

20/11/2024

RECOMMENDATION	BUY
Fair price	31,100
Current price	23,550
Upside/downside	32%

STOCK INFORMATION

Outstanding shares (mil)	5,306
Free float (mil)	2,918
Market cap. (VND billion)	130,270
3m avg. volume (shares)	15,781,125
Foreign ownership (%)	23.2%
First listing date	11/01/2024

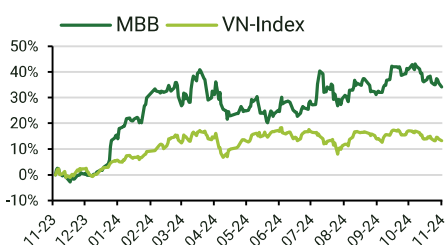
SHAREHOLDER STRUCTURE

Military Industry -	14.76%
Telecommunications Group	
State Capital Investment Corporation	9.86%
Vietnam Helicopter Corporation	8.46%
Saigon Newport Corporation	7.11%
Company Limited	
Other	59.81%

IMPORTANT ASPECTS

TTM EPS (VND)	4,060
BVPS (VND)	19,939
Debt/Equity (%)	8.4%
ROA (%)	2.2%
ROE (%)	21.6%
P/E	6.1x
P/B	1.2x
Dividend yield (%)	20%

STOCK PRICE PERFORMANCE



COMPANY PROFILE

Military Commercial Joint Stock Bank (MBB) was established in 1994. MBB is a multi-functional financial group with parent bank MB in Vietnam & abroad (Laos, Cambodia) and member companies (in the fields of securities, insurance, consumer finance, fund management, asset management, life insurance).

ANALYST(S)

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THREE DECADES OF STRONG GROWTH

- Credit activities of MBB slowed down in 9M 2024, while non-credit activities had many better result thanks to the ability to maintain a strong position in the foreign exchange and payment markets. Declining asset quality and provisioning pressure put pressure on Net Profit in 9M 2024.
- We expect the economy to continue to recover in 2025 thanks to improved business operations, rising retail sales, and the Government's economic supporting policies. Hence, PHS has adjusted up its 2025 NPAT projection to VND26,570 billion (+20.7% YoY). We expect that thanks to the current good foundation, MBB would have an advantage in 2025 when the economy is more positive, especially the individual lending sector.
- MBB is trading at P/B of 1.17x, lower than the 5-year median of 1.25x, PHS maintains a BUY recommendation for MBB at fair price of VND 31,100/share (32% upside potential compared to the closing price on November 20th, 2024).

9M 2024 Business results

The partner ecosystem and large customer base become the driving force for good credit growth for MBB. By the end of 9M 2024, credit growth of MBB was 13.5%YTD, higher than the industry's growth rate in 9M 2024 (9%YTD), almost equivalent to the same period in 2023. The credit structure is almost balanced, with individual customer loans accounting for 47% of Gross loans, while corporate loans accounted for 53% of Gross loans. In the context of retail lending not yet fully recovering, MBB has focused on boosting lending to corporate customers, which achieved a growth rate of 19.4%YTD to VND 400 trillion, higher than the growth rate of individual credit, up 9.4% YTD to VND 302 trillion. MBB is one of the banks with the largest customer base in the industry with nearly 30 million customers. By benefiting from the system of subsidiaries and taking advantage of the ecosystem of telecommunications partner, MBB could easily expand credit, increase cross-selling, and optimize the spread of digital transformation applications in business operations.

Competitive cost of funds thanks to the ability to maintain high CASA ratios through the development of payment solutions within the MB Group ecosystem, thereby positively impacting NIM. MBB continues to be one of the banks with the highest CASA ratio in the industry (35.7%), thanks to its strategy of exploiting the ecosystem of partners and subsidiaries through a diverse digital ecosystem, developing initiatives in payments for individual customers, or cashless payment chains for corporate customers. The CASA ratio surpassing the entire industry supports MBB in proactively maintaining low cost of funds. By the end of 9M 2024, cost of funds of MBB would decrease by 66 bps compared to the end of 2023 to 3.69%, lower than the industry average. In addition, the credit structure is inclined towards retail lending and real estate lending with high risk appetite, but good profitability. By the end of 9M 2024, NIM of MBB decreased by 45 bps compared to the end of 2023 to 4.57%, as the bank implements supporting policies, but is among the banks with the highest NIM.