

# Asia Commercial Bank (ACB)

## A strategic move toward revenue diversification

December 5, 2025

Analyst Pham Phuong Linh

(+84) 24-7303-5333 linhpp@kbsec.com.vn

### Credit growth accelerated in 3Q2025 after a subdued first half

By end-September 2025, ACB delivered credit growth of 15.2% YTD—outpacing the sector average of 13.4%—following a subdued first half driven by the slow recovery of the retail lending segment. Despite the solid rebound in loan disbursements, net interest income edged down slightly amid continued NIM compression. For the first nine months, ACB reported VND6,072 billion in PBT, equivalent to 67% of its full-year guidance.

### Lending yields improved in 3Q, but NIM recovery remains constrained

Encouragingly, lending yields improved in 3Q (+17bps), supported by broad-based gains across both credit volumes and loan rates. However, we believe NIM is unlikely to stage a meaningful recovery, given rising deposit rates in the retail market and an accommodative monetary policy stance expected to persist throughout 2026.

### Asset quality improved broadly, keeping provisioning needs manageable despite a slight expected uptick in NPLs

Asset quality strengthened across most customer segments, easing provisioning pressure in the quarter (provisions declined 20% YoY). While the NPL ratio may tick up slightly toward year-end, we continue to view ACB's asset quality as resilient, with the full-year NPL ratio projected to remain in the 1.2–1.3% range.

### We reiterate BUY on ACB with a target price of VND32,100/share

We reiterate our BUY call on ACB and revise our target price to VND32,100 per share, implying 28% upside from the closing price on December 4, 2025.

**Buy** maintain

<b>Target price</b>	<b>VND32,100</b>
Upside	28%
Current price (Dec 4, 2025)	VND24,900
Consensus target price	VND32,232
Market cap (VNDtn/USDbn)	142.8/5.4

#### Forecast earnings & valuation

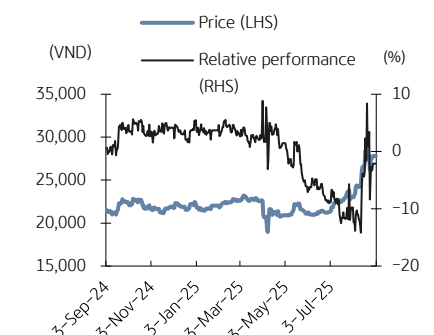
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	24,960	27,795	29,310	34,820
PPOP (VNDbn)	21,872	22,612	24,865	28,194
NPAT-MI (VNDbn)	16,045	16,790	18,005	20,137
EPS (VND)	4,131	3,759	3,505	3,920
EPS growth (%)	2	-9	-7	12
P/E (x)	6.0	6.6	7.1	6.4
Book value per share (VND)	18,269	18,685	18,779	21,324
P/B (%)	1.36	1.33	1.33	1.17
ROE (%)	24.8	21.7	20.0	19.6
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%)

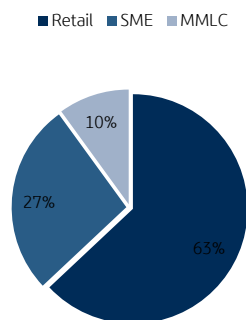
#### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	20.9	30.8	23.0	28.9
<b>Relative</b>	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 expected to remain in the 16–18% range during 2025–2027, supported by a more diversified loan portfolio and a widening growth runway in the mass and medium-large corporate (MMLC) segment.

Improving lending yields should help anchor NIM stability in 2026, even as funding costs trend higher on the back of rising retail deposit rates.

With a prudent risk appetite and industry-leading asset quality, the NPL ratio is expected to remain well controlled at around 1.2–1.4%, underpinned by a high-quality loan book.

## Notes

Please find more details below

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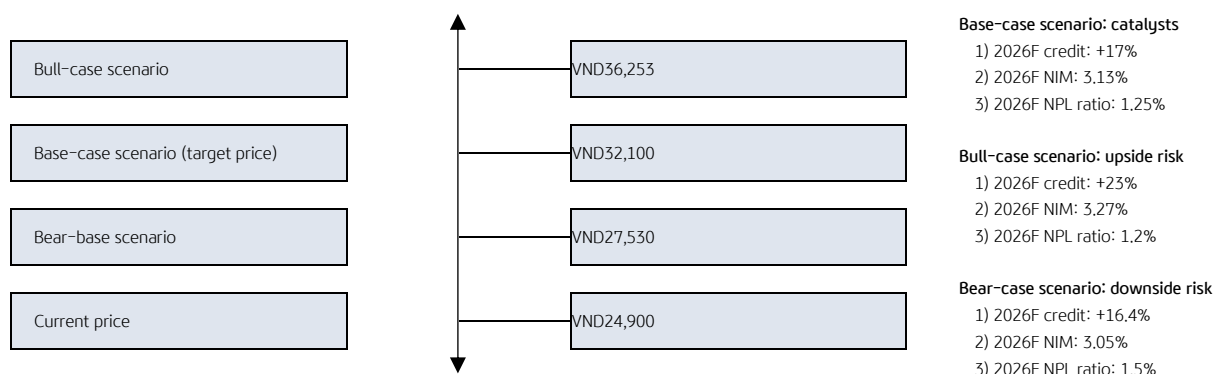
Please find more details [here](#)

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Net interest income (NII)	29,310	34,820	-8%	-6%	29,937	34,334	-2%	1%
Total operating income (TOI)	24,865	28,194	-4%	-6%	23,727	27,080	5%	4%
NP after MI	18,005	20,137	-3%	-6%	17,745	20,766	1%	-3%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Business performance

### Credit growth accelerated in 3Q2025 after a subdued first half

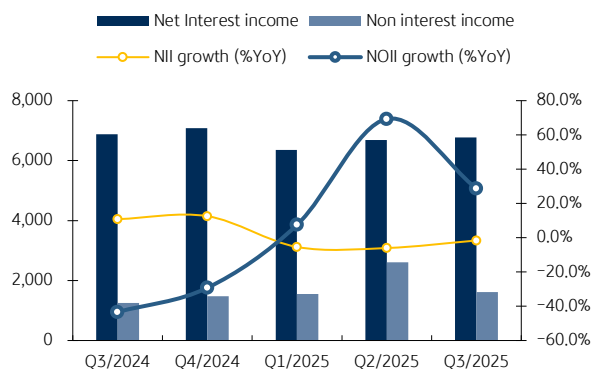
By end-September 2025, ACB delivered credit growth of 15.2% YTD—outpacing the sector average of 13.4%—following a subdued first half driven by the slow recovery of the retail lending segment. Despite the solid rebound in loan disbursements, net interest income edged down slightly amid continued NIM compression. Total operating income in 3Q and 9M remained broadly flat YoY, partially supported by double-digit growth in non-interest income streams. ACB continues to demonstrate sector-leading asset quality, with a consistent improvement in NPLs that has meaningfully reduced provisioning pressure. For the first nine months, the bank reported VND6,072 billion in PBT, equivalent to 67% of its full-year guidance.

Table 1. ACB – 9M2025 financial results

(VNDbn)	3Q2024	3Q2025	+/-%YoY	9M2025	+/-YoY	Notes
Net interest income (NII)	6,881	6,770	-1.6%	19,812	-4.4%	Credit growth accelerated in 3Q, yet net interest income remained broadly flat YoY and only marginally higher QoQ, largely due to continued NIM compression.
Non-interest income (NOII)	1,255	1,615	28.7%	5,779	36.2%	The slowdown in NII was offset by strong momentum in NOII (+29% YoY), driven by: – Fee income, which rebounded after a weak prior quarter (+36% QoQ, +6.5% YoY). – Gains from gold trading, foreign exchange trading, and securities investments, which continued to post robust YoY growth.
<b>Total operating income (TOI)</b>	<b>8,136</b>	<b>8,385</b>	<b>3.1%</b>	<b>25,592</b>	<b>2.5%</b>	
Operating expenses	(2,934)	(2,714)	-7.5%	(8,142)	-0.3%	Operating expenses trended slightly lower, though the CIR rose to 32% as total operating income grew at a slower pace.
CIR	36.1%	32.4%	-369bps	32%	-89bps	
Provision for credit losses	(358)	(289)	-19.3%	(1,378)	-5.5%	Improving asset quality also helped ease provisioning pressure in 3Q, with provisions declining 20% QoQ.
<b>Profit before tax (PBT)</b>	<b>4,844</b>	<b>5,382</b>	<b>11.1%</b>	<b>16,072</b>	<b>4.8%</b>	
Net profit after tax (NPAT)	3,870	4,281	10.6%	12,840	4.9%	
<b>Credit growth (YTD)</b>	<b>13.8%</b>	<b>15.2%</b>				Credit growth strengthened in 3Q after six months of trailing the sector average, with corporate lending remaining the primary growth driver. Retail lending also improved, led by robust growth in mortgage loans supported by attractive loan packages.
Deposit growth (YTD)	8.2%	8.4%				
<b>NIM</b>	<b>3.87%</b>	<b>3.18%</b>	<b>-69bps</b>			NIM continued to decline, though the pace of contraction moderated in 3Q. Asset yields began to recover; however, funding costs also increased due to higher issuance of valuable papers.
<b>NPL ratio</b>	<b>1.49%</b>	<b>1.09%</b>	<b>-1.6%</b>			NPL balances declined QoQ, with substandard loans (Group 3) falling 26%. ACB's NPL ratio dropped 39bps QoQ to 1.09%—a relatively low level compared with the industry.

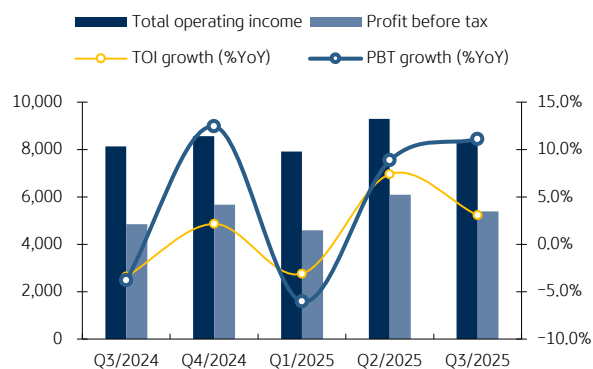
Source: Asia Commercial Bank, KB Securities Vietnam

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



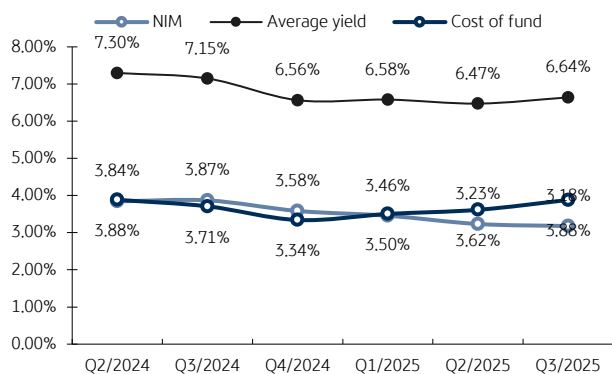
Source: Asia Commercial Bank, KB Securities Vietnam

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



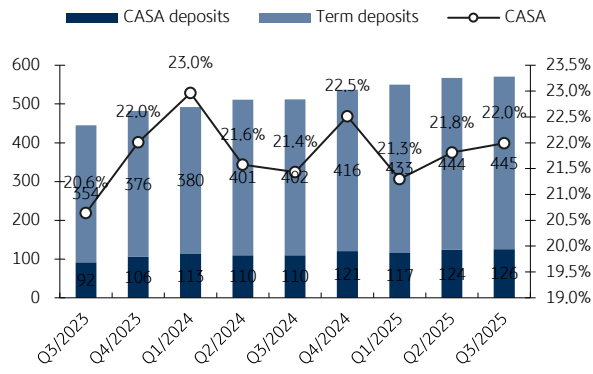
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 4. ACB – NIM, IEA yield, CoF (%)



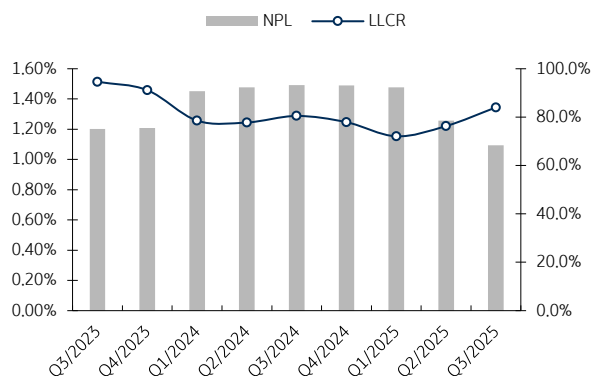
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 5. ACB – Deposit composition (VNDtn)



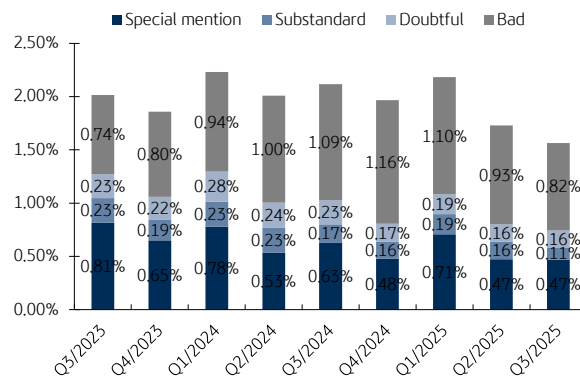
Source: Asia Commercial Bank, KB Securities Vietnam

Fig 6. ACB – NPL ratio, LLCR (%)



Source: Asia Commercial Bank, KB Securities Vietnam

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



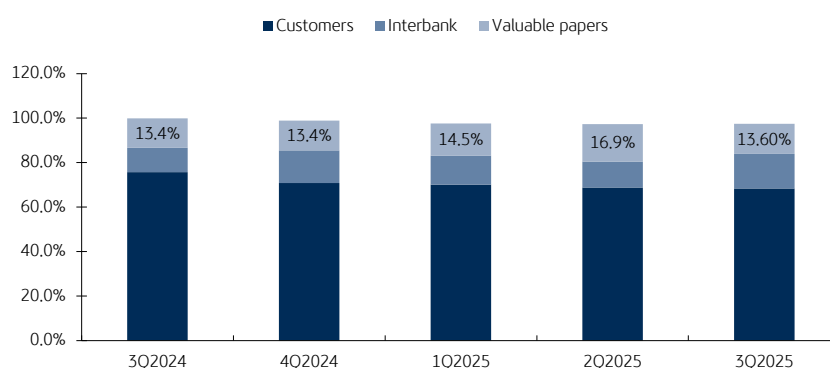
Source: Asia Commercial Bank, KB Securities Vietnam

## Lending yields improved in 3Q, but NIM recovery remains constrained

NIM came in below our expectations, primarily due to a sharp increase in funding costs. The shift in ACB's funding structure—marked by a higher proportion of valuable papers—is aligned with the bank's prudent approach to liquidity management and has helped keep its LDR relatively low compared with the rapid increases observed at peer banks. However, this shift has temporarily pushed up funding costs, while intensified competition on loan pricing to defend credit market share has also weighed on NIM. As of end-3Q, NIM fell to 3.18%, undershooting our initial forecast.

Encouragingly, lending yields improved in 3Q (+17bps), supported by broad-based gains across both credit volumes and loan rates. However, we believe NIM is unlikely to stage a meaningful recovery, given rising deposit rates in the retail market and an accommodative monetary policy stance expected to persist throughout 2026.

Fig 8. ACB – Funding composition (%)



Source: Asia Commercial Bank, KB Securities Vietnam

## ACB is advancing new strategic initiatives to enhance long-term non-interest income

The prolonged pressure on NIM has prompted banks to diversify their revenue streams, and ACB is no exception. Management has outlined several strategic initiatives aimed at expanding NOII in the years to come:

- **Non-life insurance:** In 2026, ACB plans to establish a non-life insurance company with charter capital of VND500 billion. This move represents a key step in diversifying revenue sources and strengthening the bank's financial ecosystem (Bank – Securities – Insurance). In life insurance, ACB continues to operate under its exclusive distribution agreement with SunLife.
- **Gold trading:** Recent regulatory developments have created a more favorable environment for banks to engage in gold-related activities. ACB is actively exploring opportunities to develop its own branded gold products, leveraging its position as one of the pioneers in this segment.

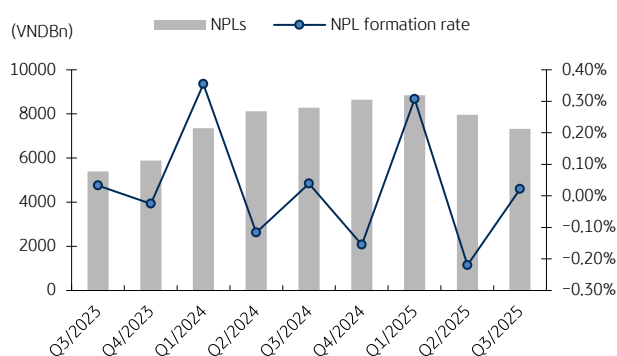
These business lines are expected to remain modest contributors to ACB's earnings in the near term, given the typically thin margins from gold trading and the time required for the insurance market to fully recover. Nevertheless, these initiatives should enhance ACB's long-term revenue diversification and reinforce its competitive positioning.

**Asset quality improved broadly,  
keeping provisioning needs  
manageable despite a slight  
expected uptick in NPLs**

As highlighted in our previous update, favorable macro conditions and regulatory improvements have been key drivers of the ongoing recovery in asset quality. For ACB, the NPL ratio declined from 1.48% at end-1Q to 1.09% at end-3Q (-38bps), with NPL balances down 8% QoQ and 17% compared with 1Q. Improvements were observed across most customer segments, with NPL ratios at just 1.3% for retail customers and 0.8% for corporate clients. This trend helped ease provisioning pressure in 3Q, allowing ACB to reduce provisions by 20% YoY while still increasing its loan loss coverage ratio to 84%.

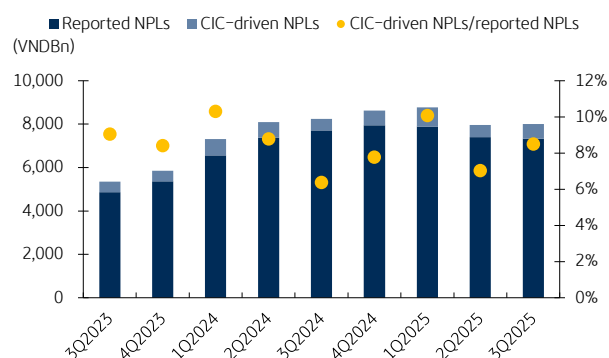
Although the NPL ratio may edge up slightly toward year-end, we maintain our view that ACB's asset quality remains solid, with the full-year NPL ratio expected to remain in the 1.2–1.3% range. Looking ahead to 2026F–2030F, we expect the ratio to stay among the lowest in the sector, underpinned by ACB's prudent risk appetite and its consistent focus on maintaining a high-quality loan portfolio.

**Fig 9. ACB – NPL ratio, NPL formation rate (%)**



Source: Asia Commercial Bank, KB Securities Vietnam

**Fig 10. ACB – Reported NPLs & CIC-driven NPLs (VNDBn)**



Source: Asia Commercial Bank, KB Securities Vietnam

## Forecast & Valuation

Table 11. ACB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Net interest income (NII)	27,795	29,310	5.5%	34,820	18.8%	We maintain our credit growth forecasts of 17% for 2025 and 16% for 2026, but revise our NIM assumptions. Forecasts remain unchanged from the previous update.
Non-interest income (NOII)	5,720	7,803	36.4%	7,135	-8.6%	
<b>Total operating income (TOI)</b>	<b>33,515</b>	<b>37,112</b>	<b>10.7%</b>	<b>41,956</b>	<b>13.1%</b>	
Pre-provision operating profit (PPOP)	22,612	24,865	10.0%	28,194	13.4%	Forecasts remain unchanged from the previous update.
Provision for credit losses	(1,606)	(2,359)	46.8%	(3,023)	28.2%	
<b>Profit before tax (PBT)</b>	<b>21,006</b>	<b>22,507</b>	<b>7.1%</b>	<b>25,172</b>	<b>11.8%</b>	
<b>NIM</b>	<b>3.58%</b>	<b>3.13%</b>	<b>-45bps</b>	<b>3.18%</b>	<b>5bps</b>	We lower our NIM forecast despite improving lending yields, as funding costs are rising at a faster pace—particularly amid the renewed uptrend in retail deposit rates.
Average interest-earning asset yield (IEA yield)	6.56%	6.27%	-29bps	6.42%	14bps	
Average cost of funds (CoF)	3.34%	3.51%	16bps	3.60%	10bps	
CIR	32.5%	33.0%	47bps	32.8%	-20bps	
<b>NPL ratio</b>	<b>1.49%</b>	<b>1.25%</b>	<b>-24bps</b>	<b>1.35%</b>	<b>10bps</b>	
Total assets	864,006	1,046,578	21.1%	1,191,271	13.8%	
Owner's equity	83,462	96,459	15.6%	109,533	13.6%	

Source: Asia Commercial Bank, KB Securities Vietnam

**We reiterate BUY on ACB with a target price of VND32,100/share**

We use the P/B method and the residual income model to determine ACB's fair value.

### 1) P/B valuation

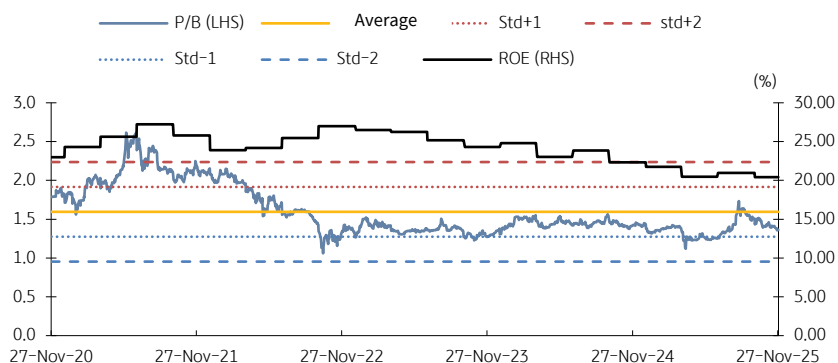
We assign a target 2026 P/B multiple of 1.6x, reflecting a moderation in growth toward a more sustainable trajectory, while ROE is expected to remain high at 17–19%.

### 2) Residual income valuation

We also incorporate the residual income model to better capture systemic risks and long-term expectations.

Accordingly, we reiterate our BUY recommendation on ACB with a target price of VND32,100 per share, implying 28% upside from the closing price on December 4, 2025.

Fig 12. ACB – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 13. ACB – Residual income valuation

(VNDbn)	2026F	2027F	2028F
NPAT	20,137	24,652	27,094
Residual income	4,781	6,924	6,652
Cost of equity ( $r_e$ )	13.19%		
Terminal growth (g)	3.0%		
Terminal value	28,832		
Present value (PV)	165,566		
<b>Value per share</b>	<b>32,232</b>		

Source: KB Securities Vietnam

Table 14. ACB – Valuation results

Valuation method	Derived price	Weight	Weighted price
Residual income	31,923	50%	15,962
P/B	32,232	50%	16,116
<b>Target price</b>			<b>32,100</b>

Source: KB Securities Vietnam



## ACB – 2022A–2026F summarized financials &amp; forecasts

Income Statement					Balance Sheet				
(VNDbn)	2023	2024	2025F	2026F	(VNDbn)	2023	2024	2025F	2026F
Net interest income	24,960	27,795	29,310	34,820	Loans	482,235	573,947	673,194	780,194
Interest income	52,347	50,903	58,698	70,166	Marketable securities	7,177	3,881	7,867	8,837
Interest expense	(27,387)	(23,108)	(29,389)	(35,345)	Cash (ex. Reserves)	6,909	5,696	9,404	10,672
Fees & commissions	2,922	3,239	3,443	3,787	Interest earning assets	701,817	848,958	1,022,691	1,164,513
Other non-interest income	863	624	1,448	771	Fixed assets & other assets	15,631	16,233	20,847	24,272
Total operating income	52,747	55,515	57,112	41,956	Total assets	718,795	864,006	1,046,578	1,191,271
SG&A expenses	(10,874)	(10,903)	(12,247)	(13,761)	Customer deposits	482,703	537,305	754,892	856,638
PPOP	21,872	22,612	24,865	28,194	Borrowings & call money/repos	52,569	101,678	78,434	90,396
Provision for credit losses	(1,804)	(1,606)	(2,559)	(3,023)	Interest bearing liabilities	624,778	758,530	918,122	1,043,495
Other income	1,197	1,266	2,386	1,270	Other liabilities	23,060	22,014	31,997	38,242
Other expense	(334)	(642)	(938)	(499)	Total liabilities	647,839	780,544	950,119	1,081,737
Pre-tax income	20,068	21,006	22,507	25,172	Charter capital	38,841	44,667	51,367	51,367
Income tax expense	(4,023)	(4,216)	(4,501)	(5,034)	Capital surplus	272	272	272	272
NP	16,045	16,790	18,005	20,137	Retained earnings	20,286	23,734	30,031	43,105
Minority interest profit	-	-	-	-	Capital adjustments	-	-	-	-
Parent NP	16,045	16,790	18,005	20,137	Total shareholders' equity	70,956	83,462	96,459	109,533

Financial Indicators (%)					Valuation (VND, X, %)				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Profitability					Share Price Indicators				
ROE	24.8%	21.7%	20.0%	19.6%	EPS	4,131	3,759	3,505	3,920
ROA	2.4%	2.1%	1.9%	1.8%	BVPS	18,269	18,685	18,779	21,324
Pre-provision ROE	27.0%	23.4%	22.1%	21.9%	Tangible BVPS	17,897	18,195	18,227	20,610
Pre-provision ROA	2.6%	2.3%	2.1%	2.0%	Valuations				
Net interest margin (NIM)	3.9%	3.6%	3.1%	3.2%	PER	6.0	6.6	7.1	6.4
Efficiency					PBR	1.4	1.3	1.3	1.2
Pure Loan to deposit ratio	101.0%	108.1%	90.0%	92.0%	Dividend yield	2.4%	2.4%	2.4%	4.0%
Cost-income ratio	33.2%	32.5%	33.0%	32.8%	ROE	24.8%	21.7%	20.0%	19.6%
Growth					Capital Adequacy				
Asset growth	18.2%	20.2%	21.1%	13.8%	CAR	11.2%	12.8%	>13%	>13%
Loan growth	17.9%	19.0%	17.3%	15.9%	Asset Quality				
PPOP growth	27.3%	3.4%	10.0%	13.4%	NPL ratio (substandard)	1.2%	1.5%	1.3%	1.4%
Parent NP growth	17.2%	4.6%	7.2%	11.8%	Coverage ratio (substandard)	82.7%	62.2%	73.1%	74.4%
EPS growth	1.9%	-9.0%	-6.7%	11.8%	NPL ratio (precautionary)	1.9%	2.0%	2.0%	2.1%
BVPS growth	5.6%	2.3%	0.5%	13.6%	Coverage ratio (precautionary)	53.7%	47.1%	46.9%	49.0%

Source: Company report, KB Securities Vietnam

**KB SECURITIES VIETNAM (KBSV)**

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**Head Office:**

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ngoc Ha, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

**Hanoi Branch:**

Level 1&2, Office Building, 5 Dien Bien Phu Street, Ba Dinh, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

**Ho Chi Minh Branch:**

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, Sai Gon, Ho Chi Minh City, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

**Saigon Branch:**

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, Sai Gon, Ho Chi Minh City, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

**CONTACT INFORMATION**

Hotline: 1900 1711

Email: [info@kbsec.com.vn](mailto:info@kbsec.com.vn)

Website: [www.kbsec.com.vn](http://www.kbsec.com.vn)

**Investment ratings & definitions**

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**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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