

## TP BANK (TPB)

## FINANCIALS

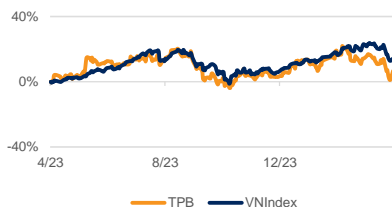
Current Price	VND17,500
52Wk High	VND20,000
52Wk Low	VND15,800
Previous target price	VND26,800
TP Updated as of:	3/12/2024
Last Rating	ADD
TP vs Consensus	25.8%
Upside	53.1%
Dividend Yield	2.8%
Total stock return	55.9%

Market Cap	US\$1,555mn
3MADTV	US\$8.9mn
Avail Foreign Room	US\$22mn
Outstanding Shares	2,201.6mn
Fully Diluted O/S	2,201.6mn

	TPB	VNI
P/E TTM	8.6x	14.0x
P/B Current	1.2x	1.7x
ROA	1.3%	3.0%
ROE	13.6%	15.1%

\*as of 4/24/2024

### Share Price Performance



### Ownership

Doji Gold & Gems Group	5.9%
FPT Group	6.8%
Others	87.3%

### Business Description

Tien Phong Commercial Joint Stock Bank (TPB) was established in 2008. By FY22, total assets reached more than VND328tr (US\$13.4bn), ranking it 13th among listed banks. TPB is the leading bank in digital banking with a wide network of 24/7 Livebank, giving TPB an advantage in capturing customers.

### Analyst(s):



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## Aiming to reclaim profit growth in 2024

- TPB's preliminary 1Q24 profit before tax (PBT) reached VND1,829bn (US\$71.9mn), increasing by 3.6% yoy, below our expectations.
- In FY24, the credit quota granted to TPB was 15.75%. This is higher than its 2023 quota of 13.9% but lower than its actual FY23 credit growth of 18.9%.
- The bank aims to increase PBT by 34.2% to VND7,500bn (US\$295mn)

We attended TPB's AGM yesterday. Here are our observations.

### Positive earnings guidance for FY24 after a difficult year

1Q24 preliminary profit before tax (PBT) increased by 3.6% yoy to VND1,829bn (US\$71.9mn). However, TPB has a relatively high profit growth plan for FY24 of 34.2%, aiming for a PBT target of VND7,500bn (US\$294.7mn). In our opinion, the earnings growth target is not ambitious, as the bank spent a huge amount of provision buffer to write off bad debt in FY23, thus provision expense will reduce significantly in FY24F. Management also stated that the target is achievable, and they plan to reduce provision expense by 49% yoy to VND2,000bn (US\$78.6mn).

TPB set guidance for FY24 business operations, including:

- Reaching 15 million customers by the end of 2024. At end-2023, the number of customers of TPB reached 12 million, increasing by 4 million.
- Pushing for non-interest income, focus on payment services and foreign exchange trading.
- Controlling asset quality and monitoring bad debt, aiming to maintain the NPL ratio under 2% (by the end of FY23, NPL ratio was at 1.52%).
- Focusing on increasing credit growth, targeting SME and individual customers. Reducing lending yields to support customers.

### Planning to pay a cash dividend and increase charter capital

TPB management proposed to pay both a cash dividend and a stock dividend this year. TP Bank proposed a 5% cash dividend, equivalent to VND500 per share. The total dividend payout will be sourced from the bank's undistributed profit in 2023.

The bank plans to increase its charter capital through issuing stock dividends. TPB plans to issue over 440 million shares at a price of VND10,000 per share to existing shareholders from undistributed earnings. The issuance rate is 20%, meaning that for every 100 shares owned, shareholders will receive an additional 20 shares. As a result, the bank will increase its charter capital by an additional of VND4.4bn to VND26,419bn (US\$1.0bn).

Financial summary (VND bn)	FY23	% yoy	FY24 plan	% yoy	FY24 plan vs Forecast
Total asset	356,637	14.8%	390,000	9.4%	95.3%
Total mobilization	316,518	9.5%	327,000	3.3%	94.6%
Credit balance	217,556	18.9%	251,821	15.7%	99.6%
Profit before tax	5,589	-28.7%	7,500	34.2%	88.7%

Source: VNDIRECT RESEARCH

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## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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