



FOREIGN OWNERSHIP LIMITS

– Banking sector

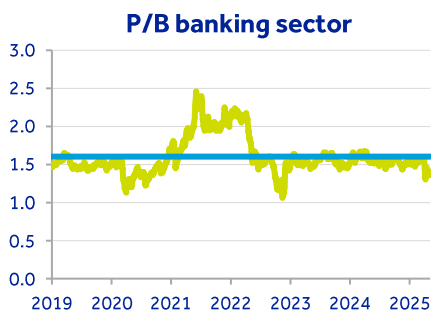
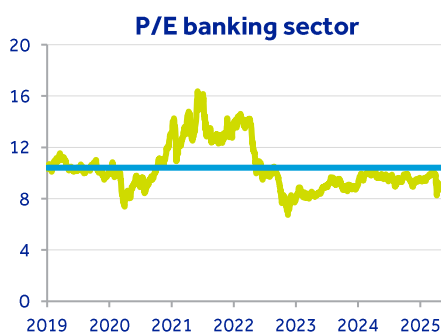
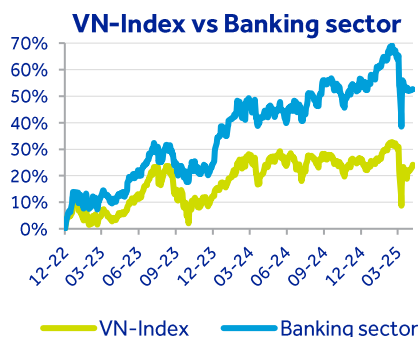
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DECREE 69/2025 ON ADJUSTING FOREIGN OWNERSHIP LIMITS

Decree 69/2025/NĐ-CP, recently issued by the Government and effective from May 19, 2025, adjusts the foreign ownership limits (FOL) in commercial banks involved in mandatory acquisitions of weak banks. Specifically, the total foreign ownership can exceed 30% but must not exceed 49% of the charter capital of these banks – except for commercial banks in which the State holds more than 50% of charter capital.

This regulation creates opportunities for joint-stock commercial banks such as MBB, VPB, and HDB – which have participated in mandatory acquisitions of weak banks – to increase their FOLs to 49% (VCB is not included in this list as the State Bank of Vietnam currently owns 74%). At present, foreign ownership in MBB stands at 22.3%, VPB at 24.3%, and HDB at 16.9%. Therefore, the increase in FOLs is not expected to be a strong short-term catalyst for the stock prices of these banks.

It is important to note that this increase in the FOLs is subject to each bank's charter and is only applicable during the implementation period of an approved compulsory transfer plan, which is expected to last from 5 to 10 years. After this period, foreign investors will not be allowed to acquire additional shares until their total ownership falls below 30%, except for the case they purchase shares offered to existing shareholders or transfer shares among foreign investors.

Impact on MBB, VPB, and HDB

Decree 69/2025/NĐ-CP **enables banks to issue additional shares to foreign shareholders** if they need to raise capital to inject into weak banks, thereby accelerating the restructuring process. For example, MBB plans to contribute up to VND5,000 billion to MBV during the restructuring phase. We believe other banks will implement similar plans as part of the overall scheme to restructure weak banks. Additionally, increasing capital enhances the capital adequacy ratio (CAR), especially given that the acquiring banks are granted high annual credit growth quotas of 20–30%. Specifically:

- HDB, despite a relatively high CAR (~14%), relies heavily on Tier 2 capital bonds, so the bank may consider increasing Tier 1 capital to reduce the cost of funds.
- VPB also has a high CAR (~14%) and has not used much Tier 2 capital, so the need to raise capital is less urgent.
- MBB has a relatively lower CAR (~10%) and has not yet utilized Tier 2 capital, so it may need to raise capital in the future. However, its state ownership may pose a challenge as SOE shareholders are generally averse to dilution.

Ticker	Market cap (VND bn)	Current FOL ratio approved by AGM	Current foreign ownership ratio	Current foreign room ratio	Current foreign room ratio in case the bank raise FOL to 30%	Current foreign room ratio in case the bank raise FOL to 49%
MBB	143,709	23.2%	22.3%	1.0%	7.7%	26.7%
VPB	134,877	30.0%	24.3%	5.7%	5.7%	24.7%
HDB	74,270	17.5%	16.9%	0.6%	13.2%	32.2%

Source: HOSE, ACBS

Currently, none of the three banks have reached their FOLs, either under their charters (which are capped at 30%) or the legal cap (at 30%). Therefore, the FOL

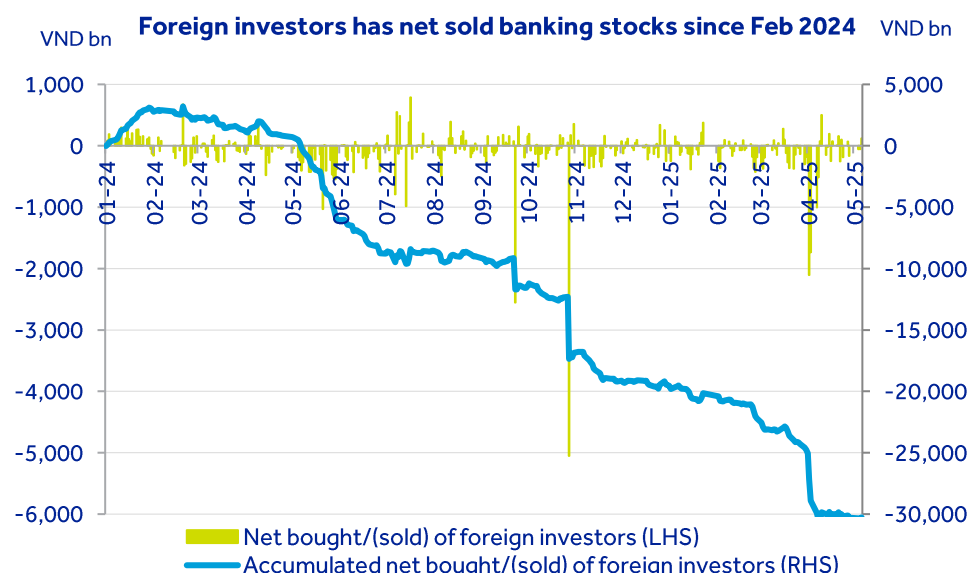
increase to 49% may not have a significant immediate effect, especially amid strong net selling by foreign investors in the banking sector. However, in the medium to long term, the 49% limit will support banks in raising capital from foreign investors, particularly from strategic shareholders. MBB's major shareholders include large SOEs, especially Viettel, which plays an important role in MBB's business ecosystem. VPB has SMBC as a strategic foreign shareholder, which also owns 50% of FE Credit. Meanwhile, HDB has no strategic foreign shareholder and is actively seeking partners.

Among the three, we assess **HDB as the most likely to increase its FOL** due to its growing need for Tier 1 capital and the absence of a strategic foreign shareholder. HDB's foreign ownership room under its charter is only 0.65%, but the legal room of 30% leaves 13.15% available. Thus, if HDB seeks a strategic shareholder – who typically holds 15–20% – it is likely to be the first to open its foreign room and raise capital. This is expected to have a positive impact on the bank's stock price.

Impact on the Banking Sector and the Stock Market

Beyond the benefits for capital and stock valuations of the aforementioned banks, this policy allows the Government to **pilot foreign ownership expansion within a controlled scope**, thereby assessing its impact on financial capacity, governance, and banking system stability. Limiting the pilot to three banks reduces financial and monetary security risks from volatile foreign capital flows. The pilot's outcomes will provide empirical data on attracting foreign capital, improving governance, and resolving weak banks – forming the basis for potential policy expansion in the future.

Amid net foreign selling of over VND30,000 billion in banking stocks since early 2024, this policy may help **facilitate foreign capital inflows into the banking sector and Vietnam's stock market** in the future.



Source: Fiinpro-X, ACBS

BANK'S FINANCIAL RATIOS

(Unit: VND billion)

Ticker	Exchange	Mkt cap 08/05/25	Equity 4Q24	Total Assets 1Q25	NPL ratio 1Q25	Special mentioned loan 1Q25	NPL coverage 1Q25	CAR (Basel 2) 31-12-23	ROA (TTM)	ROE (TTM)	P/E	P/B
BID	HOSE	248,907	2,856,111	155,906	1.9%	1.9%	96.9%	8.6%	0.9%	18.2%	9.7	1.7
CTG	HOSE	201,643	2,469,863	153,982	1.6%	1.4%	136.8%	9.3%	1.1%	17.9%	7.8	1.3
VCB	HOSE	477,109	2,109,261	204,942	1.0%	0.3%	216.1%	11.4%	1.7%	17.6%	14.1	2.3
MBB	HOSE	143,709	1,156,917	123,677	1.8%	2.0%	75.3%	10.8%	2.3%	22.6%	5.8	1.2
TCB	HOSE	193,577	989,216	153,953	1.2%	0.8%	111.6%	14.4%	2.2%	14.7%	9.1	1.3
VPB	HOSE	134,877	994,037	151,213	4.7%	4.5%	47.4%	17.1%	1.8%	11.5%	8.4	0.9
ACB	HOSE	107,870	891,675	87,075	1.5%	0.7%	72.1%	12.5%	2.0%	20.4%	6.5	1.2
STB	HOSE	74,466	757,093	57,862	2.5%	0.9%	74.7%	9.1%	1.5%	20.4%	6.9	1.3
SHB	HOSE	52,442	790,742	61,473	2.9%	0.7%	59.2%	12.2%	1.3%	16.6%	5.5	0.9
HDB	HOSE	74,270	711,311	61,033	2.4%	5.5%	53.3%	12.6%	2.1%	25.8%	5.3	1.3
LPB	HOSE	98,730	499,895	45,872	1.7%	1.4%	74.3%	12.2%	2.1%	23.7%	9.9	2.2
VIB	HOSE	52,433	495,727	43,643	3.8%	3.4%	38.6%	11.7%	1.5%	17.4%	7.3	1.2
TPB	HOSE	37,119	388,891	39,492	2.3%	2.3%	57.1%	12.4%	1.6%	16.9%	5.9	0.9
MSB	HOSE	29,510	314,727	38,021	2.6%	1.3%	59.6%	12.8%	1.8%	15.5%	5.3	0.8
SSB	HOSE	53,202	333,746	38,600	1.8%	0.9%	81.8%	13.6%	2.3%	20.3%	7.5	1.4
OCB	HOSE	25,891	289,067	32,388	3.9%	2.4%	35.0%	13.3%	1.1%	9.4%	8.8	0.8
NAB	HOSE	23,471	262,251	20,214	2.5%	1.0%	52.2%	11.2%	1.6%	20.4%	6.1	1.2
EIB	HOSE	35,857	251,133	25,757	2.6%	0.9%	38.7%	13.4%	1.5%	14.0%	10.4	1.4
ABB	UPCoM	7,647	183,753	14,357	3.8%	1.3%	45.9%	11.0%	0.4%	5.2%	10.7	0.5
BAB	HNX	10,826	175,366	12,076	1.3%	0.5%	98.1%	8.6%	0.6%	8.9%	10.5	0.9
VBB	UPCoM	6,849	174,378	8,898	2.6%	1.2%	49.2%	10.4%	0.7%	12.2%	6.6	0.8
VAB	UPCoM	5,917	129,046	9,152	0.6%	1.7%	150.2%	9.3%	0.8%	10.9%	6.2	0.7
NVB	HNX	12,099	130,883	6,244	14.0%	1.3%	11.2%	9.2%	-	-	-	1.9
BVB	UPCoM	7,513	110,118	6,219	3.4%	1.9%	44.8%	11.3%	0.3%	5.2%	-	1.2
KLB	UPCoM	4,452	97,164	6,834	2.2%	1.7%	69.2%	9.7%	1.1%	15.5%	4.4	0.7
PGB	UPCoM	6,775	73,552	5,243	2.7%	1.9%	39.0%	12.0%	0.4%	5.4%	-	1.3
SGB	UPCoM	4,369	33,506	4,172	3.3%	5.8%	31.6%	17.7%	0.3%	2.3%	-	1.1
Average		78,945	654,423	58,085	2.8%	1.8%	71.1%	11.8%	1.3%	15.0%	7.8	1.2
Median		37,119	333,746	38,600	2.5%	1.4%	59.2%	11.7%	1.5%	16.1%	7.3	1.2

Source: FiinPro-X, ACBS

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BUY	: total stock returns (including dividend yield) over the next 12 months are forecast to be 20% or higher.
OUTPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from 10 to 20%.
NEUTRAL	: total stock returns (including dividend yield) over the next 12 months are forecast to be between -10 and 10%.
UNDERPERFORM	: total stock returns (including dividend yield) over the next 12 months are forecast to be from -10 to -20%.
SELL	: total stock returns (including dividend yield) over the next 12 months are forecast to be -20% or lower.

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