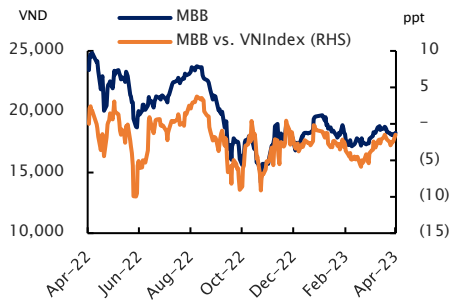


MB Bank [MBB VN]
25 April 2023
BUY
TP upside/(downside) +39%
Close 25 Apr 2023
Price VND 18,250
12M Target VND 25,480


Market cap	US\$3.5 bn
6M avg. daily turnover	US\$9.0 mn
Outstanding shares	4,534 mn
Free float	55%
FINI ownership	23.2%
Major shareholders	62.2%
2023E Asset/Equity (*)	7.8x
2023E P/E (*)	3.9x
2023E P/B (*)	0.9x
FOL Remaining Room	0.0%
2023E Dividend yield	2.7%

Source: FiinPro, Company Data, Yuanta Vietnam

MBB's 2023E Plans	2022	2023E	% YoY
Assets (VND bn)	728,532	830,000	+14%
Credits (*)	507,000	583,000	+15%
PBT	22,729	26,100	+15%
NPL ratio	1.09%	<=2%	

(*) This might be higher subject to SBV's approval

Source: Company Data

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MBBank - Annual General Meeting

MBB held its annual general meeting on Apr 25. Management discussed its strategy and business targets for 2023.

Details

MBB targets 2022E PBT to increase by +15% YoY to reach VND26 tn (vs our forecast of +20% YoY). The bank set its credit growth target at +15% YoY (vs our forecast of +19% YoY).

MBB plans to increase assets by +14% YoY and charter capital by +18% YoY. MBB will issue 680 million shares (15% of the current outstanding shares) at 10,000 VND/share to pay stock dividends.

The bank will also pay a cash dividend of 500 VND/share, resulting in a dividend yield of 2.7%.

Outstanding bond exposure to Novaland (NVL VN, Coverage Suspended) decreased significantly compared to the beginning of the year, according to management. However, specific numbers were not disclosed. As at 4Q22, total MBB's exposure to Novaland's corporate bonds was VND9.4 tn, which accounted for 1.3% of total assets.

Currently, MBB controls NVL's cash deposits to ensure collection of principal and interest payments, according to management. The bank expects no NPL pressure in 2023.

Regarding Trung Nam Group, MBB said it has loan and bond exposure to the Group's solar energy operations. The bank said that Trung Nam Group has been making payments in full and on time. The management is confident that there will be no NPLs from these loans in 2023 or subsequent years.

Our view

We expect MBB to receive an increased credit growth quota from the SBV given the bank's takeover of a weak bank (Ocean Bank). We anticipate loan growth to reach +19% YoY in 2023, and thus MBB will be able to exceed its 2023E PBT target. We forecast 2023E PBT to reach VND27 tn (+20% YoY).

Reported asset quality remains strong with a relatively low NPL ratio of 1.1% and high LLR ratio of 238% as at 4Q22. However, we should caution that MBB's exposure to corporate bonds was among the highest in the sector with 6.4% of the total assets as at 4Q22.

CASA ratio decreased but remains highest in the sector. The bank's funding franchise is a critical advantage.

Valuation is attractive. [MBB](#) offers superior operational quality but trades at 0.9x 2023E P/BV, which is below the sector median of 1.1x. Our target price offers a 12-m TSR of +42%. We thus 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.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

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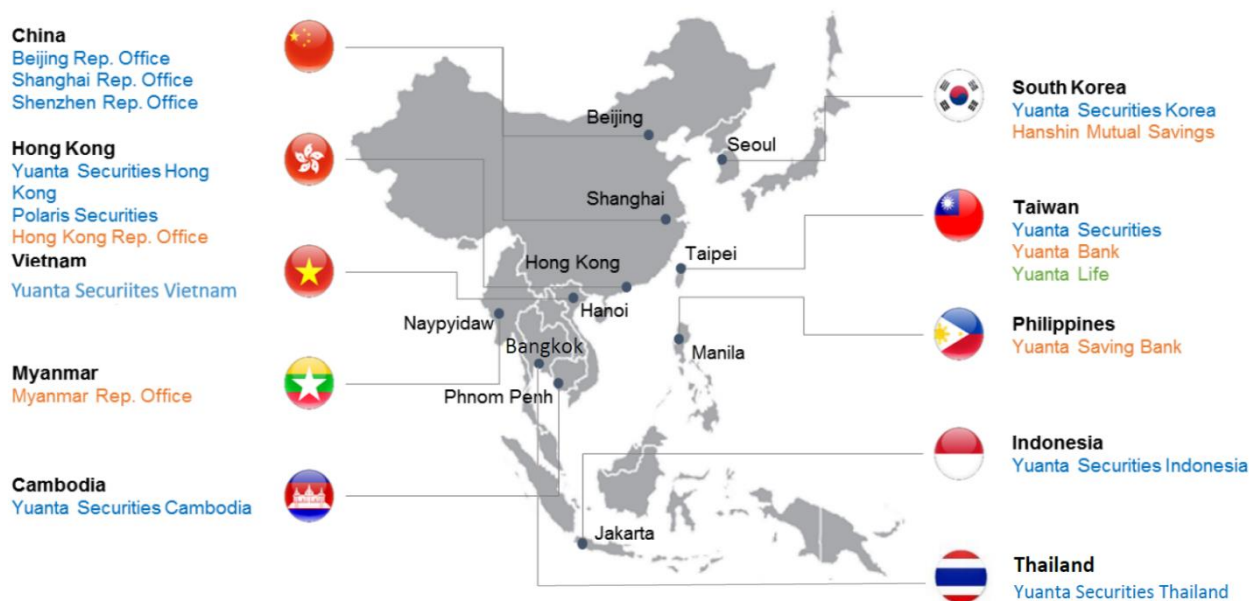
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