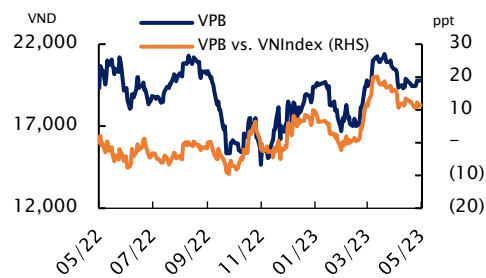


BUY

TP upside (downside): +13%
Close 16 May 2023
Price VND 19,600
12M Target VND 22,060
Share price performance relative to VNI

Source: Bloomberg

Market cap	US\$5.6 bn
6M avg. daily turnover	US\$17 mn
Outstanding shares	6,713 mn
Free float	70%
FINI ownership	17.6%
Major shareholders	11.3%
2023E Asset/equity (x)	6.2x
2023E P/E (x)	8.0x
2023E P/B (x)	1.1x
FOL remaining room	0%
2023E Dividend yield (%)	5.1%

Source: FiinPro, (*) Yuanta Vietnam

VPB's 1Q23 Results	1Q23	% QoQ	% YoY
NII (VND bn)	9,534	-7%	-4%
Net Fee Inc.(VND bn)	1,668	-11%	34%
Adj. TOI (VND bn)	10,981	-7%	-2%
Opex (VND bn)	3,423	-16%	14%
Provision (VND bn)	6,386	-13%	55%
PATMI (VND bn)	2,536	12%	-71%
NPL (Cir .11) (%)	4.99%+26bps	1.2ppt	
LLR (%)	46%	-8ppt	-18ppt
CASA (%)	14.2%	-3.5ppt	-7.3ppt
CAR (%) (*)	14.5%		

Source: Company Data, Yuanta Vietnam
() CAR is expected to reach ~19% post private placement to SMBC.*
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VPB VN: 1Q23 Analyst Meeting

1Q23 PATMI was VND2.5 tn (+12% QoQ/ -71% YoY), fulfilling just 11% of full-year guidance and 13% of our forecast. The QoQ increase was due to lower opex and provisioning, while the YoY decline was due to the one-off upfront fee recorded in 1Q22 and higher YoY provisioning.

Details

Consolidated credit increased by +5% QoQ. The consumer finance subsidiary accounted for 14.8% of consolidated loans (down from 16.6% in 4Q22). Bank standalone credit growth was +7.1% QoQ, driven by retail & SMEs, which represent 60% of total credit.

1Q23 net interest income was VND9.5 tn (-7% QoQ/-4% YoY) as funding costs (+1.2ppt QoQ/+2.5ppt YoY) climbed to 6.4% and consolidated NIM fell to 6.5% (-1.0ppt QoQ/ -1.4ppt YoY).

1Q23 net fee income was VND1.7 tn (-11% QoQ/but +34% YoY). The YoY increase was driven by income from cards (+31% YoY).

NPL recoveries declined -32% QoQ/-22% YoY to VND559 bn in 1Q23.

Net other income posted VND1.4 tn (+53% QoQ/ but -81% YoY). The high base was a key drag on YoY earnings in 1Q23.

Opex was VND3.4 tn (-16% QoQ/ +14% YoY) in 1Q23, resulting in adjusted CIR of 31% (-3ppt QoQ/+4ppt YoY), on our calculation.

Provisioning was VND6.4 tn (-13% QoQ/ +55% YoY) in 1Q23, which was another key driver of the YoY earnings decline in 1Q23.

Consolidated reported NPL ratio as 4.99% (+26bps QoQ/ +1.2ppt YoY) in 1Q23 (under Cir. 11). The standalone bank NPL ratio (under Cir. 11) was 2.66% (+47bpsQoQ/ +1.0ppt YoY). Management expects the NPL ratio to flatten in 2Q22 and to decrease in 3Q22.

LLR ratio decreased to 46% (-8ppt QoQ/-18ppt YoY) in 1Q23.

CASA ratio declined to 14.2% (-3.5ppt QoQ/-7.3ppt YoY) in 1Q23.

Bank standalone LDR ratio was 76.0% vs. the SBV's cap of 85.0%, and ST funding used for MLT loans was 27.3% (vs. cap of 34.0%).

1Q23 CAR was 14.5%. Management expects CAR to reach ~19% after the private placement to SMBC, which is likely to occur in early 3Q23.

Our view

Rising NPLs are a concern but robust capital should help mitigate risks. VPB's strong CAR should support business expansion and absorb any potential unexpected credit losses.

We expect [Circular 02/2023/TT-NHNN](#) to alleviate provisioning pressure and reduce reported NPLs for all banks, including VPB.

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

VPB trades at 1.1x 2023E P/B, in line with the sector median. Our target price implies a 12-m TSR of 18%, and we maintain BUY.

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.

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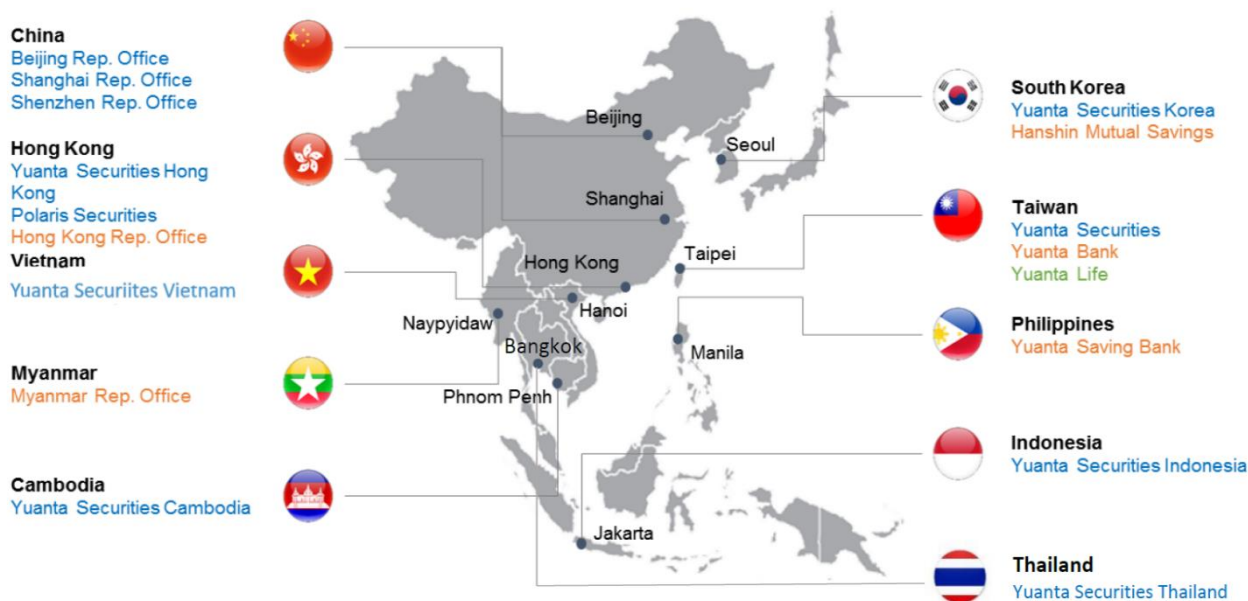
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