

24 Apr 2025

Asia Commercial Bank (ACB)

Muted credit growth

AM briefing

We tuned in to ACB's analyst meeting on Apr 24, which shed some light on its 1Q25 operational updates.

Update 1Q25 business results

- 1Q25 PBT inched down -6%yoy to VND4,596bn due to lower net interest incomes (-5.4%) and higher risk provision expenses (+22.2%yoy). 1Q25 PBT completed 20% of the 2025 target.
- Credit growth rose by 3.1%YTD to VND599tn, lower than the industry growth of 3.93%YTD, driven by large corporates (+9.2%YTD) and retail (+3.3%YTD). Meanwhile, SMEs remained flat (0.4%YTD). The credit growth target for 2025 is 16%yoy. In 2025, ACB expects credit growth from the retail segment of 16-18% and large corporates of 30-34%. SMEs could benefit from governments' incentive policies for credit disbursement.
- NIM consistently declined from 3.94% in 1Q24 to 3.49% in 1Q25 due to (1) price competition for credit growth and (2) slightly higher cost of funds. The CASA ratio declined from 23% in 4Q24 to 22% in 1Q25. NIM has signals of recovery in Apr 2025 and could improve in the rest of the year, per management.
- NFIs (+7.5%yoy) were driven by card fees, other service fees, and other incomes. However, Banca fees awaited recovery in 1Q25 and positive signals in Mar 2025

12M rating **NON-RATED**

12M TP

Up/Downside

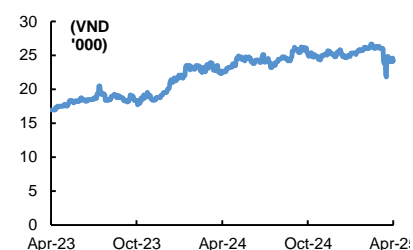
Stock Data

VNIndex (Apr 24, pt)	1,223
Stock price (Apr 24, VND)	24,150
Market cap (USD mn)	4,145
Shares outstanding (mn)	4,467
52-Week high/low (VND)	26,650/21,800
6M avg. daily turnover (USD mn)	7.97
Free float / Foreign ownership (%)	82.9/30.
Major shareholders (%)	
Tran Hung Huy and related parties	8.6
Smallcap world fund incorporation	2.5

Performance

	1M	6M	12M
Absolute (%)	-0.1	0.0	0.1
Relative to VNIndex (%p)	0.0	0.0	0.0

Stock price trend



Source: Bloomberg

	2020A	2021A	2022A	2023A	2024A
TOI (VND bn)	18,161	23,564	28,790	32,747	33,515
chg. (% YoY)	12.8	29.7	22.2	13.7	2.3
PPE (VND bn)	10,537	15,334	17,185	21,872	22,612
Net profit (VND bn)	7,683	9,603	13,688	16,045	16,790
EPS (VND, adj.)	2,808	2,799	3,486	4,092	3,669
PB (x)	2.0	1.5	1.5	1.4	1.3
PE (x)	9.41	6.90	6.49	6.04	6.61
P/PPE (x)	10.2	7.0	6.3	4.9	4.8
NIM (%)	3.7	4.0	4.3	3.9	3.6
ROE (%)	24.3	23.9	26.5	24.8	21.8
ROA (%)	1.9	2.0	2.4	2.4	2.1
Dividend yield (%)	0.0	0.0	0.0	4.0	4.0
CAR (%)	11.1	11.2	12.8	12.5	N/A

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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- NPL (3-5) slightly decreased from 1.51% in 4Q24 to 1.49% in 1Q25. Of these, NPLs from CIC were 0.2%. However, specially mentioned loans/total loans jumped from 0.5% in 4Q24 to 0.7% in 1Q25. NPL rates were higher for Retail (1.52%) and lower for corporate (1.48%). LLCR slightly decreased from 76% in 4Q24 to 72% in 1Q25.
- ACB's non-performing loans belonged to one of the top lowest ratios in the industry. The management expects to control 2025 NPL at 1.2% thanks to its enhanced management.

Others

- Trump's tariff policies could immaterially impact ACB's operation with the low lending proportion to export enterprises, accounting for 5% of total loans. Over the past three years, lending to FDI enterprises has also been selective, favoring those that diversify their global customer base beyond just the US market.
- Capital raising could mainly come from stock dividends; ACB maintained dividend policies in the last years and expects to keep this policy in the coming years.
- CIR could control at a rate of 30-33% in the coming years thanks to efficient cost management from digital transformation. ACB plans to collaborate with outsiders rather than an in-house IT team.

Recommendation and Ratings

ACB is trading at PB of 1.32x, lower than peers' average of 1.52x (15% premium) and equaling to the five-year average of 1.55x (17% premium)

Table 1: Snapshot of income statement

	Units: VNDbn, %					2025	
	1Q24	4Q24	1Q25	qoq	yoy	Planning	% planning
Net interest income	6,722	7,080	6,359	-10.2	-5.4		
Net fee incomes	1,447	1,478	1,556	5.3	7.5		
Total operating income	8,168	8,558	7,915	-7.5	-3.1		
Opex	-2,764	-2,739	-2,692	-1.7	-2.6		
Risk provision expenses	-512.22	-147.68	-626.13	324.0	22.2		
PBT	4,892	5,671	4,597	-18.9	-6.0	23,000	20

Source: Company data, KIS

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