Mar, 2020

HOCHIMINH DEVELOPMENT JSC BANK (HSX: HDB)

Time to boost service income

Particulars (VND Bn)	4Q-FY19	3Q-FY19	+/- qoq	4Q-FY18	+/- yoy
Total operating income	3,344	2,871	16.5%	2,657	25.8%
PBT and provision	1,977	1,587	24.6%	1,473	34.2%
PBT	1,570	1,238	26.9%	1,121	40.1%
NPAT	1,121	899	24.7%	780	43.8%

Source: HDB, Rong Viet Securities

2019: Better-than-expected earnings growth thanks to interest income expansion

- Credit growth was equal at the parent bank and HD Saison (18% YTD). Parent bank's NIM expanded significantly from 2.7% to 3.3% (our estimates) while that of HD Saison shrank from 28.5% to 26.6%. As such, the parent bank has driven consolidated NII growth (respectively at 37.5% and 27.5% YoY).
- Service income increased by 36.0% YoY, still driven by HD Saison's insurance commissions, while the growth at the parent bank was low at 5.8% YoY. Income from other activities dropped by 22.9% YoY due to the decrease in all activities.
- Driven by strong interest income, consolidated TOI grew 20.6% YoY to VND 11,388 Bn. Provision expenses climbed by 29.7% YoY, but operating expenses only grew moderately (14.4% YoY), which allowed HDB to secure an earnings growth of 25.3% YoY. With these results, HDB mostly fulfilled its full year target.
- Asset quality is still well managed with the NPL ratio down to 1.4% and net VAMC bonds down to VND 131bn, equivalent to 0.1% of customer lending.

2020 Outlook: Service income will emerge as the growth driver

- We forecast that consolidated credit growth will reach 14.4% (14% for the parent bank and 15% for HD Saison), while customer deposit will increase by 5.9%. We also expect that consolidated NIM would rise slightly to 5.0%.
- Services income is forecasted to grow more strongly by 33.5% YoY, accounting for 6.0% of TOI, due to the boost of bancassurance.
- We forecast that consolidated CIR will drop slightly to 43.9%. Provision expenses are forecasted to rise moderately by 16.8%, reaching VND 1,5Tn bn (USD 65mn).
- Consolidated NPAT is expected to increase by 18.2% YoY.

Valuation and recommendation

We note that HDB has achieved a better-than-expected interest income expansion thanks to impressive NIM improvement in 2019, but also hold the view that the contribution from service and other income to operating income should be more visible. For 2020-2021, we expect that interest income momentum would remain decent while service income would escalate due to the boost of bancassurance activities. On top of that, both operating expenses and provision charges should be well under control, supporting a stable earnings growth in the longer term.

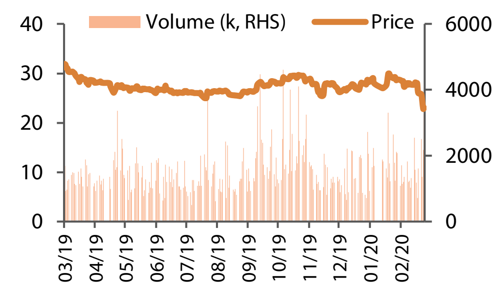
*HDB is currently trading at VND 21,300, equivalent to an attractive 2020f PBR of 0.9x considering the potential earnings growth and ROE of roughly 20% in the next five years. With a lower forecast of 2020 credit growth and NIM, and a higher forecast of provision cost (than they were in our 2020 Strategic report) due to potential impact of the virus epidemic, we reduce HDB's target price to **VND 29,000**, equivalent to a potential upside of 36**%** from the closing price of 18th Mar 2020, thereby upgrading the stock to a **BUY** recommendation.*

BUY	+36%
Target price (VND)	29,000
Current market price (VND)	21,300
Cash dividend (VND)*	-
*within next 12 months	

Stock Info	
Sector	Banks
Market Cap (VND bn)	20,407.8
Current Shares O/S (mn)	981
3M Avg. Volume (K)	1,910.0
3M Avg. Trading Value (VND bn)	53.6
Remaining Foreign Room (%)	6.2
52 weeks High (VND)	32,400
52 weeks Low (VND)	21,200

	FY2019	Current
EPS	3,694	3,694
EPS Growth (%)	27.6	27.6
Diluted EPS	3,694	3,694
P/E	7.5	7.5
P/B	1.3	1.3
Cash dividend (%)	0	0
ROE (%)	19.4	19.4

Price performance



Major Shareholders (%)	
Sovico Holding	13.34%
Agribank Securities	4.47%
Pham Van Dau	4.30%
Nguyen Thi Phuong Thao	3.67%
Foreign ownership room left (%)	*6.7%*

Anh Nguyen
(084) 028- 6299 2006 – Ext 1531
anh2.ntt@vdsc.com.vn

Lam Nguyen
(084) 028- 6299 2006 – Ext 1313
lam.ntp@vdsc.com.vn

Exhibit 1: 4Q 2019 Results

(VND Bn)	4Q-FY19	3Q-FY19	+/-(qoq)	4Q-FY18	+/-(yoy)
Interest and Similar Income	5,419	4,973	9.0%	4,742	14.3%
Interest and Similar Expenses	-2,531	-2,468	2.6%	-2,581	-1.9%
Net Interest Income	2,888	2,505	15.3%	2,161	33.6%
Non-interest Incomes	456	366	24.4%	496	-8.2%
Net Fee and Commission Income	161	149	7.8%	97	65.2%
Net gain/(loss) from foreign currency and gold dealings	55	0	-18618.2%	170	-67.7%
Net gain/(loss) from trading of trading securities	39	14	178.1%	-2	-2175.3%
Net gain/(loss) from disposal of investment securities	3	75	-96.2%	6	-55.2%
Net Other income/expenses	198	128	55.0%	225	-12.0%
Income from capital contribution	0	0	-	0	-
Total operating income	3,344	2,871	16.5%	2,657	25.8%
Operating expenses	-1,366	-1,284	6.4%	-1,184	15.4%
Operating Profit Before Provision	1,977	1,587	24.6%	1,473	34.2%
Provision expenses	-407	-349	16.5%	-352	15.6%
Profit before tax	1,570	1,238	26.9%	1,121	40.1%
Corporate income tax	-314	-248	26.3%	-229	37.3%
NPAT	1,256	989	27.0%	892	40.8%
Attributable to parent company	1,121	899	24.7%	780	43.8%

Source: HDB, Rong Viet Securities

Exhibit 2: 4Q 2019 Performance Analysis

(%)	4Q-FY19	3Q-FY19	+/-(qoq)	4Q-FY18	+/-(yoy)
Profitability (TTM)					
NIM	4.7	4.6	7 bps	4.0	64 bps
CIR	44.6	45.8	-116 bps	47.0	-243 bps
ROAE (Excluding minority interests)	19.4	18.4	102 bps	18.0	138 bps
ROAA (Excluding minority interests)	1.6	1.5	7 bps	1.3	26 bps
Assets Quality					
NPLs ratio	1.4	1.4	-8 bps	1.5	-17 bps
NPLs + VAMC ratio	1.5	1.7	-22 bps	1.9	-48 bps
Bad debt coverage ratio	81.4	77.2	415 bps	71.1	1029 bps
Equity-to-Assets ratio	8.9	9.0	-14 bps	7.8	109 bps
Operating Safety Ratio					
Loans to customers & other CIs to total assets ratio	73.8	73.7	8 bps	71.4	244 bps
Customer LDR (Customer loans/Customer deposit)	114.8	111.0	385 bps	95.1	1972 bps
Adjusted LDR ((Customer loans + Corporate bonds) /(Customer deposit + Valuable papers))	101.3	101.1	25 bps	90.7	1065 bps

Source: HDB, Rong Viet Securities

Exhibit 3: 1Q 2020 Performance Forecast

Particulars (VND Bn)	1Q-FY20	+/- (qoq)	+/- (yoy)
Net interest income	2,395	-17.1%	18.0%
Total operating income	2,899	-13.3%	17.6%
Profit before tax and provision	1,627	-17.7%	22.5%
NPAT	1,038	-17.4%	18.1%

Source: HDB, Rong Viet Securities

Update

NIM expansion momentum reinforces net interest income growth

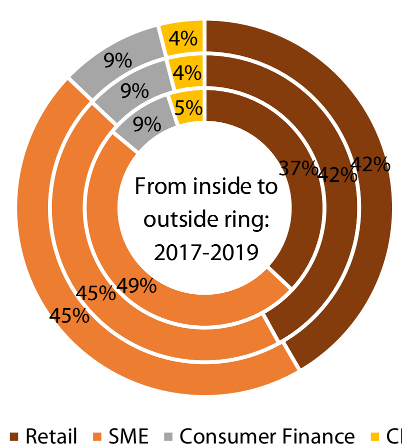
We estimate that the parent bank's 2019 PBT increased by 31.5% YoY to VND 3.9 Tn (USD 171 Mn), excluding income from dividends. Meanwhile, HD Saison's PBT was up by 15.4% YoY to VND 1,040 Bn (USD 45 Mn). As such, the parent bank has maintained its role as the driver for overall earnings growth in 2019.

The parent bank's strong growth was driven by NII (+37.5% YoY), due to the expansion in both credit and NIM in 2019. Separate customer lending expanded by 18.9% YTD and separate credit expanded by 18.0% YTD, upon two credit limit top-ups given by SBV in Q2 and Q4. Meanwhile, the parent bank's estimated NIM saw a significant rise from 2.6% in 2018 to 3.3% in 2019 on the ground of stable lending structure (Figure 1). This is mainly due to the expansion in asset yields by 69 bps since 2018 coupled with stable funding cost, achieved by (1) the leverage of regulatory LDR from 66.9% in 2018 to 76.4% in 2019, (2) the transition of a decent portion of lending which was back to the normal rate - usually 1ppt higher than the previously applied lending rate, and (3) the effective expansion into higher profitability segments, including solar energy projects.

Despite a negative credit growth of -1.2% YTD in 1H2019, HD Saison's lending recovered in 2H, reaching VND12,582 Bn (USD 547 Mn, +18.1% YTD) by end 2019, while the lending structure remains quite stable (Figure 2). HD Saison's NIM saw a slight drop from 28.5% in 2018 to 26.6% in 2019, despite the successful effort to reduce funding cost from 8.3% to 7.8% (Figure 4). As such, the company's NII growth was limited at around 11.4% YoY. However, this NIM movement was still better than our expectations against intensive competition in the consumer finance sector as the decrease was mostly due to the surge in the company's lending was focused on the final quarter (+14.6% QoQ). As such, we expect HD Saison's NIM to stay the same in 2020. Given the recent recovery in loan expansion, we believe that HD Saison will be able to maintain a higher lending growth than the parent bank, thereby contributing to the expansion of consolidated margin. Furthermore, with a focus on non-cash loan (the ratio of cash loan as regulated by Circular 18/2019-TT-NHNN is at only 22.7% by end 2019), HDB is virtually unaffected by this document. However, there is a possibility that the regulation might drive other competitors to expand into motorbike and consumer durable lending, posing a threat to HD Saison's market share and NIM eventually.

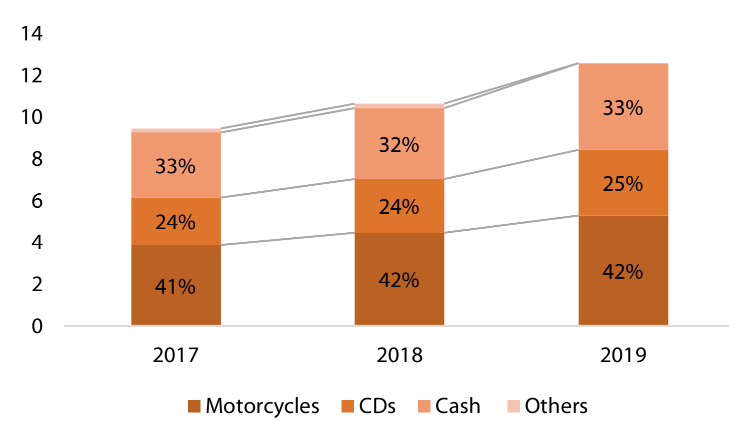
Overall, 2019 consolidated NIM increased from 4.2% to 4.8% (Figure 3). This better-than-expected improvement made HDB the most successful bank in expanding NIM throughout 2019 amongst our watch list, excluding the exceptional case of CTG. With relatively strong capital (CAR Basel II at 11.2%) and healthy liquidity (LDR at 76.4% versus thresholds of 85%, the ratio of short-term funds for medium/long term loans at 30.4% versus threshold at 40%), we believe funding cost should be at least stable and HDB will still be able to improve both separate and consolidated NIM in 2020. Overall, we forecast a 14.4% consolidated credit growth (14% at parent bank and 15% at HD Saison) along with a 20bps improvement in NIM to 5.0% - both lower than previous forecast in our 2020 strategic report considering possible impacts from the Coronavirus.

Figure 1: HDB's lending structure 2017-2019 (%)



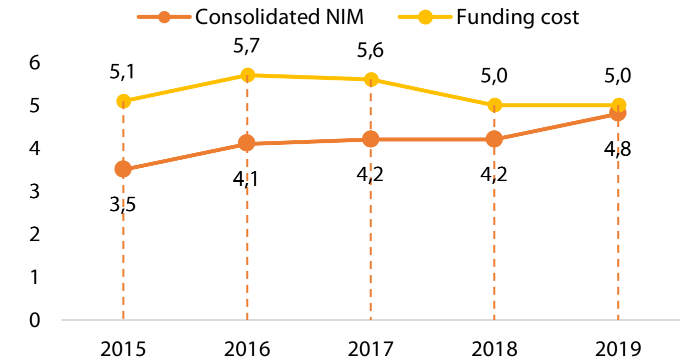
Source: HDB, Rong Viet Securities

Figure 2: HD Saison's lending structure 2017-2019 (%)



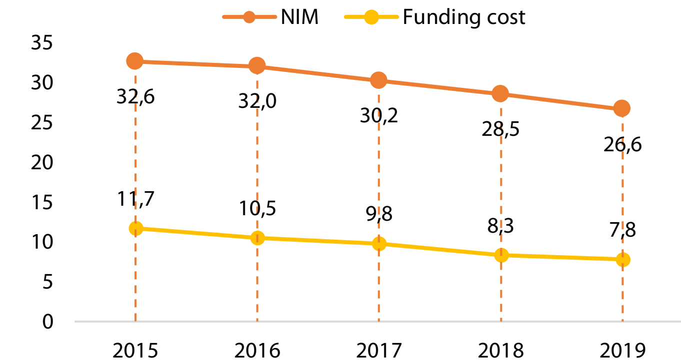
Source: HDB, Rong Viet Securities. Note: other loans are reclassified as either cash loans or CDs loans in 2019.

Figure 3: Consolidated NIM and funding cost (%)



Source: HDB, Rong Viet Securities

Figure 4: HD Saison's NIM and funding cost (%)



Source: HDB, Rong Viet Securities

The contribution of service fees should become more vital

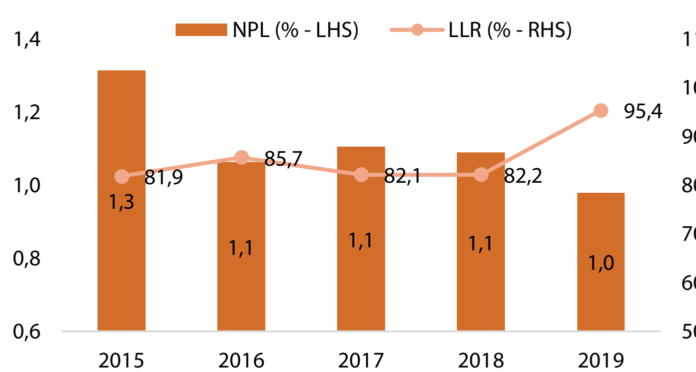
While service income growth at the parent bank was as low as 5.8% YoY in 2019, HD Saison has been driving consolidated service income expansion with an impressive growth of around 55.0% YoY, which was contributed by pushing its non-life bancassurance on its consumer loans. In contrast, other income (non-interest and non-fee) saw a sharp reduction of 22.9% due to a drop in all activities, such as foreign exchange income (-23.0% YoY), trading and investment securities gains (-31.2% YoY) and income from other activities (-4.5% YoY). This dragged consolidated TOI growth to 20.6% YoY.

As consolidated NII accounts for more than 80% of TOI, and increasing, while service fees only accounts for 5.2%, we believe the bank needs to build a more sustainable operating income structure. The bank has a plan to launch a credit card at HD Saison and as well engage in an exclusive bancassurance agreement at the parent bank this year. We expect these new activities would accelerate service fee growth backed by HDB's large transaction network and related customer base. We forecast consolidated bank to double service income in the next three years (equivalent to a CAGR of 26%), raising contribution to TOI to 7.7% by 2022.

Healthy asset quality can guarantee growth in the longer term

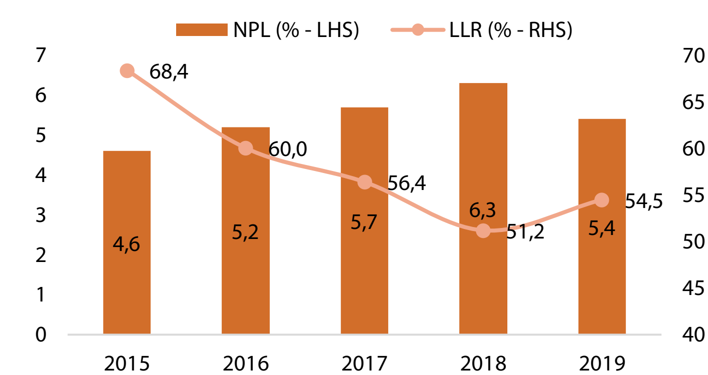
HDB accelerated provision booking in 2019 (+29.7% YoY), mainly at the parent bank, to reduce the VAMC balance as well as to move the LLR ratio up to 81.4% (+10.3ppts). Asset quality at the parent bank remains healthy with the NPL ratio down to 1.0% despite near-zero write-offs and LLR ratio up to 95.4% (Figure 5). Outstanding net VAMC was gradually reduced to 0.1% of gross loans by the end 2019 – which HDB aims to clear in 2020. At the same time, total non-performing loans in HD Saison was mostly unchanged, which facilitated a considerable reduction in the NPL ratio to 5.4% from 6.3% (Figure 6). As such, overall asset quality is still healthy, and provision burden should not be a concern. However, in 2020 we expect the bank to set aside some provision for loans to clients hit by the epidemic, though the loans could temporarily be kept performing category as per SBV's guidance. As a result, we forecast a 16.8% growth in total provision expense, raising consolidated LLR to 90% to cope with the situation.

Figure 5: Parent bank's LLR and NPL ratio (%)



Source: HDB, Rong Viet Securities

Figure 6: HD Saison's LLR and NPL ratio (%)



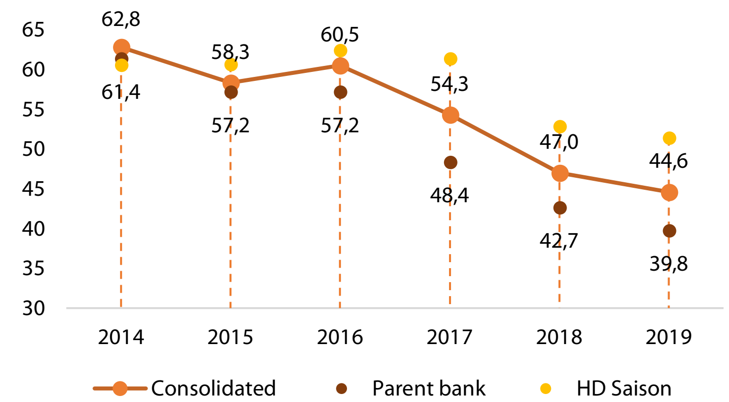
Source: HDB, Rong Viet Securities

Efficiency picked up, but the improvement should be less significant in 2020

In 2019, separate operating expense grew moderately at 19.3% YoY with most of the operating expense items controlled closely on the ground stable transaction network during the year, thereby lowering separate CIR from 42.7% in 2018 to 39.8%. Likewise, HD Saison's CIR improved slightly from 52.9% to 51.4%, despite maintaining its largest POS network amongst consumer finance companies (17,101 POS, +29.8% YTD). As such, consolidated CIR was down from 47.0% in 2018 to 44.6% in 2019 (Figure 9).

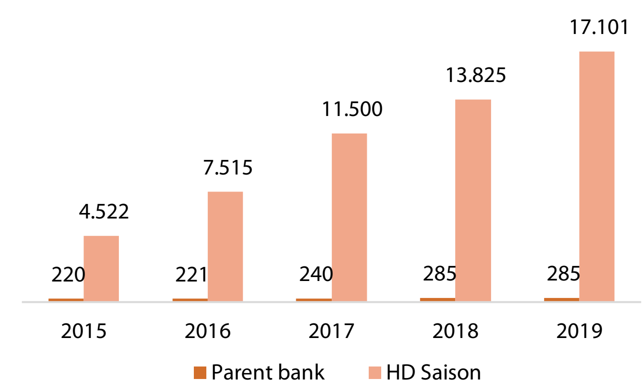
For 2020, we expect that the improvement in HD Saison's operating efficiency could continue. However, we think that separate CIR should be less likely to be reduced further as the parent bank opens 23 new branches/TOs within 1H of this year. As such, we only expect a minor improvement in consolidated CIR of 0.7ppt to 43.9%.

Figure 7: HDB's CIR ratio (%)



Source: HDB, Rong Viet Securities

Figure 8: Parent bank and HD Saison's number of branches/POS



Source: HDB, Rong Viet Securities

Overall, in 2019, from 20.6% YoY growth in operating income, the bank was able to secure a 25.3% YoY earnings growth thanks to well-controlled operating expenses and provision charges. We forecast that PBT 2020 would reach 5.9Tn (+18.2% YoY), generating an EPS of VND4,359.

Raising charter capital by 30% while the merger with PGBank is still on hold

In 2019, HDB has sought AGM approval to pay 10% share dividends and 20% bonus shares to existing shareholders to raise capital. The payment has yet to be completed for 2019 and is planned to resume in 2020.

1Q2020 forecast

We expect that 1Q results would be adversely impacted by the virus situation. On base case, we assume that the epidemic will be contained by 2Q of the year and the bank would be able to recover lending on 2H based on government's supporting policies. We expect 1Q credit to expand by 1% YTD, which might improve slightly in 2Q before a rebound in 2H. NIM might experience a slight reduction QoQ in 1Q due to lower lending rate applied to clients whose business is heavily hit by the epidemic. As such, we forecast a moderate fall of 17.4% QoQ in 1Q2020 earnings.

Unit: VND Bn

INCOME STATEMENT	FY2018A	FY2019A	FY2020E	FY2021F
Interest and Similar Income	16,948	19,618	20,912	23,812
Interest and Similar Expenses	-9,303	-9,872	-9,966	-11,320
Net Interest Income	**7,646**	**9,747**	**10,947**	**12,492**
Non-interest Incomes	1,795	1,641	2,305	2,578
Net Fee and Commission Income	438	596	795	1,057
Net gain/(loss) from foreign currency and gold dealings	298	230	262	288
Net gain/(loss) from trading of trading securities	124	80	70	77
Net gain/(loss) from disposal of investment securities	342	240	355	312
Net Other income/expenses	490	468	571	577
Income from capital contribution	102	27	251	265
Total operating income	**9,440**	**11,388**	**13,251**	**15,070**
Operating expenses	-4,441	-5,080	-5,815	-6,497
Operating Profit Before Provision	4,999	6,307	7,436	8,573
Provision expenses	**-994**	**-1,289**	**-1,506**	**-1,393**
Profit before tax	**4,005**	**5,018**	**5,931**	**7,180**
Corporate income tax	-803	-998	-1,186	-1,436
NPAT	**3,202**	**4,020**	**4,745**	**5,744**
Attributable to parent company	**2,842**	**3,605**	**4,254**	**5,149**

Unit: %

FINANCIAL RATIO	FY2018A	FY2019A	FY2020E	FY2021F
Growth				
Customer loans	17.9	18.8	14.8	16.1
Customer deposit	6.2	-1.6	5.9	18.0
Net interest incomes	20.5	27.5	12.3	14.1
Operating income	25.8	20.6	16.4	13.7
NPAT	62.7	26.8	18.0	21.1
Total Assets	14.1	6.2	9.3	14.1
Equity	14.0	21.1	14.3	16.5
Profitability (TTM)				
NIM	4.1	4.7	5.0	5.2
CIR	47.0	44.6	43.9	43.1
ROAE (Exclude minority interests)	18.0	19.4	19.5	20.4
ROAA (Exclude minority interests)	1.4	1.6	1.8	1.9
Assets Quality				
NPLs ratio	1.5	1.4	1.4	1.4
NPLs + VAMC ratio	1.9	1.5	1.4	1.4
Bad debt coverage ratio	71.1	81.4	89.9	89.0
Equity-to-Assets ratio	7.8	8.9	8.8	9.0
Operating Safety Ratio				
Loans to customers & other CIs to total assets ratio	71.4	73.8	74.2	74.7
Customer LDR	96.2	116.1	126.1	124.1
Adjusted LDR	90.7	101.3	106.2	105.6

Unit: VND Bn

BALANCE SHEET	FY2018A	FY2019A	FY2020E	FY2021F
Cash and precious metals	2,096	2,005	2,214	2,767
Balances with the SBV	5,386	4,504	4,703	5,423
Placements with and loans to other credit institutions	32,426	24,665	19,802	20,593
Trading securities, net	2,597	4,643	5,372	5,692
Derivatives and other financial assets	208	0	91	91
Loans and advances to customers, net	121,792	144,700	166,160	192,909
Investment securities	42,695	36,042	36,517	39,740
Investment in other entities and long-term investments	165	167	167	167
Fixed assets	1,615	904	993	1,092
Investment properties	52	44	0	0
Other assets	7,076	11,805	14,714	17,499
TOTAL ASSETS	**216,107**	**229,477**	**250,734**	**285,973**
Due to Gov and borrowings from SBV	7,912	209	2,759	2,759
Deposits and borrowings from other credit institutions	40,689	45,978	47,593	50,246
Deposits from customers	128,060	126,019	133,411	157,425
Derivatives and other financial liabilities	0	14	14	14
Funds received from Gov, international & other institutions	3,046	3,043	3,043	3,043
Convertible bonds/CDs and other valuable papers issued	14,927	25,013	31,395	35,144
Other liabilities	4,645	8,820	9,702	10,672
Total liabilities	**199,279**	**209,096**	**227,918**	**259,303**
Shareholder's equity	**16,828**	**20,381**	**23,290**	**27,144**
Capital	11,852	11,693	11,693	11,693
Reserves	776	1,248	1,218	2,007
Foreign currency difference reserve	0	0	0	0
Difference on assets revaluation	0	0	0	0
Retained Earnings	3,007	6,131	9,070	12,134
Minority interest	1,193	1,309	1,309	1,309
LIABILITIES AND SHAREHOLDER'S EQUITY	**216,107**	**229,477**	**251,208**	**286,447**

Unit: VND Bn

FOOTNOTES	FY2018A	FY2019A	FY2020E	FY2021F
Interest Income	**11,321**	**14,959**	**20,912**	**23,812**
From customers	8,988	11,589	18,005	20,826
From other Cis	157	197	200	184
From fixed-income investment	1,663	2,314	2,398	2,493
From guarantee	0	52	0	0
From other activities	513	806	310	310
Interest Expenses	**-6,643**	**-8,612**	**-9,966**	**-11,320**
To customers	-5,277	-6,812	-8,113	-9,272
To other Cis	-246	-378	-819	-732
To fixed-income investment	-915	-1,053	-991	-1,266
To other activities	-205	-368	-43	-50
Operating expenses	**-4,441**	**-5,080**	**-5,815**	**-6,497**
Provision expenses	**-994**	**-1,289**	**-1,506**	**-1,393**

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report. we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information. investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007. licensed to perform the complete range of securities services including brokerage. financial investment. underwriting. financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders. also our strategic partners. are reputable institutions. i.e Eximbank. Viet Dragon Fund Management. etc... Along with a team of the professional and dynamic staffs. RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially. RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy. securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Lam Nguyen
Head of Research
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)

Duong Lai
Senior Analyst
duong.ld@vdsc.com.vn
+ 84 28 6299 2006 (1522)
- Real Estate
- Building Materials

Vu Tran
Senior Analyst
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1518)
- Oil & Gas
- Fertilizer

Trinh Nguyen
Senior Analyst
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006 (1551)
- Steel
- Construction
- Utilities

Tu Vu
Analyst
tu.va@vdsc.com.vn
+ 84 28 6299 2006 (1511)
- Macroeconomics

Son Tran
Analyst
son.tt@vdsc.com.vn
+ 84 28 6299 2006 (1527)
- Market Strategy
- Consumer discretionary
- Pharmaceuticals

Tung Do
Analyst
tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Logistics
- Aviation

Tam Pham
Analyst
tam.ptt@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Insurance
- Fishery

Anh Nguyen
Analyst
anh2.ntt@vdsc.com.vn
+ 84 28 6299 2006 (1531)
- Banking

Hoang Nguyen
Analyst
hoang.nt@vdsc.com.vn
+ 84 28 6299 2006 (1538)
- Market Strategy

Hoang Bui
Analyst
hoang.bh@vdsc.com.vn
+ 84 28 6299 2006 (1514)
- Natural Rubber
- Agriculture

Tu Pham
Analyst
tu.pm@vdsc.com.vn
+ 84 28 6299 2006 (1536)
- Steel

Bernard Lapointe
Senior Consultant
bernard.lapointe@vdsc.com.vn
+ 84 28 6299 2006

Ha Tran
Assistant
ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Vi Truong
Assistant
vi.ttt@vdsc.com.vn
+ 84 28 6299 2006 (1517)

DISCLAIMERS

This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.
The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.
The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Viet Dragon Securities Corp. (“VDSC”), a company authorized to engage in securities activities in Vietnam. VDSC is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither VDSC nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report’s preparation or publication, or any losses or damages which may arise from the use of this research report.

VDSC may rely on information barriers, such as “Chinese Walls” to control the flow of information within the areas, units, divisions, groups, or affiliates of VDSC.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by VDSC with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior.

RESEARCH DISCLOSURES

Third Party Research

This is third party research. It was prepared by Rong Viet Securities Corporation (Rong Viet), with headquarters in Ho Chi Minh City, Vietnam. Rong Viet is authorized to engage in securities activities according to its domestic legislation. This research is not a product of Tellimer Markets, Inc., a U.S. registered broker-dealer. Rong Viet has sole control over the contents of this research report. Tellimer Markets, Inc. does not exercise any control over the contents of, or the views expressed in, research reports prepared by Rong Viet.

Rong Viet is not registered as a broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” and other “U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Tellimer Markets, Inc., located at Floor 36, 444 Madison Avenue, Floor 36, New York, NY 10022. A representative of Tellimer Markets, Inc. is contactable on +1 (212) 551 3480. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Rong Viet. Tellimer Markets, Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission from.

Rong Viet is the employer of the research analyst(s) responsible for the content of this report and research analysts preparing this report are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer. The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Tellimer Markets, Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Tellimer Markets, Inc. or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, and does not expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months. Tellimer Markets, Inc. has never owned any class of equity securities of the subject company. There are no other actual, or potential, material conflicts of interest of Tellimer Markets, Inc. at the time of the publication of this report. As of the publication of this report, Tellimer Markets, Inc. does not make a market in the subject securities.

About Tellimer

Tellimer is a registered trade mark of Exotix Partners LLP. Exotix Partners LLP and its subsidiaries ("Tellimer") provide specialist investment banking services to trading professionals in the wholesale markets. Tellimer draws together liquidity and matches buyers and sellers so that deals can be executed by its customers. Tellimer may at any time, hold a trading position in the securities and financial instruments discussed in this report. Tellimer has procedures in place to identify and manage any potential conflicts of interests that arise in connection with its research. A copy of Tellimer's conflict of interest policy is available at www.tellimer.com/regulatory-information.

Distribution

This report is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Tellimer. Tellimer shall accept no liability whatsoever for the actions of third parties in this respect. This report is for distribution only under such circumstances as may be permitted by applicable law.

This report may not be used to create any financial instruments or products or any indices. Neither Tellimer, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.
United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

UAE: Distributed in the Dubai International Financial Centre by Exotix Partners LLP (Dubai) which is regulated by the Dubai Financial Services Authority ("DFSA"). Material is intended only for persons who meet the criteria for Professional Clients under the Rules of the DFSA and no other person should act upon it.

Other distribution: The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restriction.

Disclaimers

Tellimer and/or its members, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Tellimer may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups of Tellimer.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Frontier and Emerging Market laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Frontier and Emerging Market securities are often not issued in physical form and registration of ownership may not be subject to a centralised system. Registration of ownership of certain types of securities may not be subject to standardised procedures and may even be effected on an ad hoc basis. The value of investments in Frontier and Emerging Market securities may also be affected by fluctuations in available currency rates and exchange control regulations. Not all of these or other risks associated with the relevant company, market or instrument which are the subject matter of the report are necessarily considered.