

13/01/2025

RECOMMENDATION OVERWEIGHT

Fair price	38,800
Current price	35,300
Upside/downside	10%

STOCK INFORMATION

Outstanding shares (mil)	1,885
Free float (mil)	1,885
Market cap. (VND billion)	68,339
3m avg. volume (shares)	13,930
Foreign ownership (%)	23.84%
First listing date	12/07/2006

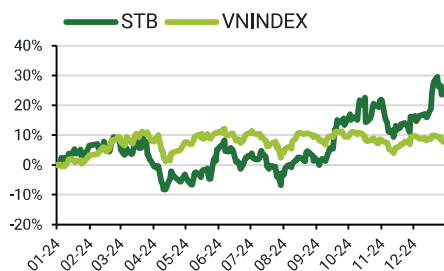
SHAREHOLDER STRUCTURE

PYN Elite Fund	5.21%
Duong Cong Minh	3.32%
CTBC Vietnam Equity Fund	2.28%
Other	89.2%

IMPORTANT ASPECTS

TTM EPS (VND)	4,641
BVPS (VND)	27,201
Debt/Equity (%)	12.7%
ROA (%)	1.26%
ROE (%)	20%
P/E	7.9
P/B	1.3
Dividend yield (%)	0%

STOCK PRICE FLUCTUATIONS



COMPANY PROFILE

Saigon Thuong Tin Commercial Joint Stock Bank (STB) was established in 1991 on the basis of merging Go Vap Economic Development Bank with 03 credit cooperatives: Tan Binh, Thanh Cong and Lu Gia. STB is the pioneer Vietnamese bank to receive entrusted capital, funding and technical support from international financial organizations IFC, ADB, Proparco, FMO and is the first bank to build and put into operation a modern Data Center meeting international standards.

ANALYST(S)

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PRICE POTENTIAL FROM TREASURY SHARE AUCTION

- After finishing the restructuring, the improvement in Non-Interest activities and credit activities created favourable growth in Net Profit in 2024. So, this brings STB be one of the banks with highest ROE in the industry.
- We expect the recovery of the economy and the retail market, along with good profits from handling NPLs would contribute positively to business results of STB in 2025. In addition, the readiness to auction 32.5% of treasury shares this year would generate potential profits to STB.
- PHS determines the fair price for STB to be VND 38,800/share (upside 10% compared to the current price), corresponding to a 2025 P/B of 1.1x, and recommends OVERWEIGHT for STB.

Business results

Outstanding profits after restructuring. In Q4 2024, STB witnessed a remarkable growth in business results with expected Net profit to be VND 4,600 billion (+68%YoY). For the whole year of 2024, Net profit is expected at VND 12,694 billion (+32%YoY), which is the all time high, equivalent to 120% of the annual plan and 108% of PHS's projection. Hence, ROE is 20.23%, while ROA was 1.46%, among the leading banks in the industry. This success was thanks to good credit growth, while Non-Interest Income from the sale of NPLs related to Phong Phu Industrial Park and reduced Provision expense for credit losses.

Good credit growth. By the end of 2024, Total Assets was over USD 29 billion (+7%YTD). Meanwhile, capital mobilization and outstanding credit are both expected to increase by 12%YoY to VND 649 trillion and VND 542 trillion, respectively. This was also the highest credit growth in the 3 years from 2022-2024. Deposit structure of STB focuses mainly on individual customers, accounting for 82% of Gross Loans, supporting the bank to have a sustainable source of mobilization and easily attract deposits to support credit growth. STB has a fairly diversified loan portfolio, thereby assisting the bank to minimize credit concentration risks.

Non-Interest Income from restructuring activities would support profit growth, along with the plan to offer treasury shares to increase capital capacity and expand business operations and asset size in the future.

(1) To finish the restructuring project started in 2016, STB successfully auctioned Phong Phu Industrial Park and collected 20% of the total auction value. STB would record an additional 40% in 2025 and would continue to receive an additional 40% in 2026, according to the progress of completing legal documents. The receivables in 2025 are projected at VND 3,174 bn.

(2) Potential profit from the liquidation of assets securing NPLs at VAMC, which is the 32.5% of charter capital. STB has submitted to the SBV a plan to auction the treasury shares. The bank said that the NPLs at VAMC is worth about VND 10,000 billion. STB has submitted the plan on treasure share auction to the SBV and plans to finish in 2025. We expect that when the process of streamlining the apparatus is completed in 2025, the existing records could be expedited, which allows the approval process to be faster. But there is still a risk that the placement may be extended to 2026 as the implementation process could take longer than expected.