VBMA
Vietnam Bond Market Association

Vietnam’s Bond Market

Presented at The 29th ASF Annual General Meeting

Tokyo, October 22-24, 2024

TABLE OF CONTENTS

1 Vietnam Financial Markets

2 Government Bond Market

3 Corporate Bond Market

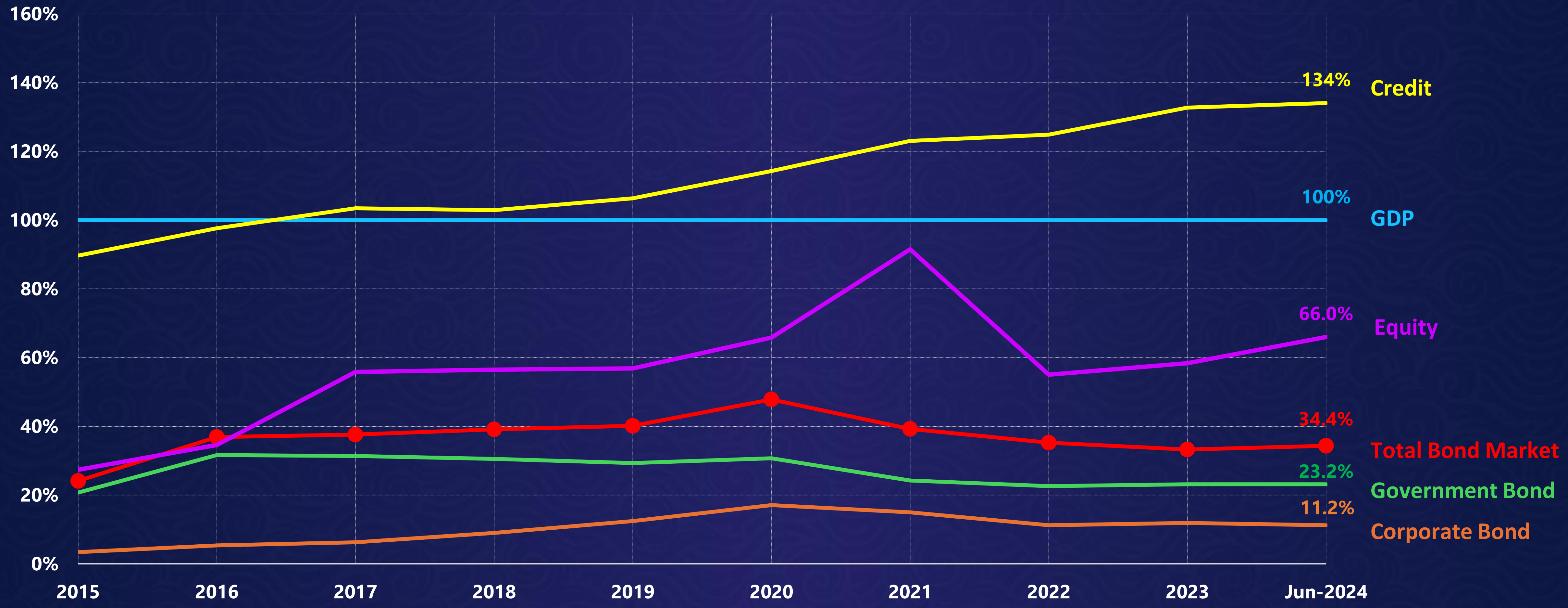
1

Financial Markets Overview

1 VIETNAM'S FINACIAL MARKETS

Vietnam Bond Market Association

Vietnam financial markets: Financing channel as % of GDP



Nominal GDP in 2023 equals USD 420 billion

Bank lending remains the primary source of debt funding for enterprises, equivalent to **134% of GDP** as of June 2024.
In comparison, the equity market represents **66% of GDP**, while the corporate bond market constitutes **11.2% of GDP**.

2

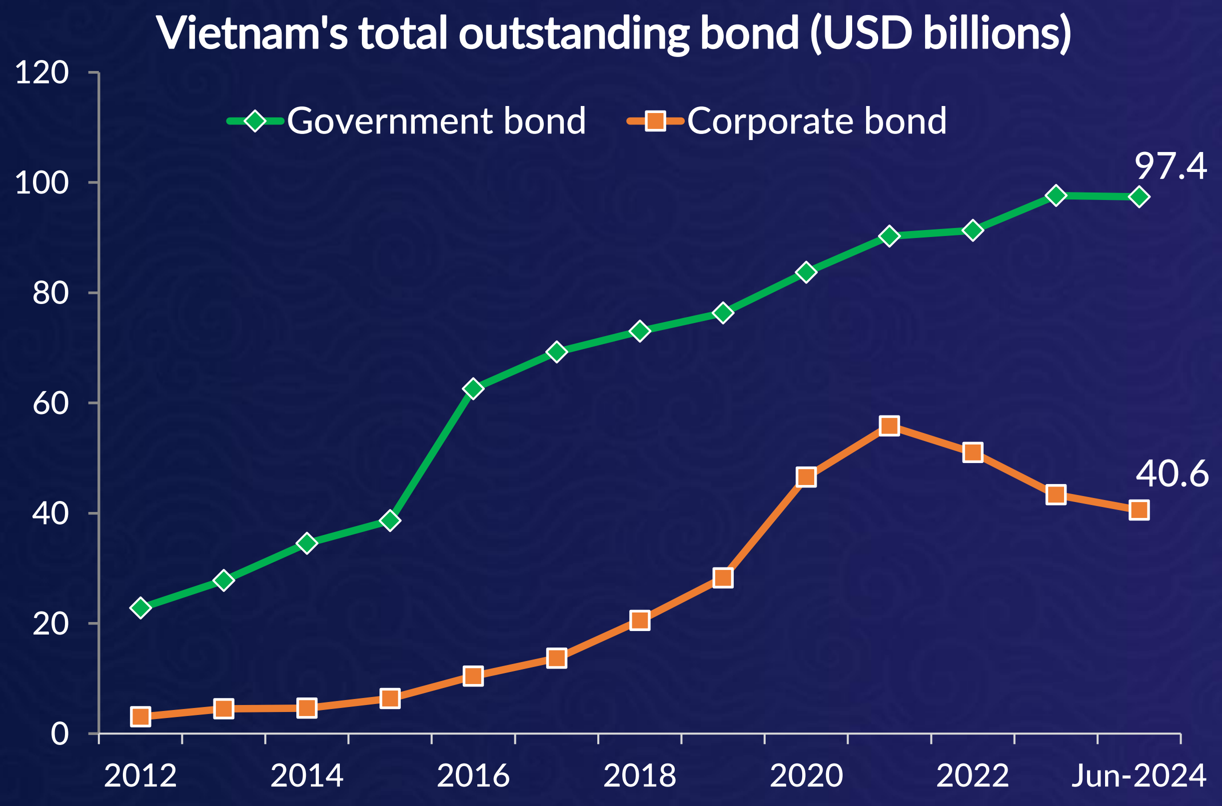
GOVERNMENT BOND MARKET

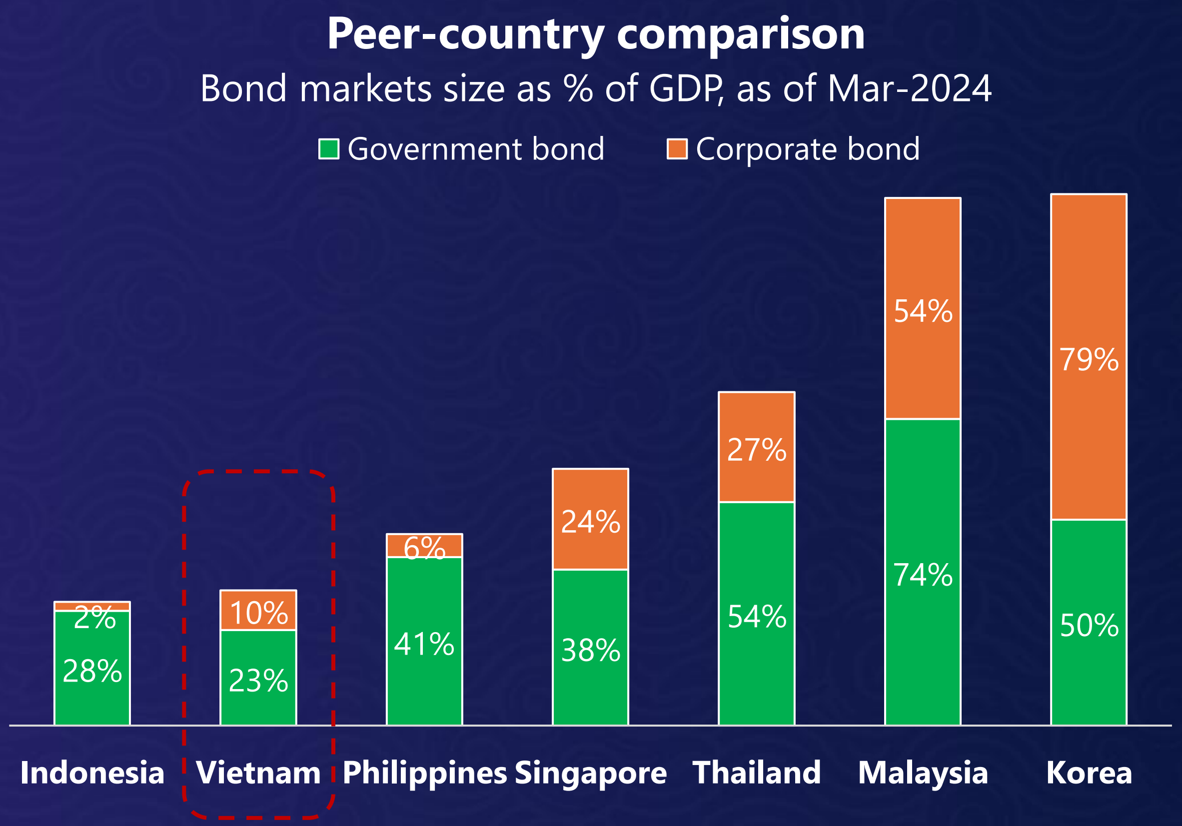
2 GOVERNMENT BOND MARKET– National Targets

Vietnam Bond Market Association

Government debt	Ceiling: 50% GDP Early warning: 45% GDP
Total bond market	≥47% GDP by 2025 ≥ 58% GDP by 2030
Corporate bond market	≥20% GDP by 2025 ≥ 25% GDP by 2030
Average G-bond issuance tenor	~ 9 – 11 years

2 GOVERNMENT BOND MARKET – Market Size





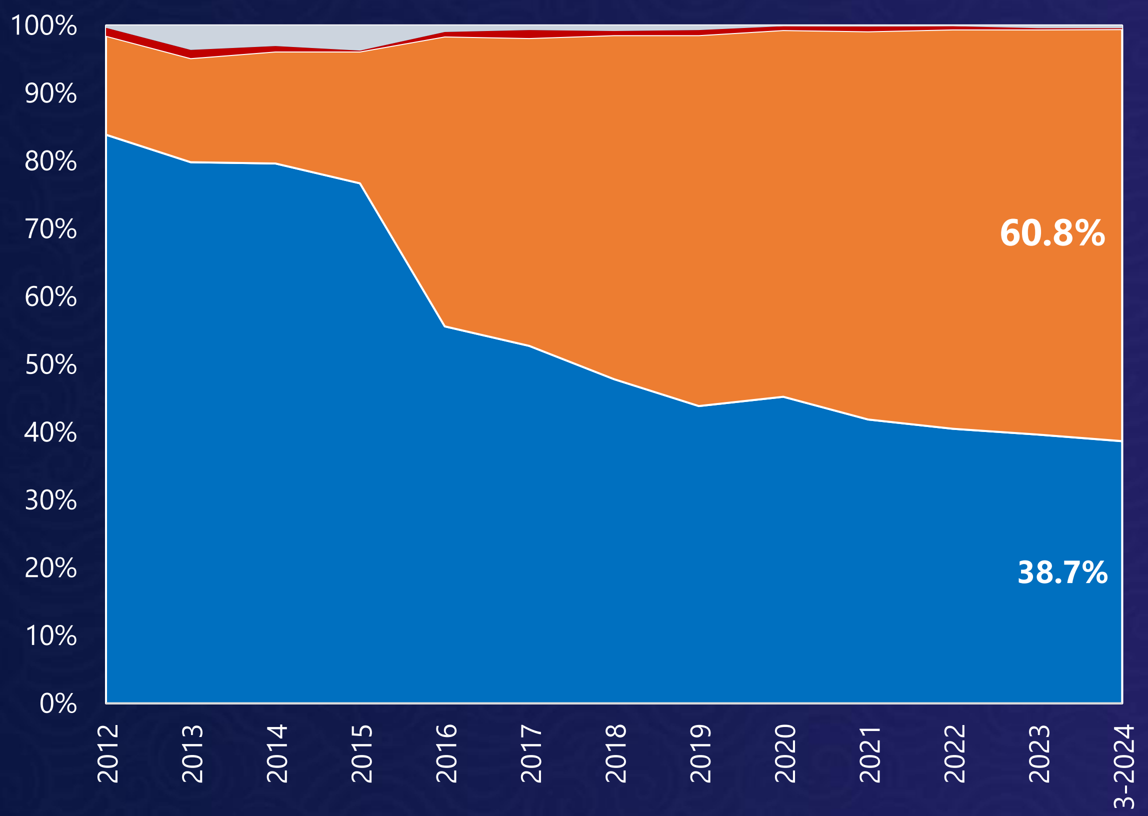
The total outstanding value of Government Bond is USD 97,4 billions and for corporate bond is USD 40,6 billions.

Viet Nam's bond markets are catching up with regional peers in terms of their relative size.

2 GOVERNMENT BOND – Investor and Maturity Profiles

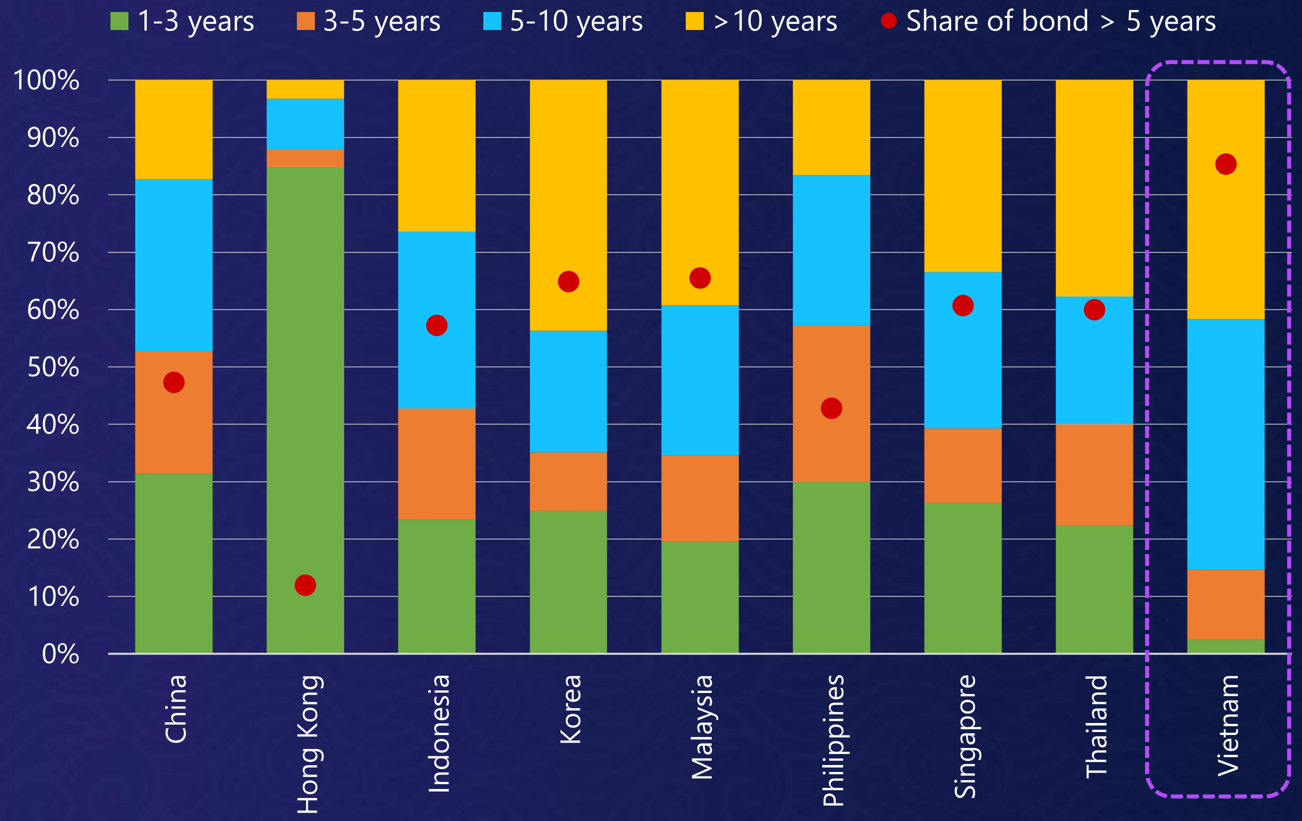
Vietnam Bond Market Association

Investor profile of Vietnam's Government bonds



Banks and insurance companies are 2 key investors in Government Bond Market.

Maturity profile of outstanding LCY Government bonds
in select Emerging East Asian Markets, as of 30 June 2024

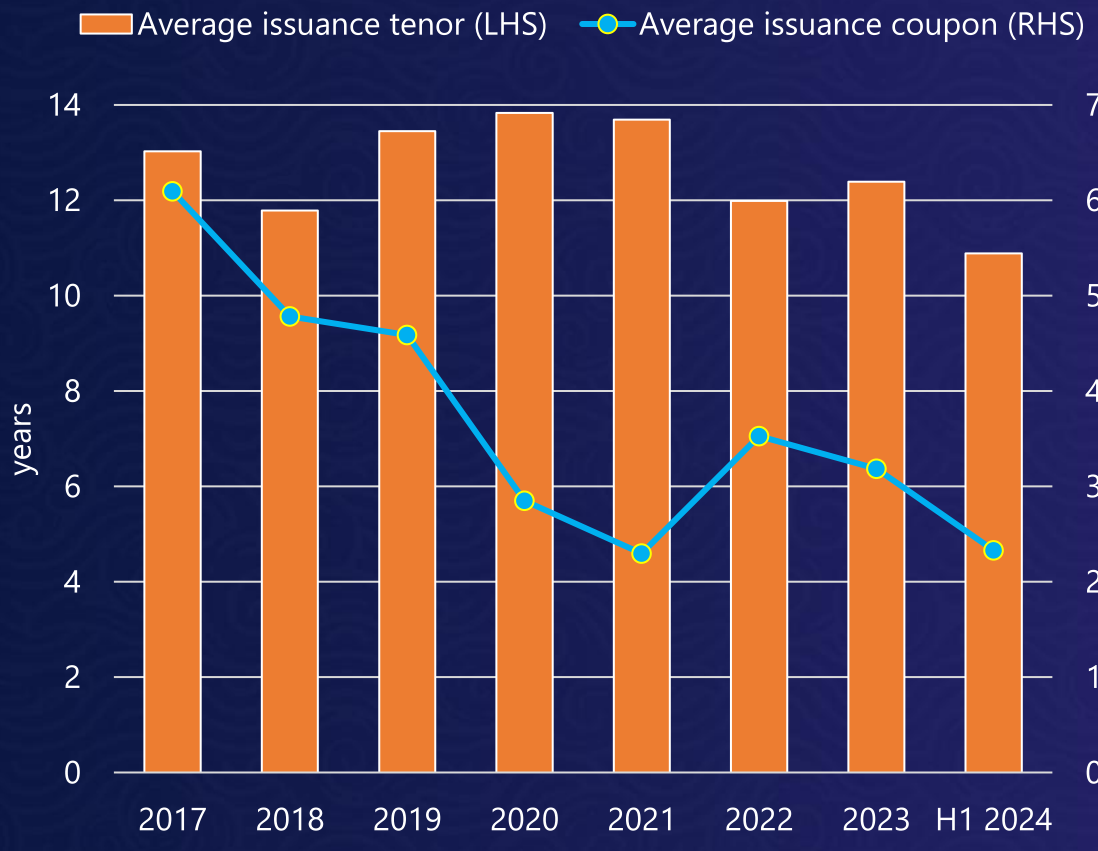


Long-term instruments dominate the issuance profile, helping lengthen the average maturity and protecting the Government against changes in interest rates and investor sentiment.

2 GOVERNMENT BOND

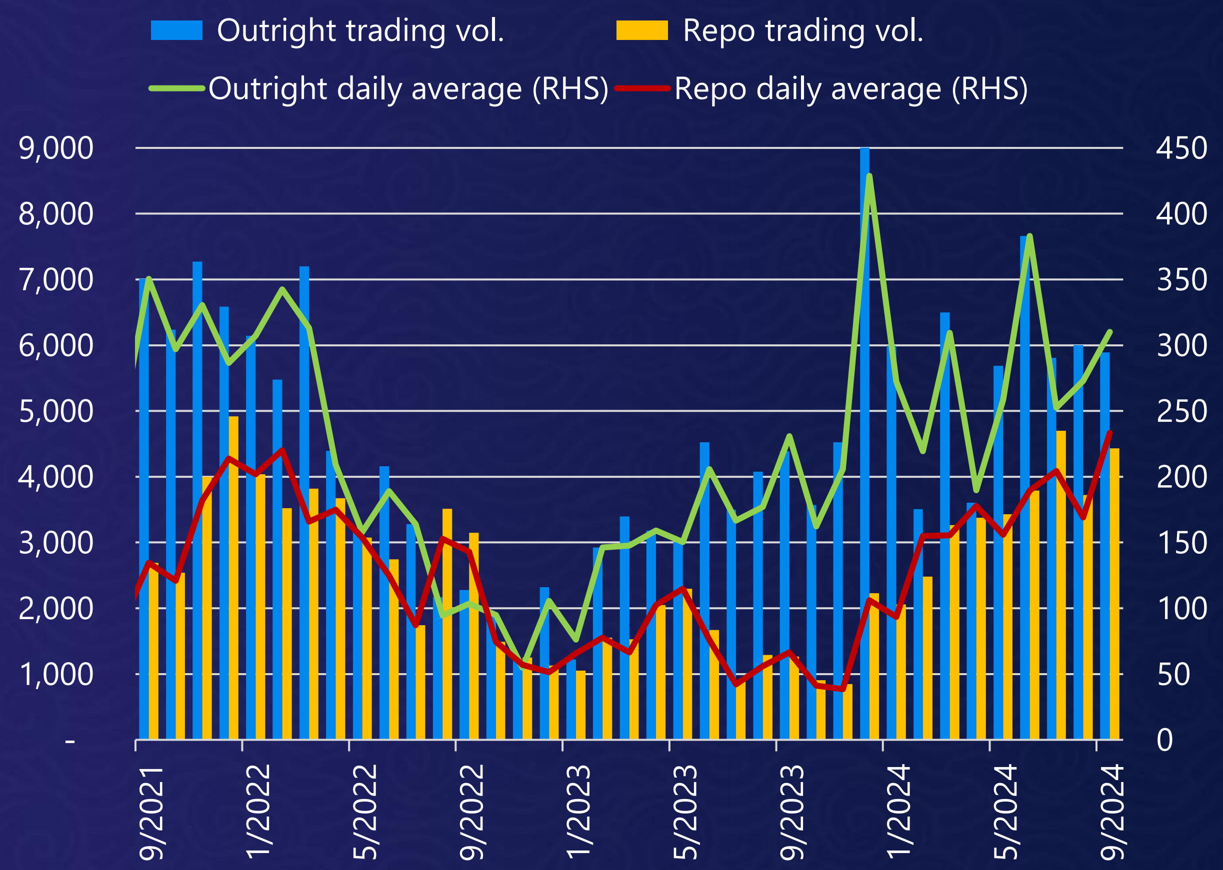
Vietnam Bond Market Association

Gov' bond issuance tenor and coupon rate

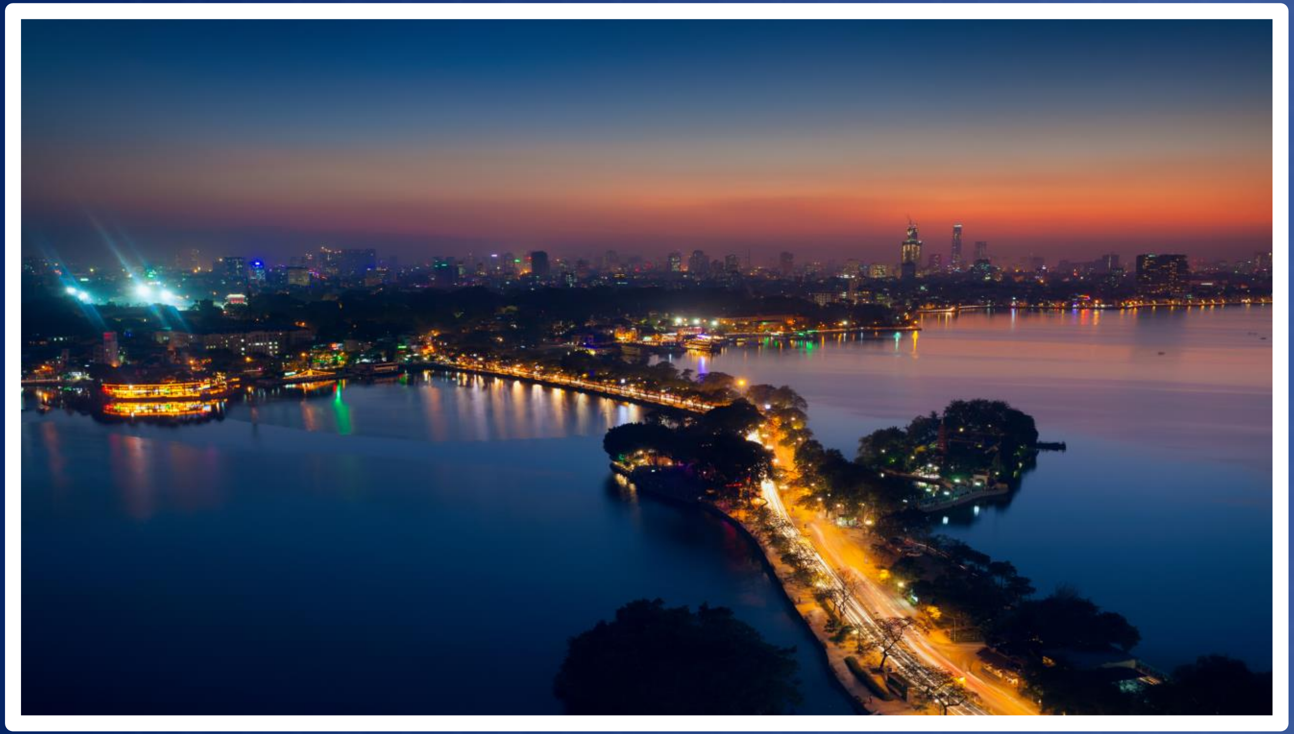


In the first half of 2024, the average issuance tenor and coupon rate were **10.9 years** and **2.33% pa**, respectively.

Gov' bond monthly trading value (USD million)



Average trading value of Gov' bond in 9M 2024 was about **USD 454 million** per day, **87%** higher than a year before.

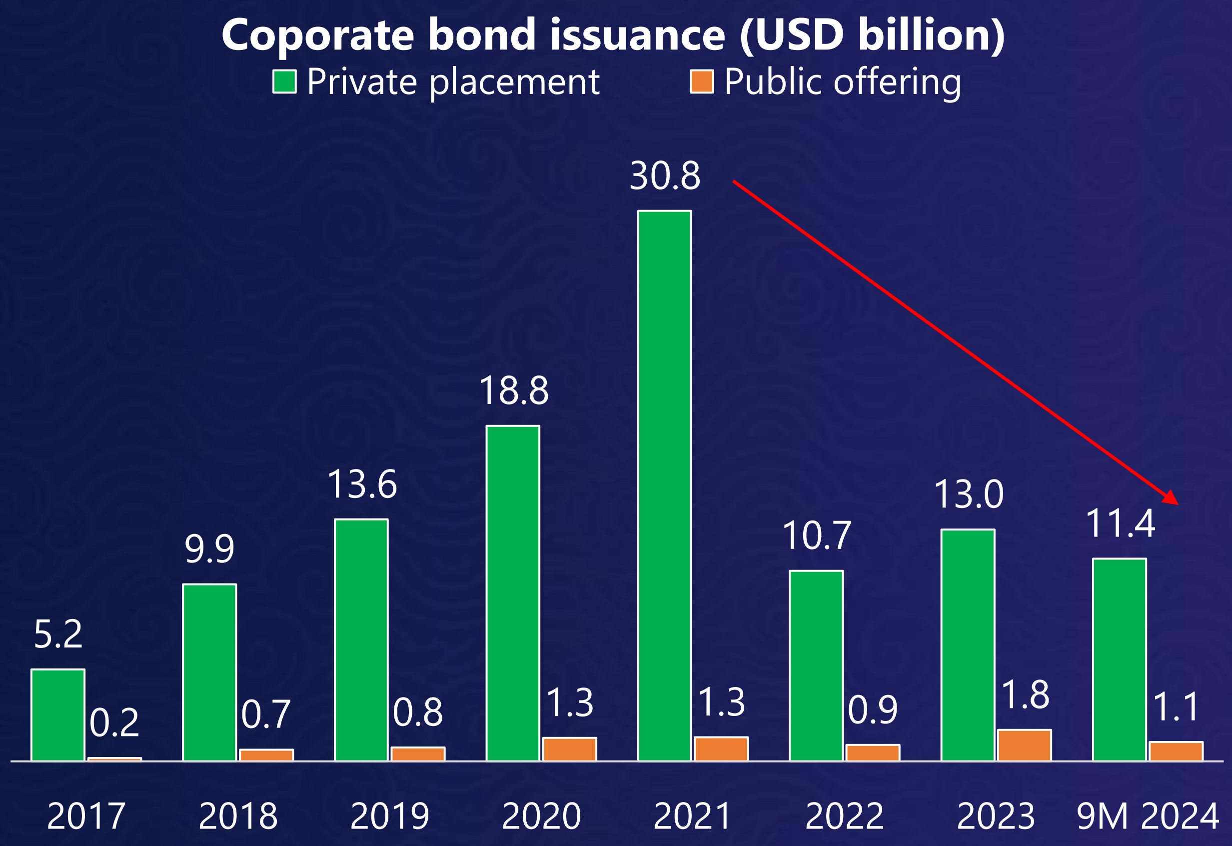


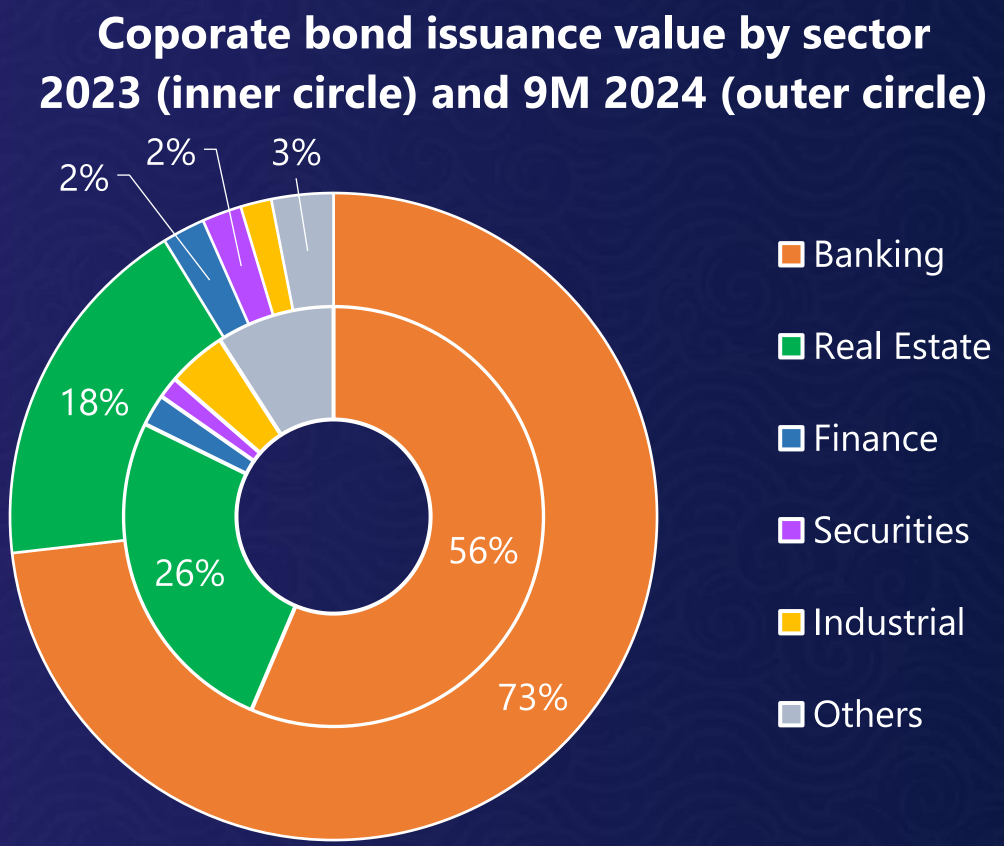
3

CORPORATE BOND MARKET

3 CORPORATE BOND MARKET - Issuance

Vietnam Bond Market Association





90% of total issuance in 9M 2024 were private placements.

Banks and real estates companies are 2 key issuers.

3 CORPORATE BOND MARKET - Issuance

VBMA
Vietnam Bond Market Association

Corporate bond issuances in 9M 2024, categorized by tenors:

Tenor	Value (USD million)	% value/Total	Number of bond code	Average (USD million/code)
1Y-3Y	8,846	71.1%	175	51
>3Y-5Y	845	6.8%	31	27
>5Y-7Y	994	8.0%	46	22
>7Y-10Y	1,610	12.9%	48	34
>10Y	147	1.2%	8	18
Total (Average)	**12,443**	**100.0%**	**308**	**40**

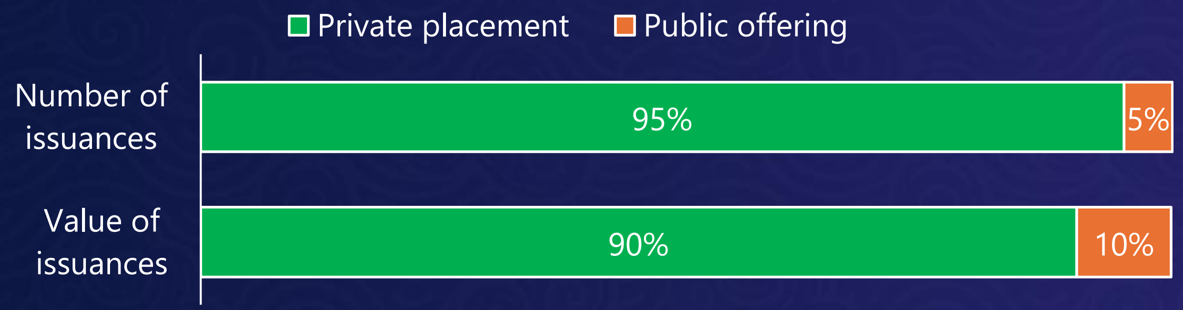
The 1-3 year tenor is the primary issuance tenors, accounting for 71% of the total issuance value.

Secured and Unsecured Bond in 9M 2024

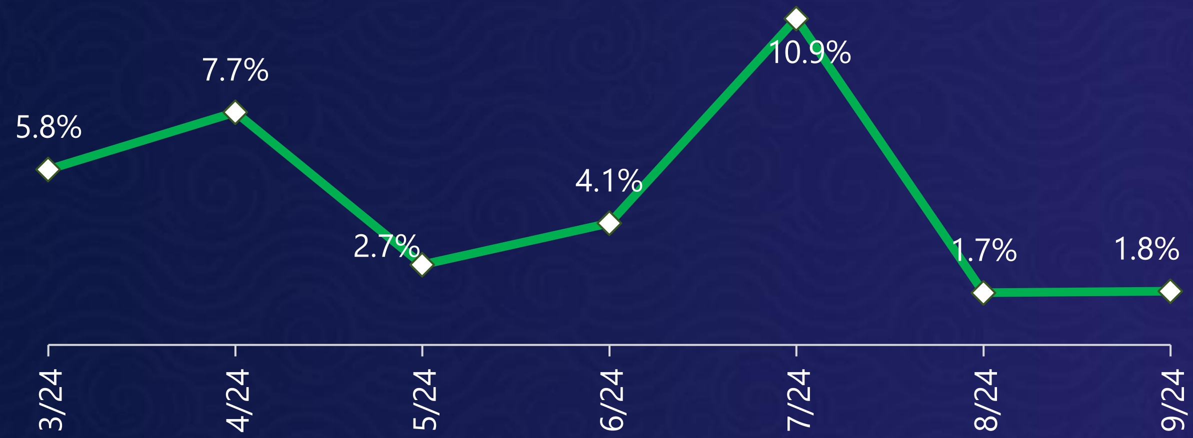
90% of corporate bonds issued in 9M 2024 have no collaterals.

3 CORPORATE BOND MARKET - Issuance

Public offering vs Private placement in 9M 2024

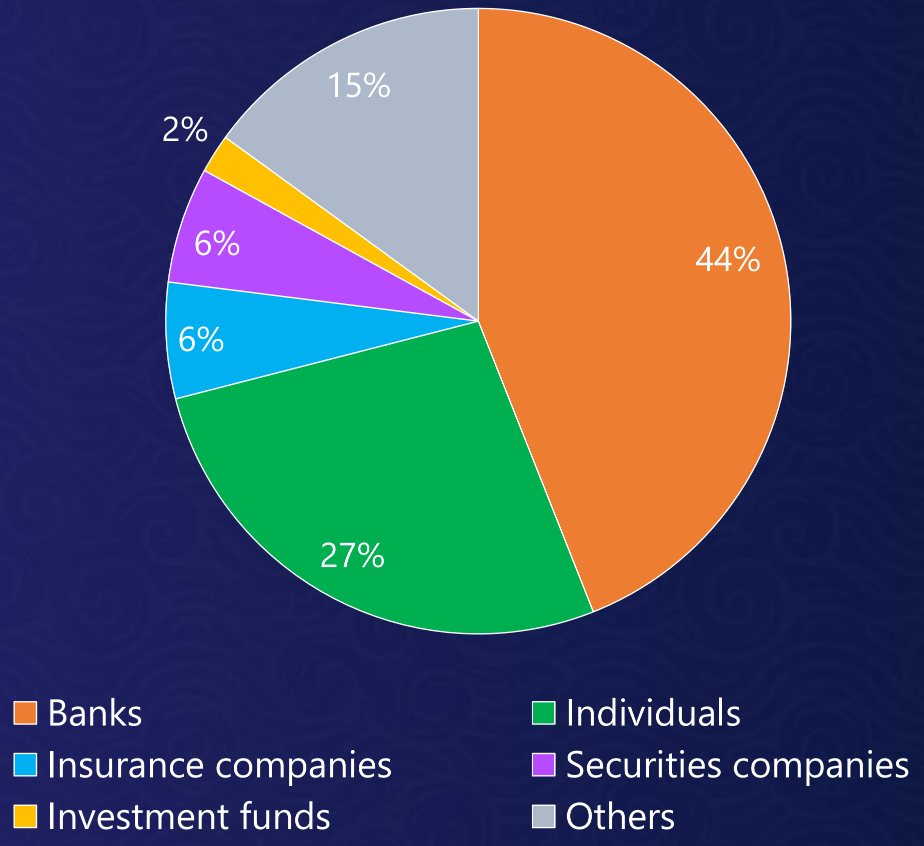


Accumulated credit-rated bonds over total privately-placed issuance value



... so far, only **39 issuers** have undergone their first credit rating.

Investor profile of corporate bond

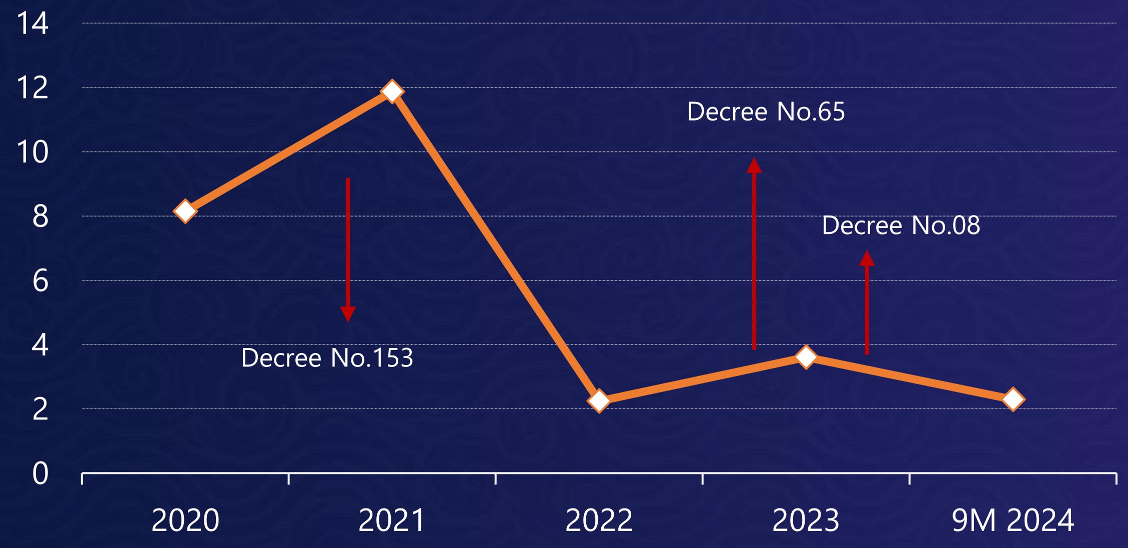


Banks and Individuals are 2 key investors for the corporate bond market

3 CORPORATE BOND MARKET – Government Responses

Vietnam Bond Market Association

Real estate sector has driven the corporate bond market and attracted a significant number of investors especially retail investors who should be a professional, but in reality are not.



Policies response to the movement of corporate market .

Dec 2020

Decree No.153/2020/ND-CP

- Bond face value: VND 100 thousand/bond
- Bond buyers: Professional investors
- Bond distribution time: ≤ 90 days

Sep 2022

Decree No.65/2022/ND-CP

- Increase bond face value to VND 100 million/bond
- Implement stricter criteria for identifying professional investors (1)
- Reduce bond distribution timeframe to ≤ 30 days (2)
- Required credit rating for certain bond issuers (3)
- Revise the purpose of bond issuance to exclude raising working capital for enterprises.
- Enhance information transparency

March 2023

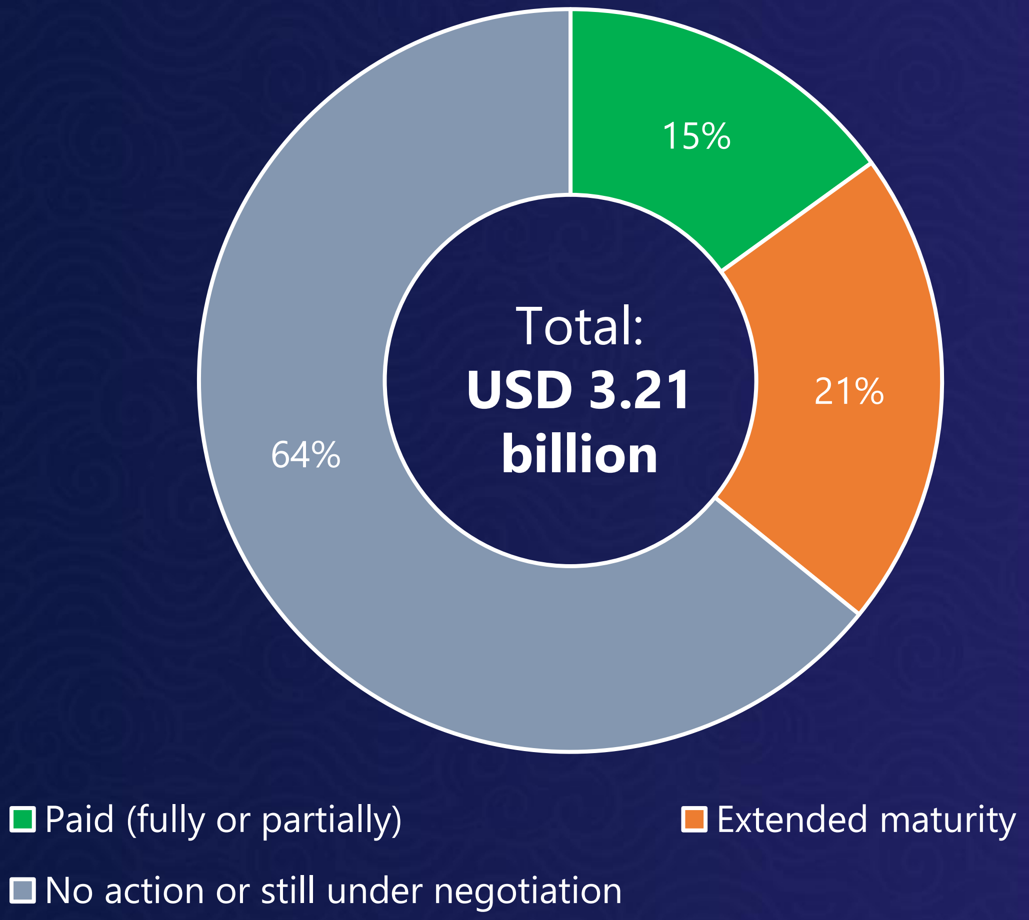
Decree No. 08/2023/ND-CP

- Postpone the implementation of rules (1), (2), (3) of Decree No. 65 until December 31, 2023
- Allow issuers to negotiate with bondholders :
  - i. To pay bond principal and interest with assets other than cash
  - ii. To extend the bond maturity for a maximum of 2 years

3 CORPORATE BOND MARKET – OVERDUE PAYMENTS

Vietnam Bond Market Association

Overdue corporate bond payment in 2023 and 9M 2024



- **127 companies** had ***overdue bond payments***, total interest and principal worth over **USD 3.2 billion.**
- **73%** of the late bond payments belong to the real estate sector.
- **84 companies** made interest and principal payments of USD 482 million, or **15%** of the total overdue bond payment.
- **19 companies** negotiated maturity extension, totaling USD 668 million, or **21%** of the total overdue.

3 CORPORATE BOND MARKET – The Way Forward

Vietnam Bond Market Association

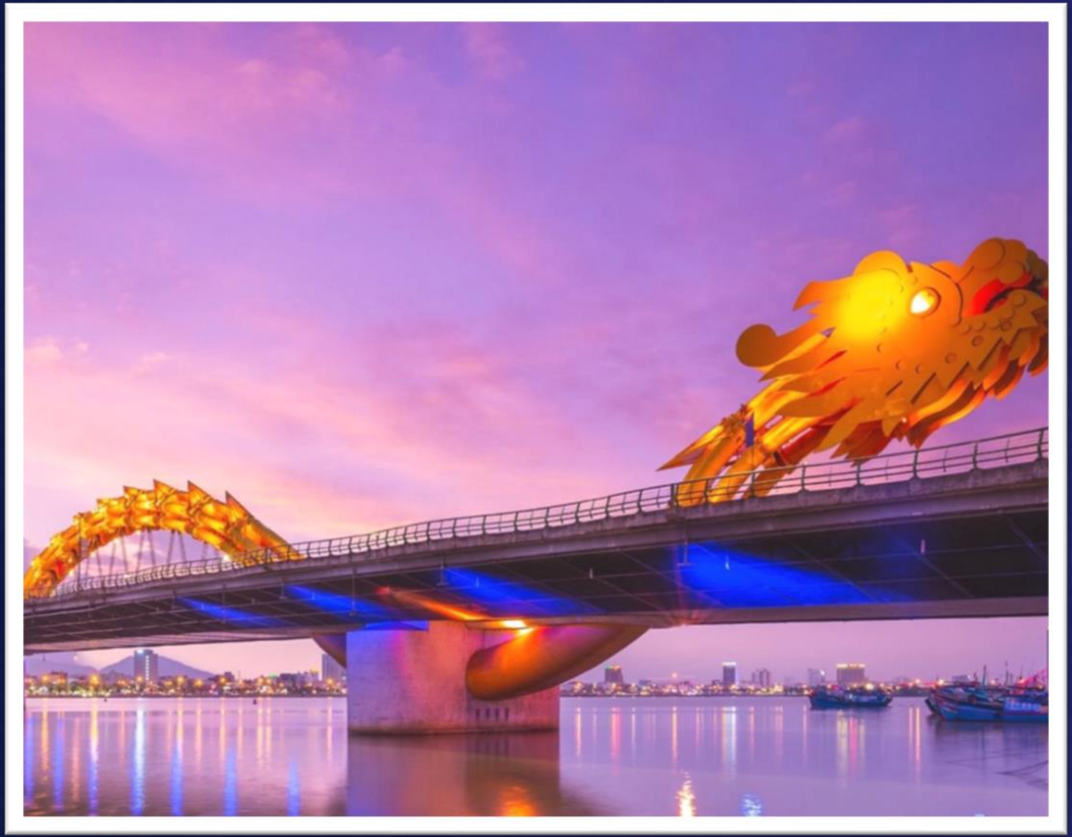
Overall, the market is moving in the right direction as the amended Securities Law is under review and is expected to be issued near the end of October 2024. To facilitate market development, the regulatory framework needs to be more transparent and comprehensive :

- **Definition of professional investors and enforcement**: Responsibilities must be clearly-defined. Salespeople should be held accountable for selling privately-issued bonds to retail investors.
- **Lifting restrictions on institutional investors:** Banks and insurance companies should be permitted to buy refinancing bond, promoting market participation.
- **A cohesive legal framework**: Laws on restructuring, defaults, and bankruptcies must be clear for legal firms to operate effectively. Ccustodian agents should handle legal coordination, as individual investors lack this capacity, and the role of bondholder representatives needs strengthening.
- **Data transparency:** Data for the corporate bond market should be available to investors and the public. It is essential to enforce compliance among issuers who fail to disclose necessary information.
- **Credit rating requirements:** All listed bonds must have a credit rating. If rating agencies are unable to obtain the necessary information to issue a credit rating, those bonds should not be listed.

3 CORPORATE BOND MARKET – Sustainable bonds

Vietnam Bond Market Association

Issuers	BIM Land	VINPEARL	EVNFINANCE	BIM Land	THUNG LŨNG THANH XUÂN	BIDV	SeABank	BIDV
Date of issuance	May 2021	October 2021	June 2022	August 2023	September 2023	October 2023	June 2024	September 2024
Label	Green bond	Exchangeable Sustainable Bond	Green bond	Sustainability-linked bond	Sustainability-linked bond	Green bond	Blue bond and Green bond	Sustainability-linked bond
Size	USD 200m	USD 425m	USD 75m (VND 1,725bn)	USD 100m (VND 2,333bn)	USD 25m (VND 583.5bn)	USD 100m (VND 2,500bn)	USD 150m (VND 3,500bn)	~USD 121m (VND 3,000bn)
Tenor	5 years	5 years	10 years	7 years	7 years	5 years		5 years
External reviewer	DNV GL	Sustainalytics	Deloitte	DNV GL	DNV GL	Moody's		Moody's
Reference standard	ICMA, GBP, GBS	ICMA, GBP, SBP. SBG, ASEAN Green, Social and Sustainability Bond Standards	ICMA, GBP	ICMA, GBP,	ICMA, GBP, GBS	ICMA		ICMA
Investors	Listed on SGX	Listed on SGX	100% insurance companies (GuarantCo partial credit guarantee)	IFC	IFC	100% insurance companies	IFC, AIIB	



THANK YOU!