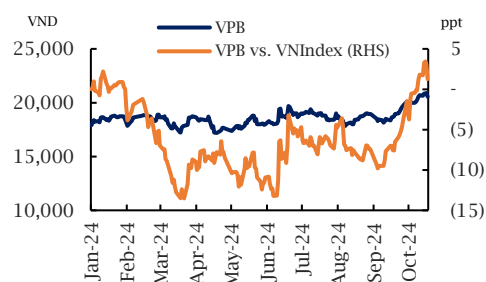


**VPBank [VPB VN]**
**30 October 2024**
**BUY**
**TP upside (downside): +17%**
**Close 29 Oct 2024**
**Current Price VND 20,250**  
**12M Target VND 23,610**
**Share price performance relative to VNI**


Source: Bloomberg

<b>Market cap</b>	<b>US\$6.5 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$20 mn</b>
<b>Outstanding shares</b>	<b>7,934 mn</b>
<b>Free float</b>	<b>60%</b>
<b>FINI ownership</b>	<b>24.9%</b>
<b>Major shareholders</b>	<b>46%</b>
<b>2024E Asset/equity (x)</b>	<b>6.5x</b>
<b>2024E P/E (x)</b>	<b>10.6x</b>
<b>2024E P/B (x)</b>	<b>1.1x</b>
<b>FOL remaining room</b>	<b>5.1%</b>
<b>2025E Dividend yield</b>	<b>5.0%</b>

Source: FiinPro, Yuanta Vietnam

VPB's 3Q24 Results	3Q24	% QoQ	% YoY
NII (VND bn)	12,156	-2%	38%
Net Fee Inc.(VND bn)	1,148	-39%	-39%
Adj. TOI (VND bn)	13,537	-9%	26%
Opex (VND bn)	3,751	13%	17%
Provisioning (VND bn)	6,125	-26%	24%
PATMI (VND bn)	4,028	13%	66%
NPL ratio (%) (*)	4.81%	-27bps	-93bps
LLR (%)	50.7%	2.6ppt	8.0ppt
CASA (%)	14.1%	-3.8ppt	-2.7ppt

Source: Company Data, Yuanta Vietnam

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

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**Bloomberg code: YUTA**
**Solid results and enticing valuation**

VPB's PATMI jumped by +13% QoQ/+66% YoY in 3Q24, driven primarily by strong net interest income and NPL recoveries. 9M24 PATMI of VND11.2 tn (+39% YoY) fulfills 74% of our 2024E forecast.

**Details**

**Consolidated loans increased by +12.2% YTD.** VPBank standalone accounts for 89% of total loans, while FE Credit accounts for 10% and margin loans the remaining 1%, on our calculation.

**Net interest income was VND12.2tn (-2% QoQ/ but +38% YoY)** in 3Q24, boosted by lower funding costs. VPB's CASA ratio declined by -3.8ppt QoQ/-2.7ppt YoY to 14.1% in 3Q24, but interest expenses declined by -29% YoY anyway given the high 3Q23 base.

**Opex increased by +13% QoQ/+17% YoY** to reach VND3.8tn, mostly due to higher staff cost (+16% QoQ/+5% YoY) on our calculation.

**Provisioning was VND6.1 tn (-26% QoQ/ but +24% YoY)** in 3Q24. The bank's loan loss reserve (LLR) ratio increased by +3ppt QoQ/+8ppt YoY to reach 51% as a result of lower NPLs in 3Q24.

**Consolidated NPL ratio: 4.81% (-27bps QoQ/-93bps YoY)** based on the reported financial statements. Aggregated NPLs decreased by -4% QoQ. The parent bank's NPL ratio was 3.63% (+32bps QoQ/but -34bps YoY), and FE Credit's NPL ratio was 16.1% (-5ppt QoQ/-3ppt YoY), on our estimates.

**Corporate bonds declined by -16% QoQ/-53% YoY** to VND18 tn or 2.2% of total assets (-30bps QoQ/-2.9ppt YoY) as of 3Q24, based on our calculation.

**VPB's liquidity ratios such as LDR and ST fundings used for MLT loans (SMLR) are well below the SBV's cap**, with LDR of 82.3% (vs. SBV's cap of 85.0%), and SMLR of 24.6% (vs. the SBV's cap of 30.0%)

**Our view**

**We are encouraged by the downtrend in corporate bond exposure**, which has fallen to 2.2% of total assets from the peak of 7.0% in 2Q22.

**Positive signals from FE Credit**, posting another profitable quarter with nearly VND300 bn in PBT (+2x QoQ/+60x YoY) in 3Q24. While reaching the VND1.2 trillion PBT target in 2024 may be challenging for FE Credit, the positive earnings momentum is encouraging.

**We think VPB remains undervalued** given its high potential growth supported by a sector-high CAR of 15.7% and positive momentum in business operations at FE Credit. The stock is now trading at 1.1x 2024E P/B compared to the sector median of 1.2x.

**Maintain BUY.** Our [updated](#) target price, revised on Oct 22, now offers a 12 month total shareholder return of 22%.

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