



# Military Commercial Joint Stock Bank

[ Vietnam / Banking ]

Bloomberg Code (MBB VN) | Reuters Code (MBB.HM)

## BUY

### Initiate Coverage

**Target price** (12 months) **29,700 VND**

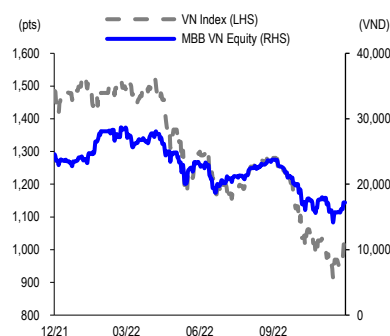
Current price (30/11/22) 17,400 VND

Upside/downside (%) 70.7%

VNINDEX	1,048
HNINDEX	209
Market Cap (bn VND)	78,891
Outstanding shares (mn)	4,534
Free-Floating (mn)	2,672
52-Wk High/Low (VND)	28,700/14,200
90-day avg. trading volume (mn)	10.76
90-day avg. turnover (bn VND)	195
Foreign ownership (%)	23.2

Major shareholders	Viettel	18.5
(%)	SCIC	9.4

Performance	3T	6T	12T
Absolute (%)	7.1	27.7	59.2
Relative to VN-Index (%)	-8.2	-5.5	1.4



Source: Bloomberg



### [ Analyst ]

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## Affirm the position

### Initiate coverage with BUY rating and target price of VND 29,700

Military Commercial Joint Stock Bank (MBB) has had many outstanding achievements recently, reflected in its asset quality, superior profitability, and high credit rating by international rating agencies. MBB continues to focus on IT development and digital transformation toward "Becoming a Digital Enterprise, a Leading Financial Group". We value MBB for the first time at VND 29,700, equivalent to a 70.7% return.

### Advantage of low- cost funds, NIM has the potential to expand

MBB has a low cost of capital, thanks to CASA always being in the top group of the industry, reaching 42% in Q3/2022. However, CASA is likely to decrease shortly due to the continuous increase in bank deposit interest rates. In this context, MBB has the advantage of long-term relationships with large domestic enterprises. MBB's NIM continued to increase to 5.9% as of Q3/2022, with the benefit of the low cost of capital, reaching 2.8% as of Q3/2022. MBB still has excellent potential to expand NIM.

### Net interest income increased thanks to continued strong credit growth, and non-interest income made a significant contribution

In 9M2022, MBB's credit growth increased by 17.2%, belonging to the group with high credit growth. MBB has adjusted to diversify its loan portfolio and focus on developing the retail lending segment to help increase interest income and improve NIM. Establishing a joint venture bank in Cambodia increasingly affirms its position and realizes the goal of developing the retail segment. At the same time, MBB strengthens digital transformation to attract customers and expands bancassurance cross-selling.

### Good assets with solid capital, safe leverage ratio

NPL ratio remained low at 0.9% as of 2021 and slightly increased to 1.0% in Q3/2022. Meanwhile, MBB remains in the group of banks with a high NPL coverage ratio, reaching 208% at the end of Q3/2022. MBB increased capital by issuing tier-2 capital-raising bonds to raise operating capital and maintain capital adequacy ratio (CAR).

**Risks** (1) Risk of slow economic growth/recession; (2) Real estate credit risk; (3) Bad debt

Year	2021	2022F	2023F	2024F	2025F
Net interest income (bn VND)	26,200	32,908	38,571	47,155	57,493
Net non-interest income (bn VND)	10,735	12,061	13,821	16,116	18,876
TOI (bn VND)	36,935	44,969	52,392	63,271	76,369
Profit before provision (bn VND)	24,557	30,330	34,966	42,493	51,464
NPAT (bn VND)	13,221	17,958	21,005	24,370	31,691
EPS (VND)	3,499	3,961	4,633	5,375	6,990
EPS growth rate (%)	13.8	13.2	17.0	16.0	30.0
P/E (x)	4.9	4.3	3.7	3.2	2.5
P/B (x)	1.0	1.0	0.8	0.6	0.5
ROE (%)	2.30	2.66	2.72	2.68	2.92
Year to Dec.	22.56	24.28	22.52	21.05	22.08

Source: Company data, Shinhan Securities Vietnam

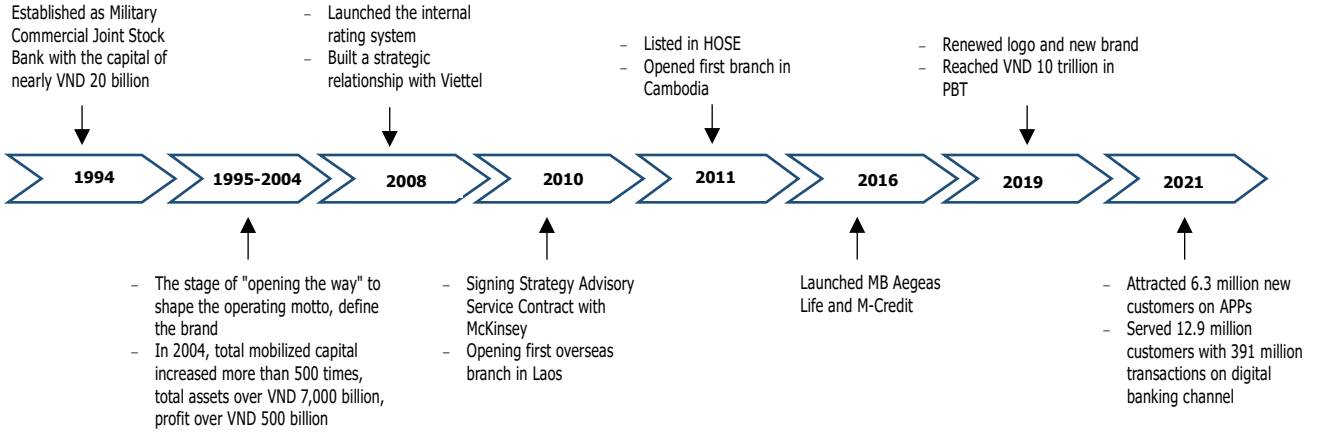
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## Company background

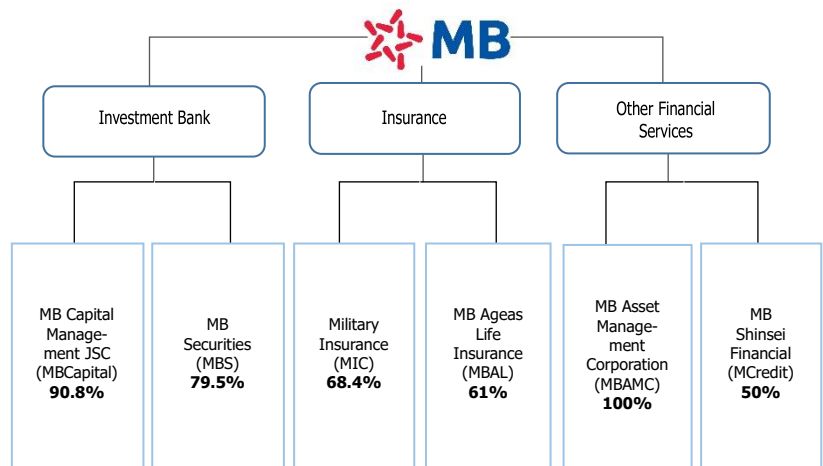
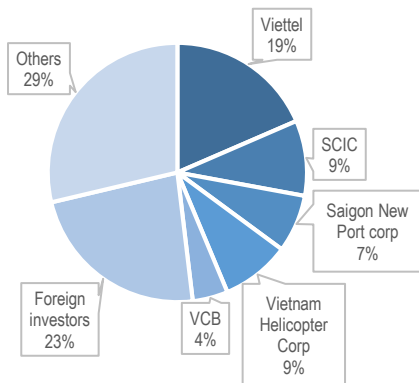
### History



### Shareholders structure 30/09/2022

### Governance structure

MBB owns many subsidiaries operating in the financial and non-financial sectors, including:

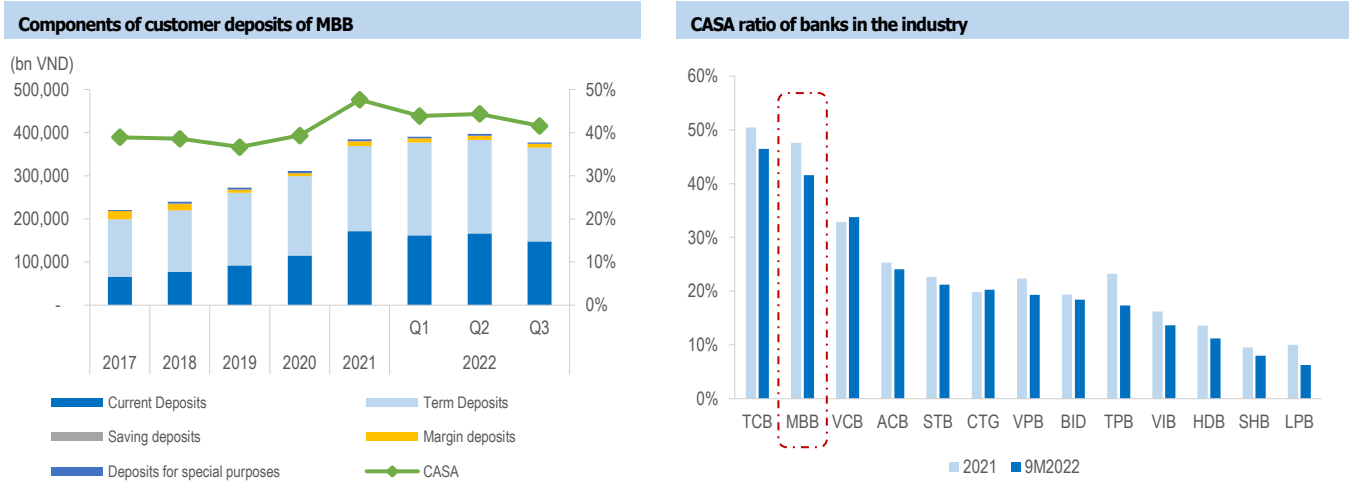


Source: Company data, Shinhan Securities Company

## Investment Catalyst & Theses

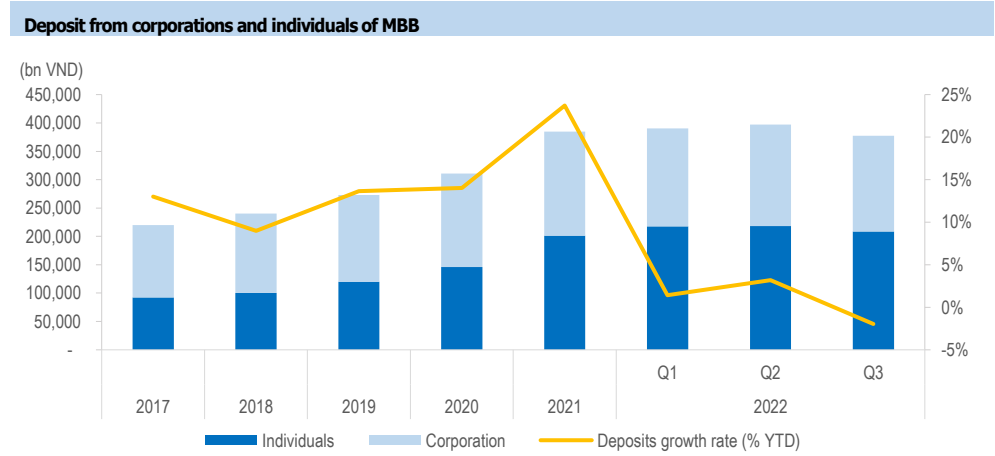
### Advantage of low- cost funds, NIM has the potential to expand

#### 1. Abundant capital from CASA, and thanks to stable relationships with large domestic enterprises



Source: Company data, Fiiipro, Shinhan Securities Vietnam

The ratio of CASA was only behind TCB with 41.6% as of September 2022, a decrease from the end of 2021. In the last two years, the CASA ratio has increased thanks to the Bank's digital transformation to attract customers. Specifically, in 2021, MBB has marked many great successes, maintaining its pioneering position, attracting nearly 6.3 million new customers (equivalent to the number of customers MBB developed in the previous 26 years). However, the Bank's CASA in the coming time will face difficulties when the deposit interest rates of customers continuously increase at banks.



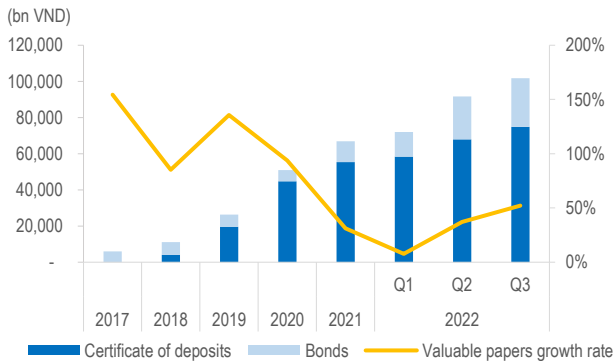
Source: Company data, Shinhan Securities Vietnam

Customer deposit growth rate at MBB decreased slightly in Q3/2022 when total customer deposits in Q3/2022 reached VND 377,145 billion (-1.96% YTD). It was the general situation of the banking industry in 9M2022 when customer deposits in the whole sector only increased by 4.06% compared to the end of 2021, much lower than credit growth. Along with central banks around the world raising interest rates to control inflation, MBB and the industry generally faced a lot of pressure in deposit mobilization. In the above context, the long-term relationship between MBB and large enterprises such as Viettel, Vinaconex, Saigon Newport, etc., is also an advantage. The proportion of deposits from businesses of MBB is relatively high, remaining at 45%.

## 2. Issuance of valuable papers reducing pressure on customers' deposit mobilization

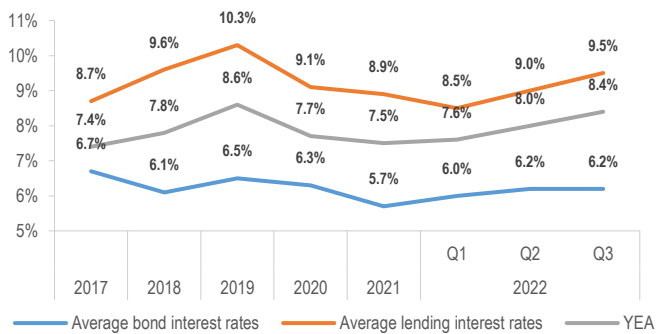
The increased issuance of certificates of deposit and bonds has helped MBB reduce the burden of capital mobilization, which is a competitive advantage for MBB when maintaining low capital costs. In Q3/2022, MBB's bonds reached VND 26,870 billion (+132.86% YTD), and MBB also issued certificates of deposit, gaining VND 74,903 billion (+35.33% YTD). More importantly, MBB's bond interest rate is from 3.80% to 8.70%, certificate of deposit interest rate is from 1.00% to 8.50%. Thus, the average interest rates for bonds with a term of fewer than 5 years and certificates of deposit are currently lower than deposit interest rates, so MBB's cost of capital is maintained at a low level.

Components of valuable papers of MBB



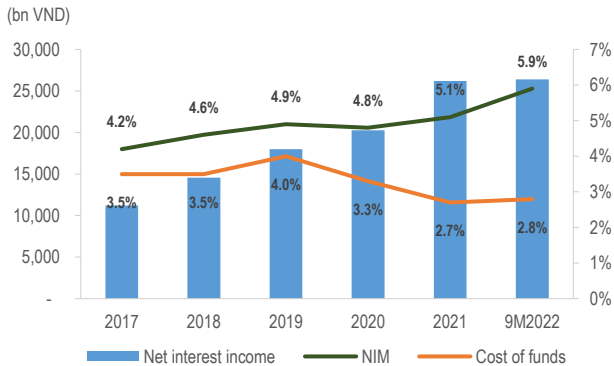
Source: Company data, Shinhan Securities Vietnam

Bond yield and Loan yield of MBB



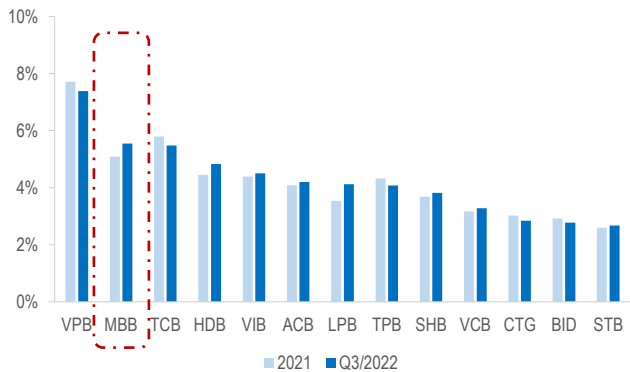
## 3. High profitability

Net interest income, NIM and cost of fund of MBB



Source: Company data, Finpro, Shinhan Securities Vietnam

NIM (TTM) of banks

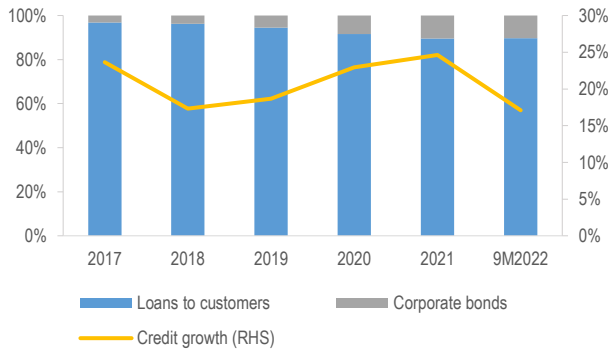


Thanks to the advantage of capital source, MBB's cost of funds improved over the years and remained low, reaching 2.8% in Q3/2022. Besides, NIM expanded rapidly in 9M2022 from 5.1% at the end of 2021 to 5.9%, although MBB also increased deposit interest rates in the capital mobilization race. MBB is ranked 2nd in the industry in terms of NIM as of September 2022, just behind VPB due to the bank's high-risk business model. With a leading high CASA base and low capital costs, MBB's NIM has many opportunities to be preserved or only slightly adjusted compared to other banks in late 2022 and early 2023. However, there is still a lot of potential for expansion afterward. As a result, MBB's net interest income increased over the years, reaching VND 26,294 billion (+38.70% YoY) in 9M2022.

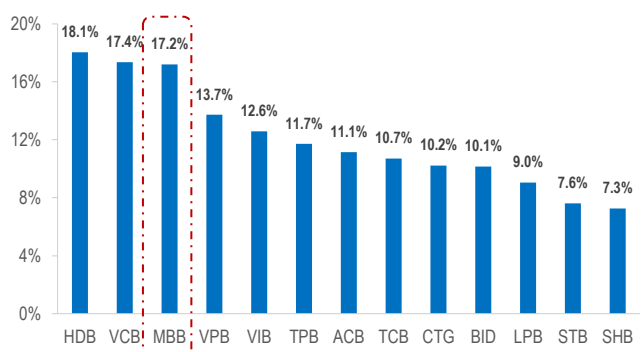
**Net interest income increased thanks to continued strong credit growth, and non-interest income made a significant contribution**

**1. High credit growth, investing significantly in corporate bonds**

**Components of credit at MBB**



**Credit growth in 9M2022 of banks**

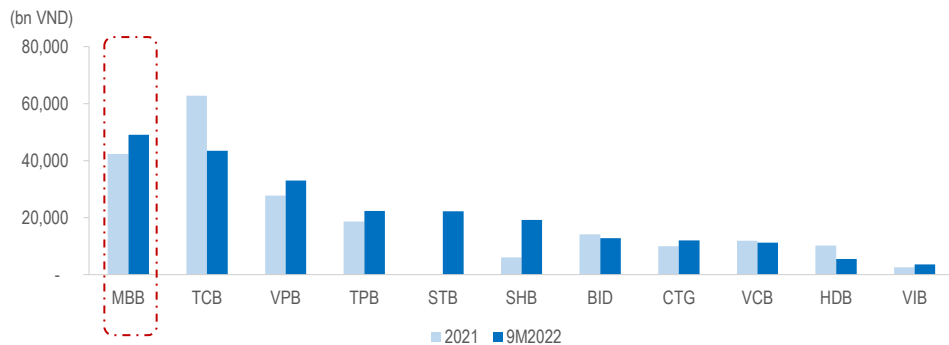


Source: Company data, Finpro, Shinhan Securities Vietnam

MBB's credit balance increased by 17.2% compared to the end of 2021, equivalent to VND 475,291 billion, including outstanding loans and corporate bonds, higher than the increase of 15.18% in the same period last year. MBB's credit growth in 9M2022 was among the highest in the industry, showing that the Bank had good asset quality and risk management. In addition, MBB and VCB plan to accept a forced transfer of a weak bank from the direction of the SBV, which will also contribute to the expansion of credit room for MBB. A high credit growth limit creates motivation to expand NIM and increase interest income for MBB.

Corporate bonds at MBB are also notable when the proportion of bonds in total credit balance at the Bank is around 10% in 2021 and 9M2022. By Q3/2022, MBB surpassed TCB to lead the industry in corporate bond value at the bank. In addition, according to our research, of the total corporate bonds at MBB, bonds from real estate companies such as NVL account for about 18.40% of total corporate bonds. In contrast, the real estate market and the bonds these companies issued still have many potential risks that may affect the Bank. However, with MBB's ability to manage risks and good asset quality, the Bank has good management ability during this period.

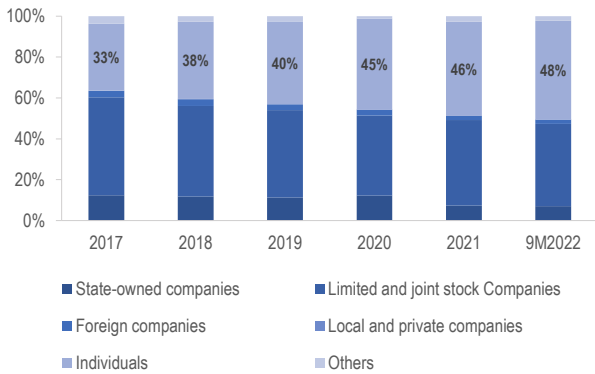
**Corporate bonds outstanding of some listed banks**



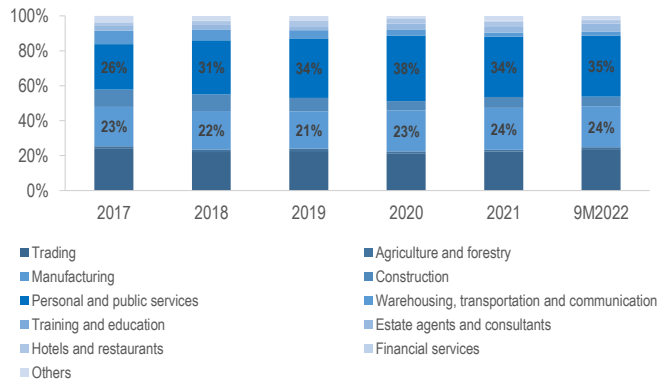
Source: Company data, Finpro, Shinhan Securities Company

## 2. Switching to retail segment, and focusing on less risky sectors

Loans to customers by types of MBB



Loans to customers by sectors of MBB



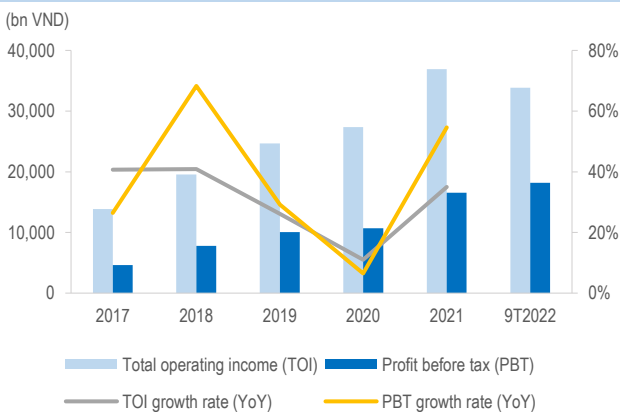
Source: Company data, Shinhan Securities Company

MBB's loan portfolio gradually shifted to focus on retail when the proportion of individual loans increased from 46% at the end of 2021 to 48% at the end of Q3/2022, reaching VND 205,873 billion (+38.18% YoY). The Bank has many advantages when the interest rate for personal loans is higher. In addition, the cooperation agreement between MBB and Shinsei Bank at the end of 2021 on implementing a joint venture commercial bank in Cambodia, which the State Bank approved in July 2022, further affirms its position in the country but also internationally, as well as the Bank's retail development orientation. MBB and Shinsei bank set the goal of a joint venture bank in Cambodia to become a leading digital retail bank in the Cambodian market.

For the lending industry at MBB, corporate lending related to real estate activities remained at 3-4% of the loan balance. Trade and manufacturing are the two primary lending industries at MBB, which account for about 24% of total outstanding loans. These are less risky industries and support the recovery and development of the domestic economy after the pandemic.

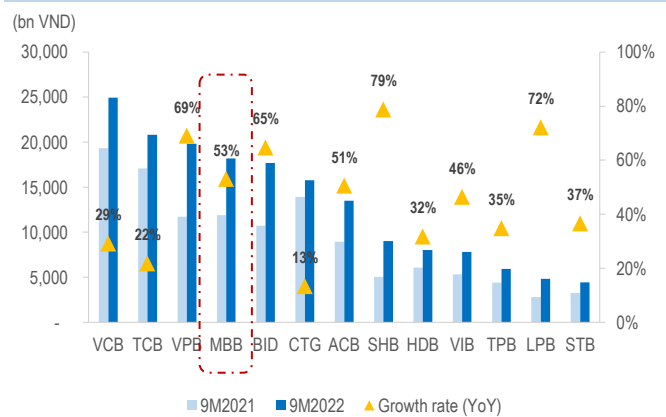
## 3. Non- interest income contributed considerably to total operating income

Total operating income- Profit before tax of MBB



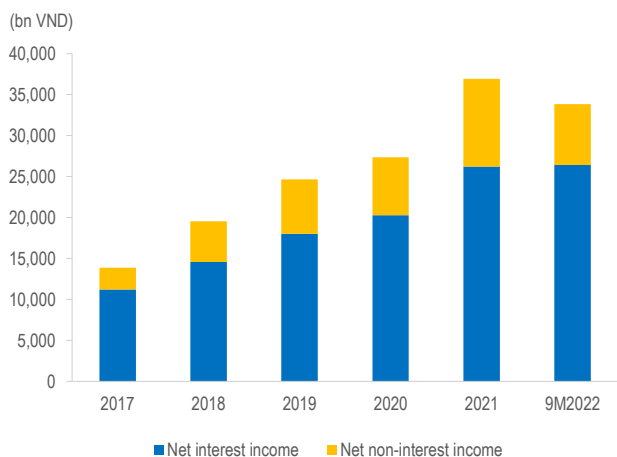
Source: Company data, Finpro, Shinhan Securities Company

Profit before tax of banks

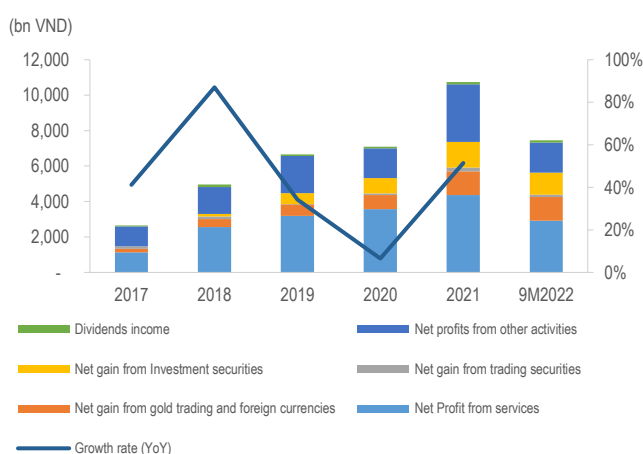


TOI and PBT grew slowly in 2019 and 2020 during the Covid-19 pandemic when the economy faced many difficulties. Besides, MBB provided many credit support packages for large corporations and preferential interest rates lending to individual customers and small and medium enterprises (SMEs). Both TOI and PBT of MBB rebounded in 2021, increasing by 35% and 55% YoY, respectively. MBB's PBT was always in the top group of the industry when 9M2022 reached VND 18,192 billion (+53.07% YoY).

**Net interest income and Net non-interest income of MBB**



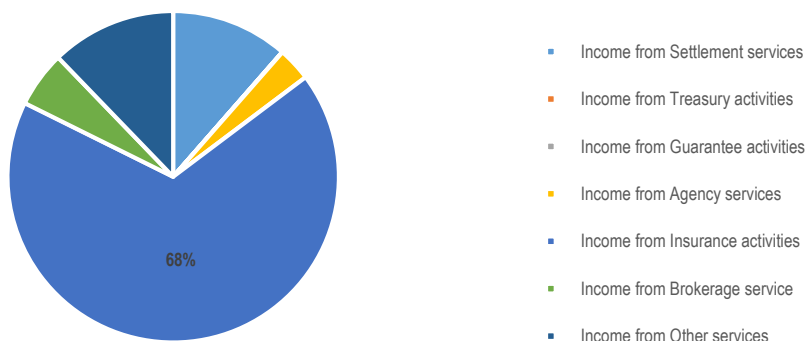
**Components of non-interest income**



Source: Company data, Shinhan Securities Company

Profit increased thanks to a significant contribution from non-interest income, a diversified proportion of non-interest income, and steadily increased over the years, accounting for 29% of TOI in 2021 and 22% in 9M2022. In particular, MBB's non-interest income mainly comes from service activities, with the main contribution of bancassurance accounting for 68% of service income in 9M2022 and payment services accounting for 11%. MBB continues to digitally transform to bring products easier to customers, as well as achieve the goal of accounting for 20-30% of bancassurance sales in the whole industry.

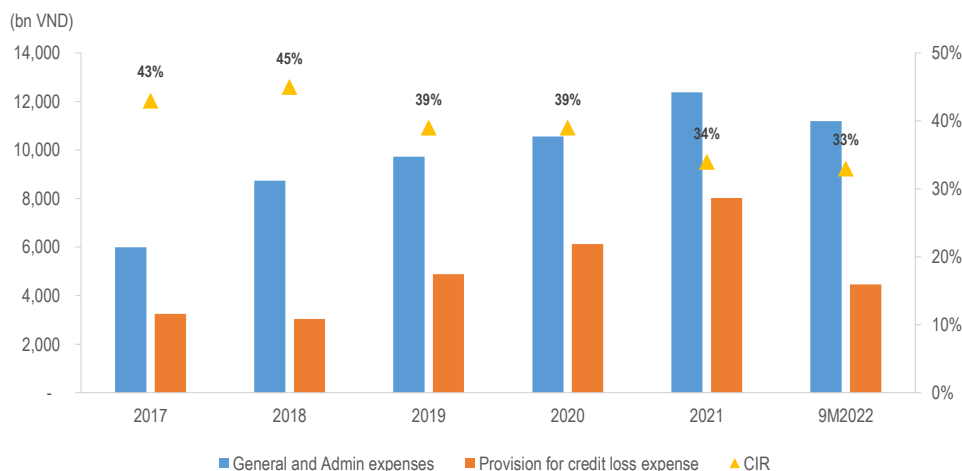
**Profit before tax of banks in the system**



Source: Company data, Shinhan Securities Company

**4. Optimizing costs**

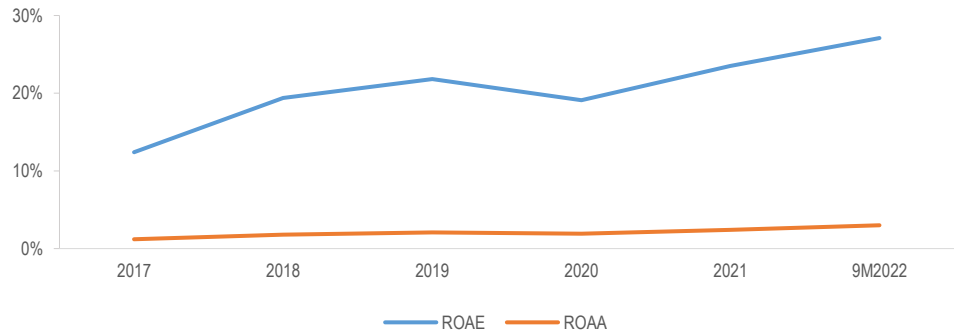
**Operating expenses and provision expenses of MBB**



Source: Company data, Shinhan Securities Company

The profit of MBB maintained its increase partly thanks to MBB's strict cost management ability when the CIR ratio gradually decreased over the years, specifically from 43% in 2017 to 33% in 9M2022. Besides, provision expense dropped significantly to VND 4,462 billion (-25.86% YoY, -44.43% YTD), which helped the Bank's profit growth over the same period.

**ROAE and ROAA of MBB**



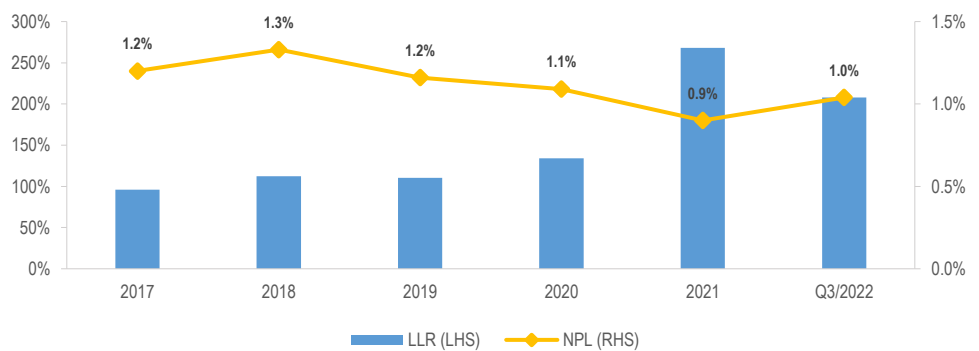
Source: Company data, Shinhan Securities Company

In terms of ROAE and ROAA, these two indexes have continued to increase since 2017, showing that MBB is performing well. ROAE, after decreasing in 2020, has rebounded to 27.10% (the last 12 months) by the end of Q3/2022; ROAA also increased significantly to 2.73%. We expect these two indexes at MBB to have a lot of potential for improvement as (1) interest income increases thanks to the expansion of retail lending; (2) non-interest income continues to make a significant contribution thanks to digital transformation and bancassurance; (3) reverse the provision made in previous years.

**Good assets with solid capital, safe leverage ratio**

**1. Low non-performing loans ratio, with high loan-loss reserve ratio was among the highest in the industry**

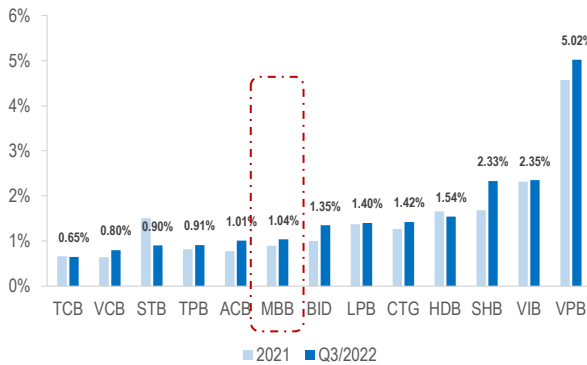
**Non-performing loans ratio (NPL)- Loan-loss reserve ratio (LLR)**



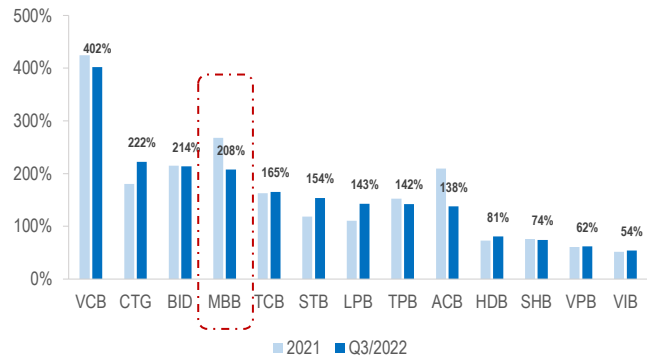
Source: Company data, Shinhan Securities Company

MBB's asset quality is reflected in its NPL ratio when the Bank controls it at less than 2% as committed at the AGM, although NPL ratio increased slightly from 0.9% at the end of 2021 to 1.0% at the end of Q3. 2022. Meanwhile, MBB still made full provisions, especially the LLR ratio increased to 268% as of 2021 and 208% at the end of Q3/2022. With a high provision rate, MBB is more likely to control bad debts in a difficult economic situation, and Circular 14/2021/TT-NHNN on debt restructuring expires. MBB is always in the banks with a low NPL ratio and high LLR.

**NPL at listed banks**



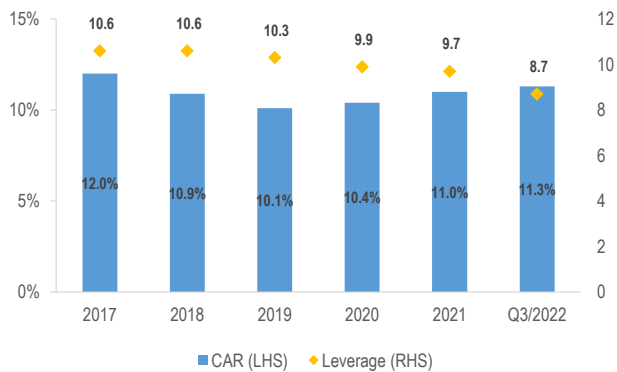
**LLR at listed banks**



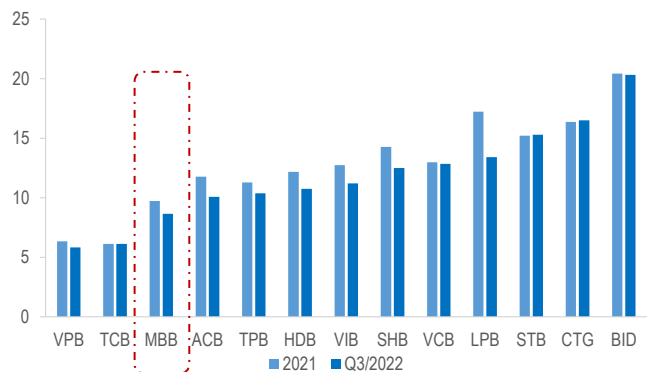
Source: Company data, Finpro, Shinhan Securities Company

MBB's CAR has consistently remained higher than the SBV's regulation of 8%, MBB's CAR reached 11.3% at the end of Q3/2022, up from 11.0% at the end of 2021. Meanwhile, leverage ratio decreased to 8.7x at the end of Q3/2022, belonging to the group of banks with low leverage ratios in the industry. It is in line with MBB's strategy of balancing profitability and risk. MBB has issued many bonds to increase Tier 2 capital and improve CAR. It is also a medium and long-term source of capital to help MBB increase its working capital scale as MBB's credit growth increased by 17.2%, while deposit growth was only 6.1% in 9M2022, and is intended to meet the demand for medium and long-term loans.

**Capital adequacy ratio (CAR)- Leverage (Asset/Equity) of MBB**



**Leverage ratio of banks**



Source: Company data, Finpro, Shinhan Securities Company

## Earnings estimates

Indicators	2021	2022	YoY	2023	YoY
Total credit (including corporate bonds) (bn VND)	405,924	478,990	+18.0%	560,418	+16.0%
Deposits from customers (bn VND)	384,692	425,929	+10.7%	476,686	+11.9%
NPL (%)	0.9	2.0		2.5	
NIM (%)	5.1	5.4		5.5	
Net interest income (bn VND)	26,200	32,908	+25.6%	38,571	+17.2%
Net non-interest income (bn VND)	10,735	12,061	+12.4%	13,821	+14.6%
Total operating income (bn VND)	36,935	44,969	+21.8%	52,392	+16.5%
Provision expense (bn VND)	(8,030)	(7,882)	-1.8%	(8,710)	+10.5%
Operating expense (bn VND)	(12,377)	(14,639)	+18.3%	(17,426)	+19.0%
Net profit before tax (bn VND)	16,527	22,448	+35.8%	26,256	+17.0%

We forecast MBB's credit growth in 2022 at 18% based on the Bank's good business results and asset quality and the expectation of another room loosening from the SBV. Customer deposits continued to increase by 10.7% when MBB also increased deposit interest rates and developed digital products that attracted many customers.

In the context that bad debt is expected to increase rapidly when Circular 14/2021/TT-NHNN expires in June 2022, bad debt at MBB increased in Q3/2022 to 1.0%. We forecast MBB's NPL increase to 2% in 2022, and 2.5% in 2023 as the Bank invests many corporate bonds and in the context of corporate bond fluctuations. Besides, provision expenses in 2022 decreased by 1.8%. Because many provisions have been made in previous years, provision costs are forecasted to have no pressure to produce more this year. However, we predict provision for 2023 to increase by 10.5%.

With the above projections, we expect net interest income to increase by 25.6% in 2022. Meanwhile, NIM for 2022 is adjusted to 5.4% (down 0.5 percentage points compared to Q3/2022) as the Bank has implemented Currently increasing deposit interest rates in October and November in many terms. Non-interest income is expected to grow 12.4%, with the expectation that revenue from services and bancassurance will increase thanks to digital transformation. Pre-tax profit is forecast to increase by 35.8% this year and 17.0% in 2023. In addition, MBB plans to receive a forced transfer of a weak bank from the direction of the SBV, which will help to expand the scale business size, customer base, and network. This projection does not include consolidation of forced transfer of weak bank (if any).

## Valuation and Recommendation

### Initiate coverage with BUY rating and target price of VND 29,700

We initiate coverage Military Commercial Joint Stock Bank (MBB) with a buy recommendation and a target price of VND 29,700, corresponding to an increase of 70.7% from the current price. For a long-term view, MBB is an investment that can be considered with following advantages:

- 1) Advantage of low-cost funds, NIM has the potential to expand;
- 2) Net interest income increased thanks to continued strong credit growth, and non-interest income made a significant contribution;
- 3) Good assets with solid capital, safe leverage ratio.

### Valuation

We apply a combination of Residual income (RI) method and P/B with 60%/40% weights to value MBB.

RI valuation method (bn VND)	Q4/2022F	2023F	2024F	2025F	2026F
Cost of equity	15.37%	15.37%	15.37%	15.37%	15.37%
Cost of equity after 2026					15.37%
Net income	3,403	21,005	24,370	31,691	38,454
Residual income (RI)	1,001	8,769	9,062	12,818	14,946
<b>PV of RI</b>	<b>961</b>	<b>7,366</b>	<b>6,525</b>	<b>8,075</b>	<b>8,071</b>

<b>Terminal value of RI (bn VND)</b>	<b>119,994</b>
Terminal growth (%)	1.00%

PV of RI (bn VND)	30,998
PV of terminal value (bn VND)	64,797
Beginning equity (bn VND)	75,910
Total value (bn VND)	171,705
Total outstanding shares (mn)	4,534
<b>Target price (VND)</b>	<b>34,341</b>

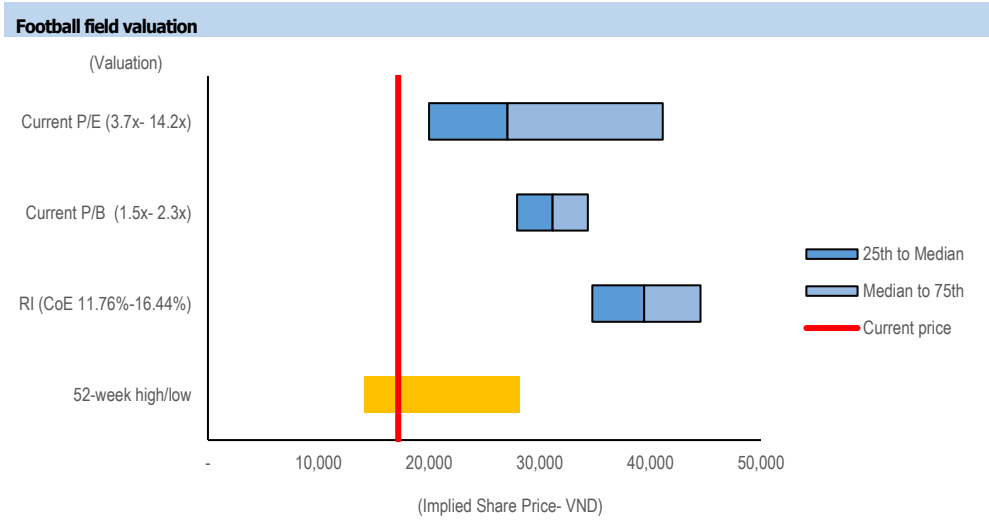
<b>Cost of Equity (%)</b>	<b>15.37%</b>
Beta (x)	1.50
Adjusted beta (x)	1.33
Risk-free rate (%)	5.00%
Equity risk premium (%)	7.80%

Source: Shinhan Securities Vietnam

For the P/B method, we take the average P/B value of MBB for the last 5 years as of November 30<sup>th</sup>, 2022, as 1.5x.

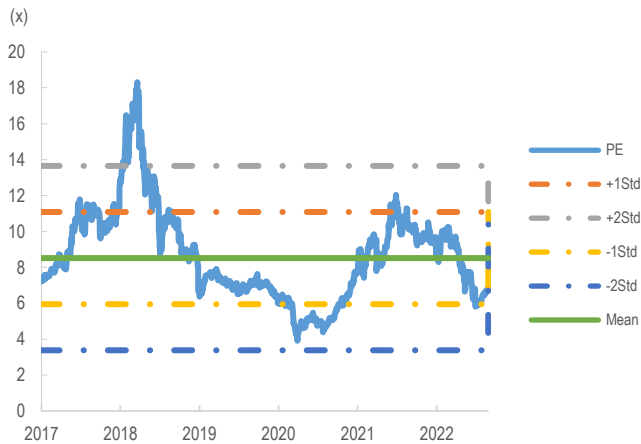
Valuation		
Method	Proportion	Target price
Residual income	60%	34,341
P/B average (1.5x)	40%	22,773
<b>Target price</b>		<b>29,714</b>

Source: Shinhan Securities Vietnam



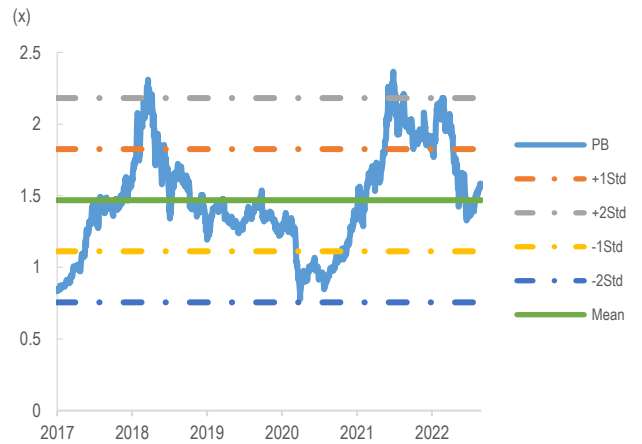
Source: Bloomberg, Shinhan Securities Vietnam

**MBB's PER chart**



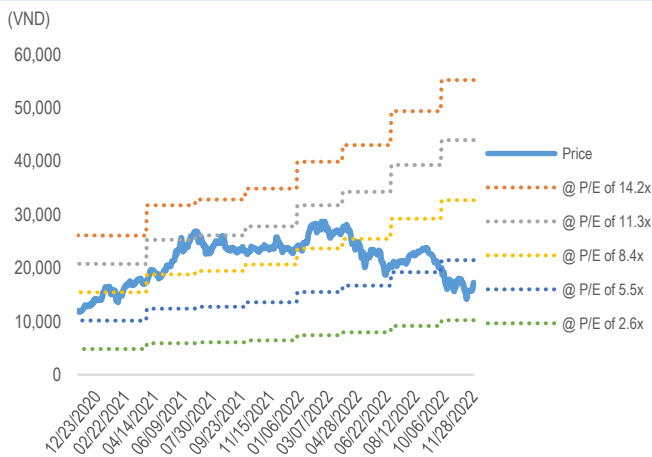
Source: Bloomberg, Company data, Shinhan Securities Vietnam

**MBB's PBR chart**



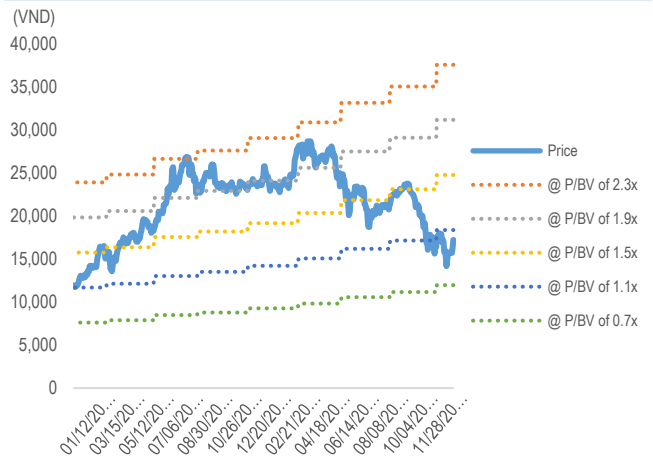
Source: Bloomberg, Company data, Shinhan Securities Vietnam

**MBB's PER band chart**



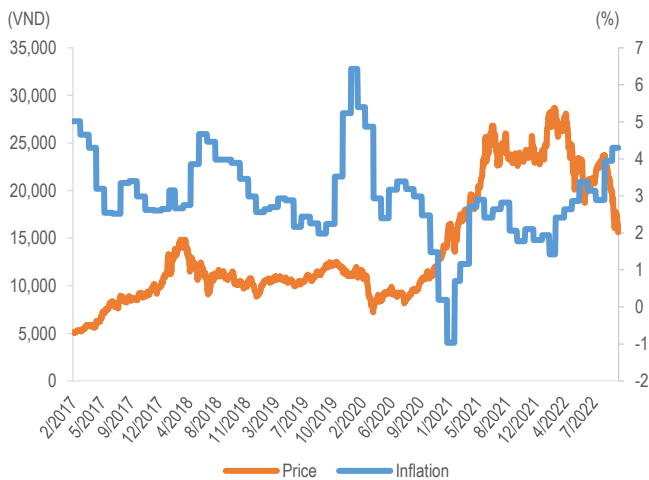
Source: Bloomberg, Company data, Shinhan Securities Vietnam

**MBB's PBR band chart**



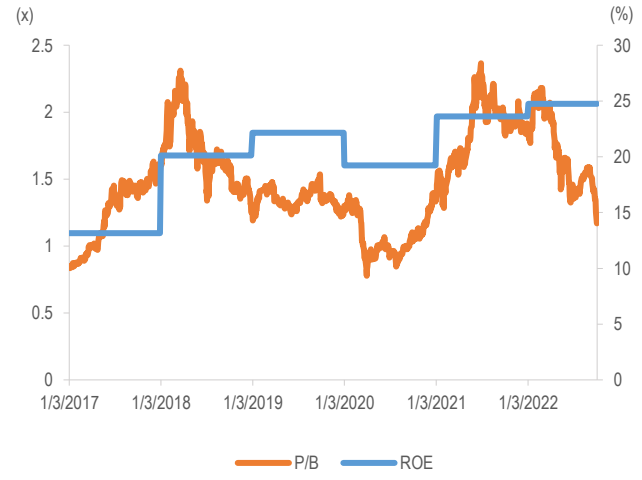
Source: Bloomberg, Company data, Shinhan Securities Vietnam

**MBB's share price vs. inflation rate**



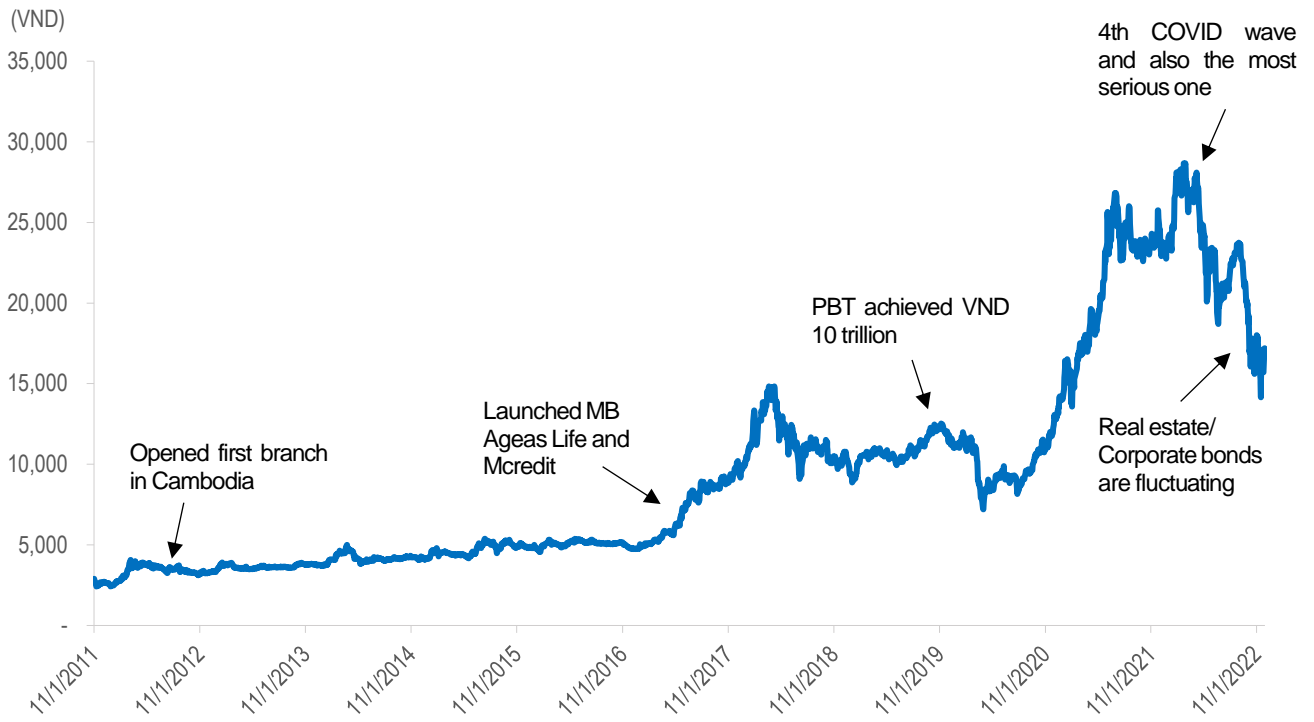
Source: Bloomberg, Company data, Shinhan Securities Vietnam

**MBB's PBR vs. ROE forward**



Source: Bloomberg, Company data, Shinhan Securities Vietnam

**Key event chart of MBB**



Source: Bloomberg, Company data, Shinhan Securities Vietnam

## Risks

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### Risk of increasing interest rates

Inflation risks spread in the near future, stemming from the context of high inflation in the world, forcing central banks to raise interest rates. SBV has increased deposit interest rates in September and October, 2022, leading to an increase in borrowing rates, but it will be later than deposit rates, leading to narrower profit margins.

### Real estate credit risk

Corporate bond investment in MBB's credit portfolio is leading the industry, especially corporate bonds issued by real estate companies account for a large proportion. Currently, the Bank may face the risk of cross-default from mortgage loans with real estate, and corporate bonds issued by real estate companies still have many potential risks.

### Increase in bad debt

Bad debt has a risk of increasing, potentially exposing the whole system. Especially when Circular 14 expires on June 30th, 2022, the loans are facilitated to retain the debt group 1 and 2 during the period affected by the pandemic, then will be forced to convert into bad debt if they cannot recover timely.

## Appendix: Financial statements

### Balance sheet

Year (bn VND)	2020	2021	2022F	2023F	2024F
<b>Total assets</b>	<b>494,982</b>	<b>607,140</b>	<b>688,159</b>	<b>794,806</b>	<b>952,723</b>
Cash and precious metals	3,109	3,475	3,443	4,083	5,508
Balances with the SBV	17,297	38,051	31,304	24,319	29,335
Placements with and loans to other credit institutions	47,889	35,983	43,213	52,726	63,288
Trading securities	3,085	7,575	5,302	5,567	6,124
Derivatives and other financial assets	37	274	288	302	318
Loans and advances to	293,943	354,797	417,028	494,769	590,560
Debts purchase		2	2	2	2
Investment securities	99,714	128,806	142,555	158,725	190,992
Long-term investments	885	803	850	900	952
Fixed assets	4,311	4,678	4,842	4,999	5,484
Investment properties	248	269	269	269	269
Other assets	24,465	32,426	39,063	48,145	59,894
<b>Total liabilities</b>	<b>444,883</b>	<b>544,654</b>	<b>608,570</b>	<b>695,235</b>	<b>829,961</b>
Due to Gov and Loans from SBV	15	262	302	347	399
Deposits and Loans from other credit institutions	50,876	59,560	60,744	70,286	84,209
Deposits from customers	310,960	384,692	425,929	476,686	565,106
Derivatives and other financial liabilities			-	-	-
Funds received from Gov, international and other	207	1,999	2,299	2,643	3,040
Convertible bonds/CDs and other	50,924	66,887	83,609	104,511	130,639
Other liabilities	31,900	31,254	35,688	40,762	46,569
<b>Shareholder's equity</b>	<b>50,100</b>	<b>62,486</b>	<b>79,589</b>	<b>99,571</b>	<b>122,762</b>
Capital	28,726	39,318	47,416	47,957	48,498
Reserves	6,225	7,341	10,301	13,787	17,883
Retained earnings	12,956	12,915	18,249	33,371	50,958
Minority interest	2,193	2,911	3,623	4,456	5,423
<b>Total liabilities and equity</b>	<b>494,982</b>	<b>607,140</b>	<b>688,159</b>	<b>794,806</b>	<b>952,723</b>

### Income statement

Year (bn)	2020	2021	2022F	2023F	2024F
Interest and Similar Income	32,767	38,465	50,452	60,714	73,970
Interest and Similar Expenses	-12,490	-12,265	-17,544	-22,143	-26,815
<b>Net Interest Income</b>	<b>20,278</b>	<b>26,200</b>	<b>32,908</b>	<b>38,571</b>	<b>47,155</b>
Net Fee and Commission Income	3,576	4,367	5,703	6,936	8,386
From foreign currency and gold	786	1,331	1,798	2,248	2,810
From trading of trading securities	85	221	188	169	177
From disposal of investment securities	866	1,446	1,157	1,041	1,093
Net Fee and Commission Income	1,680	3,254	3,083	3,282	3,490
Dividends income	93	115	132	145	160
<b>Total non-interest income</b>	<b>7,084</b>	<b>10,735</b>	<b>12,061</b>	<b>13,821</b>	<b>16,116</b>
<b>Total operating income</b>	<b>27,362</b>	<b>36,935</b>	<b>44,969</b>	<b>52,392</b>	<b>63,271</b>
General and Admin expenses	-10,555	-12,377	-14,639	-17,426	-20,778
Operating Profit Before Provision (PPOP)	16,807	24,557	30,330	34,966	42,493
Provision for credit losses	-6,118	-8,030	-7,882	-8,710	-12,031
<b>Profit before tax</b>	<b>10,688</b>	<b>16,527</b>	<b>22,448</b>	<b>26,256</b>	<b>30,462</b>
Corporate income tax	-2,082	-3,306	-4,490	-5,251	-6,092
<b>Net profit after tax</b>	<b>8,606</b>	<b>13,221</b>	<b>17,958</b>	<b>21,005</b>	<b>24,369</b>
Attributable to parent company	8,263	12,697	17,246	20,172	23,403

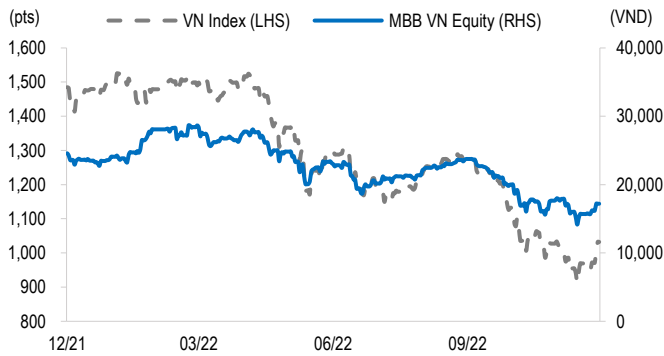
### Financial indicators

Year	2020	2021	2022F	2023F	2024F
<b>Growth (% YoY)</b>					
Loans to customers	19.16	21.88	19.50	18.50	18.00
Deposits from customers	14.03	23.71	10.72	11.92	18.55
Shareholders' equity	25.61	24.72	27.37	25.11	23.29
Total assets	20.29	22.66	13.34	15.50	19.87
Net interest income	12.65	29.20	25.60	17.21	22.26
Net non-interest income	6.53	51.54	12.35	14.59	16.61
PPOP	12.59	46.12	23.51	15.29	21.53
Net profit before tax	6.50	54.63	35.83	16.96	16.02
Net profit after tax	6.66	53.63	35.83	16.97	16.02
<b>Profitability (%)</b>					
NIM	4.73	5.04	5.35	5.46	5.70
ROA	1.82	2.30	2.66	2.72	2.68
ROE	18.36	22.56	24.28	22.52	21.05
<b>Liquidity (%)</b>					
LDR	77.9	77.7	80.9	82.2	81.2
<b>Asset quality</b>					
Leverage (x)	9.88	9.72	8.65	7.98	7.76
NPL ratio (%)	1.09	0.90	2.00	2.50	1.50
LLR ratio (%)	134.01	267.99	200.48	155.79	185.79
Reverse/total credit (%)	1.34	2.16	3.64	3.61	2.60
Credit costs/total loans (%)	2.05	2.21	1.81	1.69	1.98
Credit costs/total credit (%)	1.88	1.98	1.65	1.57	1.85
<b>Per share items (VND)</b>					
EPS	3,075	3,499	3,961	4,633	5,375
BPS	17,117	15,768	16,755	20,978	25,880
PPOP/share	6,005	6,499	6,689	7,712	9,372

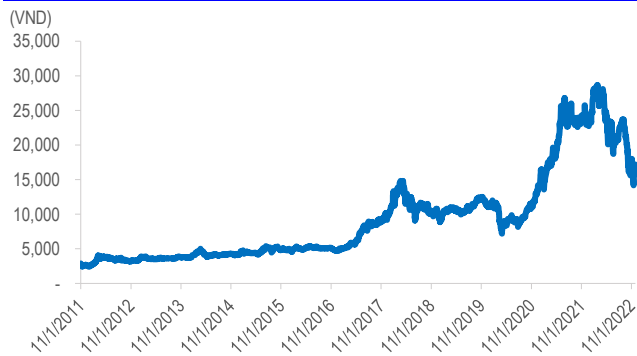
Source: Company data, Shinhan Securities Vietnam

## Military Commercial Joint Stock Bank (MBB VN)

### Share price



### Target price



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
30/11/2022 (Initiation)	BUY	29,700	23.9	3.5/52.4

Note: Calculation of target price gap based on past 12 months

### Shinhan Securities Vietnam

Stock	Sector
<ul style="list-style-type: none"> <li>◆ <b>BUY:</b> Expected 12-month gain of 15% or more</li> <li>◆ <b>HOLD:</b> Expected 12-month loss of 15% to gain of 15%</li> <li>◆ <b>SELL:</b> Expected 12-month loss of 15% or more</li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>OVERWEIGHT:</b> Based on market cap, largest share of sector stocks under coverage is rated BUY</li> <li>◆ <b>NEUTRAL:</b> Based on market cap, largest share of sector stocks under coverage is rated HOLD</li> <li>◆ <b>UNDERWEIGHT:</b> Based on market cap, largest share of sector stocks under coverage is rated SELL</li> </ul>

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