

04/11/2024

RECOMMENDATION BUY

Fair price	31,900
Current price	24,750
Upside/downside	29%

STOCK INFORMATION

Outstanding shares (mil)	4,466
Free float (mil)	4,019
Market cap. (VND billion)	111,219
3m avg. volume (shares)	9,544,649
Foreign ownership (%)	30%
First listing date	21/11/2006

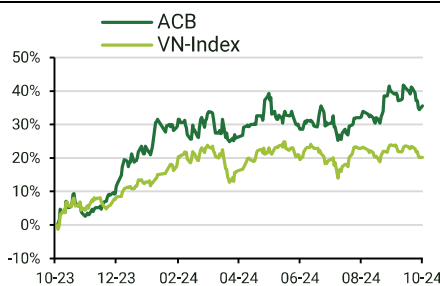
SHAREHOLDER STRUCTURE

Sather Gate Investments Limited	4.99%
Tran Hung Huy	3.94%
Dragon Financial Holdings Limited	3.62%
Smallcap World Fund Incorporation	2.51%
Other	84.94%

IMPORTANT ASPECTS

TTM EPS (VND)	3,638
BVPS (VND)	17,654
Debt/Equity (%)	8.86
ROA (%)	2.17%
ROE (%)	21.71%
P/E	6.8x
P/B	1.4x
Dividend yield (%)	25%

STOCK PRICE FLUCTUATIONS



COMPANY PROFILE

Asia Commercial Joint Stock Bank (ACB) was established in 1993. The bank operates in the field of capital mobilization, trading and providing related financial services, focusing on the retail sector. By the end of 2022, ACB had 384 branches and transaction offices. The market share of loans and customer deposits reached 3.4% and 3.5%, respectively, with 5.2 million customers.

ANALYST(S)

Nguyen Thi My Lien - Manager
lienguyen@phs.vn
Nguyen Thi Thao Vy
vynguyen@phs.vn

STABLE BUSINESS RESULT

- ACB saw flat business results in 9M 2024. Positive credit activities was the driving force behind business results with the outstanding credit growth of 13.8%YTD, higher than the 9% of the whole economy. Meanwhile, Non-interest activities decreased from the surge in 2023, when ACB took profits from Government bonds.
- We expect business results of ACB to be more optimistic in 2025 thanks to the recovery of production and business activities, along with the recovery of domestic retail.
- With a projected 2025F P/B of 1.3x, PHS project fair value of ACB to be VND 31,900/share. We recommend BUY with a potential upside of 29%.

Business results 9M 2024

ACB's business result was flat in 9M 2024, with 9M 2024 PBT increasing slightly by 2% YoY to VND 15.3 trillion, completing 70% of the 2024 PBT plan and corresponding to PHS's forecast. This was thanks to the improvement in lending activities offsetting the impact of non-interest activities on PBT. NIM (Net Interest Margin) decreased by 18 bps compared to 2023 to 3.82%, as deposit rates showed signs of increasing again in Q3, while lending rates continued to decrease due to market competition and community support activities.

Under the pressure of unrecovered domestic consumption, the debt repayment capacity of the population has encountered many difficulties in 9M 2024, affecting asset quality. The NPL ratio increased slightly by 28 bps compared to the end of 2023 to 1.49%, while the Loan Losses Coverage ratio declined by 11% compared to the end of 2023 to 81%.

Investment thesis

One of the leading retail banks, benefiting from the consumer recovery momentum in 2025. As a pioneer bank in the retail lending, by the end of 9M 2024, ACB has a retail credit growth rate of 12%YTD to about VND 354 trillion, maintaining the largest proportion (65%) in the loan structure and being the driving force for the bank's credit growth. Home loan credit is positive as the real estate market has shown signs of a slight recovery in a low interest rate environment, achieving positive growth of 14%YTD to VND 105 trillion. In 2025, we expect improved household income to facilitate the expansion of retail activities. We expect credit growth in 2025 to be 18%YTD.

ACB is one of the banks with the best asset quality stemming from its conservative lending policy. Thanks to maintaining a safe lending policy, ACB is the bank with the best asset quality in the industry with a low NPL ratio of less than 1.5% and a relatively high Loan Losses Coverage ratio. ACB has a secured loan ratio of 98% and does not invest in corporate bonds. Outstanding real estate business loans are low, accounting for only 4% of Gross Loans.

2025F Forecast

We expect ACB's credit growth to continue to maintain positive momentum in 2025. We expect NIM to improve in 2025 as Retail lending is gradually recovering. We expect 2025 NIM at 3.96% (+15 bps). We expect NPL ratio