



ANNUAL REPORT 2020

VIETNAM'S BOND MARKET



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NHÀ XUẤT BẢN

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FOREWORD

Ith 2020 the last year to implement the Socio-Economic Development Plan **V** for 2016-2020, a number of challenges have emerged in the international and domestic contexts. Trade conflicts and risks within the international currency and financial markets have increased while Vietnam, like all countries, has seen the COVID-19 pandemic have great impacts on many aspects of social life, the economy and production – with businesses particularly facing acute difficulties. However, thanks to concentrated implementation of the dual goals of fighting the pandemic as well as developing the economy, Vietnam has gradually overcome difficulties and challenges and thus, achieved many important socio-economic development milestones in 2020.

While the bond market was impacted by international and domestic contexts, thanks to the efforts of its members, investors, issuers and services suppliers and regulators, Vietnam's bond market in 2020 achieved outstanding results:

Firstly, capital mobilization reached a record volume of VND 828,144 billion, equivalent to 13.16 percent of GDP, approximately a 43.1 percent increase compared to 2019 and 1.8-fold higher than in 2016.

Secondly, four out of six goals were completed set out in the Bond Market Development Roadmap for the period 2017-2020 with a vision to 2030 according to Decision No.1191/ QD-TTg of the Prime Minister.

Thirdly, the legal framework, primary market, secondary market, investor base, infrastructure and intermediary institutions were completed synchronously to create a solid premise for the bond market's development during 2021-2025.

In an effort to systematically inform investors about the bond market and its dynamics, the Ministry of Finance (MOF) in collaboration with the Vietnam Bond Market Association (VBMA) have developed and published the "Vietnam Bond Market Annual Report 2020". This report, with a further enhanced content and format compared to the 2018 and 2019 iterations, will prove an important asset for the investor community, market members and organizations. We would like to express our sincere thanks to the World Bank and State Secretariat for Economic Affairs of Switzerland (SECO) for supporting the Ministry of Finance during the process of developing and finalizing this report.

I hope this report will be an insightful resource and reference point for investors as well as others interested and participating in Vietnam's bond market.

MINISTER OF FINANCE

Ho Duc Phoc

LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
СРІ	Consumer Price Index
DIV	Deposit Insurance of Vietnam
GDP	Gross Domestic Product
HNX	Hanoi Stock Exchange
HOSE	Ho Chi Minh Stock Exchange
IMF	International Monetary Fund
MOF	Ministry of Finance
отс	Over-the-counter
PD	Primary Dealer
PPP	Public-Private Partnership
SBV	State Bank of Vietnam
SECO	State Secretariat for Economic Affairs
SOE	State-Owned Enterprise
SSC	State Securities Commission
STV	State Treasury of Vietnam
USD	United States Dollar
VBMA	Vietnam Bond Market Association
VDB	Vietnam Development Bank
VND	Vietnam Dong
VSD	Vietnam Securities Depository Center
VSPB	Vietnam Social Policy Bank
VSS	Vietnam Social Security Agency

PART 1

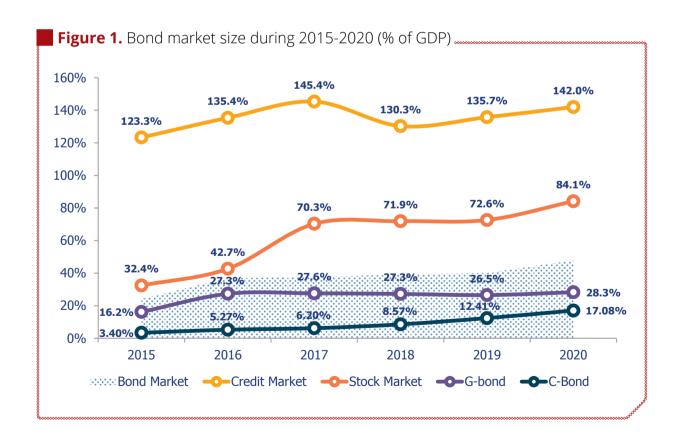
Overview of Vietnam's bond market

1. Historical formation and development

Vietnam's bond market began to take shape in the mid-1990s, with the Government issuing a series of construction and national bonds to finance the State budget. Alongside the economy and financial market's development, the bond market has evolved into two main branches: i) Government bond, Government-guaranteed bond and municipal bond markets and ii) the corporate bond market.

Over the past decade, Vietnam's bond market has grown in both size and depth, affirming its role as an important and effective capital raising channel for the State Budget as well as for corporates. Bonds have become an increasingly popular financial product in the financial market and a tool for regulators to operate and implement fiscal and monetary policy, contributing to the country's economic development.

The size of the bond market expanded from just 2.82 percent of GDP in 2001 to 17.6 percent in 2011, to 24.14 percent in 2015 and 47.8 percent in 2020. By the end of 2020, the size of the Government bond (G-bond) market equalled 28.28 percent of GDP, followed by the corporate bond (C-bond) market (17.08 percent of GDP). The size of the Government-guaranteed bond market amounted to 2.25 percent of GDP and the municipal bond market equals 0.2 percent of GDP.



Four main types of issuers operate in the bond market: i) the State Treasury is authorized by the Ministry of Finance (MOF) as the issuer of Government bonds to finance State budget deficits and refinance due debt principals as stipulated in the State Budget Law and Public Debt Management Law, ii) State-owned policy banks (Vietnam Social Policy Bank (VSPB) and Vietnam Development Bank (VDB)) are permitted to issue bonds with Government guarantees to finance State policy-targeted credit schemes, iii) subnational People's Committees of provinces and municipalities issue municipal bonds to fund respective sub-national government budgets and iv) incorporated entities issue corporate bonds to service productive and commercial investments.

The investor base consists of financial intermediaries (credit institutions, securities firms, insurance companies and investment funds), Vietnam Social Security Agency (VSS), Deposit Insurance of Vietnam (DIV), individual and other investors.

The Vietnam Bond Market Association (VBMA) is a socio-professional body established in 2009, whose members are bond market investors and intermediaries – some of whom are also corporate issuers. VBMA acts as a platform for information exchanges and updates, to strengthen collaboration among regulators, issuers and investors, provide opinions to regulators for enhancements to the legal framework governing the bond market, deliver support services to its members, deliver training and capacity building for its members and engage in cooperation with global and regional bond market associations.

The Vietnam Securities Depository Center (VSD), Hanoi Stock Exchange (HNX) and Ho Chi Minh Stock Exchange (HOSE) are service providers for bond registration, custody, listing and trading for issuers. Accordingly, HNX and VSD organize and operate platforms for government, government-guaranteed and municipal bond primary issuance, registration, custody listing and trading in the secondary market as well as making interest and principal payments on debt instruments and clearing debt instrument transactions. Corporate bonds can be registered and deposited at the VSD and listed and traded on the HNX and HOSE.

2. Government bond, Government-guaranteed bond and Municipal bond markets

The Government bond (G-bond) market plays a pivotal role in the development of the overall bond market, due to solid foundations anchored in its legal framework, primary market, secondary market, infrastructure and investor base.

2.1. Primary market

	Government bond	Government- guaranteed bond	Municipal bond
Legal framework	- 2017 Public Debt Management Law. - Government Decree	- 2017 Public DebtManagement Law.- Government Decree	- 2017 Public Debt Management Law. - Government
	No.95/2018/ND-CP (June 30, 2018) promulgating regulatory guidelines on the issuance, registration, custody, listing and trading of Government debt instruments in securities markets. (List of legal and regulatory documents on Government bonds is detailed in Annex 2).	No.91/2018/ND-CP (June 26, 2018) on Government-guarantee issuances and management. (List of legal and regulatory documents on Government-guaranteed bonds is detailed in Annex 2)	Decree No. 93/2018/ ND-CP (June 30, 2018) on provincial- government debt management. (List of legal and regulatory documents on Municipal bonds is detailed in Annex 2).
Issuer	State Treasury of Vietnam.	State-owned policy banks: Vietnam Development Bank (VDB), Vietnam Social Policy Bank (VSPB).	Sub-national People's Committees of provinces and municipalities.
Issuance plan	The annual Government bond issued volume is determined by the State budget plan enacted by the National Assembly and cognizance of bond market conditions. In view of the State budget financing mandate, the MOF decides Government bond issued volumes and mandates the State Treasury to prepare and disclose the annual bond issuance and tentative quarterly bond issuance plans	In light of the Prime Minister approved annual bond issuing limits, the two policy banks shall announce pre-issuance information on the HNX and home websites. Information for disclosure includes issued volumes, tenors, auction calendar, coupon dates and principal repayments.	Subject to sub-national government annual budget revenue and expenditure plans, annual debt borrowing and repayment plans as well as bond issuance plans approved by the People's Council, People's Committee of a province or city shall announce its municipal bond issuance plan

	Government bond	Government- guaranteed bond	Municipal bond
	on the websites of the Vietnam State Treasury and HNX.		published on the website of HNX where the auction will take place, website(s) of the subnational government or issuing agent as authorized by the subnational government.
Primary dealers	From 2019, following the regulation in Decree No.95/2018/ND-CP, a system of primary dealers was established (previously referred to as "Government bond auctioning members"). This system consists of commercial banks and securities companies that satisfy eligibility conditions and are selected from annual short-lists issued by MOF. Primary dealers create liquidity in the primary and secondary markets for Government bonds (Detailed list of primary dealers in 2021 is in Section 2.1, part III) - As for the rights, in addition to being exclusive participants in Government bond auctions, primary dealers are also prioritized to act as lead underwriters in auctions and in	Primary dealers are exclusive participants in Government-guaranteed bond auctions, on behalf of themselves or for their customers.	

Government bond	Government- guaranteed bond	Municipal bond
buybacks and switching of Government bonds as well as engage with State regulators on market regulations. In fulfilment of obligations to quote firmly committed prices whilst having insufficient Government bonds for a trade, primary dealers can request the State Treasury issue benchmark bonds to support market liquidity. - As for the obligations, primary dealers are obliged to quote firmly committed bid-ask prices for benchmark bonds in the secondary market to create market liquidity as well as purchase and trade Government bonds in minimum volumes specified for each period by the MOF. Such quotations are stipulated by Decree No.95/2018/ND-CP, MOF guidelines and State Treasury announcements of benchmark bonds, start and end dates for firmly committed price quotations, frequency and volumes of firmly committed price quotations for each benchmark bond and the maximum spread for calculations of		

	Government bond	Government- guaranteed bond	Municipal bond
	firmly committed bidask prices. Annually, the MOF evaluates the performance of obligations to rank and publish the list of primary dealers.		
Products	Government bond market products include Treasury bills with tenors of up to 364 days, Government bonds with tenors of three years, five years, seven years, 10 years, 15 years, 20 years and 30 years (20- and 30-year tenors were first issued in 2015). Government bond products include: fixed-rate bonds, zero coupon bonds (all matured at the end of 2018), and long or short first coupons.	In the government-guaranteed bond market, the tenor of products range from three years to 15 years (10- and 15-year tenors issued from 2014). Common issued tenors are five-, 10- and 15-years.	In the municipal bond market, products range from three-year to 30-year tenors with fixed rates, including three-, five-, seven-, 10-, 15-, 20- and 30-years. The majority of sub-national governments issue bonds with five-year tenors, accounting for 50 percent of total issued volume. Only Ho Chi Minh City has successfully issued bonds with 10- to 30-year tenors.
Issuing methods	- Auction: conducted on the trading system of the HNX. Currently, the uniform-price auctions are commonly applied, with the uniform cutoff rate determined as the auction result for all successful bidders. Government bond auctions are usually performed each Wednesday morning	- Policy banks issue bonds through HNX auctions, with a uniform price auction method similar to that for Government bonds, in which a uniform interest rate is applicable for all successful bidders.	- Most sub-national governments issue municipal bonds through the underwriting method. Only Ba Ria-Vung Tau, Danang and Hanoi have issued bonds through HNX auctions.

	Government bond	Government- guaranteed bond	Municipal bond
	(excluding public holidays and festivals as stipulated by legislation). - Underwriting: conducted via a lead underwriter and/or counderwriter(s) that can solicit potential investors and act on behalf of an underwriting syndicate to sign the underwriting contract and distribute bonds to members as per international practice (Please refer to issuing procedures in Annex 3 and Annex 4). - Private placement: based on the plan approved by the MOF, the State Treasury informs organizations and individuals wishing to purchase bonds about the basic terms and conditions of bonds to register at the State Treasury of Vietnam.	- Weekly auction dates are selected by the two policy banks, with the VSPB typically conducting auctions on Mondays and VDB on Fridays.	- The auction issuing date are selected by the provincial People's Committee, guaranteed to take place after five working days (for auction issuance) and 10 working days (for underwriting issuance) from the date the People's Committee of a province or city announced its municipal bond issuance plan.
Payment, registration, depository, listing, transaction	The auction date is T, the settlement date of Government bond purchases via auctions is the day after the auction (T+1), and Government bonds are listed and traded on the HNX on the day after the settlement date (T+2). Government bonds are registered and deposited	The processes of registration, depository, listing and trading of Government-guaranteed bonds is similar to those of government bonds. The auction date is T, the settlement date of Government-	The processes of registration and depository of municipal bonds are similar to that of government bonds. Municipal bonds are registered and deposited at VSD and listed and traded on HNX as of government bonds.

	Government bond	Government- guaranteed bond	Municipal bond
	with the VSD, while secondary market purchases are settled via the SBV's Banking Operations Center on the day after the trade date (T+1).	guaranteed bond purchases via auctions is the day after the auction (T+1) and Government-guaranteed bonds are listed and traded on the HNX on the day after the settlement date (T+2). Government-guaranteed bonds are registered and deposited with the VSD and listed on the HNX.	
Buy back and swap transaction	Government bonds can be bought back and switched as arranged by the State Treasury under initiatives approved by the Prime Minister through negotiations or auctions. Specific procedures for Government bond buybacks or switching are specified in MOF guideline circulars including Circular No.110/2018/TT-BTC (November 15, 2018) guiding the repurchase and swap of government debt instruments, government guaranteed bonds and municipal bonds in the domestic market and Circular No.81/2020/TT-BTC amending and supplementing Circular No.110/2018/TT-BTC.	Government- guaranteed bonds can be bought back and switched by policy banks under initiatives approved by the Prime Minister. The issuance arrangement of buy-back and switches is proceeded through negotiations or auctions. The specific procedures are specified in the Circular guiding Circular No.110/2018/TT- BTC and Circular No.81/2020/TT-BTC.	Municipal bonds are bought back and switched under initiatives approved by the provincial People's Committee. The issuance arrangement is proceeded through negotiations or auctions. The specific procedure is specified in Circular guiding Circular No.110/2018/TT-BTC and Circular No.81/2020/TT-BTC.

2.2. Secondary market

	_		
	Government bond	Government- guaranteed bond	Municipal bond
Legal documents and regulations on operations of the Stock Exchange and the Vietnam Securities Depository	 MOF Circular No.107/2020/TT-BTC (December 21, 2020) guiding the implementation of repo transactions of Government bonds from temporarily idle State budget of the Vietnam State Treasury. Procedures and regulations on operations of the SBV, HNX and Vietnam Securities Depository Center includes: Decision No.1583/QD-NHNN (July 27, 2017) of the SBV issuing procedures on transaction settlement of government bonds, government-guaranteed bonds and municipal bonds at the SBV. Decision No.770/QD-SGDHN (December 30, 2020) of HNX issuing regulations on transactions of government debt instruments, government-guaranteed bonds issued by policy banks and municipal bonds (replacing Decision No.501/QD-SGDHN). Decision No.06/QD-VSD (January 2, 2020) of Vietnam Securities Depository Center regulating transaction settlement of government debt instruments, government-guaranteed bonds issued by Vietnam Development Bank and municipal bonds issued by Vietnam Securities Depository Center (replacing Decision No.136/QD-VSD (July 14, 2017) of Vietnam Securities Depository Center). Regulation on transactions of Government debt instruments, Government-guaranteed bonds issued by policy banks and municipal bonds, issued together with Decision No.770/QD-SGDHN (December 30, 2020) of the General Director of the HNX. 		d Government-cipal bonds. 2020) guiding the t bonds from freasury. BV, HNX and E SBV issuing ment bonds, ands at the SBV. of HNX issuing nestruments, banks and SGDHN). fream Securities ent of government is issued by sissued by Vietnam No.136/QD-VSD enter). Instruments, banks and lo.770/QD-SGDHN
Transaction and settlement	- The four types of Government bond transactions are: i) outright, ii) repo, iii) sale and repurchase repo and iv) lending and borrowing transactions, with the first and third most common Government bonds are traded via electronic and common put-through	- Government- guaranteed bonds are settled and traded on the secondary market using uniform procedures for trading and settlement of Government bonds. Bond purchase	- Municipal bonds are traded and settled in the secondary market as per Government bonds. Municipal bond investors mainly hold to maturity, with limited trading volumes.

Government bond	Government- guaranteed bond	Municipal bond
methods, with the latter seeing investors negotiate transaction conditions and enter the results into the HNX's Government bond trading platform for transaction establishment. - Secondary market purchases are settled via the SBV's Banking Operations Center on the day after the trade date (T+1). Transactions take place in two sessions: (i) morning session from 9:00 to 11:30, (ii) afternoon session from 13:00 to 14:45 on work days during the week, (excluding public holidays and festivals as stipulated by legislation). The transaction payment time frame is from 09:00 to 15:30. The volume of a transaction on the secondary market is usually VND 50 billion or multiples of VND 50 billion. - Customers who are not members of the HNX can place orders via other members who are securities companies. (For details on the procedure for trading and settlement of government bonds in the secondary market, please refer to Appendix 5).	payments are settled on T+1, listed and traded in the securities market on T+2, and payments cleared via the SBV.	

	Government bond	Government- guaranteed bond	Municipal bond
New products	 On July 4, 2019, the five-year government bond futures contract was officially traded on the HNX to provide investors with more hedging tools. In November 2020, the State Securities Commission approved the 10-year government bond futures contract to provide more hedging tools for investors. 		

3. Corporate bond market

The corporate bond market started to emerge in 2000. Along with development of the economy and enhancement of the legal framework, the corporate bond market has expanded robustly since 2011. Especially since 2017, the market has reached a vibrant state to become a capital mobilization channel for enterprises, besides bank credit, to meet the financing needs of corporations.

2018-2020

From 2021

for corporate bond Period applying new framework

issuances

Period of rapid

growth

2011-2017

Post-economic crisis

- Government Decree No. 90/2011/ND-CP October 14, 2011) corporate bonds. on issuance of
- number of articles of the No. 58/2012/ND-CP (luly 2006 Securities Law and he 2006 Securities Law 20, 2012) stipulating in supplementing several articles of Government detail and guiding the number of articles of Decree No. 58/2012/ mplementation of a Government Decree Decree No. 60/2015/ and 2010 Securities Law amending and ND-CP amending, supplementing a ND-CP.
- September 23, 2013) No. 108/2013/ND-CP Government Decree providing for

- No. 163/2018/ND-CP Government Decree 2018) on issuance of dated (December 4, corporate bonds.
- (July 9, 2020) providing Government's Decree Government Decree amendments to the No. 81/2020/ND-CP CP on issuance of No.163/2018/NDcorporate bonds.
- 2016), on amendments Decree No. 108/2013/ No. 145/2016/ND-CP violations in the field dated November 01, Government Decree of securities and the for the sanctioning of administrative securities market **ND-CP** providing to Government

- 2019 Securities Law
- corporate bonds in the orivate placement and narket and offering of nternational market. 2020) on prescribing 2020 Enterprise Law **Government Decree** rading of privatelyoonds in domestic No. 153/2020/ND-CP (December 31, olaced corporate
- Decree No. 156/2020/ **Government Decree** some Articles of the ND-CP regulating Securities Law. No. 155/2020/
- administrative violations ND-CP (December 31, 2020) on prescribing on securities and the against regulation securities market. penalties for

Legal framework

QD-NH1 (September

Decision No. 212/

22, 1994) of State

1994 - 2005

Primary stage

Government Decree

2006 - 2010 Early stage of development

number of articles of egulations on public offerings and private 2006 Securities Law and 2010 Securities the 2006 Securities -aw - establishing supplementing a Law amending, placement. No. 120-CP (September 17, 1994) promulgating shares of state-owned ssuance of bond and No. 23-CP, (March 22,

regulations on the

the provisional

ssuance of enterprise Government Decree No. 52/2006/ND-CP May 19, 2006) on oonds.

of international bonds.

995) on the issuance

Government Decree

ousinesses.

Government Decree nternational bonds. No. 53/2009/ND-CP on issuance of June 4, 2009)

ssuance of the bonds

of commercial bank, and investment and

development bank.

of regulation on the

the promulgation

Bank of Vietnam on

From 2021

2018-2020

new framework Period applying

for corporate bond

Period of rapid

Post-economic

crisis

growth

issuances

on providing guidance December 31, 2020) 122/2020/TT-BTC on information disclosure and

Sovernment Decree

No. 81/2020/ND-CP on amendments to

MOF Circular No.

77/2020/TT-BTC dated providing guidance on

Sovernment Decree No. reporting prescribed in 53/2020/ND-CP.

registration and delisting offering and issuance of securities, tender offers, providing guidance on December 31, 2020) of public companies. share repurchases, 18/2020/TT-BTC MOF Circular No.

2006 - 2010

1994 - 2005

Primary stage

Early stage of development

administrative violations n the field of securities and securities market

August 14, 2020) on

MOF Circular No.

- ssuance of corporate (December 05, 2012) 211/2012/TT-BTC MOF Circular No. bonds.
- (September 26, 2014) No. 88/2014/ND-CP Decree No. 88).
- Minister (April 17, 2015) of credit rating services approving the master olan on development through 2020, with a QD-TTg of the Prime vision toward 2030. Decision No. 507/

nformation webpage

of corporate bond operational policy

2011-2017

the sanctioning of

guiding implementation of Government Decree of a number of articles No. 90/2011/ND-CP on

No. 163/2018/ND-CP on

Sovernment Decree

ssuance of corporate

bonds.

on credit rating services **Government Decree**

SGDHN (July 28, 2020)

Decision No. 384/QD-

guidelines on public

offerings.

October 26, 2015)

162/2015/TT-BTC

MOF Circular No.

of HNX promulgating

for corporate bond new framework

issuances

Period applying

From 2021

Period of rapid

2018-2020

growth

2011-2017

Post-economic

volume of VND 1,036.5 billion, mainly private market grew strongly and a total issuance the corporate bond **During this period**, percent per year with an average ncrease of 51.4 placements.

nternational market. successfully issued Some enterprises bonds in the

Singapore market (April percent per year in the convertible bonds with and a coupon of 5.5 USD 160 million of tenor of five years Novaland issued

period grew yearly. The issuances during this eached VND 349,924 total issuing volume about 26 percent per /ear, mainly private billion, the market during 2012-2017 size increased by corporate bond The volume of placements.

with large values. Some Anh Gia Lai successfully ssued corporate bonds ousinesses successfully nternational market: /ingroup and Hoang Some corporations such as Vinacomin, **EVN, VIPD Group,** ssued in the

1994 - 2005

After Decree 52/2006/ 2006 - 2010 development Early stage of

Primary stage

crisis

corporate bond market **ND-CP** took effect, the initially developed: capital. Two joint stock

ssued bonds to raise

During this period,

a number of SOEs

corporate bonds issued which EVN issued VND /ND 22,000 billion, of 6,000 billion, Song Da Corporation issued in 2006 was about The total value of /ND 260 billion. year bonds (1994), Anh

Hoang Thach Cement

convertible bonds.

companies issued

Company issued VND

44.45 billion of four-

echcombank (VND VND 3,000 billion), enterprises issued bonds with large 4,170 billion) and **Asia Commercial**

volumes such as BIDV oint Stock Bank (VND In 2007, a number of 1,750 billion).

Results

of three-year and five-

/ear bonds (1994).

ssued VND 7.7 billion

Son Cement Factory

a total par value of USD

5 million.

convertible bonds with

to issue international

oint stock company

(REE) was the first

In 1996, Refrigeration

Electrical Engineering

Joint Stock Company

2018-2020

From 2021

for corporate bond Period applying new framework issuances

Period of rapid

growth

1994 - 2005

Primary stage

Early stage of development

2006 - 2010

2011-2017

Post-economic

crisis

ssued USD 155 million with a four-year tenor of convertible bonds Masan successfully n the international market.

corporations and large

Electricity of Vietnam

groups, in which the

ssuances of bonds by

During 2006-2009,

there were 35

Fechnology Joint Stock

EIS Information

Vingroup issued

batches with mobilized

Group issued 10

capital of VND 10,200

billion.

the Singapore market and a interest rate of with a five-year tenor convertible bonds in JSD 300 million of percent per year.

In 2010, there were 45

ssuances with a total

value of nearly VND

/ND 300 billion (2003)

ssued VND 200 billion

(2003)

Cement Corporation

45,500 billion.

Vietinbank issued USD five-year tenor and a 8.25 percent coupon 250 million with a

per year.

In 2005, Bank for Foreign

convertible bonds with

VND1,375 billion in

successfully issued Trade of Vietnam

a term of seven years.

VPBank issued USD 300

- million with a three-year rate of 6.25 percent per year in the Singapore with a five-year tenor Phu My Hung issued **USD 75 million with** enor and a interest and USD 80 million a seven-year tenor September 2020) market (July 2019).
- Faipei Stock Exchange. October 2020) on the

Results

a total par value of VND convertible bonds with 10 billion, with a three-PetroVietnam Finance ssued VND 300 billion Vietnam (EVN) issued 2003), Electricity of Corporation (PVFC) /ear term (2001). **Company issued**

The corporate bond market can be viewed as two components: i) private placement and ii) public offerings. During 2017-2020, the size of the primary market for private placement grew rapidly at an annual average rate of 45.8 percent. The size of the primary market for public offerings is rather small compared to the primary market for private placement. Apart from a few commercial banks and large corporations issuing under public offerings, most companies have not chosen the public offering method for capital mobilization.

Corporate bonds issued are mainly convention, non-convertible and without warrant bonds. The volume of collateral bonds during 2019-2020 accounted for 48.1 percent of the total issuance volume.

In 2020, the legal framework for corporate bond issuances was completed from the level of laws, decrees to guidance circulars. Pursuant to the 2019 Securities Law and 2020 Enterprise Law, the Government promulgated Decree No.153/2020/ND-CP stipulating the private placement and trading of corporate bonds in the domestic market and offerings to the international market as well as Decree No.155/2020/ND-CP providing detailed guidance on implementation of the Securities Law regulating public offerings of corporate bonds. Accordingly, the legal framework for the corporate bond market was promulgated synchronously to enhance publicity and transparency in mobilizing capital from the bond market. Pursuant to Decree No.153/2020/ND-CP, the MOF promulgated Circular No.122/2020/TT-BTC guiding the information disclosure and reporting regime.

Public offerings of corporate bonds

	New regulations from 2021	Previous regulations
Legal framework	 2019 Securities Law 2020 Enterprise Law Decree No. 155/2020/ND-CP (December 31, 2020) detailing a number of articles of the Securities Law Circular No. 118/2020/TT-BTC (December 31, 2020) providing guidance on offerings and issuances of securities, tender offers, share repurchases, registration and delisting of public companies. 	 2006 Securities Law 2006 2010 Securities Law amending, supplementing a number of articles of the Securities Law Decree No. 58/2012/ND-CP (July 20, 2012) detailing and guiding implementation of a number of articles of the Securities Law and Decree 60/2015/ND-CP amending and supplementing Decree 58/2012/ND-CP. Circular No. 162/2015/TT-BTC (October 26, 2015) guiding public offerings of securities.

	New regulations from 2021	Previous regulations
Eligibility conditions for bond issuances	(i) Charter capital of VND 30 billion or more.	(i) Charter capital of VND 10 billion or more.
	(ii) Business performance of the year prior to the public offering must show a profit. No cumulative business losses up to the year of registration for public offerings and no overdue debts for more than one year.	(ii) Business performance of the year prior to the public offering must show a profit. No cumulative business losses up to the year of registration for public offerings and no overdue debts for more than one year.
	(iii) Bond issuance and debt repayment plans as well as use of proceeds are approved by the General Meeting of Shareholders or the Board of Directors or the Board of Members or the Company owner(s).	(iii) Bond issuance and debt repayment plans as well as use of proceeds are approved by the General Meeting of Shareholders or the Board of Directors or the Board of Members or the Company owner(s).
	(iv) Pledge to fulfill issuer obligations to investors regarding conditions for issuance and settlement, protection of legitimate rights and interests of investors and other conditions.	(iv) Pledge to fulfill issuer obligations to investors regarding conditions for issuance and settlement, protection of legitimate rights and interests of investors and other conditions.
	(v) Public offerings of corporate bonds will be associated with listing and trading on the stock exchange. Compulsory credit rating is required in case the issued bond value is more than VND 500 billion and more than 50 percent of the equity, or the total outstanding debt at the time of registration for the offering is greater than 100 percent of the equity, applied after two years from 01/01/2021 (ie: from 01/01/2023).	

	New regulations from 2021	Previous regulations
	(vi) The issuer that has made a public offering of corporate bonds must commit to list bonds on the securities trading system after the date of closing of the offering.	
Registration, custody, exchange listing	 Before issuing bonds to the public, enterprises must register a public offering with the SSC. Bonds issued by public offerings are registered for custody with the Vietnam Securities Depository and Clearing Corporation (VSDC) (from January 1, 2021). The issuer that has made a public offering of corporate bonds must complete the application for listing or registration for securities trading within 30 days from the date of closing the offering. 	 Prior to a public offering of corporate bonds, the enterprise must register it with the SSC. Bonds issued by public offerings are registered for custody with the VSD.
Bond issuance plan approval authorities	 Bond issuance and debt repayment plans and use of proceeds must be approved by the General Meeting of Shareholders or the Board of Directors or Board of Members or the Company owner(s). For convertible bonds, bonds with warrants, the issuance plan and use of proceeds must be approved by the General Meeting of Shareholders. 	 Bond issuance and debt repayment plans and use of proceeds must be approved by the General Meeting of Shareholders or the Board of Directors or Board of Members or the Company owner(s). For convertible bonds, bonds with warrants, the issuance plan and use of proceeds must be approved by the General Meeting of Shareholders.
Information disclosure	 Enterprises publicly offering corporal information in compliance with app disclosure of ex-ante and ex-post, the hoc information and per requested Disclosed information shall be sent issuer's website (if any) and the sto 	licable regulations, including: ne use of proceeds, regular and ad- by State regulators or bondholders. to the SSC and published on the

For private placement of corporate bonds:

	New regulations apply in 2021	Previous regulations
Legal Framework	 Government Decree No. 153/2020/ND-CP (December 31, 2020) on prescribing private placement and trading of privately placed corporate bonds in the domestic market and offerings of corporate bonds in the international market. MOF Circular No. 122/2020/ TT-BTC (December 31, 2020) on providing guidance on information disclosure and reporting prescribed in Government Decree No. 153/2020/ND-CP. 	 Government Decree No. 163/2018/ND-CP (December 4, 2018) on issuance of corporate bonds. Government Decree No. 81/2020/ND-CP (July 09, 2020) amending and supplementing Government Decree No. 163/2018/ND-CP on issuance of corporate bonds. MOF Circular No. 77/2020/TT-BTC (August 14, 2020) on guiding certain articles of Government Decree No. 81/2020/ND-CP.
Eligibility conditions		Has been in operation for at least one year.
for bond issuance	Financial statements for the year, prior to the issuing year, are audited by a qualified auditing organization.	Financial statements for the year, prior to the issuing year, are audited by a qualified auditing organization.
	Have bond issuance plans endorsed and approved by relevant authorities.	Have bond issuance plans endorsed and approved by relevant authorities.
	Fully settle services of principals and interest for bonds issued in three consecutive years prior to the issuing year.	Fully settle services of principals and interest for bonds issued in three consecutive years prior to the issuing year.
	Satisfy all financial prudence thresholds and other operational prudence limits as stipulated in applicable sector-specific legislation.	Satisfy all financial prudence thresholds and other operational prudence limits as stipulated in applicable sector-specific legislation.

	New regulations apply in 2021	Previous regulations
		Total outstanding debt on corporate bonds issued through the private placement at the time of issuance (including planned amount of bonds to be issued) does not exceed five times the owner's equity stated in the financial statements of the latest quarter preceding the time of issuance approved by a competent authority (applied from September 01, 2020).
		Each issuance must be completed within 90 days from the date of information disclosure prior to issuance, two consecutive issuances must be at least six months apart, bonds issued in one issuance must have the same terms and conditions (applied from September 01, 2020).
	Issuance dossier of convertible bonds, bonds with warrants of publicly-listed companies, convertible bonds, bonds with warrants of securities companies or securities investment fund management companies must obtain written approval from the SSC.	Issuance dossier of convertible bonds and bonds with warrants of public companies must obtain written approval from the SSC.
Bond investors	Only professional investors can purchase and trade privately-issued bonds (definition and scope of professional investors as stipulated in the Law on Securities 2019). For convertible bonds and bonds with warrants, the buyers are professional investors and strategic investors, from which the number of strategic investors must be less than 100.	Less than 100 investors, excluding professional investors. Trading is restricted within less than 100 investors, excluding professional investors within one year from the date of completion of the issuance.

	New regulations apply in 2021	Previous regulations
Bond issuance plan approval authorities	The bond offering plan must be approved by the Board of Directors (with a report to the General Meeting of Shareholders at the meeting most recent to the offering); The Members' Council or company president or the company's owner or the competent authorities according to the company's charter. The plan for the private placement of convertible bonds and the private placement of bonds with warrants must be approved by the General Meeting of Shareholders. Voting to approve the Resolution to allow the issuance plan shall comply with the provisions of the Enterprise Law.	The bond offering plan must be approved by the Board of Directors (with a report to the General Meeting of Shareholders at the meeting most recent to the offering); The Members' Council or company president or the competent authorities according to the company's charter. The plan for the private placement of convertible bonds and the private placement of bonds with warrants must be approved by the General Meeting of Shareholders. For public companies issuing convertible bonds or bonds with warrants, after the bond issuance plan is approved by the General Meeting of Shareholders, the issuer must register with the SSC and may only issue bonds after receiving the written consent of the SSC.
Information disclosure	Information disclosure prior to issuance: Within one working day before the date of bond issuance, the issuing enterprise shall disclose information to investors registering to buy bonds and notify the stock exchange of bond issuance disclosure. Disclosure of results: Within 10 days from the date of completion of the bond offering, the issuer shall disclose information to bond investors and the stock exchange, so that the stock exchange can publish information on the corporate bond information webpage.	Information disclosure prior to issuance: At least three working days before the expected date of the bond issuance, the issuing enterprise shall disclose information to investors registering to buy bonds and notify the stock exchange of bond issuance disclosure (applied from September 1, 2020). Disclosure of results: Within five working days from the end of the bond issuance, the issuer shall disclose information to investors and the stock exchange.

	New regulations apply in 2021	Previous regulations
	Issuer periodically discloses information (six months, annually) and discloses ad-hoc information of enterprises to bondholders and the stock exchange.	Issuer discloses information periodically and discloses ad-hoc information of the enterprise to bondholders and the stock exchange.
Registration and bond custody	 Bonds issued under private placement are registered and deposited at the Vietnam Securities Depository and Clearing Corporation or an organization that is a depository member of the Vietnam Securities Depository and Clearing Corporation (from January 1, 2021). Time limit for bond registration and depository: within five working days from the date of completion of the issuance. At a time, each corporate bond code may only be registered and deposited at one licensed custodian organization. 	 Privately-issued bonds are registered and deposited at the Vietnam Securites Depository (VSD) or its members. Time limit for bond registration and depository: Within 10 working days after the date of completion of the issuance. Each corporate bond code may only be registered and deposited at one licensed custodian organization.

After issuance, privately-placed corporate bonds are usually held by investors to maturity. Bond trading is mainly executed between bondholders and securities companies, acting as distribution agents. The market for listing and trading corporate bonds is held at the HNX and the HOSE, listed bonds are traded via electronic and common put-through methods at the stock exchange and the trading results shall be reported to the stock exchange.

Entities participating in the corporate bond market

Issuers	Bond issuer is a joint stock company or a limited liability company established and operating under Vietnamese law.
Investors	Investors in the corporate bond market include commercial banks, insurance enterprises, securities investment funds and other organizations and individuals in accordance with the Securities Law. For privately-placed corporate bonds, only professional investors can buy and trade bonds. For convertible bonds and bonds with warrants, bond buyers are professional investors and strategic investors, from which the number of strategic investors is less than 100.
Advisory service providers	Is a securities company authorized to provide advisory services on bond issuance dossiers in accordance with the Securities Law.
Auctioning organization, underwriters and corporate bond issuance agents	Auctioning organization, underwriters and corporate bond issuance agents include securities companies, credit institutions and financial institutions. These organizations are responsible for ensuring the eligible entities to buy private corporate bonds.
Registration and depository agents	All privately-placed corporate bonds shall be registered and deposited at licensed custodian organizations, including the Vietnam Securities Depository Center and organizations that are members of the Vietnam Securities Depository Center.
Representatives of bondholders	Be one of the designated or selected service providers to represent the rights of bondholders.
Credit rating agency	The establishment, operation and provision of services of credit rating agencies comply with provisions of Government Decree No. 88/2014/ND-CP (September 26, 2014) on credit rating services, Decision No. 507/QD-TTg of the Prime Minister on the planning of credit rating services to 2020 with a vision to 2030. Until now, two enterprises have been granted certificates of eligibility for credit rating service.

4. Green bond market

4.1. Legal framework

Development of the green bond market is one of the key steps to develop the bond market as per the bond market roadmap for 2017-2020, with a vision to 2030 approved by the Prime Minister in Decision No.1191/QD-TTg (August 14, 2017). Accordingly, the legal framework for issuing green government bonds, green municipal bonds and green corporate bonds has been prescribed at the law and decree levels.

Type of green bond	Regulations
In 2020, the National Assembly passed the Law on Environmental Protection (effective from January 1, 2022), Article 150 stipulating the issuance of green bonds, specifically: (i) the issuer of green bonds includes the Government, municipalities and enterprises, (ii) the proceeds from the issuance of green bonds must be accounted and monitored according to the provisions of the regulations on bonds and used for investment projects in the field of environmental protection, investment projects bearing environmental benefits, (iii) the issuer of green bonds must provide information about the environmental impact assessment, environmental license of the investment project and use of proceeds of green bonds issuances to investors, (iv) stipulating the principle that issuers and investors buying green bonds are entitled to incentives in accordance with the law and (v) the Government details this in the decree guiding the Law on Environmental Protection.	
Green government bond	Government Decree No. 95/2018/ND-CP (June 30, 2018) regulating the issuance, registration, depository, listing and trading of Government debt instruments on the stock market, Article 21 stipulates the process of issuing green government bonds and content for the green government bond issuance scheme. The issuance, registration, depository, listing and trading of green government bonds are similar to those of government debt instruments.
Green municipal bond	Government Decree No. 93/2018/ND-CP (June 30, 2018) stipulating debt management of local governments, Article 8 stipulating that the issuance of green municipal bonds must comply with the same regulations for ordinary municipal bonds and provincial People's Committees must report lists of projects using green municipal bonds issuance capital according to guidance from the MOF. Accordingly, the issuance of green municipal bonds must comply with the scheme approved by the

Prime Minister and MOF guidance.

Type of green bond	Regulations
Green corporate bond	Government Decree No. 153/2020/ND-CP regulating the issuance of corporate bonds, stipulates the principles of issuance, use of proceeds and information disclosure for green corporate bonds. The issuance, registration, depository, listing and trading of green corporate bonds are similar to those of ordinary corporate bonds.

4.2. Current situation

In 2016, the green bond market in Vietnam began to take shape as Ho Chi Minh City issued VND 3,000 billion in 15-year municipal bonds to raise capital for projects as part of respective budget expenditure mandates, including 11 environmental protection projects. Also in 2016, Ba Ria-Vung Tau province issued VND 500 billion in five-year bonds to finance projects under local budget spending, including one environmental protection project.

In order to build a legal framework for green bonds and to promote capital mobilization via green bond issuances, during 2018-2020 the MOF has actively participated in international forums on developing the green bond market regionally and globally, engaged with market participants and enterprises on the need to invest and issue green bonds as well as achieved the ASEAN green bond standard and International Capital Market Association (ICMA) Green Bond Principles.

PART 2

Bond market in 2020

1. Macro-economics

Global economics

According to an International Monetary Fund report (January 2021), the global economy in 2020 shrank by about 3.5 percent. Of the three big economies, the European Union decreased by 7.2 percent, the United States dropped by 3.4 percent and China increased by 2.5 percent. To prevent the economic downturn caused by the COVID-19 pandemic, countries have launched stimulus packages. Besides fiscal policies, central banks also loosened monetary policies with various measures, such as lowering interest rates and carrying out asset repurchasing programs.

Table 1. Policy rate changes of some central banks in 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
United States			↓1,50									
China		↓0,10		↓ 0,20								
India			↓ 0,75		↓0,40							
Indonesia		↓ 0,25	↓ 0,25			↓ 0,25	↓ 0,25				↓ 0,25	
Republic of Korea			↓ 0,50		↓ 0,25							
Malaysia	↓ 0,25		↓ 0,25		↓0,50		↓0,25					
Philippines		↓ 0,25	↓ 0,50	↓ 0,50		↓ 0,50					↓ 0,25	
Thailand		↓ 0,25	↓0,25		↓0,25							
Vietnam			↓1,00		↓0,50			↓ 0,50				

Vietnam's economy

In the context of the COVID-19 pandemic's socio-economic impacts, the macro-economy in 2020 maintained stability and achieved numerous outstanding results.

Table 2. Vietnam's key economic statistics (2019-2020)

		2019	2020
Real GDP growth	%	7.02%	2.91%
Inflation	%	2.79%	3.23%
Budget deficit	%	2.67%	3.99%
Discount rate		4.00%	2.50%
Refinancing rate		6.00%	4.00%
	Moody's	Ba3, negative	Ba3, negative
Country's credit rating	S&P	BB, stable	BB, stable
	Fitch	BB, positive	BB, stable

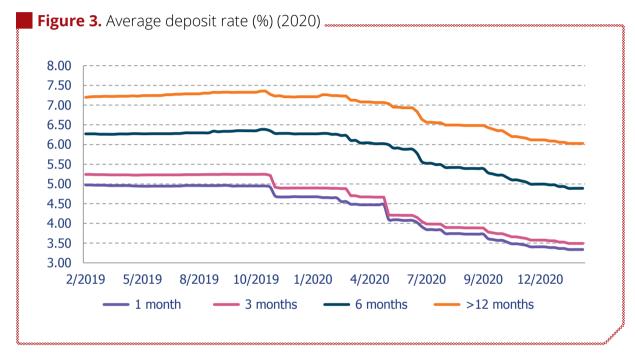
Vietnam's economic growth rate in 2020 was 2.91 percent, bringing it into the group of high-growth countries globally. Accordingly, Vietnam's GDP in 2020 amounted to USD 268.4 billion, a 1.4-fold increase against 2015.



Source: General Statistics Office

Along with maintaining a high growth rate, Vietnam's macro-economic stability was also ensured.

Inflation was well controlled and lower than forecast, with commodity prices relatively stable. Specifically, the consumer price index (CPI) in 2020 increased by 3.23 percent, with an average during 2016-2020 at less than 4 percent – a sharp decrease compared to 2011-2015 (7.65 percent). The foreign exchange market and exchange rate were stable. Deposit interest rates tended to decrease gradually, creating a premise for the downward trend of lending rates, supporting production and business activities.



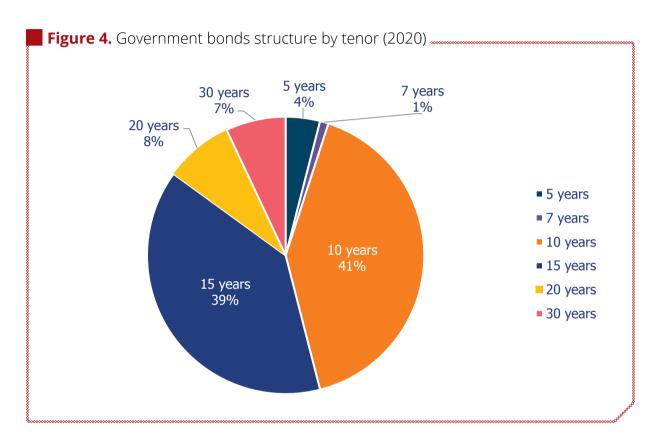
Sources: Commercial banks

In 2020, in the context of a favorable bond market, abundant liquidity and low government bond interest rates, the State Treasury focused on issuing bonds with long tenors of 10 years or more to restructure the government bond portfolio, strengthening the national credit rating.

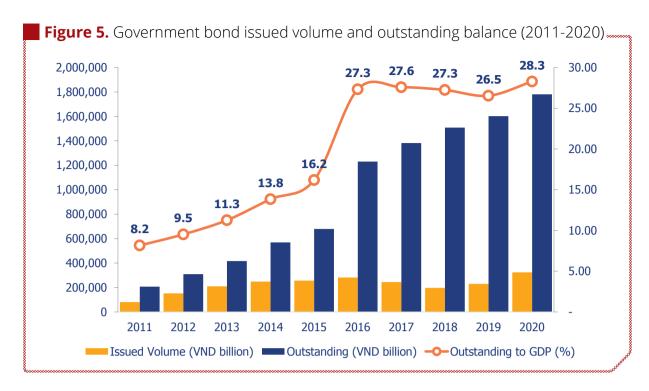
2. Government bond, Government-guaranteed bond, municipal bond markets

2.1. Government bond market

a) Primary market



Regarding the Government bond issuance volume, in 2020 the total value of successful bids was VND 323,953 billion. The State Treasury conducted 51 Government bond auction sessions, from which the total value of calls for bids was VND 419,000 billion, a 70.2 percent jump compared to 2019. The total winning volume was VND 323,953 billion, a 63.8 percent rise compared to 2019.



Regarding the bidding/calls for bids volume ratio, from June 2020 the State Treasury actively increased the bidding volume, in the context of decreasing interest rate levels in the market and stable liquidity of banks due to slow credit growth. Accordingly, the bidding volumes of investors also increased, leading to bidding ratios two to three-fold higher than offering ratios.

Table 3. Ratio of bidding/calls for bids volume (2019-2020)

Ratio of bidding/ calls for bids by volume	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	3.48	3.59	2.13	2.08	2.81	4.91	3.26	4.56	4.41	3.77	2.99	2.43
2020	3.95	2.99	2.83	1.73	1.83	3.04	2.28	2.01	3.5	1.64	2.33	2.81

Regarding the issuance tenor, 100 percent of issued Government bonds had tenors of five years or more, from which bonds with tenors of 10 years or above accounted for 95.4 percent of the total volume of issued bonds and bonds with tenors of 20 years or above accounted for 15.1 percent. The average tenor of Government bonds in 2020 reached 13.94 years (a rise of 0.5 year compared to 2019), to stretch the average time to maturity of the Government bond portfolio to 8.42 years by the end of 2020, one year longer than 7.42 years in 2019.

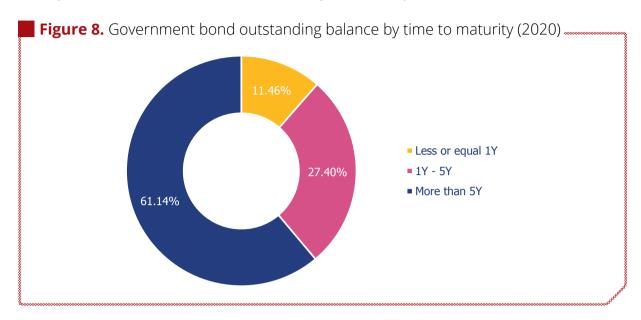


Issuing interest rates: The issuing interest rates of Government bonds in 2020 tended to decrease across the full spectrum of maturities due to abundant banking system liquidity in the context of low credit growth, while currency and foreign exchange markets were stable.

At the end of 2020, the issuing interest rate of the five-year tenor was 1.22 percent per annum, the rates of 10-, 15-, 20- and 30-year bonds were 2.28, 2.5, 2.89 and 3.14 percent, respectively. Compared to the end of 2019, the issuing interest rate at the end of 2020 decreased from 0.78 to 1.45 percent for all issuing maturities. The average issuing interest rate in 2020 was 2.86 percent/year, 1.65 percent/year lower than 4.51 percent/year in 2019.

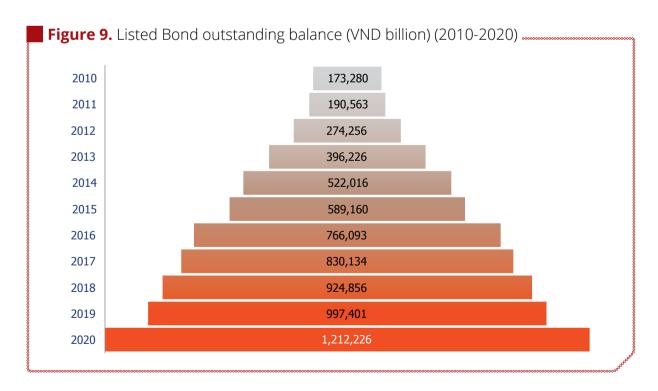


In terms of government bond market size, by the end of 2020 it amounted to 28.28 percent of GDP, a 11 percent rise in absolute value compared to 2019. The outstanding balance of government bonds with remaining times to maturity of more than five years accounted for 61.14 percent of the total outstanding, followed by one-five year tenors (27.4 percent) and tenors of less than one year (11.46 percent).



b) Secondary market

Regarding the listed value, the volume of Government bonds listed on the HNX at the end of 2020 was VND 1,212,226 billion by face value, with 225 listed bond codes.

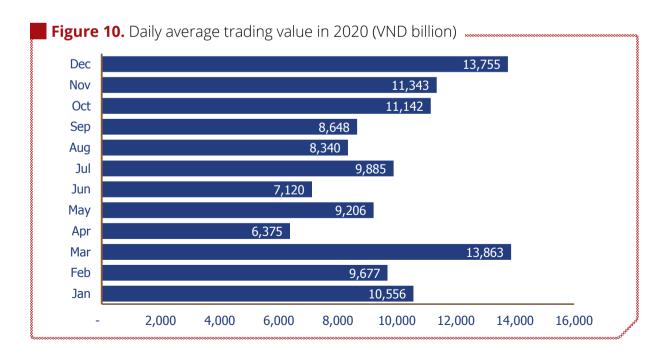


Value and transaction volumes of Government bonds on the secondary market in 2020 increased by 18.9 percent compared to 2019, from which the outright transaction value jumped by 54.4 percent and the repo transaction value fell by 19.8 percent compared to 2019. Repo transactions accounted for 31.2 percent and outright transactions 68.8 percent of the total transaction values of Government bonds. The Government bond trading volume in 2020 increased due to stable and decreasing interest rates that helped boost bond prices and allowed investors to record profits when trading. Besides, due to the slow disbursement of commercial bank credit and relatively abundant liquidity due to the pandemic, investors tended to increase outright transactions and reduced repo transactions. The average trading volume of government bonds in 2020 was VND 9,187 billion/session, a rise of 18.9 percent compared to 2019's average.

In 2020, due to pandemic impacts, the MOF issued two circulars on stock market service prices, including the transaction prices of Government bonds. The reduction in service fees also promoted transactions on the Government bond secondary market.

Table 4. Transaction value on secondary market (2018-2020)

Transactions	2018	2019	2020
Outright	908,699	1,032,416	1,593,668
Repo	973,725	899,628	721,469
Total value	1,882,424	1,932,044	2,315,137
Average value	7,530	7,728	9,187



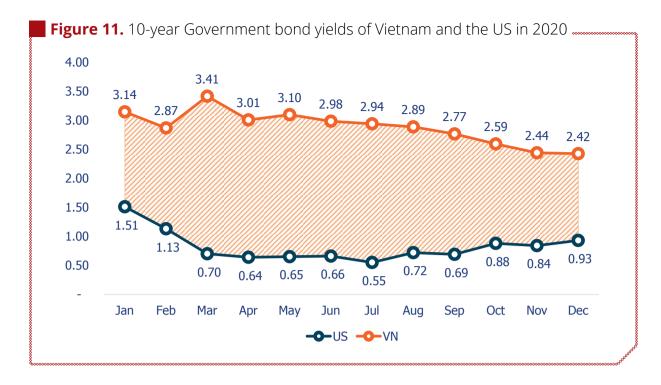
Government bond interest rates on the secondary market in 2020 increased during March-April due to the COVID-19 pandemic outbreak at that time. However, due to stable money market liquidity, the Government bond interest rate in the secondary market tended to decrease gradually from May to the end of December 2020, with interest rates for five-, seven-, 10- and 15-year tenors at 1.12, 1.37, 2.34 and 2.56 percent (lowest transaction interest rate ever in Vietnam). Compared to the beginning of 2020, the Vietnam Government bond interest rate in the secondary market at the year's end had fallen by about 100 basis points on average across most tenors – the strongest decrease in Government bond interest rates of countries in the region.

Table 5. Yields of Government bonds 2020 (%) compared to 2019 (YoY) in the secondary market

	Q1/2020	Change	Q2/2020	Change	Q3/2020	Change	Q4/2020	Change
1-2Y	2.493	-22%	0.667	-80%	0.315	-89%	0.225	-85%
3-5Y	2.651	-29%	1.628	-56%	1.031	-65%	0.838	-54%
6-10Y	3.297	-42%	2.762	-38%	2.232	-42%	1.939	-36%
11-15Y	3.496	-109%	3.151	-37%	2.969	-31%	2.625	-26%
16-20Y	3.563		3.471		3.325		2.999	-25%
21-30Y	3.675		3.631		3.491		3.205	-28%

Reasons for the decrease:

- (1) Liquidity of the whole banking system in 2020 was relatively abundant and interbank interest rates remained low, which helped increase investment demand in risk-free assets including Government bonds.
- (2) The macro-economy was stable, inflation was controlled and major balances of the economy were solid. As such, Vietnam's economy grew at a high rate than many other countries in the region and globally, which strengthened the market's confidence in the Government's orientations and solutions to realize the dual goals of COVID-19 control and economic development.



Regarding the structure of investors, according to data from the MOF, by the end of 2020 credit institutions held about 45.2 percent of Government bonds outstanding. Non-bank financial institutions (including insurance enterprises, social security fund, deposit insurance, investment funds) held about 54.8 percent.

2.2. Government-guaranteed bond market

a) Primary market

Issuance plan: In 2020, the Prime Minister approved the total limit on bond issuance guarantees for the two policy banks at VND 26,275 billion (VND 21,900 billion for Vietnam Development Bank (VDB) and VND 4,375 billion for Vietnam Social Policy Bank (VSPB)).

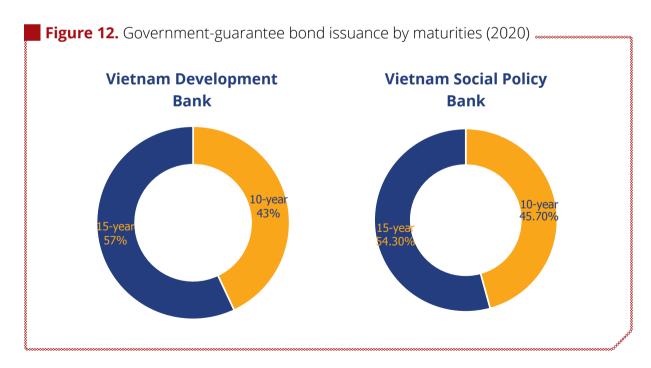
Issuance arrangements: All Government-guaranteed bonds issued by the VSPB and VDB were auctioned on the HNX. Data on volumes of calls for bids, bid participation, bids and successful bid volumes are shown below:

Table 6. Auctioning of Government-guaranteed bonds of two policy banks (2019-2020)

	Unit -	Year 2019		Year 2020	
	OIIIC -	VSPB	VDB	VSPB	VDB
No. of auction sessions	Session	4	4	2	5
Volume of calls for bids	VND billion	4,880	18,947	4,475	33,850
Volume of participating bids	VND billion	15,674	46,145	18,350	66,646
Volume of successful bids	VND billion	3,702	13,797	4,375	21,900

Issued volume: In 2020, VDB raised VND 21,900 billion (100 percent of its issuing plan for 2020), a 58.7 percent jump compared to the issued volume in 2019 (VND 13,797 billion). VSPB raised VND 4,375 billion (100 percent of its issuing plan for 2020), a 18.2 percent rise against 2019's issued volume in 2019 (VND 3,702 billion).

Issuing maturities: VDB's average issuing maturity in 2020 was 12.87 years (a 1.4 year increase compared to 2019), while VSPB's average issuing maturity in 2020 was 12.71 years (a 1.86 year decrease compared to 2019).



Issuing interest rates: Similar to issuing rates for Government bonds, those of Government-guaranteed bonds in 2020 declined in all maturity spectrums compared to 2019.

For bonds issued by VDB, the issuing rate fell by 1.38-1.50 percent for 10-year tenors, 1.26-1.52 percent for 15-year tenors.

For bonds issued by VSPB, the issuing rate dropped by 1.65 percent for 10-year tenors and 1.7-1.78 percent for 15-year tenors.

Principal and interest payment: Government-guaranteed bonds issued by the two policy banks were fully serviced regarding principals and interest during 2020.

The market size for Government-guaranteed bonds by the end of 2020 amounted to VND 141,693 billion, equivalent to 2.25 percent of GDP in 2020, a 3.52 percent decline from 2019.

b) Secondary market

Secondary market listing: All Government-guaranteed bonds were listed and traded on the HNX.

Secondary market trading: The total trading volume of Government-guaranteed bonds in 2020 was VND 268,749 billion, 17.5 percent lower than in 2019, of which the value of outright transactions was VND 81,022.5 billion – a 21.7 percent fall from 2019. The value of repo transactions was VND 187,726.5 billion, 15.5 percent lower than in 2019. The average transaction value per session was VND 1,075 billion, a 17 percent fall from 2019.

2.3. Municipal bonds

a) Primary market

The total sub-national government budget deficit, approved by the National Assembly for 2020, was VND 17,000 billion.

Issuance arrangements: In 2020, only Ho Chi Minh City issued municipal bonds to mobilize capital for local budget expenditure. The total volume of successful issuances amounted to VND 2,000 billion, including VND 400 billion of 20-year tenors and VND 1,600 billion of 30-year tenors, with the average issuing rate reaching 3.71 percent per year. After issuance, the bonds were registered, listed and traded on the HNX.

Interest and principal repayment: Municipal bonds in 2020 were fully serviced regarding principals and interest during 2020.

The market size of municipal bonds by the end of 2020 reached VND 12,870 billion, equivalent to 0.2 percent of GDP in 2020.

b) Secondary market

Secondary market listing and trading: Some 85 percent of municipal bonds were listed and traded on the securities market. However, the volume of municipal bond trading remained small at VND 5,491 billion (100 percent outright transactions).

Table 7. Listing of Government-guaranteed bonds and municipal bonds (2019-2020)

Description	Unit	Year 2019	Year 2020
Listed value	VND billion	154,761	154,184
Government-guaranteed bonds	VND billion	138,168	133,441
Municipal bonds	VND billion	16,593	11,743

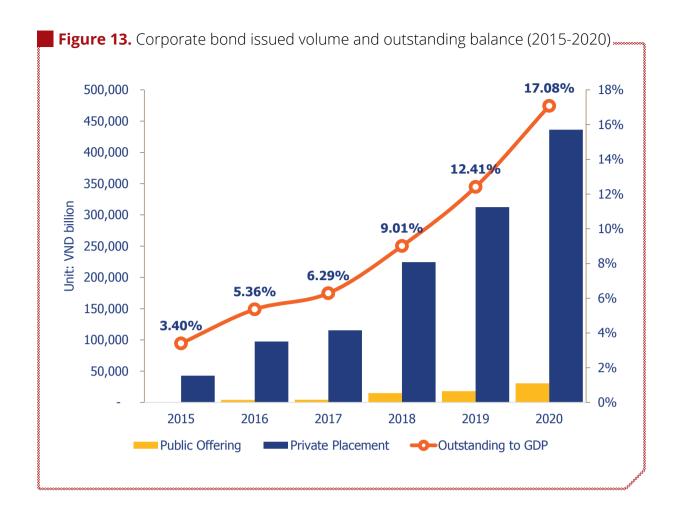
3. Corporate bond market

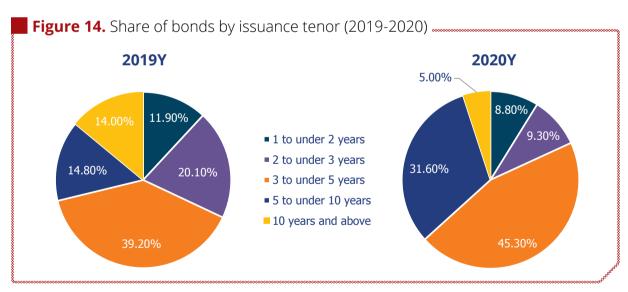
a) Primary market

The total volume of corporate bonds issued in 2020 amounted to VND 466,826 billion, a 41.3 percent leap verses 2019, of which private placements accounted for VND 436,277 billion and 93.5 percent of the issued volume. Public offerings amounted to VND 30,549 billion and 6.5 percent of the issued volume. There were four corporate bond issues on the international market with a volume of USD 345 million, a 15 percent rise from 2019.

Types of bonds: In 2020, some 51.2 percent of the issuing volume was bonds issued with collateral, while 48.8 percent was issued without collateral and 0.6 percent was convertible bonds. Regarding domestic bonds issued under private placement, 54.7 percent of the issuing volume was bonds issued with collateral and 0.5 percent was convertible bonds. There were no bonds issued with warrants.

Issuing maturities: The average tenor of privately-placed corporate bonds in 2020 was 4.21 years, an increase of 0.15 years compared to 2019. The volume of privately-placed bonds with tenors of 10 years or more reached 5 percent of the total issued volume. The average tenors of bonds issued to the public exceeded five years.



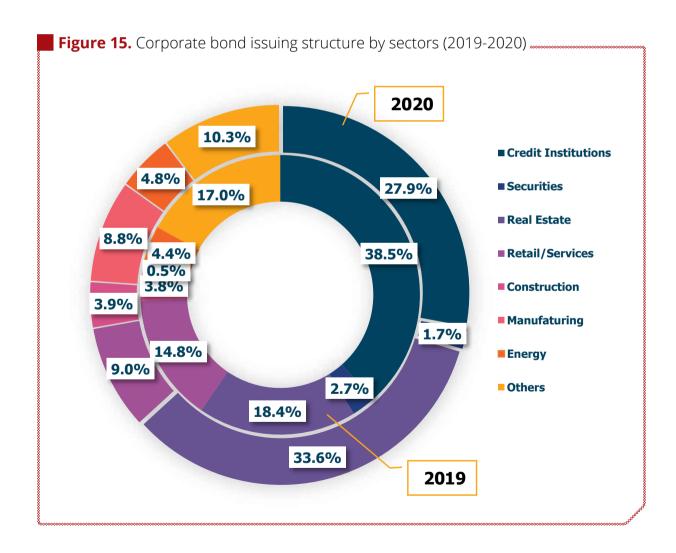


Interest rates: For bonds issued under private placement, the average coupon of corporate bond issuances was 9.34 percent/year, commonly ranging from 8.5-12 percent/year. For bonds issued to the public, a floating coupon rate was based on the average reference rate of four major commercial banks (Agribank, BIDV, Vietcombank and Vietinbank).

Issuers: In 2020, real estate enterprises and commercial banks had the largest issuing volumes of corporate bonds, accounting for 33.6 and 27.9 percent of the total issuing volume, respectively. Service and manufacturing enterprises accounted for 9.0 and 8.8 percent of the total issuing volume. For bonds issued under private placement, real estate enterprises and commercial banks accounted for 35.86 and 26.23 percent of the total issuing volume, respectively.

Issuing methods: Most enterprises issued by the non-underwriting method, in which a securities firm or commercial bank plays the role of advisory service provider and agent for bond distribution and custody.

Type of investors: The main investors in the privately-placed market were institutional investors accounting for 87.32 percent and individual investors 12.68 percent. However, as corporate bonds are a tradable product upon issuance on the primary market, the bond-holding ratio of investors will continue to change.



b) Secondary market

For listed corporate bonds market: At the end of 2020, 23 corporate bond codes were listed on the two stock exchanges HOSE (21 codes) and HNX (two codes). The total value of listed corporate bonds amounted to VND 27,830 billion, equal to 2.6 percent of the outstanding amount. The total traded value in 2020 reached VND 37,428 billion, the average trading volume was VND 135 billion per session.

For privately-placed corporate bonds: After issuance, bonds were usually held by investors to maturity. In case of conducting transfer transactions, investors sold the bonds before maturity to securities companies as distribution agents.

c) Intermediary institutions

- Credit rating agencies: In 2020, the MOF granted a certificate of eligibility for credit rating service business to one credit rating agency. Accordingly, until now, there are two credit rating agencies in the market.

As regulated in Decree No.155/2020/ND-CP (dated December 31, 2020) guiding the Law of Securities, mandatory regulation on credit rating for issuers or bonds issued under public offerings will take effect from January 1, 2023. Accordingly, the MOF continues selecting and granting licenses to quality credit rating agencies, encouraging international credit rating agencies to participate in Vietnam's market.

PART 3

Plans for bond market development in 2021

1. Macro-economic situation

The global economy in 2021 is forecasted by the World Bank and IMF to see better growth than achieved in 2020, in part driven by the United States and Europe maintaining pandemic-related stimulus and economic recovery support measures, the United Kingdom and European Union reaching a trade agreement and the easing of United States-China trade tensions. However, the economic recovery will still face numerous challenges with the pandemic not under control and new variants of the SARS-CoV-2 virus appearing in many countries.

Vietnam's economy

In 2021, the first year of its five-year term 2021-2025, the Government has set an economic growth target of approximately 6.5 percent, 0.5 percent higher than the plan assigned by the National Assembly, the consumer price index to reach approximately 4 percent and the State budget deficit to sit at 4 percent. To accomplish these economic development goals, it is necessary to effectively utilize the nation's resources, including capital mobilized from the bond market.

Table 8. Socio-economic development indicators for 2021

	2021 plan assigned by the National Assembly	2021 objectives of the Government (*)
Growth rate of gross domestic product (GDP) (%)	(approx) 6	(approx) 6.5
GDP per capita (USD)	(approx) 3,700	(approx) 3,700
Average growth rate of consumer price index (CPI) (%)	(approx) 4	(approx) 4
State budget deficit to GDP (%)		4
Public debt to GDP (%)		46.1
Government debt to GDP (%)		41.9
Growth rate of total export turnover (%)		4-5
Index of Industrial Production IIP (%)		8

^(*) According to Resolution No.01/NQ-CP (dated January 1, 2021) of the Government on the main tasks and solutions to implement the socio-economic development plan and the state budget estimate in 2021.

2. Bond market development in 2021

The Securities Market Development Strategy for the period 2021-2030, is being developed by the MOF and to be submitted to the Prime Minister, includes a bond market development strategy underpinned by the goal of developing the bond market to become an important channel for the Government and enterprises to raise capital. It proposes solutions to develop the primary market, secondary market, investor base and intermediary institutions.

2.1. Government bond market

a) Issuance plan

Total borrowing needs to finance the central Government budget in 2021 will hit VND 579,772 billion, including: (i) VND 318,870 billion to finance the budget deficit and (ii) VND 260,902 billion to refinance debt principals. Accordingly, the State Treasury announced the Government bond issuance plan target for 2021 is VND 350,000 billion. During the implementation process, based on the central budget's capital mobilization needs and status of State budget revenues and expenditures, the volume of government bonds may be adjusted and announced to investors.

The issuance plan by maturities is outlined in the following table:

Table 9. Issuance plan by maturities (2021)

Maturity	Tentative volumes
5 years	VND 20,000 billion
7 years	VND 15,000 billion
10 years	VND 120,000 billion
15 years	VND 135,000 billion
20 years	VND 30,000 billion
30 years	VND 30,000 billion
Total	VND 350,000 billion

b) Market development solutions (2021)

Issuance arrangements:

The State Treasury shall issue new or re-open current bond codes to increase the size of codes to promote secondary market liquidity. The State Treasury will focus on

issuing government bonds through auctions, with issuance tenors and interest rates adjusted to market levels and investors' demands.

Secondary market:

Related agencies strive to increase liquidity in the secondary market of government bonds, build the benchmark yield curve and increase the proportion of repurchase transactions over the total trading volume of Government bonds. The Government bond trading system will be further enhanced to create favorable conditions for investors to participate in secondary market transactions. Vietnam's Government bonds will gradually be put into the international bonds basket to attract the participation of foreign investors.

Strengthen the role of Government bond primary dealers: In 2021, there are 17 market-makers announced under Decision No.2290/QD-BTC (dated December 29, 2020) from the MOF, as follows:

No	Primary Dealers
1	Bank for Investment and Development of Vietnam (BIDV) Joint Stock Securities Company
2	Vietnam Joint Stock Foreign Trade Bank (Vietcombank) Securities Co. Ltd.
3	Ho Chi Minh City Joint Stock Securities Company (HSC)
4	Saigon-Hanoi Joint Stock Securities Company (SHS)
5	Joint Stock Asia Commercial Bank (ACB)
6	Vietnam Joint Stock Commercial Bank for Investment and Development (BIDV)
7	Saigon Joint Stock Commercial Bank (SCB)
8	Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank)
9	Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank)
10	Military Joint Stock Commercial Bank (MB Bank)
11	Vietnam Maritime Joint Stock Commercial Bank (Maritime Bank)
12	Orient Joint Stock Commercial Bank (OCB)
13	Saigon Thuong Tin Joint Stock Commercial Bank (Sacombank)
14	Vietnam Technological and Commercial Joint Stock Commercial Bank (Techcombank)
15	Tien Phong Joint Stock Commercial Bank (TP Bank)
16	Vietnam Bank for Agriculture and Rural Development (VBARD) single-member Co. Ltd
17	Vietnam Prosperity Joint Stock Commercial Bank (VPBank)

The rights and obligations of primary dealers are stipulated in MOF announcement No.16037/ BTC TCNH (December 29, 2020) (http://www.mof.gov.vn/webcenter/portal/ tpcp). Key obligations of primary dealers in 2021 include:

Buying obligations: In the assessment period (November 1, 2020 to October 31, 2021), primary dealers are obliged to buy Government debt instruments at minimum volumes in the primary market as follows: VND 2,700 billion for securities firms and (ii) VND 5,200 billion for commercial banks. If the State Treasury reduces the volume of debt instrument issuances as announced at the beginning of 2021, the minimum buying obligations will be adjusted down accordingly.

Secondary market share obligations: In the assessment period (November 1, 2020 to October 31, 2021), primary dealers are obliged to trade Government debt instruments as follows:

For securities firms: The minimum trading volume is 0.8 percent of the market's total transaction volume.

For State-owned commercial banks, joint stock commercial banks, foreign bank branches, joint venture banks and fully foreign-owned banks: The minimum trading volume is 1 percent of the market's total transaction volume.

2.2. Government-guaranteed bond market

Issuance plan: With the approved Government guarantee limit and loan limit for re-lending in 2021, the maximum guarantee limit for two policy banks (Vietnam Development Bank and Vietnam Bank for Social Policy) equals the obligation for debt principal repayments for Government guaranteed bonds in 2021.

The two policy banks' obligations for debt principal repayments for Government guaranteed bonds in 2021 amounts to VND 32,078 billion, specifically: Vietnam Development Bank (VND 21,054 billion) and Vietnam Bank for Social Policy (VND 11,024 billion).

Issuance arrangements: In light of limits on Government-guaranteed bond issuances approved by the Prime Minister, the two policy banks shall arrange for issuances of Government-guaranteed bonds through HNX auctions to raise finance for implementation of State credit schemes.

2.3. Municipal bond market

The total sub-national government debt borrowing limit in 2021 is VND 28,797 billion, of which: (i) VND 24,800 billion is to finance sub-national budget deficits and (ii) VND 3,997 billion to re-finance debt principals. In line with the approved debt borrowing limit, sub-national governments shall select borrowing instruments, including issuances of municipal bonds. The amount of capital mobilized through issuing local government bonds in 2021 depends on the financing needs of sub-national governments and bond market conditions.

Obligations on due debt principal repayments of municipal bonds in 2021 amount to VND 1,125 billion (VND 625 billion by Ho Chi Minh City, VND 500 billion by Ba Ria-Vung Tau).

2.4. Corporate bond market

With the new regulations on issuing corporate bonds effective from January 1, 2021, there will be changes in the mobilization of bond capital of enterprises. Companies will tend to offer bonds to the public to raise capital instead of issuing bonds under private placement as was the case in the previous period. In the context that credit growth is carefully managed by the State Bank of Vietnam (expected at 12 percent in 2021), bond issuances continue to be the capital mobilization channel chosen by enterprises.

On the basis of the new legal framework on corporate bond issuances, the corporate bond market operations will focus on the following tasks:

Market organization

The MOF will issue a circular guiding the organization of the private corporate bond trading market on the HNX to serve as a basis for the organization and operation of the secondary market of private corporate bonds for professional investors. At the same time, it will continue to upgrade the market for corporate bonds listed and traded on the stock exchanges to meet the needs of issuing bonds under public offerings associated with listing and trading on the stock exchange. On this basis, development of both components of the corporate bond secondary market, including private placement and public offerings, will be prioritized.

Implement new regulations on corporate bond issuances

+ Enterprises must improve autonomy and self-responsibility when raising bond capital. Accordingly, the issuer must comply with the issuance conditions and regulations for investors to buy bonds, disclose information about the purpose of using bond capital and fully disclose information to investors and the corporate bond information webpage of the HNX.

- + Investors are responsible for bond investment decisions on the basis of risk analysis and awareness of the issuer, terms and conditions of the bond and commitments of the issuer attached with the bond.
- + Service-providing organizations (issuance dossier consulting, bond registration and depository, bidding, underwriters, bond issuance agents) must sign a contract when providing services. The contract must clearly state the rights and responsibilities of each party, while service-providers must comply with provisions of the regulations on issuance and transaction of corporate bonds when providing services, take responsibility with enterprises in the process of raising capital for bonds.
- + Regulatory authorities will strengthen supervision of issuances, transactions and bond services to detect and penalize violations of corporate bond regulations.

Enhance publicity and transparency in the process of raising bond capital

- + Encourage enterprises and investors to use credit rating services in the process of raising bond capital. Develop the credit rating services market to improve the quality of services and strengthen supervision and management in accordance with international practices, encouraging international credit rating agencies to provide services for the Vietnamese market.
- Continue to actively disseminate information on corporate bonds so businesses, investors and service providers understand and comply with the regulations on corporate bond issuances. Moreover, timely warn of risks to entities when participating in the private corporate bond market.
- + Review and amend the investment mechanisms for Vietnam Social Security, insurance enterprises, commercial banks, voluntary pension funds and securities companies to encourage investment in listed and traded corporate bonds and rated corporate bonds. In addition, focus on developing long-term investors and professional investors to promote sustainable investment demand in the capital and corporate bond markets.

2.5. Green bond market

Complete regulatory framework: In 2021, the MOF will coordinate with the Ministry of Natural Resources and Environment and related ministries to complete the decree guiding the Law on Environmental Protection, which regulates relevant content related to green bonds, including:

- (i) Regulations on the purpose of using green bonds
- (ii) Management principles of proceeds from green bonds

- (iii) Fields of projects for environmental protection (taxonomy)
- (iv) Mode of information disclosure and reporting
- (v) Preferential policies for issuers and investors of green bonds.

Green government bonds: The MOF is working with line ministries to finalize a scheme on pilot issuances of green government bonds in the domestic market for submission to the Prime Minister for approval before deployment to meet the investment needs of investors, contributing to the diversification of Government bond products in the market. At the same time, based on the medium-term public investment plan during 2021-2025 approved by the National Assembly, green public investment projects will be selected according to green project criteria specified in the Law on Environmental Protection and the decree guiding issuance of green government bonds in accordance with the law.

Green municipal bonds: The MOF shall coordinate with the local governments of a number of provinces and cities in formulating a framework and process for issuing green local government bonds as well as encouraging the selection of green projects for issuance of green local government bonds.

Green corporate bonds: The MOF shall continue to encourage enterprises to issue green corporate bonds to mobilize investment capital for projects that have positive impacts on the environment. In 2021, the MOF will also coordinate with foreign consultancy organizations to support enterprises to deploy issuances of green corporate bonds according to international practices, as a premise to develop the green corporate bond market in the future.

Annex

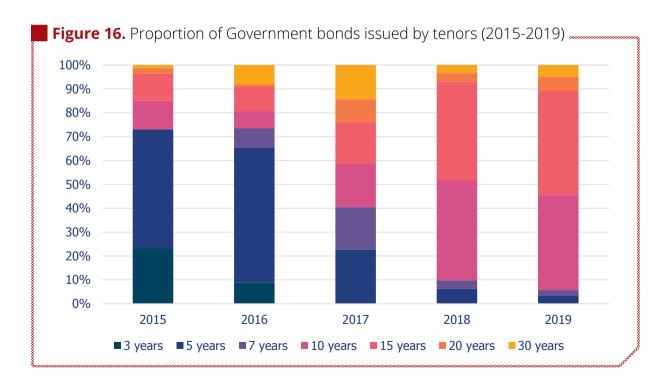
Annex 1

Bond market 2015-2019 overview

1. Government bond market

During the period 2015-2019, the total issuing volume of Government bonds reached VND 1,259 billion, accounting for 60-70 percent of the total annual State budget financing volumes.

The secondary market for Government bonds during 2015-2019 gradually developed with increasing volumes. In 2019, the average transaction volume was VND 7,682 billion per trading session, while the average transaction volumes for Government, Government-guaranteed and municipal bonds was VND 9,000 billion per trading session. Secondary market transactions were improved by increasing shares of repo transactions, while outright transactions fell from 90 percent of total transactions in 2011 to 64.4 percent in 2016 and 53.57 percent in 2019.



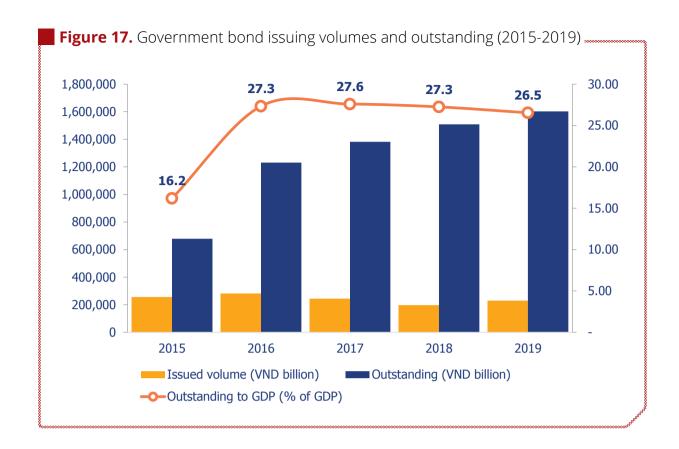


Table 10. Government bond trading volumes in secondary market (2015-2019)

Unit: VND billion

	2015	2016	2017	2018	2019
Outright transactions	504,985	831,220	1,036,792	899,244	1,028,768
Repo transactions	219,447	459,642	866,481	958,933	891,824
Total transaction value	724,432	1,290,862	1,903,273	1,858,177	1,920,592
Average transaction value per session	2,921	5,143	7,613	7,432	7,682

2. Government-guaranteed bond market

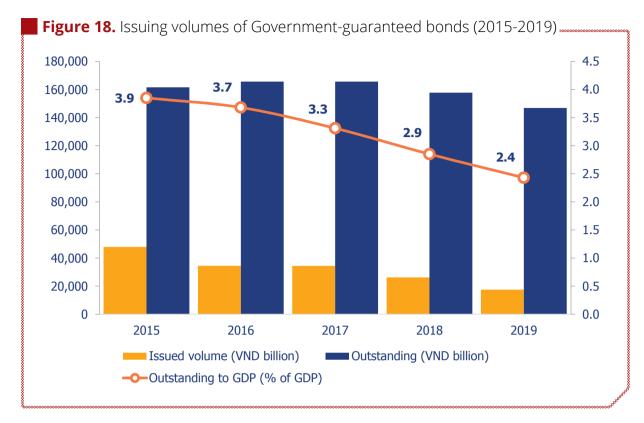


Table 11. Transaction volumes of Government-guaranteed bonds (2015-2019)

Unit: VND billion

	2015	2016	2017	2018	2019
Outright transactions	98,095	158,725	102,212	111,232	106,933
Repo transactions	77,932	143,542	240,709	209,876	229,962
Total transaction value	176,027	302,266	342,921	321,108	336,895
Average transaction value per session	710	1,204	1,372	1,284	1,348

3. Municipal bond market

During 2015-2019, the total issued volume of municipal bonds in the primary market amounted to VND 15,700 billion, equivalent to an annual average of VND 3,140 billion, partially responsive to the financing needs of sub-national governments to invest in local budget expenditure projects.

Ho Chi Minh City was the biggest issuer in the municipal bond market, with an issued volume of VND 8,800 billion during this period.

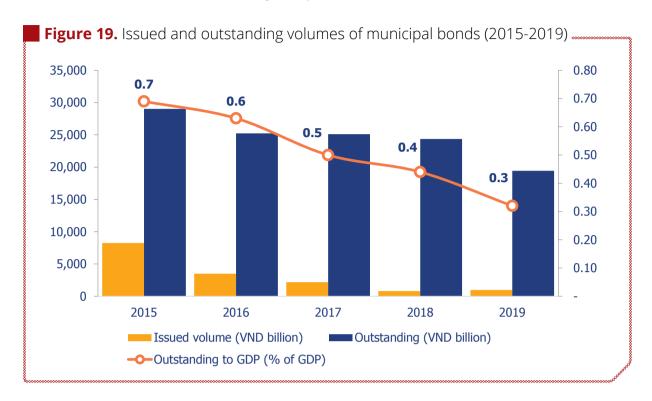


Table 12. Transaction volumes of municipal bonds (2015-2019)

Unit: VND billion

	2015	2016	2017	2018	2019
Outright transactions	2,903	1,284	3,018	551.5	-
Repo transactions	2,615	336	752	33.5	39.83
Total transaction value	5,517	1,620	3,770	585	39.83
Average transaction value per session	22.3	6.5	15.1	2.3	0.2

4. Corporate bond market

The total issued volume of corporate bonds during 2015-2019 was VND 833,750 billion, with an annual average of VND 166,750 billion mostly issued by private placement. While the issued volume by public offering method reached VND 41,314 billion at an annual average of VND 10,300 billion, private placement issuances hit VND 792,430 billion at an annual average of VND 158,480 billion.



Instruments: In the corporate bond market, products range from one- to 15-year tenors, in which two, three- and fve-year tenors were most common and relevant to investment project cycles of enterprises.

Issuing interest rate: Most issuing enterprises adopted floating rates on the basis of interest rates for 12-month deposits offered by State-owned commercial banks, plus a margin of 2-4 percent per year.

Issuers: During 2015-2019, commercial banks were the largest issuer in the corporate bond market (by private placement and public offering). Commercial banks promoted bond capital mobilization to increase Tier II capital and long-term capital sources to meet capital adequacy criteria under Basel II.

Trading and settlement: Secondary market trading of corporate bonds issued by private placement was limited, as investors tended to buy and hold to maturity, re-purchase before maturity or involve transactions between investors and securities companies that are issuing agencies. The total trading volume of listed corporate bonds during 2015-2019 reached VND 112,160 billion, an average of VND 89.73 billion/session.

Investor base: Investors that purchase corporate bonds are mainly commercial banks (40-45 percent of total bonds outstanding), securities firms (35-40 percent of total bonds outstanding), insurance companies, other organizations and individual investors.

Annex 2

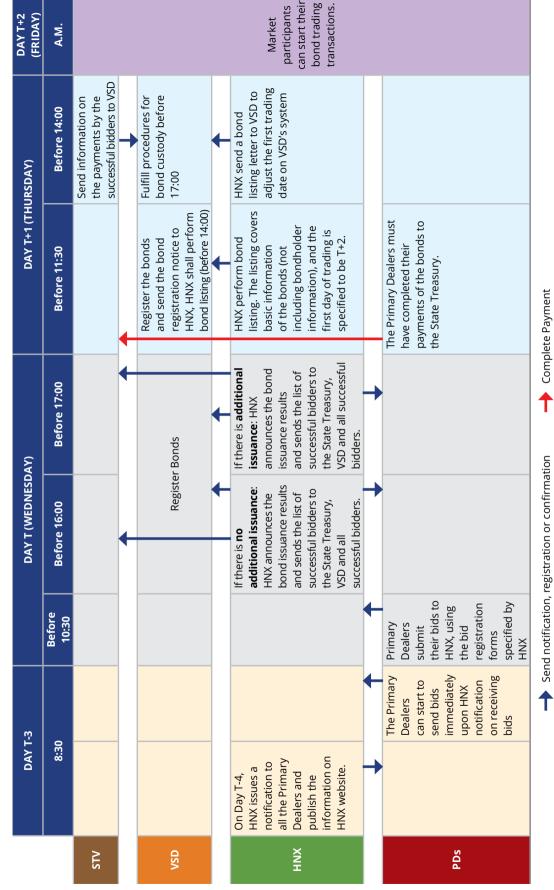
List of legal and regulatory documents on Government bonds, Government-guaranteed bonds, municipal bonds and corporate bonds

No.	Legal and Regulatory Documents	lssuance Date	Effective Date	Expiration Date
1	2017 Public Debt Management Law	23/11/2017	01/07/2018	
2	2019 Securities Law	26/11/2019	01/01/2021	
3	2020 Enterprise Law	17/06/2020	01/01/2021	
4	Government Decree No.95/2018/ND-CP promulgating regulatory guidelines on the issuance, registration, custody, listing and trading of Government debt instruments on securities markets. 30/06/		01/07/2018	
5	Government Decree No.93/2018/ND-CP on provincial government debt management. 30/06/2018 01/0		01/07/2018	
6	Government Decree No.91/2018/ND-CP on government-guarantee issuances and management.	26/06/2018	01/07/2018	
7	Government Decree No.58/2012/ND-CP detailing and guiding implementation of some articles of the Securities Law and Law Amending and Supplementing a Number of Articles of the Securities Law.	20/07/2012	15/09/2012	01/01/2021
8	Government Decree No.60/2012/ND-CP on amending, supplementing several articles of Government Decree No.58/2012/ND-CP.	26/06/2015	01/09/2015	01/01/2021
9	Government Decree No.163/2018/ND-CP prescribing 04/12/2018 the issuance of corporate bonds.		01/02/2019	01/01/2021
10	Government Decree No.81/2020/ND-CP on amendments to Government Decree No.163/2018/ND-CP (December 04, 2018) on issuance of corporate bonds.	09/07/2020	01/09/2020	01/01/2021
11	Government Decree No.153/2020/ND-CP prescribing private placement and trading of privately-placed corporate bonds in the domestic market and offerings of corporate bonds in the international market.	31/12/2020	01/01/2021	
12	Government Decree No.155/2020/ND-CP detailing and guiding implementation of some articles of the Securities Law.	31/12/2020	01/01/2021	

13	Government Decree No.156/2020/ND-CP on prescribing penalties for administrative violations 31/12/2020 01/01/2021 against regulations on securities and securities market.		01/01/2021	
14	Government Decree No.158/2020/ND-CP on derivatives and derivative market.	31/12/2020 01/01/2021		
15	Government Decree No.88/2014/ND-CP on credit rating services.	26/09/2014	15/11/2014	
16	MOF Circular No.110/2018/TT-BTC promulgating regulatory guidelines on switching and buybacks of Government debt instruments, Government-guaranteed bonds and municipal bonds in domestic markets.	15/11/2018	01/01/2019	
17	MOF Circular No.111/2018/TT-BTC promulgating regulatory guidelines on the issuance and settlement of Government debt instruments in domestic markets.	atory guidelines on the issuance and settlement 15/11/2018 01/01/2019		
18	MOF Circular No.30/2019/TT-BTC promulgating regulatory guidelines on the registration, custody, listing, trading and settlement of Government debt instruments and Government-guaranteed bonds issued by policy banks and municipal bonds.	15/07/2019		
19	MOF Circular No. 81/2020/TT-BTC on amending Circular No.110/2018/TT-BTC providing guidance on repurchases and swaps of government debt instruments, government-guaranteed bonds and municipal bonds in domestic market and Circular No.342/2016/TT-BTC elaborating Government Decree No.163/2016/ND-CP providing guidelines for the Law on State Budget.	15/09/2020	01/11/2020	
20	MOF Circular No.122/2020/TT-BTC on providing guidance on information disclosure and reporting prescribed in Government Decree No.153/2020/ND-CP on private placement and trading of privately-placed corporate bonds in the domestic market and offerings of corporate bonds in the international market.	31/12/2020	15/02/2020	
21	MOF Circular No.107/2020/TT-BTC guiding the implementation of repo transactions of Government bonds from temporarily idle State budget of the Vietnam State Treasury.	21/12/2020	01/04/2021	
22	MOF Circular No.203/2015/TT-BTC guiding trading on the securities market.	21/12/2015	01/07/2016	
23	MOF Circular No.95/2020/TT-BTC guiding supervision of securities transactions on the securities market.	ervision of securities transactions on the 16/11/2020 01/01/2021		
24	MOF Circular No.96/2020/TT-BTC guiding disclosure of information on the securities market.	16/11/2020	01/01/2021	

Annex 3

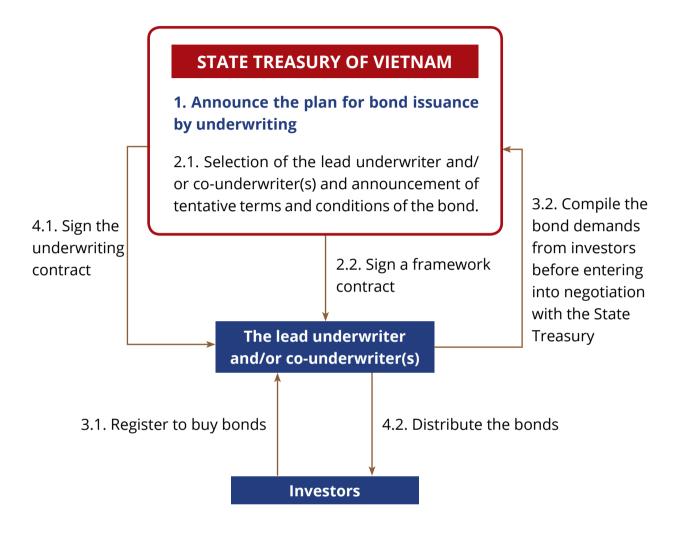
Process of Government bond issuance by auctioning



Complete Payment

Annex 4

Process of Government bond issuance by underwriting



The bond settlement, registration and custody: This underwriting process shall be the same as for auctioning.

Annex 5

Stepwise process for secondary market trading transactions

1. Transaction steps

(1) Put-through trading and order matching

- Transactions of Government bonds, Government-guaranteed bonds and municipal bonds are applied two put-through methods including:
 - + Conducting directly on the Government bond trading system of HNX via the market electronic put-through order and selective electronic put-through order.
 - + Conducting transactions outside the trading system and reporting the transaction results to the HNX's trading system. In this form, market participants often negotiate trading conditions by exchanging messages on the trading platform or other means of communication, then inputting the results into the system for transaction approval.
- The time frame for put-through entries are:
 - + A.M.: 09:00 11:30.
 - + P.M.: 13:00 14:45.
- As stipulated in Circular No.30/2019/TT-BTC, transaction details must be reported and keyed into the trading system in accordance with the regulations of the stock exchange after being approved by the SSC.

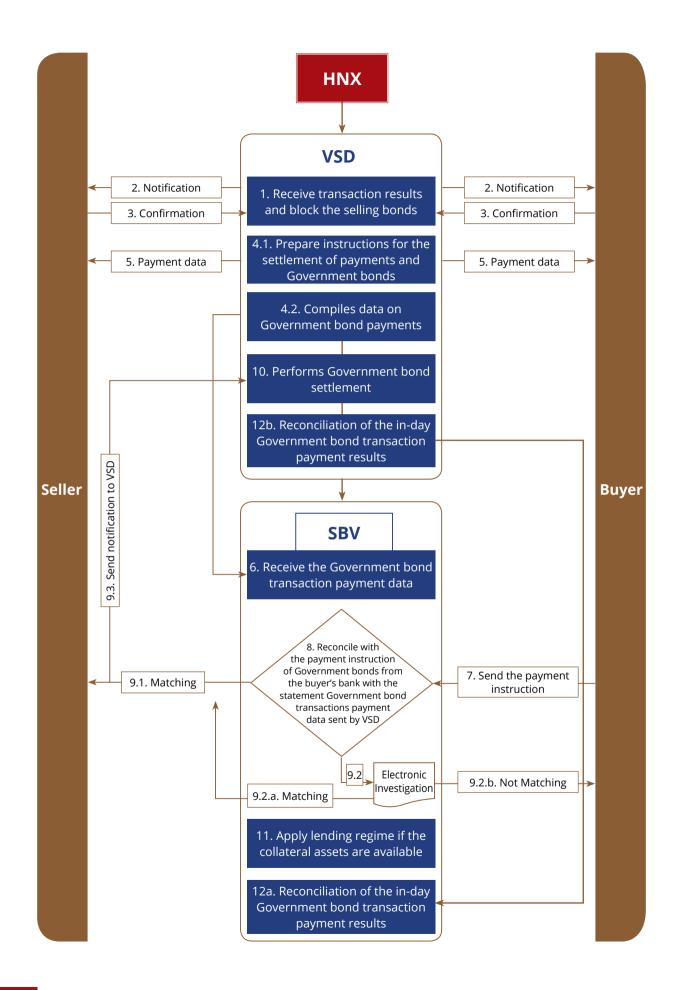
(2) Order matching: Day T

- After a party places an order in the HNX trading system, the counterparty shall confirm the order. If the counterparty does not confirm the order, the order will be removed from the system.
- HNX shall compile and send transaction data to VSD at 15:00 on day T.

(3) Settlement: Day T+1

Day T:

- **Step 1:** VSD receives the transaction results and blocks the selling bonds.
- **Step 2:** VSD notifies the trading transaction results to the sellers and the buyers.



Early on day T+1:

- **Step 3:** The sellers and buyers confirm the trading results with VSD:
 - + No later than 08:30am: Members send confirmation of the trading transaction results.
 - + No later than 08:45am: VSD performs fixing of transaction errors/settlement removal.
- **Step 4.1:** VSD prepares instructions for the settlement of payments and Government bonds.
- **Step 4.2:** VSD compiles data on Government bond payments.
- **Step 5:** VSD sends payment data to the sellers and buyers.
- Step 6: VSD sends SBV Banking Operations Center the statement of Government bond transaction payment data using the form specified in Annex 1 of Decision No.1583/QD-NHNN via its e-Portal. The SBV Banking Operations Center shall receive and verify the VSD electronic signature in the statement of Government bond transaction payment data sent by VSD.
 - + Series 1: No later than 08:45 am.
 - + Series 2: No later than 11:00 am.

Intraday in day T+1 (from 9:00 to 15:30):

- **Step 7:** The buyer's bank sends the payment instruction of the Government bonds to the SBV Banking Operations Center.
- **Step 8:** Upon receipt of the payment instruction from the inter-bank system, the SBV core system automatically reconciles with the payment instruction of Government bonds from the buyer's bank with the statement Government bond transaction payment data sent by VSD.
- Step 9.1: If the Government bond payment instruction is matched with the data sent by VSD, the accounting function of the Banking Operations Center makes a credit entry into the account of the seller's bank opened in the SBV Banking Operations Center.
- **Step 9.2:** If the Government bond payment instruction is not matched with the data sent by VSD, the SBV Banking Operations Center sends the electronic investigation order to the buyer's bank.
 - + **Step 9.2a:** If the response to the investigation order is matched, the Accounting Function of the Banking Operations Center makes a credit entry into the account of the seller's bank.

- + **Step 9.2b:** If the response to the investigation order is not matched or no response is received prior to 15:30, the Banking Operations Center returns the payment instruction to the buyer's bank.
- **Step 9.3:** After making a credit entry into the account of the seller's bank, the system sends the Government bond transaction payment result to VSD for each transaction.
- **Step 10:** VSD performs Government bond settlement.
- **Step 11:** For a bank that is temporarily illiquid, the SBV Banking Operations Center can apply its lending regime if collateral assets are available.

End of Day T+1 (from 15:30 to 16:30):

Step 12: The SBV Banking Operations Center and VSD conduct reconciliation of the in-day Government bond transaction payment results. VSD postpones the payment deadline for lack-of-payment government bond transactions at the request of the buyer and has been approved by the seller. The payment time for delayed transactions is from 09:00 to 15:30, the first or second working day after the payment date (T+2 or T+3) as soon as the buyer has enough payment for the Government bond transactions.

2. Government bond payment settlement and delivery

- In accordance with Circular No.30/2019/TT-BTC (Jul 15, 2019) promulgating regulatory guidelines on the registration, custody, listing, trading and settlement of Government debt instruments and Government-guaranteed bonds issued by policy banks and municipal bonds, the Government bond payment settlement function shall be performed by the SBV Banking Operations Center. Accordingly, VSD shall settle Government bond payments for each transaction once the seller has sufficient Government bonds and the buyer has sufficient cash for payment on the settlement date in accordance with the existing regulations. The transaction settlement shall follow the delivery versus payment principle, without off-setting.

Annex 6

Process for foreign investors purchasing Government bonds

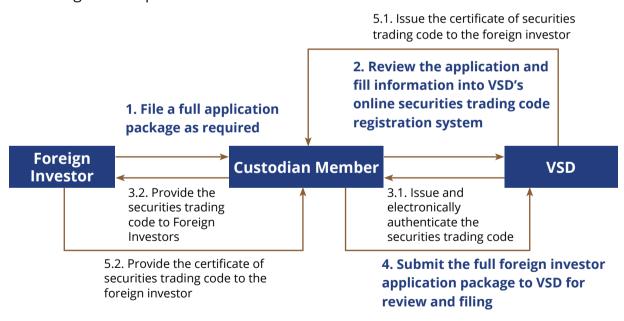
1. Registration procedures for investment in the government bond market

Investments in Government bonds by foreign investors shall follow legal provisions stipulated in the 2013 Consolidated Ordinance on Foreign Exchange, Securities Law, Circular No.123/2015/TT-BTC, promulgating guidelines on foreign investment in Vietnam's securities markets, Circular No.05/2014/TT-NHNN, promulgating the opening and use of capital accounts for portfolio investment in Vietnam. In which, foreign investors' registration procedures for investment in Government bonds in Vietnam include two key procedures:

a. Procedure 1: Registration for a securities trading code at the VSD

As stipulated in Government Decree No.155/2020/ND-CP and Circular No.123/2015/TT-BTC, the foreign investor wishing to trade Government bonds in Vietnam's market must register for a securities trading code in VSD via a custodian member.

- The registration process is as follows:



- The application documents for a securities trading code includes:
 - (i) The securities trading code registration form using Form No.41 specified in Annex of Government Decree No.155/2020/ND-CP.
 - (ii) A written authorization for a custodian member to register a securities trading code, unless the organization registering a securities trading code is a custodian member.

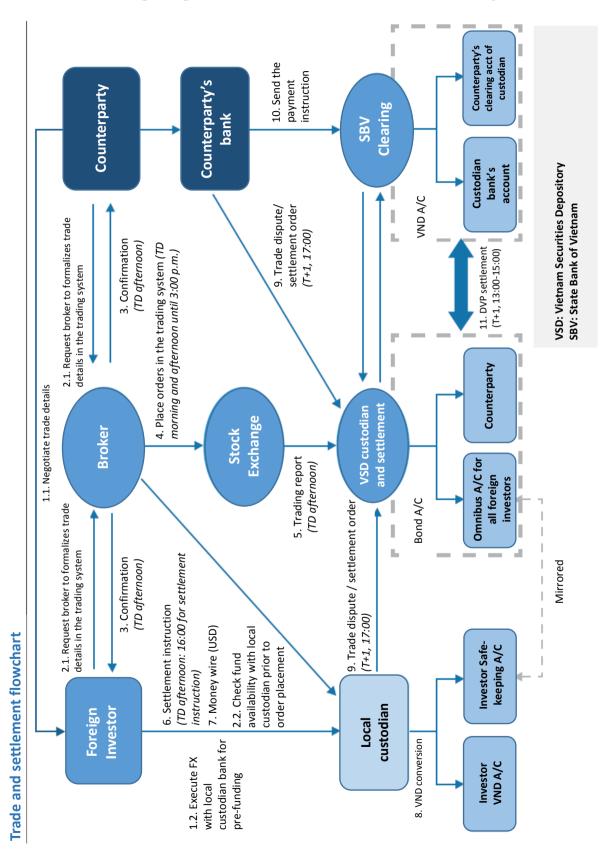
(iii) Investor identification documentation according to Form No.42 specified in Annex of Government Decree No.155/2020/ND-CP.

b. Procedure 2: Opening portfolio investment account for a foreign investor

The 2013 Ordinance on Foreign Exchange and Circular No.05/2014/TT-NHNN promulgating guidelines for the opening and use of a portfolio investment account for portfolio investment in Vietnam stipulates the following:

- When conducting portfolio investment in Vietnam, the foreign investor is required to open one portfolio investment account in one permitted custodian bank to implement permitted inflow and outflow transactions. The procedure for opening and closing the portfolio investment account shall follow the regulations of the permitted bank.
- The portfolio investment capital in foreign currency must be converted to Vietnamese dong for investment through this account.
- If the foreign investor has already opened and is using a portfolio investment account in one permitted bank, but needs to open a further one in another permitted bank, the foreign investor must close the already opened portfolio investment account and transfer all the balance to the new account.
- Custodian bank's responsibilities: When processing the inflow and outflow transactions in the portfolio investment account for the foreign investor, the custodian bank shall be responsible to:
 - + Provide guidance to the foreign investor on procedures to open and close the portfolio investment account.
 - + Provide regulations, review and store all documents and materials relating to the inflow and outflow transactions conducted in the portfolio investment account presented by the foreign investor to ensure foreign exchange services are provided for appropriate purposes and in compliance with applicable legislation.
 - + Sell foreign currencies to the foreign investor on the basis of self-balancing of foreign currencies by the credit institution.
- Foreign investor's responsibilities: When conducting inflow and outflow transactions in the portfolio investment account, the foreign investor shall be responsible to:
 - + Present the contents of the inflow and outflow transactions relating to the foreign portfolio investment activities in Vietnam in accordance with requirements and guidance of the permitted custodian bank.
 - + Present and supplement dossiers, materials and supporting documents as requested by the permitted custodian bank.

2. Transaction and payment process for foreign investors when investing in government bonds and treasury bills:



3. Remittances abroad

If/when in need of remitting abroad capital, profits and any other legitimate incomes from the portfolio investment activities, the foreign investor can use the Vietnamese Dong held in the portfolio investment account to buy foreign currency from the permitted credit institution for remittances abroad.

4. Tax legislation

Foreign investors do not need to pay corporate income tax of 20 percent.

There are two kinds of tax imposed on foreign investors: 5 percent on coupon income and 0.1 percent tax on total proceeds from sales.

PRIMARY DEALERS THAT SPONSORED AND PROVIDED FEEDBACK ON THIS REPORT

JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM (BIDV)



VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (AGRIBANK)

NGÂN HÀNG NÔNG NGHIỆP VÀ PHÁT TRIỂN NÔNG THÔN VIỆT NAM



Mana phần thịnh đến khách hàng

Agribank is a state-owned commercial bank that plays a key role in Vietnam's banking system. Over 33 years of establishment and development, Agribank has always demonstrated the pioneering role of a State-owned commercial bank in leading the system of credit institutions to strictly and effectively implement the national monetary policies of the Party and the State on monetary and banking issues, especially credit policies for agricultural and rural development. As of December 31, 2020, Agribank's total assets reached nearly VND 1.57 million billion, funding resources reached over VND 1.45 million billion, total outstanding loans to the economy reached nearly VND 1.27 million billion, funding resources reached over VND 1.45 million billion, total outstanding loans to the economy reached over VND 1.21 million billion, in which outstanding loans for investment in agriculture and rural development account for 70% of outstanding loans to the economy and over 50% of agricultural and rural credit market share in Vietnam, making an important contribution to the development of Vietnam's agriculture particular and the country's economy in general. Agribank's capital has reached 100% of communes across the country, contributing to promoting economic restructuring in agriculture, making a positive contribution to the cause of poverty alleviation and new rural construction.

In addition to business activities, Agribank has paid considerable attention to social security support with many long-term funding projects and programs nationwide, showing its responsibility to the community, actively contributing to the implementation of the National Target Program on sustainable poverty reduction and new rural construction under the guidelines of the Party and State.

In 2020. Agribank achieved awards:

- Top 10 most prestigious commercial banks in Vietnam
- · Agribank ranked first among Vietnam's commercial banks in the Top 500 largest companies in the country (VNR500 Ranking)
- Agribank ranked 190th and also the highest among the top 9 commercial banks in Vietnam in the Brand Finance Banking 500 anking which named world's most valuable banking brands by Brand Finance.
- Agribank was honored with may prestigious awards by the Asian Banking & Finance: Corporate Social Responsibility & Green Program of the Year (Silver- Asia Pacific region); Mobile Banking & Payment Initiative of the Year (Vietnam), and Domestic Retail Bank of the Year (Vietnam) in recognition of its pioneering role in developing modern and convenient banking products and services.

VIETNAM MARITIME COMMERCIAL JOINT STOCK BANK (MSB)



Ngân hàng TMCP Hàng Hải Việt Nam

Vietnam Maritime Commercial Joint Stock Bank (MSB) is proud of being the first commercial bank established (in 1991) during the period of Vietnam's economic reform and rapid development. Over 30 years of innovation, MSB has shown remarkable growth with VND11,750 billion in owner's equity, a team of nearly 7,000 dynamic and professional employees and 274 branches/transaction office nationwide.

Thanks to the collective strength and pioneering spirit, MSB has constantly set new ground breaking milestones in the Finance -Banking industry, which have been recognized by many prestigious organizations locally and internationally with noble awards and

- "Best Bank in Vietnam 2020" awarded by Global Finance Magazine:
- "Best Commercial Bank in Vietnam" awarded by Global Banking & Finance Review (GBAF):
- "Bank with the most innovative financial solutions for Business Owners in 2020" awarded by International Finance Magazine;

In the bond business, MSB has been involved in the market since its inception. Currently, MSB is still one of the most active government's debt instrument market makers and one of 13 market makers of the Vietnam Bond Market Association. In recent years, MSB's bond trading and investment activities continued to be recognized by regulators with the following outstanding achievements:

- "Top 1 Bond trading member" ranked by Hanoi Stock Exchange in 2020;
- "Top 2 primary trading members" ranked by the Ministry of Finance in 2020;
- "Market maker with best quoted price" award in 2020 awarded by Vietnam Bond Market Association;
- "Market maker with the third highest trading volume" awarded in 2020 by the Vietnam Bond Market Association;
- "Market maker with most quoted tenors" awarded in 2019 by the Vietnam Bond Market Association

ASIA COMMERCIAL JOINT STOCK BANK (ACB)



Full name in English: Asia Commercial Joint Stock Bank (ACB)

ACB started operations on June 04, 1993.

With the vision of being a leading private bank, ACB is implementing the refreshed strategy 2019-2024 with three strategic objectives: growing consumer and SME total income by a high rate, delivering the best customer experience, and being among the most profitable banks with ROE rate of 20% or above.

ACB is one of the most active banks on the financial markets. ACB has achieved Ministry of Finance award for top 10 market makers for three consecutive years, from 2018 to 2020. HNX has increased ACB's rank as market makers to top 6 in 2020. ACB was among the top 3 VBMA's Market Maker Best Bond Award in 2019 and 2020.

Awards:

- · Most Recommended Retail Bank in Vietnam & 10th Ranking in Asia Pacific The Asian Banker
- · Best Commercial Bank Vietnam 2020 International Finance Magazine
- · Best CSR Bank Vietnam 2020 Global Banking and Finance Review
- Best Innovation in Retail Banking Vietnam 2020 International Banker (UK)

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SAIGON COMMERCIAL JOINT STOCK BANK



HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK



HDBank - 30 years of sustainable growth

HDBank, established in 1990, is one of the first joint stock commercial banks in Vietnam. Over 30 years of operation, HDBank is now one of the leading banks in Vietnam and is expanding internationally.

HDBank has strong financial statement and modern technology, providing a wide range of financial and banking services to individuals, businesses and investors.

As of March 31, 2021, HDBank has charter capital of VND 16,088 billion; total assets of more than VND 325,821 billion; a network of 308 banking transaction points and more than 19,500 financial transaction points of HD SAISON; serving 20 million customers in their exclusive ecosystems including airlines, supermarkets, telecommunications, finance-banking, etc., especially in rural areas.

On January 5, 2018, nearly 981 million shares of HDBank (Ticker: HDB) were officially listed on HOSE and quickly entered the top 20 largest capitalization stocks on the index. This event guided large-cap companies to enter the stock market, contributing to enhance market liquidity and provide opportunities for domestic and foreign investors. HDB shares also entered the VN30 index, Top 30 stocks with the largest market capitalization and liquidity.

In the bond market, HDBank is an early joiner, being a secondary trading member at HNX and a member of government bond auction approved by the Ministry of Finance. HDBank's trading volume and market position have always been in the Top 10 largest, most reputable, and most dynamic trading members in the Government Bond market. HDBank has actively contributed to the development of Vietnam's bond market

In recent years, HDBank has been strongly promoting digital transformation and continuing to build, solidify its platforms and optimally update new technologies. Among these accomplishments, comprehensive digitalization of banking process is one of the driving forces to increase revenue and optimize costs on the basis of customer-centricity. This is also the basis, the launching pad to aim for the implementation of high goals and foresight in the upcoming journey.

HDBank – Happy Digital Bank, the target to make HDBank a modern, happy digital bank in 2021 and the following years, is oriented to continually develop for the happiness of customers, employees, community and society. Concurrently, HDBank always aims to maintain and develop its position as a market member, increase market share and reputation in the capital markets.

BIDV SECURITIES COMPANY (BSC)



BIDV Securities Company (BSC), founded on November 18, 1999, is one of Vietnam's most famous securities firms, offering financial services and investment products to domestic and foreign institutional and individual investors

After 20 years of operation, BSC has affirmed its position in the Top 10 brokerage market shares for stocks, fund certificates, and covered warrants at HoSE and UPCOM; Top 10 brokerage market shares in futures market; and received numerous prestigious awards such as Best Investment Bank Vietnam 2020, Best Brokerage House Vietnam 2019 by Global Banking and Finance Review, TOP 3 Best Overall Country Research 2019 - Asia Money Broker Poll 2019, and Best Primary Dealer of Government bond market by the Ministry of Finance, etc.

Furthermore, with an average transaction amount of VND 100,000 billion per year, BSC has continuously maintained its top position in the Government bond market. BSC also offers a variety of products and services, such as bond brokerage through bidding and order placement, Government bond futures order placement, etc. that contribute to the market's expansion in size and liquidity.

Moreover, BSC has successfully consulted numerous deals, including Ho Chi Minh city municipal bond underwriting from 2013 to the present, Vinacomin bond issuing agency, IPO consultant for Vinatex, Vietnam Airlines, Vinamilk, FPT Corporation, BIDV Bank, and others.

BSC consistently enhances its financial capacity, invests in contemporary technological systems, develops new products, and provides effective investment strategies and the finest customer service experience in order to achieve its goal of being a market pioneer securities firm.

VIETCOMBANK SECURITIES CO., LTD (VCBS)



Founded in 2002, Vietcombank Securities Co., Ltd (VCBS) has long history of development and is now one of the leading securities companies in bond market.

In 2020, VCBS achieved the 2nd largest market share in Government bond brokerage and Government bond Auction, with broad customer base including onshore and offshore banks, insurance companies and fund management companies

Also, VCBS also provide advisory and underwriting service for corporate bond issuances, helping companies in various industries access mid and long-term capital in addition to bank credit capital. Notably, in 2020, VCBS advised and successfully distributed 2.000 billion dong of Truong Hai Auto Joint Stock Company (THACO) bond.

In 2019, VCBS successfully distributed VND 2,550 billion of Hong Phong 1 corporate bond, with payment guarantee from Credit Guarantee and Investment Facility (CGIF), a Trust Fund of Asian Development Bank (rated AA globally by S&P). VCBS is the first local securities firm to act as the bond issuance agent in the first renewable energy project bond guaranteed by CGIF in Vietnam.

VCBS has gained the trust of both domestic and foreign financial institutions through our professional bond services, high-quality personnel and qualified trading system. With strong support of parent bank – Vietcombank in terms of orientation, customer network, standardized and systematic cooperation between VCB and VCBS, VCBS has confidence in providing services catering for customer's needs.

Address

HO: VCBS, 12th &17th floor, Vietcombank Tower, 198 Tran Quang Khai Str, Hanoi, Vietnam

HCM Branch: VCBS, 1st floor, Green Star Tower, 70 Pham Ngoc Thach Str, Ward 6, Dist 3, Hochiminh City, Vietnam

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VIETCOMBANK SECURITIES CO., LTD (VCBS)



Biến cơ hội thành giá trị

SHS is one of the 10 largest securities companies in Vietnam market with total capital of VND 2,072.7 billion. SHS expect to become a leading investment and securities financial group in the country, comparable to international financial institutions with a competitive strategy that always makes difference to meet the increasing requirements of customers. and shareholders.

The foundation for SHS's goals and activities is the trust of customers along with core values built on solid financial potential, transparency, application of high technology in business. The business activities and professional thinking of our experienced staff always adhere to ethical standards. SHS continues to affirm its position by providing a variety of high quality, professional and perfect services.