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VIETNAM

Macroeconomic Update

June 2025

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Contents

Macroeconomic Environment

Snapshot

- Economic System: State-driven market economy
- Population: Total: 101.2 million (Urban: 40.5%, Rural: 59.5%) [1]
- Middle-Class Population: 37 million [1]
- Domestic Consumption: Spending per capita: USD 11–110/day [2]
- Median Age: 33.2 years [1]
- Labor Market [3]:
  - Labor force: 56.8 million
  - Labor force participation rate (ages 15+): 74.1%
  - Occupation distribution [3]:
    - Agriculture: 35.5%
    - Industry: 28.2%
    - Services: 36.3%
- Remittances (Annual Average 2022-2024): USD 18.6 → 19.3 billion (+4%) [4]
- Literacy Rate: 96.1% [5]
- Education Attainment: 32% completed upper secondary education or higher [5]
- Digitalization [6]:
  - Internet Users: 81 million (80.1% penetration)
  - Mobile Subscriptions: 142 million (140% penetration)

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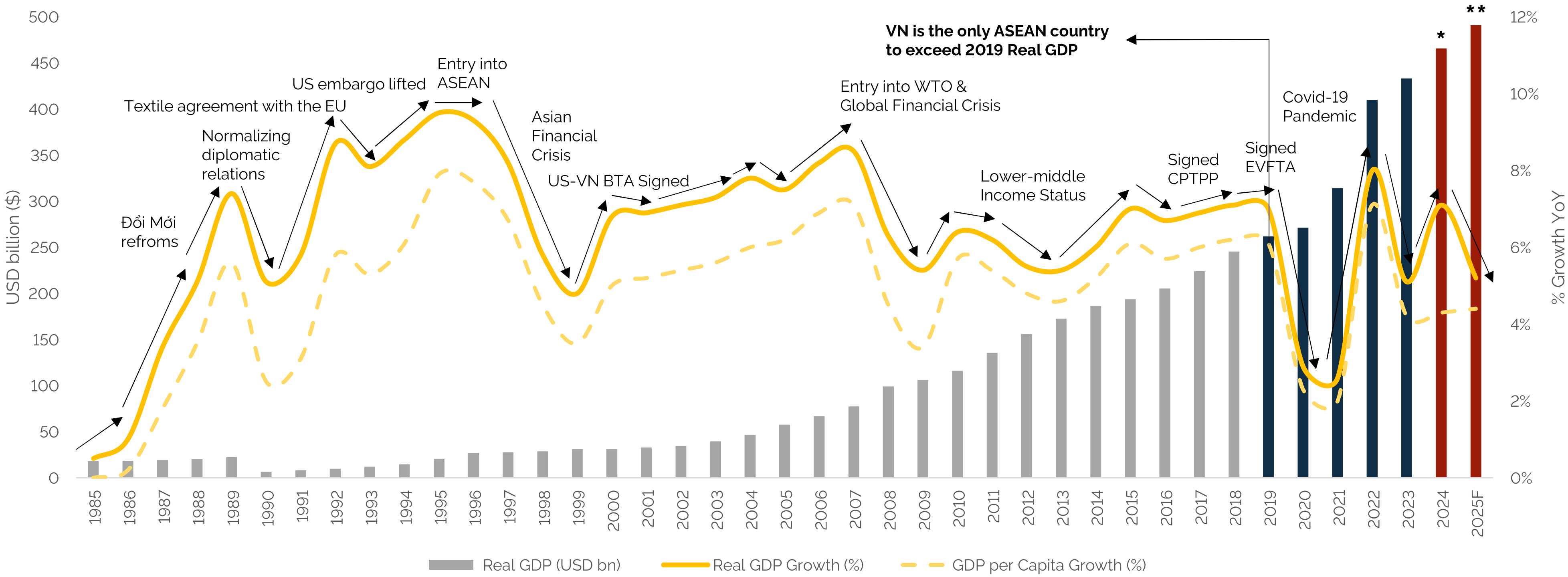
Sources: (1) Vietnam Population 2025 (Worldometers); (2) Socio-Economic Situation in First Quarter of 2025 (National Statistics Office); (3) Vietnam 2024 Data (World Bank Database); (4) Global Remittances Cycle 2025 (Federal Reserve); (5) Education Attainment in 2024 (National Statistics Office); (6) Vietnam GSO Population Infographic 2024 (CEICC Database)

Vietnam's Enduring Growth Engine since 1985

Sustaining 6–7% annual GDP growth since reform, Vietnam has consistently rebounded from global shocks and advanced its economic transformation



*: Strong Rebound with low-base effects from 2021
**: External headwinds (E.g. Trump Tariff) coupled with fading base effect in domestic demands; 2025 GDP per Capita Growth is forcasted
BTA: Bilateral Trade Agreement
CPTPP: The Comprehensive and Progressive Agreement for Trans Pacific Partnership
EVFTA: The EU-Vietnam Free Trade Agreement

Sources: (1) Vietnam GDP Series (World Bank Open Data); (2) Vietnam 2024 Data (World Bank Database); (3) Taking Stock: August 2023 (World Bank); (4) IMF WEO; (5) General Statistics Office of Vietnam (Trend Evaluation)

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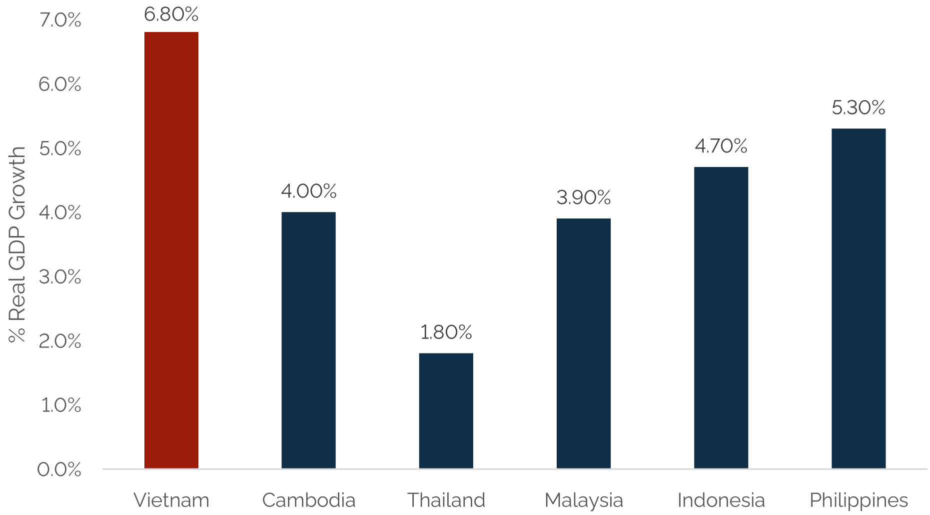
Growth Story

Leading in Growth and Manufacturing Exports

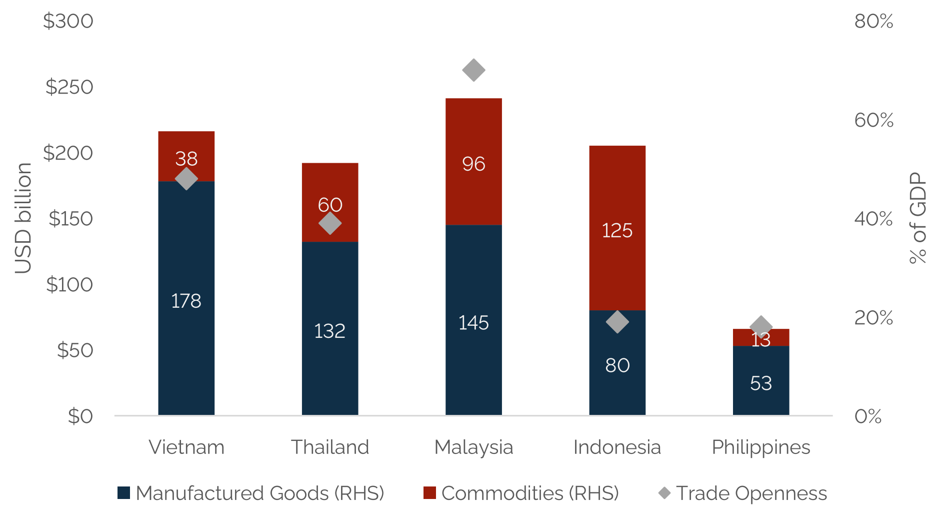
4-year average GDP growth against peers, 2022-2025F [1]

Vietnam remains Southeast Asia's top growth performer over the medium term



Exports by product category against peers, 2024 [2]

Vietnam's Manufacturing Export Engine Outpaces the Region



- Vietnam delivers the highest 4-year average real GDP growth among ASEAN peers at 6.8%, well above the regional average
- Vietnam's GDP growth for 2024 to reach 5.5% (vs. ASEAN average: 4.5%), only lower than Cambodia: 6.1% and the Philippines: 5.8% [3]
- Vietnam's growth momentum stands out even as regional economies moderate, underscoring its appeal for long-term investors

- Vietnam exported $178 billion in manufactured goods in 2024, the highest among its peers and accounting for 40% of its GDP
- The country's trade openness remains among the region's highest at 48%, reflecting strong integration in global supply chains [4]
- Vietnam's export structure is uniquely manufacturing-driven, while other ASEAN peers rely more on commodities

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Sources: (1) World Economic Outlook (IMF); (2) Economic Forecast (Asian Development Bank); (3) World Bank Forecast Vietnam's 2025 GDP Growth (World Bank Database); (4) National Statistics Office of Vietnam

Manufacturing Momentum Industrial Momentum: Vietnam's PMI Journey

Vietnam's manufacturing sector showcased robust resilience through global volatility. After averaging 51.1 in 2022, the PMI slipped below 50 for nine consecutive months in 2023 amid global demand weakness. Yet, on the back of strong FDI inflows and a recovery in export orders, the PMI rebounded above 50 by late 2024—peaking near 52.0 in August 2024—and sustained this momentum into early 2025.

This performance underscores Vietnam's adaptability and its ongoing ascent as a key manufacturing hub in the region

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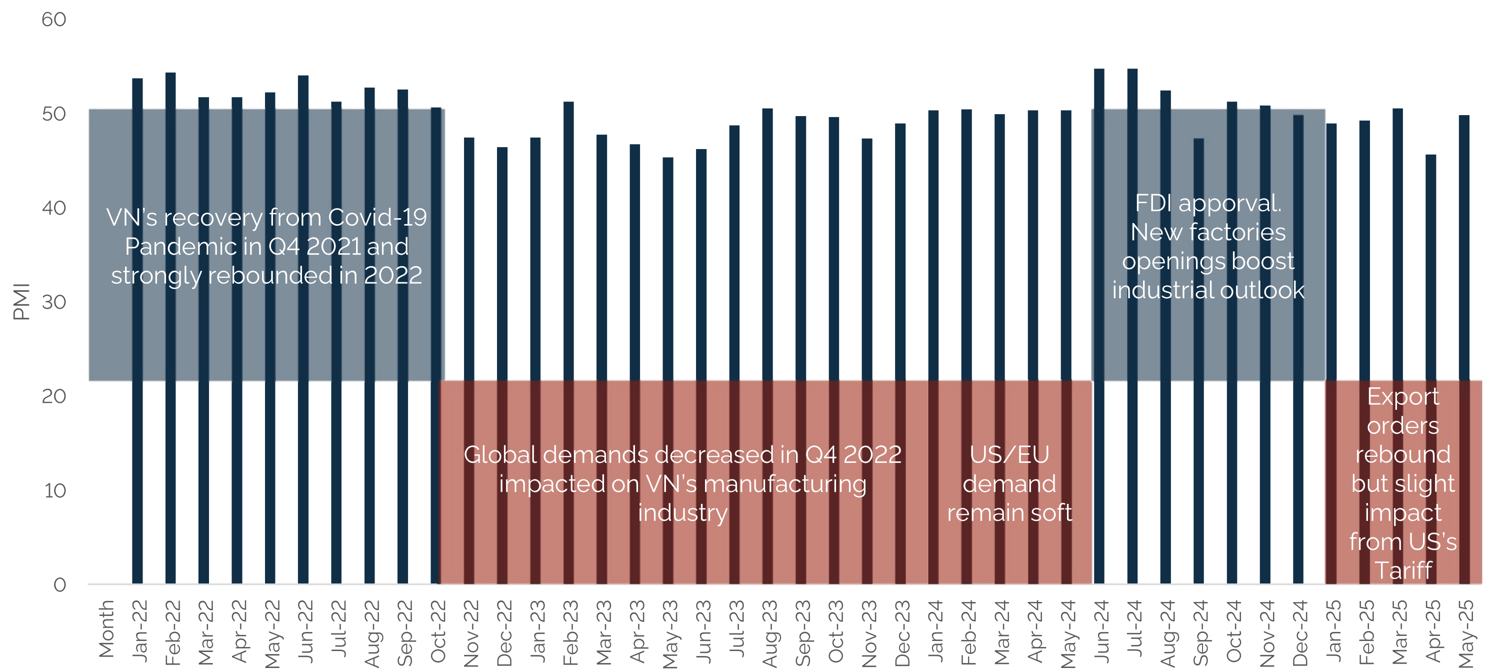
Vietnam's Historical PMI (2022–2025)

Vietnam's PMI dipped below 50 during 2023's global slowdown but rebounded on FDI and export orders in late 2024, underscoring resilient industrial momentum

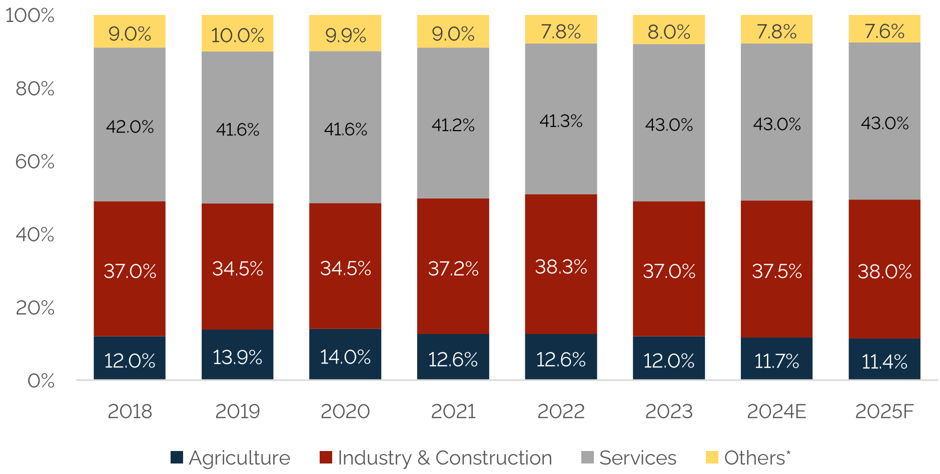


Sources: (1) S&P Global Vietnam Manufacturing (PMI Release); (2) Taking Stock (World Bank, March 2023); (3) Vietnam Manufacturing PMI Rebounds on FDI (Vietnam Investment Review)

Vietnam's Global Integration: From Low-Cost Exporter to High-Tech Manufacturing Hub

Economic Structure from 2018 to 2025 [1]

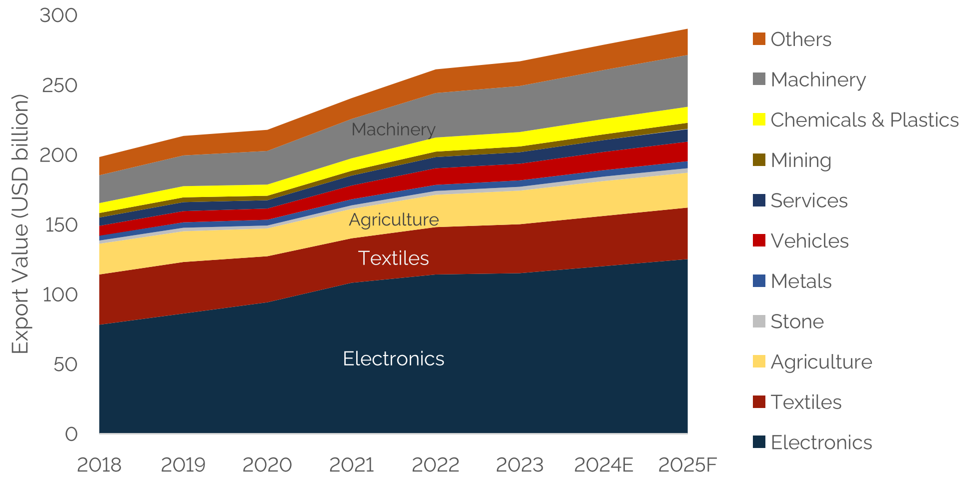
Vietnam's new trade agreements and global integration accelerated its shift toward industry and services



- Industry and services have expanded to over 80% of GDP by 2025, as Vietnam deepens its participation in global supply chains [3]
- High-tech manufacturing and FDI surged following CPTPP (2018) and EVFTA (2020), driving structural transformation [2]
- Agriculture's share of GDP declined to 11% in 2025, the lowest in modern history, reflecting Vietnam's successful economic upgrading

Gross Export Structure from 2018 to 2025 [2]

Vietnam's exports have rapidly shifted toward high-tech products and manufacturing value-add in the CPTPP/EVFTA era



- Electronics exports doubled from 2018 to 2025, now accounting for over 40% of total exports [5]
- High-tech, machinery, and vehicles sectors drive export growth, while agriculture's share remains stable [4]
- Vietnam's export structure is now dominated by manufacturing and value-added goods, highlighting its ascent as a key player in global supply chains [7]

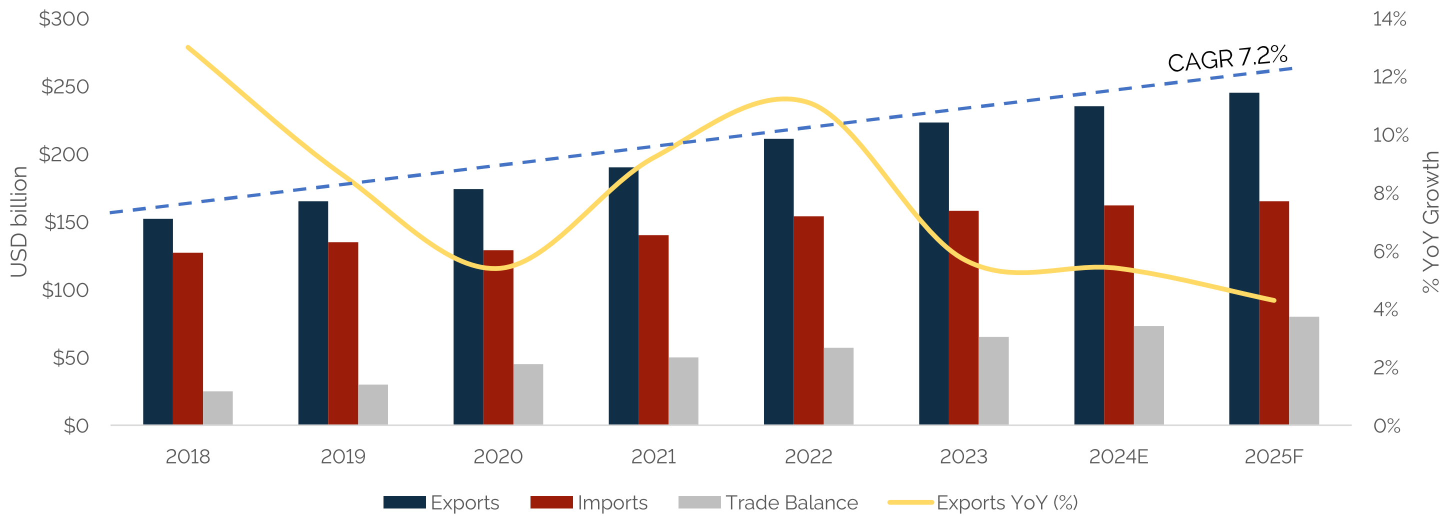
Sources: (1) Vietnam Statistical Yearbooks 2018–2023, General Statistics Office (GSO); (2) UN Comtrade Database; (3) World Bank WDI; (4) Vietnam Customs; (5) IMF WEO April 2024; (6) Vietnam Ministry of Industry and Trade (MOIT); (7) Government Socio-Economic Development Plan 2021–2025

Manufacturing Momentum | Vietnam's Manufacturing Trade Surplus Since the "China+1" Acceleration (2018–2025)

As exports contracted 4.5% YoY in 2023, the trade surplus surged 128%—reflecting both resilient manufacturing and a sharper decline in imports (-9.1% YoY [6]) due to production adjustments. Vietnam's strong export base, supported by numerous FTAs and its "China+1" positioning, continues to differentiate the country among emerging Asian economies

Vietnam's manufacturing trade balance, exports, and imports from 2018–2025 [5]

Vietnam's Manufacturing Export Engine Outpaces the Region



- Since 2018, manufacturing exports have grown at an 8.5% CAGR, surpassing $245 billion in 2025
- Trade surplus widened to a new record in 2025, reflecting a 15% YoY increase as imports remained subdued
- Manufacturing's share of total exports rose to 77% in 2025, up from 70% in 2018
- Vietnam's "China+1" positioning has attracted sustained FDI inflows, with realized capital at $26 billion in 2025

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Sources: (1) Vietnam Statistical Yearbooks 2018–2023, General Statistics Office (GSO); (2) UN Comtrade Database; (3) World Bank WDI; (4) Vietnam Customs; (5) IMF WEO April 2024; (6) Vietnam Ministry of Industry and Trade (MOIT)

Manufacturing Momentum

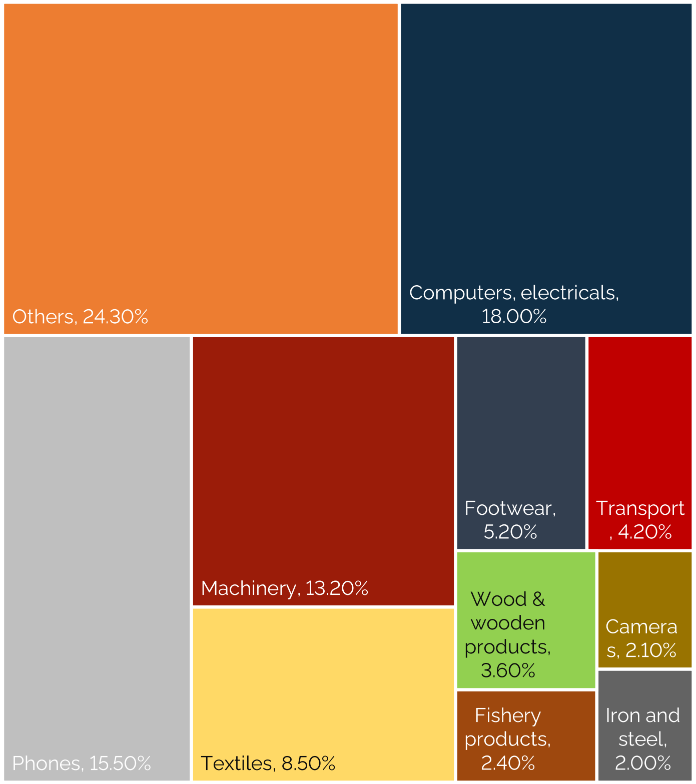
Vietnam's Trade Basket in 2025: High-Tech and Manufacturing at the Core

Vietnam's trade basket in 2025 is anchored by high-tech and manufacturing, with electronics, phones, and machinery accounting for nearly half of all exports. This export structure underscores Vietnam's continued ascent as a global production hub

On the import side, computers, machinery, and production inputs dominate, reflecting the country's deepening integration into global value chains. Raw and intermediate goods make up more than 90% of imports, highlighting Vietnam's role as a key link in regional manufacturing supply networks

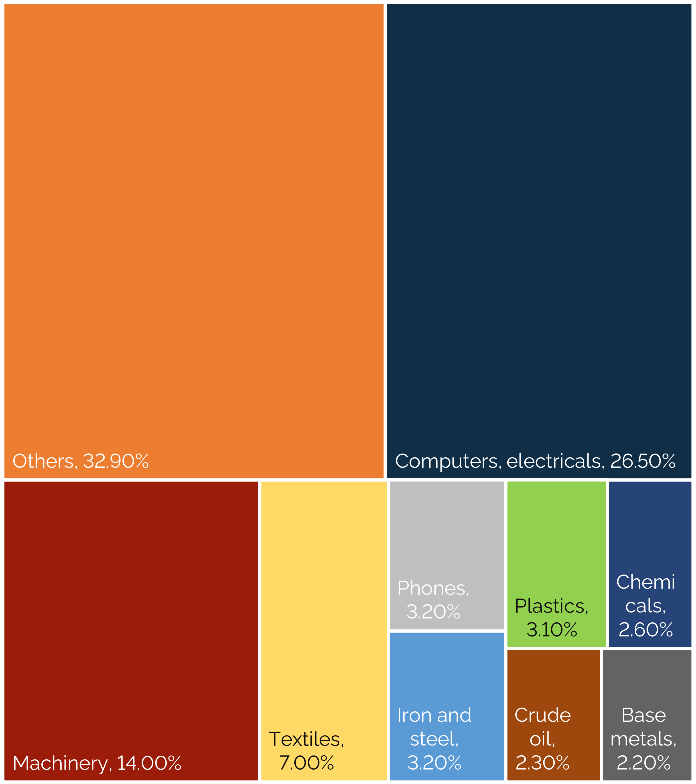
Export Basket 2025 [1]

Computers, electricals, and Machinery have been one of the main export product



Import Basket 2025 [1]

Similar to Export Basket in 2025, Computers, Electricals, and Machinery are still on the top of the list



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Sources: (1) General Department of Vietnam Customs; (2) Statistical Yearbook of Vietnam (GSO); (3) UN Comtrade Database; (4) World Bank "Taking Stock," July 2024

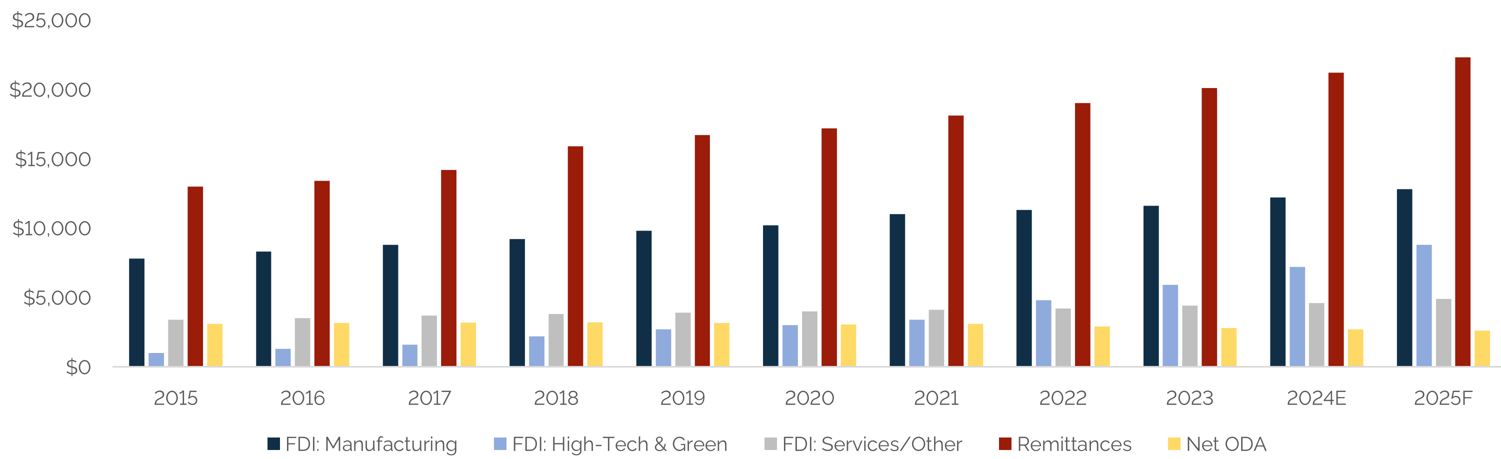
Vietnam's FDI and Capital Inflows: From Manufacturing Boom to Green Transition

Vietnam's capital inflows have been powered by a strategic pivot to FDI-driven industrialization and sustained by resilient remittances. Since 2015, inflows into manufacturing, high-tech, and green sectors have soared, reflecting Vietnam's emergence as an Asian industrial and supply chain hub[6]

By 2025, FDI into high-tech and green sectors is set to exceed $8.8 billion[4], nearly double the pre-pandemic average. Remittances remain a vital and stable inflow, supporting domestic demand and private investment, while ODA continues to finance key infrastructure and energy projects

Vietnam Capital Inflows by Type [2]

FDI and remittances continue to drive Vietnam's capital inflows, with green and high-tech investments rising sharply since 2020



- FDI inflows reached a record $26.5 billion in 2023[1], with realized FDI making up 68% of commitments—one of the highest realization rates in ASEAN
- High-tech and greenfield FDI have grown at a 21% CAGR since 2020, supported by government policies, China+1 supply chain shifts, and robust global investor appetite
- Remittances hit $20.5 billion in 2023[3] keeping Vietnam in the top 10 global recipients
- Net ODA remains stable at $2.8–3.1 billion per year[3], largely directed to infrastructure, climate, and rural development

Sources: (1) Ministry of Planning and Investment (MPI); (2) General Statistics Office (GSO); (3) World Bank World Development Indicators (WDI); (4) UNCTAD World Investment Report; (5) Vietnam Customs; (6) "Taking Stock" (World Bank, July 2024)

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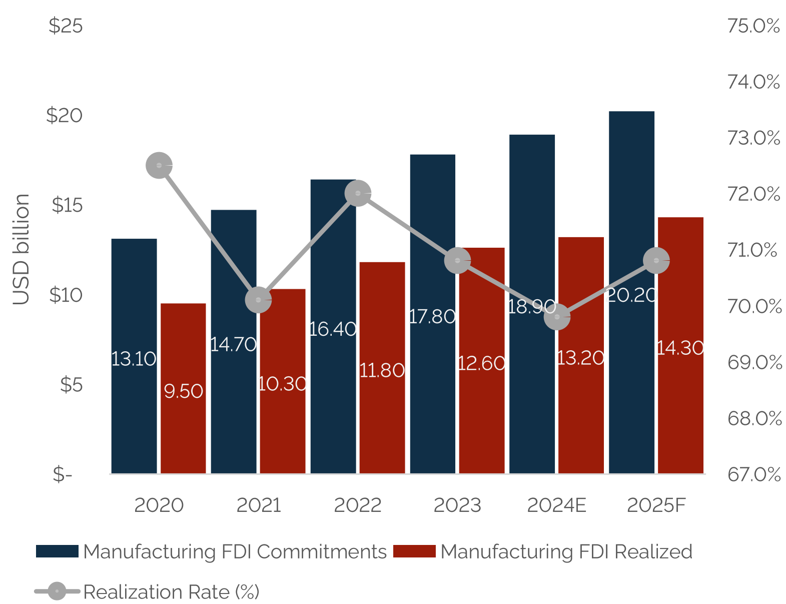
Manufacturing Momentum

Vietnam's Manufacturing FDI: Realization, Sector Upgrading, and Global Magnet Status

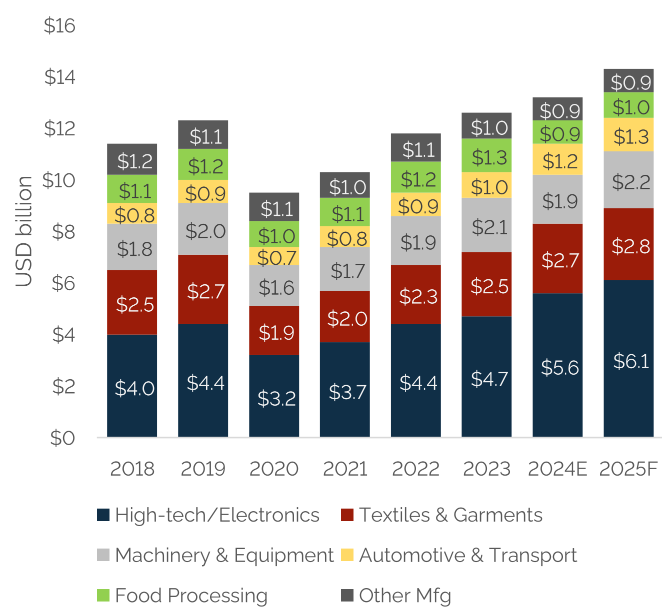
Manufacturing FDI Commitments vs. Realized, 2020-2025F

- 2021–2022: EVFTA comes into force, triggering renewed FDI growth and manufacturing upgrades
- 2023–2024: "China+1" shift accelerates as multinationals diversify production to Vietnam, with FDI commitments and realized capital both hitting record highs



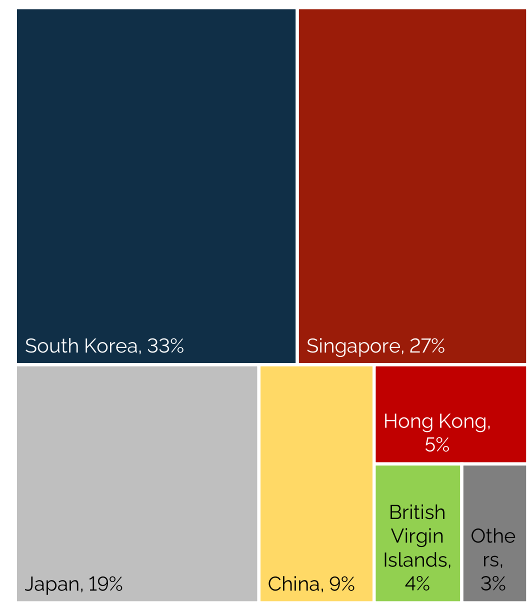
Breakdown of Manufacturing FDI by Sector, 2018-2025F

- 2021: Electronics and high-tech investment outpaces textiles for the first time, driven by Samsung, Foxconn, and global supply chain relocation
- 2022–2024: Machinery, automotive, and food processing see increased FDI amid government incentives for sector diversification and value-added manufacturing



Source of Manufacturing, As of 2024E

In 2024, Korea, Singapore, and Japan anchor Vietnam's manufacturing FDI, while China and BVI show rising activity as global firms diversify production into Vietnam



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Sources: (1) Ministry of Planning and Investment (MPI); (2) Vietnam; General Statistics Office (GSO); (3) UNCTAD World Investment Report; (4) World Bank World Development Indicators (WDI)

Vietnam's Industrial Policy: Driving Manufacturing Excellence

Vietnam's manufacturing competitiveness is substantially enhanced by targeted industrial policies designed to attract high-quality FDI, accelerate technological advancement, and strengthen integration into global value chains. Clear, competitive incentives and streamlined regulatory processes have positioned Vietnam as ASEAN's preferred destination for manufacturing investments, particularly in high-tech and sustainable industries

Vietnam Industrial Policy & Key Incentives, As of 2025 [3]

Policy/Incentive Category	Key Measures & Details	Applicable Sectors
Fiscal Incentives	➤ CIT reduced to 10–17% (standard 20%) ➤ Tax holidays up to 4 years, 50% reduction for next 9 years	High-tech, electronics, green tech, automotive
Investment & Land Support	➤ Land lease exemption/reduction ➤ Industrial park streamlined approvals (under 90 days)	Strategic industrial parks, SEZs
Trade & Export Facilitation	➤ Tariff-free export (EU via EVFTA, CPTPP, RCEP) ➤ Simplified customs procedures	Electronics, machinery, textiles, automotive
R&D and Innovation Support	➤ Tax deduction up to 150% for R&D expenditure ➤ Subsidies and grants for innovation and technology upgrades	High-tech, R&D-intensive sectors
Labor & Training	Vocational training subsidies, government co-funded training centers	Manufacturing, technical & engineering sectors

- Industrial park licensing timelines shortened from average **180 days to <90 days** by 2024 [1]
- Over **60% of new manufacturing FDI** targets high-tech and green technology sectors [2]
- By 2025, Vietnam to operate **over 350 industrial parks and 18 Special Economic Zones (SEZs)** [4]
- Major international corporations (e.g., **Samsung, LG, Foxconn, Bosch**) leveraging policy incentives to expand operations in Vietnam

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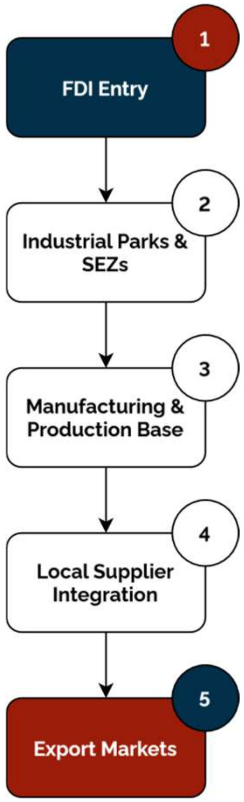
Sources: (1) Ministry of Planning and Investment (MPI); (2) Vietnam; General Statistics Office (GSO); (3) Vietnam Chamber of Commerce and Industry (VCCI); (4) UNCTAD World Investment Report (2024)

Vietnam's Manufacturing Value Chain Model: Integrating Global Investment

Vietnam has developed a clear and effective manufacturing value chain model, enabling efficient integration of foreign direct investment (FDI) into domestic industry

Through strategic industrial park development, robust infrastructure, and targeted government incentives, Vietnam facilitates seamless production, fosters local supplier networks, and significantly boosts export competitiveness—solidifying its role as ASEAN's leading manufacturing hub

Vietnam's Manufacturing Investment Value Chain [2]



No	Value Chain Stage	Key Indicators & Metrics
1	**FDI Entry**	➤ Manufacturing FDI inflows: USD 14.3 billion (2025F) ➤ Realization rate: ~70% (2024E)
2	**Industrial Parks & SEZs**	➤ Industrial parks: 350+ operational by 2025 ➤ Average occupancy: ~85% (2025F)
3	**Manufacturing & Production Base**	➤ High-tech & electronics: 42% of total manufacturing FDI (2024E) ➤ Major players: Samsung, LG, Foxconn
4	**Local Supplier Integration**	➤ Domestic supplier contribution increasing: ~40–45% local sourcing in key sectors (2024E) ➤ SME integration initiatives funded by government
5	**Export Markets**	➤ Manufacturing exports account for ~90% total exports ➤ Major markets: USA, EU, China, Japan, Korea

- Industrial park occupancy rate increased from 75% (2018) to projected 85% (2025F) [5]
- By 2025, domestic suppliers expected to fulfill nearly 45% of inputs for foreign manufacturing plants [4]
- Export growth in high-tech and electronics sectors averaging 15% annually (2020–2025F) [1]
- Active FTAs (EVFTA, CPTPP, RCEP) facilitating tariff-free access to key export markets

Sources: (1) Ministry of Planning and Investment (MPI), Vietnam; (2) General Statistics Office (GSO); (3) UNCTAD World Investment Report (2024); (4) Vietnam Chamber of Commerce and Industry (VCCI); (5) World Bank World Development Indicators (WDI)

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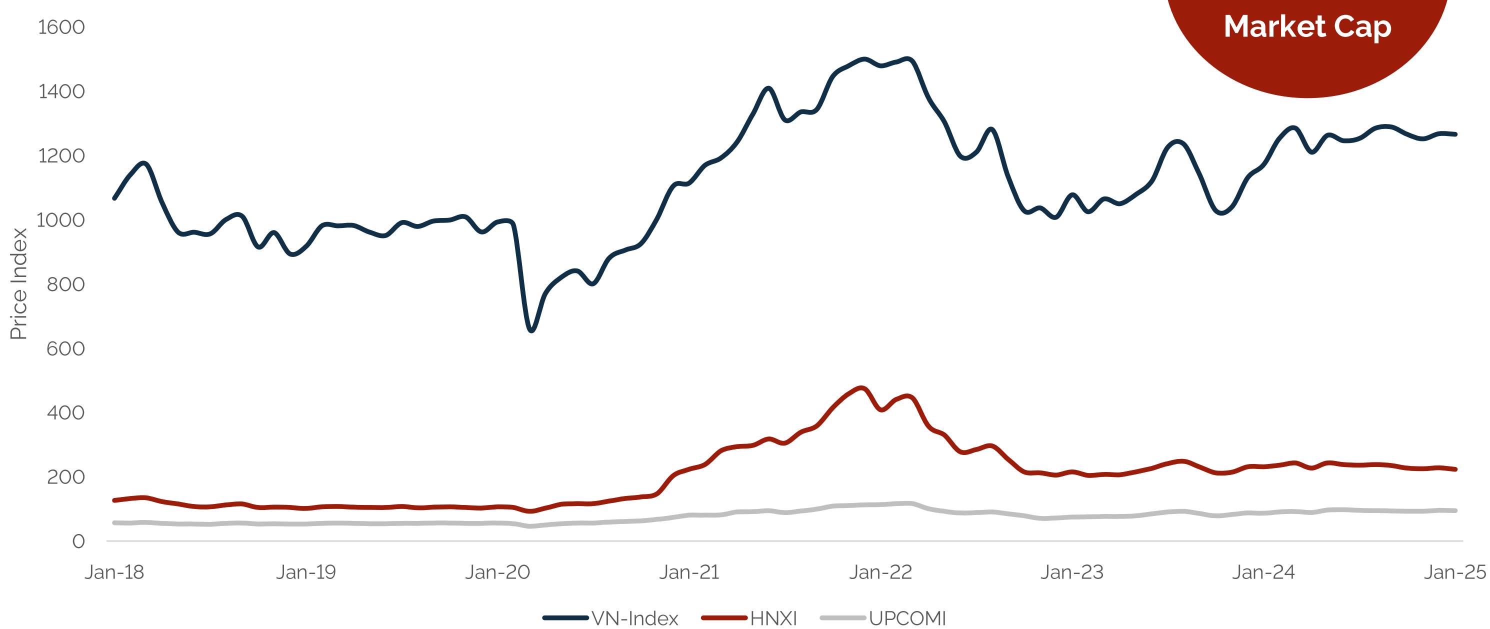
Capital Market

Vietnam's Stock Exchange

Vietnam's Three Stock Exchange Performance, Jan 2018 – Jan 2025 [2]

In 2024, Vietnam's stock market capitalization recorded a 6.5% YoY growth, reaching approximately 63% of GDP

USD **288** billion **Market Cap**



	2018	2019	2020	2021	2022	2023	2024	2025
Number of Companies	1559	1610	1659	1296	1599	1834	1850	1894

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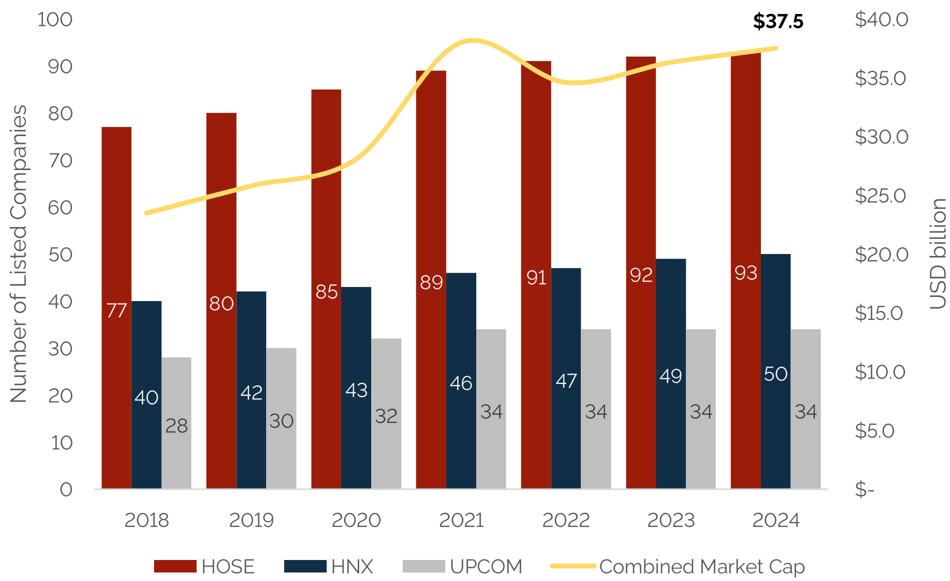
Sources: (1) Ministry of Planning and Investment (MPI); (2) Vietnam General Statistics Office (GSO); (3) Vietnam Chamber of Commerce and Industry (VCCI); (4) UNCTAD World Investment Report (2024); (5) HOSE, HNX, UPCOMI official exchange data; (6) FiinGroup Vietnam Stock Market Yearbook 2023

Industrial Sector Performance & Key Listings

Industrial Listings: Vietnam's Public Manufacturing & Logistics Companies, 2018 to 2024



- The number of listed industrial companies increased by over 20% since 2018, reflecting strong sectoral growth and investor interest
- Market capitalization of public industrial firms nearly doubled from 2018 to 2024, underpinned by robust manufacturing and logistics expansion
- Most industrial IPOs and capital increases have occurred on HOSE, aligning with Vietnam's industrialization and export-led growth model

Industrial Key Listings: Vietnam's Public Manufacturing & Logistics Companies, 2018–2024

Vietnam's industrial sector remains a key pillar of the stock market, with a steady increase in the number and market cap of listed manufacturing and logistics firms across all three exchanges

Company Name	Market Cap (USD billion)	YTD Price Change (%)	Sector Focus
Hoa Phat Group (HPG)	9.2	14%	Steel Manufacturing & Material
Becamex IDC (BCM)	2.8	9%	Industrial Parks & Infrastructure
Kinh Bac City (KBC)	2.3	11%	Industrial Park & Real Estate
Viglacera Corp. (VGC)	1.7	8%	Construction Materials & IPs
Sonadezi Corp.	1.5	7%	Industrial Development & Utilities

- Industrial sector strongly outperforming general VN-Index (+11% vs. +6% YTD in 2024)
- High growth supported by ongoing infrastructure and industrial park expansions
- Foreign investor appetite increasing significantly in industrial-focused listings.

Sources: (1) Ho Chi Minh City Stock Exchange (HOSE); (2) Hanoi Stock Exchange (HNX); (3) UPCOM; (4) Vietnam Chamber of Commerce and Industry (VCCI); (5) FiinPro Vietnam Stock Market Yearbook 2024

Industrial SOE Equitization: Policy Update & Pathways for Foreign Investors

Vietnam's equitization and IPO reforms continue to prioritize transparency, industrial sector competitiveness, and foreign capital inflow. Recent measures target improved efficiency and broader access for international investors—especially in manufacturing and logistics SOEs

What's Driving the Latest Industrial SOE Equitization?

- Mobilize resources to fund industrial upgrades and public infrastructure amid budget constraints
- Boost operational efficiency and transparency in key state-owned manufacturers
- Align with World Bank and IMF policy recommendations for capital market development
- Support national industrialization, aiming for higher value-added exports by 2030

2024–2025 Reform Highlights

- New IPO Decree (2024):Streamlined listing for SOEs, mandatory post-IPO listing within 90 days, and public disclosure of proceeds allocation
- Foreign Ownership Cap Eased: Foreign investors can now hold up to 60% in select manufacturing IPOs (up from 49% in most sectors previously), including logistics and supporting industries
- Book-Building & Dutch Auction: Widespread adoption to ensure fair pricing and transparent allocation in industrial SOE IPOs
- Anti-Circular Ownership Rule: Stricter enforcement to prevent cross-ownership and market manipulation in post-equitization entities
- Investor On-boarding: Foreign investors can now complete auction deposits in USD or VND, and are guaranteed equal rights with local shareholders post-IPO
- Sector Focus: Prioritized IPO pipeline for logistics parks, industrial zones, and machinery SOEs in 2025–2026

Source: (1) Ministry of Finance, Vietnam (Circular 21/2024/TT-BTC, Decree 155/2024/NĐ-CP); (2) HOSE & HNX Updates; (3) World Bank Vietnam Capital Markets Report 2024

State-Owned Industrial IPOs: Unlocking Capital and Market Growth

Since 2015, Vietnam's industrial SOE IPOs have raised over USD 1.5 billion, driving market transformation and expanding the manufacturing base

Oversubscribed listings underscore strong investor demand, while government reforms continue to unlock sector value and enhance market transparency for both domestic and foreign investors

	Company Name	Year Equitized	Stake Hold (%)	Value Raised (USD million)	Market Cap at IPO (USD)	Description
	PV Power	2018	20%	300	1.4 billion	Largest gas-fired power SOE; 3x oversubscribed
	Petrolimex	2017	8%	180	3.2 billion	Leading fuel distributor; 2x subscribed
	Vietnam Engine & Machinery (VEAM)	2016	12.6%	107	857 million	Key auto/industrial manufacturer
	Tin Nghia Corp.	2016	44%	33	75 million	Logistics/industrial parks; 2x subscribed
	Vissan	2016	28%	104	371 million	Meat processor, 20% market share, 5.6x oversub

Source: (1) State Securities Commission of Vietnam (SSC); (2) HOSE and HNX Annual Reports (2016–2024); (3) Company IPO Prospectuses

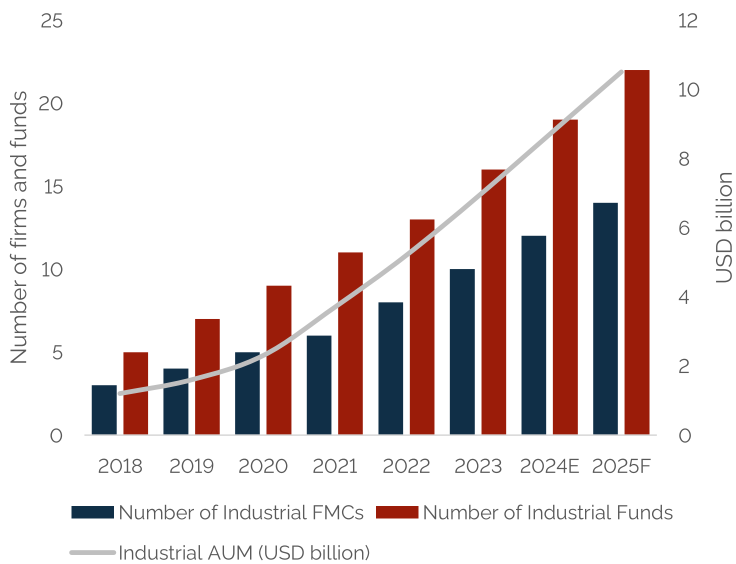
Industrial Real Estate & Asset Management

Vietnam's Emerging Platform for Institutional Investors

Vietnam's industrial asset management sector is expanding rapidly, driven by foreign capital, new fund launches, and a shift toward modern logistics and warehousing. The market's institutionalization is transforming the landscape and deepening investor opportunities

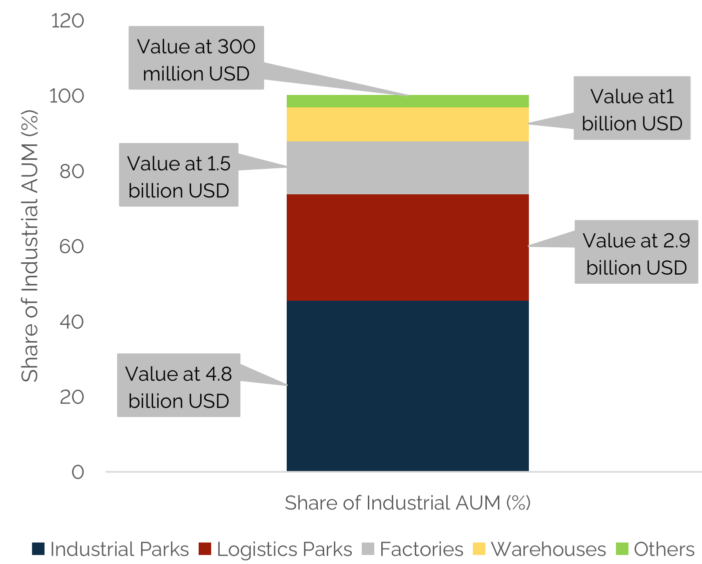
Growth of Industrial Asset Management, 2018 to 2025F

- Rapid Expansion: The number of licensed industrial fund managers (FMCs) has increased nearly fivefold since 2018, reflecting growing institutional confidence in Vietnam's industrial asset class
- AUM Acceleration: Industrial AUM has grown at a 31% CAGR since 2018, hitting a projected USD 10.5 billion in 2025



Industrial Real Estate AUM Breakdown, As of 2025F

- Warehousing Boom: Warehouses and modern factory assets are the fastest-growing AUM segments, driven by e-commerce, retail, and foreign manufacturing relocation
- Portfolio Diversification: Institutional funds are increasingly diversifying across asset classes, including cold storage, multi-storey logistics, and specialized industrial zones



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Source: (1) State Securities Commission of Vietnam (2024); (2) Vietnam Association of Real Estate Brokers, Industrial Report (2024); (3) CBRE, Savills, JLL

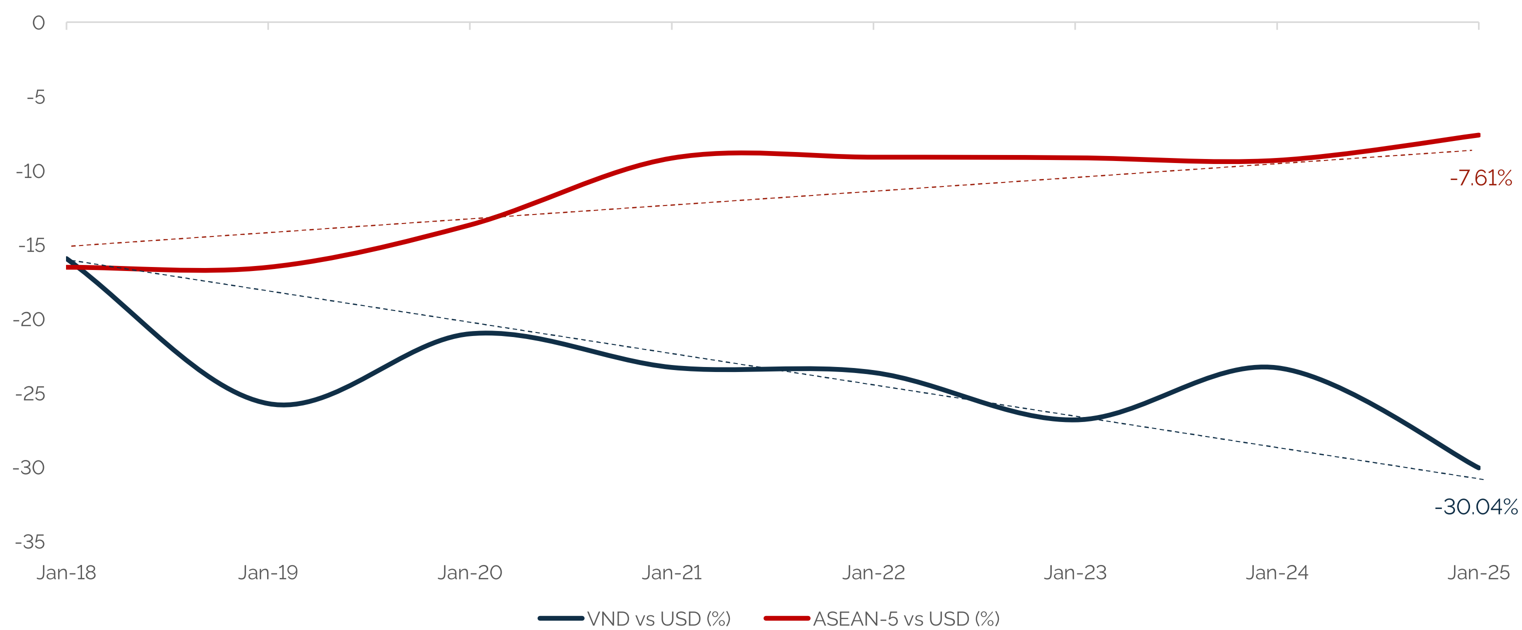
Macroeconomic Risks

Headwinds and Tailwinds for Vietnam's Manufacturing Competitiveness

While VND's depreciation has supported Vietnam's export competitiveness, it has also increased input costs for manufacturers reliant on imported materials and raised concerns on foreign debt servicing. Meanwhile, regional peers have seen a relative strengthening, narrowing Vietnam's currency advantage. The persistent FX volatility, coupled with global monetary tightening, poses ongoing risks for capital flows and pricing stability in the manufacturing sector

Since Jan 2018, VND depreciated 14.1% against the USD, while ASEAN-5 currencies appreciated 8.9% over the same period

Currency value movement against USD, Jan 2018 – Jan 2025



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Source: (1) State Bank of Vietnam (SBV), Monthly Exchange Rate Bulletin (2018–2025); (2) Bloomberg Terminal FX Data, accessed June 2025; (3) CEIC Data, ASEAN-5 FX Indices; (4) General Statistics Office (GSO) Vietnam, Macroeconomic Indicators (2024–2025)

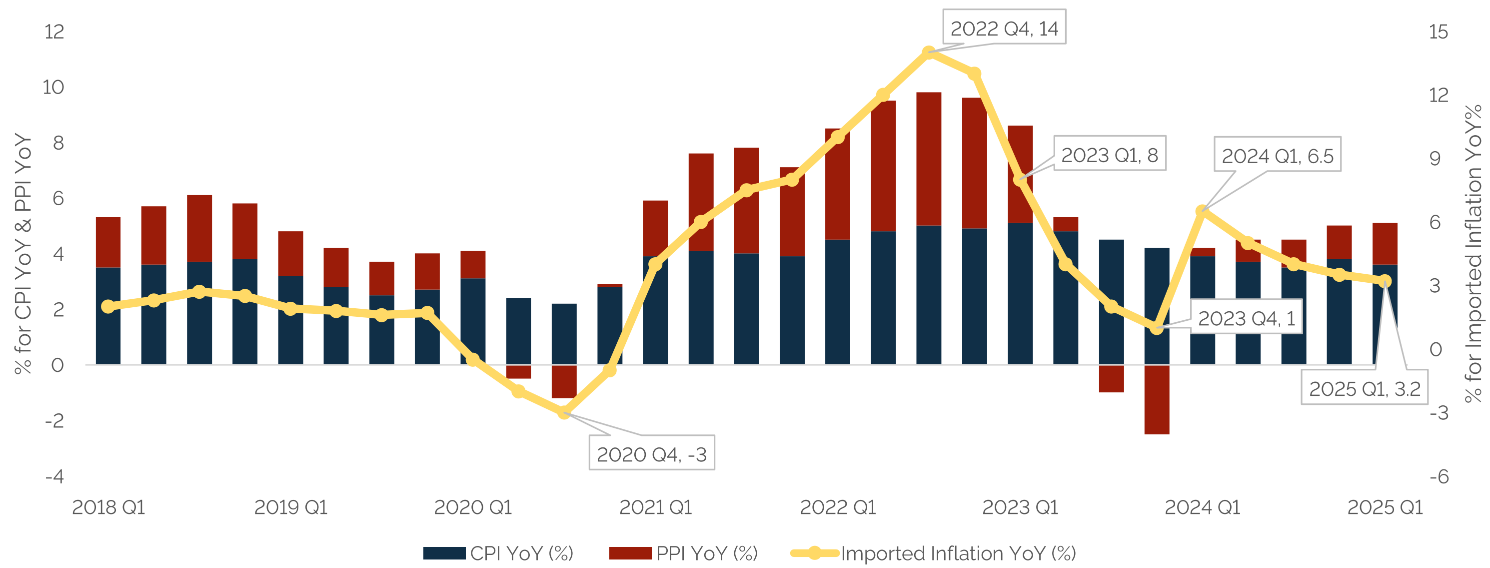
Imported Inflation: Rising Input Costs and Margin Pressure

Vietnam's manufacturers faced significant margin pressures from late 2021 into 2022, driven by global commodity price shocks and supply chain disruptions from geopolitical tensions and China's lockdowns. Imported inflation and PPI peaked sharply in early 2022, intensifying input costs.

By mid-2023, easing global supply-chain pressures and declining energy prices helped stabilize costs, providing relief for manufacturing margins entering 2024–2025

Vietnam's Manufacturing Margin Pressures: CPI, PPI, and Imported Inflation Dynamics (2018–2025)

Margin pressures intensified in 2022–2023 as rising input costs and imported inflation drove volatility in both CPI and PPI. Trends are expected to moderate in 2024–2025, supporting improved cost stability for manufacturers



- **2021:** Input cost surge; PPI and imported inflation start rising sharply
- **2022:** Margin squeeze peaks as PPI and imported inflation hit double digits
- **Late 2022–2023:** Imported inflation and PPI moderate, CPI remains elevated
- **2024–2025:** Input costs and inflation stabilize, easing pressure on manufacturing margins

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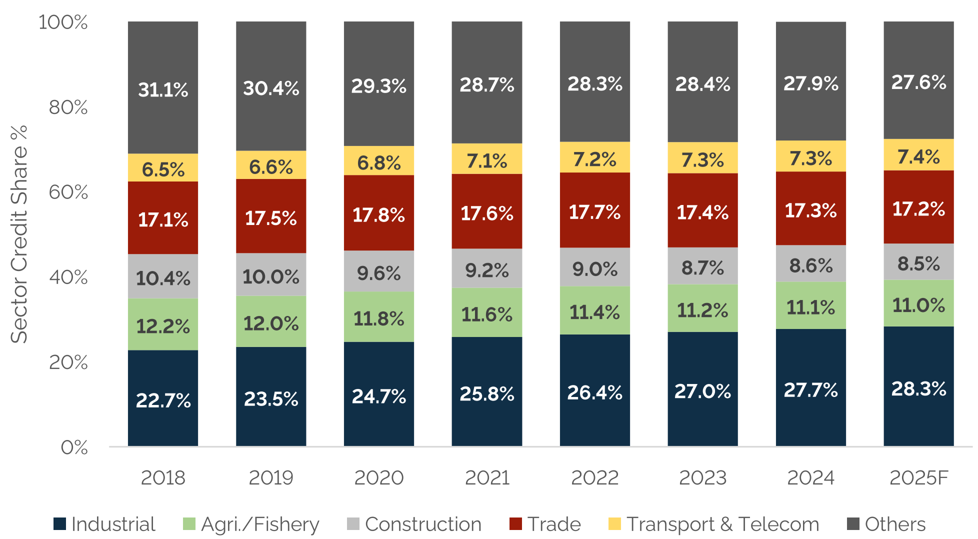
Source: (1) General Statistics Office of Vietnam (GSO), Quarterly Consumer Price Index (CPI) and Producer Price Index (PPI), 2018–2025; (2) Ministry of Finance (Vietnam), Quarterly Imported Inflation Reports, 2018–2025; (3) Bloomberg, Global Commodity Price Indices and Market News, accessed June 2025; (4) World Bank, "Vietnam Macro Monitoring" (2022–2024)

Banking Credit and Industrial Financial Risk

Manufacturing Sector's Credit Exposure & Asset Quality Risks

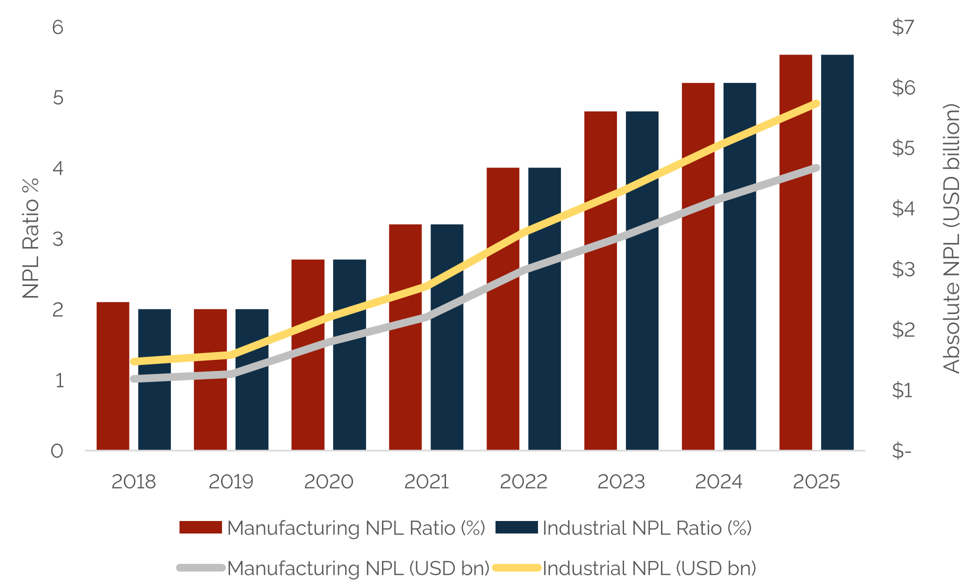
Vietnam Sector Credit Share from 2018 to 2025F

- Industrial sector's share of total credit rose from 22.7% (2018) to 28.3% (2025F), reflecting Vietnam's policy priority for manufacturing-led growth
- Shares for construction and agri/fishery have steadily declined, highlighting a strategic focus shift
- Trade and transport/telecom sectors remain stable



Manufacturing NPL Ratio (%) and Bad Debt Scale (USD bn)

- Manufacturing NPL ratio doubled from 2.1% to 5.6% between 2018–2025, now matching the broader industrial sector
- Manufacturing NPLs in absolute terms climbed from $1.18B to $4.67B in this period
- Spikes in NPLs coincide with global demand shocks, rising rates, and SME stress—highlighting the need for vigilant credit risk management



Vietnam's manufacturing sector now dominates both industrial credit and asset-quality risk, as NPL ratios have doubled in five years. With bad debts exceeding $4.7 billion in 2025, the sustainability of growth now hinges on careful credit oversight and targeted support for struggling manufacturers

Source: (1) State Bank of Vietnam (SBV), Sectoral Credit & NPL Reports, 2018–2025; (2) General Statistics Office (GSO), Annual Credit Statistics; (3) FiinRatings, Vietnam Banking Sector Reports; (4) World Bank, "Vietnam Macro Monitoring" series.

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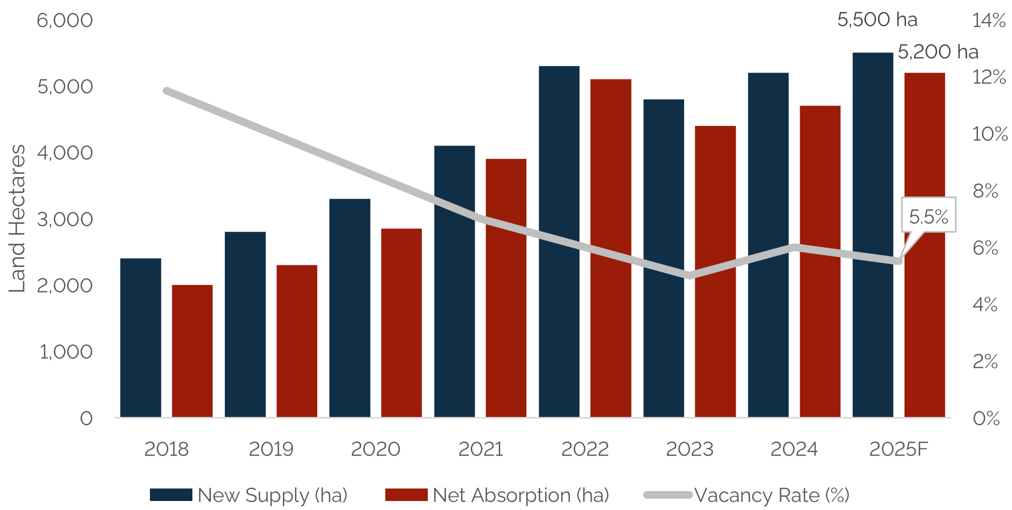
Sector-Specific Risk | Industrial Real Estate: Robust Absorption Amid Rising Costs

Industrial Land Supply, Demand, and Vacancy in Vietnam, 2018 to 2025F

Annual market-ready new supply and net absorption, with national vacancy trend

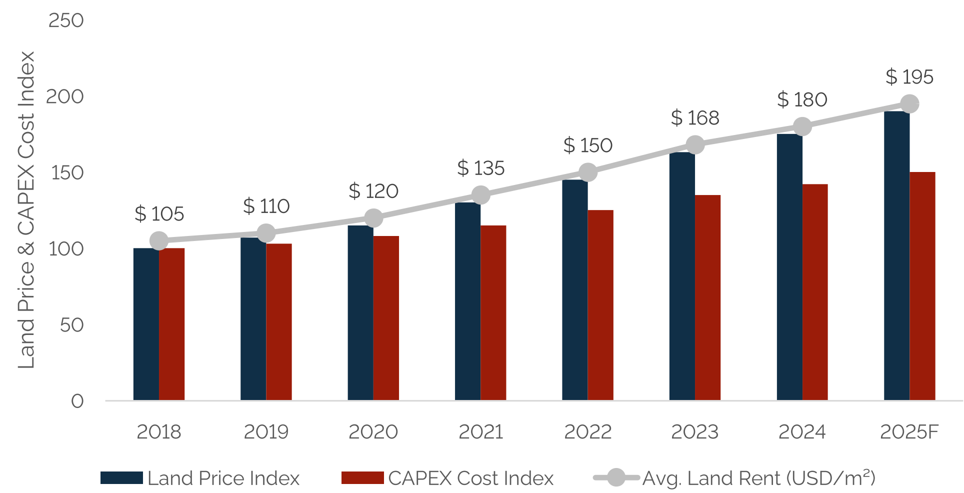


- New supply reflects market-ready, certified land as reported by Savills/CBRE; actual developed area may be higher due to phased expansions and zoning

Vietnam's industrial real estate market continues to absorb new supply at historically high rates, but rapid land price and CAPEX inflation are compressing margins and challenging both developers and tenants. Careful cost management and policy clarity are critical as the market enters a new phase of expansion

Industrial Land Price and Construction CAPEX Cost Index (2018 = 100)

Indexed to 2018, tracking cumulative % change in land and development costs



- Absorption rates remain high, vacancy stays low at ~5–6%, underscoring strong manufacturing and FDI demand
- Land prices have surged nearly 90% since 2018; CAPEX costs up 50%, squeezing project margins
- 2024–25: Slight softening in absorption, but supply growth continues as market confidence remains robust

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Source: (1) Savills Vietnam, *Industrial Insider* & Market Reports (2018–2024); (2) CBRE Vietnam, *Industrial Property Market Reports* (2018–2024); (3) General Statistics Office (GSO), *Construction & Real Estate Cost Indices; (4)* Vietnam Briefing, *Vietnam's Industrial Zones 2025–2030; (5)* TheInvestor.vn, *Market Analysis* (2023–2024)

Sector-Specific Risk

Current Structural and Operational Risks Impacting Manufacturing

Recent Policy & Regulatory Changes, 2022 to 2025

Regulatory tightening and land law changes have created longer approval times for new manufacturing projects, slowing market entry for both domestic and FDI investors

Year	Regulation/Events	Immediate Impact on Manufacturing
2022	Revised Investment Law	Stricter approval & licensing process
2022–2023	Power Supply Shortage (Northern Regions)	Operational disruptions, higher costs
2023	Updated Labor Code	Wage inflation, higher labor compliance
2024	Amended Land Law (effective Jan 2024)	Delayed project approvals, zoning complexities
2025	ESG & Sustainability Requirements	Increased compliance and operational costs

- Labor code updates and ESG mandates have raised the compliance bar, pushing manufacturers to invest more in workforce standards and sustainability practices

Immediate Operational & Structural Risks, 2024 to 2025

Manufacturers are facing acute labor shortages and escalating wage demands, impacting production costs and delivery timelines

Risk Factor	Current Situation & Impact
Labor Availability & Costs	Rising wages, ongoing shortages (skilled & unskilled)
Power Reliability & Energy Costs	Persistent disruptions; increased reliance on costly backups
Regulatory & Approval Delays	Extended project timelines, delayed capital deployment
Input Cost Inflation	Persistent high costs for key manufacturing inputs
Interest Rate & Financing Costs	Elevated rates; tighter credit conditions and liquidity risk
ESG Compliance Costs	Rising overhead due to tighter international standards

- Power reliability remains a critical operational risk, with ongoing disruptions driving up contingency costs
- Rising interest rates and input price inflation are tightening margins, while stricter ESG and compliance requirements are reshaping the competitive landscape

Source: (1) Ministry of Planning and Investment (MPI), Land Law and Investment Law Updates; (2) General Statistics Office (GSO), Labor and Wage Statistics; (3) Savills Vietnam, Industrial Market Reports; (4) CBRE Vietnam, Industrial Reports; (5) World Bank, Vietnam Macro Monitoring 2025

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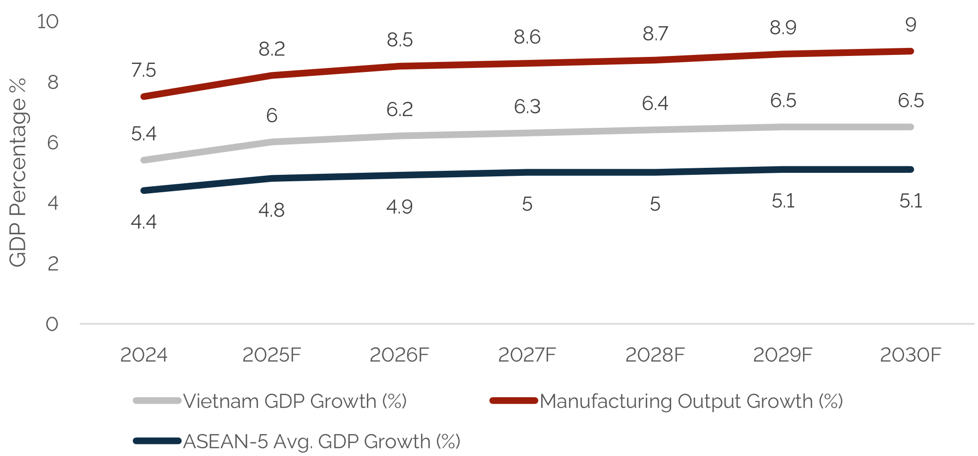
Outlook and Development

Growth Momentum and Investment Pipeline, 2025 to 2030

GDP & Manufacturing Output Forecasts, 2024 to 2030

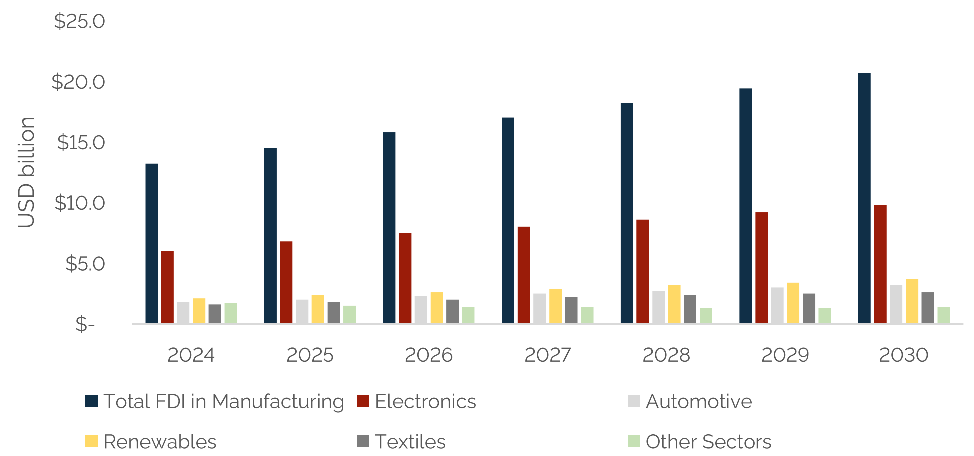
Vietnam's manufacturing sector is poised for sustained expansion, driven by robust policy support, a competitive workforce, and accelerating supply chain relocation into Vietnam



- Vietnam's real GDP growth is projected to reach 6.5% by 2030, outpacing most ASEAN peers
- Manufacturing output growth is expected to accelerate from 7.5% (2024) to 9.0% (2030)
- The strong upward trend reflects Vietnam's continued integration into global value chains and increasing export capacity

GDP & Manufacturing Output Forecasts, 2024 to 2030

Vietnam's appeal as a manufacturing destination is translating into a growing pipeline of FDI, with electronics, automotive, and renewables at the forefront of future expansion



- FDDI in manufacturing is forecast to rise from $13.2 billion (2024) to over $20 billion (2030).Electronics leads all sectors, consistently capturing ~45–50% of new investment
- Automotive, renewables, and textiles remain key pillars, reflecting successful sector diversification

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Source: (1) IMF, *World Economic Outlook Database* (2024–2025); (2) World Bank, *Vietnam Macro Monitoring* (2024); (3) Ministry of Planning & Investment (MPI), *FDI Reports and Announcements*

Thank You Very Much