

VietinBank (CTG)

Resilient growth amid NIM pressure

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CTG recorded PBT of VND6,823 billion in 1Q2025, marking a 9.9% YoY expansion

CTG concluded 1Q2025 with net interest income (NII) of VND15,475 billion (-5.1% QoQ, +2.0% YoY) and non-interest income (NOII) of VND4,973 billion (+0.1% QoQ, +27.9% YoY), bringing total operating income (TOI) to VND20,453 billion (-3.9% QoQ, +7.3% YoY). Provision expenses remained elevated at VND8,111 billion (+229.1% QoQ, +0.8% YoY), resulting in PBT of VND6,823 billion (-44.3% QoQ, +9.9% YoY).

The bank disclosed a total asset growth target of 8-10% for 2025

At the 2025 Annual General Meeting, shareholders approved the full-year business plan, targeting total assets growth of 8%-10%, notably lower than the 5-year historical average of ~14%, and aiming to maintain the NPL ratio below 1.8%. As of May 13, 2025, CTG reported standalone total assets up 5.5% year-to-date (YTD), customer deposits up 3% YTD, and credit growth of 7.2% YTD.

NIM is expected to remain pressured throughout 2H2025

KBSV maintains the view that NIM will remain under pressure for the remainder of 2025, primarily due to the likelihood of rising deposit rates driven by exchange rate volatility and tighter liquidity conditions amid global tariff uncertainties and sluggish deposit growth. At the same time, heightened competition among banks, coupled with subdued borrowing demand, continues to restrict the potential for lending rate hikes.

We reiterate BUY for CTG with a target price of VND45,800/share

Based on valuation results, business outlook, and potential risks, we reiterate BUY for CTG. The target price for 2025 is VND45,800 per share, representing a 16.2% upside from the price as of May 21, 2025.

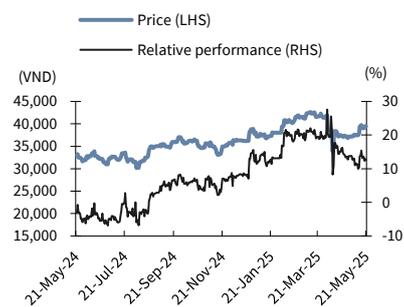
Buy maintain

Target price	VND45,800
Upside	16.2%
Current price (May 21, 2025)	VND39,450
Consensus target price	VND50,800
Market cap (VNDtn/USDbn)	210.0/8.1

Trading data	
Free float	35.5%
3M avg trading value (VNDbn/USDmn)	321.3/12.5
Foreign ownership	26.7%
Major shareholder	State Bank of Vietnam (64.49%)

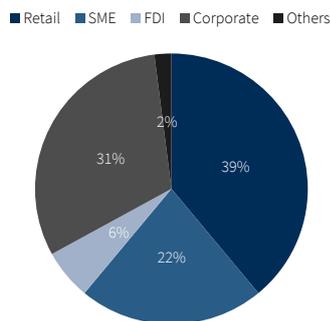
Share price performance				
(%)	1M	3M	6M	12M
Absolute	6.3	-4.9	12.7	19.5
Relative	-4.2	-7.0	5.0	15.1

Forecast earnings & valuation				
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	52,957	62,403	68,319	78,033
Pre-provision operating income (VNDbn)	50,105	59,363	63,694	71,654
NPAT-MI (VNDbn)	19,904	25,348	28,186	32,758
EPS (VND)	3,706	4,720	5,249	6,100
EPS growth (%)	5.3	27.4	11.2	16.2
PER (x)	10.6	8.4	7.5	6.5
Book value per share (VND)	23,440	27,655	32,903	39,004
PBR (x)	1.68	1.43	1.20	1.01
ROE (%)	17.1	18.6	17.4	17.1
Dividend yield (%)	0.0	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

Credit composition (2024)



Source: VietinBank, KB Securities Vietnam

Business operation

Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG) is a state-owned commercial bank. As of the end of 2024, its total assets reached VND2,385 trillion, making it the second-largest bank in the industry. Its primary credit segments are retail banking and large corporate lending, which contribute 31% and 39% of its credit portfolio, respectively.

Investment Catalysts

NIM is expected to remain under pressure in 2025 due to potential deposit rate hikes, while lending rates are likely to be kept relatively low to remain competitive and support economic growth.

CTG targets maintaining its NPL ratio in the 1.2-1.5% range this year, alleviating provisioning pressure.

Credit growth is anticipated to reach 17% by year-end, driven by retail and FDI lending.

Notes

Please find more details below

Please find more details [here](#)

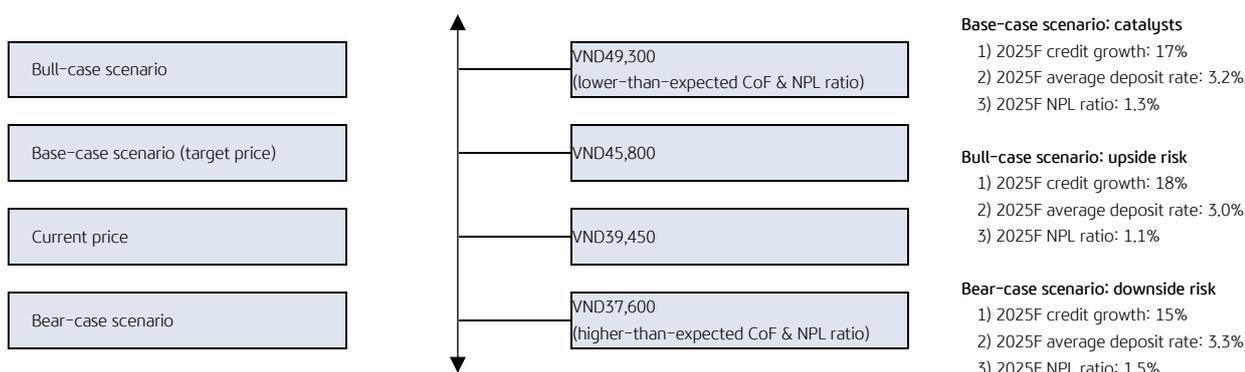
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	68,319	78,033	-1%	-2%	-	-	-	-
EBIT	63,694	71,654	0%	-1%	-	-	-	-
NP after MI	28,186	32,758	-2%	-2%	30,912	37,516	-9%	-13%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



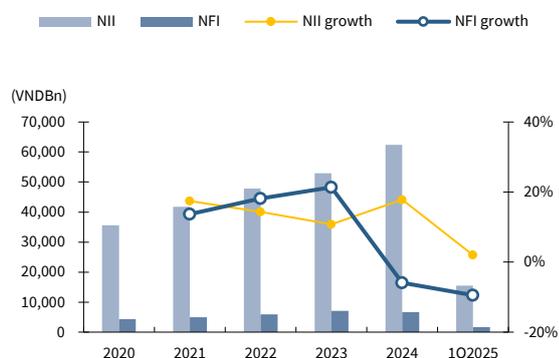
Business performance

Table 1. CTG – 1Q2025 financial results

(VNDbn)	1Q2024	4Q2024	1Q2025	+/-%QoQ	+/-%YoY	Notes
Net interest income (NII)	15,174	16,312	15,475	-5.1%	2.0%	The QoQ decline was largely attributed to a narrowing NIM, as CTG proactively lowered lending rates to stimulate credit growth and support the economy.
Net fee and commission income	1,779	1,230	1,611	31.0%	-9.5%	Fee-based income showed mixed performance: - Guarantee services declined by 15% YoY, reflecting the absence of large contracts seen in 1Q2024. - The payment segment is estimated to have dropped 9% YoY, driven by a decline in over-the-counter fees as customers increasingly transitioned to digital channels, alongside fee waivers and reductions. - Bancassurance delivered strong growth of 33% YoY.
Other non-interest income (NOII)	2,114	3,743	3,368	-10.0%	59.3%	FX operations saw a slight drop, with earnings reaching VND913 billion (-13.7% QoQ). Meanwhile, securities trading and investment activities posted a notable recovery, contributing VND329 billion (+398% QoQ) in profit. Net other income came in at VND2,002 billion (-22.7% QoQ, +157.3% YoY).
Total operating income (TOI)	19,067	21,285	20,453	-3.9%	7.3%	
Operating expenses	(4,807)	(6,570)	(5,519)	-16.0%	14.8%	
Pre-provision operating profit (PPOP)	14,259	14,715	14,934	1.5%	4.7%	
Provision expenses	(8,049)	(2,464)	(8,111)	229.1%	0.8%	Provision expenses rose sharply on a QoQ basis, reflecting both a deterioration in amid asset quality and CTG's aggressive stance on bad debt resolution using existing provisions. The loan loss coverage ratio (LLCR) improved markedly to 137%, up 37.9 percentage points QoQ.
Profit before tax (PBT)	6,210	12,251	6,823	-44.3%	9.9%	
NPAT-MI	4,959	9,798	5,419	-44.7%	9.3%	
Credit growth	2.7%	7.2%	4.5%	-12.2 ppts	1.7 ppts	Lending growth was broad-based across all customer segments. Large corporate lending led the way with a 6.0% QoQ increase, while retail and SME lending rose by 3.5% and 3.9%, respectively.
Deposit growth	2.6%	7.1%	3.8%	-14.2 ppts	1.2 ppts	On the funding side, growth was primarily driven by retail deposits (+4.5% QoQ). SME deposits rose slightly by 0.4%, while deposits from other customer segments recorded a decline.
NIM	2.93%	2.88%	2.81%	-7 bps	-12 bps	NIM continued to trend downward, impacted by: (i) reduced lending rates aimed at boosting credit growth, with limited room remaining to cut deposit rates further; and (ii) a rising share of short-term loans, which reached 66.4% of total outstanding loans (+0.8 percentage points YoY).
Average interest-earning asset (IEA) yield	6.88%	5.75%	5.65%	-10 bps	-123 bps	
Average cost of funds (COF)	4.20%	3.07%	3.04%	-2 bps	-116 bps	
CIR	25.2%	30.9%	27.0%	-3.8 ppts	1.7 ppts	
NPL ratio	1.35%	1.22%	1.55%	33 bps	20 bps	Substandard (Group 3) and bad (Group 5) debts rose 19bps QoQ and 12bps QoQ, respectively, largely due to the reclassification of one major client's loan. However, client has since returned to performing status (Group 1), and CTG is expected to reverse related provisions in 2Q2025.

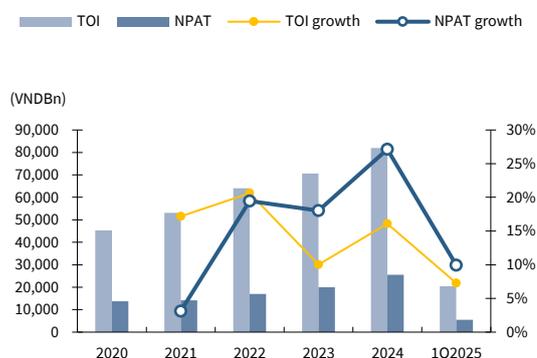
Source: VietinBank, KB Securities Vietnam

Fig 2. CTG – NII, NFI & growth in 2020–2025 (VNDBn, %YoY)



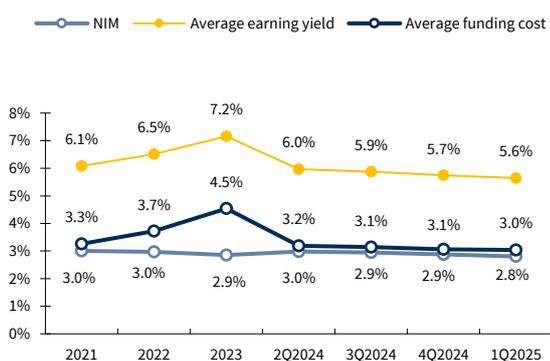
Source: VietinBank, KB Securities Vietnam

Fig 3. CTG – TOI, NPAT & growth in 2020–2025 (VNDBn, %YoY)



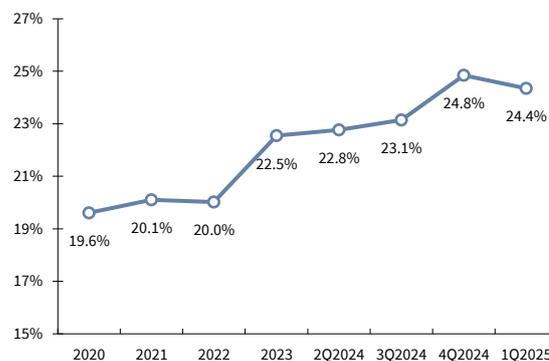
Source: VietinBank, KB Securities Vietnam

Fig 4. CTG – NIM, average IEA yield & COF in 2021–2025 (%)



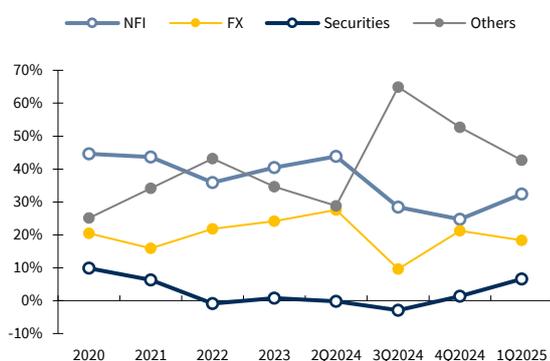
Source: VietinBank, KB Securities Vietnam

Fig 5. CTG – CASA ratio in 2020–2025 (%)



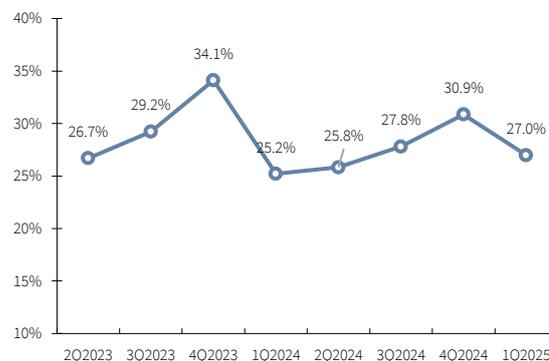
Source: VietinBank, KB Securities Vietnam

Fig 6. CTG – NOII breakdown in 2020–2025 (%)



Source: VietinBank, KB Securities Vietnam

Fig 7. CTG – CIR in 2023–2025 (%)



Source: VietinBank, KB Securities Vietnam

The bank disclosed a total asset growth target of 8–10% for 2025

At the 2025 Annual General Meeting, shareholders approved the full-year business plan, targeting total assets growth of 8%–10%, notably lower than the 5-year historical average of ~14%, and aiming to maintain the NPL ratio below 1.8%. Also, CTG aligns credit growth with the quota assigned by the State Bank of Vietnam (SBV). Additionally, shareholders approved a stock dividend distribution plan, with a 29% payout from retained earnings in 2024 and a 45% payout from retained earnings accumulated during 2009–2016 and 2021–2022. As of May 13, 2025, CTG reported standalone total assets up 5.5% year-to-date (YTD), customer deposits up 3% YTD, and credit growth of 7.2% YTD.

NIM is expected to remain pressured throughout 2H2025

KBSV maintains the view that NIM will remain under pressure for the remainder of 2025, primarily due to the anticipated rise in deposit rates, driven by the following factors:

1) Heightened exchange rate pressure

As of now, the Vietnamese dong (VND) has depreciated by 2.3% against the US Dollar (USD), while the US Dollar Index (DXY) has fallen 6.3% YTD, implying that the VND has weakened by ~8.6% against a basket of major currencies. With expectations that the US Federal Reserve (Fed) will only begin cutting interest rates in September 2025 by a total of 50 to 75 basis points (bps) for the year, exchange rate pressure is likely to remain elevated for the rest of the year.

2) Risk of foreign capital outflows

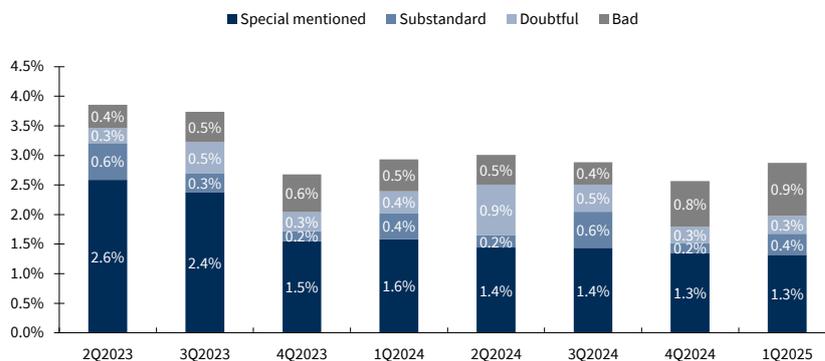
Volatility in global tariffs and persistent exchange rate pressures may reduce the attractiveness of the Vietnamese market, increasing the risk of foreign capital outflows.

3) Tightening liquidity conditions

As of end-1Q2025, CTG's customer deposits grew by just 0.9%, while loan growth reached 4.6%, pushing the loan-to-deposit ratio (LDR) to 111%, its highest level in recent periods. To ensure sufficient funding for its 14–16% credit growth target, CTG may need to revise its deposit strategy, with deposit rate hikes likely to be considered.

On the flip side, fierce competition among banks and subdued credit demand continue to constrain the ability to raise lending rates, weighing on NIM. This risk will need closer monitoring in the second half of the year. Some potential tailwinds for NIM in 2H2025 include: (i) liquidity support from the SBV; and (ii) a likely pickup in borrowing demand, which could alleviate pricing pressure on lending rates.

Fig 8. CTG – Breakdown of loan ratios by Group 2-5



Source: VietinBank, KB Securities Vietnam

Fig 9. Vietnam – NPL ratio & special-mention loan ratio across banks (%)

Despite a 37.9 percentage point decline in LLCR in 1Q2025, CTG still holds the second-highest provisioning buffer across the banking system.

	% NPL	QoQ	% Group 2	QoQ	Provision (Billion VND)	LLCR
VPB	4.74%	0.55%	4.30%	1.09%	-16,414	47.4%
VIB	3.79%	0.28%	3.31%	-0.01%	-4,894	38.6%
OCB	3.91%	0.75%	2.35%	0.05%	-2,397	35.0%
MSB	2.57%	-0.11%	1.25%	0.02%	-2,946	59.6%
EIB	2.59%	0.05%	0.86%	-0.35%	-1,803	38.7%
STB	2.51%	0.11%	0.79%	0.02%	-10,566	74.7%
MBB	1.84%	0.22%	1.91%	0.24%	-11,050	75.3%
LPB	1.73%	0.16%	1.39%	0.00%	-4,525	74.3%
HDB	2.37%	0.44%	5.39%	0.60%	-5,638	53.3%
BID	1.89%	0.48%	1.85%	0.39%	-38,651	96.8%
ACB	1.48%	-0.01%	0.71%	0.08%	-6,375	72.1%
CTG	1.55%	0.33%	1.32%	-0.03%	-38,269	136.8%
TCB	1.17%	0.05%	0.78%	0.08%	-8,686	111.6%
VCB	1.03%	0.06%	0.29%	0.02%	-32,494	216.1%

Source: VietinBank, KB Securities Vietnam

Forecast & Valuation

Table 10. CTG – 2024A–2026F financial results

(VNDbn)	2024A	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Net interest income (NII)	62,403	68,319	9.5%	78,033	14.2%	We maintain previous forecasts, assuming credit growth reaches 17%.
Net fee and commission income	6,696	7,461	11.4%	7,983	7.0%	
Total operating income (TOI)	81,909	87,612	7.0%	98,425	12.3%	
Provision expenses	(27,599)	(28,417)	3.0%	(30,655)	7.9%	Provision expenses are expected to remain high, reflecting a cautious view on asset quality in 2H2025 amid ongoing concerns over global tariff uncertainties.
Net profit after tax (NPAT)	25,348	28,186	11.2%	32,758	16.2%	
NIM	2.88%	2.72%	-16bps	2.71%	-1bps	The NIM projection for 2025 remains unchanged, reflecting expectations that CTG will continue to keep lending rates low to support economic activity, while funding costs are likely to face upward pressure due to liquidity constraints and exchange rate volatility.
Average IEA yield	5.75%	5.65%	-10bps	6.22%	57bps	
Average COF	3.07%	3.15%	8bps	3.78%	63bps	
CIR	27.5%	27.3%	-23bps	27.2%	-10bps	
NPL ratio	1.22%	1.30%	8bps	1.30%	0bps	
Total assets	2,385,388	2,701,076	13.2%	3,135,023	16.1%	
Owner's equity	148,505	176,691	19.0%	209,449	18.5%	

Source: VietinBank, KB Securities Vietnam

We recommend BUY for CTG with a target price of VND45,800/share

We combine two valuation methods, P/B and residual income, to determine a fair value for CTG.

(1) P/B valuation method

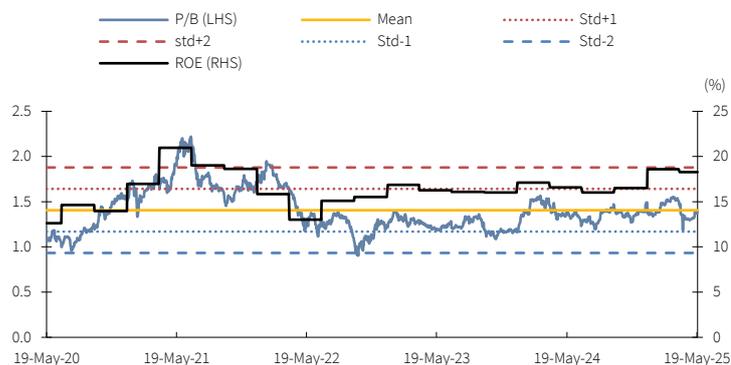
We maintain our 2025 forward P/B multiple at 1.6x, equivalent to +1 standard deviation above CTG's 5-year historical average. This reflects the bank's strong credit growth prospects and well-controlled asset quality. While NIM may face pressure in 2H2025, liquidity support from the SBV is likely to provide some relief.

(2) Residual income method (Table 12)

In addition, we incorporate the residual income model to better capture systemic risks and long-term expectations.

By assigning equal weights (50–50) to both methods, we arrive at a target price of VND45,800 per share for CTG in 2025, implying a 16.2% upside from the closing price on May 21, 2025.

Fig 11. CTG - P/B in 2020-2025



Source: Bloomberg, KB Securities Vietnam

Table 12. CTG - Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	28,826	33,503	40,148
Excessed return	7,586	8,161	10,038
Required rate of return (r)	14.30%		
Growth (g)	3.0%		
Terminal value	2,473		
End-2025 fair value	202,280		
Value per share	37,669		

Source: KB Securities Vietnam

Table 13. CTG - Valuation results

Valuation method	Forecast price	Weighting	Weighted price
P/B	53,962	50%	26,981
Residual income	37,690	50%	18,845
Target price			45,800

Source: KB Securities Vietnam

CTG – 2022A–2026F summarized financials & forecasts

Income Statement (VNDbn)						Balance Sheet (VNDbn)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Net interest income	47,792	52,957	62,403	68,319	78,033	Loans	1,245,430	1,445,572	1,685,291	1,974,804	2,316,825
Interest income	104,665	132,672	124,461	141,816	178,995	Marketable securities	1,406	2,488	2,799	3,351	3,716
Interest expense	(56,873)	(79,714)	(62,058)	(73,497)	(100,962)	Cash (ex. Reserves)	11,067	9,760	11,448	12,484	14,871
Fees & commissions	5,862	7,114	6,696	7,461	7,983	Interest earning assets	1,729,008	1,977,920	2,353,053	2,664,794	3,088,477
Other non-interest income	6,538	5,803	8,419	7,360	7,575	Fixed assets & other assets	95,377	73,145	58,629	64,529	72,950
Total operating income	64,117	70,548	81,909	87,612	98,425	Total assets	1,808,811	2,032,614	2,385,388	2,701,076	3,135,023
SG&A expenses	(19,195)	(20,443)	(22,546)	(23,918)	(26,772)	Customer deposits	1,249,176	1,410,899	1,606,317	1,798,828	2,142,894
Pre-provisioning OP	44,922	50,105	59,363	63,694	71,654	Borrowings & call money/repos	93,763	18,169	154,249	228,232	266,341
Provision for credit losses	(23,791)	(25,115)	(27,599)	(28,417)	(30,655)	Interest bearing liabilities	1,657,148	1,855,204	2,190,991	2,473,758	2,866,363
Other income	7,507	7,080	10,688	9,199	9,469	Other liabilities	43,347	51,537	45,892	50,627	59,211
Other expense	(969)	(1,277)	(2,269)	(1,840)	(1,894)	Total liabilities	1,700,495	1,906,742	2,236,883	2,524,384	2,925,574
Pre-tax income	21,132	24,990	31,764	35,278	40,999	Charter capital	48,058	53,700	53,700	53,700	53,700
Income tax expense	(4,148)	(4,945)	(6,281)	(6,950)	(8,077)	Capital surplus	8,975	8,975	8,975	8,975	8,975
NP	16,984	20,045	25,483	28,328	32,923	Retained earnings	33,513	42,369	58,390	86,577	119,335
Minority interest profit	(60)	(141)	(134)	(142)	(165)	Capital adjustments	-	-	-	-	-
Parent NP	16,924	19,904	25,348	28,186	32,758	Total shareholders' equity	108,316	125,872	148,505	176,691	209,449

Financial Indicators (%)						Valuation (VND, X, %)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Profitability						Share Price Indicators					
ROE	16.8%	17.1%	18.6%	17.4%	17.1%	EPS	3,522	3,706	4,720	5,249	6,100
ROA	1.0%	1.0%	1.2%	1.1%	1.1%	BVPS	22,539	23,440	27,655	32,903	39,004
Pre-provision ROE	35.7%	34.3%	34.7%	31.4%	29.8%	Tangible BVPS	21,674	22,696	26,937	32,205	38,324
Pre-provision ROA	2.2%	2.1%	2.2%	2.0%	2.0%	Valuations					
Net interest margin (NIM)	3.0%	2.9%	2.9%	2.7%	2.7%	PER	112	10.6	8.4	7.5	6.5
Efficiency						PBR	18	17	14	12	10
Pure Loan to deposit ratio	102.1%	104.4%	107.2%	112.0%	110.0%	Dividend yield	0.4%	0.0%	0.0%	0.0%	0.0%
Cost-income ratio	29.9%	29.0%	27.5%	27.3%	27.2%	ROE	16.8%	17.1%	18.6%	17.4%	17.1%
Growth						Capital Adequacy					
Asset growth	18.1%	12.4%	17.4%	13.2%	16.1%	CAR	8.6%	9.0%	8.9%	>8%	>8%
Loan growth	12.7%	16.1%	16.6%	17.2%	17.3%	Asset Quality					
PPOP growth	24.9%	11.5%	18.5%	7.3%	12.5%	NPL ratio (substandard)	12%	11%	12%	13%	13%
Parent NP growth	20.1%	17.6%	27.4%	11.2%	16.2%	Coverage ratio (substandard)	188.1%	167.2%	174.7%	152.3%	131.7%
EPS growth	20.1%	5.3%	27.4%	11.2%	16.2%	NPL ratio (precautionary)	3.6%	2.7%	2.6%	3.0%	2.8%
BVPS growth	15.7%	4.0%	18.0%	19.0%	18.5%	Coverage ratio (precautionary)	65.0%	70.4%	82.9%	66.0%	61.1%

Source: Company report, KB Securities Vietnam

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Investment ratings & definitions

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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