March 2021

BANK FOR FOREIGN TRADE OF VIETNAM (HSX: VCB)

Short-term headwinds are outweighed by strengthened buffer

VND Bn	4Q-FY20	3Q-FY20	+/- QoQ	4Q-FY19	+/- YoY
Total operating income	14,393	11,586	24.2%	10,667	34.9%
PBT and provision	10,963	7,008	56.4%	7,481	46.5%
PBT	7,079	4,983	42.1%	5,510	28.5%
NPAT	5,668	3,991	42.0%	4,397	28.9%

Source: VCB, Rong Viet Securities

4Q2020: Credit growth and abnormal income made the headlines

- Credit growth reached 14.0% in 2020, compared to 6.5% of 9M2020. This is equivalent to an expansion of VND 55 trillion in credit in 4Q, marking the best quarter in the last six years. Deposit from customers extended 11.2%. NIM (TTM) dropped to 2.95%. NII grew 20% YoY in 4Q due to the plunge in interest costs (-23% YoY). Abnormal income made non-II grew 97% YoY in 4Q. As a result, TOI had good performance in 4Q (+35% YoY). For the whole year, TOI only expanded 7% due to low growth of NII (+5%).
- 2020 CIR was at 32.7%. OPEX rose 7.7% YoY in 4Q, and 1.4% in 2020. This helped relieved pressure on surging provision expenses (+46% YoY in 2020, in which 4Q saw a 97% increase). LLR reaching record high (370%) is a result. 4Q2020 PBT picking up 28.5% YoY helped narrowed down the decrease of 2020 PBT to -0.3% YoY.

2021 outlook: Looking forward to growth towards year end

The 2020 results are quite up to our expectations to some extent. There were surprises in NIM, core service income, and asset quality, which lead to our revision. For 1Q2021, we expect weak credit growth due to COVID-19 outbreak and seasonality (+2.3% YTD), contributing to the 6% YoY growth in NII. Service income will be pressured by novel fee-free account package, and poor income from trade financing in short term. OPEX is expected to grow at a low pace due to a high comparison base. Credit costs will remain high resulting in 8% YoY growth of provision costs. PBT growth is forecasted at +8% YoY.

For 2021, the economic recovery and overqualified provision will bring lower credit costs (1.1%). We expect credit growth at 13-15%, NIM recovery backed by higher CASA as a result of fee reduction and better yield, and rising profit from bond trading. 2021 projected PBT is revised up to VND 27,414 bn (+19% YoY, USD 1.2 bn), driven by robust NII and low growth of provision expenses.

Valuation and recommendation

We maintain a positive view and rank VCB among our top choices in this uncertain time. Healthy lending, resilient buffers, competitive funding costs, reputable brand, diversified customer base, leading position in trade financing, international settlements and foreign exchange are robust rationales. In the medium term, bad debt recovery and low growth of provision expenses are expected to be new earnings drivers. In the longer term, we evaluate its significant valuation premium on the sector multiples justifiable, although it could be slightly lower than historically due to lower sustainable ROE due to lower leverage and enhanced ROA.

*With an estimated recovery in growth, prudent provision policy resulting in potential earnings surprises, despite rising pressure in several segments, we value VCB at **VND117,000**. Coupled with no cash dividend, this translates into an upside of **23%** from the closing price on 10 March 2021. We thereby have a **BUY** recommendation on the stock.*

BUY +23%

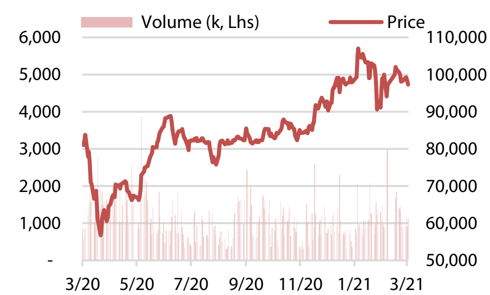
Target price (VND)	117,000
Current market price (VND)	95,500
Cash dividend (VND)*	-
*within next 12 months	

Stock Info

Sector	Banks
Market Cap (VND bn)	369,873.8
Current Shares O/S (mn)	3,708.9
Beta	1.1
Free float (%)	25.2
52 weeks High (VND)	107,000
52 weeks Low (VND)	56,000
Avg. Daily Volume (in 20 sessions)	1,204,709

	FY2019	Current
EPS	4,481	4,974
EPS Growth (%)	25.0	11.0
Diluted EPS	4,986	4,933
P/E	18.0	19.6
P/B	4.1	3.7
Cash dividend (%)	8.0	8.0
ROE (%)	25.9	20.5

Price performance



Major Shareholders (%)

SBV	74.8
Mizuho Bank, Ltd	15.0
GIC Private Limited	2.6
Foreign ownership room left (%)	*6.2*

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Exhibit 1: 4Q 2020 Results

(VND Bn)	4Q-FY20	3Q-FY20	+/- QoQ	4Q-FY19	+/- YoY
Interest and Similar Income	17,163	17,024	0.8%	17,455	-1.7%
Interest and Similar Expenses	-6,773	-8,301	-18.4%	-8,815	-23.2%
Net Interest Income	**10,390**	**8,723**	**19.1%**	**8,640**	**20.3%**
Non-interest Income	4,003	2,863	39.8%	2,028	97.4%
Net fee and commission Income	3,069	1,257	144.1%	886	246.4%
Net gain/(loss) from foreign currency and gold dealings	943	1,034	-8.8%	843	12.0%
Net gain/(loss) from trading of trading securities	16	7	148.1%	30	-44.8%
Net gain/(loss) from disposal of investment securities	0	0	-	7	-
Net other income/expenses	-65	540	-112.0%	252	-125.6%
Income from capital contribution	39	26	52.9%	10	289.2%
Total operating income	**14,393**	**11,586**	**24.2%**	**10,667**	**34.9%**
Operating expenses	-3,430	-4,579	-25.1%	-3,186	7.7%
Operating Profit Before Provision	10,963	7,008	56.4%	7,481	46.5%
Provision expenses	-3,884	-2,025	91.8%	-1,971	97.0%
Profit before tax	**7,079**	**4,983**	**42.1%**	**5,510**	**28.5%**
Corporate income tax	-1,406	-987	42.4%	-1,110	26.7%
NPAT	**5,674**	**3,996**	**42.0%**	**4,400**	**28.9%**
Attributable to parent company	**5,668**	**3,991**	**42.0%**	**4,397**	**28.9%**

Source: VCB, Rong Viet Securities

Exhibit 2: 4Q 2020 Performance Analysis

(%)	4Q-FY20	3Q-FY20	+/- QoQ	4Q-FY19	+/- YoY
Profitability (TTM)					
NIM	2.9	3.1	-10 bps	3.1	-18 bps
CIR	32.7	34.9	-215 bps	34.6	-186 bps
ROAE	20.0	19.6	35 bps	24.7	-476 bps
ROAA	1.4	1.5	-2 bps	1.6	-17 bps
Assets Quality					
NPLs ratio	0.6	1.0	-38 bps	0.8	-16 bps
Bad debt coverage ratio	370.4	215.1	15522 bps	182.0	18836 bps
Equity-to-Assets ratio	7.4	7.9	-43 bps	7.0	44 bps
Operating Safety Ratio					
Customer Loans-to-Total Assets ratio	82.0	79.2	278 bps	79.5	247 bps
Customer LDR	95.8	91.0	477 bps	97.1	-129 bps
Adjusted LDR	80.3	78.8	144 bps	78.1	215 bps

Source: VCB, Rong Viet Securities

Exhibit 3: 1Q 2021 Performance Forecast

Particulars (VND Bn)	1Q-FY21	+/- (QoQ)	+/- (YoY)	Comment
Net interest income	9,611	-7.5%	6.4%	VCB does not follow a quarterly credit growth limit, but weak credit growth in 2M2021 puts pressure on NII despite NIM's recovery. Service income is expected to bounce back with higher margins. Missing abnormal income leads to modest expansion. Cost saving and slower pace of provision expenses growth will support PBT.
Total operating income	13,077	-9.1%	6.4%	
Profit before tax and provision	7,977	-27.2%	8.2%	
NPAT	4,530	-20.1%	8.4%	

Source: VCB, Rong Viet Securities

Update

NIM's recovery, short-term pressure on interest income

In 4Q2020, VCB recorded its largest credit expansion in the last five years (VND 55 trillion), made up mainly by loans. The positive gap between its credit growth and that of the sector widened. This makes VCB the only listed state-owned bank that gained credit market share. Net interest income grew 20% YoY in 4Q mainly due to significant drop in interest costs (-23% YoY). TTM NIM decreased to 2.95% as expected. However, the pace of change in input and output rates was a surprise. As a result, we maintain our 2021's forecast of credit and deposit growth, but revise up slightly the predicted NIM.

The accelerated pace of lending was driven by retail. In 9M2020, VCB just achieved 6.5% YTD credit growth. The result of 13.9% credit expansion at the end of the year was attributed mostly to 20.6% growth of retail loans. In which, the leading groups are real estate loans and (made up 58% retail loan book in 2020) which grew 24%, and business household loans (made up 30% of retail loans) extending 22%. The proportion of retail loans to total loan book thereby increases to 45.3%, from 43% in 2019 and 20.1% at the end of 2015. This is a result of shifting the loan book to more potential, efficient and sustainable segments, which will also be implemented in 2021. Moreover, advantage of low funding costs leads to attractive offered lending rate. In the 2021-2023 period, average growth rate of real estate loans and business household loans in retail is expected to be 30-35% annually, being the main driver for credit expansion.

Despite the change in lending structure, there was a significant drop in average lending interest rate (TTM, -34 bps). Interest income only decreased -1.7% YoY in 4Q2020 due to rapid loan expansion. Regarding the investment portfolio, there was a pattern of shifting towards higher investment yield. When government bond yield plunged, VCB favored financial institution bond over corporate bond. The bank decreased its government bond balance by USD 1.4 billion in 2020, mostly in the last quarter. Meanwhile, the balance of financial institution bond went up by USD 1 billion, accounting for 6.3% of total assets at the end of 2020 compared to 5.0% as of 2019. The significant yield gap between those instruments helped extended the return of the debt securities portfolio, which increased 30 bps in 4Q2020.

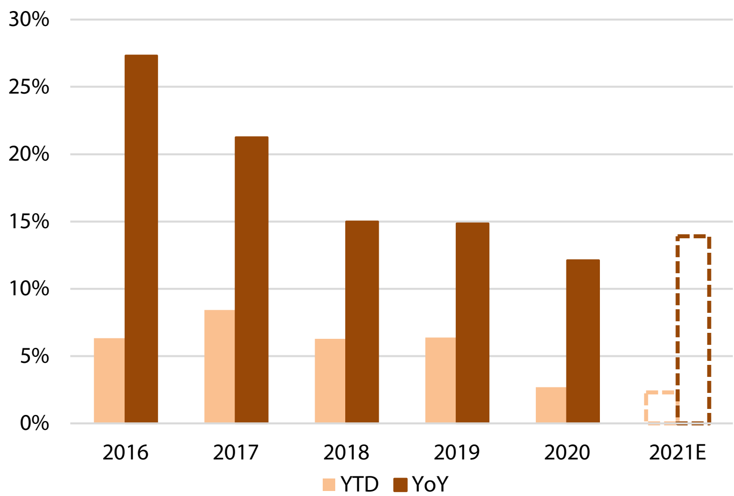
On the funding side, VCB witnessed a drop in interest costs in 4Q (-23% YoY), which was attributed to robust growth of net interest income (+20% YoY). Higher CASA (+13% QoQ, reaching 32.8% of customer mobilization) and lower quoted interest rates in 4Q given a large portion of short-term deposit led to a decline of -34 bps (TTM) in average deposit rates. This fall was more crucial than we expected. The funding structure shifting towards interbank with stably low interest was also a reason. There was an increase by USD 3.8 billion in amounts due to the government and deposits and borrowings from other financial institutions, compared to USD 2.2 billion increase in customer deposits.

Due to the surprise in average deposit rates, 2020 NIM was slightly above our estimation. We estimate a recovery of NIM in 2021 as the pace of falling will differ among input and output rates, as well as due to higher investment yield. VCB has just released the new products of promotional accounts that would attract retail CASA, and cut the deposit rates on all terms. The bank also proposed an interest cut for 105,000 customers, equivalent to about VND 350,000 billion in loans. We expect this to have a minor impact as we already priced in a drop in interest rates in the first half of the year, and the effective period only lasts for three months In the end of 2020, the bank also announced a 1.0% reduction in lending rate of new corporate loans disbursed before 15/03/2021. In short term, we expect those to be mostly reflected in the NIM of 2Q2021. The NIM in the first quarter will be mainly supported by widened gap between lending and deposit interest rates. There is a risk of COVID-19 affecting the capital demand of firms, but on the bright side, this will be offset partially by the decrease in corporate lending rates. Moreover, we expect the shift toward retail loans and long-term lending to be sustained and embrace the average lending rate. Looking further, given the major short-term funding structure of VCB, potential improvements from taking advantage of long-term loans is limited.

Looking forward to the end of 2021, we think the low interest rate environment will be supportive for banks given the economic recovery. The average deposit rate is estimated to likely experience a reduction (-24 bps), especially for long-term rates, due to abundant liquidity. In contrast, lending rate will not be under large pressure when the economy recovers in 2H2021. Funding through valued papers will not grow much, while investment portfolio will expand due to financial institution bonds, which will drive overall yield. Weight of government bond is expected to decrease below 50% of investment portfolio, while financial institution bond is forecasted to make up a large portion and grow slower partially due to constraint in bond that is suitable regarding quality. In the next few years, corporate bond is not suitable for VCB's risk appetite. We also expect VCB to be more active on interbank market along the recovery, but the interest rates will be kept low. In general, NIM is estimated to recover faster than our previous forecast in the base case.

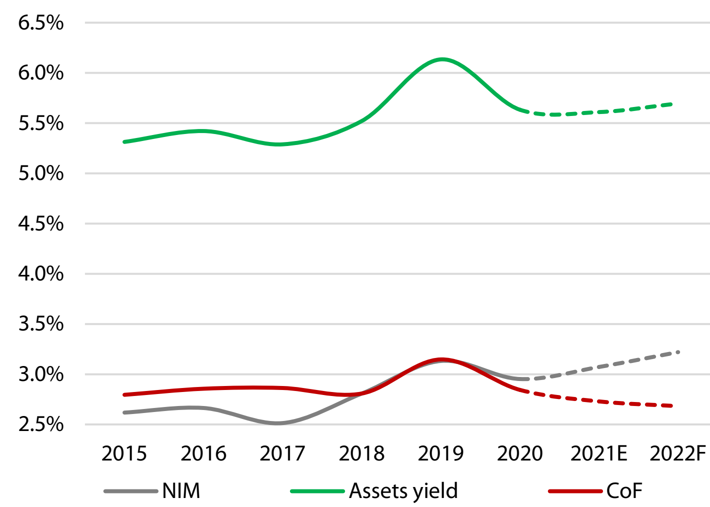
We predict a low credit expansion year-to-date in 1Q2021. This will lead to one-digit growth of net interest income, mostly driven by extended NIM by QoQ. In 2M2021, VCB only expanded its credit book by under 1% YTD, which was the consequence of the combination of pandemic outbreak and seasonality (Tet holiday). Credit growth of the first quarter was over 6% YTD in recent years, and was 2.7% YTD in 1Q2020. On a year-over-year basis, credit growth of 1Q2021 is estimated to be modest (+13.9% YoY) due to expansion in 4Q2020, but NIM will suffer high comparison base. Besides, recovery in NIM is positive, but it also is pressured by preferential interest rate packages. Thus, despite low comparison base of 1Q2020 (-11% YoY in NII) in both credit growth and NII, and huge credit expansion in 4Q2020 which is estimated to be disbursed strongly in the end of the quarter and contribute to 1Q2021's income, NII of 1Q2021 is expected to be weak and not yet be back to pre-pandemic level of 2019.

Figure 1: Credit expansion in 1Q (YTD & YoY, %)



Source: VCB, Rong Viet Securities

Figure 2: Asset yield, costs of funds and NIM (%)



Source: VCB, Rong Viet Securities

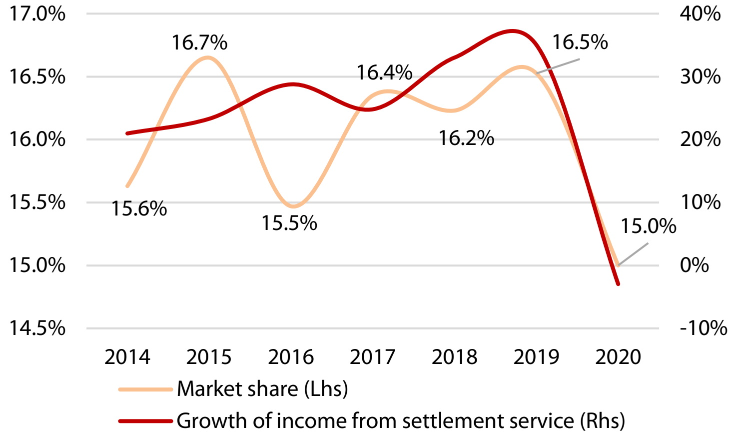
Weak fee income will last for a while

In 4Q2020, VCB recorded a +246% growth (YoY) of net service income. This was driven both by an increase of 70% YoY in service income and a -26% YoY decline in service costs. We think that if it had not been for the abnormal income from bancassurance upfront fee (about USD 80 million annually), the growth of income from service would have been negative, and the net service income would have only expanded +37% YoY in 4Q2020. For the whole year, VCB achieved +53.4% growth in net service income. This implies an improvement in net service income to total assets ratio, at 0.52%, compared to 0.38% of 2019.

However, that ratio of core service income did not improve, which is generated mostly by settlement services. Growth of net income from settlement services was contributed largely by higher margin. We think that higher margin came from card segment, which experienced decline in transaction value due to pandemic, despite increase in number of cards. Fee income from card rising 15% is the highlight, but it only accounted for 15-16% of income from settlement service. VCB also was under pressure in trade financing and international settlement, which are the bank's strengths. The market shrinking and market share of VCB also being affected by competition with foreign banks, which usually have relationship with FDI enterprises that contribute largely to Vietnam's export, are the reasons for the steep decline in income from trade financing and international settlement. Fee income from bancassurance took the spotlight with VND 230 billion (USD 10 million), exceeding annual plan, but its insignificant proportion in total service income limited its contribution.

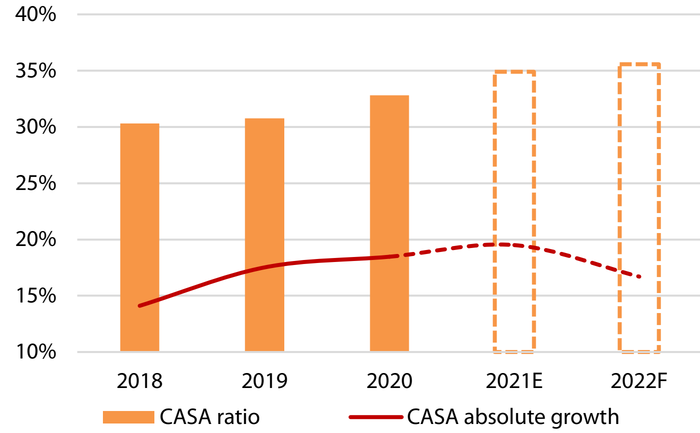
Based on weak fee income in a rising payment market and the newly released account package of promotional fee in order to attract CASA, we think that the pressure on income from settlement services will sustain for a few quarters. Besides, the recovery of international settlement following economic recovery will help relieve pressure from severe competition. However, in short-term, we evaluate that the growth of income from this segment will not bounce back quickly. As a consequence, we lower our estimation on settlement service income growth for 2021 to 18%, which is below the CAGR of 2015-2019 period (30%). The increase in transaction volume, which is a result of economic recovery and retail customer penetration, will partially offset loss in fee. Regarding international settlement and trade financing, we appraise the chance of VCB taking back market share, due to partnership with large domestic importers and exporters, but the market share regarding FDI enterprises will not yet recover. Furthermore, recovery of international trade activities and low comparison base will help income from trade financing gradually improve. Fee income from bancassurance is estimated to maintain high growth and contribute more to service income. Due to the effect from upfront fee being neutralized, net service income is estimated to grow 16% YoY.

Figure 3: Market share in trade financing and international settlement and growth of settlement service income (%)



Source: VCB, Rong Viet Securities

Figure 4: VCB's CASA ratio and absolute YoY CASA growth (%)



Source: VCB, Rong Viet Securities

CIR improvement in 1Q2021 might not sustain towards year end

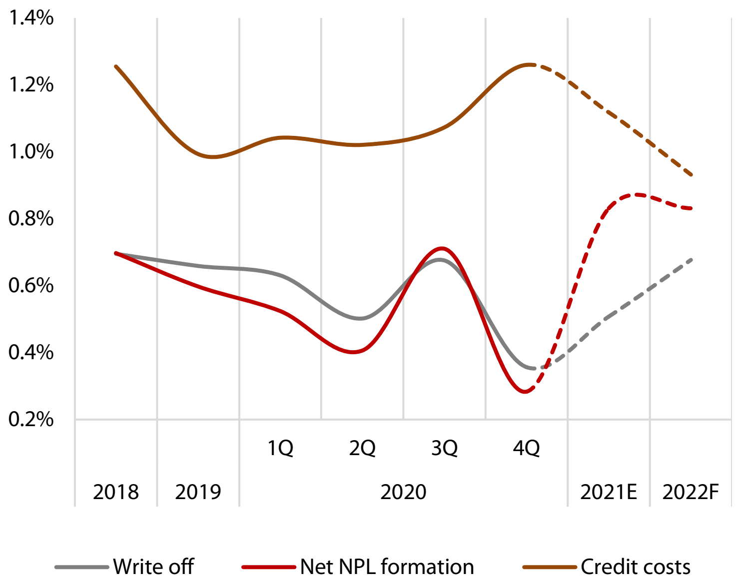
When provision expenses surged 46% in 2020, a low pace of operating expenses growth relieved the pressure on the bottom line. It was driven mainly by staff costs reduction (+0% YoY) which accounted for more than 50%. VCB increased its employee base by 6% (equivalent to 1,117 full-time staffs) in 2020. This implied a first decline in average income per employee of 6% in the last seven years, approaching the income level of 2017. Quarterly CIR of 1Q2021 is expected to be lower than that of 1Q2020 as a consequence of lower bonus and high comparison base. This is expected to support PBT given one-digit growth of TOI. We estimate a bounce back in average income in 2021 (+15%), based on good earnings results following the economic recovery and well-paid bonus. VCB is also planning for a raise in number of staffs, which will also increase OPEX. 2021 CIR is estimated at 35%.

Be ready for the unknown

In 2020, VCB recorded the lowest NPL formation rate in the last six years (0.28%). The amount of written-off debts to loans also stayed at a low level (0.36%). We think this is the result of maintaining debt group according to Circular 01, which is expected to be renewed. We forecast that those ratios will increase significantly in 2021, then gradually decrease until 2024 due to new loans being treated normally and maintaining debt group period expiring in the end.

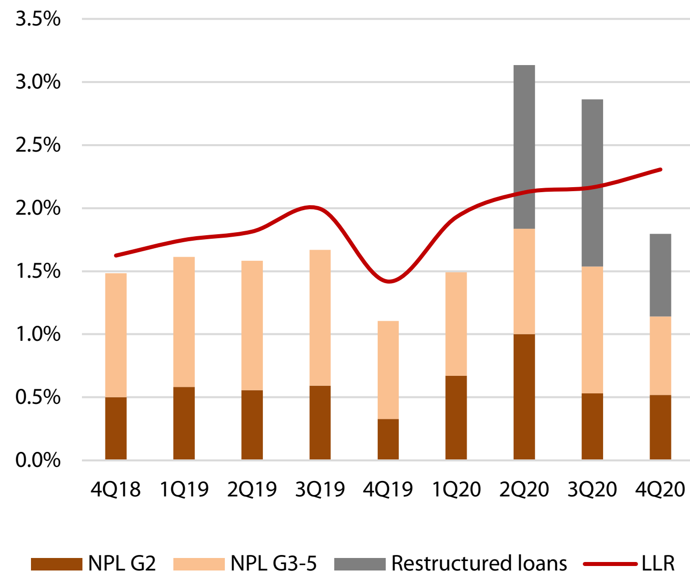
Regarding the concern of bad debt rising, VCB has prepared a strong buffer to absorb a shock in non-performing loans. Its restructured loans decreased to VND 5,500 billion at the end of the year, from VND 10,400 billion in 3Q2020. In our latest meeting with VCB in March 2021, restructured loans was reported at VND 4,500 billion, keeping the downtrend momentum despite the pandemic outbreak. Given the trend and BOM's conservative plan, we expect VCB to be able to record VND 800 billion of accrual interest of restructured loans, which was reported off-balance sheet, in our base case. Although the bank strongly focuses on retail loans, its NPL of this segment was only at 0.2% in 2020, due to healthy lending and high quality collaterals. VCB also reported highest NPL coverage among sector (370%), which is redundant in our opinion. This LLR should be able to cover a loss of 2.3% of total loans, while 2020 NPL (group 3-5) was reported at 0.6% and the restructured loans account for 0.7% of total loans. That buffer is also more than enough to cover group 2 loans (0.5% total loans). Moreover, VCB raised its credit costs to 1.3% of outstanding loans to be prudent. We think that in the base case, VCB could experience a new stable level of LLR of over 300% without increasing its provision expenses significantly. For 2021, we price in a provision expenses of VND 10.042 billion, approximately to that of 2020. Better pandemic control and faster economic recovery than in our base case will bring positive surprises and potential earnings. Those are strong buffers that VCB could use to relieve pressure on provision expenses, thus, support earnings, in upcoming period.

Figure 5: Bad debt written-off to loans, net NPL formation rate and credit costs (TTM, %)



Source: VCB, Rong Viet Securities

Figure 6: NPL (group 3-5), NPL group 2, restructured loans and LLR to total loans (%)



Source: VCB, Rong Viet Securities

This is based on the scenario that the impact of COVID-19 on the economy will fade gradually in 2021-2022, setting up a new norm. Any crucial lockdown or surge in community cases that slows the recovery pace or significant delay of vaccine/cure will require revising assumptions for income. Nevertheless, we evaluate that VCB is among the banks that might not need to raise provision even when the pandemic remains until 2022. We also think that VCB does not bear the risk from the amended Circular 01, and making provision for restructured loans in 2022-2024 period as guided by the draft is not necessary for VCB. Given the risks presented in the 2021 Strategy Report, we rank VCB as a safe choice for this uncertain time.

2021 outlook

In 2021, we expect that a control of the pandemic will boost economic recovery and VCB's lending. Based on the target GDP growth of the government (over 6%) and forward industry's credit expansion, we maintain our estimation of a 13-15% growth in credit of VCB. Regarding the capital raising plan via private placement, we expect VCB to make stock dividend payment in 2Q2021, before carrying out the private placement as planned in 2H2021. As mentioned above, 2021 NIM is revised up to 3.1%, while core service income will extend at a slower pace and effect of one-off income will be neutralized. As a result, forward TOI growth will be revised from +13% to +17%. Forecasted PBT growth is also revised up from +16% to +19% (VND 27,414 billion, USD 1.2 billion) due to robust net interest income (+17%), good growth of other non-II (+22%) and provision expenses approximating that of last year. We forecast a decline in government bond balance, as well as VCB being more active in bond trading in the low interest rate environment. We raise the projected credit costs to loans for VCB to 1.1%, which is higher than our previous forecast (1.0%) but lower than that of 2020 (1.3%), to be prudent. NPL is expected to pick up to 0.8% in the base case of pandemic being controlled in 1H2021 with the Circular 01 being renewed as expected. We maintain our view on a forward ROA in 2021 (1.5-1.6%) and revise up the ROE following higher projected earnings to 19.2%, which is lower than that of 2020 due to the private placement.

Unit: VND Bn

INCOME STATEMENT	FY2019A	FY2020A	FY2021E	FY2022F
Interest and Similar Income	67,724	69,126	77,094	90,231
Interest and Similar Expenses	-33,147	-32,901	-34,874	-39,225
Net Interest Income	**34,577**	**36,225**	**42,220**	**51,006**
Non-interest Incomes	11,153	12,774	15,238	15,982
Net Fee and Commission Income	4,307	6,609	7,692	8,620
Net gain/(loss) from foreign currency and gold dealings	3,378	3,906	4,258	4,324
Net gain/(loss) from trading of trading securities	146	2	135	2
Net gain/(loss) from disposal of investment securities	7	0	411	0
Net Other income/expenses	3,070	1,800	2,292	2,319
Income from capital contribution	245	457	450	717
Total operating income	**45,730**	**48,999**	**57,457**	**66,988**
Operating expenses	-15,818	-16,037	-20,001	-23,986
Operating Profit Before Provision	29,913	32,961	37,456	43,002
Provision expenses	**-6,790**	**-9,917**	**-10,042**	**-9,589**
Profit before tax	**23,122**	**23,045**	**27,414**	**33,413**
Corporate income tax	-4,596	-4,577	-5,456	-6,642
NPAT	**18,526**	**18,468**	**21,958**	**26,770**
Attributable to parent company	**18,511**	**18,447**	**21,937**	**26,749**

Unit: %

FINANCIAL RATIO	FY2019A	FY2020A	FY2021E	FY2022F
Growth				
Customer loans	16.5	13.3	13.7	15.1
Customer deposit	15.8	11.2	12.3	14.5
Net interest incomes	21.7	4.8	16.5	20.8
Operating income	16.4	7.1	17.3	16.6
NPAT	26.7	-0.3	18.9	21.9
Total Assets	13.8	8.6	14.8	15.4
Equity	30.1	22.2	30.9	13.9
Profitability (TTM)				
NIM	3.1	3.0	3.1	3.2
CIR	34.6	32.7	34.8	35.8
ROAE	25.9	20.5	19.2	19.3
ROAA	1.6	1.4	1.5	1.6
Assets Quality				
NPLs ratio	0.8	0.6	0.8	0.9
Bad debt coverage ratio	179.5	370.4	305.4	282.5
Equity-to-Assets ratio	6.6	7.4	8.5	8.4
Operating Safety Ratio				
Customer Loans-to-Total Assets ratio	79.6	82.0	80.8	80.8
Customer LDR	79.1	81.4	82.6	83.0

Unit: VND Bn

BALANCE SHEET	FY2019A	FY2020A	FY2021E	FY2022F
Cash and precious metals	13,778	15,095	16,747	19,313
Balances with the SBV	34,684	33,139	34,772	39,814
Placements with and loans to other credit institutions	249,470	267,774	299,372	347,271
Trading securities, net	1,801	1,954	1,742	1,542
Derivatives and other financial assets	98	0	0	0
Loans and advances to customers, net	724,290	820,420	932,510	1,073,491
Investment securities	167,530	156,931	203,609	237,412
Investment in other entities and long-term investments	2,464	2,236	2,236	2,236
Fixed assets	6,710	8,540	9,135	10,534
Investment properties	0	0	0	0
Other assets	21,892	21,447	24,020	26,903
TOTAL ASSETS	**1,222,719**	**1,327,537**	**1,524,143**	**1,758,515**
Due to Gov and borrowings from SBV	92,366	41,177	53,417	71,668
Deposits and borrowings from other credit institutions	73,617	103,584	121,786	143,186
Deposits from customers	928,451	1,032,114	1,159,064	1,327,128
Derivatives and other financial liabilities	0	52	0	0
Funds received from Gov, international & other institutions	20	15	16	16
Convertible bonds/CDs and other valuable papers issued	21,384	21,240	23,364	25,701
Other liabilities				
Total liabilities	**1,141,836**	**1,228,678**	**1,393,021**	**1,608,328**
Shareholder's equity	**80,883**	**98,859**	**129,367**	**147,314**
Capital	42,429	42,429	53,277	53,277
Reserves	12,186	12,204	15,480	19,474
Foreign currency difference reserve	16	23	23	23
Difference on assets revaluation	113	0	0	0
Retained Earnings	26,055	44,118	60,586	74,540
Minority interest	83	85	85	85
LIABILITIES AND SHAREHOLDER'S EQUITY	**1,222,719**	**1,327,537**	**1,522,473**	**1,755,727**

Unit: VND Bn

FOOTNOTES	FY2019A	FY2020A	FY2021E	FY2022F
Interest Income	**67,724**	**69,126**	**77,094**	**90,231**
From customers	53,185	55,971	62,991	72,651
From other Cis	4,413	2,363	1,667	2,177
From fixed-income investment	8,894	9,405	10,846	13,620
From guarantee	0	0	0	0
From other activities	905	1,057	1,260	1,453
Interest Expenses	**-33,147**	**-32,901**	**-34,874**	**-39,225**
To customers	-31,225	-31,131	-33,053	-37,129
To other Cis	-337	-198	-172	-303
To fixed-income investment	-1,500	-1,504	-1,578	-1,719
To other activities	-85	-68	-70	-74
Operating expenses	**-15,818**	**-16,037**	**-20,001**	**-23,986**
Provision expenses	**-6,790**	**-9,917**	**-10,042**	**-9,589**

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%

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