

15/03/2024

**RECOMMENDATION BUY**

Fair price	20,700 VND
Current price	14,700 VND
Upside/downside	41%

**STOCK INFORMATION**

Outstanding shares (mil)	2,000
Free float (mil)	1,700
Market cap. (billion VND)	31,000
3m avg. volume (shares)	12,876,741
Foreign ownership (%)	29.97%
First listing date	23/12/2020

**SHAREHOLDER STRUCTURE**

Vietnam Posts and Telecommunications Group	6.05%
Thanh Vinh Real Estate Development Investment Joint Stock Company	4.67%
Tng Realty JSC	3.87%
Others	85.4%

**KEY ATTRIBUTES**

TTM EPS (VND)	2,322
BVPS (VND)	15,649
Debt/Equity (%)	11.7%
ROA (%)	1.9%
ROE (%)	16%
P/E	6.7x
P/B	0.99x
Dividend yield (%)	0%

**PRICE PERFORMANCE**



**COMPANY PROFILE**

Vietnam Maritime Commercial Join Stock Bank was established in 1991 in Hai Phong, Vietnam. The bank operates in the field of capital mobilization, credit provision, and other related financial services. Over the years, MSB has become one of the leading Joint Stock Commercial Banks in Vietnam, offering comprehensive financial and banking solutions to a wide range of segments in the economy

**ANALYST(S)**

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## CUSTOMER SEGMENT CONVERSION STRATEGY OPENS UP GROWTH POTENTIAL

- MSB recorded Total Operating Income growing by 10.4% YoY to VND 9,189 billion in 2023 with improvements in both credit activities and Non-Interest Income. However, due to the provision expense for credit risk growing by 243.8%YoY to VND 1,647 billion, Net Profit of MSB in 2023 saw a slight increase of 0.6%YoY to VND 4,644 billion.
- We expect 2024 to be more positive thanks to the improvement of the economy, recovery of investor sentiment and a slight increase in interest rates.
- MSB's valuation is attractive compared to the industry average, with a 2024 forecast P/B of 1.1x, PHS expects the fair price of MSB is 20,700 VND/share. We recommend BUY with upside potential of 41%.

**Investment highlight: Attractive pricing compared to the entire industry.** MSB's LTM P/B reached 0.96x, lower than the industry average of 1.18x.

**One of the leading banks in credit growth.** The bank always has a higher credit growth rate than the industry. By the end of 2023, MSB's credit will grow by 22.3% YoY, 1.1% higher than PHS's forecast. Increasing SME lending will help MSB diversify its portfolio, reduce concentration risks, capture market potential and increase liquidity. By the third week of feb24, credit growth was 1.09%YoY, while the credit of the economy decreased. MSB targets total credit of VND 178,200 billion in 2024, (+18% YoY). We think that this plan is conservative; MSB is likely to exceed the plan.

**MSB always has good operating efficiency with higher NIM than the industry average.** NIM in 2023 decreases by 26bps compared to the end of 2022 to 4.14%, higher than the industry average (3.3%) thanks to the high CASA ratio. We expect NIM in 2024 to be 4.73% thanks to the advantage of low Cost of Funds.

**Projection for 2024F:** we project that credit growth in 24F would be 23.9% due to the expected acceleration of Vietnam's economy during the year. We anticipate a slight increase in lending rates and a slower increase in deposit rates. We expect the pressure of Non-Performing Loans (NPLs) to increase due to the lingering effects of the challenges faced in 2023. However, the economic recovery is expected to alleviate the burden of NPLs. Therefore, we project a NPL ratio of 2.90% for 24F and a provision expense of VND 2,298 billion (+39.5% YoY). Based on these assumptions, Net Profit for 2024 would be VND 5,749 billion (+23% YoY).

**Evaluation:** By using P/B and Residual Income, we recommend BUY for MSB at a price of VND 20,700 per share, indicating a potential price increase of 41% compared to the current price. The price increase 9% compared to the figure stated in the 2024 strategic report because the industry average LTM P/B increased to 1.18x in the P/B valuation method thanks to improved market sentiment.

**Risks:**(1) Credit risk; (2) Risk from competition; (3) i/r risk; (4) Market risk.

Financial indicators	2021A	2022A	2023A	2024F	2025F
Net Interest Income	6,216	8,322	9,189	11,894	14,242
Non-interest Income	4,373	2,371	3,100	3,718	4,509
Total Operating Income	10,588	10,694	12,289	15,612	18,751
Operating expense	(3,932)	(4,428)	(4,812)	(6,128)	(7,304)
Provision expenses for credit losses	(1,568)	(479)	(1,647)	(2,298)	(2,914)
Before - tax Profit	5,088	5,787	5,830	7,186	8,533
Net Profit	4,035	4,616	4,644	5,749	6,826
NPL ratio	1.74%	1.71%	2.87%	2.90%	2.97%
CASA ratio	34.0%	29.7%	25.2%	27.7%	28.2%