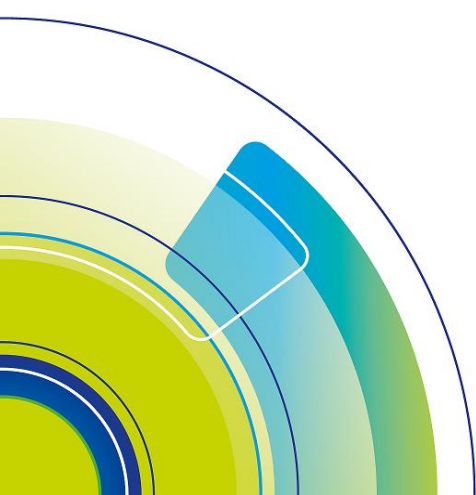




Update HDB – OUTPERFORM

November 4, 2025



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Recommendation **OUTPERFORM**

HOSE: HDB

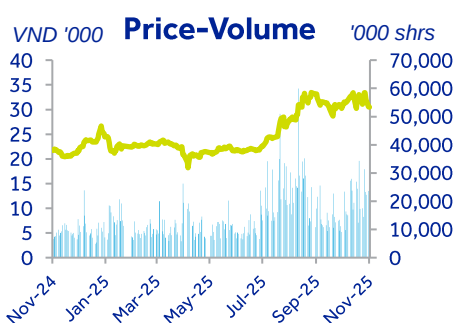
Banking

Current price (VND)	30,550
Target price (VND)	34,300
Expected share price return	+12.3%
Expected dividend yield	0.0%
Expected total return	+12.3%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	19.6	1.2	13.1	38.1
Relative	-10.3	2.7	4.4	6.9

Source: Bloomberg



Ownership

Sovico & related	17.8%
CFO	4.3%
Head of Supervisory Board	2.9%
HFIC	2.7%
CEO	1.7%
Tianhong Vietnam	1.7%
Baillie Gifford Pacific	1.9%
Others	66.9%

Stock Statistics

4-Nov-25

Bloomberg code	HDB VN
52-week range (VND)	18,000–34,350
No. of shares (m)	3,844
Mkt cap (VND bn)	117,252
Mkt cap (USD m)	4,450
Foreign room left (%)	0.6
Est. free float (%)	74.8
3m avg daily vol (shs)	19,831,150
VND/USD	26,349
Index: VNIndex / HNX	1621.13/260.00

HO CHI MINH CITY DEVELOPMENT JSC BANK (HDB)

We recommend an **OUTPERFORM** rating for HDB with a 12-month target price of VND34,300/share, based on a target P/E of 7.6x, equivalent to its historical median. The potential private placement to foreign strategic investors is expected to serve as a positive catalyst for the stock, despite asset quality deterioration and EPS dilution.

Q3/25 results slowed, with PBT reaching VND 4.74 trillion (+5.4% y/y and +0.5% q/q). Total income and pre-provision profit still posted solid growth (+11.5% and +25.9% y/y, respectively), but provision expenses surged 109.8% y/y, limiting overall profit growth.

Credit surprisingly contracted VND20.000 bn (–3.5% q/q, +21.3% y/y and +11.3% YTD), due to declines in corporate loans in real estate, construction, manufacturing and trade sectors, and a loan sale of VND10.000 bn to Vikki Bank. The contraction stemmed from rising NPLs, prompting HDB to tighten credit expansion to manage risk. **NIM fell sharply** (–122 bps y/y and –151 bps q/q) to 4.48%, driven by lower lending yields and the absence of one-off income seen in the previous quarter. Consequently, **NII was flat y/y and down 20.9% q/q**.

NFI grew strongly (+130.2% y/y and –3.5% q/q), supported by payment, FX, and other service segments, contributing to an **11.5% y/y increase in TOI**.

Asset quality deteriorated. NPL ratio rose 36 bps q/q to 2.9%, while special mentioned loans jumped 66 bps q/q to 4.6%. HDB's overdue loan ratio increased sharply, diverging from the industry's improving trend, resulting in **provision expenses up 109.8% y/y in Q3/25**. NPL coverage ratio dropped significantly to 43%, from 60–70% in previous years.

Given slower income growth and higher provisioning costs, HDB **reduced operating expenses (–15.7% y/y and –10.6% q/q)**, pushing CIR to 26% – among the lowest in the sector.

For 2025, we forecast PBT to reach VND 20.78 trillion, up 24.2% y/y (vs. AGM target: +26.6%). **In 2026, PBT is expected to grow 24.5% y/y**, driven by (1) credit growth of 25.6% y/y, (2) a 10 bps decline in NIM to 4.69%, and (3) a 25% y/y increase in provisioning expenses.

(VND bn)	2021	2022	2023	2024	2025F	2026F
Credit growth	13.4%	25.6%	31.8%	27.0%	24.4%	25.6%
NIM	4.38%	5.15%	5.03%	5.45%	4.79%	4.69%
NFI proportion	17.1%	18.0%	16.0%	9.3%	17.2%	15.0%
TOI growth	21.6%	31.1%	20.2%	28.8%	17.9%	19.1%
CIR	38.1%	39.3%	34.6%	35.2%	26.9%	24.8%
Credit costs	1.15%	1.27%	1.37%	1.33%	1.70%	1.70%
Profit before tax	8,070	10,268	13,017	16,730	20,775	25,236
growth	38.7%	27.2%	26.8%	28.5%	24.2%	21.5%
Profit attributable	5,956	7,657	10,036	12,753	16,005	19,442
Adjusted EPS (VND)	1,697	2,181	2,859	3,633	4,147	4,619
growth	42.4%	28.6%	31.1%	27.1%	14.1%	11.4%
Adjusted BVPS (VND)	8,271	10,528	12,669	15,524	19,344	23,409
Adjusted ROA	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Adjusted ROE	23.3%	23.5%	24.7%	25.8%	24.8%	22.5%
CAR (Basel 2)	14.4%	13.4%	12.6%	14.0%	13.5%	14.0%
P/E	19.8	15.4	11.7	9.2	7.4	6.1
P/B	4.1	3.2	2.7	2.2	1.6	1.2
DPS (VND)	-	-	1,000	1,000	-	-
Dividend yield	0.0%	0.0%	3.3%	3.3%	0.0%	0.0%

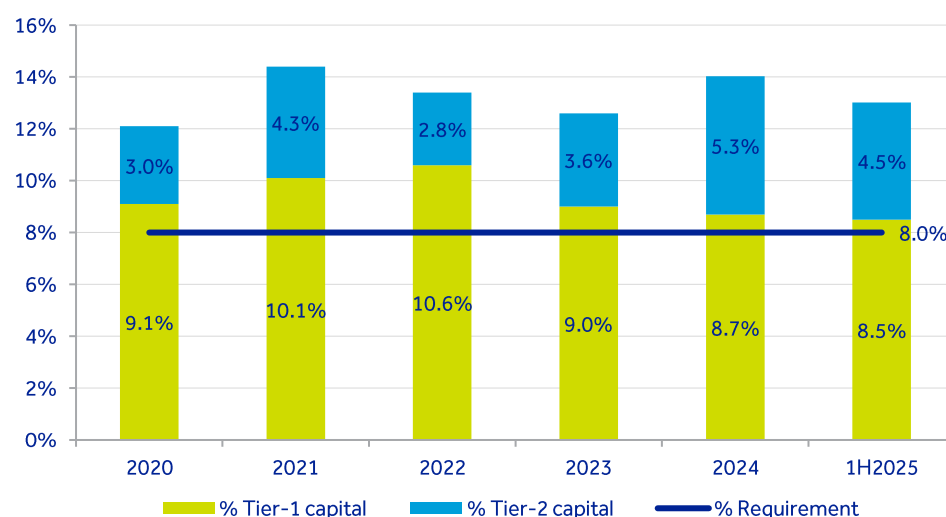
Tier-1 Capital Increase Plan

In October, bondholders converted USD 160 million of convertible bonds into **349.3 million HDB shares**. The estimated dilution to EPS and BVPS is 7,4% and 8,1%, respectively.

By Q3/26, another batch of USD 165 million convertible bonds will reach conversion maturity. If all remaining convertible bonds are converted, EPS and BVPS are expected to be further diluted by 7,7% and 7,5%, respectively.

HDB currently relies on Tier-2 capital, with its CAR exceeding 13%, but Tier-1 capital ratio standing at only 8.5%. The bond conversions will strengthen Tier-1 capital while reducing Tier-2 capital, resulting in a more balanced capital structure and giving HDB greater capacity to raise additional Tier-2 capital in the future (which is capped at 100% of Tier-1 capital) to reinforce its CAR if needed.

HDB relies on Tier-2 capital

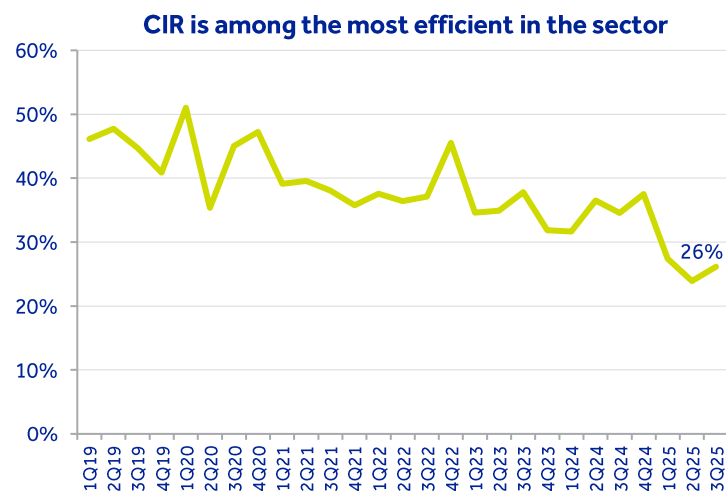
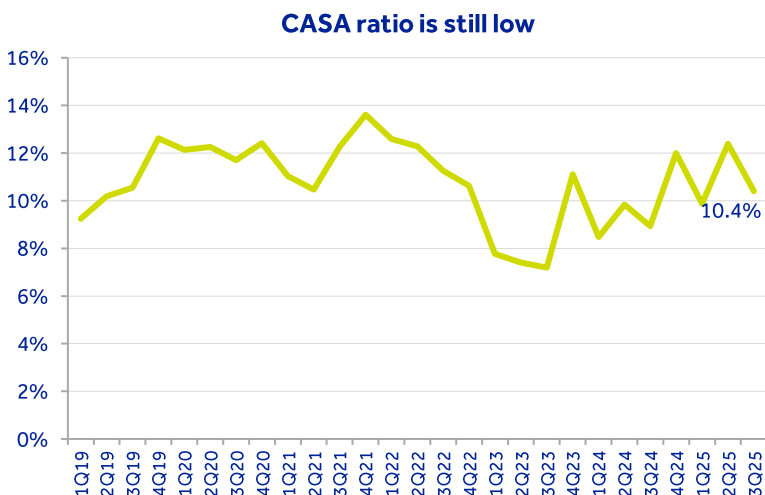
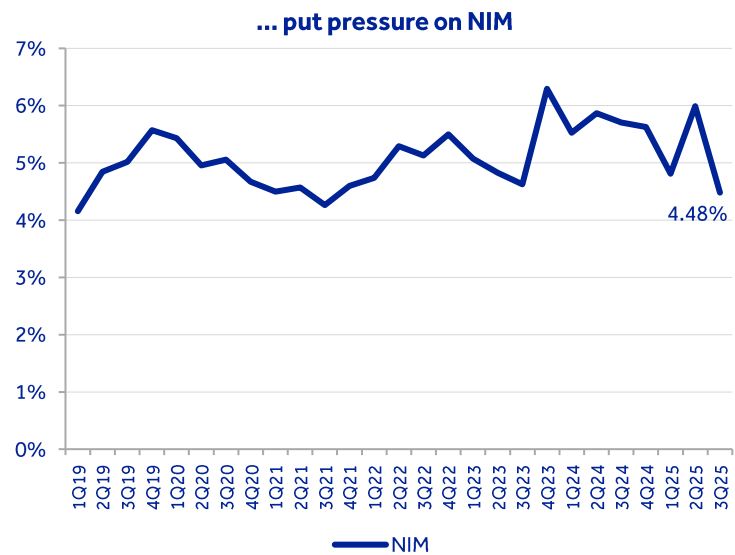
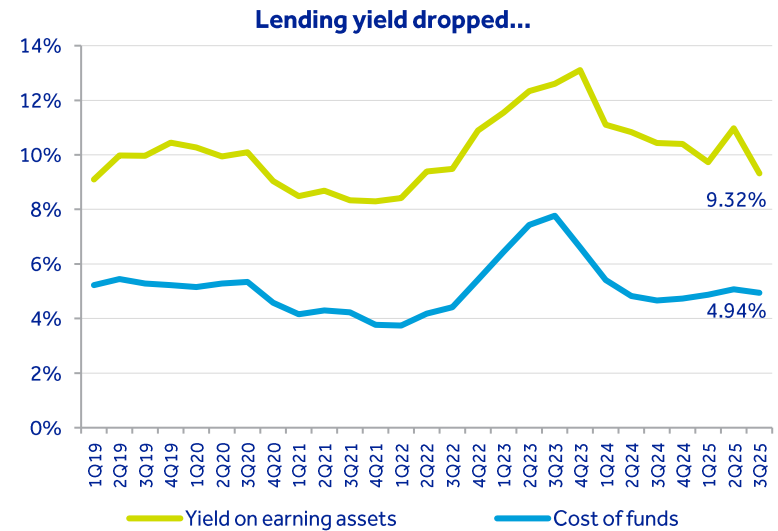
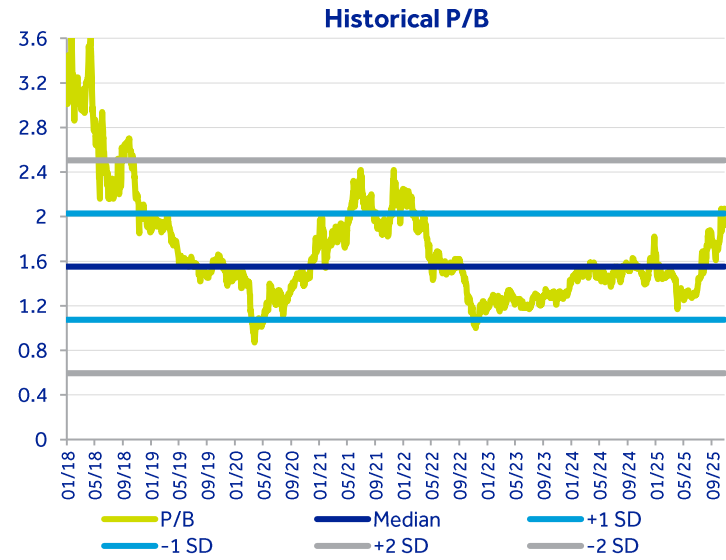
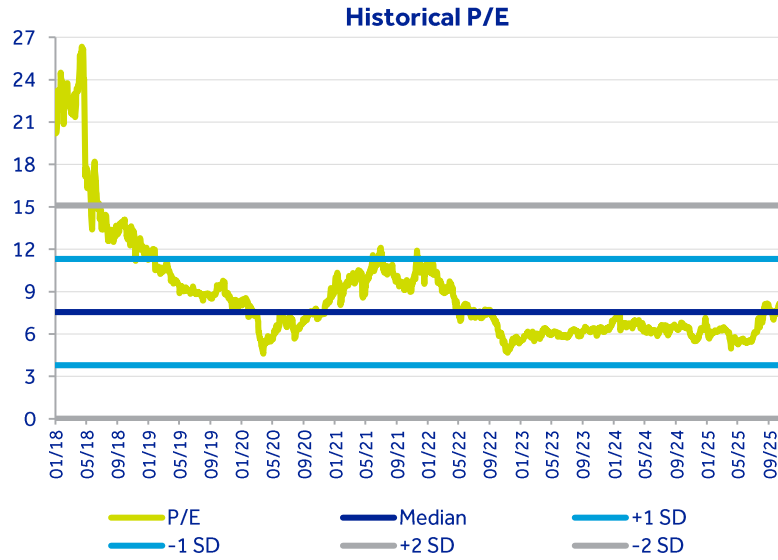


Source: HDB

In addition, HDB plans a **private placement to foreign strategic investors**. The foreign ownership ratio currently stands at 16.9% (excluding the potential 8.3% increase from the convertible bond conversion). Therefore, HDB may need to lift the foreign ownership limit above 30% to proceed with the issuance. With the mandatory acquisition of Vikki Bank, under Decree 69/2025, HDB will be allowed to raise its foreign ownership limit up to 49% (vs. the general cap of 30% for banks).

Issuance to foreign strategic investors is typically done at a premium to market price, which should have a positive impact on HDB's share price.

Overall, despite facing asset quality headwinds and EPS dilution from convertible bond conversions, we use a **target P/E of 7.6x** – equivalent to the historical median – supported by the upcoming private placement to foreign strategic investors.



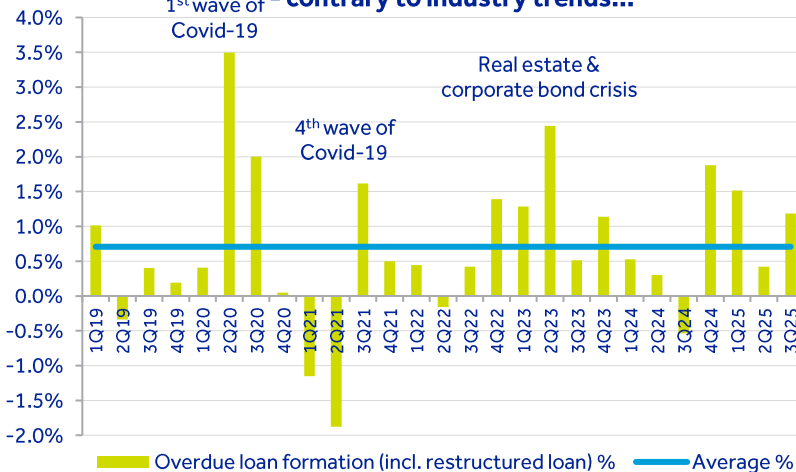
Overdue loan formation to rise in 2025

1st wave of Covid-19

Real estate & corporate bond crisis

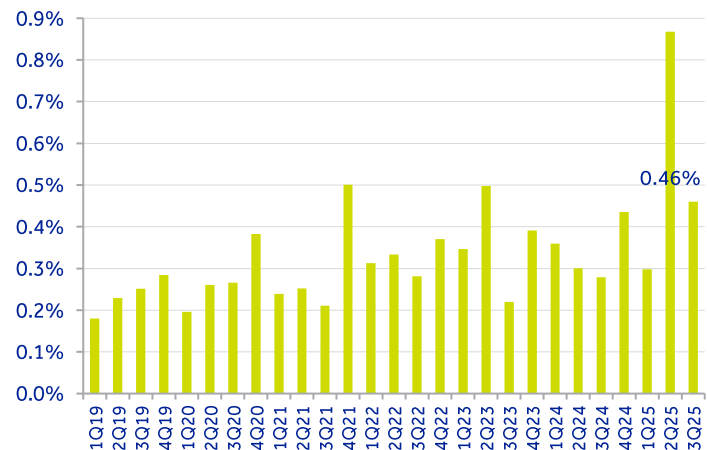
4th wave of Covid-19

contrary to industry trends...



Source: HDB, ACBS

... gây áp lực lên chi phí tín dụng



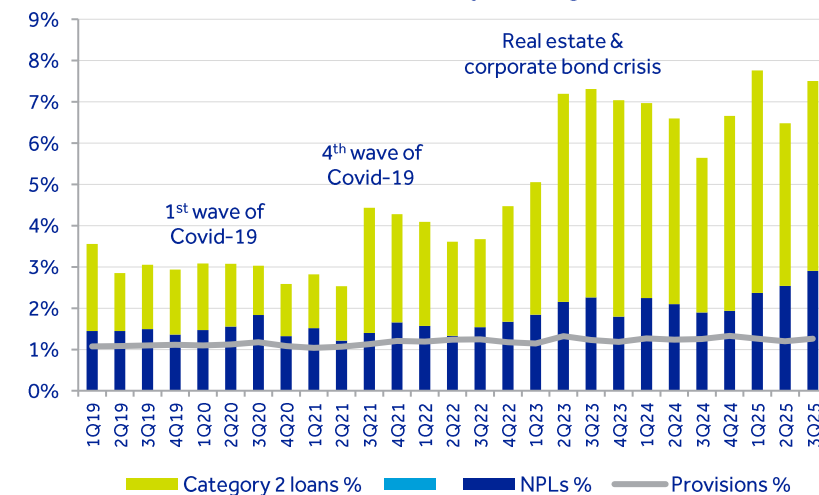
Source: HDB, ACBS

Overdue loan ratio stayed at high level

Real estate & corporate bond crisis

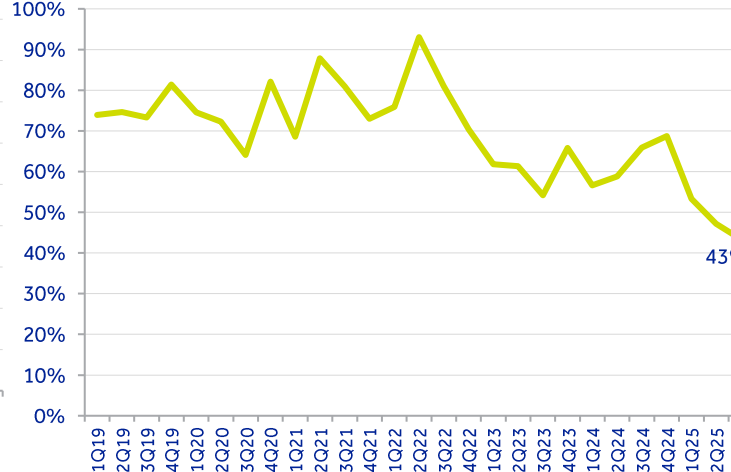
4th wave of Covid-19

1st wave of Covid-19



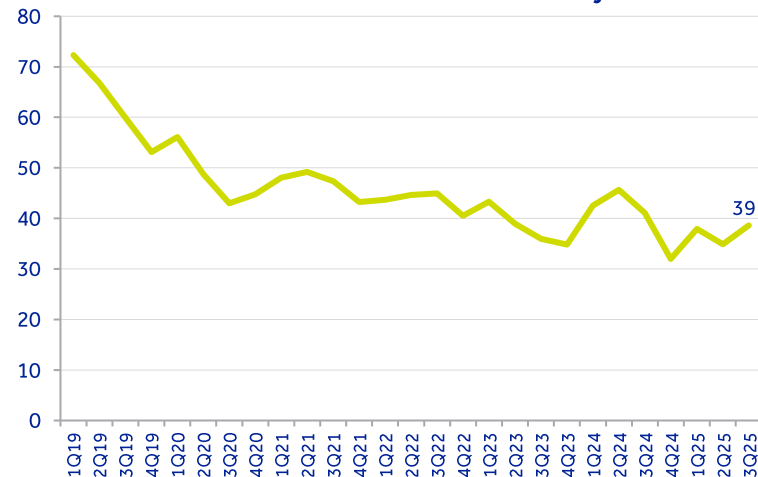
Source: HDB, ACBS

NPL coverage ratio declined rapidly



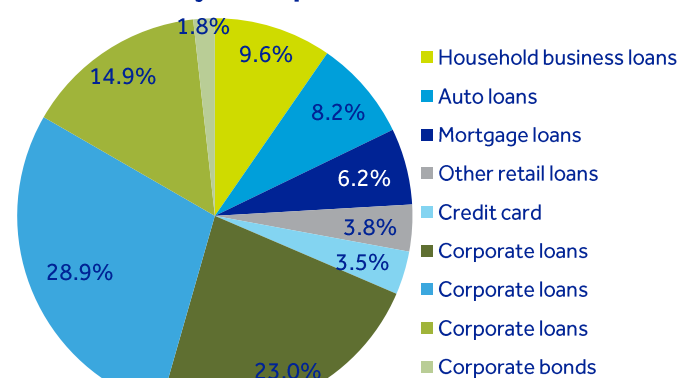
Source: HDB, ACBS

Interest collection days was stable



Source: HDB, ACBS

Credit structure (as of 31 Dec 2024) focused heavily on corporate loans of 68%



Source: HDB, ACBS

BANK'S FINANCIAL RATIOS

(Unit: VND billion)

Ticker	Exchange	Mkt cap 03/11/25	Total Assets 3Q25	Equity 3Q25	NPL ratio 3Q25	Special mentioned loan 3Q25	NPL coverage 3Q25	CAR (Basel 2) 4Q24	ROA (TTM)	ROE (TTM)	P/E	P/B
BID	HOSE	260,493	3,071,970	167,987	1.9%	1.6%	94.8%	9.0%	0.9%	17.3%	9.8	1.6
CTG	HOSE	260,445	2,761,551	169,881	1.1%	1.1%	176.5%	9.5%	1.3%	21.1%	7.8	1.5
VCB	HOSE	495,492	2,378,186	222,792	1.0%	0.3%	201.9%	12.2%	1.6%	16.8%	14.1	2.2
MBB	HOSE	186,070	1,328,560	133,091	1.9%	1.4%	79.3%	11.8%	2.0%	20.2%	7.7	1.5
VPB	HOSE	218,976	1,178,299	159,545	3.5%	3.8%	55.1%	15.5%	2.0%	14.0%	10.6	1.4
TCB	HOSE	238,098	1,129,570	179,431	1.2%	0.6%	121.3%	15.4%	2.1%	14.2%	10.8	1.5
ACB	HOSE	130,728	948,549	91,416	1.1%	0.5%	84.0%	11.8%	1.9%	19.9%	7.5	1.4
SHB	HOSE	73,270	852,623	65,761	3.1%	0.6%	56.9%	11.9%	1.5%	19.1%	6.2	1.1
STB	HOSE	98,597	848,942	62,705	2.8%	1.8%	93.3%	10.1%	1.6%	20.9%	8.0	1.6
HDB	HOSE	117,444	781,937	68,407	2.9%	4.7%	43.4%	14.0%	2.0%	24.1%	7.4	1.8
VIB	HOSE	62,464	543,560	45,260	3.3%	2.8%	39.4%	11.9%	1.5%	17.3%	8.3	1.4
LPB	HOSE	151,455	539,149	43,462	1.8%	1.0%	77.0%	13.3%	2.0%	23.9%	14.6	3.5
TPB	HOSE	46,188	451,893	39,993	2.2%	1.8%	61.2%	13.2%	1.6%	16.8%	7.1	1.2
SSB	HOSE	50,499	380,808	40,268	2.0%	1.0%	71.9%	12.8%	1.9%	17.3%	7.6	1.3
NAB	HOSE	24,363	377,089	22,267	2.7%	0.6%	46.4%	12.7%	1.3%	19.3%	6.1	1.1
MSB	HOSE	37,440	355,679	40,556	2.8%	1.2%	53.7%	12.4%	1.6%	14.0%	6.9	0.9
OCB	HOSE	32,889	315,162	32,648	3.7%	2.0%	40.6%	12.5%	1.3%	12.0%	8.5	1.0
EIB	HOSE	40,048	255,707	26,541	3.0%	1.3%	34.7%	12.4%	1.2%	11.8%	13.2	1.5
ABB	UPCoM	13,259	204,576	15,838	2.6%	1.0%	60.1%	10.1%	1.1%	13.9%	6.4	0.8
BAB	HNX	13,042	191,965	12,774	1.1%	0.5%	108.4%	11.2%	0.6%	8.3%	12.3	1.0
VBB	UPCoM	9,527	188,133	9,353	2.7%	1.3%	50.0%	11.7%	0.5%	10.4%	10.2	1.0
NVB	HNX	27,715	154,102	6,745	9.1%	0.7%	15.2%	-	-	-	-	-
VAB	HOSE	9,143	134,614	9,691	1.8%	0.6%	65.5%	-	0.8%	11.5%	8.6	0.9
BVB	UPCoM	8,668	122,606	7,382	3.2%	1.1%	48.5%	11.9%	0.5%	7.7%	15.5	1.2
KLB	UPCoM	9,267	97,716	7,724	1.9%	1.4%	78.2%	12.3%	1.6%	21.2%	6.1	1.2
PGB	UPCoM	13,068	79,838	6,362	3.9%	2.0%	31.9%	10.0%	0.6%	7.8%	15.6	2.1
SGB	UPCoM	4,459	34,870	4,286	3.1%	6.0%	33.0%	14.8%	0.3%	2.8%	-	1.0
Average		97,522	729,913	62,673	2.6%	1.6%	71.2%	12.2%	1.3%	15.5%	9.5	1.4
Median		46,188	380,808	40,268	2.7%	1.2%	60.1%	12.2%	1.5%	16.8%	8.3	1.3

Source: FiinPro-X, ACBS

(Unit: VND billion, unless otherwise stated)	Market price (VND):	30,550	Target price (VND):	34,300	Market cap (VND bn):	117,905
INCOME ITEMS	2021	2022	2023	2024	2025F	2026F
Net interest income	13,891	18,012	22,184	30,857	33,220	40,623
Net fee & commission income	1,927	2,957	2,188	1,417	4,250	4,462
Other non-interest income	940	999	2,042	1,759	2,649	2,715
Total operating income	16,758	21,967	26,414	34,032	40,119	47,801
Growth (%)	21.6%	31.1%	20.2%	28.8%	17.9%	19.1%
Operating expenses	(6,383)	(8,631)	(9,129)	(11,981)	(10,783)	(11,861)
Profit before provision & tax	10,375	13,336	17,284	22,051	29,336	35,940
Provision for credit losses	(2,306)	(3,068)	(4,268)	(5,321)	(8,561)	(10,704)
Profit before tax	8,070	10,268	13,017	16,730	20,775	25,236
Growth (%)	38.7%	27.2%	26.8%	28.5%	24.2%	21.5%
Profit after tax after MI	5,956	7,657	10,036	12,753	16,005	19,442
Adjusted EPS (VND)	1,697	2,181	2,859	3,633	4,147	4,619
Growth (%)	42.4%	28.6%	31.1%	27.1%	14.1%	11.4%
BALANCE SHEET ITEMS	2021	2022	2023	2024	2025F	2026F
Outstanding loans & corporate bonds	213,424	268,157	353,441	448,910	558,246	701,026
Growth (%)	13.4%	25.6%	31.8%	27.0%	24.4%	25.6%
Customer deposit	183,283	215,797	370,778	437,505	546,881	678,133
Growth (%)	5.0%	17.7%	71.8%	18.0%	25.0%	24.0%
Total assets	374,612	416,273	602,315	697,281	877,963	1,083,195
Shareholder's equity	29,033	36,954	44,469	54,491	74,657	98,521
BVPS (VND)	8,271	10,528	12,669	15,524	19,344	23,409
KEY RATIOS	2021	2022	2023	2024	2025F	2026F
NPL (%)	1.7%	1.7%	1.8%	1.9%	2.2%	2.1%
NPL coverage (%)	73.0%	70.4%	65.8%	68.7%	51.6%	58.1%
NIM (%)	4.4%	5.1%	5.0%	5.5%	4.8%	4.7%
CIR (%)	38.1%	39.3%	34.6%	35.2%	26.9%	24.8%
ROA (%)	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%
ROE (%)	23.3%	23.5%	24.7%	25.8%	24.8%	22.5%
CAR Basel 2 (%)	14.4%	13.4%	12.6%	14.0%	13.5%	14.0%
P/E (x)	19.8	15.4	11.7	9.2	7.4	6.1
P/B (x)	4.1	3.2	2.7	2.2	1.6	1.2
Dividend yield (%)	0.0%	0.0%	3.3%	3.3%	0.0%	0.0%

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DISCLAIMER

Our Recommendation System

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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