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**Banking Sector**

# Higher foreign ownership in banks will support banks' pursuit of strong business growth

Beginning on 19 May 2025, banks participating in the State Bank of Vietnam's (SBV) bank restructuring scheme<sup>1</sup> will be able to increase their foreign ownership to a maximum of 49%, from the current 30% applied to banks in general. This new SBV decree<sup>2</sup> applies only to privately-owned banks. As such, out of the four participating banks, namely HDBank (HDB), Military Bank (MBB), Vietcombank (VCB) and VPBank (VPB), the higher foreign ownership limit (FOL) will not apply to VCB, a State-owned bank (Exhibit 1).

We expect the higher FOL will provide the above-mentioned banks with an additional avenue to raise new capital to support their strong asset growth. Under the scheme, the participating banks will receive certain benefits and dispensations by the SBV, including higher credit growth quotas, lower reserve requirements, access to liquidity assistance, etc.

Assuming the participating banks maintain their above-industry-average asset growth at or above 25% and steady profitability for the next two years, we expect HDB, MBB and VPB would be most in need of additional capital to maintain current capital levels (Exhibit 2). We estimate that the banks' capital adequacy ratios (CAR) may fall by between 150-300 basis points by the end of 2026 if they do not raise new equity or subordinated bonds.

Of late, banks have been relying on either retained profits and raising new subordinated bonds to supplement their capital needs. We note that the process of securing foreign equity investors typically extends over several years. For example, VPB took two years to sell a 15% stake to Sumitomo Mitsui Banking Corporation (SMBC) in 2023. HDB has been scouting for foreign investors over the past five years.

MBB has not disclosed any plans to add a foreign strategic partner. And hence, we expect retained profits and subordinated bonds to be its key source of capital.

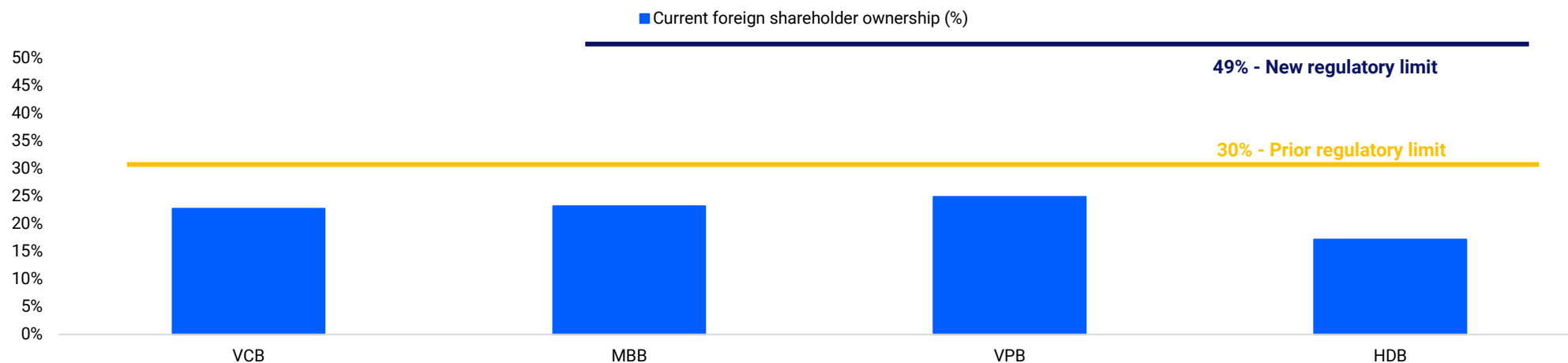
VCB's FOL will remain unchanged at 30%. The bank plans to issue new shares in 2025-2026, amounting to 6.5% of its equity, to foreign investors, including its current strategic partner, Mizuho Corporate Bank. If successful, we estimate its CAR will increase by more than 200 basis points from the current level.

Over the longer term, foreign strategic partners can enhance domestic banks' loss absorption buffers through capital injection (Exhibit 3) and support banks' strategic business growth, risk management, and access to offshore funding.

For example, through support from SMBC, VPB managed to triple its loans to foreign direct investment (FDI) companies within a year to VND 3.7 trillion in 2024. We are also aware that on 5 May 2025, VPB successfully secured a new USD 1 billion syndicated loan facility, arranged by SMBC and other foreign banks to fund its sustainable finance activity.

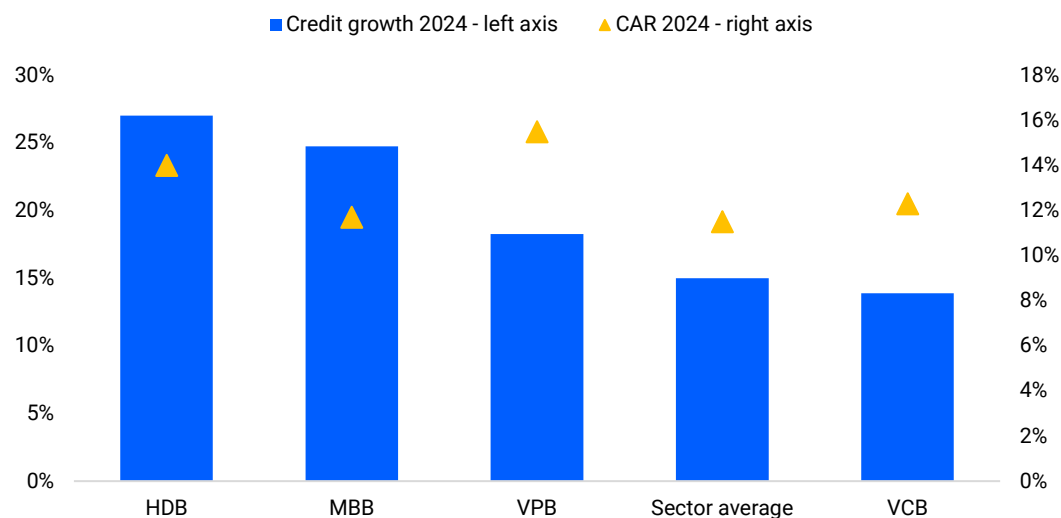
<sup>1</sup> Refer to our Credit Insights: [Large banks have sufficient resources to absorb and manage their newly acquired banks \(March 2025\)](#)

<sup>2</sup> Decree 69/2025/ND-CP on foreign ownership in Vietnamese credit institutions

**Exhibit 1: Higher FOLs will apply to HDB, MBB, and VPB**

Note: Refer to the Appendix for the full name of banks

Source: Bank data, VIS Rating

**Exhibit 2: HDB, MBB and VPB need additional capital to support above-industry-average asset growth and maintain current capital levels**

Note: Sector numbers include 28 banks

Refer to the Appendix for the full name of banks

Source: Bank data, VIS Rating

**Exhibit 3: Banks raised CAR by 2-4 percentage points from new shares issued to foreign strategic partners**

Bank	Foreign strategic shareholder	Foreign ownership (%)	Year	CAR increase
TPB	SBI Ven Holdings Pte, Ltd	20.0%	2018	2%
CTG	MUFG Bank, Ltd	19.7%	2013	3%
ABB	Malayan Banking Berhad	16.4%	2008	Not available
VPB	Sumitomo Mitsui Banking Corporation	15.0%	2023	2%
OCB	Aozora Bank Limited	15.0%	2020	2%
VCB	Mizuho Corporate Bank, Ltd	15.0%	2011	4%
BID	KEB Hana Bank	15.0%	2019	Not available

Note: Banks' CAR increases were in the year of strategic shareholders' participation; CAR for CTG, VCB, were under the Basel I framework during the participation of foreign strategic shareholders. Refer to the Appendix for the full name of banks

Source: Bank data, VIS Rating

## APPENDIX

The banks included in our sector data and analysis are as follows:

	Short name	Full name	Classification
1	ABB	An Binh Commercial Joint Stock Bank	Small
2	ACB	Asia Commercial Joint-Stock Bank	Large
3	AGRIBANK	Vietnam Bank For Agriculture And Rural Development	State-owned
4	BAB	Bac A Commercial Joint Stock Bank	Small
5	BID	Joint Stock Commercial Bank for Investment and Development of Vietnam	State-owned
6	BVB	Viet Capital Commercial Joint Stock Bank	Small
7	CTG	Vietnam Joint-Stock Commercial Bank for Industry and Trade	State-owned
8	EIB	Vietnam Commercial Joint Stock Export Import Bank	Mid-sized
9	HDB	Ho Chi Minh City Development Joint Stock Commercial Bank	Large
10	KLB	Kien Long Commercial Joint Stock Bank	Small
11	LPB	Fortune Vietnam Joint Stock Commercial Bank	Mid-sized
12	MBB	Military Commercial Joint Stock Bank	Large
13	MSB	Vietnam Maritime Commercial Joint Stock Bank	Mid-sized
14	NAB	Nam A Commercial Joint Stock Bank	Mid-sized
15	NVB	National Citizen Commercial Joint Stock Bank	Small
16	OCB	Orient Commercial Joint Stock Bank	Mid-sized
17	PGB	Prosperity and Growth Commercial Joint Stock Bank	Small
18	SGB	Saigon Bank for Industry and Trade	Small
19	SHB	Saigon - Hanoi Commercial Joint Stock Bank	Large
20	SSB	Southeast Asia Commercial Joint Stock Bank	Mid-sized
21	STB	Saigon Thuong Tin Commercial Joint Stock Bank	Large
22	TCB	Vietnam Technological and Commercial Joint-Stock Bank	Large
23	TPB	Tien Phong Commercial Joint Stock Bank	Mid-sized
24	VAB	Vietnam Asia Commercial Joint Stock Bank	Small
25	VBB	Vietnam Thuong Tin Joint Stock Commercial Bank	Small
26	VCB	Joint Stock Commercial Bank for Foreign Trade of Vietnam	State-owned
27	VIB	Vietnam International Commercial Joint Stock Bank	Mid-sized
28	VPB	Vietnam Prosperity Joint Stock Commercial Bank	Large

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