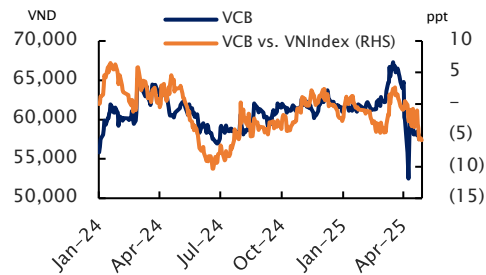


**Vietcombank [VCB VN]**
**5 May 2025**
**BUY**
**TP Upside +35%**
**Close 5 May 2025**
**Current Price VND 57,100**
**12M Target VND 77,197**
*\* TP is adjusted for dividends*
**Share price performance relative to VNI**


Source: Bloomberg

<b>Market cap</b>	<b>US\$18 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$6.9 mn</b>
<b>Outstanding shares</b>	<b>8,356 mn</b>
<b>Free float</b>	<b>11%</b>
<b>FINI ownership</b>	<b>22.5%</b>
<b>Major shareholders</b>	<b>90%</b>
<b>2025E Asset/Equity (*)</b>	<b>9.6x</b>
<b>2025E P/E (*)</b>	<b>11x</b>
<b>2025E P/B (*)</b>	<b>2.0x</b>
<b>FOL Remaining Room</b>	<b>6.5%</b>
<b>2025E Dividend yield (*)</b>	<b>0.0%</b>

Source: FiinPro, (\*) Yuanta Vietnam

<b>VCB's Results</b>	<b>1Q25</b>	<b>% QoQ</b>	<b>% YoY</b>
NII (VND bn)	13,687	-1%	-3%
Net Fee Inc.(VND bn)	806	-13%	-44%
Adj. TOI (VND bn)	16,602	1%	-1%
Opex (VND bn)	5,652	-20%	12%
Provision (VND bn)	752	-2427%	-50%
PATMI (VND bn)	8,696	2%	1%
NPL (%)	1.03%	6bp	-20bp
LLR (%)	216%	-7ppt	16ppt
CASA (%)	35.4%	-1.3ppt	71bp

Source: Company Data, Yuanta Vietnam


**Research Analyst:**
**Tanh Tran**

+84 28 3622 6868 ext 3874

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)
**Bloomberg code: YUTA**
**Tepid credit growth and lowered provisioning**

1Q25 PATMI increased slightly by +1.5% QoQ/+1.4% YoY to VND8.7 tn, completing 20% of our 2025E forecast, with this modest growth mostly from reduced provisioning (-50% YoY). Net interest income fell by -2.8% YoY as VCB lowered interest rates to support borrowers.

**Details**

Credit increased by only 1.2% QoQ in 1Q25, far below the sector's total of 3.9% QoQ and VCB's annual credit growth target of 16.3% YoY. Interest income increased by only +4.2% QoQ/+2.3% YoY, while interest expenses jumped by 11.8% QoQ/+9.5% YoY in 1Q25. As a result, net-II was down by -1.1% QoQ/-2.8% YoY in 1Q25.

**Annualized NIM was 2.61% (-15bp QoQ/-51bp YoY)** based on average assets.

**VCB says US tariffs could have a significant impact** on VCB as it holds ~20% market share in international payments and trade finance.

**Gains from FX jumped by +28% QoQ/+69% YoY** to VND2.0 tn in 1Q25, and net other income was VND663 bn (-48% QoQ/ but +30% YoY).

**VCB cut provisioning by -50% YoY**, demonstrating the advantages of earnings management flexibility due to its sector-high LLR coverage.

**Aggregated NPLs were up by +8% QoQ but down -3% YoY**, and the NPL ratio increased by +6bp QoQ but fell -20bp YoY to 1.03% in 1Q25. Thus, LLR coverage reached 216% (-7ppt QOQ/+16ppt YoY) in 1Q25.

**CASA deposits were VND534 tn (-4% QoQ/ but +14% YoY)**, driving the CASA ratio to 35.4% (-1.3ppt QoQ/but +71bp YoY).

**VCB announced that it will issue up to 543.1 million shares** (6.5% of its current shares outstanding) to a maximum 55 investors, including strategic and professional stock investors, during 2025-26.

**Our view**

**Earnings quality was weak**, supported mainly by reduced provisioning.

**Credit growth was tepid**, probably due to low credit demand as well as VCB's prudent risk management approach.

**NPLs inched up in 1Q25 but remained the lowest in the sector** at 1.03%. VCB's LLR ratio declined sequentially but remains the highest in the sector, reflecting the bank's solid asset quality.

**VCB is trading at 2.0x 2025E P/B**, well below its 10-year average. Our [target price](#) implies 35% expected upside.

**Catalyst:** The planned stake sale could serve as a key catalyst for the stock price. We estimate that the stake sale would improve the bank's CAR by about 2ppt to around 14% upon completion.

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Attn: Research  
Yuanta Securities Investment Consulting  
4F, No. 157,  
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Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities (Hong Kong) Co. Ltd  
23/F, Tower 1, Admiralty Centre  
18 Harcourt Road,  
Hong Kong

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Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office  
Yuanta Securities Building  
Euljiro 76 Jung-gu  
Seoul, Korea 100-845  
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
PT YUANTA SECURITIES INDONESIA  
(A member of the Yuanta Group)  
Equity Tower, 10th Floor Unit EFGH  
SCBD Lot 9  
Jl. Jend. Sudirman Kav. 52-53  
Tel: (6221) – 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Thailand)  
127 Gaysorn Tower, 16th floor  
Ratchadamri Road, Pathumwan  
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Vietnam)  
4th Floor, Saigon Centre  
Tower 1, 65 Le Loi Boulevard,  
Ben Nghe Ward, District 1,  
HCMC, Vietnam

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## YUANTA SECURITIES VIETNAM OFFICE

**Head office:** 4<sup>th</sup> Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

### **Matthew Smith, CFA**

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

[matthew.smith@yuantacom.vn](mailto:matthew.smith@yuantacom.vn)

### **Tanh Tran**

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

[tanh.tran@yuantacom.vn](mailto:tanh.tran@yuantacom.vn)

### **Di Luu**

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3845)

[di.luu@yuantacom.vn](mailto:di.luu@yuantacom.vn)

### **Giang Hoang**

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

[giang.hoang@yuantacom.vn](mailto:giang.hoang@yuantacom.vn)

## **Institutional Sales**

### **Lawrence Heavey**

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

[lawrence.heavey@yuantacom.vn](mailto:lawrence.heavey@yuantacom.vn)

### **Dat Bui**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

[dat.bui@yuantacom.vn](mailto:dat.bui@yuantacom.vn)

### **Binh Truong**

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

[binh.truong@yuantacom.vn](mailto:binh.truong@yuantacom.vn)

### **Tam Nguyen**

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

[tam.nguyen@yuantacom.vn](mailto:tam.nguyen@yuantacom.vn)

### **An Nguyen**

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

[an.nguyen@yuantacom.vn](mailto:an.nguyen@yuantacom.vn)

### **Anh Nguyen**

Sales Trader Supervisor

Tel: +84 28 3622 6868 (ext. 3909)

[anh.nguyen2@yuantacom.vn](mailto:anh.nguyen2@yuantacom.vn)

### **Hien Le**

Sales Trader

Tel: +84 28 3622 6868

[hien.le@yuantacom.vn](mailto:hien.le@yuantacom.vn)

### **Vi Truong**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

[vi.truong@yuantacom.vn](mailto:vi.truong@yuantacom.vn)

---