

2024 - Year of recovery

In 2024, Vietnam's corporate bond market recovered significantly from the liquidity crisis in 2022-2023 with a marked reduction in new defaults. We observe a significant reduction in new defaults, with 21 issuers defaulted for the first time in 2024, down from 79 in 2023. Recovery in market sentiment reflected by strong increase in total new issuance value and improving liquidity in the secondary market. The new issuances in 2024 reached VND 472 trillion, an increase of nearly 40% compared to 2023. We expect the amended Securities Law, effective from January 1, 2025, with stricter regulatory requirements for new bond issuances and investments, and promoting the use of credit ratings to inform investment risks, will help deepen the corporate bond market in the new development phase.

CONTACT US

Tran Quoc Thang, MBA
 Associate Analyst
thang.tran@visrating.com

Pham Anh Tu, MSc
 Associate Analyst
tu.pham@visrating.com






Nguyen Dinh Duy, CFA
 Director - Senior Analyst
duy.nguyen@visrating.com

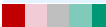
Simon Chen, CFA
 Head of Ratings and Research
simon.chen@visrating.com



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Exhibit 1: Notable trends in 2024

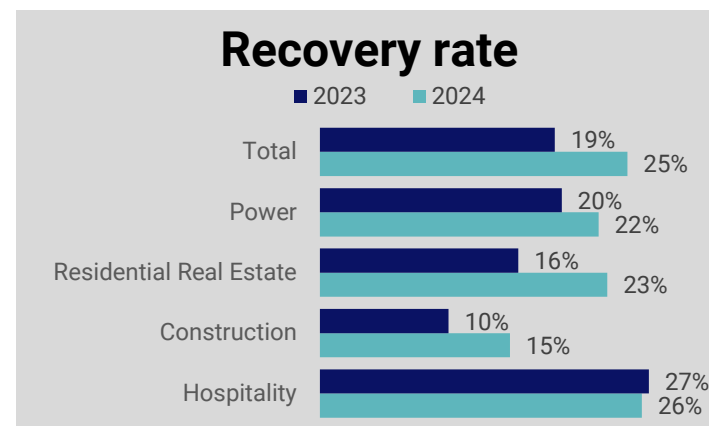
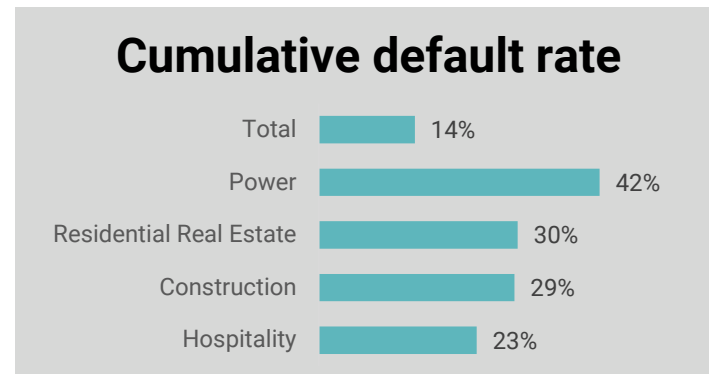
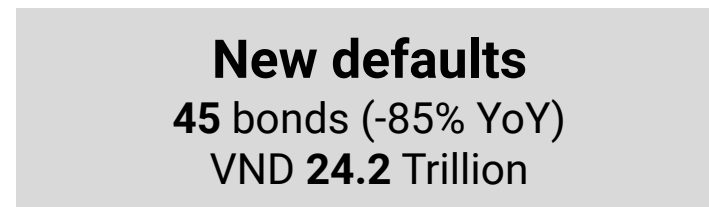
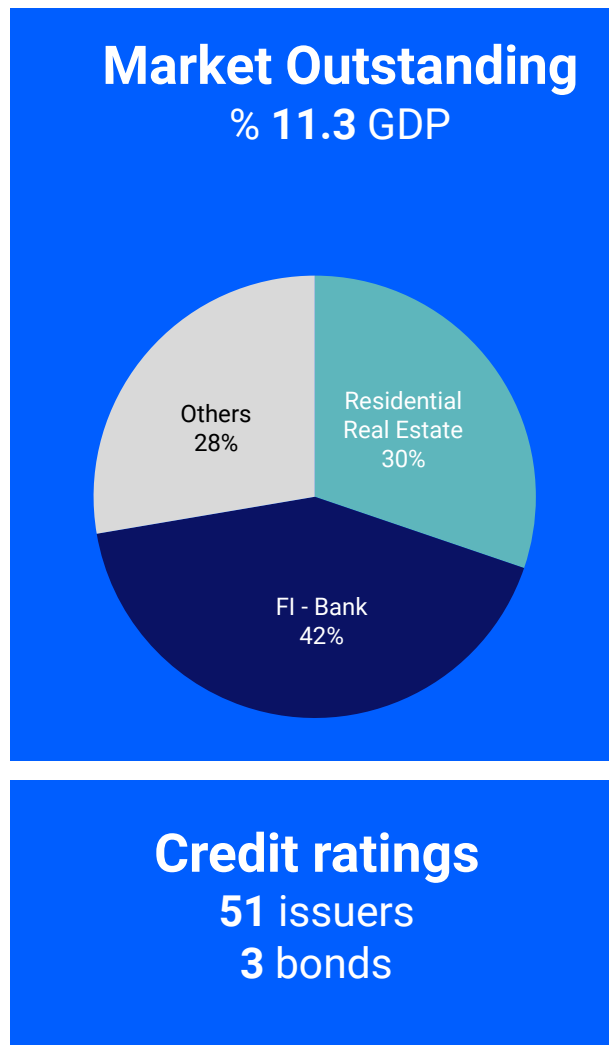
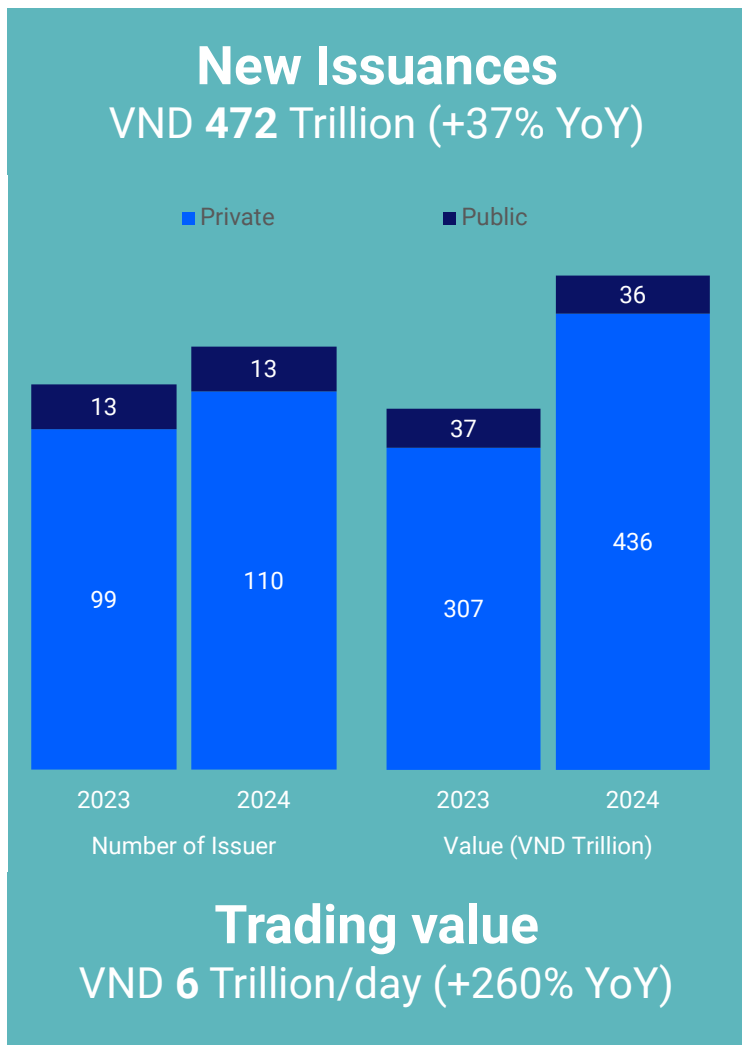
Themes	Trend	Key Highlights
 Defaults	Decreased	<ul style="list-style-type: none"> The cumulative default rate decreased to 14.3% at the end of 2024. 21 issuers defaulted for the first time in 2024, down from 79 in 2023. The Power sector had the highest cumulative default rate at 42%. Issuers in Residential Real Estate sector contributed 62% of the total cumulative defaults.
 Debt Restructuring and Resolution	Increased	<ul style="list-style-type: none"> The overall recovery rate of defaulted bonds rose to 24.8% at the end of 2024, up 6% from the end of 2023. VND 21 trillion in defaulted bond principal was repaid to bondholders in 2024. 80% of defaulted bonds have a recovery rate below 5%.
 New Issuance	Increased	<ul style="list-style-type: none"> New issuance in 2024 reached VND 472 trillion, increasing by 37% compared to 2023. 83% of the total issuance value from banks and real estate issuers.
 Issuer Credit Strength	Improved	<ul style="list-style-type: none"> 25% of issuers in 2024 have 'Below Average' or lower credit profiles, improved from 34% of the prior year. % of issuers with weak credit characteristics was lower in 2024 for both Financial Institutions (FI) and Non-FI sectors.
 Market Liquidity	Increased	<ul style="list-style-type: none"> In 2024, the average secondary market trading value rose to VND 6 trillion/day from VND 2.3 trillion/day in 2023. Bonds issued by banks and real estate issuers made up around 75% of trading volume.

 (*) This color code exhibits the magnitude of the trend from negative to positive compared with the prior year

Source: VIS Rating

Market Highlights

Exhibit 2: Corporate bond market highlights in 2024

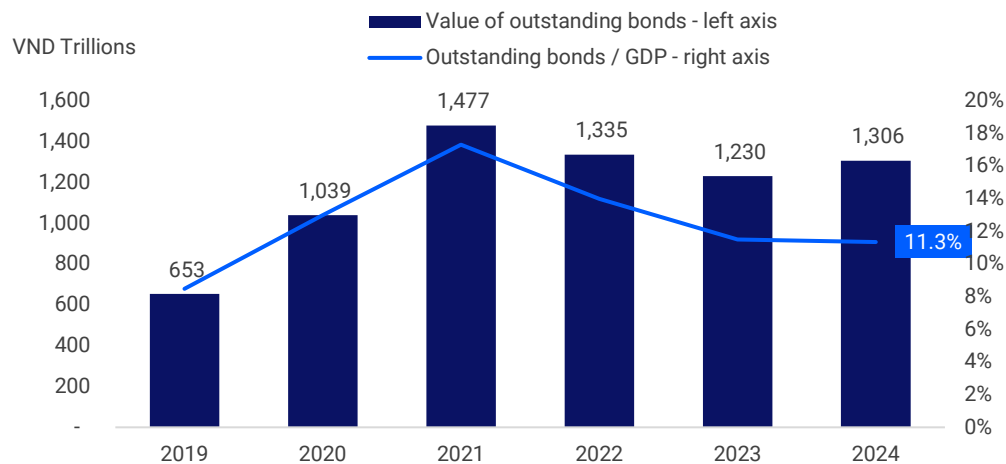


Source: Hanoi Stock Exchange (HNX), State Securities Commission (SSC), Other credit rating agencies, VIS Rating

Bond Outstanding and Maturing

The corporate bond market size reached 11.3% of GDP nominal in 2024

Exhibit 3: Corporate bond market outstanding value



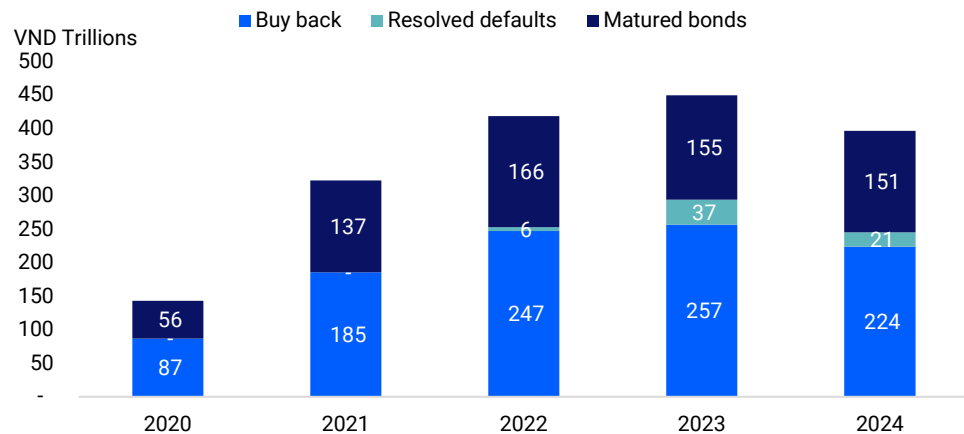
Source: HNX, GSO, VIS Rating

Exhibit 4: 72% outstanding value from Banks and Residential real estate bonds



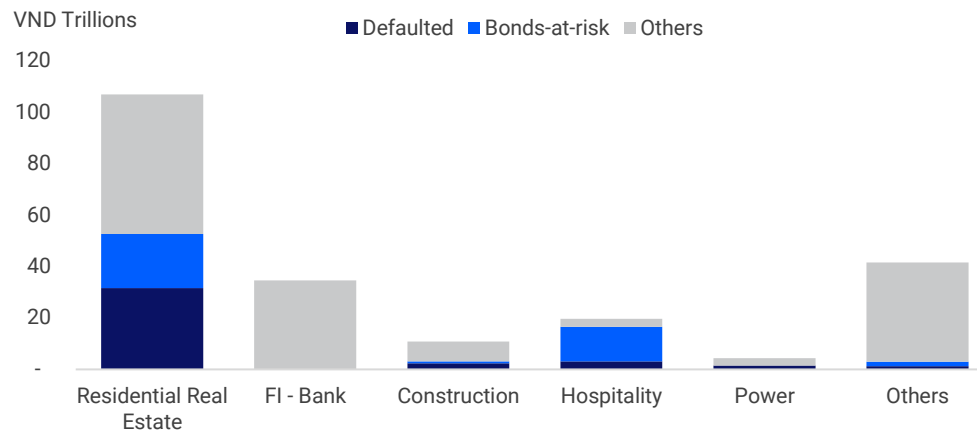
Unit: VND Trillions
Source: VIS Rating

Exhibit 5: Value of maturing bond and buyback each year



Source: HNX, VIS Rating

Exhibit 6: VND 217 trillion bonds will mature in 2025

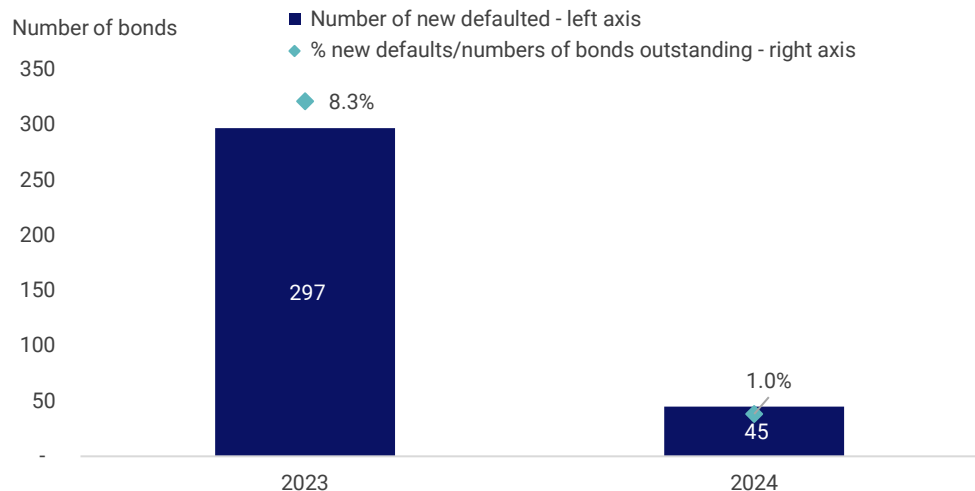


Note: Defaulted bonds are the bonds that previously defaulted on their coupon payment or defaulted on principal but restructured by extending the maturity date
Source: VIS Rating

Defaults

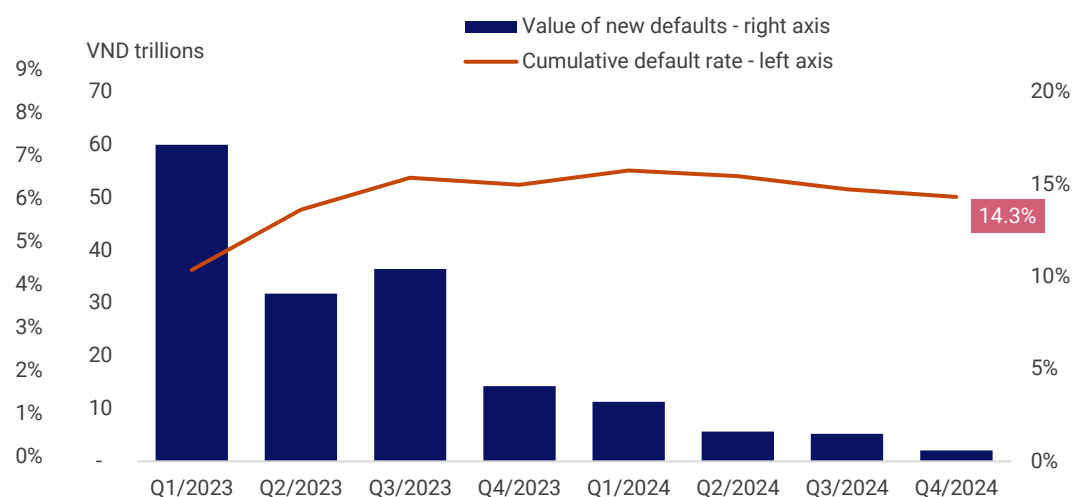
New defaults declined significantly

Exhibit 7: New defaults in 2024 decreased significantly



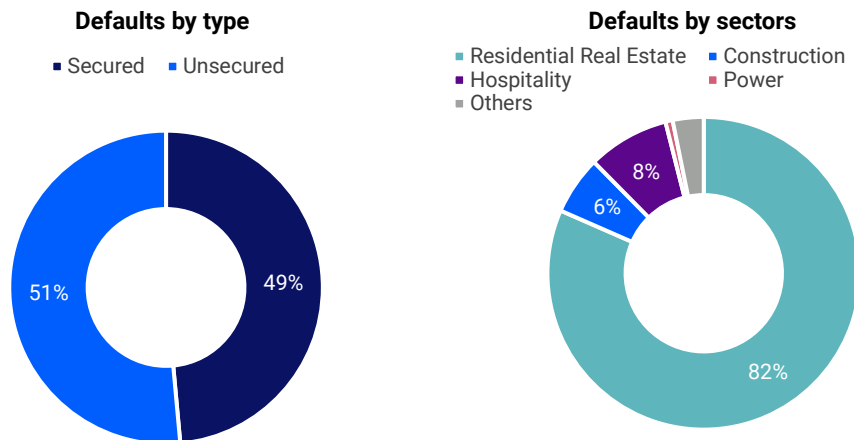
Source: HNX, VIS Rating

Exhibit 8: Cumulative default rate decreased from the peak in Q1 2024



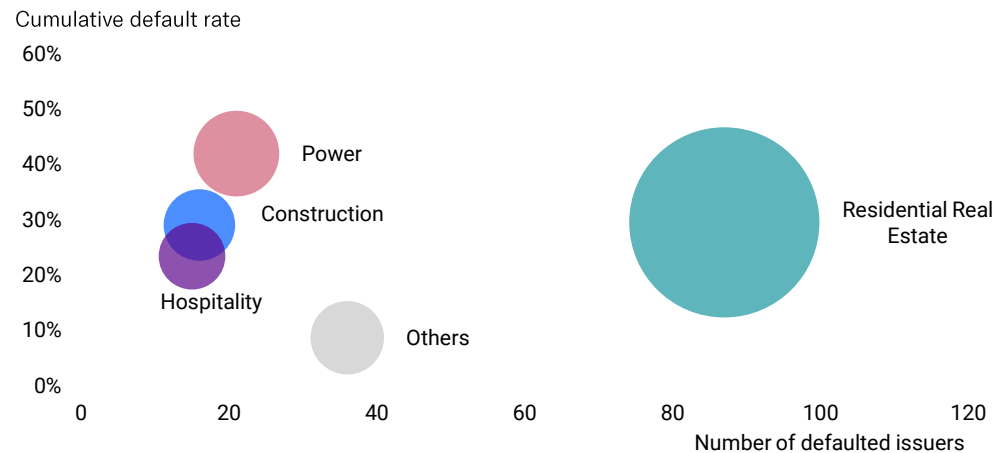
Source: HNX, VIS Rating

Exhibit 9: Majority of bonds-at-risk and defaulted bonds maturing in 2025 are unsecured



Source: VIS Rating

Exhibit 10: Residential Real Estate sector contributed 62% of the total default value

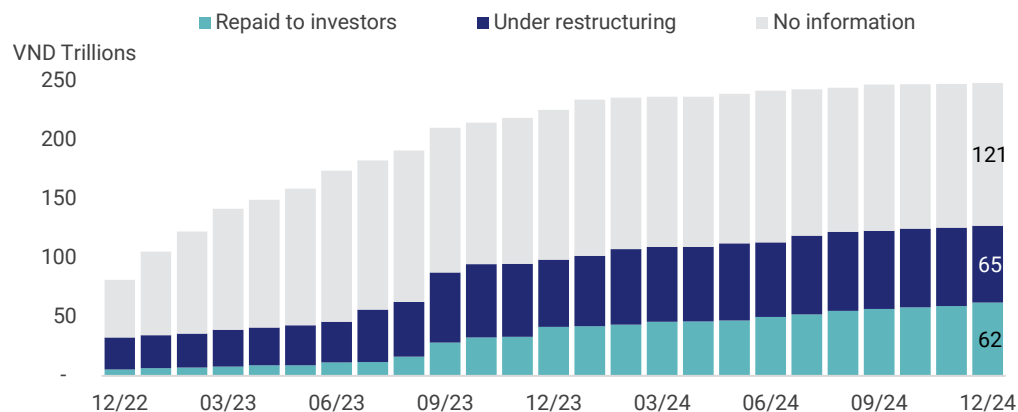


Note: The size of bubbles indicates the cumulative default value since April 2022
Source: VIS Rating

Debt Restructuring and Resolution

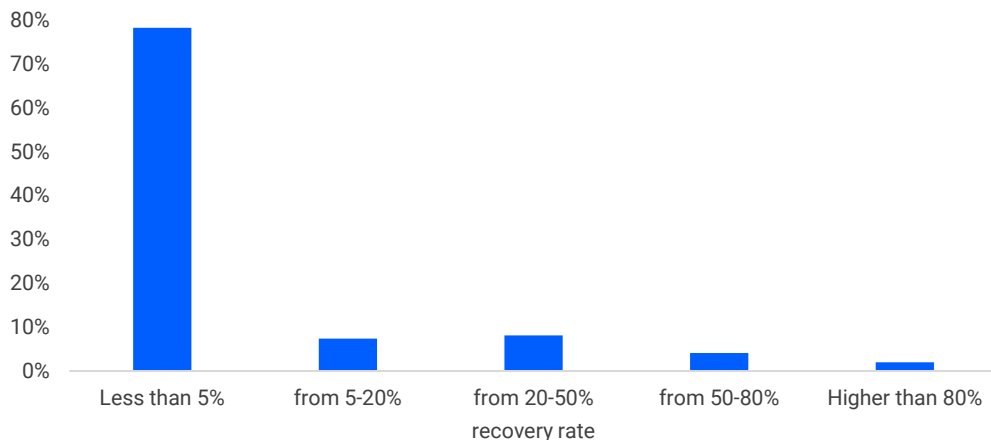
VND 21 trillion principal value of defaulted bonds was repaid to bondholders in 2024

Exhibit 11: Debt restructuring actions of defaulted bonds



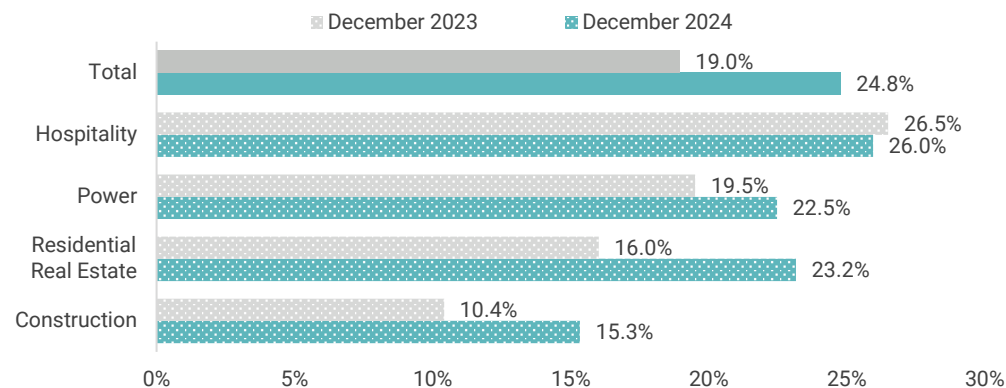
Source: VIS Rating

Exhibit 13: 80% defaulted bonds have a recovery rate of less than 5%



Source: VIS Rating

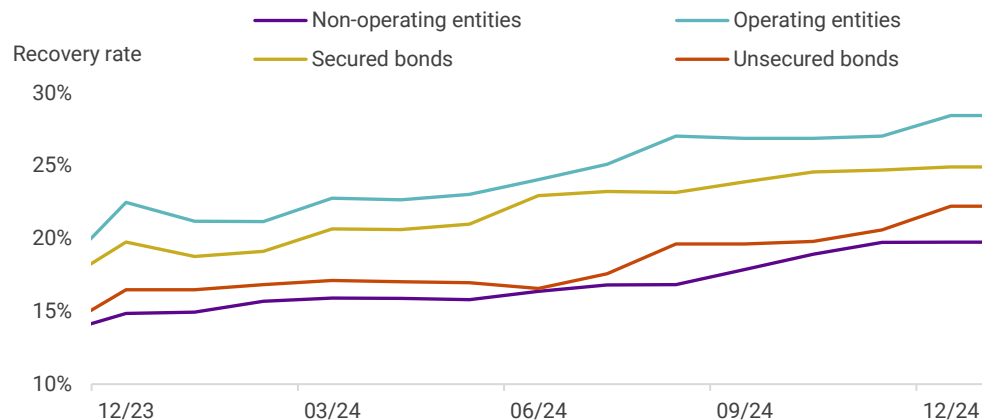
Exhibit 12: Recovery rate of defaulted bonds increased by 6% over the last 12 months



Note: We estimate the recovery rate based on the amount of principal repaid, including cases where only a partial amount has been repaid and restructuring is still ongoing, following the bond default.

Source: VIS Rating

Exhibit 14: The recovery rate by type of defaulted issuers and bonds



Note: Non-operating entities are newly established entities for issuing bonds with no core business and limited operating cash flow

Source: VIS Rating

New issuances (1/2)

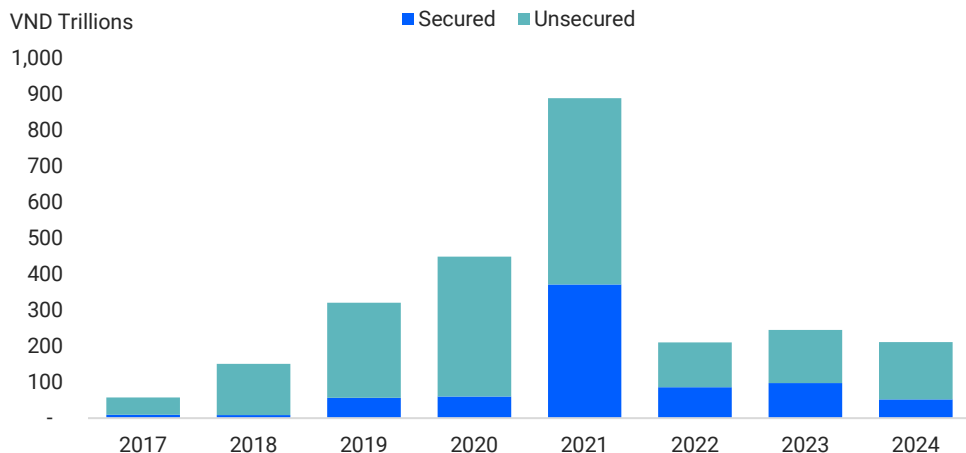
83% issuance value in 2024 by banks and real estate issuers

Exhibit 15: 83% issuance value in 2024 by banks and real estate issuers



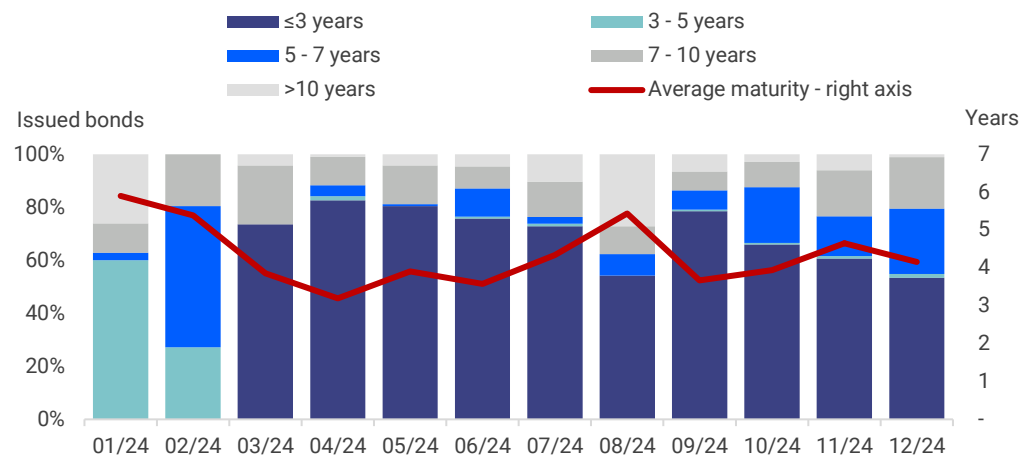
Unit: VND Trillions
Source: HNX, SSC, VIS Rating

Exhibit 17: In 2024, 75% value of non-bank bonds are unsecured bonds



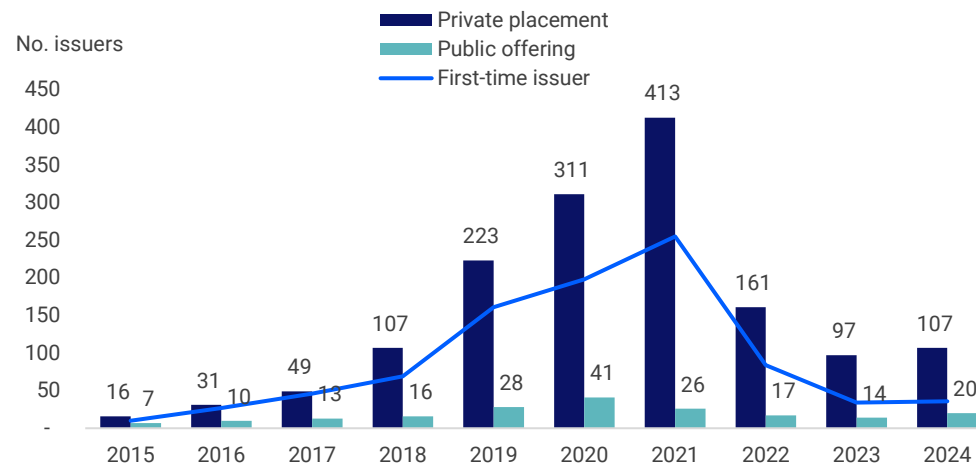
Source: HNX, VIS Rating

Exhibit 16: Most of new issuance in 2024 have maturity of 3 years or lower



Source: HNX, SSC, VIS Rating

Exhibit 18: 36 new issuers in 2024, lower than the average 5-year of 146 issuers

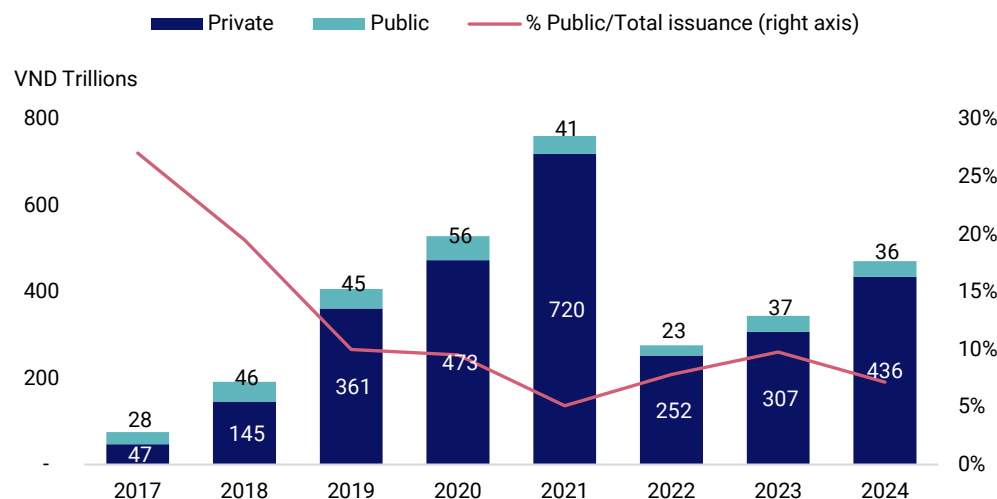


Note: The exhibit shows the number of issuers issued bonds via private placement and public offering
Source: HNX, SSC, VIS Rating

New issuances (2/2)

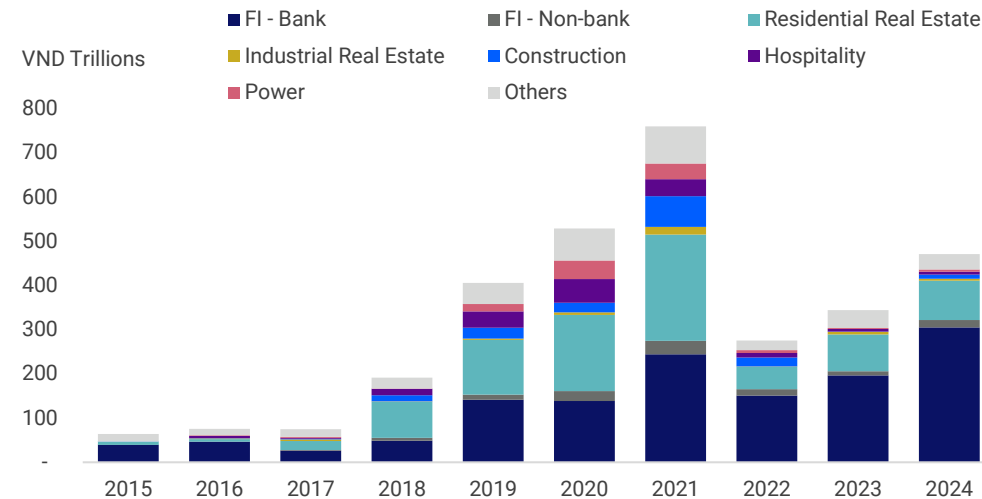
New issuances in 2024 reached VND 472 trillion

Exhibit 19: New issuance recovery over the last 2 years



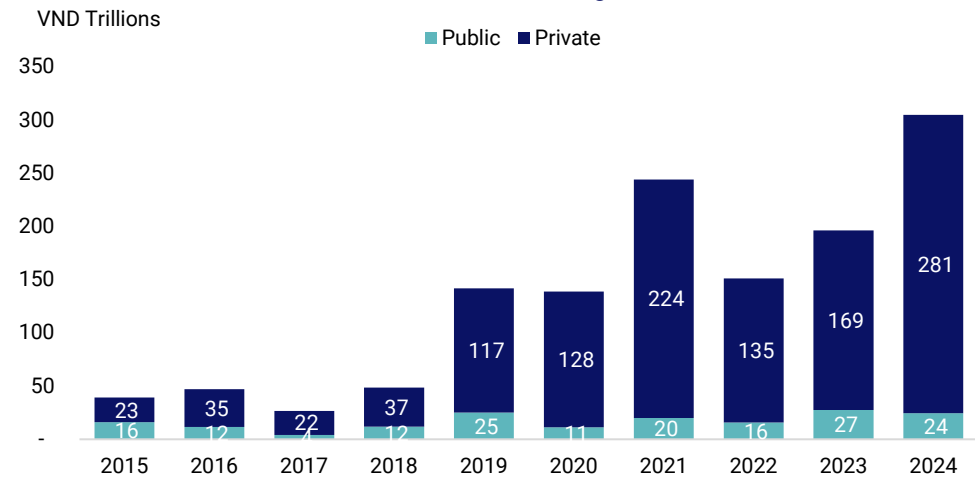
Source: HNX, SSC, VIS Rating

Exhibit 20: Real estate issuers and banks still account for a high proportion



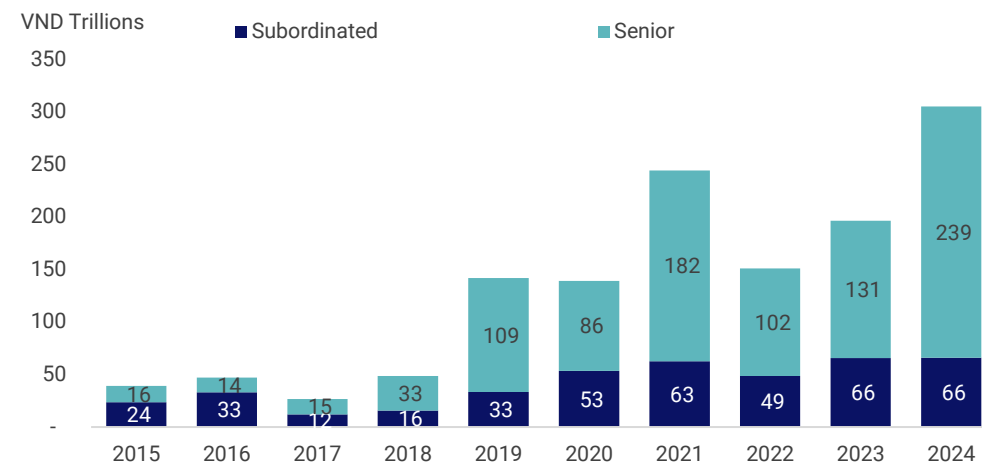
Source: HNX, SSC, VIS Rating

Exhibit 21: Bank bond issuance in 2024 reached the highest level



Source: HNX, SSC, VIS Rating

Exhibit 22: Bank bond issuance in 2024 reached the highest level for senior bond

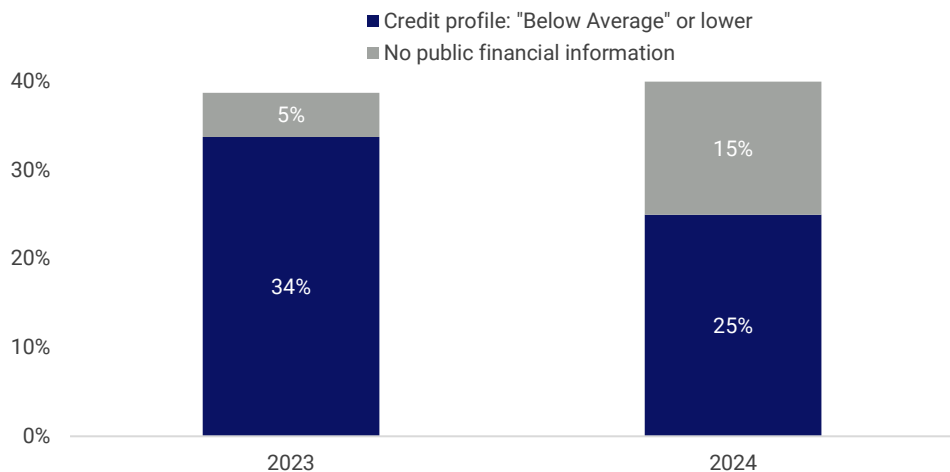


Source: HNX, SSC, VIS Rating

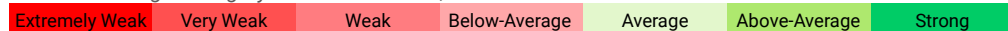
Issuer Credit Strength

Credit quality of issuers improved compared to 2023

Exhibit 23: Issuers with weak credit profiles or no public financials in 2023 and 2024

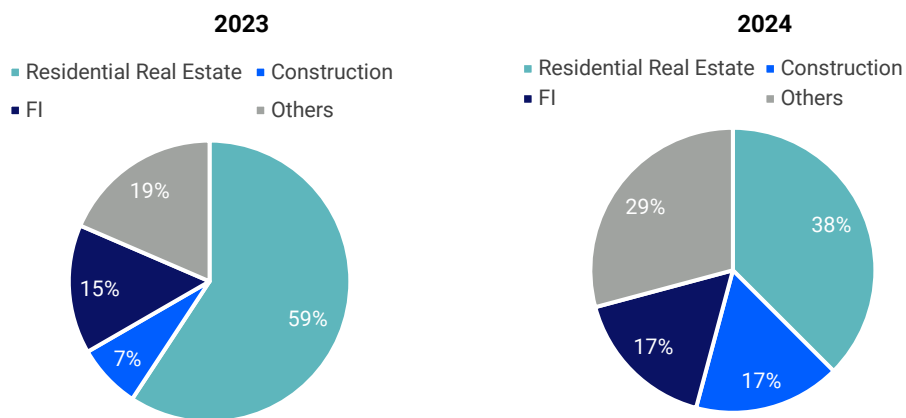


Note: Weak credit profiles are denoted by Below-Average, Weak, Very Weak, and Extremely Weak categories based on our eight-category assessment scale, as illustrated below.



Source: HNX, VIS Rating

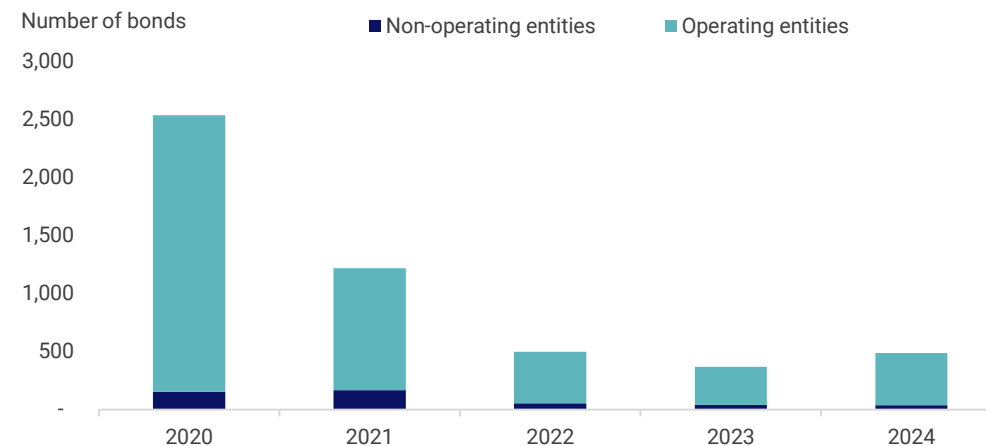
Exhibit 25: Majority of financially weak issuers from Residential Real Estate sector



Note: Data covers 2023-2024; excludes issuers with no public financial information

Source: VIS Rating

Exhibit 24: The number of newly issued bonds by Non-operating entities gradually decreased



Source: HNX, VIS Rating

Exhibit 26: Percentage of issuers with weak credit characteristics in 2024 lower than in 2023

	2023	2024
FI	Solvency (17%)	15%
	Liquidity (24%)	21%
Non-FI corporate	Leverage (39%)	28%
	Coverage (78%)	72%

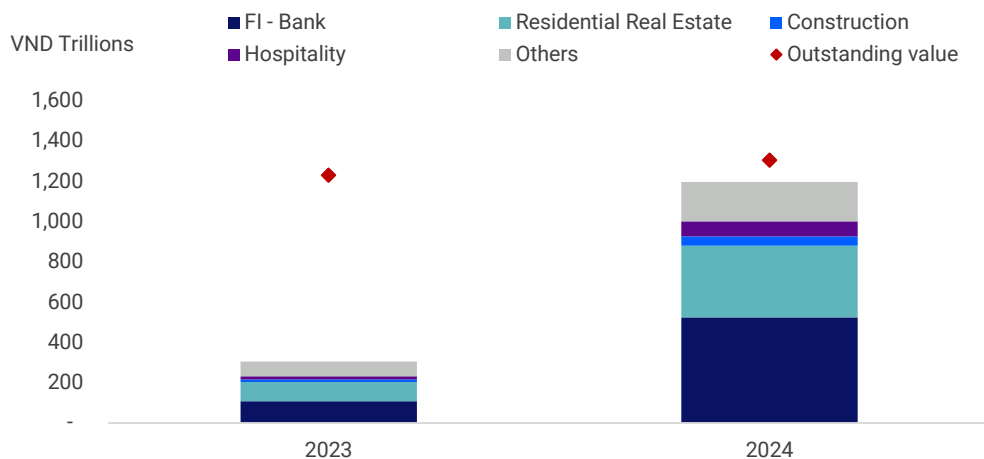
Note: Number in the table refer to the percentage of issuers with weak characteristics are denoted by Below-Average, Weak, Very Weak, and Extremely Weak categories based on our eight-category assessment scale

Source: VIS Rating

Market liquidity

Bonds issued by banks and real estate issuers contributed around 75% of the monthly trading volume in 2024

Exhibit 27: Trading value in the secondary market by sectors increased over the years



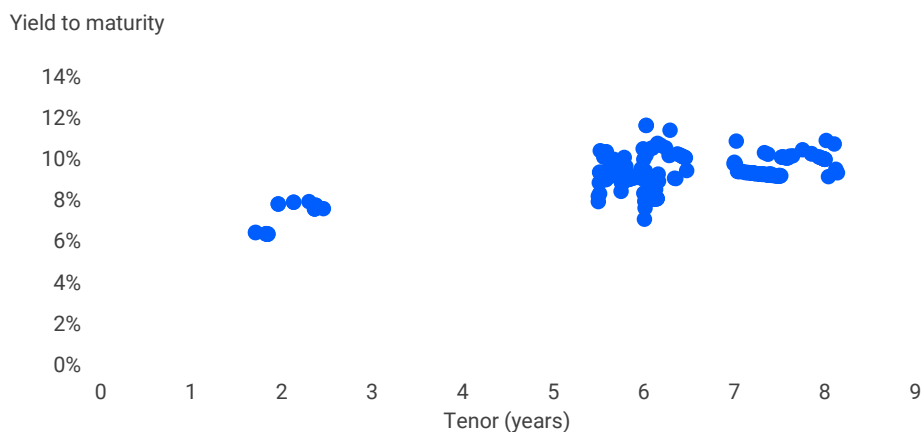
Source: HNX, VIS Rating

Exhibit 28: Trading volume by sectors and traded bond tenors in 2024



Source: HNX, VIS Rating

Exhibit 29: Yield to maturity (YTM) and remaining years to maturity of bank bonds with Above-Average credit quality¹

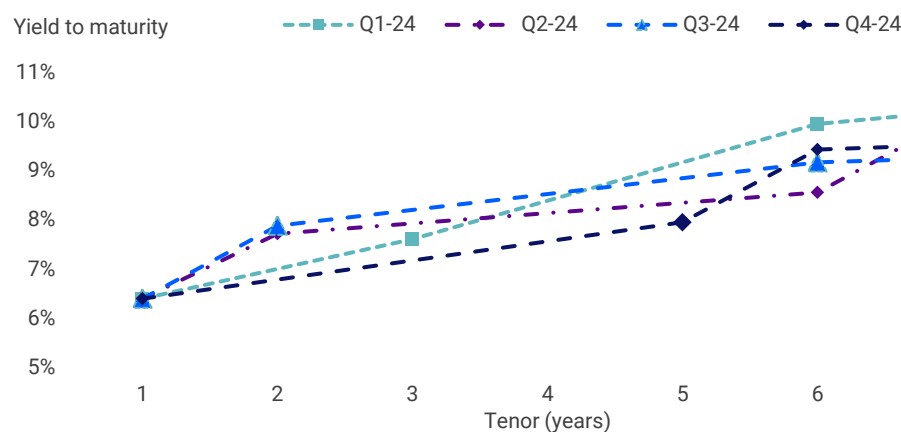


Note: YTM estimated from private and public bond transaction data in 2024, excludes convertible bonds and abnormal transactions

¹ Refer to [VIS Rating - How to Get Rated](#)

Source: HNX, VIS Rating

Exhibit 30: Average YTM of bank bonds with Above-Average credit quality



Note: Average YTM estimated from private and public bond transaction data in each quarter, excludes convertible bonds

Source: HNX, VIS Rating

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