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Favorable factors already priced in

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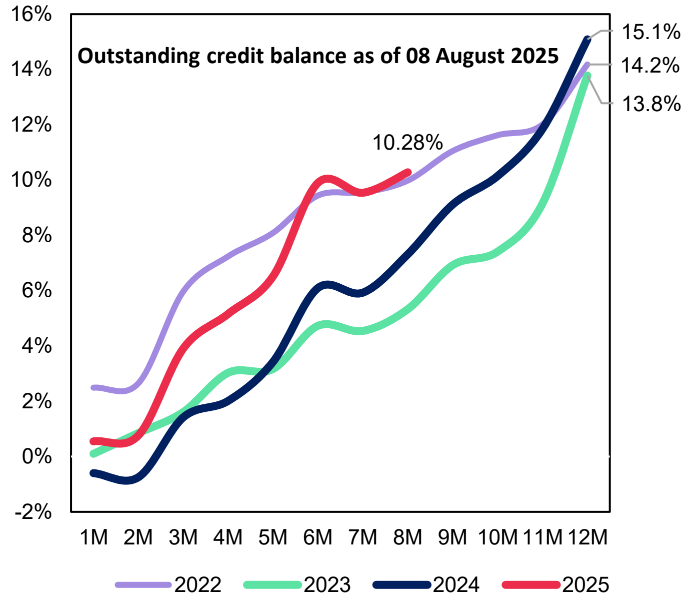
Credit growth: Accelerating from 1H25, we estimate credit growth will reach around 17–18% by the end of 2025

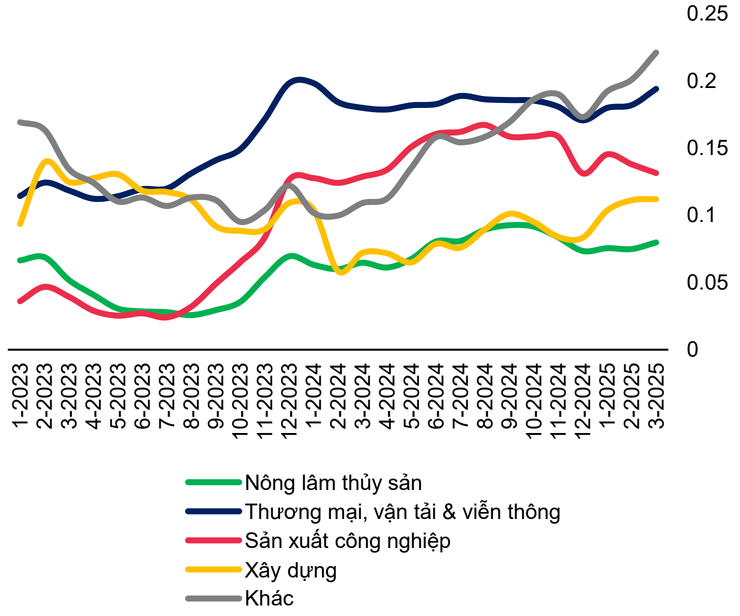
- As of 08 August 2025, system-wide credit growth reached **10.28%** YTD, far exceeding the 5.84% YTD level in the same period last year. Similar to 1H25, credit was still mainly driven by corporate clients thanks to low lending rates, while retail lending had not fully recovered and was largely supported by mortgage lending in line with the rebound of apartment supply.
- The outstanding credit balance of listed banks recorded growth of 10.1% YTD and 20.3% YoY as of end-2Q25. Within this, private banks achieved credit growth of 11.9% YTD, faster than the 7.8% YTD growth of state-owned commercial banks (SOCBs). Commercial banks were more aggressive in cutting lending rates to stimulate credit expansion in support of the 8% GDP growth target for 2025, thereby accelerating credit disbursement. Meanwhile, SOCBs, with lower lending rates supported by their low funding cost advantage, also created significant competitive pressure on private banks.

The credit market boomed in 8M25, supporting the 8% GDP growth target



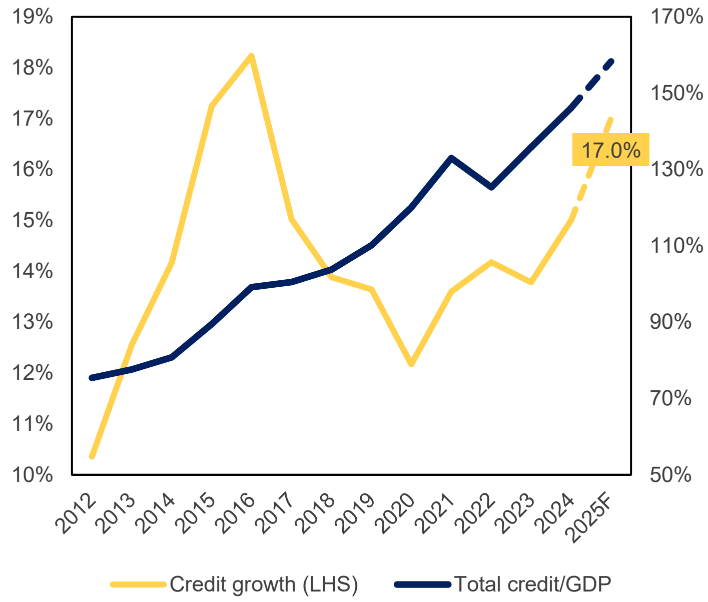
- *Source: SBV, FiinProX, MBS Research*

Credit was primarily concentrated in construction and trade, while manufacturing still recorded slow growth (YoY)



- *Source: SBV, FiinProX, MBS Research*

We estimate credit growth will reach around 17–18% by the end of 2025



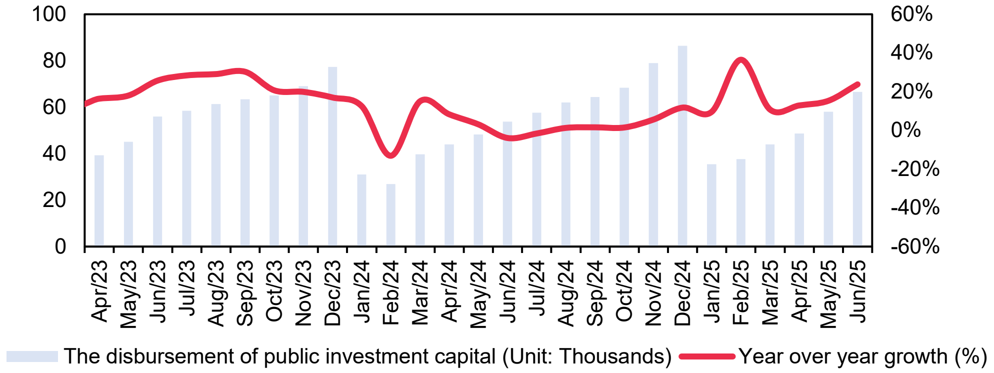
- *Source: SBV, FiinProX, MBS Research*

Credit growth: Accelerating from 1H25, we estimate growth will reach around 17–18% by the end of 2025

Lending activities in 2H2025 are likely to be driven by several key factors as follows:

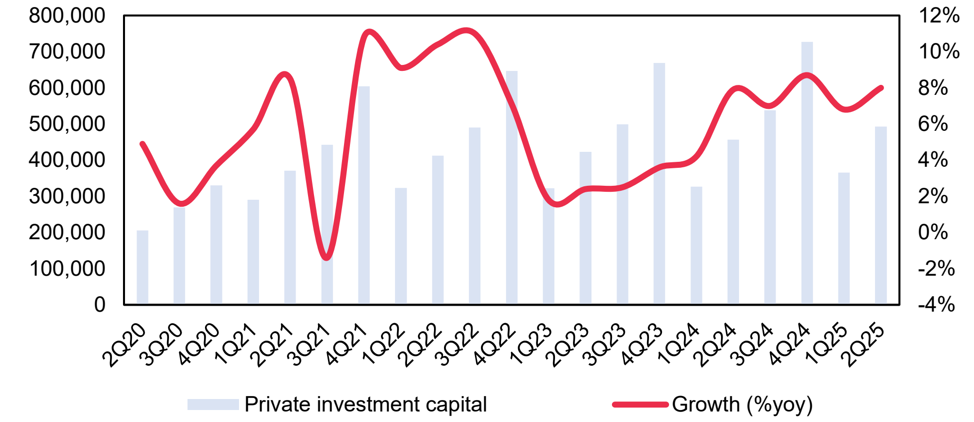
- **Accelerating public investment disbursement** as actual 6M25 figures remained below the plan. As of end-Jun 2025, public investment disbursement reached VND 268,000 bn, up 42.3% (YoY) but fulfilling only 29.6% of the full-year target. Therefore, we expect the disbursement progress will accelerate in the remainder of 2025, thereby becoming a key factor in achieving the 8% GDP growth target.
- **Resolution 68** enhances the role and position of the private sector. Accordingly, the private sector's contribution to GDP is expected to reach 55–58%, and the number of enterprises to reach 2 million by the end of 2030. Key supporting policies include: (i) Exemption of license fees and corporate income tax for SMEs during the first three years of operation; (ii) Encouraging credit extension based on cash flows instead of collateral; (iii) At least a 30% reduction in land rent for the first five years for high-tech enterprises, SMEs, and innovative startups.
- **Moving toward removing the "credit room":** in our view, this will help (i) banks with solid foundations in CAR, low funding costs, and low LDR enhance their competitiveness. Borrowers with good credit histories will not be restricted from borrowing due to a "credit room" limit, while weaker banks will be forced to improve their fundamentals to attract customers. This will, in turn, strengthen competitiveness and asset quality across the sector; (ii) accordingly, the practice of pushing credit disbursement at the end of quarters or year-end will no longer occur, and credit will flow to where it is truly needed.
- For the real estate sector, we assess that **Resolution 68** has effectively addressed long-standing legal and administrative bottlenecks. The key measures include: (i) shifting from pre-check to post-check; (ii) encouraging lending based on cash flows 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)



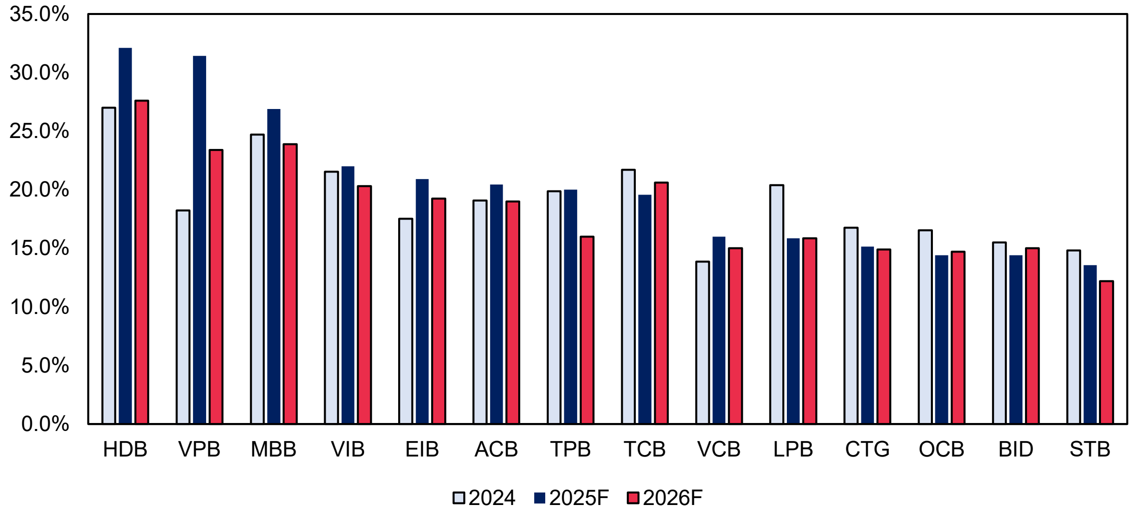
- *Source: GSO, MBS Research*

Credit growth: Accelerating from 1H25, we estimate growth will reach around 17–18% by the end of 2025

We expect most banks to achieve their credit growth targets in 2025, despite facing pressure from declining NIM. Banks with the following characteristics are likely to record stronger credit growth in 2H25:

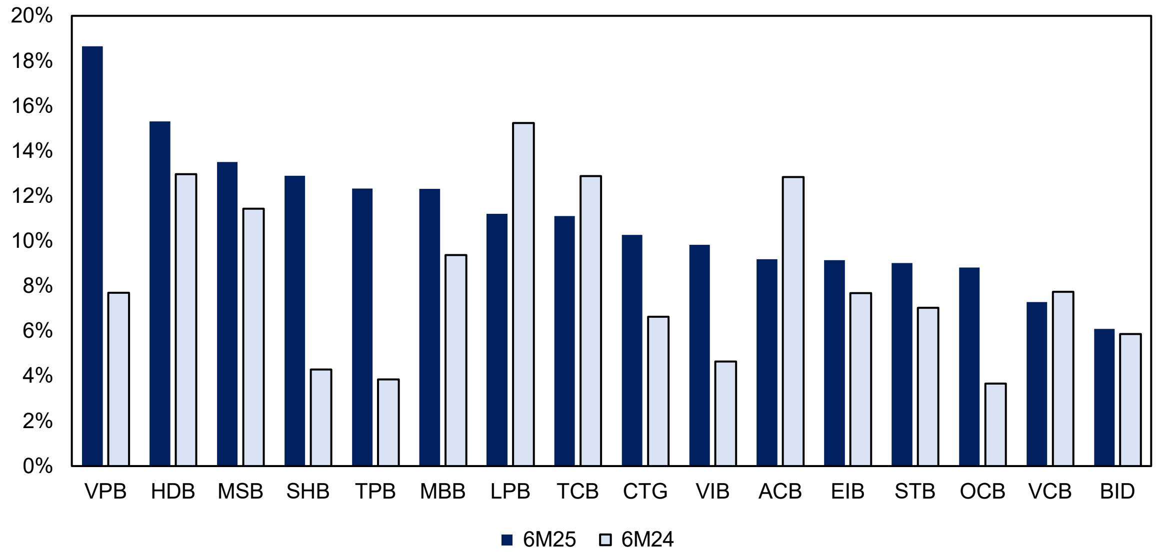
- The loan portfolio was largely concentrated in public investment projects and lending to small and medium-sized enterprises (SMEs), which are the sectors benefiting from active supporting policies.
- Maintaining NIM and asset quality at stable levels compared to the industry average in 2024 and 1Q25, thereby creating room to further lower lending rates in order to preserve competitiveness in the credit market.
- Strong deposit growth in 2Q25 enhanced the capacity to expand credit while still ensuring safe liquidity ratios.

2025F-26F forecast credit growth of banks under our coverage



- *Source: Commercial banks, MBS Research*

Credit growth of listed banks as of end-2Q25 (% YTD)



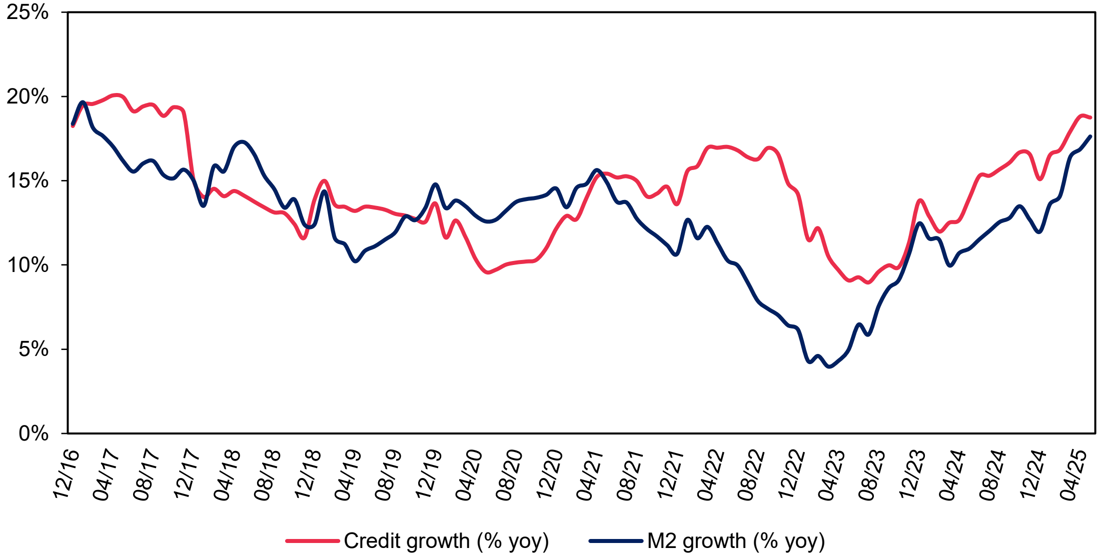
- *Source: Commercial banks, MBS Research*

Deposit growth: Accelerating in 2H25, we expect system-wide deposit growth to reach around 16% YTD in 2025.

- As of 08 August 2025, system-wide deposit growth reached 7.46% YTD, significantly higher than 2.24% YTD in the same period last year. Deposit growth continued to lag behind credit growth as deposit rates remained low in order to maintain low lending rates to support the economy.

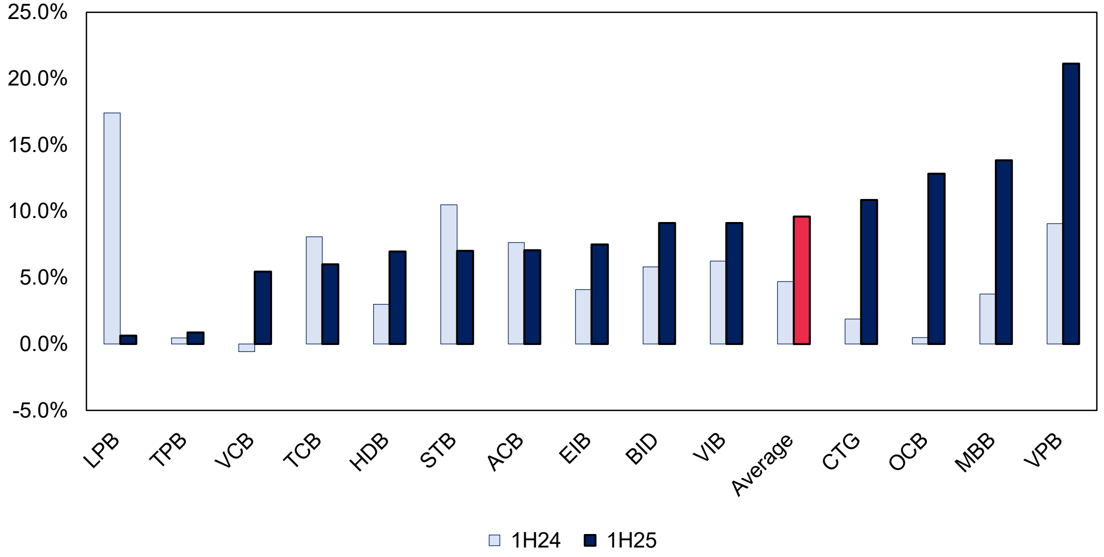
- We forecast deposit growth of the banks under our coverage to reach 15.6% YoY in 2025F, slightly lower than credit growth as the low-interest rate environment is maintained. Banks with higher LDR (loan-to-deposit ratio) and higher credit growth targets than the industry average, such as VPB, HDB, VIB, and MSB, are expected to accelerate deposit mobilization more strongly than other banks.

M2 money supply and system-wide credit growth (% YoY)



- *Source: SBV, MBS Research*

Deposit growth of listed banks as of end-2Q25 (% YTD)

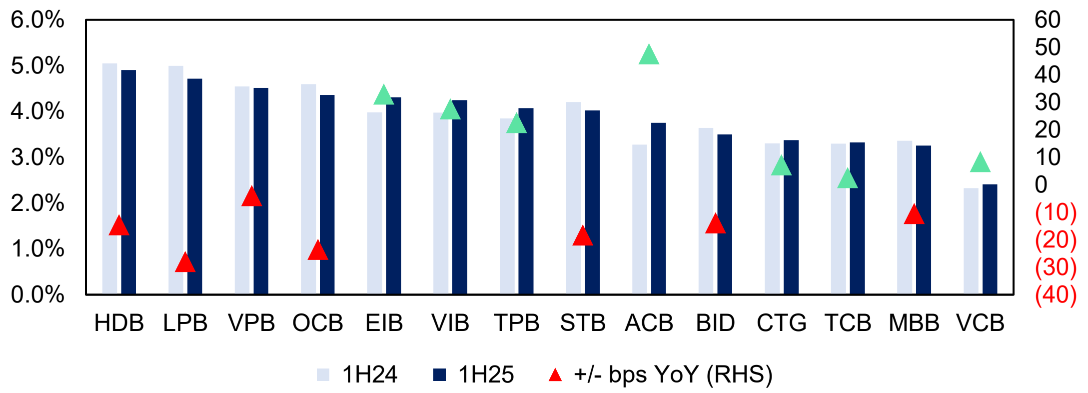


- *Source: Commercial banks, MBS Research*

Funding costs in 6M25: Slightly declined as deposit rates had fallen by 10–20 bps YTD

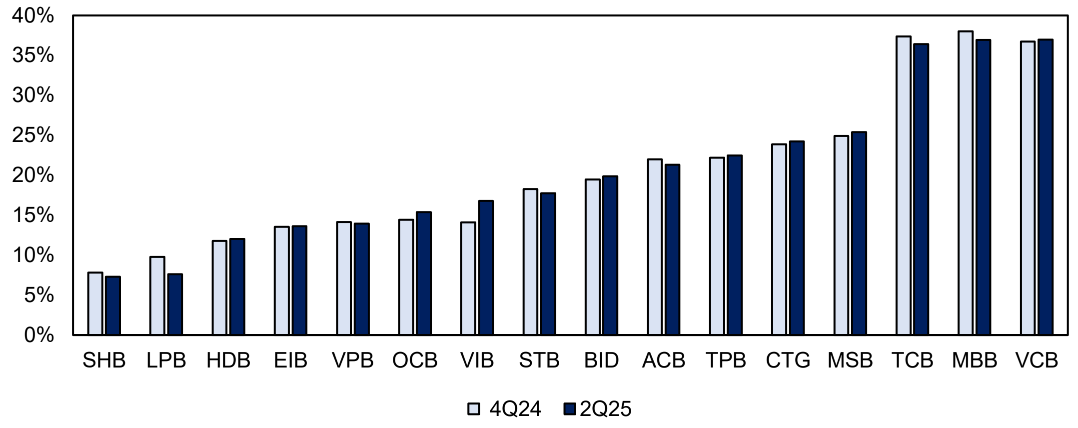
- As of mid-August 2025, the average 12-month deposit rate of large banks stood at 4.8%, while that at medium- and small-sized banks was 5.1%, down 10 bps YTD. Deposit rates have shown a declining trend following the Prime Minister's directive from mid-April, and we believe this trend will continue toward the end of 2025 in order to accelerate credit growth to the economy and support the achievement of this year's GDP growth target, while banks also strive to protect their NIM. Accordingly, we forecast the average 12-month deposit rate of private banks to hover around 4.7% by the end of 2025.
- Banks with high CASA ratios – particularly those that recorded strong deposit growth in 2024 – face less pressure to raise deposit rates to attract additional funding. Conversely, banks with low CASA ratios and weak deposit growth in 2024 and 1H25 may increase deposit rates to ensure liquidity and support credit expansion. This is especially true for banks with ambitious credit growth targets in 2025F, such as HDB, VPB, and VIB.
- Recently, many banks have launched CASA-attracting programs, such as VIB's "Siêu lợi suất," VPB's "eKash," and TCB's "Auto Earnings." Notably, TCB's Auto Earnings 2.0 has attracted deposits equivalent to 12% of the bank's total CASA, while VPB's eKash product has captured more than one-third of personal deposits. We expect banks will continue to innovate CASA-attracting solutions and deliver positive results going forward.

Funding costs of listed banks in 2Q25 slightly increased QoQ



- *Source: Commercial banks, MBS Research*

CASA ratios of banks under our coverage as of end-2Q25



- *Source: Commercial banks, MBS Research*

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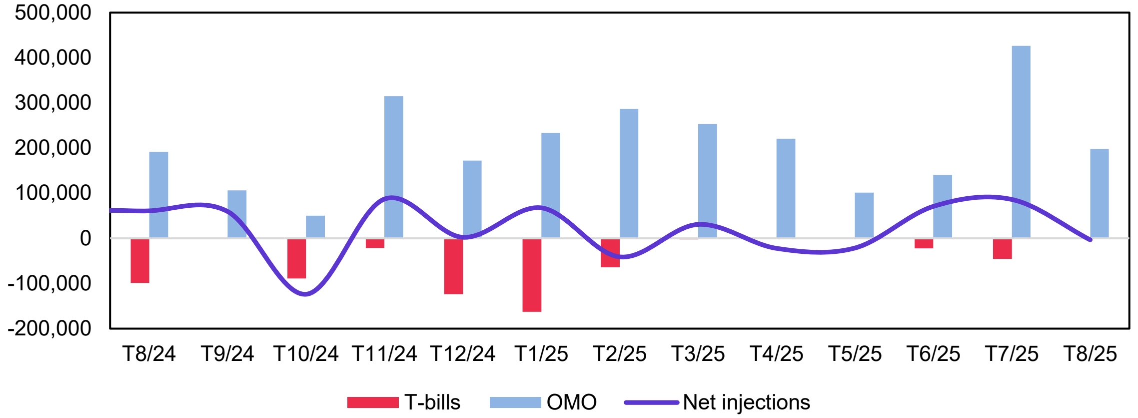
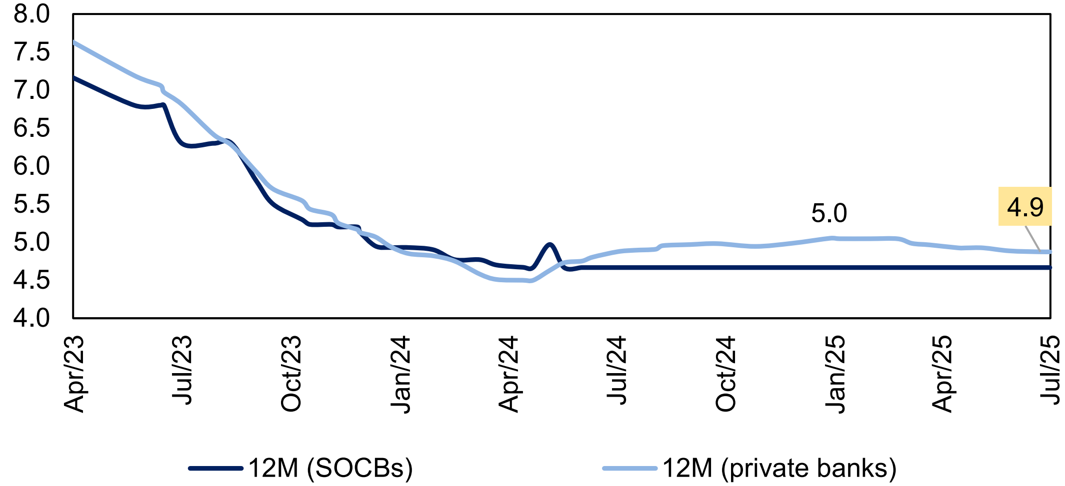
Funding costs: We believe funding costs will decline more sharply in 2H25 as deposit rates are estimated to fall by an additional 20 bps

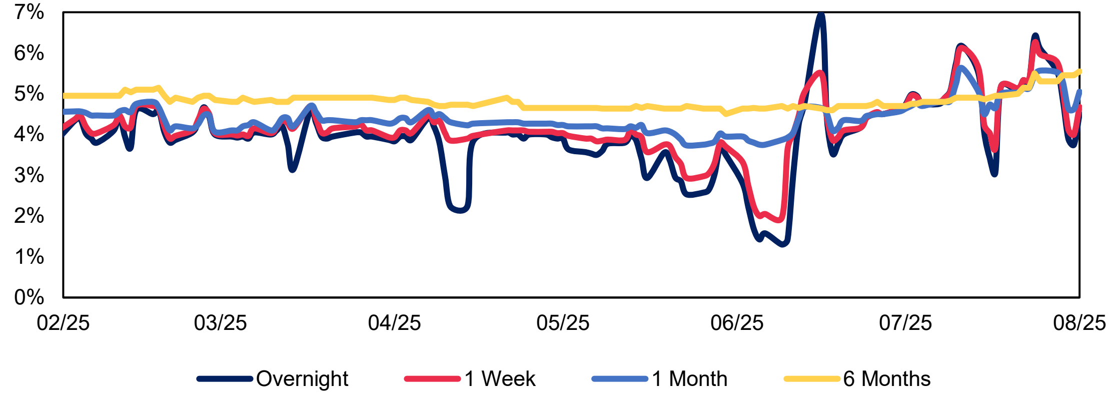
The SBV flexibly conducted net injections and withdrawals to ensure system liquidity as well as regulate the exchange rate



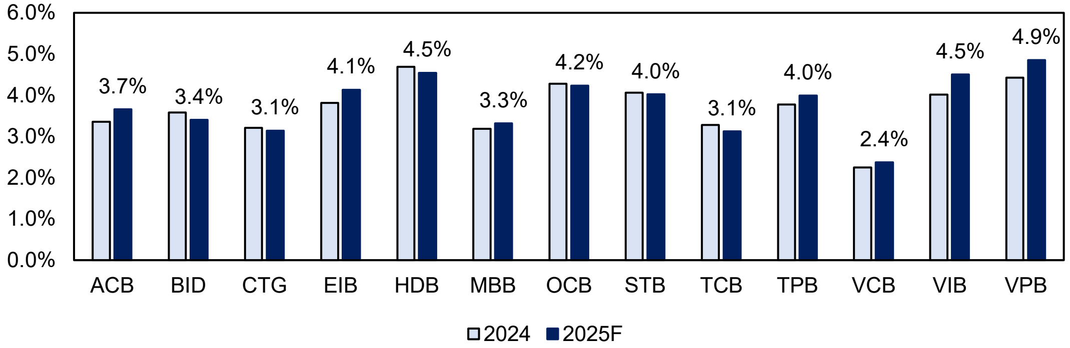
We forecast the average 12-month deposit rate of private banks could ▼ 20 bps to 4.7%



Although credit grew strongly from April 2025, ample system liquidity pushed the interbank rate down to 1.7%, the lowest in one year before rebounding in early July



FY25F funding costs of banks under our coverage

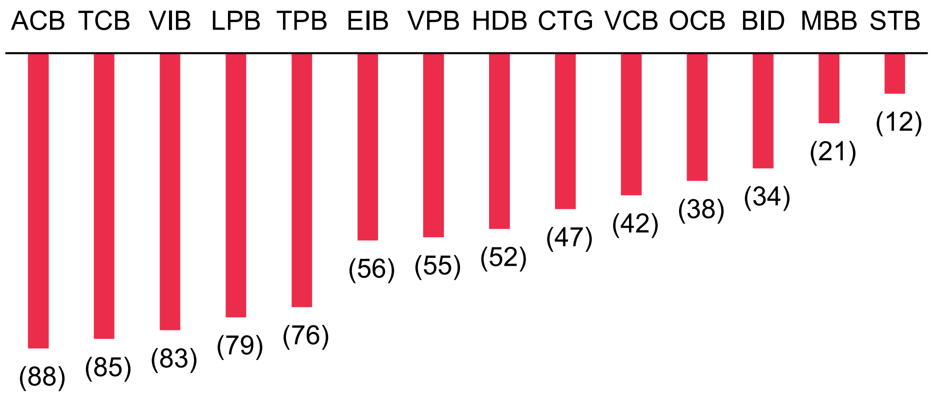


- *Source: SBV, FiinProX, MBS Research*
- *Source: Commercial banks, MBS Research*

NIM: Forecast to continue narrowing YoY despite 2Q25 improvement compared to 1Q25

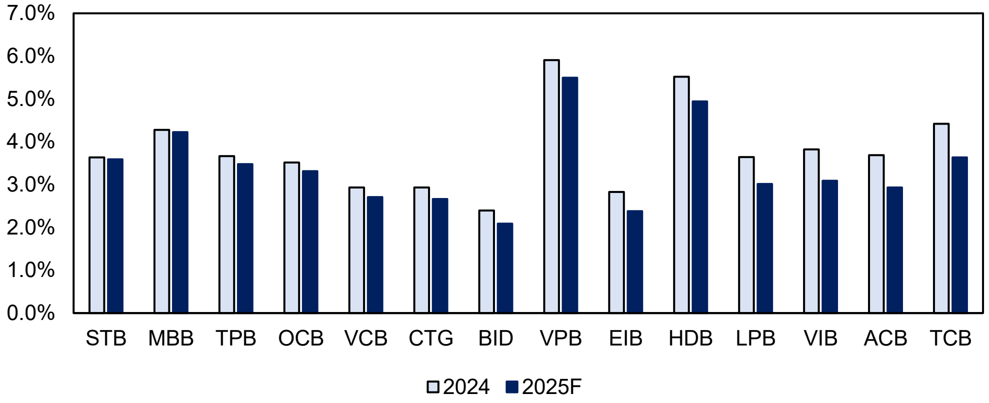
- NIM performance in 2Q25 was more positive than in 1Q25 but remained lower YoY. Sector-wide NIM in 2Q25 reached 3.20%, up 9 bps QoQ but still down 39 bps YoY. Data indicated that banks' asset yields improved in 2Q25, while COF also inched up slightly thanks to stronger deposit growth (+6% QoQ).
- NIM dynamics were consistent with our earlier forecast that the unexpected decline in 1Q25 was only temporary, and NIM for the remainder of 2025 will not fall below the beginning-of-year level. Although lending rates are expected to remain lower than in 2024 during the second half of 2025, retail credit growth — driven by the rapid recovery of mortgage and consumer lending — will play an important role in supporting NIM recovery throughout the rest of the year. In addition, the improvement in CASA since early 2024, mainly thanks to the strong rebound in corporate credit, will help maintain funding costs at the current low level over the next 6–9 months. We maintain our view that NIM is unlikely to return to 2024 levels given lower average lending rates, although the outlook will be more positive in the second half of the year compared to the first half.
- Despite the overall declining trend, we believe there are clear differences in NIM across banks. Those that had experienced sharp NIM contractions in recent years — due to the specific characteristics of their loan portfolios, such as VPB, MBB, and TCB — are expected to see milder NIM declines compared to other banks.

NIM of most listed banks in 2Q25 continued to decline YoY (Unit: bps)



- *Source: Commercial banks, MBS Research*

NIM in 2025 is forecast to be lower than in 2024

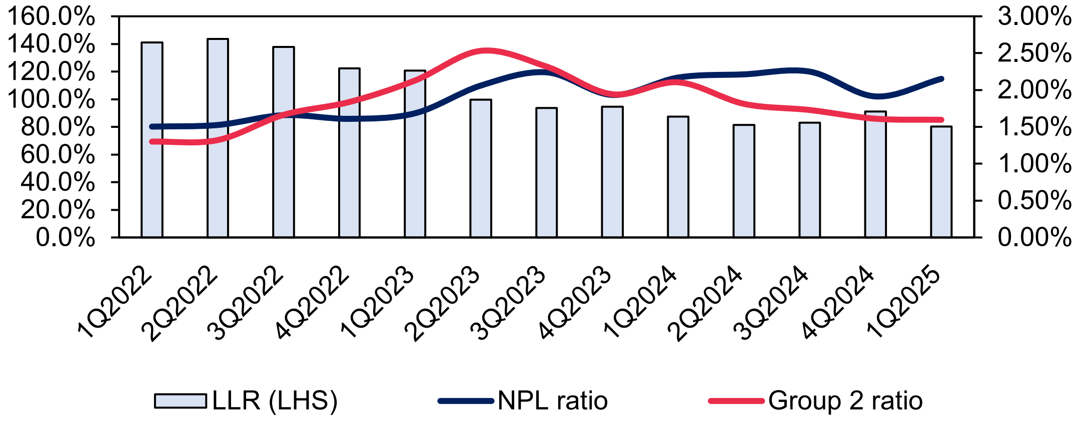


- *Source: Commercial banks, MBS Research*

Asset quality: The NPL ratio has yet to show a clear improving trend, while Group 2 loans declined significantly

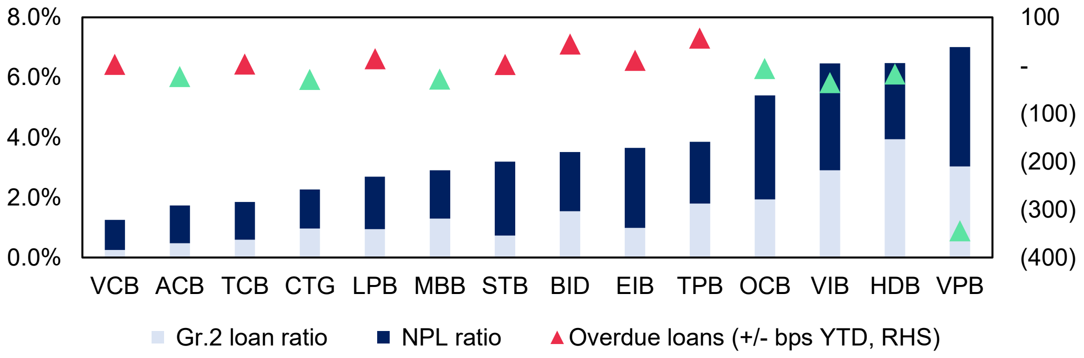
- The improving trend of sector-wide asset quality became clearer, with Group 2 loans declining significantly while the NPL ratio only inched down slightly QoQ. Sector-wide NPL and Group 2 loan ratios stood at 2.03% and 1.25%, respectively, at end-2Q25, down 12 bps and 35 bps QoQ. Considering the total ratio of Group 2–5 loans, listed banks recorded a decline of 24 bps compared to end-2024
- Although the Group 2 loan ratio has improved significantly, the loan loss reserve ratio (LLR) also fluctuated as banks slowed down provisioning. Therefore, we are concerned that the less positive earnings outlook compared to 2024 (details below) will significantly reduce banks' capacity to expand provisions in the coming years, meaning that asset quality is unlikely to improve markedly by end-2025. In addition, the acceleration of retail lending also adds pressure on the NPLs of listed banks in the medium term.
- Based on the forecast that asset quality will not improve significantly and on prudent provisioning policies (to be discussed in detail below), we estimate the LLR ratio of listed banks will only increase slightly by end-2025.

Sector-wide asset quality by quarter (%)



- *Source: Commercial banks, MBS Research*

Non-performing loan ratio and Group 2 loan ratio of listed banks at end-2Q25

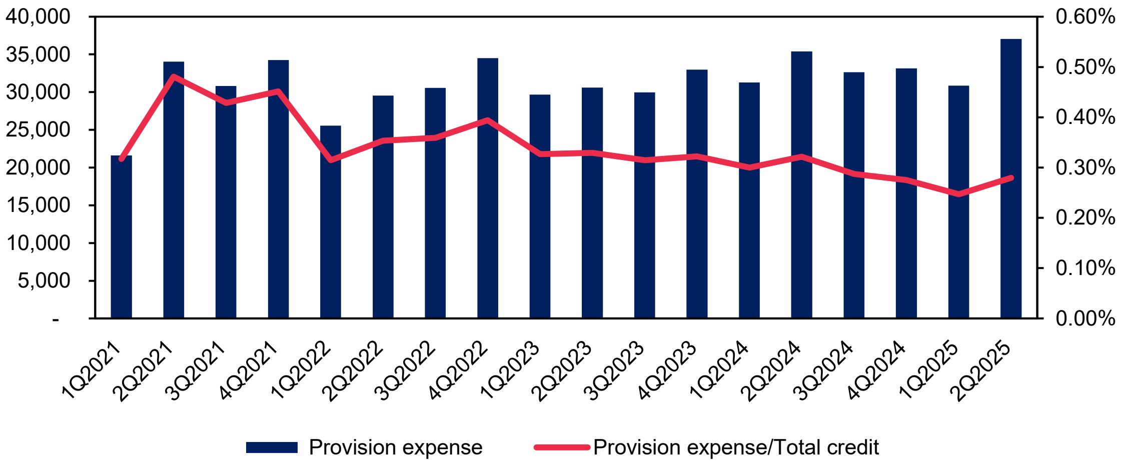


- *Source: Commercial banks, MBS Research*

Prudent provisioning policy continues to be maintained to protect asset quality amid the expansion of retail lending

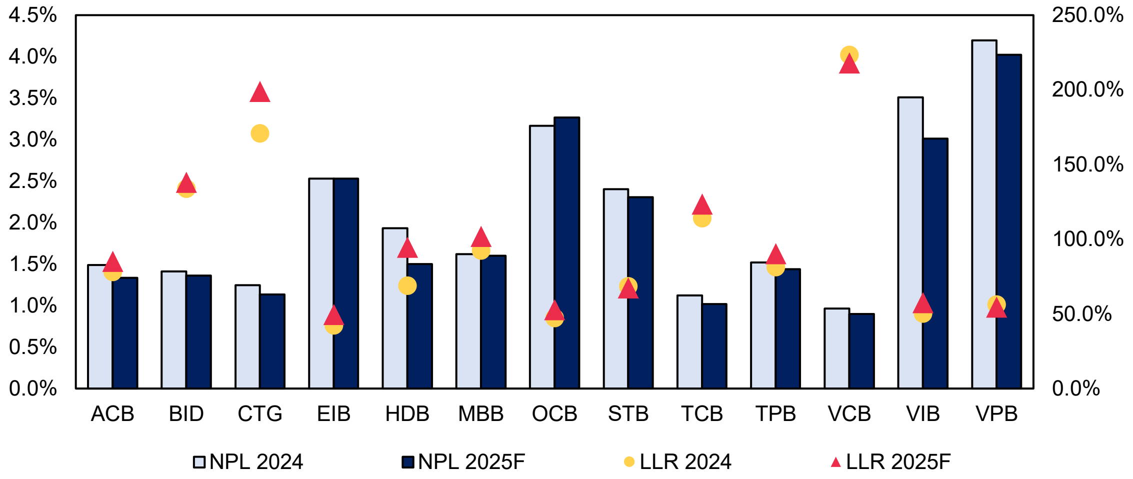
- Provision expenses of listed banks increased slightly by 1.3% YoY in 6M25 thanks to a significant 18.6% YoY decline from the SOCBs, while the private banks recorded a notable 17.1% YoY increase. Credit cost in 2Q25 also fell to 1.61% from 1.70% in the previous quarter.
- Provisioning picked up slightly again in 2Q25 along with a slight decline in NPL, but higher utilization of provisions kept the loan loss reserve ratio (LLR) of listed banks at a low 80.2%, the lowest since Covid-19.
- In 2H25, we forecast that credit growth will be driven by a larger contribution from the retail segment. Therefore, banks tend to maintain provisioning at a pace similar to last year to control the NPL ratio as planned. However, thanks to the relatively favorable performance of the SOCB group in 6M25, we revised our 2025 provisioning expense forecast for the banks under our coverage from an 8.5% YoY increase in the previous report to a 1.3% decline, with SOCBs leading with an 11.1% decrease and the private bank group recording an 8.8% YoY increase in provisioning expenses. The improvement in asset quality along with the motivation to protect NIM supports this revision.

Provisioning/total loans by quarter of listed banks



- *Source: Commercial banks, MBS Research*

FY25F NPL and LLR of banks under our coverage

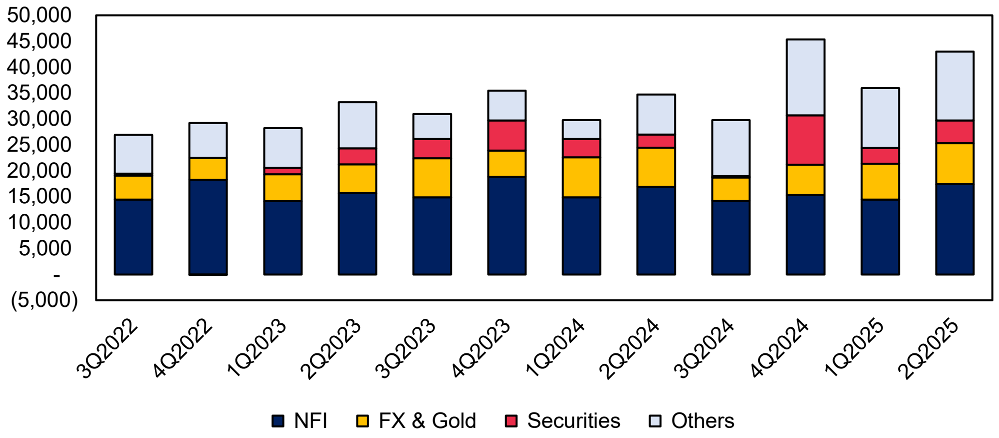


- *Source: Commercial banks, MBS Research*

Components of NFI in non-interest income are increasingly declining (VND bn)

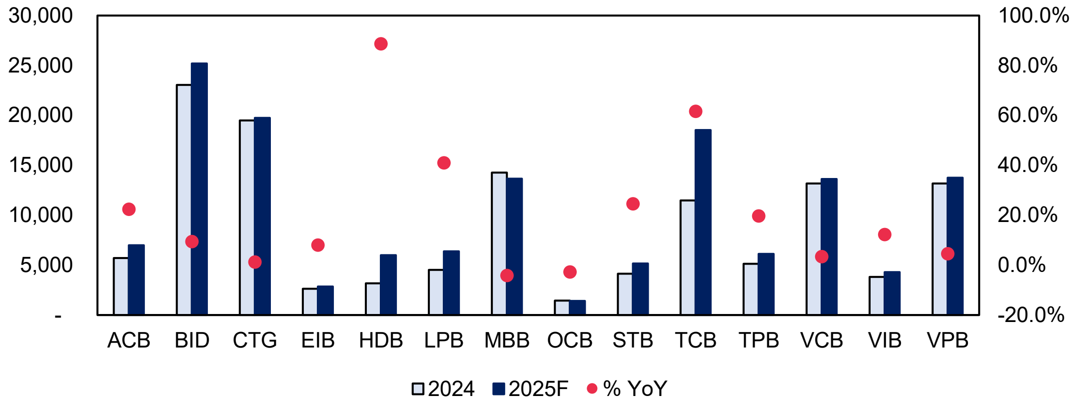
- Non-interest income (Non-II) of listed banks recorded positive growth of 22.5% YoY in 1Q25, mainly due to the low base of 2024. Non-II was driven primarily by bad debt recoveries (+73.0% YoY), while fee income rose only slightly by 2.7% YoY.
- The sharp decline in net fee income (NFI) has been the main factor behind the significant slowdown in non-interest income growth over the past two years. The bancassurance crisis, driven by stricter regulations combined with weak retail credit demand, has led to a sharp fall in fee income of Vietnamese banks. NFI growth of listed banks dropped from 32.6% YoY in 2022 to just 0.7% YoY in 2023, and recorded a 3.6% YoY decline in 2024. The share of NFI in the Non-II structure also decreased from around 50–55% in 2022 to 40–45% in 2024. Although complaints related to bancassurance cross-selling have subsided, stagnation is expected to persist in the medium term as Vietnamese banks require time to adapt to new regulations. In addition, the low lending rate environment, together with intense competition among banks, seems to have reduced retail customers' interest in insurance products, making it difficult for bancassurance revenue to achieve the 20% annual growth rate seen during the Covid-19 period.
- Therefore, we still expect NFI of Vietnamese banks to be mainly driven by a modest recovery in fee income and to remain primarily led by bad debt recoveries. However, recoveries are forecast to slow in 2H25 as NPLs require time to be recognized and resolved, with most having already been addressed in the past two years. Overall, we forecast Non-II of the banks under our coverage to grow 14.8% YoY in 2025 (compared to the low base of 2024: 9.2%) and to improve slightly further to 15.3% in 2026.

Non-interest income: still primarily driven by bad debt recoveries



- *Source: Commercial banks, MBS Research*

FY25F non-interest income of banks under our coverage

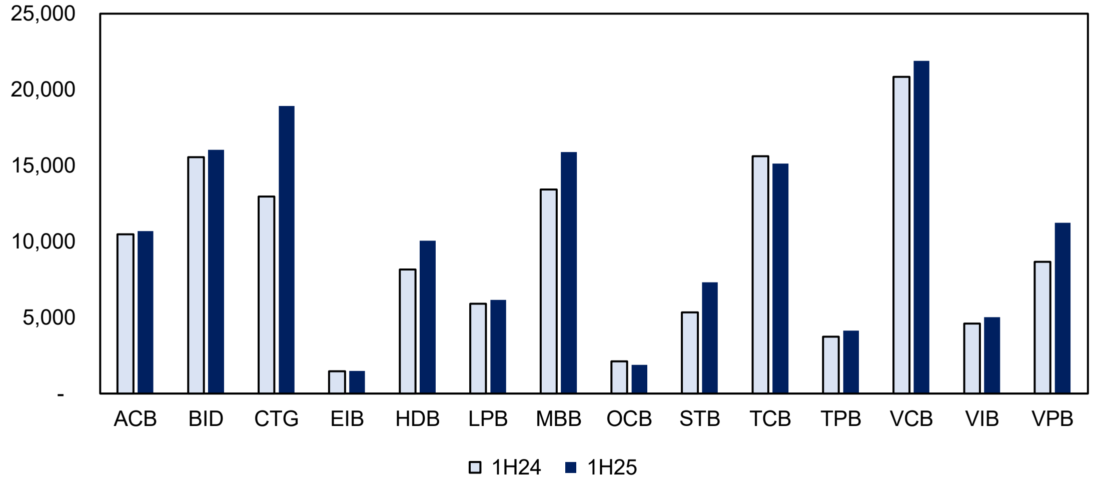


- *Source: Commercial banks, MBS Research*

Net profit of banks under our coverage is forecast to increase by 15.0% YoY in 2025

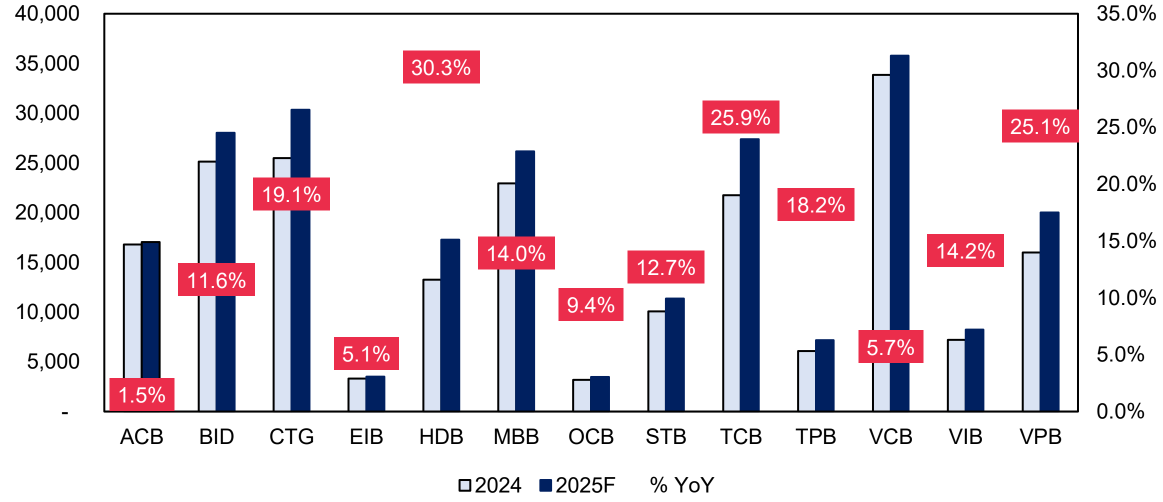
- Total operating income of this bank group is estimated to increase by 8.9% YoY, in which net interest income and non-interest income rose by 7.2% YoY and 14.8% YoY, respectively, mainly due to NIM remaining at a low level. As mentioned, although we expect NIM of listed banks may bottom out from 2Q25, it is unlikely to recover above 2024 levels. NII was revised downward from the latest forecast mainly because NIM faced stronger-than-expected downward pressure, even though signs of bottoming out appeared in 2Q25.
- The CIR ratio remained stable YoY, leading to sector-wide net profit being forecast to increase by 15.0% YoY in 2025 (previous forecast: 13.4%). The downward adjustment in provisioning expenses is the key factor driving banks' profits slightly higher compared to the previous forecast.
- We maintain our view that the private banking group will continue to lead, with net profit growth of 27.1% YoY, far exceeding the 10.7% YoY of the state-owned banking group. Faster credit growth in the context of NIM recovery will enable private banks to accelerate profits more strongly than the SOCB group.

Profit before tax of listed banks increased by 16.0% YoY in 1H25



- *Source: Commercial banks, MBS Research*

FY25F net profit of banks under our coverage



- *Source: Commercial banks, MBS Research*

Regulation update: A driver for the long-term sustainable growth of the banking sector

	Before the change	After the change	Assessing the impact on commercial banks
Regulations on foreign ownership ratio in Vietnamese credit institutions	**Decree No. 01/2014/NĐ-CP:** The total shareholding of foreign investors shall not exceed 30% of the charter capital of a Vietnamese commercial bank.	**Decree No. 69/2025/NĐ-CP:** The total shareholding of foreign investors in commercial banks under compulsory transfer (excluding commercial banks with more than 50% charter capital held by the State) is raised to 49% of the charter capital of the commercial banks under compulsory transfer.	- The three banks that directly benefit from this regulatory change are HDB, MBB, and VPB, with current foreign ownership ratios of 17.49%, 23.23%, and 25.96%, respectively – all still below the 30% cap under the previous regulation. - VPB maintains one of the highest CAR ratios in the sector, while MBB and HDB have not yet announced any specific plans to take advantage of the new regulation.
Legalizing Resolution 42/2017	- **Resolution 42/2017** on handling non-performing loans of credit institutions expired on 31 December 2023, and had delivered initial positive results in resolving bad debts. - However, after the resolution expired, the non-performing loan ratio rose sharply, although commercial banks had proactively prepared and responded in a timely manner.	- **Legalization** allows the regulations to have long-term effect without being time-limited like Resolution 42, thereby unlocking "stuck" capital. - Simplifying the process of collateral recovery and disposal through a clear and consistent legal framework, while requiring inter-agency coordination with clearly defined responsibilities.	- Banks with a high proportion of real estate lending such as TCB, VPB, HDB, and SHB could be the beneficiaries of this policy change. With the new regulation related to collateral handling, enhanced legal transparency will support faster and more effective asset recovery. - We believe that large banks with high provisioning costs such as CTG and VPB, as well as smaller banks like OCB, MSB, and VIB, will benefit more than the industry average if the draft regulation is approved.
Regulations on the implementation of reserve requirements for credit institutions and foreign bank branches	**Circular 30/2019/TT-NHNN:** stipulates the reserve requirement ratio (RRR) for Vietnamese dong deposits — 3% for demand deposits and time deposits under 12 months, and 1% for deposits with maturities of 12 months or longer.	**Circular 23/2025/TT-NHNN:** stipulates that commercial banks undertaking compulsory transfers of specially controlled commercial banks are entitled to a 50% reduction in the reserve requirement ratio (RRR), i.e., the RRR for Vietnamese dong demand deposits and time deposits under 12 months is 1.5%, and for deposits with maturities of 12 months or longer is 0.5%.	- Total customer deposits at the end of 2Q25 of the four banks under compulsory transfer reached about VND 3.5 mn bn. The 50% reduction in the reserve requirement ratio could provide additional lending capacity of around VND 51 tn. The actual increase will still depend on the CAR and LDR of each bank. We believe that the banks under compulsory transfer such as VCB, MBB, VPB, and HDB will directly benefit from this circular.

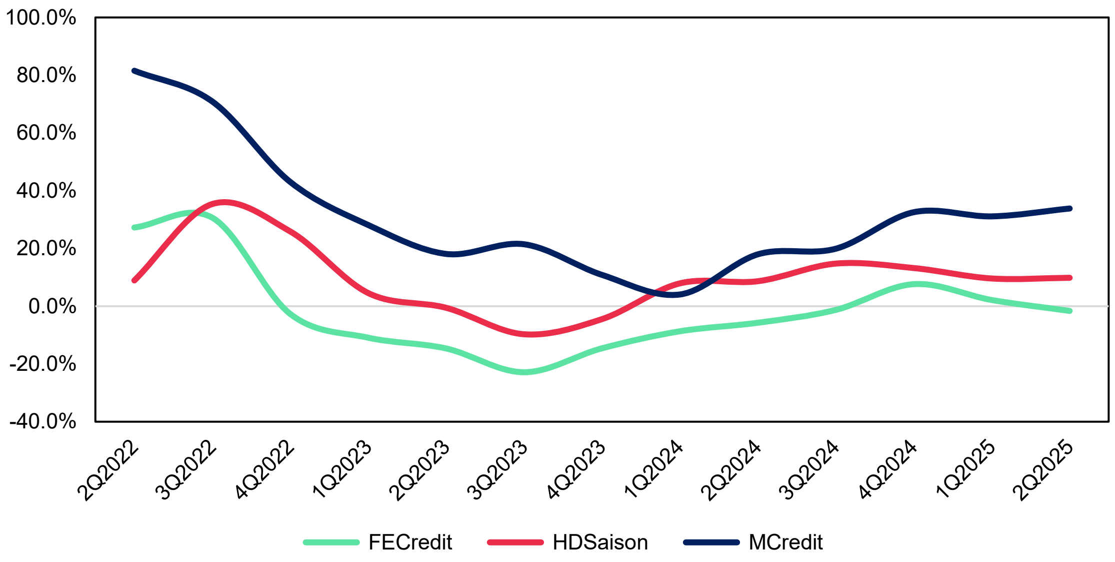
- *Source: MBS Research*

Consumer finance: Sustainable recovery after the restructuring phase

- In 2Q25, consumer finance companies that are subsidiaries of commercial banks slightly improved their non-performing loan ratios compared to end-1Q25, with HDSaison and Mcredit recording flat and lower NPL ratios compared to the beginning of the year. Loan growth YoY had recovered since 4Q2024 but stalled in the first half of the year.

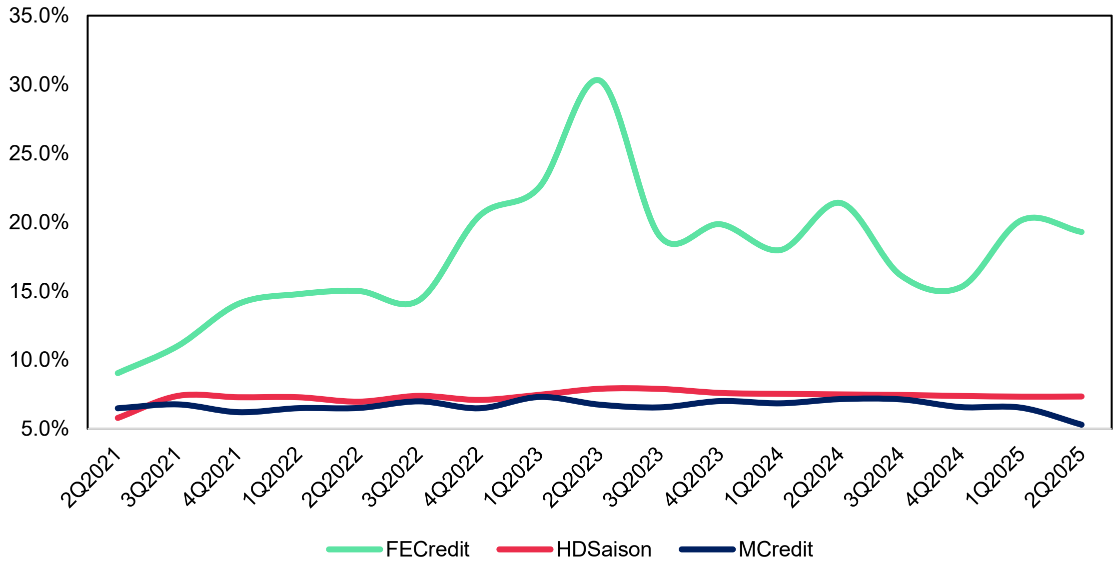
- We expect the consumer finance sector to gradually recover in 2H25, driven by the 8% GDP growth momentum, improving household income, and a more favorable legal framework. With the core operating model of B2B2C cooperation, finance companies will have better customer access and promote credit card usage expansion. In the medium term, with the IMF's forecast of per capita GDP growth at a 5.5% CAGR during 2025–2030, we project consumer credit to grow at an average rate of 20% per year over the next two years, supported by these positive drivers. The following three banks – HDB, MBB, and VPB – are likely to benefit from this trend.

Loan growth YoY recovered in 4Q24 but slowed in 1H25



- *Source: Commercial banks, MBS Research*

The non-performing loan ratio of finance companies at end-2Q25 decreased compared to end-1Q25

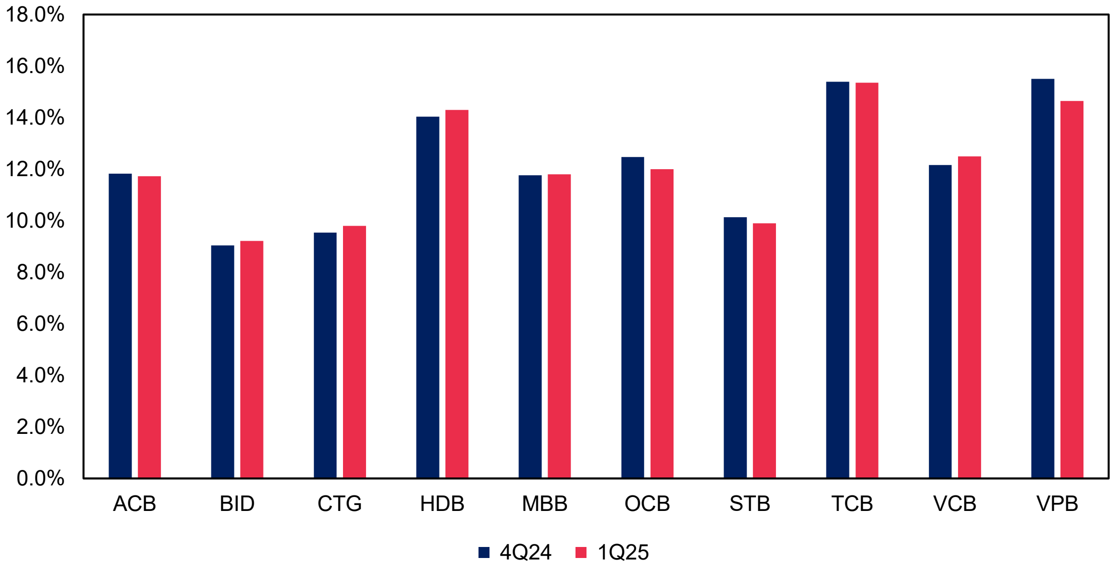


- *Source: Commercial banks, MBS Research*

Capital raising: Solid CAR provides room for banks to expand into other areas

- As of end-September 2025, four banks recorded declines in CAR: VPB down 80 bps YTD, OCB down 50 bps, STB down 20 bps, and ACB down 10 bps. Although CAR trended downward, all of these banks still maintained ratios above 10%. In 1Q25, TCB surpassed VPB to lead the sector in CAR, reversing VPB's leading position at end-2024. BID raised its CAR to 9.2% (+20 bps YTD) after completing a private placement of 1.8% of charter capital.
- Amid the ongoing expansion of credit to support the economy and the financial ecosystems of banks, we expect banks to continue improving their CAR in the coming period. Circular No. 14/2025/TT-NHNN, which stipulates capital adequacy ratios effective from 15 September 2025, marks an important transition from Basel II to Basel III, adding capital buffer requirements and introducing the mechanism for applying the internal ratings-based approach to calculate risk-weighted assets. Circular 14 provides a transition period from 15 September 2025 to 31 December 2029, and from 1 January 2030, it will officially replace Circular 41. The issuance of this circular will help strengthen banks' capital buffers, ensuring system safety in the coming period.

CAR ratios of commercial banks at end-1Q25



- *Source: Commercial banks, MBS Research*

Capital raising and dividend distribution plans of commercial banks in 2025

Bank	Method	Rate (%)
VCB	Private placement	6.50%
BID	Private placement / Public offering	3.84%
MBB	Private placement	62 million shares
CTG	Stock dividend	44.6%
BID	Stock dividend	19.9%
MSB	Stock dividend	20.0%
TPB	Stock dividend	5.0%
TCB	Cash dividend	10.0%
PGB	Stock dividend	10.0%
SGB	Stock dividend	10.0%
BAB	Stock dividend	7.2%

- *Source: Commercial banks, MBS Research*

FY25-26F key financial metrics of banks under MBS Research's coverage (1)

	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	81,113	97,541	68,662	85,743	55,046	60,431	32,161	35,188
% YoY	*6.3%*	*13.4%*	*6.6%*	*17.0%*	*-1.0%*	*20.3%*	*10.3%*	*24.9%*	*17.1%*	*9.8%*	*12.2%*	*9.4%*
Net interest income	59,309	68,118	60,893	72,395	61,373	75,322	54,897	68,686	36,501	43,898	26,999	29,128
Net non-interest income	13,616	14,547	25,518	28,717	19,739	22,219	13,766	17,057	18,545	16,533	5,162	6,060
Provisioning expenses	3,978	5,855	21,780	25,731	20,882	23,540	25,687	30,459	4,106	4,923	2,103	2,921
% YoY	*20.0%*	*47.2%*	*3.2%*	*18.1%*	*-24.3%*	*12.7%*	*-7.9%*	*18.6%*	*0.6%*	*19.9%*	*6.5%*	*38.9%*
Profit after tax	35,580	39,710	27,553	32,535	30,352	38,217	20,006	26,929	27,638	30,449	11,370	11,947
% YoY	*5.1%*	*11.6%*	*9.6%*	*18.1%*	*19.1%*	*25.9%*	*25.1%*	*34.6%*	*25.9%*	*8.5%*	*12.7%*	*5.1%*
Credit growth	16.0%	15.0%	15.9%	15.0%	15.2%	14.9%	31.4%	23.4%	19.6%	20.6%	13.6%	12.2%
Deposit growth	8.0%	10.0%	13.0%	10.0%	15.3%	15.8%	33.3%	21.5%	17.8%	22.5%	11.7%	11.5%
LDR	87.7%	90.9%	88.8%	84.8%	85.9%	85.6%	97.6%	94.3%	84.0%	83.2%	85.2%	87.2%
CASA	36.4%	35.7%	19.8%	19.7%	25.0%	24.9%	11.0%	10.1%	38.3%	38.1%	17.7%	17.3%
NIM	2.7%	2.7%	2.1%	2.2%	2.5%	2.7%	5.5%	5.5%	3.6%	3.7%	3.6%	3.6%
CIR	33.6%	32.9%	34.5%	34.0%	27.5%	27.0%	26.0%	25.0%	30.0%	30.0%	49.0%	49.0%
NPL	1.0%	0.9%	1.4%	1.4%	1.3%	1.3%	3.6%	3.4%	1.2%	1.1%	2.5%	2.2%
LLR	203.3%	198.2%	123.9%	113.0%	143.7%	134.4%	56.7%	56.5%	105.7%	111.0%	65.9%	80.1%
ROE	16.7%	16.1%	17.6%	17.6%	18.8%	20.1%	13.2%	15.5%	17.1%	15.7%	18.8%	16.7%
ROA	1.6%	1.7%	0.9%	1.0%	1.2%	1.3%	1.9%	2.1%	2.5%	2.3%	1.5%	1.4%
EPS	4,258	4,752	3,989	4,698	5,630	7,087	2,398	3,228	3,784	4,161	6,031	6,337
BVPS	27,386	31,750	24,699	28,705	32,260	38,309	20,284	23,512	24,695	28,855	34,861	40,836

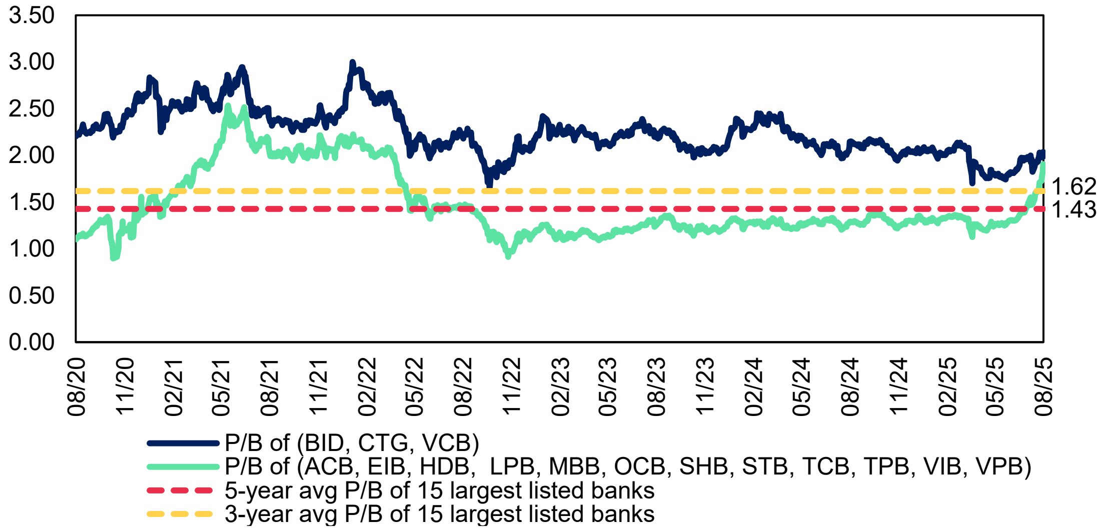
FY25-26F key financial metrics of banks under MBS Research's coverage (2)

	ACB		TPB		HDB		VIB		EIB		OCB	
Financial metrics	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**	**2025F**	**2026F**
Total operating income	33,881	40,694	20,863	23,797	43,217	55,859	20,777	26,231	8,660	9,953	10,884	12,315
% YoY	*1.1%*	*20.1%*	*15.7%*	*14.1%*	*27.0%*	*29.3%*	*1.0%*	*26.2%*	*1.2%*	*14.9%*	*8.1%*	*13.2%*
Net interest income	26,887	31,900	14,722	16,807	37,228	48,684	16,491	20,260	5,818	6,670	9,462	10,617
Net non-interest income	6,994	8,794	6,141	6,990	5,989	7,176	4,286	5,971	2,842	3,283	1,422	1,698
Provisioning expenses	1,887	2,070	5,002	5,704	8,742	8,509	2,704	4,978	803	982	2,472	2,416
% YoY	*17.5%*	*9.7%*	*20.3%*	*14.0%*	*64.3%*	*-2.7%*	*-37.9%*	*84.1%*	*-17.2%*	*22.3%*	*9.4%*	*-2.3%*
Profit after tax	17,042	20,788	7,181	8,192	17,423	23,405	9,659	12,235	3,497	3,976	3,473	4,330
% YoY	*1.5%*	*22.0%*	*18.2%*	*14.1%*	*31.5%*	*34.3%*	*14.2%*	*17.4%*	*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%	20.7%	22.6%	21.1%	19.0%	14.0%	20.8%
LDR	80.1%	79.7%	75.1%	76.6%	74.0%	74.1%	75.6%	76.0%	85.3%	85.5%	78.6%	76.6%
CASA	22.9%	23.8%	22.2%	22.1%	11.4%	10.5%	14.6%	14.3%	14.2%	13.4%	15.2%	15.1%
NIM	3.2%	3.5%	3.5%	3.6%	5.1%	5.2%	3.1%	3.2%	2.4%	2.4%	3.3%	3.2%
CIR	31.5%	31.0%	33.0%	33.0%	29.0%	32.0%	37.5%	35.0%	40.0%	40.0%	37.0%	36.0%
NPL	1.4%	1.4%	1.9%	1.8%	2.2%	2.7%	3.5%	3.7%	2.4%	2.3%	3.1%	2.8%
LLR	78.6%	81.3%	70.3%	83.4%	68.3%	69.6%	47.3%	41.9%	42.9%	41.2%	54.2%	65.4%
ROE	19.0%	19.6%	18.0%	17.7%	27.7%	28.2%	18.4%	18.5%	13.0%	12.7%	10.4%	11.6%
ROA	1.8%	1.9%	1.7%	1.7%	2.2%	2.3%	1.5%	1.5%	1.4%	1.4%	1.2%	1.3%
EPS	3,318	4,047	2,718	3,101	4,860	6,529	2,417	2,837	1,877	2,134	1,408	1,756
BVPS	18,667	22,685	15,948	19,049	20,453	26,985	13,990	16,692	15,374	17,539	14,239	15,977

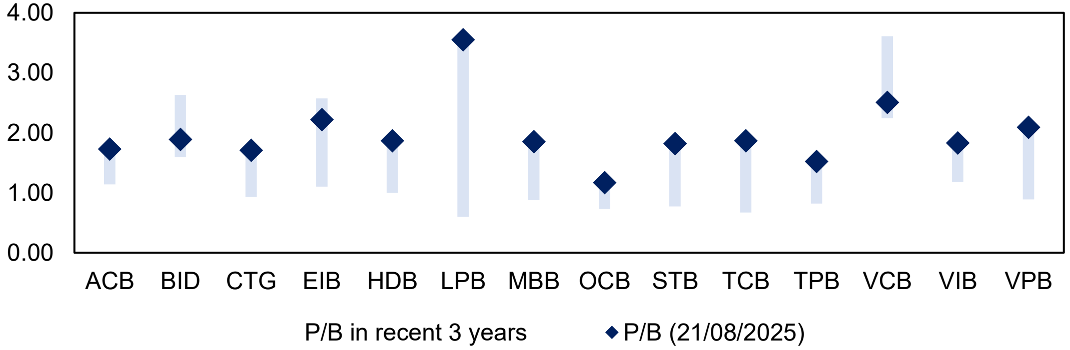
We believe that favorable factors have already been reflected in the current valuation of banks

- We assess bank valuations based on the average P/B of the 15 largest listed banks to exclude the impact of some smaller banks that have only recently been listed.
- As of 21 August 2025, the P/B of this group of 15 banks stood at 1.93x, 35% higher than the 3-year average and 19% higher than the 5-year average.
- Among them, only the average P/B of banks (VCB, CTG, and BID) is currently trading 9% below the 5-year average. Conversely, the P/B of the private banks is more than 30% above the 5-year average.
- Currently, compared to regional peers, the valuation of Vietnam's banking sector is relatively higher than that of other countries in the region except Indonesia, thanks to consistently high ROE, thereby limiting short-term re-rating potential.
- We believe that the recent positive performance of bank stock prices has been mainly driven by favorable macro conditions, accommodative monetary policy, legal changes that have unlocked the real estate market, and accelerated public investment. In addition, expectations that Vietnam's stock market will be upgraded in September also support bank stocks, given their large capitalization and high liquidity, which match the investment appetite of foreign investors.
- However, we believe that these favorable factors have already been priced in, while the sector's average profit growth is moderate at 15%/20% during 2025–2026. Therefore, we downgrade our recommendation to **HOLD** for the entire banking sector.

Average P/B performance of the 15 largest listed commercial banks



Except for VCB and BID, most banks are trading at their 3-year high P/B levels



- *Source: Fiinpro, MBS Research*

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The valuation of Vietnamese banks is relatively higher than that of other countries in the region, in line with their higher ROE

	Market cap	P/E		P/B		Net profit growth		ROE		ROA	
	VND bn	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
VIETNAM		**10.8x**	**9.1x**	**1.7x**	**1.5x**	**15.0%**	**20.2%**	**18.0%**	**18.1%**	**1.7%**	**1.7%**
INDONESIA											
BBCA IJ Equity	1,707,552	18.1x	16.8x	3.7x	3.4x	8.9%	7.7%	21.2%	21.0%	3.9%	3.9%
BBRI IJ Equity	1,006,368	11.1x	10.0x	1.9x	1.9x	-3.7%	10.1%	17.6%	18.8%	2.8%	2.9%
BMRI IJ Equity	736,560	8.4x	7.8x	1.5x	1.4x	-1.2%	5.1%	19.0%	19.0%	2.3%	2.2%
BBNI IJ Equity	269,280	7.8x	7.1x	1.0x	0.9x	1.4%	10.6%	12.9%	13.3%	1.8%	1.9%
Average		**11.4x**	**10.4x**	**2.0x**	**1.9x**	**1.4%**	**8.4%**	**17.7%**	**18.0%**	**2.7%**	**2.7%**
MALAYSIA											
MAY MK Equity	738,936	11.4x	11.0x	1.2x	1.2x	16.5%	3.4%	10.8%	10.8%	1.0%	0.9%
PBK MK Equity	537,504	11.9x	11.4x	1.4x	1.4x	16.7%	4.5%	12.4%	12.3%	1.3%	1.3%
CIMB MK Equity	501,072	9.9x	9.5x	1.1x	1.0x	16.4%	5.2%	11.1%	11.1%	1.0%	1.0%
RHBBANK MK Equity	177,408	8.9x	8.5x	0.8x	0.8x	16.3%	4.2%	9.6%	9.8%	0.9%	0.9%
AMM MK Equity	113,784	9.0x	8.5x	0.8x	0.8x	12.6%	4.8%	9.6%	9.6%	1.0%	1.0%
Average		**10.2x**	**9.8x**	**1.1x**	**1.0x**	**15.7%**	**4.4%**	**10.7%**	**10.7%**	**1.0%**	**1.0%**
PHILLIPINES											
BDO PM Equity	351,648	8.7x	7.9x	1.2x	1.1x	12.1%	9.3%	14.4%	14.2%	1.7%	1.7%
BPI	277,992	9.0x	8.1x	1.3x	1.2x	13.2%	9.2%	14.8%	14.7%	1.9%	1.9%
MBT PM Equity	147,312	6.4x	5.8x	0.8x	0.7x	9.3%	8.8%	12.5%	12.5%	1.4%	1.4%
Average		**8.0x**	**7.3x**	**1.1x**	**1.0x**	**11.5%**	**9.1%**	**13.9%**	**13.8%**	**1.7%**	**1.7%**
SINGAPORE											
DBS SP Equity	2,904,000	12.9x	12.6x	2.1x	2.0x	6.8%	1.4%	16.3%	16.1%	1.3%	1.3%
OCBC SP Equity	1,553,112	10.6x	10.3x	1.3x	1.2x	3.1%	2.1%	12.1%	11.9%	1.1%	1.1%
UOB SP Equity	1,193,808	10.3x	9.7x	1.2x	1.1x	4.1%	3.8%	11.7%	11.8%	1.1%	1.1%
Average		**11.3x**	**10.9x**	**1.5x**	**1.4x**	**4.7%**	**2.4%**	**13.4%**	**13.3%**	**1.2%**	**1.2%**
THAILAND											
SCB TB Equity	350,064	9.7x	9.7x	0.9x	0.9x	17.0%	0.8%	9.1%	9.0%	1.3%	1.3%
KBANK TB Equity	320,232	8.3x	8.1x	0.7x	0.7x	13.2%	0.5%	8.4%	8.3%	1.1%	1.1%
KTB TB Equity	271,656	7.7x	7.7x	0.7x	0.7x	14.5%	0.0%	9.7%	9.3%	1.2%	1.2%
BBL TB Equity	239,712	6.7x	6.7x	0.5x	0.5x	9.9%	-0.4%	7.7%	7.4%	1.0%	1.0%
TTB TB Equity	148,104	8.3x	9.0x	0.8x	0.7x	9.1%	3.8%	8.5%	8.5%	1.2%	1.2%
BAY TB Equity	138,072	5.9x	5.7x	0.4x	0.4x	14.7%	0.3%	7.3%	7.1%	1.1%	1.1%
Average		**7.8x**	**7.8x**	**0.7x**	**0.7x**	**13.1%**	**0.8%**	**8.5%**	**8.3%**	**1.2%**	**1.2%**

- *Source: Bloomberg, MBS Research*

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We prefer CTG, VCB, and HDB thanks to reasonable valuations and solid profit growth

Bank	Market cap	Target price	Upside	Recommend	Target P/B	P/E		P/B		Net profit growth		ROE		ROA	
	VND bn	(VND/share)				2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
CTG	**278,166**	**65,000**	**25.5%**	**ADD**	**1.9x**	**9.2x**	**7.3x**	**1.6x**	**1.4x**	**19.1%**	**25.9%**	**18.8%**	**20.1%**	**1.2%**	**1.3%**
HDB	**116,211**	**39,450**	**18.6%**	**ADD**	**1.7x**	**6.9x**	**5.2x**	**1.6x**	**1.2x**	**30.3%**	**32.0%**	**27.4%**	**27.6%**	**2.2%**	**2.2%**
VCB	**536,434**	**79,300**	**23.5%**	**ADD**	**2.8x**	**15.0x**	**13.5x**	**2.3x**	**2.0x**	**5.7%**	**10.8%**	**16.8%**	**16.0%**	**1.6%**	**1.6%**
ACB	151,275	32,100	9.0%	HOLD	1.6x	8.9x	7.3x	1.6x	1.3x	1.5%	22.0%	19.0%	19.6%	1.8%	1.9%
BID	297,004	48,091	13.7%	HOLD	1.8x	10.6x	9.0x	1.7x	1.5x	9.5%	18.4%	17.6%	17.7%	1.0%	1.0%
EIB	57,931	23,200	-25.4%	REDUCE	1.5x	16.6x	14.6x	2.0x	1.8x	5.1%	13.7%	13.0%	12.7%	1.4%	1.4%
LPB	144,584	N/A	N/A	N/A	N/A	12.4x	10.5x	2.7x	2.2x	19.9%	17.8%	23.9%	22.6%	2.1%	2.2%
MBB	172,084	N/A	N/A	N/A	N/A	6.7x	5.1x	1.3x	1.0x	14.0%	31.5%	20.1%	21.5%	2.0%	2.2%
OCB	36,001	N/A	N/A	N/A	N/A	10.4x	8.3x	1.0x	0.9x	9.4%	24.7%	10.4%	11.6%	1.2%	1.3%
STB	108,965	50,100	-13.3%	HOLD	1.5x	10.1x	9.1x	1.7x	1.4x	12.7%	5.1%	18.8%	16.7%	1.5%	1.4%
TCB	293,545	46,500	11.9%	HOLD	1.7x	11.0x	10.0x	1.7x	1.4x	25.9%	8.5%	17.1%	15.7%	2.5%	2.3%
TPB	58,255	22,800	3.4%	HOLD	1.3x	8.1x	7.1x	1.4x	1.2x	18.3%	14.1%	18.0%	17.7%	1.7%	1.7%
VIB	79,654	23,100	-1.3%	HOLD	1.5x	9.7x	8.2x	1.7x	1.4x	14.2%	17.4%	18.4%	18.5%	1.5%	1.5%
VPB	306,646	37,250	-3.6%	HOLD	1.7x	16.1x	12.0x	1.9x	1.6x	25.1%	34.6%	13.3%	15.5%	1.9%	2.1%
Average (Excluding SOCBs)						10.6x	8.9x	1.7x	1.4x	17.6%	21.7%	18.1%	18.2%	1.8%	1.8%
Average						10.8x	9.1x	1.7x	1.5x	15.0%	20.2%	18.0%	18.1%	1.7%	1.7%

- *Source: MBS Research*
- *Share price as of 21 August 2025*

We prefer CTG, VCB, and HDB thanks to reasonable valuations and solid profit growth

Ticker	Rating	Target price	Investment thesis
CTG	ADD	65,000	We expect credit growth to exceed 15% in 2025, supported by the positive results in 1H25 and accelerated public spending in 2H25. NIM is projected to decline to 2.5% (-35 bps YoY), leading to slower net interest income growth and flat YoY performance. Net fee income growth is forecast to edge down 1.7%, still better than the 5.9% YoY decline last year. Income from bad debt recoveries is expected to reach VND 8.4 tn in 2025, helping non-interest income increase slightly by 1.2% YoY. Provisioning expenses are forecast to decline sharply by 24.3% YoY, supported by provisioning efforts last year and in 1H25. The NPL and Group 2 loan ratios at end-2025 are expected to remain broadly unchanged from end-2Q25. The loan loss coverage ratio (LLR) is projected to reach 143.7% (vs. end-2024: 170.7%), ranking in the top 2 across the sector. Accordingly, profit after tax is estimated to reach VND 30,352 bn (+19.4% YoY). We raise our target P/B to 1.9x thanks to superior asset quality compared to the sector, despite large scale, along with strong profit growth potential supported by ample provisioning buffers.
VCB	ADD	79,300	We forecast VCB's net profit in 2025/2026 to increase by 5.7%/10.8% YoY, driven by credit growth of 15%/15% YoY, supported by (1) accelerated public investment disbursement, (2) low lending rates coupled with ambitious GDP growth targets, and (3) continued recovery of the real estate market. However, NIM in 2025 is expected to edge down to 2.7%. In addition, non-interest income will recover positively thanks to strong growth in income from bad debt recoveries. Under Circular 23/2025/TT-NHNN, VCB is one of four commercial banks entitled to a 50% reduction in reserve requirement ratio, thereby freeing up nearly VND 24 tn (based on 2Q25 data), equivalent to an additional 7% of total credit as of end-2Q25, giving VCB more room to accelerate lending in the second half of the year. We estimate VCB's provisioning expenses will increase by 16% YoY, mainly because large write-back gains as in the past two years will no longer be recorded. The NPL ratio is likely to remain flat YoY, supported by a large provisioning buffer that enables proactive bad debt resolution. VCB targets to maintain its LLR ratio above 200%. We assign a target P/B valuation of 2.8x for VCB, reflecting its superior asset quality compared to the sector, along with expectations of benefits from Circular 23 and the planned capital raising issuance expected to be carried out in late 2025 – early 2026.
HDB	ADD	39,450	The current credit quota is around 35%. Therefore, we expect HDB to achieve its ambitious credit growth target of 32% in 2025. However, NIM is projected to decline sharply by 43 bps to 5.1%, causing net interest income to rise only 20.6% YoY – a significant slowdown compared to the impressive 39.1% YoY growth in 2024. Net fee income is expected to more than double YoY, supported by a recovery after the sharp 35.3% YoY drop in 2024. The NPL ratio and Group 2 loan ratio at end-2025 are expected to reach 2.2% and 3.8%, respectively, rising by 26 bps and falling by 93 bps YTD. Asset quality has continued to deteriorate since 2024, confirmed by these ratios returning to peak levels. Therefore, we estimate provisioning expenses will further increase by 64.3% YoY due to worse-than-expected developments in 1H25. Net profit still achieves 100% of the full-year plan. The target P/B valuation is set at an outstanding 1.7x, supported by superior ROE compared to peers of similar size and the overall market. In addition, HDB is also one of four banks allowed to lower the reserve requirement ratio under the compulsory transfer scheme, thereby expanding its credit growth potential.

- *Source: MBS Research*

DISCLAIMER

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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