Vietnam Association of Securities Businesses

VIET NAM STOCK MARKET OVERVIEW

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PART 1/

MACRO HIGHLIGHTS

Market highlights

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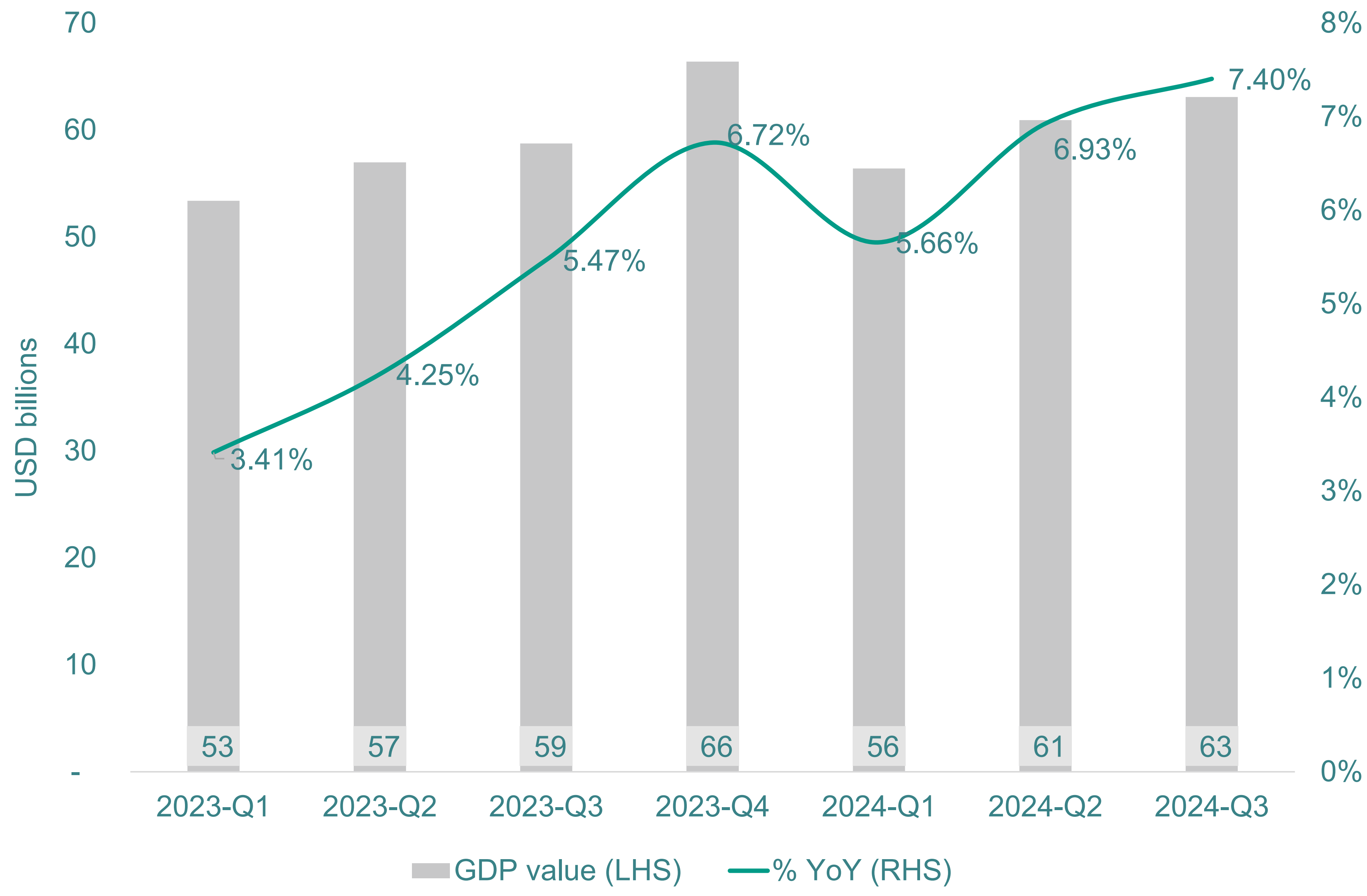
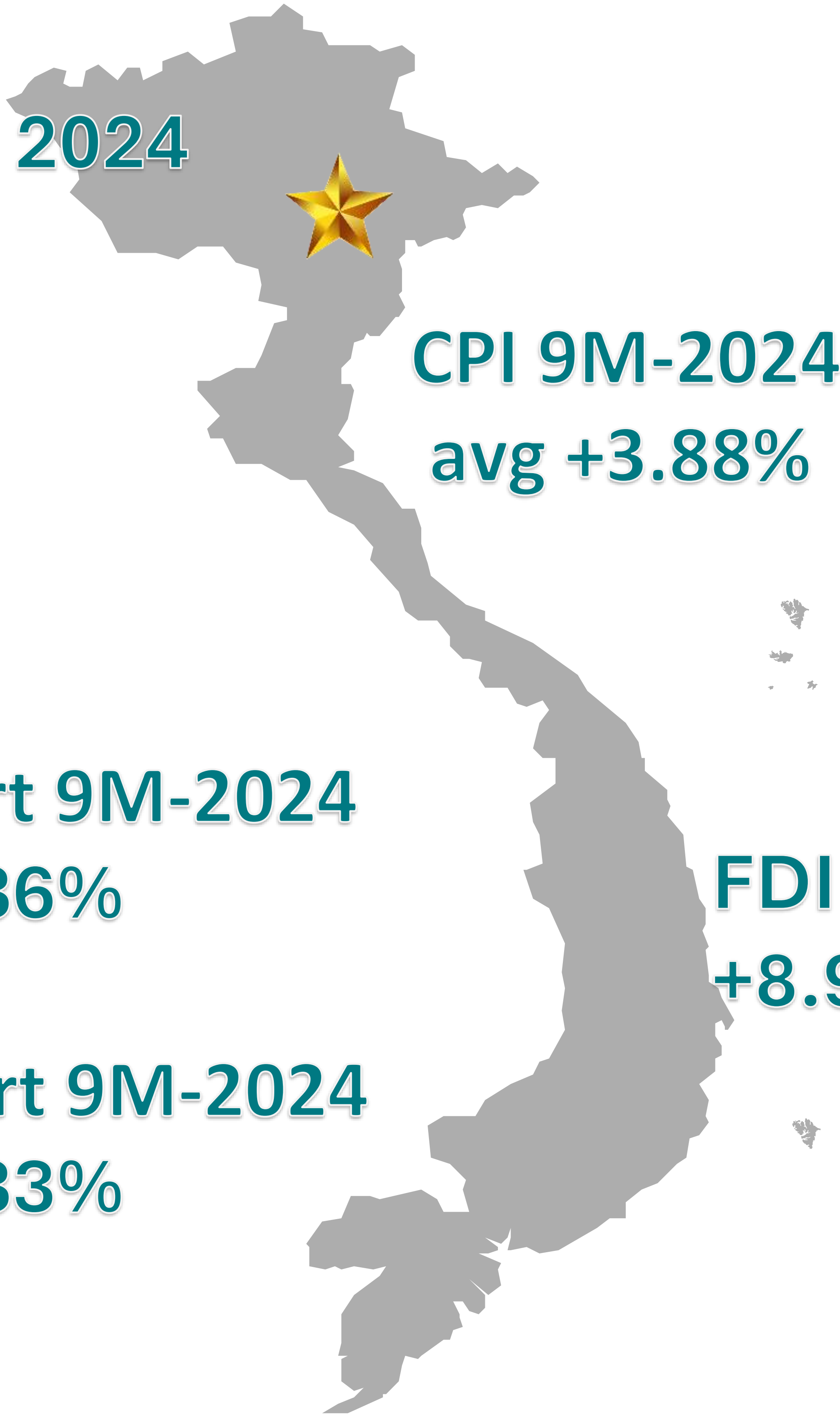
Vietnam Macroeconomic 2024

GDP growth was strong due to the low base from last year



Source: BSC compiled from GSO



GDP Q3- 2024
+7.40%

CPI 9M-2024
avg +3.88%

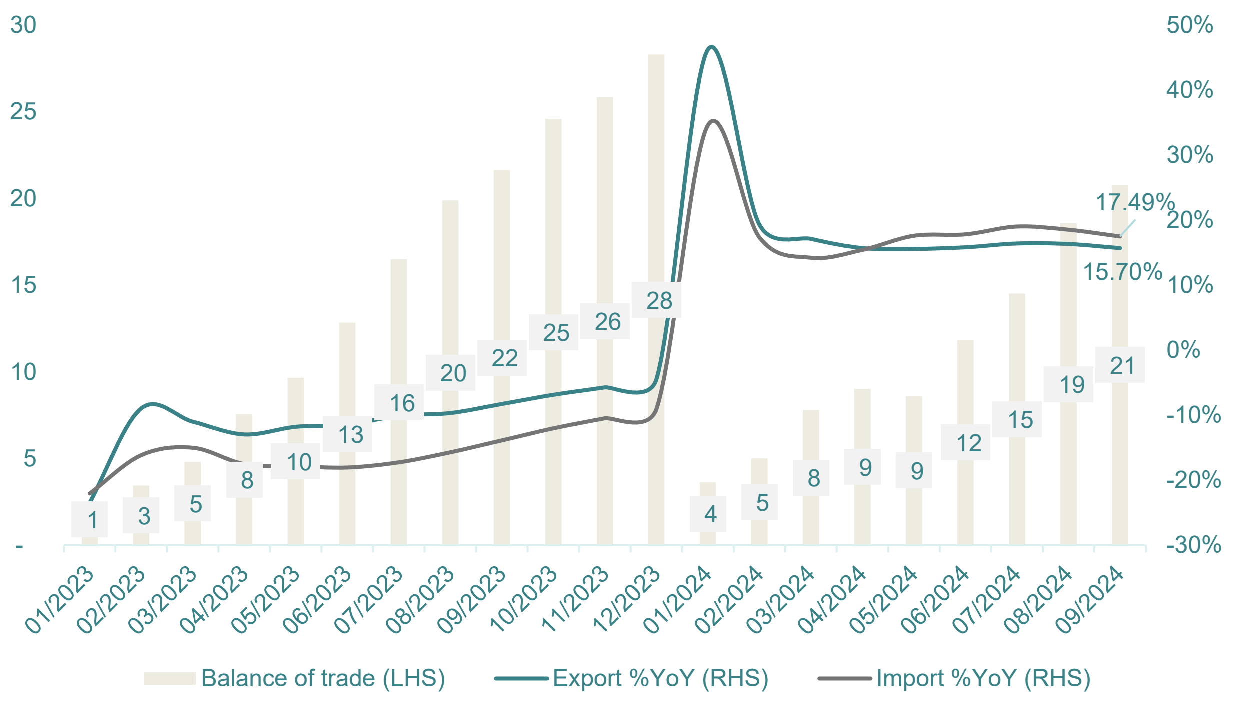
Export 9M-2024
+15.36%

FDI 9M-2024
+8.94%

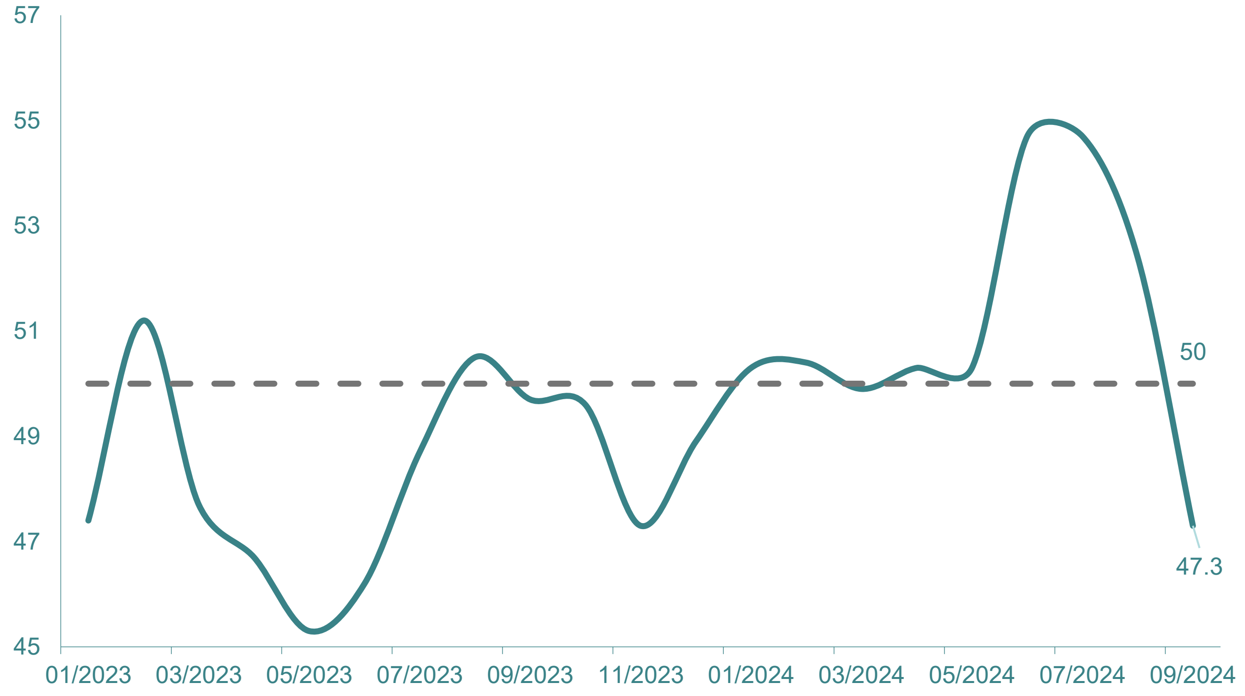
Import 9M-2024
+17.33%

Macro highlights

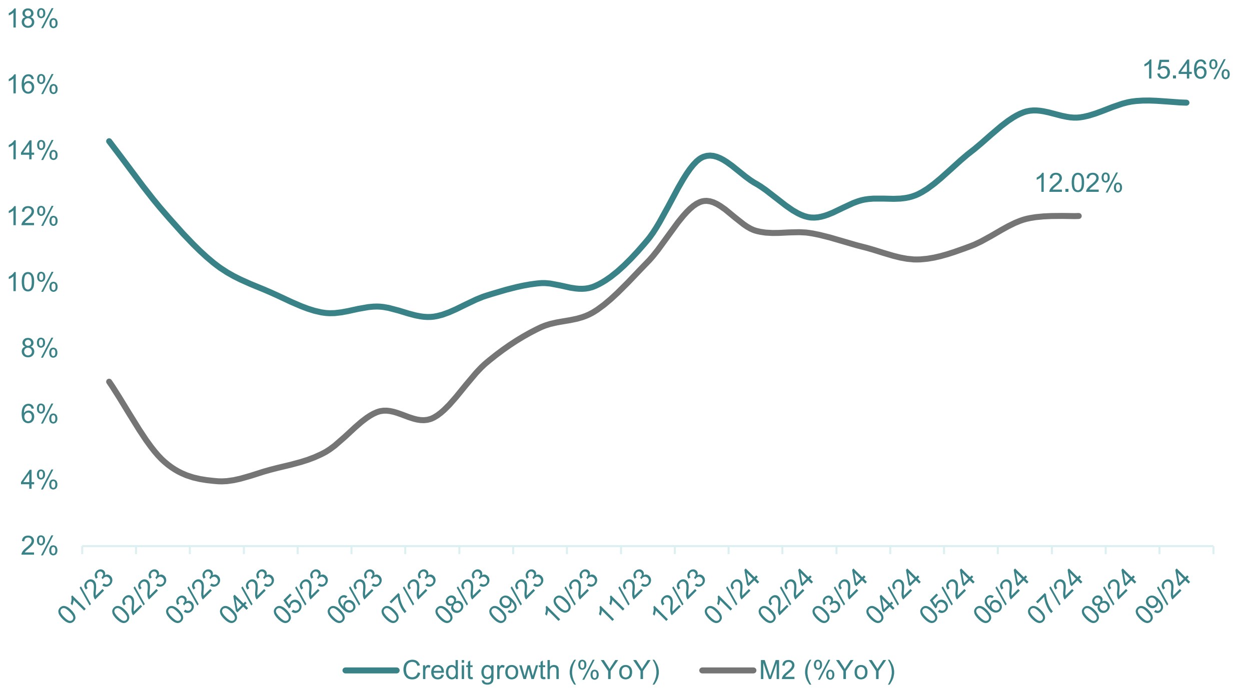
1. Trade: Import and export growth was high due to the low base from last year. In recent months, the growth rates have continued to improve positively.



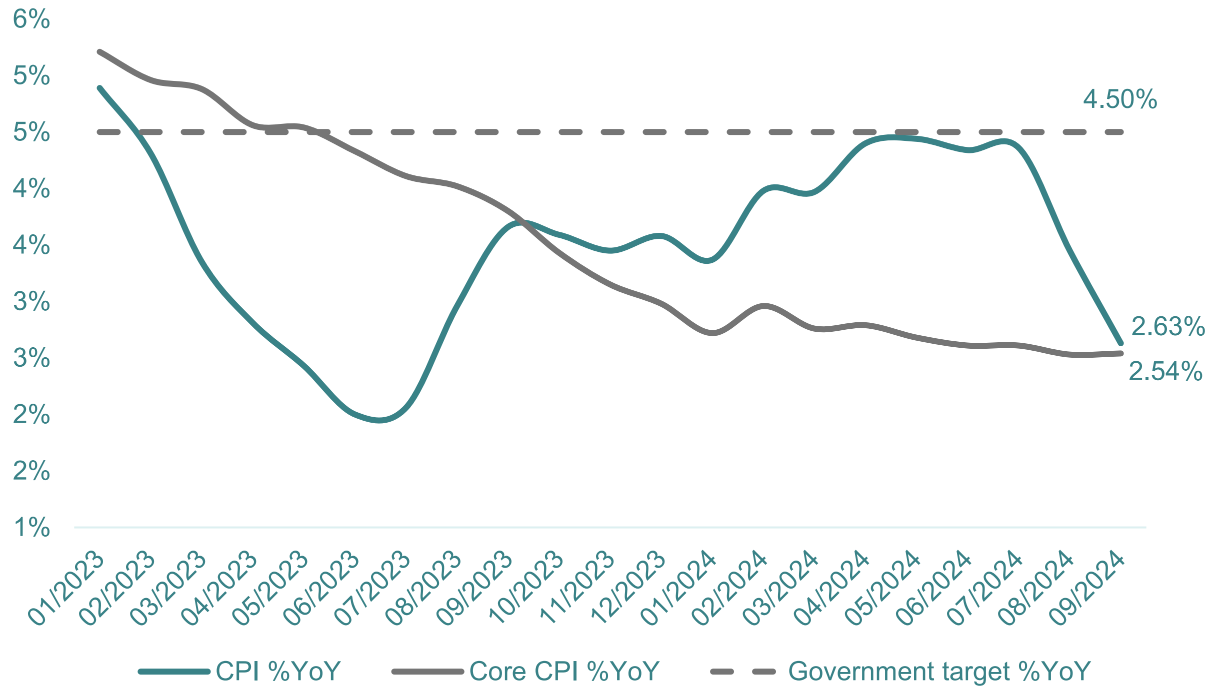
2. Manufacturing PMI: The PMI dropped sharply in September as the manufacturing sector was affected by Typhoon Yagi.



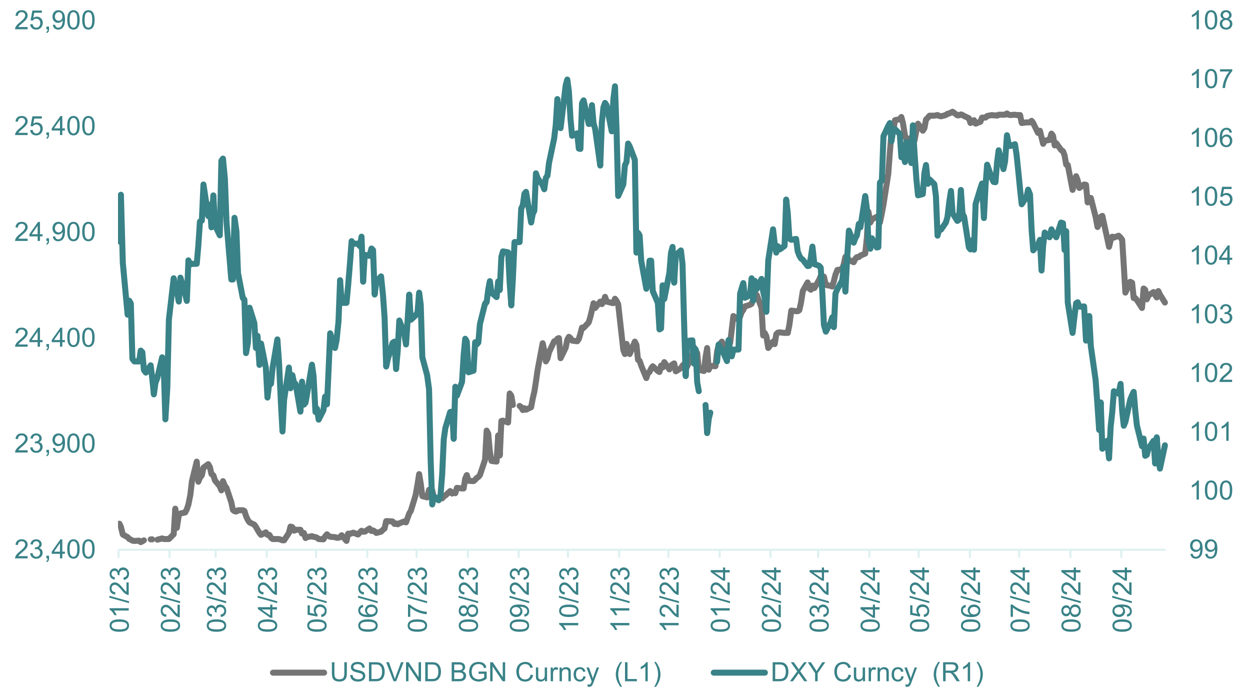
3. Credit Growth: is on a positive recovery trend.



4. Inflation: Inflationary pressures now are low, which is a positive factor for expanding monetary policy being maintained.



5. Exchange Rate: The exchange rate has cooled down in line with the DXY index as an easing cycle in the US is begun in September.



PART 2/
VIETNAM STOCK MARKET

1. Regulatory bodies
2. History – impressive stages and milestones
3. Stock market highlights and Prospect

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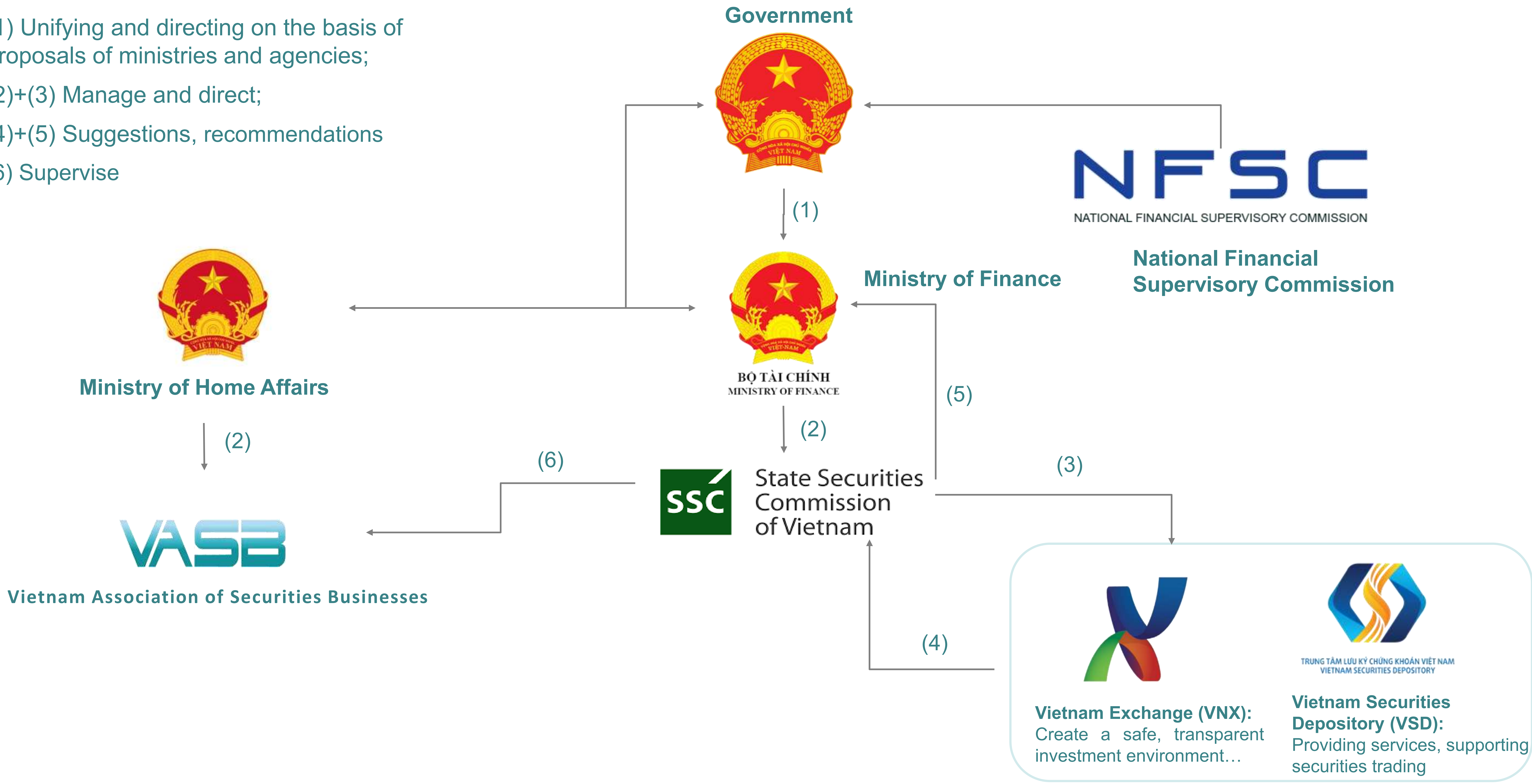
Regulatory Bodies

(1) Unifying and directing on the basis of proposals of ministries and agencies;

(2)+(3) Manage and direct;

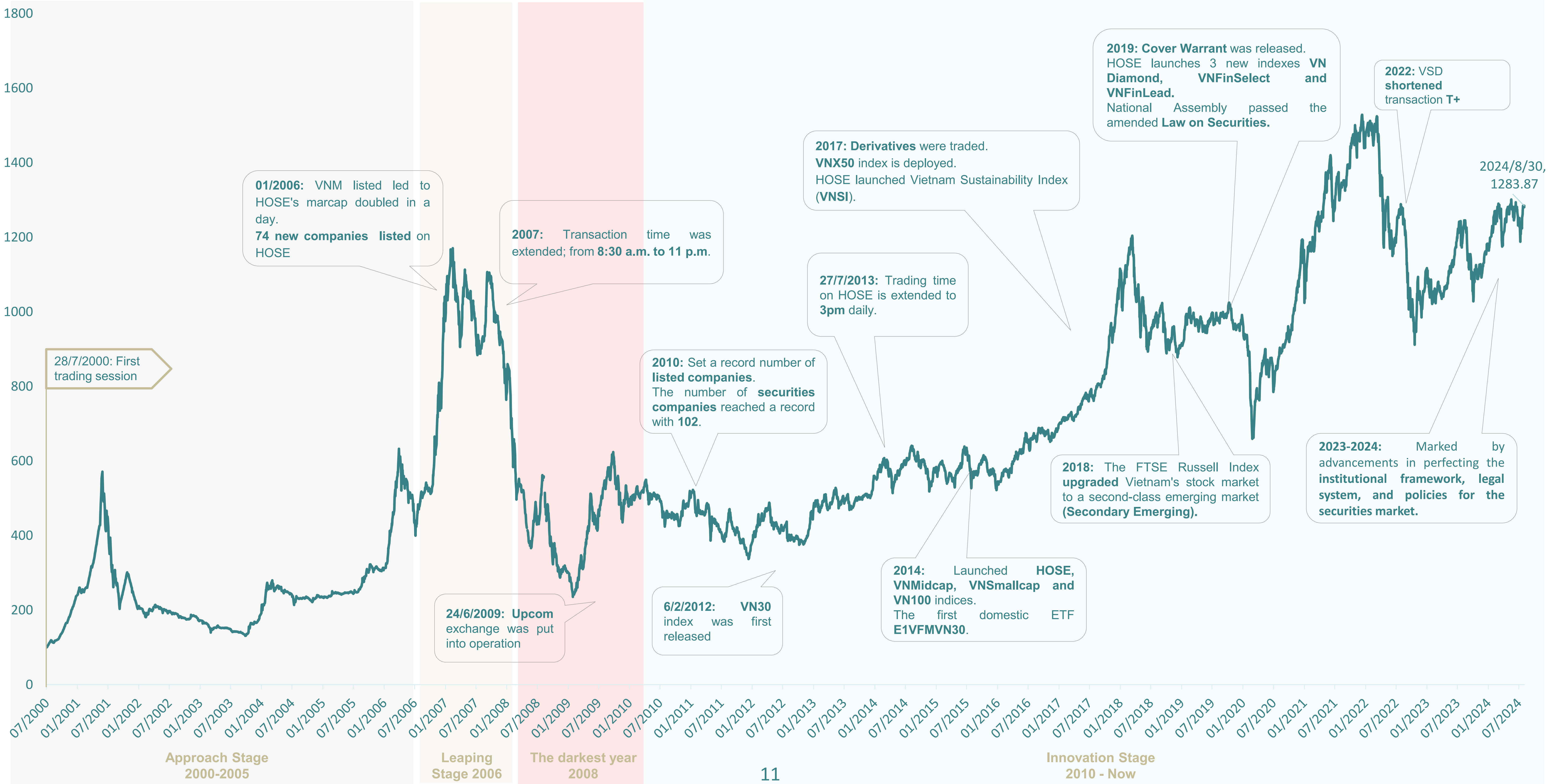
(4)+(5) Suggestions, recommendations

(6) Supervise



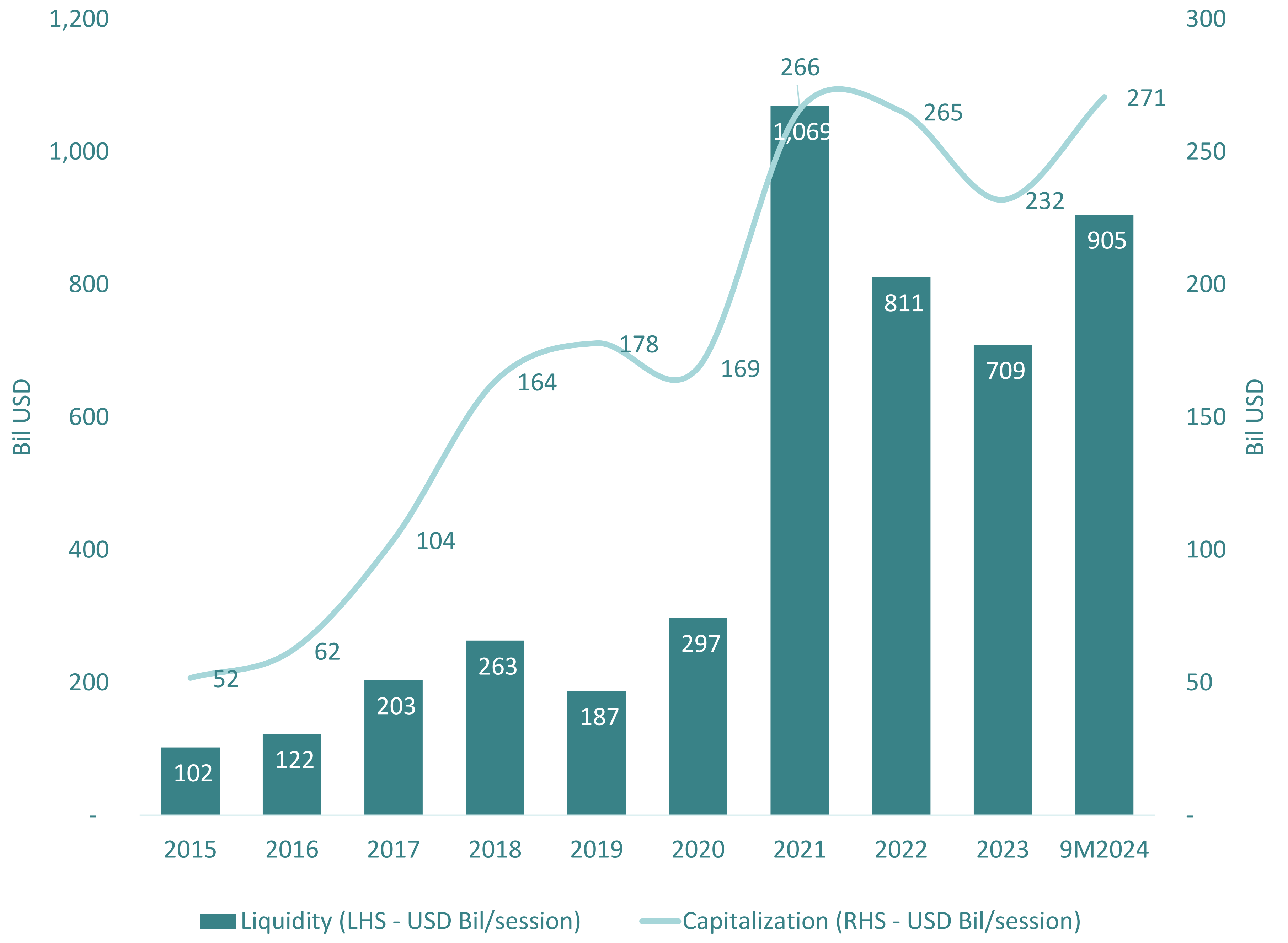
Stock market history – impressive stages and milestones

Young stock market upward trend in the long term

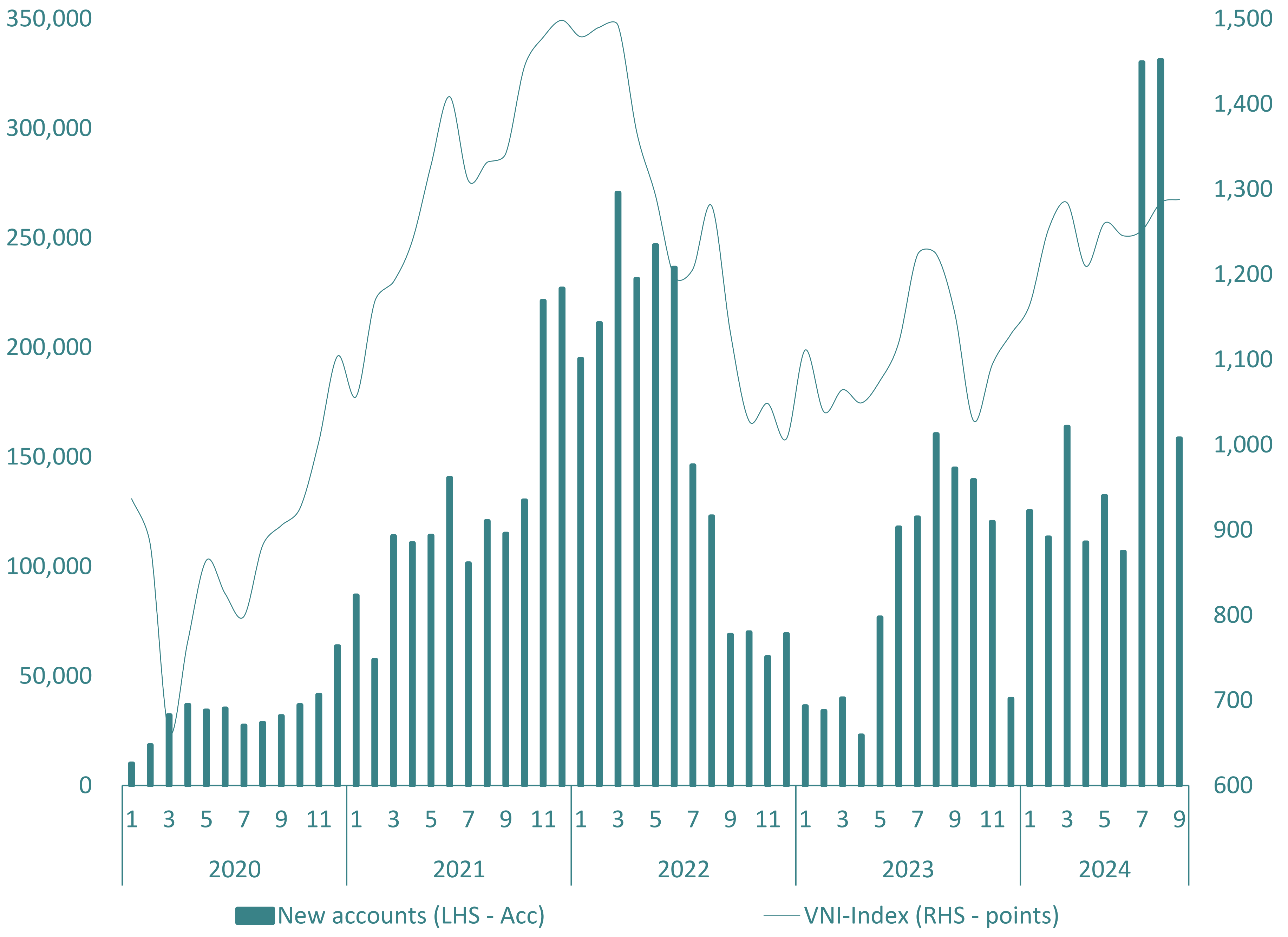


Stock market highlight

Growth in Liquidity and Market Capitalization: The Market Capitalization of Vietnamese Stock Market Reached 284 Billion USD, Equivalent to 63% of GDP



The total number of domestic investor accounts has exceeded 8.8 million accounts, equivalent to approximately 8% of the population



Stock market highlight

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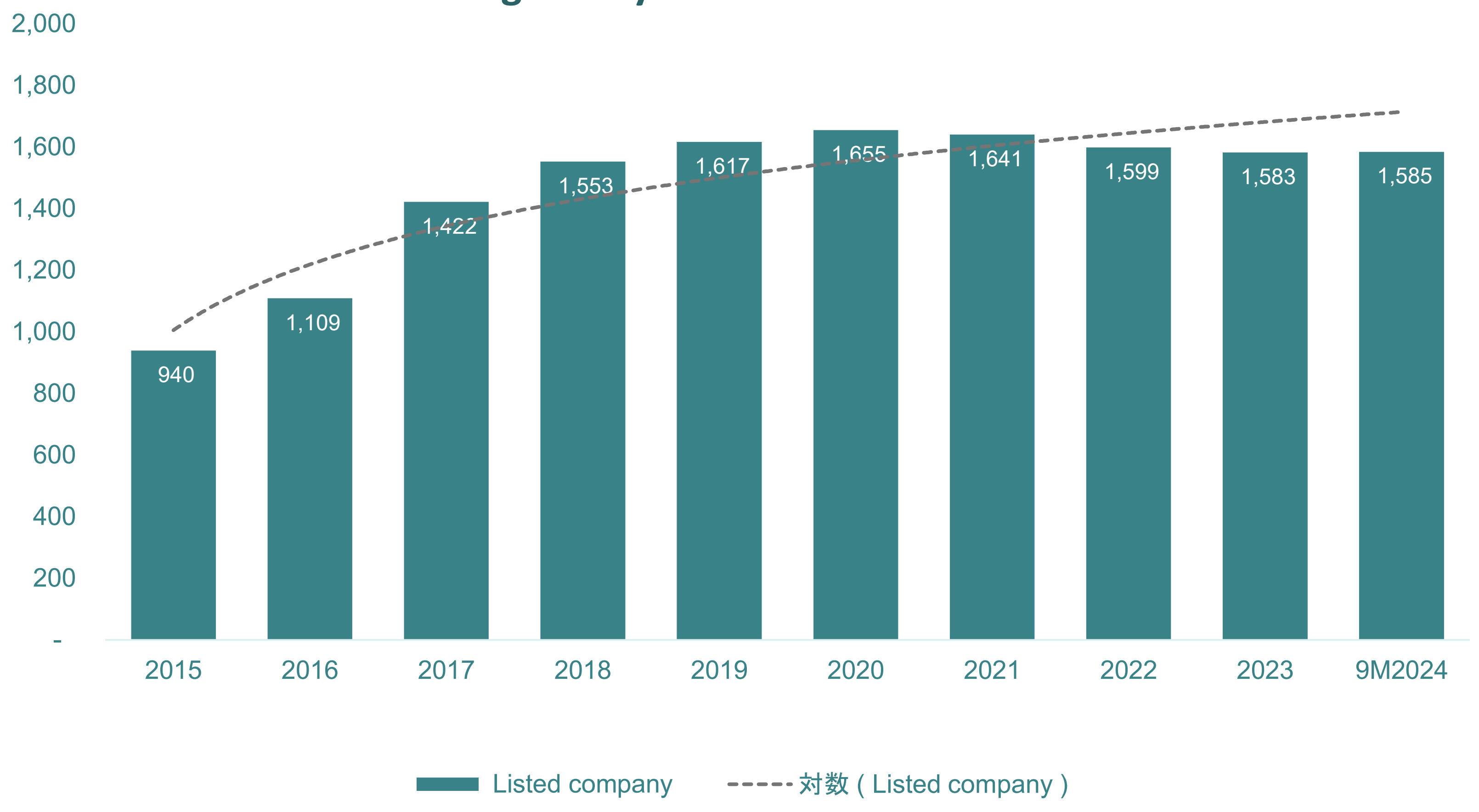
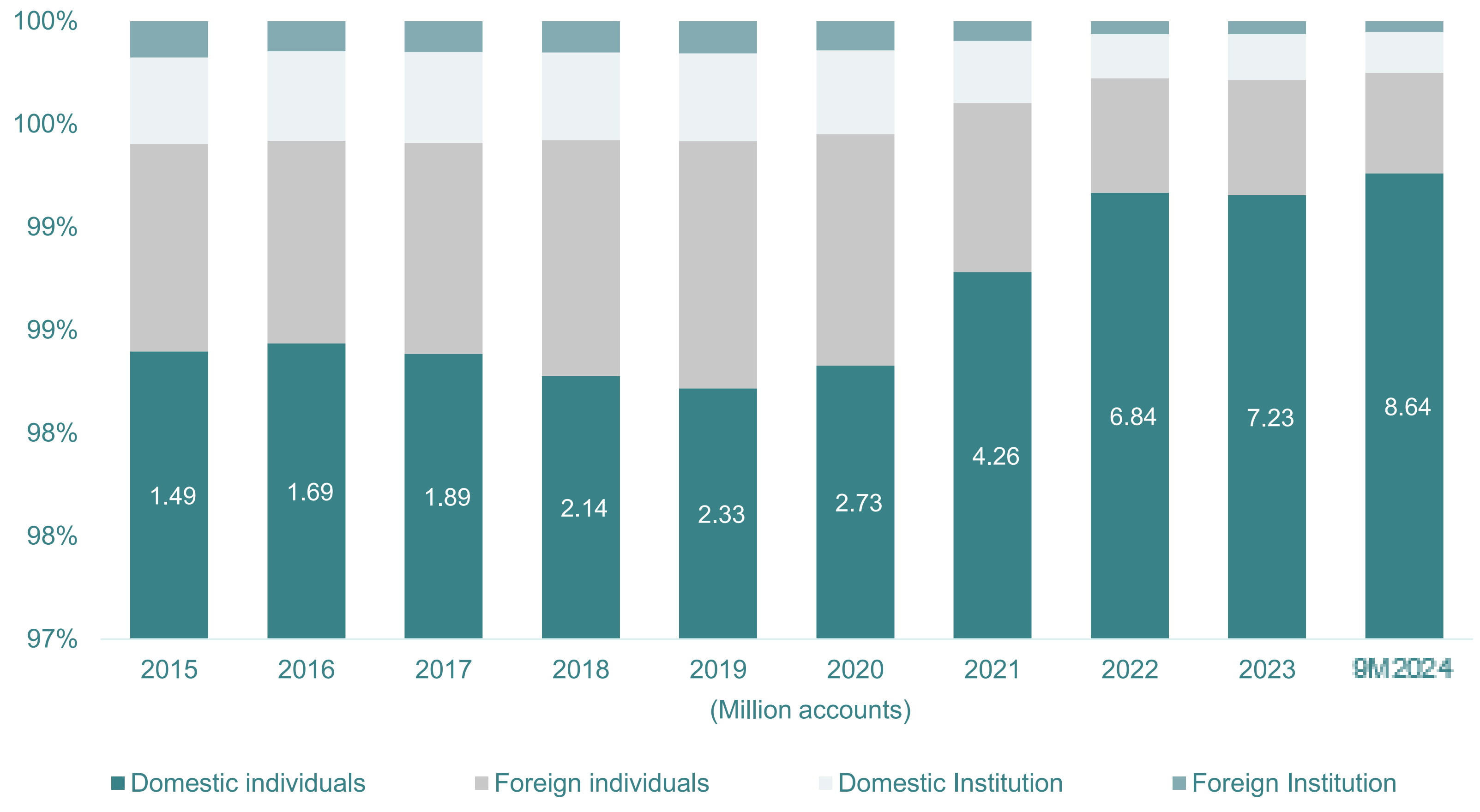
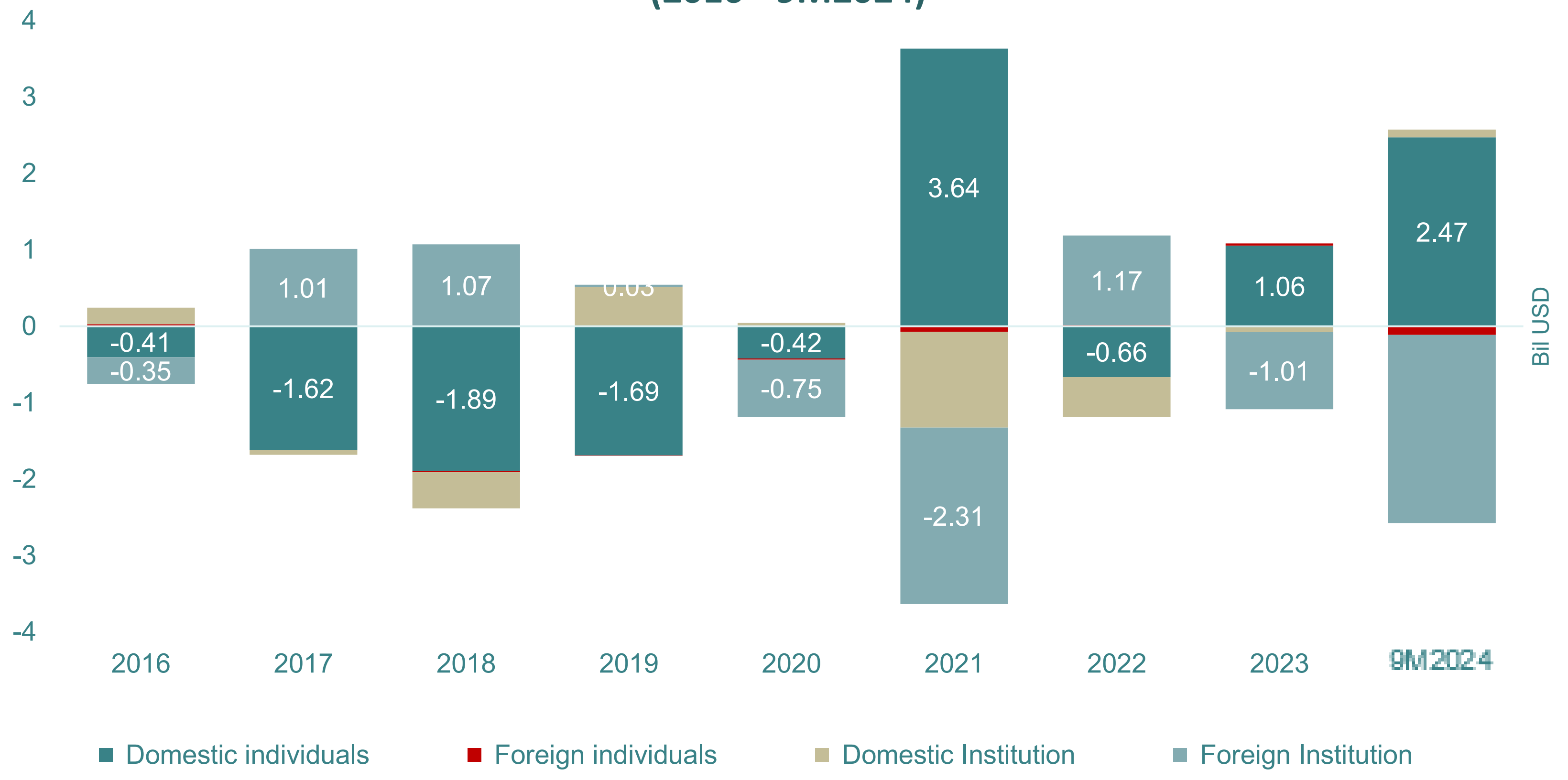
Strong Growth of Listed Companies: Surpassing 1,500 Companies, Increasing Nearly 70% from 2015 to Present



Domestic Individual investors account for the largest proportion.



Evolution of Cash Flows Among Investor in the Vietnamese Stock Market (2016 - 9M2024)



Sectoral Net Buying by Investor in the Vietnamese Stock Market

Unit: Mil.VND	Domestic Individuals	Foreign Individuals	Domestic institution	Foreign institution
Real Estate	1,011.6	5.4	(88.0)	(929.1)
Banks	518.0	(97.0)	(190.9)	(230.1)
Technology	461.3	6.9	(196.9)	(271.3)
Basic Resources	224.0	(5.3)	(64.9)	(153.8)
Food & Beverage	132.7	(3.4)	79.9	(209.3)
Travel & Leisure	64.9	(3.2)	15.2	(76.9)
Financial Services	52.7	(6.2)	491.5	(538.1)
Utilities	50.5	0.9	25.8	(77.2)
Construction & Materials	24.9	(1.6)	(20.6)	(2.7)
Media	0.7	0.4	(0.8)	(0.2)
Automobiles & Parts	(4.0)	(0.5)	0.2	4.3
Health Care	(18.9)	(0.5)	10.3	9.0
Industrial Goods & Services	(21.1)	(2.6)	27.8	(4.1)
Personal & Household Goods	(25.9)	(0.1)	23.9	2.0
Total	**61,479.2**	**(2,650.3)**	**2,798.0**	**(61,626.9)**

Products and market members

Market: Stock, Bond, Derivatives (As of the end of August 2024)

- Number of listed stocks and investment funds: 728
- Number of registered stocks: 878
- Number of listed bonds: 473
- Derivatives: VN30 index futures and 5-year and 10-year Government bond futures

- Number of securities companies: 89 (As of the end of August 2024)

- Number of fund management companies and funds: 45 (As of the end of April 2024)

Stock market prospect

OPPORTUNITIES

- **The Government's direction to stabilize economic growth**
- **Macroeconomic stability:**
  - GDP (as of June 2024): 6,4%
  - CPI (as of August 2024): 3,45%
  - FDI (as of August 2024): USD 14.15 billion, up 32.1%

CHALLENGES

- Influenced by the global political and economic situation
- Climate change;
- Exchange rate fluctuations

NEW INITIATIVES:

- **Under development:** VN100 index futures
- **Under research:** Index options, futures/options on stock indices/sector indices, derivatives on multiple underlying assets...

PART 3/

LEGAL REGULATIONS AFFECTING STOCK MARKET

1. Legal regulations
2. Some Notable Drafts of New Legal Documents
3. Solutions and innovations

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Legal regulations affecting the operations of securities companies

Decision No. 1726/QĐ-TTG dated December 29, 2023

Prime Minister's Decision on Approving the Strategy for the Development of the Stock Market by 2030.

- Develop the securities market (SM) synchronously and uniformly within the overall financial market of the country; promote the restructuring of the SM to complete the structure of the financial market in general and the SM in particular.
- Develop the SM in terms of scale while focusing on improving market quality, enhancing the financial capacity and competitiveness of market participants; pay attention to innovation, application, and development of advanced information technology.

Specific goals for the stock market development strategy by the year 2030

Criteria	8M2024 Value(Bil. USD)	% GDP	Targets for the stock market 2025	2030
GDP	411			
Marketcap	**285**	**69%**	**≥ 100% GDP**	**≥ 120% GDP**
HSX	212	52%		
HNX	134	3%		
Upcom	549	14%		
Bond market	**136**	**30%**	**≥ 47% GDP**	**≥ 58% GDP**
Government bonds	58	**14%**		
Corporate bonds	63	**15%**	**≥ 20% GDP**	**≥ 25% GDP**
Number of stock accounts	**8,706,229**		**9,000,000**	**11,000,000**
Domestic	8,659,225		Focus on developing institution and professional investors	
Individual	8,641,944			
Institution	17,281			
Foreign	47,004			
Individual	42,446		Focus on attracting foreign investors	
Institution	4,558			
Other goals	**A. 2025** - Striving to upgrade the stock market to an emerging market - Complete the classification of stocks listed on the Stock Exchange - Towards the development level of the 4 leading countries in the ASEAN region **B. General goal** - To integrate into the global financial system, improve competitiveness, manage risks, and apply international standards and practices; - Apply corporate ESG at the Stock Exchange and VSD, towards sustainable development factors according to international practices.			

Legal regulations affecting the operations of securities companies

➢ Circular No. 68/2024/TT-BTC dated September 18, 2024, issued by the Minister of Finance

On amending and supplementing certain provisions of the circulars regulating securities trading on the securities trading system; clearing and settlement of securities transactions; operations of securities companies; and information disclosure in the securities market.

SOLUTIONS:

- **To Upgrade Vietnam's stock market from frontier to emerging market:**
- **Circular No. 68/2024/TT-BTC:**
    - No requirement for sufficient funds when placing orders for foreign institutional investors
    - Equal access to information for foreign investors

Some Notable Drafts of New Legal Documents

VASB

01 **Draft Law on amendment and supplement of some articles of the securities law; accounting law; independent audit law; state budget law; law on management and use of public assets; tax management law; national reserve law**

02 Draft decree to amend and supplement certain provisions of Decree 155/2020/ND-CP dated December 31, 2020, which implements specific provisions of the Securities Law.

03 Draft Regulation Governing Market Makers in the Derivatives Market;

04 Draft Circular to amend and supplement certain provisions of the Circulars governing securities trading on the securities trading system, securities transaction clearing and settlement, securities company operations, and information disclosure on the securities market;

05 Draft Circular to revise and update certain provisions of Circular No. 51/2021/TT-BTC regarding the obligations of foreign investors in the Vietnamese securities market

Overview of Green Finance Market Development Policy

Decision no 1658/QĐ-TTg dated Oct 1, 2021

By the Prime Minister on approving the National Green Growth Strategy for the period 2021-2030, with a vision to 2050

Decision no 882/QĐ-TTg dated July 22, 2022 by the PM on Approving the National Action Plan for Green Growth in 2021 – 2030 period

Decision no 1934/QĐ-BTC dated Aug 15, 2024 by the Ministry of Finance on Promulgating Action Plan of MoF of Vietnam for Implementation of National Strategy for Green Growth during 2021-2030

Decision no 1726/QĐ-TTg dated Dec 29, 2023

By Prime Minister on approving the Securities Market Development Strategy until 2030

Decision no 941/QĐ-BTC dated April 23, 2024 by Ministry of Finance on Approving Action Program of the MoF on implementation of the Securities Market Development Strategy until 2030.

Decision no 624/QĐ-UBCK dated June 3, 2024 by Chairman of the State Securities Commission, approving the Action Program of the State Securities Commission to implement the Securities Market Development Strategy until 2030.

ACTION PLAN on Green Growth of the State Securities Commission

Green Growth Goals by 2030

Objectives of the Securities Market Development Strategy until 2030:

*Develop a stable, safe, healthy, efficient, **sustainable**, and integrated securities market; enhance resilience to risks, ensuring a reasonable structure among market components; become an important channel for mobilizing medium- and long-term capital, primarily for the economy; maintain growth in scale while focusing on improving quality; **develop green financial instruments and sustainable finance**; promote digital transformation in the securities sector; build a management and market monitoring system integrated with modern information technology applications; strengthen connection and international integration, gradually narrowing the development gap between the Vietnamese securities market and those of developed countries.*

Promotion of green finance in Vietnam

GREEN STOCK

- Circular 96/2020/TT-BTC provides guidance on information disclosure in securities market. Since 2022, companies are required to disclose information on Greenhouse Gas Emissions (GHG) in their Annual Reports.
- The Sustainable Development Index (VNSI) was launched in 2017, comprising 20 listed companies with the highest sustainability scores
- The Handbook on ESG Implementation and Disclosure was issued in October 2024

GREEN BOND

- Decision no 1191/qd-ttg dated August 14, 2017 on approving road map for development of bond market in the 2017 – 2020 period with a vision by 2030
- In 2021, Handbook on the issuance of green bonds, social bonds, and sustainable bonds was issued in accordance with ASEAN standards and the ICMA

GREEN CREDIT

- Decision no 1604/QD-NHNN dated August 7, 2018 on approving the scheme for green banking growth in Vietnam
- Issued Handbook on Environmental – Social Risk Assessment (2019) for 15 economic sectors.

Challenges and Action plan for developing green finance in Vietnam.

CHALLENGES

The legal framework is still under development.

Businesses have not fully grasped the long-term benefits of sustainable development and green finance.

The policy mechanisms encouraging businesses to issue and investors to purchase green financial products are still being developed.

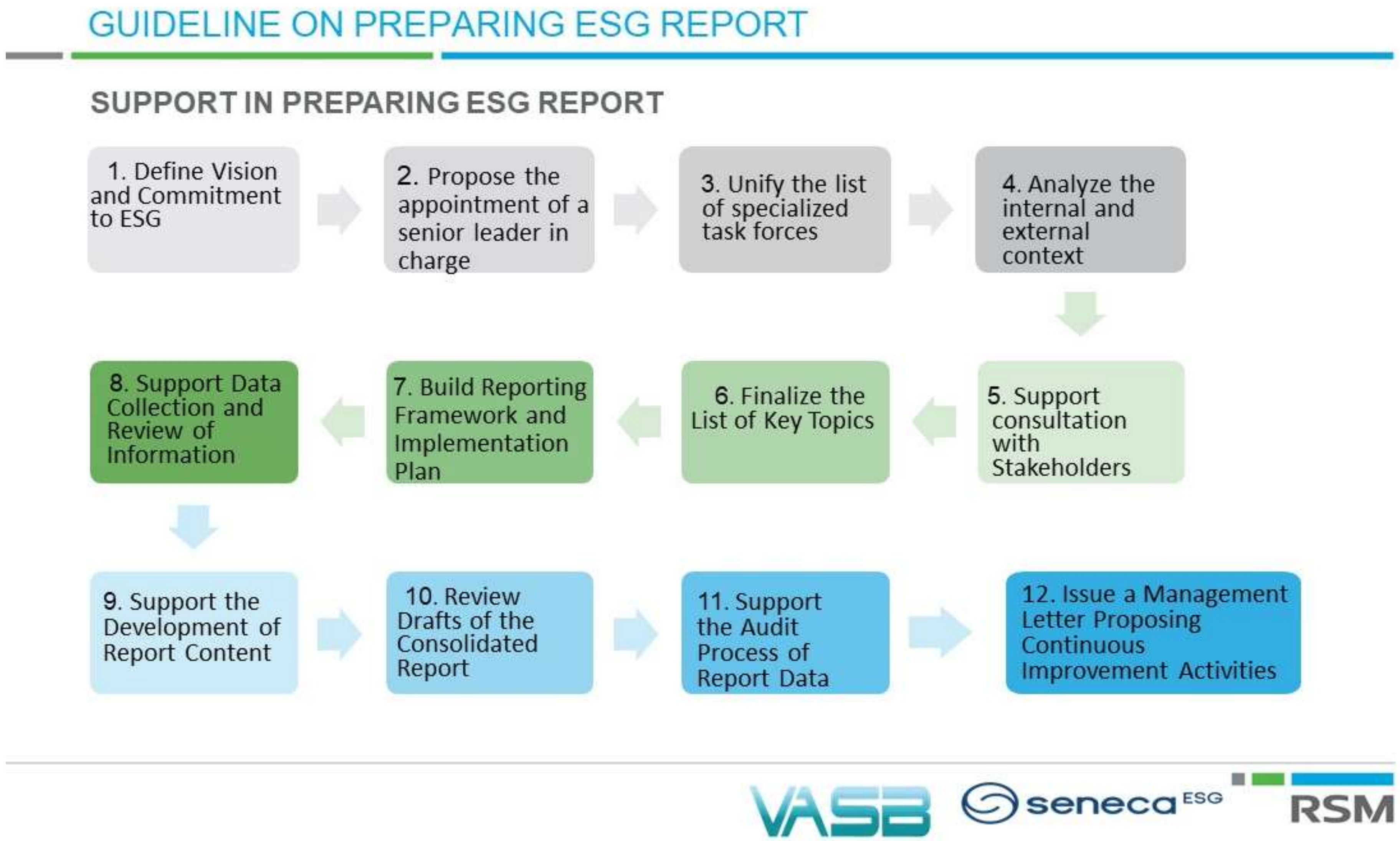
There is a lack of active participation from intermediary organizations supporting green issuance.

ACTION

ACTION PLAN of State Securities Commissions until 2030

1. Review and refine policies and products related to promoting green growth implementation.
2. Enhance access to information on the green capital market for economic entities, particularly the private sector, to encourage the adoption of best practices in capital markets.
3. Improve the quality of human resources for regulatory agencies and market participants to achieve green growth goals.
4. Organize awareness-raising activities regarding the National Strategy and Action Plan for green growth in the finance sector.
5. Strengthen international cooperation in building and developing the securities market in alignment with green growth.

Actions of VASB for developing the green finance in Vietnam.



VASB has organized conference to provide guideline and conducted assessments on ESG for member securities companies to encourage the practice of ESG and the application of ESG reporting standards.

THANK YOU !