



Bank for Foreign Trade of Vietnam

[Vietnam / Banking]

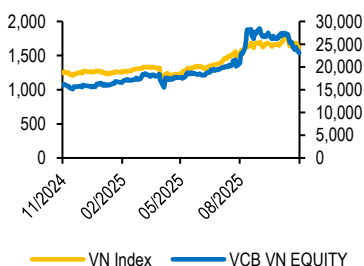
Bloomberg Code (VCB VN) | Reuters Code (VCB.HM)

BUY

Update report

Target price (2026) **VND 72,000**
Current price (11/03/25) **VND 59,300**
Upside/downside **21.4%**

VNINDEX	1,617		
P/E thị trường (24F, x)	13.8		
Market Cap (bn VND)	495,492		
Outstanding shares (mn)	8,356		
Free-Floating (mn)	2,105		
Free floating (%)	25.2		
52-Wk High/Low (VND)	70,60/52,00		
90-day avg. trading volume (mn)	7.58		
90-day avg. turnover (bn VND)	490		
Foreign ownership (%)	21.56		
Major shareholders (%)	SBV 74.80		
	Mizuho 15.0		
Performance	3T	6T	12T
Absolute (%)	-1.5	3.5	-5.2
Relative to VN-Index (%)	-9.6	-28.4	-34.0



Source: Bloomberg

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Asset quality remains top-tier

Updated with BUY recommendation, target price 72,000 VND

Vietnam Joint Stock Commercial Bank for Foreign Trade (HoSE: VCB) is one of the “Big 4” state-owned banks with the largest market capitalization in the banking industry. For many years, VCB has been known for its asset quality and leading customer base in the market. VCB aims to maintain its No. 1 position in terms of profit scale and gradually shift towards increasing the proportion of non-credit income. Using the residual income (RI) method and the comparison method based on the P/B index, we update the target price for VCB for 2026 at VND 72,000.

Business results 9M/2025

VCB credit growth (excluding loans transferred to VCB NEO) by the end of Q3/2025 reached 12.5% Ytd, higher than the same period last year (at 10.3%). Loan growth for corporate customers accounted for 49% of VCB's loan portfolio, growing at 11% Ytd. The individual segment grew well with consumer loans (+30% Ytd) and home loans (+16% Ytd). Meanwhile, credit for the household business segment grew negatively in 9M/2025.

NPL ratio at the end of Q3/2025 was 1.03%. Continuing to lead the industry, NPL from individual segment was at 0.9%, while NPL from corporate customers was at 1.2%. The loan loss coverage ratio stayed at 202%, significantly higher than the industry average. Bad debt recovery in 9M/2025 was VND2.8 trillion, up 34% YoY thanks to the warming up of real estate market.

VCB's NIM (TTM) at the end of Q3/2025 slightly decreased to 2.7% in the context of a modest increase in capital costs and high competition. CIR remained stable at 33%.

Interest income in 9M/2025 reached VND42,505 billion (+2.3% YoY). Non-interest income in 9M/2025 grew 14.8% YoY, coming from foreign exchange segment, investment securities trading portfolio and other income from bad debt settlement. Fee income decreased slightly as VCB already completed recording upfront fees from insurance in 2024.

Profit before tax in 9M/2025 reached VND33,133 billion (+5% YoY).

Outlook for 2025-2026

Key assumptions for VCB's 2025-2026: Credit growth reaches 16% for the 2025-2026 period; NIM is adjusted down to 2.6-2.7%; NPL ratio in 2025 and 2026 is around 1.0%; credit risk cost/total credit in 2025-2026 is at 0.3-0.4%, PBT in 2025 and 2026 reaches growth rates of 7.6% YoY and 12.3% YoY, respectively.

Risk: (1) Exchange rates continue to face pressure, bank capital costs increase faster than forecast, causing NIM to continue to decrease (2) Rapid increase in bad debt puts pressure on risk provisioning costs

Year	2021	2022	2023	2024	2025F	2026F
Interest income (VNDbn)	42,273	53,246	53,621	55,406	59,688	68,402
Non-interest income (VNDbn)	14,357	14,836	14,103	13,173	16,571	21,120
Total operating income (VNDbn)	56,630	68,083	67,723	68,578	90,611	89,522
Provision and other expenses (VNDbn)	(29,144)	(30,724)	(26,480)	(26,342)	(30,816)	(38,463)
Profit before tax (VNDbn)	27,486	37,359	41,244	42,236	45,443	51,059
Credit growth	14.4%	19.2%	10.9%	14.1%	16.0%	16.0%
NIM	3.15%	3.40%	3.05%	2.86%	2.68%	2.64%
ROE	21.64%	24.19%	21.57%	18.34%	16.71%	15.91%

Source: Finpro, Company data, Shinhan Securities Vietnam



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Investor Meeting Summary Q3/2025

Positive credit growth

VCB maintains the target loan growth for the whole year 2025 at over 16%, in line with the target approved by shareholders in April.

- The corporate segment accounts for 49% of VCB's loan portfolio, increasing by 11% Year-to-Date (Ytd) in 9M/2025. The FDI segment saw a strong increase in 9M/2025, focusing on the electronics manufacturing and livestock/animal husbandry sectors.
- The individual segment is driven by mortgage loans (home purchase loans) and consumer loans.
- The business household segment faced difficulties in 9M/2025 due to slowing demand caused by new regulations on business households introduced in July.

Strengthening bad debt collection

In Q3, VCB recovered VND900 billion, up 18% YoY. Cumulative recovery in 9 months reached VND2.8 trillion, up 34% YoY. The target for the whole year is to recover VND3,000-3,500 billion

Around concerns related to corporate bond investigations: VCB has a low bond balance, accounting for only 1.8% of total capital mobilization and has strictly complied with regulations, so it is expected that there will be no impact from the recent investigations.

Deposit mobilization plan

VCB has a brand advantage and expects to maintain deposit interest rates at a competitive level within the system to ensure stable capital costs. VCB continues to optimize its capital structure, attract higher CASA and diversify capital sources.

Macroeconomic outlook and interest rates

Credit-Deposit Gap: Credit growth continues to have a significant gap compared to deposit growth due to slow investment disbursement (money held at the State Treasury/SBV) and money going out of the system (increased cash holdings, errors and omissions in the balance of payments)

Interest rate is expected to increase again in the coming time from low level. Due to the seasonal nature of credit growth towards the end of the year, we expect this increase to be evident from Q4/2025.

Expect exchange rates to depreciate by about 3-5% in 2025. However, the Fed has cut interest rates twice and expects another one in December to help reduce pressure on domestic liquidity and exchange rates.

Draft on handling collateral as sole housing

The SBV has proposed a draft decree prohibiting the seizure of mortgaged assets that are the sole residential property to resolve bad debts. If approved, this would reduce the bank's capacity to handle collateral. This policy could have a significant impact on banks that lend heavily with mortgaged real estate as the primary residence (mortgage loans for home purchases).

VCB will adapt by tightening lending criteria, relying more on cash flow, and adjusting debt recovery expectations. If the policy is passed, it could increase resolution costs and prolong debt recovery time..

Outlook for 2026

Credit target 2026: VCB expects a similar growth rate to 2025. With key drivers:

In the corporate segment: sectors prioritized by the government for development (such as energy, transport infrastructure) and real estate. VCB will focus on projects with clear legal processes from reputable developers

Retail: Promote home loans and household business loans

Fees income: Expected to return to positive growth in 2026 from the foundation of commercial activities, banking transactions and improved bancassurance activities (which have shown positive signs across the industry in 2025)

NIM could have upside from shifting the loan portfolio to medium and long term and effective CASA

management. However, with the momentum of rising cost of funds, we are currently assuming NIM (Net Interest Margin) will stabilize instead of recovering strongly.

Private issuance: Private issuance will be carried out in the remainder of 2025 or 2026 depending on market conditions. VCB is approaching potential investors.

Valuation and recommendation

Valuation

We use the residual income (RI) method and the P/B method with the weights at 60%-40% respectively.

The target price for the stock for 2026 is VND72,000.

1) In the short term, we use a target P/B of 2.8x (averagely in 2022-2025). With the forecast BVPS for 2026 at VND33,166, the target price of VCB in 2026 is expected to be around VND92,865.

2) For the residual income method, the estimated stock price in 2026 is VND58,180.

Cost of Equity (%)	
Cost of Equity (%)	10.06
Risk-free rate (%)	4.0
Equity risk premium (%)	8.66
Beta	0.7

RI Method					
(Unit: VNDbn)	3M2025	2026F	2027F	2028F	2029F
Cost of equity	10.06	10.06	10.06	10.06	10.06
Cost of equity after 2029					10.06
Net income	9,790	40,847	48,793	57,464	67,778
Residual income (RI)	4,316	15,018	18,454	21,779	25,792
PV of RI	4,213	13,321	14,873	15,948	17,160

Terminal value of RI (VNDbn)	297,326
Terminal growth (%)	2.00%

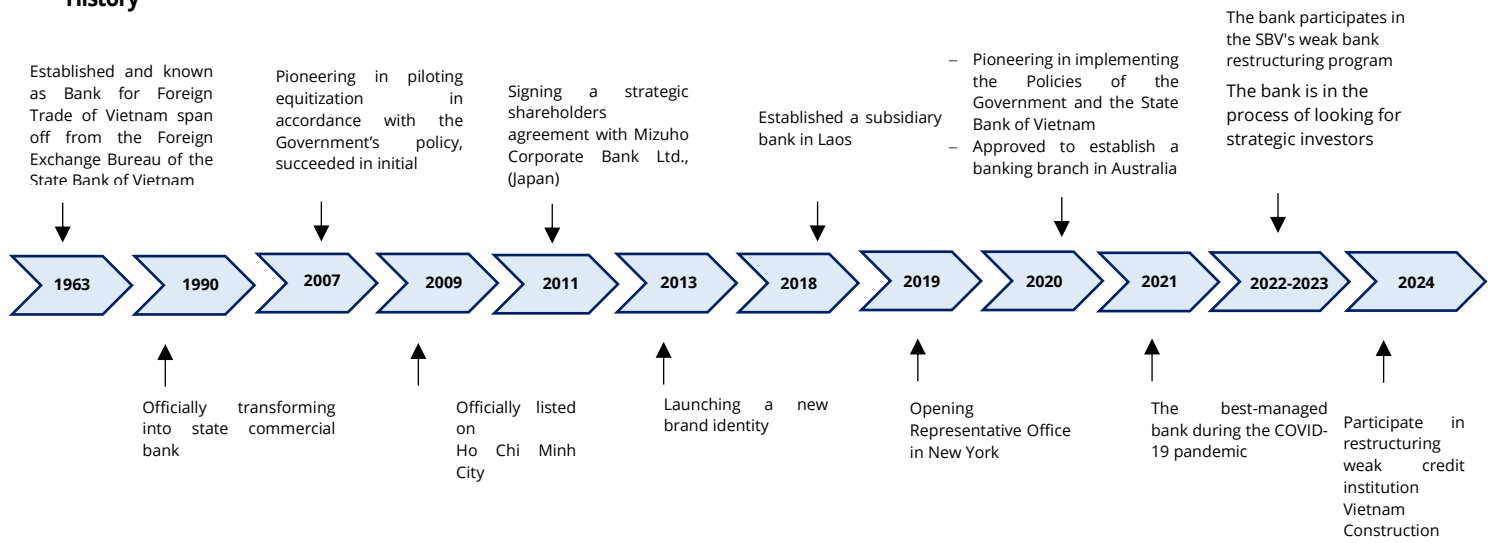
PV of terminal value (VNDbn)	197,822
PV of RI (VNDbn)	65,517
Beginning equity (bn VND)	222,792
Total value (bn VND)	486,130
Total outstanding shares (bn)	8.36
Target price (VND)	58,180

Valuation Summary		
Method	Weight	Target price (VND)
Residual income	60%	58,180
P/B target (2.8x)	40%	92,865
Target price (VND)		72,054

Source: Shinhan Securities Vietnam

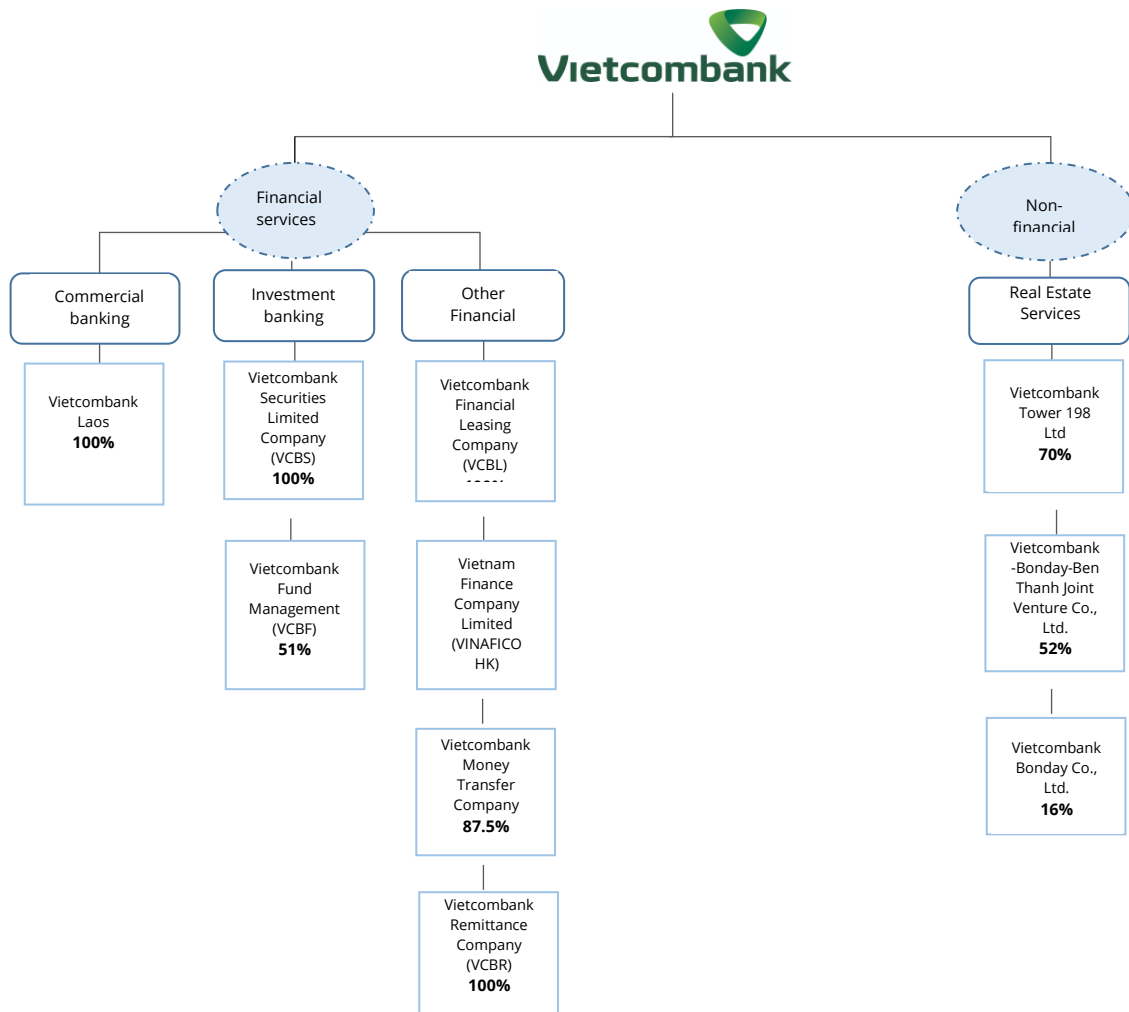
Business overview

History



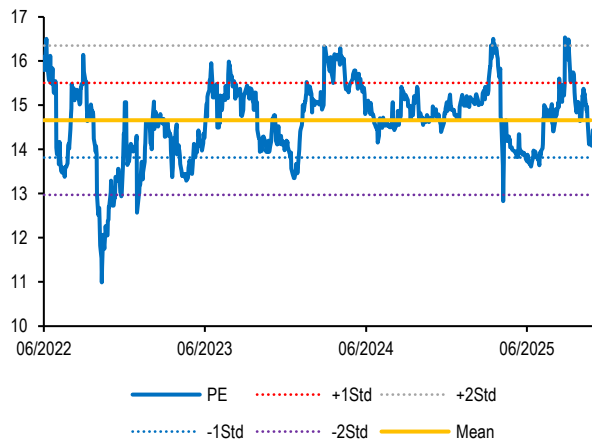
Subsidiaries

Vietcombank owns many subsidiaries operating in financial and non-financial services, including:

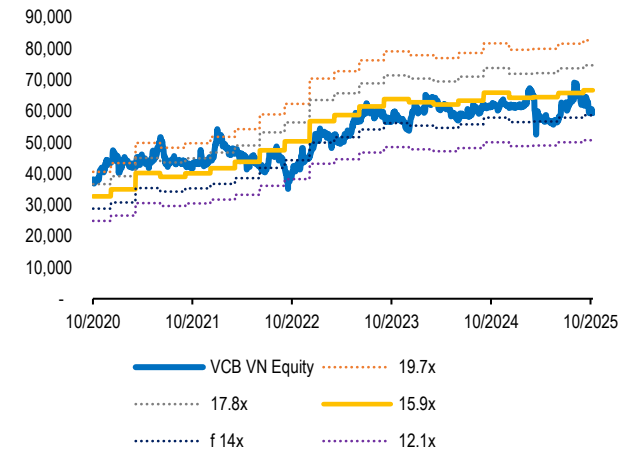


Source: Company data, Shinhan Securities Vietnam

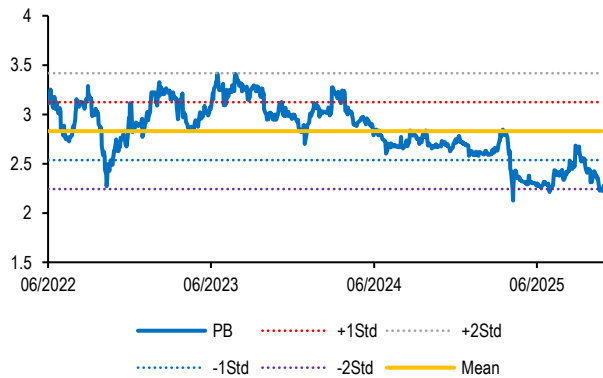
PER of VCB



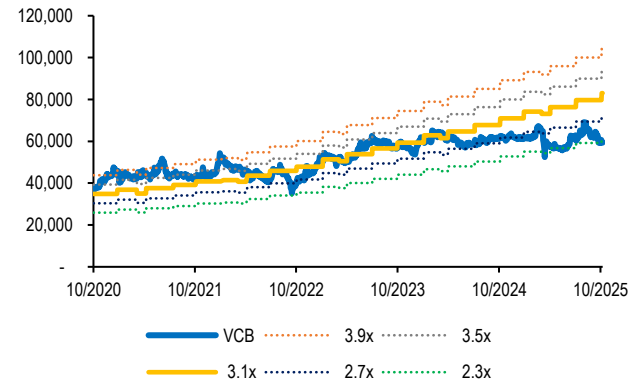
PER band of VCB



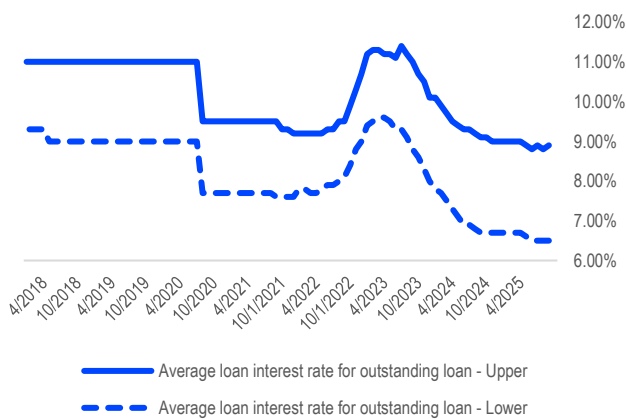
PBR of VCB



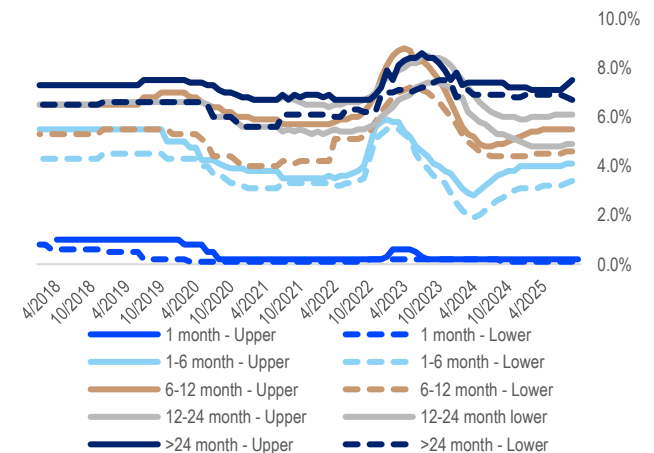
PBR band of VCB



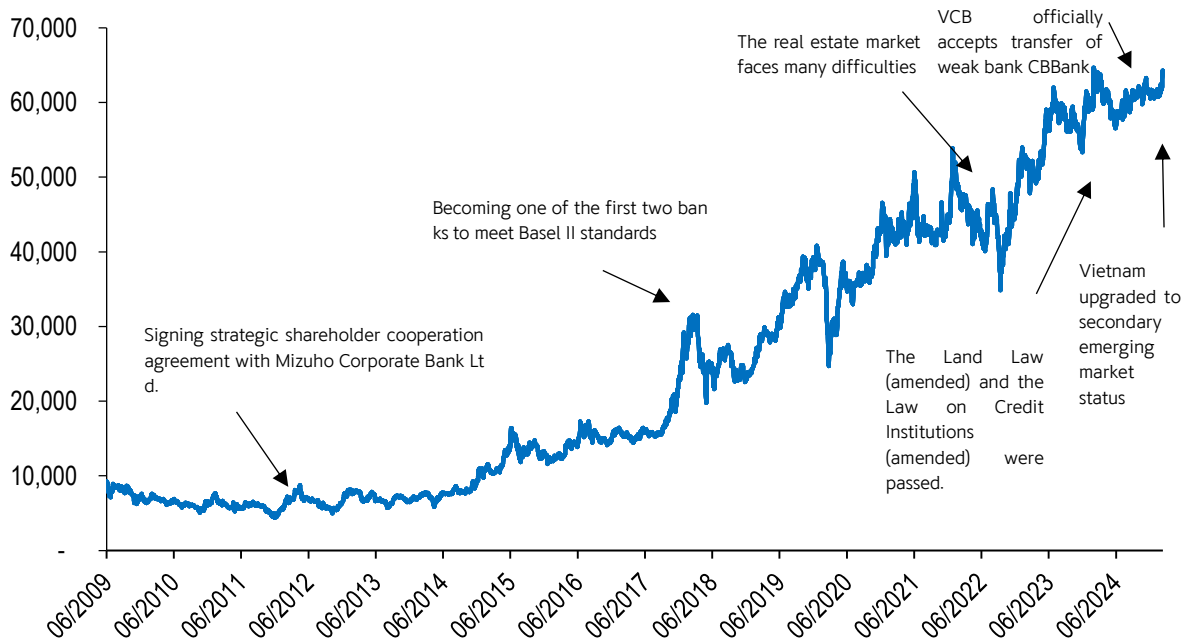
Average loan rate in Vietnam



Average deposit rate in Vietnam



VCB important events



Source: Bloomberg Company Data, Shinhan Securities Vietnam

Appendix: Financial statements

Balance sheet

Year (bn VND)	2022	2023	2024	2025F	2026F
Total assets	1,814,188	1,839,223	2,085,397	2,426,389	2,804,491
Cash and precious metals	18,349	14,505	14,268	16,964	19,000
Balances with the SBV	92,558	58,105	49,340	50,893	57,000
Placements with and loans to other credit institutions	313,592	335,616	389,296	486,817	577,079
Trading securities	1,500	2,495	4,576	4,576	4,576
Derivatives and other financial assets	157	-	1,314	1,314	1,314
Loans and advances to customers	1,120,287	1,241,675	1,418,037	1,646,622	1,910,081
Debts purchase	-	-	-	-	-
Investment securities	196,171	145,780	167,383	174,427	186,627
Long-term investments	2,194	2,225	2,228	2,225	2,222
Fixed assets	7,985	7,708	8,093	7,985	7,878
Investment properties	-	-	-	-	-
Other assets	61,397	31,114	30,862	34,565	38,713
Total liabilities	1,676,200	1,670,680	1,886,441	2,190,110	2,527,365
Due to Gov and Loans from SBV	67,315	1,671	78,237	82,149	86,257
Deposits and Loans from other credit institutions	232,511	213,842	234,653	340,731	455,085
Deposits from customers	1,243,468	1,395,695	1,514,665	1,696,425	1,899,996
Derivatives, Funds received from Gov, international and other institutions	3	118	1	1	1
Convertible bonds/CDs and other	25,338	19,913	24,125	32,569	43,968
Other liabilities	107,564	39,442	34,760	38,236	42,060
Shareholder's equity	137,988	168,543	198,956	236,279	277,126
Capital	53,130	61,696	61,696	67,866	74,652
Reserves	18,133	22,562	27,453	42,503	48,626
Retained earnings	67,500	85,174	110,679	125,791	153,702
Minority interest	88	94	96	120	146
Total liabilities and equity	1,814,188	1,839,223	2,085,397	2,426,389	2,804,491

Financial indicators

Year	2022	2023	2024	2025F	2026F
Growth (% YoY)					
Loans to customers	19.18	10.94	14.08	16.00	16.00
Deposits from customers	9.53	12.24	8.52	12.00	12.00
Shareholders' equity	26.46	22.14	18.04	18.76	17.29
Total assets	28.24	1.38	13.38	16.35	15.58
Net interest income	25.58	0.70	3.33	7.73	14.60
Net non-interest income	3.58	(4.95)	(6.59)	25.80	27.46
PPOP	19.62	(2.19)	(0.56)	9.28	21.32
Net profit before tax	36.44	10.37	2.41	7.59	12.36
Net profit after tax	36.37	10.48	2.42	7.39	12.36
Profitability (%)					
NIM	3.40	3.01	2.86	2.68	2.64
ROA	1.9	1.8	1.7	1.6	1.6
ROE	24.2	21.6	18.4	16.7	15.9
Liquidity (%)					
Pure LDR	92.09	91.02	95.68	99.10	102.64
Asset quality					
Leverage (x)	13.15	10.91	10.48	10.27	10.12
NPL ratio (%)	0.68	0.98	0.96	1.00	1.00
LLR ratio (%)	316.86	230.30	223.31	205.06	205.06
Reverse/total credit (%)	214.33	224.00	213.82	203.95	204.10
Credit costs/total loans (%)	0.90	0.38	0.24	0.28	0.51
Credit costs/total credit (%)	0.89	0.37	0.24	0.26	0.48
Per share items (VND)					
EPS	6,322	5,914	6,057	4,351	4,889
BPS	29,158	30,156	35,597	28,278	33,166
PPOP/Share	9,896	8,196	8,150	5,957	7,228

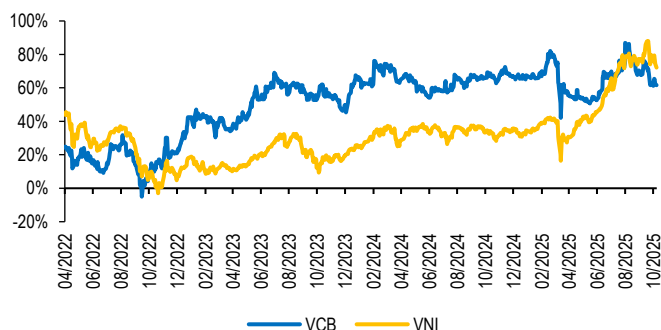
Source: Company data, Shinhan Securities Vietnam

Income statement

Year (bn)	2022	2023	2024	2025F	2026F
Interest and Similar Income	88,113	108,122	93,655	109,982	128,070
Interest and Similar Expenses	(34,866)	(54,501)	(38,249)	(50,293)	(59,668)
Net Interest Income	53,246	53,621	55,406	59,688	68,402
Net Fee and Commission Income	6,839	5,780	5,137	4,695	7,262
From foreign currency and gold	5,768	5,660	5,292	7,043	8,170
From trading of trading securities	(115)	124	62	-	-
From disposal of investment securities	82	-	3	-	-
Net Fee and Commission Income	2,054	2,272	2,372	4,498	5,354
Dividends income	208	266	307	334	334
Total non-interest income	14,836	14,103	13,173	16,571	21,120
Total operating income	68,083	67,723	68,578	76,259	89,522
General and Admin expenses	(21,251)	(21,915)	(23,027)	(26,481)	(29,130)
Operating Profit Before Provision (PPOP)	46,832	45,809	45,551	49,777	60,392
Provision for credit losses	(9,464)	(4,565)	(3,315)	(4,334)	(9,334)
Profit before tax	37,368	41,244	42,236	45,443	51,059
Corporate income tax	(7,449)	(8,169)	(8,383)	(9,089)	(10,212)
Net profit after tax	29,919	33,054	33,853	36,354	40,847
Attributable to parent company	29,899	33,033	33,831	36,331	40,821

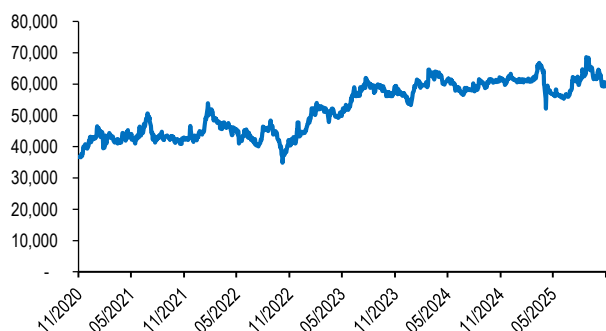
Vietnam Technological and Commercial Joint Stock Bank (VCB VN)

Price performance



Date (dd/mm/yyyy)	Recommendation	Target price (VND)	Range of price (%)	
			Average	Max/Min
03/11/2022 (Initial)	BUY	49,394	9.7	-9.9/28.8
07/03/2023 (Update)	HOLD	53,586	25.02	3.0/58.9
07/11/2023 (Update)	BUY	71,926	40.02	15/80.6
07/11/2024 (Update)	BUY	73,199	21.19	8.9/36.6
03/11/2025 (Update)	BIUY	72,000	11.94	-2.8/31.9

Target price (VND)



Note: Calculation of target price gap based on the past 12 months

Shinhan Securities Vietnam

Stock	Industry
♦ BUY: Upside potential in 12 months more than 15% ♦ HOLD: Upside potential in 12 months from -15% to 15% ♦ SELL: Upside potential in 12 months more than -15%	♦ POSITIVE: Based on market cap, largest share of sector stocks under coverage is rated BUY ♦ NEUTRAL: Based on market cap, largest share of sector stocks under coverage is rated HOLD ♦ NEGATIVE: Based on market cap, largest share of sector stocks under coverage is rated SELL

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