



Vietnam Bond Market Association

QUARTERLY REPORT

Vietnam Bond Market

Quarter III/2021



MARKET HIGHLIGHTS

MACROECONOMIC SUMMARY

Asian countries were the Covid-19 hot spot in the first three quarters of 2021, of which some countries can control vaccines sources that have surpassed in vaccination rates, which can help their citizens sustainably coexist with the pandemic, but herd immunity is more difficult than ever as the Delta variant continues to spread out. Major cities in Vietnam have achieved vaccination rates of 50-70% but there are still concerns about the fifth wave of covid-19 in 2022.

Under the prolonged impact of the 4th pandemic, Vietnam had the first quarter of negative GDP growth in many years. Inflation increased gradually in the last months of the year, affected by the world oil prices. Some positive signals for the economy come from registered FDI growth, trade balance, credit growth and the recovery of retail and service business at the end of the third quarter may be a premise for the economic growth in the fourth quarter of 2021.

GOVERNMENT BOND AND CORPORATE BOND MARKET

PRIMARY MARKET

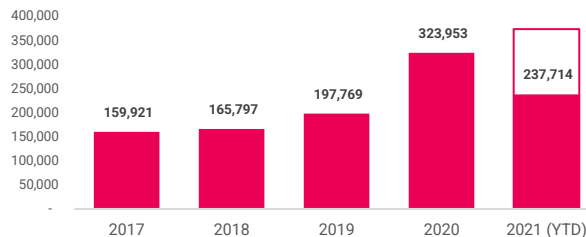
GOVERNMENT BOND	Q3-21	Q2-21	Q3-20	%Q/Q	%Y/Y	% Quarter Plan	YTD 2021	YTD 2020	%Y/Y (YTD)	% Year Plan
5 year tenor	6,079	9,419	7,875	-35%	-23%	61%	19,848	12,230	62%	57%
7 year tenor	2,700	750	-	260%	-	34%	5,231	1,480	253%	52%
10 year tenor	30,892	60,242	79,089	-49%	-61%	77%	106,034	111,275	-5%	73%
15 year tenor	37,872	26,072	43,289	45%	-13%	76%	76,525	72,331	6%	61%
20 year tenor	7,065	1,300	11,350	443%	-38%	141%	10,505	18,150	-42%	46%
30 year tenor	11,613	4,505	7,559	158%	54%	166%	19,571	13,233	48%	56%
Total	96,221	102,288	149,162	-6%	-35%	80%	237,714	228,699	4%	64%

CORPORATE BOND	Q3-21	Q2-21	Q3-20	%Q/Q	%Y/Y	YTD 2021	YTD 2020	%Y/Y (YTD)
Real estate	56,551	58,098	71,518	-3%	-21%	137,928	145,585	-5%
Banking	67,717	71,294	51,982	-5%	30%	140,261	102,269	37%
Securities	4,350	8,970	3,492	-52%	25%	15,823	6,781	133%
Total	159,670	178,731	183,023	-11%	-13%	385,035	363,129	6%

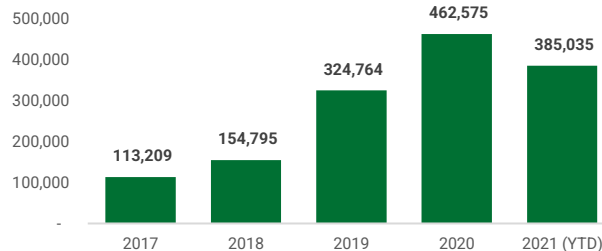
SECONDARY MARKET

GOVERNMENT BOND	Q3-21	Q2-21	Q3-20	%Q/Q	%Y/Y	YTD 2021	YTD 2020	%Y/Y (YTD)
Outright Trading Volume	451,804	447,550	412,571	0.95%	9.5%	1,374,957	1,123,812	22.3%
Repo Trading Volume	176,269	230,340	196,680	-23.5%	-10.4%	646,946	663,583	-2.5%
Total	628,073	677,890	609,251	-7.3%	3.1%	2,021,903	1,787,395	13.1%

GOVERNMENT BOND ISSUED VALUE (BIL VND)



CORPORATE BOND ISSUED VALUE (BIL VND)



01

MACROECONOMIC SUMMARY

COVID-19 PANDEMIC AND
IMPACTS ON VIETNAM MACROECONOMIC

02

GOVERNMENT BOND MARKET

PRIMARY MARKET
SECONDARY MARKET

03

CORPORATE BOND MARKET

PRIMARY MARKET
KEY ISSUERS

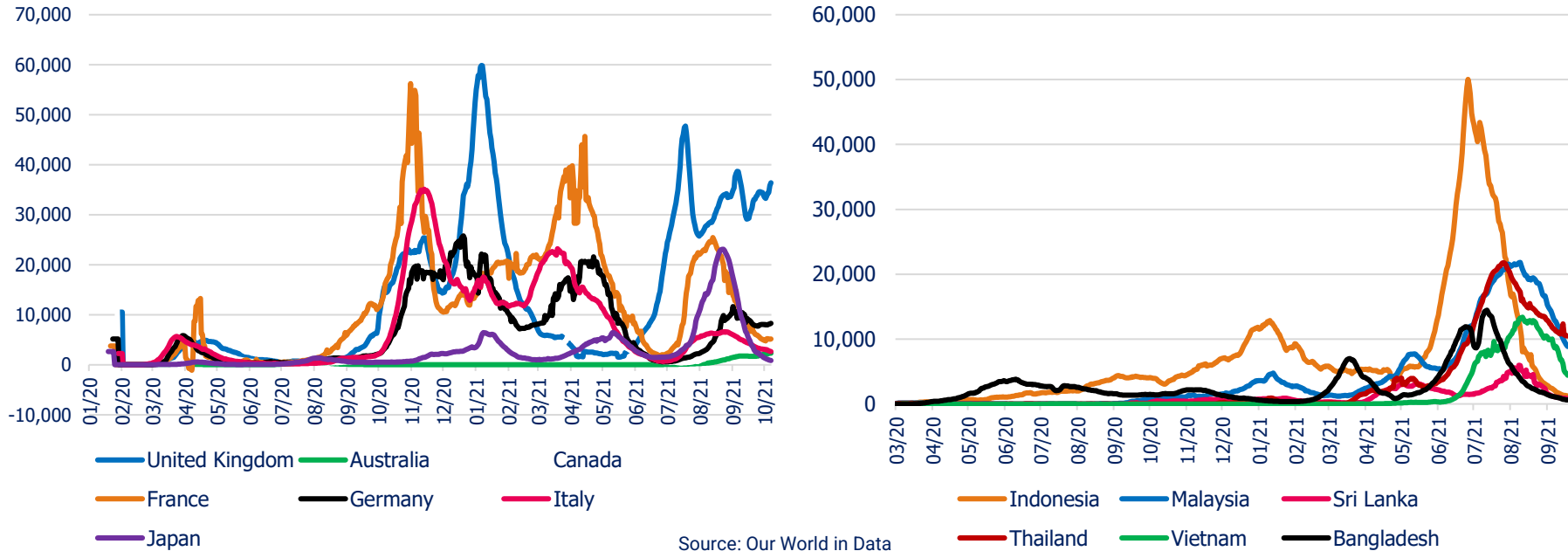


01

Macroeconomic Summary

Covid-19 pandemic and impacts on
Vietnam macroeconomic

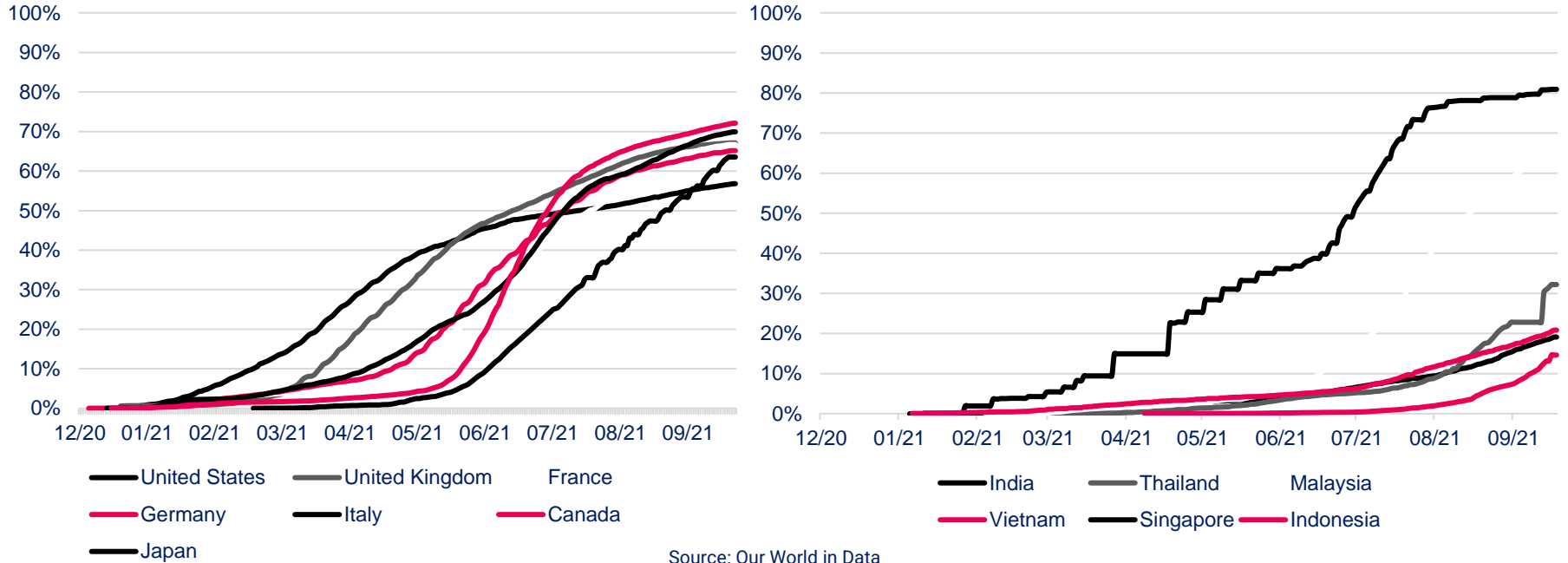
Asia is the Covid-19 hot spot through out three quarter of 2021



Source: Our World in Data

2020 was a bad year for developed countries such as US, China, Canada and those in Europe those are hit hard by several waves of Covid-19; by 2021, the delta variant's hot spots were Asian countries such as India, Thailand, Indonesia, Vietnam.

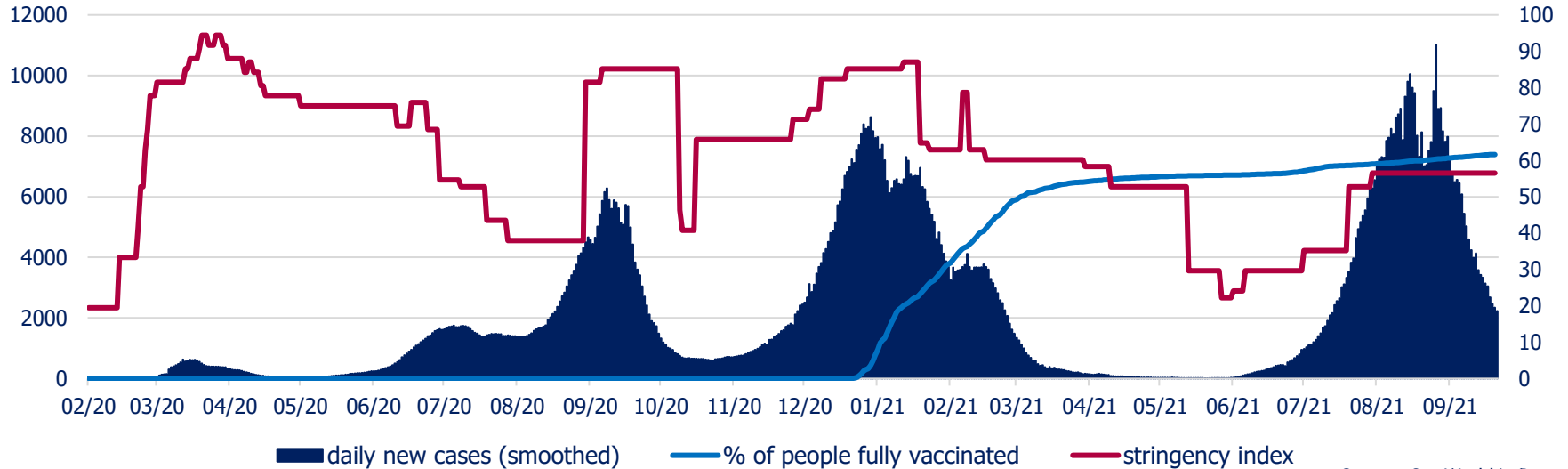
The group of developed countries that can control vaccines has far surpassed the ASEAN group in vaccination speed



Although the rate of vaccine coverage has elevated quickly since July and August, the group of ASEAN countries is still quite far from the 70%-85% vaccination coverage level, the theoretical threshold that is supposed to help countries to open border and coexist with the pandemic.

Delta variant makes herd immunity more difficult than ever - Israel case

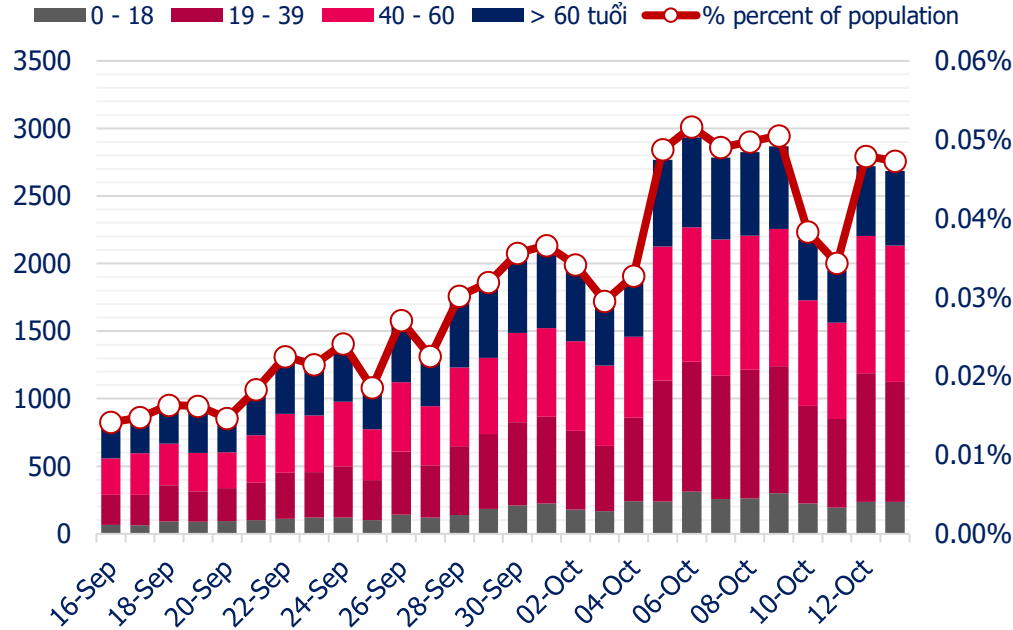
Israel



Source: Our World in Data

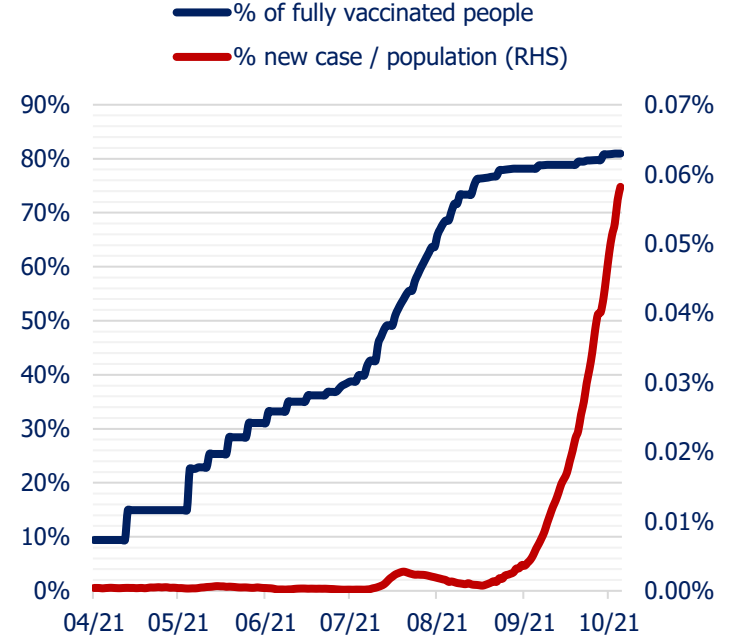
However, vaccination rates do not mean that new waves of covid will not return. Israel had the highest and earliest vaccination rates in the world. However, the country still faces the 4th wave of covid with a unprecedented number of infected people, despite having achieved a vaccination rate of about 55% of the population of all ages, equivalent to approximately 76% of the population aged 16 years and over.

Delta variant makes herd immunity harder than ever - Singapore



Source: data.gov.sg

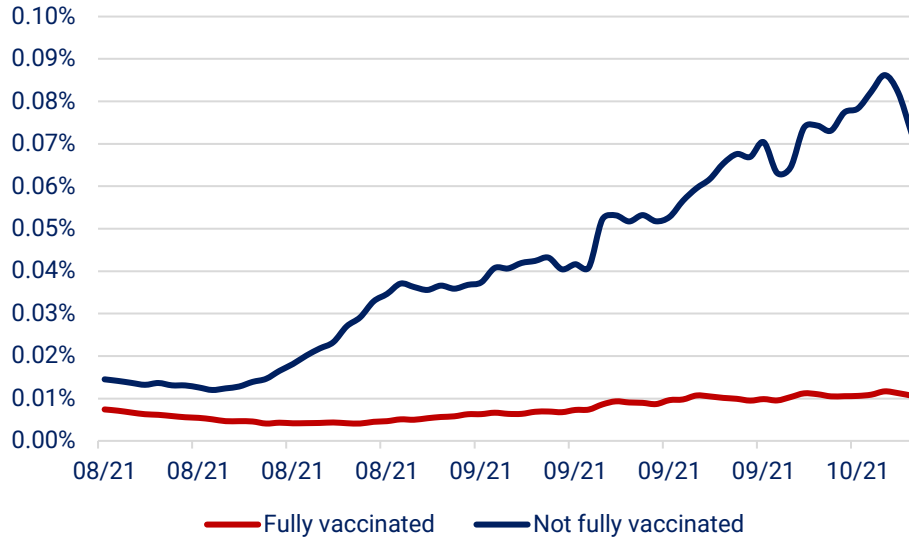
Similar to Israel, Singapore is undergoing a new wave of covid despite having one of the highest rates of fully vaccinated population in the world with vaccines that have efficacy of more than 90% such as Moderna and Pfizer.



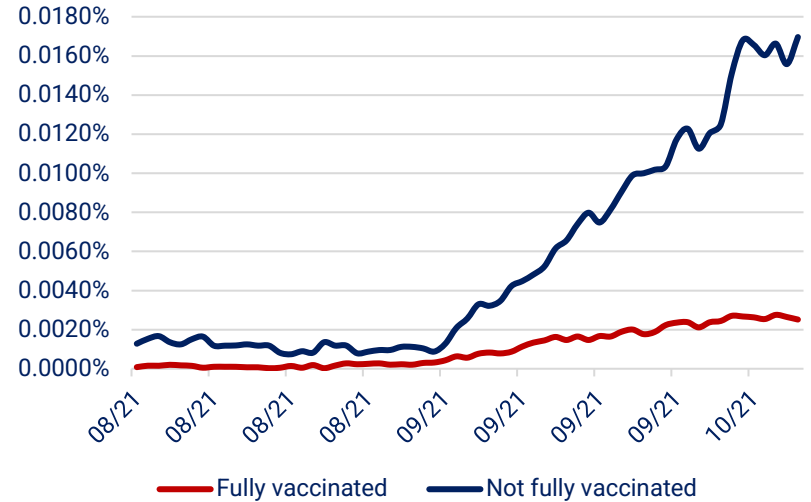
Source: Our World in Data

Vaccines cannot eradicate covid-19, but can help countries to coexist sustainably with the pandemic

Daily rate of hospitalization



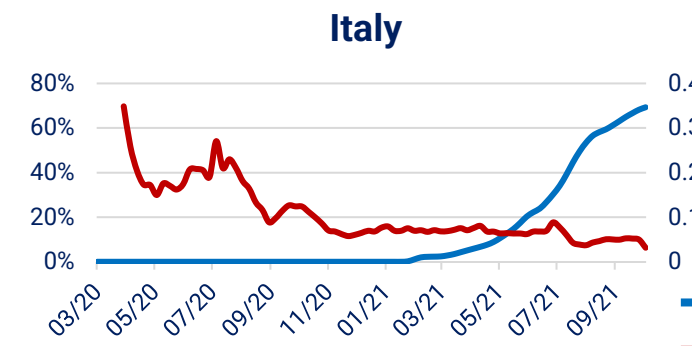
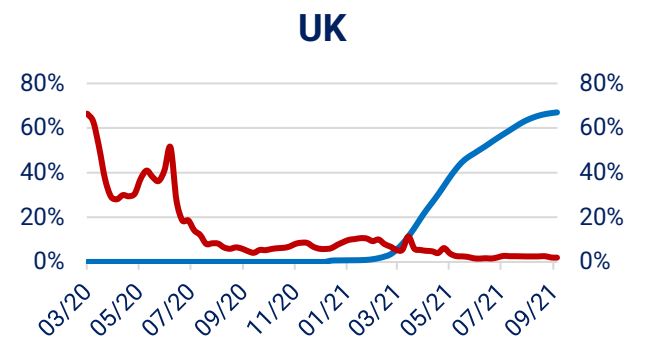
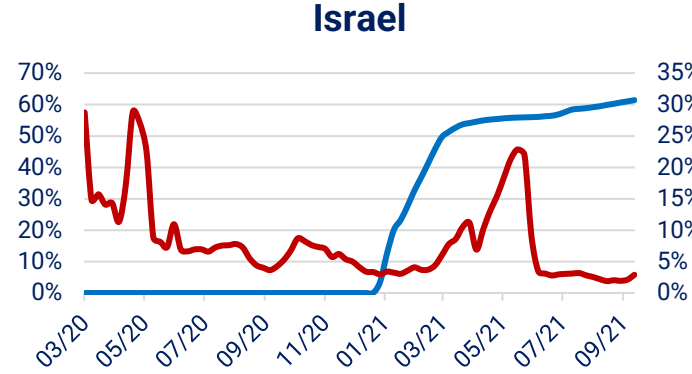
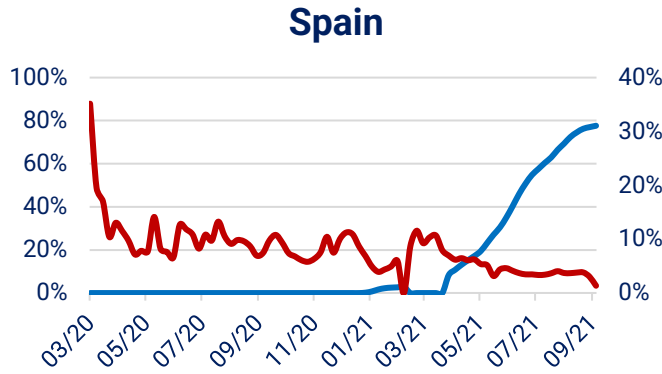
Daily rate of patients that require oxygen supplementation



Source: data.gov.sg

However, vaccines have helped reduce severe cases, lessening the burden on the healthcare system. According to Singapore Government data, the rate of cases requiring hospitalization in the unvaccinated group is about 7-8 times higher than this figure for the fully vaccinated group.

Vaccines cannot eradicate covid-19, but can help countries to coexist sustainably with the pandemic



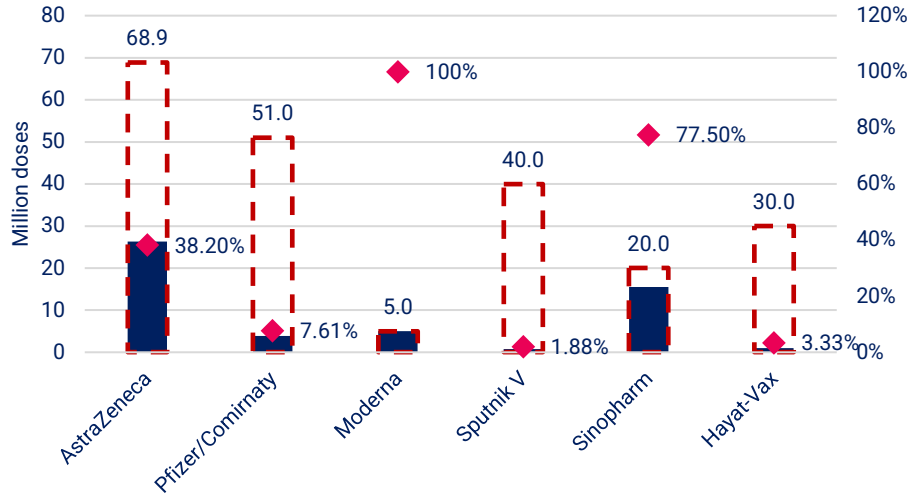
In Spain, after vaccination phase, the rate of hospitalization per weekly cases has decreased from about 10% to only about 5% and continues to decrease. Similarly, Italy has also decreased from about 7 - 9%. Only UK has a hospital admission rate of about 2% - 3%.

Notably, Spain, Israel, and Italy all have a hospitalization rate of about 5%, which has remained stable from the end of June until now, the same time as these countries reached the 60% rate of fully vaccination.

■ % Fully vaccinated
■ Hospitalization rate (RHS)

Source: Our World in Data

Major cities in Vietnam have reached vaccination rate of 50% to 70%

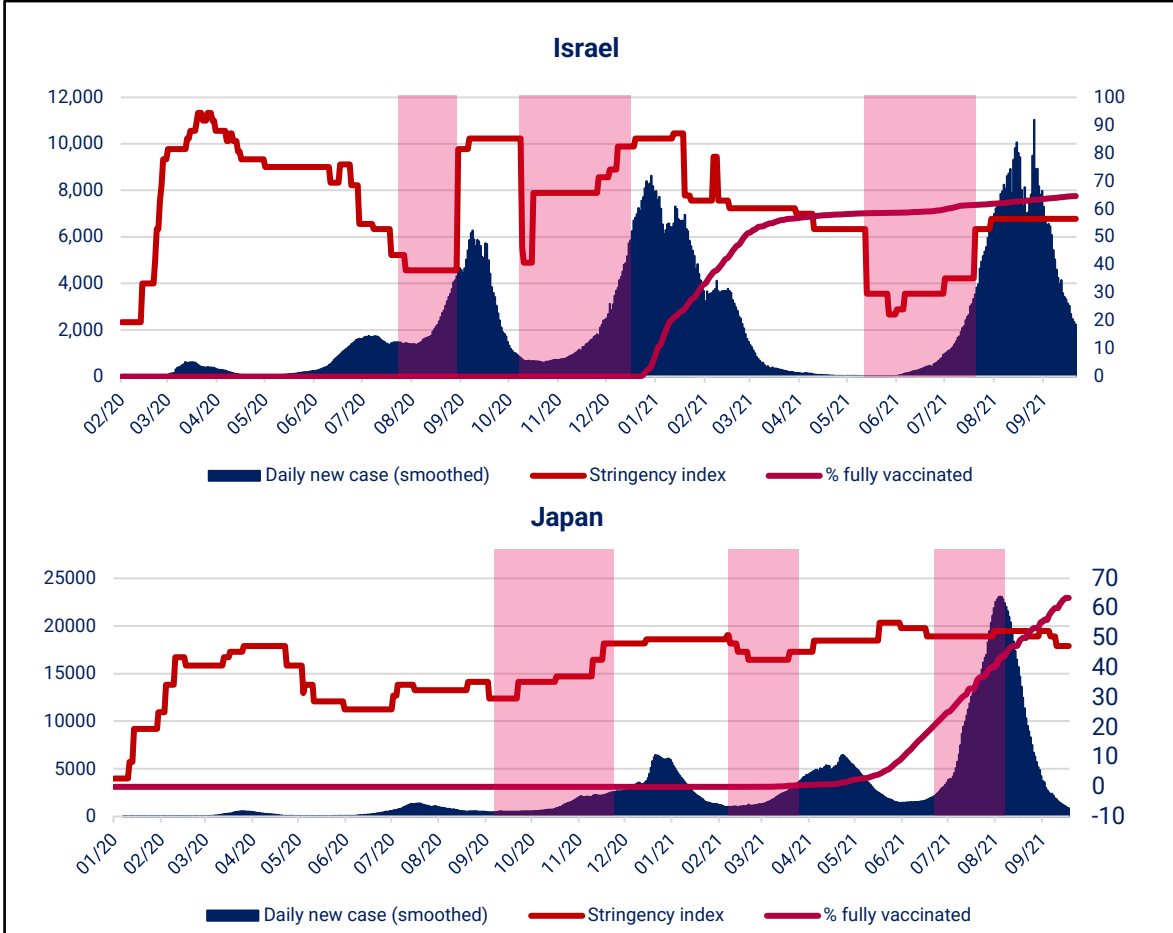


	Adjacent provinces	Industrial Park	Vax Allocation rate	% Vaccinationed	% Fully vaccinated
Hanoi	x	x	80%	100%	50%
Bac Ninh		x	47%	66%	29%
Hai Phong			43%	47%	22%
Hai Duong	x	x	22%	39%	13%
Vinh Phuc	x	x	25%	47%	9%
Hung Yen	x	x	24%	41%	8%
Quang Ninh		x	88%	100%	66%
Ha Nam	x		38%	75%	7%
Phu Tho	x	x	14%	25%	7%
Hoa Binh	x		16%	31%	9%
HCM			94%	100%	76%
Long An	x	x	104%	100%	71%
Dong Nai	x	x	75%	100%	50%
Binh Duong	x	x	96%	100%	51%
Ba Ria - Vung Tau	x	x	46%	82%	13%
Da Nang			54%	99%	15%
Khanh Hoa	Tourism province		69%	100%	37%
Kien Giang			32%	40%	7%

Source: VnExpress

■ Received ▭ Total ordered ◆ Percent

- **Financial Centers (Hanoi and Ho Chi Minh City):** achieved relatively high vaccination rates and are likely to reach "a new normal condition" around Q1/2022, assuming the supply of vaccines were adequate.
- **Satellite cities:** Satellite cities play an important role as they are home to many industrial parks and they also provide necessities for big cities and the whole country. The protection of satellite cities also helps to maintain the stability of Hanoi and Ho Chi Minh city. While the full-vaccinated rate of satellites around TP. Ho Chi Minh City has reached 50%, this figures of Hanoi's satellite cities are relatively low. The available vaccines are allocated to workers in industrial zones.
- **Tourists attraction such as Da Nang, Khanh Hoa – Nha Trang:** prioritized to receive vaccines and can be open to tourists in 2022.



The risk of the 5th Covid wave in Vietnam still exists in 2022

In September 2021, Vietnam announced a change in strategy against pandemic, allowing the resumption of many services. Many countries in the world such as Singapore, Australia, and New Zealand have also changed their pathway against Delta variant.

However, Japan and Israel are the evidence that every time government loosen the social distancing, a new wave of Covid-19 may start and those governments will have taken stricter control measures again.

A similar scenario is likely to happen in Vietnam in 2022, in which new waves may continue to return every 3-5 months and service and business activities will be restricted again.

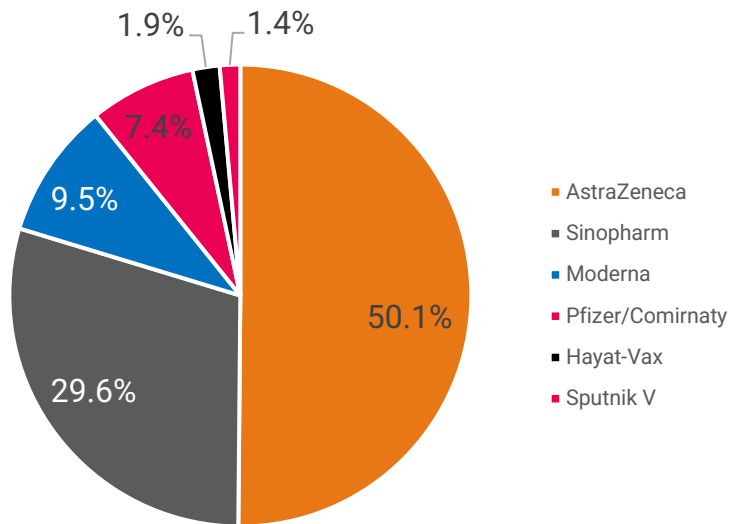
Source: Our World in Data

	2 week	After	Time
AstraZeneca (1)	92%	67%	4 - 5 months
Pfizer/Comirnaty (2)	91%	77%	> 4 months
Moderna (2)	93%	92%	> 4 months
Sinovax (3)	79%	N/A	

The risk of the 5th Covid wave in Vietnam still exists in 2022

Another factor to be considered is the difference of protection rate from severe cases among various vaccines. Unlike Israel and Japan, the two countries mainly use western vaccines such as AstraZeneca, Pfizer / Comirnaty and Moderna - vaccines that are highly effective in reducing hospitalizations, Vietnam has about 30% of Sinopharm, which has an efficacy against hospitalization of about 79% (after 2 weeks of vaccination), lower than the 90% level of other vaccines.

Vaccines used in Vietnam



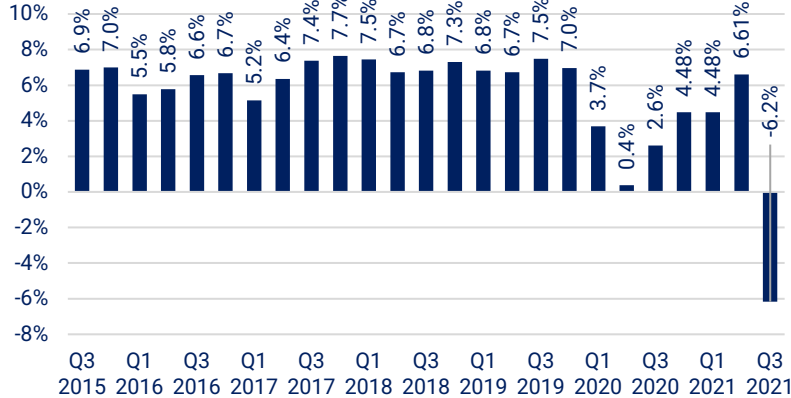
(1) <https://www.gov.uk/government/news/vaccines-highly-effective-against-hospitalisation-from-delta-variant>

(2) https://www.cdc.gov/mmwr/volumes/70/wr/mm7038e1.htm?s_cid=mm7038e1_w#T2_down

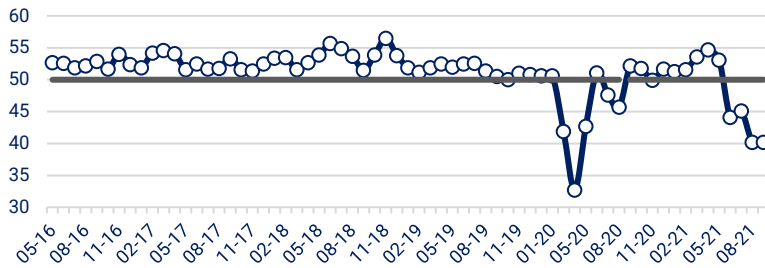
(3) <https://www.who.int/news-room/feature-stories/detail/the-sinopharm-covid-19-vaccine-what-you-need-to-know>

Vietnam has the first quarter of negative GDP growth rate in years

Real GDP growth rate

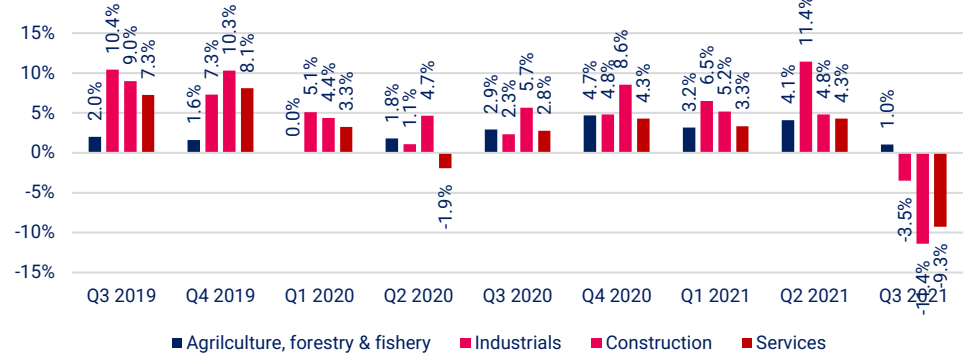


PMI



Source: GSO

Real GDP growth rate by sector

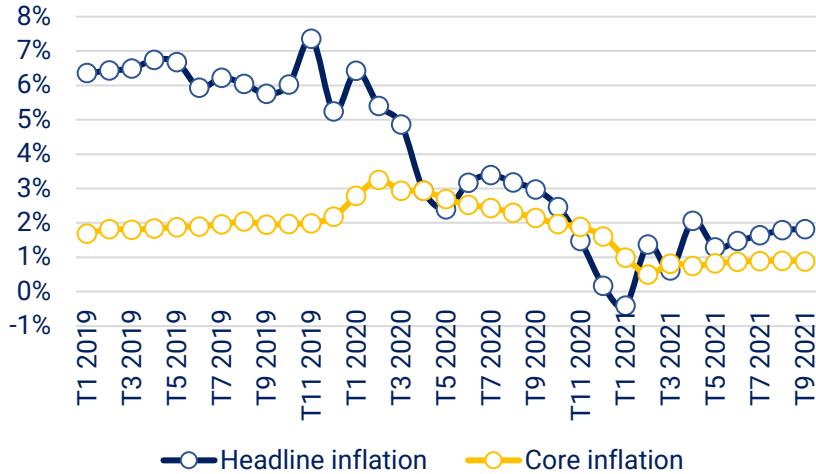


In the third quarter of 2021, GDP decreased by 6.17%, of which the construction industry and service sectors decreased by 5.02% and 9.28% respectively, the group of Agriculture, forestry and fishery increased by 1.04%. Negative GDP growth in the third quarter dragged the cumulative growth in the first 9 months to 1.42% (down from 5.6% in the first 6 months).

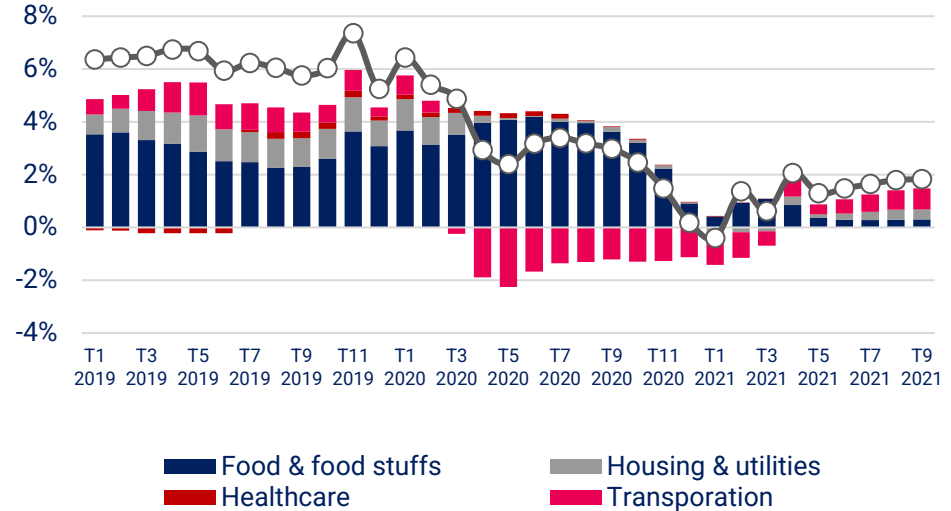
Vietnam's PMI in September 2021 was 40.2 points. Leading indicators, such as new orders from both domestic and foreign markets, saw their biggest drop since March 2020. However, the PMI could recover very quickly once the epidemic is under control like in April last year. Until now, VBMA believes that there have not been many signs that foreign capital may withdraw from Vietnam while the movements of FDI and exchange rate in recent months are still sending positive signals.

Inflation gradually increased in the last months of the year as oil prices approached the previous high of 2018

Inflation (YoY)



Contribution to headline inflation



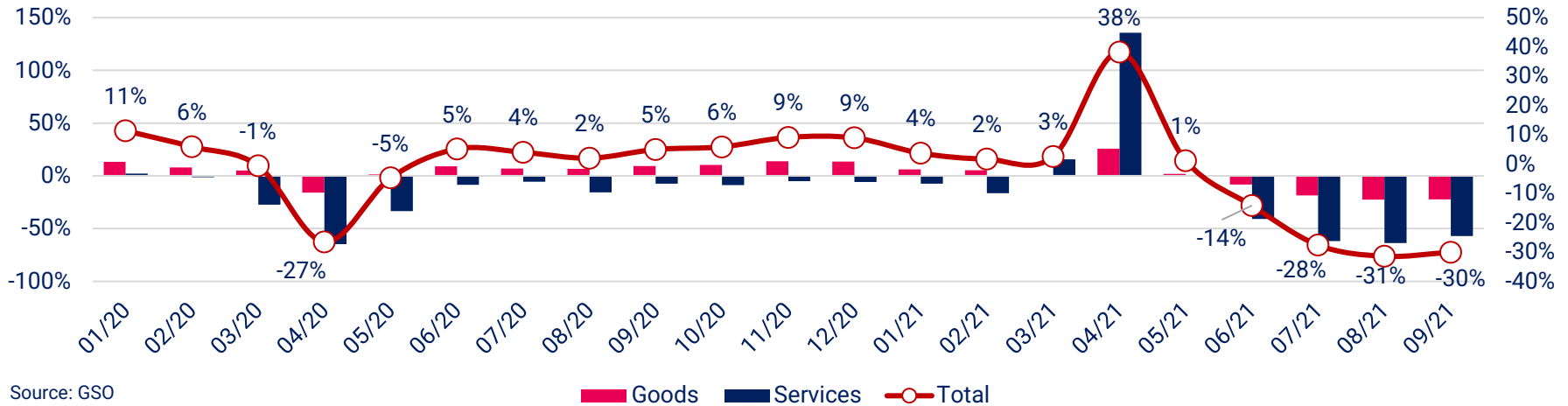
Source: GSO

CPI in September 2021 and the average CPI of the first 9 months of 2021 increased by 2.06% and 1.82%, respectively compared to the same period last year. Contributing to the headline inflation rate in the first 9 months of 2021, necessities such as food and transportation increased by 5.32% and 8.24% respectively (YoY).

Due to the low oil price level in 2020, transportation costs continue to be the main contributor to inflation. Forecasted in the last months of the year, CPI may increase higher thanks to two components of food and transportation. With food and food stuffs sector, the gradual reopening of major cities like Hanoi and Ho Chi Minh City along with the high pressure of food prices at the end of the year will push up the price level of this sector. As for transportation costs, the low oil price level in 2020 makes oil price always the main factor contributing to inflation for the whole year 2021. Besides, the decision not to increase output compared to the plan in April 2021 of the OPEC+ group has pushed oil prices above records over multiple years. Market participants believe that the Brent oil price could reach \$100 before the end of 2021.

Retail and service activities have decreased by 30% for 3 consecutive months due to widespread social distancing

Retail value of goods and services consumption by month (compared to the same period)

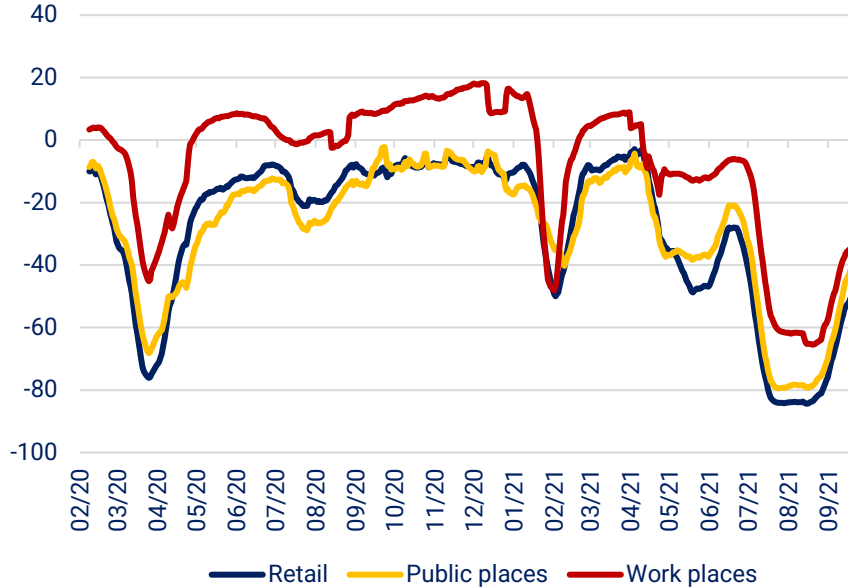


Source: GSO

The prolonged social distancing period in big cities has led to a sharp drop in the total retail sales of goods. In the third quarter, the retail value of goods and services decreased by about 28 - 30% compared to the same period last year. This is the 2nd drop (after April 2020) and the biggest drop since 2009 for this index. In the fourth quarter, this value is expected to recover again when Hanoi ended social distancing and Ho Chi Minh City also allows services to be reopened. However, the speed of recovery will be slow because (1) the prolonged period of time has caused the income of small and medium enterprises and households to decrease and (2) the centers of large service consumption such as Hanoi and Ho Chi Minh is not yet fully open to outside workers. In Hanoi, students - a large service consumer - are only expected to return around the beginning of November, while in Ho Chi Minh City, labor market will still need time to recover until the pandemic is completely controlled.

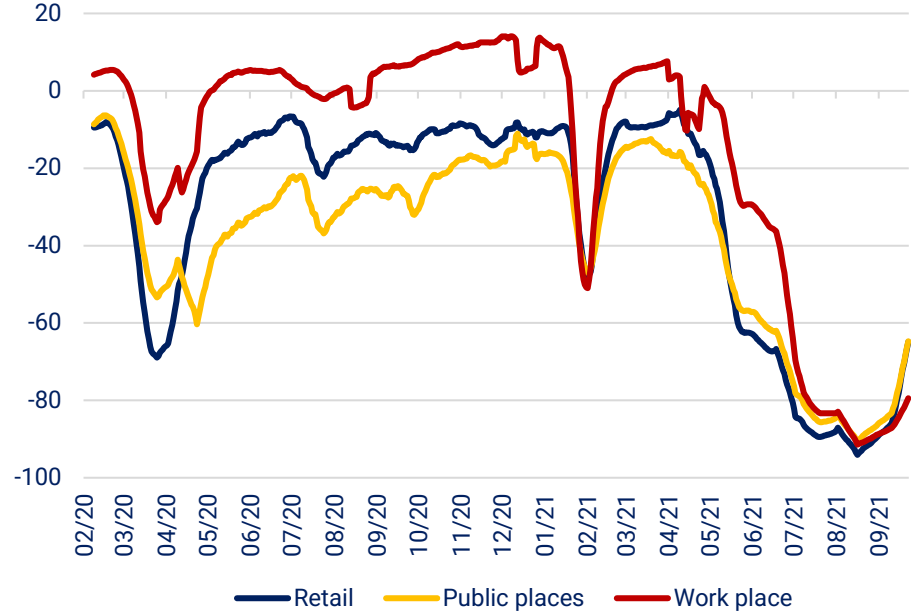
Google mobility index signals a recovery in retail and services

Mobility Index - Hanoi



Source: Google Mobility Index

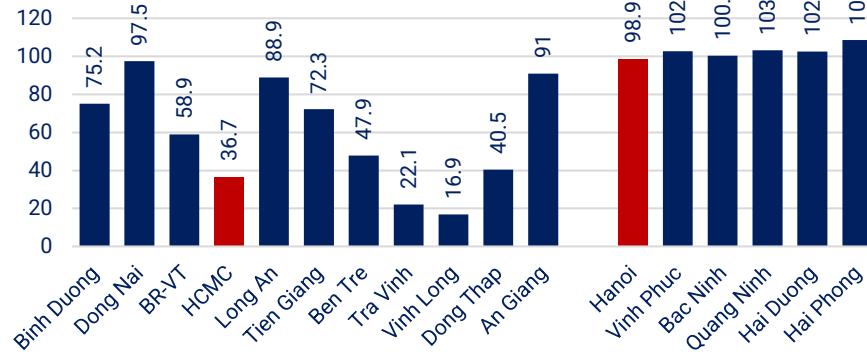
Mobility Index - HCM



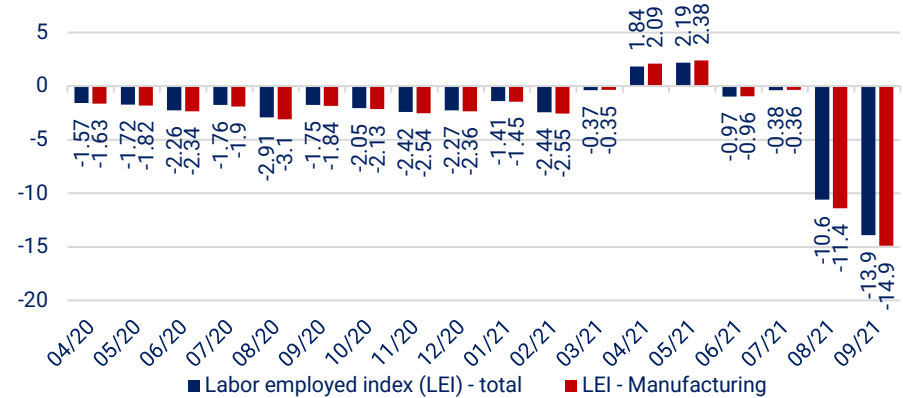
With the policy of coexisting with the pandemic, Hanoi and Ho Chi Minh have reopened public activities. The Google mobility index has also shown a recovery since the beginning of September. However, these indexes for both cities are still far from the year-end averages of 2020. Hanoi's activities are still 40% - 50% lower than before the pandemic, while that of Ho Chi Minh City is 60% - 80%.

The pandemic has caused the labor utilization index of the southern provinces to decrease rapidly and the recovery will take longer than the northern provinces

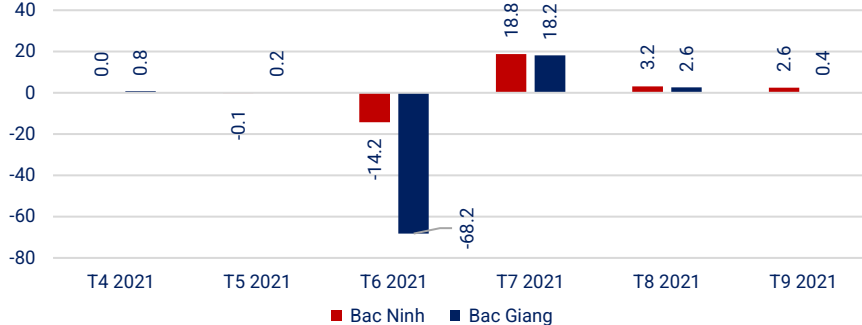
Labor utilization index over the same period last year - September 2020



Changes in labor utilization by industry



Changes in the labor utilization index (compared to the previous month) of Bac Giang and Bac Ninh

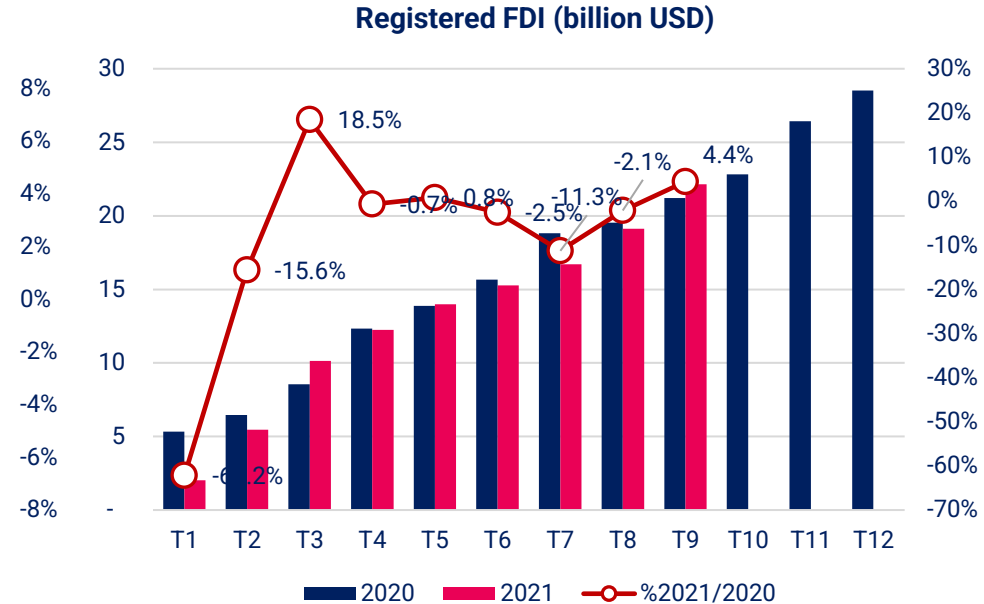
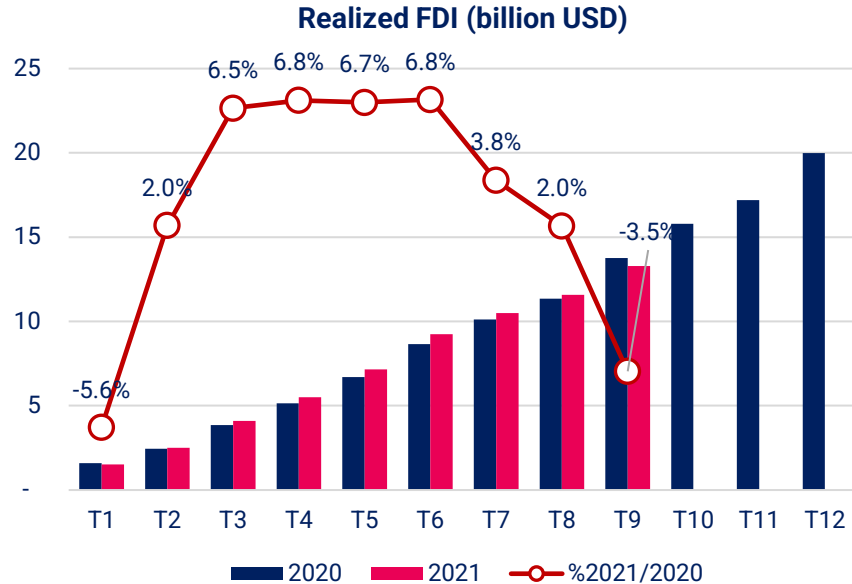


The pandemic caused the labor utilization index in the southern provinces to drop sharply. Because the pandemic outbreaked earlier in the northern provinces such as Bac Ninh and Bac Giang, the labor force has now recovered. Meanwhile, in many key industrial provinces in the south, the labor utilization index is only from 50% - 70% over the same period.

The number of businesses in the manufacturing and processing industries decreased more sharply than the entire industrial workforce.

Source: GSO

Disbursed FDI decreased, but registered FDI in the manufacturing and processing industry still increased by 19.7%, which is a positive sign.



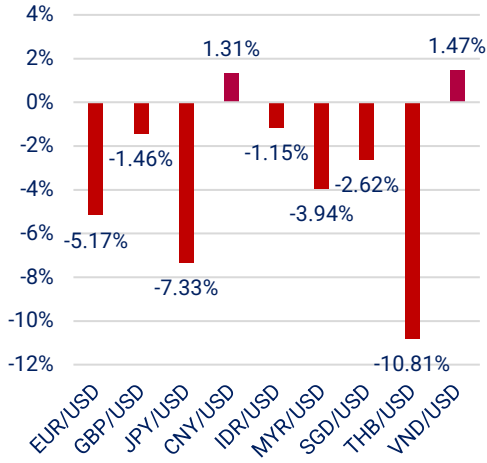
Source: FIA

According to data of the FIA, accumulated in 9 months, registered FDI and disbursed FDI were approximately USD 22.1 billion (+4.4%yoy) and USD 13.28 billion (-3.5%yoy), respectively. Although the amount of registered capital to buy shares still decreased by 43% compared to last year, the amount of newly registered and additionally registered capital increased by 20.7% and 25.1%, respectively.

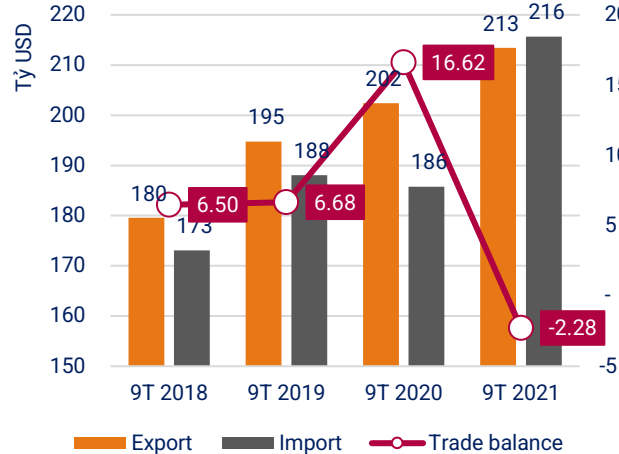
Although total FDI only increased by 4.4%, the components showed a more positive signal as FDI continued to flow into industries with sustainable qualities. Specifically, FDI in the manufacturing and processing industry and electricity production & distribution increased by 19.7% and 26.6%, respectively. The real estate sector recorded \$1.7 billion in cumulative registrations, equivalent to 56% of the value in the same period last year.

Trade balance in September had a surplus of about 500 million USD, temporarily ending the chain of 5 consecutive months of Vietnam's trade deficit

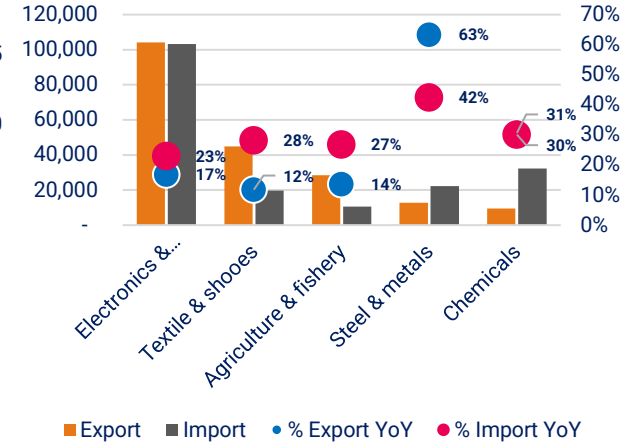
Exchange rates



Export-import and goods trade balance 9M



Export-import value of some main commodities

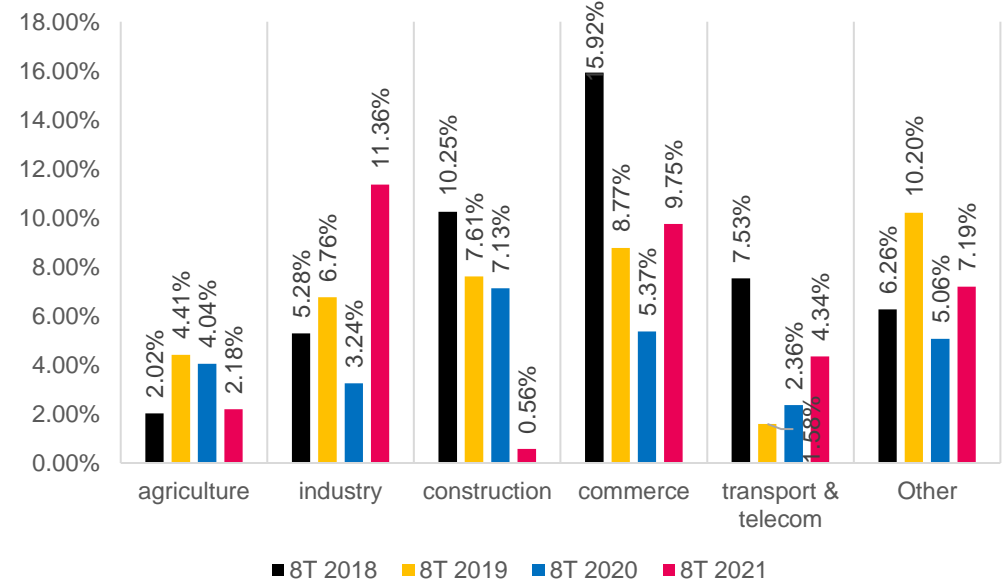
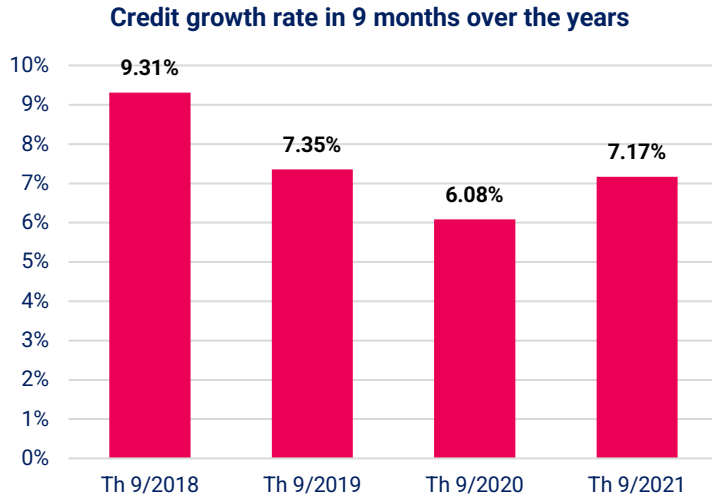


As of early October, VND appreciated by about 1.47% against USD and was one of the few currencies in the region to appreciate despite the trade balance deficit of 2.2 billion USD, much lower than the surplus of about 10 billion USD average over the same period from 2018 to 2020. The price increase this year will help reduce the pressure on the SBV's exchange rate when the FED together with the economies in the ASEAN region are forecast to start raising interest rates in the end of 2022.

Accumulated in 9 months, Vietnam has a trade deficit of 2.2 billion USD. In September alone, the trade surplus was about 0.5 billion USD, ending the chain of 5 months of trade deficit since April. Domestic companies had a trade deficit of 21.3 billion USD, while FDI companies had trade surplus of 19.5 billion USD (*) Thanks to the resumption of operations of China's major manufacturing centers, import and export turnovers of all major commodity groups grew at double-digit rates over the same period in 2020.

(*) 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.

Accumulated credit growth in the first 9 months is equivalent to the same period in 2019



Source: SBV

Credit growth in the first 9 months of the year reached 7.17%, equivalent to the same period in 2019 and higher than 6.08% of 2020. In September, accumulated credit growth decreased from 7.42% in August.

In which, industrial and commercial activities increased the most, 11.3% and 9.7% respectively, higher than the growth rate of 2019. Credit flowed into construction activities increased by only 0.5%, much lower than the 7% level of previous years. In the third quarter, it is expected that credit growth will increase more strongly when (1) construction activities continue when social distancing measures are loosened (2) credit targets are extended for commercial and state-owned banks to 11% - 17% depending on each bank.

Key economic indicators

	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021
GDP growth rate (%)												
Real GDP growth		4.48			4.65			6.57				-6.17
Agriculture, forestry and fisheries		4.69			3.51			4.11				1.04
Industry		4.80			6.29			11.45				-3.50
Construction		8.56			6.53			4.82				-11.41
Services		4.29			3.62			4.30				-9.28
Accumulated FDI (%YoY)												
Disbursed FDI	0.4	1.5	3.6	4.1	2.0	6.5	6.8	6.7	6.8	3.8	2.0	-3.5
Registered FDI	-2.5	-2.4	-2.0	-62.5	-12.9	41.4	13.7	16.4	12.4	3.5	11.6	22.3
Fiscal Balance (Accumulated)												
Fiscal revenue (%YoY)		-2.79			3.25			15.90				10.47
Government spending (%YoY)		2.29			-0.35			-4.80				-7.47
Surplus/Deficit		-280,105			61,815							46,930
Surplus (Deficit)/GDP (%)		-13.2			3.16			3.93				2.36
International Trade												
Export (%YoY)	4.9	5.4	6.4	51.2	21.8	20.5	25.8	27.7	25.8	22.9	18.4	15.9
Import (%YoY)	-0.2	1.2	3.1	41.9	27.0	27.1	31.5	35.8	35.3	34.4	32.5	29.5
Trade balance (mil USD)	2939	660	-1000	1300	-800	400	-1500	-2000	-1000	-1700	-1300	500
Inflation(%)												
Headline	2.47	1.48	0.99	0.49	0.70	1.16	2.70	2.90	2.41	2.64	2.82	2.06
Core	1.88	1.61	0.19	-0.97	0.79	0.73	0.95	1.13	1.14	0.99	0.98	0.74
Finance (%)												
Credit growth (%)	10.30	11.00	12.17	12.91	12.71	13.99	15.21	15.42	15.19	15.26	14.98	
Policy rate (OMO rate) (%)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Money supply (M2) growth (%)	13.98	14.16	14.53	13.42	14.57	14.82	15.63	14.92	13.75	13.70	12.74	
ON interbank rate	0.10	0.11	0.11	0.11	1.09	0.29	0.42	1.23	1.17	0.98	0.80	0.65
10-year G-bond yield (secondary)	2.54	2.55	2.38	2.26	2.26	2.38	2.38	2.34	2.21	2.17	2.09	2.09
USD-VND mid-quote VCB (monthly average)	23185	23173	23130	23074	23018	23061	23070	23053	22996	23007	22848	22766



02

Government bond market

Primary market
Secondary market

G-BOND AUCTION RESULTS

In the third quarter of 2021, the State Treasury of Vietnam (STV) held 51 auctions of Government bonds with a total offering value of VND 119,750 billion, of which the winning value reached VND 96.221 billion. The winning rate was **80%**. Total winning value decreased by 4.6% Q/Q and 31% Y/Y. The winning rate decreased by 6% compared to the third quarter of 2020 and decreased by 2% compared to the second quarter of 2021.

Total value of government bonds issued in the third quarter of 2021 reached **80.2% of the quarter plan**. In which, the issuance value of each tenor were:

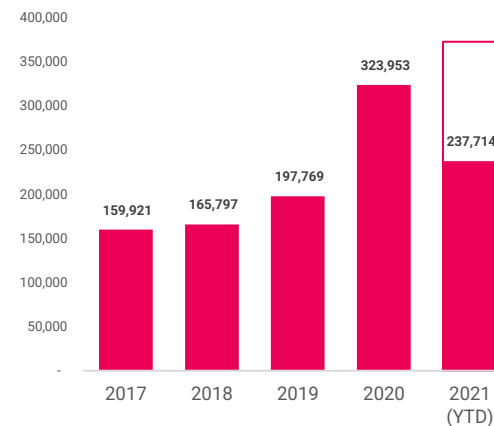
5-year: VND 6,079 billion (60.8% of the quarter plan), 7-year: VND 2,700 billion (33.8% of the quarter plan), 10-year: VND 30,892 billion (77.2% of the quarter plan), 15-year: VND 37,872 billion (75.7% of the quarter plan), 20-year: VND 7,065 billion (141.3% of the quarter plan), 30-year: VND 11,613 billion (165.9% of the quarter plan).

The total value of government bonds issued since the beginning of the year till the end of the third quarter of 2021 reached **64% of the 2021 adjusted plan**.

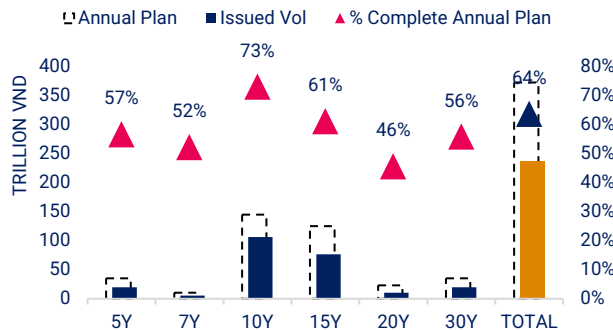
Quarterly Government Bond winning rate



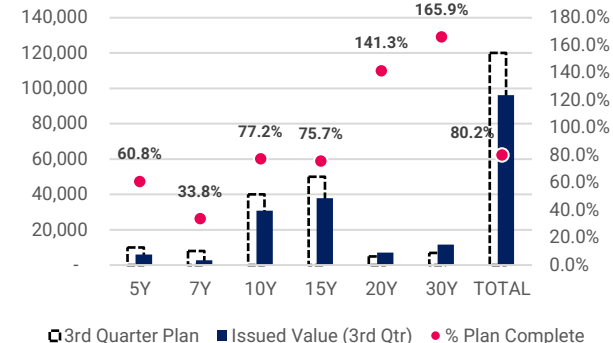
Annual Issuing Value



ISSUED VALUE BY TENORS



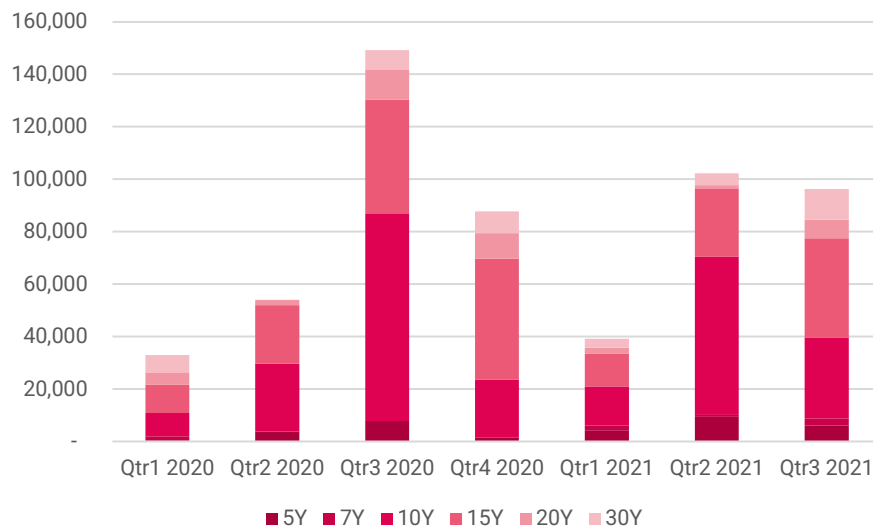
Auction results in third quarter of 2021



ISSUING RATES AND TENORS

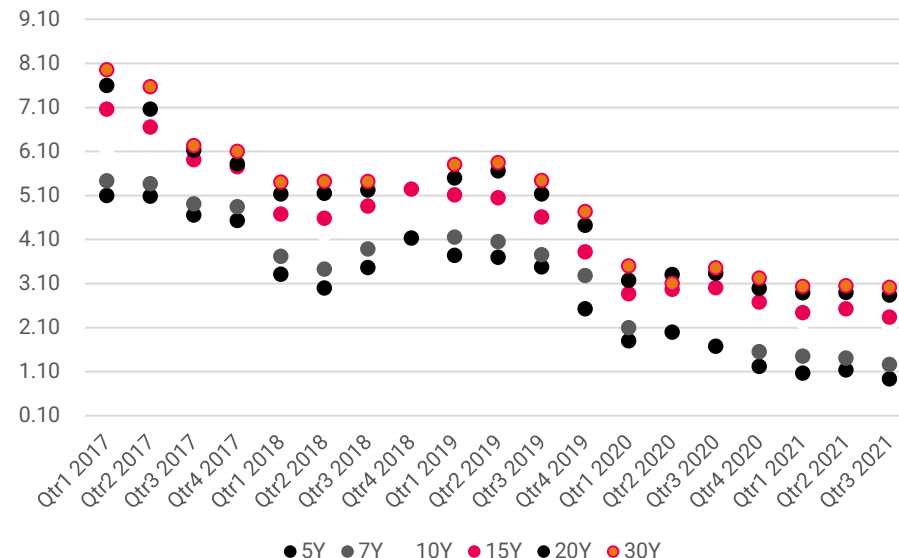
In the third quarter of 2021, 10-year and 15-year tenors accounted for most of the issuing value, reaching 32.11% and 39.36% of total figure, respectively. Tenors of 10 years or above were prioritized for issuance in recent years. The issuance proportion of the remaining tenors are as specified: 5 years (6.32%), 7 years (2.81%), 20 years (7.34%) and 30 years (12.07%).

Proportion of winning value by tenors



Issuing interest rates decreased at all tenors. Compared to the second quarter of 2021, issuing rates at all tenors decreased by 4 to 20 bps, of which 5-year, 10-year and 15-year tenors faced the largest decreases.

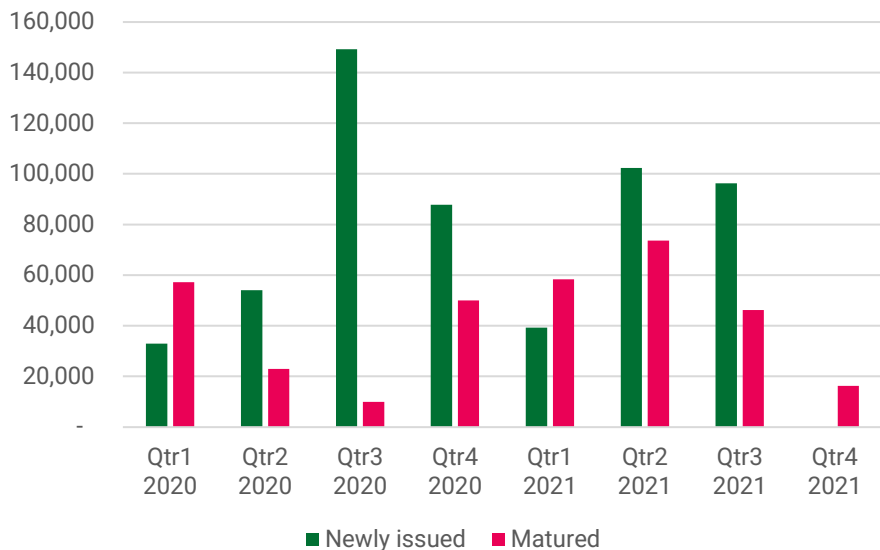
Average issuing rate by tenors



ISSUANCE PLAN AND GOVERNMENT BOND MATURITY PROFILE

The total issuance plan for 2021 has been adjusted to VND 373,000 billion. By the end of the third quarter of 2021, the total successfully issued value reached VND 237,714 billion. Therefore, in the fourth quarter of 2021, to complete the plan, the State Treasury of Vietnam must successfully issue further VND 135,286 billion. The issuing plan in the fourth quarter of 2021 is VND 135,000 billion. There will be approximate VND 16,274 billion of government bonds matured in the fourth quarter 2021.

Issuing value compared to matured value



ISSUING PLAN IN Q4/2021

Tenor	Issuing Plan
5 years	VND15.000 billion
7 years	VND 5.000 billion
10 years	VND 37.000 billion
15 years	VND 50.000 billion
20 years	VND 13.000 billion
30 years	VND 15.000 billion
Total	VND 135.000 billion

ADJUSTED ISSUING VALUE OF GOVERNMENT BOND IN 2021

Tenor	Initial Annual Plan	Adjusted Annual Plan
5 years	VND 20.000 billion	VND 35.000 billion
7 years	VND 15.000 billion	VND 10.000 billion
10 years	VND 120.000 billion	VND 145.000 billion
15 years	VND 135.000 billion	VND 125.000 billion
20 years	VND 30.000 billion	VND 23.000 billion
30 years	VND 30.000 billion	VND 35.000 billion
Total	VND 350.000 billion	VND 373.000 billion

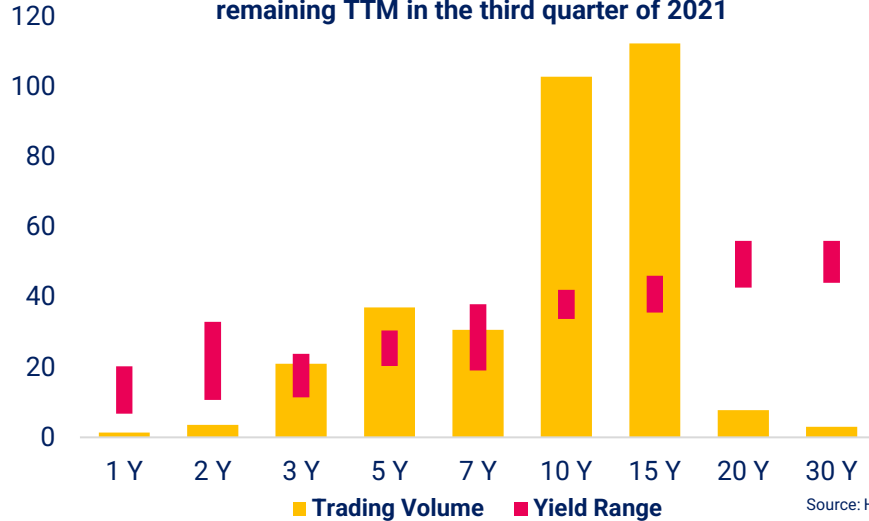
TRADING VALUE

Total government bond's trading value: **VND 628,073 billion**
 In which, Outright trading value : **VND 451,804 billion**
 Repo trading value : **VND 176,269 billion**

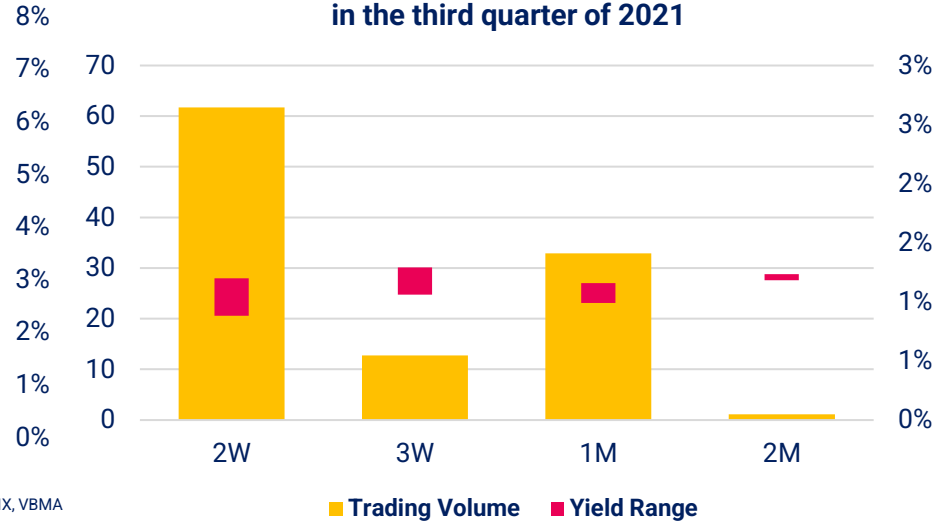
Regarding Outright transaction, 10-year and 15-year tenors were the two most traded tenors, with trading yields ranging from 2.25% - 2.8% at 10-year tenor and 2.4% - 3.1% at 15-year tenor.

Regarding Repo transaction, 2-week and 1-month tenors were the most traded tenors, with average repo rates fluctuated around 0.88% - 1.2% at 2-week tenor and 0.9% - 1.15% at 1-month tenor.

Trading Volume and yield range of Outright transaction by remaining TTM in the third quarter of 2021



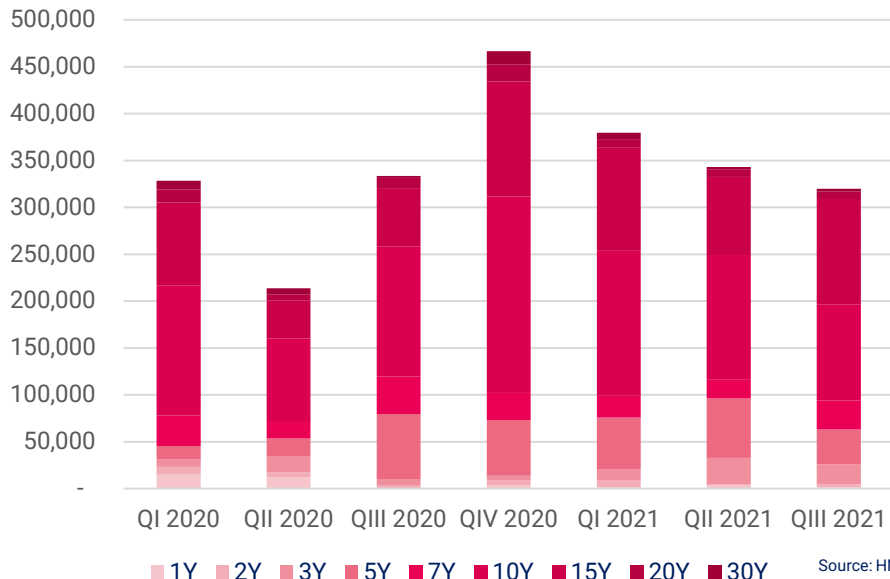
Value and yield range of Repo transactions by tenor in the third quarter of 2021



TRADING VALUE

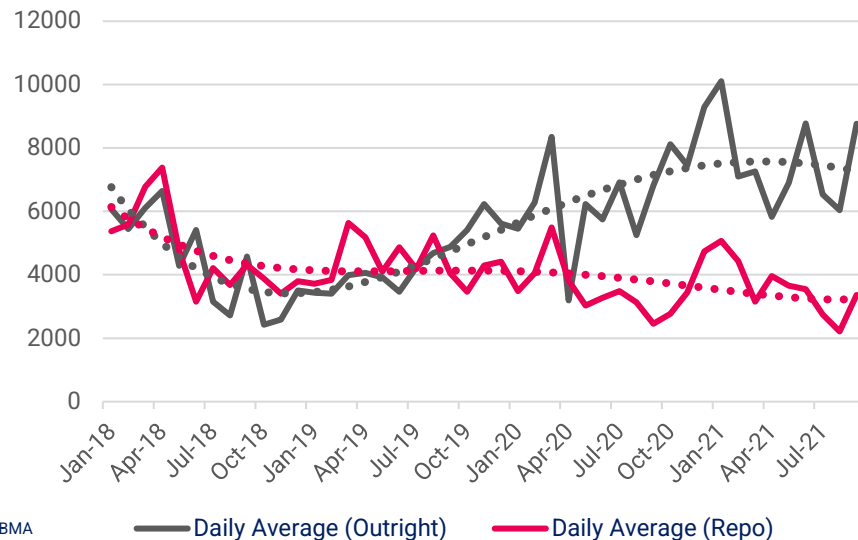
The total trading value of Outright transaction tended to decrease in recent quarters, in which the 15-year and 20-year tenors were more actively traded, the proportion of the trading value of the 5-year and 10-year tenors reduced.

Proportion of trading value by tenors

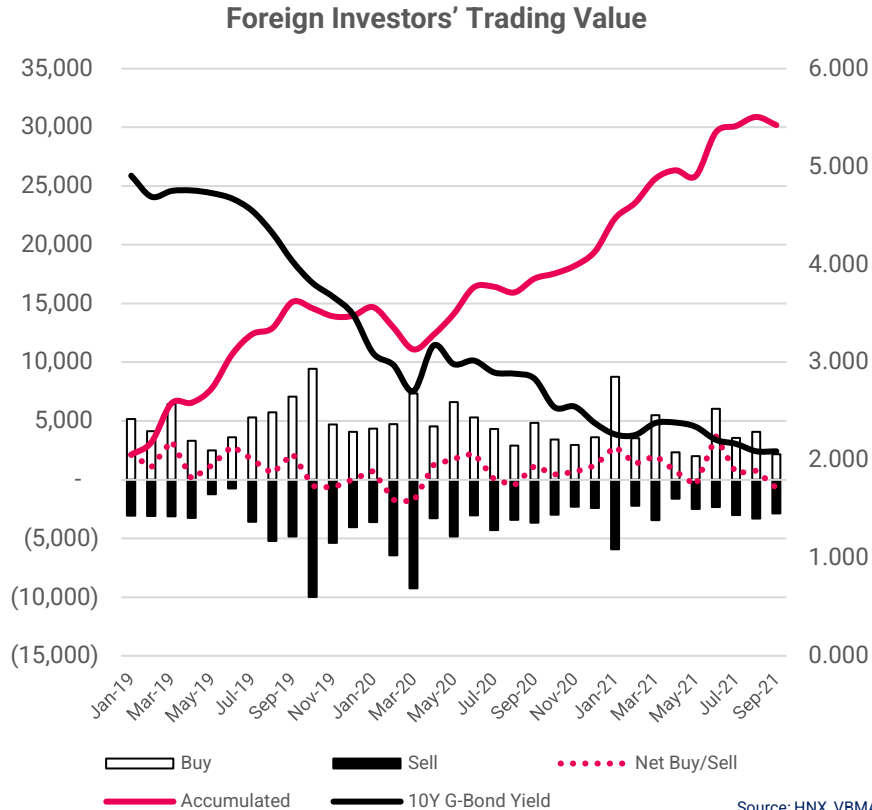


Average daily trading value has diverged unambiguously in the recent 2 years, in which Outright trading volume increased by 2.28% per month on average, while Repo trading volume decreased by 0.16% per month on average, due to the decrease in interest rates. Low interest rate scheme is expected to continue, when the banking system's liquidity remained at a high level.

Average daily government bond trading value



FOREIGN INVESTORS' TRADING VALUE



Source: HNX, VBMA

Foreign investors net bought in July and August, but net sold in September in the context of the long-lasting 4th pandemic wave despite government bond yields decreasing slightly compared to the previous month.

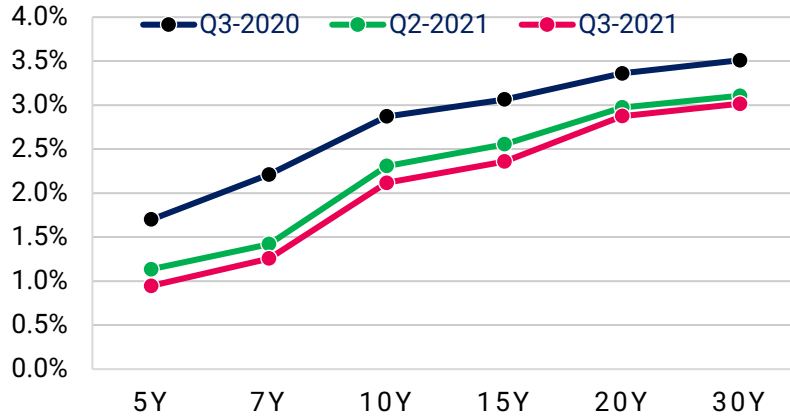
Foreign investors' net selling was usually observed in the month right after the outbreak (February and March 2020 after the first outbreak, August 2020 after the second outbreak, and May 2021 after the 4th outbreak, then foreign investors will only net buy again after the pandemic begin to be under control (about 1-2 months later) during the condition that the trading yield has decreased by about 20-30 bps since the beginning of the year.

Nevertheless, it can be realized that the size of government bond's trading value decreased sharply compared to the same period last year, the total buying and selling value of foreign investors in the third quarter of 2021 decreased by 19% compared to the same period in 2020 and decreased by 40% compared to the third quarter of 2019.

The most traded tenors are 5-year and 10-year tenors. Total Government bond Outright trading value of the Foreign investors in the third quarter accounted for about 2.1% of the total trading value of the whole market, decreased by 50% compared to the same period in 2019 and declined by 0.74% compared to the same period in 2020.

GOVERNMENT BOND YIELD (VBMA Outright MMA)

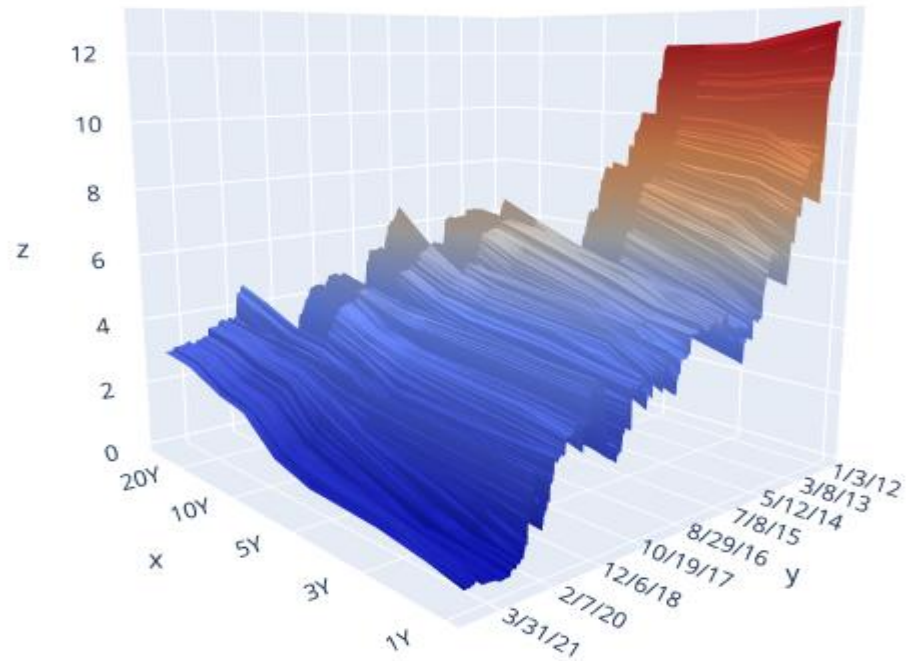
VBMA GOVERNMENT BOND YIELD FIXING



In Q3 2021, Government bond yields according to VBMA Outright MMA decreased from 9 to 20 bps at tenors of 5-year and above and increased from 1 to 5 bps at tenors of 1-year, 2-year and 3-year, compared to the second quarter of 2021. Yields fell from 4 to 95 bps year-on-year.

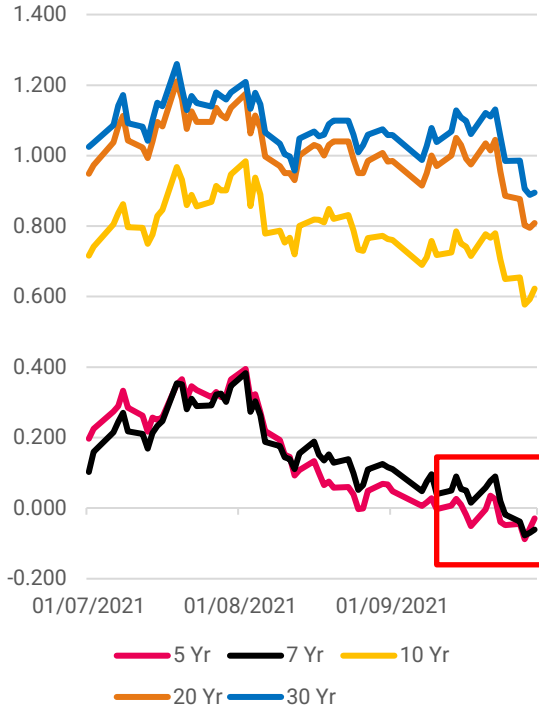
In which, 7-year tenor faced the biggest decrease compared to the same period last year (down 95 bps).

GOVERNMENT BOND YIELD
 (VBMA GOVERNMENT BOND YIELD FIXING)



Government bond yields

VN-US government bond yields spread



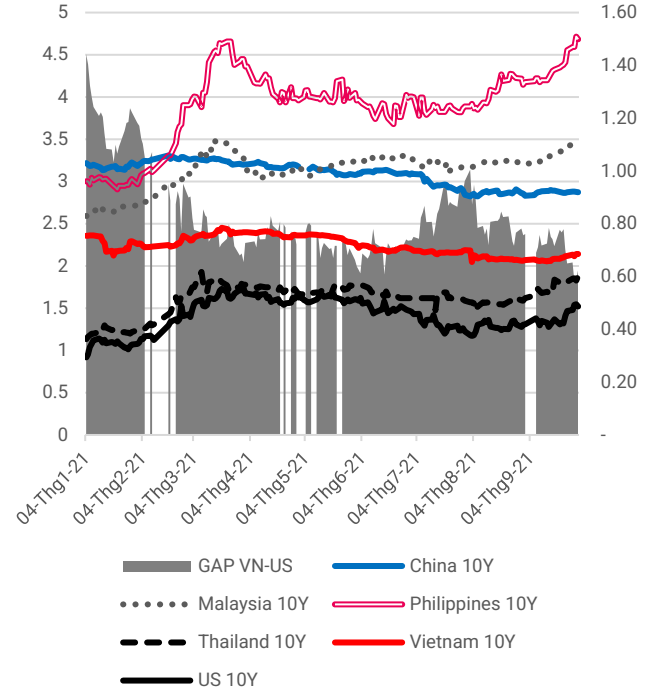
Source: Treasury.gov, VBMA

Vietnam Government bond yields are low compared to other countries in the region. Most countries in the region such as Philippines, Thailand, and Malaysia has raised interest rates, while Vietnam and China are keeping their interest rates low.

The spread between Vietnam and US government bond yields are at the lowest level since the beginning of the year. The nominal yields for Vietnam's 5-year and 7-year government bonds by the end of the 3rd quarter were even lower than the nominal yields of the same tenors for US government bonds.

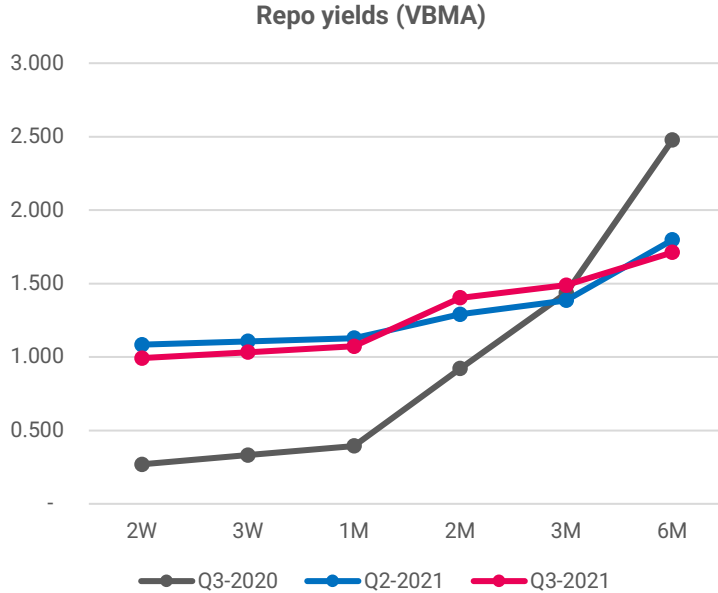
In general, Vietnam government bonds are at a high price in the context of loosing monetary policy, and in comparison with the US G-bond. A low government bond yield can help the Government borrow at a lower interest rate, have opportunities to restructure public debt, and extend the debt term, however, in another aspect, the yield spread between corporate bonds and government bonds is still very high, while this credit spread in the US is quite low and tends to narrow. Although many banks have reduced interest rates according to the direction of the SBV, the borrowing interest rates for enterprises are still quite high (especially with small and medium enterprises).

VN government bond yield compared to other countries in the region



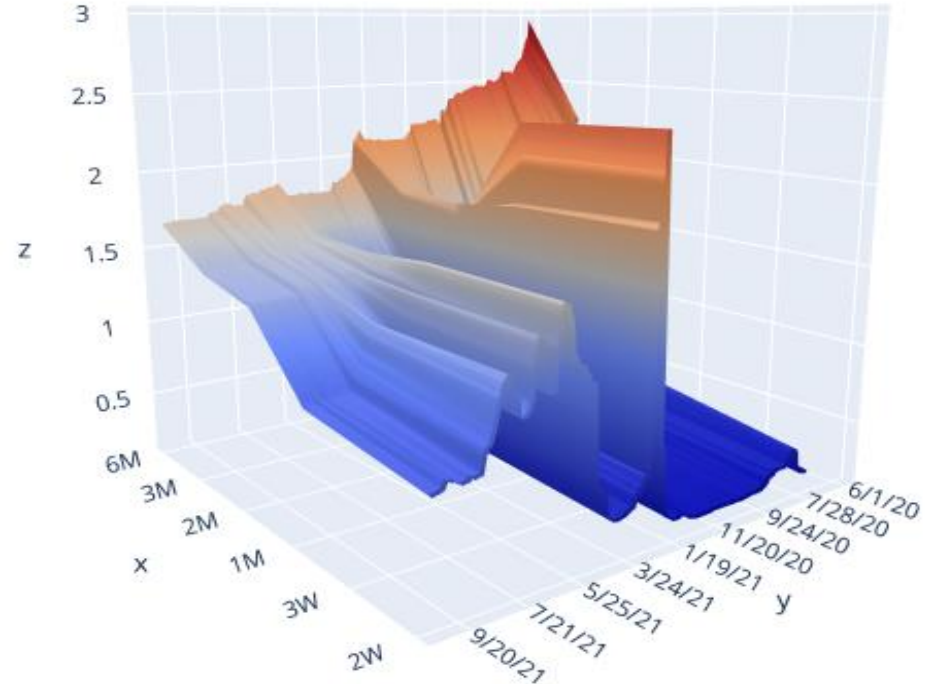
Source: Investing.com, Treasury.gov, VBMA

GOVERNMENT BOND YIELD (VBMA Repo MMA)



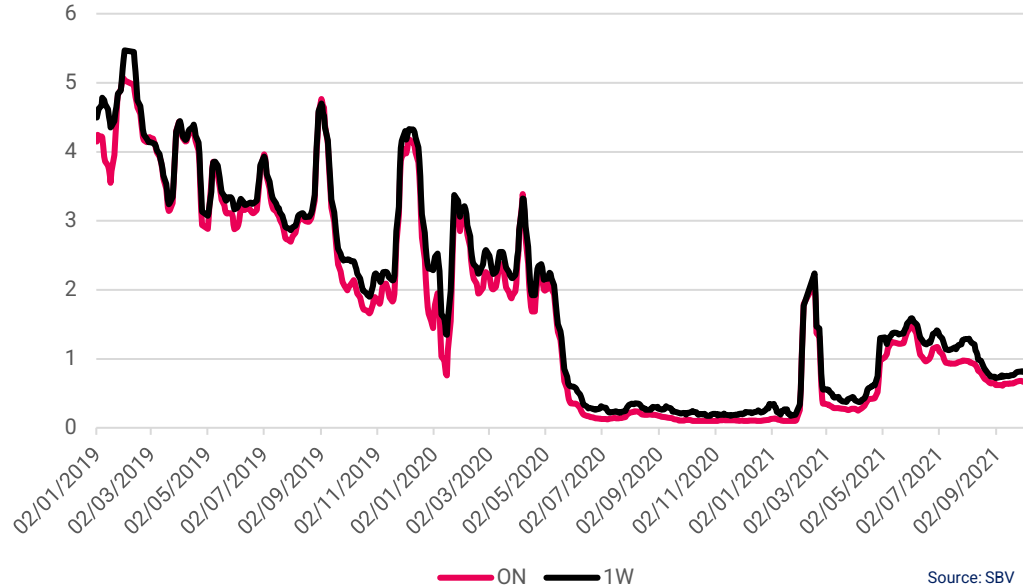
Repo rates for 2-week and 1-month tenors according to VBMA Repo MMA decreased by 9 bps and 6 bps, respectively, compared to the previous quarter and increased by 72 bps and 68 bps, respectively, compared to the same period last year (Repo rate in Q3 2020 is also at the lowest level during 2020).

REPO YIELDS (VBMA SHORT-TERM BENCHMARK)

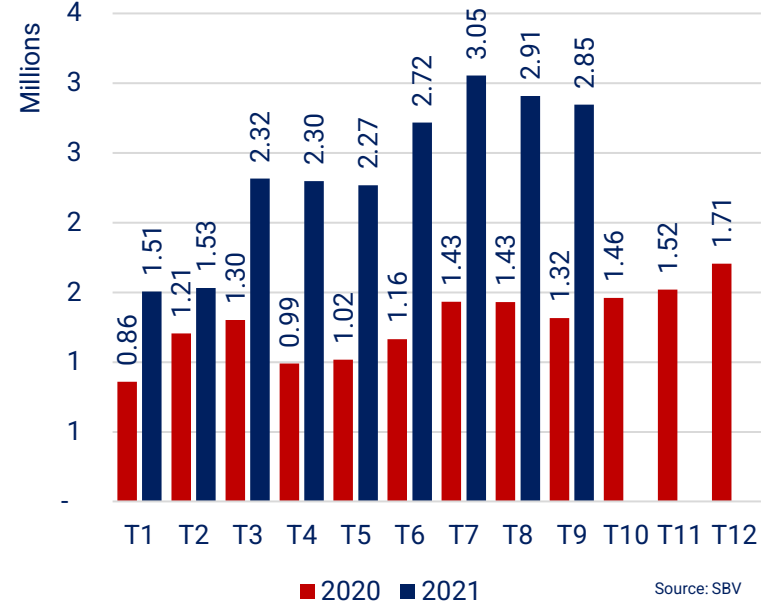


INTERBANK RATE

Interbank rates (5 days average)



Interbank market liquidity



Interest rates on the interbank market in the third quarter of 2021 decreased by about 50-60 bps, about 50 bps higher than the same period in 2020 but still much lower than the rate in the same period before the pandemic, market liquidity in the third quarter improved compared to the first quarters of the year, and doubled compared to the same period in 2020.



03

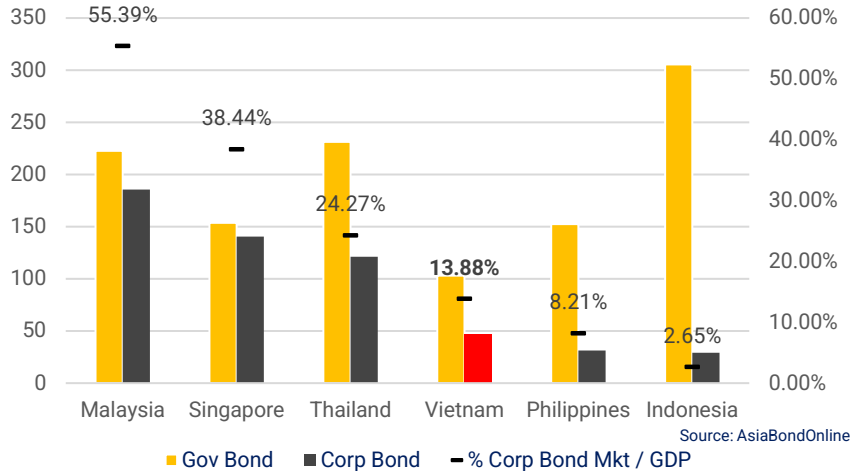
Corporate Bond Market

Primary Market
Key Issuers



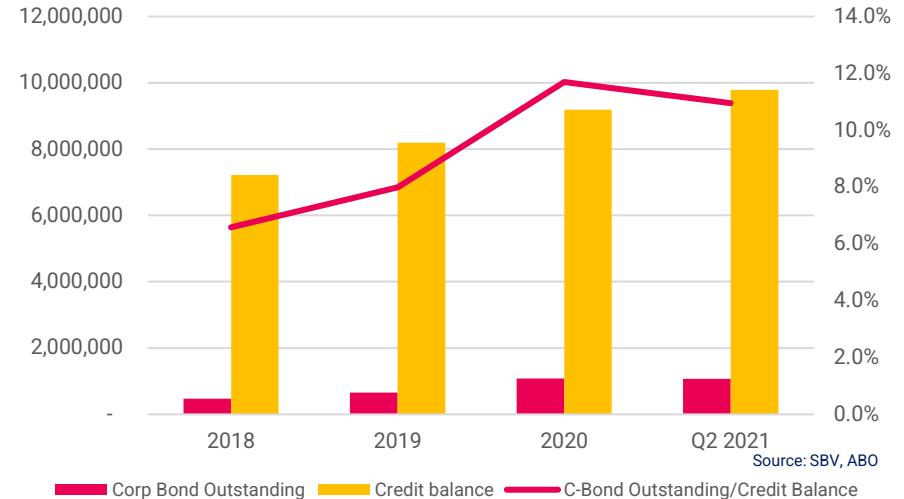
MARKET SIZE

Size of government bond and corporate bond market of regional countries



The size of Vietnam corporate bond market is still at a modest level in the region, by the end of Q2 2021, the size of Vietnam corporate bond market reached about 13.88% of GDP, still much lower than other countries in the region such as Thailand, Singapore and Malaysia. Nonetheless, the ratio of trading value to total outstanding balance is very low compared to other regional countries.

Outstanding corporate bond and credit balance



The size of the corporate bond market has gradually taken a larger proportion of the total credit balance of the economy, which by the end of the second quarter of 2021 accounted for about 11% of the total outstanding loans of the whole economy, increased by 49% compared to the same period in 2020.

ISSUING RESULTS



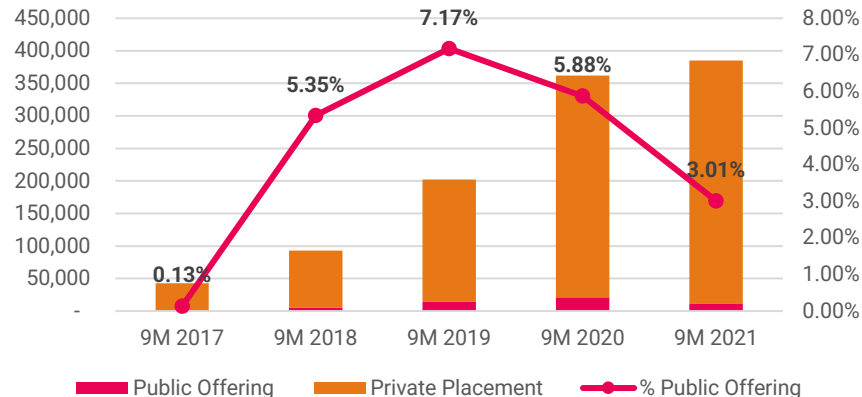
The total value of corporate bond issued in the third quarter of 2021 reached **VND 159,670 billion**. In which, the value of privately placed bond accounted for 98.7%, there was only 1 issuance under public offering of Masan Meatlife JSC (par value ~ VND 2000 billion).

In the third quarter of 2021, there was two bond issuances to the international market of Nova Real Estate Group JSC (USD 300 million) and Vinpearl JSC (USD 425 million).

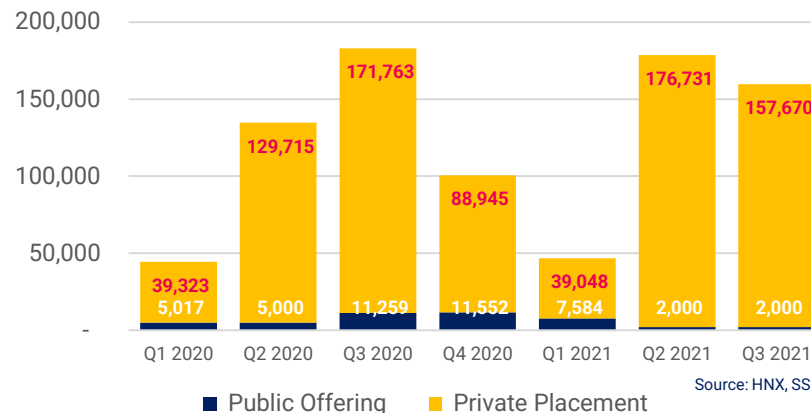
In the first 9 months of 2021, the total domestic issuance of corporate bonds reached **VND 385,035 billion**. In which, the proportion of public offering was 3.01%, much lower than the first 9 months of 2020 and the first 9 months of 2019. Many enterprises (especially listed companies) prioritize private placement due to some regulatory issues on the issuance of bonds through public offering method.

There were 4 deals of corporate bond issuances to the international market in the first 9 months of 2021 with a total value of 1.425 billion USD, including: Vingroup (USD 500 million), BIMLand (USD 200 million of green bonds), Novaland (USD 300 million) and Vinpearl (USD 425 million of sustainable bonds)

Private Placement and Public Offering issuance value



Quarterly corporate bond issued value



Source: HNX, SSC, VBMA

ISSUING RESULTS

In the third quarter of 2021, although the total issuing value decreased slightly compared to the same period in 2020, the average size of each issuance was about VND 609 billion/issuance (-2.1% Q/Q), an increase of 3.12 times compared to the same period of 2020. In Q3 2020, the period when many issuers had to subdivide the bond issuing blocks into several sessions to ensure compliance with regulations on the number of investors.

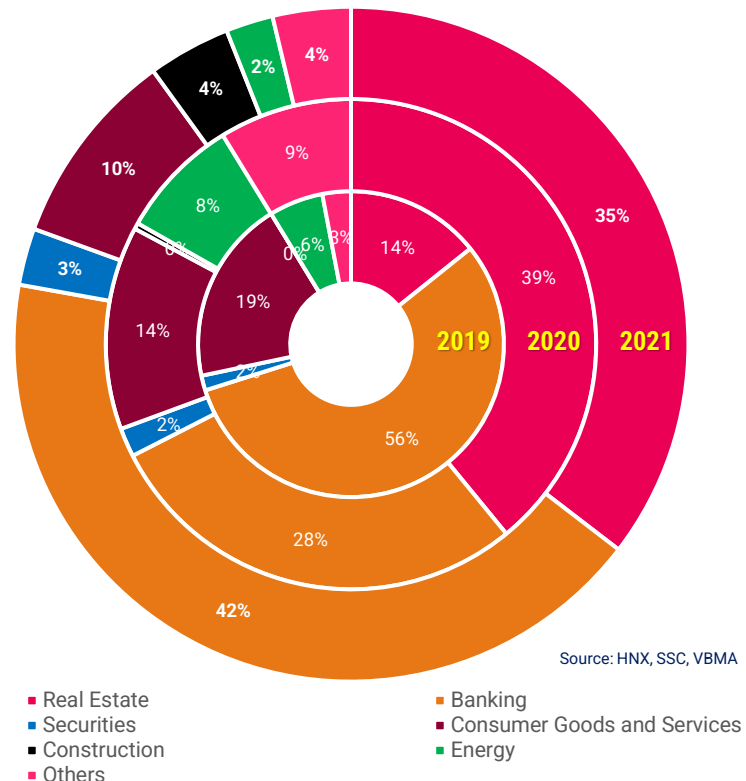
Banking is still the leading sector in terms of Issuing value in the 3rd Quarter, with a total issuing value of VND 67,717 billion, facing rapid increase in the issuance for funding short-term capital and raising tier-2 capital in order to ensure compliance with Basel II standard.

Real Estate sector ranked second with a total issuance value of VND 56,551 billion. The issuing scale decreased compared to the same period in 2020, when the prolonged Covid-19 pandemic made credit activities and new investment in real estate projects more difficult.

Securities companies also increased the issuance of large-value, short-term, high-yield bonds in the second and third quarters of 2021 to fund margin lending and investment in valuable papers in the market.

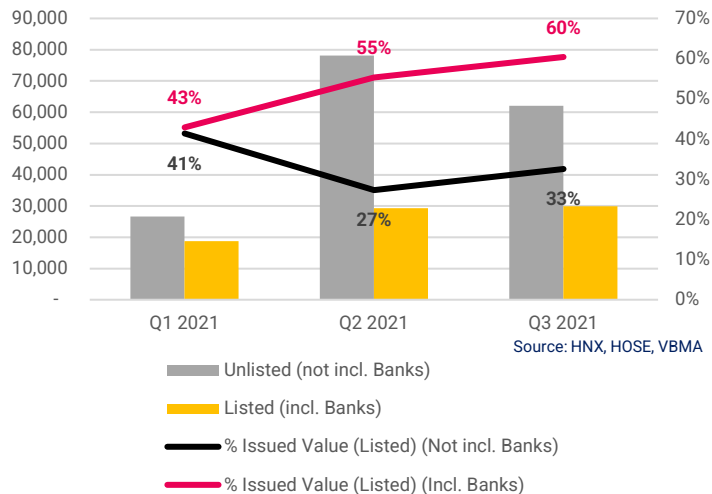
	Q3/2019	Q3/2020	Q3/2021	% YoY
Real estate	11,925	71,518	56,551	-20.9%
Banking	46,721	51,982	67,717	30.3%
Securities	1,313	3,492	4,350	24.6%
Consumer goods and services	16,368	24,571	15,129	-38.4%
Energy	4,795	14,702	3,620	-75.4%

Composition of issuance in third quarter of 2019, 2020, 2021



ISSUING RESULTS

Proportion of issuing value (Listed companies)



Number of first-time issuing institution	Q1/2021	Q2/2021	Q3/2021
Real estate	15	37	31
Banking	0	1	1
Securities	2	0	1
Goods and consumer services	8	7	11
Energy	1	5	4
Others (Finance, Construction)	6	14	9
Total	32	64	57

The proportion of corporate bonds issued by listed companies (not including commercial bank) accounted for 33% of the total value of bonds issued in the period.

In the third quarter of 2021, there were a total of 57 companies issued for the first time, of which there were 13 listed companies (equivalent to about 22.8%). This figure was 13/64 in the second quarter of 2021 and 9/32 in the first quarter of 2021. Among the companies issued for the first time, only 1 company chose public offering method.

Most of the companies issued for the first time in the third quarter of 2021 are Real Estate Enterprises. Some first-time issuances with large value are:

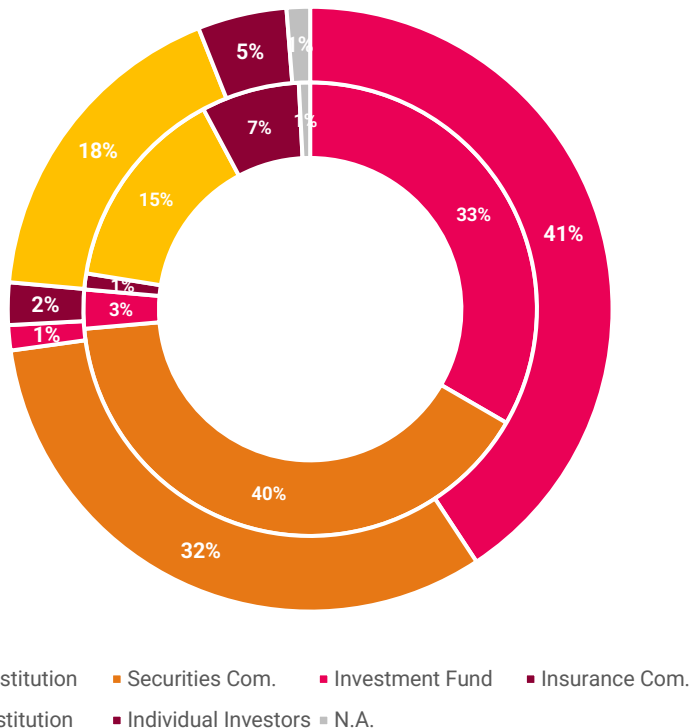
- (1) Mediterranean Revival Villas Real Estate Co., Ltd. issued VND 7,200 billion, to deposit to purchase Dream City Project (Total area of 457.9 ha, expected investment value ~VND 38 trillion) owned by Vinhomes JSC. From July 2021, the Company changed its name to Masterise Dream City Villas Real Estate Co., Ltd.
- (2) Hoang Phu Vuong Joint Stock Company issued VND 4,670 billion, to deposit to purchase a part of the project of Saigon Binh An project (total area of 117.4 ha, with the appraisal value of nearly VND 20 trillion).
- (3) Osaka Garden Joint Stock Company issued VND 3,400 billion, to deposit to purchase a part of the project of Saigon Binh An project. (*)
- (4) Hoa Phu Thinh Joint Stock Company issued VND 3,130 billion, also with the purpose of making a deposit to purchase a part of the Saigon Binh An project.

(*) In the beginning of October 2021, Osaka Garden Joint Stock Company also issued an additional VND 4,300 billion of bonds with the same purpose, accumulate the total raised capital through bonds to acquire the Saigon Binh An project to about VND 15,500 billion.

As detailed above, it can be observed that majority of first-time issuance deals in 3rd Quarter come from companies belonging to the Masterise Group.

BOND INVESTORS

Investors composition in Q2, Q3/2021



41% of bond investors in the third quarter of 2021 were credit institutions. The proportion of individual investors accounted for about **5%** of the total bond issuance value in the third quarter of 2021.

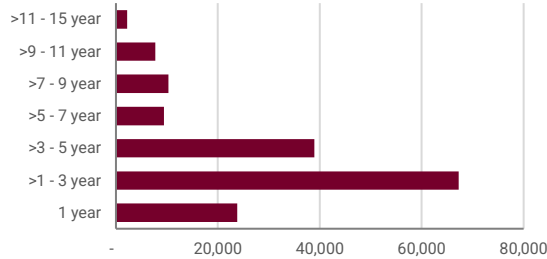
Regarding the structure of primary investors, **73%** of investors were credit institutions and securities companies, however, there has been a shift in investor structure when the proportion of primary investors as credit institutions increased sharply in the third quarter while securities companies reduced their primary purchases of bonds, mainly due to the outcome of Circular 01/2021/TT-NHNN coming into effect at the end of May 2021 allowing credit institutions to purchase bonds issued by other credit institutions.

In 2021, after Decree 153/2021/ND-CP came into effect, the regulation on limiting investors to professional securities investors in the privately placed corporate bond primary market has caused some inadequacies in the application. In the second and third quarters, a total of over VND 20 trillion were issued directly to professional individual investors (accounting for about 5-7%), while professional institutional investors such as the investment fund, insurance companies only accounted for 3-4% of the total size of issuance value.

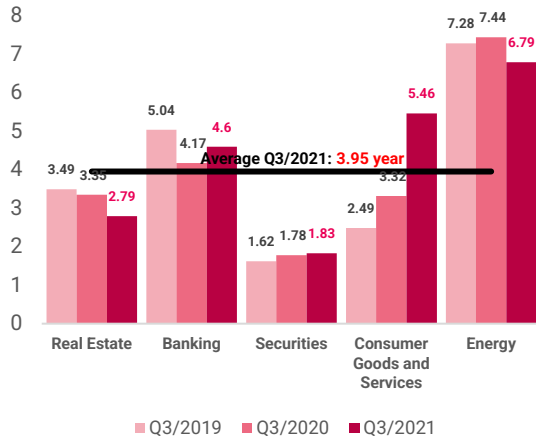
Source: HNX, SSC, VBMA

ISSUING RATES AND TENORS

Issuing proportion by tenors



Average issuing tenor



81%

value of bonds issued in the third quarter of 2021 at tenors from 1 to 5 years.

Q3 2021
AVG TENOR **3.95%/YEAR**
AVG COUPON RATE **7.65%/YEAR**

The average issuing tenor of the third quarter of 2021 was 3.95 years, averagely decreased by about 0.4 year compared to the same period in 2020. Of which, the Energy sector (Wind Power, Solar Power,...) has the highest issuing tenor (6.8 years), while securities companies were the ones with the shortest issuing tenor (average 1.83 years).

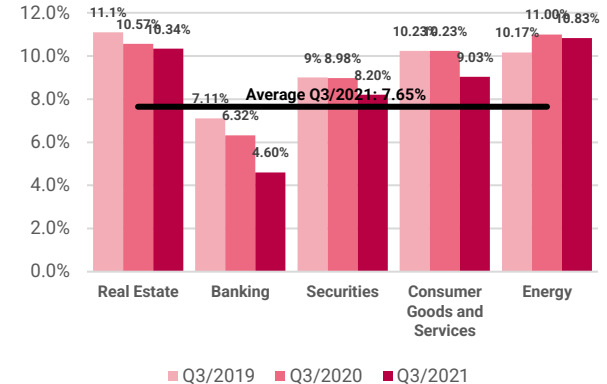
The average issuing tenor of real estate enterprises tended to decrease slightly with an average of about 2.8 years (equivalent to the average of the whole year in 2020), expressing the expectation of a quick recovery of this industry after the pandemic is under control.

Meanwhile, bonds in the sector of consumer goods and services tended to have longer issuing maturity, showing a slower recovery prospect for manufacturing, industrial, consumer goods and services.

The average issuing coupon rate in the third quarter of 2021 was at 7.65%, averagely decreased by about 2% compared to the same period in 2020, mainly due to the strong increase in the value of bonds issued by credit institutions, with short tenor, low interest rate. Energy sector (long tenor, high interest rate) had no longer significantly impact on the overall average coupon rate as at the same period in 2020.

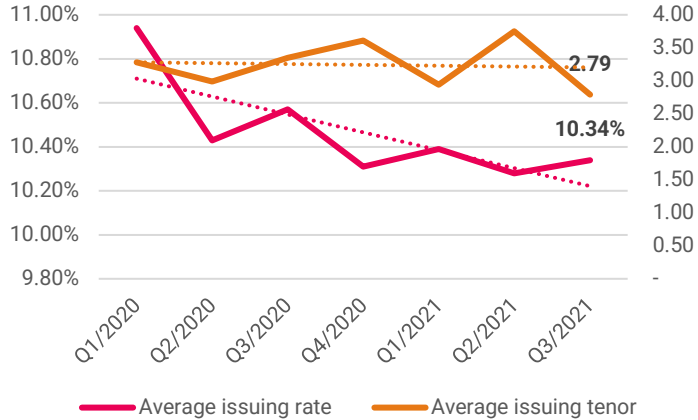
Almost all the sectors had lower issuance coupon rates compared to the same period last year, due to the interest rate reduction policies to support businesses in dealing with heavy impact from the pandemic.

Average issuing coupon rate

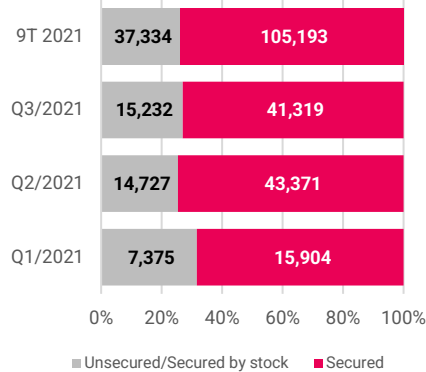


REAL ESTATE COMPANIES

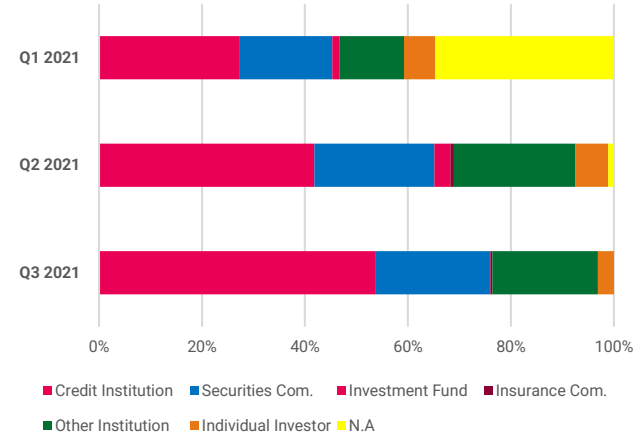
Average issuing coupon rate and tenor (Real estate)



Proportion of bonds issued without secured assets or secured by stocks



Investors Structure of Real Estate Bond



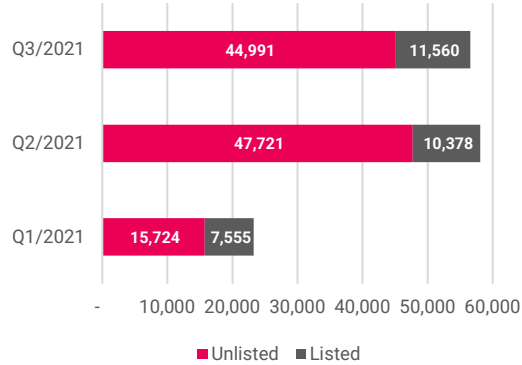
The average issuing tenor of real estate bonds in the third quarter of 2021 was 2.79 years, the average issuing coupon rate was 10.34%/year. The trend of the issuing tenor tended to go sideways or decreased slightly since the beginning of 2020, but the issuing coupon rate has tended to decrease significantly in the past 2 years.

About 26% of the newly issued value had no collateral or secured by stocks. Coupon rates on these bonds are mostly very high (10.5%-13%/year).

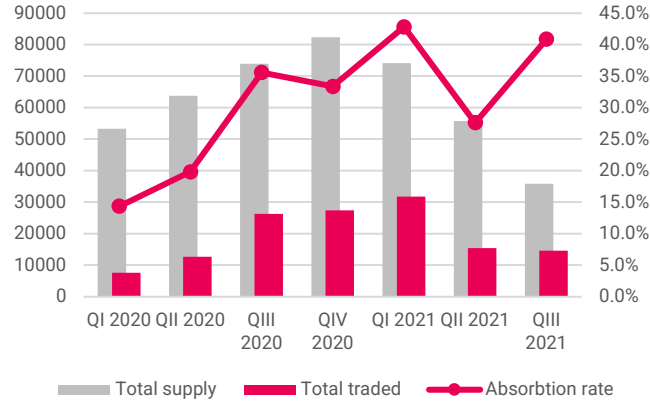
Credit institutions and securities companies are still the main investors in Real Estate Bonds and tended to increase their proportion in the last 2 quarters. However, corporate bond outstanding balance at many banks tended to decrease, showing that the secondary market (through distribution intermediaries) is expanding, especially for individual investors and small businesses. The spread between the bond coupon rate and the real received interest rate for individual investors is about 3-4%, so the average real interest rate paid to individual investors is only about 6.6-7.2%/year for the 12-month tenor and about 8% for 24-month, 36-month tenor.

REAL ESTATE COMPANIES

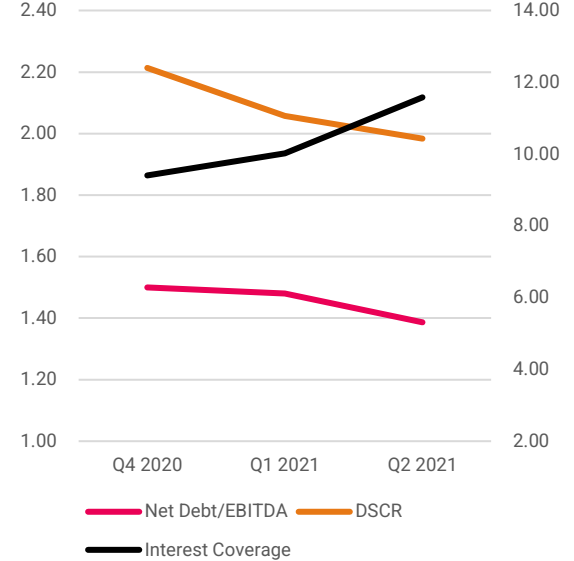
Proportion of bonds issued by listed real estate companies



Absorption rate of real estate bond market



Some financial indicators of listed real estate companies that issue bonds (*)



The ratio of corporate bond issued by listed real estate companies accounts for 20.4% of the total issuance value. Considering some financial ratios of listed real estate companies that are issuing bonds, in general, the interest coverage ratio, the net debt/EBITDA ratio at the end of Q2/2021 were still at acceptable level. However, 80% of the issuance value was from unlisted companies, so there should be unambiguous regulations for the disclosure of financial statement information for unlisted companies when offering on the secondary market.

According to a report by the Vietnam Association of Realtors, the absorption rate for real estate products (Apartment, House, Land) is 40.2% with very low supply. The industrial zone real estate segment may be firstly to recover, when FDI activity increases again. The residential and resort segment will recover more slowly and differentiate by province.

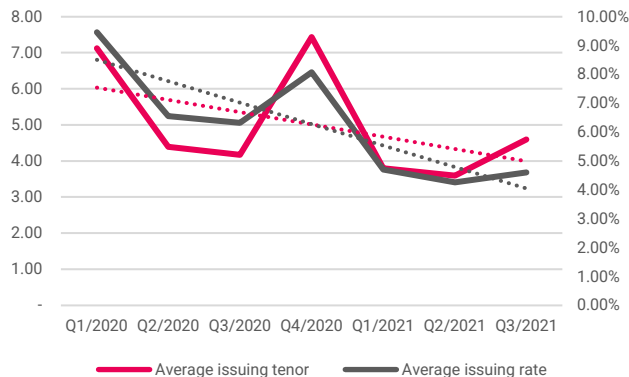
(*) Data is calculated based on the financial statements of the latest 3 quarters of 17 listed companies issuing bonds in the first 9 months of 2021.

REAL ESTATE COMPANIES
TOP 10 REAL ESTATE COMPANIES WITH THE LARGEST ISSUING VALUE IN Q3 2021

COMPANY NAMES	BOND CODE	COUPON (%/YEAR)	TENOR (YEAR)	PURPOSE OF USING PROCEEDS	ISSUING VALUE (BILLION VND)
Masterise Dream City Villas Real Estate Trading Limited Liability Company	MRVCB2122001		1	Deposit to purchase a part of the Dream City project	2,500
	MRVCB2122002	8%/year	1		2,500
	MRVCB2122003		1		2,200
Bong Sen JSC	BSECH2122001	11%/year	1		480
	BSECH2122002	11%/year	1		4,320
Hoang Phu Vung JSC	HPVCB2125001	First 4 periods: 12.9%/year, next4 periods: 11%/year, remaining periods = medium/long term rate for corporate customers Techcombank + 4%.	4	Deposit to purchase a part of the Dream City project	4,670
Hung Thinh Land JSC	H79CH2122003	10.3%/year	1	Increasing working capital	300
	H79CH2122020	11%/year	1		300
	H79CH2124018		3		1,500
	H79CH2124019		3		1,800
OSAKA GARDEN JSC	OSGCB2122001	12.15%/year	1	Deposit to purchase a part of the Dream City project	3,400
Big Gain Investment Company Limited	BGICH2124002		3	Payment for general contractor, design, consultancy and construction contracts with SUNSHINE SAI GON GROUP JSC	1,000
	BGICH2125003	11%/year: first period, remaining periods: = average deposit rate 12M (VCB, BID, CTG) + 4.5%/year	4		1,000
	BGICH2125004		4		900
Viet Star Real Estate Company Limited	NSVCH2125001	12%/year: first period, remaining periods = average deposit rate 12M (Agribank, Vietcombank, BIDV, Vietinbank) + 5%/year (>=11%, <=13%)	4	Buy 51% share of VIET TIEN TRADING AND DEVELOPMENT INVESTMENT JSC to implement the construction project of public works, commercial center and housing in Viet Hung New Urban Area	800
	NSVCH2126002	11.5%/year	5		1,900
VINHOMES JSC	VHMB2124001		3	Prepayment of VND 2160 billion of bonds issued on May 30, 2020	2,160
Van Truong Phat Construction and Investment Corporation	VTPCH2126002	10%/year: first 2 periods, remaining periods = 4.5% + average deposit rate 12M (Agribank, BIDV, Vietcombank, Vietinbank) (>=10%)	5	Payment for the deposit of real estate project in Long An	2,000
Viet Han Trading - Advertising – Construction – Real Estate JSC	VHACH2128001		7		500
	VHACH2128002	10%/year	7		500
	VHACH2128003		7		500
	VHACH2128004		7		500

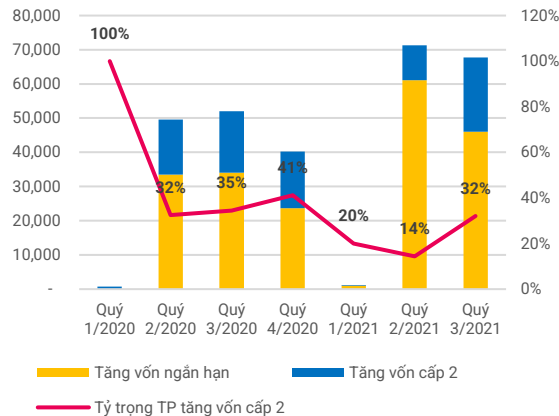
CREDIT INSTITUTIONS

Average issuing coupon rate and tenor (Credit institution bonds)



The total issuing value in the third quarter of 2021 reached VND 67,717 billion (+30.3% YoY), accumulated value in the first 9 months reached VND 140,261 billion (+37.1% YoY). Average issuing tenor and issuing coupon rate both tended to decrease in recent quarters in the context of credit growth being at a low level. However, in the fourth quarter, the average tenor and coupon rate may increase as many banks plan to issue bonds to increase tier-2 capital to ensure capital adequacy ratio and supplement capital for credit growth which normally speeds up at the end of the year in case of the cash flow from loan contracts has not yet realized when banks continue to extend the debt repayment period for companies according to the guidance of the SBV in Circular 01/2020/TT-NHNN and Circular 14/2021 /TT-NHNN (September 7, 2021).

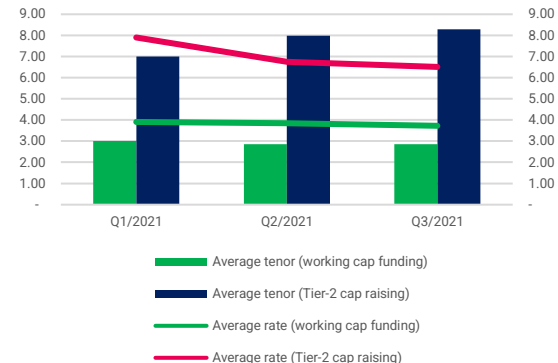
Proportion of tier-2 capital-raising bonds



In the third quarter of 2021, there were VND 21,737 billion of tier-2 capital-raising bonds (+113% Q/Q, +21%Y/Y) with an average tenor of 8.29 years, an average issuing coupon rate of 6.52%/year, of which, typical issuing banks including:

Bank	Issuing value (bil VND)	Average tenor (yrs)	Average rate (/year)
BIDV	13,088	9.8	6.5%
VietinBank	4,984	10.1	6.5%
MBBank	1,250	7.0	7.2%
Agribank	1,200	10.0	6.5%
VIB	860	7.0	7.6%

Average issuing coupon rate and tenor by issuing purpose

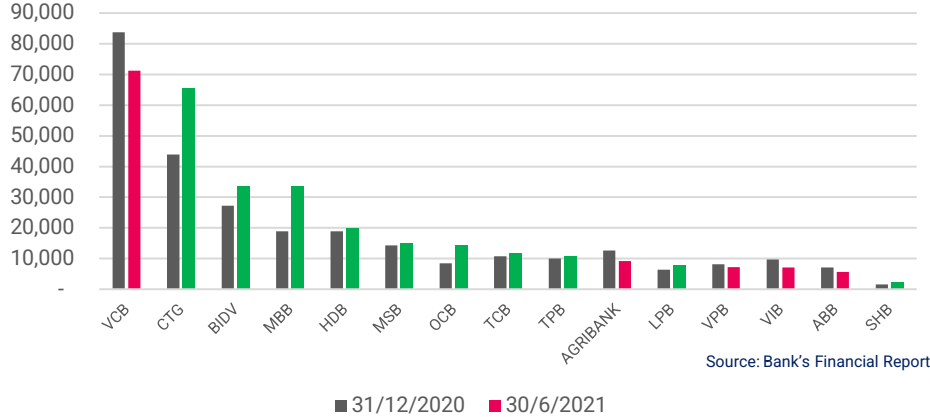


There was VND 45,980 billion of bond issued for short-term capital funding with average tenor of 2.85 years, average issuing coupon rate of 3.73%/year, typical issuing banks including:

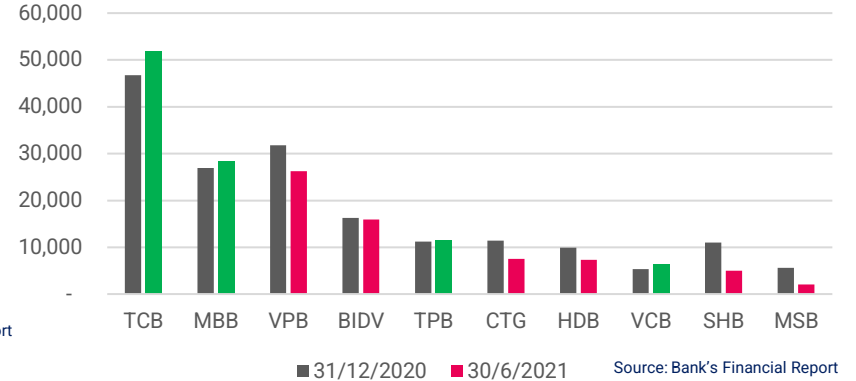
Bank	Issuing value (bil VND)	Average tenor (yrs)	Average rate (/year)
ACB	8,000	3.00	3.75%
VPBank	7,130	3.75	3.98%
LienVietPostBank	6,000	2.33	3.65%
SHB	4,350	2.00	4.07%
OCB	4,000	3.00	3.05%
TPBank	4,000	3.00	3.50%

CREDIT INSTITUTIONS

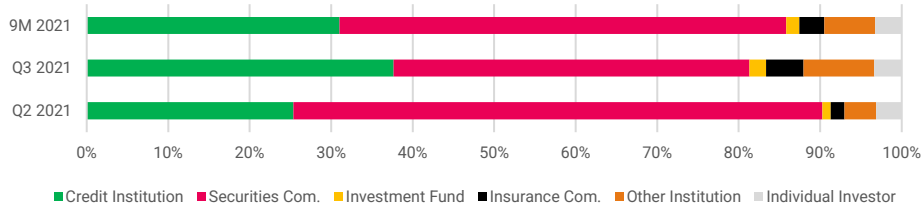
Outstanding balance of credit institution bonds at banks



Outstanding balance of corporate bonds at banks (excluding credit institutions bonds)



Composition of credit institution bonds' investors

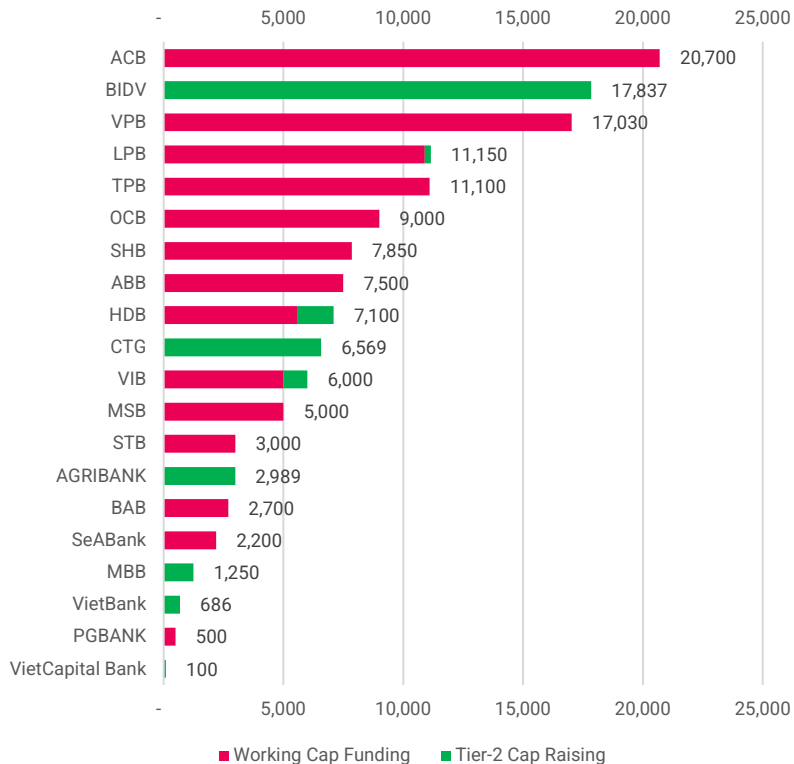


In the first 6 months of the year, it was observable that outstanding balance of corporate bond decreased slightly while outstanding balance of credit institution bond increased slightly.

The investor base for bonds issued by credit institutions has changed markedly from the second quarter of 2021 to the third quarter of 2021 after Circular 01/2021/TT-NHNN came into effect at the end of the second quarter. Previously, the majority of credit institution bonds were issued via securities companies, the proportion of investors who were securities companies was 65% in Q2 but decreased to 44% in Q3/2021. Commercial banks increased cross-ownership of each other's bonds, once the proportion of investors as credit institutions increased from 25% in Q2 to 38% in Q3/2021.

CREDIT INSTITUTIONS

CREDIT INSTITUTION BONDS' ISSUING VALUE IN 9M 2021



In the first 9 months of 2021, ACB was the bank with the largest issuing value, all of which were short-term bonds. There were 5/20 banks that only issued long-term bonds (over 5 years) including BIDV, VietinBank, Agribank, MBBank and Vietbank.

TOP 5 BANKS WITH HIGHEST ISSUING VALUE IN THIRD QUARTER OF 2021

COMPANY NAMES	BOND CODE	ISSUING COUPON RATE (%/YEAR)	TENOR (YEAR)	ISSUING VALUE (BILLION VND)
ASIA COMMERCIAL JOINT STOCK BANK	ACBH2124009	4	3	1,500
	ACBH2124010	4	3	1,500
	ACBH2124011	3.5	3	2,500
	ACBH2124012	3.5	3	2,500
JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM	BIDH2131022	6.58	10	90
	BIDH2131024	6.58	10	800
	BIDL2127014	6.03	6	3,000
	BIDL2129011	6.43	8	3,000
	BIDL2129018	6.53	8	2,000
	BIDL2129021	6.48	8	60
	BIDL2129025	6.43	8	100
	BIDL2129026	6.45	8	500
	BIDL2129030	6.43	8	100
	BIDL2131020	6.58	10	300
	BIDL2136023	6.9	15	50
	BIDL2136027	6.9	15	200
	BIDL2136028	6.9	15	40
	BIDL2136029	6.9	15	200
VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK	BIDLH2128016	6.18	7	1,337
	BIDLH2128019	6.18	7	100
	BIDLH2129017	6.48	8	1,187
	BIDLH2131015	6.58	10	24
	VPBL2124023	3.9	3	2,130
	VPBL2124024	3.9	3	500
	VPBL2125017	4	4	1,000
	VPBL2125018	4	4	1,000
	VPBL2125019	4	4	1,000
	VPBL2125020	4	4	500
LIEN VIET POST JOINT STOCK COMMERCIAL BANK	VPBL2125021	4	4	500
	VPBL2125022	4	4	500
	LPBH2123007	3.6	2	1,000
	LPBH2123008	3.6	2	1,000
	LPBH2123010	3.6	2	1,000
	LPBH2123012	3.6	2	1,000
	LPBH2124009	3.6	3	1,000
	LPBH2124011	3.9	3	1,000
	TPBL2124011	3.316	3	1,200
	TPBL2124012	3.711	3	150
TIEN PHONG JOINT STOCK COMMERCIAL BANK	TPBL2124013	3.811	3	1,000
	TPBL2124014	3.811	3	900
	TPBL2124015	2.831	3	750



DISCLAIMERS:

The information and opinions in this report are those of Vietnam Bond Market Association (VBMA) research activity. VBMA does not make any representation or warranty, express or implied, as to the fairness, accuracy, or completeness. While all reasonable care has no representation as to its accuracy or completeness and it should not be relied upon as such. VBMA accepts no liability whatsoever for any loss arising from use of this report or its contents. This report is being supplied solely for informational purposes and may not be reproduced, distributed or published by recipient for any purpose.

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

VIETNAM BOND MARKET ASSOCIATION

17th floor, Gelex Tower, 52 Le Dai Hanh Str., Hai Ba Trung Distr., Hanoi

Tel: (84) 24 3974 8781

Fax: (84) 4 3974 8782

Website: <http://www.vbma.org.vn/>