

PRIMARY MARKET

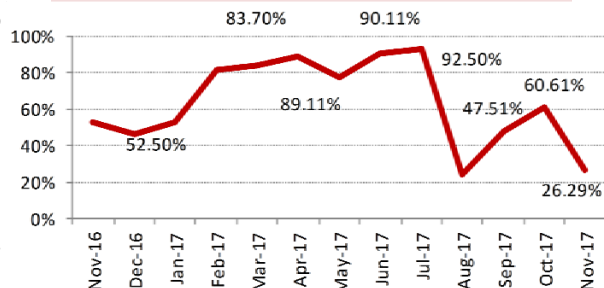
The Primary market in November shows little to no changes as the Treasury continues to limit supply and investors are patiently waiting for yields rising to more attractive level. In November, HNX held 20 VGB bidding sessions with total bidding value of VND11,150 billion but only 26.29% of this amount was successfully mobilized (equivalent to VND2.931 billion). Bidding on total bid volume remained high at 3.43, however bid levels were still marginally different from winning yields due to higher yield expectations.

In November, not only the State Treasury (ST) and the Vietnam Bank for Social Policies (VDB) but also Vietnam Development bank has mobilized in the primary market. Taking into account the total number of primary market mobilized in November (VND7,431 billion), the contribution of VDB reached 53.8% (VND4,000 billion) of bonds. VBS also issued VND500 billion worth of VND708 billion worth of bonds at equivalent interest rate. This shows the fact that investors are gradually considering government guaranteed bonds as equivalent to bonds issued by the Government and investors are concerned about the level of return on investment rather than the risk of issuer, especially when market confidence is growing.

The winning yields in November also did not have much fluctuation compared to October's one. The auction winning yield was either unchanged or fluctuated by 2-4 basis points. Successful bond issuance mainly focused on 7-year and 10-year bonds, while the 15-year and 20-year tenors were limited with successful deposits of 16 and 1 billion respectively.

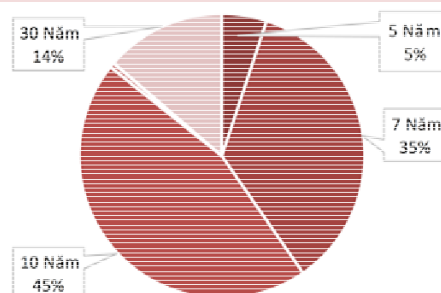
By the end of November, the Treasury has mobilized VND158,022 billion of bonds, much lower than the total issued amount in 11 months of 2016 (VND277,794 billion), but this could also be considered as a successful year for issuers due to longer issued maturities and sharp decline bond yields. VDB bond and VBS as of 30/11/2017 have been issued VND15,400 billion and VND9,042 billion respectively. VDB has successfully completed its plan in 2017 while VBS still needs to issue more than VND1,000 to complete the issuance plan.

RATIO OF SUCCESSFULL BID/OFFER ON PRIMARY MARKET



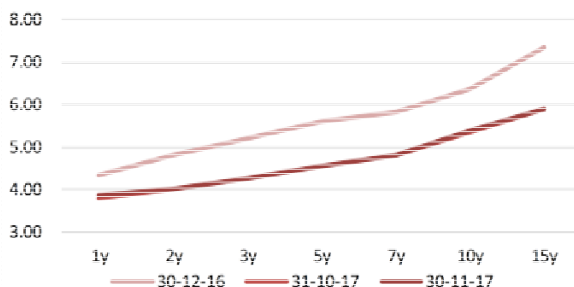
Source: HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN NOV 2017



Source: HNX/VFM

BOND YIELD CURVE— OCT AND NOV 2017 (%)



Source: Reuters, VFM

GOVERNMENT BOND ISSUANCE—NOV 2017

Terms	Number of auctions	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Winning Yield	Bid/Offer Ratio
5 Years	5	3,000	17,394	149	4.60	5.798
7 Years	5	2,650	8,689	1,034	4.80	3.279
10 Years	5	3,000	8,835	1,330	5.38	2.945
15 Years	1	500	567	16	5.82	1.134
20 Years	1	500	652	1	5.75	1.304
30 Years	3	1,500	2,124	401	6.10	1.416
Total	20	11,150	38,261	2,931		3.431

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	63,311	193,253	37,045	3.05	40,836	90.72%
7 Years	46,350	117,211	34,664	2.53	37,230	93.11%
10 Years	23,850	60,169	18,116	2.52	19,336	93.69%
15 Years	26,050	69,174	21,459	2.66	22,443	95.62%
20 Years	22,850	61,618	18,899	2.70	19,898	94.98%
30 Years	35,200	92,148	27,838	2.62	29,437	94.57%
Total	217,611	593,573	158,022	2.73	169,181	93.40%

Source: HNX/VFM

SECONDARY MARKET

LIQUIDITY OF BOND MARKET CONTINUE TO BE WEAK

Liquidity of Government bond market has been weakened in November 2017. Total transaction value reached VND82,117 billion, downed 18.01% compared with October's figure, lowest month in terms of total transaction value since May 2017. Average daily trading value fell for the second month in a row to VND3,733 billion from VND5,039 billion in September. The bond yields in this month were not as volatile as October, only moving with a tolerance of 2 to 3 basis points. The most noticed type of bonds in November are the 10-year to 15-year maturity period, as this maturity met the need for asset-liability management of the banking system and its yields are still attractive compared to the funding cost. Foreigner investors in the past month were also net buyers with net value of VND11,900 billion and VND1,300 billion respectively. As of January 1, 2017, the total trading value of government bonds of foreign investors was VND 126,859 billion, accounting for 3.13% of the total trading value.

BOND MARKET WAS SUPPORTED BY SCIC DIVESTMENT

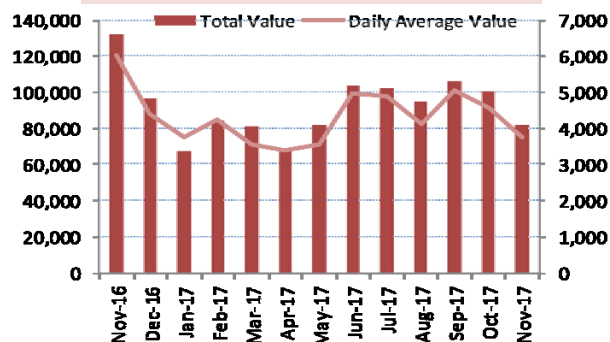
Macro terms' sudden developments and successful auction results both indirectly supported the interbank interest rate market as well as government bond yields as the SBV repeatedly bought foreign currencies and pushed up the money supply to support liquidity. In line with recent seasonal market movement, the end-of-year interest rate market is under increasing pressure due to the need for money flow of credit to complete the annual plan, disbursement of State Treasury and source of payment for enterprise's demand. However, this trend is no longer true in this year as the Treasury's disbursement plan has shifted to 2018. The credit growth target for the 18% plan is no longer compulsory and deposits of The State Treasury at commercial banks still has approximately VND160 trillion. In addition, with the first mobilization volume in the first week of December of only VND600 billion for two terms, the State Treasury signaled that it would continue to tighten its bond supply, reduce mobilization, and provide stable support to the primary bond market.

CHANGE OF BOND YIELD FOR DIFFERENT MATURITIES ON SECONDARY MARKET – NOV IN COMPARISON TO OCT 2017

	1 year	2 years	3 years	5 years	7 years	10 years	15 years
30-11-2017 (%) (T Day)	3.87	4.03	4.26	4.55	4.80	5.40	5.88
31-10-2017 (%)	3.80	4.00	4.25	4.57	4.81	5.35	5.91
31-12-2016 (%)	4.35	4.83	5.21	5.60	5.81	6.38	7.34
T Day - 30 Change (Bp)	7.00	3.00	1.00	- 2.00	- 1.00	5.00	- 3.00
T Day - 31-12-2016 Change (Bp)	- 48.00	- 79.50	- 95.30	- 105.00	- 101.30	- 97.50	- 146.30

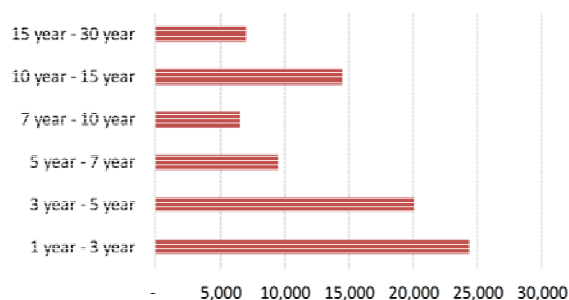
Source: VFM

VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM

VALUE OF OUTRIGHT TRANSACTION OVER TENORS



Source: HNX/VFM