

# MARKET STRATEGY REPORT 2026

## BUILDING STRATEGIC POSITIONING

Research & Market Strategy  
Department

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# **PART 1. INVESTMENT STRATEGY FOR 2026**

## **NAVIGATING GROWTH WITH STABILITY & BALANCE**

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# VNINDEX 2026— NAVIGATING GROWTH WITH STABILITY & BALANCE

**1** **By the end of 2025, the VN-Index had risen by 40.87% YTD.** However, the rally was largely driven by stocks within the Vingroup ecosystem, with limited breadth across the broader market. The VN-Index ended the year trading at a P/E of around 17.3x. Excluding the impact of Vingroup stocks, the VN-Index valuation declines to 14.6x (median: 16.3x), which we view as an attractive valuation range for medium- to long-term investment.

**2** **The VN-Index's price performance in 2025 featured unprecedented surprises.** The tariff shock in early April 2025 triggered a sharp 17% decline (223.5 points) in the VN-Index, in line with the global equity sell-off. However, following the postponement of tariff implementation, the VN-Index staged a V-shaped recovery and rebounded strongly. This rally extended throughout 2025, delivering a 63% gain from the tariff-induced trough, driven primarily by VIC stocks, with intermittent participation from securities, banking, and other real estate stocks.

**3** **Tariff negotiations, persistent inflation, and central bank interest-rate policies became the main focal points for global equity markets.** However, macroeconomic data indicate that most economies have managed to sustain growth, supported by improvements in labor productivity, even as inflation has eased only gradually amid rising costs. As a result, central banks have maintained a cautious approach to rate cuts. Nonetheless, most global equity markets recorded solid gains over the year. Gold emerged as the best-performing asset (approximately +60%), driven by concerns over geopolitical risks and rising sovereign debt levels.

**4** **Countries have increasingly turned to expansionary fiscal measures as an alternative policy tool,** given the limited remaining room for central banks to cut interest rates in 2026. The global growth outlook for 2026 points to a slight deceleration in GDP growth to 2.9% from 3.0% in 2025. However, the key downside risk lies in weakening consumer confidence across most economies, which has continued to decline since mid-2025. At the same time, financial system liquidity is beginning to show signs of tightening, while geopolitical risks are on the rise.

**5** **Against this backdrop, the Vietnamese Government remains steadfast in its commitment to high growth.** Despite mounting challenges following the tariff shock and severe flooding and natural disasters in 4Q2025, Vietnam reported GDP growth of 8.02% in 2025. The GDP growth target for the 2026–2030 period is set at 10%. Growth momentum is expected to be driven by domestic fundamentals—through institutional, legal, and administrative reforms, alongside a stronger role for the private sector—while continuing to leverage traditional strengths such as exports and FDI.

**6** **2025 also marked a pivotal year for Vietnam's equity market, highlighted by its upgrade to FTSE Secondary Emerging Market status.** However, the upgrade will only become effective in October 2026. As a result, foreign investors continued to post net selling in Vietnam's equity market during 2025, amounting to VND 124 trillion (approximately USD 4.8 billion). This trend was broadly consistent across Southeast Asian equity markets in 2025. Nevertheless, we expect this trend to reverse in 2026, supported by the market upgrade event and a positive VND–USD interest rate differential.

**7** **We forecast that NPAT of companies under our coverage will grow by 14.0% YoY in 2026 (vs. +21.1% in 2025).** Under our base-case scenario, we decompose the VN-Index into two components. The VN-Index excluding Vingroup stocks is expected to continue trading in line with its five-year median P/E, while we believe the rally in VIC-related stocks is unlikely to be sustained in 2026. This scenario implies a VN-Index level of approximately 2,040 points..

**8** **Our 2026 strategic portfolio prioritizes sector leaders in banking, retail, residential real estate, and public investment,** as these stocks simultaneously meet the following criteria: (1) sustainable core business growth in 2026; (2) direct beneficiaries of the market upgrade event; (3) attractive valuations with potential for re-rating driven by subsidiary IPOs in 2026; and (4) continued upside over the next five-year cycle supported by accelerated public investment.

# VNINDEX 2026: 2,040

1

Companies under our coverage (accounting for approximately 50% of HOSE market capitalization) are forecast to record NPAT growth of 14% in 2026, down from 21.1% in 2025. However, profit growth across key sectors—including banking, real estate, retail, and public investment—is still expected to remain robust at around 15–20%. In contrast, the power and oil & gas sectors face downside risks, with profits projected to decline by around 10% in 2026.

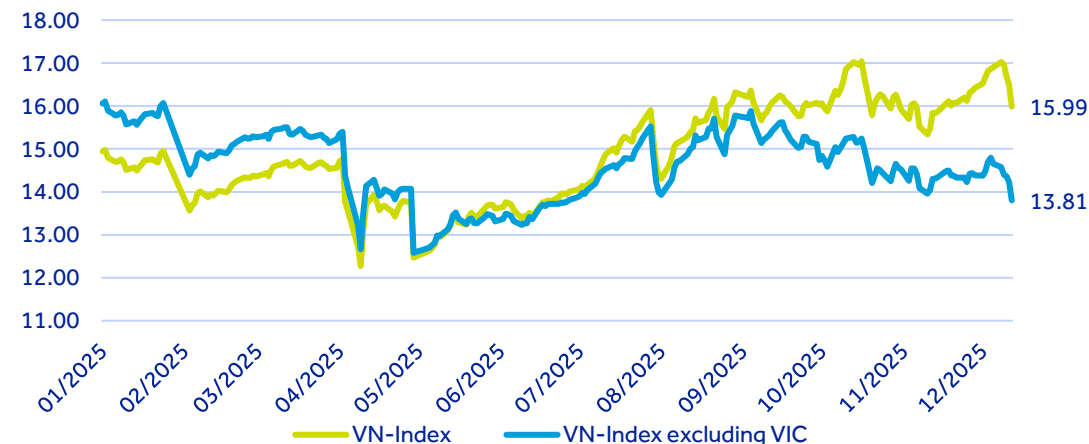
2

Given the moderate growth outlook, we believe Vietnam’s equity market will continue to trade within a core valuation range of  $\pm 1$  standard deviation around its five-year median P/E. However, we lean toward the VN-Index trading within the upper half of this range, from the median to +1 standard deviation.

3

Vingroup-related stocks have had a significant impact on the VN-Index’s level and valuation. From accounting for just over 6% of total market capitalization at the beginning of the year, Vingroup stocks had expanded to nearly 25% of the VN-Index’s market capitalization by the end of 2025. This has materially influenced both the index level and its valuation. However, we believe that Vingroup stocks have largely priced in earnings expectations. Accordingly, our base-case scenario is built on the current price levels of this group and the upside potential of the rest of the market. **This scenario corresponds to a VN-Index level of approximately 2,040 points.**

Impact of Vingroup stocks on the VN-Index P/E Ratio



P/E VN-Index

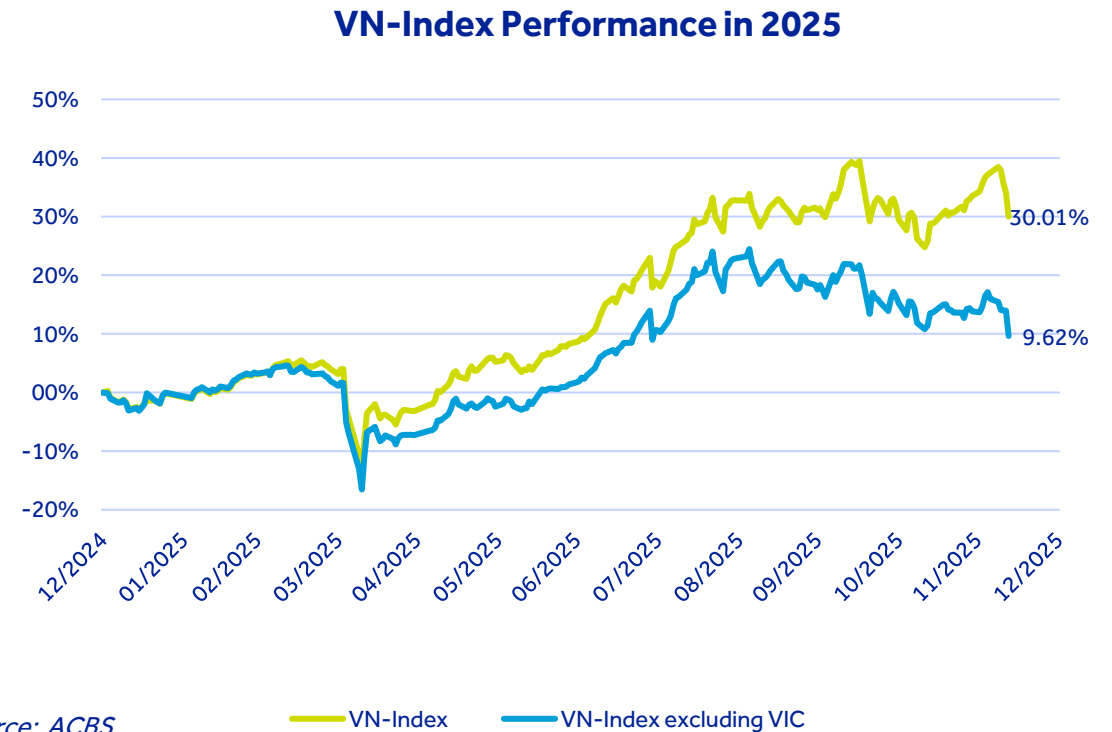


Source: Fiintrade

(\*) Data as at EOD 12/12/2025

# 2025 STRATEGY PORFOLIO: +9.9%

- By the end of 2025, ACBS's model strategic portfolio delivered a price return of 9.9%, broadly in line with the VN-Index excluding VIC stocks (9.6%).
- The ACBS strategic portfolio was constructed at the beginning of 2025 with an overweight allocation to banking, industrial park real estate, cargo transportation, and public investment-related stocks. This strategy delivered relatively solid performance in 1Q2025. However, the tariff shock subsequently weighed heavily on the industrial park real estate and cargo transportation sectors.
- In addition, the absence of VIC stocks from the 2025 strategic portfolio materially constrained overall performance during the remainder of the year.



Source: ACBS

# STRATEGY PORFOLIO FOR 2026

No	Ticker	Report date	Sector	NPAT 2024 (VNDbn)	NPAT 2025F (VNDbn)	NPAT 2025% (VNDbn)	NPAT 2026F (VNDbn)	NPAT 2026% (VNDbn)	Market price (*)(VND)	Target price (**)(VND)	% upside	2025F P/E	2026F P/E	2025F P/B	2026F P/B
1	STB	<a href="#">11/21/2025</a>	Banking	10,087	10,901	8.1%	12,628	15.8%	46,000	57,000	23.9%	8.9	7.7	1.3	1.1
2	MBB	<a href="#">12/09/2025</a>	Banking	22,634	25,036	10.6%	31,133	24.4%	24,000	29,000	20.8%	8.3	6.6	1.4	1.2
3	VCB	<a href="#">12/10/2025</a>	Banking	33,831	35,804	5.8%	37,994	6.1%	56,800	69,300	22.0%	14.3	13.5	2.1	1.8
4	CTG	<a href="#">12/04/2025</a>	Banking	25,348	32,929	29.9%	39,650	20.4%	49,500	63,600	28.5%	8.9	7.5	1.5	1.3
5	VPB	<a href="#">10/17/2025</a>	Banking	15,779	22,048	39.7%	29,198	32.4%	26,550	37,000	39.4%	9.6	7.2	1.3	1.1
6	KDH	<a href="#">11/03/2025</a>	Residential properties	804	1,012	25.9%	1,782	76.1%	30,500	39,500	29.5%	45.2	31.3	1.9	1.8
7	VHM	<a href="#">12/03/2025</a>	Residential properties	35,073	40,181	14.6%	47,891	19.2%	94,100	118,000	25.4%	10.6	8.9	1.6	1.4
8	FRT	<a href="#">11/04/2025</a>	Retails	408	900	120.6%	1,122	24.7%	140,000	163,000	16.4%	33.5	26.5	6.8	5.4
9	FPT	<a href="#">10/28/2025</a>	Technology	9,427	11,066	17.4%	12,593	13.8%	93,700	122,400	30.6%	18.6	16.3	4.5	3.7
10	MWG	<a href="#">11/28/2025</a>	Retails	3,733	6,550	75.5%	7,663	17.0%	78,500	91,000	15.9%	17.8	15.4	3.5	3.0
11	HPG	<a href="#">11/25/2025</a>	Steel	12,020	16,308	35.7%	21,841	33.9%	26,000	35,700	37.3%	12.2	9.1	1.4	1.2
12	VCG	<a href="#">12/09/2025</a>	Infrastructure construction	926	3,931	324.5%	1,547	-60.6%	23,100	35,000	51.5%	3.8	9.6	1.0	0.9

(\*): Market price: closing price as at 12/12/2025

(\*\*): Target price for 12-month investment horizon

# ACBS's COVERAGE UNIVERSE (1)

No	Ticker	Last update	Sector	NPAT 2024 (VNDbn)	NPAT 2025F (VNDbn)	NPAT 2026F (VNDbn)	2025% 2026%	Market price (*)(VND)	Target price (**)(VND)	% upside	2025F P/E	2026F P/E	2025F P/B	2026F P/B
1	STB	11/21/2025	Banks	10,087	10,901	12,628	8.1% 15.8%	46,000	57,000	23.9%	8.9	7.7	1.3	1.1
2	TCB	12/05/2025	Banks	21,523	24,793	27,930	15.2% 12.7%	32,000	39,000	21.9%	9.1	8.1	1.4	1.2
3	MBB	12/09/2025	Banks	22,634	25,036	31,133	10.6% 24.4%	24,000	29,000	20.8%	8.3	6.6	1.4	1.2
4	VCB	12/10/2025	Banks	33,831	35,804	37,994	5.8% 6.1%	56,800	69,300	22.0%	14.3	13.5	2.1	1.8
5	CTG	12/04/2025	Banks	25,348	32,929	39,650	29.9% 20.4%	49,500	63,600	28.5%	8.9	7.5	1.5	1.3
6	VIB	12/09/2025	Banks	7,204	7,469	8,705	3.7% 16.5%	17,300	20,200	16.8%	8.0	6.8	1.2	1.1
7	BID	11/25/2025	Banks	24,658	26,200	28,771	6.3% 9.8%	37,000	46,100	24.6%	11.3	10.2	1.6	1.2
8	VPB	10/17/2025	Banks	15,779	22,048	29,198	39.7% 32.4%	26,550	37,000	39.4%	9.6	7.2	1.3	1.1
9	HDB	11/04/2025	Banks	12,753	16,005	19,442	25.5% 21.5%	30,200	34,300	13.6%	7.3	6.5	1.6	1.3
10	NLG	11/24/2025	Residential Properties	1,387	1,254	1,020	-9.6% -18.7%	32,900	47,000	42.9%	18.9	19.6	1.3	1.2
11	KDH	11/03/2025	Residential Properties	804	1,012	1,782	25.9% 76.1%	30,500	39,500	29.5%	45.2	31.3	1.9	1.8
12	VHM	12/03/2025	Residential Properties	35,073	40,181	47,891	14.6% 19.2%	94,100	118,000	25.4%	10.6	8.9	1.6	1.4
13	VRE	11/03/2025	Retail Properties	4,096	6,636	6,070	62.0% -8.5%	27,450	38,800	41.3%	9.4	10.3	1.3	1.1
14	IDC	11/10/2025	Industrial Properties	2,392	2,120	1,912	-11.4% -9.8%	35,600	51,900	45.8%	7.8	8.5	2.3	2.2
15	SIP	11/04/2025	Industrial Properties	1,279	1,414	1,556	10.6% 10.0%	53,000	77,000	45.3%	10.8	9.8	2.4	2.0
16	KBC	11/25/2025	Industrial Properties	423	2,153	2,938	409.0% 36.5%	32,350	41,900	29.5%	14.0	11.5	1.2	1.1
17	BCM	11/28/2025	Industrial Properties	2,395	2,953	3,425	23.3% 16.0%	65,300	77,400	18.5%	26.5	22.8	3.2	3.0
18	NTC	11/13/2025	Industrial Properties	293	464	629	58.4% 35.6%	154,600	226,600	46.6%	8.1	6.2	2.6	1.9
19	FRT	11/04/2025	Retail	408	900	1,122	120.6% 24.7%	140,000	163,000	16.4%	33.5	26.5	6.8	5.4
20	FPT	10/28/2025	Technology	9,427	11,066	12,593	17.4% 13.8%	93,700	122,400	30.6%	18.6	16.3	4.5	3.7
21	MWG	11/28/2025	Retail	3,733	6,550	7,663	75.5% 17.0%	78,500	91,000	15.9%	17.8	15.4	3.5	3.0
22	VNM	11/06/2025	F&B	9,453	9,156	10,038	-3.1% 9.6%	60,200	71,700	19.1%	15.4	14.1	3.9	3.8
23	PNJ	10/30/2025	Retail	2,113	2,254	2,488	6.7% 10.4%	89,800	103,300	15.0%	15.0	13.7	2.4	2.1
24	IMP	11/11/2025	Pharmaceuticals	321	376	433	17.1% 15.2%	48,600	60,000	23.5%	23.2	20.1	3.0	2.6

(\*): Market price: closing price as at 12/12/2025

(\*\*): Target price for 12-month investment horizon

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# ACBS's COVERAGE UNIVERSE (2)

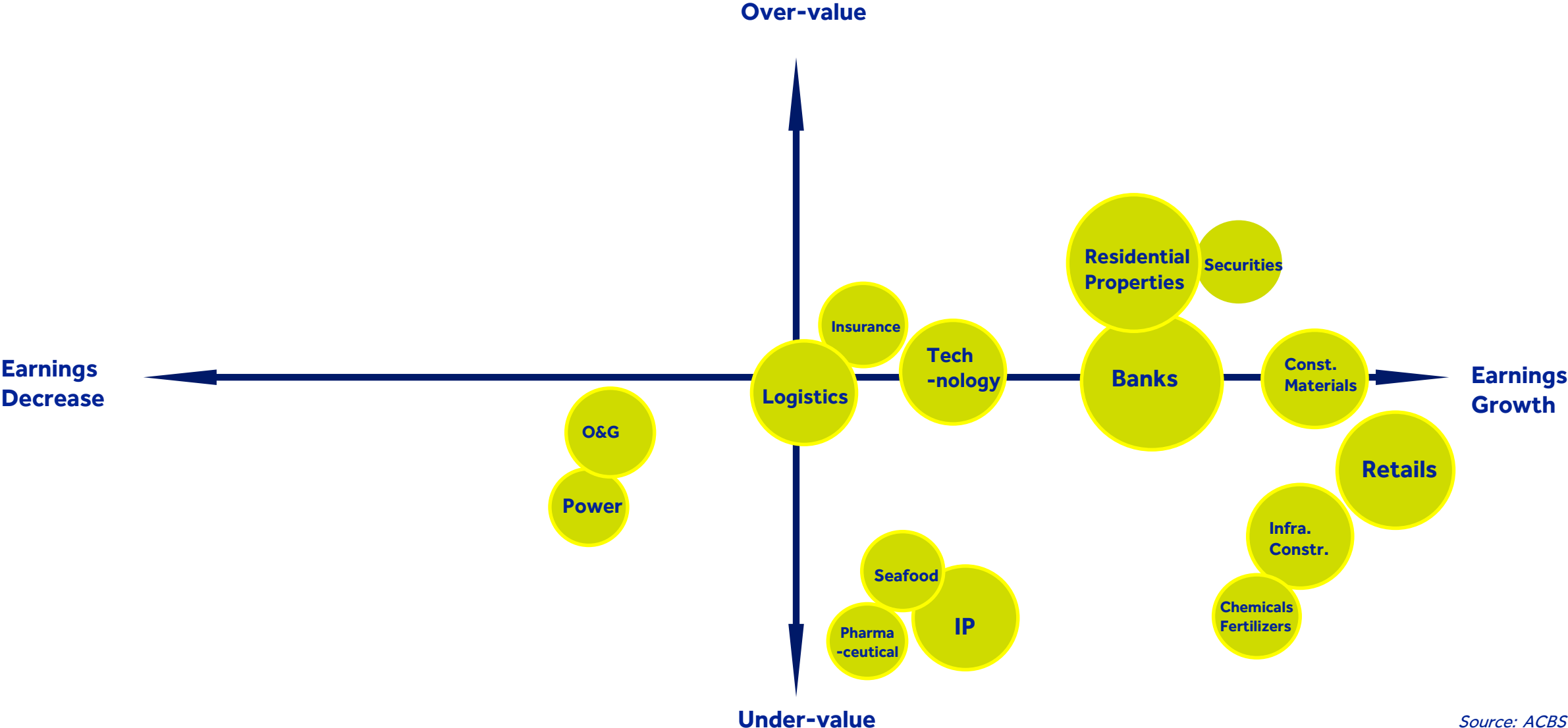
No	Ticker	Last update	Sector	NPAT 2024 (VNDbn)	NPAT 2025F (VNDbn)	NPAT 2025% (VNDbn)	NPAT 2026F (VNDbn)	NPAT 2026% (VNDbn)	Market price (*) (VND)	Target price (**) (VND)	% upside	2025F P/E	2026F P/E	2025F P/B	2026F P/B
25	PVD	<a href="#">11/26/2025</a>	Oil Equipment, Services & Distribution	694	884	27.4%	1,068	20.8%	23,600	28,500	20.8%	15.6	12.9	0.8	0.8
26	PVS	<a href="#">10/24/2025</a>	Oil Equipment, Services & Distribution	1,255	1,380	10.0%	1,542	11.7%	30,200	41,000	35.8%	12.0	10.8	1.0	0.9
27	GAS	<a href="#">12/05/2025</a>	Gas, Water & Multi-utilities	10,590	12,947	22.3%	11,513	-11.1%	61,300	66,600	8.6%	12.0	13.5	2.2	2.2
28	PLX	<a href="#">11/05/2025</a>	Oil & Gas Producers	3,161	3,335	5.5%	2,779	-16.7%	33,700	39,000	15.7%	17.4	20.9	1.4	1.3
29	BSR	<a href="#">12/02/2025</a>	Oil & Gas Producers	591	2,983	404.7%	2,534	-15.1%	13,500	16,550	22.6%	22.1	25.8	0.8	1.0
30	DCM	<a href="#">10/31/2025</a>	Chemicals	1,420	2,029	42.9%	2,298	13.3%	32,200	41,800	29.8%	8.1	7.4	1.5	1.4
31	DPM	<a href="#">10/30/2025</a>	Chemicals	538	1,188	120.8%	1,289	8.5%	22,000	27,200	23.6%	14.1	12.9	1.3	1.3
32	PC1	<a href="#">11/07/2025</a>	Construction & Materials	709	931	31.3%	796	-14.5%	20,600	32,800	59.2%	11.5	14.3	0.9	0.8
33	GEG	<a href="#">11/03/2025</a>	Electricity	92	902	880.4%	502	-44.3%	13,950	18,400	31.9%	6.0	10.7	0.7	0.7
34	POW	<a href="#">11/28/2025</a>	Electricity	1,211	2,280	88.3%	1,927	-15.5%	11,550	18,300	58.4%	14.8	17.6	0.7	0.7
35	QTP	<a href="#">10/25/2025</a>	Electricity	619	442	-28.6%	458	3.6%	12,700	14,600	15.0%	14.4	13.9	1.1	1.1
36	NT2	<a href="#">10/25/2025</a>	Electricity	763	581	-23.9%	581	0.0%	22,550	21,700	-3.8%	8.8	11.6	1.5	1.4
37	REE	<a href="#">11/04/2025</a>	Electricity	1,993	2,394	20.1%	2,606	8.9%	62,300	71,300	14.4%	14.2	13.0	1.4	1.3
38	HDG	<a href="#">11/05/2025</a>	Real Estate Investment & Services	447	1,072	139.8%	1,167	8.9%	28,100	32,400	15.3%	12.2	11.2	1.1	1.0
39	HPG	<a href="#">11/25/2025</a>	Industrial Metals & Mining	12,020	16,308	35.7%	21,841	33.9%	26,000	35,700	37.3%	12.2	9.1	1.4	1.2
40	DGC	<a href="#">10/27/2025</a>	Chemicals	3,109	3,353	7.8%	3,337	-0.5%	92,000	108,000	17.4%	10.9	11.0	2.2	2.0
41	CTD	<a href="#">12/09/2025</a>	Construction & Materials	309	456	47.6%	728	59.6%	80,000	110,000	37.5%	18.2	11.4	0.9	0.9
42	HHV	<a href="#">11/10/2025</a>	Construction & Materials	426	509	19.5%	630	23.8%	13,700	17,800	29.9%	11.6	9.4	0.6	0.5
43	VCG	<a href="#">12/09/2025</a>	Construction & Materials	926	3,931	324.5%	1,547	-60.6%	23,100	35,000	51.5%	3.8	9.6	1.0	0.9
44	DPG	<a href="#">11/26/2025</a>	Construction & Materials	223	300	34.5%	482	60.7%	41,200	56,600	37.4%	8.7	5.4	1.1	0.9
45	HT1	<a href="#">11/25/2025</a>	Construction & Materials	60	224	273.3%	288	28.6%	14,500	20,500	41.4%	24.7	19.0	1.1	1.1
46	LCG	<a href="#">09/10/2025</a>	Construction & Materials	122	151	23.8%	202	33.8%	10,200	14,700	44.1%	13.2	9.8	0.7	0.7
47	BMP	<a href="#">11/21/2025</a>	Construction & Materials	991	1,316	32.8%	1,425	8.3%	176,000	181,600	3.2%	11.1	10.2	5.0	4.6

(\*): Market price: closing price as at 12/12/2025

(\*\*): Target price for 12-month investment horizon

Nguồn: ACBS

# SECTOR RATING



Source: ACBS

# SECTOR RATING

Sector	Earnings outlook	Valuation	Representatives	Comments
Banking	Positive	Fair	VCB, BID, CTG, MBB, TCB, VPB, HDB, STB	<ul style="list-style-type: none"> <li>➤ Credit growth remains a key pillar supporting banking sector earnings, with system-wide credit growth in 2026 expected at around 16%, and approximately 19% for banks under our coverage. Growth momentum is driven by public investment and an improving supply of real estate projects.</li> <li>➤ A controlled increase in interest rates (1.0–1.5%) is still supportive of NIMs at state-owned commercial banks (VCB, BID, CTG), given their high CASA ratios.</li> <li>➤ Asset quality is expected to remain stable, supported by (1) a resilient real estate market and (2) the legal codification of collateral repossession rights, which accelerates NPL recovery processes.</li> </ul>
Brokerage	Positive	Fair	TCX, SSI, VCK, VPX	<ul style="list-style-type: none"> <li>➤ Vietnam's equity market is expected to be officially upgraded in October 2026, which would support improvements in both index performance and market liquidity, thereby underpinning earnings growth for securities firms.</li> <li>➤ Capital raising through IPOs represents a preparatory step by securities companies to strengthen resources for margin lending and proprietary trading activities during the next phase of the market's development.</li> </ul>
Insurance	Neutral	Fair	BVH, PVI, BIC, MIG, BMI	<ul style="list-style-type: none"> <li>➤ Vietnam's insurance market has shown signs of recovery, with total premium revenue in 2025 estimated to increase by around 4%, improving from a 0.3% decline in 2024.</li> <li>➤ Rising interest rates are supportive of insurers' investment activities, which are primarily concentrated in bank deposits.</li> <li>➤ Growth headroom remains substantial, as Vietnam's insurance penetration stands at just 2.4% of GDP, compared with the global average of 7.7%.</li> </ul>

# SECTOR RATING

Sector	Earnings outlook	Valuation	Representatives	Comments
Residential Properties	Positive	Fair	VHM, NLG, KDH	<ul style="list-style-type: none"> <li>➤ Benefiting from improvements in the legal framework (amendments to the Housing Law and the Law on Real Estate Business in 2026), accelerated public investment, and provincial mergers.</li> <li>➤ Housing supply is expected to increase significantly as legal bottlenecks are gradually removed and major cities such as Ho Chi Minh City and Hanoi pilot policies allowing project development on non-residential land.</li> <li>➤ Housing demand in major urban centers—including Ho Chi Minh City, Hanoi, and surrounding provinces—is expected to remain strong.</li> <li>➤ Absorption rates for social housing and luxury housing projects are likely to stay high, while absorption in the mid- and high-end segments may come under pressure due to a sharp increase in supply.</li> </ul>
IP	Neutral	Under-value	IDC, SIP, KBC, BCM, NTC	<ul style="list-style-type: none"> <li>➤ The sector outlook has improved compared with April 2025, as the U.S. reciprocal tariff applied to Vietnam has been sharply reduced from 49% to 20%, bringing it in line with other countries in the region. However, tariff-related risks remain, as the United States has yet to clearly define rules of origin for certain products subject to specific tariff treatments.</li> <li>➤ Registered FDI in 11M2025 still increased by 7.4% YoY to USD 33.69 billion, while realized FDI disbursement is estimated at USD 23.6 billion (+8.9% YoY), despite ongoing tariff-related uncertainties.</li> </ul>
Retail Properties	Positive	Fair	VRE	<ul style="list-style-type: none"> <li>➤ A positive outlook is supported by continued improvement in consumer purchasing power, driven by stimulus measures and personal income tax reductions, along with strong growth of the middle class and ongoing urbanization.</li> </ul>
Infrastructure Construction	Positive	Under-value	VCG, HHV, CTD, DPG, LCG	<ul style="list-style-type: none"> <li>➤ Benefiting from the Government's push to accelerate public investment.</li> <li>➤ An improved legal framework supports faster project execution.</li> <li>➤ Backlog values at 2–3 times 2024 construction revenue provide solid visibility for growth.</li> </ul>
Construction Materials	Positive	Fair	HPG, NKG, HSG, BMP	<ul style="list-style-type: none"> <li>➤ Steel sector: Domestic steel demand is expected to improve, supported by the recovery in real estate supply and accelerated public investment. However, export markets continue to face protectionist policies from other countries. Meanwhile, stable raw material prices should help sustain profit margins.</li> <li>➤ Construction plastics sector: Plastics: PVC resin prices are expected to remain low, as China's economic outlook—particularly in the real estate sector—has yet to show a meaningful recovery. In addition, average Brent oil prices in 2026 are forecast to decline to USD 58/barrel according to the EIA and USD 56/barrel according to Goldman Sachs, which would further reduce PVC resin production costs.</li> </ul>

# SECTOR RATING

Sector	Earnings outlook	Valuation	Representatives	Comments
Retails	Positive	Under-value	MWG, FRT, PNJ	<ul style="list-style-type: none"> <li>➤ Growth at retail chain operators is expected to normalize after the exceptional outperformance in 2025, but to remain above the industry average, supported by the following factors:</li> <li>➤ Consumer purchasing power is expected to continue improving, albeit at a slower pace, driven by government stimulus measures, personal income tax reductions, and easing tariff-related concerns.</li> <li>➤ New tax policies for household businesses may promote a more level playing field between formal retail enterprises and small individual traders.</li> <li>➤ Retailers are set to benefit from the ongoing shift in consumer spending from traditional channels to modern trade. This trend could be further reinforced as new lump-sum tax policies for household businesses potentially lead to a contraction of the informal sector. However, market share gains will depend on each company's existing market position and the degree of industry fragmentation.</li> <li>➤ Companies with business segments transitioning from losses to profitability—such as Bach Hoa Xanh (BHX) at MWG and Long Chau at FRT—are expected to continue benefiting from a low-base effect.</li> </ul>
FMCG	Neutral	Fair	MCH, MSN, SAB, VNM, TLG	<ul style="list-style-type: none"> <li>➤ The sector is expected to benefit from a continued, albeit gradual, improvement in consumer purchasing power, supported by government stimulus measures, personal income tax reductions, and easing tariff-related concerns.</li> <li>➤ Valuations within the sector remain divergent, with some companies trading below the industry average, such as VNM and TLG, while others continue to command premium valuations, including MCH and MSN.</li> </ul>
Technology	Neutral	Under-value	FPT, CMG, FOX	<ul style="list-style-type: none"> <li>➤ New order signings are expected to improve as delays in IT spending ease amid fading concerns over tariffs and economic recession, while the need for technology upgrades remains structural.</li> <li>➤ Digital transformation trends, investment in new technologies, and AI are likely to continue leading the sector; however, differing views persist regarding potential adjustments to large-scale AI investments.</li> </ul>
Logistics	Neutral	Fair	HAH, GMD	<p>Container freight rates are expected to remain under downward pressure due to several factors:</p> <ul style="list-style-type: none"> <li>➤ Shipping lines are gradually returning to the Suez Canal route, releasing fleet capacity as vessels no longer need to take longer detours as before.</li> <li>➤ Global container fleet capacity continues to expand at a faster pace than cargo demand, leading to excess capacity.</li> <li>➤ Meanwhile, charter rates for container vessels below 8,500 TEU are expected to edge up slightly or remain flat, as oversupply is concentrated in large-capacity vessels, while supply of feeder and mid-sized vessels remains relatively tight.</li> <li>➤ For the seaport sector, Vietnam's import-export turnover is expected to remain supportive, underpinned by FTAs, favorable geographic positioning, and relatively lower tariff differentials compared with other countries in the region. In addition, handling fees at deep-water ports are being proposed to increase by 10–15%.</li> </ul>

# SECTOR RATING

Sector	Earnings outlook	Valuation	Representatives	Comments
Electricity	Slightly Negative	Under-value	REE, HDG, POW, PC1, GEG	<ul style="list-style-type: none"> <li>➤ Electricity demand is forecast to grow by 5–8% per year in the coming years. Accordingly, investment needs in power infrastructure, transmission lines, and generation capacity are expected to continue expanding, with a focus on three key pillars: gas-fired power, renewable energy, and transmission infrastructure.</li> <li>➤ Companies with strong potential to benefit in the renewable energy segment include those with a solid pipeline of ready projects and sufficient financial capacity to develop new projects, such as HDG, GEG, and REE. Meanwhile, companies such as PC1 and TV2 are expected to be the main beneficiaries in power infrastructure development, albeit over the longer term.</li> <li>➤ In the near term, overall sector earnings are expected to be less favorable. Companies with high exposure to hydropower, such as REE and HDG, are unlikely to replicate their strong 2025 earnings performance in 2026. In addition, gas-fired power producers such as POW have yet to fully optimize operating costs, capacity utilization, and interest expenses, as new plants are scheduled to come on stream in 2026. Furthermore, companies such as GEG recorded sizable one-off revenue in 2025, reflecting the retrospective recognition of previously unbooked revenue from the Tan Phu Dong 1 project following the successful negotiation of its power tariff.</li> </ul>
Oil & Gas	Slightly Negative	Fair	PVS, PVD, GAS, PVB, BSR, PLX	<p>Total NPAT of the oil &amp; gas companies under our coverage is projected to decline by 9.7% YoY in 2026. Profit contraction is expected across most companies, with the exception of PVS and PVD, driven by the following factors:</p> <ul style="list-style-type: none"> <li>➤ Average Brent crude oil prices are forecast at USD 60 per barrel in 2026 (–11% YoY). Crude oil prices are expected to remain subdued amid ample supply and weakening demand. Accordingly, crack spreads for refined products are projected to narrow, weighing on sector-wide profitability.</li> <li>➤ Low-cost domestic gas supply from the Cuu Long and Nam Con Son basins is declining rapidly due to resource depletion. As a result, PV GAS is shifting from domestic gas distribution toward imported LNG trading, which carries lower margins, leading to weaker revenue and profit.</li> <li>➤ However, the upstream segment continues to benefit from a stronger focus on energy security, including the rollout of new oil and gas exploration and production projects, as well as the development of LNG-to-power infrastructure. Workload for upstream contractors such as PVS and PVB is expected to increase sharply in 2026.</li> <li>➤ The offshore drilling market in Southeast Asia and the Middle East remains tight in terms of jack-up rig supply, keeping day rates elevated at around USD 90,000–100,000 per day, which should support stable earnings for PVD.</li> </ul>

# SECTOR RATING

Sector	Earnings outlook	Valuation	Representatives	Comments
Chemical & Fertilizer	Positive	Under-value	DGC, DPM, DCM	<ul style="list-style-type: none"> <li>➤ Fertilizer products have been subject to a 5% VAT since July 2025, allowing companies such as DPM and DCM to benefit from annual VAT refunds of more than VND 300 billion.</li> <li>➤ Input gas prices are expected to continue declining as crude oil prices fall below USD 60 per barrel, supporting margin expansion.</li> <li>➤ Fertilizer prices are forecast to remain flat or edge down slightly, hovering around USD 400 per ton.</li> </ul>
Textile	Neutral	Fair	REE, HDG, POW, PC1, GEG	<ul style="list-style-type: none"> <li>➤ The textile and garment sector posted strong earnings performance in 2025, with companies recording clear profit growth. For example, TNG's NPAT in 9M2025 increased by 16% YoY, while MSH's NPAT rose by 65% YoY. This performance was largely driven by concerns over potential adverse shifts in U.S. tariff policies under President Donald Trump, prompting buyers to front-load imports and build inventories.</li> <li>➤ As a result, over the near term (within the next year), earnings growth is unlikely to remain as strong as in 2025, as conditions normalize and existing inventories are gradually worked down.</li> <li>➤ Current valuations remain relatively attractive, with P/E multiples of around 6–8x for textile and garment</li> </ul>
Seafood	Neutral	Under-value	VHC, ANV, FMC	<ul style="list-style-type: none"> <li>➤ Pangasius and shrimp remain Vietnam's key seafood export products. With the United States being a major market for several exporters, the sector outlook is viewed with caution as it enters a phase of absorbing the impact of U.S. reciprocal tariffs. Nevertheless, several positive factors are evident:</li> <li>➤ Selling prices of pangasius and shrimp are on an improving trend, although tariff-related price adjustments have also contributed.</li> <li>➤ Vietnam continues to hold a dominant market share in U.S. pangasius imports.</li> <li>➤ There is a growing focus on developing new product categories (e.g., tilapia at ANV) and diversifying export markets by leveraging FTAs.</li> <li>➤ Several companies are increasingly shifting toward higher value-added products and premium segments that meet stricter standards. This strategy continues to be encouraged to sustain market positioning and competitiveness against other exporting countries.</li> <li>➤ There remains potential for a policy shift by the United States, as tariff measures are primarily targeted at higher-technology sectors rather than consumer food products.</li> </ul>
Pharmaceuticals	Neutral	Under-value	IMP, DBD, DHG	<ul style="list-style-type: none"> <li>➤ Companies continue to invest in advanced manufacturing standards and R&amp;D for new products, including first-generation generic drugs.</li> <li>➤ A stronger focus on higher value-added products supports earnings growth, even if volumes do not increase proportionately.</li> <li>➤ Companies continue to benefit from policies that prioritize domestically manufactured drugs over imported products in hospital tendering processes.</li> </ul>

# PART 2: MACRO UPDATE

## BUILDING STRATEGIC POSITION

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## GLOBAL: MOVE BEYOND THE HAZE

- **In 2025, major economies maintained growth momentum** despite earlier pessimistic forecasts following “Liberation Day,” marked by the imposition of steep reciprocal tariffs by the U.S. on most countries globally.
- **However, growth momentum across countries has become increasingly divergent.** Monetary easing through rate cuts, together with a strong wave of investment in artificial intelligence (AI), is viewed as the primary driver of global GDP growth—particularly in the United States. Conversely, “Trade War 2.0” has heightened uncertainty, exacerbating weakness in consumer demand, reinforcing caution among manufacturing firms toward new capital expenditure, and intensifying geopolitical polarization and fragmentation.
- In addition, a key trend that emerged in 2024 and has gained further traction in 2025 is the use of fiscal stimulus to support economic activity, including higher government spending, tax reductions, and increased investment in defense and strategic technologies, amid limited remaining room for monetary policy easing.

## VIETNAM: RESILIENCE AMIDST GLOBAL HEADWINDS

- **Vietnam emerged as one of the fastest-growing economies in 2025**, underpinned by a series of strategic reforms to the legal framework and administrative procedures aimed at stimulating economic activity. These efforts have focused on accelerating investment in key infrastructure projects while enhancing the efficiency and effectiveness of the public administration system.
- **Looking ahead, Vietnam targets an average GDP growth rate of at least 10% per annum over the 2026–2030 period, alongside a goal of reaching GDP per capita of approximately USD 8,500 by 2030** (CAGR: 10.3%). With ample fiscal space remaining, public investment is expected to remain the primary growth driver over the next five-year period, supported by a planned public investment disbursement of up to VND 8.5 quadrillion (USD 340 billion). In parallel, other growth engines—namely domestic consumption and private-sector development—are set to gain further traction, while manufacturing activity and exports are expected to remain broadly stable in 2026.

## VIETNAM OUTLOOK FOR 2026

Indicators	2025	2026F	
		Min	Max
GDP	8.02%	8.0%	8.5%
Retail sales	9.25%	8.5%	11.0%
CPI	3.31%	4.0%	4.5%
Exports (% YoY)	16.0%		15.0%
USDVND (Central rate)	25,121		26.125
% appreciation (YoY)	3.2%		4.0%
USDVND (Vietcombank)	26,377		27,432
% appreciation (YoY)	3.2%		4.0%
Refinancing rate	4.5%		4.5%
Credit growth	18.0%		16.0%

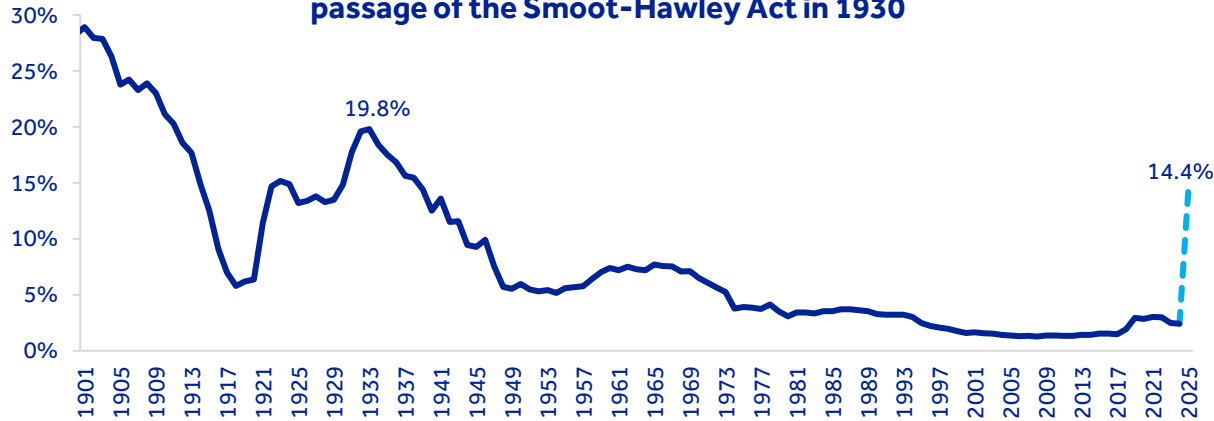
Source: ACBS

- **“Trade War 2.0” was among the most widely discussed themes in 2025, while also representing the greatest source of uncertainty** for policymakers in general and global trade in particular. Nevertheless, developments throughout 2025 have gradually clarified the United States’ strategic objectives and policy direction for the period ahead—namely, a stronger focus on domestic priorities, the use of tariffs as a “carrot-and-stick” tool in relations with key strategic trade and military partners, and a flexible approach to maintaining pressure on China amid escalating armed conflicts across multiple fronts, from Europe to the Middle East.
- Tariff-related concerns have eased compared to the first half of 2025, as **the United States moved swiftly to conclude a series of trade agreements with key partners (the EU, the UK, Vietnam, Japan, and South Korea), while extending negotiations with China**. As a result, we believe that manufacturing activity in major markets and global trade flows will gradually return to their underlying trajectory. Growth headroom will largely depend on the extent to which higher tariff-related costs can be absorbed by U.S. corporates and consumers.
- **However, consumer sentiment has yet to recover in key markets** such as North America (the United States and Canada), Europe (Germany, France, and the UK), and parts of Asia (China and Japan). **Income polarization became increasingly evident in 2025**, reflected through asset-price dynamics and the wealth effect across equities and real estate. Traditional (non-technology) corporates remain in a defensive stance, curbing new investment and freezing hiring, despite multiple post-COVID rate cuts by major central banks (the Fed, BoC, ECB, and BoE).
- **The lingering impact of tariffs and persistent inflation continues to pose downside risks. While interest rates and the cost of capital have declined, monetary easing has not been accompanied by commensurate liquidity support**, indirectly limiting the effectiveness of accommodative monetary policy by both the Fed and the ECB in stimulating consumer demand in 2025—particularly given that policy rates remain elevated relative to pre- and during-COVID levels. Meanwhile, the slower-than-expected pace of rate cuts by the Fed in 2025, together with ongoing challenges surrounding the future easing path of the Fed, ECB, and others, has weakened the external anchor for Vietnam’s accommodative monetary stance.
- On a separate front, **governments are increasingly reverting to fiscal stimulus as a key policy tool**, including loosening public debt ceilings, expanding government spending, upgrading infrastructure, increasing subsidies, and implementing tax cuts. In addition, expanding investment in the defense industry has emerged as a priority for economies exposed to geopolitical risks—such as the Eurozone, Japan, and Taiwan—amid a U.S. shift toward a more inward-looking stance, with greater focus on domestic issues and the Latin American region.

# TRADE WAR 2.0: HIGHER U.S. TARIFF REVENUE, NARROWING DEFICITS

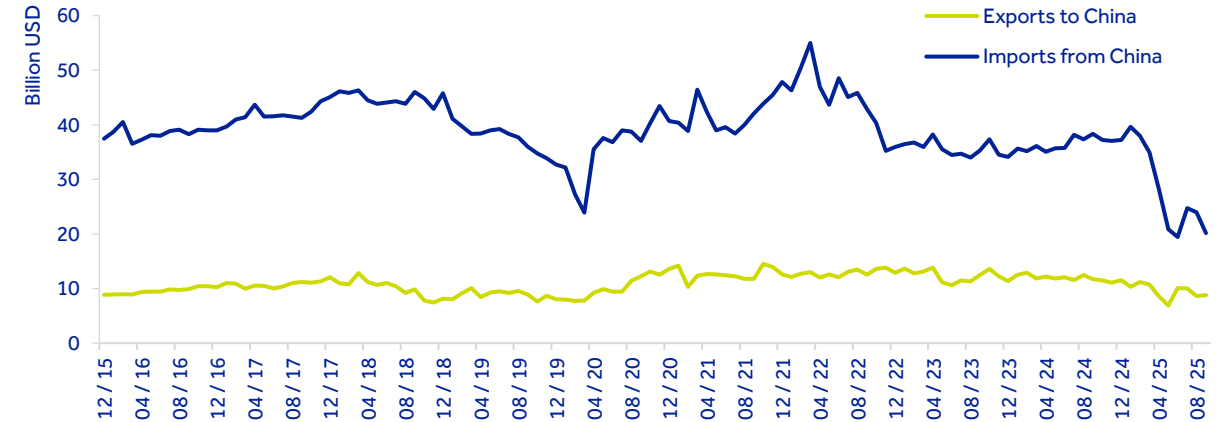
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The US effective tariff rate reached its highest level since the passage of the Smoot-Hawley Act in 1930



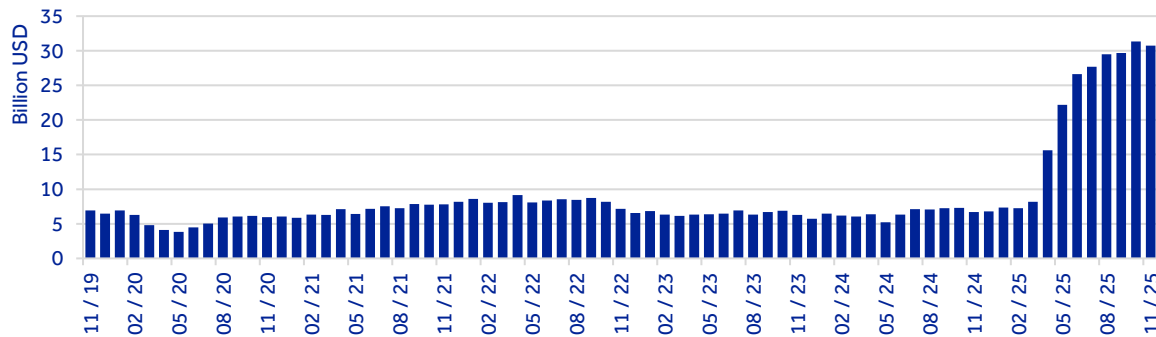
Source: Yale Budget Lab, US Census Bureau, Financial Times

Imports from China declined sharply in 2025



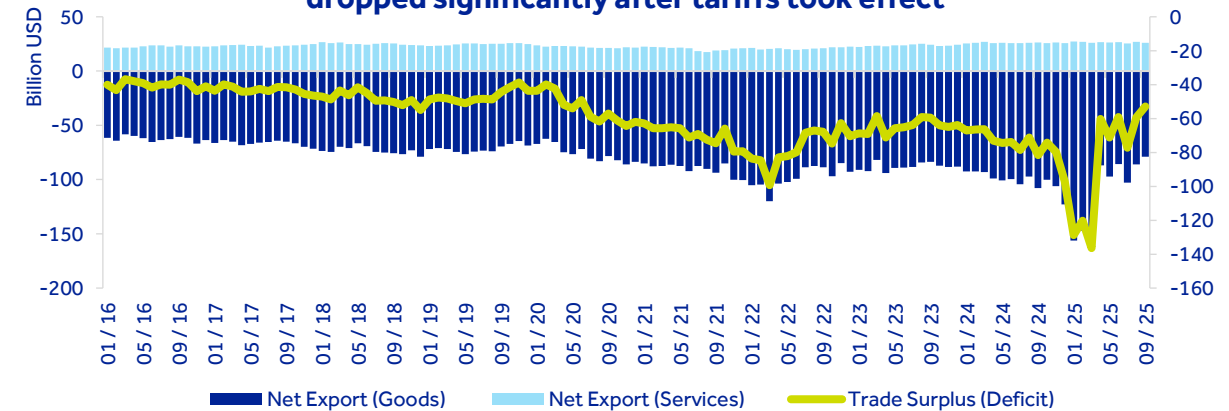
Source: Bloomberg

The US collected over US\$200bn from new tariffs via 40 different executive orders from the Trump Administration



Source: Bloomberg, US Treasuries

The US trade deficit simultaneously narrowed as import demand dropped significantly after tariffs took effect



Source: Bloomberg

# TRADE WAR 2.0: CONSUMER SENTIMENT REMAINS SUBDUED

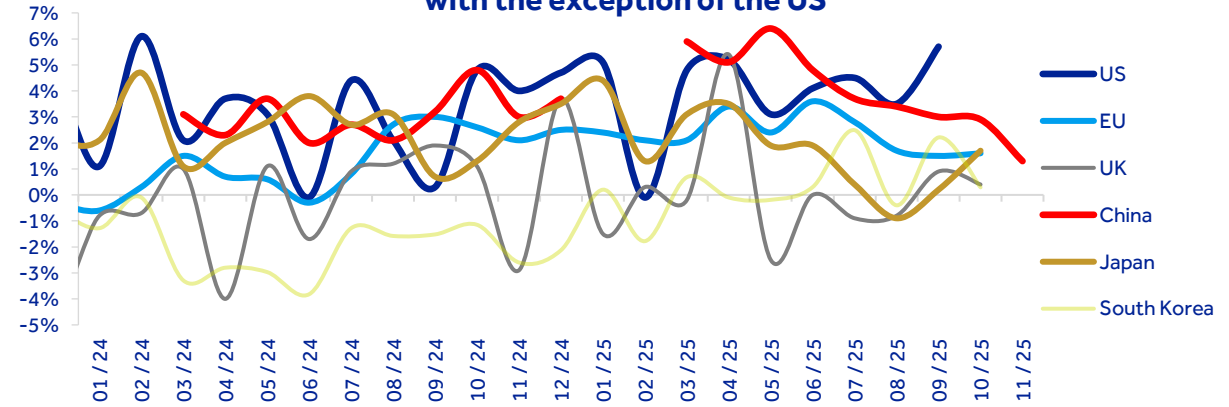
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**The Global Economic Policy Uncertainty Index moderated after the US concluded multiple tariff agreements and extended the negotiation timeline with China**



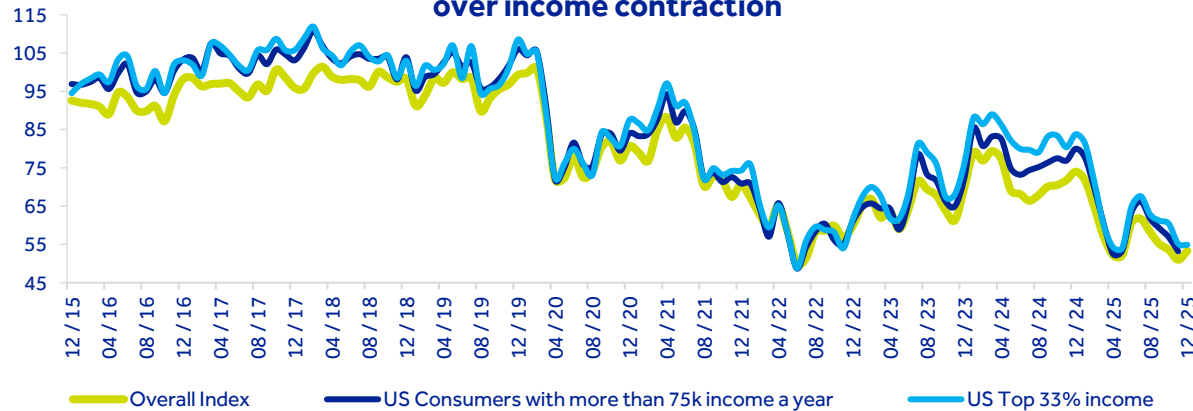
Source: Federal Reserve Bank of St. Louis

**Consumption has trended toward deceleration since April, with the exception of the US**



Source: Bloomberg

**The US middle class continues to tighten spending amidst concerns over income contraction**



Source: Bloomberg, University of Michigan

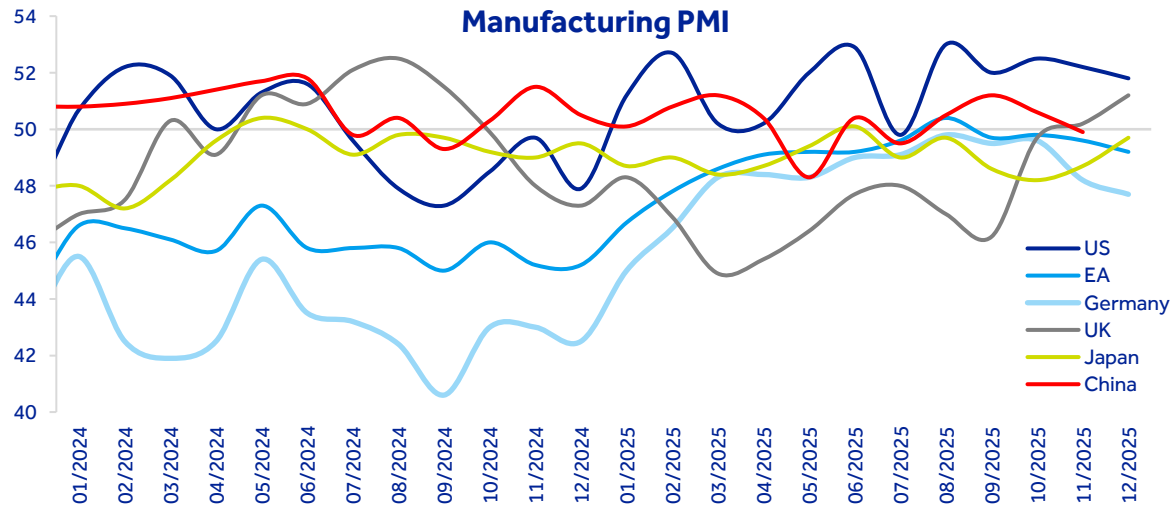
**The top 10% income bracket in the US contributed nearly 50% of total retail sales in 2Q25**



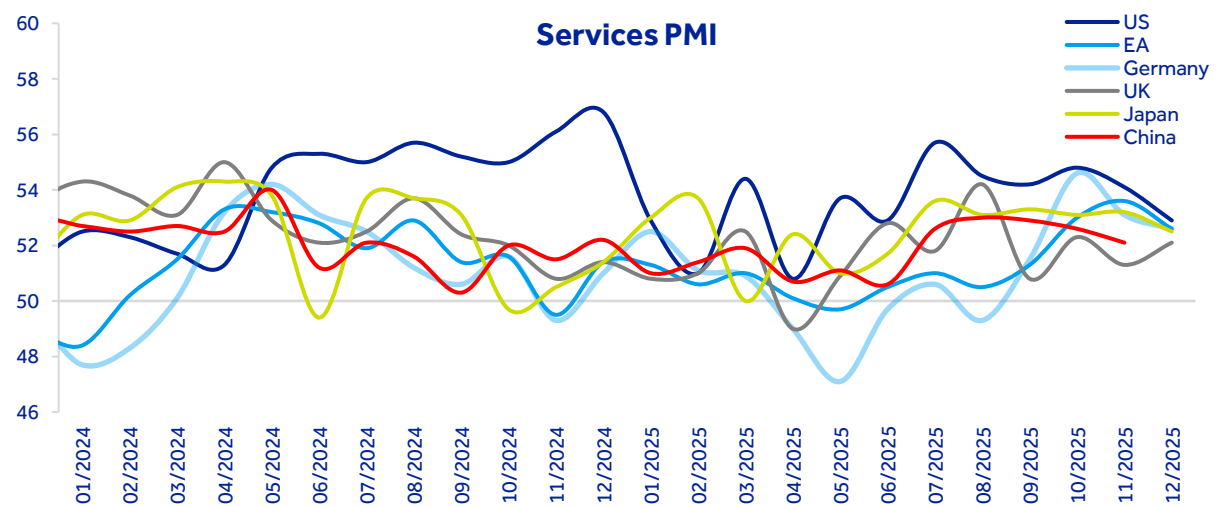
Source: Bloomberg, Moody's Analytics

# MANUFACTURING ACTIVITIES SLOWLY RECOVER

- **Manufacturing activity expanded unevenly under the impact of tariffs:** Divergence in global manufacturing performance has been driven by trade protectionist policies and inventory restocking cycles, resulting in a contrast between the recovery momentum in the United States and the UK and continued weakness in the Eurozone. As of December 2025, U.S. manufacturing PMI (S&P Global) stabilized at 51.8, while the UK reached a 15-month high of 51.2; by contrast, Germany remained in contraction at 47.7 and the Eurozone slipped to 49.7. The U.S. tariff measures introduced in April disrupted supply chains, forcing export-oriented economies such as Germany and China to cut inventories. Although the November U.S.–China trade agreement improved business sentiment and new orders in the UK, actual output across Eurasian industrial hubs has yet to fully recover amid weak external demand. In contrast, U.S. manufacturing has been supported by substantial investment inflows into AI infrastructure and resilient domestic demand, helping offset trade-related shocks.
- **Services activity remained in expansion, supported by domestic consumption and labor retention strategies:** The U.S. Services PMI held at a robust 52.9 in December, leading major economies, while the Eurozone and Japan continued to expand at 52.6 and 52.5, respectively. Despite workforce reduction pressures in manufacturing, service-sector firms in Europe and Japan maintained hiring (“labor hoarding”) to mitigate the risk of labor shortages stemming from demographic challenges. Real wage growth—driven by inflation easing faster than nominal wage growth—has supported household spending, particularly in tourism and financial services. This dynamic has partially reduced the risk of a broad-based technical recession in the Eurozone, despite the ongoing contraction in industrial output.



Source: Bloomberg



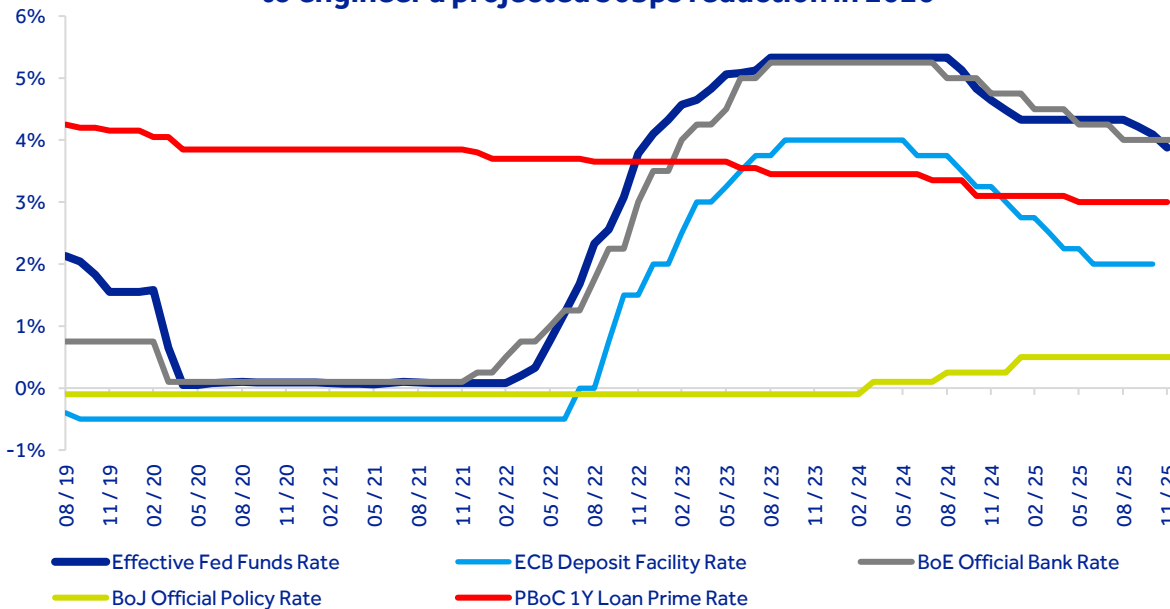
Source: Bloomberg

# MONETARY POLICY: CONSTRAINED EASING CAPACITY

➤ **The impact of “Trade War 2.0” has yet to be fully reflected in inflation dynamics across European economies and, in particular, in the United States.** Headline CPI in these markets averaged around 2%–3% year-on-year in 2025, amid subdued consumer sentiment, slowing retail sales, and increasing price sensitivity—especially among lower- to middle-income households with respect to essential goods. This environment has made manufacturers more cautious in passing through tariff-related cost increases to final prices, particularly given the frequent shifts in tariff policies between April and September.

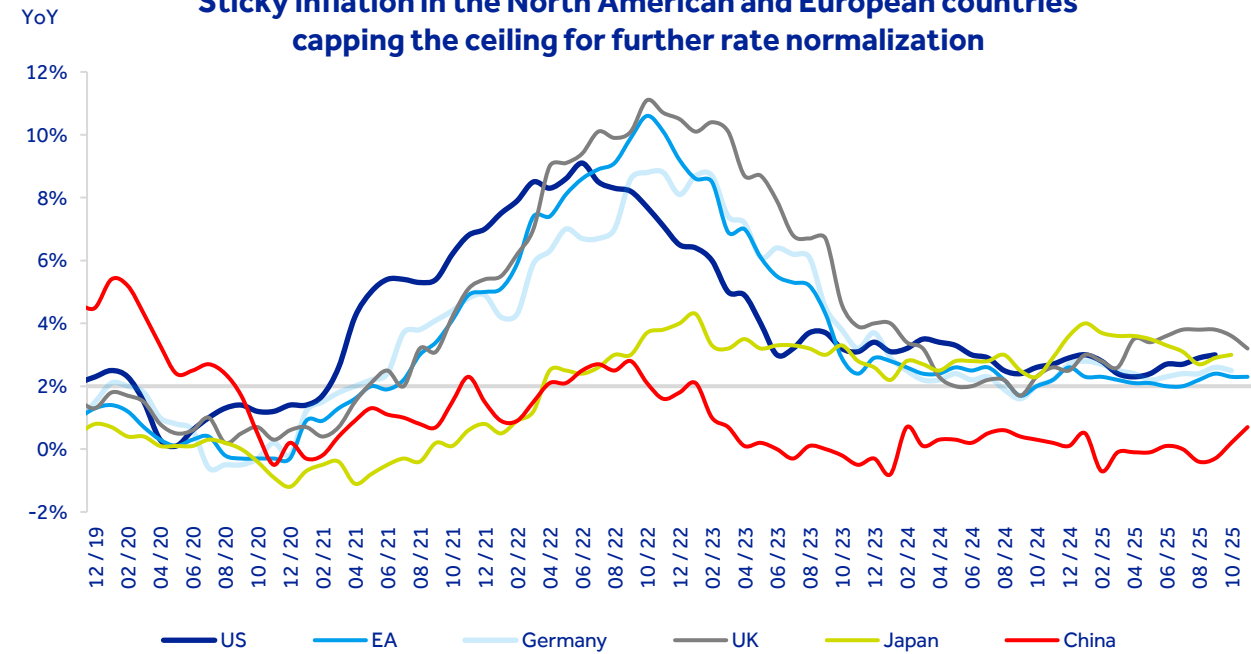
➤ **Central banks maintained an accommodative policy stance in 2025**, with the Fed cutting rates three times, the ECB four times, the BoE three times, and the PBoC once. However, the remaining room for further monetary easing is limited, as the inflationary impact of the trade war remains uncertain while services inflation continues to prove persistent.

**The FED remains a notable outlier, retaining sufficient policy space to engineer a projected 50bps reduction in 2026**



Source: Bloomberg

**Sticky inflation in the North American and European countries capping the ceiling for further rate normalization**

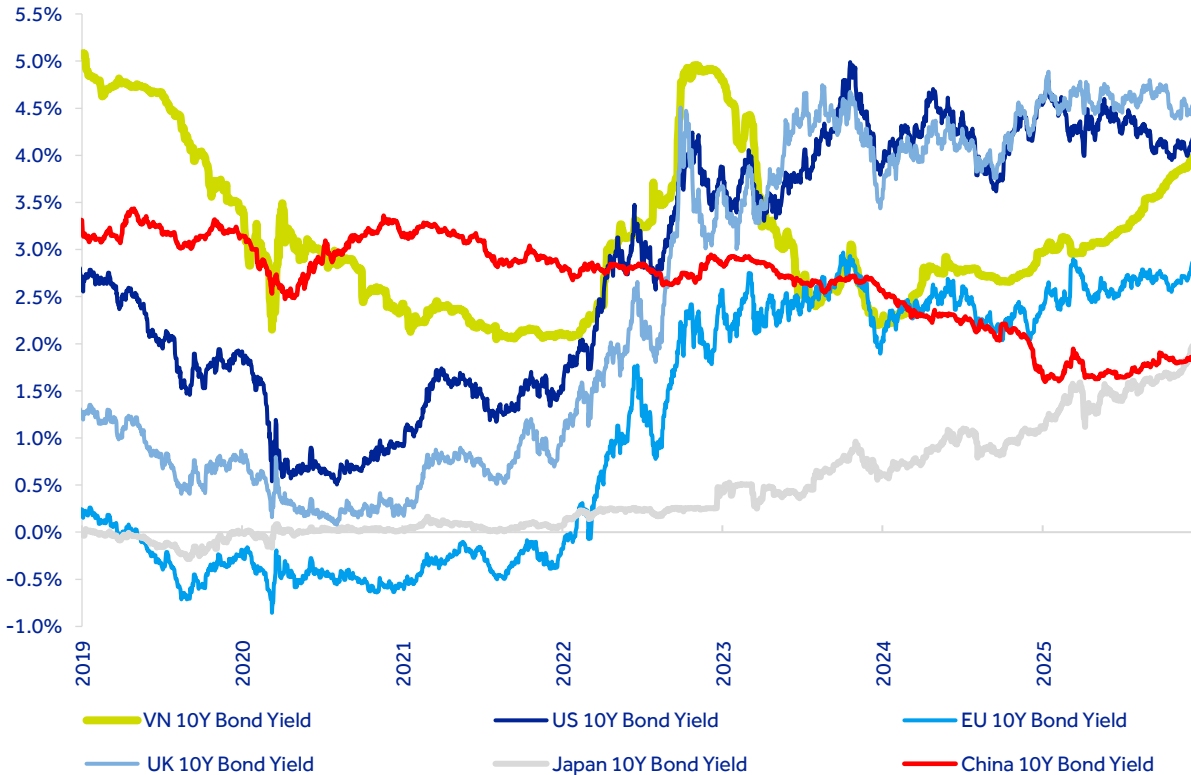


Source: Bloomberg

# FISCAL POLICY: AN INEVITABLE CHOICE

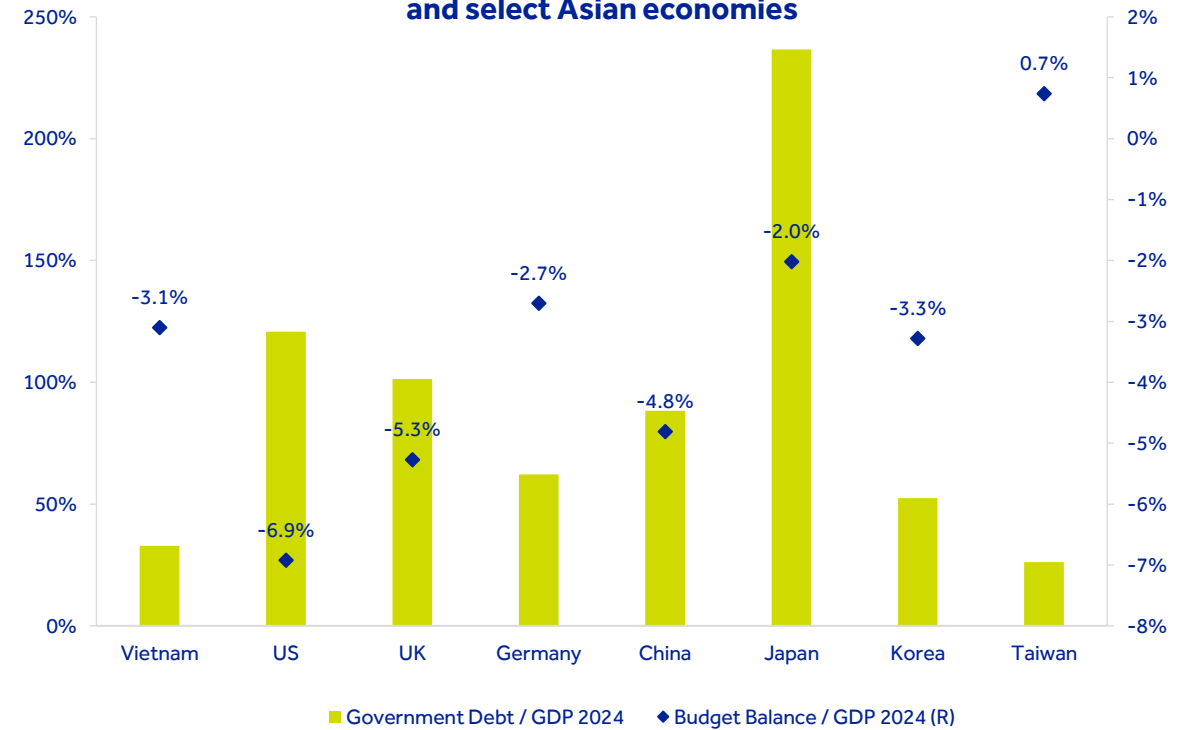
➤ With limited room for further monetary easing due to inflation constraints, **fiscal policy has become the inevitable tool to stimulate consumption and investment.** However, rising public debt amid an unfavorable macro backdrop and still-elevated interest rate levels across many economies has contributed to higher risk premia, pushing government bond yields higher—despite multiple policy rate cuts by central banks in 2025.

**Stimulus via fiscal expansion and rising public leverage has reignited investor’s concerns regarding long-term debt sustainability**



Source: Bloomberg

**The structural shift toward bolstering defense capabilities is poised to exacerbate budget deficits across European countries and select Asian economies**



Source: Bloomberg

# FISCAL POLICY: RAISING THE DEBT CEILING, TIGHTENING DISCIPLINE

## "One Big Beautiful Bill" (OBBBA) Act - July 2025:

US

- **Tax:** Tax exemptions for tips and overtime pay (through 2028); Deductibility of interest on loans for US-manufactured automobiles; Permanent codification of the lower tax rates from the 2017 TCJA.
- **Public Debt:** Temporarily raised the debt ceiling by an additional US\$5tn, bringing the debt limit to US\$41.1tn to avert a technical default following the debt ceiling crisis earlier in the year. Following a 44-day government shutdown (Oct 1 – Nov 12), a Continuing Resolution (CR) was passed to meet temporary financial obligations until a spending agreement for the next fiscal year is reached—currently extended to Jan 30, 2026.
- **Spending:** Accepted an increase in the budget deficit of approximately US\$3.4tn - US\$4.1tn over the next 10 years.

## Accelerating Artificial Intelligence development through policy easing and related mechanisms:

- **AI Action Plan ("Winning the Race"):** Accelerate the permitting process for data center construction (bypassing NEPA environmental safety assessments); Reinforce power infrastructure for AI.
- **Genesis Mission (Executive Order Nov 24) and National Framework on Artificial Intelligence (Executive Order Dec 11):** Transition from a "Safety and Ethics" model (2023-2024) to "Speed and Sovereignty"; Streamline overlapping regulations and allow AI developers to prioritize performance without output adjustments; Integrate "public-private" R&D models by granting private companies access to national resources, including state data repositories.

## Autumn Budget 2025:

UK

- **Tax:** Increased tax revenue via "fiscal drag" (freezing personal income tax thresholds until April 2028); Increased dividend tax rates (+2%), savings interest tax, and real estate tax; Increased employer National Insurance Contributions (NICs).
- **Wage Reform:** National Living Wage increased by 6.7% starting April 2025 to improve standards of living for low-income workers.
- **Spending:** Focused resources on subsidizing National Health Service (NHS) services, energy price supports (Warm House Discount), and rail fares to alleviate the cost of living.
- **Defense:** Maintained the commitment to spend 2.5% of GDP but deferred the target to 2027 due to the priority of balancing the budget.

## SAFE LOANS Mechanism and SGP:

EU

- **Defense ("ReArm Europe"):** Deployed the SAFE LOANS initiative valued at €150bn. Instead of issuing common "defense bonds" (rejected by Germany), the EU provides concessional loans for member states to procure intra-bloc weaponry.
- **Fiscal:** Re-applied the Stability and Growth Pact (SGP) and Excessive Deficit Procedure (EDP) from 2025, forcing countries with deficits >3% of GDP to cut spending. However, exceptions will be applied to 16 member states (including Germany) given the need to increase defense spending starting from July 2025.

Germany

- **Defense:** Amended the constitution in March 2025 to raise the defense budget from a maximum of 1% of GDP to a committed defense spending level of 3.5% of GDP by 2029.
- **Infrastructure and Energy:** The Special Fund for Infrastructure and Climate Neutrality (SVIK) with a scale of approximately €500bn was announced in March 2025 to modernize infrastructure and promote the green transition. Capital is primarily sourced from federal borrowing and disbursed from 2026–2029. Specifically, total public investment is projected to reach over €115bn in 2025 (+55% YoY), and the government expects to continue increasing it by €120bn annually through 2029.
- **Tax Cuts:** In July 2025, the German Parliament approved a tax incentive package worth €46bn. The 2025–2027 tax policy will focus on mechanisms for increased depreciation of fixed assets to boost investment, while the corporate income tax will be reduced from 15% to 10% starting from 2028.

# FISCAL POLICY: RAISING THE DEBT CEILING, TIGHTENING DISCIPLINE

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## China

- **Monetary & Fiscal Policy:** Shifted from "prudent" to "moderately loose" monetary policy and "more proactive" fiscal policy (December 2024). Accepted a widening of the budget deficit from 3% to 4% of GDP to combat deflation.
- **Debt Resolution:** Launched a debt swap package worth CNY10tn (US\$1.4tn) to address local government hidden debt (LGFV): CNY6tn from new bond issuance over the next 3 years; reallocation of CNY4tn from special bonds over 5 years to settle hidden LGFV debt. The primary objective is to swap high-interest hidden debt for low-interest government bonds.
- **Demand Stimulation:** Issuance of ultra-long-term bonds to stimulate domestic consumption. Specifically, China issued CNY1.3tn (US\$182bn) in special ultra-long-term bonds in 2025; CNY300bn was allocated to support the "trade-in" program for home appliances, electronics, and automobiles in the form of cash rebates.

## Japan

- **Fiscal:** Passed a budget package of JPY21.9tn (~US\$135bn), largely funded by new borrowing. Of this, JPY10tn (~US\$65bn) is allocated to the AI and semiconductor sectors.
- **Livelihood Support:** Energy bill subsidies and direct cash handouts to combat inflation (JPY30,000 ~ US\$192); Cash handouts of JPY20,000 (~US\$130) per child.
- **Tax:** Raised the minimum taxable income threshold for personal income tax from JPY1.03mn (~US\$6,600) to JPY1.78mn/year (~US\$11,400)—improving income for part-time workers and addressing labor shortages (housewives and students); Eliminated the environmental safety tax on car purchases (0-3% of vehicle price).
- **Defense:** Allocated supplementary budget to reach the defense spending target of 2% of GDP within 2025 (approximately JPY11tn ~ US\$71bn).

## South Korea

- **Fiscal:** Maintained the deficit below 3% of GDP. The 2026 budget (KRW727.9tn) was passed on time, focusing on macroeconomic stability.
- **Strategy:** US\$23bn package supporting the semiconductor industry and a National Growth Fund for AI/Biotech.

## Taiwan

- **Fiscal:** The government passed a Special Budget of NTD410bn (equivalent to US\$13bn, applicable 2025-2027) to stabilize employment and subsidize energy prices (NTD100bn for Taipower).
- **Defense:** President Lai Ching-te announced a special defense budget package worth NTD1.25tn (US\$40bn) to procure weapons and enhance asymmetric capabilities. Committed to pushing defense spending above 3% of GDP by 2026 and reaching 5% of GDP by 2030.
- **Subsidies:** Implemented a universal cash handout of NTD10,000 per person (scale ~1% of GDP) to offset inflation and stimulate domestic consumption.

- **Global GDP growth is projected to moderate from 3.0% in 2025 to 2.9%.** The primary concern continues to center on the unpredictable trajectory of the trade war and its impact on global trade flows in the coming year, amid still-fragile consumption and manufacturing activity. On the positive side, key growth drivers in 2026 are expected to include the continued wave of investment in artificial intelligence (AI) and the increasing use of fiscal stimulus to strengthen domestic fundamentals.
- **Artificial intelligence (AI) remains a leading driver of equity markets:** AI-related spending and investment accounted for approximately 37% of U.S. GDP growth in 9M2025 (with 16% from software and 14% from data centers). Six AI-exposed stocks contributed up to 40% of the S&P 500's gains in 2025 (15% YTD). In 2026, total new investment into AI-related sectors is forecast to exceed USD 2 trillion, according to Gartner. The emergence of large language models with lower research costs, alongside intensifying competition in the supply of graphics processing units (GPUs), is expected to lower barriers to entry and accelerate practical application development over the 2026–2030 period. This, in turn, should continue to attract investment inflows and indirectly support GDP growth—particularly in the United States. However, heavy investment in infrastructure and data centers without commensurate expansion in power infrastructure and clear project profitability represents a near-term risk. This risk is amplified as data center operators increasingly issue bonds and raise capital through complex financial instruments to reduce balance-sheet risk exposure.
- **Trade wars as the new normal:** Manufacturing and export activities are expected to gradually recover in 2026 as tariffs increasingly become part of the “new normal.” As of now, the legal validity of President Trump’s tariff decisions remains contentious before the Supreme Court, while U.S.–China trade tensions have been repeatedly eased through a series of “ceasefires” and extensions of negotiations surrounding key issues such as rare earths, oil, and agricultural products.

## A more fragmented monetary policy landscape in 2026:

- **Rate cuts:** The Fed is among the few central banks that still have room to ease policy in 2026, with expectations of two rate cuts during the year, each by 25 basis points. However, divergences in views among FOMC members, together with the change of the Fed Chair in 2026, remain key uncertainties to monitor. At the December meeting, the Fed announced measures to stabilize short-term funding costs (maturities under three years) through monthly purchases of USD 40 billion in Treasury bills (T-bills). We expect the Fed to continue using this tool (the RMP) in 2026 rather than directly resorting to Quantitative Easing (purchases of long-dated bonds), thereby anchoring short-term rates while maintaining caution toward inflation.
- **Rate hikes:** The Bank of Japan is expected to raise its policy rate at least once in 2026, lifting rates from 0.75% to 1.0%, as inflationary pressures are likely to persist, driven in part by annual wage negotiations (Shunto).
- **On hold:** China’s interest-rate environment has fallen to record lows following multiple rate cuts and reductions in the required reserve ratio (RRR). Nevertheless, these measures have yet to meaningfully stimulate consumption and domestic credit demand amid a prolonged property-sector crisis. This has reinforced a shift toward fiscal stimulus in China as well as in several European countries, where monetary easing room has become increasingly limited.
- **Geopolitical risks remain elevated:** We believe the trend of rising defense spending across Europe and many Asian economies reflects growing preparedness amid a gradual reduction in the United States’ role as a mediator in peace negotiations and regional security stabilization. As a result, the risk of broader conflict escalation represents a key “black swan” risk to watch in the year ahead.

# 2026 OUTLOOK: CAUTIOUS GROWTH EXPECTATION

	Bloomberg Consensus		IMF		OECD	
	2025	2026	2025	2026	2025	2026
World	3.00%	2.90%	3.20%	3.10%	3.20%	2.90%
US	1.80%	1.90%	2.00%	2.10%	2.00%	1.70%
Canada	1.60%	1.10%	1.20%	1.60%	1.20%	1.30%
Euro Area	1.50%	1.40%	1.20%	1.10%	1.30%	1.20%
Germany	0.30%	1.20%	0.20%	1.00%	0.00%	1.20%
France	0.80%	1.00%	0.70%	1.00%	0.50%	1.00%
Italy	0.60%	0.80%	0.50%	0.80%	0.60%	0.70%
UK	1.40%	1.10%	1.30%	1.30%	1.40%	1.20%
Australia	1.80%	2.10%	1.80%	2.10%	1.80%	2.10%
China	4.80%	4.10%	4.80%	4.20%	4.90%	4.40%
Japan	1.30%	0.70%	1.10%	0.60%	1.30%	0.90%
South Korea	1.00%	2.00%	0.90%	1.80%	1.30%	2.20%
India	6.40%	7.40%	6.60%	6.20%	6.70%	6.20%
Taiwan	4.50%	2.30%	4.20%	2.10%	N/A	N/A
Indonesia	4.90%	4.80%	4.90%	5.00%	4.90%	4.90%
Malaysia	4.30%	4.00%	4.50%	4.00%	5.00%	4.40%
Philippines	5.60%	5.80%	5.40%	6.00%	4.70%	5.10%
Singapore	3.10%	2.50%	2.20%	2.50%	4.00%	3.00%
Thailand	2.20%	1.90%	2.00%	2.50%	2.80%	1.50%
Vietnam	7.32%	6.47%	6.50%	5.60%	6.20%	6.20%

Source: Bloomberg Consensus, IMF, OECD

# VIETNAM 2025: RESILIENCE AMIDST GLOBAL HEADWINDS

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Monthly data	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Industrial Production (YoY)	8.0%	8.8%	-1.0%	17.6%	9.9%	9.6%	9.6%	8.0%	7.4%	8.9%	12.7%	10.8%	10.8%
Purchasing Managers Index	50.80	49.80	48.90	49.20	50.50	45.60	49.80	48.90	52.40	50.40	50.40	54.50	53.80
Retail Sales (YoY)	8.8%	9.3%	9.5%	9.4%	10.8%	11.1%	10.2%	8.3%	9.2%	10.6%	11.3%	7.2%	7.1%
Consumer Price Index (MoM)	2.7%	2.9%	3.1%	2.9%	3.1%	3.1%	3.3%	3.3%	3.3%	3.2%	3.2%	3.3%	3.3%
Consumer Price Index (YoY)	2.8%	2.9%	3.6%	2.9%	3.1%	3.1%	3.2%	3.6%	3.2%	3.2%	3.4%	3.2%	3.6%
Export Value (% YoY)	8.4%	12.9%	-3.9%	26.0%	14.4%	20.6%	22.7%	17.4%	16.7%	14.8%	25.2%	18.0%	15.8%
Import Value (% YoY)	10.4%	19.0%	-2.7%	40.1%	18.6%	23.0%	19.3%	20.4%	18.1%	17.6%	25.4%	17.4%	16.3%
Trade Balance (BnUSD)	1.07	0.52	3.13	-1.55	1.63	0.58	0.55	2.86	2.29	3.72	2.85	2.60	1.09
Disbursed FDI (BnUSD)	2.10	3.67	1.51	1.44	2.01	1.78	2.16	2.82	1.88	1.80	3.40	2.50	2.30
Registered FDI exl Capital Contributions (BnUSD)	3.74	6.37	4.01	2.36	3.12	2.50	3.54	2.71	1.78	1.66	2.02	2.48	1.40

- **GDP growth reached 7.85% in 9M2025:** Key growth drivers came from public investment disbursement and credit expansion, while consumption has yet to show a clear recovery and domestic manufacturing activity remains subdued. With ample fiscal space (public debt-to-GDP is estimated at 35%–37% in 2025), Vietnam has stepped up budget deficits to finance key infrastructure projects.
- **Consumption remains stable: In the first 11 months of 2025, total retail sales grew by 9.1% YoY**—relatively strong compared with the 10-year average of around 8.4%. While goods retail sales were heavily affected by storms in October and November (growth slowed from an average of 10.5% in 9M2025 to 6.1% in November), services emerged as a bright spot, posting average growth of 14% YoY in 11M2025. The services sector's contribution to total retail sales in 2025 reached its highest level since 2019. Tourism rebounded impressively, with 1.98 million international arrivals in 11M2025, up 15.6% YoY—led by strong growth from Chinese and European visitors (up 37% and 60% YoY, respectively).
- **PMI stayed above 50 for the past five months:** After facing challenges from reciprocal tariffs, manufacturing activity began to recover from July onward following Vietnam's successful conclusion of a framework trade agreement with the United States, although details on tariff reductions by product remain under discussion. S&P Global surveys show manufacturer sentiment at a 17-month high, supported by a sharp increase in new orders, particularly export orders. Industrial production also showed positive momentum, with YoY growth accelerating since September—especially in automotive, metals, apparel, and paper manufacturing. However, the recovery remains largely driven by FDI enterprises.
- **FDI inflows remain stable, led by existing investors:** Newly registered and additional FDI commitments recorded cumulative growth of just 0.9% YoY in 11M2025, reflecting a cautious stance among multinational corporations amid lingering trade-war uncertainties. The bright spot continues to be existing investors in Vietnam, with capital contributions rising by more than 50% YoY, while realized FDI disbursement in 11M2025 reached approximately USD 23.6 billion (+9% YoY).
- **Public investment continues to be driven by policy adjustments:** As of December 11, public investment disbursement exceeded 63.3% of the plan assigned by the Prime Minister (compared with 51% in 10M2025 and 60.6% in 11M2025), equivalent to VND 577.7 trillion (+41% YoY). Earlier, the Prime Minister issued Official Dispatch No. 237 to accelerate the removal of bottlenecks and target a 100% disbursement rate in 2025.
- **Credit growth continues to accelerate:** As of November 27, total outstanding credit in the economy exceeded VND 18.2 quadrillion, up 16.56% from the beginning of the year (vs. +11.9% YTD as of November 29, 2024). Meanwhile, deposit growth reached only around 11% over the same period, exacerbating funding shortages for lending amid a widening deposit–loan gap over the past three years. This has underscored the role of the State Treasury and the State Bank of Vietnam in supporting interbank system liquidity. As of early December, State Treasury deposits exceeded VND 420 trillion, while outstanding OMO volumes in the open market reached record levels of approximately VND 350–380 trillion. However, heightened year-end funding demand has partly triggered a wave of deposit rate hikes among commercial banks since mid-October, eventually extending to state-owned banks in early December.

# VIETNAM 2026: BUILDING STRATEGIC POSITIONING

- **The target is to achieve average GDP growth of 10% per year or higher over the 2026–2030 period, with GDP per capita reaching approximately USD 8,500 by 2030.** In parallel, a series of complementary growth orientations has been set for the same period, including the development of the stock market (toward MSCI Emerging Market and FTSE Russell Advanced Emerging Market status), the expansion of the corporate bond market (to 25% of GDP), the acceleration of digital transformation, and the establishment and operation of an international financial center.
- **Public investment will continue to be the primary growth engine** over the next five years, with total public investment disbursement targeted at up to VND 8.5 quadrillion (USD 340 billion)—equivalent to nearly a 170% increase compared with total disbursement in the previous term. To fully absorb this capital, we expect commensurate development of other capital transmission channels such as bank credit and the corporate bond market, both of which have already undergone—and continue to undergo—necessary legal reforms to support a sustainable growth trajectory.
- **Credit growth in 2026 is expected to be more cautious (15–16%)** amid pressures from overheating growth and tightening liquidity in the banking system. The banking sector’s reliance on funding from the secondary market (the interbank market) has increased, while a significant share of capital has been channeled into real estate, driving sharp asset price increases and raising the risk of oversupply in certain segments. As a result, the Government and the State Bank of Vietnam are likely to adopt a more prudent stance on credit expansion. Vietnam’s interest-rate environment may rise by an average of around 1.0–1.5 percentage points for deposits and 1.5–2.0 percentage points for lending. Consequently, economic growth momentum will gradually become more dependent on fiscal policy.
- **Inflation and asset price volatility:** Large-scale money supply expansion through credit growth and public investment during 2026–2030 will indirectly exert upward pressure on asset prices in general and consumer goods prices in particular. We expect inflation in 2026 to approach 4.5%, with many asset classes continuing to appreciate amid monetary expansion.
- **The role of “core” private-sector enterprises will continue to strengthen over the 2026–2030 period.** In 2025, changes in policy mechanisms facilitated the expansion of business lines among leading corporations—most notably Vingroup. In addition, a more “risk-tolerant” vision in science and technology development is expected to be a bright spot, fostering high-tech sectors aligned with the digital economy and the on-chain economy.
- **In the most favorable scenario,** alignment across growth drivers—consumption, production, infrastructure, technology, and capital markets—will help position Vietnam as a regional hub for goods and capital flows as the world enters a new era of multipolarity and increasing fragmentation in trade and geopolitics

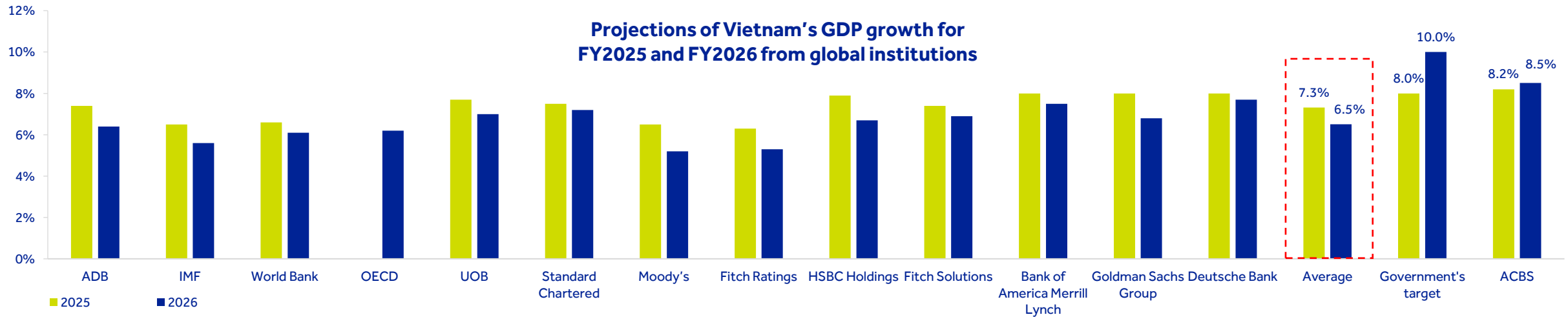
## VIETNAM MACRO OUTLOOK 2026

Indicators	2025	2026F	
		Min	Max
GDP	8.02%	8.0%	8.5%
Retail sales	9.25%	8.5%	11.0%
CPI	3.31%	4.0%	4.5%
Exports (% YoY)	17.02%	15.0%	
USDVND (Central rate)	25,121	26.125	
% appreciation (YoY)	3.2%	4.0%	
USDVND (Vietcombank)	26,377	27,432	
% appreciation (YoY)	3.2%	4.0%	
Refinancing rate	4.5%	4.5%	
Credit growth	18.0%	16.0%	

Source: ACBS

# VIETNAM 2026: BUILDING STRATEGIC POSITIONING

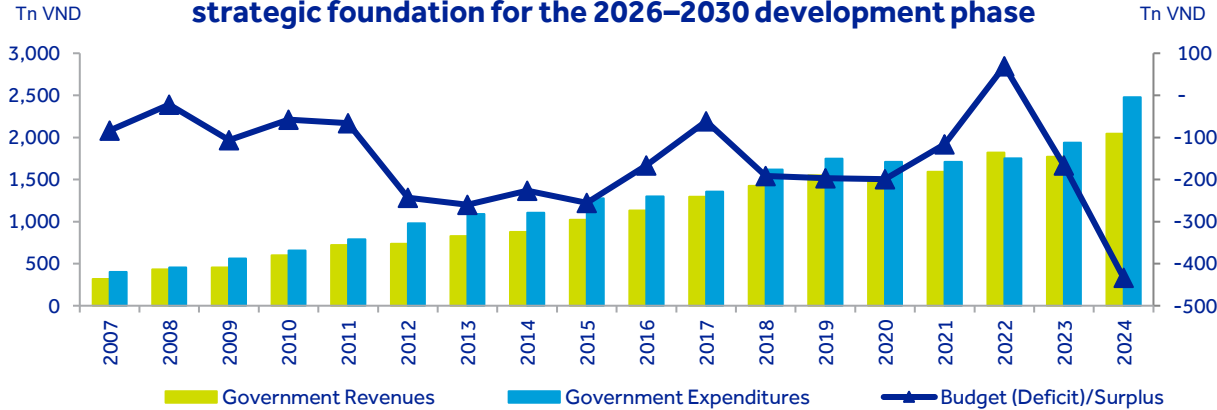
- **International research institutions project Vietnam's FY2026 GDP growth in the 5%–7% range.** This outlook factors in secular headwinds, including the contraction of global trade flows driven by US reciprocal tariffs and a broader rise in protectionism amidst softening global consumption. Furthermore, the investment landscape is expected to face headwinds as capital access remains constrained, despite a prevailing bias toward monetary accommodation among global central banks.
- In our base case, we project GDP growth of 8.5%—a more prudent forecast compared to the government's ambitious 10% target. This projection is underpinned by the following drivers:
  - **Retail:** Severe and prolonged flooding in the Central and Northern regions poses a downside risk to consumption in 1Q26, despite the government's rapid implementation of disaster relief measures. While fiscal stimulus—including Personal Income Tax reforms, raised family deduction thresholds, and VAT reductions—will support broader demand, we expect growth rates to plateau at FY2025 levels. Notably, while consumer sentiment and the Business Confidence Index (BCI) showed improvement in 3Q25, they remain subdued relative to pre-COVID levels.
  - **Manufacturing:** We anticipate a recovery in manufacturing and export activities in FY2026; however, momentum is unlikely to be robust. The sector faces headwinds from decelerating global demand and persistently elevated inventory levels in the US market.
  - **Interest rates:** A structural shortfall in deposit mobilization from institutions and residents over the past three years is placing increasing pressure on banking system liquidity and interest rates. Consequently, we forecast FY2026 credit growth to remain flat or slightly decelerate (approximately 16%) relative to FY2025. This reflects the heavy burden on the banking sector to provide reciprocal capital for public investment projects, which remain a primary driver of funding demand.



Source: Bloomberg Consensus

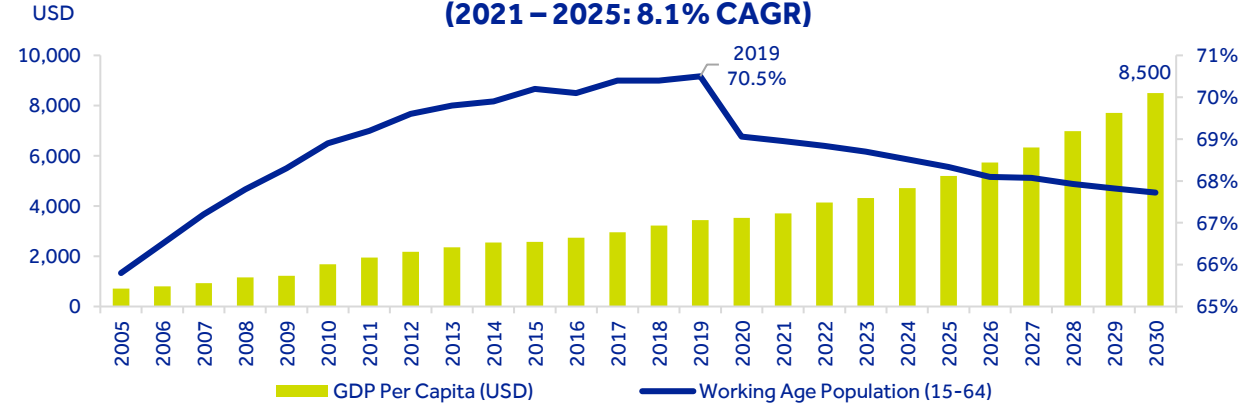
# VIETNAM 2026: BUILDING STRATEGIC POSITIONING

**Vietnam has structurally widened its fiscal deficit over the 2023–2025 cycle to finance critical infrastructure projects, establishing a strategic foundation for the 2026–2030 development phase**



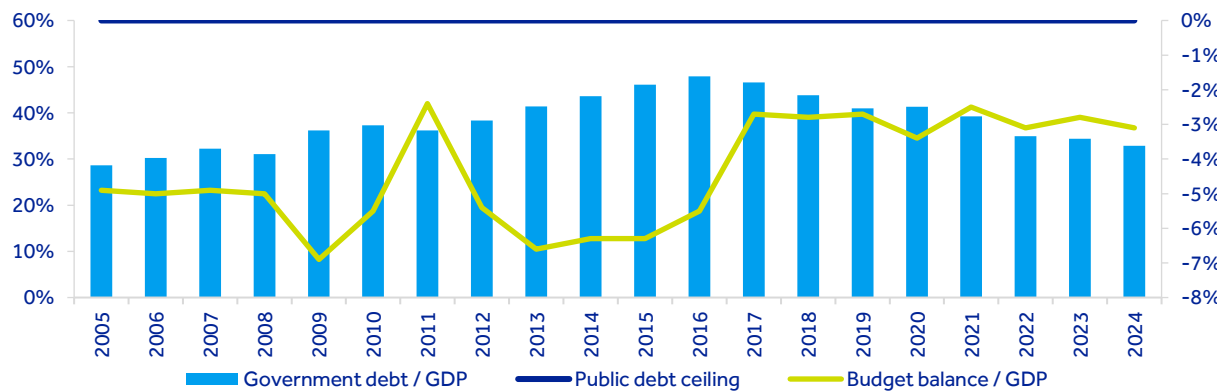
Source: GSO, Ministry of Finance

**The government is targeting a GDP per capita of 8,500 USD by 2030 with an implied annual growth rate of 10.3% (2021 – 2025: 8.1% CAGR)**



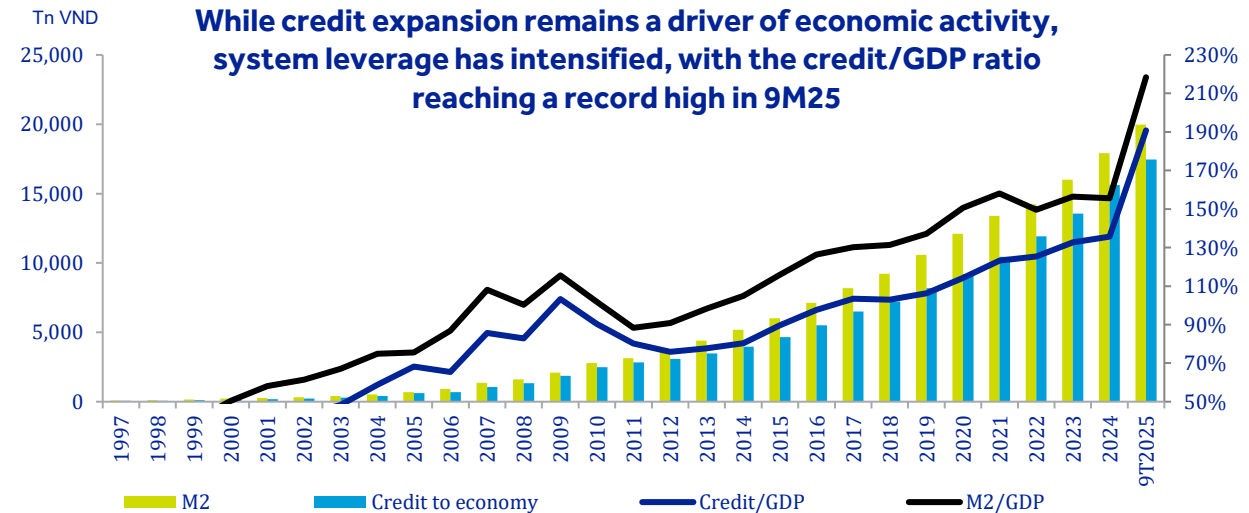
Source: IMF, US Census Bureau

**Fiscal maneuverability remains ample, with the public debt-to-GDP ratio projected to range between 35% and 37% in FY2025, providing a comfortable buffer against the statutory ceiling of 60%**



Source: Bloomberg

**While credit expansion remains a driver of economic activity, system leverage has intensified, with the credit/GDP ratio reaching a record high in 9M25**



Source: GSO, Ministry of Finance

# VIETNAM 2025: LEGAL REFORMS SHAPING THE FOUNDATION FOR GROWTH

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Target	Key policies	Assessment
<b>Setting The Vision</b>	<ul style="list-style-type: none"> <li>Resolution 57-NQ/TW: Science, Technology, Innovation, and Digital Transformation</li> <li>Resolution 59-NQ/TW: Comprehensive International Integration</li> <li>Resolution 66-NQ/TW: Innovation in Law Building and Enforcement</li> <li>Resolution 68-NQ/TW: Private Sector Development</li> </ul>	<ul style="list-style-type: none"> <li>The "Four Pillars" framework, which anchors the growth trajectory for the upcoming five-year cycle, is underpinned by domestic catalysts: capital mobilization, new sector development, private sector diversification, and domestic consumption stimulation.</li> </ul>
<b>Administrative Reform &amp; Streamlining</b>	<ul style="list-style-type: none"> <li>Document No. 141/KH-BCĐTKNQ18 regarding the implementation of Resolution 18-NQ/TW and Resolution 66-NQ/TW</li> <li>Resolution 35/2023/UBTVQH15</li> <li>Resolution 76/2025/UBTVQH15</li> <li>Resolution 206/2025/QH15</li> </ul>	<ul style="list-style-type: none"> <li>For the 2026 term, the government aims to consolidate ministries with overlapping mandates into "Super Ministries," targeting a minimum 15–20% reduction in internal organizational focal points across ministries and government agencies.</li> <li>Mergers of district and commune-level units failing to meet population and area standards. The 2023–2025 period saw the reorganization of 25 district-level and 756 commune-level units across 21 provinces. Reducing the number of communes by 60% not only yields cost savings but also expands economic planning space, mitigating land use fragmentation and enhancing investment attraction.</li> <li>Establishes a special legal framework to address regulatory bottlenecks. The government and local authorities are empowered to pilot solutions that may deviate from existing regulations to resolve urgent project impasses, provided they serve the public interest.</li> </ul>
<b>Supporting The Private Sector</b>	<ul style="list-style-type: none"> <li>Resolution 68-NQ/TW</li> <li>Resolution 198/2025/QH15</li> <li>Corporate Income Tax Law (Revised) 2025</li> <li>Investment Law (Revised) 2025</li> </ul>	<ul style="list-style-type: none"> <li><b>Decriminalization of Economic Relations:</b> Resolution 198 codifies the principle that civil economic disputes are exempt from criminalization. This pivotal reform addresses legal liability concerns, serving as a linchpin for restoring investor confidence.</li> <li><b>"One-Time Inspection" Principle:</b> To curb harassment, businesses compliant with the law are subject to a maximum of one inspection per year. The resolution prioritizes "remote post-audit" via digital data over direct on-site checks.</li> <li><b>Fiscal Incentives ("3-2-4" Framework):</b> <b>SMEs:</b> 3-year CIT exemption for newly established entities; <b>Innovative Startups:</b> 2-year tax holiday followed by a 50% reduction for 4 years; <b>Green Transition:</b> 2% interest rate subsidy (budget-funded) for green, circular, and ESG-compliant projects.</li> <li><b>Progressive Tax Structure:</b> Replaces the flat tax rate (20%) with a tiered structure: 15%: Revenue under VND3bn; 17%: Revenue from VND3bn to VND50bn; 20%: Large enterprises.</li> <li><b>Impact:</b> Incentivizes household businesses to formalize without fear of a "tax shock."</li> <li><b>High-Tech Incentives:</b> Legislates a preferential 10% tax rate for 15 years for strategic sectors such as semiconductors and high-tech agriculture.</li> <li><b>Decentralization:</b> Transfers investment approval authority for 13 project categories from the Prime Minister to Provincial People's Committees.</li> <li><b>Deregulation:</b> Abolishes sub-licenses for 38 conditional business lines, shifting decisively from "pre-check" to "post-check" mechanisms.</li> <li><b>Pre-Investment Legal Status:</b> Permits foreign investors to establish economic organizations prior to obtaining an Investment Registration Certificate.</li> </ul>

# VIETNAM 2025: LEGAL REFORMS SHAPING THE FOUNDATION FOR GROWTH

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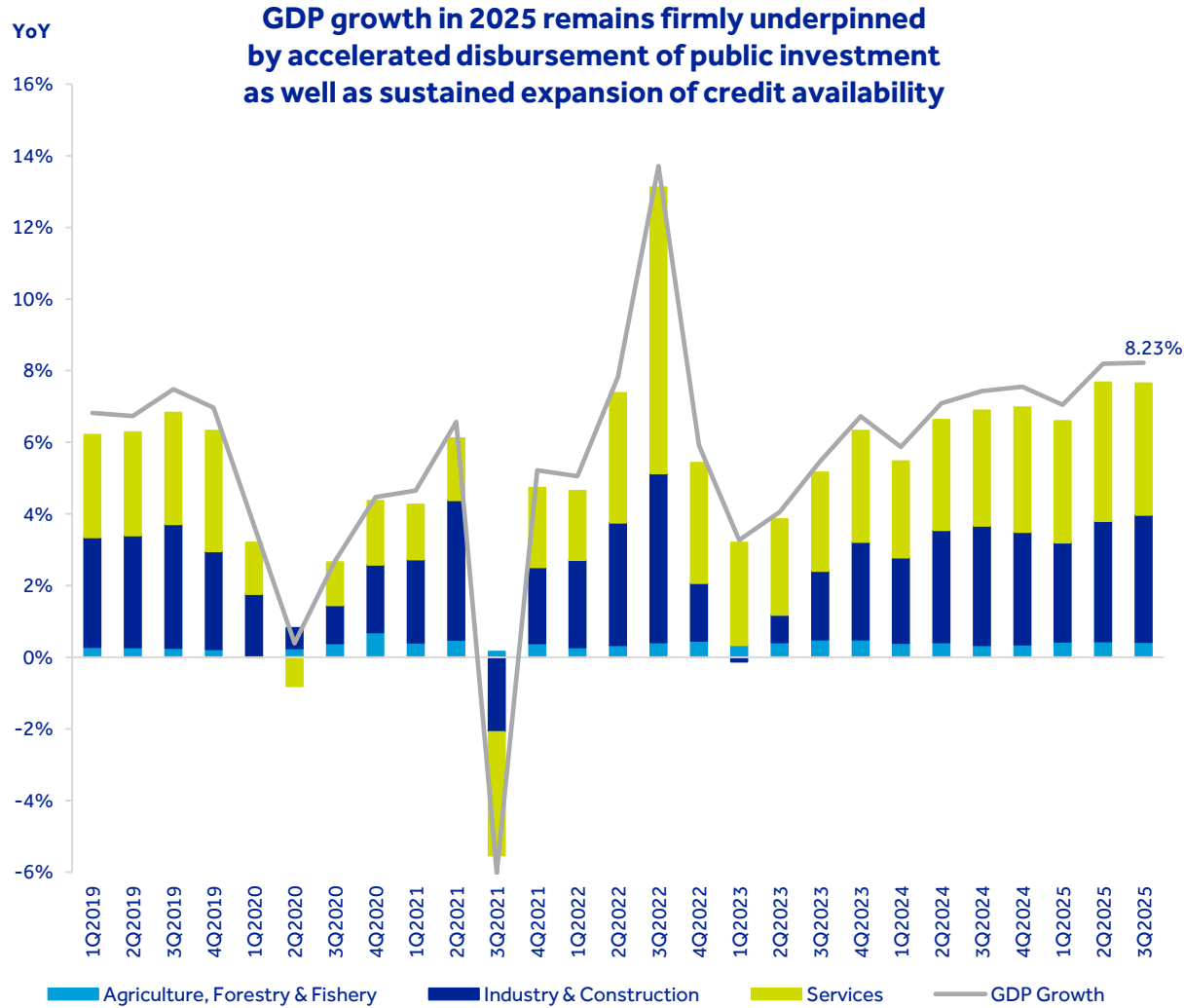
Target	Key policies	Assessment
<b>Stimulating Domestic Consumption</b>	<ul style="list-style-type: none"> <li>Personal Income Tax Law (Revised)</li> </ul>	<ul style="list-style-type: none"> <li><b>Increased Family Deductions:</b> Personal: Increased by ~41% to VND15.5mn/month; Dependents: Increased by ~41% to VND6.2mn/month.</li> <li><b>Impact:</b> A worker supporting two dependents with an income of VND27.9mn/month is now fully tax-exempt.</li> <li><b>Simplified Tax Brackets:</b> Reduced from 7 tiers to 5. The threshold for the top tax rate (35%) is raised to over VND100mn/month.</li> <li><b>Household Business Threshold:</b> Raised fivefold, from VND100mn to VND500mn/year, alleviating the cost burden on the grassroots economy.</li> </ul>
	<ul style="list-style-type: none"> <li>Resolution 204/2025/QH15</li> </ul>	<ul style="list-style-type: none"> <li><b>VAT Reduction Extension:</b> The 2% VAT cut (to 8%) is extended through December 31, 2026.</li> <li><b>Export Services:</b> Proposal to apply 0% VAT for export services and on-spot exports, resolving refund bottlenecks that currently trap corporate working capital.</li> <li><b>Agri-Products:</b> Clarification that unprocessed agricultural products in the trading stage are VAT-exempt, helping to lower input costs and stabilize CPI.</li> </ul>
<b>Public Investment</b>	<ul style="list-style-type: none"> <li>Public Investment Law (Revised) 2024</li> </ul>	<ul style="list-style-type: none"> <li><b>Decoupling Site Clearance:</b> Site clearance, compensation, and resettlement are separated into independent projects. Localities can prepare "clean land" even before technical design finalization, shortening project timelines by years.</li> <li><b>Raising National Project Cap:</b> The threshold for National Important Projects is raised from VND10tn to VND30tn. Approval authority for large projects (VND10tn–30tn) is decentralized to the Prime Minister, bypassing the lengthy National Assembly approval process.</li> <li><b>Local Decentralization:</b> Transfers investment policy approval for Group B and C projects from the People's Council (legislative) to the People's Committee (executive), accelerating local response speeds.</li> </ul>
	<ul style="list-style-type: none"> <li>Law No. 90/2025/QH15 (One Law Amending Eight Laws)</li> </ul>	<ul style="list-style-type: none"> <li><b>Bidding Reform:</b> Allows direct contractor appointment for urgent national projects or specialized technology packages, bypassing prolonged bidding procedures. <b>PPP Revival:</b> Removes the requirement to establish project enterprises in certain cases and permits state capital participation to exceed 50% in difficult projects, improving the viability of the PPP model.</li> </ul>
	<ul style="list-style-type: none"> <li>Resolution 172/2024/QH15: High-Speed Rail</li> </ul>	<ul style="list-style-type: none"> <li><b>North-South High-Speed Rail (US\$67bn):</b> Investment policy approval granted with special mechanisms, including direct contractor appointment for complex packages and issuance of government bonds exceeding the public debt ceiling. The project is projected to contribute ~1% to annual GDP growth during the construction phase.</li> </ul>
<b>Financial Market</b>	<ul style="list-style-type: none"> <li>Law on Credit Institutions 2024 and 2025 Amendment</li> </ul>	<ul style="list-style-type: none"> <li><b>Anti-Manipulation:</b> Lowers the institutional ownership cap in banks from 15% to 10% and tightens disclosure requirements (1% ownership must be disclosed) to prevent cross-ownership.</li> <li><b>Bad Debt Resolution:</b> Legislates the bank's right to seize collateral without a court ruling (if agreed upon), accelerating capital recovery.</li> <li><b>Emergency Liquidity:</b> The State Bank of Vietnam is authorized to provide special loans at 0% interest to banks under special control to prevent systemic risk.</li> </ul>
	<ul style="list-style-type: none"> <li>Stock Market Upgrade: Circular 68/2024/TT-BTC and Decision 2014/QĐ-TTg</li> </ul>	<ul style="list-style-type: none"> <li><b>Pre-funding Removal:</b> Abolishes the 100% pre-funding requirement for foreign institutional investors. This clears a major hurdle for upgrading to Emerging Market status.</li> <li><b>Roadmap:</b> Sets a target trajectory towards FTSE Russell Advanced Emerging Market and MSCI Emerging Market status.</li> </ul>
	<ul style="list-style-type: none"> <li>Decision No. 1726/QĐ-TTg</li> </ul>	<ul style="list-style-type: none"> <li><b>Stock Market Strategy 2030:</b> Approved strategy to develop the financial market, reducing reliance on credit capital through specific catch-up mechanisms. Targets market capitalization reaching 120% of GDP and outstanding corporate bonds reaching at least 25% of GDP by 2030.</li> </ul>

# VIETNAM 2025: LEGAL REFORMS SHAPING THE FOUNDATION FOR GROWTH

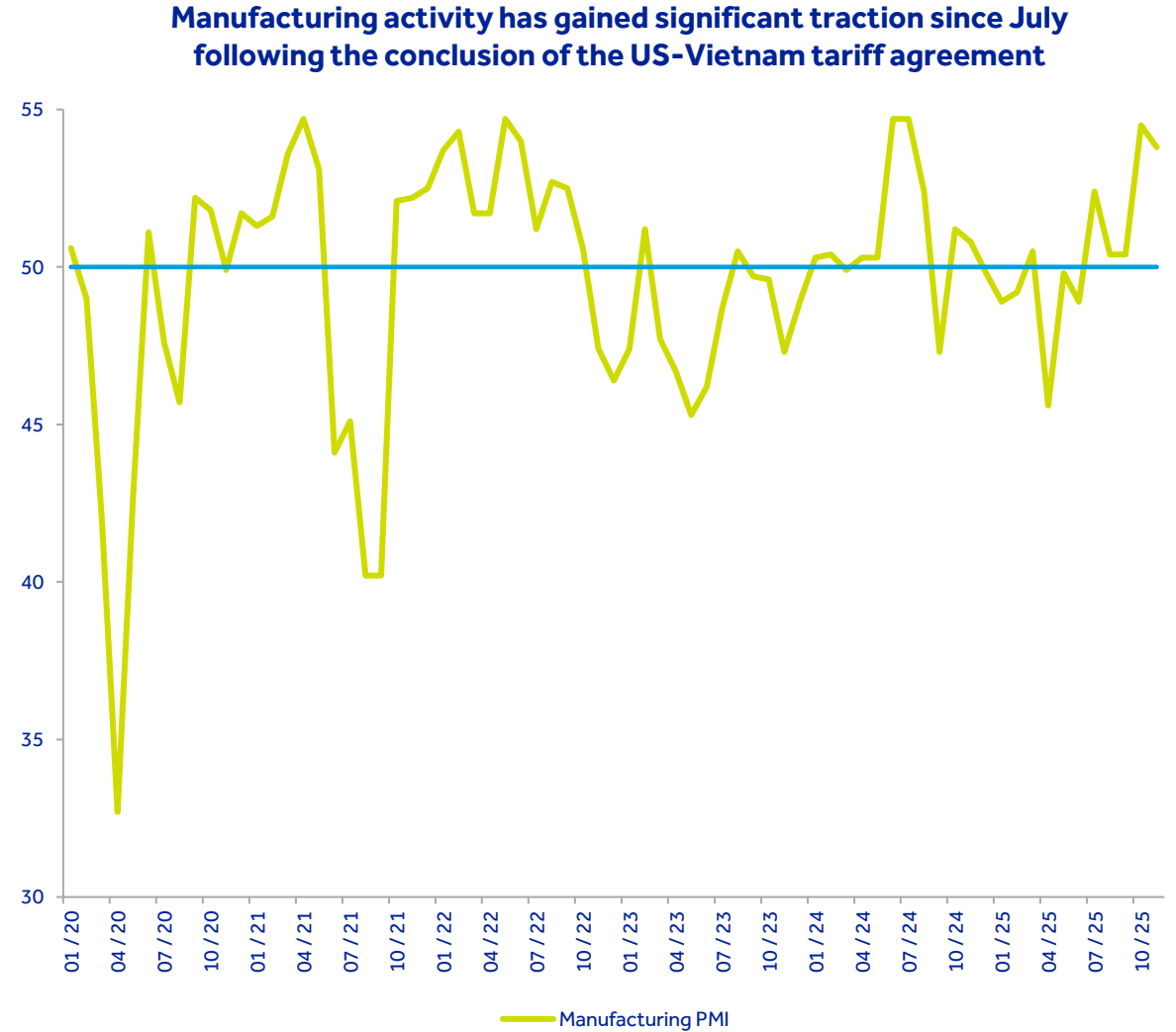
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Target	Key policies	Assessment
Real Estate	<ul style="list-style-type: none"> <li>Land Law (Revised)</li> </ul>	<ul style="list-style-type: none"> <li><b>Market-Based Valuation:</b> Clarifies specific methods for land valuation aligned with market mechanisms.</li> </ul>
	<ul style="list-style-type: none"> <li>Construction Law (Revised)</li> </ul>	<ul style="list-style-type: none"> <li><b>Streamlined Permitting:</b> Simplifies construction licensing procedures and clarifies the division of responsibilities between central and provincial agencies. Potentially creates a "one-stop-shop" mechanism for integrated project approval, combining planning, environmental, and construction permits.</li> </ul>
	<ul style="list-style-type: none"> <li>Planning Law (Revised)</li> <li>Law Amending and Supplementing Articles of the Law on Urban and Rural Planning</li> </ul>	<ul style="list-style-type: none"> <li><b>Planning Consistency:</b> Ensures consistency across national, regional, and local land use plans. The primary objective is to eliminate existing conflicts and overlaps between various zoning regulations and planning types.</li> </ul>
Tech	<ul style="list-style-type: none"> <li>High-Tech Law</li> </ul>	<ul style="list-style-type: none"> <li><b>Ecosystem Development:</b> Refines concepts and criteria for high technology while incentivizing the development of a high-tech ecosystem.</li> </ul>
	<ul style="list-style-type: none"> <li>Digital Transformation Law</li> </ul>	<ul style="list-style-type: none"> <li><b>Legal Foundation:</b> Creates an interdisciplinary legal platform for digital transformation across sectors: digitization, real-world to digital-world connectivity, digital infrastructure, digital economy, digital society, and security measures.</li> </ul>
	<ul style="list-style-type: none"> <li>Law Amending and Supplementing Articles of the Law on Technology Transfer</li> </ul>	<ul style="list-style-type: none"> <li><b>Strategic Technology:</b> Introduces the concept of strategic technology; promotes indigenous technology transfer between enterprises/ organizations/ individuals and the commercialization of ownership/usage rights.</li> </ul>
	<ul style="list-style-type: none"> <li>Law Amending and Supplementing Articles of the Intellectual Property Law</li> </ul>	<ul style="list-style-type: none"> <li><b>Commercialization Focus:</b> Shifts focus towards the "assetization, commercialization, and marketization of intellectual property rights."</li> </ul>
Digital Assets	<ul style="list-style-type: none"> <li>Artificial Intelligence Law</li> </ul>	<ul style="list-style-type: none"> <li><b>Risk-Based Management:</b> Balances development with risk management via a classification system (similar to the EU model).</li> <li><b>Regulation:</b> Clearly defines 6 prohibited acts and establishes that AI is not a subject of intellectual property rights; regulations apply only to output and usage behavior, ensuring innovation is not impeded.</li> </ul>
	<ul style="list-style-type: none"> <li>Decision 1131/QĐ-TTg</li> </ul>	<ul style="list-style-type: none"> <li><b>Strategic Technology Designation:</b> Incorporates Blockchain technology (digital assets, digital currency, Blockchain infrastructure) into the Strategic Technology group. The Government requires ministries to finalize implementation plans for three strategic tech groups (AI, 5G equipment, and Blockchain) by October 30.</li> </ul>
	<ul style="list-style-type: none"> <li>Digital Technology Industry Law</li> </ul>	<ul style="list-style-type: none"> <li><b>Industry Framework:</b> To be issued in June 2025, aiming to build a monitoring and evaluation system for the digital tech sector. Regulations cover the development of the digital tech industry, including semiconductors, AI, and digital assets; effective from January 1, 2026.</li> </ul>
	<ul style="list-style-type: none"> <li>Resolution No. 05/2025/NQ-CP on Pilot Implementation of Crypto Asset Market</li> </ul>	<ul style="list-style-type: none"> <li><b>Pilot Framework:</b> Issued on September 9 to establish a licensing framework for centralized asset exchanges and to encourage Vietnamese enterprises to participate in the market for Real World Asset (RWA) tokenization.</li> </ul>
	<ul style="list-style-type: none"> <li>Personal Income Tax Law (Revised)</li> </ul>	<ul style="list-style-type: none"> <li><b>Digital Asset Taxation:</b> Passed on December 10, 2025, effective from July 1, 2026. Digital asset transfer transactions will be subject to a 0.1% tax rate—officially establishing a legal foundation for mainstream cryptocurrency and digital asset transactions in Vietnam.</li> </ul>

# VIETNAM 2025: GDP + 8,02% (9M:+7,85%)



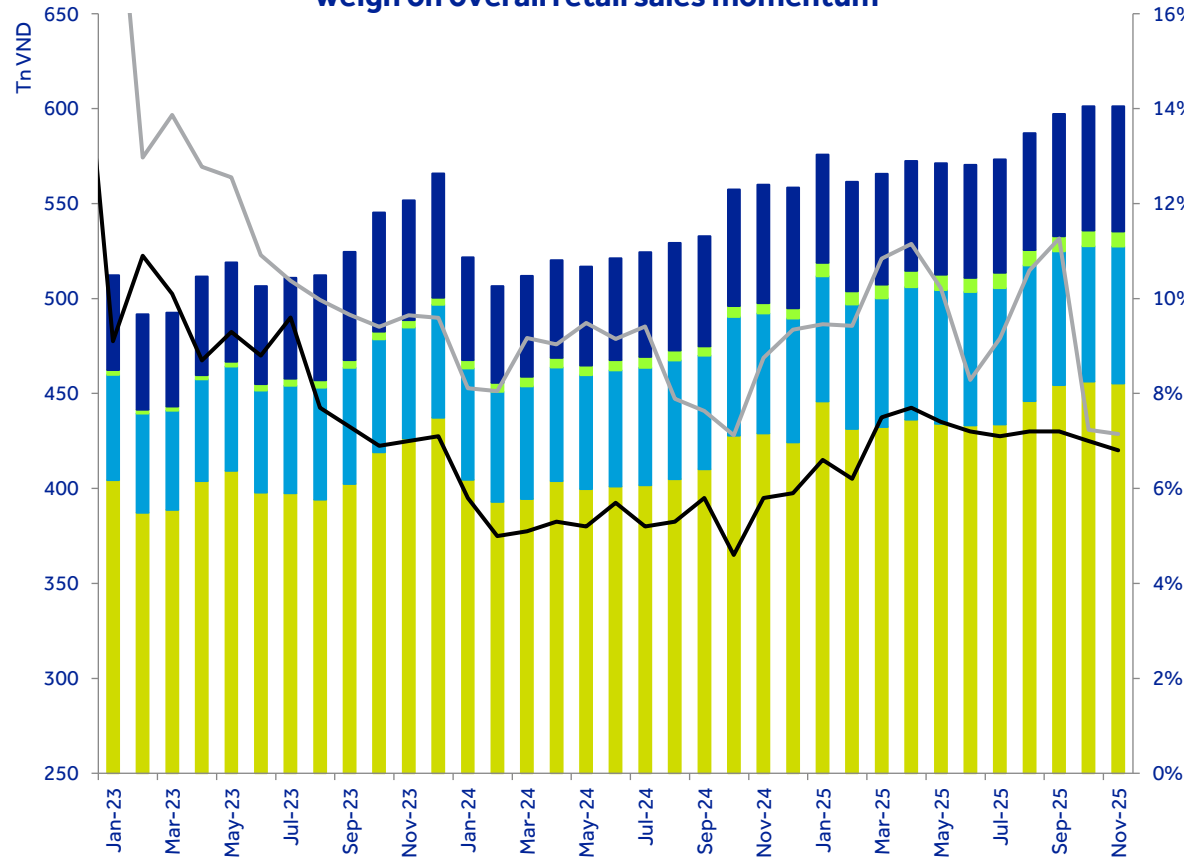
Source: GSO



Source: S&P Global

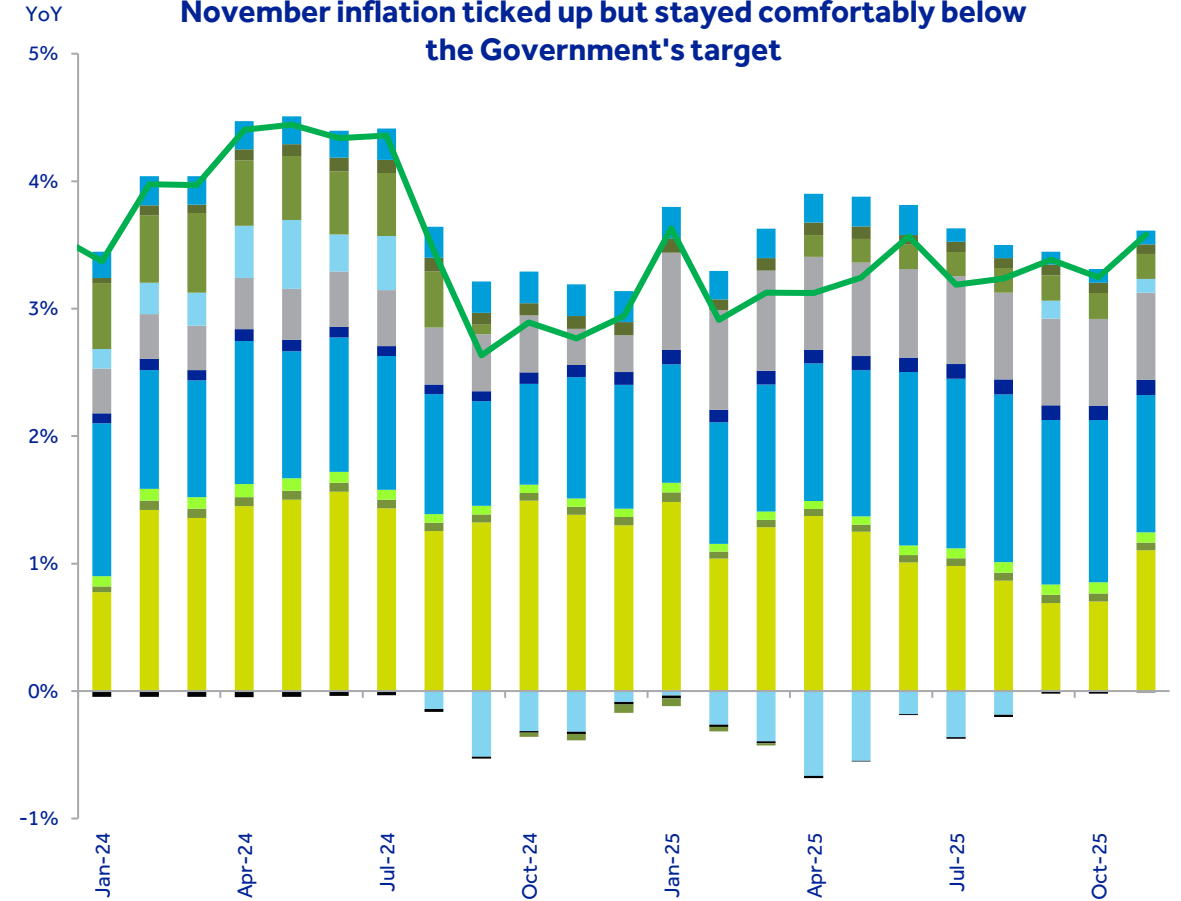
# VIETNAM 2025: CONSUMPTION AND INFLATION

Severe weather in the Central and Northern regions continued to weigh on overall retail sales momentum



- Goods
- Accom. & Catering service
- Traveling service
- Other services
- %Growth y/y (RHS)
- Growth adjusted Inflation YoY

November inflation ticked up but stayed comfortably below the Government's target

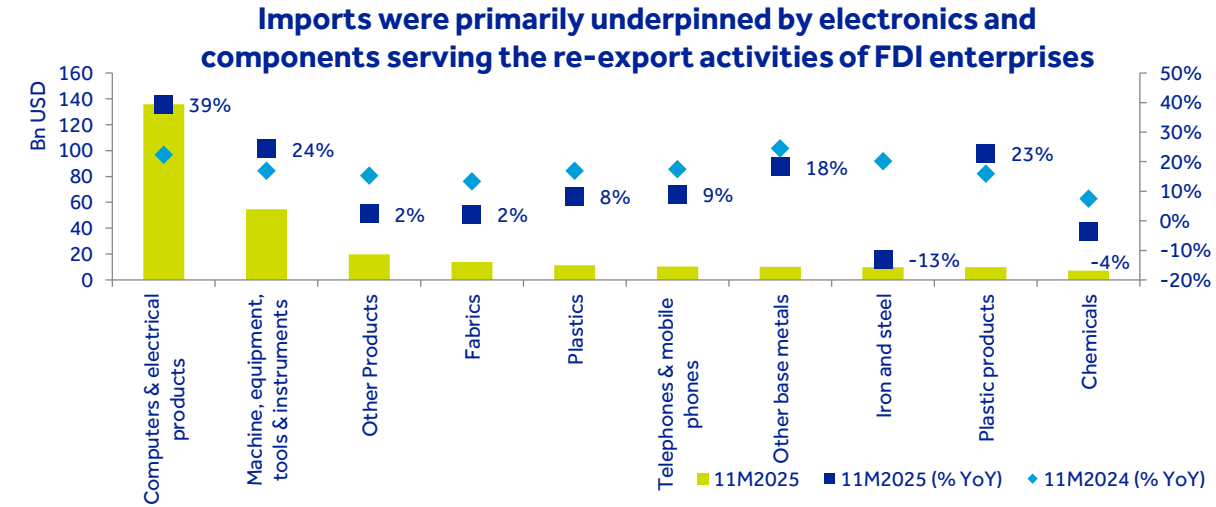
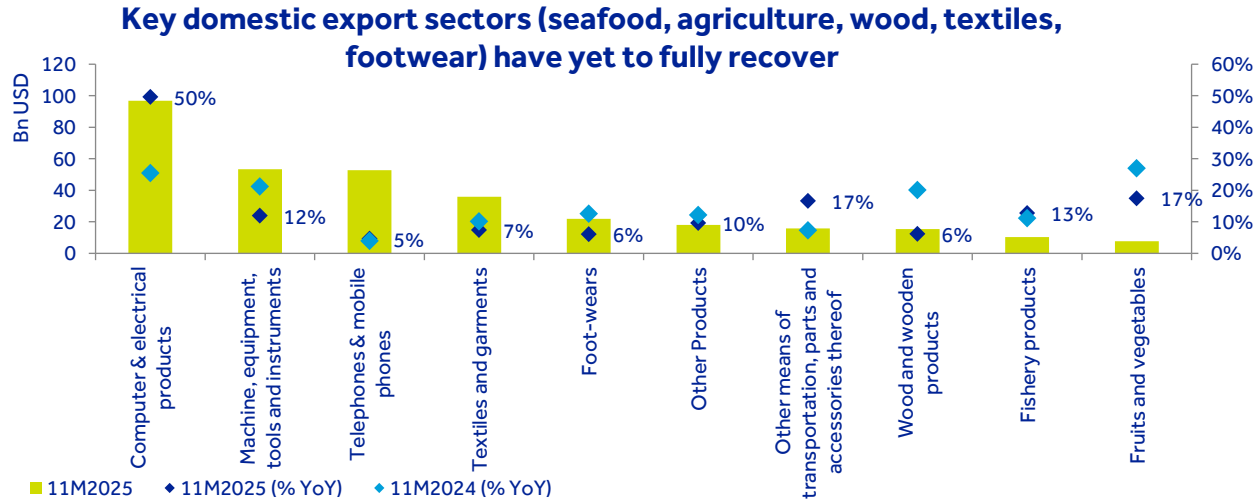
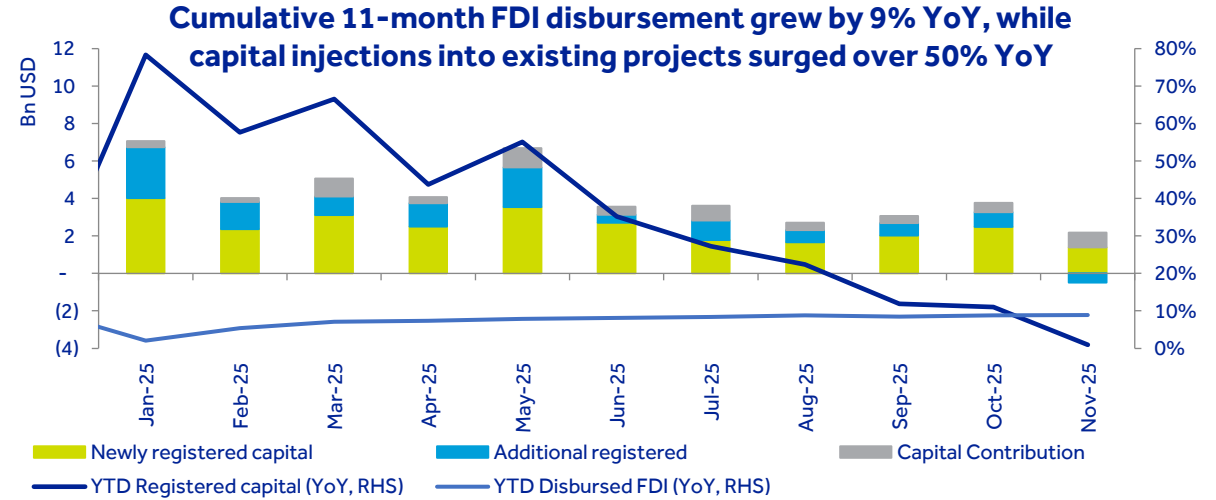
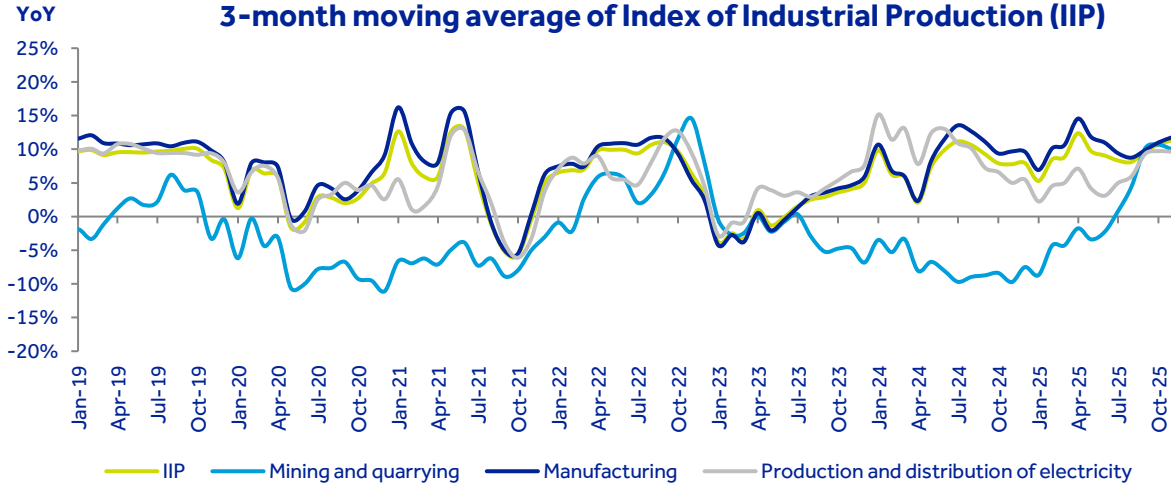


- Other goods and services
- Postal services and Telecom
- Household appliances and goods
- Beverage and cigarette
- Culture, entertainment and tourism
- Traffic
- Housing and construction materials
- Food and foodstuff
- Education
- Medicine and health care
- Garment, Footwear, hat
- CPI

Source: GSO

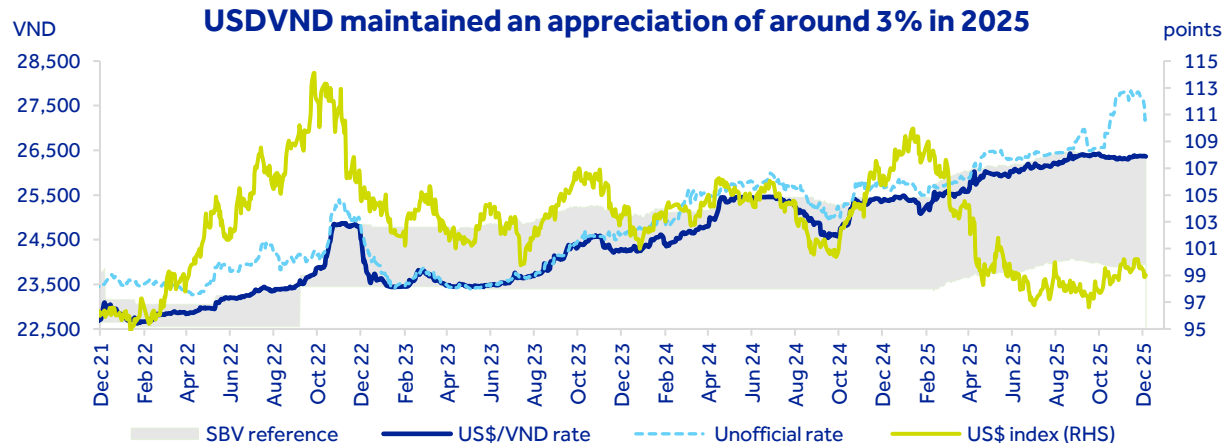
Source: GSO

# VIETNAM 2025: MANUFACTURING – FDI – TRADE BALANCE

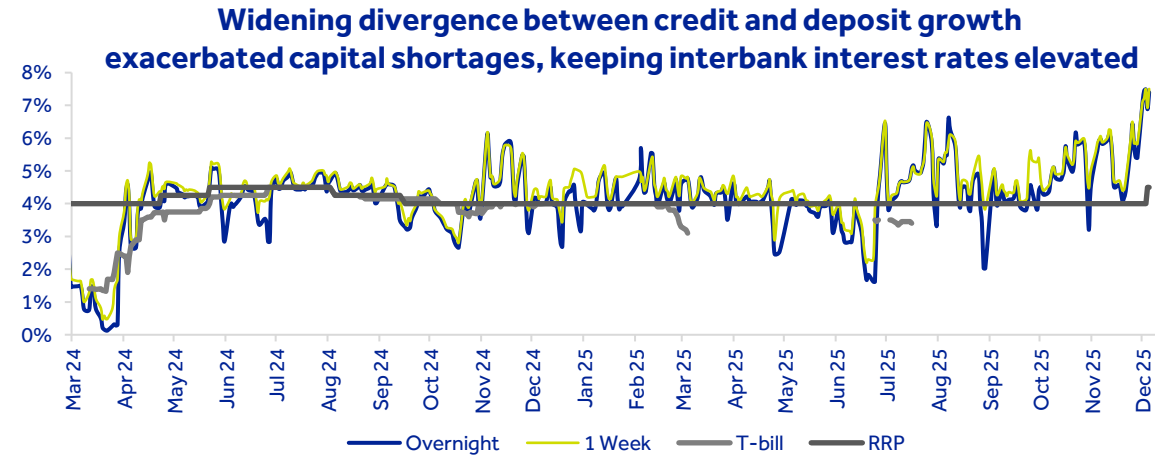


Source: GSO

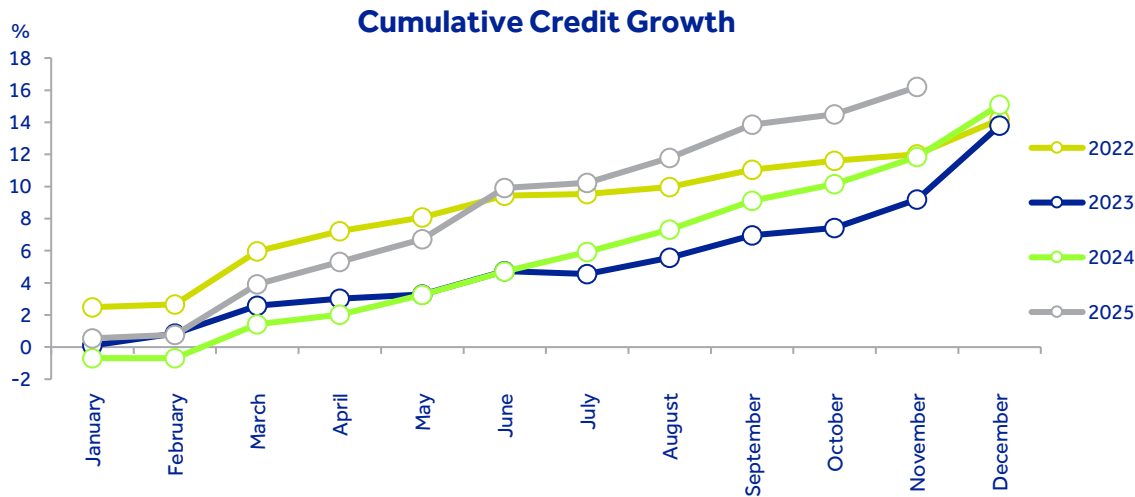
Source: GSO



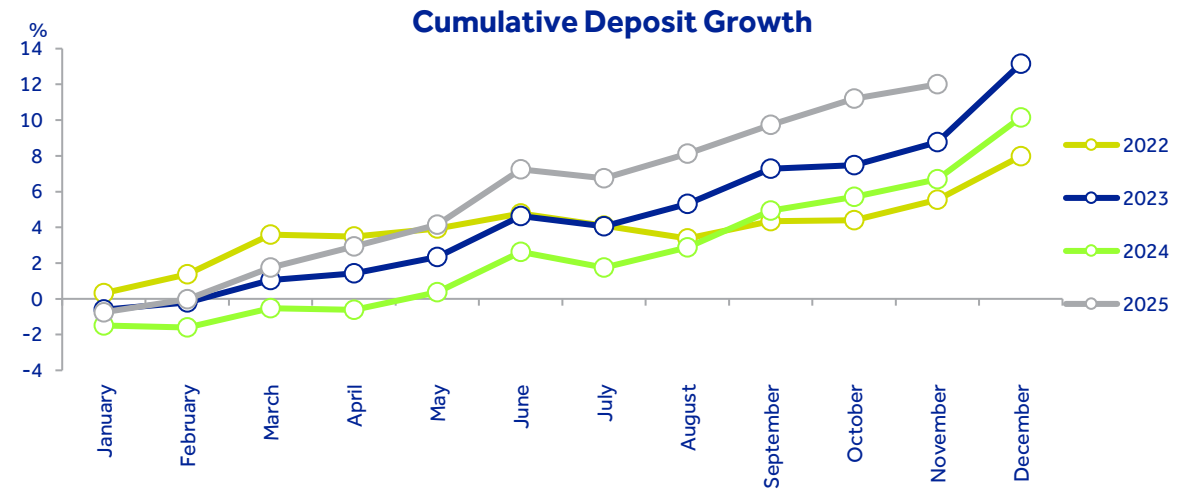
Source: SBV, Bloomberg, FiiPro



Source: SBV, FiiPro



Source: SBV, Ministry of Finance, ACBS



Source: SBV, Ministry of Finance, ACBS

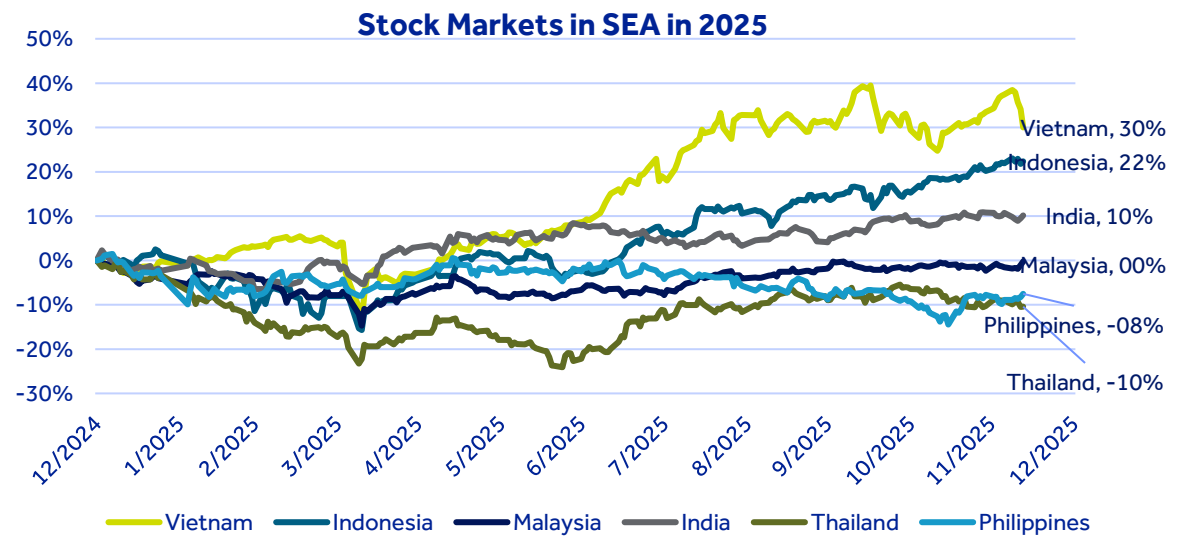
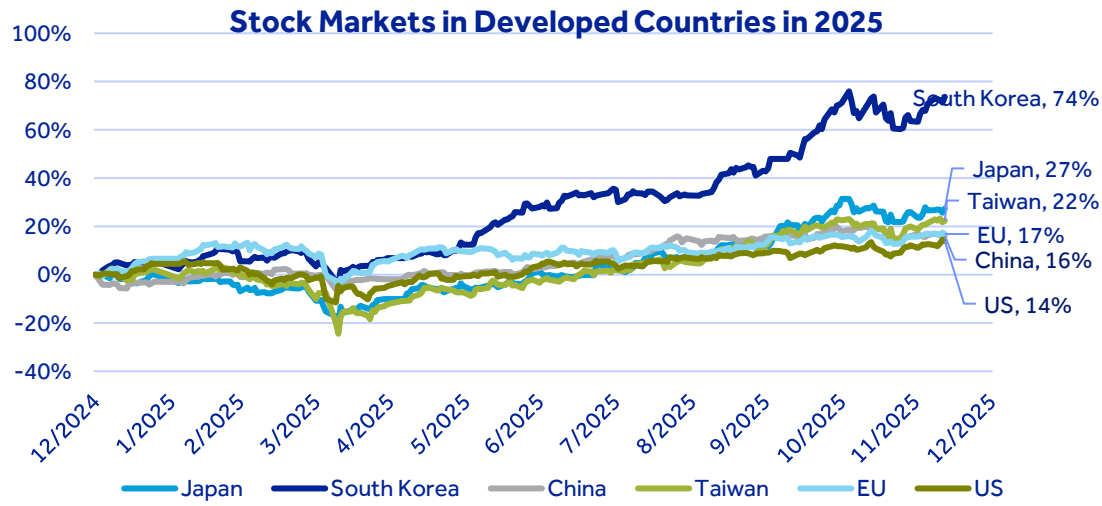
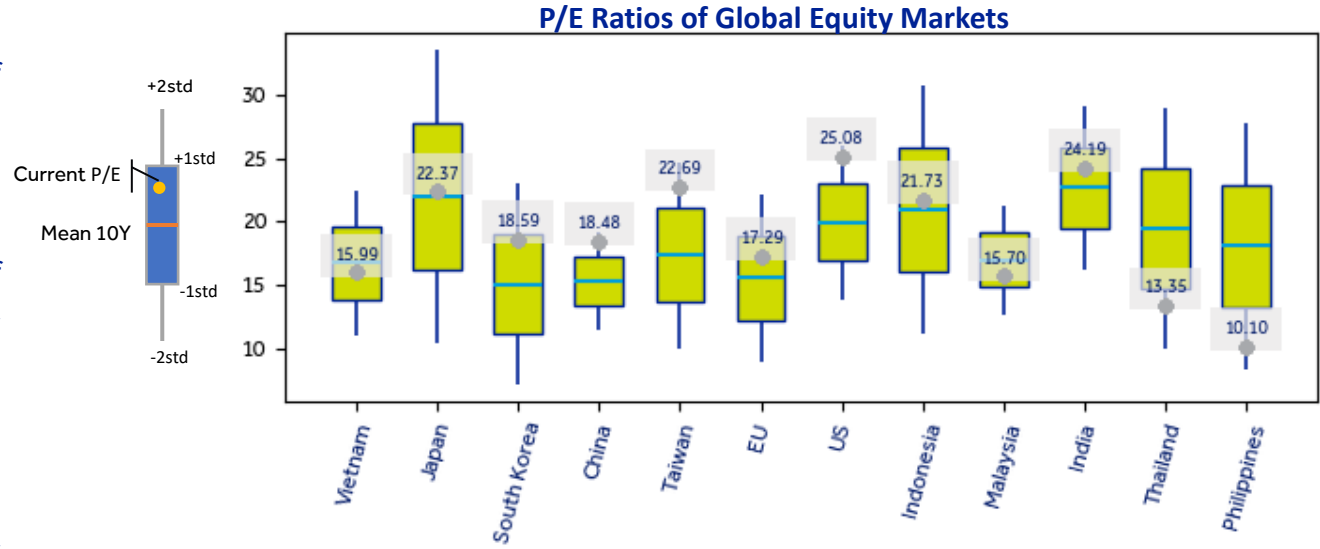
## PART 3. MARKET DATA 2025

# MARKET VALUATION DIVERGENCE

Market Strategy Team

# VIETNAM'S EQUITY MARKET OUTPERFORMS REGIONAL PEERS

- Vietnam's stock market has staged a strong rebound following the "tariff shock," emerging as one of the world's best-performing equity markets this year with a gain of 30.0% as of December 12—well above the Dow Jones' 14% increase over the same period.
- The VN-Index is currently trading at a P/E of 15.99x, near the lower bound of its 10-year average (16.2x, according to Bloomberg). In absolute terms, this valuation is lower only than Indonesia within the region, where the market trades at a P/E of 21.73x. In relative terms, the VN-Index's proximity to its 10-year average places it above most other regional markets, such as Thailand, Malaysia, and the Philippines, which are currently trading around -1 to -2 standard deviations from their respective historical averages.
- Excluding Vingroup stocks, the VN-Index would stand at 1,388.60—equivalent to a gain of nearly 10%—with a P/E of 13.8x, below -1 standard deviation and approaching -2 standard deviations. This indicates that investor sentiment remains highly cautious.



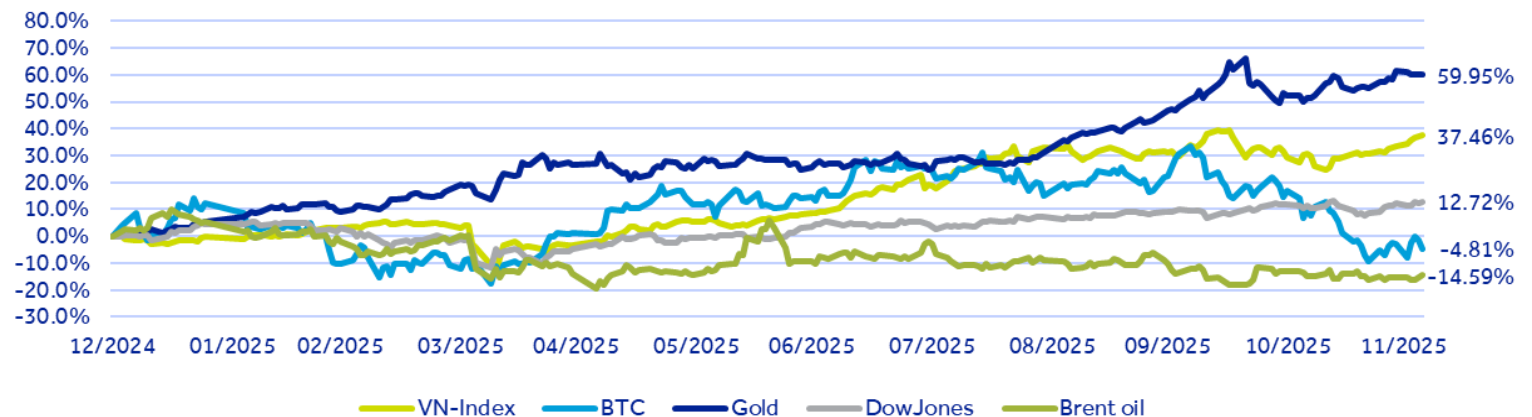
# FUND FLOWS MOVE INTO SAFE HAVENS

- Among major investment channels such as equities, gold, oil, and crypto, gold has been the best-performing asset, posting gains of approximately 60%. In contrast, Brent oil recorded the weakest performance, declining by nearly 15%.
  - These divergent trends reflect investor concerns over global economic instability in the Trump 2.0 era. The decline in oil prices is driven by weakening demand data and a softer economic outlook, while the rise in gold prices highlights increased demand for safe-haven assets.
  - In the cryptocurrency market, Bitcoin led the sector. After a strong performance in the early part of the year, the market unexpectedly entered a “crypto winter,” with prices falling sharply in the final months of the year.
  - Bond investment flows continue to exit the Chinese market, while remaining net buyers in other markets. Among these, net purchases in the U.S. market recorded the sharpest decline compared with other countries, followed by the EU and France. In contrast, Japan, Germany, the UK, and Qatar increased their net bond purchases compared with the same period in 2024.

## Foreign Portfolio Investment

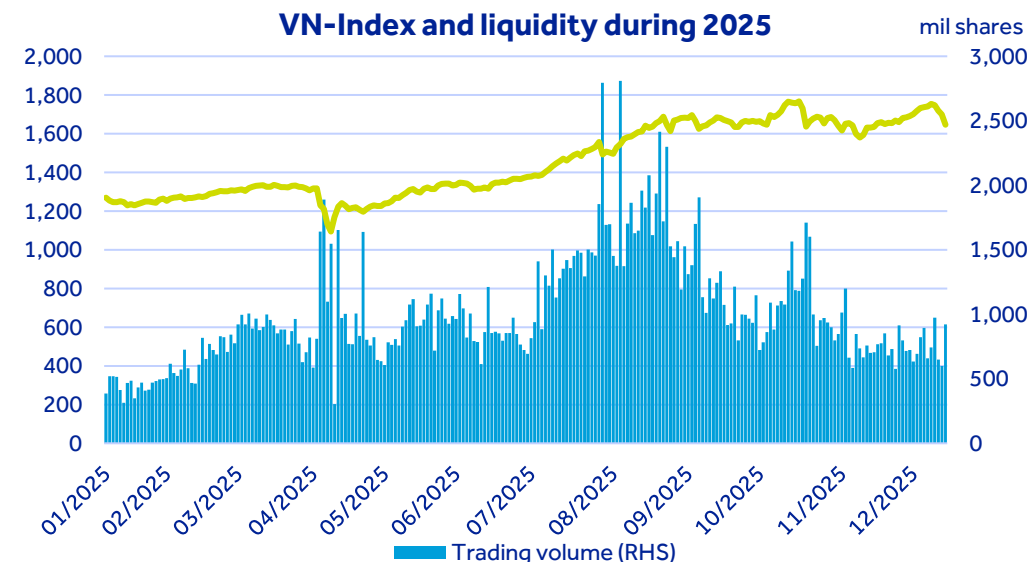
Equity				Bond			
Unit: mil USD	Last update	YTD Net flow	+/- YoY net value	Unit: mil USD	Last update	YTD Net flow	+/- YoY net value
Euro Area	09/30/2025	305,577	51,863	United States	09/30/2025	751,662	-129,451
United States	09/30/2025	477,236	593,079	United Kingdom	06/30/2025	66,306	14,523
China	09/30/2025	96,225	na	China	09/30/2025	-43,164	-226,173
Japan	12/05/2025	50,131	26,692	Euro Area	09/30/2025	310,458	-77,060
Vietnam	12/12/2025	-4,889	-1,642	Japan	12/05/2025	91,435	51,228
Thailand	12/12/2025	-3,297	411	Germany	10/31/2025	248,467	38,399
Malaysia	12/12/2025	-4,773	-6,040	France	10/31/2025	224,652	-28,002
Indonesia	12/12/2025	-1,560	-4,039	Qatar	12/14/2025	201,413	16,575

## Commodity Market Trends Since the Beginning of 2025

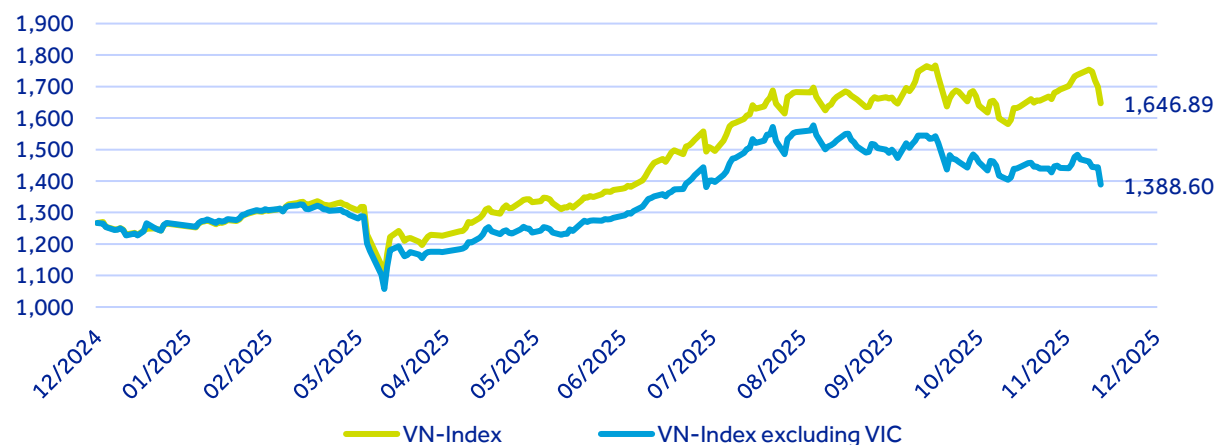


# VINGROUP STOCKS AS THE KEY DRIVER OF VNINDEX GAINS

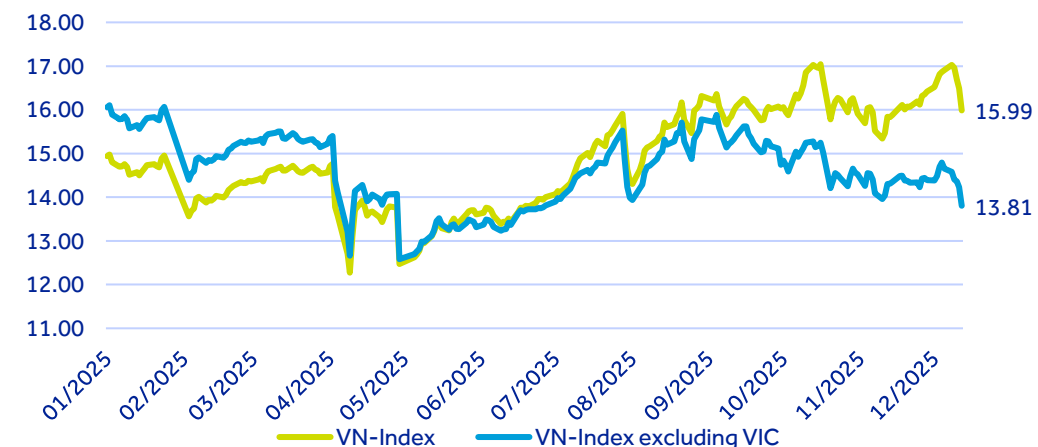
- The Vingroup group, led by VIC shares, delivered the most remarkable performance in the stock's listing history in 2025. Since the beginning of the year, VIC's market capitalization has increased more than sevenfold as of December 12—an unprecedented level of return for a blue-chip stock. As such, Vingroup has emerged as the key representative of the growth momentum of Vietnam's equity market.
- Excluding the impact of Vingroup-related stocks, the VN-Index proxy would stand at 1,388.60, equivalent to a gain of nearly 10%. Notably, this proxy index peaked around late August to early September 2025, coinciding with the period when market liquidity reached its highest level of the year.
- As of December 12, 2025, average daily trading value across the three exchanges reached VND 26.6 trillion, up 42.8% compared with the 2024 average and 22.5% higher than liquidity levels at the previous market peak in 2021.
- The Vingroup group's contribution to market liquidity in 4Q2025 increased significantly compared with earlier periods, rising from 6.14% to 9.77% of total HOSE turnover. Average daily trading value of Vingroup stocks increased from VND 1.64 trillion during January–October 2025 to VND 2.69 trillion per session in 4Q2025.



**VN-Index Performance and the Impact of Vingroup stocks**



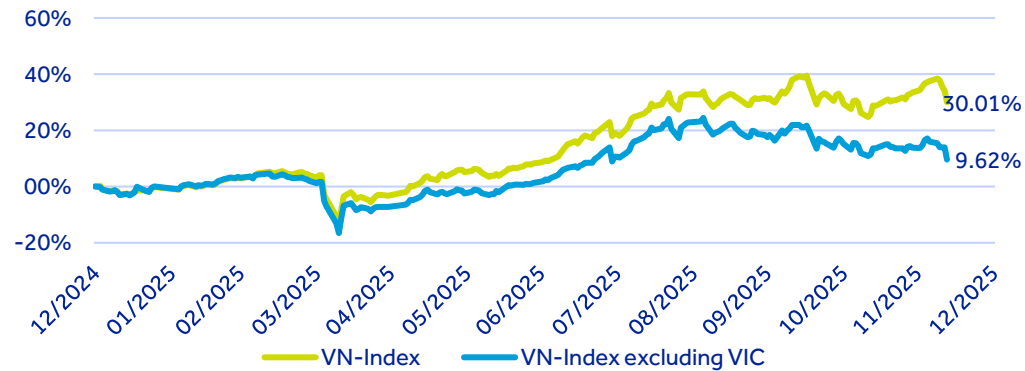
**Impact of Vingroup stocks on the VN-Index P/E Ratio**



# TOP 5 STOCKS CONTRIBUTING ~316 POINTS TO THE RALLY

- A key characteristic of the VN-Index rally this year has been the highly concentrated contribution from a small number of stocks, particularly the Vingroup stocks, while gains have not been broadly diffused across other sectors.
- Vingroup-related stocks (VIC, VHM, and VRE) collectively contributed more than 277 points to the VN-Index's advance. In contrast, FPT and VCB were the two stocks contributing the most to the VN-Index's decline.
- Excluding the Vingroup stocks, the market is still trading below the -1 standard deviation P/E level and approaching -2 standard deviations, indicating that investor sentiment remains highly cautious.

**VN-Index Performance in 2025**



**P/E VN-Index**



**Top 10 stocks impacted on VN-Index performances**

Ticker	Percent change YTD	Contribution points	Ticker	Percent change YTD	Contribution points
VIC	610%	219,08	FPT	-28%	-14,93
VHM	135%	52,77	VCB	-6%	-7,27
CTG	32%	15,19	GVR	-15%	-4,35
MBB	47%	14,55	TCX	-10%	-2,66
VPB	42%	14,48	DGC	-21%	-2,24
TCB	33%	14,22	GAS	-4%	-1,68
GEE	560%	13,35	BCM	-8%	-1,41
VJC	85%	11,09	VTP	-28%	-1,10
LPB	52%	10,87	CTR	-32%	-1,07
SHB	103%	8,97	SIP	-25%	-1,02

**P/E VN-Index ex VIC group stocks**

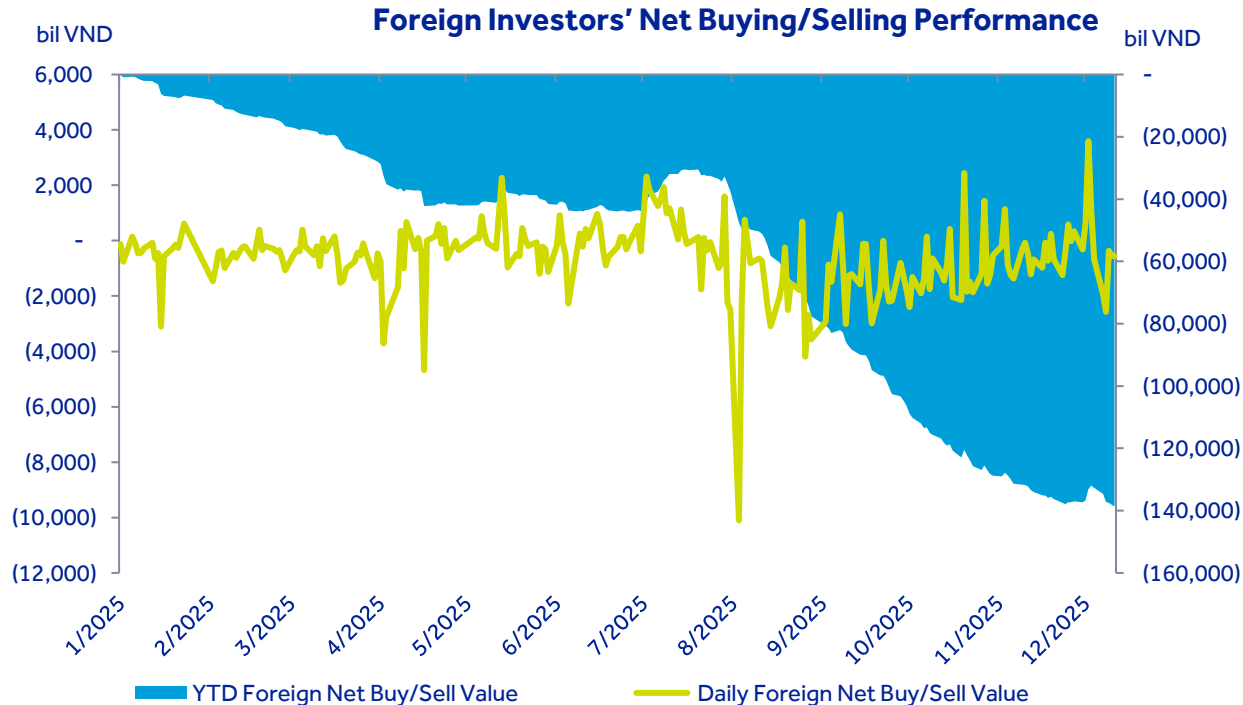


Source: Bloomberg, ACBS  
\*Data as of 12/12/2025

# FOREIGN INVESTORS REMAIN NET SELLERS IN 2H2025

## Foreign investors remain net sellers

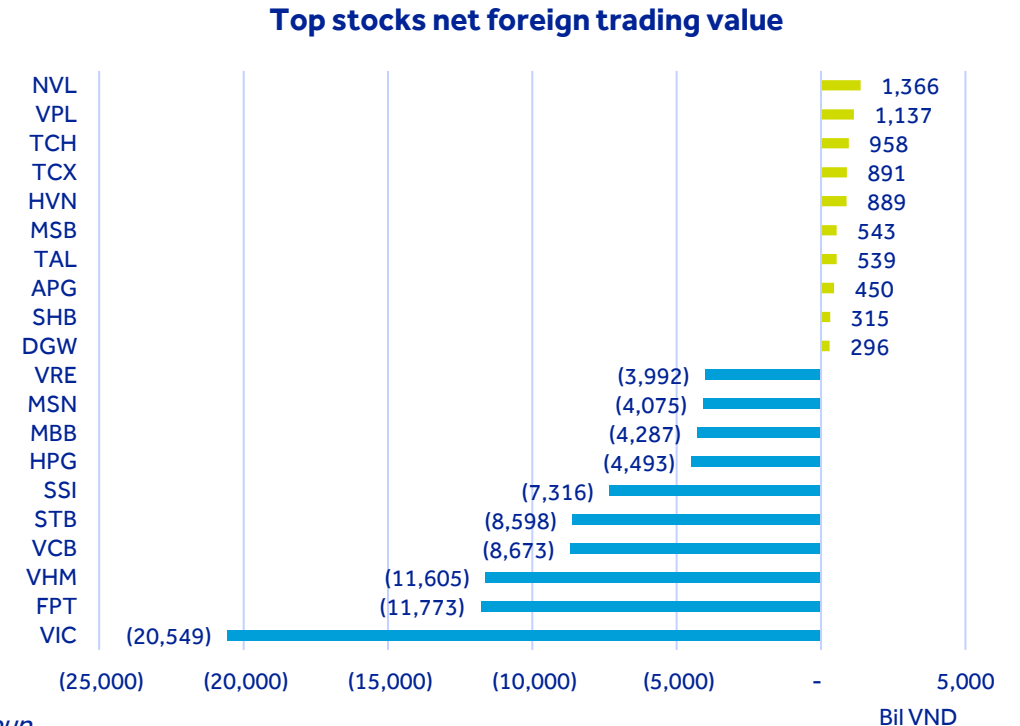
- Foreign capital flows continued to record persistent net outflows in the final months of 2025.
- Cumulatively from the beginning of 2025 to date, foreign investors have posted net selling of VND 139 trillion across all three exchanges, of which VND 129 trillion was recorded on the VN-Index alone. This trend has also been broadly observed across Southeast Asian equity markets throughout 2025.



Source: ACBS, FiinGroup  
Data as of 12/12/2025

## VIC leads net selling

- In 2025, VIC led net foreign selling with more than VND 20 trillion in net outflows. Collectively, the three Vingroup-related stocks (VIC, VHM, and VRE) recorded total net foreign selling of VND 36.146 trillion, while VPL—newly listed on the exchange—saw net foreign buying of VND 1.137 trillion.
- On the other hand, NVL was a notable beneficiary of foreign inflows, with net foreign buying of approximately VND 1.4 trillion over the past year.

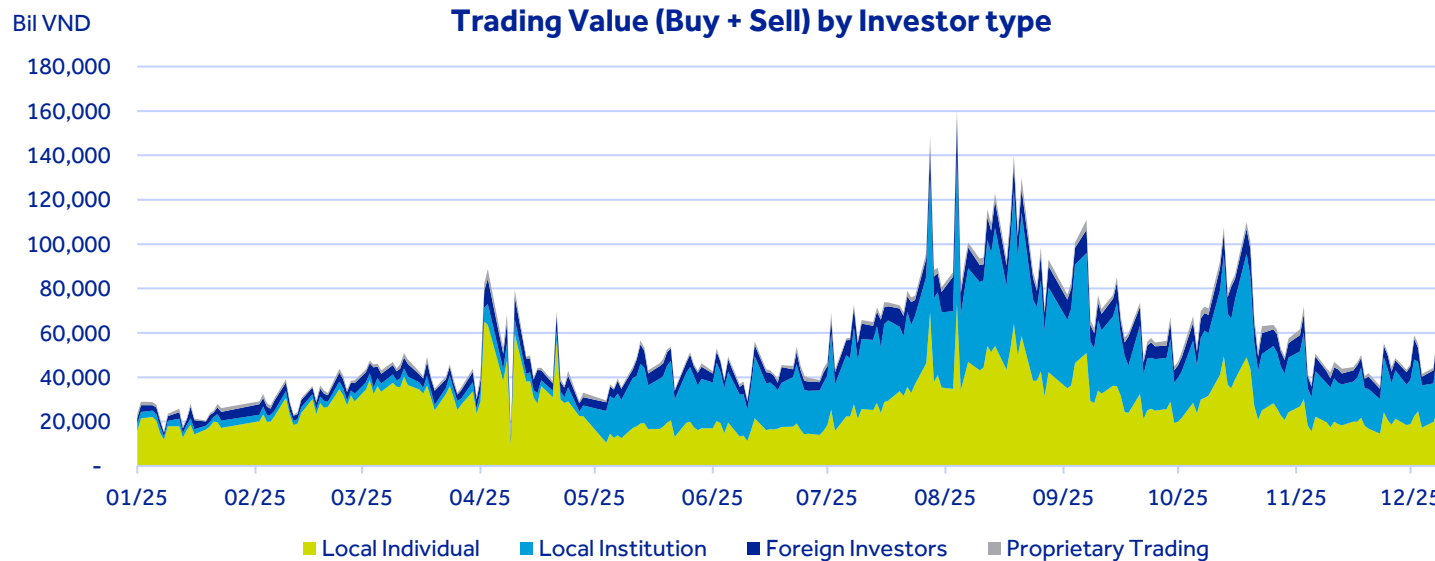


# STRONG INCREASE IN DOMESTIC INSTITUTIONAL INVESTORS ACTIVITY

- The trading share of investor groups showed fluctuations after April 30, 2025, possibly due to changes in calculation methods and investor classification under the KRX system. Nevertheless, it can be concluded that domestic investors continue to account for the majority of daily trading value on the VN-Index.
- In June and July 2025, data recorded a surge in trading activity by domestic institutional investors, whose share rose to 48.3% from 40.6% in May 2025. However, capital flows from this investor group tended to moderate in 3Q2025, with market liquidity primarily driven by individual investors.
- By 4Q2025, overall market liquidity showed a gradual decline, with average daily trading value falling to approximately VND 27.5 trillion (down 30.4% QoQ). During this period, the trading share of individual investors edged down slightly, while capital flows from domestic institutional investors and foreign investors began to return to the market.

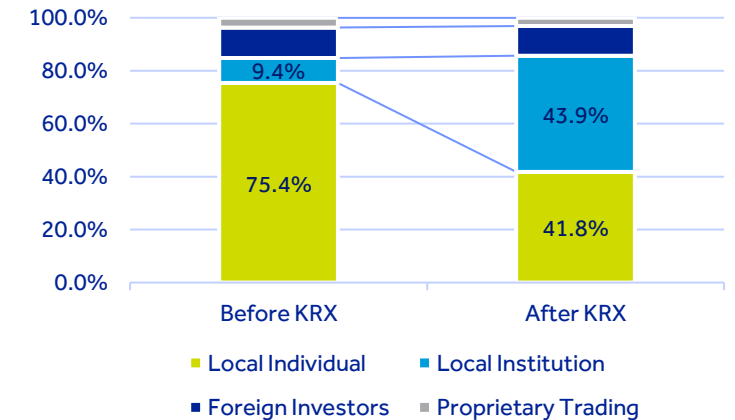
## Breakdown of Trading Value by Investor Group

	Local Individual	Local Institution	Foreign Investors	Proprietary Trading
12/2025	42.3%	43.1%	11.7%	3.0%
11/2025	42.7%	41.7%	11.9%	3.7%
10/2025	43.6%	41.1%	11.8%	3.6%
09/2025	44.6%	41.1%	11.1%	3.2%
08/2025	45.3%	41.9%	9.9%	3.0%
07/2025	39.4%	46.6%	11.0%	3.0%
06/2025	38.4%	48.3%	10.6%	2.7%
05/2025	44.2%	40.6%	12.3%	2.9%



(\*) The trading value shares of investor groups have fluctuated after 30 April 2025 due to changes in the calculation methodology of the KRX system.

## Changes in Investor Structure Since KRX(\*)



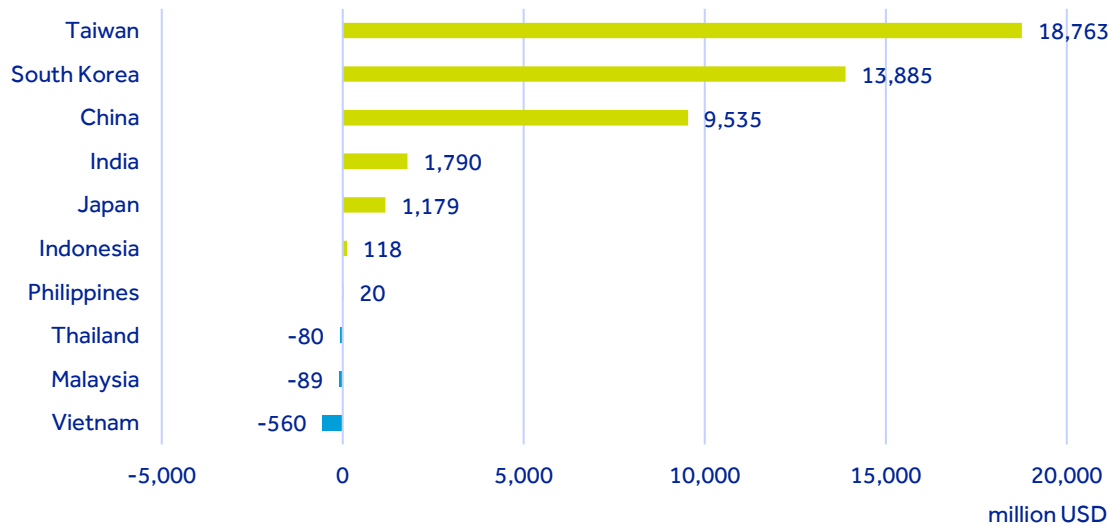
Source: ACBS, FiiGroup  
Data as of 12/12/2025

# ETF FUND FLOWS REMAIN IN NET OUTFLOW

## Vietnam ETF Outflows Lead the Region

- Within Asia, ETF flows have been concentrated in developed equity markets. A substantial share of ETF capital was directed toward Taiwan, South Korea, and China, which together recorded net inflows of nearly USD 18.8 billion.
- In contrast, ETF flows into South and Southeast Asian markets showed net outflows from Vietnam, Thailand, and Malaysia, while significant net inflows were channeled into India and Indonesia—markets that are widely viewed as having clearer relative advantages in the aftermath of the tariff developments.

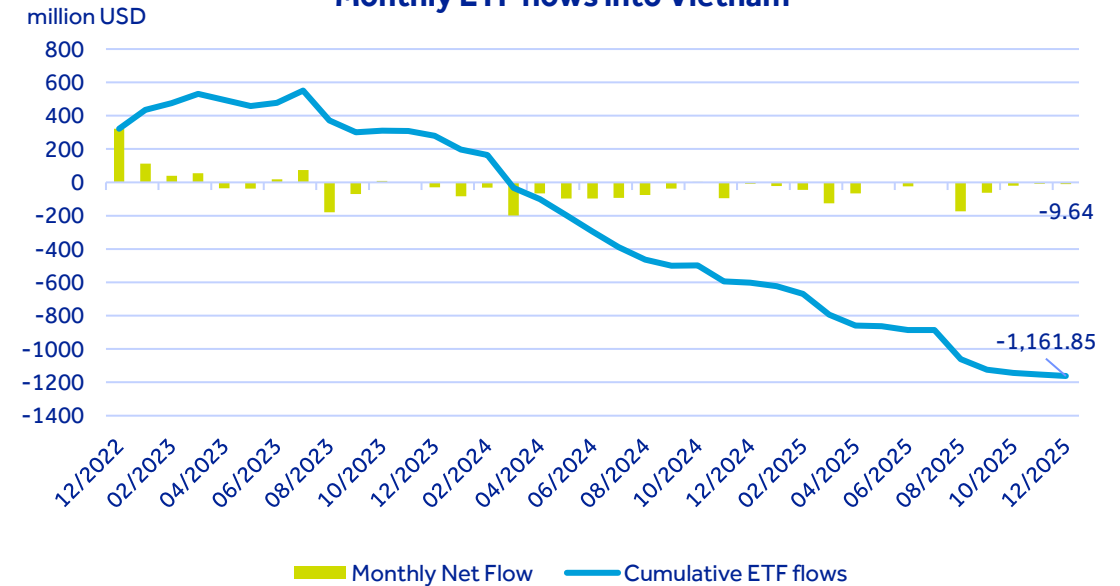
ETF flows into Asian countries since the beginning of 2025



## Strong Net Outflows from the Fubon ETF in 2025

- In 2025, ETF flows into the Vietnamese equity market were persistently negative. On a cumulative basis for the full year, ETFs recorded net outflows of approximately USD 560 million from Vietnam.
- The bulk of these ETF outflows came from the Fubon FTSE fund, which posted cumulative net redemptions of around USD 349 million in 2025.
- Over the past three years, cumulative ETF investment flows into Vietnam have recorded net outflows of nearly USD 1.2 billion.

Monthly ETF flows into Vietnam



Source: Bloomberg  
\*Data as of 12/12/2025

# WHAT OPPORTUNITIES COULD EMERGE AS FOREIGN INVESTORS RETURN?

## Foreign Ownership Room Ready for Incoming Foreign Capital

- Due to sustained net selling pressure throughout the year, most stocks have seen a significant increase in available foreign ownership limit (FOL) compared with the 2021–2025 period.
- Among these, VIC stands out, with its FOL recorded at 44.5% as of 12 Dec 2025, compared with an average of 36.2% during 2021–2024. This corresponds to an available foreign-investable market capitalization of approximately VND 494 trillion, equivalent to USD 19.6 billion.

## Top Stocks with Significant Available Foreign Ownership Room

Ticker	FOL 2021	FOL 2022	FOL 2023	FOL 2024	FOL 2025	Foreign Ownership Value Marketcap Limit	
						Billion VND	Billion USD
VIC	35,6%	35,4%	35,8%	38,0%	44,5%	493.913	19,6
VHM	26,6%	25,7%	27,5%	37,7%	41,2%	159.125	6,3
MSN	68,3%	18,5%	20,7%	22,8%	77,2%	82.087	3,3
ACV	45,3%	45,2%	45,3%	45,4%	46,5%	88.944	3,5
MCH	48,1%	48,0%	47,7%	47,3%	34,6%	78.874	3,1
GAS	46,3%	46,1%	46,3%	47,2%	47,2%	69.786	2,8
VNM	45,4%	44,3%	46,0%	48,4%	49,5%	62.316	2,5
HPG	25,4%	27,2%	24,5%	27,3%	29,3%	58.512	2,3
SSI	61,6%	58,7%	56,8%	59,6%	68,0%	47.614	1,9
VCB	6,5%	6,4%	6,6%	7,0%	8,8%	41.575	1,7
GEE	0,0%	50,0%	50,0%	50,0%	49,4%	32.564	1,3
BSR	7,7%	7,6%	48,2%	48,4%	48,6%	32.826	1,3
VIX	44,3%	95,1%	93,8%	94,7%	92,3%	30.804	1,2
BID	13,3%	12,8%	12,8%	13,2%	12,9%	33.487	1,3
VRE	18,6%	17,0%	17,7%	30,1%	35,4%	22.068	0,9

## Stocks Most Actively Traded by Foreign Investors

- FRT, TCX, FPT, and BMP are among the stocks most actively traded by foreign investors, accounting for a high share of total daily trading value.
- While foreign investors have generally remained net sellers, stocks such as TCX, BMP, and PNJ continue to be actively traded by foreign investors and have recorded cumulative net buying on a YTD basis.

## Top Stocks with high Foreign Trading Value Ratios

Ticker	Foreign Trading Value Ratio	Net buy/sell (billion VND)
FRT	33%	-1,178
TCX	33%	891
FPT	25%	-11,773
BMP	25%	118
PNJ	24%	65
SAB	24%	-1,372
VCB	23%	-8,673
VHM	23%	-11,605
GMD	22%	-444
KDH	22%	-3,317
NLG	22%	72
MWG	20%	290
VNM	20%	-1,136
VRE	19%	-3,992
DVP	19%	-85

# LIQUIDITY & PERFORMANCE ACROSS SECTORS

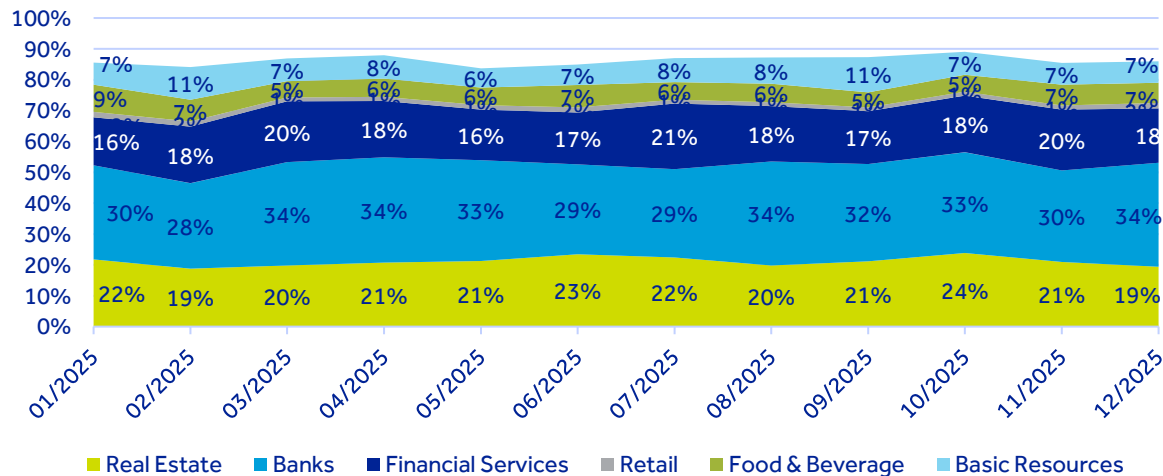
## In terms of liquidity:

- Six sectors: Banks, Real Estate, Financial Services (mainly Securities Brokerage), Retail, Food & Beverages, and Basic Resources have consistently accounted for approximately 85% of total market trading volume.
- The Banks sector continues to lead and dominate market liquidity, contributing roughly one-third of total trading volume, followed by Real Estate and Financial Services.

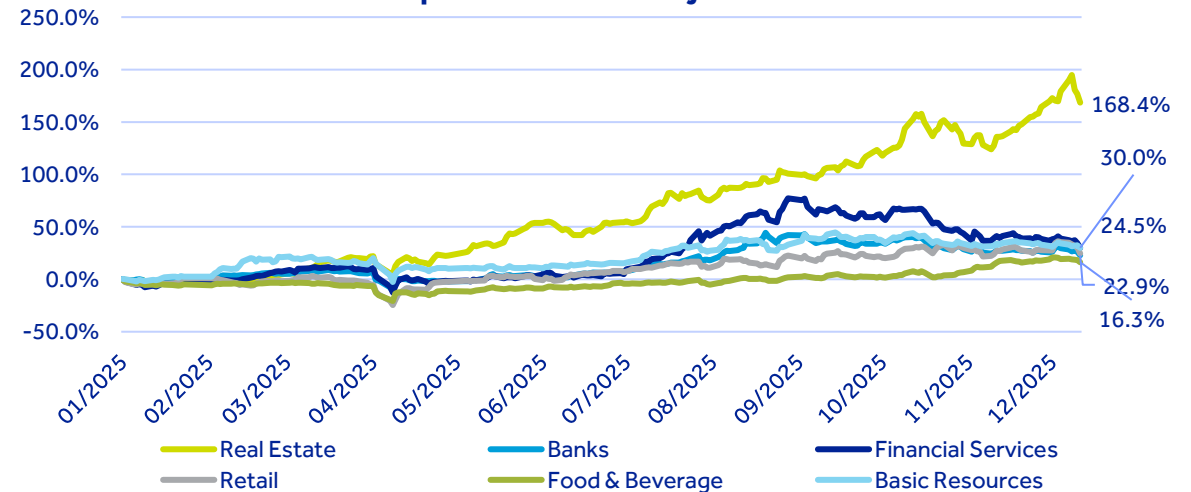
## In terms of performance:

- The Real Estate sector has significantly outperformed other sectors, with total sector growth reaching 168.4%. However, this strong performance has been heavily concentrated in the VIC-related stocks, as VIC alone has risen by more than 600% YTD.
- The Securities Brokerage sector recorded the 2nd-highest volatility. After an impressive rally from July to September 2025, during which the sector gained as much as 76.8%, it reached a peak and subsequently corrected sharply. As of 12 Dec, the sector's gain has moderated to 30.1%, ranking second in terms of overall performance.
- The Basic Resources, Retail, Banks, and Food & Beverage sectors recorded gains of 30.0%, 24.5%, 22.9%, and 16.3%, respectively. Among these, Basic Resources and Retail showed more stable growth compared with the Banks sector. Meanwhile, the Food & Beverage sector has experienced a notable acceleration in growth toward the end of the year.

Breakdown of VN-Index Trading Volume by major sectors (%)

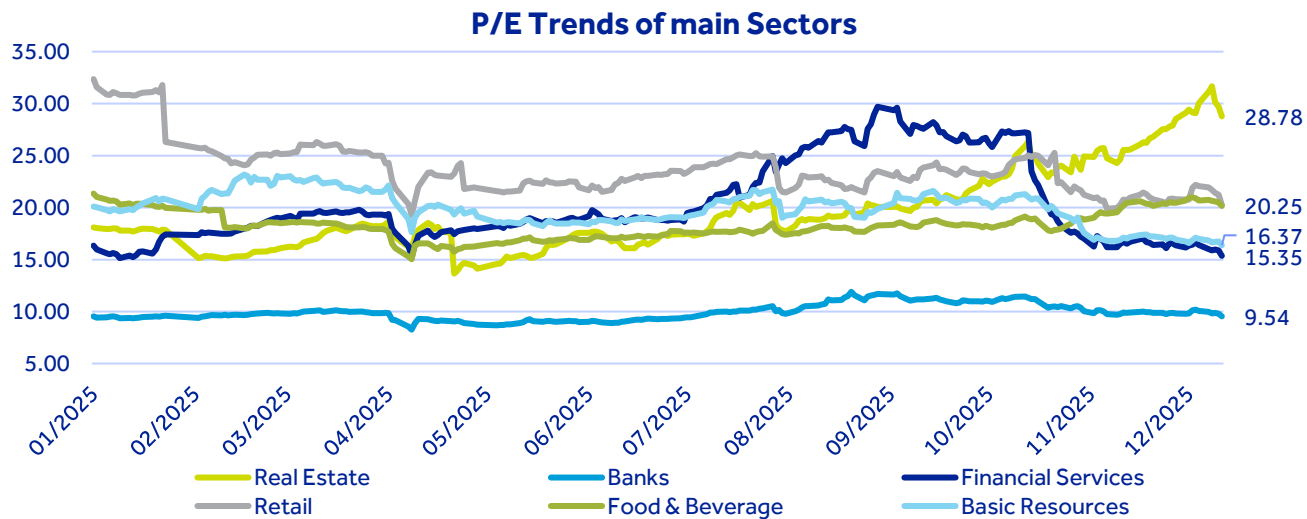


YTD performance of major sectors

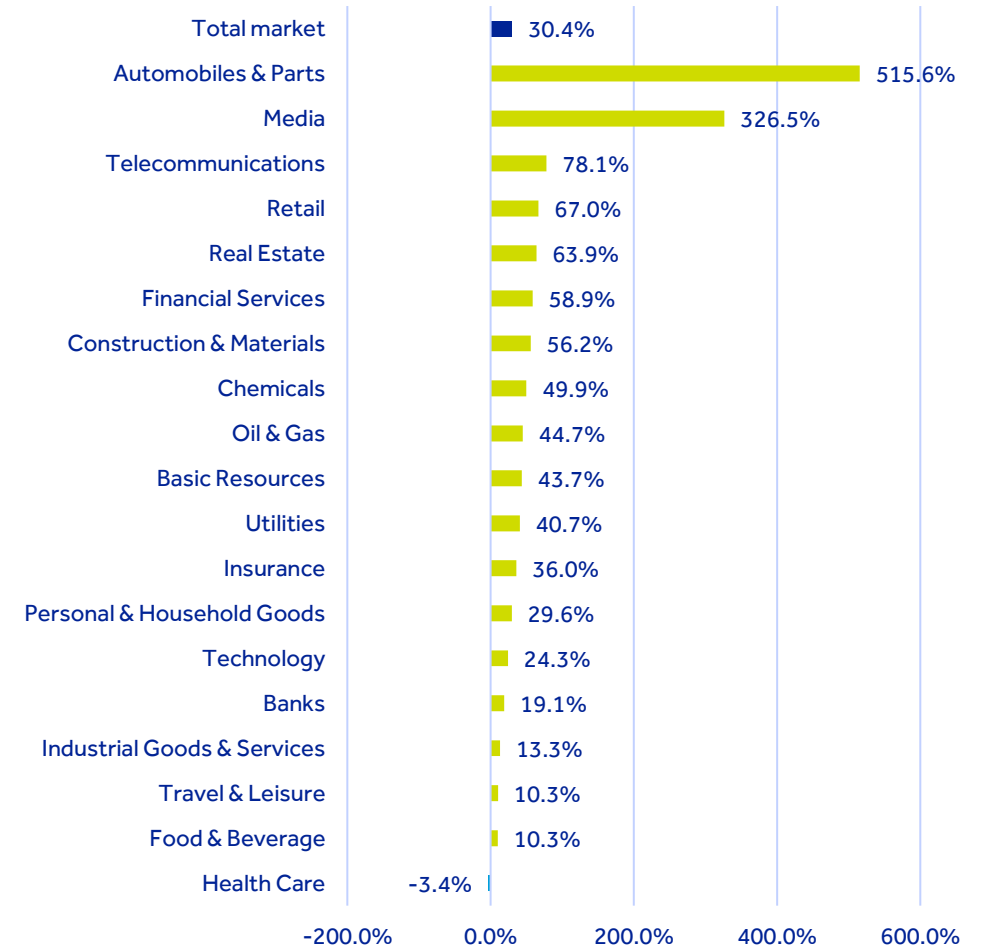


# VALUATION ACROSS SECTORS

- Most major sectors are currently trading at higher P/E valuations than the total market. Specifically, 4/6 sectors are recording P/E multiples above the VN-Index average of 15.99x, with Banks and Financial Services being the only two sectors trading at lower P/E levels.
- The Real Estate sector has the highest P/E valuation, at 28.78x. However, due to the sector's earnings recognition characteristics, this elevated P/E largely reflects strong market expectations.
- The Retail sector, supported by expectations of an economic recovery and government policies on goods management, is also viewed as having long-term growth potential. As a result, investors are currently assigning this sector a P/E multiple of 20.25x.
- The Food & Beverage sector records an overall P/E of 20.16x, mainly driven by the high P/E valuations of MSN and MCH.



## Profit after tax growth in 9M2025



Source: ACBS, FiiGroup  
Data as of 12/12/2025

# PART 4. INVESTMENT THEMES 2026

## 4.1 GREAT OPPORTUNITIES FROM IPOs

Bộ phận Chiến lược thị trường

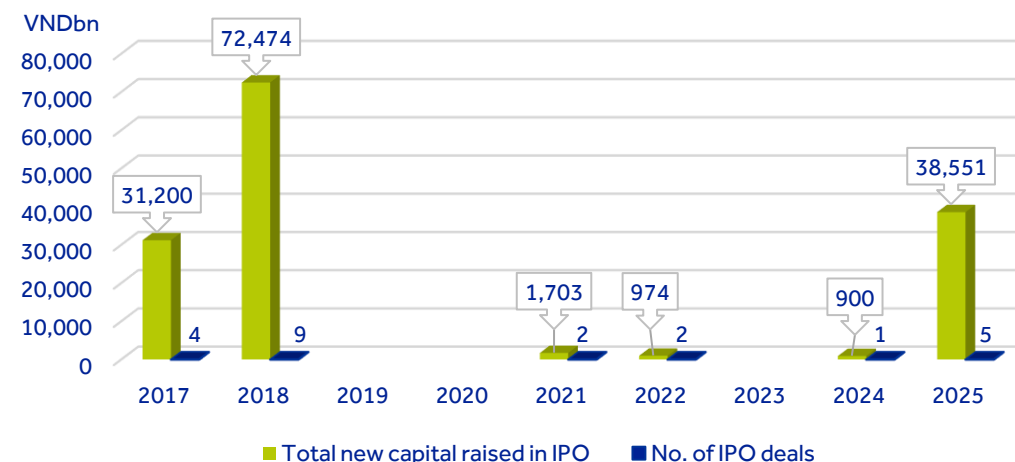
# GREAT OPPORTUNITIES FROM IPOs

- Over the past decade, Vietnam’s equity market witnessed its strongest IPO wave during 2017–2018, when a number of large private banks conducted strategic stake sales to foreign investors and listed on the stock exchange (notably TCB, VPB, HDB, OCB, etc.). In parallel, several state-owned enterprises also carried out IPOs and listings, including BSR, OIL, POW, BCM, and GVR.
- Following this boom, the market entered a prolonged lull during 2019–2025, with virtually no large-scale IPOs or private placements executed. Capital-raising activities during this period were mainly driven by the banking system and a limited number of large real estate developers.
- In 2025, however, the market began to witness a renewed IPO revival, although the initial deals were largely concentrated within the securities brokerage sector (TCX, VCK, VPX). The total capital raised from these three IPOs in 2025 reached VND 35.6 trillion (approximately USD 1.35 billion). Notably, unlike the 2017–2018 period—when most IPOs were priced at significant premiums to sector-average valuations—IPO deals in 2025 were generally completed at valuation levels broadly in line with market averages. In addition, domestic investors were the primary participants in the 2025 IPOs, whereas the 2017–2018 wave saw strong and active involvement from foreign investors.
- Looking ahead to the 2026–2030 period, we expect Vietnam’s equity market to experience the next IPO wave, characterized by larger deal sizes and greater diversity in terms of company profiles.
- In this report, we summarize the IPOs that were successfully completed in 2025, as well as those with concrete plans for execution in 2026.

➤ **Our outlook is underpinned by the following factors:**

- The roadmap to upgrade Vietnam’s equity market to FTSE Secondary Emerging Market status in 2026, followed by the longer-term objective of achieving FTSE Advanced Emerging Market and MSCI Emerging Market status by 2030, is expected to unlock sizable capital inflows, particularly from foreign investors.
- Streamlined IPO procedures and faster regulatory processing times will provide more favorable conditions for companies undertaking IPOs.
- The target of 10% economic growth during 2026–2030 will require effective coordination across both the public and private sectors. This, in turn, will necessitate a broader distribution of capital raising away from bank credit toward alternative channels such as the corporate bond market and the equity market.
- Against this backdrop, we expect the upcoming IPO wave in Vietnam’s equity market to be characterized by greater sectoral diversification, spanning areas such as securities services, consumer, entertainment, technology, real estate, healthcare, and agriculture, among others.

**No. of deal & Total value of new capital via IPO**



Source: ACBS, Fiinpro-X  
 (\*) Includes only deals with newly raised capital of VND 480 billion or more

# IPO SECURITIES SECTOR

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- Amidst the upgrade of the Vietnamese stock market and significant advancements in both index levels and liquidity, major securities companies including **TCX (TCBS), VPX (VPBankS), and VCK (VPS)** have taken advantage of this period to conduct IPOs and listings, thereby **increasing their capital and strengthening their brand position**.
- Compared to other listed securities companies, **TCX's IPO price is considered quite reasonable** due to its leading technology, products, and operational efficiency. Meanwhile, the short-term market correction has caused investors participating in the VPX and VCK IPOs to temporarily lose approximately 17%.
- Increasing capital and going public will help companies expand their operations, but it also creates **pressure to maintain profit growth and ROE**. Securities companies after IPOs face the possibility of declining profits if the stock market cools down after the period of euphoria.
- Besides the major deals that have already taken place, in the future, **securities companies that have not yet gone public, such as Kafi, HDBS, LPBS, etc., may also conduct IPOs** to catch up with top securities companies in the race for capital and market share in the Vietnamese stock market – which still has a lot of room for development.

Ticker	Exchange	Mkt cap 24/12/25	Equity Q3/25	Total assets Q3/25	Margin loans Q3/25	ROA	ROE	P/E	P/B	IPO value (VND bn)
TCX	HOSE	108,054	42,478	81,773	41,713	7.5%	15.2%	19.6	2.5 (*)	10.800
VPX	HOSE	52,500	20,273	62,127	27,038	6.7%	15.9%	14.8	1.6 (*)	12.700
VCK	HOSE	74,116	13,927	39,178	22,749	9.9%	27.1%	19.1	2.8 (*)	12.100
SSI	HOSE	78,096	31,255	100,712	39,231	4.2%	13.1%	16.8	2.5	
VIX	HOSE	36,142	20,168	31,535	16,143	17.6%	24.1%	8.5	1.8	
VND	HOSE	31,055	20,561	56,061	14,844	3.9%	9.7%	16.1	1.5	
VCI	HOSE	30,306	12,670	29,718	13,945	4.4%	8.8%	22.5	2.4	
HCM	HOSE	25,109	10,624	44,762	20,216	3.1%	10.5%	17.2	2.4	
SHS	HNX	19,518	12,037	20,274	9,137	8.1%	11.8%	14.3	1.6	
MBS	HNX	17,653	6,999	30,535	15,698	3.9%	13.9%	16.1	2.5	
FTS	HOSE	11,642	4,292	13,686	8,896	3.8%	10.1%	26.6	2.7	
<b>Average</b>		<b>44,017</b>	<b>17,753</b>	<b>46,396</b>	<b>20,873</b>	<b>6.6%</b>	<b>14.6%</b>	<b>17.4</b>	<b>2.2</b>	
<b>Median</b>		<b>31,055</b>	<b>13,927</b>	<b>39,178</b>	<b>16,143</b>	<b>4.4%</b>	<b>13.1%</b>	<b>16.8</b>	<b>2.4</b>	

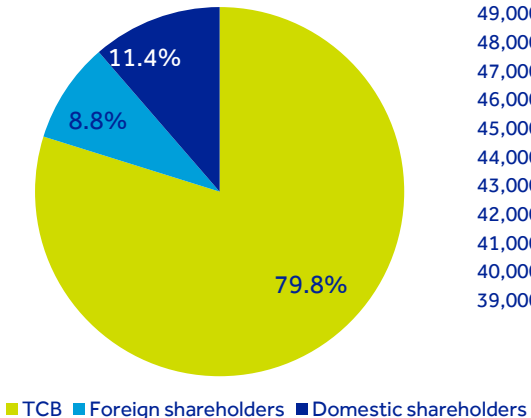
Source: ACBS, Fiiipro-X  
 (\*): post IPO issuance

# TECHCOM SECURITIES COMPANY (TCX)

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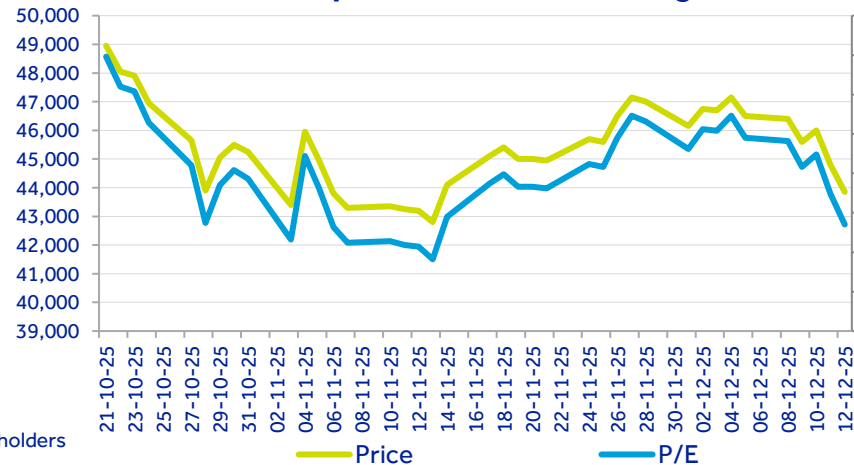
- On October 21, 2025, TCX officially listed on the HOSE with a reference price of **VND 46,800 per share**, equivalent to a market capitalization of VND 108,000 billion, the highest in the securities industry. Prior to this, TCBS's IPO was positively received by the market, with an **oversubscription of 205%**, approximately half of which came from foreign funds.
- TCX is currently trading at a **P/E ratio of 22.4x** and a **P/B ratio of 2.5x**, equivalent to the average of leading securities companies, despite being the largest in scale and having the best and most stable performance in the market. The listing on the HOSE is a strategic turning point that helps TCX expand its capital raising capabilities, increase operational transparency, and revalue its parent bank, TCB. **The estimated correlation ratio in valuation between TCX and TCB is 3%**, meaning that for every 10% increase in TCX's share price, TCB's valuation increases by 3% correspondingly.
- TCX is the first securities company in Vietnam to **operate entirely on a technology platform, without traditional brokerage staff**. The entire process of account opening, trading, consulting, and asset management is digitized through the TCInvest application, optimizing costs and rapidly expanding its individual customer base. As a result, TCX's market share has grown significantly, ranking third in the market (HOSE: 7.6%) and consistently maintaining profitability from its brokerage segment even during challenging market periods. **ROE remains stable at 15%**.
- **TCX benefits greatly from the ecosystem of its parent bank, TCB:**
  - TCB's large individual customer base easily converts from savings to investing in TCX's bonds, mutual funds, or stocks.
  - Extensive relationships with leading corporations, including Vingroup, Masan, Masterise, etc., generate substantial consulting and underwriting (IB) revenue for TCBS. Participating in the investment banking (IB) segment also provides TCX with a source of bond products to distribute to customers.
  - Strong brandname of the parent bank, TCB, facilitates TCX in treasury business..

## Shareholder structure



Source: ACBS

## Price performance since listing date



Source: Fiinpro-X

(Unit: VND bn)	2020	2021	2022	2023	2024	9M2025
Market share (HOSE)		4.6%	5.1%	6.3%	7.7%	7.6%
Brokerage fee	0.21%	0.14%	0.09%	0.04%	0.03%	0.03%
Margin loans	4,383	15,852	9,355	16,619	25,911	41,713
Margin lending rate	8.9%	9.3%	11.9%	12.3%	12.3%	10.2%
Margin loans/Equity	70.9%	171.5%	85.1%	70.3%	98.5%	98.2%
Total operating profits	3,097	4,584	4,227	4,593	6,920	7,103
<i>Growth</i>	48.0%	48.0%	-7.8%	8.6%	50.7%	33.3%
PBT	2,692	3,810	3,058	3,028	4,802	5,067
<i>Growth</i>	47.9%	41.5%	-19.7%	-1.0%	58.6%	31.0%
Profit for shareholders	2,140	3,066	2,418	2,397	3,861	4,075
Adjusted EPS (VND)					1,969	2,069
Adjusted BVPS (VND)					13,408	18,378
ROA	28.4%	18.4%	9.6%	6.9%	8.0%	7.8%
ROE	39.6%	39.8%	23.9%	13.9%	15.5%	15.8%
P/E	28.3	28.4	28.1	27.5	26.8	22.7
P/B	17.5	11.7	9.9	4.6	4.1	2.6

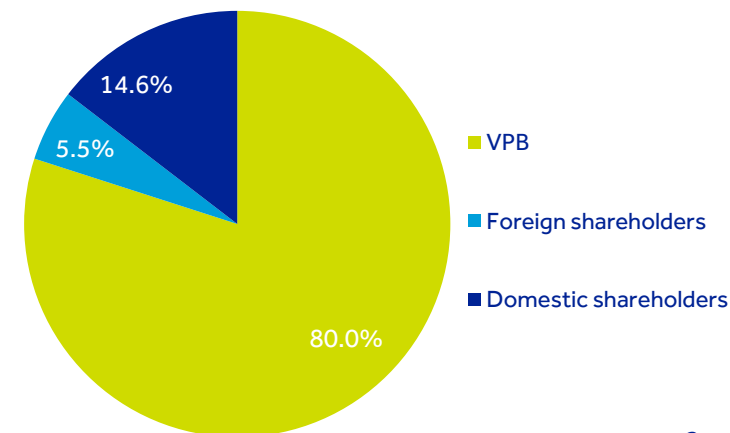
Source: Fiinpro-X

# VPBANK SECURITIES COMPANY (VPX)

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- VPBank Securities Joint Stock Company (HOSE: VPX) is a relatively young securities firm that underwent a major restructuring after **VPBank acquired a controlling stake in 2022**, followed by capital increases that placed it among the highest-capitalized securities firms in the market.
- Its operating model covers all major segments, including brokerage, margin lending, proprietary trading, treasury activities and investment banking (IB), combined with the distribution of financial products to clients.
- **ROE was stable at around 6% in earlier periods but recently surged to 16%**, driven by a sharp increase in earnings in Q3/25.
- **VPX benefits significantly from the abundant funding support of its parent bank, VPB**, which underpins margin lending, proprietary trading and treasury activities. In addition, VPB's large retail customer base enables VPX to rapidly scale operations and effectively distribute financial products.
- On 11 December 2025, VPX officially listed on HOSE following a successful IPO with a **104% subscription rate**, of which nearly 30% came from foreign investors. This marked a major milestone in the company's development, enhancing capital-raising capacity and repositioning its brand from a bank-affiliated securities firm to a large-scale public securities company.
- The listing also creates re-rating value for the parent bank, VPB. We estimate a **valuation linkage of around 2% between VPX and VPB**, meaning that for every 10% increase in VPX's share price, VPB's valuation increases by approximately 2%.
- At the current price of VND28,000 per share (-17% since IPO), VPX is trading at **P/E 16.6x** and P/B 1.6x, lower than the average of other large securities firms at around P/E 20x and P/B 2.0x. However, we note that VPX's long-term ROE (~6%) remains materially below the industry average, reflecting its relatively early stage of development.

**Shareholder structure**



Source: ACBS

(Unit: VND bn)	2022	2023	2024	9M2025
Market share (HOSE)				2.9%
Brokerage fee	0.07%	0.10%	0.09%	0.09%
Margin loans	3,281	7,168	9,513	27,038
Margin lending rate	14.7%	9.8%	11.0%	8.8%
Margin loans/Equity	21.3%	43.6%	54.7%	133.4%
Total operating profits	651	1,576	1,811	4,436
Growth		142.1%	14.9%	257.1%
PBT	542	1,255	1,220	3,260
Growth		131.4%	-2.8%	287.9%
Profit for shareholders	434	1,008	959	2,870
Adjusted EPS (VND)			639	1,913
Adjusted BVPS (VND)			11,603	13,515
ROA	5.3%	5.2%	3.9%	8.1%
ROE	5.5%	6.3%	5.7%	17.4%
P/E	121.1	52.1	54.8	16.6
P/B	3.4	3.2	3.0	1.6

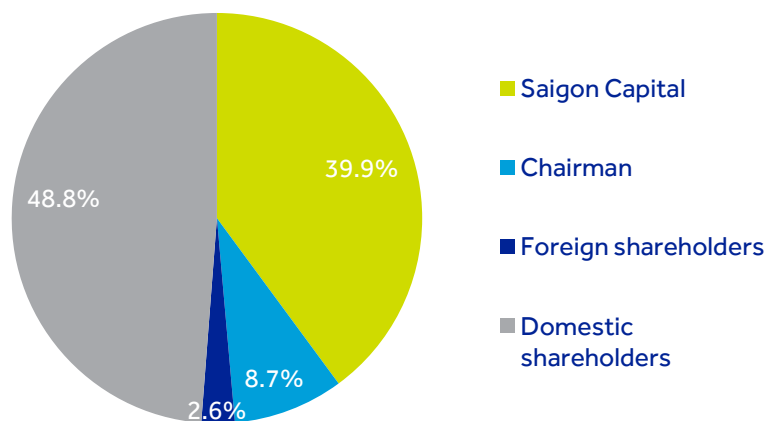
Source: Fiiipro-X

# VPS SECURITIES COMPANY (VCK)

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- VPS Securities Joint Stock Company (HOSE: VCK) operates a business model **strongly focused on retail brokerage**, supported by a digital trading platform and a **large sales force**. Its “market-share-centric” strategy has enabled VPS to **maintain its position as the No.1 securities firm by stock brokerage market share on HOSE** for many consecutive years (typically 16–19%), far ahead of peers. **ROE** typically ranges from 8–12% under normal market conditions and **has exceeded 20% since 2024 amid favorable market dynamics**.
- Although VCK does not have a banking ecosystem as a backer (VPBank divested in 2017), it demonstrates **exceptional agility in responding to market changes** through flexible fee policies, margin offerings and product design. Large trading volumes allow VCK to optimize fixed costs per transaction, resulting in solid brokerage profits of around VND 500–600bn per year.
- On 16 December 2025, VCK officially listed on HOSE after a successful IPO with a **109% subscription rate**, of which 98% came from retail investors. This marked a significant turning point, enhancing capital-raising capacity, improving transparency and repositioning the company from a private securities firm to a large-scale public one.
- At the current price of VND 52,000 per share (-17% from the IPO price), VCK is trading at **P/E 20x** and **P/B 2.8x**, higher than the average of leading securities firms. This premium valuation is supported by industry-leading operating efficiency, ROE above 20%, and a dominant brokerage market share despite its relatively modest balance sheet size.

Shareholder structure



Source: ACBS

(Unit: VND bn)	2020	2021	2022	2023	2024	9M2025
Market share (HOSE)	8.2%	16.1%	17.4%	19.1%	18.3%	17.1%
Brokerage fee	0.21%	0.14%	0.16%	0.16%	0.16%	0.16%
Margin loans	5,813	10,558	6,171	11,626	12,493	22,749
Margin lending rate	7.5%	11.8%	14.8%	13.8%	14.6%	13.2%
Margin loans/Equity	116.9%	135.0%	72.8%	129.3%	109.9%	163.3%
Total operating profits	1,003	1,689	1,697	1,814	3,564	3,462
Growth	14.7%	68.4%	0.5%	6.9%	96.5%	31.9%
PBT	625	997	1,012	834	3,154	3,192
Growth	11.8%	59.6%	1.5%	-17.6%	278.2%	51.7%
Profit for shareholders	503	797	806	667	2,519	2,564
Adjusted EPS (VND)					4,419	4,499
Adjusted BVPS (VND)					19,935	24,434
ROA	3.6%	3.7%	3.4%	3.1%	9.5%	10.2%
ROE	10.5%	12.5%	9.9%	7.6%	24.7%	28.0%
P/E						21.8
P/B						2.8

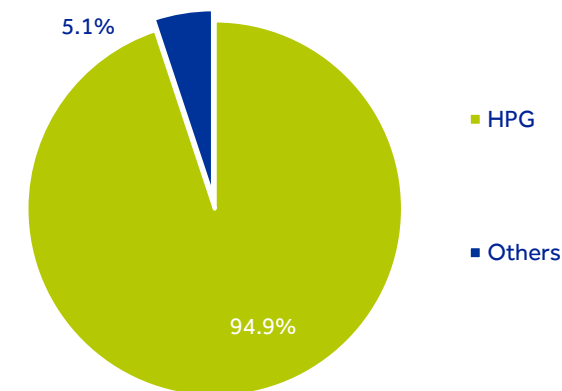
Source: Fiiipro-X

# HOA PHAT AGRICULTURE DEVELOPMENT (HOSE: HPA)

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- **Established in 2016 as the agribusiness arm of Hoa Phat Group (HOSE: HPG), HPA has emerged as one of Vietnam’s large-scale agricultural enterprises.** The company operates a fully integrated production model, spanning animal feed manufacturing to on-farm operations, supported by advantages in genetics, biosecurity, modern infrastructure, and high vertical integration, which enhance operating efficiency and sustainability. HPA’s operations comprise four core segments: (i) animal feed, (ii) swine farming, (iii) cattle farming, and (iv) poultry and egg production. Notably, HPA owns one of the largest breeding swine herds in Vietnam, with over 25,000 sows, providing a solid platform for future capacity expansion.
- **HPA demonstrates superior financial metrics, leading the sector in profitability with an ROE of approximately 50%, more than twice the industry average.** This performance is driven by a net profit margin exceeding 20%, underpinned by strong gross margins, a lean SG&A cost structure, and a prudent approach to financial leverage, collectively supporting sustainable and high-quality returns.
- **Attractive cash dividends further enhance the investment case.** At the IPO price of VND 41,900, HPA offers an estimated dividend yield of ~9.2% over the next 12 months, comprising the remaining 2025 dividend and a 2026 cash interim dividend. For 2026–2030, the company plans to maintain a minimum annual cash dividend of VND 3,000 per share, equivalent to a ~7.2% annual yield.
- **Growth strategy:** By 2030, HPA targets a comprehensive expansion across its value chain with clear and achievable scale objectives: **animal feed capacity of 1.0 mn tons/year, 900,000 market hogs, cattle herd of 73,000 heads, and annual egg output of 336 mn units.** Leveraging its proven operating capabilities and superior profitability, revenue is projected to exceed VND 12 tn, with net profit of approximately VND 1.75 tn, while ROE remains above 25%—underscoring a growth strategy anchored in financial discipline and sustainable returns.
- **Valuation:** HPA currently ranks among sector leaders in net margin and ROE. At the IPO price of VND 41,900 per share, **the stock trades at trailing P/E of 6.5x and EV/EBITDA of 4.6x, representing a material discount to industry averages of 13.8x and 10.8x, respectively.** On a P/B basis, however, **HPA is valued at 3.7x, above the sector average of 2.4x,** reflecting market expectations for sustained profitability and long-term growth.

HPA shareholder structure (before IPO)



(Unit: VND bn)	2022	2023	2024	9M2025
Net revenue	6,758	6,153	6,909	6,409
<i>Growth (%)</i>	-15.1%	-9.1%	12.3%	28.3%
NPATMI	65	221	1,040	1,294
<i>Growth (%)</i>	-90.1%	234.2%	371.8%	86.7%
Gross profit margin	6.7%	8.8%	21.2%	27.0%
Net profit margin	1.0%	3.6%	15.1%	20.7%
ROE	1.9%	6.3%	30.4%	53.1%
ROA	1.2%	4.2%	21.3%	35.6%
P/E *	578.5x	71.1x	11.4x	6.5x
P/B *	3.8 x	3.6x	3.6x	3.7x

Source: HPA, ACBS  
 Note: \* based on IPO price of VND41,900/share

# GELEX INFRASTRUCTURE JSC (GEI)

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- **GELEX Infrastructure JSC (GEI) was initially established in 2016** with the objective of focusing on investments in energy sector.
- However, **in 2024**, following its conversion into a JSC and the official renaming to GELEX Infrastructure JSC, GEI undertook a comprehensive restructuring. This restructuring involved the **divestment of its entire equity interests in operating Renewable Energy (RE) projects to Sembcorp Solar Vietnam (Sembcorp)**, alongside an expansion into the development of industrial zone infrastructure and related utility services.
- Subsequent to the divestment of its power generation assets to Sembcorp, GEI no longer owns subsidiaries capable of developing new power projects. **Accordingly, the company has refocused exclusively on industrial park infrastructure development and utility services, operating under a holding company model.**
- GEI is currently in the process of conducting an initial public offering (IPO), which is expected to be completed with a listing in Q1/2026.
  - *Charter Equity: 7.900.000.000.000 VND*
  - *Number of shares offered: 100.000.000 shares*
  - *Charter Equity post IPO: 8.900.000.000.000 VND*
  - *Offer price: VND28.000/share*
  - *At the offer price, GEI is valued at approximately P/E of 57x and P/B of 2.0x. Currently, GEI has a single controlling shareholder—GELEX Group, which holds 79.1% of the outstanding shares; following the IPO, this stake is expected to decrease to 70.2%.*

GEI's portfolio	Subsidiaries	Ventures
Viglacera (HoSE: VGC)	50.2%	
Song Da Clean Water Investment JSC (Upcom: VCW)	62.5%	
Tay Ninh Gelex Infrastructure JSC	87.0%	
Long Son PIC JSC (Upcom: PXL)	65.1%	
FTH Viet Nam Ltd	100%	
Titan Hai Phong JSC	70%	
Titan Corporation Ltd		49%
Clean Water West Ha Noi JSC		50%

Source: ACBS

Unit: bn VND	2022	2023	2024	9M2025
Revenue	15,354	14,137	12,713	9,999
<i>Growth</i>		-8%	-10%	-21%
EBITDA	5,319	5,682	4,656	3,506
<i>Growth</i>		7%	-18%	-25%
NPATMI	623	441	541	438
<i>Growth</i>		-29%	23%	-19%
EPS (VND)	789	558	685	554
<i>Growth</i>		-29%	23%	-19%
BVPS (VND)	10,605	11,042	11,581	12,089
<i>Growth</i>		4%	5%	4%
ROA	5%	3%	3%	2%
ROE	10%	6%	7%	5%
P/E				45
P/B				2

Source: ACBS

## PART 4. INVESTMENT THEMES 2026

# 4.2 BANKING SECTOR – A SAFE ANCHOR

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The logo for ACBS, featuring the letters 'ACBS' in a bold, blue, sans-serif font. The letter 'C' is stylized with a yellow dot in the center.

# 2026F: SOLID PROFIT GROWTH (+17.3% YoY)

- At 22-Dec-2025, system-wide credit growth reached 17.65% YTD. However, we estimate that nine banks in our coverage universe – representing 74% of the banking sector’s market capitalization and profits as of end-Q3/2025 – will achieve a better credit growth of 19.3%. 2026 is expected to be a more challenging year for the banking sector, as deposit rates have started to rise again since late 2025, the key growth driver in 2025 – real estate – shows signs of deceleration, and warnings about overheating credit growth have led the State Bank of Vietnam (SBV) to adopt a more cautious stance on system-wide credit growth targets. Nevertheless, the Government’s overarching objective remains GDP growth of 10%, and therefore we forecast **system-wide credit growth will still reach around 16% in 2026**. Within this, banks in our coverage universe are expected to maintain credit growth of 19.1% (2025E: 19.3%), supported by the following factors:
  1. *State-owned commercial banks continue to benefit from lending related to public investment;*
  2. *Large private commercial banks focus on real estate project financing;*
  3. *Retail-focused banks continue to expand their customer base and apply technology to improve operating processes.*
- Accordingly, we forecast **2026 PBT of banks in our coverage universe to grow by 17.3% YoY**, higher than the estimated 15.9% growth in 2025, driven by credit growth expected to remain broadly in line with last year at 19.1%, while the decline in NIM comes to a halt. Key contributors to this growth include:
  1. *State-owned commercial banks: PBT growth of 12.1%, slightly lower than the estimated 13.4% in 2025, mainly due to the high base from CTG’s ~30% growth in 2025;*
  2. *Private commercial banks: PBT growth of 22%, improving from the estimated 18.3% in 2025.*
- Outstanding loans to real estate business activities continue to grow at a high pace, roughly twice the system-wide average. Loans related to real estate (home purchases and real estate business) account for around 24% of total credit. Several banks have relatively high exposure to real estate lending and are therefore **more sensitive to fluctuations in the real estate market**, which is currently priced at elevated levels.
- The banking sector is currently trading at a **P/E of 9.8x, 12.5% below the historical median** of 11.2x, mostly due to low valuations of state-owned banks. Given the outlook for stable profit growth in 2026, we believe current valuations are attractive for medium to long term investment in banking stocks.
- Our preferred stocks for 2026 are **VCB, CTG, MBB, VPB and STB**, specifically:
  1. *VCB and CTG are expected to see a mild recovery in NIM from cyclical lows and to attract foreign capital inflows as the Vietnamese stock market is upgraded;*
  2. *MBB and VPB are expected to deliver strong profit growth thanks to high credit growth and easing provisioning pressure;*
  3. *STB is expected to improve operational efficiency following the appointment of a new management team.*

# 2026F: SOLID PROFIT GROWTH (+17.3% YoY)

We reiterate our forecast that **2026 PBT of banks in our coverage universe will grow by 17.3% YoY**, higher than the estimated 15.9% growth in 2025, driven by the following factors:

- **Total income** is forecast to grow **17.7% YoY**, supported by sustained high **credit growth of 19.1% YoY**. **NII** is expected to increase **20.6% YoY**, as the decline in NIM at state-owned banks comes to an end. **NFI** is forecast to grow only **7.5% YoY**, as fee income and FX trading are expected to slow, despite continued positive recovery of written-off bad debts.
- **Operating expenses** are well controlled, growing more slowly than total income at **12.4% YoY**, supporting solid profitability. The CIR is expected to decline by 1.4 pts to 29.2%.
- **Provisioning expenses** are forecast to surge **26.3% YoY** from a low base in 2025, while asset quality remains broadly stable.

Ticker	PBT 2025F	PBT 2026F	PBT growth 2026F	ROA 2025F	ROA 2026F	ROE 2025F	ROE 2026F	P/E 2025F	P/E 2026F	P/B 2025F	P/B 2026F	Mkt price 12/12/25	Target price	Cash dividend	Total expected return	Report date
<b>VCB</b>	44,699	47,433	6.1%	1.5%	1.4%	15.5%	14.3%	14.3	13.5	2.1	1.8	56,800	69,300	0	22.0%	<a href="#">10-Dec-2025</a>
<b>BID</b>	33,396	36,707	9.9%	0.8%	0.8%	15.2%	13.6%	11.5	10.5	1.6	1.3	37,900	45,100	0	19.0%	<a href="#">25-Nov-2025</a>
<b>CTG</b>	41,420	49,836	20.3%	1.1%	1.2%	18.5%	18.5%	8.9	7.5	1.5	1.3	49,500	63,600	0	28.5%	<a href="#">4-Dec-2025</a>
<b>MBB</b>	32,202	40,044	24.4%	1.8%	1.9%	18.9%	19.8%	8.3	6.6	1.4	1.2	24,000	29,000	300	22.1%	<a href="#">9-Dec-2025</a>
<b>TCB</b>	31,867	36,663	15.1%	2.3%	2.2%	16.1%	16.1%	9.1	8.1	1.4	1.2	32,000	39,000	1,000	25.0%	<a href="#">5-Dec-2025</a>
<b>VPB</b>	28,017	37,030	32.2%	2.0%	2.1%	14.6%	16.9%	9.6	7.2	1.3	1.1	26,550	37,000	500	41.2%	<a href="#">17-Oct-2025</a>
<b>HDB</b>	20,775	25,236	21.5%	2.0%	2.0%	24.8%	22.5%	7.3	6.5	1.6	1.3	30,200	34,300	0	13.6%	<a href="#">4-Nov-2025</a>
<b>STB</b>	13,627	15,786	15.8%	1.2%	1.2%	16.3%	15.9%	8.9	7.7	1.3	1.1	46,000	57,000	0	23.9%	<a href="#">21-Nov-2025</a>
<b>VIB</b>	9,335	10,880	16.6%	1.4%	1.4%	16.8%	17.3%	8.0	6.8	1.2	1.1	17,300	20,200	700	20.8%	<a href="#">9-Dec-2025</a>
<b>Average</b>			<b>17.3%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>17.4%</b>	<b>17.2%</b>	<b>9.5</b>	<b>8.3</b>	<b>1.5</b>	<b>1.3</b>					

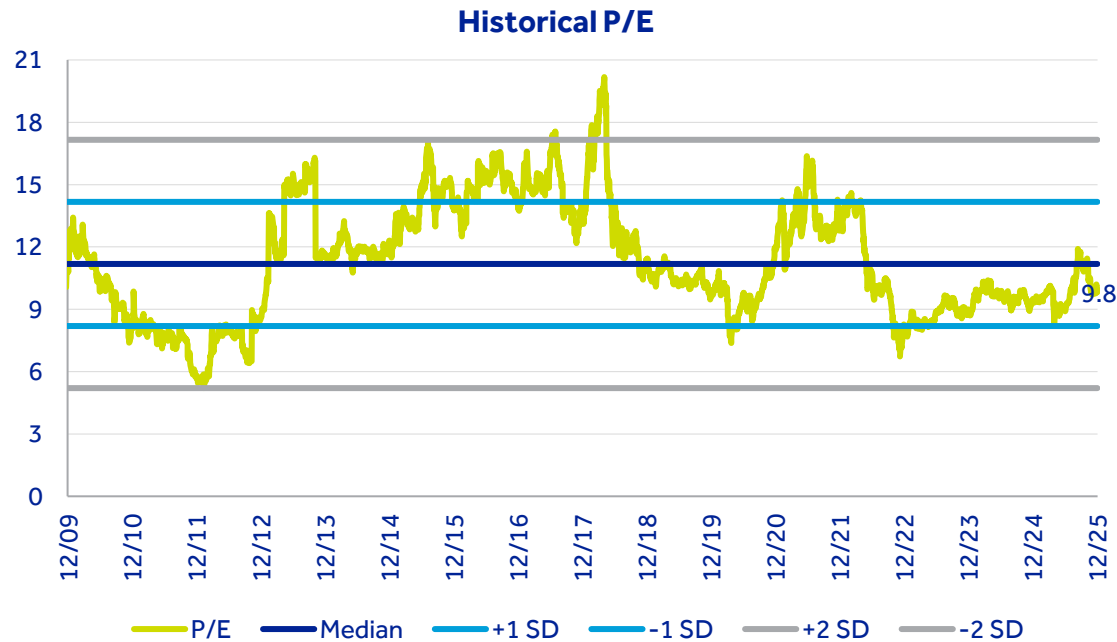
Source: ACBS

# ATTRACTIVE VALUATION FOR MID-TERM

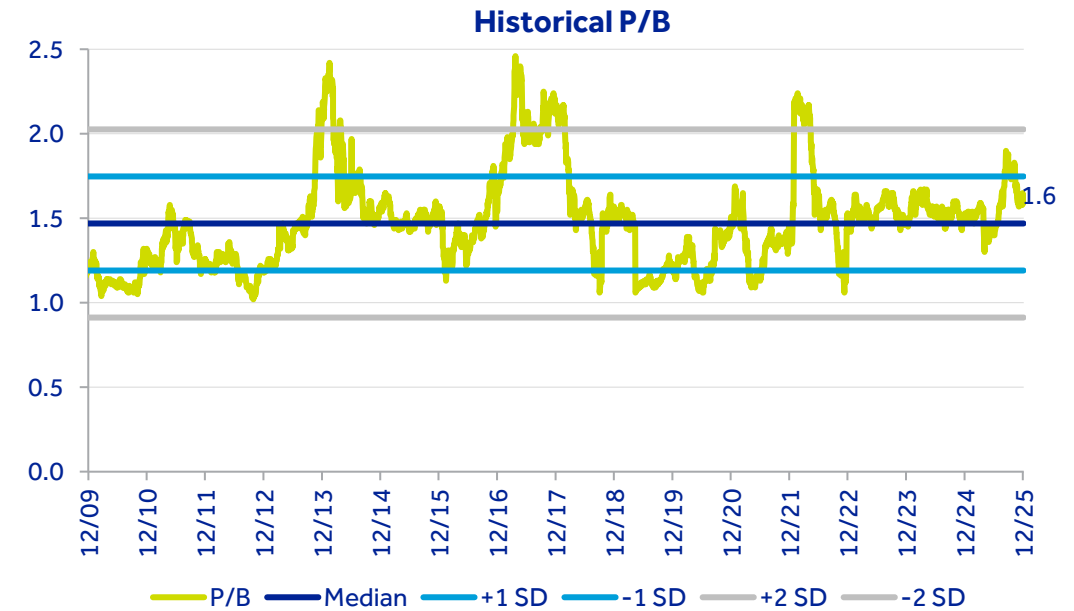
- Banking stocks are currently trading at **P/B 1.6x**, slightly above the historical median of 1.5x. However, we note that bank's profitability and asset quality are materially stronger than in previous periods, making P/E a more appropriate valuation metric.
- The sector's **P/E of 9.8x** is 12.5% below the historical median of 11.2x, mostly due to low valuations of state-owned banks. With improving profit growth prospects in 2026, we believe **current valuations remain attractive** for medium to long term investment in banking stocks.

	P/E	P/B	ROA	ROE	
Vietnam	10.0	1.7	1.7%	18.4%	
Indonesia	15.8	2.3	2.8%	17.3%	High growth countries
Phillippines	6.9	0.9	1.8%	14.0%	
India	17.7	2.4	1.7%	14.6%	
China	6.6	0.6	0.7%	9.9%	
Thailand	8.6	0.9	1.7%	10.5%	Low growth countries
Malaysia	10.9	1.2	1.1%	11.1%	
Singapore	13.3	1.6	1.1%	13.0%	

Source: Bloomberg



Source: Banks, ACBS



Source: Banks, ACBS

# FINANCIAL INDICATORS OF BANKING SECTOR

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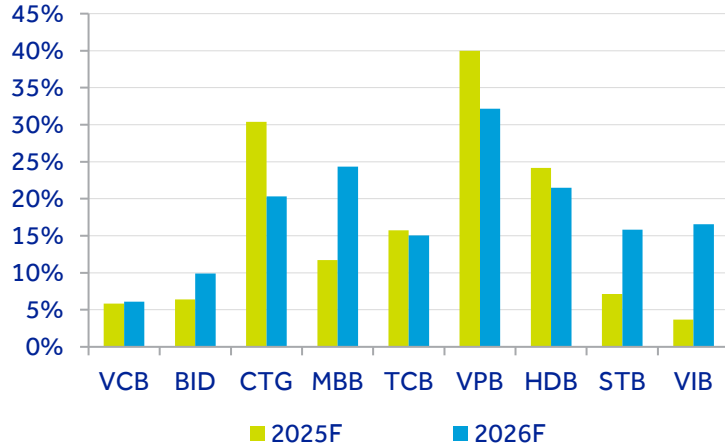
Unit: VND bn

Ticker	Exchange	Mkt cap 12-Dec-25	Total Assets Q3/25	Equity Q3/25	NPL ratio Q3/25	Special mentioned loan ratio Q3/25	NPL coverage Q3/25	ROA	ROE	CAR 2024	P/E	P/B
BID	HOSE	259,790	3,071,970	167,987	1.9%	1.6%	94.5%	0.9%	17.3%	9.0%	9.8	1.6
CTG	HOSE	265,815	2,761,551	169,881	1.1%	1.1%	176.5%	1.3%	21.1%	9.5%	8.0	1.6
VCB	HOSE	474,602	2,378,186	222,792	1.0%	0.3%	201.9%	1.6%	16.8%	12.2%	13.5	2.1
MBB	HOSE	193,320	1,328,560	133,091	1.9%	1.4%	79.2%	2.0%	20.2%	11.8%	8.0	1.5
TCB	HOSE	226,760	1,129,570	179,431	1.2%	0.6%	119.2%	2.1%	14.2%	15.4%	10.3	1.4
VPB	HOSE	210,646	1,178,299	159,545	3.5%	3.8%	55.1%	2.0%	14.0%	15.5%	10.2	1.4
ACB	HOSE	120,711	948,549	91,416	1.1%	0.5%	84.0%	1.9%	19.9%	11.8%	6.9	1.3
STB	HOSE	86,720	848,942	62,705	2.8%	1.8%	93.3%	1.6%	20.9%	10.1%	7.1	1.4
SHB	HOSE	73,499	852,623	65,761	3.1%	0.6%	56.9%	1.5%	19.1%	11.9%	6.2	1.1
HDB	HOSE	116,554	781,937	68,407	2.9%	4.7%	43.4%	2.0%	24.1%	14.0%	7.4	1.8
LPB	HOSE	132,038	539,149	43,462	1.8%	1.0%	76.1%	2.0%	23.9%	13.3%	12.7	3.0
VIB	HOSE	58,889	543,560	45,260	3.3%	2.8%	39.4%	1.5%	17.3%	11.9%	7.8	1.3
TPB	HOSE	45,356	451,893	39,993	2.2%	1.8%	61.2%	1.6%	16.8%	13.2%	6.9	1.1
MSB	HOSE	38,688	355,679	40,556	2.8%	1.2%	53.7%	1.6%	14.0%	12.4%	7.2	1.0
SSB	HOSE	49,219	380,808	40,268	2.0%	1.0%	71.9%	1.9%	17.3%	12.8%	7.4	1.2
OCB	HOSE	31,690	315,162	32,648	3.7%	2.0%	40.6%	1.3%	12.0%	12.5%	8.2	1.0
NAB	HOSE	24,191	377,089	22,267	2.7%	0.6%	46.4%	1.3%	19.3%	12.7%	6.0	1.1
EIB	HOSE	38,558	255,707	26,541	3.0%	1.3%	34.7%	1.2%	11.8%	12.4%	12.7	1.5
<b>Average</b>		<b>135,947</b>	<b>1,027,735</b>	<b>89,556</b>	<b>2.3%</b>	<b>1.6%</b>	<b>79.3%</b>	<b>1.6%</b>	<b>17.8%</b>	<b>12.4%</b>	<b>8.7</b>	<b>1.5</b>
<b>Median</b>		<b>101,637</b>	<b>815,440</b>	<b>64,233</b>	<b>2.5%</b>	<b>1.3%</b>	<b>66.6%</b>	<b>1.6%</b>	<b>17.3%</b>	<b>12.4%</b>	<b>7.9</b>	<b>1.4</b>

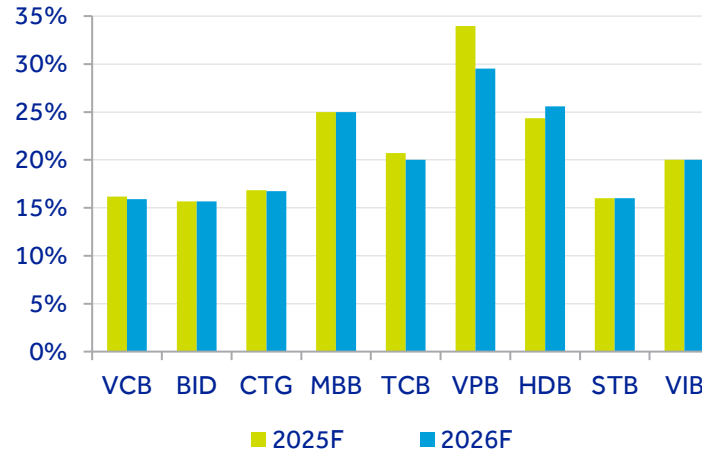
Source: FiinPro-X, ACBS

# MAJOR FORECASTS FOR OUR COVERAGE IN 2026

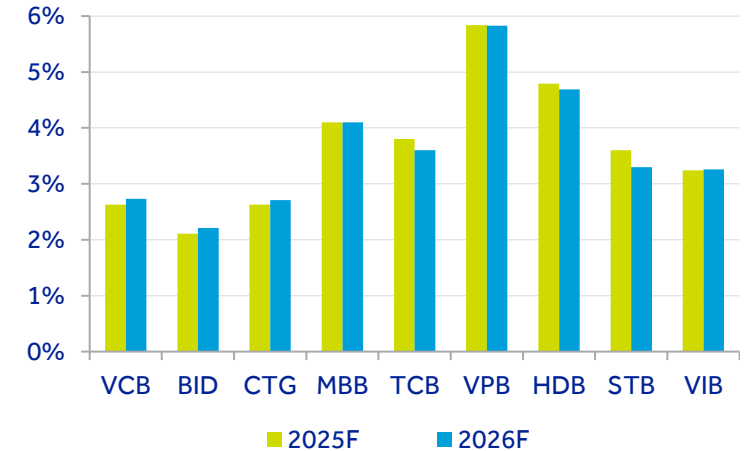
**PBT growth**



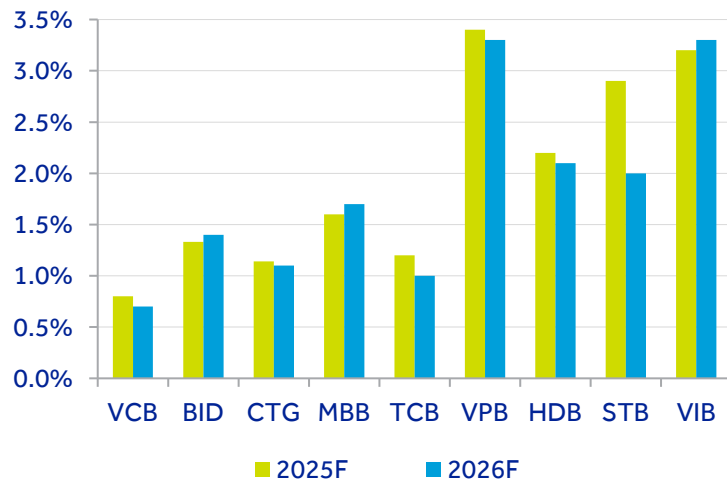
**Credit growth**



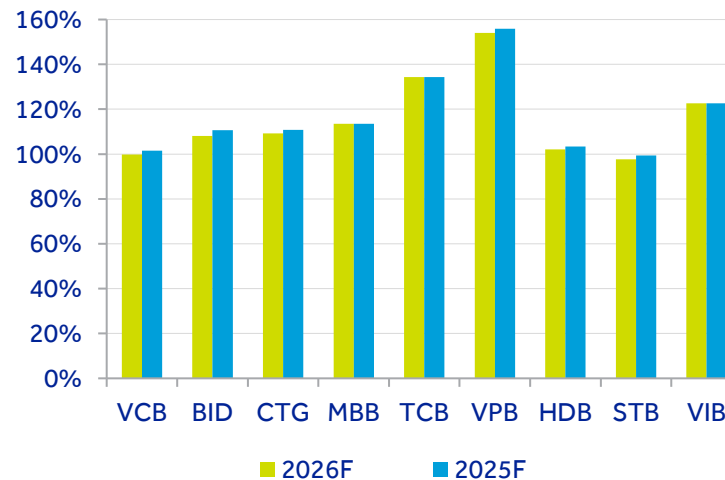
**NIM**



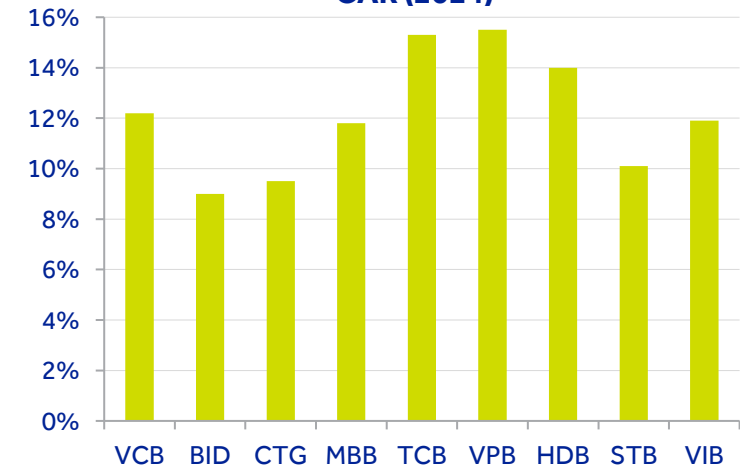
**NPL ratio**



**Pure LDR**



**CAR (2024)**

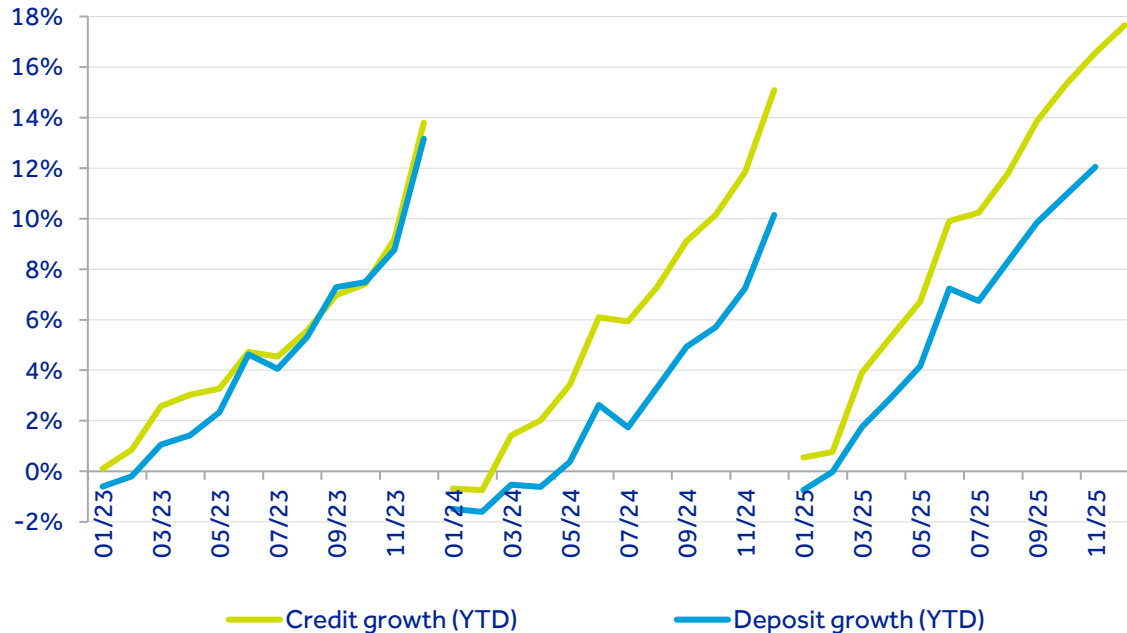


Source: ACBS

# EXPECTATION OF DEPOSIT RATES IN 2026: + 1.0-1.5%

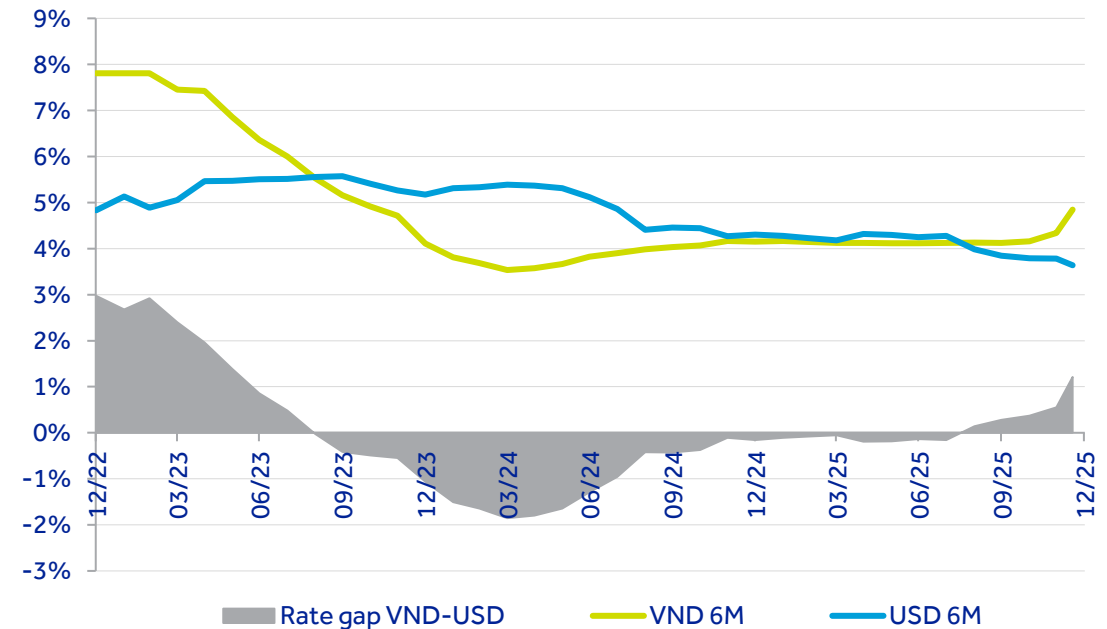
- The prolonged negative interest rate differential between VND and USD has failed to attract deposits from FDI enterprises, contributing to **tightening liquidity conditions in the banking system**. In addition, fiscal surpluses have pushed the system's pure LDR up to 115%, the highest level in the sector's history. This has placed upward pressure on VND interbank rates in the final months of 2025, rising sharply from around 4.5% to above 7% since late November 2025.
- Deposit rates have also increased by 0.7 ppts to nearly 5% for the 6-month tenor since end-Q3/25, while the Fed has cut USD rates to 3.6%, creating a **positive interest rate gap in favor of VND**. We expect this to help attract foreign capital inflows and stabilize system liquidity going forward. For 2026, we forecast **6-month deposit rates to be maintained around 5%, about 1 ppt higher than the trough in 9T2025**.
- Maintaining relatively attractive interest rates also enables the **SBV to rebuild foreign exchange reserves**, which remain relatively thin at around USD 80bn, compared with the recommended level equivalent to three months of imports (~USD 110bn).

Deposit growth lagged behind credit growth during 2024-25



Source: SBV

VND rates have risen, creating a positive gap against USD

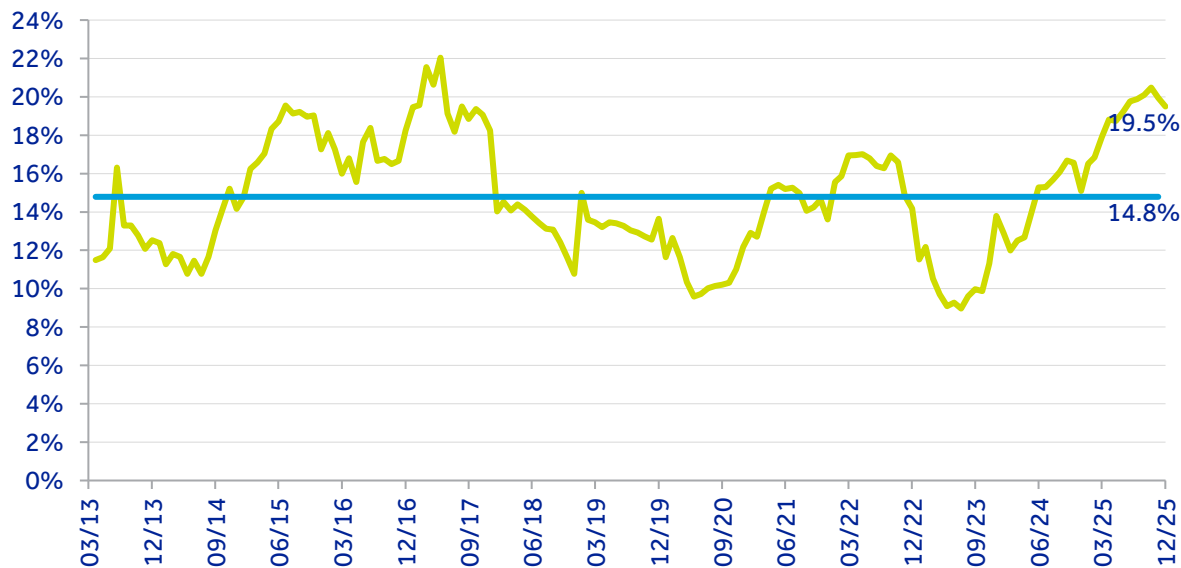


Source: Banks, ACBS

# EXPECTATION OF CREDIT GROWTH IN 2026: +16% YoY

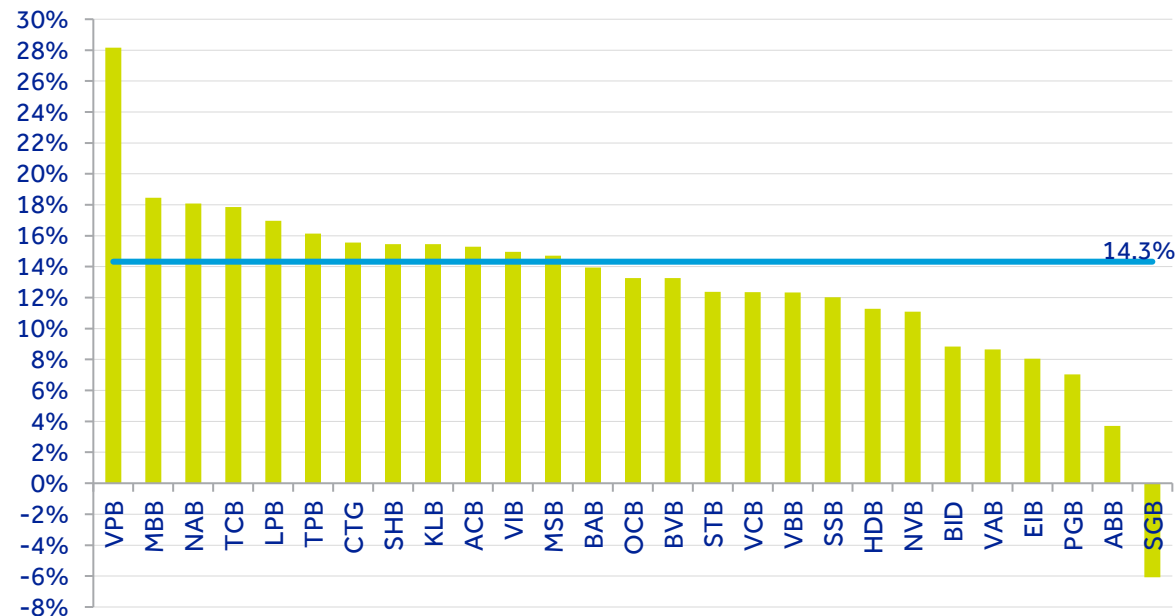
- As of 22-Dec-2025, system-wide credit growth reached 17.65% YTD and 19.5% y/y, above the historical average of 14–15%. However, many banks have already fully utilized their credit quotas, leading to some deceleration in year-end momentum compared with the previous year.
- Despite a sharp rise in lending rates (~2–3 ppts) recently dampening credit demand, we expect **2026 credit growth to be ~16%**, for the following reasons:
  1. At the start of 2026, when banks receive new credit growth quotas, they are likely to accelerate early disbursement through preferential lending rates, stimulating a recovery in credit demand;
  2. The Government’s 10% GDP growth target for 2026–2030 will boost credit demand in infrastructure construction and materials, with spillover effects to other sectors;
  3. Mortgage lending is expected to remain resilient as real estate supply improves;
  4. Bank credit remains the primary funding channel for the economy, given the slow recovery of the corporate bond market.

Credit growth maintained at high level to stimulate the economy



Source: SBV

Credit growth (YTD) of banks as of 3Q25

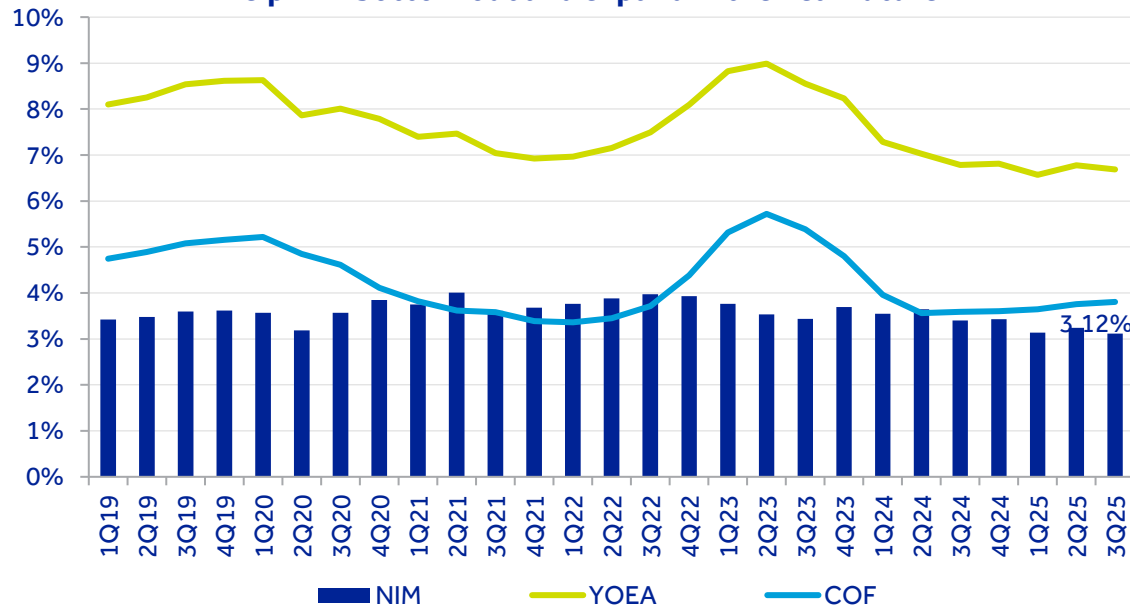


Source: Banks, ACBS

# NIM MOVES SIDeways BUT WITH DIFFERENTIATIONS

- In 9T2025, banks' NIM continued to decline in line with the Government's directive to lower lending rates to support credit growth. However, we observe that the **pace of NIM contraction has slowed over the past two quarters and is likely to improve in Q4/25**, when banks have largely used up their credit growth quotas and lending rates have risen sharply.
- For 2026, we forecast **NIM to be flat compared to 2025**, with divergence between two groups:
  - **State-owned commercial banks are expected to see NIM improvement** of around +10 bps vs. 2025, as lending rates were very low at 5–6% in 9T2025 and increased by ~2–3 ppts in Q4/25, while deposit rates face less pressure due to advantages in bidding for large State Treasury deposits;
  - **Private commercial banks are expected to see a slight decline in NIM**, as deposit rates rise while lending rates have already been high (7–9%) and have limited room for further increases without hurting credit demand.

Preferential loan interest rate packages were ended, help NIM bottom out and expand in the near future



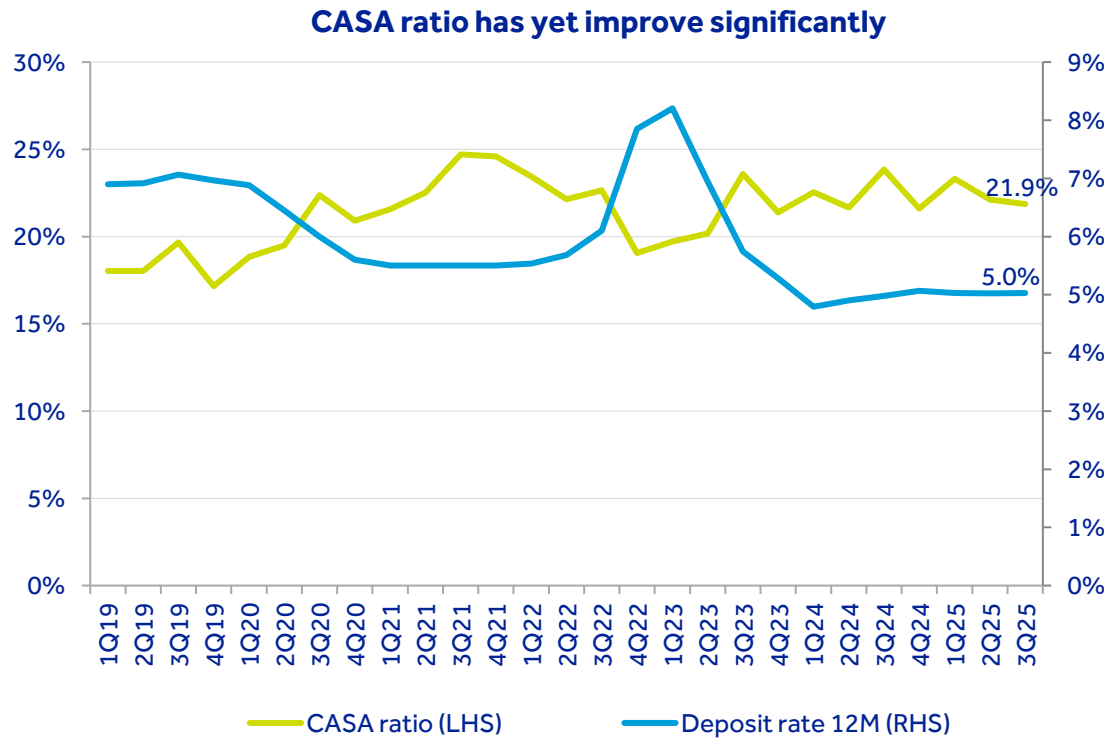
Source: Banks, ACBS

	3Q25	q/q (bps)	n/n (bps)
VCB	2.60%	-7	-29
BID	2.09%	-6	-22
CTG	2.64%	6	-32
TCB	3.89%	4	-40
VPB	5.70%	7	-76
MBB	4.16%	-9	-20
ACB	2.98%	-6	-71
HDB	4.48%	-151	-122
SSB	2.56%	-32	-162
VIB	3.27%	1	-66
LPB	3.34%	26	-18
STB	4.00%	46	19
SHB	2.79%	-208	85
TPB	3.12%	-17	-60
EIB	2.76%	-6	-54
OCB	3.35%	17	-23
MSB	3.45%	9	1
NAB	2.50%	-59	-113
BAB	1.56%	-51	-45
ABB	4.11%	169	185
PGB	2.46%	-13	-41
VBB	2.06%	29	-39
BVB	2.59%	10	16
NVB	2.14%	-49	46
VAB	2.07%	29	24
SGB	2.55%	-52	-83
KLB	4.46%	37	26
Lised banks	3.12%	-13	-29

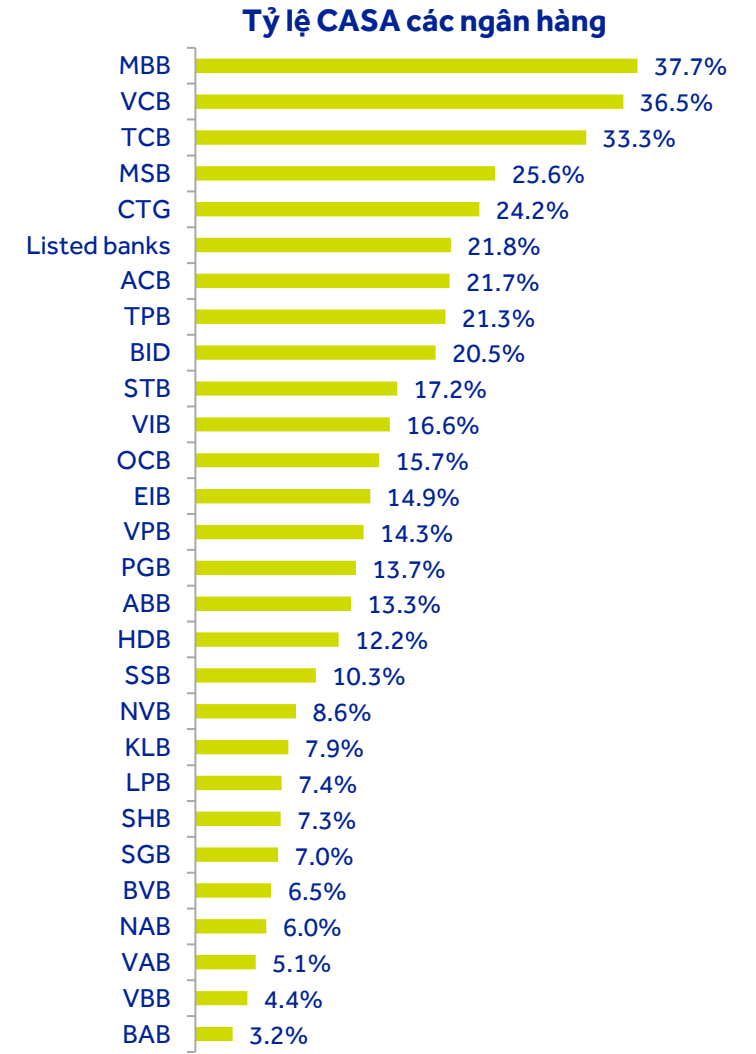
Source: Banks, ACBS

# CASA YET TO RECOVER

- CASA ratio plays a critical role in funding costs and business performance of banks. While CASA has recovered since the sharp rate cuts starting in Q1/23, it has **yet to return to the Covid-19 peak**.
- In 2026, we expect **CASA to remain flat**, as higher cash usage and less accommodative interest rates offset the positive impact of digital payments and recovery in investment channels.
- **Banks with high CASA ratios (VCB, MBB, TCB) will be better positioned to limit funding cost increases** during a rising rate cycle.



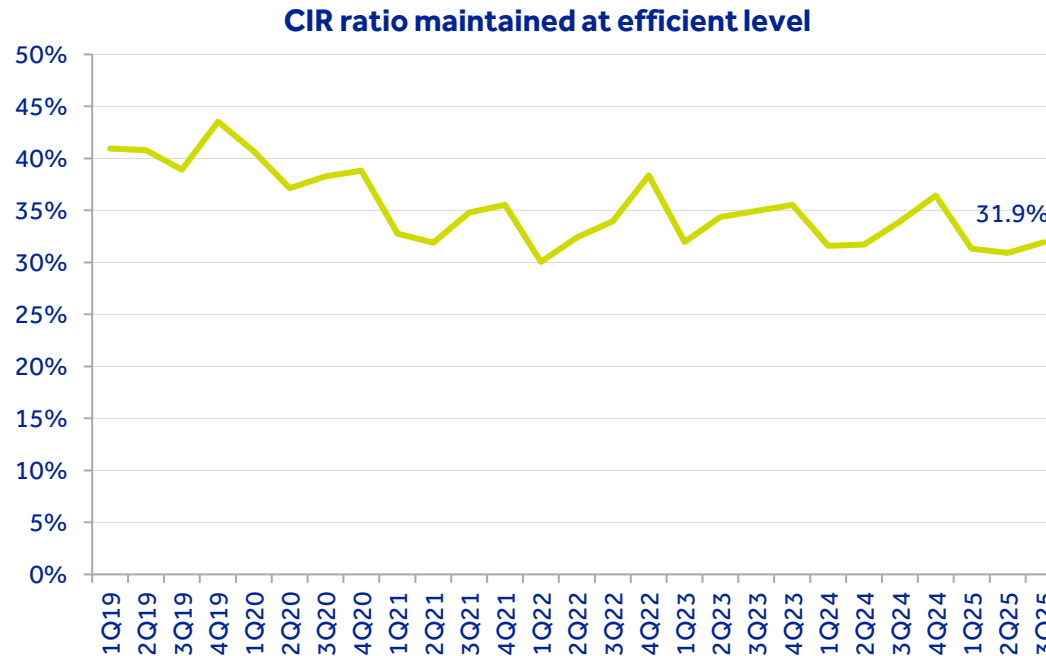
Source: Banks, ACBS



Source: Banks, ACBS

# OPEX TIGHTLY CONTROLLED

- Under pressure from lower NIM, **banks continue to tightly control operating expenses to protect profitability**. The banking sector's CIR has declined from above 40% pre-Covid to just over 30%, among the most efficient levels globally.
- Reverse from the previous trend of staff expansion, **many banks began reducing headcount in 2024–2025**, supported by digitalization and a reduction in physical branches. Overall, banks in our coverage universe are well positioned to limit personnel cost growth.
- We forecast **operating expenses** of banks in our coverage to **rise 12.4% in 2026**, while the **CIR declines by 1.4 ppts to 29.2%**, helping banks maintain profitability at efficient level.



Source: Banks, ACBS

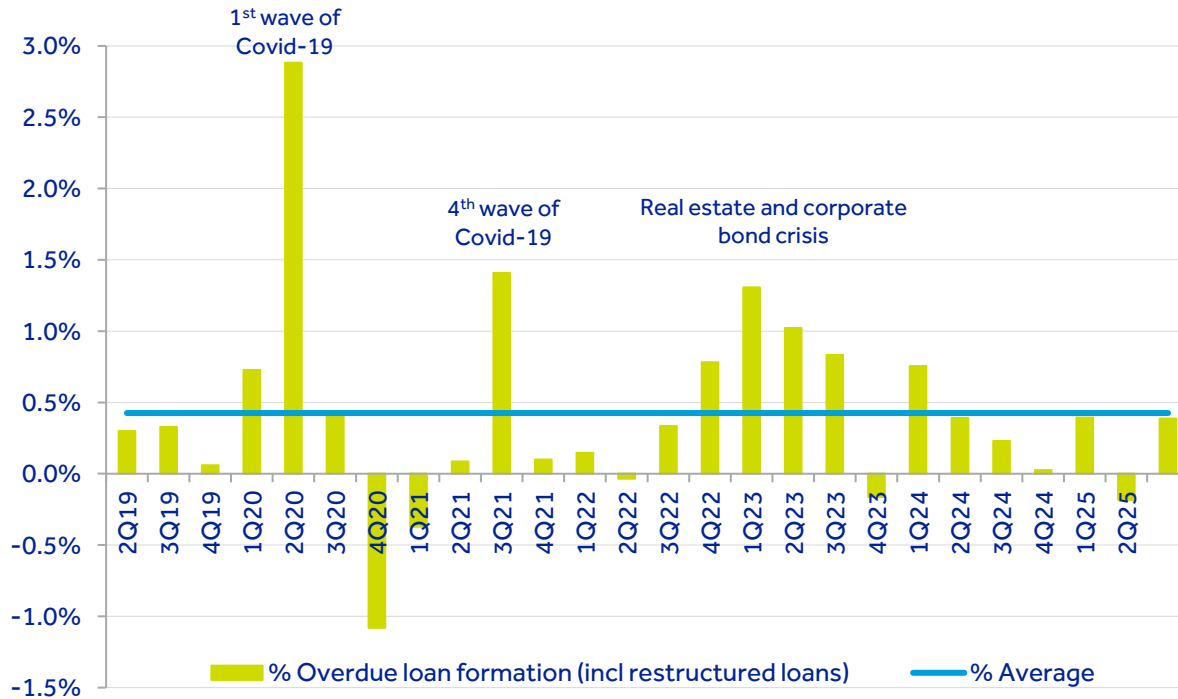
	3Q25	q/q (pps)	y/y (pps)
VCB	33.4%	-0.3	-1.1
BID	34.9%	1.5	-1.7
CTG	26.8%	-1.2	-1.0
TCB	31.5%	1.5	2.4
VPB	22.0%	-4.7	-2.9
MBB	29.1%	0.4	-0.4
ACB	32.4%	2.9	-3.7
HDB	26.1%	2.2	-8.4
SSB	37.4%	1.4	1.8
VIB	36.3%	-0.5	0.2
LPB	27.2%	-2.5	-3.1
STB	46.6%	5.4	1.1
SHB	25.4%	9.7	-4.7
TPB	37.9%	-0.1	2.2
EIB	55.3%	-1.1	11.4
OCB	36.5%	-1.7	-3.6
MSB	39.0%	2.1	-0.7
NAB	36.5%	7.0	-4.7
BAB	70.7%	9.4	5.4
ABB	36.3%	11.5	-39.1
PGB	42.0%	-1.4	-8.1
VBB	52.1%	-0.8	11.2
BVB	47.6%	-23.7	-20.3
NVB	61.0%	7.8	-47.4
VAB	32.2%	-7.4	-23.2
SGB	63.1%	6.1	9.3
KLB	38.4%	13.6	-27.3
Listed banks	31.9%	1.0	-2.0

Source: Banks, ACBS

# CREDIT COSTS MAY REBOUND FROM LOW LEVELS

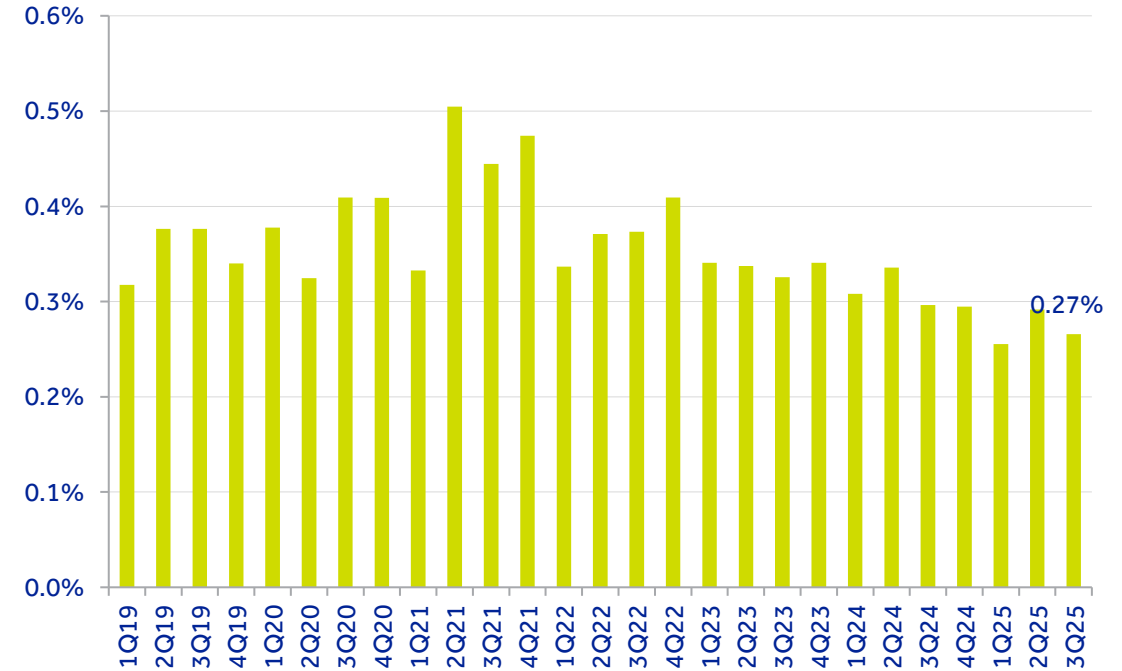
- The overall health of the economy continues to improve, helping keep new overdue loans at low levels since mid-2024. As a result, banks can maintain credit costs at reasonable levels. **Provisioning expenses in 2025 are estimated to increase only 3.2% y/y.**
- In 2026, we expect ratio of overdue loan formation to remain stable, in line with the 2024–25 period. A recovery in the real estate market and the Government’s expansionary fiscal policy are expected to support overall economic conditions as well as borrowers’ financial health. However, we forecast that **credit costs** for banks under our coverage will edge up slightly to **1.26%** in 2026, mainly due to the low base of 1.19% in 2025.

Overdue loan formation has maintained at low level since mid-2024



Source: Banks, ACBS

...helped reduce pressure on credit costs

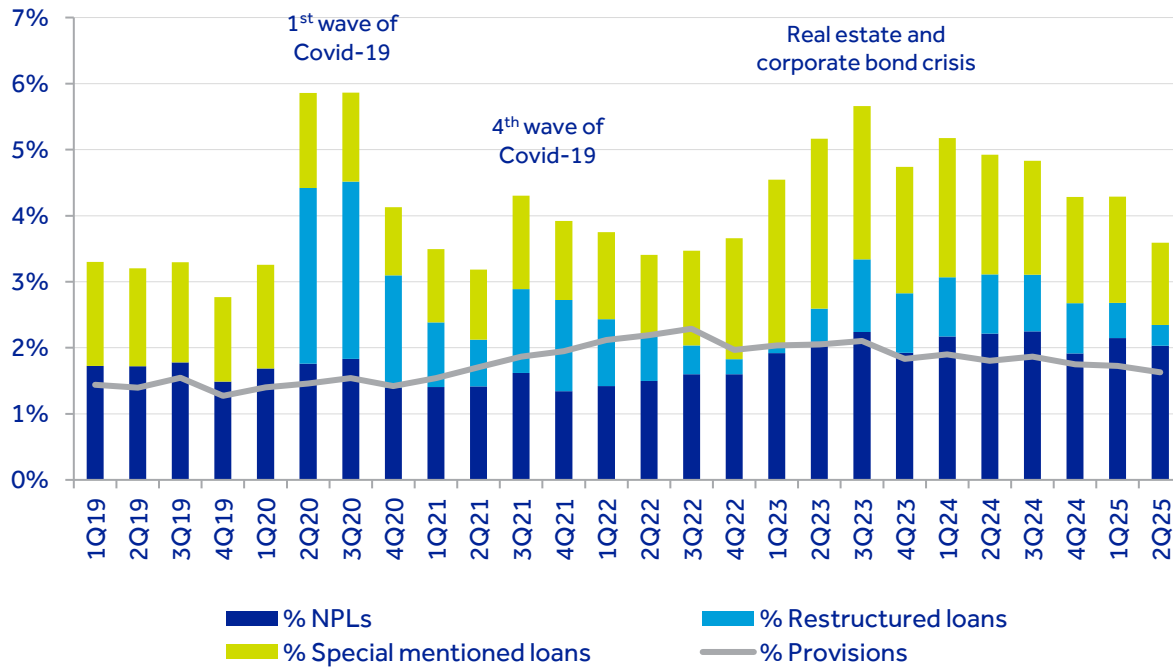


Source: Banks, ACBS

# STABLE ASSET QUALITY

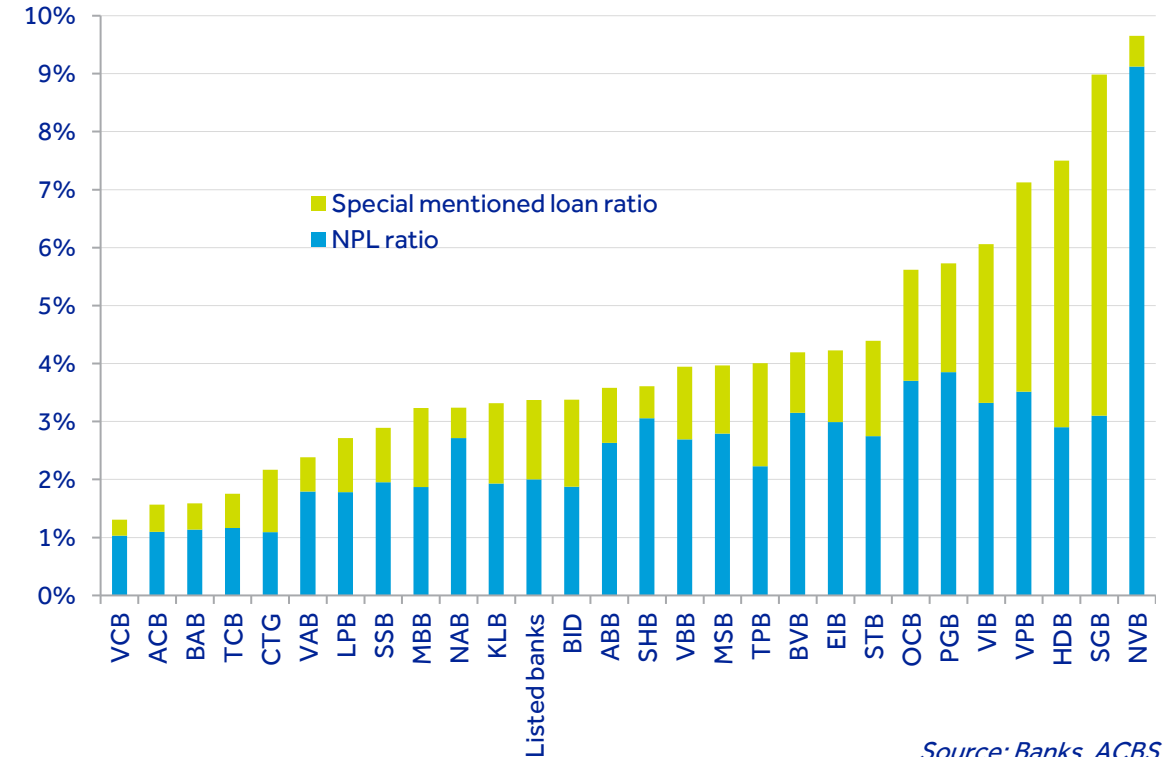
- **Asset quality continues to improve and remain stable.** As of end-Q3/25, the NPL ratio was flat at 2%, while special mentioned loans (Group 2) declined sharply to 1.37%. Restructured loans remain insignificant, indicating reduced pressure for asset quality deterioration.
- Decree 304/2025/ND-CP (codifying Resolution 42/2017), effective from December 2025, allows credit institutions to seize and process collateral (subject to certain conditions) without court approval. This is expected to **enhance collateral liquidation and bad debt recovery efficiency**, as evidenced by the recovery of VND 440 trillion in bad debts during the 2017–2023 pilot period.

Asset quality has improved since 2024 and maintained stable



Source: Banks, ACBS

Bank's overdue loan ratio

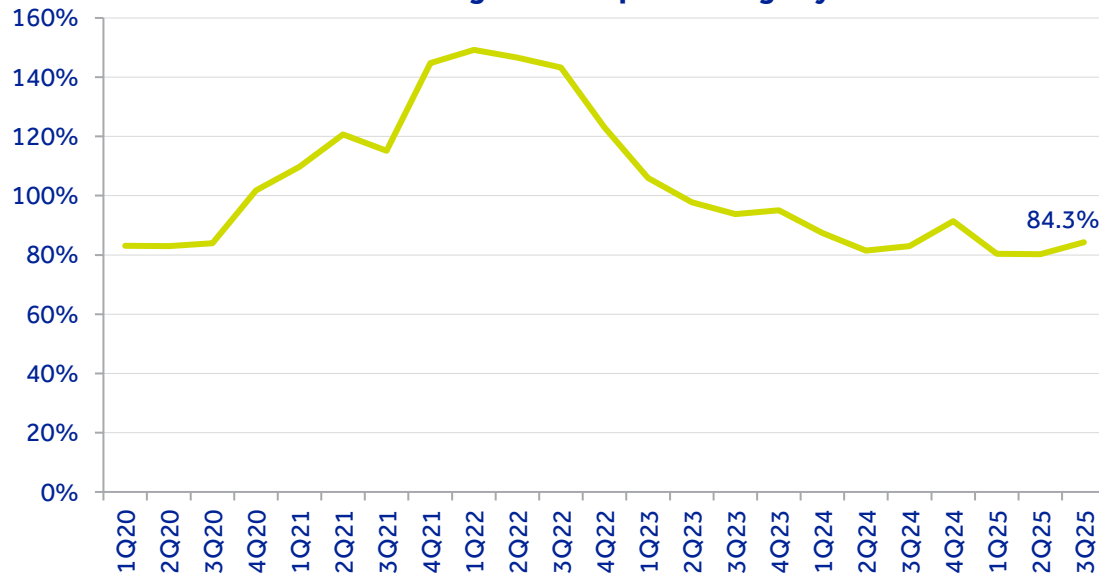


Source: Banks, ACBS

# PROVISION BUFFERS SHOW MODEST IMPROVEMENT

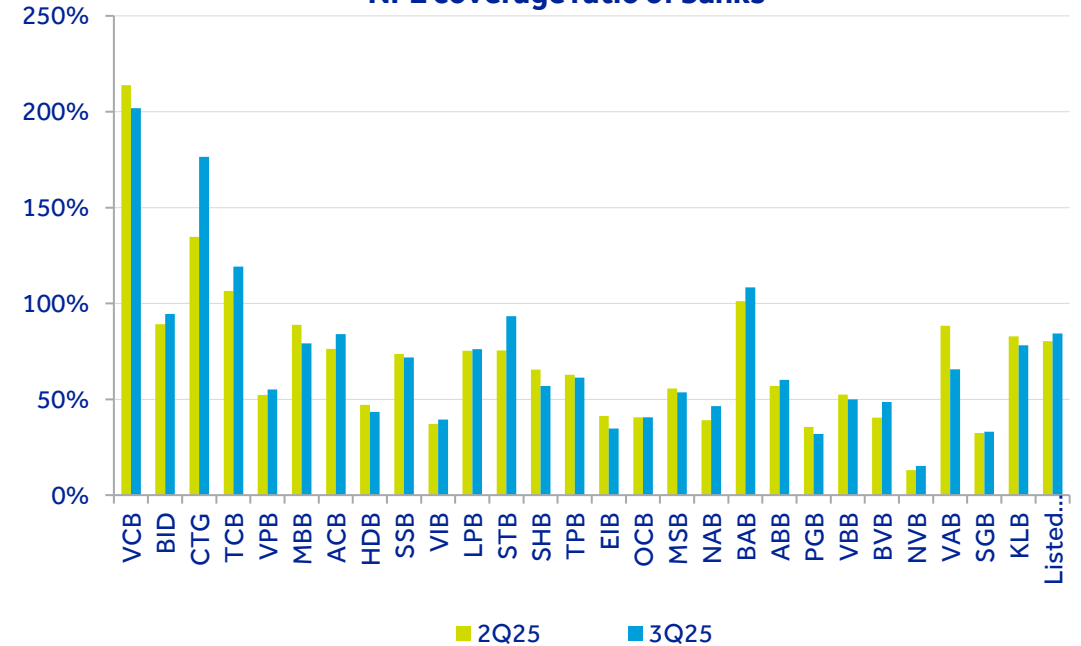
- **NPL coverage ratio increased slightly to 84.3% in Q3/25**, mainly due to improved asset quality. Provision buffers remain uneven across banks, with smaller private banks generally having thinner buffers than state-owned peers.
- **CTG** and **TCB** face less provisioning pressure due to stable asset quality and strong buffers, while **VPB**, **HDB** and **VIB** may need to step up provisioning to strengthen reserves. **STB** may need to provision for the Bamboo Airways exposure in Q4/25, but could potentially reverse provisions on this loans and VAMC bonds in 2026 if collateral is successfully resolved.
- Given still relatively thin provisioning buffers, we expect banks to accelerate provisioning to reinforce reserves. Accordingly, we forecast **provisioning expenses to rise sharply by 26.3% y/y in 2026** from a low base in 2025.

NPL coverage ratio improved slightly



Source: Banks, ACBS

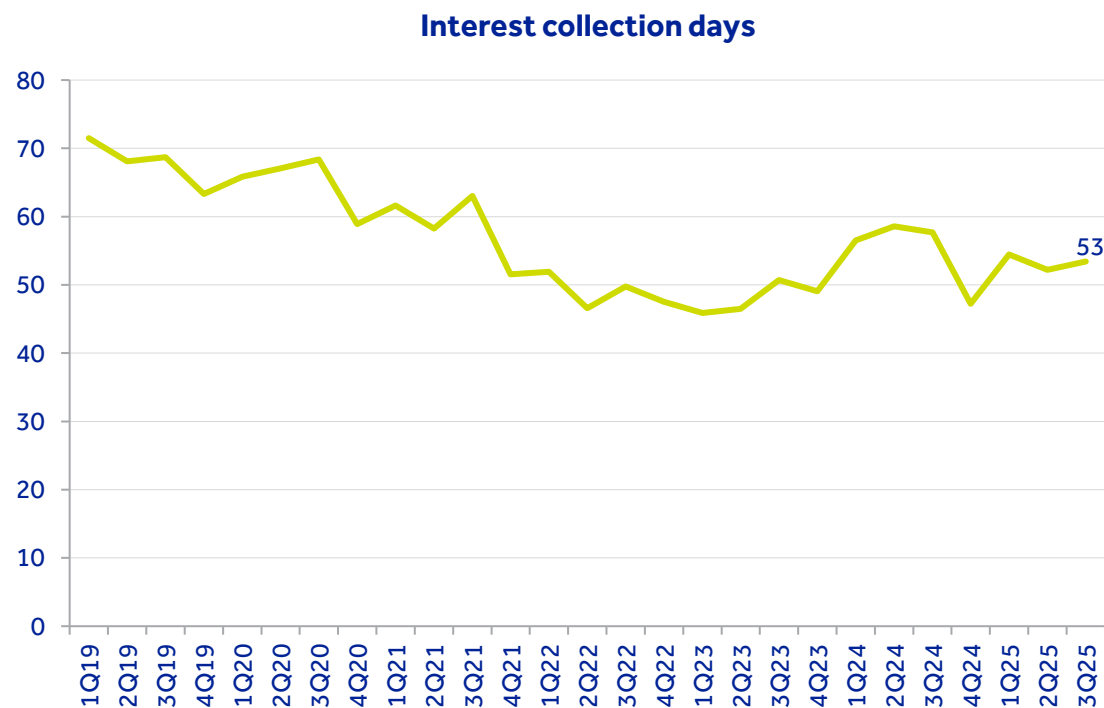
NPL coverage ratio of banks



Source: Banks, ACBS

# ACCRUED INTEREST REMAINS HIGH AT SMALLER BANKS

- Interest collection days across the sector stood at 53 days in Q3/25, slightly above the healthy range of 30–40 days. **Some smaller private banks exhibit very high accrued interest days**, implying elevated downside risks to profits in the event of NPL formation.
- However, the **sector average has declined from a peak** of nearly 60 days in mid-2024, suggesting improved control over latent asset quality risks.



Source: Banks, ACBS

	4Q24	1Q25	2Q25	3Q25
VCB	34	36	31	32
BID	57	62	57	58
CTG	37	42	41	40
TCB	49	56	52	54
VPB	35	37	40	47
MBB	44	47	48	46
ACB	33	39	37	37
HDB	32	38	35	39
SSB	44	57	65	61
VIB	28	32	31	28
LPB	45	61	81	37
STB	37	36	30	32
SHB	69	121	78	129
TPB	43	50	57	49
EIB	30	36	37	31
OCB	49	59	59	53
MSB	81	108	122	133
NAB	60	70	69	94
BAB	123	143	143	153
ABB	37	54	42	39
PGB	46	41	46	45
VBB	90	106	104	78
BVB	76	80	80	57
NVB	-	31	31	29
VAB	196	210	247	249
SGB	60	64	68	81
KLB	70	56	73	58
Listed banks	47	54	52	53

Source: Banks, ACBS

# PART 4. INVESTMENT THEMES 2026

## 4.4 PUBLIC INVESTMENT – DRIVING A BREAKTHROUGH IN GROWTH

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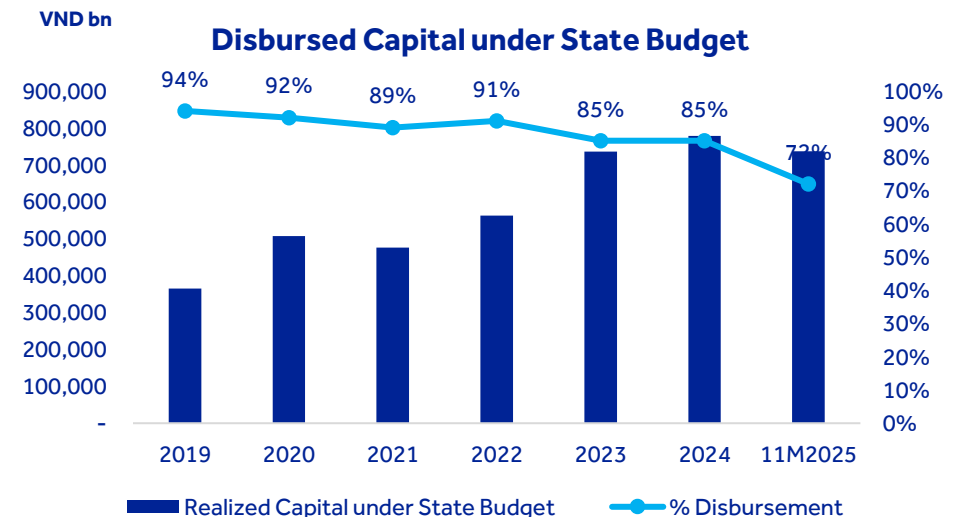
# PUBLIC INVESTMENT: A BREAKTHROUGH IN FY2026-2030

- The Government has set an ambitious target to disburse VND8.5 quadrillion (approximately USD325 bn) for public investment during 2026–2030, representing a 2.5-fold increase compared with the 2021–2025 period. This target is anchored to the Government’s objective of achieving a 10% compound annual GDP growth rate over the 2026–2030 horizon. Delivering on this plan will require exceptionally strong political commitment, institutional coordination, and execution.
- **Despite the scale of the challenge, the disbursement plan is considered structurally feasible, supported by ample fiscal headroom.** Vietnam’s fiscal position remains robust, with both the state budget and public debt indicators in a healthy range, allowing room for increased borrowing and public investment. Public debt-to-GDP has declined steadily over the past decade to 35.5% by end-2025, while government bond yields remain stable. Government debt is maintained at around 33–34% of GDP, and debt service obligations account for only 19–20% of total state budget revenues, underscoring manageable fiscal risks.
- **Since the amended Law on Public Investment and the PPP Law came into effect in January 2025, followed by Law No. 90/2025/QH15 effective from July 2025, longstanding bottlenecks related to land clearance, construction materials, and capital mobilization have been progressively addressed.** Notably, the revised legal framework significantly expands the role of the private sector in key infrastructure projects, overcoming previous structural constraints on private participation and enhancing the long-term sustainability of infrastructure development.
- The government is expediting the completion of key infrastructure projects, including Phase 2 of the North–South Expressway, Long Thanh International Airport, and ring roads encircling Ho Chi Minh City and Hanoi. Looking ahead to the 2026–2030 period, authorities are committed to aggressively advancing a series of strategic projects such as the North–South high-speed railway and the Lao Cai – Hanoi – Hai Phong railway.
- **Beneficiary sectors:** steel, cement, asphalt, infrastructure construction, logistics, civil real estate and industrial parks.
- **Recommended Stocks :** CTD, VCG, HHV, LCG, DPG.

## Public investment plans will be accelerated during the 2026-2030 period.

Period	2021-2025	2026-2030
Average GDP growth rate	6.3% (estimated)	10%
State budget revenue	VND9.6 quadrillion	VND16.1 quadrillion
Government budget expenditure	VND10.9 quadrillion	VND20.9 quadrillion
Total public investment expenditure	VND3.4 quadrillion	VND8.3 quadrillion
Budget deficit	3.1-3.2% GDP	5% GDP
Public debt/GDP ratio	34-36% GDP	41-42% GDP
Total government debt for the entire period	VND2.5 quadrillion	VND6.55 quadrillion is expected to be mobilized

Source: GSO, ACBS.

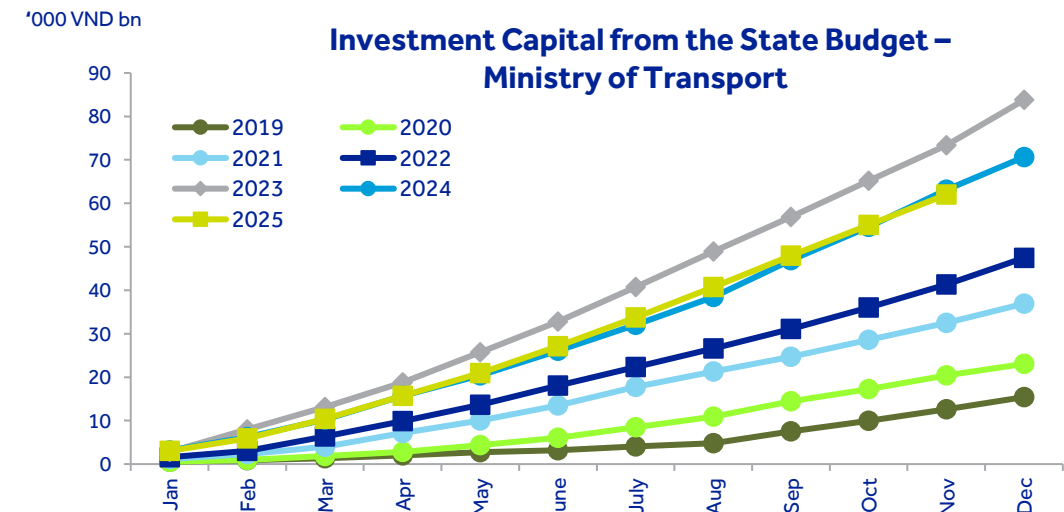
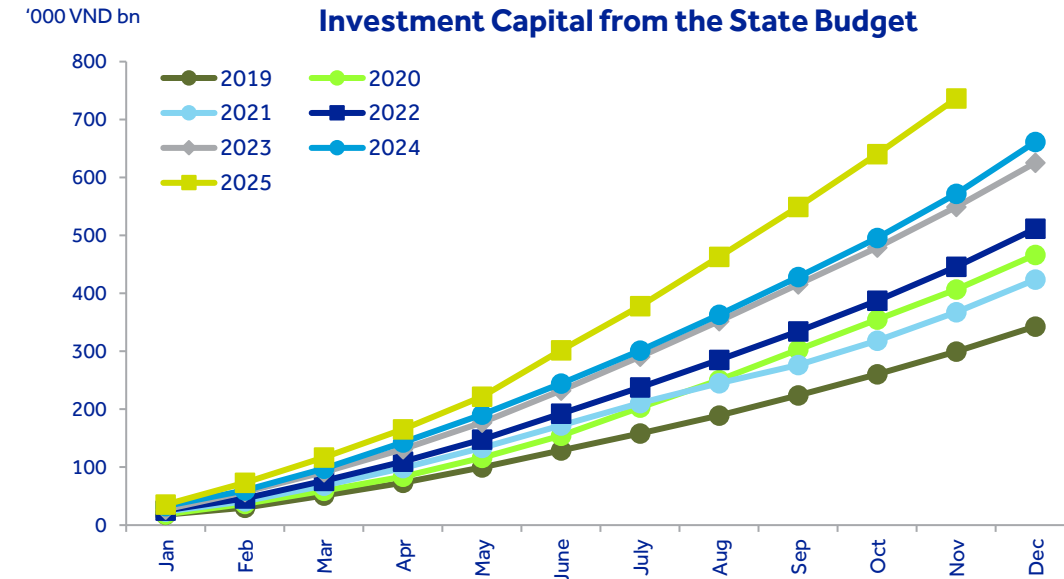


# PUBLIC INVESTMENT DISBURSEMENT CONTINUES TO BE PROMOTED

- The Government targets public investment disbursement of VND8.5 quadrillion (USD325 bn) in 2026–2030, equivalent to 2.5x the 2021–2025 period. Key public investment projects in this phase, with total capital exceeding VND 4.7 quadrillion, include: (1) Construction of 5,000 km of expressways during 2026–2030, up from ~3,000 km by end-2025; (2) High-speed rail development, encompassing the North–South line, Hai Phong–Hanoi–Lao Cai corridor, and urban rail systems; and (3) Upgrading and expansion of strategic seaports and international airports.
- **Nationwide public investment disbursement from the beginning of the year to November 2025 reached VND553.25 tn (+39.2% YoY), equivalent to 60.6% of the Prime Minister-assigned plan.** For the final acceleration phase (December 2025–January 2026), we expect disbursement momentum to strengthen following Official Dispatch No. 237/CĐ-TTg dated 6 December, aimed at completing the remaining VND 360 tn within the subsequent 55 days.

## The Infrastructure Development Plan for 2026-2030

Modes of Transport	2025	2030 Plan
Road	National highways: 170 routes, total length: 25,551 km. Expressways: 2,268 km.	National highways: 174 routes, 32,000 km in length. Expressways: 5,000 km.
Railway	The 7 routes pass through 34 provinces and cities, with a total length of 3,143 km.	9 additional railway lines will be built, with a total length of 2,362 km.
Air routes	22 airports, including 9 international airports and 13 domestic airports.	28 airports, including 14 international airports and 14 domestic airports.
Waterways	Seaports: 864.4 million tons/year. Inland waterways: 310 inland waterway routes, 20 routes. Total tonnage: 23.5 million tons.	Seaports: capacity ranging from 1,140 to 1,423 million tons. Inland waterways: Investment in upgrading 19 routes.



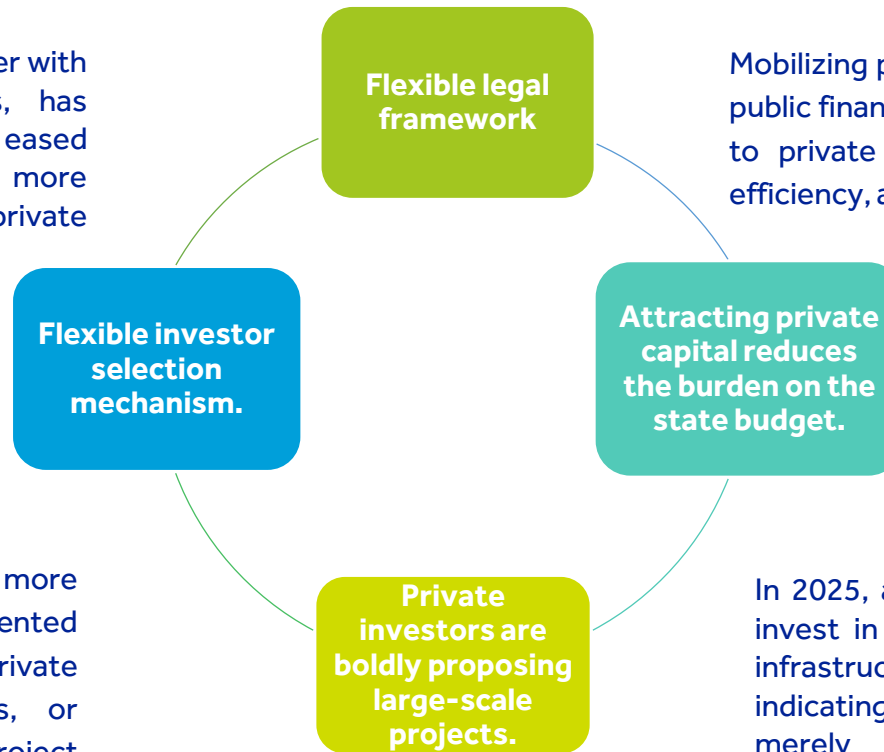
Source: GSO, ACBS

# THE PRIVATE SECTOR HAS ROOM TO PARTICIPATE

- Amid the growing scale and complexity of major infrastructure projects, requiring substantial capital and execution capabilities, the private sector is increasingly positioned as a critical driver, leveraging its strengths in financial capacity, corporate governance, and project management. The enhanced legal framework, particularly the revised PPP Law and its implementing decrees, has materially expanded avenues for public–private collaboration in public investment. Private sector participation not only mobilizes off-budget capital, but also facilitates risk sharing and accelerates project delivery for nationally significant infrastructure.
- Historically, private involvement—especially in large-scale, strategic infrastructure, was constrained by a restrictive legal framework, with projects predominantly undertaken by the State or state-owned enterprises. This landscape has shifted markedly, reflecting a clearer policy orientation toward greater private sector participation in public infrastructure development.

The amended PPP Law (2024/2025), together with its implementing decrees and circulars, has expanded the scope of eligible projects and eased entry requirements, thereby creating a more favorable and predictable framework for private sector participation.

Investor selection mechanisms have become more flexible, allowing projects to be implemented through competitive bidding, public–private partnership calls, PPP/BOT/BT contracts, or special selection procedures, depending on project characteristics.



Mobilizing private capital helps alleviate pressure on public finances, shifts part of the investment burden to private investors, and enhances competition, efficiency, and overall project governance.

In 2025, a wave of private-sector proposals to invest in expressway expansion and transport infrastructure under PPP schemes has emerged, indicating that private players are no longer merely participants but proactive project sponsors and initiators.

Source: ACBS

- The Prime Minister has issued continuous directives, assigning 28 specific tasks to ministries, agencies, and local authorities to resolve bottlenecks across expressway projects under the 3,000 km completion target for 2025. As a result, by 19 December 2025, Vietnam is expected to achieve technical opening of 3,513 km of expressways (including 3,188 km of main routes and 325 km of interchanges and access roads).
- Meanwhile, the Ministry of Construction has reviewed and identified 245 projects eligible for groundbreaking or inauguration on 19 December 2025 across 34 provinces and cities, comprising 155 new starts and 90 completed projects, with total investment capital of approximately VND1.345 quadrillion. This underscores the sharp acceleration in infrastructure investment and disbursement during the final push of the period.

## Key infrastructure projects in the 2024-2026 period

No.	Project	Investment value (VND bn)	Timeline	Progress
1	North-South expressway phase 2	147,000	2022-2025	Complete the entire project by the end of 2025.
2	Long Thanh international airport	336,630	2023-2026	Construction packages are being fast-tracked with the objective of achieving substantial completion before 19 December 2025, enabling operational commissioning and commercial operation in early 2026.
3	The Ring Road 3 in HCMC	75,378	2022-2026	Land clearance has been fully completed. The project is expected to put over 25 km into operation by the end of 2025, with the remaining 51 km scheduled for completion and operation by April 30, 2026.
4	The Ring Road 4 in Hanoi	88,694	2023-2026	Site clearance has been completed nearly 99%. The entire project is expected to reach substantial completion in 2026 and commence operation in 2027.

## Key infrastructure projects initiated/approved in 2025

No.	Project	Timeline (expect)	Investment value (VND bn)
1	My An - Cao Lanh Expressway (phase 1)	2025	6,130
2	Dau Giay - Tan Phu Expressway	2025	8,982
3	Ho Chi Minh City – Long Thanh – Dau Giay Expressway expansion project	2025	14,955
4	Ho Chi Minh City – Trung Luong – My Thuan Expressway expansion project	2025	32,300
5	Lao Cai - Hanoi - Hai Phong Railway	2025	203,231
6	Gia Binh international airport	2025	196,378
7	Ben Thanh-Can Gio metro line	2025	102,430
8	Metro Line 2 Ben Thanh-Tham Luong	2026	52,000
9	Phu My 2 Bridge	2026	25,101

Sources: GSO, ACBS

# PROGRESS OF KEY PROJECTS

- Key national infrastructure projects—including **Phase 2 of the North–South Expressway, Ring Roads 3 and 4, and Phase 1 of Long Thanh International Airport**—are progressing broadly in line with schedule, providing a critical foundation for completing the core transport network during 2025–2026.
- **Key contractors: VCG, HHV, LCG, and C4G**, have been designated by the Ministry of Transport to execute multiple packages under Phase 2 of the North–South Expressway. Supported by accelerated construction progress and early completion of several work items, 2025–2026 is expected to mark peak earnings for these companies. Their strong delivery track records are also likely to enhance bidding competitiveness for future large-scale expressway and infrastructure projects.

## List of projects under the North-South Expressway Phase 2

No.	Project	Total investment (VND bn)	Total length (km)	Listed contractor	Progress (%)	Expected completion
1	Bai Vot – Ham Nghi	7,643	35.3	VCG	100%	04/2025
2	Ham Nghi – Vung Ang	9,734	54.2		100%	04/2025
3	Vung Ang-Bung	12,547	56.1	VCG, LCG	100%	04/2025
4	Bung- Van Ninh	9,361	50	C4G	100%	04/2025
5	Van Ninh – Cam Lo	9,919	65		100%	04/2025
6	Quang Ngai – Hoai Nhon	20,469	88	HHV	100%	12/2025
7	Hoai Nhon – Quy Nhon	12,401	70.1		100%	12/2025
8	Quy Nhon – Chi Thanh	14,802	61.7	CC1, RCC, TTL	100%	12/2025
9	Chi Thanh – Van Phong	10,773	48	HHV	100%	12/2025
10	Van Phong – Nha Trang	11,808	83.4	VCG	100%	09/2025
11	Can Tho – Hau Giang	10,370	37.7	CC1-G36	100%	12/2025
12	Hau Giang – Ca Mau	17,152	73	CC1- C4G	100%	12/2025
<b>Total</b>		<b>147,000</b>	<b>721</b>			

On schedule

Ahead of schedule

Source: ACBS

## List of the Ring Road 4 bidding packages implemented by listed contractors:

No.	Project	Total length (km)	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Route section from Km13+017.92 to Km36+166.74	23.1	1,818	80%	365	VCG	06/2026
2	Route from Km48+314.71 to Km58+200	9.9	890	75%	220	C4G	06/2026
3	Parallel road (urban road) in Hung Yen province	19.3	1,505	70%	450	LCG	09/2026

## List of the Ring Road 3 bidding packages implemented by listed contractors:

No.	Project	Total length (km)	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Package XL4 through Thu Duc City	3.0	1,642	83%	280	HHV	11/2026
2	Package XL5 through Thu Duc City	2.4	2,303	83%	390	VCG,DPG,HBC	12/2026
3	Package XL8 through Hoc Mon District	7.3	1,418	82%	255	C4G	07/2026
4	Package XL10 through Binh Chanh District	3.1	1,638	70%	490	HBC, C4G	12/2026
5	Package XL1 through Binh Chanh District	2.4	1,832	52%	880	VCG, HHV	02/2027

## List of outstanding sub-projects of Long Thanh International Airport

No.	Project	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Passenger terminal	35,234	95%	1,762	Vietur: PHC, CC1,VCG	2026
2	Construction and design of runways, aprons, and auxiliary works	7,274	95%	364	VCG, C4G	2025
3	Construction and installation of aircraft parking equipment and related works	6,267	95%	313	VCG,C4G	2026
4	Internal road T1,T2	7,819	95%	391	HHV, TTL	2025
5	Construction, installation and design of internal port traffic works, airport infrastructure.	11,419	95%	571	VCG,C4G	2026

Delayed    On schedule    Ahead of schedule

Source: ACBS

- According to the Government’s master plan, 2026–2030 will mark an accelerated infrastructure investment cycle anchored by three key priorities: (1) construction of approximately 2,000 km of new expressways; (2) completion of Phase 1 and large-scale implementation of Phases 2–3 of Long Thanh International Airport; and (3) intensified investment in the national railway system, with a strategic focus on the North–South high-speed rail. In line with the orientations set out in the 13th National Party Congress Resolution, Conclusion No. 49-KL/TW, and sectoral master plans, railway infrastructure continues to be designated as a core pillar, requiring substantial capital allocation for flagship projects such as the North–South high-speed rail, Lao Cai – Hanoi – Hai Phong corridor, urban rail networks in Hanoi and Ho Chi Minh City, as well as Lang Son – Hanoi and Hai Phong – Ha Long – Mong Cai lines.
- We expect contractors with proven execution capabilities and experience in large-scale projects, particularly those involved in Phase 2 of the North–South Expressway, to be key beneficiaries of the upcoming infrastructure upcycle. Notable names include VCG, LCG, HHV, CTD, and DPG, which are well positioned to capture incremental contract awards over the medium term.

## Key infrastructure projects for the period 2026-2030

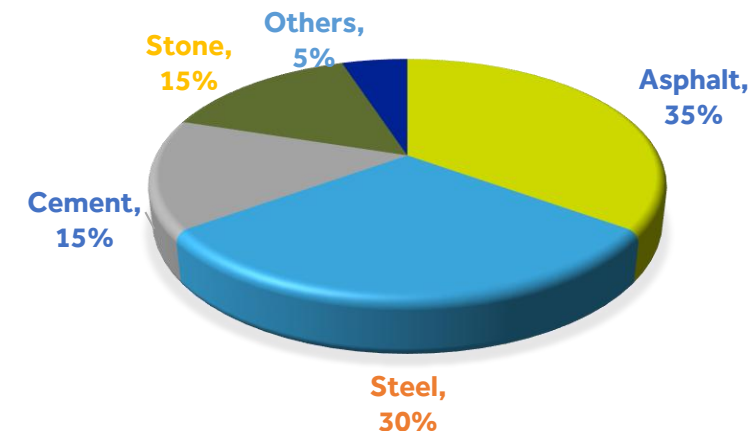
No.	Projects	Total investment (VND bn)	Timeline
1	2,000 km of new highways	N/a	2026-2030
2	Expanding the North-South Expressway (Eastern section)	152,000	2026-2030
3	Ho Chi Minh City Ring Road 4	136,000	2026-2029
4	Hanoi Ring Road 5	85,000	2027-2030
5	Can Gio International Transshipment Port	113,531	2025-2047

No.	Projects	Total investment (bn VND)	Timeline
1	North-South High-Speed Railway	1,714,000	2027-2025
2	Lao Cai - Hanoi - Hai Phong Railway	203,231	12/2025-2027
3	Hanoi Metro	900,000	2027-2035
4	Ho Chi Minh City Metro	956,000	2026-2035
5	Hanoi – Dong Dang Railway	50,000	2030
6	Long Thanh International Airport Phases 2 & 3	238,000	2027-2030
7	Gia Binh International Airport Phase 1	196,378	2025-2035

Sources: GSO, ACBS

- **Sectors benefiting directly from increased public investment:** Construction materials (construction stone, steel, cement, asphalt), and Infrastructure construction.
- Supported by the accelerated public investment program in 2021–2025, construction contractors have delivered marked earnings growth. Infrastructure players under our coverage: VCG, HHV, DPG, LCG, and CTD, reported backlogs as of 3Q2025 equivalent to 2–3.x their 2024 construction revenue. This sizable backlog base not only secures workload visibility and underpins growth in 2025–2027, but also, together with proven execution capability and strong track records, positions these contractors favorably to win additional contracts in 2026–2030, reinforcing medium-term growth prospects.
- In the medium term, the backlogs of infrastructure construction companies such as VCG, HHV, and DPG are expected to expand further thanks to the government’s strategic target to invest in major infrastructure projects such as the Lao Cai – Hanoi – Hai Phong railway and the North–South high-speed rail, which are scheduled for implementation after 2027. For BOT operators like HHV, the synchronized development and interconnection of new expressway routes are anticipated to drive higher traffic volumes through toll stations, thereby improving operating cash flows and enhancing financial performance amid a progressively integrated national transport network.
- **Sectors benefiting indirectly from increased public investment: Residential real estate, industrial parks and logistics**

**Breakdown of road and bridge construction materials (%)**



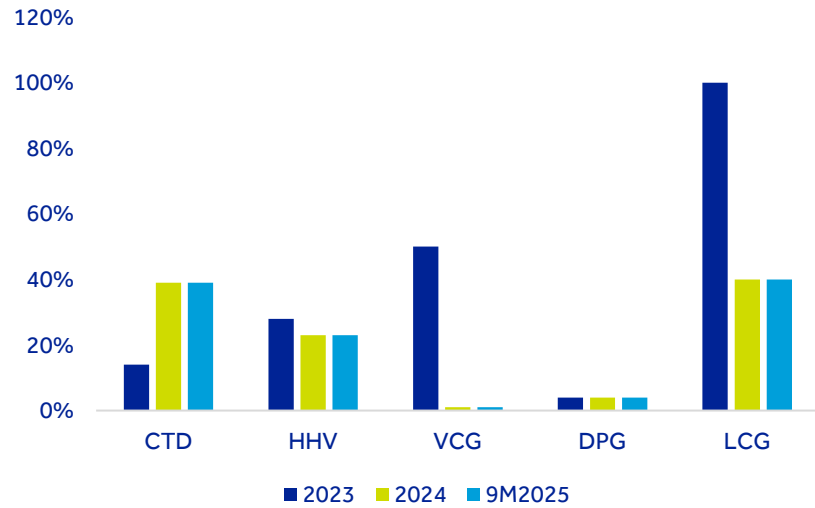
## Key financial indicators

Ticker	2025E					2026F				
	Revenue growth	Net profit growth	Gross profit margin	Net profit margin	Debt/Equity	Revenue growth	Net profit growth	Gross profit margin	Net profit margin	Debt/Equity
CTD	18.2%	47.1%	3.3%	1.8%	0.4	25.8%	59.6%	3.7%	2.3%	0.5
HHV	14.6%	15.3%	38.0%	12.9%	1.6	10.4%	20.2%	39.3%	14.1%	1.5
VCG(*)	14.4%	0.5%	14.7%	6.3%	0.5	19.0%	66.2%	17.0%	8.8%	0.4
DPG	22.5%	34.5%	14.9%	6.8%	1.5	29.4%	60.7%	18.7%	8.5%	1.8
LCG	34.1%	23.8%	11.4%	4.0%	0.4	6.9%	34.4%	11.7%	5.0%	0.3

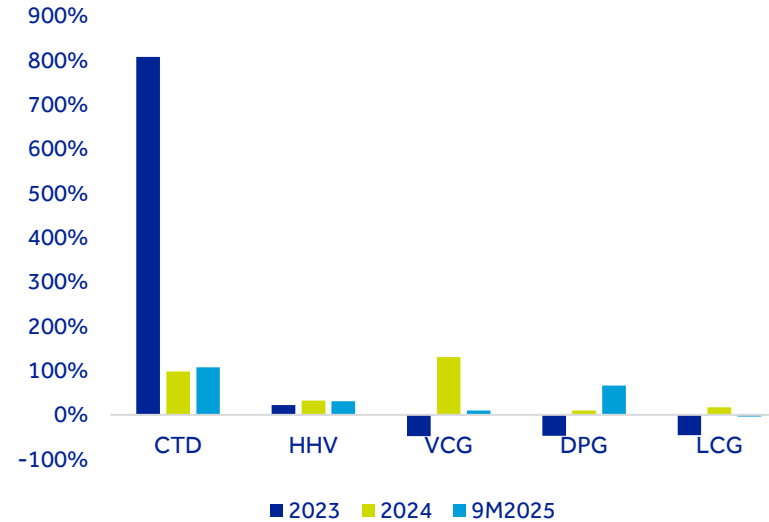
Source : ACBS; (\*) based on core business

## Key financial indicators

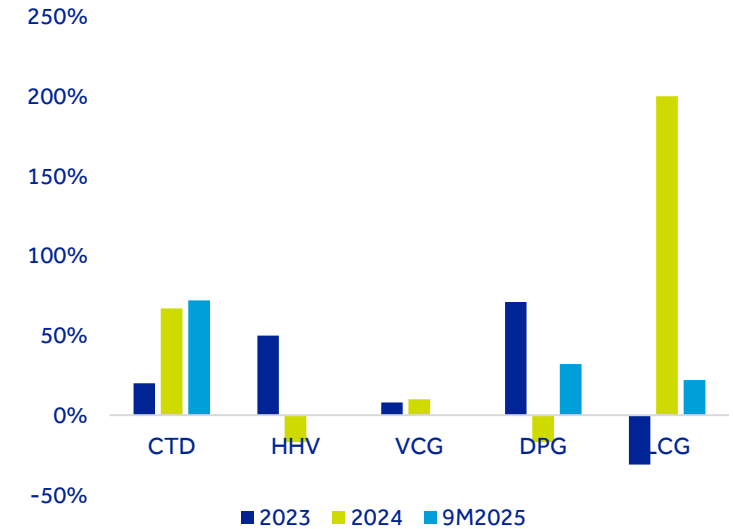
### Revenue growth (%)



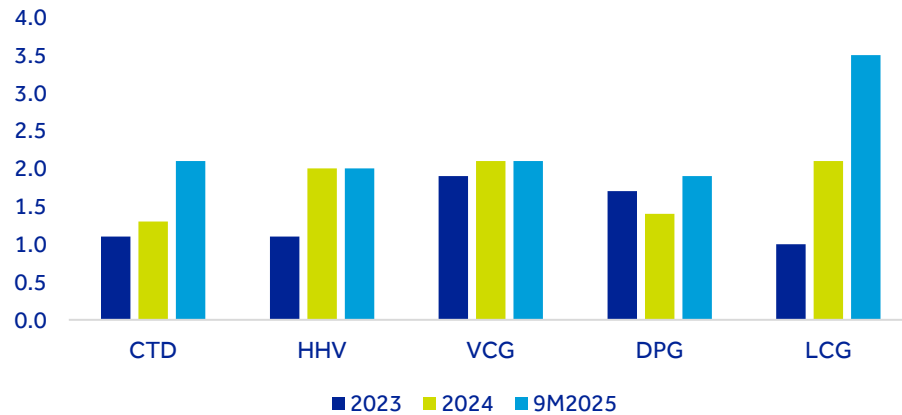
### Net profit growth (%)



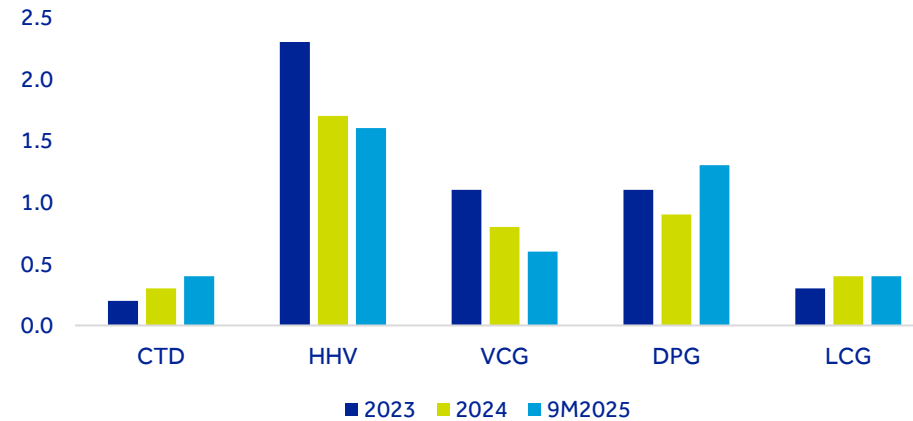
### Backlog growth (%)



### Backlog/Revenue (times)



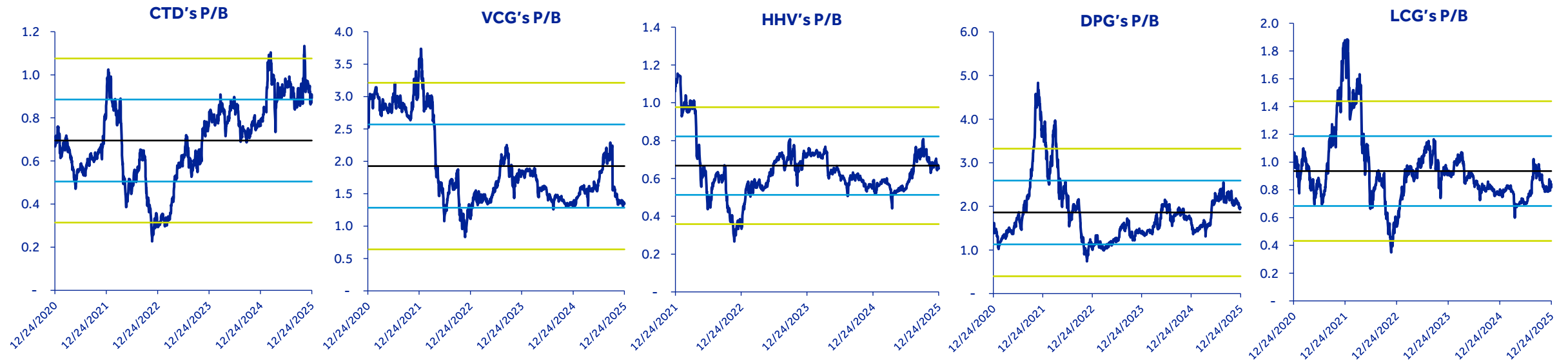
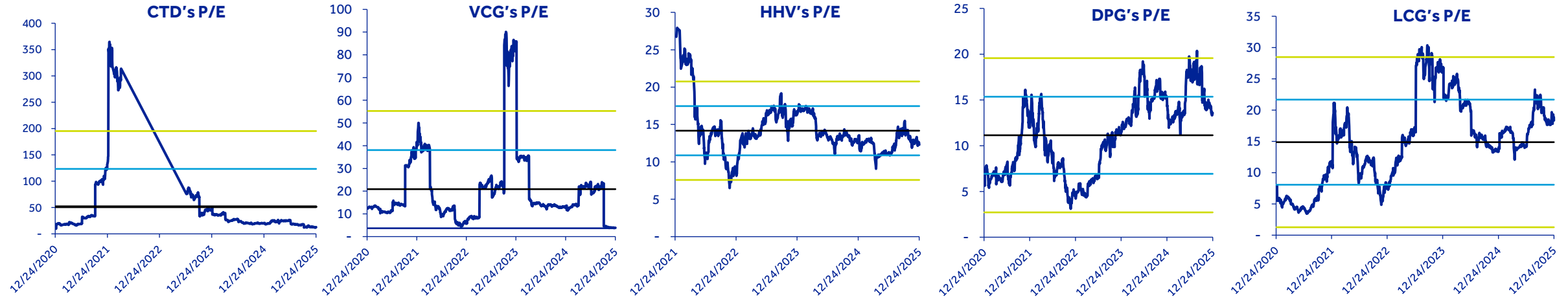
### Debt/Equity (times)



Source : companies, ACBS

# OUR WATCHLIST

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➤ **Material and Infrastructure Construction Sector:** We select leading stocks in each sub-sector with high-growth potential. These companies are expected to benefit from the policies of boosting public investment and have strong prospects of winning numerous future contracts.

No.	Ticker	2026 Target price	Upsize (*) (%)	Investment highlights
1	<b>HHV</b>	<b>17,800</b>	<b>30%</b>	<ul style="list-style-type: none"> <li>In the 2025-2027 period, traffic volume through toll stations under BOT projects operated by HHV is expected to grow steadily at a rate of 8–10% per annum. This growth will support a stable revenue stream from toll collection activities.</li> <li>We believe the government's continued increase in public investment spending will unlock additional infrastructure opportunities for HHV going forward. As of 3Q2025, HHV's construction backlog stood at over VND2.5 tn, equivalent to 2.5 times its 2024 EPC revenue, positioning the construction segment as a key earnings driver for the 2025–2026 period.</li> </ul>
2	<b>VCG</b>	<b>35,000</b>	<b>44%</b>	<ul style="list-style-type: none"> <li>As of 3Q2025, VCG reported a construction backlog of over VND29 tn, equivalent to 3 times of its 2024 construction revenue. The construction segment is expected to remain the primary contributor to VCG's earnings performance over the 2025–2026 period.</li> <li>With the Government's policy to boost public investment, we expect VCG to secure new contracts thanks to its extensive experience and capability in executing large-scale projects.</li> </ul>
3	<b>LCG</b>	<b>14,700</b>	<b>38%</b>	<ul style="list-style-type: none"> <li>As of 3Q2025, LCG's backlog reached approximately VND7.3 tn, nearly three times its 2024 construction revenue, ensuring strong earnings visibility for 2025–2026.</li> <li>Supported by proven execution capabilities and partnerships with major contractors such as Vinaconex, Son Hai, and CC1, LCG maintains a solid backlog outlook for 2026–2030. Early completion of the Van Phong – Nha Trang expressway (≈VND100 bn bonus) and participation in Hanoi Ring Road 4 further reinforce its credibility and underpin sustainable long-term growth.</li> </ul>
4	<b>DPG</b>	<b>56,600</b>	<b>37%</b>	<ul style="list-style-type: none"> <li>DPG has recently recorded a significant expansion in its construction segment, securing three large-scale contracts with a combined value of VND1.9 tn, including: (i) the Hong Ha Bridge and Huu Hong overpass under Hanoi Ring Road 4; (ii) the Tra Ly River Bridge project; and (iii) the Saigon River pedestrian bridge. Cumulatively in 9M2025, DPG's new contract signings reached approximately VND4.3 tn, lifting total backlog to over VND6.6 tn, equivalent to more than twice its 2024 construction revenue, thereby securing strong workload visibility and earnings stability in the coming period.</li> </ul>
5	<b>CTD</b>	<b>110,000</b>	<b>38%</b>	<ul style="list-style-type: none"> <li>CTD is expanding into the public investment segment, which is expected to offer significant growth potential in 2025–2027. Key ongoing projects include Passenger Terminal T2 at Phu Quoc International Airport and the APEC Convention Center (S2, S3, S4), with a combined contract value exceeding VND5.0 tn. These projects are strengthening CTD's track record in large-scale infrastructure, enabling deeper participation in future public investment tenders while diversifying revenue streams and reducing reliance on the residential construction cycle.</li> <li>In Q3/2025, CTD secured VND19.3 tn in new contracts (+87% YoY), lifting total backlog to VND51.6 tn (+47% YoY), nearly twice its 2024 revenue. The backlog is well balanced across segments, with residential (60%), industrial (20%), and infrastructure (10%), underpinning sustainable medium-term growth visibility.</li> </ul>

Source: ACBS (\*) data on 12/12/2025

- **Material and Infrastructure Construction Sector:** We select leading stocks in each sub-sector with high-growth potential. These companies are expected to benefit from the policies of boosting public investment and have strong prospects of winning numerous future contracts.

No.	Ticker	2026 Target price	Upsize (**) (%)	Investment highlights
1	HPG	35,700	37%	<ul style="list-style-type: none"> <li>Demand for construction steel is expected to continue rising in 2026, underpinned by the Government's accelerated infrastructure investment program, including flagship projects such as Long Thanh International Airport and the North-South high-speed railway.</li> <li>With its fully integrated steel value chain, HPG maintains a domestic market-leading position, accounting for approximately 35% of total construction steel consumption. Strong public investment-driven demand is likely to support high capacity utilization, with steel output projected to increase by around 10% versus 2024 levels. Moreover, sustained demand should help stabilize steel prices and preserve HPG's profit margins, reinforcing earnings resilience in the medium term.</li> </ul>
2	VLB (*)	52,900	8%	<ul style="list-style-type: none"> <li>VLB owns five mines (Thanh Phu 1, Thien Tan 2, Tan Cang 1, Soklu 2, Soklu 5), all strategically located to supply key infrastructure projects in the Eastern and Southwestern regions of Vietnam, such as the second phase of the North-South Expressway, Long Thanh International Airport, and Ho Chi Minh City's Ring Road 3.</li> <li>We estimate that the demand for construction stone for major project developments in Southern Vietnam from 2024 to 2030 will reach 37.3 bn cubic meters, equating to an annual increase in stone consumption of 10%.</li> <li>With an estimated remaining reserve of nearly 85 mn cubic meters of stone at the end of 2024 and an annual licensed extraction capacity of 5.7 mn cubic meters, VLB is well-positioned to meet the increased demand driven by boosted public investment activities.</li> </ul>
3	HT1	20,800	43%	<ul style="list-style-type: none"> <li>In Southern Vietnam, accelerated progress at major projects—Long Thanh Airport, HCMC Ring Roads 3 &amp; 4, and Phase 2 of the North-South Expressway—is expected to support strong cement demand in 2026. Concurrently, easing legal bottlenecks in the real estate market are unlocking new supply, with 2025F–2027F additions of ~81,000 apartments and ~31,000 landed units, implying a sharp demand recovery.</li> <li>Against this backdrop, HT1 is well positioned to benefit, given its strategic plant locations and the largest distribution network in the South. On the cost side, the sharp decline in imported coal prices (down &gt;70% from the 2022–2023 peak) and stable 2026 outlook (~USD180/ton) are expected to support margin recovery through both higher volumes and lower input costs.</li> </ul>
4	PLC (*)	33,100	35%	<ul style="list-style-type: none"> <li>PLC is the largest asphalt supplier in Vietnam, holding about 30% of the national market share.</li> <li>With its nationwide storage and port system's capacity of 400,000 tons per year, PLC significantly benefits from the growing demand for asphalt which is driven by the Government's ambitious infrastructure goals of achieving 3,000 km of expressways by 2025 and 5,000 km by 2030.</li> </ul>

Source : ACBS, (\*): Bloomberg Consensus (\*\*): data in 12/12/2025

# WATCHLIST FOR REAL ESTATE & IPs

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- **Real Estate sector:** Residential real estate companies like VHM, DXG, DIG, NLG, and industrial real estate companies such as SIP, VGC, IDC, KBC benefit from the increased investment in key transportation infrastructure projects.

Key projects	Ticker	Real estate projects
North-South expressway phase 2	DIG	Commercial residential area, Ward IV, Hau Giang (currently in business)
	VIC, VHM	Vinhomes Vung Ang Industrial Park (investment policy was approved in July 2024)
	VGC	Doc Da Trang Industrial Park (investment policy approved in March 2024)
Long Thanh international airport	DXG	Gem Sky World (Sold 2,300 plots out of a total of 3,900 plots)
	SIP	Loc An – Binh Son Industrial Park (115 hectares available for lease)
Ring Road 3 in Ho Chi Minh City	VHM	Vietnam International University Urban Area (not yet for sale) Vinhomes Green City (launch from June 2025) Vinhomes Grand Park (almost sold out)
	NLG	Waterpoint (currently operating Phase 1 with an area of 165 hectares out of a total of 355 hectares)
	AGG	The Gio (open for sale)
	SIP	Le Minh Xuan 3 Industrial Park (98 ha available for lease) Dong Nam Industrial Park (22 ha available for lease)
	IDC	Huu Thanh Industrial Park (222 hectares available for lease)
Ring Road 4 in Hanoi	VHM	Vinhomes Wonder City ( launch from March 2025) Vinhomes Ocean Park 1, 2, 3 (almost sold out) Vinhomes Smart City (almost sold out)
	VGC	Thuan Thanh 1 Industrial Park (operate from 2024, 162 hectares available for lease)
	KBC	Nam Son Hap Linh Industrial Park (66 hectares available for lease) Que Vo Industrial Park (100% occupied)
Metro lines, Ho Chi Minh City	PDR	La Pura (open for sale) Thuan An 1,2 (transferring to partner)
	VHM	Vinhomes Green Paradise (currently in business)
	AGG	The Gio (currently in business)
	BCM, IJC	Binh Duong New City (currently in business) Industrial parks in Binh Duong (currently in operation)
Metro lines, Hanoi City	VHM	Vinhomes Wonder City ( launch from March 2025)

Source : ACBS

# PART 4. INVESTMENT THEMES 2026

## 4.5 MID-SMALL CAP – HIDDEN GEMS

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# STRONG EARNINGS RECOVERY AMONG MID & SMALL-CAP STOCKS

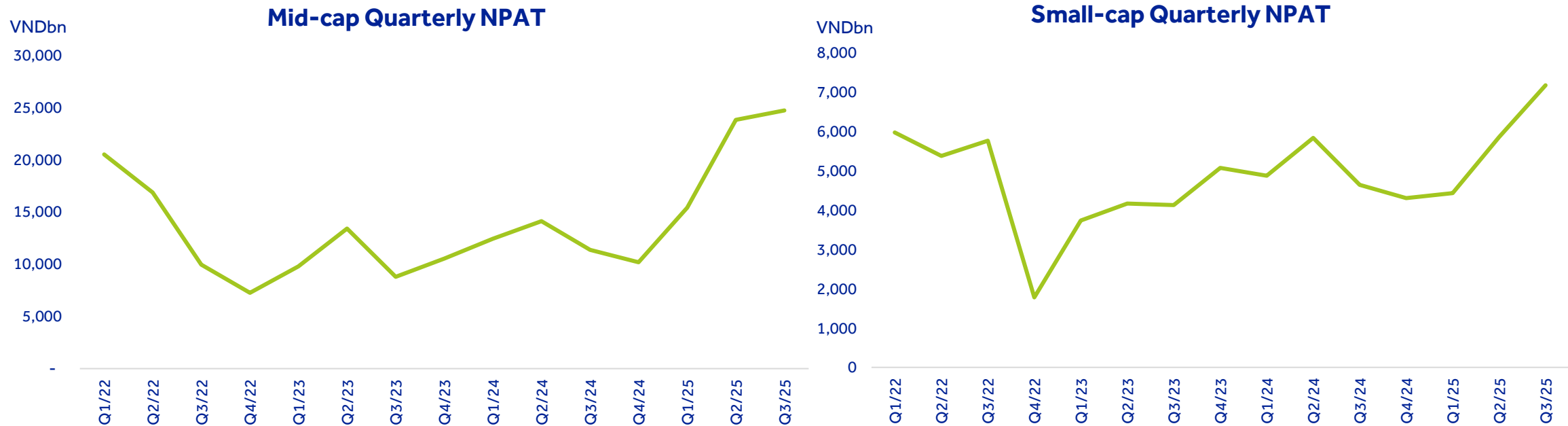
By market capitalization, we classify the universe into two segments: (i) mid caps with a market capitalization of VND5,000–28,000bn; and (ii) small caps with a market capitalization below VND 5,000bn.

We take Q1/2022—when the VN-Index reached its cyclical high at ~1,530 points—as the starting point. The market’s aggregate net profit (NPAT) also peaked during this period before entering a sharp downturn. From peak to trough, NPAT contracted by approximately 50% for mid caps and 66% for small caps.

In 2025, the earnings cycle has clearly turned upward, with mid- and small-cap stocks posting a notable recovery.

- Mid-cap NPAT in Q2/2025 has already surpassed its previous peak in Q1/2022, and continued to expand in Q3/2025.
- Small-cap NPAT in Q3/2025 also exceeded the level recorded in Q1/2022, signaling an earnings recovery back to pre-downturn highs.

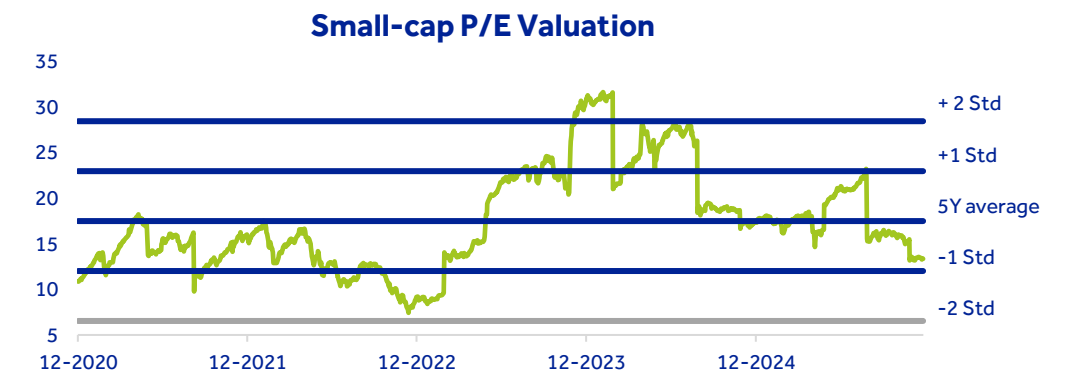
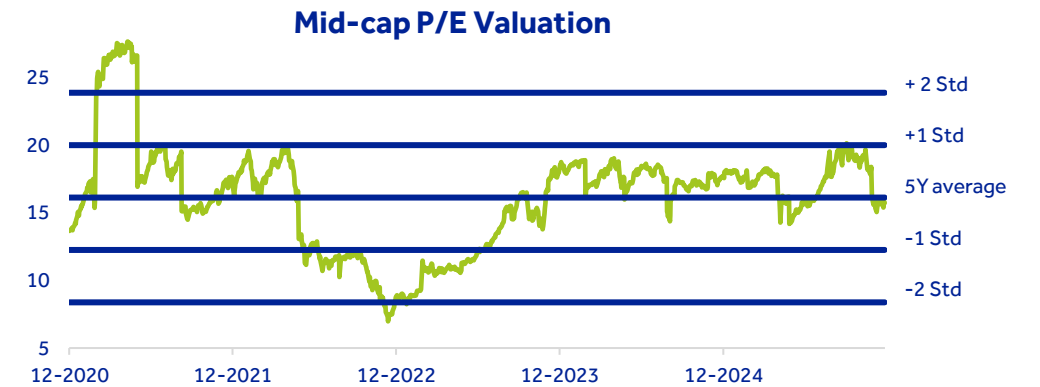
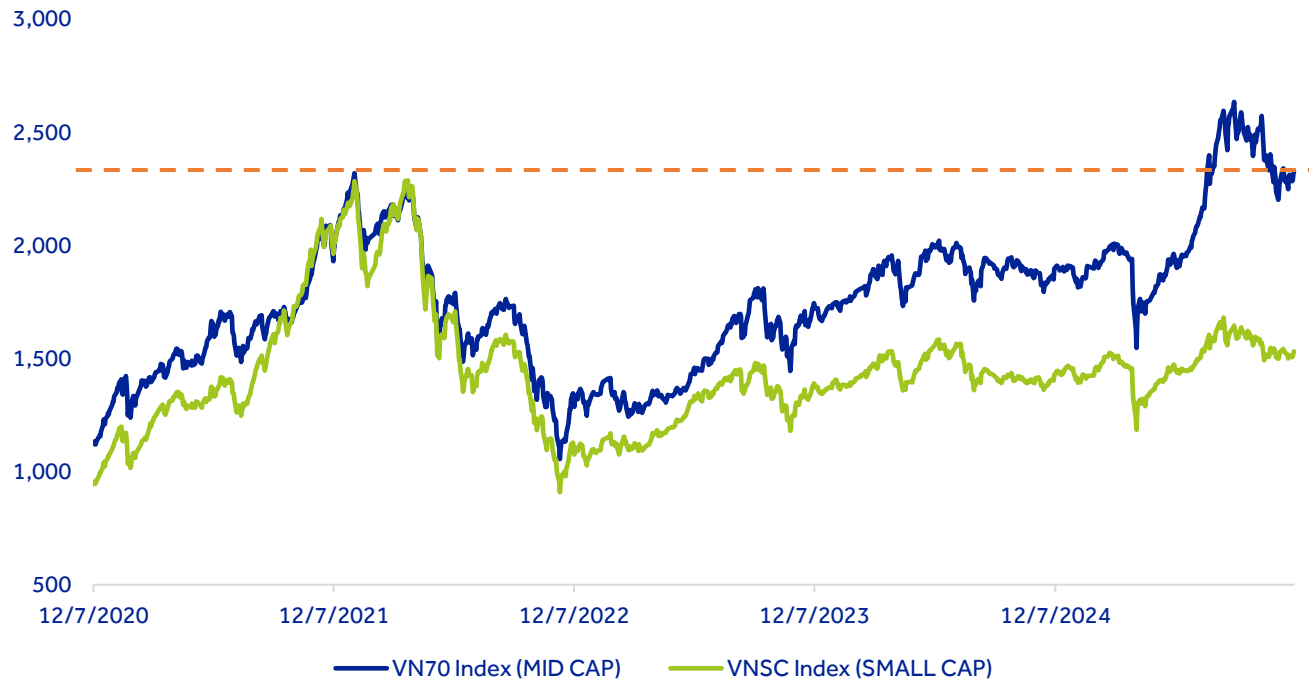
This performance underscores the resurgence in profitability within the mid- and small-cap space, reinforcing the view that these segments are moving into a new recovery phase of the earnings cycle.



Source: Fiiipro, ACBS

# “HIGHER PROFIT, CHEAPER VALUATION”: PARADOX OR OPPORTUNITY?

- The VN70 Index (Midcap) has rallied strongly, surpassing its 2022 peak and is currently retracing back to that breakout zone. With net profit (NPAT) improving significantly in recent periods, the index’s aggregate P/E has compressed back toward its 5-year average. This sharp rebound in mid caps throughout the year has been heavily influenced by the Gelex-related stocks (GEX, GEE, and VIX), whose combined market capitalization now accounts for over 15% of the VN70
- Meanwhile, the VN50 Index (Smallcap) continues to trade near its lower range, even as NPAT has surpassed its 2022 peak. As a result, the small-cap segment’s P/E has de-rated to around -1 standard deviation relative to its 5-year valuation band/

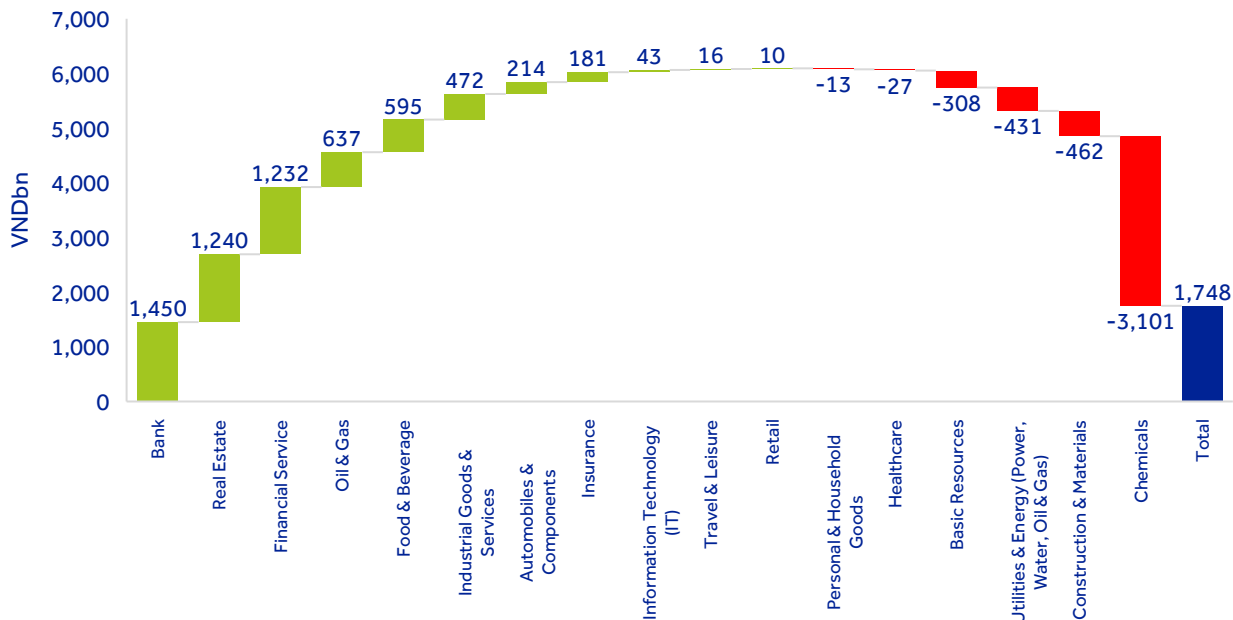


Source: Bloomberg

# PROFIT GROWTH BY SECTOR

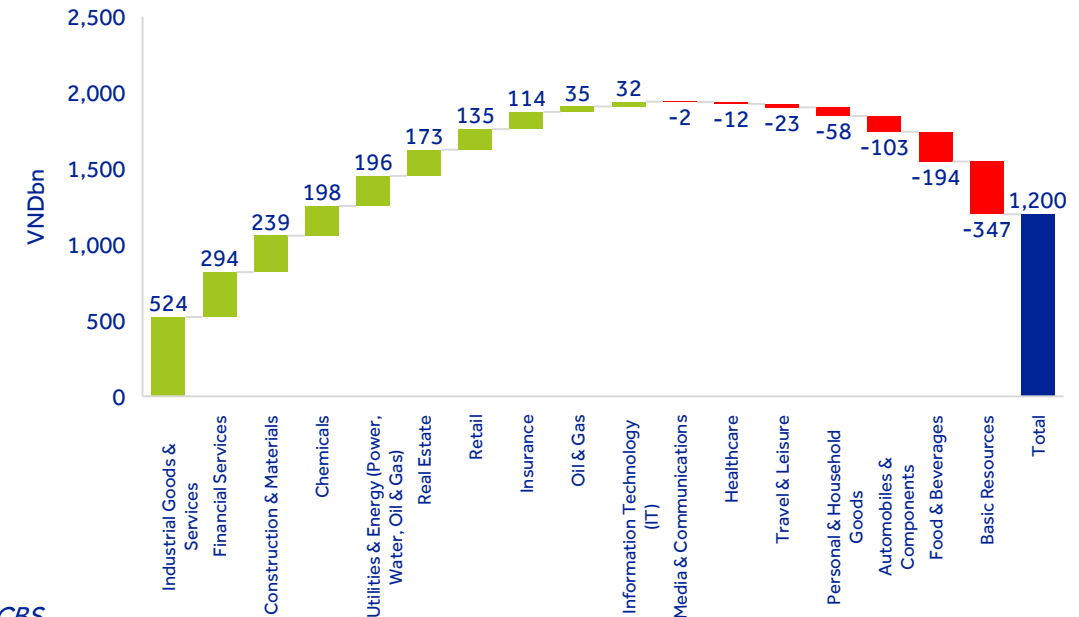
**MIDCAP:** Comparing Q1/2022 with Q3/2025, and excluding one-off gains from real estate project transfers (bulk project sales), the following sector groups have driven fluctuations in net profit (NPAT) within the mid-cap segment:

- Banking, Real Estate, and Financial Services are leading NPAT growth, rebounding as interest rates eased and credit conditions improved in 2025 after the 2022 rate surge hit earnings.
- Oil & Gas and Industrial sectors benefited significantly from the Government’s ramp-up in public investment.
- The Food & Beverage and Automotive & Parts sectors have registered growth thanks to the recovery in consumer demand.



**SMALLCAP:** When comparing the net profit (NPAT) of small-cap companies between Q1/2022 and Q3/2025, we observe several key sectors demonstrating notable growth, as follows:

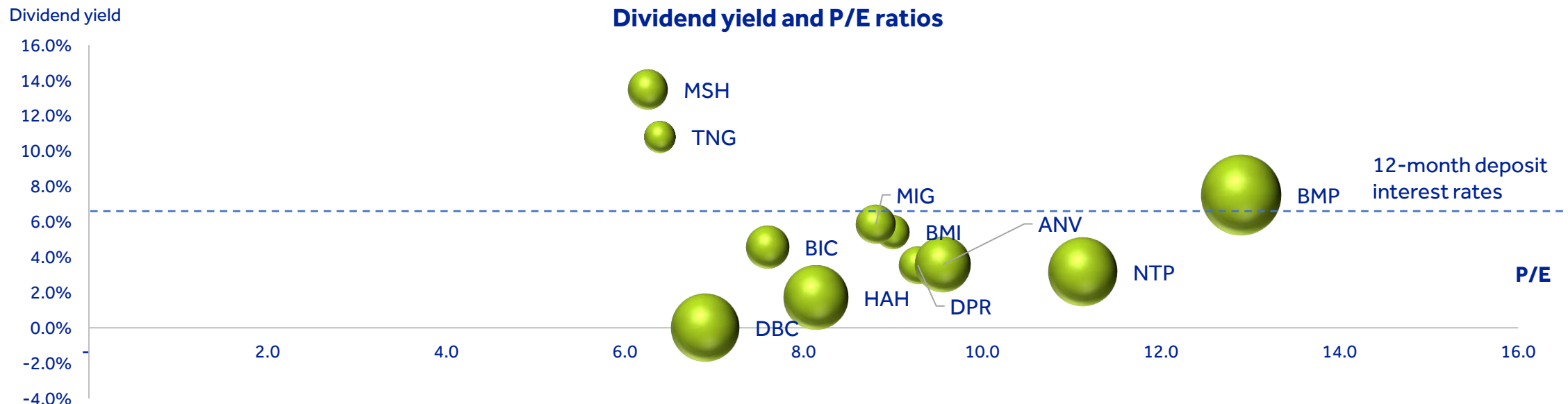
- For the Smallcap segment, Industrial Goods & Services lead NPAT growth, primarily driven by seaport and logistics operators.
- Following this is the group of small-cap securities firms, which also recorded solid earnings improvement.
- Among the remaining sectors, companies in Construction & Installation, Stone Mining, Textiles & Garments, and Insurance have exerted the most meaningful impact on overall performance



Source: Fiiipro, ACBS

# KEY CRITERIA FOR MIDCAP AND SMALLCAP PICKS

- The primary contributors to earnings growth among small and mid-cap companies are the Banking, Real Estate, and Brokerage sectors. These industries exhibit high earnings sensitivity to interest rate movements; thus, the peak in interest rates during late 2022–early 2023, followed by a downward trajectory, has acted as a key tailwind for net profit expansion across these segments.
- In the current environment, we are concerned that sustaining high credit growth to stimulate the economy may lead to further upward pressure on interest rates in 2026. Consequently, despite being key growth pillars within the small and mid-cap universe, we remain cautious about the ability of these sectors to maintain strong net profit momentum moving forward.
- Among the remaining sectors, Food & Beverage, Industrial Goods & Services (Ports & Logistics), Construction & Materials, and Insurance are expected to exhibit higher stability and lower exposure to interest rate volatility.
- Additionally, several manufacturing companies — despite operating in industries currently facing macro-driven headwinds — are still delivering resilient growth. Notable examples include select firms in Textiles and Chemicals (Rubber), which warrant consideration given their currently attractive valuations.
- Top picks: BMP, NTP, ANV, DPR, MIG, BMI, BIC, HAH, DBC, TNG, MSH.



# PROMISING MID-CAPS TO WATCH

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Ticker	Company Name	Sub-sector	Investment Thesis	Debt/Equity	NPATMI growth (2025E)	NPATMI growth (2026F)	P/E TTM	P/E 2025E	P/E 2026F
ANV	Navico	Food & beverage	The company has successfully capitalized on market opportunities by expanding its tilapia product portfolio for export to the U.S. market. ANV is positioned among the leading Vietnamese exporters of tilapia. In 2025, tilapia exports have emerged as a bright spot for the seafood sector, recording growth of more than 200%.	0.44	2,500%	5%	9.6	5.8	5.6
DBC	Dabaco group	Food & beverage	Live hog prices in the early months of the year fluctuated around VND 65,000–75,000/kg, enabling DBC to record all-time high profits. Going forward, live hog prices are expected to remain stable above VND 60,000/kg, supported by rising demand.	0.73	82%	5%	6.9	7.9	7.5
HAH	Hai An Transport & Stevedoring JSC.	Industrial Goods & Services	Vietnam's import–export turnover grew 17.2% in the first 11 months, indicating sustained demand for maritime transportation. Profit margins in 2025 are expected to remain elevated despite tariff-related risks. Operational efficiency is improving thanks to strategic cooperation with major shareholder VSC, the largest port operator in Hai Phong.	0.41	66%	10%	8.1	9.1	8.2
NTP	Tien Phong Plastic JSC.	Construction & Materials	Declining input costs: PVC prices continue to hit new lows, creating opportunities to reduce production costs and enhance profitability for both companies. Investment activity in residential and social housing projects is accelerating, supporting stronger demand for their products.	0.49	50%	32%	11.1	10.1	7.6
BMP	Binh Minh Plastics JSC	Construction & Materials	Public investment as a growth driver: HDPE pipes produced by NTP and BMP are being utilized in drainage systems for infrastructure and public investment projects, providing a structural boost to consumption and revenue growth	0.02	25%	21%	12.9	12.2	10.1

Source: ACBS estimates

# PROMISING SMALL-CAPS TO WATCH

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Ticker	Company Name	Sub-sector	Investment Thesis	Debt/Equity	NPATMI growth (2025E)	NPATMI growth (2026F)	P/E TTM	P/E 2025 (E)	P/E 2026 (F)
<b>BIC</b>	BIDV Insurance Corporation	Insurance	<ul style="list-style-type: none"> <li>➤ The Non-Life Insurance sector has sustained robust growth over the past 20 years, driven by: (1) rising demand for property and casualty insurance products; and (2) an increasingly diversified product portfolio that better meets customer needs.</li> <li>➤ Over 80% of investment assets held by non-life insurers are allocated to bank deposits; therefore, the uptrend in deposit interest rates is broadly considered a positive catalyst for the sector's profitability</li> <li>➤ The non-life insurance sector is currently facing market share pressure from smaller competitors. In this context, leading players such as BMI, MIG, and BIC retain a competitive edge, supported by strong brand credibility and proven product performance—an advantage that clearly differentiates them from lower-tier insurers.</li> </ul>	0.16	23%	18%	7.6	7.1	6.0
<b>BMI</b>	Bao Minh Insurance Corporation	Insurance		0	10%	8%	9.0	10.2	9.5
<b>MIG</b>	Military Insurance Corporation	Insurance		0	40%	23%	8.8	10.7	8.8
<b>MSH</b>	Song Hong Garment JSC	Textiles & Garments	<ul style="list-style-type: none"> <li>➤ In 2025, despite headwinds from geopolitical volatility and US tariff policies, the textile and garment sector delivered resilient performance. Export turnover is estimated at USD46bn, up 5.6% yoy, with an impressive trade surplus of USD21bn.</li> <li>➤ MSH and TNG meet both fundamental and liquidity criteria.</li> </ul>	0.53	65%	15%	6.3	5.5	4.8
<b>TNG</b>	TNG Group	Textiles & Garments		1.63	20%	15%	6.4	6.2	5.4
<b>DPR</b>	Dong Phu Rubber	Chemicals	<ul style="list-style-type: none"> <li>➤ At current rubber prices, the company is generating solid profitability from its core operations: in Q3/2025, latex business revenue grew by 90% yoy.</li> <li>➤ International and domestic rubber prices are expected to remain stable, supported by: (1) tightening supply from major exporting countries such as Thailand and Malaysia; (2) the potential return of El Niño in 2026, which could negatively impact production; and (3) rising demand from Vietnam's expanding automotive industry, providing support for domestic rubber selling prices.</li> </ul>	0	40%	10%	9.3	8.7	7.9

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