

Vietnam Economic Outlook 2026

# Navigating Capital Sources for Vietnam's Economic Growth 2026 & Beyond

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**Dear Valued Clients and Partners,**

We are pleased to present the Vietnam Economic Outlook report, titled **“Navigating Capital Sources for Vietnam’s Economic Growth in 2026 & Beyond”** prepared by FiinGroup and FiinRatings.

Vietnam entered 2026 with strong economic momentum, supported by solid growth outcomes in 2025 (with an estimated GDP growth rate of 8.02%) and an increasingly ambitious medium-term growth agenda. In line with the Government’s targets, Vietnam is expected to pursue double-digit economic growth from 2026 onward, while maintaining macroeconomic stability and long-term sustainability.

From the perspective of an independent provider of data-driven insights on financial market, capital markets, and credit ratings, we believe that **the ability to mobilize and efficiently allocate long-term investment capital** will be a decisive factor in translating these high-growth ambitions into reality. This will be essential alongside other key growth drivers such as improvements in labor productivity, human capital development, and the promotion of innovation in line with the Government’s strategic orientation.

With a minimum GDP growth target of 10% in 2026, Vietnam’s nominal GDP could exceed US\$520 billion. To sustain total investments at approximately 33% of GDP, the economy would need to mobilize at least VND4,700 trillion in investment capital, of which the private sector is expected to contribute more than VND2,600 trillion.

This raises a critical question: **where will this investment capital come from?** In our view, Vietnam must accelerate capital market reforms more decisively and comprehensively than ever to support high and sustainable growth ambition. The banking system's capability to supply medium and long-term credit will be limited to fully meet the whole economy’s financing needs in the context of high economic growth. Public investment continues to be the seed capital to mobilize capital flows from private sector. FDI capital flows are likely to be increasingly selective and efficiency oriented.

This report examines **the key strategic funding sources** that are likely to shape Vietnam’s growth trajectory over the coming period. It assesses their strategic relevance, scalability, and constraints to support capital allocation and strategic decision-making among **domestic and international market participants** with exposure to Vietnam’s capital markets.

The report centers on estimating investment capital requirements and funding sources in 2026, with forward-looking assessments of potential funding gaps through 2030. It does not seek to provide policy recommendations, but rather to frame the structural issues surrounding long-term capital mobilization based on **current data and prevailing market conditions**. As such, projections may evolve alongside the pace of reforms and developments in both domestic and global capital markets.

This report has been prepared by the analytical teams at FiinGroup and FiinRatings, drawing on publicly available and official data sources. For further information or discussion, please contact the analysts listed on the following page or email [support@fiingroup.vn](mailto:support@fiingroup.vn).

Yours sincerely,



**Nguyen Quang Thuan, FCCA**  
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## 1 2025 Recap

### Public investment and FDI drive economic growth, while private investment and domestic consumption remained subdued

- **GDP 2025: +8.02%**, driven primarily by **Public investment and FDI**.
- **Public investment: +26.6% YoY; FDI disbursement: +11.7% YoY**, while **household and private investment** rose by only **8.4%**, reflecting continued weakness.
- **Trade surplus: Reached US\$20.1 billion (-19.6% yoy)**. Notably, the FDI sector's US\$48.1 billion surplus effectively offset a **US\$28 billion** deficit incurred by the domestic corporates.
- **Domestic consumption:** Nominal retail sales: +9.3% and Real retail sales (excluding price-increasing effects): **+6.7%**, marking the third consecutive year below the three-year-pre-COVID average.
- While public investment and FDI mainly drive current growth momentum, private sector expansion and domestic consumption remain subdued.

## 2 Growth Structure

### FDI and public investment played a pivotal role in driving economic growth

- **Processing and Manufacturing: +~10%**, led by the **FDI sector**, encompassing key industries (i.e electronics, machinery and equipment, textile).
- **Construction: +9.6%**, benefiting directly from accelerated **public infrastructure investment**.
- **Domestic enterprises:** limited competitiveness and modest contribution to export growth.
- **Without leveraging private sector investment**, economic growth will lack both depth and long-term sustainability.

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***GDP growth in 2025 was mainly driven by investment activity (public investment and FDI) and exports from the FDI, while private investment and domestic consumption remained subdued.”***

“

*Achieving the annual growth target of 10% from 2026 onward will depend primarily on (i) robust domestic private sector investment and (ii) a sustained recovery in domestic consumption.*

### 3 2026 Outlook

#### Achieving a 10% GDP growth target will require a shift in growth drivers

- **Public investment, FDI, and exports:** Growth momentum could be sustained but are unlikely to deliver a step-up in scale on their own
- **Two decisive drivers are required:**
  - Significant growth in private sector investment
  - Stronger recovery in domestic consumption
- **Key prerequisite:** Improved access to medium- and long-term funding sources at reasonable costs

### 4 Investment capital demand

#### Funding gap for medium- and long-term investment in 2026-2030 period

- Forecasted investment capital demand could reach around US\$170-263 billion annually, in line with the Government's target to increase the investment-to-GDP ratio to 40% by 2030.
- Annual funding sources for medium- and long-term investment capital is estimated at around US\$140-243 billion during 2026-2030 period.
- As a result, there is likely a funding gap for medium- and long-term investment capital (approximately 20-30 billion USD per year), particularly for private sector and public infrastructure investments.

## 5 Public investment, bank credit cannot remain the primary growth drivers

- **Public investment:** Estimated at VND1,120 trillion (~US\$41.2 billion) in 2026. While fiscal headroom remains adequate, public investment should primarily function as seed fund to activate public-private partnerships and mobilize long-term private sector capital.
- **Bank credit:** Outstanding loans reached ~VND18,600 trillion (~US\$705 billion), lifting the credit-to-GDP ratio to about 145% at the end of 2025. As of November 2024, the banking system's ratio of short-term funding used for medium- and long-term lending reached 28.32%, approaching the central bank's 30% regulatory threshold. Concurrently, capital buffers at the Big 4 SOE banks remained limited, with Capital Adequacy Ratios (CAR) below 11% by mid-2025 during the transition to Basel III standards. These liquidity and capital pressures significantly impede the banking sector's capacity to service the growing demand for long-term financing, particularly for large-scale infrastructure projects

## 6 Strategic funding sources need to be activated

- **Corporate bonds:** New issuance reached ~VND644 trillion (~US\$23.9 billion) in 2025, but non-bank issuance remained modest at ~VND207 trillion (~US\$7.9 billion), equivalent to a small proportion of 32%. **The 2026 outlook is positive**, supported by:
  - With monetary policy becoming less accommodative, firms are increasingly seeking medium- to long-term funding, leading them to diversify their sources beyond short-dated bank loans
  - Banks face limited capacity to extend long-term financing, constrained by prudential limits, balance sheet pressures, and thin capital buffers, reinforcing the need for alternative funding sources.
  - The upcoming amendment to the Decree on corporate bond's private placements aims to provide clearer guidelines on the permitted purposes of proceeds use
  - The investor base is broadening, supported by eased participation conditions for investment funds and securities firms, as well as policy initiatives to develop voluntary pension funds and new vehicles such as bond guarantee funds and infrastructure funds.
  - Market infrastructure and transparency have strengthened, with centralized trading and investor information systems, wider adoption of credit ratings, and improved availability of bond pricing and valuation data.

**“The ability to effectively mobilize and allocate long-term investment capital will be a critical factor in realizing high-growth ambitions, alongside other key drivers such as improving labor productivity, developing human resources, and promoting innovation in line with the current government orientation.”**

## 6

### Strategic funding sources need to be activated (continued)

#### International Debt Financing

- Corporate foreign debt: Approximately VND 2.2 trillion (USD 84.6 billion) by the end of 2025. Given that Vietnam's public debt and foreign borrowing are well managed, there is still room for further increase in foreign debt, but the key is the efficient use of capital.
- The prospects for mobilizing this capital source will improve as global interest rates ease and will largely depend on:
  - The ability to upgrade the sovereign credit rating (currently at BB+ by S&P)
  - Government's mechanisms aimed at improving the ability to raise debt capital for long-term projects, especially mega infrastructure projects

#### Equity Market Capital Mobilization

- Equity capital mobilization (in cash) through the stock market in 2025: VND 150.5 trillion (~USD 5.7 billion), reaching a record level in the nearly 30-year history of the Vietnamese stock market.
- Driving forces for 2026 and beyond: Potential IPOs, listed FDI enterprises, upgrades to emerging market status as per MSCI rankings would help to attract indirect investment capital.

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*Significant headroom exists for Vietnam's state-owned enterprises (SOEs) to optimize operational efficiency and corporate governance under the framework of Resolution 79/NQ-TW, thereby bolstering capital absorption capacity to underpin future investment mobilization and participation in national strategic infrastructure.”*

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**The capital market is expected to develop more sustainably as businesses improve their capital absorption capacity**

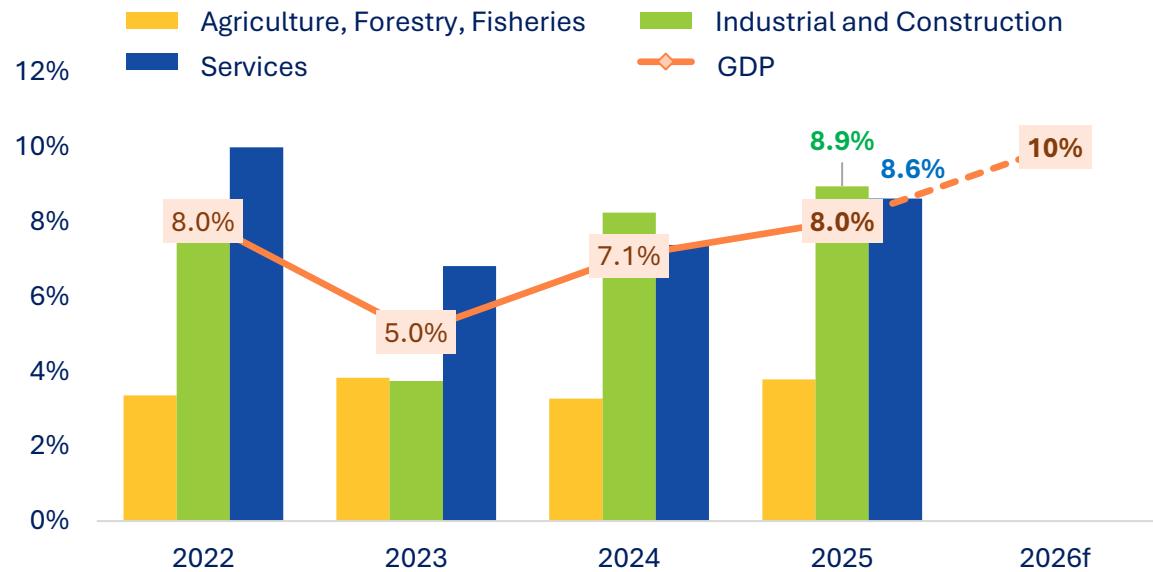
- **State-Owned Enterprises (SOEs)** essentially have a lower level of leverage than large private enterprises. Therefore, a crucial factor for SOEs is improving capital efficiency and corporate governance in accordance with Resolution 79 to create room for better capital mobilization and boost investment.
- **Large private enterprises** have seen a significant increase in outstanding debt and utilize high leverage. Therefore, the current capacity to absorb loan capital is limited, making financial risk management crucial.
- **Small and Medium Enterprises (SMEs):** Financial accessibility remains the primary challenge for SMEs, with only approximately 11% of SMEs successfully securing bank loans. Furthermore, due to their small scale, SMEs face significant difficulties in accessing capital markets.

**Part 1:**  
**2025 Recap: Public investment & FDI  
continues to drive economic growth**



# Sectors related to FDI and public Investment made significant contribution to GDP growth in 2025

Figure 1: GDP Growth and Key Sectors, YoY



Source: FiinGroup, NSO

Figure 2: Industrial and Construction as Key Growth Pillars in 2025

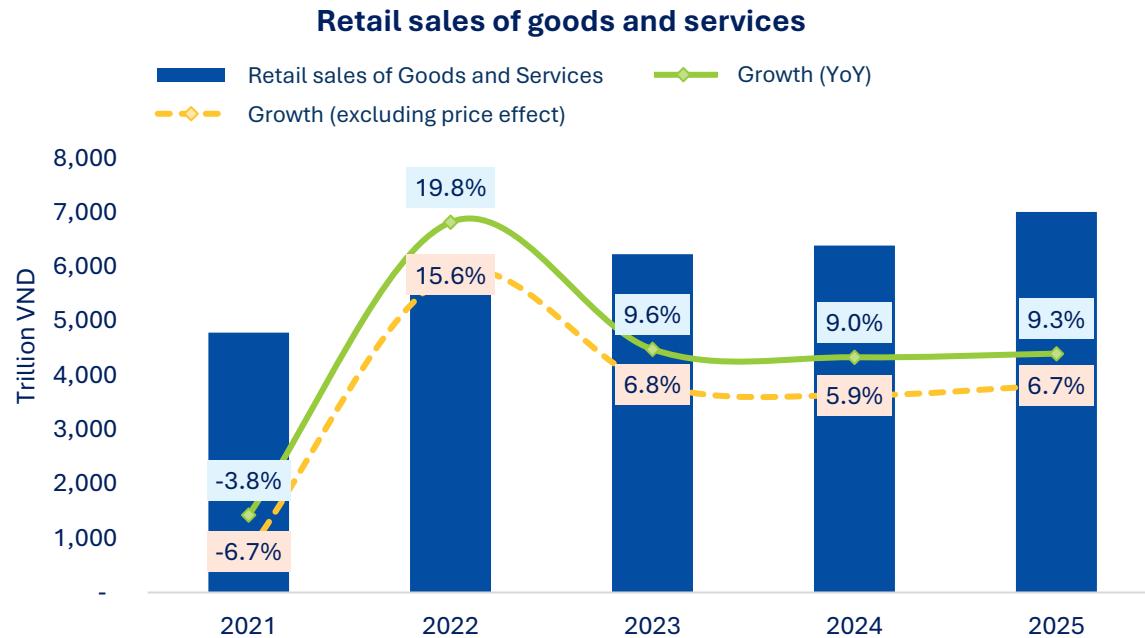


Source: FiinGroup, NSO

- In 2025, Vietnam’s nominal GDP reached VND 12.85 quadrillion (circa USD 514 billion), representing a nearly three-fold increase over the past decade
- The processing and manufacturing industry is the main driver contributing to the 8.02% GDP growth target in 2025, with a potential increase of +10% thanks to the strong recovery of import and export activities and the leading role of the FDI sector, especially in the electronics, machinery and components, and textile industries.
- Construction became the second pillar of the economy with a growth rate of 9.6%, underpinned by the acceleration of public investment into key national infrastructure projects.

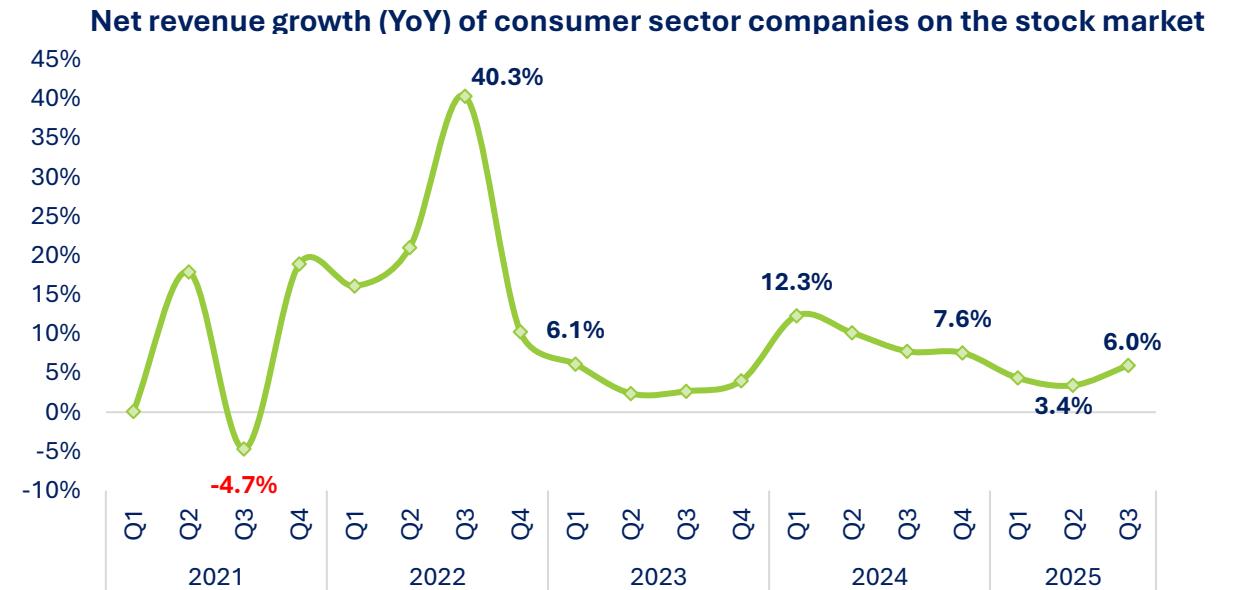
- In 2025, the mining sector is expected to return to growth due to improved oil and gas and coal production.
- Real estate sector recorded modest growth in 2025 (+4.6%), despite an increase in newly licensed projects and construction commencements. A substantive contribution to GDP growth is only expected once these projects enter the active construction phase, thereby stimulating demand for related industries such as steel, cement, and construction materials. Conversely, the vibrant secondary market, despite sharp price increases, has a limited impact on GDP, as national accounting principles only recognize the final value generated.

**Figure 3: Growth in retail sales of goods and services remained by less than 10% for the third consecutive year**



Source: FiinGroup, NSO

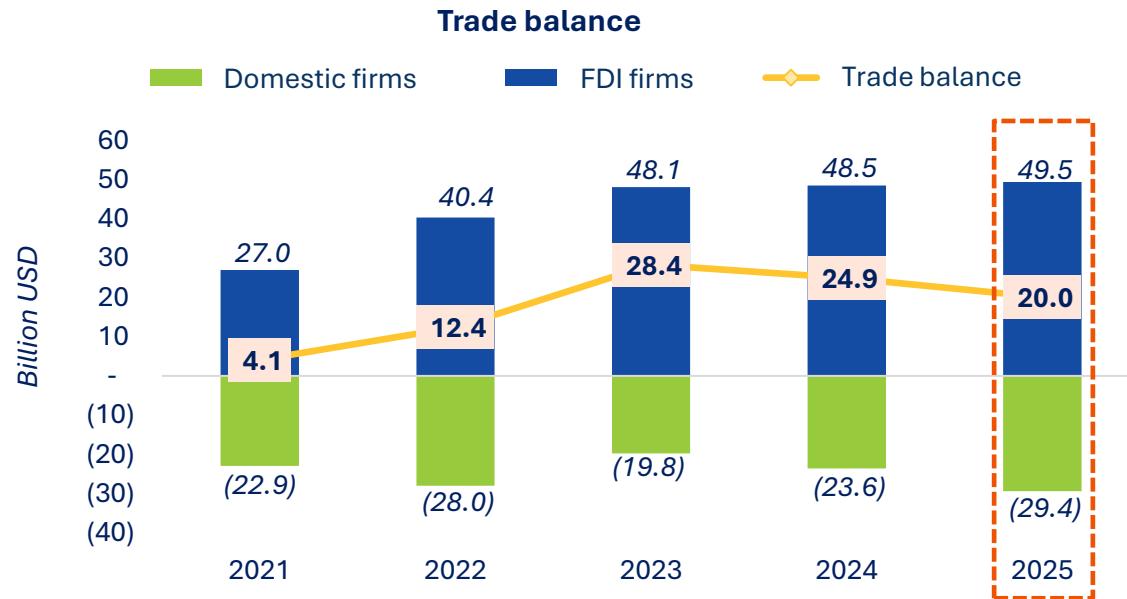
**Figure 4: Revenue growth of listed consumer sector companies moderated**



Source: FiinGroup. Note: 406 listed companies in the consumer sector represent 28% of the total market capitalization of the Non-Financial sector and had total net revenue in Q3/2025 reaching nearly 285 trillion VND.

- Domestic consumption recovered slowly, as evidenced by the modest increase in total retail sales of goods and services (+9.3% YoY, remaining by less than 10% for the third consecutive year). Excluding price increases, total retail sales of goods and services recorded very low growth (6%-7%/year in the last three years).
- Publicly traded companies within the consumer sectors, notably food & beverage, retail, and pharmaceuticals, have seen subdued revenue growth over the past five quarters. This trend is primarily driven by inflationary pressures on real income and a shift toward defensive consumer spending following recent economic volatility.

**Figure 5: Export growth and trade surplus were mainly driven by FDI**



Source: FiinGroup, NSO

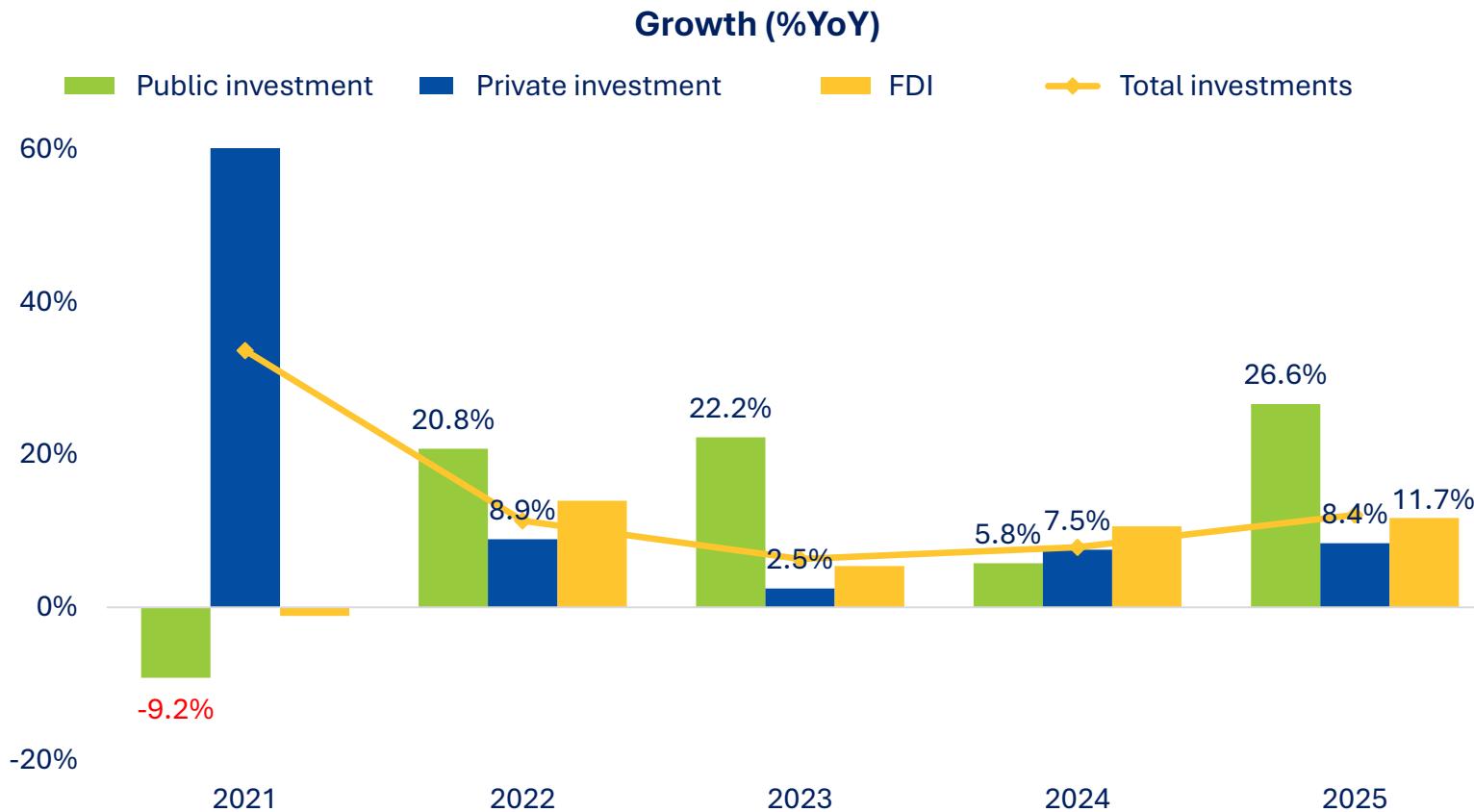
**Figure 6: Exports from domestic enterprises have declined due to limited competitiveness**



- In 2025, import and export activities saw a robust recovery, with trade surpluses and overall growth mainly driven by the FDI sector. In contrast, the domestic sector underperformed, hampered by new tariffs and limited competitiveness
- 2026 export growth is expected to remain concentrated. Momentum continues to rely on FDI production and supply chain shifts, while the recovery of domestic exports hinges on significant improvements in local competitiveness

# Private investment growth remained modest at 8.4% in 2025

**Figure 7: Household and private investment recovered slowly (+8.4%), whereas public investment disbursement surged (+26.6%)**



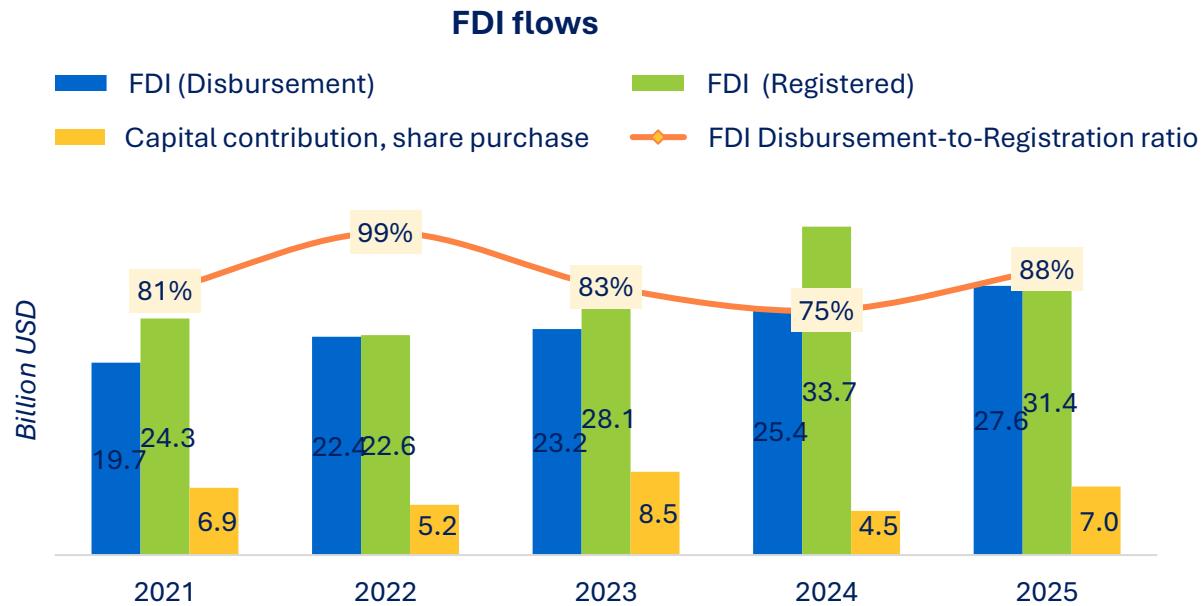
- In 2025, total social investment capital reached VND 4.2 quadrillion (USD 158.3 billion), equivalent to 32.3% of GDP and 12.1% increase compared to 2024.
- The household and private sector remains the main driver, accounting for 52% of total investment capital, yet exhibits a slow recovery at 8.4% in 2025 despite marginal improvements over the preceding three years. In contrast, public investment has emerged as the dominant catalyst with a significant growth rate of 26.6%.
- Looking ahead to 2026, sustainable growth will hinge on unlocking private investment flows due to limited stimulative capacity of public investments

Source: FiinGroup, NSO

# FDI: The slowdown in newly registered FDI may affect the investment disbursement in the coming time

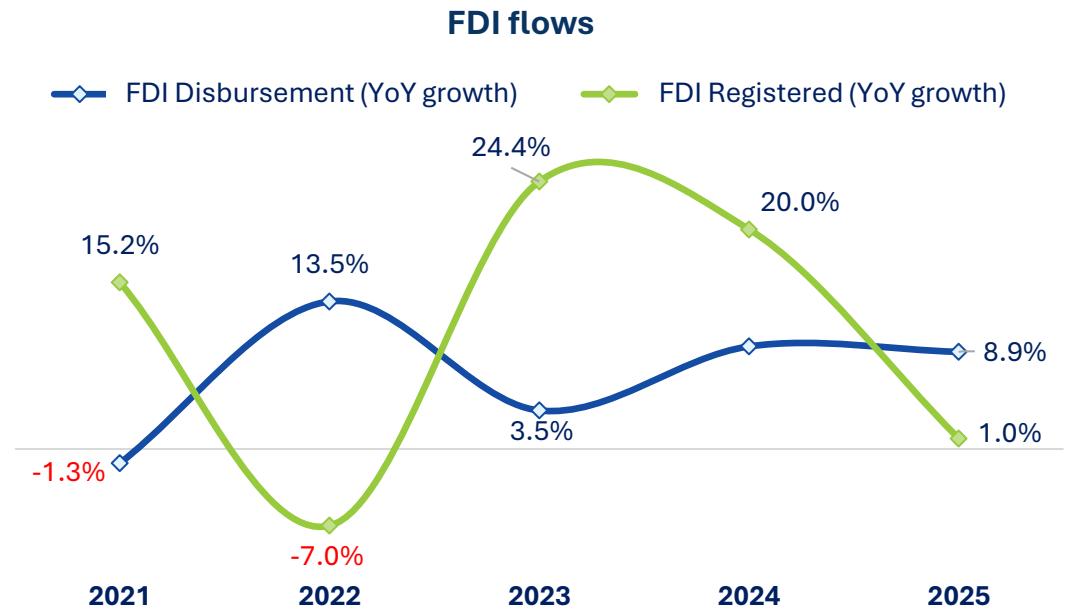
Robust FDI investment growth contributed to the expansion of exports in this sector in 2025

Figure 8: FDI registered capital, FDI disbursement, and the disbursement-to-registration ratio



Source: FiinGroup, NSO

Figure 9: Annual growth of newly registered and disbursed FDI capital



- FDI growth momentum in recent periods has been primarily driven by the expansion of existing projects, serving as a critical factor that stabilizes FDI inflows while new project attraction remains moderate.
- The quality of FDI is gradually improving, alongside increasingly selective capital flows. The FDI structure continues to focus heavily on processing and manufacturing industries and real estate, reflecting the "stay and expand" strategy of foreign investors after establishing a foothold in the domestic market.

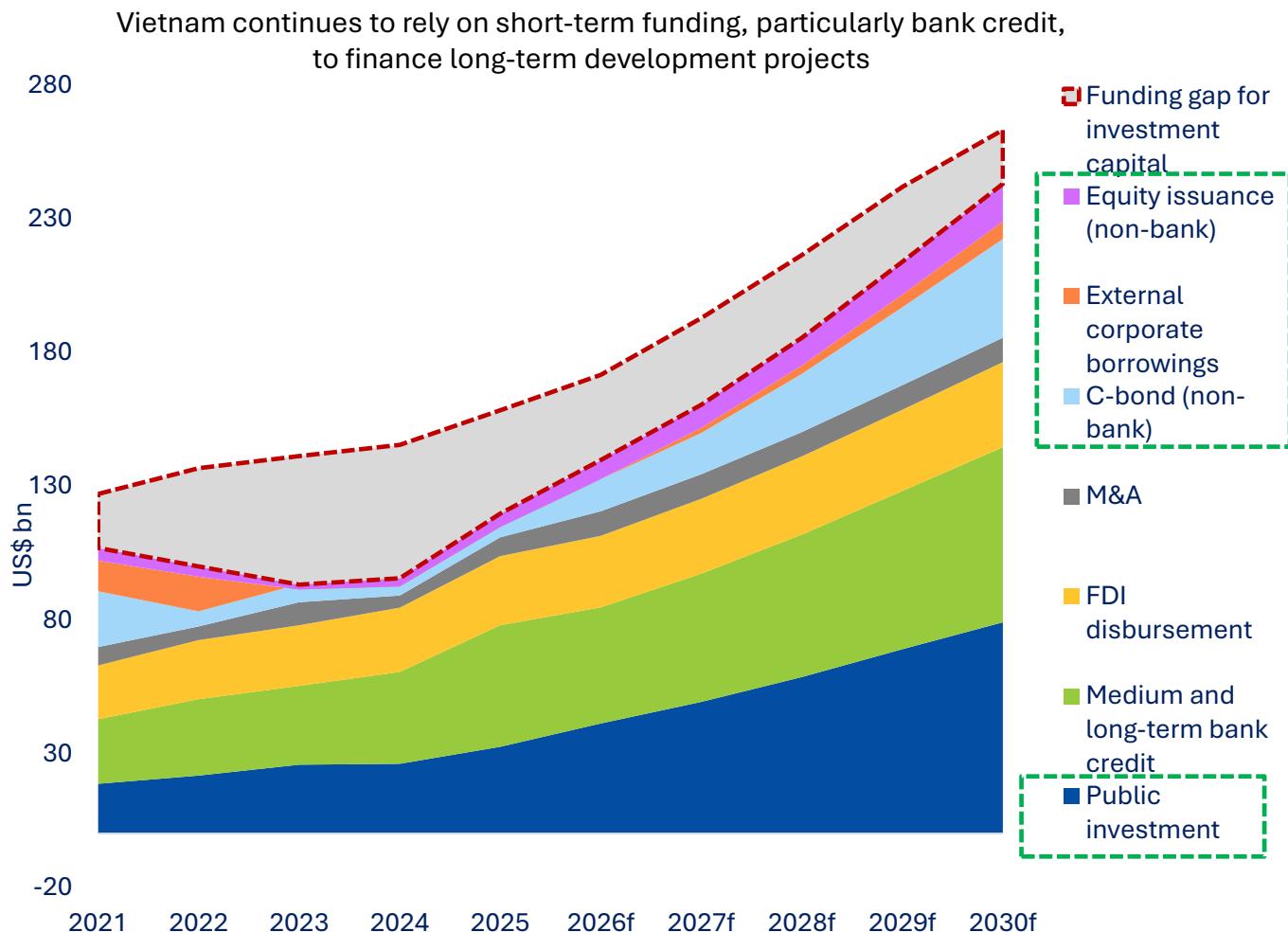
**Part 2:**

# Positioning key strategic funding sources

- 2.1 **Overview:** Structural funding gap for long-term investment capital
- 2.2 **Public investment:** Seed funding for growth
- 2.3 **Bank credit:** Optimizing credit allocation
- 2.4 **Equity market:** Capitalizing on Vietnam's emerging market status
- 2.5 **FDI and M&A:** Driving growth through investment quality and advanced technology
- 2.6 **Corporate Bond:** Strategic solution to unlock non-bank funding sources
- 2.7 **International Borrowings:** Opportunities in a lower interest rate environment



**Figure 10: Structural funding gap for long-term investment capital**



Source: FiinGroup.

Notes: 1. Annual funding for 2026–2030 is estimated by FiinGroup; 2. The report focuses on medium- and long-term funding sources for economic growth and excludes short-term funding used for working capital.

**Vietnam plans to implement numerous large-scale infrastructure projects, requiring long term capital to ensure sustainability at both the project level and the broader financial system and economy.**

As Vietnam enters its new development era, the goal of achieving 10%+ GDP growth necessitates a shift in capital strategy. To meet this target, total investment capital might scale to around 40% of GDP. This shift sets a higher benchmark for the mobilization and efficiency of capital throughout 2026–2030.

Our projections indicate a medium- to long-term capital shortage of around \$20–\$30 billion per year, compared to current financing source availability. Beyond the sheer scale of this figure, the shortfall underscores critical structural imbalances that must be addressed

- The current growth model remains heavily reliant on bank credit, with the credit to GDP ratio reaching ~145% by late 2025. The system wide ratio of short-term funds used for medium and long-term loans stood at 28.32% as of late November 2024, nearing the 30% regulatory cap set by the SBV and significantly narrowing the room for long term credit expansion.
- The thin Capital Adequacy Ratio (CAR) across the Vietnamese banking system, which remains close to the minimum threshold, is becoming a barrier to credit growth unless banks promptly bolster their tier 1 and tier 2 capital.
- While public investment and FDI maintain their momentum, they are unlikely to create a breakthrough in scale to sustain double digit in long term GDP growth

In this context, shifting capital mobilization toward the capital markets, specifically corporate bond and stock market, is essential to unlocking long-term funding for the private sector. The integrated development of these markets is a prerequisite for achieving high, sustainable economic growth in the coming years.

# Major long-term funding sources for economic growth

Vietnam needs to accelerate the development of corporate bond market to support long-term economic growth

**Table 1: To achieve a minimum annual growth of 10% from 2026 to 2030, an estimated annual investment of US\$170–263 billion is required**

No	Major medium & long-term funding sources	2022	2023	2024	2025	2026f	2027f	2028f	2029f	2030f
		US\$ bn								
<b>1</b>	<b>Public investment</b>	<b>21.7</b>	<b>25.8</b>	<b>26.0</b>	<b>32.5</b>	<b>41.2</b>	<b>49.2</b>	<b>58.5</b>	<b>69.0</b>	<b>79.0</b>
	Disbursement									
	<i>Growth</i>	20.8%	22.2%	5.8%	26.6%	31.7%	24.0%	23.1%	22.4%	18.8%
<b>2</b>	<b>Bank credit</b>	<b>28.5</b>	<b>29.5</b>	<b>34.5</b>	<b>45.4</b>	<b>43.4</b>	<b>48.0</b>	<b>53.3</b>	<b>59.1</b>	<b>65.6</b>
	Change in medium- and long-term outstanding loans									
	<i>Growth</i>	17.9%	3.4%	17.0%	31.8%	-4.5%	10.7%	11.0%	10.9%	10.9%
<b>3</b>	<b>FDI</b>	<b>22.2</b>	<b>22.7</b>	<b>24.0</b>	<b>25.9</b>	<b>26.8</b>	<b>28.0</b>	<b>29.3</b>	<b>30.5</b>	<b>31.8</b>
	Disbursement									
	<i>Growth</i>	13.9%	5.4%	10.6%	11.7%	7.2%	8.5%	8.2%	8.0%	8.2%
<b>4</b>	<b>M&amp;A</b>	<b>5.2</b>	<b>8.5</b>	<b>4.5</b>	<b>7.0</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>
	Transaction value (inbound)									
	<i>Growth</i>	-22.6%	70.5%	-44.3%	60.0%	34.7%	3.9%	3.6%	3.7%	3.7%
<b>5</b>	<b>Corporate bonds</b>	<b>5.6</b>	<b>6.8</b>	<b>6.7</b>	<b>7.9</b>	<b>12.1</b>	<b>15.5</b>	<b>21.7</b>	<b>29.1</b>	<b>36.9</b>
	Issuance value of non-bank issuers									
	<i>Growth</i>	-72.2%	23.8%	4.2%	21.5%	58.3%	33.3%	45.2%	39.1%	31.6%
<b>6</b>	<b>External corporate borrowings</b>	<b>13.0</b>	<b>(1.9)</b>	<b>(3.3)</b>	<b>(4.0)</b>	<b>-</b>	<b>1.9</b>	<b>3.2</b>	<b>4.8</b>	<b>6.6</b>
	Change in outstanding value (net)									
	<i>Growth</i>	16.9%	-115.3%	-80.8%	-24.6%	-	-	74.4%	54.6%	41.0%
<b>7</b>	<b>Equity capital</b>	<b>3.9</b>	<b>1.8</b>	<b>3.1</b>	<b>4.9</b>	<b>7.1</b>	<b>8.6</b>	<b>10.3</b>	<b>12.2</b>	<b>14.1</b>
	Equity issuance & IPO (Non-bank corporates)									
	<i>Growth</i>	-16.2%	-52.5%	84.0%	62.1%	50.0%	25.1%	24.1%	23.3%	19.5%
<b>TOTAL</b>		<b>100.0</b>	<b>93.1</b>	<b>95.6</b>	<b>119.7</b>	<b>139.8</b>	<b>160.4</b>	<b>185.5</b>	<b>214.0</b>	<b>243.2</b>
<b>TOTAL INVESTMENTS</b>		<b>136.7</b>	<b>141.3</b>	<b>145.4</b>	<b>158.3</b>	<b>171.7</b>	<b>192.8</b>	<b>216.5</b>	<b>242.0</b>	<b>263.3</b>
<i>Structural funding gap for medium- and long-term investment capital</i>		<i>(36.7)</i>	<i>(48.1)</i>	<i>(49.9)</i>	<i>(38.7)</i>	<i>(31.9)</i>	<i>(32.4)</i>	<i>(31.0)</i>	<i>(28.1)</i>	<i>(20.1)</i>

**Source:** FiinGroup. **Note:** Key assumptions include: (1) Investment requirements reflect total social investment consistent with an assumed GDP growth rate of 10% per year in 2026–2030 period, (2) Public investment disbursement broadly in line with approved plans and disbursement rates of above 90%, (3) Credit growth is forecast at around 15–18%/annum and no material change in the proportion of medium and long-term lending; (4) Non-bank corporate bond issuance is expected to recover from 2026 and gradually increase its share within the funding structure; (5) FDI disbursements could grow steadily at around 7%–8% per year, while M&A activity improves from a low base; and (6) The investment-to-GDP ratio is projected to rise gradually, approaching 40% by 2030.

# Projections for selected medium- and long-term funding sources in 2026

In 2026, public investment disbursement expected to remain high with a significant recovery expected in corporate bond and equity capital raising

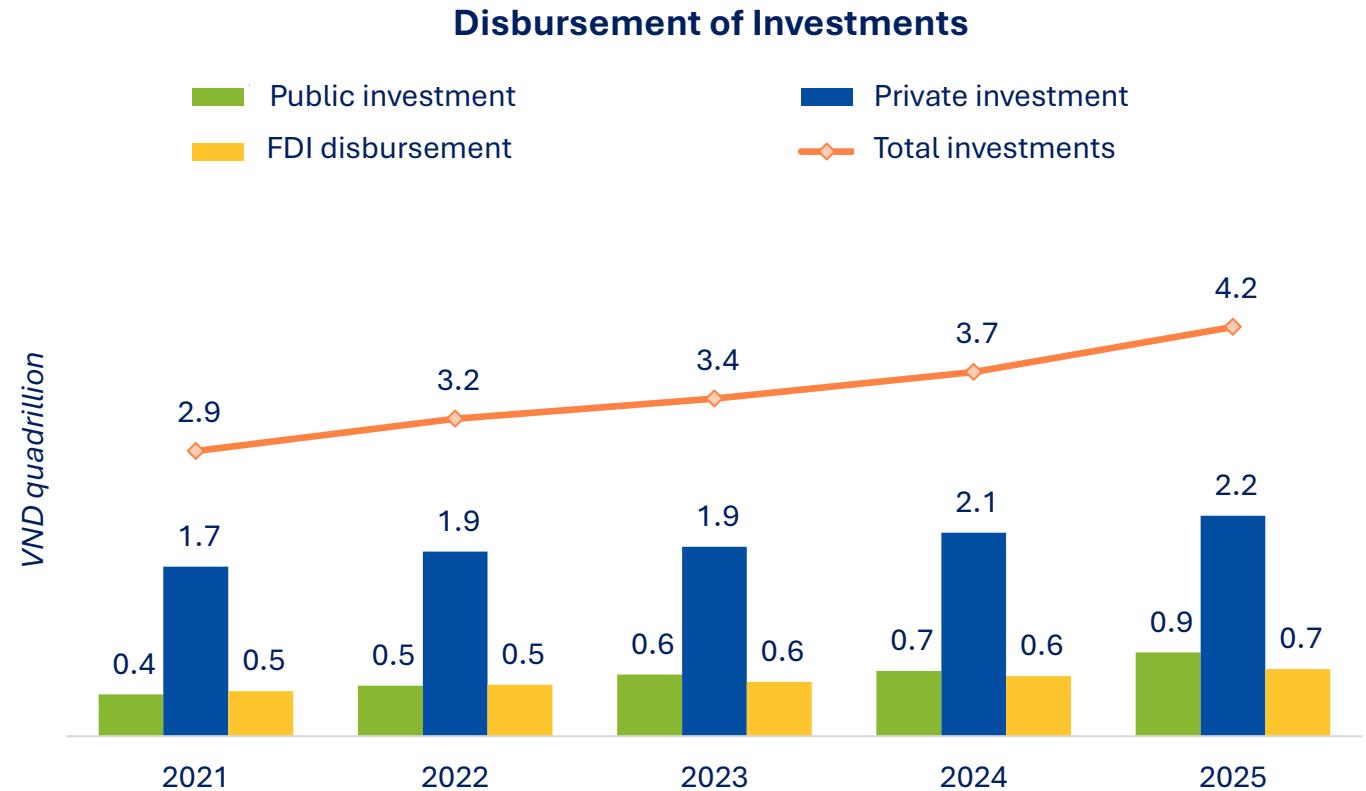
Table 2: Detailed Forecast of Medium and Long Term Capital Sources for 2026 Growth

Key funding sources	2025, Actual (US\$ bn)	2026, Forecast (US\$ bn)	Trend	Outlook
1 <b>Public investment</b> <i>Disbursement</i>	32.5	41.2	↑ 31.7%	Acting as 'seed capital,' it unlocks funding sources from the private sector
2 <b>Bank credit</b> <i>Change in medium- and long-term bank credit</i>	45.4	43.4	↓ -4.50%	The room for growth is limited because the ratio of short-term capital used for medium and long-term lending has almost reached the ceiling set by the State Bank of Vietnam, and the Vietnamese banking system has a thin capital buffer.
3 <b>FDI</b> <i>Disbursement</i>	25.9	26.8	↑ 7.20%	Its stability plays a pivotal role in attracting technology transfers, enabling Vietnam to integrate further into global value chains
4 <b>M&amp;A</b> <i>Transaction value (inbound)</i>	7.0	9.1	↑ 34.7%	While its growth continues on a small scale, it remains insufficient to drive double-digit economic expansion
5 <b>Corporate bonds</b> <i>Issuance value of non-bank issuers</i>	7.9	12.1	↑ 58.3%	Positive growth expectations remain high, driven by the Vietnamese stock market's reclassification to emerging status and a robust pipeline of new large IPOs
6 <b>External corporate borrowings</b> <i>Change in outstanding value (net)</i>	(4.0)	-	+++	Driven by the FED's rate-cutting cycle, new foreign borrowing by businesses is projected to reach approximately \$5 billion in 2026, facilitating both debt repayment and refinancing
7 <b>Equity capital</b> <i>Equity issuance &amp; IPO (non-bank)</i>	4.9	7.1	↑ 50.0%	Strong growth is anticipated, driven by a more transparent legal framework for corporate bonds and enhanced market infrastructure
<b>Total</b>	<b>119.7</b>	<b>139.8</b>	<b>↑ 16.8%</b>	

Source: FiinGroup. Note: Data for 2026 are based on FiinGroup's projections

- In 2026, economic momentum will remain heavily reliant on public investment and FDI inflows. These traditional drivers are mainly linked to mega infrastructure development and export prospects and will continue to serve as the primary pillars of sustained growth
- While private sector investment saw a modest uptick of 8.4% in 2025, its role as a central economic driver remains limited. This stagnation is largely due to restricted credit growth, driven by systemic vulnerabilities in bank system' short-term capital compositions

**Figure 11: Private investment accounts for >50% of annual total investments, but the recovery remains slow**



Source: FiinGroup, NSO

**Part 2:**

# Positioning key strategic funding sources

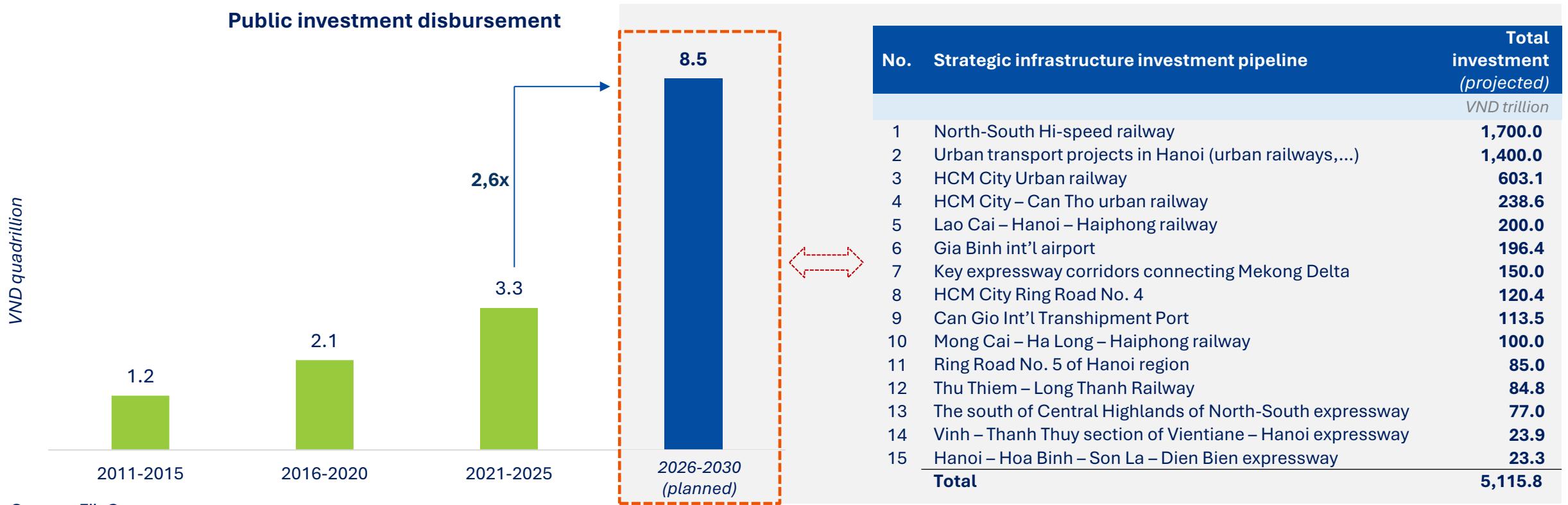
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- 2.7 **International Borrowings:** Opportunities in a lower interest rate environment



# Public investment in 2026-2030 to be 2.6 times higher than previous period

Disbursements to be prioritized for large infrastructure projects, including railways, expressways, seaports, and airports

Figure 12: Public investment in 2026-2030 period forecast to be 2.6 times higher than the 2021-2025 period



Source: FiinGroup.

Note: The disbursement of public investment planned for the 2026-2030 period is the Government’s state expenditure budget for the same period.

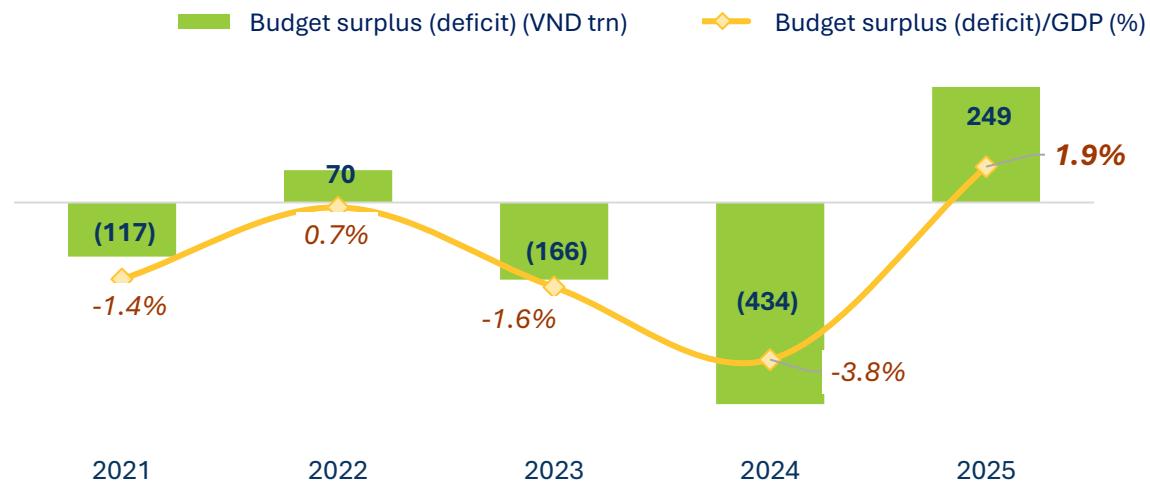
Source: FiinGroup. Note: The list of selected flagship projects for the 2026-2030 period is compiled from the draft Action Program of the Party Central Committee for the implementation of the Resolution of the 14th National Party Congress.

The public investment disbursement plan for the 2026-2030 period indicates a significant expansion in scale, estimated at circa VND 8.5 quadrillion (~USD 315 billion), representing a 2.6-fold increase compared to the average of the preceding 5-year period. These funds are primarily allocated to inter-regional transport infrastructure projects, which simultaneously support medium to-long-term growth and serve as seed capital to attract and catalyze private investment inflows in regions with developed infrastructure.

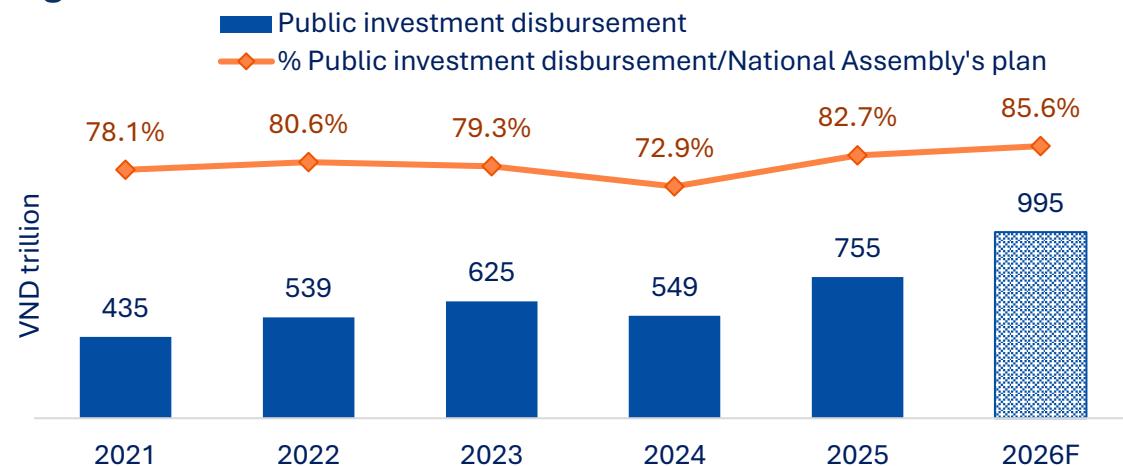
# Vietnam maintains ample fiscal headroom to foster economic growth

Rising public investment supported by manageable debt and disciplined budget management

**Figure 13: Vietnam recorded state budget surplus in 2025 after years of deficits**

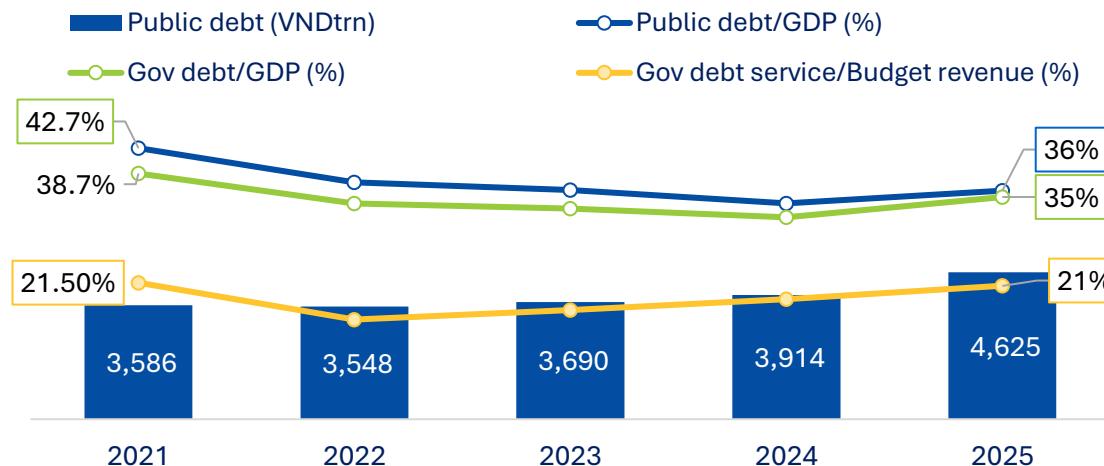


**Figure 15: Public investment disbursements accelerated**



Source: FiinGroup.

**Figure 14: Public debt ratios remain well-controlled and below statutory limits**



Source: FiinGroup.

Note: The National Assembly's ceiling for the government debt-to-GDP ratio is now at 50%, public debt-to-GDP at 60% and the government debt service to budget revenue at 25%

- Vietnam's stable public debt indicators suggest ample room for fiscal policy. The state budget is on track to return to a surplus by 2025 with public debt and service obligations remaining well within established safety thresholds.
- Driven by improving efficiency in public investment disbursement, the current public debt structure enables fiscal policy to actively support economic growth. This effort complements monetary policy, reinforcing the foundation for medium-term macroeconomic stability

**Part 2:**

# Positioning key strategic funding sources

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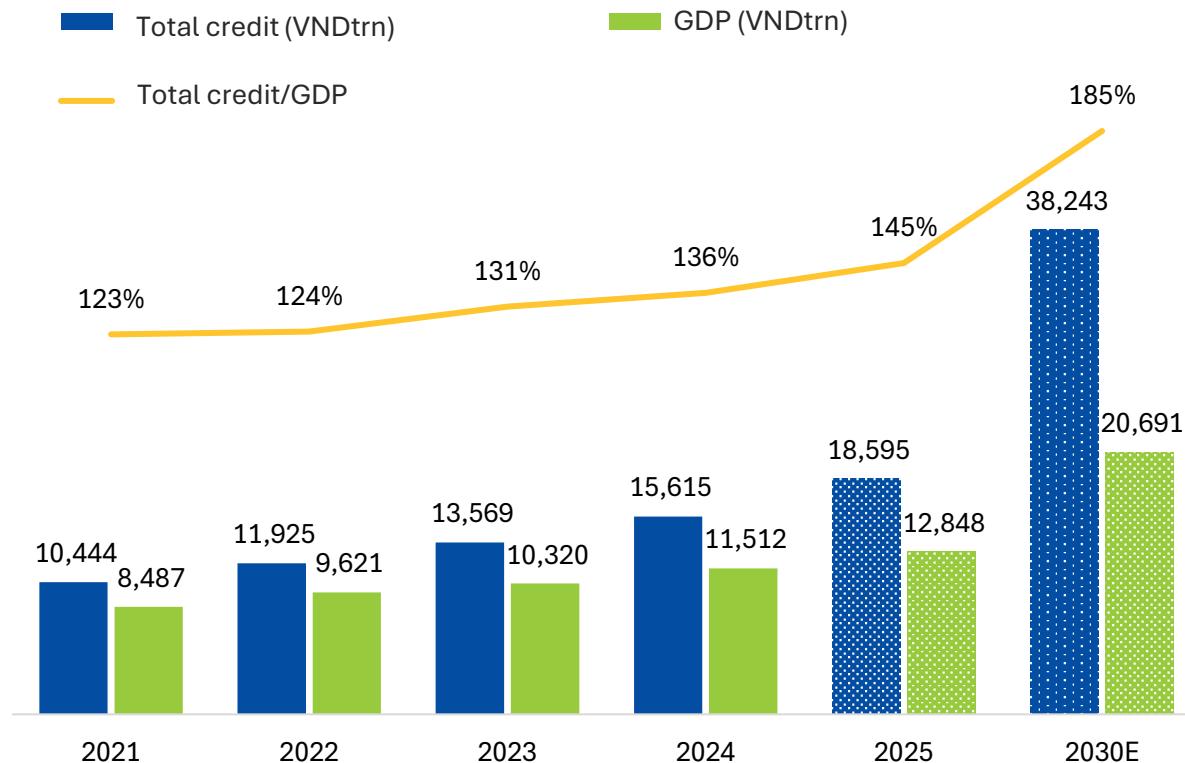


# Commercial banks' long-term funding capacity is approaching safety limits

Maintaining the current pace of credit expansion would elevate systemic risk to unsustainable levels

Figure 16: Credit/GDP ratio

Vietnam's credit/GDP ratio remains elevated relative to emerging economies



Source: NSO, SBV, FiinGroup's estimate

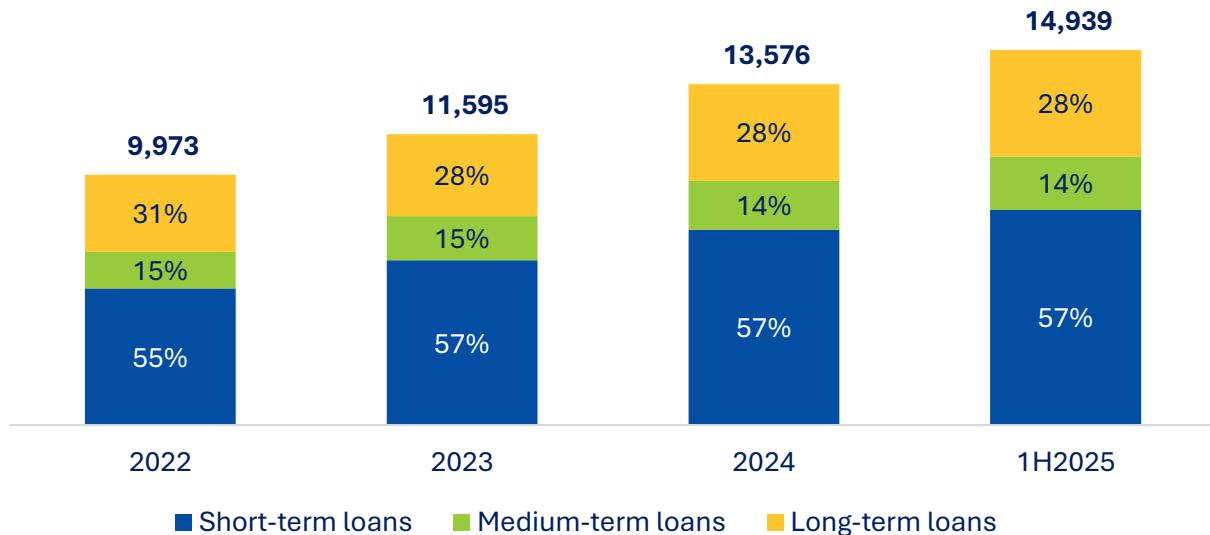
- The Vietnamese economy remains heavily bank-centric, with the banking sector acting as the primary conduit for capital, especially for the SME segment. This structural dependence implies that national GDP growth is inextricably linked to, and highly sensitive to, credit expansion.
- However, this credit-driven growth trajectory is rapidly approaching its prudential limits. Projections indicate that maintaining a 16% annual credit growth rate to sustain a GDP target of 8–10% would propel the Credit-to-GDP ratio beyond the 180% threshold by 2030, potentially breaching 200% shortly thereafter
- Such elevated leverage ratios significantly exceed the safety benchmarks for an emerging market, escalating systemic risks to financial stability and compromising the banking system's resilience.
- The capital adequacy ratio (CAR) of Vietnam's banking system remains relatively thin and operates close to the regulatory minimum threshold, thereby emerging as a structural constraint on credit expansion unless banks promptly strengthen their capital base.
- Consequently, economic growth in the coming period can no longer be predominantly financed through bank credit. A fundamental structural shift toward non-bank, long-term capital markets is now an imperative for sustainable macroeconomic development

# The stable proportion of medium- and long-term lending reaffirms banks' role as the principal providers of such capital to the economy

*Deposits - loans maturity mismatch limits banks' long-term financing for high growth*

Figure 17: Vietnam's commercial banking loan portfolio by maturity

Banks face difficulty meeting the economy's escalating long-term capital needs



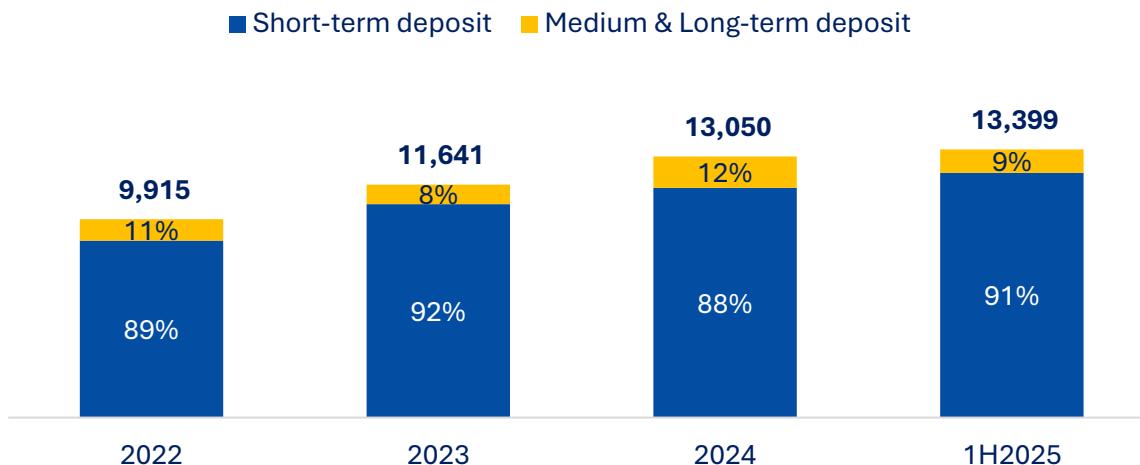
- Medium and long-term loans maintain a 42%-45% share of total customer loans outstanding, reinforcing the role of banks as the economy's primary long-term capital providers.
- However, this reliance creates a significant structural vulnerability, as over 90% of system-wide deposits are short-term in nature. As of end-November 2024, the ratio of short-term funds used for medium and long-term lending reached 28.32%, approaching the 30% regulatory ceiling mandated by the State Bank of Vietnam (SBV) - see details in Slide 26.
- This pronounced maturity mismatch between funding and lending structures indicates that bank credit is unlikely to sustainably function as the primary source of long-term capital formation for the economy.

Source: FiinGroup, Data from financial statements of 28 commercial banks, of which customer loans account for approximately 87% of the system-wide's figure as of 1H2025.

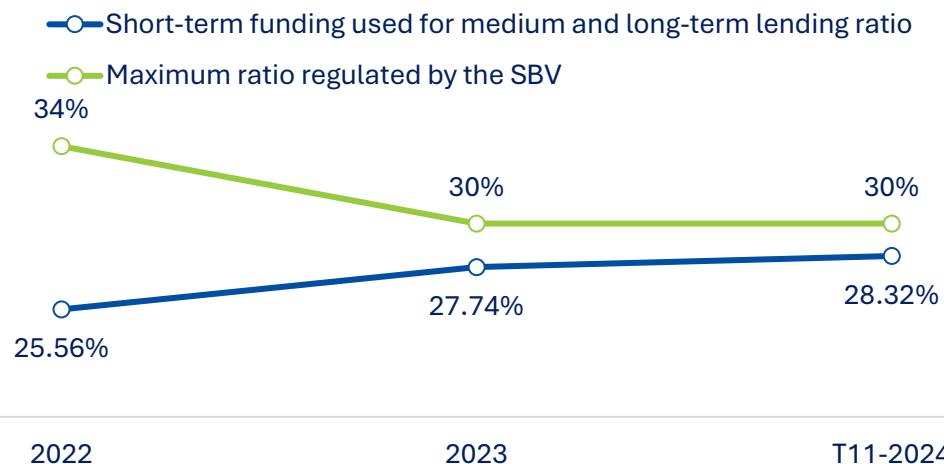
# Deposit structure constraints banks' ability to provide long-term funding

The heavy reliance on short-term funding within the banking system has resulted in a narrowing of the available headroom for medium- and long-term credit expansion.

Figure 18: Customer deposits by maturity across 28 Banks (VND Trillion)



## Short-term funding used for medium and long-term lending ratio



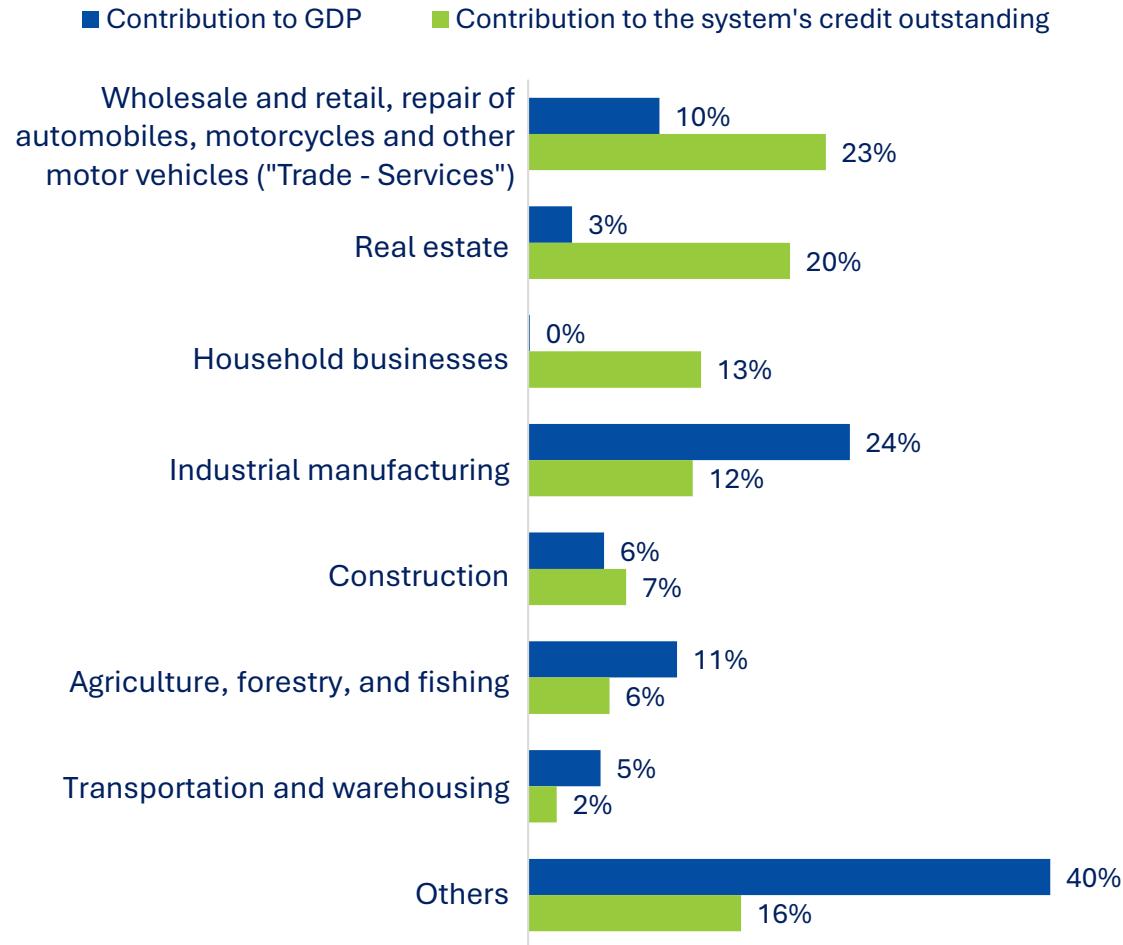
- The funding structure of the commercial banking system remains heavily reliant on short-term deposits (approximately 90%), while medium- and long-term deposits account for a minimal share and show no clear signs of structural improvement.
- The ratio of short-term funds used for medium and long-term lending is approaching the SBV's regulatory cap, narrowing the headroom for long-term credit expansion in terms of liquidity and systemic safety.
- While aggregate credit continues to expand, the system's capacity to facilitate long-term capital formation is fundamentally constrained by structural funding-lending asymmetries rather than by underlying credit demand.
- This highlights a definitive structural boundary: the banking sector is well-positioned to bridge short-term liquidity gaps, but it cannot effectively function as the primary engine for long-term financing.
- Against this backdrop, the development of deep and liquid non-bank capital markets is an institutional imperative. Diversifying the economy's funding sources is essential to sustain private sector capital formation and alleviate structural pressures on the banking sector.

Source: FiinGroup, Data from financial statements of 28 commercial banks, of which customer deposits account for approximately 87% of system-wide deposits as of 1H2025.

# Sectoral credit allocation – the issue of efficient capital utilization

*Credit allocation remains disproportionately concentrated in non-productive sectors, diverging from their respective contributions to GDP*

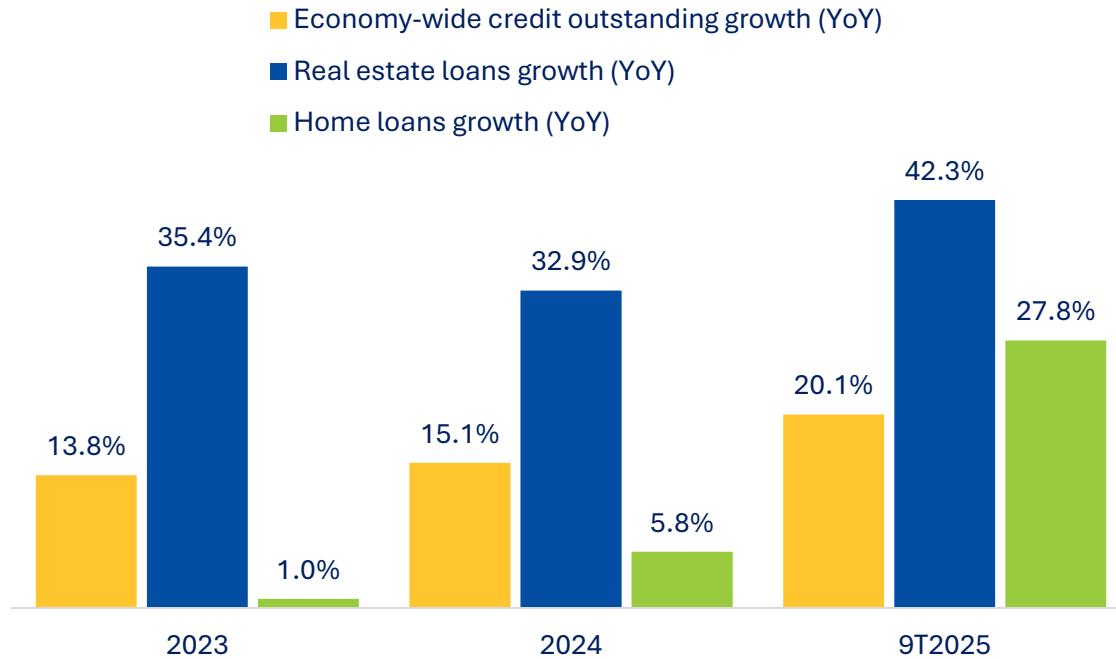
Figure 19: Contributions to GDP and credit outstanding by sector, 9M2025



Source: SBV, NSO, FiinGroup

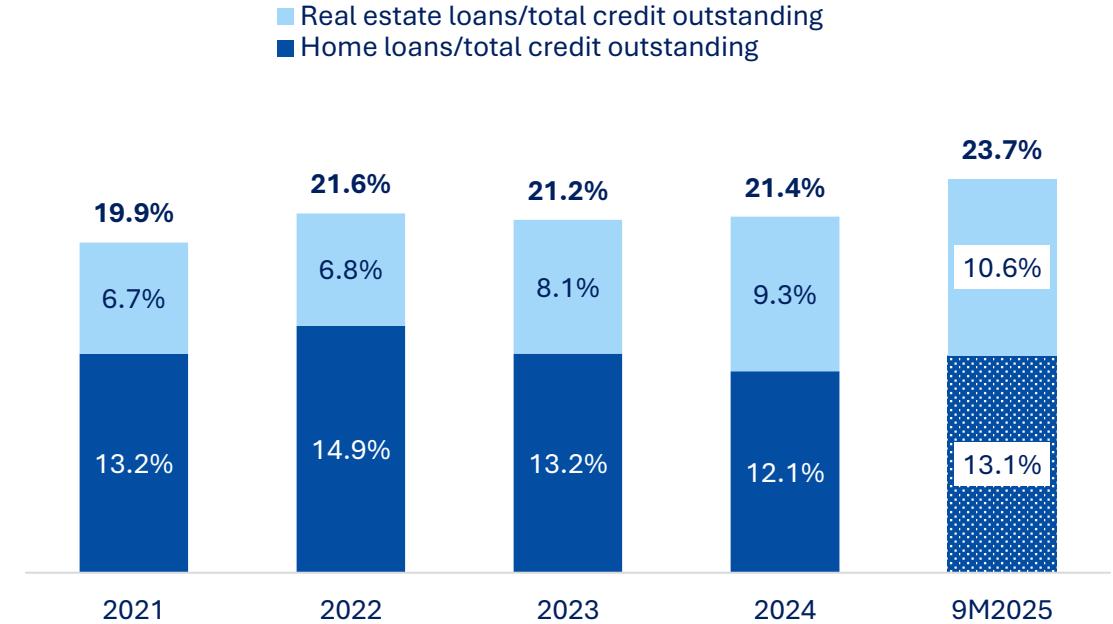
- The sectoral credit structure exhibits significant misalignment with the GDP contribution structure in 9M2025. Credit is heavily concentrated in real estate (20% of outstanding loans vs. 3% of GDP) and trade-services (23% of outstanding loans vs. 10% of GDP).
- Conversely, manufacturing and processing contribute approximately 24% to GDP but account for only 12% of total credit, while agriculture and transport similarly receive a smaller share of credit relative to their contribution to economic output.
- This misalignment reflects lending priorities based on collateral availability rather than allocative efficiency or long-term productivity dynamics.
- Accordingly, policy oversight should not be confined to the aggregate scale of credit expansion but should also rigorously monitor the sectoral composition of credit allocation and its alignment with underlying growth drivers, particularly in the context of thin capital adequacy buffers and persistent maturity mismatches between funding and lending structures within the banking system.

**Figure 20: Total economy-wide credit outstanding growth and real estate loans growth**



Source: SBV, FiinGroup

**Figure 21: Breakdown of real estate loans in total credit structure**

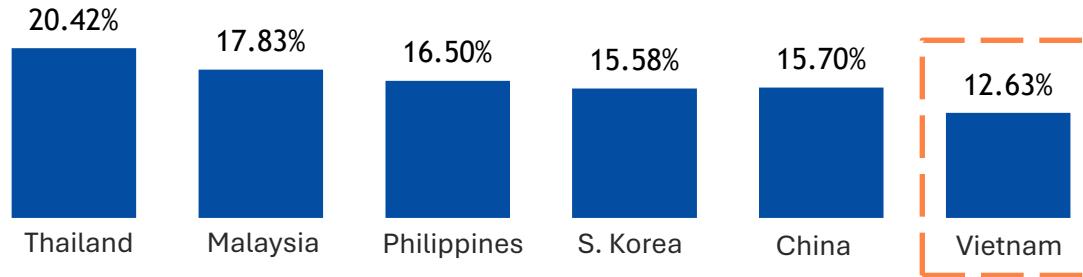


- From 2023 through 9M2025, real estate credit expanded at a markedly faster pace than overall credit to the economy, indicating a continued preferential allocation of credit toward property-related lending rather than toward productive activities that generate long-term value added.
- This trend persists even as system-wide credit headroom continues to tighten, signaling that the primary bottleneck is not a liquidity shortage, but rather a structural imbalance in credit distribution across sectors.
- The over-concentration in real estate inflates risk-weighted assets and exacerbates maturity mismatches, particularly as the real estate market's recovery remains fragmented and its liquidity remains overly dependent on bank financing. Consequently, this places substantial downward pressure on the system-wide Capital Adequacy Ratio (CAR) and crowds out the capacity for medium- and long-term lending to the rest of the economy.

# Limited equity capital buffers constrains medium- to long-term credit supply

The low capital adequacy ratios (CAR) across banks is emerging as a binding constraint on credit growth

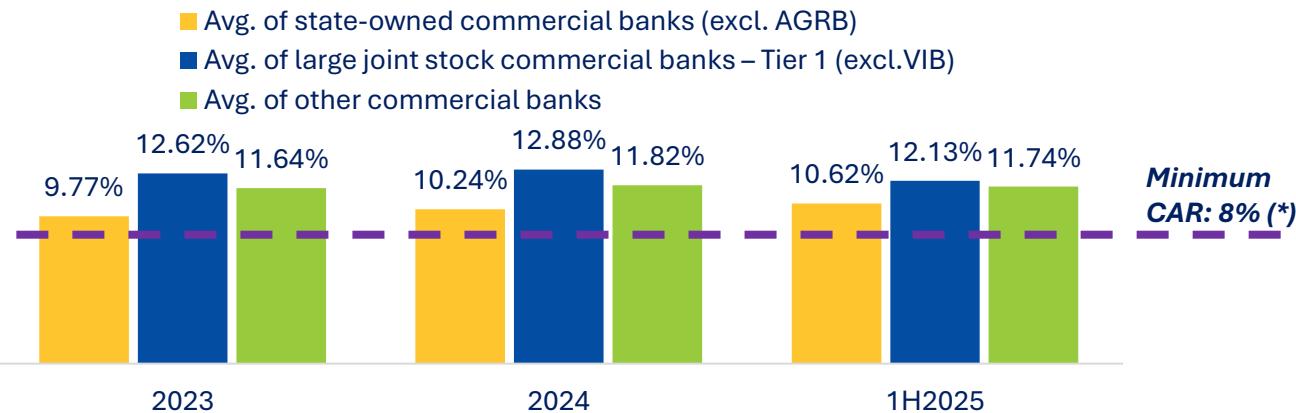
Figure 22: Capital Adequacy Ratio (CAR) of Asia's banking sector, 2024



Source: SBV, Central banks of selected countries  
The most recent CAR data for Vietnam published was as of November 2024.

Figure 23: CAR of Vietnam's banking sector

Limited equity capital buffer is becoming a natural constraint on credit growth



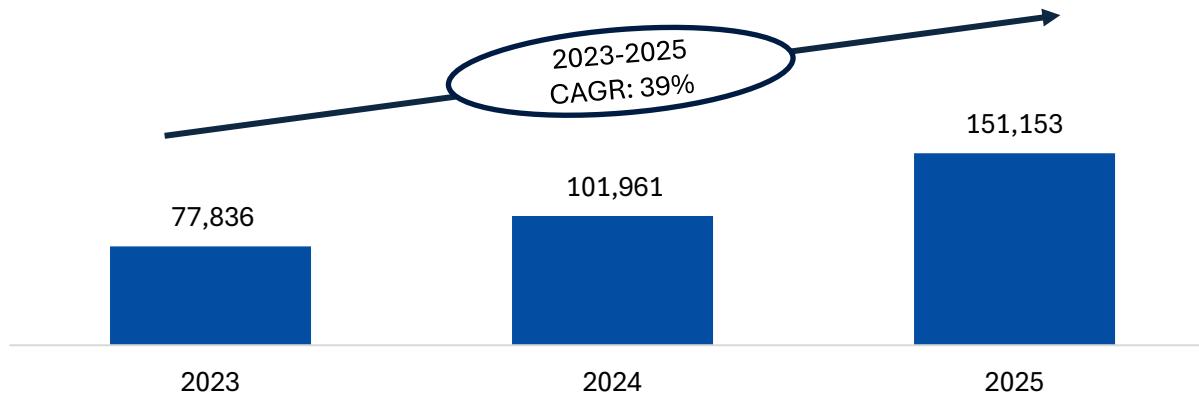
Source: SBV, FiinGroup. Note: (\*) The minimum CAR threshold is stipulated under Clause 3, Article 6 of Circular No. 41/2016/TT-NHNN, and Clauses 3 and 4, Article 5 of Circular No. 14/2025/TT-NHNN.

- Vietnam’s banking sector Capital Adequacy Ratio (CAR) significantly underperforms its Asian regional peers.
- Data indicates that the system-wide CAR remains just above the 8% regulatory threshold, with a notable divergence across different banking tiers.
- As risk-weighted assets continue to expand, credit growth potential is no longer a function of regulatory "quota" expansion but is now directly contingent on the capacity to bolster equity, specifically Tier 1 capital.
- High credit growth targets will rapidly translate into acute pressure on CAR, especially for banks with thin capital base.
- Accordingly, credit growth in the forthcoming period is no longer primarily a matter of administrative quota allocation, but rather the underlying capital strength of individual banks.

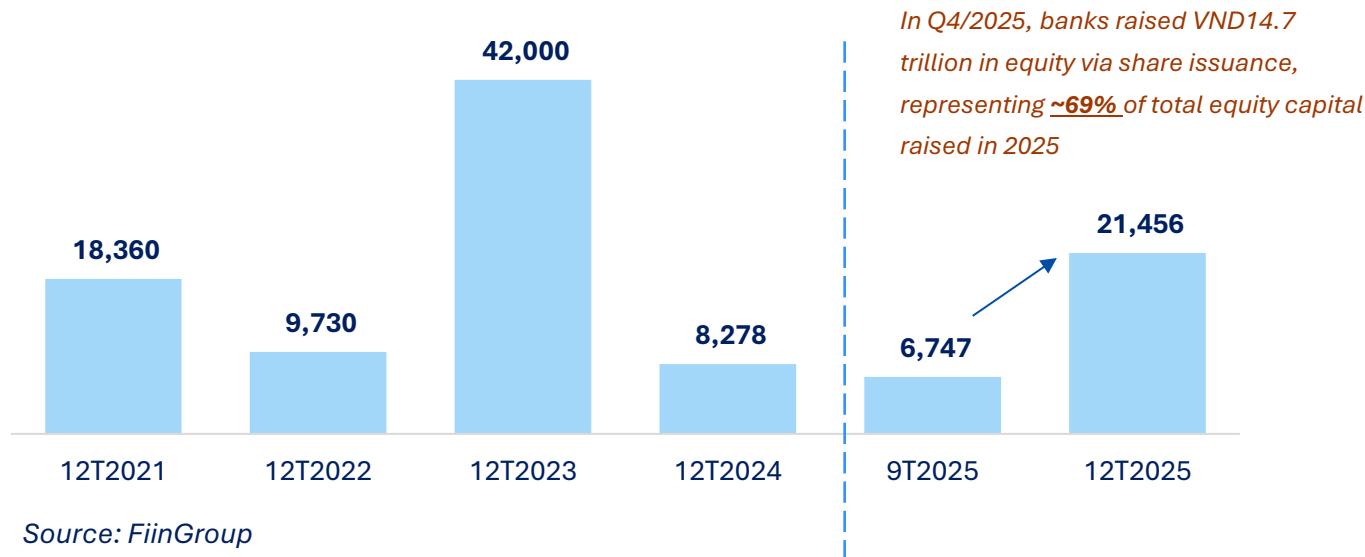
# Strengthening regulatory capital: A prerequisite for expanding credit headroom

*The limited capacity to raise Tier 1 capital (equity capital) has compelled the banking system to rely increasingly on Tier 2 instruments (long-term bonds) to maintain CAR and constrain credit growth*

**Figure 24: Total value of bank-issued bonds with maturities of 5 years or longer, 2023–2025, VNDbn**



**Figure 25: Bank equity capital raised through share issuance, 2021–2025, VNDbn**



Source: FiinGroup

- Against the backdrop of system-wide CAR hovering close to the regulatory minimum, banks have accelerated the issuance of bonds with maturities of five years or longer, increasing from approximately VND 78 trillion in 2023 to around VND 151 trillion in 2025.
- By contrast, equity capital mobilization in 2025 amounted to only about VND 21.5 trillion, with nearly 69% concentrated in Q4/2025. This pattern suggests that the expansion of medium- and long-term credit headroom remains predominantly reliant on debt-based capital (Tier 2) rather than on core equity capital (Tier 1).

## Part 2:

# Positioning key strategic funding sources

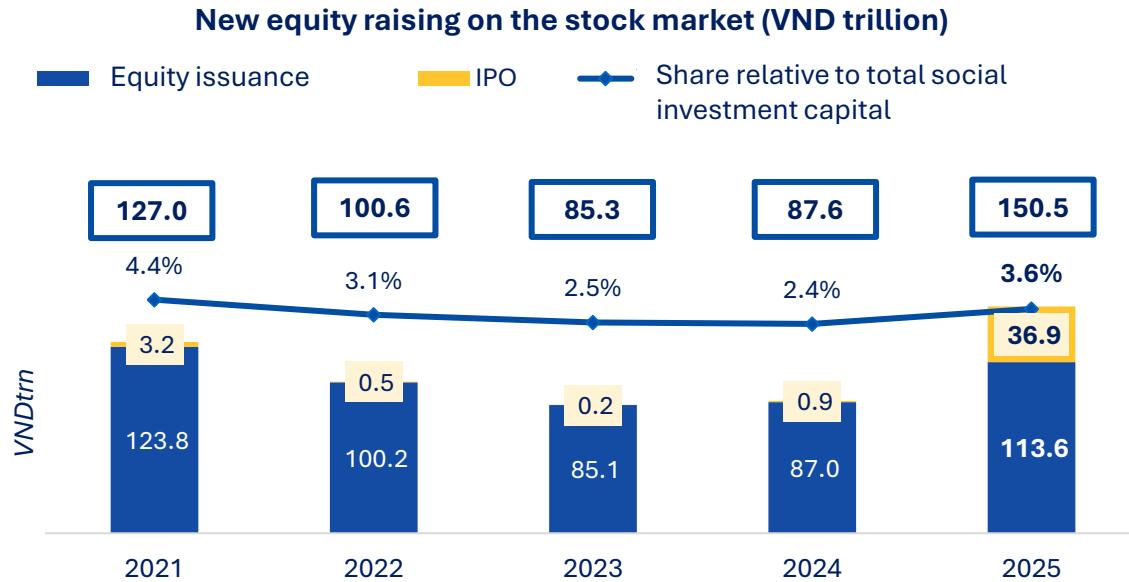
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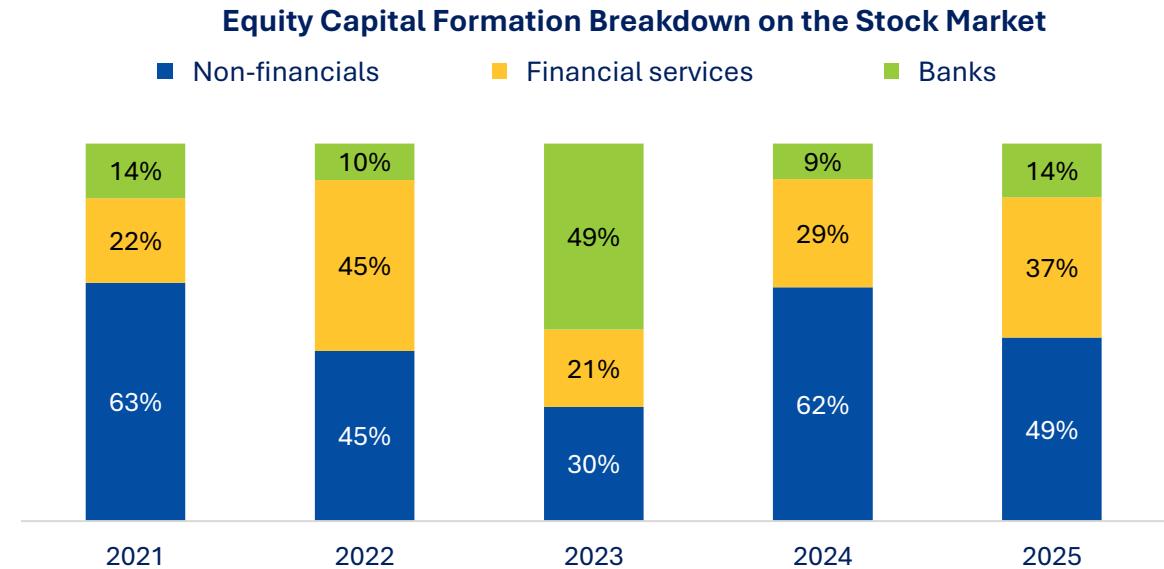
# Capital mobilization through the stock market reached an all-time high in 2025

However, equity capital raising by the non-financial corporate sector remains modest

**Figure 26: New equity capital raising hit a record high of VND 150.5trn in 2025**



**Figure 27: Equity issuance still concentrated in the financial sector (i.e banks, securities companies)**



Source: FiinGroup

- Equity capital raising hit a record high in 2025 at approximately VND 150.5 trillion (USD 5.7 billion), surpassing the 2021 peak of VND 127 trillion and significantly broadening market capitalization. Such growth notwithstanding, the equity channel remains modest relative to total social investment, representing less than 5% over the past five years.
- Notably, 2025 equity raising remained concentrated in banking, securities, and real estate sectors, revealing a persistent lack of sectoral diversification in primary market.

# Capitalizing on the emerging market status to improve capital flow quality

The stock market has expanded in scale, but the structure of capital flows has lagged

Figure 28: The market cap-to-GDP ratio expanded to 73% in 2025



Source: FiinGroup

- The equity market expanded significantly in 2025, marked by broadening capitalization and surging liquidity driven by domestic inflows. Such domestic participation provided a vital counterbalance to record foreign net selling, which reached VND 113.5 trillion (approximately USD 5 billion) over the year.
- However, the liquidity structure shows a clear dominance by individual investors (accounting for approximately 75%–80% of transaction value). Furthermore, the improvement in liquidity is primarily driven by margin lending from this group, while institutional investor participation remains limited. This makes the increase in market capitalization unsustainable.

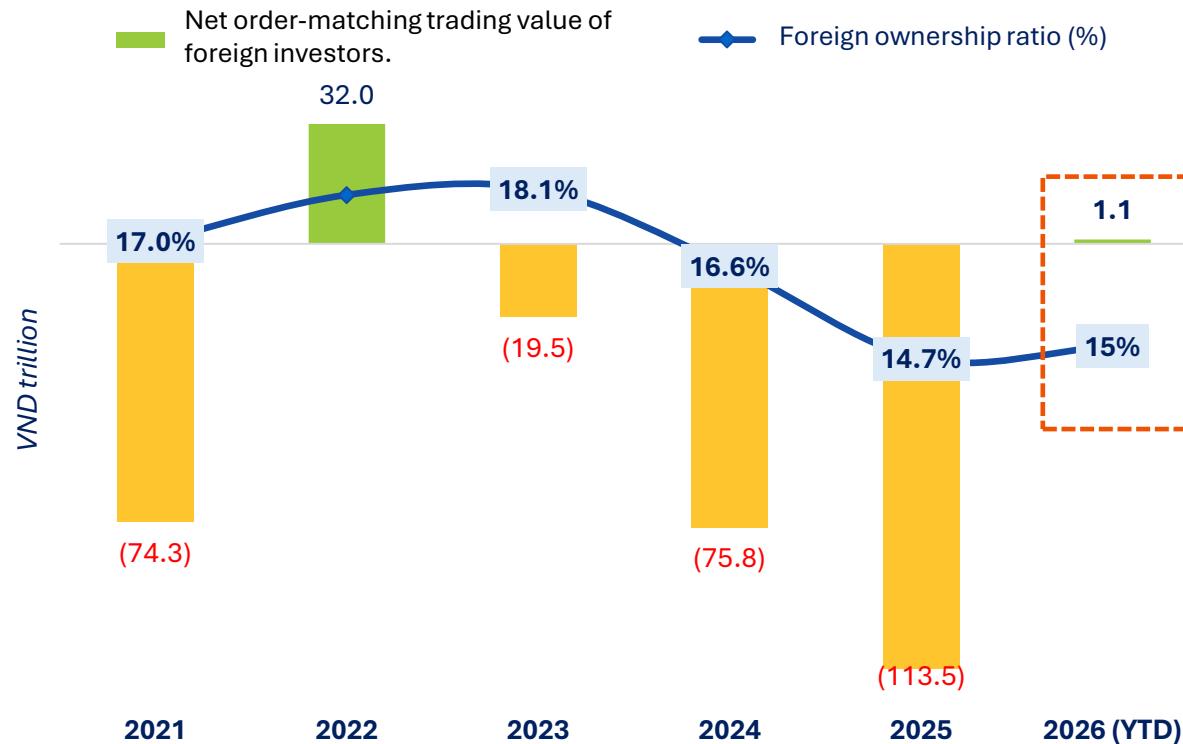
Figure 29: Trading activity dominated by domestic investors, with significant contribution from margin lending



# Capitalizing on the emerging market status to improve capital flow quality

Net foreign buying is expected to return, easing foreign exchange pressure over the medium term

**Figure 30: Net foreign buying seen in Vietnam stock market in first 13 days of 2026, reverting from record net selling in 2025**



Source: FiinGroup.

Note: Foreign net buying (selling) was calculated for order-matching only on three exchanges (HOSE, HNX and UPCOM) and updated as of Jan 13, 2026.

- Foreign investors offloaded a record VND 135.3 trillion across the three exchanges in 2025, including VND 113.5 trillion via order matching and VND 21.8 trillion through block trades, eclipsing the 2024 selling volume. This outflow was driven primarily by depreciation pressures on the VND, capital reallocation toward developed markets amid persistently elevated USD interest rates, heightened risk aversion in anticipation of new tariff barriers, and strategic divestments by major foreign conglomerates (e.g., SK of Korea) in several blue-chip holdings.
- Following the record net outflows in 2025, **foreign investors have returned as net buyers of Vietnamese equities (over VND 1.1 trillion from the beginning of 2026 through 13 January 2026)**. While additional time is required to assess the durability of this reversal, recent developments suggest preliminary signs of improving foreign investor sentiment.
- Over the medium term, foreign capital inflows are expected to resume in a more selective and longer-term orientation, thereby contributing to reduced exchange rate pressures and improved macroeconomic balance.
- Beyond cyclical factors, structural catalysts, including a multi-sector IPO pipeline, anticipated large-scale state divestments in major SOE companies (expected from 2026 onward), and progress toward reclassification to emerging market status, are projected to expand the investment opportunities, attract long-term institutional capital, and facilitate a return of sustainable foreign portfolio capital inflows.

**Part 2:**

# Positioning key strategic funding sources

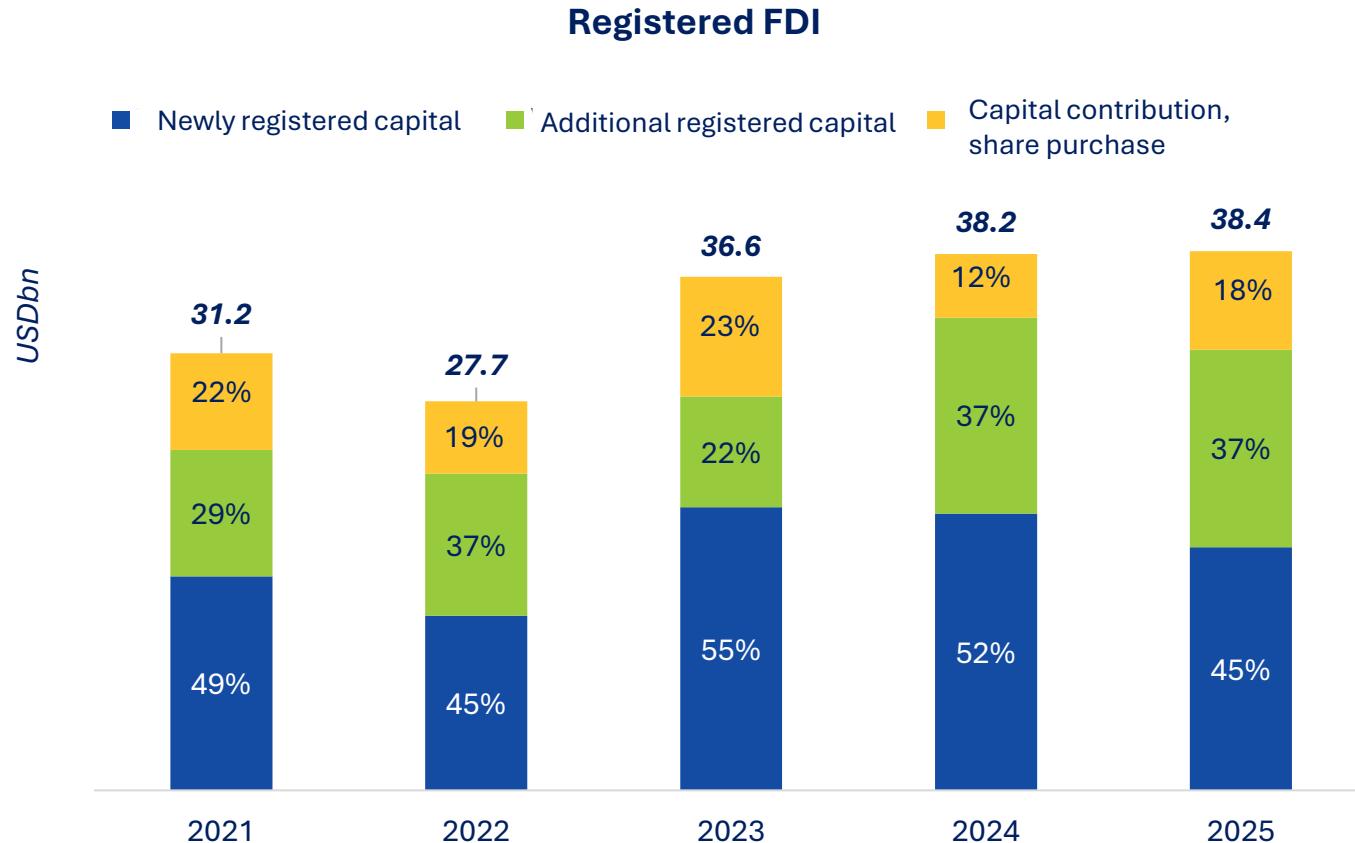
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# The wave of quality more selective FDI capital inflows

Registered FDI volume remains stable but has not expanded proportionally to the capital needs for the economic growth

Figure 31: Total Foreign Direct Investment (FDI) registered capital



- The fact that FDI has remained around \$38 billion for the past two years shows stability but also reflects a slowdown in scale amidst increasing competition for foreign investment in the region. Vietnam is facing competitive pressure from Thailand, Indonesia, and India, which are the countries boosting incentives and improving their investment environments. Meanwhile, infrastructure and logistics bottlenecks remain a limiting factor in its ability to absorb large-scale projects.
- Regarding composition, newly registered capital constitutes a major share of total registered FDI (roughly 45% to 55%), while additional registered capital maintains a significant share (roughly 22% to 37%), highlighting the increasingly prominent role of additional capital to existing FDI projects in Vietnam.
- Conversely, capital contribution and share purchases account for only 12% to 23% of total registered FDI and are not the primary driver of FDI growth during this period.
- Overall, while FDI remains a critical and stable source of capital for the economy, it is unlikely to create breakthroughs in capital inflows sufficient to address the economy's expanding medium- and long-term financing needs.

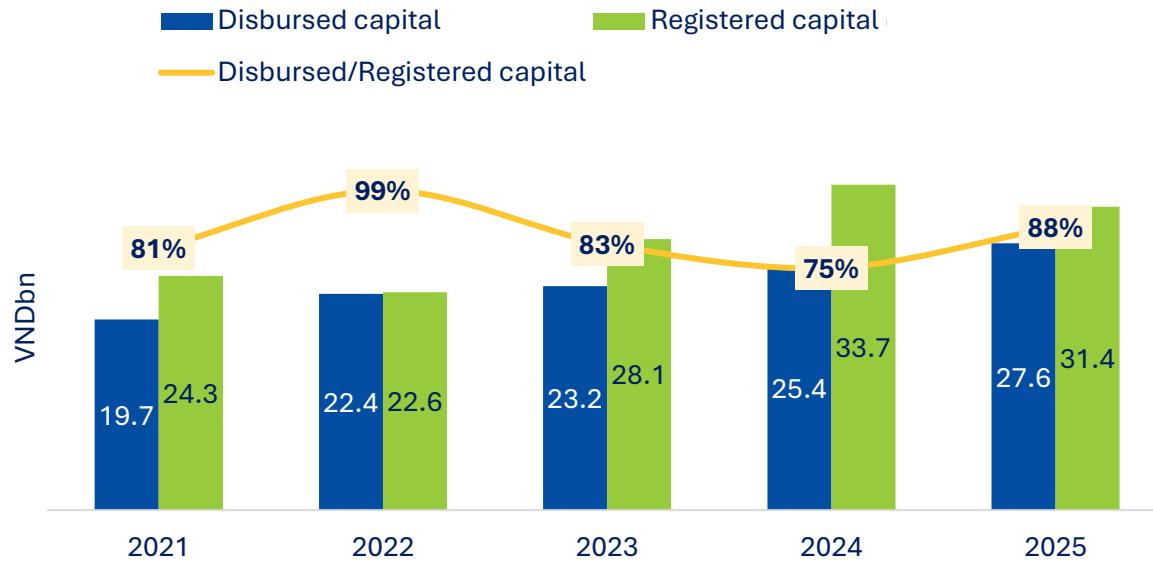
Source: FiinGroup

Note: Capital contributions and share purchases refer to the total value of foreign investment in domestic enterprises through equity injections or acquisitions of existing shares, covering both transactions that increase charter capital and those that do not.

# The wave of quality more selective FDI capital inflows

Registered FDI volume remains stable but has not expanded proportionally to the capital needs for the economic growth

Figure 32: Registered FDI capital, disbursed capital, and disbursed to registered capital ratio



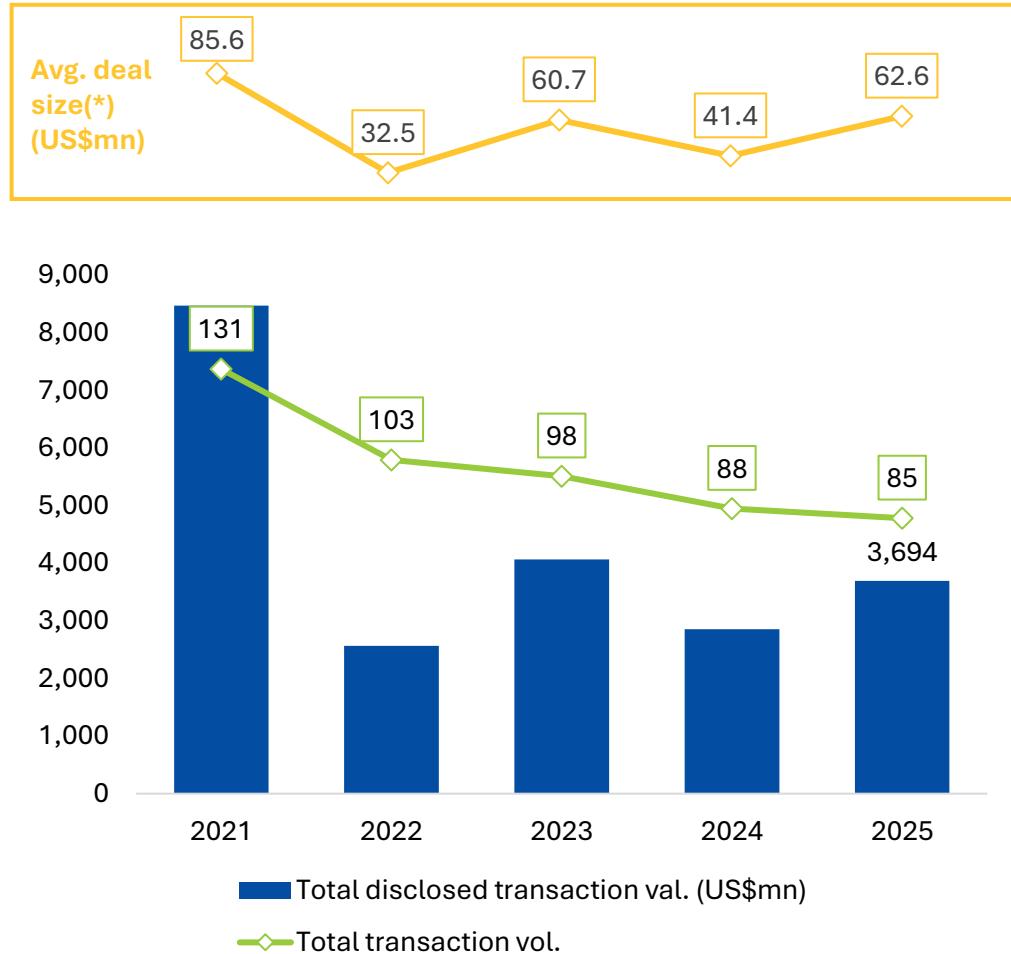
Source: FiinGroup

Figure 33: Annual growth of newly registered capital and additional registered capital



- FDI disbursement remains stable, with the average disbursement-to-registered capital ratio hovering around 85%, indicating relatively robust project implementation. However, newly registered FDI growth exhibits high volatility, characterized by sharp spikes interspersed with significant declines, reflecting cyclicity and heightened sensitivity of newly registered FDI to global and regional geopolitical and economic turmoil.
- Such dynamics indicate that recent FDI growth momentum relies more heavily on capital expansion within existing projects rather than substantial increases in the number or scale of new registrations. In the context of stable yet non-accelerating FDI inflows, the burden of financing medium- to long-term growth continues to rest predominantly on the banking credit system.

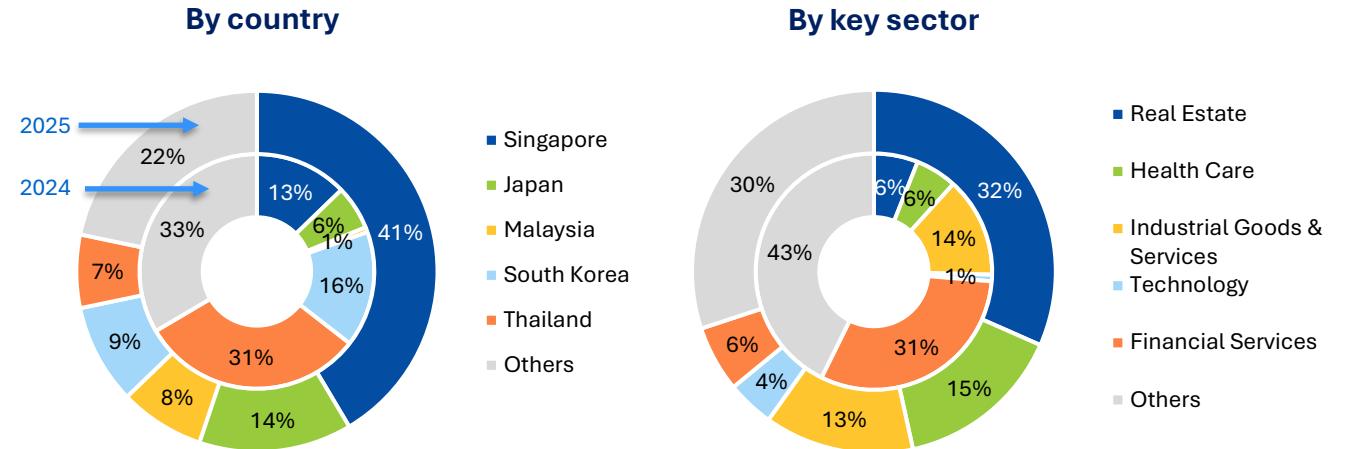
**Figure 34: Inbound M&A transaction value in Vietnam**



Source: FiiGroup

(\*) Avg. deal size is based on disclosed transactions only

**Figure 35: Breakdown of M&A transactions value by country and key sector**



- The value of inbound M&A transactions in 2025 recorded a notable recovery, both in aggregate deal value and average deal size, reflecting an improvement in investor sentiment and overall market conditions.
- Sectorally, M&A activity remained concentrated in real estate, healthcare, and industrial goods & services, highlighting a preference for businesses serving Vietnam’s domestic market demand.
- Regarding counterparties, M&A inflows were primarily sourced from Singapore, Japan, and South Korea, underscoring the prominent role of regional strategic investors.
- Overall, M&A constitutes a complementary channel to FDI inflows. However, its scale remains insufficient to provide a significant source of medium- and long-term capital capable of substituting for FDI or bank credit in financing the economy’s long-term capital requirements.

**Part 2:**

# Positioning key strategic funding sources

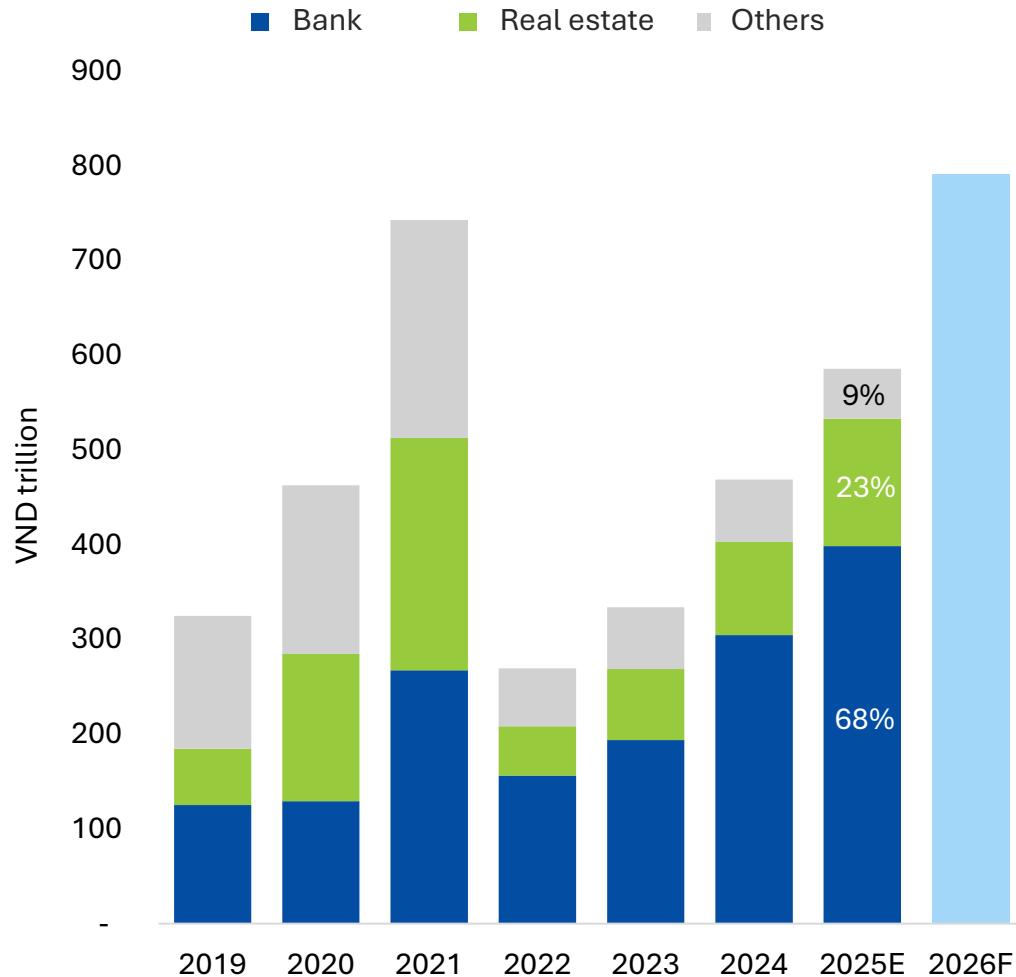
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# The corporate bond market is projected to recover strongly from 2026

Driven by new bond issuance policies, with the key focus on channeling bond proceeds directly into production and business activities

**Figure 36: The issuance volume in 2025 showed robust growth, yet manufacturing corporates captured minimal market share**



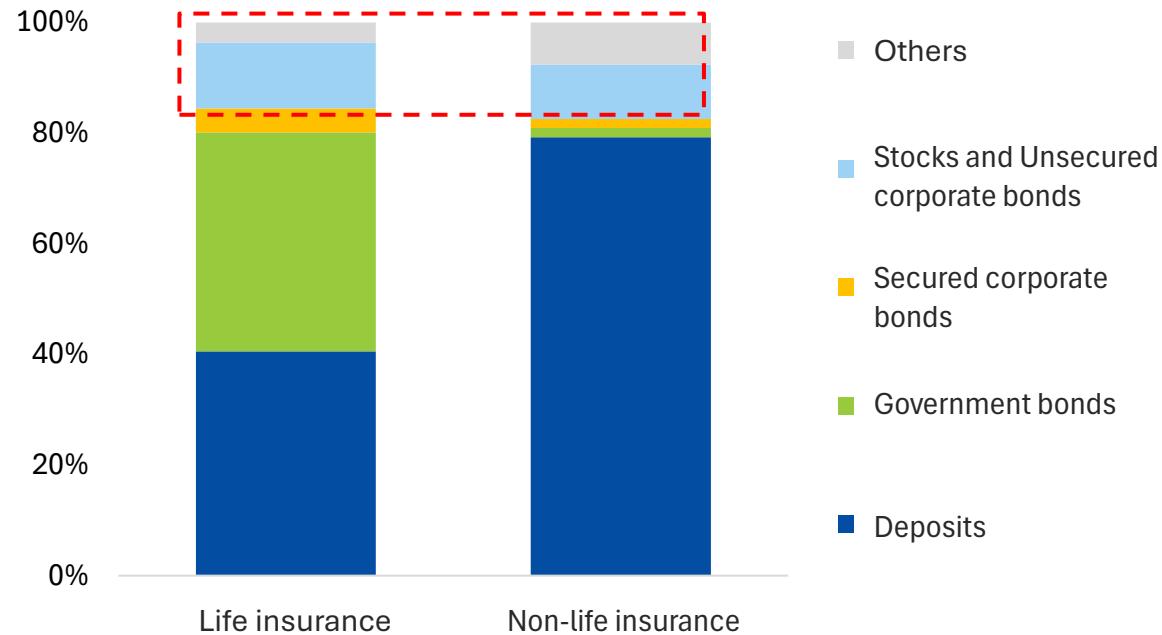
Source: FiinGroup

- Vietnam’s corporate bond market in 2025 recorded a marked recovery, with total value of new bond issuance estimated at VND644 trillion, representing an increase of 32% compared to 2024. However, this medium- and long-term funding channel has yet to fully realize its potential as a capital conduit for the manufacturing sector where banks dominate 68% of issuance value, while bond issuance by manufacturing enterprises is limited. Outstanding corporate bond balance remains at approximately 10% of GDP, far below of the 25% GDP target by 2030. For bonds to truly become an effective capital raising channel for the manufacturing sector, three pillars need to be synchronized: improving the supply of high-quality corporate bonds, expanding the investor base, and improving institutional and market infrastructure.
- #1. Encouraging high-credit-quality corporates to issue bonds:** The supply of corporate bonds, primarily in bank, real estate, and securities sectors, shows a significant challenge for investors. Mechanisms are needed to encourage manufacturing businesses with strong creditworthiness and transparent corporate governance to proactively access the corporate bond market through public bond issuance. The presence of high-quality issuers will improve the supply of quality corporate bonds, create a benchmark interest rate curve for each sector, and help solve the issue of efficient capital mobilization
- #2. Expanding the domestic and international investor base:** The market remains highly reliant on commercial banks – as both primary issuers and buyers – thereby constrains market size growth and prompts concentration risk. Developing mechanism to encourage insurance companies, voluntary pension funds, social security funds, and bond investment funds to invest in non-financial corporate bond is essential to attract foreign capital inflows via stock market reclassification. A diversified investor base creates strong buyer base for manufacturing corporates’ bonds.
- #3. Strengthening the regulatory framework and market infrastructure:** This provides the essential foundation for a comprehensive, systematic, and compliant market transformation. Key infrastructure and mechanism must be synchronized, including market-making mechanisms to bolster liquidity, standardized pricing practices, and streamlined processes for insolvency proceedings and debt restructuring. With a clear legal framework and robust infrastructure, domestic and international institutional investors will have more confidence to allocate significant capital to the Vietnam corporate bond market.

# Bond investor base: Expansion headroom from the insurance sector's long-term capital sources

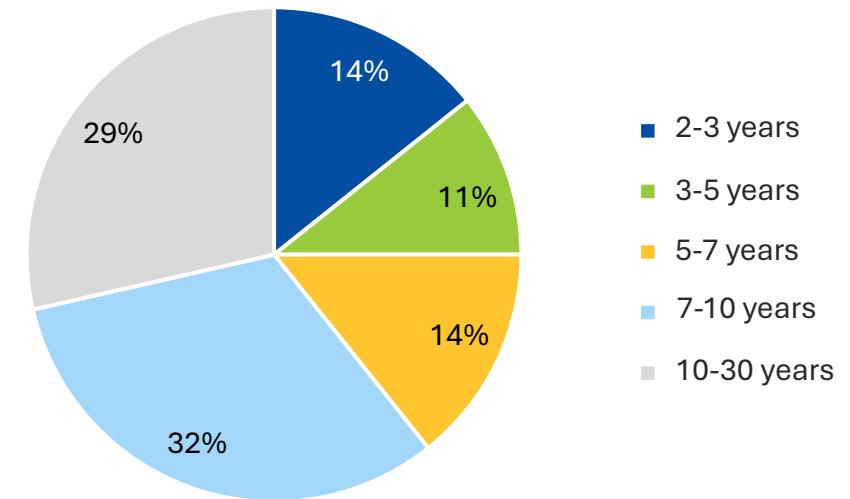
Corporate bonds currently account for a modest share in insurance sector's investment portfolios, despite strong demand for medium- to long-term bond tenors.

**Figure 37: Investment portfolio of insurance companies**



Source: FiinRatings, Insurance Supervisory and Authority

**Figure 38: Survey of bond tenor demand among insurance institutions**



Source: FiinRatings

Note: The above survey results are compiled from 10/19 operating life insurance companies, representing 89% of the life insurance sector's total assets under management (AUM), and from 4/32 operating non-life insurance companies, representing 37% of the non-life insurance sector's AUM.

- Insurance companies' investment portfolios are sizeable but conservatively allocated, with the majority of assets still concentrated in bank deposits and government bonds. Allocation to capital market instruments, particularly **corporate bonds**, remains limited relative to AUM, indicating **substantial headroom for portfolio reallocation to enhance profitability**.
- Demand from the insurance sector for medium- to long-term bonds is evident and well aligned with their funding source nature, reflected by survey results of **more than 60% of demand concentrated in tenors of seven years or longer**. With stable cash flows, long holding periods, and the capacity to absorb project-cycle risks, insurance investors may become a **critical anchor investor group, facilitating a structural shift in capital supply from the money market to the capital market**, especially for corporate bonds and mega infrastructure projects provided that an enabling regulatory framework and appropriate market infrastructure are in place.

## CURRENT SITUATIONS

## RECOMMENDATIONS

### Investor Base



- The draft amendments to regulations on open-ended funds and securities companies allow for increased investment limits in corporate bonds; and require corporate bonds to have a credit rating when purchased
- Insurance companies' and pension funds' investment in corporate bonds remains limited
- Foreign ownership in corporate bonds is insignificant

- Introduce mandatory investment mandates for long-term investors (e.g., social insurance), with 5-10% of new investments to AA-rated and above corporate bonds
- Allow insurance companies to invest in infrastructure-based corporate bonds with qualifying credit ratings

### Issuer Base



- Credit ratings are mandatory for private placements; tightening the debt-to-equity ratio < 5x
- Large corporates still rely primarily on bank lending
- Lack of efficient credit guarantee mechanism
- Private placements lack the effective bond bidding mechanisms to optimize funding costs

- Implement a mandatory bond-financing framework: large corporates (e.g. VN500 / large State-owned enterprises) must raise 20-25% of incremental borrowing through corporate bonds.
- Compel high-credit-profile issuers to access the corporate bond market for capital mobilization, creating high-quality supply of corporate bonds for institutional investors
- Establish a credit guarantee fund to upgrade ratings for infrastructure, manufacturing, and energy bonds
- Conduct electronic bidding via a centralized exchange for large-scale issuances to enhance price transparency

### Market Infrastructure



- No standardized corporate bond repo mechanism
- In many cases, the underwriter also acts as the bond trustee, leading to potential conflicts of interest
- No financial resources for debt recovery.

- Establish standardized repo trading mechanisms to transform corporate bonds into genuine collateral assets, thereby enhancing market liquidity.
- Empower bondholder trustees with substantive authority for independent collateral valuation and ongoing issuer monitoring. Strictly segregate roles to prevent issuance guarantors or affiliates from serving as bond trustees
- Establish a debt collection reserve fund. This fund should be set aside upon issuance to protect the interests of investors

**Part 2:**

# Positioning key strategic funding sources

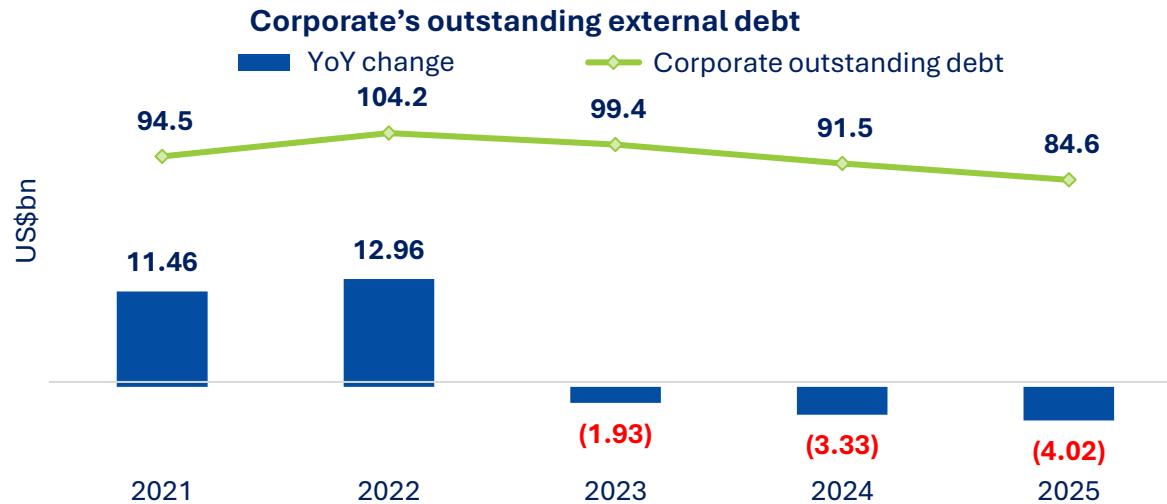
- 2.1 **Overview:** Structural funding gap for long-term investment capital
- 2.2 **Public investment:** Seed funding for growth
- 2.3 **Bank credit:** Optimizing credit allocation
- 2.4 **Equity market:** Capitalizing on Vietnam's emerging market status
- 2.5 **FDI and M&A:** Driving growth through investment quality and advanced technology
- 2.6 **Corporate Bond:** Strategic solution to unlock non-bank funding sources
- 2.7 **International Borrowings:** Opportunities in a lower interest rate environment



# Easing global interest rate creates room for an external borrowing recovery

Furthermore, an improved sovereign credit rating would further lower foreign funding costs

Figure 39: Corporates' external debt kept decreasing over years



Source: Vietnam Ministry of Finance, Public Debt Bulletin No. 20

## Vietnam's Sovereign Credit Risk Spread Relative to other market groups



Source: ADB, Bloomberg. Note: Analysis and classification are based on S&P's and Moody's credit rating scales. Data was updated as of November 20, 2025

- Foreign loans, including borrowings and international bond issuances (including sustainable finance), continues to represent an important source of medium- and long-term funding for Vietnamese corporates.
- Corporate's outstanding external debt has declined over the past three years, primarily attributable to persistently elevated global borrowing costs.
- The high global interest rates, combined with the BB+ level of Vietnam's sovereign credit rating make the cost of raising foreign debts been less competitive compared with domestic funding source.
- From 2026 onward, Vietnam's solid macroeconomic foundation, supported by low public debt and external debt, would create room for Vietnam to resume tapping international funding.
- Significant funding needs, together with the Government's strategy to diversify funding sources, would support international funding at both the sovereign and corporate levels.
- International funding demand is expected to recover among larger local corporates, including banks and non-financial corporates, amid a gradual easing of global interest rates
- Supporting factors include amendments to the regulatory framework governing international bond issuance, the progress toward stock market upgrade, and the roadmap to upgrade Vietnam's sovereign credit rating to investment grade before 2030.
- According to FiinRatings' estimates, an upgrade of Vietnam's sovereign credit rating to investment grade could lower international funding costs for Vietnamese corporates by approximately 150–300 basis points (equivalent to 1.5–3.0 percentage points).

## Part 3:

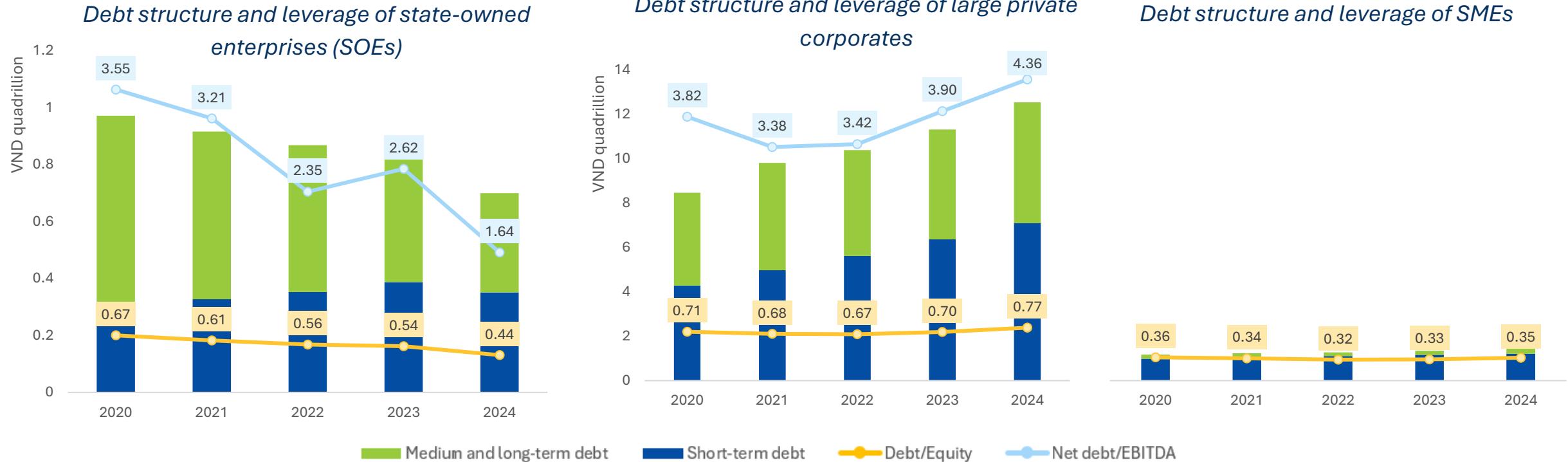
# Corporate Capital Absorption Capacity



# Debt structure and leverage across corporate types

SOE reduce leverage, large private expand borrowing, while SMEs face limited access to credit

Figure 40: Debt structure and leverage across corporate types



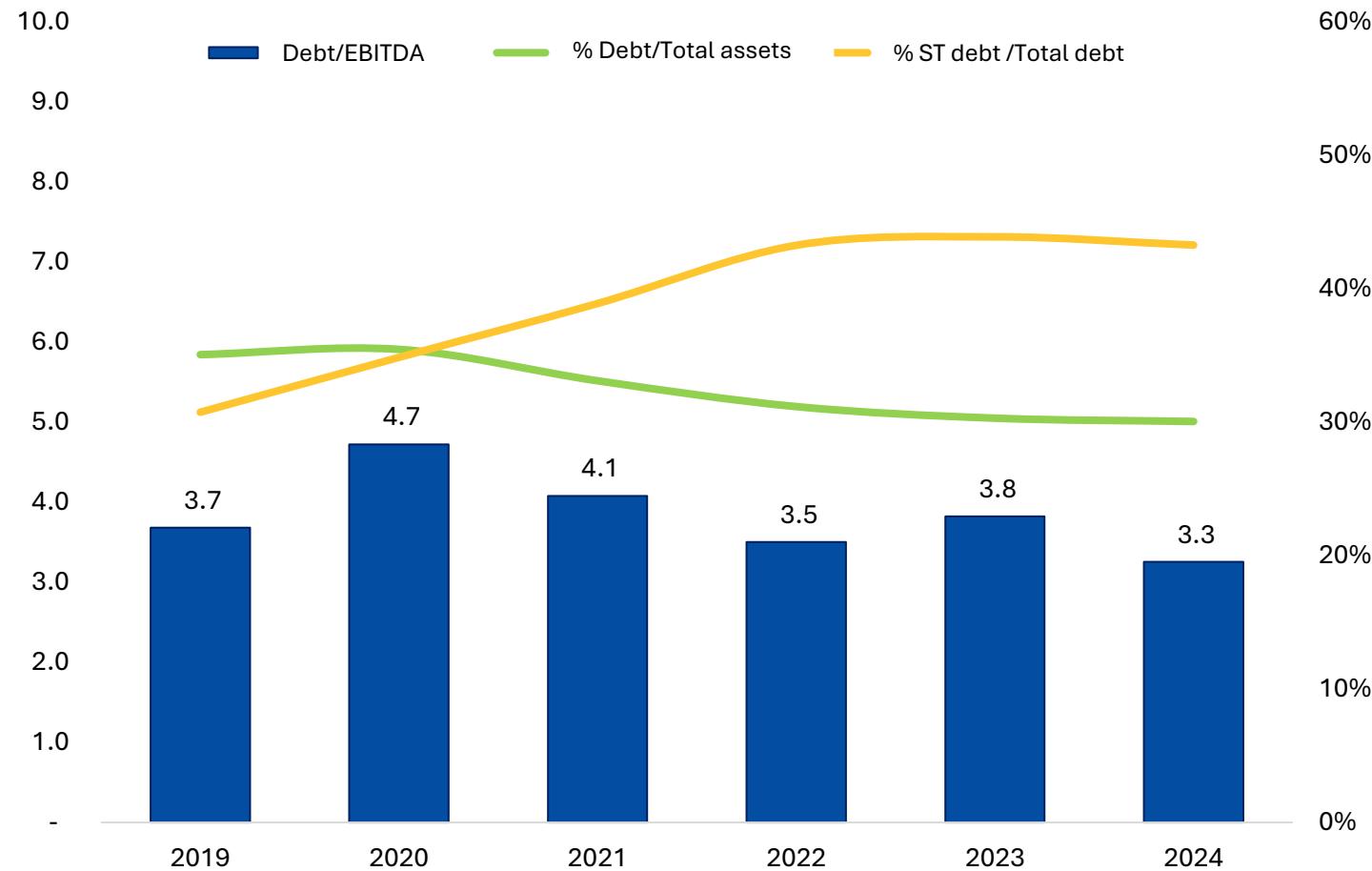
Source: FiinGroup compilation. \*Note: SOEs - State ownership over 50% (sample size: ~400 large enterprises); Large private enterprises: excludes SOEs (sample size: ~51,000 enterprises)

- Large private sector corporates have seen a significant increase in outstanding debt and financial leverage, with the highest Total Debt/Equity and Net Debt/EBITDA ratios among all corporate types, at 0.77 times and 4.36 times respectively in 2024, reflecting an aggressive growth strategy, using debt financing. Conversely, the consistent trend of state-owned enterprises reducing financial leverage reflects the restructuring process of this group of enterprises through self-financing operations using retained earnings instead of debt, divesting from non-core businesses, and reducing debt burdens to focus financial resources on core operations in a sustainable manner.
- Conversely, SMEs have relatively low debt leverage ratios. This indicates that there is still significant room for borrowing to expand their businesses.

# Significant headroom for state-owned enterprises to lead a new investment cycle **FiinGroup**

*Leveraging their 'seeding fund' role to unlock infrastructure investment under the PPP model*

**Figure 41: Asset – Funding structure of selective state-owned enterprises**



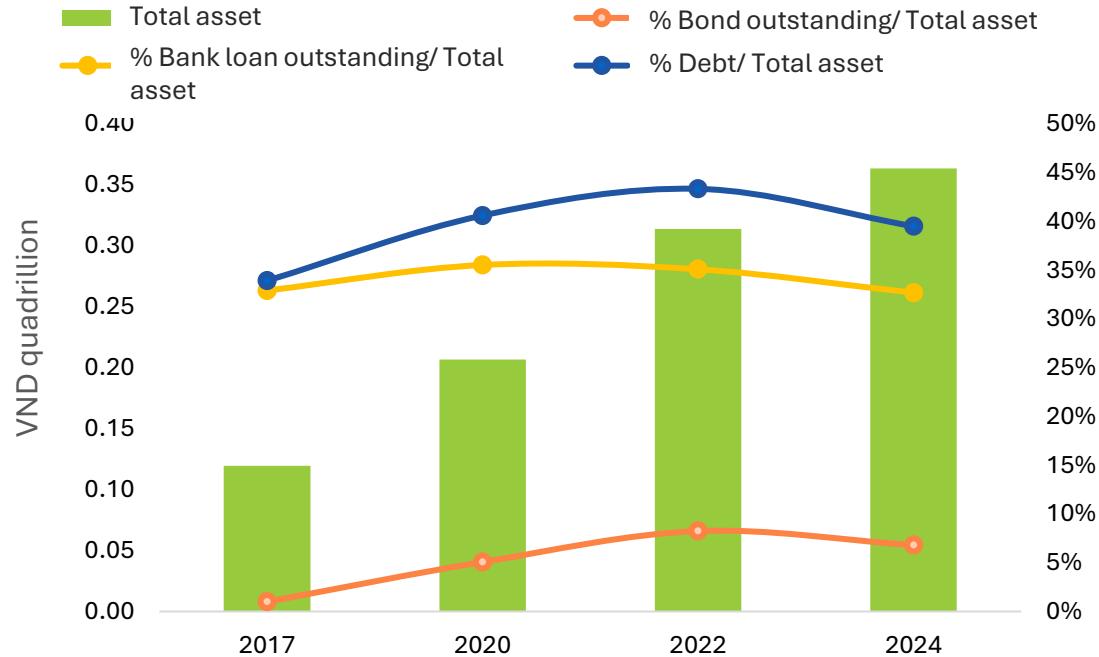
Source: FiinRatings, based on data compiled from the financial statements of 16 state-invested enterprises

- Infrastructure development projects are enjoying significant opportunities thanks to a combination of groundbreaking policy frameworks and the solid financial foundation of state-owned enterprises (SOEs). The ongoing amendment to the Public-Private Partnership (PPP) Law has unlocked new potential and accelerated project development, including raising the ceiling on state capital contributions.
- State-owned enterprises (SOEs) possess strong financial health and are ready to enter a new capital expenditure (CAPEX) cycle. Specifically, financial data shows that these corporations still have significant capital resources to fulfill their leading role, with current debt ratios accounting for only about 30% of total assets, and total assets held exceeding \$215 billion.
- The leading role of state-owned enterprises (SOEs) is pivotal because the public-private partnership (PPP) model, pioneered by SOEs, helps minimize risks in the early stages of project development, paving the way for private capital participation. Infrastructure bonds are a holistic solution, connecting risk-sharing mechanisms at the country level with the operational efficiency of the private sector. With a solid financial foundation and policy reforms, SOEs currently have ample room to become a major driving force, helping to improve reliance on short-term debt and unlocking an effective long-term capital channel for national infrastructure development.

# For the infrastructure sector, it is necessary to address the challenge of an undiversified capital structure and the lack of long-tenor funding

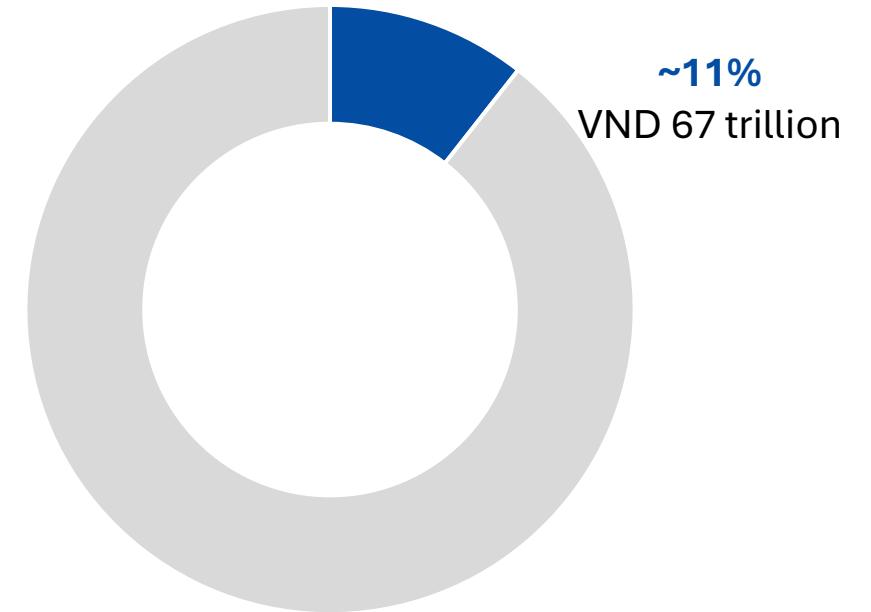
*The bond channel among infrastructure enterprises yet remains underdeveloped, with a limited supply of high-quality bonds.*

**Figure 42: Corporate bonds account for a low proportion in the debt structure of 20 selective infrastructure development companies**



Source: FiinRatings

**Figure 43: Issuance volume of non-financial corporates rated A and above in 2025**



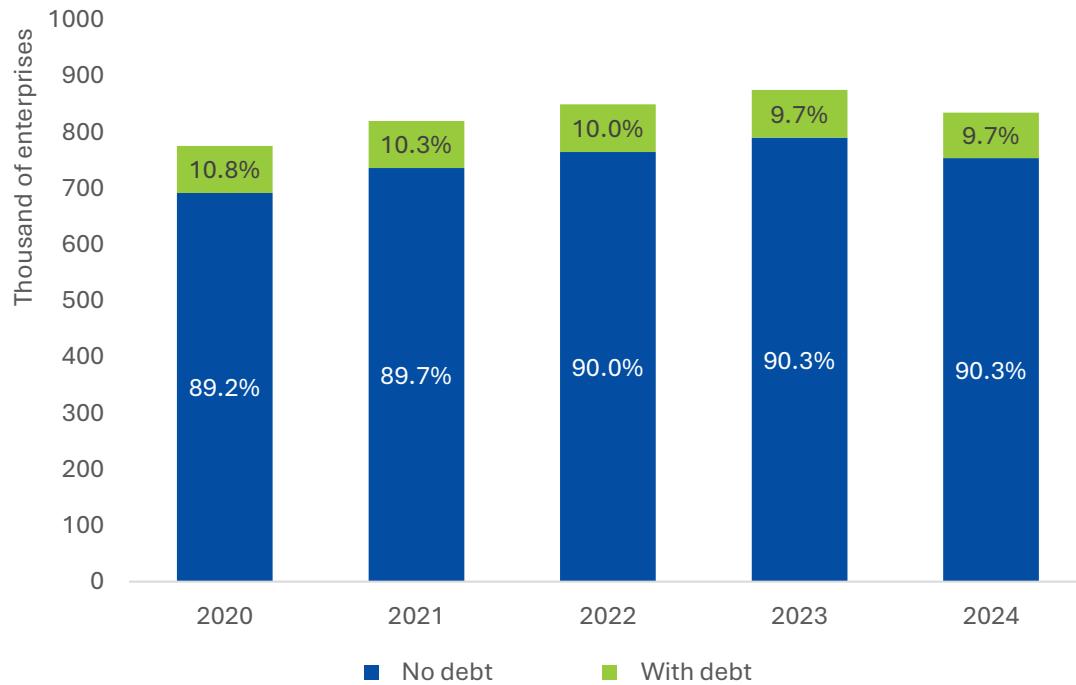
Source: FiinRatings estimated and compiled

- The corporate bond market plays a very limited role in financing infrastructure development. The proportion of outstanding corporate bond in total assets of selective infrastructure development companies remains below 10% and this structure has remained almost unchanged for nearly ten years. Meanwhile, their asset growth is high (averaging >16%/year) and is still mainly financed by bank loans, creating pressure for infrastructure development companies to refinance.
- The supply of high-quality corporate bonds currently lacks sectoral diversity, particularly from the manufacturing industry. This is evidenced by the fact that non-financial corporate bonds rated A or higher by FiinRatings accounted for only 11% of total issuances in 2025. This scarcity of investment-grade options significantly restricts investors' choice and hampers broader market development. Consequently, it is imperative to strengthen policy mechanisms that diversify the product base and incentivize a wider range of high-quality issuers to enter the market

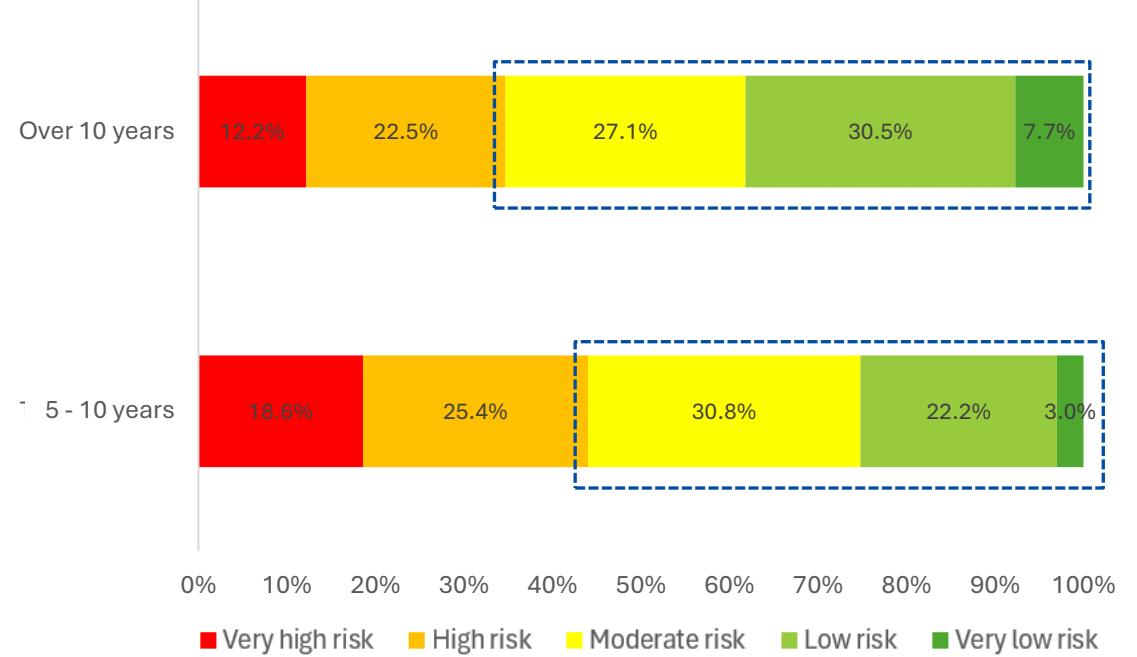
# SME Access to Credit

The low proportion of SMEs accessing bank credit and their relatively low leverage ratios indicate significant headroom for credit growth within this segment

**Figure 44: 90% of SMEs have not accessed bank loans**



**Figure 45: Among SMEs that have not accessed bank loans, a large proportion of firms operating for five years or more have medium-to-low risk scores**



Source: FiinGroup

- The proportion of SMEs accessing bank loans remains low, at only about 9–10% during the 2020–2024 period. Meanwhile, the financial leverage ratio (Debt/Equity) of the SME only fluctuates between 0.32–0.35, reflecting a relatively modest level of debt utilization and significant room for further borrowing.
- Notably, approximately 56% of SMEs operating for more than 5 years and 65.3% of SMEs operating for more than 10 years have risk scores ranging from medium to very low risk, yet they have not accessed loan capital. With improved information on their business and financial performance, SMEs will have more opportunities to access and absorb capital from financial institutions in the future.

# About Us

A specialized organization in financial data analytics, industry analysis, and credit ratings in Vietnam



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FiinGroup is a leading provider of financial information, business information, and market research to support investors in the Vietnamese market and companies in their business development and expansion in Vietnam.

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### Financial Information

- FiinPro Platform: Financial Market Information Platform
- FiinTrade Platform: Stock Analysis Platform
- API Datafeed: Securities Data Service



### Business Information

- Corporate Credit Report
- FiinGate Platform: Corporate Information Platform
- SME Credit Scoring Solution
- ESG Scoring



### Market Research

- Industry Analysis Report
- Market Research
- Business Due Diligence
- Market Entry Consulting

## FiinRatings

Credit Ratings

Credit Assessment

Sector Credit Research

Sustainable Finance Service



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