

Sector Spotlight Report

Vietnam Banking Sector - 1H2026 Update

Liquidity Pressures Mount as Policy Shifts Accelerate Credit Disbursement

Hanoi | October 2026



Bank

This report does not constitute a rating action.

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FiinRatings has conducted preliminary credit assessments of 30 active commercial banks in Vietnam, using our proprietary methodology and publicly available financial data as of 1H2026.

- 1 Policy support is accelerating credit growth while reshaping risk concentration toward infrastructure and real estate.** System credit reached VND 20.03 quadrillion (+7.7% YTD) by 29 June 2026, broadly pacing toward the 15% annual target. Circular 25/2026 raised the Short-term Funding for Mid & Long-term loans (SMLR) from 30% to 40%, while special credit exclusions for 18 large projects with estimated capital demand of VND752 trillion redirect lending capacity toward infrastructure and real estate. These measures support growth but also increase concentration and complexity risks at participating banks.
- 2 Margin compression remains the key earnings constraint, with fee income providing an increasingly important offset.** Sector NIM slightly fell to 2.8% in 1Q26, from 2.9% in FY2025 and 3.5% in FY2024, and is unlikely to recover above 3.0% in 2026. Elevated deposit costs (6.5–9.2%) and downward lending-rate pressure continue to squeeze spreads. Meanwhile, fee and commission income rose 50% YoY in 1H2026, exceeding the ~VND35tn ceiling maintained during 2022–2025, indicating greater contribution from more recurring non-interest income at leading banks.
- 3 Asset quality resilience is weakening as credit risks build faster than provisioning buffers.** Both sector NPL and SML edged up, while **LLR coverage fell to the lowest level in the past 5 years at 80%**, indicating thinner loss absorption capacity. Off-Balance Sheet (Off-BS) credit equivalent in 1H2026 also grew by 24% YoY to VND 3,243 Tn, equivalent to 18% sector-wide gross customer loans, adding exposure that is not fully reflected in reported NPL and provisioning metrics. On the other hand, Decree 359/2026 and the codification of Resolution 42 will continue to help strengthen mechanisms for bad debts and collateral resolution.
- 4 The system's funding capacity is becoming the key constraint on further credit-led growth as rising interest rates and intensifying deposit competition increase funding costs, causing banks to increasingly turn to offshore funding to meet growing liquidity and mid-long-term funding needs.** Credit/GDP reached above 150%, while the credit-deposit gap stood at VND1,673tn across 30 banks with surging overnight interbank rates. Economic estimates suggest total social investment could reach VND 5.1 quadrillion in 2026 and VND 38.5 quadrillion over 2026-2030, implying continued heavy reliance on bank funding. This comes as the system operates at LDR above 100% with liquidity buffers near their weakest levels in our observation period. Potential diversification through off-shore borrowings, equity investment benefited from the FTSE EM upgrade and corporate bond market reforms could broaden funding sources but remain early-stage relative to the scale of financing required.
- 5 Sector credit outlook are broadly stable but face increasing downside pressure as earnings, provisioning and funding buffers converge.** Sector median anchor remains at [A-]. However, We expect a less favorable environment for credit profile movements in 2H2026 given NIM compression, thinning provisioning and liquidity buffers, and widening funding cost divergence across rating categories. Resilience will be concentrated at banks with strong pre provision operating profit, high CASA ratios, diversified funding and effective NPL resolution capabilities.

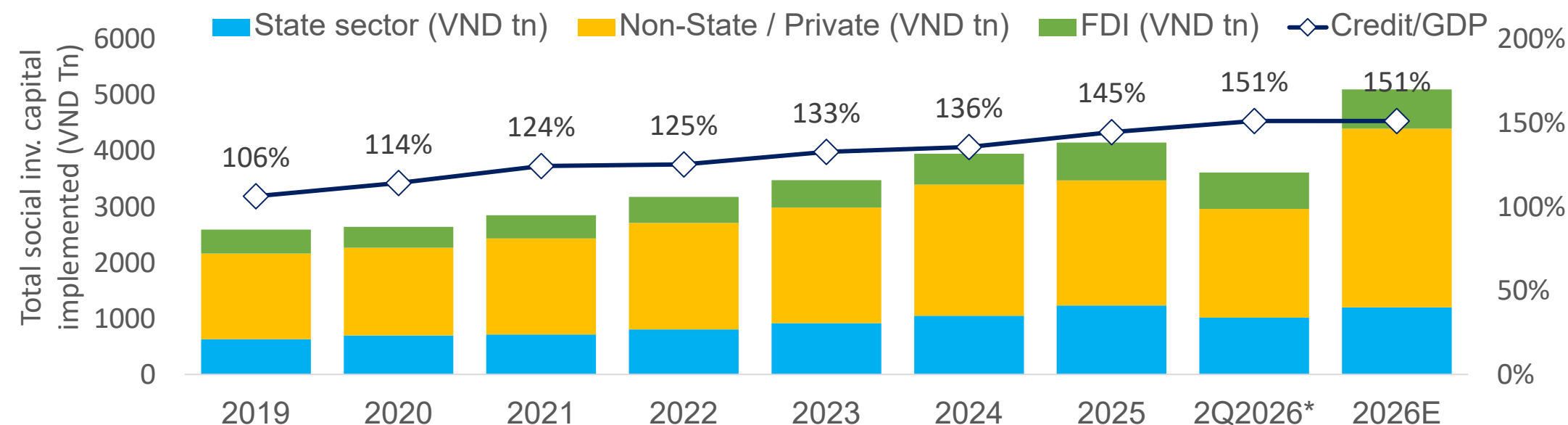
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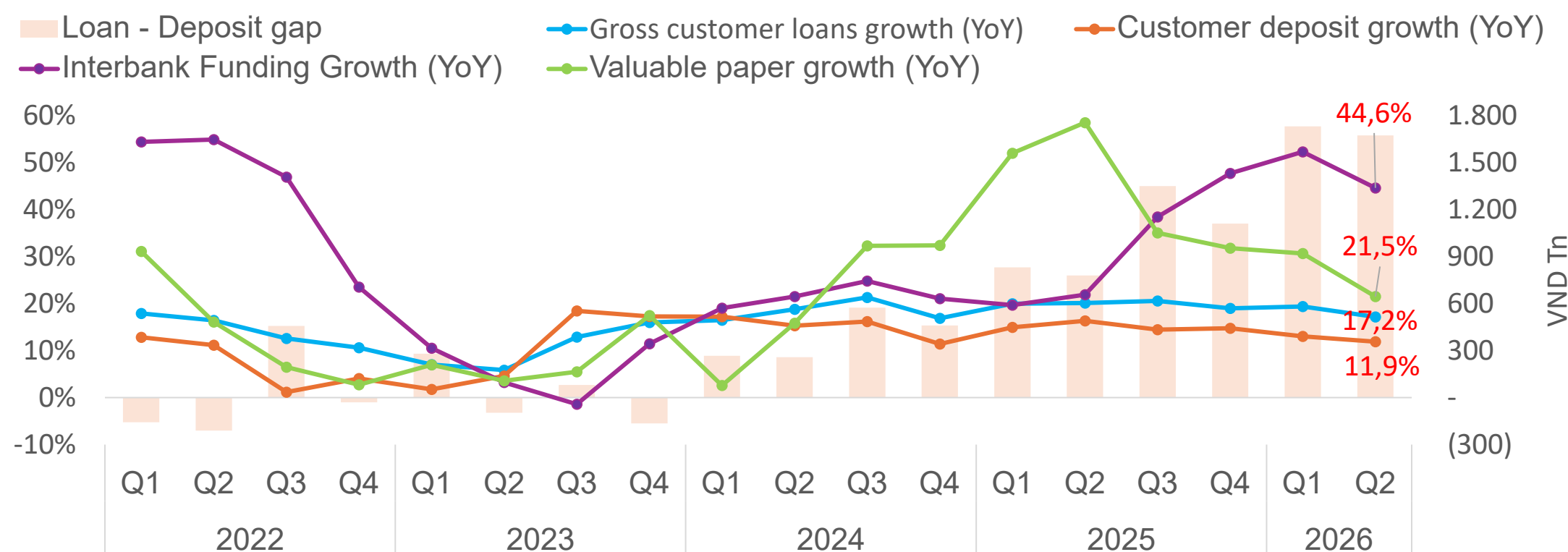
Bank

Exhibit 01: Investment Demand Rising While Credit Capacity Approaches Ceiling



Source: FiinRatings, National Statistics Office, SBV; Note: Nominal GDP is used for the calculation. (*) Annualized figures

Exhibit 02: Interbank funding becomes the primary mechanism for bridging the funding shortfall



Source: FiinRatings, National Statistics Office, SBV

Note: 1/ Data is based on published figures of 30 active commercial banks up to end Q2/2026, 2/ Interbank funding does include off-shoring (foreign currency) borrowings/syndicated loans from other FIs

- Vietnam's growth trajectory is becoming increasingly credit-intensive, reinforcing the banking sector's role as the primary financial intermediary.** Total system credit reached VND 20.03 quadrillion (+7.7% YTD) by 29 June 2026, with banks adding approximately VND1.4 quadrillion of credit to the economy in 1H2026. Around 77% of system credit was directed to production and business activities as of end-May, supporting the ongoing expansion of investment, production and business activity. This came alongside 8.18% real GDP growth in 1H2026, while the Government targets GDP growth of at least 10% for 2026.
- Investment funding is becoming more diversified, but private sector funding remains heavily concentrated in bank credit.** The non-state sector accounted for 53.8% of total social investment in 1H2026, while FDI and public investment gained importance. Yet credit to the private economy exceeded VND 18.2 quadrillion, or 92.6% of total system credit, indicating that diversification in investment sources has yet to materially reduce the economy's reliance on bank-based funding.
- The credit-deposit growth gap has increasing banks' reliance on wholesale funding to bridge the funding shortfall.** As reported by National Statistics Office, by end-June 2026, system credit had grown 7.41% YTD, versus 5.02% growth in customer funding. Interbank borrowing and valuable papers have therefore become increasingly important marginal funding sources, raising sensitivity to funding costs, tenor and rollover conditions.

Exhibit 03 : Key regulatory changes with material credit profile impact (2025-2Q2026) (1/2)

#	Regulatory updates	Key amendments	Most impacted modifiers and impacting trend
1	Official Letter 4551/NHNN-CSTT (29 May 2026)	For 25 designated banks, incremental lending to social housing, industrial parks and export processing zones from YE2025 is excluded from the real-estate credit sub-limit, while remaining subject to the banks' overall credit-growth limits and prudential requirements.	Business Position - Positive: Creates additional room for targeted real-estate lending and favors participating banks. Risk Position - Neutral to Negative: Shifts property-credit allocation toward policy-priority segments but does not remove underlying project, legal, cash-flow or occupancy risks.
2	Official Letter 5386/NHNN-TD (22 June 2026)	Incremental lending to 18 strategic infrastructure projects is excluded from banks' annual credit-growth limits. The projects have estimated funding needs of VND752.1 tn. within 2026-2033, with most concentrated in the first three years. Syndicated lending is encouraged where single-borrower limits are binding.	Business Position - Positive: Provides additional lending capacity for large infrastructure projects. Risk Position - Negative: Higher single-name/project concentration and execution risk, despite syndication. Capital & Earnings / Funding & Liquidity - Negative: Large, long-tenor exposures increase RWA, capital and funding requirements.
3	Official Letters 6602/NHNN-TD & Official Letter 6603/NHNN-TD (late July/early August 2026)	Additional credit growth headroom may be considered based on actual disbursement needs for 17 projects proposed by Vingroup, Masterise and THACO, with estimated borrowing needs of around VND955tn. Together with earlier proposals, four large groups had identified 35 projects with VND1,707tn of estimated borrowing needs by end-July 2026; these are project funding needs, not committed or disbursed bank loans.	Business Position - Positive: Further supports corporate/project-finance growth for participating banks. Risk Position - Negative: Increases exposure to large borrowers and project-related concentration and execution risk. Capital & Earnings / Funding & Liquidity - Negative: Potentially significant RWA, capital and long-term funding needs.
4	Circular 25/2026/TT-NHNN (22 June 2026; effective 1 July 2026)	Raises the short-term funding to medium-long-term lending ratio from 30% to 40% and adjusts the treatment of State Treasury deposits in the LDR calculation. Specifically, excluding from the deposit denominator: (i) margin deposits and designated-purpose deposits; (ii) non-term State Treasury deposits; and (iii) 80% of State Treasury term deposits (or another rate set by the SBV Governor).	Funding & Liquidity - Positive in the near term, but structurally mixed: Provides greater flexibility to fund long-tenor lending and reduces immediate pressure for long-term funding. However, fuller use of the headroom could increase maturity mismatch and refinancing sensitivity, esp. for banks with weaker stable funding. Capital & Earnings - Positive near term: Longer-term lending will support NIM.
5	Official Letter 8509/NHNN-CSTT (16 September 2026)	Incremental lending since YE2025 to restaurants, hotels, tourism, eco-tourism and resort projects is excluded from the real-estate credit-growth cap for 2026, while remaining within banks' overall credit-growth limits.	Business Position - Positive: Supports tourism/property-related loan growth and sector diversification. Risk Position - Neutral to Negative: May encourage further exposure to tourism- and resort-related property lending without reducing underlying credit risk; impact depends on the scale and quality of exposures, which remain less transparent.

Exhibit 03 : Key regulatory changes with material credit profile impact (2025-2Q2026) (2/2)

#	Regulatory update	Key amendments	Most impacted modifiers and impacting trend
6	<u>Circular 50/2026/TT-NHNN</u> (30 September 2026; effective 1 December 2026)	Introduces Basel III liquidity ratios (LCR and NSFR) into Vietnam's prudential framework for the first time. From 1 Oct 2028, all banks must begin phased compliance: LCR starting at 50% (100% by 2033) and NSFR at 90% (100% by 2030); Introduce new LEV ratio but no thresholds yet; Creates a three tier LDR regime: banks not yet adopting the new ratios remain under the existing 85% ceiling, those in transition face a revised 95% ceiling, and banks achieving full LCR and NSFR compliance are exempted from the LDR cap entirely, incentivizing adoption of new liquidity standards.	Funding and Liquidity - Positive: Formal LCR and NSFR frameworks impose more rigorous measurement and reporting of liquidity risk, replacing the relatively blunt LDR metric with internationally comparable standards. NSFR compliance (100% by 2030) will structurally incentivize banks to lengthen funding tenor, increase deposit stability, and reduce reliance on short term wholesale sources. Capital & Earnings - Neutral: Compliance with LCR requires banks to hold larger buffers of HQLAs (government bonds, central bank deposits), which typically yield less than customer loans, thus possibly compressing NIM at with thin liquid asset buffers.
7	<u>Decree 359/2026/ND-CP</u> (17 September 2026; effective 6 November 2026)	Strengthens Vietnam Asset Management Company (VAMC) as the system-wide NPL resolution platform, with broader debt purchase mechanisms and greater flexibility for debt restructuring, collateral recovery/disposal, debt-to-equity conversion and asset management.	Risk Position - Positive: Strengthens banks' bad debts resolution and collateral-recovery capacity. Capital & Earnings - Positive over time but mixed near term: Faster resolution can reduce prolonged credit costs and recycle balance sheets, while market-value sales may require earlier loss recognition.
8	<u>Circular 29/2026/TT-NHNN</u> (30 June 2026; effective 15 August 2026)	Updates lending rules, including clearer treatment of small/retail loans and digital lending, with the simplified small loan threshold raised to VND 400 mn. at most credit institutions. It also updates special lending mechanisms for banks under restructuring and requires principal recovery before interest collection on overdue loans.	Business Position - Positive: Reduces operational friction and supports digital & retail lending. Risk Position - Neutral: Faster and potentially more unsecured lending may increase credit risk if scoring and underwriting are weak. More conservative interest recognition on overdue loans supports asset-quality transparency but may modestly weigh on NIM for affected banks. Systemic Risk - Positive: Stronger special-lending tools support resolution of weak banks and reduce contagion/liquidity risk.
9	<u>Circular 02/2026/TT-NHNN</u> (effective 1 May 2026)	Amends the framework for special lending to weak banks under special control, including liquidity support and restructuring-related funding.	Systemic Risk - Positive: Expands resolution and liquidity-support tools for weak institutions and strengthens the framework for bank restructuring. Direct impact on sound banks - Limited: Primarily relevant to banks involved in mandatory transfers or restructuring.
10	<u>Circular 07/2026/TT-NHNN</u> (effective 20 June 2026)	Updates regulations governing money brokerage activities of commercial banks and foreign bank branches.	Business Position / Risk Position - Neutral: Improves the framework for treasury and interbank activities and compliance but has limited direct impact on system-wide balance sheets or credit growth.
11	Key tax reforms (2025-26)	Progressive formalization of household businesses through e-invoicing, removal of presumptive tax from 2026, a new tax framework and updated filing procedures, alongside a higher tax-exemption threshold under Decree 141/2026.	Business Position - Positive: Greater formalization of household businesses can support transaction banking, CASA, payments and fee income, while improving the medium-term creditability of the SME/household segment. Benefits are likely greater for banks with strong merchant, SME and retail franchises.

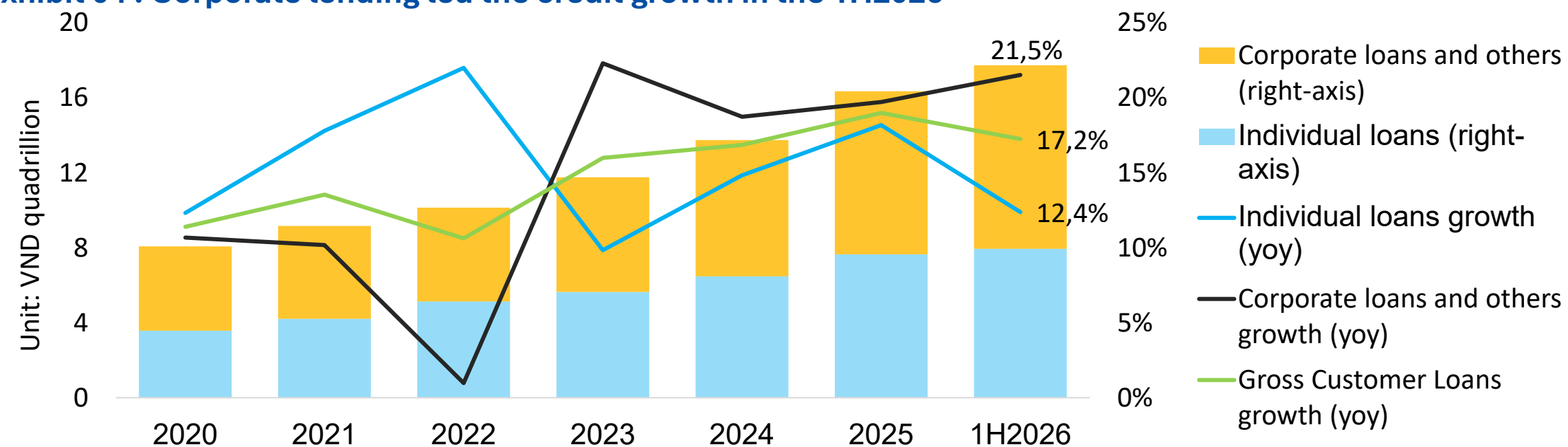
Source: FiinRatings

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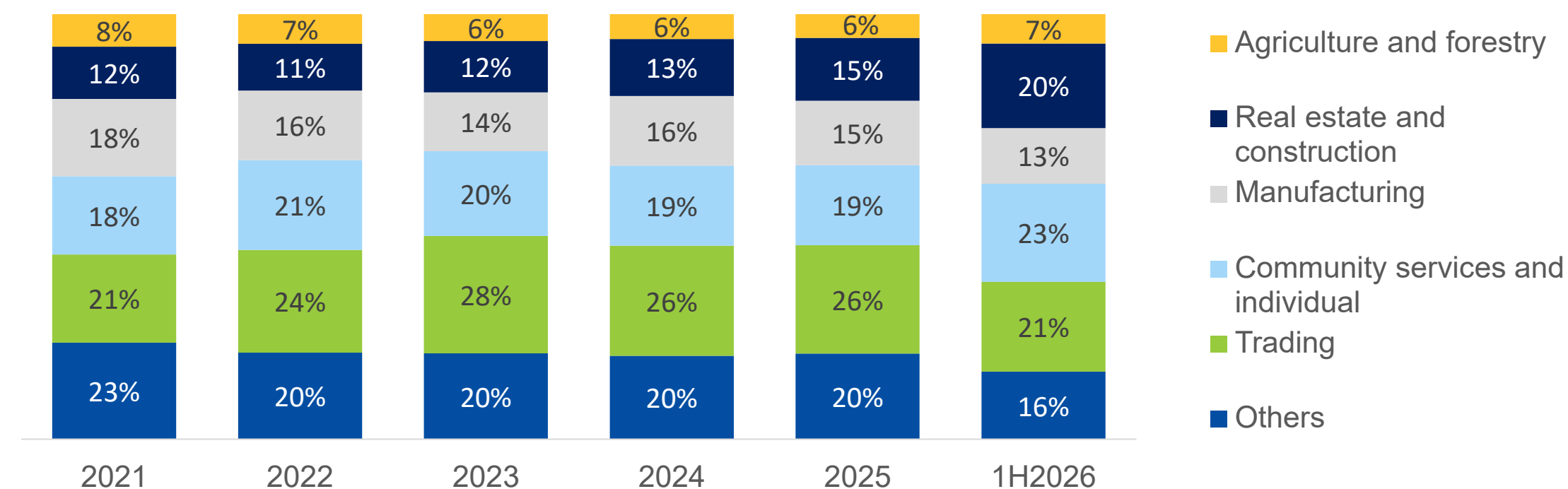


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Exhibit 04 : Corporate lending led the credit growth in the 1H2026


Source: FiinRatings

Notes: Data are based on publicly disclosed information from 30 commercial banks, covering nearly 89% of the economy's total outstanding credit as of end-Q2 2026, excluding banks under mandatory transfer arrangements.

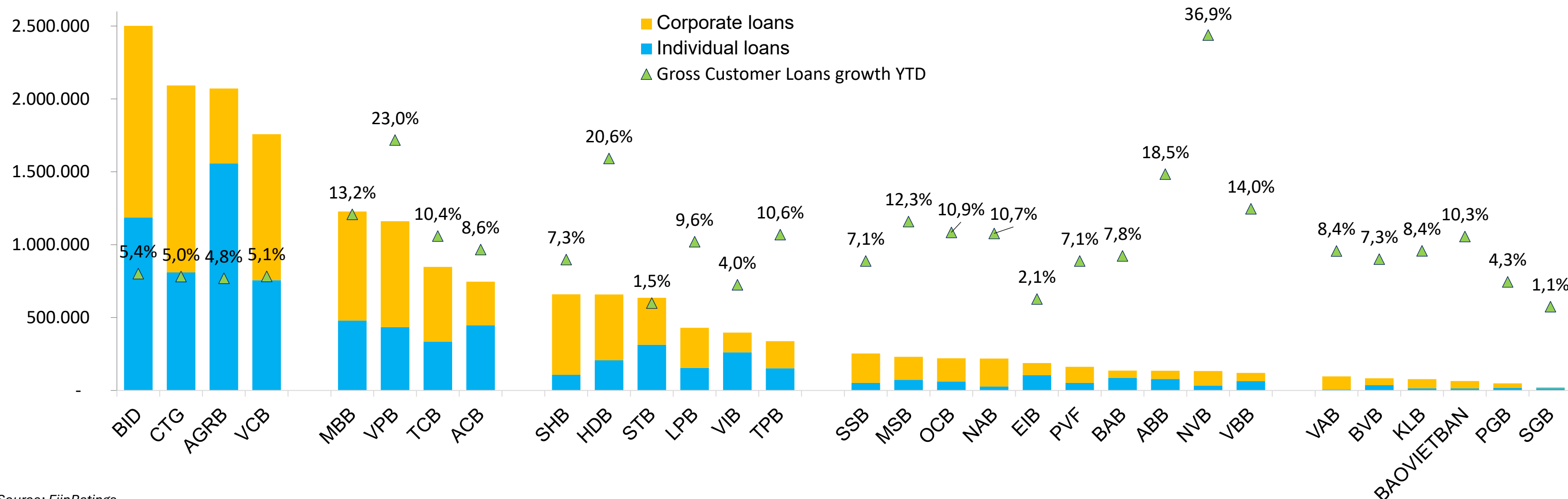
Exhibit 05: Credit structure by sector. 2021 – 1H2026


Source: FiinRatings

Note: Sector breakdown data is based on 30 active commercial banks' disclosures; mid-year coverage is lower than year-end as some banks do not publish sector-level data at interim periods. YoY comparisons for half-year periods should be interpreted with caution due to varying sample composition.

- Corporate lending continues to outpace retail**, with corporate credit growth of 21.5% YoY in 1H2026 versus 12.4% for individual loans, supported by infrastructure and investment-related demand. The policy-driven financing mechanisms for major projects could further reinforce corporate credit growth in 2H2026–2027.
- Real estate & construction has become the key concentration hotspot**, with its share rising from 12% in 2021 to 15% in 2025 and 20% in 1H2026, significantly outpacing overall system credit growth. The increase reflects stronger developer lending and infrastructure-related construction demand; further policy supported project financing could reinforce this concentration. Real estate credit reached VND 5.25 quadrillion, or 26.3% of system credit, at end-June 2026, with bad debt in the segment also rising by more than 10%.
- Manufacturing & trade credit growth has moderated, potentially signaling greater external-trade sensitivity**. With the 1H2026 trade deficit reaching US\$16.65bn and new U.S. trade measures taking effect in July, export-oriented manufacturers warrant closer asset-quality monitoring, particularly at banks with concentrated manufacturing & trade exposures.

Exhibit 06: Lending breakdown by individual & corporate book (LHS) and YTD loan growth (RHS) as of 30 June 2026



Source: FiinRatings

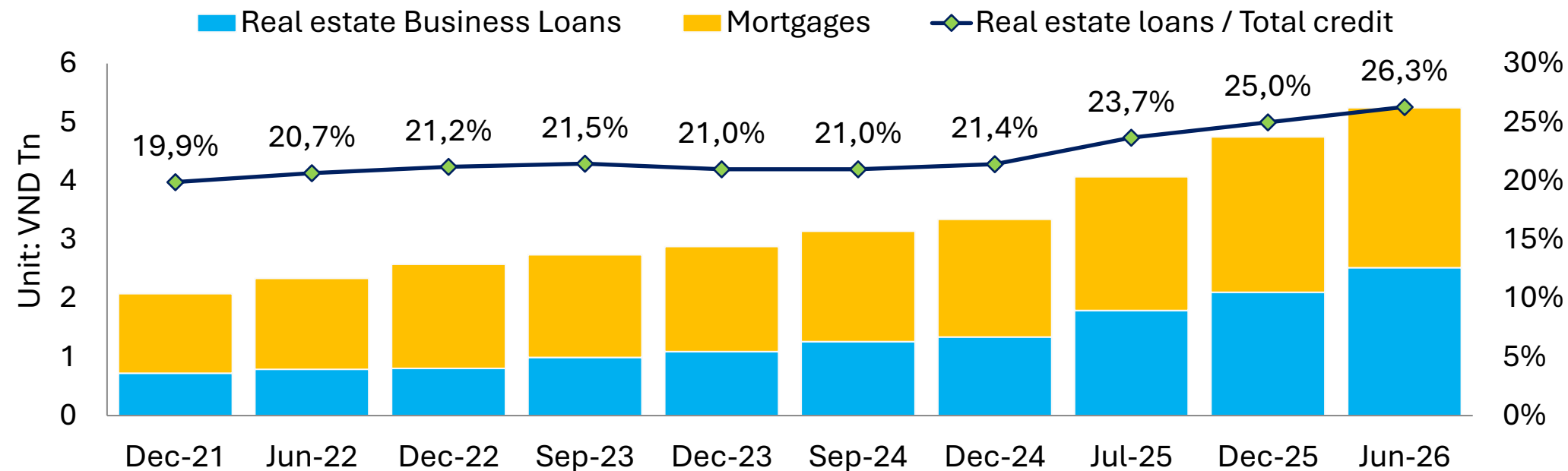
Notes: Data are based on publicly disclosed information from 30 commercial banks as of end-Q2 2026, excluding banks under mandatory transfer arrangements.

■ Corporate credit accounted for 54% of total lending (up from 53% FY2025). Growth led by real estate development, infrastructure, and FDI-linked industrial lending.

■ **By bank groups:**

- Top 4 JSCBs: corporate credit growing strongly +30% YoY; VPBank (+39.6%), Techcombank (+36.2%), MBBank (+21.5%) lead project and developer finance; retail credit +15-20% YoY
- Other JSCBs: corporate credit averaging 20% growth from 2022 trough but constrained by capital and funding; retail growth remains below 10%.
- SOCBs: steady corporate growth (15%) with BIDV and CTG lead volume, benefiting from public investment disbursement mandates.

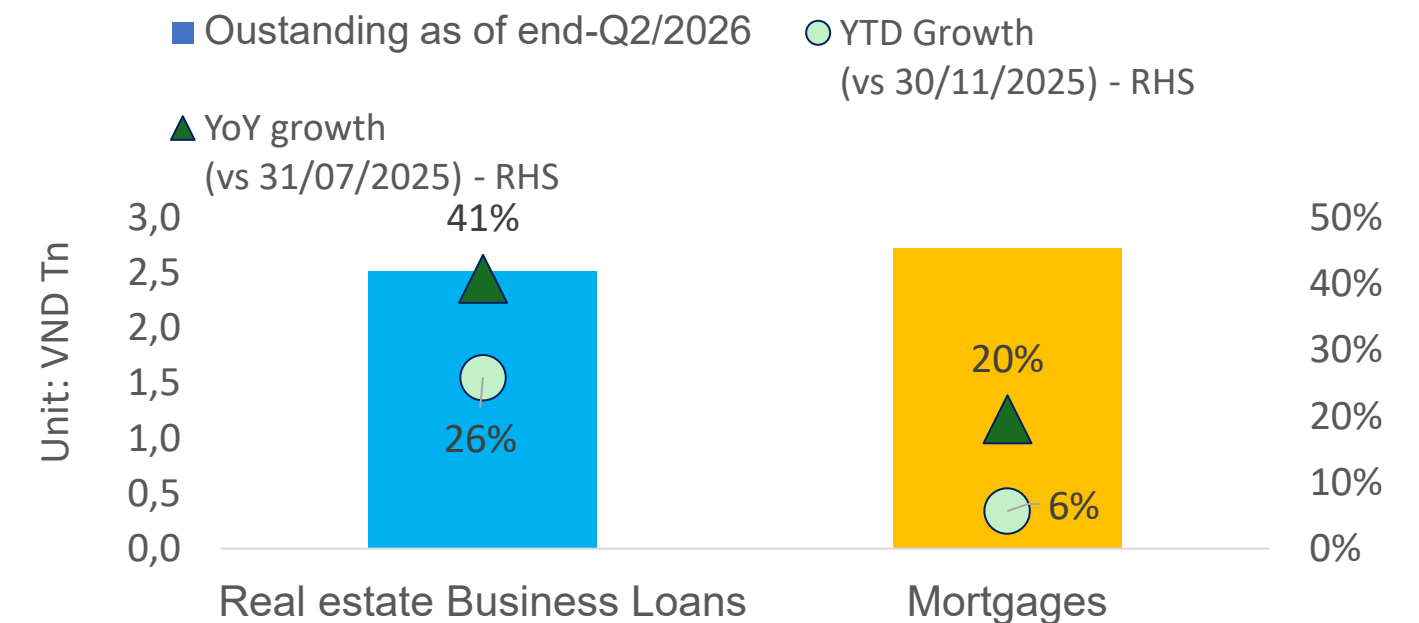
Exhibit 07: Reported real estate loans within the economy's total credit



Source: SBV, MOC, FiinRatings

Notes: Breakdown of Real Estate Business Loans can be found in [Appendix](#)

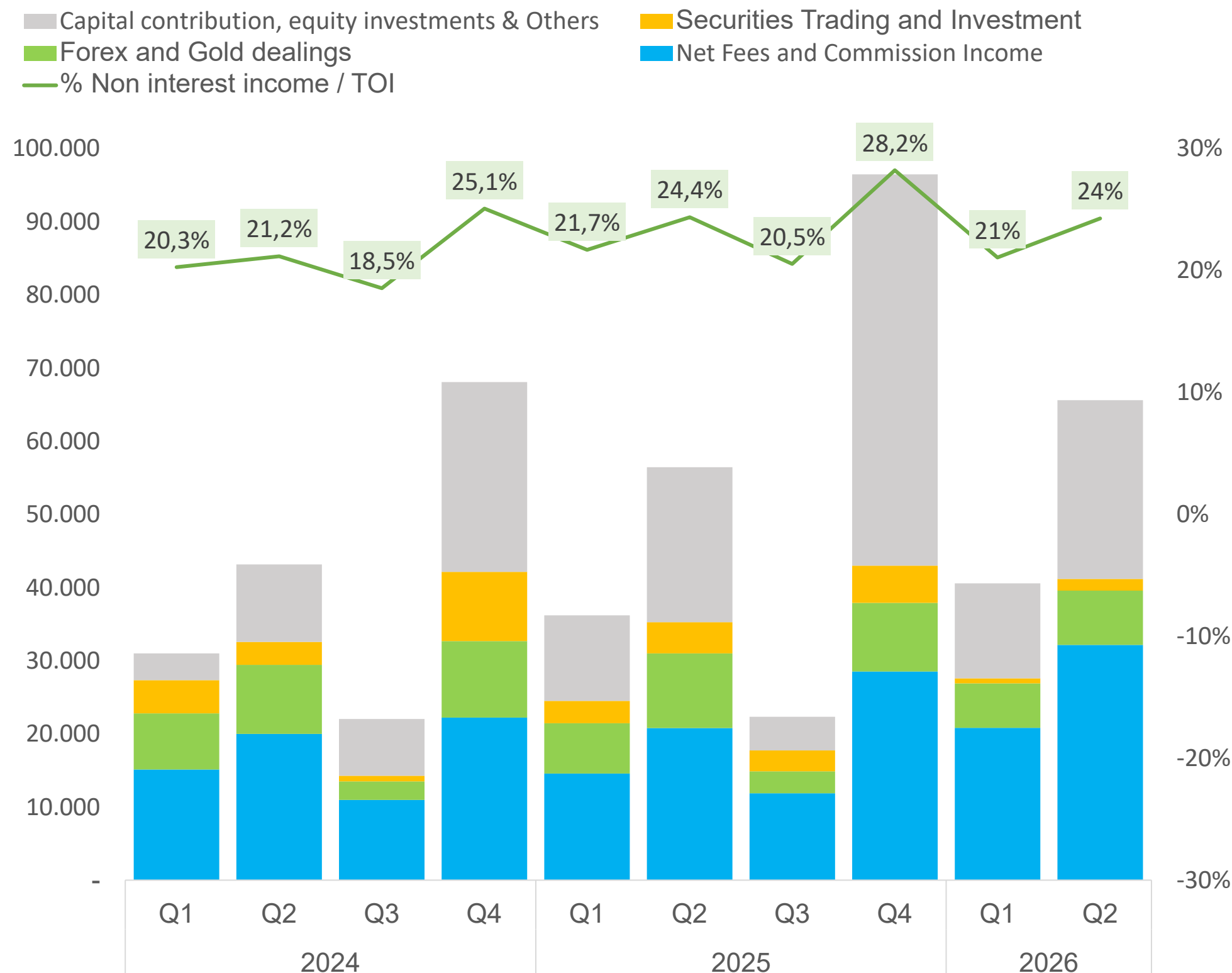
Exhibit 08: RE Business credit growing 2-4x faster than Mortgage credit in 1H2026



Source: SBV, MOC, FiinRatings

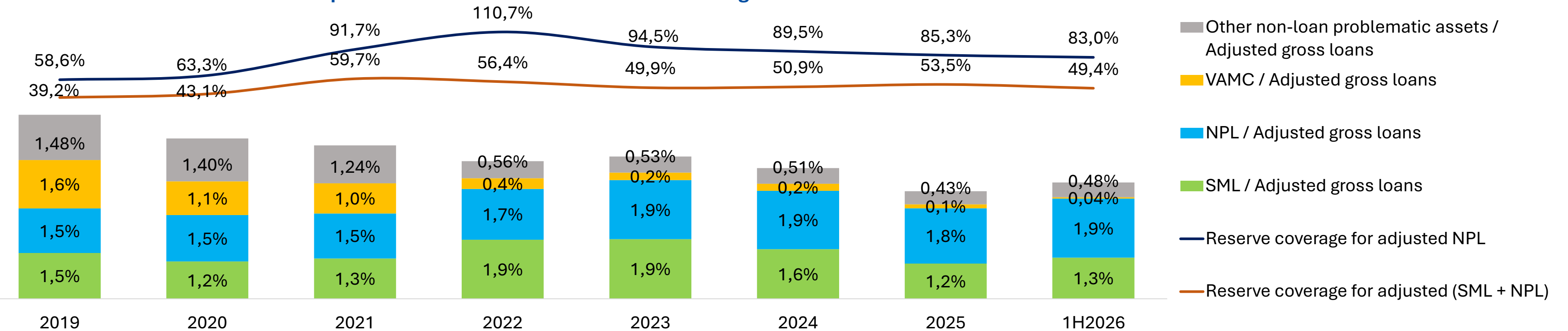
- As of 1H2026, RE credit accounts for 26.3% of total system credit (VND 5.25 quadrillion, 2021-2024: 21%), indicating a structural shift driven almost entirely by developer financing.** RE business lending grew +26% YTD to VND 2.52 quadrillion (+41% YoY), while mortgage lending grew only +6% YTD to VND 2.73 quadrillion (+20% YoY). The 2-4x YTD growth differential means capital is flowing overwhelmingly into the supply side (developers, land acquisition, industrial parks and project construction) while actual buyer demand remains constrained by elevated borrowing costs of 12-14%, with floating rates reaching 15 -16% at some banks.
- Supply is recovering strongly but absorption is weakening, pointing to an early warning signal for developer credit risk.** In Q2/2026, 131 projects (approximately 59,000 units) became eligible for sale, up 70% YoY. However, unsold inventory reached 39,284 units, with condo inventory surging 22% QoQ and nearly 4x YoY. Hanoi condo absorption fell to approximately 67% of new supply (versus 80-90% during 2024-2025); Ho Chi Minh City at around 72%. This divergence between rising supply and softening absorption is compounded by approximately 4,000 stalled projects nationwide with an estimated VND 3 quadrillion (over USD 100 billion) of capital frozen, where majority of the bottlenecks stem from legal and regulatory conflicts.
- Reported RE NPL has remained around 2.3 to 2.4%, but this stability is partly a denominator effect from rapid loan growth, meaning the absolute stock of problematic RE exposures continues to increase with the loan base.** Banks with high developer concentration can face elevated sensitivity to project execution delays, sales proceeds shortfalls, and refinancing risk. The recently announced special credit mechanisms (35 mega projects with total capital demand of approximately VND 1,707 trillion, effective mid 2026) have not yet materially impacted 1H2026 figures but will further accelerate RE and infrastructure credit concentration in 2H2026 (on and off-the-book).
- RE credit growth will remain strong into 2H2026 supported by infrastructure investment, improved project approvals and targeted credit mechanisms with key risk in end user absorption.** Developer credit quality will continue depend on (i) continued asset price appreciation and (ii) the ability to roll over project financing. A weakening of either condition, whether triggered by tighter monetary policy or economic slowdown, would translate into rising developer NPLs, initially concentrated at banks with high RE business exposure

Exhibit 09: Non-interest income components (LHS) and total contribution to TOI (RHS)



- Non-interest income reached VND 106.2 trillion in 1H2026 (+14.6% YoY), accounting for 24% of TOI.** Fee income surged (to VND 53.0 trillion, +49.7% YoY) while FX/gold and securities income declined (to VND 13.5 trillion, -20.9% YoY).
- Fee income is becoming more broadly distributed, with Top-5 concentration falling to a record-low 45.8%.** Growth was driven by payments, L/C and guarantees linked to infrastructure investment, and brokerage/advisory, while bancassurance continued to decline amid tighter cross-selling restrictions. **By bank group**, Private banks are gaining share, led by Techcombank and VPBank, while SHB rose sharply on stronger L/C and trade-finance activity; SOCBs' share continued to decline despite absolute fee-income growth.
- FX/gold income normalization is re-concentrating toward SOCBs.** VCB maintained its structural #1 position in FX dealing, AGRB emerged at #2 in Q2/2026, likely benefiting from Decree 232/2025 expanding gold import/production rights to large-charter-capital banks. Top 5 concentration in FX/gold rose to 82.7% (from 65.9% in 1H2025).
- Net other income rose 19.1% YoY to VND34.9tn, supported by NPL recovery and asset resolution.** AGRB and CTG consistently dominate this category, leveraging SOCBs' large collateral portfolios and enhanced legal pathways under the codified Resolution 42 (effective October 2025).
- Securities income (trading + disposal) fell sharply to VND 2.3 trillion in 1H2026 (1H2025: 9.7trn.), removing a previously meaningful, but volatile, earnings contribution.** Banks with stronger payment and ecosystem-based fee franchises (notably Techcombank and VPBank) and trade-finance franchises (such as SHB, BID and CTG) are better positioned to sustain recurring non-interest income as market-driven and one-off contributions normalize. Techcombank's fee income, for example, rose 37.6% YoY in 1H2026, supported by L/C, payments and cash services.

Exhibit 10: Problematic assets as percent of Gross loans and Reserve coverage ratios



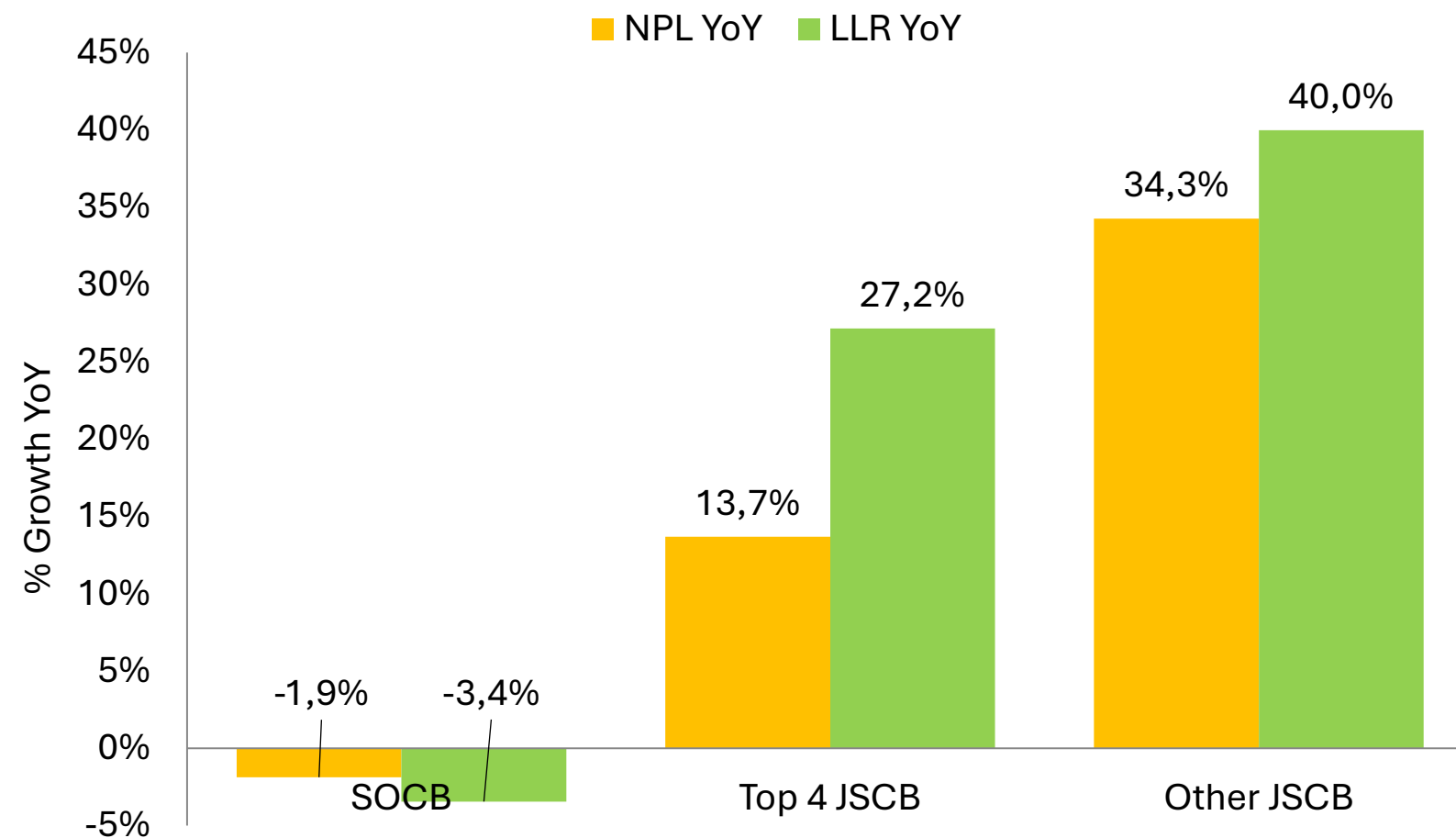
Source: FiinRatings

Note:

1. Problematic assets (as defined by FiinRatings) refer to assets that are non-performing and/or exhibit elevated credit risk, with the potential to erode the capital base and, in severe cases, result in capital shortfalls.
2. Other problematic assets refer to non-loan assets (i.e. not included in gross customer loans), primarily receivables and other balance-sheet assets, which may pose elevated collection, liquidity or valuation risks.
3. Adjusted NPL ratio and Adjust (NPL+SML) ratio account for VAMC bonds in the numerator and denominator.

- Headline NPL ratio of 1.9% appears stable, but SML ticked up to 1.3%. **Other non-loan problematic assets** reversed their multi-year declining trend with a **modest uptick** close to 0.5% in 1H2026. Reserve coverage ratios are at the lowest since 2021, reflecting years of aggressive write-offs depleting reserves faster than new provision replenishment. The sector wide transition from cleanup to normalization is a defining theme for asset quality in 2H2026 (*Detailed analysis on banks' write-offs can be found in Appendix*).
- By bank groups: SOCBs showed the sharpest 1H2026 deterioration in asset quality.** NPL rose from 1.3% to 1.8% (+50bps in one half). Other non-loan problematic assets surged from 0.04% to 0.37%, suggesting a buildup of past-due non-loan receivables and long-dated balance-sheet exposures, potentially linked to deferred settlement items, long-tenor infrastructure-related receivables, or other non-loan assets with extended collection timelines associated with public investment disbursement cycles.
 - Top 4 JSCBs maintain good asset quality** (NPL 1.0%, SML 0.6%) but median NPL coverage fell below 100% for the first time, which indicates the group's best asset quality ratios **but fastest coverage erosion**, a consequence of prioritizing earnings growth and dividend capacity over reserve rebuilding during the high growth period.
 - Other JSCBs: NPL rising (+30bps to 1.2%)** and NPL coverage is still the weakest absolute level, hence most vulnerable to macroeconomic change despite having improving coverage.
- Looking ahead, coverage is likely to erode further in 2H2026 as write-offs normalize while lending remains robust.** Mega-project credit exclusions may keep reported credit growth moderate, but underlying exposures continue to expand, leaving financing banks to bear the full credit and funding risks. This measurement gap could keep NPL ratios artificially stable through denominator effects, even as underlying asset quality pressures build.

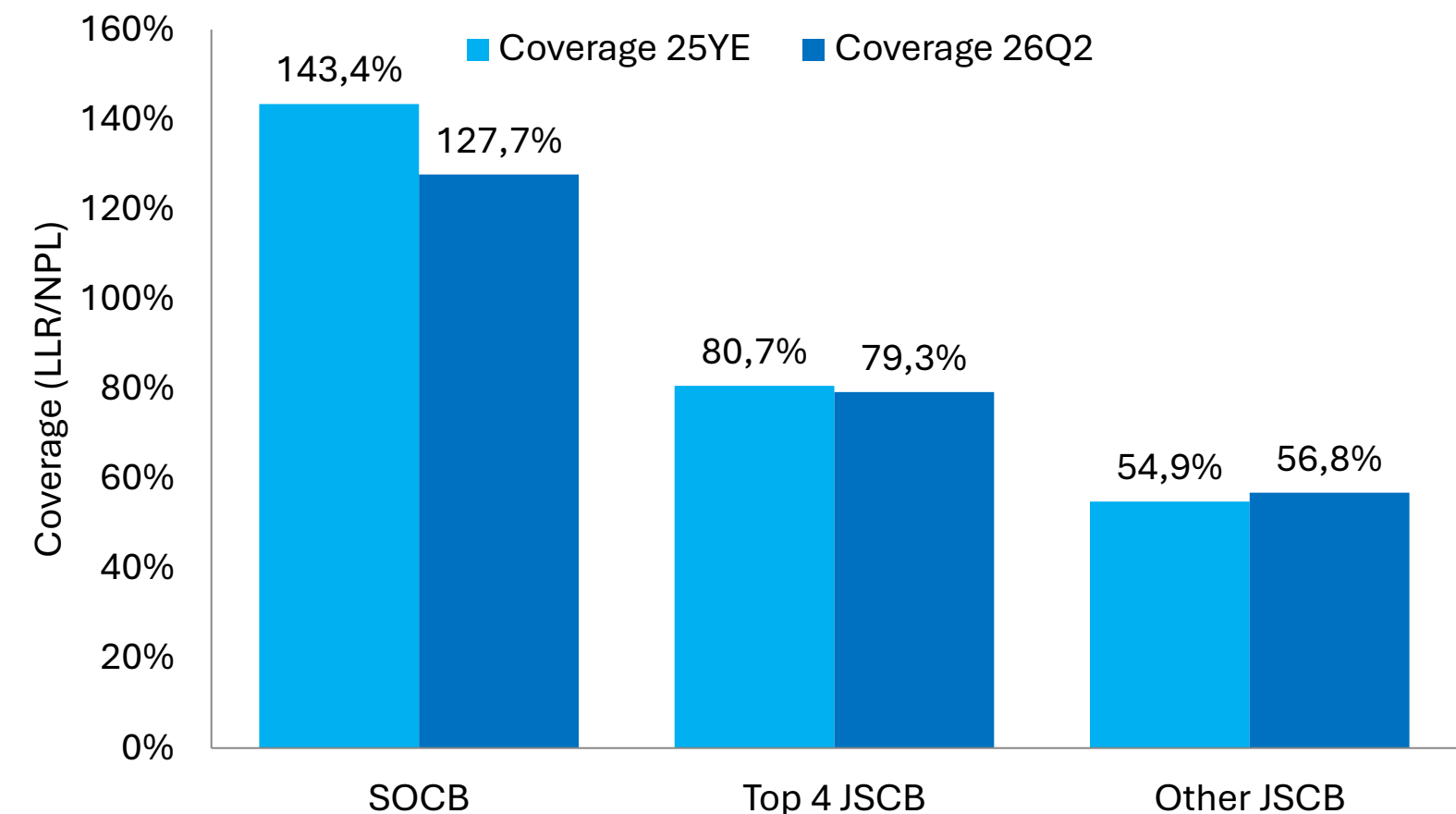
Exhibit 11: : NPL growth (YoY) vs Allowance for loan loss reserve growth (YoY)



Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

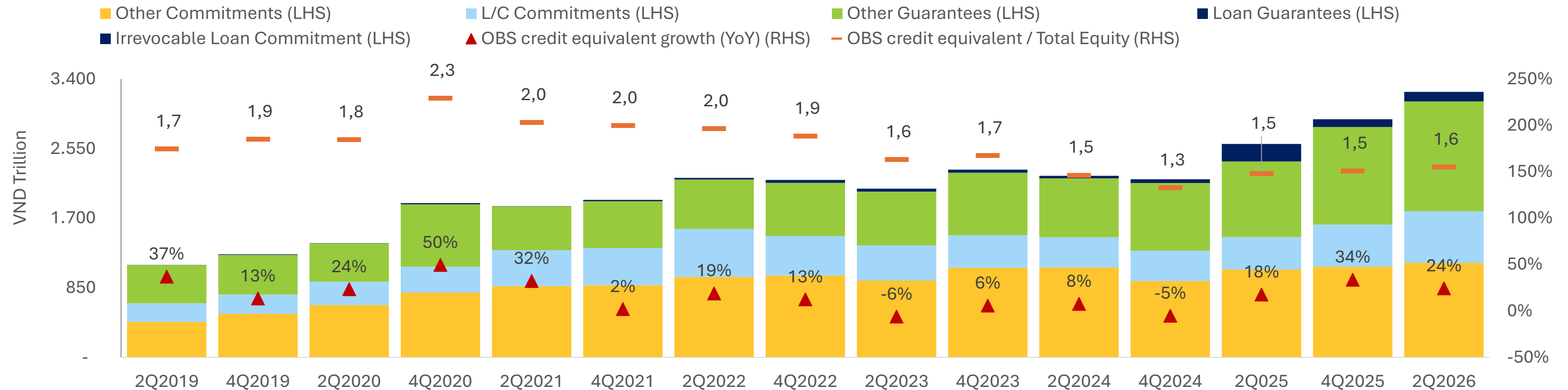
Exhibit 12: Coverage movement: 2025YE vs 2026Q2



Source: FiinRatings

- **SOCBs:** NPL flat to slightly declining; reserve coverage remains robust at ~128%, trending down from 140% (FY2025). Provisioning well-managed but reliant on debt recovery to sustain coverage levels
- **Top 4 JSCBs:** proactive provisioning (allowance +27% vs NPL +14%), with TCB (126%) and ACB (105%) maintaining strong buffers while MBB holds at 94%. Aggregated coverage declined marginally to 79.3% (from 80.7%), largely driven by VPB's outsized NPL stock at only 56% coverage which disproportionately weighs on the group total. Strong PPOP cross the group provides capacity to absorb further credit cost increases.
- **Other JSCBs:** highest risk segment with NPL formation running at 34% YoY, alarming even as allowance growth of 40% nominally keeps pace. Coverage at only around 57% means barely half of NPL stock is reserved. These banks remain the most exposed to asset quality deterioration in a slowdown scenario.
- Provisioning adequacy for RE credit across the system needs to be assessed against the full VND 5.25 quadrillion exposure, not just the on-balance sheet NPL stock. With sector-median LLR at around 80% (the lowest since 2017-2018), the sector's buffer against a potential RE credit cycle turn is thinner than at any point in recent history.

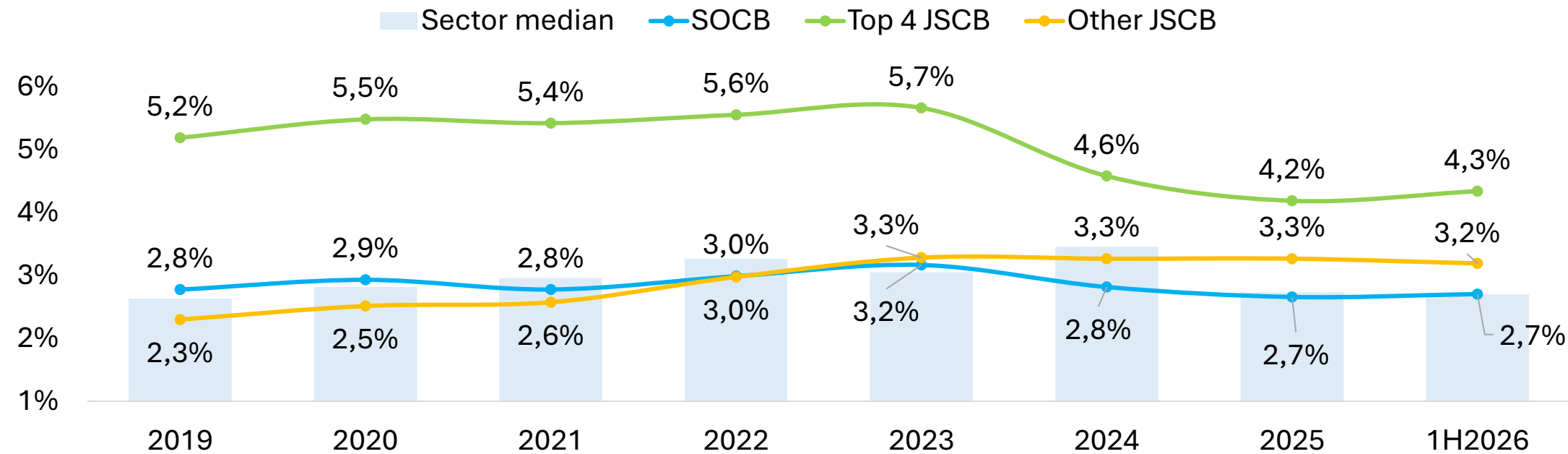
Exhibit 13: Accelerating off-BS credit points to renewed leverage through off-balance-sheet exposures



Source: FiinRatings

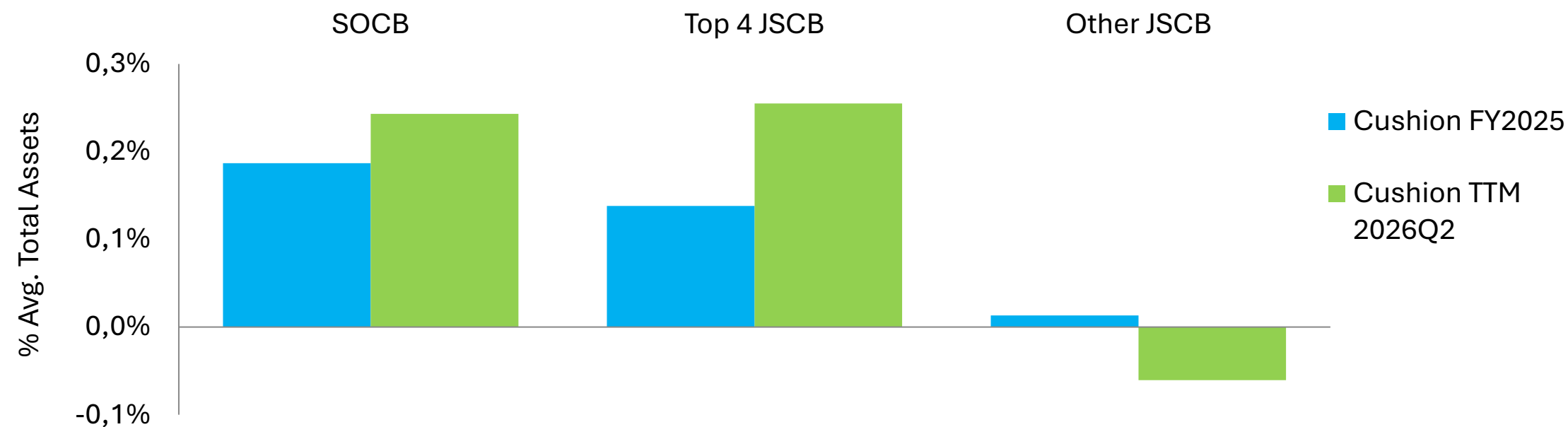
- Off-BS credit is growing faster than on-BS lending.** Total Off-BS credit equivalent increased 24.3% YoY to VND 3,243 tn. in 1H2026, versus 18% on-BS credit growth. Off-BS/Equity rose to 1.6x from 1.3x in 2H2024, indicating renewed leverage through contingent credit channels, although still below the 2.3x peak in 2020.
- Off-BS risk is becoming more broadly distributed across the system.** Top 5 concentration declined across most major Off-BS categories, alongside stronger participation from JSCBs. While this reduces reliance on a few large banks, it also means more mid-sized and lower capitalized banks are assuming contingent credit risk, potentially increasing sector-wide sensitivity to asset quality deterioration.
- Infrastructure and trade-related financing are emerging as the main growth drivers.** Loan guarantees increased to **VND 114 tn. by 1H2026**, with Top 5 concentration falling sharply from **96% in 2Q2025 to 77% in 2Q2026**. The broader participation suggests infrastructure related Off-BS exposure is spreading across banks, rather than remaining concentrated amongst few lenders.
- L/C activity has also recovered materially, supporting renewed trade-financing demand.** L/C commitments rose 71% from the 1H2024 trough to VND 631 tn., while Top 5 concentration declined from 84% (2Q2018) to 66% (2Q2026). This points to a more diversified market, but also wider distribution of latent trade related credit risk.

Exhibit 14: Sector-wide NIM continued to witness compression



Source: FiinRatings

Exhibit 15: Capital buffer (excl. payout pressure) estimated by FiinRatings 2025-2026Q2



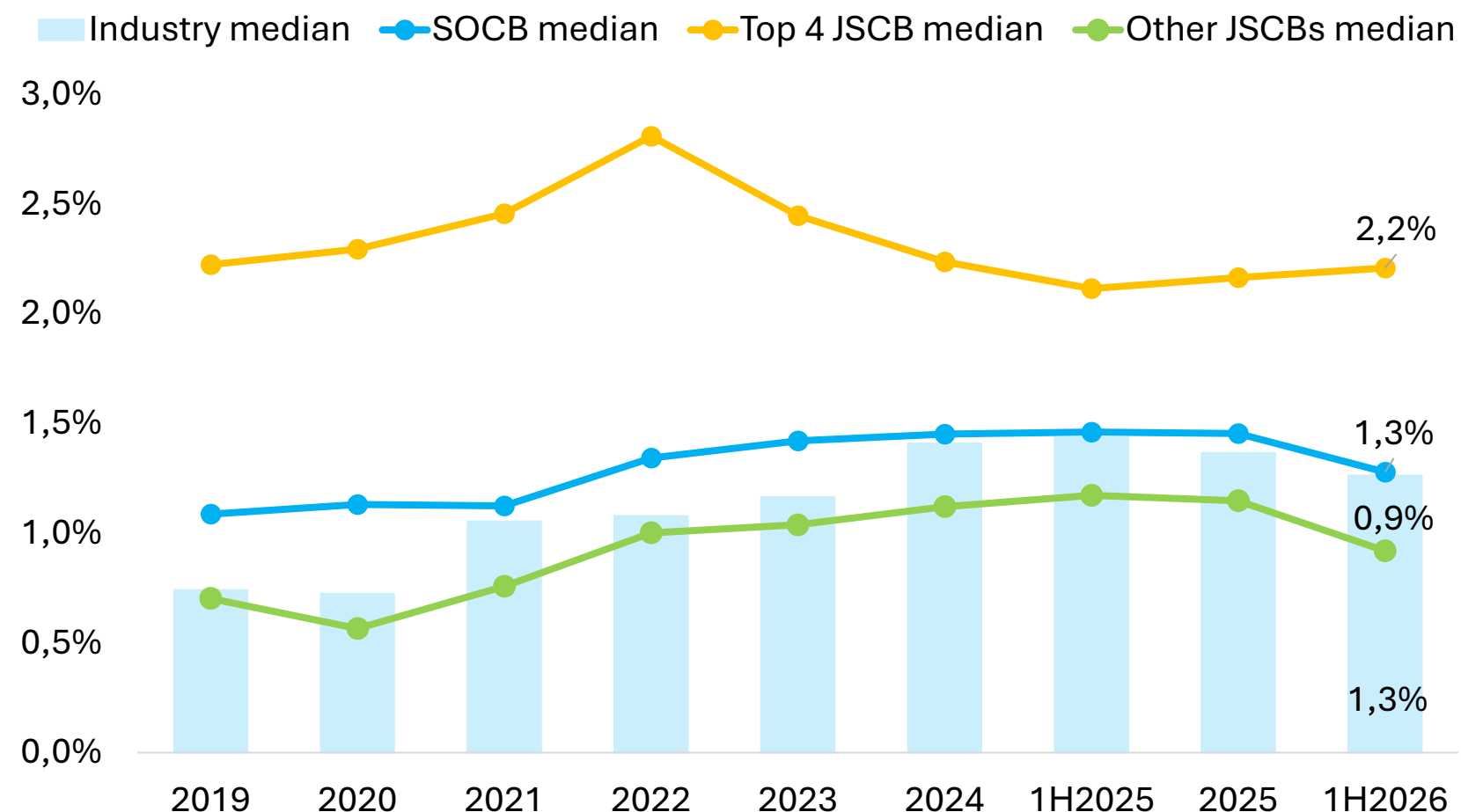
Source: FiinRatings

Note: 1. FY2025 figures are based on full-year 2025 financials. TTM 2026Q2 figures cover Q3/2025-Q2/2026. Flow items are calculated on a trailing 12-month basis, while average total assets and equity are based on the beginning and ending balance-sheet positions for the respective period.

2. **Cushion is the residual after deducting credit cost, tax, dividend payout and capital required to support target credit growth from PPOP.** The analysis assumes 16% target credit growth, 0% cash payout and a 20% tax rate where bank-specific tax information is unavailable. The resulting cushion is a model-based indicator of internal capital-generation capacity, rather than a regulatory capital requirement.

- SOCBs have a narrower but still positive capital buffer :** Given their lower earnings generation and large share of system loans, this buffer remains relatively modest and is particularly sensitive to dividend payouts; the threshold assumes full earnings retention. Lower earnings generation makes buffer sensitive to dividend policy. CET1 at 6.1%; CAR improved largely via Tier 2 bonds, not organic capital.
- Other JSCBs represent the clearest pressure point:** even under full earnings retention, internal capital generation is already insufficient to fully support 16% credit growth at current credit costs. This group therefore faces the most immediate trade-off between maintaining loan growth, preserving capital buffers and raising additional capital
- Top 4 JSCBs have the strongest absorption capacity,** their stronger PPOP generation and higher margins provide greater capacity to absorb asset-quality deterioration while continuing to support balance-sheet growth. However, the group's median CET1/TA declined from 11.9% to 10.2%, indicating that RWA outpacing equity growth.

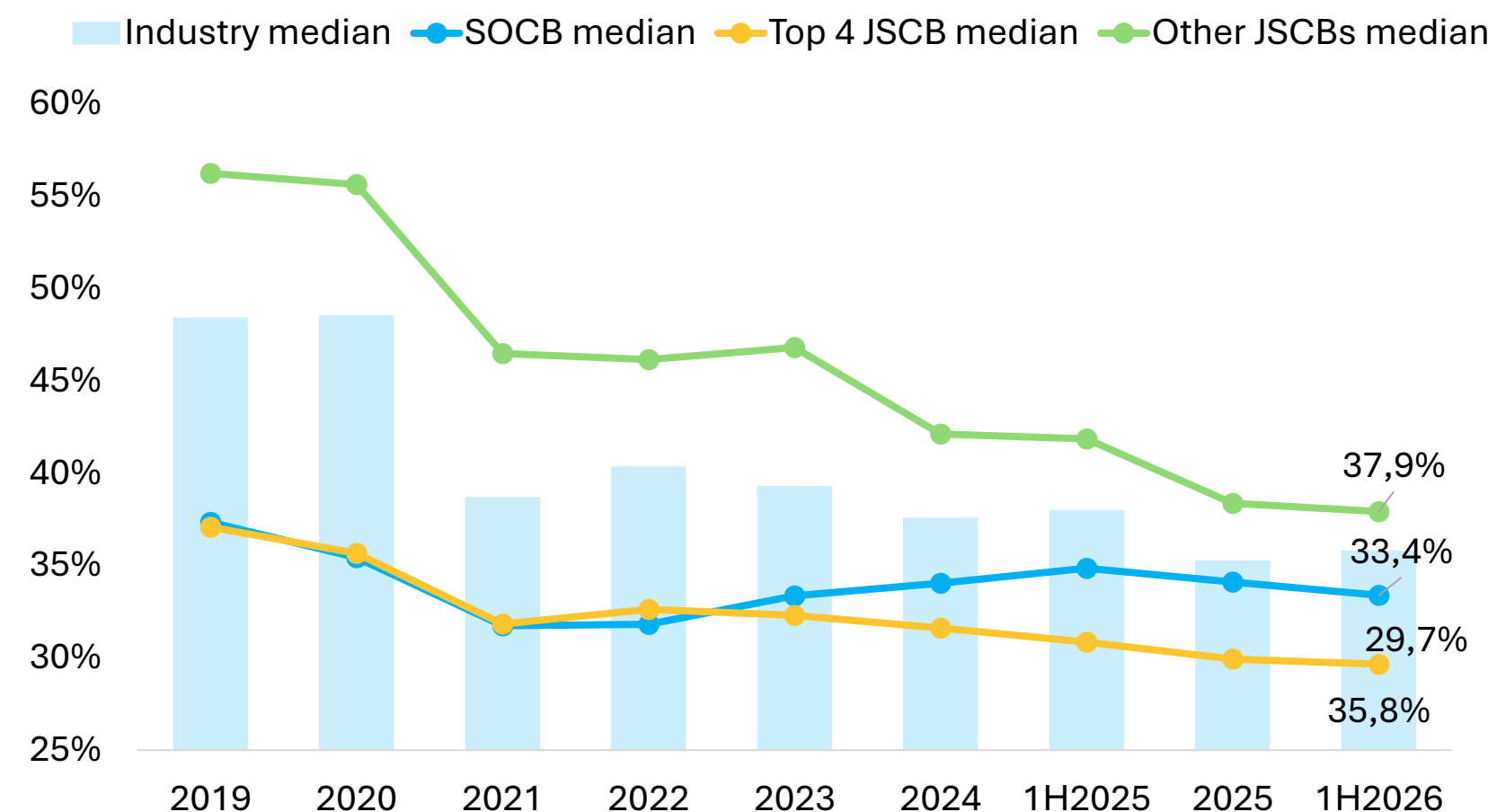
Exhibit 16: ROA by bank groups



Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

Exhibit 17: CIR by bank groups

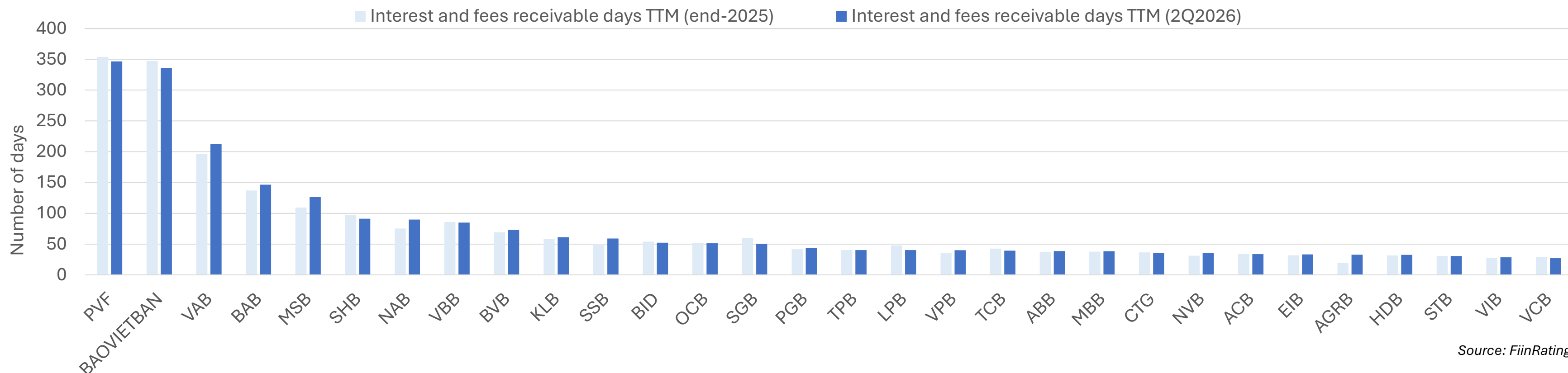


Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

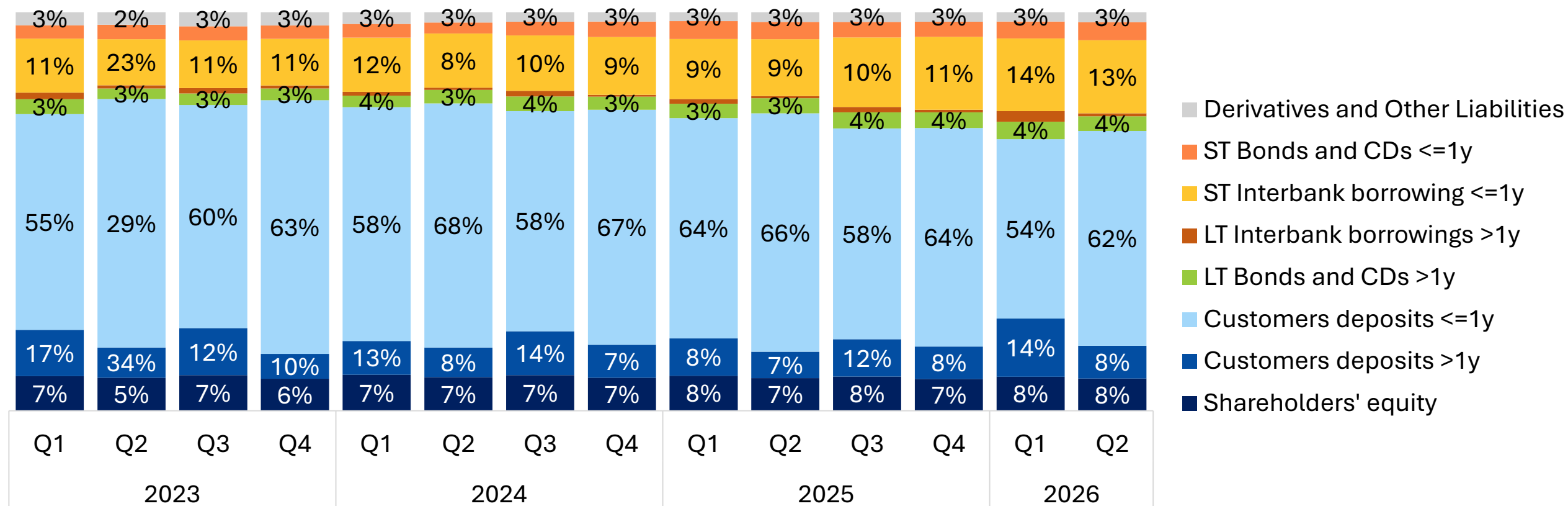
- Sector ROA edged down to around 1.3% TTM, supported by rising Non-interest Income share. SOCBs ROA improved to 1.3% via scale and FX/gold; Top 4 JSCBs maintained at 2.2%; Other JSCBs under pressure at 0.9%.
- We maintained our view from previous report on Earnings outlook (2026) – by bank group:
 - **Top 4 JSCBs:** NIM likely stabilizes (supported by higher CASA), ROA stays above sector but below the 2022 peak; increasingly reliant on non-interest income
 - **SOCBs:** NIM to slightly decline due to continuing interest rate subsidy for customers. FX & Gold dealings & Recoveries continues to be key income drivers;
 - **Other JSCBs:** NIM & ROA will diverge amongst banks who (1) can and cannot acquire / utilize retail customers and (2) have strong position in certain non-interest income business segments.

Exhibit 18: Interest and fees receivable days at 30 banks in 2025-2Q2026



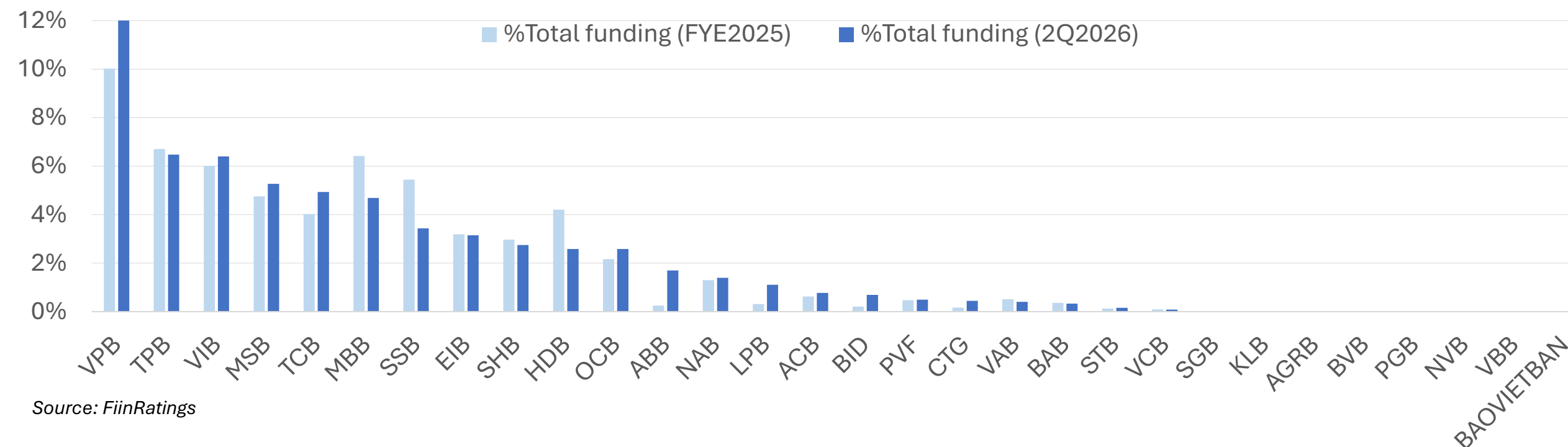
- **Sector median trailing-twelve-month receivable days declined slightly from approximately 45 days (FY2025) to 42 days (2Q2026)**, suggesting aggregate collection efficiency is stable to marginally improving. Top 4 JSCBs and SOCBs cluster within a healthy range of 27 to 52 days.
 - VCB (27 days) has the strongest figure, consistent with its premium asset quality and lowest NPL ratio (0.62%).
 - BID (52 days) has the highest receivable days among SOCBs, reflecting its larger infrastructure and SOE lending book where settlement cycles tend to be longer.
 - AGRB (from 19 to 33 days) stands out with the sharpest single period increase among SOCBs. While 33 days remains moderate in absolute terms, the near doubling warrants attention, signaling possible changes in the Bank's lending composition and/or its concentrated borrowers' credit quality.
- **Few mid tier banks witnessed their receivable days rising meaningfully against the sector trend**, which suggest either (i) interest accrual on loans where borrowers have deferred or missed payments but the loans have not yet been downgraded to NPL status, or (ii) growing exposure to longer tenor project finance or infrastructure loans where interest collection follows a lumpy disbursement cycle. The widening gap between accrued and collected income is an early warning indicator that precedes NPL recognition by two to four quarters.
- **Banks where receivable days above 90** may have their reported NIM and ROA metrics likely overstated relative to cash earnings generation, provisioning needs may be underrecognized, and capital adequacy ratios may not fully reflect the true economic position

Exhibit 19: Funding mix is shifting toward short-term and wholesale source



Source: FiinRatings

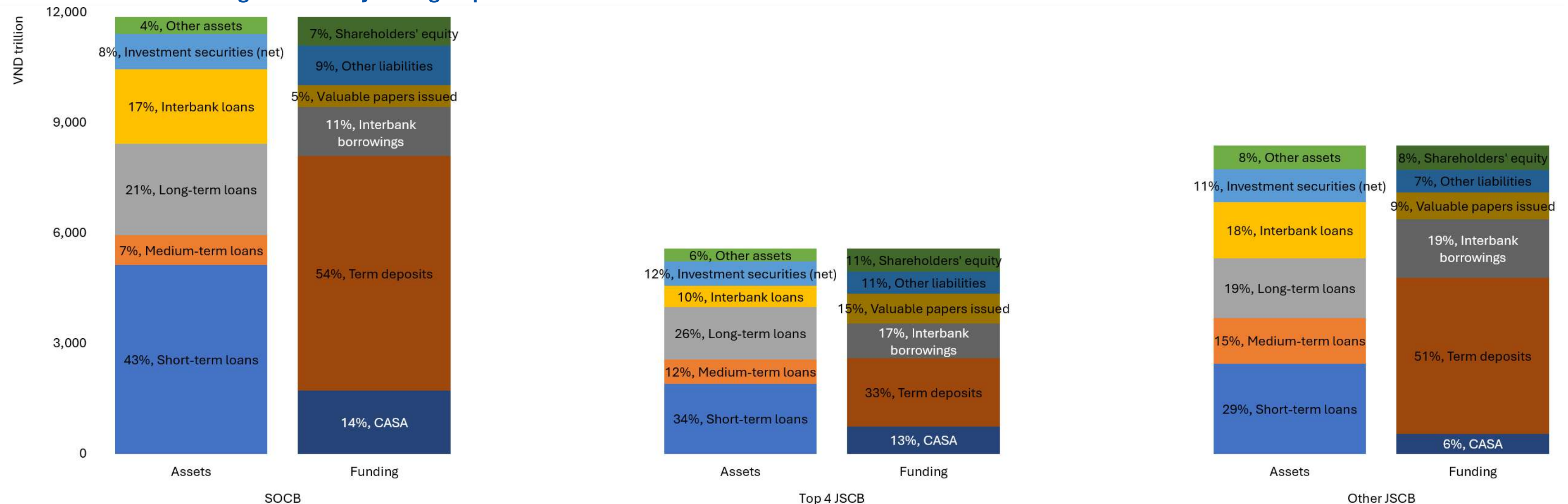
Exhibit 20: Foreign currency borrowing is gaining importance among selected private banks



Source: FiinRatings

- **Funding pressure remains elevated as credit growth continued to outpace deposit mobilization**, increasing banks' reliance on wholesale and market-based funding. This has contributed to higher funding costs, with average financing costs rising across bank groups and deposit rates remaining elevated.
- **Customer deposits remained the core funding source, but the funding mix shifted toward shorter-term deposits and domestic interbank funding in 1H2026**, therefore increases banks' sensitivity to market liquidity and refinancing conditions.
- **Competition for stable funding remains intense.** Long-term deposit rates rose to 5.9%–7.8% in June 2026, from 4.8%–7.1% a year earlier, while selected banks offered rates above 9% for certain maturities by late August 2026, reinforcing pressure on funding costs.
- **Foreign-currency funding is becoming an increasingly relevant diversification channel for selected large private banks.** Select Top 4 JSCBs and SOCBs maintain significant FCY borrowing lines (bilateral, syndicated, offshore bonds), providing lower-cost USD/EUR funding and blended cost advantage. However, greater reliance on foreign-currency funding introduces additional FX and refinancing risks, particularly where currency exposure is not fully hedged.

Exhibit 21: Asset-Funding structure by bank groups

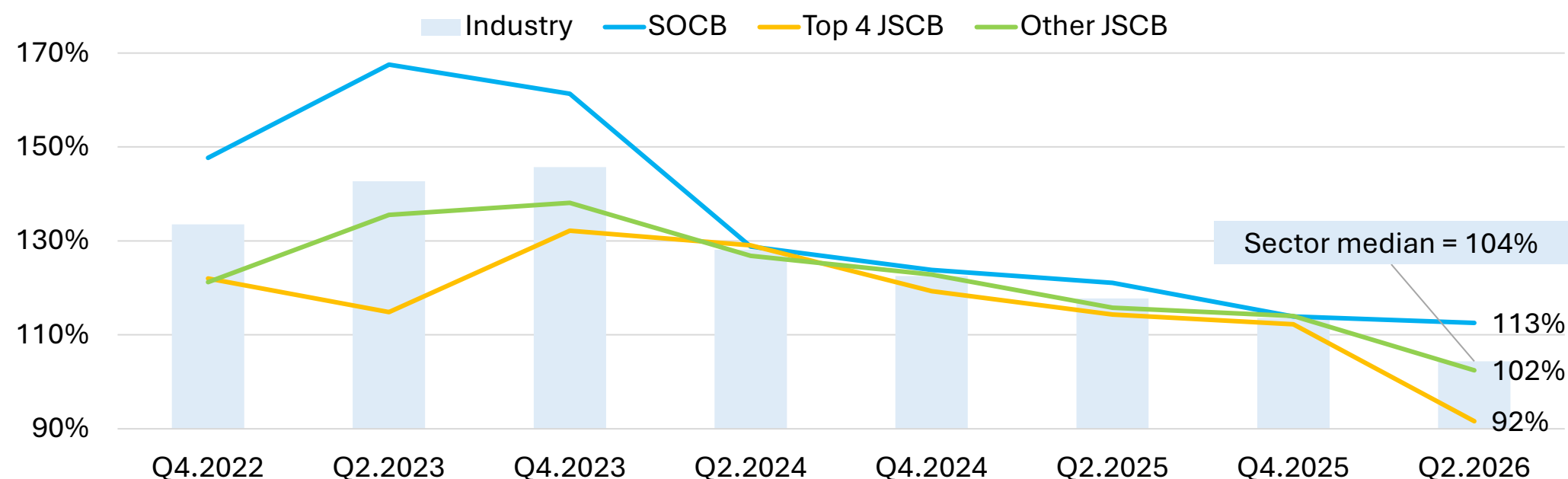


Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

- **Top 4 JSCBs have the widest loan-deposit gap, with the highest share of long-term lending (26%),** requiring greater reliance on market-based funding such as valuable papers, interbank and potentially offshore funding. Stronger funding diversification improves access but comes with higher liquidity sensitivity to domestic and external funding shocks.
- **Other JSCBs remain more reliant on domestic interbank funding,** leaving them more exposed to system-wide liquidity conditions rather than benefiting from the broader funding access of Top 4 JSCBs. Liquidity pressure also remains differentiated within this group, with near-top JSCBs with higher growth pace facing different funding needs from smaller ones with weaker deposit franchises.
- **SOCBs currently maintain the most balanced funding structure,** supported by a strong deposit franchise. However, as they are expected to finance more long-tenor infrastructure projects, the ability to rely predominantly on deposits may become more constrained, potentially increasing the need for capital-market and offshore funding given limited capacity to raise capital quickly. Also, the group gains most from SMLR/LDR recalculation stipulated by Circular 25.

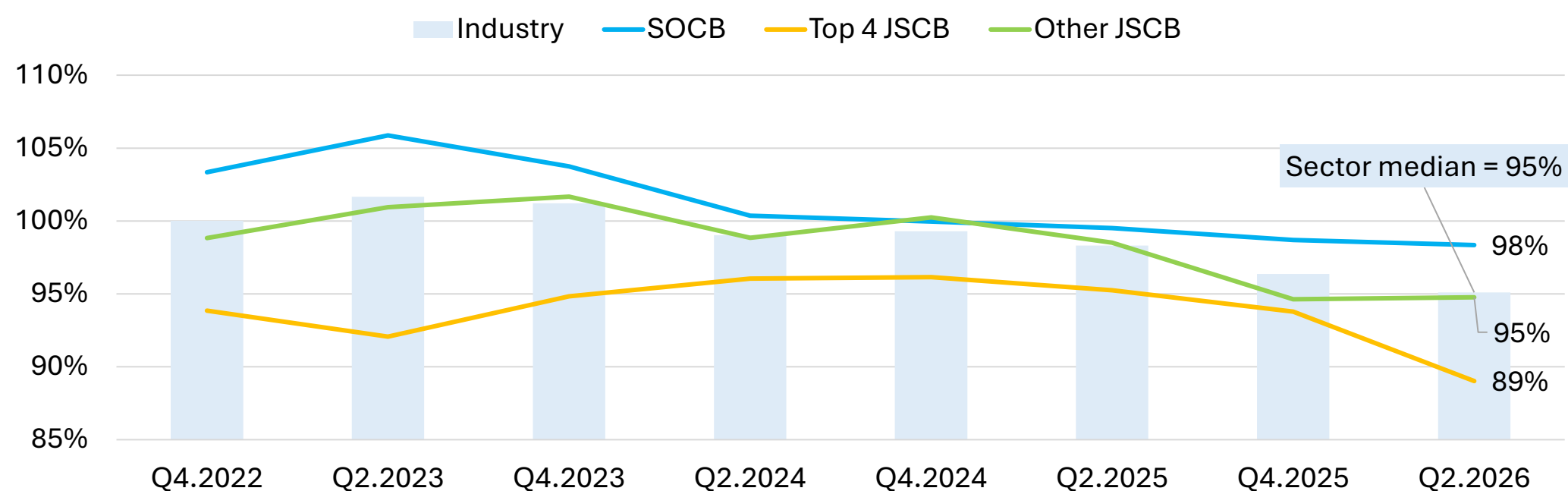
Exhibit 22: Broad liquid assets / Short-term wholesale funding (BLA/STWF) ratio (Aggregated) by bank groups



Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

Exhibit 23: Stable funding ratio (aggregated) by bank group



Source: FiinRatings

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

- Banks no longer holds enough broad liquid assets to fully cover its short-term wholesale funding:** The aggregated industry SFR declined to 95% (from 98% in 2Q2025 and 104% in 4Q2020), confirming that credit growth across the system has structurally exceeded the capacity of stable funding sources (deposits, long term bonds, equity) to support it. The ratios have declined in every single period since Q4.2022
- Top 4 JSCBs are the most liquidity stressed group despite having strong credit profiles:** This group's aggressive credit expansion (retail + corporate +20 to 30% YoY) has systematically drawn down liquid asset buffers and stretched wholesale funding reliance to its limits. The SFR decline from 95% to 89% in just two quarters (Q4.2025 to Q2.2026) suggests the pace of deterioration is accelerating rather than stabilizing
- SOCBs maintain the strongest absolute liquidity position but though buffers have been trending steadily lower since 2020.**
- Among Other JSCBs, several banks are operating with notably thinner liquidity cushions than historical norms.** Conversely, one mid tier bank (HDB) stands out positively at 144.4% BLA/STWF and 103.5% SFR and maintaining buffers well above system levels, likely benefiting from the mandatory transfer RRR reduction (Circular 23/2025).
- Circular 25/2026 (SMLR raised to 40%, LDR recalculation) will mechanically improve reported ratios for some banks, particularly SOCBs benefiting from the partial Treasury deposit reclassification, but does not address the underlying cash flow mismatch.** With credit growth expected to remain robust under government targets and the mega project exclusion mechanism channeling additional lending off quota, the draw down of liquid asset buffers will continue. Any tightening in interbank conditions, whether from SBV exchange rate defense, seasonal demand, or a confidence shock, would disproportionately impact the banks.

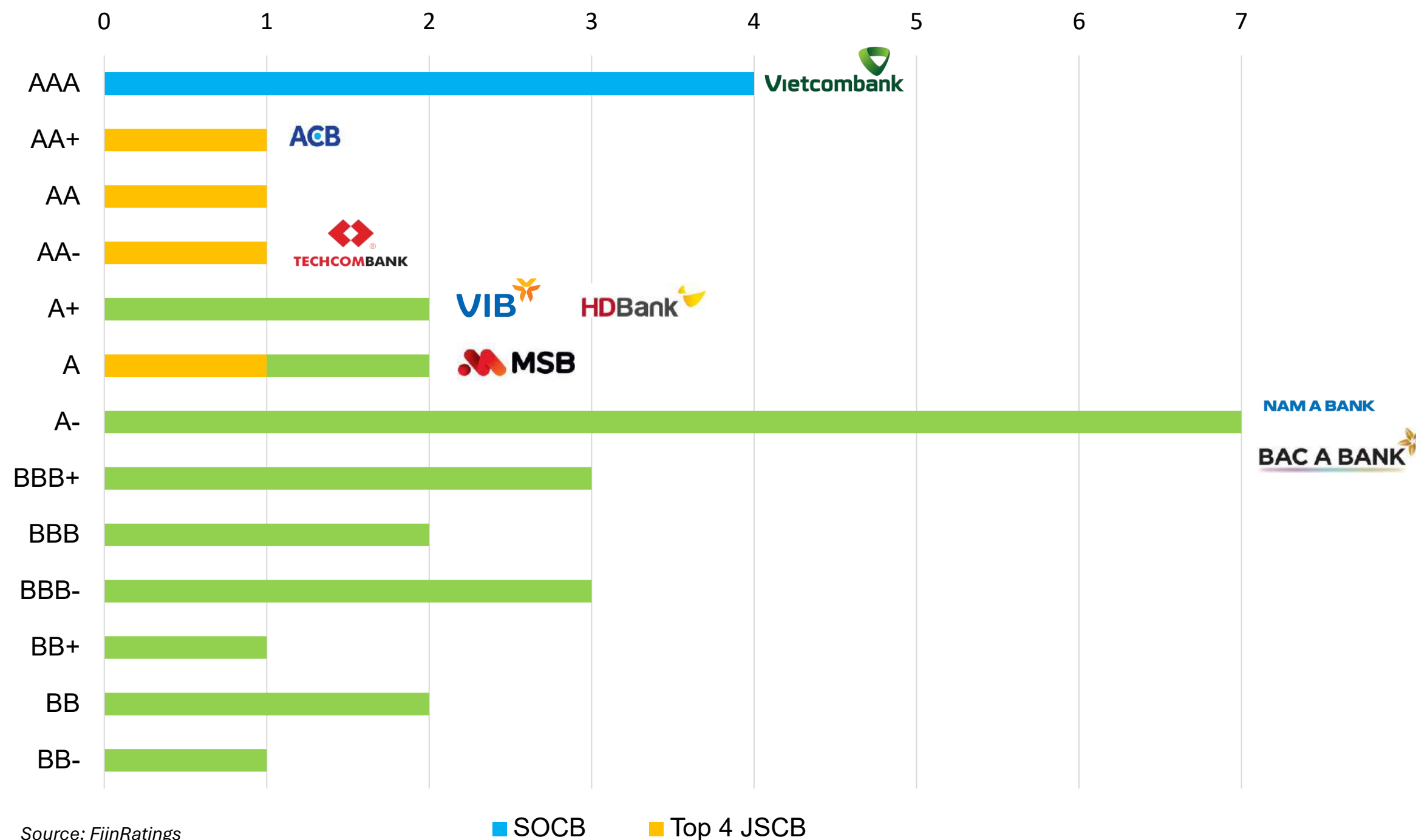
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Bank

Exhibit 24: Indicative issuer credit ratings distribution of commercial banks in Q2/2026



Source: FiinRatings

Note:

- (i) This is a preliminary credit distribution based on public information and updated periodically
- (ii) Besides Vietcombank, Techcombank, HDBank, VIB, BAB, ACB, MSB, NAB, we have not performed and published rating for any of these banks as of this report date. Additionally, we have performed and published a rating for a debt instrument issued by Vietcombank (not displayed in chart)
- (iii) Figures do not include Saigon Commercial Bank (SCB) due to data unavailability

- The median rating of the 30 commercial banks remained at [A-] in 1H2026, reaffirming the appropriateness of the banking-sector anchor rating.
- Among the 30 commercial banks, 3 improved their credit profiles and 3 experienced rating deterioration, while 24 maintained unchanged ratings / prelim assessment. Rating movements were mainly concentrated among mid-sized and smaller banks, while the leading banks broadly maintained stable ratings.
- Upward movements were primarily supported by stronger capital and earnings, while downward movements reflected pressures from earnings, asset quality and funding/liquidity. Overall, changes across individual rating factors were largely offsetting, keeping the sector-wide rating profile broadly stable. External support also continued to cushion the impact of SACP movements on ICRs.
- Credit quality is expected to remain under pressure in 2H2026, as strong credit growth continues to outpace deposit mobilization, adding pressure on funding costs and liquidity. NPL and Group 2 increased in 1H2026, while provisioning coverage declined; therefore, asset quality, credit cost, capital generation and funding diversification are expected to remain the key differentiating factors for banks' credit profiles in 2026.

Exhibit 25: Medians of key ratios of commercial banks by indicative stand-alone credit profile (SACP) within 2025-1H2026

SACP Category	[aa]		[a]		[bbb]		[bb] and below	
As of FYE/ In FY	1H2026	2025	1H2026	2025	1H2026	2025	1H2026	2025
Business Position								
Gross Customer Loans	1,227,554 ▲	1,084,019	413,274 ▲	386,859	119,949 ▲	109,563	83,385 ▲	68,068
Net Income TTM	29,423 ▲	25,954	7,539 ▲	7,334	1,551 ▼	1,588	265 ▼	269
Capital and Earnings								
Common Equity Tier-1 Capital to Total Assets	8.4% ▲	8.2%	8.0%	8.0%	8.7% ▲	7.9%	5.6% ▼	6.5%
NIM TTM	2.9% ▼	3.8%	3.0% ▼	3.1%	2.3% ▼	2.7%	1.9% ▼	2.2%
CIR TTM	30.9% ▲	30.8%	35.0% ▲	33.2%	39.2% ▲	37.9%	51.9% ▼	53.1%
ROA TTM	1.6% ▼	1.7%	1.3% ▼	1.5%	1.0% ▼	1.2%	0.2% ▼	0.4%
Interest and fees receivable days TTM	35.88 ▼	36.54	46.24 ▼	49.22	51.41 ▼	54.93	72.88 ▲	64.56
Risk Position								
Adjusted NPL	1.2% ▲	1.1%	2.2% ▼	2.3%	1.9% ▼	2.4%	6.0% ▲	4.9%
Adjusted (NPL + SML)	2.1% ▲	2.0%	3.4% ▲	3.3%	3.8% ▲	3.5%	7.0% ▼	8.7%
Reserve Coverage Ratio	125.6% ▼	128.1%	66.6% ▲	61.7%	69.1% ▲	60.6%	42.3% ▲	35.6%
LLR/ (NPL+ SML)	75.0% ▼	83.2%	41.0% ▼	43.6%	33.6% ▼	44.3%	33.7% ▲	28.1%
Funding and Liquidity								
LDR	83.0% ▲	79.7%	77.3% ▲	74.1%	71.3% ▲	70.7%	63.7% ▲	62.8%
Customer Deposits/ Total Liabilities	61.1% ▼	62.8%	59.7% ▼	60.6%	61.3% ▼	68.6%	75.5% ▲	74.7%
Average Financing Cost TTM	4.0% ▲	3.4%	5.1% ▲	4.7%	5.4% ▲	5.0%	5.5% ▲	4.9%

Source: FiinRatings

- **Credit expanded across all SACP categories**, while earnings growth remained concentrated among higher rated banks; lower rated banks saw broadly flat TTM net income
- **Profitability and capital generation pressure intensified**, with NIM and ROA declining across all categories and CET1/TA weakening most notably at [bb] and below category.
- **Asset-quality trends were mixed**, with deterioration more visible at the lower end: adjusted NPL improved for [a] and [bbb] but increased for [aa] and [bb and below], with [bb and below] reaching 6.0%. LLR/(NPL+SML) declined across from [aa] to [bbb], pointing to weaker stressed-loan coverage despite improved NPL reserve coverage ratios in [a] and [bb and below].
- **Funding costs rose across the rating spectrum**, while higher LDRs and lower deposit funding ratios at higherrated groups point to increasing funding and liquidity pressure.

Exhibit 26: Medians of key ratios of commercial banks by bank groups within 2025-1H2026

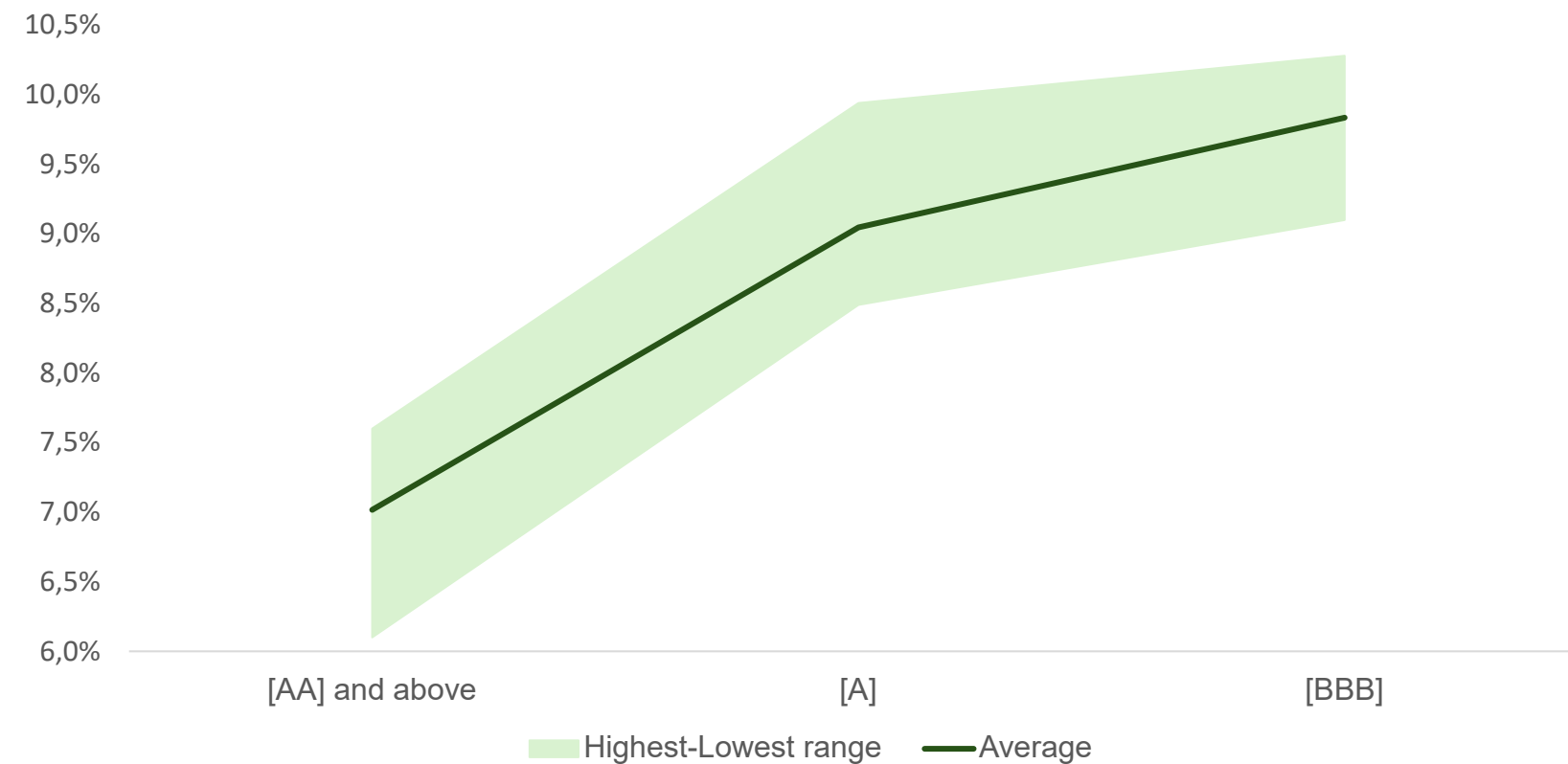
Bank Category	SOCBs		TOP 4 JSCBs		Other JSCBs	
As of FYE/ In FY	1H2026	2025	1H2026	2025	1H2026	2025
Business Position						
Gross Customer Loans	2,082,048 ▲	1,984,321	1,004,369 ▲	855,759	175,216 ▲	167,936
Net Income TTM	36,556 ▲	32,651	29,429 ▲	25,155	2,486 ▼	2,332
Capital and Earnings						
Common Equity Tier-1 Capital to Total Assets	6.1% ▲	5.7%	10.2% ▼	11.1%	7.9% ▲	7.7%
NIM TTM	2.8% ▲	2.6%	3.9%	3.9%	2.4% ▼	2.7%
CIR TTM	33.4% ▲	34.1%	29.7% ▼	29.9%	37.9% ▼	38.4%
ROA TTM	1.3% ▼	1.5%	2.2%	2.2%	0.9% ▼	1.1%
Interest and fees receivable days TTM	34.3 ▲	32.9	38.9 ▲	36.4	55.3 ▼	54.9
Risk Position						
Adjusted NPL	1.2%	1.2%	1.3% ▲	1.2%	2.7% ▼	2.8%
Adjusted (NPL + SML)	2.3% ▲	2.2%	2.1% ▲	1.9%	3.8% ▼	4.0%
Reserve Coverage Ratio	141.4% ▼	151.8%	99.5% ▼	104.0%	55.5% ▲	52.5%
LLR/ (NPL+ SML)	76.5% ▼	84.1%	60.3% ▼	68.7%	37.1% ▲	35.7%
Funding and Liquidity						
LDR	79.0% ▲	78.3%	87.8% ▲	82.8%	71.7% ▲	70.3%
Customer Deposits/ Total Liabilities	70.8% ▼	72.9%	60.3% ▼	61.8%	61.5% ▼	65.6%
Average Financing Cost TTM	3.5% ▼	3.3%	4.3% ▲	3.6%	5.3% ▲	4.8%

Source: FiinRatings.

Note: Top 4 JSCBs include Asia Commercial Joint Stock Bank (ACB), Military Commercial Joint Stock Bank (MBBank), Vietnam Technological And Commercial Joint Stock Bank (Techcombank), and Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

- **Top 4 JSCBs continued to lead loan and earnings growth but faced the most pronounced funding pressure:** loans and TTM net income grew 17.4% and 16.9%, while LDR increased 5.0pp to 87.8%, the highest among the three groups; customer deposits/total liabilities fell 1.5pp, and average financing cost rose 70bp to 4.3%, the largest increase across groups. CET1/TA also declined 90bp to 10.2%.
- **SOCBs maintained the strongest provisioning buffers but showed early signs of buffer erosion:** CET1/TA improved 40bp and reserve coverage remained highest at 141.4%, while LLR/(NPL+SML) fell 7.6pp and reserve coverage declined 10.4pp.
- **Other JSCBs showed improving asset quality but weaker profitability and funding structure:** adjusted NPL and NPL+SML declined 10bp and 20bp, respectively, while both coverage metrics improved; however, NIM fell 30bp, customer deposits/total liabilities declined 4.1pp, and financing cost increased 50bp.

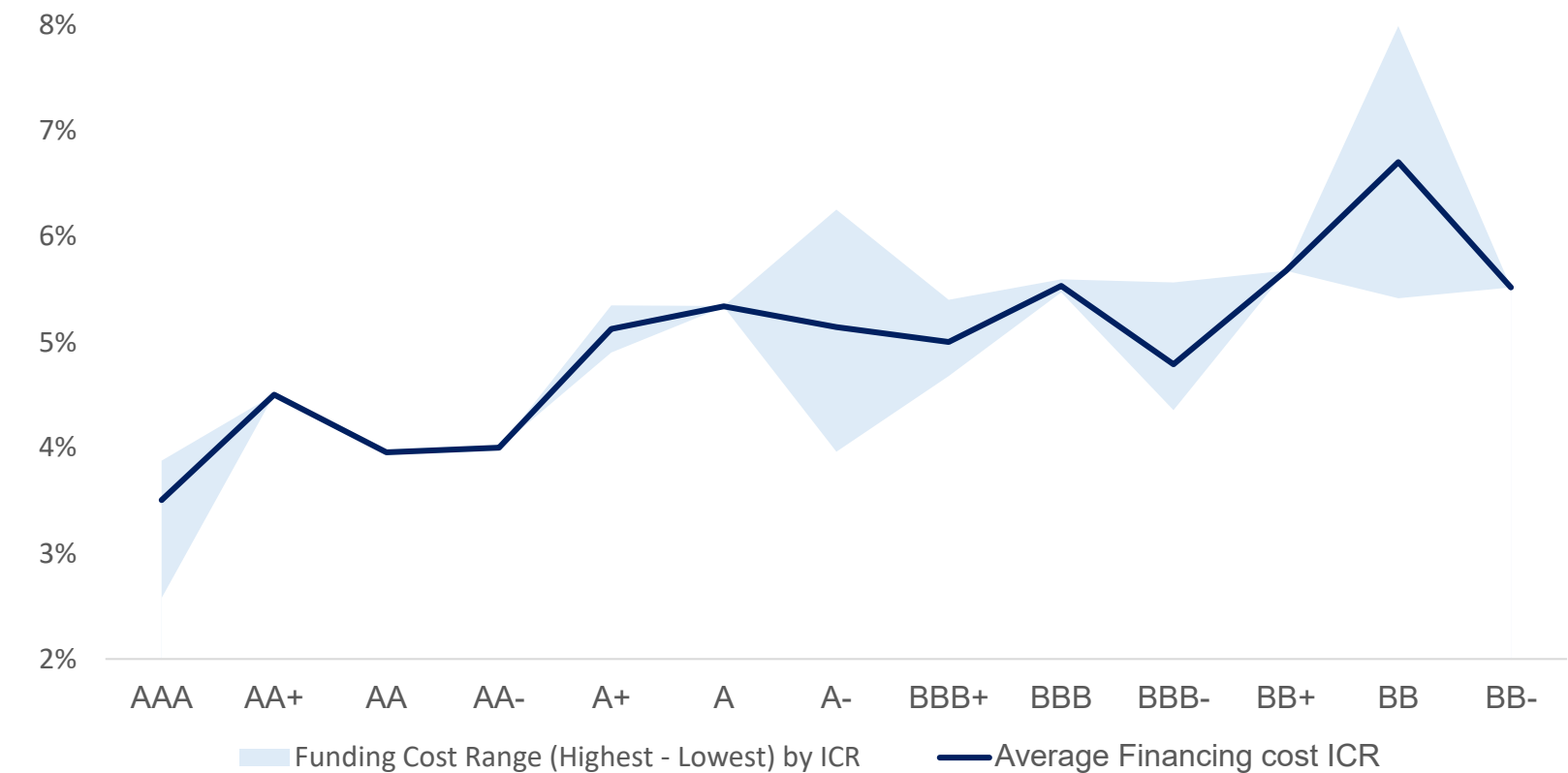
Exhibit 27: Average YTM of bank bonds by credit rating within 2025-2Q2026



Source : FiinRatings, HNX

Note: The bank bond yield curve is compiled from bonds issued by 27 commercial banks and traded on the HNX secondary market during the period from 1 Jan 2025 to 30 June 2026.

Exhibit 28: Average cost of financing at banks by credit rating within 2025-2Q2026



Source: FiinRatings

Note: Average cost of financing is calculated by Interest and similar expenses divided by Average of Total debts (including Due to Government and loans from SBV; Deposits and loans from other credit institutions; Deposits from customers; Derivatives and other financial liabilities; Funds received from government, international, and other institutions; Convertible bonds, CDs and other valuable papers issued)

- **Funding costs increase materially across the credit spectrum**, from 3.5% for the highest-rated banks to 6.0-6.7% for the lowest-rated, a 200-300bps spread, with a notable step-up at the A-to-BBB boundary. Lower funding costs support NIM and capital generation, reinforcing stronger credit profiles, while weaker banks face the reverse dynamic.
- **Published bank bond YTM's confirm meaningful market differentiation, although maturity and bond structure also matter.** The spread between AAA and BBB rated bank bonds is approximately 250 to 270bps, demonstrating that the bond market is pricing credit risk with meaningful differentiation. Most issuances carry floating rate coupons (currently 6.9 to 8.9%), meaning YTM also reflects the market's expectation of further rate increases.
- **Yield spreads over government bonds are also substantial.** Based on VBMA data, July 2026 outright transactions show 2.70-4.38% for 10-year Vietnam State Treasury bonds and up to 4.82% for longer dated bonds. Against this range, bank bond YTM's imply indicative spreads of ~330-720bps, with the lower end around [AAA] and the upper end around [BBB]. The wide range reflects both bank credit risk and maturity/structure differences, consistent with tighter funding conditions and stronger market differentiation.

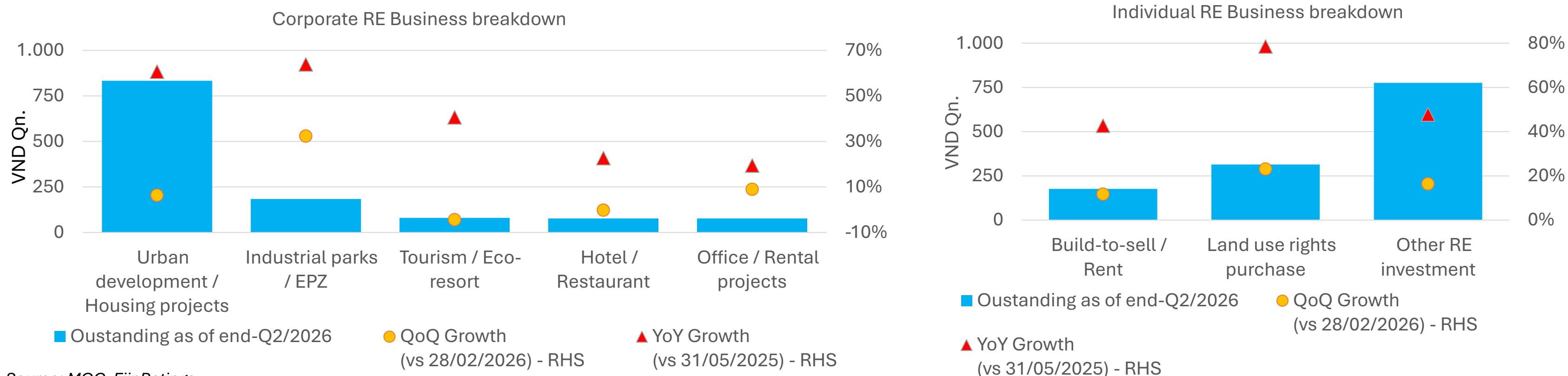
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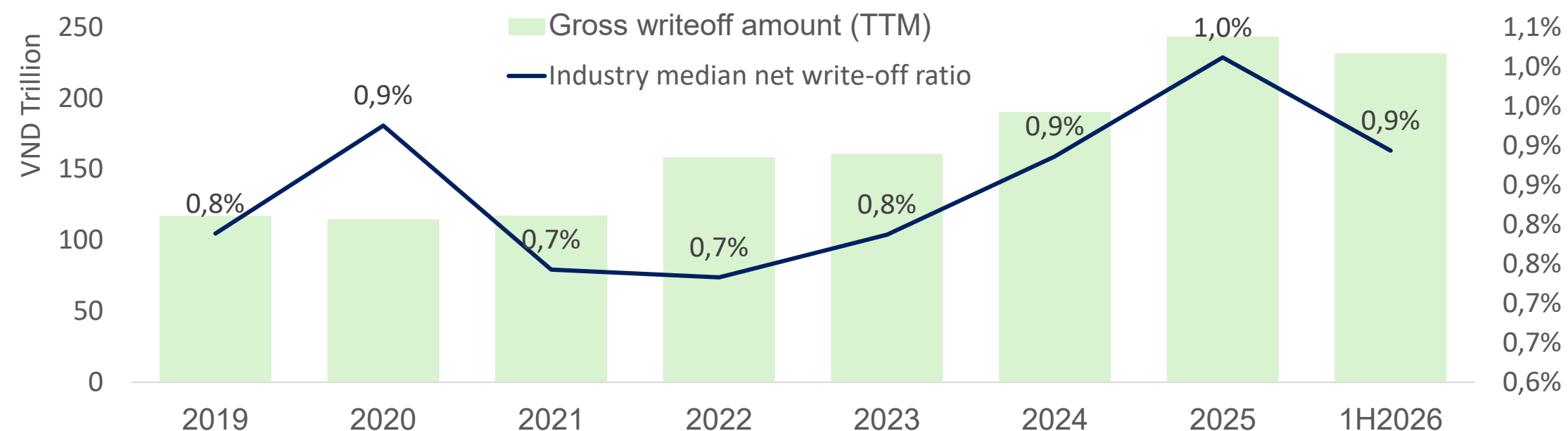


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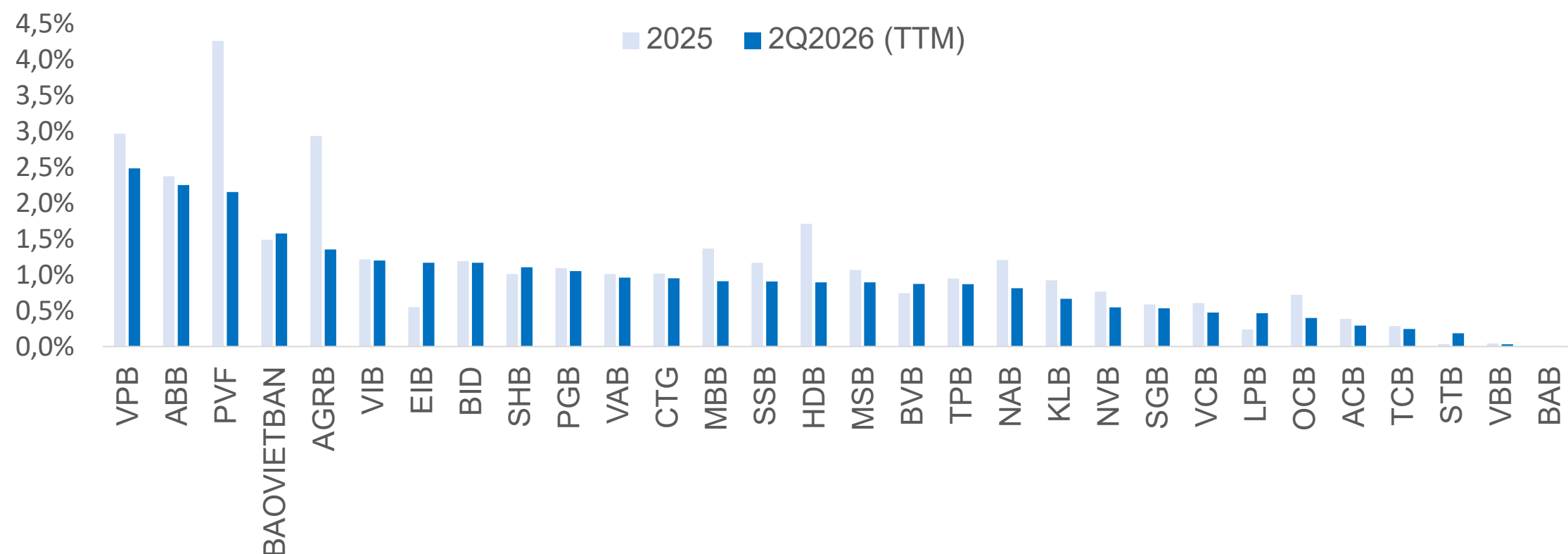
Exhibit 29: Real estate business loans (consist of Corporate RE Business and Individual RE Business) outstanding and growth rate (1H2026)



- Individual RE business credit (VND 1,266.9 Quad, +21.87% YTD) is now equal in size to corporate developer credit (reached VND 1,252.5 Quad, +30.14% YTD) suggests a significant layer of RE lending is being conducted through individuals (essentially speculative or semi-professional RE investment activities carried out under individual names) rather than corporate structures, which is potentially with less rigorous project-level due diligence and monitoring.
- Land use rights is the fastest-growing individual RE business category, which warrants monitoring as a potential indicator of returning speculative behavior in the land market and carries elevated credit risk because there is no income-generating asset backing the loan until the land is developed or resold. Rapid land credit expansion has historically preceded asset quality deterioration in Vietnam's banking sector (2011-2012, 2022-2023 cycles).
- Urban/housing development, the largest sub-segment at 66.5% of corporate RE credit, witnesses a growth rate far exceeds system credit growth, indicating active concentration. This segment is the core of infrastructure-linked developer lending and the primary destination for the upcoming 35 mega-project credit mechanism (Vingroup, Sun Group, Masterise, Thaco). Therefore, credit risk here depends heavily on project completion timelines, pre-sale absorption rates, and developers' ability to service debt under 12-14% lending rates.
- Industrial parks/EPZ is the fastest-growing segment while a double-edge sword to banks' credit profile: credit-positive in the current FDI environment but directly exposed to trade policy risk. Banks with concentrated industrial park lending should stress-test their portfolios against a scenario of significant FDI deceleration.
- Tourism/resort and hotel/restaurant credit is the only segment showing a QoQ decline, but this should not necessarily be read as deliberate de-risking. Following [Official Letter 8509/NHNN-CSTT \(16 September 2026\)](#), incremental lending to hotels, restaurants and tourism/resort projects is excluded from the 2026 RE credit-growth calculation, potentially easing regulatory constraints on further lending. Asset-quality risks, particularly in resort/condotel exposures, remain an area to monitor

Exhibit 30: Gross write off (TTM) (LHS) and industry net writeoff ratio (RHS)


Source: FiinRatings

Exhibit 31: Net write-off / Average gross loans ratios at banks in 2025-2Q2026 (TTM)


Source: FiinRatings

- Gross write off (TTM) peaked at VND 243 trillion in FY2025 and eased to VND 231 trillion by 2Q2026, with the industry median net write off ratio declining from 1.0% to 0.9%.** This marks the first deceleration after three consecutive years of rising write off intensity (0.7% in 2021 to 1.0% in 2025). The easing does not indicate improving asset quality, rather, banks are transitioning from aggressive balance sheet cleanup toward debt selling, VAMC or AMC disposals, and collateral recovery as the primary NPL resolution tools, supported by the codified Resolution 42
- Write off activity remains heavily concentrated: four banks (AGRB, BID, VPB, CTG) account for ~61% of total gross write offs in 2Q2026 (TTM).** The dominance of SOCBs (AGRB, BID, CTG accounted for 48% of total gross written-off amounts) reflects larger legacy NPL stocks and stronger provisioning buffers enabling more aggressive cleanup.
- As write off intensity normalizes, reported NPL ratios will face upward pressure since banks will no longer be aggressively removing bad debts from the loan book.**
 - Banks where write off ratios declined sharply (AGRB from 2.9% to 1.4%, HDB from 1.7% to 0.9%, MBB from 1.4% to 0.9%) may be nearing the end of their cleanup cycle rather than actively shifting strategy; either way, their credit cost burden should ease.
 - Banks where write off ratios are rising (EIB from 0.5% to 1.2%, LPB from 0.2% to 0.5%) are likely in earlier cleanup phases, facing continued pressure on earnings and provisioning.
 - However, Decree 359/2026 (effective November 2026) could partially mitigate this pressure by expanding VAMC's debt purchase and collateral recovery toolkit, giving banks an alternative resolution channel beyond write offs, though debt sales at market value may require earlier loss recognition.

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