

HCMC DEVELOPMENT JSC BANK (HSX: HDB)

Outstanding growth driven by the expansion of non-interest income

Criteria (VND Bn)	Q1-FY25	Q4-FY24	+/-qoq	Q1-FY24	+/-yoy
Total operating income	9,205	9,452	-2.6%	7,752	18.7%
Profit before provision	6,680	5,907	13.1%	5,297	26.1%
Profit before tax	5,355	4,075	31.4%	4,028	33.0%
NPAT - MI	4,235	3,114	36.0%	3,110	36.2%

Source: HDB, Rong Viet Securities

1Q25 PBT recorded solid growth, driven by a significant increase in non-interest income

- Consolidated PBT in 1Q25 reached over VND 5.3 trillion (+31% QoQ, +33% YoY), fulfilling 26% of the full-year PBT target (VND 21.2 trillion). The strong growth was driven by (1) a sharp increase in non-NII (+204% YoY), and (2) well-controlled operating expenses (+3% YoY).
- Net interest income growth slowed to 3.5% YoY, mainly due to a quarterly NIM narrowing of 80 bps QoQ to 4.8%. Parent bank credit growth reached 2.9% YTD, a slower pace compared to the same period last year (1Q24: 6.3% YTD), with the main driver was the SME & CMB segment, growing 4.1% YTD (1Q24: 9.2% YTD). Meanwhile, retail lending rose only 0.7% YTD (1Q24: 2.3% YTD), and HDSaison's credit growth reached 0.9% YTD (1Q24: 4.2% YTD).
- Asset quality continued to weaken, with new NPLs formation surging to VND 3.6 trillion (4Q24: VND 1.9 trillion). The parent bank's NPL ratio (for customer loans) increased to 2.2% (4Q24: 1.7%) and at HDSaison was 7.35% (4Q24: 7.39%). The consolidated NPL coverage ratio dropped to 53% (4Q24: 69%).

2025 Outlook: Robust growth in total operating income

- 2Q25 PBT is projected to reach nearly VND 4.7 trillion (-13% QoQ, +13% YoY). We believe 2Q25 business results will be less favorable than 1Q25 mainly due to a contraction in non-interest income (from a high base in 1Q25) and an unchanged NIM. Compared to the same period last year, strong non-interest income and optimized operating expenses are expected to be the main contributors to profit growth.
- Full year 2025F PBT is projected at over VND 20 trillion, up 20% YoY. Credit scale is expected to expand rapidly thanks to increased credit quota following the acquisition Dong A Bank, combined with a strategy to boost lending to enterprises in the real estate, construction, and public investment sectors. In return, NIM is forecast to decline by nearly 50 bps to enhance lending competitiveness. Non-interest income is expected to grow positively by leveraging the HD Financial Group ecosystem, expanding bancassurance partnerships, and benefiting from Resolution 42 on bad debt settlement. Operating and provision expenses are expected to increase by 7% and 10% respectively in 2025, to support digital transformation efforts and maintain asset quality metrics.

Valuation and recommendation

We maintain a positive outlook on HDB's PBT and ROE growth potential, placing it among the sector leaders, thanks to its rapid credit expansion and development of non-interest income sources. However, asset quality risks remain, particularly as repayment capacity among household business customers in the agriculture sector shows no signs of improvement. In addition, the planned private placement to a strategic investor presents a revaluation opportunity for HDB stock, given that the bank has reduced foreign ownership limits from 20.0% to 17.5% in 2024 and is currently seeking a strategic investor.

HDB shares are currently trading at a trailing P/B of 1.3x, with the projected 2025F BVPS at VND 18,900, implying a 2025F P/B of nearly 1.2x. HDB's 1-year forward target P/B could reach 1.25x, reflecting the bank's asset quality risks. Based on a valuation using the Residual Income and P/B methods with equal weighting (50% allocation to each method), we derive a target price of **VND 26,300 per share** for HDB. This corresponds to an **ACCUMULATE** recommendation with an expected return of **13%** compared to the closing price on Jul 9th, 2025 (including VND 1,000 dividend over the next 12 months).

ACCUMULATE 13%

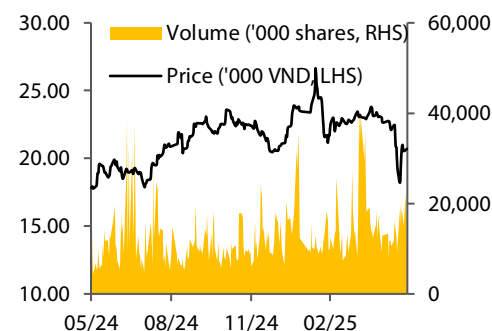
Market price (VND)	24,200
Target price (VND)	26,300
Cash dividend (over the next 12M)	1,000

Stock Info

Sector	Banks
Market Cap (VND billion)	76,192
Current Shares O/S	3,495
Avg. volume in 20 sessions	10,654
Free float (%)	100
52 weeks High	26,650
52 weeks Low	17,850
Beta	1.0

	FY2025	Current
EPS	4,439	3,970
EPS Growth (%)	22.0	9.0
Diluted EPS	4,439	3,970
P/E	5.0	5.4
P/B	1.2	1.2
Dividend yield (%)	4.7	3.9
ROE (%)	26.0	25.1

Price performance



Major Shareholders (%)

Sovico Group	14.3
Pham Van Dau	4.3
Nguyen Thi Phuong Thao	3.7
Foreign ownership room (%)	0.8

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Table 1: Q1/2025 business results

Criteria (VND Bn)	Q1-FY25	Q4-FY24	+/-qoq	Q1-FY24	+/-yoy
Interest income	14,992	15,149	-1.0%	14,379	4.3%
Interest expenses	-7,584	-6,946	9.2%	-7,219	5.1%
Net Interest Income	7,408	8,203	-9.7%	7,160	3.5%
Non-interest Income	1,796	1,249	43.9%	592	203.6%
Net fee and commission Income	733	423	73.3%	357	105.5%
Net gain/loss from FX trading	188	235	-19.8%	175	7.6%
Net gain/loss from securities trading	389	6	6217.4%	-79	-594.9%
Net gain/loss from securities investment	-17	142	-111.8%	65	-
Others income	479	394	21.7%	73	552.5%
Income from capital contribution	24	50	-52.5%	0	-
Total operating income	9,205	9,452	-2.6%	7,752	18.7%
Operating expenses	-2,525	-3,545	-28.8%	-2,455	2.8%
Profit before provision	6,680	5,907	13.1%	5,297	26.1%
Provision expenses	-1,325	-1,832	-27.7%	-1,270	4.3%
Profit before tax	5,355	4,075	31.4%	4,028	33.0%
Corporate income tax	-998	-838	19.0%	-814	22.5%
NPAT-MI	4,235	3,114	36.0%	3,110	36.0%

Source: HDB, RongViet Securities

Table 2: Q1/2025 performance analysis

Criteria (%)	Q1-FY25	Q4-FY24	+/-qoq	Q1-FY24	+/-yoy
Profitability (TTM)					
NIM (Q)	4.6	5.4	-80 bps	5.3	-70 bps
CIR (TTM)	34.0	35.2	-124 bps	33.8	20 bps
ROAE (TTM)	26.1	25.8	31 bps	25.6	52 bps
ROAA (TTM)	2.1	2.0	10 bps	2.1	0 bps
Asset Quality					
NPL ratio	2.4	1.9	44 bps	2.2	13 bps
Bad debt coverage ratio	53.3	68.7	-1541 bps	56.6	-330 bps
Equity-to-assets ratio	8.6	8.1	50 bps	8.2	40 bps
Operating Safety Ratio					
LDR	73.5	74.6	-118 bps	75.7	-220 bps

Source: HDB, RongViet Securities

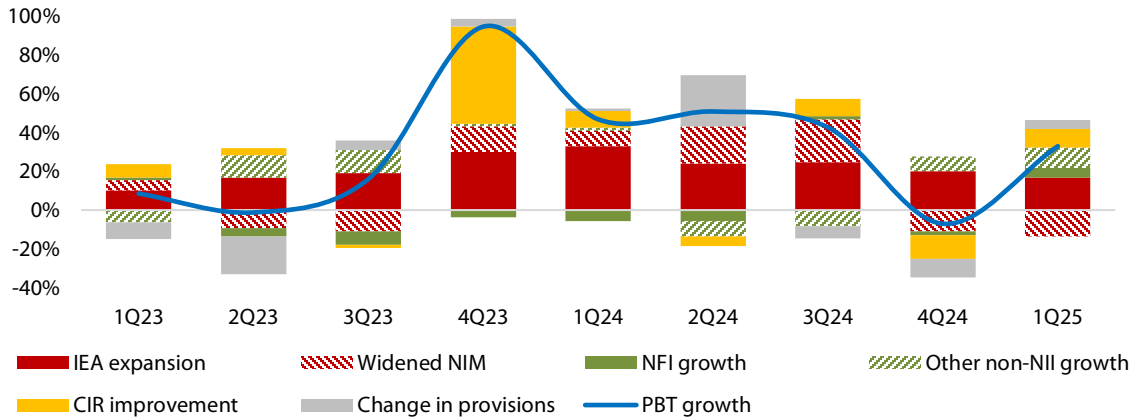
Table 3: Q2/2025 Forecast

Criteria (%)	Q2-FY25	+/-qoq	+/-yoy	Commentary
Net interest income	7,565	2%	-2%	We believe that the 2Q25 business outlook is less favorable than 1Q25, mainly due to a contraction in non-NII and an unimproved NIM. Compared to the same period last year, strong non-NII (+96% YoY) and optimized operating expenses (-15% YoY) are key contributors to PBT growth (+13% YoY). NII rose slightly by 2% YoY, with a flat quarterly NIM at 4.6% and a more optimistic credit growth projection of 2.3% YTD (1Q25: 1.2% YTD), equivalent to a total loan balance of VND 459 trillion. Provisioning expenses were strengthened, up 26% YoY.
Non – interest income	1,121	-38%	96%	
Total operating income	8,662	-6%	4%	
Profit before provisions	6,088	-9%	16%	
PBT	4,671	-13%	13%	
NPAT	3,737	-12%	20%	

Source: RongViet Securities

Update
Strong 1Q25 PBT growth driven by robust non-interest income expansion

Consolidated PBT in 1Q25 recorded impressive growth, reaching over VND 5.3 trillion (+31% QoQ, +33% YoY), equivalent to 26% of the full-year PBT target (VND 21.2 trillion). Specifically, the parent bank's PBT reached over VND 5 trillion (+33% YoY), while HDSaison contributed VND 306 billion (+19% YoY). HDB's outstanding profit growth outperformed the sector average (+2% QoQ, +15% YoY), was driven by (1) strong credit growth (+20% YoY), (2) a sharp increase in non-interest income (+44% QoQ, +204% YoY), and (3) well-controlled operating expenses (-29% QoQ, +3% YoY).

Figure 1: Quarterly PBT growth drivers (% YoY)


Source: HDB, RongViet Securities

Accordingly, the bank's total operating income (TOI) reached VND 9.2 trillion (-3% QoQ, +19% YoY), with net interest income (NII) contributing VND 7.4 trillion, equivalent to 80% of TOI. NII growth slowed (-10% QoQ, +3% YoY) due to a significant narrowing of NIM (-80 bps QoQ). Non-interest income sources expanded strongly (+44% QoQ, +204% YoY). Fee income recorded robust growth (+73% QoQ, +106% YoY), driven by payment services and corporate advisory services (investment and asset management consulting). This reflects the bank's effective monetization of its customer ecosystem through partnerships with large corporations and HDB's subsidiaries and affiliates. In 1Q25, the bank also realized VND 389 billion in profits from bond trading activities, contributing to the expansion of income sources. Other activities generated a one-off income of nearly VND 400 billion, including recoveries from previously written-off bad debts and proceeds from trade finance operations.

In terms of credit, the parent bank's credit growth reached 2.9% YTD* by the end of 1Q25, a slower pace compared to the same period in 2024 (1Q24: 6.2% YTD). Corporate lending remained the main driver of credit growth, while retail lending performance was less favorable.

Table 4: Parent bank credit growth (% YTD)

	Not include UPAS LC before 1/7/2024	Include UPAS LC before 1/7/2024
Credit growth (%)	2.9	1.2
Retail credit (%)	0.7	0.7
Wholesale credit (%)	4.1	1.4
• Corporate lending (%)	3.6	0.9
• Corporate bond (%)	26.2	26.2

Source: HDB, RongViet Securities

- Corporate credit grew by 4.1% YTD*, slower than the same period in 2024 (1Q24: 9.2% YTD), mainly due to modest growth in outstanding loans to SMEs (accounting for 61% of total loans), which rose by just nearly VND 7 trillion or 2.6%* YTD (1Q24: 9.5% YTD). By lending sector, real estate business was the main driver of credit growth in 1Q25, with outstanding loans to the sector increasing by VND 8.7 trillion, equivalent to 11% YTD, making up 19% of total credit. In addition, medium-term loans grew by VND 16.2 trillion** (+13% YTD), indicating an improvement in capital demand from businesses for project development, especially in real estate.

Meanwhile, outstanding credit declined in sectors such as Trade (-11% YTD), Financial Services (-8% YTD), and Construction (-4% YTD). Most of these were short-term loans, which dropped by VND 12.6 trillion**, equivalent to -5% YTD, amid intensifying competition in corporate lending, leading to early repayments by HDB borrowers.

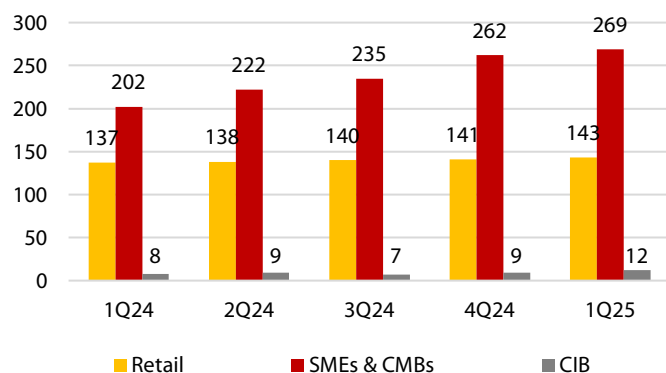
On the other hand, credit growth among large corporate clients (accounting for around 3% of total loans) was more positive, rising by VND 3 trillion (+32.5% YTD*), mainly driven by lending to the real estate business segment. In addition, the bank's corporate bond portfolio increased by VND 1.7 trillion in the quarter, equivalent to +26.2% YTD.

* Credit growth data excludes UPAS LCs prior to July 1, 2024 (before the effective date of Law No. 32/2024/QH15 and Circular 21/2024/TT-NHNN).

** Based on the remaining maturity of customer loans.

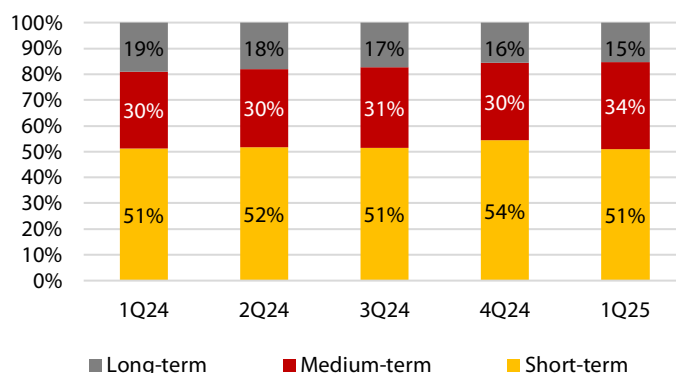
- Retail credit rose just 0.7% YTD (1Q24: 2.0% YTD), mainly due to an increase in personal loans (including consumer loans and credit cards) of VND 3 trillion (+21.7% YTD). Meanwhile, outstanding mortgage loans and agricultural loans declined by approximately VND 400 billion (-1.1% YTD) and VND 1 trillion (-2.4% YTD), respectively.

Figure 2: Parent bank credit balance by customer segment (VND tn)



Source: HDB, RongViet Securities

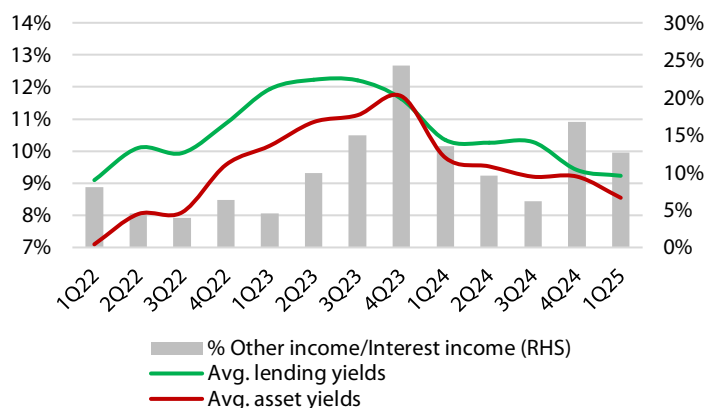
Figure 3: Remaining maturity structure of customer loans



Source: HDB, RongViet Securities

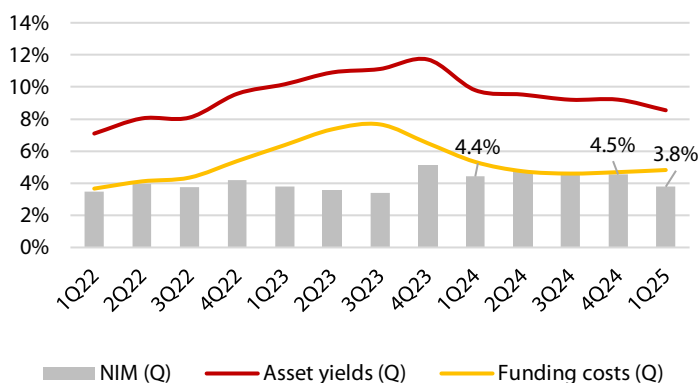
In terms of profitability, lending yield declined by 20 bps QoQ and 110 bps YoY as competition in the credit market persisted. In addition, the share of other credit-related income (including drawdown commitment fees, credit line commitment fees, etc.) in interest income narrowed to 13% (4Q24 and 1Q24: 17% and 14%, respectively), contributing to a sharp decline in asset yield by nearly 80 bps QoQ and 60 bps YoY in 1Q25. Meanwhile, funding cost rose by 10 bps QoQ but decreased by 50 bps YoY due to the high deposit rate base in 1Q24, leading to a significant drop in the parent bank's NIM of nearly 80 bps QoQ and approximately 60 bps YoY, down to 3.8%.

Figure 4: Asset yield (Q) at the parent bank

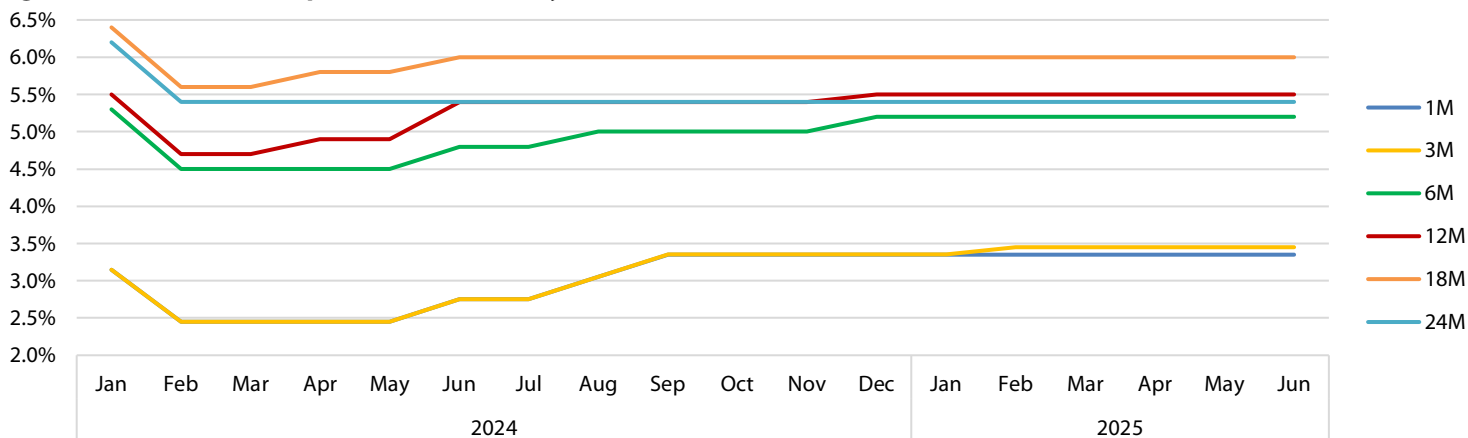


Source: HDB, RongViet Securities

Figure 5: Annualized NIM at the parent bank narrowed

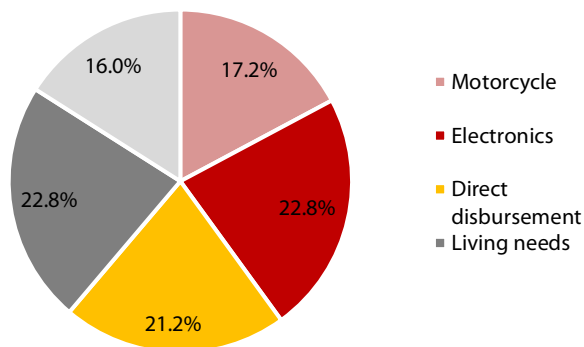


Source: HDB, RongViet Securities

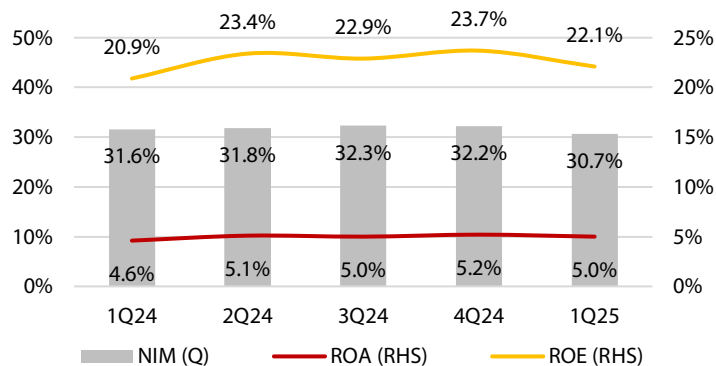
Figure 6: Parent bank's deposit interest rates by month


Source: Fiinpro, RongViet Securities

At HDSaison, 1Q25 credit grew by 0.9% YTD (1Q24: 4.2% YTD), with the three largest products by outstanding balance being electronics, direct disbursement (cash), and living needs loans (including loans for travel, education, flight tickets, etc.). The proportion of direct disbursement decreased from approximately 25% at end-2024 to 21% in 1Q25, while living needs loans and credit cards increased their share to 39% in 1Q25. HDSaison's NIM declined sharply by about 160 bps QoQ to 31%, driven by a 100 bps QoQ drop in average lending yield and a 90 bps QoQ increase in funding cost.

Figure 7: HDSaison's loan portfolio by product in 1Q25


Source: HDB, RongViet Securities

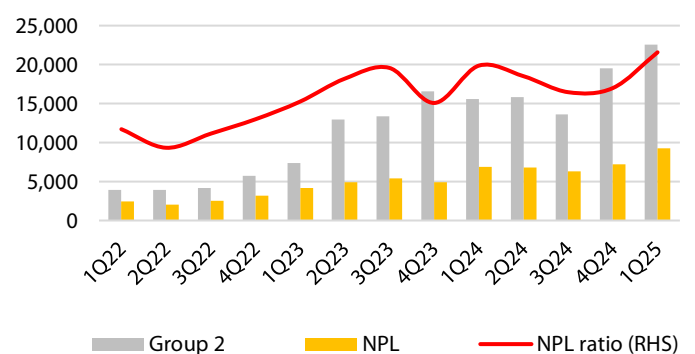
Figure 8: Annualized profitability metrics of HDSaison


Source: HDB, RongViet Securities

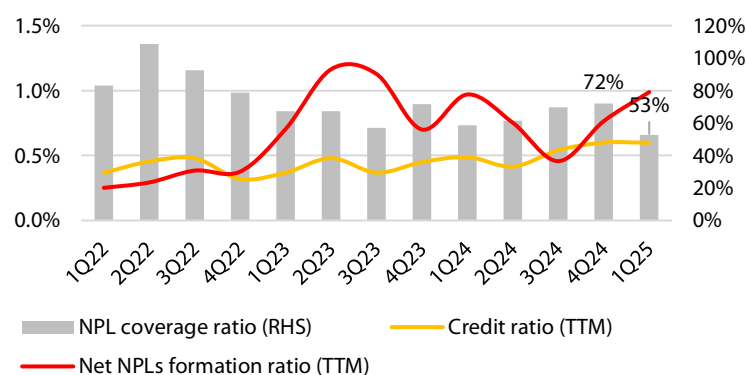
Asset quality continues to deteriorate

Asset quality at the parent bank continued to weaken as net NPLs formation increased to VND 2.9 trillion, up from VND 1.2 trillion in 4Q24. The rise in NPLs mainly came from individual customers, particularly in household business loans and mortgage loans, with an estimated VND 1.7 trillion impacted by CIC-related credit information. The NPL ratio (customer loans) at the parent bank rose to 2.2% (4Q24: 1.7%). In addition, the increase in Group 2 loans over the past two quarters (up 15% QoQ in 1Q25) pushed the ratio to 5.3% at the parent bank.

Provisioning expenses at the parent bank in 1Q25 were VND 580 billion (-45% QoQ, +12% YoY), equivalent to a credit cost ratio (TTM) of 0.6% (4Q24: 0.6%). HDB's strategy to limit the increase in credit costs despite rising bad debts contributed to profit growth this quarter. However, the relatively low credit cost ratio compared to the pace of NPL increase, along with risk recognition, led to a sharp drop in the NPL coverage ratio to 53%.

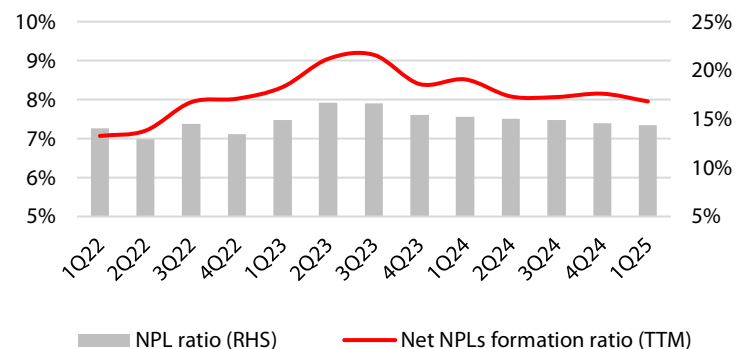
Figure 9: NPL trends at the parent bank (VND bn)


Source: HDB, RongViet Securities

Figure 10: NPL coverage ratio at the parent bank dropped to the lowest level in two years


Source: HDB, RongViet Securities

By contrast, net NPLs formation at HDSaison showed improvement over the past three quarters, declining to approximately VND 680 billion in 1Q25, bringing the NPL ratio down by 4 bps QoQ to 7.35%.

Figure 11: NPL trends at HDSaison


Source: HDB, RongViet Securities

2025-2026 Outlook: Outstanding growth driven by non-interest income expansion potential

We forecast HDB's PBT to exceed VND 20 trillion in 2025 (+20% YoY) and reach VND 25.3 trillion in 2026 (+24% YoY), supported by the following factors:

Net interest income growth supported by rapid credit expansion, although NIM is expected to narrow

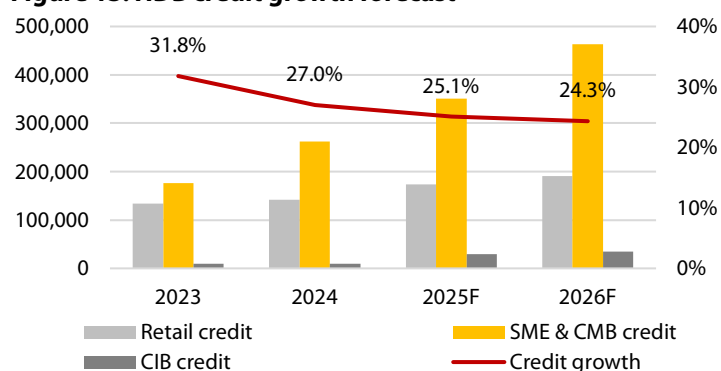
The mandatory acquisition of DongA Bank will enable HDB to continue receiving high credit growth quotas from the SBV, supporting the bank in achieving its credit growth target for 2025. We forecast credit growth for 2025–2026F at 23.2% and 23.6%, respectively (equivalent to outstanding loans of VND 553 trillion and VND 683 trillion), including:

- SME & CMB clients (with revenue under USD 100 million) will remain the main contributors to credit growth, with projected growth of 31% and 34% YoY in 2025F-2026F.** HDB is favorably positioned to accelerate credit growth in strategic sectors such as agriculture and commercial production with an extensive branch network across tier-2 cities (home to a high concentration of SMEs) and a proven track record in value chain financing. Furthermore, HDB's ongoing preferential loan programs for businesses are expected to support this growth, including (1) a VND 15 trillion package launched in 2Q25 (with preferential rates from 3%), offering short-term and working capital loans, and (2) a VND 20 trillion loan program (running until 2030) registered under the Government-SBV-directed VND 500 trillion key credit program for infrastructure and technology enterprises.
- Large corporate clients are expected to grow by 220% and 18% YoY during 2025F-2026F.** HDB aims to boost loan disbursement to large enterprises in real estate and public investment sectors (the bank is currently approaching EPC contractors of several key

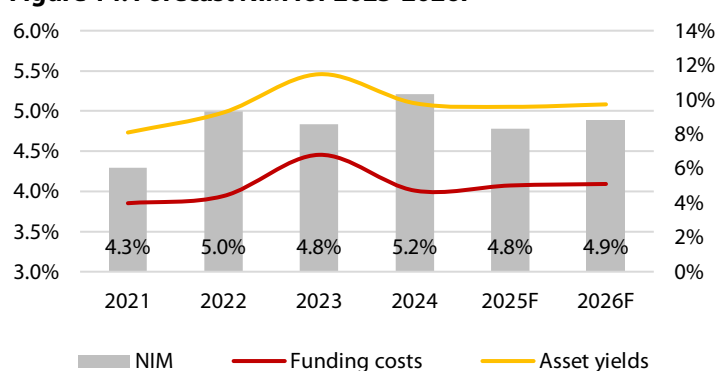
national projects). Additionally, HDB is gradually moving towards direct financing for anchor clients, large corporations, within value chains the bank has built up over the years.

- **Retail lending is projected to grow by 8.3% and 10.1% YoY in 2025F-2026F, driven by mortgage and agricultural loans.** Several affordable housing projects financed by HDB are expected to launch in 2H2025. Furthermore, the bank has introduced a VND 30 trillion housing loan package for young buyers (launched in 1Q25, interest rate from 6.5%/year, loan tenor up to 50 years), and a VND 5 trillion loan under the government's social housing program. These are expected to support retail credit growth alongside the agricultural lending segment, which currently accounts for about 30% of the bank's retail loan book.

NIM is forecast to decline 40 bps YoY to 4.8% in 2025 due to increased competition in lending and the rollout of preferential loan packages, resulting in a projected 40 bps YoY drop in lending yield. Additional credit-related income is expected to partly offset the decline, limiting the asset yield drop to approximately 20 bps YoY. Meanwhile, funding cost is forecast to rise by nearly 30 bps YoY in line with upward trends in deposit interest rates. In 2026F, NIM is expected to recover slightly by 10 bps to 4.9%, supported by stronger retail credit growth and improvement in net NPLs formation.

Figure 13: HDB credit growth forecast


Source: HDB, RongViet Securities

Figure 14: Forecast NIM for 2025-2026F


Source: HDB, RongViet Securities

Strong growth in non-interest income, driven by net fee income

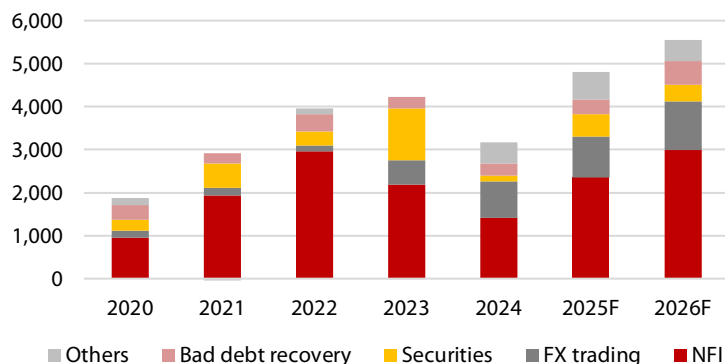
HDB's strategy of building and leveraging a shared customer ecosystem with HD Financial Group (including HDSaison, HDSecurities, HDInsurance, HDCapital, Vikki Bank, and Dong A Remittance) has facilitated the development of new services and expansion of fee income.

In 2024, the bank introduced corporate advisory services (investment and asset management consulting), which are estimated to have contributed nearly VND 300 billion (equivalent to 15% of fee income) in 2H2024. Accordingly, HDB refers bonds issued by HDS to corporate clients for investment and earns commission income from these transactions.

The capital contribution plan in 2025 are expected to increase HDB's ownership in HDSecurities (HDS), potentially making it a subsidiary which would complete the financial ecosystem and expand income streams. Between 2023 and 2024, HDS focused on developing bond-related services, with this segment experiencing rapid growth and becoming a key contributor to profit. In 2024, HDS reported PBT of VND 674 billion (+171% YoY), with core revenue from financial advisory and bond underwriting/issuance services (revenue of VND 1.3 trillion, +112% YoY). HDB currently owns a 30% stake in HDS. If the ownership increases to above 50%, HDS will be consolidated into HDB's financial statements, with HDB recognizing full profit and deducting minority interest accordingly.

The new bancassurance partnership with Chubb Life, signed in April 2025 and expected to launch product distribution in 2Q-3Q25, will complement the existing partnership with FWD, allowing HDB to diversify its insurance product portfolio, increase competitiveness among partners, and negotiate better commission terms. Despite a challenging insurance market, Chubb Life's positive premium revenue growth in 2024 (+3.3% YoY) reflects strong product quality and operational resilience. We believe that HDB's focus on high-quality insurance sales, including enhanced advisor training and consultation quality, will help to reduce early policy cancellations and avoid penalties for unmet business targets (which amounted to ~VND 400 billion in 2024), thereby supporting banca income growth.

For the period 2025-2026F, fee income is forecast to grow by 71% and 26% YoY, respectively. Other non-interest income is expected to rise by 55% and 3% YoY, with 2025F growth mainly driven by securities trading and income from HDS equity investments.

Figure 14: Forecast non-interest income (VND Bn)


Source: HDB, RongViet Securities

Increased provisioning expenses

The retail segment, particularly household business loans, continues to be the main driver of rising NPLs at the parent bank. In 2025, HDB targets to keep the Group 2 loan ratio below 5%, while bringing the NPL ratio down to under 2% at the parent bank and 7.3% at HD Saison.

We forecast net NPLs formation on a consolidated basis to reach over VND 7 trillion in 2025 (compared to VND 5.9 trillion in 2024). Bad debts are expected to improve in the second half of the year as a more positive economic outlook supports the debt repayment capacity of household business borrowers. At the same time, the bank's current measures, including enhanced debt recovery efforts and loan restructuring, are expected to limit the risk of Group 2 loans turning into NPLs in the coming quarters. However, the current NPL coverage ratio of 53% is the lowest since 2015, highlighting the need for HDB to increase its provisioning expenses. Provisioning costs are projected to rise by 14% this year, helping to improve the NPL coverage buffer to 68%.

Table 5: 2025-2026F Forecast

Unit: VND Bn	2025F	%YoY	2026F	%YoY
Non-interest income	33,510	10%	41,088	23%
Net fee income	2,421	71%	3,061	26%
Income from FX trading	948	12%	1,138	20%
Income from securities trading & investment	744	282%	387	-48%
Other income	971	53%	958	-1%
Total operating income	38,650	15%	46,940	21%
Operating expenses	-12,814	7%	-15,475	21%
Operating profit before provision	25,836	17%	31,466	22%
Provision expenses	-5,744	10%	-6,727	17%
Profit before tax	20,092	20%	24,739	23%
Credit growth (%)	23.2		23.6	
Mobilization growth (%)	21.5		22.9	
NIM (%)	4.8	-43 bps	4.9	10 bps
Avg. asset yields (%)	9.6	-16 bps	9.8	21 bps
Avg. funding cost (%)	5.0	33 bps	5.1	8 bps
CIR (%)	33.2	-205 bps	33.0	-19 bps
NPL for customer loans (%)	2.0	10 bps	2.1	10 bps
Credit cost (%)	1.2	-19 bps	1.1	-6 bps
ROAE (%)	26.1	27 bps	26.7	60 bps

Source: RongViet Securities

Valuation

Long-term valuation using the Residual Income Method

Residual Income Assumptions	Value	Valuation Summary	Unit: VND Bn
Cost of Equity	17.0%	Forecasted Period	5 years
Effective CIT Rate	20%	Opening Shareholders' Funds	56,657
5Y Risk-free Rate	2.5%	+ PV 5Y Residual Income	23,285
Equity Risk Premium	14.5%	+ PV Terminal Value	11,908
Long-term ROE	21.9%	Value of Shareholders' Funds	91,851
Beta	1.0	Number of Shares Outstanding (mn)	3,510
Terminal Growth	0.5%	Value Per Share (VND)	26,167

Table 6: Sensitivity analysis of HDB's book value per share (VND)

Cost of equity	Terminal growth					
	0.1%		0.3%	0.5%	0.7%	0.9%
	15.0%	28,294	28,215	28,215	28,294	28,456
	16.0%	27,115	27,037	27,037	27,115	27,278
	17.0%	27,115	27,037	27,037	27,115	27,278
	18.0%	24,958	24,879	24,879	24,958	25,120
	19.0%	23,969	23,891	23,891	23,969	24,131

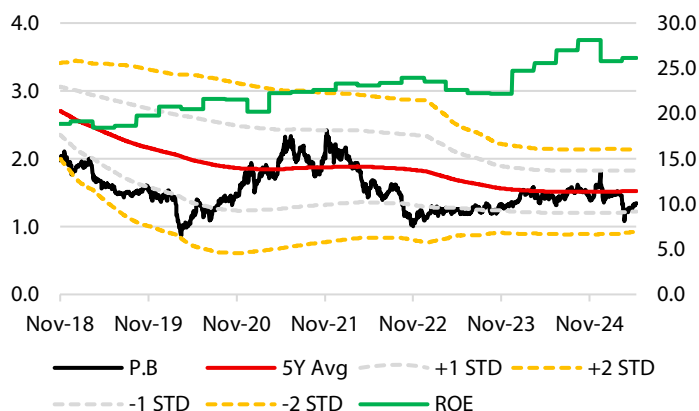
Source: RongViet Securities

Short-term valuation by P/B multiple

HDB's stock is currently trading at a trailing P/B of approximately 1.3x, while the projected 2025F book value per share is VND 18,900, implying a forward P/B of 1.2x. We believe HDB's target P/B in the next 12 months should be around 1.25x, reflecting concerns over the bank's asset quality risks.

Based on a valuation using the Residual Income and P/B methods with equal weighting (50% allocation to each method), we derive a target price of **VND 26,300 per share** for HDB. This corresponds to an **ACCUMULATE** recommendation with an expected return of **13%** compared to the closing price on Jul 9th, 2025 (including VND 1,000 dividend over the next 12 months).

Figure 15: Historical P/B and ROE (%-RHS) of HDB



Source: Bloomberg, RongViet Securities

Table 7: Summary of HDB valuation

Method	Price	Weight	Average
Residual Income (g: 0.5%, Ke: 17.0%)	26,167	50%	13,084
P/B (1.25x BVPS 2025-2026F)	26,375	50%	13,187
Total		100%	26,300
Implied P/B 2025F			1.4
Implied P/B 2026F			1.1
Current price (Jul 9th, 2025)			24,200
Cash dividend in the next 12M			1,000
Total expected return			13%

Source: RongViet Securities

	VND Bn			
INCOME STATEMENT	FY2020A	FY2021A	FY2022E	FY2023F
Interest and Similar Income	52,641	57,996	67,488	82,858
Interest and Similar Expenses	-30,457	-27,138	-33,979	-41,769
Net Interest Income	22,184	30,857	33,510	41,088
Non-interest Income	4,230	3,175	5,140	5,852
<i>Net fee Income</i>	<i>2,188</i>	<i>1,417</i>	<i>2,421</i>	<i>3,061</i>
<i>Income from FX trading</i>	<i>565</i>	<i>844</i>	<i>948</i>	<i>1,138</i>
<i>Income from securities trading</i>	<i>42</i>	<i>69</i>	<i>474</i>	<i>117</i>
<i>Income from securities investment</i>	<i>1,167</i>	<i>68</i>	<i>50</i>	<i>270</i>
<i>Other income</i>	<i>268</i>	<i>778</i>	<i>971</i>	<i>958</i>
<i>Income from capital contribution</i>	<i>9</i>	<i>72</i>	<i>275</i>	<i>309</i>
Total operating income	26,414	34,032	38,650	46,940
Operating expenses	-9,129	-11,981	-12,814	-15,475
Operating profit before provision	17,284	22,051	25,836	31,466
Provision expenses	-4,268	-5,321	-5,744	-6,727
Profit before tax	13,017	16,730	20,092	24,739
Corporate income tax	-2,681	-3,482	-4,116	-5,104
NPAT-MI	10,071	12,763	15,394	18,918

	%			
FINANCIAL RATIO	FY2020A	FY2021A	FY2022E	FY2023F
Growth				
Customer loans	30.1%	28.7%	23.2%	23.6%
Customer deposit	62.2%	23.0%	21.5%	22.9%
Net interest income	23.2%	39.1%	8.6%	22.6%
Operating income	20.2%	28.8%	70.9%	26.4%
NPAT	30.0%	26.7%	20.6%	22.9%
Total Assets	44.7%	15.8%	18.7%	22.1%
Equity	19.0%	22.1%	17.1%	23.2%
Profitability				
NIM	4.8%	5.2%	4.8%	4.89%
CIR	34.6%	35.2%	33.2%	33.0%
ROAE	2.0%	2.0%	2.0%	2.0%
ROAA	24.7%	25.8%	26.1%	26.7%
Asset Quality				
NPL ratio	1.8%	1.9%	2.0%	2.1%
Bad debt coverage ratio	65.8%	68.7%	67.0%	75.8%
Equity-to-Asset ratio	7.7%	8.1%	8.0%	8.1%
Operating Safety Ratio				
Customer Loans-to-Total Assets ratio	56.3%	62.6%	64.9%	65.6%
Customer LDR	91.5%	99.8%	100.4%	102.8%
CAR	12.6%	14.0%	N/a	N/a

	VND Bn			
BALANCE SHEET	FY2020A	FY2021A	FY2022E	FY2023F
Cash and precious metals	2,810	3,105	3,195	3,170
Balances with the SBV	41,482	26,680	32,109	32,251
Placements with and loans to other credit institutions	96,515	101,600	113,792	133,137
Trading securities, net	18,581	21,956	13,813	18,482
Derivatives and other financial assets	110	0	0	0
Loans and advances to customers, net	339,350	436,606	537,278	662,982
Investment securities	44,092	48,751	54,612	65,863
Investment in other entities and long-term investments	144	858	1,018	1,243
Fixed assets	1,423	1,766	1,655	2,020
Investment properties	0	0	0	0
Other assets	57,809	56,044	70,054	91,071
TOTAL ASSETS	602,315	697,366	827,528	1,010,219
Due to Gov and borrowings from SBV	27	15	12	10
Deposits and borrowings from other credit institutions	112,087	99,461	105,428	127,568
Deposits from customers	370,778	437,505	535,156	645,024
Derivatives and other financial liabilities	2,811	2,788	3,067	3,374
Convertible bonds/CDs and other valuable papers issued	50,938	81,350	95,179	129,444
Other liabilities	6,900	7,495	8,556	9,897
Total liabilities	555,915	640,709	758,415	924,991
Shareholder's equity	46,400	56,657	66,365	81,763
Capital	29,199	35,224	35,224	35,224
Reserves	4,708	6,313	8,249	10,628
Foreign currency difference reserve	0	0	0	0
Difference on assets revaluation	0	0	0	0
Retained Earnings	10,562	12,954	22,892	35,911
Minority interest	1,931	2,166	2,748	3,465
LIABILITIES AND SHAREHOLDER'S EQUITY	602,315	697,366	827,528	1,010,219

	VND Bn			
VALUATION METRICS	FY2023	FY2024	FY2025F	FY2026F
EPS (VND/share)	3,482	3,636	4,383	5,387
P/E (x)	5.9	7.0	5.0	4.0
BV (VND/share)	13,291	16,141	18,907	23,293
P/B (x)	1.3	1.6	1.15	0.9
DPS (VND/share)	1,000	1,000	1,000	1,000
Dividend yield (%)	5.9	3.9	4.6	4.6

VALUATION METHOD	Price	Weight	Average
Residual Income	26,167	50%	13,084
P/B	26,375	50%	13,187
Target price (VND/share)			26,300

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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