Banking Sector Outlook & Strategic Direction 2026

What bank leaders think — through Chairman messages & strategic direction in the 2025 Annual Reports

VCB · BID · CTG · ACB · MBB · TCB · VPB · HDB · STB · SHB · VIB · TPB

Most management teams are confident on the macro backdrop but frame their plans around reinforcing asset quality and capital adequacy rather than chasing profit. The differentiation lies in cost-of-funds capability (CASA), net interest margin and real estate credit appetite. Three strategic shifts will shape the period ahead: digital transformation & AI adoption, the development of digital assets and gold, and internationalization through the International Financial Center (VIFC).

12	~80%	10	2025
BANKS ANALYZED	SECTOR-WIDE PROFIT	MESSAGE THEMES	FISCAL YEAR · ANNUAL REPORT

Degree of consensus in management messaging

Number of banks (out of 12) sharing the same view on each theme — net interest margin is the clearest point of divergence

Theme	Banks
Positive macro outlook	12/12
Asset quality needs reinforcing	11/12
Capital adequacy under control	10/12
High growth ambitions	9/12
Net interest margin (NIM) narrowing — point of divergence	6/12

5 messages dominating the sector

01 Interest rates stable but net interest margin (NIM) stays under pressure
Most banks acknowledge margin narrowing; the advantage lies with those holding abundant low-cost funding.

02 The capital-raising race enters a new phase
State-owned banks rely on retained earnings; private-sector banks proactively issue shares, preparing for Basel III.

03 Real estate: selective control
A two-way split: expanding collateral-backed lending while tightening developer lending.

04 Sharply divergent growth appetite
Profit targets diverge by ownership: private-sector banks accelerate, state-owned banks keep a cautious pace.

05 The emergence of the “financial conglomerate” model
Securities, insurance, fund management, digital assets and VIFC — growth engines beyond credit.

Sector outlook by phase

SHORT TERM · 2026
Credit and net interest margin (NIM) remain the decisive factors for earnings; divergence driven by CASA and asset quality.

MEDIUM TERM · 2026–2027
Basel III and capital-raising pressure become the filter, clearly separating the accelerators from the cautious.

LONG TERM · 2027+
The digital ecosystem, digital assets and VIFC open a new growth cycle for the entire sector.

1. Macro outlook & external risks

Upbeat on growth prospects, cautious on external risks

Opening their 2026 messages, bank leaders take an upbeat view of the economy's growth prospects. Many banks expect the "era of national rise" to continue — anchored on 2025 GDP growth of 8.02% and a double-digit target (above 10%) for 2026–2030. The drivers most often cited are public investment and infrastructure, recovering domestic consumption, resilient FDI, and exports that still grew 17% in 2025 despite a volatile trade backdrop. Even so, optimism is not complacency: alongside their confidence in growth, many leaders proactively flag external risks — the "confident but cautious" mindset underpinning the sector's high growth plans for 2026.

Banks' overall assessment: positives & risks

Key positives emphasized

- Sustained high economic growth, opening the "era of national rise".
- Strong exports; easing concerns over US tariffs (most explicit at TCB, VPB).
- Interest rates expected to remain within policy control.
- Recovering credit demand, supporting earnings growth.

Risks flagged

- Unpredictable exchange-rate swings driven by US trade policy.
- Interest-rate pressure from inflation and large public spending.
- Trade protectionism and geopolitical risk.
- Balancing credit growth against deposit funding.

Selected macro views from management

TCB — "Vietnam's economy delivered impressive growth, exceeding 8%... ready to step into 2026 — the year that opens the nation's era of national rise."
Chairman Hồ Hùng Anh

MB — "Vietnam's economy enters 2026 with abundant development opportunities, with growth forecast above 10%, driven by industry, consumption, exports and FDI inflows."
MB Management Report & Assessment

VPB — "Moving into 2026, Vietnam's economy faces new opportunities; interest rates are easing and may edge lower, supporting businesses and consumption."
VPBank Management Report & Assessment

STB — "2026 will continue to face many difficulties and challenges... trade protectionism, geopolitical risk."
Chairman Dương Công Minh

TCBS ASSESSMENT

Overall, the 2026 macro backdrop is assessed as favorable for the banking sector: sustained economic growth, recovering credit demand, interest rates within policy control, and resilient exports and FDI create room to expand credit and earnings across the industry. The caution lies in external risks — exchange-rate swings from US trade policy, rate pressure from inflation and public spending, and trade protectionism and geopolitics — which, if they worsen, would directly erode margins, lift funding costs, and pressure asset quality. A positive macro outlook is therefore only a "common base" lifting the whole sector; differentiation will come from resilience to external shocks — banks with abundant low-cost funding (CASA), thick provision buffers, and a prudent governance appetite will weather a reversal better.

2. Lending, credit quota & real estate

One market, two opposing directions

On lending strategy, most banks treat the State Bank's credit quota as a framework to comply with — only CTG and VPB frame the quota as a favorable condition, while ACB ("operating room for credit institutions has narrowed further") and TPB ("credit tightly monitored from the start of the year") strike a more cautious note. But the sharpest divergence in the messages lies in views on real estate lending.

Expansionists — collateralized real estate

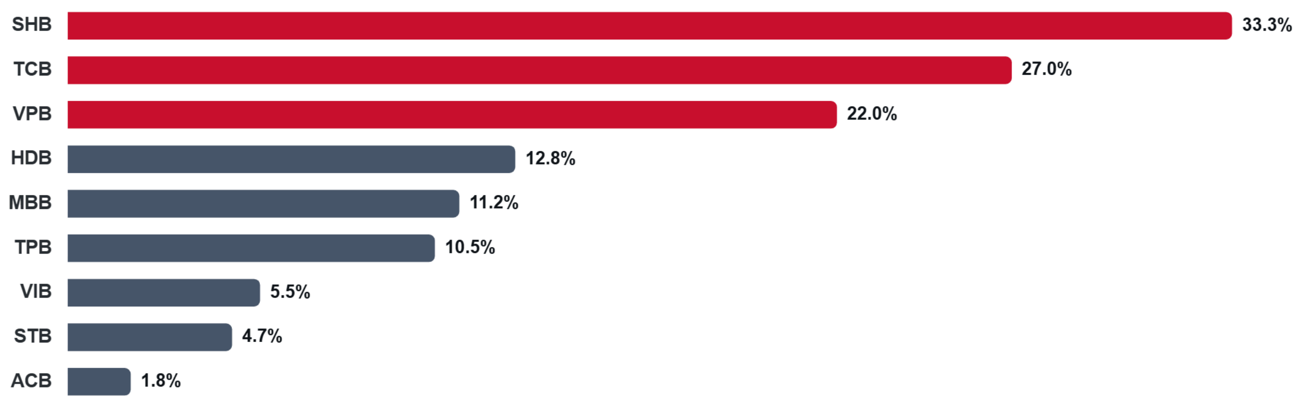
ACB ("home mortgages showing positive recovery signals"), **VIB** (over 90% of the retail book collateralized), **CTG** (ranks real estate among growth contributors).

Tight-control group — developers

MBB ("strict control of real estate lending"), **VPB** ("cautious appetite, appraising each project"), **STB** (ranks real estate as "pressure"), **TPB** (real estate "under tightened control").

Share of real estate developer lending 2025

% of loans · banks disclosing sector breakdown



Source: TCBS compilation.

The actual figures sharpen the two directions: **developer** real estate lending is concentrated at SHB (33.3%), TCB (27.0%) and VPB (22.0%), while ACB stands at just 1.8% and STB 4.7%. Notably, **SHB makes no mention of real estate in its leadership message, despite having the sector's highest share of developer lending**; conversely, ACB is upbeat on home mortgages but its developer exposure is very low — reflecting that ACB is expanding individual home mortgages (collateralized) rather than developer lending.

TCBS ASSESSMENT

The divergence in real estate lending reflects differing risk appetites across banks, not merely tactics. The home-mortgage expansionists (ACB, VIB) opt for dispersed, collateralized risk with strong retail margins; conversely, the high developer-exposure group (SHB 33.3%, TCB 27%, VPB 22%) accepts concentrated risk — large upside if real estate recovers, but vulnerable when the cycle turns. Notably, SHB carries the industry's highest developer-lending share yet omits real estate from its message — an information gap. The share of developer lending is therefore one of the most important risk gauges when screening bank stocks for 2026.

3. Net interest margin (NIM) & cost of funds (CASA)

All facing margin pressure; performance diverges with cost-of-funds capacity

6/12 **banks acknowledge net interest margin (NIM) is narrowing**

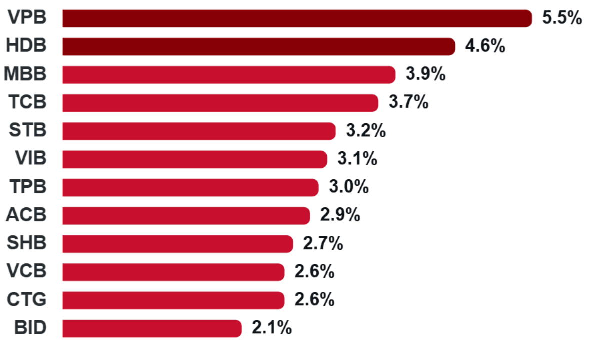
ACB calls it "a new industry trend"; only MBB views its margin as an advantage, thanks to low-cost funding.

In their 2026 messages, margin is a recurring, cautious theme. ACB calls it an industry-wide trend; CTG, TCB, VPB, HDB and TPB acknowledge margins narrowing on client lending-rate support and rising funding costs. Only MBB sees its margin as an advantage, thanks to low-cost funding.

- **ACB** "Downward NIM pressure is a new industry trend" — margins held near 3% amid low lending rates.
- **CTG** Prioritizes cutting cost of funds (COF) by driving CASA higher.
- **MBB** Confident on the back of "low-cost, durable funding".
- **BID** Set up a dedicated "2025–2030 NIM Maintenance and Growth Plan".
- **VIB** Proactively "shifting from lending margin toward fee income".

Net interest margin (NIM) 2025

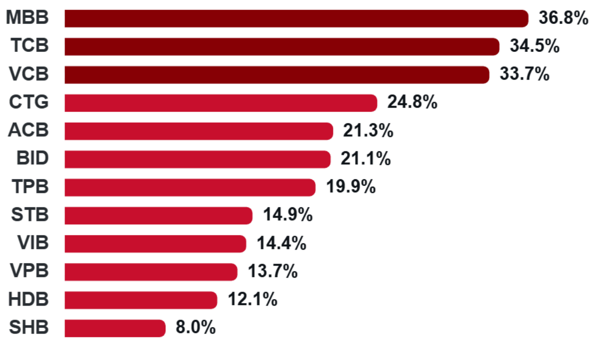
% · all 12 banks



Source: TCBS compilation.

CASA ratio end-2025

% · all 12 banks



Source: TCBS compilation.

The data confirms the message: margins span from 5.5% (VPB) and 4.6% (HDB) down to 2.1–2.6% at the Big-4. The edge belongs to high-CASA names — MBB (36.8%), TCB (34.5%), VCB (33.7%); conversely SHB (8.0%) and HDB (12.1%) rank lowest, consistent with HDB's need to "restructure funding to optimize costs".

TCBS ASSESSMENT

As margin compression becomes an industry-wide pressure, the competitive edge shifts from "lending more" to "funding cheaply" — and CASA is the most durable moat. MBB, TCB and VCB (~34–37%) can defend their margins without chasing deposit rates, whereas SHB (8%) and HDB (12%) have margins far more sensitive to the rate environment. CASA and fee-income capacity are thus the two metrics to prioritize when screening banks in 2026: a bank that is both thin on CASA and reliant on interest income will face a double squeeze.

4. Asset quality & provisions

Confident messaging, but actions reveal caution

12/12 **banks all stress NPL control & strengthening provision buffers**

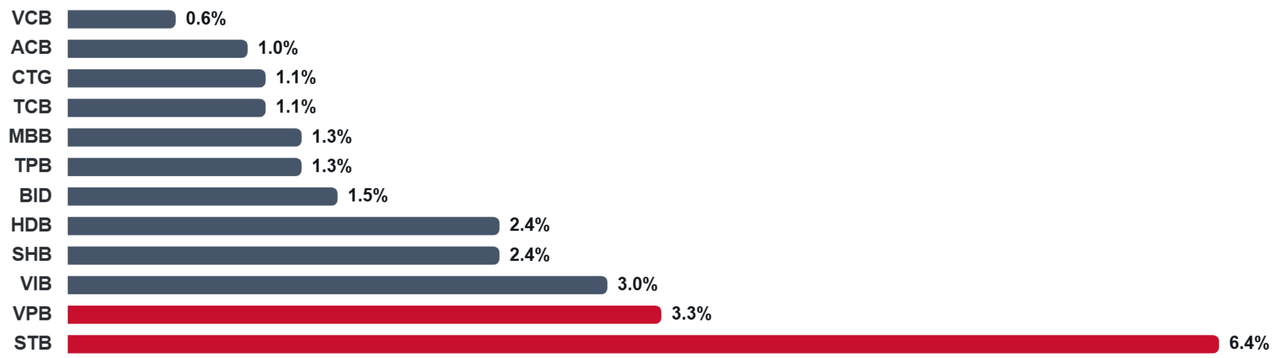
VCB 0.6% lowest ↔ STB 6.4% highest; STB proactively sets aside ~40% of profit to lift provisioning.

On asset quality, messaging is near-unanimous — all 12 banks stress NPL control and stronger provision buffers. Notably, even where NPLs are low, many still raised provisioning sharply — a cautious stance ahead of the coming cycle.

- **VCB** "NPLs kept below 1%, best coverage ratio among large-scale credit institutions."
- **ACB** NPL 0.97%, "top-3 lowest in the system"; proactively building provision buffers for the years ahead.
- **CTG** Stresses "early identification of latent debt", coverage ratio 158.8%.
- **BID** 2026 tasks: "step up recovery and resolution of NPLs, latent debt, and off-balance-sheet debt".
- **STB** "Placing the focus on asset quality… rather than short-term profit targets."

Consolidated NPLs 2025

% · Group 3-5 debt · all 12 banks



Source: TCBS compilation.

Consolidated figures give a fuller picture than self-disclosure: alongside the cohort with low on-book NPL ratios (VCB 0.6%, ACB 1.0%, CTG & TCB 1.1%), some show higher ratios from consolidating subsidiaries or restructuring legacy — STB 6.4%, VPB 3.3% (consumer finance), VIB 3.0%. ACB's proactive provisioning and STB setting aside ~40% of profit signal more caution than on-balance-sheet NPLs suggest.

TCBS ASSESSMENT

NPL messaging is broadly positive — all 12 stress control — reassuring on the surface, but what matters lies in actions, not words: ACB and STB proactively raised provisioning sharply despite low NPLs — accepting lower short-term profit to build a thick buffer for the next cycle. It is essential to separate the cohort with low on-book NPL ratios (VCB, ACB, CTG) from the high cohort driven by restructuring legacy (STB 6.4%): the provision coverage ratio and pace of provisioning are more reliable indicators than the reported NPL figure.

5. Capital adequacy & capital structure

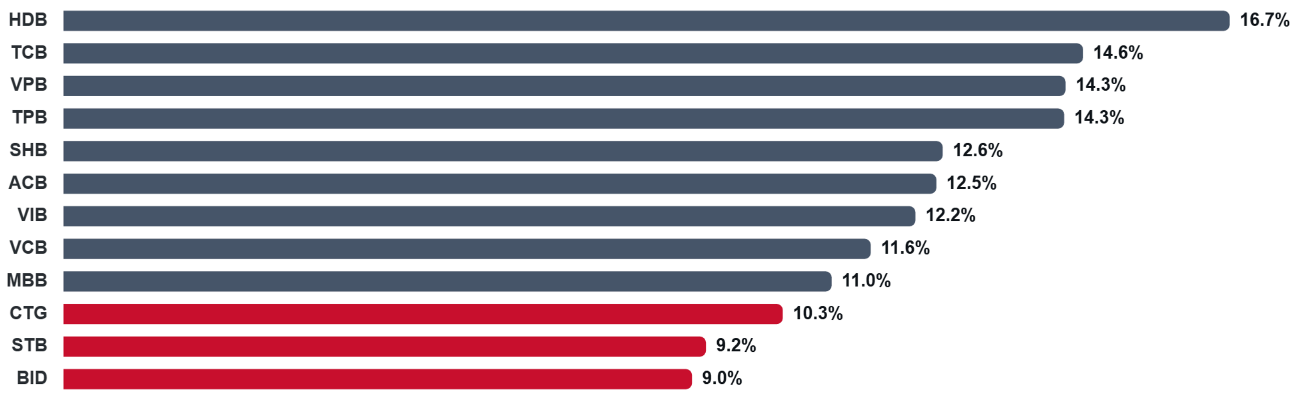
A challenge for state-owned banks, an advantage for well-capitalized private lenders

Capital adequacy is where management messages most clearly reveal differences in standing. State-owned banks — where the capital adequacy ratio (CAR) is thinnest — place capital-raising at the top of the agenda, while well-capitalized private banks treat it as a springboard for growth.

- **BID** "Resolutely execute the capital-raising plan… improve CAR and progressively meet Basel III."
- **HDB** "Basel II CAR of 16.7% — the highest in the sector, creating headroom for growth without near-term capital-raising pressure."
- **VCB** The first large commercial bank to adopt the Basel III standardized approach from 03/2026.
- **TPB** Self-described as "the first bank to comply early with Basel III under Circular 14/2025".
- **SHB** Targets raising charter capital to VND 60,389 bn.

Capital adequacy ratio (CAR) 2025

% · all 12 banks



Source: TCBS compilation.

HDB · best-capitalized in the sector

CAR of 16.7% (Basel II) — the highest in the sector; creating headroom for rapid credit growth without near-term capital-raising.

BID · capital near the threshold, top priority

CAR of ~9% — the lowest, alongside STB (9.2%) and CTG (10.3%); the bank identifies capital-raising as a central task for 2026.

TCBS ASSESSMENT

Capital adequacy is where ownership structure determines growth headroom: well-capitalized private banks (HDB 16.7%, TCB 14.6%) can freely expand lending, while thinly capitalized state-owned banks (BID ~9%, near Circular 41's 8% threshold) are constrained in pace. The Basel III roadmap — with VCB adopting the standardized approach from 03/2026 — will make the state-owned group's capital needs all the more pressing. CAR and capital headroom are thus the real "growth ceiling" for each bank in 2026.

6. Capital-raising plans 2026

Stock dividends dominate; state-owned banks constrained, private-sector banks proactive

The sector's dominant capital-raising method remains **retaining earnings and paying stock dividends** to build up own funds. State-owned banks face the tightest constraints: BID names capital raising as its top priority, and CTG has lifted charter capital to VND 77,669 bn via stock-dividend payouts; meanwhile VCB — despite its CAR falling to 11.56% and Basel III approaching — has yet to announce a new capital-raising plan for 2026, a notable point. Private-sector banks are more proactive: HDB and SHB target very sharp increases in charter capital, while VPB is strengthening capital through the IPO of a subsidiary and strategic shareholder SMBC.

Bank	Method & 2026 notes
HDB	Strong capital-raising plan; sector-high CAR of 16.7% creates ample room
SHB	Stock dividend; supports Basel III & setting up a subsidiary bank at VIFC
CTG	Stock-dividend payout (2025: 4.5% cash + 44.6% stock)
VCB	**No new 2026 capital-raising plan disclosed** despite CAR falling to 11.56%
MBB	Stock dividend is the dominant approach
VPB	Strengthened via VPBankS IPO (+12,713 bn); strategic shareholder SMBC
ACB	Stock dividend; completing the IRB capital-calculation framework
TPB	10% cash dividend; Basel III pioneer under Circular 14/2025
VIB	Gradually cutting cash dividends to retain capital for growth & Basel III
BID	**Top priority:** "resolutely raise charter capital and own funds to improve CAR"
STB	Capital raising/dividends tied to completing restructuring (Tram Be share bottleneck)
TCB	Not prioritizing near-term capital raising

TCBS ASSESSMENT

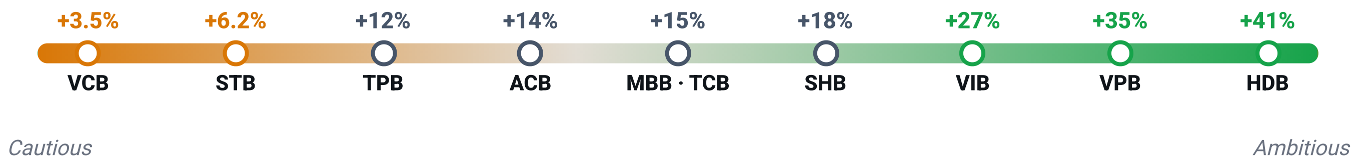
The sector's reliance on retained earnings and stock dividends to raise capital signals a self-reliant priority that limits heavy dilution. Notably, disclosure on capital plans appears inversely related to actual pressure: well-capitalized banks (HDB, SHB) publish detailed plans, whereas VCB has disclosed no plan despite CAR falling to 11.56% and Basel III approaching. Capital-raising proposals at the 2026 AGMs — especially the potential for private placements to foreign partners — are a variable to watch closely, as they directly affect dilution and share valuation.

7. Ambitions & 2026 Business Targets

Private-sector players accelerate, state-owned banks hold pace

The degree of ambition for 2026 diverges sharply along ownership lines. Dynamic private-sector banks set high targets and signal a breakthrough mindset — MBB declared "setting challenging OKRs… striving for VND 40,000 bn in profit"; whereas VCB adopts a cautious tone with "safety – efficiency – sustainability" and a target of only +3.5%.

2026 net-profit growth targets — 12 banks (10 disclosed figures · 2 undisclosed)



2026 figure undisclosed (state-owned — managed per State approval): BID CTG

Source: Annual Reports & 2026 AGM resolutions of the banks. TCB has two growth scenarios: +7.6% and +15%.

2026 targets by group

- **Breakout ≥30%** HDB +41% · VPB +35% — banking on a recovery in retail and consumer finance.
- **Solid growth** VIB +27% (off a low base) · SHB +18% · MBB +15% · TCB +15% · ACB +14% · TPB +12%.
- **Cautious** STB +6.2% (still consolidating its foundation after provisioning) · VCB +3.5% (deliberately setting a cautious target, prioritizing safety).
- **Figure undisclosed** BID · CTG — state-owned group, profit managed "per State approval".

Notably, after the 2026 AGM season, most banks formally locked in their figures — turning the guidance set out in their annual reports into concrete commitments to shareholders. ACB confirmed a +14% target (equivalent to VND 22,338 bn in pre-tax profit), while Techcombank cautiously offered two scenarios of +7.6% to +15% depending on market conditions — showing that even the confident cohort leaves itself room to adjust. That the large majority dared to disclose specific figures reflects a degree of confidence in the 2026 outlook; meanwhile, only the two state-owned banks BID and CTG left their profit targets open, managed "per State approval".

TCBS ASSESSMENT

The 2026 targets reflect two management philosophies: private-sector players aim for high growth to capture market share (HDB +41%, VPB +35%), while state-owned banks and VCB prioritize safety and holding pace. Tellingly, the highest targets all come from banks with thin CASA and sensitive margins — meaning growth depends heavily on credit and cost of funds, two variables they admit are under pressure. High targets should therefore be viewed as "promises to be verified quarter by quarter" rather than an automatic positive; the two state-owned banks (BID, CTG) leaving their figures open reflects a management mechanism tied to State approval, not necessarily a lack of ambition.

8. Digital transformation & AI adoption

AI moves into core operations; data becomes institutionalized

5 banks
Disclosed AI impact in hard numbers
TCB · ACB · CTG · MBB · VPB

−89%
MBB fraud losses blocked
from VND 20 bn down to VND 2.2 bn per month

15' → 6–10s
VPB cut customer-service time
via its in-house AI platform (CAIP)

In 2025, AI and data became central to management messages — for the first time tied to measurable results rather than mere slogans. This is the sector's most pronounced shift in mindset, as technology is now viewed as a core operating foundation rather than just a support tool.

AI: from slogan to measurable revenue & savings

The biggest turning point is management tying concrete numbers to AI impact for the first time — turning it from a cost story into a growth story. MBB captured the shared spirit: "we do not view technology as a support tool, but as the backbone of every business activity".

Bank	AI / data initiative	Measured result 2025
TCB	5-petabyte data lake, processing 8 bn data points/day	Revenue uplift from mining customer data
ACB	GenAI for corporates (ONE) & individuals	~VND 247 bn in income; chatbot saves 9,100 hours/month
CTG	Genie virtual assistant — 85% of staff, ~10,000 queries/day	95% cut in lookup time; −70% meeting-minutes time
MBB	Multi-layer AI transaction protection	Fraud losses down from VND 20 bn to VND 2.2 bn/month (−89%)
VPB	In-house AI platform (CAIP)	Customer-service time from 15 minutes to 6–10 seconds

This comes alongside a wave of data institutionalization: VCB, CTG and BID set up senior-level "Data Divisions"; HDB established a board-level Data Governance Committee chaired by its Chairman and hired a foreign Chief Data Officer.

TCBS ASSESSMENT

AI has moved from pilot to core operations — not only cutting costs but starting to enhance customer experience and open new revenue streams. This will be an increasingly decisive axis of competition: the differentiator is not "whether AI is used" but the quality of the data foundation and the rigor of data governance. Banks that invested early and can measure the impact (TCB, CTG, MBB) are building an advantage that will be hard to catch in the next 3–5 years.

9. New strategic directions

Diversified financial conglomerate, digital assets – gold, and the push overseas

Beyond digital transformation, the 2025 messages also reveal new strategic directions: building diversified financial conglomerates, formally adopting digital assets – gold as an official target for the first time, and redrawing the internationalization map through the International Financial Center (VIFC).

New fields: digital assets, crypto, gold

For the first time, a series of banks have placed digital assets, crypto and gold among their official strategic targets:

- **TCB** "Develop products generating new fee income related to gold and crypto."
- **MBB** Ranks "digital assets" on par with FDI as a new field.
- **VPB** Bundles "blockchain, gold exchange, gold trading" into one 2026 target box.
- **CTG** Scaling up the digiGOLD digital gold product.

Trend: getting ahead of an emerging legal framework — unlocking new fee income but carrying legal risk and price volatility.

Diversified financial conglomerate model

Large private-sector banks are accelerating the build-out of diversified financial conglomerates — notably two securities IPOs (TCBS, VPBankS) and expansion into insurance and fund management:

- **VPB** Standardizing its group governance model; IPO & listing of VPBankS (the sector's largest securities deal), alongside OPES (insurance), FE Credit and strategic shareholder SMBC.
- **TCB** Completed the IPO and listing of TCBS (securities); launched Techcom Life (life insurance, Sep 2025), TCGI (non-life) and Techcom Capital (fund management).
- **MB** A full ecosystem — MBS (securities), MB Capital (fund management), MIC and MB Ageas Life (insurance), Mcredit (consumer finance).

Going international & the International Financial Center (VIFC)

- **SHB** Founding member of VIFC; establishing a wholly-owned bank inside the center — an unprecedented model.
- **MBB** Withdrawing its Russia office, expanding into South Korea, Singapore, Taiwan, China.
- **CTG** VietinBank Laos appointed as the settlement bank for the Laos–Vietnam QR system.
- **VPB** The first Vietnamese bank to issue USD 300 million in international sustainable bonds.

Trend: large banks are beginning to set regional ambitions, using VIFC as a launchpad — a long-haul race demanding capital and governance capabilities of a different order.

> **TCBS ASSESSMENT**
>
> These directions — diversified financial conglomerates, digital assets and internationalization — all sit outside core lending, differentiating positioning over the next 3–5 years rather than contributing immediately; they are also a new area of challenge as governance complexity rises and the legal framework for digital assets remains incomplete. The most reasonable stance is cautious valuation — treating this as still-open long-term growth headroom rather than expecting instant results.

10. Candor in Leadership Messaging

Varying degrees of transparency and detail in how messages are conveyed

A notable qualitative angle is how each management team conveys its message — what it shares candidly versus what it addresses only briefly. 2025 showed commendable transparency: banks in restructuring or accepting short-term trade-offs (STB, ACB, VCB) spoke frankly, reinforcing long-term trust. For investors, candor — not optimism — is the credible governance signal.

Candid — proactively accepting trade-offs

STB openly stated that "the final bottleneck is resolving the block of shares linked to Mr. Tram Be" and proactively set aside ~40% of profit to provision VND 11,400 bn. **ACB** reported profit reached 85% of plan due to a deliberate choice to protect market share. **VCB** proactively set a conservative 2026 profit target of just +3.5%.

Topics not yet clearly addressed

VCB has not mentioned a capital-raising plan despite CAR falling to 11.56% and Basel III soon to apply. **BID, CTG** have not disclosed absolute 2026 profit targets.

TCBS ASSESSMENT

The candor of a message is an intangible asset: banks that speak frankly about challenges and proactively accept trade-offs (STB, ACB, VCB) are typically strengthening the foundation for the next cycle and building long-term trust with the market. Conversely, topics not yet clearly addressed on capital plans or major deals are not necessarily a bad signal, but are where investors should proactively dig deeper and verify further. Ultimately, management messaging should be analyzed through the consistency between words and actions over time, not the optimism of a single report.

A few memorable statements

TCB	*"...double the number of customers, double market share, and quadruple Total Operating Income and Profit Before Tax by end-2030."* — Chairman Ho Hung Anh
STB	*"The final bottleneck... is resolving the block of shares linked to Mr. Tram Be, which we are actively coordinating on and awaiting approval from the State Bank of Vietnam."* — Chairman Duong Cong Minh
SHB	*"A bank's advantage no longer comes from scale or simple credit growth, but depends on the ability to choose the right strategic direction."* — Chairman Do Quang Hien
VPB	*"VPBank has determined that ESG is no longer purely social responsibility but a strategy for survival."* — Board of Directors
MBB	*"We do not view technology as a support tool, but as the backbone of every business activity."* — MBB leadership

For any feedback on this research report, please email research.feedback@tcbs.com.vn. Thank you.

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