

PRIMARY MARKET

In April, total value of issued amount by State of Treasury was around VND 25,083 billion Government bond (decreased 15.23% compared to the amount in March). The calling amount was VND 28.150 billion so the issued over calling ratio was equal to 89.11%. In total, for the first 4 months of 2017, State of Treasury has successfully borrowed VND 83,415 billion, reaching 45.51% of yearly target. The issuance of 10-year, 20-year and 30-year bond have accomplished respectively 123%, 110% and 135% of whole year's target. However, with significant demand from insurance companies, it is forecasted that Ministry of Finance will change the portion of each tenor in 2017's issued plan, declining portion of 5-year and 7-year tenor and raising portion of 15-year and above tenors.

The winning yield crashed for 15-year and above tenor but moderately climbed for 5-year to 10-year tenor. In particular, 30-year issued yield enormously slumped 23 bps from 7.85%/year to 7.63%/year; 20-year issued yield significantly dropped 26 bps from 7.36%/year to 7.10%/year and 15-year issued yield failed 5 bps from 6.79%/year to 6.74%/year. While 5-year tenor increased 10 bps from 5.10%/year to 5.22%/year and 7-year tenor went up 5 bps from 5.43%/year to 5.48%/year; and there was not any auction with 100% fulfilled amount.

The fact that primary winning yield moved inversely between short-term and long-term bond shows huge concern from investors (mainly bankers) about cost of borrowing as interbank interest rate remained at relatively considerable level (around 5%/year for 1 month loan) and there was no signal of reversal. Meanwhile, banks had to invest their inactive money in longer-term fixed income assets, which is also higher return and higher risk, to keep NIM constantly. In April, there was no Government guaranteed (GG) bond auction. However, according to new policies of Government related to mid-term and long-term borrowing plan, the maximum GG issued amount must be equal to the matured in 2017. Until the end of April, total GG bond's value issued achieved VND 15,600 billion, equivalent to 45.36% yearly matured amount (VND 34,395 billion).

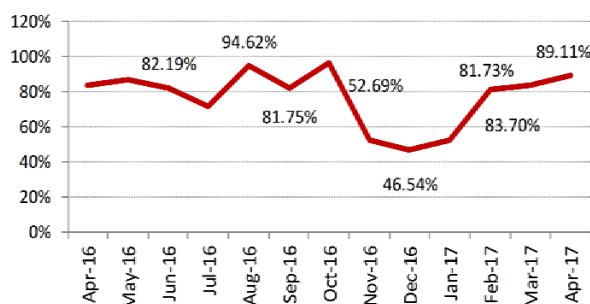
GOVERNMENT BOND ISSUANCE—APRIL 2017

Terms	Number of auctions	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Yield	Bid/Offer Ratio
5 Year	4	5,000	11,964	3,050	5.10-5.22	3.923
7 Year	3	3,000	5,123	1,970	5.43-5.48	2.601
10 Year	2	3,900	7,992	3,900	5.99	2.049
15 Year	2	3,250	6,802	3,250	6.74-6.79	2.093
20 Year	3	3,900	13,226	3,830	7.10-7.36	3.453
30 Year	4	9,100	28,781	9,083	7.63-7.85	3.169
Total	18	28,150	73,888	25,083		1.623

TOTAL ISSUED AMOUNT AND TARGET PLAN 2017

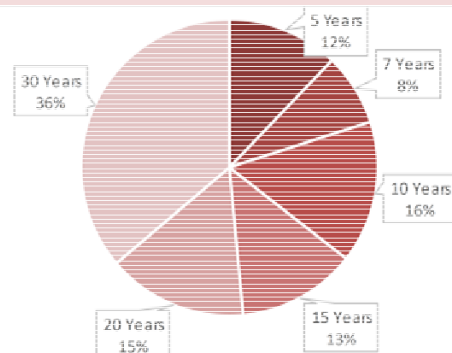
Terms	Winning amount in April 2017	Plan for Q2	% Plan Q2	Total issued amount	Yearly plan 2017	% Yearly plan 2017
<= 5 Year	3,050	20,000	25%	18,440	108,300	23%
7 Year	1,970	10,000	30%	14,555	25,000	58%
10 Year	3,900	8,000	49%	6,136	5,000	123%
15 Year	3,250	10,000	33%	13,103	20,000	66%
20 Year	3,830	8,000	49%	10,980	10,000	110%
30 Year	9,083	10,000	91%	20,200	15,000	135%
Total	25,083	66,000	43%	83,415	183,300	45.51%

RATIO OF SUCCESSFUL BID/OFFER ON PRIMARY MARKET



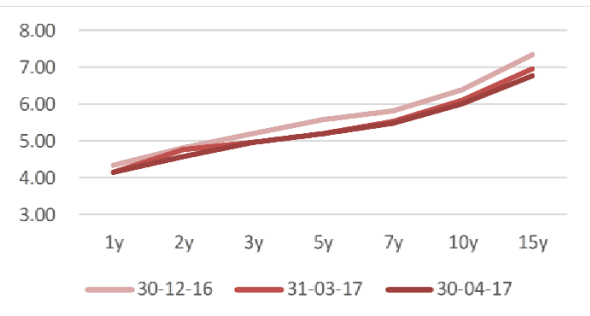
Source HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN APRIL 2017



Source: HNX/VFM

BOND YIELD CURVE—MARCH AND APRIL 2017 (%)



Source: Reuters, VFM

SECONDARY MARKET

THE SECONDARY MARKET WAS QUIET

The secondary trading volume went down in second consecutive month. Total transaction value in April 2017 amounted VND 67,609 billion, 16.59% lower than that value in March 2017 (VND 81,561 billion). The daily average trading volume was VND 3,856 billion/session, which is slightly decreased compared to VND 3,524 billion/session in Feb (dropped 4.08%). In term of trading tenor, outright transactions mainly concentrated on 3-year to 5-year bond, accounted for 34.92%; followed by below-3-year tenor and above-15-year tenor with 27.73% and 34.92% respectively. Foreign investors continued net buying in April 2017, focusing on net buying of short-term bond (1-year to 2-year bond) and net selling intermediation bond (3-year to 5-year bond). Since beginning of 2017, the foreigner has net bought 9,900 billion VND in Vietnam Government debt market.

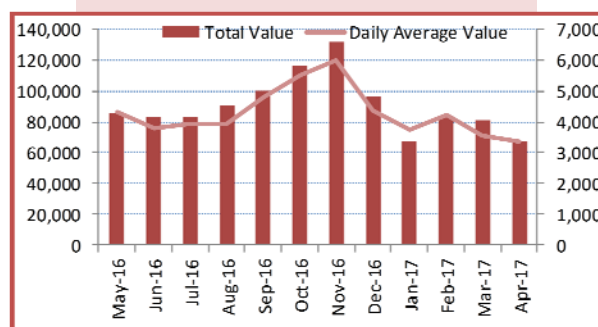
SECONDARY TRADING YIELD DECREASED

Trading yield in the secondary market follows closely to the primary auction results. Government bond yield has declined dramatically for 15-year and above tenors and slightly increased for 7-year and below tenors. Outright transactions for 10-year and above tenors were done at range 1 to 3 bps around primary winning yield, whereas 5-year to 7-year tenors trading yield were matched at 5 to 10 bps higher. We forecast that Government bond yield will be in the uptrend. However, short-term bond yield is predicted to increase more quickly than the long-term bond yield due to significant and sustainable demands from insurance companies (coming from premium free collection).

CHANGE OF BOND YIELD FOR DIFFERENT MATURITIES ON SECONDARY MARKET – APRIL IN COMPARISON TO MARCH 2017

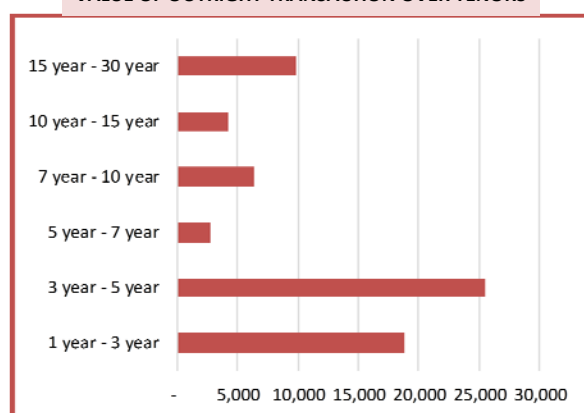
	1 year	2 years	3 years	5 years	7 years	10 years	15 years
30-04-2017 (%) (T Day)	4.22	4.85	5.00	5.25	5.58	6.00	6.76
31-03-2017 (%)	4.14	4.79	4.98	5.22	5.56	6.11	6.97
31-12-2016 (%)	4.35	4.83	5.21	5.60	5.81	6.38	7.34
T Day - 30 Change (Bp)	8.00	6.00	2.00	3.00	2.00	- 11.00	- 21.00
T Day - 31-12-2016 Change (Bp)	- 21.00	- 3.50	- 23.30	- 38.00	- 25.30	- 26.50	- 37.30

VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM

VALUE OF OUTRIGHT TRANSACTION OVER TENORS



Source: HNX/VFM