

17/09/2024
RECOMMENDATION BUY

Fair price	40,200
Current price	34,950
Upside/downside	15%

STOCK INFORMATION

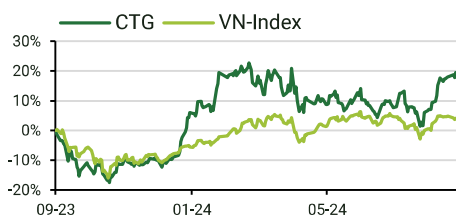
Outstanding shares (mil)	5,369
Free float (mil)	805.5
Market cap. (VND billion)	187,949
3m avg. volume (shares)	7,978,114
Foreign ownership (%)	26.6%
First listing date	16/07/2009

SHAREHOLDER STRUCTURE

State Bank of Vietnam	64.46%
Bank of Tokyo Mitsubishi UFJ	19.73%
IFC Capital Investment Fund	3.35%
PYN Elite Fund	2.22%
International Finance Company	1.64%
Other	8.6%

IMPORTANT ASPECTS

TTM EPS (VND)	3,782
BVPS (VND)	25,149
Debt/Equity (%)	14.9
ROA (%)	1%
ROE (%)	15.85%
P/E	9.3x
P/B	1.4x
Dividend yield (%)	16.8%

STOCK PRICE FLUCTUATIONS

COMPANY PROFILE

Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) was established in 1988 after being separated from the State Bank of Vietnam. VietinBank operates in the field of capital mobilization and trading, and providing related financial services. VietinBank officially operates under the model of a joint stock bank and has been listed and traded on the Ho Chi Minh City Stock Exchange since 2009.

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SOLID QUARTER, POSITIVE OUTLOOK

- Despite facing difficulties in non-credit activities and pressure to increase provisions to minimize the risk of asset quality deterioration, CTG's credit activities witnessed positive results in H1 2024.
- We expect credit activities to continue to be a bright spot for CTG's growth in the last months of 2024 and 2025 thanks to the improvement of business conditions, the gradual recovery of retail activities, and the Government's economic support policies.
- With 2024F and 2025F projected P/B of 1.5x and 1.3x, respectively, PHS comes up with fair value of CTG at VND 40,200/share. We recommend BUY with a potential upside of 15%.

Investment Highlights

As one of the key state-owned banks of the economy, CTG has participated in supporting the transmission of Government and State Bank's operating policies and is one of the two banks with the lowest Cost of Funds in the whole bank. At the end of H1 2024, the bank's Cost of Funds decreased by 79 bps compared to the end of 2023 to 3.73%. Moreover, the continuous improvement of the CASA ratio and the development of the financial ecosystem among subsidiaries have supported CTG in maintaining this capital mobilization advantage.

Faced with the unpredictable developments of the economy, CTG is one of the banks with the best asset quality in the country as the one of only 5 banks with a Loan Losses Coverage ratio greater than 100%. Although asset quality declined in H1 2024 due to many economic difficulties, on the positive side, we see that the risk of forming a new layer of bad debt is clearly decreasing. Along with the strong increase in risk provisions, since the beginning of the year, the bank has proactively adjusted the structure of its risky asset portfolio. Moreover, credit is directed to sectors with lower risk levels. Hence, we expect the Loan Losses coverage ratio in 2024 and 2025 to be 142% and 158%, respectively.

The capital increase from retained earnings would support CTG to thicken its capital buffer, improve its capital adequacy ratio, help the bank expand its business operations, and increase expectations for the bank's growth prospects. CTG has received opinions from the State Bank of Vietnam and the Ministry of Finance to allow the use of all retained earnings in 2022 (VND 11 trillion) to increase capital through stock dividends, equivalent to a rate of 21.4%. The bank is also proposing to competent authorities to allow the use of all retained earnings in 2023 (VND 9 trillion) to increase capital, equivalent to a rate of 16.8%. We expect the bank to complete the capital increase in Q4 2024, thereby bringing its charter capital to about VND 74.2 trillion, equivalent to an increase of 38% compared to 2023.

2024F Projection

We believe CTG's credit growth would continue to benefit from the economic recovery in H2 2024F and 2025F, and is projected to be 13.8 % in 2024F and 14 % in 2025F. At the same time, thanks to its role as a pillar state-owned bank, CTG has an advantage in capital mobilization. So it could maintain low lending rates to support the economy. We project 2024F and 2025F NIM at 3.01%(+10 bps) and 3.16% (+15 bps), respectively.