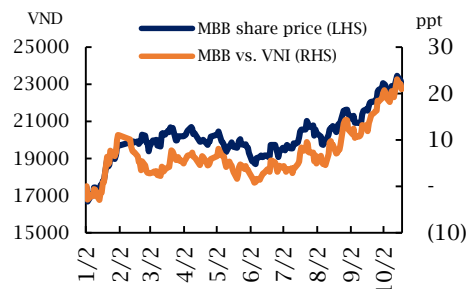


TP upside (downside) +25%
Close 23 Oct 2019

Price	VND 22,900
12M Target (*)	VND 28,694
Previous TP	VND 29,880
Change	-4%

(*) Our TP changed to reflect the 8% stock dividend paid in Sep 2019.

Share price performance relative to VNI

Source: Bloomberg

Market cap	US\$2.3 bn
6M avg. daily turnover	US\$3.4 mn
Outstanding shares	2,282 mn
Free float	77%
FINI ownership	20.0%
Major shareholders	36.7%
2019E Asset/Equity (*)	10.2x
2019E P/E (*)	6.4x
2019E P/B (*)	1.3x
FOL Room	0.0%

Source: Bloomberg, (*) Yuanta Vietnam
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MB Bank (MBB VN)

3Q19: Watch CASA and NPLs

Event

- ▶ **Positives:** 3Q19 PBT was VND2.7 tn (+12% QoQ and +25% YoY).
- ▶ PBT for 9M19 (+27% YoY) was 76% of our full-year forecast.
- ▶ **Negatives:** 3Q19 NPL ratio of 1.54% was up 21bps vs. 2018A.
- ▶ Negative CASA growth of 13% YTD caused a concern

Our Take

Retail loans continue to dominate. MBB posted credit growth of 11.9% YTD, of which retail and private companies' loans account for 89% of the loan book. The Bank reported 3Q19 net interest income (NII) of VND4.6 tn (+4% QoQ / +26% YoY) and 9M19 NII of VND13.1 tn (+26% YoY). 9M19 NIM was 3.73%, which was up 40bps compared to the same period last year.

...But watch CASA. CASA deposits declined by 13% YTD, which could be a potential concern given that the superior funding franchise is one of MBB's key attractions. As at 3Q19, MBB's CASA ratio was 33%, down 7ppt vs. 2018A.

3Q19 fee income was VND499 bn (-53% QoQ / -30% YoY), but 9M19 was VND2.3 tn (+37% YoY). Bancassurance net income was VND1.3 tn (+46% YoY) and contributed 54% to the total YTD fees. This was slightly down from banca's 59% fee contribution in 2018A. But we remain bullish on this segment given that the comparisons are skewed by one-off upfront fees last year.

3Q19 PBT was VND2.7 tn (+12% QoQ / +25% YoY) and 9M19 was VND7.6 tn (+27% YoY). This completed 80% of the bank's full-year target, 76% of our 2019E forecast, and 76% of Bloomberg consensus PBT.

Asset quality remains solid but keep an eye on rising NPLs. MBB's NPL ratio was 1.54% as at 3Q19, 21bps higher than that of 2018A. Category 5 NPLs (i.e., loss) were up 40% YTD in the first three quarters of 2019.

Our view: The lower CASA numbers and higher NPLs are our key concerns from these results. However, the potential sale of another 7.5% of FOL-eligible capital and the inclusion in the VN-Diamond Index (i.e., the Vietnam-FOL Index with a benchmarked ETF to be launched as early as 4Q19) could provide strong catalysts for MBB's stock price performance in 4Q19. We reiterate our BUY recommendation on [MBB - King of CASA](#).

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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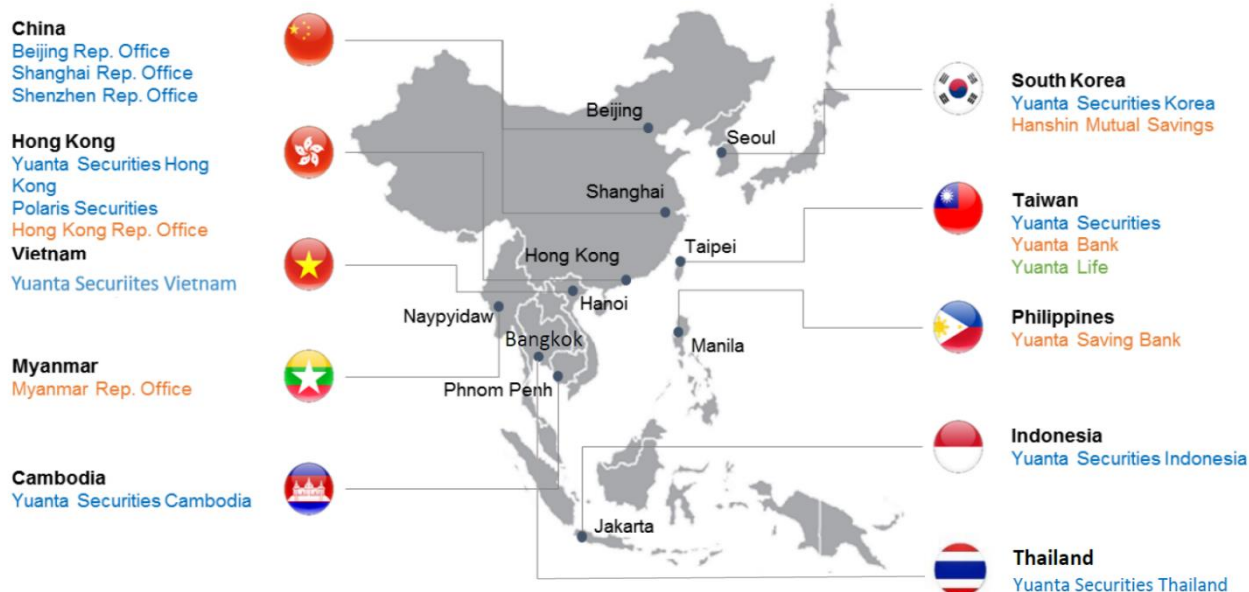
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