

MBB – BUY

STOCK INFORMATION
(June 21st 2019)

Stock exchange	HSX
Market price (VND)	21,300
10-day average trading volume	1,822,053
Market capital (VND bn)	42,796
Outstanding shares	2,113,398,401

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UPDATE REPORT

Business results: Q1.2019, MBB's profit before tax was recorded at VND 2,424 billion (+ 26.4% yoy, fulfilling 25% of the whole year plan). In particular, growth motivation in the first quarter came from stable growth in interest income while non-interest income, namely service income, grew at a rapid rate.

Outlook: We estimate that MBB can achieve VND 9,889 billion in pre-tax profit in 2019 (+ 27% yoy). Growth expectations based on: (1) MBB is accepted for applying Basel II standard, and this will bring certain advantages in proposing the bank's credit growth limit by the end of 2019; (2) Deposits still has room for growth; (3) Revenue from non-interest activities, asset quality is under control; (4) Divestment in MBS and plan to increase charter capital.

Recommendation: MBB is trading at a forward P/B of 2019 of 1.20 times at the reference price of VND 21,300. With the above mentioned prospects and risks, **we maintain our BUY recommendation and estimate the fair value of MBB shares by P/B comparison method of VND 26,696/share.**

Unit: VND bn	2016	2017	2018	Q1.2019	2019F
Loans to customers	150,738	184,188	214,686	229,168	242,595
Deposits from customers and valuable papers	197,179	226,198	251,122	257,267	284,410
Net Interest income	7,979	11,219	14,583	4,135	16,621
Non-interest income	1,876	2,648	4,953	1,319	6,315
Total operating income	9,855	13,867	19,537	5,454	22,936
Operating expenses	4,175	5,999	8,734	2,066	9,634
Provisions	2,030	3,252	3,035	964	3,413
Profit before tax	3,651	4,616	7,767	2,424	9,889
Profit after tax	2,884	3,490	6,113	1,933	7,880
NPL ratio	1.32%	1.20%	1.33%	1.41%	1.40%
CIR	42.4%	43.3%	44.7%	37.9%	42.0%
NIM	3.6%	4.2%	4.6%	4.6%	4.7%
ROAA	1.3%	1.2%	1.8%	1.8%	2.1%
ROAE	14.4%	13.2%	19.0%	19.4%	22.4%
LLR	103.2%	95.9%	112.3%	96.5%	112.3%

Source: MBB, VCBS

APPENDIX

INCOME STATEMENT					
As of 31/12					
Unit: VND billion	2015	2016	2017	2018	2019F
Interest income	13,538	15,552	19,876	24,824	28,503
Interest expense	-6,219	-7,574	-8,657	-10,241	-11,882
Net interest income	7,319	7,979	11,219	14,583	16,621
Non-interest income (expense)	1,453	1,876	2,648	4,953	6,315
Total operating income	8,772	9,855	13,867	19,537	22,936
Operating expenses	-3,449	-4,175	-5,999	-8,734	-9,634
Operating profit (pre-provision)	5,323	5,681	7,868	10,803	13,302
Provisions (net of reversals)	-2,102	-2,030	-3,252	-3,035	-3,413
Profit before taxation	3,221	3,651	4,616	7,767	9,889
Taxation	-709	-767	-1,125	-1,577	-2,008
Profit after taxation	2,512	2,884	3,490	6,190	7,880
Minority interest	16	-28	-29	77	77

BALANCE SHEET					
As of 31/12					
Unit: VND billion	2015	2016	2017	2018	2019F
Gross loans to customers	121,349	150,738	184,188	214,686	242,595
Net loans to customers	119,372	148,687	182,062	211,475	238,782
Balances with SBV	8,182	10,002	6,684	10,548	9,637
Current accounts, deposits and placements with banks	28,659	26,953	53,497	45,062	45,239
Cash and equivalent	1,236	1,520	1,842	1,737	1,767
Marketable securities	50,291	54,273	52,874	74,309	77,272
Non-interest earning assets	13,364	14,884	16,311	19,195	21,690
Total assets	221,103	256,320	313,270	362,325	394,387
Deposits from customers	181,565	194,812	220,176	239,964	271,160
Current accounts of banks and payables to SBV	1,688	88	6,918	7,976	9,013
Borrowings from SBV and term deposits from banks	7,233	24,625	41,031	55,128	49,687
Debt securities and other borrowed funds	2,768	2,625	6,319	11,478	13,250
Non-interest generating liabilities	4,605	7,520	9,832	13,606	12,211
Total liabilities	197,859	229,670	284,277	328,152	355,321
Chartered capital	16,000	17,127	18,155	21,605	21,605
Surplus capital	719	828	828	0	0
Treasury stock	0	0	0	0	-1,037
Other capital	228	305	368	406	406
Reserve funds	2,014	2,392	2,841	3,481	4,728
Exchange rate differences&asset valuation differences	0	0	0	0	0
Distributable retained profits	2,191	4,761	5,369	7,151	11,911
Shareholders' equity	21,151	25,413	27,562	32,643	37,613
Minority interest	559	1,237	1,431	1,530	1,453
Total liabilities and equity	219,010	256,320	313,270	362,325	394,387

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