

# Banking

## On target

## Neutral

### Strong earnings growth in 4Q25

- Aggregated 4Q25 PBT (27 listed banks) surged +19.2% yoy and +11.3% qoq. This strong performance was driven by 1) robust credit growth, 2) recovery of service activities, 3) strong growth from other incomes, and 4) controllable operating expenses. As a result, 2025 PBT rose by +18.9% yoy, completing approximately 104% of the 2025 guidance.
- Banks with the highest year-on-year PBT growth in 4Q25 include BID (+43.2%) among state-owned commercial banks (SOCBs); TCB (+94.9%), MBB (+37.5%), and VPB (+66.3%) among large private banks; HDB (+60.0%), LPB (+39.0%), and TPB (+47.6%) among medium private banks; as well as various small private banks.

### Skewed credit growth in 4Q25

- Total credit disbursement grew +19.01%YTD in 4Q25, higher than +15.09%YTD in 4Q24, driven by growth momentum from corporate loans and a gradual recovery in retail loans.
- Higher credit growth occurred in only a few banks with 6 out of 27 banks, including VCB (15.3% in 4Q25 vs 13.9% in 4Q24), MBB (36.7% in 4Q25 vs 24.8% in 4Q24), STB (14.8% in 4Q25 vs 11.0% in 4Q24), VPB (35.1% in 4Q25 vs 18.2% in 4Q24), BAB (14.1% in 4Q25 to 9.2% in 4Q24), and ABB (21.2% in 4Q25 vs 0.7% in 4Q24).
- 4Q25 NIM (27 banks) declined by +8.42bps for quarter-over-quarter and -25.7bps for year-over-year to 3.19%. An increase in asset yields was compensated by a higher cost of funds. Compared to the same period, the majority of banks (18/27) experienced a decrease in 4Q25 NIM.
- CASA ratio remained 22% in 2024 and 2025. Banks (14/27 year over year and 19/27 quarter over quarter) reported a higher CASA ratio. Leaders: MBB (from 36.8% in 3Q25 to 37.6% in 4Q25), TCB (from 38.4% in 3Q25 to 35.9% in 4Q25), VCB (from 34.0% in 3Q25 to 34.2% in 4Q25), and MSB (from 27.3% in 3Q25 to 28.9% in 4Q25).

### Strong growth in non-interest incomes

- 4Q25 non-interest incomes recorded double-digit growth by +17.2%yoy/42.7%qoq, driven by segments: service fees and other incomes. Regarding service incomes, large private banks such as TCB, MBB, VPB, SHB, and HDB and other smaller private bank experienced more impressive results than others.
- Some banks have strong non-interest income growth in 4Q25: TCB (+321%yoy), STB (+78%yoy), VPB (+27%yoy), SHB (+77%yoy), HDB (+106%yoy), LPB (+108%yoy), NAB (+221%yoy), OCB (+128%yoy), and other small banks.

### Research Dep

Researchdept@kisvn.vn

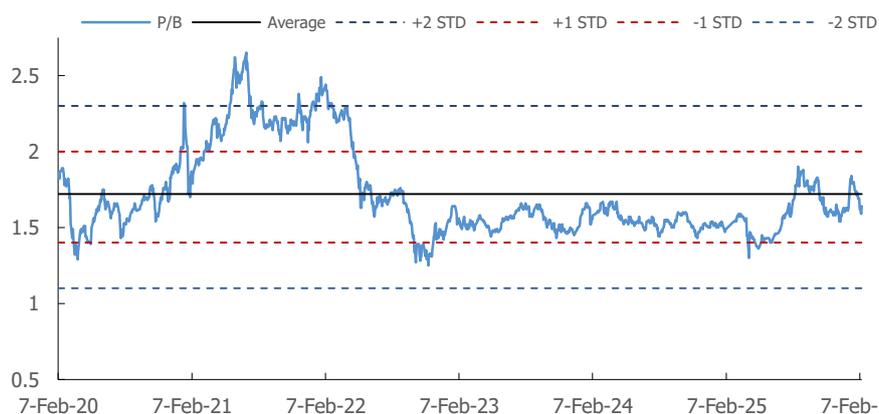
## Decreasing non-performing loans

- NPLs were controlled. NPL (3-5 group)/ (2-5 group) (Aggregated 27 banks) declined from 1.9%/3.5% in 4Q24 and 2.0%/3.4% in 3Q25 to 1.9%/3.0% in 4Q25. Leaders with low NPL ratios (3-5 group) differed from 3Q25 to 4Q25: VCB (1.03% to 0.6%), ABB (2.6% to 0.9%), ACB (1.09% to 0.97%), TCB (1.16% to 1.07%), CTG (1.09% to 1.1%).
- The loan loss coverage ratio (LLCR) slightly declined from 84% in 3Q25 to 83% in 4Q25. Top banks with high LLCR changed from 3Q25 to 4Q25: VCB (202% to 259%), CTG (176% to 159%), and TCB (119% to 128%).

## 1Q26F: Persistent earnings growth

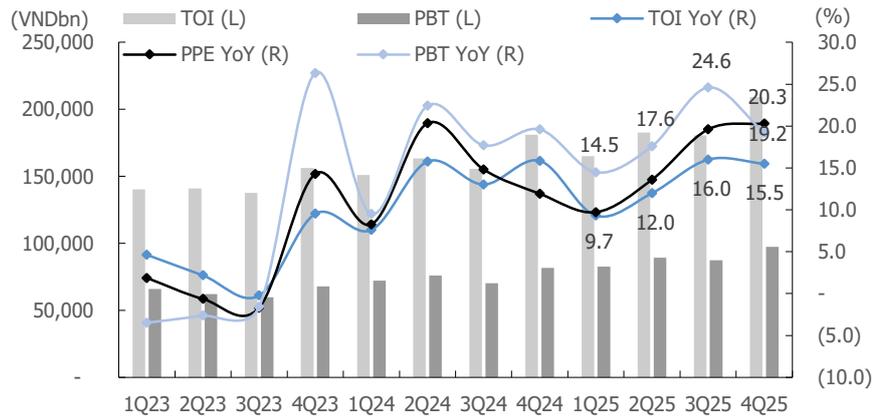
- We estimate that 1Q26 earnings could reach moderate growth. SBV sets a credit growth target of 15% for the banking system in 2026. However, SBV set a limit on room for commercial banks in 1Q26. 1Q26 NIM and non-performing loans could maintain stability. The SBV continues to support the banking system's liquidity during the high peak season preceding the Tet Holiday. SBV implemented a 50% reduction in the reserve requirement ratio for four banks: VCB, MBB, VPB, and HDB.
- As of Feb 11, 2026, the banking industry's P/B valuation is trading at 1.64x, which is lower than its five-year historical average of 1.72x.

**Figure 1. Historical PB data for the banking industry**



Source: FinproX, KIS Research

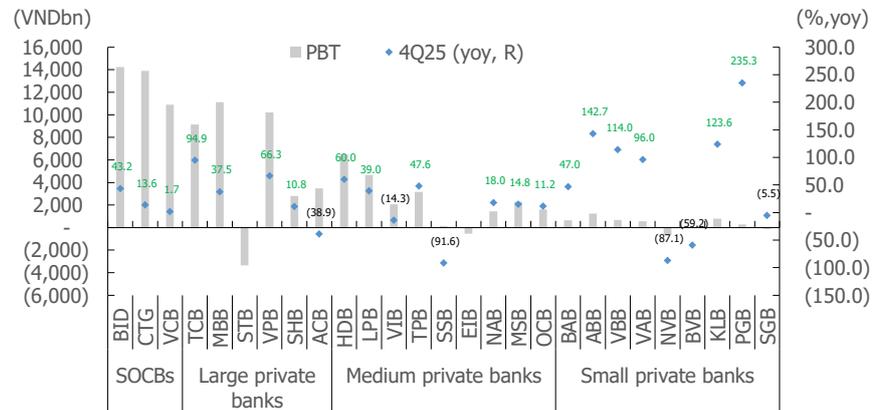
**Figure 2. Double-digit growth in aggregated 3Q25 TOI and PBT**



Source: FiiiproX, KIS Research

**A surge in 4Q25 earnings growth.**

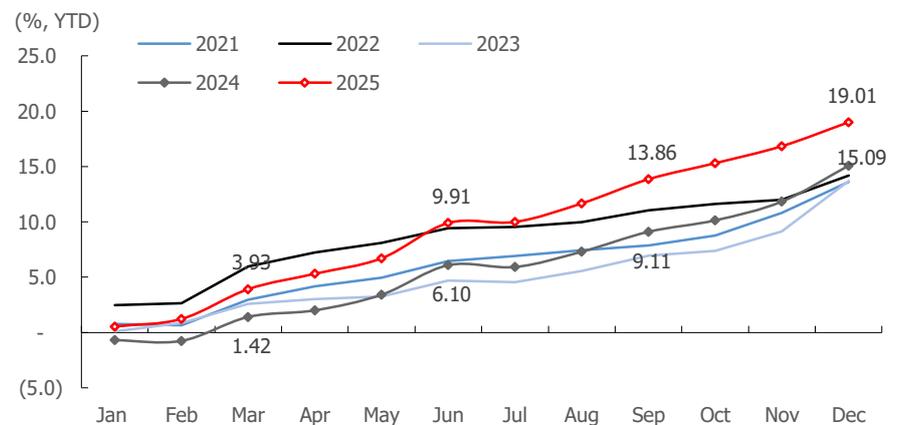
**Figure 3. 4Q25 earnings divergence: 19/27 banks with positive growth**



Source: FiiiproX, KIS Research. Note:

**Some banks with impressive performance: BID, TCB, MBB, VPB, HDB, LPB, TPB, and several smaller banks.**

**Figure 4. Higher credit growth**

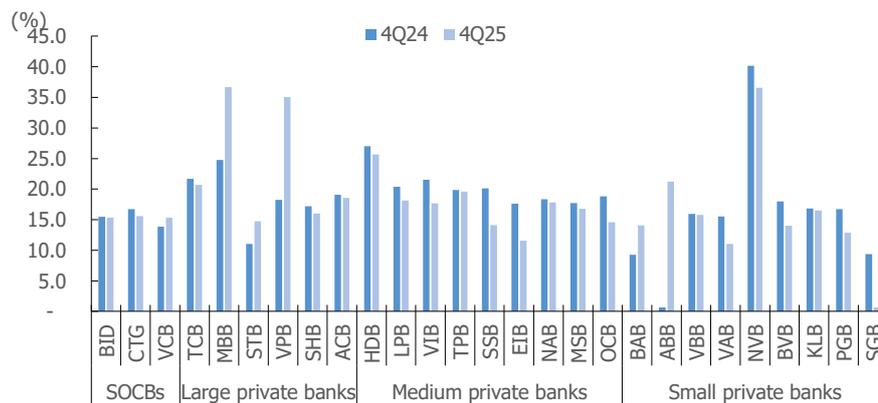


Source: SBV, KIS Research

**Credit disbursement in 4Q25 reached the highest level in recent years.**

**Figure 5. Higher credit growth is concentrated in a few banks**

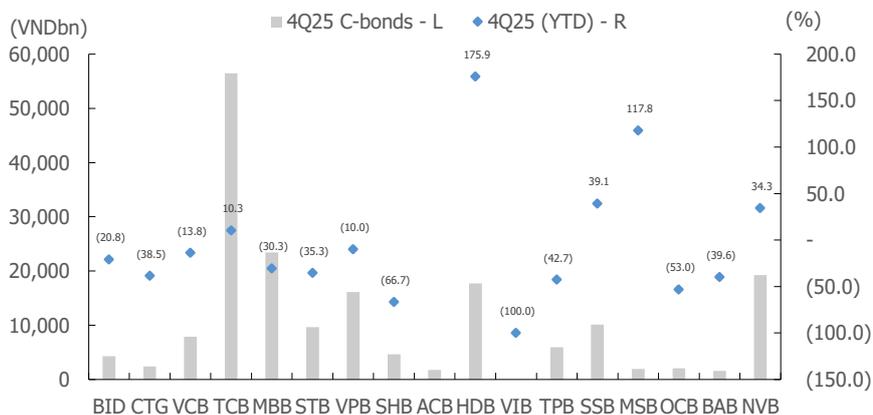
6/27 banks with higher credit growth.



Source: FiinproX, KIS Research

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

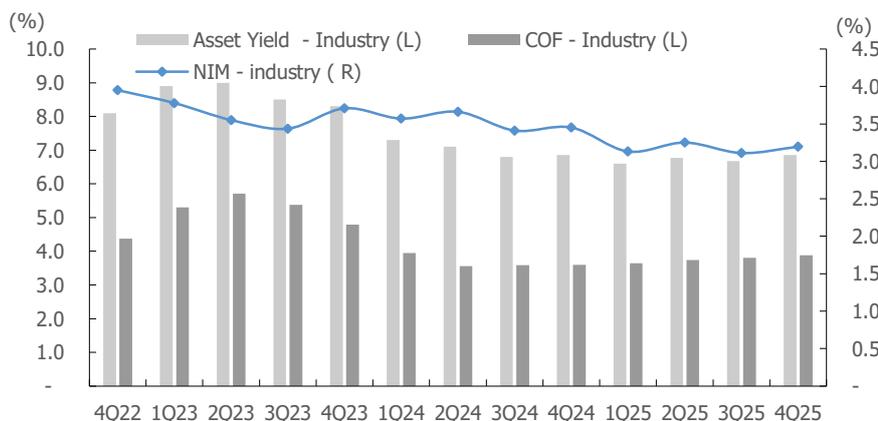
Almost all banks reduced their corporate bond holdings. Exceptions included TCB, HDB, SSB, MSB, and NVB.



Source: FiinproX, KIS Research

**Figure 7. Industry's 4Q25 NIM**

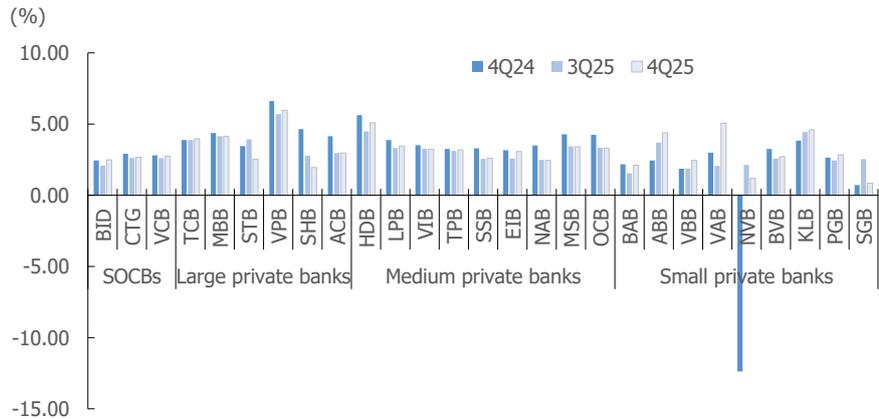
The industry's 4Q25 net interest margin improved quarter-over-quarter.



Source: FiinproX, KIS Research

**17/27 Banks improve quarterly NIM in 4Q25.**

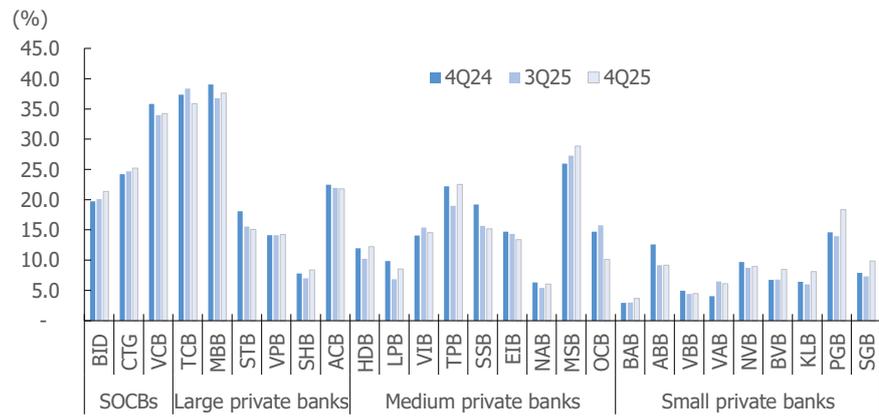
**Figure 8. the industry's 4Q25 NIM**



Source: FiinproX, KIS Research

**19/27 banks experienced a quarterly improvement in the CASA ratio.**

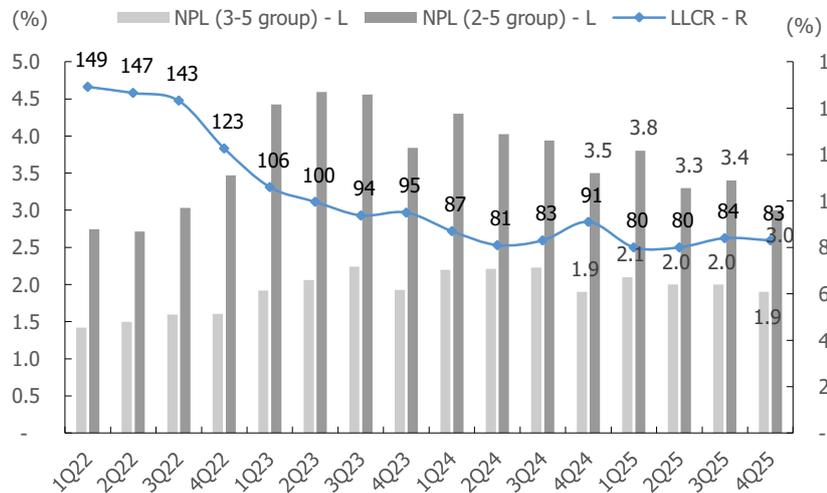
**Figure 9. CASA ratios**



Source: FiinproX, KIS Research

**In 4Q25, decreasing non-performing loans and maintaining LLCR at 83%.**

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

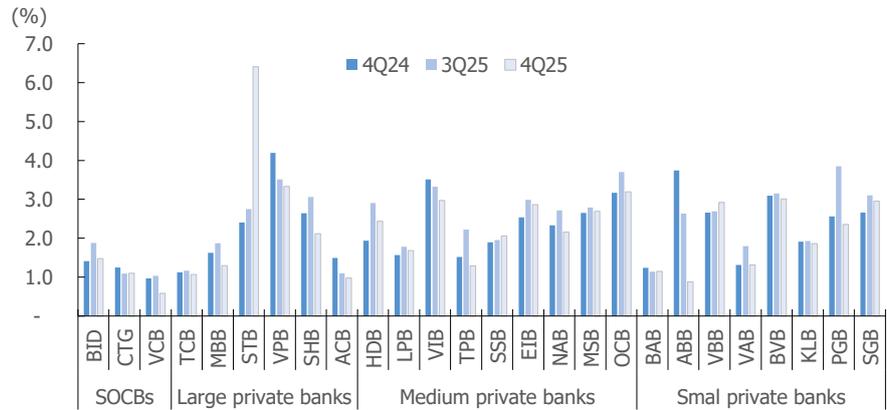


Source: FiinproX, KIS Research. Note: current loan: group 1, Special mentioned loan: group 2, Substandard loan: group 3, doubtful loan: group 4, estimated loss loan: group 5.

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

**Leaders with low ratios included VCB, ABB, ACB, TCB, and CTG.**

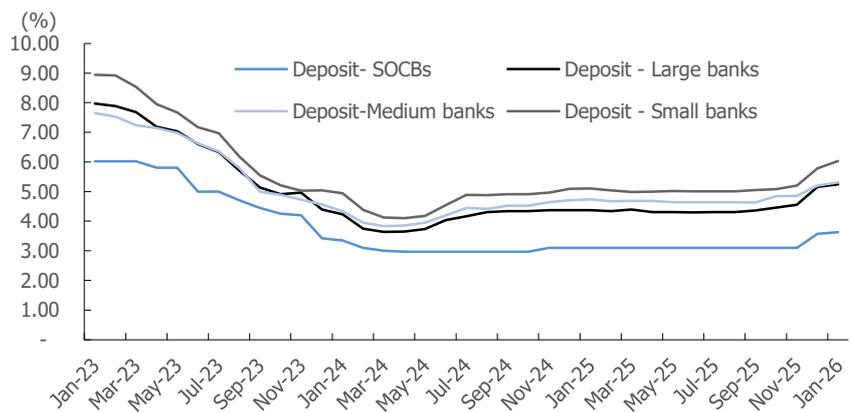
**15/27 banks with decreasing NPL ratios year-over-year.**



Source: FiiiproX, 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**

**A slight increase in deposit rates.**



Source: Banks, SBV, KIS Research

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