

Asia Commercial Bank (ACB)

Re-rated on solid fundamentals

September 3, 2025

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Credit proved resilient with a strong rebound in 2Q2025

Credit growth reached 9.1% YTD by end-June, lagging the industry average of 9.9% but remaining resilient with a stronger rebound in 2Q (+6%). Asset quality improved as the NPL ratio contracted 22bps QoQ, which helped mitigate provisioning pressure, with expenses down 21% YoY. As a result, PBT rose 8.8% YoY in 2Q, taking 1H2025 earnings to VND10,690 billion – equivalent to 45% of our full-year forecast.

Loan growth is expected to reach 17% by year-end

ACB is expected to achieve 17% credit growth this year, comparable to the sector average and consistent with its focus on sustainable growth. Lending to middle market and large corporates (MMLC) continued to gain share in the bank's loan book, rising from 7% to 11% since the start of 2024. The other two customer segments also experienced a stronger recovery, supported by the economic rebound and the Southern real estate market catching up with its Northern counterpart, with a series of new project launches scheduled for 3Q and 4Q.

NIM should improve further as lending rates appear to have bottomed out

NIM moderated in the last two months of 2Q as the pace of lending rate cuts slowed. We expect ACB's NIM to improve further, approaching our revised year-end forecast of 3.32%.

We reiterate BUY on ACB with a target price of VND32,500/share

ACB has rallied more than 30% in the past three months, in line with VN-Index's strong performance. We raise our 2025 forward P/B to 1.6x to reflect the market re-rating for banking stocks in general and ACB in particular. We maintain our BUY recommendation on ACB with an updated target price of VND32,500/share, implying an 18% upside from the closing price on September 3, 2025.

Buy maintain

Target price	VND32,500
Upside	18%
Current price (Sep 3, 2025)	VND27,500
Consensus target price	VND30,200
Market cap (VNDtn/USDbn)	142.8/5.4

Forecast earnings & valuation

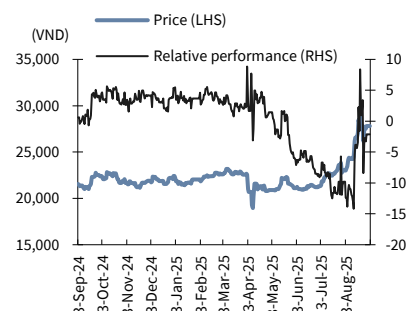
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	24,960	27,795	31,058	38,572
PPOP (VNDbn)	21,872	22,612	26,037	30,716
NPAT-MI (VNDbn)	16,045	16,790	18,940	22,155
EPS (VND)	4,131	3,759	3,687	4,313
EPS growth (%)	2%	-9%	-2%	17%
P/E (x)	6.7	7.4	7.5	6.4
Book value per share (VND)	18,269	18,685	18,961	21,899
P/B (x)	1.52	1.49	1.47	1.27
ROE (%)	24.8%	21.7%	20.9%	21.1%
Dividend yield (%)	2.16%	2.16%	2.16%	3.60%

Trading data

Free float	87.9%
3M avg trading value (VNDbn/USDmn)	403.5/15.4
Foreign ownership	30.0%
Major shareholder	Sather Gate Investments Limited (4.99%)

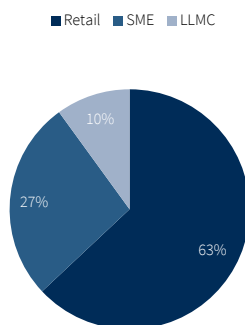
Share price performance

(%)	1M	3M	6M	12M
Absolute	20.9	30.8	23.0	28.9
Relative	8.4	6.0	-5.5	-2.1



Source: Bloomberg, KB Securities Vietnam

Credit composition (2024)



Source: Asia Commercial Bank, KB Securities Vietnam

Business operation

Asia Commercial Bank (ACB), established in 1993, is one of Vietnam's largest joint-stock commercial banks, with total assets of approximately VND864 trillion. The bank has consistently prioritized retail lending, maintaining a portfolio share of over 60% for many years. ACB is also recognized for its strong asset quality, with minimal exposure to real estate development loans and corporate bonds, effectively mitigating associated risks.

Investment Catalysts

Credit growth is projected at 16–18% in 2025–2027, supported by loan book diversification and a higher contribution from large corporates.

NIM should remain stable through year-end thanks to a slower decline in lending rates and continued optimization of the lending mix.

Asset quality remains industry-leading with prudent risk management and the NPL ratio forecast at 1.2–1.4% on the back of a high-quality loan portfolio.

Notes

Please find more details below

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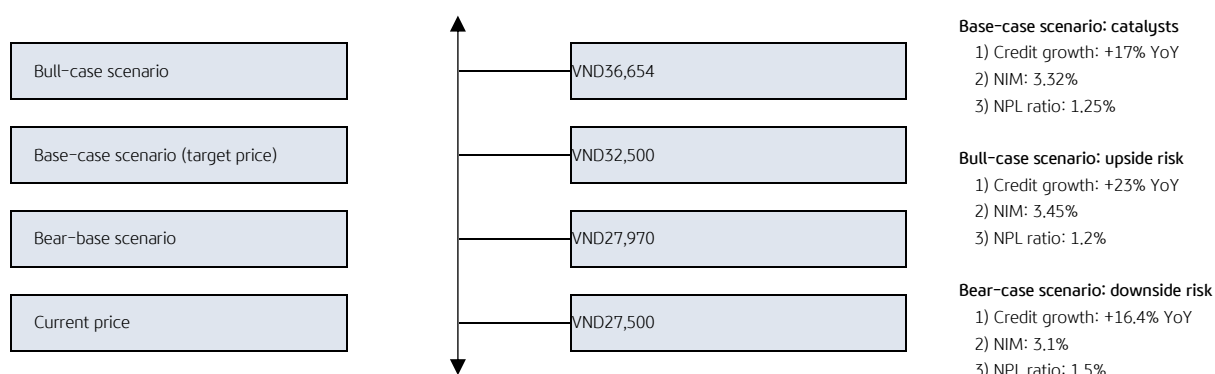
Please find more details [here](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	31,728	37,235	–4%	0%	29,937	34,334	6%	8%
EBIT	25,851	29,963	–1%	0%	23,727	27,080	9%	11%
NP after MI	18,526	21,336	0%	1%	17,745	20,766	4%	3%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

Credit proved resilient with a strong rebound in 2Q2025

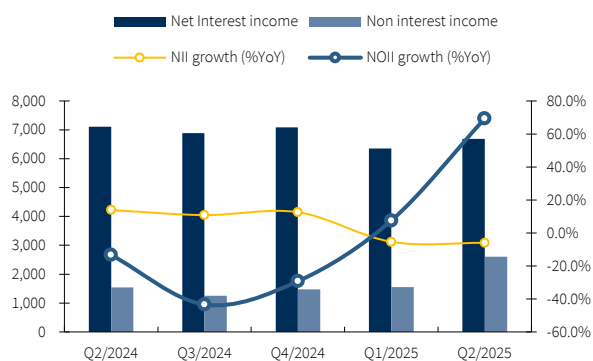
Credit growth reached 9.1% YTD by end-June, slightly below the industry average of 9.9%, but remained resilient with a stronger rebound in 2Q (+6%). Asset quality improved as the NPL ratio declined by 22bps QoQ, which helped mitigate provisioning pressure, with expenses down 21% YoY. As a result, PBT rose 8.8% YoY in 2Q, taking 1H2025 earnings to VND10,690 billion – equivalent to 45% of our full-year forecast.

Table 1. GVR – 2Q2025 financial results

(VNDbn)	2Q2024	1Q2025	2Q2025	%YoY	%QoQ	Notes
Net interest income (NII)	7,112	6,359	6,684	-6.0%	5.1%	Net interest income edged down due to (1) the still-sluggish recovery in retail lending and (2) continued NIM pressure.
Non-interest income (NOII)	1,541	1,556	2,609	69.3%	67.7%	Non-interest income posted impressive growth in 2Q (+69% YoY), driven mainly by bad debt recoveries and favorable market conditions in securities investment and FX trading: – FX and gold trading reached VND670 billion in 2Q, up 57% YoY and +41% QoQ. – Securities investment (bonds) generated a profit of VND483 billion, compared with a loss of VND55 billion in 2Q2024. – Bad debt recoveries surged 2.8x YoY. – However, net fee income declined 33% YoY, likely reflecting changes in tax policy and a challenging economic environment weighing on SMEs.
Total operating income (TOI)	8,652	7,915	9,293	7.4%	17.4%	
Operating expenses	(2,466)	(2,692)	(2,736)	11.0%	1.6%	Operating expenses rose 11% YoY but were flat QoQ, mainly due to higher staff costs.
CIR	28.5%	34.0%	29.4%	94bps	-13.4%	The cost-to-income ratio (CIR) improved from the previous quarter and remained well controlled at below 30%.
Provision expenses	(588)	(626)	(463)	-21.3%	-26.0%	Asset quality showed marked improvement, while stronger bad debt recoveries helped ease provisioning pressure.
Profit before tax (PBT)	5,598	4,597	6,093	8.8%	32.6%	
Net profit after tax (NPAT)	4,469	3,678	4,881	9.2%	32.7%	
Credit growth (YTD)	12.8%	3.1%	9.1%			Credit growth lagged the sector average due to weaker credit demand in the Southern market and a still-subdued retail lending recovery. Nevertheless, loan growth improved in 2Q, driven by over 10% YTD expansion in the corporate segment.
Deposit growth (YTD)	7.7%	2.0%	7.0%			
NIM	3.84%	3.46%	3.23%	-60bps	-22bps	NIM pressure persisted in 2Q as anticipated, down 22bps QoQ. However, on a quarterly basis, NIM showed early signs of recovery, supported by easing funding costs.
NPL ratio	1.48%	1.48%	1.26%	-21bps	-22bps	Asset quality improved markedly, with the NPL ratio down 10% QoQ and the special mention loan ratio falling nearly 30% QoQ. NPL ratios declined across both retail (to 1.4%, -0.1ppt vs. 2024) and corporate loans (to 1.05%, -0.48ppt), with improvements evident in both SME and large corporate segments.

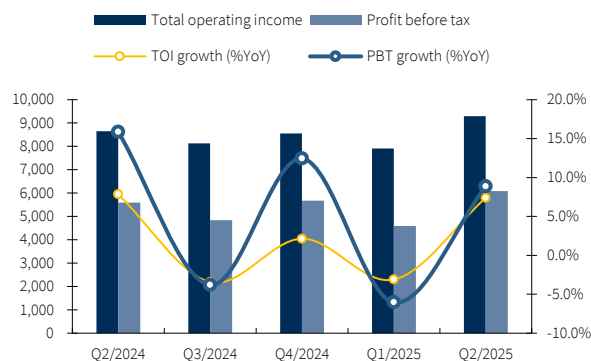
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 2. ACB – NII, NOII & growth (VNDbn, %YoY)



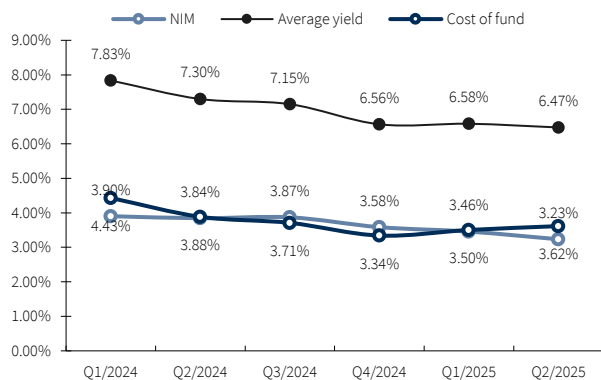
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 3. ACB – TOI, NPAT & growth (VNDbn, %YoY)



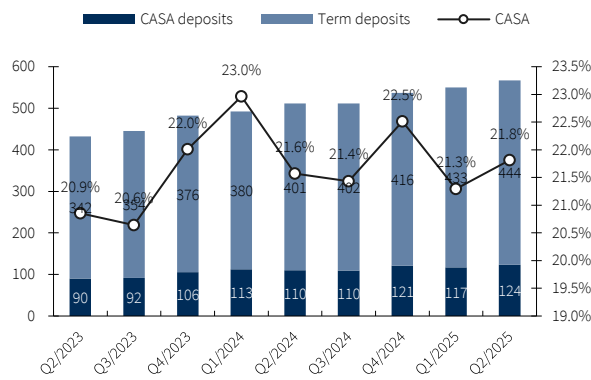
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 4. ACB – NIM, IEA yield, CoF (%)



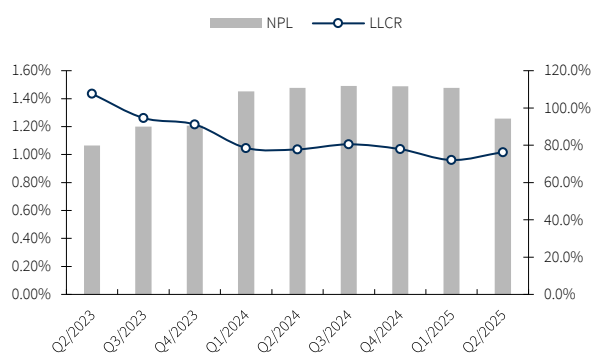
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 5. ACB – Deposit composition (VNDtn)



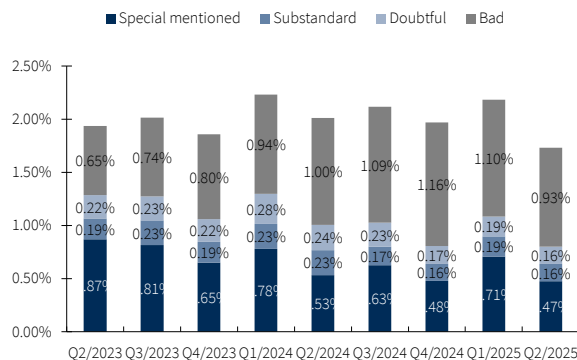
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 6. ACB – NPL ratio, LLCR (%)



Source: Asia Commercial Bank, KB Securities Vietnam

Fig 7. ACB – Loan book composition by risk grade (%)



Source: Asia Commercial Bank, KB Securities Vietnam

Loan growth is expected to reach 17% by year-end

Credit growth reached 9.1% YTD in 1H2025, below the sector average of 9.9% but consistent with the bank's emphasis on asset quality. As highlighted in our previous report, lending to MMLC remained the key driver, expanding 25.1% YTD and 16% QoQ. Meanwhile, the SME and retail segments grew at a slower pace but showed meaningful improvement in 2Q, rising 7.7% and 5.6% YoY, and 5.6% and 4% QoQ, respectively.

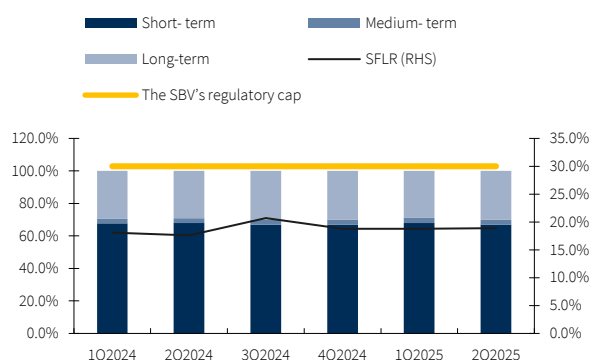
We expect ACB to deliver 17% credit growth by year-end – broadly in line with the sector average and consistent with its sustainable growth strategy. This approach underpins our positive view on ACB, given its industry-leading asset quality. Growth momentum is expected to come from: (1) the MMLC segment, which has increased its contribution to the loan book from 7% to 11% since early 2024; and (2) stronger recovery in SMEs and retail lending, supported by favorable economic conditions and the Southern real estate market narrowing the gap with its Northern counterpart, driven by a wave of new project launches scheduled for 3Q and 4Q.

NIM should improve further as lending rates appear to have bottomed out

According to management, NIM pressure began to ease in the last two months of 2Q as the pace of lending rate cuts slowed. Although ACB's NIM contracted 22bps QoQ to 3.23% in 2Q2025, we expect gradual improvement toward our revised year-end projection of 3.32%.

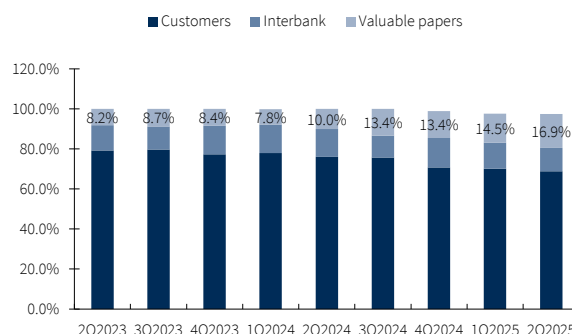
- Yields on interest-earning assets (IEA) have been on a downward trend since early 2024 as ACB was among the few private banks to proactively lower lending rates early to support customers. In addition, its preferential lending terms are longer than those of its peers (e.g., offering fixed mortgage rates of 5–5.5% for the first five years versus the usual 6–12 months). As a result, recovery in IEA yields may take longer. However, lending rates have now stabilized and are expected to remain flat through year-end, which should alleviate further NIM pressure. Moreover, IEA yields could benefit from ACB's strategic loan mix adjustments, including a higher share of medium- and long-term loans (with a still-low short-term funding to loan ratio (SFLR); see Figure 8), along with stronger growth in consumer and residential project lending.
- Cost of funds (CoF) edged up due to a funding structure shift, with greater reliance on bond issuance. While more costly than deposits, bonds carry longer maturities, enhancing funding stability. We view this funding strategy as reasonable given weaker deposit momentum in the low-rate environment. Bond funding also provides ACB with additional room to expand long-term lending, supporting NIM in the coming quarters, while enhancing capital management in the event of a market-wide rate rebound.

Fig 8. ACB – Loan portfolio by maturity, short-term funding to loan ratio (SFLR) (%)



Source: Asia Commercial Bank, KB Securities Vietnam

Fig 9. ACB – Funding composition (%)



Source: Asia Commercial Bank, KB Securities Vietnam

Asset quality improved in tandem with the economic rebound

The NPL ratio was well-contained in 1H2025 and is showing encouraging signs of improvement thanks to: (1) the economic recovery, which has strengthened sector-wide asset quality; and (2) the amended Law on Credit Institutions, which codifies Resolution 42 and has already enhanced banks' NPL resolution efforts. According to management, the codification of Resolution 42 enables ACB to expedite the handling of smaller loans, shorten NPL recovery timelines, reduce provisioning pressure, and ultimately bolster profitability. Once the law comes into effect in October, it is also expected to reinforce borrower repayment discipline, alleviating pressure on asset quality. We therefore expect ACB's NPL ratio to improve further in 2H2025, with our full-year projection at 1.25%. By maintaining its strategy of prioritizing quality over aggressive credit growth, ACB is well positioned to remain among the sector leaders in NPL management.

Forecast & Valuation

Table 10. ACB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
NII	35,508	39,769	12.0%	47,555	19.6%	We maintain our credit growth forecasts at 17% for 2025 and 16% for 2026, with no change to our NIM expectations.
NOII	11,482	13,523	17.8%	15,787	16.7%	We revise upward our projections for FX trading, securities investment & trading, and bad debt recoveries, given the favorable market conditions. However, we lower our net fee income assumption, reflecting lingering short-term recovery pressures.
TOI	46,990	53,292	13.4%	63,342	18.9%	
Pre-provision operating profit (PPOP)	31,621	35,440	12.1%	42,249	19.2%	
Provision expenses	(4,082)	(4,222)	3.4%	(4,720)	11.8%	Provision expenses are revised downward from our previous forecast, on expectations of continued improvement in sector-wide asset quality.
PBT	27,538	31,218	13.4%	37,530	20.2%	
NIM	4.21%	3.98%	~23bps	4.13%	15bps	We also trim our NIM forecast, as a strong rebound appears unlikely in the near term despite easing pressure, given that lending rates are unlikely to rise in the short term. That said, NIM has already shown early signs of recovery in the last two months of 2Q.
Average IEA yield	7.12%	7.16%	5bps	7.27%	11bps	
Average CoF	3.28%	3.53%	25bps	3.38%	~15bps	
CIR	32.7%	33.5%	79bps	33.3%	~20bps	
NPL ratio	1.12%	1.25%	8bps	1.25%	0bps	Our 5bps downward revision from the previous estimate is supported by the positive improvement in sector-wide asset quality.
Total assets	978,799	1,181,907	21%	1,366,183	16%	
Equity	147,940	170,342	15%	187,221	10%	

Source: Asia Commercial Bank, KB Securities Vietnam

We reiterate BUY on ACB with a target price of VND32,500/share

We combine the P/B and residual income valuation methods to arrive at a fair value for ACB.

1) P/B valuation

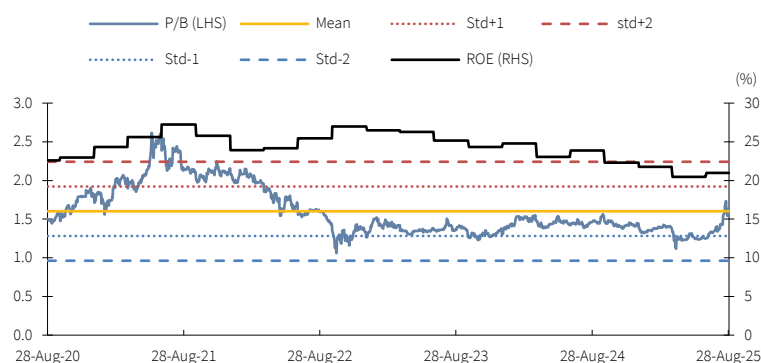
ACB has rallied more than 30% in the past three months, broadly tracking the VN-Index's strong performance. We raise our 2025 forward P/B multiple to 1.6x to reflect the market re-rating for banking stocks in general and ACB's solid fundamentals in particular.

2) Residual income valuation

While we have adjusted our forecasts for certain NOII streams and provision expenses, these changes largely offset one another, leaving our projected earnings growth for ACB under this model broadly unchanged from previous estimates.

We reiterate our BUY rating on ACB with a revised target price of VND32,500/share, implying 18% upside potential from the closing price on September 3, 2025.

Fig 11. ACB – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 12. ACB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	18,940	22,155	25,387
Excessed return	7,936	7,324	8,228
Required rate of return (re)	13.19%		
Growth (g)	3.0%		
Terminal value	32,726		
Present value (PV)	146,573		
Value per share	32,815		

Source: KB Securities Vietnam

Table 13. ACB – Valuation results

Valuation method	Derived price	Weight	Weighted price
Residual income	32,815	50%	16,407
P/B	32,233	50%	16,116
Target price			32,500

Source: KB Securities Vietnam

ACB – 2023A–2026F summarized financials & forecasts

Income Statement					Balance Sheet				
(VNDbn)	2023	2024	2025F	2026F	(VNDbn)	2023	2024	2025F	2026F
Net interest income	23,534	24,960	27,795	31,058	Loans			573,947	673,194
Interest income	40,699	52,347	50,903	60,124		408,857	482,235		
Interest expense	(17,165)	(27,387)	(23,108)	(29,066)	Marketable securities	1,131	7,177	3,881	6,728
					Cash (ex. Reserves)	8,461	6,909	5,696	9,404
Fees & commissions	3,526	2,922	3,239	3,443					
Other non-interest income	990	863	624	1,448	Interest earning assets			848,958	
Total operating income	28,790	32,747	33,515	38,861		590,241	701,817		1,021,528
SG&A expenses	(11,605)	(10,874)	(10,903)	(12,824)	Fixed assets & other assets	14,163	15,631	16,233	21,021
PPOP	17,185	21,872	22,612	26,037	Total assets	607,875	718,795	864,006	1,045,612
Provision for credit losses	(71)	(1,804)	(1,606)	(2,362)	Customer deposits			537,305	754,892
Other income	1,110	1,197	1,266	2,386		413,953	482,703		
Other expense	(121)	(334)	(642)	(938)	Borrowings & call money/repos	44,365	52,569	101,678	78,434
Pre-tax income	17,114	20,068	21,006	23,676	Interest bearing liabilities			758,530	918,122
Income tax expense	(3,426)	(4,023)	(4,216)	(4,735)		526,664	624,778		
NP	13,688	16,045	16,790	18,940	Other liabilities	22,772	23,060	22,014	30,096
Minority interest profit	–	–	–	–	Total liabilities			780,544	948,218
Parent NP	13,688	16,045	16,790	18,940		549,437	647,839		
					Charter capital	33,774	38,841	44,667	51,367
					Capital surplus	272	272	272	272
					Retained earnings	15,172	20,286	23,734	30,966
					Capital adjustments	–	–	–	–
					Total shareholders' equity	58,439	70,956	83,462	97,394
Financial Indicators					Valuation				
(%)	2023	2024	2025F	2026F	(VND, X, %)	2023	2024	2025F	2026F
Profitability					Share Price Indicators				
ROE	26.5%	24.8%	21.7%	20.9%	EPS	4,053	4,131	3,759	3,687
ROA	2.4%	2.4%	2.1%	2.0%	BVPS	17,303	18,269	18,685	18,961
Pre-provision ROE	26.6%	27.0%	23.4%	23.0%	Tangible BVPS	16,968	17,897	18,195	18,408
Pre-provision ROA	2.4%	2.6%	2.3%	2.2%	Valuations				
Net interest margin (NIM)	4.3%	3.9%	3.6%	3.3%	PER	6.8	6.7	7.3	7.5
Efficiency					PBR	1.6	1.5	1.5	1.5
Pure Loan to deposit ratio	99.9%	101.0%	108.1%	90.0%	Dividend yield	2.2%	2.2%	2.2%	2.2%
Cost-income ratio	40.3%	33.2%	32.5%	33.0%	ROE	26.5%	24.8%	21.7%	20.9%
Growth					Capital Adequacy				
Asset growth	15.2%	18.2%	20.2%	21.0%	CAR	11.0%	11.2%	12.8%	>13%
Loan growth	14.8%	17.9%	19.0%	17.3%	Asset Quality				
PPOP growth	12.1%	27.3%	3.4%	15.1%	NPL ratio (substandard)	0.7%	1.2%	1.5%	1.3%
Parent NP growth	42.5%	17.2%	4.6%	12.8%	Coverage ratio (substandard)	193.1%	82.7%	62.2%	73.1%
EPS growth	14.0%	1.9%	–9.0%	–1.9%	NPL ratio (precautionary)	1.3%	1.9%	2.0%	2.0%
BVPS growth	4.1%	5.6%	2.3%	1.5%	Coverage ratio (precautionary)	109.1%	53.7%	47.1%	46.9%

Source: Company report, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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