

15 May 2025

Vietinbank (CTG)

Elevated credit growth

AM briefing

We tuned in to CTG's analyst meeting on May 15, which shed some light on its 1Q25 operational updates.

Business results in 1Q25

- 1Q25 PBT rose by +9.9%yoy to VND6,823bn thanks to higher other income growth (+59.3%yoy), and flatness in provision risks expenses (+1%yoy). Higher provision risk expenses led to actual 1Q25 PBT equaling 87% of KIS's 1Q25 estimation.
- Net interest incomes (+2%yoy) rose moderately thanks to higher credit growth (+4.5%YTD or 18.8%yoy). Large corporate (+5.9%YTD) and FDI (+5%YTD) led total credit growth, followed by retail (+3.5%YTD) and SME (+3.9%YTD). Credit disbursement rose across sectors and products. Corporate bonds continued to decline in the balance, down 2.5%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 in both corporate and retail.
- 1Q25 NIM experienced a decrease due to lower asset yields. CASA ratio maintained at a rate of 24% in 1Q25. Management expects NIM to recover in the rest of the year.
- Service incomes fell by -9%yoy due to payment activities (-10%yoy) and bancassurance (-30%yoy)
- LDR jumped from 83.1% in 4Q25 to 83.8% in 1Q25 due to higher credit growth than deposit growth. As of 13 May 2025, the credit and deposit growth rose by +7.2%YTD and +3.0%YTD, respectively.

12M rating **NON-RATED**

12M TP

Up/Downside

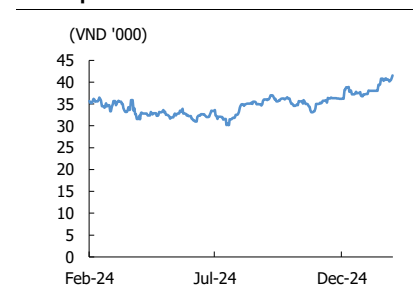
Stock Data

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

	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	11.5	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

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- 1Q25 NPL (2-5 group)/NPL (3-5 group) rose from 2.57%/1.25% in 4Q24 to 2.87%/1.55% in 1Q25. NPL in corporate loans (1.9%) was higher than retail loans (1.04%). Non-performing loans related to one customer also led to the higher NPL. According to management, this customer could also be reclassified to group 1 in 2Q25.
- LLCR declined from 171% in 4Q24 to 137% due to higher non-performing loans.
- 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. NPL in 2025 plans at a rate of 1.3%-1.5%, below 1.8%.

Other updated issues

- According to management, estimated customer loans are affected by tariffs about 10% of total loans. Fortunately, the evolution of tariff policies has not been as critical as first communicated, as expected, better negotiations for Vietnam. CTG continues to follow the trends in tariff policies, and no change in the CTG's 2025 guidance.
- CTG posted a CAR of 9.6% in 2024 and 9.8% in 1Q25 and targets above 9% in 2025 CAR. CAR could ensure operating safety and not limit credit growth. 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.
- The legalization of Resolution 42/2017/QH14 creates a legal corridor for banks to enhance their bad-debt collection and settlement efforts.

Recommendation

- CTG is trading at PB of 1.4x, compared to peers' average of 1.56x and the five-year average of 1.4x

Table 1: Snapshot of income statement

Units: VNDbn, %

	1Q24	4Q24	1Q25	q/q	n/n
Net interest income	15,174	16,312	15,475	-5.1	2.0
Total operating income	19,067	21,285	20,453	-3.9	7.3
Profit before provision expense	14,259	14,710	14,934	1.5	4.7
PBT	6,210	12,245	6,823	-44.3	9.9

Source: FiinproX, company data

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