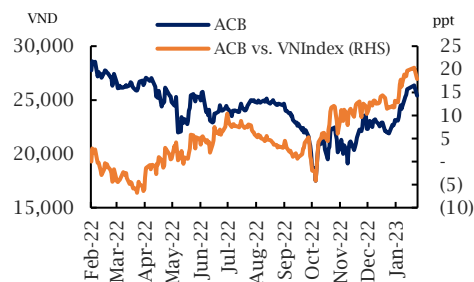


BUY
TP upside (downside) +10%
Close 30 Jan 2023
Price VND 25,400
12M Target VND 27,958
Share price performance relative to VNI


Market cap	US\$3.7 bn
6M avg. daily turnover	US\$4.5 mn
Outstanding shares	3,377 mn
Free float	85%
FINI ownership	30.0%
Major shareholders	30.5%
2023E Asset/Equity (*)	8.9x
2023E P/E (*)	5.4x
2023E P/B (*)	1.2x
FOL Remaining Room	0.0%
2023E Dividend yield (*)	0.0%

Source: FiinPro, Yuanta Vietnam

ACB's 4Q22 Results	4Q22	% QoQ	% YoY
NII (VND bn)	6,454	7%	35%
Net Fee Inc.(VND bn)	927	7%	24%
Adj. TOI (VND bn)	7,785	12%	32%
Opex (VND bn)	4,064	61%	68%
Provision (VND bn)	251	177%	-52%
PATMI (VND bn)	2,871	-20%	18%
NPL (%)	0.74%	-27bps	-4bps
LLR (%)	159%	+21ppt	-50ppt
CASA ratio (%)	22.3%	-2ppt	-3ppt

Source: Company Data, Yuanta Vietnam
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Asia Commercial Bank (ACB VN)

2022 earnings soar by +43% YoY

ACB reported 4Q22 PATMI of VND2.9 tn (-20% QoQ/+18% YoY). Higher QoQ provisioning caused the sequential earnings to decline. 2022 PATMI was VND13.7 tn (+43% YoY), which was mainly driven by higher net interest income and lower provisioning.

Details

The bank reported loan growth of 14.3% YoY, while deposits grew by just 9.0% YoY.

4Q22 net interest income was VND6.5 tn (+7% QoQ/+35% YoY). 2022 net interest income was VND23.5 tn (+24% YoY). **2022 NIM on average assets was 4.14% (+25bps YoY)** on our calculation.

4Q22 net fee income was VND927 bn (+7% QoQ/+24% YoY), mostly from banca and card services. **2022 net fee income was VND3.5 tn (+22% YoY).**

4Q22 other income was VND141 bn (+14% QoQ/+103% YoY). A complete breakout is not available to us yet, but based on 1H22 results, we think this was mostly loan loss recoveries. For the full year, other income reached VND990 bn (+610% YoY) in 2022.

4Q22 opex jumped by +61% QoQ and +68% YoY to reach VND4.1 tn. Total opex was VND11.6 tn (+41% YoY) in 2022. The sharp increases were attributable to staff compensation and IT spend. As a result, ACB's adjusted CIR increased by +7ppt to 42% in 2022.

4Q22 provisioning cost was VND251 bn (+177% QoQ/-52% YoY). In 2022, ACB's provisioning line was VND71 bn (-98% YoY), which helped boost earnings in 2022.

LLR ratio was 159% (+21ppt QoQ/-50ppt YoY) in 4Q22. ACB's 4Q22 NPL ratio was 0.74% (-27bps QoQ/-4bps YoY).

CASA ratio decreased to 22.3% as at 4Q22 (-1.8ppt QoQ/-3.2ppt YoY).

Our view

Prudent risk management. ACB has no investment in corporate bonds, which helps the bank immune from corporate bond default risk.

Strong asset quality. NPL ratio decreased to a low level of 0.74% while LLR ratio jumped to 159% in 4Q22.

CASA ratio is high but has trended down. Again, we believe that the other banks will face the same issue given tightening liquidity and high term-deposit interest rates.

ACB's shares trade at 1.2x 2023E P/B. ACB has superior operating results with 2023E ROE of 24% vs. the sector median of 18%, and its balance sheet is healthier than the sector. We maintain BUY.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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