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HDBank (HDB)

Ambitious 2020E guidance; seeks approval for CB

Bullish guidance for 2020E

- Management released ambitious earnings guidance of VND5,661 billion or up 13% YoY for 2020E in the proposal for the annual general shareholders' meeting. Other metrics included: 1) credit growth of 16% YoY to VND177,790 billion and below the State Bank of Vietnam's allocation to HDB for 2020E; 2) total mobilized 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) non-performing 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. Shareholders will meet to approve these business targets on June 13.

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

- Management will seek shareholder approval to issue a convertible and international bonds to strengthen the bank's mid- to long-term funding base:
 - 1) *convertible bond*: may issue up to USD500 million or VND10 trillion between 2020 and 2021, with a maturity of five years plus one-day to qualify as Tier 1 capital under *Circular 41/2016/TT-NHNN*. The bonds will be convertible into common shares at a strike price to be determined at issue and can be denominated in either US dollars or Vietnamese dong as part of a local or overseas issue.
 - 2) *international bond*: may issue up to USD1 billion in Euro Medium Term Notes (EMTNs) between 2020 and 2024, with a maturity of three to ten years. The bonds will be an international issue and listed on the Singapore Stock Exchange (SGX-ST) and may be sold in a single tranche or multiple tranches. The interest rate will be decided at a later date. Currently, Moody assigns a B1 rating for HDB's local and foreign currency bonds.
- The Board of Directors also submitted a plan to declare a 2-for-1 stock dividend for 2019 performance as well and issuing 15% bonus shares from capital surplus.

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Investment ratings & definitions

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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