

STB – Q2/22 earnings results

Saigon Thuong Tin Commercial Joint Stock Bank (HSX: STB) announced Q2/22 pre-tax profit of VND 1,319 billion, down 7.4% YoY.

(Unit: VND billion)	Q2/2022	Q2/2021	+/- YoY
Net interest income	3,148	2,602	-17.3%
Non-interest income	1,598	3,527	120.7%
Total income	4,746	6,129	29.1%
Operating expenses	(2,336)	(2,606)	11.6%
Profit before provisioning & tax	2,410	3,523	46.2%
Provision expenses	(986)	(2,204)	123.5%
Profit before tax	1,424	1,319	-7.4%

Source: STB

According to STB, profit before provisioning under restructuring plan reached VND10,600 billion in 1H2022. However, provisioning to dissolve legacy assets kept the reported profit at a low level.

We estimate that STB has written off VND4,000 billion of accrued interests and made a provision of VND1,800 billion for VAMC bonds in Q2/22. Thus, STB has completed dissolving all of the legacy accrued interests and therefore, net interest income will no longer be under pressure.

The remaining legacy assets was about VND16,700 billion, -38% YTD and accounting for 3% of total assets.

Outstanding credit grew by 6.9% YTD and nearly reached the credit growth limit granted by SBV (7%). Customer deposits grew by 6.8% YTD. CASA ratio remained at a stable level of 22.6%.

NPL ratio stood at 1.27%, flat compared to the previous quarter. NPL coverage ratio continued to improve, reaching 138%.

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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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