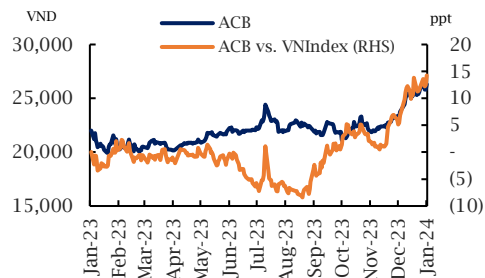


BUY

TP upside +10%
Close 29 Jan 2024
Price VND 25,950
12M Target VND 28,517
Share price performance relative to VNI


Market cap	US\$4.2 bn
6M avg. daily turnover	US\$9.2 mn
Outstanding shares	3,884 mn
Free float	90.0%
FINI ownership	30.0%
Major shareholders	33%
2024E Asset/equity (x)	9.1x
2024E P/E (x)	5.4x
2024E P/B (x)	1.1x
FOL remaining room	0.0%
2024E dividend yield (%)	3.8%

Source: FiinPro, Yuanta Vietnam

ACB's 4Q23 Results	4Q23	% QoQ	% YoY
NII (VND bn)	6,290	1%	-3%
Net Fee Inc.(VND bn)	727	-5%	-22%
Other non-II (VND bn)	1,375	5%	240%
Adj. TOI (VND bn)	8,392	1%	8%
Opex (VND bn)	3,013	5%	-26%
Provision (VND bn)	322	-38%	28%
PATMI (VND bn)	4,006	-1%	40%
NPL (%)	1.21%	1bps	47bps
LLR (%)	91%	-3ppt	-68ppt
CASA (%)	22.0%	1.4ppt	20bps
CAR	12.5%		
ST funds for MLT loans	17.3% (vs. cap of 30.0%)		
LDR	78.1% (vs. cap of 85.0%)		

Source: Company Data, Yuanta Vietnam

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Analyst Meeting Takeaways

Investment gains lift 4Q earnings

ACB posted 4Q23 PATMI of VND 4.0 tn (-1% QoQ/+40% YoY). 2023 PATMI was VND16 tn (+17% YoY), completing 103% of our forecast.

Details

Credit increased by 17.9% in 2023, mainly from corporate clients (+19% YoY), followed by consumers (+18% YoY), and SMEs (+16% YoY). 98% of ACB's loans are secured with an average LTV of 55%. ACB disclosed that its 2024 credit growth quota is +16.1% YoY.

4Q23 net interest income was VND6.3 tn (+1% QoQ/ but -3% YoY). ACB reported NIM of 3.76% (-38bp YoY); however, the bank expects NIM to recover to about 4.0% in 2024 on lower cost of funds (COF). ACB's COF was 3.6% in 4Q23 (-70bps vs 3Q23 & -1.1ppt vs 2Q23).

4Q23 net fee income decreased by -5% QoQ and -22% YoY, largely attributable to lower banca sales.

Investment gains (mostly on government bonds) were the key earnings driver at VND1.3tn (+42% QoQ and vs. losses of -VND113 bn in 4Q22).

Opex was VND3.0 tn (+5% QoQ/ but -26% YoY) in 4Q23. The bank reported full-year CIR of 33% (-7ppt YoY) for 2023, and it expects CIR to be around 35% in 2024.

4Q23 provisioning was VND322 bn (-38% QoQ/ but +28% YoY), and total 2023 provisioning was VND1.8 tn (up 25x vs. 2022).

NPL ratio was 1.21% (+1bps QoQ/+47bps YoY) and **LLR ratio decreased to 91% (-3ppt QoQ/-68ppt YoY)** due to the higher denominator. ACB expects its NPL ratio to decline to c.1.0% in 2024.

Cash dividend plan: 1,000 VND/share in 2024.

Our view

Investment gains fail to inspire, but we think that net interest income will re-emerge as the key earnings driver in 2024, given reduced COF. We forecast ACB's 2024E PATMI to increase by +24% YoY.

CASA recovery is a positive. ACB's CASA deposit ratio has trended up since 2Q23 and it ranks among the top 4 banks. We expect the reduced term deposit rates to help boost CASA deposits in 2024.

Asset quality remains strong. ACB maintains healthy NPL and LLR ratios with a robust CAR of 12.5%.

Maintain BUY. ACB's shares trade at 1.1x 2024E P/B, slightly above the sector median of 1.0x. This valuation is still quite cheap in our opinion given ACB's solid balance sheet, superior operating efficiency, and 2024E ROE of 24% vs. the sector's 20%.

ACB's stock has increased by 15% since [our last update of Aug 23](#). We remain Overweight the banks with ACB as a top pick in the sector. However, we foresee a minor near-term correction ahead of Tet.

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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