

14 Oct 2020

Sai Gon Bank (SGB)

Pre-listing brief

Overview

Sai Gon Bank for Industry and Trade (Saigonbank) is a small commercial bank with total assets of VND21tn in June 2020. It focuses on retail market with key clients, including individual and household businesses, account for 72% of loan books. The bank's distribution network comprises one head office in Ho Chi Minh city, 33 branches, 55 transaction offices and one card center as of June 2020.

Financial highlights

SGB 1H20 NP skyrocketed by 42% yoy to VND100bn since credit provision was insignificant at VND6bn vs. VND44bn in 1H19. Given that, SGB fulfilled 96% of 2020 NP target.

Its loan book trimmed by 2.8% ytd to VND14.2tn while NPL ratio rose to 2.3% from 1.9% as of 2019-end. Net VAMC bonds was VND590bn, which implies a real NPL ratio of around 7.2%. NPL coverage ratio was small at 35% on reported NPLs and 26% on real NPLs. On the other hand, its Basel CAR was outstanding at 16.9%.

Most interesting item is property

Former Saigonbank was established at the very first stage of "Vietnam Doi Moi reforms" in July 1987 by HCM's government. Given that historical advantages, SGB owns many valuable properties at "diamond locations" in CBD HCM where are the bank's existing head office and branches.

SGB has a condensed ownership structure despite of massive divestments of CTG and VCB two years ago. Four major shareholders which comprise HCM Municipal Party Committee and its three subsidiaries, occupy 65.25% of SGB's stake at present.

	2016A	2017A	2018A	2019A	1H20
TOI (VND bn)	735	755	845	865	374
chg. (% YoY)	4.9	2.7	12.0	2.3	5.9
PPE (VND bn)	310	353	396	378	132
Net profit (VND bn)	139	55	42	145	100
EPS (adj. VND)	453	177	135	470	565
BVPS (VND)	11,412	11,095	11,152	11,562	11,893
NIM (%)	4.7	4.2	3.9	3.9	3.2
ROE (%)	4.0	1.6	1.2	4.1	4.8
ROA (%)	0.8	0.3	0.2	0.7	0.8

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

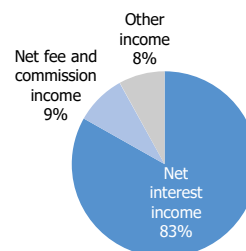
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Stock Data

	Sai Gon Bank for Industry and Trade
Company name	Sai Gon Bank for Industry and Trade
Ticker	SGB
Scheduled listing day	10/15/2020
Reference price (VND)	25,800
Sector	Bank
Sub-sector	Commercial bank
Paid-in capital (VND bn)	3,080
Listed shares	308,000,000
Outstanding shares	308,000,000
Major shareholders (%)	
HCM Municipal Party Committee	18.2
Phu Nhuan Construction And Housing Trading Co., Ltd	16.6
Ky Hoa Co., Ltd	16.4
Saigon Petroleum Co., Ltd	14.1

Source: Fiinpro, Company data

Revenue structure 1H20

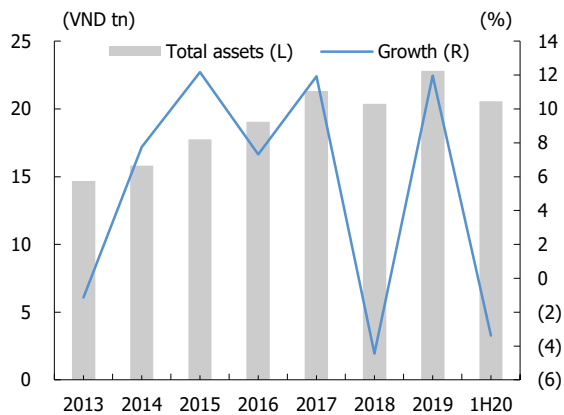


Source: Company data

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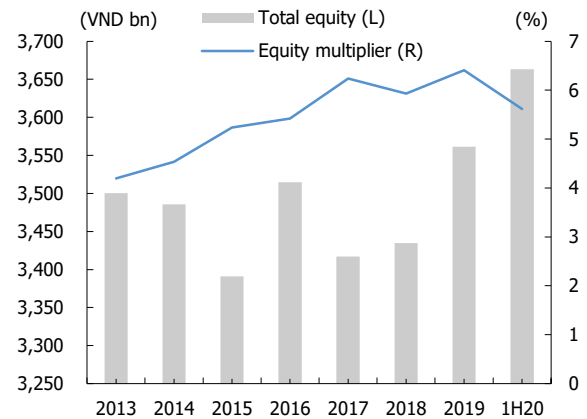
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Figure 1. SGB total assets



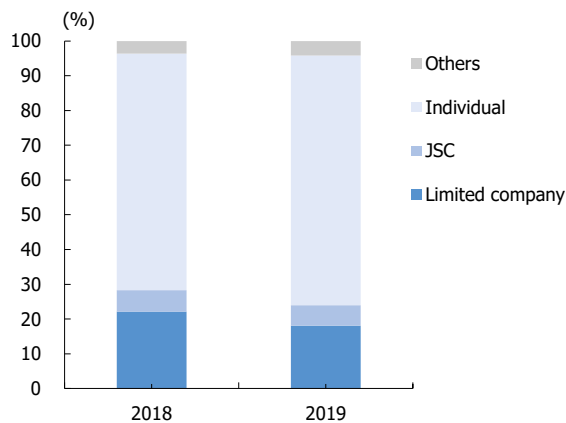
Source: Company data, KIS

Figure 2. SGB total equity



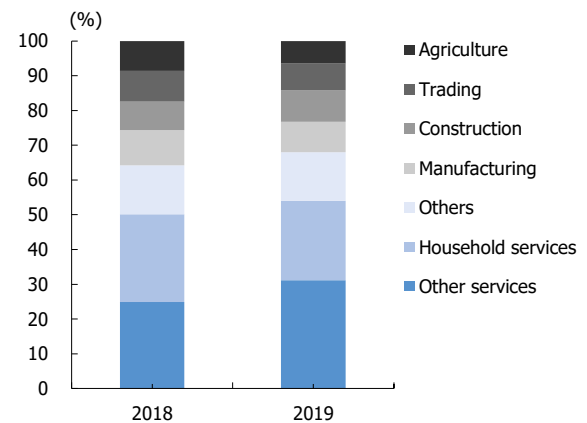
Source: Company data, KIS

Figure 3. SGB loans by customer types



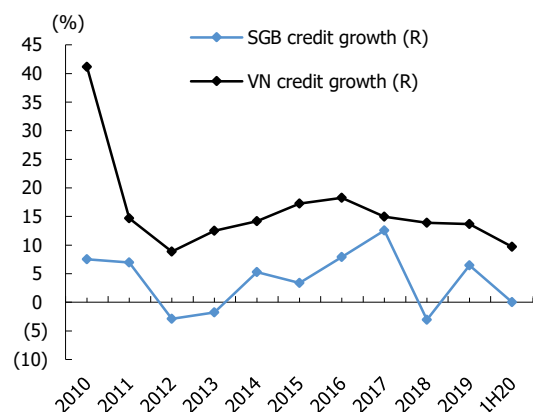
Source: Company data, KIS

Figure 4. SGB loans by sectors



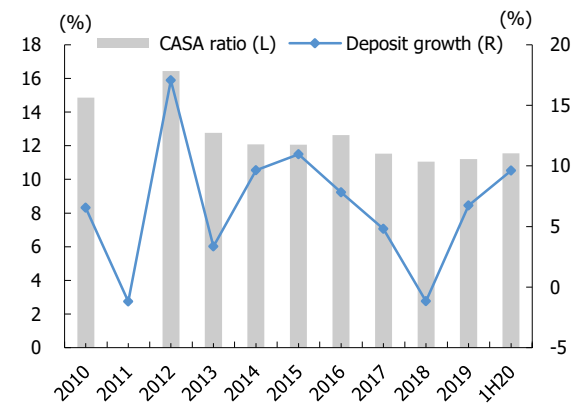
Source: Company data, KIS

Figure 5. SGB credit growth



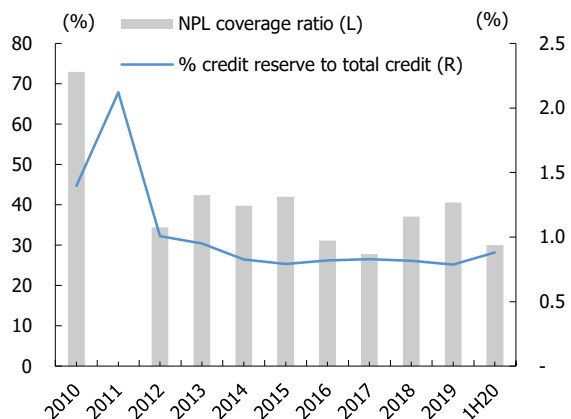
Source: Company data, KIS

Figure 6. SGB deposit growth



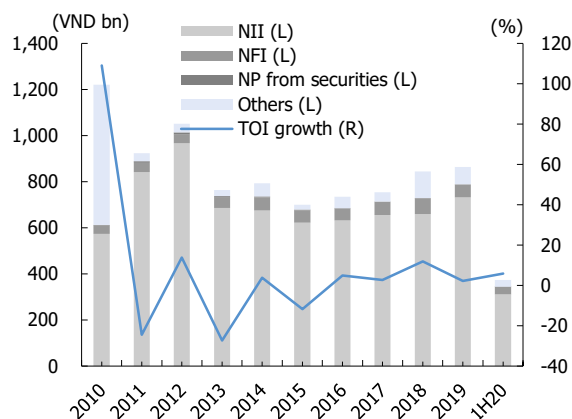
Source: Company data, KIS

Figure 7. SGB bad debts coverage



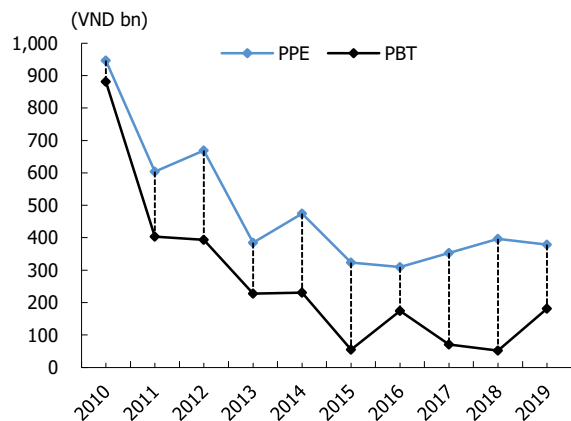
Source: Company data, KIS

Figure 8. SGB TOI breakdown



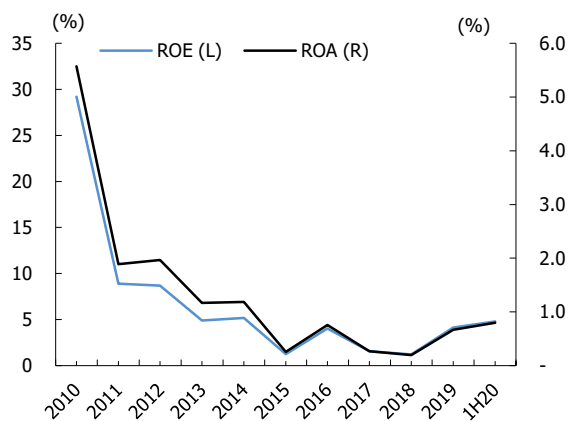
Source: Company data, KIS

Figure 9. SGB PPE and PBT



Source: Company data, KIS

Figure 10. SGB ROE and ROA



Source: Company data, KIS

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