

April 27, 2022

Analyst Nguyen Duc Huy  
huynd1@kbsec.com.vn

# MBBank (MBB)

## FY21 AGM Update

### 2021 business results continued to grow strongly

- In 2021, Military Commercial Bank (MBB) recorded VND37 trillion (+35% YoY) in total operating income (TOI). In particular, net interest income (NII) was VND26.2 trillion (+29.2% YoY); payment service and bancassurance helped net fee income improve by 22.1%. Non-interest income (NOII) posted substantial growth thanks to increased revenue from foreign currency trading and gold investment (+69.1% YoY), investment securities (+75.3% YoY), and net other income (+94% YoY).
- NIM improved 33bps YoY thanks to effective control of input costs. CASA hit a record high of 47.6%, much higher than MBB's 40% target for 2021.
- Outstanding credit as of the end-2021 was VND492 trillion (+22.4% YoY). Deposits improved +23.8% YoY. Meanwhile, the loan-to-deposit ratio (LDR) decreased slightly to 69.4%.
- Operating costs improved with CIR shrinking by 5 ppts. The bank set aside VND8 trillion (+31.2 %YoY) in provisions for 2021. Consolidated PBT increased by 54.6%YoY to VND16,527 billion.

### Asset quality remains strong

- The individual and consolidated bad debt ratios of 0.68% and 0.9%, respectively, are lower than the target of 1.5%.
- The loan loss coverage ratio was 268%, doubling YoY and second-ranked in the banking system.
- Restructured debts by the end-1Q22 climbed to approximately VND6,200 trillion or 1.68% of outstanding loans, mainly accommodation and transportation services, which may witness recovery this year.

### Business plan in 2022

- The BOD set a target for the credit growth of 16% to VND472,600 billion, aiming towards 20%. Deposits should hit VND488 trillion (+25% YoY).
- The bad debt ratio should remain under 1.5%. CASA rate is 45%.
- CIR may decline to below 32% through promoting digitalization.
- MBB targets attracting 6.3 million new customers in 2022 (flat YoY), heading towards VND13 million by the end of this year and 20 million by 2026.
- PBT is expected at VND20,300 billion (+23% YoY), assuming favorable macroeconomic conditions. However, MBB aims towards VND23,000 billion.



### **MBB plans to raise charter capital via dividend payment and private placement**

- In 2022, MBB would issue 70 million shares at VND18,000 per share to Viettel and 19.24 million ESOP shares.
- The bank also plans to increase its charter capital to VND46,882 billion via: (1) issuing 755,664,356 shares as a stock dividend at a rate of 20%; (2) issuing 65 million shares via private placement in the 2022–2023 period.

### **Real estate loans and corporate bond issuance remain under control**

- Real estate loans account for 8% ± 2% of the outstanding loans (This figure was 10% by the end of 1Q22). The bad debt ratio of this segment is only about 0.14%. Home loans still represent the highest proportion and are expected to constitute 50% of personal loans.
- The outstanding value of real estate bonds is about VND5,100 billion, equivalent to 3.98% of outstanding loans to investment securities. The BOD said that most real estate projects are of good quality, and the bank is conservative in bond investment.

### **MBB admitted one credit institution under a compulsory transfer mode**

- The identity of the weak bank that MBB will take over under the restructuring scheme of the State Bank is unknown. The BOD revealed that the State Bank would partially support MBB in dealing with bad debts through lending at preferential interest rates and increasing credit growth quota.
- The BOD proposed two suggestions after resolving outstanding loans of the weak bank: (1) to consolidate the weak bank; (2) to sell it to another institution or divest it via an IPO.
- The admission of a bank under the compulsory transfer program will bring many benefits to MBB because: (1) the number of branches may rise to 400, thereby increasing its distribution network and reducing fixed assets, which is in line with the strategy of mass market exploitation via SmartBank; (2) the scale of the bank will expand from 1.5 to 2 times, thereby improving competitiveness; and (3) MBB will not have to consolidate this troubled institution into its own financial statements, helping to maintain asset quality.

## KB SECURITIES VIETNAM RESEARCH

---

**Nguyen Xuan Binh**  
Head of Research  
binhnx@kbsec.com.vn

### Equity

**Duong Duc Hieu**  
Head of Equity Research  
hieudd@kbsec.com.vn

**Nguyen Anh Tung**  
Senior Analyst – Banks, Insurance & Securities  
tungna@kbsec.com.vn

**Pham Hoang Bao Nga**  
Senior Analyst – Real Estate, Construction & Materials  
ngaphb@kbsec.com.vn

**Luong Ngoc Tuan Dung**  
Analyst – Retails & Consumers  
dunglnt@kbsec.com.vn

**Tieu Phan Thanh Quang**  
Analyst – Oil & Gas, Utilities  
quangtpt@kbsec.com.vn

**Nguyen Duc Huy**  
Analyst – Banks, Insurance & Securities  
huynd1@kbsec.com.vn

**Research Division**  
research@kbsec.com.vn

### Macro/Strategy

**Tran Duc Anh**  
Head of Macro & Strategy  
anhtd@kbsec.com.vn

**Le Hanh Quyen**  
Analyst – Macroeconomics & Banks  
quyenlh@kbsec.com.vn

**Thai Huu Cong**  
Analyst – Strategy & Mid cap Stocks  
congth@kbsec.com.vn

**Tran Thi Phuong Anh**  
Analyst – Strategy & Mid cap Stocks  
anhttp@kbsec.com.vn

### Support team

**Nguyen Cam Tho**  
Assistant  
thonc@kbsec.com.vn

**Nguyen Thi Huong**  
Assistant  
huongnt3@kbsec.com.vn

## KB SECURITIES VIETNAM (KBSV)

---

### Head Office:

Levels G, M, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam  
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

### Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam  
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

### Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam  
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

### Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam  
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

## CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656  
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276  
Email: [ccc@kbsec.com.vn](mailto:ccc@kbsec.com.vn)  
Website: [www.kbsec.com.vn](http://www.kbsec.com.vn)

## Investment ratings & definitions

---

### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose.