Vietnam Prosperity Joint Stock Commercial Bank (VPB)

Robust credit momentum underpins strong profit growth – [In-line]

- VPB recorded strong profitability growth, with ROAA in 1Q26 increasing by 28bps YoY, driven by robust credit growth momentum, and higher fee income.
- VPB's 1Q26 profit before tax (PBT) surged by 58% YoY, fulfilling 21% of our FY forecast.

Robust credit growth boosted income

Credit growth reached 10.6% YTD, exceeding the industry average of 3.18%, led by corporate segments. The expansion was supported by strong growth in real estate services (+15%), construction (+11%), wholesale and retail trade, repair of motor vehicles and motorcycles (+15.9%), financial, banking and insurance activities (+15%), and information and communication (+96%). In contrast, mortgage loans remained sluggish, growing by 6.9%, reflecting weaker housing demand amid rising real estate lending rates.

NIM fell by 35 bps QoQ to 5.3%, as funding costs rose amid higher deposit rates and tighter liquidity, while lending rates adjusted more slowly.

Non-interest income (Non-II) maintained strong growth momentum

In 1Q25, Non-II surged by 32% YoY, driven by service fees, particularly bancassurance (+41% YoY) and other services, including account management fees and collateral management fees, which quadrupled YoY. However, Non-II came in slightly below our expectations, as the bank recorded losses of VND480bn (~USD18.5 mn) from FX derivatives trading amid exchange rate volatility, which drove up hedging costs, along with a VND200bn (~USD 7.7mn) loss in trading securities.

Asset risk remains manageable

The bank's NPL ratio edged up by 25 bps QoQ to 3.6% in 1Q26, partly reflecting higher interest rates, which weighed on borrowers' repayment capacity, particularly in the mortgage and business loan segments. At the same time, the bank credit cost over gross loans ratio increased slightly to 2.9% from 2.7% in the prior quarter. However, we view the bank's asset risk as broadly contained, as the NPL ratio is much lower than the same period last year, while the special mention loan ratio remained stable at 3.1% indicating a limited risk of a sharp uptick in NPLs over the next 12–18 months.

	1Q25	1Q26	3M25	3M26	FY26E	Actual / Forecast
NII YoY	17.9%	27.0%	17.9%	27.0%	29.3%	23%
Non-interest income YoY	5.9%	32.0%	5.9%	32.0%	19.7%	16%
OPEX YoY	11.8%	11.5%	11.8%	11.5%	23.6%	25%
PPOP YoY	17.6%	33.3%	17.6%	33.3%	28.8%	22%
Provision expenses YoY	15.9%	14.9%	15.9%	14.9%	39.6%	23%
Pre-tax profit YoY	19.9%	57.9%	19.9%	57.9%	30.2%	21%
Loan growth YoY	25.3%	42.6%	25.3%	42.6%	36.0%	
Deposit growth YoY	21.2%	23.6%	21.2%	23.6%	38.6%	
NIM	5.8%	5.4%	5.8%	5.3%	5.3%	
Interest-earning asset yield	9.7%	10.0%	9.7%	10.0%	9.4%	
Cost of funds	4.4%	5.4%	4.4%	5.4%	4.8%	
CASA ratio	13.5%	13.1%	13.5%	13.1%	14.0%	
CIR	24.9%	21.7%	24.9%	21.7%	23.0%	
ROAE	10.5%	13.8%	10.5%	13.8%	17.3%	
NPLs / Gross loans	5.0%	3.6%	5.0%	3.6%	2.9%	
Loan loss reserves	46.1%	52.8%	46.1%	52.8%	56.9%	

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