true friend KIS Viet Nam Securities Corporation

Sector Note

Financials
07 Aug 2026

Banking

Earnings beat estimates

Neutral

Higher-than-expected earnings growth in 2Q26

- Aggregated 2Q26 PAT across 27 listed banks surged +25.4% YoY and +18.5% QoQ. This strong performance was driven by: (1) robust credit growth, (2) a recovery in service fee activities, (3) strong momentum in other incomes, and (4) well-controlled operating expenses and provision costs. Consequently, 1H26 earnings reached nearly 50% of full-year 2026 guidance.
- State-owned commercial banks (SOCBs) outperformed private joint-stock commercial banks in terms of profit growth. Key banks delivering standout YoY growth included: VCB (+58%yoy), VPB (+76%yoy), MBB (+41%yoy), HDB (+51%yoy), VBB (+192%yoy), NVB (+64%yoy), and BVB (+24.1x yoy).

Solid core business performance

- In 1H26, total credit disbursement expanded by +8.4% YTD (or ~17% YoY), compared to +9.9% YTD in 1H25 and the full-year 2026 target of 15%. Total deposits rose by +6.2% YTD, lagging behind credit expansion.
- 11 of the 27 listed banks outpaced the broader credit expansion relative to 2Q25, with top performers including NVB, VPB, HDB, TCB, VBB, MBB, OCB, SSB, BAB, BVB, and SGB.
- Sector NIM (27 banks) expanded by +17 bps QoQ to 3.1% in 2Q26 (though remaining down -11 bps YoY), supported by recovering asset yields. On a QoQ basis, the vast majority of banks (19 out of 27) experienced NIM expansion in 2Q26.
- CASA ratios improved QoQ across 18 banks and YoY across 9 banks. Sector leaders shifted from 1Q26 to 2Q26: TCB (expanded from 32.6% to 35.0%) and MBB (increased from 33.0% to 34.4%), while VCB (32.9% to 32.8%), CTG (24.4% to 23.2%), and MSB (26.3% to 22.8%) saw slight contractions.
- 2Q26 non-interest income surged +25% YoY (+32% QoQ), underpinned by strong recoveries in net fee income (+70% YoY / +38% QoQ) and other income (+26% YoY / +36% QoQ). Fee-based income remained a key highlight across the sector, with top performers including SHB, STB, VIB, BVB, VPB, LPB, NAB, TCB, CTG, VAB, ACB, and OCB.
- Asset quality remained controlled QoQ. The sector-wide Group 3–5 NPL ratio held flat at 2.0%, while the Group 2–5 NPL ratio ticked up from 3.2% in 1Q26 to 3.4% in 2Q26, with 16 out of 27 banks reporting NPL improvements. Leaders with lowest NPL ratios (3-5 group) changed from 1Q26 to 2Q26: VCB (0.62% to 0.61%), ACB (0.97% to 1.03%), TCB (1.09% to 1.08%), and BAB (1.88% to 1.13%).

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- LLCR dipped slightly from 80% in 1Q26 to 79% in 2Q26. Top banks with high LLCR changed from 1Q26 to 2Q26: VCB (253% to 279%), CTG (167% to 134%), TCB (129% to 126%), ACB (114% to 105%).

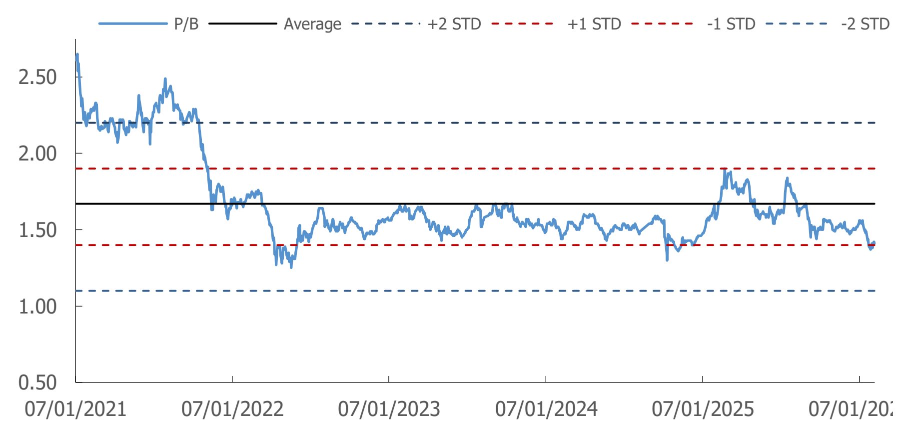
Technical adjustment to ease LDR ratio

- LDR Pressures at SOCBs: Loan-to-Deposit Ratios (LDR) at SOCBs trended upward through 1H26. As of 31 March 2026, LDRs at CTG, BID, VCB, and Agribank reached 83.48%, 82.94%, 84.54%, and 83.28%, respectively, approaching the regulatory ceiling of 85.0%.
- Decision 1743/QĐ-NHNN Relief: To support liquidity, the State Bank of Vietnam (SBV) issued Decision 1743/QĐ-NHNN. Specifically, the inclusion rate of State Treasury term deposits within total LDR deposits was raised from 20% to 50%, effective for two years (August 1, 2026 – July 31, 2028).
- This adjustment lowers the technical LDR for recipient banks, granting additional headroom to expand lending without breaching regulatory limits. SOCBs stand out as the primary beneficiaries.

3Q26F: Sustained earnings growth

- We project sustained earnings growth in 3Q26F, underpinned by solid credit expansion, NIM recovery, and continued momentum in fee-based services. Operating expenses and asset quality could remain tightly managed.
- As of August 6, 2026, the banking sector is trading at P/B of 1.41x, representing an attractive discount to its 5-year historical average of 1.67x.

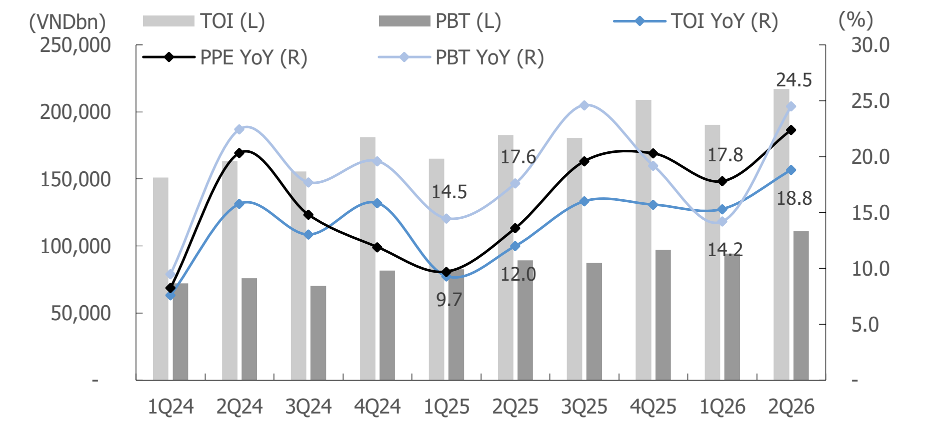
Figure 1. Historical PB data for the banking industry



Source: FiinproX, KIS Research

The banking sector maintained its double-digit growth momentum in 2Q26

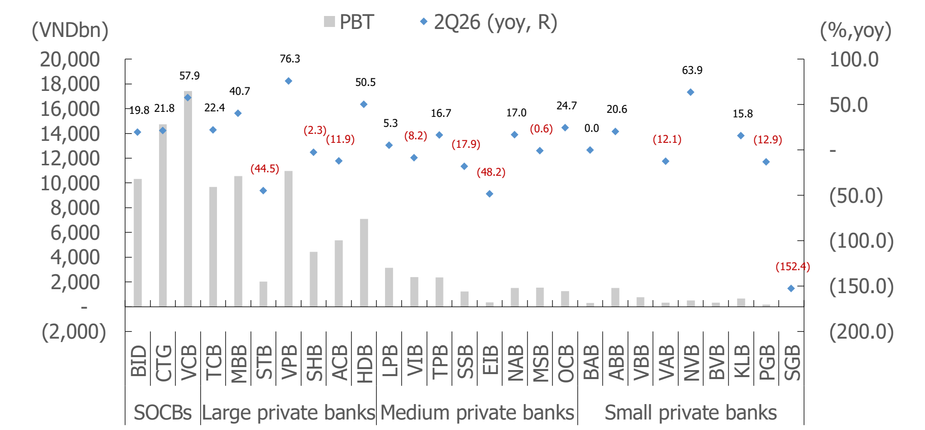
Figure 2. Double-digit growth in aggregated 2Q26 TOI and PBT



Source: FiinproX, KIS Research

Standout outperformers included VCB, VPB, MBB, HDB, VBB, NVB, and BVB.

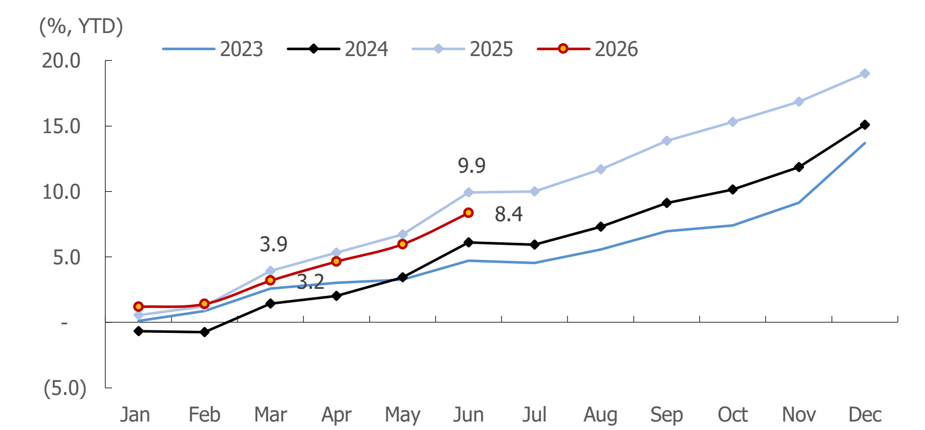
Figure 3. 2Q26 earnings: 16/27 banks with positive growth



Source: FiinproX, KIS Research. Note: BVB with growht rate of 24.1x in 2Q26

Overall credit disbursement in 1H26 lagged behind 1H25 levels.

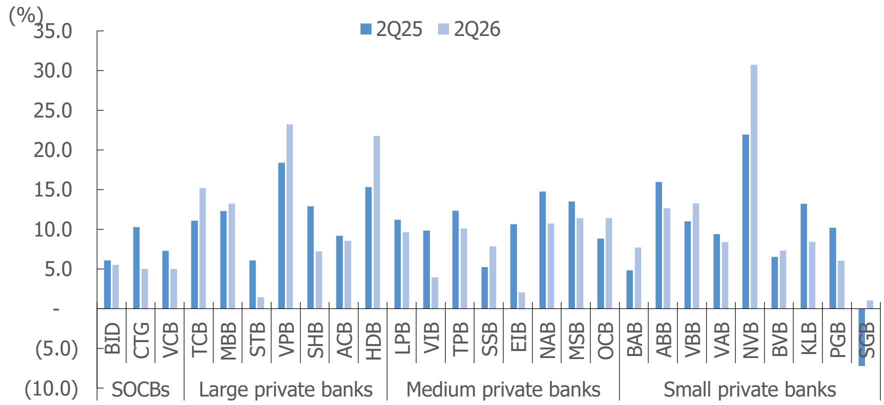
Figure 4. Credit growth in 2Q26



Source: SBV, KIS Research

11 out of 27 listed banks achieved above-average credit expansion, led by VPB, HDB, NVB, TCB, and MBB.

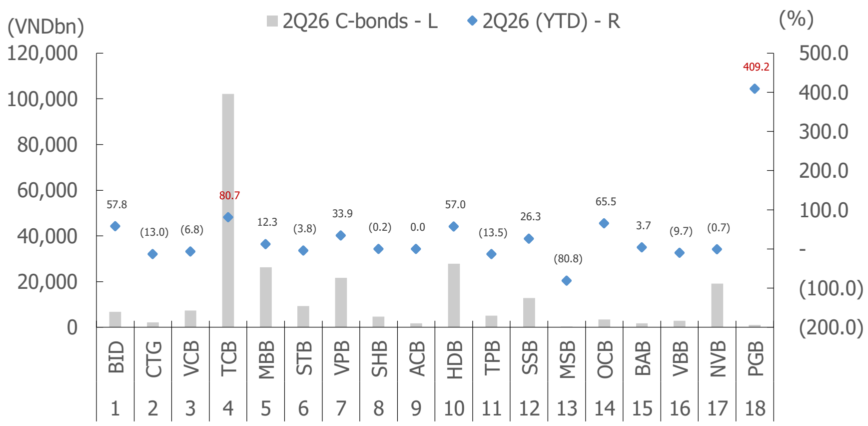
Figure 5. Higher credit growth is concentrated in a few banks



Source: FiinproX, KIS Research

Additionally, 9 out of 18 reporting banks expanded their corporate bond holdings.

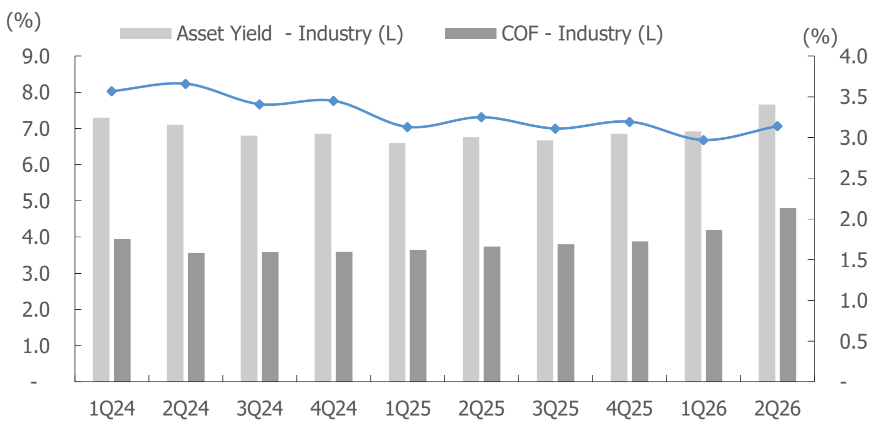
Figure 6. Corporate bonds



Source: FiinproX, KIS Research

Industry-wide Net Interest Margin (NIM) improved on a quarter-on-quarter (QoQ) basis in 2Q26

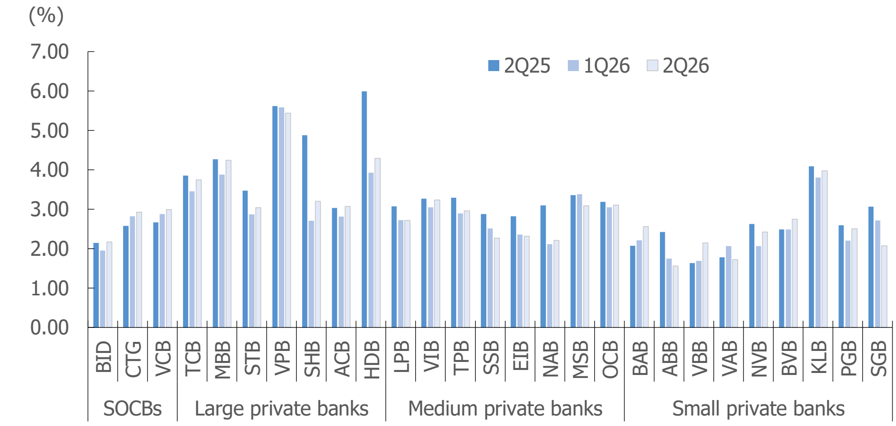
Figure 7. Industry's 2Q26 NIM



Source: FiinproX, KIS Research

Figure 8. The industry's 2Q26 NIM

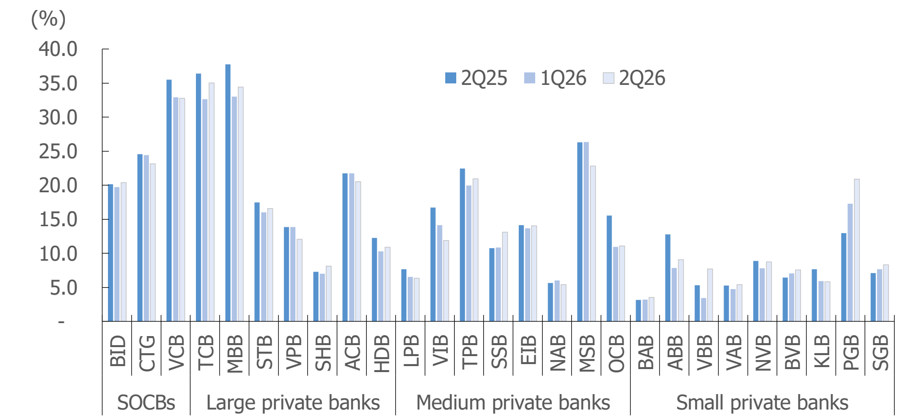
19 out of 27 banks expanding their quarterly NIM.



Source: FiinproX, KIS Research

Figure 9. CASA ratios

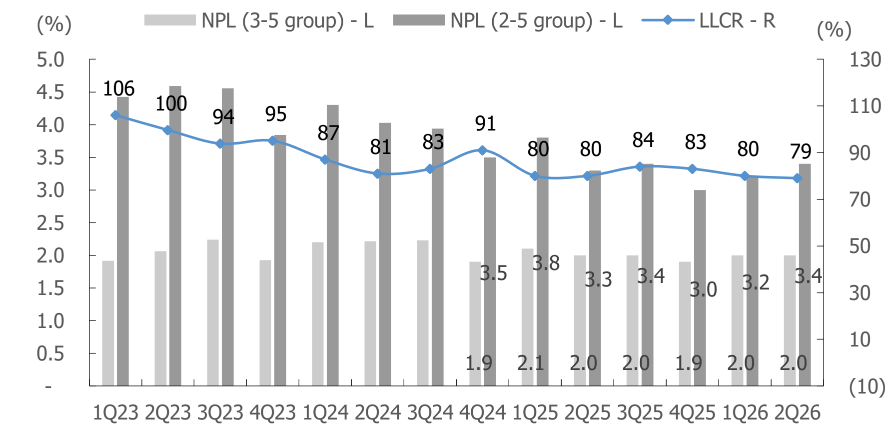
CASA ratios saw a broad-based recovery in 2Q26, with 18 out of 27 banks reporting a QoQ surge



Source: FiinproX, KIS Research

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

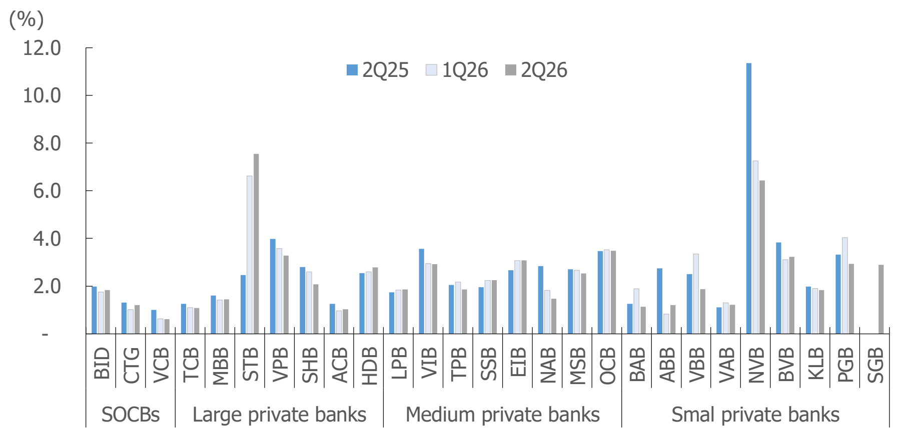
Non-performing loans (NPLs) remained tightly controlled on a quarterly basis, though Special Mention loans (Group 2) trended upward.



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

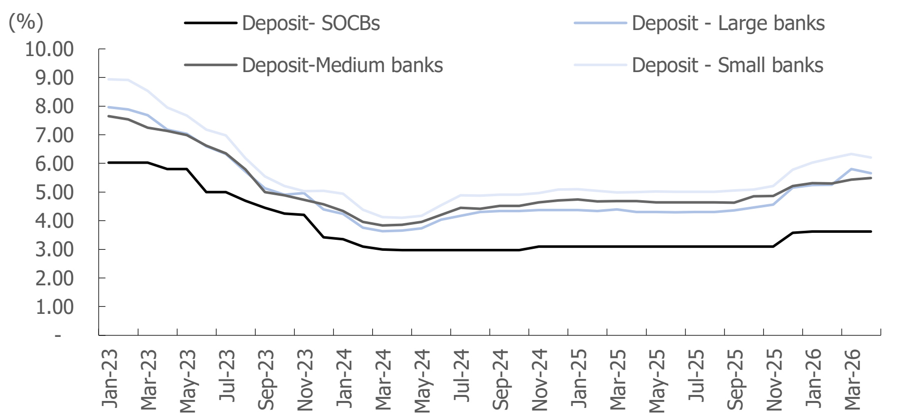
Industry leaders maintaining the lowest NPL ratios included VCB, ACB, TCB, and BAB.
20 out of 27 banks recorded YoY decreases in their NPL ratios.



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 (12 months)

Deposit rates experienced a slight upward trend across the industry.



Source: Banks, SBV, KIS Research

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  - Hold: Expected total return will be between -5% and 15%
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