



## Company Report:

### Vietnam Prosperity Joint Stock Commercial Bank (VPB)

Research Department  
07/08/2025

## 1H 2025 BUSINESS RESULTS UPDATE

### UPDATE ON BUSINESS OPERATIONS

In Q2 2025, VPBank delivered robust results, with 1H pre-tax profit of VND 11,229 billion—a 29.5% YoY increase—driven by strong credit growth and lower provisioning charges. Consolidated loans reached VND 842,354 billion (+18.6% YTD), the highest in the sector, led by secured retail mortgage and SME lending, which effectively mitigated credit risk. Deposits also expanded sharply (+23.8% YTD), with CASA up 39.5% YoY—approaching VND 100 trillion for the first time—helping to reduce funding costs. Although NIM compressed to 5.45% due to a shift toward lower-risk lending segments, VPBank still ranks among the top banks for NIM on a consolidated basis. Asset quality improved markedly, with the NPL ratio falling to 3.97%, while an LDR of 80.2% indicates substantial room for further loan growth in H2, especially amid expectations of loosened credit quotas in a more accommodative monetary policy environment.

### ASSESSMENT

We maintain a **WATCHLIST** recommendation on VPB shares following its sharp 74.9% rally over the past three months, and we commend the bank's effective "controlled-growth" strategy. As industry-wide credit enters a recovery cycle, VPBank stands out for its disciplined loan expansion, strong CASA growth, solid asset quality, and robust capital-and-liquidity position—key foundations for sustainable profit growth over the medium to long term.

Recommendation:

**Watchlist**

6-18m TP:

Current price:

VND28,950

### 1-Year Share Return Performance



| Price Change   | 1 M    | 3 M    | 1Y     |
|----------------|--------|--------|--------|
| Change %       | 7.33%  | 74.92% | 55.84% |
| CompareVnIndex | 10.51% | 24.57% | 30.1%  |
| Average (VND)  | 23,260 | 19,953 | 18,816 |

Source: Bloomberg, Guotai Junan (VN)

|                                       |               |                       |                              |
|---------------------------------------|---------------|-----------------------|------------------------------|
| Outstanding shares (million)          | 7,933         | Major shareholder (%) | Sumitomo Mitsui Banking Corp |
| Market capital (VND b)                | 215,009       | Free float (%)        | 15%                          |
| 3-month average trading volume ('000) | 38,266        | LDR (%)               | 55%                          |
| 52w highest/lowest price(VND)         | 28,950/15,528 | CAR (%)               | 80.5%                        |
|                                       |               |                       | 14%                          |

Source: the Company, Guotai Junan (VN).

## 1H 2025 BUSINESS RESULTS UPDATE

### 1. Scale Has Expanded Robustly on Both Fronts: Lending and Funding

In Q2 2025, VPBank recorded a quantum leap in scale as both its loan book and deposit base grew by double digits quarter-on-quarter—demonstrating the decisive and effective execution of its controlled-acceleration strategy.

Consolidated credit stood at VND 842,354 billion (+5.4% QoQ; +18.6% YTD)—the strongest growth since early 2023. The primary driver was secured lending, which accounted for 90.8% of total outstanding and rose +15% QoQ and +22% YoY. Within this, mortgage lending grew 18% YTD, becoming the focal segment for safe, sustainable expansion. Conversely, unsecured consumer loans now represent only 9.2% of the book, reflecting a deliberate shift toward lower-risk credit allocation.

On the funding side, consolidated deposits reached VND 683,915 billion (+4.6% QoQ; +23.8% YTD), showing that the bank not only expanded lending but also simultaneously strengthened its funding base. Notably, CASA surged to VND 97,378 billion (+22.9% QoQ; +39.5% YoY)—approaching the VND 100 trillion milestone for the first time—and lifted its share to 15.8% of total deposits, reflecting the success of campaigns to attract non-term deposits from retail customers.

Deposit growth outpacing loans helped maintain an LDR of 80.2%, ensuring ample liquidity and providing VPBank with room to continue accelerating credit growth in H2—a key competitive advantage as peer banks face liquidity pressures and are capped on credit growth.

### 2. Net Interest Margin Faces Structural Pressure but Remains a Sector Leader

VPBank's consolidated net interest margin (NIM) narrowed to 5.45% in Q2 2025, marking the second consecutive quarterly decline from 5.88% in Q1 2025 and 5.99% in Q3 2024. This trend primarily reflects continued compression in the yield on earning assets (YEA), while the cost of funds (CoF) has bottomed out with limited further room for improvement.

- YEA fell from 9.54% to 9.05%, driven by a shift in the loan portfolio mix: the bank prioritized lower-rate secured mortgages (now 90.8% of total loans) over higher-yield consumer financing. The lack of a clear recovery from FE Credit also weighed on overall portfolio yields.
- CoF edged down slightly from 4.32% in Q1 2025 to 4.25%, supported by a push to grow CASA balances. VPBank's CASA volume approached VND 100 trillion for the first time, mitigating funding costs. However, with CASA at 15.8%—below private-sector leaders—CoF reduction remains constrained.

Against an industry average NIM of around 3%, VPBank continues to lead the sector in margin performance.

### 3. Profit Rebounds Strongly on the Back of Loan Growth and Lower Provisioning Pressure

**Total Operating Income (TOI):** VND 32,101 billion (+8.6% YoY), demonstrating the bank's ability to sustain steady growth amid a volatile operating environment:

- Net interest income rose +9.7% YoY, driven by loan-book expansion.
- Non-interest income declined -7.4%, reflecting accounting-method changes and lower card/payment-service revenues.
- Operating expenses increased +21.8%, reflecting investments in systems and digital transformation.
- Provisioning charges decreased -10.5%, directly supporting profit growth.

Profit before tax for 1H 2025 reached VND 11,229 billion (+29.5% YoY), outperforming the industry average and underscoring the bank's ability to balance growth with risk control—an achievement few banks have matched in this cycle.

### 4. Asset Quality Improvement Mitigates Long-Term Risk

The consolidated NPL ratio fell from 4.2% to 3.97%, while outstanding loans continued to grow in double digits—demonstrating the positive impact of portfolio rebalancing. The loan-loss coverage ratio reached 52.2%, remaining stably high and reflecting a conservative provisioning policy.

Compared with banks facing significant provisioning pressure from real-estate or corporate unsecured portfolios, VPBank enjoys a stronger position thanks to its high share of secured lending and a steadily

declining NPL ratio quarter-on-quarter.

This outcome reflects a strategy set in advance: restructuring the loan portfolio, avoiding reliance on short-term unsecured growth, and prioritizing the maintenance of a healthy balance sheet.

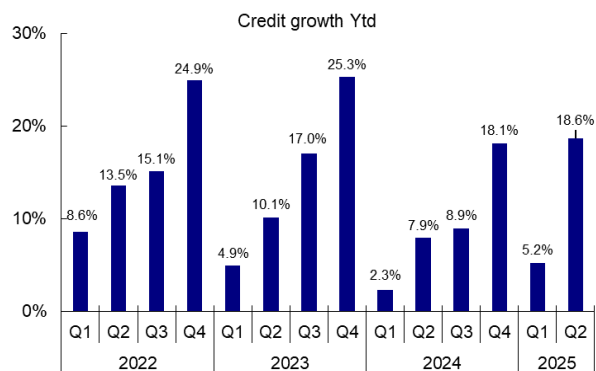
## GTJA ASSESSMENT & 2025 OUTLOOK

VPBank is at the forefront of private-sector banks with its “controlled scale-up and asset-structure optimization” strategy. Loan growth has been robust—driven by a high share of secured lending—while funding efficiency (CASA growth through recent campaigns), funding-cost control, and marked asset-quality enhancements together form a sustainable platform for the next acceleration phase.

In a context of continued monetary easing and improving credit demand from H2 onward, VPBank is positioned to capitalize on opportunities while maintaining risk discipline. Key factors supporting VPBank’s outlook include:

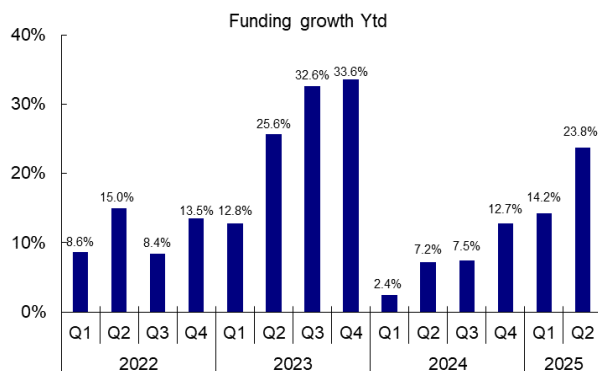
- **Policy Benefits:** Participation in restructuring weak banks grants elevated annual credit-growth limits.
- **Ample Credit Capacity:** An LDR of just 80.2%—below the industry average—and a top-quartile CAR of 14% signal considerable room for further lending expansion, especially as the central bank is expected to loosen credit quotas in H2.
- **Portfolio Rebalancing:** A strategic shift toward secured lending—particularly home-purchase and asset-backed SME loans—reduces credit risk while preserving attractive yields.
- **Strong CASA Growth:** A 39.5% YoY increase in CASA provides a funding-cost advantage amid renewed deposit-rate competition. Maintaining a high CASA ratio will help stabilize NIM in upcoming quarters.
- **Improving Asset Quality & Lower Provisions:** A declining NPL trend and reduced provisioning will be key profit drivers going forward. However, ongoing growth in real-estate lending warrants close monitoring.
- **FE Credit Recovery Potential:** The resumption of portfolio growth from Q2 2025 is encouraging. Although its current profit contribution is limited, the consumer-finance arm could deliver outsize returns if risks are managed well and consumer demand recovers.

Figure-1: Consolidated credit growth (Ytd)



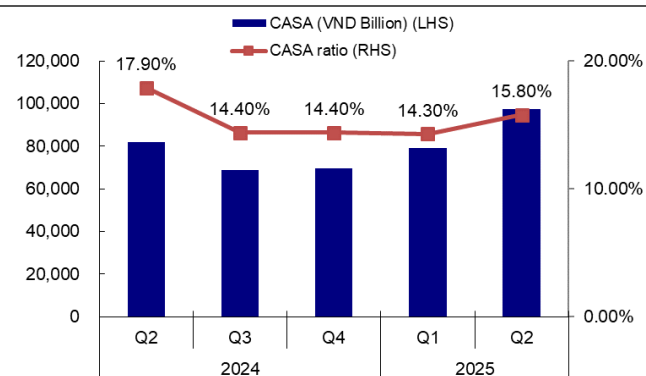
Source: VPB, Guotai Junan (VN).

Figure-2: Consolidated funding growth (Ytd)



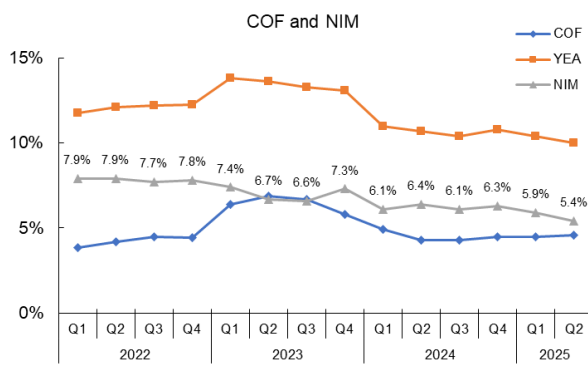
Source: VPB, Guotai Junan (VN).

Figure-3: CASA



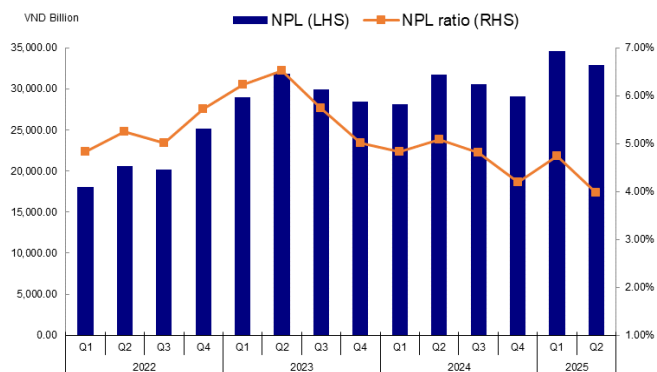
Source: VPB, Guotai Junan (VN).

Figure-4: NIM



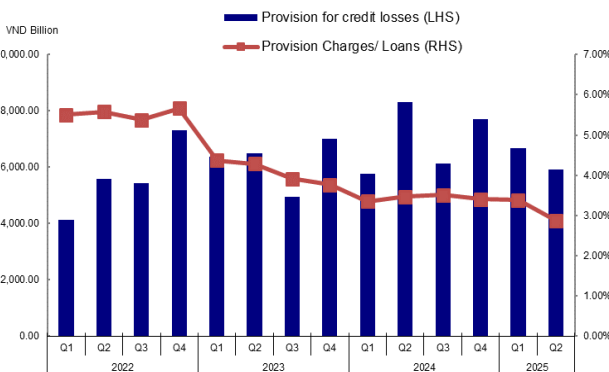
Source: VPB, Guotai Junan (VN).

Figure-5: NPL



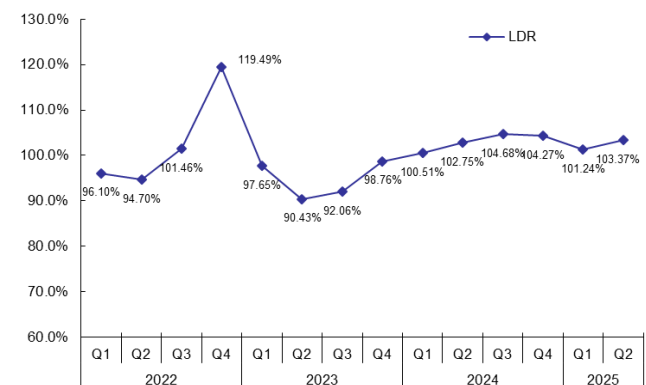
Source: VPB, Guotai Junan (VN).

Figure-6: Credit provision expense



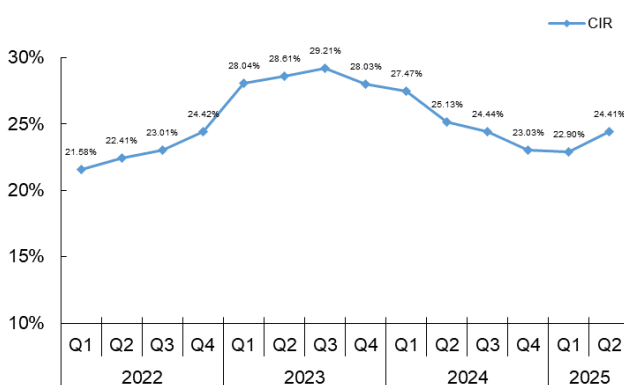
Source: VPB, Guotai Junan (VN).

Figure-7: LDR



Source: VPB, Guotai Junan (VN).

Figure-8: CIR



Source: VPB, Guotai Junan (VN).

### COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

| Rating            | Definition                                                                                                     |
|-------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Buy</b>        | Relative Performance is greater than 15%<br>Or the Fundamental outlook of the company or sector is favorable   |
| <b>Accumulate</b> | Relative Performance is 5% to 15%<br>Or the Fundamental outlook of the company or sector is favorable          |
| <b>Neutral</b>    | Relative Performance is -5% to 5%<br>Or the Fundamental outlook of the company or sector is neutral            |
| <b>Reduce</b>     | Relative Performance is -15% to -5%<br>Or the Fundamental outlook of the company or sector is unfavorable      |
| <b>Sell</b>       | Relative Performance is lower than - 15%<br>Or the Fundamental outlook of the company or sector is unfavorable |

### SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

| Rating              | Definition                                                                                        |
|---------------------|---------------------------------------------------------------------------------------------------|
| <b>Outperform</b>   | Relative Performance is greater than 5%<br>Or the Fundamental outlook of the sector is favorable  |
| <b>Neutral</b>      | Relative Performance is -5% to 5%<br>Or the Fundamental outlook of the sector is neutral          |
| <b>Underperform</b> | Relative Performance is lower than -5%<br>Or The Fundamental outlook of the sector is unfavorable |

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**GUOTAI JUNAN VIETNAM RESEARCH DEPARTMENT**

**Trần Thị Hồng Nhung**

Deputy Director

[nhungtth@gtjas.com.vn](mailto:nhungtth@gtjas.com.vn)

(024) 35.730.073 – ext:703

**Trịnh Khánh Linh**

Equity Analyst

[linhtk@gtjas.com.vn](mailto:linhtk@gtjas.com.vn)

(024) 35.730.073 – ext:707

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CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)  
GUOTAI JUNAN SECURITIES (VIETNAM)

| LIÊN HỆ                                                                                                                            | TRỤ SỞ CHÍNH<br>HÀ NỘI                                                     | CHI NHÁNH<br>TP.HCM                                                         |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Điện thoại tư vấn:<br>(024) 35.730.073                                                                                             | R9-10, 1 <sup>st</sup> Floor, Charmvit Tower,<br>117 Trần Duy Hưng, Hà Nội | 3 <sup>rd</sup> Floor, No. 2 BIS, Công Trường<br>Quốc Tế, P. 6, Q.3, Tp.HCM |
| Điện thoại đặt lệnh:<br>(024) 35.779.999                                                                                           | Tel:<br>(024) 35.730.073                                                   | Tel:<br>(028) 38.239.966                                                    |
| Email: <a href="mailto:info@gtjas.com.vn">info@gtjas.com.vn</a><br>Website: <a href="http://www.gtjai.com.vn">www.gtjai.com.vn</a> | Fax: (024) 35.730.088                                                      | Fax: (028) 38.239.696                                                       |

VPBank (VPB)

Company Report