CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)
GUOTAI JUNAN SECURITIES (VIETNAM)

BANKING SECTOR

2025 OUTLOOK: NEUTRAL

Guotai Junan (VN) Research
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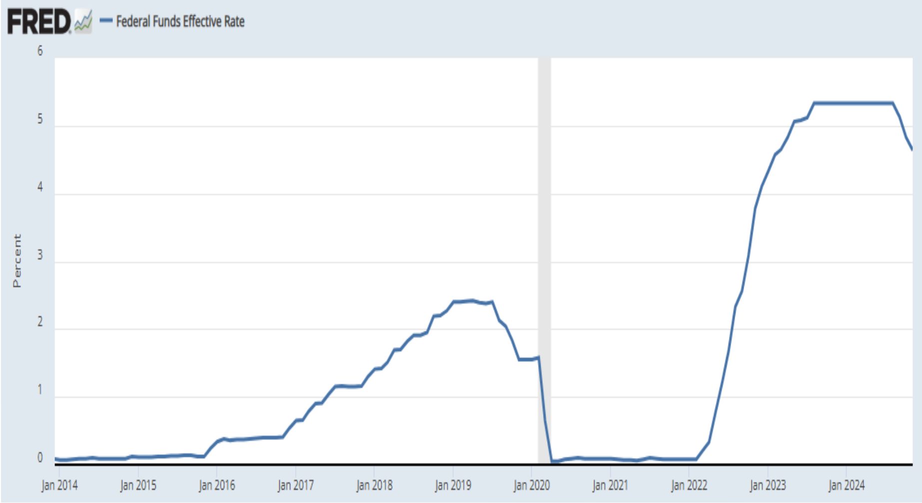
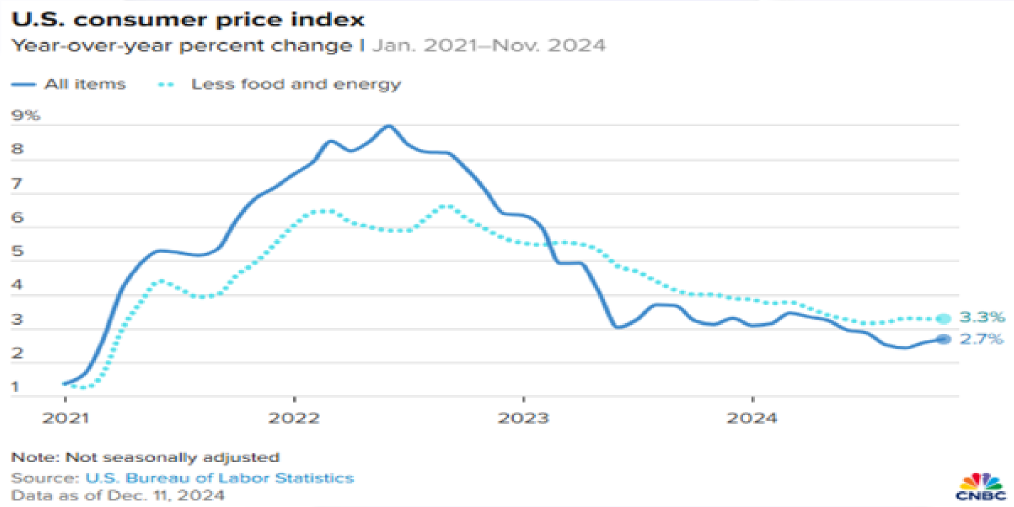
I. POLICY PRESSURES AMID GLOBAL MACRO IMPACTS

On December 18, 2024, the U.S. Federal Reserve (Fed) decided to reduce interest rates for the third consecutive time, bringing the target rate down to 4.25% - 4.50%. However, the Fed's signaling of potential future rate hikes in 2025 remains uncertain, with markets pricing in approximately two more rate cuts based on comments from Chair Jerome Powell.

The Fed's interest rate policy continues to be influenced by concerns about inflation and the broader economic environment, reflecting the challenge of balancing growth and stability in the U.S. economy. Rising inflation expectations are driven by factors such as wage growth and consumer spending, which remain key elements of the Fed's policy considerations.

The direction of foreign direct investment (FDI) remains tied to shifts in global monetary policy and macroeconomic trends, particularly in the U.S. and Europe, while Vietnam continues to emphasize strengthening domestic financial stability to support long-term economic growth and resilience.



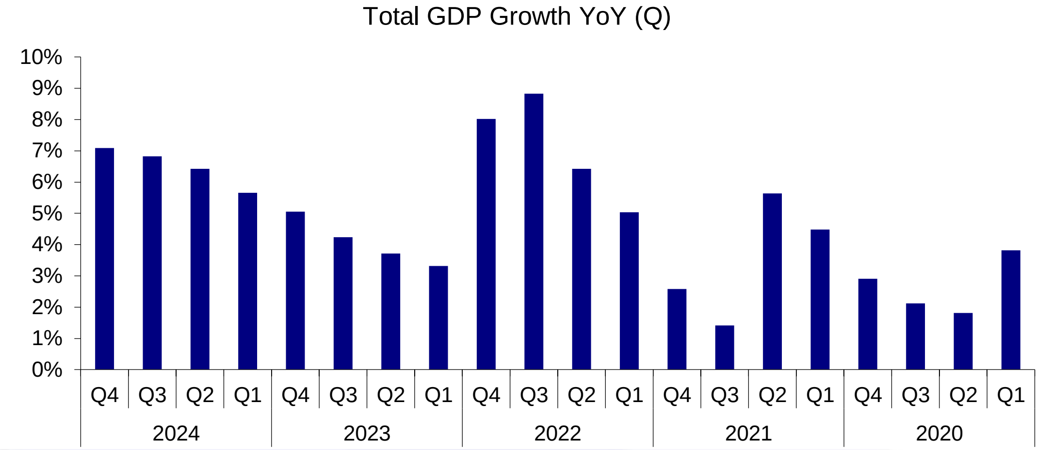


Sources: Fed, CNBC, FiinXpro, GTJASVN Research

II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

2.1 Vietnam's GDP Growth Outlook for 2025

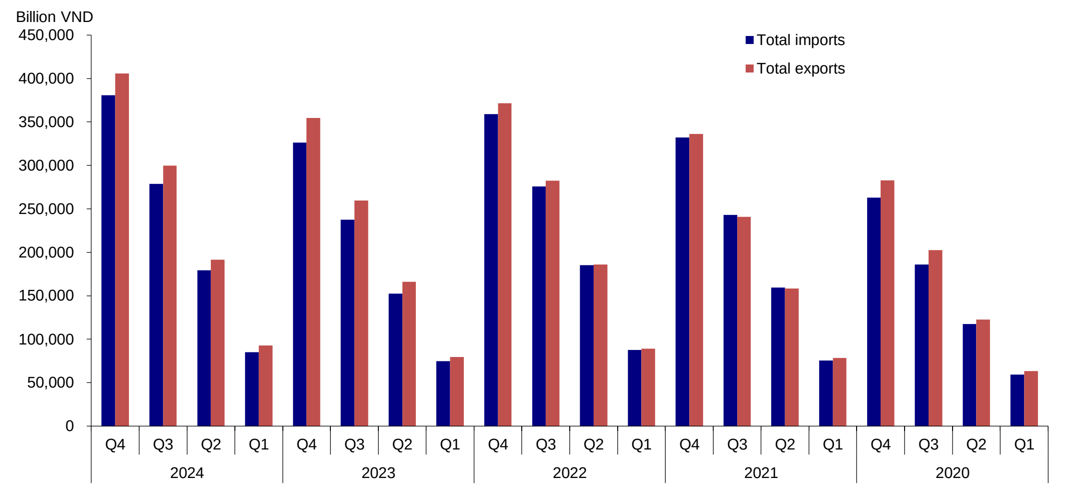
In 2025, Vietnam's GDP is projected to grow by 6.5%, positioning the country among the top performers in ASEAN (+5%) despite external challenges. This outlook is underpinned by strong domestic demand and the effective utilization of free trade agreements (FTAs). Vietnam continues to benefit from global trade shifts and industrialization, with critical drivers being exports, manufacturing, and domestic consumption.



Growth Drivers and Key Risks to the Economy:

2.1.1 Exports: Export activities remain heavily dependent on external demand, particularly in major supply chains connected to markets like the U.S. and China. This reliance on external demand poses challenges, as declining consumption in these economies directly impacts Vietnam's trade outlook.

Advantages	Risks
• Global supply chains have gradually stabilized post-pandemic, facilitating smooth export flows. • Demand from major markets such as the U.S. and EU remains positive, particularly for technology and textile products. • Vietnam is benefiting from free trade agreements (FTAs), which reduce tariffs and enhance the competitiveness of exported goods.	• Geopolitical risks are escalating, including instability in the Middle East and the Gulf region, which could disrupt energy supplies and input materials. • Potential trade protectionist policies from the U.S., particularly in the event of a Trump administration re-election, may exert pressure on exports to this market, which is currently Vietnam's largest export destination.



Sources: FiinproX, GTJASVN Research

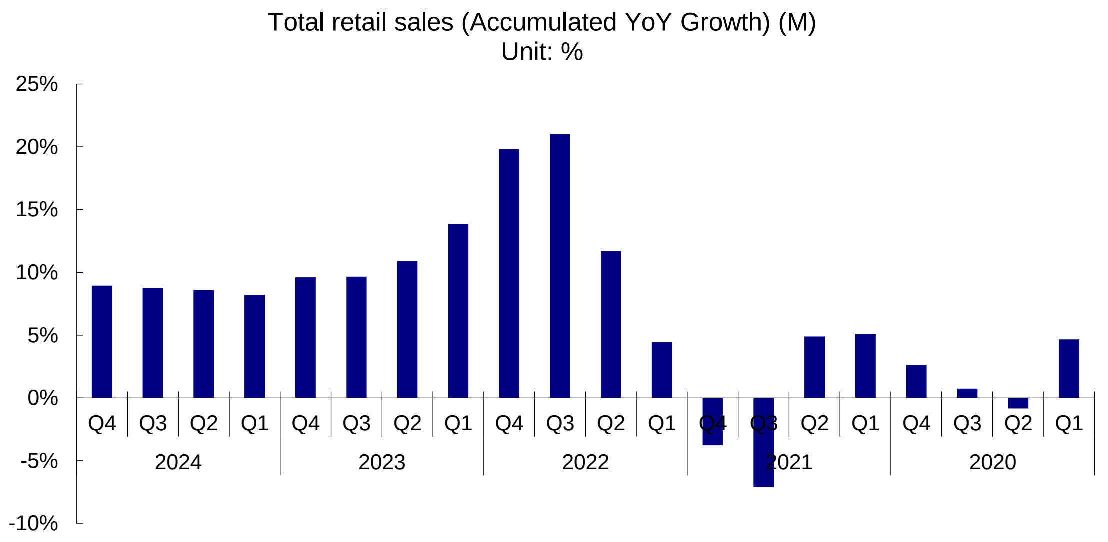
II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

2.1.2 Industry Maintains Growth Momentum

FDI inflows continue to target manufacturing and processing sectors, particularly in industries such as electronics, automobiles, and renewable energy. Major corporations are shifting their supply chains to Vietnam, attracted by its favorable business environment and competitive labor costs. Public investment also plays a pivotal role in infrastructure development, enhancing production efficiency and connecting industrial zones with domestic and international markets.

2.1.3. Domestic Consumption Expected to Improve

Per capita income is projected to reach approximately USD 4,900 by 2025, providing a solid foundation to boost purchasing power.



Sources: FiinproX, GTJASVN Research

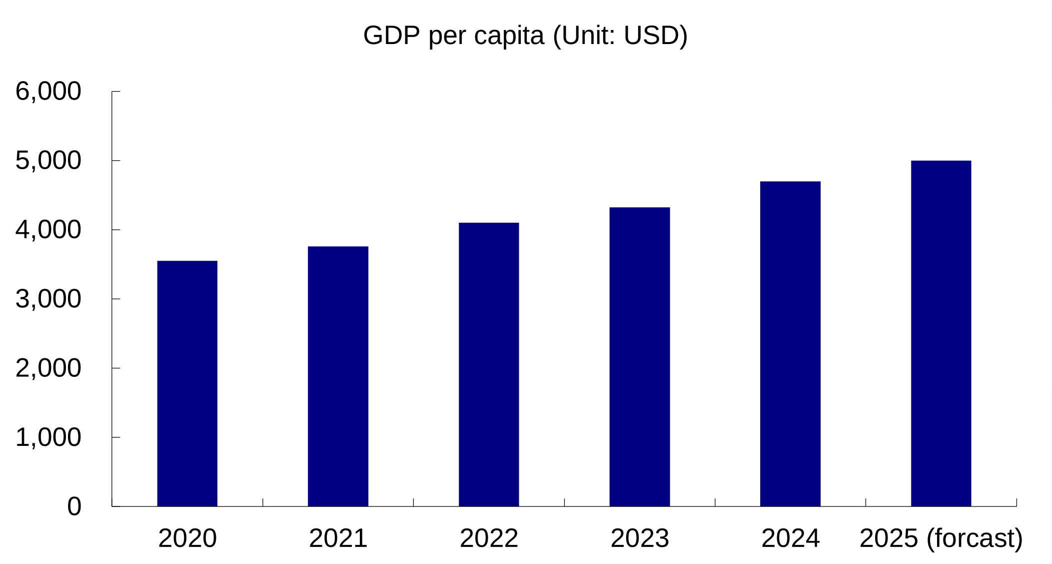
II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

Consumer Sentiment and Spending Increase as Incomes Improve

Economic recovery and stable employment have fueled consumer spending, especially in major cities. Consumer sentiment, supported by rising incomes, is showing an upward trend among middle- and low-income groups.

In 2023, per capita income reached VND 101.9 million, equivalent to USD 4,284.5, up 160 USD from the previous year. In Q3/2024, per capita monthly income increased by 7.7% year-on-year, reaching VND 10.5 million, approximately USD 500.

Income is projected to grow at an average rate of 6–7% annually during 2024–2025, paving the way for sustained improvements in consumer sentiment and spending. This will provide momentum for industries such as retail, services, and manufacturing, supporting sustainable consumption growth.



Sources: IMF, GTJASVN Research

II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

2.1.4 Positive Signals from the Real Estate Market

Financial and credit policies, including a VND 120 trillion package to support social housing, are expected to further stimulate the real estate market in 2025.

The social and industrial real estate segments are likely to benefit significantly from FDI inflows and domestic consumption. As of September 2024, credit growth in the real estate sector reached 9.15% compared to the end of 2023, accounting for approximately 20% of total credit in the economy.

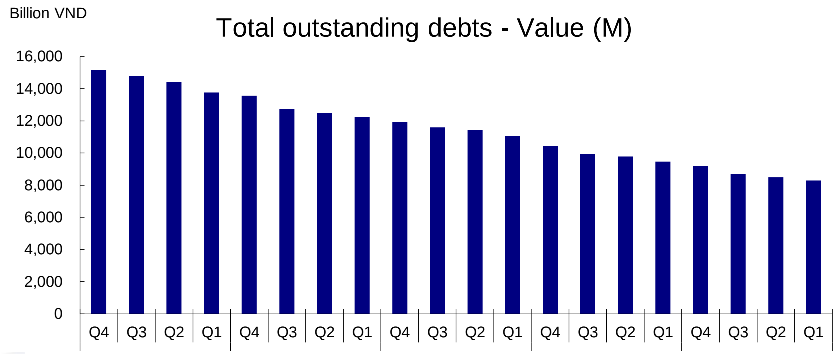
However, the market still faces challenges due to slow disbursement rates, liquidity issues, and risks stemming from investor sentiment. These factors remain a point of concern for policymakers as the State Bank continues to pursue tight monetary policies.

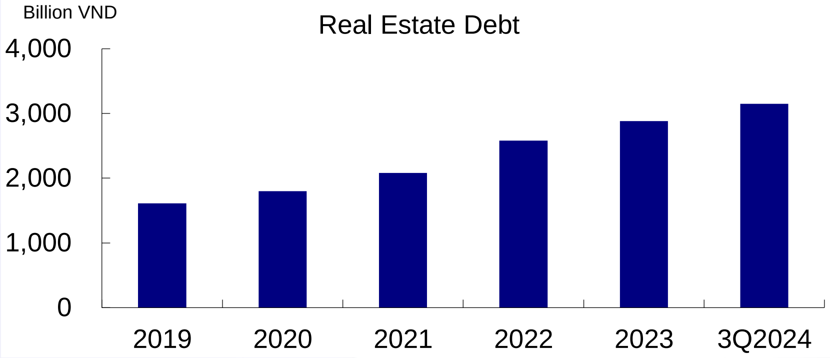
2.2 Internal Economic Pressures and the Banking System

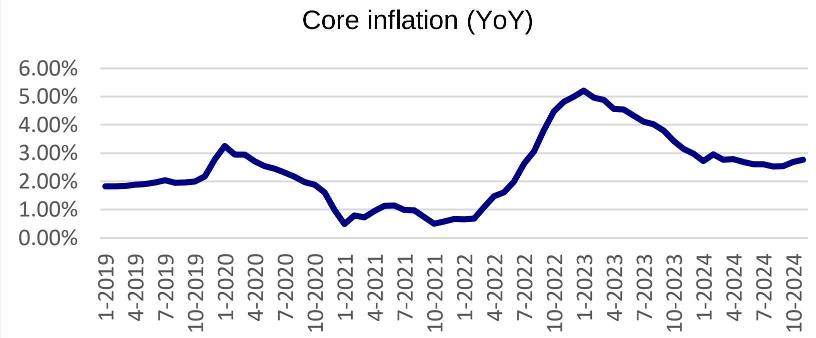
Inflation Control:

Domestic water prices increased significantly due to rising input costs, primarily in the food, beverage, and service sectors.

The CPI in November 2024 rose by 2.77% year-on-year, with an average increase of 3.69% over the first 11 months—still below the target of around 4%.



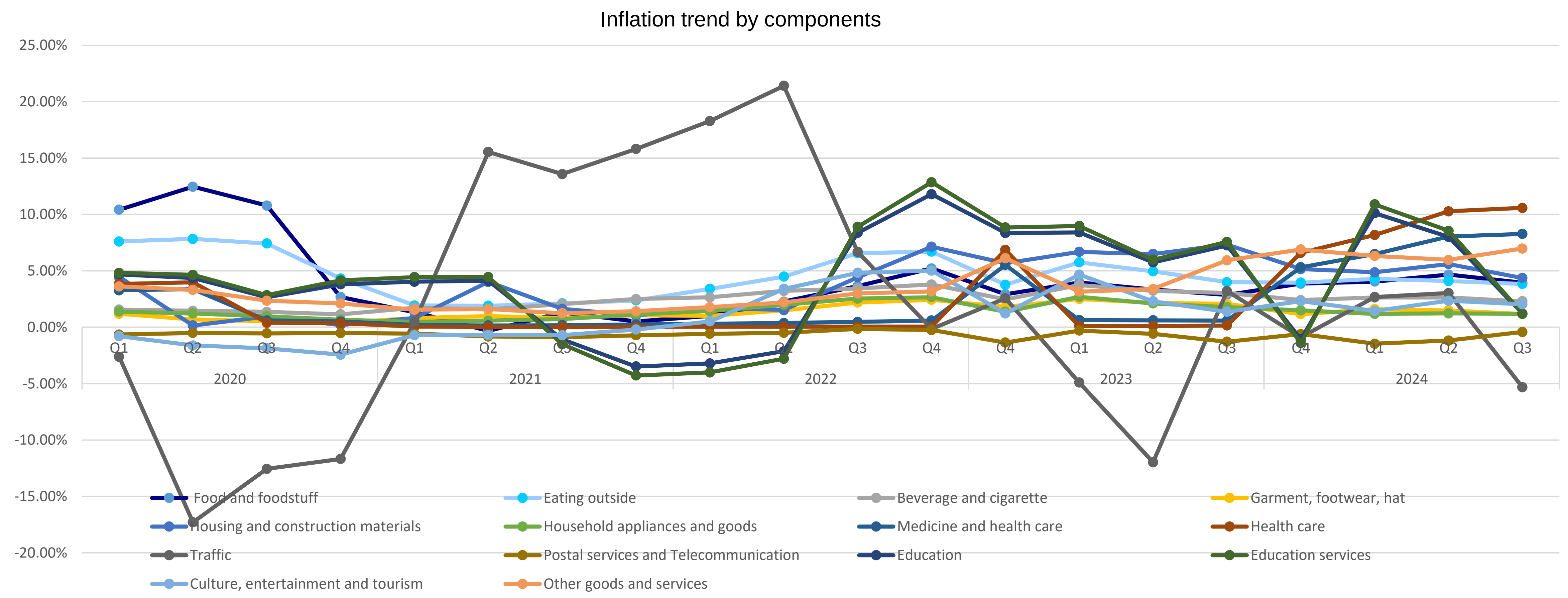




Sources: FiinProX, GTJASVN Research

II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

2.2 Internal Pressures on the Economy and the Banking System - Inflation Control:



Sources: FiinproX, GTJASVN Research

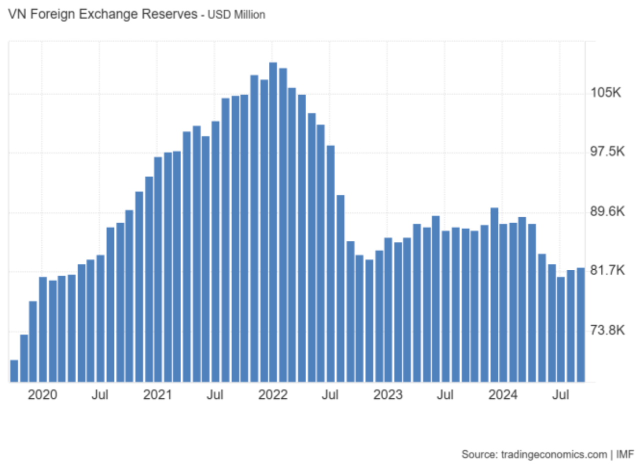
II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

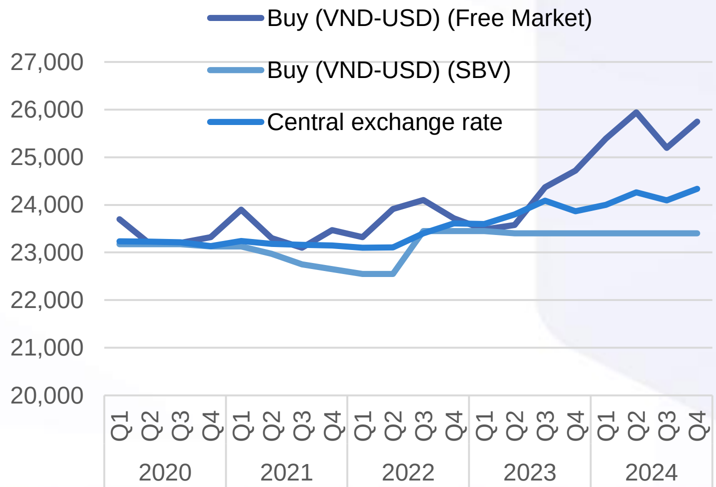
2.2 Internal Pressures on the Economy and the Banking System - Exchange Rate Stability:

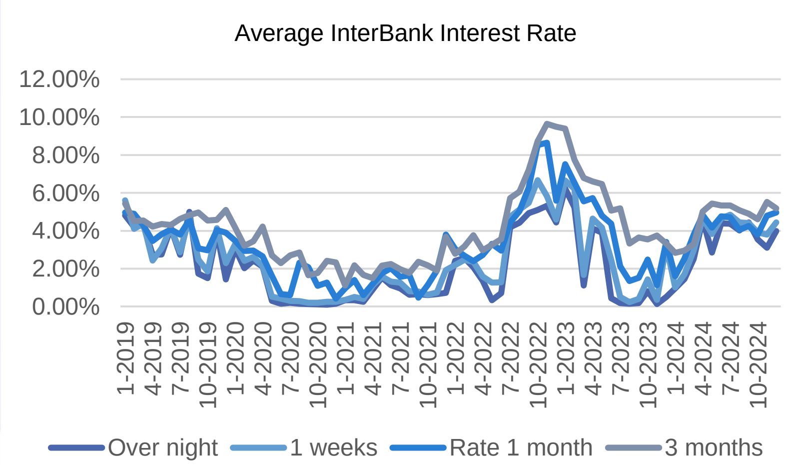
The interest rate differential between the U.S. and Vietnam has narrowed following the Fed's interest rate pause. However, pressure on the exchange rate remains elevated and has yet to be fully stabilized. According to data from the Vietnam Bond Market Association (VBMA), the interest rate differential on overnight interbank loans (O/N) between the U.S. and Vietnam has increased by approximately 0.62 percentage points compared to the same period last year, with exchange rate risks persisting toward the end of 2024.

The exchange rate of the VND/USD has experienced notable fluctuations, reflecting movements in global demand for USD-denominated assets. The State Bank of Vietnam (SBV) has maintained its policy interest rate at 4.5% to support economic recovery. The interest rate differential and the SBV's prudent monetary policies have contributed to stabilizing the exchange rate while balancing domestic and foreign capital flows.

Although interest rate levels remain high, they have supported foreign capital inflows and reduced pressure on the VND exchange rate. This has also helped maintain stability in Vietnam's foreign exchange reserves. A decrease in internal pressures on exchange rate stability is expected to pave the way for the SBV to reduce interest rates further in 2025.







Sources: FiinproX, GTJASVN Research

II. BUSINESS ENVIRONMENT OF VIETNAM BANKING INDUSTRY

2.3 Internal Pressure on Business Operations and the Banking System: Transmission of External Stress to the Banking Sector

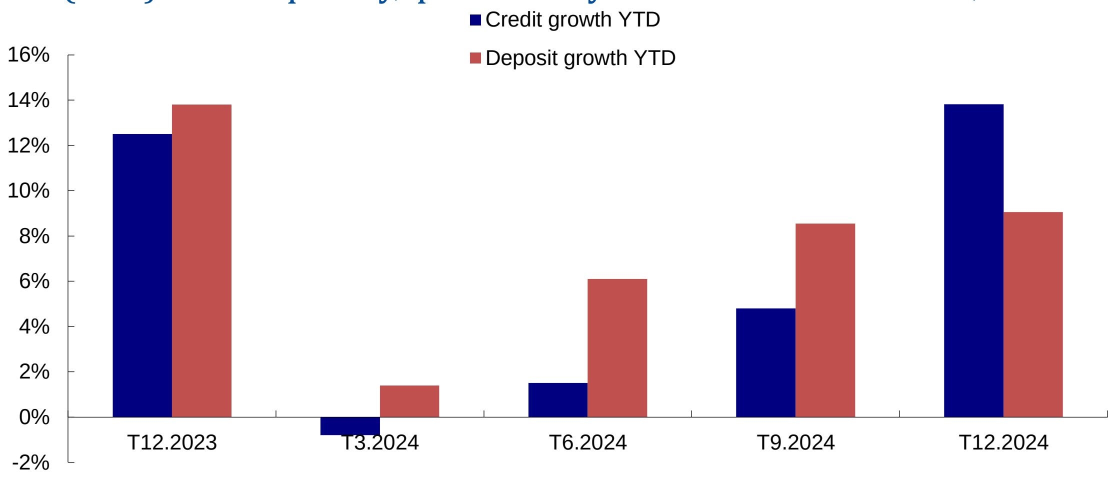
Recent pressures stem primarily from significant changes in business operations at banks, which are tied to shifts in monetary policy. Interest rate volatility has become a notable risk, along with significant adjustments in monetary policy, as observed both globally and domestically. This leads to concerns about banks' ability to maintain financial stability and their capacity to manage liquidity, given the rising cost of capital and operational challenges.

- **Interest Rate Movements:** Persistent upward pressure on interest rates, along with the Federal Reserve's policies to curb inflation, has directly influenced USD/VND exchange rates. This has further increased funding costs, impacting operational efficiency and profitability within the banking sector.

- **Non-Performing Loan (NPL) Risks:** The rising risk of NPLs has necessitated tighter supervision and control over credit quality. This increases operating costs, placing pressure on banks' net interest margins (NIM). Consequently, profitability has been constrained, while capital adequacy requirements have become increasingly challenging.

- **Competitive Pressure:** Heightened competition for deposit mobilization has driven funding costs even higher, especially in a context of reduced liquidity. Smaller banks face greater challenges compared to larger ones, leading to disparities within the sector.

- **Transmission Effects:** These pressures have not only highlighted the rising costs of operational risk but also the need to adjust the systemic resilience of the banking sector to cope with macroeconomic headwinds projected for 2025.

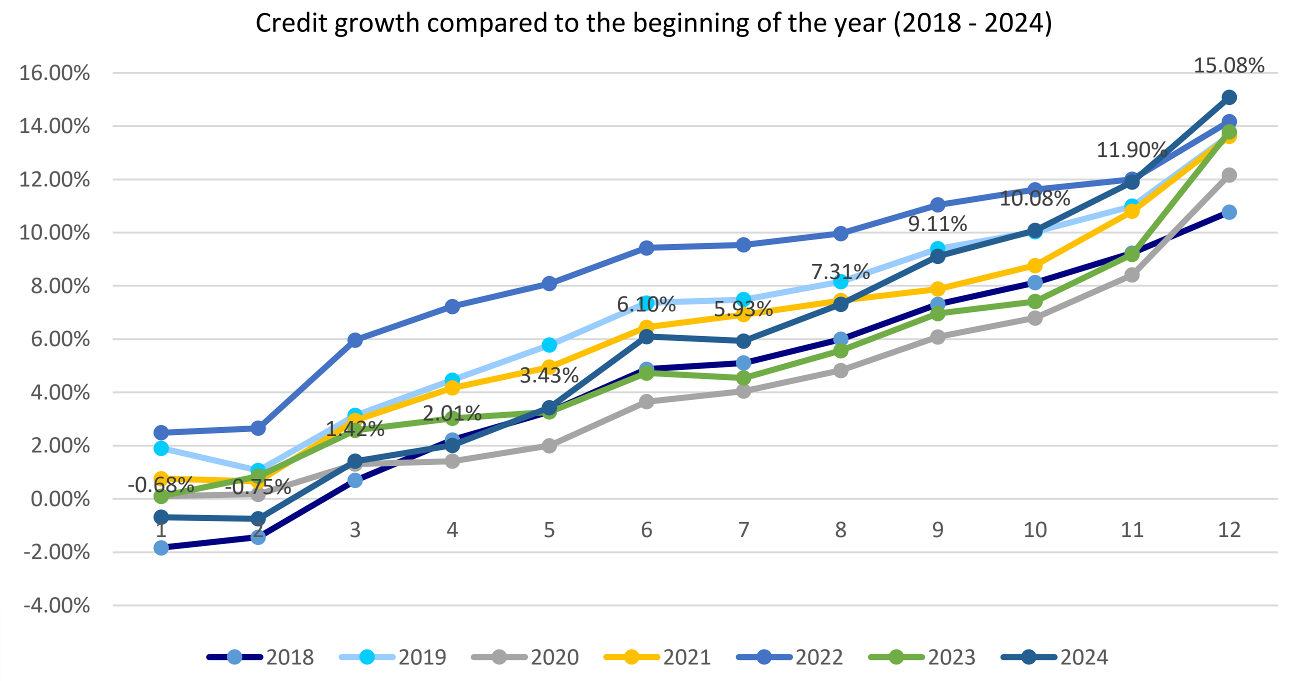


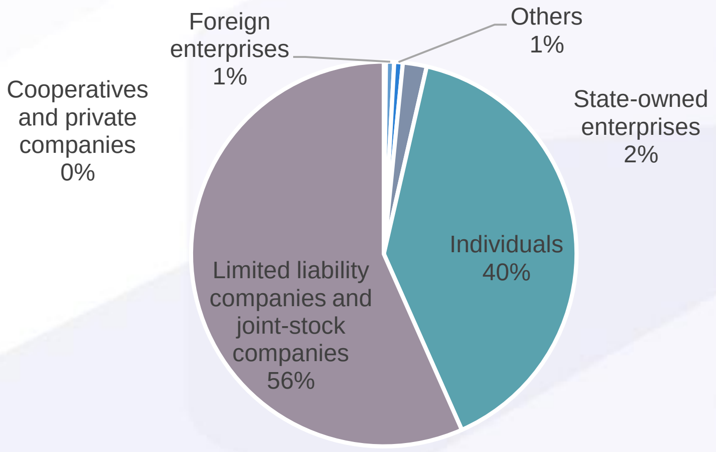
Sources: FiinproX, GTJASVN Research

I. CREDIT

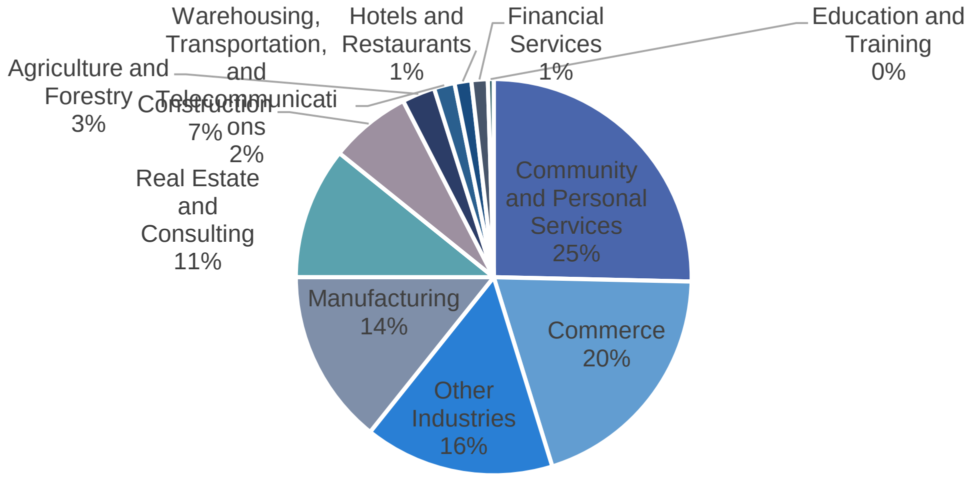
Credit growth 2024: Achieved target 15%

The State Bank of Vietnam (SBV) reported that as of December 31, 2024, credit to the economy had grown by approximately 15.08% compared to the end of 2023. Credit was primarily directed toward production, business sectors, and priority areas. For 2025, the SBV has set a target-oriented credit growth rate of 16%.





Loan classification by customer type Q3/2024



Loan classification by industry Q3/2024

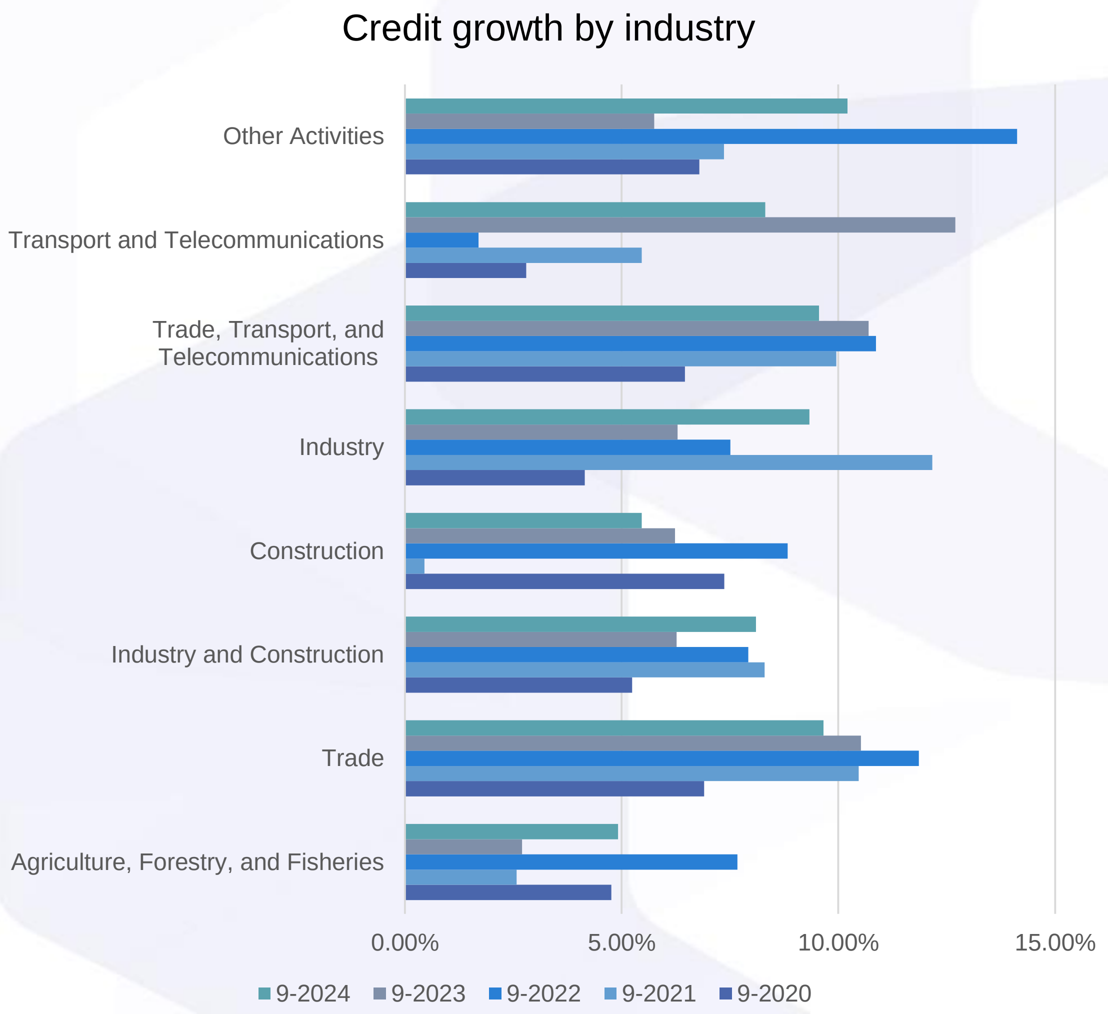
Sources: FiinproX, GTJASVN Research

I. CREDIT

The driving force behind credit growth in 2024 primarily stems from increased demand for capital in the commercial, industrial, and construction sectors (supported by the recovery of FDI inflows and the real estate market). While consumption and public investment continue to demonstrate positive momentum, overall, demand remains at a moderate level, reflecting limited consumer and corporate confidence.

Key Highlights of Banking Credit Growth in 2024:

- **Real Estate Market:** Credit growth in the real estate sector still faces challenges due to cautious monetary policies. Although support measures have been introduced, market liquidity has not fully recovered. Credit institutions remain selective, focusing on financing real estate projects that show signs of completion (mortgages) rather than speculative ventures.
- **Consumer Credit:** The demand for consumer loans is expected to recover moderately, driven by gradual improvements in income levels and economic sentiment. However, the pace of recovery remains uneven across different consumer segments.
- **Small and Medium Enterprises (SMEs):** Many SMEs are still facing difficulties, especially in accessing capital, due to stricter lending criteria. High interest rates and limited collateral availability are significant obstacles to credit expansion in this segment.
- **Manufacturing Sector:** The manufacturing sector is projected to play a more prominent role in driving credit growth compared to previous years, as businesses shift their focus from real estate and consumption toward production and export-oriented activities.



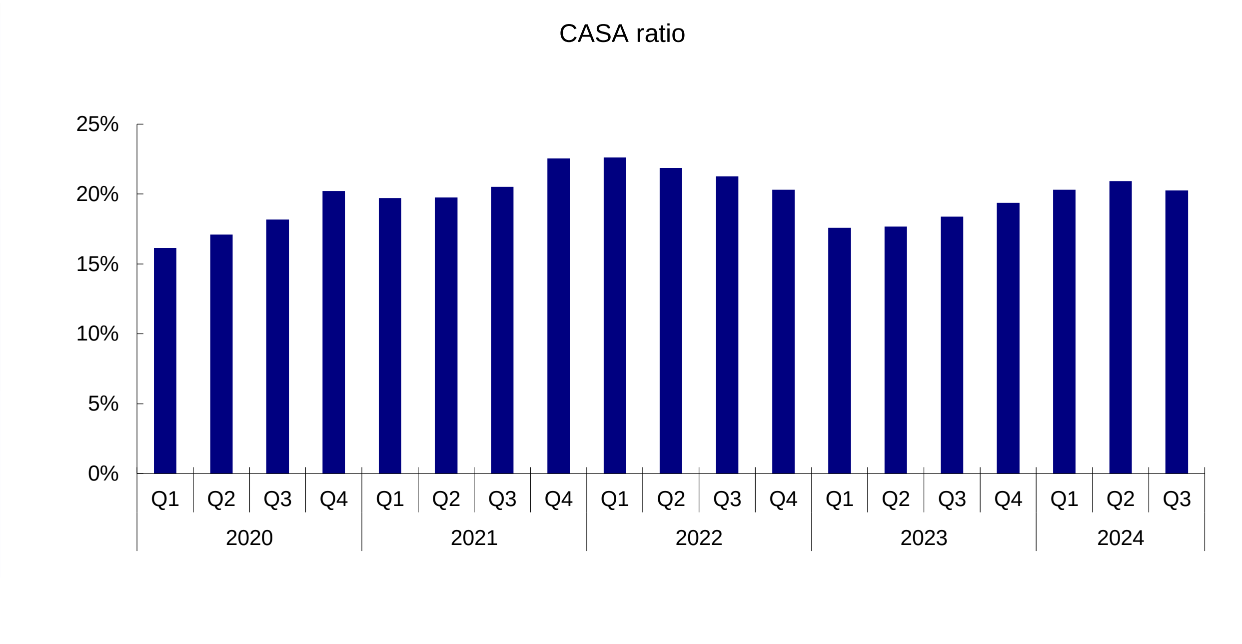
Sources: FiinproX, GTJASVN Research

II. DEPOSIT

1. The Current Account Savings Account (CASA) ratio has shown signs of recovery compared to 2023.

Trend: In 2024, the CASA ratio of Vietnam's banking sector has recovered from its lowest point and stabilized around the 20% threshold. This improvement has been driven by banks accelerating digital transformation efforts and offering enhanced utilities to customers.

Challenge: Despite the recovery, the average CASA ratio remains lower than during the 2020-2022 period. The primary reason is heightened consumer caution in spending and investment, leading to lower balances in current and savings accounts compared to previous levels. Additionally, many banks have raised deposit interest rates to attract capital inflows, which has hindered the CASA ratio from returning to its peak.



Sources: FiinproX, GTJASVN Research

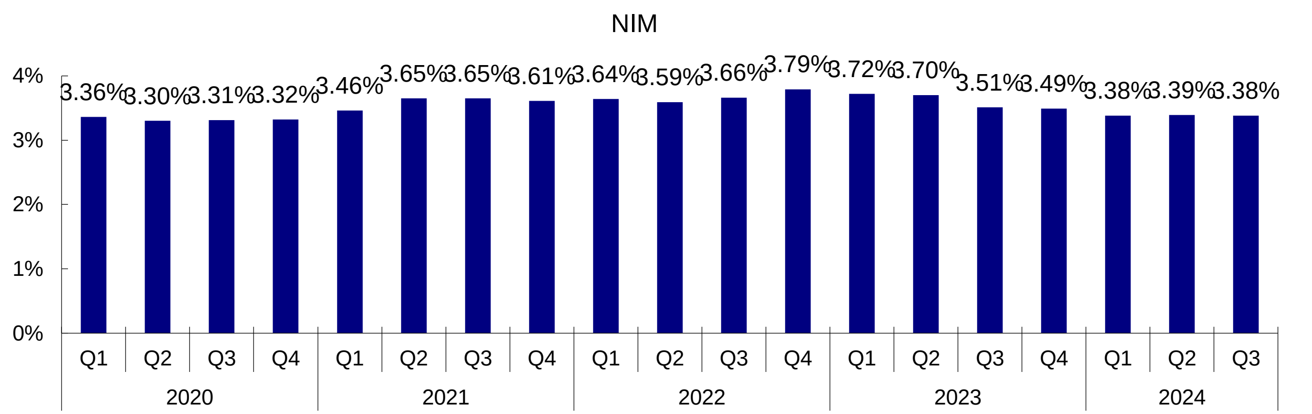
III. OPERATIONAL EFFICIENCY

Net Interest Income (NIM):

NIM Trends in 2024:

- Q1: NIM decreased to 3.49% (from 3.73% in the same period of 2023) due to funding costs declining faster than lending rates and subdued credit growth.
- Q2: While there was a slight improvement in CASA ratios and a reduction in funding costs, the pressure from declining asset yields continued to weigh on banks' profitability.
- Q3: Banks faced challenges as the slow recovery in credit growth limited improvements in NIM, despite benefiting from reduced cost-of-funds and regulatory adjustments.
- Q4: NIM is expected to decline further by 0.1–0.2 percentage points year-on-year as banks continue to prioritize supporting key sectors and easing lending rates for priority areas. However, competition to attract funding has intensified, which could mitigate some downward pressure on NIM.

Overall, in 2024, most banks faced compressed NIM due to elevated funding costs (as deposit rates remain high) combined with ongoing lending rate reductions to support economic recovery. Despite the challenging environment, banks have managed to adjust pricing strategies and optimize their balance sheets to maintain stability. On the other hand, weak credit demand and fierce competition in the low-interest-rate environment present further challenges. That said, certain segments, such as retail lending and sectors benefiting from improving consumer sentiment, still offer room for growth in the coming quarters.



Sources: FiinproX, GTJASVN Research

IV. NON-INTEREST INCOME

1. Bancassurance Faces Challenges Due to Regulatory Changes

The bancassurance operations of Vietnamese banks experienced significant volatility in 2024 due to the ongoing tightening of the regulatory framework and evolving market conditions.

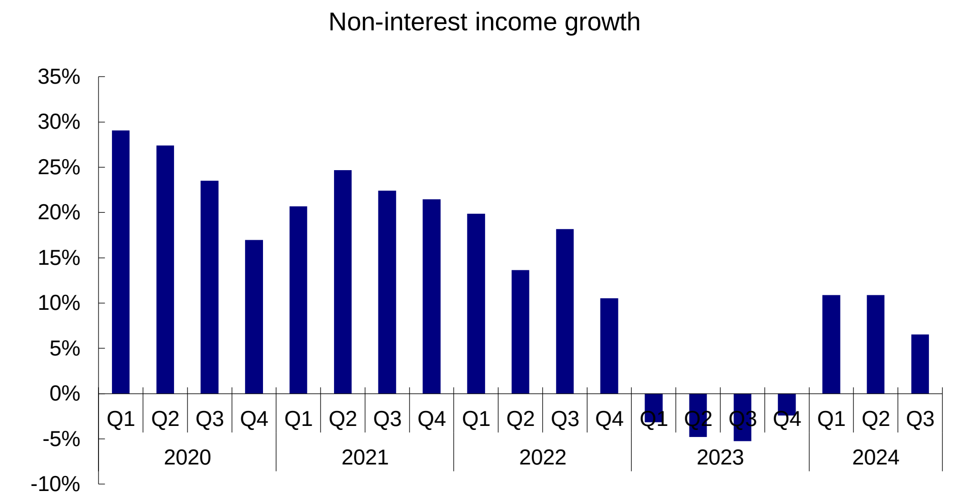
Regulatory Changes: Since July 1, 2024, amendments to the insurance business law have taken effect, introducing stricter requirements for bancassurance distribution, particularly in terms of product transparency and advisory processes. Banks must ensure that their sales practices comply with these new regulations to avoid risks of penalties or reputational damage.

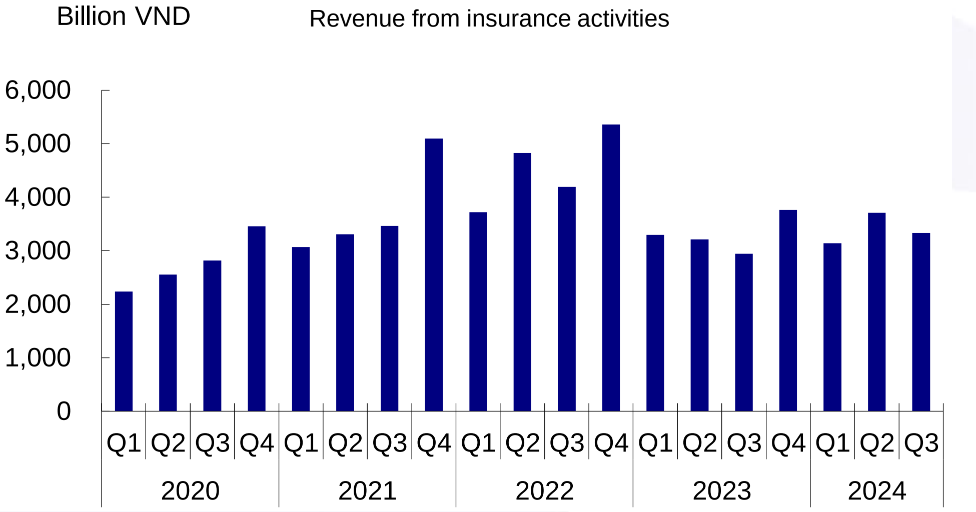
Impacts on Bancassurance Activities::

- The tightened regulatory environment caused a decline in revenue from insurance fees for several banks.
- Since July 1, 2024, stricter rules on customer consultation and insurance contract transparency have been enforced, leading to adjustments in bancassurance sales strategies across banks.
- Banks are now focusing more on training employees and enhancing their advisory processes to meet regulatory requirements, while maintaining customer trust.

Outlook for 2025:

In 2025, bancassurance is expected to recover, provided banks successfully adapt to the new regulatory landscape. However, revenue growth will remain constrained if regulatory oversight continues to tighten. This will necessitate innovative sales approaches, improvements in customer advisory quality, and a shift towards long-term, sustainable growth in the bancassurance segment.





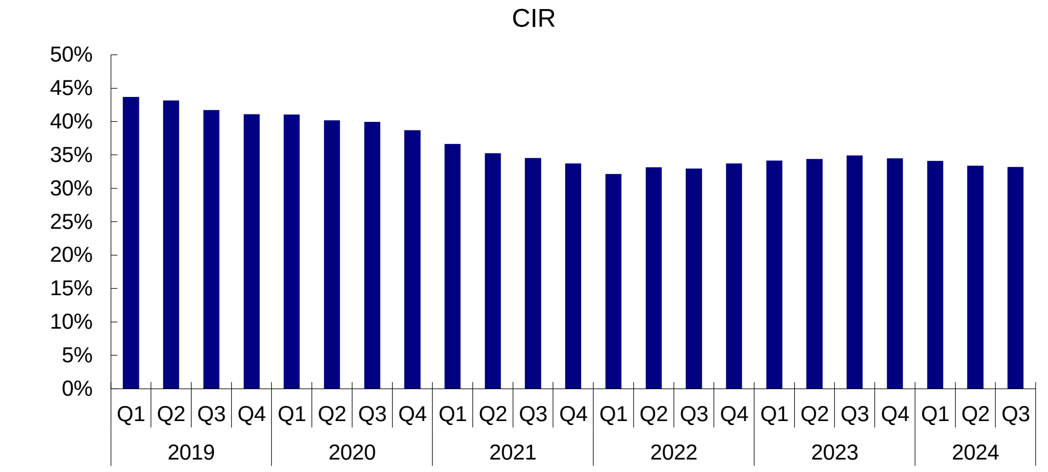
Sources: FiinproX, GTJASVN Research

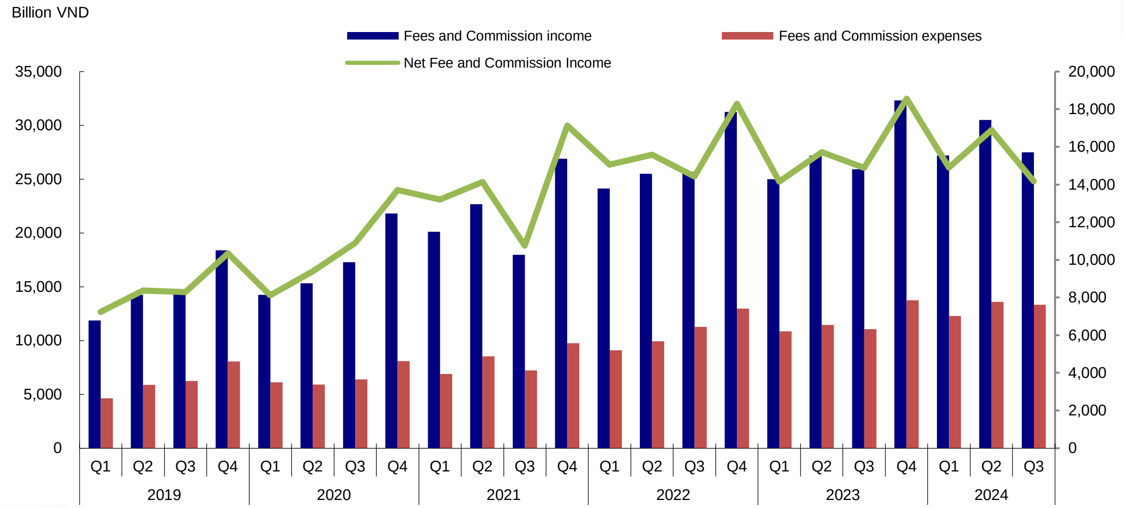
IV. NON – INTEREST INCOME

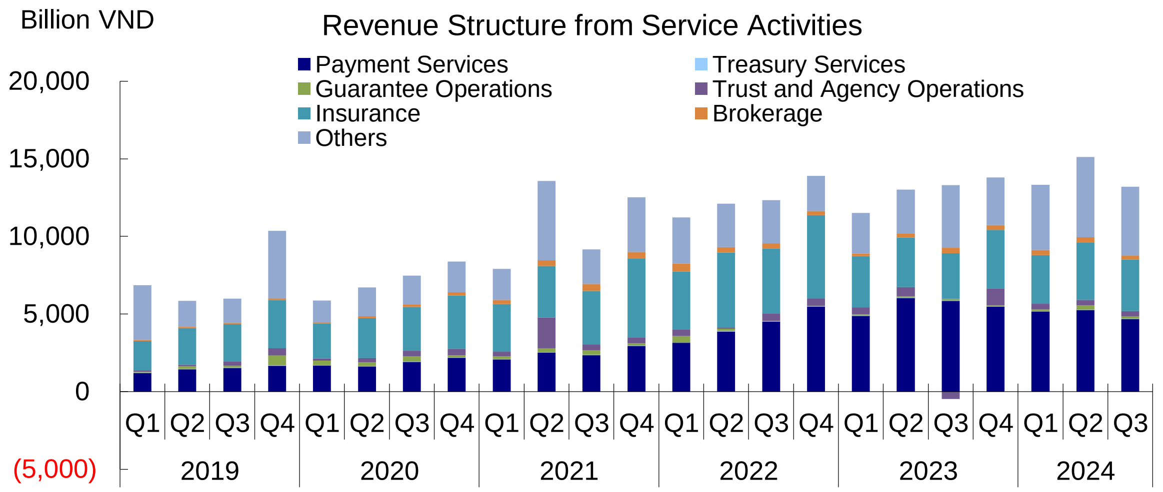
2. Fee income

Fee-based service revenue for banks has demonstrated stable growth over recent years, particularly from 2022 to 2024, driven by strategies to expand credit card-related fee income. Payment services, especially non-cash payment solutions, have contributed significantly, reflecting a strong shift from cash-based to digital payment methods..

The adoption of advanced digital solutions has also enabled banks to better manage their core systems, enhance operational efficiency, and reduce the cost-to-income ratio (CIR). Additionally, these innovations have improved customer experiences and satisfaction.







Sources: FiinproX, GTJASVN Research

V. ASSET QUALITY

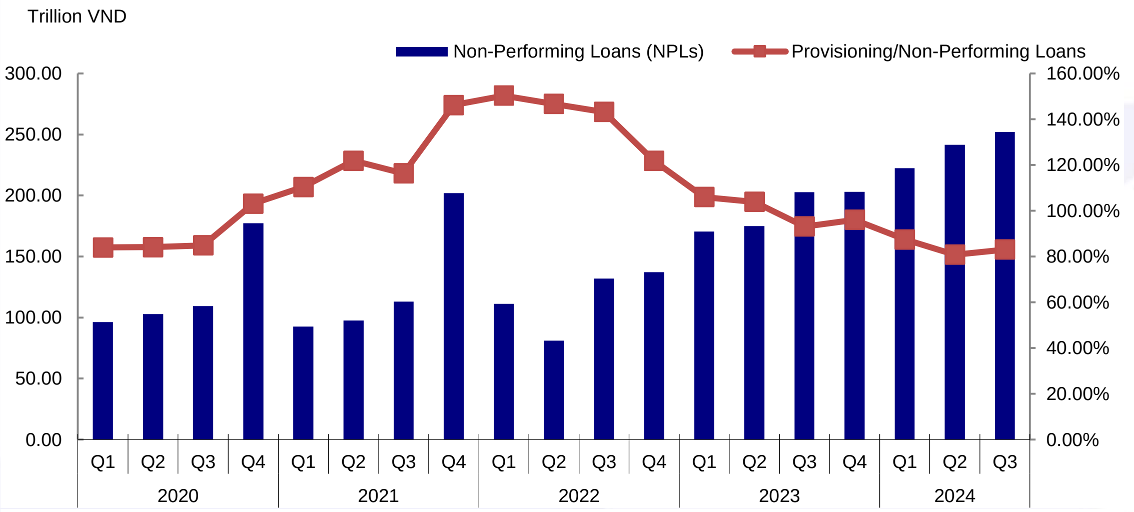
1. The upward trend in non-performing loans (NPLs) following the post-pandemic period shows no signs of ending.

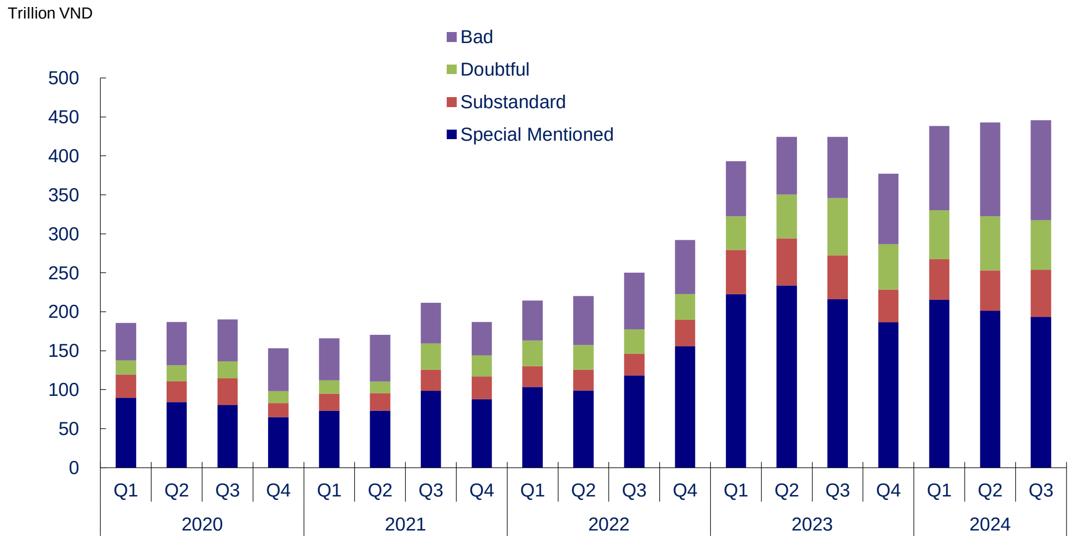
As of the end of September 2024, the on-balance-sheet non-performing loan (NPL) ratio of the Vietnamese banking system reached 4.55%, a significant increase compared to 2% at the end of 2022.

In the first three quarters of 2024, the non-performing loan (NPL) ratio increased consistently each quarter, marking four consecutive quarters of growth. This trend highlights mounting pressure on asset quality amid a challenging economic environment.

Some of the key underlying causes can be summarized as follows:

- **Real Estate, Construction, and Consumer Loans:** These sectors have been heavily impacted by unfavorable economic conditions, including declining market demand and constrained cash flows.
- **Financial Pressure:** Businesses are struggling with high borrowing costs and challenging business environments, while individuals face insufficient income to cover expenses and repay debts.
- **Credit Quality:** Many loans from previous periods continue to downgrade into worse debt classifications due to the absence of further restructuring, especially after the cessation of support policies.





Sources: FiinproX, GTJASVN Research

CONCLUSION

The Vietnamese banking sector in 2024 faces several short-term challenges, including rising non-performing loans (NPLs), pressure to maintain net interest margins (NIM), and sluggish credit growth. However, new policies such as the 2024 Law on Credit Institutions, along with trends in digitalization and asset restructuring, are expected to provide a foundation for more transparent and sustainable development in the long term. Key segments, such as personal lending, real estate, and non-credit business activities (e.g., fee-based income and digital banking), will continue to play a pivotal role in the sector's development strategy.

Sources: FiinproX, GTJASVN Research

C. OUTLOOK FOR THE BANKING INDUSTRY IN 2025

I. CREDIT GROWTH

- According to updated market information, the State Bank of Vietnam (SBV) forecasts credit growth in 2025 to be approximately 16%.
- Credit growth in 2025 is expected to continue benefiting from a more stable macroeconomic environment, supported by monetary and fiscal policies aimed at economic recovery. Specifically, credit disbursement will remain focused on key economic sectors, such as manufacturing, agriculture, and logistics. Credit policies supporting small and medium-sized enterprises (SMEs) will continue to serve as an impetus for maintaining economic growth momentum.
- The real estate market is anticipated to gradually recover, with housing demand projected to remain high in 2025. This will positively influence the home loan (mortgage) segment, which has shown signs of recovery since late 2024.
- Other sectors, such as retail, trade, and services, are also expected to benefit from sustained credit growth driven by the economic recovery.

II. PROFITABILITY

The profitability outlook for the banking sector in 2025 is expected to see growth of 2 components, with net profit forecasted to rise by 15%-18% based on the following factors:

- Net interest income (NII) is likely to improve further, supported by robust credit growth and relatively stable net interest margins (NIMs).
    - A stronger focus will be placed on promoting retail banking activities and diversifying revenue streams from services such as mortgages, bancassurance, and other fee-based services.
    - Cost efficiency will continue to improve as a result of effective expense management and optimized operational models.
- Non-interest income is anticipated to increase thanks to:
    - Recovery in trading activities in the bond market as interest rates stabilize.
    - Positive momentum in fee-based services, such as bancassurance and investment consulting.
- Operating costs are projected to remain well-managed, resulting in higher operating efficiency across the system. This is expected to drive return on equity (ROE) growth and maintain low cost-to-income ratios (CIR).

Legal changes positively impact the long-term sustainable development of the banking industry.

Legal Framework	Changes	Impacts
Circular 02/2023 (No Fixed Deadline)	Banks are required to classify and provision for bad debts based on their level of risk. This includes evaluating debts related to bond issuers. Non-compliance with these regulations may result in tax penalties or disallowances.	**Short-term:** Enhanced risk management through stricter provisioning, increasing resilience to risks, especially in the bond market from 2025 onward. **Long-term:** Minimized risks in related-party transactions, improving transparency and bolstering trust in the banking system.
Law on Credit Institutions (CIs) 2024	Strengthen risk governance, especially for related-party transactions, to ensure alignment with international standards. More stringent compliance requirements for minimum capital adequacy ratios (CAR) to enhance financial stability.	**Short-term:** Increased compliance costs for banks, particularly those with capital levels not yet meeting the new standards. The recent trend of banks raising Tier 2 capital to improve their CAR reflects appropriate preparation and reinforces this trajectory. **Long-term:** Mitigates systemic risks, enhances sustainability, and strengthens national financial stability.

Sources: FiinproX, GTJASVN Research

III. BANKING INDUSTRY TRENDS

1. M&A activities continue to take place within the banking sector.

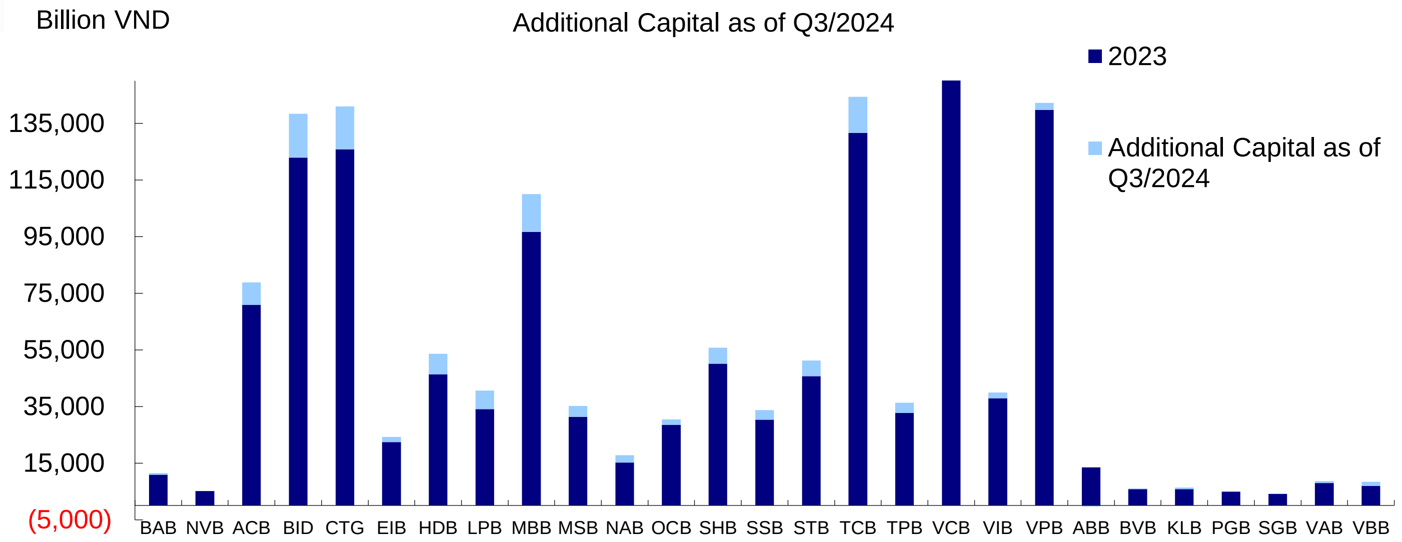
- **VIB:** In 2024, foreign shareholder BCA, after years of investment in VIB, completed the divestment of a 15% stake and now holds only a 5% share in the bank.
- **SHB Finance:** The sale of SHB Finance to a foreign partner, initiated in 2023, was accelerated in 2024 with the goal of completing the transfer. SHB Finance, with total assets exceeding VND 13,000 billion and serving nearly 1 million customers, is valued at approximately USD 150 million, providing SHB with substantial cash inflows.
- **BIDV Private Placement:** In 2024, BIDV prepared to privately place nearly 124 million shares at a price of VND 38,800 per share, aiming to raise over VND 4,800 billion. This issuance is expected to be carried out in Q1 2025 and has been approved by the 2024 Annual General Meeting of Shareholders, providing additional capital for BIDV.

2. The Trend of Capital Increase Through Stock Dividend Issuance

A rapid capital increase is an urgent requirement for banks to meet the growing demand for credit and ensure compliance with regulatory safety ratios in recent years.

Cash dividend payments are primarily observed in a few banks, mainly state-owned banks (SOBs) or ACB. Meanwhile, the majority of other banks focus on reinvestment to strengthen their financial capacity.

Additionally, banks have been actively raising Tier 2 capital through bond issuances.



Sources: FiinproX, GTJASVN Research

In summary: Banking Sector 2025 - Opportunities and Challenges

In 2025, the banking sector will face a challenging macroeconomic environment, presenting both opportunities and risks. On the positive side, credit growth is expected to remain strong, particularly in key segments, supporting the growth of banks' interest income. Additionally, non-interest income is anticipated to remain stable, driven by robust digital transformation efforts and the expansion of non-credit business activities.

However, the sector will also face several key risks, including short-term systemic liquidity shortages, pressure from rising policy interest rates and exchange rates, which could increase funding costs. Additionally, unresolved bad debt issues may impact banks' short-term business performance and pose further challenges in maintaining safety ratios and necessary buffers for sustainable growth.

Sources: FiinproX, GTJASVN Research

INVESTMENT STRATEGY

We classify promising stocks into three main thematic groups:

3 STRATEGIC GROUPS

- BANKS WITH STRONG FUNDAMENTALS AND HIGH CASA RATIO
- SAFE BANKS WITH STRONG CAPITAL BUFFERS AND RAPID BAD DEBT REDUCTION
- BANK WITH HIGH GROWTH POTENTIAL AND PROACTIVE DIGITAL TRANSFORMANTION

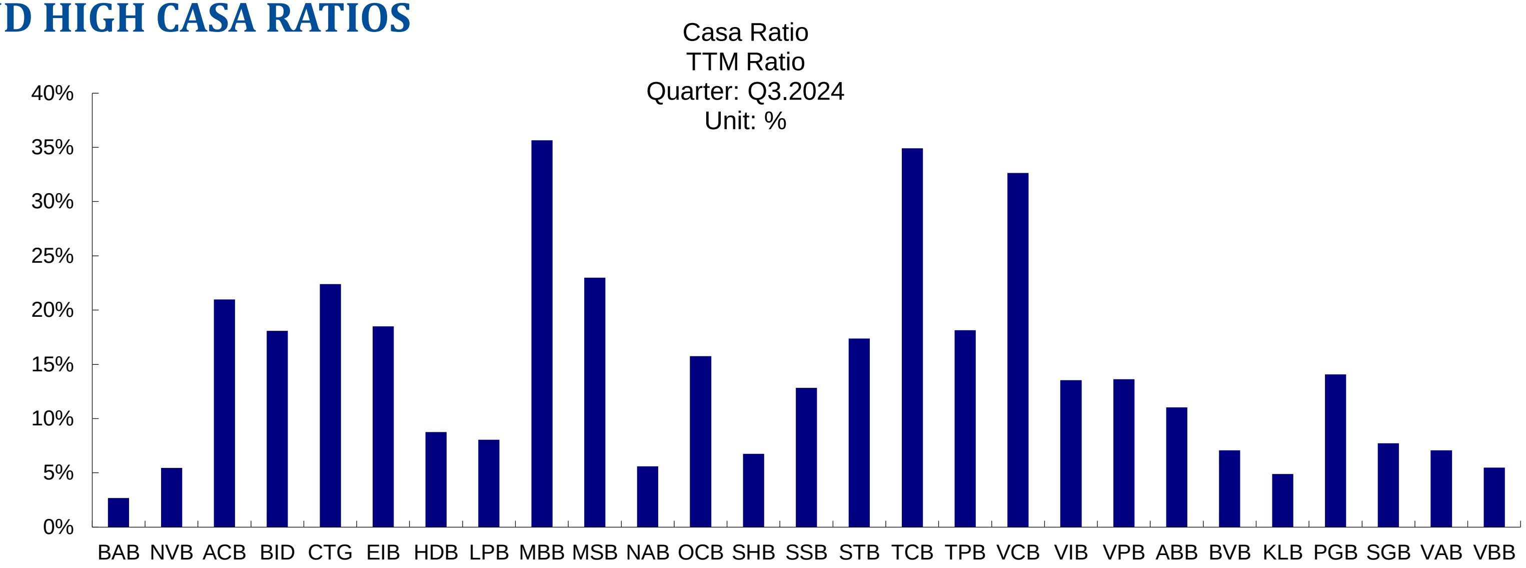
Sources: FiinproX, GTJASVN Research

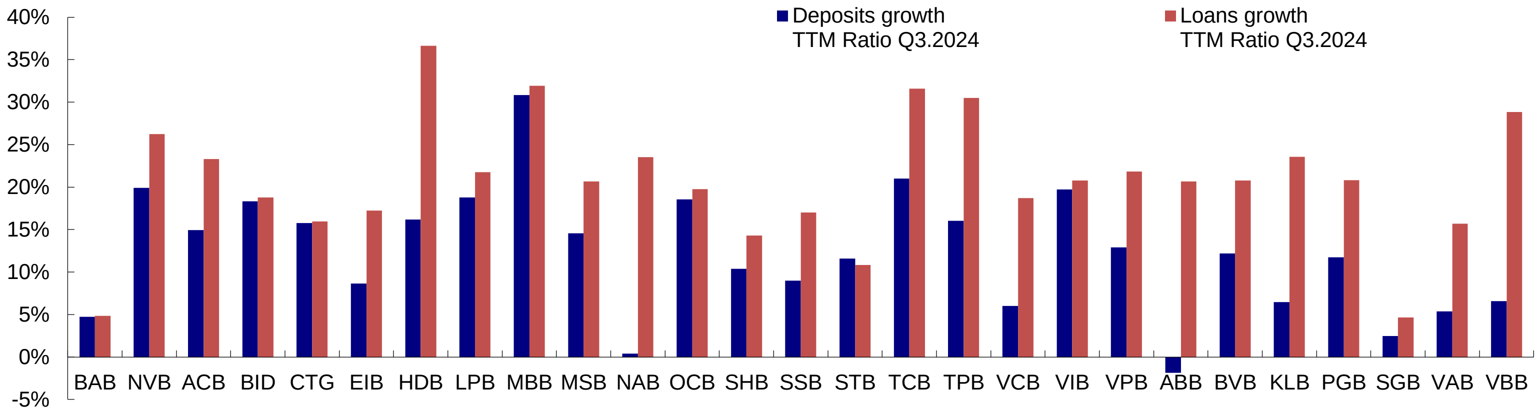
I. BANKS WITH STRONG FUNDAMENTALS AND HIGH CASA RATIOS

Banks with high CASA ratios are expected to benefit in a competitive interest rate environment due to low funding costs and sustainable growth potential. Notable stocks include:

TCB: With one of the highest CASA ratios in the industry, strong risk management, and a focus on the high-end customer segment.

MBB: A diverse service ecosystem, with a high CASA ratio maintained through military customers and integrated services.

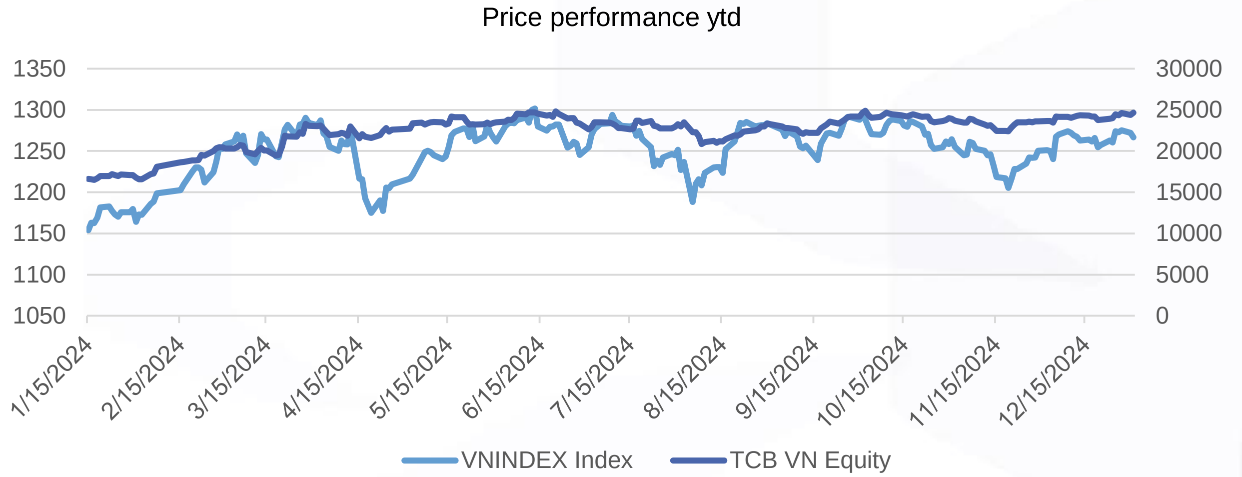


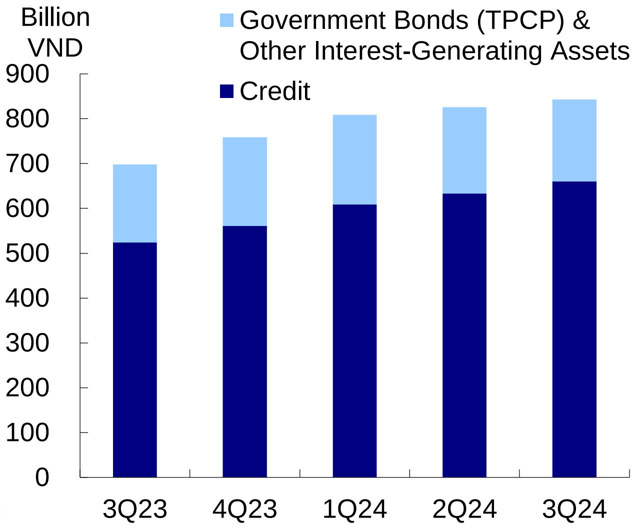


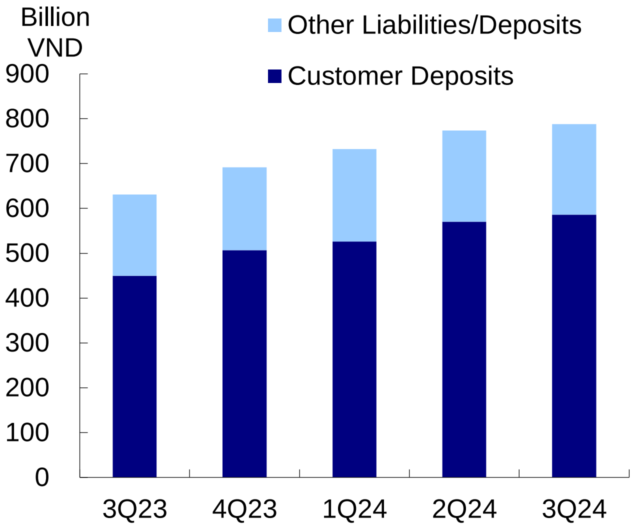
Sources: FiinproX, GTJASVN Research

D. WATCH LIST- TCB- TP: 27,500 (UPSIDE +16.03%)

1. VIETNAM TECHNOLOGICAL AND COMMERCIAL JOINT STOCK BANK – TCB







Investment catalysts TCB:

TCB is a joint-stock commercial bank in the leading private sector group. The bank's business performance in 2025 is expected to grow strongly thanks to:

- An increase in NIM driven by high credit growth, improved CASA ratio from the low range, and a reduction in COF.
- Higher investment banking income as the bond market gradually recovers.
- Loan balances in the mortgage segment and personal customers, as well as credit card segments, are expected to grow well, bringing in high-profit margins.
- TCB is a bank with top-tier industry metrics in terms of operational efficiency and asset quality (NIM, ROE, CASA, NPL ratio, CAR).

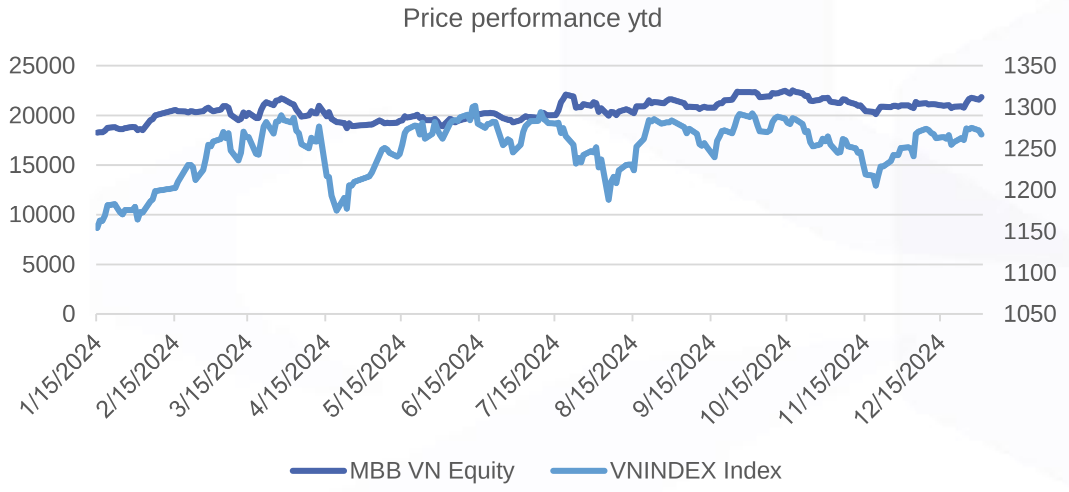
In 2025, TCB is expected to continue receiving higher-than-average credit quotas compared to the overall industry, similar to 2024. The bank also plans to distribute a 15% cash dividend in mid-year.

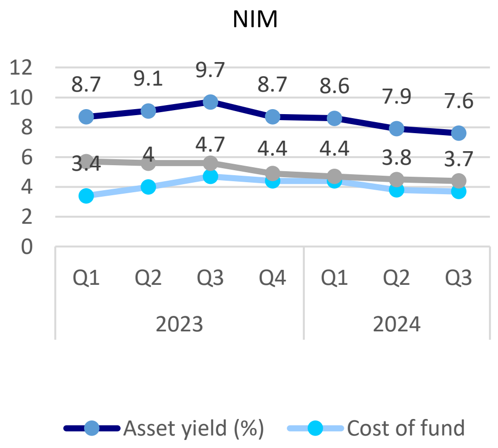
Risks

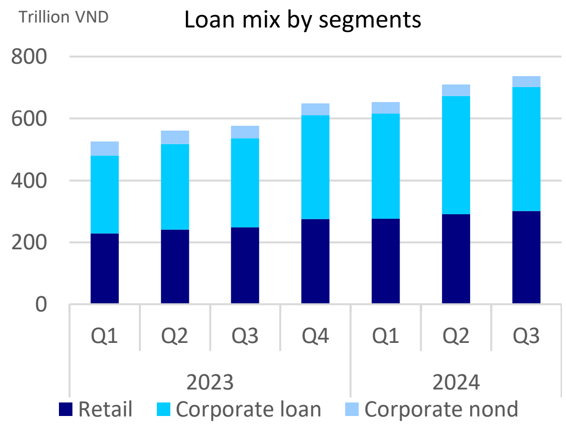
- Credit demand in the real estate sector is recovering more slowly than expected.
- The net interest margin (NIM) may be impacted if deposit interest rates increase.

Sources: Bloomberg GTJASVN Research

2. VIETNAM MILITARY JOINT STOCK COMMERCIAL BANK – MBB







Investment Thesis for MBB

- **High CASA Ratio Driven by a Diverse Customer Ecosystem**: MBB continues to leverage the advantage from its military and state-owned customer base to maintain a CASA ratio above 40%, helping to reduce funding costs.
- **Diverse Financial Product Ecosystem to Optimize Systems and Revenue Streams:** MBB’s operations focus not only on credit but also on expanding financial services such as insurance, asset management, and investment, creating stable income sources. This supports effective cross-selling, system management, and maintains a loyal customer base.
- **Involvement in the "Zero-VND Bank" Restructuring Creates Credit Growth Potential:.** MBB's participation in the restructuring of "zero-VND banks" opens up opportunities for future credit growth. Additionally, its long-established customer base in core sectors such as manufacturing and consumer goods helps the bank sustain high credit growth rates.
- Specifically, in 2025, MBB aims for a 26% credit growth target.

Risks:

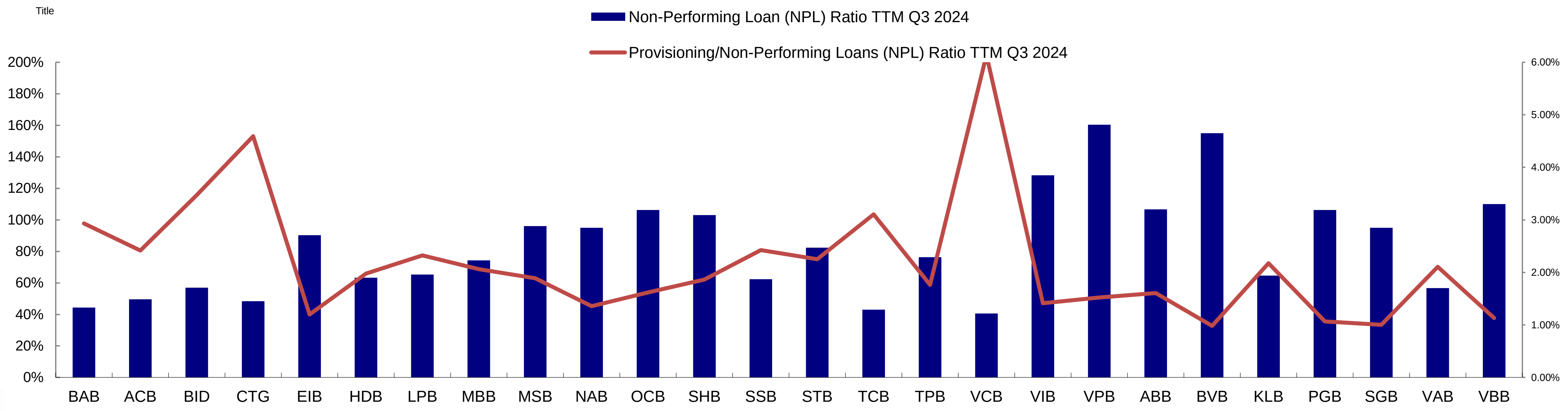
- The risk of increased bad debt from small enterprises if the economic environment remains unfavorable. There are also risks associated with certain large customers that have shown positive progress recently.
- Competitive pressure in the digital banking and insurance sectors.

Sources: Bloomberg GTJASVN Research

II. SAFE BANKS WITH STRONG CAPITAL BUFFERS AND RAPID BAD DEBT REDUCTION

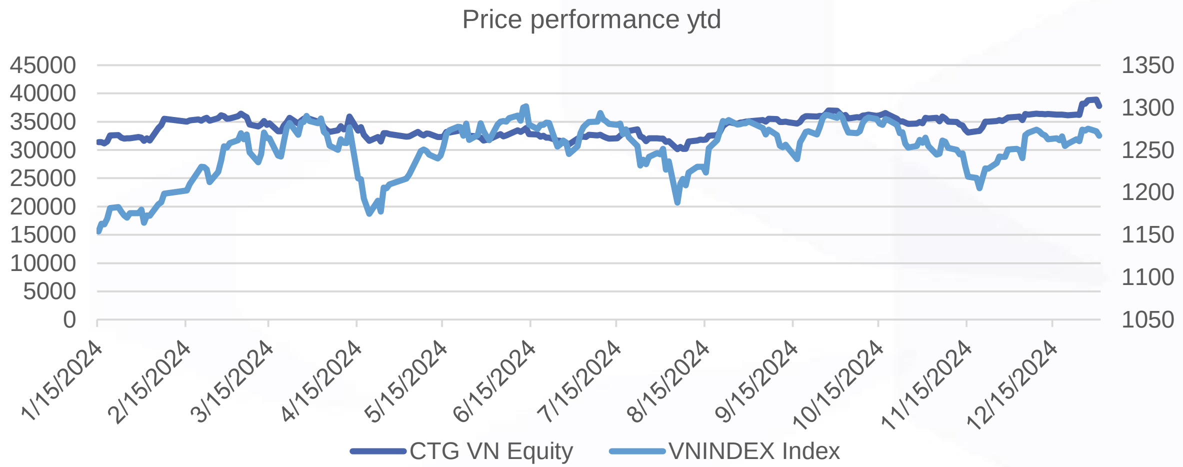
In this group, we have selected three stocks: CTG, VCB, and ACB.

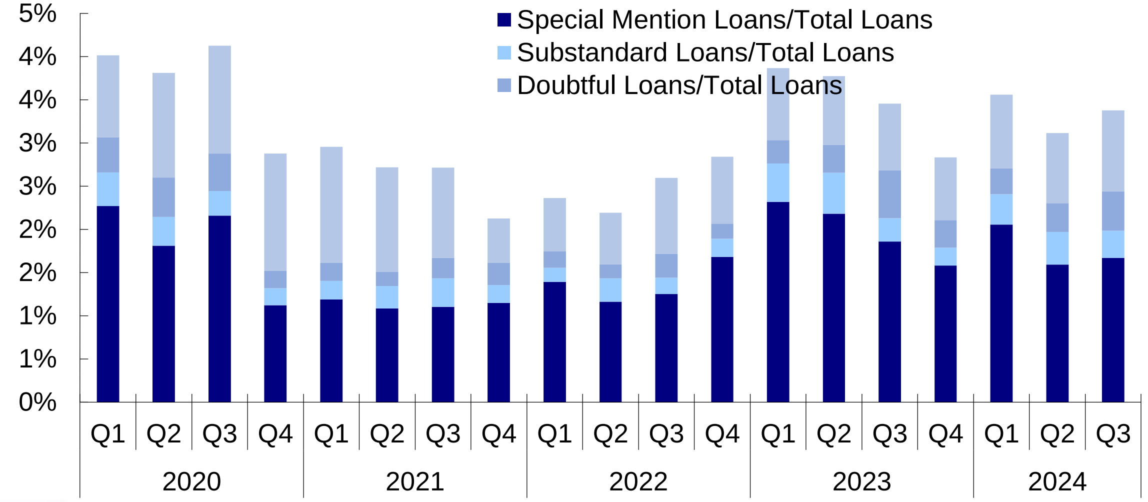
CTG has been actively enhancing its bad debt resolution process, improving asset quality, and reducing provisioning pressure. The reduction in bad debt also helps these banks improve operational efficiency and profitability.
Meanwhile, VCB consistently holds the top position in the system in terms of bad debt coverage ratio and is considered a reliable stock for a safe, foundational portfolio.
ACB stands out among private sector banks with a strong risk appetite, maintaining stable growth momentum.



Sources: FiinproX, GTJASVN Research

3. VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE – CTG





Investment Thesis for CTG

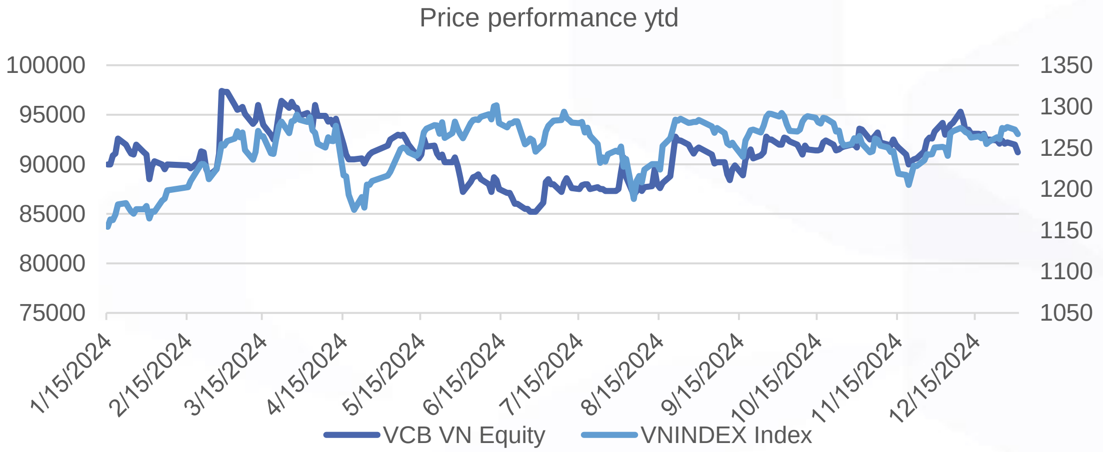
- **Effective Bad Debt Resolution:** VietinBank has implemented robust measures to address bad debt, focusing on loan restructuring, debt recovery, and strengthening risk provisioning. The bad debt ratio has significantly decreased compared to 2022-2023, creating conditions to enhance asset quality and reduce future provisioning pressures.
- **Stable Credit Growth**: With the reduction in bad debt, CTG now has room to expand credit, especially in priority sectors such as small and medium-sized enterprises (SMEs), retail, and green credit. The bank is also optimizing its Foreign Direct Investment (FDI) component.
- **Improved CASA Ratio:** Through the promotion of digital banking products and enhanced customer services, CTG has improved its CASA ratio, which helps boost profitability margins.
- **Profit Growth Drivers in 2025:** Reduced provisioning costs, along with stable credit growth, will help improve net interest margin (NIM) and net profit.

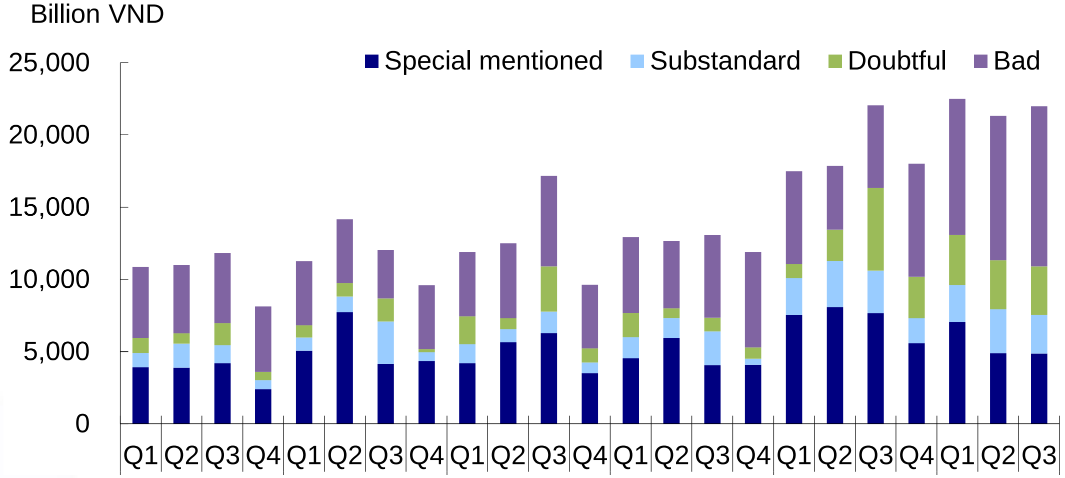
Risks:

The risk from economic fluctuations that could impact credit growth prospects and customers' ability to repay debts.

Sources: Bloomberg GTJASVN Research

4. VIETNAM JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE – VCB





Investment Thesis for VCB

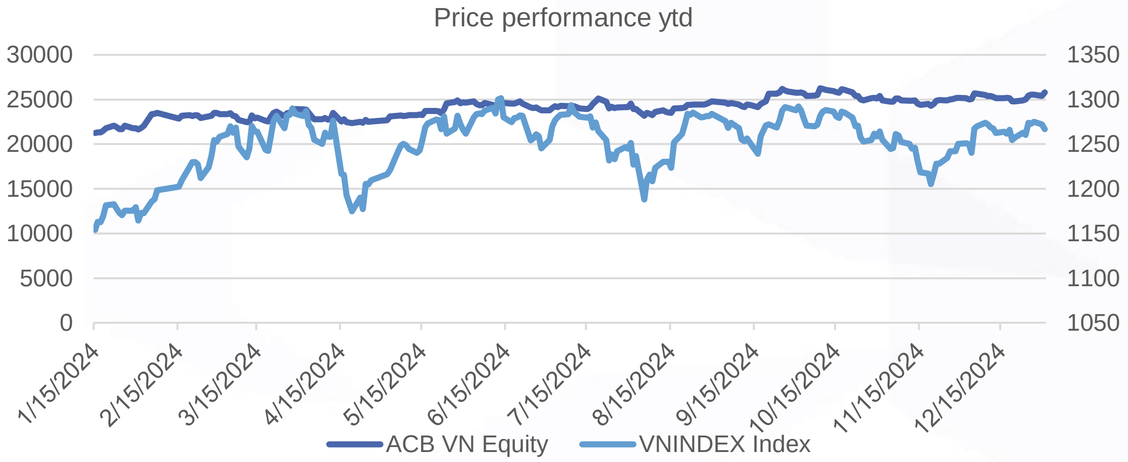
- **Leading Profitability:** VCB has maintained its position as the top bank in Vietnam in terms of profitability for many years, thanks to its strong advantage with corporate clients—especially in international payments. The bank's reputable brand allows it to maintain and improve its CASA ratio, ranking third in the banking sector.
- **Strong Asset Quality:** The bank's asset quality is among the best in the system, with a non-performing loan (NPL) ratio around 1% and the highest bad debt coverage ratio in the system at 204%.
- **Sustainable Growth Drivers:** VCB's growth is sustainably supported by both its lending activities and non-interest income (international payments, foreign currency trading, and service income from insurance business partnerships). Increased public investment disbursement in the coming period is expected to be a growth driver for the bank's credit expansion next year.
- **Benefits from Bank Restructuring:** Participation in the restructuring of a bank will allow VCB to benefit from support mechanisms provided by the State Bank of Vietnam (SBV), offering higher credit quotas than other banks in the same group, thus boosting loan growth and non-interest income.
- **Dividend and Capital Expansion:** VCB will soon finalize its dividend distribution in the form of stock, with a nearly 50% payout ratio, making it the bank with the largest charter capital in the system.

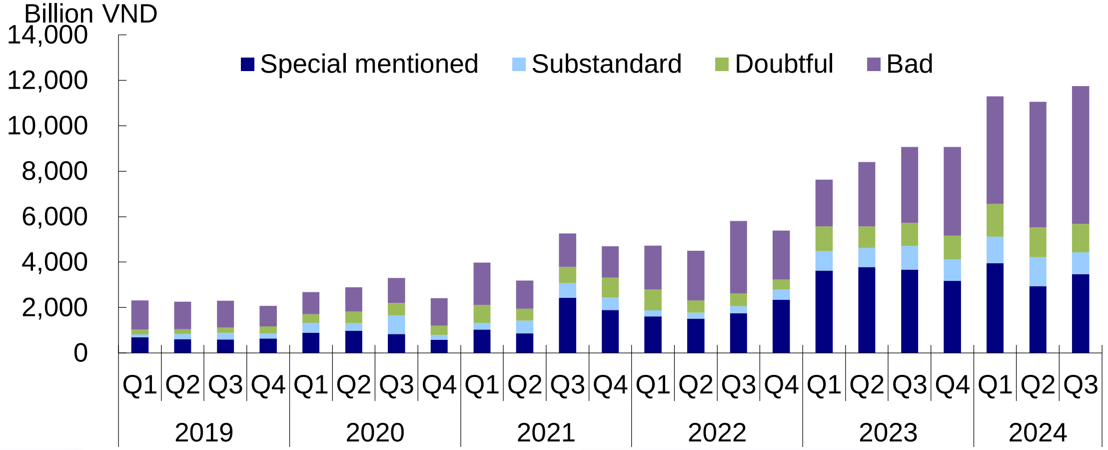
Risks:

Global and domestic economic fluctuations could impact credit quality and the speed of bad debt resolution.

Sources: Bloomberg GTJASVN Research

5. ASIA COMMERCIAL JOINT STOCK BANK – ACB





Investment Thesis for ACB

- **Top Asset Quality in Private Sector Banks:** ACB is recognized for having the best asset quality among private joint-stock commercial banks.
- **Stable Credit and Profit Growth:** The bank has maintained stable credit and profit growth over the years. In 2025, ACB is expected to achieve a credit growth rate of approximately 15%, with a safe loan portfolio and no investments in corporate bonds (TPDN).
- **Consistent Dividend Payments:** ACB has consistently paid dividends over the years, both in stock and cash. The bank's expected dividend for 2025 is 10% in cash and 15% in stock.
- **Attractive for Long-Term Holders:** ACB is well-suited for long-term investment portfolios due to its sustainable business model, cautious risk appetite, and one of the safest operations in the system.

Risks:

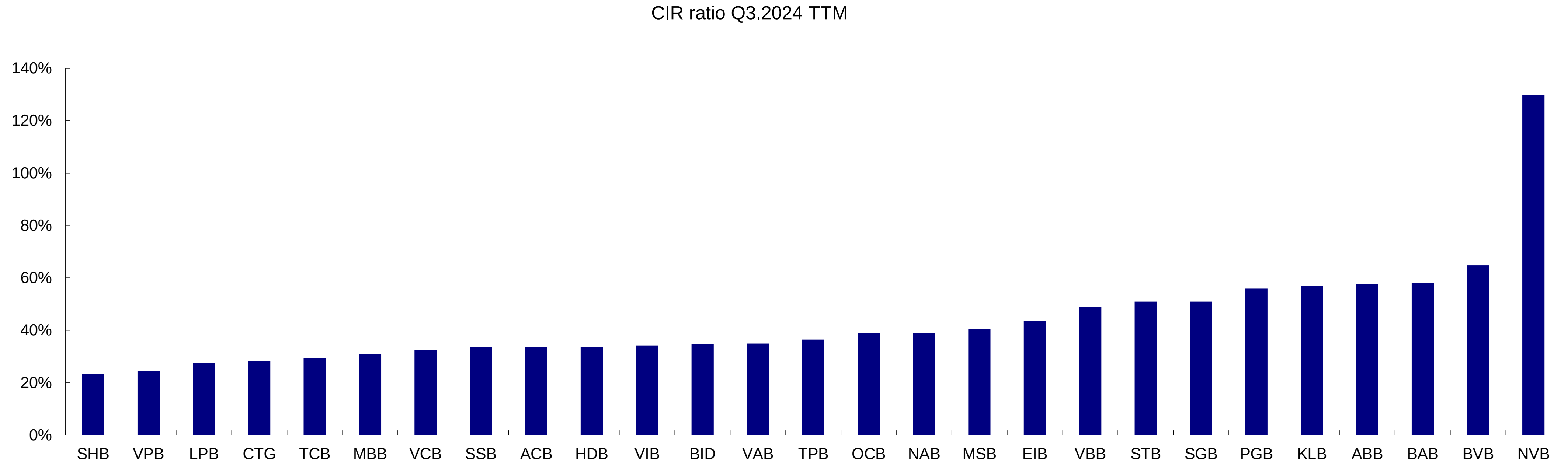
Global and domestic economic fluctuations could impact credit quality and the speed of bad debt resolution.

Sources: Bloomberg GTJASVN Research

III. BANKS WITH HIGH GROWTH POTENTIAL AND PROACTIVE DIGITAL TRANSFORMATION

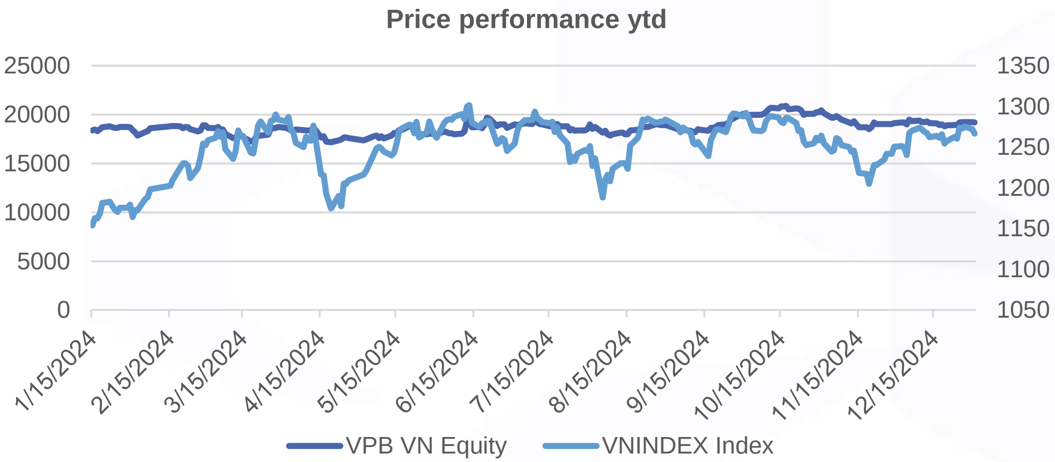
Banks that invest heavily in digital transformation are expected to lead the trend, increase their competitiveness, and improve operational efficiency. In this group, we have selected:

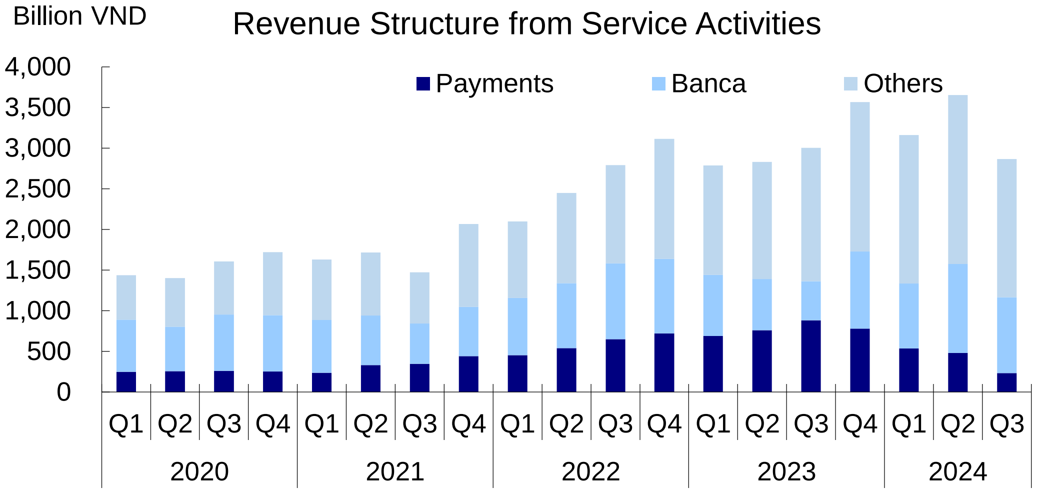
VPB: Focused on digital transformation not only in banking operations but also within the consumer finance ecosystem through FE Credit. The bank has implemented technological solutions to optimize the credit approval process and enhance the customer experience across digital platforms. This has helped VPBank maintain impressive growth in retail banking and consumer credit sectors.



Sources: FiinproX, GTJASVN Research

6. VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK – VPB





Investment Thesis for VPB

- **Strong Digital Banking Development:** Comprehensive digitalization has allowed VPBank to expand its retail customer base, particularly in consumer loans and digital payments.
- **Non-Interest Income Drivers:** Income from service fees, insurance, and digital products is expected to grow significantly, contributing positively to profits. The bank's strategy of partnering with fintech companies and e-commerce platforms expands payment services and e-wallet offerings. Additionally, the activities of its brokerage arm, VPBankS, help optimize the bank’s ecosystem.
- **CASA Growth:** VPBank’s CASA ratio has improved by attracting new customers through digital platforms, which reduces funding costs and enhances competitiveness.
- **Retail Strategy:** The bank is focusing on expanding digital financial products for individual customers and small-to-medium enterprises (SMEs), creating opportunities for credit growth and diverse revenue streams.
- **Strong Capital Position Post-FE Credit Sale:** After selling its stake in FE Credit, VPBank now has a robust capital base to support upcoming growth.

Risks:

- The ability to control non-performing loans (NPLs) in the consumer credit segment. The consumer credit market still faces challenges in the short term.
- Risks from direct competition in the digital banking and fintech sectors.

Sources: Bloomberg GTJASVN Research

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