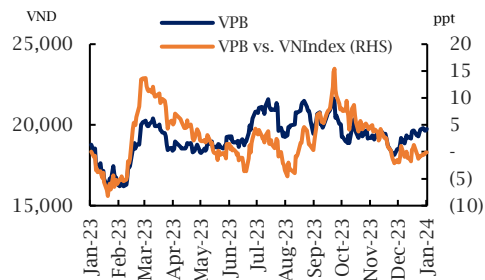


**Vietnam: Banks**
**1 February 2024**
**BUY**
**TP upside (downside): +33%**
**Close 1 Feb 2024**
**Price VND 19,150**  
**12M Target VND 25,542**
**Share price performance relative to VNI**


Source: Bloomberg

<b>Market cap</b>	<b>US\$6.4 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$16 mn</b>
<b>Outstanding shares</b>	<b>7,934 mn</b>
<b>Free float</b>	<b>70%</b>
<b>FINI ownership</b>	<b>28.3%</b>
<b>Major shareholders</b>	<b>36%</b>
<b>2024E Asset/equity (x)</b>	<b>7.2x</b>
<b>2024E P/E (x)</b>	<b>6.0x</b>
<b>2024E P/B (x)</b>	<b>1.1x</b>
<b>FOL remaining room</b>	<b>0.7%</b>
<b>2024E Dividend yield</b>	<b>5.2%</b>

Source: FiinPro, Yuanta Vietnam

VPB's 4Q23 Results	4Q23	% QoQ	% YoY
NII (VND bn)	11,042	25%	7%
Net Fee Inc.(VND bn)	1,881	0%	0%
Adj. TOI (VND bn)	12,740	18%	7%
Opex (VND bn)	3,615	13%	-11%
Provision (VND bn)	7,018	42%	-4%
PATMI (VND bn)	2,030	-16%	-10%
NPL (%) (*)	5.01%	-73bps	-73bps
LLR (%)	52%	9ppt	-3ppt
CASA (%)	17.4%	60bps	-30bps
CAR (%)	17.1%		
ST funds for MLT loans	25.3% (vs. a cap of 30.0%)		
LDR	79.6% (vs. a cap of 85.0%)		

Source: Company Data, Yuanta Vietnam

(\*) NPL: we calculated based on financial statements.

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

+84 28 3622 6868 ext 3874

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)
**Bloomberg code: YUTA**
**VPB VN: Superior credit growth**

4Q23 PATMI was VND2.0 tn (-16% QoQ/-10% YoY). 2023 PATMI was VND10.1 tn (-45% YoY), fulfilling 61% of our forecast.

**Details**
**Consolidated credit increased by +25% YoY.** Bank standalone credit growth was up by +32% YoY and deposit growth jumped by 37% YoY. We estimate FE Credit accounts for 12% of total loans (vs 13% in 3Q23).

**Net interest income** jumped to VND11 tn (+25% QoQ/+7.4% YoY) in 4Q23, which was attributable to high credit growth and lower funding cost. The bank reported NIM of 7.3% (+70bps QoQ/-1 ppt YoY) in 4Q23

**Net fee income** was VND1.9 tn (nearly flat both QoQ and YoY) in 4Q23.

**NPL recoveries** were VND788 bn (+51% QoQ/-4% YoY) in 4Q23.

**Opex** was VND3.6 tn (+13% QoQ/-11% YoY) in 4Q23, and total opex in 2023 decreased slightly by -1% YoY to VND13.9 tn.

**Provisioning** was up by 42% QoQ/ but down -4% YoY to VND7.0 tn in 4Q23. For the full-year 2023, VPB increased provisioning by 11% YoY to VND24.8 tn, bringing the LLR ratio to 52% (+9ppt QoQ/-3ppt YoY).

**Aggregated NPLs** decreased by -5% QoQ in 4Q23. VPB reported NPL ratio (Cir. 11) declined to 4.04% (-43bps QoQ/-69bps YoY). Notably, VPB had VND4.3 tn VAMC bond (0.5% of total assets) in 4Q23.

**Restructured loans under Cir. 02** dropped from VND9.1 tn to VND5.8 tn (1.04% of total loans) in 4Q23.

**Total corporate bonds** declined by -17% QoQ/-20% YoY to VND32 tn, and total corporate bond per total assets fell to 4.0% (-1ppt QoQ).

**Aggregate CASA** rose by +9% QoQ/+43% YoY to reach VND77 tn, and the **CASA ratio** increased to 17.4% (+60bps QoQ/-30bps YoY).

**Our view**
**Net interest income** will be the key earnings driver in 2024 because of superior credit growth given its participation in restructuring a weak bank and a strong CAR of 17%.

**A strong CAR** should support absorbing any potential unexpected credit losses.

**CASA** recovered in 4Q23 and should continue in 2024. **Funding costs** should reduce in 2024 as most high-rate deposits matured in 2023, and this trend should help improve **NIM** in 2024.

**FE recovery?** Not yet but we expect a recovery in 2024 given the better economic outlook, especially the manufacturing segment. PMI climbed above 50 in Jan, indicating an expansion in manufacturing.

**Corporate bond exposure has been trending down**, dropping to 4.0% of the total assets from its peak at 7.0% in 2Q22.

**Maintain BUY.** **VPB** trades at 1.1x 2024E P/B vs. sector median of 1.0x. VPB's price has been a laggard, and it now offers a 1m-TSR of 38%. We believe that the stock will rerate given positive fundamental changes.

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Yuanta Securities Investment Consulting  
4F, 225,  
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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

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@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn)

### Tanh Tran

Analyst (Banks)

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

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

### Di Luu

Analyst (Consumer)

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

[di.luu@yuanta.com.vn](mailto:di.luu@yuanta.com.vn)

## Institutional Sales

### Lawrence Heavey

Head of Institutional Sales

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

[lawrence.heavey@yuanta.com.vn](mailto:lawrence.heavey@yuanta.com.vn)

### Dat Bui

Sales Trader

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

[dat.bui@yuanta.com.vn](mailto:dat.bui@yuanta.com.vn)

### Binh Truong

Deputy Head of Research (O&G, Energy)

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

[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)

### Tam Nguyen

Analyst (Property)

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

[tam.nguyen@yuanta.com.vn](mailto:tam.nguyen@yuanta.com.vn)

### An Nguyen

Assistant Analyst

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

[an.nguyen@yuanta.com.vn](mailto:an.nguyen@yuanta.com.vn)

### Anh Nguyen

Sales Trader Supervisor

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

[anh.nguyen2@yuanta.com.vn](mailto:anh.nguyen2@yuanta.com.vn)

### Hien Le

Sales Trader

Tel: +84 28 3622 6868

[hien.le@yuanta.com.vn](mailto:hien.le@yuanta.com.vn)

### Vi Truong

Sales Trader

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

[vi.truong@yuanta.com.vn](mailto:vi.truong@yuanta.com.vn)

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