TCB: Q2/22 business results continued to grow well

Vietnam Technological and Commercial Joint Stock Bank (HSX: TCB) announced Q2/22's PBT of VND7,321 billion, +21.7% YoY and 7.9% QoQ. Of which:

- Net interest income grew by 18.3% YoY. Outstanding credit (including corporate bonds) grew by 7.6% YTD and 20.8% YoY. Yield on earning assets surprisingly fell 37 bps QoQ mainly due to lower lending rates. Therefore, NIM was also down 44 bps QoQ.
- Customer deposits increased by 2.2% YTD but decreased by 2.2% QoQ. The reason was that demand deposits dropped by 9.4% in Q2/22, CASA ratio dropped to 47.5% from 50.5% at the beginning of the year. Cost of funds was kept stable.
- Non-interest income grew by 23.8% YoY with the main growth drivers coming from payment and banca activities.
- Total operating income reached VND11,036 billion, +19.9% YoY. Operating expenses increased by 27.3% YoY. CIR ratio was at 29.9% - a good ratio in the industry.
- Provision expenses remained low at VND417 billion, -30.2% YoY.
- Asset quality was good and improved in Q2/22. NPL ratio was at 0.6%, slightly decrease from the beginning of the year. COVID-19 restructured loans dropped sharply, only about VND500 billion left, accounting for 0.1% of outstanding loans. NPLs and restructured loans have been fully provisioned. NPL coverage ratio stayed at 171.6 %.
- Liquidity remained stable. Loan-to-deposit ratio (LDR) was at 78.8% (regulation: maximum 85%). The ratio of short-term funding for medium and long-term loans was at 32.0% (regulation: maximum 37%). CAR ratio (Basel 2) stayed at 15.7%.
- Trailing 4 quarters, ROA and ROE reached 3.5% and 21.8%, respectively.

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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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