



Asia Commercial Bank

[Vietnam / Bank]

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

BUY

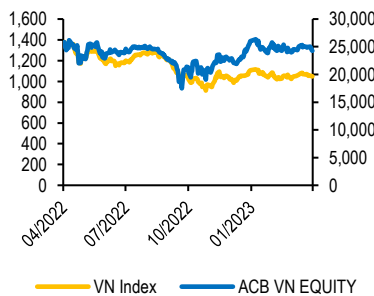
Initial report

Target price (12 month) **33,500 VND**
 Current price (04/27/23) 24,150 VND
 Upside/downside 38.7%

VNINDEX	1,039
HNXINDEX	209
Market Cap (VNDbn)	78,891
Outstanding shares (bn)	4,534
Free float (bn shares)	2,672
52-week high/low (VND)	28,700/14,200
90-day avg. trading volume (mn)	10.76
90-day avg. turnover (VNDbn)	195
Foreign ownership (%)	23.2

Shareholder (%)	DFHL	6.9
	VEIL	6.3

Performance	3T	6T	12T
Absolute (%)	7.1	27.7	59.2
Relative to VN-Index (%)	-8.2	-5.5	1.4



Source: Bloomberg

[Analyst]



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Solid foundation

Recommended BUY, target price 33,500 VND

With the residual method (RI) and the comparative method based on the P/B ratio, we initialize target price for ACB in the next 12 months at VND33,500, upside potential at 38.7%. ACB is strategically oriented by management to be the leading retail bank in Vietnam. This is also a bank with a cautious development strategy, not investing in corporate bonds. In terms of asset quality, this bank is one of the pioneer banks to complete the BASEL III standard. ACB has good credit growth and is improving its business model day by day. We think that ACB's stock has now discounted to an attractive price.

Bank focused on individual customers and low risk

In the past 5 years, the proportion of ACB's personal and SME loans accounted for more than 80-90% of the total outstanding loans to customers of this bank. With individual customers accounting for the majority of total outstanding loans, ACB is assessed by us to have a low risk of focusing on the loan portfolio. ACB maintains a prudent loan portfolio and does not hold any corporate bonds. As revealed by management, real estate loans accounted for 24% of total loans, most of which were mortgages. Given its low exposure to the real estate lending sector, we expect ACB's profitability to face little pressure in 2023.

Asset quality is in the top group

ACB's on-balance sheet bad debt ratio during the 2017-2022 period was maintained below 1%. By the end of 2022, this number sat at 0.74%. The bad debt coverage ratio in 2022 has decreased compared to the previous year, but is still highly appreciated by us, when the bank sets aside to cover 159.3% of the bad debt balance. The capital adequacy ratio as announced by the bank reached 12.80%.

Business estimates for 2023

We forecast ACB will continue to grow, but with slower rate in 2023: 1) ACB's credit will grow about 14% in 2023, a lower growth rate than in 2022; 2) ACB's NIM decreased slightly by 24bps, to 4.02%, due to an increase in deposit interest rates; 3) NPL continues to be controlled at below 1%; 4) CIR operating costs remain below 40%; 5) Non-interest income grew by over 28.5%; 6) ACB's EBT is conservatively forecasted to increase by 9.3% yoy.

Risks

- 1) Slow economic recovery leads to lower-than-forecast credit growth of ACB
- 2) NPL grow faster than forecast

Year	2019	2020	2021	2022	2023F
Net interest income (VNDbn)	12,112	14,582	18,945	23,534	25,097
Non-interest income (VNDbn)	3,985	3,579	4,619	5,257	6,758
Total operating income (VNDbn)	16,097	18,161	23,564	28,790	31,854
Provision and other expenses (VNDbn)	(8,581)	(8,565)	(11,566)	(11,676)	(13,146)
Profit before tax (VNDbn)	7,516	9,596	11,998	17,114	18,708
Credit growth (%)	16.56%	15.92%	16.19%	14.31%	14%
NIM (%)	3.55%	3.66%	4.01%	4.26%	4.02%
ROE (%)	24.64%	24.31%	23.90%	26.49%	23.89%

Source: Fiinpro, Company data, Shinhan Securities Việt Nam

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Company background

Company history

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

Business activities

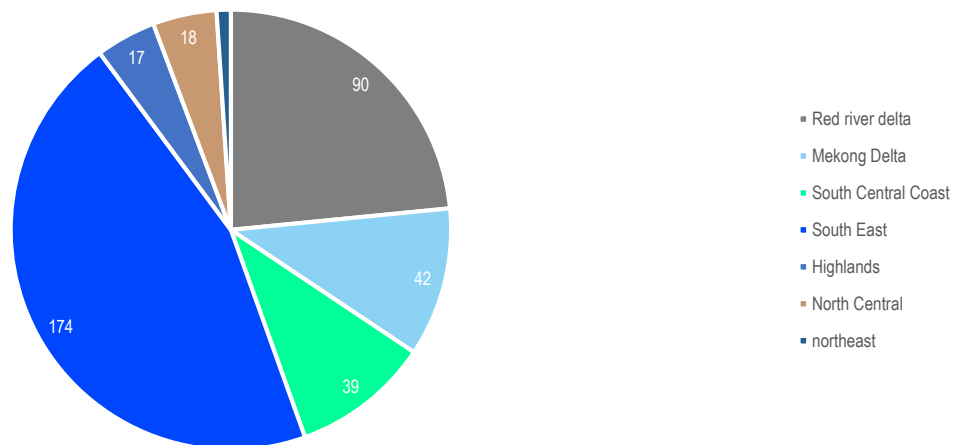
ACB operates in the main business lines including:

- Mobilizing short-term, medium-term and long-term capital in the form of term and demand deposits, receiving investment and development trust capital from domestic organizations, borrowing capital from other credit institutions
- Short, medium and long term loans
- Discount commercial paper, bonds and valuable papers
- Payment services between customers, conducting foreign currency, gold and silver business and international payment, mobilizing capital from abroad and other banking services in relation to foreign countries when permitted by the State Bank
- Factoring activities; insurance agent; Buying and selling bonds; fiduciary and entrustment activities before “insurance agents”
- Providing financial leasing services
- Trading in securities
- Brokerage and securities investment consulting
- Depository, corporate financial advice and underwriting
- Services on investment fund management and asset exploitation, and provision of other banking services

Branch system

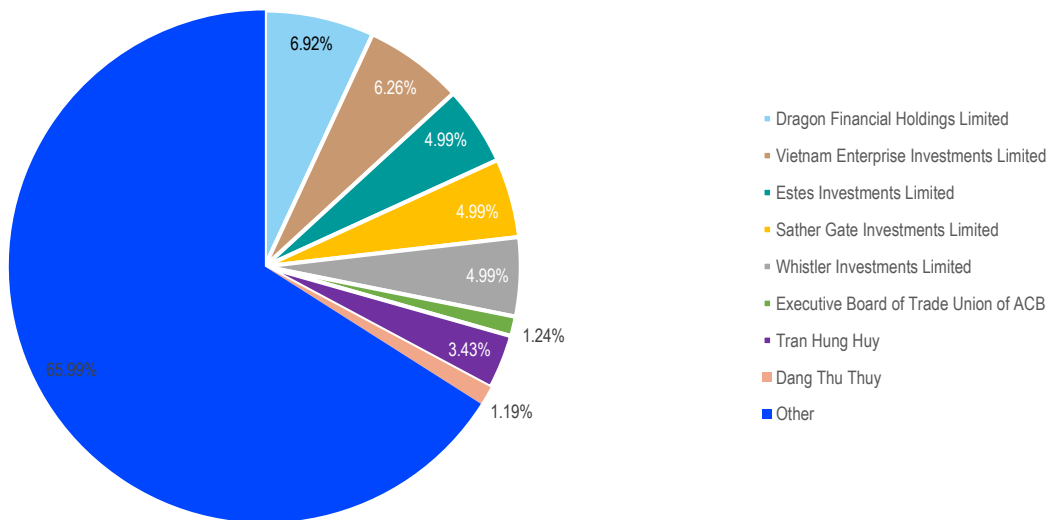
By the end of 2022, ACB has 90 branches and 294 transaction offices. ACB's branches and transaction offices are mainly located in Ho Chi Minh City and Hanoi

System of branches and transaction offices



Source: ACB

ACB's shareholder structure at the end of 2022

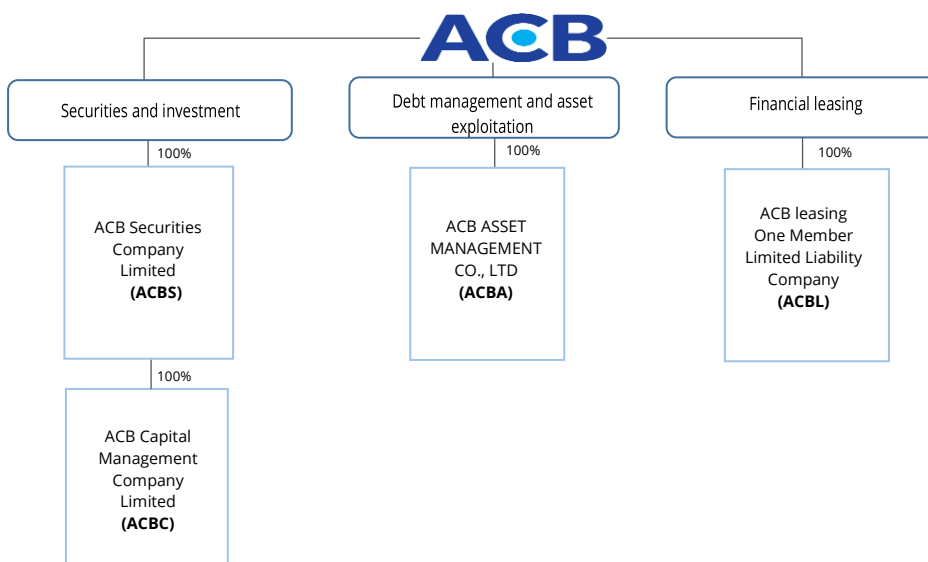


Source: ACB

Shareholder structure of ACB

As of the end of 2022, shareholders of Dragon Financial Holding Limited and Vietnam Enterprise Investments Limited are the two largest shareholders of ACB, holding 6.92% and 6.26% respectively. Mr. Tran Hung Huy - Chairman of the Board of Directors of ACB holds 3.43%. His mother, Mrs. Dang Thu Thuy, holds 1.19%.

Subsidiaries of ACB



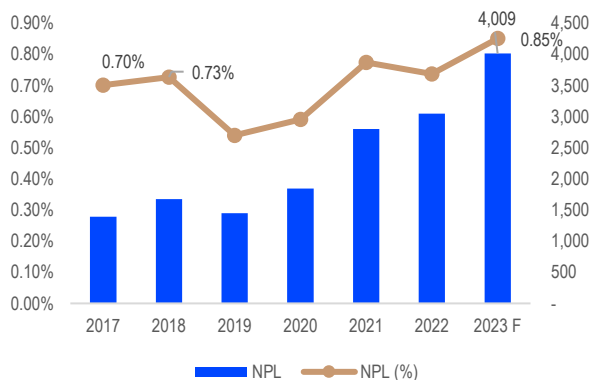
Investment Catalysts & Theses

Asset quality in the top group

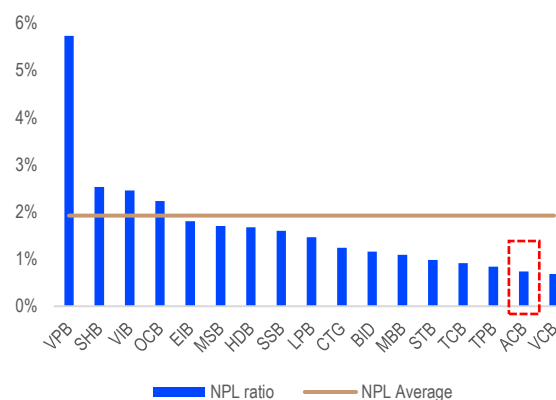
1. Non-performing loan ratio for many years remains below 1%

After the incident involving a group of 6 companies related to Mr. Nguyen Duc Kien, ACB conducted extensive restructuring of its system. By the end of 2018, VAMC bonds and bad debts of these 6 companies have been resolved by the bank. After the 2013-2018 period, ACB's asset quality has improved significantly. The NPL ratio was reduced by ACB from 0.73% in 2018 to only 0.54% in 2019. After that, the NPL ratio of this bank was well controlled despite the negative effects of the epidemic and bleak developments in the real estate market. By the end of 2022, ACB's NPL balance is at VND3,045 billion, NPL ratio is approximately at 0.74%. We forecast ACB's NPL in 2023 will inevitably increase and to reach 0.85% by the end of 2023, under pressure from high lending rates and slow economic growth.

Non performing loan (VND bn) and NPL ratio (%)



NPL ratio of banks at the end of 2022

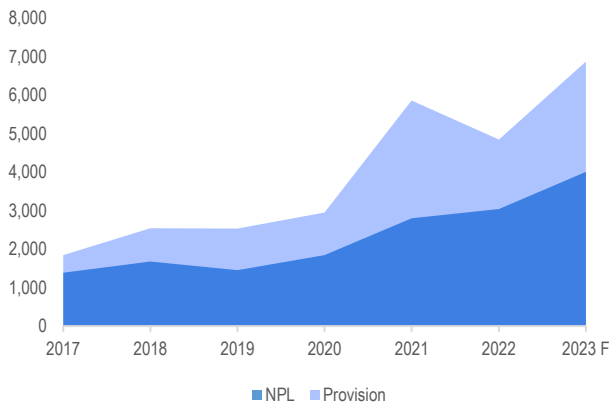


Source: Fiinpro, Company data, Shinhan Securities Vietnam

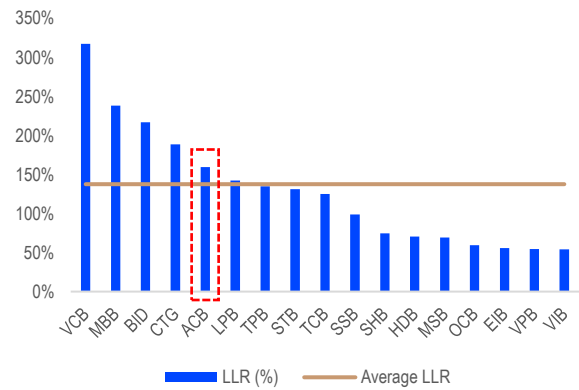
2. ACB actively makes provision for bad debts

ACB is always cautious in its policy of setting up provisions for bad debts. ACB's loan loss coverage ratio (LLR) is maintained above 100% in the period 2017-2022. In 2021, with the outbreak of the epidemic in Vietnam, ACB sharply increased its provision and brought LLR at the end of 2021 to 209%. LLR in 2022 has decreased to the average before 2021, reaching 159%. The cautious policy in 2021 has helped ACB reduce provision pressure in 2023. According to the management disclosure, ACB still has a reversal of provision related to loans from the Covid-19 pandemic period that can be used this year.

NPLs and provisions of ACB over the years (VND bn)



Bad debt coverage ratio LLR (%) of banks at the end of 2022

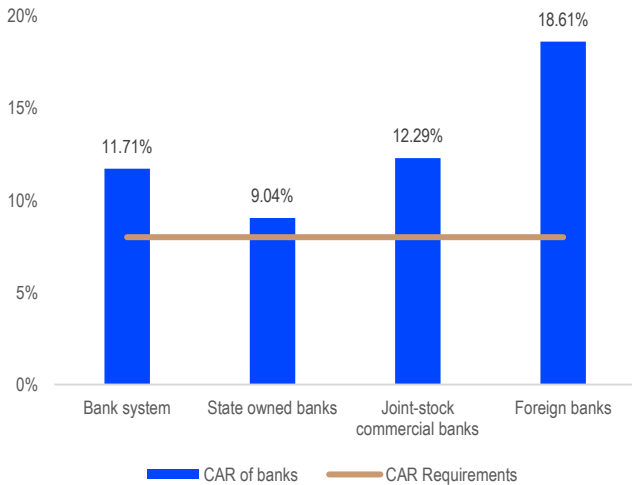


Source: Company data, Fiiipro, Shinhan Securities Vietnam

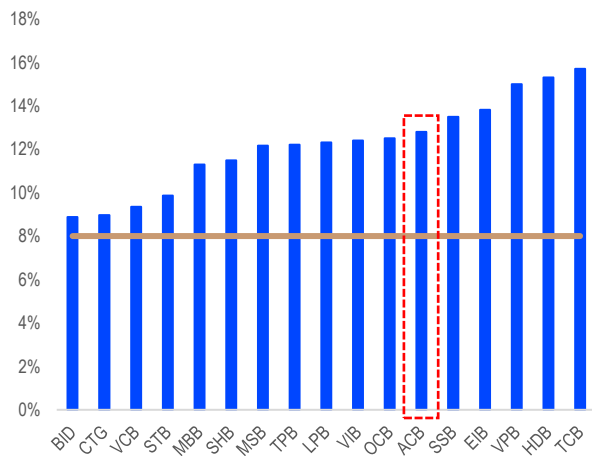
3. Capital adequacy ratio exceeds the minimum requirements set by SBV

According to ACB's information disclosure, the capital adequacy ratio of this bank by the end of 2022 reach 12.8%. Compared to the minimum rate of 8% required in Circular 41/2016/TT-NHNN, ACB's current capital adequacy ratio is still at safe level. ACB's capital adequacy ratio is also currently higher than the industry average, at 11.71%. In addition, ACB is one of the few banks that implements key contents of the Internal Capital Adequacy Assessment Process - ILAAP and BASEL III for capital and liquidity risk management.

CAR of the bank system in 2022 (%)



CAR of Banks in 2022 (%)



Source: SBV, Fiiipro, Company data, Shinhan Securities Vietnam

4. Be conservative in the bond investment strategy

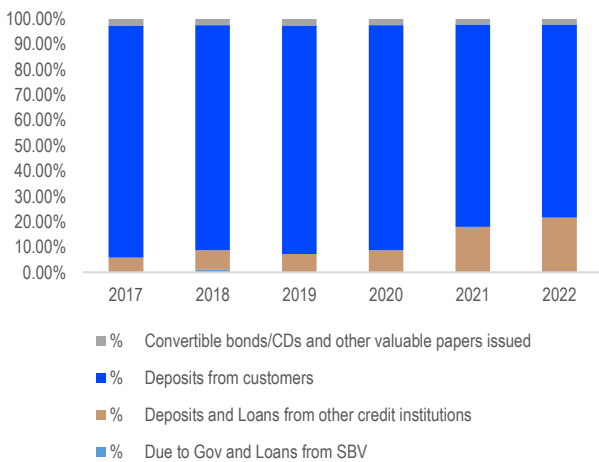
ACB does not invest in corporate bonds. By the end of 2022, ACB does not own any corporate bonds. ACB currently only invests in government bonds and bonds issued by other credit institutions. ACB's outstanding government bonds at the end of 2022 reached VND 11,586 billion; Outstanding bonds issued by credit institutions is at VND 20,901 billion.

Interest income grew strongly after restructuring

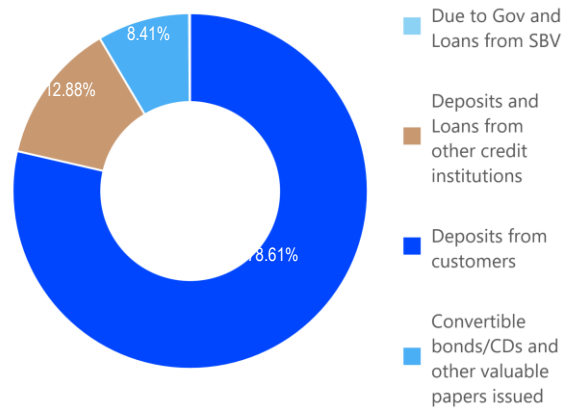
1. Average cost of capital is reduced by improving CASA and diversifying capital sources

Deposit structure: Most of ACB's capital before 2020 comes from customer deposits (88-90% of total deposits). After the 2020 period, ACB's capital structure has been more diversified. Deposit received from other credit institutions increased from 8.78% in 2020 to 21.43% in 2022. Accordingly, the proportion of customer deposits decreased from 88.74% in 2020 to 76.26% in 2023. As a result, ACB's cost of fund is more optimized in the period of 2021-2022.

ACB's deposit structure for the period 2017-2022 (%)

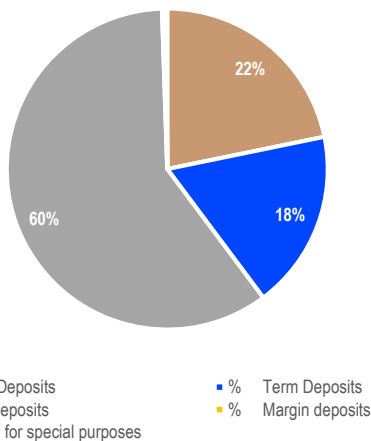


ACB's deposit structure in 2022 (%)

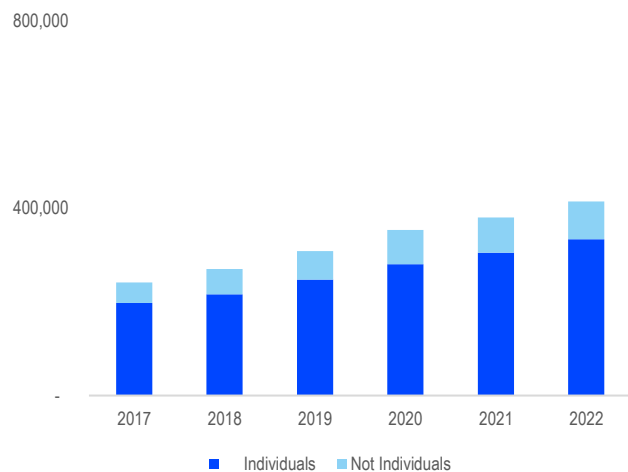


Source: Company data, Finpro, Shinhan Securities Vietnam

ACB's customer deposit portfolio of ACB's customers by maturity in 2022 (%)



ACB's customer deposit portfolio of ACB by types of customer 2017-2022 (VNDbillion)

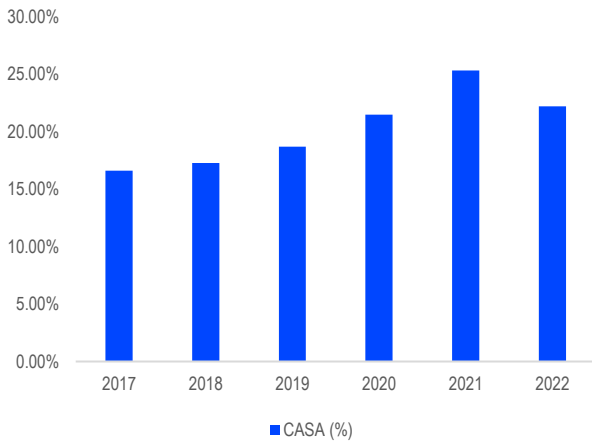


Source: Company data, Finpro, Shinhan Securities Vietnam

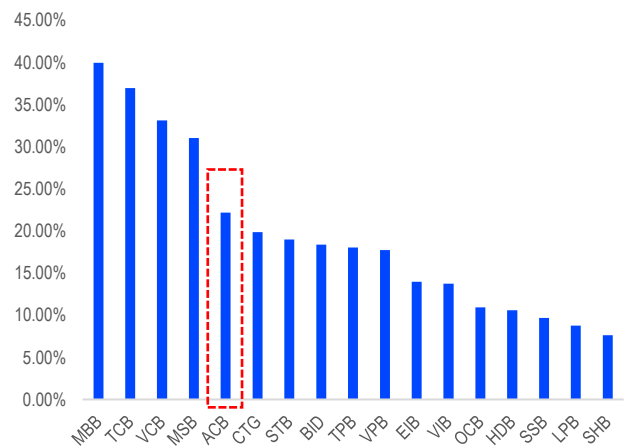
Demand deposits (CASA): Compared to the same period last year, ACB's CASA slightly decreased, from 25.3% to 22.19%. The main reason is that customers switch from demand deposits to term deposits to enjoy higher interest rates. ACB's deposit interest rate at the end of 2022 has increased by 150-200 bps in terms of 1 month, 6 months, 12 months and 24 months.

During the period from 2017-2022, ACB's CASA had a clear improvement from only 16.6% in 2017 to 25.3% at the end of 2021 before decreasing slightly to 22.2% at the end of 2022. ACB was very active in implementing digital programs such as banking for employees, free online transfer or free withdrawal for new accounts. Promoting investment in development of digital banking (ACB one), card and payment services to raise the CASA ratio is aimed at reducing the average cost of fund and thereby creating a premise for applying more attractive loan rate to its customers.

ACB's CASA in 2017-2022 (%)



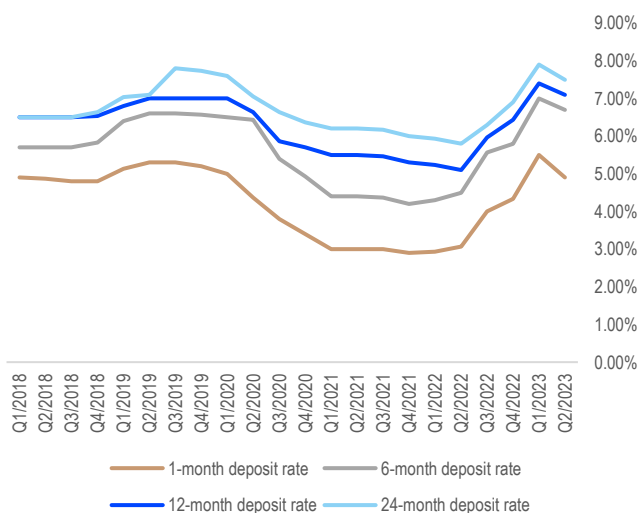
CASA of Banks in 2022 (%)



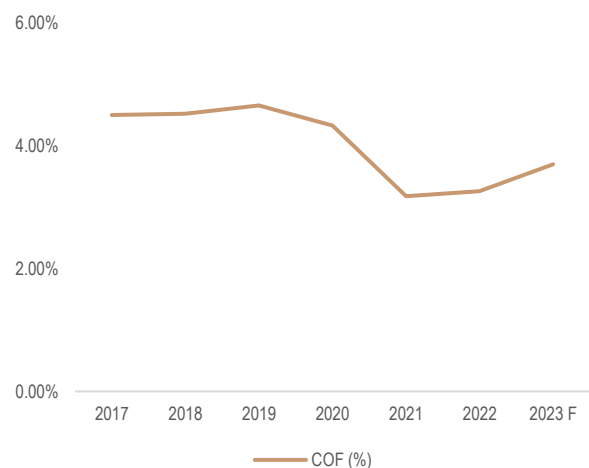
Source: Company data, Finpro, Shinhan Securities Vietnam

Average cost of fund is managed more effectively: ACB's average cost of fund (COF) in 2017 was around 4.5%. The improvement of CASA and the benefit of low interest rate environment during the epidemic period helped ACB's COF drop sharply to 3.2-3.3% in the period 2021-2022. In 2023, the deposit interest rate for individual customers has returned to normal level, about 5-7.5%, COF in 2023 is forecasted to increase by 63bps, to 3.7%.

Interest rates on deposits of individual customers offered by ACB (%)



ACB's COF over the years (%)



Source: Company data, Finpro, Shinhan Securities Vietnam

2. Positive credit growth, focusing on retail segment

Lending portfolio focused on individual and SME customers

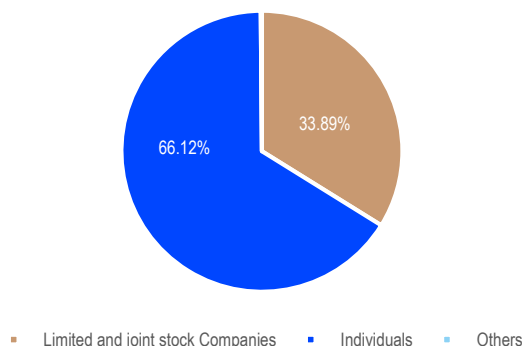
ACB is strictly follow its retail banking strategy and continuously develops digital banking solutions to

attract individual and SME customers. Outstanding loans to individual customers by the end of 2022 of ACB reached 66.1% of total outstanding loans to customers. For SME group this figure is over 30%, the rest will belong to large enterprises. During the period 2017-2022, lending rates to individual and SME customers both remained above 80%.

Credit of ACB over the years (VND billion)



ACB's loan portfolio by type of customer in 2022



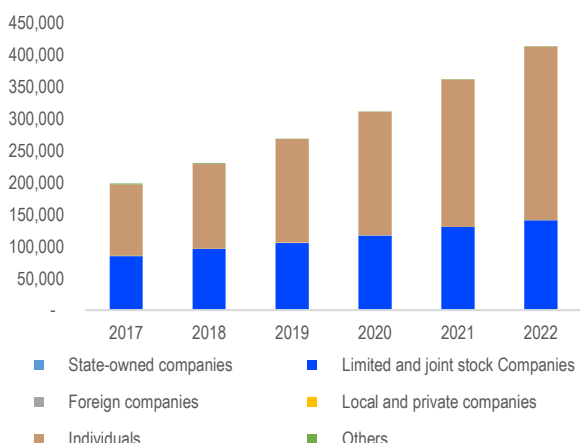
Source: Company data, Shinhan Securities Vietnam

The main loan product is mortgages and consumer loans

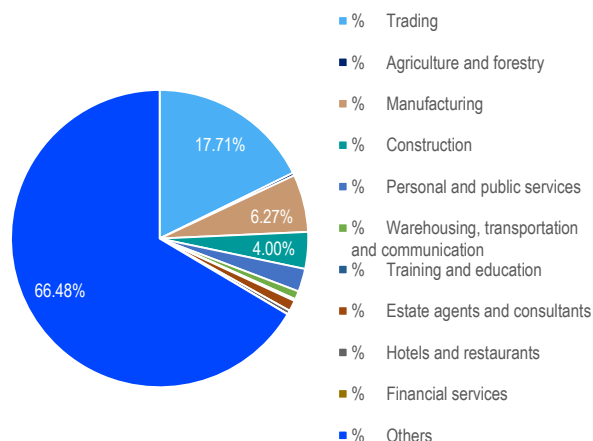
In ACB's personal portfolio, 40% are loans to business households. The remainder of the portfolio will be allocated to home purchases, home repairs, and other consumer loans.

In terms of industries, by the end of 2022, the commercial sector accounted for 17.71% of the total outstanding loans to customers, manufacturing at 6.27%, construction at 4%, and 66.48% from other industries. Particularly for the real estate industry, ACB's real estate lending rate accounted for 24% of the total outstanding loans, but 82% of which were for home buyers and just under 1% for real estate developers. With exposure to the real estate and construction business at just under 5% of total outstanding loans, the bad performance in the real estate market is expected to have little impact on profitability of ACB in 2023.

ACB's loan portfolio by type of customer over the years (Tỷ VND)



ACB's loan portfolio by industry in 2022



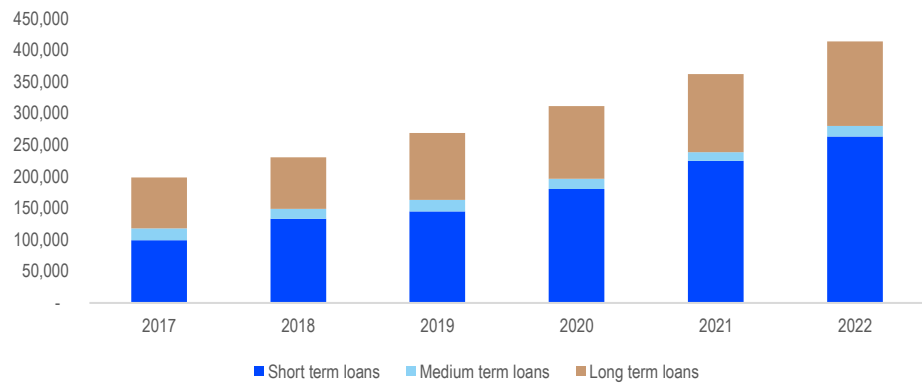
Source: Company data, Shinhan Securities Vietnam

Healthy term loan structure

ACB keeps its debt structure relatively stable over the years. The proportion of short-term loans in the loan portfolio accounted for an average of 58%, long-term and medium-term loans accounted for 36% and 6% respectively. The ratio of short-term sources of funds used for medium and long-term loans at

the end of 2022 of ACB is only 19.63%, significantly lower than the regulation of 34% of the State Bank.

ACB's loan structure by term (VND billion)

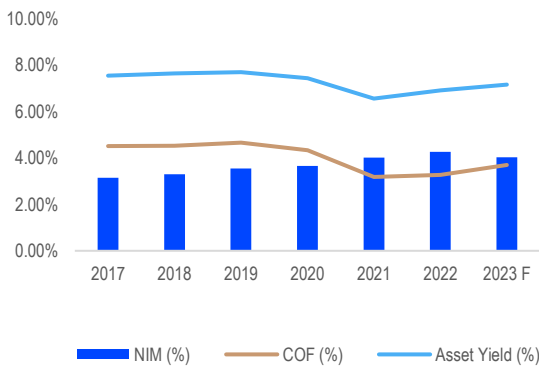


Source: Company data, Shinhan Securities Vietnam

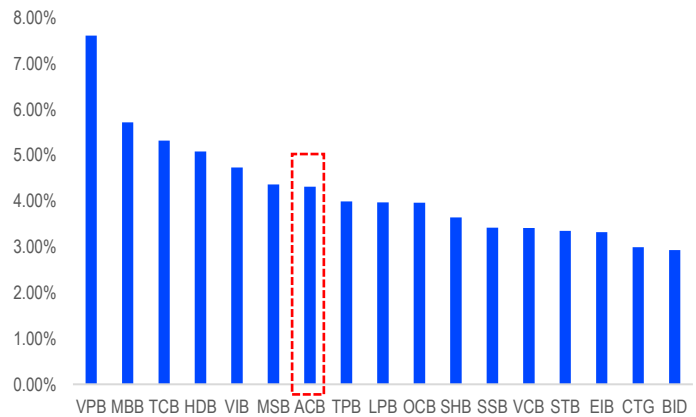
3. Net profit margin (NIM) continues to improve but may be difficult to expand further in 2023

Benefiting from the SBV's decision to lower interest rates in 2020, ACB's NIM has witnessed a strong upward trend in the following years. ACB's NIM had expanded from 3.5% in 2019 to 4.26% by the end of 2022. However, with a sharp increase in interest rates in the second half of 2022, we expect ACB's NIM to be unlikely to increase in 2023. We estimate ACB's NIM in 2023 will decrease slightly by 24bps, averaging 4.02% at the end of the year.

NIM, Asset yield and COF of ACB



NIM (TTM) banks in 2022(%)

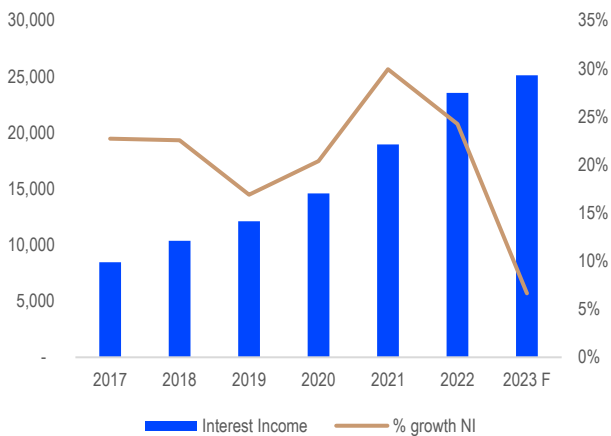


Source: Company data, Fiiipro, Shinhan Securities Vietnam

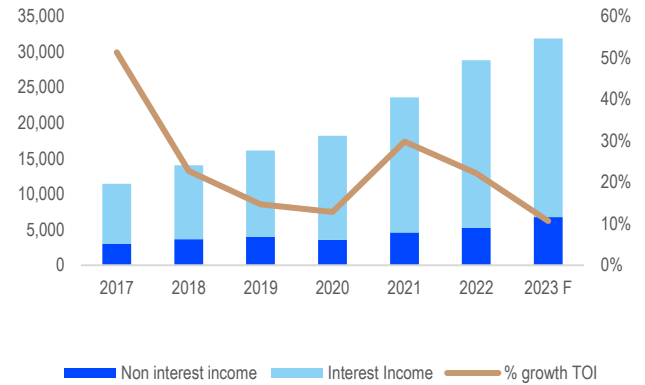
4. Income growth slows steadily in the period 2017-2022 but may decelerate in 2023

ACB maintains credit growth around 14-16% after the restructuring period. Combined with NIM's expansion, ACB's interest income accelerated at a time of low interest rates. During the period 2017-2022, ACB's interest income grew at a CAGR of 22.7%. However, ACB's credit growth may face more headwind as its credit growth recorded negative 0.1% growth in Q1/2023. Therefore, we expect ACB to grow by only 14% in 2023. Assuming NIM narrows, interest income of ACB could only grow by nearly 7%.

Interest income of ACB over the years (VND billion)



Structure of interest income in total income of ACB (VND billion)



Source: Company data, Fiiipro, Shinhan Securities Vietnam

Fee and service income drives non-interest income growth

1. Structure of fee and service revenue of ACB

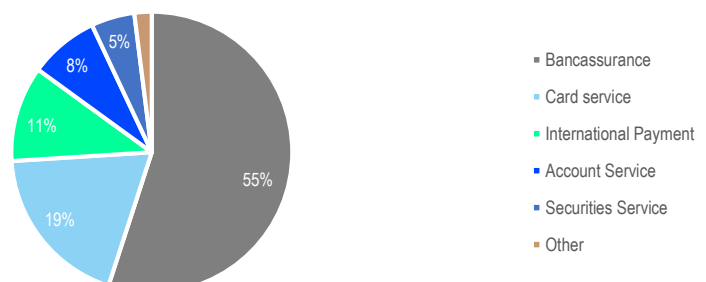
In the structure of fee revenue, insurance services contribute 55%, card services account for 19%, followed by international payment services with 11%, 8% from account services, 5% from financial services and securities services.

For bancassurance activities, ACB officially signed a contract in November 2020 with its partner Sun Life Vietnam. The life insurance exclusive distribution contract has a term of 15 years. Bancassurance segment revenue in 2021 increased by 131% yoy and contributed 52% of total service fees. In 2022, this segment continues to grow, at 31%. The insurance market may face some difficulties when SBV, from the end of 2022 until now, has increased its inspection and investigating many cases of forcing customers to buy insurance, but with unrealized income of VND 7,367 billion with Sun Life. Partially recognized annually, bancassurance revenue will maintain steady growth this year.

For card business services, growth in 2022 is recorded at 86% yoy. Revenue from this segment still showed positive growth at 78% in Q1/2023 despite the market volatility. This increase mainly comes from high-end credit card lines (Visa Platinum, Visa Signature) and debit cards. Therefore, the card service segment is forecasted to continue to grow in 2023.

International payment service activities in 2022 will grow by 24% thanks to Vietnam's active import and export activities. However, when the total import-export turnover of Vietnam in the first quarter of 2023 only reached 154.27 billion USD, down 13.3%. The operation of this segment may be adversely affected by the lack of export orders of enterprises across the country.

ACB's fee revenue in 2022



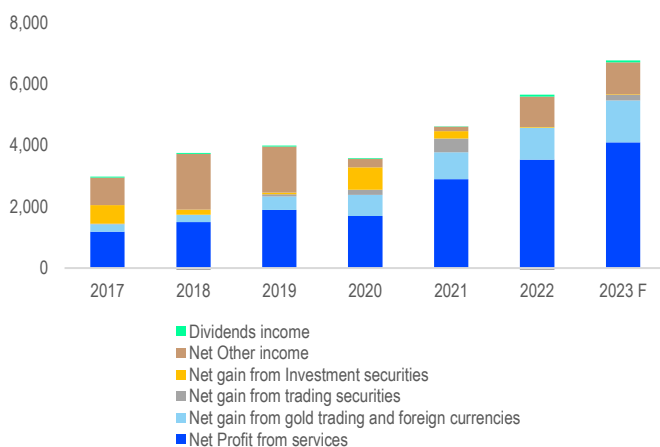
Source: Company data, Shinhan Securities Vietnam

2. Non-interest income is expected to keep its growth momentum

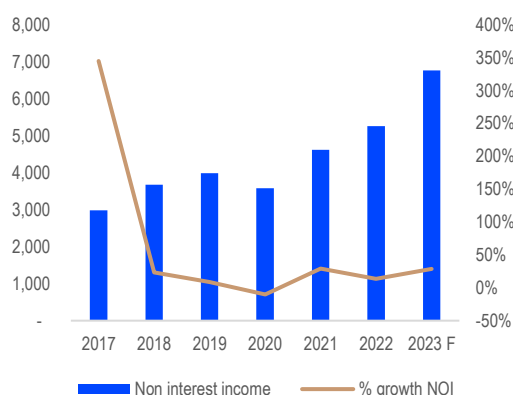
Non-interest income shows a steady annual growth of 12.01% during 2017-2022, but with the acceleration of ACB's interest income, the proportion of non-interest income decreased from 26.1% at the end of 2017 to below 18.26% at the end of 2022.

In the structure of ACB non-interest income in 2022, up to 67% is contributed by income from services and 20% from foreign exchange business. Both of these segments showed impressive growth, income from services grew by 24.3% on average from 2017-2022, income from forex trading increased by 34.7%. In our opinion, the two segments will continue to play a leading role in the growth momentum of ACB's non-interest income in the coming time.

Non-interest income of ACB (VND billion)



Non-interest income over the years (VND billion)



Source: Company data, Shinhan Securities Vietnam

Operational efficiency shows many positive changes

1. Operational cost control

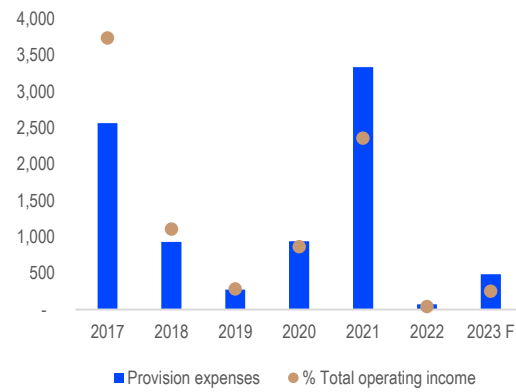
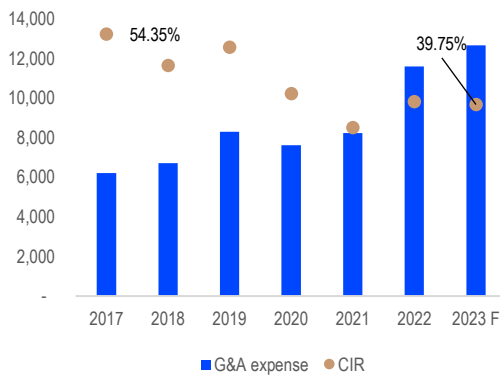
Operation cost: ACB's CIR has decreased from a high of 54.35% at the end of 2017 to 34.95% in 2021. In 2022, ACB's CIR will increase to 40.13% because the bank actively sets aside for science and technology development fund of about VND 1,000 billion. VND. This fund is set aside in advance to prepare for the digital transformation campaign in 2023. If excluding the reserve fund, ACB's 2022 CIR will be at 36.67%, equivalent to the industry average.

The number of employees of ACB at the end of 2022 reached 13,035, average income at VND417 million. In the period 2017-2022, the number of employees grew by 4.75%, the average income increased at 10.08%. Employee-related costs grew by an average of 15.31% over this period.

Cost of provision for credit risks: ACB has a prudent provisioning strategy. In 2021, ACB has raised its provision for loans affected during the Covid-19 epidemic period. This caused ACB's credit provision expense in 2021 to sharply up to account for 14.16% of total income. On the positive side, because of prudent provisioning, ACB has room to reverse in the following years. In 2022, provision expense for credit risks is only VND 71 billion, accounting for only 0.25% of total income. We don't expect ACB will face big provisioning pressure for 2023 as loan loss coverage ratio is still at a safe level.

CIR (%)

Credit provision expenses (VND billion)

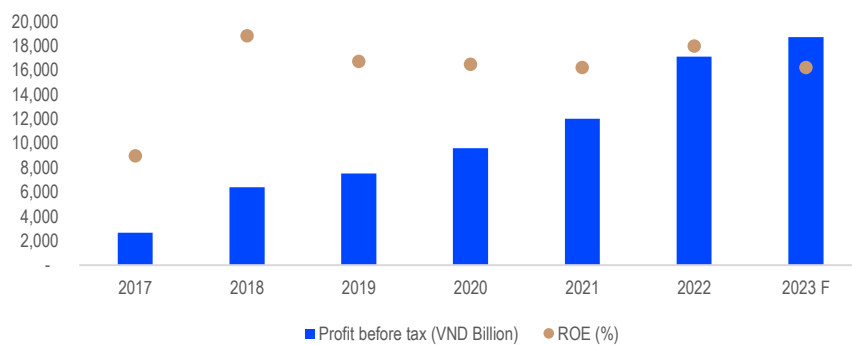


Source: Company data, Fiiipro, Shinhan Securities Vietnam

2. ACB has improved its business efficiency

After finalizing all VAMC bonds in 2018, ACB recorded an extraordinary profit of VND 1,129 billion from the recovery of bad debts of 6 companies after using provisions for risk settlement. As a result, ACB's ROE jumped abruptly from 13.21% in 2017 to 27.73% in 2018. ACB's ROE ratio has always been stable at over 20% in the following years of business. At the end of 2022, ACB's ROE reached 26.49%, the second highest in the industry after VIB. We forecast ACB's ROE in 2023 to decline slightly to 23.78% as interest income growth slows due to low credit demand and narrowing NIM.

ROAE of ACB over the years



Source: Company data, Shinhan Securities Vietnam

Earnings estimates

Indicators	2021	2022	YoY	2023F	YoY
Total credit (including corporate bonds) (VND bn)	361,913	413,706	+14.3%	471,625	+14.0%
Deposits from customers (VND bn)	379,921	413,953	+9.0%	463,627	+12.0%
NPL (%)	0.77	0.74		0.85	
NIM (%)	4.01	4.26		4.02	
Net interest income (VND bn)	18,945	23,534	+24.2%	25,097	+6.64%
Net non-interest income (VND bn)	4,619	5,257	+13.8%	6,758	+28.6%
Total operating income (VND bn)	23,564	28,790	+22.2%	31,854	+10.6%
Provision expense (VND bn)	(3,336)	(71)		(485)	
Operating expense (VND bn)	(8,230)	(11,605)	+41.0%	(12,661)	+9.1%
Net profit before tax (VND bn)	11,998	17,114	+42.6%	18,708	+9.3%

We forecast ACB's credit growth in 2023 at 14%, slightly down from 14.3% in the same period. This forecast is based on the fact that the economy can recover gradually from Q3/2023. Customers' deposits increased better than the same period last year, up about 12.0% when ACB raised deposit interest rates in many terms back to normal pre-epidemic levels.

We forecast ACB's NPL ratio for the whole year 2023 will increase to 0.85%. Slowing economic growth due to affected global demand and increasing pressure to pay financial obligations are the factors that cause ACB's bad debt to increase slightly in 2023. However, with the conservative management strategy that the board of ACB's leaders have maintained in the past time, we expect the NPL ratio will be controlled below 1%. The management shared that there will be a reversal of provisions for loans in the previous period, so the cost of credit provision will not be as high as in 2021.

With the above projections, we expect net interest income to grow by 6.64% in 2023. Meanwhile, NIM for the whole year 2023 will be adjusted down slightly to 4.02% as cost of fund increases faster than asset yield. Non-interest income is expected to continue to grow by 28.6%, mainly from fees and services. ACB's pre-tax profit is forecasted to reach VND 18,708 billion, up 9.3% YoY.

Valuations and Recommendations

Initial valuation with BUY recommendation, target price VND 33,500

We have an initial valuation on Asia Commercial Bank (ACB) with a buy recommendation and a target price of VND33,500, an upside potential of 38.7%. For long-term investment view, ACB can be considered an attractive position thanks to the following advantages:

- 1) Well-controlled asset quality
- 2) Low concentrated loan portfolio;
- 3) Operational efficiency belongs to the leading group in the banking industry.

Valuation method

We apply a combination of residual income (RI) and P/B valuation methods with the weights of 60%/40%, respectively, to value ACB.

RI Valuation Method (VNDbn)	2023F	2024F	2025F	2026F	2027F
Cost of equity	16.53%	16.53%	16.53%	16.53%	16.53%
Cost of equity after 2026					16.53%
Net income	14,967	17,312	20,785	24,618	28,794
Residual income (RI)	5,305	6,259	7,890	9,317	10,467
PV of RI	4,553	4,609	4,986	5,052	4,871

Terminal value of RI (VNDbn)	83,933
Terminal growth (%)	2.00%

PV of RI (VND bn)	24,071
PV of terminal value (VND bn)	39,057
Beginning equity (VND bn)	58,439
Total value (VND bn)	121,567
Total outstanding shares (bn)	3.38
Target price (VND)	35,967

Cost of Equity (%)	16.53%
Beta (x)	1.19
Adjusted beta (x)	1.13
Risk-free rate (%)	4.00%
Equity risk premium (%)	11.13%

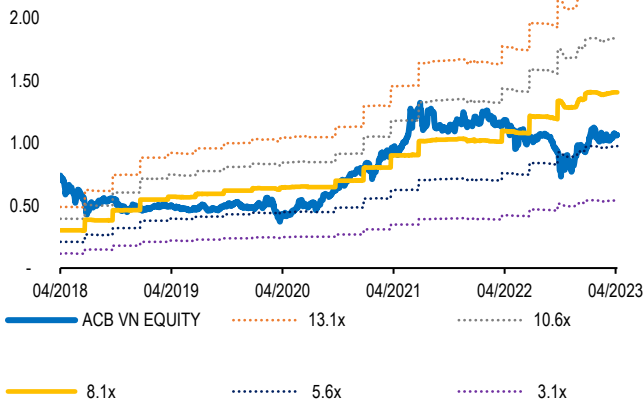
Source: Shinhan Securities Vietnam

For the P/B method, we take a value less than 1 standard deviation from ACB's 5-year average P/B, which is at 1.5x.

Valuation		
Method	Weight	Price target (VND)
Residual income	60%	35,967
P/B target (3.1x)	40%	29,692
Target price (VND)		33,457

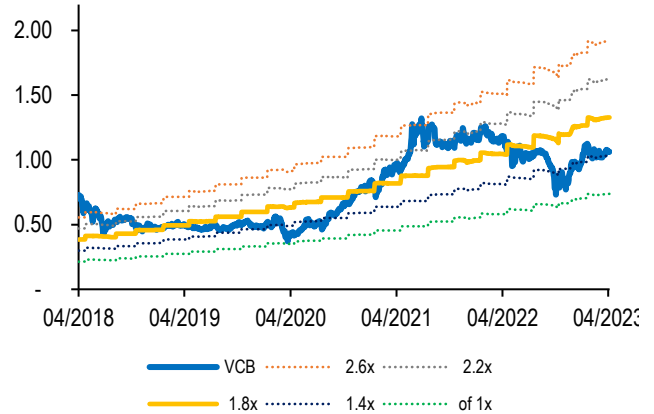
Source: Shinhan Securities Vietnam

PER of ACB



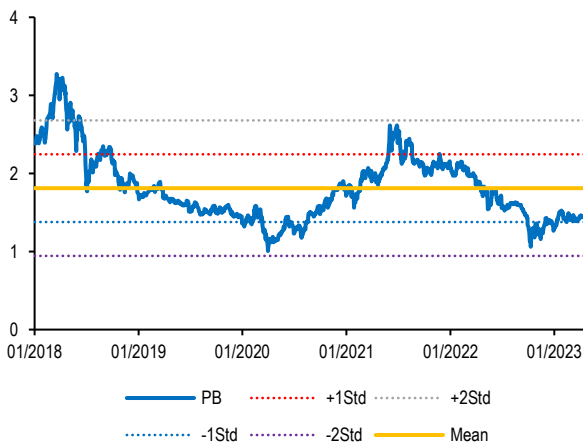
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of ACB



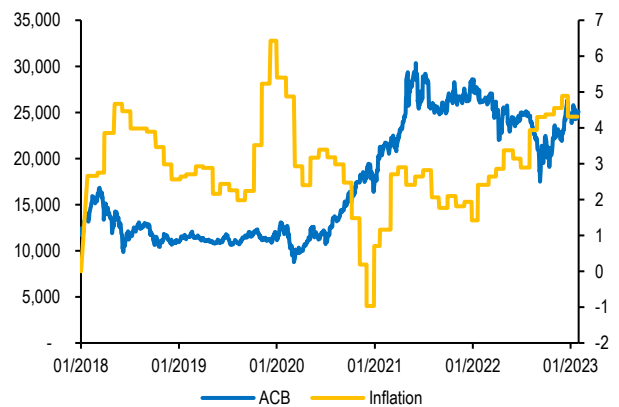
Source: Bloomberg, Company data, Shinhan Securities Vietnam

ACB stock price and P/B valuation



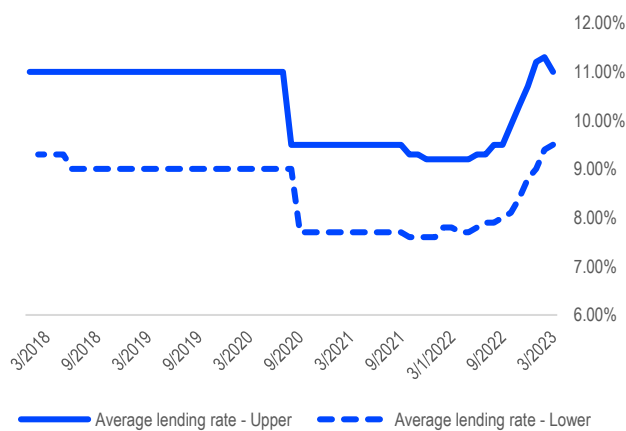
Source: Bloomberg, Company data, Shinhan Securities Vietnam

ACB's price and inflation



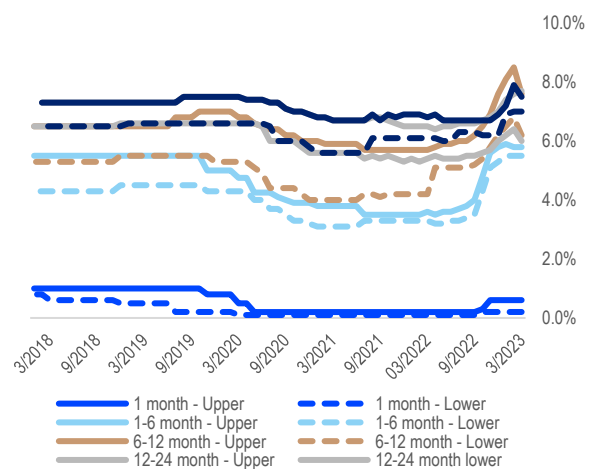
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Average loan interest rate in Vietnam



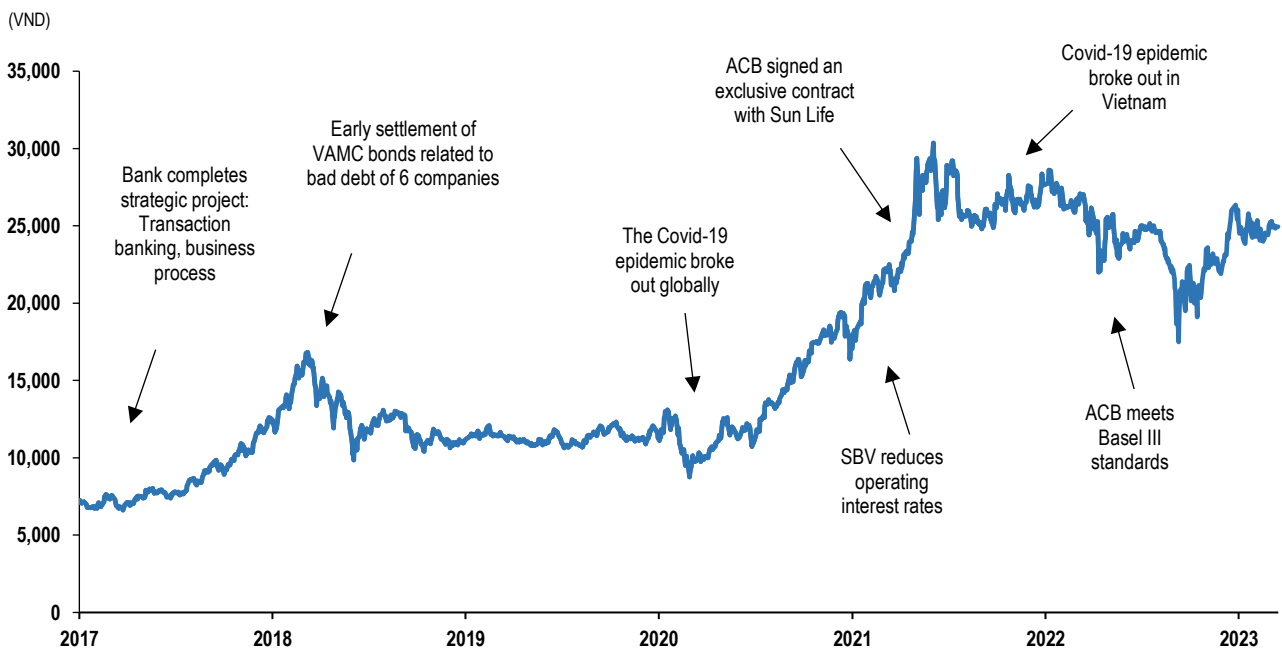
Source: SBV, Company data, Shinhan Securities Vietnam

Average deposit interest rate in Vietnam



Source: SBV, Company data, Shinhan Securities Vietnam

Important events of ACB



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risks of economic slowdown/recession

ACB's credit growth in 2023 is lower than our forecast of 14% due to weak corporate and individual borrowing needs.

The risk of bad debt increases

Although they do not hold corporate bonds and their loan portfolios are less exposed to real estate investors, in the event that the real estate market recovers more slowly than expected, the negative impact could spread to the rest of the industry.

If the shortage of production orders and the government's policies do not work as expected, bad debt could continue its strong upward momentum and exceed our 2023 forecast.

Appendix: Financial statements

Balance sheet

Year (VND bn)	2019	2020	2021	2022	2023F
Total assets	383,514	444,530	527,770	607,875	679,753
Cash and precious metals	6,438	6,968	7,510	8,461	12,744
Balances with the SBV	10,420	16,617	32,350	13,658	7,939
Placements with and loans to	30,342	31,671	49,819	85,971	94,942
Trading securities	2,985	6,168	11,260	1,131	1,528
Derivatives and other financial assets	88	54	227	100	100
Loans and advances to	266,165	308,529	356,051	408,857	464,748
Debts purchase	-	-	-	-	-
Investment securities	55,956	63,399	59,475	75,535	82,524
Long-term investments	98	99	172	147	162
Fixed assets	3,770	3,783	3,763	3,981	4,352
Investment properties	362	349	216	177	177
Other assets	6,891	6,893	6,929	9,858	10,538
Total liabilities	355,749	409,082	482,869	549,437	612,972
Due to Gov and Loans from	-	-	-	506	607
Deposits and Loans from other	19,249	23,875	54,394	67,841	75,409
Deposits from customers	308,129	353,196	379,921	413,953	463,627
Derivatives and other financial liabilities	-	-	-	-	-
Funds received from Gov, international and other	156	117	86	60	60
Convertible bonds/CDs and Other liabilities	20,831	22,050	30,548	44,304	55,380
Other liabilities	7,384	9,844	17,920	22,772	17,888
Shareholder's equity	27,765	35,448	44,901	58,439	66,782
Capital	16,799	21,887	27,291	34,046	34,046
Reserves	4,596	5,742	7,164	9,220	10,270
Retained earnings	6,370	7,819	10,445	15,172	22,465
Minority interest	-	-	-	-	-
Total liabilities and equity	383,514	444,530	527,770	607,875	679,753

Financial indicators

Year	2019	2020	2021	2022	2023F
Growth (% YoY)					
Loans to customers	16.56	15.92	16.19	14.31	14.00
Deposits from customers	14.12	14.63	7.57	8.96	12.00
Shareholders' equity	32.10	27.67	26.67	30.15	14.40
Total assets	16.45	15.91	18.73	15.18	11.84
Net interest income	16.88	20.39	29.92	24.22	6.64
Net non-interest income	8.58	-10.19	29.06	13.80	28.55
PPOP	6.40	35.27	45.53	12.07	11.69
Net profit before tax	17.65	27.67	25.03	42.64	9.32
Net profit after tax	16.99	27.84	24.99	42.54	9.34
Profitability (%)					
NIM	3.55	3.66	4.01	4.26	4.02
ROA	1.69	1.86	1.98	2.41	2.32
ROE	24.64	24.31	23.90	26.49	23.89
Liquidity (%)					
LDR	87.2	88.2	95.3	99.9	101.7
Loans/Deposits					
Asset quality					
Leverage (x)	13.81	12.54	11.75	10.40	10.17
NPL ratio (%)	0.54	0.59	0.77	0.74	0.85
LLR ratio (%)	175.0	160.3	209.4	159.3	171.5
Reverse/total credit (%)	0.94	0.95	1.62	1.17	1.46
Credit costs/total loans (%)	0.10	0.30	0.92	0.02	0.10
Credit costs/total credit (%)	0.10	0.30	0.92	0.02	0.10
Per share items (VND)					
EPS	3,614	3,554	3,554	4,053	4,431
BPS	16,699	16,399	16,618	17,303	19,795
	4,685	4,875	5,675	5,088	5,683

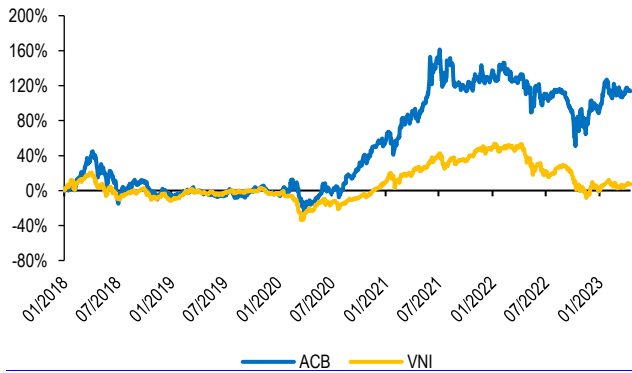
Source: Company data, Shinhan Securities Vietnam

Income statement

Year (bn)	2019	2020	2021	2022	2023F
Interest and Similar Income	28,318	31,856	33,714	40,699	47,102
Interest and Similar Expenses	(16,205)	(17,274)	(14,769)	(17,165)	(22,005)
Net Interest Income	12,112	14,582	18,945	23,534	25,097
Net Fee and Commission Income	1,896	1,695	2,894	3,526	4,092
From foreign currency and gold	430	687	872	1,048	1,363
From trading of trading securities	75	167	450	(388)	183
From disposal of investment	54	732	244	21	21
Net Fee and Commission Income	1,500	280	139	990	1,039
Dividends income	29	19	20	59	59
Total non-interest income	3,985	3,579	4,619	5,257	6,758
Total operating income	16,097	18,161	23,564	28,790	31,854
General and Admin expenses	(8,308)	(7,624)	(8,230)	(11,605)	(12,661)
Operating Profit Before Provision (PPOP)	7,790	10,537	15,334	17,185	19,193
Provision for credit losses	(274)	(941)	(3,336)	(71)	(485)
Profit before tax	7,516	9,596	11,998	17,114	18,708
Corporate income tax	(1,506)	(1,913)	(2,395)	(3,426)	(3,742)
Net profit after tax	6,010	7,683	9,603	13,688	14,967
Attributable to parent company	6,010	7,683	9,603	13,688	14,967

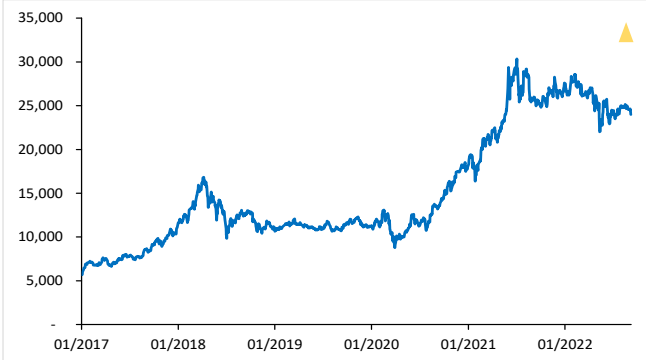
Asia Commercial Bank(ACB VN)

Price performance



Date	Recommendation	Target price (VND)	Range of price (%)	
			Average	Max/Min
30/04/2023 (Initial report)	BUY	33,500	23.9	27.13/47.90

Target price (VND)



Lưu ý: Tính toán chênh lệnh giá mục tiêu dựa trên 12 tháng qua

Shinhan Securities Vietnam

Stock

- ◆ **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%

Industry

- ◆ **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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