

4 Nov 2020

# Tien Phong Commercial JSB (TPB)

## To magnify the bank's size

### 3Q20 NP gains 26.2% yoy

- We joined TPB 3Q20 analyst meeting on 03 Nov 2020 with many detailed figures revealed by the bank's CFO, Nguyen Lam Hoang.
- 3Q20 NP gained 26.2% yoy to VND792bn on TOI of VND2,215bn (+12.9% yoy). However, the results were weaker than what TPB made in the last three quarters from 4Q19 to 2Q20 with NP of ~VND810-1,200bn and TOI of ~VND2,400-2,800bn, which is to blame for a thinner NIM and a shortage of one-off incomes.
- Insurance fee regained in 3Q20 to VND39bn from VND26bn in 2Q20. 9M20 banca fee reached VND69bn, flat vs. the same period last year. TPB said the remaining upfront fee from its exclusive distribution agreement with Sunlife would be booked in 4Q20.
- TPB 9M20 NP reached VND2.4tn, increasing by 26% yoy and fulfilling 74% of 2020 guidance.

### Credit skyrockets by 22.5% ytd

- The bank's 9M20 credit growth topped at 22.5% vs. 6.09% of the industry average thanks to corporate bond investment.
- As of Sep 2020, TPB raised its corporate bond investment to VND12.7tn from VND4.8tn as of 2019-end while retail loans and corporate loans increased by ~7-11% ytd. It is asking for additional credit growth quota from SBV. TPB expects to offer some new stimulus credit packages in 4Q20. As such, 4Q20 NIM may be still around 4-4.1%.
- TPB has been successful in developing its retail client base with ~430,000 new accounts in 9M20, raising the bank's retail client base to ~3.3 million. Overall, TPB is pursuing a robust growth in order to upgrade its position in the industry.
- It revealed to have a diversified corporate bond portfolio with average yield of ~10% and 3.5-year duration. Real estate accounted for ~30% of that.
- Corporate loans reached VND33.7tn, up 7.3% ytd and highlighted on short-term loans.
- Retail loans reached VND53.1tn, up 10.6% ytd. Of which, auto loans inched down 4.5% ytd while mortgage and other retail loans moved up.
- It is still looking for M&A with a consumer finance company to develop its consumer division, TPB Fico.

12M rating **N/A**

12M TP -

Up/Downside -

### Stock Data

VNIndex (Nov 03, pt)	935
Stock price (Nov 03, VND)	23,300
Market cap (USD mn)	821
Shares outstanding (mn)	817
52-Week high/low (VND)	25,650/16,200
6M avg. daily turnover (USD mn)	0.82
Free float / Foreign ownership (%)	53.4/30.0
Major shareholders (%)	
DOJI	6.64
FPT	8.68
PYN Elite Fund	5.99
SBI	4.63

### Performance

	1M	6M	12M
Absolute (%)	(6.2)	33.9	3.8
Relative to VNIndex (%p)	(9.2)	10.9	9.9

### Stock price trend



Source: Bloomberg

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### Restructured loans accounts for 7.3% loan book

- Restructured loans increased from VND7.5tn in 2Q20 to VND8tn in 3Q20, accounting for 7.3% of the bank loan book. It worries that about 4-5% of that may turn to non-performing when ending moratorium period.
- NPL ratio moved up to 1.8% in 3Q20 from 1.3% in 4Q19. Particularly, NPL ratio of retail segment increased by 39bps to 1.87% since customers related to automobile, household businesses, unsecured loans, employees of SMEs and micro-businesses etc.

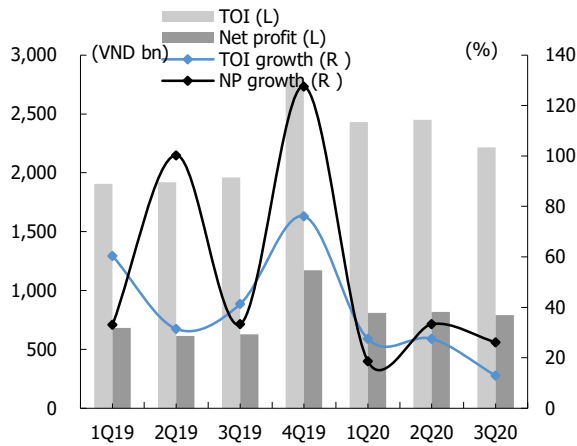
**Table 1. Quarterly earnings trend**

(VND bn, %, %p)

	4Q19	1Q20	2Q20	3Q20	9M20
TOI	2,804	2,430	2,450	2,215	7,094
chg. (% YoY)	76.1	27.5	27.5	12.9	22.6
NII	1,503	1,728	1,765	1,708	5,200
NFI	334	74	436	443	952
OPEX	1,000	1,096	983	810	2,889
CIR (%)	35.7	45.1	40.1	36.6	40.7
<b>PPE</b>	1,803	1,334	1,467	1,405	4,205
Loan loss provisions	339	324	442	416	1,182
PBT	1,464	1,009	1,025	989	3,024
<b>Net profit</b>	1,171	809	818	792	2,419
chg. (% YoY)	127.6	18.6	33.4	26.2	25.8

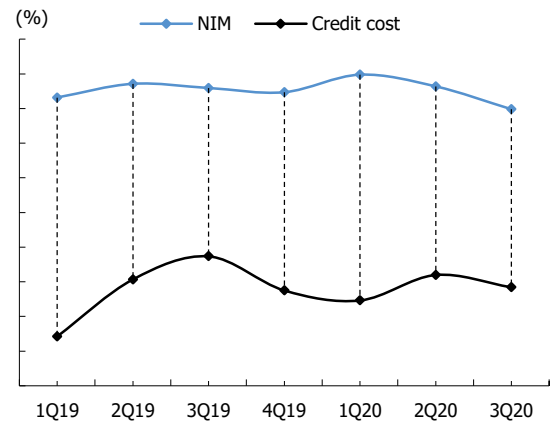
Source: Company data, KIS Vietnam

**Figure 1. Quarterly earnings results**



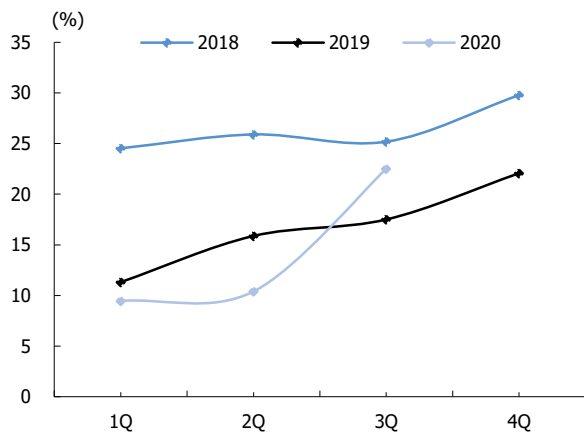
Source: Company data, KIS Vietnam

**Figure 2. Annualized NIM and credit cost**



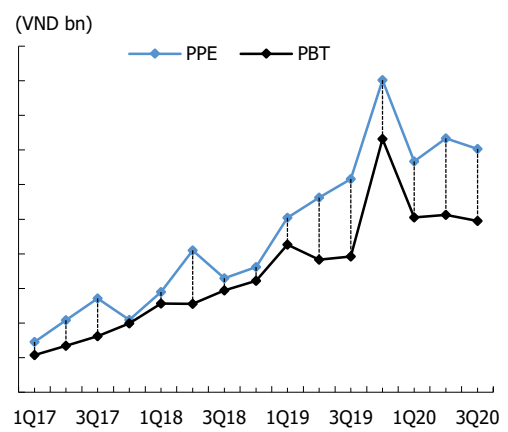
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**Figure 3. Credit growth (YTD)**



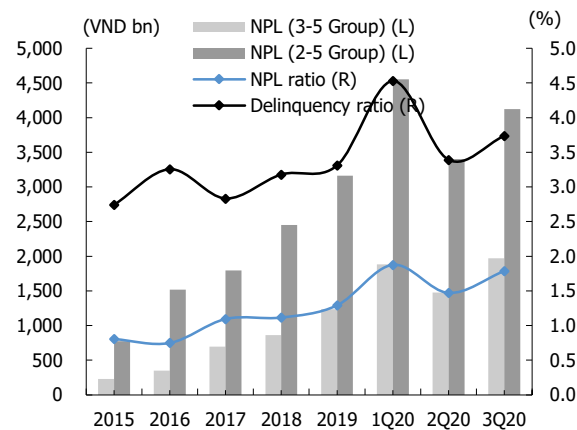
Source: Company data, KIS Vietnam

**Figure 4. PPE and PBT**



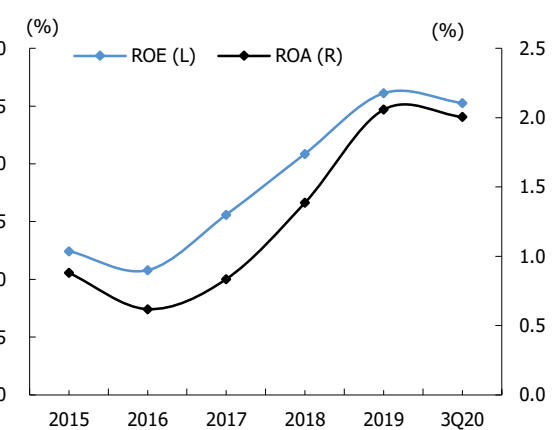
Source: Company data, KIS Vietnam

**Figure 5. NPL ratios**



Source: Company data, KIS Vietnam

**Figure 6. ROE and ROA**



Source: Company data, KIS Vietnam

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