



Company Report: Vietnam Prosperity Commercial Joint Stock Bank (VPB)

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Analyst Meeting Update_Business results Q1/2022

Q1/2022 Result Updates

- **Skyrocketed PBT** in Q1 thanks to huge amount of upfront fee. PBT tripled in Q1, reaching VND11,146 bn. Credit growth was recorded at 8.6%ytd, in line with sector momentum.
- Despite higher COF due to increasing interest rate, NIM of the bank improved qoq to 8.6% thanks to good credit growth and restructured loan payment. Separate bank's NII climbed 29.7%yoy and 16.4%qoq.
- Asset quality is in control despite separate bank's NPL ratio was slightly up to 1.64%. Restructured loan decreased by VND3,000 bn. CAR is over 15%.
- The bank has no exposure in Tan Hoang Minh.

EVALUATION

There is large growing room in PBT: PBT of the bank stayed intact compared to the same period last year if excluding upfront fee from AIA (estimated VND6,500 bn). However, we believe that the bank has many strong factors to improve PBT in the upcoming quarters. FE Credit is still the good earnings source for the bank if it recovers (PBT in Q1 was only VND600-700 bn, lower than last year period). In addition, the bank's growing momentum would be well over the long term, underpinned by banca and securities segments.

Recommendation:
Hold
 (Maintained)

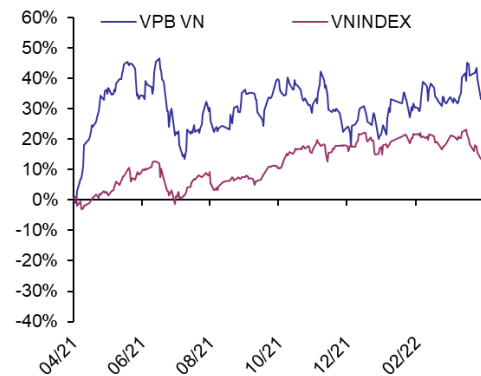
6-18m TP:

VND45,000

Current price:

VND35,500

Price performance



Price change	1 M	3 M	1Y
Abs. %	-3.5	3.5	29
Relative to VN index	-11.9	-3.5	37.7
Avg price (VND)	37,584	36,855	36,103

Sources: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2020A	39,033	10,414	4,271	26.51	11,959	-	0.00	8.79	-29.19	21.92
2021A	44,301	11,651	2,666	-37.58	17,773	-	1.00	7.77	-24.20	16.73
2022F	64,719	21,050	4,768	78.86	22,940	-	2.00	8.57	-30.00	21.51
2023F	75,274	22,780	5,160	8.22	28,100	-	3.00	9.24	-30.00	18.88
2024F	94,949	31,673	7,175	39.04	35,275	-	4.00	9.82	-30.00	21.42

Shares in issue (m)	4,445.47	Major shareholder (%)	Mr. Ngo Chi Dung -
Market cap (VND b)	157,814.31	Free float (%)	30%
3- month average vol. ('000)	18,187.34	LDR (%)	76.3
52w high/low (VND)	41050 / 25583	CAR (%)	15.3

Sources: the Company, Guotai Junan (VN).



2022 BUSINESS PLAN

- Business Plan 2022: credit increases by 35% (positive scenario) and 23% (basic scenario). Profits are expected to double to nearly VND30,000 billion in 2022.
- VPB is taking efforts to change itself with many plans such as expanding its insurance activities including re-signing a contract with AIA and plans to acquire APES insurance company (waiting for the Board of Shareholders' approval). In the long term, VPB is expected to reach the top 3 banca market sales.
- Along with that, the bank has successfully acquired ASC securities and expects to record profits from this subsidiary this year.
- The bank plans to mobilize from international markets to strengthen the capital buffer.
- Plan to complete the private placement for foreign investors (up to 15%) in the first half of 2022.
- Pay dividend by issuing shares (payout ratio of 50%).

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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