

Banking Sector

Strong topline growth bolsters earnings; asset quality improves

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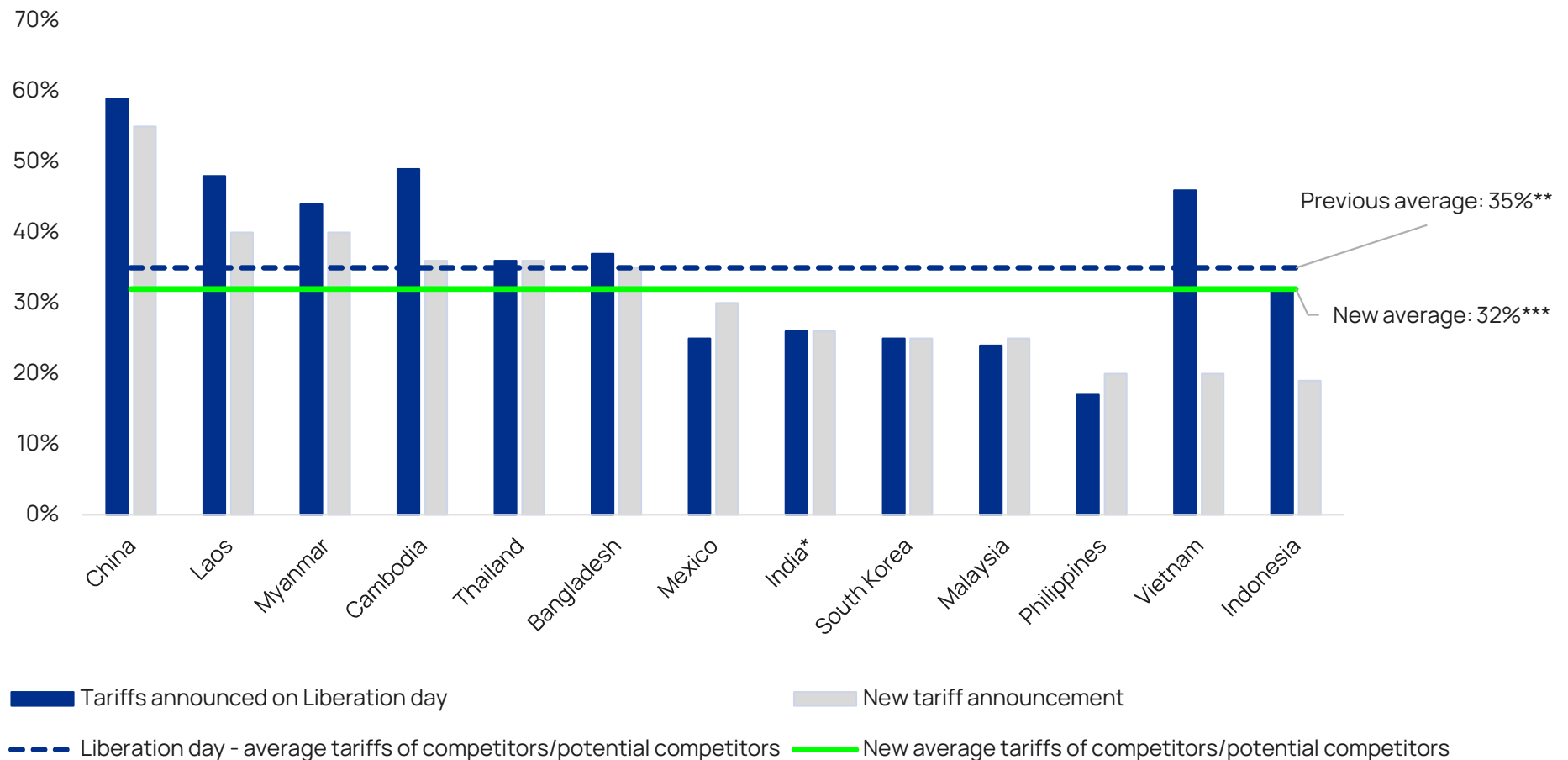
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Summary

- Following strong credit growth in H1 2025 of 9.9%, we **see potential upside to our 2025F system-wide credit growth forecast at 15.4%**. We expect the credit growth outlook to be driven by strong economic growth momentum and a low-interest rate environment. We anticipate continued **strong credit demand from corporate sectors**, while expecting **retail lending, including mortgages, to continue recovering**.
- In Q2 2025, the aggregate NIM for banks under our coverage edged up slightly by 4bps QoQ to 3.15%, indicating an encouraging sign that NIM has likely bottomed out and is on the path to recovery. We forecast **our aggregate NIM forecast for banks under our coverage of 3.25% in 2025F (-17 bps YoY)** given ongoing stiff lending rates competition. However, we believe the following factors should help to alleviate NIM pressure, (1) stronger retail credit demand vs 2024 and (2) higher loan disbursement for medium-to-long term projects.
- Asset quality of our coverage improved in Q2 2025 with an aggregate NPL ratio of 1.85% (-11 bps QoQ, -3 bps YoY) and Group 2 loan ratio of 1.32% (-39bps QoQ, -56bps YoY). We expect **asset quality will remain broadly stable in 2025F** given (1) improving economic activities under a low-interest rate environment, (2) continued recovery of the real estate market, and 3) more supportive regulations with the legalization of Resolution 42 expected in June.
- **H1 2025 earnings was in line with our 2025F NPAT growth forecast of 13.8% YoY** (12.6% YoY excluding STB's one-off income). We maintain our prior view that credit growth would accelerate, asset quality would strengthen, and NIM would bottom in H1 2025, all of which point to stronger earnings growth in H2 2025 and 2026 (NPAT growth of 19% YoY).
- Our coverage universe is trading at roughly on par with its eight-year average trailing P/B and we believe the **current valuation remains attractive given the brighter growth outlook** amid easing tariff uncertainties and Government's initiatives to push domestic growth.
- In our 2025F mid-year strategy, based on a one-year investment horizon, we believe TCB, STB, and MBB offer the best risk-reward profiles in our coverage; meanwhile, we also recommend CTG, VPB, and VCB in the case of favorable US tariff negotiation results. Given the current context, among these picks, **MBB, CTG, VPB and VCB** stands out due to their bright long-term growth prospects and strong competitive advantages in funding/capital position and synergies.

Macro environment

US tariff on Vietnam is now among the lowest



Source: The White House, Vietcap compilation

* India has not yet reached an agreement with the US.

** Excl. China: 33%

*** Excl. China: 30%

Impact on Vietnam's economy

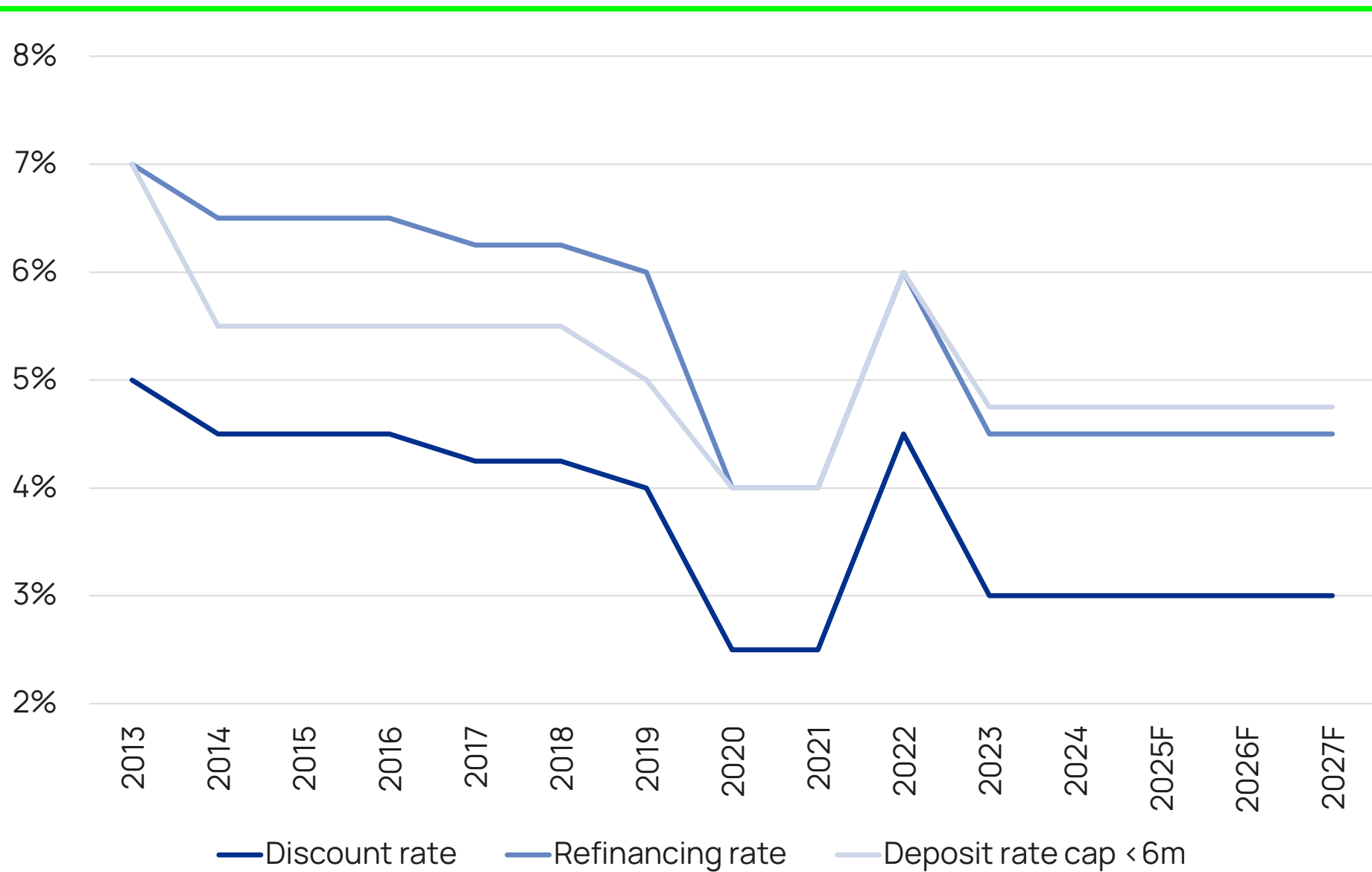
	Tariff gap assumption	Est. 2025 GDP growth	Est. change in VND
TARIFF SCENARIOS	-15% to -5% (bull case)	8.2% (bull case)	-2.0% (bull case)
	-5% to + 5% (base case)	7.8% (base case)	-2.5% (base case)
	+5% to +15% (bear case)	7.2% (bear case)	-5.0% (bear case)

Note: In all cases, we assume US tariff on imports from Vietnam to be lower vs China.

() Assuming tariff gap between Vietnam vs its main/potential competitors – categorized by Vietcap.*

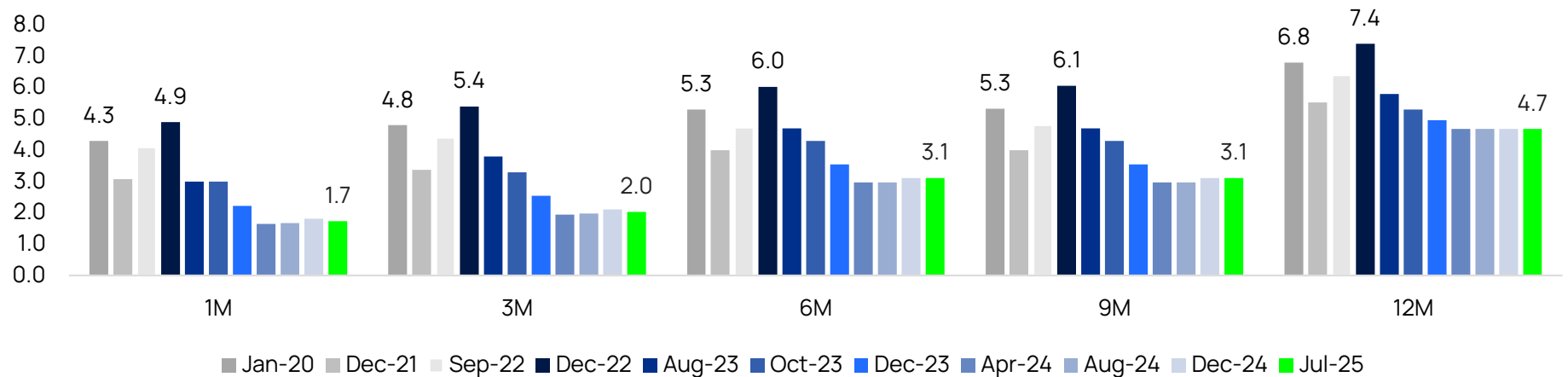
Source: Vietcap

SBV to maintain an accommodative monetary stance

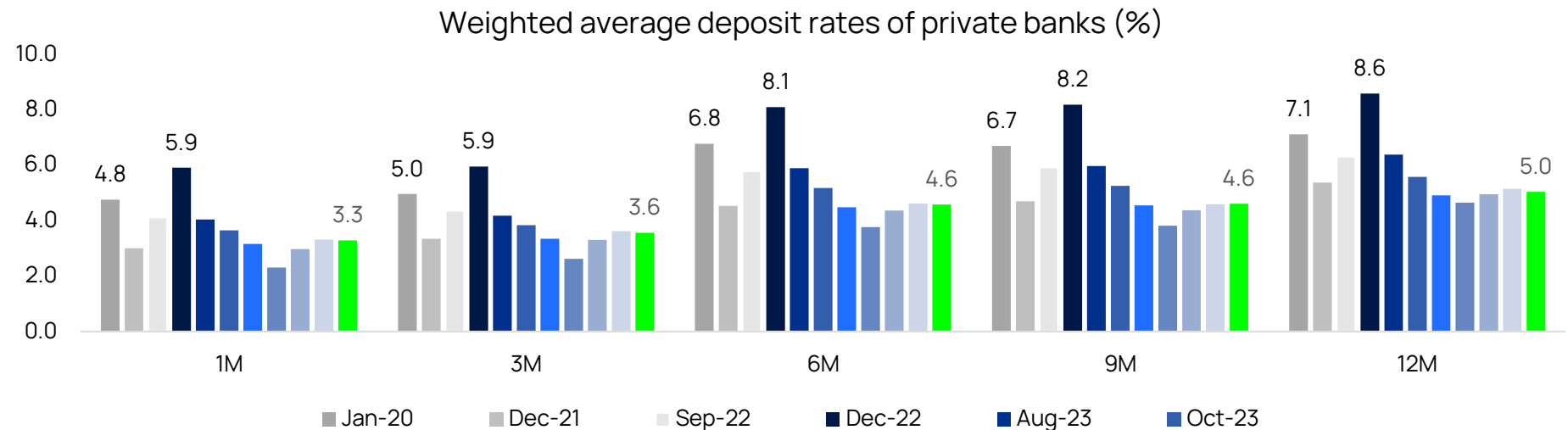


Deposit rates remain at low level, which drive low lending rates that support economic growth

Weighted average deposit rates of SOE banks (%)

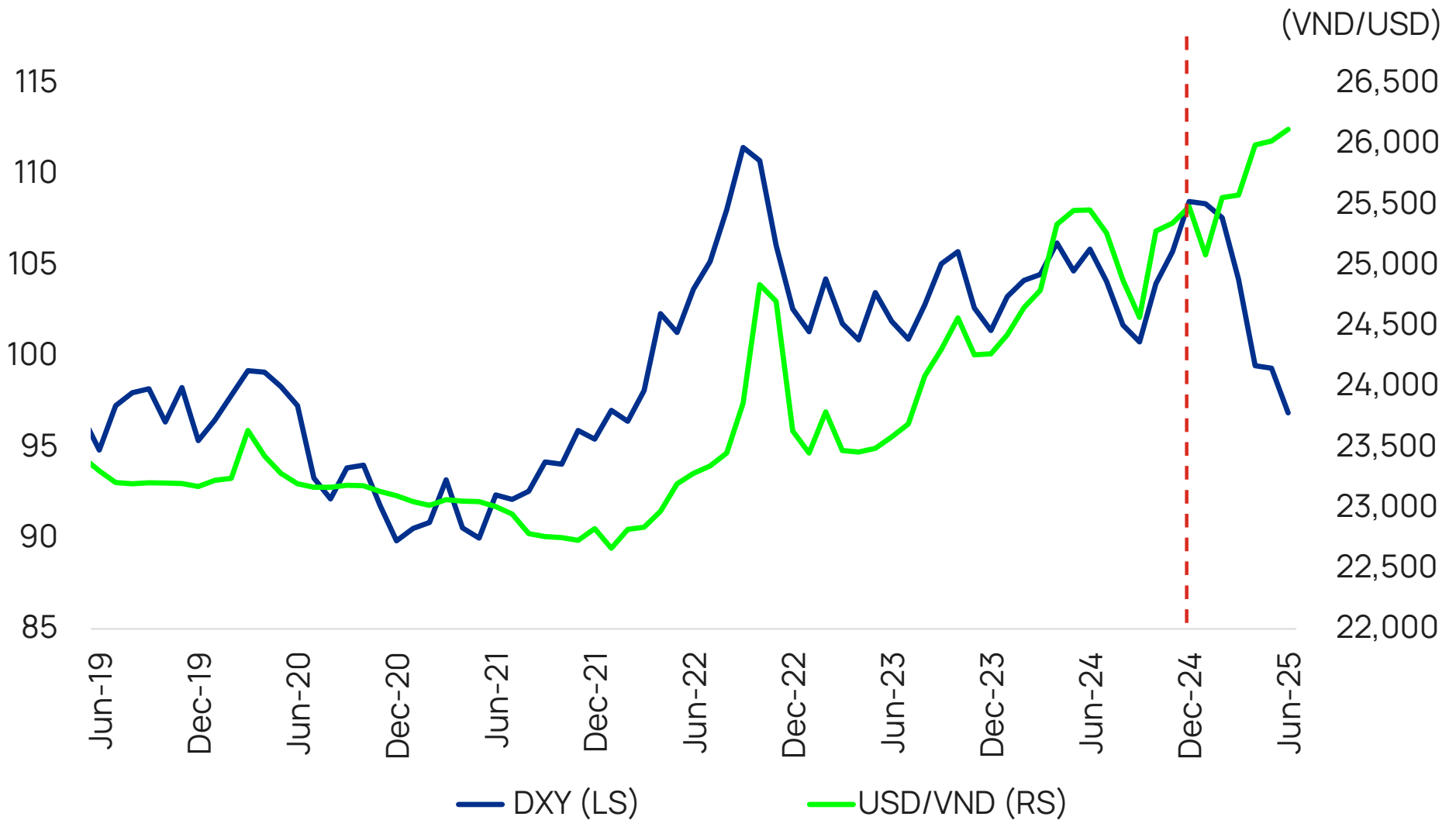


Weighted average deposit rates of private banks (%)



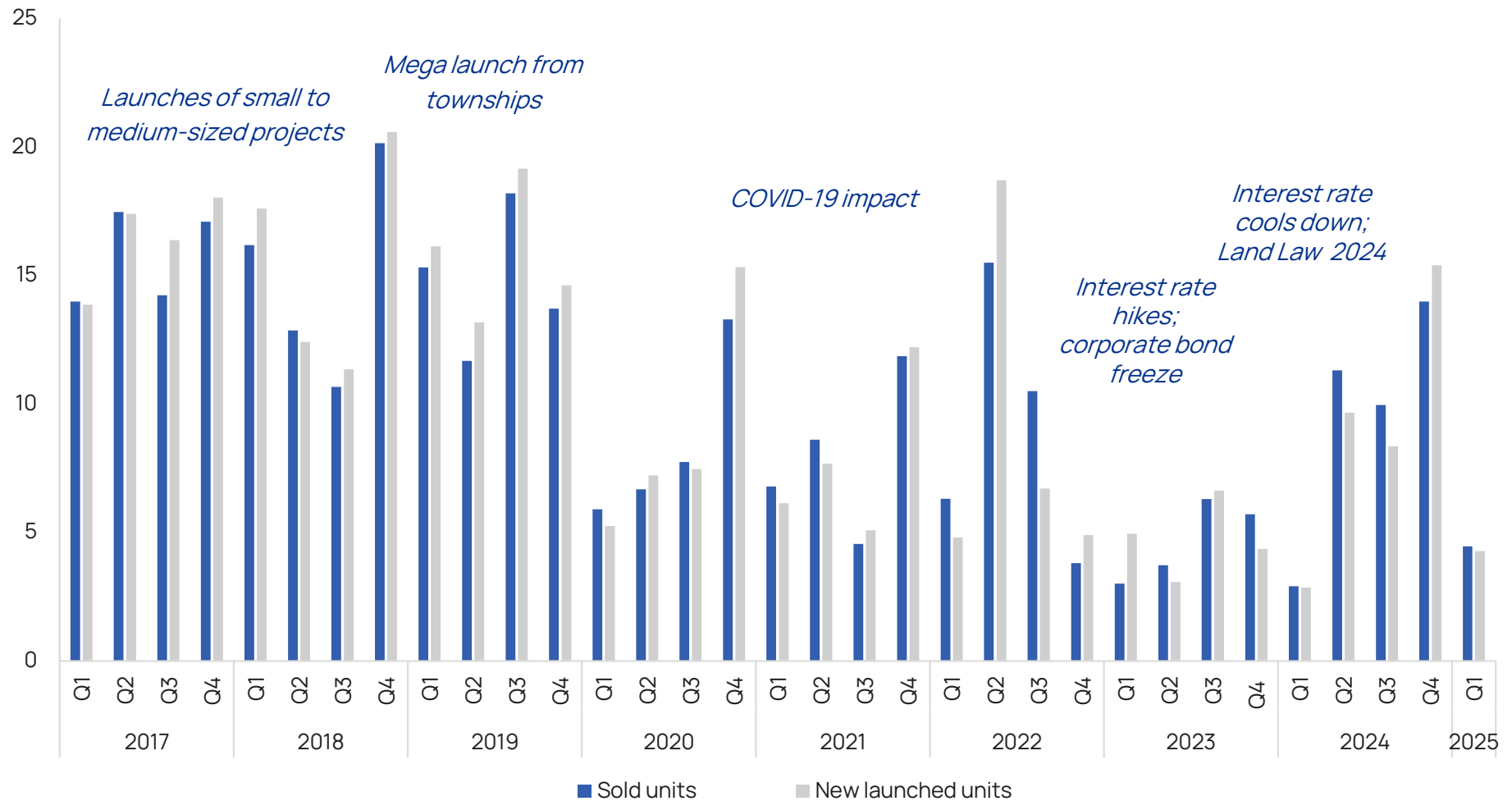
VND weakened despite DXY decline

DXY Index and VND/USD exchange rate



Real estate market maintains strong recovery momentum

Total condo transactions in the primary markets of Hanoi and HCMC ('000 units)



Banking sector recap and outlook

Key data and summary valuations

Banking sector: Key data

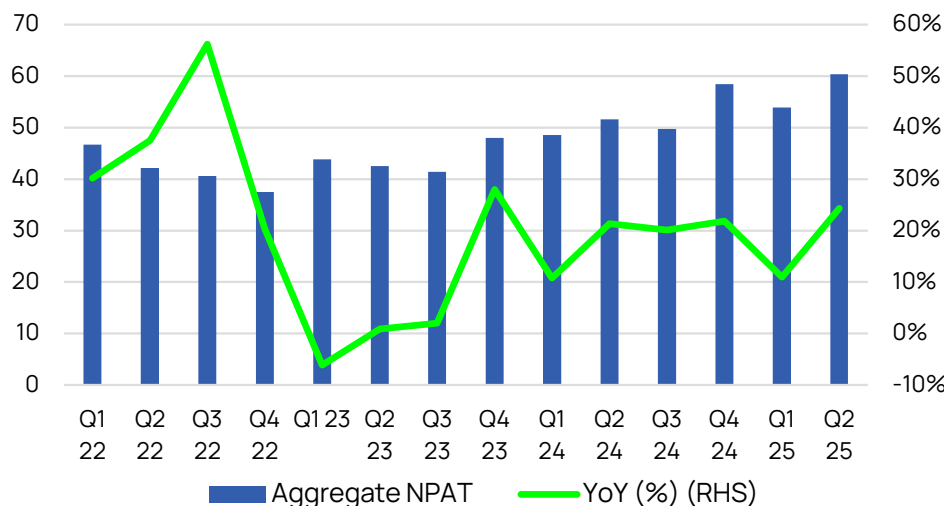
Code	Rating	Market Cap USD mn	State O'ship %	For. Limit %	For. Avail USD mn	ADTV 30D USD mn	Share Price VND ps	Target Price VND ps	Target price updated	Upside %	Div. Yield %	TSR %
VCB	BUY	19,604	74.8%	30.0%	616	26	61,500	73,200	05/23/25	19.0%	0.0%	19.0%
BID	BUY	10,379	81.0%	30.0%	594	13	38,750	44,800	05/26/25	15.6%	0.0%	15.6%
CTG	BUY	9,526	64.5%	30.0%	262	17	46,500	52,000	05/19/25	11.8%	0.0%	11.8%
ACB	BUY	4,595	0.0%	30.0%	0	15	23,450	28,500	05/19/25	21.5%	0.0%	21.5%
VIB	O-PF	2,506	0.0%	5.0%	0	14	19,300	20,800	05/23/25	7.8%	0.0%	7.8%
MBB	BUY	6,914	9.4%	23.2%	0	27	29,700	31,000	05/13/25	4.4%	1.0%	5.4%
STB	BUY	3,718	0.0%	30.0%	353	24	51,700	50,900	05/15/25	-1.6%	0.0%	-1.6%
TCB	BUY	9,972	0.0%	22.5%	0	37	37,000	35,000	05/12/25	-5.4%	2.7%	-2.7%
HDB	BUY	3,720	0.0%	17.5%	0	28	27,900	27,000	05/22/25	-3.2%	0.0%	-3.2%
VPB	BUY	8,021	0.0%	30.0%	353	51	26,500	25,000	05/19/25	-5.7%	1.9%	-3.8%
TPB	BUY	1,774	0.0%	30.0%	88	18	17,600	16,500	05/27/25	-6.3%	0.0%	-6.3%
LPB	U-PF	4,023	0.0%	5.0%	166	5	35,300	26,800	05/15/25	-24.1%	0.0%	-24.1%

Banking sector: Summary valuations

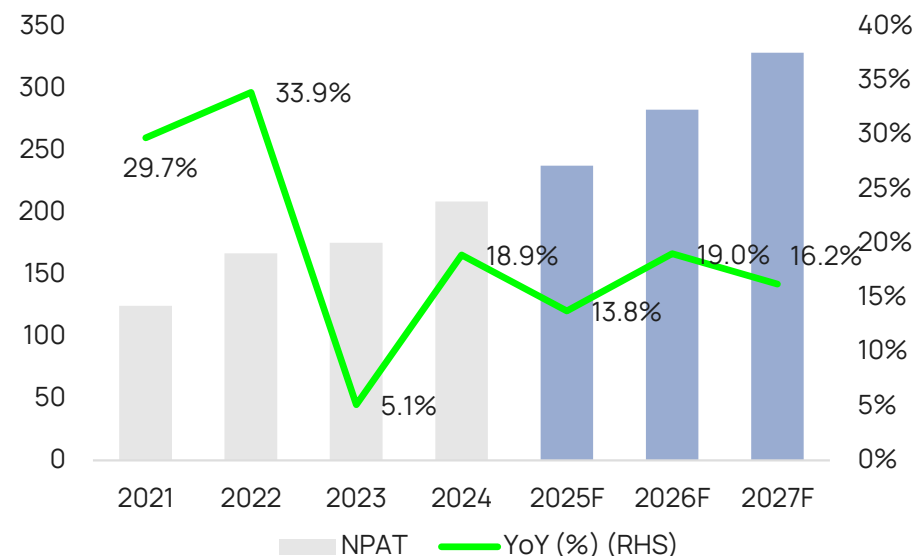
Code	Share Price VND ps	EPS g 2024%	EPS g 2025F%	EPS g 2026F%	P/B current x	P/B 2025F X	P/B 2026F X	P/E TTM x	P/E 2025F x	P/E 2026F x	ROE 2025F%	Assets/equity LQ x
VCB	61,500	2.3%	8.3%	10.6%	2.51	2.03	1.81	16.4	15.2	13.7	15.7%	10.3
BID	38,750	18.0%	3.2%	7.2%	1.81	1.60	1.40	12.4	11.7	10.9	17.1%	18.3
CTG	46,500	31.5%	18.6%	16.5%	1.63	1.42	1.21	11.0	9.5	8.1	18.5%	16.0
ACB	23,450	4.2%	7.5%	17.5%	1.38	1.25	1.07	7.3	6.8	5.8	20.0%	10.2
VIB	19,300	27.0%	9.1%	14.7%	1.32	1.21	1.08	8.1	7.4	6.5	17.6%	11.4
MBB	29,700	8.5%	13.2%	16.1%	1.53	1.33	1.10	7.2	7.0	6.0	20.8%	9.4
STB	51,700	26.7%	27.4%	80.6%	1.68	1.46	1.11	9.0	8.4	4.6	21.1%	13.1
TCB	37,000	19.4%	17.1%	19.5%	1.66	1.61	1.44	12.3	10.4	8.7	16.4%	6.4
HDB	27,900	26.1%	21.7%	16.1%	1.65	1.47	1.21	7.0	6.3	5.4	25.7%	11.7
VPB	26,500	45.7%	19.1%	16.5%	1.44	1.35	1.22	12.5	11.2	9.6	12.2%	6.6
TPB	17,600	36.5%	8.7%	9.5%	1.18	1.05	0.90	7.7	7.0	6.4	16.2%	9.8
LPB	35,300	64.0%	10.2%	1.6%	2.59	2.29	1.87	11.2	10.4	10.2	24.0%	10.9

2025 earnings growth expected to decelerate due to NIM pressure

NPAT, quarterly (VND tn)



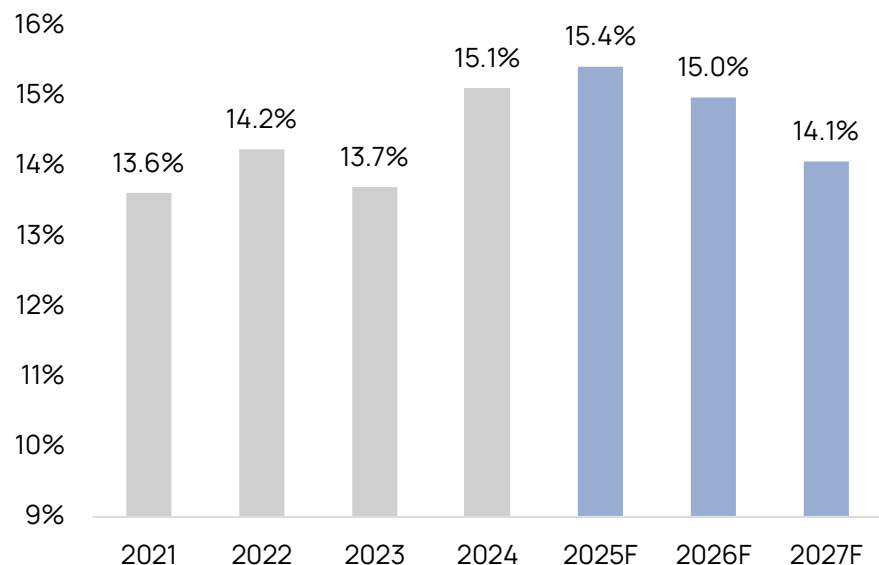
NPAT, yearly (VND tn)



- Aggregate earnings for banks under our coverage grew 14% YoY in H1 2025, completing 48% of our 2025 forecast. YoY growth in the bottom-line was driven by solid growth in aggregate NII (+4.7% YoY) and strong growth in NOII (+19.0% YoY). NII growth was supported by robust credit expansion across the sector, even banks under our coverage experienced meaningful NIM pressure. A 5.7% decline in aggregate provision expenses also contributed to our coverage's aggregate earnings growth in H1 2025.
- For 2025, we now forecast an 13.8% YoY increase in aggregate NPAT, supported by (1) a 12.1% YoY rise in aggregate NII, driven by robust credit growth partially offset by NIM compression, and (2) a 6.5% YoY increase in aggregate NOII, led by higher recovery income from written-off bad debts as the real estate market recovers. Expenses will be well under control to support earnings with (1) 7.6% growth in OPEX as banks continue to put a tight control around headcount/staff costs by leveraging digitalization, and (2) 1.8% growth in provision expenses given our expectation for stable asset quality and moderating credit costs from high bases in 2023-2024.

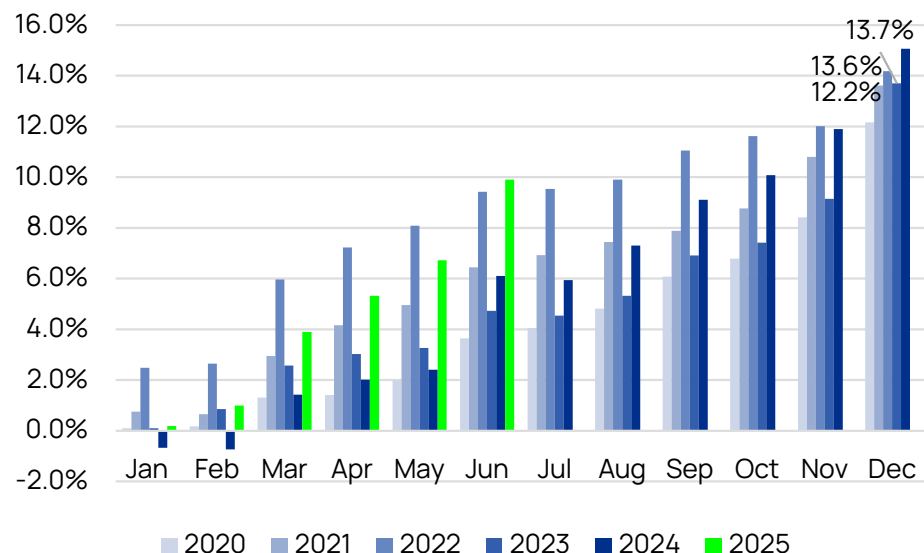
Robust credit growth expected in 2025

Annual system credit growth



Source: SBV, Vietcap estimates. * 2025F-2027F represent implied system-wide credit growth, which is calculated based on our forecast for credit growth of banks in our coverage universe minus the average difference in the past few years of 1.9 ppts.

Monthly system-wide credit growth

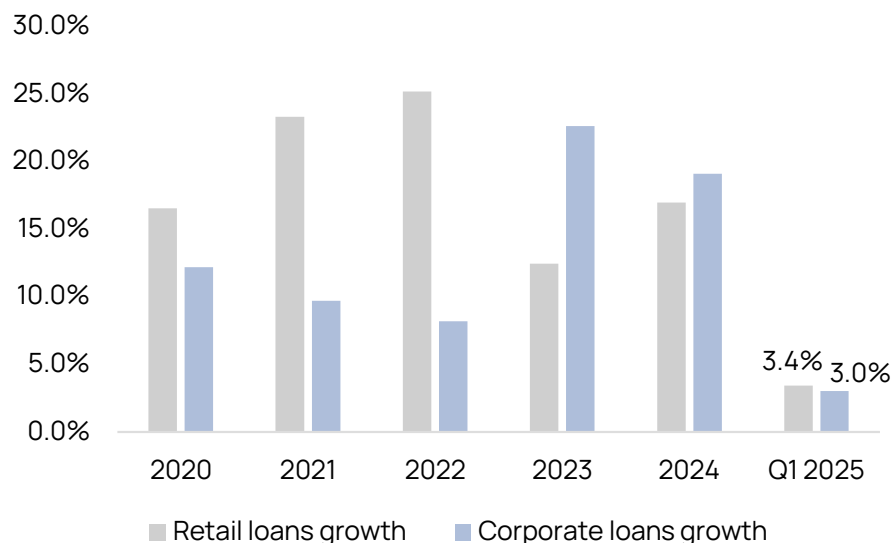


Source: SBV, GSO, Vietcap

- 6M 2025 saw strong credit growth of 9.9%, well above 6.1% growth in 6M 2024, signaling stronger credit demand this year. We currently forecast for 2025F system-wide credit growth at a high level of 15.4%, driven by (1) strong momentum in economic growth following the Government's 2025 GDP growth target of 8% and (2) a steady low-interest rate environment. However, such strong momentum indicates potential exceeding full-year credit growth of 16%.
- We continue to believe 2025F credit growth will be more balanced between corporate and retail customers. On the corporate side, major infrastructure projects will be a notable driver. In addition, on the retail side, mortgages have continued to rebound as the real estate market continues its recovery while demand for household business loans remains strong.

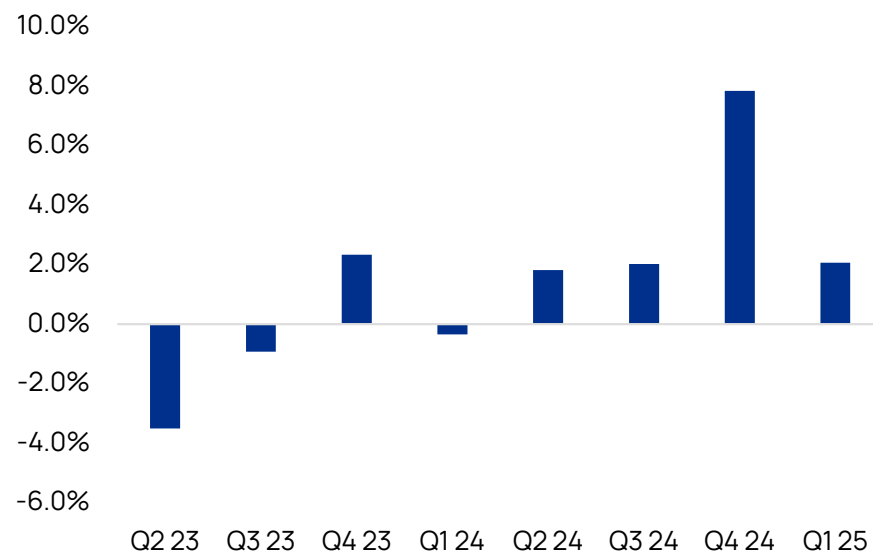
Retail segment recovery continues with mortgages being a key contributor

Retail loans growth vs corporate loans growth



Source: Company data (coverage of banks except for STB), Vietcap

QoQ growth in mortgages balance

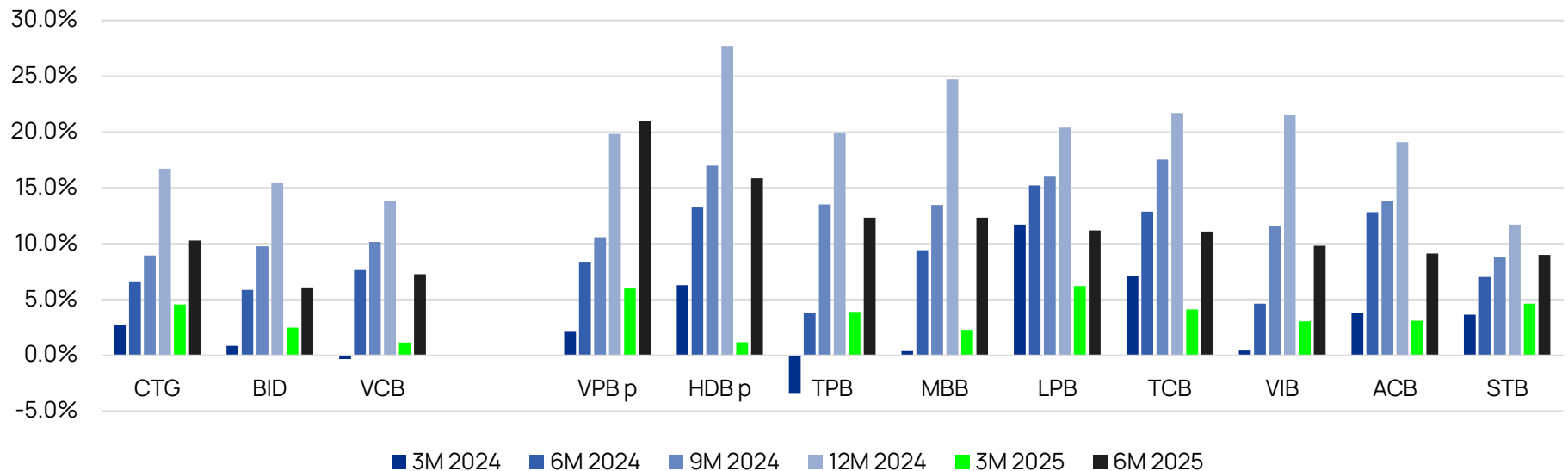


Source: Company data (7 banks include VCB, CTG, TCB, VPB, HDB, VIB, TPB), Vietcap

- After underperforming the corporate segment during the 2023-24 period, the retail segment posted strong loans growth in Q1 2025, confirming our prior expectations that credit growth will be driven by both retail and corporate segments this year. Stronger retail credit demand should have positive implications on banks' NIM and asset quality.
- Within the retail segment, mortgages registered solid growth of 2.1% QoQ in Q1 2025 despite Q1 being a low season for mortgage disbursement. The real estate market recovery is well underway, and we expect mortgage growth to accelerate in coming quarters.

Notable divergence in credit growth among banks under our coverage in Q2 2025

Credit growth of banks under our coverage

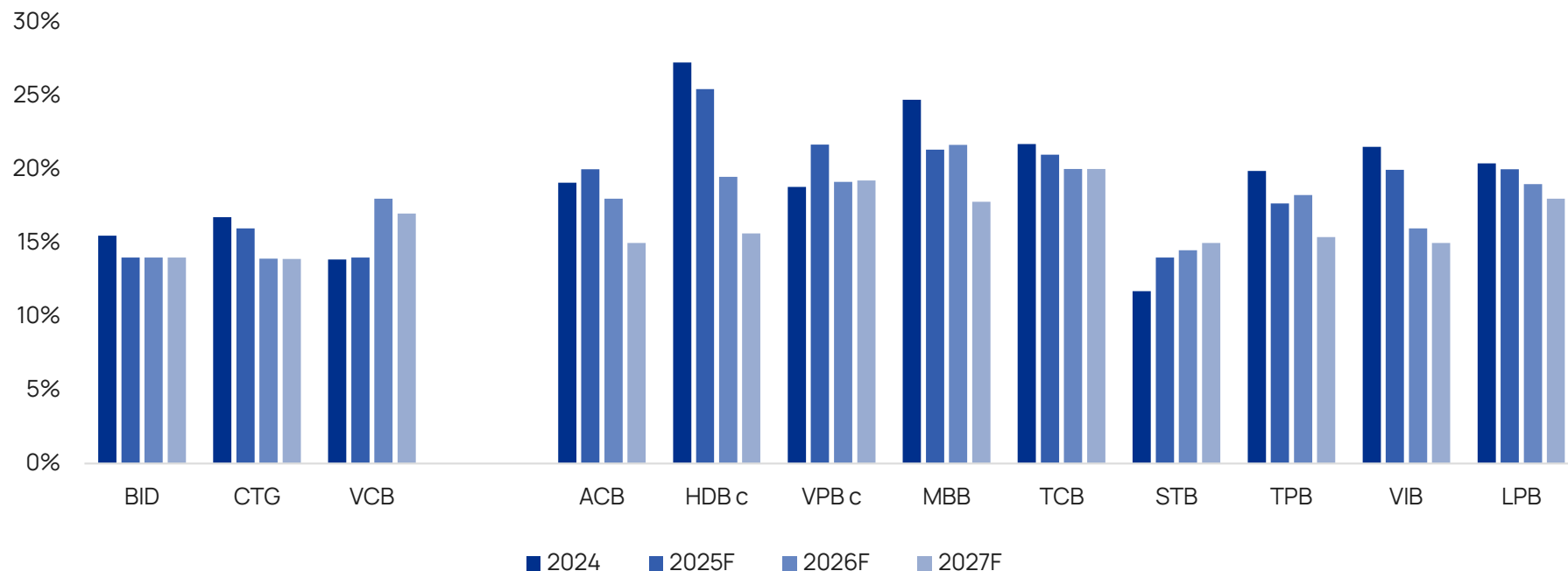


Source: Company data, Vietcap; ('p' denotes parent)

- Our coverage delivered aggregate credit growth of 10.0%, roughly the same vs systemwide growth. However, when adjusting for the loans that VCB, MBB, and VPB sold to the weak banks under the mandatory transfer plans, our coverage aggregate growth would have been stronger at 11.0% and VCB, MBB, and VPB credit growth would have been 4.7%, 6.4%, 7.3%, respectively. In Q2 2025, HDB also sold loans to the weak bank under mandatory transfer plan; however, it has not yet disclosed the total amount.
- We see most banks reported outstanding credit growth (CTG, VPB, HDB, MBB, TCB) are banks that having competitive in funding costs/capital and strong synergies.

Strong credit growth outlook across most banks

Credit growth of banks under our coverage

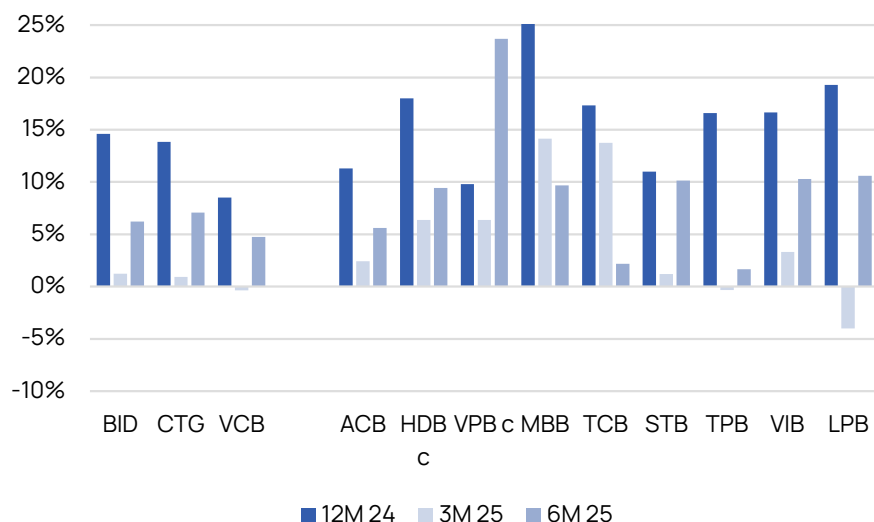


Source: Company data, Vietcap; ('c' denotes consolidated)

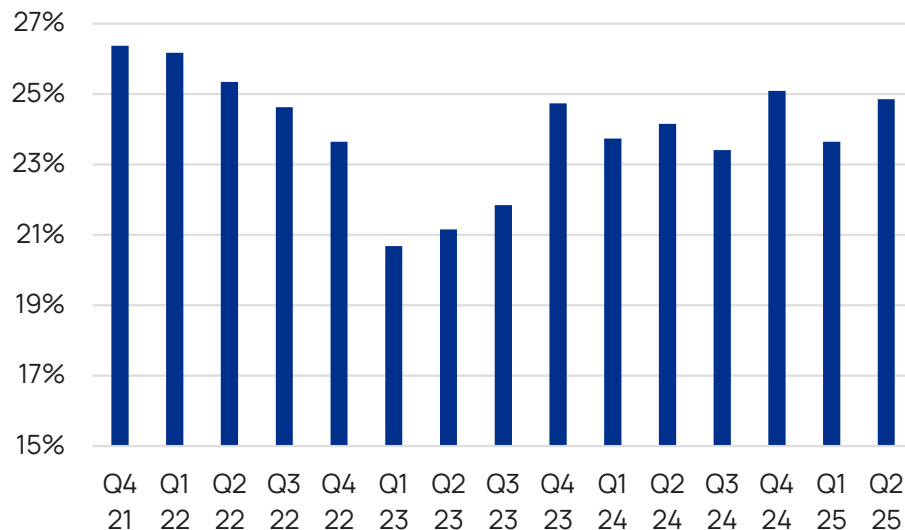
- We continue to forecast ~15% aggregate credit growth for the SOCBs and ~20% aggregate credit growth for private banks in 2025, which implies 17.3% aggregate credit growth for our coverage.
- Among the SOCBs, CTG stands out with robust credit growth of 7.2% (parent bank) through May 13 (up from 4.6% in Q1 2025). We currently forecast 16% credit growth for CTG this year vs 14% for VCB/BID.
- Among the private banks, we believe large private banks such as TCB, MBB, and VPB will be better positioned to deliver higher credit growth given their strong funding sources, solid capital positions, and large, diversified customer bases.

Deposit growth & CASA ratio

Deposit growth of banks under our coverage



Aggregate CASA ratio of banks under our coverage



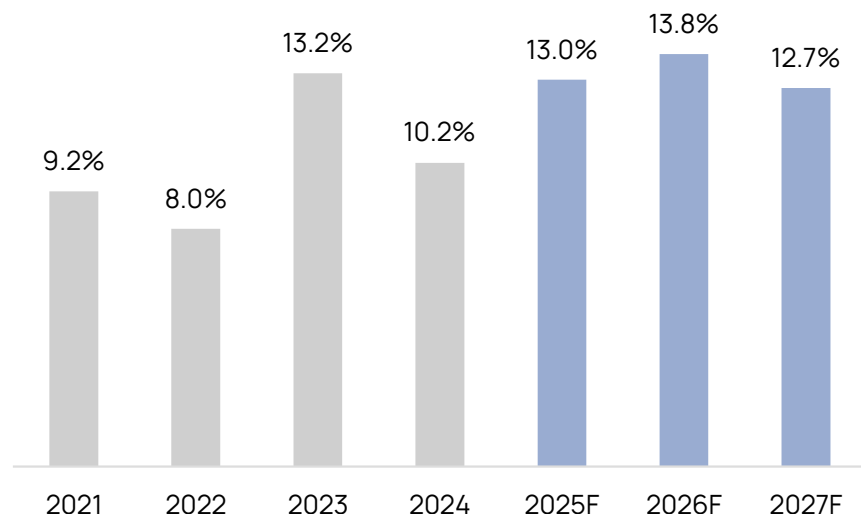
Source: Company data, Vietcap; ('c' denotes consolidated)

Source: Company data, Vietcap

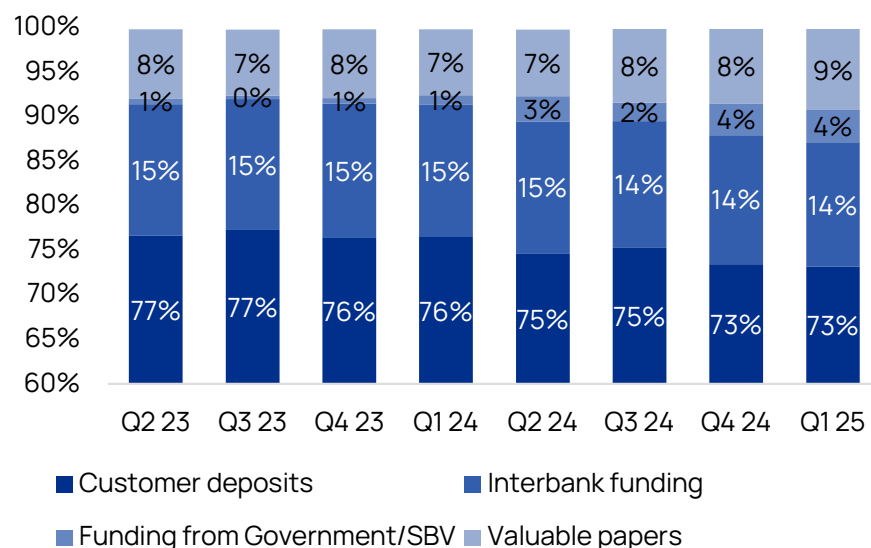
- Aggregate deposit growth for our coverage was 7.6% in H1 2025, continuing to trail credit growth of 10.0%, as banks maintained low deposit rates. Banks that saw strong QoQ deposit growth in Q2 include VPB, MBB, and VIB.
- The aggregate CASA ratio for our coverage stood at 24.9% at the end of Q2 2025 (+1.2 ppts QoQ, +0.7 ppts YoY). VCB, MBB, TCB maintained leading CASA ratios in the sector at above 35%. Noticeably, despite a strong deposit growth in H1 2025, VPB's CASA ratio remained relatively flat QoQ, indicating strong CASA attraction due to launching new auto-earning account product and pushing marketing campaign.

Deposit growth expected to trail credit growth as banks tap other funding sources to bridge the gap

Annual system-wide deposit growth



Breakdown of funding sources



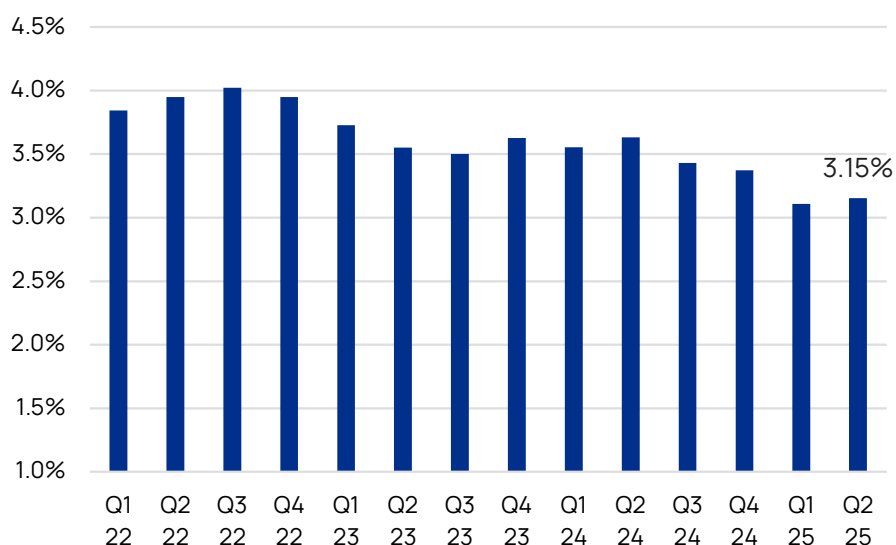
Source: SBV, Vietcap estimates. * 2025-2027F represent implied systemwide deposit growth, which is calculated based on our forecast for deposit growth of banks in our coverage universe less 2.4 pts (the average difference in the last three years)

Source: Company data (12 banks under our coverage), Vietcap

- We forecast system-wide deposit growth will be stronger in 2025F at 13%, which remains below credit growth of 15.4%. Given weak deposit growth, banks have tapped into other funding sources in recent quarters such as deposits from the State Treasury and valuable papers to bridge their financing gaps.
- The aggregate funding from the Government/SBV for banks under our coverage rose by more than 4x YoY in Q1 2025. Deposits from the State Treasury account for most of these funding sources, and virtually only SOCBs enjoy access to these types of deposits.
- Valuable papers have grown to be a critical medium-to-long term source of funding for banks. Notably, TCB has been a large issuer of valuable papers as part of its highly successful auto-earning program.

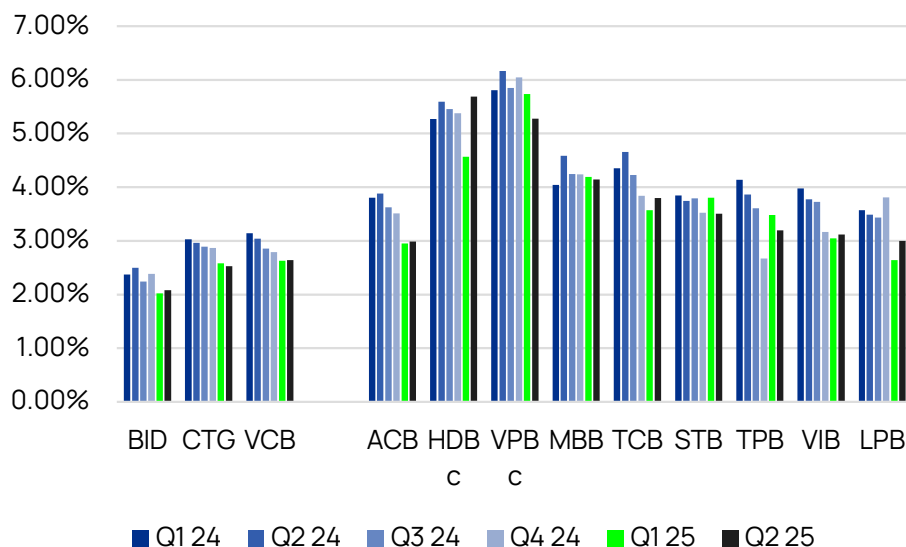
Q2 2025 NIM edged up slightly QoQ

Aggregate NIM of banks under our coverage, quarterly



Source: Company data, Vietcap

NIM by banks

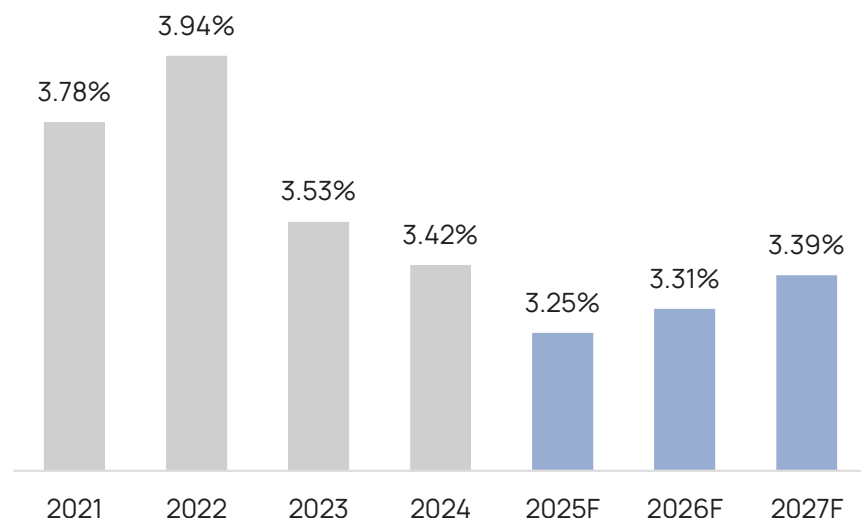


Source: Company data, Vietcap; ('c' denotes consolidated)

- In Q2 2025, the aggregate NIM for banks under our coverage edged up slightly to 3.15% (+4bps QoQ, -48bps YoY), driven by a recovery in interest-earning asset (IEA) yield (+15bps QoQ) partially offset by a slight increase in cost of funds (+13bps QoQ). In H1 2025, the aggregate NIM reached 3.13% (-46bps YoY).
- The slight expansion in NIM during Q2 can be attributed to several factors, including 1) stronger retail loans growth, 2) higher disbursement of medium- to-long term loans, 3) improving asset quality, and 4) stronger CASA ratio.

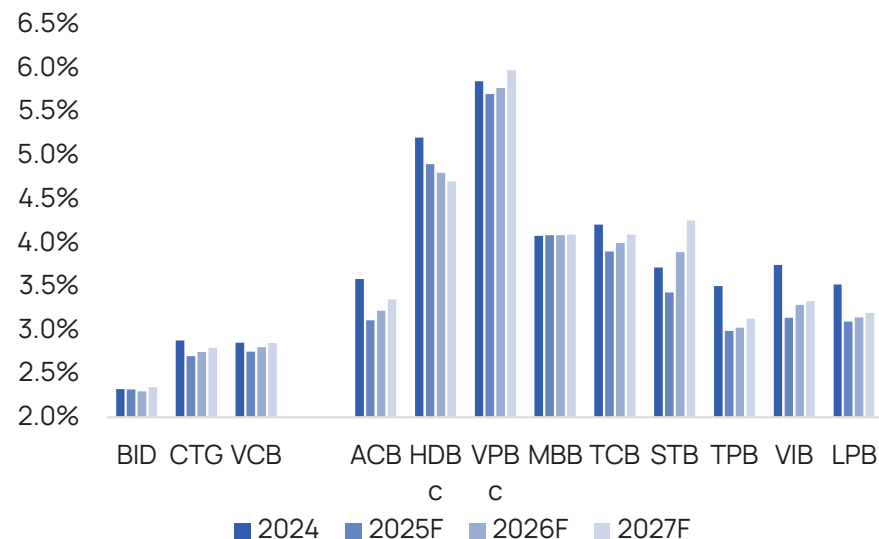
2025F NIM expected to decline further but we believe the bottom is imminent

Aggregate NIM, yearly



Source: Company data, Vietcap

NIM by banks, yearly

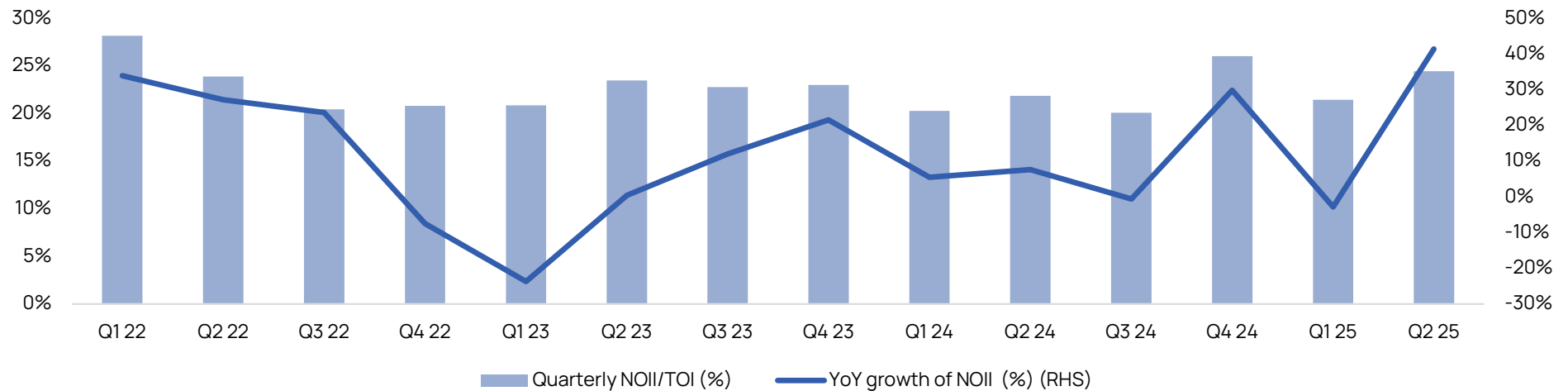


Source: Company data, Vietcap

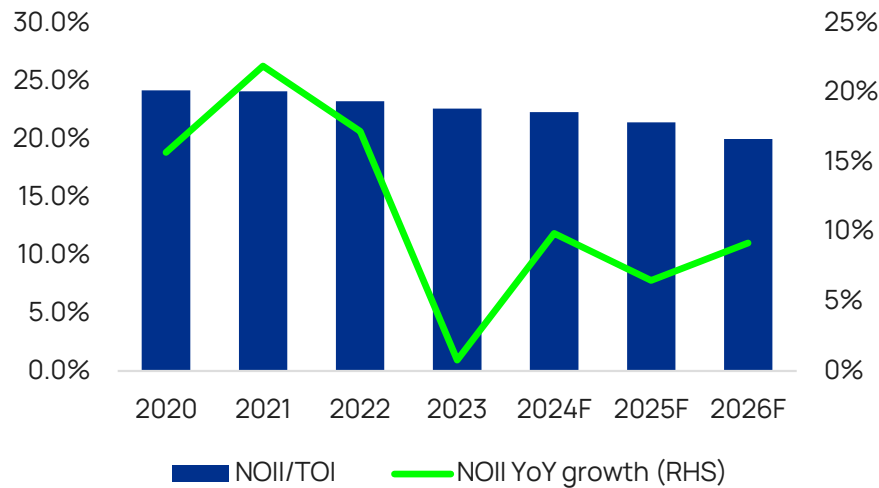
- Overall, we view Q2 results as an encouraging sign that NIM has likely bottomed out and is on the path to recovery. The lending market remains highly competitive, but considering robust credit demand, we expect credit supply-demand dynamics will be more balanced in coming quarters. That said, potentially higher deposit rates in coming months may pressure COF, which would threaten NIM recovery.
- In 2025, we anticipate (1) continued pressure on lending yields due to intense competition and (2) a modest rise in funding costs. These factors are expected to be partially offset by (3) stronger credit demand from retail borrowers and (4) higher loan disbursements for medium-to-long term projects. Therefore, we forecast a 17 bps YoY decrease in aggregate NIM for banks under our coverage in 2025F to 3.25%.
- We project aggregate NIM for SOCBs to decrease by 8 bps YoY, and for private banks to decrease by 29 bps YoY in 2025F.

NFI under pressure while other NOII performed well due to stronger recovery income

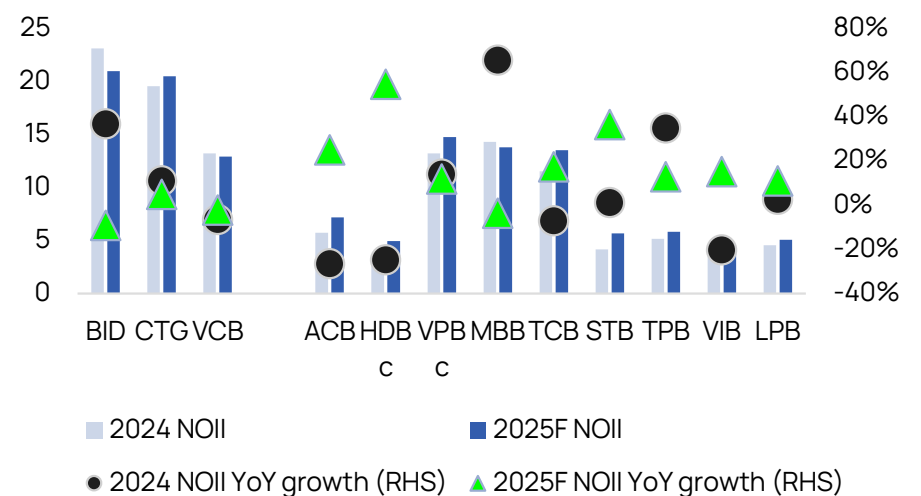
Quarterly NOII



Aggregate NOII/TOI and NOII growth, yearly

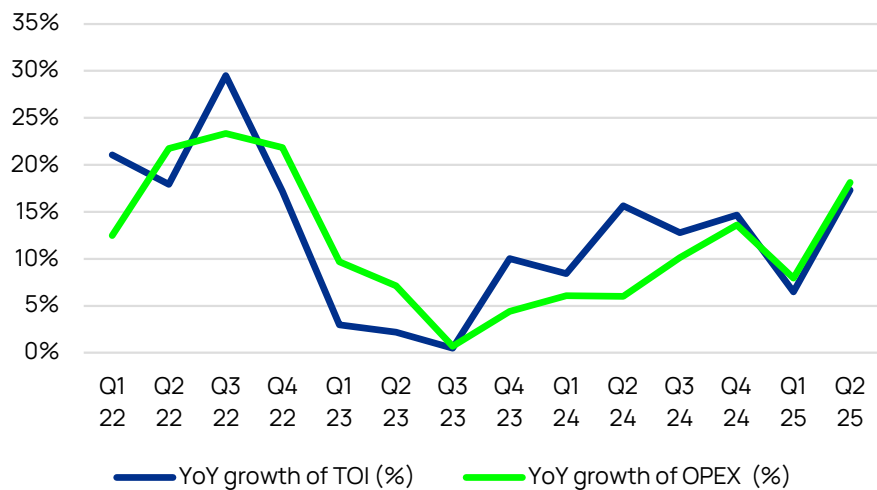


NOII by banks (VND tn)

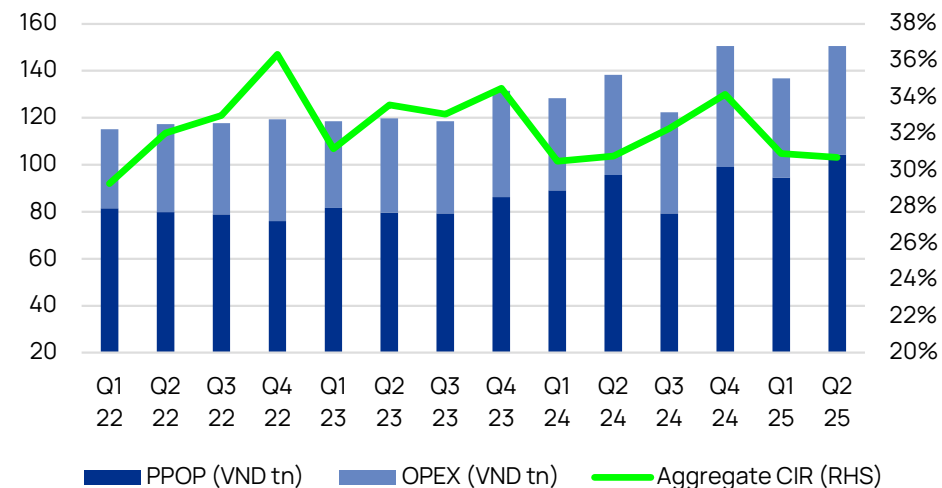


Operating expenses continued to be tightly controlled in accordance with top-line performance

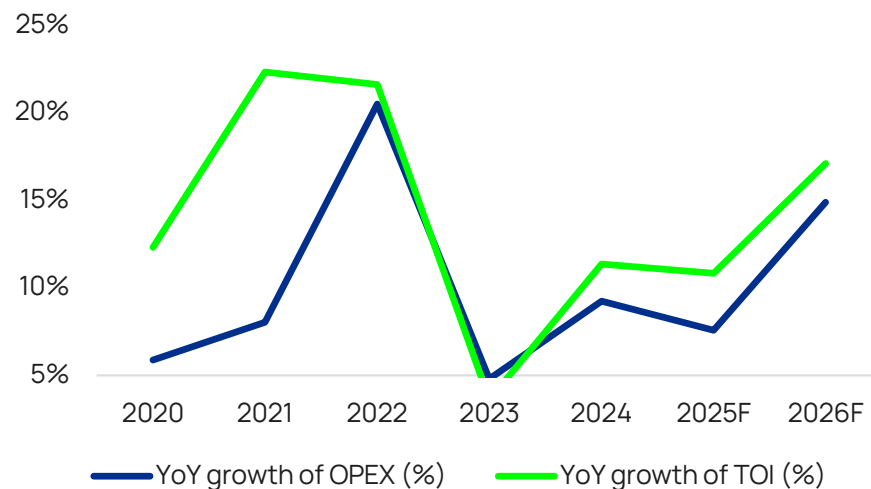
Aggregate TOI and OPEX growth, quarterly



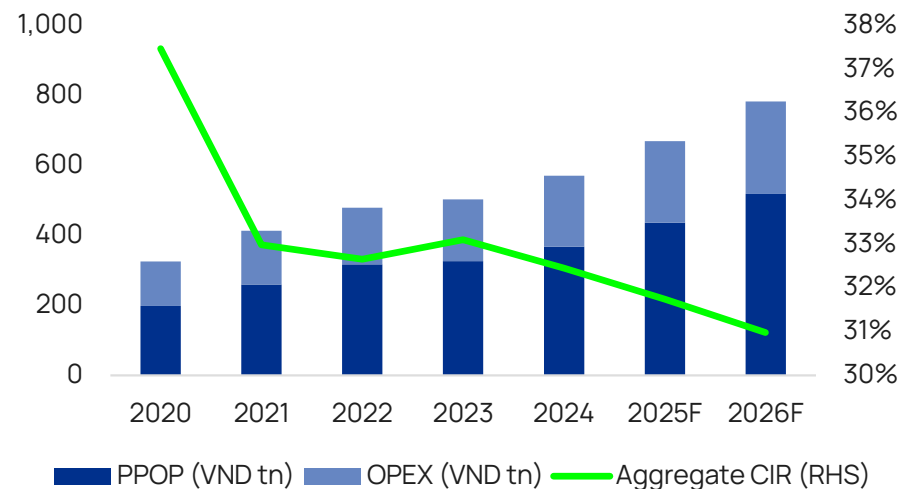
Aggregate CIR, PPOP & OPEX, quarterly



Aggregate TOI and OPEX growth, yearly

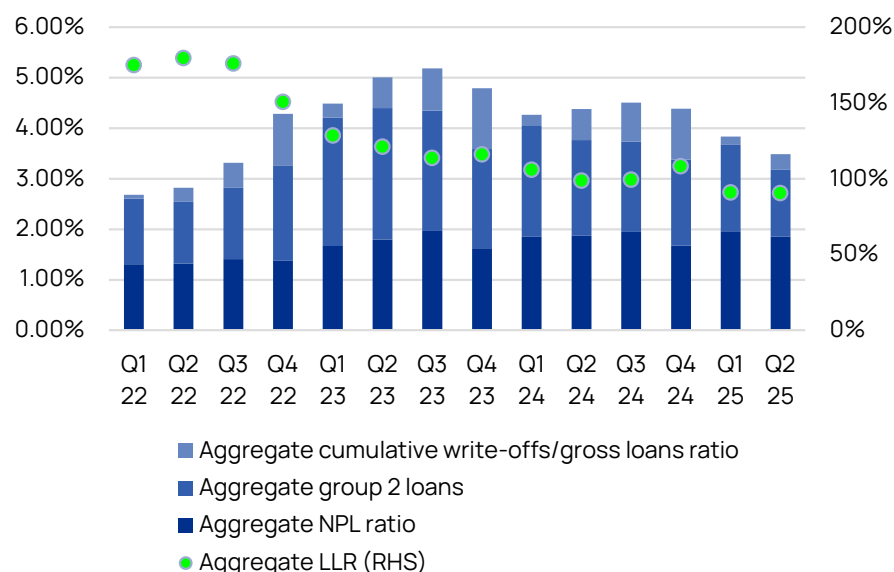


Aggregate CIR, PPOP & OPEX, yearly

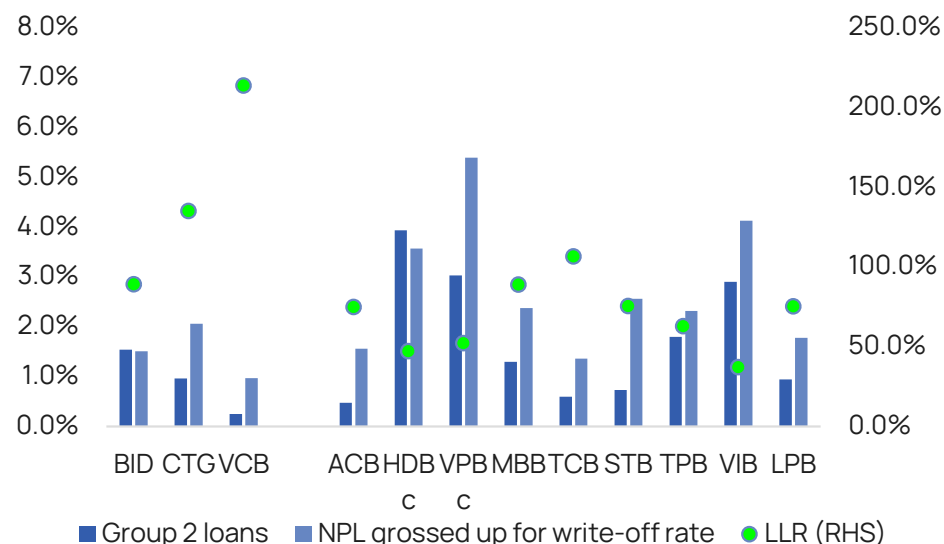


Asset quality slightly improve in Q2 2025

Asset quality of Vietcap's banking coverage



Asset quality of banks as of Q2 2025



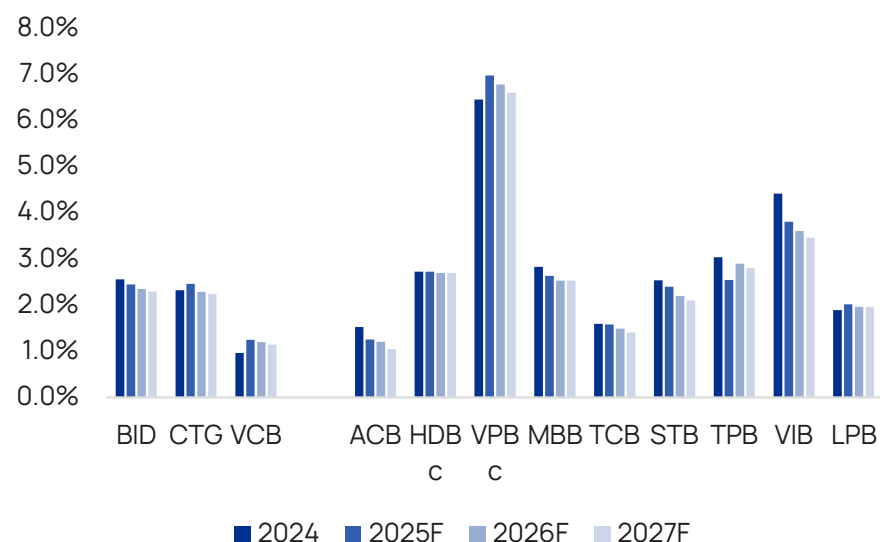
Source: Company data, Vietcap

Source: Company data, Vietcap ('c' denotes consolidated)

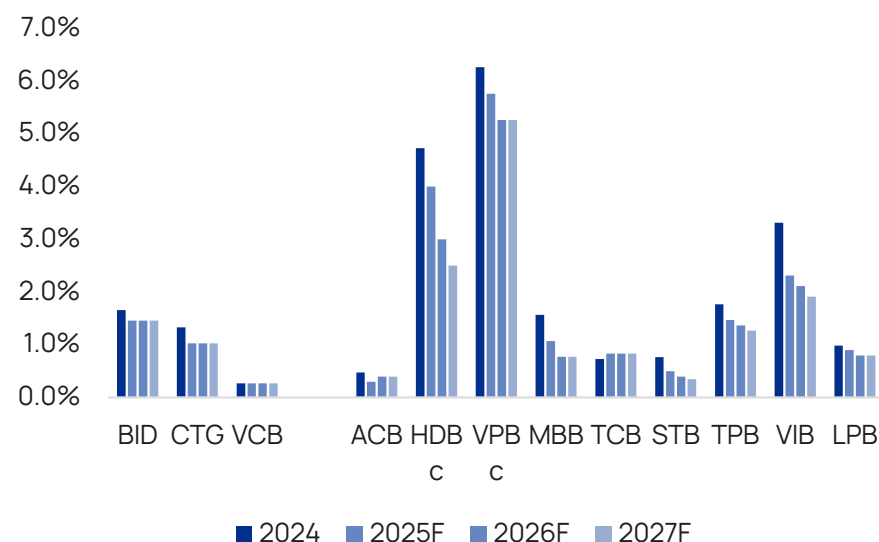
- The asset quality of our coverage improved in Q2 2025 an aggregate NPL ratio of 1.85% (-11 bps QoQ, -3 bps YoY).
- Only 3 out of the 12 banks under our coverage saw higher NPL ratios in Q2, namely BID, HDB, and TCB, and the QoQ increases vs Q1 levels were modest in the 10-15bps range. Meanwhile, CTG, ACB, VPB, and MBB saw the biggest QoQ improvements in terms of NPL ratio during Q2 2025..
- The median LLR ratio for banks under coverage increased in Q2 2025 to 75.1% (+1.9 ppts QoQ, +1.6 ppts YoY). The Group 2 loan ratio also improved in Q2 to 1.32% (-39bps QoQ, -56bps YoY).

Asset quality expected to remain broadly stable in 2025

NPL ratio grossed up for write-offs



Group 2 loan ratio



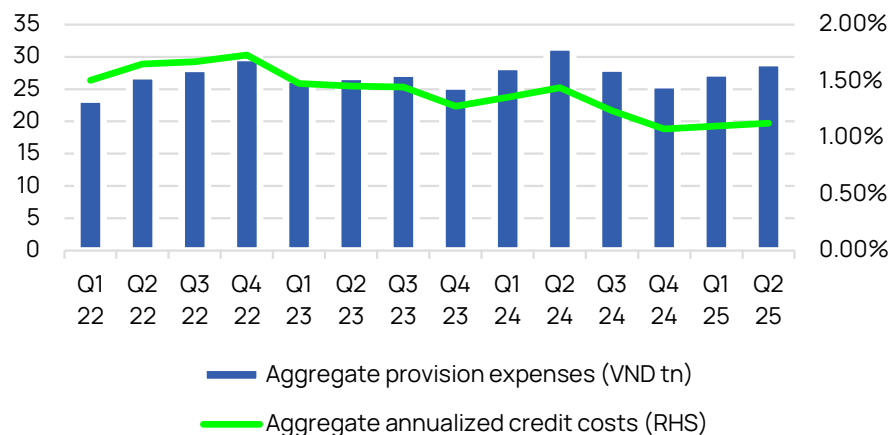
Source: Company data, Vietcap ('c' denotes consolidated)

Source: Company data, Vietcap ('c' denotes consolidated)

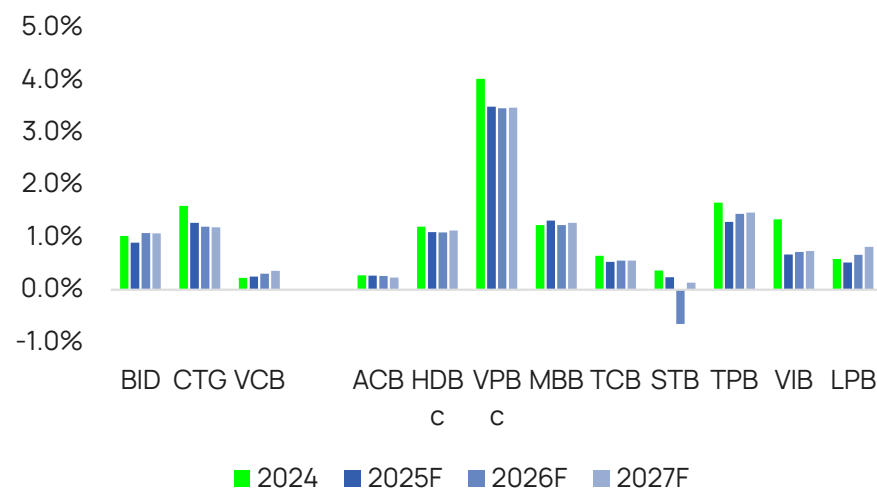
- We expect asset quality to remain stable and may even improve in 2025, supported by (1) improving economic activities under a low-interest rate environment, (2) continuing recovery of the real estate market, and (3) more supportive regulations with the legalization of Resolution 42 expected this month (June 2025). The US reciprocal tariff is the biggest risk to our positive view.
- For 2025, we forecast an aggregate NPL ratio grossed up for write-offs plus Group 2 loans of 2.54% (+3 bps YoY). We anticipate write-off rates will remain somewhat elevated as banks continue to clean up their balance sheets.

Credit costs expected to moderate in 2025 after aggressive provisioning by many banks in recent years

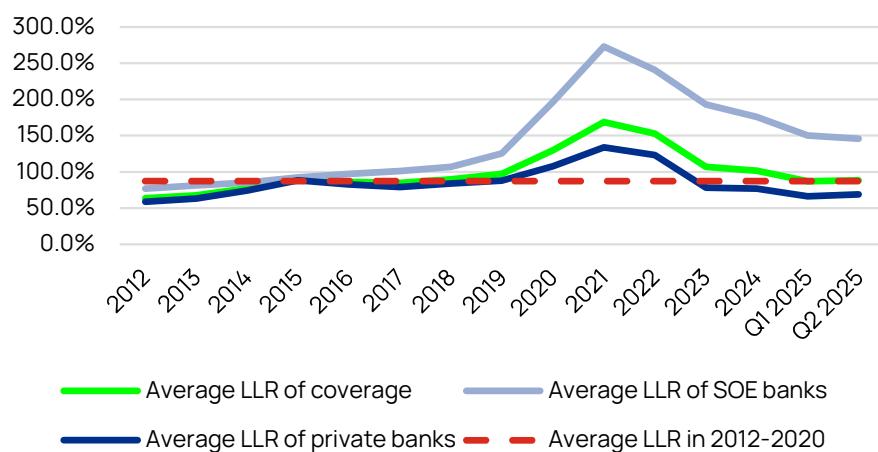
Aggregate provision expenses (VND tn) and credit costs (%), quarterly



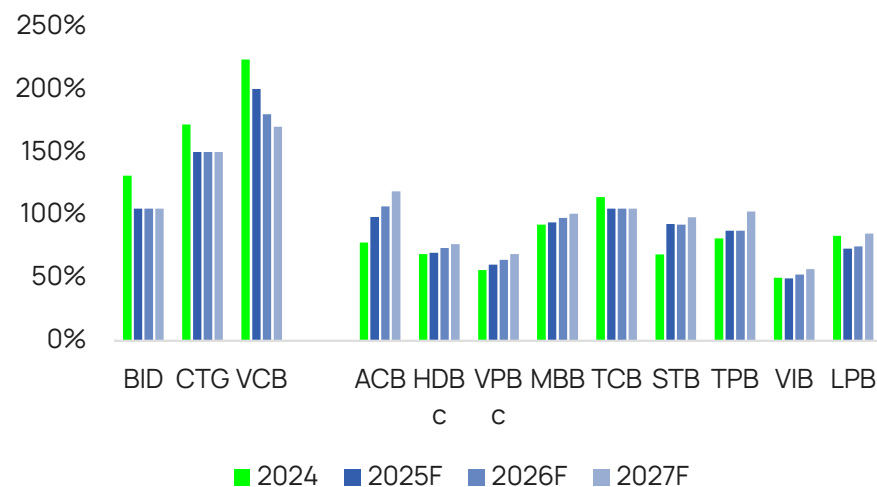
Credit costs of banks under coverage



Average LLR



LLR by bank



Recent performance and top picks

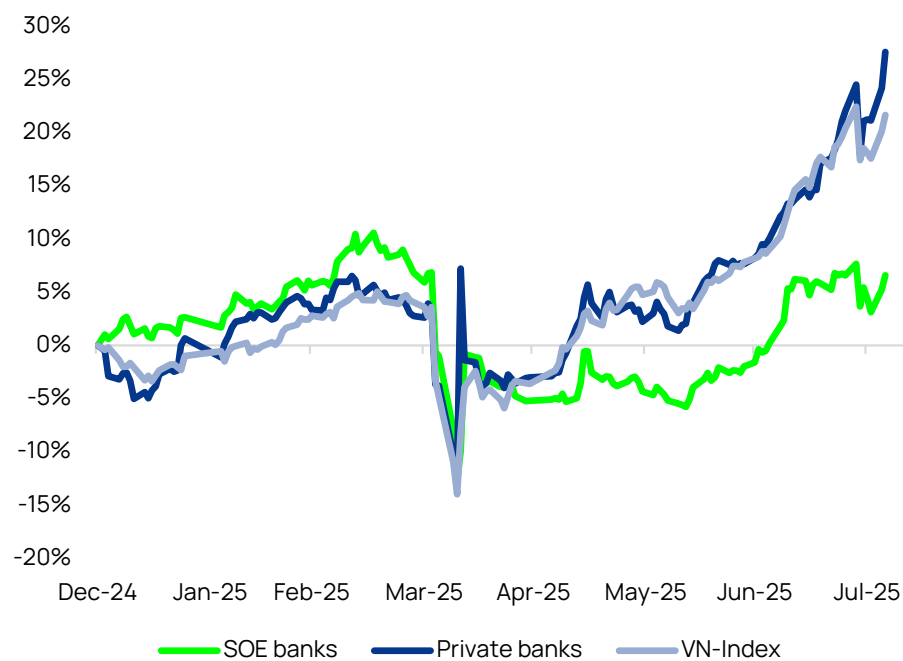
Banking sector share price performance YTD

Share price performance, YTD (1)



Source: Vietcap, FiinPro as of August 5, 2025 (Note: Overall banking represents all banking stocks under Vietcap's coverage and is weighted by market capitalization)

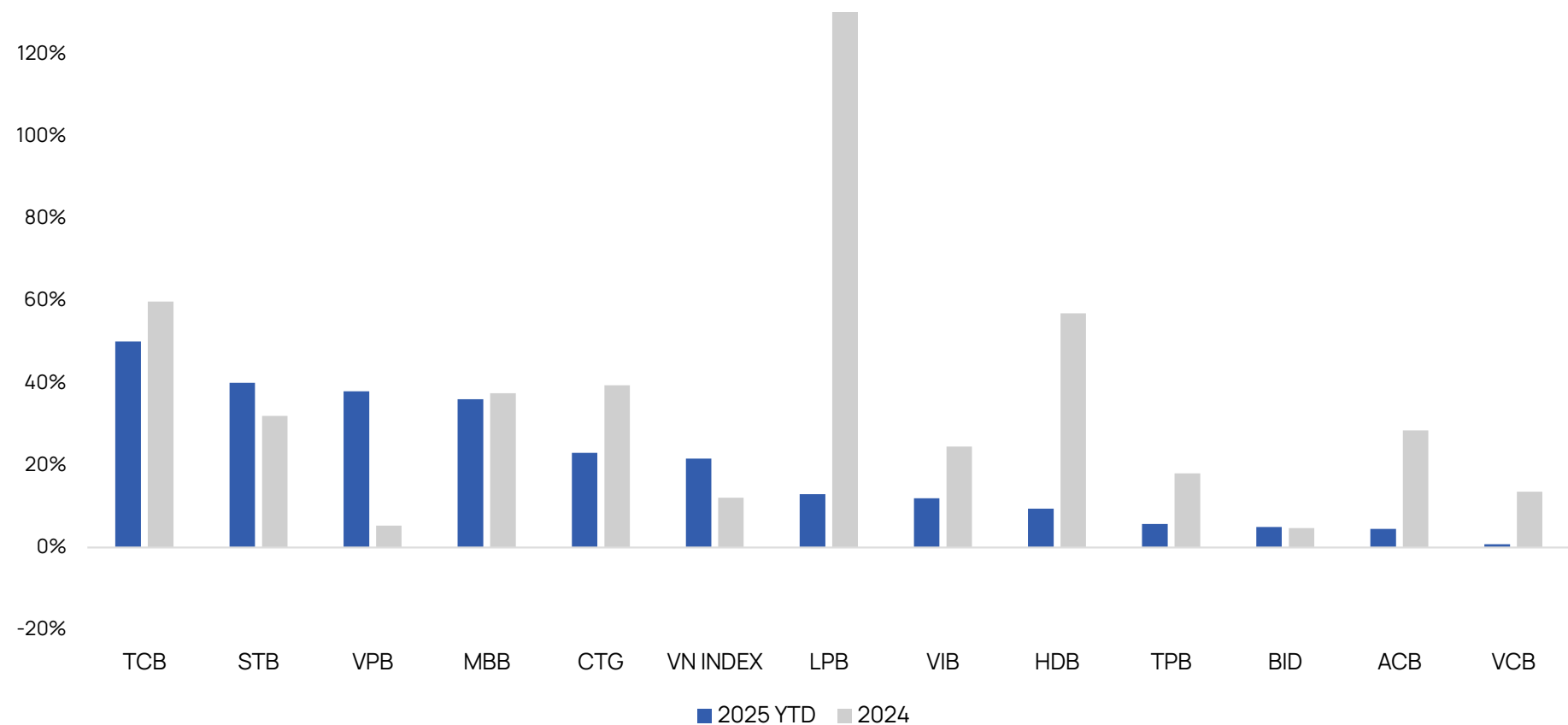
Share price performance, YTD (2)



Source: Vietcap, FiinPro as of August 5, 2025 (Note: Overall banking represents all banking stocks under Vietcap's coverage and is weighted by market capitalization)

Banks' share price performance

Banks' share price performance YTD



Source: Vietcap, FiinPro as of Aug 5, 2025

Trailing P/B of banks under our coverage

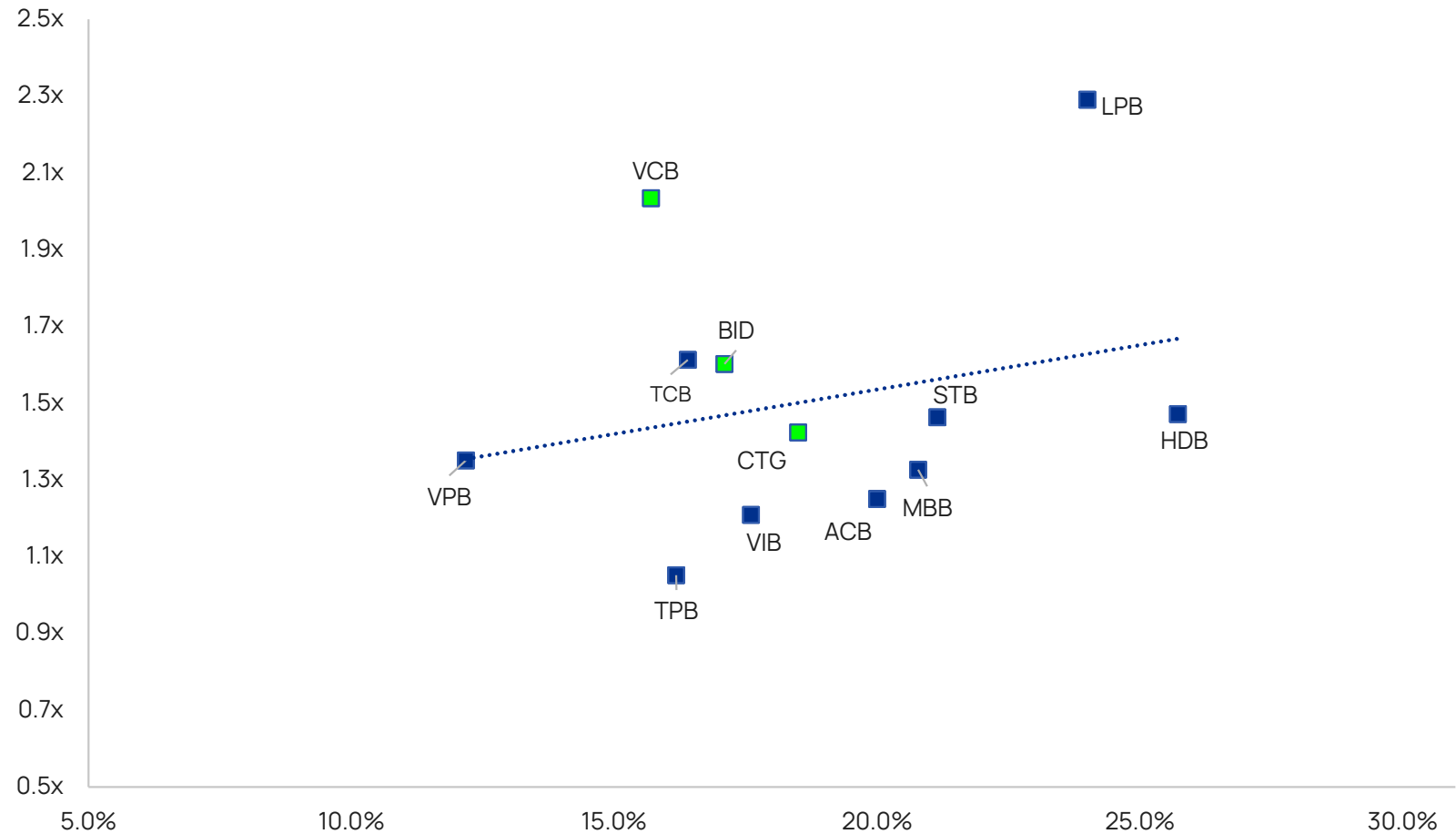
Average trailing P/B of banks under our coverage (Dec 2017 – August 2025)



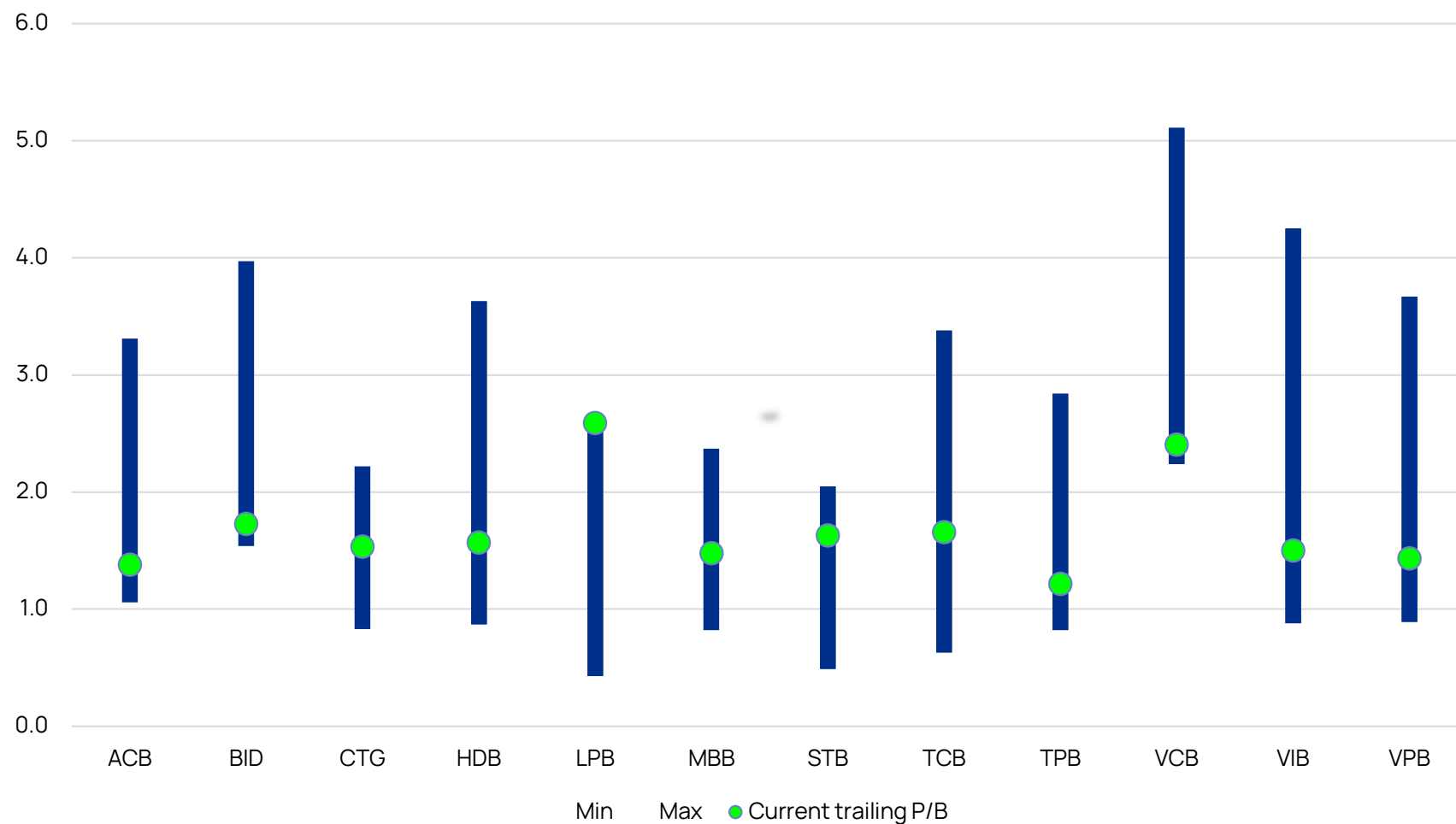
Source: Vietcap, FinPro as of Aug 5, 2025

Comparable peers valuation

Vietnam banks P/B (y-axis) and ROE (x-axis) (2025F)



Historical P/B of banks under our coverage



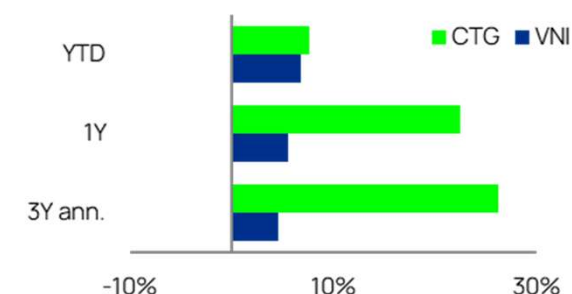
Source: Vietcap, FinPro as of Aug 5, 2025

Top picks – MBB, CTG, VPB and VCB

- **CTG:** Highest credit growth among SOCBs, **moderating credit costs to lift earnings growth/profitability** after years of heavy write-off/provisioning to clean up its book.
- **VPB:** As a well-capitalized bank, VPB is poised for a significant profitability boost over the next three years, driven by the **rebound of its consumer finance segment** and the **recovery of the real estate market**.
- **MBB:** Strong growth outlook supported by diversified credit exposure, a top-tier CASA ratio, and a comprehensive financial ecosystem, all while maintaining effective credit risk control. It is one of the prime beneficiaries from the real estate market recovery.
- **VCB:** Best-in-class bank with **unrivaled COF/lending rate and top-tier asset quality**, as well as a depressed valuation due to tariff uncertainties given relatively high exposure to trade.

CTG - BUY, TP of VND52,000

Rating*	BUY		2024	2025F	2026F	2027F
Share Price (June 19)	VND40,700	PPOP (VND bn)	59,357	63,163	71,185	82,547
Target Price (TP)*	VND52,000	% YoY	18.5%	6.4%	12.7%	16.0%
		NPAT-MI (VND bn)	25,342	30,061	35,008	41,257
		% YoY	27.3%	18.6%	16.5%	17.9%
Upside to TP	+27.8%	EPS	29.3%	18.5%	16.5%	17.9%
Dividend Yield	0.0%	NIM	2.88%	2.70%	2.75%	2.80%
TSR	+27.8%	CASA ratio	24.8%	25.8%	26.8%	27.8%
		NPLs/gross loans	1.24%	1.30%	1.25%	1.20%
Industry	Banking	Credit costs	1.60%	1.28%	1.20%	1.19%
Market Cap	USD8.4bn	CIR	27.5%	28.4%	28.5%	28.1%
Foreign Room	USD251.4mn	P/B	1.5x	1.2x	1.1x	0.9x
ADTV30D	USD10.3mn	P/E	9.8x	8.3x	7.1x	6.0x
State Ownership	64.5%	ROE	18.5%	18.5%	18.4%	18.4%
Outstanding Shares	5.370 bn	ROA	1.1%	1.2%	1.2%	1.2%
Fully Diluted Shares	5.370 bn	* TP and rating last updated May 19, 2025				



Company Overview

Founded in 1988, CTG is the second-largest bank in our coverage universe as calculated by total assets as of December 31, 2024. CTG has one of the largest branch networks in Vietnam. The bank had its IPO in 2008 and has listed shares since July 16, 2009.

2nd largest bank in Vietnam with robust credit growth prospects, which are predicated upon (1) stronger credit demand expected from higher economic growth, (2) a push in public investment to benefit State-owned banks, and (3) continued market share gain in the retail space.

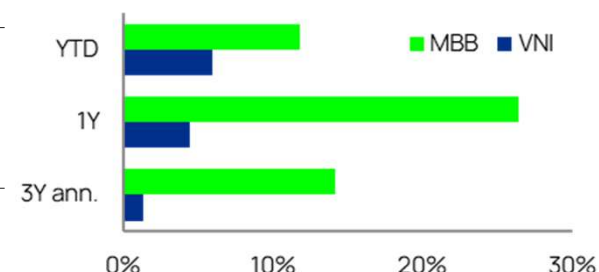
Provision burden easing will help CTG improve earnings growth. During the past four years, CTG proactively booked heavy write-off/credit costs (1.7% on average) to clean up its book, which depressed the bank's profitability and perhaps masked the bank's solid performance on the top line in terms of both lending activities and non-credit services.

Now as CTG's provision burden shows signals of easing, we expect the bank's earnings growth and profitability will improve. We would liken the trajectory of CTG's earnings/provision in the coming years to BID's performance in the past. During the 2018-2021 period, BID also booked a significant provision to clean up its book and once that process came to an end, the bank's provision expenses eased, and its earnings took off in 2022.

A stronger ROE should drive an upward re-rating of CTG's valuation closer to VCB/BID's levels. During 2024, CTG's ROE reached 18.5%, which is now comparable with the levels of its State-owned peers VCB (18.6%) and BID (19.2%). CTG is currently trading at a trailing P/B of 1.35x, which is below its five-year average trailing P/B of 1.42x and below current trailing P/Bs of VCB/BID at 2.30x/1.66x, respectively.

MBB - BUY, TP of VND31,000

Rating*	BUY		2024	2025F	2026F	2027F	
Share Price (June 19)	VND25,100	PPOP (VND bn)	38,406	45,526	52,602	60,808	
Target Price (TP)*	VND31,000	% YoY	18.6%	18.5%	15.5%	15.6%	
		NPAT-MI (VND bn)	22,634	25,849	30,007	33,992	
		% YoY	9.5%	14.2%	16.1%	13.3%	
Upside to TP	+23.5%	EPS	8.5%	13.2%	16.1%	13.3%	
Dividend Yield	1.2%	NIM	4.08%	4.09%	4.09%	4.10%	
TSR	+24.7%	CASA ratio	39.3%	36.5%	35.7%	36.2%	
		NPLs/gross loans	1.62%	1.64%	1.54%	1.54%	
Industry	Banking	Credit costs	1.23%	1.32%	1.24%	1.28%	
Market Cap	USD5.9bn	CIR	30.7%	27.5%	28.5%	29.5%	
Foreign Room	USD0mn	P/B	1.4x	1.1x	0.9x	0.8x	
ADTV30D	USD20mn	P/E	6.8x	5.9x	5.1x	4.5x	
State Ownership	9.4%	ROE	22.1%	20.8%	20.0%	18.9%	
Outstanding Shares	6.102 bn	ROA	2.2%	2.1%	2.0%	1.9%	
Fully Diluted Shares	6.102 bn	* TP and rating last updated May 13, 2025					



Company Overview

Founded in 1994, MBB is the fourth largest bank in our coverage universe as calculated by total assets as of December 31, 2024. The bank had its IPO in 2004 and has listed shares since November 2011.

MBB has the most diversified ecosystem among our coverage. MBB has six subsidiaries, including life and non-life insurers, a consumer finance company, a securities company, and fund & asset management companies, which we believe create cross-selling opportunities. In addition, MBB has demonstrated success in innovating its banking apps and attracting new customers. As of 2024, MBB served around 30mn customers, which indicates a large pool for MBB to further exploit credit services.

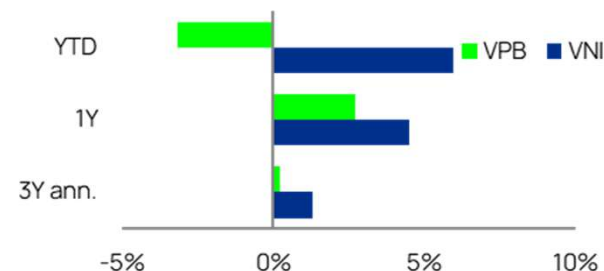
We believe that MBB has a solid competitive advantage in terms of (1) funding costs, with a top-tier CASA ratio, and (2) a dynamic growth outlook from its network of subsidiaries and strategic partners. In addition, we assume MBB will receive a higher-than-average credit quota in our explicit forecast period due to its participation in the scheme to support a weak credit institution.

We expect robust credit growth and a strong CASA contribution in 2025 to counteract the pressure of increasing funding costs and lending rates competition. We forecast 2025F loan growth of 23% as we expect (1) MBB to be one of the primary beneficiaries of accelerating fiscal spending via participating in private funding to public projects given its low funding cost advantage and large operating scale to serve different types of corporate customers and (2) a gradual improvement in micro-SME and retail credit demand.

Asset quality to be contained despite strong growth momentum. We forecast the NPL ratio to be controlled at below 1.60% in the next two years. We believe such strong credit growth targets by MBB indicate a potential increase in the risk profile of its lending; however, the credit risks are still manageable. Despite forecasting credit costs to remain as high as around 1.3% in 2025-2027F, we believe strong top-line growth will help to deliver an average ROE of 20% on average in the same period. **MBB is currently trading at a 7% discount to the peer median 2025F P/B at 1.2x with a 2025F ROE 20.8% vs the peer median of 17.6%, based on our forecasts.**

VPB - BUY, TP of VND25,000

Rating*	BUY		2024	2025F	2026F	2027F	
Share Price (June 19)	VND18,500	PPOP (VND bn)	47,915	53,434	63,323	75,285	YTD
Target Price (TP)*	VND25,000	% YoY	33.8%	11.5%	18.5%	18.9%	1Y
		NPAT-MI (VND bn)	15,779	18,786	21,883	25,299	3Y ann.
		% YoY	58.2%	19.1%	16.5%	15.6%	
Upside to TP	+35.1%	EPS	45.7%	19.1%	16.5%	15.6%	
Dividend Yield	2.7%	NIM	5.85%	5.71%	5.77%	5.98%	
TSR	+37.8%	CASA ratio	14.1%	16.1%	17.6%	19.1%	
		NPLs/gross loans	4.20%	3.90%	3.75%	3.55%	
Industry	Banking	Credit costs	4.0%	3.5%	3.5%	3.5%	
Market Cap	USD5.6bn	CIR	23.0%	24.5%	25.5%	26.0%	
Foreign Room	USD308mn	P/B	1.0x	0.9x	0.9x	0.8x	
ADTV30D	USD22mn	P/E	9.3x	7.8x	6.7x	5.8x	
State Ownership	0%	ROE	11.0%	12.2%	12.9%	13.5%	
Outstanding Shares	7.934 bn	ROA	1.8%	1.8%	1.8%	1.7%	
Fully Diluted Shares	7.934 bn	* TP and rating last updated May 19, 2025					



Company Overview

Vietnam Prosperity Joint Stock Commercial Bank is a Vietnam-based commercial bank with one fully-owned subsidiary – asset management company VPBank AMC – and 50% ownership of consumer finance company FE Credit (FEC). FEC contributed around 10% to the consolidated loan book in 2024.

VPB has been expanding its business to diversify its financial products offerings. VPB owns the largest consumer finance company (FE Credit - FEC), a securities brokerage company (VPBankS), and OPES Insurance Company (a non-life insurer). The bank also has an exclusive bancassurance partnership with AIA Life Insurance in Vietnam. FEC turned profitable in 2024 with better-than-expected growth. We expect FEC to start to deliver a major earnings contribution to the group starting in 2025F, given active support from SMBC in its restructuring process.

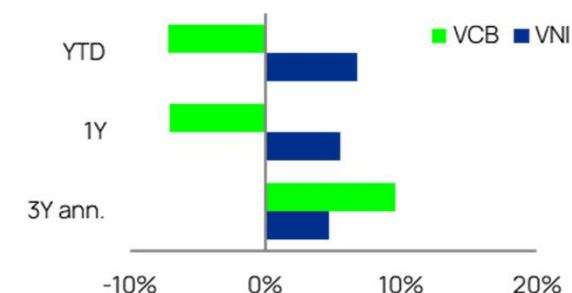
We expect that VPB can mitigate pressure on NIM in the remainder of 2025. We forecast 2025F NIM of 5.71% (vs Q1 2025 NIM of 5.74%) as increasing retail contributions while improving debt collection (potential legalization of Decree 42 on bad debt resolution) should help to reduce the pressure arising from higher funding costs and ongoing competitive lending rates. Though anticipating downside risks from tariff uncertainty, VPB retains its strong growth target in 2025 (credit growth +25% YoY; PBT +26% YoY) given supportive policies by the Government to push domestic growth and the ongoing recovery of the real estate market. VPB has a strong capital buffer in our coverage with Q1 2025 CAR of 14.7%.

Profit growth to be strong in 2025F-2027F, driven by (1) NIM improvement and strong credit growth, (2) a rebound in NOI and especially recovery income from written-off bad debts, and (3) a stronger contribution from FEC. FEC recorded a bottom line of VND500bn in 2024 (beating our forecasts) after making losses in 2022-2023 due to resuming disbursements, improving funding costs, credits costs, and improving debt collection. Management targets 15% credit growth in 2025 (vs 10% in 2024) and FEC's funding costs to ease YoY.

Downside risks: Lower-than-expected NIM; failure to contain credit costs.

VCB - BUY, TP of VND73,200

Rating*	BUY		2024	2025F	2026F	2027F
Share Price (June 19)	VND56,600	PPOP (VND bn)	45,551	50,024	60,051	71,927
Target Price (TP)*	VND73,200	% YoY	-0.7%	9.8%	20.0%	19.8%
		NPAT-MI (VND bn)	33,831	36,735	43,263	51,029
		% YoY	2.2%	8.6%	17.8%	18.0%
Upside to TP	+29.3%	EPS	2.0%	8.6%	10.6%	18.0%
Dividend Yield	0.0%	NIM	2.86%	2.75%	2.80%	2.85%
TSR	+29.3%	CASA ratio	36.7%	37.7%	38.7%	39.7%
		NPLs/gross loans	0.96%	0.95%	0.90%	0.85%
Industry	Banking	Credit costs	0.23%	0.25%	0.31%	0.36%
Market Cap	USD18.1bn	CIR	33.6%	33.0%	31.5%	30.1%
Foreign Room	USD562.6mn	P/B	2.4x	1.9x	1.7x	1.5x
ADTV30D	USD8.8mn	P/E	15.2x	14.0x	12.6x	10.7x
State Ownership	74.8%	ROE	18.6%	15.7%	15.2%	15.9%
Outstanding Shares	8.356 bn	ROA	1.7%	1.6%	1.6%	1.6%
Fully Diluted Shares	8.356 bn	* TP and rating last updated May 23, 2025				



Company Overview

Founded in 1963, VCB is the second largest bank in our coverage universe as calculated by total assets as of December 31, 2024, and most profitable in terms of total net profit. The bank had its IPO in 2008 and has listed shares since June 30, 2009.

Vietcombank is the most profitable bank in Vietnam. The bank has been able to achieve and maintain the #1 position for years due to its multiple competitive advantages, including (1) low funding costs driven by a high-quality deposit franchise, (2) superior asset quality across customer segments with limited exposure to real estate lending, and (3) its leadership position in trade finance and international settlement.

VCB often takes the leading role in arranging financing for large-scale investment projects. As the Government pushes for more significant investments to fuel higher economic growth, credit demand to fund large projects of national importance is rising and VCB should be well-positioned to capture this growth opportunity. As an example, VCB, along with State-owned BID and CTG, signed a credit agreement with ACV to provide a syndicated loan of USD1.8bn for the Long Thanh International Airport project, in which VCB will contribute USD1.0bn. In the past, VCB has signed comprehensive strategic partnerships with several major State-owned groups such as EVN, PVN, and ACV.

The upcoming 6.5% private placement could bring significant upside to VCB's long-term growth outlook. We currently assume a 543 million share issuance to occur at end-2025 at a price of VND66,900/share, implying expected proceeds of VND36.3tn (USD1.4bn). Under these assumptions, the deal could help VCB improve its capital adequacy ratio by 150 bps to the 13-14% range.

We forecast a 16% credit and EPS CAGR for VCB over the next five years (2025-2029F period). We note by participating in the rehabilitation of a distressed credit institution, VCB may receive a higher credit quota from the SBV, which would be a potential source of upside to our forecasts.

Key data and summary valuations

Banking sector: Key data

Code	Rating	Market Cap USD mn	State O'ship %	For. Limit %	For. Avail USD mn	ADTV 30D USD mn	Share Price VND ps	Target Price VND ps	Target price updated	Upside %	Div. Yield %	TSR %
VCB	BUY	19,604	74.8%	30.0%	616	26	61,500	73,200	05/23/25	19.0%	0.0%	19.0%
BID	BUY	10,379	81.0%	30.0%	594	13	38,750	44,800	05/26/25	15.6%	0.0%	15.6%
CTG	BUY	9,526	64.5%	30.0%	262	17	46,500	52,000	05/19/25	11.8%	0.0%	11.8%
ACB	BUY	4,595	0.0%	30.0%	0	15	23,450	28,500	05/19/25	21.5%	0.0%	21.5%
VIB	O-PF	2,506	0.0%	5.0%	0	14	19,300	20,800	05/23/25	7.8%	0.0%	7.8%
MBB	BUY	6,914	9.4%	23.2%	0	27	29,700	31,000	05/13/25	4.4%	1.0%	5.4%
STB	BUY	3,718	0.0%	30.0%	353	24	51,700	50,900	05/15/25	-1.6%	0.0%	-1.6%
TCB	BUY	9,972	0.0%	22.5%	0	37	37,000	35,000	05/12/25	-5.4%	2.7%	-2.7%
HDB	BUY	3,720	0.0%	17.5%	0	28	27,900	27,000	05/22/25	-3.2%	0.0%	-3.2%
VPB	BUY	8,021	0.0%	30.0%	353	51	26,500	25,000	05/19/25	-5.7%	1.9%	-3.8%
TPB	BUY	1,774	0.0%	30.0%	88	18	17,600	16,500	05/27/25	-6.3%	0.0%	-6.3%
LPB	U-PF	4,023	0.0%	5.0%	166	5	35,300	26,800	05/15/25	-24.1%	0.0%	-24.1%

Banking sector: Summary valuations

Code	Share Price VND ps	EPS g 2024%	EPS g 2025F%	EPS g 2026F%	P/B current x	P/B 2025F X	P/B 2026F X	P/E TTM x	P/E 2025F x	P/E 2026F x	ROE 2025F%	Assets/equity LQ x
VCB	61,500	2.3%	8.3%	10.6%	2.51	2.03	1.81	16.4	15.2	13.7	15.7%	10.3
BID	38,750	18.0%	3.2%	7.2%	1.81	1.60	1.40	12.4	11.7	10.9	17.1%	18.3
CTG	46,500	31.5%	18.6%	16.5%	1.63	1.42	1.21	11.0	9.5	8.1	18.5%	16.0
ACB	23,450	4.2%	7.5%	17.5%	1.38	1.25	1.07	7.3	6.8	5.8	20.0%	10.2
VIB	19,300	27.0%	9.1%	14.7%	1.32	1.21	1.08	8.1	7.4	6.5	17.6%	11.4
MBB	29,700	8.5%	13.2%	16.1%	1.53	1.33	1.10	7.2	7.0	6.0	20.8%	9.4
STB	51,700	26.7%	27.4%	80.6%	1.68	1.46	1.11	9.0	8.4	4.6	21.1%	13.1
TCB	37,000	19.4%	17.1%	19.5%	1.66	1.61	1.44	12.3	10.4	8.7	16.4%	6.4
HDB	27,900	26.1%	21.7%	16.1%	1.65	1.47	1.21	7.0	6.3	5.4	25.7%	11.7
VPB	26,500	45.7%	19.1%	16.5%	1.44	1.35	1.22	12.5	11.2	9.6	12.2%	6.6
TPB	17,600	36.5%	8.7%	9.5%	1.18	1.05	0.90	7.7	7.0	6.4	16.2%	9.8
LPB	35,300	64.0%	10.2%	1.6%	2.59	2.29	1.87	11.2	10.4	10.2	24.0%	10.9