Early Warning System

IFC-42030

DCM-HDBank ConvDebt

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Quick Facts

Countries	Vietnam
Specific Location	Ho Chi Minh City and nationwide
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2021-12-20
Borrower	HO CHI MINH CITY DEVELOPMENTJOINT STOCK COMMERCIAL BANK
Sectors	Finance
Investment Amount (USD)	$ 28.50 million
Loan Amount (USD)	$ 28.50 million
Project Cost (USD)	$ 95.00 million

Project Description

According to the bank's website, "the proposed project entails an investment of up to US$95 million by IFC and IFC Asset Management Company (AMC) in a five-year and 1 day Basel II compliant US$ denominated Convertible Tier II Bond issued by Ho Chi Minh City Development Joint Stock Commercial Bank (‘HDBank’ or the ‘Bank’). The investment is aimed at strengthening the Bank’s capital and support increased lending to retail and SME segments including women-owned SMEs (WSMEs)."

People Affected By This Project

The project is expected to (i) increase access to finance for individuals and SMEs, including WSMEs through both traditional banking and digital platforms and (ii) contribute to market resilience in the Vietnam banking sector by sending a positive signal and boosting investor confidence thus enabling local banks to attract investment needed to build their capital positions and sustain their growth.

Investment Description

- International Finance Corporation (IFC)

According to the IFC, the proposed project entails an investment of up to US$95 million in a five-year and 1 day Basel II compliant US$ denominated Convertible Tier II Bond. The Bank is targeting to raise up to US$200 million through this privately placed issuance with the balance expected to be raised from international investors. The investment is aimed at strengthening the Bank’s capital and support increased lending to retail and SME segments including women-owned SMEs (WSMEs).

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- HO CHI MINH CITY DEVELOPMENTJOINT STOCK COMMERCIAL BANK (Financial Intermediary)

Private Actors Description

According to the IFC, HDBank, the eighth largest private bank in Vietnam, offers a wide variety of financial services with a focus on retail and SME segments serving about 12 million customers. As of end of September 2021, the Bank had an asset base of US$15 billion representing a market share of about 2% in Vietnam banking sector.

It is listed on the Ho Chi Minh City Stock Exchange with a market capitalization of US$2.8 billion as of 01 December 2021. Sovico Group, one of Vietnam's largest and reputable conglomerates operating in aviation, banking and finance, energy, hospitality and real estate sectors, is HDBank's largest shareholder with an equity stake of around 14.5% (via Sovico Group's subsidiary, Sovico Holdings). Madam Nguyen Thi Phuong Thao, Sovico Group's main sponsor, is the largest ultimate beneficial owner of the Bank as of 30 September 2021. The rest of the shareholding structure is diversified with over 18 thousand local and foreign shareholders, each with less than 5% equity stake. Institutional investors hold over 60% shareholding while the balance is held by individual investors.

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Campaign Documents

- Business and Human Rights Resource Center: HD Bank