

29/11/2024

## RECOMMENDATION BUY

Fair price	33,600
Current price	25,300
Upside/downside	33%

## STOCK INFORMATION

Outstanding shares (mil)	2,912.6
Free float (mil)	2,184.4
Market cap. (VND billion)	73,250
3m avg. volume (shares)	10,162
Foreign ownership (%)	16.7%
First listing date	05/01/2018

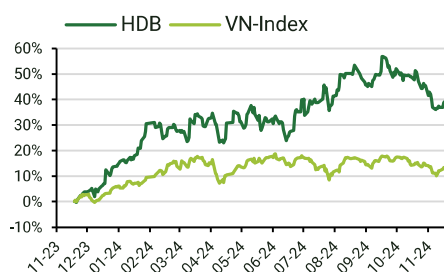
## SHAREHOLDER STRUCTURE

Sovico Joint Stock Company	14.27%
Pham Van Dau	4.31%
Nguyen Thi Phuong Thao	3.72%
Other	77.7%

## IMPORTANT ASPECTS

TTM EPS (VND)	4,476
BVPS (VND)	17,610
Debt/Equity (%)	10.8
ROA (%)	2.1
ROE (%)	26.7
P/E	5.6
P/B	1.4
Dividend yield (%)	30%

## SHARE PRICE PERFORMANCE



## COMPANY PROFILE

Ho Chi Minh City Development Joint Stock Commercial 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 credit lending. HDB was listed and traded on the Ho Chi Minh City Stock Exchange (HOSE) from late 2017 and early 2018.

## ANALYST

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## ANALYST MEETING UPDATE ON NOV 27<sup>th</sup>, 2024

- Credit activities of HDB have grown remarkably, creating a springboard for impressive Net Profit growth in 9M 2024, while supporting the highest return on equity (ROE) in the industry. Asset quality has improved as NPL ratio was on the decline.
- We expect the economy to be better in 2025 thanks to improvements in consumption, domestic production and business activities, and public investment. HDB would continue to maintain its ability to control asset quality and strong credit activities thanks to its strategy of expanding lending in Tier II cities and drastic digital transformation.
- With a projected P/B of 1.3x in 2025, PHS maintains a BUY recommendation for HDB at a fair price of VND 33,600/share (33% upside potential compared to current price).

## 9M 2024 Business results

**Leading the industry in profitability** . At the end of 9M 2024, ROE was 26.7%, an improvement of 3.7% compared to the end of 2023, the industry highest thanks to outstanding business results. Net Profit rose impressively by 45% YoY to VND 10 trillion, completing 79% of the 2024 business plan, in line with our forecast. Positive business results is attributed to outstanding growth in credit activities with Net Interest Income rising sharply 54%YoY to VND 22.6 trillion, when credit growth held the second position in the industry of 16.6%YTD, higher than the same period (11.5%YTD). Thanks to being highly rated by the SBV, implementing incentive programs and receiving compulsory transfer of credit institutions, HDB has been allocated high credit "room" by the SBV in recent years. Recently, the SBV has loosened credit limits for banks. We project that credit growth in 2024 would be 29.3%YTD.

Furthermore, by exploiting a good customer base and leveraging the customer supply chain thanks to digital transformation initiatives, HDB has an advantage in credit growth. Corporate lending led credit growth with a 27.1% YTD increase, accounting for 59% of Gross loans, equivalent to VND 235 trillion. In the long term, HDB focuses on developing retail lending and in Tier 2 cities, when credit demand in these cities is still high and the level of competition is relatively low compared to tier 1 cities. By the end of 9M 2024, retail lending accounts for 35% of Gross loans, equivalent to VND 139 trillion (+4.2%YTD).

**NIM expansion.** NIM increased by 1.15% compared to the end of 2023 to 6.13% thanks to the average lending rate decreasing more slowly than the average deposit rate. HDB is one of the banks that has maintained an increasing NIM, while others witnessed declines.

**Asset quality improved.** NPL ratio decreased by 11 bps compared to end-2023 to 1.9%, while Loan Losses Coverage ratio remained at 66%. NPL balance increased by 23%YTD to VND 7.6 trillion, while NPL balance decreased by 17%YTD to VND 14.9 trillion. NPL mainly concentrated in the retail sector, accounting for 60% of NPL balance, equivalent to VND 4.5 trillion. The restructure loan according to Circular 02 is less than 1% of Gross Loan, and has been fully provisioned.