

# VietinBank (CTG)

## Lower pressure on provisioning

November 22, 2024

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**3Q24 PBT gained 34.5% YoY to VND6,553 billion**

In 3Q24, VietinBank (CTG) recorded VND15,578 billion in NII (+1.6% QoQ, +19.0% YoY) and VND21,916 billion in TOI (+11.6% QoQ, +26.0% YoY). Provisions remained high at VND9,269 billion (+18.6% QoQ, +24.6% YoY), making PBT reach VND6,553 billion (-2.9% QoQ, +34.5% YoY). 9M24 PBT was VND19,513 billion (+12.1% YoY).

**KBSV maintains forecast for CTG's 2024 credit growth at 15%, supported by retail lending**

9M24 credit growth was 9.0% YTD, led by retail customers and large enterprises with credit growing 11.9% and 6.8%, respectively. KBSV maintains the view that CTG will achieve a credit growth rate of 15% in 2024 when the whole system's credit tends to increase at the end of the year.

**NIM will face pressure in 2025**

According to KBSV, CTG's NIM will continue to improve in 4Q24 but face pressure in 2025, based on: (1) CoF may drop lower thanks to CASA and low deposit interest rates, but there is a risk of increasing deposit rates in 2025; and (2) lending interest rates are expected to remain low to support economic growth.

**Asset quality showed positive signals**

Asset quality improved with the NPL ratio going down 12bps QoQ to 1.45%. During the period, CTG continued to increase provisions, raising the LLCR to 153%, the second highest in the industry. KBSV expects that in 4Q24 and 2025, the provisioning pressure on CTG will be alleviated with the economic recovery.

**Valuation: BUY rating – Target price VND44,600**

Based on the valuation results, business prospects and potential risks, we recommend BUY for CTG shares. The target price for 2025 is VND44,600, 27.4%

**Buy** change

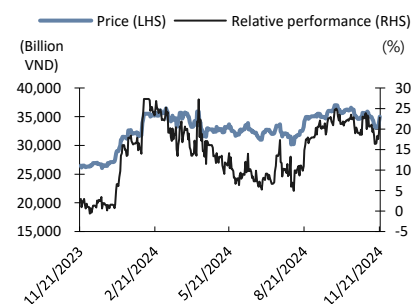
|                              |                  |
|------------------------------|------------------|
| <b>Target price</b>          | <b>VND44,600</b> |
| Upside                       | 27.4%            |
| Current price (Nov 22, 2024) | VND35,000        |
| Consensus target price       | VND39,700        |
| Market cap (VNDtn/USDtn)     | 187.9/7.4        |

|                                    |                                |
|------------------------------------|--------------------------------|
| <b>Trading data</b>                |                                |
| Free float                         | 35.5%                          |
| 3M avg trading value (VNDbn/USDmn) | 260.8/10.5                     |
| Foreign ownership                  | 26.7%                          |
| Major shareholder                  | State Bank of Vietnam (64.46%) |

|                                |     |     |     |      |
|--------------------------------|-----|-----|-----|------|
| <b>Share price performance</b> |     |     |     |      |
| (%)                            | 1M  | 3M  | 6M  | 12M  |
| <b>Absolute</b>                | 0.0 | 1.2 | 6.1 | 32.1 |
| <b>Relative</b>                | 3.3 | 5.4 | 9.1 | 21.8 |

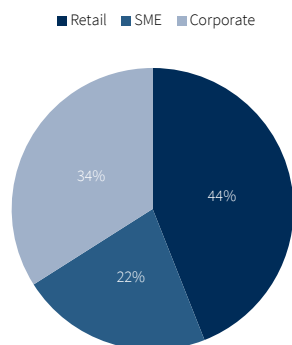
### Forecast earnings & valuation

| FY-end                      | 2022   | 2023   | 2024F  | 2025F  |
|-----------------------------|--------|--------|--------|--------|
| Net interest income (VNDbn) | 47,792 | 52,957 | 61,839 | 67,991 |
| PPOP (VNDbn)                | 44,922 | 50,105 | 58,655 | 63,556 |
| NPAT-MI (VNDbn)             | 16,924 | 19,904 | 23,156 | 26,154 |
| EPS (VND)                   | 3,522  | 3,706  | 4,312  | 4,870  |
| EPS growth (%)              | 20.1   | 5.3    | 16.3   | 12.9   |
| PER (x)                     | 9.9    | 9.4    | 8.1    | 7.2    |
| BVPS                        | 22,539 | 23,440 | 27,752 | 32,622 |
| PBR (x)                     | 1.55   | 1.49   | 1.26   | 1.07   |
| ROE (%)                     | 16.8   | 17.1   | 17.0   | 16.2   |
| Dividend yield (%)          | 0.0    | 0.0    | 0.0    | 0.0    |



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2023)



Source: VietinBank, KB Securities Vietnam

## Business operation

Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG) is a state-owned commercial joint stock bank with asset value of VND2,032 trillion as of the end of 2023, ranking third in the industry. The retail and large corporate lending segments contribute the largest proportion to CTG's credit structure, reaching 37% and 33%, respectively.

## Investment Catalysts

**NIM will be under pressure in 2025.** Deposit rates may increase while lending interest rates remain low to support the economy.

**Asset quality is improved, reducing the pressure on provisioning.**

**Credit growth is expected to reach 15%, completing the set plan.** The driving force comes from increased credit demand in the second half of the year, especially among retail customers.

## Notes

Please find more details [here](#)

Please see more details below

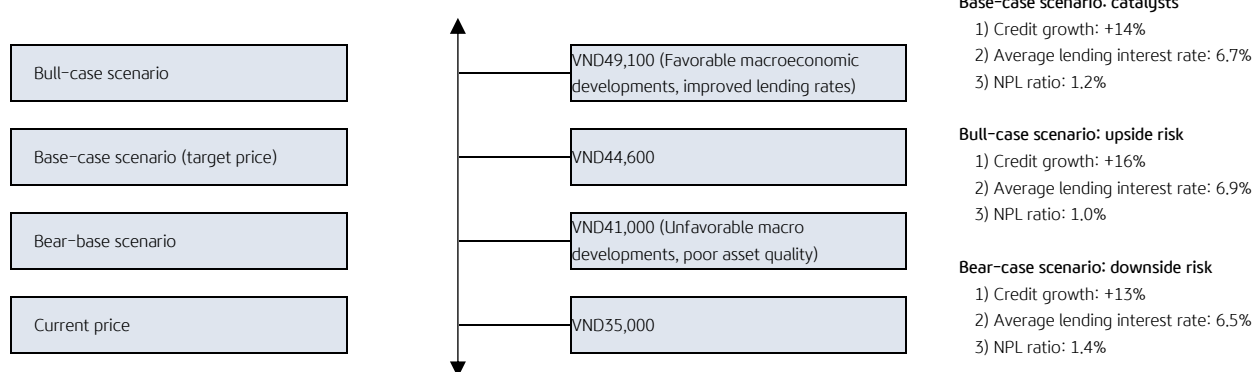
Please see more details below

## Revised earnings estimates

| (VNDbn)     | KBSV estimates |        | Change vs previous estimates |       | Consensus* |        | Difference |       |
|-------------|----------------|--------|------------------------------|-------|------------|--------|------------|-------|
|             | 2024E          | 2025E  | 2024E                        | 2025E | 2024E      | 2025E  | 2024E      | 2025E |
| Revenue     | 61,839         | 67,991 | -1%                          | -3%   | -          | -      | -          | -     |
| EBIT        | 58,655         | 63,556 | 2%                           | 1%    | -          | -      | -          | -     |
| NP after MI | 23,156         | 26,154 | 0%                           | 3%    | 22,424     | 28,707 | 3%         | -9%   |

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## 3Q24 performance updates

### 3Q24 PBT gained 34.5% YoY to VND6,553 billion

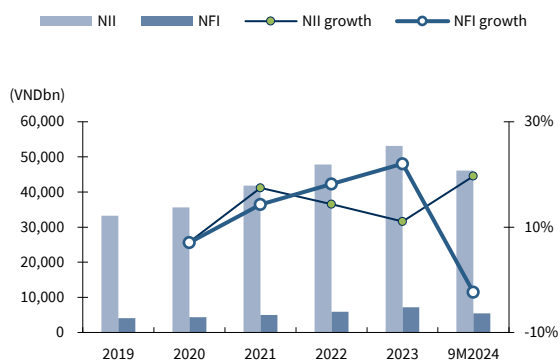
In 3Q24, CTG recorded VND15,578 billion in NII (+1.6% QoQ, +19.0% YoY) and VND6,339 billion in NOII (+47.4% QoQ, +47.2% YoY), making TOI reach VND21,916 billion (+11.6% QoQ, +26.0% YoY). Provisions remained high at VND9,269 billion (+18.6% QoQ, +24.6% YoY), making PBT reach VND6,553 billion (-2.9% QoQ, +34.5% YoY). 9M24 PBT was VND19,513 billion (+12.1% YoY).

Table 1. CTG – 3Q24 updated results

| (VNDbn, %)                                   | 3Q23    | 2Q24    | 3Q24    | +/-%QoQ  | +/-%YoY   | Notes   |
|--|---------|---------|---------|----------|-----------|---|
| Net interest income (NII)                    | 13,087  | 15,339  | 15,578  | 1.6%     | 19.0%     | Net interest income surged compared to the same period thanks to credit growth reaching 15.8% YoY and a 9bp YoY increase in NIM.  |
| Net fee income (NFI)                         | 1,815   | 1,886   | 1,801   | -4.5%    | -0.8%     | Income from payment and bancassurance continued to rebound, increasing by 4.8% QoQ and 7.1% QoQ, respectively.  |
| Other non-interest income (NOII)             | 2,491   | 2,415   | 4,537   | 87.9%    | 82.2%     | FX saw a steep fall to reach VND609 billion (-48.7% QoQ), touching many quarters' lows. Securities trading & investment activities recorded a loss of VND185 billion while net income from other activities reached VND3,963 billion, 3.6 times higher than the previous quarter thanks to the promotion of bad debt recovery (~VND3.9 trillion in 3Q alone). |
| Total operating income (TOI)                 | 17,393  | 19,640  | 21,916  | 11.6%    | 26.0%     |   |
| Operating expenses                           | (5,082) | (5,074) | (6,095) | 20.1%    | 19.9%     |   |
| Pre-provision operating profit (PPOP)        | 12,311  | 14,567  | 15,821  | 8.6%     | 28.5%     |   |
| Provisions                                   | (7,440) | (7,817) | (9,269) | 18.6%    | 24.6%     | CTG continues to maintain a large provision level in the context of the high NPL ratio. Loan loss coverage ratio (LLCR) climbed 39.2ppts QoQ to 153%.   |
| Profit before taxes (PBT)                    | 4,871   | 6,750   | 6,553   | -2.9%    | 34.5%     |   |
| Net profit after minority interest (NPAT-MI) | 3,863   | 5,365   | 5,226   | -2.6%    | 35.3%     |   |
| Credit growth                                | 8.7%    | 6.6%    | 9.0%    | 2.3 ppts | 0.2 ppts  | Growth drivers came from the retail group (+5.2% QoQ) and SME (+2.5% YoY) while the FDI group slowed down, dropping 1.0% after two quarters of high growth.   |
| Deposit growth                               | 3.2%    | 6.7%    | 10.2%   | 3.5 ppts | 7 ppts    | Deposit growth was high compared to the industry average (~9.5% YTD). The SME group was the main driver, posting a 9.1% QoQ gain while the corporate and retail groups increased by 4.3% and 2.6% respectively.   |
| NIM  | 2.91%   | 2.97%   | 3.01%   | 3 bps    | 9 bps     | NIM achieved a slight recovery of 4bps QoQ thanks to low deposit interest rates and credit growth focusing on the retail group with better interest rates.  |
| Average earnings yield (IEA)                 | 7.37%   | 6.45%   | 6.18%   | -27 bps  | -119 bps  |   |
| Average costs of fund (CoF)                  | 4.75%   | 3.72%   | 3.41%   | -31 bps  | -134 bps  |   |
| CIR  | 29.2%   | 25.8%   | 27.8%   | 1.9 ppts | -1.4 ppts |   |
| NPL  | 1.37%   | 1.57%   | 1.45%   | -12 bps  | 8 bps     | Doubtful debt considerably shrank 0.46% (-40bps QoQ) thanks to the NPL of VND10,000 billion being transferred to standard debt in August 2024 when the customer had guaranteed payment. Meanwhile, special mention jumped 40bps QoQ, concentrated in the iron and steel, construction materials, and real estate industries.                                  |

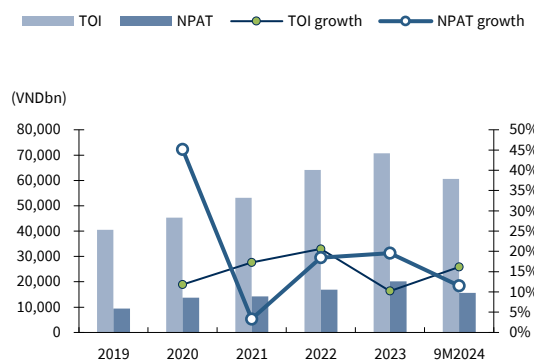
Source: VietinBank, KB Securities Vietnam

Fig 2. CTG – NII &amp; NFI growth (VNDbn, %YoY)



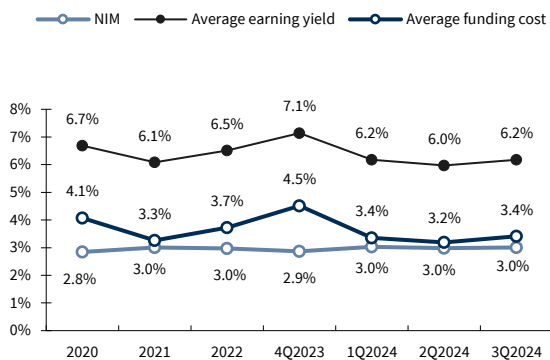
Source: VietinBank, KB Securities Vietnam

Fig 3. CTG – TOI &amp; NPAT growth (VNDbn, %YoY)



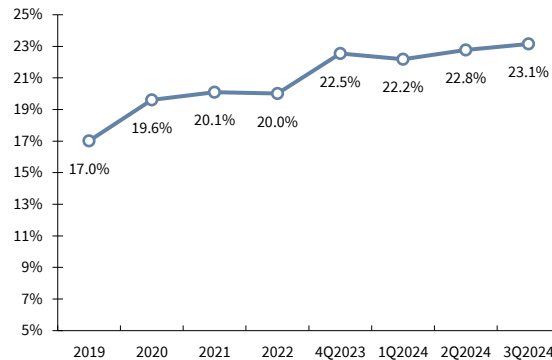
Source: VietinBank, KB Securities Vietnam

Fig 4. CTG – NIM, average IEA &amp; CoF (%)



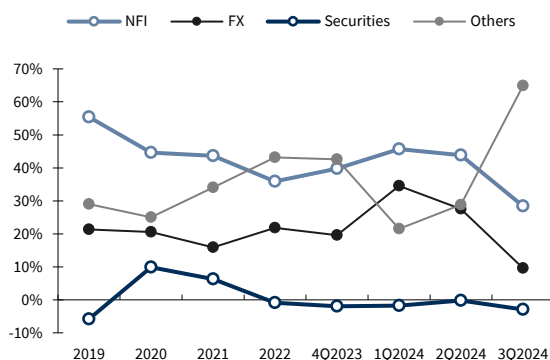
Source: VietinBank, KB Securities Vietnam

Fig 5. CTG – CASA ratio (%)



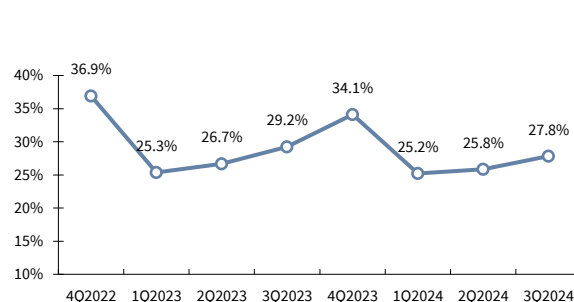
Source: VietinBank, KB Securities Vietnam

Fig 6. CTG – NOII breakdown (%)



Source: VietinBank, KB Securities Vietnam

Fig 7. CTG – CIR (%)



Source: VietinBank, KB Securities Vietnam

**KBSV maintains forecast for CTG's 2024 credit growth at 15%, supported by retail lending**

9M24 credit growth was 9.0% YTD, led by retail customers and large enterprises with credit growing 11.9% and 6.8%, respectively. KBSV maintains the view that CTG will achieve a credit growth rate of 15% in 2024 when the whole system's credit tends to increase at the end of the year. CTG also expects credit into real estate will show a more obvious rebound in the last months of the year.

KBSV believes that NIM of CTG will continue to improve in 4Q but may face pressure from:

**CoF have room to fall due to low CASA and deposit interest rates, but there is a risk of deposit interest rates increasing in 2025**

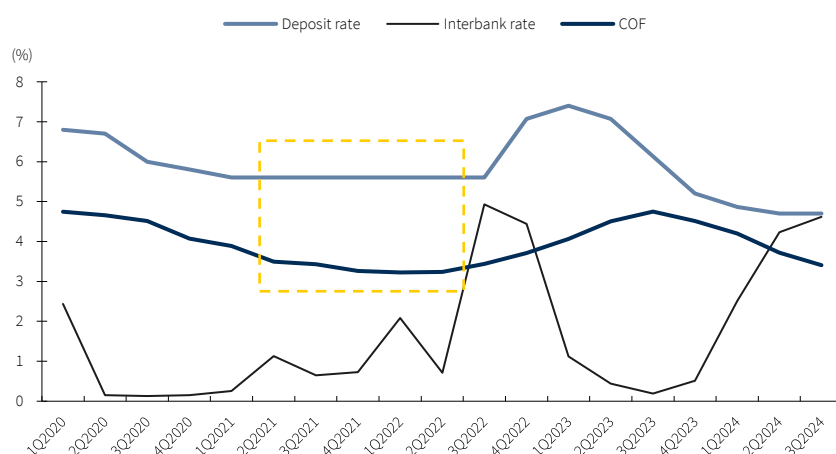
(1) CoF of the bank may further increase in the coming time since (i) CTG's 12M deposit interest rate may remain at 4.7% from March 2024, beating 2021–2022 lows (~5.6%). (ii) CASA ratio continues to improve to 23.1%, the highest CASA rate in recent years. (iii) High deposit growth will help reduce liquidity pressure in the coming time, helping the bank to maintain low deposit interest rates. However, potential exchange rate risks due to President Trump's policies in 2025 may lead to a strong USD appreciation, making Vietnam banks lower deposit interest rates to curb the decline in CoF.

**Loan interest rates are expected to stay low**

(2) On the other hand, KBSV expects the growth of retail lending and the recovery of the real estate industry to be the main drivers for improving IEA. However, the low lending interest rate average will still be maintained in 2025 to promote economic development, ensuring credit growth when (i) the economy recovers slowly with the PMI and total retail sales of consumer goods and services are both lower than in 2021 (low interest rate base). (ii) Fixed asset investment of listed enterprises grew by a mere of 10.1% from 2023's lows, and the short-term debt ratio continues to remain high, showing that businesses are tending to borrow short-term to finance working capital instead of long-term borrowing to expand production and business.

Average CoF is expected to decrease as in the 2021–2022 period when deposit interest rates increase again but remain at a low base level compared to the past.

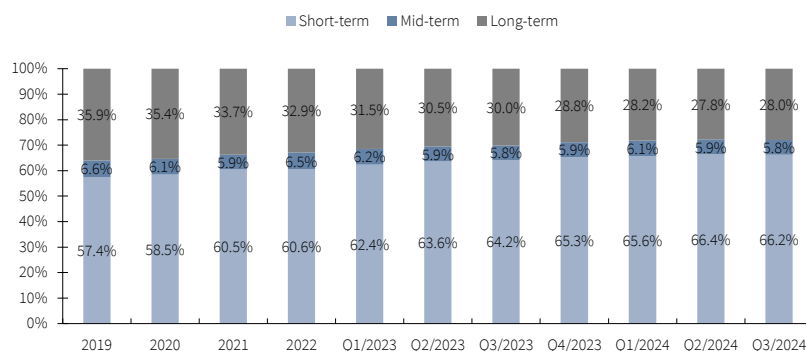
**Fig 8. CTG – CoF, deposit & interbank interest rates (%)**



Source: FiinPro, KB Securities Vietnam

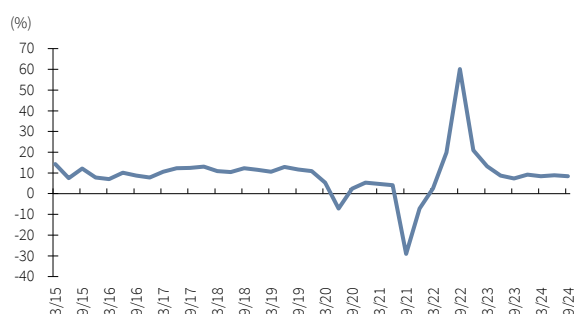
Fig 9. CTG – Credit composition by term (%)

The contribution of short-term loans (less than one year) remains high at over 65%, which may hinder the recovery of average lending rates in 2H24.



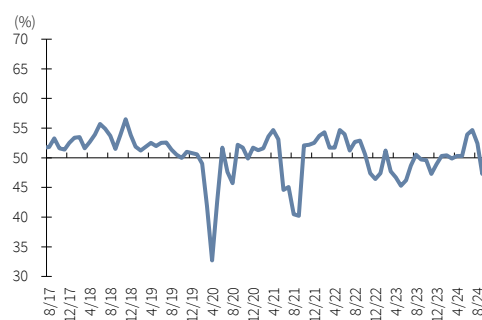
Source: VietinBank, KB Securities Vietnam

Fig 10. Vietnam – Retail sales of goods &amp; services in 2015 – 2024 (%)



Source: General Statistics Office, KB Securities Vietnam

Fig 11. Vietnam – PMI in 2017–2024 (%)



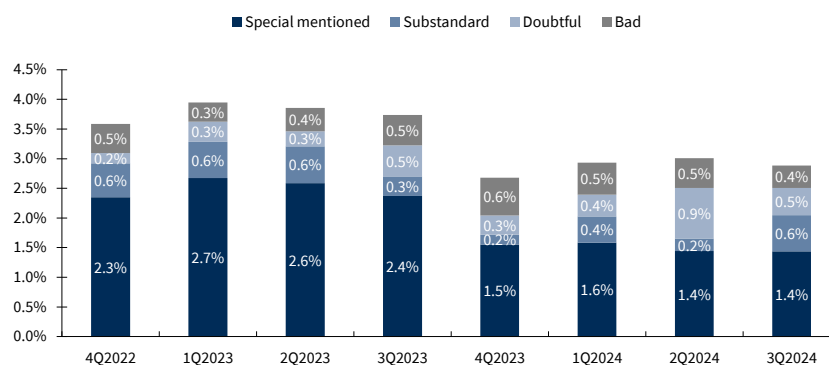
Source: General Statistics Office, KB Securities Vietnam

### Asset quality showed positive signals

Asset quality improved with the NPL ratio going down 12bps QoQ to 1.45%. According to CTG, large customers whose debt group was transferred to doubtful debt in 2Q returned to repay on time and transferred to standard debt group in 3Q. During the period, CTG continued to increase provisions, raising the LLCR to 153%, the second highest in the industry. KBSV expects that in 4Q24 and 2025, the provisioning pressure on CTG will be alleviated with the economic recovery.

For restructured debt under Circular 02, CTG's outstanding debt as of the end of September 2024 was less than VND5 trillion, equivalent to 0.3% of total outstanding customer debt. CTG has made 100% provision for these small debts, the expiration of Circular 02 at the end of 2024 is expected to not affect CTG's asset quality and profits in 4Q24.

Fig 12. CTG – NPLs &amp; special mention (%)



Source: VietinBank, KB Securities Vietnam

Fig 23. Vietnam banks – NPL in 2022–2024 (%)

CTG's provision buffer improved, ranking the second highest in the industry thanks to increased provisioning in 3Q24.

|     | % NPL | QoQ    | % group 2 | QoQ    | Provision (billion VND) | LLCR   |
|-----|-------|--------|-----------|--------|-------------------------|--------|
| VPB | 4.81% | -0.27% | 7.06%     | -0.77% | -15,479                 | 50.7%  |
| VIB | 3.85% | 0.19%  | 3.65%     | -0.81% | -5,404                  | 47.1%  |
| OCB | 3.19% | 0.07%  | 2.87%     | 0.45%  | -2,715                  | 53.9%  |
| MSB | 2.88% | -0.21% | 1.92%     | -0.19% | -3,093                  | 62.9%  |
| EIB | 2.71% | 0.06%  | 0.90%     | -0.14% | -1,725                  | 39.9%  |
| STB | 2.47% | 0.04%  | 0.72%     | 0.02%  | -9,755                  | 75.0%  |
| HDB | 1.90% | -0.20% | 3.75%     | -0.75% | -4,985                  | 65.9%  |
| TPB | 2.29% | 0.23%  | 2.22%     | -0.40% | -3,160                  | 58.8%  |
| LPB | 1.96% | 0.23%  | 1.16%     | 0.02%  | -4,860                  | 77.5%  |
| MBB | 2.23% | 0.60%  | 1.89%     | 0.05%  | -10,787                 | 68.8%  |
| CTG | 1.45% | -0.12% | 1.44%     | 0.00%  | -35,537                 | 153.0% |
| BID | 1.71% | 0.19%  | 1.67%     | 0.08%  | -38,638                 | 115.7% |
| ACB | 1.49% | 0.04%  | 0.63%     | -0.15% | -6,661                  | 80.5%  |
| TCB | 1.29% | 0.06%  | 0.82%     | 0.00%  | -8,366                  | 103.5% |
| VCB | 1.22% | 0.02%  | 0.35%     | -0.01% | -35,063                 | 204.6% |

Source: Vietnam banks, KB Securities Vietnam

## Forecast & valuation

Table 6. CTG – 2024–2025F business results

| (VNDbn, %)     | 2023      | 2024F     | +/-%YoY | 2025F     | +/-%YoY | Assumptions  |
|----------------|-----------|-----------|---------|-----------|---------|--|
| NII            | 52,957    | 61,839    | 16.8%   | 67,991    | 9.9%    | 2025F NII decreases 3.4% YoY due to more cautious view on NIM. Growth momentum comes from credit growth of 14% in 2025.  |
| NFI            | 7,114     | 7,554     | 6.2%    | 8,082     | 7.0%    |  |
| TOI            | 70,548    | 81,805    | 16.0%   | 88,518    | 8.2%    | Other incomes may increase thanks to change in expectation of CTG's debt recovery, reaching about VND7,800 billion in 2024.  |
| Provisions     | (25,115)  | (29,625)  | 18.0%   | (30,774)  | 3.9%    | Provisions gain 10.2% YoY due to higher provision than expected in 3Q24. LLCR is maintained at 127%.   |
| NP after MI    | 19,904    | 23,156    | 16.3%   | 26,154    | 12.9%   |  |
| NIM            | 2.86%     | 2.95%     | 9bps    | 2.88%     | -6bps   | 2024 NIM forecast is unchanged, assuming CoF and IEA both decline slightly in the rest of 2024. 2025 NIM forecast was downgraded slightly by 6bps YoY due to more cautious view on liquidity and exchange rate pressure. |
| Average IEA    | 7.16%     | 5.85%     | -131bps | 6.66%     | 82bps   |  |
| Average CoF    | 4.54%     | 3.10%     | -144bps | 4.05%     | 95bps   |  |
| CIR            | 29.0%     | 28.3%     | -68bps  | 28.2%     | -10bps  | CIR is revised down by 0.7ppts from previous forecast thanks to better-than-expected cost management performance in 2024.  |
| NPL            | 1.13%     | 1.60%     | 47bps   | 1.20%     | -40bps  |  |
| Total assets   | 2,032,614 | 2,277,075 | 12.0%   | 2,569,076 | 12.8%   |  |
| Owner's equity | 125,872   | 149,028   | 18.4%   | 175,182   | 17.5%   |  |

Source: VietinBank, KB Securities Vietnam

### Valuation: BUY rating – Target price VND44,600

We combined two valuation methods, P/B and residual income, to find a reasonable price for CTG shares.

(1) P/B valuation method:

We maintain the 2024 forecast P/B at 1.35x, equivalent to the bank's five-year average P/B, based on the prospect of improved NIM, expected credit growth, and improved asset quality following the economic recovery in 2025.

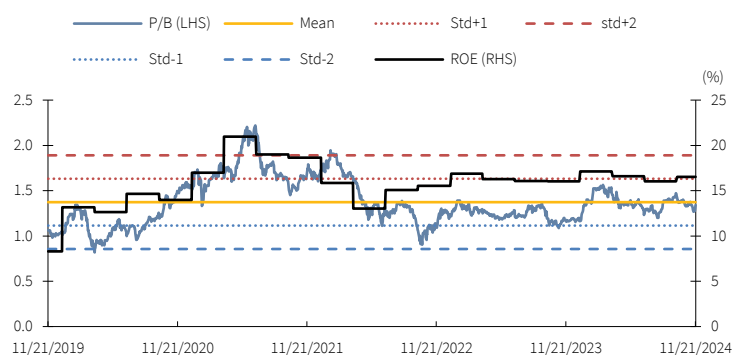
(2) Residual income method (Table 14):

In addition, we also use a residual income model to reflect systemic risks and long-term expectations.

Combining the two valuation methods above at a 50–50 ratio, KBSV recommends BUY for CTG with the final fair price for 2025 of VND44,600/share, 27.4% higher than the price on November 22, 2024.



Fig 12. CTG - P/B in 2019-2024 (x)



Source: Bloomberg, KB Securities Vietnam

Table 13. CTG - Valuation according to residual income method

| (VNDbn)                     | 2024F         | 2025F  | 2026F  |
|-----------------------------|---------------|--------|--------|
| NPAT                        | 23,311        | 26,325 | 34,321 |
| Excessed return             | 6,104         | 5,953  | 10,373 |
| Required rate of return (r) | 13.67%        |        |        |
| Growth (g)                  | 3.0%          |        |        |
| Terminal value              | 29,831        |        |        |
| 2023-end fair value         | 242,764       |        |        |
| <b>Value per share</b>      | <b>45,208</b> |        |        |

Source: KB Securities Vietnam

Table 13. CTG - Valuation according to residual income method

| Valuation method    | Forecast price | Weighting | Weighted price |
|---------------------|----------------|-----------|----------------|
| P/B                 | 44,040         | 50%       | 22,020         |
| Residual income     | 45,208         | 50%       | 22,604         |
| <b>Target price</b> |                |           | <b>44,600</b>  |

Source: KB Securities Vietnam

## CTG - 2022A-2025F financials

| Income Statement (VNDbn)    |          |          |          |          |          | Balance Sheet (VNDbn)         |           |           |           |           |           |
|-----------------------------|----------|----------|----------|----------|----------|-------------------------------|-----------|-----------|-----------|-----------|-----------|
|                             | 2021     | 2022     | 2023     | 2024F    | 2025F    |                               | 2021      | 2022      | 2023      | 2024F     | 2025F     |
| Net interest income         | 41,788   | 47,792   | 52,957   | 61,839   | 67,991   | Loans                         | 1,104,873 | 1,245,430 | 1,445,572 | 1,645,471 | 1,884,812 |
| Interest income             | 84,628   | 104,665  | 132,672  | 122,717  | 157,133  | Marketable securities         | 2,475     | 1,406     | 2,488     | 2,986     | 3,244     |
| Interest expense            | (42,840) | (56,873) | (79,714) | (60,879) | (89,142) | Cash (ex. Reserves)           | 11,331    | 11,067    | 9,760     | 11,171    | 12,797    |
| Fees & commissions          | 4,961    | 5,862    | 7,114    | 7,554    | 8,082    | Interest earning assets       | 1,483,561 | 1,729,008 | 1,977,920 | 2,219,584 | 2,496,408 |
| Other non-interest income   | 3,398    | 6,538    | 5,803    | 7,786    | 7,405    | Fixed assets & other assets   | 61,209    | 95,377    | 73,145    | 80,932    | 90,322    |
| Total operating income      | 53,157   | 64,117   | 70,548   | 81,805   | 88,518   | Total assets                  | 1,531,587 | 1,808,811 | 2,032,614 | 2,277,075 | 2,569,076 |
| SG&A expenses               | (17,186) | (19,195) | (20,443) | (23,151) | (24,962) | Customer deposits             | 1,161,848 | 1,249,176 | 1,410,899 | 1,615,012 | 1,850,008 |
| Pre-provisioning OP         | 35,971   | 44,922   | 50,105   | 58,655   | 63,556   | Borrowings & call money/repos | 67,025    | 93,763    | 18,169    | 138,313   | 179,470   |
| Provision for credit losses | (18,382) | (23,791) | (25,115) | (29,625) | (30,774) | Interest bearing liabilities  | 1,401,001 | 1,657,148 | 1,855,204 | 2,070,657 | 2,328,493 |
| Other income                | 4,516    | 7,507    | 7,080    | 10,381   | 9,874    | Other liabilities             | 36,937    | 43,347    | 51,537    | 57,391    | 65,401    |
| Other expense               | (1,118)  | (969)    | (1,277)  | (2,595)  | (2,468)  | Total liabilities             | 1,437,938 | 1,700,495 | 1,906,742 | 2,128,048 | 2,393,894 |
| Pre-tax income              | 17,589   | 21,132   | 24,990   | 29,030   | 32,783   | Charter capital               | 48,058    | 48,058    | 53,700    | 53,700    | 53,700    |
| Income tax expense          | (3,374)  | (4,148)  | (4,945)  | (5,719)  | (6,458)  | Capital surplus               | 8,975     | 8,975     | 8,975     | 8,975     | 8,975     |
| NP                          | 14,215   | 16,984   | 20,045   | 23,311   | 26,325   | Retained earnings             | 21,488    | 33,513    | 42,369    | 65,525    | 91,679    |
| Minority interest profit    | (127)    | (60)     | (141)    | (155)    | (171)    | Capital adjustments           | -         | -         | -         | -         | -         |
| Parent NP                   | 14,089   | 16,924   | 19,904   | 23,156   | 26,154   | Total shareholders' equity    | 93,650    | 108,316   | 125,872   | 149,028   | 175,182   |

| Financial Indicators (%)   |        |        |        |        |        | Valuation (VND, X, %)          |        |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|--------------------------------|--------|--------|--------|--------|--------|
|                            | 2021   | 2022   | 2023   | 2024F  | 2025F  |                                | 2021   | 2022   | 2023   | 2024F  | 2025F  |
| Profitability              |        |        |        |        |        | Share Price Indicators         |        |        |        |        |        |
| ROE                        | 15.9%  | 16.8%  | 17.1%  | 17.0%  | 16.2%  | EPS                            | 2,932  | 3,522  | 3,706  | 4,312  | 4,870  |
| ROA                        | 10%    | 10%    | 10%    | 11%    | 11%    | BVPS                           | 19,487 | 22,539 | 23,440 | 27,752 | 32,622 |
| Pre-provision ROE          | 32.3%  | 35.7%  | 34.3%  | 34.2%  | 31.4%  | Tangible BVPS                  | 18,592 | 21,674 | 22,696 | 27,027 | 31,916 |
| Pre-provision ROA          | 2.0%   | 2.2%   | 2.1%   | 2.2%   | 2.1%   | Valuations                     |        |        |        |        |        |
| Net interest margin (NIM)  | 3.0%   | 3.0%   | 2.9%   | 2.9%   | 2.9%   | PER                            | 119    | 99     | 94     | 81     | 72     |
| Efficiency                 |        |        |        |        |        | PBR                            | 18     | 16     | 15     | 13     | 11     |
| Pure Loan to deposit ratio | 97.3%  | 102.1% | 104.4% | 104.0% | 103.5% | Dividend yield                 | 0.5%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Cost-income ratio          | 32.3%  | 29.9%  | 29.0%  | 28.3%  | 28.2%  | ROE                            | 15.9%  | 16.8%  | 17.1%  | 17.0%  | 16.2%  |
| Growth                     |        |        |        |        |        | Capital Adequacy               |        |        |        |        |        |
| Asset growth               | 14.2%  | 18.1%  | 12.4%  | 12.0%  | 12.8%  | CAR                            | 8.6%   | 9.0%   | 8.9%   | >8%    | >8%    |
| Loan growth                | 10.2%  | 12.7%  | 16.1%  | 13.8%  | 14.5%  | Asset Quality                  |        |        |        |        |        |
| PPOP growth                | 22.8%  | 24.9%  | 11.5%  | 17.1%  | 8.4%   | NPL ratio (substandard)        | 13%    | 12%    | 11%    | 16%    | 12%    |
| Parent NP growth           | 2.7%   | 20.1%  | 17.6%  | 16.3%  | 12.9%  | Coverage ratio (substandard)   | 180.4% | 188.1% | 167.2% | 127.0% | 130.3% |
| EPS growth                 | -20.4% | 20.1%  | 5.3%   | 16.3%  | 12.9%  | NPL ratio (precautionary)      | 2.3%   | 3.6%   | 2.7%   | 3.2%   | 2.9%   |
| BVPS growth                | -15.1% | 15.7%  | 4.0%   | 18.4%  | 17.5%  | Coverage ratio (precautionary) | 98.4%  | 65.0%  | 70.4%  | 63.5%  | 53.9%  |

Source: VietinBank, KB Securities Vietnam

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**Investment ratings & definitions**

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**Investment Ratings for Stocks**

(based on expectations for absolute price gains over the next 6 months)

|              |              |              |
|--------------|--------------|--------------|
| Buy:         | Neutral:     | Sell:        |
| +15% or more | +15% to -15% | -15% or more |

**Investment Ratings for Sectors**

(based on expectations for absolute price gains over the next 6 months)

|                       |                                 |                         |
|-----------------------|---------------------------------|-------------------------|
| Positive:             | Neutral:                        | Negative:               |
| Outperform the market | Perform in line with the market | Underperform the market |

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