

# 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**

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- 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%).

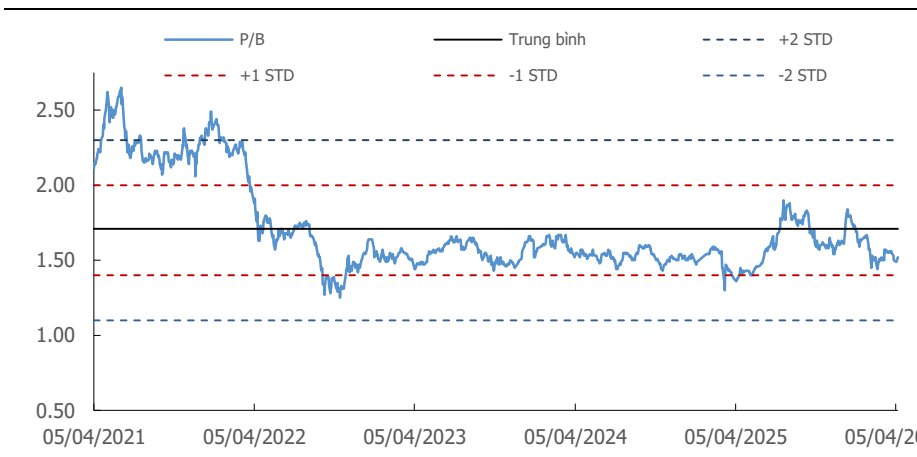
### **2Q26F: Moderate earnings growth**

- 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**

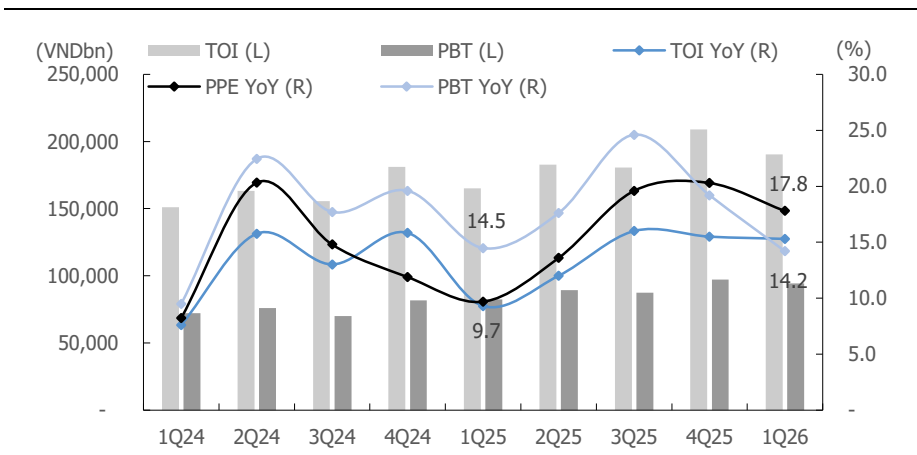
- As of 29 Apr 2026, SBV issued a draft amendment to Circular 22/2019-TT-NHNN. The key highlight included the transition from the Loan-to-Deposit Ratio (LDR) to the Credit-to-Deposit Ratio (CDR). Loan balances will include credits to customers (including off-balance sheet), corporate bonds after equity 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.
- The Draft also introduces the LCR (Liquidity Coverage Ratio) for 30-day short-term liquidity, calculated as high-quality liquidity Assets (HQLA) divided by net cash outflows over a 30-day period. A roadmap for LCR compliance is set for 2028-2031 (70% to 100%). Similarly, the NSFR (Net Stable Funding Ratio) is included to evaluate funding stability and business continuity, with a phase-in schedule of 90% in 2028, 95% in 2029, and 100% by 2030.

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



Source: FiiiproX, KIS Research

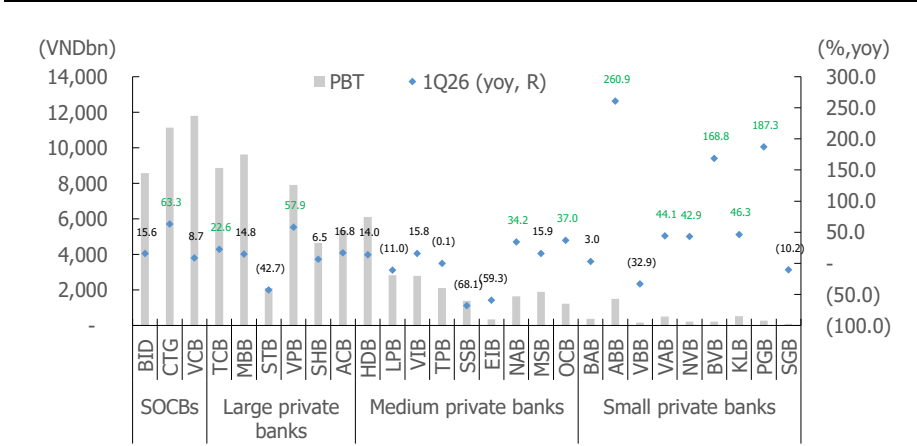
**Figure 2. Double-digit growth in aggregated 1Q26 TOI and PBT**



Source: FiiiproX, KIS Research

**Maintaining double-digit growth momentum.**

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

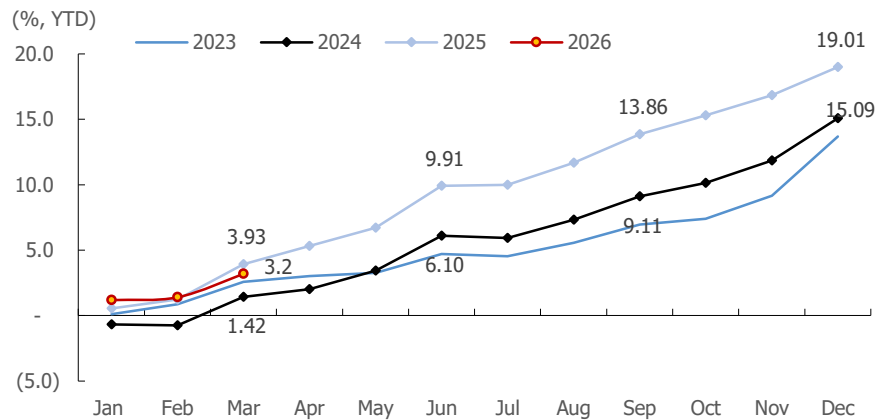


Source: FiiiproX, KIS Research. Note:

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

**Figure 4. Credit growth in 1q26**

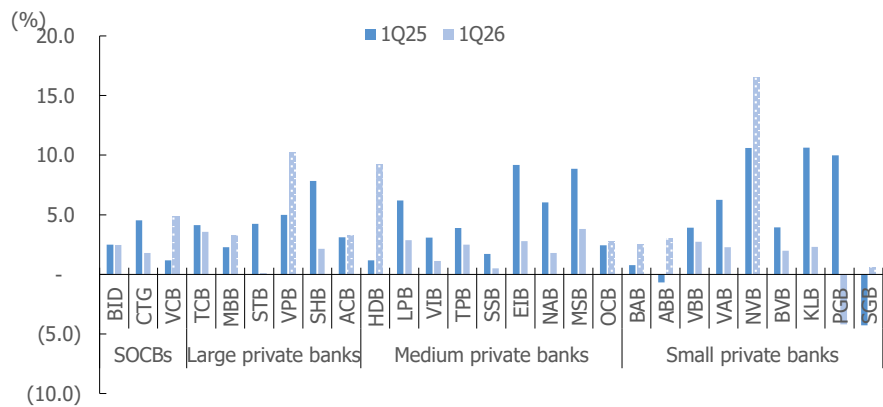
**Maintained credit disbursement in 1Q26**



Source: SBV, KIS Research

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

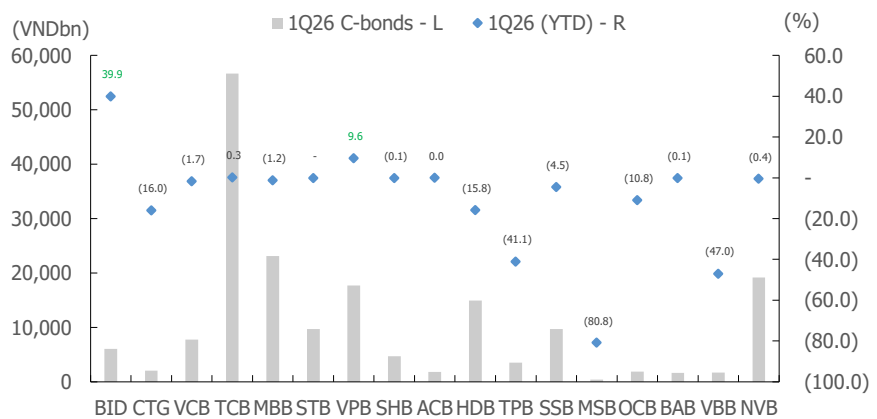
**10/27 banks with higher credit growth.**



Source: FiinproX, KIS Research

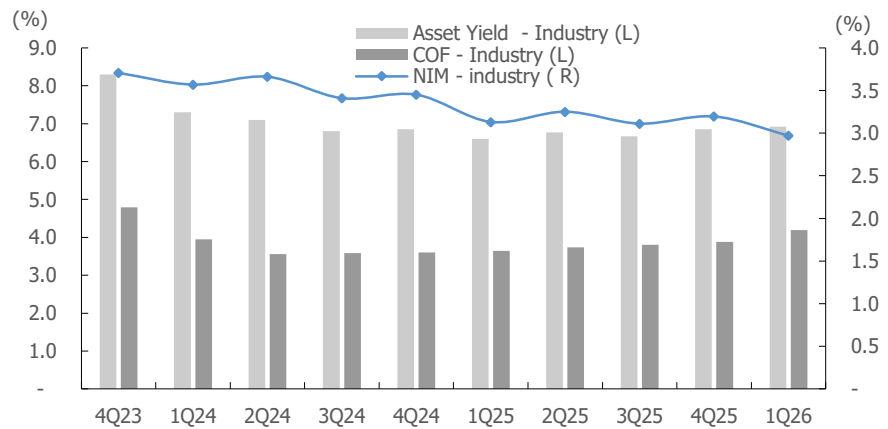
**Figure 6. Banks continues to reduce outstanding balance**

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



Source: FiinproX, KIS Research

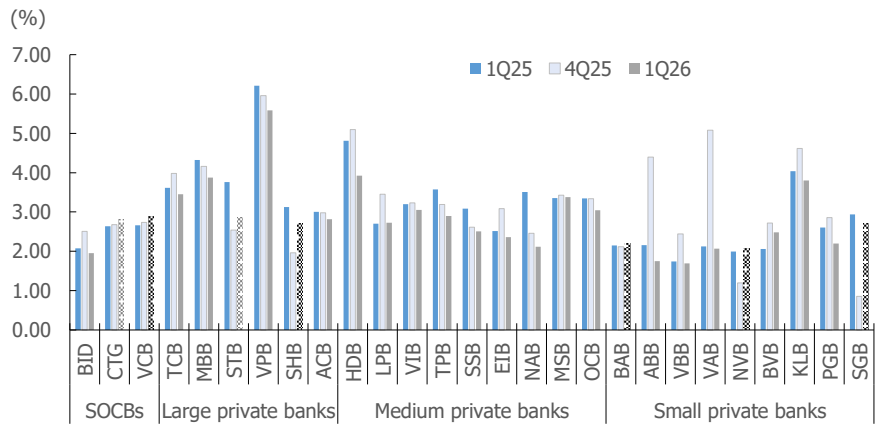
**Figure 7. Industry's 1Q26 NIM**



Source: FiinproX, KIS Research

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

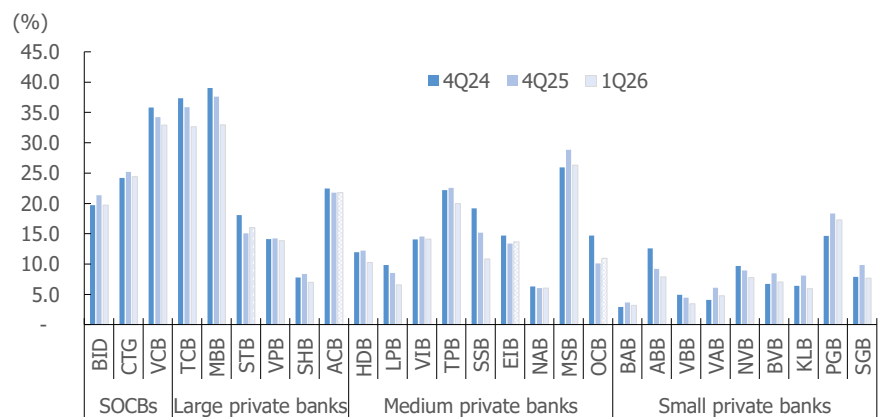
**Figure 8. The industry's 1Q26 NIM**



Source: FiinproX, KIS Research

*7/27 Banks improve quarterly NIM in 1Q26.*

**Figure 9. CASA ratios**

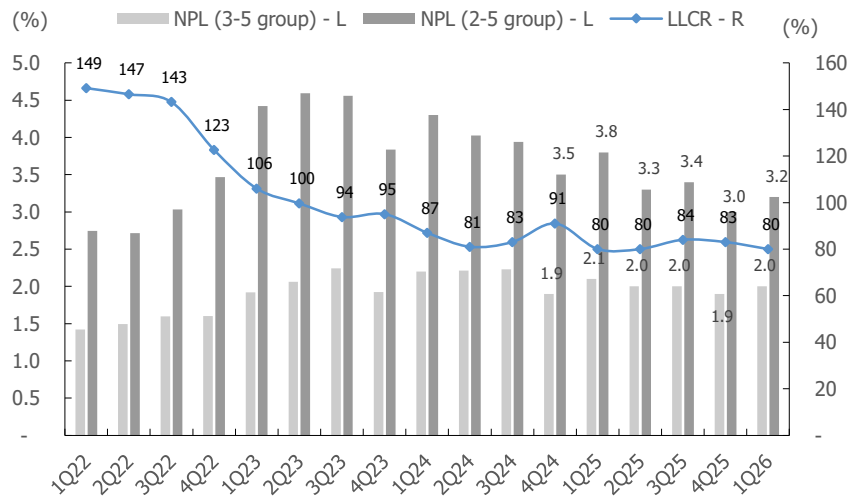


Source: FiinproX, KIS Research

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

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

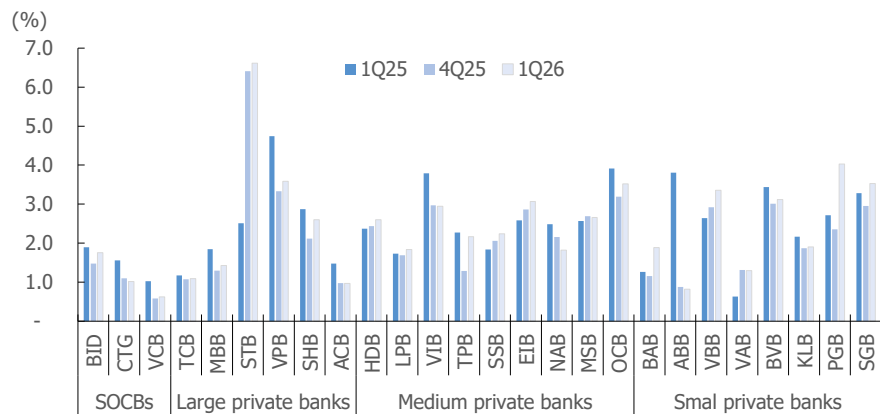


Source: FiinproX, KIS Research. Note: current loan: group 1, Special mentioned loan: group 2, Substandard loan: group 3, doubtful loan: group 4, estimated loss loan: group 5.

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

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

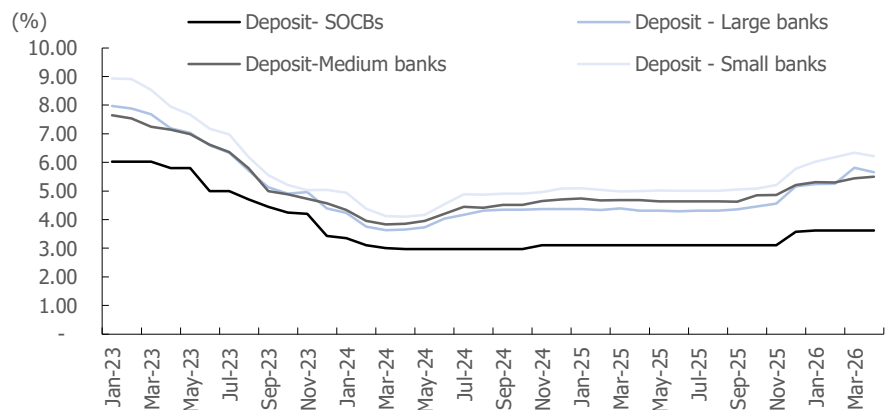
*16/27 banks have decreasing NPL ratios year-over-year.*



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

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