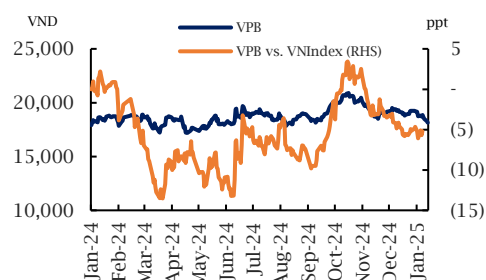


VPBank [VPB VN]
24 January 2025
BUY
TP upside (downside): +25%
Close 23 Jan 2025
Current Price VND 18,850
12M Target VND 23,610
Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$5.7 bn
6M avg. daily turnover	US\$16 mn
Outstanding shares	7,934 mn
Free float	55%
FINI ownership	25%
Major shareholders	41.6%
2025E Asset/equity (x)	7.0x
2025E P/E (x)	7.6x
2025E P/B (x)	1.0x
FOL remaining room	5.0%
2025E Dividend yield	5.3%

Source: FiinPro, Yuanta Vietnam

VPB's 4Q24 Results	4Q24	% QoQ	% YoY
NII (VND bn)	13,193	9%	19%
Net Fee Inc.(VND bn)	1,542	34%	-18%
Adj. TOI (VND bn)	15,217	12%	19%
Opex (VND bn)	3,791	1%	5%
Provisioning (VND bn)	7,702	26%	10%
PATMI (VND bn)	4,617	15%	127%
NPL ratio (%) (*)	4.20%	-61bp	-82bp
LLR (%)	56.2%	5.5ppt	4.6ppt
CASA (%)	14.1%	flat	-3.3ppt

Source: Company Data, Yuanta Vietnam

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

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The return of FE Credit - Time to takeoff

VPB posted 2024 PATMI of VND15.8 tn (+57% YoY), completing 104% of our forecast. In 4Q24, PATMI jumped by +15% QoQ/+128% YoY, driven by strong net interest income and NPL recoveries (+2.9x YoY).

Details

Consolidated loans increased by +18.3% YoY, surpassing the industry average of 15.1% YoY. FE Credit rebounded with a 10.3% YoY increase in credit, and it recorded a positive PBT of VND512 bn (versus a substantial loss of VND3.5 tn in 2023). Based on that, we calculate FE Credit's 4Q24 PBT of VND949 bn (3.5x QoQ/+4.6x YoY).

Net interest income jumped by 19.5% in 4Q24, boosted by lower funding costs. Interest expenses declined by -12.6% YoY, given the high 4Q23 base. While CASA remained flat QoQ at 14.1%.

4Q24 NPL recoveries surged by +47% QoQ/+195% YoY to VND2.3tn.

Provisioning increased by 26% QoQ/+10% YoY to VND7.7 tn in 4Q24, boosting its loan loss reserve ratio by +5.5ppt QoQ/+4.6ppt YoY to 56.2%. The increased LLR ratio was also boosted by decreased NPLs.

Consolidated NPL ratio: 4.20% (-61bps QoQ/-82bps YoY) based on the reported financial statements. Aggregate NPLs decreased by -5% QoQ. We estimate that the NPL ratio at parent bank decreased by -58bp QoQ/-16bp YoY to 3.04%, and FE Credit's NPL ratio declined by -80bp QoQ/-4.6ppt YoY to 15.3% in 4Q24.

Corporate bond exposure declined by -12% QoQ/-51% YoY to VND16 tn or 1.8% of total assets as of 4Q24, based on our calculation.

The SBV announced the transfer of GP Bank to VP Bank on Jan 17. This is not a merger, so the bad bank will not be consolidated. In return, VPB should receive a higher credit quota and easier network expansion. We believe that VPB can choose to retain GP Bank as a subsidiary or transfer it to another investor after the restructuring.

Our view

FE Credit (FEC) – signaling a comeback. Although FEC did not meet its full-year PBT target of VND1.2 tn, the positive earnings momentum is encouraging. FEC posted three consecutive profitable quarters with nearly VND949 bn in PBT (+3.5x QoQ/+4.6x YoY) in 4Q24.

Low CASA ratio. VPB needs to boost its CASA to lower COF and compete with rival banks, given the expected increase in deposit rates in 2025.

VPB remains undervalued given its high potential growth supported by a sector-high CAR of 15.4%, positive momentum in business operations at FE Credit, and our expectation for a 2H25 real estate market upcycle. VPB is now trading at 1.0x 2025E P/B compared to the sector median of 1.1x.

Maintain BUY. Our target price now offers a 12-month total shareholder return of 30%.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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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