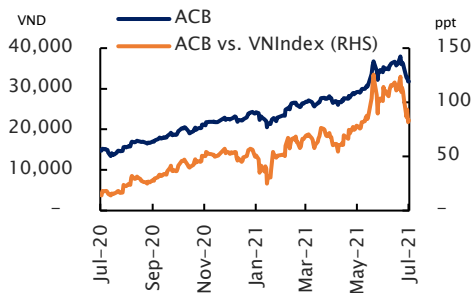


**TP upside/(downside) -9%**

**Close 16 Jul 2021**

**Price VND 33,600**  
**12M Target VND 30,492**



Market cap	US\$3.3 bn
6M avg. daily turnover	US\$16.7 mn
Outstanding shares	2,702 mn
Free float	90%
FINI ownership	30%
Major shareholders	30.4%
2021E Asset/Equity (*)	11.5x
2021E P/E (*)	8.5x
2021E P/B (*)	1.8x
FOL Remaining Room	0.0%

Source: Bloomberg

## Key takeaways

**Credit growth reached 9.4% YTD** vs. the initial quota of 9.5% YoY. The SBV granted ACB a new credit growth quota of 13.5% for 2021. **2Q21 net interest income (NII) was VND4.9 tn** (+5% QoQ/+57% YoY). 1H21 NII was VND9.5 tn (+45% YoY).

**Strong fee income** driven by bancassurance sales and upfront fee. Parent bank's 2Q21 fee income was about VND698 bn (+12% QoQ/+64% YoY). 1H21 fee income was VND1.3 tn (+79% YoY).

**The bank reported CIR of 29.6% as of 2Q21** driven by one-off reversed provision, cost-cutting and upfront fee recognition. ACB expects normalized CIR (excluding one-offs) to reach 40% for 2021E.

**2Q21 parent bank's provision was VND1.4 tn** (+128% QoQ/+206% YoY). For the 1H21, ACB provisioned VND2.0 tn (+267% YoY), of which **the bank made fully provision of VND1.4 tn for restructured loans** instead of allocating in 3 years according to Circular 03. Total restructured loans as at 2Q21 was VND8.2 tn (2.5% of 1Q21 loans).

**PBT reached VND3.3 tn in 2Q21**, up +4.7% QoQ and +71.6% YoY driven by high credit growth and strong fee income. Preliminary 1H21 PBT reached VND6.4 tn (+66.4% YoY), completing 60% of the bank's full-year target and 55% of our forecast for 2021E.

**NPL ratio was only 0.7%** as at 2Q21 (-21bps QoQ/+2bps YoY), and **loan loss reserve (LLR) ratio was 204%** (+83ppt QoQ/+59ppt YoY).

## Management view

**Net interest income and NIM for 2H21 will be flat or lower than that of 1H21.** ACB announced that it will cut loan yield up to 1% to support all of its customers, and this will offset the increased loans in 2H21.

**Fee income will be the key driver for total revenue growth going forward**, mainly focusing on bancassurance, card services, and trade services. ACB is in the top 3 in bancassurance in terms of annual premium equivalent (APE).

**Expanding customer based.** The management targets to increase 1.0 million new clients in 2021E. Currently, ACB has 3.4 mn active clients.

**The bank will focus on risk management in the 2H21**, and it will continue to make provision to maintain LLR at the 2Q21's level.

## Our view

**Asset quality remains strong.** High LLR ratio reflects ACB's prudent approach to weather probable asset quality deterioration. Similar to VCB and MBB, high LLR will allow ACB for a greater flexibility than other banks to lower provision and boost earnings in the future.

**ACB** trades at 2.0x vs. the peers' median of 1.9x given its superior operational quality vs the sector. We believe ACB to deserve a premium over its peers. However, ACB's share price has increased 47% YTD and is now 10% above our TP. Thus, we recommend to wait for a pullback.

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

Bloomberg code: YUTA

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Yuanta Securities Investment Consulting  
4F, 225,  
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Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities (Hong Kong) Co. Ltd  
23/F, Tower 1, Admiralty Centre  
18 Harcourt Road,  
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Head Office  
Yuanta Securities Building  
Euljiro 76 Jung-gu  
Seoul, Korea 100-845  
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
PT YUANTA SECURITIES INDONESIA  
(A member of the Yuanta Group)  
Equity Tower, 10th Floor Unit EFGH  
SCBD Lot 9  
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Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Thailand)  
127 Gaysorn Tower, 16th floor  
Ratchadamri Road, Pathumwan  
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Vietnam)  
4th Floor, Saigon Centre  
Tower 1, 65 Le Loi Boulevard,  
Ben Nghe Ward, District 1,  
HCMC, Vietnam

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