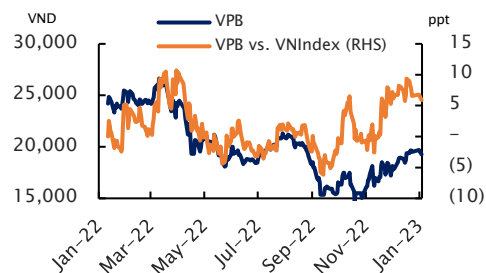


BUY
TP upside (downside): +81%
Close 8 Feb 2023

 Price VND 17,950
 12M Target VND 32,547

** TP is under review*
Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$5.1 bn
6M avg. daily turnover	US\$17 mn
Outstanding shares	6,713 mn
Free float	65%
FINI ownership	17.6%
Major shareholders	11.3%
2023E Asset/Equity (*)	5.5x
2023E P/E (*)	3.8x
2023E P/B (*)	1.0x
FOL Remaining Room	0.0%
2023E Dividend yield (*)	0.0%

Source: FiinPro, (*) Yuanta Vietnam

VPB's 4Q22 Results	4Q22	% QoQ	% YoY
NII (VND bn)	10,283	-1%	21%
Net Fee Inc. (VND bn)	1,881	6%	57%
Adj. TOI (VND bn)	11,870	-3%	13%
Opex (VND bn)	4,065	15%	42%
Provision (VND bn)	7,320	35%	31%
PATMI (VND bn)	2,266	-39%	-3%
NPL (cir. 11) (%)	4.73%		+1.2ppt
LLR (%)	54%	-8ppt	-6ppt
CASA (%)	17.7%	-2ppt	-5ppt
CAR (%)	14.9%		+60bps

Source: Company Data, Yuanta Vietnam

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn

Bloomberg code: YUTA

Vietnam Prosperity Bank (VPB VN)

4Q22 PATMI reached VND2.3 tn (-39% QoQ/-7% YoY). The decline was largely due to increased provisioning and opex. 2022 PATMI was VND18.2 tn (+55% YoY), fulfilling 92% of our forecast.

Details

Credit increased by +26% YoY, and customer deposit jumped by +25% YoY in 2022. The consumer finance subsidiary accounted for 16.5% of consolidated loans (down from 19.6% in 2021).

4Q22 net interest income was VND10.3 tn (-1% QoQ/ but +21% YoY). 2022 net interest income was VND41 tn (+19% YoY).

4Q22 net fee income was VND1.9 tn (+6% QoQ/+57% YoY). 2022 net fee income was VND6.4 tn (+59% YoY), driven mainly by income from payment, banca, and card services. Recall that VPB recorded an upfront fee of about VND5 tn from the exclusivity banca deal with AIA in 2022.

FX trading recorded a loss of -VND340 bn (versus a loss of -VND29 bn in 3Q22 and -VND30 bn in 4Q21). Securities trading/investment gains were VND46 bn in 4Q22 (-50% QoQ/-94% yoY).

Bad debt recoveries increased +14% YoY to reach VND3.8 tn in 2022.

Opex was VND4.1 tn in 4Q22 (+15% QoQ/+42% YoY). 2022 opex was VND14.1 tn (+32% YoY), resulting in CIR of 24.4% in 2022 (+20bps YoY), which is among the lowest in the sector, and even normalized CIR (excluding one-off income from the upfront banca fee) remains solid at 27.0% (+3ppt YoY).

Provisioning was VND7.3 tn (+35% QoQ/+31% YoY) in 4Q22. In 2022, VPB increased provisioning by +17% YoY to reach VND22.5 tn.

The bank's reported consolidated NPL ratio was 4.73% (+1.15ppt YoY) in 2022. The parent bank NPL ratio (under Circular 11) was 2.19% (+68bps YoY). Total restructured loans related to COVID decreased by -74% QoQ to only VND1.6 tn in 4Q22 (just 0.4% of total loans).

Consolidated CASA ratio decreased to 17.7% in 2022 (-4.6ppt YoY).

Parent bank's LDR ratio was 76.8% vs. the SBV's cap of 85.0%, and ST funding used for MLT loans was 28.4% (vs. the SBV's cap of 34.0%).

CAR was 14.9% in 2022, which is among the highest in the sector.

Our view

Capital is among the highest in the sector, indicating a very strong foundation for business operations. VPB's CAR was 14.9% as at 4Q22.

Liquidity remains quite attractive with low LDR and low ratio of ST funding to MLT loans.

VPB trades at 1.0x 2022E P/B, in line with the sector median. Our target price now appears aggressive vs our cautiously optimistic 2023 market outlook, but we maintain our BUY rating on VPB.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

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

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)

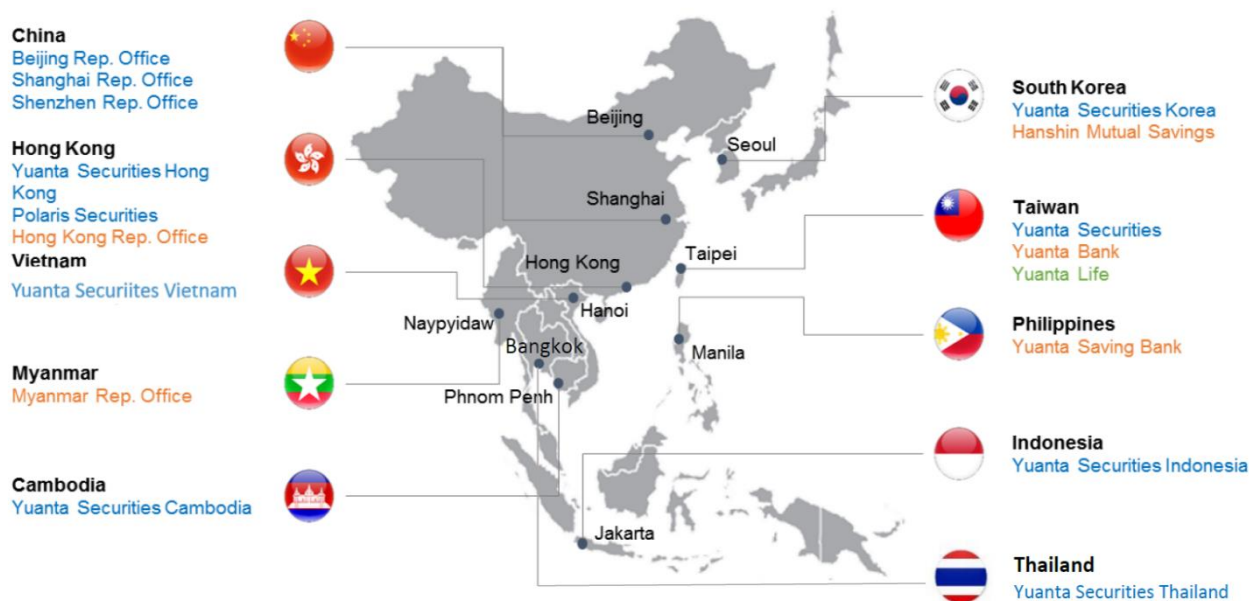
Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

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

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th 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@yuanta.com.vn

Tanh Tran

Analyst (Banks)

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

tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)

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

di.luu@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

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

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

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

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

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

an.nguyen@yuanta.com.vn

Institutional Sales

Anh Nguyen

Sales Trader Supervisor

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

anh.nguyen2@yuanta.com.vn

Dat Bui

Sales Trader

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

dat.bui@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

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

vi.truong@yuanta.com.vn