



# Update CTG – OUTPERFORM

**March 5, 2024**

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**Recommendation** **OUTPERFORM**  
**HOSE: CTG**

**Banking**

**Current price (VND)** **35,600**

**Target price (VND)** **40,000**

**Expected share price return** +12.4%

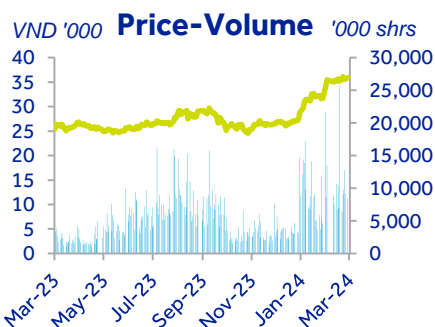
**Expected dividend yield** 0.0%

**Expected total return** +12.4%

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	32.7	11.1	35.4	40.8
Relative	20.8	3.8	20.9	17.8

Source: Bloomberg



## Ownership

State Bank of Vietnam	64.5%
Tokyo-Mitsubishi UFJ	19.7%
Others	15.8%

## Stock Statistics 04-Mar-24

<b>Bloomberg code</b>	<b>CTG VN</b>
52-week range (VND)	24,431-37,150
No. of shares (m)	5,370
Mkt cap (VND bn)	193,051
Mkt cap (USD m)	7,772
Foreign room left (%)	2.5
Est. free float (%)	35.5
3m avg daily vol (shs)	7,422,367
VND/USD	24,840
VN-Index/HNX-Index	1261.76/237.94

## VIETNAM BANK FOR INDUSTRY AND TRADE (CTG)

### Impressive Q4/23 business results with PBT +58.1% q/q and +43.9% y/y

It seems that the most difficult time has passed for CTG when almost all of the bank's financial indicators showed clear improvement in Q4/23. Specifically, PBT reached VND7,699 billion, +58.1% q/q and +43.9% y/y, thanks to NIM recovering 17 bps q/q to 3.13%, CASA ratio continued to grow to 22.5%, category 2 loan ratio and NPL ratio decreased by 82 bps and 24 bps to 1.55% and 1.13%, respectively.

By the end of 2023, PBT reached VND 25,100 billion, (+19.8% y/y). Balance sheet expanded well thanks to 15.5% y/y growth in total credit and total assets exceeding VND2 quadrillion. CAR was 9.4% and NPL coverage ratio was 167%.

### Profit in 2024 is expected to grow by 32.8% y/y thanks to flat provision costs

We expect CTG's credit growth to reach 15% in 2024, equivalent to the sector growth according to the guidance of the SBV. NIM is forecasted to increase slightly by 6 bps to 3.0% thanks to sustainable low deposit rates that will continue to be reflected in cost of funds.

NFI is expected to grow by 11% thanks to stable growth in service income, forex trading and off-balance sheet NPL collection in 2024.

Operating costs continue to be controlled in 2024 with an increase of 13% and CIR (before welfare & bonus funds) of 28.2%, among the lowest in the banking sector.

Provision costs in 2024 are forecast to almost unchanged (+1.2% y/y) thanks to (1) economic recovery that helps overdue loan growth no longer be as high as in previous years and (2) solid provision buffers with a NPL coverage ratio of 167%, helping to reduce provisioning pressure.

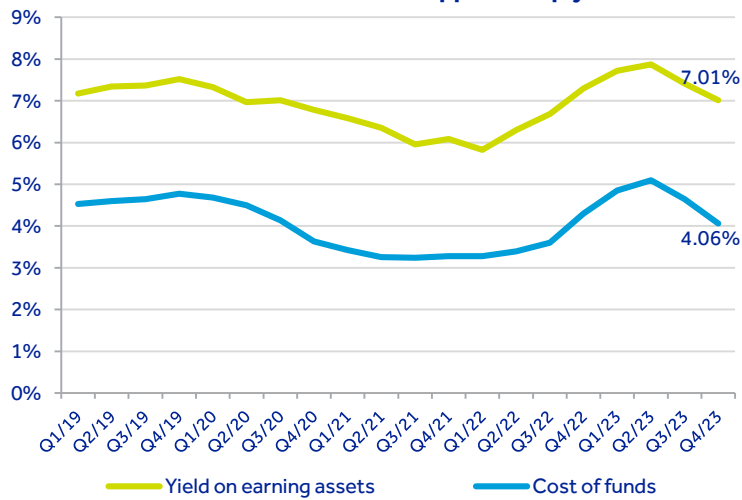
PBT in 2024 is forecast to reach VND 33,337 billion, +32.8% compared to 2023.

### Raise target price and maintain OUTPERFORM recommendation

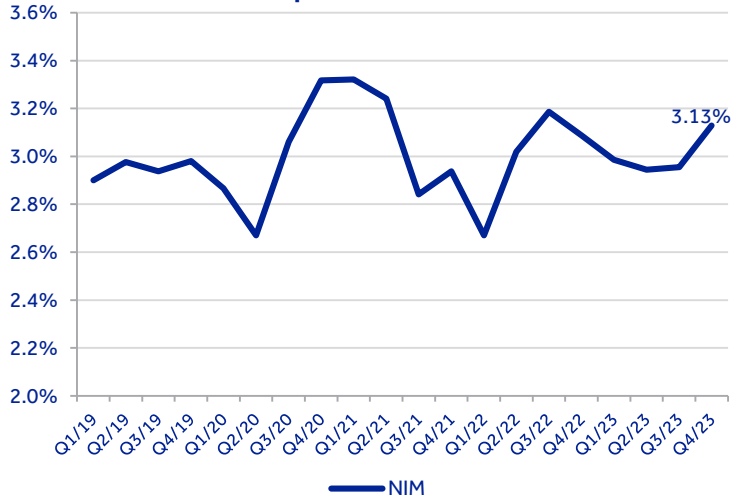
We raise CTG's target price by 24.2% to **VND40,000/share** and maintain our **OUTPERFORM** recommendation because CTG stock price has also increased by 22.8% since our last report. The above target price is equivalent to the forecast P/E and P/B at the end of 2024 of **9.0** times and **1.4** times.

(VND bn)	2020	2021	2022	2023U	2024F	2025F
Credit growth	7.8%	11.1%	12.1%	15.5%	15.0%	14.0%
NIM	2.89%	3.05%	3.05%	2.93%	2.99%	2.99%
NFI proportion	21.5%	21.4%	25.5%	24.9%	23.8%	23.5%
TOI growth	11.8%	17.3%	20.6%	10.2%	15.9%	14.2%
CIR	35.5%	32.3%	29.6%	28.9%	28.2%	27.9%
Net credit costs	-1.06%	-1.42%	-1.59%	-1.51%	-1.28%	-1.26%
Profit before tax	17,085	17,589	20,946	25,100	33,337	38,249
growth	45.0%	3.0%	19.1%	19.8%	32.8%	14.7%
PAT after minority	13,694	14,089	16,775	19,992	26,585	30,510
Profit attributable	11,845	11,302	14,820	17,677	23,787	26,239
Adjusted EPS (VND)	2,465	2,352	3,084	3,678	4,430	4,886
BVPS (VND)	22,778	19,342	22,354	23,596	28,025	32,911
ROA	0.9%	0.8%	0.9%	0.9%	1.1%	1.1%
ROE	14.7%	12.7%	14.8%	15.1%	17.2%	16.0%
CAR (Basel 2)	0.0%	9.1%	8.9%	9.4%	9.8%	10.0%
P/E (x)	16.1	16.9	12.9	10.8	8.0	7.3
P/B (x)	2.3	2.1	1.8	1.5	1.3	1.1
DPS (VND)	500	800	800	-	-	-
Dividend yield	1.4%	2.2%	2.2%	0.0%	0.0%	0.0%

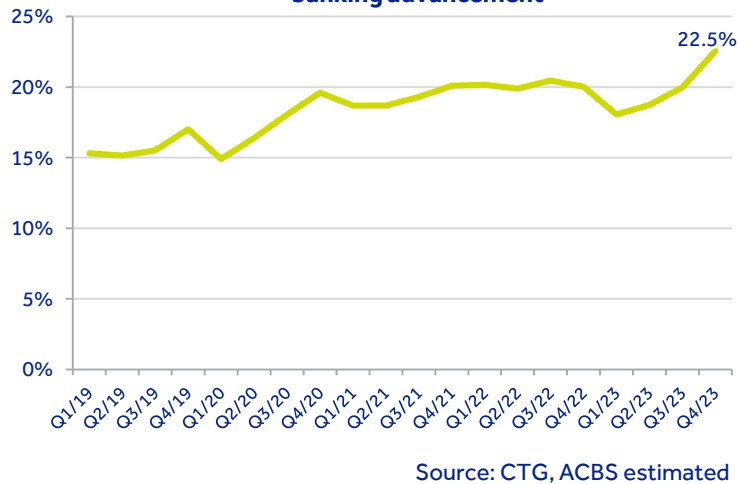
**Cost of funds dropped sharply...**



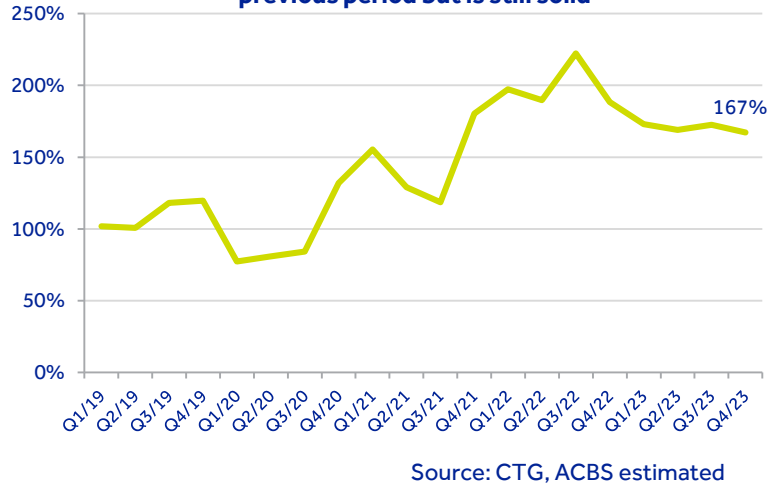
**... helped NIM recover in Q4/23**



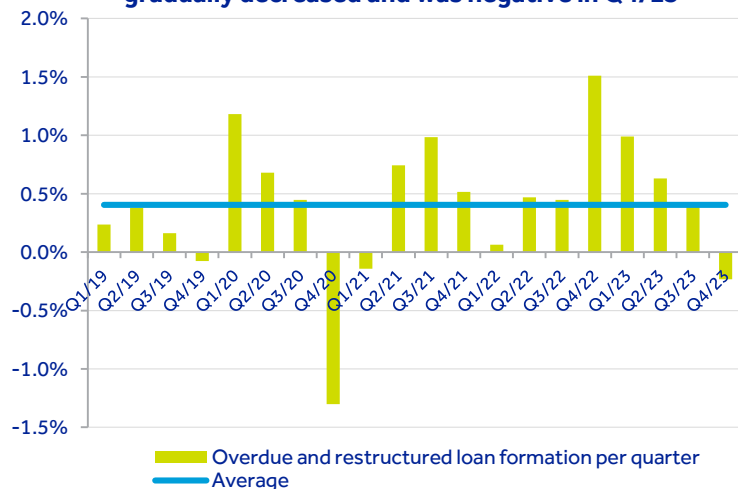
**CASA ratio grew impressively thanks to the digital banking advancement**



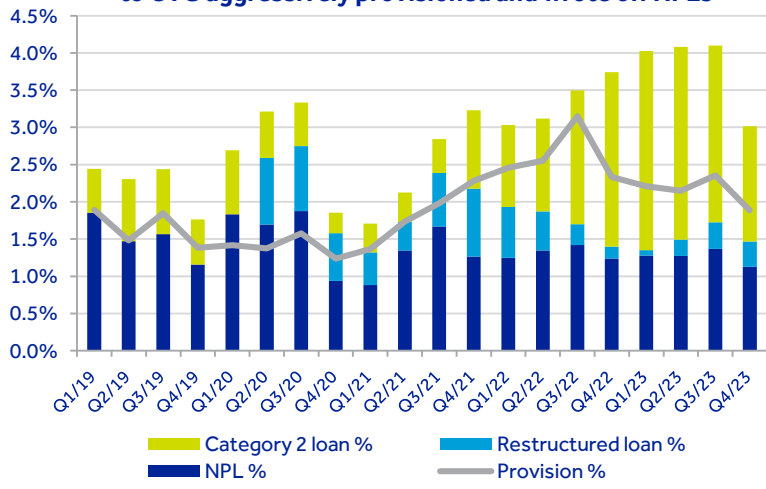
**NPL coverage ratio was no longer as thick as in the previous period but is still solid**



**Problematic loan (including restructured loan) gradually decreased and was negative in Q4/23**



**Outstanding problematic loan decreased sharply due to CTG aggressively provisioned and wrote off NPLs**



(Unit: VND billion, unless otherwise stated)	<b>Market price (VND):</b>	<b>35,600</b>	<b>Target price (VND):</b>	<b>40,000</b>	<b>Market cap (VND bn):</b>	<b>191,172</b>	
<b>INCOME ITEMS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023U</b>	<b>2024F</b>	<b>2025F</b>
Net interest income	33,199	35,581	41,788	47,792	53,083	62,350	71,518
Net fee & commission income	4,055	4,341	4,961	5,862	7,154	7,869	8,656
Other non-interest income	3,265	5,396	6,408	10,463	10,422	11,645	13,283
<b>Total operating income</b>	<b>40,519</b>	<b>45,317</b>	<b>53,157</b>	<b>64,117</b>	<b>70,659</b>	<b>81,864</b>	<b>93,457</b>
Growth (%)	42.4%	11.8%	17.3%	20.6%	10.2%	15.9%	14.2%
Operating expenses	(15,735)	(16,085)	(17,186)	(19,007)	(20,443)	(23,101)	(26,104)
<b>Profit before provision &amp; tax</b>	<b>24,785</b>	<b>29,232</b>	<b>35,971</b>	<b>45,109</b>	<b>50,215</b>	<b>58,763</b>	<b>67,353</b>
Provision expenses	(13,004)	(12,147)	(18,382)	(24,163)	(25,115)	(25,426)	(29,103)
<b>Profit before tax</b>	<b>11,781</b>	<b>17,085</b>	<b>17,589</b>	<b>20,946</b>	<b>25,100</b>	<b>33,337</b>	<b>38,249</b>
Growth (%)	79.6%	45.0%	3.0%	19.1%	19.8%	32.8%	14.7%
<b>PAT after minority interests</b>	<b>9,461</b>	<b>13,694</b>	<b>14,089</b>	<b>16,775</b>	<b>19,992</b>	<b>26,585</b>	<b>30,510</b>
<b>Profit attributable to shareholders</b>	<b>8,044</b>	<b>11,845</b>	<b>11,302</b>	<b>14,820</b>	<b>17,677</b>	<b>23,787</b>	<b>26,239</b>
<b>Adjusted EPS (VND)</b>	<b>2,160</b>	<b>2,465</b>	<b>2,352</b>	<b>3,084</b>	<b>3,678</b>	<b>4,430</b>	<b>4,886</b>
<b>BALANCE SHEET ITEMS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023U</b>	<b>2024F</b>	<b>2025F</b>
Outstanding loans & corporate bonds	953,178	1,027,542	1,141,454	1,279,823	1,478,228	1,699,962	1,937,956
Growth (%)	7.3%	7.8%	11.1%	12.1%	15.5%	15.0%	14.0%
Customer deposit	892,785	990,331	1,161,848	1,249,176	1,410,899	1,608,425	1,833,604
Growth (%)	8.1%	10.9%	17.3%	7.5%	12.9%	14.0%	14.0%
<b>Total assets</b>	<b>1,240,711</b>	<b>1,341,436</b>	<b>1,531,587</b>	<b>1,808,430</b>	<b>2,032,690</b>	<b>2,323,349</b>	<b>2,653,815</b>
<b>Shareholder's equity</b>	<b>76,793</b>	<b>84,813</b>	<b>92,955</b>	<b>107,428</b>	<b>126,709</b>	<b>150,496</b>	<b>176,734</b>
BVPS (VND)	20,625	22,778	19,342	22,354	23,596	28,025	32,911
<b>KEY RATIOS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023U</b>	<b>2024F</b>	<b>2025F</b>
NPL	1.2%	0.9%	1.3%	1.2%	1.1%	1.0%	1.0%
NPL coverage	120%	132%	180%	188%	167%	188%	190%
NIM	2.9%	2.9%	3.1%	3.0%	2.9%	3.0%	3.0%
CIR	39%	35%	32%	30%	29%	28%	28%
ROA	0.7%	0.9%	0.8%	0.9%	0.9%	1.1%	1.1%
ROE	11.2%	14.7%	12.7%	14.8%	15.1%	17.2%	16.0%
CAR (Basel 2)	9.0%	0.0%	9.1%	8.9%	9.4%	9.8%	10.0%
P/E (x)	23.8	16.1	16.9	12.9	10.8	8.0	7.3
P/B (x)	2.5	2.3	2.1	1.8	1.5	1.3	1.1
Dividend yield	0.0%	1.4%	2.2%	2.2%	0.0%	0.0%	0.0%

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<b>OUTPERFORM</b>	: total stock returns (including dividend yield) over the next 12 months are forecast to be from 10 to 20%.
<b>NEUTRAL</b>	: total stock returns (including dividend yield) over the next 12 months are forecast to be between -10 and 10%.
<b>UNDERPERFORM</b>	: total stock returns (including dividend yield) over the next 12 months are forecast to be from -10 to -20%.
<b>SELL</b>	: total stock returns (including dividend yield) over the next 12 months are forecast to be -20% or lower.

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