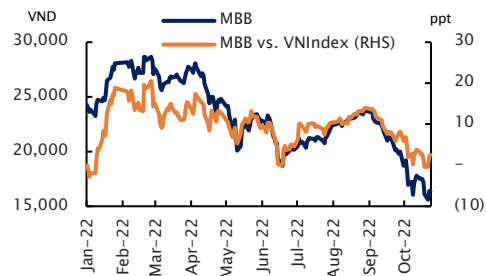


BUY
TP upside (downside) +87%
Close 27 Oct 2022
Price VND 17,500
12M Target VND 32,792

Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$3.2 bn
6M avg. daily turnover	US\$9.9 mn
Outstanding shares	4,534 mn
Free float	55%
FINI ownership	23.2%
Major shareholders	62.2%
2022E Asset/Equity (*)	8.0x
2022E P/E (*)	4.8x
2022E P/B (*)	1.0x
FOL Remaining Room	0.0%
2022E Dividend yield (*)	0.0%

Source: FiinPro, (*) Yuanta Vietnam

MBB's 3Q22 Results	3Q22	% QoQ	% YoY
NII (VND bn)	9,039	+1%	+39%
Net Fee Inc.(VND bn)	784	-22%	-15%
Other non-II (VND bn)	578	-14%	-25%
Adj. TOI (VND bn)	10,401	-2%	+27%
Opex (VND bn)	3,729	-3%	+23%
Provision (VND bn)	962	-30%	-46%
PATMI (VND bn)	4,879	+6%	+61%
NPL ratio (%)	1.04%	-16bps	+9bps
LLR ratio (%)	208%	-14ppt	-25ppt
CASA ratio (%)	42.4%	-3ppt	+70bps

Source: Company Data, Yuanta Vietnam

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Military Bank (MBB VN)

Lower provisioning boost earnings

MBB reported 3Q22 PATMI of VND4.9 tn (+6% QoQ/+61% YoY), largely driven by higher net interest income and lower provisioning. 9M22 PATMI reached VND14 tn (+53% YoY), fulfilling 90% of our full-year forecast.

Details

Loan increased 17% YTD in 9M22.

3Q22 net interest income was VND9.0 tn (+1% QoQ/+39% YoY). 9M22 net interest income was VND26.4 tn (+39% YoY).

3Q22 NIM was 5.5% (+1bps QoQ/+67bps YoY), on our calculations.

3Q22 net fee income was VND784 bn (-22% QoQ/-15% YoY). 9M22 net fee income was VND2.9 tn (-4% YoY). The drop was due to insurance revenues. We are inquiring to determine if this is purely banca commissions or also consolidates the insurance subsidiary.

3Q22 FX trading gains reached VND402 bn (-15% QoQ/ +13% YoY), and **securities trading/investment** posted a gain of VND171 bn (+105% QoQ/ but -58% YoY).

Other income (mostly loan loss recoveries) **was VND585 bn (+3% QoQ/+20% YoY)**.

Opex was VND3.7 tn (-3% QoQ/ but +23% YoY) in 3Q22. Total opex was VND11.2 tn (+25% YoY) in 9M22.

3Q22 provisioning cost was VND962 bn (-30% QoQ/-46% YoY), which was the key earnings driver for the quarter. In 9M22, MBB's provisioning was VND4.5 tn (-26% YoY).

We estimate LLR ratio of 208% (-14ppt QoQ/-25ppt YoY) in 3Q22. MBB's 3Q22 NPL ratio was 1.04% (-16bps QoQ/+9bps YoY).

CASA ratio declined to 42.4% as at 3Q22 (-3ppt QoQ/ +70bps YoY).

Our view

We expect high credit growth and lower provisioning to continue drive MBB's earnings in 4Q22.

Asset quality remains strong with a relatively low NPL ratio. LLR ratio decreased but we believe that MBB's LLR ratio is still among the highest in the sector, and it should allow for the flexibility to reduce or even reverse provisioning going forward to boost future earnings.

CASA ratio decreased but it is still among the sector's highest. The funding franchise is a critical advantage amidst monetary tightening.

Valuation is very attractive. [MBB](#) offers superior operational quality but trades at 1.0x 2022E P/B, in line with the sector median. Thus, we reiterate our BUY recommendation.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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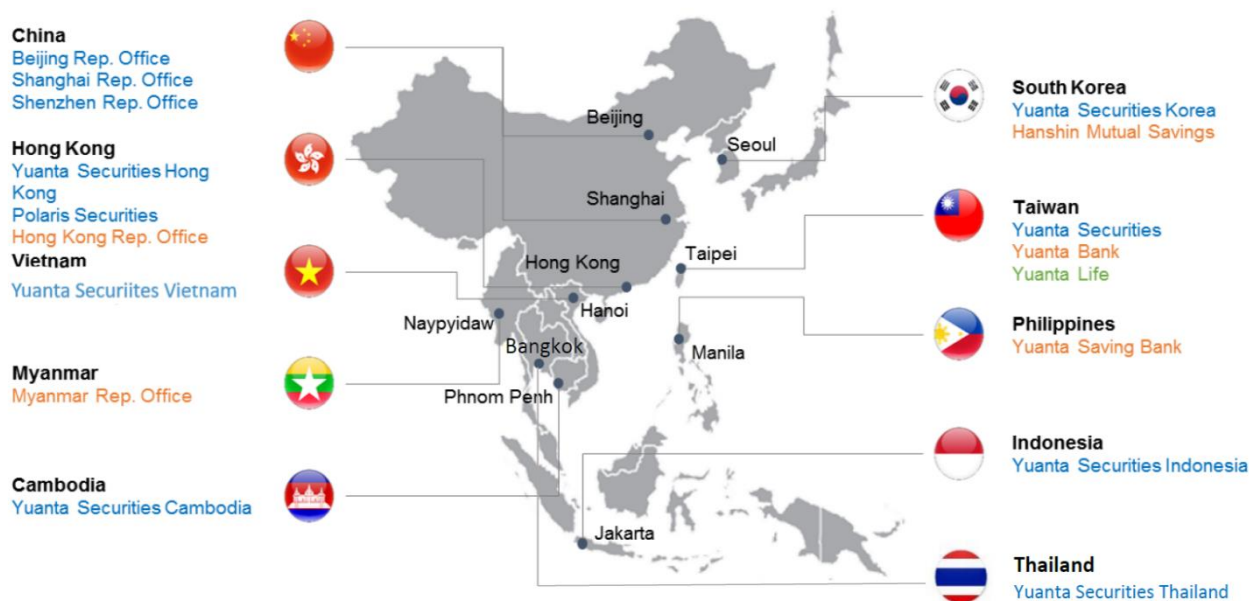
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