Initiation Report

BID · JSC Bank for Investment and Development of Vietnam *(BIDV)*

HOSE-listed · Listed 24 Jan 2014 · Vietnam's largest bank by total assets

SUMMARY VIEW

BIDV (BID) is Vietnam's largest commercial bank by total assets, loans outstanding and deposits, and one of the four pillar state-owned banks (Big-4). 2025 net profit after tax reached **VND 30,430.1 billion (+18.5% YoY)** — third highest in the sector, on pre-tax profit of VND 37,787.5 billion. Profitability ranks among the sector's best (ROE 19.1%, ROA 1.0%) with strong cost efficiency (CIR 33.4%), but three interlinked items warrant monitoring: a thin net interest margin (NIM) of around 2.0%, NPL coverage (LLR) falling to 99.9% at end-2025 (86.9% in Q1 2026) as NPLs edged up to 1.5%, and capital adequacy (CAR) close to the floor at 9.2%. All three converge on a single bottleneck — capital — which is why BIDV is executing a large-scale Tier-1 capital raise in 2026. The stock trades at 1.6x P/B, at the low end of its five-year historical range. On the outlook, TCBS expects BID's earnings to remain positive: pre-tax profit is projected to grow at roughly 18% per year on average to nearly VND 63,400 billion by 2028; growth in 2026 is expected to slow to around 13% as the bank prioritizes rebuilding its provisioning buffer and capital base, before re-accelerating from 2027 — a positive outlook tightly conditioned on a successful capital raise and improving asset quality.

INVESTMENT THESIS

01 System-leading scale
The first Vietnamese bank to surpass **VND 3,300 trillion** in total assets; the outright leader in loans, deposits, network coverage (all 34 provinces/cities) and ~26 million retail customers — a competitive advantage that is hard to replicate.

02 Capital raise roadmap unlocks growth
A ~VND 26,000 billion capital plan for 2026 (private placement completed in Q1, reserve funds, stock dividends) targets charter capital of nearly **VND 100,000 billion**, lifting CAR from ~9.2% to 9.5–10% — removing the core capital bottleneck.

03 Top-tier profitability at trough valuation
ROE of 19.1% ranks among the highest in the system while P/B of 1.6x sits below the −1σ band of its five-year range and below the ROE–P/B correlation line of peers with similar profitability.

04 Digital transformation & retail improve the mix
95% of transactions via digital channels (2025) support bringing CIR below 30%; the 2026–2030 strategy prioritizes lifting CASA (25–30%), shifting toward higher-yield retail and improving NIM to 2.5–2.7%.

KEY RISKS

01 Thin capital adequacy & dilution risk
CAR of ~9.2–9.6% is among the sector's lowest, with leverage of ~19x; the capital raise timeline depends on State approval (76.7% ownership) and the mandatory six-month gap between private placements — it could slip into 2027, while repeated issuance dilutes EPS/BVPS.

02 Asset quality & a thinning provision buffer
NPLs rose from 1.4% (2024) to 1.5% (2025) and 1.8% (Q1 2026); NPL coverage (LLR) fell sharply from 130.8% to 86.9% — the risk-absorption buffer is narrowing, with provisioning pressure if assets deteriorate.

03 Thin margin & liquidity pressure
NIM at a five-year low (1.9% in Q1 2026), well below the sector average of ~3%; LDR under Circular 22 exceeds the 85% cap (99.4% in Q1 2026) and funding is "quite stretched" — high funding costs and limited lending headroom from the existing deposit base.

04 Policy & macro
A more cautious 2026 credit stance (~15%) and the quota-allocation mechanism cap growth headroom; FX, inflation and oil-price volatility affect funding costs and portfolio quality.

TRADING DATA

Market cap (1 Jul 2026)	313,407 VND bn
Shares outstanding	7,280 m shares
Price (1 Jul 2026)	43,050 VND
P/E · P/B	10.0x / 1.6x

OWNERSHIP

State Bank of Vietnam	76.7%
KEB Hana Bank	14.2%
Others	9.1%
Foreign room	~18.1% / 30%

2025 FINANCIALS

NPAT	30,430 VND bn
ROE · ROA	19.1% / 1.0%
NPL · CAR	1.5% / 9.2%
Auditor	Deloitte Vietnam

1. Company profile

1.1. History & development path

A near-seven-decade journey from a specialized bank under the Ministry of Finance in 1957 to Vietnam's largest commercial bank by total assets, with total assets exceeding VND 3,300 trillion at end-2025

The Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) is one of the four pillar state-owned commercial banks (Big-4) and currently the largest bank in the system by total assets, credit outstanding and customer deposits. Its development spans four phases, each marked by a step change in capital scale, ownership structure and operating capability.

PHASE 1 (1957–1990) — A DEDICATED INVESTMENT-DISBURSEMENT BANK

BIDV was founded on 26 April 1957 as the Bank for Construction of Vietnam under the Ministry of Finance, tasked with disbursing and managing State budget funds for capital construction; in 1981 it was renamed the Bank for Investment and Construction of Vietnam and placed under the State Bank of Vietnam. During this period the bank functioned more as a fiscal instrument of the State than as a commercial bank — a legacy tied to infrastructure and flagship national projects that still shapes its loan book today.

PHASE 2 (1990–2012) — TRANSITION TO A COMMERCIAL BANKING MODEL

In 1990 the bank was renamed the Bank for Investment and Development of Vietnam, and from 1 January 1995 it fully converted to a universal commercial banking model — expanding retail deposit-taking and lending to the economy alongside its development-finance mandate. This was the period in which BIDV built its nationwide branch network and cemented its traditional strengths in corporate clients, project finance and guarantees.

PHASE 3 (2012–2019) — EQUITIZATION, LISTING & FOREIGN STRATEGIC PARTNER

BIDV conducted its initial public offering on 28 December 2011, formally converted to a joint-stock commercial bank on 1 May 2012, and listed its shares under ticker **BID** on the Ho Chi Minh City Stock Exchange (HOSE) on 24 January 2014, though the State retained an absolute controlling stake. Mid-period, on 25 May 2015, BIDV **merged with the Mekong Housing Bank (MHB)**, expanding its network and asset base. The defining milestone came on 11 November 2019, when **KEB Hana Bank (South Korea) purchased 603.3 million privately placed shares at VND 33,640 per share, for a total of roughly VND 20,300 billion**, becoming the first foreign strategic shareholder with a minimum five-year holding commitment and long-term technical assistance across six key areas.

PHASE 4 (2020 — PRESENT) — SCALE BREAKOUT & A HISTORIC CAPITAL RAISE ROADMAP

Since 2020, BIDV's total assets have grown from VND 1,761,696 billion (2021) to VND 3,330,826 billion at end-2025 — nearly doubling in five years and making it the first Vietnamese bank to pass the VND 3,300 trillion mark. In parallel, the bank has accelerated its charter-capital roadmap toward the VND 100,000 billion mark: completing a private placement of roughly VND 10,272 billion in Q1 2026, securing Board of Directors approval for a capital increase from reserve funds to VND 77,783 billion (resolution dated 20 May 2026), and preparing a stock dividend from retained earnings. This marks BIDV's shift from a capital-raise laggard to its most determined Tier-1 capital consolidation drive in many years.

1.3. Ownership structure & strategic shareholders

The State (SBV) controls 76.73% · KEB Hana Bank 14.21% · ample foreign room remains below the 30% cap

Shareholder structure (% of charter capital)

Shareholder	%
State Bank of Vietnam Controlling State shareholder	76.73%
KEB Hana Bank (South Korea) Foreign strategic shareholder	14.21%
Other shareholders Remaining domestic & foreign	9.06%

Source: TCBS compilation.

FOREIGN ROOM HEADROOM

~12ppt remaining below the 30% cap

Foreign ownership at ~18.1% post-placement — ample headroom for stake sales/attracting foreign strategic investors in future capital raises.

STATE OWNERSHIP ROADMAP

Set to decline toward ≥65% after 2030

Under the long-term orientation, foreign ownership could exceed 30% after 2030 — paving the way to absorb foreign inflows as the market is upgraded.

THE STATE'S ROLE AS CONTROLLING SHAREHOLDER

The State Bank of Vietnam's 76.73% controlling stake shapes BIDV's entire business model. The core advantage lies in **structurally low funding costs** and a credit standing tied to the sovereign ceiling — rated **Ba2** by Moody's (long-term deposits and issuer, Stable outlook, January 2026) — allowing the bank to access institutional deposits and international funding at competitive costs. A traditional client base deeply tied to state-owned enterprises, infrastructure projects and guarantees produces a balance-sheet structure distinctly different from private-sector banks.

State control, however, also imposes significant constraints: every decision on share issuance, dividend payment, interest rates and strategic investment requires approval from the State Bank of Vietnam and the Ministry of Finance — stretching timelines relative to the private sector. This is why BIDV's capital raises were delayed for many years, and why annual profit plans are less transparent (absolute targets typically await approval from the competent State authorities). A low free-float also limits the stock's capacity to absorb foreign inflows in the near term.

STRATEGIC PARTNERSHIP WITH KEB HANA BANK

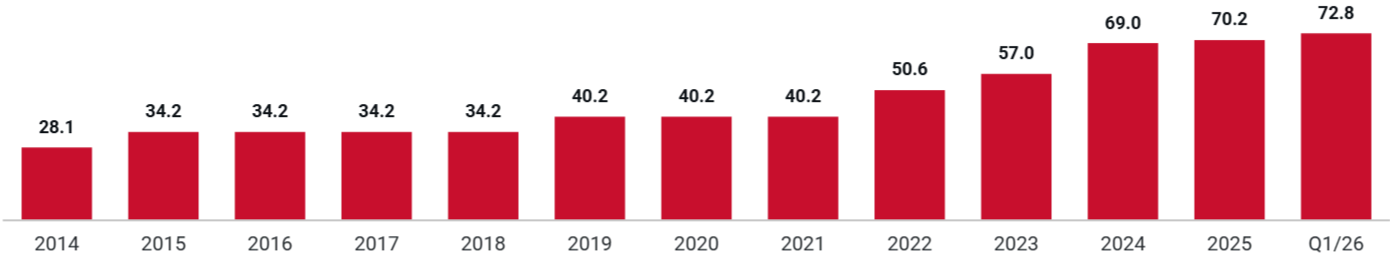
KEB Hana Bank — a member of Hana Financial Group, one of South Korea's largest financial groups — holds 14.21% of BIDV and has been its foreign strategic shareholder since late 2019. The initial investment of roughly VND 20,300 billion (at VND 33,640 per share) now carries a substantial gain — a positive signal for the bank's ability to attract additional foreign strategic investors in upcoming capital raises. Hana provides long-term technical assistance across six areas: strategic governance, technology and digital banking, retail banking, earning-asset diversification, risk management and staff training. KEB Hana representatives also sit on BIDV's Board of Directors, anchoring the partnership at the highest governance level.

CHARTER CAPITAL ROADMAP & Q1 2026 PRIVATE PLACEMENT

BIDV's charter capital has risen from VND 28,112 billion (2013) to **VND 72,801 billion** today (after the Q1 2026 private placement). Notably, charter capital was virtually **flat** at around VND 34–40 trillion throughout 2015–2021 — reflecting the capital-approval bottleneck peculiar to state-owned banks — before **accelerating sharply from 2022**. Most of the increase came from **stock dividends** (no fresh cash); only the private placements — KEB Hana in 2019, in 2025 and in Q1 2026 — brought in real cash that directly added to Tier-1 capital.

Charter capital by year

VND trillion · 2014–Q1 2026



Source: TCBS compilation.

The most notable recent capital move was the **cash private placement** completed in Q1 2026: BIDV allotted 258,703,293 shares at VND 38,900 per share (a discount of roughly 4.8% to the market price), lifting charter capital from VND 70,213.6 billion to VND 72,801 billion (share count up roughly 3.7%; additional listing on 7 May 2026). The State Capital Investment Corporation (SCIC) was the largest buyer, joined by around 30 foreign funds and institutions. Unlike most previous capital increases (mainly stock dividends, with no fresh cash), this cash component directly added to Tier-1 capital — shoring up a thin capital adequacy ratio while simultaneously diluting EPS/BVPS/ROE.

One point to watch: strategic shareholder KEB Hana Bank **did not participate in this placement** and was therefore further diluted (from 15% at its 2019 investment to roughly 14.2%). This is the first component of the large-scale 2026 capital raise roadmap set out by management, aimed at removing the capital-adequacy bottleneck for growth targets and the Basel III roadmap.

1.4. Management & governance

Stable governance structure · Chairman of the BOD Phan Đức Tú retires from 1 July 2026, succeeded by Mr. Lê Ngọc Lâm; Mr. Hoàng Việt Hùng appointed CEO

BIDV's governance apparatus has remained highly stable for many years, with a Board of Directors that includes a representative of strategic shareholder KEB Hana and an independent member in line with market practice. The headline governance event of 2026 is the senior leadership transition effective 1 July 2026: Chairman of the BOD Phan Đức Tú retires (having held the chairmanship since 2018), Mr. Lê Ngọc Lâm succeeds him as Chairman, and Mr. Hoàng Việt Hùng is appointed CEO. Management has affirmed that the "Large — Strong — Green" strategy remains intact and that the successor team will carry it forward without interruption.

BOARD OF DIRECTORS — 10 MEMBERS

Lê Ngọc Lâm — Chairman of the BOD	**Đặng Văn Tuyên** — BOD member
Ngô Văn Dũng — BOD member	**Phạm Quang Tùng** — BOD member
Trần Xuân Hoàng — BOD member	**Lê Kim Hoà** — BOD member
Quách Hùng Hiệp — BOD member	**Lê Quốc Nghị** — BOD member
Nguyễn Văn Thạnh — independent BOD member	**Kim Sang Soo** — BOD member — KEB Hana representative

EXECUTIVE BOARD — 12 MEMBERS (CEO · 9 DEPUTY CEOS · EXECUTIVE BOARD MEMBER · CHIEF ACCOUNTANT)

Hoàng Việt Hùng — CEO

Nguyễn Thiên Hoàng — Deputy CEO

Lê Huy Hoàng — Deputy CEO

Nguyễn Thị Quỳnh Giao — Deputy CEO

Lại Tiến Quân — Deputy CEO

Ham Jin Sik — Executive Board member

Trần Phương — Deputy CEO

Phan Thanh Hải — Deputy CEO

Trần Long — Deputy CEO

Đoàn Việt Nam — Deputy CEO

Vũ Hoàng Dương — Deputy CEO

Bùi Thị Hòa — Chief Accountant

SUPERVISORY BOARD — 5 MEMBERS (2022–2027 TERM)

Tạ Thị Hạnh — Head of Supervisory Board

Nguyễn Trung Kiên — Full-time member

Huỳnh Phương — Member (elected 26 April 2025)

Cao Cự Trí — Full-time member

Nguyễn Thị Thu Hà — Full-time member

Source: BIDV 2025 annual report · senior personnel changes effective 1 July 2026 (Chairman of the BOD: Mr. Lê Ngọc Lâm; CEO: Mr. Hoàng Việt Hùng) · list updated per BIDV disclosures.

The key governance watch item is senior leadership transition risk (the BOD chairmanship succession), which could cause short-term disruption to execution and strategy rollout. Conversely, it is also an opportunity to refresh the executive team — management has committed that the handover will not interrupt the long-term development agenda, with strategic partner KEB Hana continuing to support the bank in retail banking and risk management.

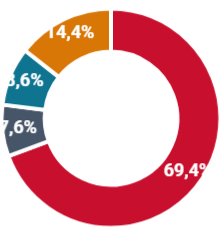
1.5. Business model

2025 consolidated total operating income reached VND 91,214 billion (+12.5% YoY) · 4 core business lines at the parent bank + a subsidiary ecosystem

BIDV operates a universal commercial banking model. Most income comes from the parent bank through four core business lines — **credit (customer lending)**, **investment in debt securities**, **services & payments** and **FX trading – treasury** — on an abundant deposit base; the remainder comes from a subsidiary ecosystem spanning securities, insurance, financial leasing and debt management. The mix is characteristic of a large state-owned bank: net interest income from credit dominates, while the bank accelerates its shift toward retail banking and non-interest income to improve margins and diversify revenue.

2025 operating income mix

% of total income



Credit — customer lending 69%
Lending to large corporates, infrastructure – energy projects, SMEs and retail customers; working-capital and medium- to long-term financing.

Services & payments 8%
Domestic and international payments, trade finance, guarantees, card services, digital banking and insurance – securities distribution through the ecosystem.

Debt securities investment & FX 9%
Investment in government bonds and credit-institution bonds; FX trading serving import-export and FDI corporates; equity stakes and long-term investments.

Bad-debt recoveries & other income 14%
Recoveries of written-off loans, resolution and monetization of collateral, and other non-interest income items.

Source: BIDV 2025 consolidated financial statements.

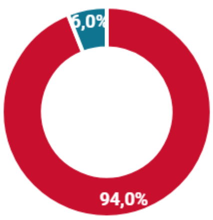
ECOSYSTEM OF SUBSIDIARIES, JOINT VENTURES & ASSOCIATES

#	Company	Business	BIDV ownership
SUBSIDIARIES — CONTROLLING OWNERSHIP			
1	BAMC — Asset Management & Debt Resolution	Debt management, asset resolution	100%
2	BIDC — Bank for Investment & Development of Cambodia	Banking (Cambodia)	98.50%
3	Cambodia – Vietnam Securities (*)	Securities (Cambodia)	98.50%
4	LVB — Lao – Viet Joint Venture Bank	Banking (Laos)	65%
5	MHBS — MHB Securities	Securities	60%
6	BSC — BIDV Securities	Securities · listed	51.97%
7	BIC — BIDV Insurance	Non-life insurance · listed	51.01%
8	BSL — BIDV–SuMi Trust Leasing	Financial leasing (Japanese partner)	50%
9	Lao – Viet Insurance (LVI) (*)	Insurance (Laos)	33.15%
10	Cambodia – Vietnam Insurance (CVI) (*)	Insurance (Cambodia)	26.01%
JOINT VENTURES			
11	BIDV Tower — BIDV Tower Joint Venture Co.	Real estate (head office)	55%
12	VRB — Vietnam – Russia Joint Venture Bank	Joint-venture bank	49.5%
13	BIDV MetLife (**)	Life insurance (MetLife JV)	37.25%
ASSOCIATES			
14	Cambodia – Vietnam Food (*)	Food (Cambodia)	32.51%
15	VALC — Vietnam Aircraft Leasing	Aircraft leasing	18.52%

Source: BIDV 2025 annual report.

2025 pre-tax profit contribution

Consolidated PBT VND 37,788 billion



- Parent bank (commercial banking) 35,509
- Ecosystem (subsidiaries & associates) 2,279

Source: BIDV 2025 audited financial statements.

The subsidiary ecosystem contributed roughly **VND 2,279 billion (~6%)** to 2025 consolidated pre-tax profit — the remainder came from the parent bank (commercial banking). Within the ecosystem, the leaders were: BSC Securities with a record pre-tax profit of VND 616 billion; BIC Insurance holding a Top-5 non-life market share with gross written premiums of VND 5,318 billion (+5%); BIDV MetLife rebounding strongly with pre-tax profit of nearly VND 300 billion (+96% YoY); and BSL leasing quadrupling prior-year profit. This provides the platform for the 2026–2030 strategy to expand subsidiary-sourced income and gradually reduce reliance on credit.

1.6. Operating network

175 branches · 927 transaction offices covering 34 provinces/cities (#1 among listed banks) · presence in 5 international markets · 95% of transactions via digital channels (2025)

BIDV owns the leading physical distribution network among listed banks: **175 branches** and **927 transaction offices** covering all 34 provinces/cities following the administrative-unit reorganization, plus an international presence via the Yangon branch (Myanmar) and four overseas representative offices — a hard-to-replicate advantage in retail deposit gathering and SME cross-selling across provincial/district areas, serving roughly 26 million retail customers. Notably, in 2025 the bank proactively **streamlined its network rather than expanding**: it restructured 16 branches (closing 8, converting 4 into transaction offices, upgrading 4 under specialized models) and 94 transaction offices, while centralizing operations (cash vaults, asset valuation, remittances) — the restructured units continue to operate smoothly, with no disruption to customer service.

PROVINCES / CITIES COVERED	BRANCHES	TRANSACTION OFFICES	RETAIL CUSTOMERS	TRANSACTIONS VIA DIGITAL CHANNELS
34	**175**	**927**	**~26 million**	**95%**
Nationwide coverage	#1 among listed banks	Extensive distribution network	#1 in Vietnam	In 2025

Source: BIDV 2025 annual report · BIDV investor materials (May 2026).

INTERNATIONAL NETWORK

CORRESPONDENT BANKING RELATIONSHIPS

Over 2,300 financial institutions

across **177 countries & territories** — supporting international payments, trade finance and FX trading (SWIFT: BIDVVNVX).

Presence & representative offices

Yangon branch (Myanmar — the sole overseas branch); banking subsidiaries **LaoVietBank** (Laos, 65%) and **BIDC** (Cambodia, 98.5%). Representative offices: **04 overseas** (Laos, Cambodia, Taiwan, Russia) + 02 domestic (Ho Chi Minh City, Da Nang).

Source: BIDV 2025 annual report (branches & rep offices); correspondent bank count per BIDV 2024 disclosures / VNBA.

DIGITAL TRANSFORMATION — FROM PLATFORM BUILDING TO AT-SCALE OPERATIONS

DIGITAL USERS

~17 million users

14.5 million active · over 45 thousand corporate users · SmartBanking and BIDV Direct platforms.

TECHNOLOGY INFRASTRUCTURE

Large-scale Private Cloud

First Big-4 bank to run a Private Cloud (production + DR) · Open API & Payment Hub (first to adopt ISO 20022).

2030 TARGETS

≥90% of customers on digital channels

≥30% of revenue from digital channels · mastery of the "Lean Core" platform · microservice/Open API/Cloud architecture.

DATA & AI

Dedicated 2026-2030 strategy

First standalone Data-AI strategy · Data Fabric architecture · corporate eKYC, GenAI chatbot.

Digital transformation is the key lever for BIDV to improve operating efficiency: with 95% of transactions already executed via digital channels in 2025 and transaction processing time cut to under 5 milliseconds, the bank has room to bring CIR below 30% per its 2030 target. Leading the Big-4 in technology infrastructure (Private Cloud, Open API, ISO 20022) both strengthens digital competitiveness and lays the foundation to lift the share of income from digital channels — a path toward gradually reducing reliance on traditional interest income.

1.7. Development strategy 2026–2030

"Big — Strong — Green" aspiration · Top 100 Asian banks by 2030 · 6 component strategies (Resolutions 536–545)

On 19 May 2026, BIDV's Board of Directors issued a full set of 6 Resolutions (536, 537, 542, 543, 544, 545) approving the 2026–2030 component strategies, operationalizing the overall Strategy (Resolution 345 dated 24 April 2026) through 2030 with a vision to 2045. The overarching aspiration is to become Southeast Asia's leading "**Big — Strong — Green**" Financial-Banking Group: entering the Top 100 largest Asian banks by 2030 and the Top 50 by 2045. Three pillars shape the strategy: **Big** (scale and ranking), **Strong** (governance, risk management, technology and corporate culture), **Green** (leadership in green credit and sustainable finance).

SIX COMPONENT STRATEGIES 2026–2030

Financial management
Res. 536 — financial, capital and profitability target framework

Retail banking
Res. 537 — retail leadership, CASA, individual customers

Corporate banking
Res. 542 — corporates, SME, supply-chain & project finance

Ecosystem beyond commercial banking
Res. 543 — subsidiaries: securities, insurance, leasing

IT & Digital transformation
Res. 544 — digital infrastructure, vision to 2045

Data — AI & Innovation
Res. 545 — data exploitation, AI, product innovation

INDICATIVE FINANCIAL TARGETS TO 2030

Indicator	Current (2025)	2026–2030 direction
Return on equity (ROE)	19.1%	≥ 15% throughout the period
Net interest margin (NIM)	2.0%	2.5 – 2.7%
Demand deposit ratio (CASA)	21.1%	25 – 30%
Cost-to-income ratio (CIR)	33.4%	< 30%
NPL ratio	1.5%	< 1.0%
NPL coverage (LLR)	99.9%	≥ 100%
Capital adequacy ratio (CAR)	9.2%	~ 10.7% (2030)
Pre-tax profit	~VND 37.8tn	VND 86tn (2030)

Source: BOD resolutions (19 May 2026) & Q1 2026 earnings call — internal indicative targets.

Notably, the 2026–2030 target set aims for across-the-board improvement in efficiency metrics: lifting CASA from ~21% to 25–30%, restoring NIM from 2.0% to 2.5–2.7%, cutting CIR below 30%, bringing NPL under 1% and raising CAR to ~10.7%. This is an ambitious roadmap; feasibility hinges largely on two bottlenecks: (i) the success of upcoming capital raises to ease capital-adequacy constraints, and (ii) improvement in the low-cost deposit base (CASA) to widen the margin. These are precisely the two factors that leave a top-scale bank like BIDV with a thin NIM and profitability not yet commensurate with its size.

2. Banking sector analysis

2.1. Macro backdrop & policy direction 2026

Domestic macro momentum is strong but external risks remain sizable; the banking sector enters 2026 with thin NIM, asset-quality pressure and capital tightening under Basel III

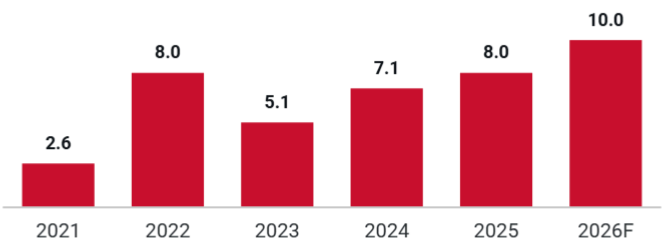
The 2026 macro backdrop is a two-sided picture: domestic momentum is strong, but external risks and the sector's internal pressures are both substantial. At home, growth momentum remains high — 2025 GDP grew roughly 8% (among the fastest in the region), planned public investment approaches VND 1,000 trillion and disbursed FDI keeps rising steadily — fueling credit demand and sector-wide balance-sheet expansion. However, the ~10% growth target the Government has set for 2026 sits well above international institutions' forecasts (World Bank 6.3%, ADB 7.2%, AMRO 7.6%), reflecting still-sizable external risks: US tariffs on exports in effect throughout 2026, slowing global demand and exchange-rate pressure. More importantly for the sector, banks enter 2026 under a stack of overlapping pressures: deposits growing slower than credit, widening the loan-deposit gap (LDR) and forcing greater reliance on wholesale funding; funding costs inching up while lending rates are compressed under the pro-growth policy stance, thinning NIM; asset quality under strain as provisioning buffers erode; and capital headroom tightened under Basel III — so a favorable macro environment does not automatically translate into profits.

PUBLIC INVESTMENT 2026	2026 GDP TARGET	2026 CREDIT QUOTA	SECTOR NIM 2025
~VND 1,000tn	**~10%**	**~15%**	**~2.9%**
all-time high	Government target · WB/ADB 6.3–7.2%	tightened from ~19% in 2025	down from 3.5% (2024) · forecast below 3% (2026)

UNDERLYING MACRO DYNAMICS — GROWTH, INFLATION, CAPITAL FLOWS

GDP growth

% · 2026F per target

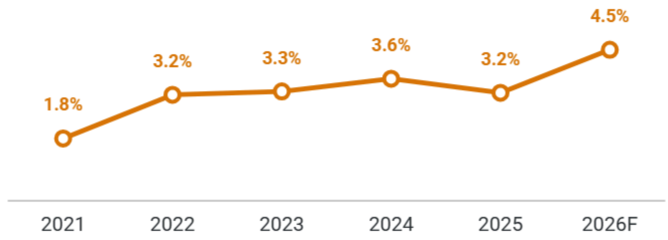


Source: General Statistics Office; Government target & WB/ADB/AMRO 2026 forecasts.

Vietnam's economy has kept up a rapid pace: after stalling at 2.6% (2021) on the pandemic, GDP rebounded to 8.0% (2022), moderated to 5.0% (2023), then accelerated to 7.1% (2024) and roughly 8% (2025) — among the fastest in the region. The Government targets ~10% for 2026, though international institutions are far more cautious (World Bank 6.3%, ADB 7.2%, AMRO 7.6%) given external trade risks. Even so, the high-growth base remains a support for credit demand and system-wide balance-sheet expansion.

CPI inflation

% annual average

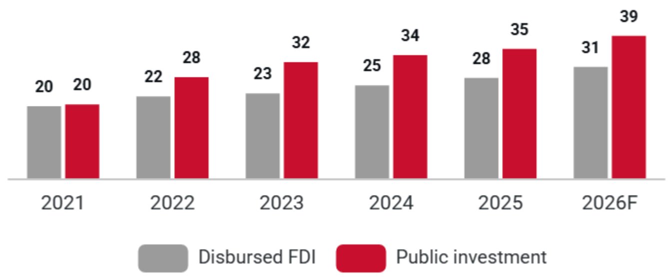


Source: General Statistics Office; 2026 target ~4.5%.

Inflation was kept stable below 4% throughout 2021–2025 (peaking at 3.6% in 2024), giving the State Bank of Vietnam (SBV) room to maintain a controlled accommodative monetary stance and keep interest rates low in support of credit demand. The ~4.5% CPI target for 2026 is a threshold to watch: an inflation reversal would push funding costs up and pressure the already-thin margins of the state-owned banks.

Disbursed FDI & public investment

USD billion



Source: Ministry of Finance/MPI; 2026F per plan.

Two investment flows — disbursed FDI (rising steadily from USD 19.7 billion to USD 27.5 billion over 2021–2025) and public investment (jumping to nearly USD 39 billion under the 2026 plan, a record high, tied to mega-projects such as Long Thanh airport, expressways and the high-speed railway) — are direct drivers of credit demand. 2026 credit tilts toward infrastructure rather than speculative real estate, fitting the project-lending positioning of the large state-owned banks — which hold traditional relationships with state-owned enterprises and strong guarantee capacity.

BANKING SECTOR CHALLENGES IN 2026

The other side of the picture is a set of internal pressures that keep the favorable macro base from automatically converting into bank profits. The **credit quota** is guided at around 15% — below 2025's ~19%, with real-estate credit reined in to the system-wide pace — making growth headroom scarcer (even as the quota mechanism is on a phased path to removal). Sector-wide **net interest margin (NIM)** has compressed to ~2.9% (from 3.5% in 2024) and is forecast below 3% in 2026 as funding costs rise while lending rates stay compressed under the pro-growth policy stance. **Asset quality** harbors latent risk: the sector NPL ratio has held steady (~1.9%) largely thanks to aggressive write-offs and fast loan growth rather than genuine improvement, while provisioning buffers have fallen to their lowest since 2021. **Capital** is under pressure from Basel III standards (Circular 14/2025); the state-owned group has lifted CAR to ~10.7% via Tier-2 bonds but remains thin versus international norms. A positive counterweight is Vietnam's FTSE upgrade to emerging-market status (September 2026), supporting foreign inflows into large-cap bank stocks. In sum, 2026 is a year of divergence — profits will split by NIM and asset quality, no longer the "rising tide lifts all boats" environment of the hot-credit era.

2.2. Sector size & market-share structure

Sector total assets reached VND 21,100 trillion at end-2025 · BID leads by an absolute margin in scale

This is a highly concentrated, fast-expanding industry — yet sharply tiered between scale and profitability. Total assets of the 26 banks tracked reached roughly VND 21,100 trillion at end-2025, up 23.0% YoY — the strongest pace in five years amid the credit boom.

The gap between the leading group and the rest is very wide; and what deserves close reading is not just who is biggest, but the mismatch between scale share and profit share — a theme running through this section and the root of BID's "big on scale, trailing on profitability" problem.

Sector scale accelerated markedly over 2024–2025 as interest rates eased and credit demand recovered. **BID became the first Vietnamese bank to cross VND 3,300 trillion in total assets** at end-2025 (VND 3,330,826 billion), far ahead of CTG (VND 2,767,699 billion) and VCB (VND 2,442,279 billion), and more than double the largest private bank, MBB (VND 1,615,764 billion). Unlike developed markets where capital markets shoulder most financing needs, bank credit in Vietnam remains the dominant funding channel — explaining why sector total assets and loans have outpaced nominal GDP for many consecutive years.

The sector's market-share structure is clearly tiered between two blocs. The state-owned Big-4 (BIDV, VietinBank, Vietcombank, Agribank) still dominate the bulk of system-wide total assets, loans and deposits thanks to extensive networks and traditional relationships with state-owned enterprises; yet their share is being gradually eroded by the faster-growing private bloc. A common trait of the state-owned bloc is a profit share below its scale share (thin margins from large-corporate lending), whereas retail-focused private banks typically command a profit share above their asset share. This structure gives the Big-4 — BID, CTG, VCB and Agribank (unlisted) — a scale advantage in absorbing large public-investment disbursements, handling FDI flows and serving state-owned enterprises; in return, the leading private banks (TCB, MBB, ACB) sustain NIMs 100–150 basis points higher on cheaper funding from demand deposits.

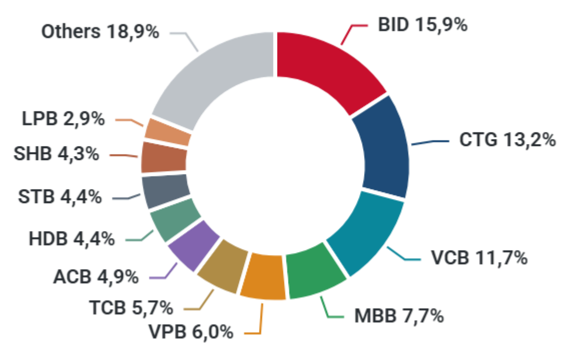
Sector total assets

VND trillion · growth %

Source: TCBS compilation.

Total-asset market share 2025

% of total assets · 26 banks



Source: TCBS compilation.

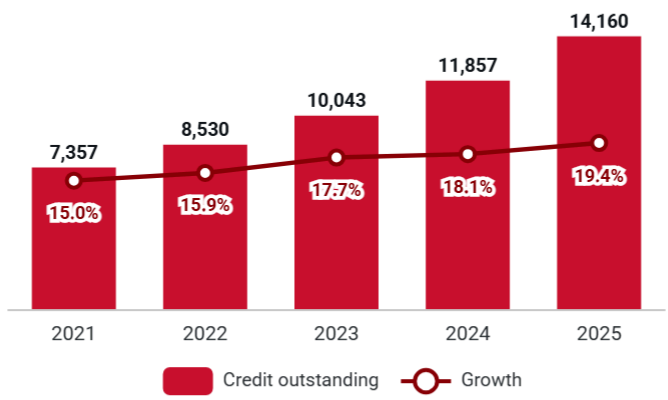
2.3. Sector credit & deposit growth

Sector credit +19.4% in 2025 — strongest in five years · deposits lagging for a fourth consecutive year

2025 marked the strongest credit cycle in five years — but deposits failed to keep pace, sowing liquidity pressure across the system. Sector-wide credit rose 19.4% YoY, pushing loans outstanding to VND 14,160 trillion — exceeding the 16% planning ceiling the SBV set at the start of the year. Meanwhile deposit funding grew only 14.2%, widening the credit-deposit gap to nearly five percentage points and forcing the whole sector to turn to wholesale funding.

Sector credit outstanding

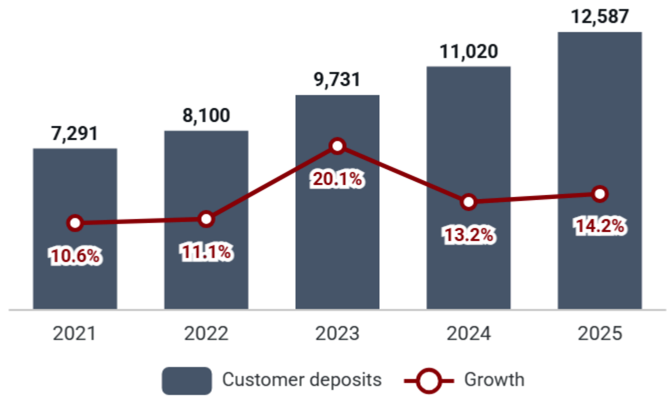
VND trillion · growth %



Source: TCBS compilation.

Sector deposit funding

VND trillion · growth %



Source: TCBS compilation.

This is the fourth consecutive year deposits have lagged credit, forcing banks to plug the shortfall via interbank borrowing, State Treasury deposits and long-tenor valuable-paper issuance. The direct consequence: the sector loan-to-deposit ratio (LDR) climbed from around 101% (2021) to 112.5% (2025), reflecting a system gradually tightening on liquidity. This makes funding-cost pressure and funding balance a key watch point for the whole sector in 2026.

2025 credit diverged sharply by industry. Manufacturing-processing and real estate led, both up roughly 22–24% — above the overall 19.4% pace. Manufacturing was propelled by a wave of FDI factory expansion in electronics, semiconductors and textiles; real estate recovered visibly after the 2022–2023 freeze, led by individual mortgage lending. Trade-services grew around 18% on domestic consumption, while retail consumer credit recovered more slowly at 13–15% as household incomes remain sensitive to the economic cycle. Into 2026, the sector credit mix is expected to keep tilting toward infrastructure, manufacturing and retail rather than speculative real estate; credit-growth guidance also cools to the 15–16% range — a marked slowdown from 2025's hot 19.4% — as the SBV prioritizes credit quality and capital safety, alongside the phased removal of the credit quota (room) mechanism.

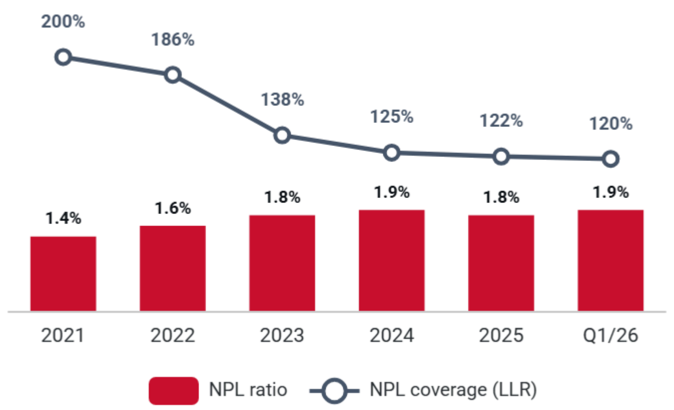
2.4. Sector asset quality

Sector NPL 1.8% · NPL coverage buffer thinning to 121.6% · wide divergence across banks

Sector asset quality has traveled a full cycle — and is now in a phase where NPLs are creeping up while provisioning buffers thin out. After a stable 2021 (NPL just 1.4%), bad debt rose quickly through 2022–2023 to a 1.8% peak on corporate-bond market disruptions and the real-estate freeze. From 2024, new NPL formation slowed as strong credit growth expanded the denominator and banks worked through most legacy debt via provisioning. In Q1 2026, NPL ticked up to 1.9% — largely seasonal at the start of the year, not yet enough to call a new risk cycle.

Sector NPL & NPL coverage

NPL % · NPL coverage % · NPL = Groups 3+4+5

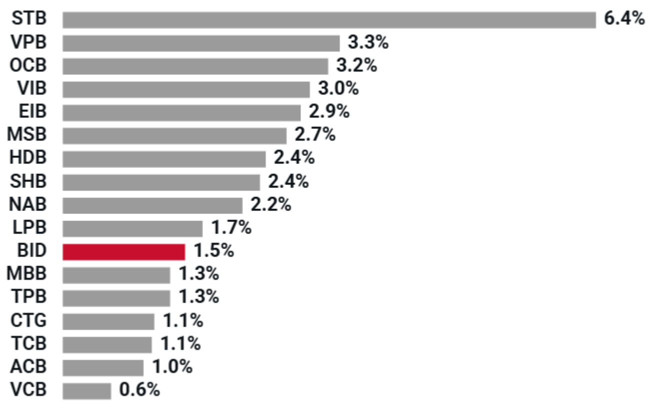


Source: TCBS compilation.

The sector's provisioning buffer keeps thinning. NPL coverage fell from a very comfortable 199.9% (2021) to 121.6% (2025) and 119.7% in Q1 2026 — reflecting two factors: absolute NPLs kept rising (to VND 263,600 billion at end-2025) while banks drew heavily on provisions for write-offs over 2023–2024. Sector provisioning expense climbed again from VND 121 trillion (2021) to VND 145 trillion (2025) as Group 5 (loss) debt ballooned. This is a sector-wide watch point now that Circular 02 on debt restructuring has expired, forcing restructured loans to be reclassified on substance.

NPL by bank

% · FY2025



Source: TCBS compilation.

Divergence across banks is stark. The state-owned group holds the sector's lowest NPLs — VCB 0.6%, CTG 1.1% — thanks to large portfolios concentrated in quality customers. Conversely, several consumer-credit-focused banks carry markedly higher NPLs (VPB 3.3% via subsidiary FE Credit, OCB 3.2%, VIB 3.0%). STB is the outlier at 6.4% NPL due to legacy Group 5 exposure tied to VAMC bonds not yet fully settled, skewing the sector average. Broadly, asset quality tracks portfolio mix: consumer retail and speculative real estate are riskier, while portfolios weighted toward large corporates and manufacturing are safer.

The sector-wide trend is a thinning provisioning buffer as absolute NPLs grow faster than provisioning, pushing many banks near or below the 100% coverage threshold. With Circular 02 on debt restructuring expired, restructured loans must be reclassified on substance, exposing more clearly the gap between conservatively provisioned banks and moderately provisioned ones — a point directly linked to the sector-wide pressure to shore up capital.

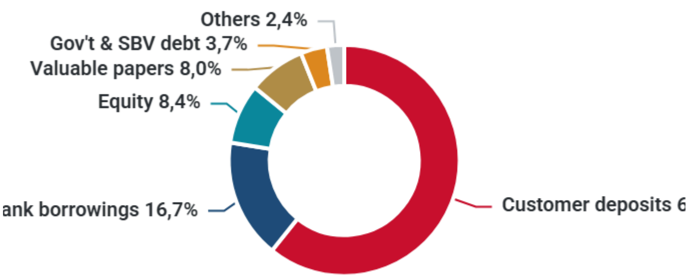
2.5. Sector funding structure & CASA

Sector CASA flat around 21–22% · LDR climbing to 112.5%, reflecting gradually tightening liquidity

The funding structure is the foundation that determines a bank's cost of funds and lending margin. The sector is undergoing a quiet but important shift: customer deposits — the cheapest and most stable funding source — are growing more slowly than credit, forcing banks to rely more on wholesale funding such as interbank borrowing and issuance of valuable papers. This structural change is reshaping the sector's cost of funds as well as the liquidity risk profile of the entire system.

Sector funding structure

% of total funding · FY2025

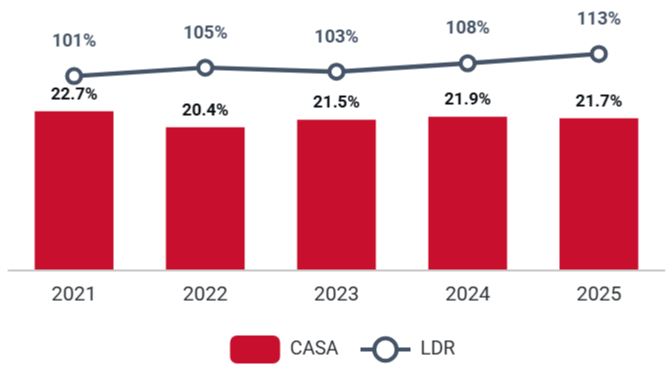


Source: TCBS compilation.

As of end-2025, customer deposits still accounted for a dominant 60.7% of total funding; the remainder comprised deposits from & borrowings from other credit institutions (16.7%), shareholders' equity (8.4%), valuable papers (8.0%) and amounts owed to the Government/the State Bank of Vietnam (3.7%). The static picture remains healthy, but the point to watch lies in the dynamic trend: the share of customer deposits has declined steadily over the years, while interbank funding and valuable papers have expanded. As wholesale sources are typically shorter-term and more volatile than retail deposits, this shift both makes the cost of funds more sensitive to money-market rates and edges up the sector's maturity mismatch and liquidity risk.

Sector CASA & LDR

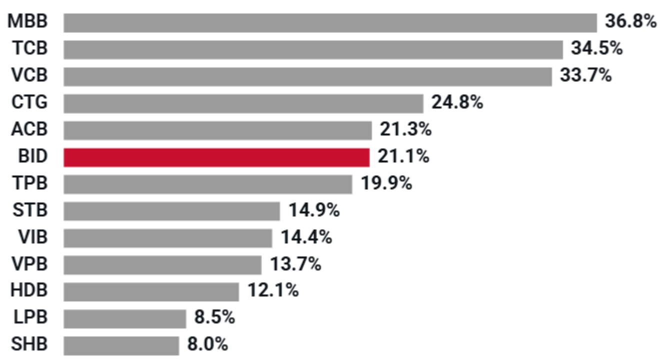
CASA % (LHS) · LDR % (RHS)



Source: TCBS compilation.

CASA by bank

% · FY2025



Source: TCBS compilation.

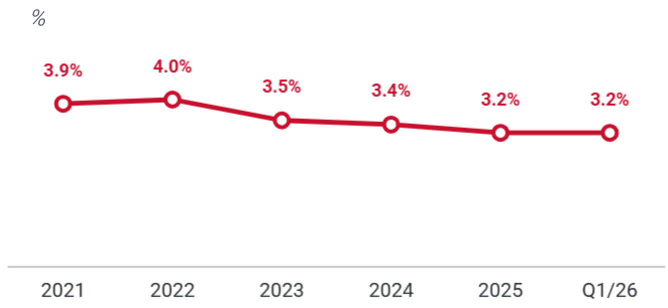
Sector CASA has fluctuated within a narrow 21–22% band for six years and has not clearly recovered from the 2022–2023 rate-hike cycle, standing at 21.7% at end-2025. Dispersion across banks is wide: those with deep customer ecosystems lead at above 30%, while wholesale-focused lenders sit in the low 19–20% range as their customer base skews toward large corporates and institutions. At the same time, the sector LDR has risen steadily to 112.5% (2025), showing the system's growing dependence on wholesale funding — the backdrop against which Circular 08/2026 allows 20% of State Treasury deposits to be counted toward the funding base, a significant liquidity-support measure for state-owned banks.

2.6. Sector net interest margin & profitability

Sector NIM compressed to a 3.2% trough · ROE stable at 17–18% · profitability concentrated in the leading group

With credit quotas capping balance-sheet growth, margins and profitability have become the main battleground differentiating bank earnings — and the sector's net interest margin (NIM) is at a five-year trough. NIM has faced prolonged compression: lending rates have fallen in line with the policy direction of supporting businesses, while the cost of funds has been slow to decline correspondingly amid fierce deposit competition. As a result, sector NIM slid from a peak of 4.0% (2022) to 3.2% (2025) and moved sideways in Q1 2026.

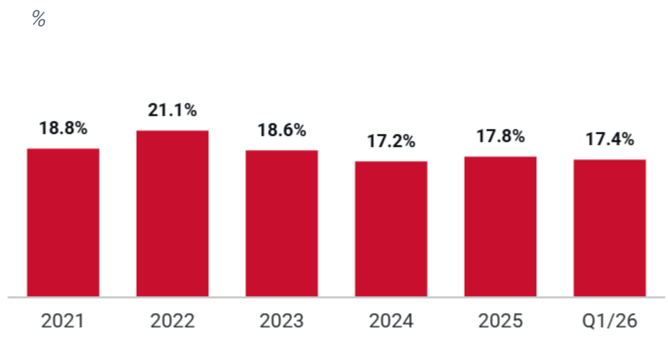
Sector net interest margin



Source: TCBS compilation.

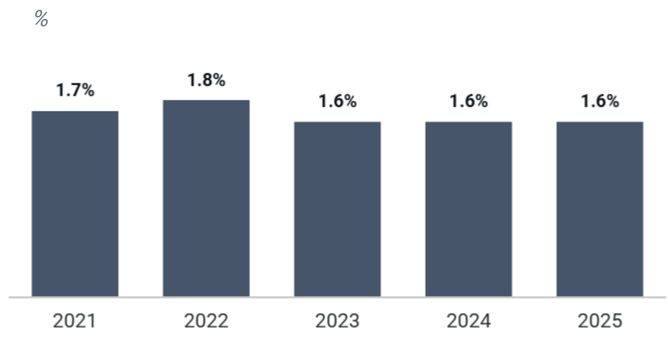
Four forces are pulling sector NIM lower: lending rates falling in line with the policy of supporting the economy; CASA recovering below expectations; deposit rates declining more slowly than lending rates amid deposit competition; and the share of (higher-margin) retail lending shrinking while corporate lending grows. The pressure is most visible among state-owned banks, whose portfolios tilt toward low-yield corporate and state-sector clients, keeping this group's NIM below the sector average of ~3.2%; conversely, consumer-finance lenders maintain the highest NIMs thanks to their wide risk margins. The NIM gap between business models is therefore widening.

Sector ROE



Source: TCBS compilation.

Sector ROA

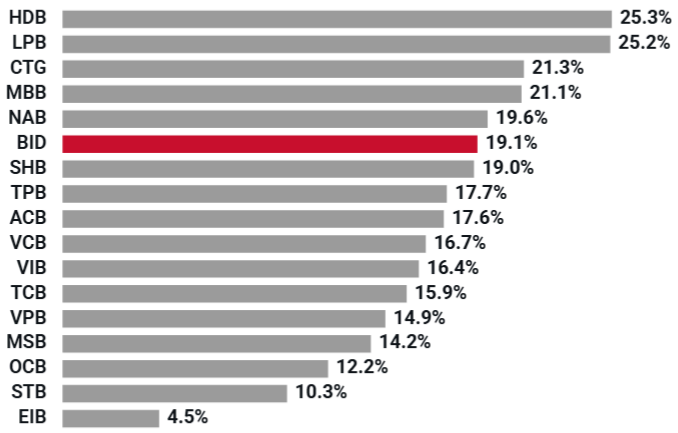


Source: TCBS compilation.

Sector ROE has held relatively steady at 17–18% since peaking at 21.1% (2022) — a healthy level of profitability by regional standards, though the downward drift shows capital efficiency gradually eroding as NIM compresses and equity grows faster than earnings; ROA has correspondingly fallen to 1.6%. Profitability is increasingly concentrated in the leading group: the ROE gap between banks is widening in line with portfolio quality, cost efficiency, and how far each bank is past peak provisioning.

ROE by bank

% · FY2025



Source: TCBS compilation.

ROE in 2025 diverged sharply across banks. The leading group — comprising high-efficiency private retail banks and the large state-owned banks — achieved ROE of around 19–21% by combining good margins, low operating costs, and healthy asset quality. At the other end, banks with high NPLs or in restructuring posted markedly lower ROE under the weight of provisioning. This gap shows sector profits increasingly accruing to banks that both control risk well and maintain cost efficiency, rather than being spread evenly as in the earlier hot-growth phase.

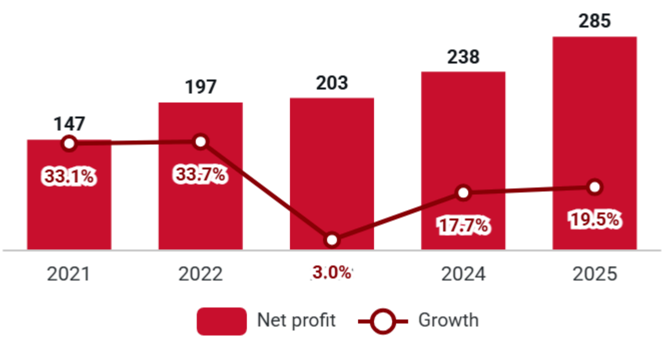
2.7. Sector earnings & income mix

Sector profit nearly doubled in five years · still tightly anchored to credit (NII ~76% of TOI)

Sector profit has nearly doubled over five years, but is highly concentrated in the leading group and remains tightly anchored to credit. Net profit of the 26 banks rose from VND 147 trillion (2021) to VND 285 trillion (2025), along an uneven trajectory — surging 33.7% in 2022 on a strong post-COVID credit recovery, slowing to 3.0% in 2023 as high interest rates and the frozen property and bond markets eroded margins and pushed provisioning to a peak, then regaining momentum at 17.7% (2024) and 19.5% (2025).

Sector net profit

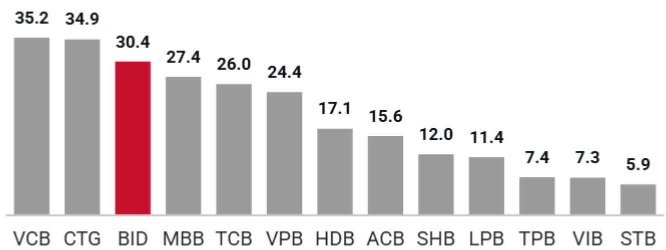
VND trillion · growth %



Source: TCBS compilation.

Net profit by bank

VND trillion · FY2025

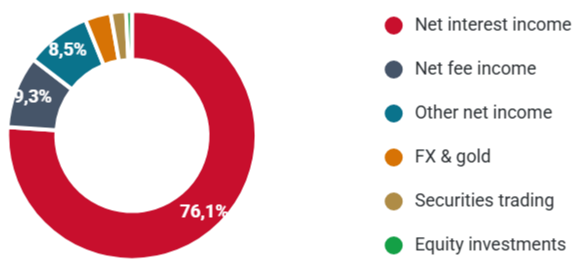


Source: TCBS compilation.

Profit is highly concentrated in the leading group. In 2025, the three listed state-owned banks (VCB, CTG, BID) together accounted for roughly 35% of sector profit; adding the top private banks (MBB, TCB, VPB), the six largest banks held a dominant share. Notably, the profit ranking does not map neatly onto the size ranking: some banks that lead in total assets, loans, and deposits rank lower in absolute profit due to thinner margins — reflecting the gap between "big in scale" and "efficient in profitability" within the sector.

Sector operating income mix

% of TOI · FY2025



Source: TCBS compilation.

The income mix remains heavily tilted toward credit and is shifting slowly. Net interest income accounted for 76.1% of sector total operating income in 2025 — virtually flat over five years (75–79% range), showing no improvement in credit dependence. Non-interest income was just 23.9%, within which net fee income contracted from a peak of 12.0% (2021) to 9.3% (2024–2025) after the 2024 Law on Credit Institutions ended insurance sales bundled with loans; the shortfall was offset by income from other activities (mainly recoveries of written-off debt). This heavy credit dependence makes NIM the decisive variable for sector earnings, especially for banks focused on large corporate lending.

2.8. Regulatory framework & 2026 credit policy direction

2024 Law on Credit Institutions · Law 96/2025 on collateral seizure · Circular 08/2026 (LDR) · Basel III · Resolution 79 on profit retention

Law on Credit Institutions 32/2024, effective 1 July 2024, is the first new legal framework in 13 years, with four structural changes. Ownership caps fall to 5% for individuals and 10% for institutions. Single-borrower concentration limits are phased down over five years (single borrower from 15% to 10% of own capital; single borrower and related parties from 25% to 15%) — with the largest impact on the Big-4, which have high exposure to large conglomerates. The law also bans the sale of non-compulsory insurance bundled with loans, ending the "coercive" bancassurance model; and expands the State Bank of Vietnam's early-intervention powers — the legal basis for the mandatory transfer of four weak banks in early 2025.

Law 96/2025, effective 15 October 2025, codifies the right to seize collateral securing NPLs — succeeding the expired Resolution 42/2017. The party holding the asset must hand it over; failing that, the credit institution or VAMC may seize it after a minimum public-notice period (15 days for real estate). Preliminary estimates suggest sector NPLs could fall significantly in the first year of application, shortening the debt-resolution cycle from 5–7 years to 2–3 years. State-owned banks, whose collateral is predominantly liquid real estate, benefit most clearly — an early effect already visible at BID, where recoveries of written-off NPLs surged in Q1 2026, contributing the bulk of non-interest income.

Circular 08/2026, effective 15 May 2026, allows 20% of State Treasury term deposits to be counted in the denominator of the loan-to-deposit ratio (LDR). As of March 2026, the State Treasury held more than VND 626 trillion of deposits in the system, almost all concentrated at the Big-4 — the new formula opens additional funding headroom and lending capacity for state-owned banks, and is seen as one of the largest liquidity-easing measures in five years.

Circular 14/2025 sets the Basel III roadmap: sector-wide CAR must reach at least 10.5% no later than 2030 (versus the current 8% minimum) plus a capital conservation buffer — Tier-1 capital pressure will force banks with thin CAR to accelerate share issuance and subordinated bond sales. This is a direct structural risk for BID, whose CAR of only around 9.2% sits close to the floor and among the lowest in the sector.

Resolution 79-NQ/TW (Politburo, 6 January 2026) is a policy turning point for the Big-4: for the first time, state-owned commercial banks may retain earnings to increase charter capital instead of remitting them to the state budget — removing precisely the bottleneck that left the Big-4 trailing private banks in capital scale for years, with a target of at least three Vietnamese banks entering Asia's Top 100 by total assets by 2030. This is a direct springboard for state-owned banks' capital-strengthening roadmap and sustained high credit growth.

The 2026 credit policy direction targets system-wide growth of 15%. The State Bank of Vietnam allocates quotas once a year with quarterly monitoring — replacing the multi-tranche allocation of 2023–2025. For real estate credit specifically: each credit institution's 2026 growth rate may not exceed its own overall credit growth rate in 2025, to prevent the real estate lending share from overheating. **Overall, the 2026 regulatory framework both opens headroom** (LDR relief from Treasury deposits, faster debt recovery, profit retention) **and tightens discipline** (ownership caps, concentration limits, Basel III capital pressure) — with the advantage tilting toward the Big-4, which enjoy abundant policy funding and are proactively strengthening their capital base, such as BID.

2.9. Digital transformation & ecosystem expansion

Generative AI & automation pulling sector CIR toward ~32% · banks expanding along the financial value chain

The wave of **generative AI and robotic process automation (RPA)** entered commercial deployment in 2024–2025. Some leading banks have cut credit-appraisal times from days to hours and used machine learning to substantially reduce default rates; the Big-4 have moved internal virtual assistants onto cloud infrastructure, handling tens of thousands of queries a day. A 2024 Vietnam Banks Association survey found roughly 78% of banks had integrated application programming interfaces (APIs) with fintech companies. This operating-leverage effect has pulled sector CIR from around 40% (2018–2020) to roughly 32% (2025), with potential to reach 28–30% by 2027–2028 — on par with more developed ASEAN markets.

Digital-app penetration has saturated among the leaders, with major banking apps reaching 14–28 million customers and digital-channel transaction shares near 100%. New competitive pressure is coming from **digital-only banks (neobanks)** — some platforms are already profitable or have passed the multi-million-customer mark, paying deposit rates 0.5–1.0 percentage points higher. Notably, sector headcount has reversed: total staff at the 27 listed banks peaked at roughly 277 thousand at end-2024 and has since declined. This is not pure downsizing but a **structural shift** — fewer manual-operations roles, more hiring of data engineers, AI specialists, and digital-experience staff — enabling CIR to keep falling sustainably.

EXPANDING ALONG THE FINANCIAL VALUE CHAIN

Banks are no longer confined to core banking but are **expanding into multiple businesses along the financial value chain** — both keeping customers within a closed ecosystem and generating additional non-interest income:

- **Securities:** pushing subsidiary ownership to internalize investment-service fees (TCB–TCBS, MB–MBS, ACB–ACBS, BID–BSC, VPB–VPBankS, CTG–CTS); brokerage revenue at the leading houses can reach VND 4–6 trillion a year.

- **Insurance:** a wave of new establishments and acquisitions of insurers to complete the ecosystem — Techcombank founded TCLife (life, charter capital VND 1,300 billion, licensed 2025) and TCGIns (non-life, 2024); VPBank owns nearly 90% of OPES (non-life) and plans its own life insurer (2026). This continues the shift in insurance from distribution to ownership (BIDV holds 51.0% of BIC, MB holds 67.7% of MIC) after the 2024 Law on Credit Institutions banned insurance sales bundled with loans.
- **Gold:** a national gold exchange is expected to launch in 2026, with 8 banks meeting the capital requirements under Decree 24.
- **Digital assets (crypto):** the 2026 policy direction permits the operation of crypto-asset exchanges, run by securities subsidiaries on the parent bank's capital and customer base (Vietnam ranks 5th globally in crypto-asset adoption, with over 17 million users).
- **International Financial Centres (IFC):** in Ho Chi Minh City and Da Nang (Resolution 222/2025), many banks plan to open subsidiaries/branches within the IFCs to access international capital and cross-border business.

Expanding along the value chain helps the sector lift non-interest income and reduce credit dependence — with the advantage clearly favoring banks that already have complete ecosystems and strong capital bases, while slow movers face pressure on both costs and customer retention.

3. Earnings & financial position analysis

Financial snapshot

Consolidated full-year 2025 figures

TOTAL ASSETS **3,330.8** VND trillion · 5-year CAGR 17.3%	CUSTOMER LOANS **2,373.0** VND trillion · +15.4% YoY	CUSTOMER DEPOSITS **2,223.0** VND trillion · CASA 21.1%	PRE-TAX PROFIT **37,788** VND billion · +17.8% YoY
ROE **19.1%** sustained among sector leaders	ROA **1.0%** stable for years	NIM **2.0%** at a 5-year trough	CIR **33.4%** among the sector's lowest
NPL RATIO **1.5%** groups 3-5 · edging up YoY	NPL COVERAGE (LLR) **99.9%** down sharply from 130.8%	NET PROFIT **30,430** VND billion · +18.5% YoY	CAR **9.2%** thin versus private peers

Quick summary

- **Scale:** the system's undisputed leader — total assets of VND 3,330.8 trillion (the first Vietnamese bank to cross the mark), and #1 in both loans and deposits, growing an average 17.3% a year over 5 years. This is a foundational competitive advantage that is hard to replicate.
- **Profitability:** among the sector leaders, with quality over quantity — ROE of 19.1%, pre-tax profit of VND 37,788 billion (+17.8%), well-controlled costs (CIR 33.4%); the drawback is a thin and narrowing net interest margin, down to 2.0%, a 5-year trough.

- **Credit mix:** shifting in the right direction toward retail and medium/long-term tenors, both lifting yields and diversifying risk — a plus for growth quality.
- **Asset quality:** still in safe territory (NPL 1.5% at end-2025) but bears watching — NPLs edged up to 1.8% in Q1 2026 and the provision buffer has thinned markedly (NPL coverage fell from 214.9% in 2021 to 86.9% in Q1 2026).
- **Liquidity & funding:** loans persistently exceeding deposits force greater reliance on more expensive wholesale funding, while CASA is only 21.1% — so the cost of funds will be slow to decline.
- **Capital adequacy:** the biggest bottleneck — CAR of 9.2% (2025), edging up to 9.6% in Q1 2026 but still close to the regulatory floor and thinner than private peers; the number-one growth constraint, requiring continuous capital raises over 2026–2028.

Overall assessment: BID's business and financial outlook for 2026–2028 is **positive** — the bank is likely to sustain double-digit profit growth and keep profitability among the sector leaders, while the stock trades in the low range of its historical valuation. However, the degree of upside hinges directly on two key conditions: successfully strengthening the capital base (CAR) along the capital-raise roadmap and improving asset quality. If both are managed, this is an investment opportunity with moderate risk.

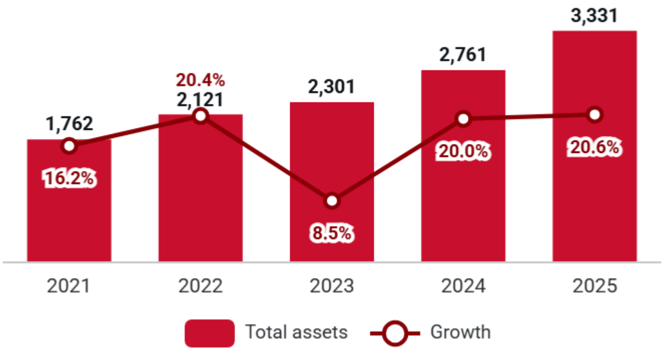
3.1. Scale & growth

BIDV is the system's largest bank, with assets growing an average of over 17% a year for 5 years and profit growing even faster than assets. Momentum is slowing, however, as capital and liquidity grow increasingly tight.

BIDV leads the system on all three core scale metrics simultaneously — a position no other Vietnamese bank holds. Total assets grew from VND 1,761.7 trillion (2021) to VND 3,330.8 trillion (2025) and VND 3,388.2 trillion at end-Q1 2026 — an average of 17.3% a year, making it the first Vietnamese bank to cross VND 3,300 trillion and the leader in total assets, loans, and deposits alike (all #1 of 26 listed banks). Notably, the pace has been uneven: loans and deposits grew fairly steadily at 12–17% a year (loans strongest in 2023, +16.8%), while total assets slowed to 8.5% in 2023 before re-accelerating to around 20% from 2024. Total assets growing far more slowly than loans in 2023 shows that non-lending assets (investments, interbank, liquidity) contracted as BIDV channeled funds into credit amid high interest rates. In other words, core lending grows steadily, while overall scale remains tied to the credit cycle and GDP rather than to organic momentum. The key question for BIDV is therefore not whether the bank will keep growing — it almost certainly will — but how much that growth will be reined in by two constraints: capital and liquidity. These two factors also dominate most of the bank's financial picture.

Total assets

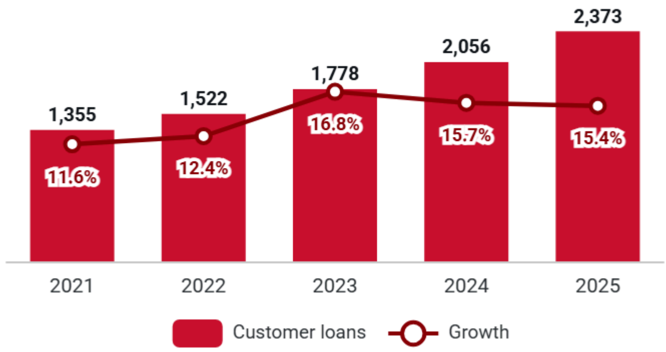
VND trillion



Source: BIDV consolidated financial statements 2021-2025; Q1 2026 consolidated figures.

Customer loans

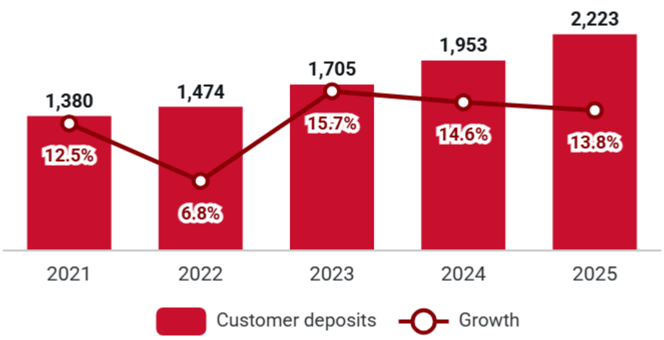
VND trillion



Source: BIDV consolidated financial statements.

Customer deposits

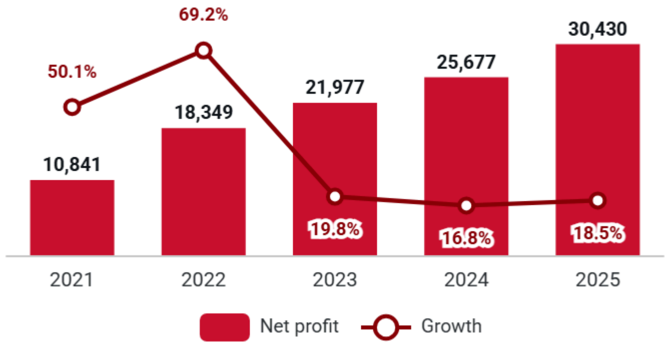
VND trillion



Source: BIDV consolidated financial statements.

Net profit

VND billion · line: YoY growth (%)



Source: BIDV consolidated financial statements.

Profit is growing faster than assets. Net profit rose from VND 10,841 billion (2021) to VND 30,430 billion (2025), averaging ~29% a year — nearly double the pace of balance-sheet growth. The main reason is not more lending, but lighter provisioning (after the heavy-provisioning phase in 2021) and well-controlled operating costs — profit rising through greater efficiency, in other words. Growth has slowed to 16–19% over the past three years, but is steadier and more predictable. Q1 2026 net profit reached VND 6,879 billion (+15.5%). The caveat: the profit boost from lower provisioning is now largely exhausted, so to sustain momentum BIDV must lean on stronger lending and fee income — both of which are becoming harder.

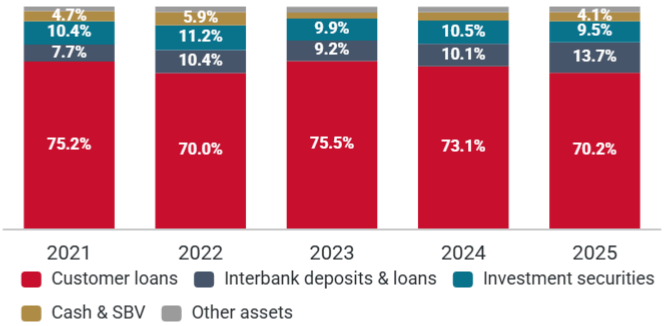
The biggest weakness: loans growing faster than deposits. Over 5 years, loans grew ~15% a year while deposits grew only ~13%. The cumulative gap meant that by end-2025 BIDV was lending more than the deposits it had raised, and by Q1 2026 the gap had widened further. The shortfall must be borrowed from other sources (interbank funding, bond issuance) — more expensive and less stable than retail deposits. This both raises the cost of funds and thins the margin, and leaves the bank more exposed when money markets tighten. These are also the three key variables governing BIDV's financial outlook: the degree of net interest margin compression, liquidity pressure, and capital headroom for growth.

3.2. Balance sheet structure

The bank's assets are predominantly loans. On the funding side, retail deposits are gradually giving way to more expensive borrowed funds — the bank still has sufficient funding to grow, but at a higher cost and with more volatile liquidity.

Asset mix

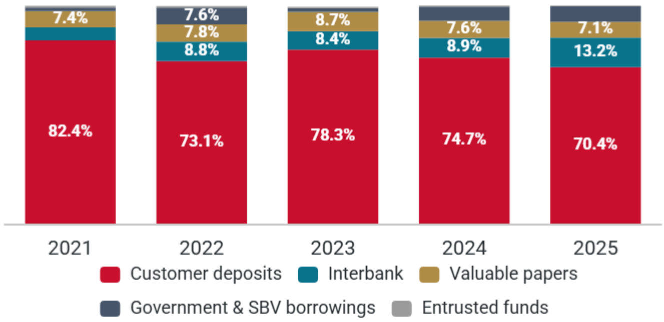
% of total assets · 2021–2025



Source: BIDV consolidated financial statements.

Funding mix

% of total funding · 2021–2025



Source: BIDV consolidated financial statements.

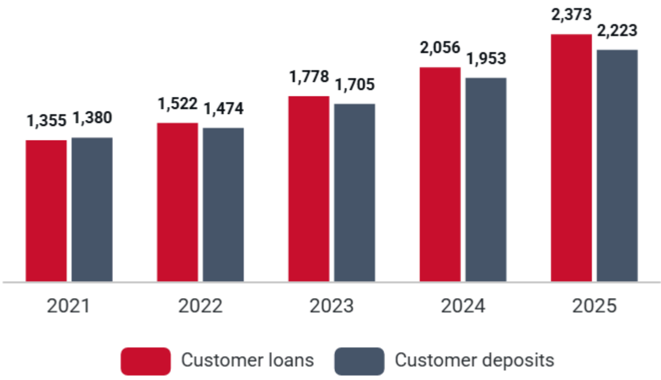
BIDV's asset mix has been stable, consistent with a credit-centric banking model: customer loans consistently account for 70–75% of total assets, with the remainder in liquid assets and a moderate investment book (investment securities around 10%, cash and balances with the State Bank of Vietnam 3–4%). The notable change lies in a less visible shift: interbank deposits and lending nearly doubled as a share of total assets, from 7.7% (2021) to 13.7% at end-2025 (VND 457 trillion). This is not an active investment choice but a passive consequence — with credit growing faster than deposits, BIDV has had to hold a thicker liquidity buffer and rely more on interbank funding rotation. In other words, movements on the asset side largely reflect pressure from the funding side.

The funding side has shifted more visibly. Customer deposits remain the backbone but are steadily losing relative weight: their share of total funding fell almost continuously from 82.4% (2021) to 70.4% (2025) and 67.0% in Q1 2026. The gap has been filled by more expensive or less stable sources — valuable papers issued (VND 225 trillion at end-2025, VND 303 trillion in Q1 2026), interbank borrowings (VND 418 trillion, more than four times the 2021 level) and deposits from the Government and the SBV (VND 219 trillion). Government funding is a distinctive advantage of the state-owned group, low-cost and partly supportive of margins; but the overall trend — a shift from retail deposits to wholesale funding — is a clear trade-off: growth remains funded, but at a higher cost of funds and with more sensitive liquidity.

The root of both shifts lies in the loan–deposit relationship. In 2021 deposits still exceeded loans, but by end-2025 loans outstanding (VND 2,373.0 trillion) had overtaken deposits (VND 2,223.0 trillion) by roughly VND 150 trillion, with the gap widening further into Q1 2026. It is this shortfall that forces BIDV to raise wholesale funding to finance credit. Notably, 2025 loan growth was only 15.4% — below the sector (~19%) — indicating the bank deliberately reined in disbursement, partly due to capital-adequacy constraints (section 3.8).

Loans & customer deposits

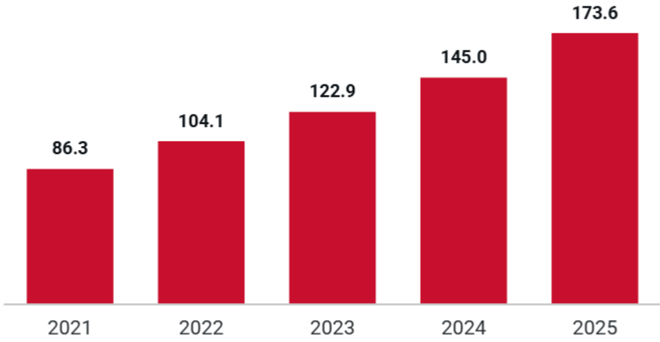
VND trillion



Source: BIDV consolidated financial statements.

Shareholders' equity

VND trillion



Source: BIDV consolidated financial statements.

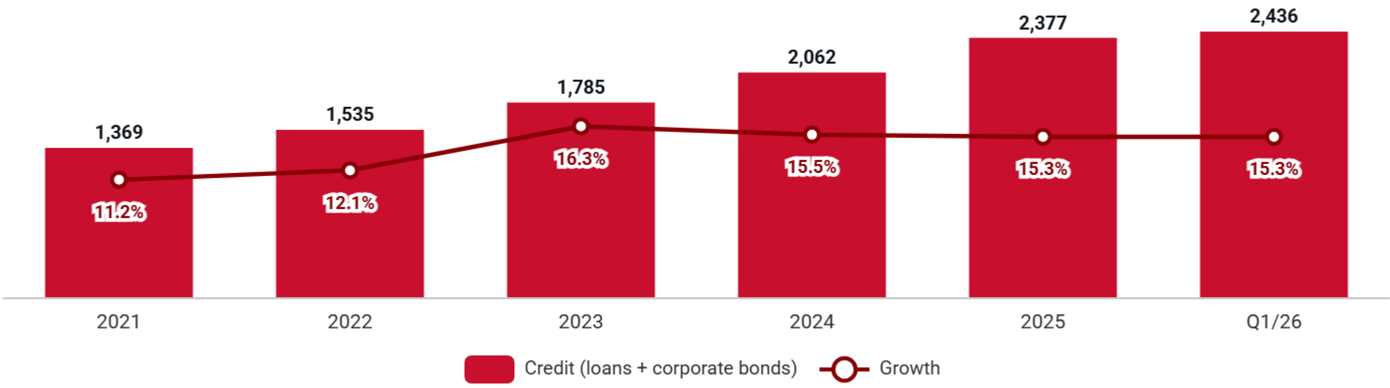
On the capital side, shareholders' equity doubled over five years, from VND 86,329 billion (2021) to VND 173,553 billion (2025) and VND 190,623 billion in Q1 2026, driven mainly by retained earnings and stock dividends. But with risk-weighted assets expanding in tandem, this organic accumulation has not been enough to lift capital adequacy meaningfully — which is why BIDV must top up Tier-1 capital with fresh cash via private placements. Leverage remains high, around 19x assets-to-equity — characteristic of the large state-owned group, and precisely the leverage now capped by the CAR ceiling (section 3.8).

3.3. Credit portfolio

Credit has grown steadily at around 15% a year and is tilting toward long-term and retail lending. This lifts yields and diversifies risk, but also makes the portfolio more sensitive to household incomes.

Credit size (loans + corporate bonds)

VND trillion · line: YoY growth (%)

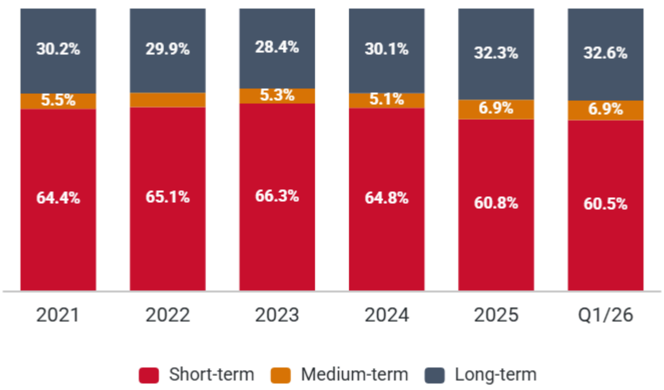


Source: BIDV consolidated financial statements — customer loans + corporate bonds.

In aggregate, total credit (customer loans + corporate bonds) rose from VND 1,369 trillion (2021) to VND 2,377 trillion (2025) and VND 2,436 trillion in Q1 2026, steady at around 15–16% per year. A positive quality point is that corporate bonds are minimal and shrinking — from VND 14 trillion to just VND 4 trillion (2021–2025) — so virtually all growth has come from direct lending, unlike some private banks that used corporate bonds as an alternative credit channel and carried the associated "hidden" credit risk. In 2025 alone, credit grew 15.3% — below the sector average (~19%) — reflecting BIDV's deliberate pacing of disbursement within capital-adequacy limits.

Loans by tenor

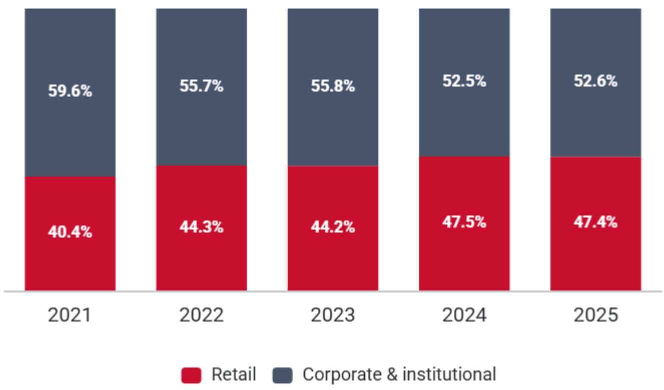
% of loan book



Source: notes to BIDV consolidated financial statements.

Loans by customer group

% of total loans · 2021–2025



Source: TCBS compilation.

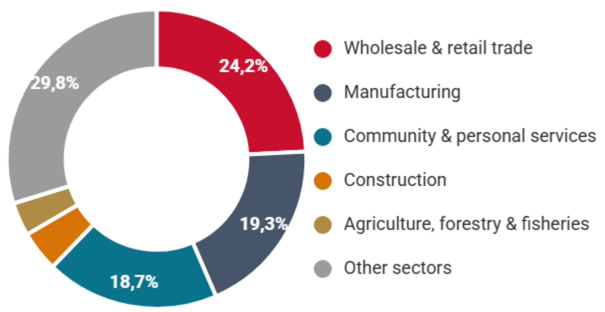
By tenor, the portfolio is gradually shifting toward longer maturities. Short-term loans fell from 64–66% of the book (2021–2024) to 60.8% at end-2025 and 60.5% in Q1 2026; the difference moved into long-term (up to 32.6%) and medium-term loans (up to 6.9%), in line with the push into mortgages, consumer lending and infrastructure finance under the retail strategy. This trend lifts yields but carries a maturity trade-off: long-term lending requires long, stable funding, whereas BIDV's funding base is mostly short-term deposits. That raises the ratio of short-term funding used for medium/long-term lending (regulatory cap 30%) and adds to the liquidity pressure noted in section 3.1. To keep expanding long-term lending safely, BIDV needs to lengthen its funding tenor — through long-term bond issuance or an improved demand-deposit (CASA) ratio — to narrow the maturity-mismatch risk.

By customer group, the standout is a steady, deliberate five-year shift toward retail. Retail loans rose continuously from 40.4% of total loans (2021) to 47.4% at end-2025 (~VND 1,124 trillion), while the corporate–institutional book narrowed from 59.6% to 52.6% — the two are now nearly balanced. Within the corporate book, lending to state-owned enterprises shrank gradually (6.1% → 5.2%) while the FDI segment doubled its share (1.8% → 3.8%) as the bank expanded its foreign-invested client base.

This follows from the strategy of defending the number-one retail-bank position: pushing mortgages, consumer lending and individual customers while reducing reliance on large state-owned enterprise loans. The approach carries two benefits — higher asset yields (retail lending rates exceed those on large corporates, a valuable offset when NIM is thin) and lower concentration risk. The downside: a retail-heavy portfolio — especially mortgages and consumer loans — is more sensitive to household-income and property cycles, and part of the recent rise in NPLs (section 3.4) stems from here. Retail asset quality is therefore the decisive variable in whether the portfolio can deliver both high yields and safety at the same time.

Loans by economic sector — 2025

% of total loans



Source: notes to BIDV consolidated financial statements.

By economic sector, BIDV's traditional strengths are trade and industrial manufacturing. Wholesale and retail trade is the largest lending sector even as its share fell from 29.3% (2024) to 24.2% (2025); manufacturing and power generation–distribution hold a fairly stable ~19%, consistent with the bank's role in financing production and energy–infrastructure projects. The clearest change is community and personal services rising from 15.0% to 18.7% — in step with the retail strategy — while construction lending stays low (4.4%), signaling a cautious appetite for real estate and construction. The "other sectors" bucket (~30%) is mostly personal and consumer loans not classified by industry.

3.4. Asset quality

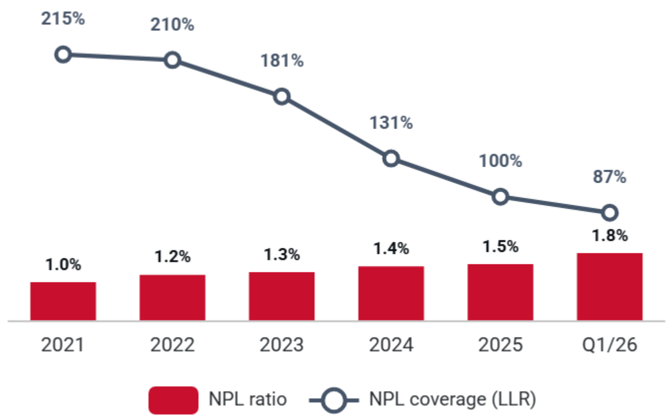
The NPL ratio stood at 1.5% at end-2025, edging up to 1.8% in Q1 2026 (partly seasonal early in the year) — still among the sector's lowest. The bigger concern is that NPL coverage is thinning quickly, leaving virtually no room for provision write-backs to lift earnings.

NPLs remain among the sector's lowest, but the upward drift warrants monitoring. The NPL ratio (groups 3–5, consolidated) was 1.5% at end-2025, edging up to 1.8% in Q1 2026. The Q1 uptick is partly seasonal — new credit disburses slowly early in the year while legacy NPLs have yet to be resolved, so the ratio typically ticks up before improving in later quarters — hence it should not yet be read as a clear deterioration. In absolute terms, NPLs rose from VND 13,546 billion (2021) to VND 34,977 billion (2025) and VND 42,655 billion in Q1 2026. At 1.5% the ratio remains well below the 3% ceiling, but two points make the trend more noteworthy than the level itself. First, the riskiest bucket is both the largest and the fastest-growing: group-5 debt (potentially irrecoverable) reached VND 27,540 billion in Q1 2026, roughly 65% of total NPLs. Second, the rise runs in parallel with the shift toward retail and longer tenors (section 3.3): mortgages and consumer loans are sensitive to household-income cycles and the property market, so NPL pressure is unlikely to ease while these two markets remain weak. (Scope note: the 2025 annual report discloses a parent-bank NPL ratio of 1.3% under Circular 31/2024, lower than the consolidated 1.5% due to a different calculation basis; this report consistently uses consolidated figures for historical and sector-wide comparability.)

The more worrying development lies in the provision buffer, not the NPL ratio itself. NPL coverage (LLR) fell sharply from 214.9% (2021) — one of the thickest in the system — to 130.8% (2024), 99.9% at end-2025 and just 86.9% in Q1 2026: where four years ago each dong of bad debt was covered more than twice over by provisions, it is now covered less than once. The cause is not that BIDV cut provisioning — 2025 provision expense still rose (section 3.7) — but that NPLs formed faster than provisions were booked. The consequence is a marked erosion of loss-absorption capacity: coverage has left the very-safe zone (above 100%) for the acceptable zone (70–100%), meaning the scope for provision write-backs to lift earnings — the key driver of the past five years — is essentially gone. This is the single most important variable to watch: if asset quality keeps deteriorating, BIDV would have to provision for new NPLs while also rebuilding coverage, raising credit costs and directly denting 2026–2027 earnings — at a time when the net interest margin is already thin and hard to offset.

NPL & NPL coverage

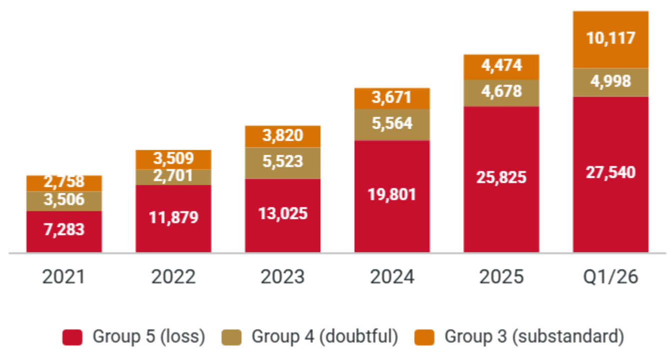
bars: NPL ratio (%) · line: NPL coverage (%)



Source: BIDV consolidated financial statements; NPL = groups 3+4+5.

Group 3-5 debt

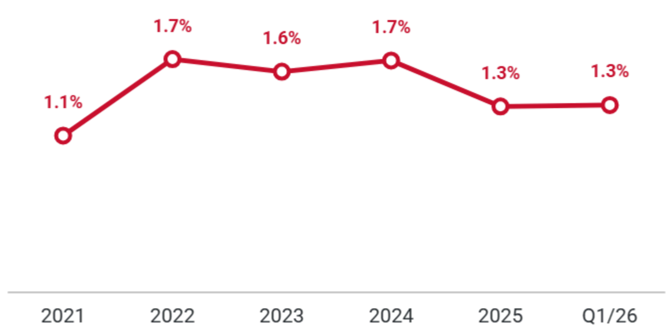
VND billion



Source: notes to BIDV consolidated financial statements.

Group 2 debt ratio

%



Source: notes to BIDV consolidated financial statements.

Group 2 debt — "special mention" loans, an early indicator of future NPLs — sends a more positive signal: after rising to 1.7% (2022), the ratio eased to 1.3% at end-2025 and held flat around 1.3% in Q1 2026. The absence of a swelling group-2 book eases concern about a fresh NPL wave immediately ahead.

Still, with group 3-5 debt inching up while coverage thins, close monitoring remains warranted. 2025 provision expense was VND 22,999 billion, equivalent to a credit cost of ~1.0% of average loans — the boundary between the low and high zones on the sector scale, showing the bank has had to resume provisioning in line with rising NPLs; the 2026 target is to keep NPLs at no more than 1.6%.

Another aspect of asset quality is the other-assets line. Positively, this category is small and transparent — only ~2% of total assets (VND 65.6 trillion at end-2025), consisting mainly of receivables (VND 32.9 trillion) and accrued interest and fees (VND 28.1 trillion). Such a small, clean balance eases concern about opaque assets accumulating outside the loan book. However, accrued interest and fees have risen from 0.8% of loans (2021) to 1.2% (2025). The absolute level is still low, but the upward trend bears watching — especially as it coincides with rising NPLs and a thinning provision buffer — since fast-growing accrued interest can sometimes indicate that a bank is booking interest income on paper while actual cash collection slows.

3.5. Investment securities & interbank position

BIDV's investment book is fairly safe — mostly government bonds and bonds of other banks, with virtually no corporate bonds. On the interbank market, BIDV remains a net lender, though it increasingly relies on borrowed funds to finance credit.

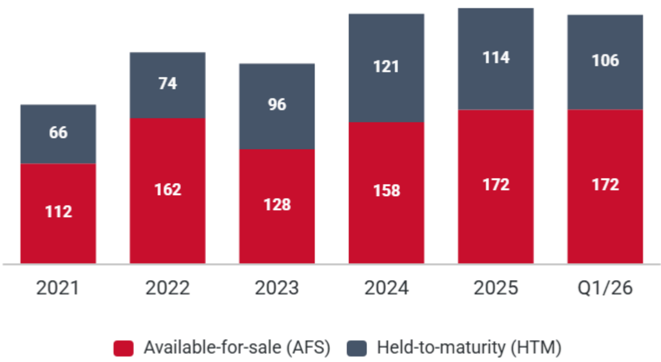
The investment securities portfolio grew from VND 177.1 trillion (2021) to VND 285.5 trillion (2025), then eased slightly to VND 277.9 trillion in Q1 2026. Its share of total assets has drifted down to ~8.6%, showing the bank prioritizes channeling capital into (higher-yielding) credit rather than accumulating bonds.

The book is fairly evenly split between available-for-sale securities (AFS, ~60% at end-2025) and held-to-maturity securities (HTM, ~40%). The large AFS share means a sizable portion of the book is marked to market: when yields rise, this portion generates revaluation losses booked to equity — in exchange, the bank gains more liquidity and flexibility than an HTM-heavy book would allow.

By composition, the portfolio is concentrated in safe bonds: government bonds (VND 125.4 trillion at end-2025, down slightly from VND 130.9 trillion in 2024) and bonds of other credit institutions (VND 156.6 trillion) make up nearly the entire book, while corporate bonds are negligible. The mix has shifted clearly over the past three years: the government-bond share fell from 57% (2023) to ~44% (2025), while credit-institution bonds rose from 40% to 55% — reflecting the bank's use of other banks' valuable papers as a liquidity-management tool. VAMC special bonds have been fully settled, closing out the NPLs previously sold to VAMC. Holding virtually no corporate bonds — the cautious appetite characteristic of the state-owned group — spared BIDV the hidden off-loan-book credit risk some private banks had to absorb after the 2022–2023 turbulence. The deliberate slight trimming of the book (mainly government bonds) in Q1 2026 to shorten holding tenor as yields tick up shows asset–liability management remains proactive.

Investment securities

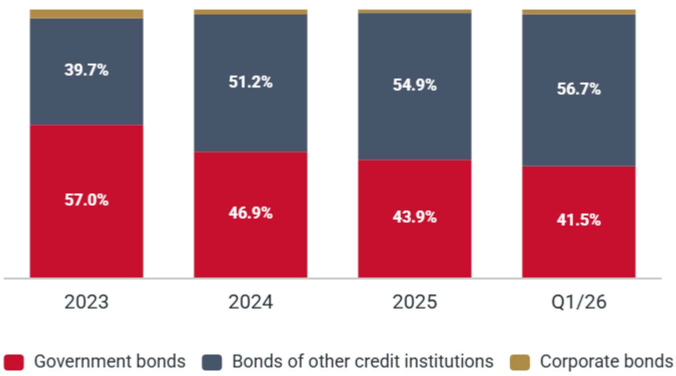
VND trillion



Source: BIDV consolidated financial statements · net of provisions.

Mix by issuer type

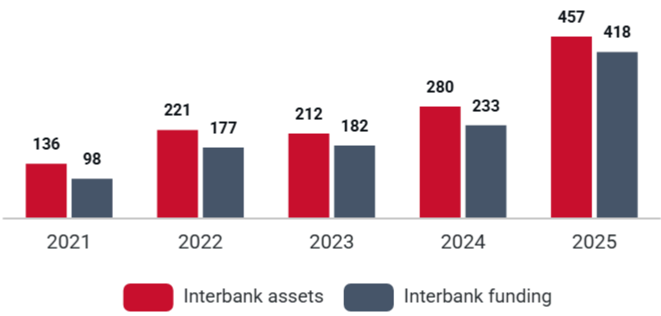
% of portfolio · 2023–Q1 2026



Source: notes to BIDV consolidated financial statements.

Interbank position

VND trillion



Source: TCBS compilation.

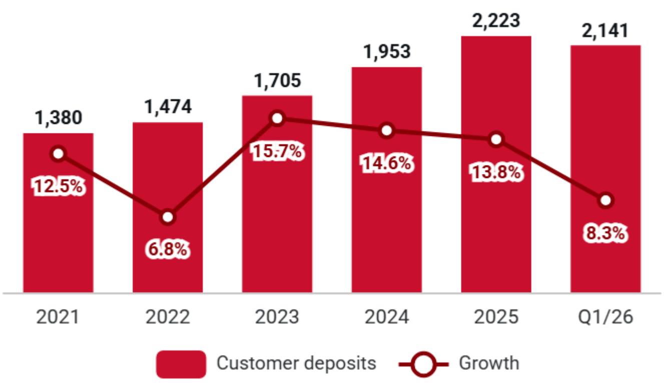
BID has been a net lender on the interbank market throughout the five years, but both interbank assets and liabilities roughly tripled over 2021–2025 and jumped in 2025 (assets VND 457 trillion, funding VND 418 trillion). This ballooning reflects growing dependence on wholesale funding to finance credit as retail deposits tighten — raising funding-cost sensitivity and refinancing risk (section 4.5).

3.6. Deposit structure

Customer deposit growth is slowing, while the demand-deposit (CASA) ratio is only around the sector average. The loan-to-deposit ratio is nearly at the ceiling, so liquidity is gradually tightening and the bank is having to borrow more from external sources.

Customer deposits

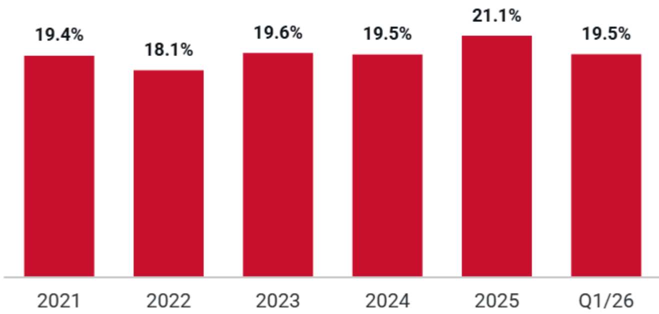
VND trillion · line: YoY growth (%)



Source: BIDV consolidated financial statements.

CASA ratio

%

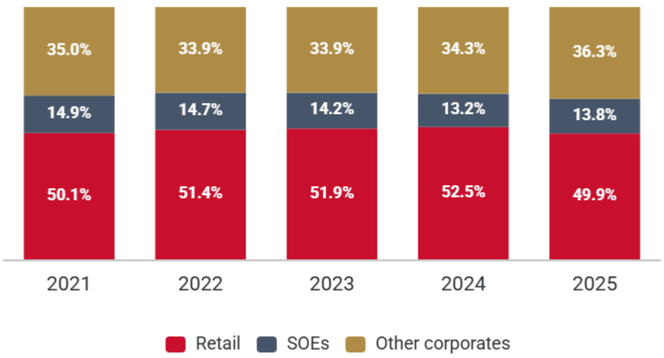


Source: BIDV consolidated financial statements.

Customer deposits rose from VND 1,380 trillion (2021) to VND 2,223 trillion (2025), growing around 13–16% per year; but in Q1 2026 deposit-gathering slowed markedly, up only 8.3% YoY — slower than credit, and the root of the liquidity pressure. The mix leans toward term deposits (78–81% over the period, 78.2% at end-2025), implying CASA of 21.1% at end-2025. CASA improved from a trough of 18.1% (2022) to 21.1% (2025) — balances grew 23.5% in 2025 alone, to VND 469.6 trillion — but slipped back to 19.5% in Q1 2026 on seasonality (heavy early-year payment flows, with some CASA migrating to term deposits as rates tick up). A CASA ratio of 19–21% sits around the sector average, below the leading banks — at once a structural weakness that keeps NIM thin and headroom for improvement if the retail and digitalization strategy delivers. Improving CASA is a core quantitative target of the 2026–2030 strategy.

Deposits by customer group

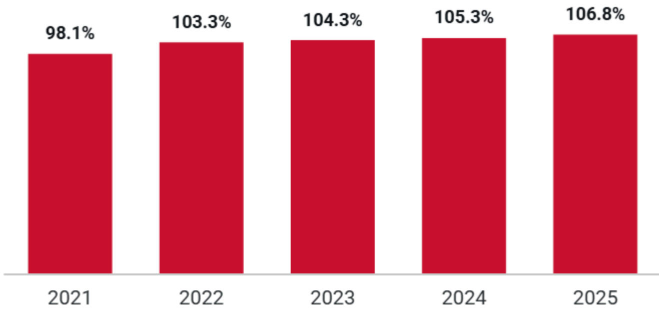
% of total deposits · 2021–2025



Source: notes to BIDV consolidated financial statements.

Loan-to-deposit ratio (LDR)

% · regulatory cap under Circular 22 is 85%



Source: BIDV consolidated financial statements; gross LDR = loans / deposits.

By customer group, BIDV's deposit base is distinctly retail: individual deposits account for about half of total funding (49.9% at end-2025), a stable source that is less rate-sensitive than institutional deposits. State-owned enterprise deposits run around 13–15% — reflecting the bank's flagship role serving the state sector, a distinctive advantage of the state-owned group.

A mix tilted toward individuals and the state sector makes the deposit base durable, but the trade-off is cost: most of it is term deposits, so the base is sticky but not cheap — a direct reason the net interest margin is thin (section 3.8). On liquidity, the gross LDR has exceeded 100% since 2022 and stayed high, consistent with loans growing faster than deposits. Under Circular 22 (85% cap), LDR reached 96.9% at end-2025 and 99.4% in Q1 2026 — close to the threshold, indicating very limited room to expand lending from the existing deposit base. That is why BIDV increasingly relies on wholesale sources (bond issuance, interbank borrowings, State Treasury deposits); the policy allowing part of the Treasury's term deposits to count toward LDR therefore provides direct support, loosening the 2026 liquidity bottleneck.

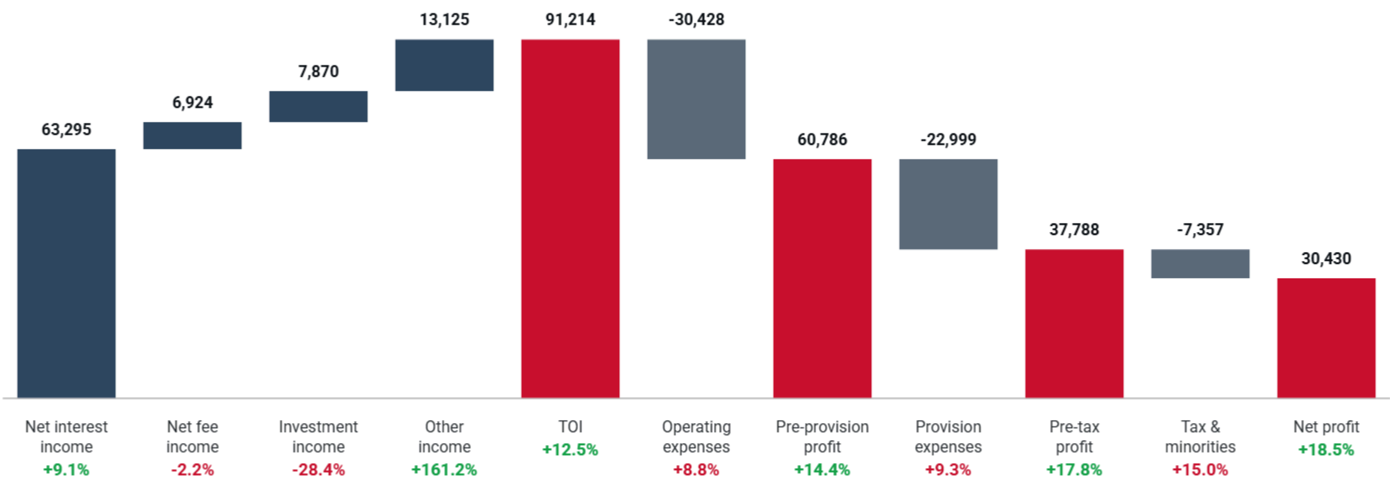
3.7. Operating results

2025 profit reached a record high, largely on the strength of a solid core business. Part of it, however, came from recoveries of previously written-off debt — an item that does not recur reliably — and income overall remains heavily reliant on credit.

2025 profit set a record, but growth quality was uneven across income sources. Pre-tax profit reached VND 37,788 billion (+17.8%) and after-tax profit VND 30,430 billion (+18.5%) — the highest in the bank's history and third in the sector behind VCB and CTG. Notably, profit growth (+17.8%) far outpaced income growth (+12.5%): partly on genuine cost-efficiency gains — operating expenses rose just 8.8%, slower than income — but the remainder came from less sustainable sources. Of total income of VND 91,214 billion, the core line of net interest income (~69%) grew steadily (+9.1%), while the other two recurring sources declined (net fee income −2.2%, investment and securities −28.4%); the offset was other income surging +161%, mostly from recoveries of written-off debt — a one-off item that does not recur reliably. In other words, the record profit was partly propped up by non-recurring items, so the durability of this growth warrants careful analysis in the sections that follow.

2025 profit breakdown

VND billion · %YoY below each bar



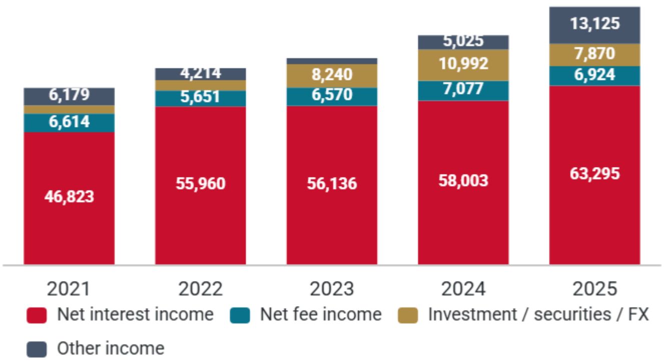
Source: BIDV 2025 consolidated financial statements.

To gauge true quality, look at pre-provision profit — profit from core operations before deducting credit-risk provisioning. This measure rose 14.4% to VND 60,786 billion, a five-year high, showing the bank's earnings engine improved on substance rather than one-offs.

That said, 2026 will likely be less favorable than 2025 on two counts: recoveries of written-off debt — the main driver of this year's other income — are unlikely to repeat at a similar scale, while provision expense has turned up again, rising 9.3% after three years of decline, in step with NPLs (section 3.4). As these two supports fade, profit growth will depend more directly on the two income lines already under pressure: net interest income (thin NIM) and service fees.

Total operating income components

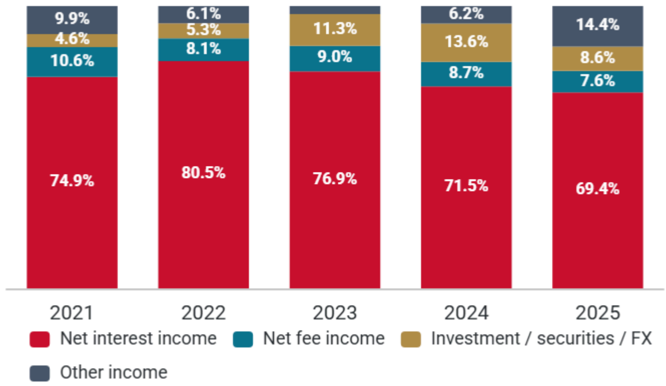
VND billion



Source: BIDV consolidated financial statements 2021-2025.

Total operating income mix

% of TOI · 2021–2025

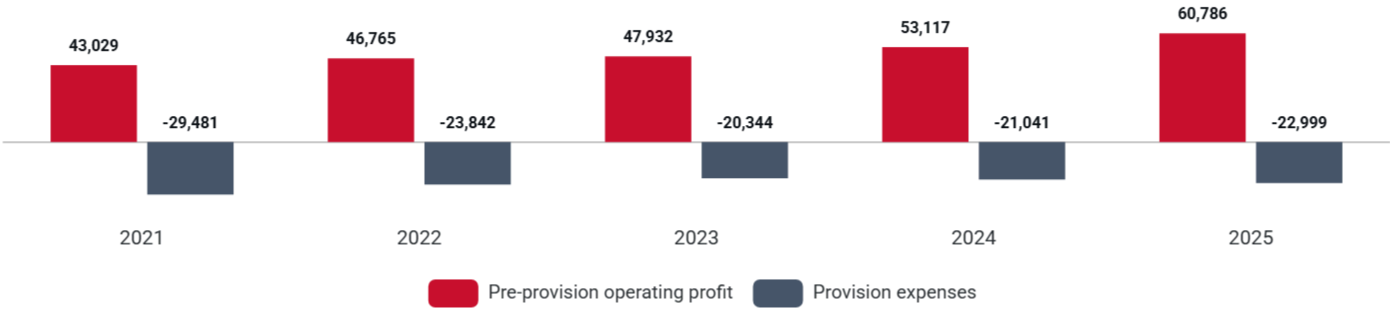


Source: BIDV consolidated financial statements 2021-2025.

The income mix is becoming less credit-dependent, but the dependence remains high. Net interest income's share fell from 74.9% (2021, peaking at 80.5% in 2022) to 69.4% in 2025 — a five-year low — not because the core weakened (net interest income still rose steadily to VND 63,295 billion) but because non-interest income grew faster. The caveat is the quality of that non-interest income: the fastest-expanding component was other income — up from 9.9% to 14.4% of total income (VND 13,125 billion in 2025) — mostly recoveries of written-off debt and hence not a stable source. Conversely, net fee income — the most recurring and durable line — shrank from 10.6% to 7.6% of the mix, suggesting cross-selling of services and bancassurance has yet to match the system's largest customer base; the investment–securities–FX segment swings with markets (peaking at 13.6% in 2024, falling to 8.6% in 2025). Stripping out the one-off other income, core income remains tightly bound to credit and interest margins — which is why lifting the share of recurring service fees is a central goal of the 2026–2030 retail and digitalization strategy.

Pre-provision profit (PPOP) & provision expense

VND billion · provision expense shown as negative values



Source: BIDV consolidated financial statements.

A quality positive is that profit growth came from genuine business capacity, not from reduced provisioning. Pre-provision profit rose continuously from VND 43,029 billion (2021) to VND 60,786 billion (2025) — a stable trajectory with little cyclical noise. Unlike some banks whose 2025 profits jumped mainly on provision write-backs, BIDV maintained heavy provisioning: provision expense, though off its VND 29,481 billion peak (2021), rose again by 9.3% in 2025 to VND 22,999 billion, in step with rising NPLs and falling coverage (section 3.4). Thus, the near-tripling of pre-tax profit over five years came mainly from expanding pre-provision profit, not from cutting provisions. That is a positive signal, but it also implies little provisioning slack remains to support earnings: if the credit cycle deteriorates, BIDV would have to raise provisioning without the thick provision cushion available for write-backs as in prior years.

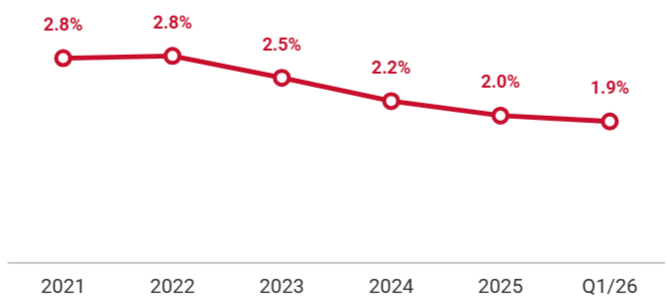
3.8. Profitability

Net interest margin (NIM) has fallen to a 5-year low, driven by both market interest rates and the loan mix. In compensation, BIDV keeps costs among the best-controlled in the sector, allowing profitability (ROE) to remain in the top tier.

Net interest margin reflects the gap between asset yields and funding costs, and the key point is that **these two components are not falling at the same pace**. Asset yields declined rapidly (from 6.9% in 2023 to 4.9% in 2025) as BIDV cut lending rates in line with the State Bank of Vietnam's easing stance and its mandate to support businesses; the decline was deepened by a portfolio skewed toward large corporates and the state sector — segments carrying low lending rates. On the funding side, the cost of funds also declined (from 4.3% to 2.9%) but more slowly, because BIDV relies heavily on term deposits (low CASA), which reprice slowly and cost more, while also having to increase high-cost wholesale funding amid fierce deposit competition. As a result, NIM has compressed continuously, from 2.8% (2022) to 2.0% (2025) and 1.9% in Q1 2026 — a 5-year low and clearly below the sector average (~3%). More important than the number itself, BIDV's thin margin is both cyclical (tracking the interest-rate environment) and structural (a wholesale-tilted portfolio and low CASA); improvement therefore hinges on the pace of the shift toward retail and raising CASA — a long process unlikely to deliver a breakthrough in the short term.

NIM

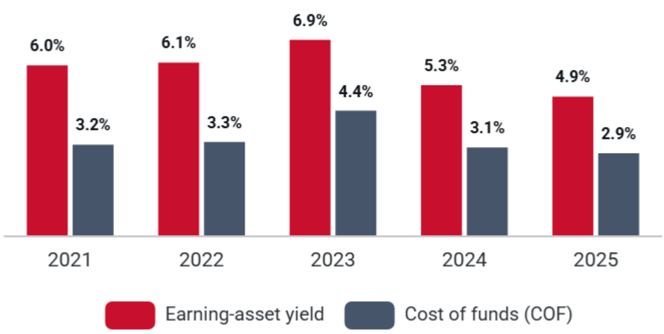
% · 2026 is quarterly figures



Source: BIDV consolidated financial statements; TCBS Research calculations.

Asset yield & cost of funds

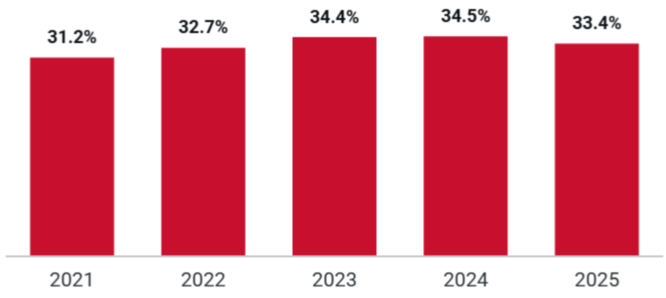
% · gap between the two bars ≈ NIM



Source: BIDV consolidated financial statements; TCBS Research calculations.

CIR

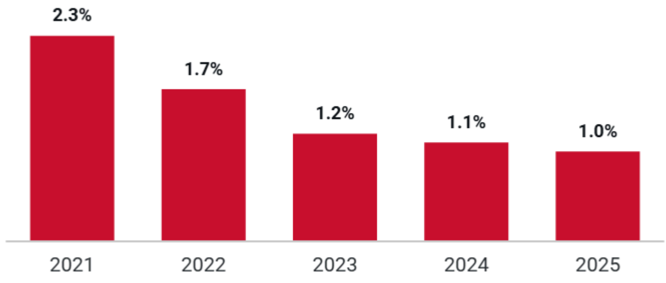
% · operating expenses / total income



Source: BIDV consolidated financial statements.

Credit cost

% · provisioning expense / average loans

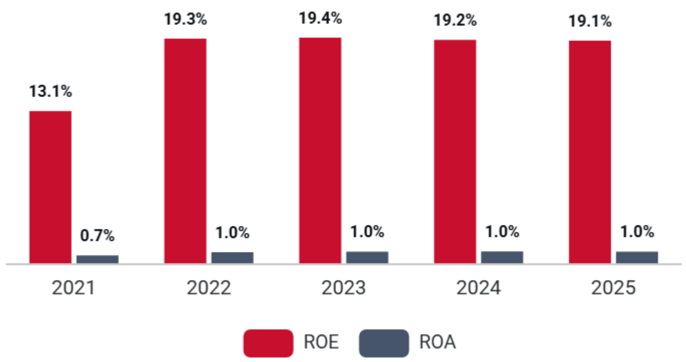


Source: BIDV consolidated financial statements; TCBS Research calculations.

With margins under pressure, cost efficiency and credit cost are the two factors sustaining BIDV's profitability. The cost-to-income ratio (CIR) has held steady in the 31–34% range and ranks among the lowest in the sector — the result of income growing faster than expenses, together with gains from digitalization; it is precisely this cost headroom that partly offsets the thin margin and keeps ROA stable. Credit cost has also fallen sharply after the heavy post-COVID provisioning phase, from 2.3% of average loans (2021) to ~1.0% (2025), returning to a normal range and serving as a key earnings support in recent years. However, the headroom from both factors is narrowing: CIR has little room to fall much further, while credit cost is likely to stay flat or edge up as thin NPL coverage (section 3.4) forces the bank to keep provisioning elevated. At that point, earnings upside will again hinge on margins and balance-sheet growth — factors currently under strain.

ROE & ROA

% · ROE & ROA bars



Source: BIDV consolidated financial statements.

Sector-leading ROE, but heavily leverage-driven — and leverage is capped by CAR. After jumping from 13.1% (2021) to 19.3% (2022) as the provisioning burden eased, ROE has moved sideways around 19% throughout 2023–2025 (19.1% in 2025) — among the highest in the system. ROA has held steady around 1.0%. The high ROE stems mainly from substantial leverage (total assets ~19x equity) rather than from asset-level margins — and it is precisely this leverage that the CAR ceiling constrains. "Sector-leading ROE with thin CAR" therefore reflects a sustainability risk in profitability rather than a paradox: to keep ROE at the top of the sector while expanding credit, BIDV must strengthen Tier-1 capital. On a trailing four-quarter basis to Q1 2026, ROE stood at 18.1% and ROA at 1.0% — still firmly in the leading group despite NIM pressure.

3.9. Liquidity

The loan-to-deposit ratio has exceeded 100% and is nearing the Circular 22 ceiling; with loans outstanding exceeding deposits, the bank is increasingly reliant on wholesale funding — liquidity is tightening, but buffers remain from its Big-4 position and policy funding sources.

Liquidity is one of BIDV's most notable constraints today. The headline loan-to-deposit ratio (LDR) has exceeded 100% since 2022 and has risen steadily to about 106.7% at end-2025 — meaning loans outstanding now exceed customer deposits. However, this simple LDR is not the supervisory metric: under the regulatory formula (Circular 22, 85% ceiling), the denominator "total funding sources" is much broader — including valuable papers and term interbank borrowings — so the regulatory LDR is considerably lower, estimated at around 83–86% and close to the 85% ceiling (see table).

One directly supportive policy factor is **Circular 08/2026 (effective 15 May 2026)**, which allows 20% of State Treasury term deposits to be added to the denominator (the funding base) when calculating the regulatory LDR. As a state-owned bank with a large Treasury deposit base, BIDV benefits clearly from this change: the new mechanism is estimated to lower the regulatory LDR by around 1.5–2 percentage points, thereby freeing additional lending capacity in 2026 without a corresponding increase in deposits. This is a technical relief measure and does not change the underlying fact that loans exceed deposits.

Loan-to-deposit ratio (%)	2021	2022	2023	2024	2025	Q1 2026
Headline LDR (loans / customer deposits)	98.1	103.3	104.3	105.3	106.7	113.5
LDR per regulatory formula (estimated)[1]	84.6	84.2	85.6	86.2	82.8	84.3
LDR adjusted for Circular 08/2026 (estimated)[2]	84.3	82.8	85.3	85.0	81.5	82.9

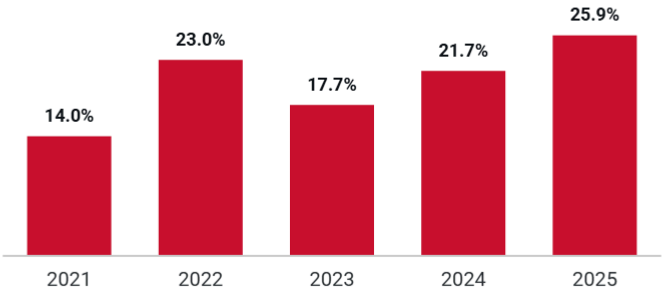
[1] TCBS Research estimate: denominator = customer deposits + valuable papers + term interbank borrowings (approximating "total funding sources" under Circular 22). [2] Adding 20% of State Treasury deposits to the denominator per Circular 08/2026. Figures are estimates, as the notes do not fully break down eligible funding components and Treasury deposits; regulatory ceiling 85%.

The headline LDR is well above 100% as loans outstanding now exceed customer deposits, but **the regulatory LDR sits at only around 83–86%** because the denominator includes valuable papers and interbank borrowings — meaning it is pressing against the 85% ceiling, and even touched or slightly exceeded it in 2023–2024. With virtually no buffer left below the ceiling, the Circular 08/2026 mechanism (adding 20% of Treasury deposits to the denominator) carries real significance: it pulls the regulatory LDR back below 85% and opens additional lending capacity for 2026. This shows that liquidity is a genuine constraint on credit growth, though not yet at a risk level.

With retail deposit growth failing to keep pace with credit growth, BIDV has to fill the gap with wholesale funding. This group — valuable papers, interbank borrowings and amounts due to the Government and the SBV — has risen from 14.0% of total funding (2021) to 25.9% (2025), with interbank borrowings growing fastest (nearly VND 418 trillion at end-2025). This funding is more expensive, shorter-tenor and more volatile than retail deposits, so it both pushes up the cost of funds (contributing to NIM compression) and increases refinancing risk and the balance sheet's sensitivity to money-market rate swings.

Wholesale funding share

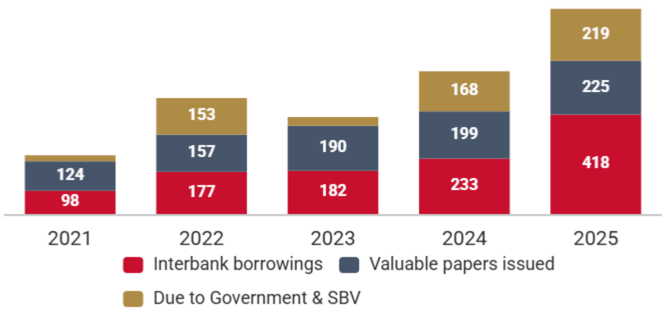
% of total funding



Source: BIDV consolidated financial statements; TCBS Research calculations.

Wholesale funding mix

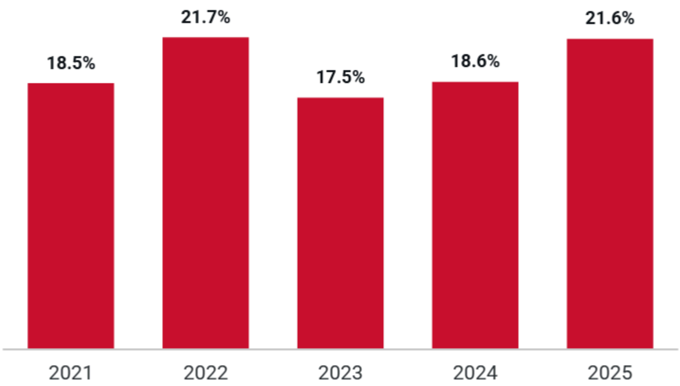
VND trillion



Source: BIDV consolidated financial statements.

Highly liquid assets / total assets

% · incl. cash, deposits at the SBV, interbank, government bonds



Source: BIDV consolidated financial statements; TCBS Research calculations.

In compensation, BIDV still holds several liquidity buffers. Highly liquid assets (cash, deposits at the State Bank of Vietnam, interbank deposits and loans, government bonds) have remained around 18–22% of total assets, reaching 21.6% at end-2025 — a reasonably solid cushion. The bank also maintains a net lending position in the interbank market (section 3.5) and holds a government bond portfolio that can be discounted for refinancing when needed. Overall, liquidity is tightening and is a genuine constraint on growth, but it has not reached a risk level, thanks to scale, the quality of liquid assets and access to policy funding. The key to sustainable improvement remains strengthening the deposit base, particularly the share of demand deposits (CASA).

4. Outlook, risks & 2026-2028 forecasts

4.1. Core assumptions

2026-2028 growth framework · key assumptions of the forecast model

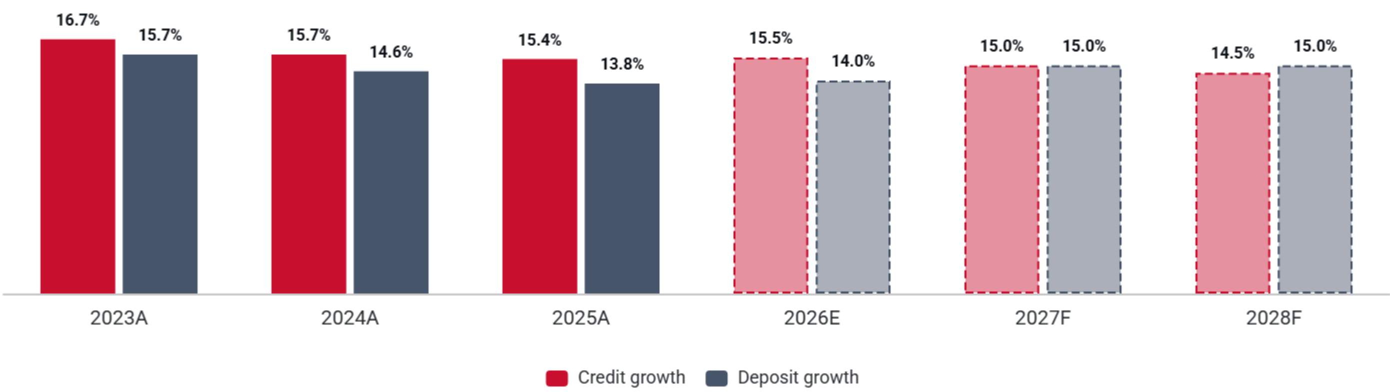
The 2026E/2027F/2028F figures below are TCBS Research forecasts. The model starts from balance-sheet size: it first assumes loan and deposit growth rates, then successively derives net interest income (margin times average earning assets), operating expenses and provisioning expense, and finally profit. Assumptions are anchored to BIDV's 2026 plan and 2026-2030 strategy, the 5-year 2021-2025 financial trend, and actual Q1 2026 results.

TCBS forecasts 2026 pre-tax profit growth of 13.2% — above the conservative AGM target (~+10%) but still set at a safe level. This assessment rests on three factors: state-owned banks typically set cautious plans and then outperform them; the strong lift in average earning assets from 2025 provides momentum for 2026 net interest income; and NIM has bottomed, with limited room to fall further. On the other hand, 2026 profit momentum is held back by the need to keep provisioning expenses high to rebuild the NPL buffer.

CREDIT GROWTH 2026E	NIM PATH 2026-2028E	CIR TARGET 2028F	ESTIMATED CAR 2028F
15.5%	**2.0→2.2%**	**31.8%**	**~10.4%**
% · anchored to SBV room of ~15-16%	% · very slow recovery from the trough	% · from 33.4% (2025) on digitalization	% · from 9.2% (2025) · Tier-1 raise needed

Credit & deposit growth

% · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

Credit growth assumptions: **15.5% (2026E) → 15.0% (2027F) → 14.5% (2028F)**, tracking the sector-wide guidance of ~15%. Key drivers are retail lending (strategy of +17%/year), SMEs, FDI clients, green credit and the public-investment wave. In Q1 2026, loans outstanding already grew 2.6% year-to-date. Deposit growth is set more conservatively (14.0% in 2026) as management views 2026 funding as fairly tight — with the gap filled by interbank borrowings, Tier-2 bonds (VND 9,000 billion planned) and State Treasury deposits. From 2027, deposits catch up with credit as system liquidity eases.

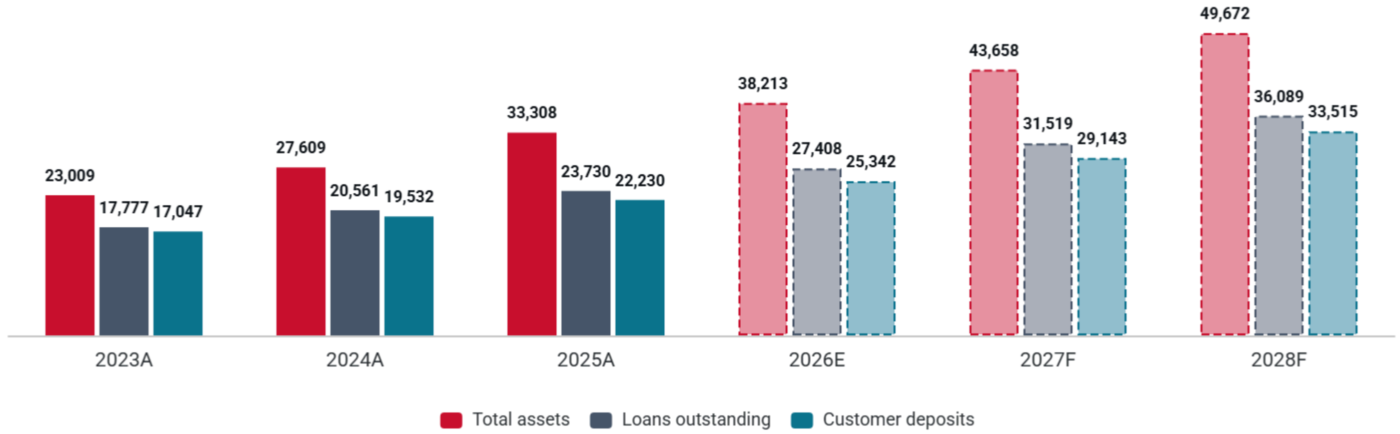
4.2. Balance sheet forecast

With credit growing 14.5-15.5% per year, **total assets are forecast to reach about VND 4,967 trillion in 2028F** — roughly 49% above end-2025 (equivalent to ~14.3%/year). Loans outstanding rise from VND 2,373 trillion to VND 3,609 trillion; deposits from VND 2,223 trillion to VND 3,351 trillion. Equity grows from VND 174 trillion to VND 311 trillion, driven by retained earnings (dividends are paid in shares, so capital is not depleted) plus newly issued capital. This exceeds the AGM plan (+5-10%) because that plan is a floor, while the model tracks actual credit momentum and the 2025 asset base, which had already surged (+20.7%).

Steady balance-sheet expansion reflects the position of the system's largest bank, a solid customer base and access to policy funding. The main risk is the **credit quota (room) granted by the State Bank of Vietnam**: if the room falls below 14.5-15.5%, loan growth must scale down accordingly; conversely, if policy is loosened to support GDP growth, growth could exceed the forecast. The biggest internal constraint remains thin capital — capping the pace of expansion and determining whether the forecast materializes, so the capital-raise timeline is the pivotal factor.

Total assets · loans · deposits

VND trillion · light bars = forecast



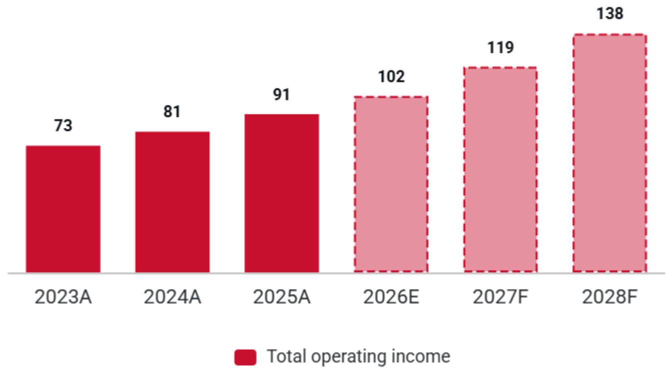
Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

4.3. Income forecast

Total operating income is forecast to rise from VND 91,214 billion (2025) to **VND 137,636 billion (2028F)**, equivalent to ~14.7%/year. Net interest income remains the pillar, at 74-78% of total income (rising from VND 63,295 billion to VND 107,107 billion). Note: the strong 2026 increase (+18.6%) is driven mainly by average earning assets ramping up on the 2025 balance sheet (+20.7%), not by margin expansion. Costs are contained through digitalization (95% of transactions via digital channels), bringing the cost-to-income ratio from 33.4% to 31.8%, heading toward the below-30% target by 2030.

Total operating income

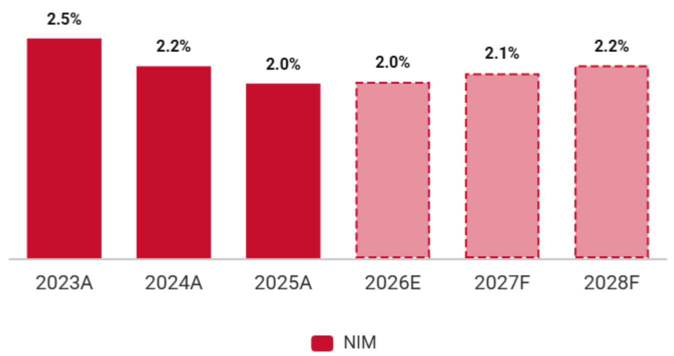
VND trillion · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

Net interest margin (NIM)

% · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

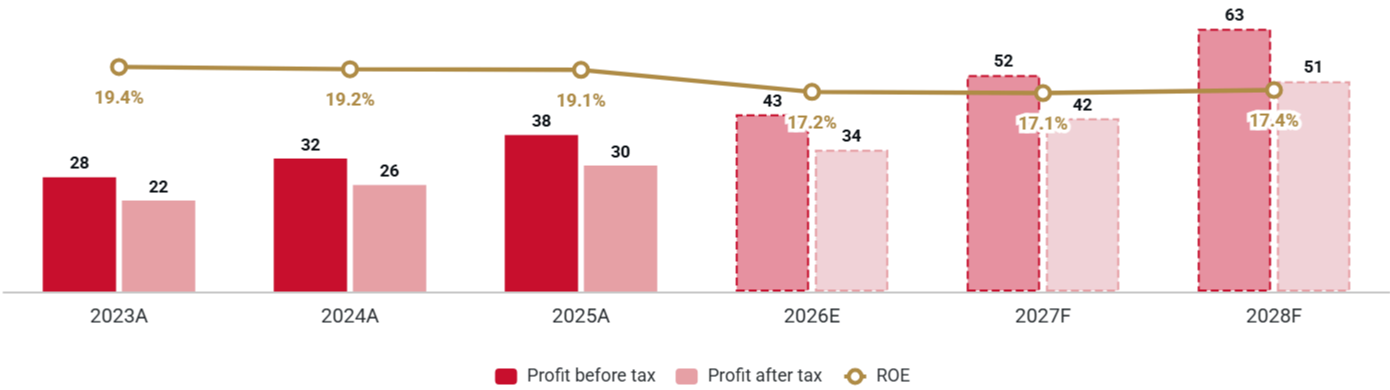
The most sensitive variable is **the pace of NIM recovery**. Because BIDV's margin is very thin (~2.0%), even a small change has a large earnings impact. The assumption here is deliberately conservative — NIM edges up only from 2.0% (2026E) to 2.2% (2028F), still below the prior peak of 2.8% (2021-2022) and below the 2.5-2.7% target (by 2030) — given fierce deposit competition and the policy of keeping lending rates low. If the Treasury-deposit advantage and the demand-deposit (CASA) ratio improve more strongly, margins and profit could exceed the forecast.

4.4. Profit & profitability forecast

Pre-tax profit is forecast to rise from VND 37,788 billion (2025) to **VND 63,444 billion (2028F)**, ~18.8%/year; after-tax profit reaches VND 50,755 billion. The trajectory is uneven: 2026 grows only +13.2% as provisioning must stay high (credit cost ~1.0% of loans) to rebuild the already-thin NPL buffer (coverage of 86.9% at end-Q1 2026); in 2027-2028 growth accelerates to 21-22% as margins recover and provisioning pressure eases. The forecast is set conservatively, with a margin of safety.

Profit & ROE

bars in VND trillion · ROE % · light bars = forecast

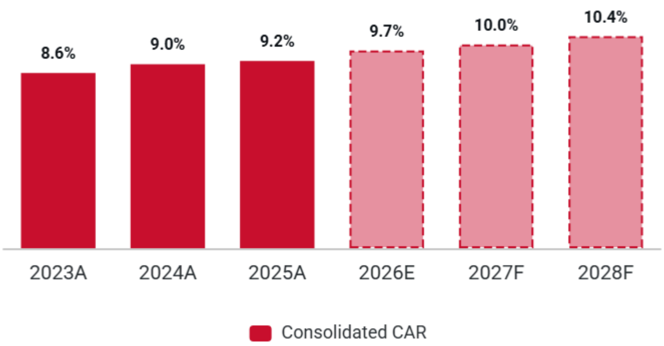


Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

ROE is forecast to decline from 19.1% (2025) to a range of **17.1-17.4% over 2026-2028** — not because of weak profit but because successive capital raises dilute the denominator: new Tier-1 capital has not yet generated full returns in its issuance year. This level remains above the strategic threshold of ≥15% and above Q1 2026 ROE (~14.9%). ROA recovers slightly from 1.0% to 1.1% on operating leverage and lower credit cost. At its core, BID's profitability story remains balance-sheet growth plus cost control, not margin expansion.

Capital adequacy ratio (CAR)

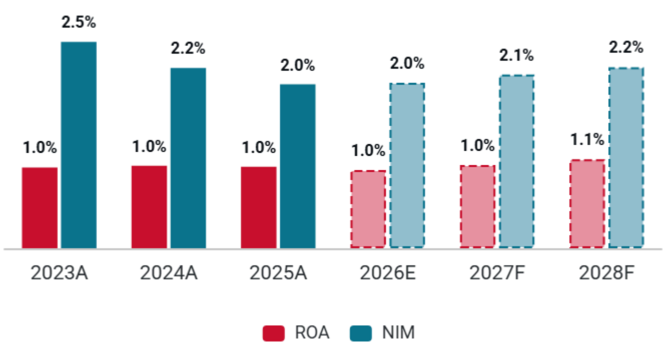
% · 8% minimum threshold · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F), contingent on capital-raise progress.

ROA & NIM

% · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

Both cost components are forecast to keep improving, but to different degrees. The cost-to-income ratio (CIR) declines gradually from 33.4% (2025) to 31.8% (2028F) as income grows faster than expenses and digitalization pays off — the most reliable earnings support.

In contrast, credit cost falls only slightly from ~1.0% of average loans (2025-2026) to ~0.9% (2027-2028): the decline is capped because NPL coverage is already thin, forcing the bank to keep provisioning high to rebuild the buffer. In other words, the earnings tailwind from credit cost is nearly exhausted, and profitability gains in the coming years will depend more on operating-cost efficiency and margin recovery.

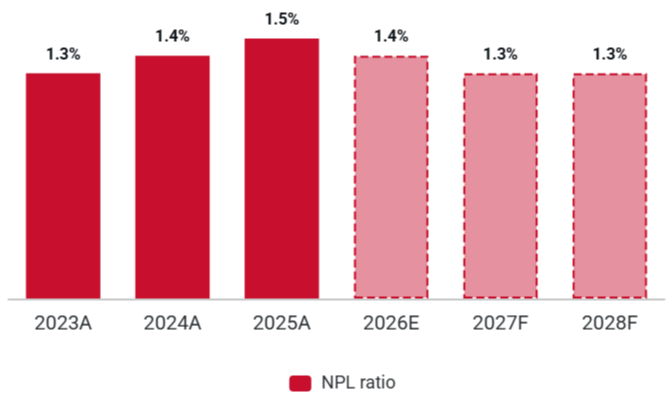
4.5. Asset quality forecast

NPLs are expected to hold at a low 1.3-1.5%, while NPL coverage is gradually restored from its 99.9% trough — this priority governs provisioning expense in the coming years.

TCBS forecasts the NPL ratio to remain contained in a low 1.3-1.5% range, easing to 1.3% by 2028, in line with the bank's ≤1.6% target. This expectation rests on slower new NPL formation as the property market and household incomes gradually stabilize, together with debt recovery supported by the new legal framework. However, this is also the variable most sensitive to the economic cycle: if retail and real estate recover more slowly than expected, NPLs could exceed the forecast range.

NPL ratio

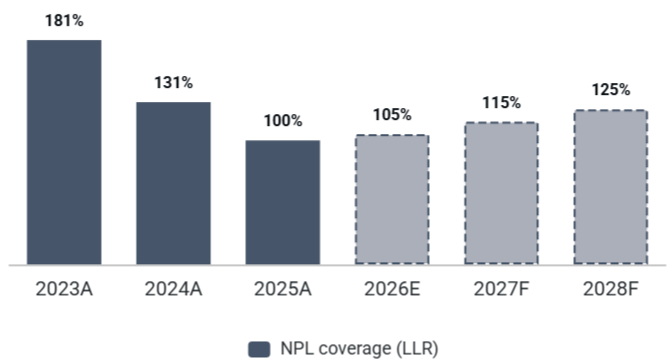
% · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

NPL coverage ratio

% · light bars = forecast



Source: BID financial statements (2023-2025) · TCBS Research forecasts (2026-2028F).

The focus of the asset-quality forecast lies not in the NPL ratio but in **rebuilding the provision buffer**. NPL coverage is forecast to recover gradually from its 99.9% trough (2025) to about 105% (2026), 115% (2027) and 125% (2028) — reflecting a policy of conservative provisioning to restore a line of defense that thinned rapidly in the prior period. It is this requirement that keeps provisioning expense high (credit cost around 0.9-1.0% of loans, section 4.4), thereby curbing 2026 profit growth before earnings re-accelerate from 2027. In other words, shoring up asset quality is an "investment in safety" that BIDV accepts as a trade-off against near-term profit.

4.6. Key business risks

Asset quality & buffers · NIM · liquidity · capital adequacy & dilution · legal & macro

BID's risk profile bears the hallmarks of the system's largest lender: a massive balance sheet and a highly concentrated credit portfolio create high sensitivity to the economic cycle, while a thin capital base and compressed margins reduce shock-absorption capacity. The five risk groups below are interconnected, with **asset quality – provision buffer** and **capital adequacy** being the most critical.

1. Asset quality & portfolio concentration

This is the most prominent near-term risk. Loans outstanding account for ~71.7% of total assets and are highly concentrated in state-owned enterprises, infrastructure and mega-projects, making asset quality sensitive to the economic cycle; real estate is a separate watch item. NPLs rose to 1.8% in Q1 2026 while NPL coverage dropped to 86.9% — a thin buffer that forces sustained high provisioning, weighing on profit. The expiry of Circular 02/2023 could expose additional latent bad debt, though the codification of Resolution 42 supports debt recovery.

2. Capital adequacy & dilution

This is the biggest structural constraint. CAR stood at only 9.2% (2025) and 9.6% (Q1 2026) — among the lowest in the sector, far below private-sector peers (11–12%+), while leverage is about 19x. BID must execute a large-scale capital raise in 2026 (~VND 26,000 billion) via private placement, capitalization of reserve funds and stock dividends; this process dilutes EPS/BVPS and depends on regulatory approvals, so part of the plan may slip into 2027. Notably, strategic shareholder KEB Hana Bank did not participate in the March 2026 private placement and thus continues to be diluted (to ~14.2%) — a signal worth monitoring.

3. NIM & liquidity

NIM is thin (1.9% in Q1 2026, well below the sector's ~3%) given a portfolio tilted toward large, low-rate clients and CASA yet to improve, so any move in funding costs has an outsized profit impact. In parallel, liquidity is tightening: loans outstanding have exceeded deposits (headline LDR of 113.5% in Q1 2026) and the regulatory LDR is pressing against the 85% ceiling, forcing greater reliance on wholesale funding that is more expensive and less stable. Circular 08/2026 (counting 20% of Treasury deposits toward LDR) eases the pressure but does not change the underlying picture.

4. Legal, policy & macro

The regulatory framework is tightening capital discipline and loan classification — more of a headwind for BID given its thin capital base: Basel III (Circular 14/2025) requires a minimum CAR of 10.5% from 2030, while the credit-quota (room) mechanism caps growth headroom. On the macro side, exchange-rate and inflation pressures, combined with the cyclical sensitivity of a large portfolio, leave BID with significant exposure.

5. Operational, compliance & unquantified risks

The system's largest balance sheet comes with exposures not fully quantified in the notes: large off-balance-sheet commitments (letters of credit and guarantees of ~VND 325 trillion, currency derivatives of ~VND 236 trillion), loans restructured under Circular 02 and related-party lending. Operationally, inspection findings at several branches point to recurring weaknesses in credit appraisal and monitoring across a wide network; historical cases (the Kenmark loan) and small-scale tax reassessments, while immaterial, indicate the need to strengthen internal controls in step with the pace of expansion.

4.7. Summary forecast table

Taken together, the forecasts show BID is well positioned to sustain double-digit profit growth with profitability among the sector leaders at its scale, while the biggest bottleneck remains strengthening the capital base to meet Basel III. Projected net profit rises from VND 34,217 billion (2026E) to VND 41,809 billion (2027F) and VND 50,755 billion (2028F).

Indicator	2023A	2024A	2025A	2026E	2027F	2028F
Total assets (VND trillion)	2,300.9	2,760.9	3,330.8	3,821.3	4,365.8	4,967.2
Loans outstanding (VND trillion)	1,777.7	2,056.1	2,373.0	2,740.8	3,151.9	3,608.9
Credit growth (%)	16.7	15.7	15.4	15.5	15.0	14.5
Customer deposits (VND trillion)	1,704.7	1,953.2	2,223.0	2,534.2	2,914.3	3,351.5
Deposit growth (%)	15.7	14.6	13.8	14.0	15.0	15.0
NIM (%)	2.5	2.2	2.0	2.0	2.1	2.2
Total operating income (VND billion)	73,013	81,097	91,214	101,696	118,539	137,636
CIR (%)	34.4	34.5	33.4	32.8	32.3	31.8
Provisioning expense (VND billion)	20,344	21,041	22,999	25,569	27,990	30,423
Profit before tax (VND billion)	27,589	32,076	37,788	42,771	52,261	63,444
PBT growth (%)	20.4	16.3	17.8	13.2	22.2	21.4
Net profit (VND billion)	21,977	25,677	30,430	34,217	41,809	50,755
Net profit growth (%)	19.8	16.8	18.5	12.4	22.2	21.4
NPL (%)	1.3	1.4	1.5	1.4	1.3	1.3
NPL coverage LLR (%)	180.9	130.8	99.9	105	115	125
ROE (%)	19.4	19.2	19.1	17.2	17.1	17.4
ROA (%)	0.99	1.01	1.00	0.96	1.02	1.09
EPS (VND)	3,855	3,723	4,307	3,511	4,127	5,010
BVPS (VND)	21,554	21,020	24,718	22,679	26,419	31,278
Consolidated CAR (%)	8.6	9.0	9.2	~9.7	~10.0	~10.4

Source: BID audited financial statements (2023A-2025A) · TCBS Research forecasts (2026-2028F) · shares outstanding 7,280 million (2025) → ~9,956 million (2027F) due to dilution · 20% tax rate. 2025A EPS/BVPS based on ~7.02 billion shares.

Factors supporting the forecast

- Completion of the ~VND 26,000 billion capital raise, lifting CAR to ~9.5–10%
- Codification of Resolution 42 speeds up debt recovery, lowering provisioning costs
- Digitalization pulls the cost-to-income ratio below 30%
- Large public investment and FTSE market upgrade (Sep 2026)

Risks to the forecast

- Further NIM compression if deposit competition intensifies
- Thin NPL coverage (86.9% in Q1 2026) forces provisioning costs to stay elevated
- EPS/BVPS dilution from successive share issuances
- Capital-raise timing depends on approvals and could slip to 2027

5. Reference valuation

5.1. Current valuation position

P/B of 1.64x and P/E of 10.0x — at the low end of the five-year range, reflecting sector-leading ROE not yet paid its full multiple

BID trades at a P/B (price-to-book) of about 1.64x and a P/E (price-to-earnings) of about 10.0x, based on the closing price of VND 43,050 per share on 1 July 2026 (source: TCBS) — the consistent basis for the entire valuation section and the historical-range comparisons below. Both metrics show BID is valued cheaply against both its own history and banks with similar profitability.

For banks, P/B is the most important valuation measure. Because lending capacity is constrained by equity through the capital adequacy ratio (CAR), book value closely reflects the capital that actually generates profit; in addition, most bank assets are financial assets recorded close to market value, so book value tracks intrinsic value more closely than at a manufacturer. P/E plays only a supporting role, as bank earnings swing sharply with the provisioning cycle and are therefore less stable. This section accordingly uses P/B as the primary yardstick, P/E as a cross-check, and does not apply discounted cash flow, which is ill-suited to the nature of banking operations.

CURRENT P/B	CURRENT P/E	2025 ROE	MARKET CAPITALIZATION
1.64x price VND 43,050 (1 Jul 2026)	**10.0x** as of 1 Jul 2026	**19.1%** among sector leaders	**VND 313.4 trillion** 7.28 billion shares outstanding

5.2. P/B versus historical range

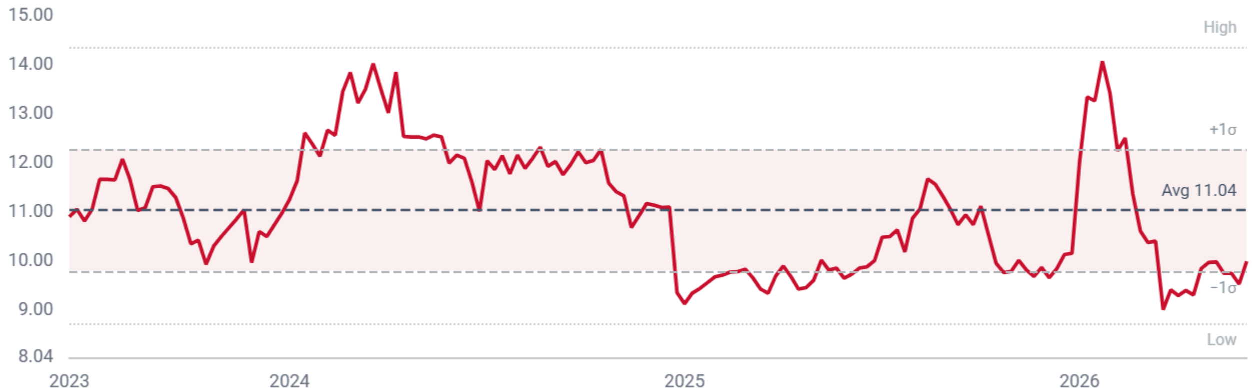
Unit: x (σ = standard deviation)

Against its own history, BID sits in its cheapest valuation zone. The five-year average P/B is 1.96x with a standard deviation (σ) of 0.26x; the lower one-standard-deviation band (mean minus 1σ) sits at 1.70x and the upper band at 2.21x. The current 1.64x remains below the lower one-standard-deviation band (1.70x), not far from the five-year low of 1.53x and well below the peak of 2.83x. Over the most recent three-year window the picture is similar: average of 1.88x, lower one-standard-deviation band at 1.64x, low of 1.53x; the stock still trades around the mean-minus-one-standard-deviation zone.

Notably, profitability has not deteriorated in line with the valuation discount. 2025 ROE reached 19.1% and trailing four-quarter ROE 18.1% — among the highest in the system and stable around 19% over 2022–2025. In principle, a bank with high and stable ROE deserves a higher P/B; that BID sustains sector-leading ROE while its P/B has retreated to historical lows indicates the current valuation does not adequately reflect its earnings power. The discount stems mainly from the factors analyzed earlier — a thin NIM around 2.0%, NPL coverage falling to the 87–100% range, and dilution risk from the capital-raising roadmap — rather than any weakening of core profitability.

5.3. P/E versus historical range

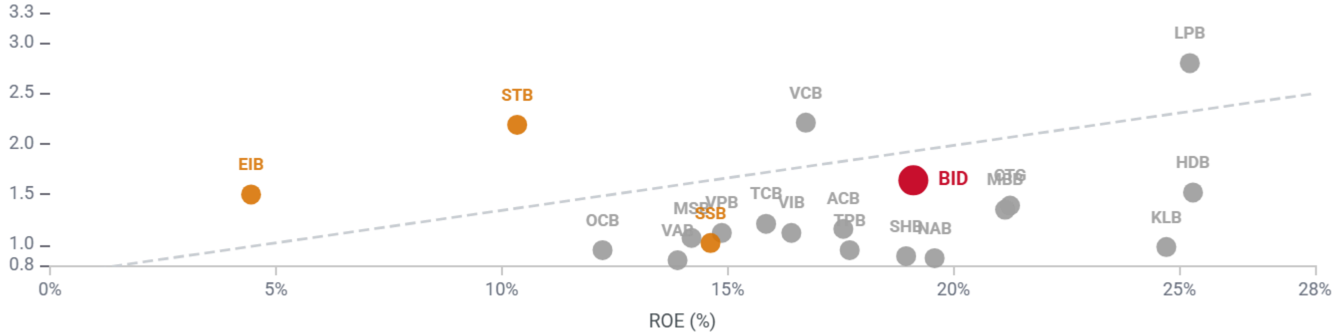
Unit: x



On P/E, BID is also in cheap territory: at 10.0x (based on the 1 July 2026 price), it sits below the recent three-year average of 11.04x and only slightly above the lower one-standard-deviation band (9.80x), while remaining well below the peak of 14.36x. Over the full five years the average P/E is higher (12.72x), but it is distorted by a period of temporarily depressed earnings that pushed the ratio to nearly 22.5x, so the three-year figures better reflect the fair baseline. Notably, P/E sits at the low end even as net profit keeps growing at double digits (18.5% in 2025, 15.5% in Q1 2026), suggesting earnings growth has not yet been fully priced into the stock.

5.4. P/B–ROE correlation across the sector

P/B (x) versus ROE (%) — each dot is one bank; BID in red



Source: TCBS compilation · P/B multiples based on latest session prices (BID as of 1 Jul 2026), ROE based on full-year 2025 figures; STB and EIB are outliers when reading the correlation.

Placing BID within the ROE–P/B relationship of 20 listed banks (marked to latest session prices), BID's point sits below the general trend line: 2025 ROE of 19.1% ranks among the system leaders, yet P/B is only 1.64x — the market is paying BID a lower multiple than its profitability warrants. A comparison within the state-owned Big-4 clarifies this position. Vietcombank holds the sector's highest valuation — P/B of 2.21x despite an ROE (16.7%) lower than BID's — thanks to the system's best asset quality, a thick capital base and its brand, i.e. the market pays it a clear quality premium. At the other extreme, VietinBank — the bank closest to BID in model and scale — posts the group's highest ROE (21.3%) yet trades at the lowest P/B (1.39x), cheaper than even BID.

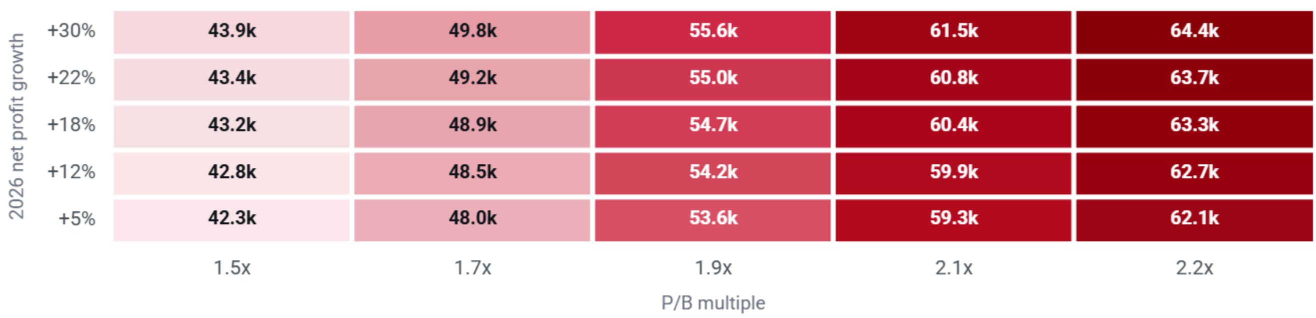
BID sits between the two extremes: valued slightly above VietinBank but still well below Vietcombank, indicating the market recognizes BID's scale and leading position while still discounting for a thinner capital base and lower NIM than Vietcombank. The gap between P/B of 1.64x and 2.21x is precisely the stock's re-rating headroom — one that would narrow if BID shores up capital adequacy and keeps asset quality stable. The remaining banks are reference points only: the efficient private group (MB, ACB, Techcombank) trades around 1.1–1.4x, while Sacombank and Eximbank are special cases (multiples reflecting restructuring expectations rather than recurring profitability) and are excluded when reading the correlation.

5.5. Valuation sensitivity analysis

Reference price by P/B multiple and 2026 profit growth (via book value)

Valuation heatmap: P/B × 2026 profit

Reference price (VND per share) · columns = P/B multiple · rows = 2026 net profit growth



Source: TCBS Research · 2026 BVPS = 2025 equity plus 2026 retained earnings, on the current share count.

The heatmap shows BID's reference price is more sensitive to the P/B multiple than to any single year's profit growth. In the conservative scenario — 2026 profit rising modestly and P/B holding around 1.5x forecast book value (roughly current) — the reference price is about VND 42,000, close to the market price, implying most risk is already priced in. If profit grows as forecast (about 12%) and P/B recovers to 1.7x, the reference price reaches about VND 48,000; further out, if a stronger capital base lets the stock re-rate to 1.9–2.2x, the reference price rises to VND 55,000–64,000 — the VND 64,000 mark closing the valuation gap with Vietcombank.

The key point is the risk–reward setup, not a single target: the current price is anchored near the most conservative scenario, while re-rating scenarios open further upside. Price is more sensitive to the valuation multiple than to profit growth, so BID's main driver is re-rating — contingent on stronger Tier-1 capital (CAR) and stable asset quality, letting the market price in earnings power rather than today's discount. Two factors could hold this back: dilution from successive share issuances and a thin NIM if funding costs stay tight.

Appendix — Five-year financial statements

Consolidated balance sheet

Unit: VND billion · year-end figures 2021–2025 · figures in parentheses ( ) are negative

Item	2021	2022	2023	2024	2025
ASSETS					
Cash & balances with the State Bank of Vietnam	81,512	125,163	62,645	103,114	136,705
Deposits with & loans to other credit institutions	136,070	221,263	211,897	280,052	457,417
Customer loans	1,354,633	1,522,222	1,777,665	2,056,082	2,372,955
Provisions for customer loan losses	(29,104)	(38,053)	(40,469)	(37,970)	(34,946)
Investment & trading securities	186,005	240,306	232,479	293,996	319,989
Fixed assets	10,741	10,539	11,096	12,165	13,123
Other assets	21,839	39,237	45,556	53,468	65,583
TOTAL ASSETS	**1,761,696**	**2,120,677**	**2,300,869**	**2,760,907**	**3,330,826**
LIABILITIES					
Deposits & borrowings from the State Bank of Vietnam	25,340	152,753	35,896	168,389	218,826
Deposits & borrowings from other credit institutions	98,008	177,221	181,831	232,954	417,965
Customer deposits	1,380,398	1,473,598	1,704,690	1,953,165	2,222,992
Valuable papers issued	123,682	157,052	189,487	198,900	225,408
Other liabilities (incl. accrued interest & fees payable)	47,939	55,934	66,098	62,515	72,082
TOTAL LIABILITIES	**1,675,367**	**2,016,558**	**2,178,002**	**2,615,923**	**3,157,273**
EQUITY					
Charter capital	50,585	50,585	57,004	68,975	70,214
Share premium & funds	23,877	27,307	30,566	34,509	52,989
Undistributed profit	8,673	21,504	30,331	36,265	44,786
Non-controlling interests	3,194	4,723	4,966	5,235	5,564
TOTAL EQUITY	**86,329**	**104,119**	**122,867**	**144,984**	**173,553**
TOTAL LIABILITIES & EQUITY	**1,761,696**	**2,120,677**	**2,300,869**	**2,760,907**	**3,330,826**

Source: BIDV audited consolidated financial statements 2021–2025 (TCBS compilation). Condensed presentation — "other" items are residual balances so that components sum to the totals.

Consolidated income statement

Unit: VND billion · full-year figures 2021–2025 · figures in parentheses ( ) are negative

Item	2021	2022	2023	2024	2025
Net interest income	46,823	55,960	56,136	58,003	63,295
Net fee & service income	6,614	5,651	6,570	7,077	6,924
Net investment & trading income	2,877	3,654	8,240	10,992	7,870
Net other income	6,179	4,214	2,068	5,025	13,125
TOTAL OPERATING INCOME	**62,494**	**69,480**	**73,013**	**81,097**	**91,214**
Operating expenses	(19,465)	(22,715)	(25,081)	(27,980)	(30,428)
Pre-provision operating profit	**43,028**	**46,765**	**47,932**	**53,117**	**60,786**
Credit provisioning expense	(29,481)	(23,842)	(20,344)	(21,041)	(22,999)
PROFIT BEFORE TAX	**13,548**	**22,923**	**27,589**	**32,076**	**37,788**
Corporate income tax expense	(2,707)	(4,574)	(5,612)	(6,399)	(7,358)
NET PROFIT	**10,841**	**18,349**	**21,977**	**25,677**	**30,430**
of which: net profit attributable to parent shareholders	10,540	18,086	21,505	25,212	29,904

Source: BIDV audited consolidated financial statements 2021–2025 (TCBS compilation).

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