

# FINDEV CANADA TRANSACTION SUMMARY

## HD Bank

*This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.*



### Transaction Description

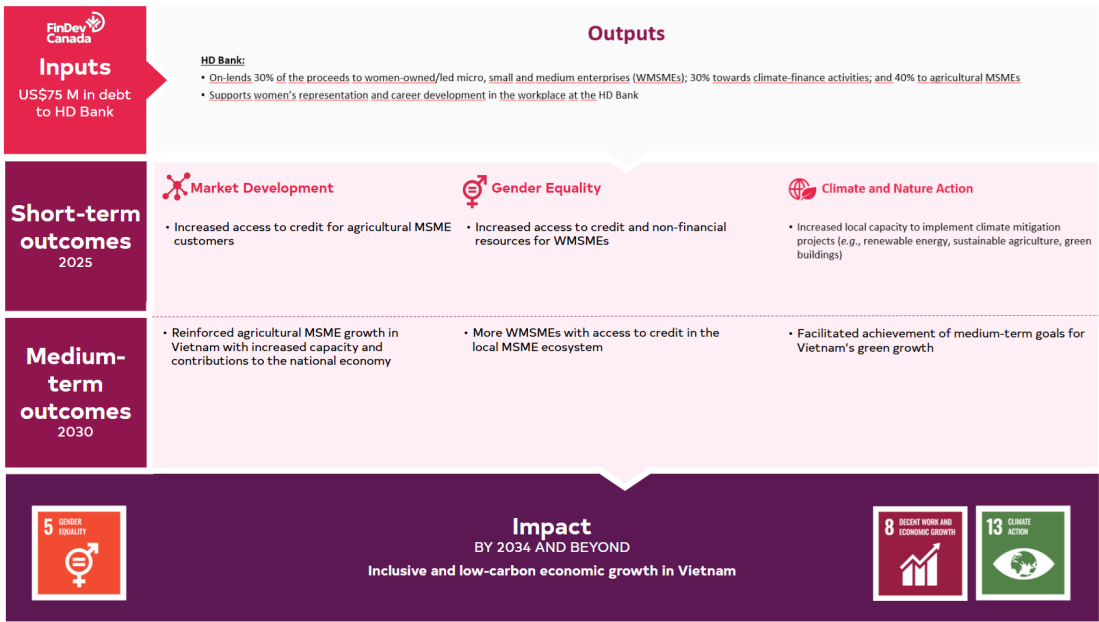
Established in 1989 in Vietnam, Ho Chi Minh City Development Joint Stock Commercial Bank ("HD Bank" or the "Bank") is the fifth largest private banking institution in the country, offering a full range of banking services to retail, commercial and corporate clients.

### Transaction Details

COUNTERPARTY	Ho Chi Minh City Development Joint Stock Commercial Bank
DOMICILE	Vietnam
COUNTRY OF OPERATION	Vietnam
TERM OF FINANCING	5 years
SECTOR	Financial Industry
E&S CATEGORY	FI-1
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	US\$ 75 million
DATE OF TRANSACTION DISCLOSURE	11 November 2024
DATE OF TRANSACTION SIGNING	21 March 2025
DATE OF TRANSACTION SUMMARY PUBLICATION	19 June 2025
2X ALIGNMENT	Yes, under 2X Employment and Portfolio Criteria

## Summary of Anticipated Development Impacts

The transaction's development impact value proposition is to contribute to inclusive and low-carbon economic growth in Vietnam. FinDev Canada's funds are expected to improve access to credit for (i) enterprises in the agricultural sector; (ii) micro, small, and medium enterprises (MSMEs), including those owned/led by women (WMSMEs); and (iii) climate-finance-eligible activities. The transaction will support the Bank's growth and broader economic development in Vietnam, while contributing to climate change mitigation in a context highly vulnerable to climate change.



### MARKET DEVELOPMENT

- **HD Bank supports the growth of Vietnamese agricultural MSMEs by alleviating financing constraints:** Agricultural MSMEs make up over 97% of all MSME businesses and account for 36% of total private-sector employment in Vietnam<sup>1</sup>. HD Bank has a track record of supporting MSMEs in rural areas and smaller cities across key sectors of the Vietnamese economy, such as agriculture and manufacturing. HD rolled out a rural mobile application in 2024 to respond to agricultural MSMEs needs to streamline and accelerate credit flows. This was part of the Bank's 2021-2025 Strategy to increase its rural area penetration in the mass-market segment and become a leading bank in Southeast<sup>2</sup>.

<sup>1</sup> Asian Development Bank 2023, 2023 ADB Asia SME Monitor – Viet Nam

<sup>2</sup> HD Bank, 2023, Annual report.



## GENDER EQUALITY:

- **This transaction will promote gender equality, by supporting the Bank's on-lending to WMSMEs:** these enterprises constitute 20%<sup>3</sup> of all MSMEs in Vietnam and face unmet financing needs. Their total estimated financing gap represents 26% of the total MSME one<sup>4</sup>. From a strategic growth perspective, HD Bank is keen on increasing its WMSME segment, potentially through its strategy and products.



## CLIMATE AND NATURE ACTION

- **Through this transaction, HD Bank will support green lending for the transition to a low-carbon economy.** Climate change-related consequences (e.g., extreme weather events) accounted for nearly 3.2% of Vietnam's gross domestic product (GDP) loss in 2020, and this share is projected to reach between 12% and 14.5% by 2050<sup>5</sup>. The Bank supports climate change mitigation projects, mainly in the renewable energy sector. HD Bank intends to assess its portfolio's physical climate risk assessment as part of the implementation of their newly developed Environmental and Social Risk Management in Credit Extension policy.

## Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social (E&S) Risk Policy. The transaction is considered to be Category FI-1, given the nature and size of the HD Bank portfolio connected to FinDev Canada's use of proceeds. The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada's assessment, in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 2: Labour and Working Conditions

The primary risks associated with this transaction are (1) E&S risks associated with HD Bank's clients, particularly those within their climate finance segment; and (2) HD Bank's labour and working policies for workers, including those hired by third parties.

HD Bank has established an E&S risk management framework that is consistent with IFC Performance Standard 1 requirements. The framework is defined in an environmental and social management system (ESMS), and includes commitments to identify, avoid and manage risks or impacts associated with their credit extensions. The ESMS is implemented through three lines of defence structure, which includes defined roles and responsibilities. HD Bank's labour management practices achieve the objectives of the IFC Performance Standard 2.

Identified mitigants will support the management of environmental, social or human rights risks associated with HD Bank's credit extensions, in a manner that aligns with FinDev Canada's E&S Risk Policy requirements.

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<sup>3</sup> Asian Development Bank, 2023. [Facilitating entrepreneurship growth by lifting barriers. A white book on women-owned small and medium-sized enterprises in Vietnam](#)

<sup>4</sup> SME Finance Forum. Vietnam

<sup>5</sup> Mani et Thomas, 2023. [To fulfil Vietnam's economic ambitions, climate action is essential](#)