



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

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### 2023 Expectation: Steady and strong

#### BUSINESS UPDATE

According to the 2022 financial statement, ACB recorded a consolidated credit growth rate of 14.3% (15.2% for individual banks), pre-tax profit growth of 43%. In 2022, ACB's asset quality was maintained with the 7th consecutive year NPL below 1%. Outstanding Covid debt restructuring continued to decrease sharply. The bank's NIM for the whole year reached 4.1%, a record high.

**2023 Business Expectations:** A conservative lending approach and focusing retail segment business model will help ACB maintain its profit growth momentum in 2022. We expect the business strategy to be maintained. Technology investment & digitalization will attract more clients to the bank, enhancing CASA ratio, NIM, service income and the overall bank's profit in the long run.

In 2023, we expect the bank to have a credit growth of around 13%, a stable NIM while the CIR ratio will decrease slightly given the absence of VND1,000 bn technology investment reserve fund as in 2022, thereby, contributing to the bank's PBT grow by 15%yoy.

#### RECOMMENDATION

We believe that ACB's business will remain stable in alien with its retail banking strategy, no significant exposure to the high-risk sectors.

We recommend **"Buy"** ACB, with a 6–18-month target price of **29,500/share**, corresponding to the expected rate of return of 19%.

Recommendation:

**Buy**  
 (Maintained)

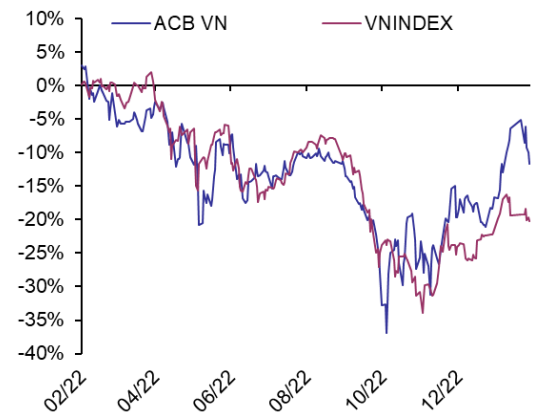
6-18m TP:

**29,500**

Current price:

VND24,650

#### Price performance



Price change	1 M	3 M	1Y
Abs. %	6.1%	17.8%	-11.7%
Relative to VN index	7.0%	29.3%	-40.7%
Avg price (VND)	25,047	23,019	23,995

Sources: 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	23,564	9,603	3,498	-0.37	13.29	-	0.00	3.90	-34.93	23.90
2021A	28,790	13,688	4,008	14.58	17.30	-	0.00	4.10	-40.31	26.49
2022A	33,940	15,654	4,635	15.64	20.94	1,000	4.00	4.10	-37.00	24.24
2023F	38,649	17,768	5,261	13.50	26.20	-	0.00	4.20	-37.00	22.32
2024F	44,674	20,699	6,129	16.50	32.33	-	0.00	4.20	-37.00	20.94

Shares in issue (m)	3,377.44	Major shareholders (%)	Dragon Financial Holdings	6.92%
Market cap (VND b)	83,253	Free float (%)		55%
3- month average vol. ('000)	3,212.96	LDR (%)		79
52w high/low (VND)	29080 / 17450	CAR (%)		12.8

Sources: the Company, Guotai Junan (VN).

## A prudent business assessment in 2023

ACB maintains a cautious lending and investment stance in 2023 with the current lending structure while the investment portfolio focuses still mainly on Government bonds and no exposure to real estate or corporate bonds. The lending to real estate sector is mainly related to personal loans. In more detail, real estate loans account for 24% of the bank's total credit, 82% of which are individuals. Loan balance for real estate development project is about 2,000 billion VND. Therefore, there is a modest risk related to real estate sector for the banks.

In 2023, ACB expects to get benefit from its plan focusing on the corporate customer segment. The related products and services will boost service fees (payroll, settlement).

The bank expects a stable NIM this year with well COF controlling. CASA in the long term is expected to surpass the peak set in 2021 at 25%.

### Dividend payment plan

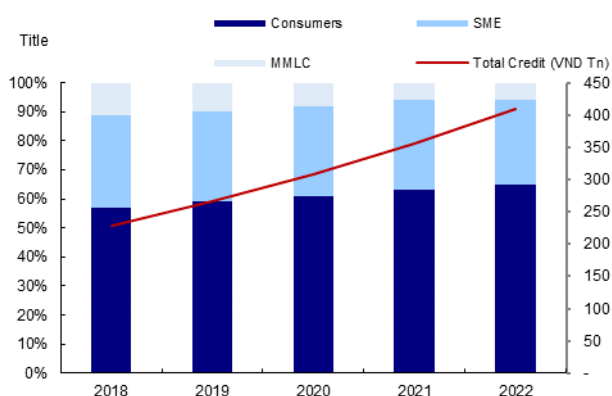
The bank plans to pay a dividend at the rate of 25% in 2023, of which it is likely that the dividend would be 10% in cash and 15% in shares (referred from the AGM 2022).

### RECOMMENDATION

We believe that ACB's business will remain stable in alien with its retail banking strategy, no significant exposure to the high-risk sectors.

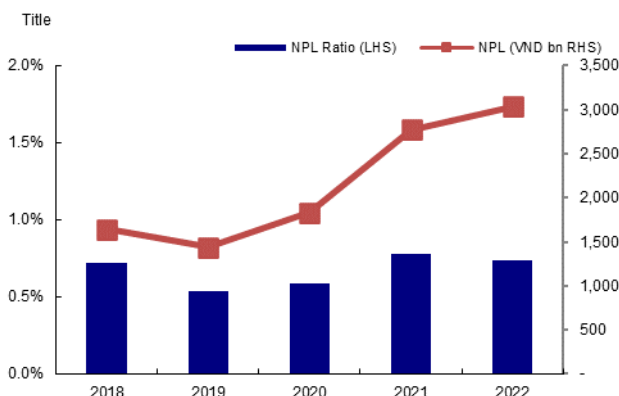
We recommend "**Buy**" ACB, with a 6–18-month target price of **29,500/share**, corresponding to the expected rate of return of 19%.

Figure-1: Lending breakdown by segment



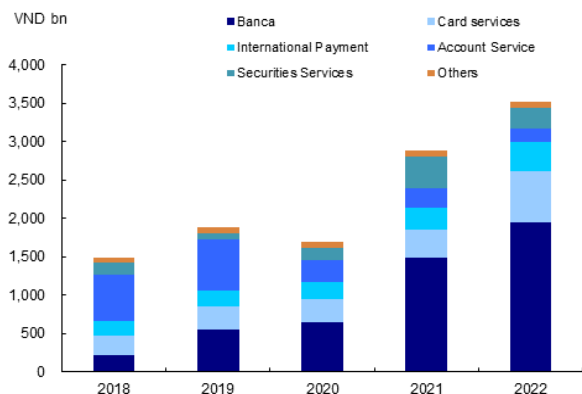
Source: ACB, Guotai Junan (VN).

Figure-2: Asset quality



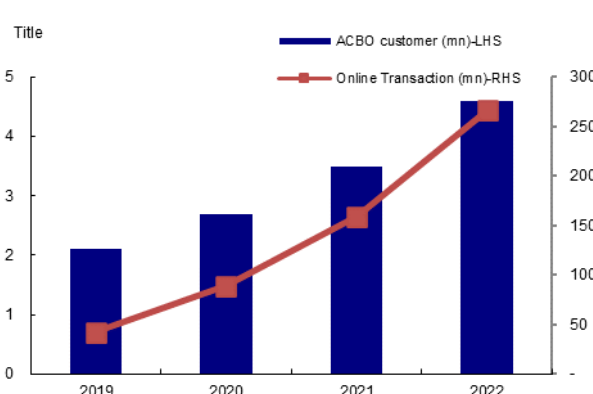
Source: ACB, Guotai Junan (VN).

Figure-3: Service income



Source: ACB, Guotai Junan (VN).

Figure-4: Online transactions



Source: ACB, Guotai Junan (VN)

**COMPANY RATING DEFINITION**

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

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

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Company Report