

29 Jul 2025

Asia Commercial Bank (ACB)

Strengthened asset quality

Update 2Q25 business results

- 2Q25 PBT rose by +8.8%yoy to VND6,093bn thanks to higher non-interest incomes from FX activities, investment, and bad-debt collection and lower risk provision expenses (-21.3%yoy). 1H25 PBT reached VND10,690bn, up +1.9%yoy, completing 46% of the 2025 target.
- 2Q25 Net interest incomes dropped -6.0%yoy to VND6,684bn due to a lower net interest margin. NIM consistently declined from 3.88% in 2Q24 to 3.27% in 2Q25 due to (1) price competition for credit growth and (2) slightly higher cost of funds. The CASA ratio was maintained at 21.8% in 2Q25, compared to 21.2% in 1Q25.
- 2Q25 Credit growth rose by +9.2%YTD to VND634tn, lower than the industry growth of 9.9%YTD, driven by large corporates (+25.1%YTD) and retail (+7.7%YTD). Meanwhile, SMEs grew at a lower rate (+5.6%YTD).
- 2Q25 NFIs (+69%yoy) were driven by FX activities, investment, and bad-debt collection. However, service fee income declined by -33%yoy, primarily due to the reclassification of LC (Letter of Credit) activities from fee income to net interest income starting in 3Q24.
- 2Q25 Operating expenses climbed by +11%yoy, leading to an increase in CIR from 28% in 2Q24 to 29% in 2Q25.
- NPL (3-5) slightly decreased from 1.48% in 1Q25 to 1.26% in 2Q25. If excluding CIC, NPLs fell to 1.18%. Specially mentioned loans/total loans also declined from 0.7% in 1Q25 to 0.5% in 2Q25. 2Q25 NPL of Retail and corporate were 1.4% and 1.05%, respectively. LLCR slightly rose from 72% in 1Q25 to 76% in 2Q25.

12M rating **NON-RATED**

12M TP

Up/Downside

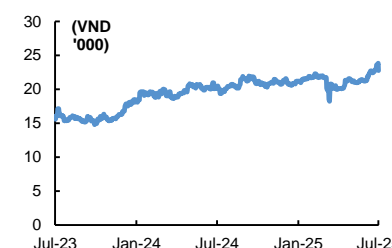
Stock Data

VNIndex (Jul 29, pt)	1,493
Stock price (Jul 29, VND)	22,750
Market cap (USD mn)	4,457
Shares outstanding (mn)	5,137
52-Week high/low (VND)	23,850/18,215
6M avg. daily turnover (USD mn)	10.13
Free float / Foreign ownership (%)	87.9/30.
Major shareholders (%)	
Tran Hung Huy and related parties	8.6
Smallcap world fund incorporation	2.5

Performance

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

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)	9.4	6.9	6.5	6.0	6.3
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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2025F: Maintain a gentle rhythm

- According to the management, the credit growth in 2025 could reach 16%-18% (compared to 19% in 2024), driven by large corporate and FDI. 2H25 NIM could remain stable or see a slight decline, supported by stable funding costs, a halt in lending rate cuts, and increased allocation to medium- and long-term loans.
- Service income could recover in 2H25, primarily because the reclassification of LC (Letter of Credit) activities from fee income to net interest income (effective from Q3 2024) will no longer impact the comparative base. Additionally, bancassurance activities could rebound in the upcoming periods.
- CIR could control at a rate of 30-33% in the coming years thanks to efficient cost management from digital transformation.
- 2025 non-performing loans could remain at 1.3% or below, potentially peaking and declining. Management believes that the legalization of Decree 42/2017/QH14 could improve bad debt recovery and enhance non-performing loan (NPL) management, especially for retail portfolios.
- 2025 PBT target could maintain a moderate growth of 9.5%yoy to VND23,000bn.

Recommendation and Ratings

ACB is trading at PB of 1.4x, lower than peers' average of 1.7x (21% premium) and equaling to the five-year average of 1.55x (7% premium)

Table 1: Snapshot of income statement

Units: VNDbn, %

	2Q24	1Q25	2Q25	qoq	yoy	1H24	1H25	yoy	2025 Planning	% planning
Net interest income	7,112	6,359	6,684	5.1	(6.0)	13,833	13,043	(5.7)		
Net fee incomes	1,541	1,556	2,609	67.7	69.3	2,987	4,164	39.4		
Total operating income	8,652	7,915	9,293	17.4	7.4	16,820	17,207	2.3		
Opex	(2,466)	(2,692)	(2,736)	1.6	11.0	(5,230)	(5,428)	3.8		
Risk provision expenses	(588)	(626)	(463)	(26.0)	(21.3)	(1,100)	(1,089)	(1.0)		
PBT	5,598	4,597	6,093	32.6	8.8	10,491	10,690	1.9	23,000	46

Source: Company data, KIS

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