

APRIL

20

MONDAY

ADVISORY DIARY

- **BID – AGM update**
- **Accumulated opportunity in the corrections**

BID – AGM update

2015 is the last year of the restructuring credit institutions during the 2011-2015 periods. Therefore, the wave of M&A is expected to be active during this time. Last week, one of the notable M & A is the merge of Mekong Housing Bank (MHB) and the Bank for Investment and Development of Vietnam (BIDV), which was announced in the AGM 17/04/2015. We would like to update some key information about the BID's AGM as well as some information related to the M&A with MHB.

2014 performance and plan 2015. By the end of 2014, the BID with the wholesale advantage ranked 2nd in state-owned commercial banks having largest asset and 3rd in listed banks having largest chartered capital. Last year, BID growth ratio recorded more positive than others, especially total asset; reaching VND 650,340 billion (up 18.6% yoy). Besides, capital mobilization also hit VND 602,301 billion (up 30% yoy), in which more than 83% of it came from organization and resident filed. PAT in 2014 is VND 6,297 billion, up 19% and twice as high as CAR of 2010-2014 period. In 2015, BID continuously sets high growth plan with the chartered capital growth of 21.6%, total asset growth of 15% and PAT growth of 19.1% after excluding provision of VND 8,100 billion. Moreover, BID also plans to issue 269.2 million shares (rate 9.6%) for existing shareholders with the price of VND 10,000/share in Q2/2015 in order to improve core business such as credit, investment activity and distribution expansion.

Table: Business results and some key financial ratio of BID

	2013	2014	Growth	2015 plan	Growth
Total Assets	548,386	650,340	18.6%	747,891	15.0%
Legal Capital	28,112	28,112	0.0%	34,173	21.6%
Loans to customers	384,890	439,070	14.1%		
Mobilization from the household	338,902	440,472	30.0%		
PBT	5,290	6,297	19.0%	7,500	19.1%
PAT	4,010	4,948	23.4%		
Cash dividend	8.5%	10.2%		>9%	
NIM	2.9%	3.0%			
NPL (lending to customers)	2.3%	2.0%		<3%, phấn đấu <= 2.5%	
ROAE	13.7%	15.2%		14%-15%	
ROAA	0.78%	0.83%		0.85%	

Source: BID Financial statement, RongViet Research collected

The M&A between BID and MHB. In the second quarter of 2015, BID will issue 336.9 million shares to exchange the MHB's shares at the ratio 1:1. This deal has raised BID shareholders' concern on the market price diluted due to the exchange ratio of 1:1. Specifically, MHB is considerably smaller than BID in authorized capital, total asset, deposit market share, credit market share as well as operation efficiency. The book value (BVPS), at 31/12/2014, of BID was VND 11,835 per share and the BVPS after the issuance of 269.2 million shares for current shareholders at price of VND 10,000/share will be diluted to VND 11,675/share, higher about 12% than the

“Accumulated opportunity in the corrections”

BVPS of MHB (VND 10,466/share).

However, according to our industry analyst, this M&A would meet different needs of both sides. In MHB side, this bank will solve its capital problem. Conversely, BID could save time and cost due to branches system of MHB to develop its business. Currently, MHB has 44 branches, 187 transaction points and saving funds. According to BOD of BID, it usually takes 7-12 years for a bank to build the similar system.

Table: Key financial ratios of BID and MHB

	BID	MHB
Legal capital	28,112	3,369
Total Assets	650,340	45,142
PBT	6,297	NA
BV	11,835	10,466
Market share of credit (loan customers)	11.1%	0.7%
Market share of deposits (deposits)	9.9%	0.7%
Credit growth (loan customers)	14.1%	11.4%
Deposits growth (deposits)	30.0%	16.6%
CAR (%)	9.5%	13.2%
NPL	2.0%	2.7%
ROAE	0.8%	3.7%
ROAA	14.4%	0.3%

Source: 2015 AGM's documents

Accumulated opportunity in the corrections

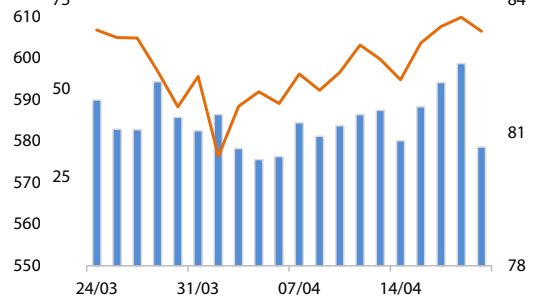
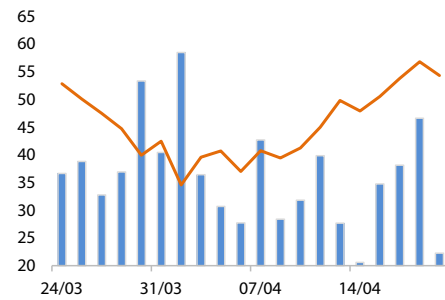
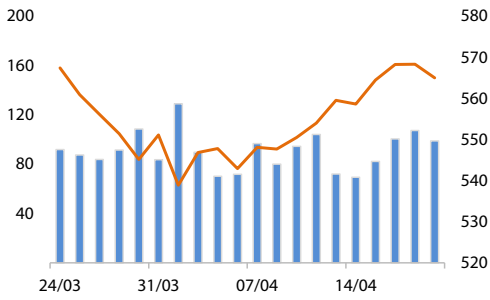
After two consecutive week of recovery from the market, today trading session was considered as extensive adjustment and accumulation. As a result, market liquidity grammatically declined comparing to last week, down by 22.1% in trading volume. In addition, the selling pressure for short-term profit was also a factor that contributed to market's decrease. Specifically, the difference between buy and sell orders was 6.6 million shares. Foreign investors continued net buying today, reached 140.2 billion dong.

However, stocks with supporting information about business result and 2015 plans still had a good trading session. For example, DHA is a notable stock with positive news from last week Annual General Meeting. As mentioned previously, DHA successfully transferred Thuong Tan quarry (with the frequency of loss) to its partner with the amount of 38 billion dong. It is reported that the profit from this transfer fell at approximately 8 billion dong and would be recorded in Q2/2015. Several indicators for business plan in 2015 had slight adjustments such as (1) profit after tax increased to 35 billion dong instead of 30 billion dong; (2) dividend would be 15 % (previously 12%). From the assessment of our analysts, new plan from DHA is optimistic based on the positive signals from building materials demand in 2015 when the progress of infrastructure projects, real estate being acceralated. Along with successful transfer from Thuong Tan quarry, DHA could record a surge in profit this year.

As mentioned in our last week Advisory Diary, the market will need some time to adjust and accumulate in the near future. Investors should pay attention to the liquidity, the net buy – sell orders in the market and accumulate during the correction. For stocks where prices rose further in recent times, though strongly supported by business prospects, the market will need more time for which investor sentiment accept the new price.

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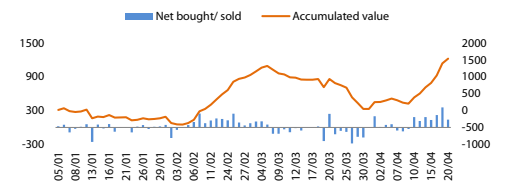
VNINDEX -0.58% 565.04 VN30 -0.55% 595.82 HNXINDEX -0.38% 83.29



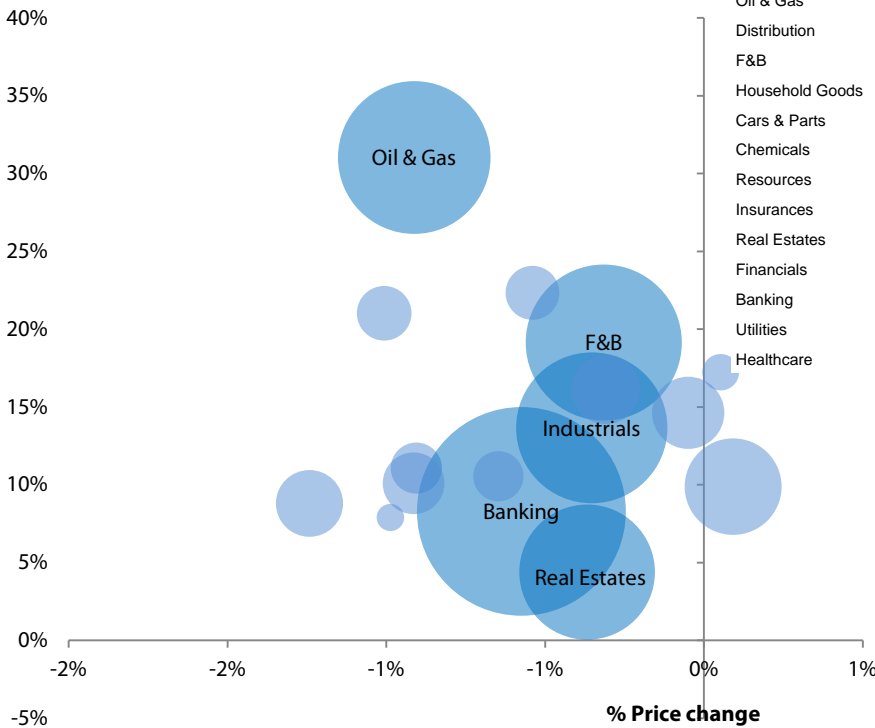
Industry Movement

Industry	% change
Technologies	-1.0%
Industrials	-0.4%
Constructions	0.1%
Oil & Gas	-0.9%
Distribution	-1.0%
F&B	-0.3%
Household Goods	-0.9%
Cars & Parts	0.1%
Chemicals	-0.3%
Resources	-0.5%
Insurances	0.0%
Real Estates	-0.4%
Financials	-1.2%
Banking	-0.6%
Utilities	-0.9%
Healthcare	-0.6%

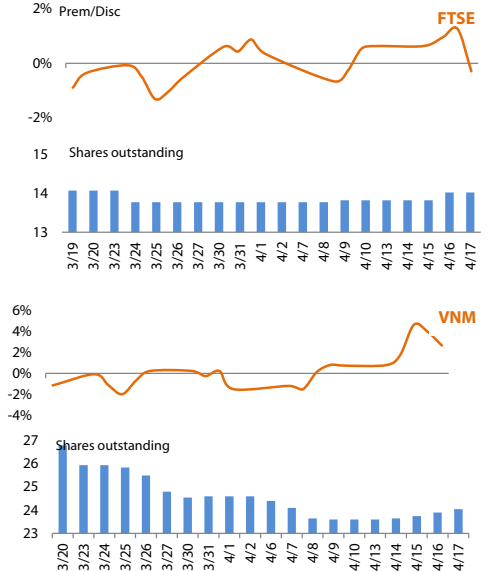
Foreign Investors Trading



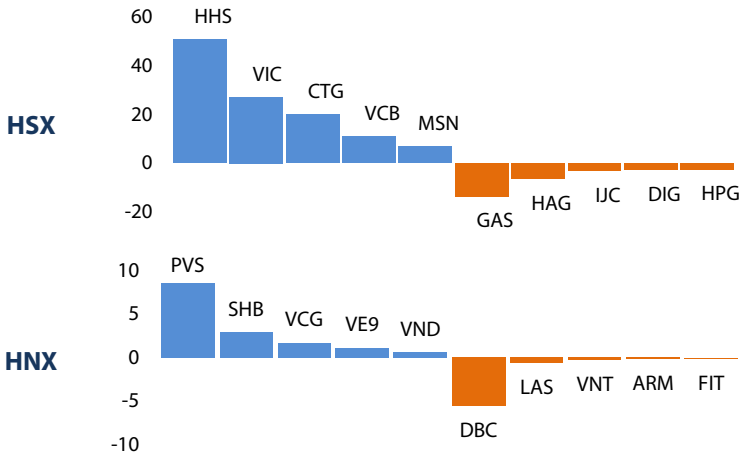
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



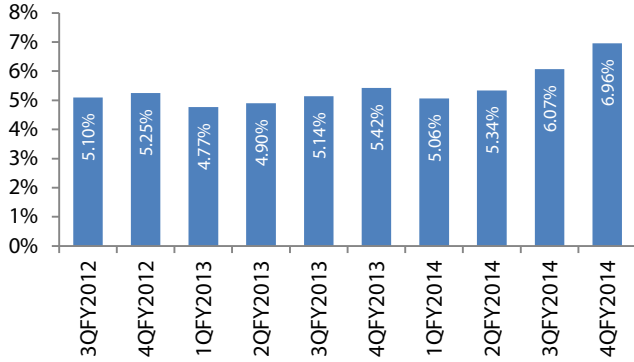
Top Active

Ticker	Price	Volume	% price change
HHS	20.7	6.26	0.0%
FLC	10.5	3.24	-0.9%
HQC	6.5	2.91	-1.5%
OGC	4.4	2.78	-2.2%
ITA	7.1	2.37	-1.4%

Ticker	Price	Volume	% price change
FIT	14.7	4.75	0.7%
PVS	26.0	2.35	0.8%
ITQ	11.9	2.17	-9.8%
KLF	8.8	1.92	-1.1%
CEO	13.0	1.18	-0.8%

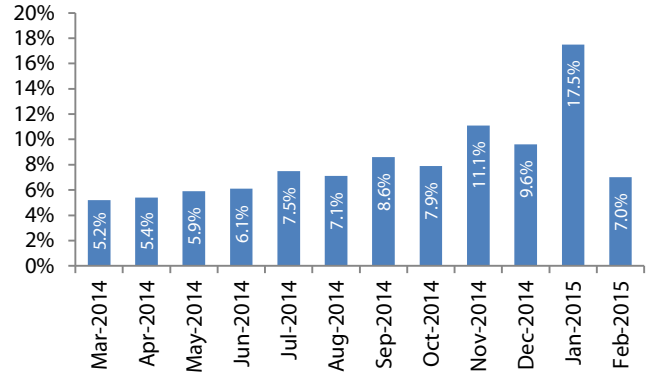
MACRO WATCH

Graph 1: GDP Growth



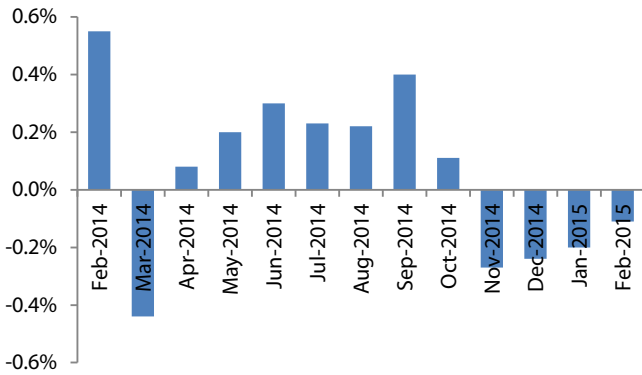
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



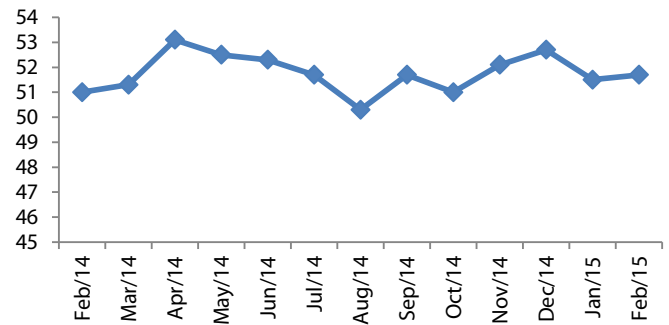
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



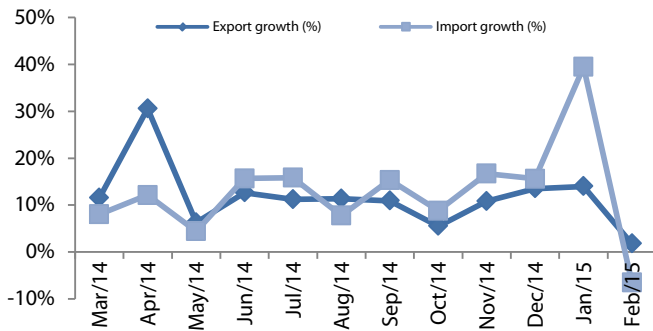
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



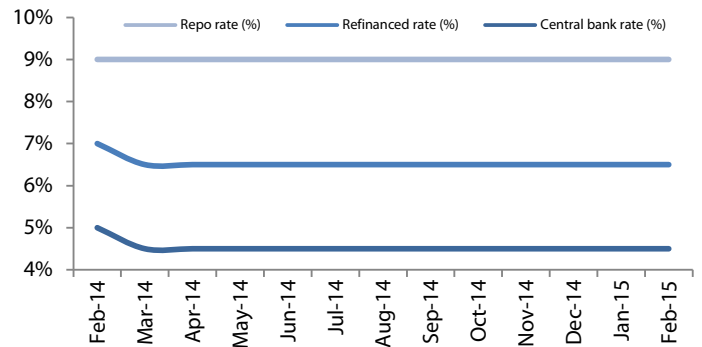
Sources: GSO. Rongviet Securities database

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
PLC - A firm foothold	April 14 th , 2015	Accumulate – Intermediate term	40,000
BT6 - Restructuring scheme to bring a brighter prospect	Jan 27 th , 2015	Monitor	
PAC - Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100

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	07/04/2015	0%-0.75%	0%-2.5%	11,783	11,757	0.22%
VEOF	07/04/2015	0%-0.75%	0%-2.5%	9,405	9,357	0.51%
VF1	16/04/2015	0.2% - 1%	0.5%-1.5%	21,202	20,973	1.09%
VF4	15/04/2015	0.2% - 1%	0%-1.5%	9,097	9,006	1.01 %
VFA	10/04/2015	0.2% - 1%	0%-1.5%	7,124	7,087	0.53%
VFB	10/04/2015	0.3% - 0.6%	0%-1%	12,152	12,152	0.01%
ENF	10/04/2015	0% - 3%	0%	10,798	10,633	1.55%
MBVF	09/04/2015	1%	0%-1%	10,267	10,854	-5.41%
MBBF	08/04/2015	0%-0.5%	0%-1%	12,083	12,072	0.09%

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