

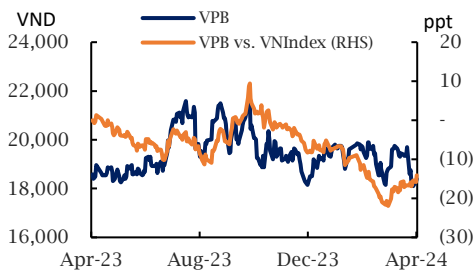
BUY

TP upside (downside): +26%

Close 25 Apr 2024

Current Price VND 18,600
12M Target VND 23,400

Share price performance relative to VNI



Source: Bloomberg

Market cap	US\$5.7 bn
6M avg. daily turnover	US\$14 mn
Outstanding shares	7,934 mn
Free float	60%
FINI ownership	27.7%
Major shareholders	46%
2024E Asset/equity (x)	6.5x
2024E P/E (x)	9.8x
2024E P/B (x)	1.0x
FOL remaining room	2.3%
2024E Dividend yield	5.4%

Source: FiinPro, Yuanta Vietnam

VPB's 1Q24 Results	1Q24	% QoQ	% YoY
NII (VND bn)	11,323	3%	19%
Net Fee Inc. (VND bn)	1,554	-22%	-7%
Adj. TOI (VND bn)	13,186	3%	20%
Opex (VND bn)	3,467	-5%	1%
Provisioning (VND bn)	5,762	-20%	-10%
PATMI (VND bn)	3,566	83%	41%
NPL (%) (*)	4.84%	-19bps	-1.4ppt
LLR (%)	53%	2ppt	7ppt
CASA (%)	14.4%	-3ppt	20bps

Source: Company Data, Yuanta Vietnam

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

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VPB VN: Net-II drove earnings

1Q24 PATMI was VND3.6 tn (+83% QoQ/+41% YoY), which was attributable to higher net interest incomes and lower provisioning cost, completing 24% of our forecast.

Details

The bank reported consolidated credit growth of 2.1% YTD. Bank standalone credit growth was up by +2.2% YoY in our calculation.

Net interest income increased by +3% QoQ/+19% YoY to VND11.3 tn in 1Q24, which was attributable to lower funding cost. VPB stated that its COF showed a clear downtrend over quarters from about 6% on average in 2023 to slightly less than 5% in 1Q24.

Net fees decreased by -22% QoQ/-7% YoY to VND1.6 tn in 1Q24.

Opex was VND3.5 tn (-5% QoQ/but +1% YoY) in 1Q24. VPB reported its parent bank's CIR of 24.6% (-1.5ppt QoQ/but +1.2ppt YoY), which we think is the lowest among banks.

VPB cut provisioning by -20% QoQ/-10% YoY in 1Q24, which is one of the key driver to earnings.

Aggregated NPL ratio decreased to 4.84% (-19bps QoQ/-1.4ppt YoY) in 1Q24, and parent bank NPL ratio was 3.31% (+11bps QoQ/but -11bps YoY) in our calculation. **Notably**, VPB's VAMC bonds remained at VND4.4 tn (0.5% of total assets) in 1Q24, and VPB made VND203 bn (4.6% of the total VAMC bonds) in provisioning against these bonds.

Total corporate bonds declined by -12% QoQ/-24% YoY to VND29 tn, and total corporate bond per total assets fell to 3.6% (-51bps QoQ/-2.1ppt YoY).

Aggregate CASA was VND66 tn (-15% QoQ/ but +40% YoY). **CASA ratio** fell to 14.4% (-3.0ppt QoQ/but +20bps YoY).

VPB plans to pay a cash dividend of VND1,000/share in 2024.

Our view

Net interest income will continue to be the key earnings driver in the upcoming quarters.

Focus on asset quality, given high NPL ratio and low LLR ratio. **However, a strong CAR** should support absorbing any potential unexpected credit losses.

Corporate bond exposure has been trending down, dropping to 3.6% of the total assets from its peak at 7.0% in 2Q22.

FE recovery will be the key to watch. FE Credit is still in the restructuring period and the earnings has not turned positive yet; however, we expect a recovery in 2024 along with the support of its strategic partner SMBC and the economic recovery.

Maintain BUY. **VPB** trades at 1.0x 2024E P/B vs. sector median of 1.1x. VPB's price has been a laggard, and it now offers a 12m-TSR of 31%. We believe the stock will rerate given positive fundamental changes.

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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.

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