

Vietnam Economic Outlook from Banking Point of View

Sep. 2023

Mizuho Bank Hanoi Branch

Private and confidential

Vietnam



MIZUHO

Speaker Biography



Motokatsu Ban
Managing Director
Mizuho Bank, Ltd. – Hanoi Branch

Mr. Ban has joined Mizuho Bank since 2005 after graduation. He brings over 18 years of experience in banking industry covering a wide range of customer from SMEs to Large Corporation mainly in Japan and Vietnam.

Currently, Mr. Ban is acting as Managing Director of Mizuho Bank, Hanoi Branch where he promotes Japanese FDI investing in Vietnam as well as M&A origination activities.

Selected Transactions:

- 2018, Advise a leading M&A Japanese company to acquire an Austrian cooling technology company. The deal was originated by Mizuho with a total investment of nearly EUR 600 Million.
- 2017, Implement the MBO scheme for an American company to acquire a leading entertainment company. The deal size is over USD 1 Billion.
- 2015-2016, Implement the Financial restructuring process and combination of debt and equity financing for a leading Japanese beverage company to acquire an American-founded beverages company. The deal is over USD 2 Billion.
- 2011, Mandate Lead Arranger the Syndicated loan for Japanese mobile operator; deal size over USD 1 Billion.

Education:

Bachelor of Commerce, Keio University, Japan

I. Market Outlook

Summary Points

<Short-term Perspective>

- China economy (P6)
- Current strong domestic demand and recovery of export industry (P9)
- Real estate sector recovery
- Government economic measures (P10)
- FX market & policy rate (P11-12)
- Trend of Loan & Depo balance (P13)

<Long-term perspective>

- Keep the momentum of foreign investment inflow (M&A) (P16-17)
- Energy transition plan (P18)
- Develop new key industry following the labor-intensive industry manufacturing industry

Outlook of APAC Economy

- China economy: slow down and need to pay attention for real estate industry.
- NIEs: slow in 2023 reflecting the semiconductor.
- ASEAN: slow in 2024 due to weak economic situation in the U.S. and Europe.

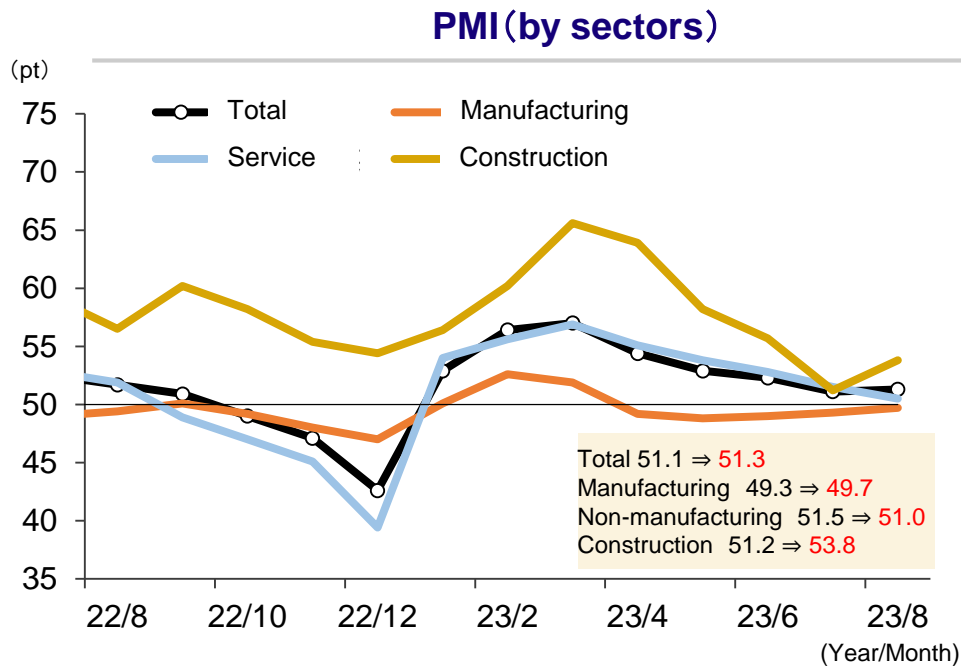
Outlook of APAC economy

	2020	2021	2022	2023	2024	2021				2022			2023	
				(Outlook)		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Asia	-0.8	7.4	4.1	4.9	4.7	-	-	-	-	-	-	-	-	-
China	2.2	8.4	3.0	5.3	4.6	8.3	5.2	4.3	4.8	0.4	3.9	2.9	4.5	6.3
NIEs	-0.6	5.7	2.1	1.7	1.9	-	-	-	-	-	-	-	-	-
South Korea	-0.7	4.3	2.6	1.4	1.8	6.4	4.1	4.3	3.1	2.9	3.2	1.4	0.9	0.9
Taiwan	3.4	6.5	2.4	1.5	2.0	7.8	4.1	5.2	3.9	3.0	3.6	-0.8	-3.3	1.5
Hong Kong	-6.5	6.4	-3.5	3.6	2.7	7.6	5.5	4.7	-3.9	-1.2	-4.6	-4.1	2.9	1.5
Singapore	-3.9	8.9	3.6	2.0	1.8	17.3	8.7	6.6	4.0	4.5	4.0	2.1	0.4	0.5
ASEAN5	-3.5	3.4	5.9	4.6	4.4	-	-	-	-	-	-	-	-	-
Indonesia	-2.1	3.7	5.3	4.4	4.4	7.1	3.5	5.0	5.0	5.5	5.7	5.0	5.0	5.2
Thailand	-6.1	1.5	2.6	3.8	2.8	7.7	-0.2	1.9	2.2	2.5	4.6	1.4	2.6	1.8
Malaysia	-5.5	3.3	8.7	3.9	3.6	16.2	-4.2	3.6	4.8	8.8	14.1	7.1	5.6	2.9
Philippines	-9.5	5.7	7.6	5.4	5.4	12.0	7.0	7.9	8.0	7.5	7.7	7.1	6.4	4.3
Vietnam	2.9	2.6	8.0	5.6	6.3	6.6	-6.0	5.2	5.1	7.8	13.7	5.9	3.3	4.1
India	-6.0	8.9	6.7	5.7	6.2	21.6	9.1	5.2	4.0	13.1	6.2	4.5	6.1	7.8
Australia	-1.8	5.2	3.7	1.8	1.8	10.4	3.9	4.5	2.9	3.4	5.9	2.8	2.7	2.3
Ref. NIEs+ASEAN5	-2.4	4.3	4.4	3.5	3.5	-	-	-	-	-	-	-	-	-
Ref. Asia, excl. China	-4.0	6.3	5.4	4.5	4.7	-	-	-	-	-	-	-	-	-

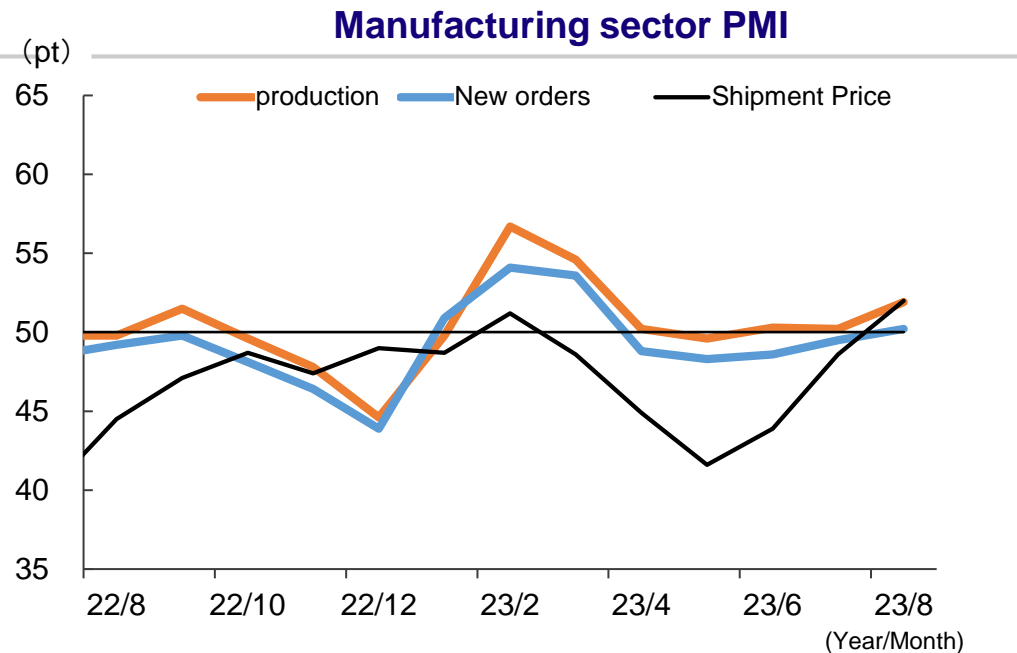
Note: Real GDP growth(Y-o-y, %); figures in shaded areas are forecasts(As of Jun 2023). The regional growth rate is calculated based on IMF GDP share (purchasing power parity basis)
 Source: Compiled by MHRT based on statistics of relevant countries and regions and the IMF, etc.

China Economy(PMI)

- Composite PMI in Aug slightly improved to 51.3. Deterioration in business sentiment has been halted for the time being.
 - Main reasons: improvement in the construction sector & slow down in the pace of deterioration in the manufacturing sector.
 - The service sector maintained its milestone of exceeding 50, although the slowdown in the service sector continued.
- Manufacturing is still not so strong, but some indicators show signs of stabilization.
 - Production (50.2 → 51.9) and new orders (49.5 → 50.2) both improved. Shipment prices also rose.
 - Inventory adjustment is also expected to provide a tailwind for a gradual pickup in the manufacturing sector.



Source: National Bureau of Statistic of China, CEIC, Mizuho Research & Technology

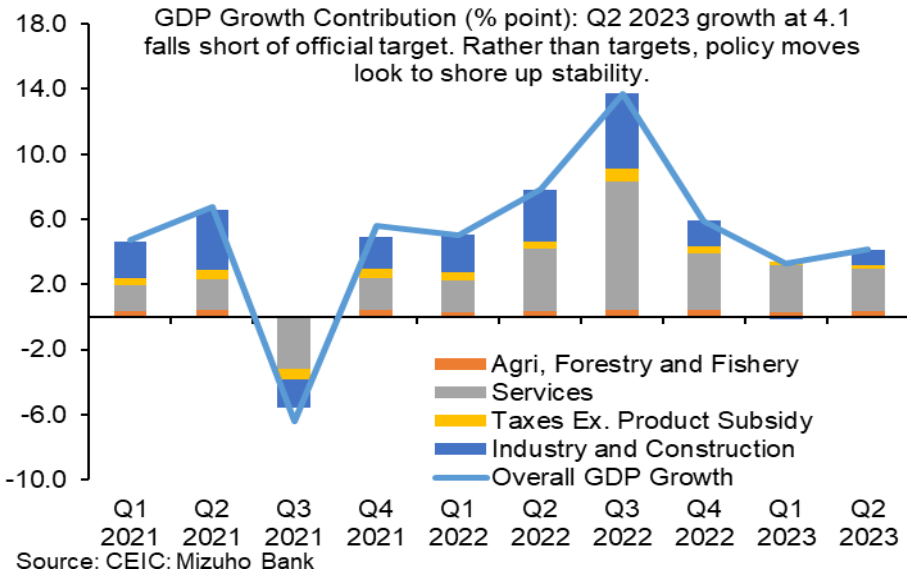


Source: National Bureau of Statistic of China, CEIC, Mizuho Research & Technology

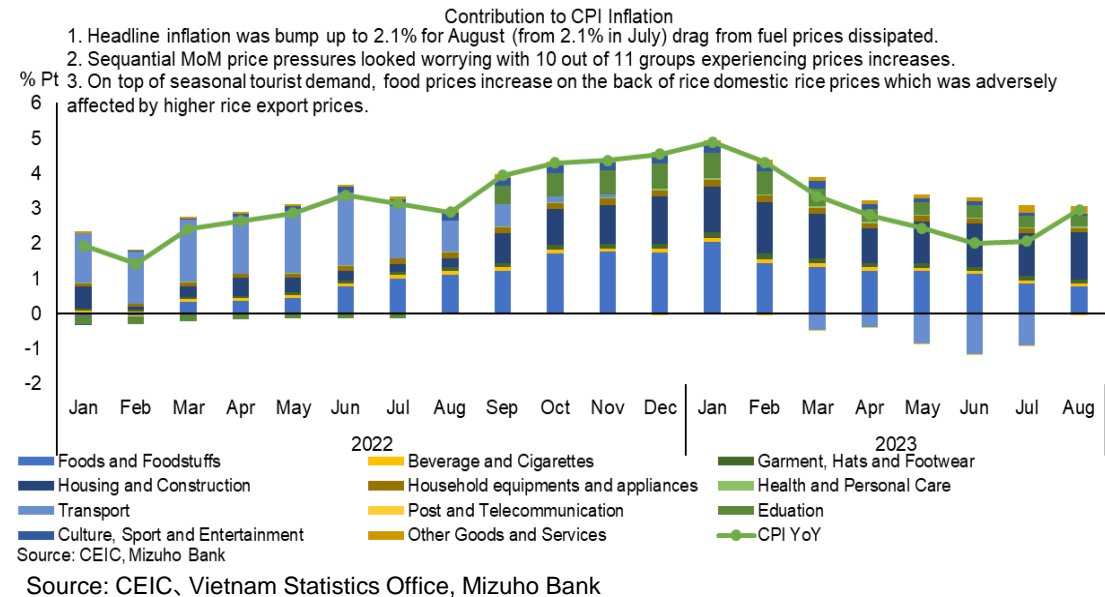
GDP and Price Trends in Vietnam

- Real GDP growth in the Apr-Jun period accelerated slightly to +4.1% yoy from the 1st quarter (+3.3% y/y).
 - Accommodation and food services also slowed significantly after the rapid recovery from Pandemic
 - Wholesale/retail, logistics, and other services are supporting
- Caution is needed regarding the impact of continued stagnation in external demand on employment and income.
 - Current consumption-related indicators are strong, but **also need to be careful about the economic slowdown in the 2nd half.**
 - Need to watch the effects of the government's economic measures due to weak demand for funds.
- Headline CPI inflation rose to 2.96% and is below the Government target (+4.50%).
 - **Caution is still needed regarding inflation pressure from fuel prices rise and India's export restrictions of rice.**

VN - GDP Growth Rate Trend (Quarterly base)



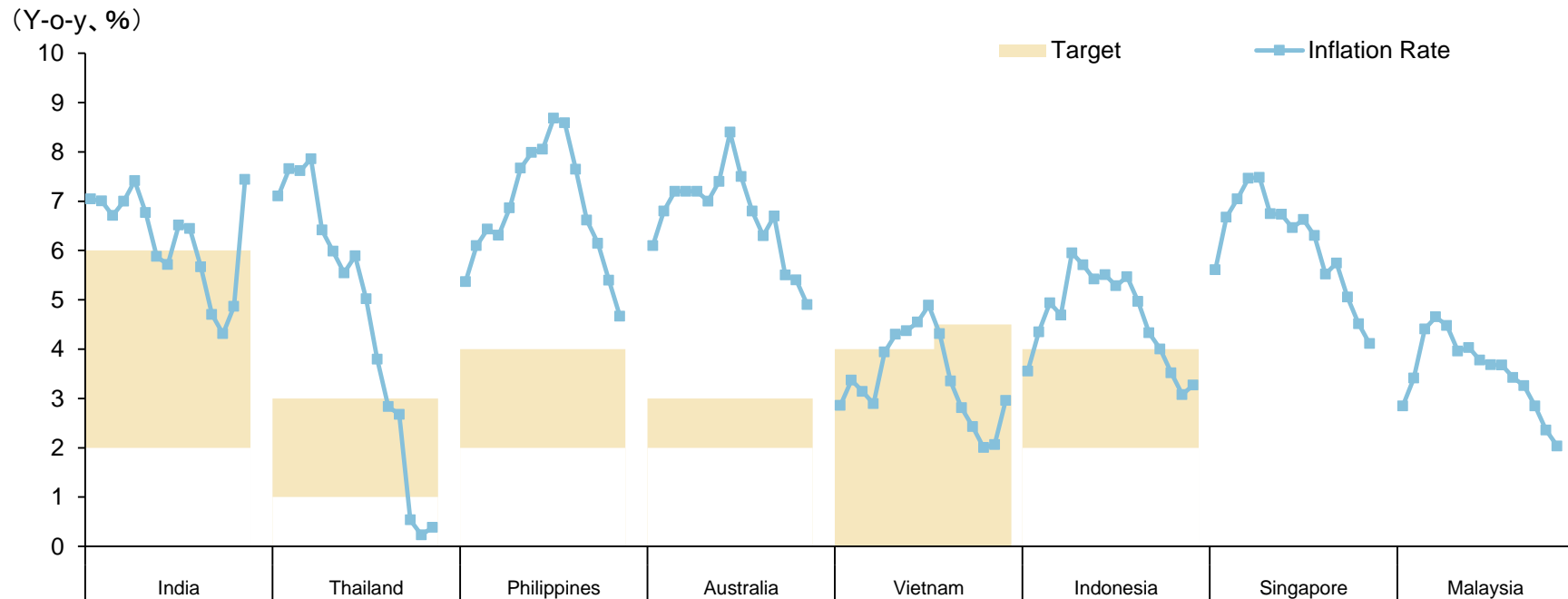
VN • CPI Trend (Monthly base)



Generally slowing headlines inflation

- Downtrend of headline inflation generally continues.
- Vietnam's inflation rate is kept low compared to other countries.
- Signs of inflation re-accelerating: energy prices have stopped falling, and food prices are rising due to weather factors.
 - In Vietnam, while the decline in the transportation sector (mainly gasoline) continued to depress CPI, the recent rise in oil prices has reduced the negative impact of the transportation sector.

Inflation Rate(by Country)

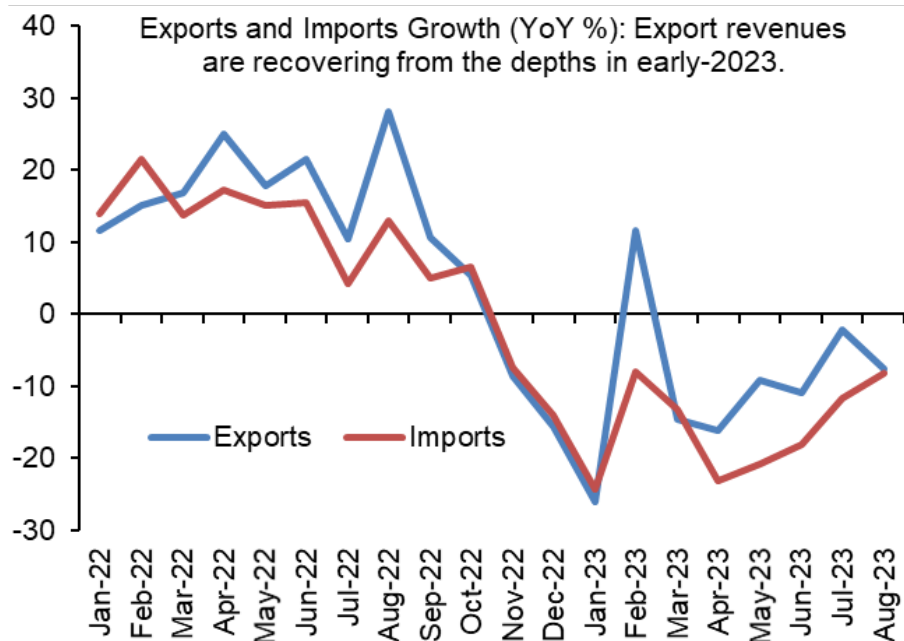


Notes: Singapore and Malaysia do not release the target
Source: CEIC , Mizuho Bank

Economic environment of Vietnam: Domestic demand is strong.

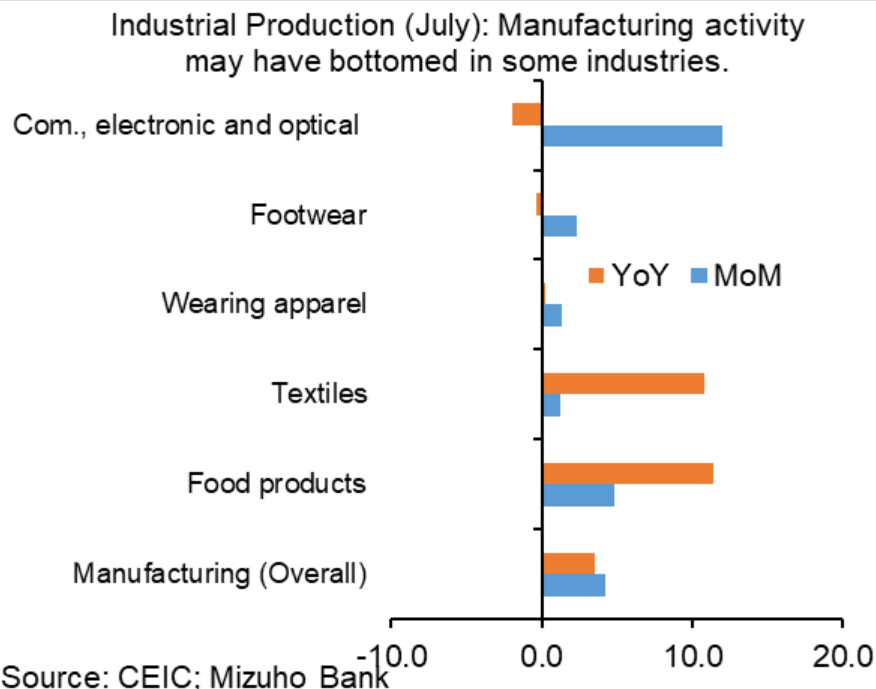
- Thanks to SBV's interest rate cuts and the government's reduction of the VAT, Vietnam's domestic economic activity has gradually begun to show signs of recovery.
 - Import: volume has been on the rise since Apr.
 - The number of tourist: reached 1.2 million in Aug, almost reaching the full-year target (8 million).
- On the other hand, export volume (compared to the same month last year) turned downward again in August.
 - The effect of launching new smartphones by Korean companies fell off.
- Industrial production also showed a year-on-year increase of 2.6% (+3.7% in the previous month).

Export/Import Trends (yoy)



Source: CEIC; Mizuho Bank

Industrial Production Trends



Source: CEIC; Mizuho Bank

Economic policy by the government

- Amid slowing economic growth, Vietnamese government implemented the following economic measures.
- Meanwhile, tighter regulations to stabilize the financial system are under consideration.

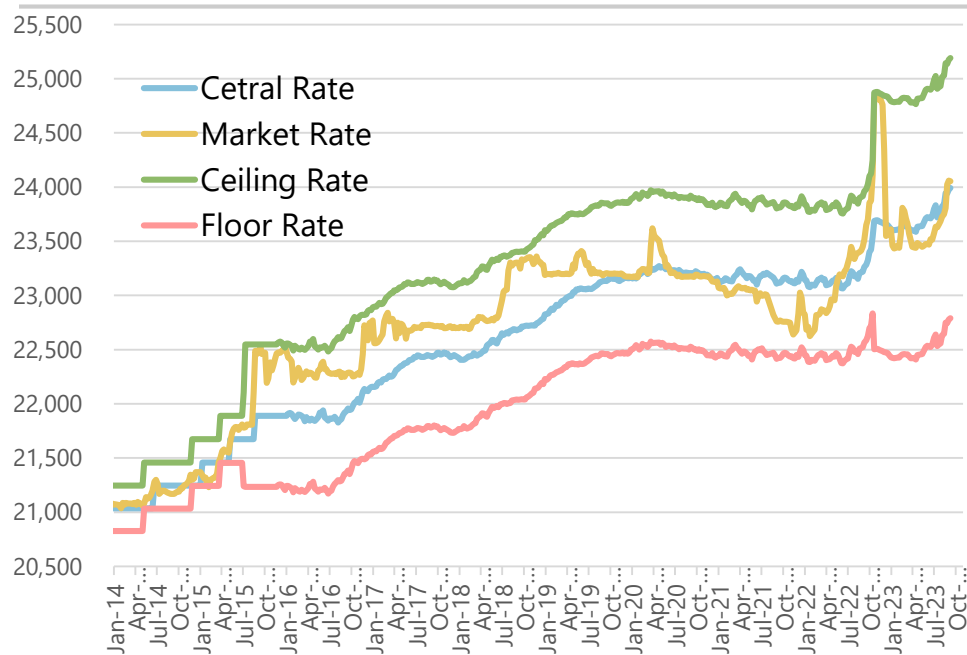
topics	contents
Policy rate	<ul style="list-style-type: none"> ▪ Reduced Refinance rate (the most preferential lending rate for corporations) 3 times from 6.0% at the beginning of the year to 4.5%.
Bank loan regulation	<ul style="list-style-type: none"> ▪ Issued Circular No.10 to suspend some bank loan restrictions and support financing of the real estate industry, etc. ▪ Requested commercial banks to reduce customer loan interest rates.
Tax cut	<ul style="list-style-type: none"> ▪ Reduced VAT from 10% to 8% from July 1, except for some products and services.
Sales incentives	<ul style="list-style-type: none"> ▪ 50% reduced automobile registration fees for automobiles produced in Vietnam.
Tighter financial regulations	<ul style="list-style-type: none"> ▪ To consider tighter Single Lending Limit (from 15% to 10%) and Group Lending Limit (from 25% to 15%) to stabilize financial system.

Source: Mizuho Bank

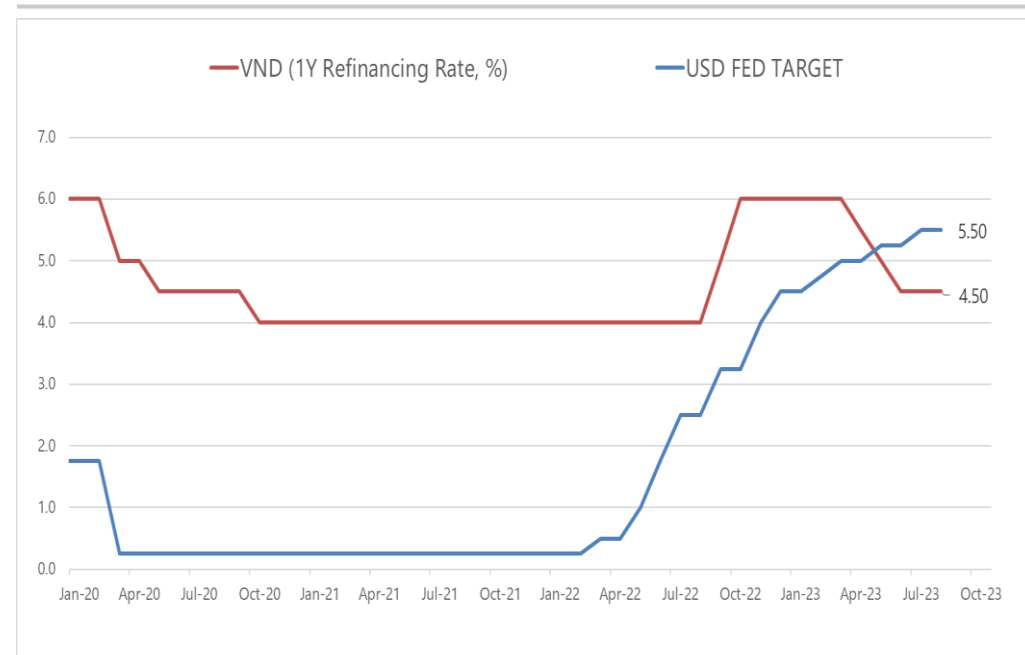
Current trend of VND FX rate ~ VND depreciation in progress

- The dollar continues to appreciate due to interest rate gap.
- Although some Vietnamese domestic economic indicators showed signs of improvement from Jun to Jul, -Export growth (yoy) slowed down again in Aug. It may be too early to judge that the economy has entered a recovery phase.
- Amid concerns about a slowdown in the China economy, risk-averse investors are buying US dollars.
- Additional interest rate cut by the SBV would increase the risk of a weakening of VND. The SBV faces a difficult decision.

USDVND FX market trend



US VN policy rate trend



Source: Refinitiv, Mizuho Bank

Outlook of FX market & policy rate

- Need to continuously watch the Fed's actions.
- VND depreciation is likely to continue due to the interest rate gap between the USD and VND.

Outlook of FX market

	2023 Jan-Aug	Sep	Dec	2024 Mar	Jun	Sep
USD/VND	23,415 ~ 24,190 (24,080)	23,500 ~ 24,600 (24,200)	23,000 ~ 24,100 (23,700)	23,600 ~ 24,400 (24,100)	23,500 ~ 24,000 (23,600)	23,200 ~ 23,500 (23,400)
USD/JPY	127.22 ~ 147.37 (146.07)	145.00 ~ 147.00 (146.00)	146.00 ~ 151.00 (147.00)	144.00 ~ 150.00 (145.00)	142.00 ~ 148.00 (143.00)	138.00 ~ 145.00 (141.00)
JPY/VND	162.71 ~ 184.16 (165.48)	159.86 ~ 169.66 (165.80)	152.32 ~ 165.07 (161.20)	157.33 ~ 169.44 (166.20)	158.78 ~ 169.01 (165.00)	160.00 ~ 170.29 (166.00)

- Notes: 1. Jan-Aug→result by the end of Aug, ()close, mid rate
 2. result is from Bloomberg & Refinitiv
 3. () of forecast column is level at end of quarter

Outlook of policy rate

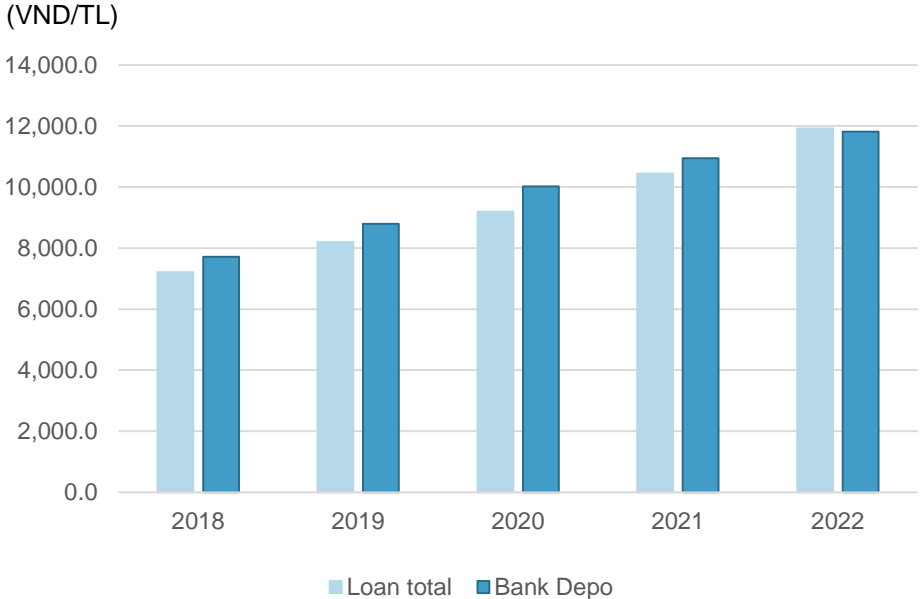
	2023 Aug(Actual)	Sep	Dec	2024 Mar	Jun	Sep
VND Policy Rate	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%
USD FF Rate	5.25-5.50%	5.25-5.50%	5.25-5.50%	4.50-4.75%	4.00-4.25%	3.50-3.75%
China PBoC	3.45%	3.35%	3.35%	3.35%	3.35%	3.35%
Thailand Bot	2.25%	2.25%	2.25%	2.00%	1.75%	1.75%
India RBI	6.75%	6.75%	6.50%	6.25%	6.25%	6.25%

Source: Mizuho Bank

Trend of Loan & Depo balance

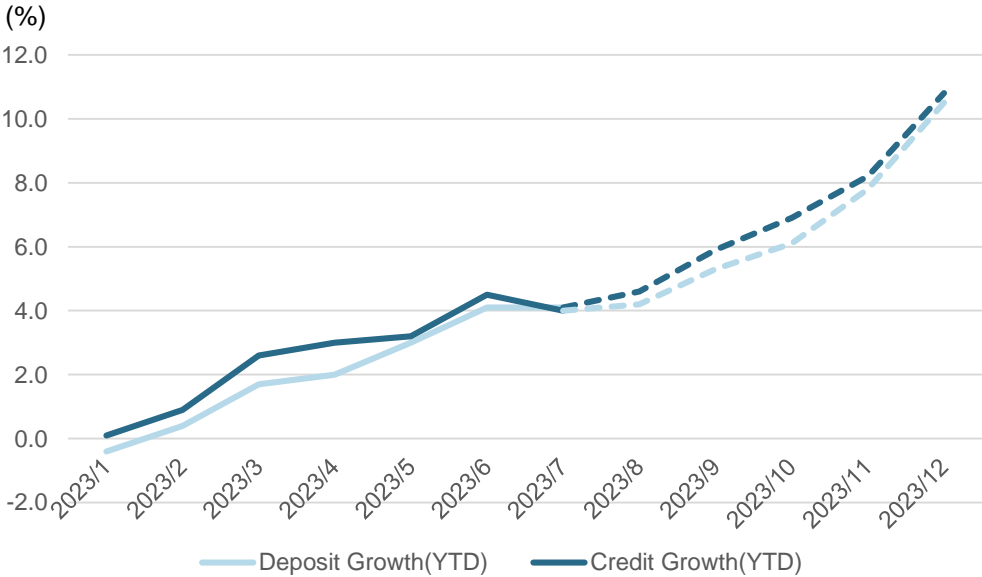
- Steady growth in deposits and loans.
- The strength of domestic demand is showing a recovery, thanks to several government support measures. SBV plans to increase bank lending.
- For the export industry, the recovery of the global economy, especially that of China, will determine the speed of Vietnam's economic recovery.

Loan/Depo Trend



Source: State Bank of Vietnam

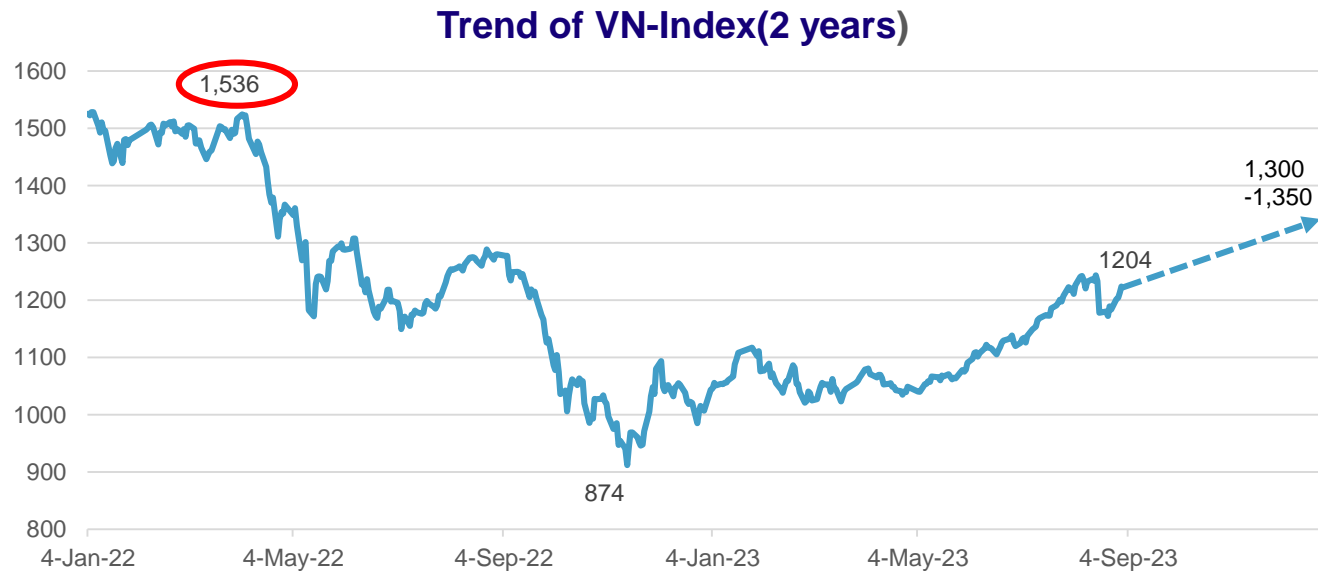
Depo/Loan Growth Trend



Source: State Bank of Vietnam, Mizuho Bank

Vietnam Stock Market

- The VN Stock Index continued to rise in the first half of 2022 with the post-corona economic recovery, reach a high of 1,536.
- In the second half of 2022, the index fell to a year low of 874 in mid-November due to the distrust in the real estate industry following an additional policy rate hike (from 4% to 6%) by SBV and the arrest of the chairman of major local real estate development company.
- Funds have returned to the stock market due largely to the effects of lower interest rates.
- Expect to land around 1,300-1,350 by the end of 2023.



Source: Bloomberg

II . Other key watch-outs

M&A in Vietnam M&A: Key Facts and Figures

Disclosed Deal
Number

259 in H1/22

and

96 in H1/23



Completed Deal
Number

203 in H1/22

and

54 in H1/23



Disclosed Deals Over USD 10mn

Completed Deals Over USD 10mn



Disclosed Deal Volume

USD 13.4 Bn in H1/22

and

**USD 11.3 Bn
in H1/23**



Completed Deal
Volume

USD 10.3 Bn in H1/22

and

**USD 5,236 Mn
in H1/23**

Deal Types: Acquisition, Merger of Equals, IPO, Capital Increase, Minority Stake, Joint Venture

*Only accounted for deals having disclosed value above USD 10 million.

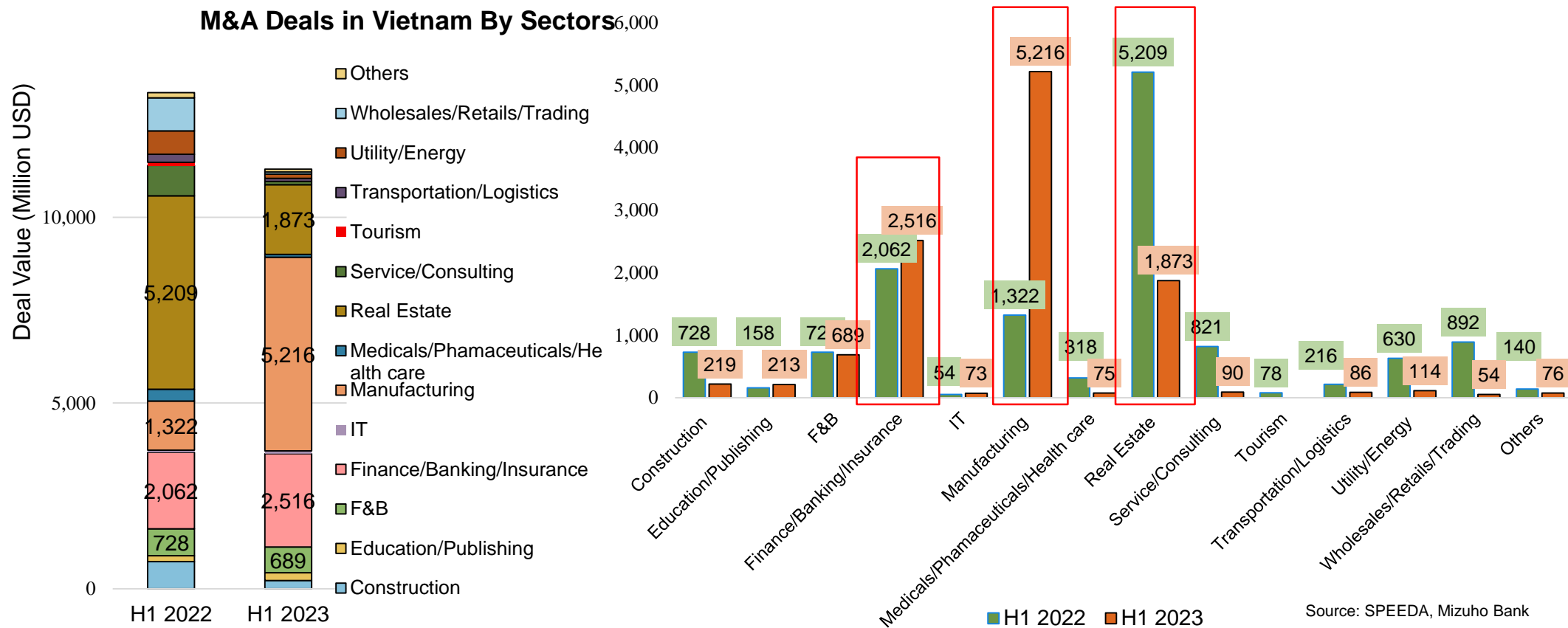
**Megadeals: Deal size > USD 100 million

Source: SPEEDA

M&A Deals in Vietnam by Sectors

- **Manufacturing was the top area of focus for M&As**, driven by venture capital investors from other countries
 - To utilize Vietnam's strategic location, potential in natural resources and low labor costs, and by local conglomerates' expansion strategies with top deal of Vingroup.
- **Finance/Banking/Insurance ranked 2nd**, driven by market consolidation and the restructuring of Vietnam's banking system.
- **Real estate remained in the top 3** despite of a significant drop compared to H1/2022.

M&A Deals in Vietnam By Sectors



Source: SPEEDA, Mizuho Bank

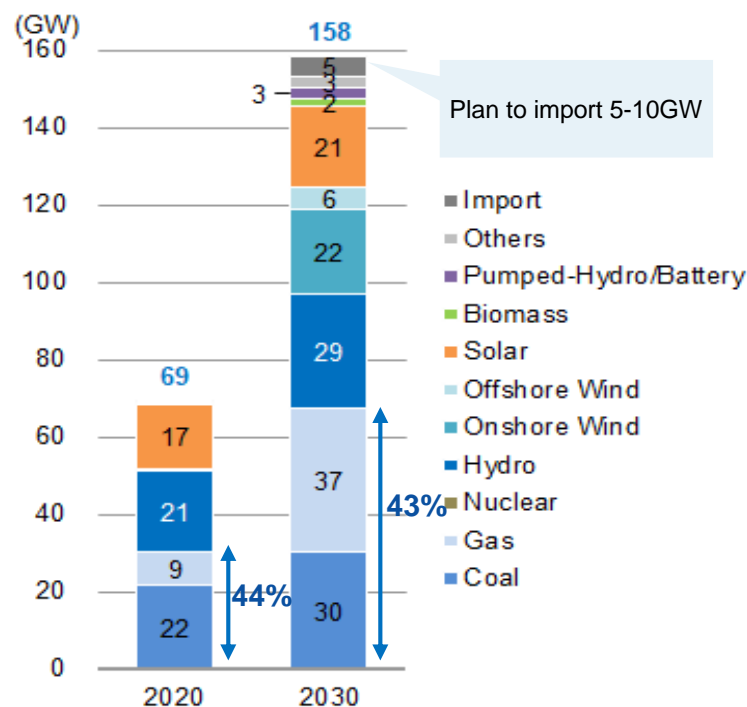
Notes: *Deal Types: Acquisition, Merger of Equals, Capital Increase, IPO, Minority Stake, Joint Venture

*Only accounted for deals having disclosed value above USD 10 million.
Based on deal announced date

Vietnam Power Development Plan (PDP8)

- In May 2023, Vietnam released a new power development plan (PDP8).
 - Aiming for a renewable energy ratio (excluding hydro) of 30.9-39.2% by 2030.
 - to increase installed capacity by 89 GW by 2030, domestic gas and LNG-fired power (+28.5 GW) & wind power (+27.4 GW)
 - Estimates that \$119.8 billion in power source investment & \$15 billion in transmission investment will be required by 2030
 - 2050 Vision foresees the use of hydrogen and ammonia for power generation to achieve CN

Projected Cumulative Installed Capacity in PDP8



unit : MW	2020	2030(plan)	increase	2050 vision
Coal	21,554	30,127	+8,573	Coal: 0
Domestic Gas	8,858	14,930	+6,072	Bio-ammonia mono-firing: 25,632 - 32,432
				Domestic Gas/LNG: 7,900
				Hydrogen mono-firing: 7,030
LNG	0	22,400	+22,400	Hydrogen co-firing: 4,500 - 9,000
				Hydrogen mono-firing: 16,400 - 20,900
Hydro	20,774	29,346	+8,572	36,016
Offshore Wind	518	21,880	+21,362	60,050 - 77,050
Onshore Wind	0	6,000	+6,000	70,000 - 91,500
Solar	16,656	20,621*	+3,965*	168,594 - 189,294
Biomass	365	2,270	+1,950	6,015
Co-generation	0	2,700	+2,700	4,500
Pumped-Hydro	0	2,400	+2,400	30,650 - 45,550
Battery	0	300	+300	30,900 - 46,200
others	0	300	+300	11,042
import	572	5,000	+4,428	
合計	69,297	158,274	+88,977	490,529 - 573,129

Source: Vietnam Government, Mizuho Bank

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<Long-term perspective>

- Keep the momentum of foreign investment inflow (M&A) (P16-17)
- Energy transition plan (P18)
- Develop new key industry following the labor-intensive industry manufacturing industry

Mizuho contact list



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Non Japanese Head of Vietnam
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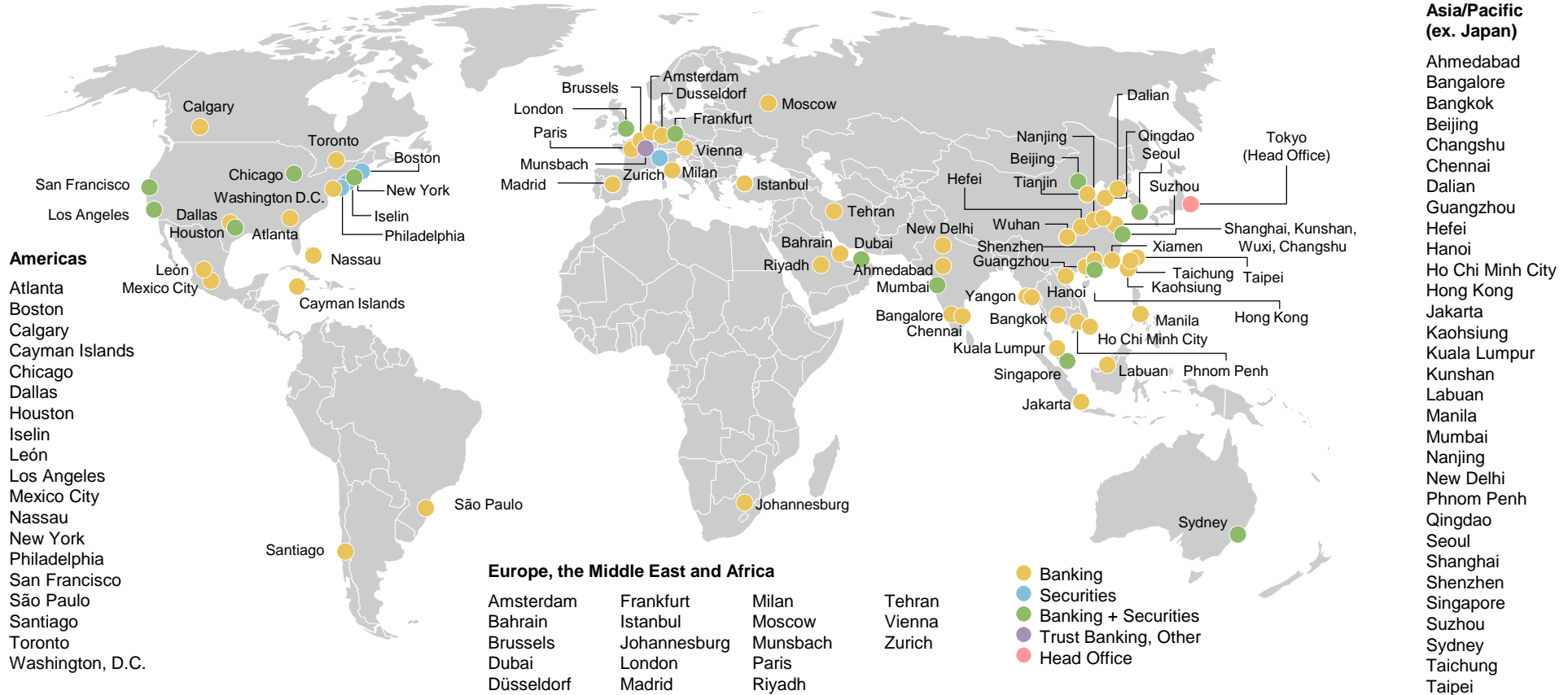


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Appendix. About Mizuho

<Mizuho> 's extensive global network

<Mizuho> is one of the largest, full-service financial institutions in the world



Listed Japanese Companies Coverage
70%

Forbes Global 200 Coverage
80%

Countries & Regions
38

Number of Employees
60,000

As of 2023



<Mizuho> in Vietnam

- Over 25 years of corporate banking operation in Vietnam to fulfill all clients needs
- Alliance with Vietcombank and its subsidiaries has let Mizuho to spread its wings in Capital Markets stronger

Mizuho's Unique Presence

<p>One of the First Japanese Banks to Operate in Vietnam</p>	<ul style="list-style-type: none"> ▪ Two full corporate banking branches in Vietnam ▪ Hanoi branch was established in 1996 ▪ Ho Chi Minh branch was established in 2006
<p>Localization</p>	<ul style="list-style-type: none"> ▪ Full corporate banking licences ▪ Over 300 staff is working in Hanoi and Ho Chi Minh branch ▪ Approximately 1,000 corporate customers and projects in Hanoi Branch <i>(Japanese corporate customers: over 900 Vietnamese corporate customers: over 40)</i> ▪ <u>First Japanese bank ever to sign a MOU with SCIC</u> for the purpose of supporting and providing investment/alliance opportunity information for Japanese corporates (State Capital Investment Corporation, 2014)
<p>Vietcombank strategic investment enables Mizuho to provide localised services</p>	<ul style="list-style-type: none"> ▪ In Sept. 2011, Mizuho Corporate Bank (former body of Mizuho Bank, Ltd.) entered into <u>a capital and business alliance with Vietcombank</u> (one of the largest commercial banks in Vietnam). The alliance has improved services for our customers by strengthening the bank's structure to support the business development of our customers in Vietnam ▪ Currently, 6 secondee from Mizuho works in Vietcombank, and one of them being the Vice President

Mizuho in Vietnam



Hanoi Branch

Establishment: 1996
Local staff : 189
Japanese Expatriates: 9



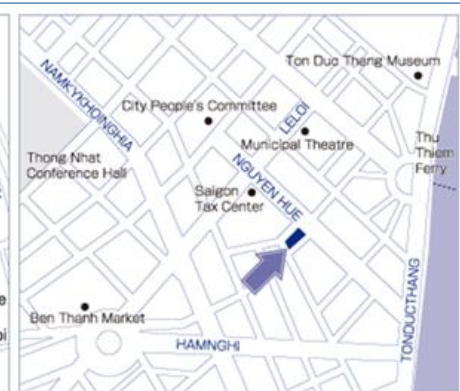
Ho Chi Minh Branch

Establishment: 2006
Local staff : 128
Japanese Expatriates: 10

Address



Hanoi Branch
4th Floor, 63 LTT Building
63 Ly Thai To Street, Hanoi



Ho Chi Minh Branch
18th Floor, Sun Wah Tower
115 Nguyen Hue Boulevard,
District 1, Ho Chi Minh City

Company Profile: M-Service

- In December 2021, Mizuho Bank made a partial investment in "Online Mobile Services Joint Stock Company" (M-Service), the largest digital payment operator in Vietnam with a market share of over 50% in the mobile payment market.
- Founded in 2007, M-Service operates a payment application, MoMo, and has expanded its use of e-wallets to include mobile and utility bill payments, storage services, movie tickets and travel arrangements. In recent years, the company has started handling financial services such as operations, loans and insurance.
- Established an extensive franchise network in Vietnam through a long business history, leading the position of super-app in Vietnam

Our Company Overview

Company name	MoMo (Service name, alias) Online Mobile Services Joint Stock Company
Base	HCMC: 7th arrondissement, Phu My Hung Tower Hanoi: Tay Ho Ward, Mercury Building Da Nang: Hai Chau District
Number of employees	Approximately 2,000 (average age 25 ~ 26) Mizuho dispatched: 1 person (April 2022 to be increased)
executive officer	President Anthony Thomas Co-President Phạm Thành Đức CEO Nguyễn Mạnh Tường CFO Shah Manisha Satish
Fundraising History (Lead)	Established in 2007 2013 Series A (Goldman Sachs) 2016 Series B (StanChart PE) 2018 Series C (Warburg Pincus) 2020 Series D (Goodwater/WP) 2021 Series E (Mizuho to 7.5%)

A super-app that covers a wide range of use cases

Number of users
30M+

Partners financial institution
50+

Online franchisees
5,200

Offline payment center
140K+

- 1 **Caching In/Out**
- 2 **P2P Remittances**
- 3 **living fee payment**
- 4 **Movie ticket**
- 5 **online travel arrangements**
- 6 **Investment**

- 7 **QR Code Payment**
- 8 **mobile bill payment**
- 9 **App Store Payments**
- 10 **personal loan**
- 11 **financial agency**
- 12 **Promotion**

Outreach Support <M&A Origination>

<Roles of Vietnam M&A Origination Team>

Vietnam M&A Origination Team

- Introducing Japanese and Non-Japanese Clients' M&A needs to private equity firms and M&A boutiques etc.
- Sourcing potential investment opportunities on behalf of Clients.

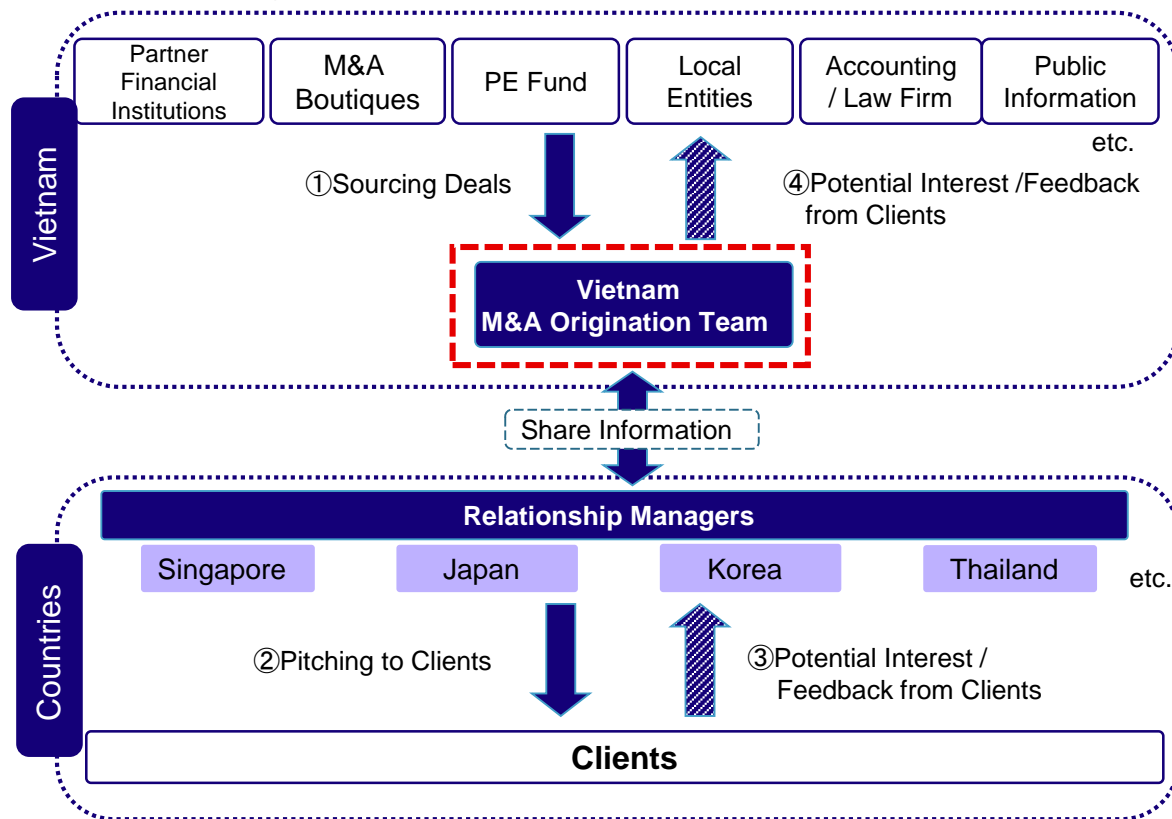
<Our Focus>

Service Focus	M&A origination for Investors
Client Focus	Japanese & Non-Japanese Investors
Target Companies	Vietnamese Companies
Industry Focus	All industries
Information	Sourcing deals from nearly 150 institutes to find a match for Clients' needs (including Private, Public, State-Owned Companies)

<Registered Information>

Sector	No. of Deals	Deal Size	No. of Deals
Advertisement / Media	6	< 20	67
Construction	16	20-50	90
Energy / Utility	34	50-100	30
F&B	24	>100	28
Finance / Insurance	14	NA	129
IT / telecommunications	12	Total	344
Logistics / Transportation	22		
Manufacturer	56		
Mining	2		
Pharma / Medical	30		
Real Estate	105		
Services	9		
Wholesale / Retail / Trading	10		
Others	4		
Total	344		

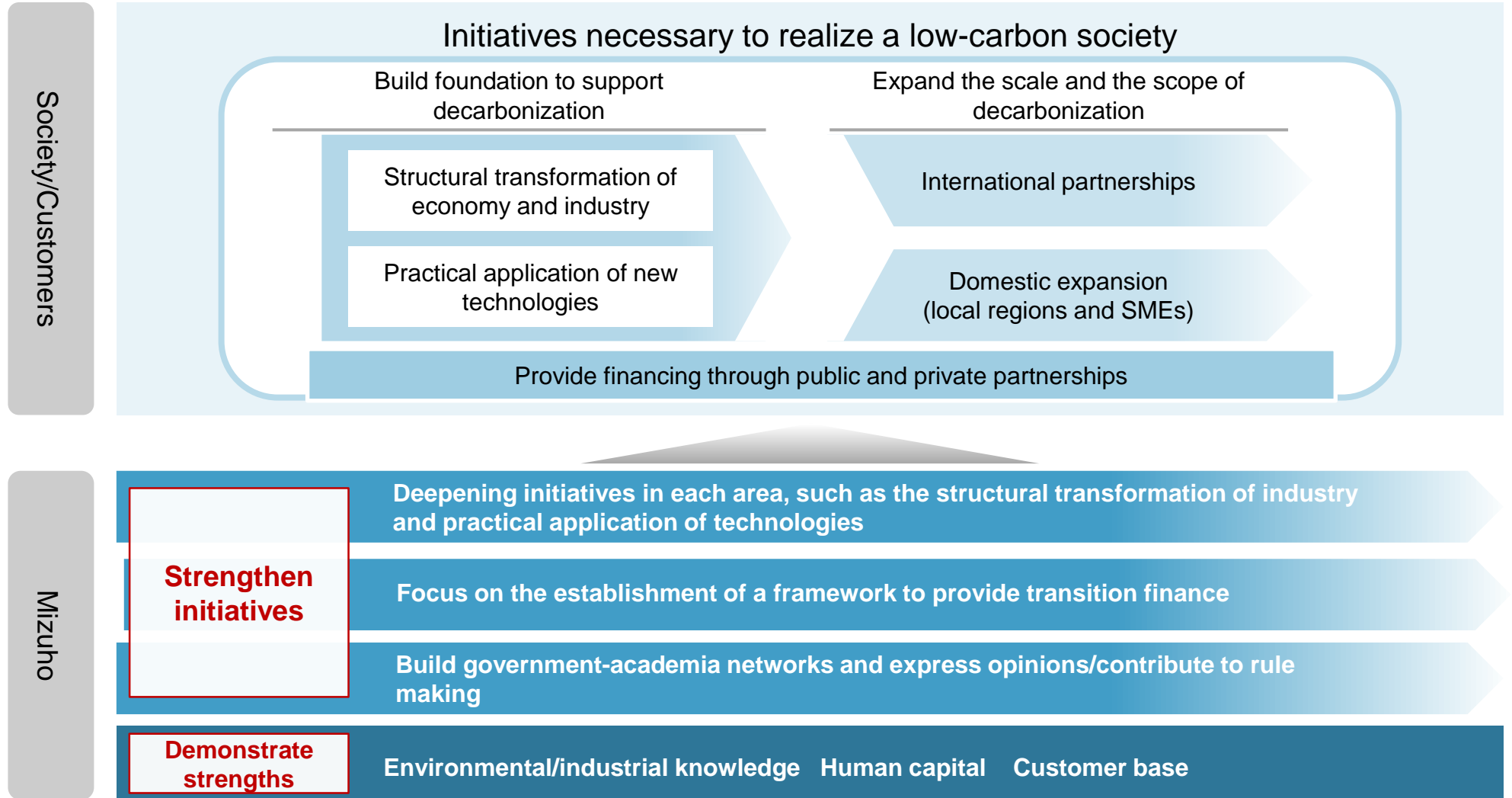
<Flow of M&A Origination>



<Services>

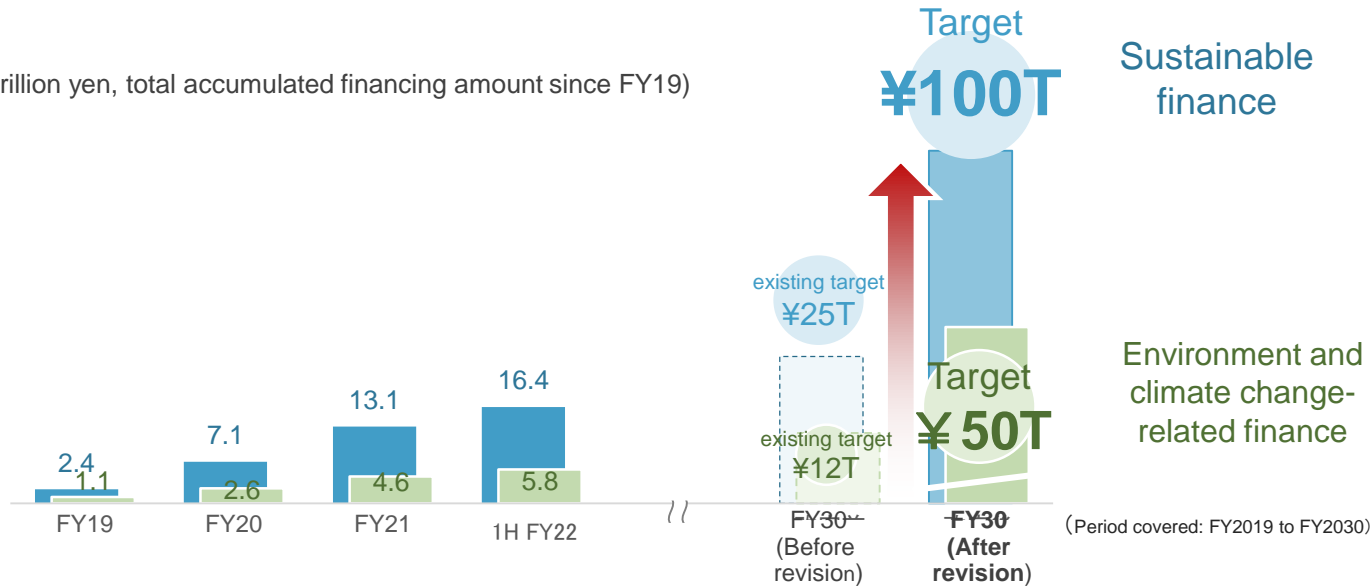
Deal Sourcing	• Sourcing deals to Vietnamese companies upon hearing clients' needs
Meeting Setup	• Setting meetings between Target Companies and Investors
Accompanying	• Accompanying to meetings and/or site visit upon request from investors (language and facilitation support)
Negotiation	• Support to negotiate terms on documents such as NDA with the target company and/or sell-side financial advisors
Transaction	• Banking support (including opening accounts, FX, etc.)

Overview of Mizuho's strategy to realize a low-carbon society



Revising targets for sustainable finance and environment and climate change-related finance

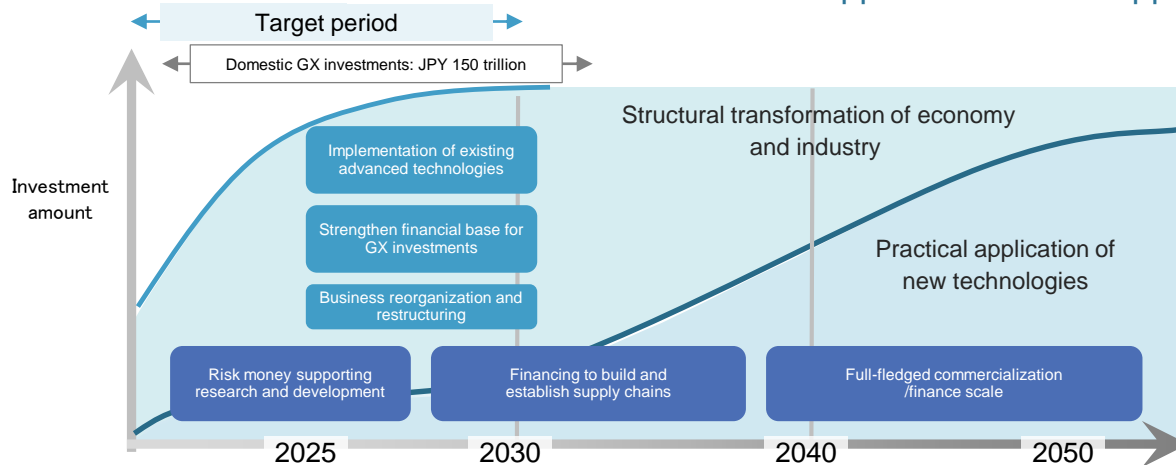
(Trillion yen, total accumulated financing amount since FY19)



The role of Mizuho

- Create money flow; and
- Provide financing toward DE-carbonization.

Potential investment opportunities - Supply of financing to support GX investments -



- Investments needed for DE-carbonization
 - Japan: JPY 150 trillion over the next decade^{*1}
 - Global: USD 4 trillion per year by 2030^{*2}
- Mizuho's initiatives
 - Focus on providing green and transition financings and risk money for technology commercialization
 - Change the name of the target from “Environmental finance” to “Environment and Climate Change-related finance” and revise the scope of applicable finance

*1 source :The GX Basic Policy *2 source: IEA World Energy Outlook 2021

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(c) Please undertake sufficient consultation with a lawyer with respect to the legal treatment, with an accountant with respect to the accounting treatment and with a tax accountant with respect to the tax treatment.