

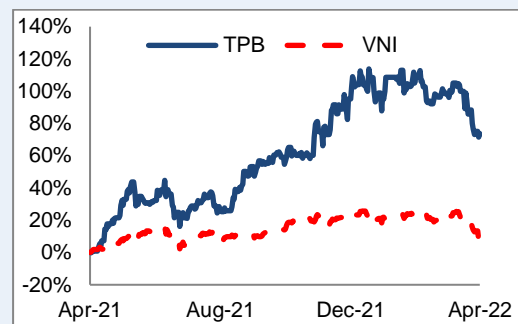
TP Bank (TPB)

AGM Note

Industry:	Banking		2021	Q1 22	2022F
Report Date:	April 27, 2022	PPOP y/y	45.0%	31.2%	21.5%
Current Price:	VND34,950	NPAT y/y	37.6%	14.2%	43.0%
Target Price*:	VND38,000	EPS y/y	23.9%	8.5%	35.9%
Upside:	8.7%	NIM	4.30%	4.12%	4.32%
Dividend Yield:	0.0%	NPLs/loans	0.82%	N/A	1.60%
TSR:	8.7%	CIR	33.8%	34.2%	33.5%
Rating*:	MARKET PERFORM	P/E	11.5x	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)	11.5x	9.4x	15.1x
ADTV30D:	USD6.6mn	P/B (curr)	2.1x	1.9x	2.3x
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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Guidance highlights strong potential of NOII in 2022

- We attended TPB's AGM on April 26. The meeting's main agenda was to discuss TPB's 2022 business plans and seek shareholder approval for plans to increase charter capital.
- The capital raising plan includes (1) a stock dividend plan (527 million shares — 33% of current outstanding shares) and (2) ESOP issuance (5.27 million shares — 0.33% of current outstanding shares).
- 2022 guidance includes credit growth of 18% YoY (final growth subject to the State Bank of Vietnam's (SBV) decision), NPL ratio to be kept below or equal to 1.5%, and profit before tax of VND8.2tn (USD357mn; +36% YoY) vs our forecast of VND8.6tn (USD374mn; +43% YoY). Furthermore, CIR is targeted to be controlled at 33%. TPB reaffirmed its ability to grow credit faster than the sector's average but said its TOI guidance has limited downside — even if TPB grows credit closer to the peer average.
- The Q&A session included management providing further insight into TPB's performance outlook, credit quality and expansion plans.

TPB updated its proposal for capital raising plans. Apart from a stock dividend in 2022 (527,251,831 shares will be issued with a 3:1 subscription ratio and paid out mainly from 2021's retained earnings), management proposed an issuance of another 5,272,518 shares (0.33% of outstanding shares) for TPB's ESOP. After these issuances, TPB's charter capital will increase to VND21,143bn from VND15,818bn in FY2021. Furthermore, management plans to invest in the bank's technology infrastructure and branch network.

TPB said credit growth can exceed guidance due to the bank's relatively small size and ability to expand faster than its peers. However, management reaffirms the importance of NOII and gave an example on how NOII can and will make up for the NII gap if TPB does not meet its credit growth quota. TPB's efforts in 2022 will be directed toward increasing NFI via progress in improving the bank's customer profile and maintaining NIM with a better funding structure. Management gave a positive view on its progress in improving the CASA ratio thanks to its younger customer base that will likely make a difference in TPB's future funding.

TPB deems 2022 as a pivot year for the bank's loan restructuring period (2021-2025) and expansion into consumer finance through the acquisition of Handico Finance (Hafic). According to management, TPB has hands-on experience in handling distressed debts emanating

from its own balance sheet (for the last 10 years) as well as through recent State-directed efforts (regarding several distressed individuals' credit funds), which would allow for more rapid progress and a strong first step into the consumer finance market.

Regarding loans financing property developers, TPB maintains strict compliance with SBV regulations. This topic came up in the Q&A session. The chairman stated that the exposure is around 6% of total loan exposure. We checked Q1 2022 financial statements and confirm loan exposure to property developers at 6.3% of total loans. TPB said these loans are for the most part adequately collateralized, are financing feasible and profitable business plans, and have not raised any flags since disbursement.

Livebanks (video ATM) will substitute for physical teller venues, accommodating the SBV's hard limit on the annual opening of branches and transaction offices. Management remarked that the deployment of the Livebank network has helped to free up 90% of a traditional teller's physical work. According to the bank, there will be an addition of 50 machines in 2022, with each servicing 4,000-5,000 transactions every month. However, this expansion is slower than in 2021, which is possibly due to the increasingly fast transition of customers to mobile/online banking platforms.



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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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