



Company Report: Vietnam Maritime Commercial Joint Stock Bank (MSB)

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Analyst Meeting Update 5/2022

Q1/2022 BUSINESS PERFORMANCE

- In Q1/2022, MSB reported 30%yoy growth in PBT which is underpinned by good NII and the reduction in operating and provision expenses.
- The bank's total credit climbed by 9%ytd. All segments (individual, SME and LC) were growing well.
- NII reached a record high at 3.85% at the end of Q1 thanks to lower COF at 2.25%. MSB currently ranks top 3 in terms of CASA ratio in the system at 38%. The latter is expected to improve to 40% at the end of this year.
- Asset quality is under control with the NPL ratio slightly upward to 1.29%. Meanwhile, restructured loans were reduced by 10% to VND 2,878 billion.

COMMENTS

As a small-medium size bank, MSB owns good growth momentum in terms of credit and PBT. The bank is one of the limited banks in the system that recorded upward NIM in Q1/2022. In addition, the abnormal income from FCCOM divestment would be the catalyst for the bank in the 2022-2023 period.

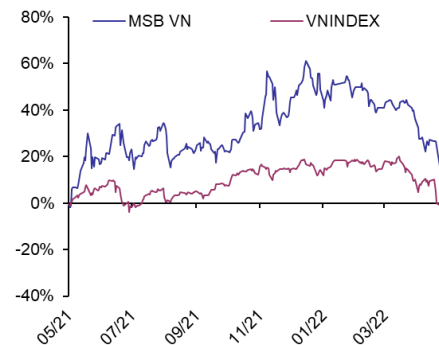
Although MSB has limited exposure to real estate lending and corporate bonds, we should access it in a more prudent manner given the banking sector's high sensitiveness to the real estate sector.

Recommendation: -
 (Maintained)

6-18m TP: -

Current price: VND18,250

Price performance



Price change	1 M	3 M	1Y
Abs. %	-25.5%	-31.6%	2.0%
Relative to VN index	-45.2%	-53.1%	-5.1%
Avg price (VND)	21,680	24,513	23,793

Source: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2020A	7,182	2,011	1,872	92.79	11.05	-	-	3.41	-49.93	12.67
2021A	10,588	4,035	2,704	44.44	14.43	-	-	3.71	-37.13	20.74
2022F	13,790	6,218	4,071	50.54	18.50	-	-	4.08	-32.00	24.73
2023F	18,129	7,781	5,094	25.14	23.59	-	-	4.03	-33.00	24.20
2024F	18,855	7,925	5,188	1.85	28.78	-	-	3.77	-33.00	19.81

Shares in issue (m)	1,527.50	Major shareholder (%)	VNPT 5.72
Market cap (VND b)	27,953.25	Free float (%)	85
3- month average vol. ('000)	3,524.30	LDR (%)	73.4
52w high/low (VND)	29050 / 17385	CAR (%)	12.03

Sources: the Company, Guotai Junan (VN).

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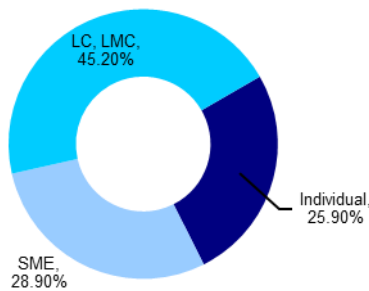
In terms of risk: MSB has limited exposure to real estate lending and corporate bond. The total exposure (including VND1,000 billion real estate corporate bond) to total credit is 12%.

Moreover, the bank's restructured loan portfolio has been steadily narrowed and is expected to be fully recovered. The bank has made full provision for those items.

In Q2/2022, it is hard for the bank to maintain high earnings as in Q1 as it has already tapped to the credit limit provided by SBV at 9.5% and has to wait for the newly approved limit in early June.

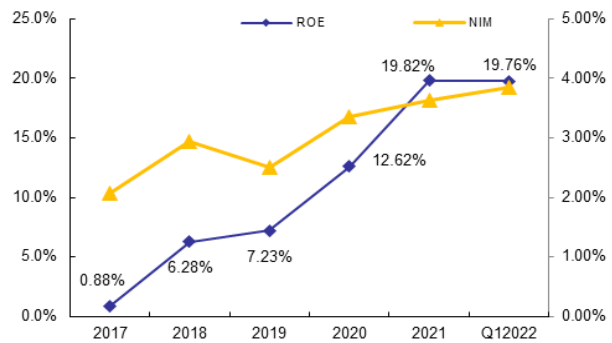
Despite attractive valuation (P/B 1.3x), we should access MSB and the banking sector in a prudent manner. There are still some worries about risks related to real estate lending that may impact the whole system in case of large defaults (if any).

Figure-1: Credit breakdown



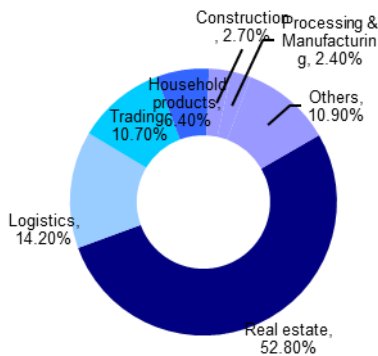
Source: MSB, Guotai Junan (VN).

Figure-2: Profitability



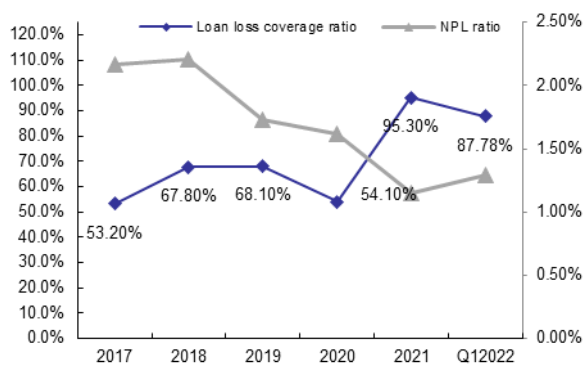
Source: MSB, Guotai Junan (VN)

Figure-3: Restructured loan breakdown



Source: MSB, Guotai Junan (VN).

Figure-4: Assets quality



Source: MSB, Guotai Junan (VN)

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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