Yuanta Research

Express Note

Asia Commercial Bank [ACB VN]

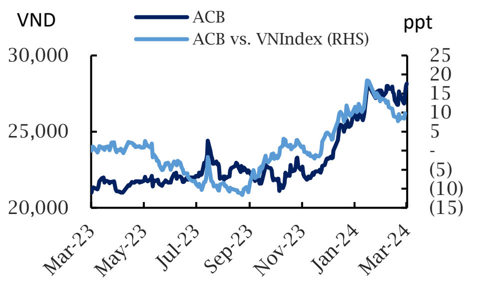
4 April 2024

BUY

TP upside/(downside) +21%

Close 3 Apr 2024

Price	VND 28,000
12M Target	VND 33,790



Market cap	**US$4.3 bn**
6M avg. daily turnover	**US$9.2 mn**
Outstanding shares	**3,884 mn**
Free float	**90%**
FINI ownership	**30.00%**
Major shareholders	**28.5%**
2024E Asset/equity (x)	**9.6x**
2024E P/E (x)	**5.7x**
2024E P/B (x)	**1.3x**
FOL remaining room	**0.0%**
2024E dividend yield (%)	**3.6%**

Source: FiinPro, Yuanta Vietnam

Year	2023	2024E
FCFE (VND bn)	8,258	9,800
Dividend paid (VND bn)	3,377	3,884
Share buyback (VND bn)	-	-
Total cash paid (VND bn)	3,377	3,884
FCFE - Cash paid (VND bn)	4,881	5,916

Performance Ratios	2023
1. Accounting Measure	
ROE	24.4%
Required rate of return	12.6%
ROE - Cost of Equity	11.9%
2. Stock Performance Measure	
Returns on stock	30.6%
Required rate of return	12.6%
Jensen's alpha	18.0%

Source: Company data, Yuanta Vietnam

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Event

ACB held its annual general meeting on Apr 4 and disclosed its targets for 2024. ACB will pay a 15% stock dividend and 10% cash dividend (VND1,000/share) in 2024.

Key Takeaways

ACB targets 2024E PBT of VND22 tn (+10% YoY), which is lower than our PBT forecast of VND24 tn (+21% YoY). In 1Q24, ACB's PBT decreased by -3% QoQ and -5% YoY, which was largely attributable to increased provisioning. 1Q24 ACB's PBT result represents 22% of its full-year target and 20% of our 2024E forecast.

The bank aims for a credit growth of 14% YoY (versus our forecast of 15% YoY). In 1Q24, ACB's credit growth was 3.7% YTD (versus -0.6% YTD in the same period last year), mostly from corporate clients (+10% YTD).

Deposits increased by +2.1% YTD, and CASA deposits were up by +6.4% YTD. CASA ratio improved by +1ppt to 23% in 1Q24.

Capital level is strong, with CAR at 12.5% as at 1Q24.

Dividend policy: ACB plans to pay a cash dividend of 1,000 VND/share from the 2023's retained earnings in 3Q24, resulting in a dividend yield of 3.6%. The bank will also issue 583 mn shares to pay a stock dividend and increase its charter capital to VND44.7 tn (+15% vs. 2023) in 3Q24. ACB plans to maintain that same dividend policy for the next year.

Our view

We maintain our credit growth forecast at 15% for 2024E. We think that ACB's solid balance sheet (with low NPL ratio of 1.2% and no exposure to corporate bonds) and strong capital with Tier 1 of 12.9% should allow for a higher credit quota from the SBV.

Our PATMI forecast is VND19.4 tn (+21% YoY) in 2024E, which is nearly unchanged from our previous forecast in Aug 2023.

Dividend policy assessment: ACB's FCFE was higher than its dividend payment in 2023. It generated an excess return of about 12% and delivered significant alpha for its shareholders of 18%. *(please see tables on the left)*

Thus, ACB can keep its current cash dividend policy. It is also acceptable to reduce cash payment given its high excess return and significant alpha.

We believe that ACB deserves a premium over peers given its strong operational results and solid asset quality. We expect 2024E ROE to reach 24% compared to the sector median of 18%. Our TP implies 2024E P/B of 1.5x and 12-month TSR of 25%. **Reiterate BUY.**

Appendix A: Important Disclosures

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