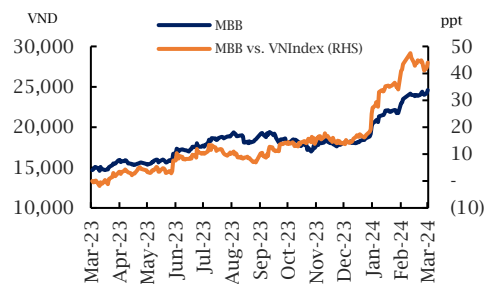


BUY

TP upside: +3%
Close 6 Mar 2024
Price VND 24,600
12M Target VND 25,260

Our model is under review
Share price performance relative to VNI


Source: Bloomberg

Market cap	US\$5.2 bn
6M avg. daily turnover	US\$13.3 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 (*)	5.4x
2024E P/B (*)	1.1x
FOL Remaining Room	0.0%
2024E Dividend yield	2.0%

Source: FiinPro, (*) Yuanta Vietnam

MBB's 4Q23 Results	4Q23	% QoQ	% YoY
NII (VND bn)	9,163	-7%	-5%
Net Fee Inc.(VND bn)	1,456	35%	19%
Adj. TOI (VND bn)	10,989	-4%	-3%
Opex (VND bn)	3,876	16%	7%
Provision (VND bn)	1,587	10%	-56%
PATMI (VND bn)	4,986	-14%	45%
NPL (%)	1.60%	-28bps	51bps
LLR (%)	117%	-5ppt	-121ppt
CASA (%)	40.2%	4.2ppt	-40bps

Source: Bloomberg, Yuanta Vietnam

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Military Bank (MBB VN)

Likely to exceed 2024 guidance

MBB targets PBT to grow +10% YoY in 2024. We believe this to be deeply conservative.

4Q23 PATMI was VND5.0 tn (-14% QoQ/+45% YoY). 2023 PATMI was VND20.7 tn (+18% YoY), completing 103% of our forecast. Affiliate companies contributed 8% to the total Group's PBT in 2023.

Credit jumped by +28% YoY in 2023. Corporate loans accounted for 52% of the total credits, followed by retail loans with 43%, and corporate bonds with 6%. **MBB targets credit growth of 16% in 2024.**

MBB's CASA ratio (CASA/customer deposits) was 40.2% (+4.2ppt QoQ/ - 40bps YoY), which is the highest among banks.

NIM was 4.9% (-90bps YoY) in 2023. The management expects COF to reduce to about 3.5% (-90bps YoY) in 2024, but it will still be about 60bps higher than that of 2022. The bank expects NIM to be flat or just slightly increase in 2024.

NPL ratio was 1.6% (-28bps QoQ/but +51bps YoY), which is the key reason that dragged down the LLR ratio to 117% (-5ppt/-121ppt YoY). The bank aims to maintain LLR at above 100% in 2024. Restructured loans related to Circular 02 were only 0.44% of the total loans in 4Q23.

Corporate bonds declined to 4.1% of MBB's total assets in 4Q23 from 5.0% in 3Q23.

The management said that the bank will continue pay a cash dividend in 2024, but they did not disclose the details.

Our view

We think MBB's credit growth and PBT targets are too conversative. The bank's participation in third-party bank restructuring should result in a higher credit growth quota than +16%. Our PBT growth forecast of +24% for 2024 is 14ppt higher than guidance.

MBB's CASA ratio is the highest in the sector. The bank's client base is both large (26 million) and growing (target: 30 million clients in 2024). In addition, its digital transformation efforts should attract additional CASA deposits going forward.

NPL ratio has decreased QoQ and remains at a healthy level given its exposure to unsecured consumer finance (i.e., the 50% stake in MCredit). Circular 02/2023/TT-NHNN is set to expire at end-Jun 2024, but the SBV is likely to extend it, which will curb reported NPL ratios at all the banks, including MBB.

Corporate bond exposure has declined, which should help to improve investor sentiment for the stock.

MBB's stock has gained +32% since our [company update](#) of August, and it has basically reached our target price. We maintain a positive operational view on MBB, and our model is under review.

Valuation of 1.1x 2024E PB is only in line with the sector median. This is despite MBB's superior operational efficiency and higher 2024E ROE of 23% than the sector median of 18%.

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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