DAILY MARKET REVIEW

February 11, 2019

NH SECURITIES VIETNAM

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1ST TRADING DAY INCREASED SHARPLY WITH INCREASED LIQUIDITY

- Indexes increased higher and higher all the day
- Almost stocks have good increase. Cash flow focuses on big-cap and mid-cap stocks
- VIC/GAS/VNM and banking stocks contribute most to Index increase
- Liquidity increase: 24% higher than 20-day average, and 7% higher than last trading day.
- Foreigners has very slight net buy, and don't have much trading in the day

VPB (VPBank) - A STOCK EACH DAY

Updated 4Q/2018 business result: NEUTRAL

- Revenue and profit grew by 20% and 26.5% mostly due to high credit growth of FE Credit. Credit growth of FE Credit and VPB itself in 4Q2018 is 14.72% and 11.09%; and in 9 months 2018 is 4.2% and 11.27%. High increase in credit in 4Q2018 raised questions on its sustainability.
- Asset quality reduced in almost all ratios:
+ CAR reduced from 14.6% to 11.9%, capital raising is necessary
+ High loan to deposit (LDR) ratio at ~130%: credit is growing too high compared with deposit growth. VPB's liquidity can get much trouble, especially when the State Bank plan to tighten monetary policy as now.
+ NPL ratio increased from 3.39% to 4.25%. Provision expenses can sharply increase in 2019, especially when VN economy is in late phase of its business cycle.

Business model:

- Like HDB, VPB operates in 2 segments: traditional banking (parent company) and consumer finance (through its 100% owned FE Credit). Interest income accounts for 80% total revenue, and FE Credit accounts for ~44% profit. And, FE Credit now ranked No.1 position with up to 55% market share of consumer finance.
- Shareholder structure is rather segmented, and there is no one to own big portion.
- Credit growth in recent years is very high (24%, 26.3%, and 18.91% in 2016, 2017, and 2018 respectively) and NIM is nearly highest in banking industry at 9.06% due to high portion of consumer finance

Investment catalysts: NEUTRAL

Investment catalysts for VPB in following years are not really good:
- Credit growth is still high, but reducing as the government is also tightening monetary policy.
- Competition in consumer finance is much higher due to joining of other banks such as MBB (MCredit).. On the other hand, State Bank of Vietnam has announced that they will inspect FE Credit in 2018 as the way FE Credit collect debt from customers is very negative, or even break the law.
- VPB's financial position is not good, so provision expenses and credit growth can be negatively affected in the future.
- However, share price reduced ~50% from the peak, and valuation ratios now are good with PE 6.63 and PB 1.43 times

MARKET AT GLANCE

	Vn-Index	HNX	UPCOM
Closed price	926.1	105.3	55.6
Change (+/-)	↑ 17.4	↑ 1.9	↑ 0.8
Change (%)	↑ 1.92%	↑ 1.85%	↑ 1.47%
Trading volume (mill stocks)	106	32	5
Trading value (bill)	2,303	358	117
Foreigner trading value (bill)	11	(9)	2
No of stocks increase price	214	97	106
No of stocks reduce price	93	43	44
No of stocks remain price	38	36	35
PE*	15.6	9.5	16.6
PB*	2.4	1.0	1.9
Market cap (trilion)*	2,979	192	948

*: The data is from last trading day

DAILY NEWS AND ASSESSMENT

- Summit between Mr. Kim Jong Un and Mr. Trump will be held in Hanoi, Vietnam on 27-28/Feb.
- FED held its first meeting in 2019 and kept interest rates unchanged, and will be more cautious on raising interest rates due to the slowdown global economy.

- PhD. Nguyen Tri Hieu: Banking industry earnings in 2019 will not be too optimistic.
- PMI in Jan/2019 dropped to 51.9 points from 53.8 points and 56.5 points in Dec and Nov/2018. However, it still marked 38 consecutive months above 50 points.