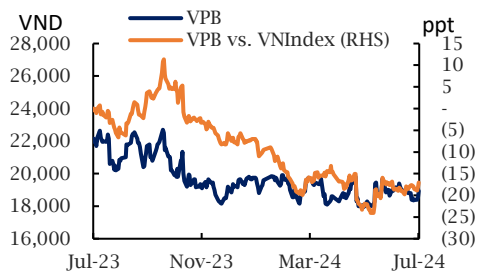


**Vietnam: Banks**
**1 August 2024**
**BUY**
**TP upside (downside): +21%**
**Close 1 Aug 2024**
**Current Price VND 18,550**  
**12M Target VND 22,400**
*\* TP adjusted for dividends*
**Share price performance relative to VNI**


Source: Bloomberg

Market cap	US\$5.8 bn
6M avg. daily turnover	US\$17 mn
Outstanding shares	7,934 mn
Free float	60%
FINI ownership	26.4%
Major shareholders	46%
2024E Asset/equity (x)	6.5x
2024E P/E (x)	10.0x
2024E P/B (x)	1.1x
FOL remaining room	3.6%
2025E Dividend yield	5.3%

Source: FiinPro, Yuanta Vietnam

VPB's 2024 Results	2024	% QoQ	% YoY
NII (VND bn)	12,408	10%	42%
Net Fee Inc.(VND bn)	1,881	21%	13%
Adj. TOI (VND bn)	14,928	13%	41%
Opex (VND bn)	3,331	-4%	-9%
Provisioning (VND bn)	8,313	44%	28%
PATMI (VND bn)	3,558	0%	16%
NPL ratio (%) (*)	5.08%	24bps	-2.4ppt
LLR (%)	48%	-5ppt	10ppt
CASA (%)	17.9%	3.5ppt	3.0ppt

Source: Company Data, Yuanta Vietnam

(\*) NPL ratio: we calculated based on financial

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**VPB VN: Net-II boosted earnings**

2Q24 PATMI was VND3.6 tn (flat QoQ/but +16% YoY), driven by higher net interest income and fees. VPB has thus completed 47% of our full-year forecast.

**Details**

VPB reported consolidated credit growth of +7.7% YTD. Bank standalone credit expanded by +8.2% YTD. Loans at FE Credit increased by 3.5% YTD to account for an estimated 11% of total loans.

**Net interest income surged by +10% QoQ/+42% YoY** to VND12.4 tn in 2Q24, attributable largely to lower funding costs. VPB's COF was down from 6.0% on average in 2023 to 4.1% in 2Q24 (-60bps QoQ).

**CASA ratio improved to 17.9%** (+3.5ppt QoQ/+3.0ppt YoY) in 2Q24.

**Net fees increased by +21% QoQ/+13% YoY** to VND1.9tn in 2Q24. Net insurance income was up by +10% QoQ/+38% YoY in our calculation.

**2Q24 Opex declined by -4% QoQ/-9% YoY** to reach VND3.3tn. Adjusted CIR decreased to 22.3% (-4ppt QoQ/-12ppt YoY) in 2Q24.

**VPB increased provisioning by +44% QoQ/28% YoY** in 2Q24, after relatively low provisioning in 1Q24.

**Aggregated NPL ratio increased to 5.08%** (+24bps QoQ/ but -2.4ppt YoY) in 2Q24. The parent bank's NPL ratio was 3.31% (flat QoQ/but -57bps YoY), in our calculation. Consolidated LLR ratio was 48% (-5ppt QoQ/ but +10ppt YoY) in 2Q24. Notably, VPB cleared 100% of its remaining VAMC bonds in 2Q24.

**Corporate bonds declined by -26% QoQ/-44% YoY** to VND22tn or 2.5% of total assets (-1.1ppt QoQ/-2.7ppt YoY) as of 2Q24.

**VPB's LDR was 81.1% versus the SBV's cap of 85.0%**. its ST fundings used for MLT loans was only 23.5%, well below the SBV's cap of 30.0%.

**Our view**

**Improved CASA is a positive**, helping VPB to better manage its COF.

**Corporate bond exposure has been trending down**, dropping to 2.5% of total assets from the peak of 7.0% in 2Q22. This is a positive trend, as VPB's high exposure to corporate bonds (mostly related to real estate developers) has adversely affected its underlying asset quality.

**Regulatory tailwinds.** We expect the new laws related to real estate to boost the major property developers over time, which should gradually support an improvement in confidence regarding asset quality at VPB.

**Maintain BUY.** [VPB](#) trades at 1.1x 2024E P/B vs. sector median of 1.2x. VPB's price has been a laggard, and it now offers a 12m-TSR of 26%.

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