

22 Feb 2025

Vietinbank (CTG)

An impressive profit growth rate

AM briefing

We tuned in to CTG's analyst meeting on Feb 21, which shed some light on its 4Q24 operational updates.

Significant profit growth in 4Q24

- 4Q24 PBT surged by +59.1%yoy to VND12,245bn thanks to higher net interest incomes (+12%yoy), FX (+38%yoy), high incomes from bad-debt collections (+71%yoy), controllable operating expenses (4Q24's 31% vs 4Q23's 34%), and a significant decrease in risk provision expenses (-45%yoy), compensating by a decrease in service incomes (-20%yoy). 2024 PBT rallied by +27.1%yoy to VND31,758bn

Higher retail credit growth

- Credit growth gradually rose from +9.0%YTD in 3Q24 to 16.8%YTD in 4Q24, higher than the industry's 15.08%YTD. FDI/Retail loans led the credit growth by +25.1%/+22.1%YTD, followed by large corporate (+13.8%YTD) and SME (+10.2%YTD). Household business loans and mortgage loans were the main contributors to the retail growth, while consumer loans decreased. CTG did not allocate more for new corporate bonds (-19.7%YTD).
- CTG's credit growth for 2025 is 15% or even 16% for better conditions, which aligns with the industry's credit growth. Credit balance in 2025 could grow across all segments: more focusing on retail loans and maintaining growth in corporate loans. Credit growth in Jan 2025 rose by +1.9%YTD, higher than the same period.
- 4Q24 NIM experienced a slight quarterly decrease, but NIM maintained from 2.9% in 2023 to 2.92% in 2024. CASA ratio improved from 22% in 2023 to 24% in 2024. The management expects 2025 NIM to maintain the ratio thanks to improvements in CASA and manageable COF.
- LDR jumped from 80.6% in 2023 to 83.1% due to higher credit growth than deposit growth.

	2020A	2021A	2022A	2023A	2024A
TOI (VND bn)	45,357	53,157	64,117	70,548	81,909
chg. (% YoY)	11.9	17.2	20.6	10.0	16.1
PPE (VND bn)	29,288	35,971	44,922	50,105	59,357
Net profit (VND bn)	13,720	14,089	16,924	19,904	25,342
EPS (VND, adj.)	3,200	2,510	2,703	3,706	4,719
chg. (% YoY)	62.8	(21.6)	7.7	37.1	27.3
PB (x)	1.5	1.5	1.4	1.6	1.5
PE (x)	19.9	11.8	11.5	9.2	10.3
P/PPE (x)	7.6	6.2	5.0	4.4	3.8
NIM (%)	2.9	3.0	3.0	2.9	2.9
ROE (%)	13.2	17.0	15.9	16.7	17.1
ROA (%)	1.1	1.0	1.0	1.0	1.2
Dividend yield (%)	2.3	0	0	0	0
CAR (%)	0.0	9.1	9.0	9.3	9.6

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

12M rating **NON-RATED**

12M TP

Up/Downside

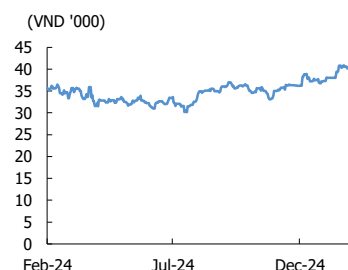
Stock Data

VNIndex (21 Feb, pt)	1,297
Stock price (21 Feb, VND)	41,500
Market cap (USD mn)	8,733
Shares outstanding (mn)	5,370
52-Week high/low (VND)	41,500/30,150
6M avg. daily turnover (USD mn)	10.17
Free float / Foreign ownership (%)	35.5/26.8
Major shareholders (%)	
SBV	64.46
Mitsubishi	19.73

Performance

	1M	6M	12M
Absolute (%)	11.3	21.3	16.7
Relative to VNIndex (%p)	7.2	19.5	9.4

Stock price trend



Source: Bloomberg

Research Dep

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Non-performing loan ratios under control

- 4Q24 NPL (2-5 group)/NPL (3-5 group) consistently declined from 2.88%/1.45% in 3Q24 to 2.57%/1.25% in 4Q24. NPLs focused on consumer loans, real estate, construction and materials, electricity, and agricultural sectors. NPL in corporate loans (1.4%) was higher than retail loans (1.0%).
- 4Q24 Restructured loans remained minimal, totaling VND9,000bn (~0.5% of total loans), and were fully provisioned.
- LLCR jumped from 153% in 3Q24 to 171% in 4Q24, enhancing the provision buffer for operation and belonging to the highest group in the industry.
- Management states that CTG's prudent risk provisioning in recent years allows for a gradual reduction in recorded risk provision expenses in the future. CTG plans to set VND20,000-25,000bn for provision risk expenses in 2025, lower than VND27,600bn in 2024. CTG projects other incomes from bad-debt recovery in 2025 to be around VND8,000-10,000bn, equivalent to or higher than 2024. NPLs in 2025 plans below 1.8%.

Others

- CTG posted CAR of 9.6% in 2024 and targets above 9% in 2025 CAR. CAR could ensure operating safety and not limit credit growth. Expected credit growth could be 16%, and the maximum is 30%. CTG continues to enhance capital for requirements by retaining all earnings and issuing tier 2 bonds.
- The competent is considering approving the retained earnings in 2009-2016 and 2021-2022 of around VND24,000bn for raising capital; besides, they also approved another retained earnings in 2023 of VND12,565bn.

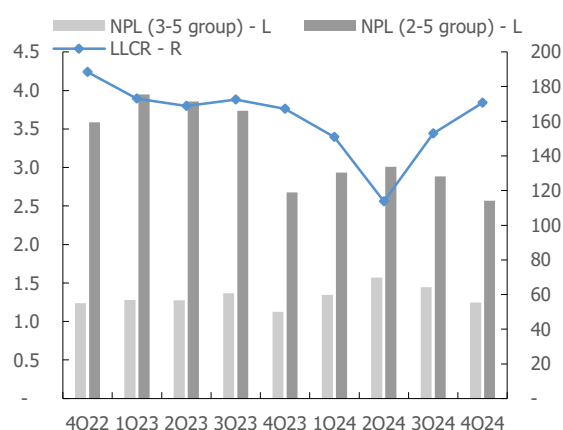
Table 1: Snapshot of income statement

Units: VNDbn, %

	4Q23	3Q24	4Q24	q/q	n/n	2023	2024	yoy
Net interest income	14,572	15,578	16,312	4.7	11.9	52,957	62,403	17.8
Total operating income	18,475	21,916	21,285	-2.9	15.2	70,548	81,909	16.1
Profit before provision expense	12,171	15,821	14,710	-7.0	20.9	50,105	59,357	18.5
PBT	7,699	6,553	12,245	86.9	59.1	24,990	31,758	27.1

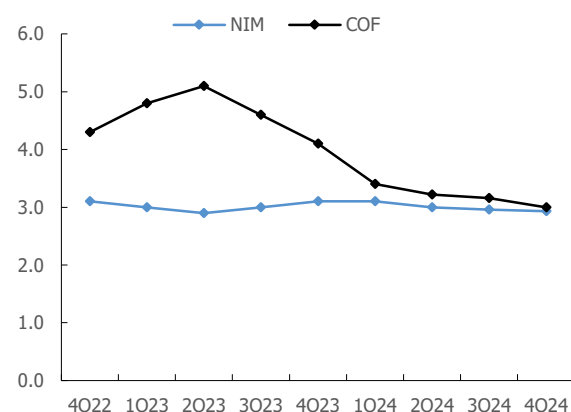
Source: FiinproX, company data

Figure 1. NPL and LLCR



Source: Bank, KIS Research

Figure 2. NIM and COF



Source: Bank, KIS Research

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