



## Company Report: Asia Commercial Joint Stock Bank (ACB)

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### Waiting for new momentum

#### INVESTMENT THESIS

**Steady growth.** In 2021, ACB recorded a credit growth of 15.7%, relatively stable compared to the 2018-2020 period. The credit components have barely changed significantly with 94% of outstanding loans belonging to SMEs and individuals. PBT grew by 25%, lower than the overall commercial bank group.

**Prudent asset quality control.** NPL ratio was kept at less than 1% while the loan loss coverage ratio peaked in 2021 at 208%, the highest group in the whole sector.

**Prospects.** In addition to the stable expanded credit structure, the expansion of fee income (banca, securities) will help ACB maintain a profit growth of 20%-25% per year on average. In addition, with the new CEO and more digitalization investment- although it is a late start compared to many other banks, but also a positive signal.

#### INVESTMENT RISKS

The quality of assets remains the issue that needs to be closely monitored for the bank. The Covid pandemic is not over yet, with the restructuring balance of over VND 10,000 billion still potentially risky if the infections expand.

#### RECOMMENDATION

Based on the expectation that ACB will continue to maintain a retail-focused business model with the current segment structure, we expect an intact credit growth rate of over 15% in the period 2022-2024 and profit increase of 25% per year. We determine the appropriate price for ACB shares at **38,300VND/share** (6-18-month investment term) and recommend **"Hold"** with ACB.

Recommendation:

**Nắm giữ**  
 (Updated)

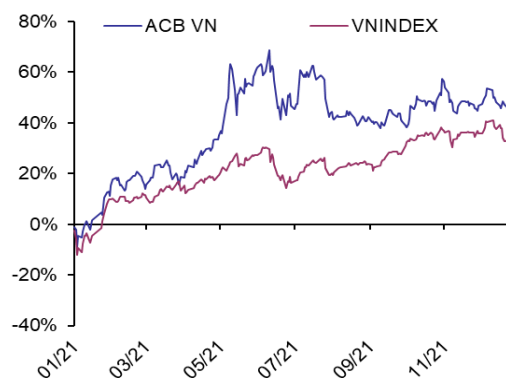
6-18m TP:

**VND38,300**

Current price:

VND34,850

#### Price performance



Price change	1 M	3 M	1Y
Abs. %	5.60	11.00	52.10
Relative to VN index	5.80	15.00	78.90
Avg price (VND)	33,502	33,348	31,212

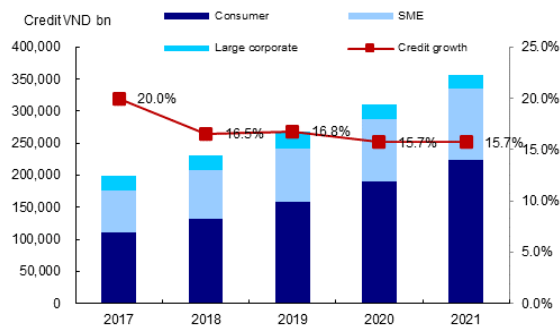
Source: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2020A	18,161	7,683	3,511	-3.33	13.12	-	0.00	3.78	-41.98	24.31
2021A	23,564	9,603	3,498	-0.37	16.62	-	0.00	4.23	-34.93	23.90
2022F	26,877	12,440	4,604	31.62	21.22	-	0.00	4.18	-37.00	24.33
2023F	32,039	14,329	5,303	15.19	26.53	-	0.00	4.23	-37.00	22.21
2024F	36,139	17,295	6,401	20.70	32.93	-	0.00	4.07	-37.00	21.53

Shares in issue (m)	2,701.95	Major shareholders (%)	Dragon Financial	6.92
Market cap (VND b)	90,380.16	Free float (%)		84.5
3- month average vol. ('000)	5,019.56	LDR (%)		79
52w high/low (VND)	38200 / 19600	CAR (%)		10.8

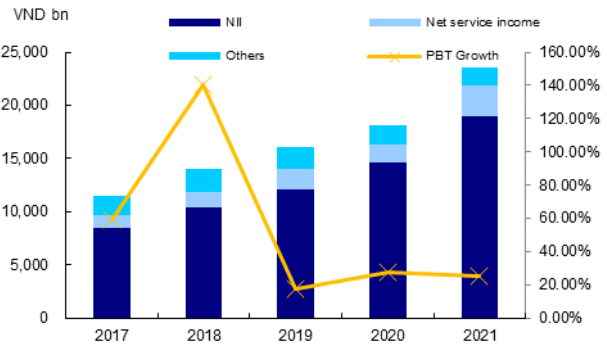
Source: the Company, Guotai Junan (VN).

**Figure-1: Credit breakdown**



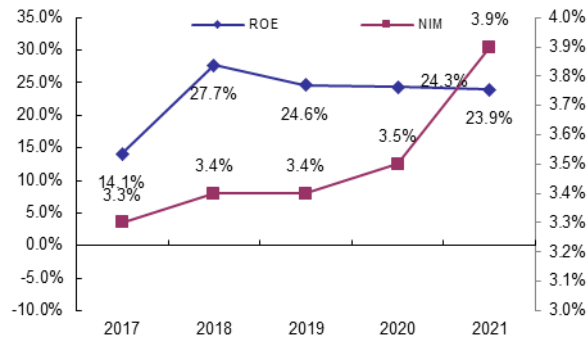
Source: ACB, Guotai Junan (VN).

**Figure-2: TOI Breakdown**



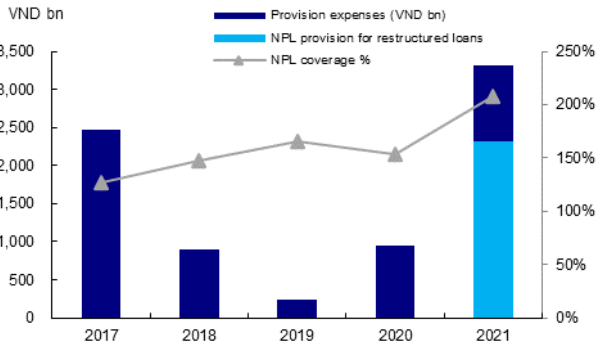
Source: ACB, Guotai Junan (VN).

**Figure-3: Profitability**



Source: ACB, Guotai Junan (VN).

**Figure-4: Asset quality**



Source: ACB, Guotai Junan (VN)

**Financial Statements and Ratios**

BS					P&L				
Year end Dec (VND ' bil)	2019	2020	2021	2022F	Year end Dec (VND ' bil)	2019	2020	2021	2022F
<b>TOTAL ASSETS</b>					<b>Interest and Similar Income</b>				
Cash and precious metal	6,438	6,968	7,510	9,149		28,318	31,856	33,714	41,556
Loans and advances to customers, net	266,165	308,529	356,051	419,214	<b>Interest and Similar Expenses</b>				
Investment securities	55,956	63,399	59,475	72,601		(16,205)	(17,274)	(14,769)	(19,594)
Fixed assets	3,770	3,783	3,763	3,050	<b>Net Interest Income</b>				
Investment property	362	349	216	-		12,112	14,582	18,945	21,962
Other assets	6,891	6,893	6,929	8,125	<b>TOI</b>				
						16,097	18,161	23,564	26,877
					<b>Total operating expenses</b>				
						(8,308)	(7,624)	(8,230)	(9,944)
					<b>Operating Profit Before Provision for Credit Losses</b>				
						7,790	10,537	15,334	16,933
					<b>Provision for credit losses</b>				
						(274)	(941)	(3,336)	(1,383)
					<b>PBT</b>				
						7,516	9,596	11,998	15,550
					<b>PAT</b>				
						6,010	7,683	9,603	12,440
					<b>Minority interest</b>				
						-	-	-	-
					<b>Attributable to parent company</b>				
						6,010	7,683	9,603	12,440
					<b>EPS</b>				
						3,632	3,511	3,498	4,604
					<b>Financial Ratio</b>				
						2019	2020	2021	2022F
					<b>NIM (Net Interest Margin)</b>				
						3.65%	3.78%	4.23%	4.18%
					<b>Output average interest rate</b>				
						8.53%	8.25%	7.52%	7.90%
					<b>Input average interest rate</b>				
						-4.98%	-4.62%	-3.42%	-3.90%
					<b>Earnings Spread</b>				
						3.55%	3.63%	4.10%	4.00%
					<b>Interest expense/Interest income</b>				
						-57.23%	-54.22%	-43.81%	-47.15%
					<b>Net Serving Fee Margin (NSFM)</b>				
						0.57%	0.44%	0.65%	0.60%
					<b>Servicing fee expense/Servicing fee income</b>				
						-29.99%	-39.55%	-28.13%	-28.13%
					<b>NNIM (Net Non-Interest Margin)</b>				
						1.20%	0.93%	1.03%	0.93%
					<b>EBT to Interest Income ratio</b>				
						26.54%	30.12%	35.59%	37.42%
					<b>CIR (Cost-to-Income) ratio</b>				
						-51.61%	-41.98%	-34.93%	-37.00%
					<b>Asset Management</b>				
					<b>LDR (Loan-to-Deposit) ratio Market 1</b>				
						87.20%	88.19%	95.26%	95.26%
					<b>LDR (Loan-to-Deposit) ratio Market 2</b>				
						104.75%	126.53%	114.68%	98.49%
					<b>ROA</b>				
						1.69%	1.86%	1.98%	2.17%
					<b>ROE</b>				
						24.64%	24.31%	23.90%	24.33%

Source: the Company, Guotai Junan (VN).

**COMPANY RATING DEFINITION**

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

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

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