

Banking Sector: 3M2026 Update





Tight Liquidity, Rising Risks: A Tougher 2026 Looms for Vietnam Banks

Vietnamese banks entered 2026 facing a tighter and more volatile operating environment, as elevated interest rates—driven by system-wide liquidity constraints and external pressures—weaken asset quality and profitability. In 3M2026, mid-sized banks experienced the sharpest credit deterioration, with rising retail delinquencies and declining ROAA amid NIM compression and higher credit costs. In contrast, large banks and state-owned banks (SOBs) maintained broadly stable asset quality and earnings, supported by more diversified loan books, stronger customer franchises, and resilient fee income. Looking ahead, persistently high interest rates and rising household leverage will increase downside risks, particularly for banks with greater exposure to retail lending and thinner buffers against asset-quality stress.

● Improved
 ● Stable
 ● Deteriorated

Factors Trend

Key highlights

Factors	Trend	Key highlights
 Asset Quality	●	<p>Retail-driven asset quality pressure is building at smaller banks as rate and leverage headwinds persist</p> <ul style="list-style-type: none"> Sector problem loan ratio rose 11bps QoQ to 2.2% in 3M2026, reflecting higher NPL formation. Asset quality deterioration is concentrated in mid-sized and small banks (e.g., LPB, OCB, TPB; PGB, BAB, SGB, VBB), driven by rising delinquencies in retail mortgages, household businesses, and unsecured consumer lending, alongside a ~10ppt decline in LLCR. In contrast, larger banks (including SOBs and leading JSCBs such as VCB, CTG, ACB, TCB) maintained broadly stable asset quality, supported by more diversified portfolios, stronger borrower profiles, and larger provisioning buffers. We expect NPL formation rate to increase in 2026, particularly among smaller banks with higher retail exposure, as elevated interest rates and rising household leverage continue to pressure repayment capacity.
 Profitability	●	<p>Margin pressure from intensified deposit competition is eroding profitability, with small- and mid-sized banks most affected</p> <ul style="list-style-type: none"> Sector ROAA declined 10bps QoQ to 1.4% in 3M2026 as NIM narrowed by 11bps on average, driven by higher funding costs—most pronounced at mid-sized and small banks with weaker deposit franchises. Mid-sized banks also faced higher credit costs (e.g., LPB), softer fee income (e.g., OCB, MSB), and the absence of one-off gains (e.g., SSB). Larger banks maintained broadly stable profitability, supported by stronger NIMs (e.g., VCB, CTG), improved bancassurance income and lower credit costs (e.g., ACB, TCB), alongside tighter cost control. We expect continued NIM compression and rising credit costs to weigh on core profitability at small and mid-sized banks through 2026, given sustained funding competition and asset quality pressures.
 Capital	●	<p>Ongoing capital raising is strengthening loss absorption buffers, though capital trajectories will diverge across bank tiers</p> <ul style="list-style-type: none"> Sector TCE/TA increased 20bps QoQ to 8.4% in 3M2026, supported by sizable capital injections (e.g., BID, PGB, BAB). Planned capital raises in 2026 will bolster buffers at smaller banks (e.g., ABB, NVB, VAB, BVB) and support balance sheet expansion at growth-oriented large banks (e.g., HDB, VPB). In contrast, mid-sized banks' capital ratios may weaken due to lower internal capital generation and cash dividend payouts (e.g., LPB, VIB).
 Funding & Liquid Resources	●	<p>Tight system liquidity and structural funding constraints will keep deposit costs elevated in the near term</p> <ul style="list-style-type: none"> Sector CASA-to-gross loans fell 2pps QoQ to 18% in 3M2026, reflecting outflows from both retail (e.g., TCB, ACB) and corporate deposits (e.g., MBB, TPB). Funding conditions remain tight, with system deposit growth of just 0.6% and contractions at nearly half of banks (12/27) across both large (e.g., BID, MBB, TCB, ACB) and smaller institutions (e.g., TPB, SGB, VBB), highlighting broad-based competition and greater reliance on short-term market funding. While tighter liquidity regulations (e.g., CDR, LCR, NSFR, leverage ratio) are structurally credit-positive, they will, in the near term, amplify deposit competition, sustain elevated funding costs, and weigh on profitability—particularly for banks with higher dependence on market funding.

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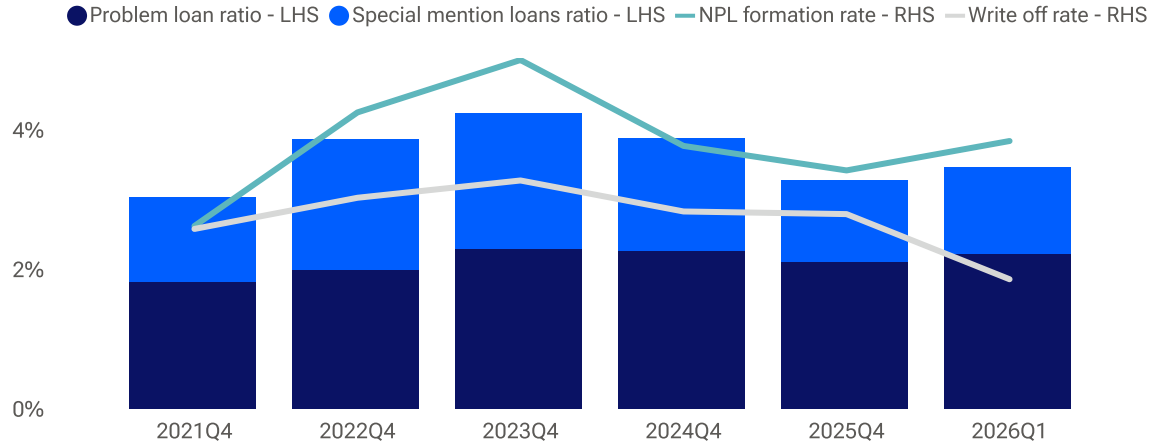
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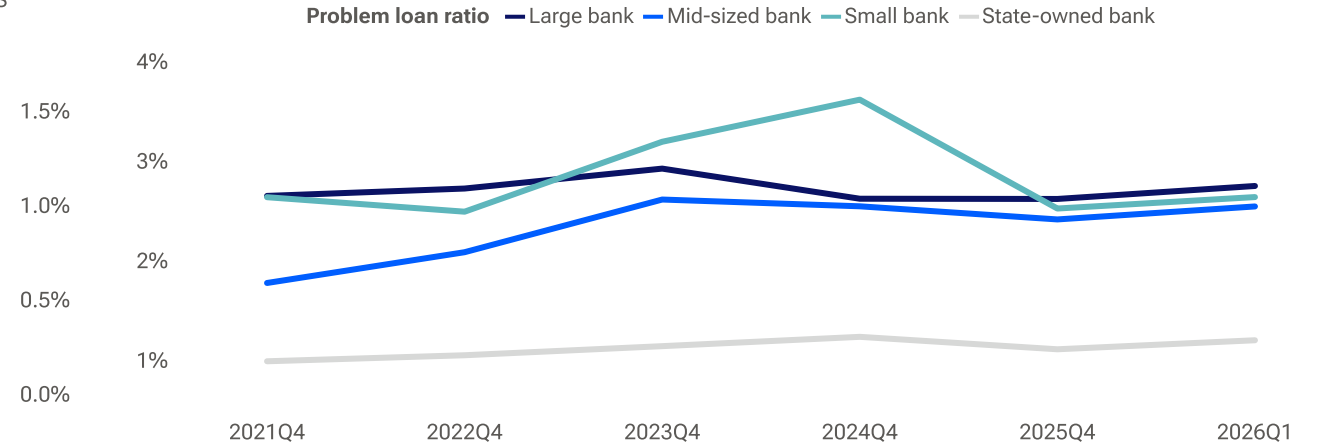
Retail-driven asset quality pressure is building at smaller banks as rate and leverage headwinds persist

Exhibit 1: Sector's problem loan ratio increased in 3M2026, reflecting higher NPL formation



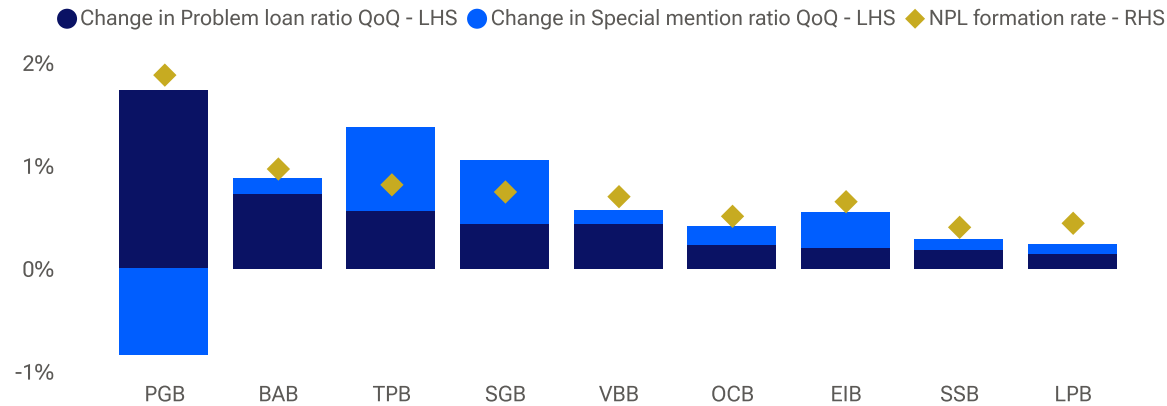
Note: Sector numbers include 27 listed banks
Source: Bank data, VIS Rating

Exhibit 2: Asset quality deterioration is concentrated in mid-sized and small banks ...



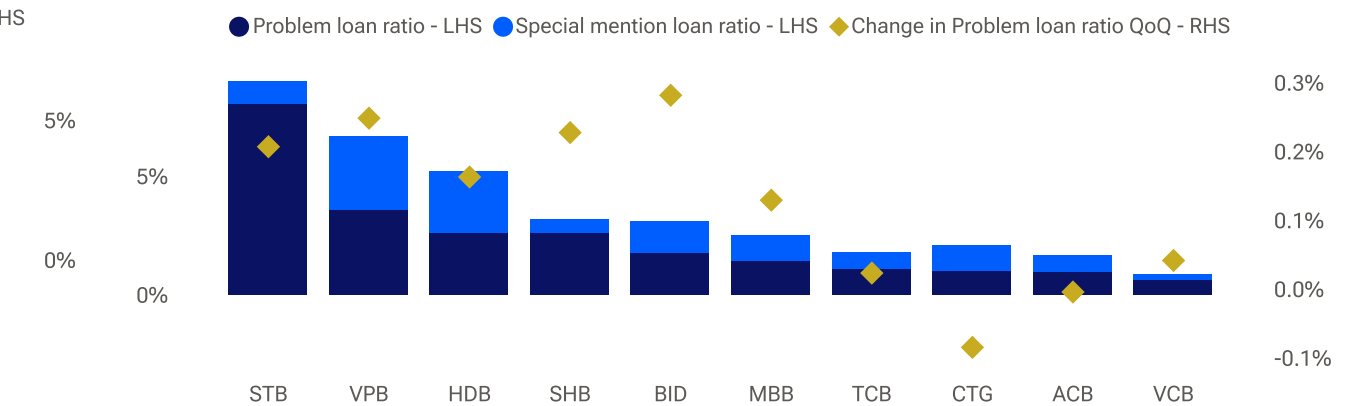
Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

Exhibit 3: ... driven by rising delinquencies from retail mortgages, household business and unsecured consumer loans



Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

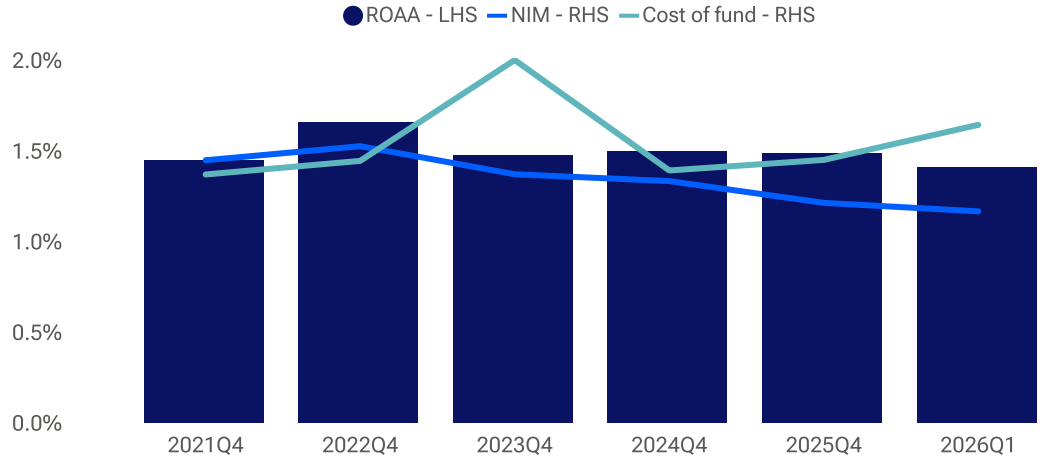
Exhibit 4: Most larger banks' asset quality remained resilient, supported by diversified portfolios and larger provisioning buffers



Note: Refer to the Appendix for the full name of banks.
Source: Bank data, VIS Rating

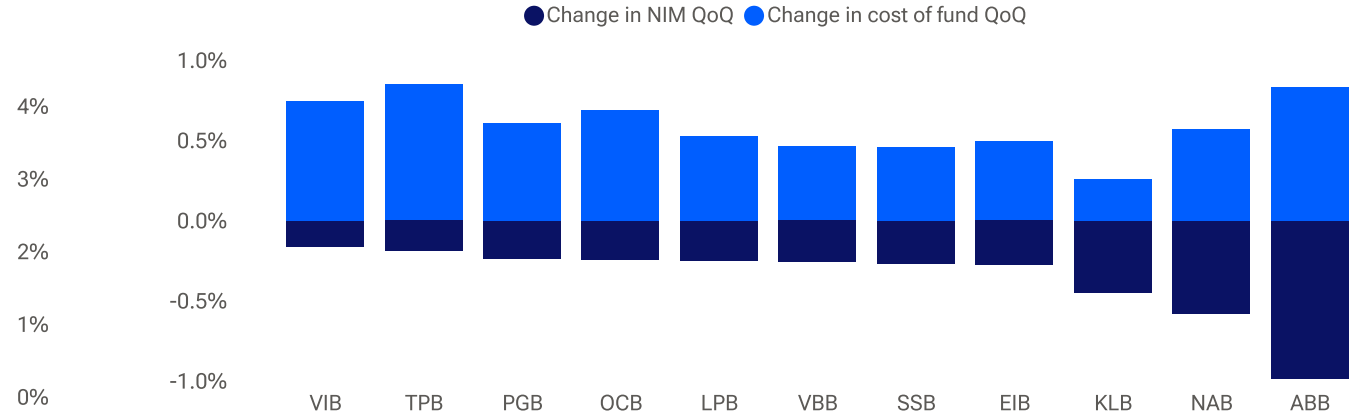
Margin pressure from intensified deposit competition is eroding profitability, with small- and mid-sized banks most affected

Exhibit 5: Sector's ROAA declined in 3M2026...



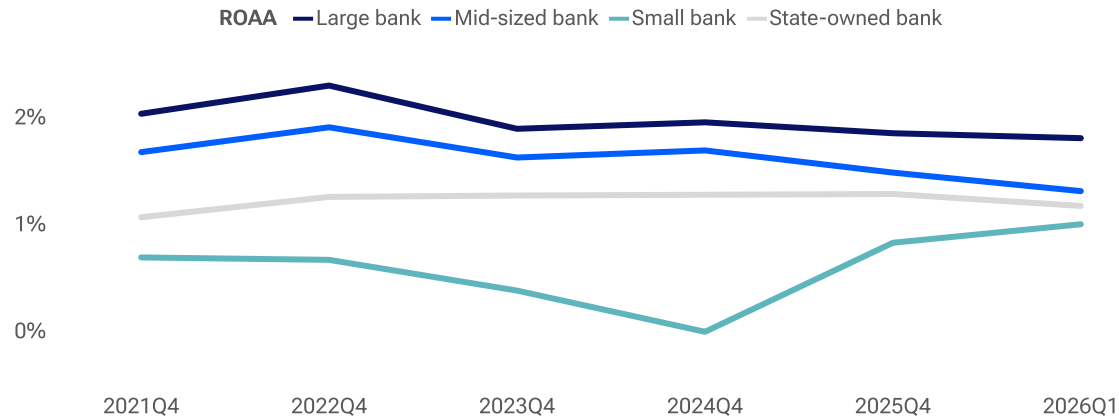
Note: Sector numbers include 27 listed banks
Source: Bank data, VIS Rating

Exhibit 6: ... as NIM narrowed from higher funding costs—most pronounced at mid-sized and small banks with weaker deposit franchises



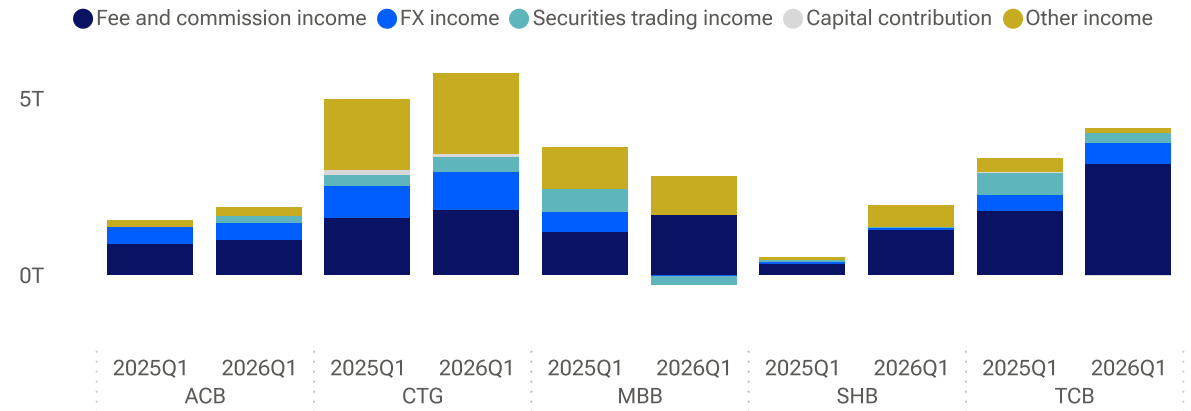
Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

Exhibit 7: Large banks maintained broadly stable ROAA



Note: Sector numbers include 27 listed banks
Source: Bank data, VIS Rating

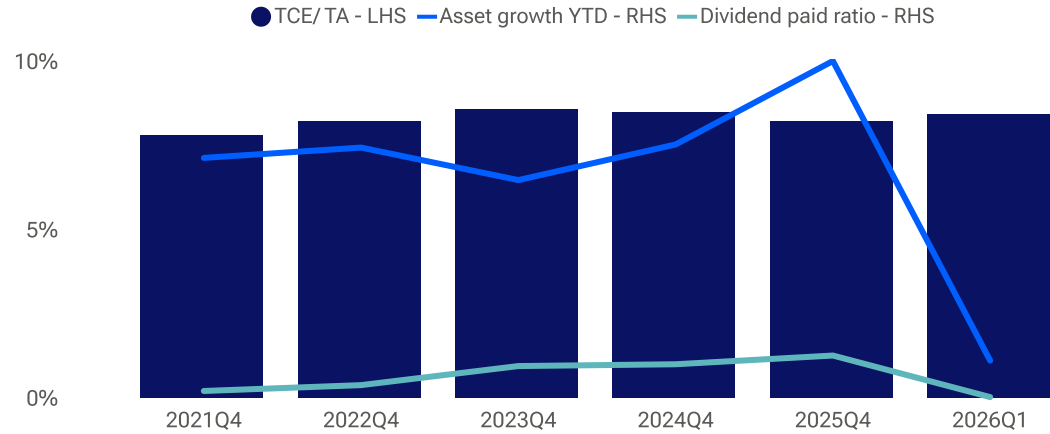
Exhibit 8: ... supported by improved bancassurance income and tighter cost control



Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

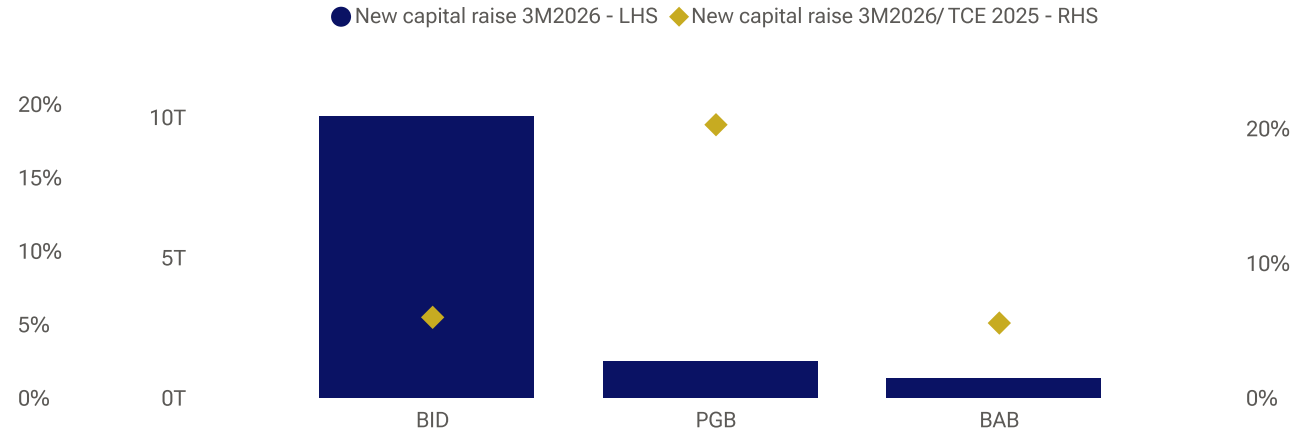
Ongoing capital raising is strengthening loss absorption buffers, though capital trajectories will diverge across bank tiers

Exhibit 9: Sector TCE/ TA increased in 3M2026...



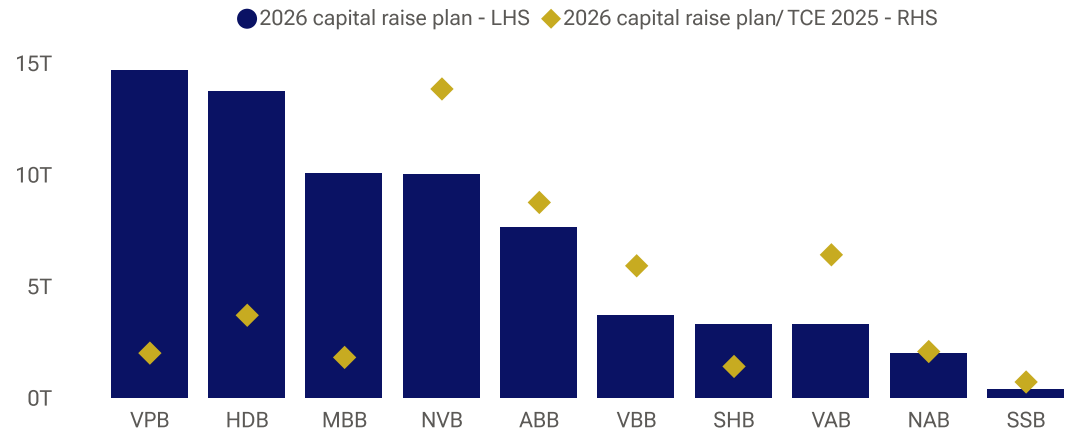
Note: Sector numbers include 27 listed banks. YTD means year-to-date.
Source: Bank data, VIS Rating

Exhibit 10: ... given sizeable capital injection



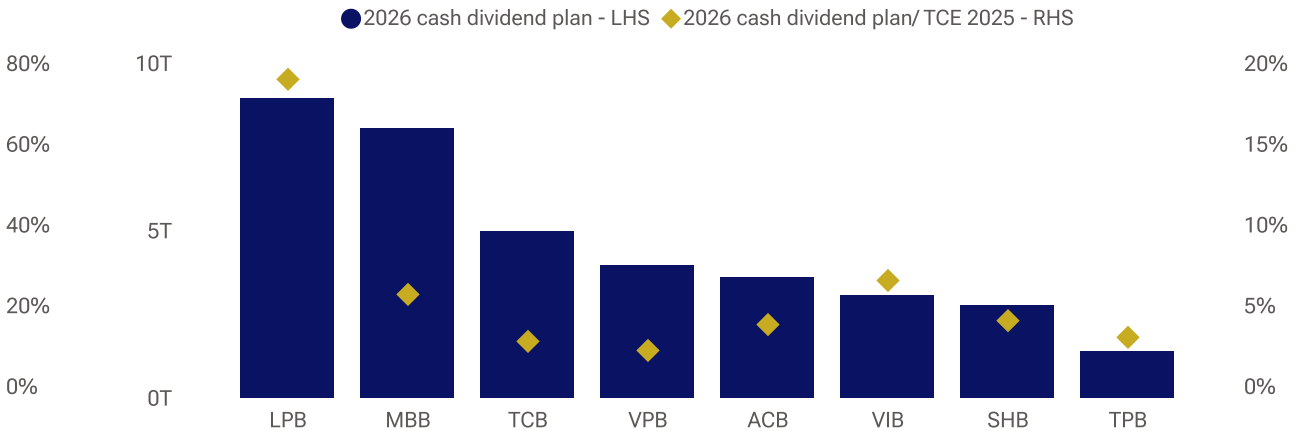
Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

Exhibit 11: Planned capital raises in 2026 will bolster buffers at several banks



Note: Refer to the Appendix for the full name of banks. Estimated total capital raise for VPB and HDB based on book value as of 31/12/2025
Source: Bank data, VIS Rating

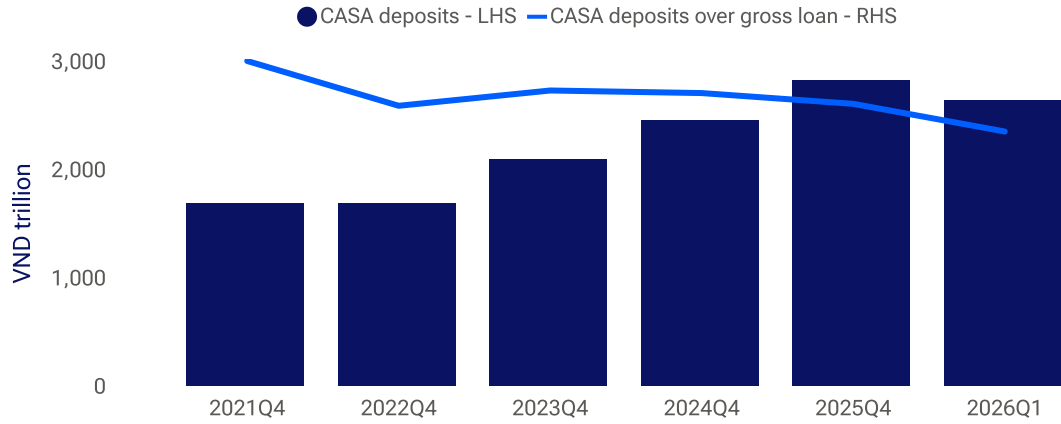
Exhibit 12: Cash dividends payouts will weaken several mid-sized banks' capital ratios



Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

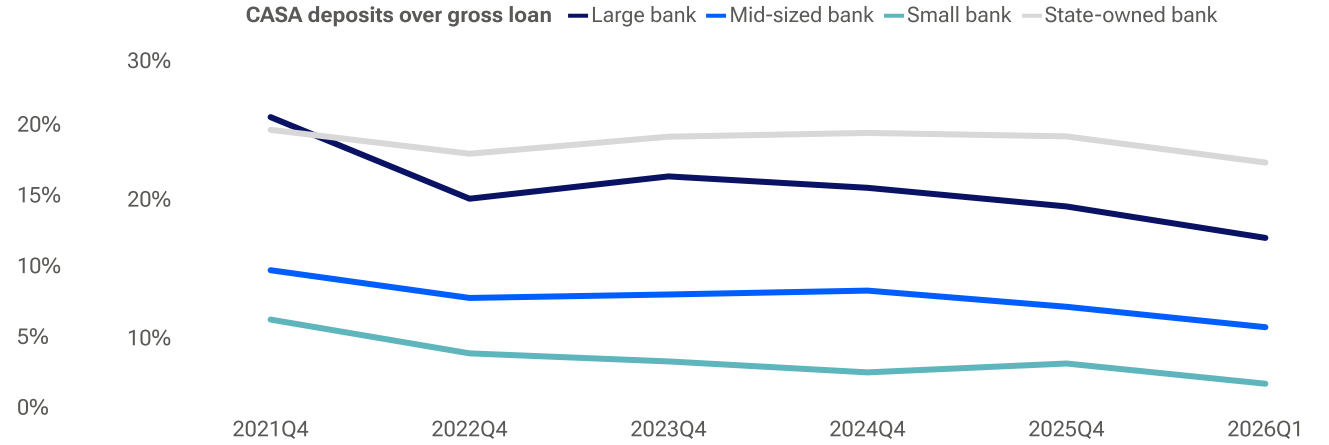
Tight system liquidity and structural funding constraints will keep deposit costs elevated in the near term

Exhibit 13: Sector CASA/ Gross loans declined in 3M2026...



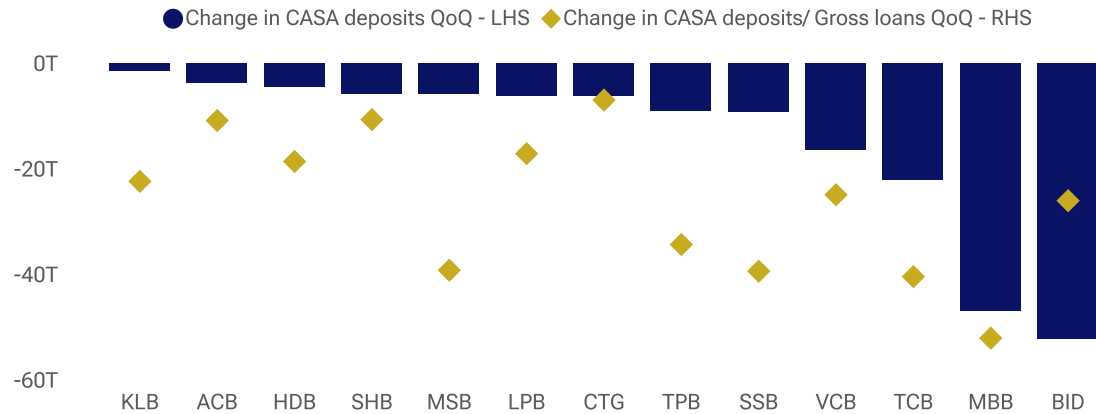
Note: Sector numbers include 27 listed banks
Source: Bank data, VIS Rating

Exhibit 14: ...reflecting CASA deposit outflows from both retail and corporate clients across banks



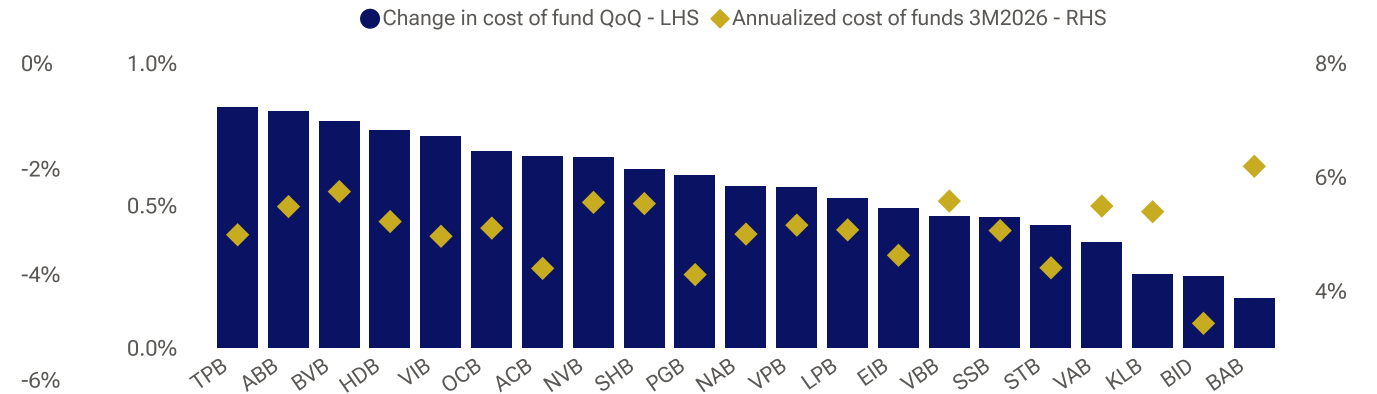
Note: Sector numbers include 27 listed banks
Source: Bank data, VIS Rating

Exhibit 15: Several large and mid-sized banks suffer the most CASA deposits outflow amid elevated interest rate



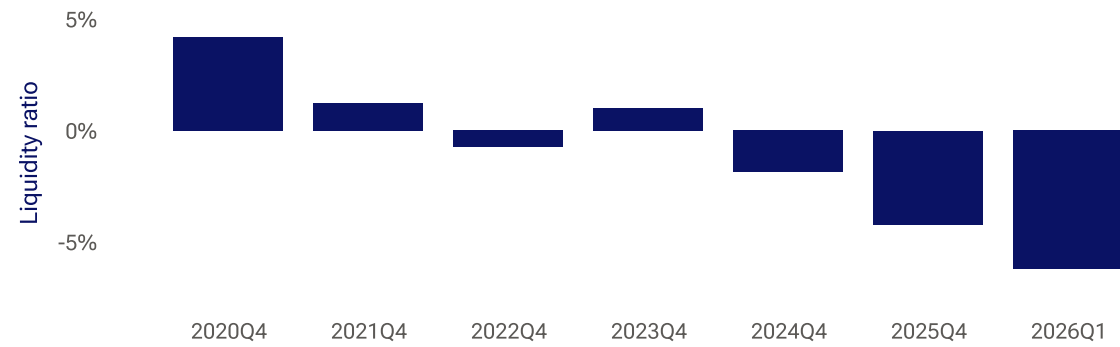
Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

Exhibit 16: Heightened deposit competition drove higher funding costs, especially for small and mid-sized banks



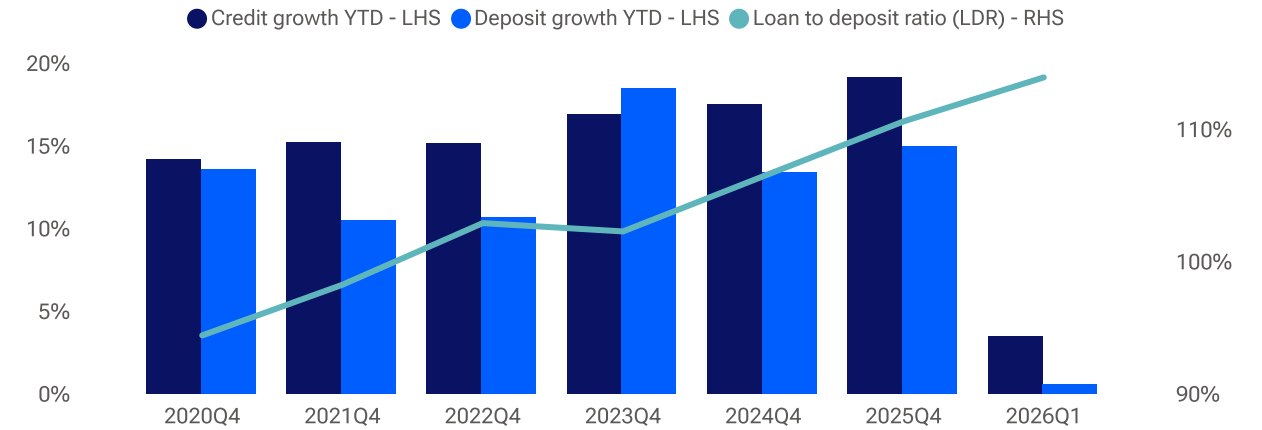
Note: Refer to the Appendix for the full name of banks
Source: Bank data, VIS Rating

Exhibit 17: Sector liquidity ratio continued to decline



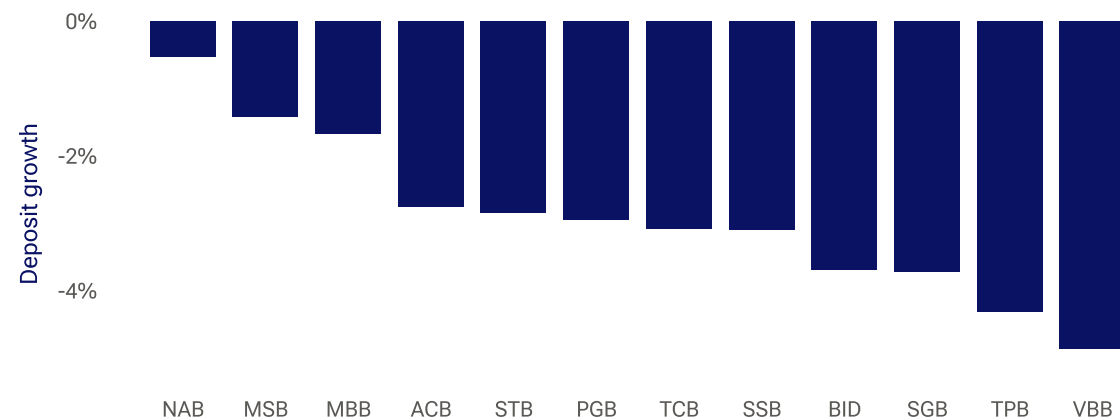
Note: Sector numbers include 27 listed banks
 Liquidity ratio equals high liquid assets minus market funds over total assets;
 High liquid assets include Cash, balances with SBV and other credit institutions, Government bonds.
 Market funds include Deposits and borrowings from SBV and other credit institutions, valuable papers issued
 Source: Bank data, VIS Rating

Exhibit 18: Sector LDR rose to 5-year high amid weak deposit growth



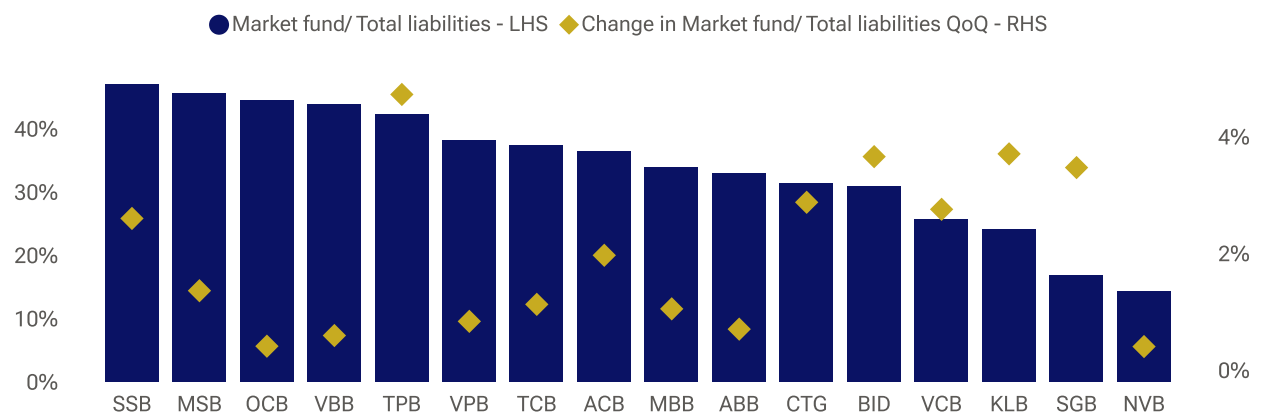
Note: Sector numbers include 27 listed banks
 Source: Bank data, VIS Rating

Exhibit 19: Deposits contracted at 12 of 27 banks across large and smaller institutions...



Note: Refer to the Appendix for the full name of banks
 Source: Bank data, VIS Rating

Exhibit 20: Tighter liquidity regulations increase deposit competitions in near term, particularly for banks with high reliance on market funds



Note: Refer to the Appendix for the full name of banks
 Source: Bank data, VIS Rating

APPENDIX

The firms included in our analysis are as follows:

Ticker	English Name	Size
ABB	An Binh Commercial Joint Stock Bank	Small bank
ACB	Asia Commercial Bank	Large bank
AGRIBANK	Vietnam Bank for Agriculture and Rural Development	State-owned bank
BAB	Bac A Commercial Joint Stock Bank	Small bank
BID	JSC Bank For Investment And Development Of Vietnam	State-owned bank
BVB	Viet Capital Commercial Joint Stock Bank	Small bank
CTG	Vietnam Joint Stock Commercial Bank for Industry and Trade	State-owned bank
EIB	Vietnam Commercial Joint Stock Export Import Bank	Mid-sized bank
HDB	Ho Chi Minh City Development Joint Stock Commercial Bank	Large bank
KLB	Kien Long Commercial Joint Stock Bank	Small bank
LPB	Fortune Vietnam Joint Stock Commercial Bank	Mid-sized bank
MBB	Military Commercial Joint Stock Bank	Large bank
MSB	Vietnam Maritime Commercial Joint Stock Bank	Mid-sized bank
NAB	Nam A Commercial Joint Stock Bank	Mid-sized bank
NVB	National Citizen Commercial Joint Stock Bank	Small bank
OCB	Orient Commercial Joint Stock Bank	Mid-sized bank
PGB	Prosperity and Growth Commercial Joint Stock Bank	Small bank
SGB	Saigon Bank For Industry And Trade	Small bank
SHB	Saigon Hanoi Commercial Joint Stock Bank	Large bank
SSB	Southeast Asia Commercial Joint Stock Bank	Mid-sized bank
STB	Sai Gon Thuong Tin Commercial Joint Stock Bank	Large bank
TCB	Vietnam Technological and Commercial Joint Stock Bank	Large bank
TPB	Tien Phong Commercial Joint Stock Bank	Mid-sized bank
VAB	Vietnam Asia Commercial Joint Stock Bank	Small bank
VBB	Vietnam Thuong Tin Commercial Joint Stock Bank	Small bank
VCB	Bank for Foreign Trade of Vietnam	State-owned bank
VIB	Vietnam International Commercial Joint Stock Bank	Mid-sized bank
VPB	Vietnam Prosperity Joint Stock Commercial Bank	Large bank

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