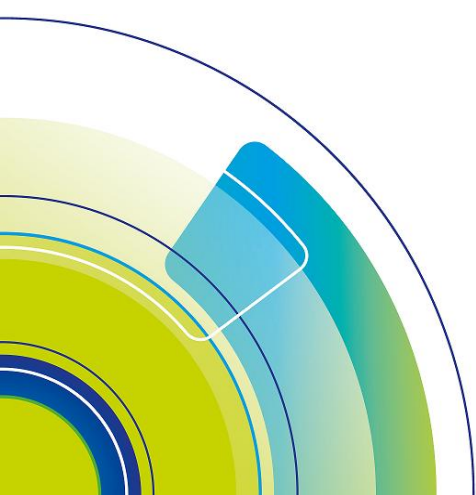




# Update HDB – OUTPERFORM

April 10, 2026

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## Hung Cao, CFA

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### Recommendation **OUTPERFORM**

HOSE: HDB

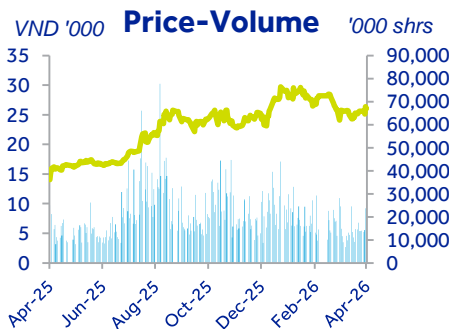
Banking

<b>Current price (VND)</b>	<b>26,150</b>
<b>Target price (VND)</b>	<b>30,000</b>
Expected share price return	+14.7%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>+14.7%</b>

### Stock performance (%)

	YTD	1M	3M	12M
Absolute	-12.3	1.7	-8.5	76.6
Relative	-9.8	2.3	-3.3	18.8

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

10-Apr-26

<b>Bloomberg code</b>	<b>HDB VN</b>
52-week range (VND)	13,879-30,000
No. of shares (m)	5,005
Mkt cap (VND bn)	130,387
Mkt cap (USD m)	4,946
Foreign room left (%)	4.9
Est. free float (%)	74.9
3m avg daily vol (shs)	16,933,950
VND/USD	26,360
Index: VNIndex / HNX	1736.68/250.98

## HO CHI MINH CITY DEVELOPMENT JSC BANK (HDB)

We raise our 1-year target price by 13.4% to VND 30,000/share and maintain our **OUTPERFORM** recommendation, mainly due to increasing our 2026 earnings forecast by 12.3%. Our target price is based on a target P/E of 7.0x – equivalent to the historical median. Earnings are forecast to continue strong growth in 2026, despite the high interest rate environment and signs of a slowdown in the real estate market.

**PBT in 2026 is expected to continue strong growth.** HDB has consistently maintained impressive profit growth over the past 10 years, even during difficult periods. In 2026, we forecast PBT to continue growing well, reaching VND 28,187 billion, up 32.8% y/y, slightly higher than the AGM plan of 31.9%.

**High credit growth is the main driver of PBT growth in 2026.** With the responsibility of restructuring VikkiBank, HDB is granted a credit growth quota of up to 35% by the SBV. This is a major advantage for HDB in the context that the SBV targets system credit growth at 15% in 2026, down from 19% last year. Other banks that do not take over weak bank restructuring are currently only granted credit growth quotas of 11–12%.

**NIM is forecast to be flat at 4.8%** as lending rates have also risen in line with deposit rate increases. Overall, HDB's liquidity is quite solid, thereby helping cost of funds not increase too sharply amid tight liquidity conditions in the banking system.

**Asset quality may face pressure in 2026.** The high interest rate environment (estimated increase of ~3 ppts since Q3/25) may create financial pressure on customers in the real estate and construction sectors, which currently account for ~34% of HDB's loan book. Therefore, we forecast the overdue loan formation ratio to increase to 2.5% in 2026, from 2.1% in 2025. Provision expenses are forecast to increase only 15.2% y/y due to the high provisioning base last year. NPL coverage ratio is expected to maintain at 52%.

Overall, we forecast HDB's PBT in 2026 to maintain high growth, however, the high interest rate environment may put pressure on asset quality of the banking sector, in which HDB is relatively sensitive to high interest rate risk due to the large proportion of consumer finance and real estate lending. Therefore, we apply a **target P/E of 7.0x** – equivalent to HDB's historical median.

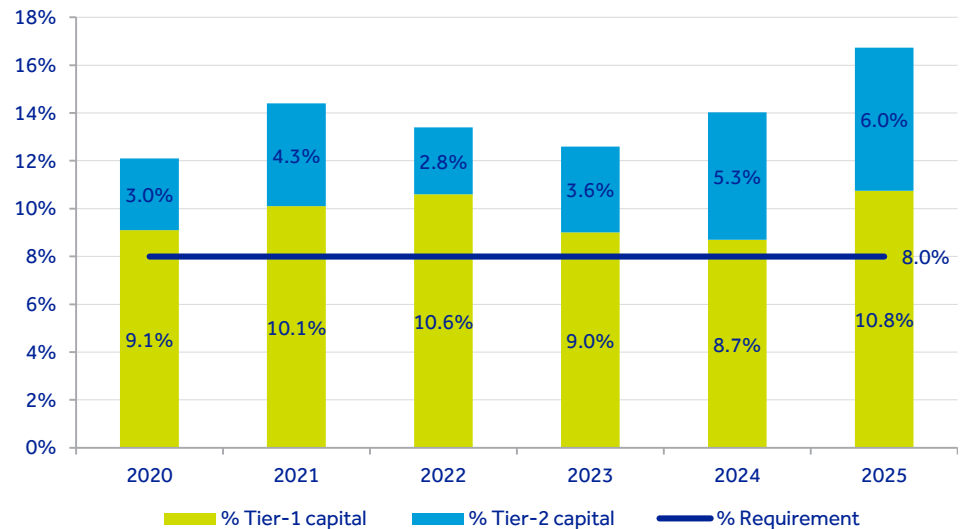
(VND bn)	2022	2023	2024	2025	2026F	2027F
Credit growth	25.6%	31.8%	27.0%	25.7%	34.2%	32.4%
NIM	5.15%	5.03%	5.45%	4.80%	4.81%	4.83%
NFI proportion	18.0%	16.0%	9.3%	18.6%	13.3%	10.9%
TOI growth	31.1%	20.2%	28.8%	25.5%	25.3%	27.1%
CIR	39.3%	34.6%	35.2%	27.2%	26.0%	24.2%
Credit costs	1.27%	1.37%	1.33%	1.92%	1.70%	1.80%
Profit before tax	10,268	13,017	16,730	21,346	28,339	35,738
growth	27.2%	26.8%	28.5%	27.6%	32.8%	26.1%
Profit attributable	7,657	10,036	12,753	16,512	21,925	27,649
Adjusted EPS (VND)	1,530	2,005	2,548	3,299	4,095	4,847
growth	-9.8%	31.1%	27.1%	29.5%	24.1%	18.4%
Adjusted BVPS (VND)	7,383	8,884	10,887	15,098	19,034	23,491
ROA	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ROE	23.5%	24.7%	25.8%	25.4%	24.7%	23.5%
CAR (Basel 2)	13.4%	12.6%	14.0%	16.7%	17.3%	17.5%
P/E	17.1	13.1	10.3	7.9	6.0	4.7
P/B	3.5	2.9	2.4	1.7	1.3	1.0
DPS (VND)	-	1,000	1,000	-	-	-

### Catalysts for the stock price

In October 2025, bondholders converted USD 160 million of convertible bonds into 349.3 million HDB shares. By Q3/26, another tranche of USD 165 million convertible bonds will mature for conversion. **Estimated EPS dilution is 6.5%**, assuming all remaining bonds are converted.

A good aspect is that the conversion of bonds will continue to strengthen HDB's Tier 1 capital and reduce reliance on Tier 2 capital. A stronger capital structure gives HDB more room to raise additional Tier 2 capital (not exceeding 100% of Tier 1 capital) in the future when it needs to strengthen CAR.

#### Tier-1 capital improved significantly

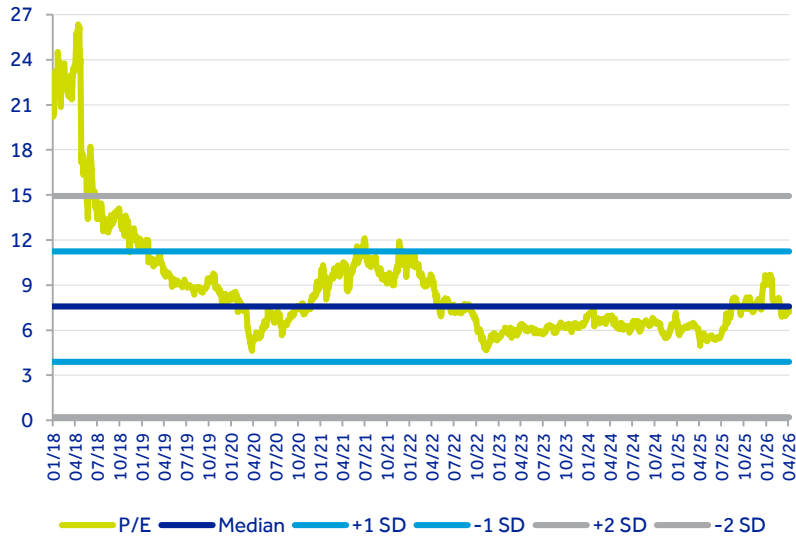


Source: HDB

HDB also plans a **private placement to foreign strategic investors**. Currently, foreign ownership at HDB is ~22% (excluding a potential additional 6.5% if convertible bonds are exercised), therefore, HDB may need to raise foreign ownership limit above 30% to execute the placement. With the mandatory transfer of Vikki Bank, under Decree 69/2025, HDB will be allowed to raise foreign ownership limit up to 49%, compared to the general cap of 30% for banks. Issuance to foreign strategic investors is typically conducted at a premium to market price, thereby positively impacting HDB's stock price.

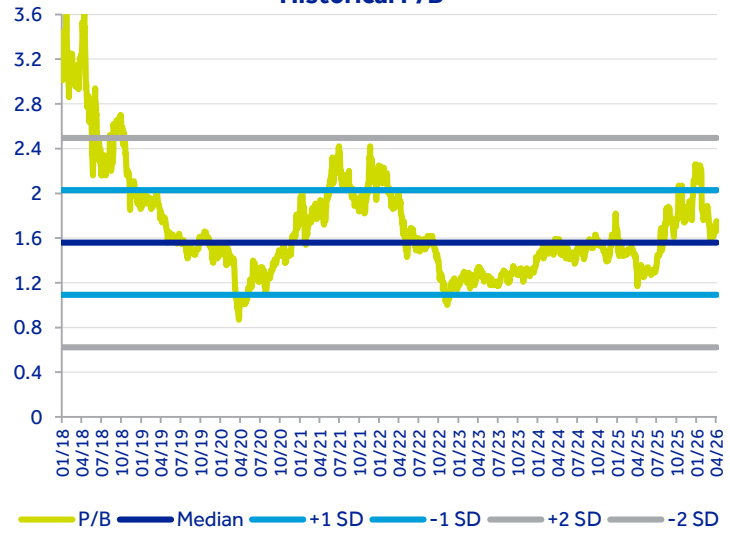
Another catalyst is that HDB may **IPO and list HDB Securities** (HDB owns 30%) in 2H2026 and convert its subsidiary HD Saison into a joint stock company in the future.

**Historical P/E**



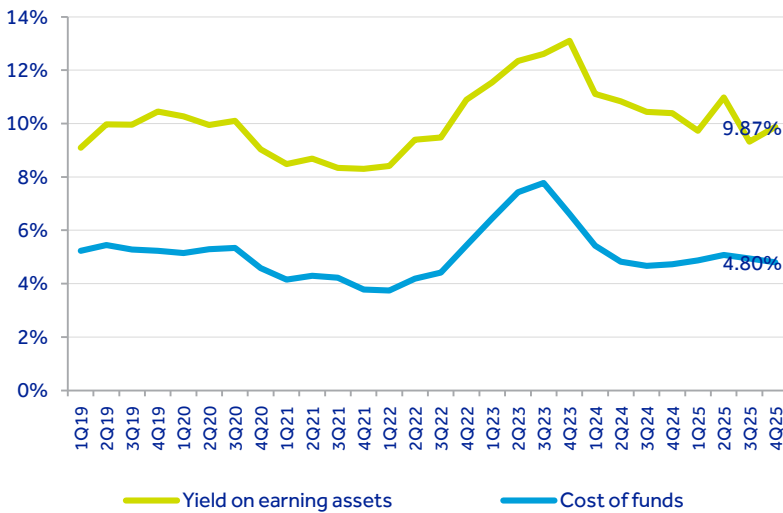
Source: FiiPro-X, ACBS

**Historical P/B**



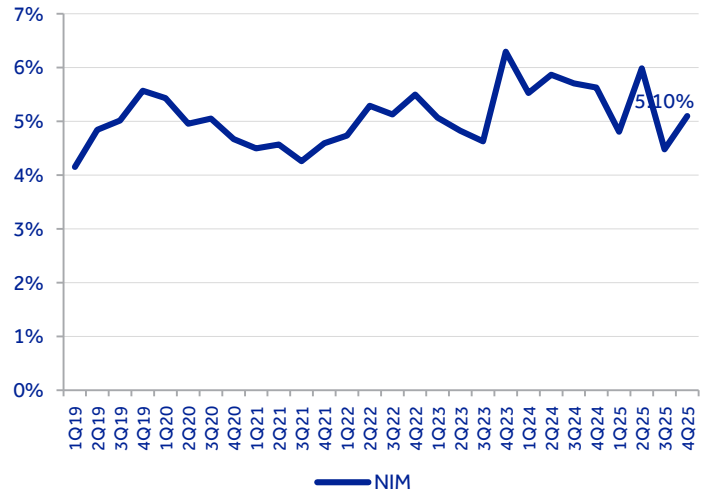
Source: FiiPro-X, ACBS

**Lending yield recovered...**



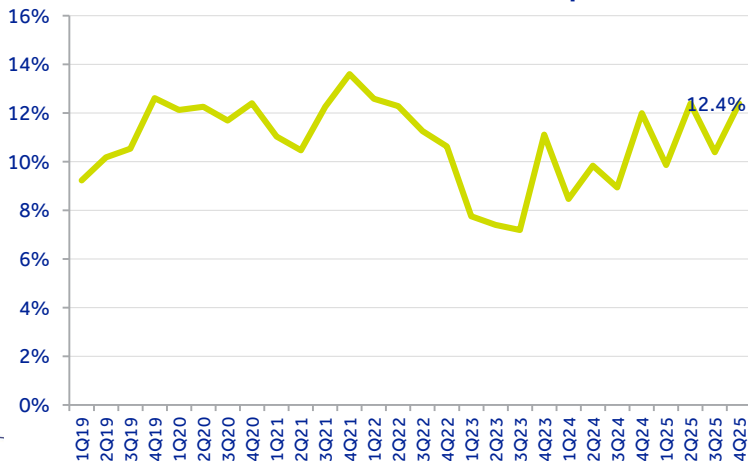
Source: HDB, ACBS

**... helping NIM to maintain at good level**



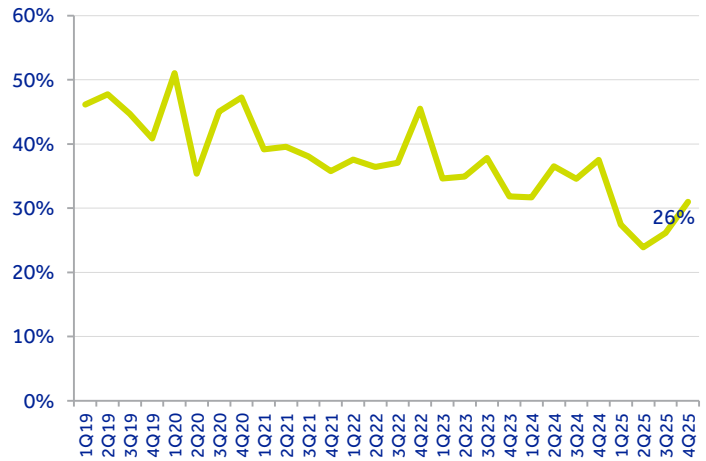
Source: HDB, ACBS

**CASA ratio still has room to improve**



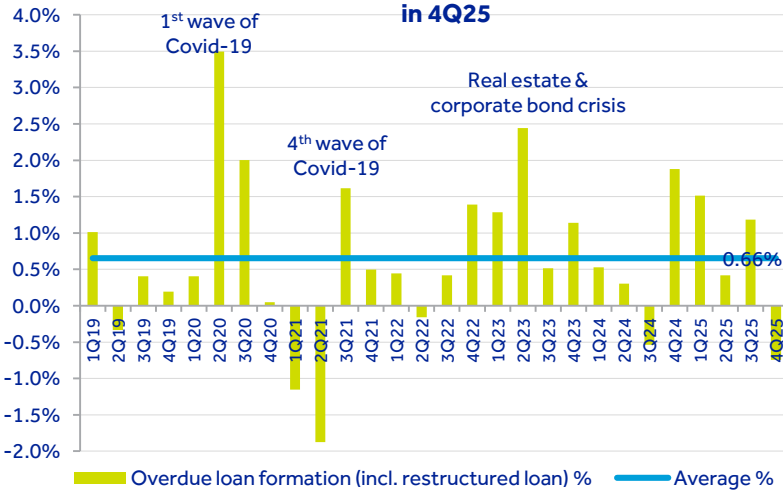
Source: HDB, ACBS

**CIR was at efficient level**



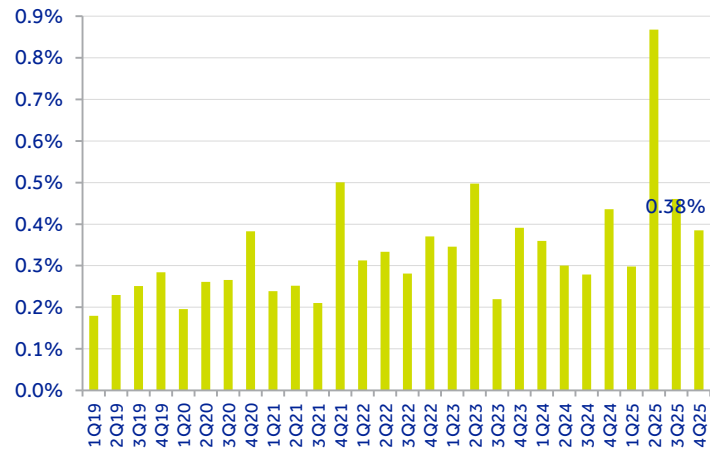
Source: HDB, ACBS

### Overdue loan formation decreased to negative level in 4Q25



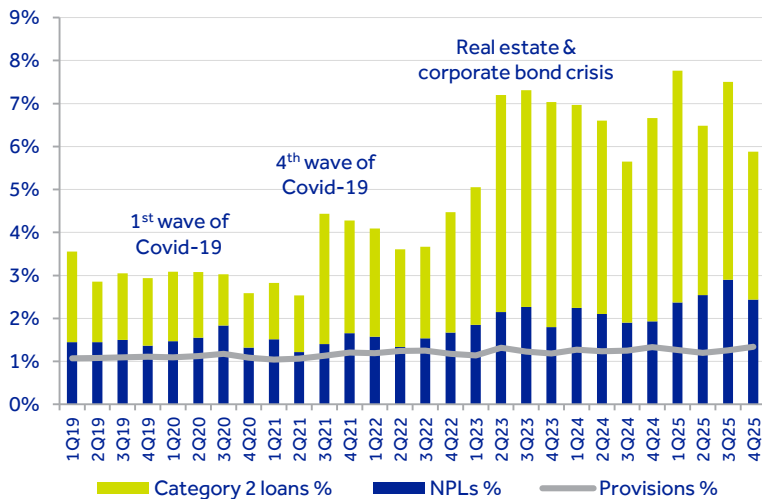
Source: HDB, ACBS

### Credit costs was back to normal level



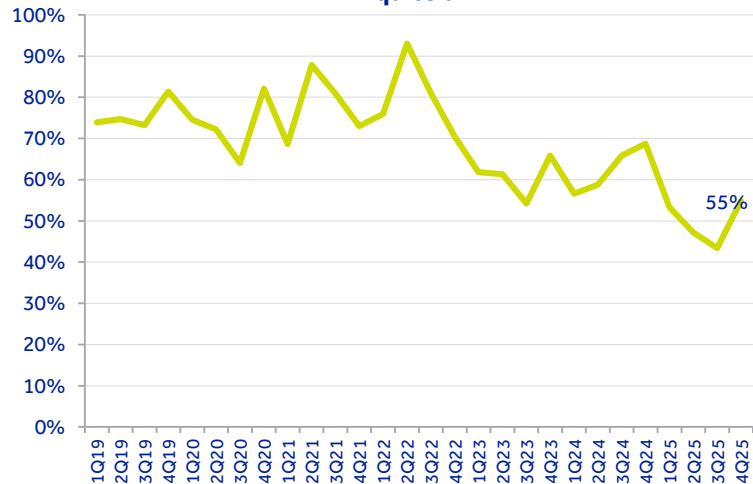
Source: HDB, ACBS

### Asset quality improved in 4Q25



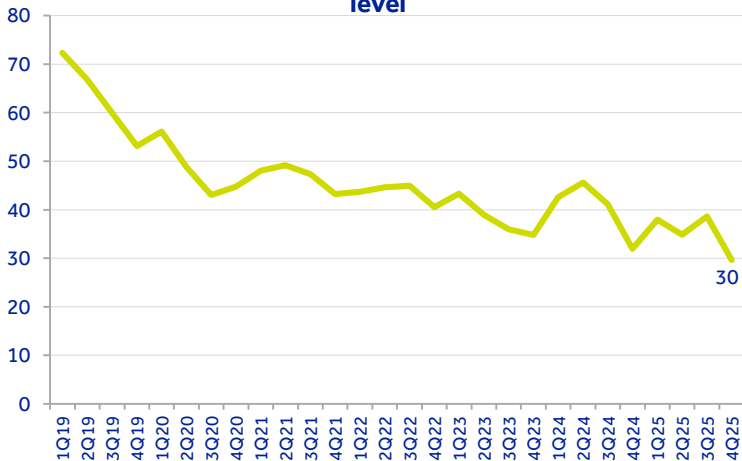
Source: HDB, ACBS

### NPL coverage improved slightly but remains quite thin



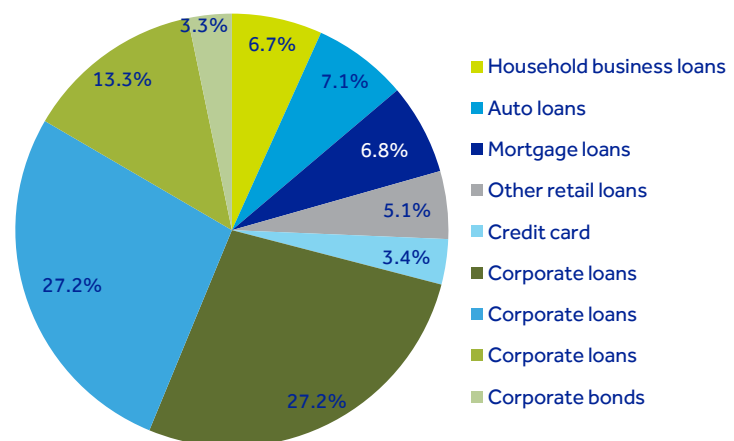
Source: HDB, ACBS

### Interest collection days decreased to healthy level



Source: HDB, ACBS

### Credit structure is heavily concentrated in real estate and construction sector (27%)



Source: HDB, ACBS

### BANK'S FINANCIAL RATIOS

(Unit: VND billion)

Ticker	Exchange	Mkt cap 10-Apr-26	Total Assets 4Q25	Equity 4Q25	NPL ratio 4Q25	Special mentioned loan 4Q25	NPL coverage 4Q25	CAR (Basel 2) 4Q24	ROA (TTM)	ROE (TTM)	P/E	P/B
BID	HOSE	295,571	3,330,826	173,553	1.5%	2.8%	99.9%	9.0%	1.0%	19.4%	9.5	1.8
CTG	HOSE	271,843	2,767,699	179,655	1.1%	2.0%	158.8%	9.5%	1.3%	21.2%	7.9	1.5
VCB	HOSE	496,327	2,442,279	224,559	0.6%	0.8%	258.3%	12.2%	1.6%	16.7%	14.1	2.2
MBB	HOSE	213,457	1,615,764	142,023	1.3%	2.3%	93.8%	11.8%	2.0%	21.6%	8.0	1.6
TCB	HOSE	218,965	1,192,344	179,501	1.1%	1.6%	128.1%	15.4%	2.3%	16.0%	8.6	1.3
VPB	HOSE	215,009	1,260,150	180,276	3.3%	6.7%	55.4%	15.5%	2.2%	15.5%	9.0	1.3
ACB	HOSE	122,509	1,025,850	94,520	1.0%	1.4%	114.3%	11.8%	1.7%	17.6%	7.8	1.3
STB	HOSE	124,990	917,120	59,867	6.4%	7.4%	50.0%	10.1%	0.7%	10.3%	21.1	2.1
SHB	HOSE	78,323	892,009	68,131	2.4%	3.1%	72.0%	11.9%	1.5%	19.0%	6.0	1.2
HDB	HOSE	130,387	931,104	78,286	2.4%	6.0%	54.8%	14.0%	2.0%	25.4%	7.4	1.7
LPB	HOSE	143,390	605,585	47,192	1.7%	2.7%	74.0%	13.3%	2.1%	25.2%	12.6	3.0
VIB	HOSE	58,379	556,098	46,905	3.0%	5.4%	42.9%	11.9%	1.4%	16.4%	8.0	1.2
TPB	HOSE	45,078	505,902	46,049	1.3%	3.0%	92.2%	13.2%	1.6%	18.5%	6.1	1.1
MSB	HOSE	37,752	407,674	42,446	2.7%	3.9%	51.6%	12.4%	1.6%	14.2%	6.7	0.9
SSB	HOSE	48,792	396,443	40,373	2.1%	2.8%	67.0%	12.8%	1.5%	14.6%	8.9	1.2
OCB	HOSE	30,359	322,949	33,925	3.2%	5.0%	56.3%	12.5%	1.3%	12.2%	7.6	0.9
NAB	HOSE	23,076	418,333	23,431	2.2%	3.5%	53.4%	12.7%	1.3%	19.6%	5.5	1.0
EIB	HOSE	42,097	273,270	26,006	2.9%	4.1%	43.9%	12.4%	0.4%	4.5%	-	1.6
ABB	UPCoM	20,571	220,495	16,801	0.9%	1.7%	120.4%	10.1%	1.4%	18.2%	5.6	1.2
BAB	HNX	12,115	195,820	13,309	1.2%	1.5%	107.5%	11.2%	0.7%	9.5%	9.9	0.9
VBB	UPCoM	13,126	196,771	12,432	2.9%	4.0%	47.6%	11.7%	0.7%	11.5%	8.4	1.1
VAB	HOSE	8,409	140,486	10,155	1.3%	1.4%	91.2%	-	1.0%	13.9%	6.4	0.8
NVB	HNX	20,978	163,615	13,593	8.6%	9.5%	14.8%	-	-	-	-	1.5
BVB	UPCoM	7,932	133,048	7,460	3.0%	4.1%	46.4%	11.9%	0.4%	6.1%	18.2	1.1
KLB	HOSE	8,097	103,303	8,417	1.9%	3.1%	88.0%	12.3%	1.9%	24.7%	4.4	1.0
PGB	UPCoM	8,315	88,882	6,579	0.0%	0.0%	0.0%	10.0%	0.7%	9.9%	11.7	1.3
SGB	UPCoM	4,498	35,377	4,194	3.0%	11.6%	36.4%	14.8%	0.4%	2.9%	-	1.1
<b>Average</b>		<b>100,013</b>	<b>782,933</b>	<b>65,912</b>	<b>2.3%</b>	<b>3.7%</b>	<b>78.5%</b>	<b>12.2%</b>	<b>1.3%</b>	<b>15.6%</b>	<b>9.1</b>	<b>1.4</b>
<b>Median</b>		<b>45,078</b>	<b>418,333</b>	<b>42,446</b>	<b>2.1%</b>	<b>3.1%</b>	<b>67.0%</b>	<b>12.2%</b>	<b>1.4%</b>	<b>16.2%</b>	<b>8.0</b>	<b>1.2</b>

Source: FiinPro-X, ACBS

(Unit: VND billion, unless otherwise stated)	Market price (VND):	26,150	Target price (VND):	30,000	Market cap (VND bn):	130,888
<b>INCOME ITEMS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>
Net interest income	18,012	22,184	30,857	34,746	46,364	60,617
Net fee & commission income	2,957	2,188	1,417	4,126	3,507	3,682
Other non-interest income	999	2,042	1,759	3,824	3,618	3,702
<b>Total operating income</b>	<b>21,967</b>	<b>26,414</b>	<b>34,032</b>	<b>42,696</b>	<b>53,490</b>	<b>68,001</b>
Growth (%)	31.1%	20.2%	28.8%	25.5%	25.3%	27.1%
Operating expenses	(8,631)	(9,129)	(11,981)	(11,601)	(13,921)	(16,427)
<b>Profit before provision &amp; tax</b>	<b>13,336</b>	<b>17,284</b>	<b>22,051</b>	<b>31,095</b>	<b>39,569</b>	<b>51,574</b>
Provision for credit losses	(3,068)	(4,268)	(5,321)	(9,748)	(11,230)	(15,836)
<b>Profit before tax</b>	<b>10,268</b>	<b>13,017</b>	<b>16,730</b>	<b>21,346</b>	<b>28,339</b>	<b>35,738</b>
Growth (%)	27.2%	26.8%	28.5%	27.6%	32.8%	26.1%
<b>Profit after tax after MI</b>	<b>7,657</b>	<b>10,036</b>	<b>12,753</b>	<b>16,512</b>	<b>21,925</b>	<b>27,649</b>
<b>Adjusted EPS (VND)</b>	<b>1,530</b>	<b>2,005</b>	<b>2,548</b>	<b>3,299</b>	<b>4,095</b>	<b>4,847</b>
Growth (%)	-9.8%	31.1%	27.1%	29.5%	24.1%	18.4%
<b>BALANCE SHEET ITEMS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>
Outstanding loans & corporate bonds	268,157	353,441	448,910	564,097	757,099	1,002,457
Growth (%)	25.6%	31.8%	27.0%	25.7%	34.2%	32.4%
Customer deposit	215,797	370,778	437,505	560,714	745,750	969,475
Growth (%)	17.7%	71.8%	18.0%	28.2%	33.0%	30.0%
<b>Total assets</b>	<b>416,273</b>	<b>602,315</b>	<b>697,366</b>	<b>931,104</b>	<b>1,214,832</b>	<b>1,576,419</b>
<b>Shareholder's equity</b>	<b>36,954</b>	<b>44,469</b>	<b>54,491</b>	<b>75,570</b>	<b>101,918</b>	<b>133,989</b>
BVPS (VND)	7,383	8,884	10,887	15,098	19,034	23,491
<b>KEY RATIOS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>	<b>2027F</b>
NPL (%)	1.7%	1.8%	1.9%	2.4%	2.5%	2.5%
NPL coverage (%)	70.4%	65.8%	68.7%	54.8%	52.2%	56.2%
NIM (%)	5.1%	5.0%	5.5%	4.8%	4.8%	4.8%
CIR (%)	39.3%	34.6%	35.2%	27.2%	26.0%	24.2%
ROA (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ROE (%)	23.5%	24.7%	25.8%	25.4%	24.7%	23.5%
CAR Basel 2 (%)	13.4%	12.6%	14.0%	16.7%	17.3%	17.5%
P/E (x)	17.1	13.1	10.3	7.9	6.0	4.7
P/B (x)	3.5	2.9	2.4	1.7	1.3	1.0
Dividend yield (%)	0.0%	3.8%	3.8%	0.0%	0.0%	0.0%

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### 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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