

VPBank (VPB)

Chasing ambitious 25% credit growth

June 11, 2025

Manager Nguyen Anh Tung

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VPB delivered PBT of VND5,015 billion (+19.9% YoY) in 1Q2025

In 1Q2025, VPB recorded NII of VND13,356 billion (+1.2% QoQ, +17.9% YoY) and NOI of VND2,210 billion (-50.3% QoQ, +5.9% YoY), resulting in TOI of VND15,566 billion (-11.8% QoQ, +16.1% YoY). Provision expenses remained high at VND6,677 billion (-13.3% QoQ, +15.9% YoY), leading to PBT of VND5,015 billion (-18.5% QoQ, +19.9% YoY).

The bank targets 25% credit growth by year-end and plans a 5% cash dividend payout

At the 2025 Annual General Meeting (AGM), the full-year business plan was approved as follows: 25% YoY credit growth, 34% deposit growth, parent bank's NPL ratio below 3%, and 26% growth in consolidated PBT. Additionally, a 5% cash dividend payment sourced from 2024 retained earnings was approved.

NIM will continue to face pressure amid potential deposit rate hikes throughout the year

KBSV believes NIM will remain under pressure for the remainder of 2025, citing continued pressure from rising deposit rates amid USD/VND exchange rate volatility, driven in part by U.S. reciprocal tariffs. However, we expect two key factors to provide support to NIM in 2H2025: (i) an increased proportion of real estate lending; and (ii) a rebound in borrowing demand.

The impact of US tariff policies on VPB is assessed to be limited

The direct impact of US tariffs is expected to be limited, given the low exposure to import-export (3%) and FDI clients (0.8%) within the bank's total loan portfolio.

We reiterate BUY for VPB with a target price of VND24,600/share

Considering valuation results, business outlook, and potential risks, we reiterate BUY for VPB, with a target price of VND24,600/share for 2025, representing a 36.9% upside from the closing price on June 10, 2025.

Buy maintain

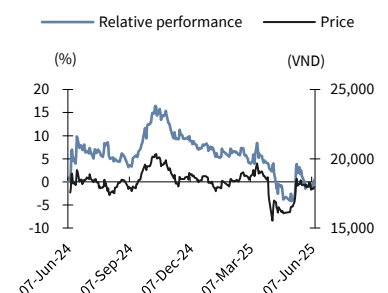
Target price	VND24,600
Upside	36.9%
Current price (Jun 10, 2025)	VND17,950
Consensus target price	VND23,616
Market cap (VNDtn/USDbn)	142.8/5.4

Trading data	
Free float	58.05%
3M avg trading value (VNDbn/USDmn)	523/20
Foreign ownership	24.42
Major shareholder	SMBC (15.01%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-3.0	-6.6	-3.9	2.7
Relative	-3.1	-5.4	-7.3	0.6

Forecast earnings & valuation

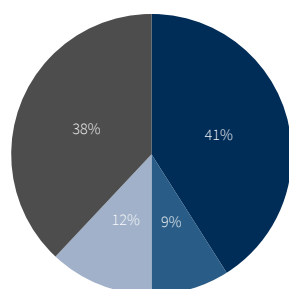
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	38,175	49,080	57,609	71,474
Pre-provision operating profit (VNDbn)	35,798	47,915	52,387	65,603
NPAT-MI (VNDbn)	9,974	15,779	19,143	20,612
EPS (VND)	1,257	1,989	2,413	2,598
EPS growth (%)	-53	58	21	8
PER (x)	14.3	9.0	7.4	6.9
Book value per share (x)	17,620	18,563	19,975	21,573
PBR (%)	1.02	0.97	0.90	0.83
ROE (%)	7.0	11.1	12.8	13.7
Dividend yield (%)				



Source: Bloomberg, KB Securities Vietnam

Credit composition (2024)

■ Retail ■ SME ■ Subsidiaries ■ Others



Source: Vietnam Prosperity Bank, KB Securities Vietnam

Business operation

Vietnam Prosperity Joint Stock Commercial Bank (VPB) ranks among the largest privately owned commercial banks in Vietnam, with total assets reaching VND923.84 trillion as of end-2024, placing it 7th in the sector by asset size.

VPB also stands out for its strong focus on retail lending, which accounted for 45% of its total loan portfolio in 2024.

Investment Catalysts

VPB's ambitious 25% credit growth target appears achievable thanks to rising borrowing demand boosted by low lending rates and a recovering real estate market.

NIM is expected to remain under pressure through year-end amid potential deposit rate hikes and pricing competition in lending as banks seek to gain or defend market share and support economic growth.

The direct impact of US tariffs is considered limited given VPB's low exposure to the import-export and FDI sectors, representing just 3% and 1% of its total loan book, respectively.

Notes

Please find more details below

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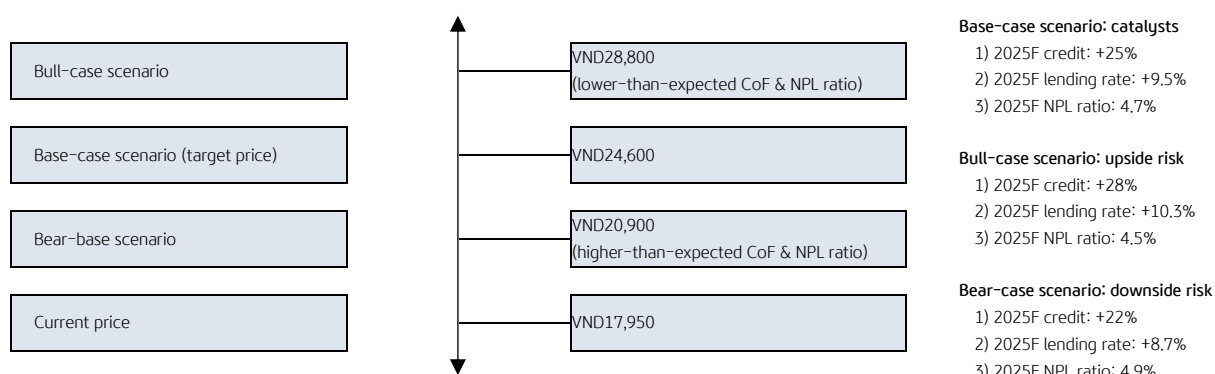
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	57,609	71,474	-14%	-11%	56,912	67,311	1%	6%
EBIT	52,387	65,603	-15%	-12%	52,051	60,300	1%	9%
NP after MI	19,143	20,612	+26%	+1%	18,774	23,386	2%	-12%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

VPB delivered PBT of VND5,015 billion (+19.9% YoY) in 1Q2025

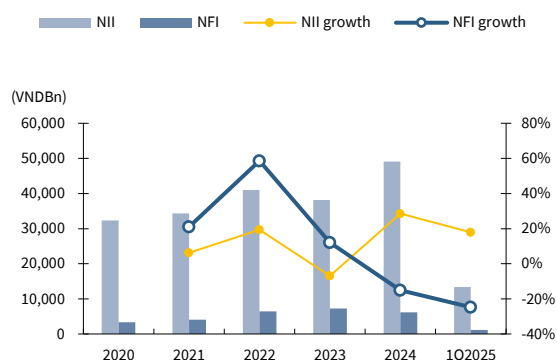
In 1Q2025, VPB recorded NII of VND13,356 billion (+1.2% QoQ, +17.9% YoY) and NOII of VND2,210 billion (-50.3% QoQ, +5.9% YoY), resulting in TOI of VND15,566 billion (-11.8% QoQ, +16.1% YoY). Provision expenses remained high at VND6,677 billion (-13.3% QoQ, +15.9% YoY), leading to PBT of VND5,015 billion (-18.5% QoQ, +19.9% YoY).

Table 1. VPB – 1Q2025 financial results

(VNDbn)	1Q2024	4Q2024	1Q2025	+/-%QoQ	+/-%YoY	Notes
Net interest income (NII)	11,323	13,193	13,356	1.2%	17.9%	The 17.9% YoY growth was supported by a 21.6% increase in credit growth and a YoY improvement of 23 bps in NIM.
Net fee income (NFI)	1,554	1,542	1,169	-24.2%	-24.8%	Net fee and commission income from the parent bank accounted for 56% of total NOII, with card services contributing 27% (down 4.6% YoY) and payment services 34% (down 57.2% YoY) due to the implementation of fee waivers and reductions to attract customers. The bancassurance segment saw a mild recovery (+3.9% YoY), though performance remained subdued compared to previous periods.
Other non-interest income (NOII)	533	2,910	1,042	-64.2%	95.3%	The FX segment recorded a profit of VND119 billion (down 60.7% YoY), while securities investment and trading generated VND49 billion. Income from bad debt recovery totaled VND856 billion (up 182.6% YoY), of which VND602 billion came from the parent bank.
Total operating income (TOI)	13,411	17,644	15,566	-11.8%	16.1%	
Operating expenses	(3,467)	(3,791)	(3,874)	2.2%	11.8%	The cost-to-income ratio (CIR) stood at 24.9%, marking a 1 percentage point decline YoY.
Pre-provision operating profit (PPOP)	9,944	13,853	11,692	-15.6%	17.6%	
Provision expenses	(5,762)	(7,702)	(6,677)	-13.3%	15.9%	Provision expenses recorded VND3,543 billion (+42.5% YoY) at the parent bank and VND3,105 billion (-2.0% YoY) at FE Credit.
Profit before tax (PBT)	4,182	6,151	5,015	-18.5%	19.9%	
NPAT-MI	3,567	4,617	3,895	-15.6%	9.2%	
Credit growth	2.1%	18.2%	5.0%	-13.2 ppts	2.9 ppts	Customer loan growth at the parent bank reached 6.1% YTD in 1Q2025. Meanwhile, FE Credit's estimated loan balance declined by 5.5% YTD, driven by active bad debt resolution and more stringent risk management in consumer lending disbursements, amid subdued demand for consumer credit.
Deposit growth	0.8%	16.0%	8.5%	-7.4 ppts	7.6 ppts	VPB recorded the highest deposit growth in the banking system, significantly outperforming the industry average of 2.4% YTD, while CASA (current account savings account) balances rose by 11.8% YTD.
NIM	5.64%	5.83%	5.88%	5 bps	23 bps	NIM edged up slightly, supported by the bank's ability to sustain a high average lending yield amid a low deposit rate environment.
Average interest-earning asset (IEA) yield	11.00%	9.52%	9.54%	2 bps	-145 bps	
Average cost of fund (CoF)	6.26%	4.42%	4.32%	-9 bps	-194 bps	
CIR	25.8%	21.5%	24.9%	3.4 ppts	-0.9 ppts	
NPL ratio	4.84%	4.20%	4.74%	54 bps	-9 bps	Substandard debts (Group 3) and bad debts (Group 5) rose by 33bps QoQ and 27bps QoQ, respectively. NPL formation surged to an estimated VND12,058 billion (+122.4% QoQ), with approximately 42% attributed to FE Credit.

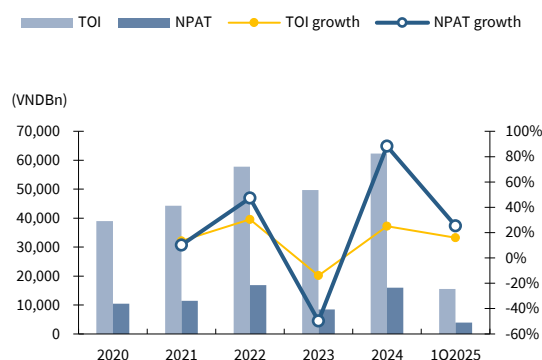
Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 2. VPB – NII, NFI & growth in 2020–2025 (VNDBn, %YoY)



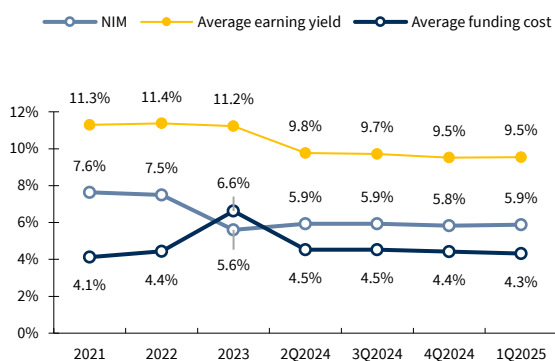
Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 3. VPB – TOI, NPAT & growth in 2020–2025 (VNDBn, %YoY)



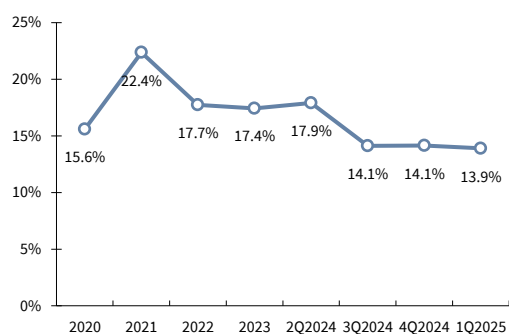
Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 4. VPB – NIM, IEA yield, CoF in 2021–2025 (%)



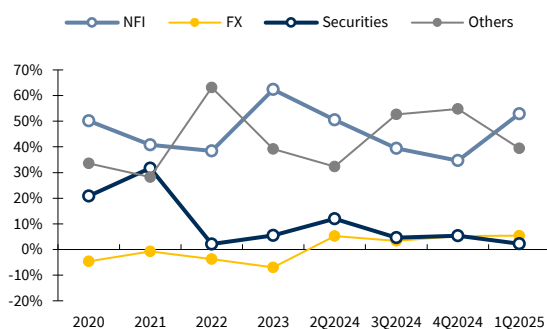
Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 5. VPB – CASA ratio in 2020–2025 (%)



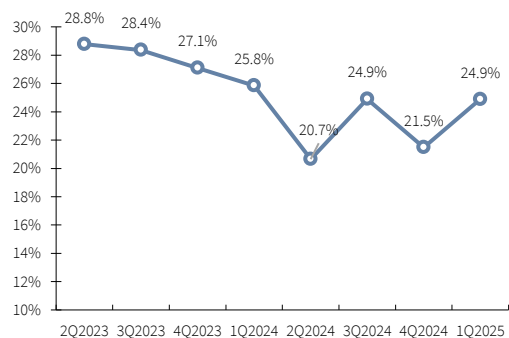
Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 6. VPB – NOII breakdown in 2020–2025 (%)



Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 7. VPB – CIR in 2023–2025 (%)



Source: Vietnam Prosperity Bank, KB Securities Vietnam

The bank targets 25% credit growth by year-end and plans a 5% cash dividend payout

At the 2025 AGM, the full-year business plan was approved as follows: consolidated total assets to grow by 23% YoY; credit growth target of 25% YoY; deposit growth (including customer deposits and valuable papers) of 34%, parent bank's NPL ratio to be kept below 3%, and consolidated PBT to expand by 26% (including a 22% increase at the parent bank, 120% at FE Credit, and 64% at VPBankS). Additionally, a 5% cash dividend payment sourced from 2024 retained earnings was approved.

NIM will continue to face pressure amid potential deposit rate hikes throughout the year

KBSV forecasts VPB's 2025 NIM at 5.73% (~10bps YoY), citing continued pressure from potential deposit rate hikes through year-end, driven by:

1) Rising exchange rate pressure

As of now, the VND has depreciated by 2.7% against the USD, while the US Dollar Index (DXY) has dropped 9.8% YTD, indicating a 12.5% depreciation of the VND against a basket of major currencies. With the US Federal Reserve (Fed) expected to begin rate cuts only from September 2025 (by a total of 50–75bps for the year), FX pressures are likely to remain elevated through the remainder of the year.

2) Risk of foreign capital outflows

Global tariff uncertainties and ongoing FX volatility could undermine the attractiveness of Vietnam's market to foreign investors.

On the upside, VPB's IEA yield is expected to remain high, partially offsetting NIM pressure, supported by:

1) Strategic expansion in high-yield real estate lending

By end-1Q2025, outstanding loans for home purchases and real estate projects grew 17% YoY and 53% YoY, respectively. VPB's home loan offerings are more accessible than those of its peers, featuring competitive introductory interest rates. Notably, the bank provides fast-track lending solutions against pledged real estate, even when the asset has not yet met full collateral eligibility. VPB is also among the first movers in offering industrial park and cluster financing solutions tailored for FDI clients.

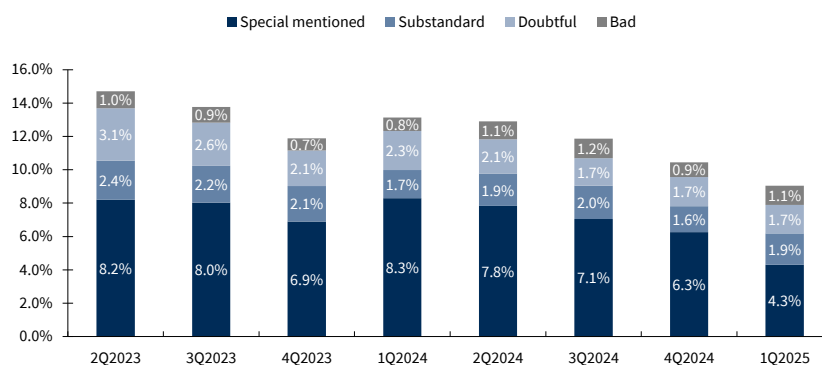
2) Rising market-wide credit demand in 2H2025, which may ease the intensity of lending rate competition.

The impact of US tariff policies on VPB is assessed to be limited

The official imposition of US reciprocal tariffs on Vietnam, expected in July 2025, is likely to impact VPB's credit growth and asset quality in several ways:

- 1) The export sector, which represents just 3% of VPB's total loan portfolio, is expected to face limited direct impact.
- 2) The FDI client group, comprising around 500 enterprises with total outstanding loans of ~VND6,000 billion, may see only modest direct effects. However, higher tariffs could deter future FDI inflows, posing downside risks to VPB's industrial real estate clients.
- 3) Indirect pressure may arise on consumer lending demand, especially among employees of export-oriented companies and industrial parks—core customer segments for VPB. These individuals are likely to experience income strain as countervailing tariffs take effect.

Fig 8. VPB – Loan book structure (Group 2–5) (%)



Source: Vietnam Prosperity Bank, KB Securities Vietnam

Fig 9. Vietnam – Special mention loan & NPL ratio across banks (%)

	% NPL	QoQ	% Group 2	QoQ	Provision (Billion VND)	LLCR
VPB	4.74%	0.55%	4.30%	-1.36%	-16,414	47.4%
OCB	3.91%	0.75%	2.35%	0.85%	-2,397	35.0%
VIB	3.79%	0.28%	3.31%	-0.01%	-4,894	38.6%
EIB	2.59%	0.05%	0.86%	-0.15%	-1,803	38.7%
MSB	2.57%	-0.11%	1.25%	0.83%	-2,946	59.6%
STB	2.51%	0.11%	0.79%	0.82%	-10,566	74.7%
HDB	2.37%	0.44%	5.39%	0.66%	-5,638	53.3%
BID	1.89%	0.48%	1.85%	0.19%	-38,651	96.8%
MBB	1.84%	0.22%	1.91%	0.34%	-11,050	75.3%
LPB	1.73%	0.16%	1.39%	0.40%	-4,525	74.3%
CTG	1.55%	0.33%	1.32%	-0.03%	-38,269	136.8%
ACB	1.48%	-0.01%	0.71%	0.88%	-6,375	72.1%
TCB	1.17%	0.05%	0.78%	0.88%	-8,686	111.6%
VCB	1.03%	0.06%	0.29%	0.82%	-32,494	216.1%

Source: Company reports, KB Securities Vietnam

The sharp decline in special-mention loans in 1Q2025 has significantly eased VPB's provisioning pressure for the remainder of the year.

Forecast & Valuation

Table 10. VPB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Net interest income (NII)	49,080	57,609	17.4%	71,463	24.0%	We assume that credit growth will reach 25% while NIM will decline by 10bps YoY.
Net fee income (NFI)	6,126	5,978	-2.4%	6,808	13.9%	
Total operating income (TOI)	62,255	69,386	11.5%	86,906	25.2%	We expect a mild recovery in the bancassurance segment, while card and payment services may soften due to continued implementation of fee waivers and reductions.
Provision expenses	(27,903)	(27,834)	-0.2%	(38,560)	38.5%	
Net profit after tax (NPAT)	15,987	19,643	22.9%	21,713	10.5%	Credit cost is projected at 3.2%, down from over 4% previously, reflecting the continued decline in FE Credit's loan contribution.
NIM	5.83%	5.73%	-10bps	5.94%	21bps	
Average IEA yield	9.52%	9.46%	-5bps	9.87%	41bps	NIM is projected to decline by 10bps YoY, pressured by potential deposit rate hikes through year-end, while lending rates are expected to remain low to support credit growth.
Average CoF	4.42%	4.45%	3bps	4.61%	16bps	
CIR	23.0%	24.5%	147bps	24.4%	-10bps	
NPL ratio	4.20%	4.70%	50bps	4.70%	0bps	
Total assets	923,848	1,119,778	21.2%	1,321,889	18.0%	
Owner's equity	147,275	158,484	7.6%	170,263	7.4%	

Source: Vietnam Prosperity Bank, KB Securities Vietnam

We reiterate BUY for VPB with a target price of VND24,600/share

We employ P/B and residual income valuation methods to estimate VPB's fair value.

1) P/B valuation

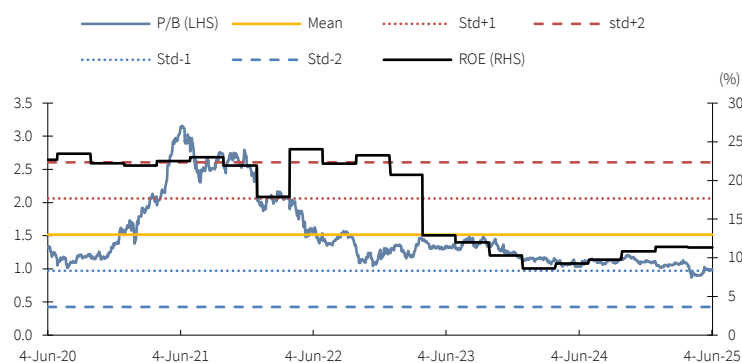
We maintain a 2025 forward P/B multiple of 1.05x, which corresponds to one standard deviation below VPB's 5-year historical average. This reflects lingering concerns over the uncertain economic uncertainty and its potential impact on VPB's asset quality in 2025.

2) Residual income valuation (Table 12)

In addition, we apply the residual income valuation method to incorporate both systemic risks and long-term expectations. The equity risk premium is adjusted to 8.35% to reflect heightened macro risks, including currency volatility and escalating trade tensions.

By assigning equal weights (50–50) to both valuation methods, we derive a fair value of VND24,600 per share for VPB in 2025, implying a 36.9% upside from the market price on June 10, 2025.

Fig 11. VPB – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 12. VPB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	19,643	22,611	25,744
Excessed return	-799	614	1,987
Required rate of return (r)	13.88%		
Growth (g)	3.0%		
Terminal value	46,206		
End-2025 fair value	223,382		
Value per share	28,155		

Source: KB Securities Vietnam

Table 13. VPB – Valuation results

Valuation method	Forecast price	Weight	Weighted price
P/B	20,974	50%	10,487
Residual income	28,155	50%	14,078
Target price			24,600

Source: KB Securities Vietnam

VPB – 2023A–2026F summarized financials & forecasts

Income Statement (VNDbn)					Balance Sheet (VNDbn)				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Net interest income	38,175	49,080	57,609	71,474	Loans	551,472	676,546	846,878	1,015,350
Interest income	76,557	80,112	95,133	118,689	Marketable securities	12,326	13,111	17,448	20,938
Interest expense	(38,383)	(31,031)	(37,523)	(47,216)	Cash (ex. Reserves)	2,285	2,148	2,859	3,431
Fees & commissions	7,212	6,126	5,978	6,667	Interest earning assets	776,000	907,878	1,102,363	1,302,465
Other non-interest income	4,526	5,378	5,562	7,906	Fixed assets & other assets	53,559	29,489	33,234	39,444
Total operating income	49,739	62,255	69,386	86,776	Total assets	817,567	923,848	1,119,778	1,321,889
SG&A expenses	(13,941)	(14,340)	(17,000)	(21,173)	Customer deposits	442,368	485,667	646,339	775,607
Pre-provisioning OP	35,798	47,915	52,387	65,603	Borrowings & call money/repos	47,810	67,015	87,428	97,250
Provision for credit losses	(24,994)	(27,903)	(27,834)	(37,339)	Interest bearing liabilities	650,653	754,443	932,909	1,116,712
Other income	7,774	9,560	10,696	11,626	Other liabilities	27,118	22,129	28,386	34,014
Other expense	(3,248)	(4,182)	(5,134)	(3,720)	Total liabilities	677,771	776,572	961,294	1,150,727
Pre-tax income	10,804	20,013	24,553	28,264	Charter capital	79,339	79,339	79,339	79,339
Income tax expense	(2,310)	(4,026)	(4,911)	(5,653)	Capital surplus	23,993	23,993	23,993	23,993
NP	8,494	15,987	19,643	22,611	Retained earnings	19,066	24,008	35,216	47,894
Minority interest profit	1,480	(208)	(500)	(2,000)	Capital adjustments	-	-	-	-
Parent NP	9,974	15,779	19,143	20,612	Total shareholders' equity	139,796	147,275	158,484	171,162
Financial Indicators (%)					Valuation (VND, X, %)				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Profitability					Share Price Indicators				
ROE	7.0%	11.1%	12.8%	13.7%	EPS	1,257	1,989	2,413	2,598
ROA	1.2%	1.8%	1.9%	1.9%	BVPS	17,620	18,563	19,975	21,573
Pre-provision ROE	23.4%	26.7%	27.4%	31.8%	Tangible BVPS	17,526	18,484	19,895	21,491
Pre-provision ROA	3.9%	4.4%	4.1%	4.3%	Valuations				
Net interest margin (NIM)	5.6%	5.8%	5.7%	5.9%	PER	14.3	9.0	7.4	6.9
Efficiency					PBR	1.0	1.0	0.9	0.8
Pure Loan to deposit ratio	128.0%	142.7%	134.0%	134.0%	Dividend yield	0.0%	0.7%	5.6%	5.6%
Cost-income ratio	28.0%	23.0%	24.5%	24.4%	ROE	7.0%	11.1%	12.8%	13.7%
Growth					Capital Adequacy				
Asset growth	29.6%	13.0%	21.2%	18.0%	CAR	14.9%	17.1%	>14%	>14%
Loan growth	29.9%	22.7%	25.2%	19.9%	Asset Quality				
PPOP growth	-18.0%	33.8%	9.3%	25.2%	NPL ratio (substandard)	5.0%	4.2%	4.7%	4.7%
Parent NP growth	-45.1%	58.2%	21.3%	7.7%	Coverage ratio (substandard)	54.5%	53.1%	47.2%	49.1%
EPS growth	-53.3%	58.2%	21.3%	7.7%	NPL ratio (precautionary)	11.9%	10.5%	9.7%	9.7%
BVPS growth	14.8%	5.4%	7.6%	8.0%	Coverage ratio (precautionary)	23.0%	21.3%	22.9%	23.8%

Source: Company report, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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