

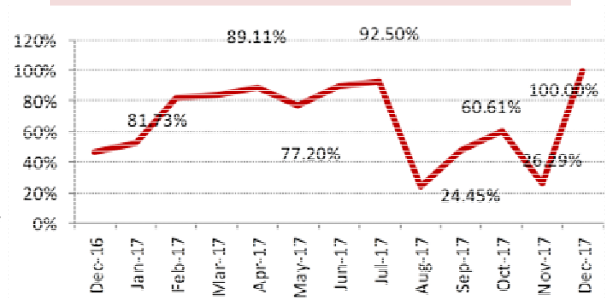
PRIMARY MARKET

State Treasury held only two auction sessions with a total calling volume of VND1,900 billion and mobilized 100% of the offering volume in December 2017. Moreover, the demand in the market from investors, especially top commercial banks, is still very large, expressed through the bid-to-cover ratio reached 5.69 times. Despite these successes and advantages, the State Treasury did not hold any additional issues or mobilized sub-sessions in the past month. This has contributed to the secondary bond market's volatility in the last two weeks of 2017.

The Government guaranteed bonds in the primary market also attracted the attention of large investors with VND9,953 billion of bonds successfully mobilized in December (of which VND9,745 billion was issued by the Development Bank - VDB and VND208 billion was issued by the Vietnam Bank for Social Policies - VBS), and yields were 25-35 basis points higher than the Government bonds. Thus, in 2017, both banks completed the issuance limit set by the Government with VND 25,145 billion of VDB bonds and VND 9,250 billion of VBS bonds. In 2018, Government Bonds are expected to issue VND 34,100 billion (corresponding volume for VDB and VBS is VND24,430 and VND9,670 billion respectively) and will focus on Q1 and Q4 due to the maturity of the outstanding bonds focusing more on these quarters.

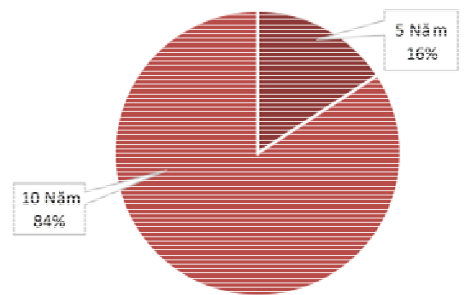
By the end of 2017, HNX held 240 bidding sessions, mobilizing 194,316 billion VND, of which the State Treasury mobilized VND159,922 billion, fulfilled 94.53% of adjusted year plan (from VND183.3 trillion down to VND166.2 trillion). In terms of mobilization, all types of maturity reached over 90% of the plan and only 10-year tenor completed the plan. With successful mobilization in 2017, the average maturity of Vietnam government bonds issued by the State Treasury will be raised to 14.02 years, 5.7 years longer than the average of 2016. Especially, the winning yields were downed across all terms (around 63 to 188 basis points), with the sharpest fall in 30-year bond, followed by 20-year and 15-year one. This has contributed positively to the restructure of public debt in line with the Government's direction, while reducing the interest expenses paid to the State budget.

RATIO OF SUCCESSFUL BID/OFFER ON PRIMARY MARKET



Source HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN DEC 2017



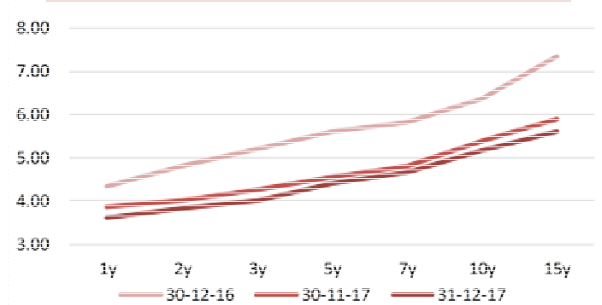
Source: HNX/VFM

GOVERNMENT BOND ISSUANCE—DEC 2017

Terms	Number of auctions	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Winning Yield	Bid/Offer Ratio
5 Years	1	300	2,301	300	4.52	7.670
7 Years	-	-	-	-	-	-
10 Years	2	1,600	8,502	1,600	5.28-5.42	5.314
15 Years	-	-	-	-	-	-
20 Years	-	-	-	-	-	-
30 Years	-	-	-	-	-	-
Total	3	1,900	10,803	1,900		5.686

Source: HNX/VFM

BOND YIELD CURVE— NOV AND DEC 2017 (%)



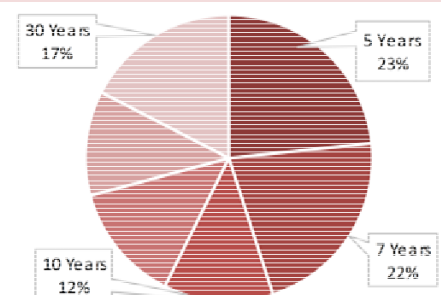
Source: Reuters, VFM

TOTAL ISSUED AMOUNT AND TARGET PLAN 2017

Terms	Call amount (VND Billion)	Bid amount (VND Billion)	Success amount (VND Billion)	Bid-to-cover ratio	Yearly plan 2017	% Yearly plan 2017
5 Years	63,611	195,554	37,345	3.07	40,836	91.45%
7 Years	46,350	117,211	34,664	2.53	37,230	93.11%
10 Years	25,450	68,671	19,716	2.70	19,336	101.97%
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	219,511	604,376	159,922	2.75	169,181	94.53%

Source: HNX/VFM

PROPORTIONS OF BOND TERMS ISSUED IN 2017



Nguồn: HNX/VFM

SECONDARY MARKET

VGB SECONDARY MARKET STRONGLY VOLATILED IN DECEMBER

As opposed to November and the first two weeks of December, the secondary bond market had its fantastic last two weeks. Bond yields fluctuated around 15-25 basis points daily. Average daily trading value increased sharply after three consecutive months of decline, reaching VND5,503 billion each, up 27.3% against November's daily average trading value (notably two trading sessions over VND9,000 billion in the month). The most traded terms in December were less-than-5-year, while longer maturities were less traded because of the lack of market supply at the time and the confidence of investors. Investors in Vietnam's macro-economy in the long term are increasingly underpinned by positive information by the end of 2017 so there is no need to sell. Foreign investors in the last month returned to be net buyers with a total net buying value of VND1,789 billion, mainly net buying of 15% (occupying over 30% of net buying volume). Since the beginning of 2017, foreign investors have been net buyers of nearly one billion dollars in the bond market in Vietnam (VND20,447 billion), which helped support the sharp decline in bond yields in the past year.

OPTIMISTIC OUTLOOK FOR BOND MARKET IN 2018

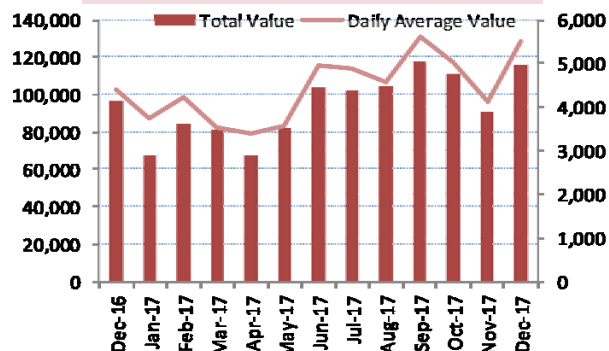
The State Treasury's ease of pressure to release 100% of the plan has caused the supply of Government bonds at the end of the year very narrow and created favorable conditions for short-term bond speculators. On the other hand, interbank interest rates continue to be supported by deposits from the State Treasury and the amount of deposits to be raised next year will continue to increase sharply in line with the plan of divestment of the State, has also contributed to the market sentiment, boosted investment at the end of the year and causing bond yields to fluctuate. By 2018, the secondary bond market is expected to continue booming with average transaction value going higher than 2017, bond yields will not be much fluctuated due to the support from the stable macroeconomic of Vietnam. In addition, in the coming year, the bond market will welcome two new members who are the State Treasury as secondary market members and Vietnam Social Insurance as primary tender members. At the same time, the market will have more new products including sell/buy back transactions and Government bond future contracts.

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

	1 year	2 years	3 years	5 years	7 years	10 years	15 years
30-11-2017 (%) (T Day)	3.61	3.82	4.00	4.43	4.67	5.17	5.59
31-10-2017 (%)	3.87	4.03	4.26	4.55	4.80	5.40	5.88
31-12-2016 (%)	4.35	4.83	5.21	5.60	5.81	6.38	7.34
T Day - 30 Change (Bp)	- 26.00	- 21.00	- 26.00	- 12.00	- 13.00	- 23.00	- 29.00
T Day - 31-12-2016 Change (Bp)	- 74.00	-100.50	- 121.30	- 117.00	- 114.30	-120.50	- 175.30

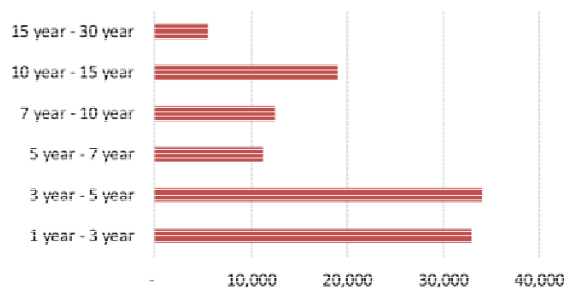
Source: VFM

VALUE OF OUTRIGHT TRANSACTION OVER MONTHS



Source: HNX/VFM

VALUE OF OUTRIGHT TRANSACTION OVER TENORS



Source: HNX/VFM