

PRIMARY MARKET

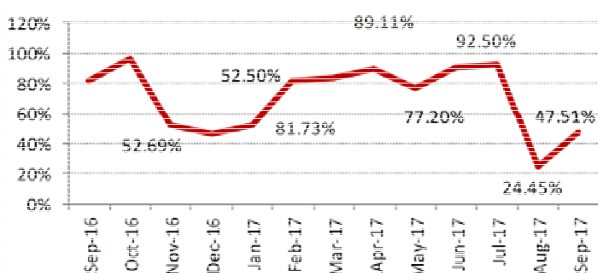
In September, the primary bond market showed signs of weakness. During the month, the HNX held total of 16 bidding sessions, and mobilized VND4,086 billion of Government bonds, up 28.5% compared to August 2017. The winning ratio was 47.5%, significantly higher than the August's figure of 24.4%. The expected yield was also significantly reduced when the highest bidding yield is 20-25 basis points lower in all maturities. Bid-to-cover ratio increased to 3.141 times (up 59.18% compared to August) and the number of successful mobilization sessions also rose to 10/16 bidding sessions (last month 7/17).

The winning yields of the State Treasury bonds fluctuated in a narrow band with a slight upward trend. The yield on 5-year bonds ranged from 4.63% to 4.67% per annum, 7-year from 4.83% to 4.85% per annum, 10-year 5.38% to 5.40% per annum, and 30-year 6.10% per year. (15-year and 20-year tenors have not been issued successfully).

In the third quarter, the total volume of Government bonds issued by the State Treasury was VND22,435 billion, sharply downed from VND56,496 billion in the first quarter and VND69,247 billion in the second quarter, not fulfilling the quarterly plan. In the first 9 months of 2017, the State Treasury has issued a total of VND148,178 billion, equivalent to 80.8% of the plan for 2017, a significant reduction compared to the same period of 2016 (VND249,880 billion). The results of the third quarter partly reflected the reduction of the supply of bonds in the context of temporarily not disbursed the capital mobilized from previous years. With the participation of Vietnam Social Insurance as a member of the primary market in the last months of 2017, the primary bond market is forecasted to be more active than the third quarter.

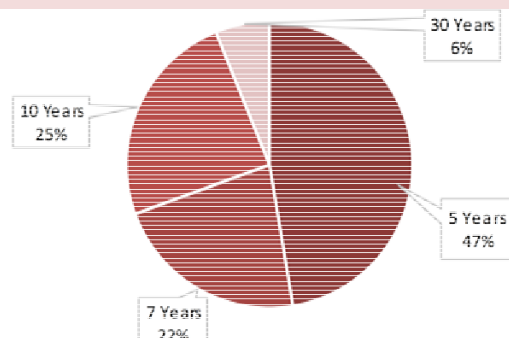
For government guaranteed bonds (GGB), the spread with the Government bonds of the same term is tending to increase slightly from 20-25 basis points last month to 40-45 basis points in September, due to the demand reinvestment into longer-term bonds by insurance companies that puts pressure on selling GGB. In addition, the end of September is also close to the fourth quarter, when GGB will be reissued.

RATIO OF SUCCESSFUL BID/OFFER ON PRIMARY MARKET



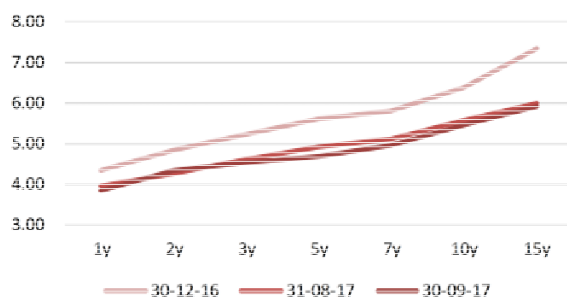
Source: HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN SEP 2017



Source: HNX/VFM

BOND YIELD CURVE— AUG AND SEP 2017 (%)



Source: Reuters, VFM

GOVERNMENT BOND ISSUANCE—SEP 2017

Terms	Number of auctions	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Winning Yield	Bid/Offer Ratio
5 Years	4	2,450	10,255	1,936	4.60	4.186
7 Years	4	2,150	7,854	900	4.80	3.653
10 Years	3	1,500	4,753	1,000	5.38	3.169
15 Years	2	1,000	1,284	-	5.75	1.284
20 Years	1	500	401	-	-	0.802
30 Years	2	1,000	2,462	250	6.10	2.462
Total	16	8,600	27,009	4,086		3.141

Source: HNX/VFM

TOTAL ISSUED AMOUNT AND TARGET PLAN 2017

Terms	Winning amount in Q3 2017	Plan for Q3	% Plan Q3	Total issued amount	Yearly plan 2017	% Yearly plan 2017
5 Years	5,536	18,000	30,76%	33,836	49,300	69%
7 Years	4,200	3,000	140,00%	32,230	31,000	104%
10 Years	2,900	6,000	48,33%	14,336	20,000	72%
15 Years	3,400	6,000	56,67%	21,443	27,000	79%
20 Years	3,700	6,000	61,67%	18,898	23,000	82%
30 Years	2,699	6,000	44,98%	27,437	33,000	83%
Total	22,435	45,000	49,86%	148,181	183,300	80.84%

Source: HNX/VFM

SECONDARY MARKET

SECONDARY BONDS MARKET SHOWED POSITIVE SIGNAL

Trading on the secondary market has shown signs of improvement over the previous month as investors are somewhat familiar with the new interest rates level and need for profitability for the third quarter of 2017. Total transaction value reached VND105,815 billion, slightly increased by 11.74% compared to August's. Average daily trading value was VND5,039 billion, up 22.39% against last month. The main trend of bond yields in the quarter was down. Secondary market yields fell by 10 to 25 basis points and returned to asymptotic levels with record low returns. The tenor attracted much attention from investors traded on the secondary market was short-term under-5-year bonds, accounting for 52.57% of total trading volume. Long-term bonds (15 to 30 years) accounted for a substantial proportion of 17.65% of total transaction value. Regarding to transactions of foreign investors, the total value of transactions of foreign investors fell sharply in September, reaching only VND729 billion; However, the net buying trend has returned with VND147 billion net-buying value, bringing the total net buying from the beginning of 2017 to VND15,095 billion.

BOND YIELDS ARE UNDER UPPER PRESSURE

Secondary bond market in Q4 is forecasted to continue to be not exciting as both sellers and buyers are cautious. However, bond yields on the secondary market are expected to be under increasing pressure in the last few months of 2017 as inflation is likely to rebound, because CPI in September increased 3.4% YOY and witnessed a strong uptrend in the nearest 3 months, combined with the average 3% monthly disbursement pressure from commercial banks to meet the credit growth target set for 2017, will put pressure on the interbank interest rate. However, the State Bank still has many tools unused monetary policies and depending on the evolution of macroeconomic indicators, the State Bank will have certain support for the interest rate.

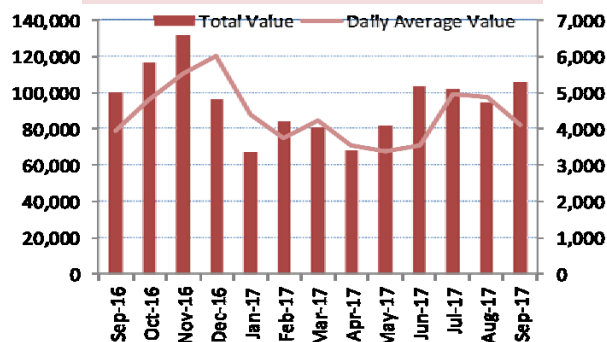
CHANGE OF BOND YIELD FOR DIFFERENT MATURITIES ON SECONDARY MARKET

– SEP IN COMPARISON TO AUG 2017

	1 year	2 years	3 years	5 years	7 years	10 years	15 years
30-09-2017 (%) (T Day)	3.85	4.32	4.54	4.67	4.94	5.44	5.93
31-08-2017 (%)	3.94	4.27	4.61	4.90	5.10	5.56	6.00
31-12-2016 (%)	4.35	4.83	5.21	5.60	5.81	6.38	7.34
T Day - 30 Change (Bp)	- 9.00	5.00	- 7.00	- 23.00	- 16.00	- 12.00	- 7.00
T Day - 31-12-2016 Change (Bp)	- 50.00	- 50.50	- 67.30	- 93.00	- 87.30	- 93.50	- 141.30

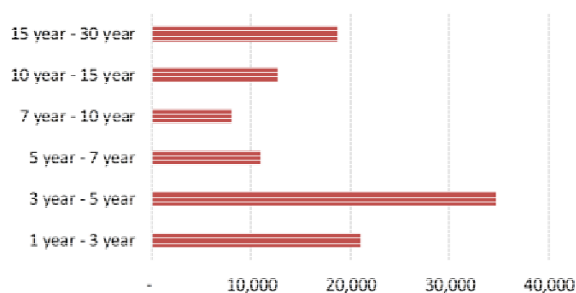
Source: VFM

VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM

VALUE OF OUTRIGHT TRANSACTION OVER TENORS



Source: HNX/VFM