Corporate bond report
July 2023

Shinhan Securities

Corporate bond market in the first half of 2023

New policies support the market in short term

Main points

- Bond issuance activities decreased sharply compared to the period in 2022
- The real estate and banking sectors continued to account for the majority of the value of outstanding bonds on the Vietnamese market as of 30 June 2023
- Issuing interest rates increased significantly after the low interest rate period of 2020-2021
- Decree 08/2023/ND-CP was approved to support many issuers with cash flow problems negotiate to extend the maturity date by 12-24 months
- The private bond exchange, which was officially operational in 19 July 2023, is expected to help the bond market recover and develop more sustainably

Phuong Nguyen
Analyst
☎ (84-28) 6299-9004
✉ phuong.nd@shinhan.com



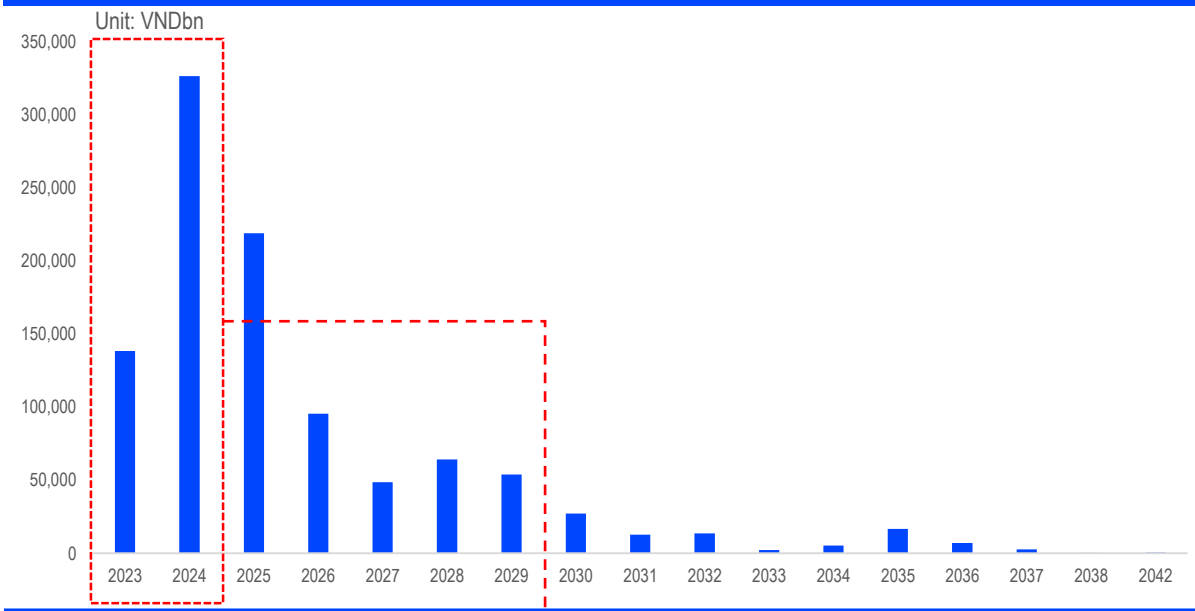
This document is provided for information purposes only. Any forecasts, figures, opinions and strategies set out are based on certain assumptions and current market conditions and subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy and no liability in respect of any error or omission.

Outstanding corporate bond

At the end of June 30, 2023 based on data collected on Hanoi Stock Exchange (HNX) website, the outstanding bond value is estimated at VND 1,043 trillion. This figure has been adjusted upward considering bonds that can not meet financial obligations or successfully extending their maturity.

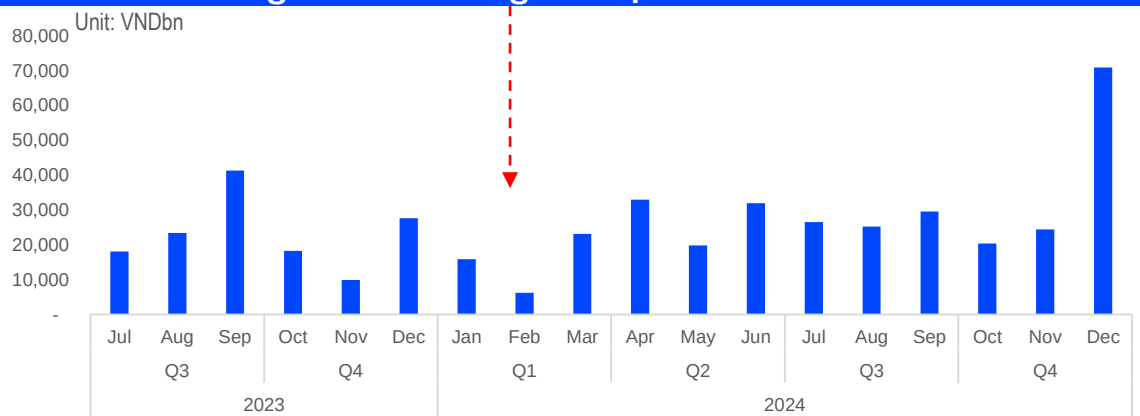
The value of matured bonds is concentrated mainly in the period of 2023-2024, with our estimate at about VND 481 trillion (accounting for about more than 46% of the total market value of bonds). With the bond value mostly maturing in the next 1-2 years, we believe the pressure for issuers will remain high even though many issuers have been successfully negotiated to extend the repayment period, around 12-24 months from the original bond term

Value of outstanding bonds by maturity



Source: HNX, Shinhan Securities Vietnam, updated at 30/06/2023

Value of outstanding bonds maturing in the period of 2023-2024



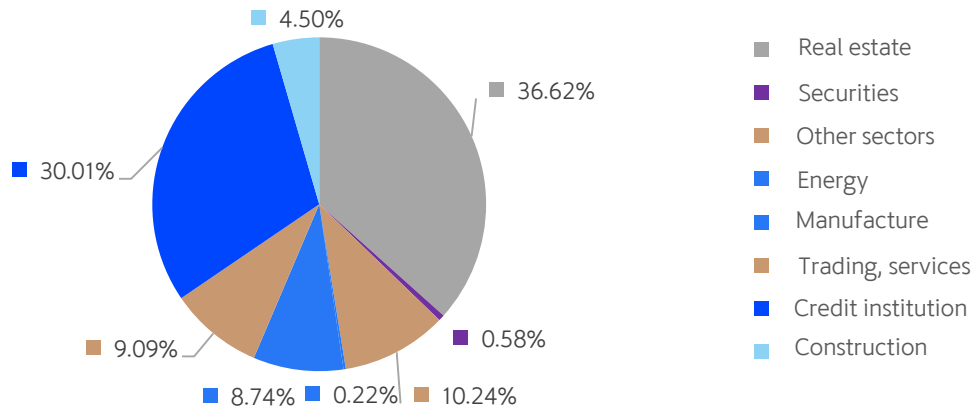
Source: HNX, Shinhan Securities Vietnam, updated at 30/06/2023

Outstanding corporate bond

Among the outstanding corporate bonds, the real estate group leads with a proportion of over 36.6%, followed by Credit Institution group, accounting for more than 30%. Energy and trade services accounted for 8.7% and 10.2%, respectively.

In the group of 20 bond issuers with the largest total value in the market belong to the large banks such as VPB, HDbank, VIB, MBB… Real estate developers with the participation of Novaland Group Joint Stock Company, An Dong Investment Corporation,… The manufacturing and service trading group includes VinFast Manufacturing and Trading JSC, Vietjet Aviation JSC, Sovico Group JSC. In addition, Trung Nam Group has a total outstanding bond of more than 24,100 trillion dong, issued through its member companies.

Composition of outstanding bonds by sector as of June 30, 2023 (%)



Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023

Top 20 largest issuers as of 30 June, 2023

Issuer	Total value of outstanding bonds (VNDbn)	Average time to maturity (years)	Average issuance interest rate (%)
Vietnam Prosperity Joint Stock Commercial Bank (VPB)	13,680	1.44	4.4%
Ho Chi Minh City Development Commercial Joint Stock Bank (HDB)	25,652	3.25	5.9%
Vietnam International Commercial Joint Stock Bank (VIB)	21,298	2.44	3.7%
Military Commercial Joint Stock Bank (MBB)	23,636	3.75	6.9%
Orient Commercial Joint Stock Bank (OCB)	17,635	2.04	5.1%
Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB)	11,397	5.15	6.9%
Southeast Asia Commercial Joint Stock Bank (SSB)	12,049	1.48	4.5%
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	43,602	7.63	4.7%
Asia Commercial Joint Stock Bank (ACB)	29,080	1.35	4.7%
Tien Phong Commercial Joint Stock Bank (TPB)	14,011	3.73	7.5%
Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG)	19,119	9.28	6.9%
Lien Viet Post Commercial Joint Stock Bank (LPB)	14,990	1.91	4.6%
Bank for Agriculture and Rural Development of Vietnam (Agribank)	15,638	5.61	6.9%
Nova Real Estate Investment Group JSC (NVL)	15,114	1.66	10.5%
An Dong Group JSC	24,969	0.28	11.0%
Vinfast Trading And Production JSC	14,120	1.82	9.6%
Quang Thuan Investment Corporation	10,950	1.44	11.1%
Viet Han Trading - Advertising - Construction - Real Estate JSC	10,100	4.20	10.5%
Sovico Group JSC	16,600	1.87	10.3%
Vietjet Aviation JSC (VJC)	11,550	2.84	10.1%
Total/Average	**365,190**	**3.82**	**7.7%**

Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023

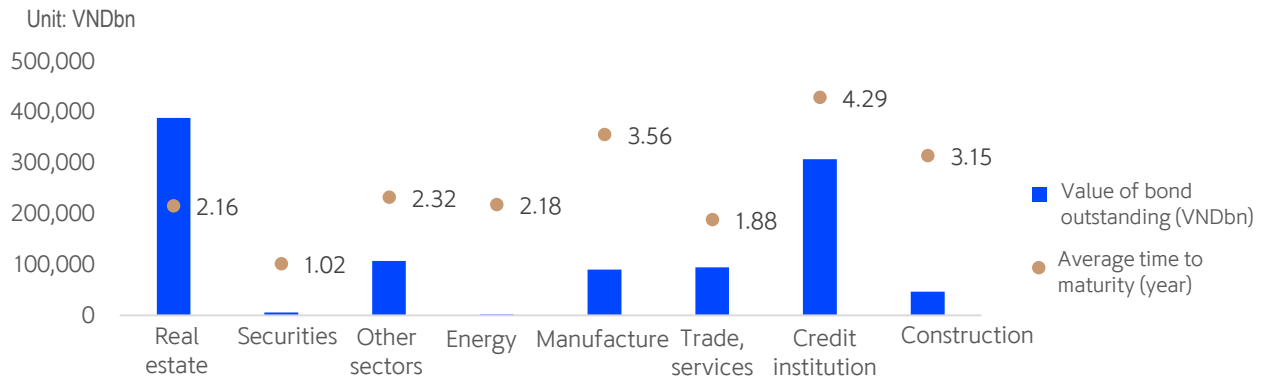
Outstanding corporate bond

In general, the average bond term of corporate bonds is at 5.3 years, mostly around 3-5 years.

The real estate group with the proportion of outstanding bonds is over 36%. This group has faced a lot of pressure in recent times due to the unfavorable developments in the real estate market. According to our estimation, about VND 188 trillion of real estate bonds will mature in the period of 2023-2024, accounting for more than 49% of the total value of real estate bonds. With a difficult business prospect, bonds of this group have a highest issuance interest rate, about 10.58%.

In terms of bond term, outstanding bonds from Credit Institution have the highest number, averaging around 6.56 years. Credit Institutions bonds that are issued with a term of more than 5 years can qualify to improve their tier 2 capital according to the Circular 23/2020-TT-NHNN. This group is also the one with the highest remaining time left to maturity.

Value of outstanding bond by sector as of 30 June, 2023



Sector	Average interest rate at the time of issue (%)	Average term (years)	Average time to maturity (years)	%Total value of outstanding bonds
Real estate	10.58%	4.80	2.16	36.62%
Securities	9.14%	2.61	1.02	0.58%
Other sectors	9.75%	5.15	2.33	10.24%
Energy	10.32%	4.10	2.18	0.22%
Manufacture	10.01%	6.02	3.57	8.74%
Trade, services	10.28%	4.57	1.88	9.09%
Credit institution	5.83%	6.56	4.30	30.01%
Construction	10.13%	4.95	3.15	4.50%
Total/Average	**9.38%**	**5.3**	**2.74**	**100.00%**

Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023

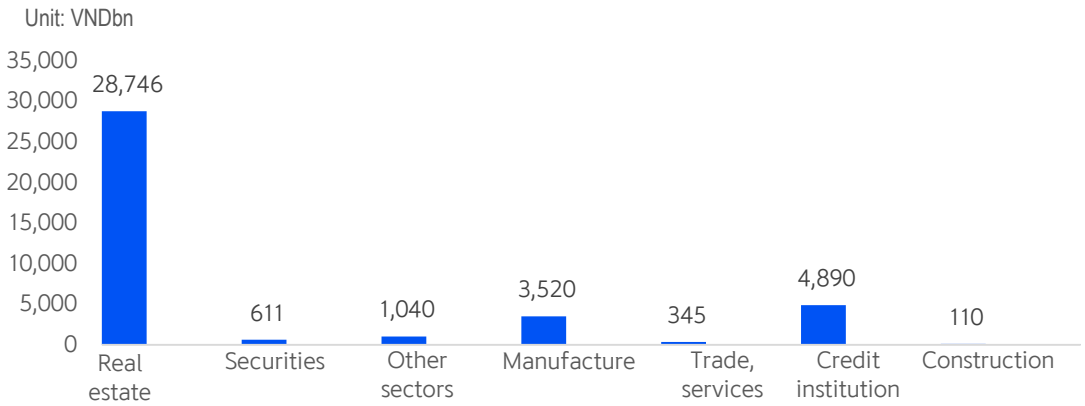
Bond issuance in 1H2023

In the first half of 2023, the total value of corporate bond issuance reached VND 39,262 billion (-77.4% YoY), most of which were issued after Decree No. 08/2023/ND-CP took effect. The value of bonds from the real estate sector has the total issuance value in the first half of the year accounted for about 73.22% of the total issued value, Credit Institution accounted for 12.45%, Manufacturing accounted for nearly 9%.

Interest rates at the time of issuance increased significantly in all sectors compared to the same period in 2022, real estate had an average issuance interest rate of 12.06 percent, Credit Institution was only 8.07%, and other groups Other industries have interest rates around 10-11%.

The average maturity of bonds issued in the first half of 2023 reached 3.72 years. Groups of real estate, securities trading, trade and services have an average term in the range of 1.5-3 years. Credit Institution, manufacturing and other sectors have an average bond term of around 4-5 years.

Value of bond issuance by sector in the first half of 2023



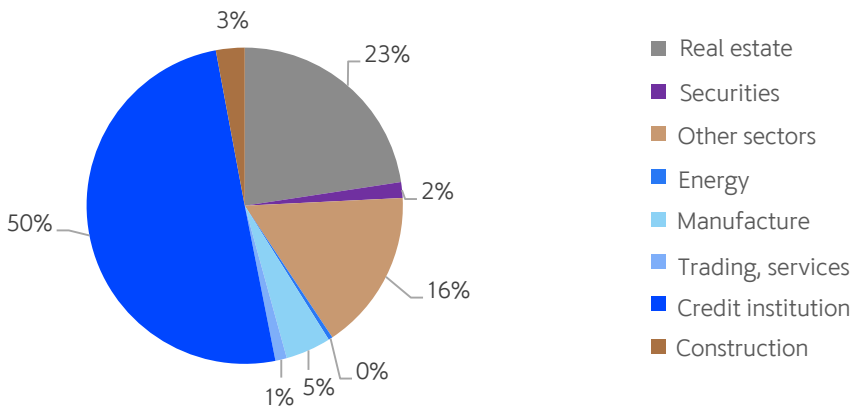
Sector	Total issuance bond in 1H2023 (VNDbn)	%Total issuance bond in 1H2023	Average issuance interest rate (%)	Average time to maturity (years)	Average bond term (year)
Real estate	28,746	73.22%	12.06%	2.64	2.89
Securities	611	1.56%	10.33%	1.27	1.50
Other sectors	1,040	2.65%	10.72%	3.81	4.00
Manufacture	3,520	8.97%	9.18%	4.40	4.57
Trade, services	345	0.88%	11.25%	2.28	2.50
Credit institution	4,890	12.45%	8.07%	4.79	4.83
Construction	110	0.28%	10.50%	4.55	5.00
Total	**39,262**	**100.00%**	**10.29%**	**3.52**	**3.72**

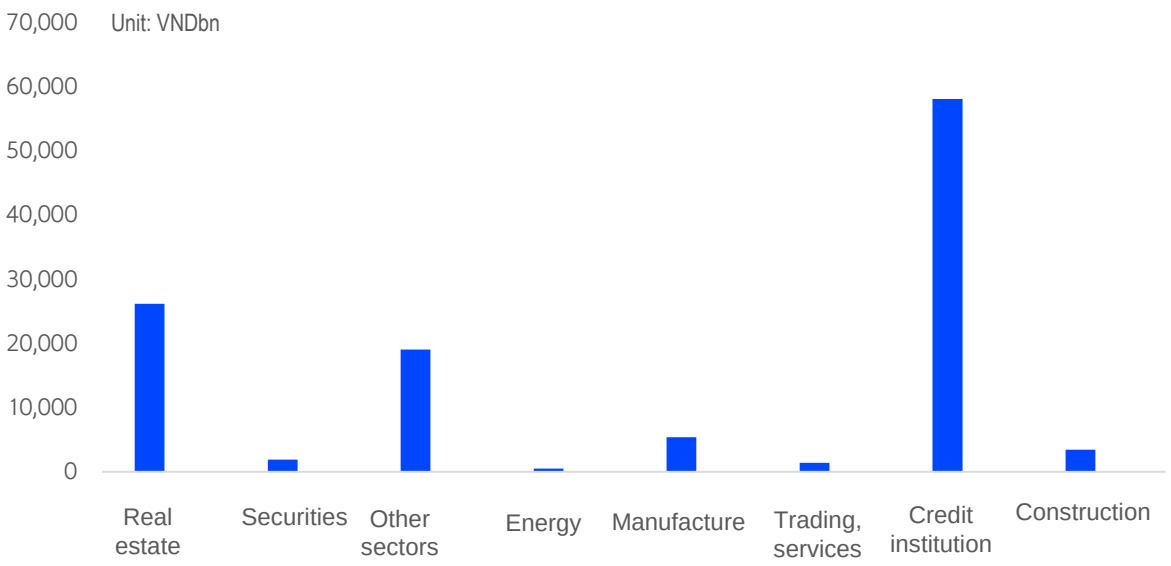
Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023

Corporate bond redemption

Unlike the issuance activities, the group of Credit Institution in the first half of the year had the most active bond redemption activities (accounting for about 50% of the value of redemption bonds). Early redemption of bonds is a relatively regular activity of the banking group in order to restructure bond terms to ensure a good capital adequacy ratio and capital utilization ratio. In addition, with interest rates on a downward trend, banks also have more incentive to buy back their bonds ahead of time to reduce their capital costs.

Bond buyback in the first half of 2023





Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023

Negotiation on extending bond maturity

Regarding the inability to make repayment principals and interest payments, according to our estimation based on information disclosure from issuers, the value of corporate bonds of this group accounts for about 8.6% of the total value of outstanding corporate bonds on the market and about more than 13.0% of the total value of non-financial corporate bonds. With more than 75% of the value of late-payment bonds coming from the real estate sector

After Decree 08/NĐ-CP came into effect, as of June 30, 2023, there were more than VND 39 trillion of successfully renewed bonds, mainly focusing on real estate bonds. .

Large names include Nova Real Estate Investment Group JSC (HOSE: NVL) with about VND 9,500 billion of bonds extended from 12-24 months compared to the original term. Phu Long Real Estate JSC, Hung Thinh Land JSC, Sovico Group JSC are prominent enterprises in debt rescheduling negotiations in the first half of 2023

Corporate bond extended maturity in the first half of 2023

Issuer	Total value of extended bonds (VNDbn)*	Total value of outstanding bonds (VNDbn)	% Total issuer bond outstanding	Note
Nova Real Estate Investment Group JSC	9,500	17,294	*55%*	Extend 12-24 months
Phu Long Real Estate JSC	1,400	5,200	*27%*	Extend 24 months
Hung Thinh Land JSC	1,260	8,265	*15%*	Extend 6-7 months
Vinh Xuan Real Estate Co., Ltd	1,000	1,000	*100%*	Extend 6 months
Asia Construction Investment And Tourism JSC	600	600	*100%*	Extend 12 months
Kita Invest JSC	400	800	*50%*	Extend 6 months
Gia Dinh Star Investment JSC	400	400	*100%*	Extend 12 months
Khai Hoan Land Group JSC	600	600	*100%*	Extend 12 months
Adec . JSC	150	150	*100%*	Extend 12 months
Trinh Gia Nguyen Telecommunication LTD	1,399	1,399	*100%*	Extend 24 months
Roman E&C JSC	530	530	*100%*	Extend 24 months
Tien Phuoc Real Estate JSC	500	500	*100%*	Extend 24 months
Hoa Thang Energy Investment Construction JSC	1,568	1,568	*100%*	Extend 24 months
An Giang Import Export JSC	560	560	*100%*	Extend 6 months
Sovico Group JSC	9,600	16,600	*58%*	Extend 24 months
Sovico Holdings Company	3,000	7,000	*43%*	Extend 24 months
Sun Way Investment JSC	450	450	*100%*	Extend 24 months
Thuan Minh Debt Trading JSC	263	263	*100%*	Extend 15 months
Scg . Construction Group JSC	1,500	1,500	*100%*	Extend 24 months
Idtt JSC	40	40	*100%*	Extend 18 months
Total	**39,206**	**61,780**	***63%***	

Source: HNX, Shinhan Securities Vietnam, updated at 30 June 2023
* The total value is based on the extraordinary information disclosure updated on HNX's website. This value does not take into account the agreement to swap or collateral settlement to fulfill financial obligations

Key policies

Updated policies related to the corporate bond market

Main policies in 2023	Effective date	Summary of main content	Impact
Circular 30/2023/TT-BTC	Effective from 01/07/2023	Circular 30/2023/TT-BTC guiding the registration, depository, exercise of rights, transfer of ownership, payment for transactions and organization of the trading market for corporate bonds offered for private sale in the domestic market started to be effective. According to the announcement, the bond exchange was officially put into operation on July 19, 2023.	Private bond exchanges are expected to improve liquidity for the corporate bond market and reduce overall risk for bondholders.
Decree 08/2023/ND-CP	Effective on 05/03/2023	• Allowing enterprises to negotiate, extend the bond's term, the maximum time is not more than 02 years compared to the term in the bond issuance plan announced to investors • For bondholders who do not agree to change the bond's terms and conditions, the issuing enterprise is responsible for negotiating to ensure the best interests of investors. In case bondholders do not accept the negotiation plan, the enterprise must fulfill all obligations towards bondholders according to the bond issuance plan announced to investors • Allows investors to pay bondholders by other assets • Temporarily suspending the provisions of Decree 65/2022/ND-CP on determining the status of professional investors as individuals, suspending regulations on credit evaluation, suspending required time to issue a batch of bonds	• Create a legal corridor so that enterprises can negotiate to restructure the repayment form and maturity for bondholders. About VND 40,000 billion of bonds as of June 30, 2023, have been negotiated publicly to extend the repayment term •Facilitates bond issuance activities for the market

Source: Ministry of Finance, Government website, Shinhan Securities Vietnam

Apendix

Issue of corporate bonds in the first half of 2023

Bond code	Issuer	Sector	Total issuance bond value (VNDbn)	Issuance date (dd/mm/yy)	Maturity date (dd/mm/yy)	Bond term (year)	Issuance interest rate (%)
OCBL2326003	Orient Commercial Joint Stock Bank	Credit Institution	500	29/6/23	29/6/26	3	7.70%
VJCH2328003	Vietjet Aviation JSC	Other sectors	300	28/6/23	28/6/28	5	12.00%
OCBL2325002	Orient Commercial Joint Stock Bank	Credit Institution	1,300	27/6/23	27/6/25	2	7.30%
HDBL2330001	Ho Chi Minh City Development Joint Stock Commercial Bank (HDB)	Credit Institution	2,000	26/6/23	26/6/30	7	9.10%
NABL2329001	Nam A Commercial Joint Stock Bank	Credit Institution	400	26/6/23	26/6/29	6	9.50%
OCBL2328001	Orient Commercial Joint Stock Bank	Credit Institution	200	26/6/23	26/6/28	5	8.10%
SBTH2327001	Thanh Thanh Cong - Bien Hoa JSC	Manufacture	200	26/6/23	26/6/27	4	12.00%
BIDLH2329001	Bank For Investment And Development Of Vietnam	Credit Institution	490	23/6/23	23/6/29	6	6.70%
VNLCH2329001	Vinam Land JSC	Real estate	1,500	23/6/23	23/6/29	6	14.00%
TASCH2325001	Taseco Group JSC	Real estate	130	20/6/23	20/6/25	2	12.00%
XD3CH2328001	Construction Business Development 3 LTD	Real estate	2,250	20/6/23	20/6/28	5	14.00%
VJCH2328002	Vietjet Aviation JSC	Other sectors	300	15/6/23	15/6/28	5	12.00%
TMSH2326001	Transimex JSC	Trade, services	300	9/6/23	9/6/26	3	10.50%
TCSCH2325001	Vietnam Technological And Commercial Joint Stock Bank	Securities	300	5/6/23	5/6/25	2	10.50%
JHICH2329001	Ivy Care Social Enterprise JSC	Other sectors	15	31/5/23	31/5/29	6	1.33%
VJCH2328001	Vietjet Aviation JSC	Other sectors	300	31/5/23	31/5/28	5	12.00%
NPMCB2328001	Nui Phao Mining LTD	Manufacture	640	25/5/23	25/5/28	5	9.00%
NPMCB2328002	Nui Phao Mining LTD	Manufacture	720	25/5/23	25/5/28	5	9.00%
NPMCB2328003	Nui Phao Mining LTD	Manufacture	630	25/5/23	25/5/28	5	9.00%
NPMCB2328004	Nui Phao Mining LTD	Manufacture	610	25/5/23	25/5/28	5	9.00%
NSTCH2324001	North Star Holdings JSC	Real estate	671	14/4/23	14/8/24	1	14.00%
ECHCH2324001	Encapital Holdings JSC	Manufacture	120	30/3/23	30/3/24	1	11.00%
TDGH2326001	Tdg Global Investment JSC	Other sectors	40	24/3/23	24/3/26	3	13.70%
BAFH2330001	Baf Vietnam Agriculture JSC	Manufacture	600	16/3/23	16/3/30	7	5.25%
HIDCB2324001	Hung Yen Urban Development And Investment LTD	Real estate	4,450	16/3/23	16/3/24	1	N/A
HIDCB2324002	Hung Yen Urban Development And Investment LTD	Real estate	2,750	16/3/23	16/3/24	1	N/A
SPNCB2324001	Southern Star Urban Development And Trading Investment JSC	Real estate	4,695	16/3/23	16/9/24	2	13.00%
LLFCB2328001	Luxury Living Furniture Trading LTD	Real estate	4,800	13/3/23	13/3/28	5	9.00%
MRVCB2328001	Dream City Villas Real Estate Trading LLC	Real estate	2,300	10/3/23	10/3/28	5	6.00%
NANCB2324001	Nam An Investment And Trading JSC	Real estate	4,700	10/3/23	10/9/24	2	13.00%
HTMCH2325001	Ha Thanh Investment And Production Trading JSC	Other sectors	45	9/3/23	9/3/25	2	12.00%
TDECH2325001	Thu Do Imtra .,Jsc	Other sectors	40	9/3/23	9/3/25	2	12.00%
HDECH2325001	Hde Distribution JSC	Trade, services	45	6/3/23	6/3/25	2	12.00%
VDSH2324001	Viet Dragon Securities Corporation	Securities	311.1	3/3/23	3/3/24	1	10.15%
SLICH2325001	Son Kim Land Corporation	Real estate	500	10/2/23	10/8/25	3	13.50%
PVICH2328001	Phan Vu Investment Corporation	Construction	110	30/1/23	30/1/28	5	10.50%

Source: HNX, Shinhan Securities Vietnam, Extract at 30 June 2023
* Total value based on extraordinary disclosure is updated on HNX's website. This value does not take into account the agreement to swap or mortgage collateral to fulfill financial obligations

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.