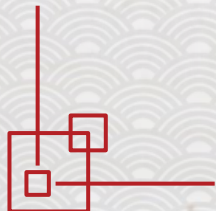


QUARTERLY REPORT

VIETNAM BOND MARKET
QUARTER 4.2022

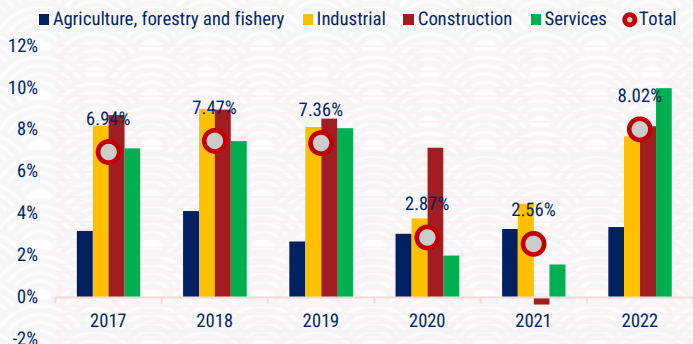


MARKET HIGHLIGHT

MACROECONOMICS OVERVIEW

2022 witnessed the highest GDP growth rate in the last 10 years thanks to a low-base effect of 2021 and the reopening of the economy. However, in 2023, macro factors seem to be less favorable as inflation pressure is expected to be more and more apparent and major trading partners of Vietnam are facing the possibility of a recession. The loosening of Covid-19 restriction in China could be the counter factor for macro-condition next year.

GDP growth by sector



PRIMARY MARKET

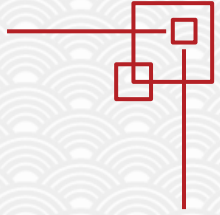
ISSUING VALUE GOVERNMENT BOND	Q4/2022	Q3/2022	Q4/2021	%Q/Q	%Y/Y	2022	2021	%Y/Y
5-year tenor	0	0	920	-85%	-	-	20,768	52%
7-year tenor	0	0	250	-91%	-	-	5,481	217%
10-year tenor	70,840	25,830	27,872	-10%	174%	128,312	133,906	-1%
15-year tenor	29,100	19,865	27,179	-28%	46%	75,520	103,704	-21%
20-year tenor	0	0	13,380	89%	-	2,265	23,885	-14%
30-year tenor	0	0	10,898	-6%	-	8,625	30,469	35%
Total	99,940	45,695	80,499	-16%	119%	214,722	318,213	

CORPORATE BOND

ISSUING VALUE	Q4/2022	Q3/2022	Q4/2021	%Q/Q	%Y/Y	2022	2021
Public	0	1,603	18,900	-	-	244,565	712,259
Private	3,969	65,154	290,885	-	-	10,599	30,484
Total	3,969	66,757	309,785	-94%	-99%	255,163	742,743

SECONDARY MARKET

TRADING VOLUME GOVERNMENT BOND	Q4/2022	Q3/2022	Q4/2021	%Q/Q	%Y/Y	2022	2021	%Y/Y
Outright	135,621	193,163	502,428	-30%	-73%	1,092,131	1,877,385	-41.8%
Repo	96,836	210,114	286,756	-54%	-66%	824,794	933,715	-11.7%
TOTAL	232,457	403,277	789,184	-42%	-71%	1,916,925	2,811,100	-31.8%



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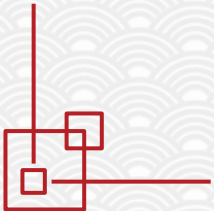
2. Secondary market

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**CORPORATE BOND
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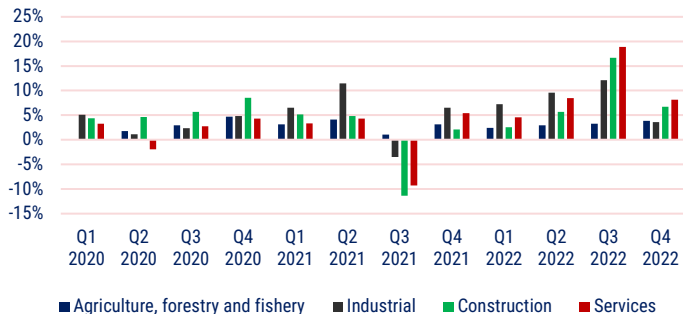


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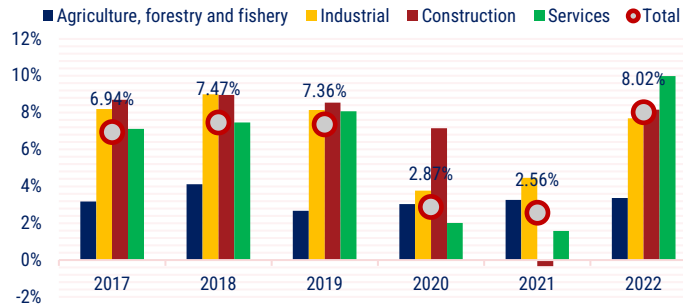
MACROECONOMICS OVERVIEW

Highest GDP growth rate in the last 10 years

GDP growth by sector

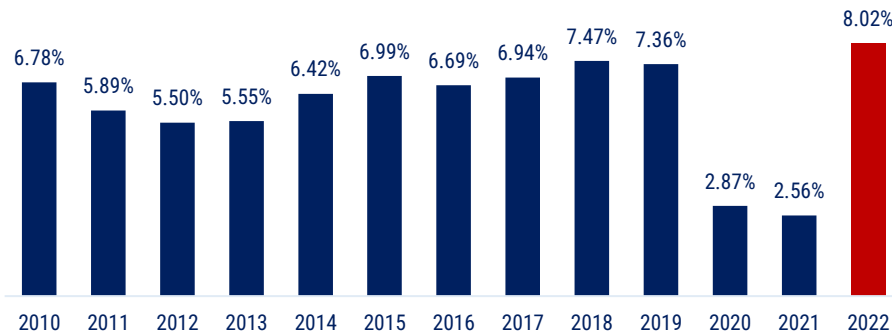


Source: GSO, VBMA



Source: GSO, VBMA

Real GDP growth rate since 2010



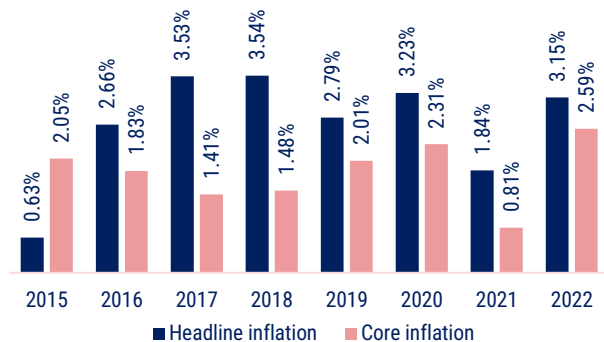
Source: GSO, VBMA

GDP in the fourth quarter of 2022 increased by 5.92% yoy (the agriculture, forestry and fishery sector +3.85% yoy; industrial sector +3.6% yoy, construction sector + 6.69% yoy; and service sector +8.12%).

Full-year GDP growth is 8.02%, the highest rate in the last 10 years, thanks to the low base effect of the 2021. The two sectors that account for the largest share of GDP in 2021 are industry (30.2% share) and services (42.5% share) with a growth rate of 7.69% and 9.99% respectively compared to last year.

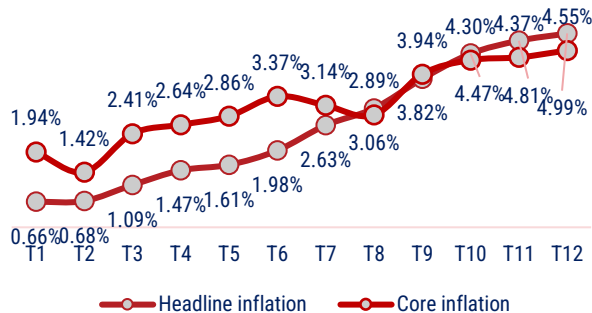
Inflation in 2022 – still under control

Headline and core inflation



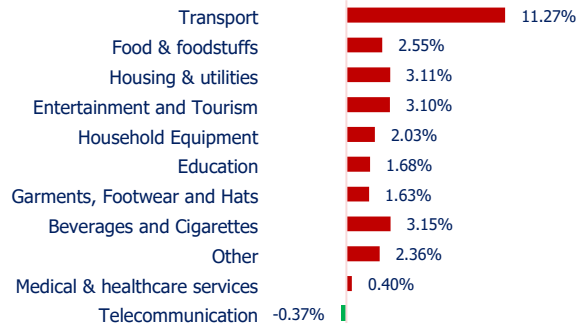
Source: GSO, VBMA

Headline and core inflation YoY



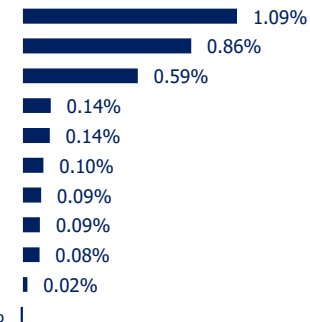
Source: GSO, VBMA

Inflation



Source: GSO, VBMA

Impact on CPI

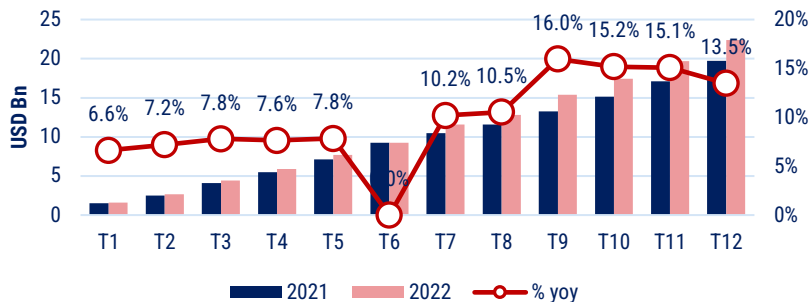


Headline and core inflation in the fourth quarter were 4.41% and 4.76%, respectively, the fastest pace in the last 5 years. However, for the whole year, these two rates are 3.15% and 2.59%, lower than the 4% target set out at the beginning of the year.

The groups that contributed the most to the year-on-year CPI increase were Transport (+ 11.27%), Food & F&B services (+ 2.55%) and Housing & Building Materials (+ 3.11%). These three groups account for about 80% of the full-year increase in 2022. Geopolitical tensions have pushed up energy prices in the first half of the year and the “revenge purchasing” have exerted certain level of pressure on inflation.

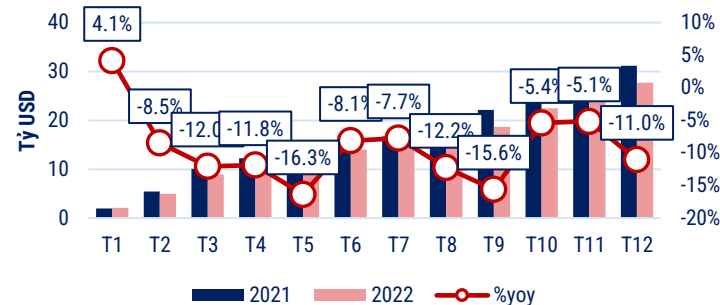
Pledge FDI slow down while disbursed FDI remain solid

Disbursed FDI

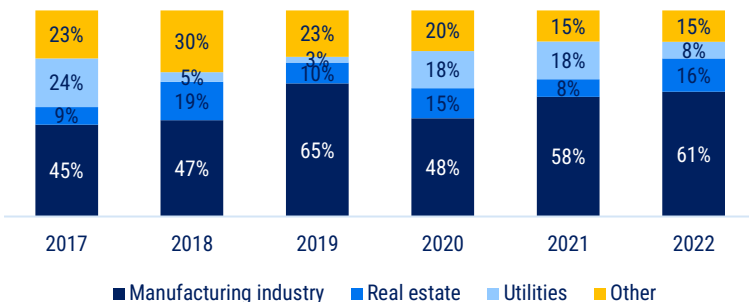


Source: MPI, GSO

Pledge FDI



Source: MPI, GSO, VBMA

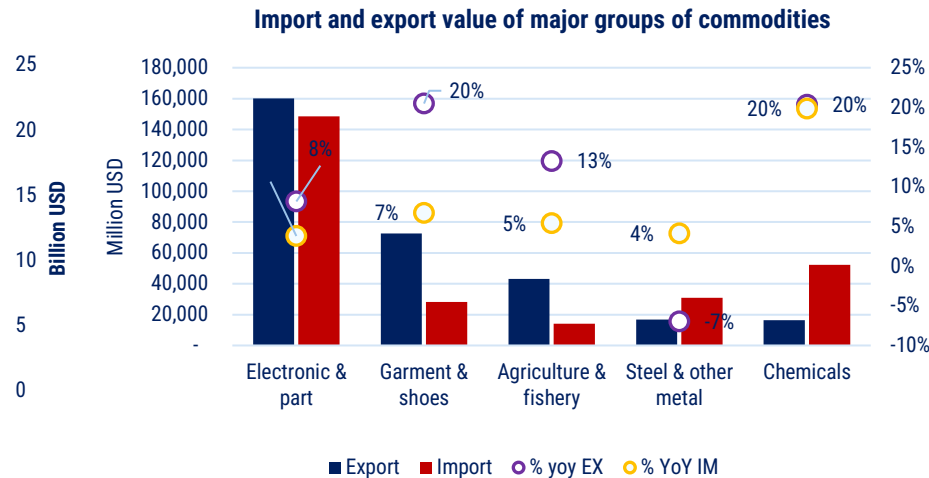
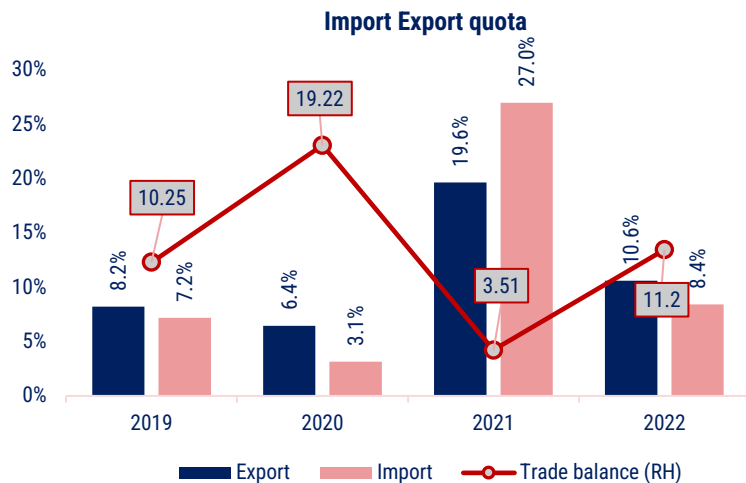


Source: MPI, GSO

According to Ministry of Planning and Investment, in 2022, pledge FDI and disbursed FDI were approximately USD 27.72 billion (-11% yoy) and USD 22.4 billion (+13.5% yoy) respectively. Within registered FDI, eventhough additional FDI capital increased by 12.2%, the remaining two components, newly registered FDI and share purchase FDI, decreased by 18.4% and 25.2%, respectively.

Singapore was the top source of FDI pledge with a total investment of \$6.4 billion, followed by South Korea with an investment of \$4.8 billion. The processing and manufacturing industry is currently the group that receives the most pledge FDI with 16.8 billion USD, accounting for 61% of the total registered capital, followed by the real estate industry with 4.45 billion USD, accounting for 16%.

Export had performed well in the first half but was slowing down in the fourth quarter

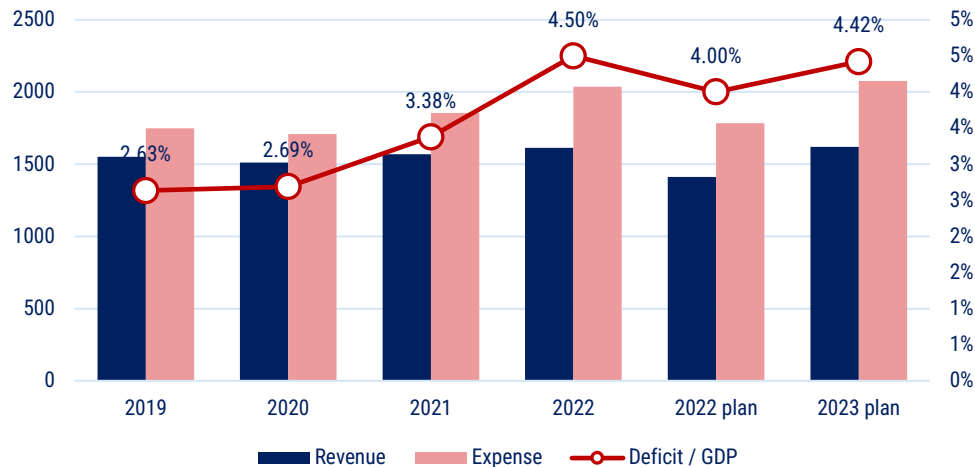


Sources: GSO, VBMA

Total import and export turnover in 2022 reached USD 732.5 billion, (+9.5% yoy). Of which, exports were USD 371.8 billion (+10.6% yoy). Electronic & parts group export grew 4%, decelerate compared to the rate of 18% in 2021. During the year, Textiles & footwear and Agricultural & fishery product, benefited not only from new free trade agreements effective from the beginning of 2022, but also from the supply chain disruptions from China. Therefore, despite numerous challenges in the fourth quarter, the full-year export growth of these two commodity groups still reached 20% and 13%, respectively.

(*) Import-Export data categorized by business sector is an estimate of GSO, and there is a difference with the total import-export value by product

State budget deficit higher than plan



According to the first estimate, the total budget revenue and expenditure in 2022 are VND 1,614 trillion and VND 2,035 trillion, the budget deficit is VND 421 trillion, equivalent to about 4.5% of GDP and 12.9% higher than the initial plan.

According to the 2023 socio-economic plan, the total budget revenue is VND 1621 trillion, equivalent to the actual outturn level in 2022. Total state budget expenditure increased 2% to VND 2,076 billion. Consequently, budget deficit in 2023 is VND 456 billion, equivalent to 4.42% of GDP.

Sources: MoF

	2019	2020	2021	2022	2022 plan	2023 plan
Revenue (*)	1551	1511	1568	1614	1412	1621
Expense (*)	1748	1710	1855	2035	1785	2076
Deficit	203	216	286	421	373	456
Deficit / GDP (%) (**)	2.63%	2.69%	3.38%	4.50%	4.00%	4.42%

(*) revenue and expenditure in 2019, 2020 are official number. Those number in 2021 are based on 2nd estimation and those of 2022 are based on 1st estimation
 (**) Deficit/GDP ratio is calculated based on the newly revised nominal GDP number, published by GSO.

Economic Indicators

	M1 2022	M2 2022	M3 2022	M4 2022	M5 2022	M6 2022	M7 2022	M8 2022	M9 2022	M10 2022	M11 2022	M12 2022
GDP growth rate												
Real GDP	5.03%				7.72%		13.67%				5.92%	
Agri, Forest & Fishery	2.45%				3.02%		3.24%				3.85%	
Industrial	7.07%				9.87%		12.91%				3.60%	
Construction	2.57%				3.96%		16.65%				6.69%	
Services	4.58%				8.56%		18.86%				8.12%	
FDI (accumulated)												
FDI disbursement (%yoy)	6.6%	7.2%	7.8%	7.6%	7.8%	0.0%	10.2%	10.5%	16.0%	15.2%	15.1%	13.5%
FDI pledge (%yoy)	4.1%	-8.5%	-12.0%	-11.8%	-16.3%	-8.1%	-7.7%	-12.2%	-15.6%	-5.4%	-5.1%	-11.0%
State budget (accumulated)												
Revenue (%yoy)	14.09%				21.46%		23.19%				2.91%	
Expense (%yoy)	2.76%				2.69%		5.30%				9.73%	
Inflation (%)												
Headline	0.66%	0.68%	1.09%	1.47%	1.61%	1.98%	2.63%	3.06%	3.82%	4.47%	4.81%	4.99%
Core	1.94%	1.42%	2.41%	2.64%	2.86%	3.37%	3.14%	2.89%	3.94%	4.30%	4.37%	4.55%
Financial												
Credit growth	2.5%	2.7%	6.0%	7.2%	8.1%	9.4%	9.5%	10.0%	11.0%	11.6%	12%	
Policy rate (the refinancing rate)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	5.00%	6.00%	6.00%	6.00%
M2 growth (% yoy)	12.7%	11.6%	12.3%	11.3%	10.3%	10.0%	8.9%	7.9%	7.4%	7.0%		
Interbank ON rate	1.45%	2.75%	2.23%	1.84%	1.42%	0.45%	1.89%	3.53%	4.91%	5.82%	5.61%	4.62%
10T Gov bond yield	2.09%	2.18%	2.34%	2.88%	3.14%	3.23%	3.32%	3.53%	4.02%	4.88%	4.91%	4.88%
USDVND interbank (% YTD)	-0.79%	-0.09%	0.06%	0.60%	1.58%	1.88%	2.23%	2.74%	4.51%	8.83%	7.91%	3.44%

02

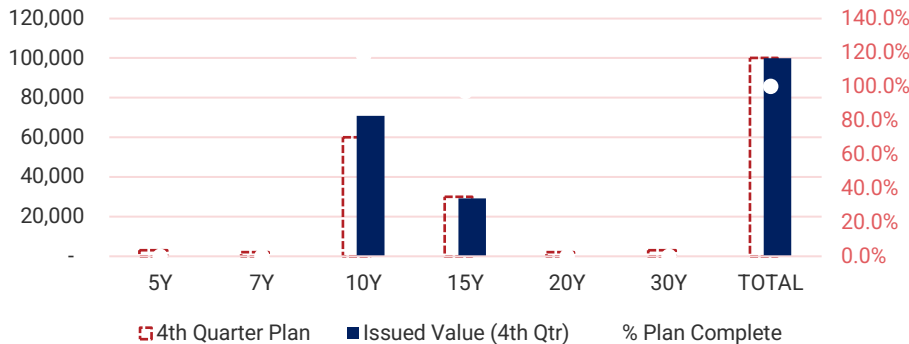
GOVERNMENT BOND MARKET

In the Q4/2022, the State Treasury called for 28 auction sessions of Government bond with total offering value of VND 128,500 billion, in which winning value was VND 99,940 billion, winning rate was 77.8%. Total value of Government bond issued in 2022 was VND 214,722 billion, reached 99.9% of the adjusted annual issuing plan (VND 215,000 billion) and reached 53.7% of the annual issuing plan before adjusted (VND 400,000 billion).

Unit: VND billion

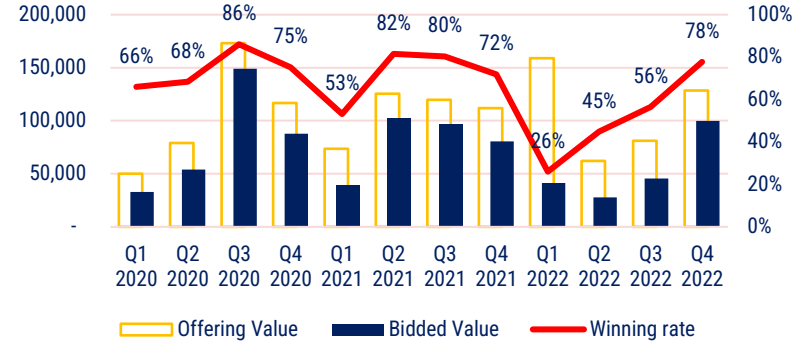
Q4/2022	5Y	7Y	10Y	15Y	20Y	30Y	TOTAL
Plan of Q4	3,000	2,000	60,000	30,000	2,000	3,000	100,000
Issued value of Q4	0	0	70,840	29,100	0	0	99,940
% completion	0%	0%	118%	97%	0%	0%	99.9%

Q4/2022 AUCTION RESULT

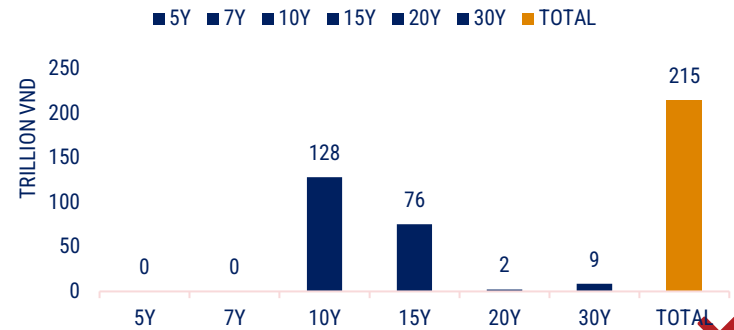


Source: HNX

Government Bond winning rate



Issued value by tenors

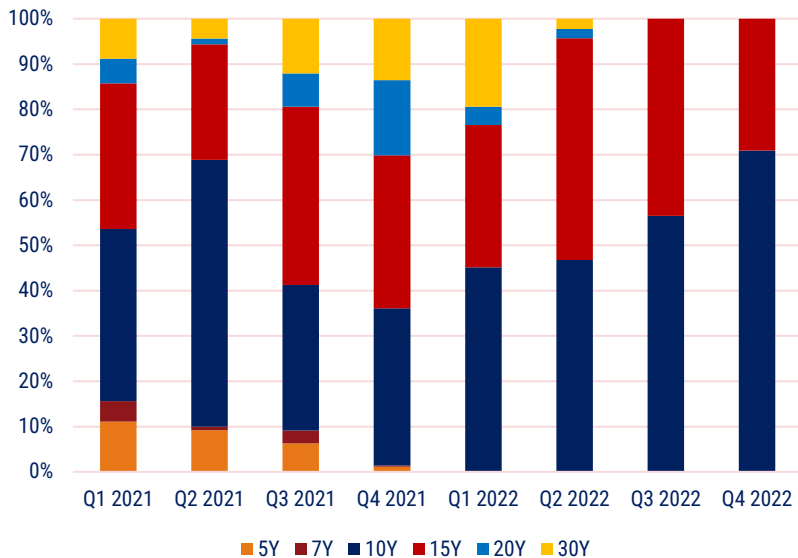


Source: HNX

In the fourth quarter of 2022, the winning tenors continued to fall mainly on the 10-year and 15-year tenors, accounted for 70.88% and 29.12% of the total issuing value, respectively. 20-year and 30-year tenors failed to be auctioned.

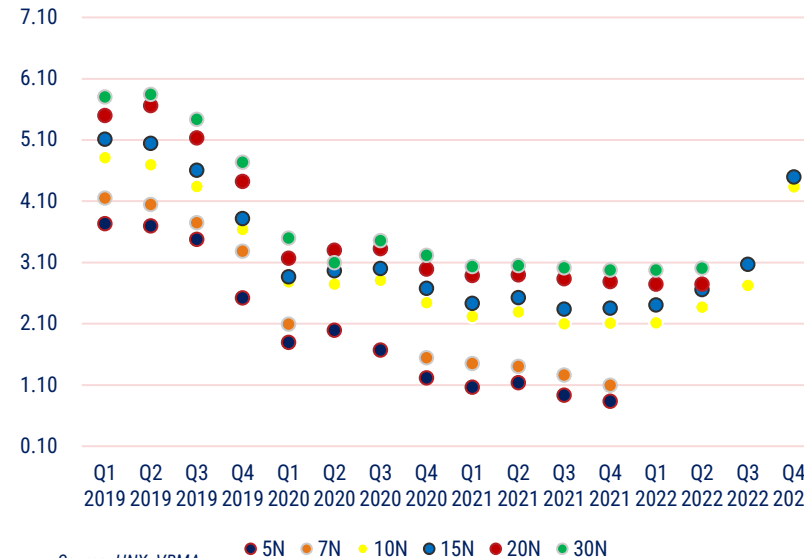
Compared to the third quarter 2022, average issuing rate increased sharply at all winning tenors (+161 points for 10-year tenor and +142 points for 15-year tenor). Issuing rate in the primary market were under an upward pressure from rapidly increasing of global interest rates, resulted from the tightening cycle of monetary policy of many central banks. At the end of October, 2022, the SBV raised the policy rate by 1%/year. Accordingly, the discount rate and refinancing rate was up to 4.5%/year and 6%/year, respectively.

Proportion of winning value by tenors



Source: HNX, VBMA

Average issuing rate by tenors



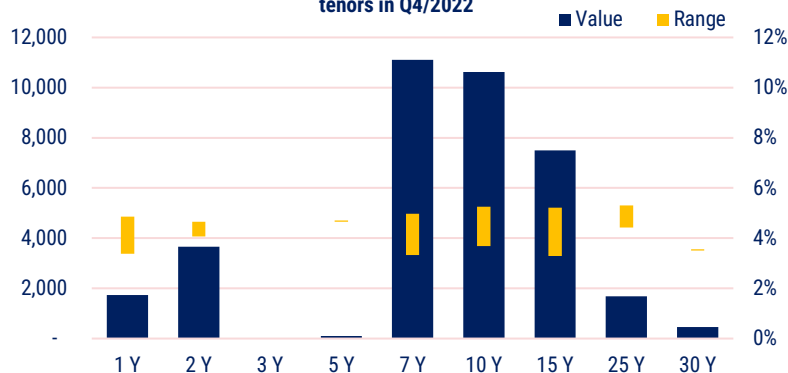
Source: HNX, VBMA

Total trading volume of Government and Government guaranteed bond QIV/2022 : **VND 232,457 billion**
 In which, Outright trading volume : **VND 135,621 billion**
 Repo trading volume : **VND 96,836 billion**

Total Outright trading volume in Q4/2022 decreased by 30% q-o-q. Market liquidity dropped sharply due to pressure from high capital costs and bearish market sentiment after corporate violations at Van Thinh Phat Group in October 2022. The majority of transactions were conducted at tenor from 7 years to 15 years, with interest rates in the range of 3.11% - 5.2% for tenor from 7 to 10 years and in the range of 3.24% - 5.21% for tenor from 10 to 15 years.

In Q4/2022, the average daily trading volume of Outright and Repo transactions plummeted to only VND 2,119 billion/day (-29% q-o-q) and VND 1,513 billion/day (-53% q-o-q), respectively. 2-week and 1-month tenors are the most traded tenors, with average interest rates around 5.74% - 7.30% for 2-week tenor and 6.76% - 7.9% for 1-month tenor.

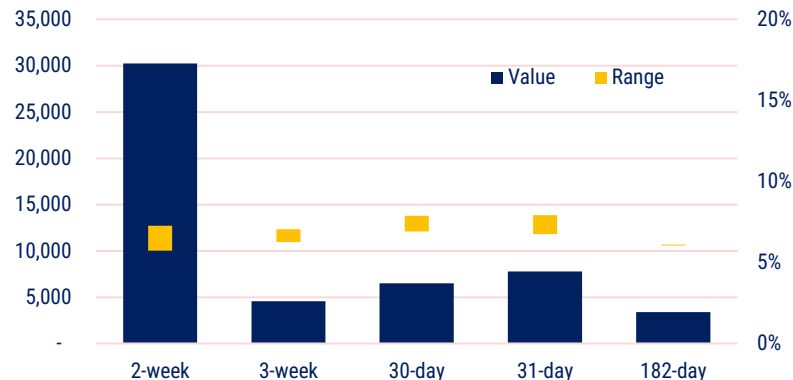
Trading value and yield range of Outright transactions by remaining tenors in Q4/2022



Source: HNX, VBMA

Unit: VND trillion

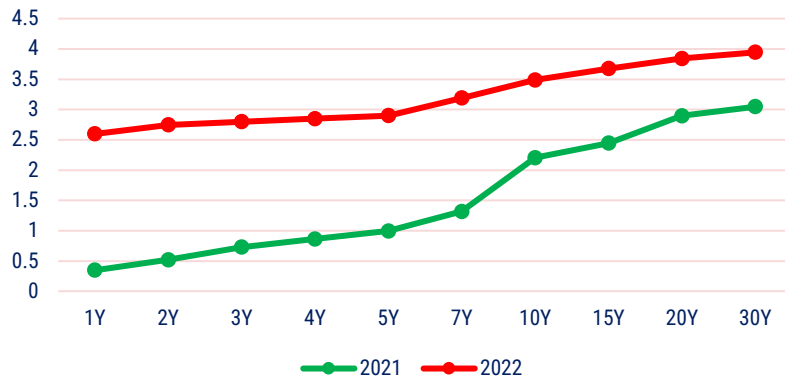
Trading value and yield range of Repo transactions by remaining tenors



Source: HNX, VBMA

Unit: VND trillion

VBMA Government Bond Yield Movement

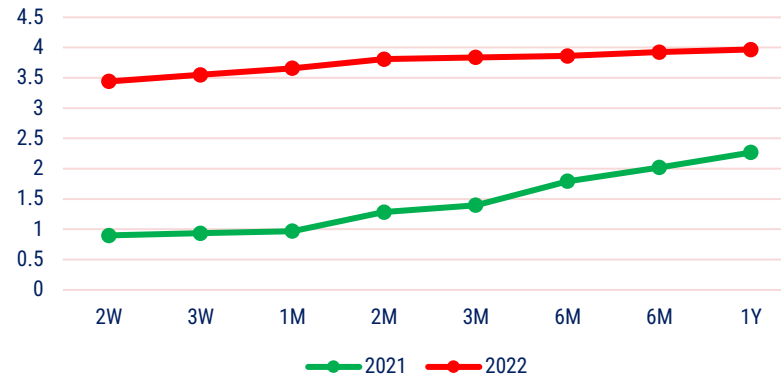


Source: VBMA

Government bond yields in 2022 according to the VBMA Outright trading room increased sharply at all tenors compared to 2021. It is noted that market makers in VBMA trading room all agreed to quote indicative prices since 10/10/2022.

The yield curve has shifted sharply upward in the last 6 months of 2022 under pressure from macro factors and rising interest rates in the global market. OMO winning interest rate in Q4/2022 was also adjusted upward to around 6%/year, even reached 6.9%/year for 7-day tenor amid liquidity pressure in October 2022.

VBMA Repo trading yield movement



Source: VBMA

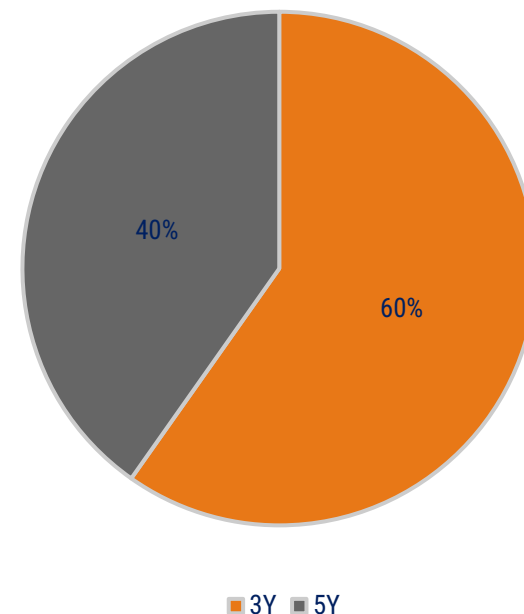
Repo trading interest rates according to the VBMA Repo trading room also increased across all tenors compared to 2021. The liquidity strain was evident when the Repo interest rate was 2.5% higher at all short-tenor (from 2-week to 1-month).

In 2022, the total volume of issued government bonds reached VND 17,900 billion, all of which were issued by the Vietnam Bank for Social Policies. This bank only successfully issued in 2 tenors: 3 years (VND 10,700 billion) and 5 years (VND 7,200 billion). In details, VBSP successfully issued VND 12,400 billion in Q4/2022 (VND 5,500 billion at 3-year tenor and VND 6,900 billion at 5-year tenor). The Vietnam Development Bank did not issue government bonds during the year.

Similar to the primary market for government bonds, the winning rate of government bonds in 2022 has decreased significantly compared to 2021, reaching only 18.4%. Winning yield for government-guaranteed bonds of the Bank for Social Policies were at 3.63% and 4.26% at 3-year and 5-year terms, respectively.

Year	2021		2022	
Bank	VBSP	VDB	VBSP	VDB
Total auction sessions	11	13	124	0
Offering volume (VND billion)	18,124	14,000	97,500	0
Bidding volume (VND billion)	52,801	30,713	52,766	0
Winning volume (VND billion)	11,024	10,500	17,900	0
Winning rate	61%	75%	18.4%	-

Issuing proportion by tenors - VBSP

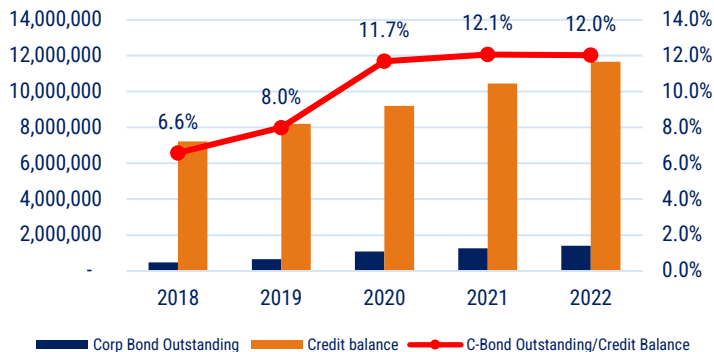


Source: HNX, VBMA

03

CORPORATE BOND MARKET

Outstanding corporate bond and credit balance



(*) The figure of credit balance was published as of October 2022 Sources: HNX, SBV, VBMA

Vietnam Corporate Bond market size: ~14.81% of GDP (*)

The corporate bond market size is much lower than that of other regional countries such as Malaysia (54.3% GDP), Singapore (34.3% GDP), Thailand (25.5% GDP).

The outstanding value of corporate bond accounted for about 12% total Vietnam economy's credit balance, increase by approximately 11.3% compared to the end of 2021.

(*) According to data collected from HNX and GSO at the end of December, 2022.

Total domestic issuance value in 2022:

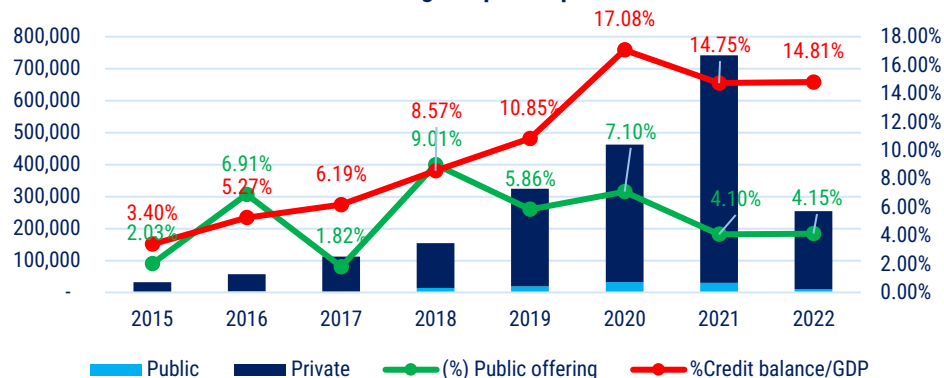
Q4 2022 **3,969 billion VND (**)**
-98.7% Y/Y

2022 **255,163 billion VND (***)**
-66% Y/Y

In Q4/2022, there was no issuance under public offering and issuing in the international market.

Total number of issuances in the domestic market: **19 deals** (corresponding to the average size of **VND 209 billion/deal**).

Public offering and private placement



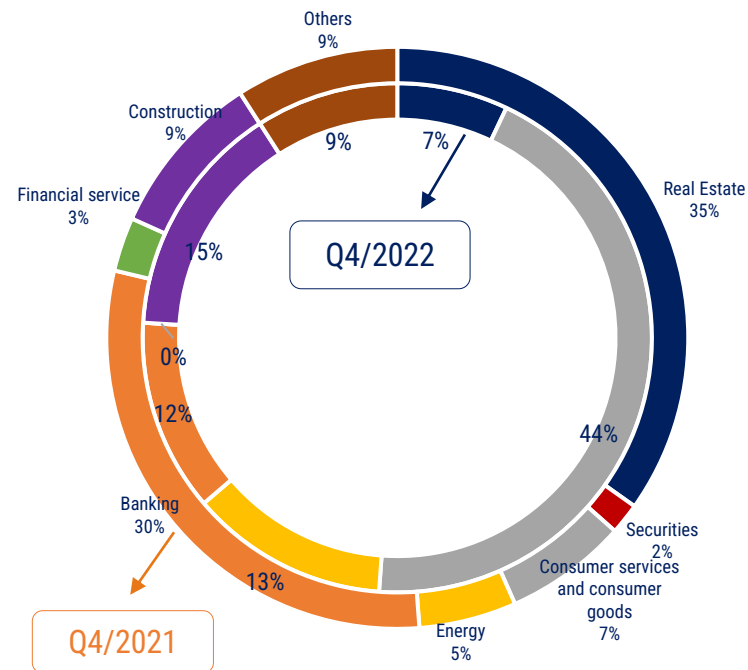
(**) According to data published by HNX and SSC as of 30th December 2022 Sources: HNX, GSO, VBMA

Unit: bil VND

Sector	Q4/2022	Q4/2021	%Y/Y
REAL ESTATE	280	107,884	-99.7%
SECURITIES	0	5,361	-
CONSUMER SERVICE	0	13,185	-
CONSUMER GOODS	1,750	7,929	-77.9%
ENERGY	500	16,770	-97%
AGRICULTURE	0	2,400	-
BANKING	485	92,742	-99.5%
FINANCE	0	9,298	-
CONSTRUCTION	595	28,476	-97.9%
INDUSTRIAL PRODUCTION	0	18,393	-
OTHER	360	7,348	-95%
Total	3,969	309,785	-98.7%

The issuing value in Q4/2022 decreased in all sectors compared to Q4/2021, except for Agriculture sector. The issuing value for Real Estate bonds was 99.7% lower due to the continuing adverse macro factors since the beginning of the year. Consumer Goods became the biggest sector in term of issuing value and accounted for 44% in Q4/2022.

Proportion of issuing value by sectors



Sources: HNX, VBMA

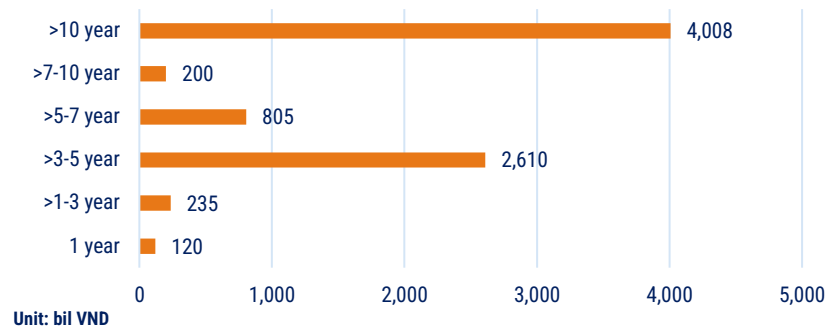
90% issuing bond had original tenors of 5 years or more

Average issuing coupon rate in Q4/2022: **11.48%/year**

Average issuing tenor in Q4/2022: **5.03 year**

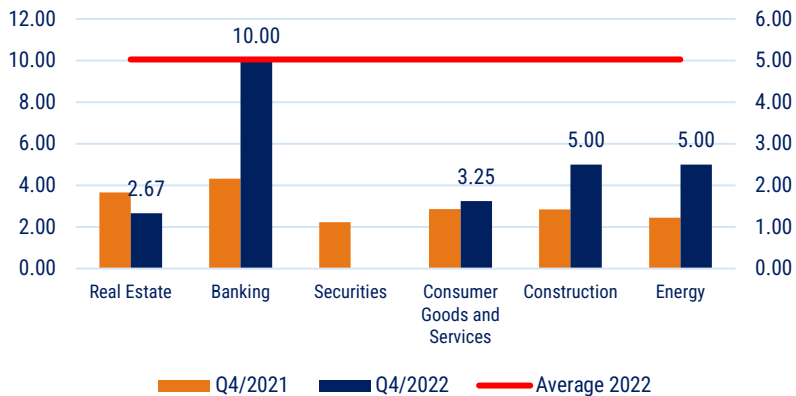
The tenor and the issuing coupon rate both increase in Q4/2022 compared to Q4/2021. The coupon rate both increased in 2022, as difficulties rocked the corporate bond market. However, an increase was not much because most of the issuances took place at the beginning of the year when there were not many changes in regulation and market condition. Bonds issued in Q4/2022 were concentrated at tenors equal and more than 5 years, accounting for 90% of the total issued value.

Issuing value by tenors



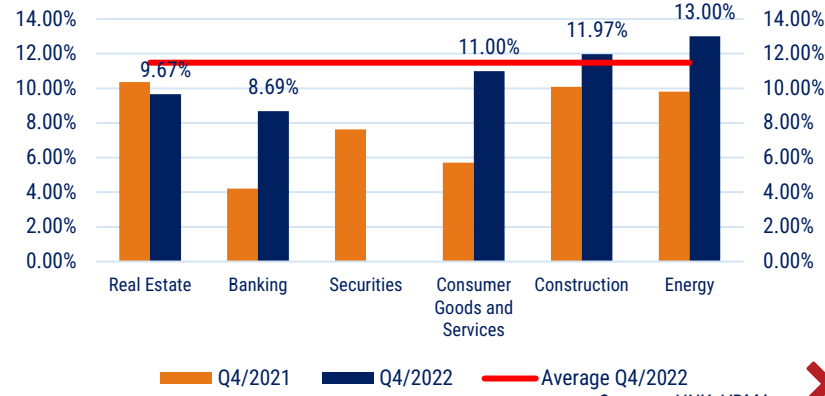
Sources: HNX, VBMA

Average issuing value by tenors (year)



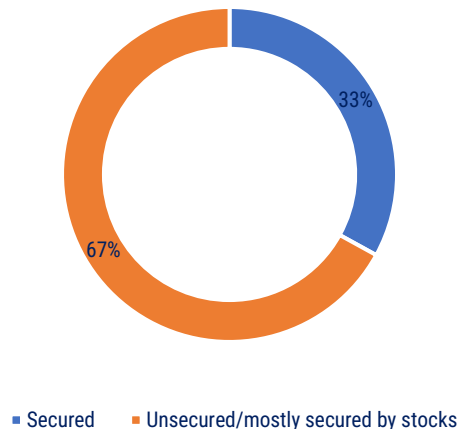
Sources: HNX, VBMA

Average Coupon Rate



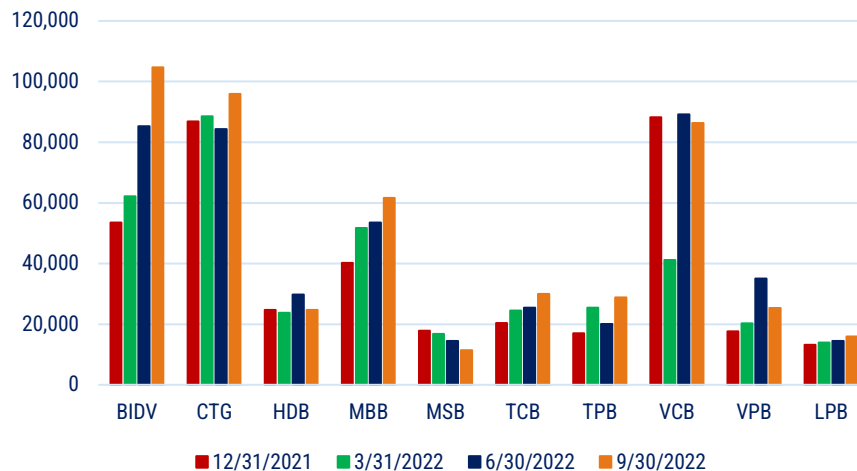
Sources: HNX, VBMA

Unsecured Real Estate bonds or mostly secured by stocks



Sources: HNX, VBMA

Outstanding FI Bond held by credit institutions



Sources: Financial report of banks

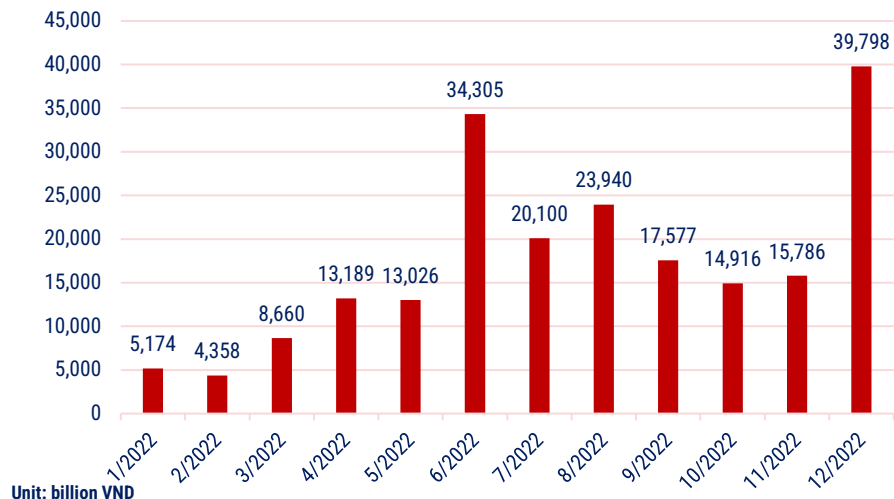
Average tenor of Real Estate corporate bond: **2.67 years**. Average issuing coupon rate: **9.67%/year**.

About 67% of Real Estate bonds issued in Q4/2022 were unsecured or only secured by stocks, compared with 30% in Q4/2021. Most of the Real Estate bond issuers in 2022 were non-listed companies, accounting for 2/3 of the number of issuers.

Average tenor of FI bond: **10 years**. Average issuance interest rate: **8.69%/year**.

In Q4/2022, the amount of bonds issued by credit institutions was merely VND 485 billion. The largest FI bond investors were commercial banks. As of Quarter 3/2022, the outstanding amount of FI bond of the 10 banks holding the most FI bond increased by more than 82 trillion VND compared to the end of 2021.

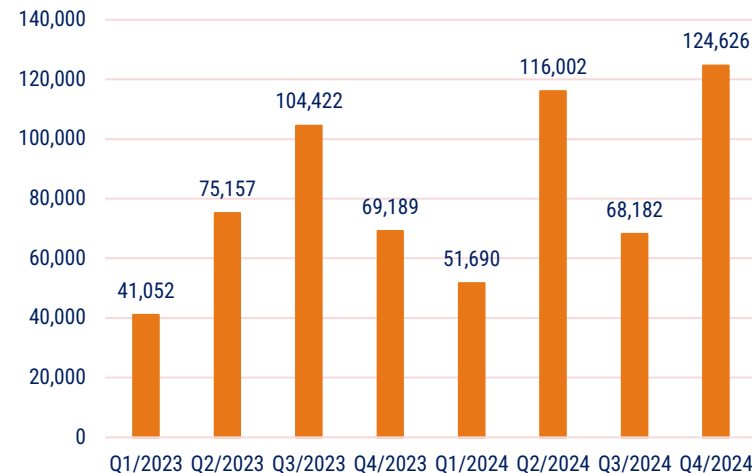
Total value of redeemed bonds before maturity in 2022



Unit: billion VND

Sources: HNX, VBMA

Corporate bonds matured 2023-2024



Sources: HNX, VBMA

In Quarter 4/2022, the total value of redeemed bonds before maturity was VND 70,501 billion, bringing the figure for all the year 2022 to VND 210,830 billion (+46% over the same period in 2021). In which, Banking sector had the highest with VND 30,053 billion, equivalent to 42.6% of total buybacks value. Real Estate sector had the second highest amount with VND 9,857 billion, accounting for 14%. Most of the redeemed bonds would mature in 2023 and 2024.

Though the redemption activities increase, the bond maturity pressure in the next 2 year is still concerning with VND 650,319 billion corporate bonds matured. In which, VND 289,81 billion of corporate bonds will mature in 2023 and VND 360,500 billion will mature in 2024.



Thank you for reading VBMA's Quarterly Bond Market Report. For more information, please contact:

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