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GUOTAI JUNAN SECURITIES (VIETNAM)

Company Report: Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG)

Research Department
02/03/2026

2025 Earnings Update & 2026 Outlook

BUSINESS UPDATE

In 2025, VietinBank expanded its balance sheet with total assets reaching **VND 2,768 tn** (+16% YoY), outstanding loans **VND 1,992 tn** (+15.7%), and customer deposits **VND 1,794 tn** (+11.7%). CASA rose to **VND 458.1 tn** (+14.8% YoY), lifting the CASA ratio to **25.5%** (+0.7ppt YoY); however, NIM still weakened in line with the broader banking-sector trend.

TOI came in at **VND 87.3 tn** (+6.6% YoY), driven by NII (+6.7% YoY) and higher recoveries from bad-debt resolution (+17.9% YoY). PBT surged to **VND 43.4 tn** (+36.8% YoY), mainly on lower provisioning expenses of **VND 17.3 tn** (-37.3% YoY). Asset quality continued to improve, with NPL declining to **1.1%** and LLR at **158.8%**.

As of end-Jan 2026, total assets increased **3.6% YTD**, deposits grew by **>1% YTD**, credit expanded by nearly **3% YTD**, CASA continued to rise, and recoveries from written-off bad debts exceeded **VND 1.2 tn**, while NPL and Stage-2 ratios were broadly unchanged versus end-2025.

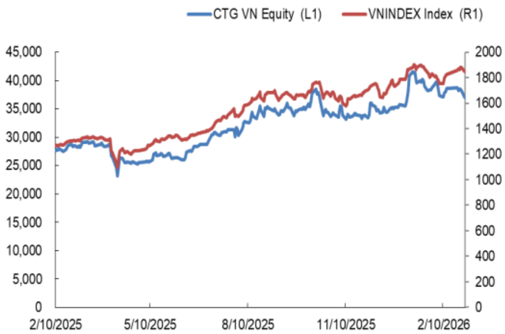
OUTLOOK

For 2026, CTG has been assigned an initial credit quota of around **11.1%**, with potential flexibility depending on financial strength/compliance and the sector backdrop. With a **30–35%** CIR target (reflecting a higher structural wage base), earnings growth will depend on NIM recovery and higher average CASA, expansion of fee/transaction income, and continued credit-cost discipline. Key risks are front-loaded credit growth early in the year—potentially requiring slower growth in later quarters to stay within the quota—while higher funding and operating costs increase earnings sensitivity to Stage-2 loans and the pace of new NPL formation.

Progress in bad-debt resolution, the potential divestment of VietinBank Tower, and participation in new areas such as digital assets and gold could provide additional upside to near-to medium-term performance.

Recommendation:	**Neutral**
6-18m TP:	**N/A**
Current price：	VND36,850

Stock price performance



price change	1 M	3 M	1Y
Price change %	3.65%	10.19%	33.69%
Compare with VN index	4.53%	14.22%	46.21%
Average price (VND)	38,591	36,436	32,120

Source: Bloomberg, Guotai Junan (VN)

Outstanding shares (bn)	7,766	Major shareholder (%)	SBV 64.5%
Market capital (VND b)			
3-Month Average Trading Volume('000)	297,087	Free float (%)	15%
Highest/Lowest 52w price (VND)	14,228	LDR (%)	82.9%
	41,500 / 23,181	CAR (%)	10%

4Q2025 EARNINGS UPDATE & 2026 OUTLOOK

1) FY2025 performance: Profit surged mainly on lower credit costs

In 2025, VietinBank continued to scale up with total assets reaching **VND 2,768 tn** (+16% YoY), outstanding loans **VND 1,992 tn** (+15.7%), and customer deposits **VND 1,794 tn** (+11.7%). Total operating income (TOI) came in at **VND 87.3 tn** (+6.6% YoY), driven primarily by net interest income (NII) (+6.7% YoY) and higher recoveries from written-off bad debts (+17.9% YoY). Meanwhile, net service fee income declined **4.5% YoY**, due to changes in accounting treatment for UPAS LC and preferential fee packages offered to customers.

Profit before tax (PBT) rose to **VND 43.4 tn** (+36.8% YoY), largely thanks to a sharp drop in provisioning expenses to **VND 17.3 tn** (-37.3% YoY), supported by improving asset quality (NPL **1.1%**, LLR **158.8%**). Overall, FY2025 earnings growth was more attributable to easing provisioning pressure than to a material improvement in core profitability from lending and fee businesses.

2) NIM: Margin compressed in 2025; expected to bottom out and recover from 2H2026

CTG's 2025 NIM declined to **2.59%** (2024: **2.92%**), broadly in line with the sector trend as funding costs repriced faster than asset yields amid renewed deposit competition and policy guidance to keep lending rates stable. While CASA improved (balance **VND 458.1 tn**, +14.8% YoY; CASA ratio **25.5%**, +0.7ppt YoY), it mainly helped stabilize average funding costs and was not sufficient to reverse NIM compression in 2025. Management indicated that NIM has rebounded after troughing and continued to improve in Jan–early Feb 2026, supported by better asset yields and higher CASA versus the FY2025 average, underpinning expectations for a gradual NIM recovery through 2026–2027.

3) Operating expenses & CIR: A higher cost base; revenue growth is key to absorption

FY2025 CIR increased to **30.4%** (2024: **27.5%**), driven by higher staff costs following a reset in compensation levels and continued investments in infrastructure and digital transformation. Management targets a **30–35%** CIR range for 2026 and does not prioritize minimizing costs. As a result, 2026 earnings will be more sensitive to revenue momentum (especially CASA/transactions/fees) and credit cost control, rather than operating leverage.

4) Asset quality & loan mix: Improved in 2025; monitor SML and new NPL formation

In 2025, the NPL ratio declined by **0.14ppt** vs. 2024 to **1.1%**, while the LLR remained high at **158.8%**. Management cited Stage-2 (SML) loans at around **0.87%**, improving versus earlier points, which helped ease provisioning pressure.

The loan book remains oriented toward the real economy: wholesale & retail trade accounts for **37%** of loans; manufacturing & processing **17.5%**; and trade & services **20.2%**. Real-estate exposure is around **~20%**; within that, mortgages are estimated at **~12%** of total loans. This mix reduces reliance on higher-volatility segments but increases sensitivity to corporate cash-flow cycles; therefore, 2026 credit cost sustainability will hinge on Stage-2 trends and the pace of new NPL formation. Regarding Decree 86, management noted that CTG has maintained strict provisioning practices since the decree took effect (Jul 2024), and therefore expects limited impact on provisioning in 2025–2026.

5) Liquidity & capital: Kept within safe thresholds; growth headroom tied to RWA management

Loan-to-deposit ratio (LDR) stood at **82.9%** at end-4Q2025, within regulatory limits, and the bank continues to diversify funding sources to maintain sound liquidity. CAR was around **~10%** as of 31/12/2025. Management reiterated its focus on strengthening capital and optimizing RWA to improve capital adequacy along the roadmap, supporting credit growth under a flexible credit-quota regime.

6) Jan 2026 update & 2026 outlook: 11.1% initial credit quota; risks from front-loading and funding-cost pressure

As of end-Jan 2026, consolidated total assets rose **3.6% YTD**, deposits increased by over **1% YTD**, CASA continued to grow, and credit expanded by nearly **3%** (focused on consumption and production/commodity-related lending). NPL and Stage-2 ratios were broadly unchanged vs. end-2025. For 2026, CTG expects provisioning to be broadly in line with or slightly below 2025, around **VND 17 tn**. The bank is actively accelerating NPL resolution, targeting **VND 10 tn** of recoveries in 2026; by end-Jan 2026, recoveries had already reached roughly **VND 1.2 tn**, suggesting solid progress toward the annual plan.

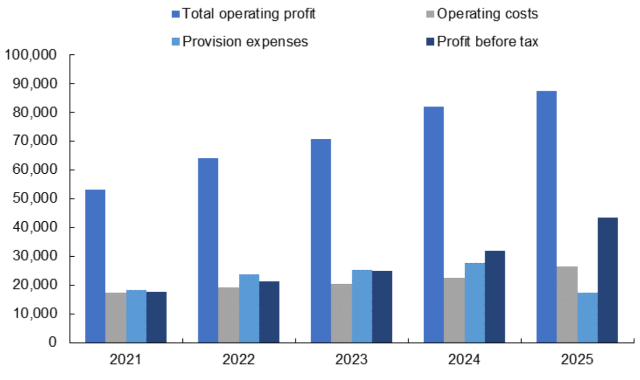
CTG was assigned an initial 2026 credit quota of around **11.1%**, with potential flexibility depending on financial strength and regulatory compliance. Hence, full-year growth will depend on maintaining asset quality and key prudential ratios. Key risks include front-loaded credit growth early in the year, which may require moderation in later quarters to stay within the quota, while the higher CIR base increases the need to improve CASA and fee/transaction income.

On new business lines, CTG is coordinating with relevant stakeholders and evaluating suitable products/solutions to participate in digital assets, gold trading, and potentially IFC, including considerations around establishing a subsidiary structure. In 1Q2026, CTG is also negotiating with partners on the transfer of VietinBank Tower and may record related gains in 1Q–1H2026.

CONCLUSION

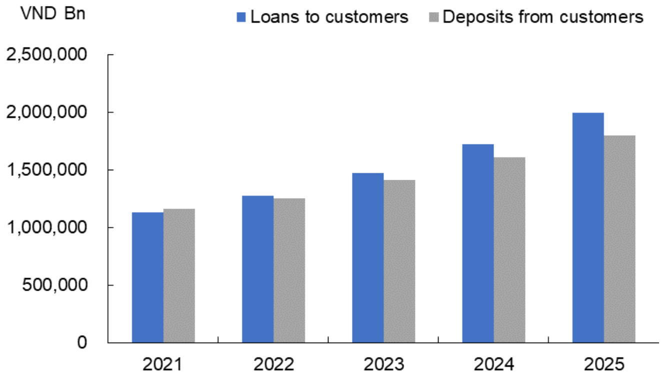
Overall, CTG's 2026 outlook will be driven by its ability to shift from scale-led growth toward higher-quality revenue (with expectations for NIM bottoming out, CASA improving, stronger bad-debt recoveries and potentially lower provisioning) amid an initial **11.1%** credit quota and a **30–35%** CIR target. Key variables to watch include average CASA and growth in fee/transaction income to absorb the higher cost base, as well as Stage-2 dynamics and new NPL formation to stabilize credit costs. If asset quality and prudential ratios remain stable, CTG may have room for quota upside during the year; otherwise, funding-cost pressure and strong early-year credit growth could increase the likelihood of a slower run-rate in subsequent quarters.

Figure-1: Profit breakdown



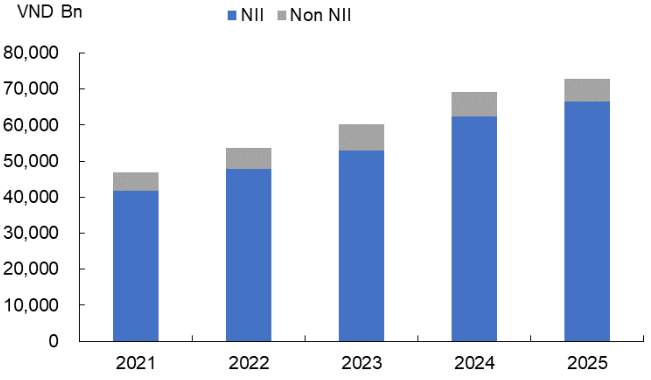
Source: FiinPro-X, Guotai Junan (VN).

Figure-2: Quy mô cho vay và huy động



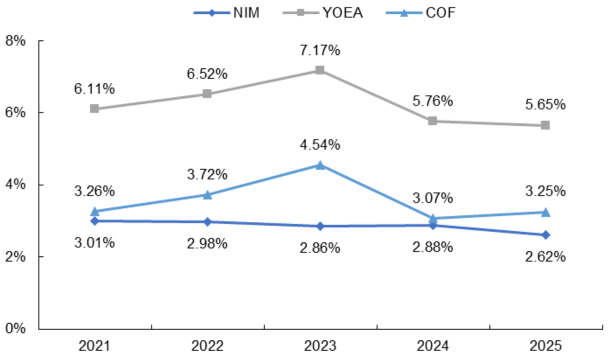
Source: FiinPro-X, Guotai Junan (VN).

Figure-3: TOI structure 2021 - 2025



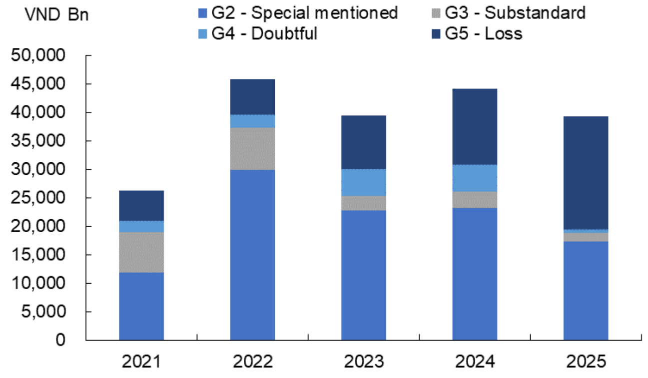
Source: FiinPro-X, Guotai Junan (VN).

Figure-4: NIM breakdown



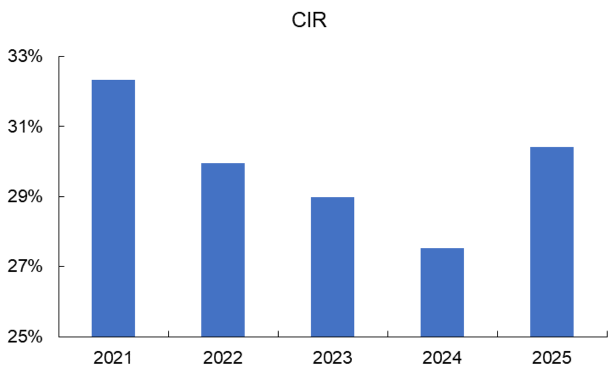
Source: FiinPro-X, Guotai Junan (VN).

Figure-5: Loan group breakdown



Source: FiinPro-X, Guotai Junan (VN).

Figure-:6 CIR ratio



Source: FiinPro-X, Guotai Junan (VN

COMPANY RATING DEFINITION

Benchmark: VN – Index. Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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