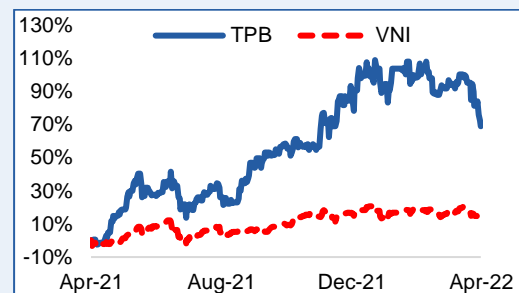


TP Bank (TPB)

Earnings Flash

Industry:	Banking		2021	Q1 22	2022F
Report Date:	April 21, 2022	PPOP y/y	45.0%	31.2%	21.5%
Current Price:	VND34,800	NPAT y/y	37.6%	14.2%	43.0%
Target Price*:	VND38,000	EPS y/y	23.9%	8.5%	35.9%
Upside:	9.2%	NIM	4.30%	4.12%	4.32%
Dividend Yield:	0.0%	NPLs/loans	0.82%	N/A	1.60%
TSR:	9.2%	CIR	33.8%	34.2%	33.5%
Rating*:	MARKET PERFORM	P/E	11.4x	N.M.	8.0x
		P/B	2.1x	2.0x	1.7x

* TP and rating last updated February 25, 2022



Market Cap:	USD2.4bn		TPB	Peers	VNI
Foreign Room:	USD0	P/E (ttm)	11.4x	9.2x	15.6x
ADTV30D:	USD6.4mn	P/B (curr)	2.1x	1.8x	2.4x
State Ownership:	0.0%	ROE (ttm)	19.0%	21.7%	15.7%
Outstanding Shares:	1.582 bn	ROA (ttm)	1.7%	1.7%	2.6%
Fully Diluted Shares:	1.582 bn				

Company Overview

Founded in 2008, TPB was the second smallest bank in our coverage universe in terms of total assets as of December 31, 2021. TPB's strategy focuses on digital banking. The bank was listed on HOSE on April 19, 2018

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Investment securities drag on NIM, NOII

TPB released Q1 2022 results with TOI of VND3.6tn (USD157mn; +29.2% YoY) and bottom-line net profit of VND1.3tn (USD56mn; +14.2% YoY), achieving 22.1% and 18.8% of our FY 2022 forecasts, respectively. The increase in NPAT was mainly due to (1) a 25.1% YoY increase in NII and (2) 81.2% YoY increase in pure NFI, which offset (1) a 70% YoY drop in net gain from investment securities and (2) 25.7% YoY increase in OPEX, resulting in a 1.0-ppt drop YoY in CIR. Loans and deposits in Q1 2022 grew 6.1% and 9.3%, up 2.4 ppts and 5.7 ppts, respectively, relative to last year. Although loan growth is tracking in line with our full-year forecast of 25.7%, NIM in Q1 2022 is a concern; therefore, we see downside risk to our current forecasts and/or target price for TPB, pending a more extensive review.

NIM dropped by 54 bps YoY in Q1 2022 due to a stronger decrease in IEA yields compared to COF. TPB reported Q1 2022 NIM of 4.12% (-54 bps YoY and -31 bps QoQ), which was mainly due to a 110-bp YoY drop in IEA yields that outpaced a 56-bp YoY decrease in cost of funds. The YoY drop in IEA yields was primarily due to a higher weighting of interbank and investment securities contributions in the IEA mix combined with a sharp reduction in yield from investment securities (5.13% in Q1 2022 vs 5.44% in Q1 2021). In Q1 2022, the CASA ratio leveled off YoY and dropped 4.5 ppts QoQ.

Income from investment securities dropped 70% YoY in Q1 2022. Despite a 57% YoY increase in the size of its investment portfolio, TPB only achieved VND81bn (-70% YoY) in net income from investment securities due to a hike in provisioning of more than 6x YoY. Throughout 2021, this line contributed 10.4% of TOI. However, other income experience net gain of VND160bn — more than 10x YoY — which largely balanced out the drop in investment securities.

In Q1 2022, TPB's CIR hit its second lowest quarterly level (34.2%) in recent years. The spread between TOI and OPEX growth of 29.2% YoY and 25.7% YoY, respectively, sent CIR down 1.0 ppt YoY — or 4.7 ppts QoQ.

Categories of loans by days past due were not disclosed for Q1 2022. The published financial statements on the bank's website were missing a few pages and excluded its non-performing loan disclosure. However, it should be noted under the liquidity risk disclosure section, the bank's 90-days-past-due customer loans and purchased debts were 33.9% lower YoY and amounted to

VND157.8bn, not accounting for provisions. In Q1 2022, TPB also wrote off VND370bn (USD16mn) — equivalent to 0.25% of the loan book — which is in line with TPB's previous first quarters.

Figure 1: TPB's consolidated Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY
NII	2,263	2,831	25.1%
Non-interest income	535	785	46.8%
OPEX	(985)	(1,238)	25.7%
PPOP	1,813	2,378	31.2%
Provision expenses	(391)	(755)	93.1%
NPAT-MI	1,138	1,299	14.2%
Loan growth**	3.7%	6.1%	2.4 pts
Deposit growth**	3.6%	9.3%	5.7 pts
NIM	4.66%	4.12%	-54 bps
Interest earning asset yield	8.43%	7.32%	-110 bps
Cost of funds	3.85%	3.30%	-56 bps
CASA ratio*	18.1%	18.8%	0.7 pts
CASA ratio plus term deposits in FX	23.7%	21.9%	-1.8 pts
CIR	35.2%	34.2%	-1.0 pts
NPLs/gross loans	1.19%	N/A	N/A
Group 2 loans/gross loans	1.75%	N/A	N/A
Accrued interest/ IEAs	0.82%	0.81%	-1 bps

Source: TPB, VCSC; *CASA volume includes demand deposits and margin deposits; ** Q1 2021 and Q1 2022 loan and deposit growth is QoQ growth.



VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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