

BANKING: 2Q25 Profit Growth Forecasted to Outpace 1Q25

- Profit of listed banks in our coverage in 2Q25 is expected to perform better than in 1Q25, driven by favorable credit growth and stable NIM.
- Credit growth continues to be supported mainly by corporate loans, thanks to sustained low-interest-rate environment, but this may limit NIM increase QoQ.
- Asset quality has not yet shown a clear improvement trend, with NPL and Group 2 loan ratio of banking sector rising as of end-1Q25. Provisioning expenses in 2Q25 are expected to increase by approximately 10% YoY.

Credit growth accelerated in 2Q25 as sustained low-interest-rate base

System-wide credit has risen sharply since Feb-2025, supported by positive sentiment due to 8% GDP growth target and monetary policy expansion. As of June 16, 2025, system-wide credit grew by 6.99% YTD, higher than 3.75% YTD growth at the same time last year. We observe credit growth of listed banks did not fluctuate sharply compared to end-1Q25. Private commercial banks had better growth than SOCBs. Banks with strong credit growth in 1Q25, like MSB, EIB, VPB, SHB, and CTG, continue to perform well in 2Q25. Low-interest-rate environment focused on corporate loans remains main driver of credit in 2Q25.

We expect stable NIM in 2Q25 compared to that in 1Q25

We expect NIM will not decline further in 2Q25 compared to 1Q25, as lending rates will remain unchanged, while deposit rates may slightly decrease due to improved deposit growth in 1H25. As of mid-June 2025, deposit growth has reached 5.09% YTD, significantly exceeding the 0.92% growth in the same period last year, although deposit rates do not increase considerably. This could alleviate pressure on the banks' deposit mobilization in 2H25. We can see that NIM in 1Q25 decreased sharply mainly due to a significant drop in asset yield, while the cost of funds for listed banks remained stable compared to that in 2024.

NPAT for listed banks is expected to be more optimistic in 2Q25

We forecast NPAT of banks in our coverage may increase by approximately 14.7% YoY in 2Q25, more favorable than the 11.0% YoY increase in 1Q25. Banks expected to perform well include VPB, CTG, and EIB, which are projected to see better credit growth than sector average and a smaller decline in NIM compared to the low base of the previous year.

New regulations affecting the banking sector

- Decree 69/2025/NĐ-CP compared to the previous regulation (Decree 01/2014/NĐ-CP): The most significant change is the increase in the maximum foreign ownership ratio at private commercial banks undertaking compulsory takeover to 49% (previously 30%), including VPB, MBB, and HDB. This change provides these banks with more room to enhance their capital adequacy. However, we believe these banks are not yet in urgent need of utilizing this additional foreign ownership limit. After strategic partnership with SMBC, VPB's CAR increased to over 14% as of end-1Q25, ranking 2nd in the sector. MBB and HDB currently maintain foreign ownership under 30%, at 23.2% and 17.5%, respectively.
- Legalization of Resolution 42/2017/NQ-CP: Key changes in the draft involve enabling banks to actively seize collateral assets, which would (i) reduce pressure on provisioning and debt resolution costs; (ii) increase transparency and streamline the process of debt sale and recovery; (iii) promote better repayment awareness among borrowers, thus improving asset quality in the long term. We believe large banks with high provisioning costs, like CTG, VPB, and smaller banks like OCB, MSB, and VIB will benefit the most from this draft if it is passed.

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Summary of 2Q25 and FY25F earnings forecast of banks under coverage

No.	Banks	MBS Research's earnings forecasts					
		2Q25F	% YoY	%QoQ	2025F	%YoY	Assessment
1	VPB	5,046	39%	30%	20,185	26%	We estimate that credit growth of VPB may reach around 12% by the end of 2Q25, with NIM expected to be around 5.9%. This would be flat QoQ but decline YoY due to the high base from the previous year. Corporate lending is expected to continue driving credit growth, primarily related to commercial activities and construction. Consumer lending is primarily driven by mortgage loans, while margin lending and consumer credit are expected to remain subdued until the results of the negotiations are announced. Provisioning expenses are forecast to exceed VND 9 trillion, marking an 11.0% increase YoY and a 38.2% increase from the previous quarter, largely driven by NPL related to consumer loans, which could surge again as issues related to invoices and counterfeit goods enforcement tighten. Net profit for 1H25 is forecast to increase by 32.6% YoY but will only reach 44% of very ambitious 2025 plan.
2	STB	2,615	20%	-10%	11,370	13%	Credit growth is expected to reach about 9% YTD by the end of 2Q25, with Q2 credit increasing by approximately 4.5% QoQ, equivalent to 1Q25. NIM is expected to decrease by about 10 basis points to 3.6%. Provisioning expenses are expected to be around 300 billion VND, down 35% YoY but up 54% compared to the previous quarter due to the lack of improvement in asset quality over the last four quarters, which has led to increased provisioning expenses for overdue debts. CIR is expected to remain at 50% in 2Q25. Net profit for 1H25 is forecast to increase 28.5% YoY due to a low base from last year, achieving only 47% of the full-year plan.
3	CTG	7,184	33%	33%	28,735	13%	By the end of June 2025, credit growth is expected to reach around 10% YTD, with NIM forecast to remain flat at 2.6%. Credit growth is expected to be driven by two sectors: export commerce and construction, which are still slow in terms of public investment and planning. Provisioning expenses are expected to reach approximately 8 trillion VND, remaining flat compared to the previous quarter and slightly up YoY. Net profit for 1H25 is forecast to increase by 22.3% YoY.
4	HDB	4,094	26%	-3%	16,975	28%	By the end of 2Q25, credit growth is expected to reach around 6%, primarily due to the low base in 1Q25. The SME sector, a key customer group, is expected to face significant impacts related to tax declarations and invoices. NIM is expected to continue declining to 4.5% in Q2. Provisioning expenses are expected to decrease slightly to around 1 trillion VND, in line with the YoY number. Net profit for 1H25 is expected to meet 50% of the full-year plan and increase by 30.7% YoY
5	EIB	859	34%	31%	3,497	5%	Credit growth by the end of 2Q25 is expected to increase significantly, reaching 13% YTD, partly due to a very favorable growth of over 9% YTD in 1Q25. NIM is expected to increase slightly to 2.5% (from 2.3% in 1Q25), primarily due to a reduction in the CoF to 4.1% (from 4.3% in 1Q25, as deposits increased sharply). Provisioning expenses in 2Q25 are expected to reach around 200 billion VND, equivalent to YoY figure but up 66% QoQ due to the continued rise in NPL and Group 2 loans. Despite strong growth for 1H25, it will only meet 34% of the very ambitious full-year plan.
6	ACB	4,564	2%	24%	18,305	9%	NIM in 2Q25 is expected to continue decreasing slightly to 2.9%, compared to 3.0% in 1Q25. Credit growth by the end of 2Q25 is forecasted to reach around 8% YTD, slightly down YoY due to the low base in 1Q25. Credit growth will primarily be supported by the recovery of export and import financing activities, while industrial zone lending is expected to remain weak due to tariffs. Provisioning expenses are expected to be around 600 billion VND, flat compared to the previous quarter. Net profit for 1H25 will meet only 45% of the full-year plan and decrease by 1.6% YoY, posing a challenge to achieving the full-year target.

7	BID	6,897	8%	18%	27,019	8%	Credit growth by the end of 2Q25 is expected to reach around 8% YTD, continuing to focus on retail and SME sectors. The NPL ratio is expected to be slightly higher than at the end of 1Q25, as the Group 2 NPL ratio at the end of 1Q25 was high. NIM is expected to remain flat compared to 1Q25 as BID strives to improve its loan structure. Net profit for 1H25 is expected to increase by 5.5% YoY, meeting only 43% of the full-year plan.
8	LPB	2,914	11%	15%	11,657	20%	Credit growth by the end of 2Q25 is forecasted to be around 10% due to the impressive growth from 1Q25. NIM is expected to decrease slightly compared to 1Q25, as LPB continues to push for aggressive lending. The NPL ratio is expected to remain stable compared to 1Q25. Provisions for credit risk are forecast to be 390 billion VND, higher than the previous quarter. Net profit for 1H25 is expected to decelerate, with only a 15.4% increase YoY and achieving only 46% of the full-year target.
9	VCB	8,746	8%	1%	36,182	7%	Credit growth by the end of 2Q25 is forecasted to increase by 7% YTD, as VCB continues to push credit packages with preferential interest rates from 2Q25. NIM may continue its downward trend in 2Q25. The NPL ratio is expected to decrease slightly from the end of 1Q25 to around 1%. Provisioning expenses are expected to exceed 1,000 billion VND due to the lack of reversal provisions as seen in 1Q25. Net profit for 1H25 is expected to increase slightly by 4.5% YoY, reaching 45% of the full-year plan.
10	OCB	903	26%	27%	3,473	9%	Credit growth by the end of 2Q25 is expected to increase by 7% YTD, with Q2 credit growth of approximately 4.5%, double that of 1Q25 due to the low base. NIM is forecast to recover slightly to 2.4% compared to 2.2% in 1Q25, due to the reduction in COF, as banks will not be under excessive pressure to raise funds after a sharp increase in 1Q25. Provisions for 2Q25 are expected to reach 450 billion VND, up 50% from 1Q25 and an 8% increase YoY. Net profit for 1H25 is expected to decline by 3.3% YoY, meeting only 38% of the full-year target.
11	TCB	6,402	3%	8%	25,064	15%	By the end of 2Q25, credit growth is expected to reach 9%, slightly improve YoY (12.9% at the end of 2Q24), mainly driven by the recovery of mortgage loans, as large-scale projects are seeing strong sales. Real estate lending will also continue to be supported regulatory and legal hurdles are gradually removed. NIM is expected to recover slightly to 3.8%, up from 3.6% in 1Q25, due to the recovery of the mortgage segment. Non-interest income will continue to be driven by IB fees and card payments. Provisioning expenses are expected to rise to 1.5 trillion VND, down 10% YoY due to the high base in the previous year, but up 35.7% from the previous quarter as asset quality has not yet shown significant improvement. Net profit for 1H25 is expected to decrease by 0.8% YoY and achieve 49% of the full-year target.
12	VIB	2,028	20%	5%	8,168	13%	Credit growth by the end of 2Q25 is expected to increase by 8% YTD, with NIM remaining stable compared to 1Q25 at 3.0%. Provisions for the quarter are expected to reach around 1,000 billion VND, down 8.7% YoY. Non-interest income is expected to increase significantly, mainly due to higher fees compared to last year's low base. Net profit for 1H25 is expected to increase by 7.6% YoY, but will meet only 45% of the full-year plan.

Source: MBS Research

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add The stock's total return is expected to reach 15% or higher over the next 12 months

Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.

Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

Segment Ratings

Positive Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation

Neutral Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.

Negative Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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