VCB: Positive Q1/22 earning results

Joint Stock Commercial Bank for Foreign Trade of Vietnam (HSX: VCB) announced positive Q1/22 business results, in which:

- Credit (including corporate bonds) grew 8.0% YTD. Customer deposits grew 3.9% YTD. CASA ratio continued to improve to 36.3%.
- Total operating income reached VND16,733 billion, increased by 6.7% YoY. In which, net interest income grew by 18.8% YoY, while non-interest income decreased by 15.1% YoY because VCB recorded a portion of upfront fees from exclusive banca contract in Q1 of last year.
- Operating expenses decreased by 5.7% YoY, while provision expenses were at the same level compared to the same period of last year.
- As a result, PBT grew by 15.3% YoY, reaching VND9,950 billion.
- NPL ratio at the end of Q1/22 was at 0.81%, a slight increase compared to the end of 2021. NPL coverage ratio was high at 373%.

2021's AGM has approved the policy that VCB will restructure a weak bank in the form of compulsory taking over. However, VCB will not contribute capital and especially not be responsible for the financial liabilities of this bank during the compulsory taking over. Therefore, we assess that the compulsory taking over will not significantly negatively affect VCB. Meanwhile, the benefits in return for VCB including the relaxation of credit limits as well as the expansion of operating network will help VCB grow faster in the coming years.

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DISCLAIMER

Our Recommendation System

BUY: where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -15% to 15%.

SELL: where we believe it will be lower than -15%.

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