



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index extends its long winning streak

Benchmark indices opened the week on a positive note, buoyed by the improvement of risk appetite.

The VN-Index on the southern bourse Ho Chi Minh Stock Exchange (HoSE) ended Monday at 1,052.25 points, a gain of 5.46 points, or 0.52 per cent.

It logged a long rising streak of five days with the market's breadth inclining to the uptrend. Meanwhile, liquidity increased slightly, of which over VND9.7 trillion (US\$413.2 million) worth, equivalent to nearly 557 million shares, was traded on HoSE.

The VN30-Index also advanced 5.03 points, or 0.48 per cent, to close the trading day at 1,056.45 points. Twenty of the 30 biggest stocks in market capitalisation of the VN30 basket jumped, of which one hit the ceiling price. Eight stocks declined while two stayed flat.

On the Ha Noi Stock Exchange (HNX), the HNX-Index inched higher to 206.67 points, an increase of 0.95 points, or 0.46 per cent. This marked its second day of rallying.

Investors poured VND910.2 billion into the northern exchange, equal to a trading volume of 66.17 million shares.

Statistics showed that bank stocks continued to dominate and lead the market's rallies. Specifically, Vietcombank (VCB) was the biggest

gainer on Monday, up 2.25 per cent, while BIDV (BID), Vietinbank (CTG), MBBank (MBB), Sacombank (STB), and VPBank (VPB) also contributed to the rally, up in a range of 0.47-1.8 per cent.

Supporting the bullish sentiment, Hoa Phat Group (HPG), Novaland (NVL), and Vietnam Airlines (HVN) posted strong performances, with NVL shares registering the biggest intraday gain of 7 per cent.

However, the gain was limited by losses in some large-cap stocks, led by Vinhomes (VHM) shares, down 1.22 per cent.

Foreign investors were net buyers on both main exchanges, of which, they net bought VND173.6 billion on HoSE and VND985.34 million on HNX.

At the seminar "Stocks 2023 – Compass in the midst of rough seas" on Saturday, Matthew Smith, Research Director of Yuanta Securities Vietnam, is optimistic that the market's bench mark VN-Index is recovering and can reach 1,300 points this year.

He said that there are some favourable conditions lifting the Vietnamese market, including young population and growing middle class, foreign investment inflows, and the attractive valuation of the stock market that is now the lowest level in Asia.

Macro & Policies

2. Vinfast delivers first VF9 cars to local customers

VinFast will later deliver VF9 cars nationwide. Those who have placed orders for the cars can receive them at the store or at home.

“Today’s VF9 car handover marks the beginning of VinFast delivery events to be held at home and abroad in the near future,” Le Thi Thu Thuy, vice chairwoman of Vingroup and chairwoman of VinFast, said.

The company is planning to export the second batch of 1,800 VF8 cars to international markets and

deliver VF5 Plus vehicles to the domestic market in April 2023.

It will also export VF9 cars and launch VF6 and VF7 for sale in the coming months.

In addition to the six-seat design, the VinFast VF9 also offers a seven-seat option for customers. The prices for the two versions of VF9, Eco and Plus, are VND1.97 billion and VND2.178 billion, respectively, including the battery pack.

3. Foreign investors expand consumer finance business in Viet Nam

United Overseas Bank Limited (UOB) has recently completed the acquisition of Citigroup’s consumer banking business in Viet Nam, which includes Citibank’s unsecured and secured lending portfolios, wealth management and retail deposit businesses.

Not only UOB, multinational financial groups from countries in the Asian region are also strongly promoting mergers and acquisitions (M&A), capital contributions in Vietnamese commercial banks to promote their consumer lending activities.

There has been recent information that Japan’s Sumitomo Mitsui (SMBC) has reached a number of agreements to buy more than 1 billion shares of Vietnam Prosperity Commercial Joint Stock Bank (VPB), equivalent to 5 per cent of the bank’s shares, thoibaonghang.vn reported. Currently, both parties have not yet made official announcement on the transfer, but sources said the value of the deal could reach US\$1.4 billion and could be completed by the end of this month.

In fact, SMBC and VPBank are not unfamiliar parties. From early 2021, through SMBC Consumer Finance, MSBC spent \$1.37 billion to acquire 49 per cent stake of VPBank’s subsidiary FE Credit. This shows the purchase of more than 1 billion VPB shares is most likely be part of the strategy to boost consumer finance segment that SMBC has built up for months.

In addition to SMBC, other large financial groups, such as MUFG from Japan, Srisawad from Thailand and KB Kookmin Card from South Korea, are also actively hunting to buy consumer finance units of Vietnamese banks. For example, from August 2021, Saigon Hanoi Commercial Joint Stock Bank (SHB) signed agreements to transfer 100 per cent of the capital at SHB Finance to MUFG’s Krungsri from Thailand. At the end of 2022, the State Bank of Vietnam (SBV) approved the list of SHB’s leaders including members from Krungsri. This shows the transfer of SHB’s capital at SHB Finance to Krungsri is going to the final stage to be completed in 2025.

According to experts, with the active participation of multinational corporations, the Viet Nam’s consumer finance market will see a strong breakthrough with diversified products and services and strong development in microfinance digitalisation.

In fact, besides large corporations from Japan, South Korea and Thailand, large Vietnamese groups and corporations, such as Masan, FPT, Viettel and Bamboo, have also made strong investments in the consumer finance segment. For example, in February, Masan invested \$105 million in Trust IQ to develop artificial intelligence applications in retail and consumer finance to its customers. Masan has also cooperated with Techcombank to create the

WINLife ecosystem to exploit the personal financial needs of customers who are using Masan's retail and consumer services.

Investment in digitalisation is currently the key for large financial companies to compete and expand their market shares as a large number of customers with consumer finance needs have turned to cashless applications and modern borrowing technologies.

Currently, financial companies investing heavily in digitalisation such as VietCredit and MCredit are having very positive growth rates. In particular, MCredit, with the backing of MB and Shinsei Bank, has applied artificial intelligence and cloud computing applications to serve more than 2 million customers, which has helped MCredit rank third among the group of finance companies with the largest market share in Viet Nam.

Meanwhile, despite having a smaller size, VietCredit has also had a remarkable growth rate when it recorded a loan balance of more than VND4.4 trillion by the end of 2022 and a pre-tax profit growth of 52 per cent over the same period of 2021.

To compete for customers and maintain market share, large financial groups such as FE Credit, Home Credit and HD Saison also have had to make strong investments in developing new digital application platforms. FE Credit has invested in Ubank application to replace FE Credit Mobile to become a major neobank in the region in the next few years. Meanwhile, HDSaison has also invested in a new application on the mobile platform to exploit the group of small traders in traditional markets. HDSaison last year was very successful in adding 1.2 million new customers to develop consumer loans.

According to experts, after welcoming strong investments and cooperation from major financial group in the region, the Viet Nam's consumer finance market is experiencing increasingly fierce competition and M&A deals from multinational corporations targeting the country's consumer finance segment are forecast to be the leverage to strongly stimulate the wave of digitalisation and microfinance coverage in the country in the coming years.

4. Binh Duong advised to switch to smart industrial – urban – service model

Deputy Prime Minister Le Minh Khai has suggested the southern industrial hub of Binh Duong switch to the smart industrial – urban – service model as part of efforts to build a new ecosystem that meets demand of new investors and workers.

During an event held by the provincial People's Committee on March 25, Deputy PM Khai hailed the success of the province's industrial – urban – service model and urged Binh Duong to continue pursuing rapid, harmonious, inclusive and sustainable development, leaving no one behind.

Chairman of the provincial People's Committee Vo Van Minh said industry – trade - services now account for nearly 97% of the local economy.

At present, Binh Duong is home to 29 concentrated industrial parks with a total land area of nearly 13,000 ha and an average occupancy rate of over 90%. During the 1997-2022 period, its gross domestic product expanded by 10.86% annually.

On the occasion, the provincial People's Committee handed over investment certificates to nearly 10 domestic and foreign companies.

Representatives from Vietnam's Becamex IDC Corporation and the investor of the Vietnam-Singapore Industrial Park (VSIP) joint venture signed deals with nine provinces - Tay Ninh, Binh Thuan, Thai Binh, Nam Dinh, Ha Tinh, Binh Phuoc, Khanh Hoa, Thua Thien Hue and Thanh Hoa - to build VSIPs in the near future.

They also inked contracts with big corporations to develop key transport works.

From an initial project in Binh Duong, VSIP has developed into a chain of 13 industrial park - service - urban areas occupying over 11,000ha in nine cities and provinces. So far, they have drawn 18 billion USD from 880 enterprises from 30 countries and territories, generating jobs for 295,000 workers.

5. Vietnam's CPI inches up in Q1

The Ministry of Finance attributed the CPI rise to a 7.2% increase in housing and construction material prices and a pickup of 4.5% in food prices.

The increasing housing and construction material prices resulted from higher rent and input costs such as cement, steel and sand, which contributed 1.4% to the overall growth.

Meanwhile, the strong food demand during the Lunar New Year holiday in January sent food prices up, thus pushing up the CPI by 1%.

Education services edged up 11% as tuition fee support in some parts of the country had ended, resulting in an increase of 0.6% in the CPI.

The ministry has worked out three inflation scenarios for the second quarter and the rest of the year, with an average CPI growth ranging from 3.9% to 4.8% this year.

6. Viet Nam's retail market proves attractive for foreign investors

According to the Ministry of Industry and Trade, the Vietnamese retail market is worth US\$142 billion and is expected to increase nearly 2.5 times to \$350 billion by 2025.

In January, total retail sales of consumer goods and services decreased by 6 per cent on-month to more than VND481.8 trillion (US\$20.4 billion) due to weaker demand as many commodities were purchased ahead of the Lunar New Year. People spent more on festival activities post Tet, said the General Statistics Office.

However, it still rose 13 per cent year-on-year.

For the first two months of the year, the country's total retail sales of consumer goods and services advanced 13 per cent over the same period of 2022 to over VND994.1 trillion.

With stable and positive growth, the Vietnamese retail market has always been appreciated by foreign enterprises.

Thailand's Central Retail Corporation (CRC) has recently announced a capital increase of \$1.45 billion in Viet Nam. This is the largest investment ever announced by CRC with the goal of doubling the number of stores to 600 in 57 of 63 provinces.

In 2023, the company spent more than VND4.1 trillion in the market, focusing on developing essential foods businesses, stabilising prices, and restructuring electronic stores.

Viet Nam is the market, besides Thailand, that brings the largest revenue for the group, about 21-22 per cent of total revenue. Last year, the number was 25 per cent, said Olivier Langlet, CEO of Central Retail Vietnam.

One of the biggest Japanese retail companies, Aeon Co., Ltd is also accelerating the opening of shopping malls in the country to nearly three times to about 16 by 2025, focusing on the food segment.

Last month, Aeon Mall in Hue City was constructed on an area of 8.62 hectares, with a total investment capital of about \$169 million. This is the biggest complex of trade centres and services in the region.

FDI is one of the important elements to help Viet Nam transform itself into one of the most open economies in the region and grow quickly, according to a representative of HSBC Viet Nam. Currently, regional and global FDI investors or multinational corporations contribute to more than 80 per cent of total export turnover from Viet

Nam and about 25 per cent of domestic investment value.

Research from HSBC shows that, by 2030, the Vietnamese domestic consumer market will outstrip Thailand, the UK and Germany.

“In 2023, we will see some multinational corporations in Asia showing their interest in Viet Nam, engaging in retail, semiconductors, electronics, mobile components, plastic, renewable energy, and logistics industries. They are looking for ways to expand or make new investments in Viet Nam,” said the representative.

7. HCM City launches first international standards electronic training centre

According to Huynh Tan Buu, the General Director of Sun Electronics, the centre is the first in the country to offer training programmes that comply with the International Process Control (IPC) standard.

These programmes are taught by Vietnamese experts who have worked in large electronic corporations in Silicon Valley in the US. The IETC aims to attract engineers from enterprises, recent graduates from universities and colleges, and entrepreneurs starting up in the electronics and microchip field.

Minister of Science and Technology Huynh Thanh Dat said the centre is an important factor for the establishment of an electronic and semiconductor industry ecosystem of HCM City and the whole country in general.

He said science and technology research and development for the electronics and semiconductor industry has always been one of Viet Nam's priority orientations over the past years.

The Ministry of Science and Technology has proposed the Government and the Prime Minister issue policies and perfect the legal corridor for the investment and development of high-tech products,

including electronic products and semiconductor chips.

Dat added that the ministry has also coordinated with other ministries and sectors to design special incentives for high-tech, large-scale, high-value-added projects, including chip production.

Chairman of the HCM City People's Committee, Phan Van Mai, said that the city considers the electronic and semiconductor chip industry one of the priority sectors for development and will focus on the product design stage.

He said he hopes the centre will coordinate with local training facilities to improve the efficiency of training activities in the city.

The Saigon Hi-Tech Park Training Centre and Sun Electronics Group JSC signed cooperation agreements with MediaTek Company to apply its chipsets in training and product design activities at IETC.

The Saigon Hi-Tech Park Management Board also signed a cooperation deal with the National Innovation Centre (NIC) to implement the IETC model in Ha Noi.

Corporate News

8. VPB: VPBank sells 15 per cent of its charter capital to Japan's SMBC

↑ 0.47%

The investment from SMBC will help the bank raise VND35.9 trillion (approximately US\$1.5 billion), of Tier 1 capital (equal to VND30,160 per share), increasing its owner equity to approximately VND140 trillion from VND103.5 trillion. This comes as part of the capital raising plan that VPBank has been implementing during 2022-23 in order to enhance its long-term financial strength and support the bank to reach an ambitious growth strategy over the next five years.

Following the latest SMBC strategic investment, VPBank will become Viet Nam's second largest bank in terms of owner equity, which allows it to serve a wide range of customer needs in various segments, including retail banking, corporate banking and SMEs. The robust capital stance will also back VPBank in serving large-scale enterprises, particularly the FDI and multi-national companies that have been or will be investing in Viet Nam.

The new investment also proves a strong and trusted collaboration between SMBC and VPBank, since the two parties entered into a Business Partnership Agreement in May 2022. Previously, in 2021, SMBC Consumer Finance Co Ltd – a subsidiary of SMFG – also acquired 49 per cent equity stake in FE Credit, a wholly-owned subsidiary of VPBank.

SMBC, through this investment, will contribute towards VPBank's growth by leveraging its know-how and business expertise accumulated in other Asian markets. SMBC is thus expected to help accelerate the digital transformation at VPBank, in order to deliver customer-centric banking products and services and superior customer experience.

Furthermore, thanks to the great reputation of a large financial institution like SMBC, the strategic deal is anticipated to attract and encourage potential FDI companies among the 200,000 corporate clients of SMBC to come and expand

their investment in Viet Nam. These potential enterprises, once enter Viet Nam successfully, will also likely to become clients of VPBank.

For SMBC itself, through the rapport built with a local bank like VPBank, the group will be able to strengthen its foothold in the country and exploit opportunity to serve local investment projects, particularly those in the field of infrastructure construction and green and sustainable growth that the group has been paying attention to in recent years.

As one of the earliest-established joint-stock commercial banks in Viet Nam, VPBank has achieved sustainable development throughout its 30-year history. VPBank is now the leading commercial bank in Viet Nam in terms of efficiency and profitability, with strong presence in retail and SME segments. It is also the digital pioneer implementing end-to-end digitisation to deliver distinctive customer value propositions.

As at December 31, 2022, VPBank's total assets amounted to approximately \$27 billion, with a network of 251 branches national wide. VPBank is also among the best-capitalised banks with CAR at approximately 15 per cent well beyond the regulatory requirement, which has strengthened its balance sheet and provides headroom for future growth.

Sumitomo Mitsui Banking Corporation (SMBC) is one of the largest commercial banks in Japan. With offices in 39 countries and regions including the Americas, Europe, Middle East, Africa, Asia and Oceania, SMBC has an extensive global network and growing international presence.

SMBC and its group companies offer a broad range of financial services, including deposit taking, lending, securities brokering and trading, securities investment, money transfer, foreign currency exchange, corporate bond trustee services and custody services, financial futures

underwriting, investment trust sales and other commercial banking activities.

9. HAH: Postponement of AGM 2023

↑ 1.54%

The Board resolution dated March 24, 2023, the BOD of Hai An Transport and Stevedoring Joint Stock Company approved the following issues:

1) To postpone the holding of Annual General Meeting on March 29, 2023.

2) To cancel the record date (February 09, 2023) to hold the Annual General Meeting 2023.

3) The time to hold the Annual General Meeting will be expected in June 2023. The details will be noticed later.

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

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Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn