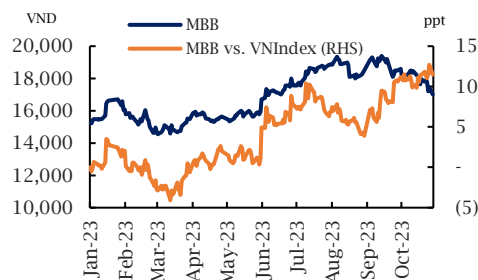


## BUY

**TP upside: +48%**
**Close 30 Oct 2023**
**Price VND 17,000**  
**12M Target VND 25,260**
**Share price performance relative to VNI**

**Source: Bloomberg**

<b>Market cap</b>	<b>US\$3.6 bn</b>
<b>6M avg. daily turnover</b>	<b>US\$8.5 mn</b>
<b>Outstanding shares (**)</b>	<b>5,214 mn</b>
<b>Free float</b>	<b>55%</b>
<b>FINI ownership</b>	<b>23.2%</b>
<b>Major shareholders</b>	<b>52.7%</b>
<b>2024E Asset/Equity (*)</b>	<b>8.2x</b>
<b>2024E P/E (*)</b>	<b>3.7x</b>
<b>2024E P/B (*)</b>	<b>0.8x</b>
<b>FOL Remaining Room</b>	<b>0.0%</b>
<b>2024E Dividend yield</b>	<b>2.9%</b>

Source: FiinPro, (\*) Yuanta Vietnam

MBB's 3Q23 Results	3Q23	% QoQ	% YoY
NII (VND bn)	9,812	3%	9%
Net Fee Inc.(VND bn)	1,079	25%	38%
Other non-II (VND bn)	604	2%	4%
Adj. TOI (VND bn)	11,494	5%	11%
Opex (VND bn)	3,334	-19%	-11%
Provision (VND bn)	1,447	20%	50%
PATMI (VND bn)	5,773	18%	18%
NPL (%)	1.89%	44bps	85bps
LLR (%)	122%	-34ppt	-86ppt
CASA (%)	36.0%	-1.1ppt	-6.5ppt

Source: Company Data, Yuanta Vietnam

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## Military Bank (MBB VN)

### Strong credit growth

MBB reported 3Q23 PATMI of VND5.8 tn (+18% both QoQ and YoY), which was driven by higher net interest income, fees, and lower operating expenses (opex). 9M23 PATMI was VND15.7 tn (+12% YoY), fulfilling 78% of our 2023E forecast.

### Details

**Credit (including corporate bonds) increased by +13.7%** in 9M23, which outperformed the sector's average credit growth of +6.9%.

**Net interest income (NII) increased by +3% QoQ/+9% YoY** to VND9.8 tn in 3Q23. Annualized NIM on average total assets was 4.84% (flat QoQ/ but -66bps YoY) in 3Q23, on our calculations.

**3Q23 net fee income jumped by +25% QoQ/+38% YoY** to VND1.1 tn, mostly came from "other fees". Net payment services fees were VND611bn (-26% QoQ/+50% YoY) and net brokerage commissions were VND171 bn (-64% QoQ/ vs a VND1.5tn loss in 3Q22). Net insurance fees declined -27% QoQ/-44% YoY to VND553 bn.

**FX trading gains declined -31% QoQ/-44% YoY** to reach VND224bn, but trading/investment securities gains jumped by +58% QoQ/+114% YoY to VND367 bn.

**3Q23 NPL recoveries decreased by -6% QoQ/-7% YoY** to VND383 bn. **MBB cut opex, by -19% QoQ/-11% YoY.** 9M23 opex reached VND11tn (-1% YoY), resulting in adjusted CIR (excluding net other incomes) of 33% (-2ppt YoY) on our calculations.

**The bank increased provisioning by +20% QoQ/+50% YoY** to VND1.4tn in 3Q23, after cutting provisioning expenses in 2Q23.

**However, LLR ratio decreased to 122% (-34ppt QoQ/-86ppt YoY)** in 3Q23 due to rising NPLs. **MBB's NPL ratio jumped to 1.89% (+44bps QoQ/+85bps YoY).**

**CASA ratio decreased to 36% (-1.1ppt QoQ/-6.5ppt YoY)** as at 3Q23.

**Exposure to corporate bonds decreased to 5.0% of total assets** (vs 5.3% in 2Q23). Aggregate corporate bonds in absolute terms decreased by -5% QoQ/-17% YoY to VND41tn in 3Q23.

### Our view

**We believe that MBB is on track to complete its full-year guidance and our 2023E forecast**, given the potential of increased credit growth and reduced funding cost in 4Q23.

**MBB's CASA ratio remains the highest in the sector**, which should help to reduce funding costs going forward.

**The substantial increase in NPLs in 3Q23 could be a concern.** Asset quality deterioration might require MBB to further increase provisioning going forward.

**Valuation is attractive.** **MBB** offers superior operational efficiency but trades at 0.8x 2024E PB, which is slightly below the sector's median. We thus reiterate our BUY recommendation.

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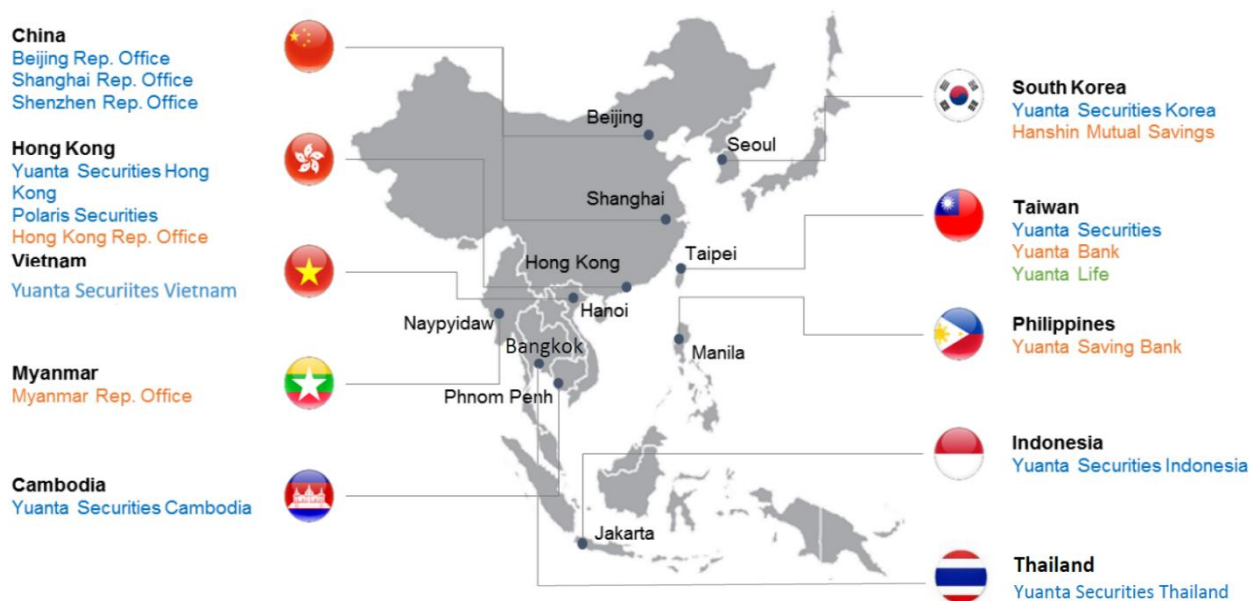
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