

Vietnam Banking Sector

Dual mandate



Key points

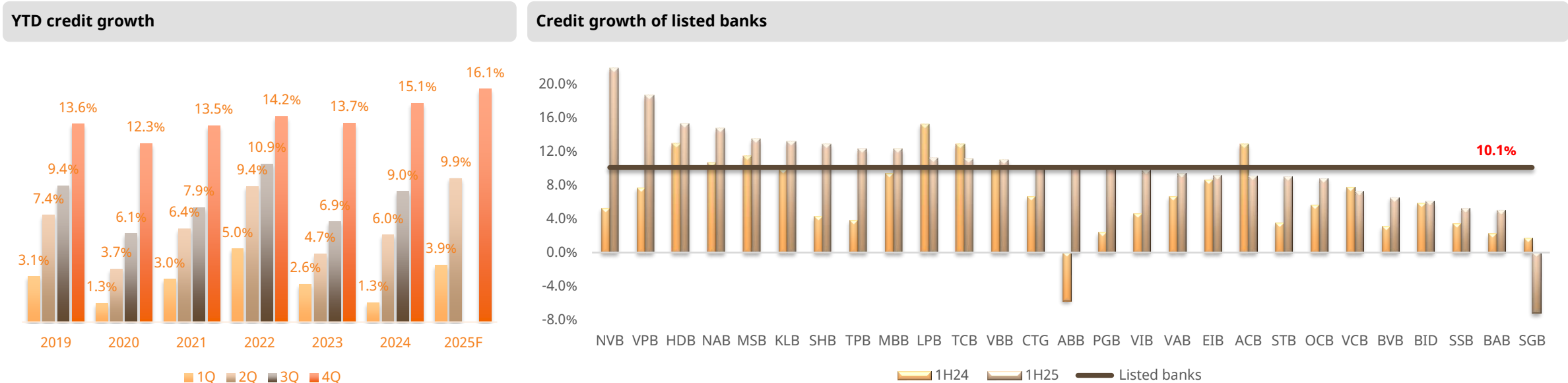
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Credit growth

Borrowing from tomorrow

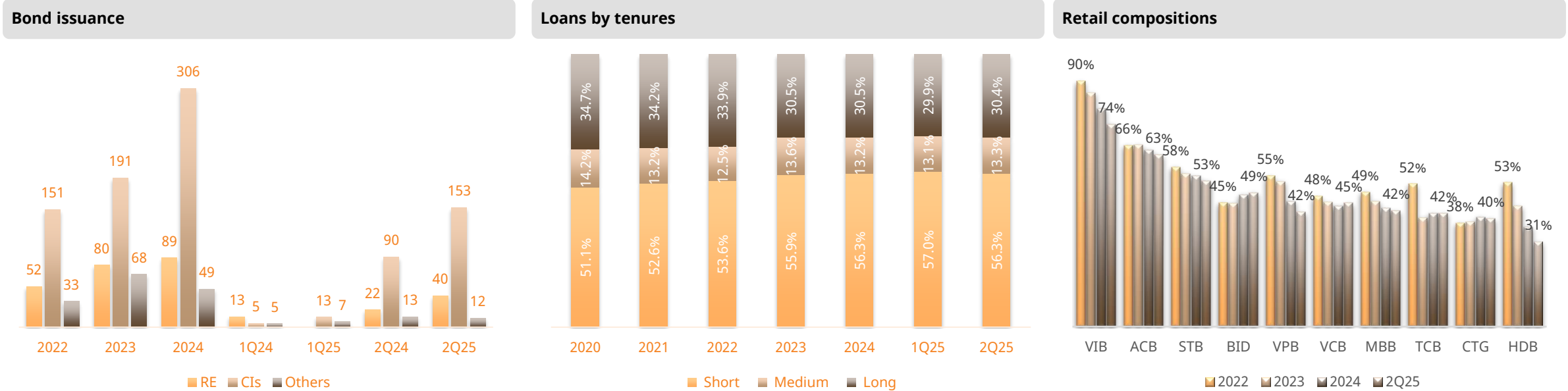
- Vietnam’s banking sector remained on a concrete footing in 2Q25, continuing the momentum established in 1Q25.** Credit growth reached 9.9% YTD in 1H25, marking a sharp acceleration of 6%p (1Q25: 3.9%). This surge in credit expansion was not merely market-driven, but also stemmed from decisive policy guidance. The SBV not only maintained tight supervision over the implementation of credit targets, but also pushed for a sustained low-interest-rate environment to proactively stimulate loan demand. In addition to monetary policy, the government played an active role in urging credit expansion, particularly as 1Q25 GDP growth fell short at 6.93%; however, rather than lowering expectations, authorities raised the full-year growth target to 8.2–8.5%, adding further pressure to an already complex policy landscape. With the threat of external headwinds, such as tariff uncertainties, the availability of affordable credit has effectively become a policy imperative boosting general sentiment.
- Listed banks have regained their leadership position in the credit market, with divergence becoming more pronounced within the system.** Listed banks, backed by stronger and more transparent balance sheets, reclaimed their outperformance. While VPB stood out among top-tier lenders, most small- and mid-sized banks enjoyed sustained momentum, capitalizing on headroom and market share opportunities with minimal efficiency trade-offs. This reflects a structural advantage for smaller banks, which can tap underserved segments and expand without significantly pressuring margins. In contrast, top-tier lenders face tighter constraints, with aggressive growth likely to weigh on NIMs, prompting a more measured approach.
- Reflecting a stronger-than-expected performance in 1H25, the full-year credit growth target has been revised upward to above 16%.** Credit growth eased in July (9.8% YTD vs. 9.9% in June), but the moderation was minimal. Given the ambitious GDP target of over 8%, continued credit provisioning remains essential. Retail sales rose 9.3% YoY (7.1% in real terms) over 7M25; not a boom, but enough to allow policy flexibility, as inflation stayed low at 3.12% in July — well below the 4.5% cap. This provides temporary room to expand credit without immediate inflationary concerns. However, long-term risks are emerging. As of end-June, credit growth exceeded 19.3% YoY—on par with previous high-leverage periods like 2008–2010 and 2015–2017. While such growth may offer short-term stimulus, it is widely seen as unsustainable. Current low inflation may also understate future pressure, as incremental flows are tied up in investment and production. A delayed pass-through to consumption could stoke lingering inflation risks. That said, a marginal CPI pickup is not inherently negative, as long as it stays within expected bounds to preserve macro stability.



Credit growth (cont'd.)

At cruising altitude

- Preliminary data indicate that BB remains the outperformer.** Among top-tier private banks, the RB share has generally declined, with the magnitude of the drop shaped by both balance-sheet growth pace and prior portfolio mix. Faster credit expansion typically compresses the retail share, implicitly signaling subdued retail appetite amid macro headwinds. By contrast, banks growing broadly in line with the sector average have largely preserved retail share. Within SOCBs, all three listed bank s— CTG, BID, and VCB — recorded an uptick in retail proportion, supported by competitive lending rates. This divergence is unsurprising, given manufacturing’s role as the main growth engine and the fact that many banks are idling in non-core segments.
- Several factors underpin a more balanced growth trajectory, alongside signs that lending yields may have bottomed.** A key policy shift — the formal recognition of household businesses as corporate entities — should boost GDP, professionalize SMEs, and encourage greater leverage to capitalize on tax benefits, in turn lifting credit demand. From a loan-structure perspective, the rising share of long-tenor loans reflects two main drivers: 1) a shift toward investment and development financing, which naturally requires longer maturities than working-capital loans; and 2) the restructuring of part of the long-term bond stock into bank loan portfolios. On the macro side, the NA’s Res. No. 170/2024/QH15 introduces a legal framework to unclog long-standing RE bottlenecks. Nationwide relief measures and the revised Housing Law target the revival of 1,533 stalled projects and fast-tracking of social housing. Major hubs — such as HCMC, Binh Duong, Dong Nai, and Hai Phong (pre-merger) — face substantial quotas. Unlocking these projects should redirect capital from short-term trades into longer-term investments. Retail banking margins — an increasingly important growth pillar — showed healthy expansion in 2Q at banks disclosing segmental data, with momentum likely to hold.
- The corporate bond market has also staged a strong comeback, led by CIs and RE developers.** Rising disbursement needs pushed banks to lift bond issuance nearly 70% YoY in 2Q25 (74% for 1H25). RE issuers recorded >80% YoY issuance growth in 2Q25 to fund projects aligned with an accelerating public investment cycle. Public investment rose 25.4% YoY, hitting 40.7% of the annual target (vs. 38.6% in 7M24), despite short-term delays from administrative streamlining and provincial consolidation. According to VBMA, the outstanding corporate bond balance has climbed ~6% YTD to nearly VND1.3quad., keeping market penetration at just 7.8% of total credit — leaving ample room for expansion.

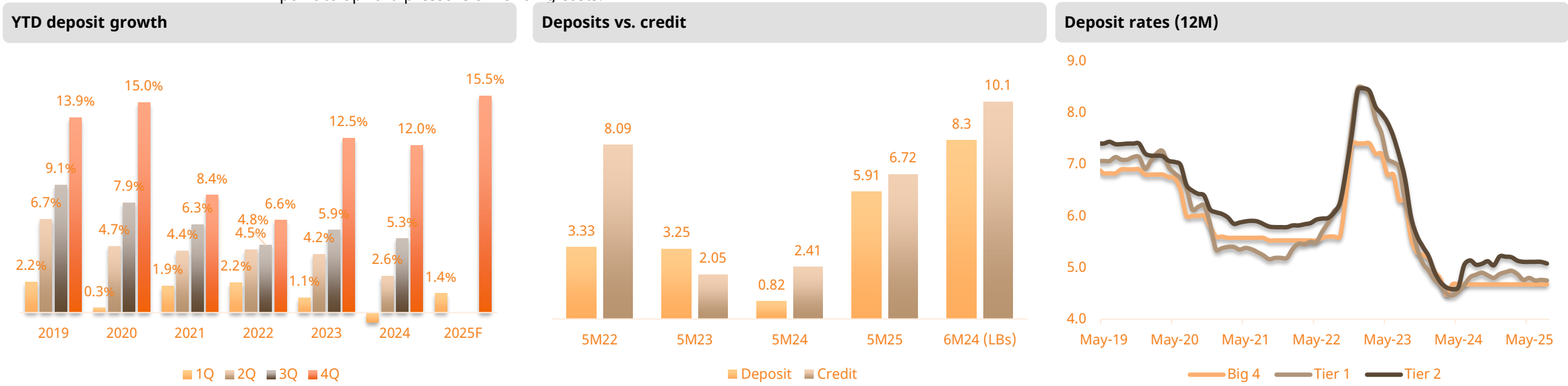


Sources: SBV, VBMA, company data, Mirae Asset Vietnam

Funding growth

Coming up to speed

- Deposit growth continues to lag behind credit expansion, although the previously alarming gap has narrowed considerably.** By end-May, system-wide deposits were estimated to have risen 5.91% YTD, driven primarily by the retail segment, which posted growth above 7.6%, while business deposits increased by barely 1%. The softer performance in the corporate segment is unsurprising, as cash reserves are typically redeployed into operations when business activity accelerates. Compared with the sharp imbalance seen in 2024, the current picture reflects a marked improvement. Among listed banks, deposits grew 8.3% in 1H25, trailing credit expansion of 10.1%, yet liquidity risks remain contained, as total funding — including debentures — rose over 10% YTD. The more notable pressure lies in the narrowing yield spread.
- Looking ahead, modest upward adjustments in deposit rates, coupled with targeted marketing incentives, are expected to underpin growth in traditional deposits, with any shortfall supplemented through valuable-paper issuance.** While the real estate market has been buoyant — supply and demand in both top-tier cities surging two- to threefold, according to VARS — the economic outlook wavered in 2Q, at least in terms of sentiment, potentially tempering investment appetite and prompting greater caution in leveraging. Mortgage lending, according to top specialist lenders, has not outpaced other loan segments this period. That said, anticipated macroeconomic recovery — supported by policymakers’ firm commitment to stimulate domestic activity, while keeping rates within an affordable range — should bolster overall transactions and related credit flows (mortgages in particular), thereby channeling more funds into the banking system. On the legislative front, regulatory requirements mandate that high-value transactions — such as VAT-invoiced purchases under Dec.181/2025/NĐ-CP, or real estate acquisitions from enterprises under the Law on Real Estate Business 2023 — be settled through non-cash payment channels. Moreover, for real estate, this requirement has applied to B2C transactions since August 2024, with proposals to extend it to C2C deals, both of which are expected to further anchor liquidity within the formal sector. Notably, while average deposit rates have fallen 8bps YTD, funding costs from this source have risen 12bps, reflecting factors like actual effective rates exceeding publicly quoted ones and the deployment of premium offers to capture idle capital. For the remainder of the year, leading bankers expect deposit yields to rise by 10–30bps, contingent on the Fed’s policy trajectory, providing a tailwind for deposit growth. A fallback strategy will be to rely more heavily on CDs and bond issuance to secure medium- to long-term funding — although excessive use could further squeeze lending margins. Secondary-market yields on such instruments, amplified by substantial issuance to meet rising financing needs, also point to upward pressure on funding costs.

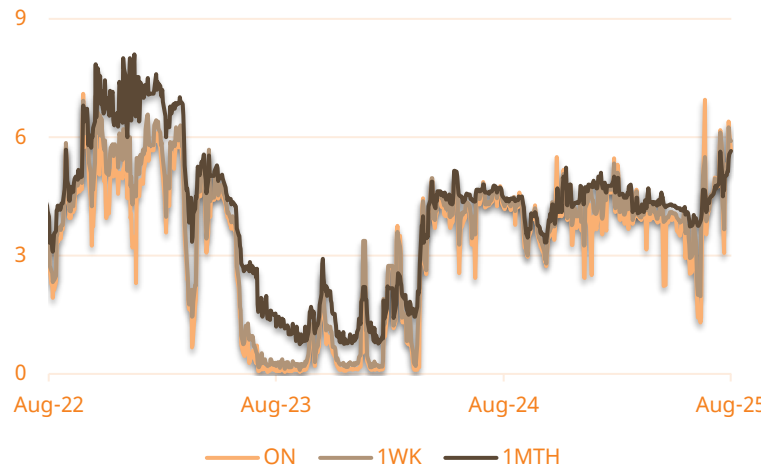


Funding growth (cont'd.)

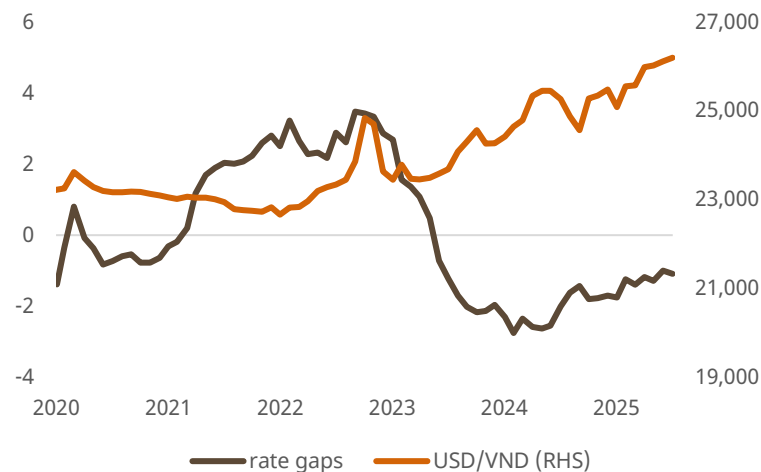
Probe the edge

- **Funding expenses from substitutes sources — particularly toward quarter- and year-end — have remained elevated.** Interbank rates not only exhibited pronounced volatility, but also failed to ease as anticipated, instead climbing further — most notably in the ON tenor (+2.35 %p QoQ; +3.31 %p YTD). This reflects a deliberate tightening of system liquidity, with the SBV conducting a modest net injection of ~VND27.2tr through open market operations to temper exchange rate pressures (~2.48% in 1H25; -2.9% by early August). While end-period credit acceleration cannot be ruled out as a contributing factor, liquidity conditions entering 3Q25 have remained tight, despite some credit offloading in July. This is underscored by elevated funding costs from this channel, which remain 1–2%p above early-year levels across maturities. Government bond yields have also risen 25–47bps since the start of 2025 — an early warning sign of higher costs for high-grade paper. In parallel, a greater reliance on debenture issuance (+0.5%p QoQ; +1.2%p YTD to 9.6%) signals a costlier funding environment, with supply-side increases placing upward pressure on required returns.
- **Exchange rate pressures have eased somewhat, but remain a key policy concern.** According to the SBV, FX stability will stay at the forefront, particularly as the Fed has shifted into a “wait-and-see” stance, deferring rate cuts for justifiable reasons. First, US inflation indicators reversed their downtrend in June, surpassing expectations — likely reflecting the early effects of a temporary 10% tariff, with expectations for further increases following the August announcement of a broader ~20% tariff band (double the initial round). Second, while US labor market conditions have softened, the moderation has been mild and not alarming. Collectively, the probability of two rate cuts this year has diminished markedly. On the brighter side, Vietnam’s FX inflows remain resilient: 1) Despite a ~30.3% YoY contraction in 7M25, the trade surplus still totaled ~US\$10.2bn, improving from a ~60% drop in 1Q25. Provided Vietnam’s tariff “reciprocal” remain contained, this positive flow should persist; 2) although exact data are lacking, capital outflows from equity markets have slowed (2024:~VND94.5tr; 1Q25:~VND27.5tr; 2Q25:~VND16tr), with an improved outlook in 2H25, as foreign investors position ahead of, and in response to, the government’s push for an MSCI reclassification; 3) international arrivals reached ~10.7mn in 7M25 (+20.7% YoY); 4) while nationwide remittance figures are unavailable, HCMC recorded a ~20% YoY rise to over US\$5.2 bn in 1H25; and 5) tariffs appear to pose more of a short-term shock than a structural threat, with registered and disbursed FDI rising 33.8% and 8.3% YoY, respectively, in 7M25. Overall, the dong’s depreciation has largely been a byproduct of an intentionally accommodative monetary stance aimed at short-term growth by fully deploying domestic levers. In the longer term, however, prolonged easing could prove concerning — particularly given that recommended reserve buffers remain low. Once conditions permit reserve rebuilding, the low starting buffer implies that the accumulation process itself will prolong FX pressures.

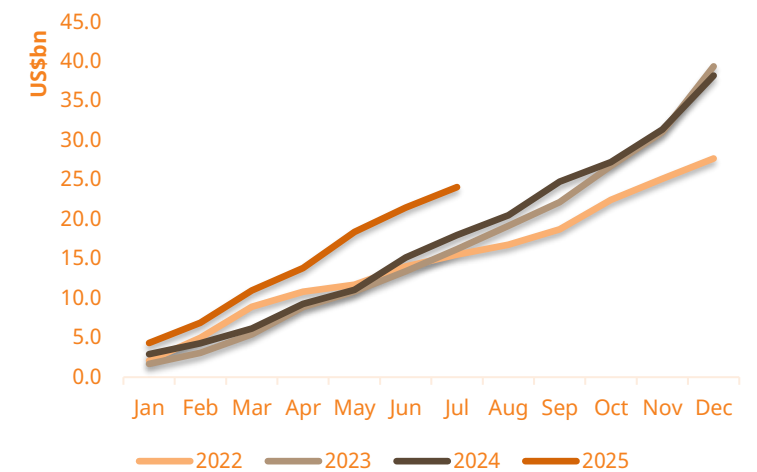
Interbank rates



VND/US\$ exchange rate



Registered FDI

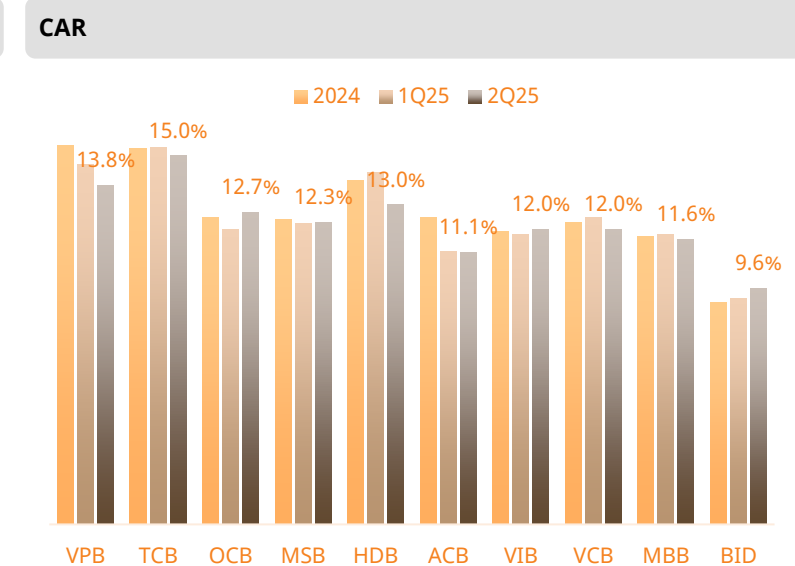
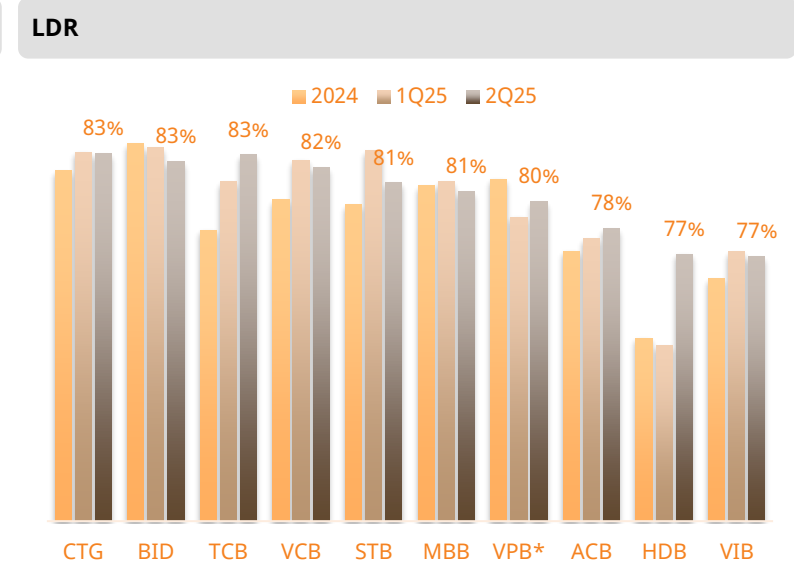
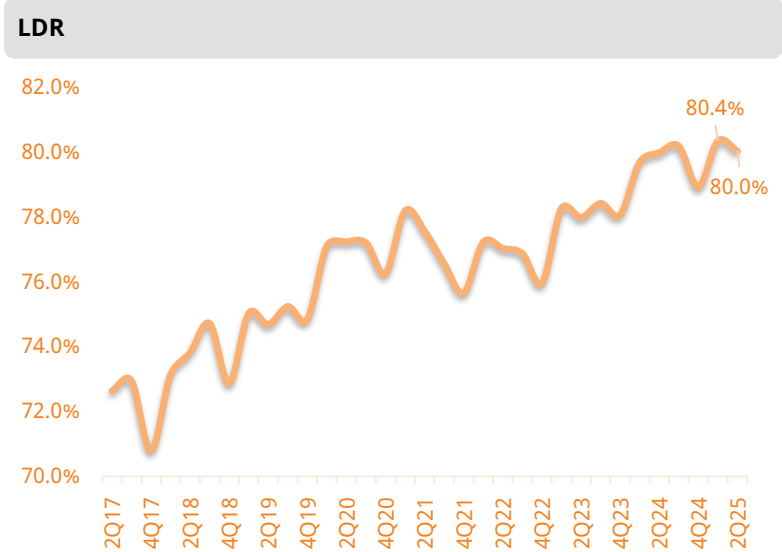


Sources: Bloomberg, FiinPro, Mirae Asset Vietnam

Liquidity

Bend without breaking

- **The loan-to-deposit ratio (LDR) remains elevated, but has eased slightly, aided by proactive deposit mobilization across short-term products and medium-to-long-term instruments.** Cross-checking with credit growth trends from earlier slides shows that banks with persistently high LDRs — most notably the SOCBs — tend to deliver weaker loan growth, except where proactive pre-funding strategies were adopted, given that asset-liability management is a long-term balancing act. Under current policy, PJCBs —with greater lending headroom and wider yield margins — are better placed to sustain higher credit growth and support sector-wide targets. Overall, listed banks’ LDRs edged downward by 0.4%p to around 80% in 2Q25, although this average masks divergence: some banks are nearing the regulatory ceiling, limiting flexibility, while others retain ample room.
- **The challenge is sustaining growth amid low margins, yet the need to keep credit flowing** requires an uncomfortable trade-off, as margin compression is unwelcome to shareholders, yet profit growth remains essential to meet expectations from investors, regulators, and clients who see credit expansion as an economic lever. Several banks have called for lifting the LDR cap to ease margin pressures. The SBV, however, has declined, mindful that relaxing the ratio could weaken the incentives to preserve system liquidity. Moreover, banks appear to be approaching operational limits — prompting policymakers to explore relief measures, such as piloting P2P lending agendas.
- **Capital adequacy ratios (CAR) show divergence but slipped slightly overall, driven by straightforward factors.** CAR fell as profit growth lagged credit expansion (listed banks’ PBT +16.1% YoY in 1H25 vs credit growth of 20.3%). Among SOCBs, those with low credit growth and CARs only marginally above minimum thresholds — especially versus private peers — moved to build Tier 1 and Tier 2 buffers, reflecting the need for resilience amid macro volatility. Cir. 13&14/2025 set out a clear roadmap for meeting higher prudential standards, including CAR. Looking ahead, a more accommodative government stance has lifted expectations of raising the foreign ownership limit (FOL) for commercial banks beyond the current 30% threshold under Decree 69/2025/NĐ-CP. The Big-4 (three of which are listed) could also benefit from the planned reduction in the state-ownership floor — from 65% to 51% by 2030 under Decision 986/QĐ-TTg (2018) — providing capital relief and creating opportunities to attract strategic investors with sizable customer bases and technological expertise. For private banks, CAR wearing down stemmed from cash dividend payouts and robust loan disbursement. With capital cushions already strong, these banks saw no pressing need to further bolster buffers, instead focusing on improving efficiency metrics.

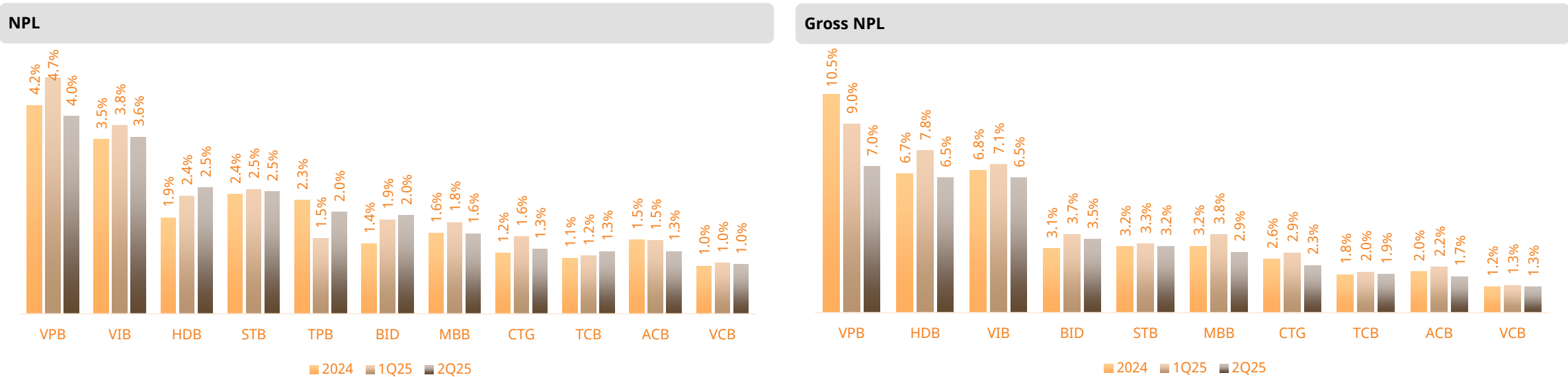


Sources: Company data, FiinPro, Mirae Asset Vietnam
Note: the LDR cap applies only to parent banks, while consolidated figures may reflect higher ratios due to outstanding loans of subsidiaries

Asset quality

Well-rounded progress

- Following the seasonal deterioration often observed in 1Q, asset quality improved markedly in 2Q25, helping to calm lingering public concerns.** Despite still-muted sentiment amid tariff-related uncertainties, aggregate NPLs across the 27 listed banks rose 16.5% YTD, but only edged upward by 0.6% QoQ to nearly VND266tn. On a relative basis, the sector's NPL ratio declined 12bps QoQ and has increased by just 11bps YTD. Bank disclosures suggest that new NPL formation during the quarter stemmed mainly from corporate clients, while retail exposure remained broadly stable. Substandard loans registered an even stronger recovery, with non-current loans ratios falling 27bps QoQ and 48bps YTD to 3.3% by end-2Q25. Although the absolute stock of NPLs continued to inch higher, the robust pace of credit growth effectively kept ratios in check.
- Delayed bond repayments rose in 2Q25, but remained small in scale and non-threatening to system stability.** The value of newly overdue principal and interest reached VND6.4tn, up 581% from 1Q25. However, with legal bottlenecks easing for many property developers, options have emerged to restructure these exposures into bank loans, negotiate extensions, or conduct bulk project sales for debt repayment. Meanwhile, early bond redemptions totaled VND73.1tn in 2Q25 (+37.4% YoY), reflecting proactive liability management. Looking ahead, corporate bonds maturing in 2H2025 include VND105.3tr from banks and VND92.4tr from real estate issuers, figures that highlight significant refinancing pressure concentrated in these sectors, according to VBMA. While the headline numbers may appear sizeable, the staggered maturity profile and ongoing policy support mitigate near-term refinancing risks.
- NPL ratios are expected to continue trending downward. The two most critical supports — economic growth and interest rates — remain favorable, reinforcing the credit quality outlook.** While tariff headwinds still loom, the current level of duties is unlikely to derail momentum in trade-related drivers. In addition, broader structural reforms — such as the rollout of a national citizen database, clearer land legislation, and standardized pricing frameworks — should further strengthen private-sector resilience and reduce the risk of projects falling into indefinite suspension. As long as pro-growth incentives remain intact, asset quality is poised to improve, suggesting that the sector may yet “turn the corner” more decisively in the coming years.



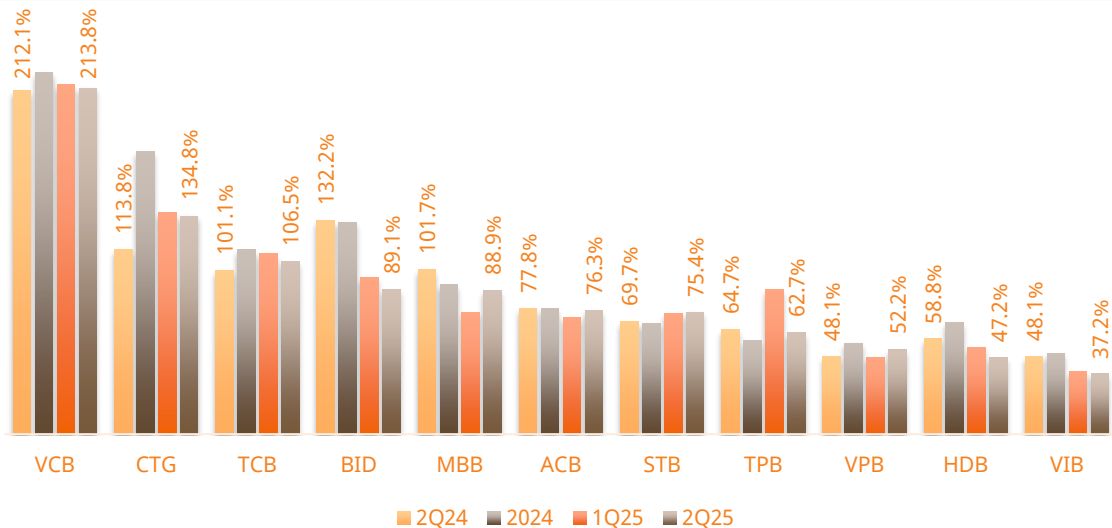
Sources: Company data, Mirae Asset Vietnam

Asset quality (cont'd.)

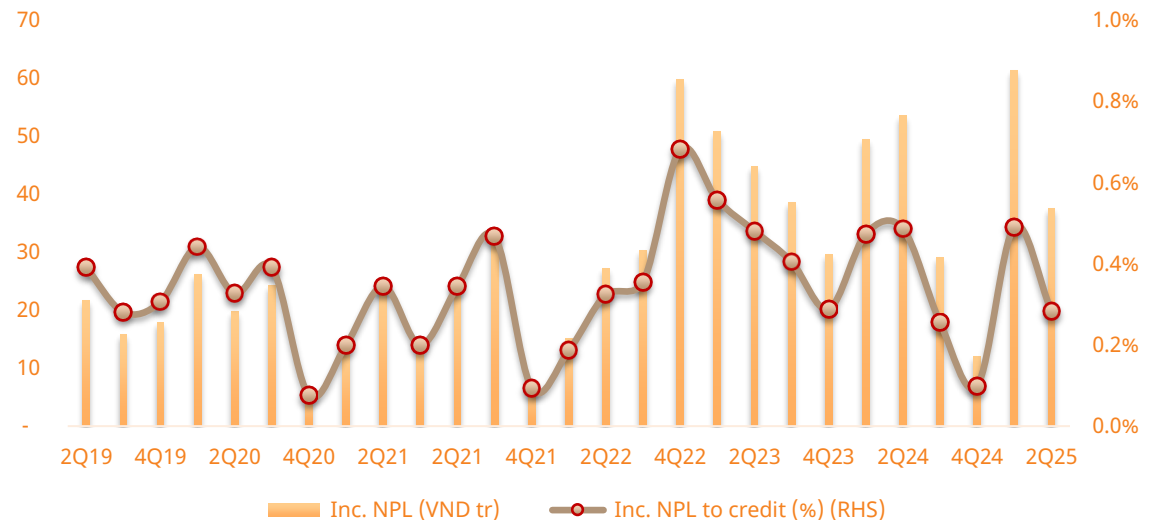
Cushioning before the fall

- Loan loss reserves (LLRs) demonstrated divergent trends across banking groups, though the sector average pointed to a quarterly recovery, reinforcing confidence in improving asset quality.** The average LLR ratio rose 3.5%p QoQ to 62.7%. While still 5.7%p below end-2024, it remained above the troughs of 1Q24 (55.2%) and 2Q24 (58.8%). This divergence reflects differing strategies. Banks maintaining LLRs above 100% largely kept them intact, with only slight adjustments to support profitability, yet without straying far from their neutral norms. Meanwhile, institutions with stronger earnings such as MBB and STB reinforced their provisioning buffers, underscoring a cautious risk-management stance even if it weighed somewhat on short-term results.
- In aggregate, listed banks allocated around VND37tn in provisioning in 2Q25, up 5% YoY and 20% QoQ.** Prominent contributors included BID (+13.8% YoY), HDB (+267.7%), MBB (+138.6%), and STB (+96.1%), demonstrating a sector-wide effort to preserve asset quality and stabilize the near- to medium-term outlook. However, banks with LLRs in the lower percentile, notably HDB, VPB, and VIB, are likely to face elevated provisioning pressure in the coming quarters.
- Incremental NPL formation dropped sharply.** Based on estimates from listed banks, new NPLs fell to VND37.6tn in 2Q25, down 38.8% QoQ and 30% YoY. Relative to total credit, this figure declined notably from 0.49% in 1Q25 to 0.28% in 2Q25. Recent upticks in reported system-wide NPLs were partly skewed by the expiration of restructured loans under Circular 02, rather than reflecting renewed deterioration in underlying portfolios. With the worst likely behind, incremental NPLs are expected to continue trending downward in both absolute and relative terms through 2H25.

Loan loss reserve ratio (LLR)



Quarterly incremental NPL (listed banks)



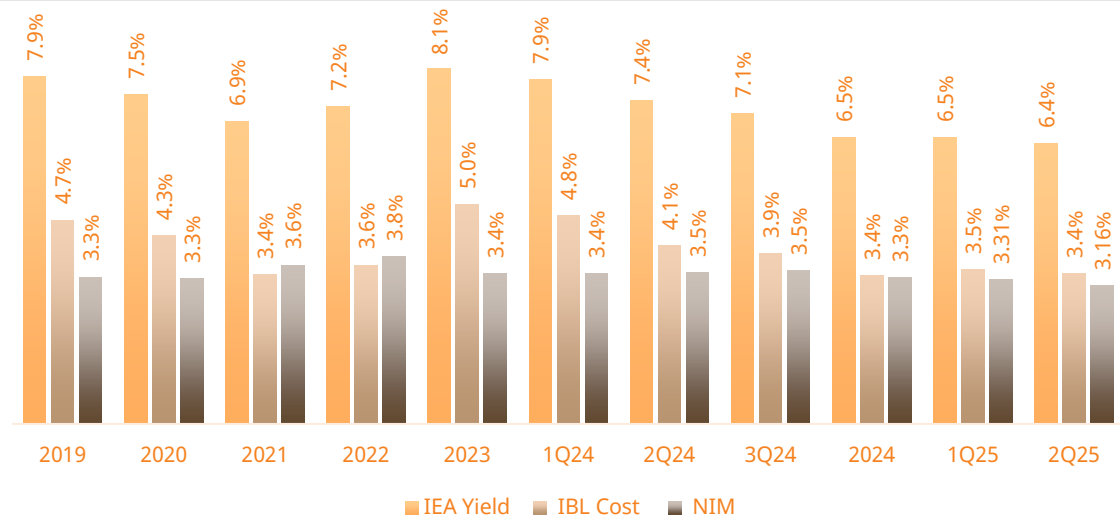
Sources: Company data, Mirae Asset Vietnam

Profitability

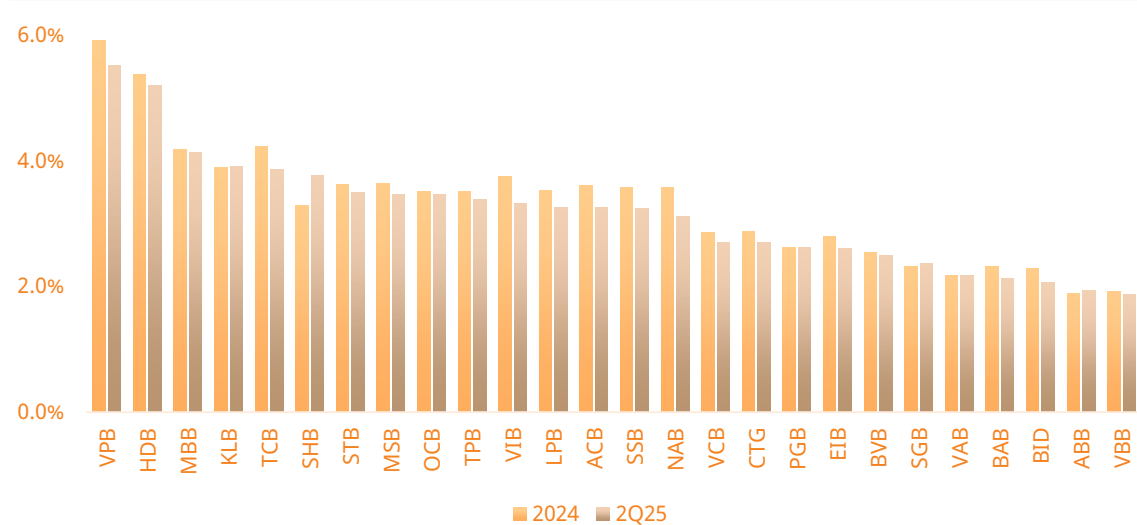
Spread too thin

- **Net interest margins (NIM) remained under pressure in 2Q25, posting further declines with a broadly neutral near-term outlook.** On a trailing basis, NIM contracted by 14bps QoQ and 17bps YTD.
 - On the asset side, yields on interest-earning assets (IEAs) fell by 14bps YTD, as banks prioritized credit expansion over margin, in line with the SBV's accommodative stance. This was evident among banks with the fastest loan growth, such as VPB (-49bps YTD) and HDB (-35bps), as well as the large SOCBs — unofficially guiding market rates — as BID (-37bps), CTG (-16bps), and VCB (-11bps) reported significant margin compression, reflecting the roll-out of longer-tenor preferential packages (1–3 years). For BID, the contraction was also distorted by a visible deterioration in asset quality relative to the beginning of the year.
 - On the liability side, funding costs edged up by 9bps YTD, particularly among mid- and smaller-sized banks, such as ABB (+39bps), EIB (+30bps), PGB (+39bps), TPB (+38bps), and VIB (+22bps). Beyond deposit competition, banks have increasingly committed to longer-tenor funding, with the share of debentures rising 1.2%p YTD to 9.6%, while interbank borrowing costs have remained elevated.
- **At present, listed banks' NIMs have returned to levels last seen in 2017–2018, when industry profitability began to accelerate.** Looking forward, margins are expected to dip further in 3Q25 before stabilizing from 4Q onward. This outlook assumes credit growth continues apace, while systemic liquidity remains constrained to safeguard FX stability, with risk premia for capital inflows still high. Externally, newly imposed tariffs have thrown into doubt the feasibility of 2–3 rate cuts penciled in for 2025, which could translate into higher funding costs for banks. Domestically, lending rates already embed a new premium benchmark, making any near-term margin breakthrough unlikely. In other words, banks may need to tighten their belts and play the long game, as profitability in the short run remains capped by both funding dynamics and policy trade-offs. In the current environment, smaller banks appear relatively better positioned. While larger banks face a trade-off between balance sheet expansion and profitability, these smaller institutions — operating with already-thin spreads of around 2% — still have room to expand credit without excessive concern over credit costs, which have historically averaged around 1%. As a result, the sector's NIM is expected to remain broadly stable at current levels over the medium to long term. Large banks will strive to keep margins from eroding further, while smaller commercial banks may find opportunities for incremental improvement.

Yield vs. cost



NIM of banks



Sources: Company data, Mirae Asset Vietnam

Profitability (cont'd.)

A steadier trajectory

- **Profit growth showed improvement in 2Q25, with PBT for listed banks rising 17.6% YoY, albeit with diverging drivers across groups.** For 1H25, banks under coverage reported a 14.2% YoY increase, notably lagging the 23.9% growth of banks outside our coverage — reflecting the relative underperformance of large-caps, which had greater room to compress NIMs in support of broader economic growth. Within the coverage group, net interest income (NII) grew by a modest 4.9% YoY, with profit momentum mainly supported by a 5.6% YoY decline in provisioning expenses. This does not raise concerns, given that overall asset quality indicators remain within safe boundaries. Additional support came from non-recurring income streams, which surged more than 41% on the back of diverse sources, such as trading gains on financial assets and recoveries. By contrast, banks outside coverage delivered growth across nearly all revenue lines: NII expanded 17.4% YoY, net service income (NSI) rose 36.1%, and net other income (NOI) jumped more than 70%, aided by similar trading and recovery gains, as well as divestment proceeds.
- **The earnings outlook for 2H25 appears less pressured, with NIM expected to stabilize rather than contract further, while credit growth remains resilient.** The NSI trajectory should normalize following changes in the accounting treatment of LC-related income, implemented since 2H24; a comparison of 1H25 versus 2H24 already shows 8.3% YoY growth. In addition, banks are increasingly diversifying into ancillary businesses, such as securities and insurance, which should gradually provide incremental contributions. That said, the provisioning buffer at many institutions remains below normative levels and will require meaningful rebuilding, which could weigh on profit momentum in the coming quarters. Subsequently, bottom-line growth for banks under our coverage is projected to grow by 15.1% for the full year, slightly lower than 2024's 17.2%, despite estimates of stronger credit growth. Put differently, while the sector may benefit from a brighter top line supported by credit exposure expansion, the lag in profit growth raises questions over the sustainability and soundness of overall growth across the system.

1H25 performance

Tickers	PBT (VNDbn)	PBT (YoY)	PBT vs. Plan	Cre. Gr. (YoY)	Cre. Gr. (YTD)	Cre. Gr. (P)	NII (YoY)	NSI (YoY)	NOI (YoY)	OPEX (YoY)	Prov. (YoY)
ACB	10,690	1.9%	46.5%	15.2%	9.1%	16.0%	-5.7%	-10.2%	98.4%	3.8%	-1.0%
BID	16,038	3.1%	40.9%	15.7%	6.1%	16.0%	2.0%	-5.7%	41.6%	9.7%	9.5%
CTG	18,920	46.0%		20.7%	10.3%		2.6%	-16.9%	54.7%	15.0%	-30.1%
HDB	10,068	23.3%	47.5%	29.6%	15.3%	31.1%	15.8%	255.2%	165.3%	-3.2%	128.1%
MBB	15,889	18.3%	50.1%	28.0%	12.3%	26.0%	22.8%	37.0%	25.9%	11.3%	64.9%
STB	7,331	37.2%	50.4%	13.8%	9.0%	13.9%	11.4%	30.8%	-33.1%	-5.5%	-3.1%
TCB	15,135	-3.2%	48.0%	19.8%	11.1%	16.4%	-3.0%	-15.1%	-3.1%	-1.1%	-26.3%
TPB	4,146	11.1%	46.1%	29.7%	12.3%	20.0%	-1.9%	14.4%	11.3%	18.9%	-38.3%
VCB	21,894	5.1%	49.4%	13.4%	7.3%	16.3%	-0.5%	-43.3%	80.9%	14.8%	-48.3%
VIB	5,016	8.9%	45.5%	27.5%	9.8%	22.2%	-11.2%	-2.9%	40.0%	-0.9%	-49.1%
VPB	11,229	29.5%	44.4%	30.0%	18.6%	25.0%	13.1%	-26.9%	15.8%	21.8%	-10.5%

Sources: Company data, Mirae Asset Vietnam

Key figures

Stock code	Mkt. cap.	EPS LTM	LLR (%)	NPL	NIM	ROE	ROA	Equity multiplier	P/B	P/E
SOCBs										
VCB	534,763	3,726	223.3	1.0	2.8	17.5	1.7	10.9	2.5	15.4
BID	287,876	3,204	131.0	1.4	2.2	17.8	0.9	19.7	1.8	11.2
CTG	270,648	4,720	171.7	1.2	2.7	20.2	1.3	16.2	1.7	9.0
Avg.		3,883.5	175.3	1.2	2.6	18.5	1.3	15.6	2.0	11.9
Our coverage										
ACB	142,285	3,190	77.9	1.5	3.3	21.0	2.0	10.3	1.6	8.4
HDB	112,017	3,671	68.7	1.9	5.3	25.3	2.0	13.1	1.8	7.8
MBB	222,721	2,810	92.2	1.6	4.2	22.0	2.2	10.1	1.8	9.1
STB	100,859	5,351	68.4	2.4	3.6	21.3	1.5	14.1	1.7	8.7
TCB	283,095	3,049	113.9	1.1	3.8	14.5	2.2	6.6	1.8	13.2
TPB	54,424	2,298	81.3	1.5	3.5	17.3	1.6	11.0	1.4	8.5
VIB	74,378	2,092	50.9	3.5	3.5	18.4	1.6	11.3	1.7	9.8
VPB	274,514	1,989	56.3	4.2	5.5	12.4	1.8	6.3	1.9	15.8
Avg.		2,929.5	73.3	1.8	3.7	19.7	1.9	10.6	1.7	8.9
Others										
ABB	13,973	566	46.2	3.7	1.9	4.3	0.3	12.3	1.0	23.9
BAB	14,418	1,038	97.4	1.2	2.0	9.5	0.7	14.0	1.2	13.1
BVB	10,253	474	43.6	3.2	2.6	5.2	0.3	16.0	1.7	33.8
EIB	56,440	1,786	42.3	2.5	2.7	13.4	1.4	9.3	2.2	17.0
KLB	8,459	2,455	79.0	2.0	4.2	14.4	1.0	14.5	1.3	9.5
LPB	126,511	3,254	83.3	1.6	3.0	25.1	2.1	11.5	3.1	12.8
MSB	41,860	2,123	64.1	2.7	2.9	13.9	1.6	8.6	1.1	8.2
NAB	27,108	2,162	52.8	2.3	3.3	20.2	1.4	13.2	1.3	7.0
NVB	20,321	-8,394	8.6	19.5	-0.9	-80.2	-3.8	19.2	3.1	
OCB	36,084	1,182	47.1	3.2	3.0	9.5	1.1	8.7	1.1	12.0
PGB	8,750	673	40.1	2.6	2.7	6.8	0.5	12.8	1.7	26.0
SGB	4,946	234	36.3	2.7	2.5	1.9	0.2	7.9	1.2	62.4
SHB	82,687	1,838	58.4	2.9	3.9	18.3	1.5	12.7	1.3	7.6
SSB	59,318	1,648	82.9	1.9	4.1	18.6	2.1	9.1	1.5	8.8
VAB	11,103	1,062	69.5	1.4	2.0	11.1	0.8	13.8	1.2	11.2
VBB	9,852	1,097	44.4	2.8	2.0	11.6	0.6	19.3	1.1	10.9
Avg.		1,139.9	50.0	2.6	2.7	11.3	0.9	12.8	1.3	12.0

Sources: Bloomberg, Mirae Asset Vietnam

Valuation and investment highlights

Market frenzy

- **What is driving the “market frenzy”?**

- In terms of fundamentals, profit recovery has been modest and largely reliant on cost-cutting efforts, improvements in asset quality (mainly supported by the resolution of legal bottlenecks and a more upbeat economic backdrop), and recurring non-interest income streams that may persist for a few more quarters, rather than provide a permanent engine of growth. In reality, earnings growth still falls far short of justifying the meteoric surge in share prices — there has been too little fundamental improvement to validate such lofty valuations.
- Externally, the market narrative has swung from excessive fear over new tariffs to excessive excitement when the actual implementation turned out less damaging than expected. This shift has acted as a strong psychological catalyst for equities. The upgrade story has also attracted fresh foreign inflows and heightened public participation, broadening beyond professional domestic investors. Ultimately, the principal driver has been aggressive credit expansion — effectively reigniting a “cheap money” cycle. Liquidity has flowed not only into core sectors, such as public investment, construction, manufacturing, and real estate, but also into margin lending, fueling further speculation.
- For banks, the question of why incremental inflow concentrates in the sector reflects something of a “vicious circle” dynamic. On one hand, banking remains the backbone of the economy, delivering sustained growth in both assets and earnings, reinforced by central bank oversight and liquidity support. The sector also offers large-cap names with sufficient depth to absorb sizable inflows.

- **Sector performance was uneven, although not irrational**

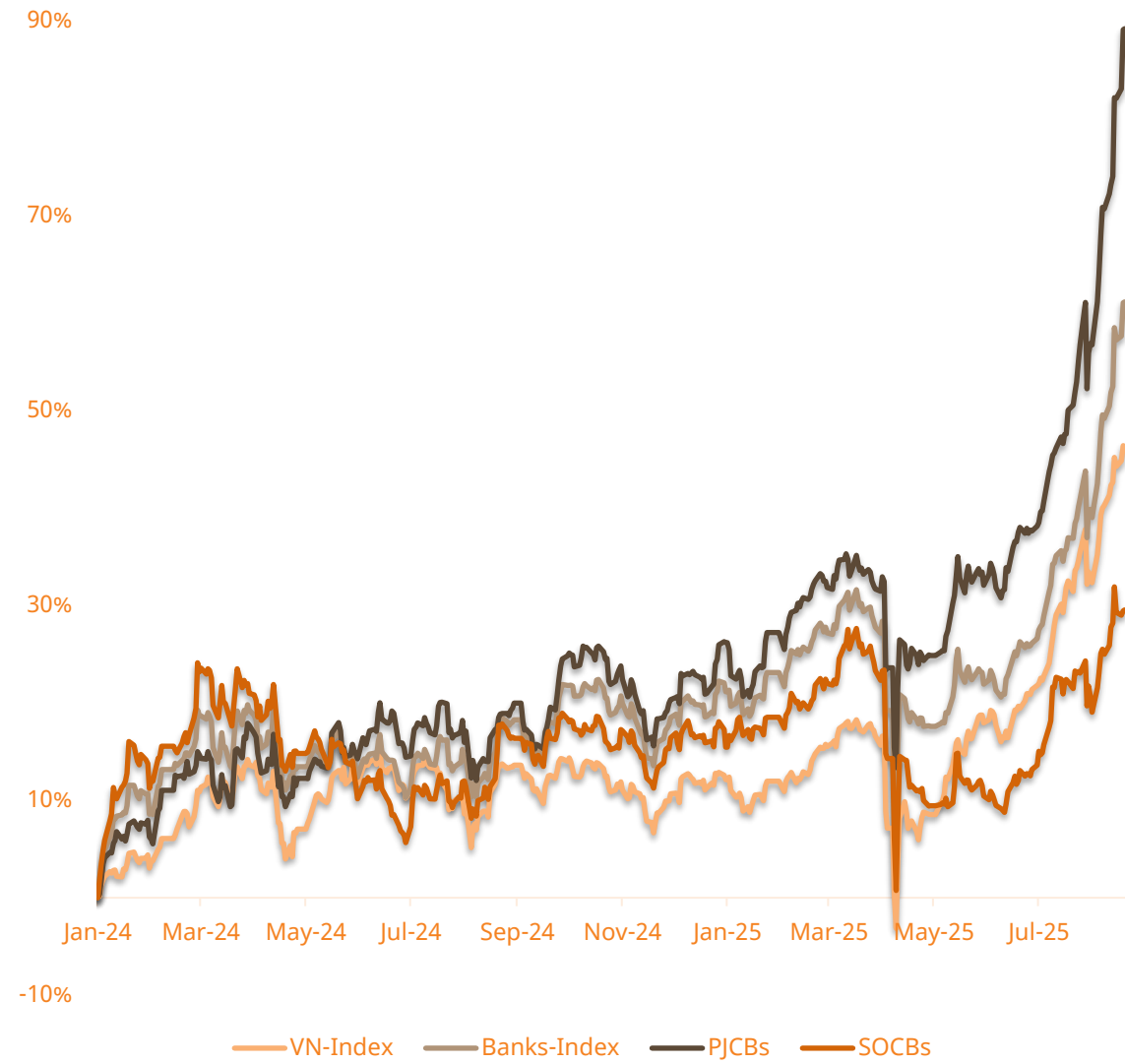
- Market performance has been uneven across banking groups. Mid- and small-sized banks have been the clear outperformers, with several exceptional cases doubling as earnings surged. In contrast, SOCBs recorded relatively muted gains, with the exception of CTG (+30% YTD), supported by robust earnings growth (+46% YoY in 1H25). BID and VCB, weighed down by policy burdens and a lack of near-term catalysts, delivered only marginal increases.
- Meanwhile, private banks under coverage, such as VPB, STB, and MBB, reported both meaningful profit improvements and notable enhancements in asset quality. Added to this are divestment stories — one-off, but sizeable profit contributions — such as TCB’s ongoing deal and VPB’s recent transactions. These names also stand to benefit from policies aimed at bolstering private-sector development, especially among large conglomerates.

- **Revisiting the high**

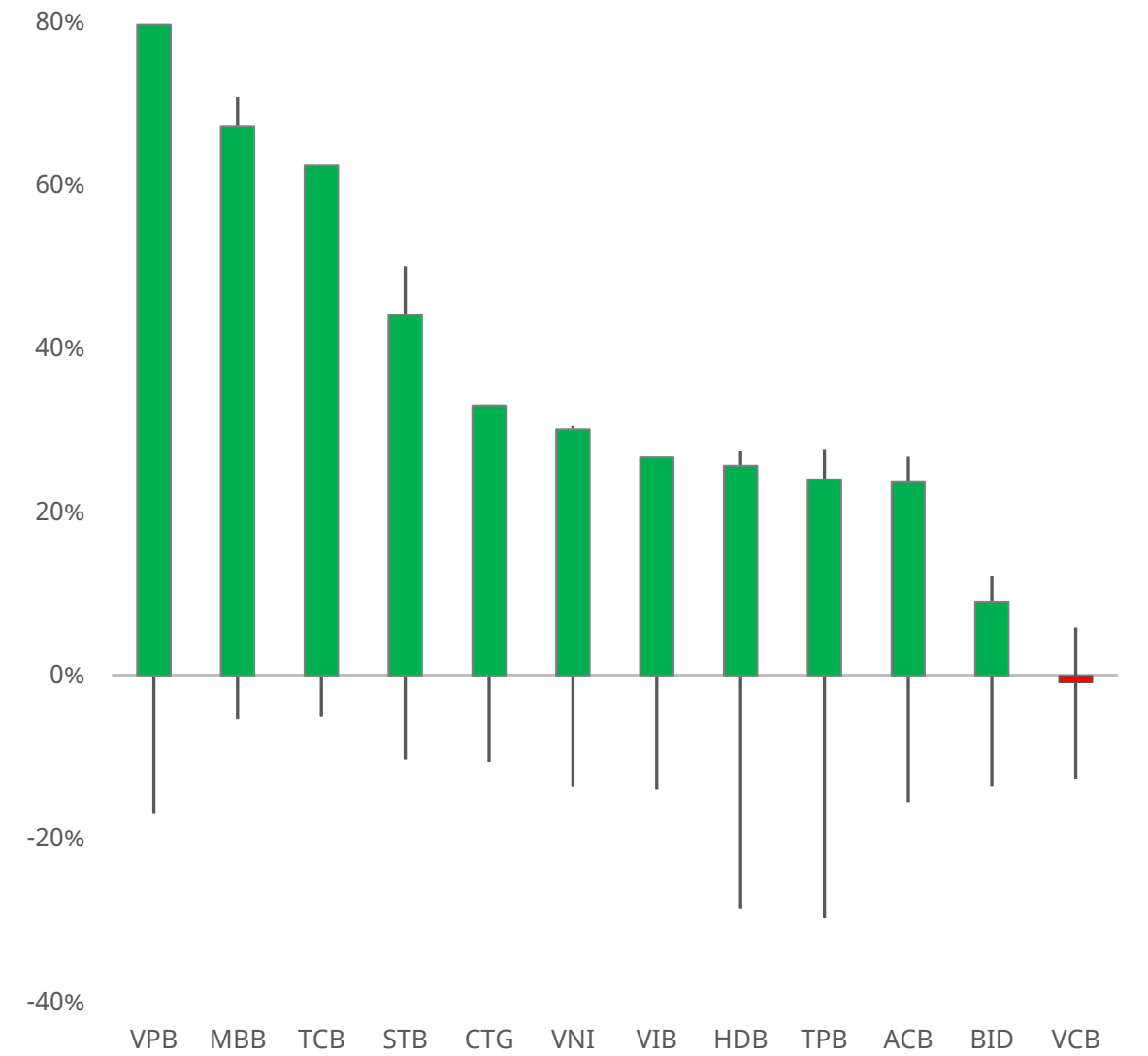
- Valuations for many banks have now surpassed +1 standard deviation (std), with some nearing +2, skewing the risk-reward balance toward the downside. Admittedly, upward momentum may persist in the near term, as margin lending remains a powerful tailwind at least through 2H25. Short-term investment stories tied to TCB, VPB, and MBB will likely continue to attract liquidity, as the “cheap money” phase has historically pushed multiples beyond +2std, even if only temporarily. Meanwhile, more defensive names, such as BID and VCB (still trading at relatively undemanding levels), fit better with long-term stability strategies.
- The key risk is that valuation multiples of this magnitude rarely endure. History has shown that every easing cycle eventually ends with tightening. First, because credit growth targets cannot be sustained without at least temporarily channeling liquidity into the equity market — given its depth and liquidity — before reallocating to more stable segments. Second, the basis for allowing rapid credit expansion lies in maintaining low inflation, currently just under 3.3% in 7M25. Yet inflation reflects lagging data, while asset prices are already rising sharply, also creating the risk of bubbles.
- In short, the market uptrend may well continue in the near term, but new buy calls carry substantial risk, particularly for investors who are not entirely passive. The key watchpoints remain interest rates and inflation; if either, or both, rise unexpectedly, preserving capital rather than chasing further gains could prove the wiser move.

Valuation and investment highlights

Banks' stock performances



Banks' stock performances (from start of 2025)

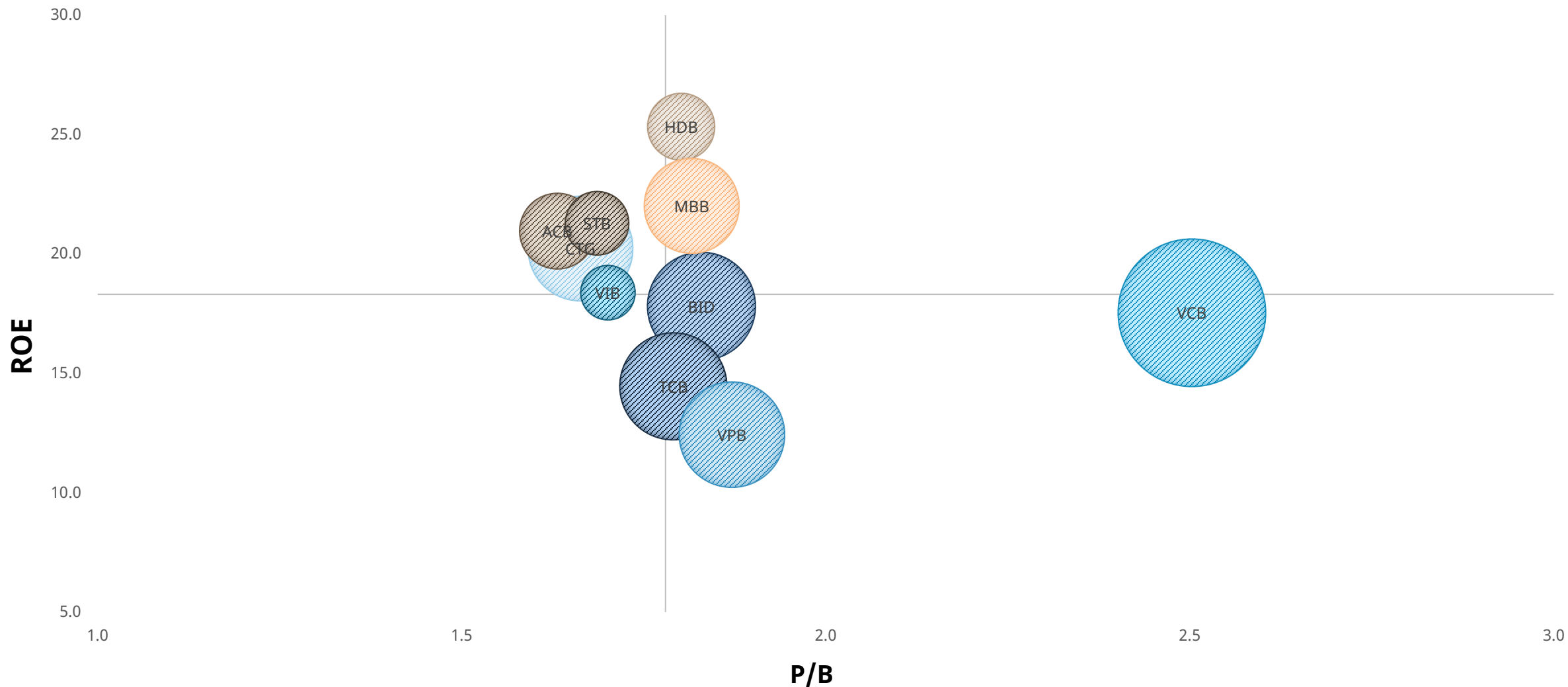


Sources: Bloomberg, Mirae Asset Vietnam

Valuation and investment highlights (cont'd.)

Relative valuation

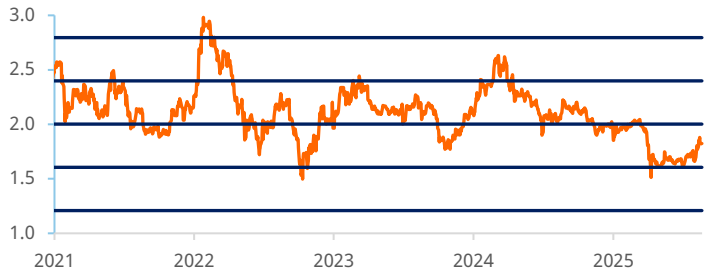
Current market cap, ROE, and trailing P/B (avg. P/B of 12 top banks: 1.78)



Sources: Bloomberg, Mirae Asset Vietnam

P/B band chart

BID



MBB



ACB



CTG



VPB



STB



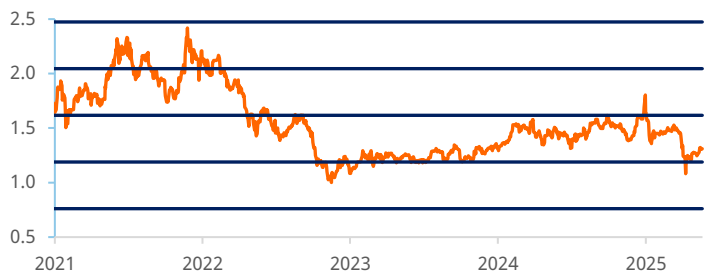
VCB



TCB



HDB



Sources: Bloomberg, Mirae Asset Vietnam

APPENDIX

Stock Ratings		Industry Ratings	
Buy	: Relative performance of 20% or greater	Overweight	: Fundamentals are favorable or improving
Trading Buy	: Relative performance of 10% or greater, but with volatility	Neutral	: Fundamentals are steady without any material changes
Hold	: Relative performance of -10% and 10%	Underweight	: Fundamentals are unfavorable or worsening
Sell	: Relative performance of -10%		

Ratings and Target Price History (Share price (—), Target price (—), Not covered (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

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