



Company Report:

Vietnam Prosperity Joint Stock Commercial Bank (VPB)

Research Department
17/10/2025

9M 2025 BUSINESS RESULTS UPDATE

UPDATE ON BUSINESS OPERATIONS

VPBank recorded its strongest quarterly performance since 2022, with Q3/2025 pre-tax profit reaching VND 9.17 billion (+76.7% YoY), bringing 9M2025 PBT to VND 20.4 billion (+47.1% YoY), fulfilling 81% of the annual plan. Credit growth remained the key driver, with total loans up 28.4% YTD, led by mortgages and SME lending. Funding expanded in tandem, supported by a 33.6% YoY rise in CASA. Asset quality improved, with consolidated NPL below 3% and loan recovery income reaching VND 2.9 billion. Liquidity and capital remained solid, with LDR at 82.8% and CAR above 13%.

ASSESSMENT

We maintain a **HOLD** recommendation on VPB shares following the strong YTD rally to around **VND 34,000**, which is near our estimated fair value of **VND 35,100** based on a residual income model. While short-term upside appears limited, we acknowledge the bank's consistent execution of its scale-driven strategy: disciplined credit expansion, improving asset quality, and low cost-to-income ratio. Future re-rating potential may be unlocked through successful monetization of subsidiaries—particularly the planned IPO of VPBankS in 2026—and further improvement in funding mix. Overall, we see VPB as a structurally well-positioned private bank with medium-term growth visibility supported by a scalable ecosystem model.

Recommendation:

Hold

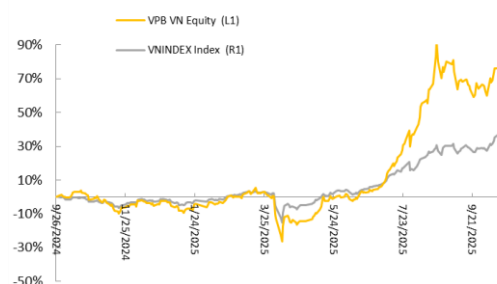
6-18m TP:

35,100

Current price:

VND34,000

1-Year Share Return Performance



Price Change	1 M	3 M	1Y
Change %	3.06%	52.87%	67.44%
CompareVnIndex	3.60%	16.19%	34.05%
Average (VND)	31,475	31,950	25,516

Source: Bloomberg, Guotai Junan (VN)

Outstanding shares (million)

7,933

Market capital (VND b)

215,009

3-month average trading volume ('000)

52w highest/lowest price(VND)

Source: the Company, Guotai Junan (VN).

Major shareholder (%)

Sumitomo Mitsui Banking Corp
15%

Free float (%)

55%

LDR (%)

82.8%

CAR (%)

14%

9M 2025 BUSINESS RESULTS UPDATE

1. VPBank's strong earnings recovery in Q3/2025 was driven by volume-led loan growth in secured segments, while maintaining NIM stability through an improved funding mix, despite a shifting asset yield profile.

VPBank reported strong Q3/2025 results, with consolidated pre-tax profit reaching **VND 9,166 billion** (+76.7% YoY), bringing cumulative 9M2025 PBT to **VND 20,396 billion** (+47.1% YoY), fulfilling 81% of the full-year target. The earnings growth was predominantly volume-driven, supported by credit expansion and margin stability, rather than operating cost reductions.

Total customer loans reached VND 912 billion, up +28.4% YTD, with contributions from both the parent bank and subsidiaries. Notably, SME lending (+29.1%) and mortgage loans (+27.7%) were key growth drivers, supported by Resolution 68 and sector-specific lending programs. This shift toward secured and productive lending indicates a more risk-managed expansion strategy, contributing to improved asset quality.

Despite changes in loan composition, net interest income rose +22.7% YoY, and NIM held stable at ~4.4%. The modest compression reflects a natural yield adjustment as high-growth segments transitioned from unsecured consumer finance toward lower-risk, lower-yield secured loans. Additionally, FE Credit — previously a high-yielding contributor — has not yet returned to pre-2022 profitability, further moderating headline margins.

On the funding side, improvements were evident: CASA rose +33.6 YoY, reaching VND 90 billion, easing deposit cost pressure amid an increasingly competitive environment. VPBank also raised USD 300 million in international sustainable bonds, which further diversified its funding base and may help reduce volatility in cost of funds going forward.

In comparison with peers, VPB's NIM trajectory reflects a trade-off between yield and credit quality. While many banks experienced sharper NIM compression due to funding pressure and weak pricing power, VPBank's relatively stable margin suggests it has retained pricing discipline within its core lending franchise.

2. VPB is proactively managing credit risk through forward-looking provisioning, enabling asset quality improvement and greater earnings stability despite a high-yield loan mix.

Despite its structural exposure to high-risk segments (unsecured consumer lending and FE Credit), VPB has delivered consistent improvements in asset quality since 2024. The consolidated NPL ratio under Circular 31 fell below 3% in Q3/2025 — the first time in several quarters — while standalone NPL declined further to 2.23%, from 2.47% at end-2024. This improvement reflects tighter underwriting standards, refined borrower segmentation, and earlier intervention in the credit lifecycle. It also indicates a more selective approach to new lending, prioritizing borrowers with stronger repayment profiles post-COVID.

However, the improvement in headline NPL has not yet translated into a fully robust loss-absorption buffer.

Coverage ratio (LLR/NPL) — based on our analysis — remains below 60% throughout 2024–2025, well under industry average. Moreover, the provision-to-loan ratio has trended downward from above 3% in 2022 to below 2% by Q3/2025, implying a thinner cushion against potential credit shocks. This exposes the bank to earnings volatility in a downside scenario.

At the same time, VPB's provisioning strategy is becoming more forward-looking.

Provision charges in Q3/2025 reached VND 4.6 trillion (~15% of TOI), and cumulative 9M2025 provisions were VND 14 trillion (+8.7% YoY), significantly above the sector average provisioning-to-TOI ratio (~9–11%). Despite the decline in loan-loss reserves as a percentage of outstanding loans, the elevated provisioning expense suggests VPB is actively recognizing expected losses rather than deferring them — signaling ongoing balance sheet clean-up.

Looking ahead, structural changes support sustainability.

VPB has registered to adopt the Internal Ratings-Based (IRB) approach under Circular 14, in line with Basel III. This transition embeds credit risk modeling and economic capital allocation into its governance framework. As a result, credit origination becomes more disciplined and capital-efficient, helping to reduce future earnings volatility — a key concern for high-yield lenders.

3. Pressure VPB's fee income is poised for structural expansion, anchored by strong growth at VPBankS and the upcoming IPO of its securities subsidiary in 2026.

Although VPB's revenue base remains dominated by interest income, non-interest income is gaining momentum and is expected to become a key pillar of earnings diversification over the medium term. In 9M2025, non-interest income contributed approximately 14.8% of total operating income, up from 13.1% in 2024, driven primarily by brokerage fees, bancassurance, and advisory income.

Fee income is set for a step-change, with VPBankS posting 9M PBT of VND 3,260 billion, a 4x increase YoY, driven by brokerage, margin lending, and investment banking. Margin loans hit VND 27,000 billion, ranking VPBankS among the top 3 in Vietnam, with a further VND 13,500 billion in unused capacity.

The planned IPO of 375 million shares at VND 33,900/share would raise ~VND 12.7 billion, marking one of the largest capital market events among private banks. This will (i) strengthen VPB's capital buffer, (ii) create room for loan growth, and (iii) unlock cross-selling potential across the ecosystem.

Beyond VPBankS, GPBank's return to profitability from June 2025 marks a turnaround after years of restructuring. With a new digital platform (GP.DigiPlus) and brand refresh, GPBank complements VPB's outreach in lower-tier segments and strengthens its digital playbook.

GTJA ASSESSMENT & 2025 OUTLOOK

VPB has demonstrated that its retail-focused growth model can deliver high profitability without a proportional increase in risk. The Q3/2025 results highlight a critical inflection point: the bank is now reaping the benefits of scale, digital transformation, and ecosystem expansion. With the cost-to-income ratio dropping below 23% and return on equity sustaining above 17%, VPB's core earnings are structurally stronger than in previous cycles.

On asset quality, we see encouraging signs that the bank's credit risk is under control. While its high-yield loan mix requires consistently high provisioning, VPB has adopted a proactive stance by provisioning ahead of the curve — allowing it to absorb cyclical shocks while continuing to grow. Stabilizing NPLs, declining group 2 loans, and disciplined write-offs support the outlook for normalized credit costs into 2026.

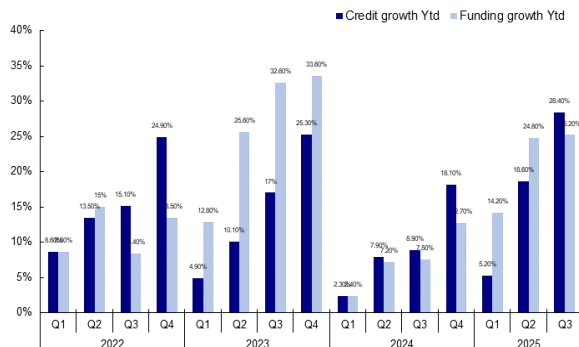
Looking forward, we expect VPB's growth to remain above-industry, driven by (i) continued penetration in SME and consumer segments, (ii) growing fee income from VPBankS, and (iii) the upcoming IPO of VPBankS in 2026, which could unlock significant capital gains and improve consolidated ROE.

However, we note some key risks:

- Funding cost pressure may return if interest rates rise in 2026, as VPB still has a relatively low CASA ratio (~18%).
- FE Credit recovery remains gradual, and any delay in collection or restructuring progress could impact asset quality at the margin.
- Capital buffer needs to be enhanced to sustain >25% loan growth annually; options include retained earnings, ESOP, or equity injection via strategic investors.

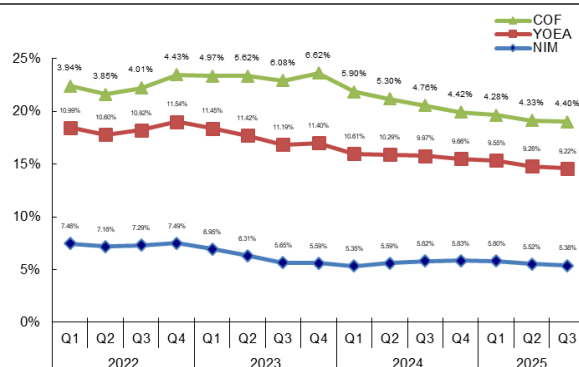
In our view, VPB is transitioning from a high-growth, high-risk model toward a more balanced and resilient franchise. This re-rating story — from growth bank to full-spectrum financial ecosystem — is still underway, and we believe the market has not fully priced in the bank's structural improvements and embedded value in its subsidiaries.

Figure-1: Consolidated credit & funding growth (Ytd)



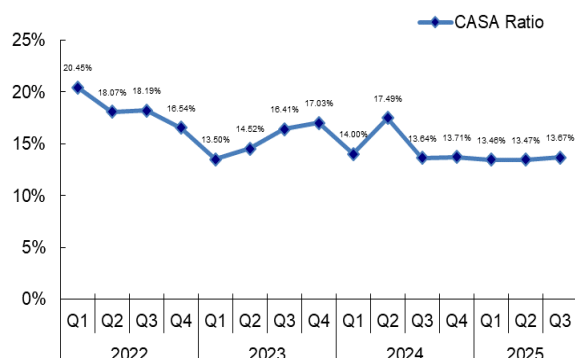
Source: VPB, Guotai Junan (VN).

Figure-2: NIM



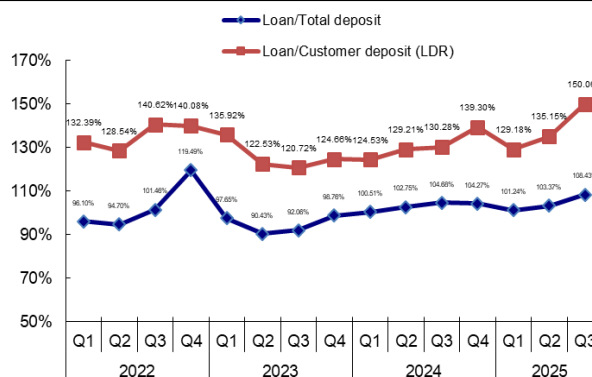
Source: FiinPro-X, Guotai Junan (VN).

Figure-3: CASA ratio



Source: FiinPro-X, Guotai Junan (VN).

Figure-4: LDR



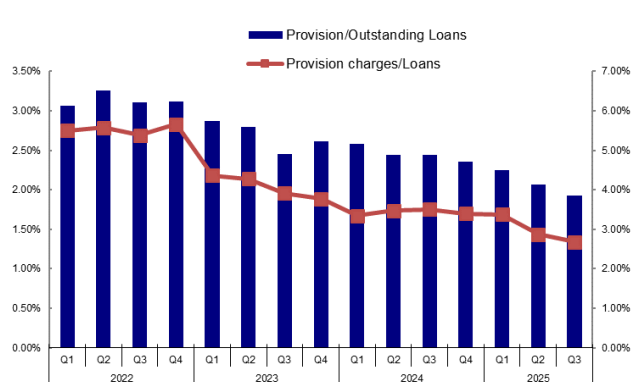
Source: FiinPro-X, Guotai Junan (VN).

Figure-5: NPL Coverage Ratio



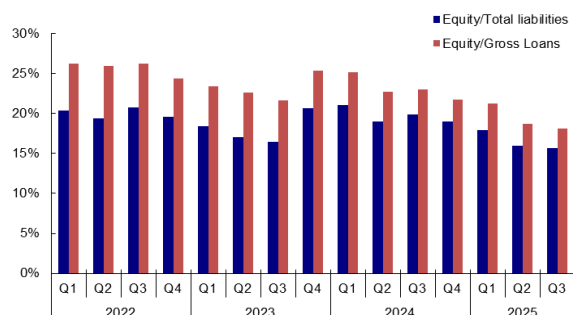
Source: FiinPro-X, Guotai Junan (VN).

Figure-6: Credit provision expense



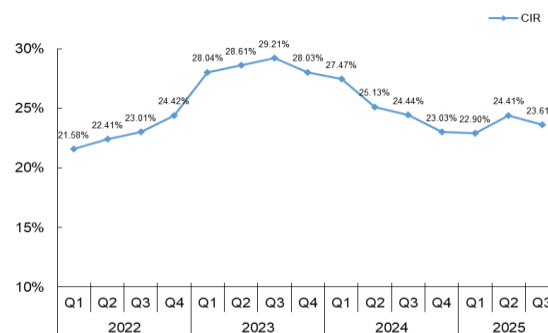
Source: FiinPro-X, Guotai Junan (VN).

Figure-7: Leverage & Capital Buffer Ratios



Source: FiinPro-X, Guotai Junan (VN).

Figure-8: CIR



Source: FiinPro-X, Guotai Junan (VN).

APPENDIX: VPBANKS IPO SUMMARY

IPO overview

- **Offering size:** 375 million shares
- **Offer price:** VND 33,900 per share
- **Expected proceeds:** VND 12.7 trillion (~USD 500 million)
- **Implied post-IPO valuation:** ~VND 64 trillion (~USD 2.5 billion)
- **Listing venue & timeline:** HoSE, planned for **December 2025**

Valuation comparison

- **2025F P/E:** 14.3× (vs. sector avg. 23.1×)
- **2025F P/B:** 2.4× (vs. sector avg. 2.7×).

Strategic objectives (2026–2030)

VPBankS aims to become a full-spectrum investment banking platform integrated with VPBank's ecosystem of over 30 million customers. Medium-term goals include:

Target by 2030

Revenue CAGR ~32% p.a.

PBT (2030) VND 17,520 billion

ROE target 19%

ROA target 6.5%

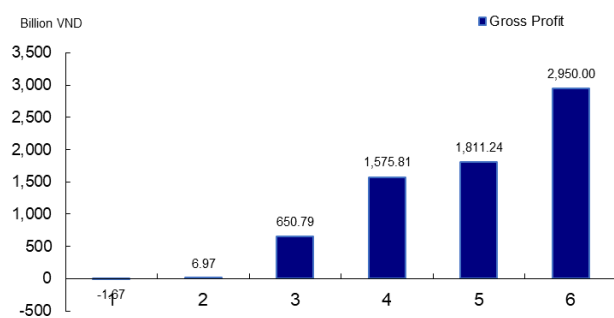
Market positioning Top 1 margin lending, Top 2 brokerage (HoSE), Top 2 DCM/ECM

Metric

Strategic direction

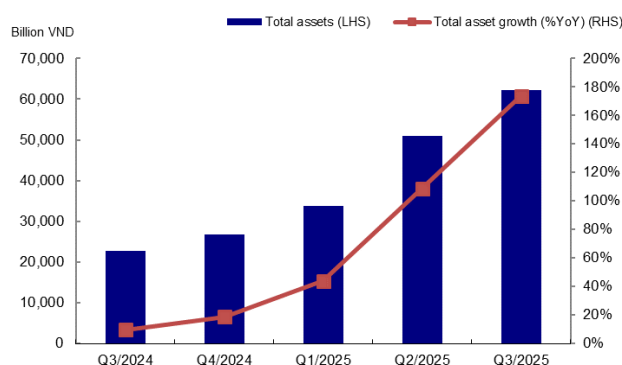
VPBankS plans to lead in core services such as securities brokerage, margin lending, investment banking (M&A, ECM, DCM), and bespoke capital market solutions. The IPO marks a pivotal step in positioning the company as a top-tier investment bank in Vietnam.

Figure-1: Gross profit



Source: FiinPro-X, Guotai Junan (VN).

Figure-2: Total assets



Source: FiinPro-X, Guotai Junan (VN).

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% 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
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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