Industry Outlook | Banks

Easing Monetary Policy to Fuel Sector Growth through 2025-2026

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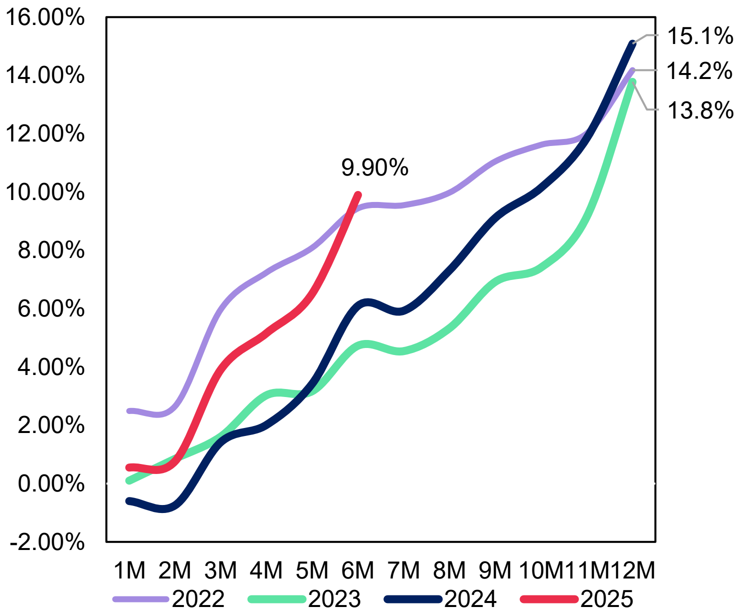
Credit growth: Accelerating from 1H2025, we estimate growth to reach approximately 17–18% by the end of 2025.

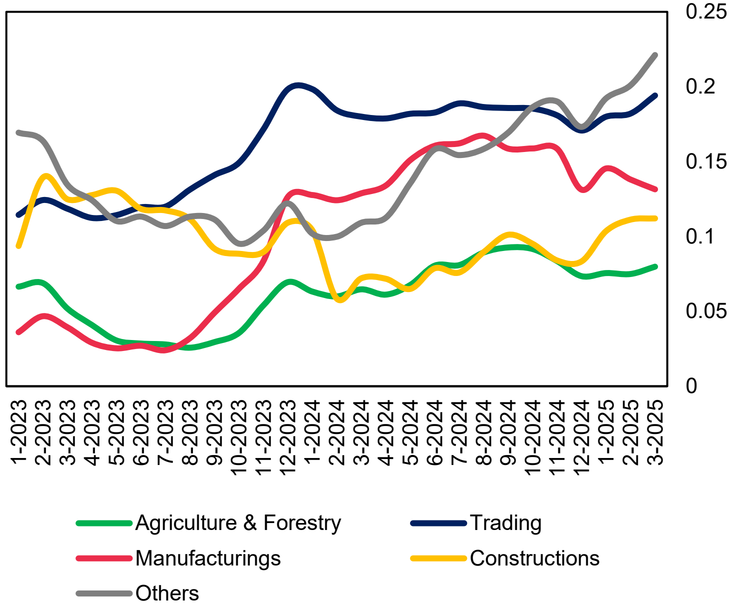
- As of June 30, 2025, system-wide credit growth reached 9.90% YTD, significantly surpassing the 6.1% YTD recorded in the same period last year. This strong increase was primarily driven by corporate credit, supported by the persistently low lending interest rates. In contrast, retail credit grew more slowly due to weak demand, reflecting a cautious recovery in the mortgage and consumer loan markets.
- Listed banks recorded credit growth of 3.8% YTD as of 1Q2025, with private commercial banks growing faster than state-owned commercial banks (SOCBs). NIM of private banks declined more sharply, due to their more aggressive loan rate reduction strategies. Meanwhile, SOCBs maintained stable low lending rates, a trend that began when monetary policy was loosened starting in 3Q2023.

Robust credit growth in 6M25 was motivated by ambitious GDP growth target of 8%



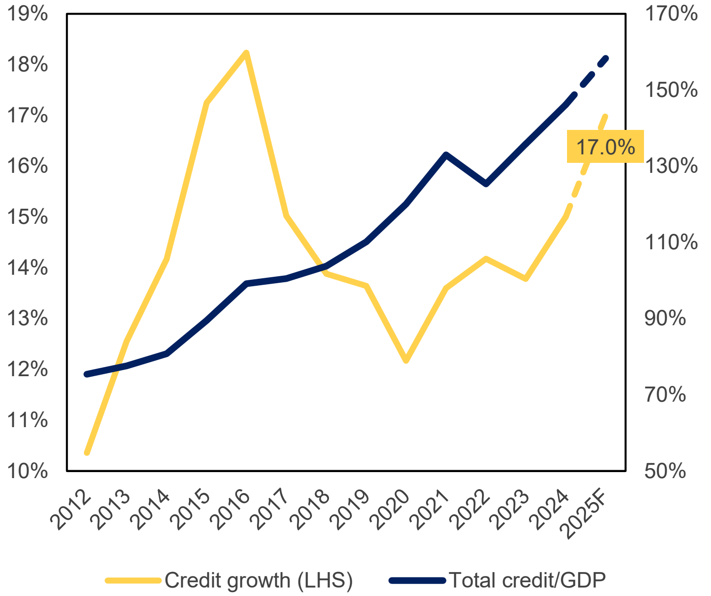
- *Source: SBV, FiinProX, MBS Research*

Credit expansion was primarily concentrated on construction and trading, while manufacturing remained sluggish (% YoY)



- *Source: SBV, FiinProX, MBS Research*

We expect a growth of 17%-18% for system credit in 2025



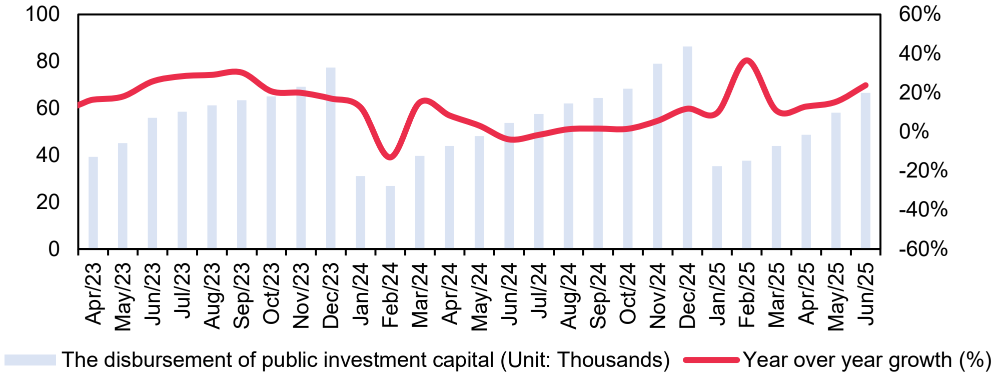
- *Source: SBV, FiinProX, MBS Research*

Credit growth: Accelerating from 1H2025, we estimate growth to reach approximately 17–18% by the end of 2025.

Loan activity in 2H2025 is likely to be driven by several key factors as follows:

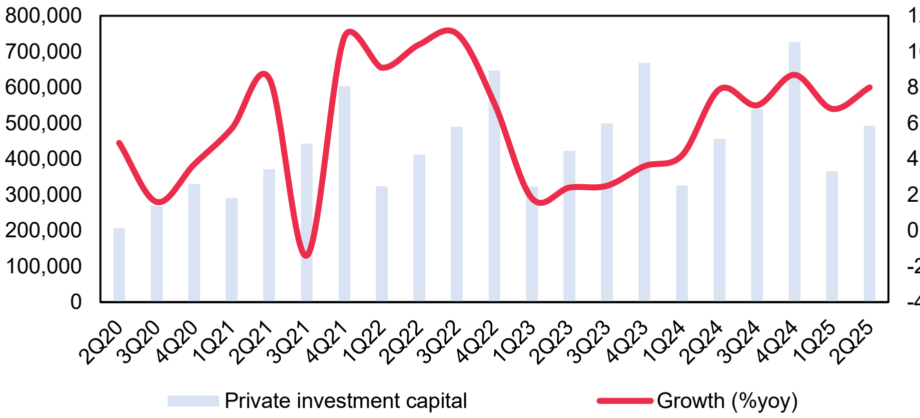
- **Acceleration of public investment disbursement**: Actual disbursement figures for 1H2025 remain low compared to the plan. As of the end of June 2025, public investment disbursement reached VND 268 trillion, up 42.3% YoY but only completing 29.6% of the full-year target. Therefore, we expect the disbursement pace to accelerate in the remainder of 2H2025, becoming a critical factor to achieve the 8% GDP growth target.
- **Resolution 68 enhances the role and position of the private economic sector**: Accordingly, private sector's contribution to GDP is expected to reach 55–58%, with the number of enterprises reaching 2 million as of end-2030. Key support policies include: (i) Exemption from business license fees and income tax for SMEs during the first 3 years of operation; (ii) Encouragement of credit granting based on cash flow rather than collateral; (iii) Minimum 30% reduction in land rental fees for first 5 years for high-tech companies, SMEs, and innovative startups.
- **Towards the removal of "credit room" restrictions**: In our view, this will support: (i) Banks with high CAR, low funding costs, and low LDR to enhance their competitiveness. Borrowers with good credit histories will no longer be restricted by "credit room" limits, while weaker banks will be compelled to improve their fundamentals to attract customers, thereby enhancing the overall sector's competitiveness and asset quality; (ii) Consequently, practice of pushing credit growth at the end of quarters or year-end will diminish, allowing credit to flow more efficiently.
- **Regarding real estate**, we assess that Resolution 68 has effectively removed longstanding legal and administrative bottlenecks. Key measures include: (i) Shifting from ex-ante to ex-post controls; (ii) Encouraging lending based on cash flow and new development models; (iii) Clearly distinguishing between corporate legal liability and individual criminal responsibility.

Public investment disbursement reached VND 268 tn, ▲ 42.3% YoY and fulfilling 29.6% of the full-year target



- *Source: SBV, MBS Research*

Private investment ▲9.7% in 6M25 (▲5% in 6M24, ▲1.4% in 6M2023)



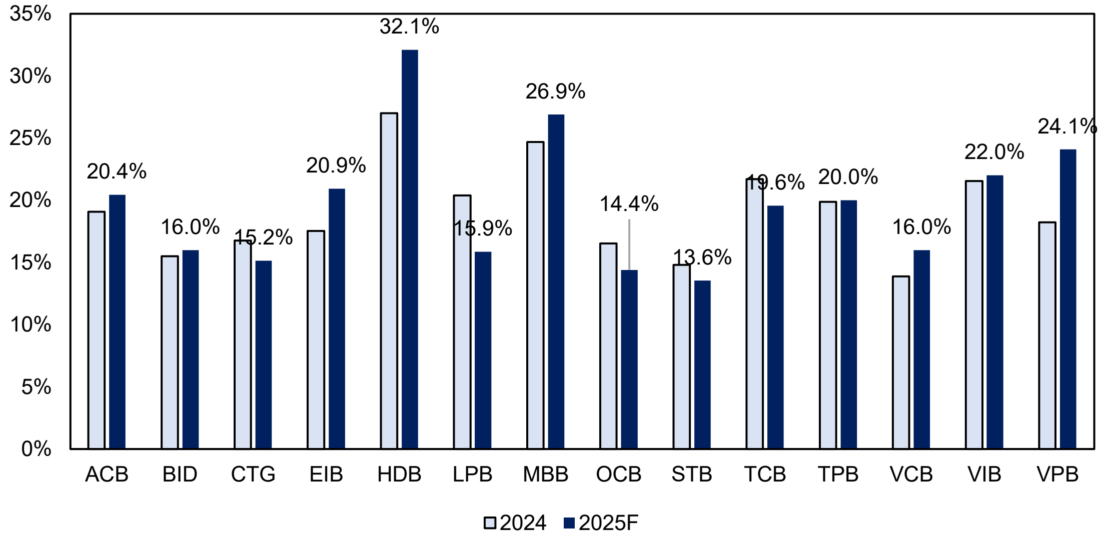
- *Source: GSO, MBS Research*

Credit growth: Accelerating from 1H2025, we estimate growth to reach approximately 17–18% by the end of 2025.

We expect most banks to achieve their credit growth targets in 2025, despite facing pressure from narrowing NIM. Banks with the following characteristics are more likely to record stronger credit growth in 2H2025:

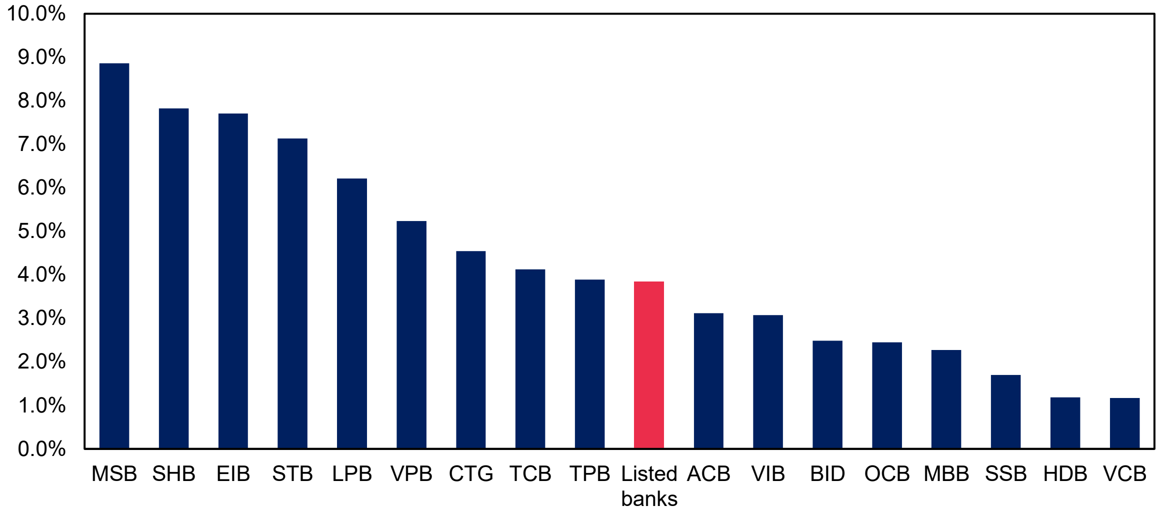
- High loan exposure to public investment projects and SMEs: These segments are well-positioned to benefit from active policy support.
- Stable NIM and asset quality relative to industry average in 2024 and 1Q2025: This provides room to further lower lending rates while maintaining competitiveness in credit market.
- Strong deposit growth in 1Q2025: This enhances their capacity to expand lending while still maintaining safe liquidity ratios.

FY25F credit growth of banks under our coverage



- *Source: Listed banks, MBS Research*

Credit growth of banks as of end-1Q25 (% YTD)

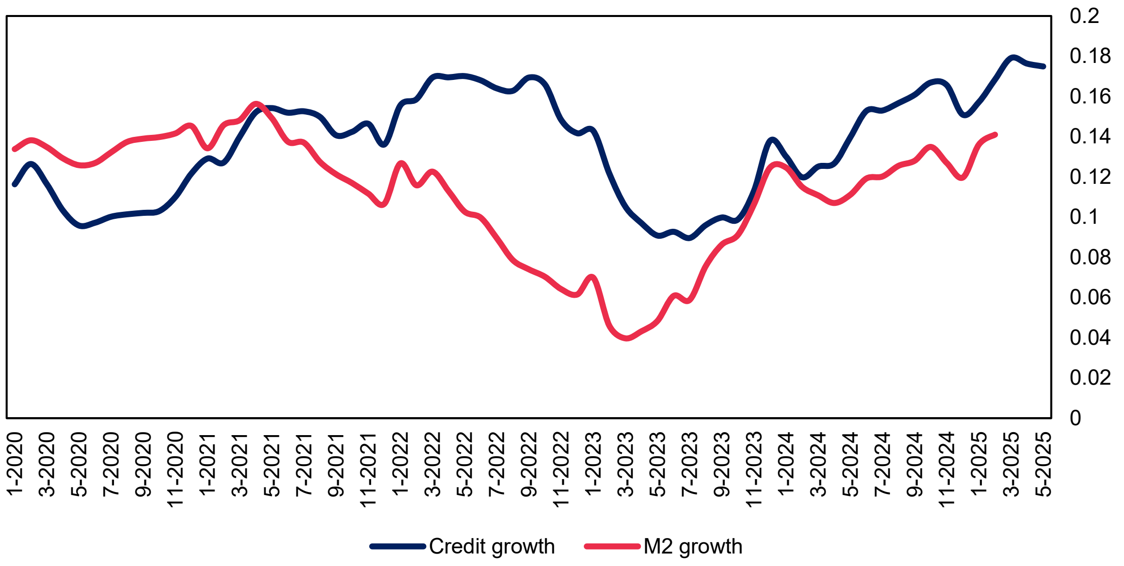


- *Source: Listed banks, MBS Research*

Credit growth: Accelerating from 1H2025, we estimate growth to reach approximately 17–18% by the end of 2025.

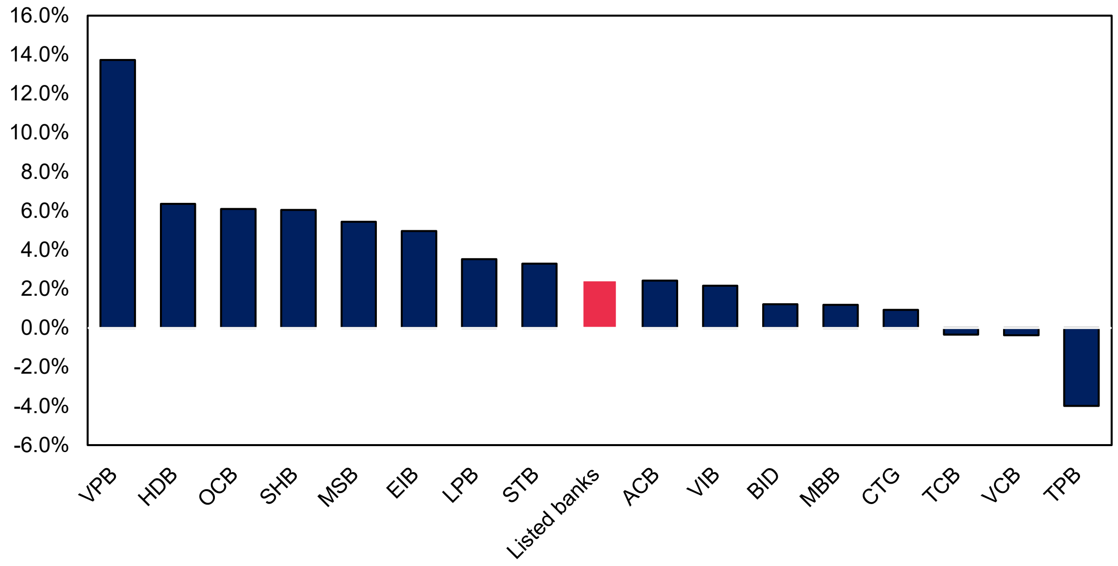
- By mid-Jun 2025, deposit growth of the whole system reached 5.09% YTD, much higher than the previous year level of 0.92% YTD. Persistently low interest rates remained a key factor behind the lagging deposit growth compared to credit expansion. This trend was reflected in listed banks' deposit growth, which stood at 2.4% YTD in 1Q25, contrasting with the previous year's -0.57% YTD in 1Q24.
- VPB showed an outperformance in deposit increase compared to peers mainly due to aggressive increase of deposit rates focusing on individual customers which recorded an increase of 15.7% YTD. We project deposit growth of listed banks under coverage to grow by 15.6% YoY in 2025F, little lower than credit growth due to the maintained low-interest rate environment. Those banks with higher-than-sector LDRs and credit growth targets such as VPB, HDB, VIB, MSB are expected to attract deposit more actively than peers.

M2 and credit growth of the banking system (% YoY)



- *Source: Listed banks, MBS Research*

Customer deposit growth of listed banks as of end-1Q25 (% YTD)

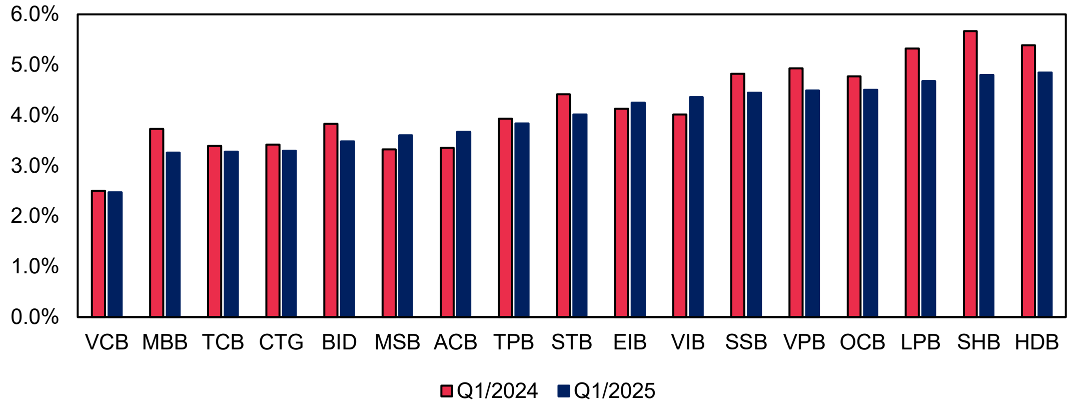


- *Source: Listed banks, MBS Research*

Cost of funds in 1Q25: Slightly declined as deposit rates dropped by 10–20 bps YTD

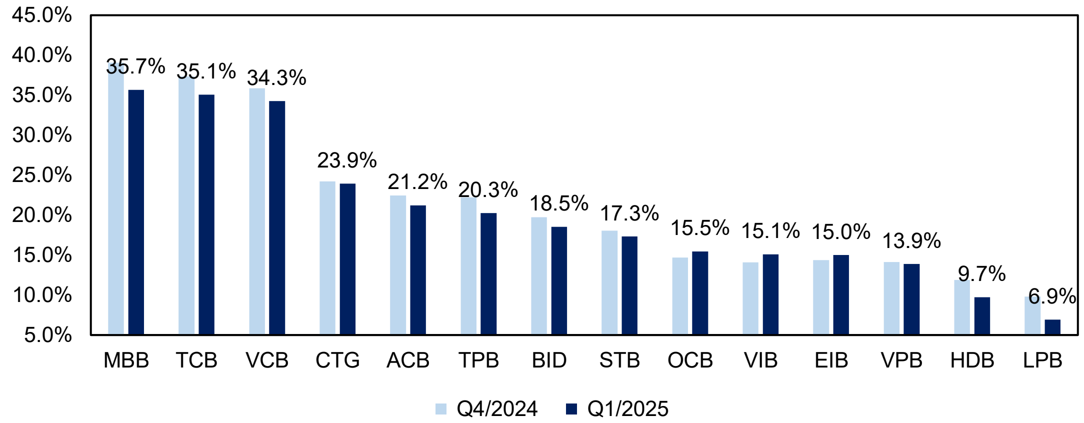
- As of end-Jun 2025, the average 12M deposit rate at large banks stood at 4.7%, while that of mid- and small-sized banks was around 5.0%, both down by 10–20 bps YTD. Deposit rates have trended downward following the PM's directive in mid-Apr, and we expect this trend to continue through end-2025 to boost credit growth and support the GDP target. Meanwhile, banks are also aiming to preserve NIM. Accordingly, we forecast the average 12M deposit rate at large banks to remain around 4.7% by end-2025.
- Banks with high CASA ratios — especially those that recorded strong deposit growth in 2024 — face less pressure to raise deposit rates to attract additional funding. In contrast, banks with low CASA ratios and weak deposit growth in 2024 and 1Q25 may need to raise deposit rates to ensure liquidity and support credit expansion. This is particularly true for banks targeting ambitious credit growth in 2025F, such as HDB, VPB, and VIB.
- Recently, many banks have launched initiatives to boost CASA, including VIB's "Siêu Lợi Suất", VPB's "eKash", and TCB's "Auto Earnings". Notably, TCB has upgraded Auto Earnings to version 2.0, helping attract deposits equivalent to approximately 12% of the bank's total CASA. We expect banks to continue innovating in CASA acquisition, such as allowing customers to choose phone-number-matching account numbers, pick "lucky" account numbers, or set nicknames for accounts — features already successfully adopted by MBB, VCB, and TCB — and which are likely to yield positive results..

Cost of funds of listed banks slightly declined by 26 bps YoY in 1Q25.



- *Source: Listed banks, MBS Research*

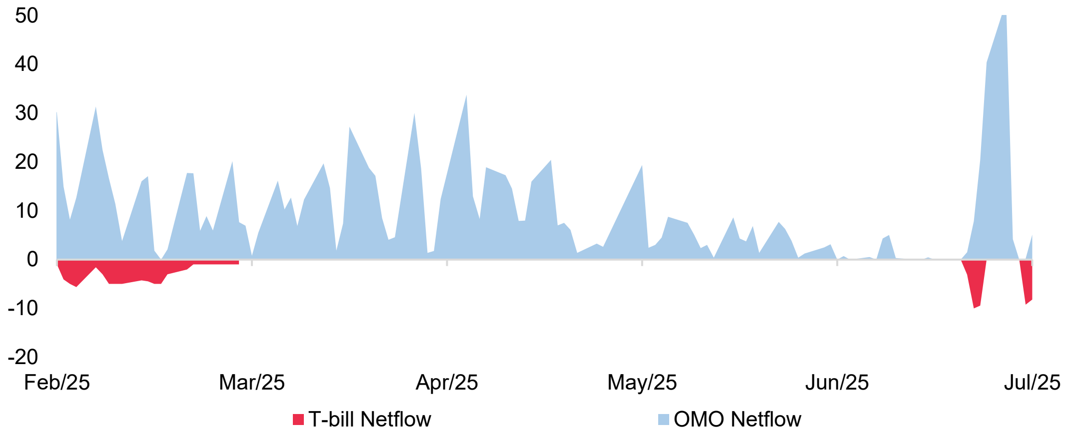
CASA ratio of listed banks under coverage as of end-1Q25



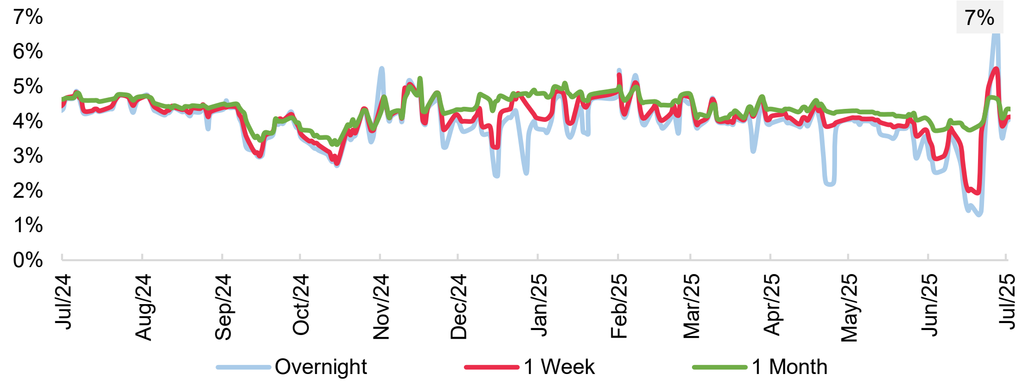
- *Source: Listed banks, MBS Research*

Cost of Funds: We expect funding costs to decline sharply in 2H2025, driven by an estimated additional 20 bps drop in deposit rates.

The SBV has conducted continuous net liquidity funding since Mar 2025, pushing interbank rates to their lowest levels in a year. In Jun 2025, SBV slightly withdrew liquidity to manage FX pressures.

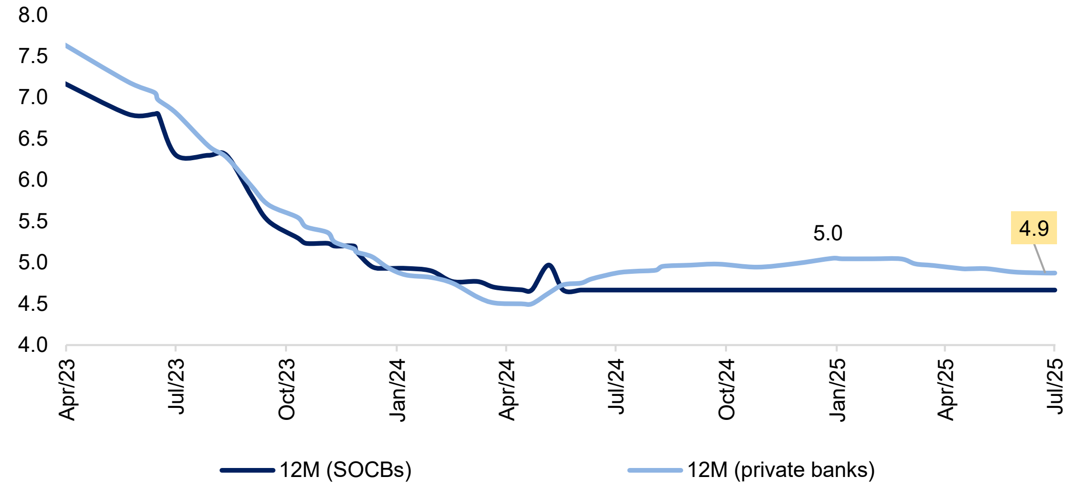


Although credit growth boosted from Apr 2025, ample system liquidity pushed the interbank rate down to 1.7%, the lowest in the past year, before rebounding in early July.

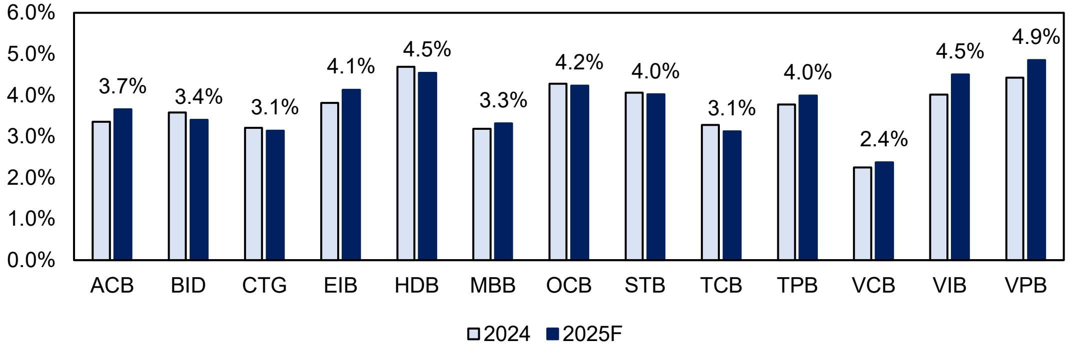


- *Source: SBV, FiinProX, MBS Research*

We forecast the average 12M deposit rate among private commercial banks to ▼ 20 bps to 4.7% in 2025F.



FY25 cost of funds of banks under our coverage

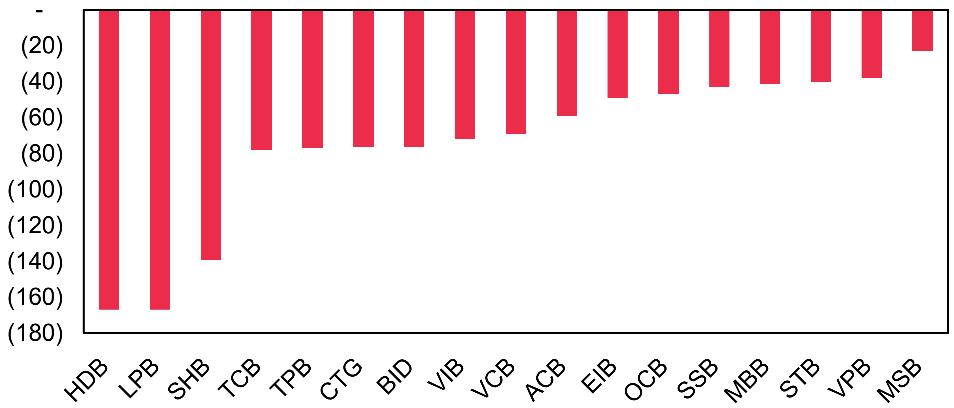


- *Source: Listed banks, MBS Research*

NIM: NIM contraction is anticipated to continue.

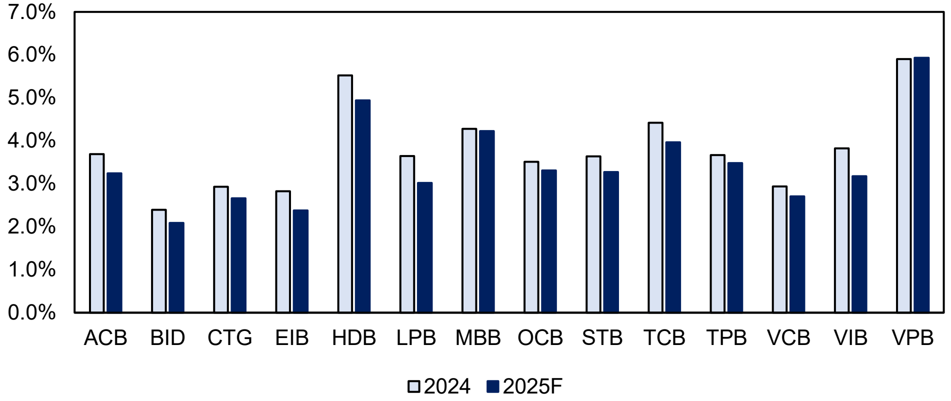
- Due to continuously declining lending rates since 2H23 aimed at stimulating credit demand, banks' asset yields have entered a downtrend. This decline has compressed sector-wide NIM because asset yield has fallen faster than the COF. Our observations show that asset yields of listed banks dropped significantly by 193 bps YoY in 2024 and a further 59 bps YoY in 1Q25, while COF declined by 189 bps and 29 bps respectively during the same periods. As a result, NIM decreased slightly by 9 bps in 2024 but fell sharply by 40 bps YoY in 1Q25.
- We believe the unexpected NIM contraction in 1Q25 is temporary and will soon improve, as Vietnamese banks still have strong potential to defend their NIMs. Although lending rates are expected to remain lower than 2024 levels in upcoming quarters, accelerated retail credit growth — driven by a faster recovery in mortgage and consumer lending — will play an important role in supporting NIM recovery in the remainder of 2025 compared to the first quarter. Additionally, improvements in CASA since early 2024, primarily due to a robust rebound in corporate banking, will help keep COF at its current low levels over the next 6–9 months.
- Therefore, we expect NIM for the remainder of 2025 to stay above the 1Q25 level, though it is unlikely to return to 2024 levels given the lower average lending rates and stable COF.
- Despite the overall downward trend, we anticipate significant divergence in NIM performance across banks. Those that experienced more pronounced NIM declines in recent years due to portfolio-specific challenges — such as VPB, MBB, and TCB — are expected to see milder NIM contractions going forward.

Significant decrease NIM among most of banks in 1Q25 (bps, YoY)



- *Source: Listed banks, MBS Research*

NIM in 2025F is less likely to be equivalent to the level of FY2024

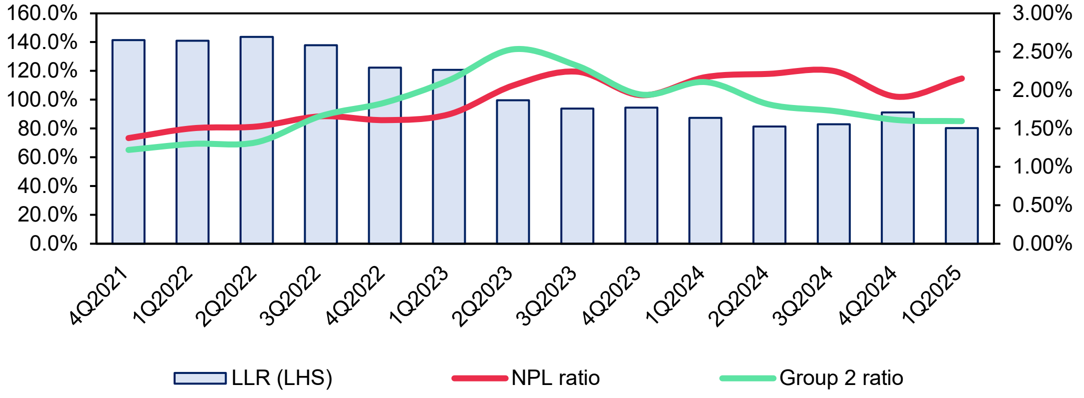


- *Source: Listed banks, MBS Research*

Asset Quality: The NPL ratio shows no clear sign of improvement, while Group-2 loan ratio is gradually increasing

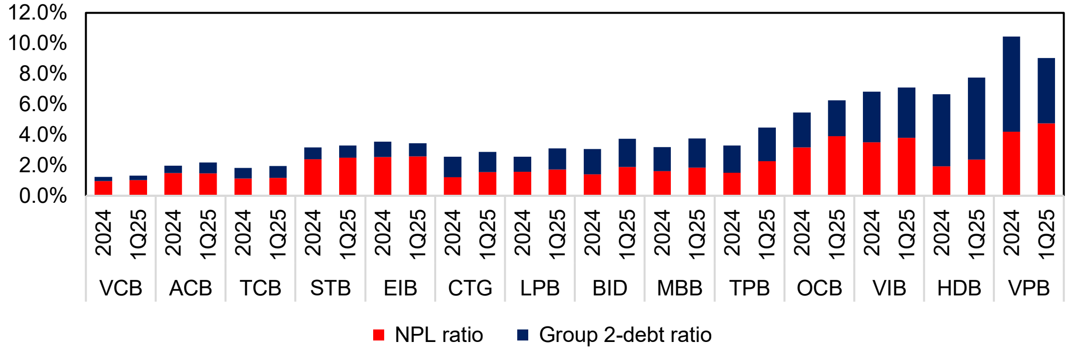
- Asset quality has been unsteady in the last 2 years. NPL ratio fluctuated around 2% with significant make up from unnatural high credit growth. Though group 2 debt ratio remarkably improved, LLR ratios were also unstable when banks decelerated provisioning. So we are concerned that forecasted unfavorable business results tend to significantly shorten the provision expansion potential of banks in the next few years that means asset quality is less likely to improve remarkably at the end of 2025. In addition, retail lending acceleration also brings more pressure on NPL of listed banks in mid-term.
- Most of banks in our watch recorded asset quality deterioration in 1Q25 despite better credit growth YoY. NPL ratio of all banks increased from 5 to 55 bps YTD but the change of group 2-debt ratio was diverged. It was unchanged or decreased at banks that accelerated provisioning in recent quarters such as VPB, CTG, VIB while still increased at the other banks.
- Given projection of unsubstantial improvement of asset quality and prudent provisioning which will be discussed below, we estimate LLR of listed banks to slightly strengthen by end of 2025.

Asset quality of listed banks by quarter (%)



- *Source: Listed banks, MBS Research*

NPL & group 2-debt ratio of banks by end of 2024 and 1Q25

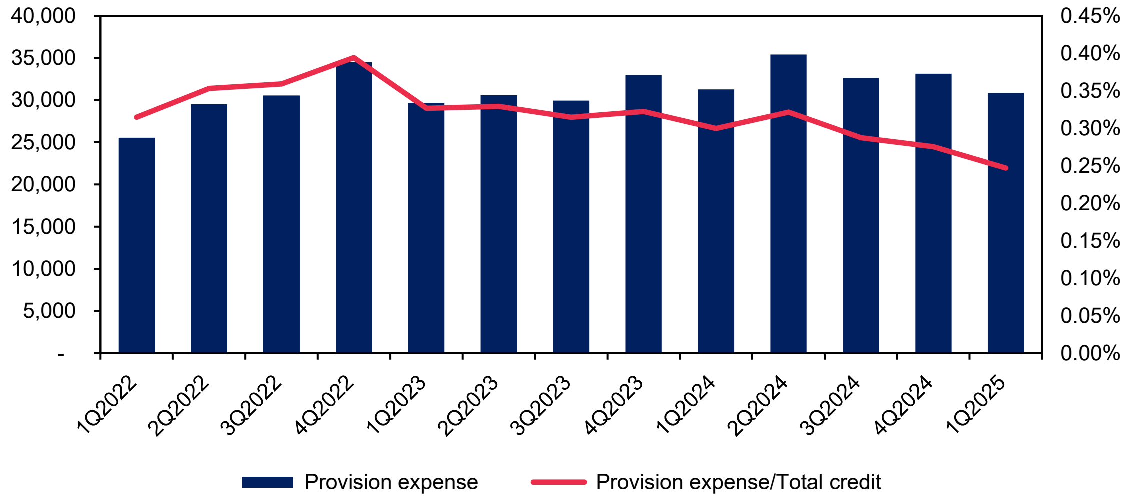


- *Source: Listed banks, MBS Research*

Asset Quality: Prudent provisioning policy is maintained to safeguard asset quality amid stronger expansion of retail lending

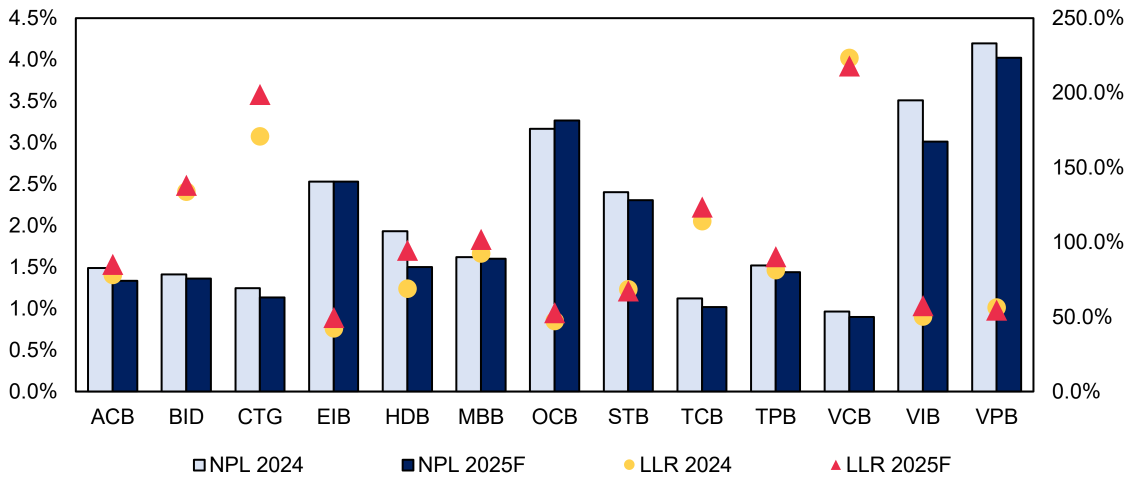
- Provision expenses of listed banks slightly decreased by 1.3% YoY in 1Q25, driven by a moderate decline of 3.6% YoY from SOCBs, while private commercial banks recorded a slight increase of 0.6% YoY. Credit cost in 1Q25 also fell to 1.0%, down from 1.2% in full-year 2024.After an unexpected NPL ratio drop of 34 bps QoQ at the end of 4Q24, from 2.25% to 1.91%, the ratio rebounded sharply to 2.15% by the end of 1Q25. Meanwhile, the Group 2 loan ratio remained stable QoQ and continued its downward trend. Combined with a significant slowdown in provisioning during 1Q25, LLR of listed banks further declined to 80.2%, the lowest level since the Covid-19 pandemic.
- In 2025, we expect credit growth to be increasingly driven by retail banking, prompting banks to maintain provisioning at levels similar to the previous year to control NPL ratios according to plan. Overall, provision expenses of banks under our coverage are forecasted to rise by 8.5% YoY in 2025, higher than the 7.5% YoY growth in 2024, yet notably lower than the 16.9% projected in our previous report. The gradual decline in Group 2 loans and the lower-than-expected provisioning in 1Q25 support this forecast revision.

Quarterly provision/total credit of listed banks



- *Source: Listed banks, MBS Research*

FY25F NPL & LLR of banks under coverage

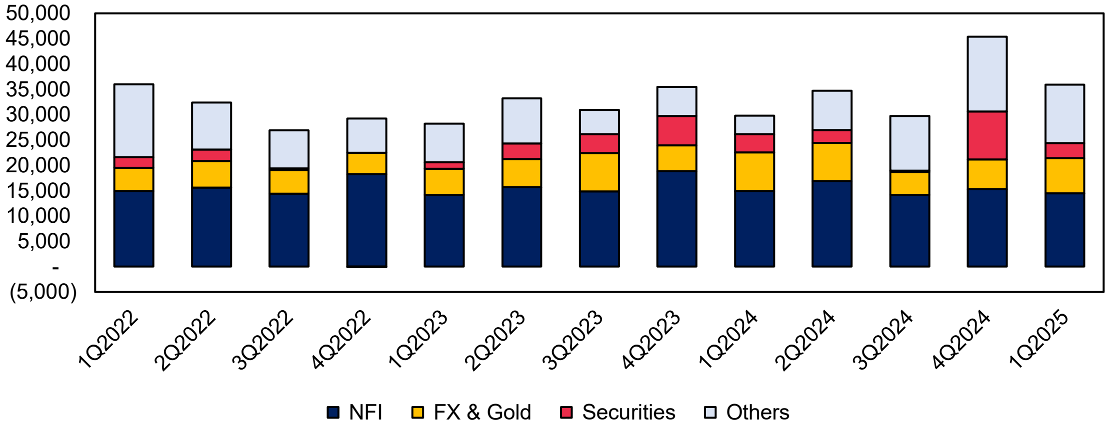


- *Source: Listed banks, MBS Research*

Non-II is mainly driven by stronger recovery of payment fee and continuously pushed bad debt collection given banca performance is unlikely to revert to pre-Covid levels.

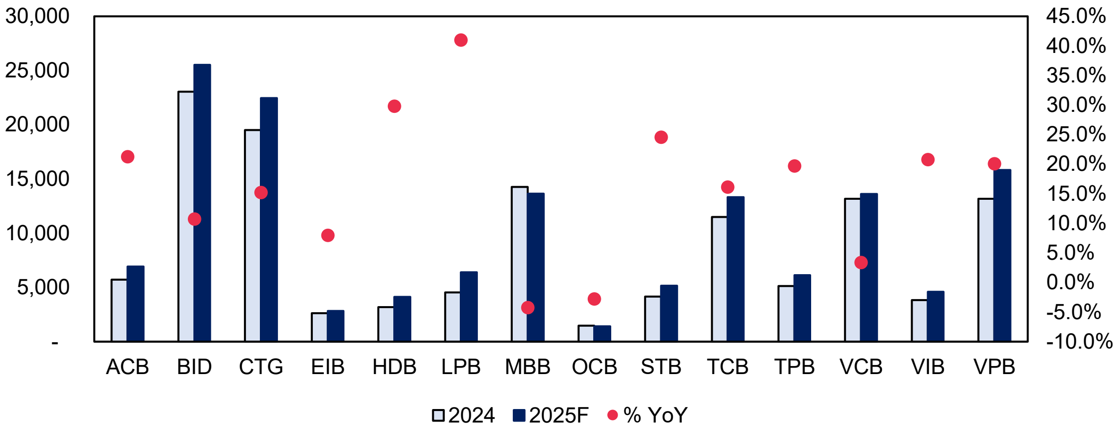
- Non-interest income (Non-II) of listed banks recorded robust growth of 20.7% YoY in 1Q25, significantly higher than the 5.6% YoY growth in 1Q24, driven mainly by a continued strong rise in income from bad debt recoveries. This marks the highest quarterly growth since 2023.
- A sharp decline in net fee income (NFI) was the primary factor behind the significant slowdown in Non-II growth over the past two years. The bancassurance crisis, triggered by tightened regulations combined with weak retail credit demand, caused a substantial drop in fee income for Vietnamese banks. NFI growth among listed banks fell sharply from 32.6% YoY in 2022 to 0.7% YoY in 2023 and further declined by 3.6% YoY in 2024. The share of NFI in the Non-II structure also dropped from approximately 50–55% in 2022 to 40–45% in 2024. Although complaints related to bancassurance mis-selling have subsided, the sector's sluggishness is expected to persist in the medium term as banks adapt to new regulations. Additionally, low lending rates and intense competition appear to reduce retail customers' interest in insurance products, making it unlikely for bancassurance revenue to return to the 20% annual growth seen during the Covid-19 period.
- Therefore, we expect NFI for Vietnamese banks to be primarily driven by payment fees, supported by strong retail lending growth starting from 2H25. Regarding non-fee income, we believe accelerated bad debt recoveries will contribute positively to Non-II compared to last year, especially amid global macroeconomic uncertainties that may depress income from FX and securities activities. Overall, we forecast Non-II for banks under coverage to grow by 13.4% YoY in 2025 (on a low base of 9.2% in 2024) and to improve modestly to 15.3% YoY in 2026.

NFI's contribution in Non-II decreased significantly (VND bn)



- *Source: Listed banks, MBS Research*

FY25F Non-II of banks under coverage in 202F



- *Source: Listed banks, MBS Research*

Legal framework: Regulatory support for bank resilience

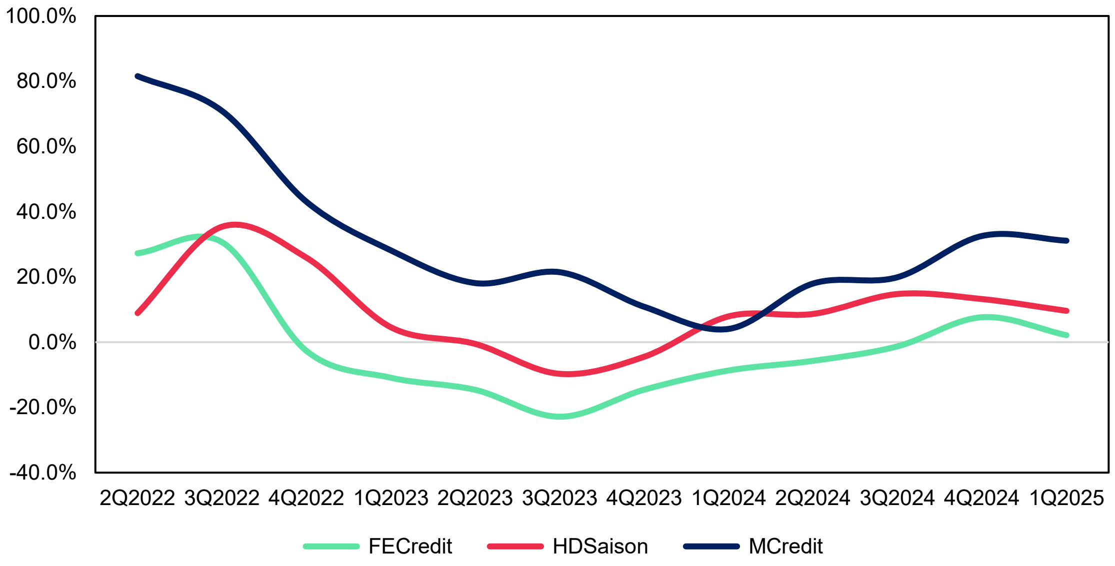
	Before the regulatory change	After the regulatory change	Impact assessment on commercial banks
Regulation on foreign investors' purchase of shares in Vietnamese CIs	Decree No. 01/2014/NĐ-CP: The total foreign ownership in a Vietnamese commercial bank shall not exceed 30% of the bank's charter capital.	Decree No. 69/2025/NĐ-CP: For commercial banks undergoing mandatory acquisition (excluding those in which the State holds more than 50% of charter capital), the total foreign ownership is allowed to exceed 30% but must not exceed 49% of the bank's charter capital.	- Three banks that directly benefit from this regulatory change are HDB, MBB, and VPB, with current foreign ownership levels at 16.66%, 23.23%, and 24.70%, respectively. These banks have not yet reached the 30% cap set under the previous regulation. - Since SMBC's acquisition of 15% stake in VPB, VPB"s CAR improved significantly - from 12.63% as end-2022 to 15.92% as end-2023 – ranking top position in banking sector. As a result, VPB may not need to utilize the new foreign ownership cap. - MBB and HDB continue to maintain foreign ownership cap below 23.2% and 17.5%, respectively, and have yet to announce any concrete plans to act on this regulatory advantage.
Legalizing Resolution 42/2017/QH14	- Resolution 42/2017 on the handling of bad debts in credit institutions was a pilot policy with a five-year term later extended to December 31, 2023), resulting in initial success in resolving bad debts. - Following the expiration of Resolution 42, the NPL ratio surged, despite proactive efforts by commercial banks to prepare and respond promptly.	- The official law now has long-term validity and is not time-limited, unlike Resolution 42. - Unblock capital stuck in bad debts, improving the circulation of credit in the economy. - Streamline the recovery and handling of collateral through a clear, consistent legal structure, mandating inter-agency coordination with well-defined responsibilities.	- Banks that may benefit from this regulatory change are those with a high proportion of lending to the real estate sector, such as TCB, VPB, HDB, and SHB. Since the regulation related to collateral handling, enhanced legal clarity will support faster and more efficient asset recovery. - We believe that large banks with high provisioning expenses such as CTG and VPB, as well as smaller banks like OCB, MSB, and VIB, would benefit more than their peers if this draft regulation is approved.

- *Source: MBS Research*

Consumer finance: Steady rebound after the restructuring period

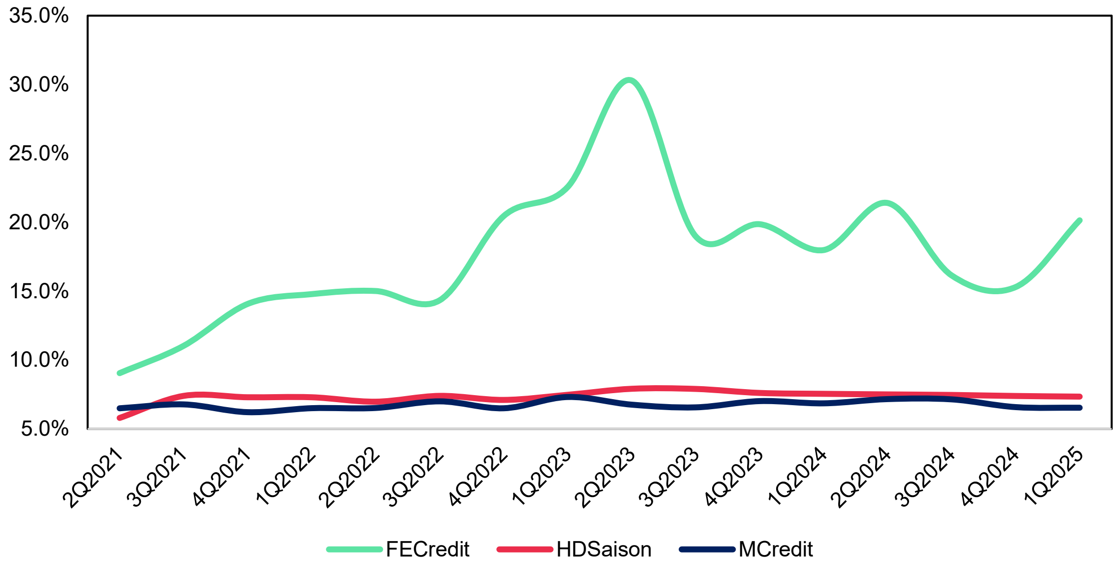
- In 1Q25, consumer finance companies backed by banks showed mixed asset quality trends: Mcredit and HD Saison saw slight NPL improvements, while FE Credit's NPL ratio rose sharply by 480bps YTD. Loan growth YoY recovered since 4Q24 and slowed down in 1Q25. HD Saison's PBT rose 28% YoY to VND 330bn, driven by stronger vehicle loan demand, while FE Credit returned to profitability with VND 79bn in PBT, reversing a large loss in 1Q24 thanks to a rebound in NFI (+60% YoY) and other income (+280% YoY).
- We expect the consumer finance sector to gradually recover over the remainder of 2025, supported by ambitious GDP growth target of 8%, rising household incomes, and favorable legal reforms. As core business operation is B2B2C partnership models, this will provide finance companies with greater customer access and encourage wider credit card usage. Looking ahead, with the IMF forecasting a 5.5% CAGR in GDP per capita from 2025 to 2030, we project consumer lending could grow at an average of 20% annually over the next two years, driven by these favorable structural drivers. Three banks backing up for these companies may benefit from this trend, including HDB, MBB and VPB.

Loan growth improved strongly in 4Q24, but slowed down in 1Q25



- *Source: Commercial banks, MBS Research*

NPL ratio of 3 financial companies as end-1Q25

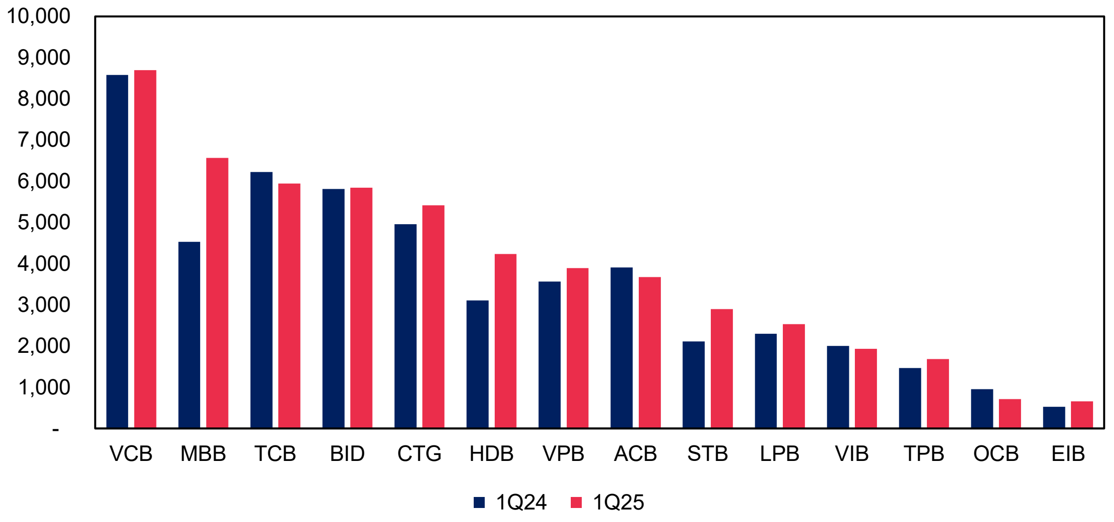


- *Source: Commercial banks, MBS Research*

We expect net profit growth of banks under coverage to increase by 13.5% in 2025F and 21% in 2026F

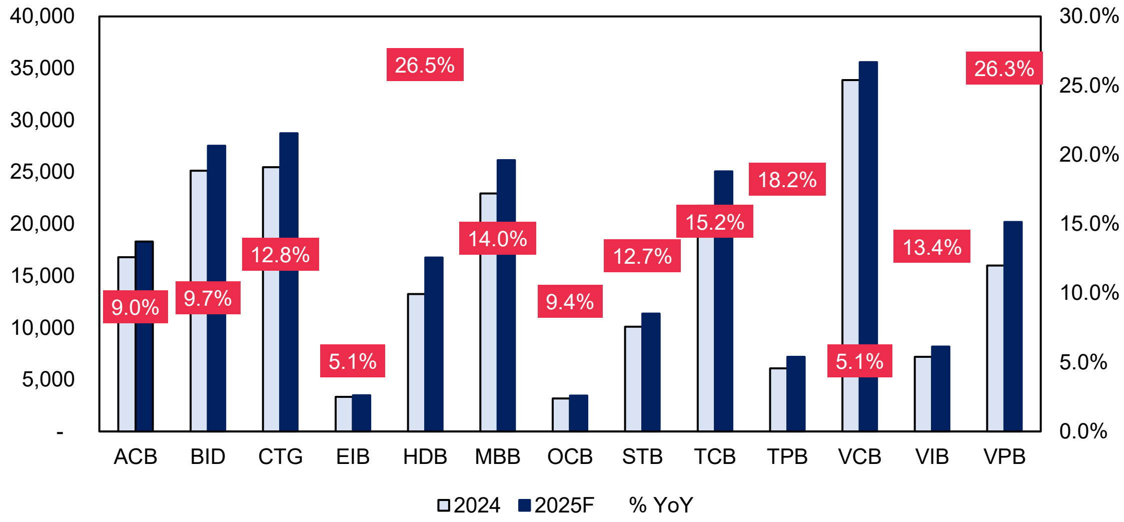
- Total operating income of banks under coverage is estimated to grow by 11.0% YoY, with net interest income and non-interest income increasing by 10.3% and 13.4% YoY, respectively, significantly lower than the previous forecast of 16.9% and 17.4% YoY, mainly due to persistently low NIM and slower-than-expected recovery in Non-II. As noted earlier, although we expect the NIM of listed banks to bottom out in 2Q25, it is unlikely to rebound beyond the level achieved in FY2024. Moreover, Non-II continues to face pressure from the slow recovery of bancassurance and payment fee demand, as the main competitive advantage remains linked to the low-interest-rate environment.
- The CIR is expected to remain stable YoY, resulting in forecasted net profit growth of 13.5% YoY for banks under coverage in 2025 (previous forecast: 17.7%).
- We maintain our view that private banks will continue to lead, with net profit growth of 25.9% YoY, significantly outpacing SOCBs, which are projected to grow by 8.8% YoY. SOCBs face higher pressure to reduce lending rates due to their role in maintaining macroeconomic stability, which makes them more cautious about expanding retail credit and limits their potential to improve NIM.

Net profit of banks under coverage in 1Q25



- *Source: Commercial banks, MBS Research*

FY25F net profit of banks under our coverage

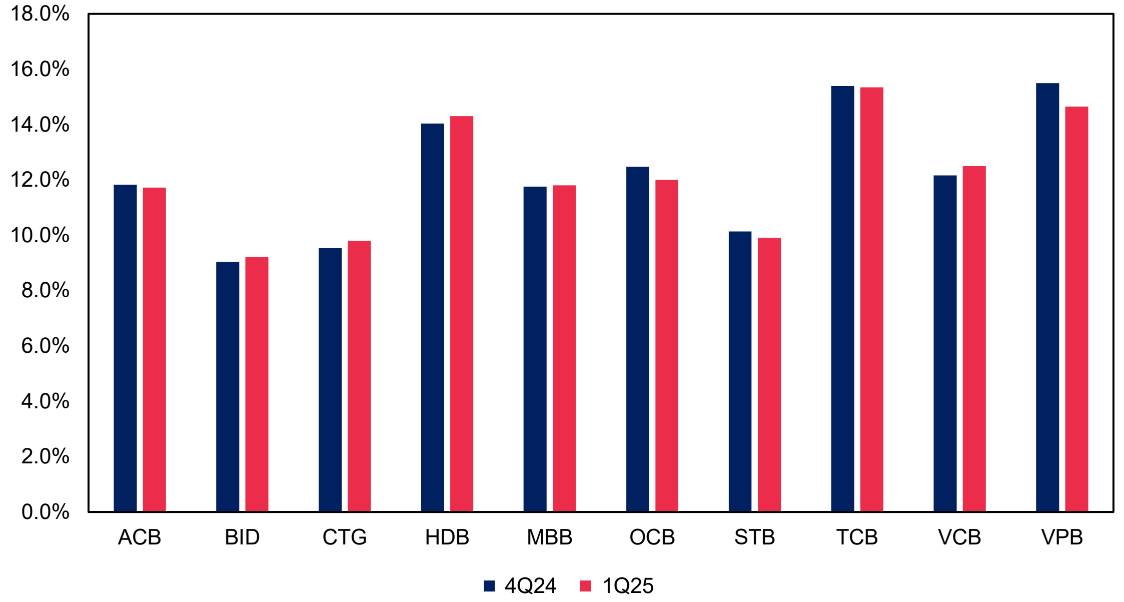


- *Source: Commercial banks, MBS Research*

Capital raising: Solid CAR level allows banks to expand operations to other segments

- As of end-March 2025, four banks saw a decline in CAR: VPB down 80 bps YTD, OCB down 50 bps, STB down 20 bps, and ACB down 10 bps. Despite the drops, all maintained CAR above 10%. In 1Q25, TCB overtook VPB to lead the sector in CAR, reversing VPB's top position at end-2024. BID raised its CAR to 9.2% (+20 bps YTD) after completing a 1.8% private share placement.
- Given the ongoing push to expand credit to support the whole economy and banks' financial ecosystem, we expect banks will continue to improve the CAR ratio in the upcoming period. After multiple delays, VCB plans to conduct a 6.5% private placement following its stock dividend issuance. BID is also continuing efforts to improve its CAR through an additional 3.84% private placement. Several banks are shifting toward financial conglomerate models: TCB expands into insurance, STB targets securities, ACB boosts ACBS, while MBB plans partial divestments in MCredit and MB Cambodia.

CAR ratio of banks as end-1Q25



- *Source: Commercial banks, MBS Research*

Capital raising plan of banks in 2025

Bank	Activities	% issue	Estimated value	Time
VCB	Private placement	6.5%	Depends on the market price at issuing time	2025
BID	Private placement/ Public issue	3.84%	Depends on the market price at issuing time	2025
MBB	Private placement	62 mn shares		

- *Source: Commercial banks, MBS Research*

FY25-26F key financial metrics of stock under our coverage

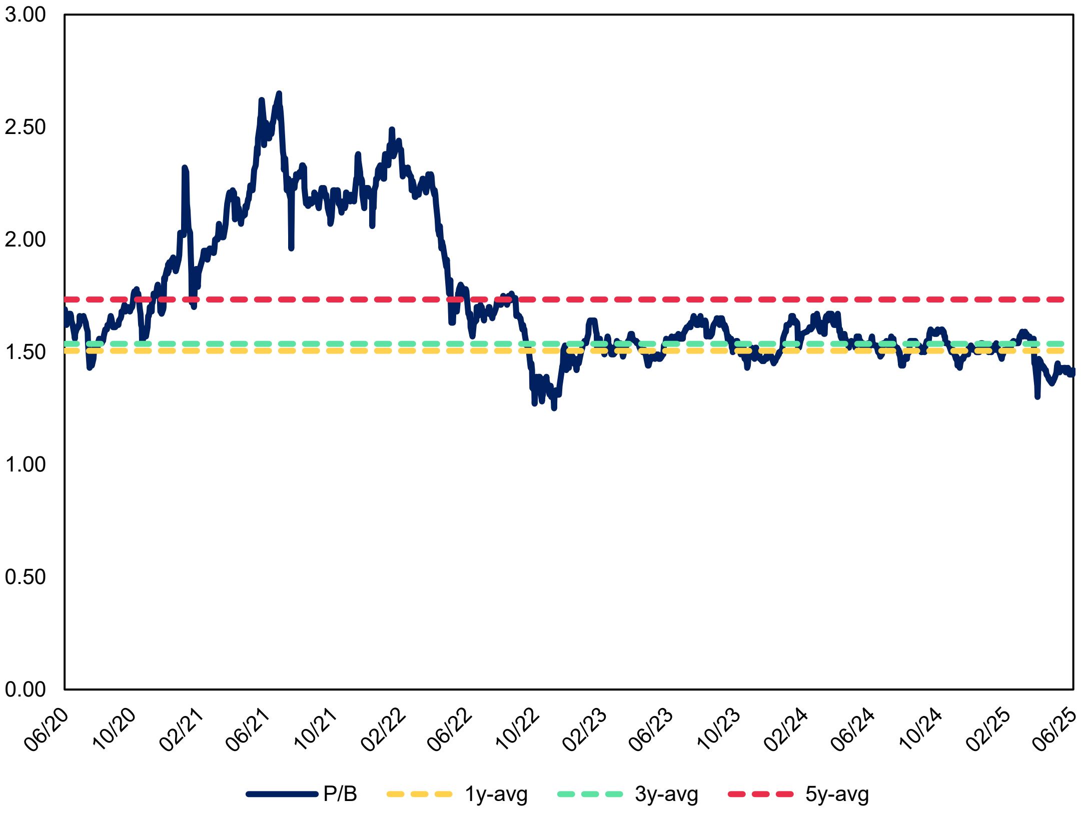
	VCB		BID		CTG		VPB		TCB		STB	
Financial metrics	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**
Total operating income	72,925	82,665	86,411	101,112	87,864	98,587	73,222	91,302	57,917	64,930	32,161	35,188
% YoY	*6.3%*	*13.4%*	*6.6%*	*17.0%*	*7.3%*	*12.2%*	*17.6%*	*24.7%*	*23.3%*	*12.4%*	*12.2%*	*9.4%*
Net interest income	59,309	68,118	60,893	72,395	65,394	75,283	57,408	71,459	40,011	49,988	26,999	29,128
Non-interest income	13,616	14,547	25,518	28,717	22,470	23,304	15,813	19,842	17,906	14,942	5,162	6,060
Provision expenses	3,978	5,855	21,780	25,731	27,358	29,915	31,032	36,398	5,524	6,637	2,103	2,921
% YoY	*20.0%*	*47.2%*	*3.2%*	*18.1%*	*-0.9%*	*9.3%*	*11.2%*	*17.3%*	*35.3%*	*20.2%*	*6.5%*	*38.9%*
Net profit	35,580	39,710	27,553	32,535	28,738	32,927	20,185	26,974	27,638	30,449	11,370	11,947
% YoY	*5.1%*	*11.6%*	*9.6%*	*18.1%*	*12.8%*	*14.6%*	*26.3%*	*33.6%*	*27.0%*	*10.2%*	*12.7%*	*5.1%*
Credit growth	16.0%	15.0%	15.9%	15.0%	15.2%	14.9%	24.1%	23.5%	19.6%	20.6%	13.6%	12.2%
Deposit growth	8.0%	10.0%	13.0%	10.0%	15.4%	16.0%	33.9%	20.9%	18.4%	22.3%	11.7%	11.5%
LDR	87.7%	90.9%	88.8%	84.8%	85.8%	85.3%	98.6%	95.3%	83.7%	83.1%	85.2%	87.2%
CASA	36.4%	35.7%	19.8%	19.7%	24.8%	24.8%	11.8%	10.9%	37.8%	37.9%	17.7%	17.3%
NIM	2.7%	2.7%	2.1%	2.2%	2.7%	2.7%	5.9%	6.1%	4.0%	4.2%	3.6%	3.6%
CIR	33.6%	32.9%	34.5%	34.0%	28.0%	28.0%	23.0%	23.0%	30.5%	31.0%	49.0%	49.0%
NPL	1.0%	0.9%	1.4%	1.4%	1.5%	1.4%	4.2%	3.8%	1.2%	1.2%	2.5%	2.2%
LLR	203.3%	198.2%	123.9%	113.0%	155.2%	152.6%	51.8%	54.3%	111.1%	110.1%	65.9%	80.1%
ROE	16.7%	16.1%	17.6%	17.6%	17.9%	17.6%	13.3%	15.5%	17.3%	16.0%	18.8%	16.7%
ROA	1.6%	1.7%	0.9%	1.0%	1.1%	1.1%	2.0%	2.2%	2.6%	2.3%	1.5%	1.4%
EPS	4,258	4,752	3,989	4,698	5,330	6,106	2,419	3,233	3,839	4,263	6,031	6,337
BVPS	27,386	31,750	24,699	28,705	32,005	37,217	20,305	23,539	24,749	29,012	34,861	40,836

FY25-26F key financial metrics of stock under our coverage

	ACB		TPB		HDB		VIB		EIB		OCB	
Financial metrics	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**
Total operating income	36,710	46,970	20,863	23,797	40,138	52,918	21,536	26,807	8,660	9,953	10,884	12,315
% YoY	*9.5%*	*27.9%*	*15.7%*	*14.1%*	*18.0%*	*31.8%*	*4.7%*	*24.5%*	*1.2%*	*14.9%*	*8.1%*	*13.2%*
Net interest income	29,777	38,346	14,722	16,807	36,022	47,462	16,924	21,180	5,818	6,670	9,462	10,617
Non-interest income	6,934	8,624	6,142	6,990	4,117	5,456	4,612	5,628	2,843	3,283	1,421	1,698
Provision expenses	1,695	2,070	5,002	5,704	6,186	8,520	4,005	4,980	803	982	2,472	2,416
% YoY	*5.5%*	*22.2%*	*20.3%*	*14.0%*	*16.2%*	*37.7%*	*-8.0%*	*24.3%*	*-17.2%*	*22.3%*	*9.4%*	*-2.3%*
Net profit	18,305	23,499	7,181	8,192	16,761	21,808	8,168	10,386	3,497	3,976	3,473	4,330
% YoY	*9.0%*	*28.4%*	*18.2%*	*14.1%*	*26.5%*	*30.1%*	*13.4%*	*27.2%*	*5.1%*	*13.7%*	*9.4%*	*24.7%*
Credit growth	20.4%	19.0%	20.0%	16.0%	32.1%	27.6%	22.0%	20.3%	20.9%	19.2%	14.4%	14.7%
Deposit growth	19.3%	21.2%	12.0%	14.0%	27.4%	22.9%	20.4%	22.6%	21.1%	19.0%	14.0%	20.8%
LDR	80.1%	80.6%	75.1%	76.6%	73.8%	73.1%	75.6%	76.1%	85.3%	85.5%	78.6%	76.6%
CASA	22.9%	23.8%	22.2%	22.1%	11.8%	10.8%	14.4%	14.1%	14.2%	13.4%	15.2%	15.1%
NIM	3.2%	3.5%	3.5%	3.6%	4.9%	5.1%	3.2%	3.4%	2.4%	2.4%	3.3%	3.2%
CIR	33.0%	33.0%	33.0%	33.0%	32.0%	32.0%	34.0%	33.0%	40.0%	40.0%	37.0%	36.0%
NPL	1.5%	1.4%	1.9%	1.8%	1.9%	1.9%	3.2%	3.3%	2.4%	2.3%	3.1%	2.8%
LLR	76.9%	79.6%	70.3%	83.4%	66.9%	71.7%	48.4%	46.6%	42.9%	41.2%	54.2%	65.4%
ROE	19.8%	21.2%	18.0%	17.7%	26.8%	26.8%	17.9%	19.0%	13.0%	12.7%	10.4%	11.6%
ROA	1.9%	2.1%	1.7%	1.7%	2.1%	2.1%	1.5%	1.6%	1.4%	1.4%	1.2%	1.3%
EPS	3,564	4,575	2,718	3,101	4,676	6,084	2,735	3,575	1,877	2,134	1,408	1,756
BVPS	19,348	23,893	15,948	19,049	20,268	26,355	16,659	20,064	15,374	17,539	14,239	15,977

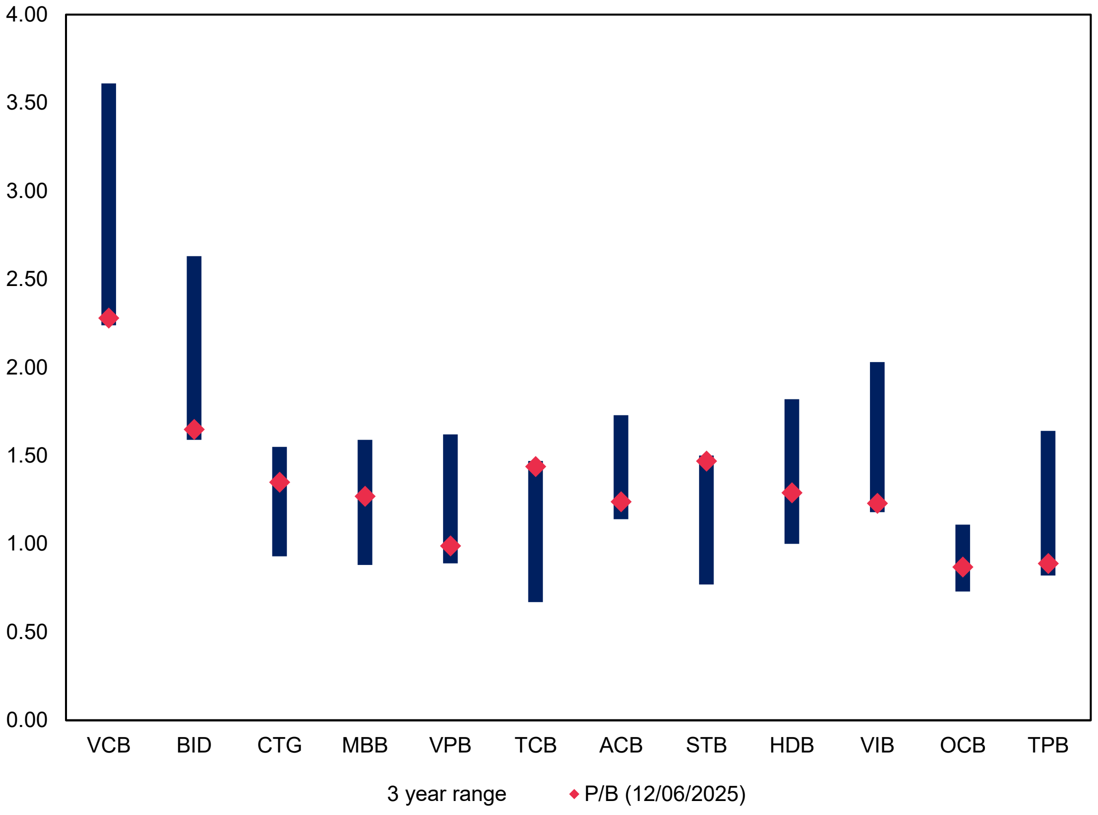
Investment strategy: Though the current P/B of the sector is below 3Y average, we downgrade our recommendation for the banking sector to HOLD due to slowing down earning growth forecast in short term

Banking sector's current P/B is falling below 3Y- average range and the peak in 2021



- *Source: Fiinpro, MBS Research*

Except VCB and BID, most coverage banks are trading below sector P/B



- *Source: Fiinpro, MBS Research*

Investment strategy: Our stock picks are CTG, VCB and VPB

We prefer banks that are positioned to benefit more than the sector average from the following drivers:

- **Acceleration of public investment disbursement,** including key national infrastructure projects such as the North–South Expressway, Long Thành International Airport, and Ring Roads 3 and 4, is expected to boost credit demand. Public investment disbursement in 2025 is projected to increase by 24% YoY, supported by the revised Law on Public Investment and the Law on PPP. As such, we expect SOCBs to be the main beneficiaries of this driver in 2H2025.
- **Real estate lending** is supported by: (i) the easing of legal bottlenecks, driven by the rollout of three regulatory frameworks starting August 2024 and Resolution 68/2025, which are expected to improve property supply in both northern and southern markets; (ii) persistently low mortgage rates as banks engage in intense competition within the housing loan segment. We believe large-scale private banks with strong positioning in mortgage lending will benefit from this trend.

Ticker	Rating	Target price	Investment thesis
CTG	ADD	54,800	We confidently expect that credit growth will reach over 15% in 2025, thanks to positive performance in 1Q25 and accelerating government spending in 2H2025. NIM declines to 2.7%, -27 bps YoY that mainly decelerates NII to grow only 4.7% YoY. NFI's growth improves to 14.5% compared to a decrease of 5.9% last year that is the main driver of Non-II in 2025 besides an income valued around 9 VND tn from bad debt collection. Provision expense stayed flat YoY due to massive provisioning amount during the last 2 years providing superior buffer to prevent NPL surging in short-term. Besides, although NPL ratio surprisedly rose in 1Q25 by 21 bps YTD, group 2 debt remained at 1.3% that support to our forecast those ratios by the end of 2025 reaching 1.4% and 1.1%. LLR is also forecasted to reach 155.2% (end of 2024: 170.7%). Overall, net profit is estimated to reach 28,734 VND bn (+12.8% YoY). We maintain the target P/B at 1.6x thanks to better-than-sector asset quality regardless of giant scale and high potential of profit growing resulted by abundant provision buffer.
VCB	ADD	72,500	We forecast VCB's net profit to grow by 5.3%/11.6% YoY in 2025/2026, driven by strong credit growth of 16%/15% YoY. In addition, non-interest income is expected to recover positively, while NIM is projected to decline only slightly. The key drivers supporting credit growth in 2025 include: (1) faster disbursement of public investment, (2) low lending rates combined with an ambitious GDP growth target, supporting the trade and manufacturing sectors, and (3) a continued recovery in the real estate market. However, VCB's NIM is expected to decline slightly to 2.7% in 2025 (down 15 bps YoY) due to persistent pressure from a low interest rate environment. We estimate that VCB's provisioning expenses will rise by 20% YoY, mainly because of the absence of large reversal gains recorded over the past two years. The NPL ratio may edge up slightly to 0.99% (+3 bps YoY), amid lingering risks related to US trade policy. VCB aims to maintain its LLR ratio above 200%. We assign a target P/B valuation of 2.4x for VCB, which is 19% below its 3-year average, reflecting a moderate profit outlook for 2025.

Investment strategy: Our stock picks are CTG, VCB and VPB

Ticker	Rating	Target price	Investment thesis
VPB	ADD	26,200	Credit growth is positively expected to reach around 25% in which retail lending seems to outpace corp. banking in 2H2025. NIM is forecasted to stay the same level as in 2024 due to better-than-expect result in 1Q25 and low base last year. NFI in 12025 dropped by 24.8% YoY and 24.3% QoQ due to lower payment fee income while banca revenue unchanged. We anticipate that fee income will improve along with retail lending rising that more likely results NFI to grow by 20% YoY in 2025. Provision expenses increases by 11.2% YoY, the same pace as in 2024 with estimated credit cost at 3.7% (-25 bps YoY). Clearly improved asset quality combined with constant high provisioning in the recent quarters suggest to our slowdown provisioning in 2025. CIR stayed at around 23.0%, much better-than-sector resulting net profit to grow by 26.3% YoY in 2025. P/B target is remained at 1.2x which is higher than current level of 1.0x. Though provisioning burden is still heavy compared to peers, we see a stronger and firmer recovery of business results recently along with more solid asset quality. That is the main cause to upgrade P/B target.
VIB	ADD	22,400	Although we expect that VIB can achieve credit growth target of 22% in 2025, NIM's sharp decline by 65 bps to 3.2% mainly drives NII to grow only 4.7% YoY. Dramatical drop by 93 bps of NIM in 1Q25 signalized headwinds for NIM surging in the next quarters since lending rates must be maintained low to keep attracting borrowers. Non-II is anticipated to be mainly driven by a stronger recovery of NFI and bad debt written off income mounted around 1 VNDtn. Provision expenses in FY2025 is estimated to reach 4,005 VND bn, -8.0% YoY due to high base last year. Accelerated provisioning in the last 2 years lead asset quality to be manageable proven by gradual downtrend of group 2 debt ratio and unincreased NPL ratio. Hence, we expect that VIB tend to slow down provisioning for several quarters to watch movement of NPL. NPL and group 2 debt ratios are forecasted to be around 3.5% and 3.0% by the end of 2025. As a results, net profit is expected to reach 10,208 VND bn in FY2025, +13.4% YoY and fulfill 91% the full-year's plan. ROE is hardly to rebound to over 20% before 2026 as our estimate. Therefore, the target P/B is remained at 1.2x, equivalent to the sector average (excluding SOCBs) due to slow recovery of business results and asset quality showed.
HDB	ADD	32,400	Thanks to taking over "0 dong" bank, HDB is entitled to get higher credit quota compared to peers beside VCB, MBB and VPB. Hence, we expect that HDB can reach the ambitious plan of 32% credit growth in 2025. NIM is expected to decrease sharply by 58 bps to 4.9% in 2025. That leads NII to grow by 16.7% YoY, significantly slow down compared to impressive increase of 39.1% YoY in 2024. NFI's optimistic growth by 46.9% YoY mainly base on an expected stronger recovery of NFI after a dramatical drop by 35.3% YoY in 2024. NPL and group 2 debt ratio was 2.4% and 5.4%, +44 and +66 bps YTD. Asset quality continuously showed deteriorated since 2024 verified by rise of those ratios back to peak level. Therefore, we estimate provision expense to continue to grow by 16.2% YoY leading net profit to grow by 26.5% YoY. NPL and LLR is expected to reach 1.9% and 66.9% by the end of 2025. P/B target is set at superior level of 1.4x thanks to outperformed ROE compared to peers and the whole sector.

Investment strategy: Our stock picks are CTG, VCB and VPB

Ticker	Rating	Target price	Investment thesis
TPB	ADD	18,200	We forecast TPB's net profit to grow by 18.3% YoY in 2025 and 14.1% YoY in 2026. Credit growth is projected to reach 19% YoY in 2025, supported by (1) TPB's strategic focus on mass affluent customers, Gen Y–Gen Z segments, and household businesses – groups with rapidly rising income levels; and (2) a gradual recovery in the real estate market, underpinned by legal reforms and a low interest rate environment. Although NIM is expected to decline slightly compared to the previous year, strong credit expansion will likely drive net interest income to grow by 14.1% YoY. Non-interest income is also forecast to rise significantly, by 19.7% YoY, supported by TPB's competitive advantages in digital banking platforms. Given the expected rise in NPLs, we anticipate that TPB will increase its provisioning efforts to strengthen its risk buffers. Provision expenses are projected to reach VND 5,002 bn in 2025, up 20.3% YoY. The NPL ratio is expected to increase by 37 bps YoY to 1.89% by end-2025, following a deterioration in asset quality during 1Q25, where NPL and loan group 2 ratios rose by 75 bps and 44 bps YTD, respectively. We assign a target P/B valuation of 1.0x, reflecting TPB's above-sector-average earnings outlook.
ACB	ADD	26,750	Despite of low credit growth in 1Q25, we project ACB to possibly achieve the result of 20% by the end of 2025. Credit is usually accelerated in 2Q and 3Q of the year thanks to peak demand seasons. But NIM is forecasted to decline by 34 bps down to 3.2% in 2025. Relatively negative NIM's change in 1Q25 is expectedly temporary and will be soon recovered in the next 2 quarters along with recapture credit demand. Non-II is projected mainly driven by a stronger income of bad debt collection meanwhile NFI stays the same growth pace as in 2024. Since asset quality has indicated no signs of improvement since 2024, we conservatively project provision expense to reach the same amount as in 2024 resulting credit cost maintained at 0.22%. Overall, net profit is set to reach 18,304 VND bn, equivalent to 100% of 2025's plan. We keep our target P/B at 1.3x thanks to remaining superior ROE over 20% which implies that current P/B at 1.1x is very attractive for long-term.
TCB	HOLD	32,900	Credit growth is expected to reach approximately 20% in 2025. Although it only increased by 4.1% YTD in 1Q25, the recovery in mortgage demand—supported by a low interest rate environment—is likely to help the bank achieve its full-year target. NIM entered a downward trend starting from 2Q2024 and continued to decline in 1Q2025, in line with the sector-wide trend. As a result, NIM is projected to reach 4.0% in 2025, down 25 bps YoY. NFI is anticipated to slightly improve by 3.4% YoY compared to a decline of 7.7% in 2024. Though TCB has established a subsidiary taking over banca business, it takes time to deliver stable revenue. So we believe that the main driver of NFI in 2025 still comes from IB services and improved payment fees. Given that asset quality has not yet shown a clear improvement trend, credit cost is projected to remain at 0.6%, resulting in a 35.3% YoY increase in provisioning expenses. Assuming the successful IPO of TCBS at a 10% stake post-deal and a P/B valuation of 2.5x, TCB's net profit is forecast to reach VND 27,637 bn in 2025, up 27.0% YoY, fulfilling 110% of the full-year target. We maintain our target P/B of 1.3x and a Neutral recommendation, as the current price already reflects most of the positive catalysts and business outlook.

Investment strategy: Our stock picks are CTG, VCB and VPB

Ticker	Rating	Target price	Investment thesis
BID	ADD	44,600	We forecast BID's credit growth to reach 16% in 2025, supported by a low interest rate environment and accelerated public investment. However, NIM in 2025 is expected to come under pressure as the bank continues to lower lending rates to support economic recovery. As a result, NIM is projected to decline by 24 bps YoY to 2.09%. Accordingly, net interest income is estimated to grow by 5%, reaching VND 60,893 bn. Meanwhile, non-interest income is forecast to increase by 11% YoY in 2025, lower than the 37% YoY growth recorded in 2024. Provisioning expenses are estimated to rise by 3.2% YoY to VND 21,780 bn. As a result, net profit in 2025 is projected to reach VND 27,553 bn, up 9.6% YoY. In terms of asset quality, BID's NPL ratio increased in 1Q25 but is expected to remain below 1.4% for the full year, supported by an aggressive write-off plan targeting approximately VND 12,000 bn in bad debts to be resolved in 2025. We assign a target P/B valuation of 1.7x, representing a 19% discount to the 3-year average, reflecting a slower profit growth outlook compared to previous years.
STB	HOLD	46,200	Credit growth is estimated to reach 13.6% in 2025. Thanks to better-than-expected NIM's change in 1Q25, we anticipate NIM of STB to stay at 3.6% in FY2025. Therefore, NII is expected to grow by 10.1% YoY on high base last year. Non-II will grow by 24.5% mainly driven by NFI's growth of 20.1% YoY. Thanks to notable progress of restructuring process including the successful auction and settlement of loans related to Phong Phu IP and completing provisioning related to remained VAMC bonds amount, provision burden is expected significantly lighter. So we estimate provision expense to stay flat YoY resulting net profit to reach 11,370 VND bn, +12.7% YoY and accomplish 97.6% of the full-year's plan. Although asset quality showed deteriorated since 2023 by gradual rise of NPL ratio, business results enter into new phase of expansion might provide larger buffer for dealing with bad debt. Hence, we raise the P/B target for STB to 1.3x, equivalent to peers such as MBB and TCB.
EIB	REDUCE	20,100	Thanks to very positive growth in 1Q25 reaching 9.2% YTD, credit is expected to feasibly grow by 20.9% in 2025. However, NIM is anticipated to reduce significantly by 45 bps YoY to 2.4% following the overall trend of the sector. That leads NII in FY2025 to decelerate 1.8% YoY (1Q25: NII reduced 0.3% YoY). Non-II is set to grow by 7.9% mainly driven by NFI growing 15.9% YoY. NFI grew by 110.1% YoY in 2024 due to abnormal income from banca valued over 754 VND bn which is expected no longer exist in 2025. NPL and group 2 debt ratios by the end of 1Q25 were 2.6% and 0.9% (+6 and -15 bps YTD, -27 and -34 bps YoY). Therefore, we expect provision expense to reduce by 17.2% resulted by credit cost reducing to 0.4% (2024: 0.5%). An ambitious plan in FY2025 with PBT to reach 5,580 VND bn might motivate EIB to slow down provision in case asset quality has no sign of being worse. As a results, net profit is projected to reach 4,393 VND bn, fulfilling 78.7% the full-year's plan. Thanks to business results in recent quarters indicating recovery trend, P/B target is revised up to 1.3x. However, it is still much lower than the current level of 1.6x caused by over-optimistic mentality. We find no reason to evaluate EIB higher than peers with more robust earnings growth and better asset quality.

MBS

Investment strategy: Our stock picks are CTG, VCB and VPB

Banks	Market cap VNDbn	Target price (VND/share)	Upside	Recommend	Target P/B	P/E 2025F	P/E 2026F	P/B 2025F	P/B 2026F	Net profit growth 2025F	Net profit growth 2026F	ROE 2025F	ROE 2026F	ROA 2025F	ROA 2026F
VCB	**487,971**	**72,500**	**23.7%**	**ADD**	**2.5x**	**13.7x**	**12.3x**	**2.1x**	**1.8x**	**5.1%**	**11.6%**	**16.7%**	**16.1%**	**1.6%**	**1.6%**
CTG	**229,299**	**54,800**	**31.9%**	**ADD**	**1.5x**	**8.0x**	**7.0x**	**1.3x**	**1.1x**	**12.8%**	**14.6%**	**17.9%**	**15.1%**	**1.1%**	**1.0%**
VPB	**148,761**	**26,200**	**38.6%**	**ADD**	**1.2x**	**7.7x**	**5.8x**	**0.9x**	**0.8x**	**26.3%**	**33.6%**	**13.3%**	**15.5%**	**2.0%**	**2.2%**
ACB	112,236	26,750	27.7%	ADD	1.3x	6.1x	4.8x	1.1x	0.9x	9.0%	28.4%	19.8%	21.2%	1.9%	2.1%
BID	256,631	44,600	19.9%	ADD	1.7x	9.2x	7.8x	1.5x	1.3x	9.7%	18.1%	17.6%	17.6%	0.9%	1.0%
EIB	43,588	20,100	-15.2%	REDUCE	1.2x	12.5x	11.2x	1.5x	1.3x	5.1%	13.7%	13.0%	12.7%	1.4%	1.4%
HDB	78,814	32,400	48.7%	ADD	1.4x	4.8x	3.8x	1.1x	0.9x	26.5%	30.1%	26.8%	26.0%	2.1%	2.1%
LPB	97,834	N/A	N/A	N/A	N/A	8.4x	7.1x	1.8x	1.5x	19.9%	17.8%	23.9%	22.6%	2.1%	2.2%
MBB	161,100	N/A	N/A	N/A	N/A	6.2x	4.7x	1.2x	0.9x	14.0%	31.5%	20.1%	21.5%	2.0%	2.2%
OCB	29,836	N/A	N/A	N/A	N/A	8.6x	6.9x	0.8x	0.8x	9.4%	24.7%	10.4%	11.6%	1.2%	1.3%
STB	88,699	46,200	-3.3%	HOLD	1.3x	8.2x	7.4x	1.4x	1.2x	12.7%	5.1%	18.8%	16.7%	1.5%	1.4%
TCB	246,917	32,900	-5.9%	HOLD	1.3x	10.4x	8.2x	1.4x	1.2x	27.0%	10.2%	15.9%	16.4%	2.3%	2.3%
TPB	36,327	18,200	28.6%	ADD	1.0x	5.1x	4.4x	0.9x	0.9x	18.2%	14.1%	18.0%	17.7%	1.6%	1.7%
VIB	51,837	22,400	21.7%	ADD	1.3x	6.4x	4.9x	1.0x	0.9x	13.4%	27.2%	18.2%	19.5%	1.5%	1.6%
Avg (excluding SOCBs)						7.7x	6.3x	1.2x	1.0x	25.9%	24.9%	18.0%	18.3%	1.8%	1.9%
Avg.						**8.2x**	**7.0x**	**1.3x**	**1.1x**	**13.5%**	**21.0%**	**17.9%**	**17.9%**	**1.7%**	**1.7%**

- *Source: MBS Research*

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MBS INVESTMENT RECOMMENDATION

Stock rating

Our investment recommendations are based on the expected profitability of the stock, calculated as the sum of (i) the percentage difference between target price and market price at the time of publication, and (ii) expected dividend yield. Unless otherwise stated in the report, investment recommendations have an investment horizon of 12 months.

ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of 15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

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