

Vietnam

ADD (no change)

Consensus ratings*: Buy 11 Hold 2 Sell 0

Current price:	VND20,500
Target price:	VND28,500
Previous target:	VND30,400
Up/downside:	39.0%
CGS-CIMB / Consensus:	-10.3%
Reuters:	ACB.HM
Bloomberg:	ACB VN
Market cap:	US\$1,462m
	VND34,086,116m
Average daily turnover:	US\$4.61m
	VND106,126m
Current shares o/s:	1,663m
Free float:	35.0%

*Source: Bloomberg

Key changes in this note

- FY20-22F EPS decreased by 7.0-9.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.1	-16.3	-11.5
Relative (%)	-6.4	6.1	10

Major shareholders

	% held
Chairman and related parties	11.3
Dragon Financial Holdings Limited	7.0
First Burns Investment Limited	4.0

Analyst(s)

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Asia Commercial Joint Stock Bank

1Q20 results: good performance amid challenges

- 1Q20 earnings grew 12.5% yoy to VND1,537bn, below our previous full-year FY20F growth forecast of 22.4%.
- We cut FY20-22F EPS by 7.0-9.6% due to lower loan growth and lower net interest margin (NIM) forecasts from the impact of the Covid-19 outbreak.
- Reiterate Add but with a lower TP to VND28,500 after we cut our EPS forecasts and raise the risk premium.

Higher expenses dented 1Q20 earnings growth

ACB posted strong growth in both net interest income (NII, +19.7% yoy) and non-interest income (Non-II, +51.3% yoy) in 1Q20. NII was driven by a 15.8% yoy loan growth and a 6bp yoy NIM hike. Non-II was boosted by a 17.9x yoy hike in investment securities income, thanks to the offload of 12.8% of government bonds, and a 77.4% yoy rise in FX trading gain. Cost-to-income ratio was 53.9%, higher than the 51.5% in 1Q19 due to a 3.1% network expansion in FY19. In 1Q20, ACB incurred a VND93bn provision expense versus the reversal of VND16bn in 1Q19. Given the higher operating expenses and provision expense, 1Q20 net profit rose by a moderate 12.5% yoy.

Still solid asset quality

NPL ratio inched up to 0.7% at end-1Q20, from 0.5% at end-FY19, still the lowest among banks under our coverage. Meanwhile, loan-loss-coverage fell slightly from 175% at end-FY19 to 148.3% at end-1Q20, standing the second-highest among listed banks.

Loan growth to be hit by Covid-19 pandemic over FY20-21F

ACB's loan book rose by only 2.3% in 1Q20, the lowest growth in the past five years. Hence, we lower ACB's loan growth forecasts to 12% and 14% in FY20F and FY21F, respectively, from our previous forecasts of 15%.

NIM to shrink in FY20F but improve over FY21-22F

We lower our FY20F NIM forecast vs. FY19/our previous FY20F by 7bp/23bp as SBV requires banks to cut interest rates and waive interest payments; meanwhile the deposit rates cut mainly applies to those of short-term tenure. However, we expected NIM to improve by 3-7bp yoy in FY21-22F on rising current account and saving account rate.

We lower our TP to VND28,500; maintain Add

Our lower TP is derived from our EPS cut over FY20-22F and a higher risk premium amid greater uncertainty caused by the pandemic. Our TP is based on an equal weighting of residual income valuation (COE: 14.3%, LTG: 3%) and 1.3x FY20F P/BV. An exclusive bancassurance deal which promises a sizable agency fee is the re-rating catalyst. Downside risk would be higher-than-expected funding costs, weighing on NIM.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income (VNDb)	10,363	12,112	13,554	15,615	17,892
Total Non-Interest Income (VNDb)	3,670	3,985	4,490	4,455	5,154
Operating Revenue (VNDb)	14,033	16,097	18,044	20,070	23,046
Total Provision Charges (VNDb)	(932)	(274)	(852)	(1,072)	(1,204)
Net Profit (VNDb)	5,137	6,010	6,533	7,328	8,435
Core EPS (VND)	3,107	3,606	3,876	4,347	5,013
Core EPS Growth	144%	16%	7%	12%	15%
FD Core P/E (x)	6.60	5.68	5.29	4.72	4.09
DPS (VND)	0.0	1,000.0	500.0	500.0	500.0
Dividend Yield	0.00%	4.88%	2.44%	2.44%	2.44%
BVPS (VND)	12,964	16,761	19,628	23,535	28,108
P/BV (x)	1.58	1.22	1.04	0.87	0.73
ROE	27.2%	24.2%	21.3%	20.1%	19.4%
% Change In Core EPS Estimates			(7.00%)	(9.61%)	(7.52%)
CGS-CIMB/Consensus EPS (x)			1.04	1.12	1.08

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

1Q20 results: good performance amid challenges

Higher expenses dented 1Q20 earnings growth despite solid topline ➔

Figure 1: 1Q20 results summary (VND bn unless otherwise noted)

Profit & Loss statement	1Q20	1Q19	% yoy	4Q19	% qoq	VND FY20F previous forecasts	% of VND forecasts	Comments
Net interest income	3,419	2,857	19.7%	3,330	2.7%	14,309	23.9%	In line with our forecast.
Non-interest income	959	634	51.3%	1,480	-35.2%	4,522	21.2%	Slightly below our forecast as fee income was flat in 1Q20. In the latter half of 2020, fee income growth could improve as business activities resume, leading to increased banking transactions.
Operating revenue	4,378	3,490	25.4%	4,810	-9.0%	18,831	23.2%	
Operation expenses	(2,361)	(1,799)	31.2%	(2,743)	-13.9%	(9,039)	26.1%	
Pre-provision profit	2,018	1,691	19.3%	2,067	-2.4%	9,792	20.6%	
Provision expenses	(93)	16	n/m	(112)	-17.2%	(1,168)	7.9%	Lower than our forecast. We expect ACB to increase its provision expense in the next quarters, due to rising bad debt driven by the Covid-19 outbreak. We observed that NPL ratio increased from 0.5% at end-FY19 to 0.7% at end-1Q20, while LLR decreased from 175% at end-FY19 to 148.3% at end-1Q20.
Pre-tax profit	1,925	1,707	12.8%	1,955	-1.5%	8,624	22.3%	
Net profit	1,537	1,366	12.5%	1,549	-0.8%	6,873	22.4%	Slightly below our forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: ACB's key ratios by quarter

Key ratios	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
NII/Total Operating Income (TOI)	77.6%	76.3%	70.6%	81.8%	73.5%	78.5%	69.2%	78.1%
Non-II/TOI	22.4%	23.7%	29.4%	18.2%	26.5%	21.5%	30.8%	21.9%
NIM (trailing 12 months)	3.42%	3.46%	3.53%	3.56%	3.58%	3.62%	3.59%	3.63%
CIR	44.7%	44.9%	47.8%	51.5%	50.0%	49.3%	51.6%	53.9%
Loan-to-deposit ratio	78.1%	77.4%	77.6%	77.9%	79.0%	79.2%	77.7%	79.1%
Non-performing loan ratio	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.5%	0.7%
Loan-loss-reserves	130.8%	129.5%	151.9%	158.1%	161.5%	158.9%	175.0%	148.3%
Credit cost (annualised)	0.4%	0.4%	0.4%	0.0%	0.1%	0.1%	0.0%	0.1%
ROAA (trailing 12m)	1.66%	1.68%	1.67%	1.64%	1.70%	1.73%	1.68%	1.71%
ROAE (trailing 12m)	28.7%	28.3%	27.7%	25.2%	25.9%	25.6%	24.6%	23.8%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Outlook: Profit forecasts revised down for FY20-21F due to Covid-19 impact ➔

Figure 3: Earnings revision (VND bn, unless otherwise noted)

Profit & Loss statement	Old forecasts		New forecasts		Change		Comments
	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Net Interest Income	14,309	16,537	13,554	15,615	-5.3%	-5.6%	NII forecast is revised down on lower loan growth and lower NIM assumptions in FY20-21F. ACB's credit growth forecasts are cut to 12% in FY20F and 14% in FY21F, from 15% in previous FY20-21F forecast, driven by business's scaling down and decrease in people's income. NIM's forecast is reduced by 16-23bp vs. our previous forecast in FY20-21F, due to the State Bank of Vietnam (SBV)'s requirements of cutting lending rate, thus reducing ACB's interest income; meanwhile the 0.5-1% policy rate cuts mainly focuses on short-term deposits. However, we expect FY21-22F NIM to improve 3-7bp yoy thanks to improving CASA on the back of the new employee banking program, which targets the employees of the bank's corporate customers.
Non-Interest Income	4,522	4,662	4,490	4,455	-0.7%	-4.4%	New Non-II forecasts are lower than our previous ones because we reduce the income from bad debt recovery as business got disrupted by the COVID-19 outbreak.
Operating revenue	18,831	21,199	18,044	20,070	-4.2%	-5.3%	
Operating expenses	(9,039)	(9,964)	(9,022)	(9,834)	-0.2%	-1.3%	We raise CIR forecasts to 50% for FY20F from 49% previously, as the actual operating expenses were higher than our expectation. The newly opened transaction offices increased the operating costs, but these new transaction offices have not reach optimal productivity because the Covid-19 outbreak disrupts business activities, thereby affecting bank's operation and reducing traffic to bank. The revised absolute forecasts are lower than previous ones as the bank is facing pressure on revenue caused by the pandemic, therefore it is curbing operating costs. Lower operating expenses is a function of lower income, however CIR is revised upward versus our previous forecasts.
Pre-provision profit	9,792	11,236	9,022	10,236	-7.9%	-8.9%	
Provision expenses	(1,168)	(1,285)	(852)	(1,072)	-27.1%	-16.6%	Given the Covid-19 impact, we expect NPL to increase from 0.5% in FY19 to 0.6% in FY20-21F, and credit cost to rise from 0.1% in FY19 to 0.3% in FY20-21F. However, our new provision expense forecasts are lower than the previous ones because FY19 NPL was lower-than-expected, while LLR was high at 175%, thus provision can be used to resolve new bad debt. Hence, our FY20F credit cost forecast is revised down to 0.3% vs 0.4% previously.
Pre-tax profit	8,624	9,950	8,170	9,164	-5.3%	-7.9%	
Net profit	6,873	7,930	6,533	7,328	-5.0%	-7.6%	
No. of shares outstanding (m)	1,621	1,621	1,660	1,663	2.4%	2.6%	A total of 41m treasury shares were sold out at the start of 2020.
EPS (VND/share)	4,168	4,809	3,876	4,347	-7.0%	-9.6%	

SOURCES: VNDIRECT RESEARCH

Valuation: Reiterate Add with lower TP of VN28,500 ➤

Our TP is revised down to VND28,500 (from VND30,400 previously), based on an equal weighting of residual income valuation (COE: 14.3%, LTG: 3%) and 1.3x FY20F P/BV, a premium of 18.5% to the regional peers' average FY20F P/BV. The P/BV component of our valuation is higher than regional peers' average FY20F P/BV due to ACB's higher return on equity. ROE is forecast at 21.6% in FY20F and 20.4% in FY21F, much higher than regional peers' average ROE of 15.6% in FY20F and 16.4% in FY21F. We believe the Covid-19 outbreak will hurt ACB's performance in FY20F, but thanks to a diversified lending portfolio, prudent asset management with the sector's second-highest LLR, we believe ACB's credit growth and NIM will improve in FY21F.

Figure 4: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	31,520	15,760
P/B multiple (at 1.3x FY20F BVPS)	50%	25,516	12,758
Target price (VND/share)			28,518
Target price (VND/share, rounded)			28,500

SOURCES: VNDIRECT RESEARCH

Figure 5: Key assumptions of residual income valuation, based on our estimates

Assumptions	2020F	2021F	2022F	2023F	2024F	Terminal year
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	0.9	0.9	0.9	0.9	0.9	0.9
Cost of equity	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Long-term growth rate						3.0%
<i>(in VND bn, otherwise noted)</i>						
Opening shareholders' equity	27,765					
PV of residual income (5 years)	9,281					
PV of terminal value	15,364					
Implied EV	52,410					
No. of outstanding shares (m shares)	1,663					
Implied value per share (VND/share)	31,520					

SOURCES: VNDIRECT RESEARCH

Figure 6: Regional sector comparison

Banks	Bloomberg Code	Recommendation	Closing Price	Target Price	Market cap	P/B (x)		P/E (x)		3-yr Forward EPS CAGR	ROE	
			(local curr.)	(local curr.)		(US\$m)	FY20F	FY21F	FY20F		FY21F	%
China Merchants Bank	3968 HK	ADD	37	48	124,132	1.2	1.0	7.3	6.2	18.4%	17.1%	17.9%
Bank Rakyat Indonesia	BBRI IJ	ADD	2,580	3,600	20,604	1.6	1.4	10.1	9.3	6.1%	15.5%	16.2%
Bank Mandiri	BMRI IJ	ADD	4,000	5,500	12,086	1.0	0.9	8.1	6.9	6.9%	11.6%	13.3%
Indusind Bank	IIB IN	ADD	468	675	4,261	0.9	0.8	6.9	6.1	14.1%	13.1%	13.5%
Vietcombank	VCB VN	ADD	68,000	86,200	10,820	2.4	2.0	11.9	10.2	16.1%	22.4%	21.7%
BDO Unibank Inc	BDO PM	HOLD	99	150	8,536	1.1	1.0	9.7	7.6	20.4%	12.2%	13.9%
Yes Bank	YES IN	ADD	27	100	4,489	0.2	0.2	3.8	1.8	28.3%	6.1%	11.9%
Techcombank	TCB VN	ADD	17,200	27,400	2,583	0.8	0.7	5.6	4.7	14.6%	16.2%	16.3%
Military Commercial JS Bank	MBB VN	ADD	15,950	26,200	1,650	0.8	0.7	4.4	3.8	13.3%	20.5%	19.4%
Vietnam Prosperity JSC Bank	VPB VN	ADD	20,500	25,800	2,144	0.9	0.8	4.9	4.2	17.1%	21.2%	20.1%
Average regional peers						1.1	1.0	7.3	6.1	15.5%	15.6%	16.4%
Asia Commercial JS Bank	ACB VN	ADD	20,500	28,700	1,462	1.0	0.9	5.2	4.7	11.6%	21.6%	20.4%

PRICE AS OF 30 APR 2020

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

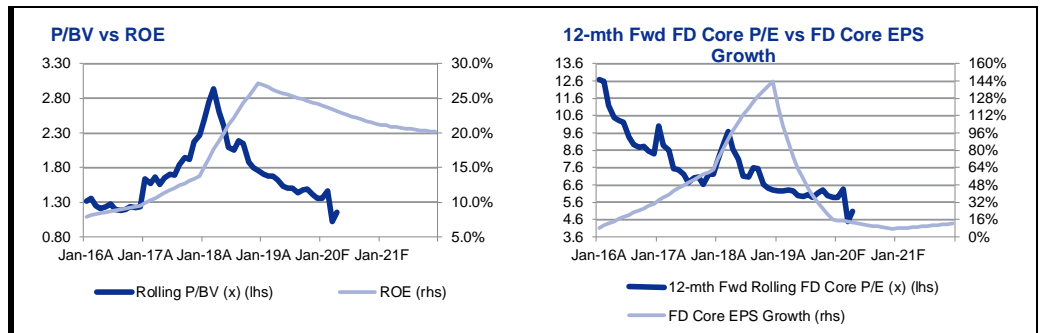
Why our EPS differs from consensus in FY20-22F ➤

Figure 7: Consensus forecasts on ACB (VND bn)						
	FY19A/FY19F %	FY19F	FY20F	FY21F	FY22F	Report Date
Net interest Income						
Ho Chi Minh City Securities	101%	11,966	13,200	15,143	17,475	22-Apr-2020
Viet Capital	99%	12,253	14,085	16,231	18,641	27-Feb-2020
Maybank Kim Eng	104%	11,683	13,918	15,786	17,931	31-Jan-2020
EFG-Hermes	101%	11,953	13,549	15,611	-	18-Nov-2019
Bloomberg Consensus	101%	12,007	13,584	15,423	17,609	
VNDIRECT forecasts			13,554	15,615	17,892	
VNDIRECT/Consensus			100%	101%	102%	
Non Interest Income						
Ho Chi Minh City Securities	120%	3,330	3,709	3,774	-	14-Apr-2020
Viet Capital	136%	2,926	3,327	3,616	-	22-May-2019
Maybank Kim Eng	96%	4,148	4,996	4,528	5,391	31-Jan-2020
EFG-Hermes	100%	3,967	3,371	3,495	-	18-Nov-2019
Bloomberg Consensus	123%	3,239	3,772	3,423	4,434	
VNDIRECT forecasts			4,490	4,455	5,154	
VNDIRECT/Consensus			119%	130%	116%	
Operating Income						
Ho Chi Minh City Securities	105%	15,296	16,909	18,917	-	14-Apr-2020
Viet Capital	106%	15,179	17,412	19,847	-	27-Feb-2020
Maybank Kim Eng	102%	15,830	18,914	20,314	23,322	31-Jan-2020
EFG-Hermes	101%	15,919	16,920	19,106	-	18-Nov-2019
Bloomberg Consensus	106%	15,246	17,356	18,846	22,043	
VNDIRECT forecasts			18,044	20,070	23,046	
VNDIRECT/Consensus			104%	106%	105%	
Net Profit						
Ho Chi Minh City Securities	102%	5,868	6,151	6,939	8,021	22-Apr-2020
Viet Capital	99%	6,044	6,967	7,736	8,910	27-Feb-2020
Maybank Kim Eng	99%	6,058	7,121	7,574	8,694	31-Jan-2020
EFG-Hermes	100%	6,025	6,072	6,872	-	18-Nov-2019
MB Securities	103%	5,848	6,251	6,397	-	26-Jun-2019
Bloomberg Consensus	103%	5,818	6,155	6,578	7,901	
VNDIRECT forecasts			6,677	7,488	8,620	
VNDIRECT/Consensus			108%	114%	109%	
VNDIRECT/Forecasts updated in 2020			99%	101%	101%	
EPS (VND)						
Ho Chi Minh City Securities	88%	4,116	3,695	4,168	-	22-Apr-2020
Viet Capital	101%	3,605	4,072	4,517	5,202	27-Feb-2020
Maybank Kim Eng	100%	3,616	4,299	4,572	5,248	31-Jan-2020
EFG-Hermes	101%	3,594	3,623	4,100	-	18-Nov-2019
MB Securities	101%	3,607	3,855	3,787	-	26-Jun-2019
Bloomberg Consensus	99%	3,672	3,727	3,881	4,642	
VNDIRECT forecasts			3,876	4,347	5,013	
VNDIRECT/Consensus			104%	112%	108%	
VNDIRECT/Forecasts updated in 2020			96%	98%	96%	

SOURCES: VNDIRECT RESEARCH, BLOOMBERG

Our EPS forecasts differ from consensus as the latter include forecasts made in 2019, which do not reflect the actual FY19 results and hence the assumptions for FY20-22F may be out of date. We project higher non-II over FY20-22F than other forecasts, but some of the other reports were published in 2019 and their FY19 non-II forecasts were lower than actual results, therefore, non-II projections for FY20-22F could be affected. Compared with the newly updated forecasts made in 2020, we are broadly in line with our peers, with FY20F, FY21F and FY22F EPS at 96%, 98%, and 96% of our peers' average projections.

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income	10,363	12,112	13,554	15,615	17,892
Total Non-Interest Income	3,670	3,985	4,490	4,455	5,154
Operating Revenue	14,033	16,097	18,044	20,070	23,046
Total Non-Interest Expenses	(6,712)	(8,308)	(9,022)	(9,834)	(11,293)
Pre-provision Operating Profit	7,321	7,790	9,022	10,236	11,754
Total Provision Charges	(932)	(274)	(852)	(1,072)	(1,204)
Operating Profit After Provisions	6,389	7,516	8,170	9,164	10,549
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	6,389	7,516	8,170	9,164	10,549
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	6,389	7,516	8,170	9,164	10,549
Exceptional Items					
Pre-tax Profit	6,389	7,516	8,170	9,164	10,549
Taxation	(1,252)	(1,506)	(1,637)	(1,836)	(2,114)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	5,137	6,010	6,533	7,328	8,435
Minority Interests	0	0	0	0	0
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	5,137	6,010	6,533	7,328	8,435
Recurring Net Profit	5,037	5,910	6,433	7,228	8,335

Balance Sheet Employment

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Loans/Cust Deposits	85.4%	87.2%	86.4%	86.4%	86.1%
Avg Loans/Avg Deposits	83.9%	86.4%	86.8%	86.4%	86.2%
Avg Liquid Assets/Avg Assets	27.2%	27.7%	27.7%	27.5%	27.3%
Avg Liquid Assets/Avg IEAs	28.6%	28.8%	28.8%	28.4%	28.1%
Net Cust Loans/Assets	69.1%	69.3%	69.7%	70.1%	70.5%
Net Cust Loans/Broad Deposits	76.1%	76.3%	76.6%	77.5%	77.9%
Equity & Provsns/Gross Cust Loans	10.2%	11.2%	11.8%	12.4%	12.9%
Asset Risk Weighting	60.0%	74.0%	75.0%	77.0%	79.0%
Provision Charge/Avg Cust Loans	0.435%	0.110%	0.299%	0.333%	0.328%
Provision Charge/Avg Assets	0.304%	0.077%	0.210%	0.235%	0.233%
Total Write Offs/Average Assets	0.304%	0.077%	0.210%	0.235%	0.233%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Gross Loans	249,297	299,042	335,837	383,204	437,253
Liquid Assets & Invst. (Current)	55,015	59,408	64,564	72,312	80,989
Other Int. Earning Assets	10,684	10,508	11,769	13,181	14,763
Total Gross Int. Earning Assets	314,995	368,958	412,171	468,697	533,006
Total Provisions/Loan Loss Reserve	(3,001)	(3,003)	(3,358)	(3,822)	(4,332)
Total Net Interest Earning Assets	311,994	365,956	408,812	464,875	528,674
Intangible Assets	593	1,049	1,096	1,146	1,197
Other Non-Interest Earning Assets	10,617	10,072	10,525	10,998	11,493
Total Non-Interest Earning Assets	11,210	11,121	11,621	12,144	12,691
Cash And Marketable Securities	6,129	6,438	6,728	7,030	7,347
Long-term Investments	0	0	0	0	0
Total Assets	329,333	383,514	427,161	484,049	548,711
Customer Interest-Bearing Liabilities	278,289	328,960	368,392	416,532	474,087
Bank Deposits	20,718	19,249	20,211	21,222	22,283
Interest Bearing Liabilities: Others	3,272	156	156	156	156
Total Interest-Bearing Liabilities	302,280	348,365	388,759	437,910	496,526
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	6,035	7,384	5,766	7,008	5,449
Total Liabilities	308,315	355,749	394,526	444,917	501,975
Shareholders' Equity	21,018	27,765	32,635	39,132	46,736
Minority Interests	0	0	0	0	0
Total Equity	21,018	27,765	32,635	39,132	46,736

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Income Growth	22.7%	14.7%	12.1%	11.2%	14.8%
Operating Profit Growth	40.2%	6.4%	15.8%	13.5%	14.8%
Pretax Profit Growth	141%	18%	9%	12%	15%
Net Interest To Total Income	73.8%	75.2%	75.1%	77.8%	77.6%
Cost Of Funds	4.82%	4.98%	4.80%	4.80%	4.80%
Return On Interest Earning Assets	8.21%	8.28%	8.00%	8.05%	8.05%
Net Interest Spread	3.38%	3.30%	3.20%	3.25%	3.25%
Net Interest Margin (Avg Deposits)	4.05%	4.19%	4.13%	4.19%	4.20%
Net Interest Margin (Avg RWA)	5.20%	5.03%	4.49%	4.51%	4.44%
Provisions to Pre Prov. Operating Profit	12.7%	3.5%	9.4%	10.5%	10.2%
Interest Return On Average Assets	3.38%	3.40%	3.34%	3.43%	3.46%
Effective Tax Rate	19.6%	20.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	NA	27.3%	12.7%	11.3%	9.9%
Return On Average Assets	1.67%	1.69%	1.61%	1.61%	1.63%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Loan Growth (%)	16.1%	16.6%	12.0%	14.0%	14.0%
Net Interest Margin (%)	3.5%	3.5%	3.5%	3.5%	3.6%
Non Interest Income Growth (%)	23.1%	8.6%	12.7%	-0.8%	15.7%
Cost-income Ratio (%)	47.8%	51.6%	50.0%	49.0%	49.0%
Net NPL Ratio (%)	0.4%	0.4%	0.4%	0.4%	0.4%
Loan Loss Reserve (%)	145.6%	166.3%	154.7%	149.8%	155.0%
GP Ratio (%)	0.7%	0.7%	0.8%	0.8%	0.8%
Tier 1 Ratio (%)	10.4%	9.7%	10.0%	10.4%	10.7%
Total CAR (%)	12.8%	10.9%	11.7%	11.9%	12.0%
Deposit Growth (%)	11.9%	14.1%	13.0%	14.0%	14.5%
Loan-deposit Ratio (%)	84.3%	86.2%	85.5%	85.5%	85.1%
Gross NPL Ratio (%)	0.7%	0.5%	0.6%	0.6%	0.6%
Fee Income Growth (%)	26.0%	26.6%	20.0%	25.0%	22.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	

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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

Spitzer Chart for stock being researched (2 year data)

Asia Commercial Joint Stock Bank (ACB VN)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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