

BUY

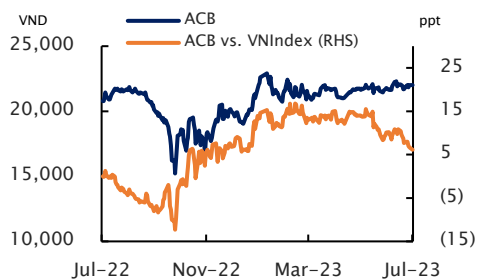
TP upside (downside) +7%

Close 20 Jul 2023

Price VND 22,000
12M Target VND 23,442

* TP adjusted for dividends

Share price performance relative to VNI



Market cap	US\$3.6 bn
6M avg. daily turnover	US\$7.5 mn
Outstanding shares	3,884 mn
Free float	85.0%
FINI ownership	30.0%
Major shareholders	23.6%
2024E Asset/equity (x)	9.1x
2024E P/E (x)	4.5x
2024E P/B (x)	1.0x
FOL remaining room	0.0%
2024E dividend yield (%)	4.5%

Source: FiinPro, Yuanta Vietnam

ACB's 2Q23 Results	2Q23	% QoQ	% YoY
NII (VND bn)	6,246	0%	+11%
Net Fee Inc.(VND bn)	804	+28%	-19%
Opex (VND bn) (*)	2,502	0%	+10%
PBT (VND bn)	4,833	-6%	-2%
NPL (%) (post-CIC)	1.07% +10bps		+31bps
LLR (%)	105%	-12ppt	-80ppt
CAR (%)	12.4%		
ST funds for MLT loans	19.2%		

Source: Company Data, Yuanta Vietnam

(*) estimate

Research Analyst:

Tanh Tran

+84 28 3622 6868 ext 3874

tanh.tran@yuanta.com.vn

Bloomberg code: YUTA

ACB_Analyst Meeting Takeaways

Asset quality still remains strong

ACB's 2Q23 PBT of VND4.8 tn was down -6% QoQ/-2% YoY. 1H23 PBT (+11% YoY) fulfilled 50% of full-year guidance and our 2023E forecast.

Details

Credit growth reached 4.7% YTD and deposits grew by 4.2% YTD as at 2Q23. ACB's LDR was 79.1%, well below the 85% cap.

Credit growth in 1H23 came mainly from corporate clients (+11.5% YTD), followed by SMEs (+6.1% YTD), and individuals (+3.3% YTD). Credit to the property sector accounted for 24% of the total, and homebuyers represented 80% of total real estate credit at 1H23.

2Q23 net interest income was VND6.2 tn (flat QoQ/+11% YoY). The bank reported NIM on average assets of 4.02% (-10bp YoY). The bank expects NIM to decrease by -10bp to -20bp YoY in 2023.

2Q23 net fee income was VND804 bn (+28% QoQ/ but -19% YoY). The QoQ increase was driven primarily by card services (+68% YoY), while the YoY decrease was due to lower banca sales (-17% YoY).

CIR improved to 31% in 2Q23 as revenue increased by +16% QoQ while operating cost was flat QoQ. Management said opex will increase in 2H23, which should drive CIR to 35% for 2023.

ACB's NPL ratio was 0.96% (-1bp QoQ) and LLR ratio was 105% (-12ppt QoQ) based on its 2Q23 financial statements. Cat. 2 loans increased by +4% QoQ to an estimated 0.88% of total loans (flat QoQ). ACB provided additional disclosure that its post-CIC review NPL ratio would be slightly higher at 1.07% (+10bp QoQ), with the difference due to a single customer with bad debt at another bank.

CAR was 12.4% as at 2Q23. Short-term funding for medium-long term loans was just 19.2%, well below the SBV's cap of 34%.

Our view

We expect credit growth to recover in 2H23 given the [SBV's recent policy rate cuts](#) which may continue in 2H23. ACB has room to expand loans and improve NIM given its ample capital and liquidity as suggested by its low LDR and ST-funding-to-MLT-loan ratio.

Prudent risk management. ACB has no exposure to corporate bonds and limited direct exposure to potential corporate defaults. The bank's NPL and LLR ratios remain at healthy levels, and capital is strong.

Maintain BUY. ACB's shares trade at 1.2x 2023E P/B, slightly above the sector median of 1.1x. However, ACB has superior operating efficiency with our 2023E ROE of 24% vs. the sector median of 19%, and its balance sheet is healthier than the sector's, in our opinion.

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

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

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,
Hong Kong

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

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
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

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

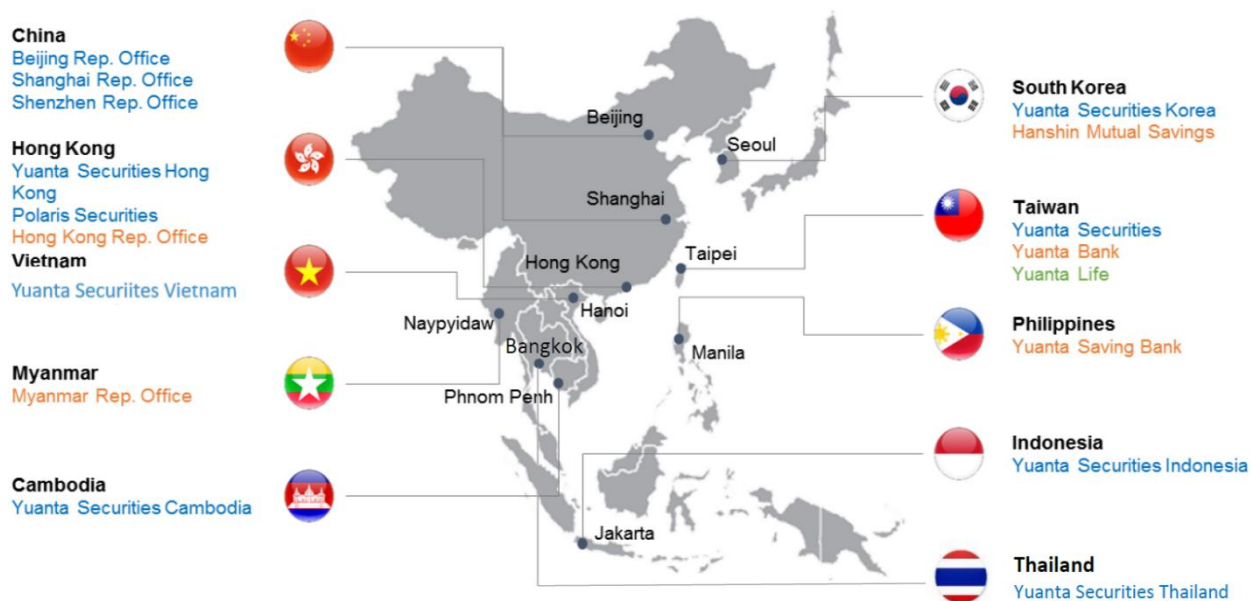
Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

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

YUANTA SECURITIES NETWORK

YUANTA SECURITIES VIETNAM OFFICE



Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

lawrence.heavey@yuanta.com.vn

Dat Bui

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

dat.bui@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Anh Nguyen

Sales Trader Supervisor

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

vi.truong@yuanta.com.vn