

**JANUARY**

**08**

**THURSDAY**

**ADVISORY DIARY**

- **Behind “the scenes” of bank sector**
- **Highlight spots from psychology.**

**Behind “the scenes” of bank sector**

Since November 2014, almost banking stocks experienced an increase in prices, of which VCB and EIB are two tickers reached the highest growth with 23% and 8%, respectively. Our banking industry index also rose 6% in the same time. In the context that banking industry has moving eventfully, investors of RongViet Securities having interest in this sector asked us that whether this industry is really thriving. In this Advisory Diary, RongViet Research does not expect to provide full scope of business result of banking sector; however, we do some statistic about operating efficiency of some listed stocks as a reference for investors.

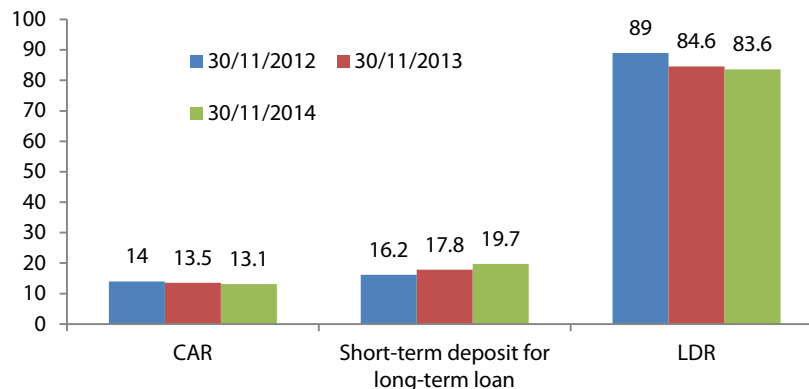
**Table: NIM and NPL ratios of some listed banking tickers**

	NIM				NPLs/loans			
	2011	2012	2013	TTM Q3/2014	2011	2012	2013	TTM Q3/2014
<b>MBB</b>	4.64%	4.53%	3.72%	3.91%	1.59%	1.84%	2.45%	3.06%
<b>EIB</b>	3.73%	3.12%	1.80%	1.99%	1.61%	1.32%	1.98%	3.36%
<b>SHB</b>	3.50%	2.26%	1.83%	2.00%	2.23%	8.81%	4.06%	2.40%
<b>VCB</b>	3.81%	2.90%	2.52%	2.39%	2.03%	2.40%	2.73%	2.54%
<b>STB</b>	4.75%	5.29%	4.91%	4.63%	0.58%	2.05%	1.46%	0.98%
<b>CTG</b>	5.07%	4.03%	3.59%	3.19%	0.75%	1.47%	1.00%	1.75%
<b>NVB</b>	4.10%	4.09%	2.95%	2.31%	2.92%	5.64%	6.07%	4.94%
<b>BID</b>	3.41%	3.11%	2.85%	2.85%	2.76%	2.70%	2.26%	1.93%

Source: Stoxpro

*“Highlight spots from psychology”*

**Graph: Capital Adequacy Ratios of whole system**



Source: SBV

Through the statistics, we realize that the coefficient of performance as well as the capital adequacy of some listed banks and the banking system has not improved uniformly. NIM in 9T2014 only slightly improved compared to 2013, seeing at MBB, EIB and SHB, while this ratio in other banks is still present a downward trend. Talking about bad debt, the non-performing loan/outstanding loan ratio is increasing for MBB, EIB and CTG. They are the traditional banks having low provision for bad debt previous years so it seems that the classification of liabilities under Circular 02 of SBV made bad loans of banks rise again.

Therefore, it seems that the recent excitement in banking stocks was related to a significant increase of VCB rather than a positive movement of banking system. This caused us cautious about a sustainable growth in terms of banking stocks.

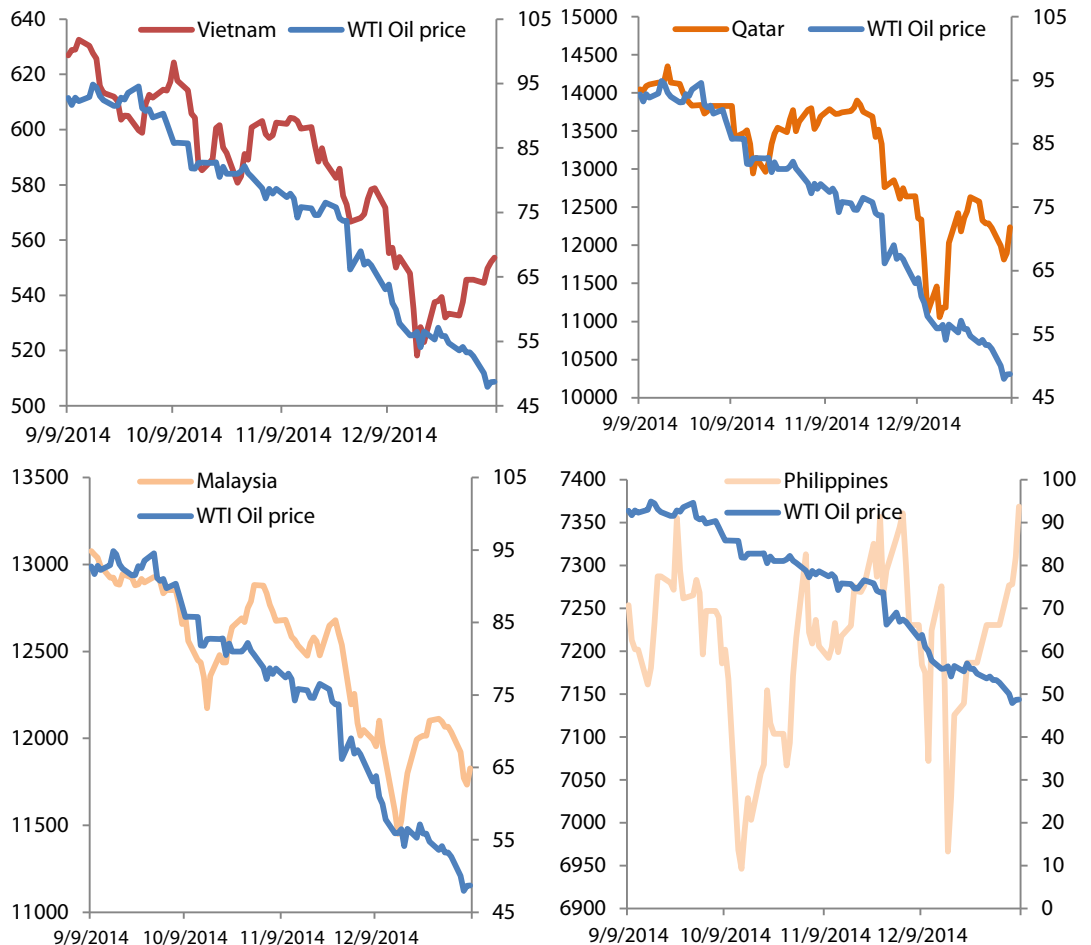
**Highlight spots from psychology.**

VNIndex closed in “green” with increasing 20 points (~4%) as compared to December 29th, 2014 session. As mentioned in recent Advisory Diaries, market reflected almost the impact of drop in oil price. According to our statistics related to some regional markets such as Philippines, Malaysia and Qatar, these market’s reactions were similar with Vietnamese market due to a sharp drop in market index and a following strong-rebound.

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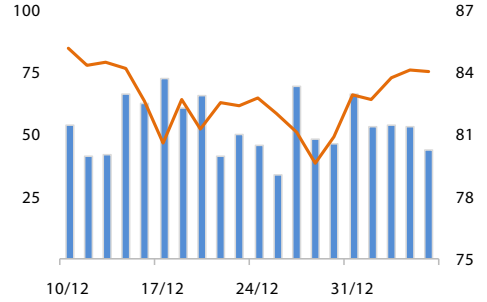
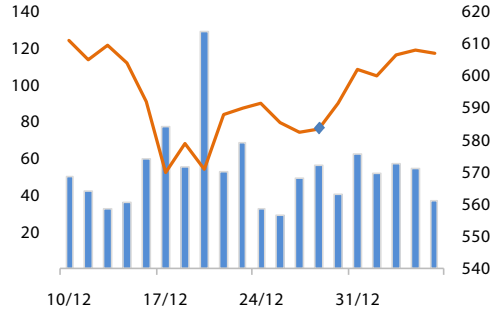
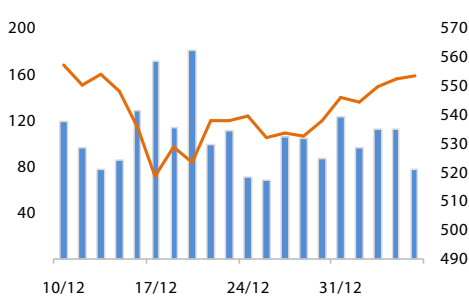
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After a series of negative information to influence the market, investors have spent nearly four months in panic psychologically. Therefore, the positive signal in psychology with the oil price is needed to have an objective view in the intrinsic value of the business.

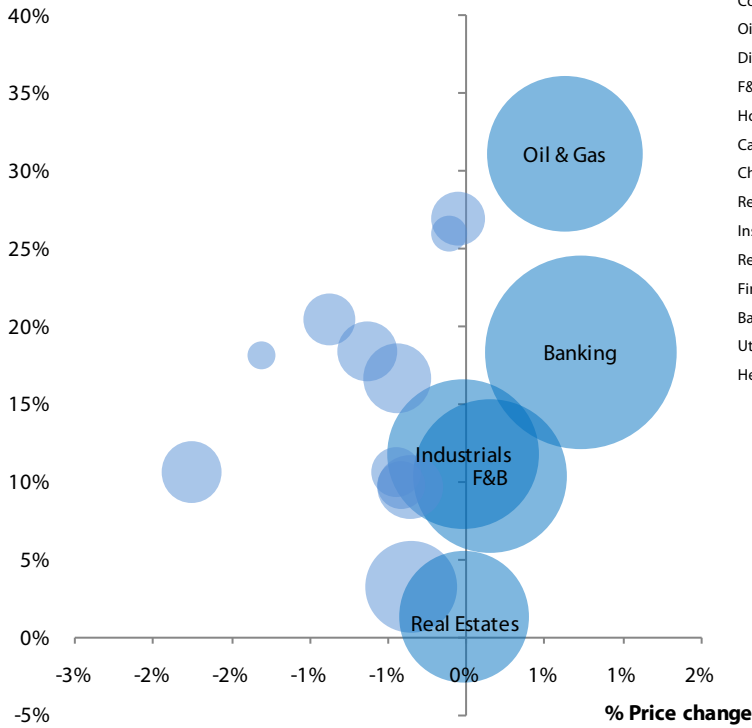
Moreover, the excitement of market sentiment was a highlight spot that support for the rise in market. From 2010 to now, VNIndex witnessed a high jump in the 1st Quarter (results released-period). However, due to the loss in the recent period, investors should calm down in upcoming market movements.

**VNINDEX 0.26% 553.47    VN30 -0.13% 606.85    HNXINDEX -0.10% 84.10**

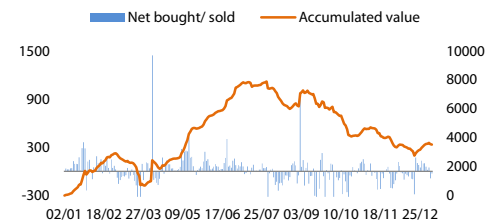


**Industry Movement**

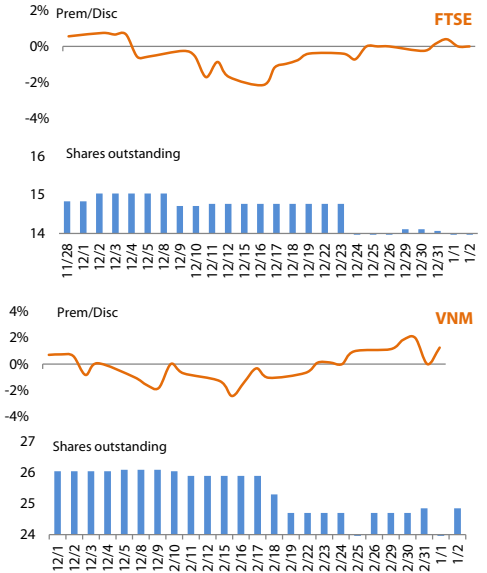
**Industry ROE**



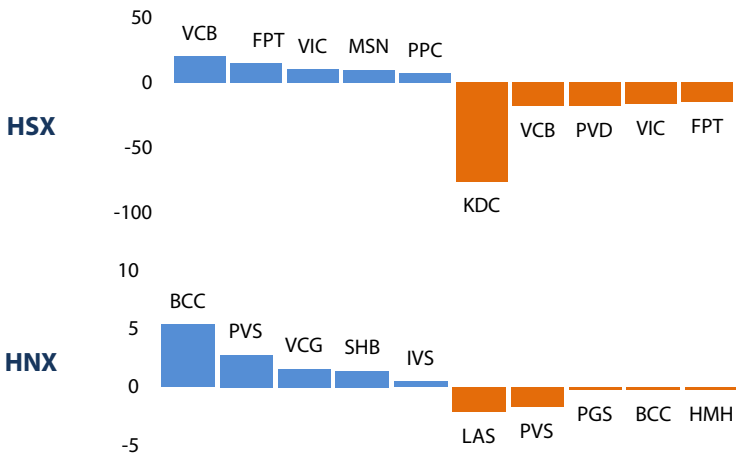
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

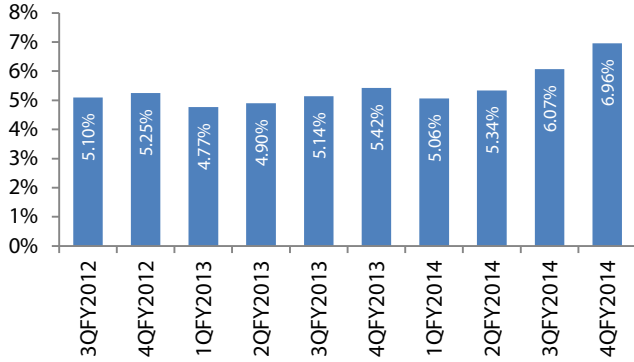
Ticker	Price	Volume	% price change
FLC	10.8	12.10	-3.6%
VHG	12.5	3.93	-1.6%
ITA	7.9	2.97	-1.3%
KDC	47.7	2.93	-1.6%
DLG	10.6	2.74	-1.9%

Ticker	Price	Volume	% price change
KLF	10.9	7.18	-4.4%
SCR	9.0	3.41	-2.2%
PVX	5.0	2.85	0.0%
SHS	10.9	2.82	2.8%
SHB	8.6	2.76	0.0%

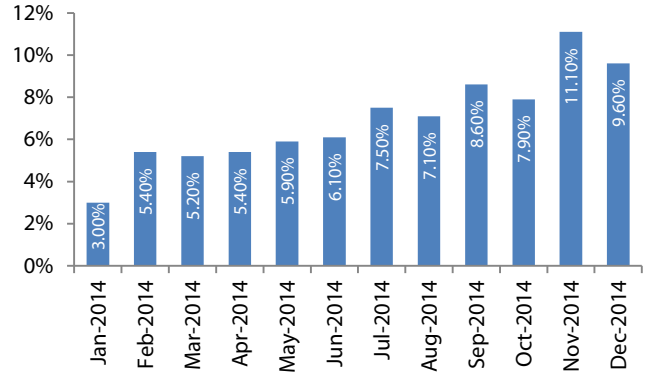
**MACRO WATCH**

**Graph 1: GDP Growth**



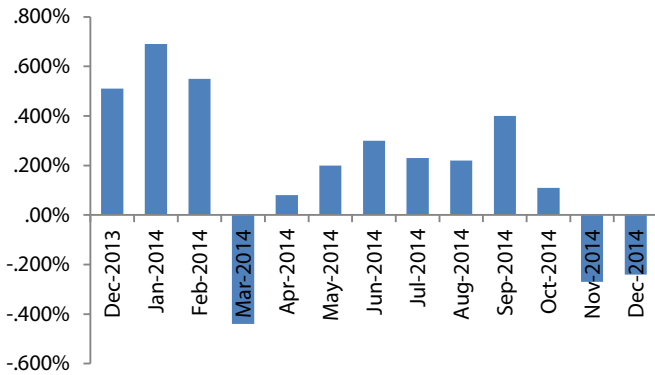
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



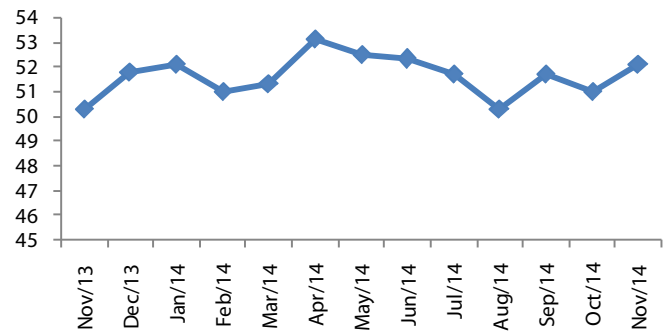
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



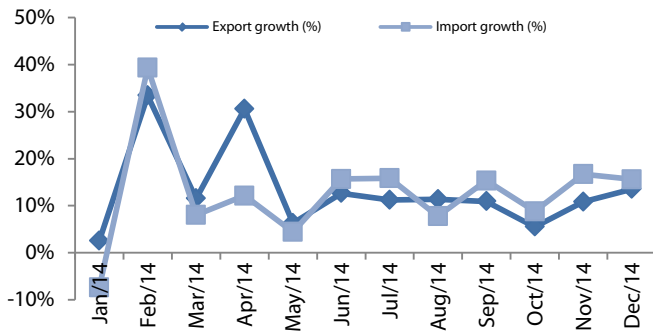
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



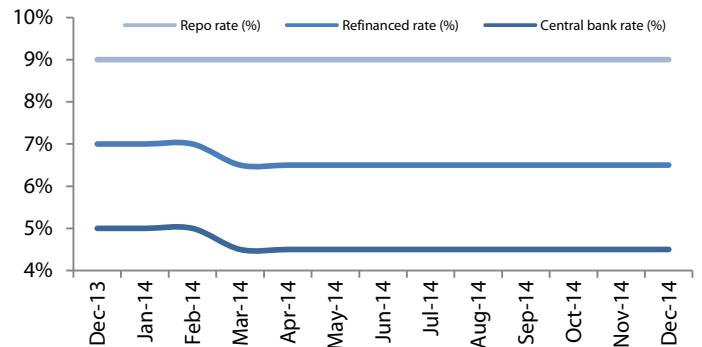
Sources: GSO. Rongviet Securities database

**Graph 5: Trade Growth**



Sources: GSO. Rongviet Securities database

**Graph 6: Interest**



Sources: SBV. Rongviet Securities database

## RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
HMH - Positive outlook from various supporting factors	Jan 06 <sup>th</sup> , 2014	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 <sup>th</sup> , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 <sup>th</sup> , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 <sup>th</sup> , 2014	Monitor	
FPT - Growth driver expected from retails	Dec 3 <sup>rd</sup> , 2014	Accumulate – Long term	61,000

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

## FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	23/12/2014	0%-0.75%	0%-2.5%	11,398	11,522	-1.08%
VEOF	23/12/2014	0%-0.75%	0%-2.5%	9,432	9,775	-3.51%
VF1	30/12/2014	0.2% - 1%	0.5%-1.5%	20,106	20,149	-0.21%
VF4	24/12/2014	0.2% - 1%	0%-1.5%	8,835	8,875	-0.45%
VFA	26/12/2014	0.2% - 1%	0%-1.5%	7,262	7,277	-0.2%
VFB	26/12/2014	0.3% - 0.6%	0%-1%	11,856	11,849	0.06 %
ENF	26/12/2014	0% - 3%	0%	10,402	10,367	0.34%
MBVF	25/12/2014	1%	0%-1%	11,109	10,979	1.18%
MBBF	24/12/2014	0%-0.5%	0%-1%	11,893	11,892	0.01%

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