

Military Bank (MBB)

Resilient growth, attractive valuation

September 12, 2025

Analyst Pham Phuong Linh
(+84) 24-7303-5333 linhpp@kbsec.com.vn

1H2025 results outperformed expectations

In 1H2025, TOI rose 25% YoY on the back of balanced growth in both NII and NOII. NIM remained on a slight downward trend but proved resilient versus peers. Asset quality strengthened, underpinned by a larger buffer as MBB stepped up provisioning. Despite higher provisions, PBT still advanced 18.3% YoY to nearly VND15,889 billion, equivalent to 50% of our full-year projection.

Robust 1H2025 credit growth underpins our 25% full-year forecast

We maintain our 25% credit growth forecast for MBB this year (excluding loan transfers to MBV). Growth will continue to be concentrated in the retail segment, particularly household businesses and individual borrowers, with around 45% of loans allocated to the former and the remainder largely to mortgages. On the wholesale side, MBB targets greater diversification, aiming for a more balanced allocation across economic sectors.

A stronger provisioning buffer supports asset quality improvement

Provision expenses surged 140% YoY, lifting the loan loss coverage ratio (LLCR) from 75% in 1Q to 89% in 2Q. We expect the bank to maintain firm control over asset quality, keeping the NPL ratio below 1.6%, supported by (i) a more favorable macro backdrop that strengthens borrower cash flows, and (ii) reduced risks from major clients such as Trung Nam Group and Novaland (NVL) given government measures to resolve legal hurdles tied to large development projects.

We reiterate BUY on MBB with a target price of VND33,900/share

We reiterate our BUY rating on MBB with a revised target price of VND33,900 per share, following an upward adjustment to our 2025 P/B target. This implies a 27% upside potential from the closing price on September 11, 2025.

Buy maintain

Target price	VND33,900
Upside	27.0%
Current price (Sep 11, 2025)	VND 26,700
Consensus target price	VND 29,400
Market cap (VNDtn/USDbn)	215.5/8.2

Forecast earnings & valuation

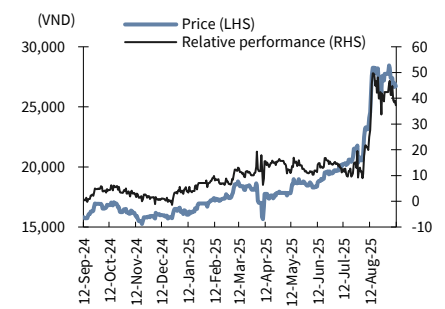
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	38,684	41,152	49,725	60,742
Operating income/loss (VNDbn)	32,393	38,406	48,821	57,346
NPAT-MI (VNDbn)	21,054	22,951	28,645	37,539
EPS (VND)	3,966	4,265	3,505	4,594
EPS growth (%)	3	8	-18	31
PER (x)	6.1	5.7	6.9	5.3
Book value per share (VND)	18,548	22,060	17,540	21,634
PBR (x)	1.31	1.10	1.39	1.12
ROE (%)	23.9	21.5	22.2	23.8
Dividend yield (%)	2.47	2.47	2.06	2.06

Trading data

Free float	68.7%
3M avg trading value (VNDbn/USDmn)	937.6/35.7
Foreign ownership	22.6%
Major shareholder	Viettel Group (14.14%)

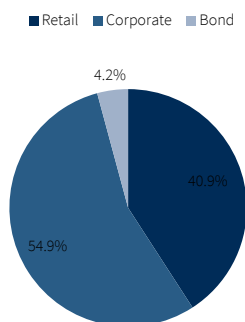
Share price performance

(%)	1M	3M	6M	12M
Absolute	8.8	42.7	43.3	68.9
Relative	5.7	17.4	19.0	36.9



Source: Bloomberg, KB Securities Vietnam

Credit 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

Annual credit growth is forecast to stay above 20% during 2025–2030, driven by both corporate and retail segments, consistent with MBB's strategy to diversify its loan book.

NIM has proved more resilient than peers, underpinned by structural funding cost advantages.

Asset quality is expected to strengthen, aided by recent legal hurdle resolution at major clients' projects.

Notes

Please find more details below

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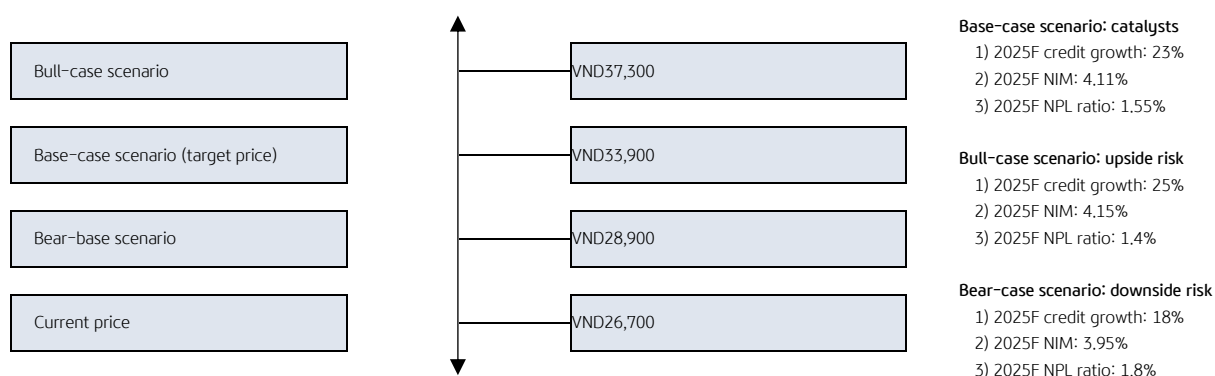
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	49,725	60,742	3%	3%	50,042	60,065	-3%	-2%
EBIT	48,821	57,346	16%	14%	43,811	51,731	-4%	-3%
NP after MI	28,232	37,002	13%	19%	25,509	30,618	-2%	1%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

1H2025 results outperformed expectations

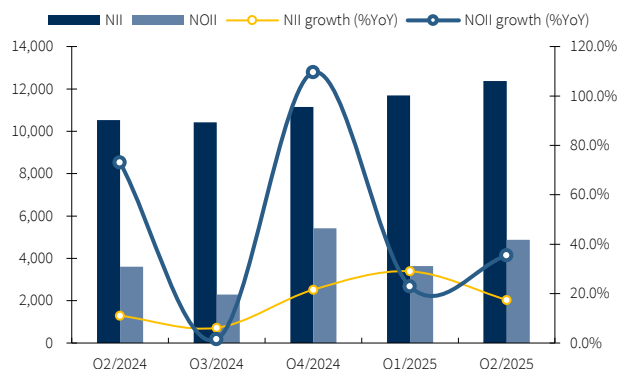
In 1H2025, TOI rose 25% YoY on the back of balanced growth in both NII and NOII. NIM remained on a slight downward trend but proved resilient versus peers. Asset quality strengthened, underpinned by a larger buffer as the bank stepped up provisioning. Despite higher provisions, PBT still advanced 18.3% YoY to nearly VND15,889 billion, equivalent to 50% of our full-year projection.

Table 1. MBB – 2Q2025 financial results

(VNDbn)	2Q2024	1Q2025	2Q2025	+/-%QoQ	+/-%YoY	Notes
Net interest income (NII)	10,531	11,692	12,372	5.8%	17.5%	NII regained momentum in 2Q on strong credit growth (+12% YTD), with no loan transfers to MBV, unlike in 1Q.
	3,598	3,631	4,874	34.2%	35.4%	NOII growth beat expectations, driven by: – Net fee income (NFI), which surged 41% YoY on the back of the bancassurance recovery (+15% YoY), bucking the sluggish trend seen at most banks. – FX trading and securities investment, which delivered robust growth of 36% and 30% YoY, respectively. – Other income, which rose 32% YoY, primarily supported by bad debt recoveries.
Non-interest income (NOII)						
Total operating income (TOI)	14,129	15,323	17,246	12.5%	22.1%	
Operating expenses	(4,491)	(3,950)	(4,956)	25.5%	10.4%	Staff costs rose 21% YoY in 1H2025, emerging as the primary driver of higher operating expenses. Nevertheless, supported by robust TOI growth, MBB managed to keep its CIR below 30%.
CIR	31.8%	25.8%	28.7%	296bps	–304bps	
Provision expenses	(2,006)	(2,986)	(4,786)	60.3%	138.6%	Robust earnings growth provided MBB with greater headroom to increase provisioning, lifting its loan loss coverage ratio (LLCR) to 89%.
Profit before tax (PBT)	7,633	8,386	7,503	–10.5%	–1.7%	
Net profit after tax (NPAT)	6,102	6,675	6,005	–10.0%	–1.6%	
	9.4%	2.3%	12.3%			Consolidated credit growth in 1H2025 outpaced the sector average of 9.9%. The parent bank's loan book expanded 12% YTD, while subsidiaries also delivered strong growth, with Mcredit up 11% YTD and margin lending at MB Securities (MBS) up 24% YTD. At the parent bank, credit recorded double-digit growth across both retail and corporate segments, while outstanding corporate bond exposures continued to contract, down 10% YTD.
Credit growth (% YTD)						
Deposit growth (%YTD)	3.6%	2.6%	13.8%			
NIM	4.44%	4.36%	4.11%	–25bps	–33bps	NIM declined YoY in line with the sector trend but eased just 5bps QoQ, suggesting early signs of stabilization.
NPL ratio	1.64%	1.84%	1.60%	–23bps	–3bps	Substandard (Group 3) and doubtful loans (Group 4) declined 25% and 13% QoQ, respectively, driving a 20bps+ QoQ improvement in the NPL ratio to 1.6%.

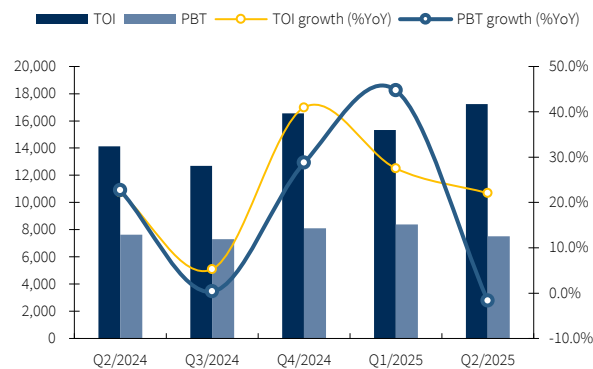
Source: Military Bank, KB Securities Vietnam

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



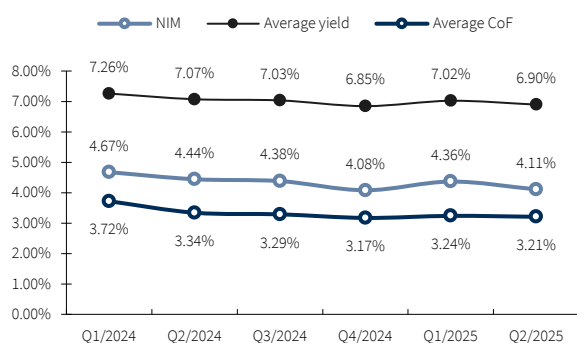
Source: Military Bank, KB Securities Vietnam

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



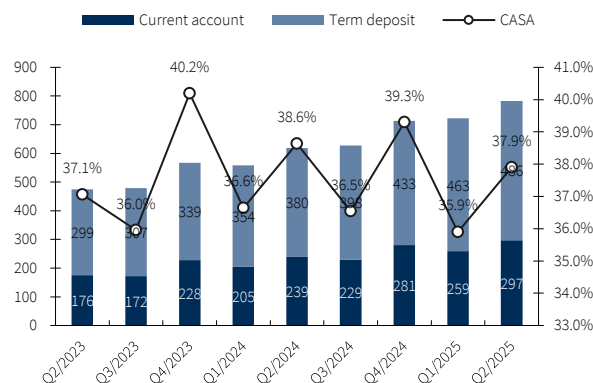
Source: Military Bank, KB Securities Vietnam

Fig 4. MBB – NIM, IEA yield & CoF (%)



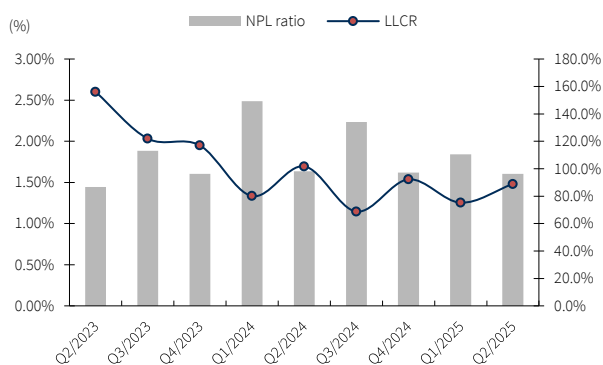
Source: Military Bank, KB Securities Vietnam

Fig 5. MBB – Deposit mix (VNDtn, %)



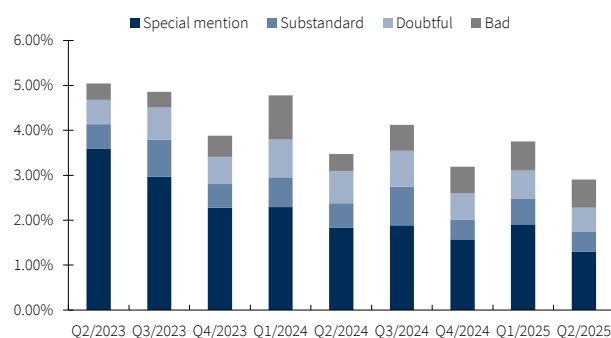
Source: Military Bank, KB Securities Vietnam

Fig 6. MBB – NPL ratio, LLCR (%)



Source: Military Bank, KB Securities Vietnam

Fig 7. MBB – Credit portfolio composition by risk grade (%)



Source: Military Bank, KB Securities Vietnam

Robust 1H2025 credit growth underpins our 25% full-year forecast

Credit growth reached 12.3% in 1H2025, with a relatively balanced contribution from both corporate and retail segments, consistent with the bank's long-term strategy. By sector, real estate lending expanded 33% YTD amid the property market recovery; manufacturing—the largest component of the loan book—rose 20%; followed by trade and construction, which rose 15% YTD and 13% YTD, respectively. Such broad-based growth across segments and sectors highlights MBB's effective portfolio optimization, enhancing diversification and mitigating concentration risk.

With this solid performance in 1H2025, we remain confident that MBB is on track to deliver our full-year credit growth forecast of 25% (excluding loan transfers to MBV). Credit expansion will continue to be driven by the retail segment, particularly household businesses and individual borrowers, with around 45% of the portfolio allocated to the former and the remainder largely to mortgages. On the wholesale side, MBB seeks to further diversify its portfolio, with more balanced allocation across economic sectors. In addition, management indicated the bank will regularly transfer VND30–35 trillion of performing loans annually to support restructuring at MBV. As the scheduled transfer for this year was completed in 1Q, no further transfers are expected through year-end.

Legal support and debt restructuring at key clients should strengthen MBB's asset quality

In previous periods, MBB's corporate bond portfolio was heavily concentrated in a few major clients, notably Trung Nam and Novaland (NVL), both of which faced significant challenges during the sector's overheated growth phase, weighing on asset quality. To support economic recovery, the Government has introduced a series of measures to address legal bottlenecks in the real estate and energy sectors, particularly benefiting these two clients (see Table 8 for details). Management noted that NVL's outstanding debt is undergoing active restructuring, with a more favorable outlook than last year, while Trung Nam's outstanding balance has fallen by an additional VND1 trillion compared to 2024. KBSV believes these positive developments at key clients to enhance MBB's asset quality, supported by stronger debt-servicing capacity.

Table 8. MBB – Updates on major clients

No.	Customer	Update on the legal status of projects
1	Novaland	<p>MBB currently finances three Novaland projects: Nova Phan Thiet, Aqua City, and Nova Ho Tram. Several of NVL's major projects have made significant progress thanks to government measures to resolve legal bottlenecks:</p> <ul style="list-style-type: none"> – Nova Phan Thiet: NVL obtained two key approvals: (i) the adjusted investment policy approval on June 24, and (ii) approval to switch land-use fee payments from an annual basis to a one-off payment. These approvals removed one of the project's largest obstacles, enabling NVL to determine land-use fees and restart the project in FY2026—one quarter earlier than previously anticipated. The next step will be to make the full one-off land-use fee payment. – Aqua City: All subdivisions have now been granted revised 1/500 detailed planning approvals. This paves the way for certain pre-sold units to qualify for Sales and Purchase Agreements (SPAs), allowing NVL to collect outstanding balances from customers. – Nova Ho Tram: Four sub-projects (The Tropicana, Wonderland, Morito, and Habana Island) have already obtained sales permits, while several remaining sub-projects are still undergoing construction permit applications.
2	Trung Nam Group	<p>MBB provides financing to three solar power projects: Trung Nam – Thuan Nam, Trung Nam – Thuan Bac, and Trung Nam – Tra Vinh. EVN has recently submitted a proposal to the Ministry of Industry and Trade to review renewable energy projects currently benefiting from feed-in-tariff (FIT) pricing. If approved under Plan 2, the Trung Nam Tra Vinh and Ninh Thuan projects would remain eligible for FIT1.</p>

Source: Military Bank, KB Securities Vietnam

A stronger provisioning buffer supports asset quality improvement

MBB's asset quality improved notably after the sharp rise in NPLs in 1Q. The NPL ratio fell 23bps QoQ to 1.6%, while special mention loans (Group 2) declined to 1.3% (down nearly 25bps QoQ), supported by accelerated resolution efforts. Strong profit growth also provided additional headroom for higher provisioning. Provision expenses surged 140% YoY, lifting the LLCR from 75% in 1Q to 89% in 2Q. Looking ahead, we expect the bank to maintain firm control over asset quality, keeping the NPL ratio below 1.6%, underpinned by (1) a more favorable macroeconomic backdrop that strengthens borrower cash flows and (2) reduced risks from major clients following government measures to resolve legal bottlenecks tied to large development projects.

NIM performance is tracking in line with our expectations

We expect MBB's NIM to edge up by 3bps to 4.11% in 2025—an encouraging outcome relative to the sector's sharp margin compression.

- 1) **IEA yields:** IEA yields are projected to resume an upward trajectory, supported by: (i) MBB's expansion into longer-tenor loans, which typically command higher yields than short-term lending; (ii) stronger growth in consumer real estate lending (primarily mortgages), in tandem with the sector's recovery cycle; and (iii) lending rates having stabilized, with a high likelihood of bottoming out at current levels.
- 2) **Cost of funds (CoF):** As highlighted in our latest update, MBB retains structural advantages that support CoF improvement, notably a strong CASA base and stable funding from large corporate clients. While the transfer of performing loans to MBV may weigh on interest income, this is offset by access to interest-free refinancing from the State Bank of Vietnam (SBV), which alleviates funding cost pressure.

Forecast & Valuation

Table 9. MBB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Net interest income (NII)	41,152	49,725	21%	60,742	22%	2025F credit growth remains unchanged at 25%.
Non-interest income (NOII)	14,261	20,019	40%	20,714	3%	2025F NOII is revised upward, given better-than-expected 1H2025 performance. KBSV expects bad debt recoveries to deliver positive contributions in the second half, supported by the codification of Resolution 42, effective October 2025.
Total operating income (TOI)	55,413	69,744	26%	81,457	17%	
Pre-provision operating profit (PPOP)	38,406	48,821	27%	57,346	17%	
Provision expenses	(9,577)	(13,015)	36%	(10,423)	-20%	MBB is expected to step up provisioning to rebuild its buffer, which had been eroded during the period of weaker asset quality.
Profit before tax (PBT)	28,829	35,806	24%	46,923	31%	
Net interest margin (NIM)	4.08%	4.11%	3bps	4.20%	9bps	2025F NIM is adjusted upward by 3bps from the previous estimate.
Average IEA yield	6.85%	7.02%	17bps	7.43%	41bps	
Average cost of funds	3.17%	3.32%	15bps	3.69%	37bps	
Cost-to-income ratio (CIR)	30.7%	30.0%	-69bps	29.6%	-40bps	2025F CIR is revised down, reflecting expectations that operating expenses will grow at a slower pace than TOI.
NPL ratio	1.62%	1.55%	-7bps	1.45%	-10bps	
Total assets	1,128,801	1,349,205	20%	1,609,689	19%	
Equity	117,060	141,265	21%	174,240	23%	

Source: Military Bank, KB Securities Vietnam

We reiterate BUY on MBB with a target price of VND33,900/share

We employ two valuation approaches, P/B and residual income, to determine MBB's fair value.

1. P/B method

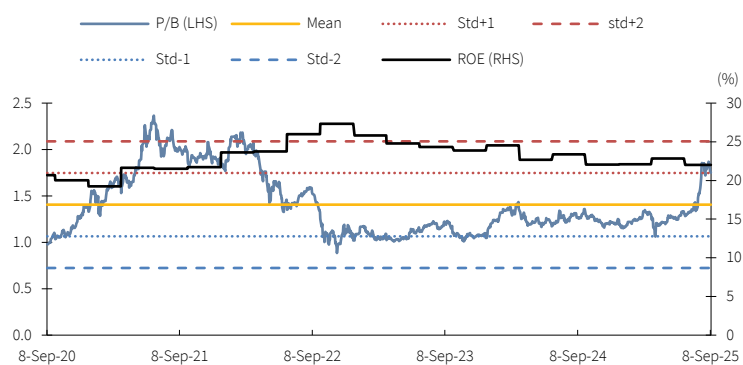
We revise our 2025 P/B target to 1.6x based on: (i) the market rerating of MBB as concerns over the credit exposures to Trung Nam and NVL—the main drivers of the bank's previous undervaluation—are close to being resolved; and (ii) our positive view of MBB's strong long-term growth prospects.

2. Residual income method

In addition, we incorporate the residual income method to capture systemic risks and long-term expectations.

We reiterate our BUY rating on MBB with a revised target price of VND33,900 per share, following an upward adjustment to our 2025 P/B target. This implies a 27% upside potential from the closing price on September 11, 2025. Despite the stock having already rallied more than 40% over the past three months, we see further upside supported in the near term by (i) the potential selection of MBB as a trading platform for digital assets, and (ii) additional positive developments in resolving legal hurdles tied to Trung Nam and Novaland.

Fig 10. MBB – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 11. MBB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	28,645	37,539	47,479
Excessed return	10,182	10,057	13,254
Required rate of return (re)	14.7%		
Growth (g)	3.0%		
Terminal value	31,877		
Present value (PV)	193,113		
Value per share	36,393		

Source: KB Securities Vietnam

Table 12. MBB – Valuation results

Valuation method	Derived price	Weight	Weighted price
Residual income	36,393	50%	18,197
P/B	31,429	50%	15,714
Target price			33,900

Source: KB Securities Vietnam

MBB – 2023A–2026F summarized financials & forecasts

Income Statement					Balance Sheet				
(VNDbn)	2023	2024	2025F	2026F	(VNDbn)	2023	2024	2025F	2026F
Net interest income	38,684	41,152	49,725	60,742	Loans	599,579	765,048	960,016	1,134,317
Interest income	69,143	69,062	84,888	107,307	Marketable securities	44,251	7,932	4,973	5,919
Interest expense	(30,459)	(27,910)	(35,163)	(46,565)	Cash (ex. Reserves)	3,675	3,349	4,710	5,606
Fees & commissions	4,085	4,368	7,009	7,360	Interest earning assets	916,370	1,101,327	1,317,740	1,571,959
Other non-interest income	2,428	3,281	6,129	5,849	Fixed assets & other assets	34,928	35,272	45,015	52,433
Total operating income	47,306	55,415	69,744	81,457	Total assets	944,954	1,28,801	1,349,205	1,609,689
SG&A expenses	(14,913)	(17,007)	(20,923)	(24,111)	Customer deposits	567,533	714,154	843,611	1,004,117
Pre-provisioning OP	32,393	38,406	48,821	57,346	Borrowings & call money/repos	129,263	131,949	196,867	231,631
Provision for credit losses	(6,087)	(9,577)	(13,015)	(10,423)	Interest bearing liabilities	796,615	964,429	1,152,346	1,368,854
Other income	3,458	4,658	8,756	8,330	Other liabilities	51,628	47,312	55,594	66,595
Other expense	(1,030)	(1,378)	(2,627)	(2,481)	Total liabilities	848,242	1,011,741	1,207,940	1,435,449
Pre-tax income	26,306	28,829	35,806	46,923	Charter capital	52,141	53,063	80,540	80,540
Income tax expense	(5,252)	(5,878)	(7,161)	(9,385)	Capital surplus	869	1,304	1,304	1,304
NP	21,054	22,951	28,645	37,539	Retained earnings	25,560	40,718	37,447	70,422
Minority interest profit	(377)	(318)	(413)	(537)	Capital adjustments	-	-	-	-
Parent NP	20,677	22,634	28,232	37,002	Total shareholders' equity	96,711	117,060	141,265	174,240

Financial Indicators (%)					Valuation (VND, X, %)				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Profitability					Share Price Indicators				
ROE	23.9%	21.5%	22.2%	23.8%	EPS	3,966	4,265	3,505	4,594
ROA	2.5%	2.2%	2.3%	2.5%	BVPS	18,548	22,060	17,540	21,634
Pre-provision ROE	29.4%	28.6%	30.2%	29.1%	Tangible BVPS	18,226	21,742	17,314	21,393
Pre-provision ROA	3.1%	3.0%	3.2%	3.1%	Valuations				
Net interest margin (NIM)	4.8%	4.1%	4.1%	4.2%	PER	6.1	5.7	6.9	5.3
Efficiency					PBR	1.3	1.1	1.4	1.1
Pure Loan to deposit ratio	107.7%	108.8%	116.0%	115.0%	Dividend yield	2.5%	2.5%	2.1%	2.1%
Cost-income ratio	31.5%	30.7%	30.0%	29.6%	ROE	23.9%	21.5%	22.2%	23.8%
Growth					Capital Adequacy				
Asset growth	29.7%	19.5%	19.5%	19.3%	CAR	11.3%	11.4%	>11%	>11%
Loan growth	33.7%	27.6%	25.5%	18.2%	Asset Quality				
PPOP growth	5.3%	18.6%	27.1%	17.5%	NPL ratio (substandard)	1.6%	1.6%	1.6%	1.5%
Parent NP growth	18.3%	9.5%	24.7%	31.1%	Coverage ratio (substandard)	89.3%	95.2%	122.4%	121.9%
EPS growth	2.8%	7.6%	-17.8%	31.1%	NPL ratio (precautionary)	3.9%	3.2%	3.4%	3.3%
BVPS growth	5.6%	18.9%	-20.5%	23.3%	Coverage ratio (precautionary)	36.9%	48.3%	56.7%	54.4%

Source: Company report, KB Securities Vietnam

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ngoc Ha Ward, Hanoi City, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1&2, Office Building, 5 Dien Bien Phu Street, Ba Dinh Ward, Hanoi City, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, Sai Gon Ward, Hochiminh City, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, Sai Gon Ward, Hochiminh City, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(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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