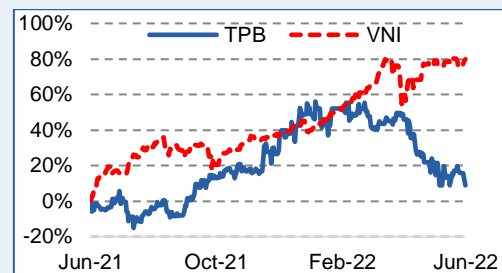


# TP Bank (TPB) [BUY +32.4%]

# Update Report

<b>Industry:</b>	<b>Banking</b>		<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Report Date:</b>	<b>June 7, 2022</b>	PPOP y/y	45.0%	18.7%	10.2%	11.0%
Current Price:	VND29,600	NPAT y/y	37.6%	41.5%	9.9%	12.4%
Target Price:	VND39,200	EPS y/y	28.2%	30.6%	9.9%	12.4%
Last Target Price:	VND38,000	NIM	4.30%	4.35%	4.34%	4.35%
Upside to TP:	32.4%	NPL	0.82%	1.50%	1.70%	1.75%
Dividend Yield:	0.0%	CIR	33.8%	34.0%	35.6%	37.0%
TSR:	32.4%	P/B	1.8x	1.4x	1.2x	1.0x
		P/E	9.7x	6.9x	6.2x	5.5x



Market Cap:	USD2.0bn		<b>TPB</b>	<b>Peers</b>	<b>VNI</b>
Foreign Room:	USD0.6mn	P/E (ttm)	9.7x	8.1x	13.9x
ADTV30D:	USD4.3mn	P/B (curr)	1.8x	1.6x	2.2x
State Ownership:	0%	ROE	19.0%	21.7%	15.9%
Outstanding Shares:	1.582 bn	ROA	1.7%	1.8%	2.6%
Fully Diluted Shares:	1.582 bn				

## Company overview

Founded in 2008, TPB is the second smallest bank in our coverage universe in terms of total assets and network 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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## Overlooking Q1 2022 weakness due to solid execution

- We increase our target price (TP) for TPB by 3.2% to VND39,200/share but upgrade our rating from MARKET PERFORM to BUY as the bank's share price has decreased by 26.8% over the past three months.
- Our higher TP is mainly due to (1) the positive impact of rolling our TP to mid-2023F, which outweighs our (2) 3.1% lower NPAT for 2022-2026F vs our previous forecast and (3) downward revision in target our P/B from 1.71x to 1.60x.
- The decrease in our NPAT-MI for 2022F-2026F is mostly driven by (1) a 0.9% aggregate decrease in NII, (2) 4.7% aggregate decrease in NFI and (3) 13.0% aggregate increase in provision expenses. Higher provisions are the result of applying an average write-off rate of 0.78% for the forecast period vs previously 0.44% given that TPB displayed an increased appetite to clear NPLs through write-offs in 2021.
- We trim our 2022F NPAT-MI by 1.0% to VND6.8tn (USD297mn; +41.5% YoY) vs our previous forecast as a result of (1) a 7.8% decrease in total non-interest income (NOII) that outweighs (2) a 7.2% decrease in our provision charge assumption.
- Upside risk: TPB developing stable CASA from retail customers, per management's targets.
- Downside risks: Higher-than-expected NPLs; failure to attain high credit growth quota.

**We model for CASA and NIM to stabilize after pronounced negative movement in Q1 2022 with 2022F NIM maintaining proximity to our NIM forecast for VIB.** Since 2015, TPB has achieved a higher annual NIM than VIB in five of the seven years, with VIB beating it by 8 bps in 2021. In Q1 2022, this gap expanded to 42 bps, causing TPB to rank among the lowest of the private banks we cover. We see no fundamental reason to model 2022 based on the Q1 2022 NIM result and set a 2022F NIM of 4.35% vs our forecast for VIB of 4.50%. TPB's CASA remains a volatile metric, evidenced by Q1 2022 CASA ratio dropping 4.5 ppts QoQ. We approach modeling CASA in the same way we approach modelling NIM; as such, we see no fundamental reason for a sustained drop in CASA and model for a 1.0-ppt YoY improvement for CASA of 24.3% by year-end 2022.

**In its 2021 annual report, TPB stated that its number of customers rose to five million (+30% YoY), indicating relative success in its light physical footprint, technology heavy approach to banking.** Meanwhile, VIB stated it had 3.8 million customers in its 2021 annual report. At end-2021, TPB had 120 branches and transaction offices, whereas VIB had 165. While TPB and VIB do not split their customer numbers between active and inactive users, TPB's customer numbers at face value indicate that TPB is clearly outperforming in the customer acquisition front. Moreover, TPB reported CASA of 23.3% vs 16.3% for VIB at end-2021, indicating that TPB is doing a better job at convincing its customers to use it as their main bank account.

## Q1 2022 Recap: Higher provision expenses erode PPOP growth

Figure 1: TPB's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY	% VCSC's 2022F (Old)	VCSC comments
NII	2,263	2,831	25.1%	22.8%	* Though loan growth in Q1 2022 was only 20.5% YoY and NIM declined YoY, NII climbed 25.1% YoY because credit growth was 29.6% YoY due to 119.7% YoY growth in corporate bond holdings.
NFI (include FX)	280	544	94.0%	23.4%	* Both pure NFI and FX were exemplary in Q1 2022, the former up 81% YoY and the latter climbing from a VND2bn loss in Q1 2021 to VND32bn profit in Q1 2022. Fees from settlement services was the best performing category within NFI, with its net contribution surging 330% to VND260bn.
Total Noll	535	785	46.8%	20.0%	
TOI	2,798	3,616	29.2%	22.1%	
OPEX	(985)	(1,238)	25.7%	22.6%	
PPOP	1,813	2,378	31.2%	21.9%	
Provision expenses	(391)	(755)	93.1%	33.7%	* Elevated provisions related to restructured loans.
NPAT-MI	1,138	1,299	14.2%	18.8%	
NIM	4.66%	4.12%	-54 bps		
IEA yield	8.43%	7.32%	-111 bps		* With the exception of VPB (which can be explained away because it received proceeds from the sale of FEC that went into interbank balances), TPB experienced the second highest YoY drop in IEA yield. Group 2 and NPL levels remained relatively steady throughout the period, and accrued interest indicates no write-backs. As such, the decline must be attributed to reduction in loan pricing.
COF	3.85%	3.30%	-55 bps		* Fortunately for NIM, TPB's COF was very good and ranked fourth best among nine private banks on a YoY basis. The strong COF can be attributed to increased interbank borrowing (+65% YoY) in Q1 2022.
CASA*	18.1%	18.8%	0.7 ppts		
CIR	35.20%	34.23%	-1.0 ppts		* TPB's CIR ended 2021 with the lowest CIR among the three small private banks we cover; this performance edge over small rivals continued in Q1 2022.
NPL ratio	1.19%	1.14%	-5 bps		* The Q1 2022 NPL ratio was 1.14% (+32 bps QoQ and -5 bps YoY). Q1 2022 LLR was 125.7% (-27 ppts QoQ and +18 ppts YoY). Q1 2022 accrued interest over IEAs was 0.81% (-1 bps YoY). Group 2 loans relative to gross loans decreased on a YoY basis to 1.63% but increased on a QoQ basis (+16 bps QoQ and -11 bps YoY). Annualized write-offs to gross loans was 1.0% in Q1 2022 vs 2.1% for FY2021.
Gross loans	124,387	149,875	20.5%		
Customer deposits	120,037	152,539	27.1%		
Valuable papers	24,444	37,220	52.3%		
Total assets	216,153	302,623	40.0%		
ROAE	26.2%	19.5%	-6.8 ppts		
ROAA	2.16%	1.75%	-41 bps		
Regulated LDR	64.5%	55.8%	-8.7 ppts		* TPB's low LDR was a result of elevated investment in corporate bonds. Due to rising Government bond yields, we should see bond activity taper off in 2022, so LDR probably bottomed in Q1 2022.

Source: TPB, VCSC. (\*) CASA volume includes demand deposits and margin deposits.

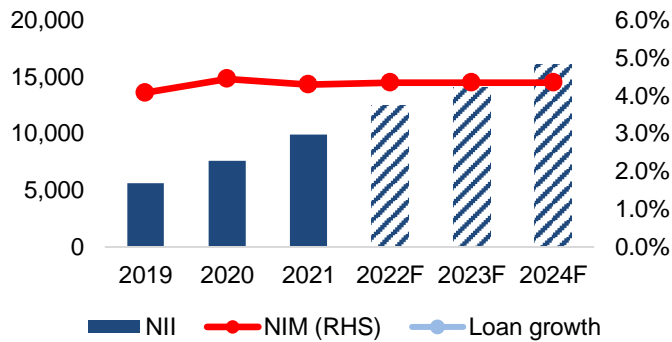
## 2022 Outlook: IEA yield to strengthen, delivering higher NIM in 2022

Figure 2: VCSC's 2022 forecast

VND bn	2021	2022F New	2022F Old	2022F New vs 2021	VCSC comments
NII	9,946	12,494	12,437	25.6%	* We cut our assumption for 2022F credit growth from 25% YoY to 20% YoY as at least two large balance sheet banks in our coverage universe have permission to grow at extraordinary levels this year, which squeeze smaller banks.
NFI (include FX)	1,916	2,459	2,322	28.4%	* NFI increases mainly because we increase our banca forecast from VND890bn to VND1,147bn owing to strong banca performance in 2021.
Total Noll	3,571	3,413	3,920	-4.4%	* The only significant changes in this category outside of NFI + FX is lowering our forecast for trading and investment income from VND810bn to VND456bn because of lower prevailing bond yields. TPB has historically been a bank that derives above-average income from bond trading activities, so its newfound strength in banca comes at a perfect time to make up for unfavorable bond market conditions.
TOI	13,517	15,908	16,358	17.7%	
OPEX	(4,571)	(5,485)	(5,485)	20.0%	
PPOP	8,947	10,423	10,873	16.5%	
Provision expenses	(2,908)	(2,081)	(2,243)	-28.4%	* Even though Q1 2022 provision expenses jumped 93.1% YoY, restructured loans uniformly decreased across our coverage in Q1 2022; we think this trend will continue in future quarters. We therefore trim our estimate by 7.2%.
NPAT-MI	4,829	6,673	6,904	38.2%	
NIM	4.30%	4.35%	4.32%	5 bps	* The combination of trimming our forecast for COF and lifting our forecast for IEA yield causes NIM to rise 3 bps. Note that our 2022F NIM forecast for TPB trails our forecast for VIB by 15 bps. TPB finished 2021 with NIM that trailed VIB by 10 bps.
IEA yield	7.53%	7.79%	7.77%	26 bps	* Despite the clearly weak Q1 2022 IEA yield, we have upped our forecast for the entire year because 1) the macroeconomic backdrop is strong and 2) TPB and VIB's IEA yields have moved in close proximity in past years with VIB achieving an IEA yield of 7.81% in Q1 2022.
COF	3.34%	3.53%	3.54%	20 bps	* There is only a marginal 1-bp trim in COF, reflecting our balanced view that term deposit rates will rise this year; however, we have modeled for a pickup in CASA. Also, TPB's Q1 2022 COF was better than most of its private bank peers.
CASA*	23.3%	24.3%	24.3%	1.0 ppts	
CIR	33.81%	34.48%	33.53%	0.7 ppts	
NPL ratio	0.82%	1.50%	1.60%	68 bps	
Gross loans	141,228	169,473	177,523	20.0%	
Customer deposits	139,562	160,497	164,683	15.0%	
Valuable papers	35,405	42,486	41,778	20.0%	
Total assets	292,827	332,650	336,371	13.6%	
ROAE	22.6%	22.8%	23.5%	0.2 ppts	
ROAA	1.93%	2.13%	2.19%	20 bps	
Regulated LDR	53.9%	62.0%	59.6%	8.1 ppts	* Less favorable environment for bond investment has prompted us to model for a higher LDR ratio in 2022, resulting in lower interbank balances in the forecast period and more focus on growing the loan book relative to IEA.

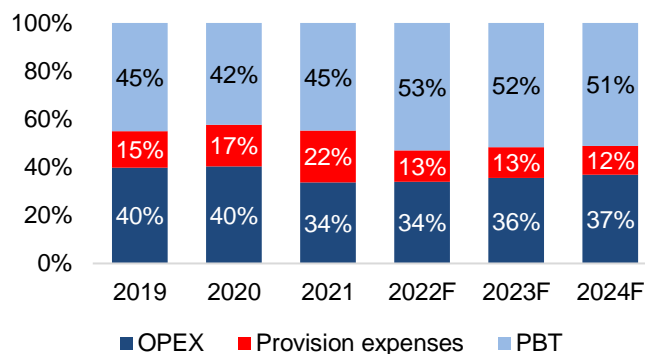
Source: TPB, VCSC. (\*) CASA consists of demand, specific purposes and margin deposits.

**Figure 3: NIM and NII (VND bn) (2019-2024F)**



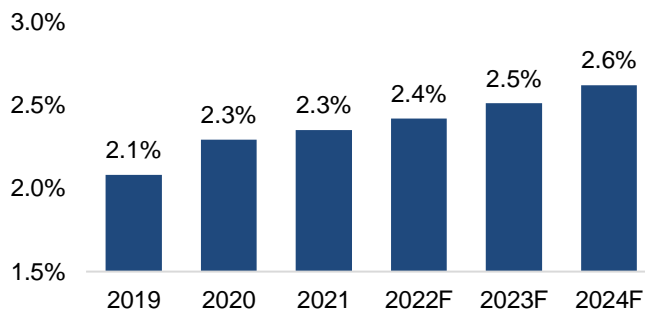
Source: TPB, VCSC

**Figure 5: OPEX, provision expenses and PBT as % of TOI (2019-2024F)**



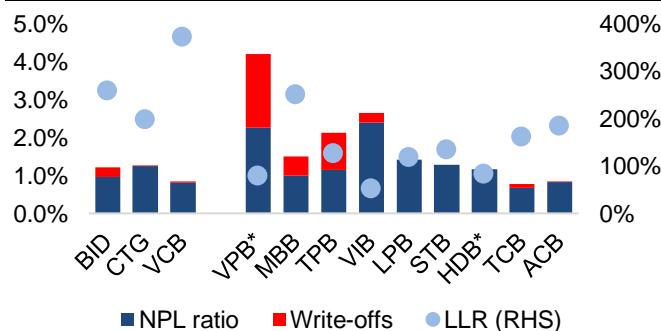
Source: TPB, VCSC

**Figure 7: Lending market share (2019-2024F)**



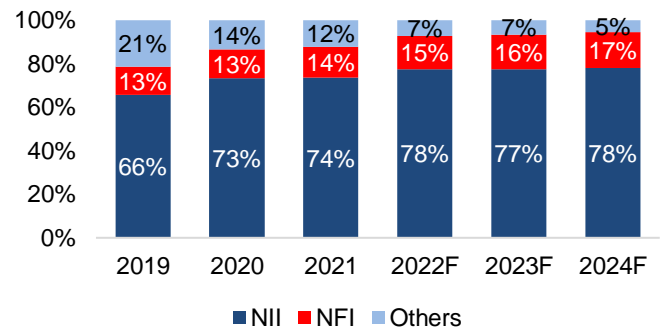
Source: Company data, VCSC

**Figure 9: NPL ratio, annualized write-offs over gross loans and LLR\*\* of banks under coverage (Q1 2022)**

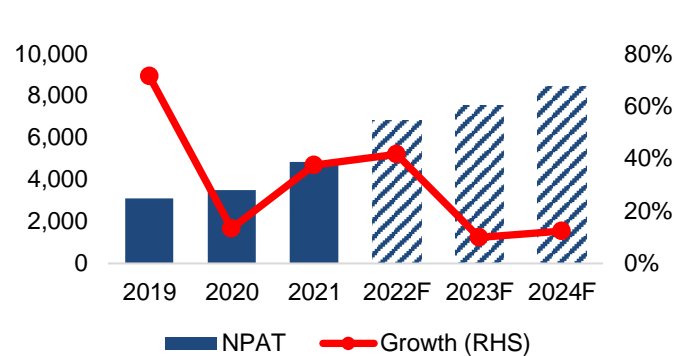


Source: Company data. (\*) Parent bank only; (\*\*) LLR is percentage of total provisions over group 3-5 loans.

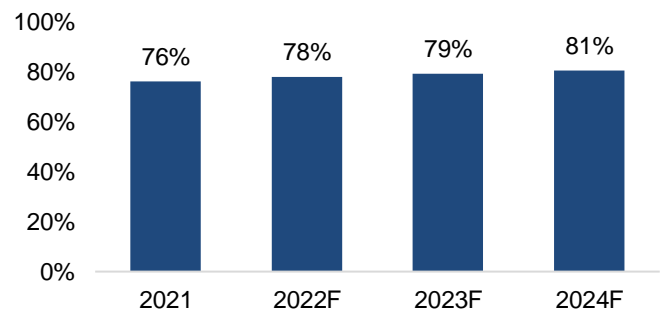
**Figure 4: TOI components (2019-2024F)**



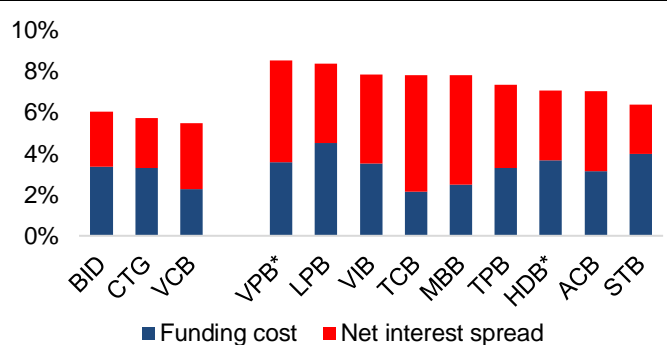
**Figure 6: NPAT (VND bn) and NPAT growth (2019-2024F)**



**Figure 8: RWA as % of total assets (2021-2024F)**

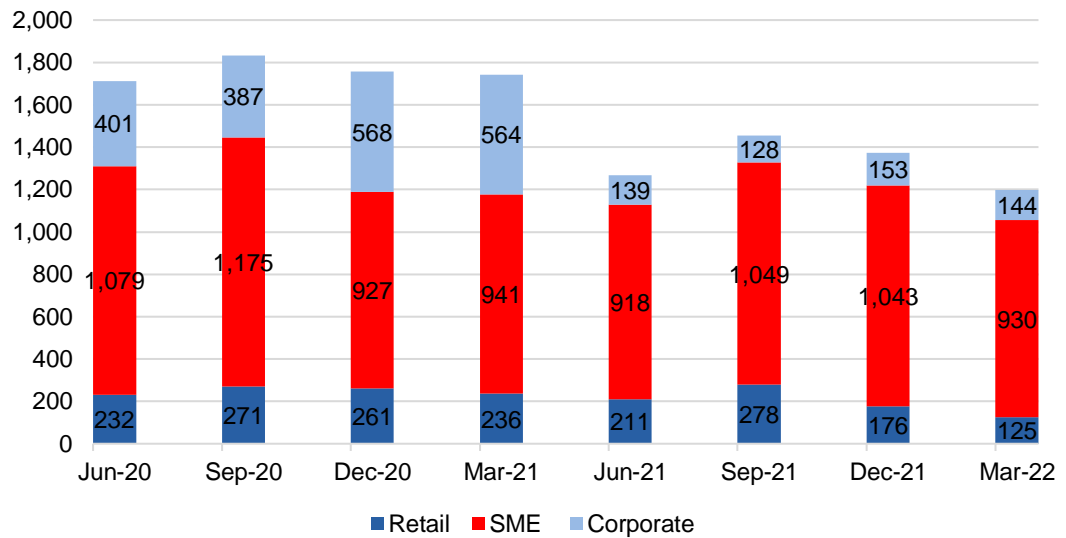


**Figure 10: Annualized interest-earning asset yields of banks under coverage (Q1 2022)**



**Restructured loans declined in Q1 2022.** According to the bank's disclosure, the amount of its total loan components subject to restructuring dropped 12.6% QoQ in Q1 2022 to VND1.2tn from VND1.4tn in Q4 2021. In addition, TPB booked VND180bn to provision against restructured loans in 2021, representing 30% of provision expenses related to restructured loans as required by Cir.14 in 2021, according to management. In our previous Update Report, we estimated that TPB could be under an obligation to book VND180bn and VND240bn of provisioning for restructured loans in 2022F and 2023F, respectively. However, amid decreasing restructured loans, we expect lower additional provision expenses vs our previous estimation.

**Figure 11: Restructured loan balance and breakdown (VND bn)**



Source: TPB, VCSC



## Valuation

We utilize two valuation methods to reach our estimated target price for the mid-2023: (1) the residual income method with a 50% weighting and (2) P/B approach with a 50% weighting. Our target price for TPB is VND39,200/share.

In this Update Report, we increase our target price (TP) by 3.2% mainly due to the positive effect of rolling it forward to mid-2023, which is partly offset by a 3.1% aggregate decrease in our 2022-2026F NPAT-MI and downward revision in our target P/B from 1.71x to 1.60x. The decrease in our NPAT-MI forecasts is mostly driven by (1) a 0.9% aggregate decrease in NII following our lower assumption for TPB's credit growth in the explicit forecast period as the banks receiving distressed credit institutions (e.g. MBB and VCB) could receive outsized credit quotas in this period; (2) a 14.2% aggregate decrease in gains from trading and investment securities; (3) a 4.7% aggregate decrease in NFI (including FX trading); and (4) a 13.0% aggregate increase in provision expenses.

**Figure 12: Valuation summary**

VND/share	Fair value	Weighting	Contribution
Number of outstanding shares (billion)			1.582
Residual income	41,500	50%	20,750
Target P/B @ 1.6x average 2022/23F	36,973	50%	18,487
<b>Target Price (TP)</b>			<b>39,200</b>
Current price			29,600
Upside to TP (%)			32.4
Dividend yield (%)			0.0
TSR (%)			32.4
<b>2022F P/B at TP</b>			<b>1.89</b>
<b>Rating</b>			<b>BUY</b>

Source: VCSC

## Residual income model

**Figure 13: Cost of equity**

Cost of equity	
Risk free rate (%)	5.5
Beta	1.0
Market risk premium (%)	7.0
COE (%)	12.5

Source: VCSC

**Figure 14: Residual income model**

VND bn	2022F	2023F	2024F	2025F	2026F
ROE (Beginning period)	26.3%	22.9%	21.0%	19.5%	19.0%
COE	12.50%	12.50%	12.50%	12.50%	12.50%
Economic margin	13.80%	10.40%	8.45%	6.96%	6.52%
Equity value (Beginning period)	25,988	32,811	40,312	48,746	58,219
Residual income (RI)	1,793	3,411	3,408	3,394	3,799
PV of RI	1,690	2,859	2,539	2,247	2,236
Sum PV of RI					11,571
PV of terminal value (4% intermediate growth rate for 10 years and 3% perpetual growth)					24,691
Beginning EV (average 2021/2022F)					29,400
<b>Fair equity value</b>					<b>65,662</b>
Outstanding shares (bn)					1.582
<b>Fair value per share (VND)</b>					<b>41,500</b>

Source: VCSC



## Target P/B

In this Update Report, we lower our assumption for TPB's target P/B from 1.71x to 1.60x as we see several events that could threaten the ability to deliver high ROEs in the next five years. First, banks receiving a distressed credit institution are in theory allowed to grow their loan books at extraordinary levels, which would eat up credit quotas at other banks if the State Bank of Vietnam (SBV) wants to manage system-wide credit growth. Second, TPB historically has the highest contributions from gains of trading and investment securities over NOI among banks in our coverage universe. Therefore, we believe the upward trend in Government bond yields will require TPB to boost other fee income sources (e.g., bancassurance). Nevertheless, the bancassurance segment is currently experiencing stiff competition, which will likely occur in the future.

Our target P/B in this Update Report represents a 6.4% discount to the fair P/B derived from the Gordon Growth Model (GGM) (see **Figure 16**) because the calculation of sustainable ROE is derived from an average ROE in 2016-2026F. However, this period includes 2019 and 2020 ROE of 26.1% and 23.5%, respectively, which we believe are not representative of a future sustainable ROE for TPB because these partly came from one-off bancassurance upfront income.

**Figure 15: Sensitivity analysis of our P/B for TPB in relation to ROE derived from the Gordon Growth Model and terminal growth rate, ceteris paribus**

Sustainable ROE						
Terminal growth (g)		16.8%	18.3%	19.8%	21.3%	22.8%
	2.0%	1.41	1.55	1.69	1.83	1.98
	2.5%	1.43	1.58	1.73	1.88	2.03
	3.0%	1.45	1.61	1.76	1.92	2.08
	3.5%	1.47	1.64	1.81	1.97	2.14
	4.0%	1.50	1.68	1.85	2.03	2.21

Source: VCSC

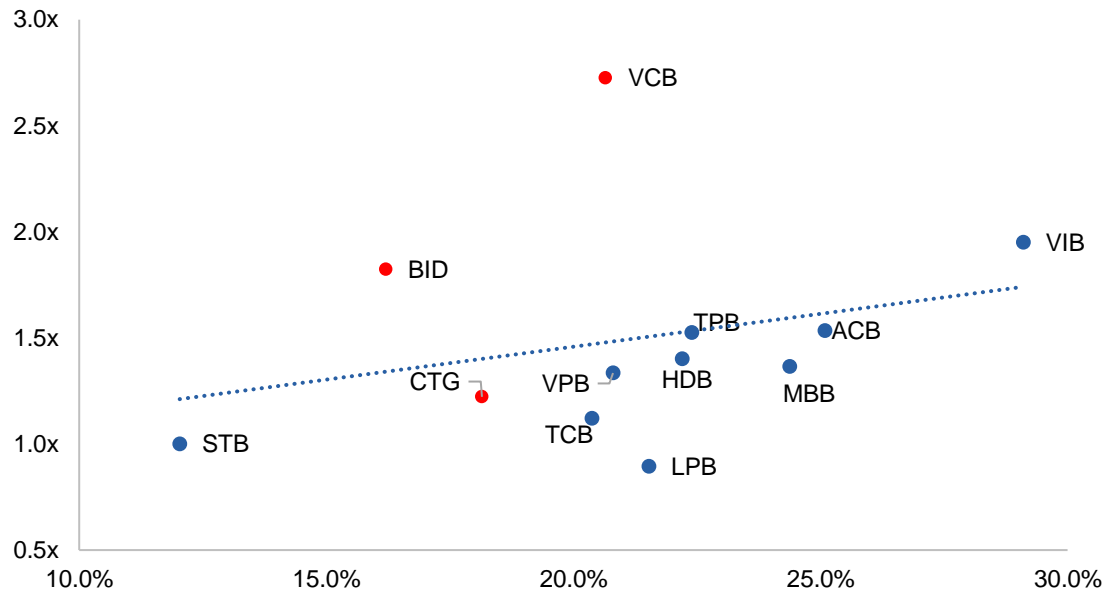
## Comparable peers

**Figure 16: Consensus data of Vietnamese banks from Bloomberg**

Bloomberg Ticker	Market Cap. (USD bn)	P/E			P/B			ROE			ROA	Equity Multiplier	NPL ratio
		2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F	TTM	2021	2021
ACB VN	3.68	8.2	8.1	6.0	1.77	1.54	1.28	24.2%	25.1%	23.2%	2.1%	11.75	0.77%
BID VN	7.46	15.1	12.9	10.4	2.00	1.82	1.52	13.8%	16.2%	17.6%	0.7%	20.41	1.00%
CTG VN	5.64	10.6	6.9	5.6	1.34	1.22	1.04	13.0%	18.2%	21.8%	0.8%	16.35	1.26%
MBB VN	4.44	7.5	6.6	5.3	1.61	1.36	1.10	23.7%	24.4%	22.8%	2.4%	9.72	0.90%
VCB VN	16.26	16.4	14.7	11.9	3.22	2.73	2.37	21.1%	20.7%	22.1%	1.7%	12.96	0.64%
VPB VN	5.86	7.9	7.0	6.9	1.56	1.33	1.10	24.0%	20.8%	16.8%	3.4%	6.34	4.57%
STB VN	1.67	9.8	9.2	7.7	1.09	1.00	0.87	11.9%	12.0%	16.4%	0.7%	15.21	1.50%
HDB VN	2.19	7.9	6.9	6.0	1.63	1.40	1.19	23.1%	22.2%	20.6%	1.8%	12.17	1.65%
TCB VN	5.46	6.6	6.0	5.0	1.30	1.12	0.92	21.7%	20.4%	19.4%	3.6%	6.11	0.66%
VIB VN	2.38	8.2	7.4	6.2	2.11	1.95	1.51	29.5%	29.1%	25.6%	2.3%	12.74	2.32%
LPB VN	0.93	6.5	5.1	4.8	1.14	0.90	0.75	18.5%	21.5%	19.0%	1.1%	17.21	1.37%
<b>Median</b>	<b>4.06</b>	<b>8.0</b>	<b>7.0</b>	<b>6.0</b>	<b>1.59</b>	<b>1.35</b>	<b>1.10</b>	<b>21.4%</b>	<b>20.7%</b>	<b>20.0%</b>	<b>1.7%</b>	<b>12.45</b>	<b>1.13%</b>
<b>TPB VN</b>	<b>2.09</b>	<b>9.3</b>	<b>7.5</b>	<b>6.0</b>	<b>1.77</b>	<b>1.53</b>	<b>1.22</b>	<b>22.0%</b>	<b>22.4%</b>	<b>22.5%</b>	<b>1.9%</b>	<b>11.27</b>	<b>0.82%</b>

Source: Bloomberg as of June 6, 2022, VCSC

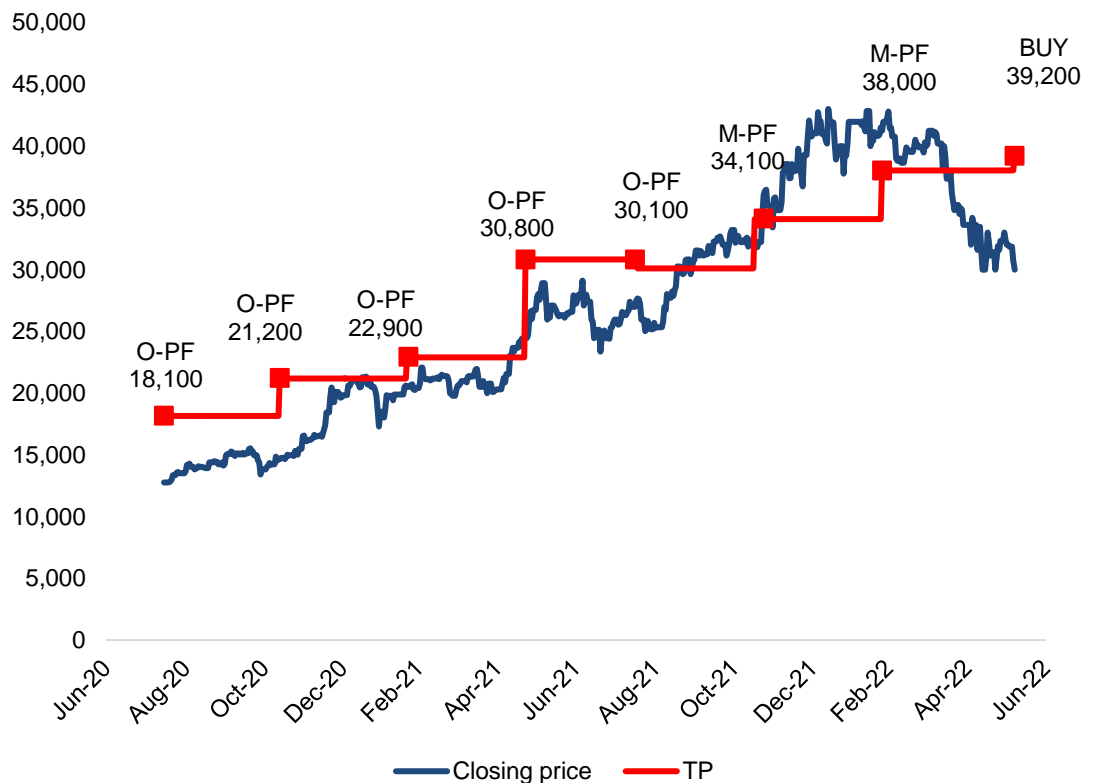
Figure 17: Vietnam banks P/B (y-axis) and ROE (x-axis) (2022F)



Source: Bloomberg, VCSC. Red dots signify SOCBs; priced on June 6, 2022.

## Historical Recommendations

Figure 18: Historical target prices (VND/share)



Source: Bloomberg, VCSC



## Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F
Interest inc.	17,427	22,364	26,772	31,624
Interest exp.	(7,481)	(9,869)	(12,688)	(15,520)
<b>Net interest inc.</b>	<b>9,946</b>	<b>12,495</b>	<b>14,083</b>	<b>16,104</b>
Net fee income	1,916	2,459	2,895	3,415
Other NOII	1,656	1,154	1,198	1,107
Total NOII	3,571	3,613	4,092	4,522
<b>Total operating inc.</b>	<b>13,517</b>	<b>16,109</b>	<b>18,176</b>	<b>20,626</b>
Non-interest exp.	(4,571)	(5,485)	(6,472)	(7,637)
Other G&A exp.	0	0	0	0
Total operating exp.	(4,571)	(5,485)	(6,472)	(7,637)
<b>PPOP</b>	<b>8,947</b>	<b>10,624</b>	<b>11,704</b>	<b>12,989</b>
Provision exp.	(2,908)	(2,081)	(2,313)	(2,430)
Other inc./exp.	0	0	0	0
<b>Pre-tax profit</b>	<b>6,038</b>	<b>8,543</b>	<b>9,391</b>	<b>10,558</b>
Taxes	(1,209)	(1,709)	(1,878)	(2,112)
<b>Net profit</b>	<b>4,829</b>	<b>6,834</b>	<b>7,513</b>	<b>8,447</b>
Minorities/pref divs	0	0	0	0
<b>Attributable profit</b>	<b>4,829</b>	<b>6,834</b>	<b>7,513</b>	<b>8,447</b>
Wt avg shares (bn)	1.459	1.582	1.582	1.582
<b>EPS (VND)</b>	<b>2,448</b>	<b>3,195</b>	<b>3,513</b>	<b>3,950</b>
DPS (VND)	0	0	0	0

RATIOS (%)	2021	2022F	2023F	2024F
<b>Growth</b>				
Loan growth	17.7	20.0	20.0	20.0
Deposit growth	20.4	15.0	18.0	17.0
TOI growth	30.4	19.2	12.8	13.5
PPOP growth	45.0	18.7	10.2	11.0
NPAT growth	37.6	41.5	9.9	12.4

<b>Asset quality</b>				
Group 2 ratio	1.47	1.47	1.47	1.47
NPL ratio	0.82	1.50	1.70	1.75
LLR	151.8	104.3	96.5	95.0
Provision exp./ loans	2.06	1.23	1.14	1.00

<b>Liquidity</b>				
CAR under Basel II	13.4	13.3	13.8	14.2
Regulated LDR	58.2	66.3	69.4	72.8

B/S (VND bn)	2021	2022F	2023F	2024F
Cash & equiv.	2,553	2,866	3,285	3,750
Bal. with SBV	18,040	13,759	16,109	18,922
Due from FIs	48,753	48,807	50,194	48,119
ST investments	63,320	75,918	83,422	91,676
Net cust. loans	139,463	166,823	200,032	239,983
HTM securities	45	44	-	-
LT investments	0	0	0	0
Fixed assets	789	867	954	1,050
Other assets	19,865	23,726	28,472	34,166
<b>Total assets</b>	<b>292,827</b>	<b>332,811</b>	<b>382,469</b>	<b>437,667</b>
Bal. from SBV	564	633	726	829
Bal. from FIs	87,016	91,367	95,935	100,732
Other funds	402	442	486	535
Cust. deposits	139,562	160,497	189,386	221,582
Other fin. int.	78	0	0	0
Valuable papers	35,405	42,486	50,134	58,656
Other liabilities	3,812	4,575	5,490	6,588
Total equity	25,988	32,811	40,312	48,746
MI	0	0	0	0
<b>Liabilities &amp; SE</b>	<b>292,827</b>	<b>332,811</b>	<b>382,469</b>	<b>437,667</b>

RATIOS (%)	2021	2022F	2023F	2024F
<b>Profitability</b>				
NIM	4.30	4.35	4.34	4.35
IEA yields	7.53	7.79	8.25	8.53
Funding costs	3.34	3.53	4.01	4.32
CIR	33.8	34.0	35.6	37.0

<b>ROE decomposition (as % avg total assets)</b>				
NII	3.99	3.99	3.94	3.93
Provisions	(1.17)	(0.67)	(0.65)	(0.59)
Post-prov. NII	2.82	3.33	3.29	3.33
Non-Interest inc.	1.43	1.16	1.14	1.10
Operating exp.	(1.83)	(1.75)	(1.81)	(1.86)
Taxes & MI	(0.48)	(0.55)	(0.53)	(0.51)
ROAA	1.93	2.18	2.10	2.06
Equity Mult. (x)	11.7	10.6	9.8	9.2
ROAE	22.6	23.2	20.5	19.0

Source: TPB, VCSC



## 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
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