KIS Viet Nam Securities Corporation

Sector Note

Financials

11 May 2026

Banking

Resilient growth amid volatility

Neutral

Maintaining double-digit growth

- Aggregated 1Q26 PBT (27 listed banks) surged +14.2% yoy and -3.1% 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, 1Q26 PBT completed 22% of the 2026 guidance.
- SOCBs outperformed the private bank in terms of Profit growth. Some banks with impressive results are as follows: CTG (+63.3% yoy) among state-owned commercial banks (SOCBs); TCB (+22.6% yoy), VPB (+57.9%yoy) among large private banks; NAB(+34.2%yoy), OCB (+37.0%yoy) among medium private banks; as well as some small private banks.

Sustaining credit activities

- Total credit disbursement grew +3.18%YTD in 1Q26 or 18.2%yoy, compared to 3.93%YTD in 1Q25.
- Only 10 of 26 banks had higher credit growth, including NVB, VPB, HDB, VCB, MBB, ACB, ABB, OCB, BAB, and SGB.
- 1Q26 NIM (27 banks) declined by -22bps for quarter-over-quarter and -16bps for year-over-year to 3.0%. The increase in cost of funds outpaced the expansion of asset yields. Compared to the same period, the majority of banks (7/27) experienced an increase in 1Q26 NIM.
- CASA experienced a systemic retreat in 1Q26, with QoQ and YoY declines observed in 23 and 15 out of 27 banks, respectively. Top leaders changed from 1Q25 to 1Q26, including MBB (from 35.7% to 33%), VCB (from 34.3% to 32.9%), TCB (from 35.1% to 32.6%), and MSB (from 24% to 26.3%).
- 1Q26 non-interest incomes experienced by +10.7%yoy/-32.1%qoq, driven by segments: recovery of service fees (+43%yoy/+2.9%qoq) and other income (+39.7%yoy/-57.5%qoq). Fee-based income remained a bright spot for the private sector, with major players—including TCB, MBB, VPB, SHB, VIB, and TPB—alongside their smaller peers, delivering impressive results.
- Seasonal headwinds pushed the aggregate NPL (Group 3-5) and NPL (Group 2-5) to 2.0% and 3.2% in 1Q26. Despite this QoQ uptick, the sector's credit profile remains healthier than in 1Q25, when ratios stood at 3.1% and 3.8%. Leaders with low NPL ratios (3-5 group) differed from 4Q25 to 1Q26: VCB (0.58% to 0.62%), ABB (0.88% to 0.82%), CTG (1.07% to 1.09%), and TCB (1.07% to 1.09%).

Research Dep

Researchdept@kisvn.vn

- The loan loss coverage ratio (LLCR) slightly declined from 83% in 4Q25 to 80% in 1Q26. Top banks with high LLCR changed from 4Q25 to 1Q26: VCB (258% to 253%), CTG (159% to 167%), and TCB (128% to 129%).

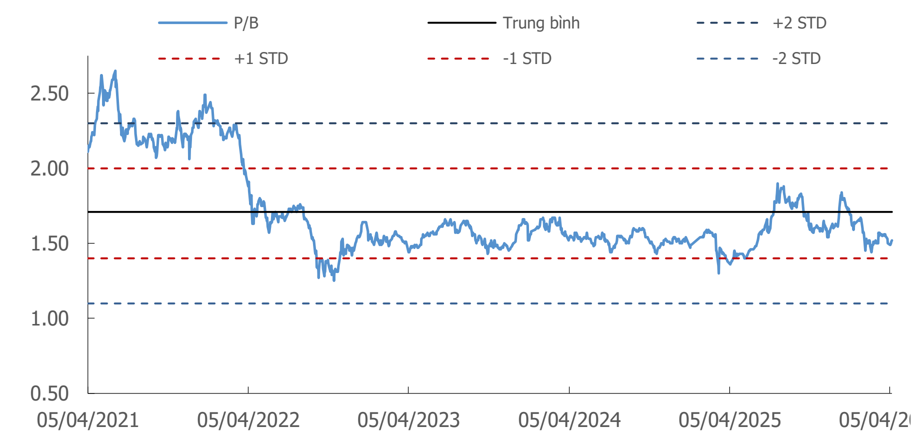
2Q26F: Moderate earnings growth

- We project moderate earnings growth for 2Q26F, underpinned by stable credit growth or a lower YoY level. While NIM 2Q26F could remain flat QoQ—reflecting a YoY compression—robust momentum in service income should persist, fueled by vibrant economic activity. Furthermore, Operating expenses and asset quality could remain under effective control.
- As of May 08, 2026, the banking industry's P/B valuation is trading at 1.52x, which is lower than its five-year historical average of 1.71x.

Draft amendment to Circular 22/2019-TT-NHNN

- As of 29 Apr 2026, SBV issued a draft amendment to Circular 22/2019/TT-NHNN. The key highlight included the transition from the Loan-to-Deposit Ratio (LDR) to the Credit-to-Deposit Ratio (CDR). Loan balances will include credits to customers (including off-balance sheet), corporate bonds after equity adjustment. Deposits will exclude interbank funding and include 20% of State Treasury deposits.
- This version could create short-term pressure as the CDR could potentially exceed the LDR. This fosters long-term operational stability for the banking sector, as banks are compelled to bolster their capital positions and sharpen their competitive edge. In this landscape, SOCBs and major private banks are poised to command a superior competitive advantage, leveraging their immense scale and long-standing operational reputation. The upcoming version could be followed to know the final amendment and its effect on the banking industry.

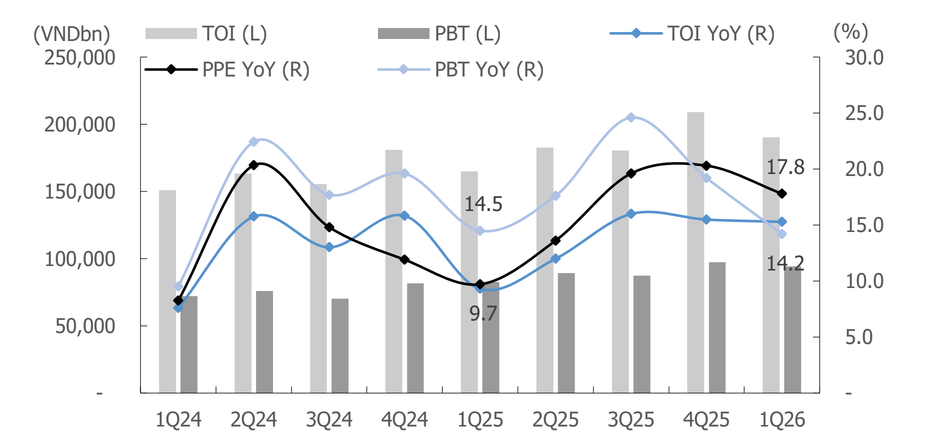
Figure 1. Historical PB data for the banking industry



Source: FiinproX, KIS Research

Maintaining double-digit growth momentum.

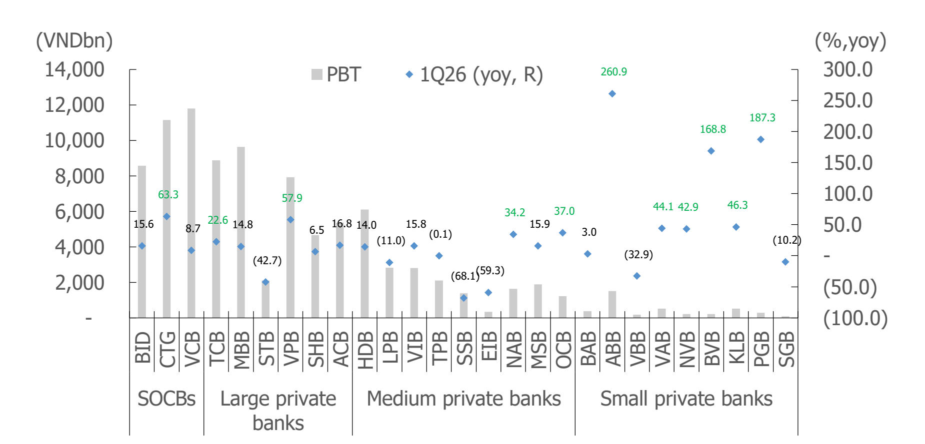
Figure 2. Double-digit growth in aggregated 1Q26 TOI and PBT



Source: FiinproX, KIS Research

Some banks with impressive performance: CTG, TCB, VPB, NAB, OCB, and several smaller banks.

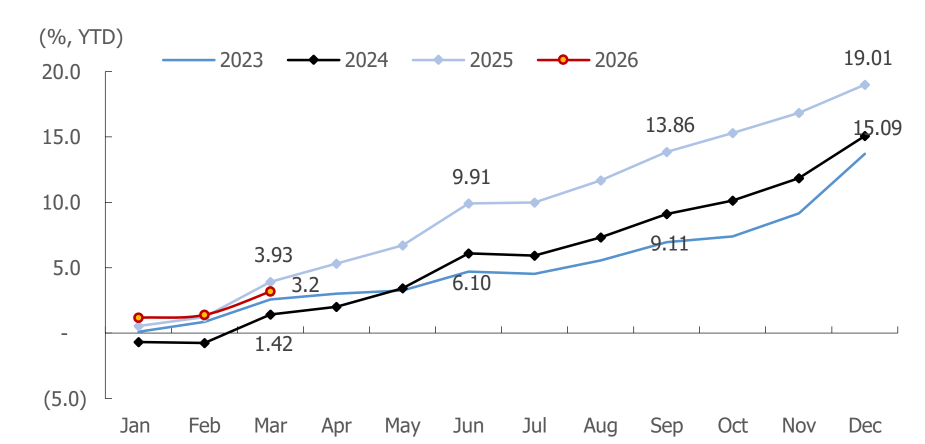
Figure 3. 1Q26 earnings divergence: 20/27 banks with positive growth



Source: FiinproX, KIS Research. Note:

Maintained credit disbursement in 1Q26

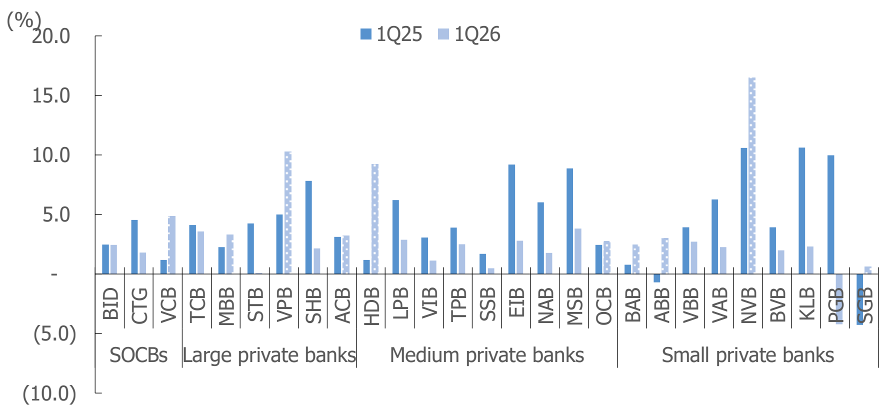
Figure 4. Credit growth in 1q26



Source: SBV, KIS Research

10/27 banks with higher credit growth.

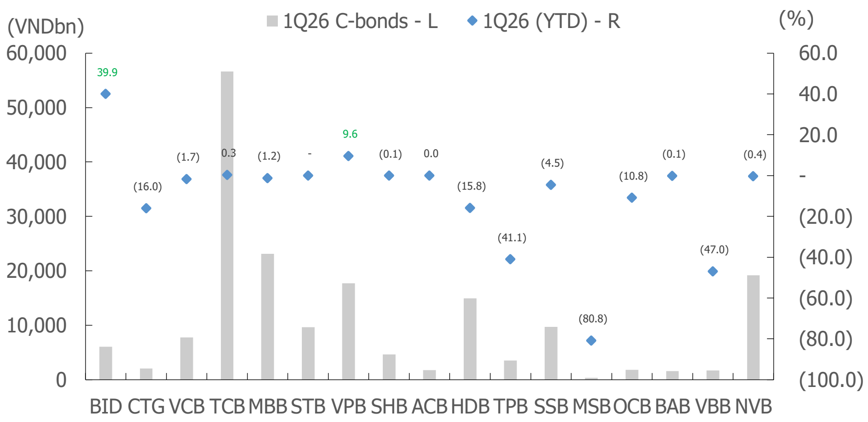
Figure 5. Higher credit growth is concentrated in a few banks



Source: FiinproX, KIS Research

Almost all banks reduced their corporate bond holdings. Exceptions included BID, and VPB.

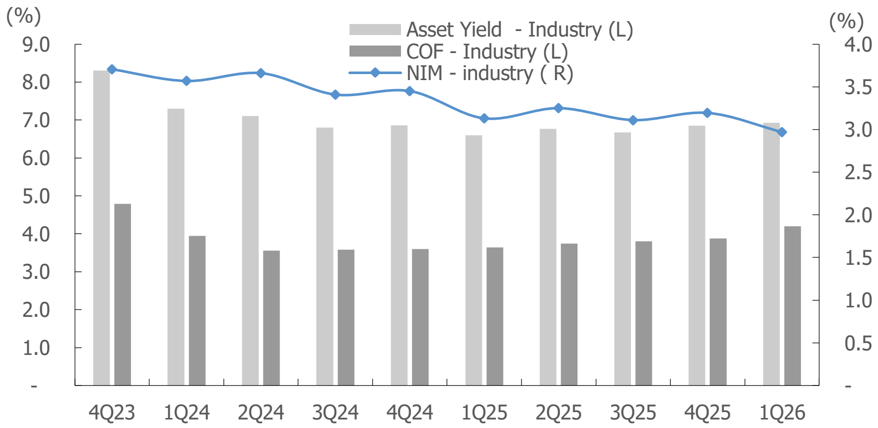
Figure 6. Banks continues to reduce outstanding balance



Source: FiinproX, KIS Research

The industry's 1Q26 net interest margin declined qoq and yoy.

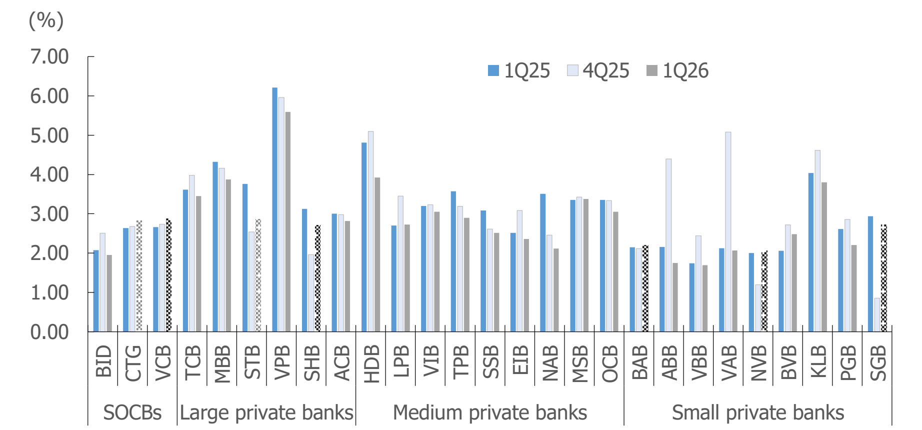
Figure 7. Industry's 1Q26 NIM



Source: FiinproX, KIS Research

7/27 Banks improve quarterly NIM in 1Q26.

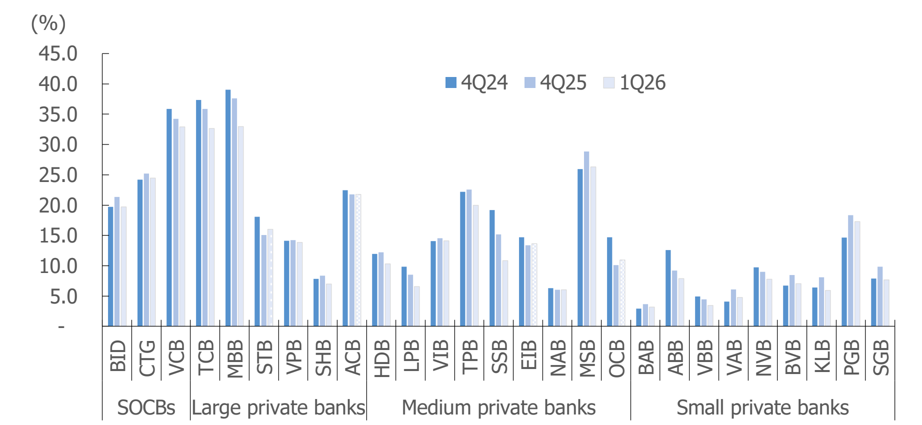
Figure 8. The industry's 1Q26 NIM



Source: FiinproX, KIS Research

CASA in 1Q26 saw a broad-based decline, with 23 out of 27 banks reporting a QoQ drop and 15 out of 27 banks experiencing a YoY decrease.

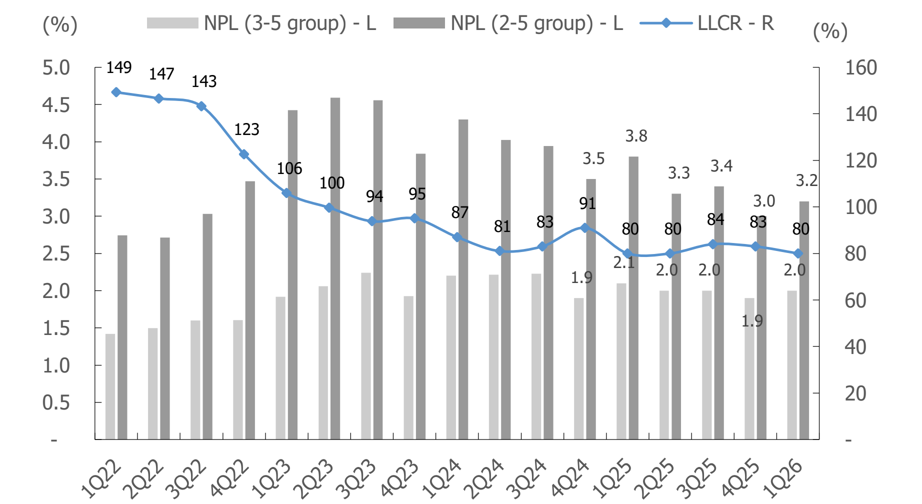
Figure 9. CASA ratios



Source: FiinproX, KIS Research

Resurging non-performing loans and decreasing LLCR at 80% in 1Q26.

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

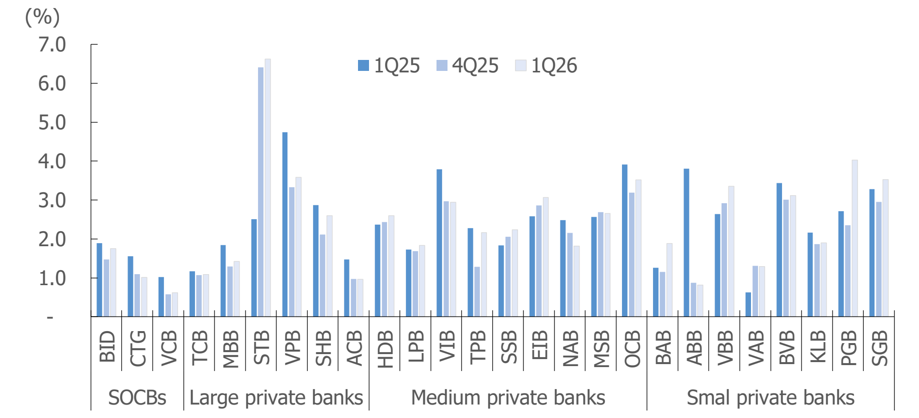


Source: FiinproX, KIS Research. Note: current loan: group 1, Special mentioned loan: group 2, Substandard loan: group 3, doubtful loan:; group 4, estimated loss loan: group 5.

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

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

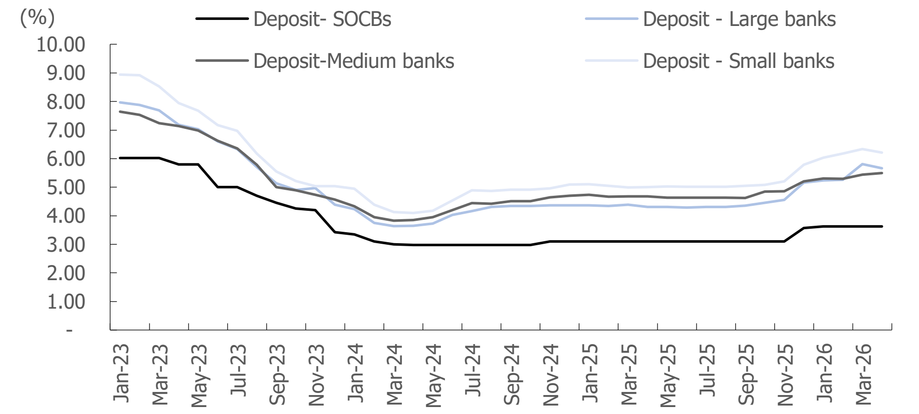
16/27 banks have decreasing NPL ratios year-over-year.



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)

A slight increase in deposit rates, and an adjustment in Apr



Source: Banks, SBV, KIS Research

- **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**
  - BUY: Expected total return will be 15% or more
  - Hold: Expected total return will be between -5% and 15%
  - Sell: Expected total return will be -5% or less
  - KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.
- **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**
  - Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
  - Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
  - Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

- **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

- **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 20 Jul 2020.
KIS Vietnam Securities Corp. has not provided this report to various third parties.
Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 19 May 2023.
KIS Vietnam Securities Corp. has not issued CW with underlying stocks and and is not the liquidity provider.

Prepared by: KIS RESEARCH research

Global Disclaimer

■ **General**

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ **Country-specific disclaimer**

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).