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Dear our Valued Shareholders,

VPBank Investor Relations (IR) would like to inform our IR newsletter volume 17, issued February, 2024.

VPBANK'S HIGHLIGHT

VPBank strengthens the hallmarks of prosperity



Accompanying with other familiar TV shows during Tet holiday, Hoa Xuan Ca - a special music festival organized by Vietnam Television (VTV) and VPBank had made deep impression for the audiences. Hoa Xuan Ca 2024 has become VPBank's great mark to carry on the excellent tradition of cultural and artistic events that have distinguished the bank recently. With the manifesto "For a prospering Vietnam," VPBank has always strived to organize sports activities, culture, and artistic events for Vietnamese people to uplift and spread positive energy, humanity and sustainability to the community.

VPBank presents the prestigious sports music event for the first time, VPBank Can Tho Music Night Run 2024

On January 16, 2024, VPBank and Nexus Sport Events announced a strategic cooperation - co-organizing the "VPBank Can Tho Music Night Run 2024" in Can Tho City. The event, which will take place over two days on April 12 and 13, 2024, promises to become a high-class, elegant, and professional sports and music festival.

Music combined with sports in general and running in particular has become a new trend, in line with the strong development of the sports activities in Vietnam recently. The Organizing Committee hopes to create a distinctive music and sports event with the slogan "Music Makes You Move," encouraging fitness and a healthy lifestyle while simultaneously working toward environmental preservation.



VPBank NEOBiz was honored as "Best banking application for SMEs and Micro-SMEs"

The Global Banking and Finance Review (GBAF) organization has awarded VPBank with the Best Banking Application for Small and Medium Enterprises and Micro SME (SME and Micro SME) for VPBank NEOBiz. This recognition demonstrates

the bank's commitment in digital transformation with applications that integrate modern financial technology with lightning-fast transaction speeds, safety, and security, affirming VPBank's efforts to continuously enhance customer experience and customer satisfaction, increase feature and dedication to provide sustainable, prosperous value to businesses.

VPBank - the primary bank in Vietnam to deploy Garmin Pay payment method

On November 22, 2023, VPBank officially launched Garmin Pay contactless payment solution on Garmin smart watch devices. VPBank was the first bank in Vietnam to deploy this solution of payment, expanding VPBank's coverage in the Tap & Pay payment ecosystem.



FINANCIAL SNAPSHOT

Banking sector

2023 continued to be a challenging year, given the several unexpected events happening in the global economy. As a highly open economy, Vietnam is also affected by macro headwinds that the lack of orders from major markets has had a huge impact on export and manufacturing operations in Vietnam. Nonetheless, Vietnam's economy is showing more promising signs in the second half of the year, laying the ground for future expansion and a positive recovery in 2024, thanks to the prompt responses of the government and the State Bank (SBV) to overcome challenges. The GDP rose by 5.05%, inflation was kept under control, FDI attraction and disbursement grew positively, and the position and reputation of Vietnam in international market are both improving.

For the banking industry, credit grew significantly in the fourth quarter, thanks to the low interest rate environment and seasonal factor that projects are frequently disbursed toward the end of the year. Given that the macro headwinds and the stagnant real estate sector impacted credit demand and asset quality of the whole system, loan growth for the full year was 13.7%, below the target. The SBV continues to implement several measures to resolve difficulties of businesses in accessing bank financing, promote lending to manufacturing and support customers and businesses to access bank financing more easily and efficiently in 2024.

VPBank

Strong volume growth, customer base expansion

In the context of a weak recovery in local consumer demand, stagnant production and business and a gloomy real estate market, VPBank's credit and mobilization still expanded steadily, with offshore funding and retail CASA being the highlights of the year.

The parent bank's deposit growth including valuable papers was outstanding at 37.1% year over year, reaching VND 470.5 trillion, 13.2% higher than the industry average and meeting the bank's liquidity targets. Along with that, CASA became a bright spot in the bank's funding activities, up 33% compared to the end of 2022 and helping to improve the CASA ratio 17.6%. In addition to core deposit, in 2023, VPBank proactively diversified the funding structure with international long-term loan to optimize the cost of fund and strengthen the balance sheet. Accordingly, the Bank successfully signed a bilateral loan commitment worth USD 300 million, 7-year tenor with the US International Development Finance Corporation to promote green finance in Vietnam.

Credit growth at the parent bank in 2023 reached more than VND 527 trillion, up 31.8% year over year, providing financing to diverse segments and industries in the economy.

In terms of the parent bank's liquidity ratios, LDR reached 79.6% and the ratio of short-term funding for medium- and long-term loans at 25.3%, beyond the State Bank of Vietnam's requirements.

Another positive point in 2023 was VPBankS and OPES. The two companies operating in the fields of securities and insurance services, after more than a year of being integrated into VPBank ecosystem, contributed nearly VND 1,400 billion in profit before tax. This result brought the total profit of VPBank, VPBankS and OPES last year to nearly VND 15,000 billion. The consumer finance company FE Credit, after a comprehensive restructuring process from the second quarter, also showed positive developments thanks to a transformed governance model and the adoption of a more cautious lending strategy while continuing to improve risk management and debt collection.

Building the foundation, paving the way for sustainable growth

One of VPBank's outstanding achievements in 2023 was the private placement of 15% of shares to SMBC Group (Japan) with a total value of USD 1.5 billion, helping to increase the consolidated owner's equity to nearly VND 140 trillion at the end of 2023, an increase of 35% compared to 2022. The strong capital base, ranking second in the system in terms of equity, raised the consolidated bank's capital adequacy ratio to over 17% - the highest among banks in Vietnam. In 2023, VPBank made a commitment to pay more than VND 8,000 billion in cash dividends to shareholders, meeting the expectations and desires of many shareholders for the bank's annual profit distribution plan.

Thanks to comprehensive segment coverage and digitalization strategies, the customer base of the entire VPBank ecosystem reached more than 30 million by the end of 2023. Particularly in the retail banking segment, VPBank recorded an increase of 4 million customers compared to the end of 2022, thanks to the continuously launching of comprehensive and personalized financial solutions for each customer persona and the focus on acquiring customers through digital platforms.

Thanks to the strong financial capability and strategic cooperation relationship with SMBC, VPBank promoted a new business - the FDI customer segment - in 2023 to take advantage of market opportunities to maximize income and profit apart from those from traditional segments.

In the third 5-year development strategy 2022-2026, towards the goal of sustainable development in the medium and long term, VPBank pioneered the development of an ESG (Environment - Society - Governance) Risk Management Framework that was adopted comprehensively and in accordance with international practices.

Detailed analysis on VPBank's operating results is updated periodically on its website ([More details](#))

ANALYSIS REPORTS ON VPBANK

VNDS – 01.02.2024

Target price: 25,700 VND

"Loan demand drove the recovery of core business. Asset quality improved for the second quarter in a row"

Yuanta – 01.02.2024

Target price: 25,542 VND

"Net interest income will be the key earnings driver in 2024 because of superior credit growth given its participation in restructuring a weak bank and a strong CAR of 17%."

Vietcap – 31.01.2024

Target price: 24,000 VND

"VPB achieved the top CAR ratio in our coverage at more than 17% (consolidated level) with ample liquidity"

VPBankS – 01.02.2024

Target price: 26,900 VND

"VPB focused on strengthening the foundations, expanding customer base, growing the scale of the entire ecosystem, laying the ground for sustainable growth. Core activities showed positive results, mobilizing outstanding growth"

HSC – 01.02.2024

Target price: 24,500 VND

"In 4Q23, NIM increased, driven by a flat gross yield against a significant decline in funding costs, thanks to significantly eased interest rates, VPB's improved liquidity position, and the receipt of proceeds from SMBC following the private placement"

Analysis reports on VPBank are updated periodically on its website ([More details](#))

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