Shinhan Securities

Bank for Foreign Trade of Vietnam

[Vietnam / Banking]

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

BUY

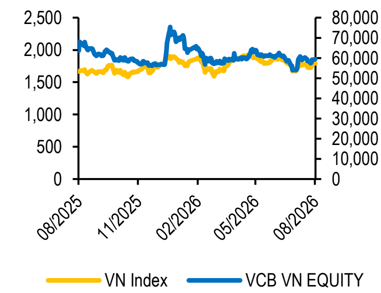
Update report

Target price (2026)	**VND 78,300**
Current price (08/26/26)	VND 60,300
Upside/downside	29.8%

VNINDEX	1,821
P/E thị trường (1F, x)	12.8
Market Cap (bn VND)	496,327
Outstanding shares (mn)	8,356
Free-Floating (mn)	2,105
Free floating (%)	25.2
52-Wk High/Low (VND)	78,800/52,600
90-day avg. trading volume (mn)	5.87
90-day avg. turnover (bn VND)	261
Foreign ownership (%)	20.1

Major shareholders (%)	SBV	74.80
	Mizuho	15.0

Performance	3T	6T	12T
Absolute (%)	-7.8	-9.2	-8.0
Relative to VN-Index (%)	-3.0	-4.6	-15.6



Source: Bloomberg

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Earnings exceeded forecasts

Updated with BUY recommendation, target price VND78,300

Vietnam Joint Stock Commercial Bank for Foreign Trade (HoSE: VCB) is one of Vietnam's "Big 4" state-owned commercial banks and currently holds the largest market capitalization in the banking sector. The bank has long been recognized for its superior asset quality and strong corporate and retail customer franchise. VCB aims to maintain its leading position in terms of profit scale, while gradually increasing its exposure to the retail lending segment over the medium term. Based on our Residual Income (RI) valuation approach and peer comparison using the P/B multiple, we update our 12M target price for VCB to VND78,300 per share

Business results 6M2026

Credit balance increased +5% YTD, slightly below the pace in 1H25, with growth concentrated in corporate segments (+8% Ytd) . Retail lending remained subdued at +2.3% YTD amid weak mortgage demand.

Customer deposit growth remained relatively stable (+3.4%), the gap between customer loan and deposit is financed from issuing CDs and treasury term deposit

NIM TTM recovered to 2.8% in 2Q26, supported by the increasing contribution of medium- and long-term loans and a favorable funding mix. Despite higher market funding costs, VCB continued to maintain a lower cost of funds than the banking system.

Non-interest income remained positive, with fee income +8% YoY and FX income +5% YoY. NOI also benefited from one-off asset revaluation income in 1H26.

Asset quality remained best-in-class, with NPL at around 0.6% and LLR coverage improving to 279%, the highest among HOSE-listed banks. VCB proactively increased provisioning during the period, strengthening its loss-absorption buffer for future periods.

1H26 PBT reached VND29,222bn (+33.5% YoY), completing >60% of VCB profit target, supported by NIM recovery, resilient non-interest income and disciplined credit-cost management.

Outlook for 2026-2027

For 2026, we revised the credit growth for 2026 to be around 12%, in line with current quota (13%) and around 15% for 2027F. NIM would gradually improved from trough to 2.8-2.9% for 2026-2027. NPL controlled under 1% with credit cost averagely around 0.5% for the period. Profit before tax of VCB would achieve VND56,902bn (+29.2% YoY) and VND62,424bn (+9.7% YoY). The private placement of the 6.5% stake is still in progress; if successfully completed, it would further strengthen VCB's CAR.

Risk: (1) Elevated interest rate would increase COF of bank (2) Rapid increase in bad debt puts pressure on risk provisioning costs

Year	**2022**	**2023**	**2024**	**2025**	**2026F**	**2027F**
Interest income (VNDbn)	53,246	53,621	55,406	58,674	73,609	86,208
Non-interest income (VNDbn)	14,836	14,103	13,173	13,683	22,331	20,781
Total operating income (VNDbn)	**68,083**	**67,723**	**68,578**	**72,358**	**95,941**	**106,988**
Provision and other expenses (VNDbn)	(30,724)	(26,480)	(26,342)	(28,337)	(39,039)	(44,565)
Profit before tax (VNDbn)	**37,359**	**41,244**	**42,236**	**44,020**	**56,902**	**62,424**
Loan growth (%)	19.18	10.94	14.08	15.48	12.00	15.00
NIM (%)	3.05	2.94	2.64	2.64	2.83	2.87
ROE (%)	**24.2**	**21.6**	**18.3**	**16.5**	**18.2**	**16.7**

Source: Fiinpro, Company data, Shinhan Securities Vietnam

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Business results and outlook 2026-2027

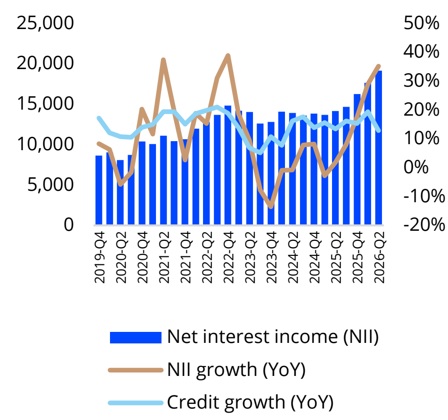
Better-than-expected results, NIM recovery and outstanding asset quality

VCB currently has a 13% credit growth quota for 2026. As of 2Q26, credit growth reached 5% YTD, slightly below the pace recorded in the same period of 2025. Management continues to prioritize asset quality and profitability over aggressive balance-sheet expansion. Growth was primarily driven corporate segment (+8% ytd), while retail lending remained subdued at +2.3 % YTD amid weak mortgage demand in 1H26. VCB is currently financing the Airport project in preparation for APEC 2027 and remains open to financing other large-scale national infrastructure projects.

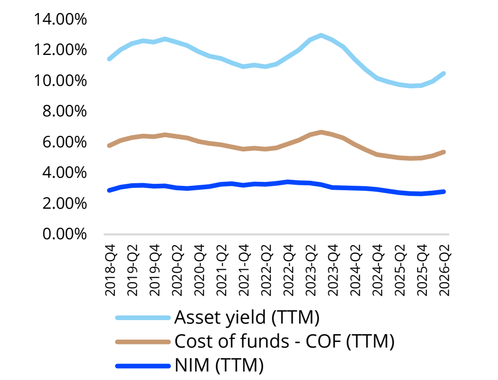
NIM recovery continued in 2Q26. VCB's TTM NIM recovered to 2.8%, supported by a favorable shift in loan mix toward medium- and long-term lending, which accounted for 44% of total loans versus 36% in 2025. VCB's strong deposit franchise also enables the bank to maintain a relatively low funding cost compared with the market. Its TTM cost of funds increased from 2.3% at end-2025 to 2.6% in 2Q26, still well below the aggregate HOSE-bank level, which rose from 3.7% to 4.1% over the same period.

Non-interest income remained strong, although 1H26 growth was boosted by one-off gains from asset revaluation. Core NOI components also performed positively, with FX income increasing 5% YoY, fee income rising 8% YoY, while bad-debt recovery income remained resilient. With total operating income increasing more than 35% YoY in 1H26, VCB strategically raised operating expenses to strengthen its talent base and investment in research and innovation. Nevertheless, the CIR remained well controlled at 34%, slightly lower than 35% in 2025.

Net interest income improved in 1H2026



NIM, COF, IAE over years



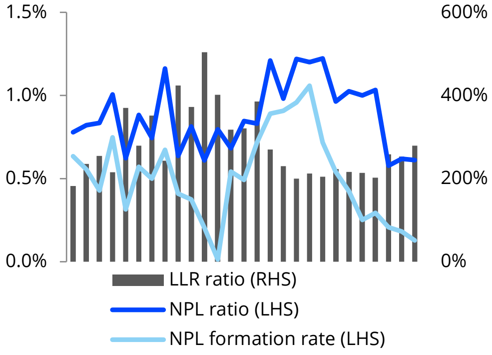
Source: Fiinpro, Company data, Shinhan Securities Vietnam

Comfortable liquidity and best-in-class asset quality

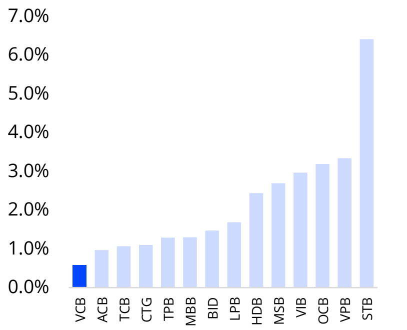
VCB's liquidity position remains comfortable, with LDR falling below 80%, providing a healthy buffer against the regulatory threshold of 85%. The recent regulatory change allowing 50% of State Treasury term deposits to be included in total deposits for LDR calculation has further improved liquidity headroom for state-owned commercial banks.

Asset quality remains VCB's key competitive advantage. As of 2Q26, the reported NPL ratio was around 0.6%, while including bond-related exposures, the adjusted NPL ratio was approximately 0.98%. The loan-loss reserve (LLR) coverage ratio improved to 279%, the highest among HOSE-listed banks; including bond-related NPLs, coverage remained a strong 182%. Unlike the broader banking system, where provision expenses have generally grown more slowly than new NPL formation, VCB has proactively front-loaded provisioning in 1H26, further strengthening its loss-absorption buffer.

NPL, LLR of VCB over years



NPL ratio of banks as of Q2/2026



Source: Fiinpro, Company data, Shinhan Securities Vietnam

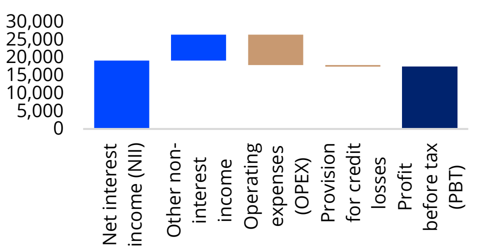
Upward forecast update for 2026, with positive growth for 2027

VCB reported 1H26 PBT of VND29,222bn (+33.5% YoY). Excluding one-off income, underlying earnings were broadly in line with our previous expectations. We raise our 2026 PBT forecast to VND56,902bn (+29.2% YoY) and forecast VND62,424bn (+9.7% YoY) for 2027, reflecting continued NIM recovery, resilient non-interest income and sustained credit growth.

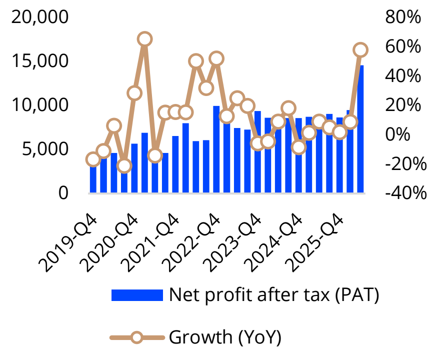
VCB historically outperformed the broader banking sector during the recent high-interest-rate environment, underscoring the market's preference for its superior asset quality and balance-sheet resilience. Its combination of structurally low NPLs, high LLR coverage and proactive provisioning during favorable credit conditions provides a meaningful buffer against future asset-quality deterioration and supports earnings visibility.

On 21 August 2026, VCB was also included in the FTSE All-World index through the Add-to-Large classification. Based on our estimates, passive funds tracking the FTSE upgrade could generate approximately USD3bn of incremental inflows to overall Vietnam market for 2026-2027. While the direct passive-flow impact is modest, index inclusion should provide an additional source of demand and downside support for VCB over 2026–27.

Business result Q2/2026



Profit after tax over years



Source: Fiinpro, Company data, Shinhan Securities Vietnam

Valuation and recommendation

Valuation

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

The target price for the stock for next 12 months is VND78,300. Slight decrease due to increase of risk free rate and equity risk premium

1) In the near term, we use a target P/B of 2.5x (-1std compared to 5Y average P/B as elevated domestic interest rate and declining in ROE in recent years) . With the forecast BVPS for next 12M at VND35,778, the target price of VCB for next 12 months is expected to be around VND89,444.

2) For the residual income method, the estimated stock price in 2026 is VND61,655.

Cost of Equity (%)	
Cost of Equity (%)	**10.4**
Risk-free rate (%)	4.5
Equity risk premium (%)	8.46
Beta	0.7

RI Method (Unit: VNDbn)	6M2026F	2027F	2028F	2029F	2030F
Cost of equity	**10.2**	**10.2**	**10.2**	**10.2**	**10.2**
Cost of equity after 2030					**10.2**
Net income	21,509	49,939	58,722	66,330	74,762
Residual income (RI)	9,186	18,783	21,904	22,995	24,075
PV of RI	**8,742**	**16,187**	**17,096**	**16,254**	**15,410**

Terminal value of RI (VNDbn)	**301,496**
Terminal growth (%)	2.00%

PV of terminal value (VNDbn)	192,989
PV of RI (VNDbn)	73,689
Beginning equity (bn VND)	248,491
Total value (bn VND)	**515,168**
Total outstanding shares (bn)	8.36
Target price (VND)	**61,655**

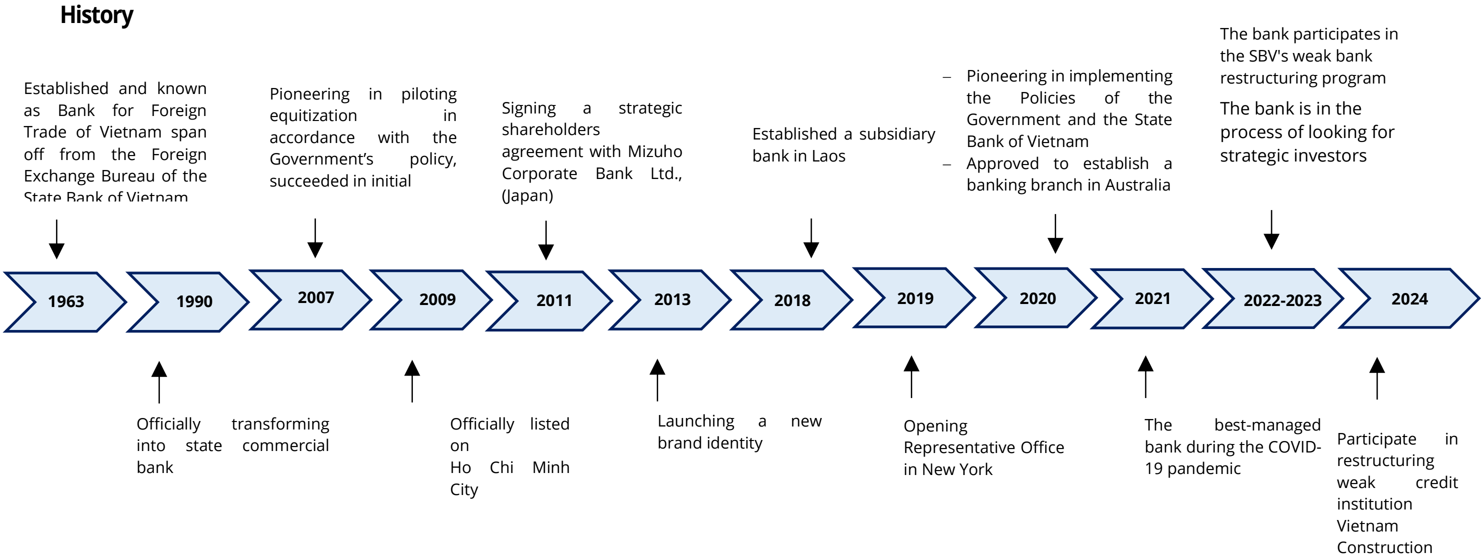
Valuation Summary

Method	Weight	Target price (VND)
Residual income	40%	**61,655**
P/B target (2.5x)	60%	**89,444**
Target price (VND)		**78,328**

Source: Shinhan Securities Vietnam

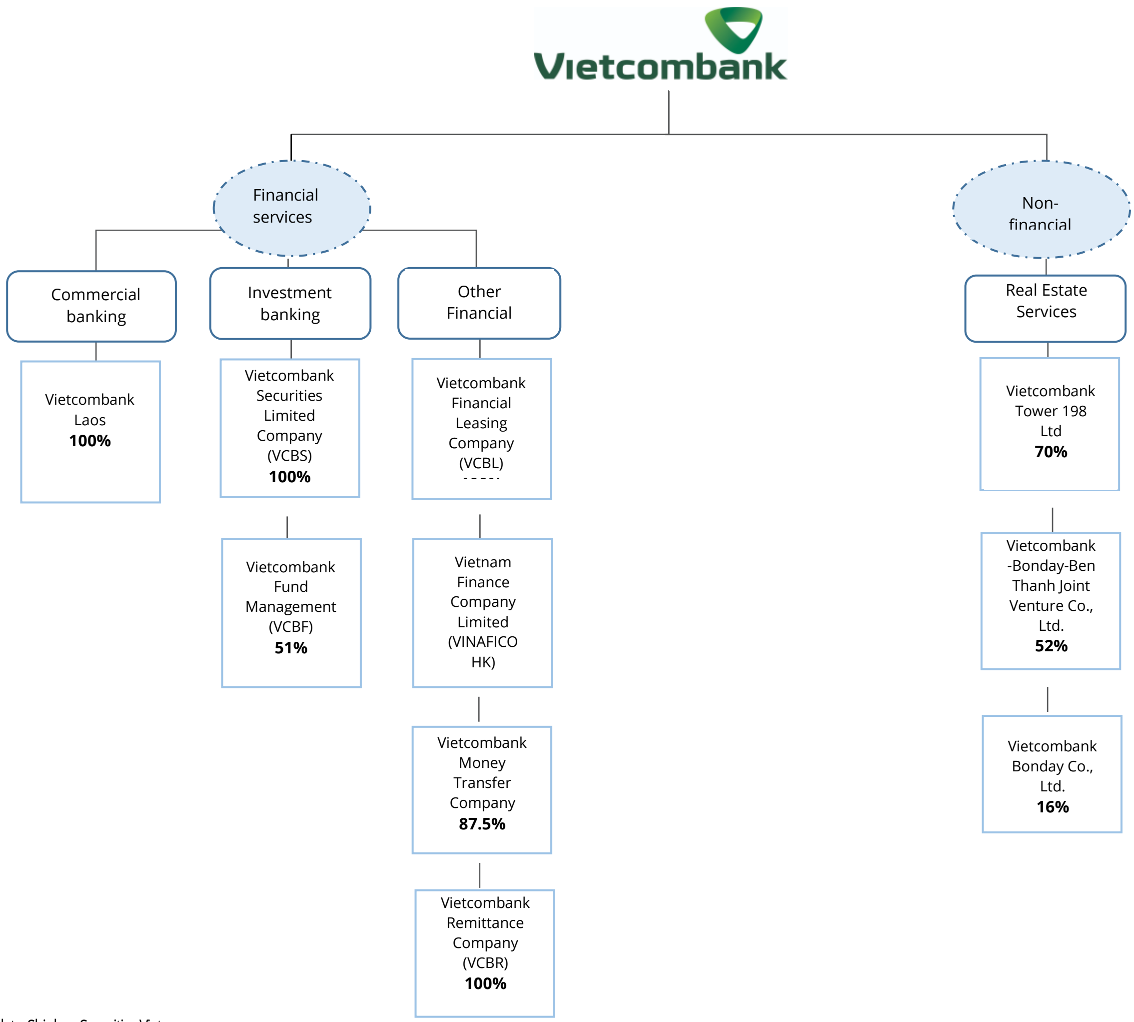
Business overview

History



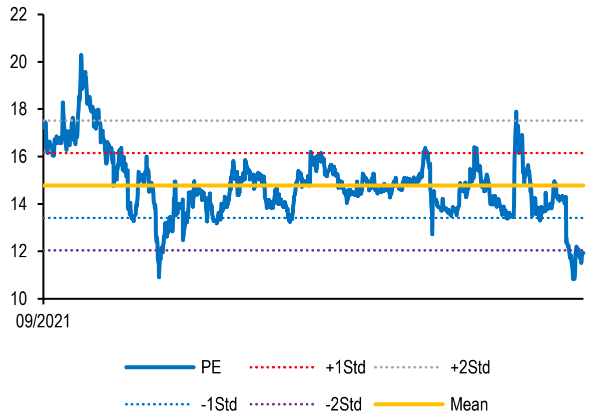
Subsidiaries

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



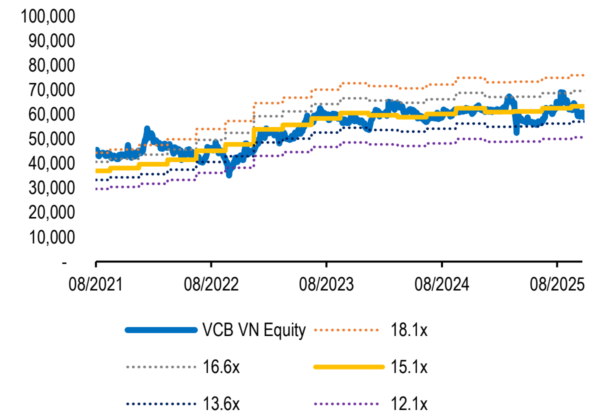
Source: Company data, Shinhan Securities Vietnam

PER of VCB



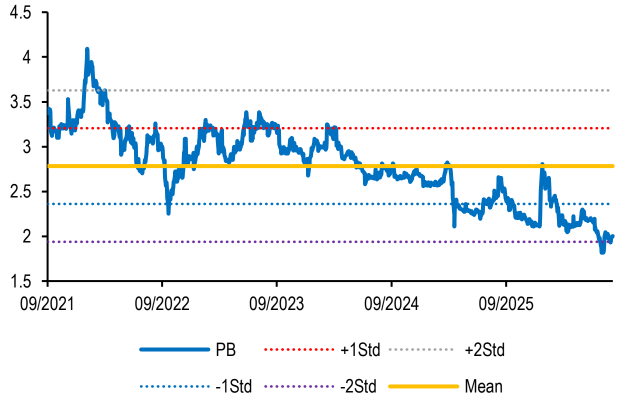
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band of VCB



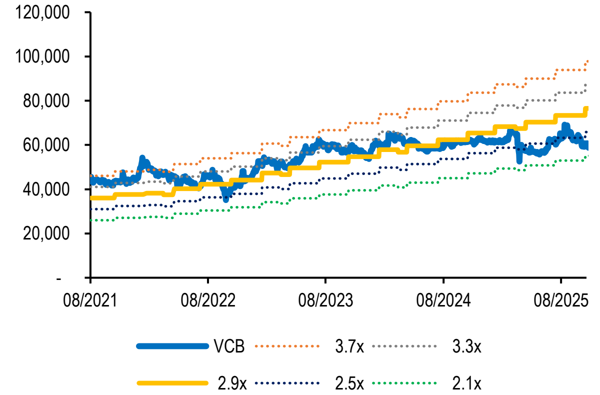
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of VCB



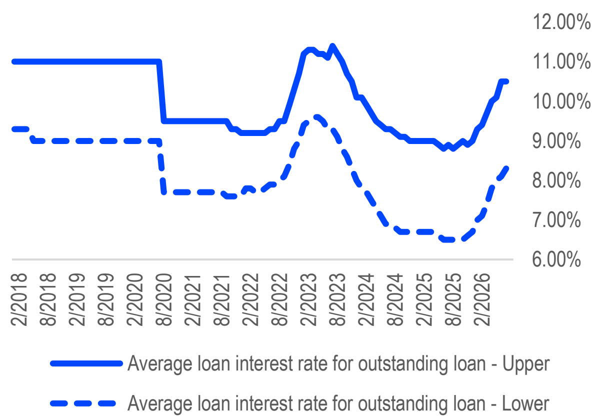
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band of VCB



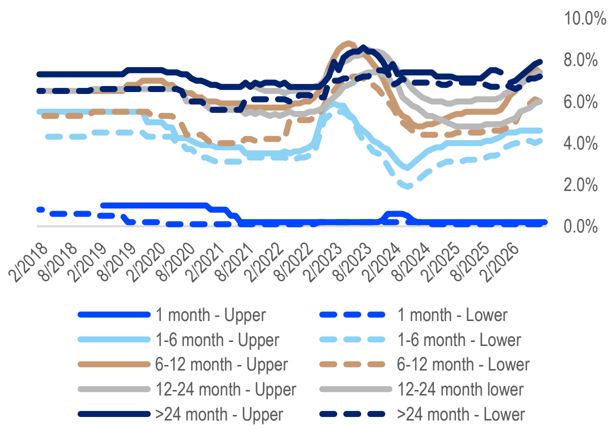
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Average loan rate in Vietnam



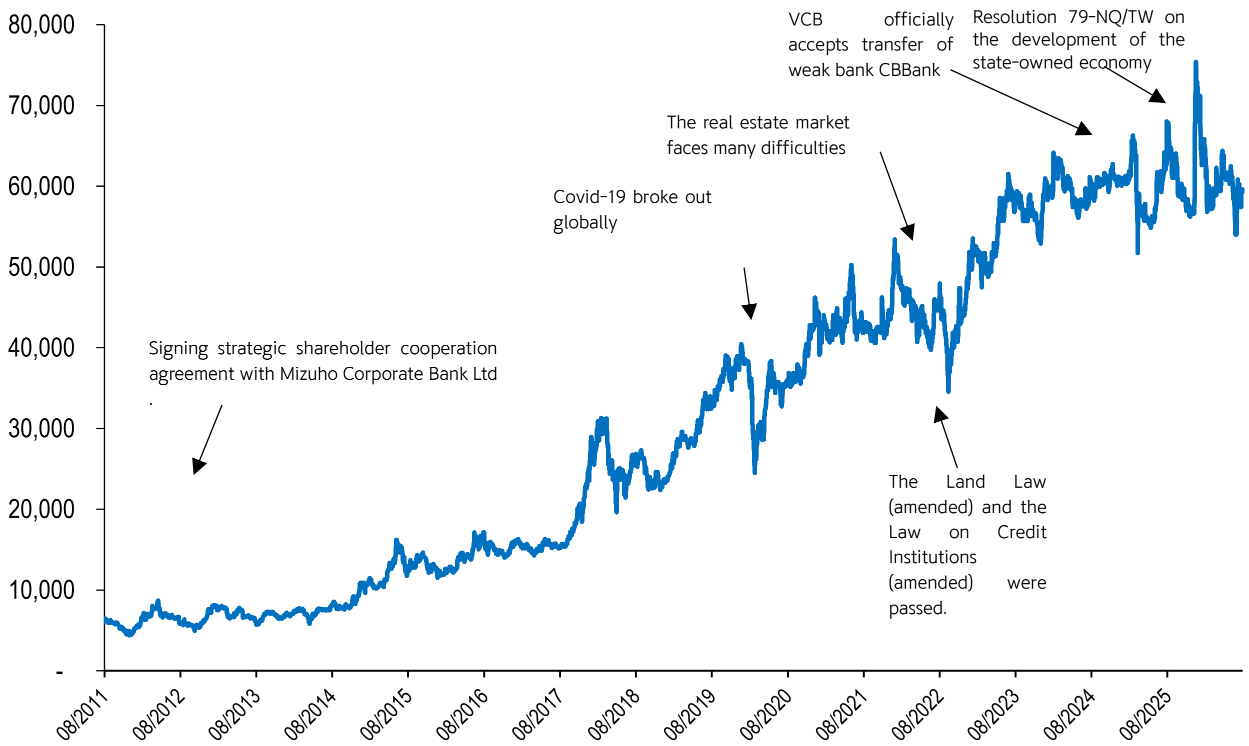
Source: SBV, Shinhan Securities Vietnam

Average deposit rate in Vietnam



Source: SBV, Shinhan Securities Vietnam

VCB important events



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Appendix: Financial statements

Balance sheet

Year (bn VND)	2023	2024	2025	2026F	2027F
Total assets	**1,839,223**	**2,085,397**	**2,441,929**	**2,828,723**	**3,233,765**
Cash and precious metals	14,505	14,268	15,543	18,398	21,158
Balances with the SBV	58,105	49,340	37,446	55,194	63,473
Placements with and loans to other credit institutions	335,616	389,296	521,939	688,440	786,321
Trading securities	2,495	4,576	11,479	11,479	11,479
Derivatives and other financial assets	-	1,314	375	375	375
Loans and advances to customers	1,241,675	1,418,037	1,648,557	1,840,285	2,113,095
Debts purchase	-	-	-	-	-
Investment securities	145,780	167,383	162,104	166,104	184,962
Long-term investments	2,225	2,228	2,261	2,239	2,218
Fixed assets	7,708	8,093	8,233	8,137	8,043
Investment properties	-	-	-	-	-
Other assets	31,114	30,862	33,993	38,072	42,641
Total liabilities	**1,670,680**	**1,886,441**	**2,214,393**	**2,554,746**	**2,909,850**
Due to Gov and Loans from SBV	1,671	78,237	160,128	208,167	218,575
Deposits and Loans from other credit institutions	213,842	234,653	321,159	437,453	497,620
Deposits from customers	1,395,695	1,514,665	1,672,534	1,839,788	2,115,756
Derivatives, Funds received from Gov, international and other institutions	118	1	-	-	-
Convertible bonds/CDs and other	19,913	24,125	27,101	32,521	37,400
Other liabilities	39,442	34,760	33,471	36,818	40,499
Shareholder's equity	**168,543**	**198,956**	**227,536**	**273,976**	**323,915**
Capital	61,696	61,696	89,362	98,298	108,128
Reserves	22,562	27,453	36,993	43,818	51,304
Retained earnings	85,174	110,679	102,028	131,762	164,356
Minority interest	94	96	72	98	127
Total liabilities and equity	**1,839,223**	**2,085,397**	**2,441,929**	**2,828,723**	**3,233,765**

Income statement

Year (bn)	2023	2024	2025	2026F	2027F
Interest and Similar Income	108,122	93,655	105,119	135,937	159,443
Interest and Similar Expenses	(54,501)	(38,249)	(46,445)	(62,328)	(73,235)
Net Interest Income	**53,621**	**55,406**	**58,674**	**73,609**	**86,208**
Net Fee and Commission Income	5,780	5,137	3,470	5,322	6,045
From foreign currency and gold	5,660	5,292	6,165	7,983	9,067
From trading of trading securities	124	62	171	-	-
From disposal of investment securities	-	3	4	-	-
Net Fee and Commission Income	2,272	2,372	3,592	8,689	5,335
Dividends income	266	307	282	337	334
Total non-interest income	**14,103**	**13,173**	**13,683**	**22,331**	**20,781**
Total operating income	**67,723**	**68,578**	**72,358**	**95,941**	**106,988**
General and Admin expenses	(21,915)	(23,027)	(25,152)	(30,183)	(33,201)
Operating Profit Before Provision (PPOP)	45,809	45,551	47,205	65,758	73,787
Provision for credit losses	(4,565)	(3,315)	(3,185)	(8,856)	(11,364)
Profit before tax	**41,244**	**42,236**	**44,020**	**56,902**	**62,424**
Corporate income tax	(8,169)	(8,383)	(8,822)	(11,380)	(12,485)
Net profit after tax	**33,054**	**33,853**	**35,198**	**45,522**	**49,939**
Attributable to parent company	33,033	33,831	35,178	45,495	49,910

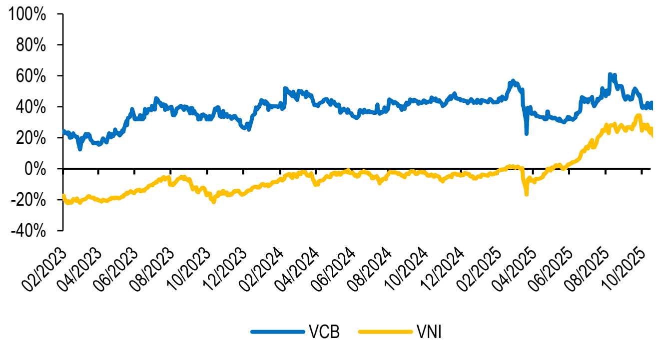
Financial indicators

Year	2023	2024	2025	2026F	2027F
Growth (% YoY)					
Loans to customers	10.94	14.08	15.48	12.00	15.00
Deposits from customers	12.24	8.52	10.42	10.00	15.00
Shareholders' equity	22.14	18.04	14.36	20.41	18.23
Total assets	1.38	13.38	17.10	15.84	14.32
Net interest income	0.70	3.33	5.90	25.45	17.12
Net non-interest income	(4.95)	(6.59)	3.88	63.20	(6.94)
PPOP	(2.19)	(0.56)	3.63	39.30	12.21
Net profit before tax	10.37	2.41	4.22	29.26	9.70
Net profit after tax	10.48	2.42	3.97	29.33	9.70
Profitability (%)					
NIM	3.05	2.94	2.64	2.83	2.87
ROA	1.8	1.7	1.6	1.7	1.6
ROE	21.6	18.4	16.5	18.2	16.7
Liquidity (%)					
Pure LDR	91.02	95.68	100.06	101.88	101.88
Asset quality					
Leverage (x)	10.91	10.48	10.73	10.32	9.98
NPL ratio (%)	0.98	0.96	0.58	0.80	1.00
LLR ratio (%)	230.30	223.31	258.84	227.17	196.73
Reverse/total credit (%)	224.00	213.82	148.53	181.01	196.05
Credit costs/total loans (%)	0.38	0.24	0.20	0.50	0.56
Credit costs/total credit (%)	0.37	0.24	0.20	0.47	0.53
Per share items (VND)					
EPS	5,914	6,057	4,213	5,448	5,977
BPS	30,156	35,597	27,231	32,789	38,766
PPOP/Share	8,196	8,150	5,649	7,870	8,831

Source: Company data, Shinhan Securities Vietnam

Vietnam Technological and Commercial Joint Stock Bank (VCB VN)

Price performance



Target price (VND)

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)	BUY	72,000	11.94	-2.8/31.9
18/03/2026 (Update)	BUY	79,800	11.94	-2.8/31.9
26/08/2026 (Update)	BUY	78,300	27.8	10.9/50.6

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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