

# **Company**Brief

18 May 2023

## Vietinbank (CTG)

## **Provision slump drives the net profit growth in 2023 AM briefing**

- We tuned in to CTG's analyst meeting on May 18 which featured the strategical visibility on the group and shed some light on its 1Q23 operational updates.

## 1Q23 Net profit stayed flat

- HDB's 1Q23 consolidate net profit edged up VND4,831bn (+2.8%yoy).
- The booming credit risk provision expense (51%yoy) offset the positive growth of net interest income (25%yoy), service fees (57%yoy), and FX (50%yoy).
- 1Q23 bancassurance fee climbed 58%yoy, pushing CTG's net APE to 5<sup>th</sup> rank (VND260bn). Nonetheless, the management views conservatively about the next nine months in insurance market with many headwinds and aims the fee growth could ease at 10-20%yoy in 2023.
- The solid growths of fees from trade finance and FX services could persist in 2023, pending the target numbers. Meanwhile, fees from cards and income from debt collection face challenges.
- Total credit risk provision cost could fall by 34.5-50% yoy (VND12,000-15,000bn) in 2023, per management. However, CTG has yet provide the PBT guidance since they must obtain approval from SVB based on 2023 AGM.

## Large corporate loan led the loan growth in 1Q23

- 1Q23 loan growth rose 4.6%YTD, half of the 1Q22's 8.7%YTD. Loan growth
  was fueled by the Large corporate customers (+16.7%YTD, accounting for 32%
  of total loan). Meanwhile, retail and SME lagged behind at 3.0/1.2%YTD.
- CTG favors loan growth from retail, SME segments especially coming from defensive industries (electricity, telecommunication, electrical equipment...)
- While seeking further information, we see deposit growth (+1.9%YTD) was slower than loan growth in 1Q23.
- Loan growth took a breath to come in at 5-5.5% YTD as of end-Apr and could expand 10-12% yoy in 2023 (seeking the SVB's approval)

	2018A	2019A	2020A	2021A	2022A
TOI (VND bn)	28,446	40,519	45,317	53,157	64,117
chg. (% YoY)	(12.8)	42.4	11.8	17.3	20.6
PPE (VND bn)	14,361	24,785	29,232	35,971	45,109
Net profit (VND bn)	5,275	9,461	13,694	14,089	16,775
EPS (VND, adj.)	1,417	2,044	3,678	2,510	3,491
chg. (% YoY)	-8.3	44.2	79.9	-31.8	39.1
PB (x)	1.53	1.33	1.21	1.42	1.23
PE (x)	26.5	14.0	9.4	10.9	9.1
P/PPE (x)	19.6	10.9	7.5	9.5	7.9
NIM (%)	2.0	2.9	2.9	3.0	3.0
ROE (%)	8.1	13.1	16.9	15.9	16.7
ROA (%)	0.5	0.8	1.1	1.0	1.0
Dividend yield (%)	0.0	1.8	2.9	0.0	0.0
CAR (%)	N/A	9.0	N/A	9.14	9.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

## 12M rating Non-rated

12M TP Up/Downside

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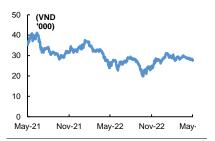
### Stock Data

VNIndex (May 18, pt)	1,068
Stock price (May 18, VND)	19,400
Market cap (USD mn)	2,081
Shares outstanding (mn)	2,515
52-Week high/low (VND)	21,440/14,000
6M avg. daily turnover (USD mn)	1.75
Free float / Foreign ownership (%	70.2/19.6
Major shareholders (%)	
SBV	64.46
Mitsubishi	19.73

#### Performance

	1M	6M	12M
Absolute (%)	0.0	0.1	0.0
Relative to VNIndex (%p)	-0.1	0.0	0.2

### Stock price trend



Source: Bloomberg

## Research Dep

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## **NPL** loan was well-controlled

- 1Q23 NPL inched to 1.28% (1Q22: 1.25% and 4Q22: 1.24%). LLR sustained at 173% in 1Q23 (vs 4Q22's 188% and 1Q21's 197%).
- The management eyes NPL to be below 1.8% as of end-2023

## NIM widened in 1Q23

- 1Q23 NIM was 2.94%, above 2022's 2.87% and 1Q22's 2.62% thanks to stable customer deposit structure and controlled asset quality.
- 1Q23 COF was 4.92%, higher than 2022's 3.59% and 1Q22's 3.28% due to the hiking deposit rate.

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