

# Banking

## Moving towards sustainable growth

## Neutral

### Maintain growth trajectory in 2Q25

- Aggregated 2Q25 PBT (27 listed banks) surged +17.6%yoy. The business results resulted from 1) robust credit growth, 2) a surge in investment activities, 3) higher other incomes, and 4) controllable operating expenses and provision expenses. Accumulated 1H25 PBT rose by +16.1%yoy, completing approximately 49% of the 2025 guidance.
- Banks with impressive in 2Q25: CTG (+79.2%yoy) in SOCBs, STB (+36.1%yoy), VPB (+38.3%yoy), and SHB (+59%yoy) in large private banks; VIB (+23.4%yoy) in medium private banks; and some small private banks.

### Accelerated credit expansion in 2Q25

- Total credit disbursement grew +9.9%YTD in 2Q25 (or 19.2%yoy), higher than +6.1%YTD in 2Q24, driven by growth momentum from corporate loans and a gradual recovery in retail loans.
- 21/27 banks with higher credit growth. Some banks led the banking group in 2Q25: CTG (+10.3%YTD) in SOCBs; VPB (+18.4%YTD) in large private banks; HDB (+15.3%YTD) and NAB (+14.7%YTD) in medium private banks; NVB (+21.9%YTD) and ABB (+16.0%YTD) in small private banks.
- 2Q25 NIM (27 banks) rose quarterly by +11bps but was still lower by -43bps to 3.24%, mainly resulting from lower asset yield. Compared to the same period, the majority of banks (24/27) experienced a decrease in 2Q25 NIM. Meanwhile, 15 banks showed a quarterly improvement in net interest margin.
- CASA ratio rose from 20.7% in 1Q25 to 21.8% in 2Q25. The majority of banks (23/27) reported a higher CASA ratio. Leaders: MBB (from 35.7% in 1Q25 to 37.7% in 2Q25), TCB (from 35.1% in 1Q25 to 36.4% in 2Q25), VCB (from 34.3% in 1Q25 to 35.5% in 2Q25), and MSB (from 24.0% in 1Q25 to 26.3% in 2Q25).

### Ongoing growth in non-interest incomes

- 2Q25 non-interest incomes recorded double-digit growth by +26.5%yoy, driven by higher income growth from bad-debt collections and investment activities. Incomes from service fees and FX activities experienced moderate growth. Some have higher non-interest income growth in 2Q25: BID (+32%yoy) and VCB (+30%yoy) in SOCBs; MBB (+35%yoy), SHB (4.1x), and ACB (69%yoy) in large private banks; HDB (+217%yoy), VIB (+59%yoy), TPB (+47%yoy), NAB (+450%yoy), and OCB (+62%yoy) in medium banks; some small private banks.

### Research Dep

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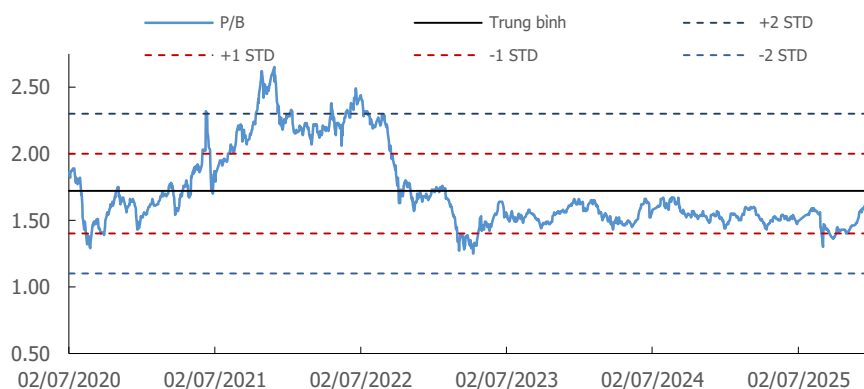
### Contained non-performing loans

- NPLs were controlled. NPL (3-5 group)/ (2-5 group) (Aggregated 27 banks) declined from 2.1%/3.8% in 1Q25 to 2.0%/3.3% in 2Q25. Leaders with low ratios of NPL (3-5 group) differed from 1Q25 to 2Q25: VCB (maintaining rate of 1.0%), VAB (0.6% to 1.1%), BAB (1.26% to 1.25%), ACB (1.48% to 1.26%), and TCB (1.17% to 1.26%).
- The loan loss coverage ratio (LLCR) in 2Q25 remained at a rate of 80%. Top banks with high LLCR: VCB (216% in 1Q25 to 214% in 2Q25), CTG (137% in 1Q25 to 135% in 2Q25), and TCB (from 112% in 1Q25 to 107% in 2Q25).

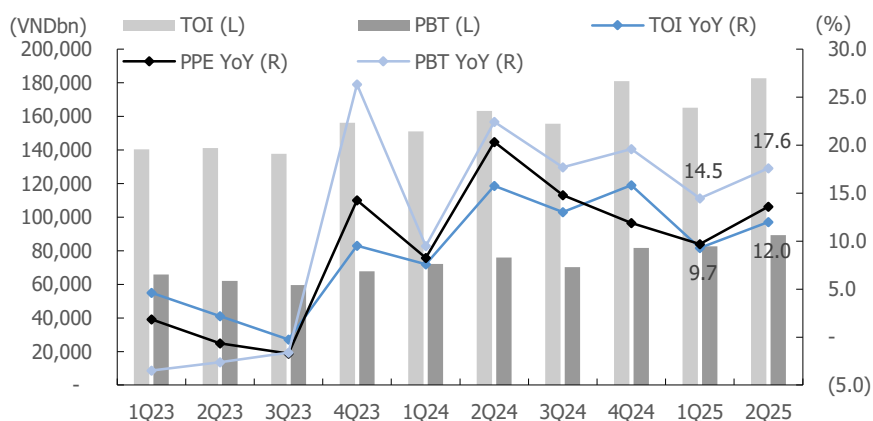
### 3Q25F: Keep double-digit earnings growth

- 3Q25 credit demands could continue to grow higher than in the same period. SBV resets an ambitious credit growth target of over 16% for the banking system in 2025, requiring higher credit disbursement from commercial banks. NIM could continue to improve in 3Q25, driven by a higher asset yield. 2025F NIM could remain stable in a base case and slightly decline in the worst case. Non-interest incomes could be brighter in 3Q25 thanks to the consistent application of regulations and more vibrant economic activities. Non-performing loans could be controlled amid better business conditions.
- The banking's P/B valuation is 1.71x, compared to 5-year historical ratio of 1.72x.

**Figure 1. Historical P/B valuation**

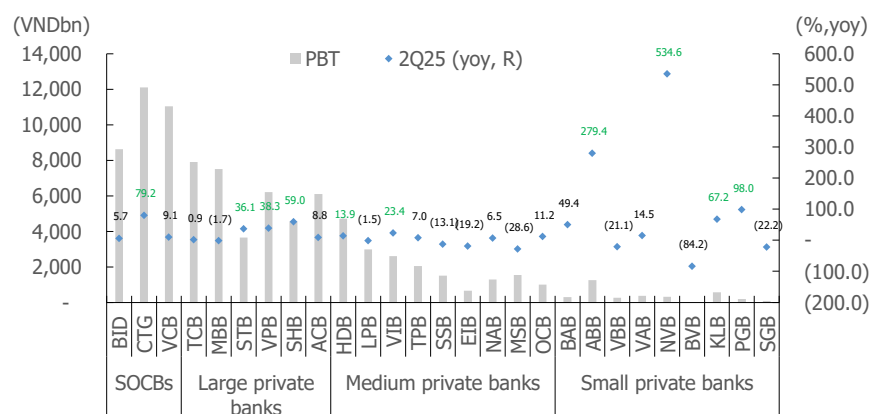


Source: FiinproX, KIS Research

**Figure 2. Double-digit growth in aggregated 2Q25 TOI and PBT**

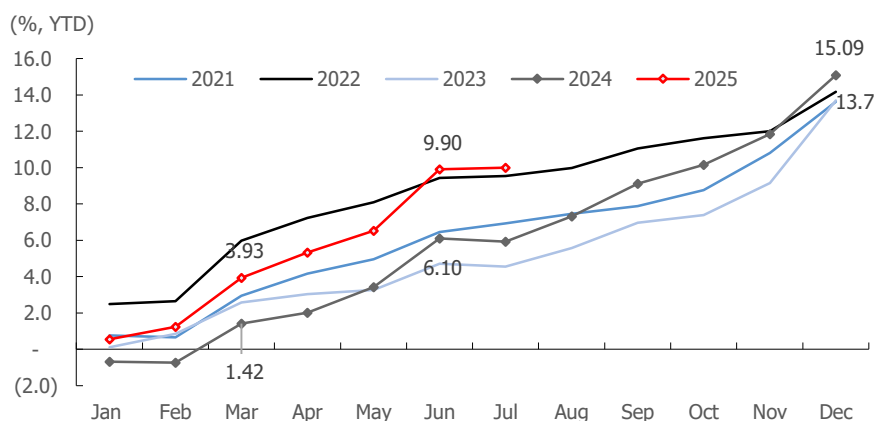
Source: FiinproX, KIS Research

**Double-digit earnings growth in 2Q25 thanks to higher total operating incomes and manageable costs.**

**Figure 3. 2Q25 earnings divergence: 18/27 banks with positive growth**

Source: FiinproX, KIS Research. Note:

**Some banks with impressive performance: CTG, STB, VPB, SHB, HDB, VIB, ABB, NVB, KLB, and PGB.**

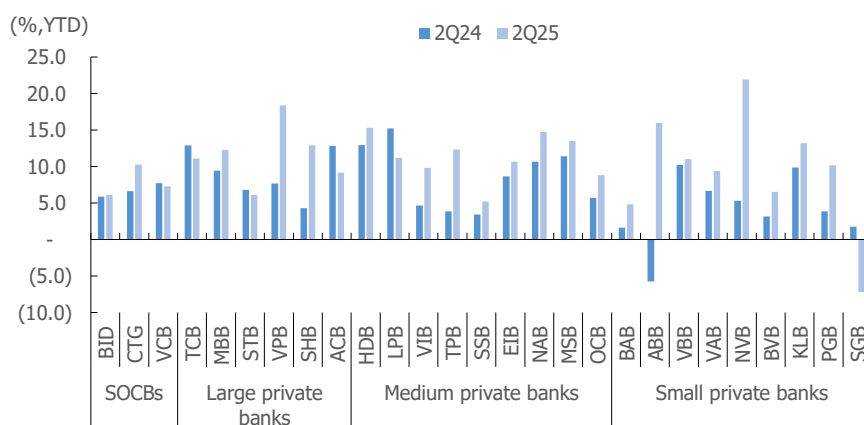
**Figure 4. Higher credit growth**

Source: SBV, KIS Research

**Accelerated credit disbursement in 2Q25 reached the highest level in recent years.**

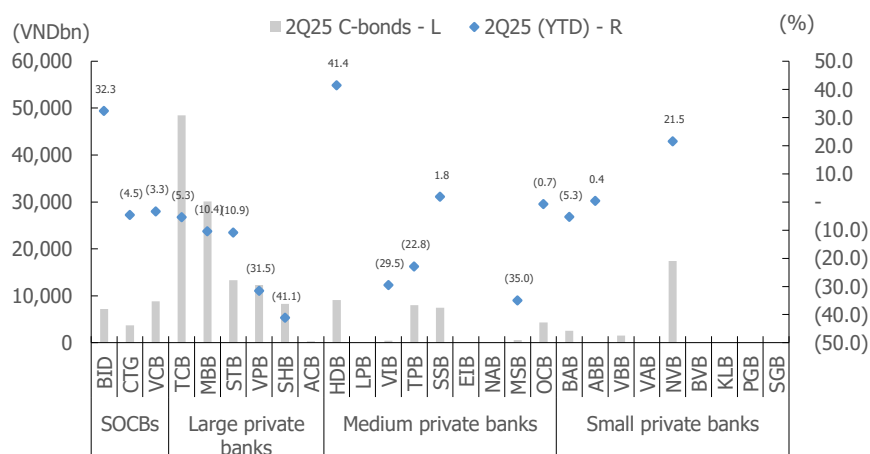
**21/27 banks with higher credit growth.**

**Figure 5. Credit growth diverged among banks**



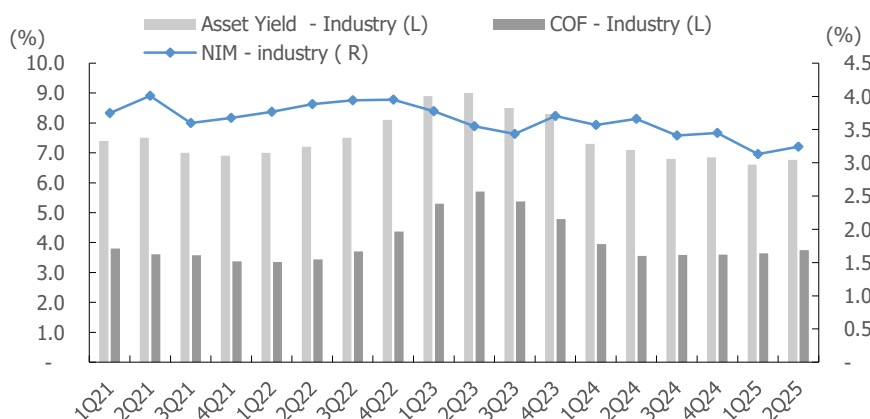
Source: FiinproX, KIS Research

**Figure 6. Banks continues to reduce outstanding balance**



Source: FiinproX, KIS Research

**Figure 7. Quarterly improvement industry's 2Q25 NIM**



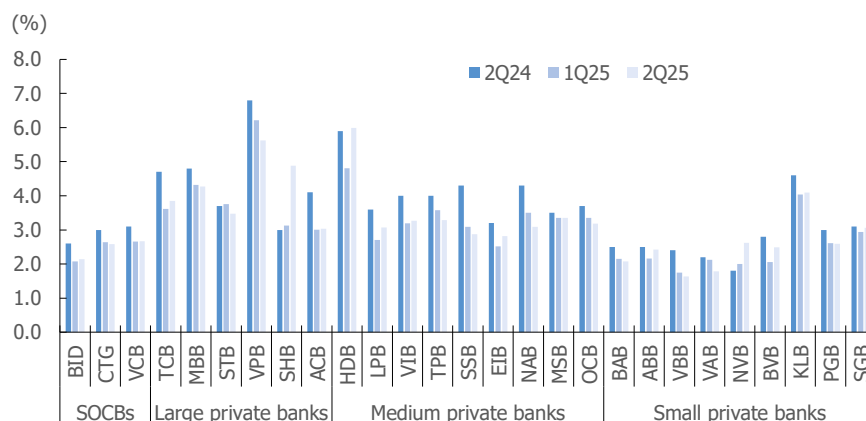
Source: FiinproX, KIS Research

**Almost all banks reduced their corporate bond holdings during the market stagnation. Exceptions included BID, ACB, HDB, SSB, ABB, and NVB.**

**The industry's net interest margin improved in 2Q25, resulting from rebounding asset yields.**

**Figure 8. A quarterly increase in 2Q25 NIM**

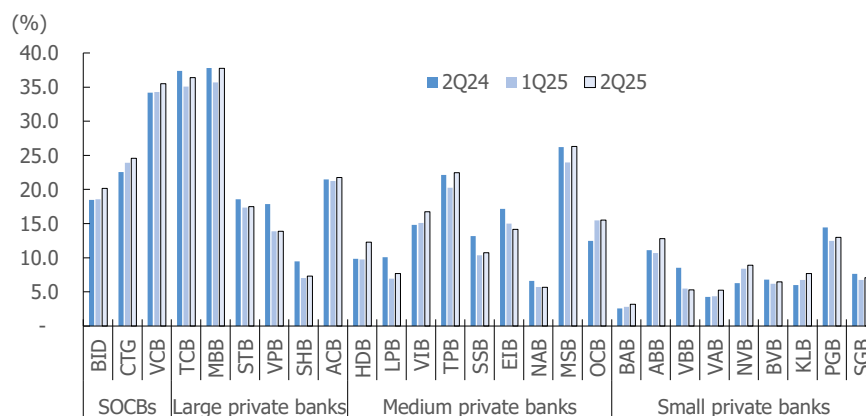
**15/27 Banks improve quarterly NIM in 2Q25.**



Source: FiinproX, KIS Research

**Figure 9. Lower CASA ratios**

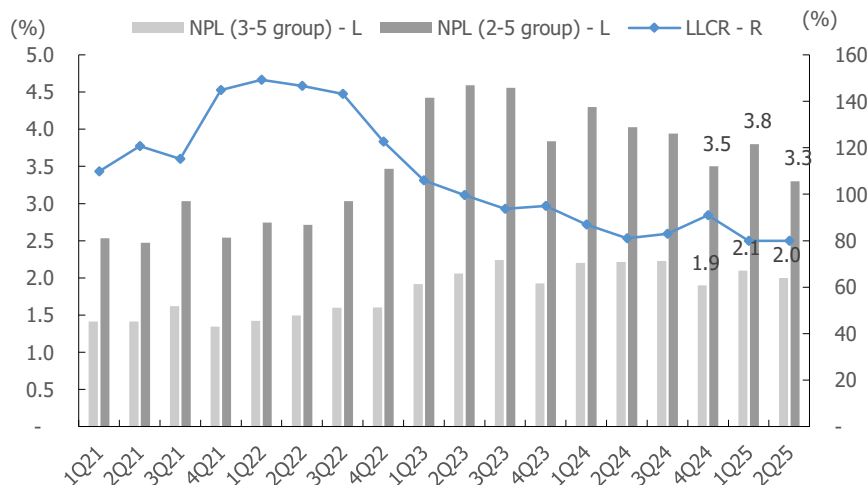
**23/27 banks experienced an improvement in the CASA ratio.**



Source: FiinproX, KIS Research

**Figure 10. Controlled non-performing loans (27 banks)**

**In 2Q25, decreasing non-performing loans and maintaining LLCR at 80%.**

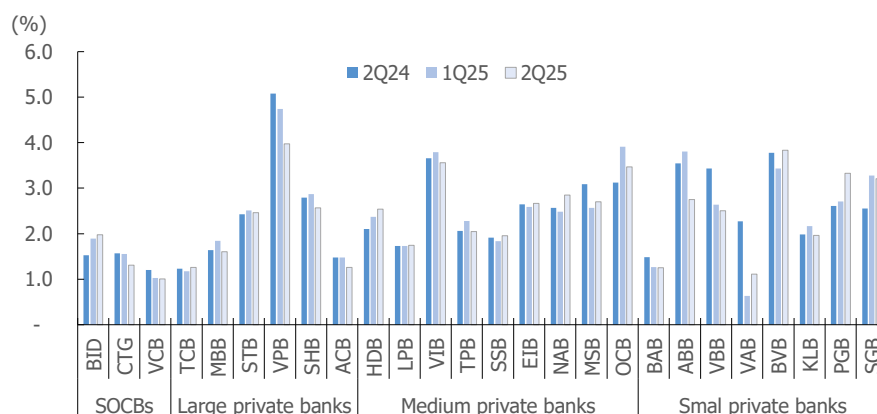


Source: FiinproX, KIS Research. Note: current loan: group 1, Special mentioned loan: group 2, Substandard loan: group 3, doubtful loan: group 4, estimated loss loan: group 5.

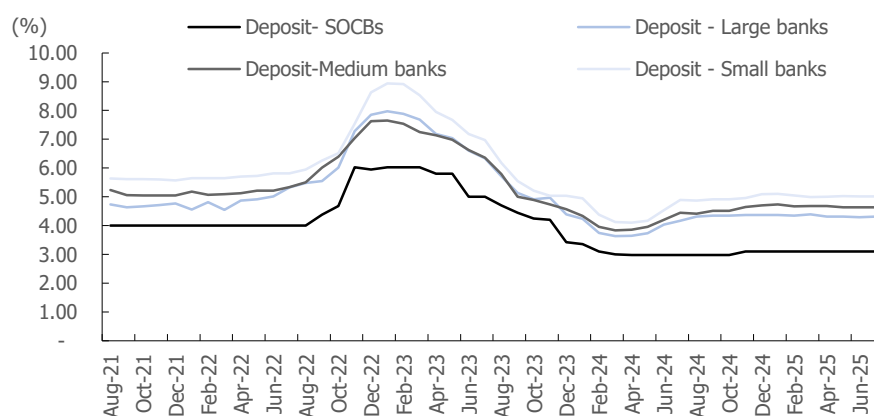
**Figure 11. NPL (3-5 group)/ total loans**

**Leaders with low ratios included VCB, VAB, BAB, ACB, and TCB.**

**15/27 banks with decreasing NPL ratios.**



Source: FiinproX, KIS Research, Note: current loan: group 1, Special mentioned loan: group 2, Substandard loan: group 3, doubtful loan: group 4, estimated loss loan: group 5.

**Figure 12. Deposit rates (6 months) remain stable**

Source: Banks, SBV, KIS Research

**Low deposit interest rates kept the cost of funds low**

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