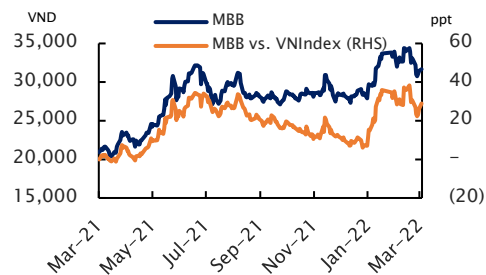


BUY

TP upside/(downside) +40%

Close 25 Apr 2022

Price VND 28,100
12M Target VND 39,350



Market cap	US\$4.6 bn
6M avg. daily turnover	US\$22 mn
Outstanding shares	3,778 mn
Free float	55%
FINI ownership	23.2%
Major shareholders	62.2%
2022E Asset/Equity (*)	8.0x
2022E P/E (*)	6.8x
2022E P/B (*)	1.3x
FOL Remaining Room	0.0%
2022E Dividend yield (*)	0.0%

Source: FiinPro, Yuanta Vietnam

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn

Bloomberg code: YUTA

Annual General Meeting Takeaways

MBB held its annual general meeting, at which business targets for 2022 and the takeover of a weak bank were key topics of discussion.

Key Takeaways

MBB targets 2022E PBT of VND20.3 tn (+23 YoY). The bank set credit growth at 16% YoY (vs our forecast of 18% YoY).

MBB plans to increase charter capital to VND46.9 tn (+24% vs. 2021). Accordingly, MBB plans issue 756 mn shares (20% of the shares outstanding) as a stock dividend. The bank will also issue 70 mn shares to Viettel and 19.2 mn ESOP shares. In addition, MBB will issue 65 mn shares via private placement in 2022–2023.

MBB plans to take over and restructure a weak bank. The acquisition will enable increased growth rates of assets, credit, and branch networks by 1.5–2x. Management expects the restructuring of the acquired asset to take about 8 years. MBB can then choose to consolidate the weak bank, sell it to another institution, or divest it via an IPO.

Outstanding loans for real estate are below 10% of total loans, and corporate bonds related to the real estate sector account for 3.98% of total credit, according to management.

Restructured loans related to COVID-19 account for 1.68% of the total loans. The bank targets to resolve 95–99% of these restructured loans; MBB says that it has resolved 80–85% already, but whether this is reflected in the 1.68% figure quoted above is unclear.

Our view

We expect MBB to receive an increased credit growth quota from the SBV. Digitization will continue to help improve the CASA ratio and cost efficiency, which will help MBB’s earnings in 2022 and beyond.

Asset quality remains strong with a relatively low NPL ratio and high LLR ratio. Again, we believe that the bank’s high LLR ratio allows it the flexibility to lower provisioning and to boost future earnings.

We are positive on the acquisition. MBB will have economic exposure to the acquired bank but will not have to consolidate this troubled institution into its own financial statements. Therefore, the acquisition will not impair MBB’s growth-related KPIs as reported to the SBV, such as NPLs, CAR, and LDR. As such, the acquisition is likely to be accretive, assuming (as we do) an effective restructuring under MBB management.

Relative valuation is attractive. **MBB** offers superior operational quality but trades at 1.3x 2022E P/B vs. the sector median of 1.4x. Thus, we reiterate our BUY recommendation and expect +40% 12-month TSR.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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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)

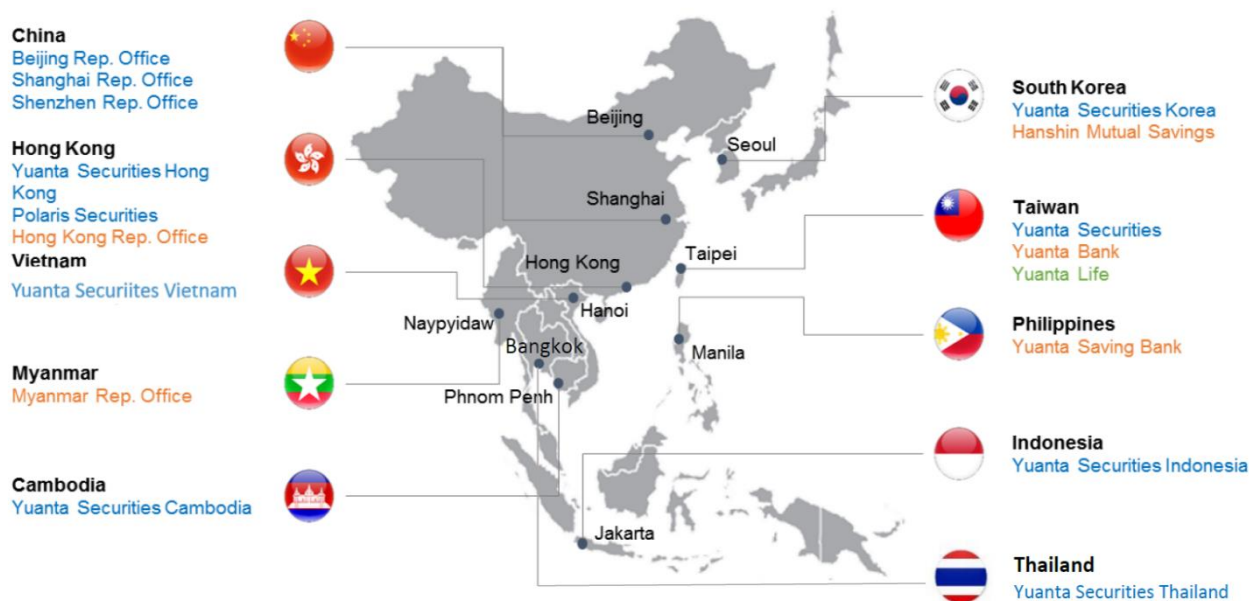
Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

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

Assistant Analyst

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

di.luu@yuanta.com.vn

Institutional Sales

Anh Nguyen

Sales Trader Supervisor

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

anh.nguyen2@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

Trung Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3890)

trung.nguyen1@yuanta.com.vn

Vi Truong

Sales Trader

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

vi.truong@yuanta.com.vn