

Military Bank (MBB)

Changing step by step

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MBB achieved positive growth in the first months of the year

Military Bank (MBB) posted positive business results in 1Q25, with TOI reaching VND15,323 billion (+27.5% YoY) thanks to stable growth of both NII (+29% YoY) and NOII (+23% YoY). Credit growth reached 2.3% YTD after the bank transferred some of its loans (which are of high quality) to support Ocean Bank (now renamed as Modern Bank of Vietnam – MBV).

Credit growth may reach 20–25% in the long term

We keep our forecast for MBB's credit growth unchanged at over 20% in 2025 and 20–25% in 2026–2030F based on the bank's optimizing loan portfolio and leveraging its own advantages.

MBB's NIM is slated to be higher than the industry average

KBSV believes that the pressure on MBB's NIM will continue amid the trend of low lending rates of the whole banking industry. However, MBB should perform better in CoF management, making its NIM higher than the system average and reach 4.08% in 2025.

Valuation: BUY rating – Target price VND30,400/share

We made some small changes in the projections for credit growth, NOII and provisions and raised the discount yield in our valuation model. As these changes offset each other, the target price for MBB is almost unchanged compared to the previous report. All things considered, we reiterate our BUY recommendation on MBB shares with a target price of VND30,400, equivalent to a potential return of 25% compared to the closing price on June 12, 2025.

Buy maintain

Target price VND30,400

Upside	25%
Current price (Jun 12, 2025)	VND24,700
Consensus target price	VND27,500
Market cap (VNDtn/USDbn)	148.3/5.8

Forecast earnings & valuation

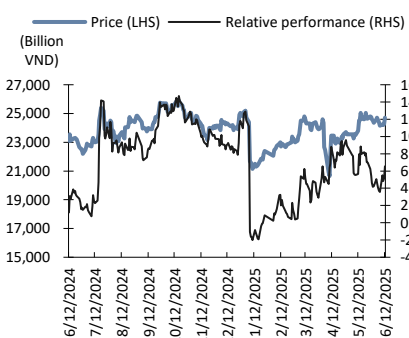
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	38,684	41,152	48,433	59,090
PPOP (VNDbn)	32,393	38,406	41,907	50,298
NPAT-MI (VNDbn)	21,054	22,951	25,290	31,530
EPS (VND)	3,966	4,265	4,688	5,841
EPS growth (%)	3	8	10	25
PER (x)	6.1	5.7	5.2	4.2
BVPS	18,548	22,060	26,049	31,289
PBR (x)	1.31	1.10	0.93	0.78
ROE (%)	23.9	21.5	19.8	20.7
Dividend yield (%)	1.58	1.77	1.32	1.61

Trading data

Free float	69.0%
3M avg trading value (VNDbn/USDmn)	299.3/11.8
Foreign ownership	23.2%
Major shareholder	Viettel Group (14.14%)

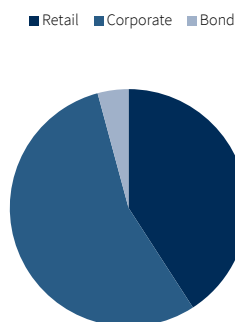
Share price performance

(%)	1M	3M	6M	12M
Absolute	6.3	15.2	16.9	19.2
Relative	2.4	10.2	11.0	14.3



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Military Bank, KB Securities Vietnam

Business operation

Founded in 1994, Military Commercial Joint Stock Bank (MBB) originally concentrated on offering financial services to military enterprises. Over the course of more than three decades, MBB has evolved into the largest private commercial bank in terms of assets and credit base. As a leading digital bank, MBB boasts the largest customer base and the highest CASA ratio in the industry.

Investment Catalysts

MBB's average credit growth is expected to remain at over 20% in 2025–2030, underpinned by both corporate and individual customer groups as the bank will continue diversifying its loan portfolio.

NIM of MBB will have more positive developments compared to the industry's downward trend. CoF should be better controlled thanks to bright CASA prospects: (1) MBB has been implementing automatic profit-generating products to attract customers' CASA; and (2) maintaining a large proportion of corporate customers helps the bank attract CASA and deposits at lower costs.

Asset quality is expected to improve after the Government resolves difficulties in large customer projects. Positive profit growth gives the bank more room to consolidate its reserve buffer.

Notes

Please find more details below

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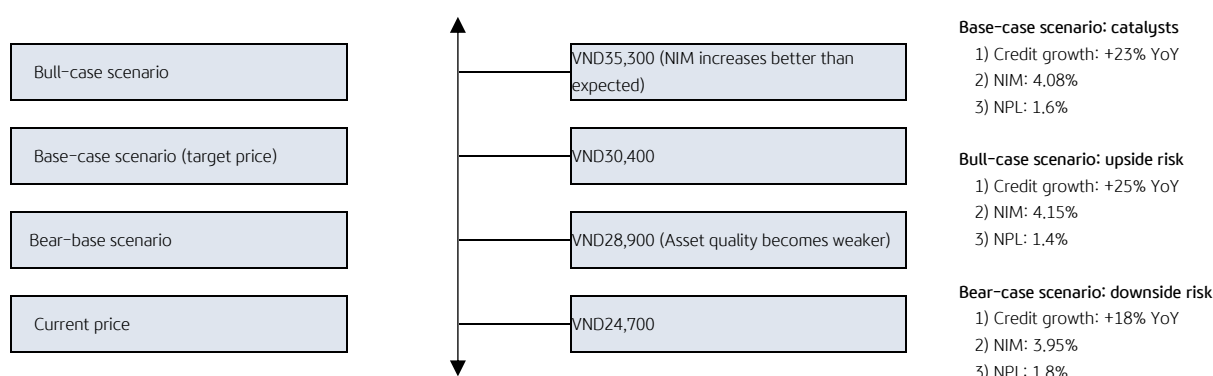
Please find more details in [4Q24 update report](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
NII	48,433	59,090	-1%	-2%	49,539	59,358	2%	0%
PPOP	41,907	50,298	1%	-1%	42,211	49,824	1%	-1%
NP after MI	24,877	30,993	-2%	-1%	25,095	30,404	1%	-2%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

MBB achieved positive growth in the first months of the year

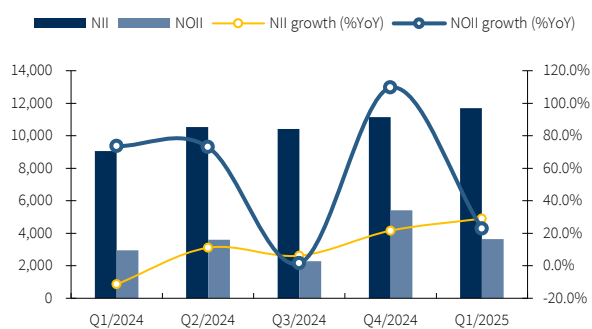
MBB recorded fruitful results in 1Q25, with TOI reaching VND15,323 billion (+27.5% YoY), supported by strong NII (+29% YoY) and NOII (+23% YoY). Credit grew 2.3% YTD after MBB's transferring a portion of good loans to support MBV's operations. Operating expenses and credit costs remained under control while asset quality slightly declined in line with the general trend of the industry. At the end of the quarter, PBT touched VND8,386 billion, equal to 27% of our forecast.

Table 1. MBB – 1Q25 performance updates

(VNDbn, %)	1Q24	4Q24	1Q25	QoQ	YoY	Notes
Net interest income (NII)	9,062	11,142	11,692	4.9%	29.0%	Although MBB posted modest credit growth in 1Q after passing a number of quality loans to MBV, its interest income showed an impressive growth of 29%, possibly thanks to the delay in accounting for interest income from credit growth in 4Q last year. NOII also showed even growth across all sources:
Non-interest income (NOII)	2,954	5,421	3,631	-33.0%	22.9%	- NFI rose 31% YoY, led by consulting, payment and cash service fees. - Income from gold and FX trading grew 17% YoY, which is in contrast to a 42% decline in securities trading. - Notably, other incomes recorded tripled 1Q24 level mainly thanks to debt collection.
Total operating income (TOI)	12,017	16,564	15,323	-7.5%	27.5%	
Operating expenses	(3,514)	(5,247)	(3,950)	-24.7%	12.4%	
CIR	29.2%	31.7%	25.8%	-589bps	-346bps	Although operating expenses increased by 12% YoY, CIR fell to a record low and was much lower than the industry average due to strong growth in TOI.
Provisions	(2,707)	(3,224)	(2,986)	-7.4%	10.3%	
Profit before taxes (PBT)	5,795	8,093	8,386	3.6%	44.7%	
Net profit after taxes (NPAT)	4,624	6,382	6,675	4.6%	44.3%	
Credit growth (% YTD)	0.4%	24.7%	2.3%			Credit growth was lower than the industry average (3.9%), with customer loans recording a growth of 2.7%, while the corporate bond balance decreased by 7% YTD. According to MBB, the bank transferred a portion of its quality debt to MBV, making MBB's credit grow by a mere of 6% YTD.
Deposit growth (%YTD)	-6.2%	20.1%	2.6%			
NIM	4.67%	4.08%	4.36%	28bps	-30bps	NIM went down 5bps YoY but recorded a sharp drop of 30bps compared to the high base last year. However, MBB's performance in 1Q was still better than other banks.
NPL ratio	2.49%	1.62%	1.84%	22bps	-64bps	Asset quality slightly dropped as the NPL ratio increased by 22bps QoQ. Substandard and bad debt groups increased sharply, respectively by 35% QoQ and 13% QoQ. The loan loss coverage ratio (LLCR) fell to 75% as the NPL balance increased faster than the provisioning rate.

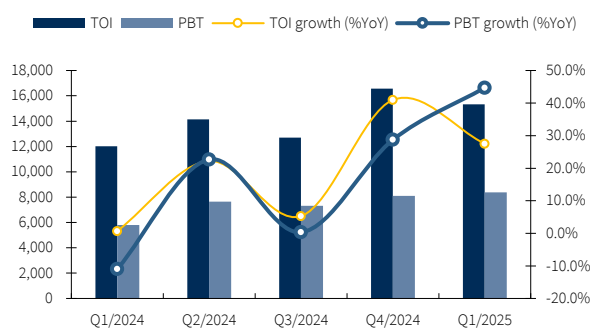
Source: Military Bank, KB Securities Vietnam

Fig 2. MBB – NII, NOII growth (VNDbn, %)



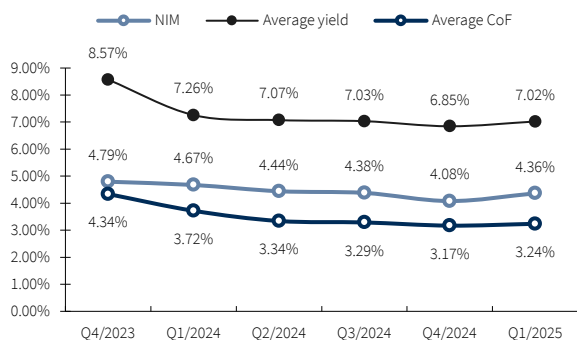
Source: Military Bank, KB Securities Vietnam

Fig 3. MBB – TOI, PBT growth (VNDbn, %)



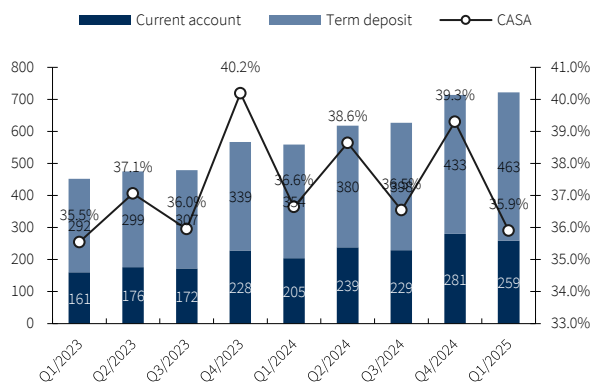
Source: Military Bank, KB Securities Vietnam

Fig 4. MBB – NIM, IEA & CoF (%)



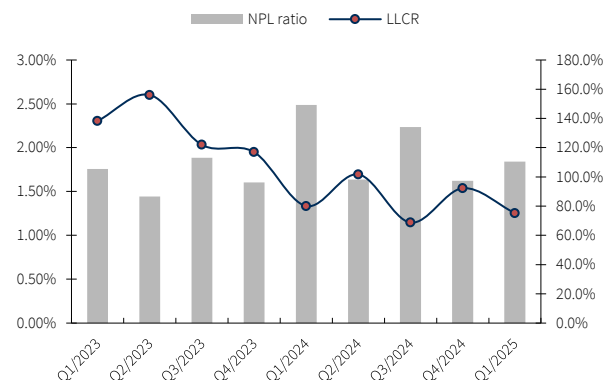
Source: Military Bank, KB Securities Vietnam

Fig 5. MBB – Deposit portfolio (VNDtn, %)



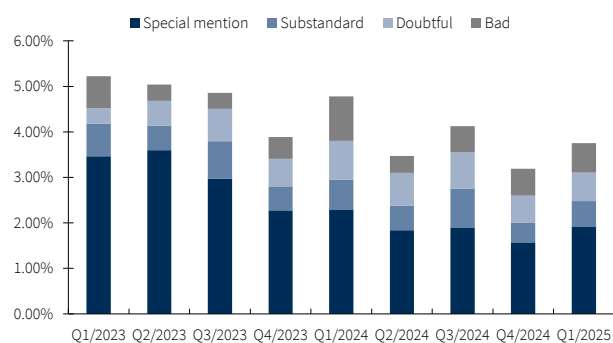
Source: Military Bank, KB Securities Vietnam

Fig 6. MBB – NPL, LLCR (%)



Source: Military Bank, KB Securities Vietnam

Fig 7. MBB – Credit portfolio/total credit (%)



Source: Military Bank, KB Securities Vietnam

After a challenging period in asset quality in 2023–2024, we have seen positive signs from MBB, especially in its long-term growth prospects.

Credit growth should reach 20–25% in the long term

We believe the bank's credit growth could reach 20% in 2025 and 20–25% in 2026–2030 because: (1) MBB has a balanced and sustainable loan portfolio with the proportion of corporate and industrial loans at 56% and 42%, respectively, focusing on lending to sectors such as trade, household businesses, and manufacturing. (2) The acquisition of MBV has helped MBB increase its customer base and expand its credit cap for more growth potential. (3) The advantage in CoF and scale gives MBB more flexibility in offering attractive loans compared to other banks. Finally, (4) the direct impacts from Trump's tariff regime would be not so strong to MBB's growth momentum as the contribution from FDI enterprise customers to total credit is quite insignificant (only 0.6% of MBB's total outstanding loans).

MBB's NIM developments are more positive than other banks

NIM of MBB in the first quarter experienced a small contraction (–5bps), which is still more positive than other banks amid the industry's downtrend. The result was attributable to (1) MBB ramping up bad debt recovery activities (debt recovery profit +281% YoY, a part of which was accounted in NII); (2) accounting profits from boosting credit since the end of last year; and (3) better managing CoF compared with 1Q24.

In the coming period, we believe that MBB will have to keep low lending rates like other banks. However, it is expected to manage CoF better, based on: (1) MBB has been implementing automatic profit-generating products to attract customers' CASA (similar to the products offered by Techcombank – TCB, Vietnam Prosperity Bank – VPB, and Vietnam International Bank – VIB); and (2) maintaining a large proportion of corporate customers helps MBB attract CASA and deposits at lower costs. Although the pressure will prevail, KBSV believes that MBB's NIM will be better than the whole industry, expecting a 2025F NIM at 4.08%.

2025 AGM updates

- **MBV restructuring plan:** As mentioned in the previous report, MBB has completed the process of taking over the "0 dong" bank OceanBank (renamed as MBV). At 2025 AGM, the BoD said that MBV is operating under an independent operating model with financial statements not recoded to MBB's consolidated results, so it will not affect MBB's performance. MBB expects MBV to soon become profitable this year, while building a roadmap to eliminate all accumulated losses within five–seven years and completely restore normal operations within the next seven–ten years. Through restructuring activities such as capital contribution (the maximum capital contribution of VND5,000 billion to MBV has been approved), digital transformation, and human resource restructuring, we assess that the restructuring plan is feasible. After three months of taking over, MBV's accumulated loss has been lowered by nearly VND4,000 billion from VND19,628 billion.

- **Proposing both plans at the same time:** MBB propose plans on buying back 100 million treasury shares in 2025–2026 and continuing the plan to issue 62 million shares to strategic partners in 2025 (still included in the private offering plan from 2023). We think these plans will not have too much impact on the bank's capital structure because the effects have been offset each other.

Forecast & valuation

Table 8. MBB –2025–2026F business performance

(VNDbn, %)	2024	2025F	% Yoy 2024	2026F	%YoY 2025	Assumptions
Net interest income (NII)	41,152	48,433	18%	59,090	22%	We lower MBB's 2025F credit growth from 20% (old forecast) to 24%, maintaining growth expectations in the 2026–2030 period. The forecast was slightly higher based on expectations of accelerated bad debt collection activities. However, profits from securities trading and investment will still be under pressure from the high base of the same period last year.
Non-interest income (NOII)	14,261	13,195	-7%	14,445	9%	
Total operating income (TOI)	55,413	61,628	11%	73,535	19%	
Pre-provision operating profit (PPOP)	38,406	41,907	9%	50,298	20%	The forecast was raised based on the assumption that the bank needs to strengthen their reserve buffers (1Q LLCR has dropped to 75%).
Provision expenses	(9,577)	(10,295)	8%	(10,886)	6%	
Profit before tax (PBT)	28,829	31,612	10%	39,412	25%	
Net interest margin (NIM)	4.08%	4.08%	0bps	4.23%	15bps	We maintained the previous forecast.
Average IEA yield	6.85%	6.94%	9bps	7.41%	47bps	
Average cost of funds	3.17%	3.27%	10bps	3.65%	38bps	
Cost-to-income ratio (CIR)	30.7%	32.0%	131bps	31.6%	-40bps	The forecast was unchanged on the prospect of improved asset quality thanks to a diversified credit portfolio across many sectors and the bank limiting the increase in credit risk appetite.
NPL ratio	1.62%	1.55%	-7bps	1.45%	-10bps	
Total assets	1,128,801	1,308,053	16%	1,560,100	19%	
Equity	117,060	138,222	18%	166,032	20%	

Source: Military Bank, KB Securities Vietnam

We maintain our BUY rating with a target price of VND30,400/share

We combine two valuation methods, P/B and residual income, to find a reasonable price for MBB shares.

(1) P/B valuation method:

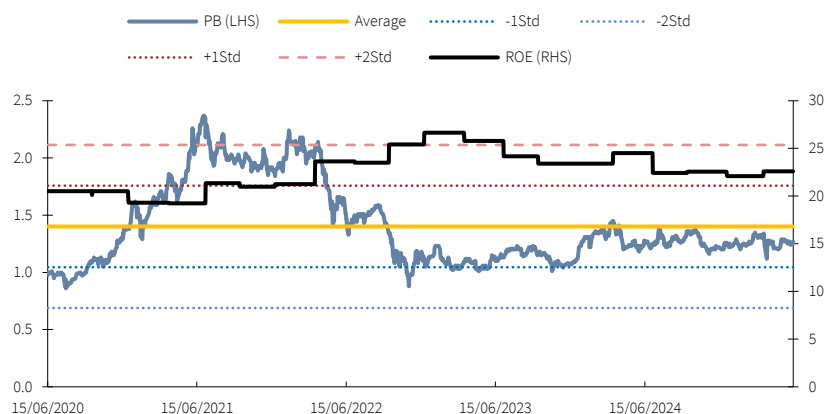
We adjust the target P/B 2025 to 1.2x based on a conservative scenario in which the overall economy has to face many risks from tariff chaos.

(2) Residual income method:

We adjust the market risk premium to 8.35% in this report, causing the required yield to increase and the target price to decrease.

KBSV also made some changes in the projections for credit growth, NOII and provision expenses in addition to increasing the discount yield in the valuation model. Since these changes offset each other, the target price for MBB has almost unchanged compared to the previous report. We maintain our BUY rating with a target price of VND30,400/share, 25% higher than the closing price on June 12, 2025.

Fig 9. MBB – ROE & P/B (% , x)



Source: Bloomberg, KB Securities Vietnam

Table 10. MBB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	25,290	31,530	41,018
Excessed return	6,827	5,342	8,974
Required rate of return (re)	15.7%		
Growth (g)	3.0%		
Terminal value	22,578		
Present value (PV)	170,583		
Value per share	32,147		

Source: KB Securities Vietnam

Table 11. MBB – Final valuation results

Valuation method	Forecast price	Weighting	Weighted price
Residual income	32,147	50%	16,074
P/B	28,653	50%	14,327
Target price			30,400

Source: KB Securities Vietnam

MBB – 2022A–2026F summarized financials & forecasts

Income Statement						Balance Sheet					
(VNDbn)	2022	2023	2024	2025F	2026F	(VNDbn)	2022	2023	2024	2025F	2026F
Net interest income	36,023	38,684	41,152	48,433	59,090	Loans	448,599	599,579	765,048	924,491	1,090,271
Interest income	52,486	69,143	69,062	82,390	103,590	Marketable securities	4,106	44,251	7,932	14,144	16,836
Interest expense	16,463	30,459	27,910	(33,957)	(44,500)	Cash (ex. Reserves)	3,744	3,675	3,349	4,562	5,431
Fees & commissions	4,136	4,085	4,368	5,038	7,053	Interest earning assets	697,256	916,370	1,101,327	1,274,205	1,521,897
Other non-interest income	2,142	2,428	3,281	4,022	3,036	Fixed assets & other assets	38,836	34,928	35,272	44,237	51,307
Total operating income	45,593	47,306	55,413	61,628	73,535	Total assets	728,532	944,954	1,128,801	1,308,053	1,560,100
SG&A expenses	(14,816)	(14,913)	(17,007)	(19,721)	(23,237)	Customer deposits	443,606	567,533	714,154	817,179	972,730
Pre-provisioning OP	30,777	32,393	38,406	41,907	50,298	Borrowings & call money/repos	98,581	129,263	131,949	180,100	211,845
Provision for credit losses	(8,048)	(6,087)	(9,577)	(10,295)	(10,886)	Interest bearing liabilities	607,335	796,615	964,429	1,113,740	1,323,163
Other income	3,026	3,458	4,658	5,746	4,324	Other liabilities	41,584	51,628	47,312	56,090	70,906
Other expense	(884)	(1,030)	(1,378)	(1,724)	(1,288)	Total liabilities	648,919	848,242	1,011,741	1,169,830	1,394,069
Pre-tax income	22,729	26,306	28,829	31,612	39,412	Charter capital	45,340	52,141	53,063	53,063	53,063
Income tax expense	(4,574)	(5,252)	(5,878)	(6,322)	(7,882)	Capital surplus	869	869	1,304	1,304	1,304
NP	18,155	21,054	22,951	25,290	31,530	Retained earnings	19,064	25,560	40,718	61,881	89,690
Minority interest profit	(672)	(377)	(318)	(413)	(537)	Capital adjustments	-	-	-	-	-
Parent NP	17,483	20,677	22,634	24,877	30,993	Total shareholders' equity	79,613	96,711	117,060	138,222	166,032

Financial Indicators (%)						Valuation (VND, X, %)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Profitability						Share Price Indicators					
ROE	25.6%	23.9%	21.5%	19.8%	20.7%	EPS	3,856	3,966	4,265	4,688	5,841
ROA	2.7%	2.5%	2.2%	2.1%	2.2%	BVPS	17,559	18,548	22,060	26,049	31,289
Pre-provision ROE	34.6%	29.4%	28.6%	26.3%	26.5%	Tangible BVPS	17,197	18,226	21,742	25,706	30,922
Pre-provision ROA	3.7%	3.1%	3.0%	2.8%	2.8%	Valuations					
Net interest margin (NIM)	5.7%	4.8%	4.1%	4.1%	4.2%	PER	6.3	6.1	5.7	5.2	4.2
Efficiency						PBR	1.4	1.3	1.1	0.9	0.8
Pure Loan to deposit ratio	103.8%	107.7%	108.8%	115.0%	114.0%	Dividend yield	25.6%	23.9%	21.5%	19.8%	20.7%
Cost-income ratio	32.5%	31.5%	30.7%	32.0%	31.6%	ROE					
Growth						Capital Adequacy					
Asset growth	20.0%	29.7%	19.5%	15.9%	19.3%	CAR	10.4%	11.3%	11.4%	>11%	>11%
Loan growth	26.4%	33.7%	27.6%	20.8%	17.9%	Asset Quality					
PPOP growth	25.3%	5.3%	18.6%	9.1%	20.0%	NPL ratio (substandard)	1.1%	1.6%	1.6%	1.6%	1.5%
Parent NP growth	37.7%	18.3%	9.5%	9.9%	24.6%	Coverage ratio (substandard)	86.5%	89.3%	95.2%	104.8%	115.9%
EPS growth	14.7%	2.8%	7.6%	9.9%	24.6%	NPL ratio (precautionary)	2.8%	3.9%	3.2%	3.4%	3.3%
BVPS growth	6.2%	5.6%	18.9%	18.1%	20.1%	Coverage ratio (precautionary)	33.9%	36.9%	48.3%	48.5%	51.7%

Source: Military Bank, KB Securities Vietnam

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(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

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

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