee and commission income in 2023 dropped by 26% YoY, while non-interest income (NOII) touched VND2.042 trillion (up 104% YoY), driven by securities, FX, and gold trading. Total operating income (TOI) for the year 2023 amounted to VND26.414 trillion, up 35.7% YoY. * Operating expenses in 2023 expanded by 5.8%, but the cost-to-income ratio (CIR) improved from 34.6% in 2022 to 39.3%. Credit costs surged 39% YoY in the context of the overall decline in asset quality across the industry. Overall, HDB's PBT recorded VND13.017 trillion, up 26.8% YoY, placing it among the banks with impressive growth.   Profitability   * The consolidated net interest margin (NIM) improved by 10 basis points (bps) QoQ to 5.1%, underpinned by a sharp fall in the cost of funds. The bank expects NIM to further improve in 2024, ranging from 5% to 5.2%. * ROA and ROE both increased YoY, reaching 2.0% and 24.2%, respectively, placing HDB among the industry leaders. The bank has proactively boosted provisions to strengthen its financial buffer, staying prepared for market fluctuations. The capital adequacy ratio (CAR) under Basel II hit 12.6%, meeting 150% of regulatory requirements for the banking industry.   The NPL ratio expected to have reached its peak in 2023   * The consolidated NPL ratio fell by 47 bps QoQ to 1.79% by the end of December, within the bank’s target of 2%. The NPL ratio for the parent bank is 1.5% for the year 2023. Per HDB, NPLs primarily originate from retail lending, which decreased substantially over the past two quarters. Thus, we expect HDB’s NPL ratio to have peaked in 2023 and drop in 2024.   About HD Saison  — The outstanding loan balance hit VND16.1 trillion by the end of 2023, with car and consumer loans continuing to be the two main contributors, making up 21% and 23.5%, respectively.  — Asset quality was better controlled as the NPL ratio reduced to 7.61% from its peak of 7.92% in the second quarter. Despite a slight decrease in NIM, it remained high, around 29%. | | |

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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:  +15% or more | Hold:  +15% to -15% | Sell:  -15% or more |  | Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose. |
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| Investment Ratings for Sectors  (based on expectations for absolute price gains over the next 6 months) | | |  |
| Positive:  Outperform the market | Neutral:  Perform in line with the market | Negative:  Underperform the market |  |
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