



Update CTG – OUTPERFORM

March 5, 2024



Hung Cao, CFA

(+84 28) 3823 4159 - Ext: 326

hungcv@acbs.com.vn

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

Bloomberg code	CTG VN
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.

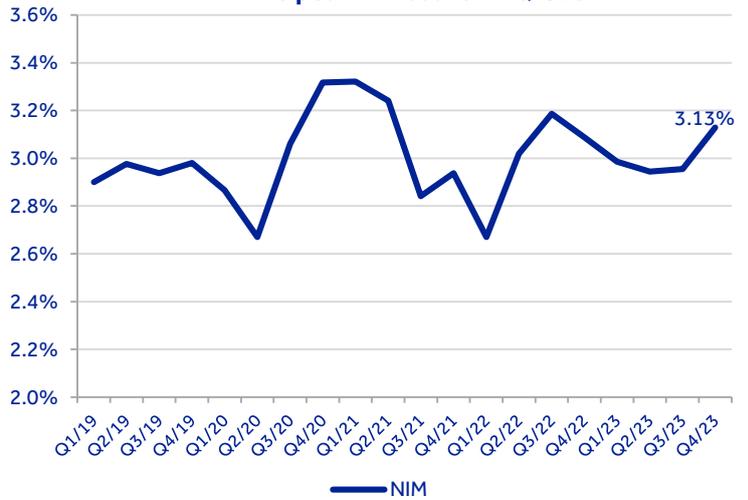
(VND bn)	2020	2021	2022	2023U	2024F	2025F
Credit growth	7.8%	11.1%	12.1%	15.5%	15.0%	14.0%
NIM	2.89%	3.05%	3.05%	2.93%	2.99%	2.99%
NFI proportion	21.5%	21.4%	25.5%	24.9%	23.8%	23.5%
TOI growth	11.8%	17.3%	20.6%	10.2%	15.9%	14.2%
CIR	35.5%	32.3%	29.6%	28.9%	28.2%	27.9%
Net credit costs	-1.06%	-1.42%	-1.59%	-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...



Source: CTG, ACBS estimated

... helped NIM recover in Q4/23



Source: CTG, ACBS estimated

CASA ratio grew impressively thanks to the digital banking advancement



Source: CTG, ACBS estimated

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



Source: CTG, ACBS estimated

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



Source: CTG, ACBS estimated

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



Source: CTG, ACBS estimated

(Unit: VND billion, unless otherwise stated)	Market price (VND):	35,600	Target price (VND):	40,000	Market cap (VND bn):	191,172	
INCOME ITEMS	2019	2020	2021	2022	2023U	2024F	2025F
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
Total operating income	40,519	45,317	53,157	64,117	70,659	81,864	93,457
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)
Profit before provision & tax	24,785	29,232	35,971	45,109	50,215	58,763	67,353
Provision expenses	(13,004)	(12,147)	(18,382)	(24,163)	(25,115)	(25,426)	(29,103)
Profit before tax	11,781	17,085	17,589	20,946	25,100	33,337	38,249
Growth (%)	79.6%	45.0%	3.0%	19.1%	19.8%	32.8%	14.7%
PAT after minority interests	9,461	13,694	14,089	16,775	19,992	26,585	30,510
Profit attributable to shareholders	8,044	11,845	11,302	14,820	17,677	23,787	26,239
Adjusted EPS (VND)	2,160	2,465	2,352	3,084	3,678	4,430	4,886
BALANCE SHEET ITEMS	2019	2020	2021	2022	2023U	2024F	2025F
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%
Total assets	1,240,711	1,341,436	1,531,587	1,808,430	2,032,690	2,323,349	2,653,815
Shareholder's equity	76,793	84,813	92,955	107,428	126,709	150,496	176,734
BVPS (VND)	20,625	22,778	19,342	22,354	23,596	28,025	32,911
KEY RATIOS	2019	2020	2021	2022	2023U	2024F	2025F
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%

CONTACTS

Ho Chi Minh City Head Office

Leman Tower, 117 Nguyen Dinh Chieu, District 3,
Ho Chi Minh City, Vietnam
Tel: (+84 28) 7300 1000

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 24) 3942 9395
Fax: (+84 24)3942 9407

RESEARCH DEPARTMENT

Acting Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties

Truc Pham

(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials

Hung Cao, CFA

(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Consumer- related, Technology

Chi Luong

(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Oil & Gas

Hung Phan

(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Industrials

Trung Tran

(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Analyst – Utilities

Toan Pham

(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate – Macro & Money Market

Minh Trinh Viet

(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate - Logistic

Hung Nguyen

(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Analyst – Technical

Huu Vo

(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data

Anh Mai

(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate

Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

Associate

Thanh Tran

(+84 28) 7300 6879 (x1120)
thanhtt@acbs.com.vn

DISCLAIMER

Our Recommendation System

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

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.

