

15 Nov 2024

Vietinbank (CTG)

Outperformance

Strong profit growth from a low base

- 3Q24 PBT climbed by +34.5%yoy to VND6,553bn thanks to higher net interest incomes (+19%yoy) and high incomes from bad-debt collections, compensating by an increase in risk provision expenses (+25%yoy) and operating expenses (+20%yoy).
- 9M24 PBT rallied by +12.1%yoy to VND19,513bn, fulfilling 68% of the 2024 target.

Higher retail credit growth

- 3Q24 Credit growth gradually rose up +9.0%YTD, equivalent to the industry's 9%YTD and 3Q23's 8.7%YTD. FDI/Retail loans led the credit growth by +17.8%/+11.8%YTD, followed by large corporate (+6.8%YTD) and SME (+5.5%YTD). Manufacturing and business loans were the main contributors to the retail growth, while the mortgage loans stayed flat.
- CTG's 2024 credit growth target is 14-15%, which aligns with the industry's credit growth. CTG concentrates on individuals, SMEs, and FDI before balancing corporate loans. The management expects retail and SME to recover thanks to better conditions.
- 3Q24 NIM slightly maintained at 2.96%, compared to 3Q23's 2.95% and 2Q24's 3.0%. 3Q24 CASA ratio improve to 22.8%, compared to 22.5% in 2Q24 and 19.8% in 3Q23. The management expects 2024 NIM to maintain the ratio as 2023 in a base case or slightly decline in a negative case.

12M rating **NON-RATED**

12M TP

Up/Downside

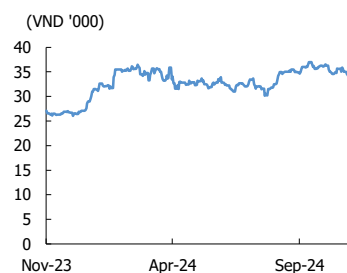
Stock Data

VNIndex (15 Nov, pt)	1,224
Stock price (15 Nov, VND)	33,100
Market cap (USD mn)	7,000
Shares outstanding (mn)	5,370
52-Week high/low (VND)	37,000/26,050
6M avg. daily turnover (USD mn)	10.52
Free float / Foreign ownership (%)	35.5/26.6
Major shareholders (%)	
SBV	64.46
Mitsubishi	19.73

Performance

	1M	6M	12M
Absolute (%)	(8.4)	2.3	22.5
Relative to VNIndex (%p)	(4.0)	3.4	11.4

Stock price trend



Source: Bloomberg

	2019A	2020A	2021A	2022A	2023A
TOI (VND bn)	40,519	45,357	53,157	64,117	70,659
chg. (% YoY)	42.4	11.9	17.2	20.6	10.2
PPE (VND bn)	24,785	29,288	35,971	45,109	50,215
Net profit (VND bn)	9,461	13,720	14,089	16,775	19,992
EPS (VND, adj.)	1,966	3,200	2,510	3,491	3,723
chg. (% YoY)	38.7	62.8	(21.6)	39.1	6.6
PB (x)	1.9	1.5	1.5	1.4	1.4
PE (x)	19.9	11.8	11.5	9.2	10.4
P/PPE (x)	7.2	6.1	4.9	4.0	3.5
NIM (%)	2.9	2.9	3.0	3.0	2.9
ROE (%)	13.2	17.0	15.9	16.7	17.1
ROA (%)	0.8	1.1	1.0	1.0	1.0
Dividend yield (%)	1.28	2.32	0	0	0
CAR (%)	9.0	N/A	9.1	8.9	9.4

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

Research Dep

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Non-performing loan ratios under control

- 3Q24 NPL (2-5 group)/NPL (3-5 group) inched down to 2.9%/1.4% (vs 2Q24's 3.0%/1.6%). NPLs focused on real estate, materials, and transportation. According to the management, CTG made prudent risk provision expenses in 9M24 and could only post VND1,000-3,000bn in 4Q24.
- 3Q24 Restructured loans accounted for less than VND3,000bn (~0.19% of total loans) and made the full provision.
- LLCR jumped from 114% in 2Q24 to 153% in 3Q24, still belonging to the highest group in the industry.

Recommendation and Ratings

- CTG is trading at PB of 1.29x, compared to peers' average of 1.53x and the five-year average of 1.3x.

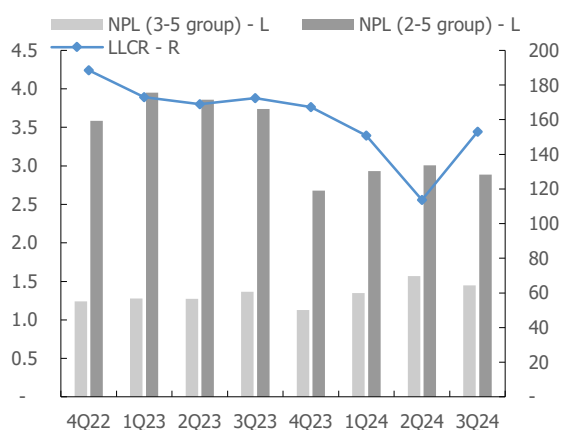
Table 1: Snapshot of income statement

Units: VNDbn, %

	3Q23	2Q24	3Q24	q/q	n/n	9M23	9M24	yoy
Net interest income	13,087	15,339	15,578	1.6	19.0	38,511	46,091	19.7
Total operating income	17,393	19,640	21,916	11.6	26.0	52,183	60,624	16.2
Profit before provision expense	12,311	14,567	15,821	8.6	28.5	38,044	44,647	17.4
PBT	4,871	6,750	6,553	-2.9	34.5	17,401	19,513	12.1

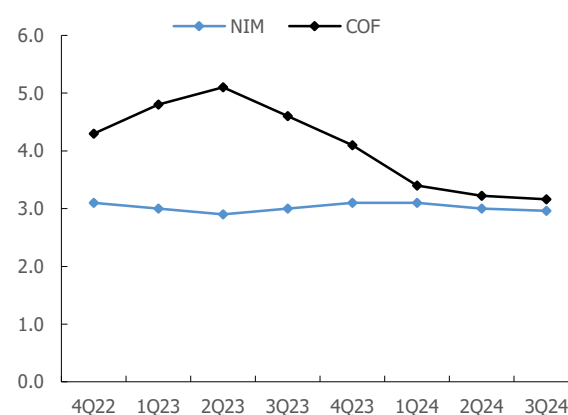
Source: FiinproX, company data

Figure 1. NPL and LLCR



Source: Bank, KIS Research

Figure 2. NIM and COF



Source: Bank, KIS Research

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