

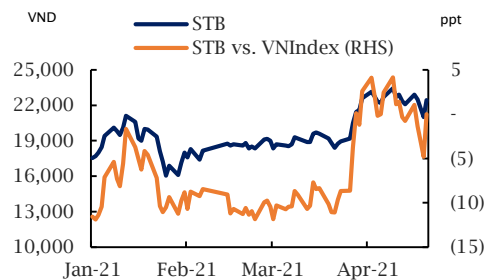
Sacombank [STB VN]

26 April 2021

HOLD-Underperform

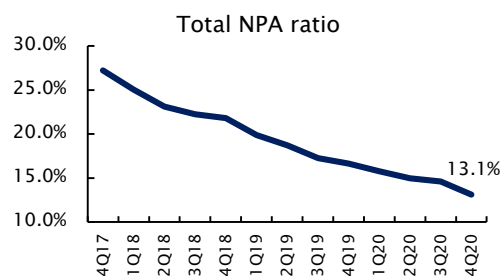
TP upside/(downside) -25%

Close 23 April 2021

Price VND 22,450
12M Target VND 16,790


Market cap	US\$1.8 bn
6M avg. daily turnover	US\$25 mn
Outstanding shares	1,804mn
Free float	95%
FINI ownership	10.5%
Major shareholders	10.8%
2021E Asset/equity (x)	16.7
2021E P/E (x)	13.5
2021E P/B (x)	1.3
FOL remaining room	13%
Dividend yield (%)	0.0%

Source: FiinPro, Yuanta Vietnam



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AGM Takeaways

We attended STB's AGM on Apr 23, 2021. Dividend payment and NPA handling progress were again the key points of discussion.

STB targets 2021E PBT of VND4.0 tn (+20% YoY) vs. our forecast of VND4.5 tn (+35% YoY). 1Q21 PBT fulfilled 25% of the bank's target 22% of our forecast.

STB is targeting credit growth of 9% YoY in 2021E (vs our forecast of 13%), asset growth of 8% YoY (in line with our forecast), deposit growth of 9% YoY (vs our forecast of 12%), and an NPL ratio of below 2.00% (vs. our forecast of 1.85%).

In 2020, STB successfully auctioned off VND15.2 tn in NPAs (from which it collected VND8.2 tn). In total, STB collected VND46.5 tn (9.4% of STB 2020A assets) since the beginning of the restructuring period in 2017, completing 54% of the plan.

Dividends are still off the table. Dividend was once again a key discussion at the AGM, and the bank has asked for SBV approval to pay a stock dividend. However, that request is still under review.

Management said the bank will auction STB's shares at VAMC upon approval by the authorities, probably in 2022. The auction price will start at about VND33,000–34,000/share. VAMC, which has beneficial ownership of 32.5% of STB (this is related to the ex-chairman), is the bank's largest shareholder.

Total CAR was 9.5%, which is above the Basel II requirement of 8.0%. LDR was 75.7% vs. the SBV's cap of 85%, and short-term funding used for medium to long-term loans was 27.2% vs. the SBV's cap of 40%.

Our view

We believe that credit growth will be higher in 2021 due to the economic recovery. Our credit growth forecast for STB is 13% YoY, which is far above the bank's target of 9%. For 1Q21 alone, STB's credit growth was 5.8%, which is 64% of the bank's full-year target.

Our 2021E PBT forecast of VND4.5 tn (+35% YoY) is 12% above the bank's target, largely based on high credit growth forecast and positive progress from NPA handling.

Total NPA ratio (including VAMC bonds, accrued interest, receivable, and categories 3–5 NPLs) **was 13.1% as at 4Q20 (–1.5ppt QoQ/–3.5ppt YoY).** The bank has not disclosed its 1Q21 financial statements; however, we expect the total NPA ratio to keep falling.

Maintain HOLD–Underperform. STB trades at 1.3x 2021E P/BV with 2021E ROE of only 10%. We continue to view STB as [a turnaround story for the long haul](#), as outlined in our initiation. However, the current valuation is arguably a stretch given the substantial nonperforming assets that still remain to be resolved and the bank's relatively low 2021E ROE.

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