Shinhan Securities



Asia Commercial Bank

[Vietnam / Banking]

Bloomberg Code (ACB VN) | Reuters Code (ACB.HM)

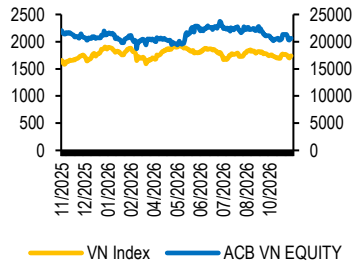
BUY

Update report

Target price (12 months)	**VND 25,800**
Current price (11/10/26)	VND 20,700
Upside	24.6%

VNINDEX	1,743
P/E thị trường (23F, x)	11.7
Market Cap (bn VND)	119,571
Outstanding shares (mn)	5,804
Free-Floating (mn)	5,391
Free floating (%)	92.9
52-Wk High/Low (VND)	23,982 /19,204
90-day avg. trading volume (mn)	12.15
90-day avg. turnover (bn VND)	310
Foreign ownership room - left (%)	7.9
Major shareholders (%)	Sather Gate 4.99

Performance	3T	6T	12T
Tuyệt đối (%)	-8.2	3.0	-9.1
Tg đối với VN-Index (%)	-6.2	10.2	-14.2



Source: Bloomberg

Provision expense under pressure

Updated with BUY recommendation, target price VND 25,800

Asia Commercial Bank (ACB) remains committed to its strategic positioning as one of Vietnam's leading retail banks. The bank has maintained a prudent growth strategy, with relatively limited exposure to corporate bonds. In terms of asset quality, ACB is among the pioneering Vietnamese banks to have completed compliance with Basel III standards. In addition to its strong retail franchise, ACB has also made notable progress in expanding its corporate banking portfolio in recent years.**Although NPL increased during Q3 2026, ACB continues to rank among the industry leaders in asset quality, as reflected in its low overdue loan and NPL ratios**. Using a combination of the Residual Income (RI) valuation methodology and peer-based P/B multiple valuation, we revise our 2027 target price for ACB to VND 25,800/share (down from VND 26,900/share), primarily due to higher credit provisioning assumptions and a lower target P/B multiple.

9M 2026 Financial Performance

- As of 9M 2026, ACB's outstanding loan balance reached VND 768 trillion, representing 11.6% YTD credit growth. Lending expansion was primarily driven by large corporate customers, with loan growth of 31.8%, while SME and retail segments grew by 9.6% and 6.9%, respectively.
- Customer deposits and valuable papers issuance increased 12.3% YTD. During Q3 2026, ACB successfully completed a USD 500 million offshore borrowing transaction.
- NIM improved slightly to 2.96% at the end of Q3 2026, compared with 2.94% at the end of 2025.
- Non-interest income totaled VND 4.98 trillion, down 1.4% YoY. The decline was largely attributable to the absence of investment securities gains and slower growth in income from asset disposals. Meanwhile, fee income showed encouraging momentum, with bancassurance income returning to positive growth after several years (+5.9% YoY), while payments and card-related fees grew by 12.7% and 13.7%, respectively.
- The NPL ratio increased to 1.19%, compared with 1.03% in Q2 2026 and 0.97% at end-2025. Excluding CIC-related classifications, the NPL ratio stood at 1.04%. Cumulative credit provisioning expenses for 9M 2026 increased 7.7% YoY.
- Operating expenses continued to be managed prudently.
- Pre-tax profit (PBT) reached VND 16.61 trillion, fulfilling 74% of the bank's full-year profit target.

Outlook for 2026

For 2026, we forecast ACB to deliver 12% loan growth, with NIM expanding above 3.0%. However, we have revised upward our assumptions for NPL formation and credit provisioning costs, reflecting the still-elevated lending rate environment, despite signs of stabilization following guidance from the State Bank of Vietnam (SBV). Consequently, we project 2026 PBT of VND 22.42 trillion, representing 14.7% YoY growth. Looking ahead to 2027, the significant increase in Group 2 loans is expected to keep provisioning expenses under pressure. We forecast the NPL ratio to rise to approximately 1.5% in 2027. Assuming 12% credit growth and NIM remaining around 3.0%, ACB's 2027 PBT could reach VNDbn 24,803, up 11% YoY. **Risks:** (1) Slower-than-expected credit growth; (2) Interest rate volatility leading to a sharper-than-forecast NIM compression; (3) Continued challenges in the retail lending segment.

Year	2023	2024	2025	2026F	2027F
Interest income (VNDbn)	24,960	27,795	26,906	31,779	34,558
Non-interest income (VNDbn)	7,787	5,720	6,892	6,797	9,414
Total operating income (VNDbn)	**32,747**	**33,515**	**33,798**	**38,576**	**43,972**
Provision and other expenses (VNDbn)	(12,679)	(12,509)	(14,259)	(16,155)	(19,168)
Profit before tax (VNDbn)	**20,068**	**21,006**	**19,539**	**22,421**	**24,803**
Customer loan growth	17.9%	19.1%	18.3%	12.0%	12.0%
NIM	3.9%	3.7%	2.9%	3.0%	3.0%
ROE	**24.4%**	**21.8%**	**17.6%**	**17.6%**	**17.0%**

Source: Fiinpro, Company data, Shinhan Securities Vietnam

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Outlook for 2026-27

Year	9T/2026	%yoy	2026F (new)	%yoy	2026F (old)	Note
Net interest income (VNDbn)	22,969	15.9%	31,799	18.1%	31,122	- Credit growth reached 11.5% YTD. ACB has begun selectively disbursing corporate bond investments, although such exposure still represents only a small proportion of its total credit portfolio. The corporate lending segment continued to perform strongly, expanding by 31.8%, while retail lending grew at a more moderate pace of 9.6% and 6.9% across key customer segments. By industry, loan growth remained robust in the manufacturing, construction, and trading sectors. NIM improved during the period. In 9M 2026, ACB accelerated growth in long-term lending (+24.1% YTD) compared with short-term lending (+4.9% YTD), supporting margin expansion. - Fee income delivered solid growth, driven primarily by the payments and insurance businesses. ACB Insurance is expected to officially commence operations in Q1 2027. Contrary to our earlier expectations at the beginning of the year, ACB did not record gains from its investment securities portfolio in 2026 due to an unfavorable interest-rate environment. Income from bad debt recovery slightly exceeded our forecasts despite continued weakness in the real estate market.
Non interest income (VNDbn)	4,976	-13.9%	6,797	-1.4%	8,483	
Total operating income (VNDbn)	27,946	9.2%	38,576	14.1%	39,604	
Operating expense (VNDbn)	8,651	6.3%	12,563	15.0%	13,218	ACB achieved better-than-expected operating cost control. The bank's cost-to-income ratio (CIR) declined to 31% in 9M 2026, from 32% previously. Management indicated that technology investments will continue in the coming years, with CIR expected to increase by approximately 1 percentage point as a result.
Provision expense (VNDbn)	2,680	94.5%	3,592	7.7%	2,631	Credit provisioning expenses increased more sharply than anticipated. Management noted that approximately one-third of total provisioning expenses were attributable to additional provisions required under Decree 86.

PBT (VNDbn)	16,614	3.4%	22,421	14.7%	22,732	ACB's NPL ratio rose significantly, largely due to the impact of CIC-related loan classification adjustments. Given the strong increase in Special Mention Loans (Group 2 loans) of 184% YTD, we have revised upward our provisioning assumptions for the next two years, increasing our projected credit cost from 0.36% to 0.50% in 2026 and maintaining it at 0.50% for 2027. ACB's 9M 2026 pre-tax profit remained broadly in line with its full-year target of VNDbn 22,300. Despite higher provisioning assumptions, we believe the bank remains well positioned to achieve its earnings target, supported by stronger net interest income and fee income growth.
PAT (VNDBN)	15,625	-6.9%	17,936	14.8%	18,985	
NPL ratio (%)	1.2%		1.3%		1.2%	- We revise our projected NPL ratio to 1.3% for 2026 and 1.5% for 2027.
LLR (%)	91%		100%		106%	Accordingly, the loan-loss coverage ratio (LLR) is expected to remain around 100% in 2026 before moderating to approximately 90% in 2027.
Customer loan growth YTD (%)	11.5%		12.0%		15.0%	- ACB is likely to be constrained by a 12% credit growth quota in 2026, prompting us to lower our 2026 loan growth forecast accordingly. For 2027, we maintain a conservative assumption of 12% credit growth.
Customer deposit growth – Ytd (%)	4.4%		5.0%		14.0%	- Deposit growth has been slower than expected. Nevertheless, ACB has compensated by strengthening its funding base through the issuance of valuable papers, which increased 58% in 9M 2026. During 2026, ACB also successfully completed a USD 500 million international funding transaction. Deposit rates are expected to decline by 30-50bps, which could support a return of customer funds to traditional savings products in the coming quarters.
NIM (TTM %)	2.9%		3.0%		2.9%	- Supported by effective funding cost management and a greater focus on longer-tenor lending, we raise our 2026-2027 NIM forecast to approximately 3.0%.

Valuation and recommendation

Valuation

We apply a Residual Income (RI) model and a P/B valuation approach with weightings of 20% and 80%, respectively.

Our 12-month target price is set at VND 25,800 per share, revised down from VND 26,900 per share in our previous report.

1) Given the deterioration in asset quality across the banking sector, we lower ACB's target P/B multiple to 1.2x, equivalent to approximately one standard deviation below its 5-year average valuation range. Based on our projected 2027 book value per share (BVPS) of VND 21,491, we derive a 2027 target price of VND 25,789 per share under the P/B methodology.

2) Under the RI framework, our 12-month fair value estimate for ACB stands at VND 26,114 per share.

Cost of Equity (%)	
Cost of Equity (%)	**13.6**
Risk-free rate (%)	4.5
Equity risk premium (%)	9.16
Beta	1.0

RI Method					
(Unit: VNDbn)	**3M2026F**	**2027F**	**2028F**	**2029F**	**2030F**
Cost of equity	**13.6**	**13.6**	**13.6**	**13.6**	**13.6**
Cost of equity after 2030					**13.6**
Net income	4,625	19,843	23,085	26,640	29,852
Residual income (RI)	1,152	3,887	4,784	5,622	5,747
PV of RI	**1,116**	**3,312**	**3,586**	**3,708**	**3,335**

Terminal value of RI (VNDbn)	**56,019**
Terminal growth (%)	2.00%

PV of terminal value (VNDbn	32,509
PV of RI (bn VND))	15,057
Beginning equity (bn VND)	104,013
Total value (bn VND)	151,579
Total outstanding shares (bn)	5.8
Target price (VND)	**26,114**

Valuation Summary		
Method	Weight	Price target (VND)
Residual income	20%	**26.114**
P/B target (1.2x)	80%	**25,854**
Target price (VND)	**25,854**	

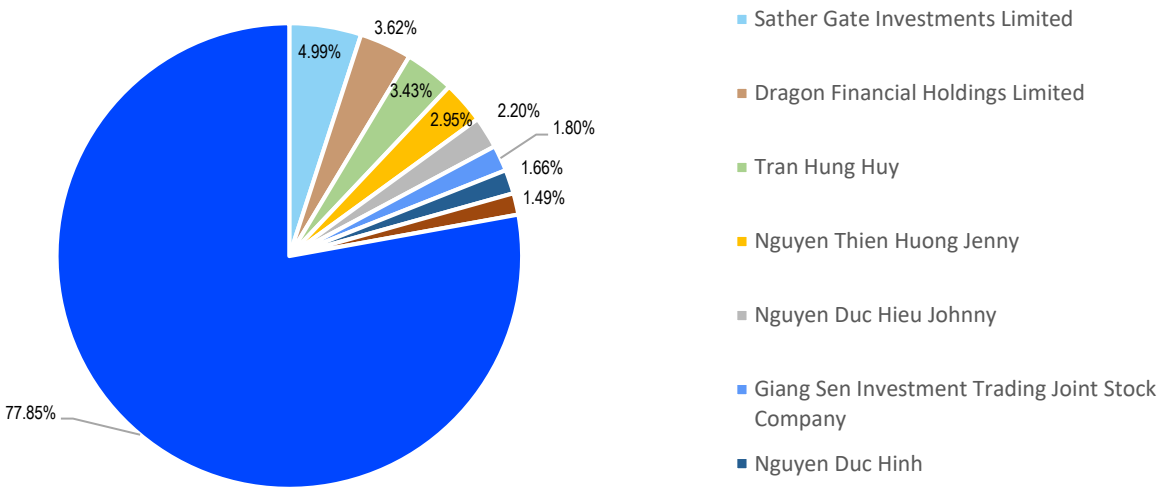
Source: Shinhan Securities Vietnam

Business overview

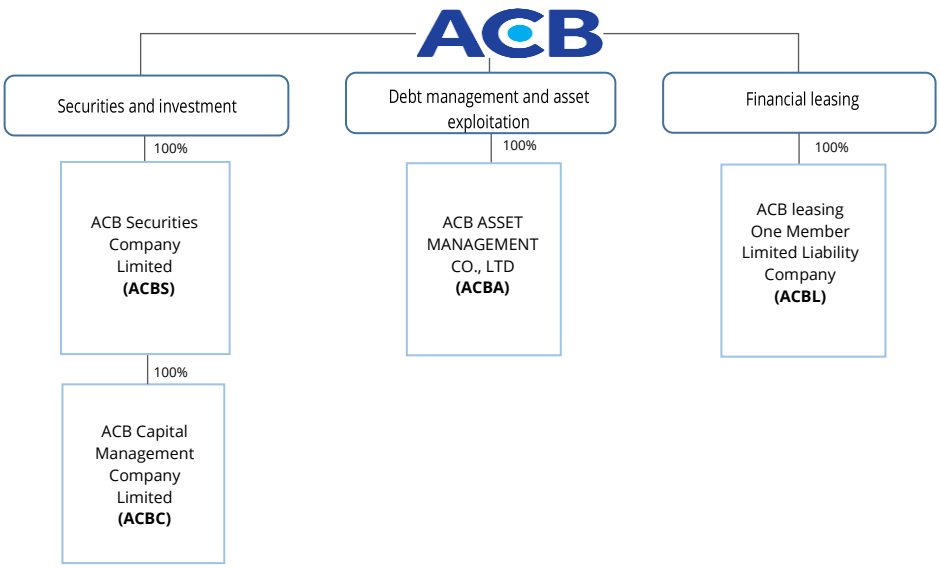
Company history

ACB was established under license number 0032/NH-GP issued on April 24, 1993 and officially went into operation on May 13, 1993. ACB was listed at the Hanoi Stock Exchange, later Hanoi Stock Exchange (HNX) on November 21, 2006. On December 9, 2020, ACB officially transferred trading to the Ho Chi Minh City Stock Exchange. Ho Chi Minh (HOSE).

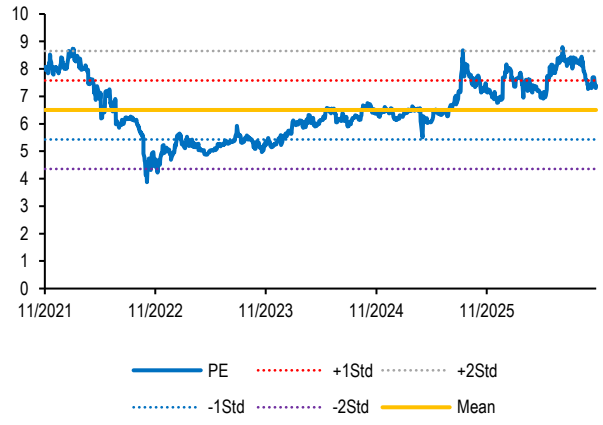
ACB's shareholder structure at the end of Q2/2026



Subsidiaries of ACB

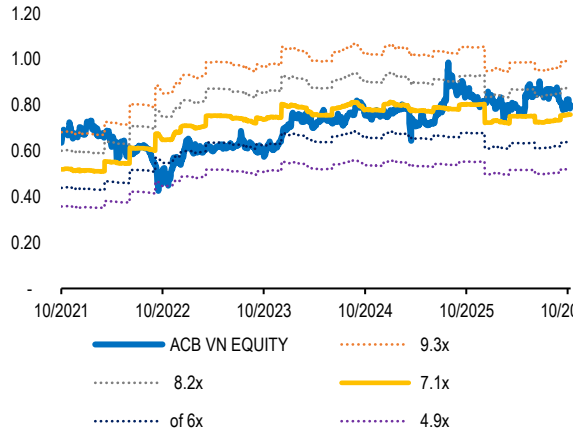


PER of ACB



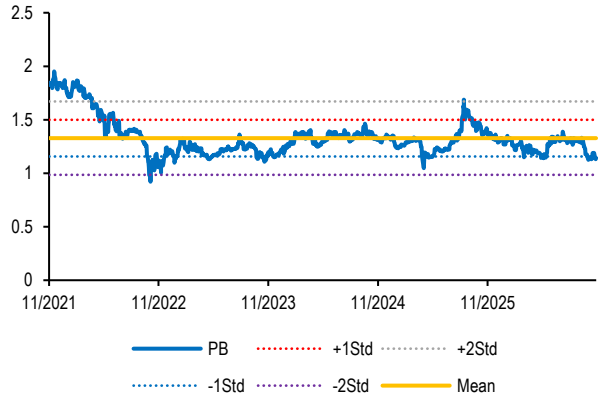
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band of ACB



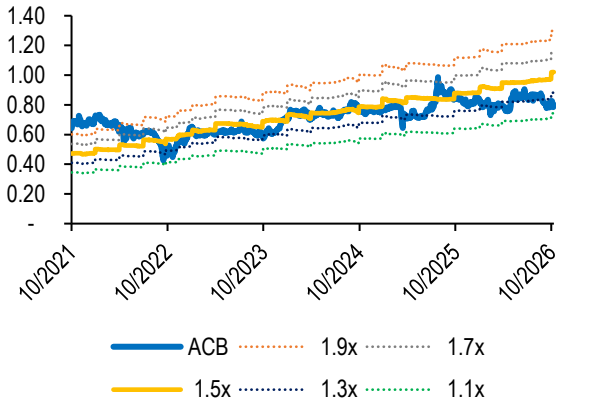
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PBR of ACB



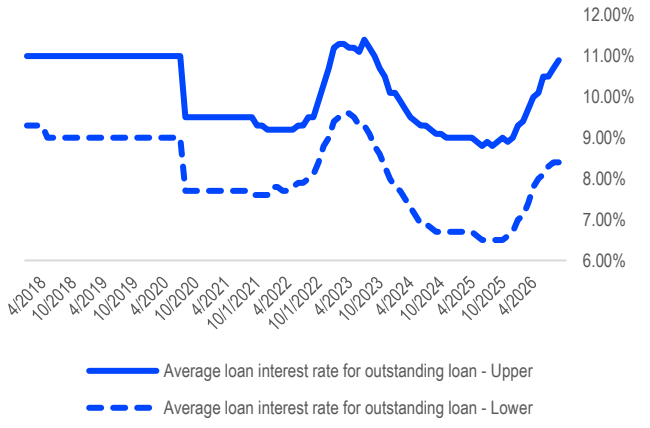
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band of ACB



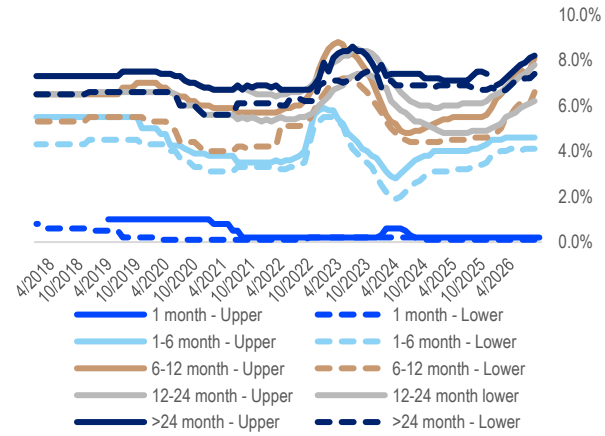
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Average loan interest rate in Vietnam



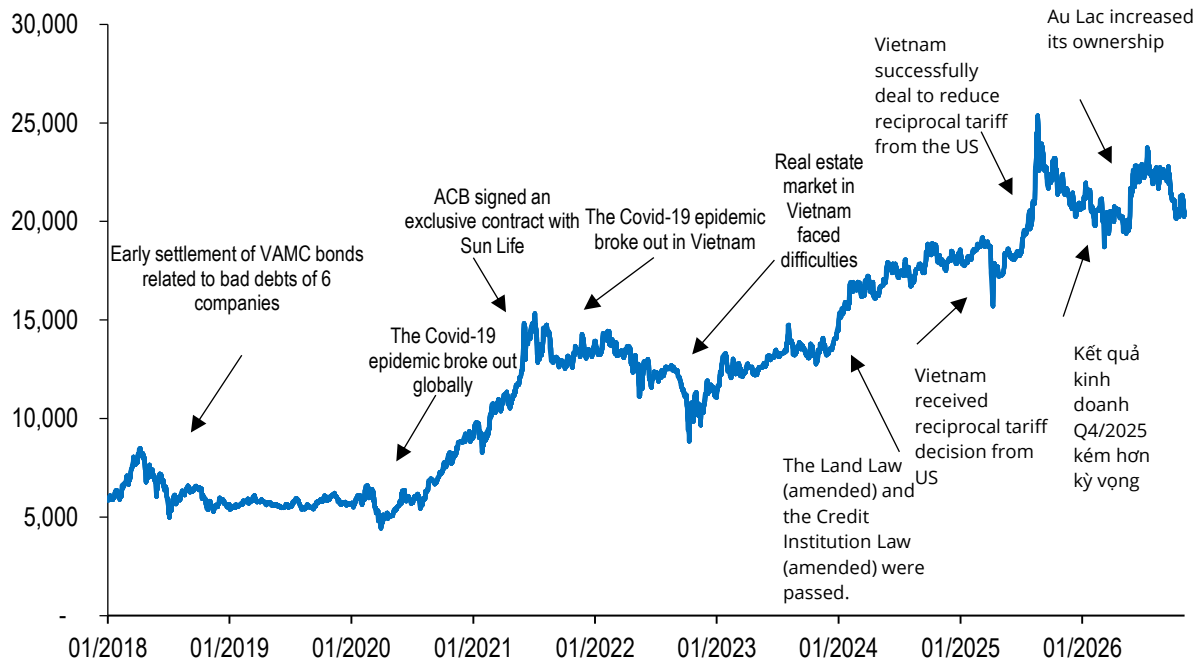
Source: SBV, Company Data, Shinhan Securities Vietnam

Average deposit interest rate in Vietnam



Source: SBV, Company Data, Shinhan Securities Vietnam

ACB important events



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Appendix: Financial statements

Balance sheet

Year (bn VND)	2023	2024	2025	2026F	2027F
Total assets	**718,795**	**864,006**	**1,025,850**	**1,124,605**	**1,259,695**
Cash and precious metals	6,909	5,696	8,625	4,916	5,407
Balances with the SBV	18,505	25,220	16,575	24,578	27,035
Placements with and loans to other credit institutions	114,874	117,882	149,991	146,314	169,474
Trading securities	7,177	3,881	6,545	6,545	6,545
Derivatives and other financial assets	-	56	324	324	324
Loans and advances to customers	482,235	573,947	679,153	761,272	852,359
Debts purchase	-	-	-	-	-
Investment securities	73,463	121,090	144,164	157,436	172,199
Long-term investments	140	125	75	75	75
Fixed assets	4,763	5,412	5,439	5,963	6,539
Investment properties	177	177	150	150	150
Other assets	10,552	10,519	14,811	17,033	19,588
Total liabilities	**647,839**	**780,544**	**931,330**	**1,015,736**	**1,134,951**
Due to Gov and Loans from SBV	0	7,955	32,976	32,976	32,976
Deposits and Loans from other credit institutions	89,507	111,592	155,000	99,284	80,132
Deposits from customers	482,703	537,305	585,180	614,439	675,883
Derivatives, Funds received from Gov, international and other institutions	159	28	19	19	19
Convertible bonds/CDs and other	52,410	101,650	133,294	239,930	311,909
Other liabilities	23,060	22,014	24,861	29,087	34,032
Shareholder's equity	**70,956**	**83,462**	**94,520**	**108,869**	**124,743**
Capital	39,112	44,938	51,638	51,638	51,638
Reserves	11,557	14,790	17,583	20,311	23,328
Retained earnings	20,286	23,734	25,298	36,919	49,777
Minority interest	-	-	-	-	-
Total liabilities and equity	**718,795**	**864,006**	**1,025,850**	**1,124,605**	**1,259,695**

Financial indicators

Year	2023	2024	2025	2026F	2027F
Growth (% YoY)					
Loans to customers	17.86	19.09	18.27	12.00	12.00
Deposits from customers	16.61	11.31	8.91	5.00	10.00
Shareholders' equity	21.42	17.62	13.25	15.18	14.58
Total assets	18.25	20.20	18.73	9.63	12.01
Net interest income	6.06	11.36	(3.20)	18.11	8.75
Net non-interest income	48.14	(26.54)	20.49	(1.38)	38.50
PPOP	27.27	3.38	1.16	13.72	11.08
Net profit before tax	17.26	4.67	(6.98)	14.75	10.63
Net profit after tax	17.22	4.64	(6.94)	14.80	10.63
Profitability (%)					
NIM	3.98	3.68	2.94	3.01	2.95
ROA	2.42	2.12	1.65	1.67	1.66
ROE	24.80	21.75	17.56	17.64	16.99
Liquidity (%)					
Pure LDR	101.01	108.07	117.36	125.19	127.46
Asset quality					
Leverage (x)	10.13	10.35	10.85	10.33	10.10
NPL ratio (%)	1.21	1.49	0.97	1.30	1.50
LLR ratio (%)	91.16	77.92	114.29	99.67	88.97
Reverse/total credit (%)	1.10	1.16	1.11	1.03	1.06
Credit costs/total loans (%)	0.40	0.30	0.53	0.49	0.50
Credit costs/total credit (%)	0.40	0.30	0.53	0.49	0.50
Per share items (VND)					
EPS	2,764	2,893	2,692	3,090	3,419
BPS	12,224	14,379	16,284	18,756	21,491
PPOP/Share	3,768	3,896	3,941	4,482	4,978

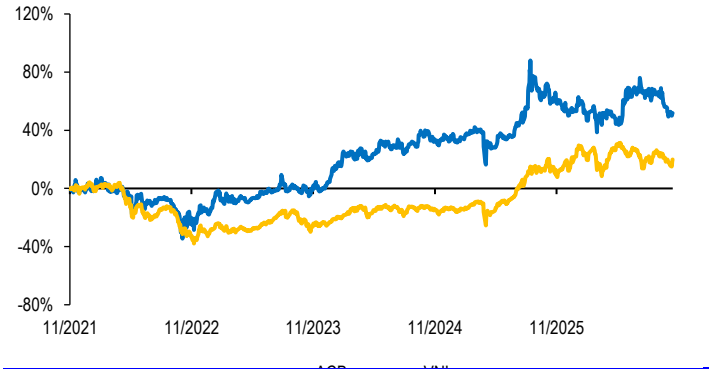
Source: Company data, Shinhan Securities Vietnam

Income statement

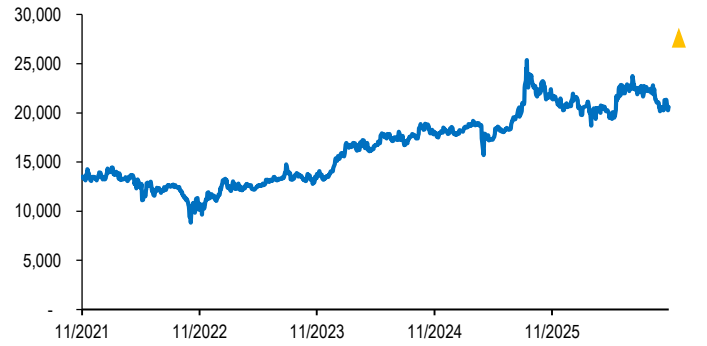
Year (bn)	2023	2024	2025	2026F	2027F
Interest and Similar Income	52,347	50,903	58,756	80,944	88,893
Interest and Similar Expenses	(27,387)	(23,108)	(31,850)	(49,166)	(54,335)
Net Interest Income	**24,960**	**27,795**	**26,906**	**31,779**	**34,558**
Net Fee and Commission Income	2,922	3,239	3,147	3,640	4,484
From foreign currency and gold	1,110	1,171	1,732	1,948	2,182
From trading of trading securities	168	200	474	-	-
From disposal of investment securities	2,647	450	397	(25)	824
Net Fee and Commission Income	863	624	1,023	1,114	1,804
Dividends income	76	36	119	119	119
Total non-interest income	**7,787**	**5,720**	**6,892**	**6,797**	**9,414**
Total operating income	**32,747**	**33,515**	**33,798**	**38,576**	**43,972**
General and Admin expenses	(10,874)	(10,903)	(10,924)	(12,563)	(15,076)
Operating Profit Before Provision (PPOP)	21,872	22,612	22,874	26,013	28,896
Provision for credit losses	(1,804)	(1,606)	(3,335)	(3,592)	(4,093)
Profit before tax	**20,068**	**21,006**	**19,539**	**22,421**	**24,803**
Corporate income tax	(4,023)	(4,216)	(3,914)	(4,484)	(4,961)
Net profit after tax	**16,045**	**16,790**	**15,625**	**17,936**	**19,843**
Attributable to parent company	16,045	16,790	15,625	17,936	19,843

Asia Commercial Bank (ACB VN)

Price performance



Target price (VND)



Date (dd/mm/yyyy)	Recommendation	Target price (VND)	Range of price (%)	
			Average	Max/Min
30/04/2023 (Initiation)	BUY	19,567	47.0	20/91
25/10/2023 (Update)	BUY	21,309	60.2	30/107
09/04/2024 (Update)	BUY	22,716	36.2	17/62
28/10/2024 (Update)	BUY	26,666	39.5	21/64
18/02/2025 (Update)	BUY	26,666	39.7	30.4/50.3
16/09/2025 (Update)	BUY	30,131	43.3	15.5/88.8
02/03/2026 (Update)	BUY	26,941	20.3	-3.1/58.5
10/11/2026 (Update)	BUY	25,800	19.7	7.8/34.6

Note: Calculation of target price gap based on the past 12 months

Shinhan Securities Vietnam

Stock	Industry
◆ **BUY:** Upside potential in 12 months more than 15% ◆ **HOLD:** Upside potential in 12 months from -15% to 15% ◆ **SELL:** Upside potential in 12 months more than -15%	◆ **POSITIVE:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **NEGATIVE:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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