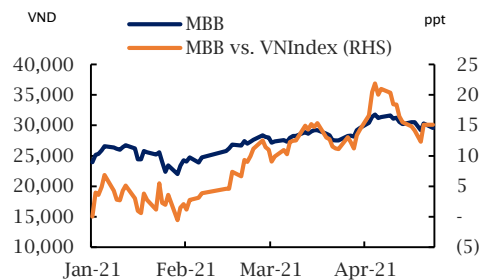


**MB Bank [MBB VN]**
**27 April 2021**
**BUY**
**TP upside/(downside) +16%**
**Close 26 Apr 2021**
**Price VND 29,600**  
**12M Target VND 34,230**


<b>Market cap</b>	<b>US\$3.6 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$21 mn</b>
<b>Outstanding shares</b>	<b>2,799 mn</b>
<b>Free float</b>	<b>60%</b>
<b>FINI ownership</b>	<b>22.9%</b>
<b>Major shareholders</b>	<b>61.8%</b>
<b>2021E Asset/equity (x)</b>	<b>10.1</b>
<b>2021E P/E (x)</b>	<b>7.5</b>
<b>2021E P/B (x)</b>	<b>1.4</b>
<b>FOL remaining room</b>	<b>0.4%</b>
<b>2021E Dividend yield (%)</b>	<b>2.0%</b>

Source: FiinPro, Yuanta Vietnam

Assumption on NPL category of VND2.0 tn restructured loans	Required provision for VND2.0 tn (VND bn)	Total required provision (VND bn)	Current provision as at 1Q21 (VND bn)	Additional required provision over 3 years (VND bn)
Cat. 3	400	2,674	3,037	0
Cat. 4	1,000	3,274	3,037	237
Cat. 5	2,000	4,274	3,037	1,237

Source: Yuanta Vietnam

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**Annual General Meeting Takeaways**
[MBB](#) held its annual general meeting (AGM) on Apr 27.

**Key Takeaways**

**MBB targets 2021E PBT of VND13.2 tn (+23% YoY).** 1Q21 PBT reached VND4.6 tn, completing 35% of the bank's full-year target and 32% of our estimate.

**The bank targets credit growth** at about 11.0% YoY in line with the SBV's credit growth room for MBB (vs our forecast of 15.6%). The bank believes that it will achieve higher credit growth of about 15–17% subject to the SBV's approval. In the first quarter, loan growth reached about 8.6%.

**Raising capital.** MBB plans to raise charter capital to VND38.7 tn from VND28.0 tn via stock dividend payment (VND9.8 tn), new shares issuance to strategic investor Viettel via private placement (VND0.7 tn), and ESOP (VND0.2 tn).

**NPL ratio target** is below 1.50% vs. our forecast of 1.00%. 1Q20 NPL was 1.29% (+20bps YTD).

**Total restructured loans** as at 1Q21 was VND2.0 tn (vs. VND9.0 at the beginning of 2020), or 0.6% of 1Q21 loans (3.0% of 4Q20 loans).

**The bank targets** to attract 3 to 5 million new customers this year. MBB reports 1 million new customers in the first quarter.

**Our view**

**Our 2021E PBT forecast** of VND14.3 tn (+34% YoY) as outlined in [our most recent update in Mar 2021](#) is 8% higher than guidance. However, we believe that our profit target for MBB is achievable given the potential higher-than-guidance credit growth.

**The impact of the Circular 03/2021/TT-NHNN is insignificant.** Assuming that VND2.0 tn restructured loans as at 1Q21 falls into cat. 4 NPLs, then MBB needs to provide additional provisions of only VND237 bn (0.1% of 1Q21 total loans) over 3 years. Please see the table in the left margin column for details on different scenarios.

**"King of CASA" is no longer MBB's title.** MBB's CASA ratio was 36.9% as at 1Q21, which is lower than TCB's 44.2%.

**Reiterate BUY.** The stock trades at 1.4x 2021E P/BV vs. the sector median of 1.6x. Our expected 2021E ROE for MBB of 20% is 2ppt higher than the consensus expectation of 18% ROE this year. Our fair value-based target price of VND34,230 implies 18% total shareholder return, and we maintain our BUY rating.

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

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