true friend KIS Viet Nam Securities Corporation

Company Brief

28 Aug 2026

HCM Development (HDB)

Lower Provision Expenses Drive Earnings

2Q26: Strong Earnings Growth via Reduced Provisions

- 2Q26 PAT surged +58% YoY to VND5,798bn, driven by reduced risk provision expenses (-38%yoy) and a moderate growth of operating incomes (+9.4%yoy). 1H26 PBT and PAT rose +31% YoY to VND 13,202bn and +33% YoY to VND 10,700bn, respectively, completing 44% of the full-year 2026 target.
- Total credit grew +21.8% YTD in 2Q26 to VND 686,836bn, significantly outpacing the industry average of +8.4% YTD. Expansion was fueled across all fronts: corporate lending (+19% YTD), retail loans (+20% YTD), and HD Saison (+15% YTD). Corporate bond holdings also rebounded strongly (+57.0% YTD).
- NIM in 2Q26 improved significantly to 4.3% (up from 3.9% in 1Q26, though lower than 6.0% in 2Q25). Higher asset yields effectively offset rising funding costs. The CASA ratio remained stable at 11% in 2Q26.
- Customer deposits and valuable papers rose +21.0% YTD, expanding in line with total credit. LDR remained well-managed at 70% in 2Q26, among the lowest in the industry.
- 2Q26 non-interest income declined by +64.0% YoY driven by +12.9% YoY growth in service fees and consolidation gains from HD Securities. 1H26 non-interest income grew +23% YoY.
- Operating expenses in 2Q26 and 1H26 rose by +10.2% YoY and +6.5% YoY, respectively. CIR moved slightly from 23.9% in 2Q25 to 24.1% in 2Q26, and improved from 25.5% in 1H25 to 24.9% in 1H26.
- Non-performing loans continued to rise. Consolidated NPL (Group 3–5 / Group 2–5) increased from 2.5% / 6.5% in 2Q25 (and 2.6% / 5.2% in 1Q26) to 2.8% / 7.5% in 2Q26. Parent bank NPL (Group 3–5 / Group 2–5) similarly rose from 2.4% / 6.2% in 2Q25 (and 2.4% / 4.7% in 1Q26) to 2.6% / 7.2% in 2Q26.

	2021A	2022A	2023A	2024A	2025A
TOI (VND bn)	16,758	21,967	26,414	34,032	42,696
chg. (YoY)	21.6	31.1	20.2	28.8	25.5
PPE (VND bn)	10,375	13,336	17,284	22,051	31,095
Net profit (VND bn)	6,054	7,750	10,071	12,763	16,524
EPS (VND)	3,016	3,063	3,464	3,636	3,302
chg. (YoY)	2.9	1.6	13.1	5.0	(9.2)
PB (x)	1.92	1.90	1.82	1.79	1.84
PE (x)	9.22	9.08	8.03	7.64	8.42
P/PPE (x)	12.96	10.16	7.84	6.18	4.47
NIM ()	4.5	5.3	5.0	5.5	4.8
ROE ()	23.3	23.5	24.7	25.8	25.4
ROA ()	1.9	2.1	2.0	2.0	2.1
Dividend yield ()	-	-	3.6	3.6	-
CAR ()	14.40	13.40	12.60	14.03	16.70

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating	NON-RATED
12M TP	
Up/Downside	

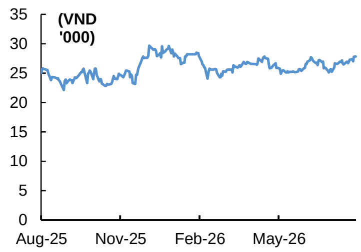
Stock Data

VNIndex (28 Aug , pt)	1,832
Stock price (28 Aug , VND)	27,800
Market cap (USD mn)	5,297
Shares outstanding (mn)	5,005
52-Week high/low (VND)	29,700/22,131
6M avg. daily turnover (USD mn)	17.54
Free float / Foreign ownership (%)	80.0/21.6
Major shareholders (%)	
Sovico	9.99

Performance

	1M	6M	12M
Absolute (%)	4.7	7.3	10.9
Relative to VNIndex (%p)	0.9	3.7	1.9

Stock price trend



Source: Bloomberg

Research Dep
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- Subsidiary Performance: For HD Saison 1H26 PBT rose +13.4% YoY to VND 804bn. Outstanding loans grew +15.3% YTD to VND 25,455bn. NIM compressed slightly from 27.2% in FY25 to 26.7% in 1H26, while the NPL ratio ticked up from 6.1% in FY25 to 7.3% in 1H26. For HD securities, 1H26 PBT increased by 304%yoy to VND1,470bn.

3Q26F: Strong growth momentum

- 3Q26F credit growth is expected to sustain its strong momentum. Full-year 2026 credit expansion could reach 37%, driven by aggressive corporate lending and steady retail recovery. Disbursements will prioritize key sectors such as infrastructure, real estate, and trading. 3Q26F NIM is projected to remain stable QoQ, supported by a mix shift toward higher-yield retail lending and well-managed funding costs via diversified capital mobilization. Capital arrangement and early debt repayments will remain active revenue drivers.
- Non-interest income is poised to maintain double-digit growth off a low base in 3Q26F. Fee income should sustain a robust trajectory through FY26, fueled by a resurgence in bancassurance, expanding payment services, and broader banking service fee recoveries. Provision expenses could rise in coming quarters due to the uptick in non-performing loans.

Recommendation

- HDB is currently trading at a P/B of 1.6x (vs. its 5-year historical average of 1.6x). HDB's operational efficiency is expected to remain high, supported by robust loan growth, fee expansion, and tight cost control.

Table 1: Snapshot of income statement Units: VNDbn, %

	2Q25	1Q26	2Q26	q/q	n/n	1H25	1H26	n/n	2026 Plan	% Plan
Net interest income	9,819	8,483	9,753	15.0	(0.7)	17,227	18,236	5.9		
Total operating income	**11,636**	**9,953**	**12,731**	**27.9**	**9.4**	**20,840**	**22,684**	**8.8**		
Profit before provision expense	8,854	7,366	9,664	31.2	9.2	15,534	17,030	9.6		
PBT	4,713	6,107	7,095	16.2	50.5	10,068	13,202	31.1	30,100	44
PAT	**3,676**	**4,902**	**5,798**	**18.3**	**57.7**	**8,034**	**10,700**	**33.2**		
Controlling-int. NP	3,515	4,767	5,559	16.6	58.1	7,750	10,325	33.2		

Source: FiinproX, company data

Table 2: 2026 Planning Units: VNDtn, %

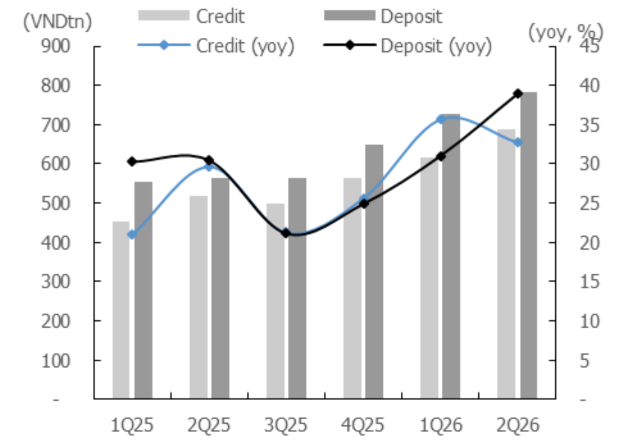
	2025	2026F	YoY
Total assets	931	1,194	28
Deposit	648	822	27
Credit	588	805	37
PBT	21.3	30.1	41

Source: FiinproX, company data

Capital Enhancement Plan: The bank plans to issue bonus shares from equity sources to increase charter capital, with an expected total issuance ratio of 30%. Only final administrative procedures remain to execute the payout. Additionally, HDB plans a private placement of 700 million shares (~14% of outstanding shares) to support future credit expansion.

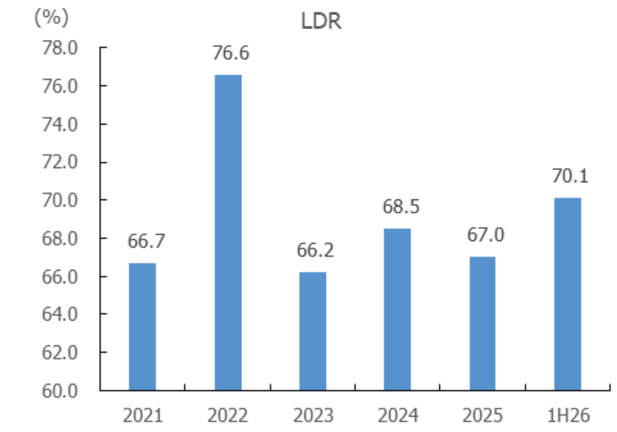
Business Expansion (HD Securities): In May 2026, HDBank raised its stake in HD Securities from 30% to 90%, converting it into a consolidated subsidiary and fully including its financial performance in HDB's financial statements starting in 2Q26.

Figure 1. Credit growth and deposit growth



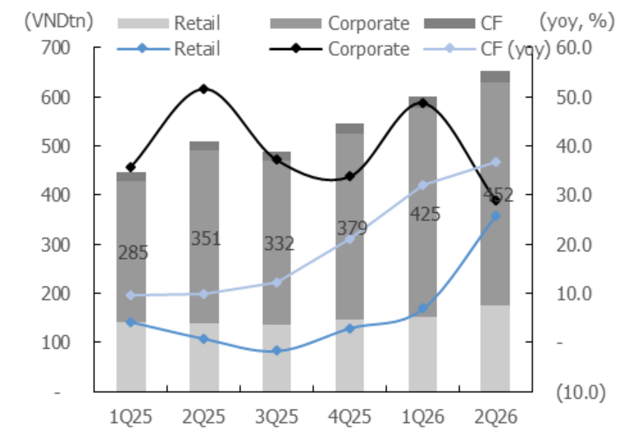
Sources: Company data, KIS Research

Figure 2. LDR ratio



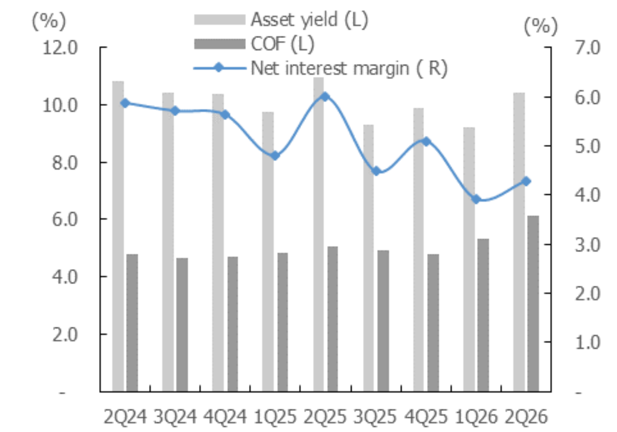
Sources: Company data, KIS Research

Figure 3. Credit by segement



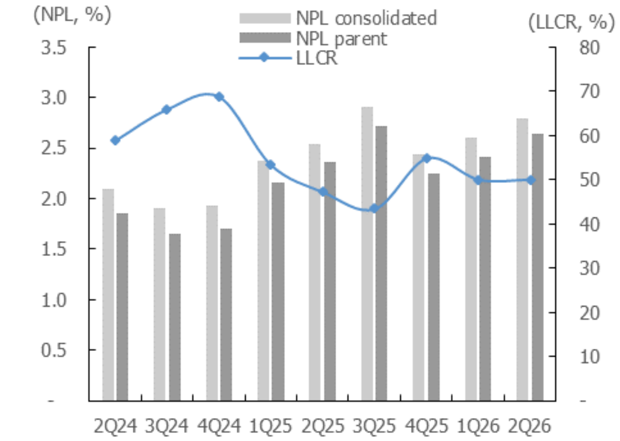
Sources: Company data, KIS Research

Figure 4. Net interest margin



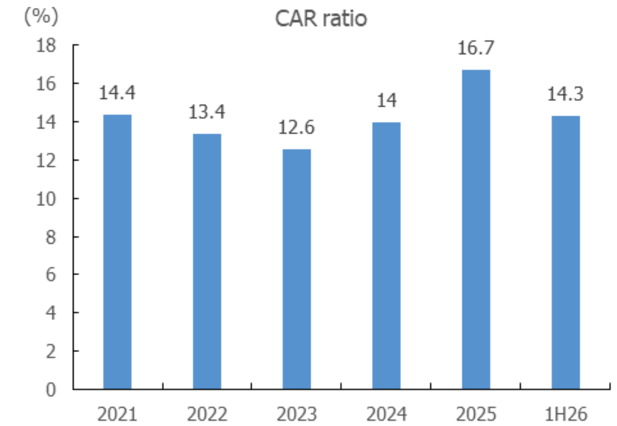
Sources: Company data, KIS Research

Figure 5. NPL, LLCR



Sources: Company data, KIS Research

Figure 6. CAR ratio



Sources: Company data, KIS Research

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