Sep 9, 2025

Shinhan Securities



VietinBank (CTG)

[Vietnam / Bank]

Bloomberg Code (CTG VN) | Reuters Code (CTG.HM)

BUY

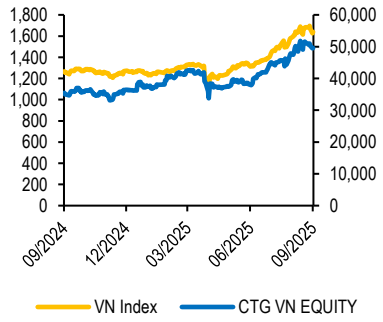
Initial report

Target price (12 months)	**60,000 VND**
Current price (09/09/25)	49,600 VND
Upside/downside	21.0%

VNINDEX	1,637
PE forward 2024F	13.1
Market Cap (VNDbn)	266,352
Outstanding shares (bn)	5,370
Free float (bn shares)	1,908
52-week high/low (VND)	53,400/32,700
90-day avg. trading volume (mn)	9.43
90-day avg. turnover (VNDbn)	485
Foreign ownership (%)	27.22

Shareholder (%)	SBV	64.49

Performance	3T	6T	12T
Absolute (%)	30.5	17.0	39.9
Relative to VN-Index (%)	5.6	-6.5	10.8



Anticipating valuation improvement

BUY recommendation, target price 60,000 VND

VietinBank (CTG), a leading state-owned commercial bank in Vietnam, is strategically enhancing its business model through significant investments aimed at fostering a more balanced, retail-oriented portfolio. The bank has demonstrated proactive and effective management of its bad debts over the past five years, successfully maintaining its NPL ratio at a manageable level despite broader industry volatility. With an improved credit environment and ambitious GDP growth targets, we anticipate a further boost to the bank's credit expansion capabilities. We are initiating coverage on CTG with a BUY rating and a target price of VND 60,000.

Noticable credit growth in 1H2025 admist aggressive public investment disbursement

Within this supportive macroeconomic backdrop, VietinBank (CTG) has demonstrated superior performance, achieving nearly 10% credit growth in 1H2025, significantly outpacing the industry average. With an approximate 11% market share and a balance loan portfolio between retail and corporate, CTG is well-positioned to continue benefiting from ambitious public investment initiatives aimed at enhancing regional connectivity over the next two years.

Strong loan loss coverage ratio and expect further improving NPL ratio

CTG has demonstrated superior Non-Performing Loan (NPL) management, effectively containing its NPL ratio within a stable 1-1.5% range over the past five years despite industry pressures. CTG's proactive provisioning strategy, evidenced by its leading LLR ratio (approx. 135% at Q2/2025) comparable to top-tier peers, provides substantial flexibility for future profitability enhancement. Furthermore, active write-off policies coupled with formalization and parliamentary approval of Resolution 42/2017/QH14 are set to generate significant income from written off debt for CTG.

Competitive cost of funds keeps NIM stable over years

VietinBank (CTG) enjoys a notable COF advantage, a common characteristic for State-Owned Commercial Banks, driven by stable State Treasury deposits and a significantly improved CASA ratio (from 19% in 2020 to over 24% by end-2024). These factors have reduced CTG's COF to around 3.1% over the past five years. CTG's NIM has remained stable around 2.8-3% from 2020 to 2025, showing significantly less volatility than peers. We anticipate CTG's NIM has bottomed out, offering room for expansion as its retail segment grows.

Strong Growth Anticipated for CTG

We anticipate CTG to deliver better-than-average profit growth in 2025, with this positive momentum continuing into 2026. This outlook is supported by projected credit growth of 16-18% for both 2025 and 2026, alongside a stabilizing NIM with potential for improvement in 2026. Furthermore, we expect reduced pressure from provision expenses, aided by income generated from written-off debt recovery. Factoring in these drivers, we project CTG could achieve profit growth of 20% for both 2025 and 2026.

Risk 1) Asset quality deteriorates faster than expectation; 2) CAR ratio limit ability to expand growth for CTG

Year	2022	2023	2024	2025F	2026F
Interest income (VND billion)	47,792	53,083	62,403	69,296	81,054
Non-interest income (VND billion)	16,325	17,575	19,506	20,595	24,631
Total income (VND billion)	**64,117**	**70,659**	**81,909**	**89,891**	**105,684**
Operating expenses and provisions (VND billion)	(43,171)	(45,559)	(50,151)	(50,075)	(59,241)
Profit before tax (VND billion)	**20,946**	**25,100**	**31,758**	**39,816**	**46,444**
Credit growth (%)	12.16%	15.50%	16.78%	17.96%	15%
NIM (%)	2.93	2.91	2.92	2.74	2.79
ROE (%)	16.7	17.1	18.4	19.2	18.6

Source: Fiinpro, Company data, Shinhan Securities Vietnam.

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Company background

Company overview

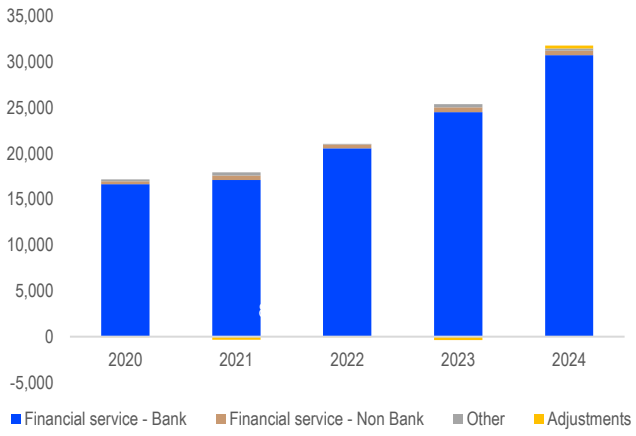
Vietnam Joint Stock Commercial Bank For Industry And Trade (VietinBank - CTG) is one of the leading commercial banks in Vietnam, initially established as Industrial and Commercial Bank based on the separation from the State Bank of Vietnam according to Decree No. 53/CTGT of the Council of Ministers. VietinBank holds a pioneering position as the first bank to cooperate with a foreign bank to establish Indovina Joint Venture Bank. During its development, VietinBank has achieved important milestones: launching the VietinBank brand in April 2008. Notably, the Bank successfully conducted its Initial Public Offering (IPO) auction in December 2008. VietinBank is currently a state-owned bank, possessing a widespread network with 155 branches and over 900 transaction offices nationwide.

CTG's main business sectors: Capital mobilization; Credit granting; Providing payment and treasury services; Providing foreign exchange services; Providing derivative products; Providing securities custody services; Other activities according to the enterprise registration certificate.

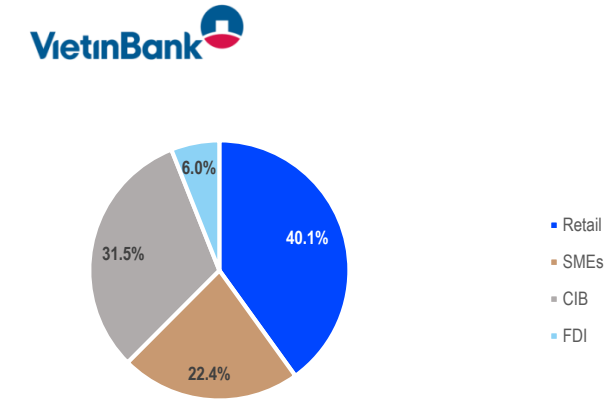
CTG business overall

CTG profitability is predominantly driven by its core banking operations. The contributions from its seven subsidiaries are marginal, collectively accounting for less than 5% of the group's total profit.

CTG profit by product segment from 2020-2024



CTG loan portfolio by customer as of 2024



Source: CTG, Fiinpro, Shinhan Securities Vietnam

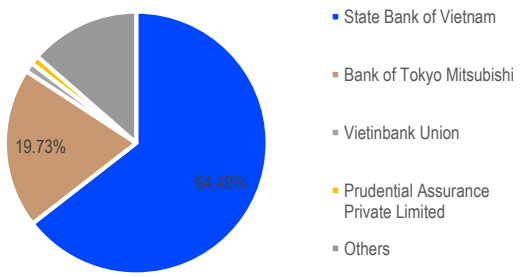
CTG ownership structure

- As a state-owned commercial bank, VietinBank (CTG) is majority-owned by the State Bank of Vietnam (SBV), which holds approximately 65% of the bank's total outstanding shares. In a significant strategic development, VietinBank formalized a partnership with Japan's Bank of Tokyo-Mitsubishi UFJ (BTMU) by signing an agreement at the close of 2012 for the sale of a 20% equity stake. BTMU has since maintained its position as a key strategic investor in CTG.

CTG's subsidiary

Subsidiaries	Charter capital (VNDbn)	Ownership (%)
Vietinbank Gold And Jewellery Trading Company Ltd	200	100%
Vietinbank Global Money Transfer Company		100%
Finance Leasing Company Limited - Vietnam Joint Stock Commercial Bank For Industry And Trade	1000	100%
Vietinbank Fund Management Company Limited	300	100%
Vietnam Bank For Industry And Trade Securities Joint Stock Company	2,127	75.64%
Joint Stock Insurance Corporation - Vietnam Joint Stock Commercial Bank for Industry and Trade	667	73.40%
Vietnam Limited Bank For Industry And Trade In Laos		100%

CTG's shareholder structure at the end of Q2/2025 (%)



Source: CTG

Development history of CTG

Key events in the development of CTG

- **1988:** VietinBank (then known as Industrial and Commercial Bank) was established through the separation from the State Bank of Vietnam (SBV) under Decree No. 53/CTGT of the Council of Ministers.
- **2008:** The bank officially launched its new brand, VietinBank, in April 2008. This year also marked the successful execution of its Initial Public Offering (IPO) auction in December 2008.
- **2011:** VietinBank sold a 10% stake of its charter capital to the International Finance Corporation (IFC), a foreign partner.
- **2013:** A 20% equity stake was sold to strategic foreign investor MUFG Bank (Japan), positioning VietinBank as the state-owned commercial bank with the strongest shareholder structure in Vietnam at that time.
- **2020:** The bank successfully completed its restructuring plan, including bad debt resolution for the 2016-2020 period
- **2021- now:** VietinBank has embarked on a comprehensive digital transformation initiative aimed at modernizing its products and services, enhancing governance and operational capabilities, and significantly improving labor productivity.

Investment Catalysts & Theses

Cautious plan with high chance of beating it

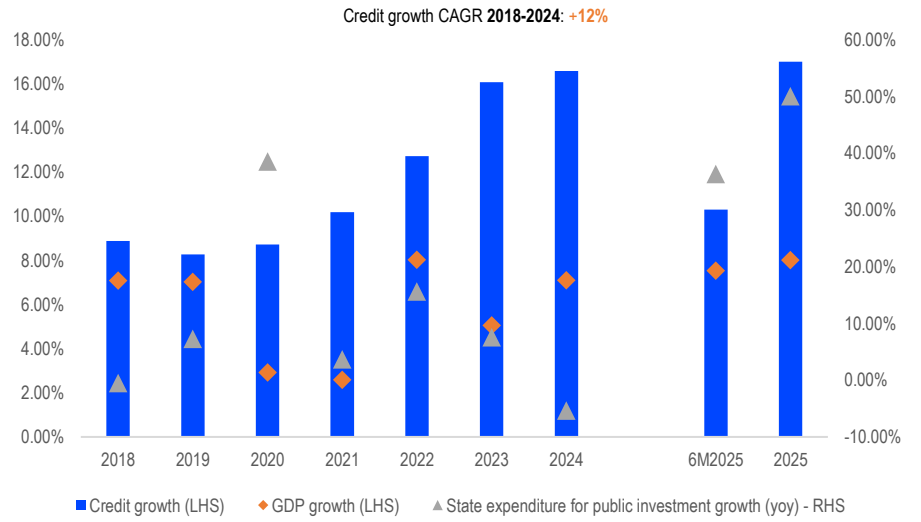
1. **Expect noticable credit growth thanks to major public investment disbursement**

Historically, periods of robust public investment disbursement in Vietnam have demonstrated a strong correlation with accelerated GDP growth, positively impacting the loan book expansion capabilities of state-owned commercial banks (SOBs), including VietinBank (CTG). The Vietnamese government has signaled a strong commitment to achieving its 2025 GDP targets. In the first half of 2025 (6M2025), estimated public investment disbursement reached VND 268 trillion, representing 32.5% of the Prime Minister's assigned plan, and exceeding the disbursement rate of the corresponding period in 2024.

Within this supportive macroeconomic environment, CTG has demonstrated superior performance, achieving nearly 10% credit growth in the first half of the year, surpassing the industry average. Given the ambitious public investment initiatives aimed at enhancing regional connectivity across Vietnam, we anticipate CTG will continue to benefit significantly from these developments over the next two years.

The banking sector is expected to remain the primary financing channel for the Vietnamese economy, particularly as the bond and equity markets have experienced a slowdown. Despite ongoing efforts to revitalize the corporate bond market, a full restoration of investor confidence is anticipated to take several years. Furthermore, stricter conditions, such as limiting participation to professional investors and imposing higher leverage ratio requirements (exceeding 5%), are likely to constrain new corporate bond issuances. Consequently, the banking system is poised to maintain its crucial role in directing capital flows within Vietnam in the short term. The nation's total credit-to-GDP ratio has steadily increased, rising from 104% in 2018 to an estimated 134% by 2025, underscoring the banking sector's growing importance in economic financing.

CTG credit growth in the period 2018-2025 (%)

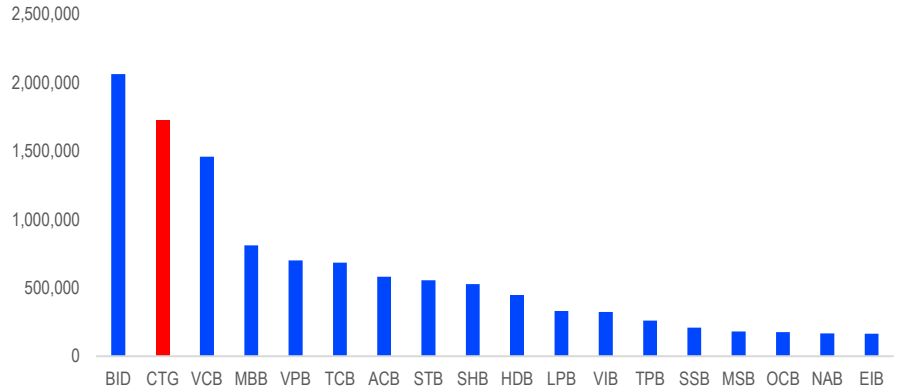


Source: Fiinpro, Company data, Shinhan Securities Vietnam

2. SMEs and Retail segments are the key drivers in recent years

Regarding total credit, CTG market share constitutes around 11% of Vietnam banking system. Along with VCB and BID are the 3 biggest listed bank in terms of credit size.

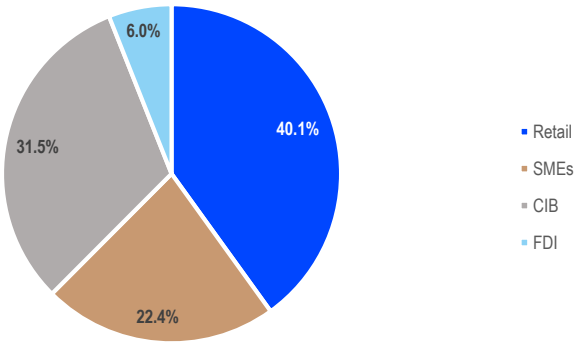
CTG's credit compared to the group of banks listed on HOSE at the end of 2024 (VND billion)



Source: Fiinpro, Company data, Shinhan Securities Vietnam

By the end of 2024, loan portfolio of CTG comprised around 40% retail loans, around 31% for SMEs and around 30% for corporate and FDI segment. By the end of Q2/2025, the structure of CTG loan book keeps relatively stable, with 62% from retail and SMEs, while 38% from Corporate and FDI segment.

Loan portfolio by customer type in 2024 (%)



Loan portfolio by sectors in 2024

Sector	Proportion	Outstanding loan (VND trillion)
Whole sale retail	38.0%	654
Manufacturing and processing	20.1%	313
Trade and services	17.6%	303
Construction	4.7%	81
Business household	6.0%	103
Electricity, gas, water production/distribution	4.7%	81
Agriculture, forestry, fishery	3.0%	51
Transport, logistics, telecommunication	2.2%	38
Mining	0.5%	9
Others	3.2%	56

Source: CTG, Fiinpro, Company Data, Shinhan Securities Vietnam

CTG has observed a healthy expansion in its retail loan book, exhibiting a Compound Annual Growth Rate (CAGR) of approximately 27.5% from 2020 to 2024. By strategically balancing its portfolio between retail and corporate lending, CTG is positioned to capitalize on potentially higher profit margins within the retail segment. Accelerated digitalization efforts, aligning with industry trends, are further enabling CTG to enhance its credit growth in the retail sector. As of the end of 2024, retail clients constituted over 40% of the total loan portfolio, a significant increase from approximately 30% in 2020.

Within the retail loan book, manufacturing and business loans contribute nearly 65%, followed by mortgage products at around 27%, with the remaining portion comprising credit card loans and other product types.

CTG plays a pivotal role as a primary conduit for the Vietnamese Government in funding investment projects. Deposits from the State Bank of Vietnam (SBV) not only bolster CTG's liquidity but also enhance the bank's capacity to extend credit to key economic

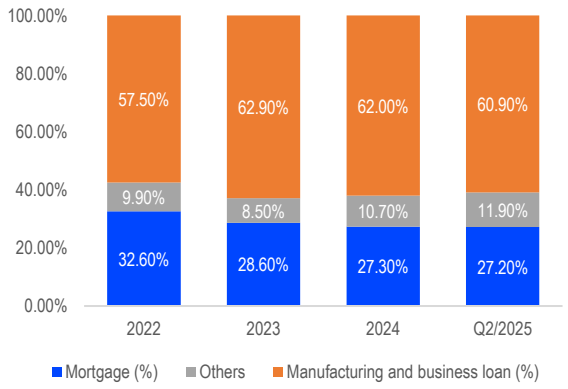
sectors. The strategic partnership with MUFG Bank, a key shareholder, has significantly expanded CTG's footprint in financing Foreign Direct Investment (FDI) enterprises, particularly those from Japan. The bank has proactively established dedicated FDI desks, forged partnerships with foreign banks such as Cathay United Bank, and collaborated with regional lenders like Joyo Bank and Yamanashi Chuo Bank. The FDI segment demonstrated a CAGR of approximately 17% between 2020 and 2024, contributing roughly 6% to CTG's total loan portfolio as of 2024.

Overall, CTG's loan portfolio is primarily focused on retail, trade and services, and household loans, which collectively account for close to 50% of the bank's total loan book. Manufacturing and processing, electric and utilities production/distribution, and transport/logistics together represent over 27% of the remaining portfolio. Loans related to construction accounted for under 5% as of 2024. Green loan by the end of 2024 contributed over 2.5% of CTG loan book.

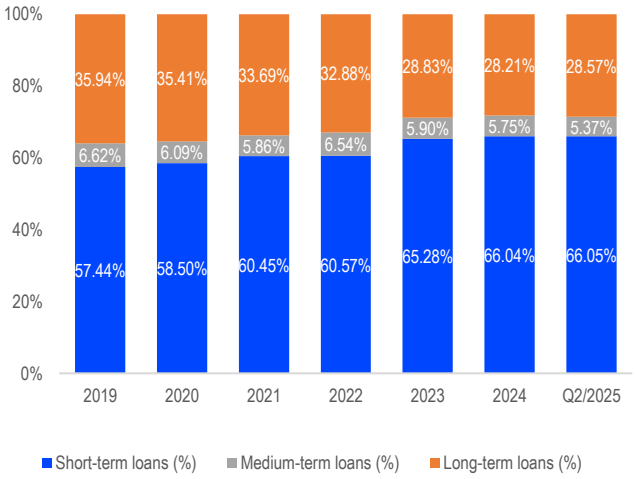
By the end of the second quarter of 2025, the retail sector saw a 10.6% expansion, while the SME segment grew by 8.7%. The CIB segment also experienced a 9.2% increase, and the FDI sector had the most significant growth at 14.4%.

The bank's risk-weighted asset to credit asset ratio is positioned around the median among listed banks, indicating a more balanced portfolio compared to retail-centric institutions (e.g., ACB, VIB) or those with significant developer exposure (e.g., TCB).

Retail loan product as of Q22025



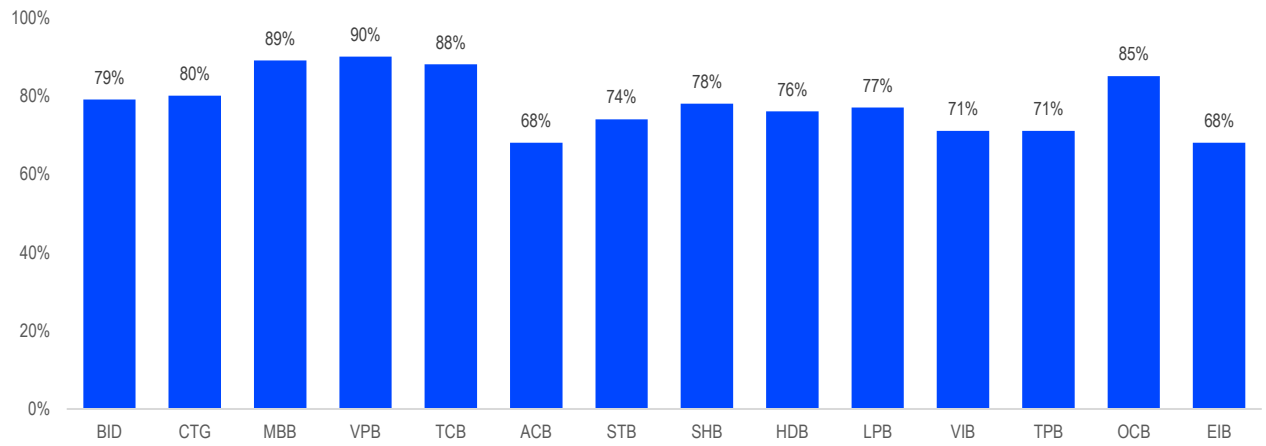
Loan structure by term (%)



Source: Fiinpro, Company data, Shinhan Securities Vietnam

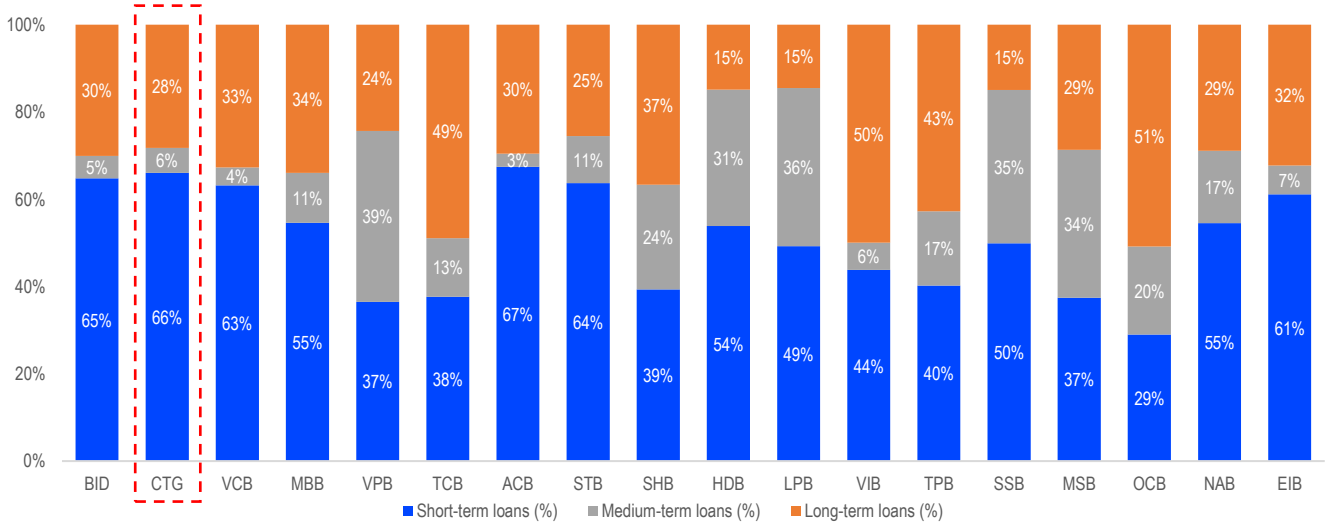
Regarding loan term structure, over 60% of CTG's loans are short-term, with the remaining medium and long-term loans contributing over 30%. This loan structure is consistent with that of other state-owned commercial banks (e.g BID and VCB) and several private commercial banks (e.g., ACB, STB).

% Credit RWA of certain listed banks as of 2024



Source: Fiinpro, Company data, Shinhan Securities Vietnam

Loan structure by term of listed banks on HOSE at the end of 2024 (%)



Source: Fiinpro, Company data, Shinhan Securities Vietnam

Competitive cost of fund amid strong competition in asset yield

Improvement of COF from increasing of CASA and deposit from treasury.

CTG's cost of funds (COF) demonstrates a notable advantage compared to other commercial banks in the system. This is a shared characteristic among other State-Owned Banks (SOBs), largely attributable to the stable and often lower-cost deposits from the State Treasury, as regulated by Circular No. 58/2019/TT-BTC. The accelerating trend of digitalization and non-cash payments has provided an additional impetus, CASA ratio has significantly improved, rising from approximately 19% at the end of 2020 to over 24% by the end of 2024. These 2 main developments directly contributing to a reduction in CTG's COF over the past five years, currently hovering around 3.1%.

In recent years, CTG has avoided a major mismatch between customer deposit and customer loan growth. Its pure Loan-to-Deposit Ratio (LDR) has remained within a relatively tight range around 100%, contrasting with the increasing trend observed across the broader banking industry (from 93% in 2020 to 104% by the end of 2024).

In terms of deposit structure, over 70% of CTG's funding originates from customer deposits. In terms of customer deposit structure, over 64% of the portfolio comes from retail and SMEs customers and the remainder from corporate and FDI. Over the last five years, the bank has actively diversified its funding structure, increasing its reliance on valuable papers and the interbank market.

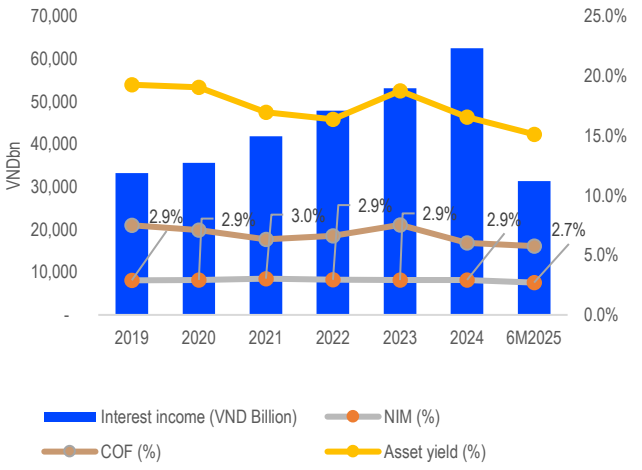
For its earning assets, approximately 73% are derived from customer loans, with the remainder sourced from the interbank and debt markets.

NIM stabilized through credit cycle

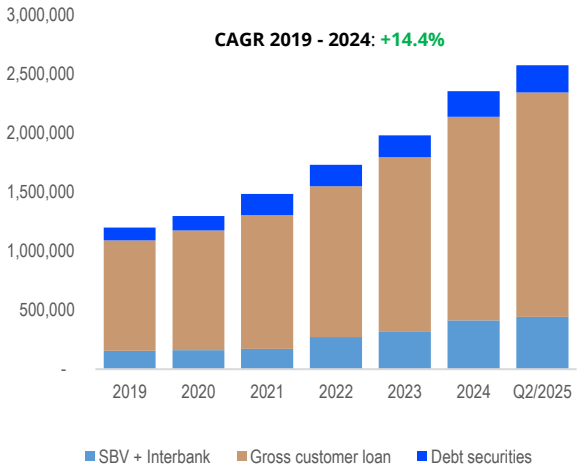
Despite its advantageous COF, CTG does not exhibit a substantially high interest spread, which translates into a relatively moderate Net Interest Margin (NIM). In exchange for this, CTG is able to offer more competitive interest rates to its clients without significantly impacting its core business profitability. CTG's NIM has averaged between 2.8% and 3% from 2020 to 2025, demonstrating stability compared to the broader industry. In the same priod, the NIM of listed banks saw a significant improvement from 3.8% to 4.4% during 2020-2024 before quickly retracing to under 3.6%. We anticipate that CTG's NIM has reached its bottom and factor in a recovery over the next couple of years.

By the end of Q2/2025, NIM (TTM) of CTG slightly decreased to 2.7%, from 2.9%. We also observed this trend for other banks, NIM of bank in HOSE reduced from approximately 3.5% to 3.3% in the same period.

CTG NIM, COF, Asset Yield from 2018-2025



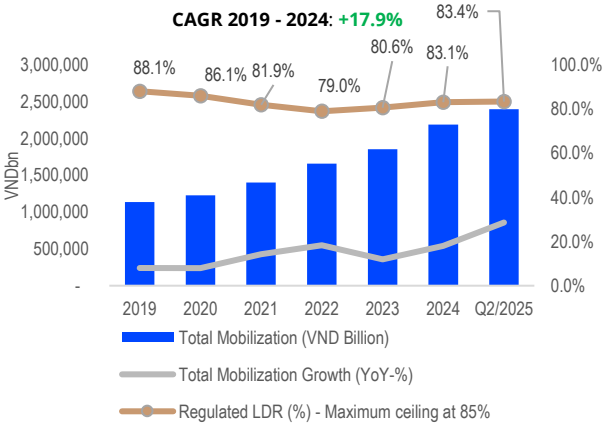
Earning asset structure of CTG over years

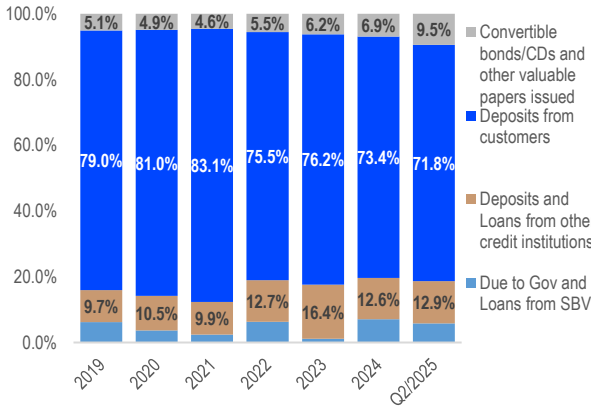


Source: Fiinpro, Company data, Shinhan Securities Vietnam

CTG's total mobilization in the period 2019-2025

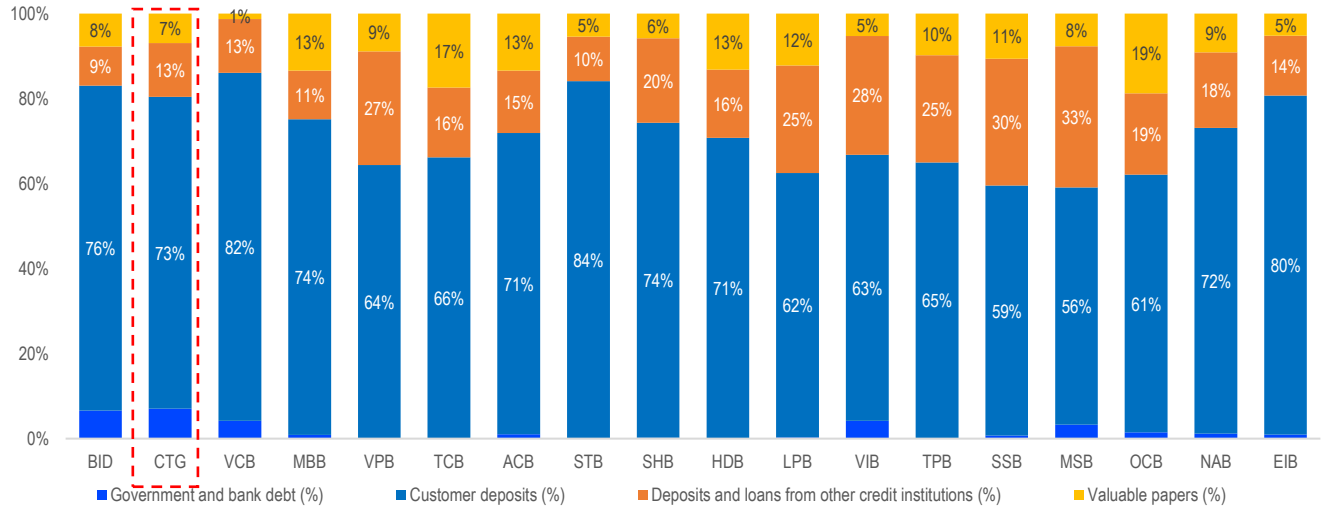
CTG's total mobilization structure over the years (%)





Source: Fiinpro, Company data, Shinhan Securities Vietnam

Deposit structure of listed banks on HOSE at the end of 2024 (%)

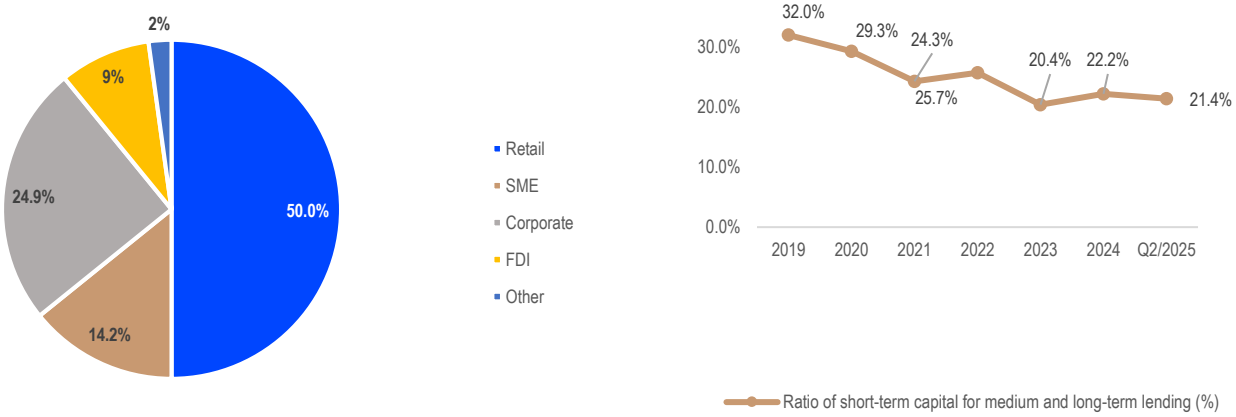


Source: Fiinpro, Company data, Shinhan Securities Vietnam

CTG appears to manage its short-term capital for medium and long-term lending ratio effectively, adhering strictly to regulations from the State Bank of Vietnam (SBV), where the current cap is 30% as stipulated by SBV Circular 08/2020/TT-NHNN.

Customer deposit structure at the end of 2024 (%)

Ratio of short-term capital for medium and long-term lending (%)



Source: CTG, Fiinpro, Company data, Shinhan Securities Vietnam

Robust provisioning strategy keep LLR of bank at high level

NPL hovering steadily around safe level 1-1.5%

In line with broader industry trends, CTG experienced a temporary increase in Debt Group 2 between Q4 2022 and Q2 2023. However, the bank's management effectively managed the transition of these loans into Non-Performing Loans (NPLs), maintaining CTG's NPL ratio within a stable range of 1-1.5% over the past five years. The Debt Group 2 ratio also peaked around Q3 2023 before gradually reverting to its historical average. Compared to other commercial banks in Vietnam, CTG has demonstrated a superior ability to manage NPL volatility at a low level.

In Q1/2025, there was an increase in NPL ratio primarily due to one large customer whose debt was restructured under Circular 31/2024/TT-NHNN. This customer had completed the probationary period and returned to Group 1 which reflected in Q2/2025 reduction in NPL and provision expense of CTG (NPL end of Q2/2025 around 1.31%, down from 1.55% end of Q1/2025). NPL of CTG focuses mainly in real estate business, construction materials, accomodation/food services and basic construction. According to the breakdown from CTG management, corporate NPL were around 1.5%, while the retail segment's NPL stood at approximately 0.9%.

For customers that could be affected by Tariff, the management shared that these customer contributed around 10% of corporate customer credit porfolio of bank.

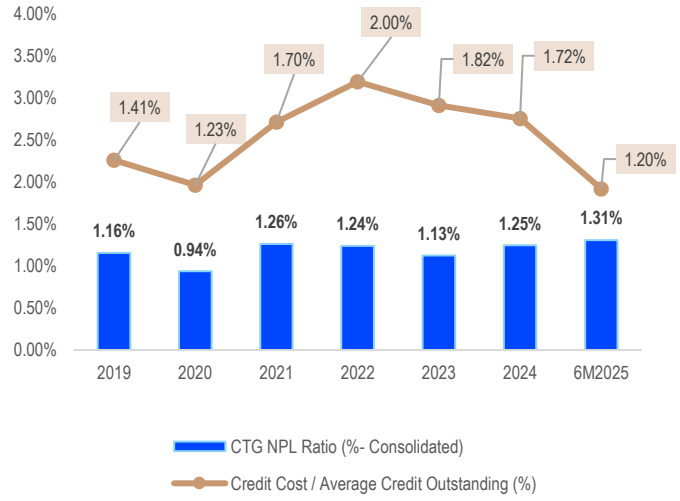
Active write-off leave room for future income

This proactive provisioning and active write-off strategy position CTG for future earnings growth. While some peers opted for lower provision recognition amidst asset quality pressures, resulting in a decline in their Loan Loss Coverage (LLC) ratios, CTG, conversely, proactively bolstered its loan loss reserves during the same period. Consequently, CTG has maintained a leading Loan Loss Reserve (LLR) ratio, comparable to top-tier peers like VCB. This robust provisioning provides CTG with significant flexibility to enhance profitability as economic conditions improve.

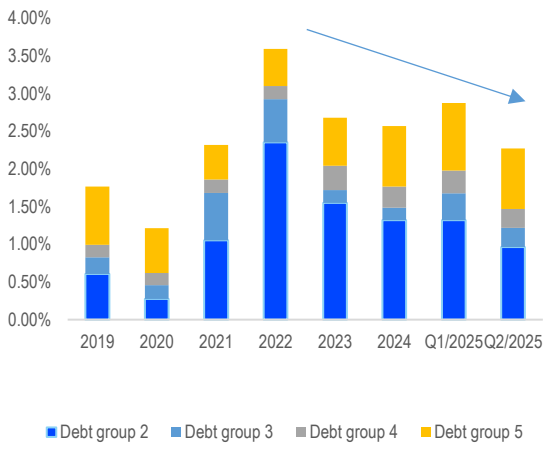
In 6M2025, the recovery from written-off bad debts in 6M2025 reached more than VND 4 trillion; an increase of 89.4% compared to the same period in 2024 due to the drastic handling of some debts by VietinBank in 2024 and the collection time falling in early 2025. Of which, 70% was collected from corporate customers and 30% was collected from retail customers.

Furthermore, **the formalization and parliamentary approval of Resolution 42/2017/QH14** by the National Assembly have significantly empowered banks, including CTG, by re-establishing their rights to directly handle collateral assets. This legislative action has streamlined and accelerated the asset resolution process, thereby contributing positively to the banks' other income streams.

CTG NPL and credit cost over year

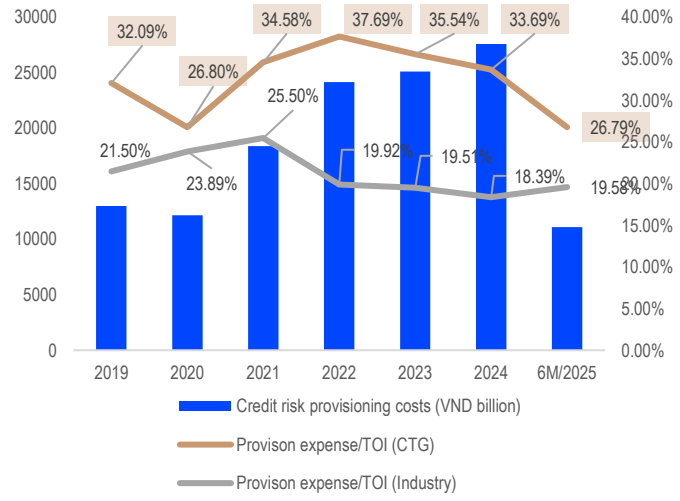


CTG overdue debt group 2-5

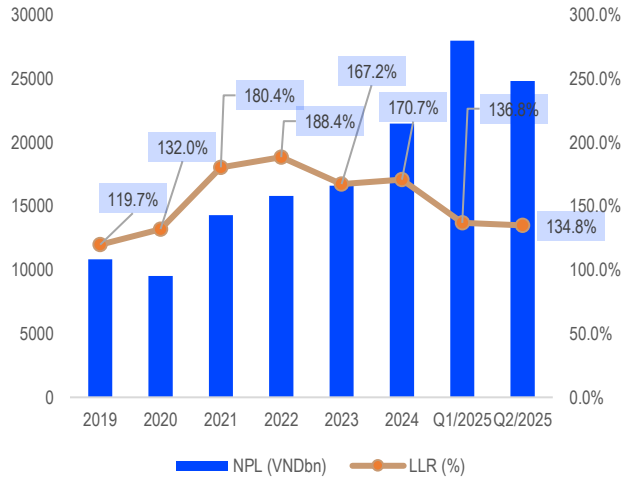


Source: Fiinpro, Company data, Shinhan Securities Vietnam

Maintain appropriate provision expense policy despite the diffulties from market



CTG loan loss coverage ratio (%)



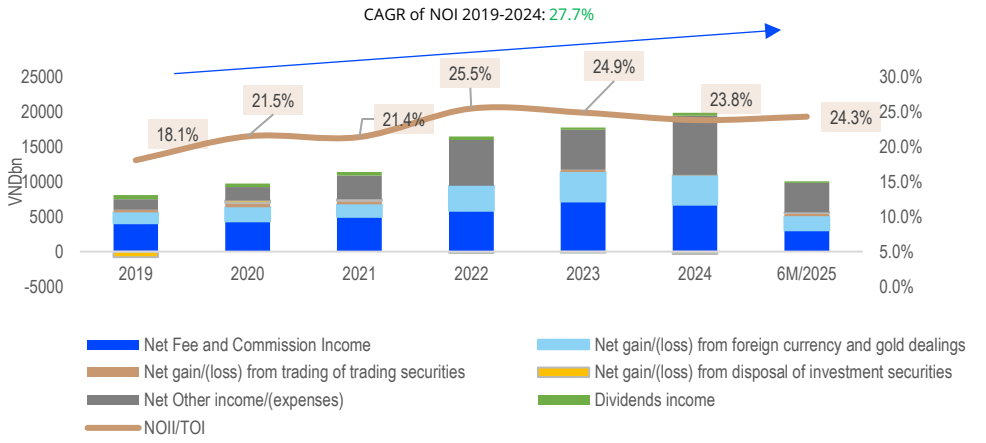
Source: Fiinpro, Company data, Shinhan Securities Vietnam

CTG gains more market share in non-interest segment

Improving the foreign currency and gold dealing compensate for the stale of bancasurance

Contrary to the general decreasing trend in non-interest income observed across the banking sector in recent years, CTG has demonstrated relative stability. The Non-Interest Income to Total Operating Income (NOI/TOI) ratio has not only been maintained but has gradually increased its contribution to approximately 25% of total operating income. This resilience is notably driven by strong performance in the foreign currency and gold dealing segment, which has effectively compensated for any drag from the bancassurance unit. Additionally, a significant surge in income from bad debt write-offs contributed materially to CTG's overall earnings growth in 2024.

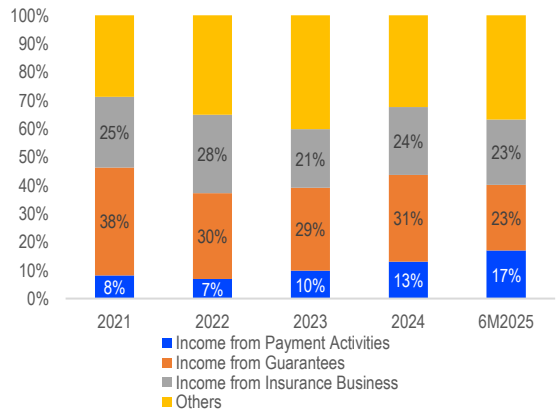
CTG Non-Interest Income (NOI) 2019-2025 (VND Billion)



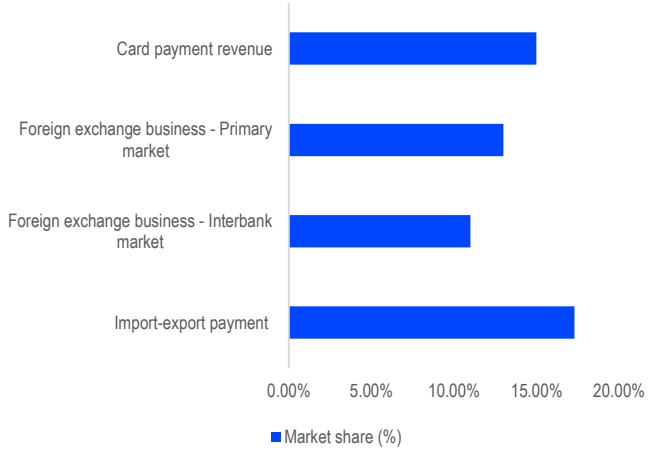
Source: Fiinpro, Company data, Shinhan Securities Vietnam

Fee income, primarily derived from guarantees and payment services, has also been a consistent contributor. Over the last two years, CTG has successfully expanded its market share across various fee income segments, indicating a positive trajectory for future fee revenue growth

CTG fee revenue break down



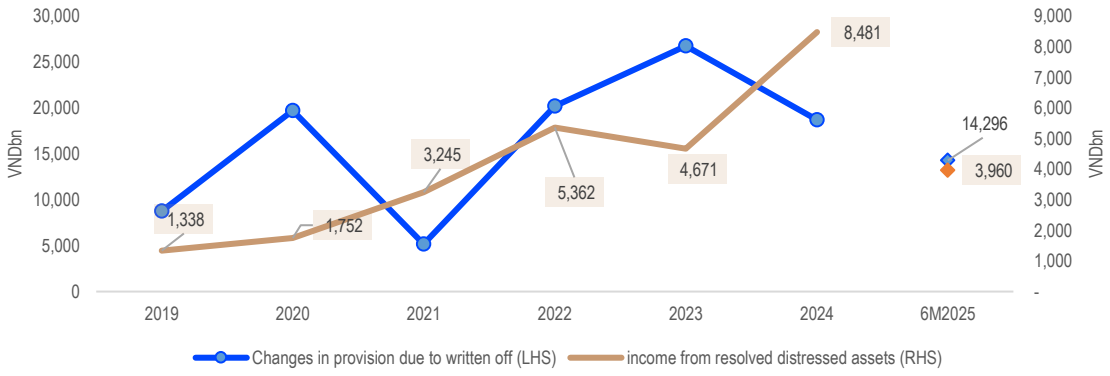
Market share of CTG in non-interest income segment as of Q2/2025



Source: Fiinpro, Company data, Shinhan Securities Vietnam

From our observation, income from bad debt write-offs, which typically surges following periods of increased bad debt and aggressive write-off policies, contributed materially to CTG's overall earnings growth in 2024. Given the substantial volume of bad debt written off during 2022-2024, combined with the strengthened legal framework provided by Resolution 42/2017/QH14, we project potential for additional one-off income contributions from this segment for CTG over the next 2-3 years. CTG management expects debt collection from written off debt would be around VND8-10 bn in 2025

Debt written off from balance sheet and income from bad debt over years



Source: Fiinpro, Company data, Shinhan Securities Vietnam

Facilitate digitalization leads to well improvement of operating expenses

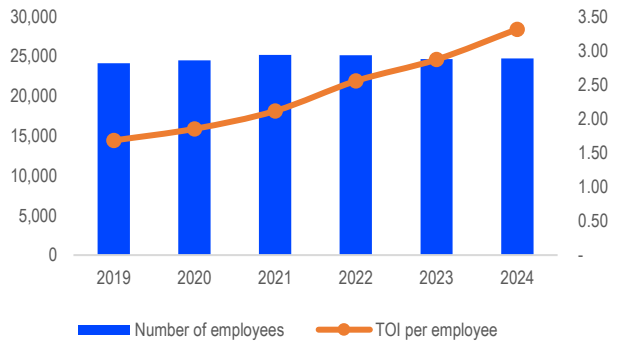
1. Employee number stayed flat while business keeps expanding

Operating costs: CTG's commitment to digitalization has facilitated well-maintained operating expenses. Despite continuous business expansion, the bank has managed to keep its employee count relatively flat. This efficiency is reflected in a clear downward trend in its Cost-to-Income Ratio (CIR), as CTG continuously transforms its business operations. Proportion of transaction via digital chanels has further improved and currently sit at 85%. Consequently, CIR ratio improved from 39% by the end of 2019 to around 29% by the end of 2024.

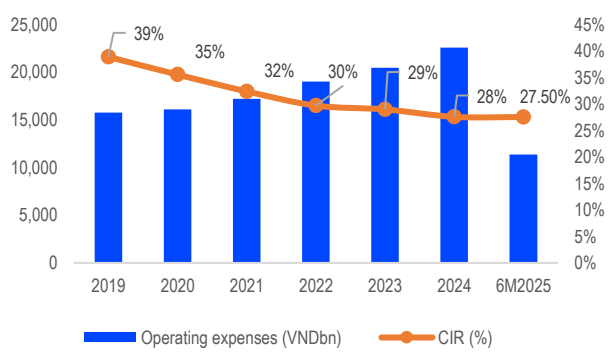
Concurrently, total income per employee has seen a significant increase. With a proven track record in its digitalization process, we anticipate CTG will continue to streamline its operating expenses, notably through the optimization and potential reduction of its physical transaction office network in the coming period. This strategic restructuring is expected to maintain the CIR at recent levels while enabling the bank to absorb increased workloads as its balance sheet expands.

During 2024-2025, we are also observing a strategic restructuring of CTG's transaction office footprint across the Vietnamese market. As digitalization becomes further entrenched in the bank's operations, we expect additional reductions in physical locations to optimize cost efficiencies.

CTG number of employees and productivity by years



CTG operating expenses and CIR ratios-6M2025

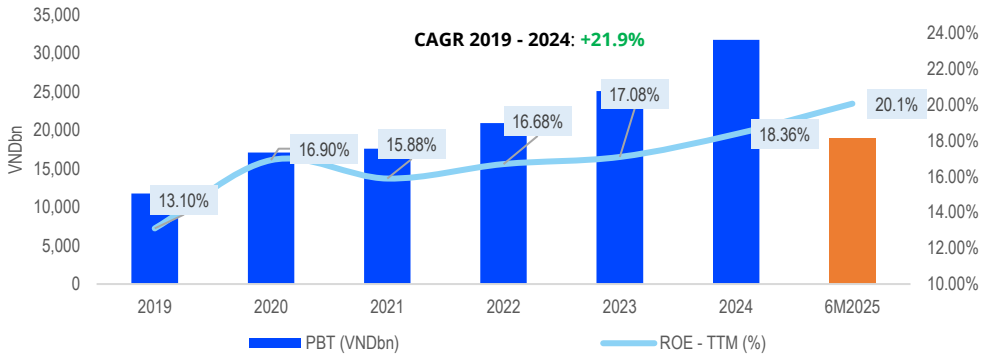


Source: Fiinpro, Company data, Shinhan Securities Vietnam

2. ROE is relatively stable while high ROE performance loses its ground

Despite economic headwinds in recent years, CTG's ROE has improved from 13% in 2013 to 18.4% by the end of 2024, heading to BID, VCB level. This improvement underscores the positive impact of its strategic shifts, including a heightened focus on retail lending, substantial investments in its core banking system, widespread adoption of technology, and an expanded footprint in the FDI segment.

ROE stable with low profit volatility Q2/2025



Source: Fiinpro, Company data, Shinhan Securities Vietnam

CAR ratio remained the weakness of CTG

Despite these positive developments, CTG's capital adequacy remains a relative weakness. Its Capital Adequacy Ratio (CAR) consistently remains below 10%, positioning it among banks with the lowest CAR ratios within the listed banking sector, alongside peers such as BID and STB. Stringent regulations from the State Bank of Vietnam (SBV) and the absence of significant private placements in recent years have compelled CTG to primarily fund its capital requirements through the retention of undistributed profits via stock dividend policies. The bank's management expects to maintain these dividend policies in the future to further bolster its CAR. However, the existing CAR limitations are likely to impose a cap on CTG's growth trajectory in the foreseeable future.

Our analysis indicates that CTG's Capital Adequacy Ratio (CAR) is poised for gradual improvement from 9.54% to over 10%, contingent on its equity achieving a CAGR of approximately 20% per year, assuming an underlying credit growth rate of around 15% annually. Management's continued reliance on organic growth and the issuance of subordinated bonds (qualifying as Tier 2 capital) are key enablers for this trajectory.

In a less optimistic scenario, we project the CAR to remain stable at this level, provided CTG sustains its current balanced portfolio structure between retail and corporate assets, and successfully finances its equity expansion with an organic growth rate of roughly 15% per year.

Effective January 1, 2030, Circular 14/2025/TT-NHNN *represents a significant step towards aligning with Basel III standards, introducing more stringent risk management requirements and paving the way for the eventual removal of credit caps. We anticipate that CTG's strategic pivot towards increased lending to individuals and SMEs, aiming for a more balanced loan portfolio, will notably improve its Risk-Weighted Assets (RWA) once this circular takes effect. The nearly five-year lead time before implementation provides the bank ample opportunity to bolster its Capital Adequacy Ratio (CAR) through organic growth, capital issuance, and the issuance of subordinated*

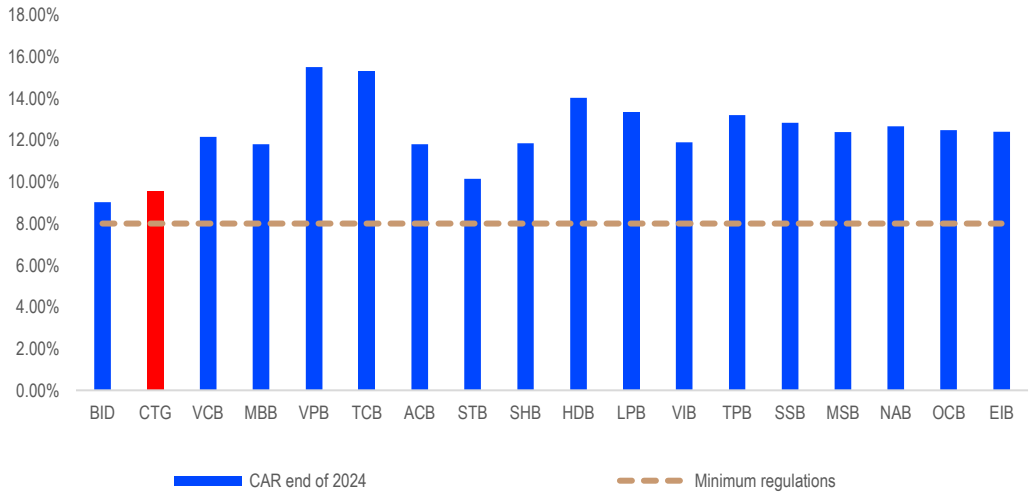
bonds.

A key enhancement under the new circular is the adoption of the Internal Rating-Based (IRB) approach for risk-weighting, combined with the previous Standardized Approach (SA). The IRB approach empowers banks to provision based on their internal risk control models. Notably, however, the RWA calculated under IRB will be floored at a minimum of 72.5% of the RWA under SA, mitigating excessive volatility between the two methodologies.

Furthermore, Circular 14/2025/TT-NHNN introduces two crucial capital buffers: the Capital Conservation Buffer (CCB), phased in from 0.625% in year 1 to 2.5% in year 4, and the Counter-cyclical Capital Buffer (CcyB), ranging from 0-2.5%. These buffers will cumulatively add to the bank's CAR requirement.

In terms of specific risk weight adjustments, the circular generally reduces risk coefficients for green credit, consumer lending, social housing loans, and SME loans. Conversely, it increases the risk weighting for overdue receivables, reflecting a heightened focus on credit quality and recovery.

CTG's CAR compared to other banks at the end of 2024



Source: Fiinpro, Company data, Shinhan Securities Vietnam

Earning estimate 2025-2026

Earning estimate

CTG has demonstrated a compelling acceleration in credit growth, reaching an impressive 10% by Q2/2025, a significant jump from 4.6% in Q1/2025. This momentum is supported by a matching 9% mobilization growth in the first half of 2025, indicating a healthy balance sheet expansion. We project CTG will conclude 2025 with strong credit growth of 17-18%, carrying this positive trajectory into 2026.

Industry-wide headwinds suggest that NIM will remain under pressure for Vietnamese banks throughout 2025. Our forecast for CTG's NIM in 2025 is approximately 2.7%, with an anticipated gradual recovery to 2.8-2.9% in 2026.

The Non-Performing Loan (NPL) ratio experienced a sudden uptick to 1.55% in Q1/2025 but has decreased sharply in the next quarter to 1.3%. This volatility was attributed to a single large customer debt in the construction materials sector turned NPL before reversing back to debt group 1. This lead to a reversion in provision expenses for CTG in Q2.2025.

For the whole year forecast, we anticipate CTG will effectively manage its NPL ratio within the 1.3-1.5% range for 2025, with an estimated credit cost of 1.3%, **translating to approximately VND24,000 billion** in total provision expenses in 2025, in line with mangement guidance.

CTG has demonstrated consistent operational efficiency, with its Cost-to-Income Ratio (CIR) remaining stable and effectively controlled below 30%. Furthermore, we foresee a significant uplift in other income streams, bolstered by the anticipated legalization of Resolution 42.

Considering these factors, we project CTG's Profit Before Tax (PBT) to reach VND39,816 billion in 2025, representing a robust 25% year-on-year growth. We expect this strong earnings momentum to persist into 2026, with an estimated PBT growth for 2026 of around 17%.

Valuation and Recommendation

Initial valuation with BUY recommendation, target price VND 60,000

We initiate our valuation on CTG with a BUY recommendation and a target price of VND60,000.

Valuation method

Based on our **Residual Income model,** we have arrived at a target price of VND 59,890 per share for CTG. This method, which focuses on the economic profit generated above the cost of capital, suggests a strong underlying value for the bank's future earnings potential.

For our **Price-to-Book (P/B)** valuation, we have utilized an average P/B multiple of 1.6x. This multiple is derived from a careful consideration of both CTG's historical P/B ratios and the broader banking industry average. We believe this provides a fair and representative benchmark for assessing CTG's relative valuation within the sector. Applying this multiple, our analysis suggests a fair valuation for CTG around VND 59,630 per share.

Cost of Equity (%)	
Cost of Equity (%)	**12.2**
Risk-free rate (%)	3.6
Equity risk premium (%)	8.6
Beta	1.0

Phương pháp RI

(Đơn vị: tỉ VND)	**6M2025**	**2026F**	**2027F**	**2028F**	**2029F**
Chi phí vốn (%)	12.2%	12.2%	12.2%	12.2%	12.2%
Chi phí vốn sau 2028					12.2%
LNST	16,601	37,155	46,968	50,631	58,640
Lợi nhuận thặng dư (RI)	6,491	12,739	17,421	15,130	16,474
Giá trị hiện tại RI	**6,128**	**10,719**	**13,064**	**10,112**	**9,814**

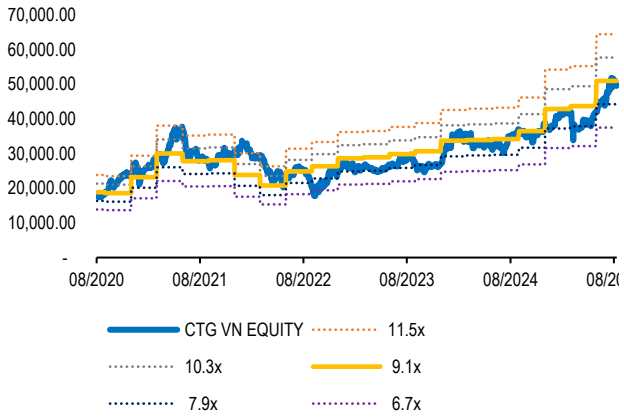
Lợi nhuận thặng dư dài hạn	**181,211**
Tốc độ tăng trưởng dài hạn	2.00%
Giá trị hiện tại dài hạn	107,949
Giá trị hiện tại RI	49,836
Vốn ban đầu	163,826
Total value (bn VND)	321,611
Total outstanding shares (bn)	5.37
Target price (VND)	**59,890**

Valuation Summary

Method	**Weight**	**Price target (VND)**
Residual income	60%	59,890
P/B target (1.6x)	40%	59,630
Target price (VND)	**59,786**	

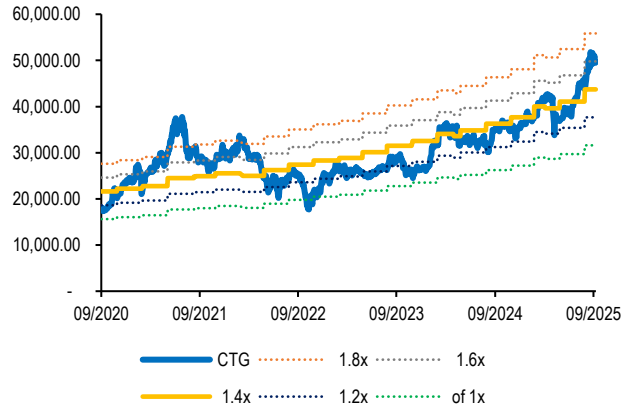
Source: Shinhan Securities Vietnam

PER of CTG



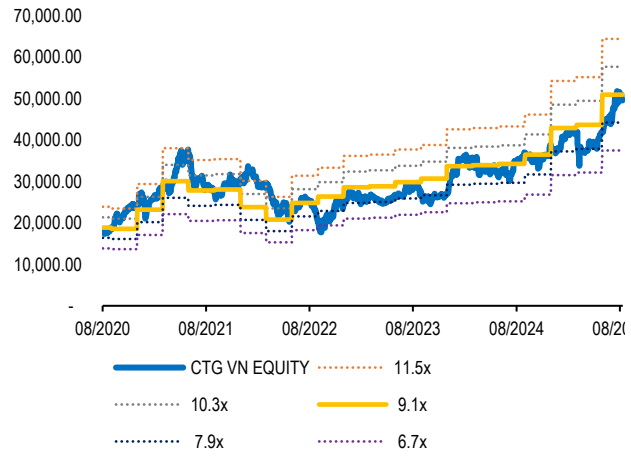
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of CTG



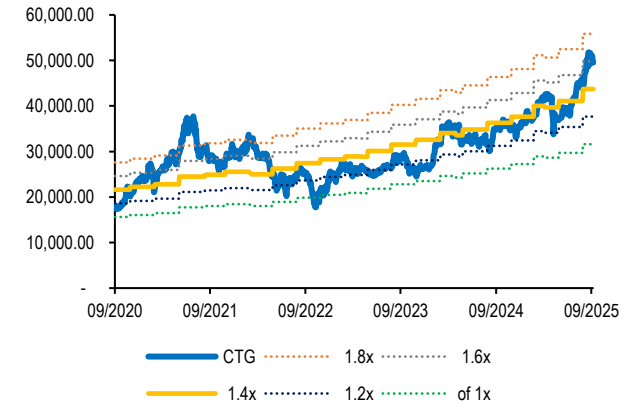
Source: Bloomberg, Company data, Shinhan Securities Vietnam

CTG's PE Bands



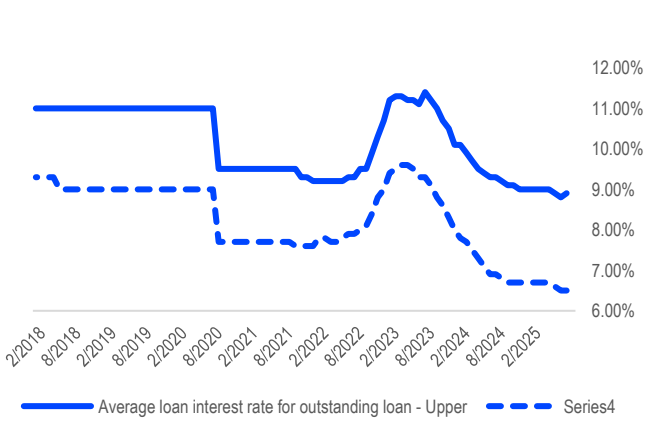
Source: Bloomberg, Company data, Shinhan Securities Vietnam

CTG's PB bands



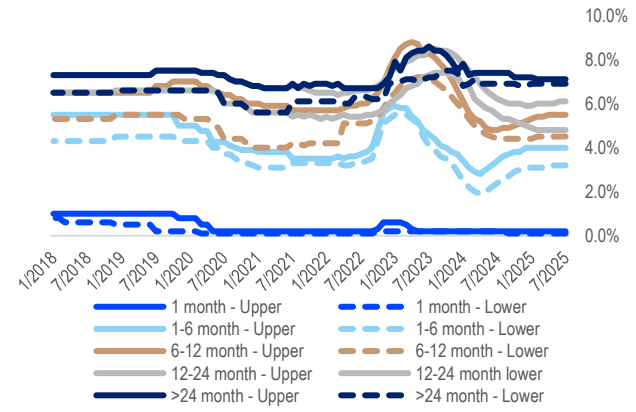
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Average lending interest rates in Vietnam



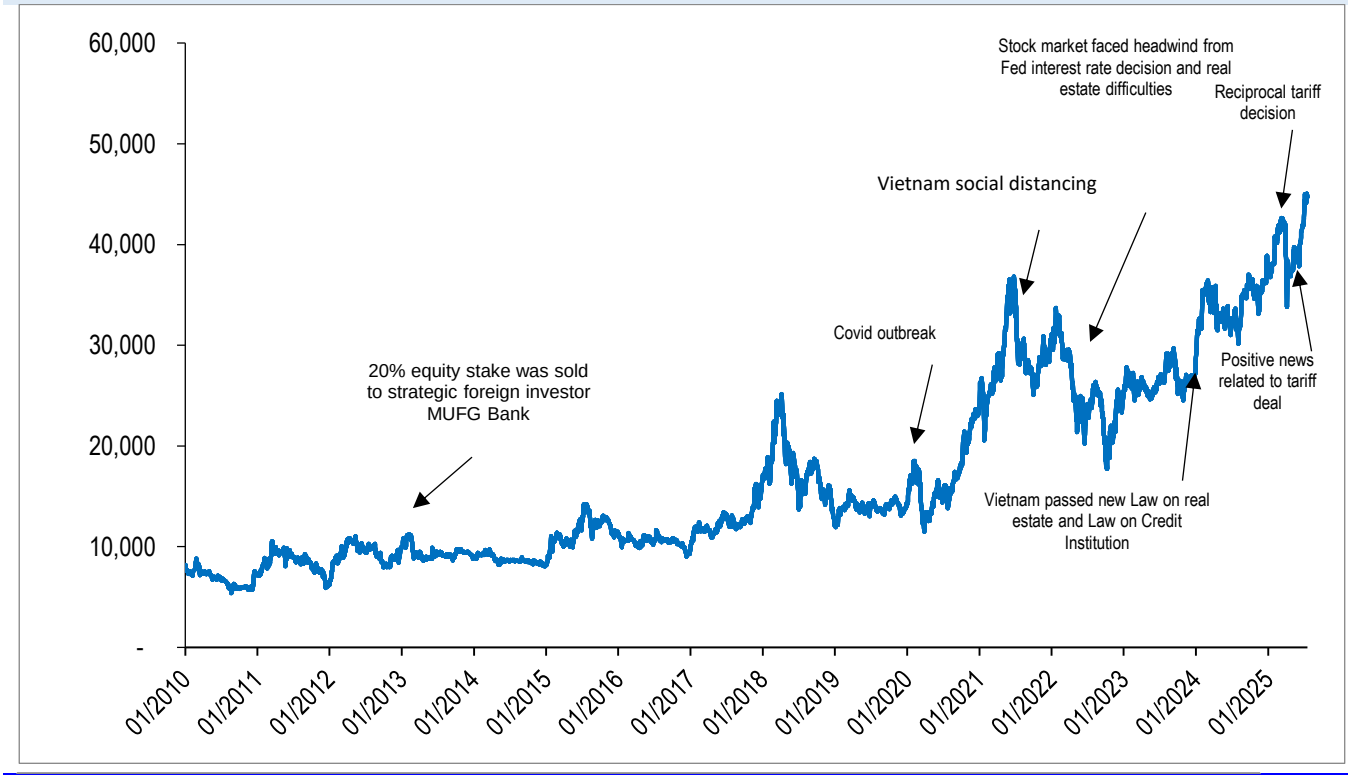
Source: SBV, Company Data, Shinhan Securities Vietnam

Average deposit interest rate in Vietnam



Source: SBV, Company Data, Shinhan Securities Vietnam

CTG key events



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Capital Adequacy Ratio (CAR) Constraints

CTG's relatively small CAR could hinder its ability to significantly expand its loan book over the next couple of years. Currently, the bank relies on organic growth, primarily through stock dividend policies, to improve its capital position. This approach, while prudent, may limit more aggressive expansion opportunities.

Asset Quality and Provisioning

Although CTG anticipates minimal negative impact from potential tariffs, given its limited 10% exposure of the corporate book to clients selling to the U.S. market, and expects a reversal in Non-Performing Loans (NPLs) for the remainder of the fiscal year, a failure to achieve this NPL reversal, particularly if large customers do not recover as anticipated, could lead to higher-than-expected provision expenses. This, in turn, would constrain profit growth.

Appendix: Financial statements

Balance sheet

Year (VND bn)	2022	2023	2024	2025F	2026F
Total assets	**1,808,430**	**2,032,690**	**2,385,384**	**2,735,552**	**3,131,483**
Cash and precious metals	11,067	9,760	11,148	12,580	14,197
Balances with the SBV	29,727	40,597	34,432	72,501	81,818
Placements with and loans to other credit institutions	242,432	279,842	378,483	358,110	415,054
Trading securities	1,406	2,488	2,798	2,798	2,798
Derivatives and other financial assets	3,059	-	-	-	-
Loans and advances to	1,245,058	1,445,572	1,685,291	1,992,200	2,292,988
Debts purchase	-	-	-	-	-
Investment securities	180,313	181,311	214,608	238,672	265,865
Long-term investments	3,519	3,427	3,934	4,100	4,273
Fixed assets	10,202	10,126	10,002	9,902	9,803
Investment properties	-	-	-	-	-
Other assets	81,646	59,570	44,689	44,689	44,689
Total liabilities	**1,700,262**	**1,905,119**	**2,235,439**	**2,553,999**	**2,912,775**
Due to Gov and Loans from	104,779	21,814	154,284	154,284	154,284
Deposits and Loans from other credit institutions	209,430	304,424	276,135	383,844	504,804
Deposits from customers	1,249,176	1,410,899	1,606,145	1,812,532	2,045,440
Other borrowed and entrusted fund	2,392	2,794	2,578	2,578	2,578
Convertible bonds/CDs and	91,370	115,376	151,678	151,678	151,678
Other liabilities	43,114	49,813	44,620	49,082	53,990
Shareholder's equity	**108,168**	**127,571**	**149,944**	**181,554**	**218,709**
Capital	57,868	63,511	63,584	67,399	71,443
Reserves	16,075	19,057	22,742	27,494	33,038
Retained earnings	33,364	44,055	62,406	85,524	112,896
Minority interest	(60)	(141)	(133)	(167)	(195)
Total liabilities and equity	**1,808,430**	**2,032,690**	**2,385,384**	**2,735,552**	**3,131,483**

Income Statement

Year (bn)	2022	2023	2024	2025F	2026F
Interest and Similar Income	104,665	132,352	124,450	142,830	174,498
Interest and Similar Expenses	(56,873)	(79,269)	(62,047)	(73,534)	(93,445)
Net Interest Income	**47,792**	**53,083**	**62,403**	**69,296**	**81,054**
Net Fee and Commission Income	5,862	7,154	6,706	9,009	10,921
From foreign currency and gold	3,556	4,248	4,190	5,631	6,553
From trading of trading securities	(112)	293	93	-	-
From disposal of investment	(30)	(154)	(333)	-	-
Net other income	6,537	5,748	8,459	5,634	6,821
Dividends income	512	287	391	321	335
Total non-interest income	**16,325**	**17,575**	**19,506**	**20,595**	**24,631**
Total operating income	**64,117**	**70,659**	**81,909**	**89,891**	**105,684**
General and Admin expenses	(19,007)	(20,443)	(22,552)	(25,934)	(31,121)
Operating Profit Before Provision (PPOP)	45,109	50,215	59,357	63,957	74,563
Provision for credit losses	(24,163)	(25,115)	(27,599)	(24,141)	(28,119)
Profit before tax	**20,946**	**25,100**	**31,758**	**39,816**	**46,444**
Corporate income tax	(4,111)	(4,967)	(6,283)	(7,963)	(9,289)
Net profit after tax	**16,835**	**20,133**	**25,475**	**31,853**	**37,155**
Attributable to parent company	16,775	19,992	25,342	31,686	36,960

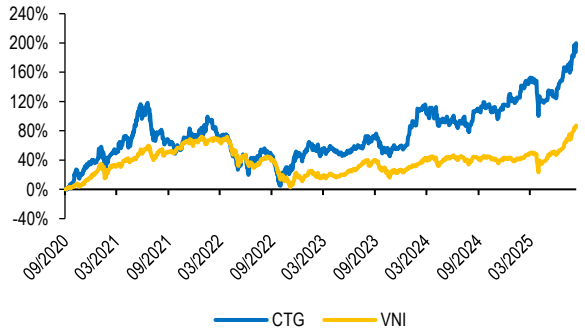
Financial ratios

Year	2022	2023	2024	2025F	2026F
Growth (% YoY)					
Loans to customers	12.75	15.57	16.87	18.00	16.00
Deposits from customers	7.52	12.95	13.84	12.85	12.85
Shareholders' equity	15.50	17.94	17.54	21.08	20.46
Total assets	18.08	12.40	17.35	14.68	14.47
Net interest income	14.37	11.07	17.56	11.05	16.97
Net non-interest income	43.60	7.66	10.98	5.58	19.59
PPOP	25.41	11.32	18.21	7.75	16.58
Net profit before tax	19.09	19.83	26.53	25.37	16.65
Net profit after tax	18.43	19.59	26.53	25.04	16.65
Profitability (%)					
NIM	2.93	2.91	2.92	2.74	2.79
ROA	1.0	1.0	1.2	1.2	1.3
ROE	16.7	17.1	18.4	19.2	18.6
Liquidity (%)					
LDR	102.05	104.43	107.21	112.10	114.24
Loans/Deposits					
Asset quality	16.72	15.93	15.91	15.07	14.32
Leverage (x)	1.24	1.13	1.25	1.30	1.20
NPL ratio (%)	188.37	167.22	170.75	150.32	155.86
LLR ratio (%)	2.33	1.88	2.12	1.95	1.87
Reverse/total credit (%)	2.01	1.83	1.73	1.29	1.29
Credit costs/total credit (%)					
Per share items (VND)					
EPS	3,503	3,749	4,744	5,932	6,919
BVPS	22,508	23,756	27,923	33,809	40,728

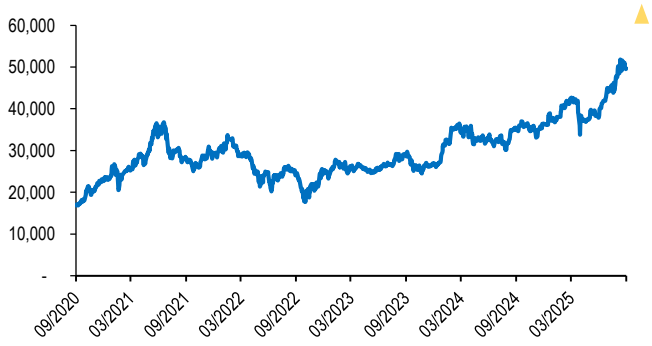
Source: Company data, Shinhan Securities Vietnam

VietinBank (CTG)

Price performance



Target price (VND)



Date (dd/mm/yyyy)	Recomendation	Target price (VND)	Range of price (%)	
			Average	Max/Min
09/09/2025 (Initial Report)	BUY	60,000	36	13/83

Note: Target price spread calculation based on last 12 months

Shinhan Securities Vietnam

Stock	Industry
◆ **BUY:** Upside potential in 12 months more than 15% ◆ **HOLD:** Upside potential in 12 months from -15% to 15% ◆ **SELL:** Upside potential in 12 months more than -15%	◆ **POSITIVE:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **NEGATIVE:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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- The following analysts hereby certify that their views about the companies and securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Phuong Nguyen

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