

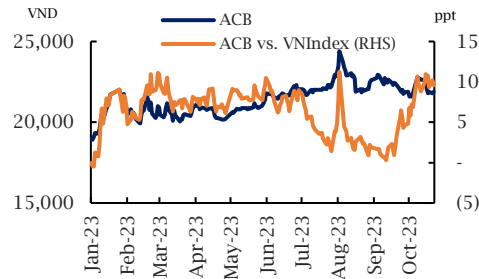
## BUY

TP upside (downside) +30%

Close 25 Oct 2023

Price VND 21,900  
12M Target VND 28,517

Share price performance relative to VNI



Market cap	US\$3.4 bn
6M avg. daily turnover	US\$9.1 mn
Outstanding shares	3,884 mn
Free float	85.0%
FINI ownership	30.0%
Major shareholders	19.1%
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 3Q23 Results	3Q23	% QoQ	% YoY
NII (VND bn)	6,209	-1%	3%
Net Fee Inc. (VND bn)	764	-5%	-12%
Other non-II (VND bn)	1,305	61%	1816%
Adj. TOI (VND bn)	8,277	5%	19%
Opex (VND bn)	2,868	15%	14%
Provision (VND bn)	521	-26%	476%
PATMI (VND bn)	4,038	4%	13%
NPL (%)	1.20%	14bps	19bps
LLR (%)	93%	-12ppt	-42ppt
CASA (%)	20.6%	-20bps	-3.5ppt
CAR	12.8%		
ST funds for MLT loans	17.4%		

Source: Company Data, Yuanta Vietnam

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## Analyst Meeting Takeaways

### Investment gains drove earnings

ACB posted 3Q23 PATMI of +4% QoQ/+13% YoY to VND4.0 tn. 9M23 PATMI was VND12 tn (+11% YoY), fulfilling 77% of our 2023E forecast.

#### Details

Credit increased by 8.7% in 9M23, mainly from corporate clients (+16% YTD), followed by SMEs (+10% YTD), and individuals (+7% YTD). 98% of ACB's loans are secured with an average LTV of 54%.

3Q23 net interest income was VND6.2 tn (-1% QoQ/ but +3% YoY). 9M23 net-interest income increased by +9% YoY to reach VND18.7 tn. The bank reported NIM (LTM) of 4.11% (-3bp YoY).

3Q23 net fee income was VND764 bn (-5% QoQ/ -12% YoY). 9M23 net fees declined by -16% YoY, which is largely attributable to banca sales. Bancassurance accounted for 53% of total fees, followed by cards (24%), account services (11%), securities services (8%), and others (4%).

Trading gains were the key earnings driver. Securities investment gains were VND950 bn (+98% QoQ) vs. a loss of -VND41 bn in 3Q22. FX gains were VND316 bn (-4% QoQ/ but +229% YoY).

Opex increased by +15% QoQ/+14% YoY in 3Q23, but 9M23 opex increased by only +4% to VND7.9 tn. The bank reported CIR of 32% (-4ppt YoY), and it expects CIR to be around 35% in the next few years as it continues to invest in technology and digitization.

3Q23 provisioning was VND521 bn (-26% QoQ/ but +476% YoY), bringing total provisioning to VND1.5 tn in 9M23 (vs. net recoveries of VND180 bn in 9M22), exceeding our full-year forecast by 10%.

NPL ratio increased to 1.2% (+14bps QoQ/+19bps YoY) and LLR ratio decreased to 93% (-12ppt QoQ/-42ppt YoY) due to rising NPLs. The bank also attributes this to lower provisioning for Covid-related loans.

Cash dividend plan: VND1000/share for the next two years.

#### Our view

ACB's 3Q23 earnings was largely driven by investment gains, but we think 4Q23 earnings will be driven by increased credit growth and reduced funding costs. Overall, we think ACB will meet the bank's full-year guidance as well our 2023E forecast.

Prudent risk management. 9M23 provisioning surpassed our full-year forecast, which might pose a risk to our 2023E forecast, but this should be mitigated by the expected rise in net interest income. ACB still maintains healthy NPL and LLR ratios with a robust CAR at 12.8%.

Reiterate BUY. ACB's shares trade at 1.0x 2024E P/B, slightly above the sector median of 0.9x, given its superior operating efficiency with our 2024E ROE of 24% vs. the sector of 20% and solid balance sheet.

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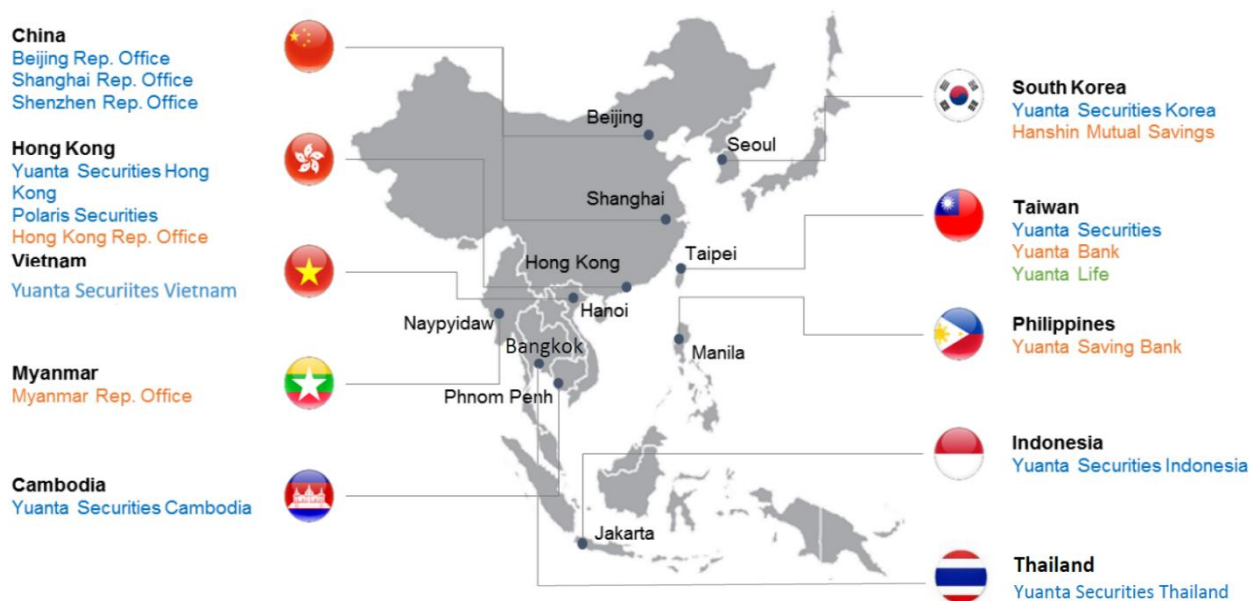
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