

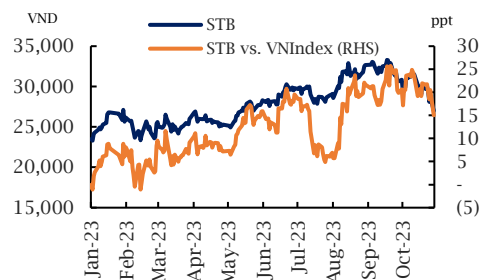
HOLD-Underperform

TP upside (downside): **+24%**

Close 30 Oct 2023

Price VND 27,000
12M Target VND 33,575

Share price performance relative to VNI



Source: Bloomberg

Market cap	US\$2.2 bn
6M avg. daily turnover	US\$25 mn
Outstanding shares	1,885mn
Free float	67.5%
FINI ownership	23.5%
Major shareholders	4.1%
2024E Asset/equity (x)	14x
2024E P/E (x)	4.1x
2024E P/B (x)	0.9x
FOL remaining room	6.5%
2024E Dividend yield (%)	0.0%

Source: FiinPro, Yuanta Vietnam

STB's 3Q23 Results	3Q23	% QoQ	% YoY
NII (VND bn)	4,851	-16%	-16%
Net Fee Inc. (VND bn)	720	10%	-30%
Other non-II (VND bn)	326	23%	48%
Adj. TOI (VND bn)	5,897	-12%	-16%
Opex (VND bn)	3,015	-1%	-3%
Provision (VND bn)	827	-37%	-66%
PATMI (VND bn)	1,635	-15%	35%
NPL (%)	2.20%	41bps	1.3ppt
LLR (%)	64%	-13ppt	-89ppt
CASA (%)	17.3%	30bps	-4.1ppt

Source: Company Data, Yuanta Vietnam

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn

Bloomberg code: YUTA

Sacombank (STB VN)

Focus on asset quality

STB reported 3Q23 PATMI of VND1.6 tn (-15% QoQ/ but +35% YoY), fulfilling 72% of our 2023E forecast. The YoY increase was driven primarily by lower provisioning.

Details

Credit increased by +7.6% YTD, and deposits increased by +11.3% YTD as at 3Q23.

Net interest income decreased by -16% both QoQ and YoY to VND4.9 tn in 3Q23, which was the key earnings drag QoQ. 9M23 net interest income jumped by +48% YoY to VND16.4 tn. We estimate 3Q23 annualized NIM on total assets declined by -73bps QoQ/-1.1ppt YoY to 3.05%.

3Q23 net fee income was VND720 bn (+10% QoQ/ but -30% YoY).

3Q23 opex was VND3.0 tn (-1% QoQ/-3% YoY). 9M23 opex increased by +14% YoY to VND9.5 tn. We estimate adj. CIR (excluding net other incomes) was 49% (-2ppt YoY).

Provisioning dropped by -37% QoQ/-66% YoY to VND827 bn in 3Q23, which was the key earnings driver. 9M23 provisioning declined by -43% YoY to VND3.1 tn.

Net other income was only VND30 bn (-54% QoQ/-27% YoY) in 3Q23. NPL recoveries are now shifting downward partly as the legacy restructuring approaches completion.

NPL ratio jumped to 2.20% (+41bps QoQ/+1.3ppt YoY) in 3Q23. Aggregate NPLs surged by +26% QoQ/+174% YoY to reach VND10.4 tn. LLR ratio fell to 64% (-13ppt QoQ/-89ppt YoY).

CASA ratio was 17.3% (+30bps QoQ/ but -4.1ppt YoY) as at 3Q23.

Our view

The earnings quality in the 3Q23 is low, as it mainly came from reduced provisioning, while witnessing a substantial decline in net interest income. Similar to other banks, we expect that STB's 4Q23 earnings will be driven largely by higher net interest income.

We continue to expect the resolution of legacy assets to support NIM as capital is freed up and shifted into interest-earnings assets.

However, asset quality continues to turn south. Rising NPLs, which are not legacy assets, and decreasing LLR ratio are concerns. Thus, we see less room for STB to further lower provisioning significantly to boost earnings in 4Q23.

STB trades at 0.9x 2024E P/B, in line with the sector median, and we maintain HOLD-UPF recommendation. However, it's worth noting that the stock price has declined by -18% since our lastest company update, and it now offers an opportunity for potential gains.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2023 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

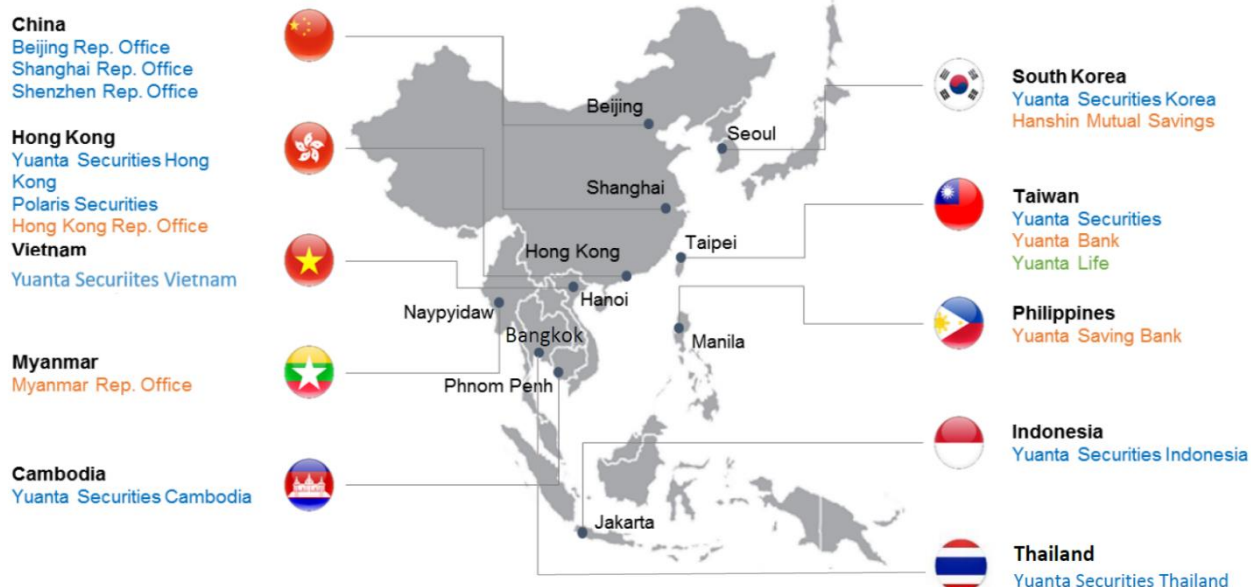
Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK

YUANTA SECURITIES VIETNAM OFFICE



Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

lawrence.heavey@yuanta.com.vn

Dat Bui

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

dat.bui@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Anh Nguyen

Sales Trader Supervisor

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

vi.truong@yuanta.com.vn