



## Company Report: Saigon Thuong Tin Commercial Joint Stock Bank (STB)

Analyst

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### End of the restructuring journey

#### 1H2023 RESULT UPDATES

At the end of the first half of 2023, STB recorded outstanding business results compared to the sector average.

The bank's outstanding loans only increased by 5%ytd, however, the bank's interest income hiked with the sharp increase in NIM, from 3.7% at the end of Q1 to 4.2% at the end of Q2. NII increased by 121%yoy in quarter 2 and by 82%yoy in the first half of the year, reaching VND 11,588 billion.

However, non-interest income recorded a sharp decline, as a result of poor performance from both services and other activities.

During the period, the bank incurred more bad debts due to the unfavorable general market context.

The provision expense in the period dropped sharply by 35% thanks to the relief from the pressure of provisioning for VAMC debt, helping the bank's PBT in the first half of the year increase by 63% yoy, equivalent to over 50% of the bank's business plan in 2023.

#### RECOMMENDATION

The bank's business results in the first period of 2023 improved strongly thanks to the release of earning assets and more efficient lending.

Currently, it is almost certain that STB will complete the restructuring of VAMC's bad debt this year. We expect the bank's business to improve strongly in the long term.

We **reiterate** our **"Buy"** recommendation on STB with the targeted price of **VND40,000/share**, corresponding to the expected return of 30%. ([the STB initial report](#))

Recommendation:

**Buy**  
(maintained)

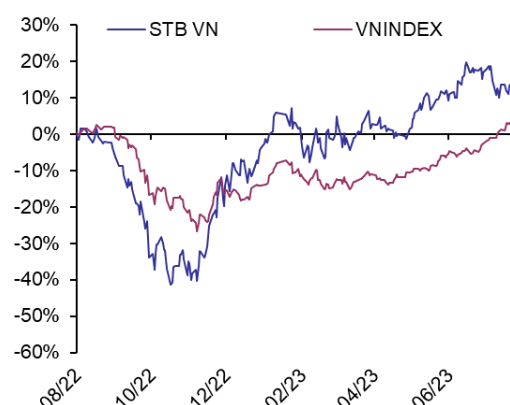
6-18m TP:

40,000

Current price:

VND30,550

#### Price performance



Price change	1 M	3 M	1Y
Abs. %	2.3%	14.0%	22.7%
Relative to VN index	8.6%	28.4%	19.8%
Avg price (VND)	29,107	28,747	24,271

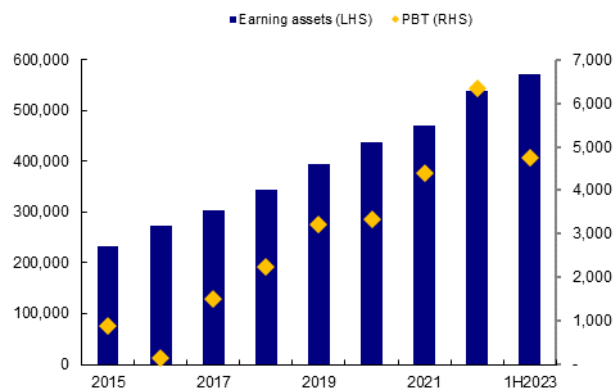
Sources: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2021A	17,704	3,411	1,630	30.61	18.17	-	-	2.63	-55.07	10.79
2022A	26,141	5,041	2,459	50.86	20.49	-	-	3.36	-41.94	13.83
2023F	28,867	7,950	4,217	71.49	24.71	-	-	4.00	-41.94	18.66
2024F	32,459	10,945	5,806	37.67	30.51	-	-	4.05	-41.94	21.03
2025F	36,835	12,718	6,746	16.20	37.26	-	-	4.20	-41.94	19.91

Shares in issue (m)	1,885.22	Major shareholder (%)	Dragon Capital	5.87%
Market cap (VND b)	58,347.43	Free float (%)		65%
3- month average vol. ('000)	19,678.18	LDR (%)		91
52w high/low (VND)	31350 / 14050	CAR (%)		9.87

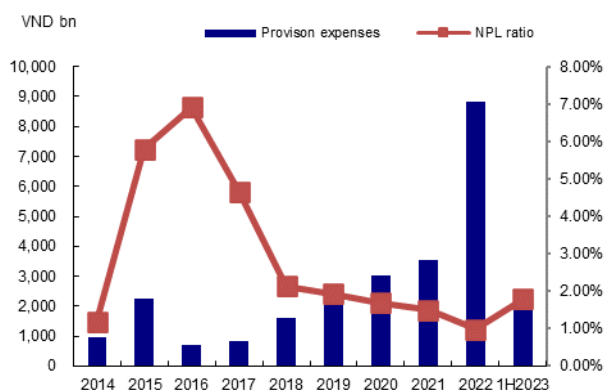
Sources: the Company, Guotai Junan (VN).

Figure-1: Earning asset and PBT



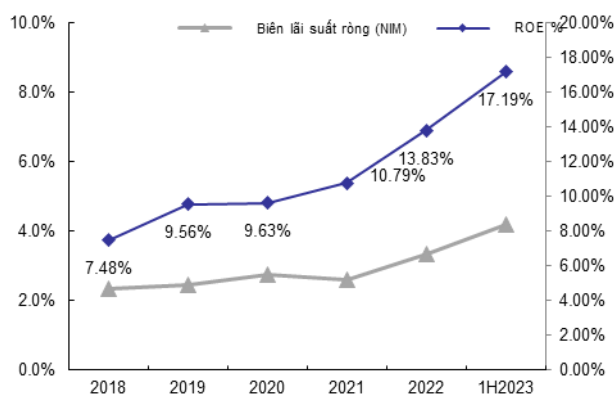
Source: STB, Guotai Junan (VN).

Figure-2: Provision expenses and NPL ratio



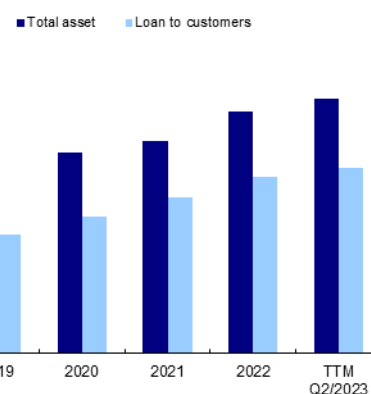
Source: STB, Guotai Junan (VN).

Figure-3: Profitability



Source: STB, Guotai Junan (VN).

Figure-4: Total asset and lending



Source: STB, Guotai Junan (VN).

PB Valuation



Sources: Bloomberg

## Financial Statements and Ratios

Financial Statement					Income Statement				
Year end Dec (VND ' bil)	2020	2021	2022	2023F	Year end Dec (VND ' bil)	2020	2021	2022	2023F
TOTAL ASSETS					Interest and Similar Income	33,588	29,691	37,391	42,907
Cash and precious metal	7,679	8,222	7,850	9,688	Interest and Similar Expenses	(22,061)	(17,726)	(20,244)	(23,150)
Loans and advances to customers, net	334,855	381,012	432,998	489,287	Net Interest Income	11,527	11,964	17,147	19,757
Investment securities	75,156	69,667	68,844	82,289	TOI	17,271	17,704	26,141	28,867
Fixed assets	8,575	8,195	7,548	6,835	Total operating expenses	(10,895)	(9,750)	(10,964)	(12,108)
Investment property	-	-	-	-	Operating Profit Before Provision for Credit Losses	6,376	7,954	15,177	16,759
Other assets	37,356	33,219	36,874	41,667	Provision for credit losses	(3,037)	(3,554)	(8,838)	(6,822)
					PBT	3,339	4,400	6,339	9,937
LIABILITIES & SHAREHOLDERS'EQUITY	492,516	521,117	591,994	668,488	PAT	2,682	3,411	5,041	7,950
TOTAL LIABILITIES	463,560	486,856	553,367	621,912	Minority interest	-	-	-	-
Due to Gov and Loans from SBV	144	523	9,901	11,188	Attributable to parent company	2,682	3,411	5,041	7,950
Deposits & Loans from other credit institutions	7,880	15,229	28,430	32,126	EPS	1,248	1,630	2,459	4,217
Deposits from customers	427,972	427,387	454,740	513,857	Financial Ratio				
Funds received from Gov, international and other institutions	229	279	240	271		2018	2019	2020	2021F
Valuable papers	11,144	21,104	25,820	25,820	NIM (Net Interest Margin)	2.63%	3.36%	3.41%	4.00%
Other liabilities	16,191	22,226	34,235	38,650	Output average interest rate	6.52%	7.33%	7.40%	7.40%
SHAREHOLDERS'EQUITY	28,956	34,261	38,627	46,576	Input average interest rate	-3.89%	-4.12%	-4.20%	-4.20%
Capital and fund	28,956	34,261	38,627	46,576	Earnings Spread	2.63%	3.22%	3.20%	3.20%
Retained earnings	7,304	9,907	13,972	20,992	Interest expense/Interest income	-59.70%	-54.14%	-53.95%	-53.94%
Minority interest	-	-	-	-	Net Serving Fee Margin (NSFM)	0.95%	1.02%	1.05%	1.05%
LIABILITIES & SHAREHOLDERS'EQUITY	492,516	521,117	591,994	668,488	Servicing fee expense/Servicing fee income	-32.47%	-37.65%	-37.65%	-37.65%
					NNIM (Net Non-Interest Margin)	1.26%	1.76%	1.57%	1.57%
					EBT to Interest Income ratio	14.82%	16.95%	23.16%	28.36%
					CIR (Cost-to-Income) ratio	-55.07%	-41.94%	-41.94%	-41.94%
					Asset Management	0.00%	0.00%	0.00%	0.00%
					LDR (Loan-to-Deposit) ratio Market 1	90.77%	96.46%	96.46%	96.46%
					LDR (Loan-to-Deposit) ratio Market 2	149.81%	100.98%	73.45%	74.53%
					ROA	0.67%	0.91%	1.26%	1.54%
					ROE	10.79%	13.83%	18.66%	21.03%

Source: the Company, Guotai Junan (VN).

### COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

### SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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Sacombank (STB)

Company Report