

**Sacombank [STB VN]**

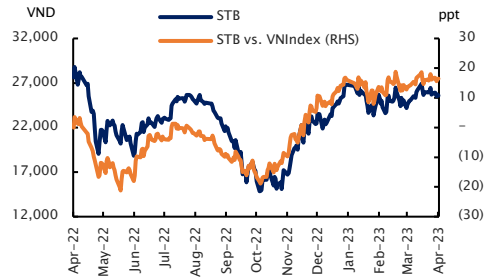
**25 April 2023**

**BUY**

**TP upside/(downside) +13%**

**Close 24 April 2023**

Price VND 25,550  
12M Target VND 28,860



|                          |            |
|--------------------------|------------|
| Market cap               | US\$2.1 bn |
| 6M avg. daily turnover   | US\$21 mn  |
| Outstanding shares       | 1,885mn    |
| Free float               | 100%       |
| FINI ownership           | 25.7%      |
| Major shareholders       | 6.5%       |
| 2023E Asset/equity (x)   | 15.7       |
| 2023E P/E (x)            | 11.5       |
| 2023E P/B (x)            | 1.1        |
| FOL remaining room       | 4.3%       |
| 2023E Dividend yield (%) | 0.0%       |

Source: FiinPro, Yuanta Vietnam

| STB's 2023E Plans    | 2023E   | % YoY |
|----------------------|---------|-------|
| Assets (VND bn)      | 657,800 | +11%  |
| Credits (*) (VND bn) | 491,600 | +12%  |
| Deposits (VND bn)    | 574,600 | +11%  |
| PBT                  | 9,500   | +50%  |
| NPL ratio            | <2%     |       |

(\*) This will be higher subject to SBV's approval

Source: Company Data

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**Sacombank – Annual General Meeting**

We attended STB's AGM on Apr 25. Dividend payment and NPA handling progress were once again the key areas of discussion.

**Details**

**STB targets 2023E PBT of VND9.5 tn (+50% YoY).** 1Q23 PBT was VND2.4 tn (+50% YoY), fulfilling 25% of the bank's target and 38% of our forecast.

**STB targets credit growth of 12% YoY in 2023E,** asset growth of 11% YoY, deposit growth of 11% YoY, and an NPL ratio of below 2.0%. In 1Q23, credit growth was slightly above 2% YTD.

**Provisioning.** STB plans another VND8tn of provisioning for VAMC bonds to fully provision for legacy assets in 2023. In 1Q23, the bank provisioned VND2.1tn for VAMC bonds.

**Dividends remain off the table.** Dividends were once again a key area of discussion at the AGM. The bank has requested SBV's approval to pay out dividends but is unable to do so until it completes its restructuring.

**Management has stated the bank will auction its shares held by VAMC** (which currently holds a beneficial ownership of 32.5% of STB – this is related to the ex-vice chairman). Depending on the timing of approval by the authorities, this is likely to occur by the end of 2023. Resolving this issue is crucial for the bank to complete its restructuring and subsequently pay dividends to shareholders.

**Asset divestment is also part of the restructuring.** The bank also expects to complete the auction of Phong Phu Industrial in 2023.

**Total CAR was 9.5%** in 2022, above the Basel II requirement of 8.0%. LDR was 83.7% vs. the SBV's cap of 85.0%. Short-term funding used for medium to long-term loans was 23.7% vs. the SBV's cap of 34.0%.

**Our view**

**STB might receive a higher credit growth quota** once its restructuring period has come to an end. This, coupled with potential provisioning reversals, should help boost earnings in 2023E.

**We estimate that STB's total net NPA ratio was 3.1% at 4Q22 (-20bps QoQ/-2.3ppt YoY).** The NPL ratio decreased to 0.93%, while the bank continued to strengthen its provisioning reserve buffers with an increased LLR ratio.

**STB** trades at 1.1x 2023E P/B, in line with the sector median. We maintain our BUY recommendation.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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