

Vietcombank (VCB)

Gradual improvement

- Higher retail loan growth
- Improvement in net interest income
- Gradual recovery in 3Q25F

Facts: Moderate earnings growth in 2Q25

- 2Q25 PBT rose by +9.1%yoy to VND11.03tn due to lower risk provision expenses (-46.5%yoy) and higher other incomes. Accumulated 1H25 PBT climbed by +5.1%yoy to VND21.9tn, completing 50% of the 2025 guidance and 47% of KIS's 2025 estimation.
- Net interest income in 2Q25 rebounded +1.8%yoy thanks to higher credit growth. Credit growth rose by +7.29%YTD in 2Q25, lower than the industry's 9.9%YTD. According to management, considering loans sold to VCBNeo, credit growth was above the industry's ratio. In 2Q25, Corporate loans and retail loans rose +4.5%YTD and +11% YTD, respectively. Retail loans recorded a rebound in business and mortgage loans.
- 2Q25 NIM was 3.67%, remaining stable qoq. However, it represented a decrease from 3.08% in 2Q24. The drop was caused by lower asset yields due to a higher concentration of short-term loans and a reduction in lending interest aimed at stimulating the economy. Total deposit growth from customers, interbank, and valuable paper rose +5.4%YTD, lower than credit growth. Reported LDR from VCB was 83%.
- 2Q25 Non-interest incomes declined by +30%yoy, driven by FX activities (+40.9%yoy) and other incomes from bad-debt recovery (VND1,153bn in 2Q25 compared to VND24bn in 2Q24). Services incomes (-42%yoy) remained grey tone across segments: cards, trade finance, and insurance.
- 2Q25 operating expenses surged by +17.6%yoy – increased uniformity in all components, leading to higher CIR from 31% in 2Q24 to 34% in 2Q25.
- NPL (3-5 group)/NPL (2-5 group) declined slightly from 1.03%/1.32% in 1Q25 to 1.0%/1.25% in 2Q25, belonging to the lowest ratio in the industry. 2Q25 NPLs remained stable across segments: 1.2% for corporate and 0.8% for retail. LLCR slightly declined from 216% in 1Q25 to 214% in 2Q25, remaining among the highest ratios in the industry.

Pros & Cons: Gradual recovery

- Credit growth in 3Q25F could stay high, comparable to the +10.2%YTD achieved in 3Q24, driven by retail loans from mortgage and household business. Growth in large corporate loans were supported by key projects in electricity, steel production, and recovery in the real estate sectors. 3Q25F NIM could rebound, driven by higher asset yields.

12M rating **BUY (maintain)**

12M TP **76,800** From 64,300

Up/Downside +19.4%

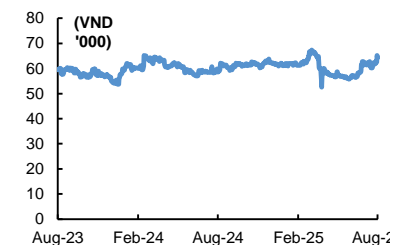
Stock Data

VNIndex (Aug 15, pt)	1,630
Stock price (Aug 15, VND)	64,300
Market cap (USD mn)	20,450
Shares outstanding (mn)	8,356
52-Week high/low (VND)	67,300/52,500
6M avg. daily turnover (USD mn)	12.05
Free float / Foreign ownership (%)	25.2/21.9
Major shareholders (%)	
SBV	74.8
Mizuho	15
GIC	2.2

Performance

	1M	6M	12M
Absolute (%)	0.0	0.0	0.1
Relative to VNIndex (%p)	-0.1	-0.2	-0.3

Stock price trend



Source: Bloomberg

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- According to management, the 2025F credit growth target is 16.28%, higher than the 2024 rate of 13.9%, thanks to the demand recovery from both retail, corporates and enhanced loans for key national projects.
- Non-performing loans and credit costs could continue to keep the top low ratios (target below 1.5%) and large provision buffers with high LLCR, supporting earnings growth. However, the provision risk expenses in 2H25 could be higher than in 1H25.
- VCB also benefits from SBV reducing the compulsory reserve ratio by 50% for banks that are participating in mandatory restructuring. Based on 2Q25 figures, the estimated reduction is about VND18,000bn, which is equivalent to 1.2% of total loans. This will help improve liquidity and support the restructuring of weak credit institutions.

Recommendation

With improving business conditions, VCB could achieve moderate growth in 2025, driven by higher credit growth, a rebound in its Net Interest Margin (NIM) in 2H25, and well-managed non-performing loans. Private placement (6.5% of charter capital) could be completed in 2026 in favourable market conditions, according to management.

Table 1: Earnings trend and outlook

Unit: VNDbn, %

	2024				2025				2024	2025F	1Q25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			qoq	yoy
Loans to customers and corporate bonds	1,276,727	1,379,829	1,411,059	1,458,377	1,475,423	1,564,622			1,458,377	1,694,890	6.0	13.4
% growth (ytd)	(0.3)	7.7	10.2	13.9	1.2	7.3			13.9	16.2	-	-
Loans to customers	1,266,478	1,369,645	1,401,152	1,449,220	1,466,391	1,555,769			1,449,220	1,686,806	6.1	13.6
NPL (3-5 group)	15,459	16,446	17,133	13,964	15,036	15,576			13,964	13,130	3.6	(5.3)
NPL ratio (% , %p)	1.22	1.20	1.22	0.96	1.03	1.00			0.96	0.78	-	-
NPL (2-5 group)	22,502	21,322	21,983	17,899	19,306	19,453			17,899	19,145	0.8	(8.8)
NPL ratio (% , %p)	1.78	1.56	1.57	1.24	1.32	1.25			1.2	1.1	-	-
Loan loss coverage (% , %p)	200	212	205	223	216	214			223	274	-	-
VAMC	-	-	-	-	-	-			0	0	-	-
Deposit from customers and bond	1,377,231	1,401,585	1,456,972	1,538,790	1,523,278	1,610,848			1,538,790	1,750,524	-	-
Deposit from customers	1,347,326	1,374,683	1,430,071	1,514,665	1,509,113	1,586,683			8.7	13.8	-	-
% growth (ytd)	(2.7)	(1.0)	2.9	8.7	(1.0)	4.7			1,514,665	1,723,080	5.1	15.4
CASA (%)	33.8	34.2	33.5	35.8	34.3	35.5			35.8	37.8	-	-
Total assets	1,773,714	1,905,639	1,932,362	2,085,874	2,109,261	2,217,637			2,085,397	2,337,596	5.1	16.4
Total equity	173,514	181,597	190,186	196,113	204,840	213,642			198,955	234,913	4.3	17.6
Total operating income	17,280	16,752	16,836	17,711	17,265	17,868			68,578	74,083	3.5	6.7
Net interest income	14,078	13,908	13,578	13,842	13,687	14,160			55,406	60,598	3.5	1.8
NIM (% , %p)	3.2	3.1	2.9	2.8	2.7	2.7			3.43	3.43	-	-
Non-interest income	3,202	2,844	3,258	3,868	3,578	3,708			13,173	13,484	3.6	30.4
Net commission income	2,639	2,660	2,619	2,510	2,830	2,496			10,428	11,076	(11.8)	(6.2)
Gains on investment securities	55	160	84	74	85	59			373	456	(30.6)	(63.1)
Other non-interest income	508	24	555	1,285	663	1,153			2,372	1,952	73.9	4,627.6
Provision for credit losses	1,508	1,514	326	(32)	752	810			3,315	7,975	7.6	(46.5)
Net operating revenue	15,772	15,238	16,510	17,743	16,512	17,059			65,264	66,108	3.3	11.9
SG&A	5,054	5,122	5,811	7,040	5,652	6,025			23,027	22,225	6.6	17.6
CIR (%)	29.2	30.6	34.5	39.8	32.7	33.7			33.6	30.0	-	-
Pre-provision earnings	12,226	11,630	11,025	10,670	11,612	11,844			45,551	51,858	2.0	1.8
EBT	10,718	10,116	10,699	10,703	10,860	11,034			42,236	43,883	1.6	9.1
Net profit	8,586	8,125	8,572	8,570	8,702	8,837			33,853	35,106	1.6	8.8
Controlling-int. NP	8,580	8,119	8,567	8,565	8,696	8,832			33,831	35,084	1.6	8.8

Source: FiiiproX, VCB, KIS Research

We maintain a BUY rating for VCB following the adjustment of our target price to mid-2026 with the target price of VND76,800 per share, implying a 19.4% upside. For the multiple valuation, we use a 3-year historical P/B target of 2.9x. The valuation method is as follows:

Table 2. Cost of equity

Items	%
Beta (x)	0.9
Risk free rate (%)	3.4
Equity risk premium (%)	8.4
Cost of equity (%)	10.9

Table 3. Bended valuation

Metrics	Implied price	Weight	Weight
PB	88,395	50%	44,197
Residual approach	65,192	50%	32,596
TCB's target share price			76,794

Figure 1. P/B valuation in the historical trading

Source: FiinproX, KIS research

Table 4. Valuation approach

1. Residual approach	2025F	2026F	2027F	2028F	2029F
Net attrib profit	35,084	39,745	47,625	54,993	63,623
Equity	234,817	274,562	322,187	377,180	440,803
ROE (%)	16	16	16	16	16
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9
Residual income	13,368	14,115	17,656	19,826	22,454
Discount factor	1.0	0.9	0.8	0.7	0.66
PV of FCF 2025-2029	69,813	62,606			
Inter – growth (%)	6.5	6.5			
Perpeptual growth (%)	3	0			
Terminal value	248,091	275,170			
Total value	516,859	572,593			
Outstanding shares	8,356	8,356			
Price (VND/shr) (A)	61,857	68,527			
Mid-FY 26 TP	65,192				
2. P/B multiple approach					
BVPS (average of 2025F-2026F, VND)	60,962				
Fair PB (x)	2.9				
Price (VND/shr) (B)	88,395				

Balance sheet

(VND tn)

	2022A	2023A	2024A	2025F	2026F
Total assets	1,814	1,839	2,085	2,338	2,639
Gross IEAs	1,760	1,818	2,061	2,315	2,616
Loans and corp bonds	1,156	1,281	1,458	1,695	1,955
Household					
Corporate					
Dep't and loans to FIs	409	396	463	468	493
Dep't to SBV and G-bond	195	141	139	152	167
VAMC bond	-	-	-	-	-
NIEAs	90	56	57	60	66
Others	36	35	33	37	42
Total liabilities	1,678	1,671	1,886	2,103	2,365
Deposits	1,243	1,396	1,515	1,723	1,964
Debentures	25	20	24	27	31
Dep't and loans from FIs	233	214	235	246	259
Loans from Gov't and SBV	67	2	78	68	69
Other liabilities	110	40	35	38	42
Total equities	136	168	199	235	275
Controlling interests	136	168	199	235	275
Capital stock	47	56	56	84	84
Capital surplus	5	5	5	5	5
Other reserves	23	23	27	37	47
Retained earnings	61	85	111	109	139
OCI	(0)	(0)	(0)	1	1
Minority interest	0	0	0	0	0

Key financial data

	2022A	2023A	2024A	2025F	2026F
Profitability and efficiency (%)					
ROE	24.4	21.7	18.4	16.2	15.6
ROA	1.9	1.8	1.7	1.6	1.60
NIM	3.4	3.0	2.9	2.8	3.07
Asset yield	5.6	6.1	4.9	5.0	5.62
Cost of fund	2.5	3.4	2.2	2.5	2.84
Cost-income ratio	31.2	32.4	33.6	30.0	30.0
Credit cost	0.9	0.4	0.2	0.5	0.70
Growth (%)					
Net profit of controlling interest	36.4	10.5	2.4	3.7	13.3
Pre-provision earnings	19.6	-2.2	-0.6	13.8	20.5
Credit growth	18.8	10.7	13.9	16.2	15.4
Total assets	28.2	1.4	13.4	12.1	12.9
Asset quality (%)					
NPL ratio	0.7	1.0	1.0	0.8	0.8
NPL coverage ratio	316.9	230.3	223.3	274.3	271.3
Loan to deposit	77.6	79.6	82.8	85.4	87.2
Capital adequacy (%)					
CAR ratio	10.2	12.2	12.6	13.2	13.7
CET1 ratio	N/A	N/A	N/A	N/A	N/A
Tier 1 ratio	9.1	11.1	11.6	12.2	12.7

Income statement

(VND tn)

	2022A	2023A	2024A	2025F	2026F
Total operating income	68	68	69	74	89
Net interest income	53	54	55	61	75
Interest income	88	108	94	109	138
Interest cost	35	55	38	48	62
Non-interest income	15	14	13	13	14
Net commission income	13	11	10	11	12
Gains on investment securities	0	0	0	0	1
Other non-interest income	2	2	2	2	2
Provision for credit losses	9	5	3	8	13
Net operating revenue	59	63	65	66	76
SG&A	21	22	23	22	27
Employee benefits	11	12	12	-	-
Pre-provision earnings	47	46	46	52	62
Earnings before tax	37	41	42	44	50
Tax	7	8	8	9	10
Tax rate (%)	0	0	0	0	0
Continuing operations profit	28	31	30	32	36
Reversals of written-off loans	2	2	4	4	4
Net profit	30	33	34	35	40
Net profit of controlling interest	30	33	34	35	40

Valuation

	2022A	2023A	2024A	2025F	2026F
Per share (VND, adj.)					
BPS	16,223	17,070	23,811	28,103	32,859
EPS	3,275	2,991	3,728	3,878	4,424
DPS	0	0	0	0	0
Valuation (x)					
PB	4.0	3.8	2.7	2.3	2.0
PE	19.6	21.5	17.2	16.6	14.5
P/PPE	11.5	13.9	11.8	10.4	8.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
ROE analysis (%)					
ROE	24.4	21.7	18.4	16.2	15.6
Leverage(x)	13.4	10.9	10.5	10.0	9.6
IEAs to total assets	95.1	97.0	97.3	97.5	97.6
Net income to IEAs	1.7	1.8	1.6	1.5	1.5
Net interest income to IEAs	3.0	2.9	2.7	2.6	2.9
Non-interest income to IEAs	0.8	0.8	0.6	0.6	0.5
Credit cost to IEAs	0.5	0.3	0.2	0.3	0.5
SG&A to IEAs	1.2	1.2	1.1	1.0	1.0

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