Military Commercial Joint Stock Bank

[Vietnam / Banking]

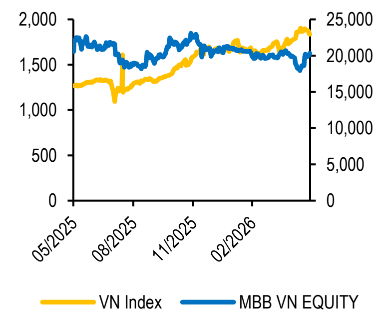
Bloomberg Code (MBB VN) | Reuters Code (MBB.HM)

BUY

Update report

Target price (12M)	**VND 26,300**
Current price (11/08/26)	VND 20,350
Upside/downside	29.2%

VNINDEX			1,777
P/E thị trường (25F, x)			12.5
Market Cap (bn VND)			204,899
Outstanding shares (mn)			10,069
Free-Floating (mn)			7,217
Free floating (%)			71.7
52-Wk High/Low (VND)			24,426/17,678
90-day avg. trading volume (mn)			17.24
90-day avg. turnover (bn VND)			345
Foreign ownership (%)			22.2
Major shareholders (%)		Viettel	14.7
		SCIC	9.8
Performance	3T	6T	12T
Absolute (%)	-5.1	-13.3	0.1
Relative to VN-Index (%)	1.4	-11.3	-10.4



Source: Bloomberg

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On track to outperform its target

Updated with BUY recommendation, target price VND 26,300

Military Commercial Joint Stock Bank (MBB) has delivered strong performance in recent years, underpinned by stable asset quality, strong earnings growth, and high credit ratings from international rating agencies. MBB continues to focus on IT development and digital transformation, with the ambition of becoming a "Digital Enterprise and Leading Financial Group." In 2025, management planned to place greater emphasis on the retail segment within its loan portfolio while continuing to improve CASA quality. Using the Residual Income (RI) method and P/B-based relative valuation, we update our 2026 target price for MBB to VND26,300/share.

Business result in 6M 2026

Net interest income (NII) reached VND31,807bn (+32.2% YoY), while NIM declined slightly from 4.1% at end-4Q25 to 4.0% at end-2Q26. Higher interest rates and lower CASA drove a rapid increase in the bank's cost of funds during 1H26.

Non-interest income declined 28.8% YoY in 1H26, mainly due to weaker performance in FX, trading, and interest income from risk-asset recovery. Meanwhile, fee income continued to grow strongly (+11.5% YoY), supported by growth in card services.

The NPL ratio increased slightly to 1.45% at end-2Q26, from 1.3% at end-4Q25. The NPL coverage ratio stood at 93.6% at end-2Q26, broadly unchanged from end-4Q25.

CIR stood at 28.4%, continuing its downward trend and indicating effective cost control relative to the bank's business expansion.

1H26 PBT reached VND20,188bn (+27.1% YoY), achieving more than 51% of the full-year target.

Outlook for 2026

We maintain our key assumptions from our previous report, including 30% credit growth, 3.9% NIM, an NPL ratio of around 1.2%, an NPL coverage ratio above 100%, and a 1.5% credit cost. **Accordingly, we forecast 2026 PBT at VND39,995bn (+16.7% YoY).** To date, MBB's earnings performance has been better than our expectations for NII and credit provisioning expenses, but weaker than expected in non-interest income.

Risk: (1) Ongoing liquidity pressure in the banking system may continue to compress NIM. (2) Rising lending rates could put pressure on banks' asset quality in the coming years

Year	2022	2023	2024	2025F	2026F
Interest income (VNDbn)	36,023	40,964	41,152	51,610	67,627
Non-interest income (VNDbn)	9,570	7,433	14,261	16,083	18,754
Total operating income (VNDbn)	**45,593**	**48,397**	**55,413**	**67,693**	**86,381**
Provision and other expenses (VNDbn)	(22,863)	(21,000)	(26,584)	(33,425)	(46,386)
Profit before tax (VNDbn)	**22,729**	**26,306**	**28,829**	**34,268**	**39,995**
Credit growth (%)	25.0%	28.0%	24.7%	36.7%	30%
NIM (%)	5.7%	4.8%	4.2%	4.1%	3.9%
ROE (%)	**25.6%**	**23.9%**	**21.5%**	**21.1%**	**20.5%**

Source: Fiinpro, Company data, Shinhan Securities Vietnam

1H26 business review

Leveraging credit room, accelerating corporate/FDI lending and infrastructure financing, while maintaining retail growth

MBB's credit growth reached 13.2% in 1H26, outperforming the 8.7% growth recorded by HOSE-listed banks. Retail lending increased 7%, with the number of retail customers rising 7.7%, while corporate lending grew 18.4%.

Corporate lending growth was partly driven by the FDI segment, a relatively new business focus for MBB. The bank has also participated in financing national infrastructure projects, including the APEC service complex, and is considering financing other infrastructure projects such as airports and railways.

In terms of loan maturity structure, medium- and long-term loans increased strongly by 26% YTD. Their share of MBB's total loan portfolio increased from 44.4% at end-4Q25 to 49.5% at end-2Q26.

MBB's retail customer base currently stands at 37.8 million (+7.7% YTD), with the bank targeting 40 million customers..

NPLs increased slightly, mainly driven by retail lending

MBB's consolidated NPL ratio stood at 1.45% at end-2Q26, below the 2% average for HOSE-listed banks. The increase in NPLs was mainly concentrated in the retail segment amid weaker market liquidity. Within the corporate segment, NPLs were concentrated among small-scale construction and trading companies. Notably, the NPL ratio for real estate business loans currently stands at 0%.

Strong credit demand, while funding costs continue to rise; we remain cautious on FY26 NIM

MBB's funding growth, including customer deposits and valuable papers, reached 8% in 1H26, lagging credit growth of 13.2% over the same period.

MBB plans to issue an additional VND10,000–15,000bn of Tier-2 bonds in 2H26 to strengthen its capital base, with a long-term target CAR of around 10.5%.

1H26 earnings broadly in line with our full-year forecast

MBB's 1H26 earnings were broadly in line with our FY26 forecasts. Although our assumptions remain relatively conservative, with a lower NIM and higher credit costs, we estimate that MBB's 2026 PBT could approach VND40,000bn (+17% YoY), above management's initial profit target of VND39,400–39,500bn.

If MBB manages to control credit costs effectively in 2H26, the bank could potentially exceed VND40,000bn in PBT in 2026.

Valuation and recommendations

Valuation

We use a combination of the Residual Income (RI) method and P/B-based valuation.

Our 12-month target price is VND26,300/share. The target price has been revised downward due to higher risk-free rate assumptions, equity risk premium, and target P/B multiple. Our operating assumptions remain unchanged from the previous report.

1) We apply a 1.4x target P/B, in line with MBB's average trading multiple over the past five years. Based on our estimated 12-month forward BVPS of VND18,608/share, we derive a target price of VND26,051/share.

2) Under the Residual Income (RI) method, we estimate MBB's 2026 fair value at VND26,570/share.

Cost of Equity (%)	
Cost of Equity (%)	**13.7**
Risk-free rate (%)	4.5
Equity risk premium (%)	8.46
Beta	1.1

RI Method (Unit: VNDbn)	6M2026F	2027F	2028F	2029F	2030F
Cost of equity	**13.2**	**13.2**	**13.2**	**13.2**	**13.2**
Cost of equity after 2030					**13.2**
Net income	15,142	36,351	43,235	55,016	60,213
Residual income (RI)	4,424	10,661	12,522	18,104	16,030
PV of RI	**4,149**	**8,792**	**9,082**	**11,546**	**8,991**

Terminal value of RI (VNDbn)	**148,886**
Terminal growth (%)	2.00%

PV of terminal value (VNDbn)	80,185
PV of RI (VNDbn)	52,935
Beginning equity (bn VND)	142,023
Total value (bn VND)	**275,143**
Total outstanding shares (bn)	8.05
Target price (VND)	**34,158**

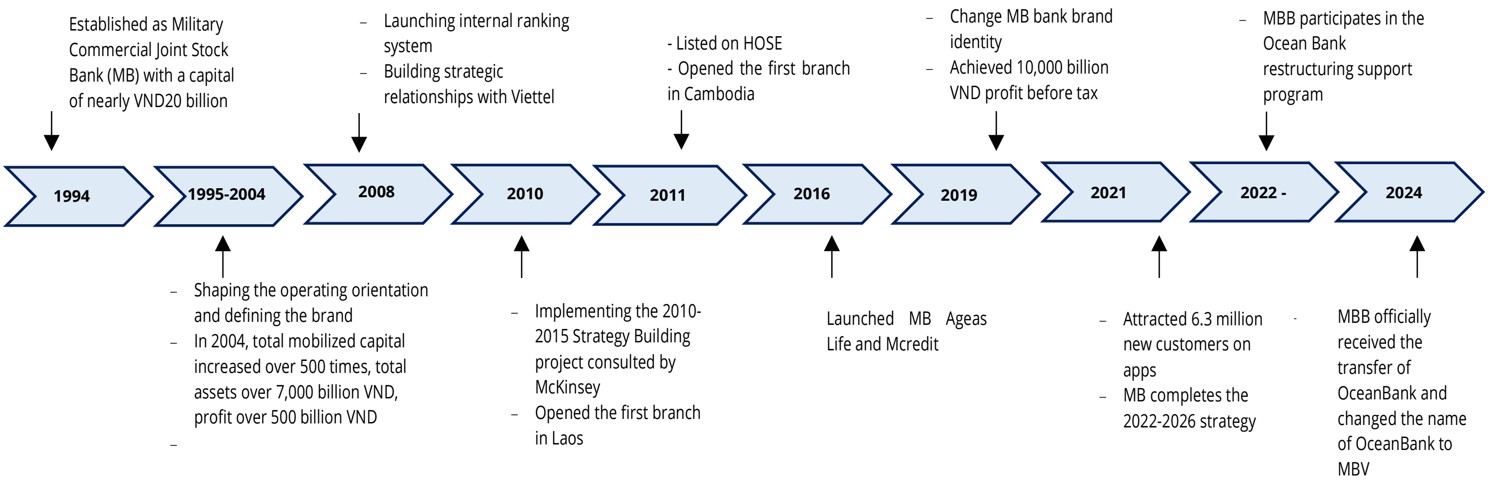
Valuation Summary

Method	Weights	Price target (VND)
Residual income (RI)	60%	**26,570**
P/B target (1.4x)	40%	**26,051**
Target price (VND)	**26,362**	

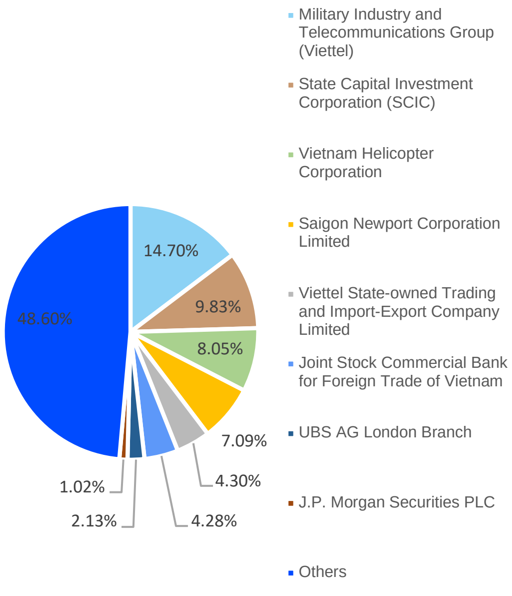
Source: Shinhan Securities Vietnam

Business overview

Business history

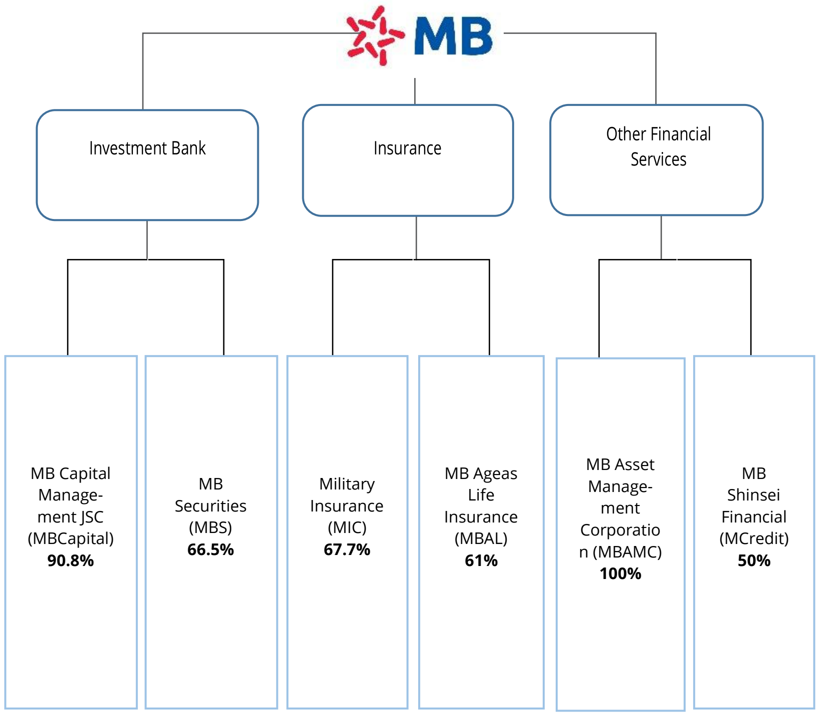


Shareholder ownership Q2/2026



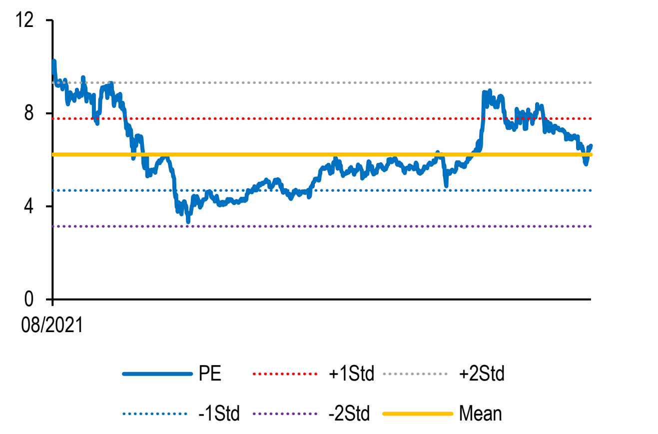
MBB subsidiaries

MBB owns many subsidiaries operating in the financial and non-financial sectors, including:



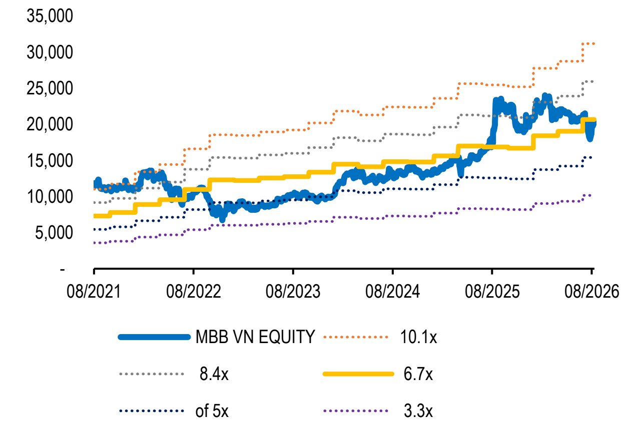
Source: Company data, Shinhan Securities Company

PER of MBB



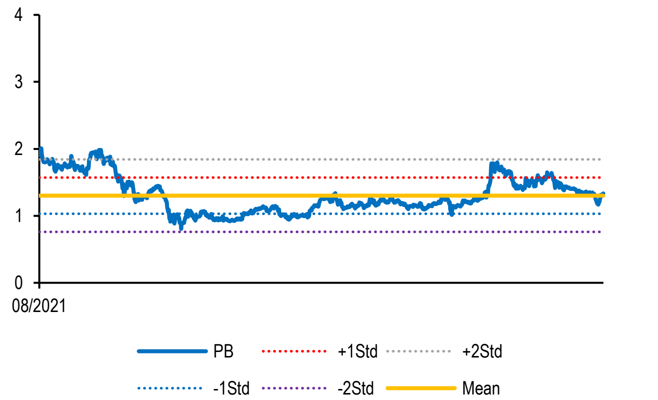
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band of MBB



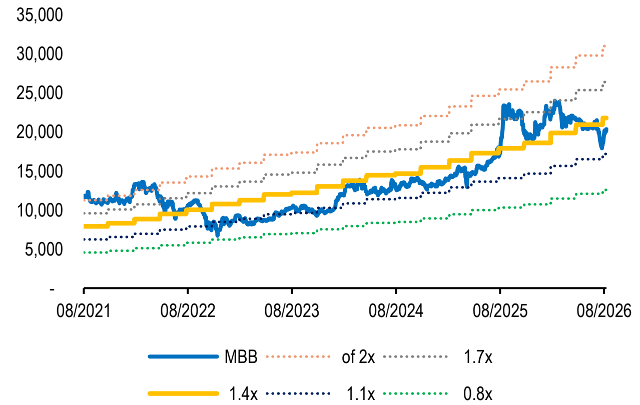
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of MBB



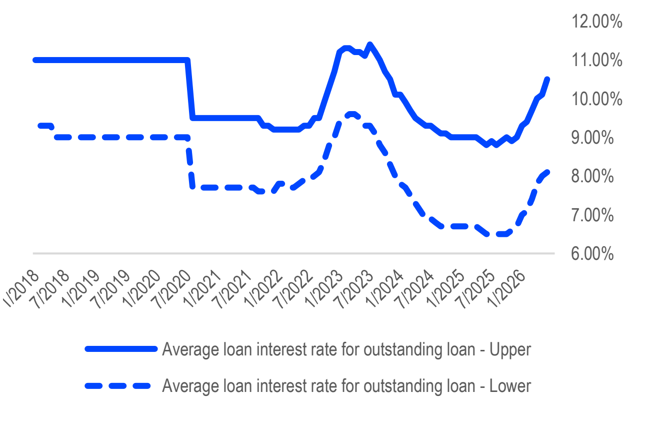
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band of MBB



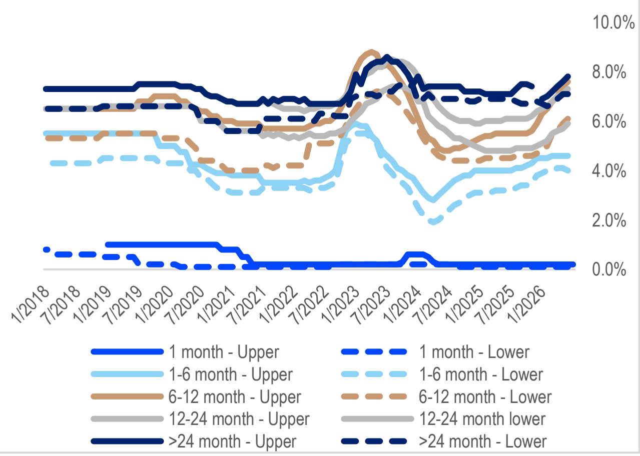
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Average loan interest rate in Vietnam



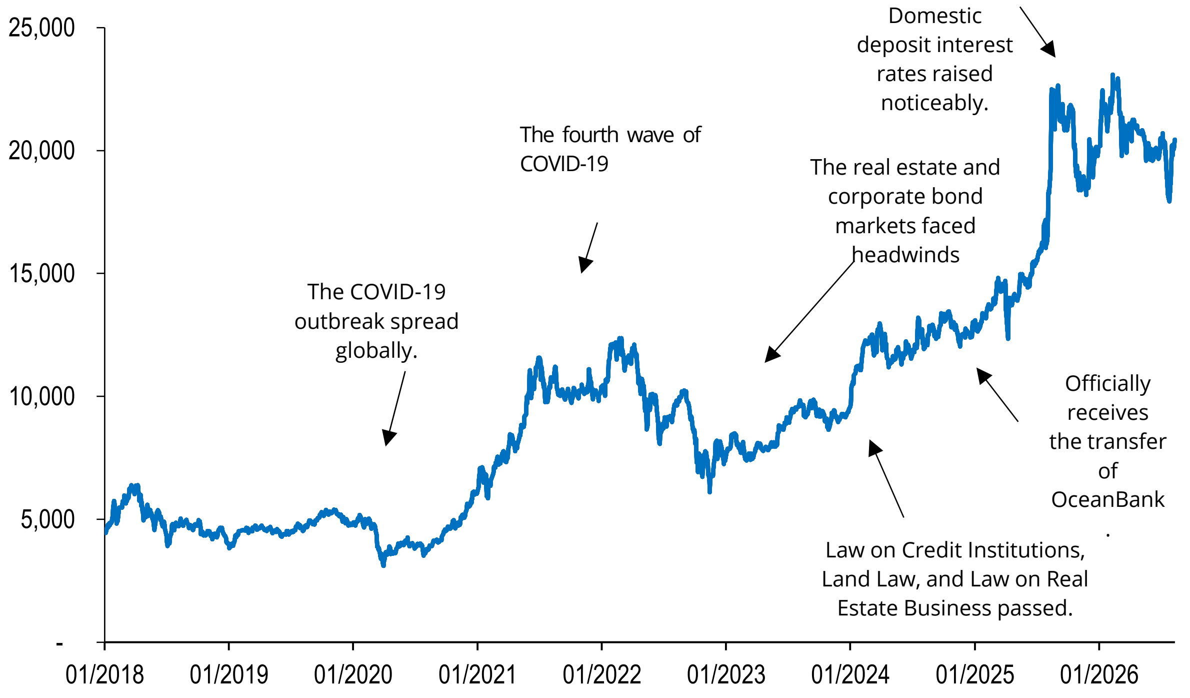
Source: SBV, Company Data, Shinhan Securities Vietnam

Average deposit interest rate in Vietnam



Source: SBV, Company Data, Shinhan Securities Vietnam

MBB important events



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Appendix: Financial statements

Balance sheet

Year (bn VND)	2022	2023	2024	2025	2026F
Total assets	**728,532**	**944,954**	**1,128,80**	**1,615,764**	**1,972,026**
Cash and precious metals	3,744	3,675	3,349	4,966	11,978
Balances with the SBV	39,655	66,322	29,825	68,494	-
Placements with and loans to other credit institutions	32,937	46,344	76,786	182,924	290,096
Trading securities	4,106	44,251	7,932	4,653	5,592
Derivatives and other financial assets	70	141	-	-	-
Loans and advances to customers	448,599	599,579	765,048	1,070,869	1,392,851
Debts purchase	1,007	1,790	952	2,444	2,444
Investment securities	159,580	147,923	209,637	225,575	203,111
Long-term investments	625	616	609	468	468
Fixed assets	5,074	4,854	5,430	5,617	5,826
Investment properties	236	240	234	223	223
Other assets	32,901	29,218	28,998	49,531	59,438
Total liabilities	**648,919**	**848,242**	**1,011,74**	**1,473,741**	**1,802,973**
Due to Gov and Loans from SBV	32	9	8,156	47,475	47,475
Deposits and Loans from other credit institutions	65,117	99,810	110,170	248,017	227,257
Deposits from customers	443,606	567,533	714,154	921,368	1,197,779
Derivatives, Funds received from Gov, international and other institutions	2,003	2,800	2,985	4,611	5,764
Convertible bonds/CDs and other	96,578	126,463	128,964	187,236	243,407
Other liabilities	41,584	51,628	47,312	65,034	81,292
Shareholder's equity	**79,613**	**96,711**	**117,060**	**142,023**	**169,053**
Capital	47,597	54,938	56,296	83,966	83,966
Reserves	9,289	12,194	14,997	19,391	23,770
Retained earnings	19,064	25,560	40,718	32,577	54,763
Minority interest	3,664	3,973	4,911	5,886	6,554
Total liabilities and equity	**728,532**	**944,954**	**1,128,80**	**1,615,764**	**1,972,026**

Income statement

Year (bn)	2022	2023	2024	2025	2026F
Interest and Similar Income	52,486	69,143	69,062	89,088	122,185
Interest and Similar Expenses	(16,463)	(30,459)	(27,910)	(37,478)	(54,558)
Net Interest Income	**36,023**	**38,684**	**41,152**	**51,610**	**67,627**
Net Fee and Commission Income	4,136	4,085	4,368	6,579	8,726
From foreign currency and gold	1,704	1,210	2,000	1,757	3,740
From trading of trading securities	141	542	1,756	668	67
From disposal of investment securities	1,315	300	2,803	1,590	643
Net Fee and Commission Income	2,142	2,428	3,281	5,314	5,404
Dividends income	132	57	53	174	174
Total non-interest income	**9,570**	**8,622**	**14,261**	**16,083**	**18,754**
Total operating income	**45,593**	**47,306**	**55,413**	**67,693**	**86,381**
General and Admin expenses	(14,816)	(14,913)	(17,007)	(19,681)	(23,617)
Operating Profit Before Provision (PPOP)	30,777	32,393	38,406	48,012	62,764
Provision for credit losses	(8,048)	(6,087)	(9,577)	(13,744)	(22,769)
Profit before tax	**22,729**	**26,306**	**28,829**	**34,268**	**39,995**
Corporate income tax	(4,574)	(5,252)	(5,878)	(6,885)	(7,999)
Net profit after tax	**18,155**	**21,054**	**22,951**	**27,383**	**31,996**
Attributable to parent company	17,483	20,772	22,634	26,779	31,290

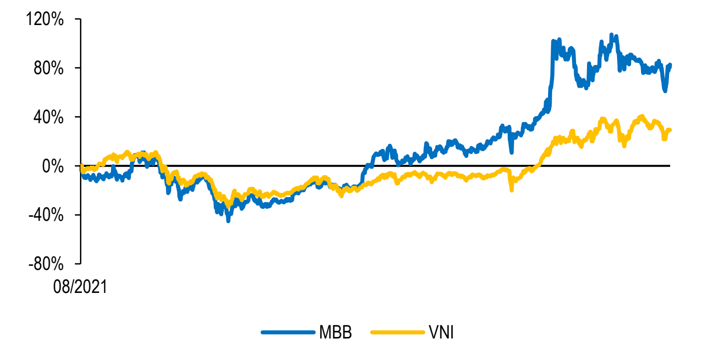
Financial indicators

Year	2022	2023	2024	2025	2026F
Growth (% YoY)					
Loans to customers	26.69	32.67	27.10	39.57	30.00
Deposits from customers	15.31	27.94	25.83	29.02	30.00
Shareholders' equity	27.41	21.48	21.04	21.32	20.13
Total assets	19.99	29.71	19.46	43.14	22.15
Net interest income	37.50	7.39	6.38	25.41	31.03
Net non-interest income	(10.86)	(9.90)	65.40	12.78	16.61
PPOP	25.33	5.25	18.56	25.01	30.73
Net profit before tax	37.53	15.74	9.59	18.87	16.71
Net profit after tax	37.32	15.97	9.01	19.31	16.85
Profitability (%)					
NIM	5.60	4.83	4.24	4.06	3.89
ROA	2.7	2.5	2.2	2.0	1.8
ROE	25.6	23.9	21.5	21.1	20.5
Liquidity (%)					
Pure LDR	103.83	107.67	108.75	117.65	117.65
Asset quality					
Leverage (x)	9.15	9.77	9.64	11.38	11.57
NPL ratio (%)	1.09	1.60	1.62	1.29	1.20
LLR ratio (%)	238.03	116.98	92.25	93.75	111.20
Reverse/total credit (%)	2.36	1.77	1.43	1.19	1.14
Credit costs/total loans (%)	1.95	1.14	1.38	1.48	1.83
Credit costs/total credit (%)	1.59	0.94	1.31	1.43	1.59
Per share items (VND)					
EPS	1,803	2,091	2,280	2,720	3,178
BPS	7,908	9,606	11,627	14,106	16,946
PPOP/Share	3,057	3,217	3,815	4,769	6,234

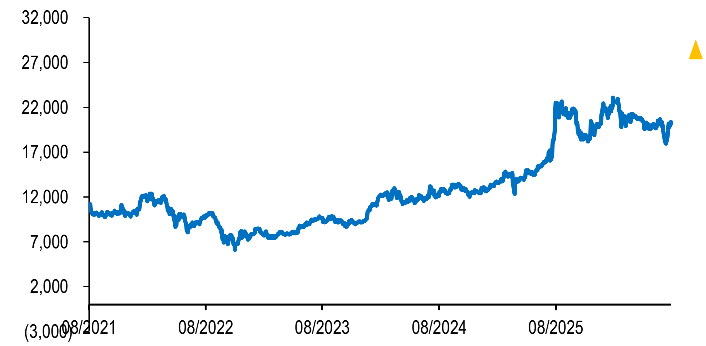
Source: Company data, Shinhan Securities Vietnam

Military Commercial Joint Stock Bank (MBB VN)

Price performance



Target price (VND)



Date (dd/mm/yyyy)	Recommendation	Target price (VND)	Range of price (%)	
			Average	Max/Min
30/11/2022 (Initial)	BUY	19,475	64.8	30/123
01/11/2023 (Update)	BUY	22,771	92.7	52/161
12/04/2024 (Update)	BUY	21,975	19.8	12.8/27.8
11/02/2025 (Update)	BUY	23,263	46.2	32.5/63.2
04/02/2026 (Update)	BUY	34,100	54	15.4/131
12/08/2026 (Update)	BUY	26,300	28	13.6/46.5

Note: Calculation of target price gap based on the past 12 months

Shinhan Securities Vietnam	
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