

Asia Com Bank (ACB)

Thanks to its prudence

Well-managed credit cost

Positive economy growth (2.62% in 3Q20 despite of the COVID-19 second wave), SBV's stimulus and regulatory relaxation are favorable for overall banking sector to contain bad debts. Particularly, ACB with its low risk appetite should suffer the credit cost as low as only around 0.6% in 2020 – 2021.

Promising non-credit services

A new bancassurance exclusive distribution agreement, which is scheduled for finalization in 4Q20, may not only bring a great upfront fee (~VND3.5tn) but also a kick-off for non-credit services. We believe ACB is able to leverage its strong retail customer base to promote non-interest income further. The weight of NFI to TOI is forecast to accelerate from 14% in 2019 to 23% in the next five years.

Reward to the solid bank

We forecast 2020 NP at VND6.3tn, an increase of 4% yoy and outpacing the company's guidance by 2%. Although provision expense may be still heavy in 2021, we expect NP to grow by 18% yoy to VND7.4tn thanks to stronger revenue and better OPEX management. We reiterate BUY on the bank's high-quality assets and high earning growth at CAGR of 16% in 2020-2024.

	2017A	2018A	2019A	2020F	2021F
Total operating income (VND bn)	11,439	14,033	16,097	17,378	20,101
(chg, %)	51.3	22.7	14.7	8.0	15.7
PPE (VND bn)	5,222	7,321	7,790	9,503	10,992
NP of controlling interest (VND bn)	2,118	5,137	6,010	6,250	7,370
NIM (%)	3.48	3.57	3.57	3.38	3.42
Credit cost ratio (%)	0.89	0.43	0.11	0.60	0.57
Credit growth (%)	19.3	16.0	16.6	10.3	12.0
Cost-income ratio (%)	54.4	47.8	51.6	45.3	45.3
NPL ratio (%)	0.7	0.7	0.5	0.9	1.0
NPL coverage ratio (%)	132.7	151.9	175.0	140.2	139.6
CAR ratio (%)	8.0	10.1	10.9	11.7	12.1
BPS (VND, adj.)	7,606	9,972	12,893	15,737	18,098
EPS (VND, adj.)	981	2,390	2,744	2,845	3,361
(chg, %)	62.2	143.6	14.8	3.7	18.1
PB (x)	3.1	2.3	1.8	1.5	1.3
PE (x)	23.6	9.7	8.5	8.2	6.9
ROA (%)	0.8	1.7	1.7	1.5	1.6
ROE (%)	14.1	27.7	24.6	20.2	20.2
Dividend yield (%)	1.4	-	-	-	4.3

Note: Net profit, EPS and ROE attributed to controlling interest

Analysts who prepared this report are registered as research analysts in Vietnam but not in any other jurisdiction, including the U.S. PLEASE SEE ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES & DISCLAIMERS AT THE END OF THIS REPORT.

12M rating **BUY (Reiterate)**

12M TP **25,800** from 22,200

Up/Downside **+15.6%** (incl 4.3% cash dividend)

Stock data

VNIndex (Oct 08, pt)	919
Stock price (Oct 08, VND)	23,200
Market cap (USD mn)	2,162
Shares outstanding (mn)	2,162
52-Week high/low (VND)	24,000/13,693
6M avg. daily turnover (USD mn)	4.87
Free float / Foreign ownership (%)	77.2/39.
Major shareholders (%)	
Dragon capital	14.1
ALP Asia Finance	10.1
Chairman & affiliates	6.1

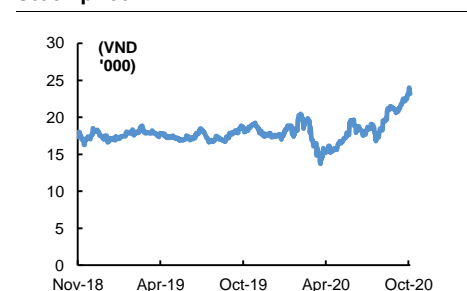
EPS revision (KIS estimates, VND)

	Previous	Revised	(%)
2020F	2,914	2,932	0.6
2021F	3,192	3,532	10.7

Performance

	1M	6M	12M
Absolute (%)	12.6	49.3	29.4
Relative to VNIndex (%p)	9.2	25.2	34.8

Stock price



Source: Bloomberg

Yen Tran

yen.tt@kisvn.vn

Contents

I. Thanks to its prudence	2
<hr/>	
II. Well-managed credit cost	4
<hr/>	
III. Develop non-interest income	7
<hr/>	
III. Great G-bond treasury	8
<hr/>	
Company overview	9
<hr/>	

What is the report about?

- COVID-19-induced credit cost is manageable thanks to ACB's prudent credit practice.
- Bright fee income outlook following an exclusive bancassurance agreement.
- BUY on the bank's solid results and rerating potential after moving to HSX.

I. Thanks to its prudence

Reiterate BUY with TP VND25,800

We reiterate BUY on ACB with TP at VND25,800 after rolling forward to 2021 and adjust assumptions related to lending, securities investment, banca and non-interest incomes. The fair value is estimated as an average of residual income and P/B multiple valuation as the following:

Table 1. Fair value calculation

(VND bn, VND, %)

1. Residual approach	2020F	2021F	2022F	2023F	2024F
Net attributable profit	6,250	7,370	8,640	9,929	11,132
Equity	34,016	39,120	45,476	53,099	61,904
ROE	20%	20%	20%	20%	19%
Cost of equity		15%	15%	15%	15%
Residual income		2,268	2,772	3,107	3,167
Discount factor		1.00	0.87	0.76	0.66
PV of FCF 2021-2024		9,110			
Persistence factor		0.62			
Terminal value		3,929			
Total value		13,039			
Outstanding shares		2,162			
Price (A)		24,130			
2. P/B multiple approach					
BVPS (2021F)		18,098			
Fair PB (x)		1.52			
Price (B)		27,509			
Fair value		25,802			

Good assets quality

First, ACB's prudent credit practice produces a solid balance sheet which helps ACB be well-braced for the COVID-19 storm. It has high-quality assets with NPL ratio at the industry bottom of 0.54%, vs. 1.4% of KIS banking universe (adjusted for VAMC bonds & other non-performing assets) in 2019. Loans account for 70% of assets, of which the majority (>90%) are secured by high-quality collaterals. Its accumulated 10-year (2010-2019) net credit cost as low as 0.3% vs. 0.8-1.3% of its peers in our universe is an evidence for ACB's prudence.

To promote non-interest incomer

Second, ACB has a strong retail banking brand and a resilient client base, giving the bank an upper hand in negotiation for an exclusive distribution bancassurance agreement. Besides, such a client base will be able to promote non-interest income further in the coming years via cross-selling and enhancing customer experience.

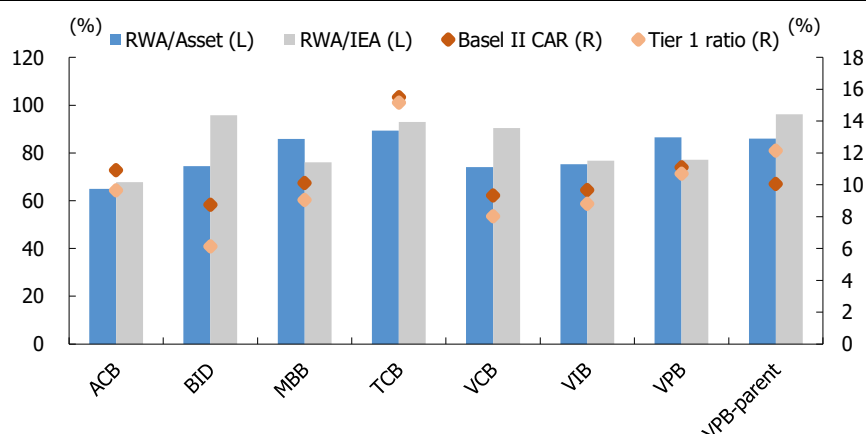
And last, ACB has held a big government bond holding (G-bond), equaling to 14-16% of total assets, for many years. 77% of these bonds are not marked to the market since being classified as HTM. The depressed fixed-income yields to historical lows in 2020 are a great chance for the revaluation the bank's large G-bond holding. In 1H20, ACB realized a gain of VND753bn and cut the holding by 1.7 %points to 13.7% of its total assets. As ACB's remaining G-bond size still outsizes its peers, one-off gains from asset revaluation is still tremendous.

II. Well-managed credit cost

A low risk appetite

ACB employs prudent credit policies with the target of balancing the bank's growth trajectory and risk. The bank's low risk appetite has been seen by its lowest risk weighted indicators as compared to its peers in KIS banking universe. Particularly, the risk weighted assets (RWA) to total assets and RWA to IEAs in 2019 were 65% and 68% respectively while those of the peers ranged from 74% to 96%.

Figure 1. Average risk weight indicators of banks in 2019

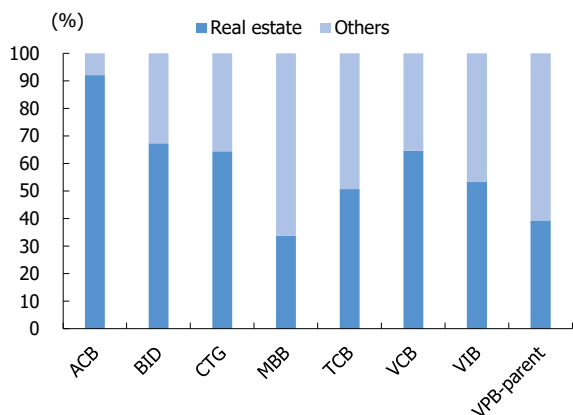


Source: Company data, KIS

Diversified loan book with a strong retail banking arm

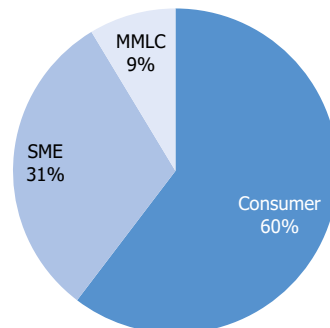
ACB has low concentration risk thanks to its diversified lending portfolio with ~60% to consumers and 30% to SME. In addition, a high proportion (more than 90%) is secured by liquid collaterals (~90% is real estate, especially townhouses), helping ACB ensure low bad debt ratios and a good recovery ability even in tough times.

Figure 2. Banks collateral breakdown



Source: Company data, KIS

Figure 3. ACB's loan structure



Source: Company data, KIS

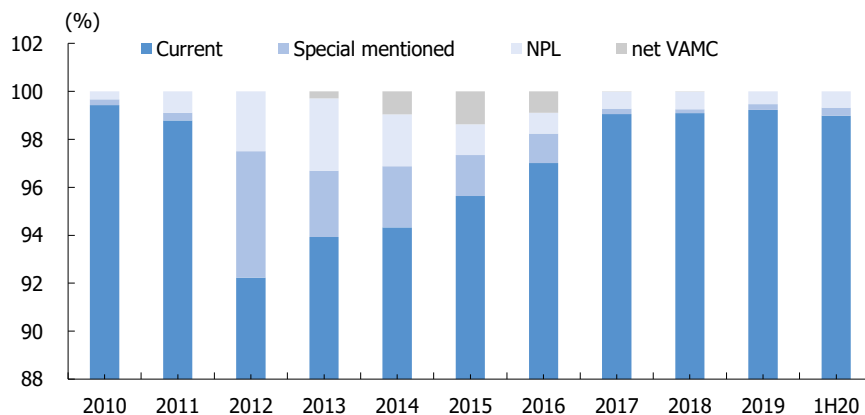
Thick loss buffer

ACB achieved a CAGR credit growth of 18%, a 3%p above industry average, in 2015-2019 and also cleared all legacy assets out of the bank's loans book. NPLs and other non-performing assets narrowed to less than 1% as at 2019-end, the lowest ratios in the market. Therefore, although ACB's credit reserve was equivalent to 0.9% of total credit, relatively small as compared to 1-1.4% of peers in KIS banking universe, NPL coverage ratio was 175% in 2019, the second highest in the industry right after VCB.

COVID-19 induced losses are manageable

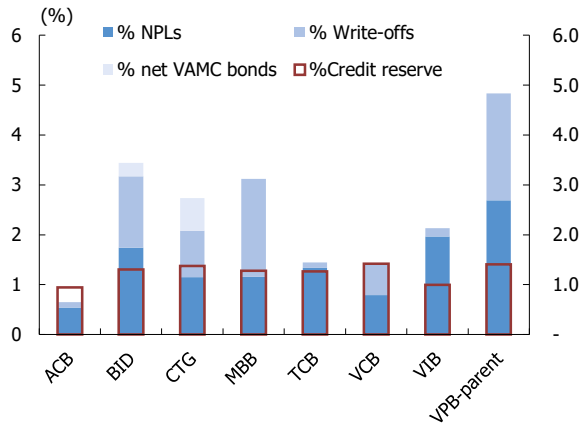
Low risk-weighted asset indicators, diversified loan book and high credit reserve helps ACB remain resilient even though its key clients including SMEs and households are being hit hard by the COVID-19 storm. Total outstanding restructured loans based on Circular No.01 accounted for 3.2% of ACB's loan book as at June 2020, 40bps above the average of KIS universe. Given that rescheduled terms was around 3 months to 6 months, we expect the impacts of the virus on the bank's balance sheet may be clean since 4Q20. Moreover, thanks to positive macro indicators in 3Q20 with good export and import figures, recovering manufacturing sector and retail sales, we expect COVID-19 induced losses to be manageable.

Figure 4. ACB loans breakdown by grade



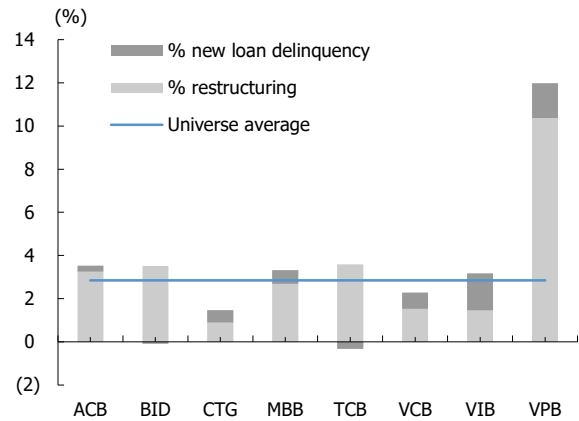
Source: Company data, KIS

Figure 5. Banks bad debt and credit reserve to gross credit in 2019



Source: Company data, KIS

Figure 6. Proportion of restructured COVID-19 and delinquency loans in 1H20



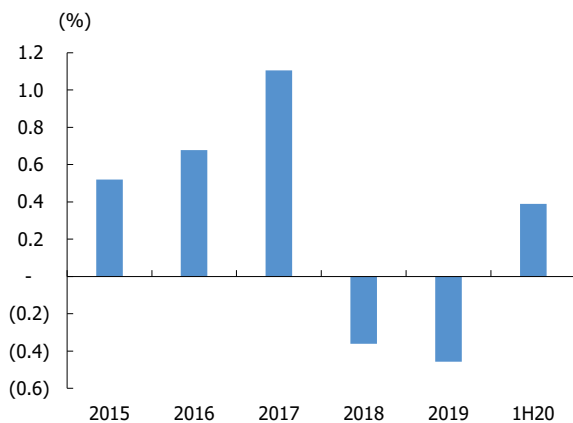
Source: Company data, KIS

Prudent credit practice allows ACB to keep low credit cost. ACB even recorded negative net credit cost in two consecutive years in 2018-2019 before returning to 0.4% in 1H20 due to the COVID-19. Its accumulated net credit cost in 2010-2019 was tiny at 0.3% while it still ensured high NPL coverage ratio at 175% as of 2019. In the meantime, its peers suffered higher 10-year net credit cost, between 0.8-1.3%, and NPL coverage ratios were smaller (except for VCB), between 50-120%.

NPL is expected to be contained at ~1%

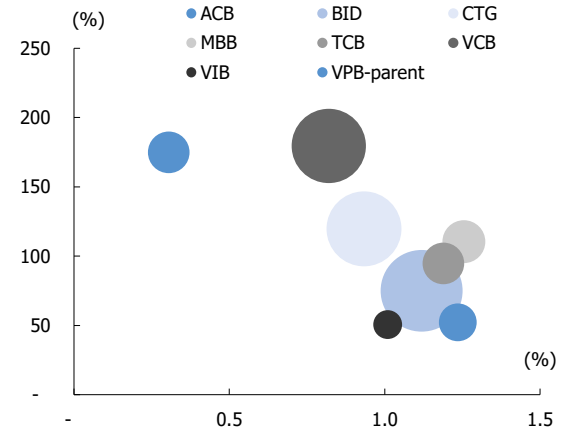
We don't expect ACB to expand its restructured debt balance in 2H20. We believe the recovery of the local economy from 2Q20 low will assist ACB to achieve a credit growth of 10.3%, and contain NPL ratio at around 1% and NPL coverage ratio above 100% by the end of this year. Credit provision is forecasted at VND1.8tn, meaning a gross credit cost of 0.6%.

Figure 7. ACB's annual net credit cost



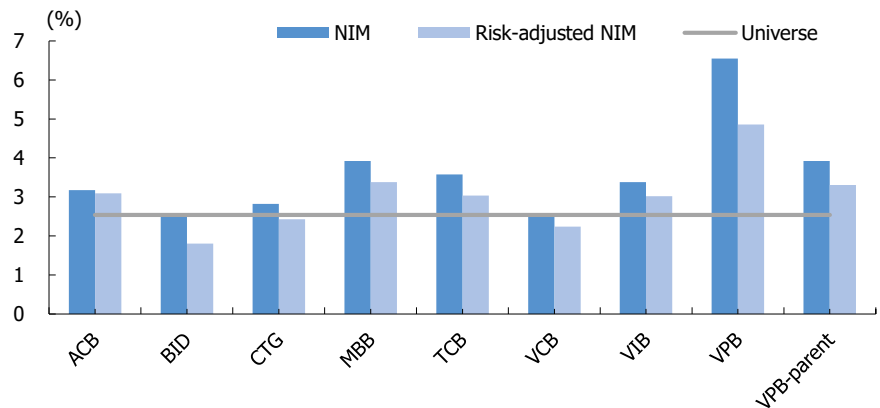
Source: Company data, KIS

Figure 8. Banks 10-year net credit cost and 2019 NPL coverage ratio



Source: Company data, KIS

Figure 9. Banks 10-year NIM and risk-adjusted NIM



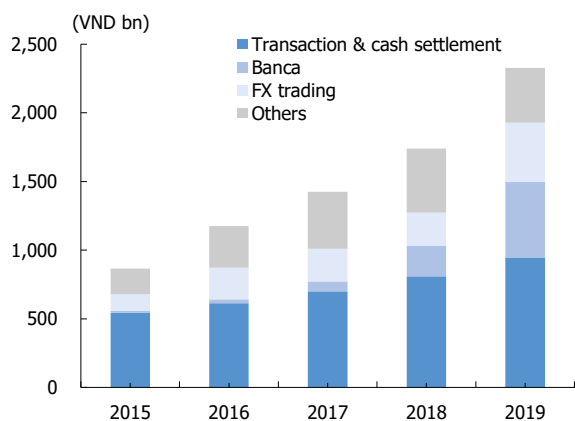
Source: Company data, KIS

III. Develop non-interest income

Solid retail client base to promote non-interest incomes

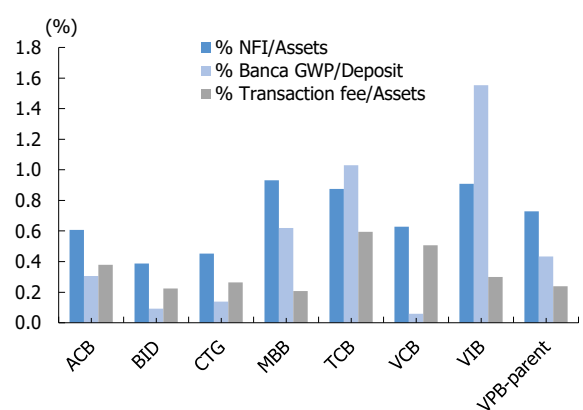
ACB's net fee income (including gain from FX trading) posted a CAGR of 28% in 2015-2019. However, ACB's fee generation, especially bancassurance fee, in relative to total assets/deposit is still behind those which have had exclusive distribution agreement via their channels such as VIB, TCB and MBB. As ACB is promoting noncredit services, its NFI is expected to keep growing at above 20% p.a in the coming years. The proportion of NFI to total TOI may increase from the current 14% to ~20% by 2024. A strong brand and customer base in retail banking segment (3.5 million customers at present) are sharp edges for ACB to achieve that.

Figure 10. ACB' NFI breakdown



Source: Company data, KIS

Figure 11. Fee generation capability



Source: Company data, KIS

(1) A huge upfront fee from exclusive bancassurance distribution agreement which may go online next year. The bank's BOM plans to switch from a partnership with multiple insurers (AIA, Manulife and FWD) into an exclusive partnership and the deal is under negotiation. In our assumptions, we expect ACB to enter a 15-year exclusive agreement with the upfront fee of VND3.6tn based on multiples approach and deposit size at the inked year.

Table 2. List of recent exclusive bancassurance agreements

Bank	Insurer	Start year	Upfront fee (VND bn)	Year	Dep't (VND tn)	Ind.Dep't (VND tn)	Fee/VND1tn Dep't/year	
							Dep't	Ind. Dep't
OCB	Generali	2019	890	15	60	37	0.98	1.61
SHB	Dai ichi life	2017	800	15	167	103	0.32	0.52
STB	Dai ichi life	2017	2,000	20	292	254	0.34	0.39
TCB	Manulife	2018	1,543	15	173	112	0.59	0.92
TPB	Sunlife	2020	1,700	15	92	41	1.23	2.78
VCB	FWD	2020	9,400	15	928	422	0.67	1.49
VIB	Prudential	2015	600	15	49	31	0.82	1.31
VPB	AIA	2018	1,700	15	124	74	0.92	1.53
ACB		2021	3,580	15	308	247	0.77	1.11

Note: 1) Dep't (Customer deposit) and Ind Dep't (individual customer deposit) at the start year.
Source: Respective company data, Local press, KIS

(2) As ACB follows a direct bancassurance model with in-house insurance staffs, we expect a disruption in transition period may be limited with a flat banca fee in 2021. Bancassurance may accelerate and win a CAGR growth of 40% in 2019-2024 thanks to the bank's focused execution, rich client base, wide distribution channel, and under-insured population.

(3) The recent surging digitalization in financial sector is both threat and opportunity for banks. ACB has a large budget for technology development (VND1.1tn as of 2019-end and extra VND800bn in 2020) together with a plan to acquire more customers to gain more fees via digital channels. We project transaction and settlement fees to grow at CARG of 19% in the next five years.

(4) A roadmap to enlarge ACB's client base to 5 million customers by 2024 is another push for non-interest income. ACB eyes urban professional and entrepreneur as its potential customers. The bank branding campaign, which has changed since 2015 toward a modern, young and dynamic image, is for approaching such potential clients. We believe digitization is critical trend in the banking industry in the near future and some banks will take that chance to narrow the gap with the top players.

II. Great G-bond treasury

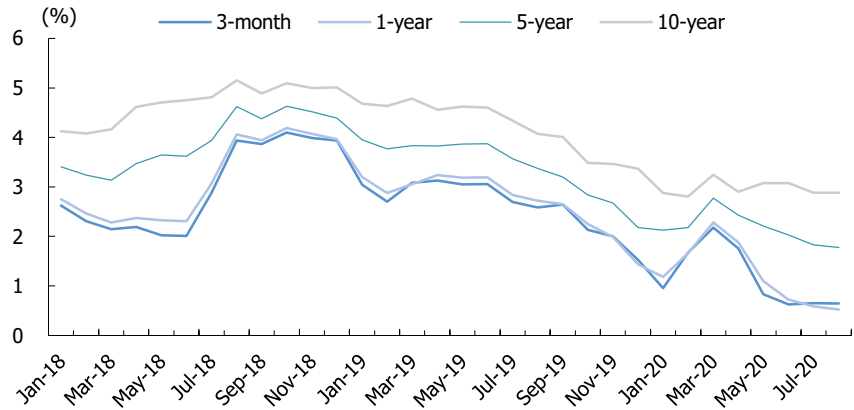
Profit realization opportunity thanks to historical low G-bond yields

Historical low G-bond yields in Vietnam in the theme of ample liquidity has delivered great opportunities for banks, the largest G-bond holder, to take profit. Short and medium-term bond yields (<= three-year maturity) have tumbled by ~300 bps and long-term bond yields (> three-years maturity) has dropped by ~200-260 bps from 2018-end. We don't expect the yields to bounce back significantly any time soon given that the difficulties of the economy are still lingering. SBV has recently repeated its monetary easing message in order to lower interest rate in Vietnam. Banks who have rich G-bond portfolios like ACB may recorded one-off profit in the coming quarters.

Thanks to the bank's low risk appetite, ACB has restructured portfolio toward safety assets with G-bond making up 99-100% of its fixed-income portfolio since 2018-2019. Given thick liquidity reserves and large contribution of G-bond to total assets, we expect ACB may take the advantage of the current low-yield environment in Vietnam to revalue a part of its excessive G-bond holding. In 1H20, ACB booked a gain VND753bn from securities trading and investment,

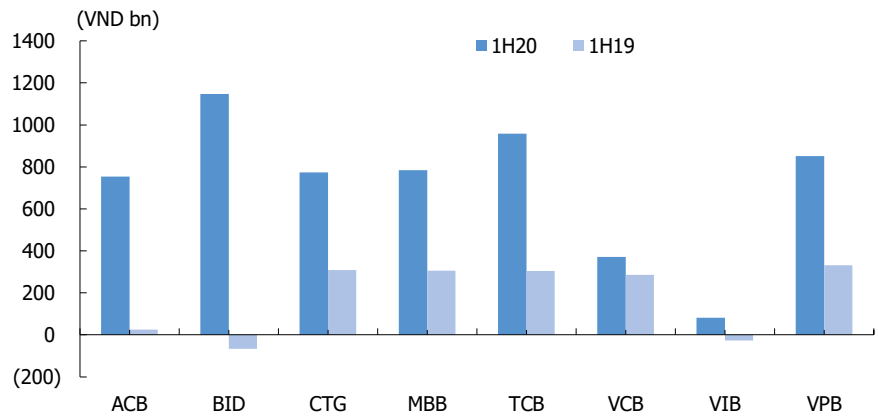
compared with VND25bn of the same period last year. We expect this item may reach VND1-1.3tn in 2020 and 2021.

Figure 12. G-bond yields on secondary market



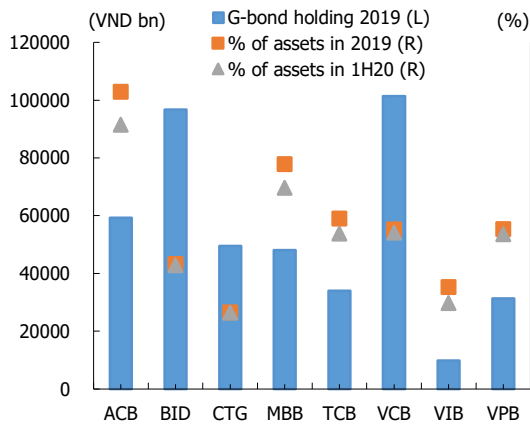
Source: Bloomberg, KIS

Figure 13. Gain on securities investment in 1H19, 1H20



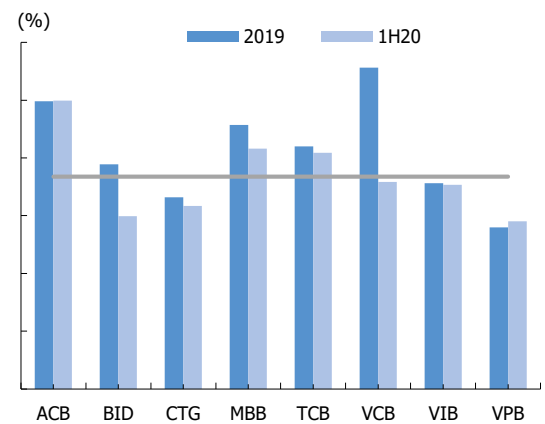
Source: Company data, KIS

Figure 14. G-bond holding and its weight in total assets in 2019 and 1H20



Source: Company data, KIS

Figure 15. Percentage of liquid assets to total assets in 2019 and 1H20



Note: liquid assets include cash & equivalents, dues with SBV, deposits at other FIs, and G-bond holding.
Source: Company data, KIS

■ **Company overview**

ACB is one of the leading private banks in Vietnam, operating 369 branches and transaction offices in 47/64 provinces nationwide (2019). ACB positioned itself as the leader in retail banking market with two key focuses including consumer and SME. It has four subsidiaries including ACB Securities (VND1,500bn of charter capital), ACB Assets Management (VND340bn), ACB Leasing (VND300bn) and ACB Capital (VND50bn).

Balance sheet

(VND bn)

	2017A	2018A	2019A	2020F	2021F
Total assets	284,316	329,333	383,514	431,855	479,359
Gross IEAs	269,537	314,817	368,778	415,224	461,071
Loans and corp bonds	198,689	230,527	268,701	296,482	332,059
Household	197,294	215,713	247,094	-	-
Corporate	1,395	14,814	21,606	296,482	332,059
Dep't and loans to Fls	12,768	19,460	30,442	39,780	42,730
Dep't to SBV and G-bond	58,080	64,829	69,636	78,963	86,281
VAMC bond	40	40	-	-	-
NIEAs	18,659	19,109	19,609	23,038	26,010
Others	3,920	4,633	4,873	6,408	7,722
Total liabilities	268,285	308,315	355,749	397,839	440,239
Deposits	241,393	269,999	308,129	346,732	385,487
Debentures	6,761	8,291	20,831	23,441	26,061
Dep't and loans from Fls	15,590	20,878	19,405	19,405	19,405
Loans from Gov't and SBV	-	3,074	-	-	-
Other liabilities	4,541	6,073	7,384	8,262	9,286
Total equities	16,031	21,018	27,765	34,016	39,120
Controlling interests	16,031	21,018	27,765	34,016	39,120
Capital stock	10,273	12,886	16,627	21,616	21,616
Capital surplus	-	-	272	272	272
Other reserves	2,914	3,693	4,596	5,497	6,435
Retained earnings	2,844	4,439	6,270	6,631	10,798
OCI	-	-	-	-	-
Minority interest	-	-	-	-	-

Income statement

(VND bn)

	2017A	2018A	2019A	2020F	2021F
Total operating income	11,439	14,033	16,097	17,378	20,101
Net interest income	8,458	10,363	12,112	13,138	14,831
Interest income	20,320	24,015	28,318	31,185	35,004
Interest cost	11,862	13,652	16,205	18,047	20,173
Non-interest income	2,981	3,670	3,985	4,240	5,270
Net commission income	1,425	1,739	2,327	2,641	3,599
Gains on investment securities	664	117	158	1,031	1,304
Other non-interest income	892	1,815	1,500	568	368
Provision for credit losses	2,565	932	274	1,690	1,780
Net operating revenue	8,874	13,101	15,824	15,688	18,322
SG&A	6,217	6,712	8,308	7,875	9,109
Employee benefits	2,668	3,220	3,746	4,044	4,678
Pre-provision earnings	5,222	7,321	7,790	9,503	10,992
Earnings before tax	2,656	6,389	7,516	7,813	9,212
Tax	538	1,252	1,506	1,563	1,842
Tax rate (%)	20.3	19.6	20.0	20.0	20.0
Continuing operations profit	1,749	3,372	4,510	5,682	7,002
Reversals of written-off loans	369	1,765	1,500	568	368
Net profit	2,118	5,137	6,010	6,250	7,370
Net profit of controlling interest	2,118	5,137	6,010	6,250	7,370

Key financial data

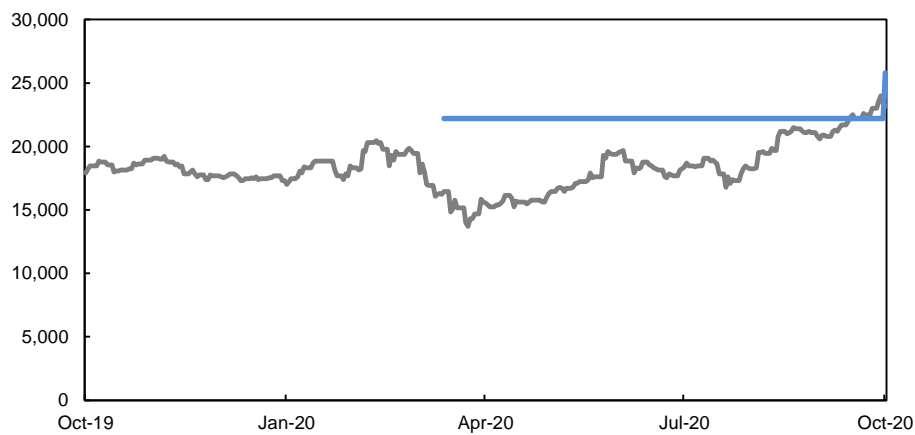
	2017A	2018A	2019A	2020F	2021F
Profitability and efficiency (%)					
ROE	14.1	27.7	24.6	20.2	20.2
ROA	0.8	1.7	1.7	1.5	1.6
NIM	3.5	3.6	3.6	3.4	3.4
Asset yield	8.4	8.3	8.3	8.0	8.1
Cost of fund	4.9	4.8	5.0	4.9	4.9
Cost-income ratio	54.4	47.8	51.6	45.3	45.3
Credit cost	0.9	0.4	0.1	0.6	0.6
Growth (%)					
Net profit of controlling interest	59.8	142.5	17.0	4.0	17.9
Pre-provision earnings	81.0	40.2	6.4	22.0	15.7
Credit growth	19.3	16.0	16.6	10.3	12.0
Total assets	21.7	15.8	16.5	12.6	11.0
Asset quality (%)					
NPL ratio	0.7	0.7	0.5	0.9	1.0
NPL coverage ratio	132.7	151.9	175.0	140.2	139.6
Loan to deposit	76.9	78.6	78.4	77.2	78.1
Capital adequacy (%)					
CAR ratio	8.0	10.1	10.9	11.7	12.1
CET1 ratio	n.a	n.a	9.7	10.5	10.9
Tier 1 ratio	6.7	8.6	9.7	10.6	10.9

Valuation

	2017A	2018A	2019A	2020F	2021F
Per share (VND, adj.)					
BPS	7,606	9,972	12,893	15,737	18,098
EPS	981	2,390	2,744	2,845	3,361
DPS	327	-	-	-	1,000
Valuation (x)					
PB	3.1	2.3	1.8	1.5	1.3
PE	23.6	9.7	8.5	8.2	6.9
P/PPE	9.4	6.7	6.4	5.3	4.6
Dividend yield (%)	1.4	-	-	-	4.3
Dividend payout ratio (%)	33.4	-	-	-	29.7
ROE analysis (%)					
ROE	14.1	27.7	24.6	20.2	20.2
Leverage(x)	17.7	15.7	13.8	12.7	12.3
IEAs to total assets	93.5	94.3	95.0	94.7	94.7
Net income to IEAs	0.8	1.6	1.6	1.5	1.6
Net interest income to IEAs	3.1	3.3	3.3	3.2	3.2
Non-interest income to IEAs	1.1	1.2	1.1	1.0	1.1
Credit cost to IEAs	1.0	0.3	0.1	0.4	0.4
SG&A to IEAs	2.3	2.1	2.3	1.9	2.0

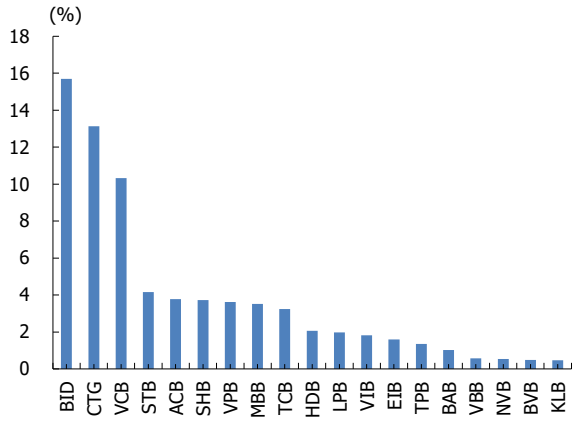
Changes to recommendation and target price

Company (code)	Date	Recommendation	Target price (VND)	% vs. avg. price	% vs. high (low)
Asia Com Bank (ACB)	20-03-20	BUY	22,200	-	-
	28-04-20	BUY	22,200	-	-
	29-07-20	BUY	22,200	-	-
	05-10-20	BUY	25,800	-	-



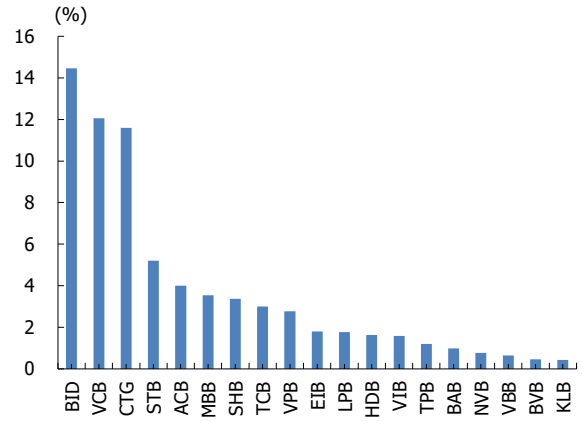
Appendix

Figure 16. Market share by lending in 2019



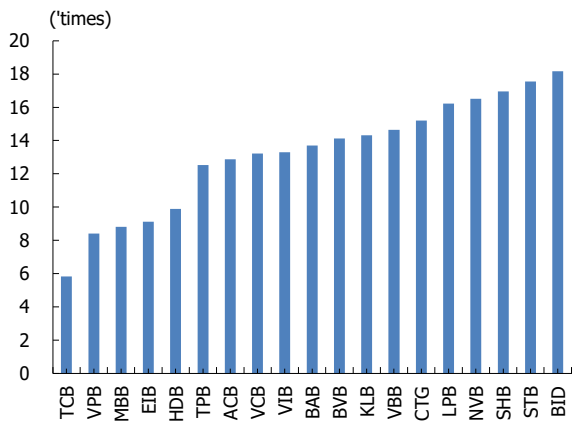
Note: based on data of 31 local commercial banks
Source: Company data, KIS

Figure 17. Market share by deposit in 2019



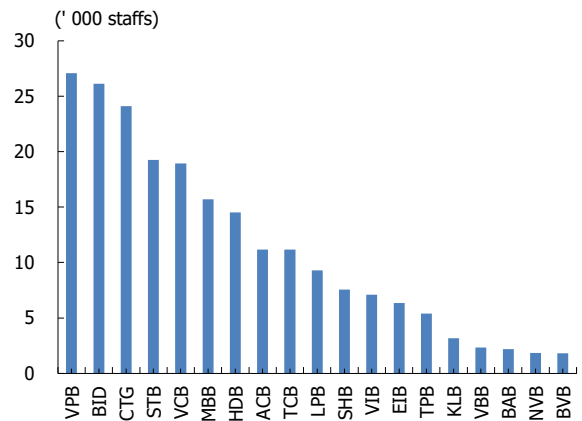
Note: based on data of 31 local commercial banks
Source: Company data, KIS

Figure 18. Equity multiplier in 1H20



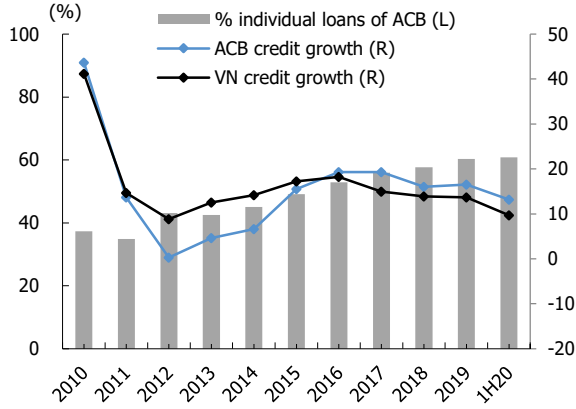
Source: Company data, KIS

Figure 19. Bank staff headcount in 1H20



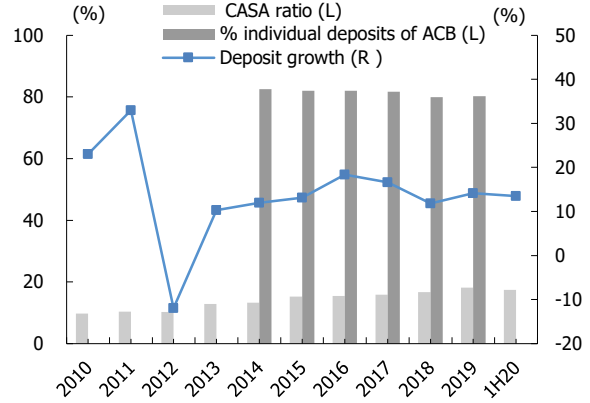
Source: Fiinpro, company data, KIS

Figure 20. ACB credit growth



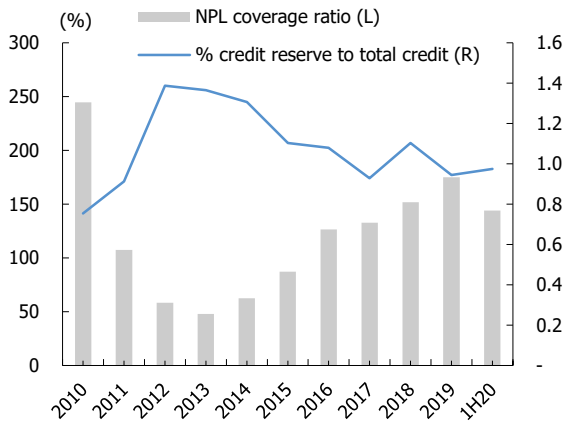
Source: Company data, KIS

Figure 21. ACB deposit growth



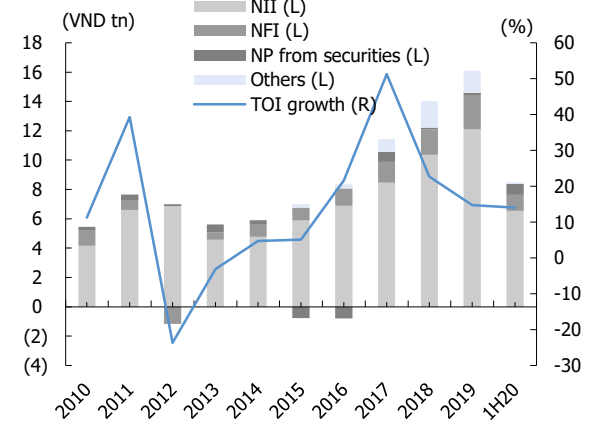
Source: Company data, KIS

Figure 22. ACB bad debt coverage



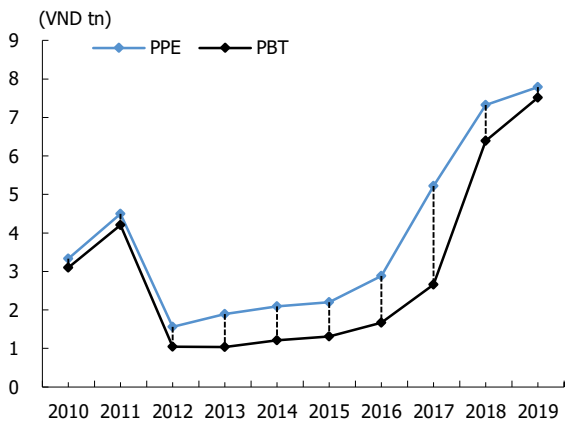
Source: Company data, KIS

Figure 23. ACB TOI breakdown



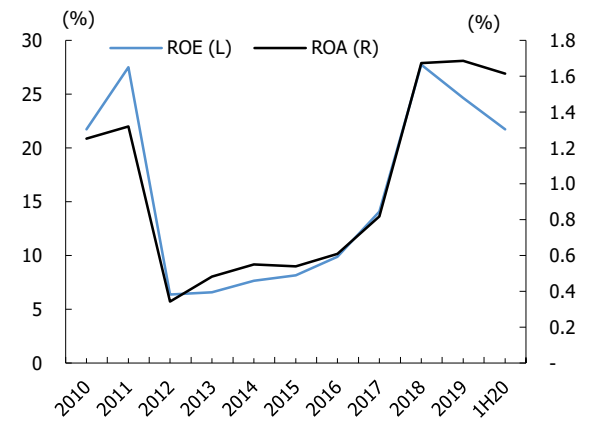
Source: Company data, KIS

Figure 24. ACB PPE and PBT



Source: Company data, KIS

Figure 25. ACB ROE and ROA



Source: Company data, KIS

■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

■ **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

■ **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 12 Oct 2020.

KIS Vietnam Securities Corp. has not provided this report to various third parties.

Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 12 Oct 2020.

KIS Vietnam Securities Corp. has not issued CW with underlying stocks of Asia Com Bank (ACB) and is the liquidity provider.

Prepared by: Yen Tran

Global Disclaimer

■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ Country-specific disclaimer

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2020 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..

VIET NAM

JAE HEUNG LEE, Business Director (jhlee@kisvn.vn +8428 3914 8585 - 1466)
UYEN LAM, Head of Institutional Brokerage (uyen.lh@kisvn.vn +8428 3914 8585 - 1444)
KIS Vietnam Securities Corporation
3rd floor, 180-192 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City.
Fax: 8428 3821-6898

SOUTH KOREA

YEONG KEUN JOO, Managing Director, Head of International Business Division (ykjoo@truefriend.com, +822 3276 5157)
PAUL CHUNG, Sales Trading (pchung@truefriend.com +822 3276 5843)
27-1 Yoido-dong, Youngdeungpo-ku, Seoul 150-745, Korea
Toll free: US 1 866 258 2552 HK 800 964 464 SG 800 8211 320
Fax: 822 3276 5681~3
Telex: K2296

NEW YORK

DONG KIM, Managing Director (dkim@kisamerica.com +1 212 314 0681)
HOON SULL, Head of Sales (hoonsull@kisamerica.com +1 212 314 0686)
Korea Investment & Securities America, Inc.
1350 Avenue of the Americas, Suite 1110
New York, NY 10019
Fax: 1 212 314 0699

HONG KONG

DAN SONG, Managing Director, Head of HK Sales (dan.song@kisasia.com +852 2530 8914)
GREGORY KIM, Sales (greg.kim@kisasia.com, +822 2530 8915)
Korea Investment & Securities Asia, Ltd.
Suite 2220, Jardine House
1 Connaught Place, Central, Hong Kong
Fax: 852-2530-1516

SINGAPORE

ALEX JUN, Managing Director, Head of Singapore Sales (alex@kisasia.com.sg +65 6501 5602)
CHARLES AN, Sales (alex.jun@kisasia.com.sg +65 6501 5601)
Korea Investment & Securities Singapore Pte Ltd
1 Raffles Place, #43-04, One Raffles Place
Singapore 048616
Fax: 65 6501 5617

LONDON

Min Suk Key, Managing Director (peterkey@kiseurope.com +44 207 065 2766)
Korea Investment & Securities Europe, Ltd.
2nd Floor, 35-39 Moorgate
London EC2R 6AR
Fax: 44-207-236-4811

This report has been prepared by KIS Vietnam Securities Corp. and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. This report is provided solely for the information of professional investors who are expected to make their own investment decisions without undue reliance on this report and the company accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is not intended for the use of private investors.

Copyright © 2020 KIS Vietnam Securities Corp. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp.