

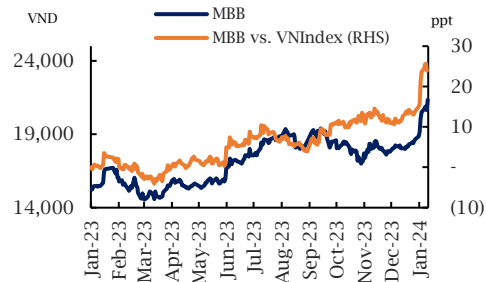
BUY

TP upside: +18%

Close 12 Jan 2024

Price VND 21,350
12M Target VND 25,260

Share price performance relative to VNI



Source: Bloomberg

Market cap	US\$4.5 bn
6M avg. daily turnover	US\$9.3 mn
Outstanding shares (**)	5,214 mn
Free float	55%
FINI ownership	23.2%
Major shareholders	47.7%
2024E Asset/Equity (*)	8.2x
2024E P/E (*)	4.7x
2024E P/B (*)	1.0x
FOL Remaining Room	0.0%
2024E Dividend yield	2.3%

Source: FiinPro, (*) Yuanta Vietnam

MBB's PB is still below its average level



Source: Bloomberg, Yuanta Vietnam

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Bloomberg code: YUTA

Military Bank (MBB VN)

Superior credit growth in 2024E

MBB reported preliminary 4Q23 PBT of VND6.2 tn (-15% QoQ/+36% YoY). Prelim 2023 PBT was VND26.2 tn (+15% YoY), completing 101% of our forecast.

Parent bank credit growth was +28.8% YoY as at 4Q23, dramatically outperforming the sector's credit growth of +13.7%.

Deposits jumped by +29.5% YoY, slightly ahead of credit growth.

MBB's yearend CASA ratio was 34% (-2.0ppt QoQ/-6.6ppt YoY) as at 4Q23.

Preliminary consolidated NPL ratio stood at 1.6% (-29bps QoQ/ but +51bps YoY) in 4Q23.

Corporate bonds – No disclosures in the preliminary results. As a reminder, corporate bonds were 5.0% of MBB's total assets as of 3Q23.

MBB added 6.3 million clients in 2023, resulting in a total of 26.3 million clients (+31.5% YoY). Management targets 30 million clients by the end of 2024.

Our view

Strong credit growth in 4Q23 was the key earnings driver for MBB, in our view. We expect MBB to receive a credit growth quota than the sector's +15% YoY in 2024 given its participation in restructuring a troubled bank. We assume +18% YoY credit growth for MBB in 2024.

MBB's CASA ratio is likely still the highest in the sector, which is a key attraction of the stock. The bank's large and growing client base and its digital transformation efforts should also help MBB to attract more CASA deposits going forward.

NPL ratio decreased QoQ and remains at a healthy level given its exposure to unsecured consumer finance. Circular 02/2023/TT-NHNN is set to expire at the end of Jun 2024, but our sense is that the SBV is likely to extend it, which will curb reported NPL ratios at all the banks, including MBB.

Bank shares have been on a tear in 2024, and MBB's stock price has increased by +12% since our recent [company update](#) in Aug 2023.

Even so, the valuation is still attractive. MBB offers superior operational efficiency but trades at 1.0x 2024E PB, which is slightly below the sector's median despite higher ROE -- we forecast 2024E ROE of 24% for MBB vs. the sector median of 20% (Bloomberg consensus).

We reiterate our BUY recommendation and anticipate another +20% TSR over the next 12 months.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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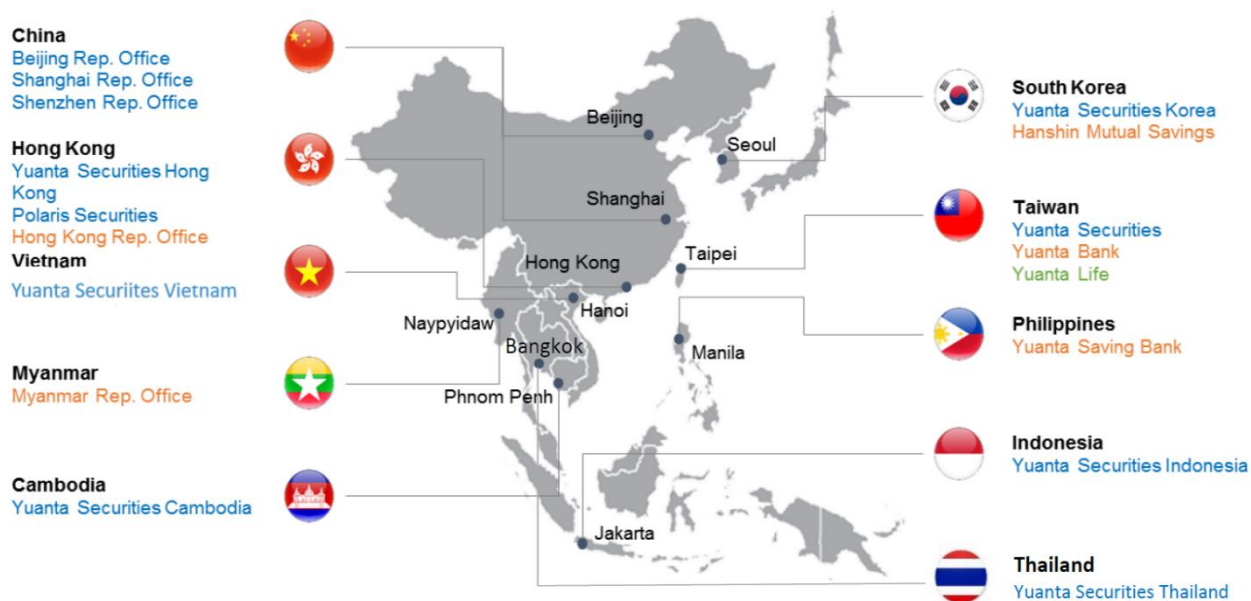
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