





Banking Sector: 9M2025 Update

# Large Banks Poised to Lead Profit and Asset Quality Gains as Liquidity Risks Persist for Smaller Banks

Vietnam’s banking sector is positioned for a modest recovery in credit fundamentals heading into year-end 2025, supported by improving asset quality, resilient profitability, and regulatory reforms. The sector’s problem loan ratio is projected to decline by 10–20 basis points in the final quarter, driven by increased year-end write-offs and the implementation of the revised Credit Institutions Law, which is expected to accelerate debt recovery and enhance transparency. Large banks remain on track to meet full-year profit targets, underpinned by stronger long-term loan growth and lower credit costs. Improving loan-loss coverage also signals a gradual strengthening of risk-absorption capacity, despite thin capital buffers. In contrast, smaller banks continue to face liquidity constraints, reflected in elevated loan-to-deposit ratios and reliance on short-term funding. These pressures highlight the need for ongoing policy support to preserve system-wide stability and mitigate downside risks.

● Improved   
 ● Stable   
 ● Deteriorated

Factors	Trend	Key highlights
 <b>Asset Quality</b>	<span style="color: gray;">●</span>	<p><b>Several large banks increased bad debts from distressed corporate borrowers</b></p> <ul style="list-style-type: none"> <li>• Sector problem loan ratio remained flat at 2.3% in 9M2025, with a 30bps drop quarter-on-quarter (QoQ) in NPL formation rate</li> <li>• State-owned banks (SOB) and some large banks with limited exposure to distressed developers saw a 20bps decrease QoQ in problem loan ratio due to improved corporate debt servicing (e.g. BID, CTG), and lower retail mortgages delinquencies (e.g. ACB, TCB)</li> <li>• In contrast, other large and mid-sized banks rose bad debts from corporate borrowers in the renewable energy sector (e.g. MBB), export-related small and medium enterprises (SME) and airlines (e.g. STB), or retail mortgages, such as TPB (AA-, Stable) and HDB</li> <li>• We expect the sector problem loan ratio will decline to 2.1-2.2% in 4Q2025, given higher year-end write-offs, while the revised CI Law 2025, taking effect in October 2025, will facilitate banks’ quicker debt collection</li> </ul>
 <b>Profitability</b>	<span style="color: gray;">●</span>	<p><b>Despite higher funding cost, the sector’s profitability remained resilient, supported by robust non-interest income growth</b></p> <ul style="list-style-type: none"> <li>• Sector’s return on average assets (ROAA) remained stable year-on-year (YoY) at 1.5% in 9M2025, supported by stronger income from fees, investments, and bad debt recoveries</li> <li>• VPB led ROAA improvement among large banks, supported by higher income from its securities subsidiary and lower credit costs, while CTG benefited from strong bad debt recoveries</li> <li>• Meanwhile, several large and mid-sized private banks saw ROAA decline by 30bps YoY given narrower NIM amid expansion to lower-yield corporate loans (e.g., ACB, VIB), higher funding costs (e.g., TPB, EIB), and elevated credit costs (e.g., MBB, VIB)</li> <li>• As of 9M2025, 15/27 banks in our assessment are on track to meet the target profit, mostly large private banks and SOBs</li> <li>• We expect sector profitability will improve marginally to 1.6% for the full-year 2025 amid stronger loan growth and easing credit costs</li> </ul>
 <b>Capital</b>	<span style="color: gray;">●</span>	<p><b>Loss absorption buffer remained weak</b></p> <ul style="list-style-type: none"> <li>• Sector’s Tangible common equity / Tangible Assets (TCE/TA) remained mostly flat QoQ at 8.4% in 9M2025. Several large and mid-sized banks with high asset growth in 9M2025 (e.g. NAB, VPB, CTG) saw a decrease in TCE/TA by around 35 bps QoQ on average.</li> <li>• Sector’s loan loss coverage ratio (LLCR) improved by 5% QoQ to a modest level of 84% in 9M2025, led by large banks (e.g. CTG, ACB, TCB and BID) amid lower problem loans. We expect that large banks will continue to lead the sector’s LLCR improvement toward year-end</li> </ul>
 <b>Funding &amp; Liquid Resources</b>	<span style="color: gray;">●</span>	<p><b>Liquidity risk remains elevated for small banks amid greater reliance on short-term market funding to support loan growth</b></p> <ul style="list-style-type: none"> <li>• Sector CASA deposits/Gross loans ratio fell by 1% QoQ to 19% in 9M2025, particularly for small banks - ABB (A-, Stable), BAB, KLB, VBB.</li> <li>• Sector’s LDR reached the 5-year high of 111% as the robust loan growth far outpaced deposit growth. Liquidity pressure is most pronounced at smaller banks (e.g., ABB, BAB, KLB, VBB) and is likely to persist amid rising reliance on short-term market funding and strong credit demand. Deposits from State Treasuries will be critical to stabilizing the banking system’s liquidity.</li> </ul>

CONTACTS

Bach Hoang Anh, CPA (Aust)

Analyst

[hoanganh.bach@visrating.com](mailto:hoanganh.bach@visrating.com)

Phan Thi Van Anh, MSc

Director – Senior Analyst

[vananh.phan@visrating.com](mailto:vananh.phan@visrating.com)

Phan Duy Hung, CFA, MBA

Director – Senior Analyst

[hung.phan@visrating.com](mailto:hung.phan@visrating.com)

Simon Chen, CFA

Head of Ratings and Research

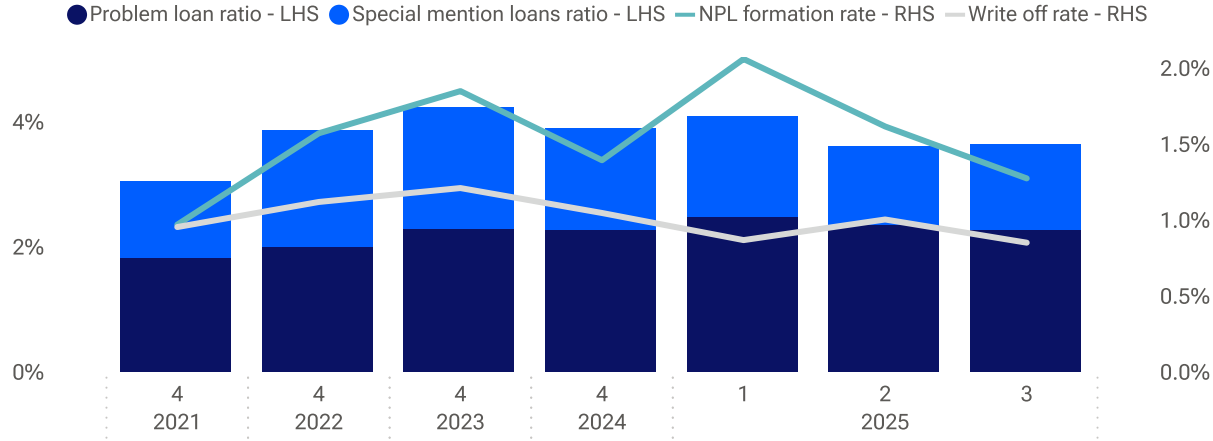
[simon\\_chen@visrating.com](mailto:simon_chen@visrating.com)



<https://visrating.com>

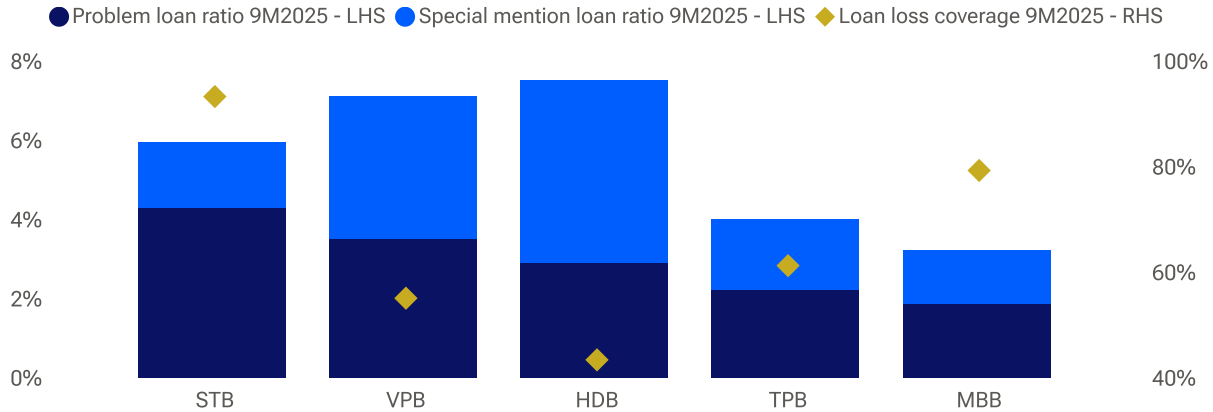
## Several large banks increased bad debts from distressed corporate borrowers

**Exhibit 1: Sector's NPL formation rate slowed down as borrowers' debt serviceability improved**



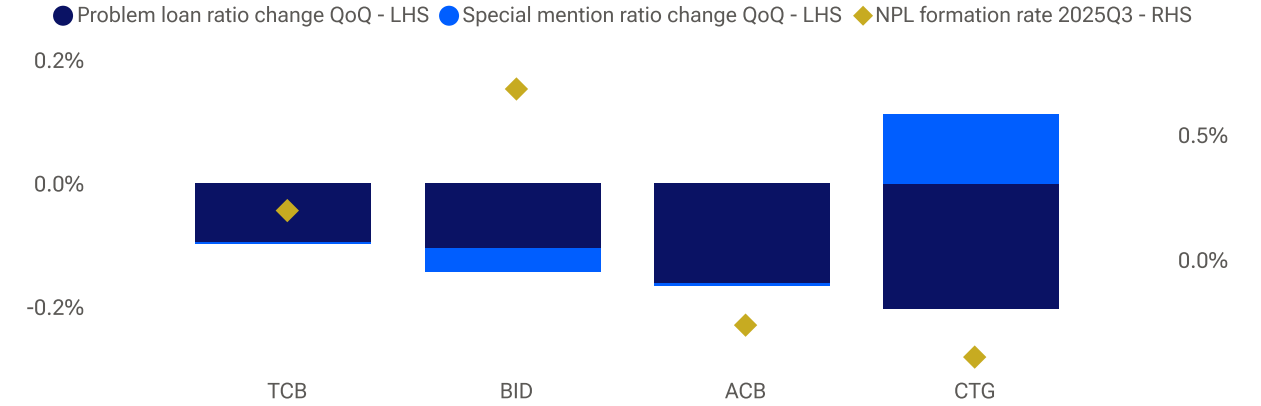
Note: Sector numbers include 27 listed banks  
Source: Bank data, VIS Rating

**Exhibit 3: Other large and mid-sized banks faced rising asset risks from retail mortgages or distressed corporates**



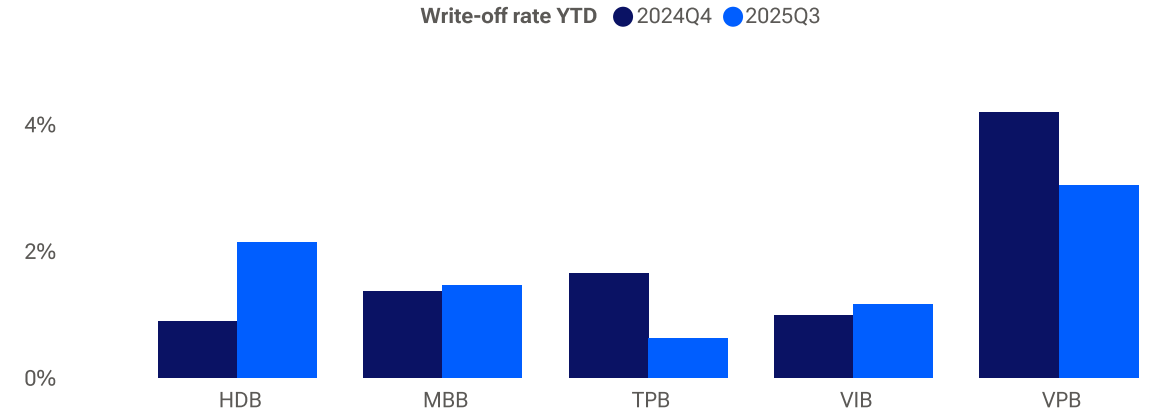
Note: Refer to the Appendix for the full name of banks  
Source: Bank data, VIS Rating

**Exhibit 2: SOBs and some large banks' lower loan delinquencies mostly from limited exposure to distressed corporate borrowers**



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

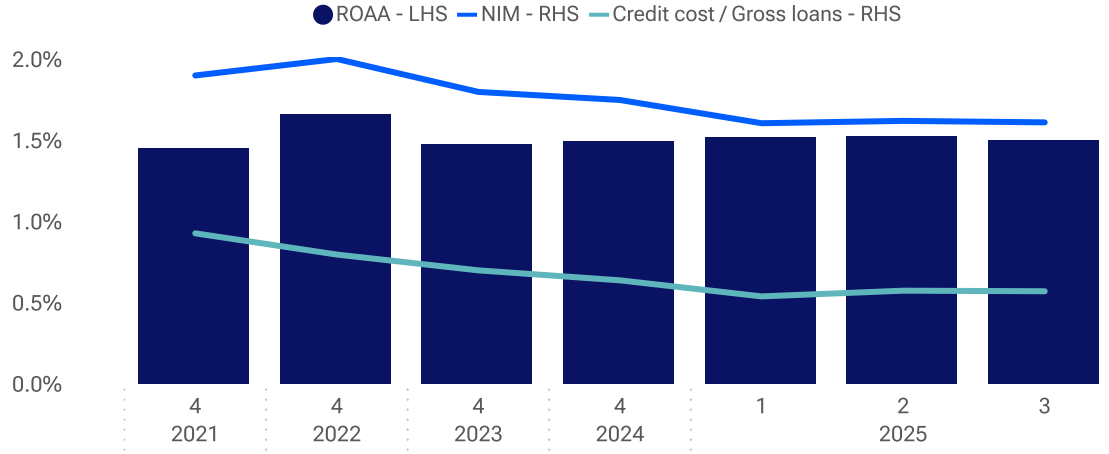
**Exhibit 4: The bank's active write-off at year-end will lower problem loan ratio**



Note: Refer to the Appendix for the full name of banks. YTD means year-to-date  
Source: Bank data, VIS Rating

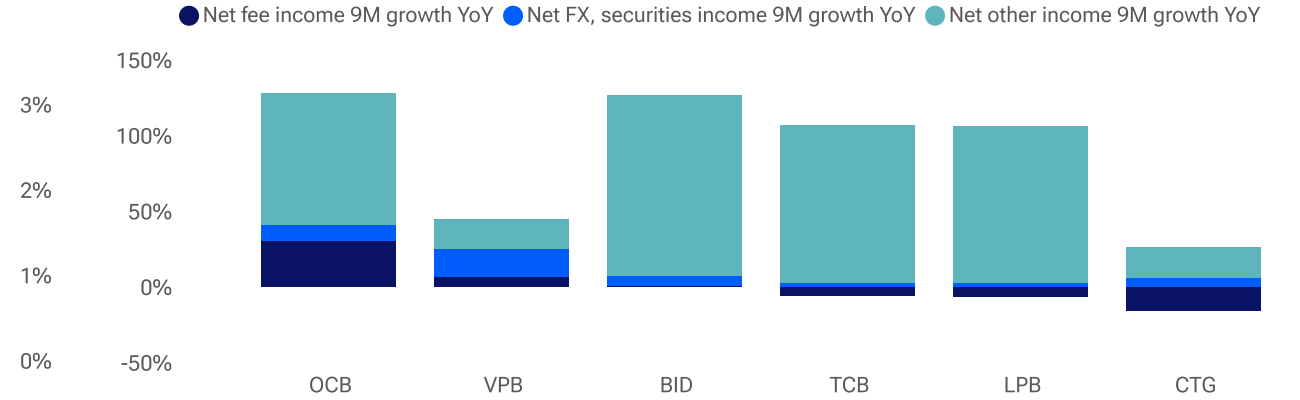
## Despite higher funding cost, the sector's profitability remained resilient, supported by robust non-interest income growth

**Exhibit 5: Sector profitability remained stable**



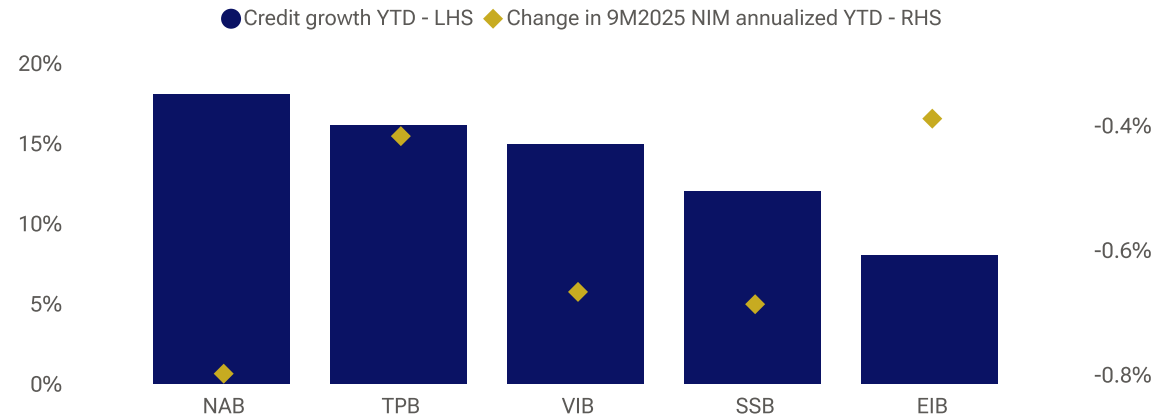
Note: Sector numbers include 27 listed banks  
Source: Bank data, VIS Rating

**Exhibit 6: ... given robust non-interest income from fee, investment and bad debt recoveries**



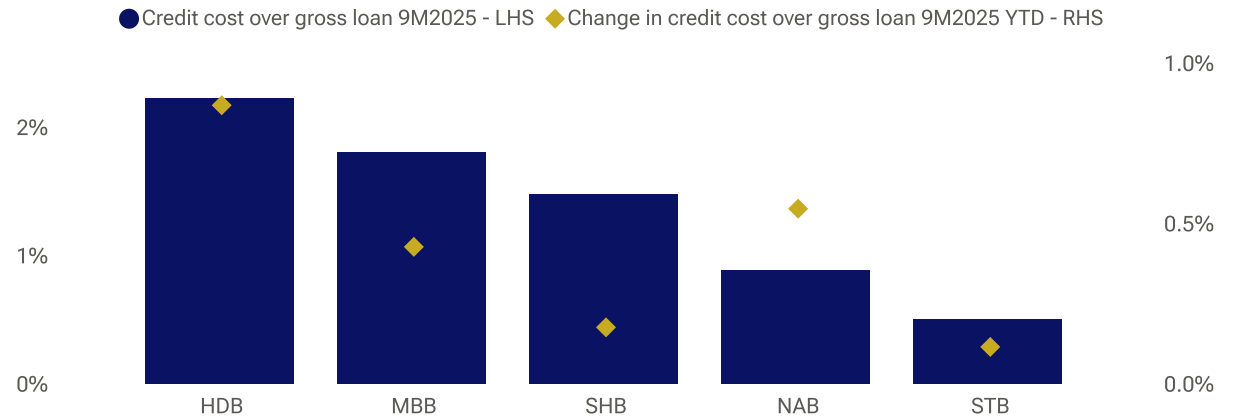
Note: Refer to the Appendix for the full name of banks  
Source: Bank data, VIS Rating

**Exhibit 7: Several mid-sized banks faced narrowed NIM**



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

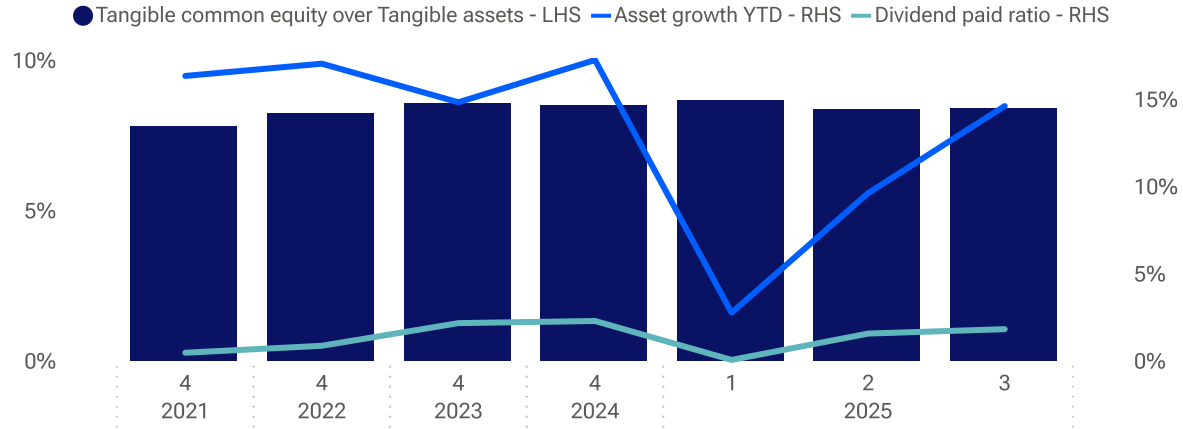
**Exhibit 8: Several banks faced elevated credit cost given their rising problem loans**



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

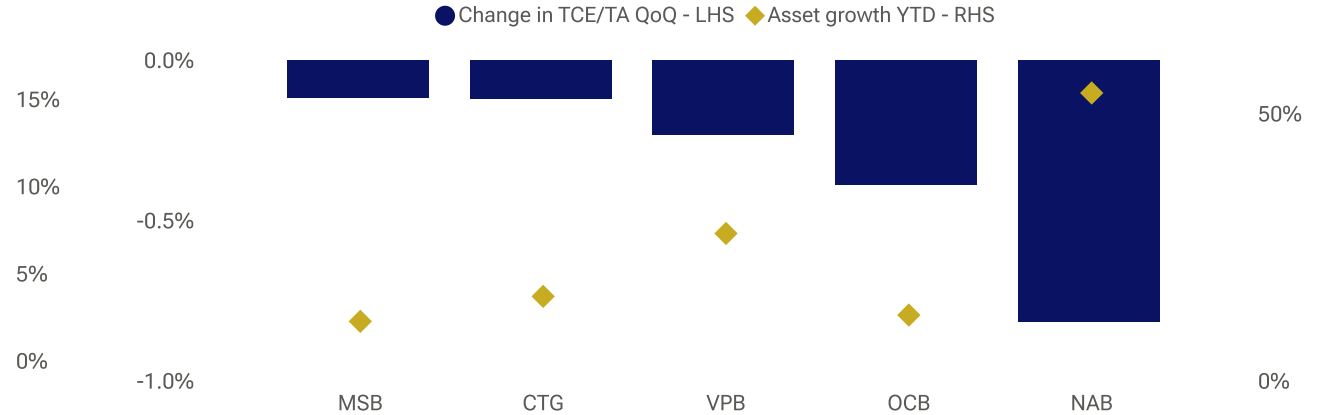
### Loss absorption buffer remained weak

Exhibit 9: Sector TCE/TA remained mostly flat



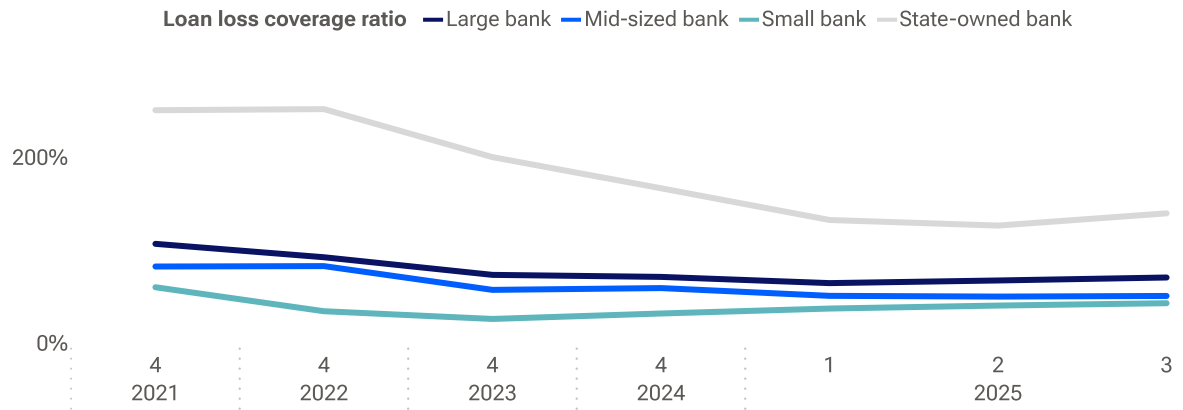
Note: Sector numbers include 27 listed banks  
Source: Bank data, VIS Rating

Exhibit 10: Several large and mid-sized banks saw a decrease in TCE/TA given their high asset growth



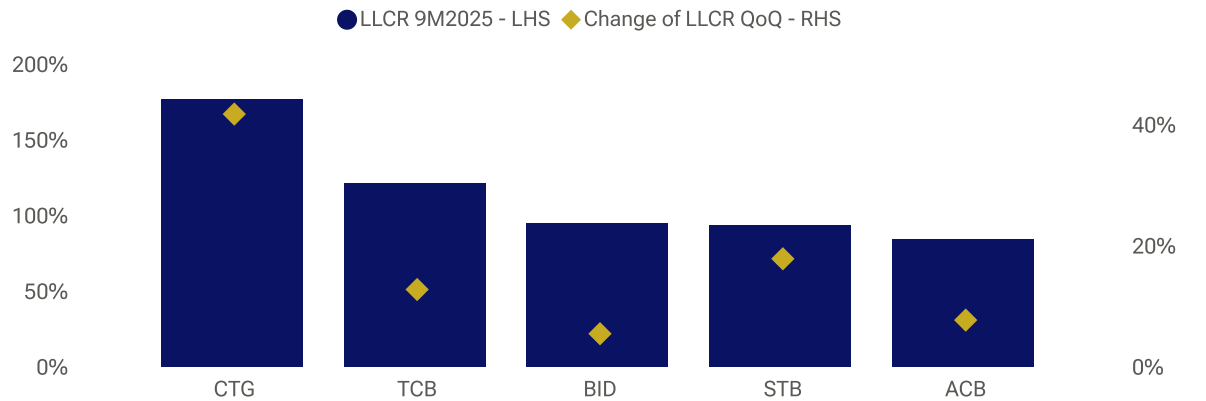
Note: Refer to the Appendix for the full name of banks  
Source: Bank data, VIS Rating

Exhibit 11: Sector LLCR saw an improvement...



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

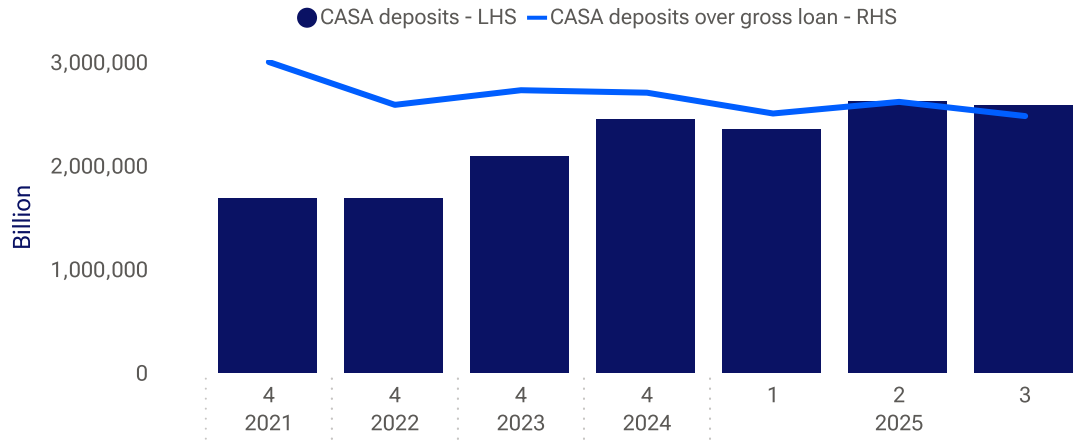
Exhibit 12: ...led by large banks



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

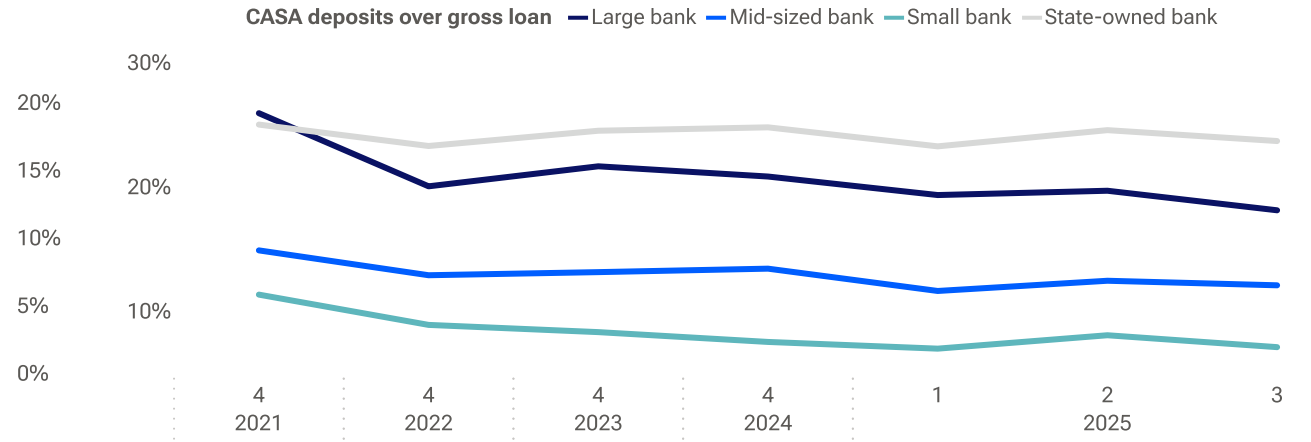
## Liquidity risk remains elevated for small banks amid greater reliance on short-term market funding to support loan growth

**Exhibit 13: Sector CASA deposits over gross loans declined in 9M2025...**



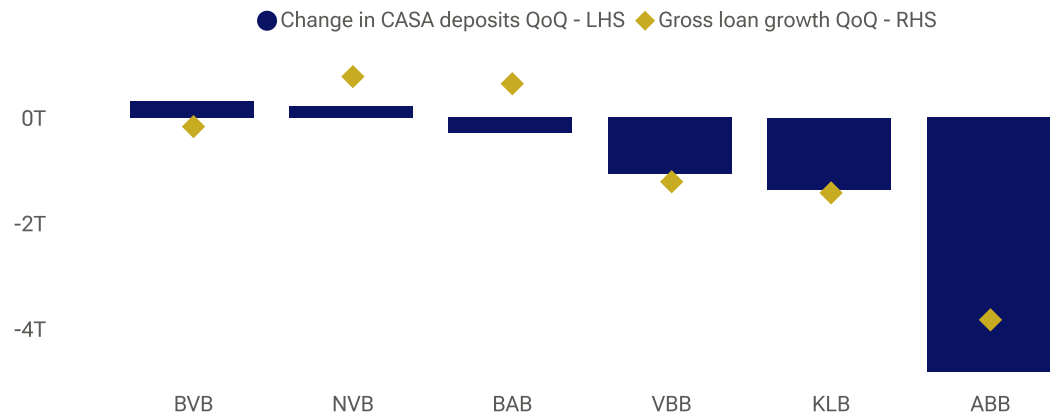
Note: Sector numbers include 27 listed banks  
Source: Bank data, VIS Rating

**Exhibit 14: ...particularly for small banks**



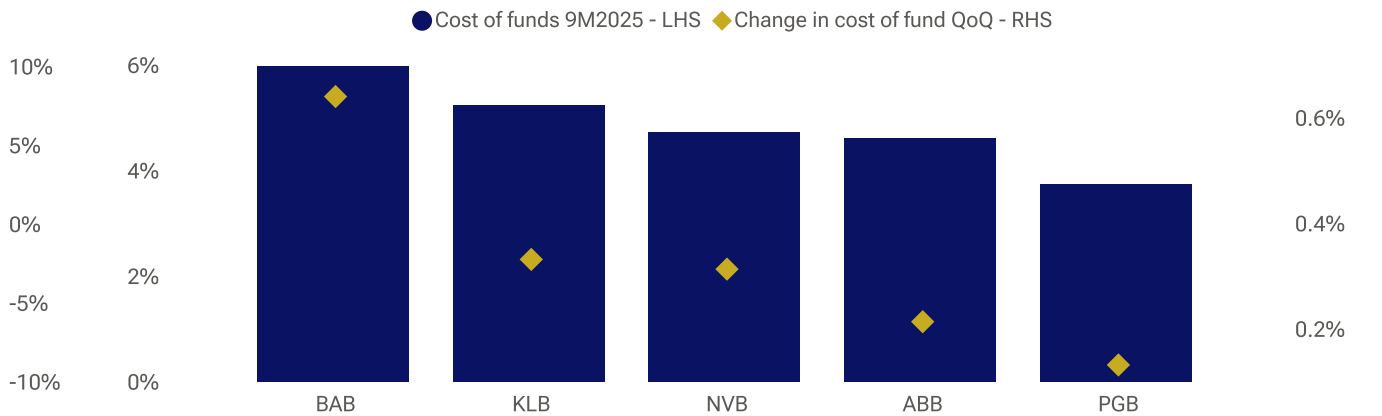
Note: Sector numbers include 27 listed banks  
Source: Bank data, VIS Rating

**Exhibit 15: Most small banks had CASA deposits outflow in the period**



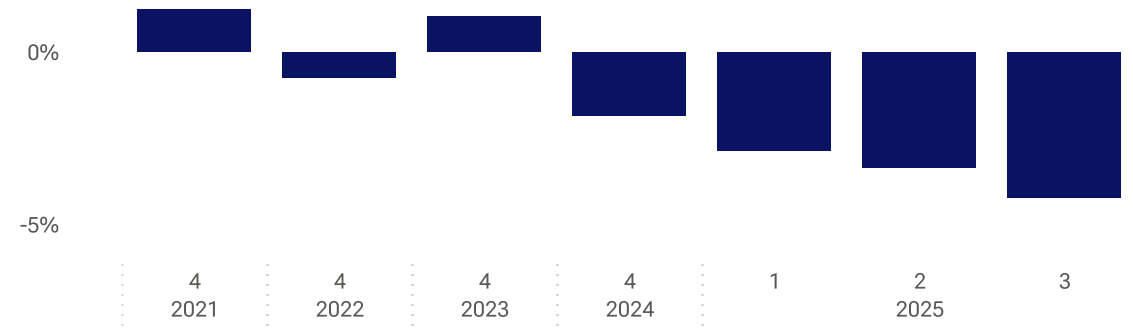
Note: Refer to the Appendix for the full name of banks  
Source: Bank data, VIS Rating

**Exhibit 16: Small banks are facing higher cost of fund amid heightened deposit competition**



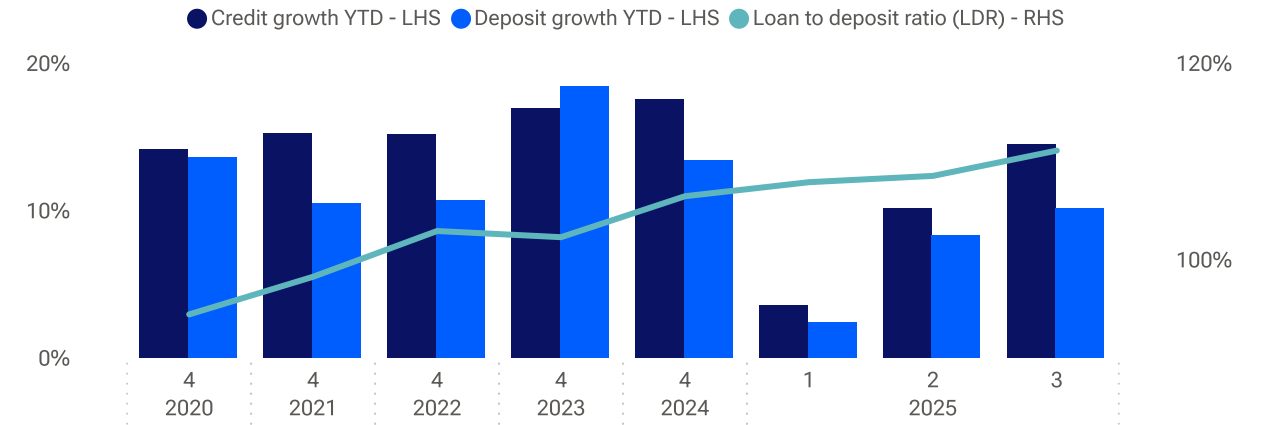
Note: Refer to the Appendix for the full name of banks  
Source: Bank data, VIS Rating

**Exhibit 17: Sector liquidity ratio continued to decline**



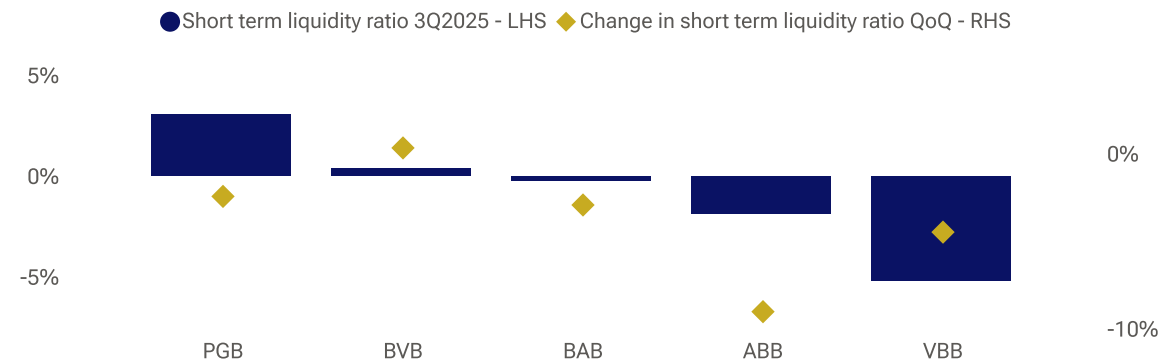
Note: Sector numbers include 27 listed banks  
 Liquidity ratio equals high liquid assets minus market funds over total assets;  
 High liquid assets include Cash, balances with SBV and other credit institutions, Government bonds.  
 Market funds include Deposits and borrowings from SBV and other credit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

**Exhibit 18: Sector LDR rose to 5-year high**



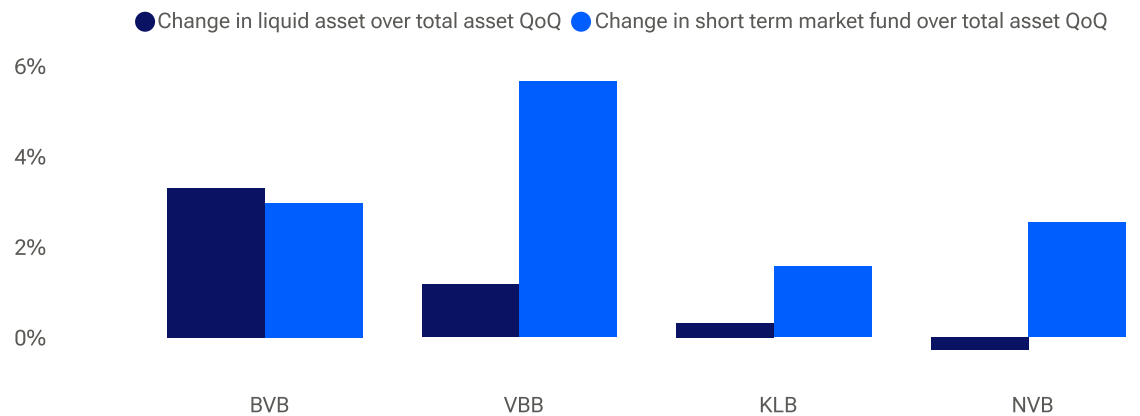
Note: Sector numbers include 27 listed banks  
 Source: Bank data, VIS Rating

**Exhibit 19: Liquidity pressure is more severe for small banks given their reliance on short-term market funds**



Note: Refer to the Appendix for the full name of banks  
 Short term liquidity ratio equals high liquid assets minus short term market funds over total assets  
 Source: Bank data, VIS Rating

**Exhibit 20: Small banks have limited liquid asset buffers for their short-term market fund obligations**



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

**APPENDIX**

The banks included in our analysis are as follows:

	<b>Short name</b>	<b>Full name</b>	<b>Classification</b>
<b>1</b>	ABB	An Binh Commercial Joint Stock Bank	Small
<b>2</b>	ACB	Asia Commercial Joint Stock Bank	Large
<b>3</b>	AGRIBANK	Vietnam Bank For Agriculture And Rural Development	State-owned
<b>4</b>	BAB	Bac A Commercial Joint Stock Bank	Small
<b>5</b>	BID	Joint Stock Commercial Bank for Investment and Development of Vietnam	State-owned
<b>6</b>	BVB	Viet Capital Commercial Joint Stock Bank	Small
<b>7</b>	CTG	Vietnam Joint-Stock Commercial Bank for Industry and Trade	State-owned
<b>8</b>	EIB	Vietnam Commercial Joint Stock Export Import Bank	Mid-sized
<b>9</b>	HDB	Ho Chi Minh City Development Joint Stock Commercial Bank	Large
<b>10</b>	KLB	Kien Long Commercial Joint Stock Bank	Small
<b>11</b>	LPB	Fortune Vietnam Joint Stock Commercial Bank	Mid-sized
<b>12</b>	MBB	Military Commercial Joint Stock Bank	Large
<b>13</b>	MSB	Vietnam Maritime Commercial Joint Stock Bank	Mid-sized
<b>14</b>	NAB	Nam A Commercial Joint Stock Bank	Mid-sized
<b>15</b>	NVB	National Citizen Commercial Joint Stock Bank	Small
<b>16</b>	OCB	Orient Commercial Joint Stock Bank	Mid-sized
<b>17</b>	PGB	Prosperity and Growth Commercial Joint Stock Bank	Small
<b>18</b>	SGB	Saigon Bank for Industry and Trade	Small
<b>19</b>	SHB	Saigon - Hanoi Commercial Joint Stock Bank	Large
<b>20</b>	SSB	Southeast Asia Commercial Joint Stock Bank	Mid-sized
<b>21</b>	STB	Saigon Thuong Tin Commercial Joint Stock Bank	Large
<b>22</b>	TCB	Vietnam Technological and Commercial Joint-Stock Bank	Large
<b>23</b>	TPB	Tien Phong Commercial Joint Stock Bank	Mid-sized
<b>24</b>	VAB	Vietnam Asia Commercial Joint Stock Bank	Small
<b>25</b>	VBB	Vietnam Thuong Tin Joint Stock Commercial Bank	Small
<b>26</b>	VCB	Joint Stock Commercial Bank for Foreign Trade of Vietnam	State-owned
<b>27</b>	VIB	Vietnam International Commercial Joint Stock Bank	Mid-sized
<b>28</b>	VPB	Vietnam Prosperity Joint Stock Commercial Bank	Large

© 2025 Vietnam Investors Service And Credit Rating Agency Joint Stock Company (“Công Ty Cổ Phần Xếp Hạng Tín Nhiệm Đầu Tư Việt Nam” in Vietnamese) (“VIS Rating”). All rights reserved.

Moody's holds a 49% ownership stake in VIS Rating. A Technical Services Agreement is in place between the two companies, under which Moody's provides certain services, including technical assistance, to VIS Rating. However, Moody's is not involved in any particular VIS Rating credit rating or research processes. This report and the opinions expressed herein represent the independent views of VIS Rating and should not be attributed to any Moody's entities, directors, officers, or employees.

#### DISCLAIMER

CREDIT RATINGS ISSUED BY VIS RATING ARE OUR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, DEBT OR FINANCIAL OBLIGATIONS, DEBT SECURITIES, PREFERRED SHARES OR OTHER FINANCIAL INSTRUMENTS OR OF ISSUER OF SUCH DEBTS OR FINANCIAL OBLIGATIONS, DEBT SECURITIES, PREFERRED SHARES OR OTHER FINANCIAL INSTRUMENTS IN VIETNAM AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY VIS RATING (COLLECTIVELY, “PUBLICATIONS”) MAY INCLUDE SUCH CURRENT OPINIONS. VIS RATING DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE VIS RATING'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY VIS RATING'S CREDIT RATINGS. APART FROM FUNDAMENTAL RISKS NEEDED TO BE ASSESSED AS REQUIRED UNDER THE VIETNAMESE LAW (INCLUDING DECREE 88/2014 DATED 26 SEPTEMBER 2014 OF THE GOVERNMENT) ON CREDIT RATING SERVICES FROM TIME TO TIME, CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS (“ASSESSMENTS”), AND OTHER OPINIONS INCLUDED IN VIS RATING'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE FOR REFERENCES ONLY AND DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE. VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO INVEST INTO, CONTRIBUTE CAPITAL, PURCHASE, SELL, OR HOLD PARTICULAR DEBT INSTRUMENTS OR FINANCIAL INSTRUMENTS. VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. VIS RATING ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY OR DEBT INSTRUMENT THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY NON-PROFESSIONAL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR NON-PROFESSIONAL INVESTORS TO USE VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN (INCLUDING INFORMATION OF VIS RATING AND/OR THIRD PARTIES WHO LICENSE VIS RATING TO INCORPORATE THE INFORMATION HEREIN (“VIS RATING'S LICENSORS”)) IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT PRIOR WRITTEN CONSENT OF VIS RATING OR VIS RATING'S LICENSORS. VIS RATING'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by VIS Rating from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided “AS IS” without warranty of any kind. VIS Rating adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources VIS Rating considers to be reliable including, when appropriate, independent third-party sources. However, VIS Rating is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, VIS Rating and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if VIS Rating or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by VIS Rating.

To the extent permitted by law, VIS Rating and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, VIS Rating or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY VIS RATING IN ANY FORM OR MANNER WHATSOEVER.

VIS RATING MAY MAKE MODIFICATIONS AND/OR CHANGES TO ITS PUBLICATION AT ANY TIME, FOR ANY REASON. HOWEVER, VIS RATING UNDERTAKES NO OBLIGATION (NOR DOES IT INTEND) TO PUBLICLY SUPPLEMENT, UPDATE OR REVISE ITS PUBLICATION ON A GOING-FORWARD BASIS. YOU ASSUME THE SOLE RISK OF MAKING USE OF AND/OR RELYING ON VIS RATING'S ASSESSMENTS, OTHER OPINIONS AND PUBLICATION.

VIS Rating maintains policies and procedures to address the independence of VIS Rating's credit ratings and credit rating processes. Information regarding, among others, entities holding more than 5% of the contributed charter capital of VIS Rating, any change to the shareholding ratios of entities holding more than 5% of the contributed charter capital of VIS Rating and a list of rated entities with a credit rating service charge accounting for over 5% of VIS Rating's total revenue from credit rating activities in the fiscal year prior to the time of information disclosure, are posted at <https://visrating.com> under the heading “Corporate Disclosure”.



Empowering Better Decisions