PETROVIETNAM PSI

VIETNAM STOCK MARKET OUTLOOK 2026

DEC 2025

ECONOMIC OUTLOOK

THE GLOBAL ECONOMY POST – RATE HIKE CYCLE

TRADE WAR 2.0 SWEEPS THE GLOBE

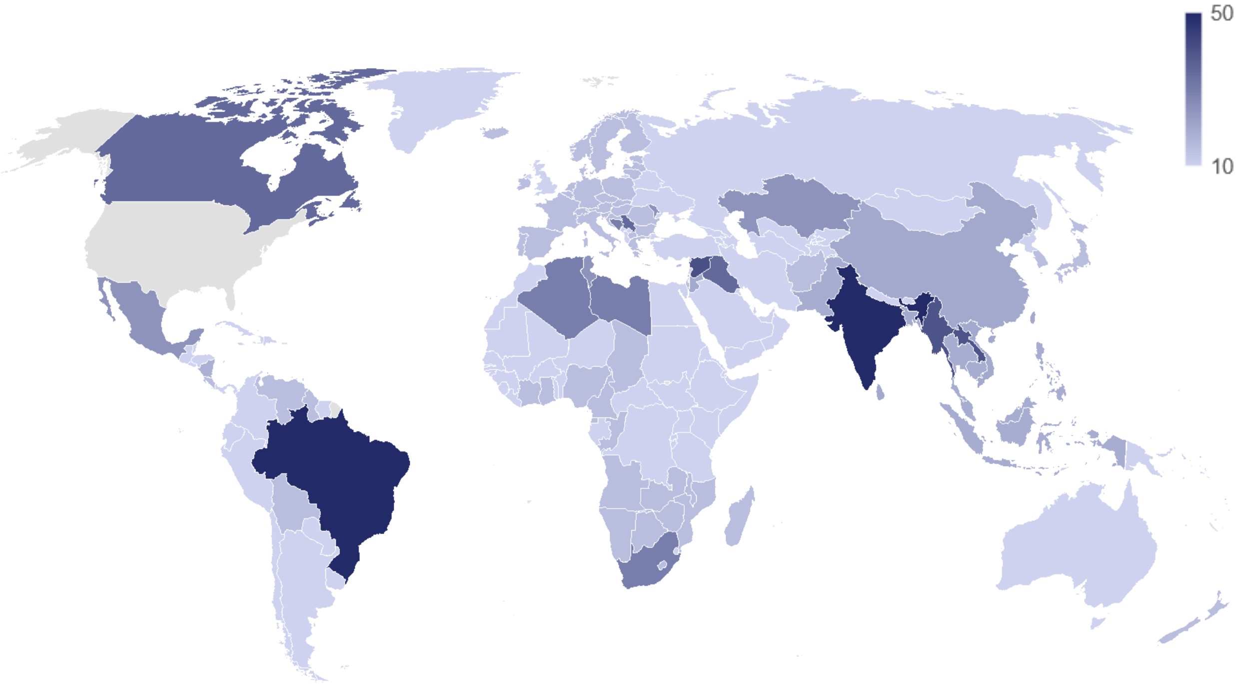
Upon returning to the White House on January 20, 2025, President Trump immediately implemented a series of protectionist policies, effectively initiating a global Trade War 2.0. China remains the primary target; tensions escalated to a peak where the world's two largest economies imposed reciprocal tariffs of up to 145% and 125% on each other's exports. Furthermore, President Trump consistently targeted nations and regions maintaining significant trade surpluses with the US such as Canada, Mexico, the EU, and Vietnam—threatening maximum tariff rates of up to 46%.

The US strategy of utilizing tariffs as bargaining chips to address broader objectives including immigration, counternarcotics, trade deficit reduction, and countering China's rise has proven effective. Consequently, most nations have negotiated new trade agreements with the US to secure preferential tariff rates after agreeing to concessions and compromises.

Nevertheless, US - China tensions remain a critical concern as both nations continue to employ both tariff and non-tariff measures in their confrontation. A truce reached in early November between the US and China has led to the lifting of most protectionist measures for the upcoming year, temporarily stabilizing the global trade landscape.

US Imposes Reciprocal Tariffs on All Nations Worldwide

US Tariff Rates Imposed by Country (As of November 1, 2025)



Source: PSI reseach

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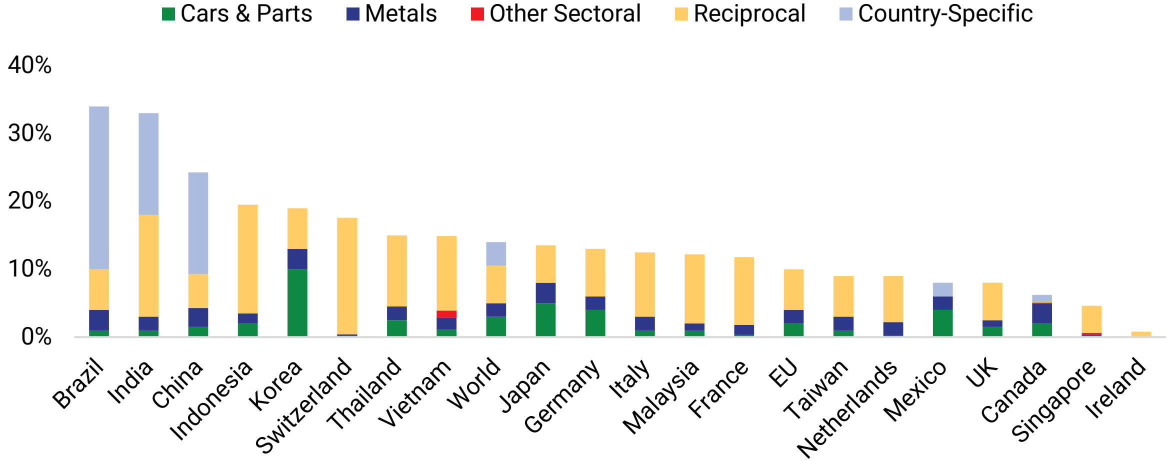
TRADE WAR 2.0 SWEEPS THE GLOBE

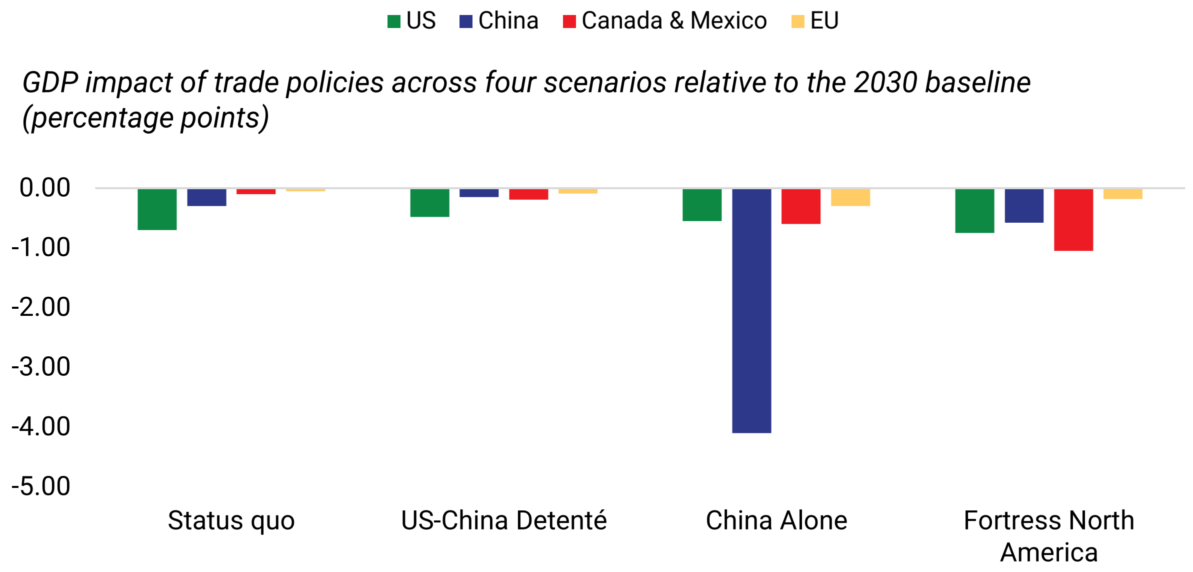
CONSEQUENCES OF THE TRADE WAR

Trade policy uncertainly and the resurgence of protectionism are threatening the global economic recovery, particularly against a backdrop where the global growth momentum remains below pre-pandemic averages. The Bloomberg Composite – an aggregate of forecasts from major financial institutions and economic organizations – indicates a median global growth projection of 3.0% for 2025. This represents a deceleration from the 3.3% recorded in 2024, with a further slight moderation to 2.9% anticipated in 2026. Notably, Asia and emerging economics are expected to bear the brunt of these headwinds.

Tariff Rates Faced by Nations Following President Trump's New Policy Measures



The Toll of the Tariff War Under Various Scenarios



Source: Bloomberg

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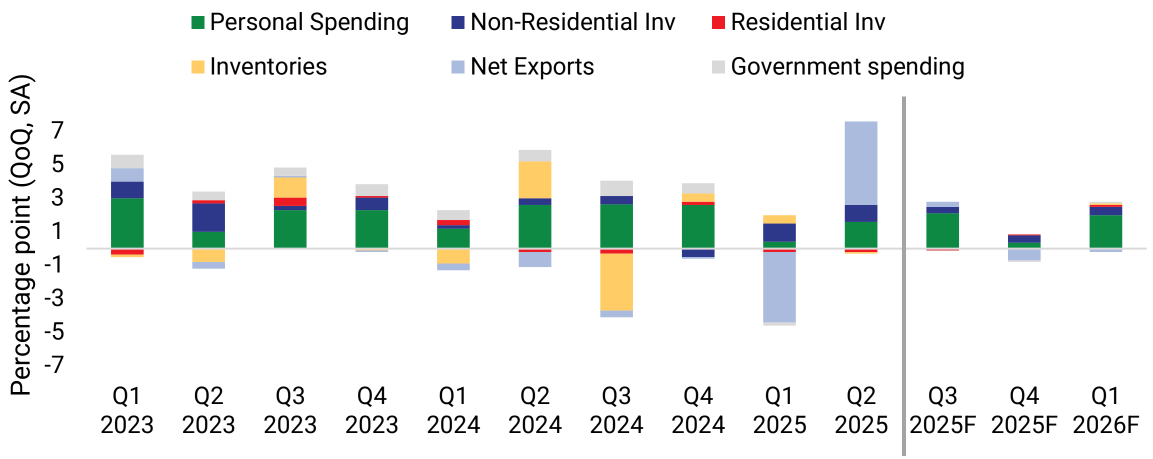
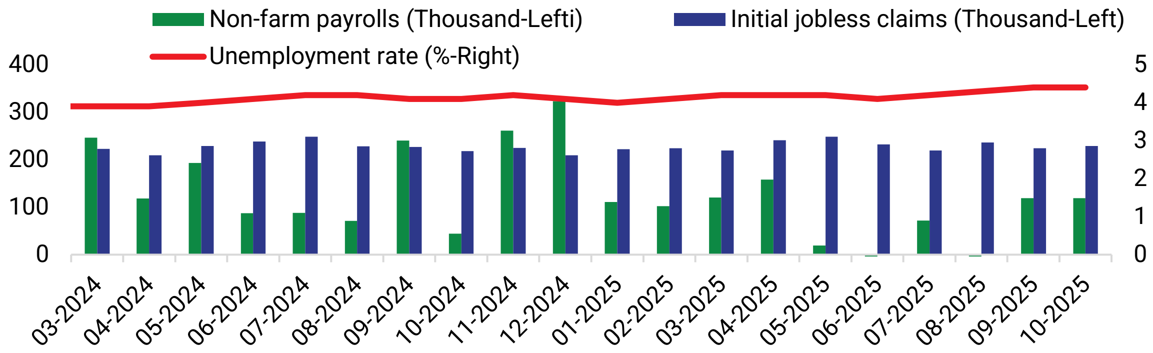
GROWTH MEETS EXPECTATIONS, YET INTERNAL CONFLICT IS DECELERATING THE U.S. ECONOMY

Contribution to US GDP Growth by Component



The U.S. labor market weakened as the unemployment rate ticks up



Source: Bloomberg, PSI research

The U.S. economy is forecast to achieve a growth rate of approximately 1.8%–2.0% year-on-year (YoY) in 2025. Despite headwinds from the Trade War and pessimistic growth forecasts, U.S. GDP expanded by 2.1% YoY in Q2/2025, underpinned by robust domestic purchasing power in the first half of the year.

The prolonged government shutdown, resulting from Congress's failure to reach a consensus on the spending plan for the next fiscal year, is projected to decelerate U.S. growth in Q3 and Q4 of 2025. Consequently, the release of key economic data for Q3/2025 has been delayed due to the shutdown. Nevertheless, indicators suggest the U.S. economy's resilience is being tested by persistent inflation. Nominal CPI began to rebound at the start of Q3/2025 as the impact of President Trump's tariffs started to pass through to goods prices. Consumer confidence is eroding due to sustained high inflation, while the labor market continues to soften and remains fragile. Both new job creation and layoff rates remain low, reflecting a cautious "wait-and-see" sentiment among enterprises. The University of Michigan Consumer Sentiment Index fell to 51.0 in November, down from 53.6 in the previous month, illustrating deep pessimism among Americans regarding persistently high prices.

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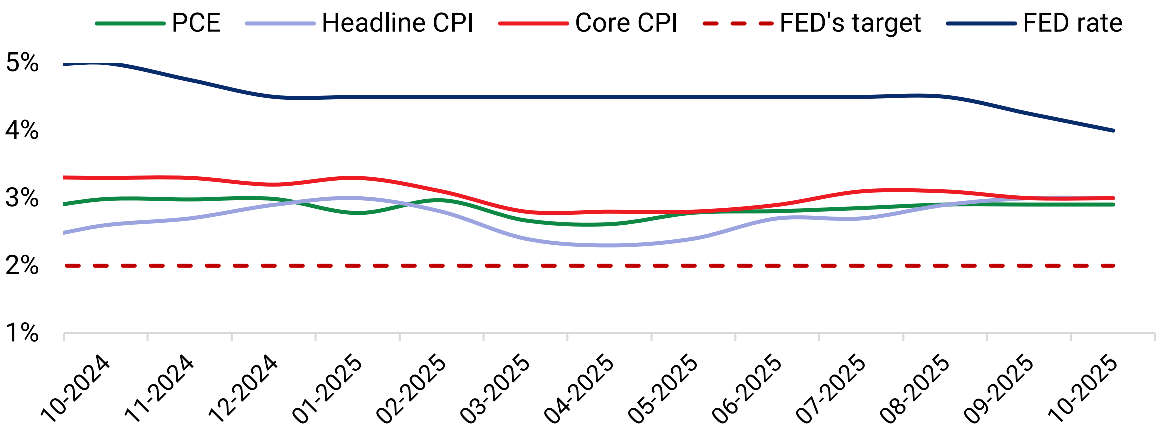
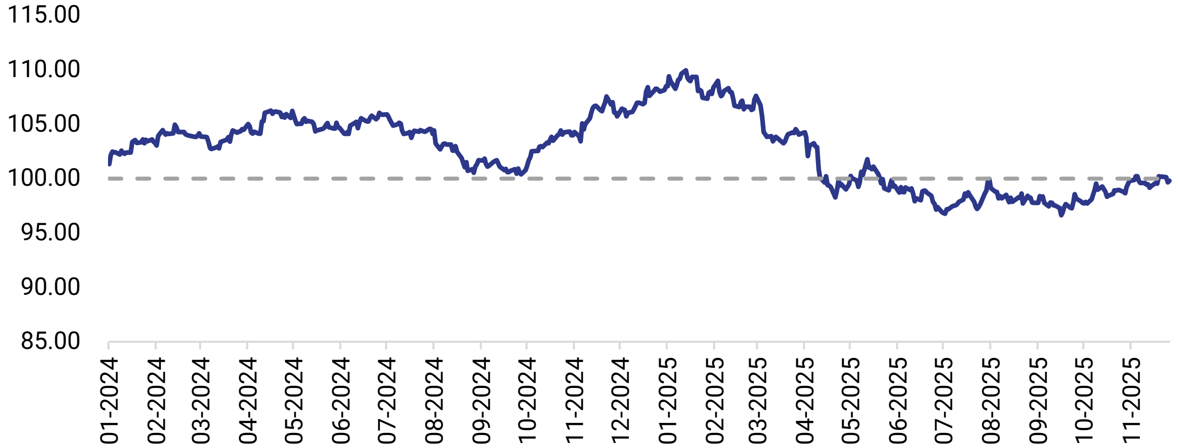
GROWTH MEETS EXPECTATIONS, YET INTERNAL CONFLICT IS DECELERATING THE U.S. ECONOMY

The Fed commenced its rate-cutting cycle in September 2025 and is projected to implement a total of three rate cuts, amounting to a cumulative reduction of 75bps, bringing the Fed's year-end 2025 target range to 3.75%–4.00%. Furthermore, the Fed announced the termination of Quantitative Tightening (QT) starting December 2025, signaling the conclusion of the aggressive tightening phase. The Fed's actions lagged behind investors' early-year expectations due to concerns over potential inflationary pressures arising from President Trump's new import tariff policies. However, the softening labor market ultimately compelled the Fed to act**. Divergence in policy views among FOMC (Federal Open Market Committee) members is pronounced and partially influenced by political factors.** This suggests significant uncertainty regarding the U.S. economic outlook, particularly as key economic indicators required for rate decisions such as GDP, inflation, and unemployment figures are facing multi-month delays due to the government shutdown. The Fed's monetary easing has weakened the USD, thereby diminishing the attractiveness of U.S. assets. A weaker dollar also increases import costs, exerting further upward pressure on inflation.

Fed Cuts Rates for Second Time in Late October Amid Data Vacuum about Inflation



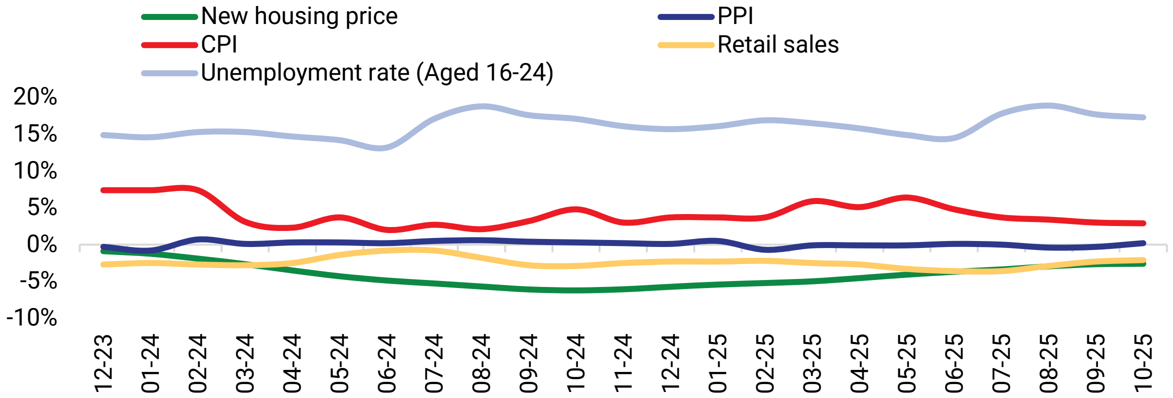
DXY fell below 100 points starting mid-year 2025



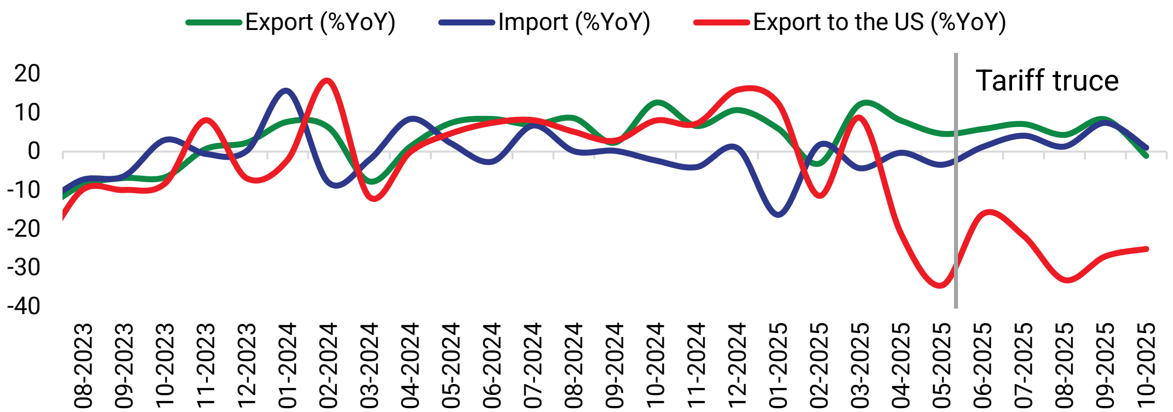
THE GLOBAL ECONOMY POST – RATE HIKE CYCLE

CHINA MEETS GROWTH TARGET DESPITE FACING A SERIES OF HEADWINDS

China's economic strength remains quite weak, despite the implementation of numerous stimulus policies.



China's export growth is losing momentum, plunging significantly in the U.S. market



The Chinese economy has been slow to absorb recent stimulus packages. Continued declines in new home prices indicate that China's property crisis is far from over, despite Beijing's implementation of numerous support measures. Retail sales remained virtually flat year-on-year throughout 2025. Both indicators reflect a concerning reality:

(1) Low consumer confidence due to concerns regarding employment and income prospects; and (2) A negative wealth effect stemming from the real estate downturn, prompting households to tighten spending.

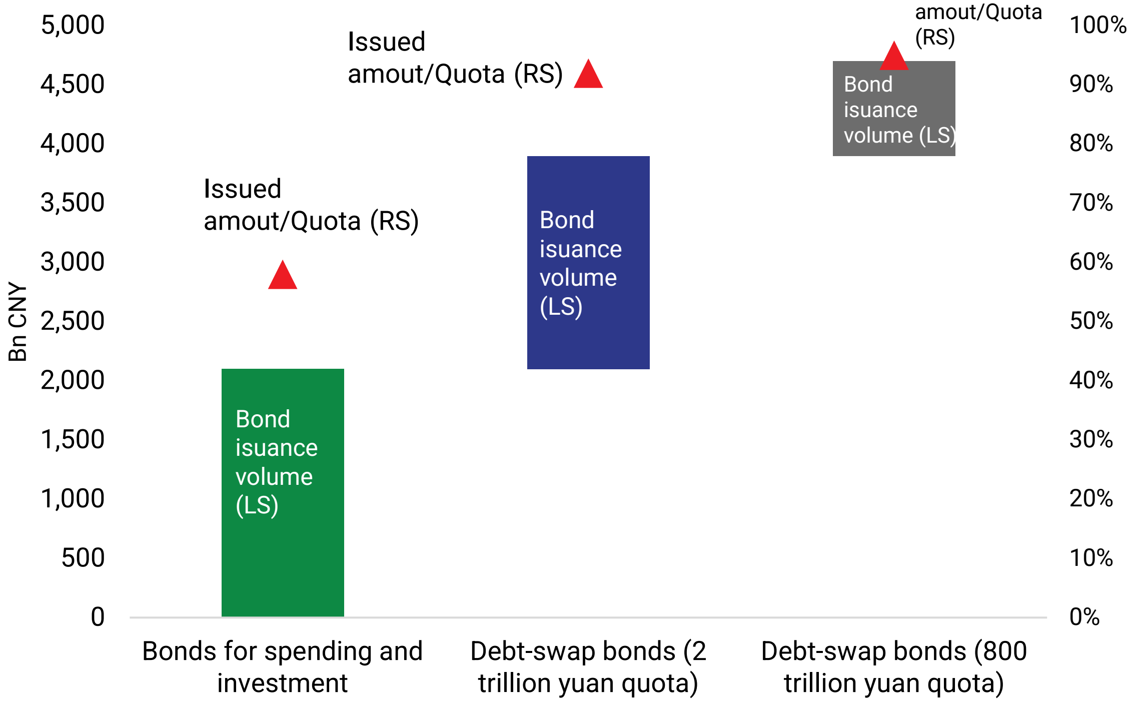
The domestic demand issue is exacerbated by the trade confrontation with the U.S., which has significantly impacted China's export activities. The contraction in exports during October underscores how difficult it has become for Chinese goods to find alternative markets to offset weakening demand from the US. Consequently, the manufacturing sector has contracted due to consumption bottlenecks. However, the new trade truce reached with the U.S. in late October may help ameliorate the current situation, preventing a steep deceleration in economic growth for the final quarter.

THE GLOBAL ECONOMY POST – RATE HIKE CYCLE

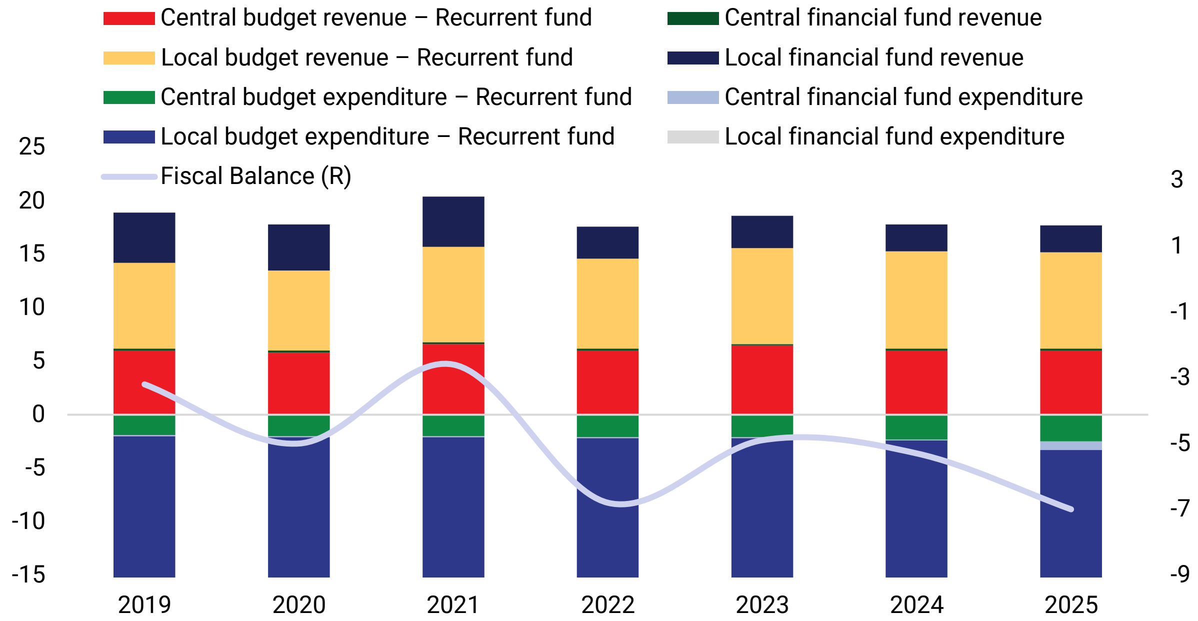
CHINA MEETS GROWTH TARGET DESPITE FACING A SERIES OF HEADWINDS

Despite persisting headwinds, international institutions have upgraded their growth forecasts for China. This revision follows Q2/2025 GDP data that beat expectations, registering 5.2% year-on-year, and Q3/2025 growth of 4.8%, which aligned with projections. **Consequently, China is highly likely to achieve its full-year growth target of around 5% in 2025.** The key rationale underpinning these upward revisions lies in the anticipated positive impact of Beijing's aggressive monetary and fiscal expansion policies implemented since the beginning of the year.

Progress of local special bond issuance



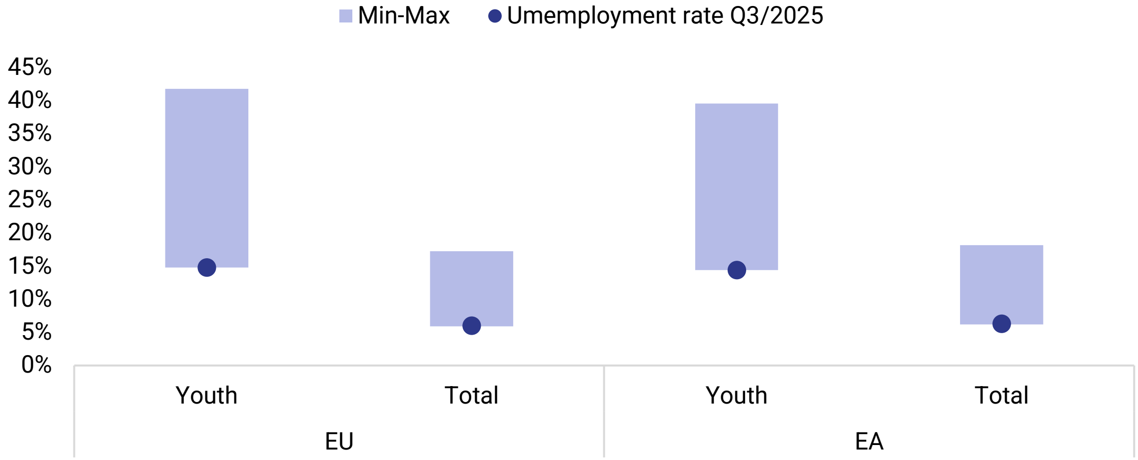
China raises its fiscal deficit target to stimulate the economy (Trillion yuan)



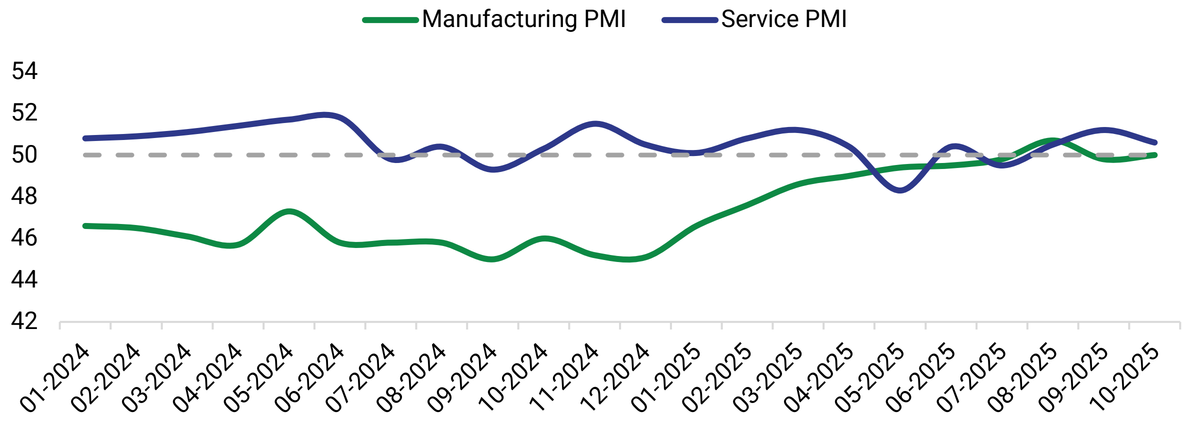
THE GLOBAL ECONOMY POST – RATE HIKE CYCLE

EU: SLOW RECOVERY, ESTABLISHING A "NEW NORMAL"

Unemployment rates have fallen to a record low since 2000



The EU economy is primarily driven by expansion in the services sector, contrasting with persistent sluggishness in manufacturing



Nguồn: Bloomberg, PSI Research

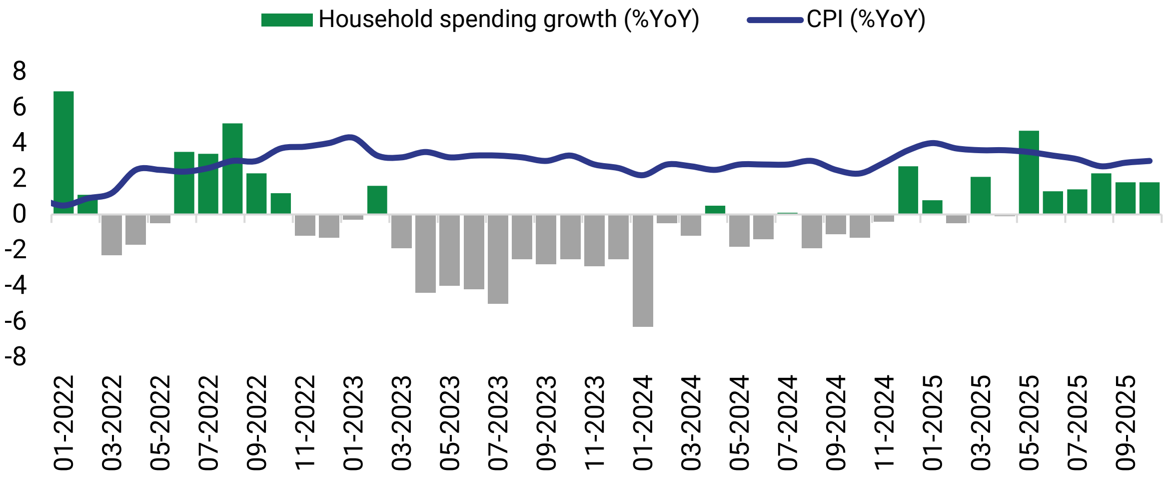
The European Union (EU) is forecast to achieve a modest growth rate of approximately 1.1% – 1.3% in 2025. This figure remains below the long-term average but marks an improvement over the lackluster growth seen in 2024. Industrial production remains sluggish; both PMI and Output show only marginal expansion, weighed down by supply chain adjustments and weak external demand. Conversely, the services sector has posted positive growth, bolstered by robust tourism activity and the expansion of digital services, serving as the primary growth engine for the EU economy.

Inflation in the Eurozone has aligned with the 2% target, aided by falling energy prices. However, core inflation remains sticky due to upward pressure on nominal wages within a resilient labor market, characterized by a record-low unemployment rate. The ECB (European Central Bank) executed four rate cuts in the first half of 2025 before pausing, signaling a period of stability with the deposit facility rate holding at 2%.

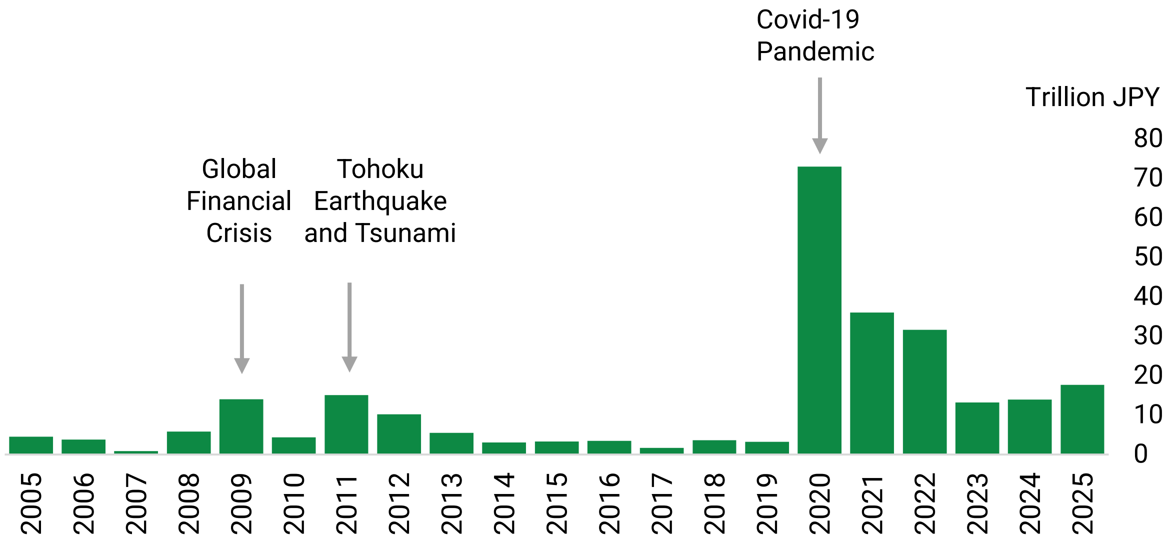
THE GLOBAL ECONOMY POST – RATE HIKE CYCLE

JAPAN: MODEST GROWTH, INFLATION STABILIZATION

Household consumption growth slowed due to inflationary pressures



Japan compiles a supplementary budget to stimulate growth



Source: Bloomberg

Japan's GDP growth is projected to remain modest at 1.5% – 1.7%, primarily constrained by persistent weakness in domestic consumption. Although nominal wages have risen at a relatively fast pace, persistent inflation has resulted in only a marginal increase in real disposable income, fostering a cautious sentiment towards spending among Japanese households.

The Japanese government is prioritizing growth stimulation through increased fiscal spending, with plans to issue approximately $70 billion in additional bonds to finance major expenditure packages. This decision comes despite budget revenues being forecast to hit a record high for the sixth consecutive year. The reliance on debt financing underscores the political pressure in Japan to prioritize near-term growth over long-term fiscal consolidation, a trade-off that will further elevate the country's already elevated Government Debt-to-GDP ratio.

VIETNAM MACROECONOMIC LANDSCAPE 2025

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GDP ACHIEVES HIGH GROWTH RATE

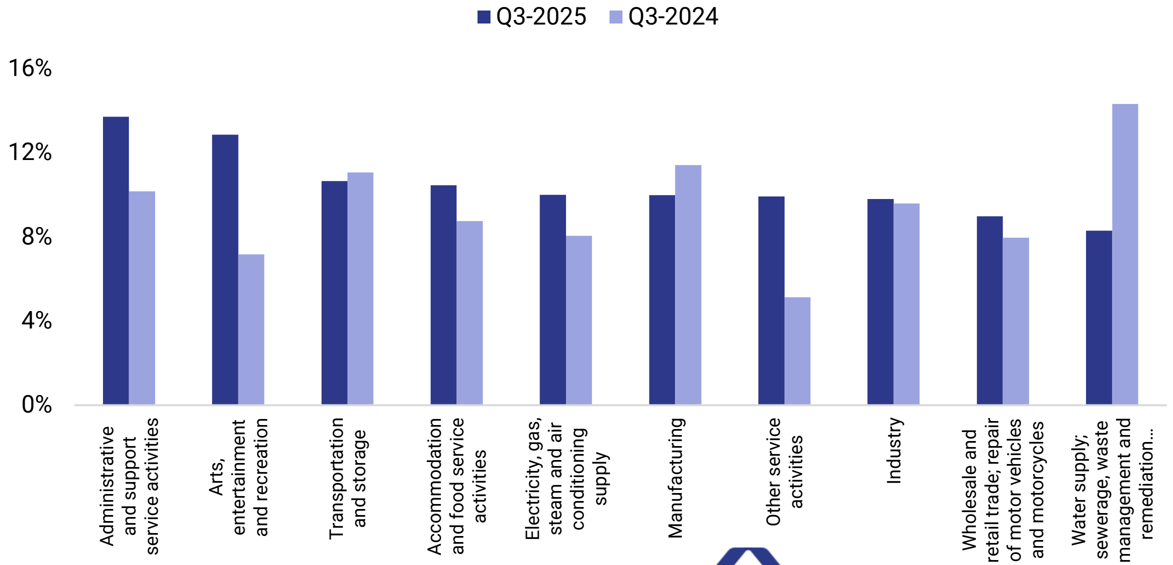
We project Vietnam's full-year 2025 economic growth to reach approximately 8.0% – 8.2%. As of the end of Q3/2025, Vietnam's economic performance is tracking closely with the Ministry of Finance's scenario to achieve the full-year 8% growth target, reinforcing our outlook.

The economy is expanding robustly, driven by strong internal momentum. Consumer demand has improved significantly, while investment activities—both private investment and public investment have posted positive growth. Despite headwinds from the U.S.'s reciprocal tariff policies, exports in 2025 are still set to reach a record high. This is propelled by the FDI sector, which exports high-value-added goods exempt from specific separate tariffs, resulting in a lower effective tax rate.

Scenario	Full-year 2025 growth reaches 8%	As of October 2025
Growth Rate		
Q3	8.30%	8.23%
Q4	8.5%	
Growth Drivers		
Total realized social investment capital	108 billion USD	~102 billion USD
Total retail sales of goods and consumer services	Increase over 12%	9.27%
Total merchandise export-import turnover 2025	Increase over 16%	17.4%
Price Index		
Average CPI	4.5% - 5%	3.25%

Source: GSO, Ministry of Finance, PSI research

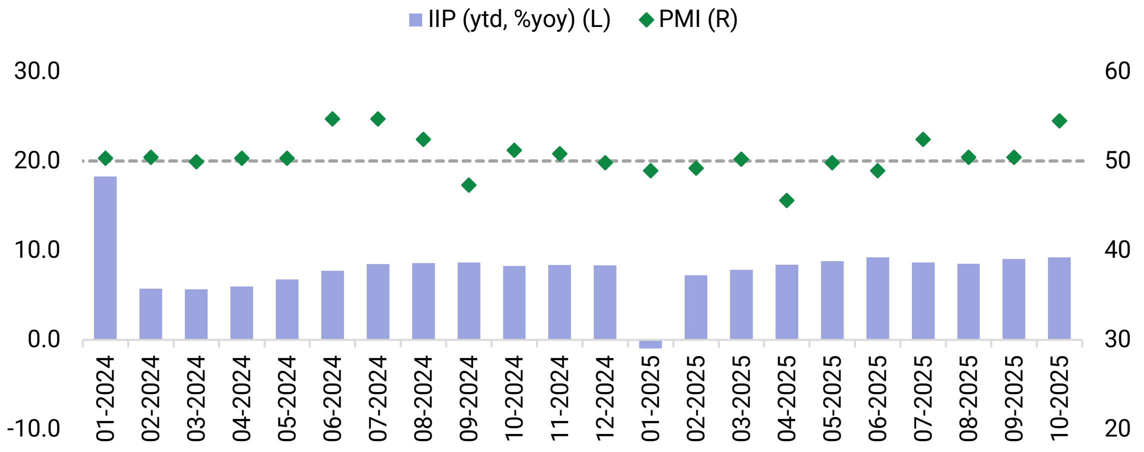
Top 10 fastest-growing sectors in the first 9 months of 2025 (%YoY)



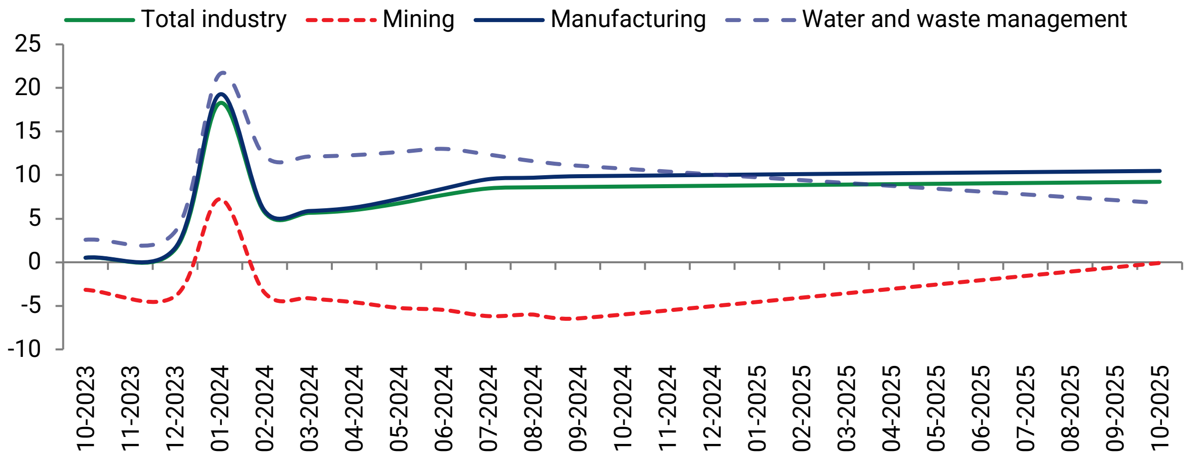
VIETNAM MACROECONOMIC LANDSCAPE 2025

MANUFACTURING SECTOR GRADUALLY RECOVERS TOWARDS YEAR-END

A stabilized business climate is driving a gradual recovery in the manufacturing sector towards the end of the year



Improved performance in the mining sector positively impacted the IIP growth (% YoY)



Source: S&P Global, GSO

Global trade policy uncertainty fostered a cautious sentiment, causing Vietnam's manufacturing sector to remain essentially flat in Q2/2025. However, a recovery began in Q3/2025 following the conclusion of a trade agreement with the U.S., which established a more stable business environment. The PMI surged in October, reflecting robust demand for goods ahead of the year-end season, accompanied by a sharp increase in new orders. New export orders also rebounded in October after six consecutive months of decline following the U.S. announcement of a 46% tariff on Vietnamese goods.

The acceleration in industrial production activities is partly attributed to positive year-on-year growth in heavy industries such as mining, mineral processing, and motor vehicle manufacturing. We estimate that the Index of Industrial Production (IIP) for the full year 2025 will increase by approximately 10% YoY.

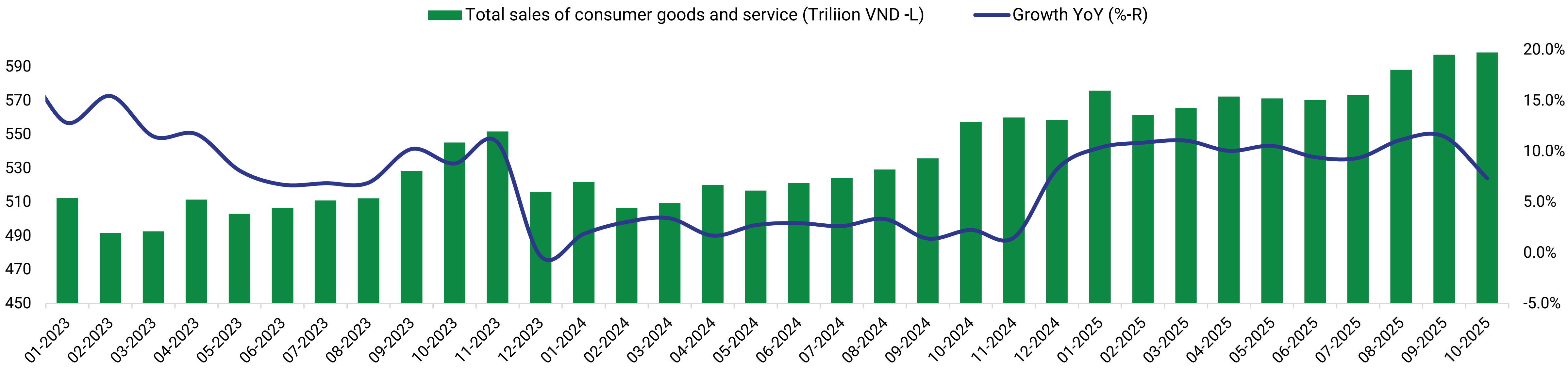
VIETNAM MACROECONOMIC LANDSCAPE 2025

ROBUST GROWTH IN CONSUMER DEMAND

Strong Domestic Demand: Compared to the same period last year, the growth rate of total retail sales of goods and consumer services in 2025 is significantly higher, reflecting robust domestic demand. Cumulative retail sales for the first 10 months increased by 9.27% YoY. Growth was driven by increased spending across categories and services such as tourism, accommodation, and entertainment, bolstered by a series of major entertainment, cultural, and historical events.

We expect full-year consumption growth to reach 10%–12% in 2025. This momentum will be sustained by major year-end sales events from both brick-and-mortar retailers and e-commerce platforms. Furthermore, the typically strong demand for dining, entertainment, and shopping during the festive season will further propel retail sales of consumer services.

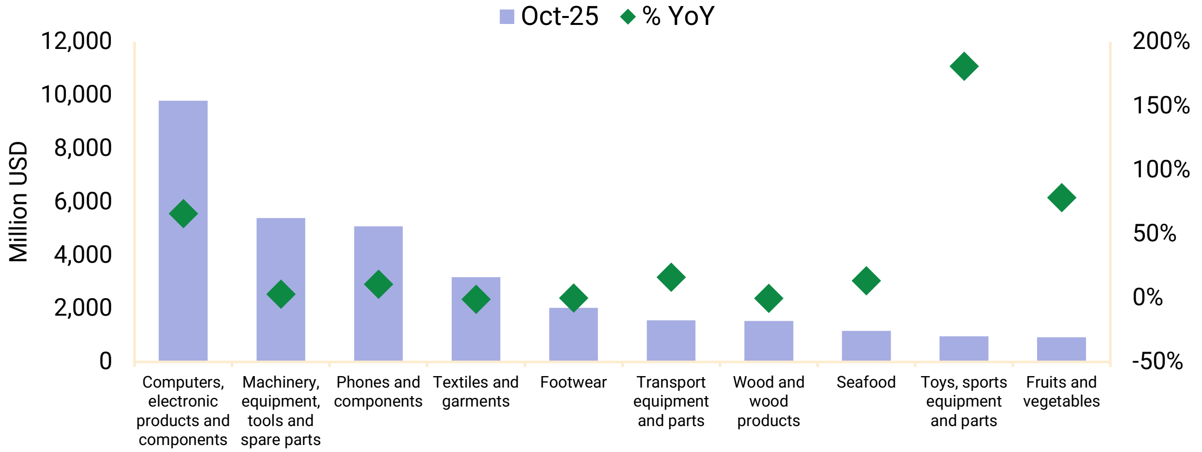
Consumer demand has improved significantly compared to the same period last year



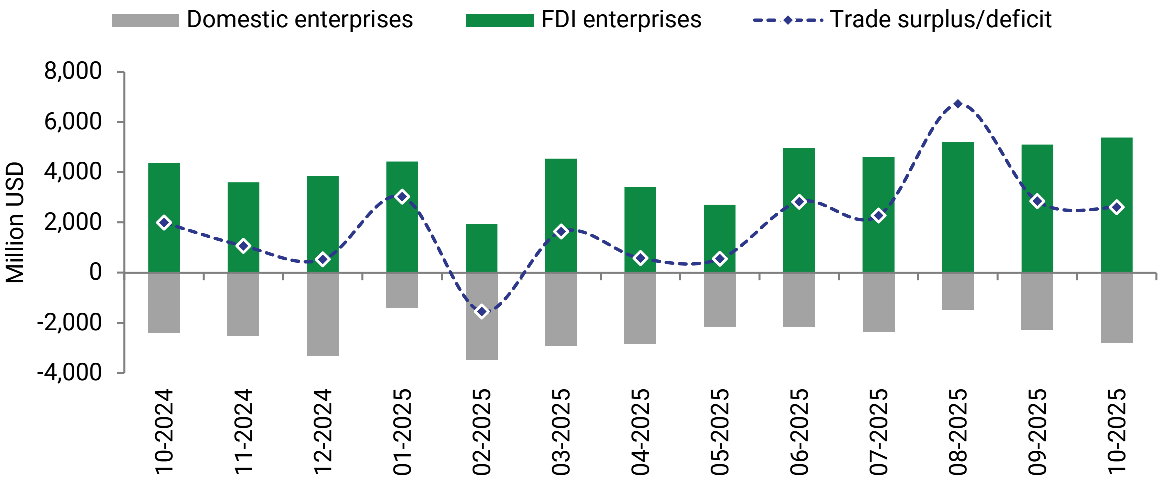
VIETNAM MACROECONOMIC LANDSCAPE 2025

EXPORT DIVERGENCE: FDI EXPORTERS SURGE WHILE DOMESTIC ENTERPRISES STRUGGLE

Top export items with the highest export value in the first 10 months of 2025 and year-on-year growth.



Net exports of each business group by month



Cumulatively for the first 10 months, Vietnam's total export turnover reached approximately $391 billion, an increase of 16.2% YoY. FDI exporters, driven by high-value products such as computers, phones, cameras, and electronic components, witnessed robust growth and contributed the entirety of the export expansion.Conversely, domestic enterprises faced significant headwinds, recording negative growth for six consecutive months year-on-year. This reflects the tangible impact of high tariffs imposed on Vietnam, disproportionately affecting domestic firms exporting agricultural products, textiles, furniture, and interior decor, whereas high-tech goods enjoyed more preferential tariff rates than the average.

We project full-year 2025 merchandise export turnover to reach approximately $910 billion, up 17.5% YoY. This forecast accounts for signs of deceleration in the FDI sector's export activities starting in November, and the multi-month decline in international orders may be reflected in slower growth rates for the final two months of 2025.

VIETNAM MACROECONOMIC LANDSCAPE 2025

PUBLIC INVESTMENT AND FDI SERVE AS KEY GROWTH DRIVERS

Estimated scale of fiscal policies in 2025 compared to 2024

Fiscal Stimulus Policy	Est. Size 2024 (Trillion VND)	Est. Size 2025 (Trillion VND)	Change vs 2024
Public Investment (Plan)	752.5	1,025	+ 36.2%
VAT Reduction (Est. Revenue Loss)	~47.5	65.6	+ 38.1%
Wage Reform	~30 – 40	90 – 100 (Total Cost)	~2.5 – 3x Increase

TOP 3 SECTORS WITH THE HIGHEST REALIZED FDI IN THE FIRST 10 MONTHS OF 2025

1. **Manufacturing & Processing**
   $17.68 Billion (83% of Total Realized Capital)
2. **Real Estate**
   $1.5 Billion (7% of Total Realized Capital)
3. **Electricity, Gas, Steam & AC Supply**
   $0.67 Billion (3.2% of Total Realized Capital)

In 2025, Vietnam implemented multiple fiscal expansion policies, including extending the VAT reduction to 8% for most goods and services, enacting wage reform, and emphasizing public investment disbursement targets. Compared to 2024, the 2025 fiscal stimulus packages are more clearly expansionary, shifting focus from revenue reduction (VAT cuts) to direct spending increases (Public Investment & Wage Reform).

As of the end of October 2025, estimated public investment disbursement reached 464,828 billion VND, equivalent to 51.7% of the annual plan. Capital is concentrated on key infrastructure projects with a focus on regional connectivity, contributing to growth in both the short and long term.

Realized FDI in the first 10 months reached $21.3 billion, up 8.8% YoY and marking a 5-year high, reaffirming Vietnam as an attractive investment destination. Despite facing relatively high reciprocal tariffs, we believe that a manufacturing exodus from Vietnam leading to FDI outflows is unlikely in the short to medium term. Developing new production facilities involves establishing new supply chains, incurring substantial sunk costs, and long transition periods that disrupt business operations.

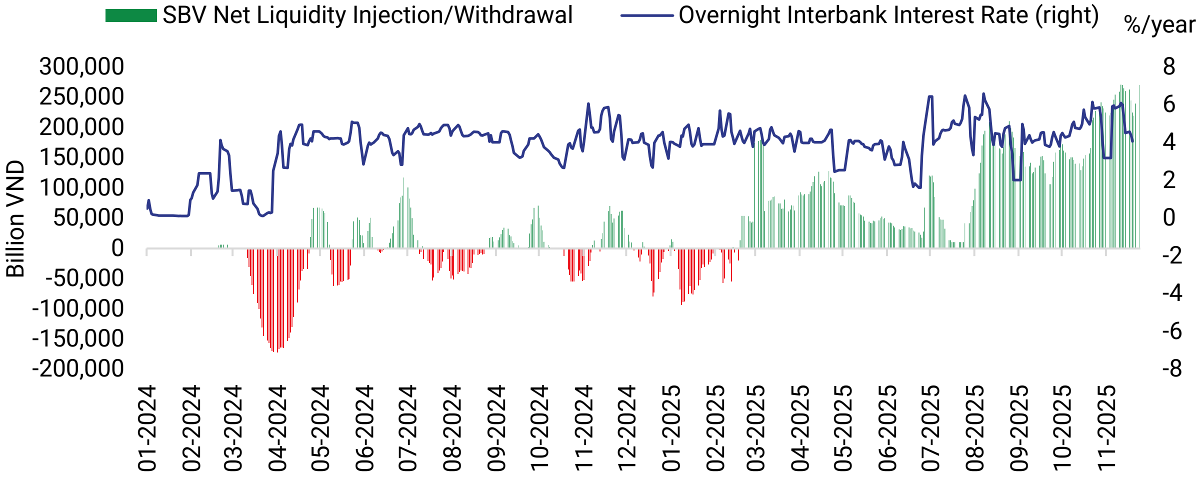
VIETNAM MACROECONOMIC LANDSCAPE 2025

ECONOMY BENEFITS FROM CHEAP CAPITAL INFLOWS THANKS TO LOOSE MONETARY POLICY

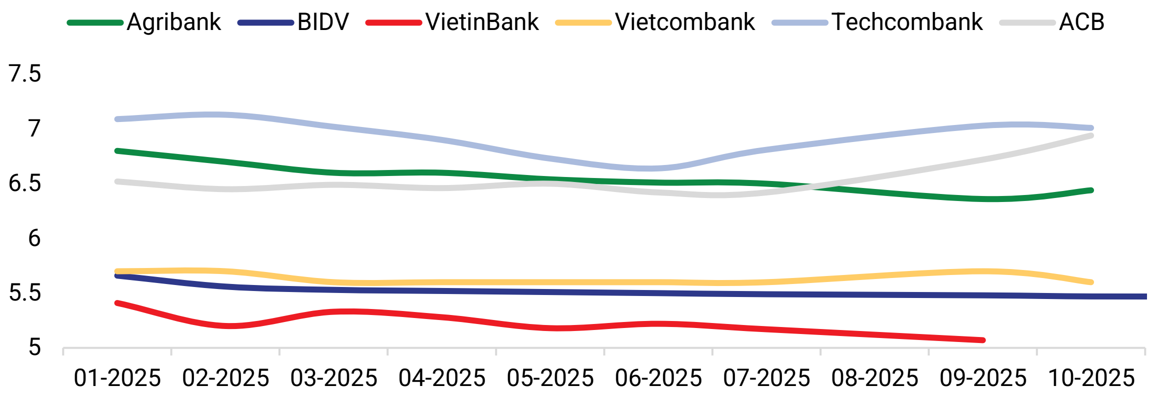
Interest rates were maintained at low levels throughout 2025. As of late October 2025, short-term lending rates for priority sectors commonly stood at 3.9% p.a., while medium and long-term rates ranged from 6.5%–8.8% p.a. Low rates have stimulated credit demand across the economy. System-wide credit growth reached over 15% YTD (Year-to-Date) by end-October and is estimated to hit 17%–18% for the full year, injecting approximately 2.5 quadrillion VND of low-cost capital into the economy.

To meet credit growth demand, the SBV (State Bank of Vietnam) continuously injected liquidity into the banking system to keep funding costs low for commercial banks. From the start of the year through November 2025, the SBV injected a net amount of approximately 340 trillion VND with rates anchored at 4% p.a. However, the widening gap between deposit growth and credit growth has tightened system liquidity. Under year-end liquidity pressure, the SBV hiked the OMO rate from 4.0% to 4.5% in early December and extended the injection tenor up to 105 days. In the primary market (Market 1), deposit and lending rates at commercial banks, particularly private joint-stock banks, began to rise starting from late Q3/early Q4 2025.

The SBV has been continuously injecting net funds since March 2025



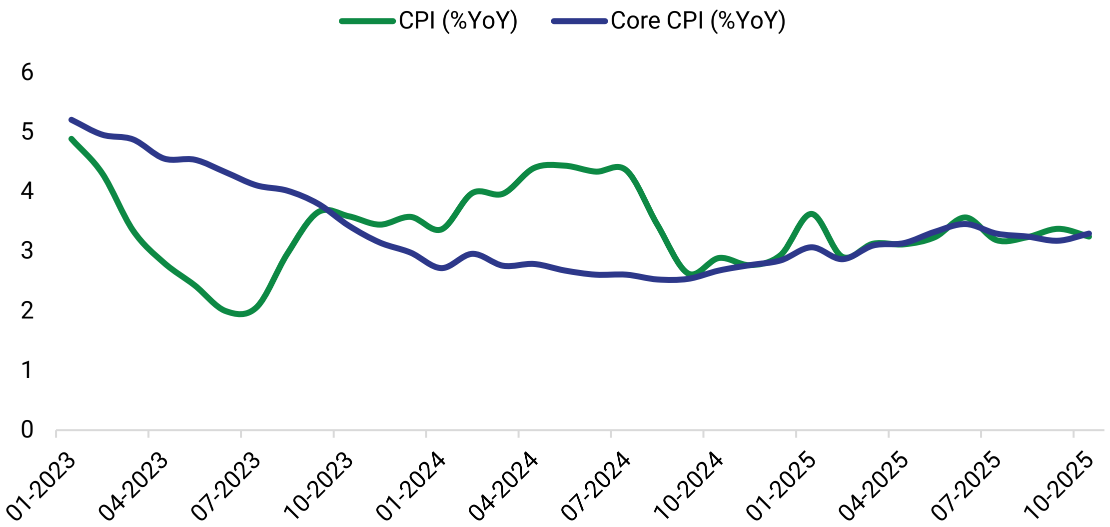
Average new lending interest rates of some commercial banks (% per annum)



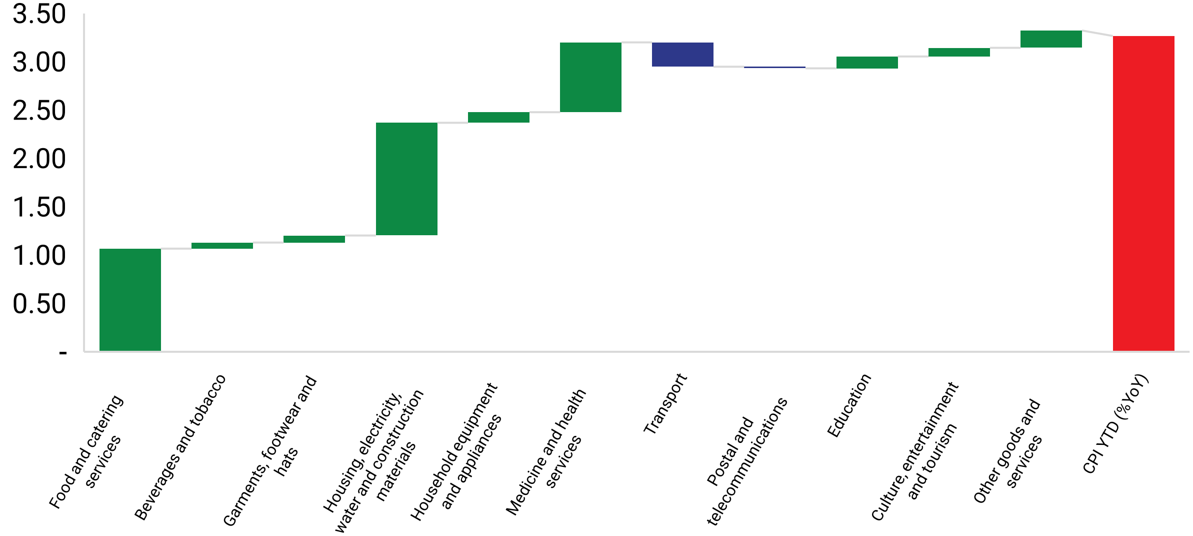
VIETNAM MACROECONOMIC LANDSCAPE 2025

CPI STABLE, YET PRICE INCREASES ARE STRUCTURAL

Core inflation in 2025 will be nearly equal to overall inflation



Contribution of CPI basket components to inflation in the first 10 months of 2025



Nguồn: GSO

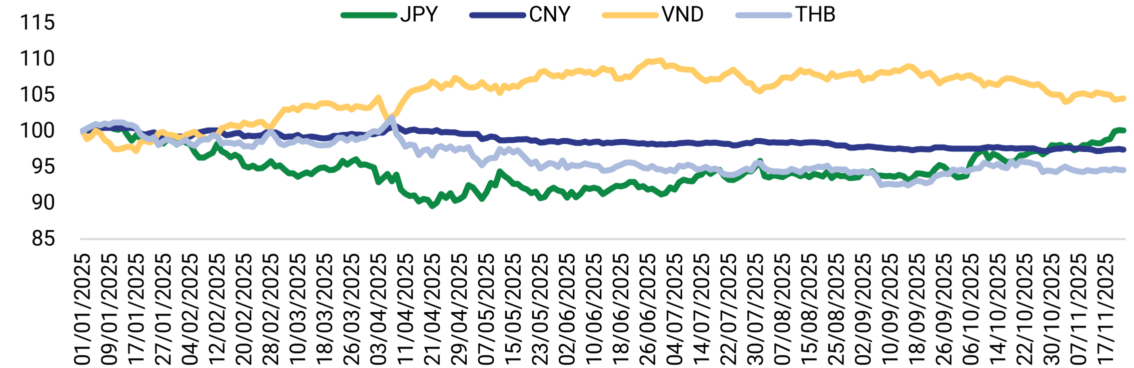
We estimate full-year 2025 inflation at approximately 3.5%, remaining well below the SBV's target. The slow increase in food and foodstuff prices (components with significant weight in the CPI basket) helped stabilize the index. Additionally, the average petrol price in 2025 decreased year-on-year, exerting a positive impact on CPI. Consequently, core inflation tracked closely with headline inflation throughout the year. This reflects a situation where price increases are structural rather than merely transient fluctuations, negatively impacting consumers' real purchasing power.

VIETNAM MACROECONOMIC LANDSCAPE 2025

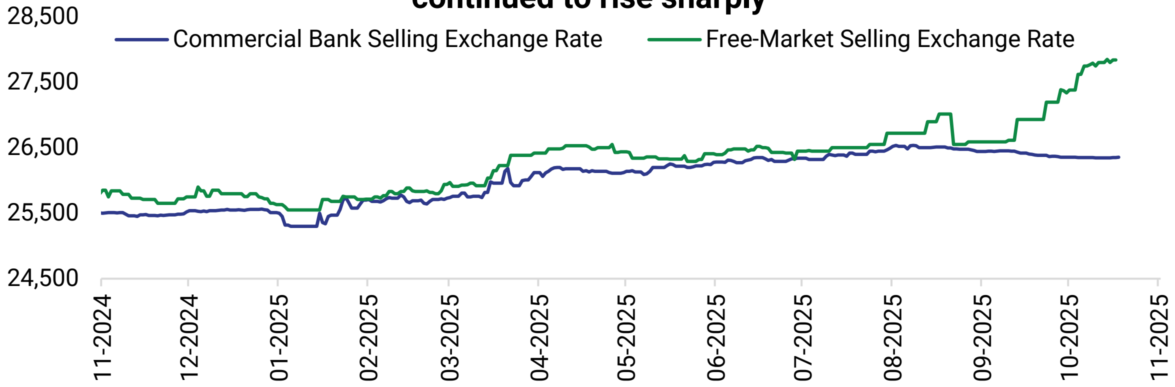
USD/VND EXCHANGE RATE REMAINS UNDER PRESSURE DESPITE WEAKENING USD

The VND is one of the few currencies in the region that has depreciated against the USD

Exchange rate movements of some currencies (exchange rate as of December 31, 2024 = 100)



Exchange rates at commercial banks cooled down after intervention by the SBV, but the free market exchange rate continued to rise sharply



By the end of November 2025, the VND depreciated approximately 3.1% against the USD (based on VCB rates). While Vietnam began monetary easing in June 2023, the Fed only commenced this process in late September 2025. This interest rate differential has caused persistent VND depreciation. Furthermore, the State Treasury's continuous USD purchases to service international debt obligations also heightened USD demand:

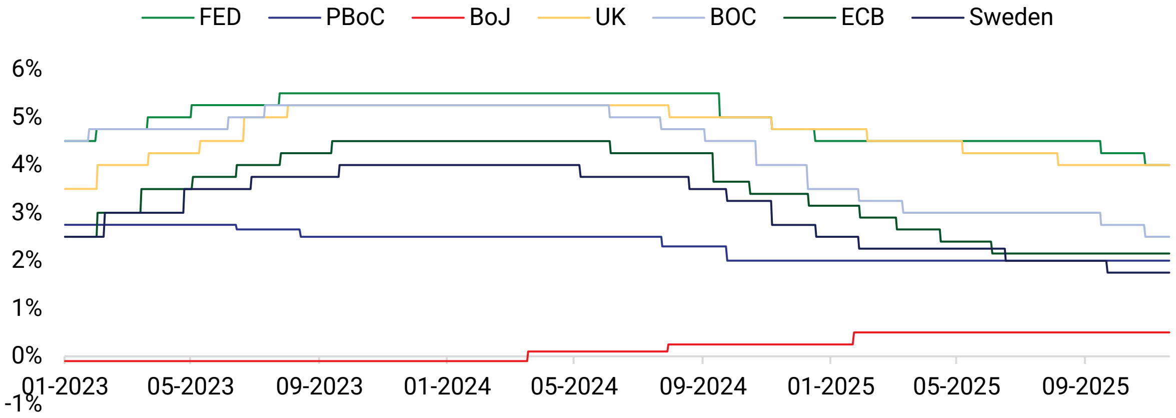
- **Positive:** Exports benefit as the weaker domestic currency makes goods relatively cheaper, especially critical given recent U.S. tariff hikes.
- **Negative:** Low interest rates render financial assets in Vietnam less attractive to foreign investors, sustaining net capital outflows. Simultaneously, imports become relatively more expensive, increasing input costs for production.

The SBV intervened three times to stabilize the exchange rate by selling 180-day forward USD with a cancellation option at 26,550. These moves caused USD/VND rates at commercial banks to decrease slightly or decelerate. However, on the parallel market (free market), the rate surged, approaching 28,000 VND per USD.

WHAT TO EXPECT IN 2026

CENTRAL BANKS' EASING CYCLES APPROACHING CONCLUSION

Major European central banks are expected to pause rate cuts from the second half of 2025, while the Fed is only just beginning its easing cycle



Source: Bloomberg

Inflation stabilizing at the 2% target provides grounds for the ECB to pause rate cuts after 7 consecutive reductions. **The ECB has signaled a cautious stance on future steps, with decisions remaining data-dependent**. Most economists believe the ECB is in the final stage of its monetary easing cycle and expect no further rate cuts in 2026.

The Fed has only just begun its easing cycle and is expected to implement 2-4 additional cautious cuts next year, contingent on economic data. Fears that cutting rates too quickly could trigger a resurgence of inflation, combined with pressures from tariffs and policy uncertainty under President Trump, are the primary reasons Fed officials maintain a "hawkish" bias.

In Asia, we believe **the PBoC is running out of policy room for further easing**, as lending rates are already at historic lows and the Reserve Requirement Ratio (RRR) tool has been utilized frequently. Furthermore, weak private sector demand renders the PBoC's liquidity injections less effective, as the economy is slow to absorb the abundant capital.

Meanwhile, Japan faces a challenging policy balancing act: raising rates to curb inflation without stalling the economy due to high capital costs. The market expects **the BOJ to potentially hike rates twice more in 2026 but reduce bond purchases by 5%-10%,** initiating a gentle balance sheet reduction (QT) while remaining ready to intervene if bond yields spike too rapidly.

WHAT TO EXPECT IN 2026

FISCAL POLICY IS THE DECISIVE FACTOR FOR GROWTH

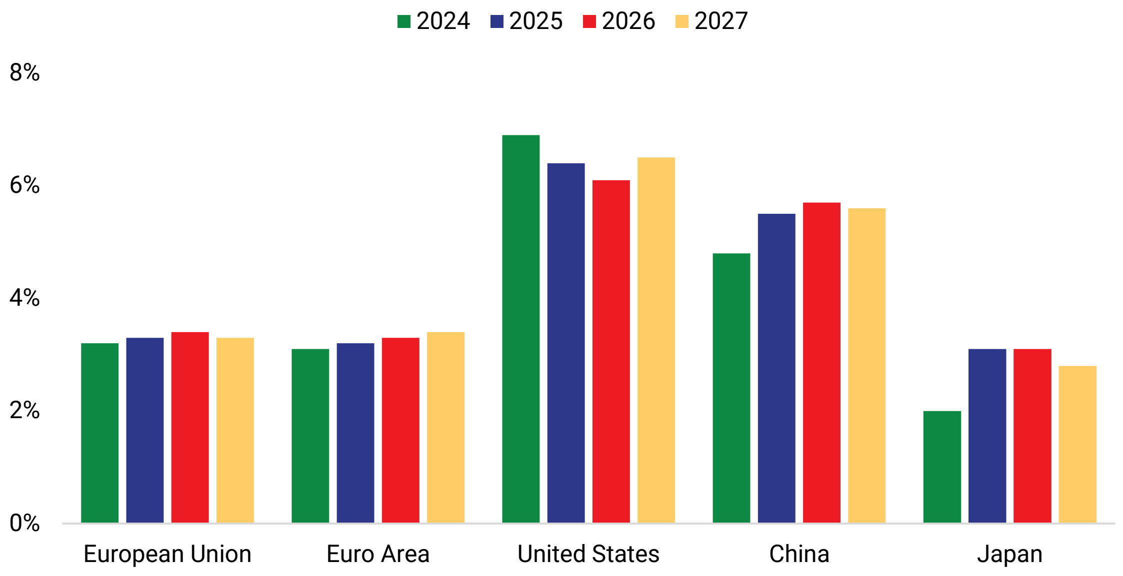
As central banks' monetary policy room narrows—constrained by inflation risks and currency depreciation—fiscal tools have become more critical than ever in shaping growth. The European Commission forecasts the aggregate budget deficit of the Eurozone to widen to 3.3% in 2026 (from 3.2% in 2025) and further to 3.4% in 2027. However, trends diverge among members. While deficits in Belgium, Latvia, Lithuania, Estonia, and Germany are expected to rise (mainly due to increased defense spending), most others are expected to decrease.

Surging revenue from import tariffs has helped offset increased budget spending, reducing the fiscal deficit. The U.S. budget deficit is forecast to fall to 6.1% of GDP next year before rising to 6.5% in 2027.

China plans a significant increase in Public Investment spending. Maintaining an expansionary fiscal policy through targeted public investment will support global demand for raw materials and industrial equipment, partially offsetting weaker demand from the U.S. and EU.

Japan also plans large fiscal spending packages to support social welfare, financed by increased borrowing. These large stimulus packages aim to stabilize short-term inflation via subsidies for electricity and gas bills and spur growth, but they exert upward pressure on Japanese Government Bond (JGB) yields.

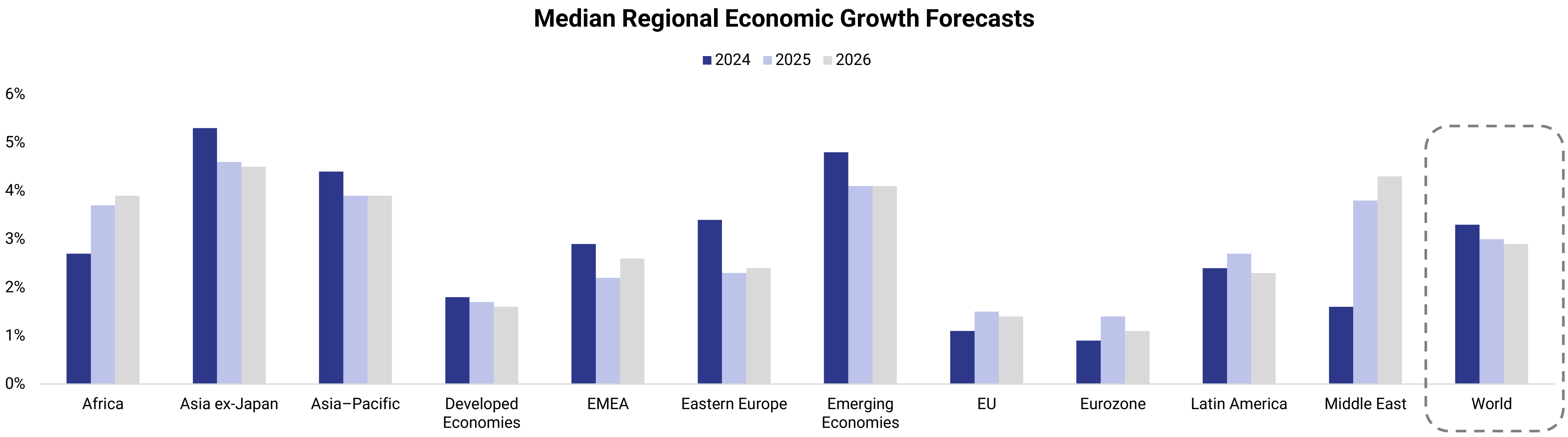
Budget deficit forecasts for several countries and regions



Source: EC, Bloomberg

WHAT TO EXPECT IN 2026

NEVERTHELESS, GLOBAL ECONOMY TO CONTINUE SLOW GROWTH

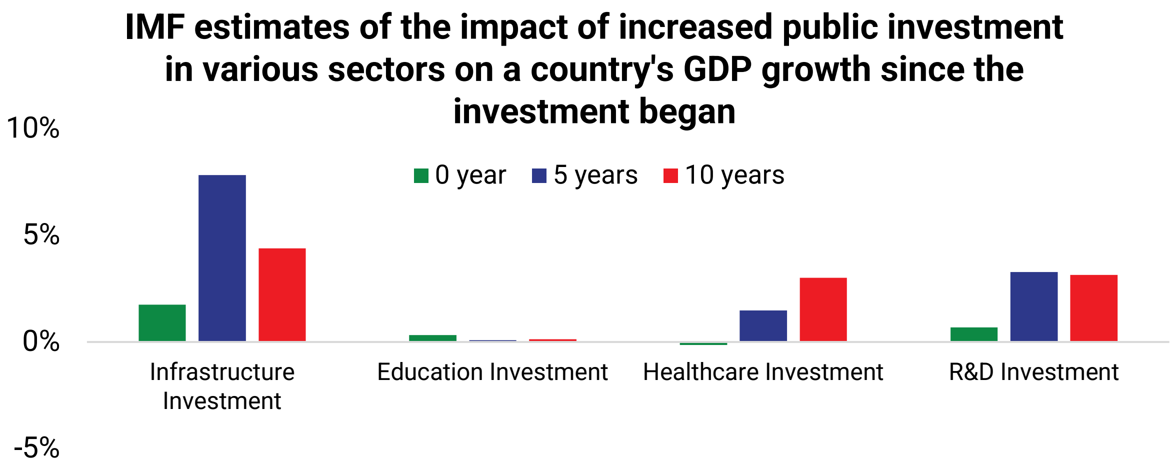


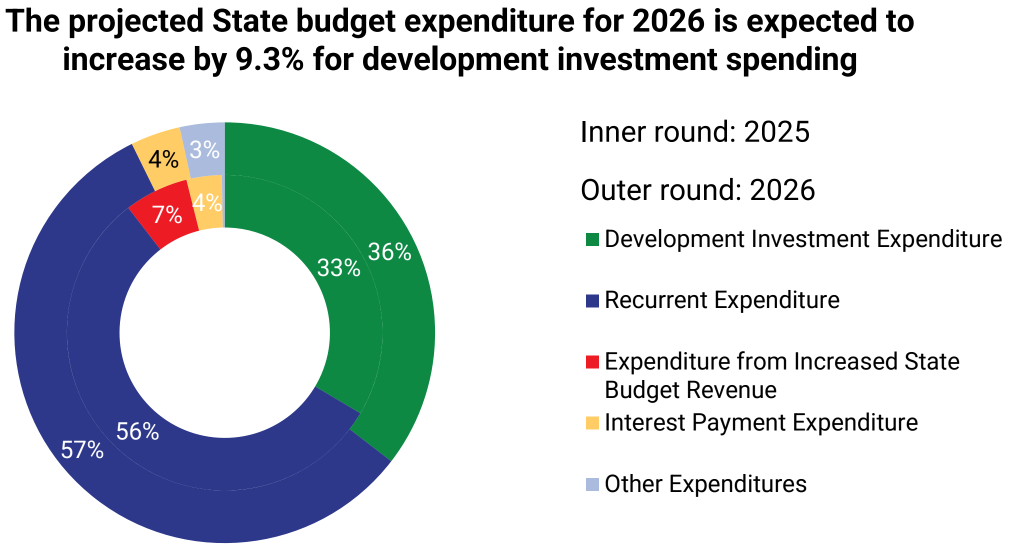
Source: Bloomberg

Most research institutions forecast global economic growth to decelerate by approximately 0.1 percentage points in 2026 compared to 2025, reaching around 2.9%, despite recent trade agreements mitigating some trade risks. The global economy is adapting to a landscape reshaped by new policy measures. Pressures from fiscal health and cautious monetary policies paint a less-than-bright picture for the global macroeconomy in 2026, characterized by significant uncertainties.

WHAT TO EXPECT IN 2026

DRIVERS FOR VIETNAM TO ACHIEVE 10% GROWTH TARGET IN 2026





Source: IMF, MOF

CONTINUED FISCAL EXPANSION, EMPHASIZING PUBLIC INVESTMENT IN KEY INFRASTRUCTURE

New tax policies for small businesses and household businesses, effective from July 1, 2025, have significantly improved state budget revenue collection efficiency. We believe this positive effect will persist in 2026, substantially increasing revenue from corporate income tax. A robust budget strengthens Vietnam's fiscal health, increasing the fiscal space for public spending and limiting the Government's need to increase borrowing to finance development investment expenditures.

The IMF's Fiscal Monitor Report (October 2025) indicates that reallocating 1% of GDP to infrastructure investment can boost GDP by approximately 3.5% in emerging and developing economies over the long term, as increased public capital stock raises the marginal return on private capital and incentivizes private sector investment. Compared to investments in health, education, and R&D, public investment in infrastructure delivers faster results. Therefore, we expect public investment, particularly in infrastructure, to remain the primary growth engine for Vietnam to aim for the 10% growth target in 2026.

WHAT TO EXPECT IN 2026

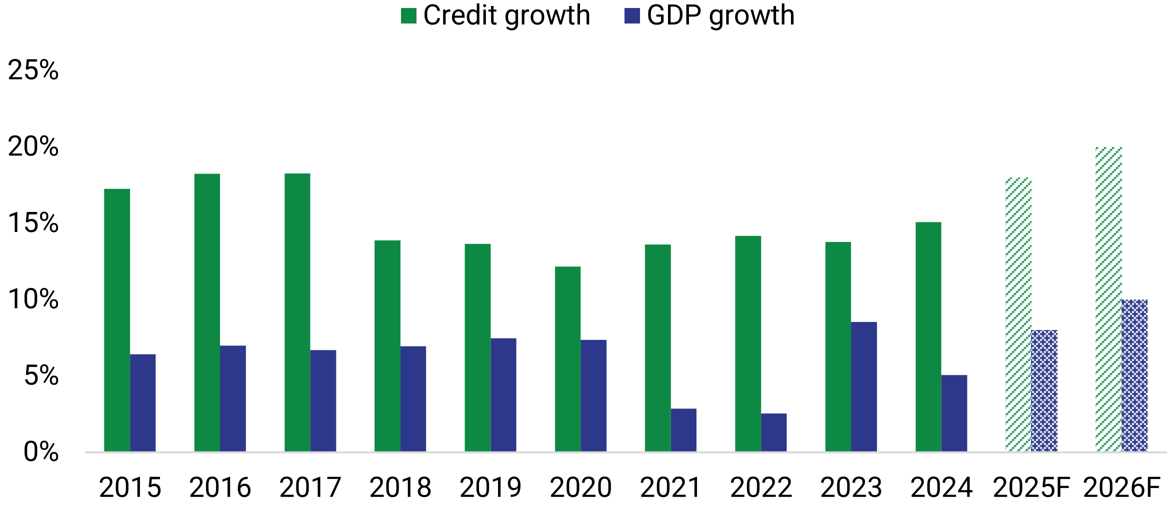
DRIVERS FOR VIETNAM TO ACHIEVE 10% GROWTH TARGET IN 2026

MAINTAINING EXPANSIONARY MONETARY POLICY TO SUPPORT BOTH SUPPLY AND DEMAND

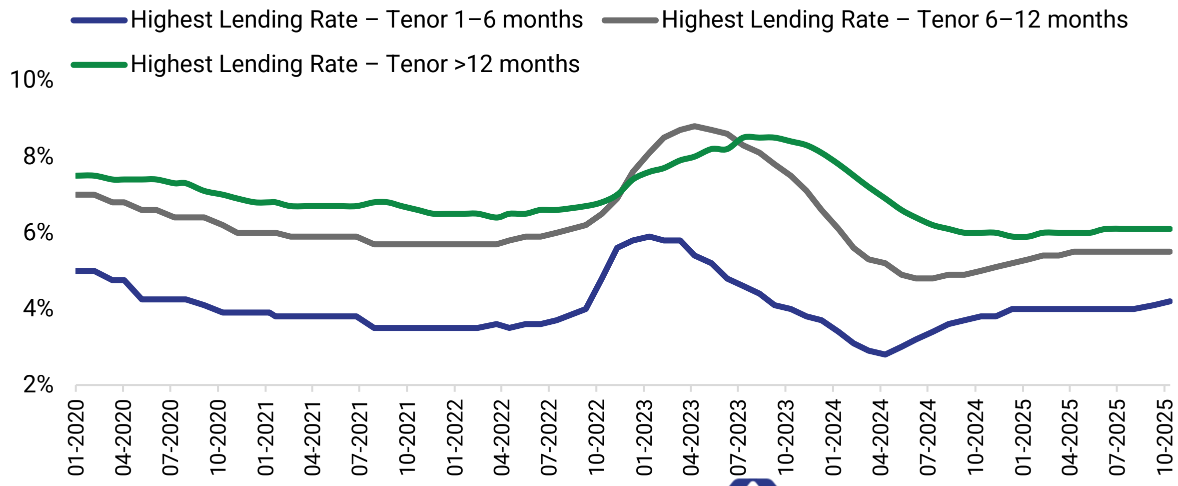
The banking sector remains the most critical capital channel for the Vietnamese economy. To meet the economy's capital demand, we forecast credit growth in 2026 to reach approximately 20%, equivalent to an additional injection of 3 quadrillion VND into the economy.

Given such substantial capital demand, we believe commercial banks will need to raise interest rates to attract more deposits. We forecast interest rates to rise slightly by the end of 2026, increasing the cost of funds for commercial banks, especially for smaller banks with modest market share. However, the State Bank of Vietnam (SBV) is likely to continue injecting liquidity to support the system and prevent commercial banks' funding costs from rising too rapidly.

Credit is expected to continue growing at a high rate



Deposit interest rates have started to rise slightly, especially for short-term maturities.



Source: Fiinpro, PSI research

WHAT TO EXPECT IN 2026

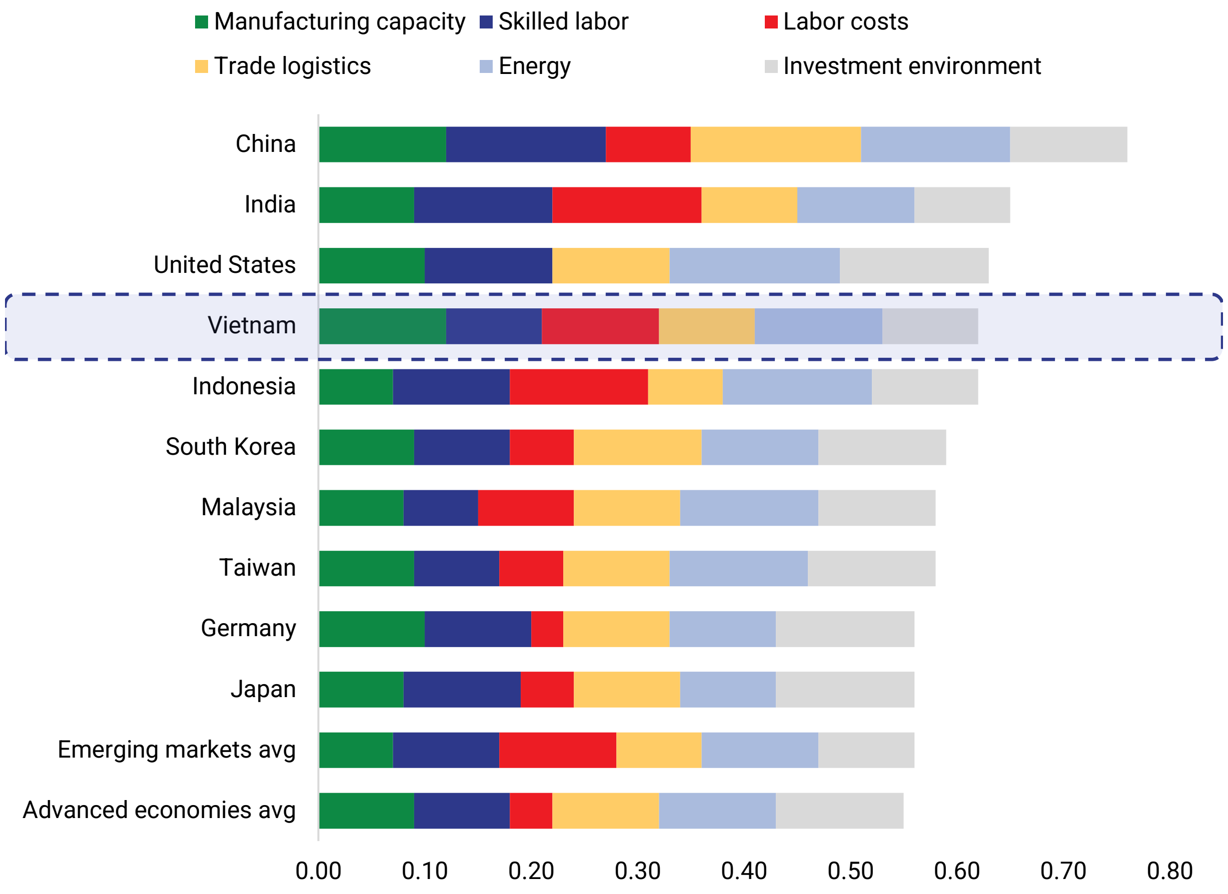
DRIVERS FOR VIETNAM TO ACHIEVE 10% GROWTH TARGET IN 2026

FDI SECTOR REMAINS THE DRIVER FOR EXPORT GROWTH

Although not benefiting as significantly as during Trade War 1.0, Vietnam remains one of the top choices when considering an alternative supplier to China. Bloomberg's Export Potential Index ranks Vietnam 4th, behind only China, India, and the U.S. With advantages in labor costs and deep integration into existing supply chains (the "China +1" strategy), Vietnam is an ideal manufacturing hub for labor-intensive industries such as textiles, footwear, handbags, electronics assembly, components, wood processing, and seafood processing….

Therefore, we estimate exports will continue to grow by approximately 17% in 2026, with the main driver still being the FDI sector and products like phones, cameras, electronic devices, and components, which benefit from preferential effective tax rates. Meanwhile, domestic enterprises producing textiles, footwear, seafood, and other agricultural exports may face heightened competition. Nevertheless, we expect domestic enterprises to witness positive export value growth next year, rebounding from the low base of 2025.

Vietnam ranks 4th according to the Bloomberg Export Potential Index



Source: Bloomberg

WHAT TO EXPECT IN 2026

RAPID GROWTH INCREASES INFLATION AND EXCHANGE RATE RISKS

CPI IS LOW, BUT INFLATION IS GRADUALLY SEEPING INTO THE ECONOMY

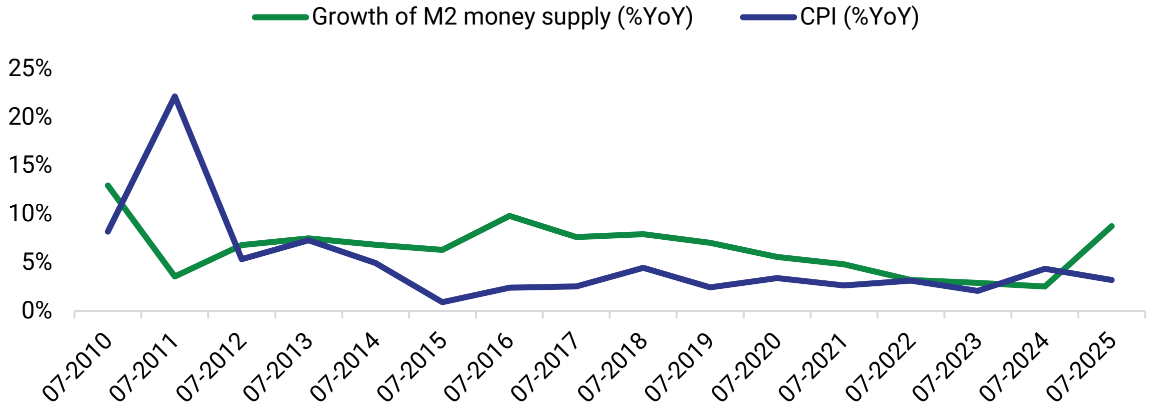
Assessing Vietnam's inflation based on the CPI basket calculation does not fully reflect the current reality. The food and foodstuff, which is largely domestically self-sufficient, still accounts for nearly 25% of the CPI weight. Conversely, spending on healthcare, education, culture, entertainment, and tourism is taking up a larger share of actual expenditure but accounts for only 16.1% of the weight. In reality, prices have risen rapidly in the education, healthcare, culture, entertainment, and tourism service sectors since 2024, following the SBV's loose monetary policy and the State's adjustments to public service prices.

Therefore, despite slow CPI growth, we believe inflation is beginning to be felt more acutely, and pressure will increase significantly in 2026 due to: (1) Money supply in 2025 increasing at the fastest rate in 10 years, with inflation typically accelerating 12-18 months after a surge in money supply (lag effect).

(2) Significantly improved domestic consumer demand year-on-year creating demand-pull pressure.

(3) A weaker domestic currency increasing import prices, creating cost-push pressure.

Lag effect of increasing money supply on inflation



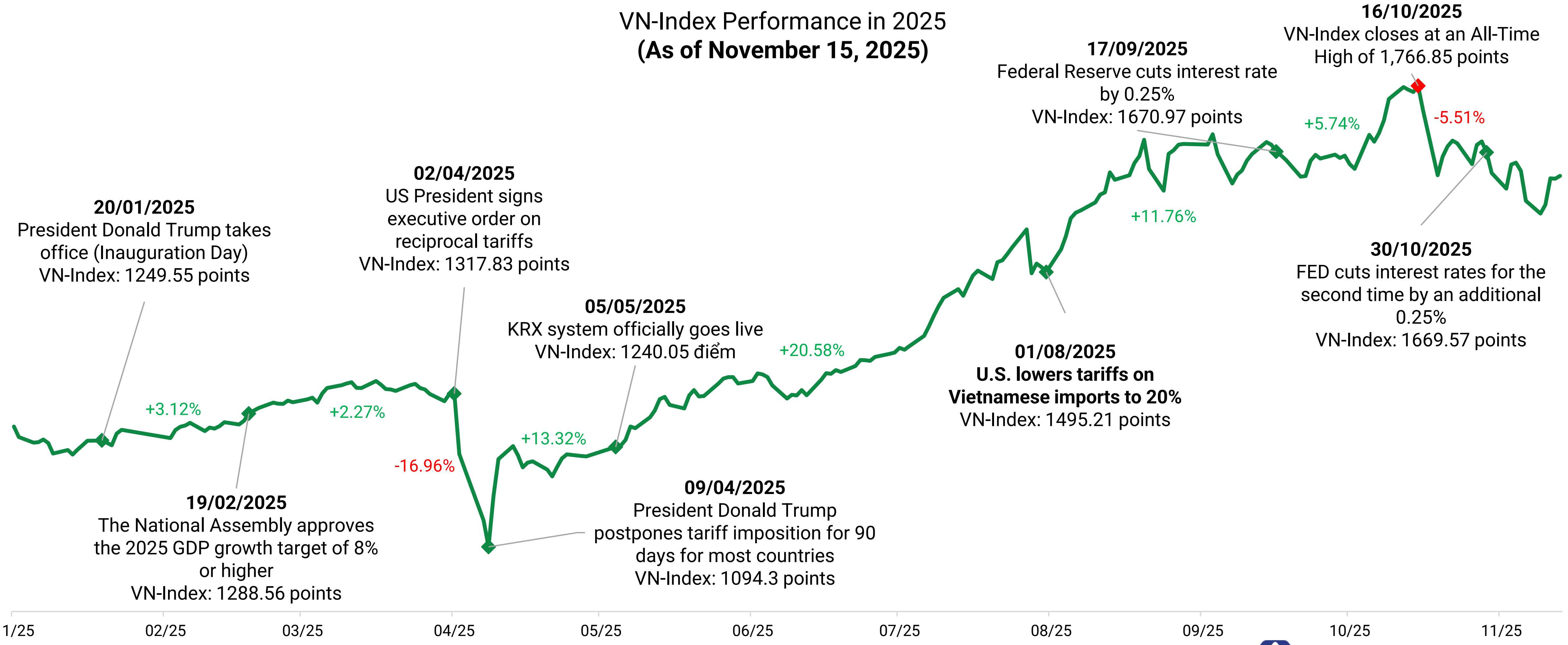
SBV HAS LIMITED ROOM TO MANAGE THE EXCHANGE RATE

We estimate the VND will continue to depreciate by approximately 3%-4% in 2026. Vietnam's FX reserves are estimated at only around $78 billion (World Bank - March 2025), equivalent to 2.4 months of imports, lower than the recommended level. This limits the SBV's resources to intervene and stabilize the rate via spot selling (which has an immediate effect), while forward selling is primarily a technical move to stabilize sentiment. The fact that the free market rate is still surging near 28,000 VND/USD with a narrow bid-ask spread reflects market expectations of further deep depreciation of the VND.

VIETNAM STOCK MARKET

VIETNAM STOCK MARKET 2025

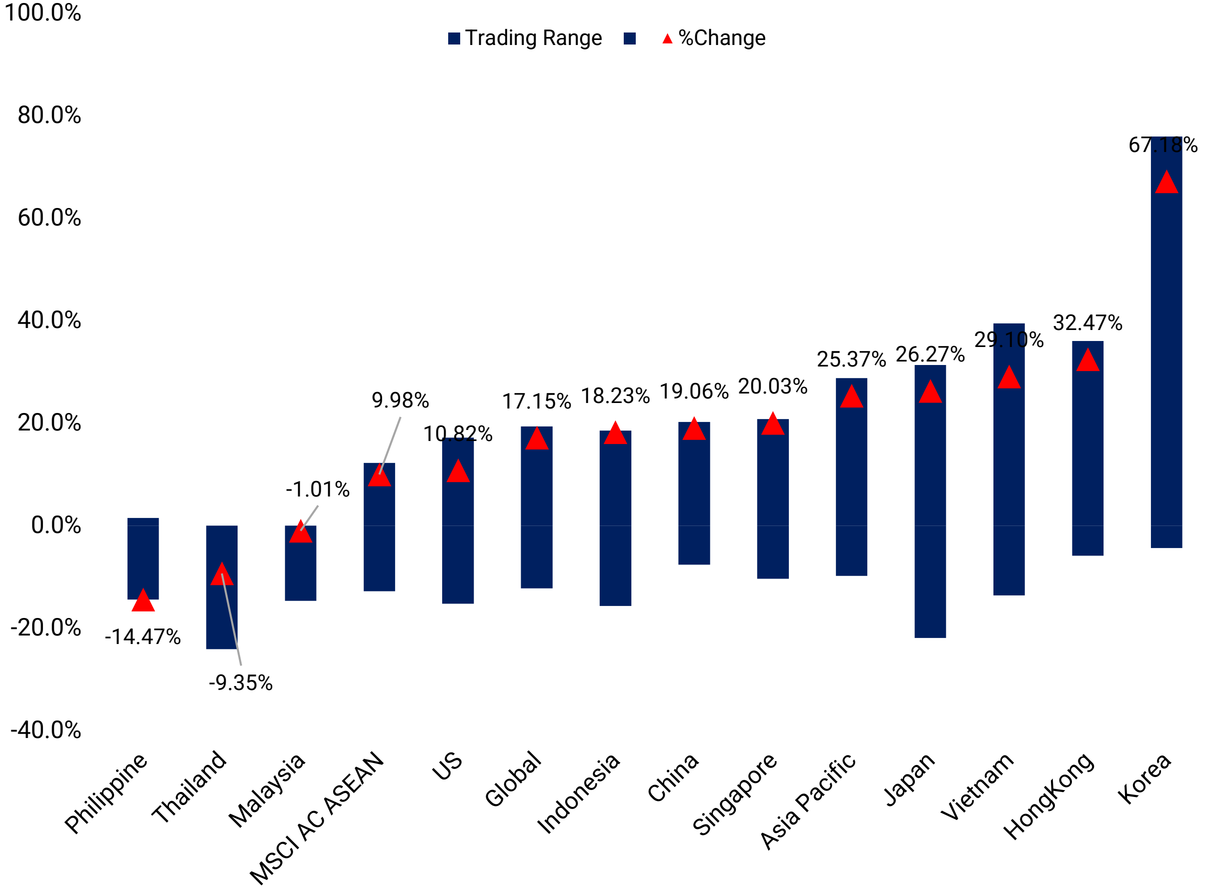
"REBIRTH FROM ASHES, HITTING THE PEAK"



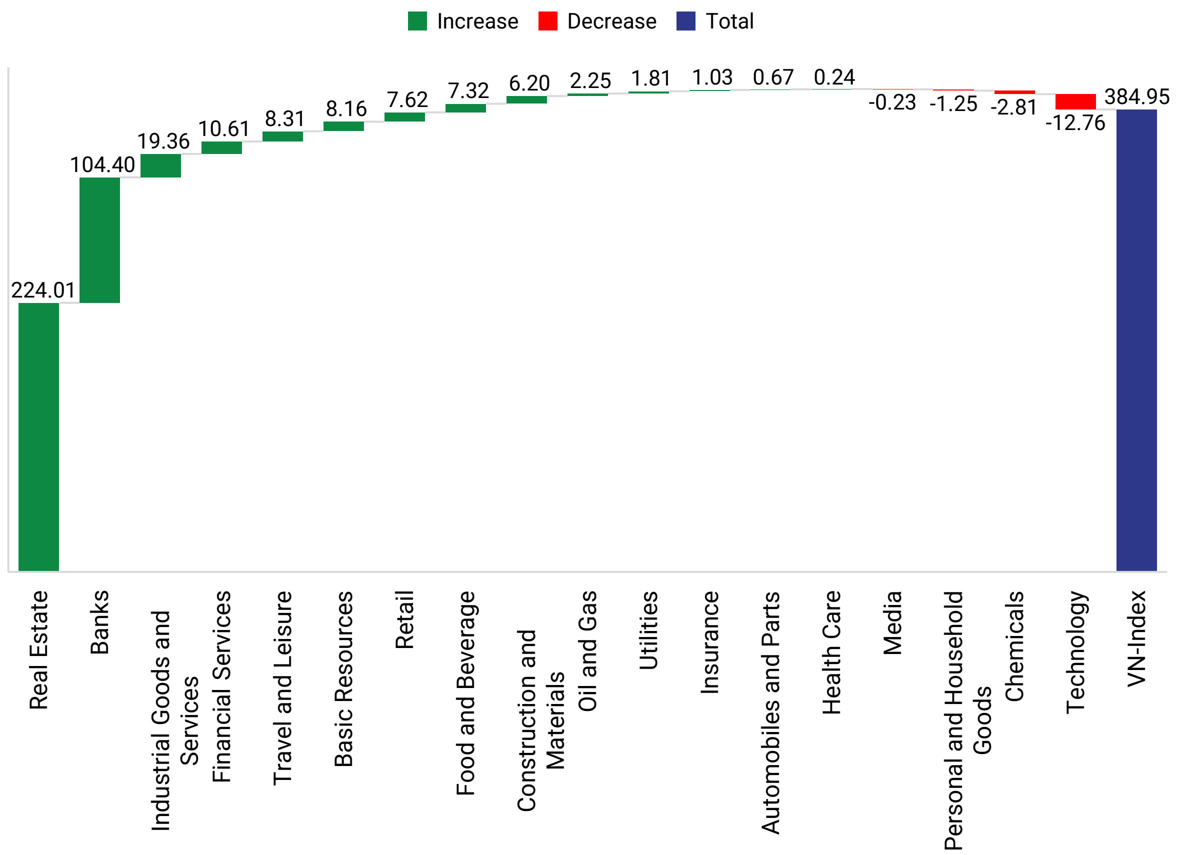
VIETNAM STOCK MARKET 2025

VIETNAM STOCK MARKET BREAKOUT

Vietnam is the 3rd best-performing stock market globally in 2025 (as of November 15, 2025)



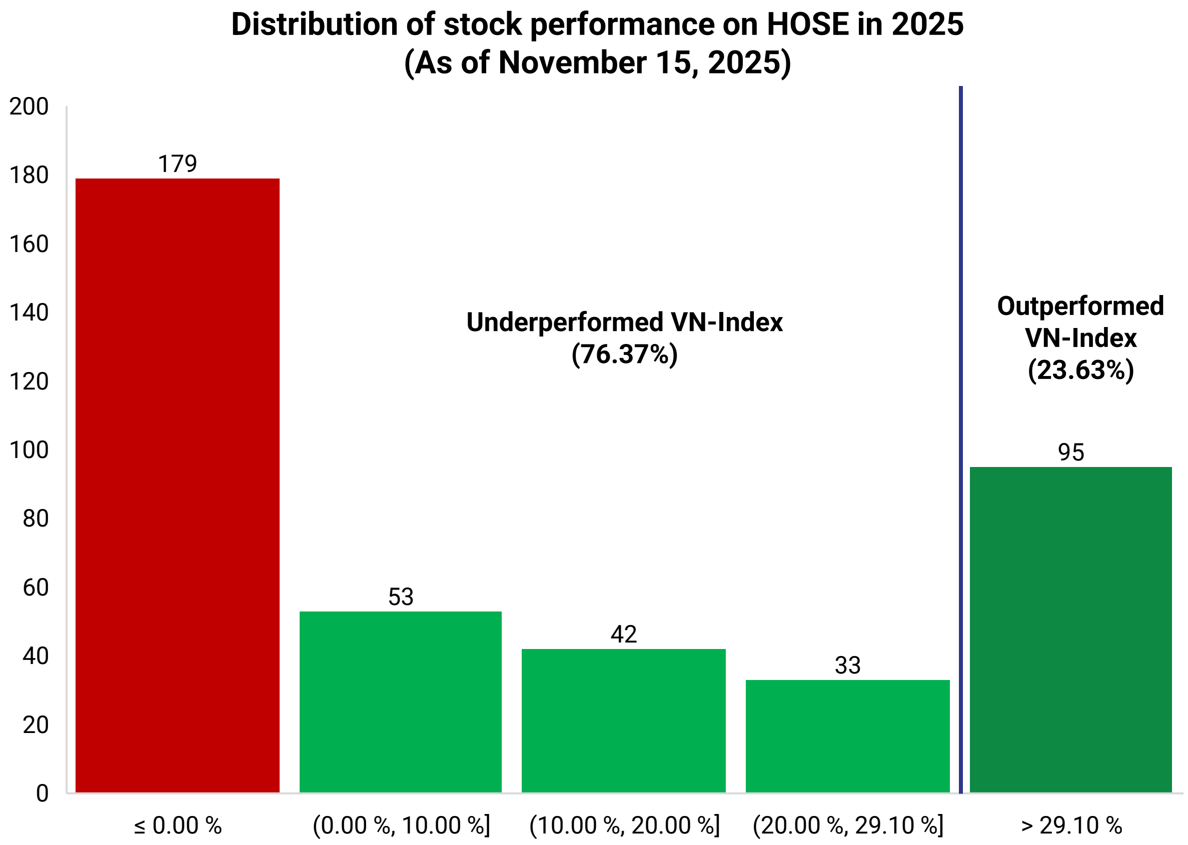
VN-Index gained 384.95 points Year-to-Date (as of Nov 15, 2025), with the Real Estate sector alone contributing 224.01 points to the rally

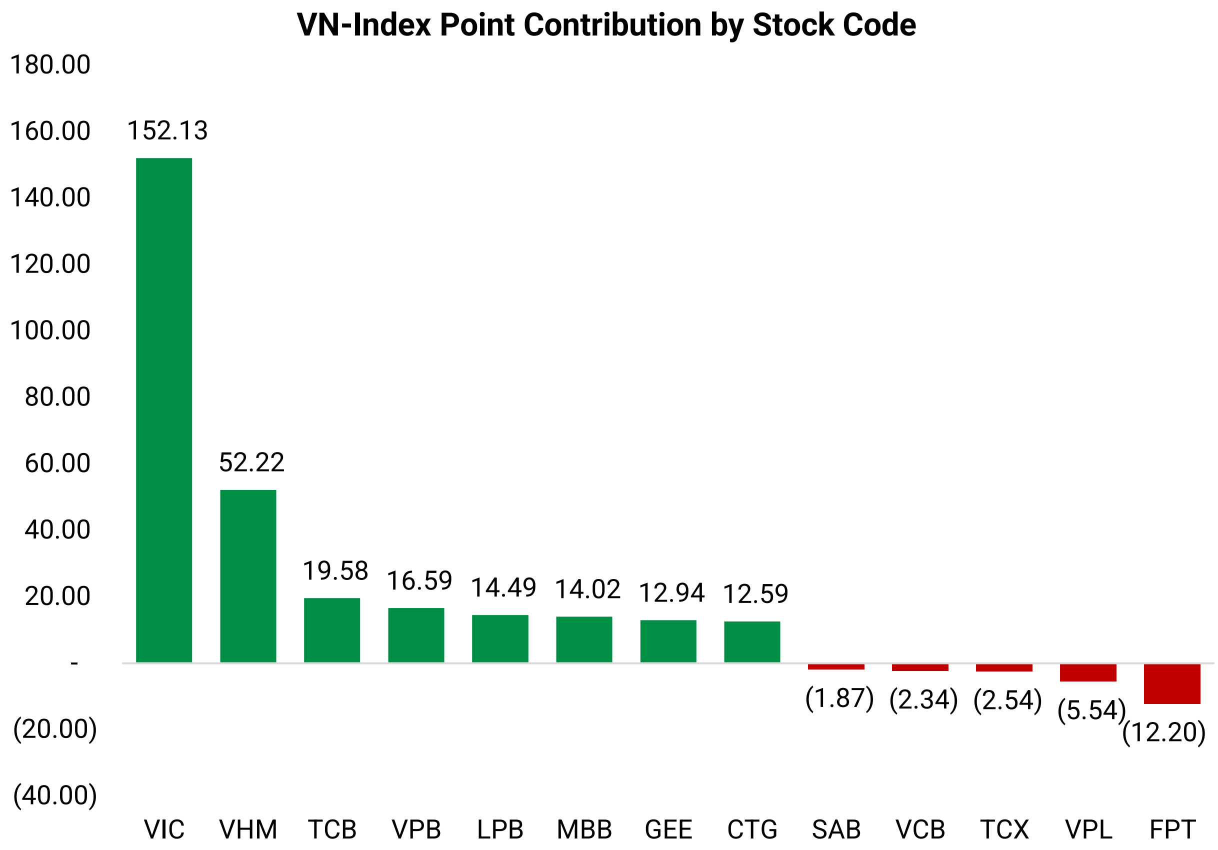


Source: Bloomberg, PSI research

VIETNAM STOCK MARKET 2025

NARROW MARKET BREADTH - STRONG DIVERGENCE



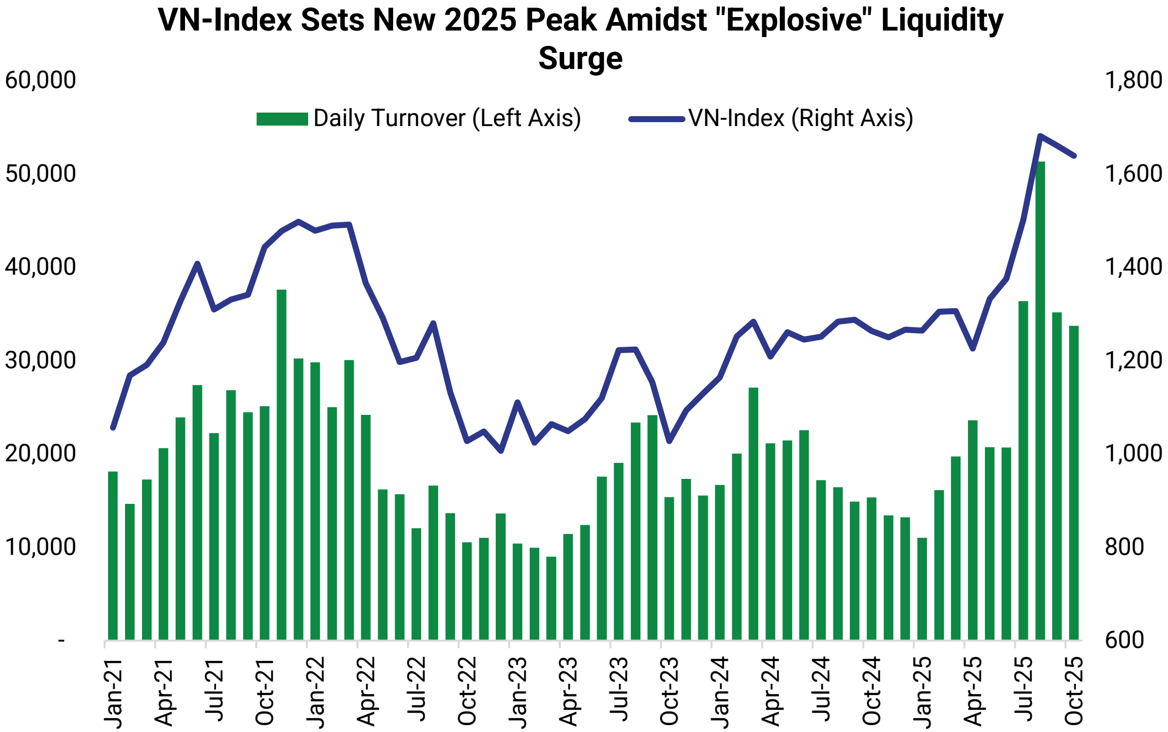


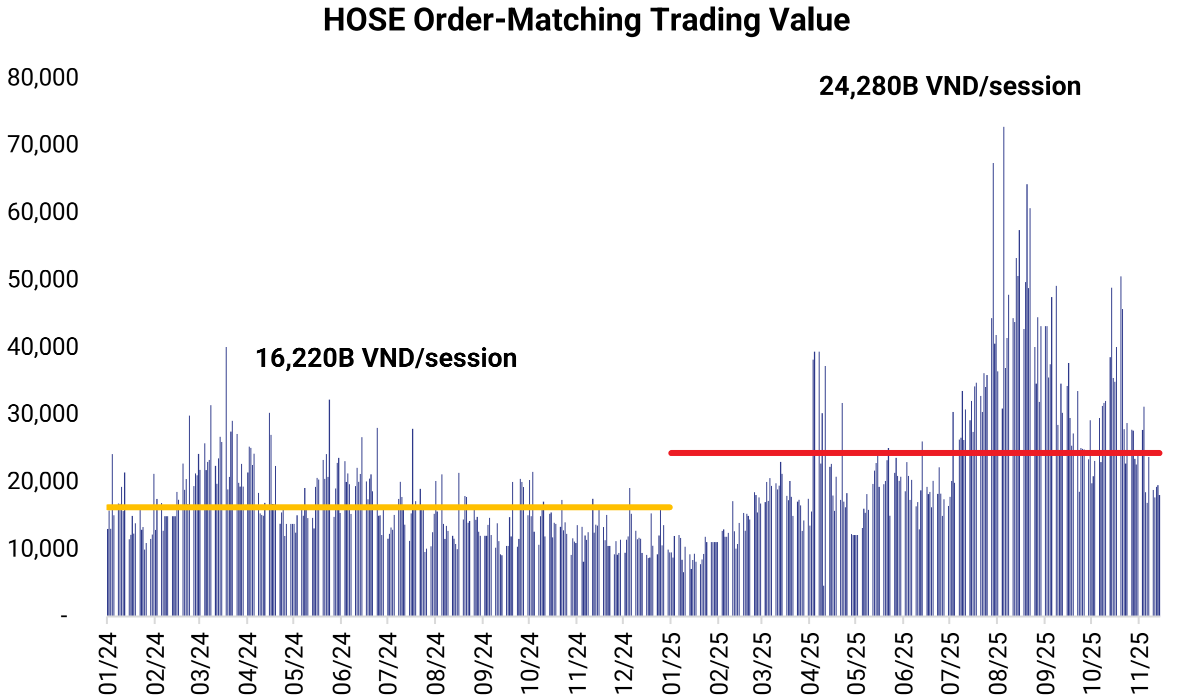
- Market cash flow is highly **divergent**, with the majority of the VN-Index's gains driven solely by a few select groups such as **Vingroup**, **Banking**, and **Gelex**...
- As of November 15, 2025, there are still **179 stocks** on HOSE recording negative performance (price decrease) in 2025.

VIETNAM STOCK MARKET 2025

PETROVIETNAM PSI

“EXPLOSIVE” LIQUIDITY



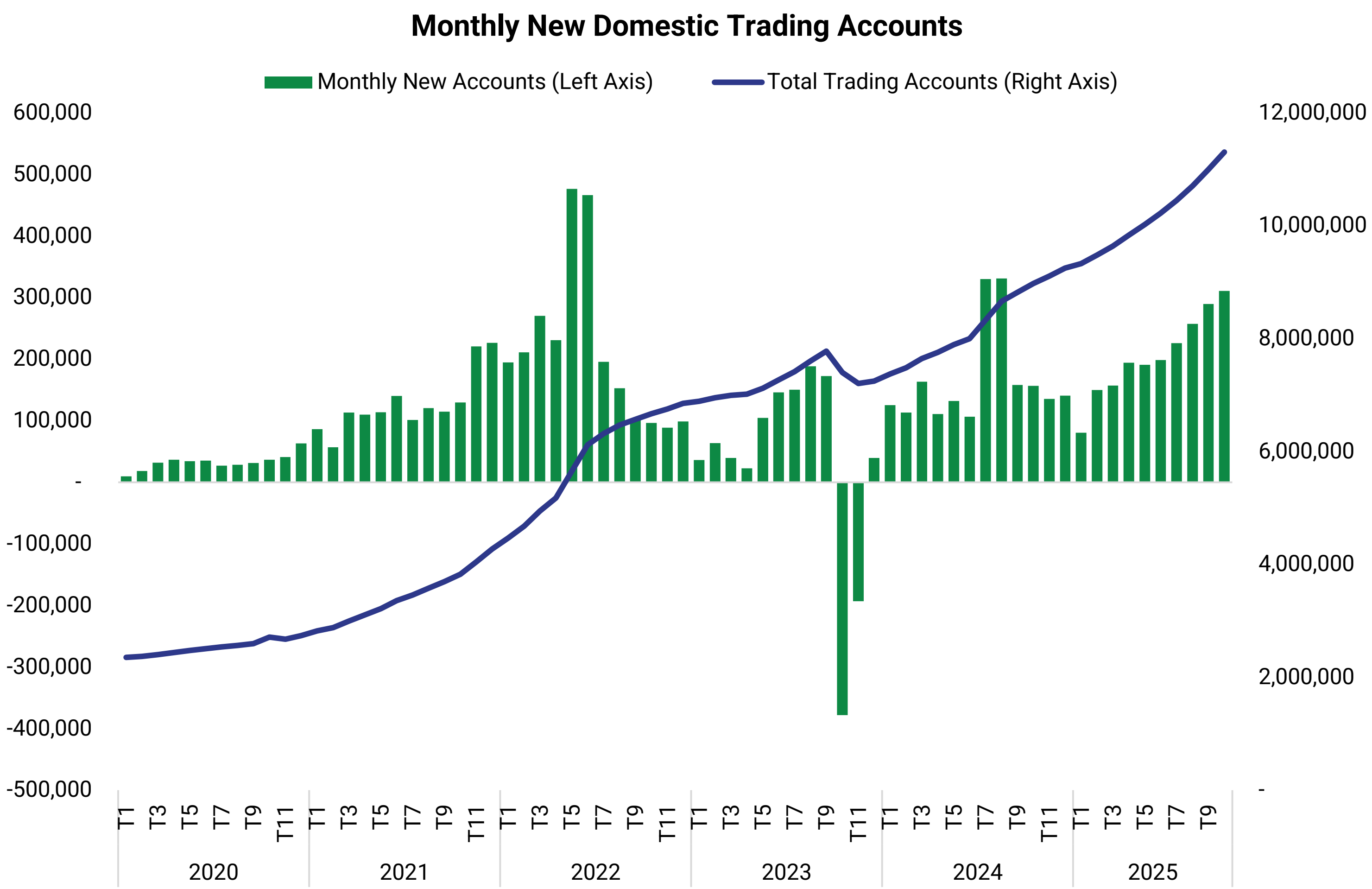


Source: Bloomberg, PSI research

- The VN-Index reached an **All-Time High (ATH)** in October driven by a market-wide liquidity "boom". The aggregate **order-matching value** across all 3 exchanges reached a record high of over **VND 35,480 billion/session** in 10M2025 (first 10 months of 2025), surging **83.83% YoY**
- As of November 15, 2025, the order-matching value on **HOSE** reached **VND 24,280 billion**, representing a **49.7% increase** compared to the 2024 full-year average.

VIETNAM STOCK MARKET

2030 STOCK ACCOUNT TARGET ACHIEVED AHEAD OF SCHEDULE

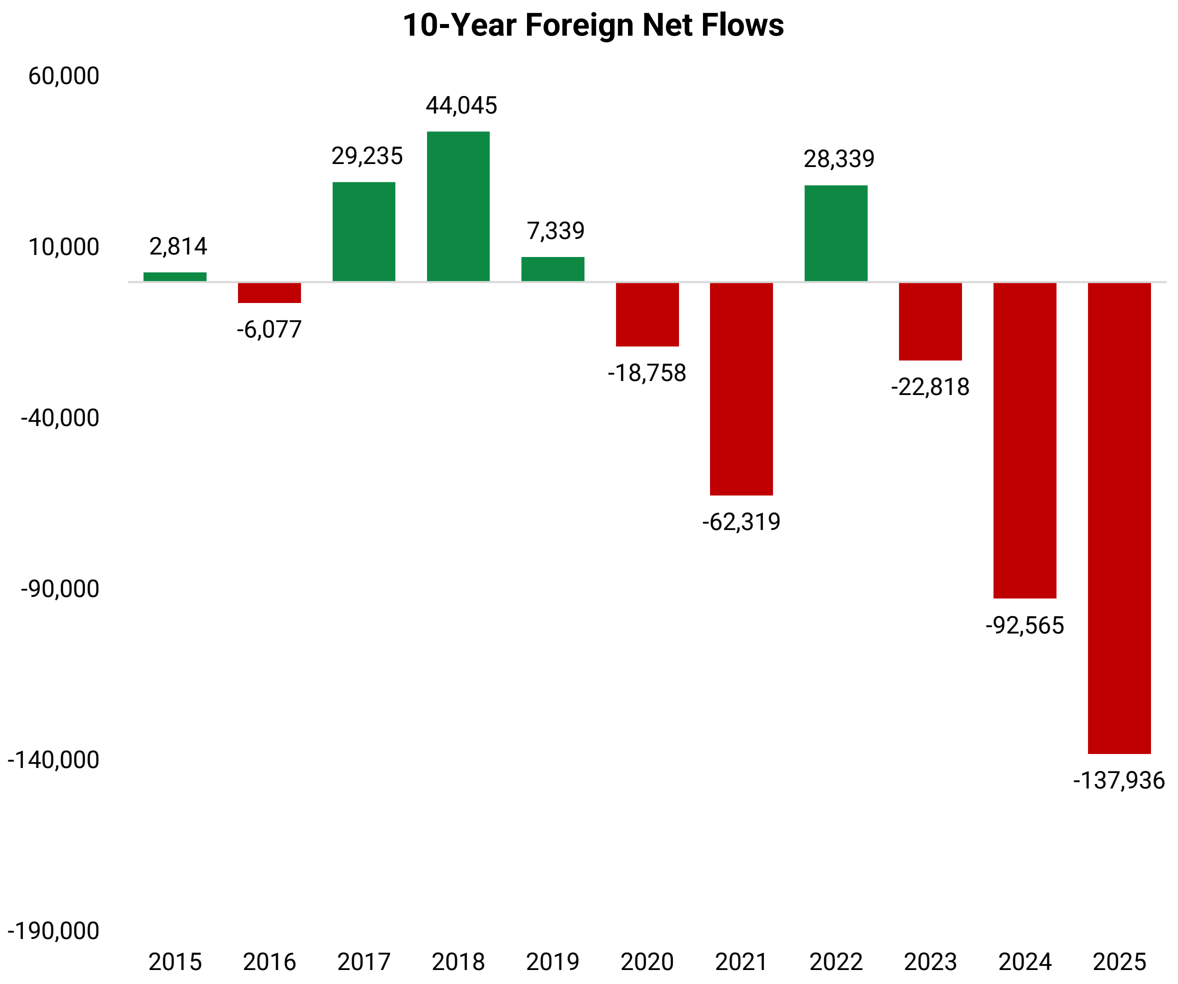


Source: VSD, PSI research

- Latest data from the Vietnam Securities Depository and Clearing Corporation (VSDC) reveals that domestic investors opened 310,651 new securities accounts in October. This growth was driven primarily by individual investors, with 310,000 new accounts opened. This figure marks a record high for the past 14 months.
- As of the end of October, domestic investors maintained a total of 11.3 million securities accounts. Retail investors comprised the vast majority with 11.286 million accounts, while the balance was held by institutional investors. With a market penetration rate equivalent to approximately 11.3% of the population, Vietnam has successfully attained its Government-approved 2030 stock market development target ahead of schedule.

VIETNAM STOCK MARKET 2025

FOREIGN INVESTORS NET SELL OVER $5 BILLION YEAR-TO-DATE



Source: Fiinpro, compiled by PSI

- Cumulative data for the first 11 months of 2025 (as of Nov 25, 2025) shows foreign investors have net sold over VND 137,936 billion across the entire market. This figure represents a 49.01% increase compared to the total net selling value recorded for the full year of 2024.
- **October marked the third consecutive month of net foreign selling on the Ho Chi Minh City Stock Exchange (HOSE). While recent buying flows have averaged VND 80 trillion/month, selling pressure has intensified, exceeding the VND 100 trillion mark twice (in August and October). Amidst higher market liquidity, the scale of foreign trading has expanded significantly compared to the first half of the year.**
- **Despite two months remaining in 2025, cumulative foreign net selling has already exceeded VND 120 trillion (and reached nearly VND 138 trillion by late November), far surpassing the record net outflow of over VND 90 trillion set in 2024.**

VIETNAM STOCK MARKET 2025

FOREIGN ETFS CONTINUE NET WITHDRAWALS FROM VIETNAM

- Foreign ETFs in Vietnam continued to record net withdrawals in 2025, with a cumulative net outflow of over VND 10,774 billion in the first 11 months (as of Nov 15, 2025).
- The Fubon FTSE Vietnam ETF alone accounted for over VND 9,685 billion in net withdrawals during this period. The fund currently tracks the FTSE Vietnam 30 Index, which is part of the FTSE Frontier Index basket. On October 7, FTSE Russell announced the reclassification of the Vietnamese stock market from Frontier Market to Secondary Emerging Market status, effective early September 2026. Consequently, the Fubon ETF will be required to either liquidate its current equity positions to dissolve the fund or transition to a new benchmark index comprising stocks that meet FTSE's regulatory standards, provided the fund continues to utilize a reference index from FTSE or another provider.

Foreign ETF Name	Total Net Assets (AUM) (Million USD)	Net Fund Flow (YTD) (Million USD)	Net Fund Flow (YTD) (Billion VND)	Return On Sales (YTD)
VanEck Vietnam ETF	567	- 45	- 1,260	32.3%
Fubon FTSE Vietnam ETF	455	- 322	- 9,685	40.7%
Xtrackers Vietnam Swap UCITS ETF	345	- 36	- 981	42.5%
KIM KINDEX Vietnam VN30 ETF Synth	268	46	1,216	33.9%
Global X MSCI Vietnam ETF	25	7	183	51.5%
Premia Vietnam ETF	6	- 9.13	- 264	54.8%
CSOP FTSE Vietnam 30 ETF	5	0.35	18	48.2%
Total	**1,671**	**- 359**	**- 10,774**	

As of 15/11/2025

Source: Bloomberg, PSI research

VIETNAM STOCK MARKET OUTLOOK 2026

FTSE RUSSELL CLARIFIES 2026 MARKET UPGRADE ROADMAP

The table below illustrates the projected weights of Vietnamese stocks (listed in Q4) within FTSE indices, based on closing data as of Friday, October 31, 2025.

Projected Weight in FTSE Global All Cap	Projected Weight in FTSE Emerging All Cap	Projected Weight in FTSE All-World	Projected Weight in FTSE Emerging
0.04%	0.34%	0.02%	0.22%

Source: FTSE Russell, PSI research

- ❖ FTSE Russell has formally announced the plan to execute the reclassification of Vietnam from Frontier Market to Emerging Market status within FTSE indices.
- ❖ FTSE Russell will reclassify Vietnam from Frontier Market to Secondary Emerging Market within the FTSE Global Equity Index Series (GEIS) and associated indices. This transition is effective from the semi-annual review in September 2026, contingent upon Vietnam passing an interim assessment in March 2026.
- ❖ The reclassification will be implemented in phases. Vietnam's exclusion from the FTSE Frontier Index will be implemented in a single tranche during the September 2026 Annual Review.
- ❖ The inclusion of Vietnam into the FTSE GEIS will commence from the semi-annual review in September 2026, subject to the results of the March 2026 interim assessment. Specific details regarding the implementation phases will be disclosed in a March 2026 announcement, following consultation with FTSE Russell Advisory Committees and final approval by the FTSE Russell Index Governance Board.

VIETNAM STOCK MARKET OUTFLOW 2026

POST-UPGRADE CAPITAL INFLOWS

Selected ETFs Tracking FTSE Russell Indices

ETF name	Benchmark Index	Total Net Assets (AUM) (Million USD) (*)	Projected Vietnam Weight in Index (**)	Estimated Passive Inflow to Vietnam Post-Upgrade (Million USD)
Vanguard Total International Stock ETF	FTSE Global All Cap ex US Index	554,300	0.105%	582.02
Vanguard Institutional Total International Stock Market Index Trust II	FTSE Global All Cap ex US Index	284,900	0.105%	299.15
Vanguard FTSE Emerging Markets ETF	FTSE Global All Cap ex US Index	141,500	0.105%	148.58
Vanguard FTSE All-World ex-US Index Fund	FTSE All-World ex US Index	75,500	0.06%	45.3
Vanguard Total World Stock ETF	FTSE Global All Cap	56,408	0.04%	22.56
Vanguard FTSE All-World UCITS ETF	FTSE All-World Index	21,600	0.02%	4.32
Total		1,134,208		**1,101.93**

(*): Vanguard Total International Stock ETF, Vanguard FTSE All-World ex-US Index Fund, Vanguard FTSE Emerging Markets ETF, Vanguard FTSE All-World UCITS ETF*– Data as of Oct 31, 2025; Vanguard Total World Stock – Data as of Nov 19, 2025*; Vanguard Institutional Total International Stock Market Index Trust II – *Data as of Sep 30, 2025;*
(**): Data derived from FTSE Russell's "Indexing the World" report and "FTSE Russell Vietnam FAQ"

VIETNAM STOCK MARKET OUTLOOK 2026

POST-UPGRADE CAPITAL INFLOWS

Vietnam is projected to attract total foreign capital inflows (Passive + Active) ranging from $3 billion to $8 billion.

Key Assumptions:

- **Market Weighting:** The market capitalization of the VN-Index exceeds $300 billion, comparable to other constituents in the FTSE Emerging Markets Index, such as Chile ($149 billion) and Qatar ($168 billion). Vietnam's estimated weight in the basket is projected to range between 0.5% and 0.8% upon official inclusion.
- **Passive Inflows:** Data from Trackinsight indicates there are currently 19 ETFs with total assets under management (AUM) exceeding $123 billion that benchmark against the FTSE Emerging Index.
- **Active Inflows:** FTSE Russell estimates that total assets from active funds are 5 times larger than passive funds, equivalent to approximately $600 billion. The model assumes active funds will allocate capital in proportion to the index weight.

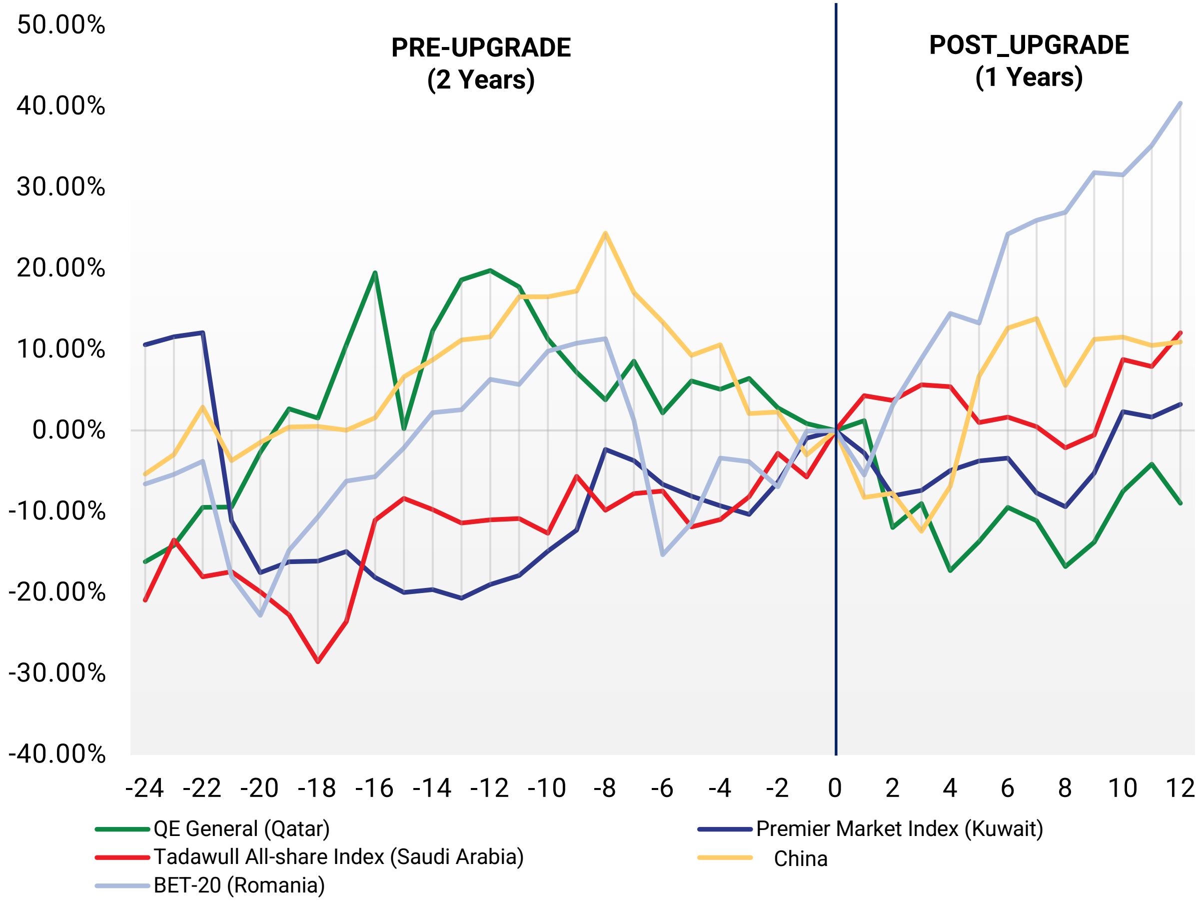
Total Fund Assets (Active + Passive) (Billion USD)

Expected Weight of Vietnam (%)	700	800	900	1,000
0.50%	3.5	4.0	4.5	5.0
0.60%	4.2	4.8	5.4	6.0
0.70%	4.9	5.6	6.3	7.0
0.80%	5.6	6.4	7.2	8.0

VIETNAM STOCK MARKET OUTLOOK 2026

MARKET ATTRACTIVENESS POST-UPGRADE

Comparative analysis of equity market performance in Qatar, Kuwait, Saudi Arabia, China, and Romania before and after the announcement of their reclassification to FTSE Emerging Market status



Source: Bloomberg, PSI research

Country	Watchlist Entry Date (Secondary Emerging)	Changes (%)	Official Inclusion Date	Changes (%)	Current Reference Date
Quatar	Sep 2013	+19%	Sep 2015	-4%	Oct 2025
Kuwait	Sep 2008	-60%	Sep 2017	+85%	Oct 2025
Saudi Arabia	Sep 2015	+6%	Mar 2018	+48%	Oct 2025
China	Mar 2016	+7%	Sep 2018	+40%	Oct 2025
Romania	Sep 2019	-6%	Sep 2020	+150%	Oct 2025
Vietnam	Sep 2018	+61%			Oct 2025

VIETNAM STOCK MARKET OUTLOOK 2026

A NEW WAVE OF IPOs IN VIETNAM'S CAPITAL MARKET

- In 2025, a stable macroeconomic foundation combined with converging catalytic factors is unlocking prospects for a renewed wave of Initial Public Offerings (IPOs).
- The introduction of Decree 245/2025/ND-CP streamlines procedures and significantly compresses the mandatory timeline for post-IPO listing from 90 days to just 30 days, improving liquidity access for issuers.
- **Through 2027, the Vietnamese stock market is projected to become increasingly vibrant and diversified, driven by listings from major corporations. The market anticipates significant deals in 2025, particularly in: Real Estate: Vinpearl (HSX: VPL), CRV Real Estate (HSX: CRV); Financial Services: Techcom Securities (HSX: TCX), VPBank Securities (HSX: VPX), VPS Securities (HSX: VCK).**
- ***Following a prolonged period of dormancy, IPO activity is forecast to rebound robustly. This resurgence is expected to supply high-quality investment options, substantially enhancing market attractiveness and deepening Vietnam's capital market structure.***

2025 | **2026-2027**

EXECUTED & PLANNED IPOs | **POTENTIAL IPO CANDIDATES**

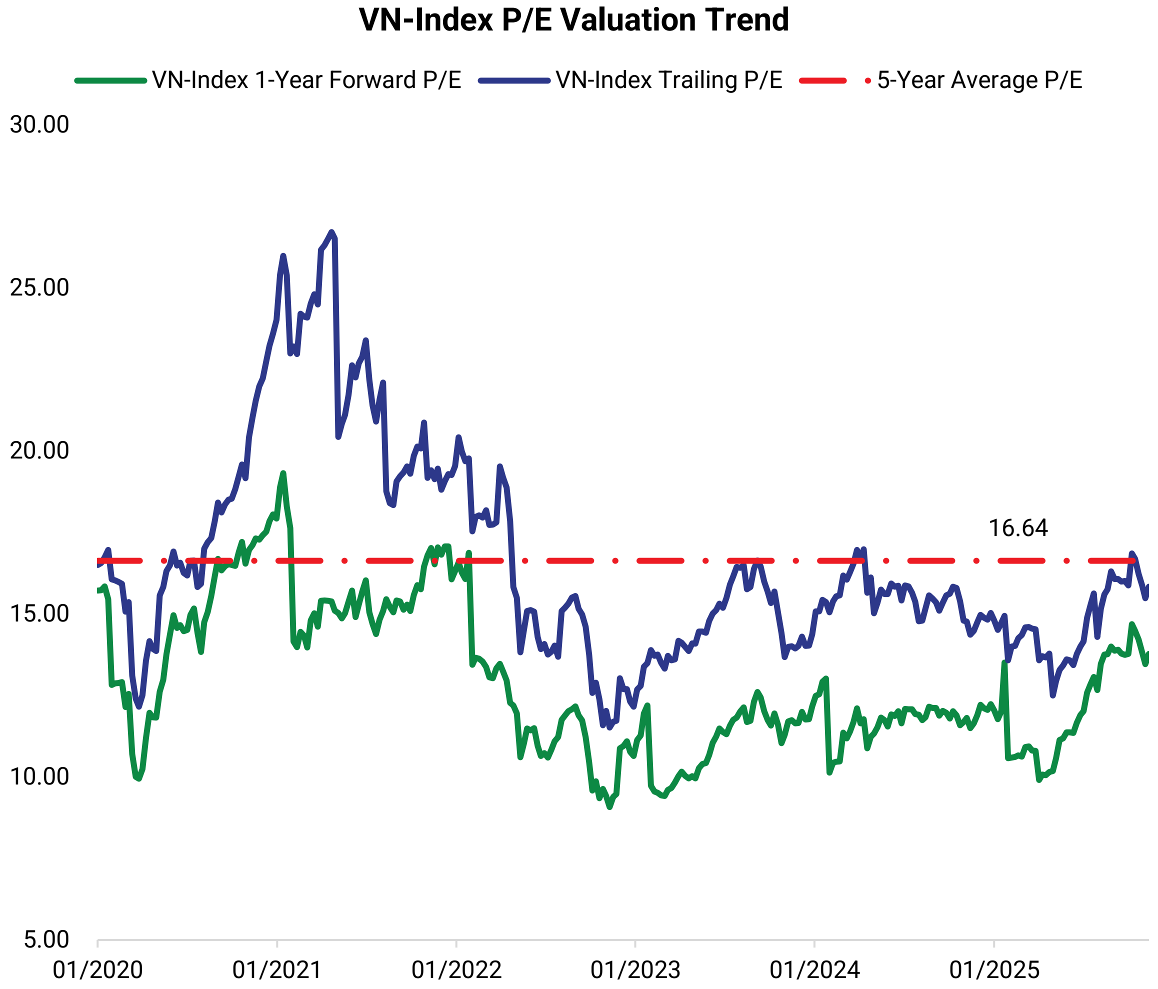
FINANCIAL SECTOR

CONSUMER SECTOR

OTHER SECTORS

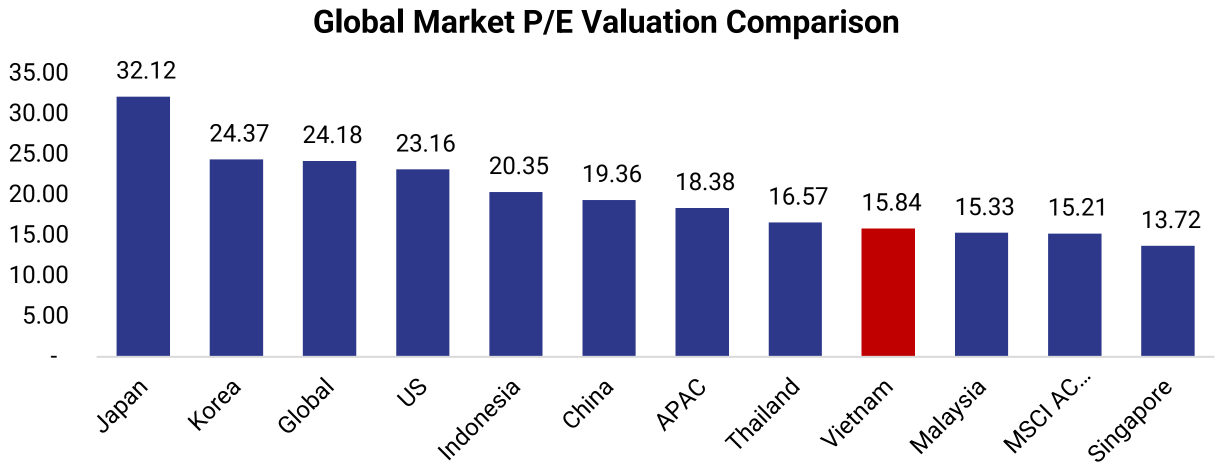
VIETNAM STOCK MARKET OUTLOOK 2026

VN-INDEX P/E REMAINS HIGHLY ATTRACTIVE



Source: Bloomberg, PSI research

- Following a robust Q3 2025 earnings season and a market correction in late October, the market valuation has compressed. The VN-Index is currently trading at a P/E of 15.84x, a discount to its 5-year historical average of 16.64x. Meanwhile, the 1-year Forward P/E, based on Bloomberg consensus estimates, stands at 13.7x. This level is significantly lower than both 5-year and 10-year averages, representing a historically attractive entry point. Consequently, Vietnam's market valuation remains highly competitive when benchmarked against regional peers and global markets..



VIETNAM STOCK MARKET OUTLOOK 2026

VN-INDEX PROJECTED TO SURPASS 1,900 POINTS IN 2026

- ❖ We project that the Vietnamese stock market will resume a robust growth cycle in 2026, emerging from a period of strong accumulation and divergence. The VN-Index is forecast to trade within the 1,745 – 1,957 range, driven by the resurgence of foreign capital inflows following the market upgrade.
- ❖ Earnings Per Share (EPS) is projected to expand by 12% – 18% year-on-year compared to 2025, underpinned by the following key drivers:
  - (1) Historical 5-year average EPS growth on HOSE (approx. 16.5%).
  - **(2) Full-year 2025 forecasted EPS growth momentum (exceeding 22%)**
  - **(3) Ambitious 2026 GDP growth target of 10% or higher.**
- ❖ The target valuation range (P/E) is selected between 15.5x – 16.5x (representing a standard deviation of ± 0.5 relative to the 5-year historical average)

		Forecasted EPS Growth 2026 (%)						
		8%	10%	12%	15%	18%	20%	25%
P/E 2026 Forward (X)	14.5x	1,574	1,603	1,632	1,676	1,720	1,749	1,822
	15.X	1,628	1,659	1,689	1,734	1,779	1,809	1,885
	15.5x	1,683	1,714	1,745	1,792	1,839	1,870	1,948
	16.X	1,737	1,769	1,801	1,850	1,898	1,930	2,010
	16.5x	1,791	1,824	1,858	1,907	1,957	1,990	2,073
	17.X	1,846	1,880	1,914	1,965	2,016	2,051	2,136
	17.5x	1,900	1,935	1,970	2,023	2,076	2,111	2,199

VIETNAM STOCK MARKET OUTLOOK 2026

TECHNICAL ANALYSIS: VN-INDEX CHART COMMENTARY

Following a period of deep correction, the Vietnamese stock market has successfully retested the previous peak accumulation/distribution zone within the 1,595 – 1,685 point range.

- **Base Case: The VN-Index is projected to stage a breakout rally in Q1 2026, preceding FTSE's interim assessment in March, before encountering short-term profit-taking pressure. In the second half of 2026 (H2), active foreign funds are expected to pre-position their portfolios to anticipate the market upgrade wave. This capital inflow will drive the index to break historical peaks and establish new all-time highs. The VN-Index is forecast to easily breach the 1,800 level, targeting a new peak of 1,900 points.**
- **Bull Case (Positive Scenario):** The VN-Index could approach and potentially surpass the 2,000-point milestone. This scenario is contingent upon a robust reversal of foreign capital flows (following a record streak of net selling) combined with broad-based market participation across sectors, underpinned by a positive macroeconomic outlook.

INVESTMENT IDEAS

1) Banking Sector

(1) Credit growth is expected to reach 18–20%, remaining a key driver of economic expansion next year, supported by continued public investment, recovering of real estate sector, and government directives for banks to facilitate business and production activities.

(2) Non-interest income is set to gain momentum as banks accelerate revenue diversification amid a broadly flat NIM outlook, indicating that core lending profitability has yet to rebound.

(3) Commercial banks are focusing on improving operational efficiency through organizational streamlining and faster digital transformation.

2) Real Estate Sector

Key bright spots in the Real Estate Sector are expected from:

(1) Medium-term supply growth driven by a surge in newly licensed projects, the restart of projects previously stalled due to legal issues, pilot projects under Resolution 171, and newly approved developments;

(2) Housing demand expected to improve thanks to persistently low interest rates and increasingly developed interregional transport infrastructure; and

(3) A strong recovery in funding channels following a period of dormancy.

INVESTMENT IDEAS

3) Oil & Gas Sector

(1) The oil market is moving toward oversupply scenario as global production growth continues to outpace demand. This elevates the likelihood that the Brent crude will remain at the **USD 60–65/bbl** in 2025, with a possible decline to **USD 55–60/bbl** in 2026. While this price level is still sufficient to sustain near-term extraction and maintenance activities, it may delay large-scale offshore developments in the medium term.

(2) Refining margins have strengthened markedly, particularly for diesel and Jet A1, surging from the third quarter and reaching their peak in late November 2025. The strength reflects recovering transport and aviation demand, low global inventories, supply tightness from refinery maintenance in Asia and the Middle East, and the broader rebound in global manufacturing and trade.

(3) The upstream segment remains as the key growth driver for Vietnam's oil and gas sector. The flagship Block B – Ô Môn project is progressing across multiple contract packages toward first gas in August 2027, while the Lac Da Vang project has reached a major milestone ahead of schedule with the successful launch of the Lac Da Vang-A jacket.

4) Construction sector

In 2026, public investment is expected to remain a key growth pillar, with an estimated capital plan of around 1.08 quadrillion VND, primarily allocated to major national infrastructure projects. A solid backlog and a gradually improving real estate market support a positive revenue outlook for construction companies. On the other hand, elevated material prices, stemming from tight supply and strong demand since late 2025, may raise input costs and put pressure on profit margins.

INVESTMENT IDEAS

5) Construction material sector

Production and consumption activities are improving, with finished steel output in the first 10 months of 2025 rose 8.4% YoY and sales increased 6.8% YoY, reflecting recovering domestic absorption amid weaker exports. Against the volatile global trade and numerous tariff barriers, the domestic market is to remain the industry’s primary pillar in 2026, supported by demand from real estate and public investment projects as well as domestic anti-dumping tax policies. Steel prices are likely to recover on rising demand and higher raw material costs. However, competitive risks persist as regional oversupply could pressure selling prices while the domestic market recovery remains moderate.

6) Electric production & distribution sector

The Adjusted Power Development Plan VIII (PDP8 Adjusted) and the amended Electricity Law 2024 have been officially promulgated, laying the foundation for a comprehensive reform phase in the power sector’s legal framework and ushering in a new cycle of growth and liberalization. Heading into 2026, the industry outlook is driven by two main forces:

(1) Renewable energy - the cornerstone for Vietnam to achieve Net Zero by 2050. The Government has rolled out a series of legal breakthrough mechanisms to accelerate renewable development, although additional time is still needed for these policies to fully take root and deliver clear results;

(2) LNG-fired power - an inevitable trend in the energy transition, expected to account for approximately 12% of the national power mix by 2030, compensating for the decline in domestic natural gas supply. At the same time, increased LNG imports from the United States have become a key task that also helps improve the bilateral trade balance.

INVESTMENT IDEAS

7) Fertilizer sector

The outlook for profit growth in 2026 is underpinned by three key drivers:

(1) Expected decline in input gas prices, creating room for margin improvement. With Brent crude oil prices stabilizing around $60 per barrel, gas costs for fertilizer enterprises are likely to remain low.

(2) Selling prices remain anchored at elevated levels. Amidst the gradual recovery of the global fertilizer supply, we anticipate the average price level in 2026 to experience a slight year-over-year decline of approximately 5%, settling near $400 per ton, substantially higher than the 2023–2024 period.

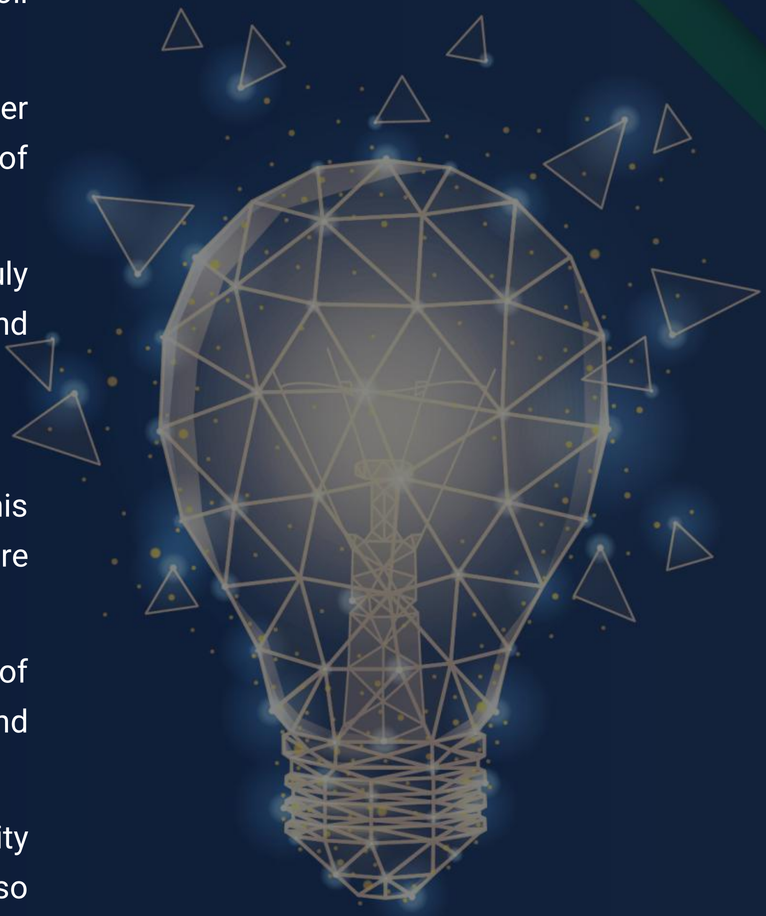
(3) Positive impact from the amended VAT Law. The implementation of a 5% VAT rate, effective July 2025, is expected to enhance the competitiveness of domestic producers against imported goods and consequently boost profitability.

8) Retail sector

Domestic consumption is picking up, with 10M 2025 retail growth at 9.3% YoY (vs. 8.8% previously). This acceleration is primarily driven by an improving labor market and new government policies that are effectively stimulating economic demand. The retail sector's 2026 outlook is driven by 02 key highlights:

(1) Jewelry industry benefiting from Decree 232/2025/ND-CP (effective October 2025). The removal of the gold bullion monopoly mechanism paves the way for private enterprises to produce gold bullion and import raw gold.

(2) Modern retail channels continue to accelerate as major department store chains achieve profitability and enter a rapid expansion cycle. The market standardization process, including e-commerce, also contributes to increased transparency and enhances the competitiveness of the modern retail system.



BANKING SECTOR

BANKING SECTOR

CREDIT SURGES BUT NET INTEREST MARGIN NARROWS

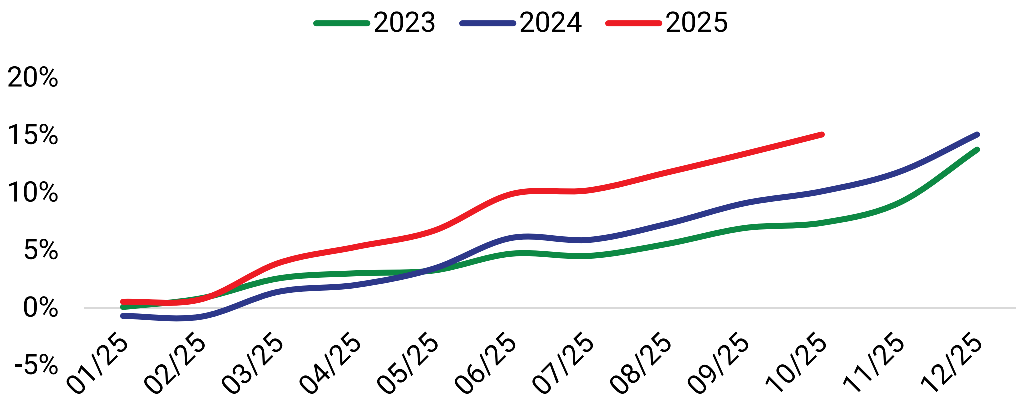
Credit continues to drive economic growth

As of October 31, 2025, the industry-wide credit growth reached 15.09%, nearly 1.5 times higher than the growth rate of 10.15% in the same period last year. The growth momentum has also accelerated month by month and is forecasted to reach 18% for the whole year of 2025. Based on target indicators of economic growth, we expect credit growth to remain a key driver of the economy in the coming year, with a growth rate of 18-20% supported by continued acceleration in public investment, a recovery in the real estate sector, and the Government's directives for the banking system to facilitate production and business activities.

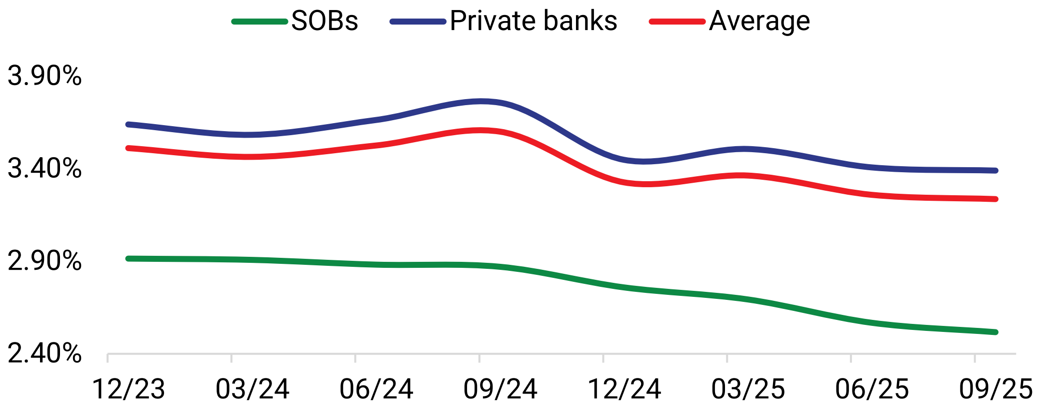
Net interest margin under pressure

Despite solid credit growth, the net interest margin (NIM) has shown signs of narrowing as the low-interest-rate environment has persisted since the beginning of the year. By July, the liquidity of the interbank market cooled down, helping ease the pace of NIM compression, with some commercial banks recording a modest rebound in margins. With the year-end peak period approaching, interbank rates have shown a mild upward trend, while commercial banks have also begun raising deposit rates to strengthen funding mobilization. We expect this slight upward trajectory in interest rates to extend into 2026; however, with both funding costs and lending yields moving in tandem, NIM is likely to remain broadly stable in the coming year.

Industry-wide credit growth



NIM of listed Banks



Source: PSI Research

BANKING SECTOR

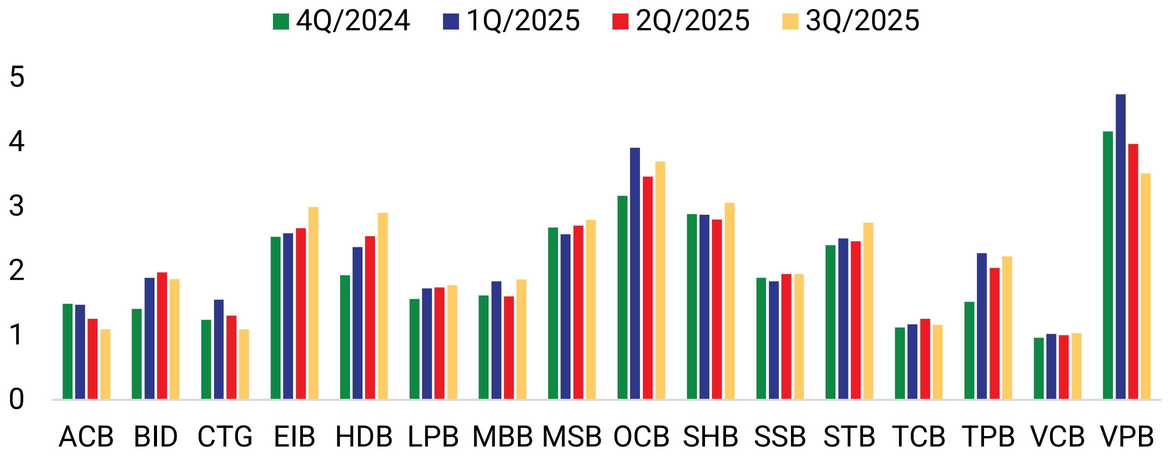
BANKS EASE PRUDENTIAL STANCE WHILE ASSET QUALITY SHOWS NO IMPROVEMENT

Rising Non-Performing loans pressure

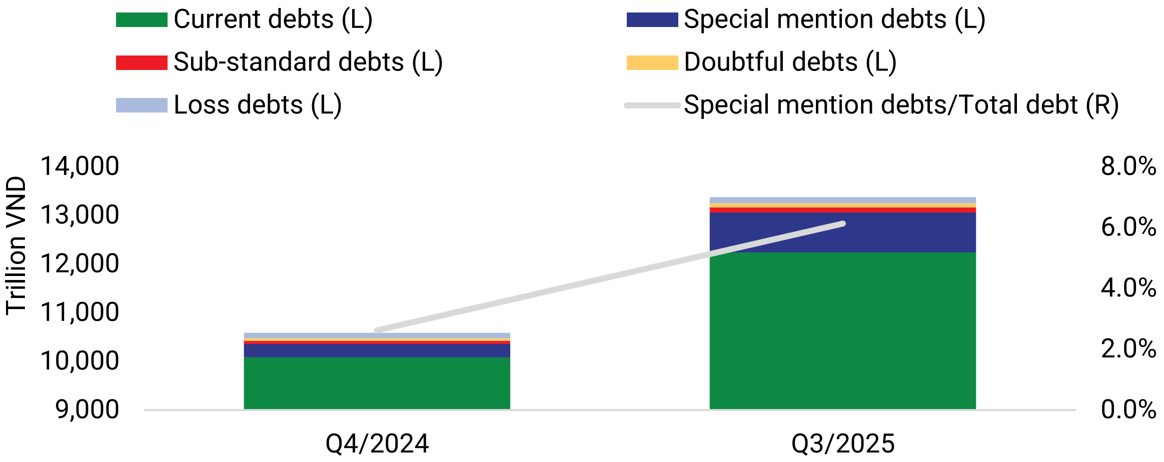
The consolidated on-balance sheet non-performing loan (NPL) ratio of listed commercial banks inched up from 2.14% at end of 2024 to 2.38% by the end of Q3 2025. NPL ratios increased across both state-owned banks (from 1.23% to 1.37%) and private commercial banks (from 3.02% to 3.16%), despite a notable expansion in standard loan. We forecast that NPL pressure may increase in 2026, as credit growth remains strong and new NPL formation accelerates, reflected in the growing share of special-mention loans across the banking system. This trend may require commercial banks to increase provisions, which would directly weigh on profitability in the near term.

However, a bright spot in asset quality is that banks have increased diversification of their loan portfolios, while expanding retail loan balances to generate competitive interest income and reduce concentration risks.

NPL ratio of listed banks



Credit structure of listed banks



Source: Bloomberg, Banks' Financial Statement, PSI reseach

BANKING SECTOR

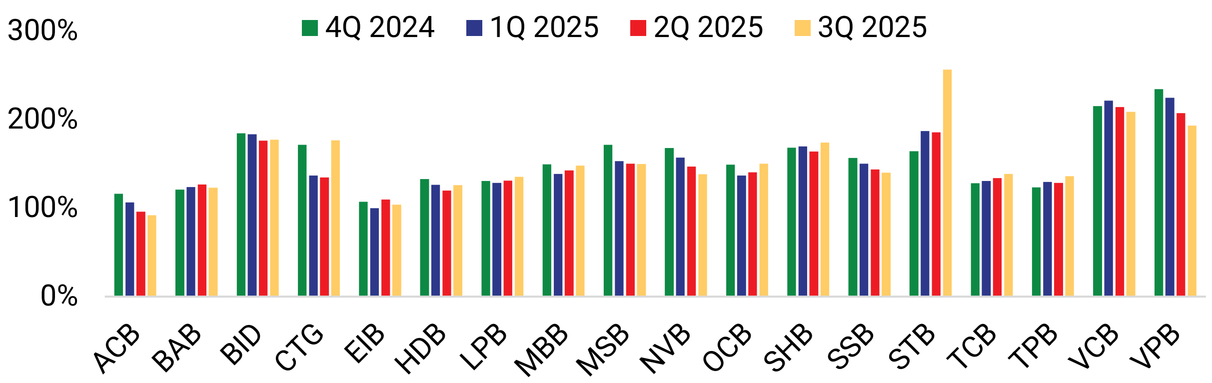
BANKS EASE PRUDENTIAL STANCE WHILE ASSET QUALITY SHOWS NO IMPROVEMENT

Less conservative credit risk provisioning across banks

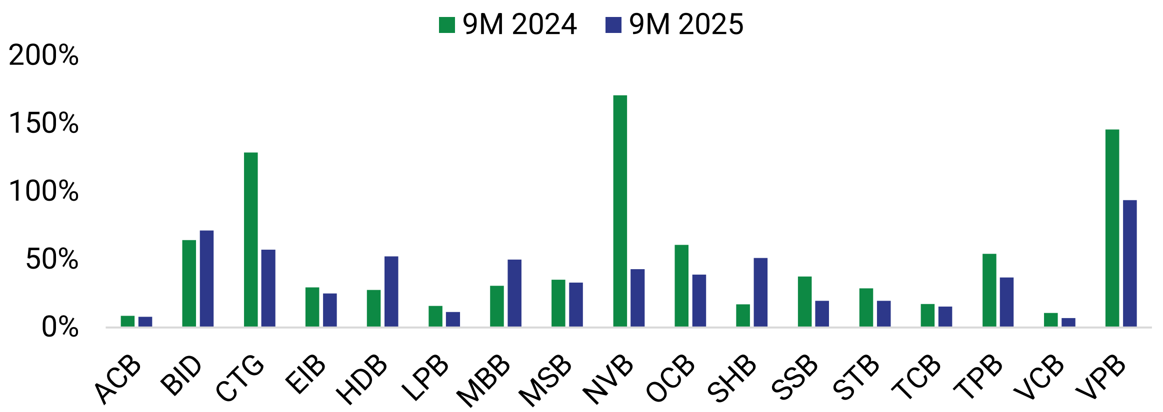
As of the end of Q3, banks delivered relatively strong operating results, with pre-tax profit growth commonly 10-30% higher than the same period last year. In addition to the expansion of credit volumes and growth in some non-interest income activities, there are signs that banks are gradually reducing their cautions in provisioning, as provisioning expenses relative to pre-tax profit despite has decreased despite robust credit growth.

Consequently, NPL coverage ratios have fluctuated as banks adjusted provisions quarterly, but on balance have trended slightly lower compared to the end of 2024. These shifts in asset-quality indicators suggest that banks are making tactical adjustments to near-term conditions; however, we do not view this as a sustainable long-term trend. With NPL formation risk rising, credit expansion still being actively promoted, and the macro environment remaining uncertain, we expect provisioning pressure to increase in 2026. This will pose material challenges for banks in safeguarding margins, maintaining asset quality, and balancing credit growth with capital adequacy requirements.

LLR ratio of commercial banks



Provision expense for credit losses/Total profit before tax



Source: Bloomberg, PSI Research

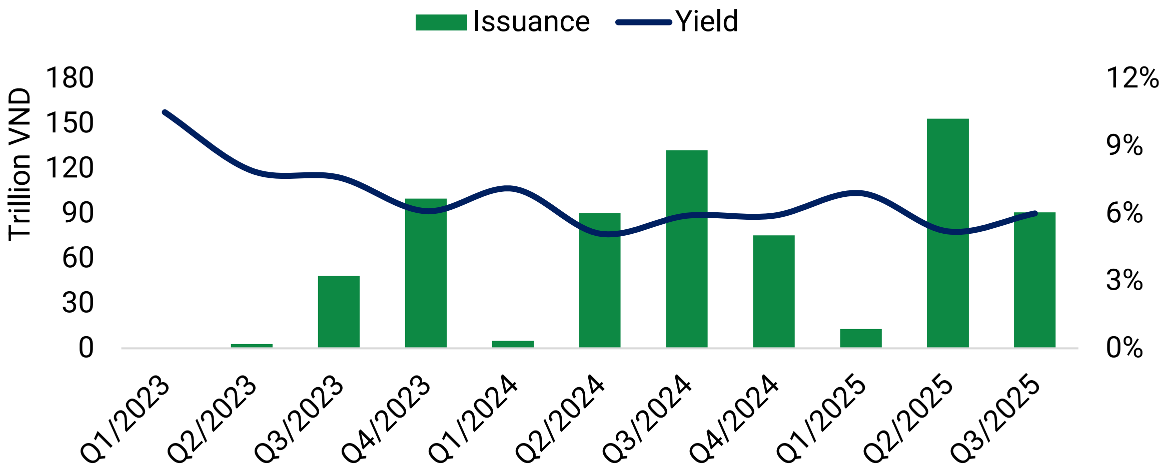
BANKING SECTOR

RISING PRESSURE ON COST OF CAPITAL

Cost of capital driven higher

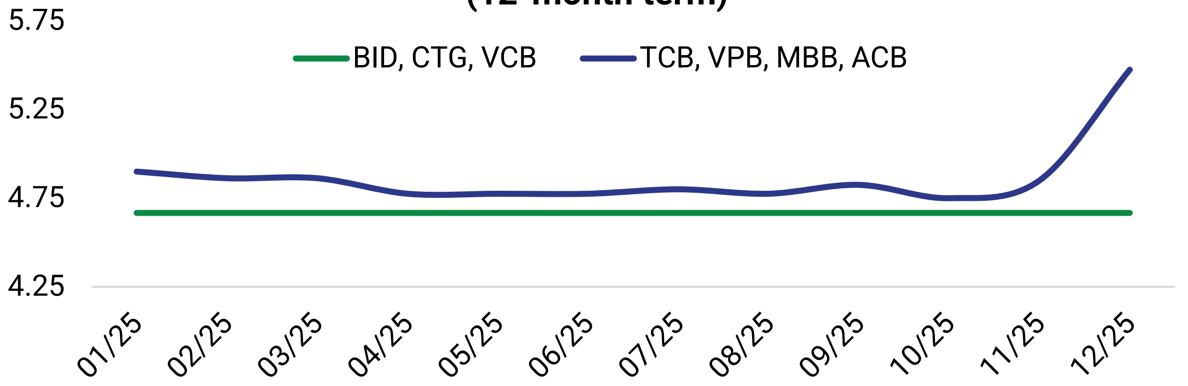
The broad deterioration in low-cost funding has added pressure to system-wide funding costs: CASA ratios declined from 35% at end of 2024 to 33.3%, interbank rates have remained elevated, and OMO winning rates have risen, collectively driving up the cost of various funding channels. We expect this trend to persist into 2026, as commercial banks' funding needs remain substantial with no signs of easing, thereby keeping overall funding costs at a relatively high level.

Bond issuance by commercial banks



Source: VBMA, PSI Research

Average deposit interest rates of commercial banks (12-month term)



Source: PSI Research

Banks step up bond issuance

In the first 9 months of the year, commercial banks issued a total of VND 256,739 billion worth of bonds of all terms, up 12.8% YoY. Banks accelerated issuance to capitalize on the low interest-rate environment in 2025, while also securing an additional funding source to support capital cost management. With current liquidity risks, we expect new bank bond issuance to maintain an upward trajectory in the coming quarters, even though average yields rebounded in Q3 and absorption capacity for new offerings may slower.

BANKING SECTOR

EXPECTED FURTHER IMPROVEMENT IN NON-INTEREST OPERATING RESULTS

No breakthrough in credit profitability

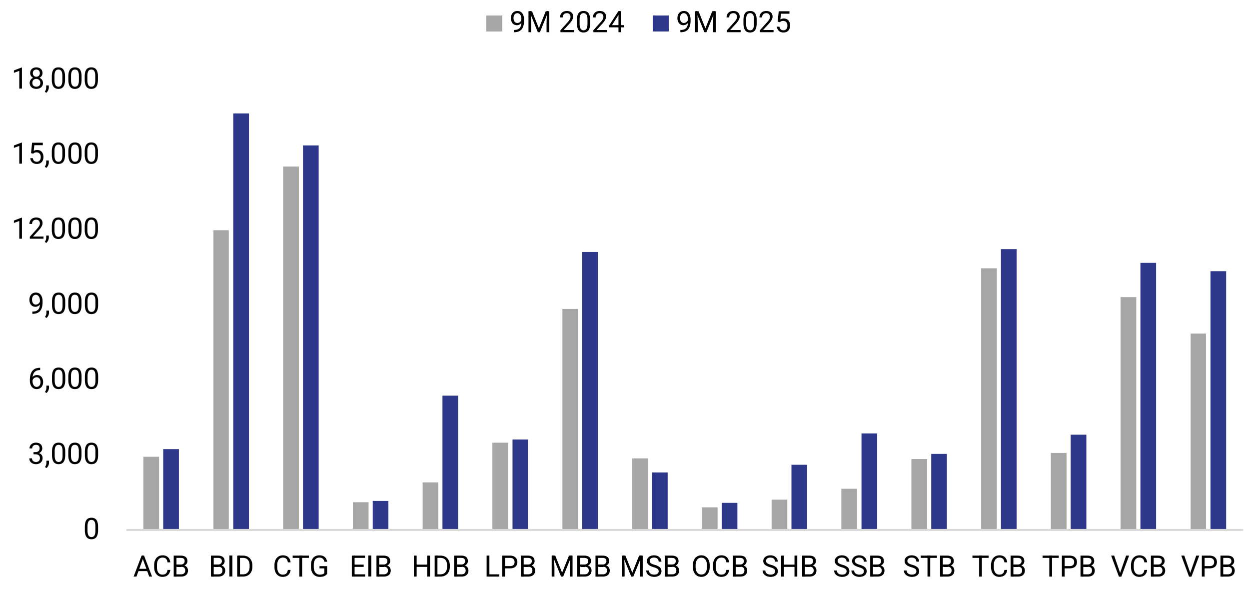
As mentioned, we expect that interest rates may rise from the low base of 2025 though the adjustment is likely to affect both lending and deposit rates concurrently. The predicted interest rate movements will maintain the profit margins of the banks' lending operations or slightly improve them in some banks with optimal capital expenditure control.

The non-credit business segment exhibits strong growth catalysts

Regarding non-credit activities, the USD/VND exchange rate has temporarily slowed its increase thanks to the FED's easing of monetary policy and the gradual stabilization of tariff policies, which may support the improvement of banks' foreign exchange business. Bancassurance activities are on the recovery path after crisis period, and the inverse correlation between bond prices and interest rates also gives an advantage to these non-interest activities of banks. Previously, several banks with a strategy of diversifying income sources from non-interest income to offset NIM compression also recorded relatively positive results. We forecast this trend to continue, with NIM projected to remain flat or only slightly improve next year.

However, we also note that the trend of gradually increasing interest rates may affect the bond business of commercial banks in 2025.

Non-interest income of commercial banks

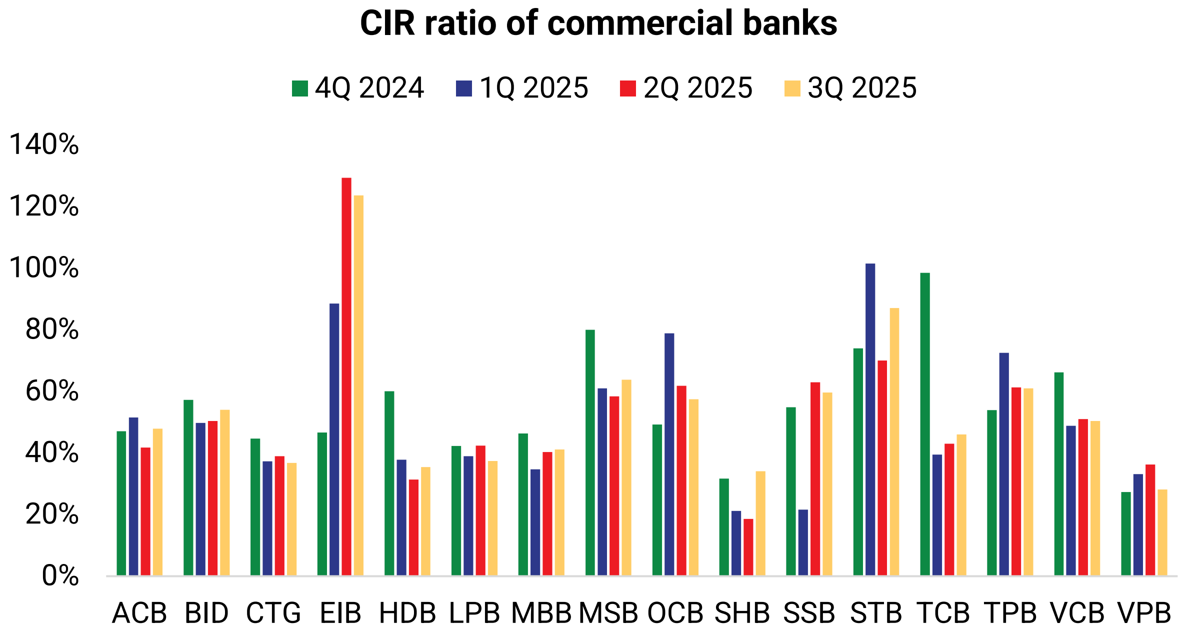


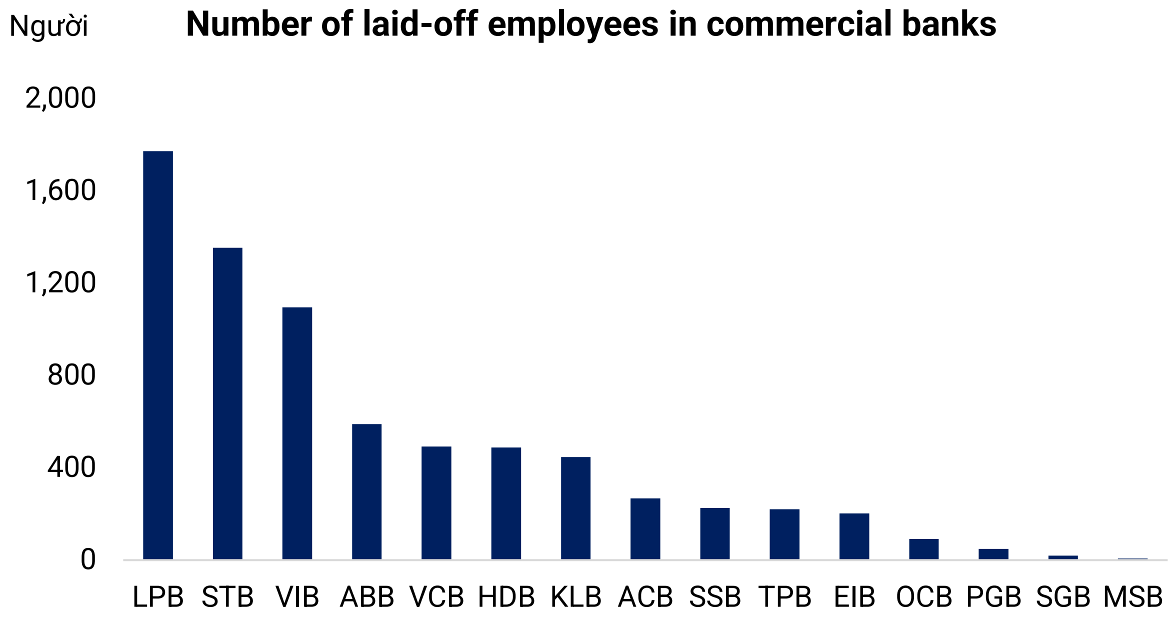
Source: Bloomberg, PSI Research

BANKING SECTOR

PRIORITIZING IMPROVEMENTS IN OPERATIONAL EFFICIENCY

Operational efficiency has become a key priority for commercial banks, as evidenced by streamlining their structures, optimizing processes, and reducing personnel in areas with high levels of automation, alongside accelerating digital transformation throughout the system. The size of the workforce at many banks has significantly shrunk in the first nine months of the year, further demonstrating the growing trend of digitalization and operational restructuring being implemented in many banks, supporting the reduction of fixed costs and improving overall efficiency. As a result, the cost-to-income ratio (CIR) of many banks has improved, laying the groundwork for further application of technology and automation in the future.





Source: Bloomberg Banks' Financial Statement, PSI Research

BANKING SECTOR

NOTABLE REGULATORY DEVELOPMENTS

SBV launches stricter capital adequacy standards

On 15 September, Circular 14 issued by the State Bank of Vietnam on strengthening capital safety requirements for commercial banks officially took effect. The circular introduces mandatory capital adequacy ratios and outlines the roadmap for the banking system to transition to Basel III, with more stringent requirements on capital quality, liquidity, leverage ratios and concentration risk management. Based on this roadmap, we expect commercial banks to begin their initial preparation steps in 2026, including gradually implementing strategies to increase capital, restructuring and optimizing their asset portfolios, thereby raising prudential standards and ensuring compliance with capital safety requirements in the coming years.

Ratio	Effective from			
CCB (Capital conservation buffer)	Year I	Year II	Year III	Year IV onward
Common equity Tier 1 (incl. CCB)	0.625%	1.25%	1.875%	2.5%
Common equity Tier 2 (incl. CCB)	5.125%	5.75%	6.375%	7%
Capital Tier 1 (incl. CCB)	6.625%	7.25%	7.875%	8.5%
CAR (incl. CCB)	8.625%	9.25%	9.875%	10.5%

SBV assigned to pilot the removal of credit limits in 2026

The State Bank of Vietnam has recently been instructed by the Government to pilot the removal of credit growth limits in 2026. Removing these limits will shift credit growth back to market supply and demand, allowing banks more room to manage loans and expand core lending. Banks with solid capital buffers like TCB, HDB, and ACB will benefit most, given their stronger resilience and larger capacity to grow their balance sheets. For state owned banks, which face structural constraints in raising equity capital, the removal of credit limits may prompt the accelerated issuance of bonds to strengthen Tier 2 capital. This would help them maintain their competitive advantage in credit supply while still complying with capital safety requirements. However, it is important to note that removing credit limits may also heighten the risk that credit growth outpaces risk controls, potentially pressuring asset quality in a volatile macro environment. This underscores the need for banks to strengthen governance and internal risk management before operating fully under a market-driven framework

BANKING SECTOR

STOCK PICK

No.	Ticker	Catalysts	Risks
1	CTG	-**Credit growth remained outstanding while asset quality continued to improve**. CTG reported credit growth of 15.6% YoY, outperforming the industry average of 13.4%. At the same time, the on-balance sheet NPL ratio declined to 1.09%, and the NPL coverage ratio rose to 176%, both showing significant improvements compared with year-end levels, thereby reducing credit risk exposure. - **Profit growth was also impressive, supported by sharply lower provisioning expenses** amid strengthening asset quality. CTG reduced total provisioning costs by 32.6% YoY while still enhancing asset quality. As a result, profit after tax reached VND 23,764 billion, representing a 52.3% YoY increase.	NIM remains on a narrowing and flat trend as the bank maintains lending rates while gradually increasing deposit rates.
2	VCB	- **VCB continued to maintain its leading position in the sector**, supported by 12.5% credit growth and solid performance across non-interest income activities. Non-interest income remained driven by the bank's strong foreign-exchange franchise. In addition, VCB demonstrated effective funding-cost management, leveraging its large corporate and state-owned enterprise client base, which helped keep NIM stable through the first three quarters of 2025 despite an unfavorable interest-rate environment. - **Asset quality remained outstanding.** The NPL ratio stood at 1.03%, among the lowest in the industry, while the NPL coverage ratio reached a robust 202%. VCB continued to adopt a prudent provisioning strategy to safeguard capital adequacy, yet still delivered strong profitability growth.	New NPL formation has edged up slightly. This remains a point of concern despite the bank's prudent risk-management strategy.

BANKING SECTOR

STOCK PICK

No.	Ticker	Catalysts	Risks
3	ACB	-- **Prioritizing asset quality.** ACB recorded a credit growth rate of 14.2%, higher than the industry average, but asset quality indicators continued to improve and maintained prudence. The NPL ratio decreased to 1.09%, the lowest among private commercial banks, and the non-performing loan coverage ratio continued to improve, reaching 84% compared to 78% at the end of 2024. - **Non-interest income posted a significant improvement amid sector-wide pressure on interest income.** ACB achieved a 55% year-on-year growth from non-interest business activities, demonstrating high effectiveness in its strategy of diversifying revenue sources when credit operations faced difficulties across the industry.	Net interest income in the first three quarters declined year-on-year, indicating that ACB's interest-rate management has not been able to fully offset the pressure from the narrowing spread between funding costs and lending yields.
4	TCB	- **Capital adequacy remains the highest in the industry**. TCB consistently maintains a CAR well above regulatory requirements and the industry average. This will be a significant advantage as credit expansion continues to be encouraged and the SBV may pilot the removal of credit growth limits next year. - **The CASA ratio has improved throughout 2025, providing support to funding costs** at a time when cost of funds has been under pressure across the sector. - The bank benefits from a strong large-corporate client base with a diversified product suite, reinforcing its leading position in wholesale banking.	NIM narrowed, following the industry trend. non-interest income has improved significantly compared to the same period last year.

REAL ESTATE SECTOR

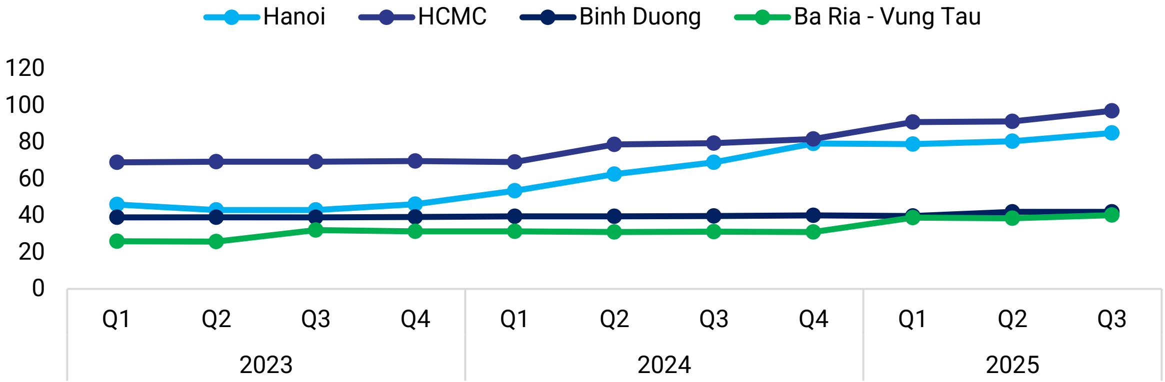
REAL ESTATE SECTOR

RESIDENTIAL REAL ESTATE: SUPPLY EXPANDS AMID PERSISTENTLY ELEVATED SELLING PRICE

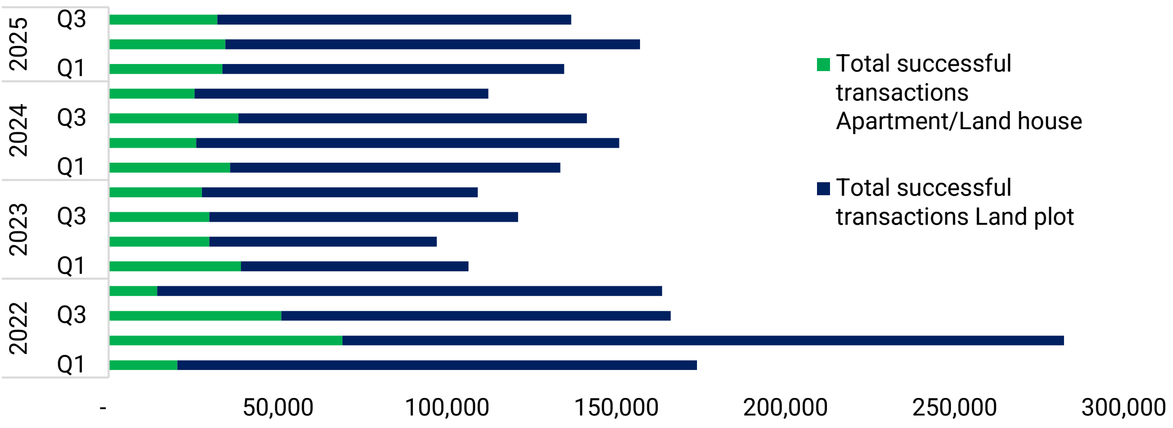
Demand continues to be affected by high selling prices. In Q3/2025, the total number of successful transactions in both land plots and apartments/seperate house was approximately 13,681 transactions, equivalent to 87% compared to Q2/2025 and 96.6% compared to the same period in 2024.

Sales activity was vibrant in final months of 2025. Entering Q4/2025, the peak sales period of the real estate market, the main driving force came from a series of large-scale projects by major developers, mainly concentrated in the South, after Hanoi recorded a 23% price increase compared to the same period last year.

Apartment selling price in the period 2023-2025 (million VND/m2)



Total successful transactions



Source: Ministry of Construction, PSI Research

Capital-raising channels have recovered positively after a period of stagnation. Funding activities have shown promising signs through both bank credit and corporate bonds. According to the SBV, as of August 31, 2025, outstanding credit for real estate business activities reached VND 1,823,312 billion, up 43 YoY. In the first 10 months of 2025, the total value of issued bonds reached nearly VND 491,000 billion, a 38.7% increase compared to the same period in 2024, with the real estate sector accounting for approximately 20.57% of the total issuance value.

REAL ESTATE SECTOR

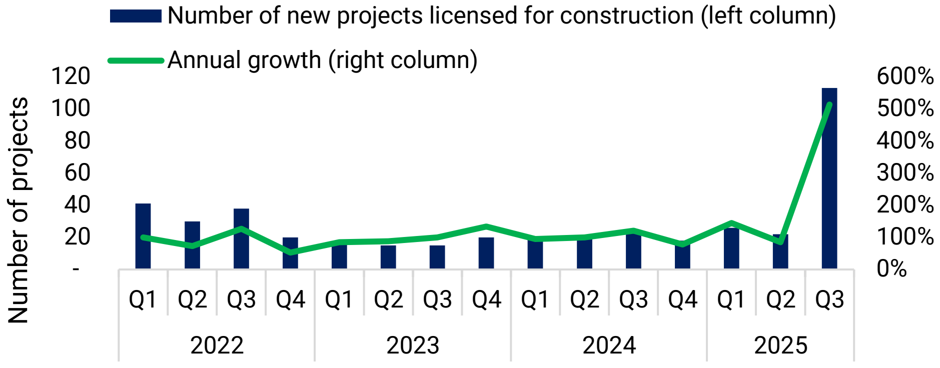
RESIDENTIAL REAL ESTATE: 2026 OUTLOOK

Medium-term supply is expected to increase, supported by: (1) Cumulative 9M/2025, 161 new projects were licensed, nearly 2.64 times more than the same period last year. In Q3/2025 saw strong growth, recording 113 new licensed projects, a 413.6% increase compared to the previous quarter; (2) The restart of projects previously delayed due to legal obstacles, together with pilot commercial housing projects implemented under Resolution 171 that allow development through negotiated transfers of land use rights, as well as newly approved projects. According to CBRE forecasts, new apartment supply in Hanoi and Ho Chi Minh City is expected to reach 60,300 units in 2026, up 11% YoY.

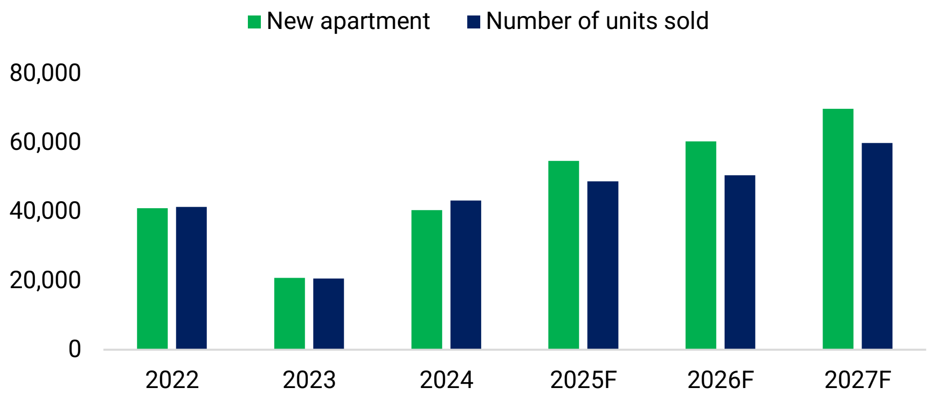
Housing demand is expected to improve supported by (1) stable interest rates and (2) increasingly developed interregional transport infrastructure, which shortens travel time between Hanoi, Ho Chi Minh City and surrounding provinces.

The new regulation on the first issuance of provincial land price tables presents an opportunity for developers with strong financial capacity. Beginning 1 January 2026, Article 159 of the 2024 Land Law will take effect, requiring provincial authorities to prepare and submit the initial land price table for approval by the provincial People's Council. Land prices in these tables will be determined by area and location and will be adjusted, amended or supplemented on an annual basis. This regulation poses a challenge to developers' financial health as input costs rise, creating significant pressure on the market's ability to absorb the final products.

Number of new construction projects licensed



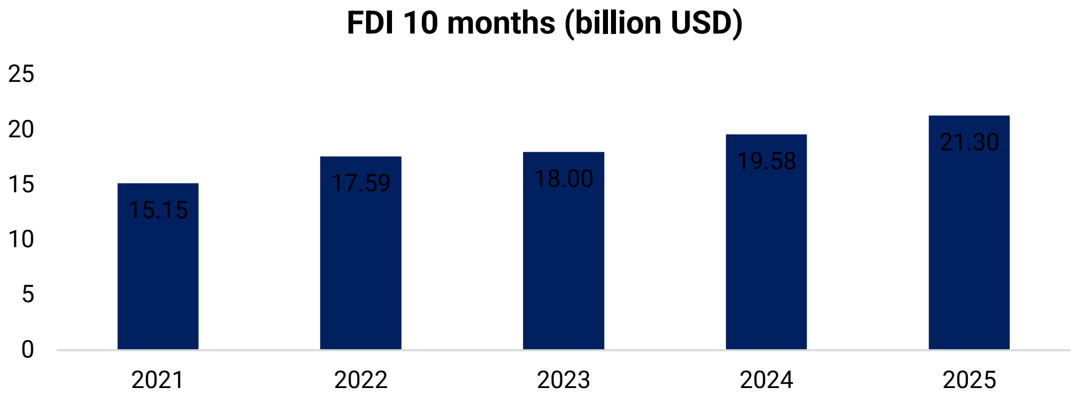
Supply of apartment units in Hanoi and Ho Chi Minh City 2022-2027(units)

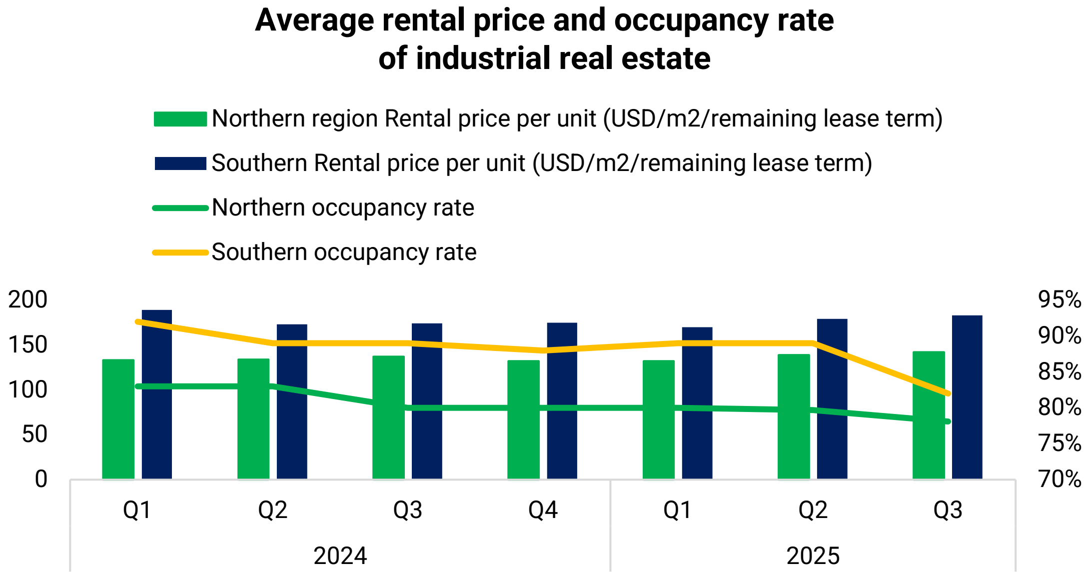


Source: Ministry of Construction, CNRE, PSI

REAL ESTATE SECTOR

INDUSTRIAL REAL ESTATE: STABILIZATION AFTER THE TARIFF SHOCK





Source: Ministry of Planning and Investment, CBRE, PSI Research

The US government's imposition of a 20 percent **export tariff** on Vietnamese goods shipped directly to the US and a 40 percent tariff on transshipped goods could **put pressure on the industrial real estate market**. **However,** major industrial parks currently appear to be adapting well to the tariff shock.

In the Northern region, the occupancy rate across industrial parks reached 78.1% at the end of the third quarter of 2025, down only 1.5 percentage points YoY. The average rent in the third quarter of 2025 was 142 US dollars per square metre for the remaining lease term, an increase of 4.1% YoY and 2.3% QoQ.

In the Southern region, despite a slowdown due to investor caution, the built-to-suit factory and warehouse segment maintained healthy occupancy rates, recording 96% and 74% respectively in Q3 2025.

FDI inflows have remained resilient after the tariff shock. Foreign direct investment in the first ten months of 2025 continued to show positive momentum, reaching 21.3 billion US dollars, up 8.8 percent year on year. In addition, Decree 205/2025/ND CP, effective from 1 September 2025, is expected to enhance investment facilitation, reinforcing Vietnam's position as a leading destination for FDI in the region and globally over the long term.

REAL ESTATE SECTOR

STOCK PICK

No..	Ticker	Catalysts	Risks
1	NLG	NLG is likely to benefit from ongoing regulatory changes in the real estate market due to several factors: (1) Selling prices for NLG's products located in newly established administrative centers are expected to increase following the merger of provinces and cities. (2) Legal procedures at the Paragon Dai Phuoc and Izumi City projects are expected to accelerate (after adjustments to their one five hundred detailed planning following the revised zoning plan for the C4 subdivision in Dong Nai). In 2026, major developments including Paragon Dai Phuoc, Izumi City, the CC5 high-rise subdivision of Mizuki Park, and Southgate Long An are expected to launch, driving NLG's sales performance.	Project absorption is likely to remain subdued given the prevailing economic conditions
2	KDH	KDH's projects are expected to benefit in the coming period due to: (1) Most projects have already completed land use fee payments before sharp increases in land prices. (2) In 2026, KDH will continue handing over units from the Clarita and Emeria projects while also recording additional contributions from The Solina, which is expected to accelerate legal procedures, complete infrastructure, and commence sales by the end of 2025. Furthermore, recent regulatory changes are expected to help speed up the development of other KDH projects, including Tan Tao.	

OIL & GAS SECTOR

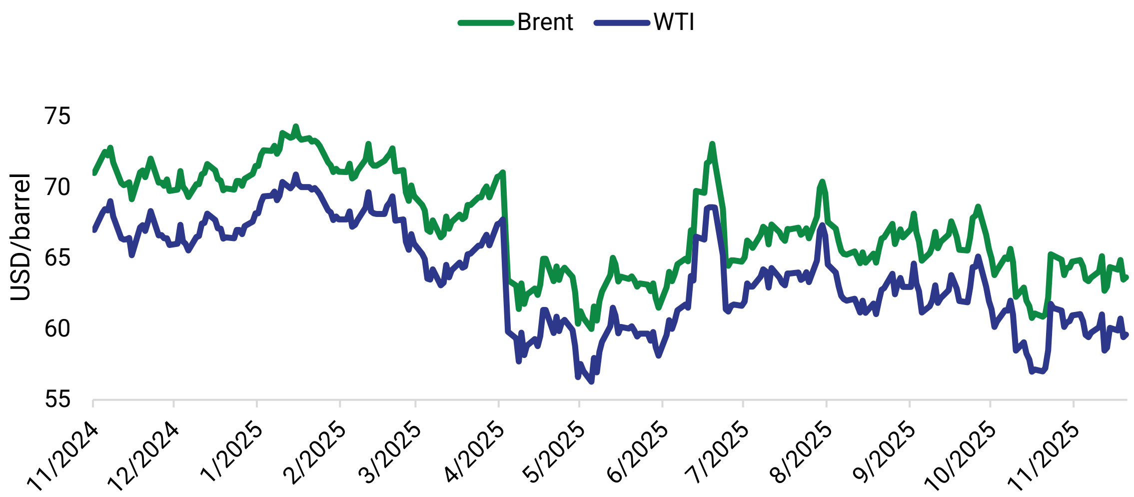
OIL & GAS SECTOR

OIL PRICES FACING PROLONGED DOWNWARD PRESSURE IN 2026

Global oil price volatility in 2025

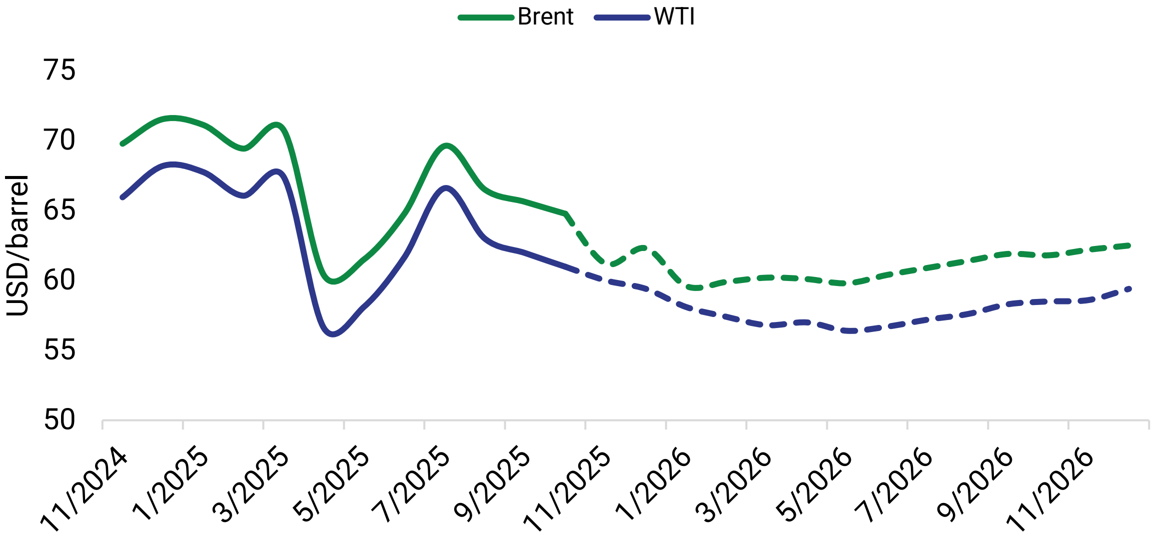
According to the World Bank, the drop in oil prices in 2025 is primarily due to **higher US import taxes and rising output from OPEC+**. Geopolitical factors, including **the risk of escalating conflict in the Middle East and potential U.S sanctions on Russia**, are also heightening market uncertainty. Furthermore, **expectations of an OPEC–led supply surplus** are placing major downward pressure on prices, especially as global demand grows slower.

Global Oil Price Fluctuations



Sources: Bloomberg, PSI research

Forecast Crude Oil Price for 2025 – 2026



Sources: Bloomberg, EIA, PSI research

Brent oil prices fluctuate between **$60 and $65 per barrel** in 2025, about $15 per barrel lower than at the start of the year. Forecasts from major financial institutions and international energy agencies suggest that oil prices will continue to face downward pressure in 2026, mainly due to continuos global supply expansion while demand rises only slightly.

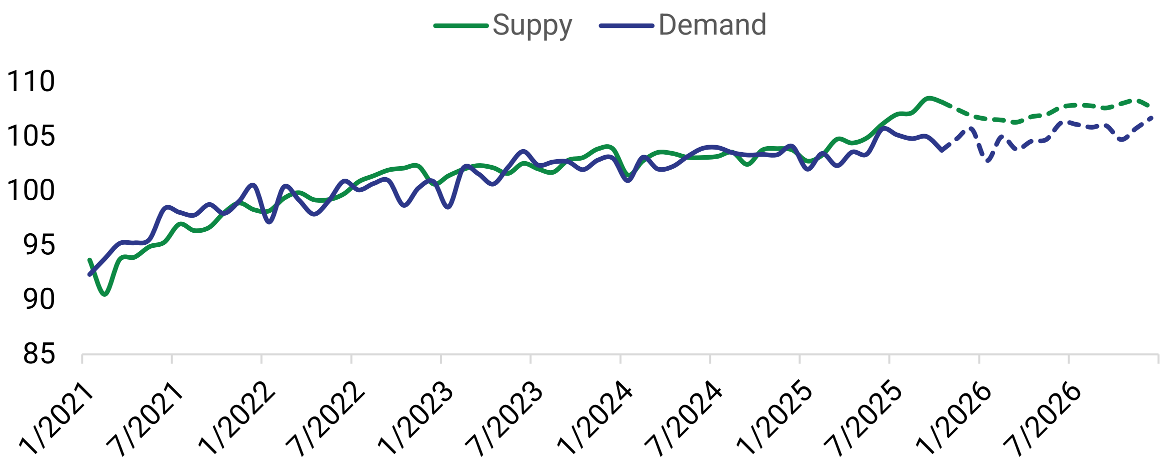
OIL & GAS SECTOR

DEMAND SHOW SIGNS OF RECOVERY, SUPPLY CONTINUES TO RISE STRONGLY

In the third quarter of 2025, global oil demand remained relatively modest, **rising by only around 920 kb/d**, despite a rebound supported by strong supply from China, where domestic oil demand increased by more than 10% over the past six months. This growth rate is more than double that of Q2 (430 kb/d), as the macroeconomic outlook improved following an easing in trade tensions. Global demand growth is expected to hold at a similar pace in 2026, at about **770 kb/d** year-on-year.

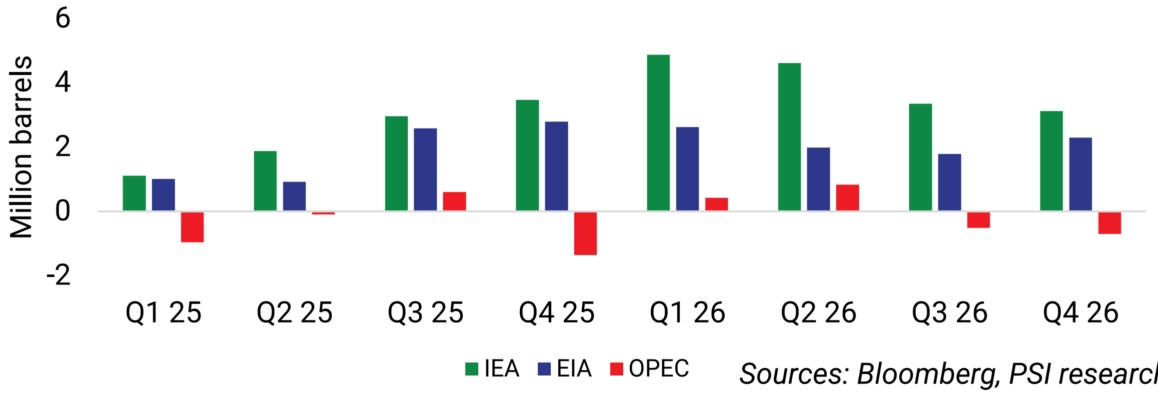
Meanwhile, **global oil supply** continues to expand sharply, despite a brief pause in October at **108.2 mb/d** due to OPEC+'s monthly cut of **440 kb/d**. Since the beginning of the year, **global supply has increased by 6.2 mb/d**, with contributions split evenly between OPEC+ and non-OPEC producers.

Oil Supply and Demand Forecast for 2025–2026



Sources: Bloomberg, IEA, PSI research

Oil Imbalances



Sources: Bloomberg, PSI research

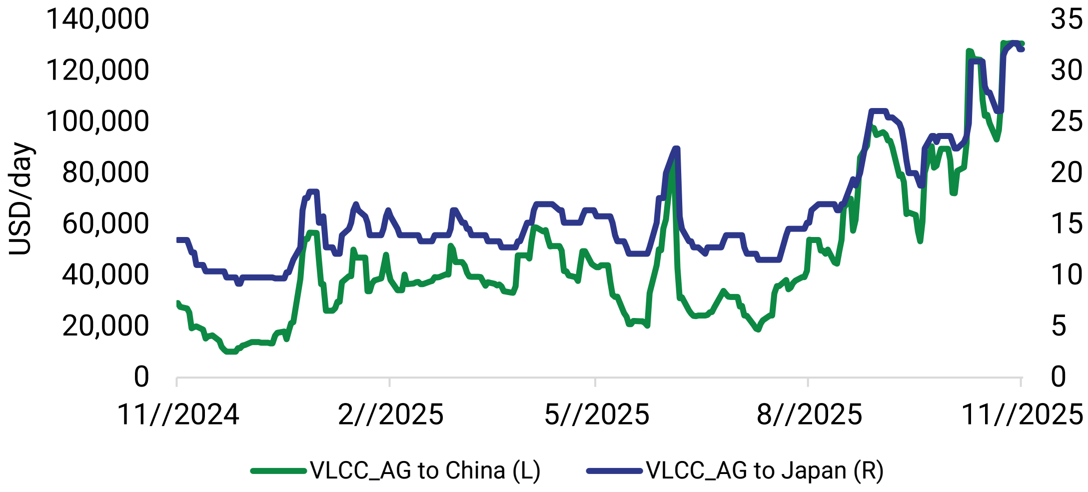
Rising geopolitical tensions in the Black Sea and the Middle East have raised concerns about potential supply chain disruptions, resulting in a short – term increase in oil prices. However, the IEA expects **the market to shift toward oversupply** in the longer term as production continues to outpace demand growth, keeping the **Brent oil prices around $60–$65/bbl** and potentially **$55–$60/bbl** in 2026. While this price range still supports near-term extraction and maintenance activities, it could delay large-scale offshore projects in the medium term.

OIL AND GAS SECTOR

DEMAND VOLATILITY DRIVES REFINING MARGINS AND FREIGHT RATES HIGH

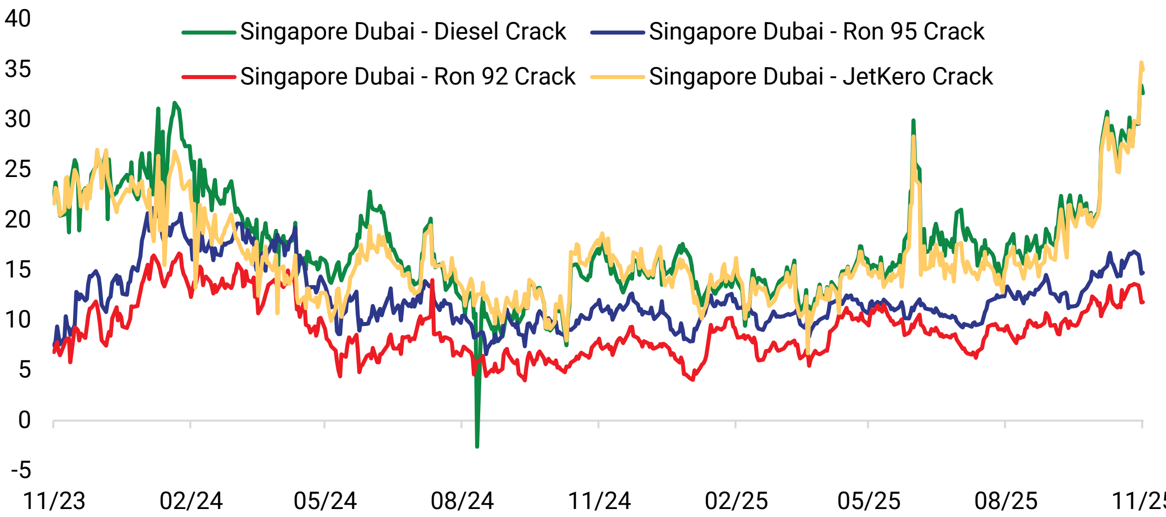
Refining margins (crack spreads) strengthened sharply in late 2025, led by **diesel and Jet A1**, which began rising in Q3 and **peaked in late November/2025**. The uptrend was driven by recovering freight and aviation demand, while global inventories remained persistently low. In addition, the rebound in global manufacturing and trade, together with scheduled maintenance at refineries in Asia and the Middle East, tightened supply and further boosted margins for these key products.

VLCC Rates on Middle East Routes



Sources: Bloomberg, PSI research

Dubai oil crack spread – Singapore Market (USD/barrel)



Sources: Bloomberg, PSI research

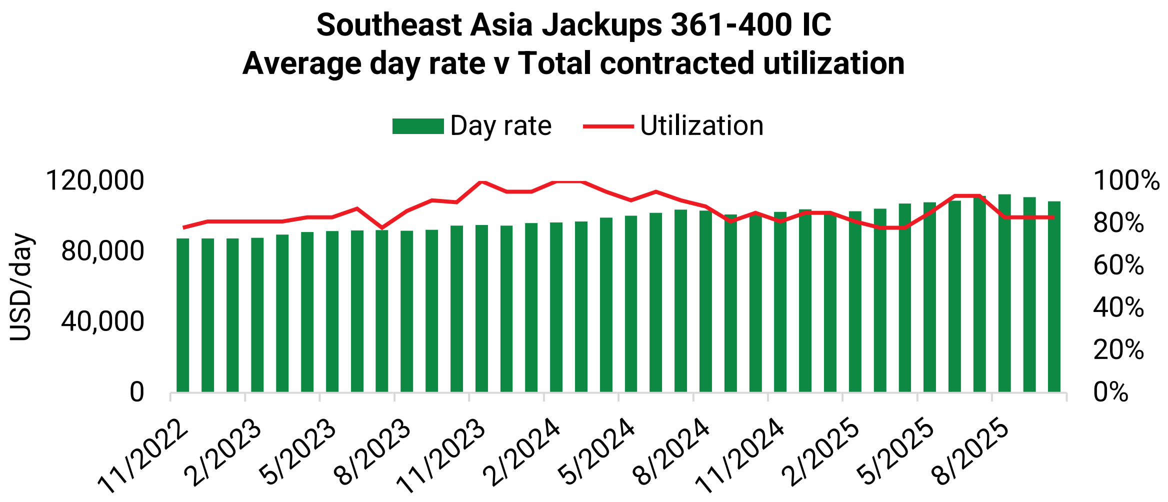
In September 2025, VLCC (Very Large Crude Carrier) spot rates on several routes surpassed **USD 100,000/day**, driven by a sharp increase in crude exports from the Middle East that boosted long-haul shipping demand. China continued to import aggressively to build strategic reserves, further supporting VLCC utilization. Many consuming countries also shifted toward Middle Eastern crude and longer transoceanic routes, increasing demand for VLCCs relative to smaller vessel classes.

OIL AND GAS SECTOR

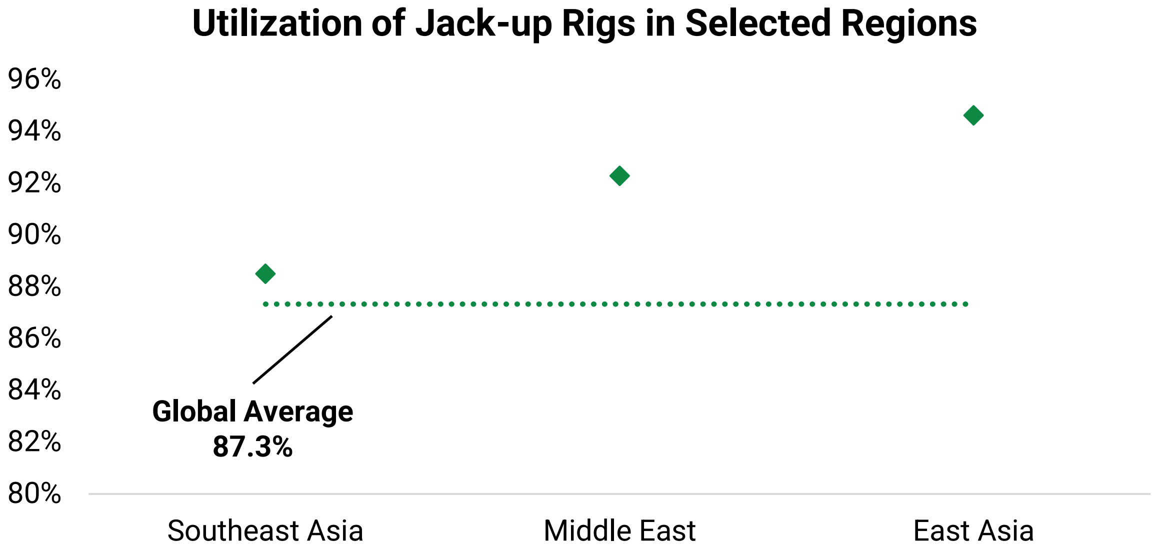
OIL & GAS DRILLING: RIG DEMAND RECOVERING

Jack – up rig market shows clear improvement

Dayrates have risen steadily from around **$90–$95k/day** to nearly **$120k/day** by mid-2025, reflecting recovering demand and the ongoing shortage of supply in the region. Utilization has consistently remained high, mostly in the **85–95%** range, indicating that most rigs are continuously employed. Rig rates are expected to stay elevated as upstream investment activity continues.



Sources: Bloomberg, PSI research



Sources: Bloomberg, PSI research

Jack-up rig utilization in Southeast Asia exceeds **89%, higher than the global average**, indicating that oil and gas operations in the region remain stable and efficient. This reflects sustained demand for drilling and field development, with no signs of disruption. The **strong utilization rate is a positive signal** for maintaining and potentially expanding production, given the region's sizable domestic and export demand for hydrocarbons. It also provides a **supportive environment for drilling service companies** to maximize capacity and capture market opportunities during 2025–2026.

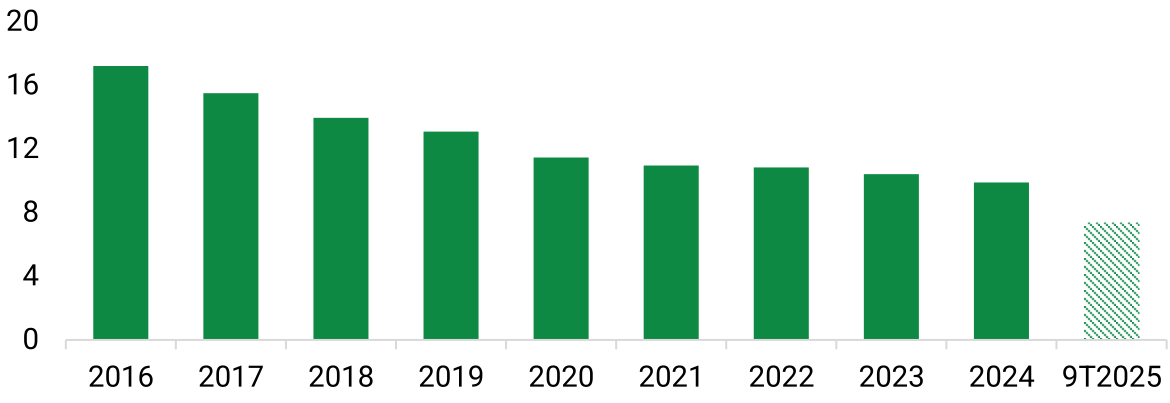
OIL AND GAS SECTOR

POSITIVE RESULTS AND PROGRESS IN PRIORITY PROJECTS

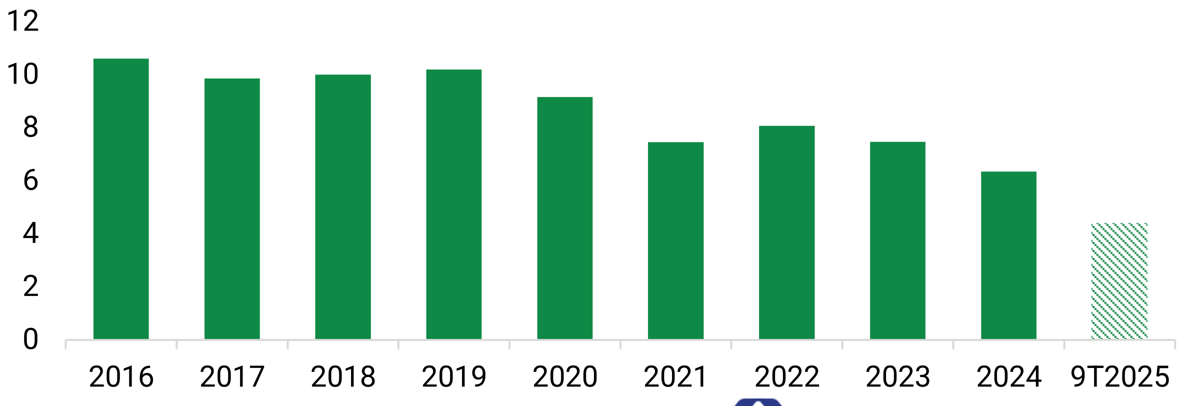
In the first nine months of 2025, Vietnam's domestic oil and gas sector **continued to operate stably**, making an important contribution to national energy security. According to PVN, oil and gas production remained ahead of plan, with **crude oil output reaching 7.37 million tons**, equivalent to around **120%** of the nine-month target, and **gas production at 4.40 billion m³**, approximately **123%** of the plan. Refining activities also delivered solid results, with **total petroleum product output reaching 5.83 million tons** over the period. On the financial side, PVN's consolidated revenue for 9M2025 is estimated at **VND 795 trillion (+8% YoY)**, fulfilling about **98%** of the full-year target.

Progress on key strategic projects is also being accelerated. For the **Block B – Ô Môn** project chain, three EPCI packages with a total value of over **USD 1 billion** had been awarded and commenced by 2025, targeting first gas in **Q4 2027**. At the **Lac Da Vang** project, according to Murphy Oil's November 2025 update, construction teams successfully installed the production platform jacket and began drilling the first development well in early Q4 2025. The project remains broadly on schedule, with first oil expected by **late 2026**.

Crude oil output (million tons)



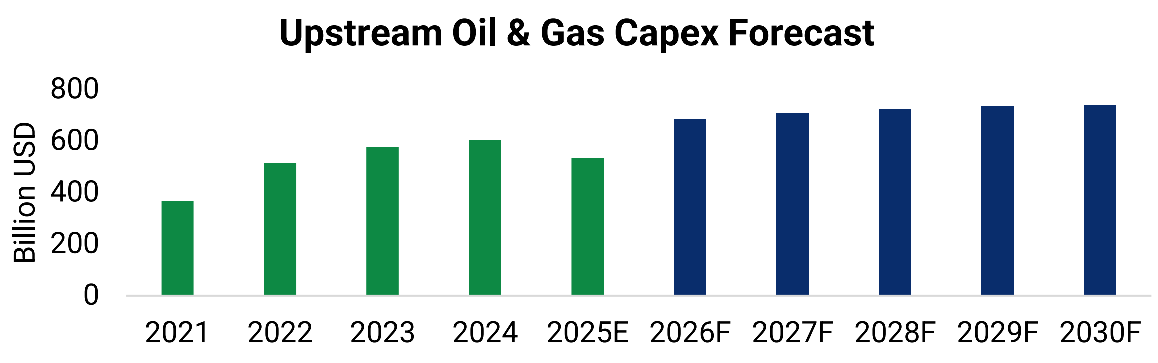
Natural gas output (Billion m3)



Sources: GSO, PVN, PSI research

OIL AND GAS SECTOR

UPSTREAM SEGMENT – VIETNAM'S OIL AND GAS GROWTH DRIVER



Sources: S&P Global, PSI research

Block B's expected revenue and implementation progress

Revenue Sources	Expected Total Revenue	Period	Progress	Beneficiary
Project Development	> $1 billion	2024 - 2027	EPCI Package 1 reached **29.1% completion**; Package 2 **reached 55.29%**; and Package 3 **achieved 75% pipe manufacturing and 45% pipe coating.**	PVS
Exploration Drilling Services	> $500 million	2025 - 2050	N/A	PVD
FSO	~ $300 million	2027 -2050	N/A	PVS
O&M Segment	$200 - $300 million	2027 - 2050	N/A	PVS

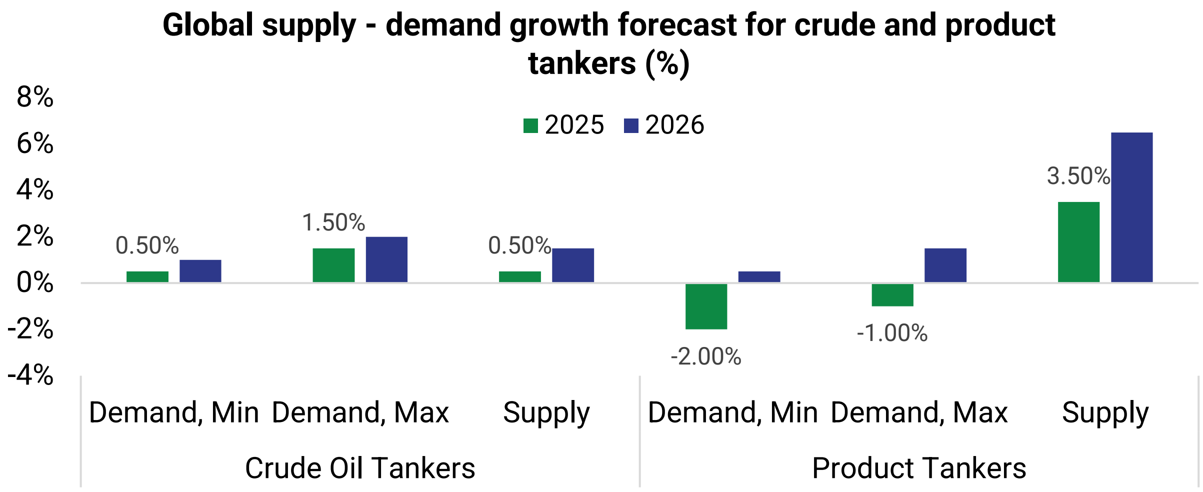
According to S&P Global, total investment in the upstream segment is estimated to reach **$535 billion in 2025** and could increase to **$799 billion by 2030**, implying a compound annual growth rate (CAGR) of **4.08%** over 2025–2030. Specifically, upstream spending—although forecast to hit a decade-high of around **$603 billion in 2024**—will still need to rise further to about **$738 billion per year by 2030** to ensure stable supply to the global market.

PVN plans to invest around **$2 billion**, with **52%** allocated to upstream activities. Given the long project cycles in the oil and gas industry, PVN is likely to continue accelerating capital spending in the coming years, which in turn should stimulate more active domestic exploration and production (E&P) activity starting from 2025.

The Block B – Ô Môn project, regarded as the main growth driver for Vietnam's oil and gas sector, has entered full-scale implementation, targeting **first gas in August 2027**. This is expected to generate substantial work for domestic upstream contractors such as **PVS and PVD**. **The Lac Da Vang project** is also progressing well, with the Lac Da Vang-A jacket launched **ahead of schedule** under the EPCI contract with Murphy Cửu Long Bạc.

OIL AND GAS SECTOR

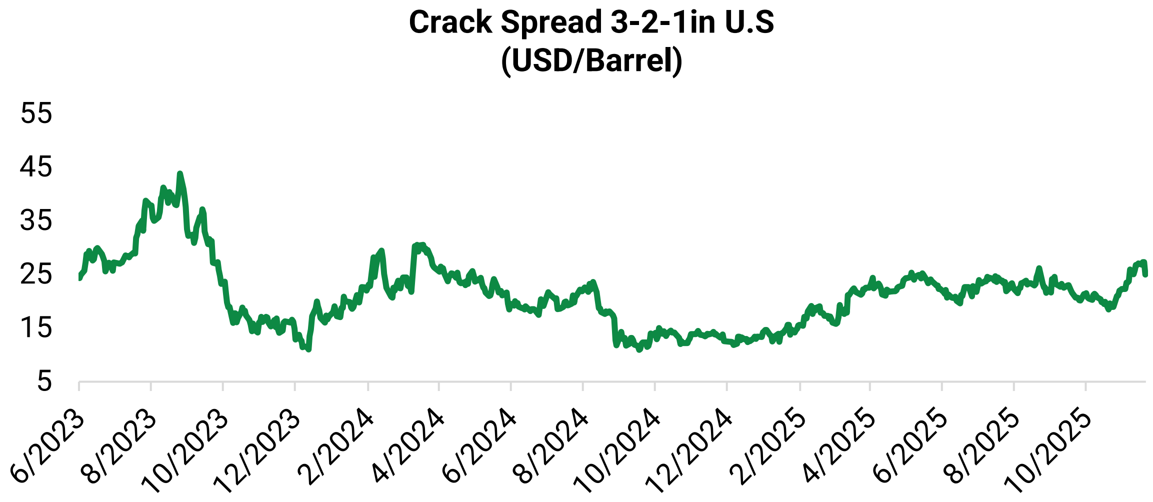
MIDSTREAM AND DOWNSTREAM OUTLOOK 2026



Sources: BIMCO, Bloomberg, PSI research

In 2026, we expect the **crude tanker market to remain broadly balanced**. The planned production increase from OPEC+ is likely to push the market into oversupply, putting further downward pressure on Brent prices. Lower oil prices may **stimulate consumption** and **inventory build-up**, thereby **supporting crude tanker demand**. In contrast, the product tanker segment looks less favorable, with **demand projected to decline by 1–2%.** Most new refining capacity additions are **concentrated in net importing countries**, which do not generate additional long-haul trade flows, limiting demand growth for product tankers.

Global refining margins are currently at their highest levels in several years. In the U.S., the 3-2-1 crack spread stood at **$32.13/bbl** on November 18, the highest since March 2024, mainly due to disruptions in Russian diesel supply and the closure or conversion of some refining capacity in the U.S. and Europe. These shutdowns have been driven by weakening long-term demand and stronger competition from lower-cost refinery complexes in the Middle East, Asia, and Africa. We expect this elevated margin environment to **persist into 2026**, as the potential for **new capacity additions** in developed markets remains **limited in the near term**.



Sources: Bloomberg, PSI research

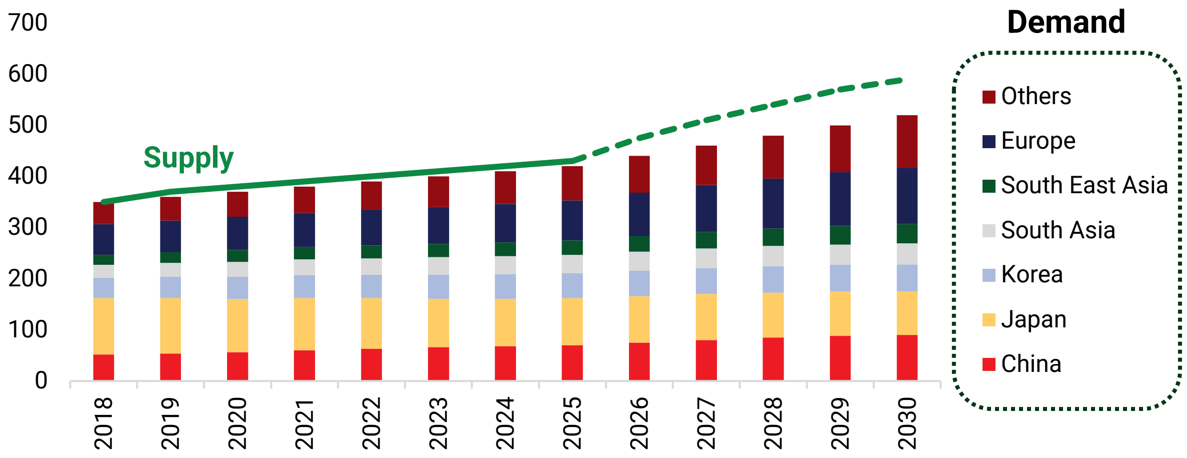
OIL AND GAS SECTOR

GLOBAL LNG OVERSUPPLY: OPPORTUNITIES FOR NEW IMPORTERS

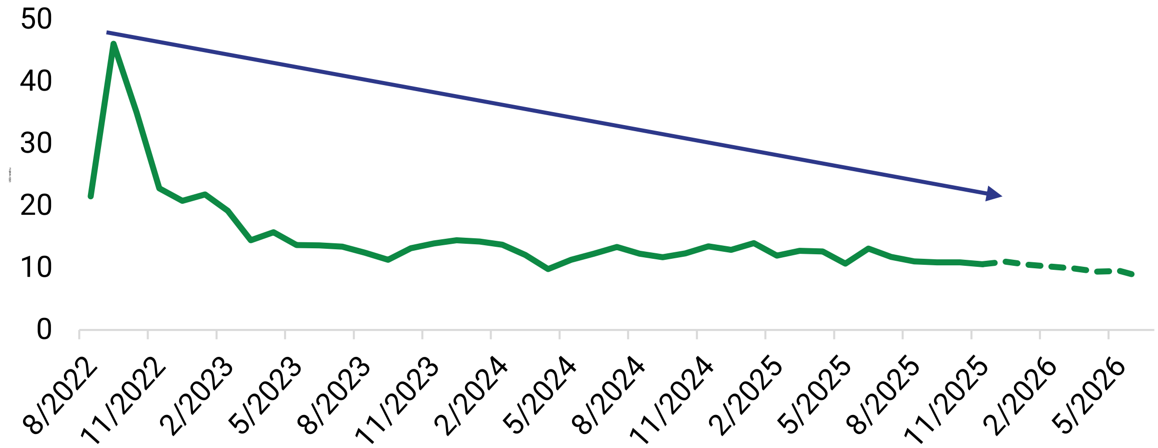
The LNG market is projected to enter a clear oversupply phase in 2026 as multiple large - scale projects come into operation. According to Kpler, global LNG supply could reach **475 million tons in 2026**, up **10.2% YoY**. Most of the increase will come from the United States, where export capacity is set to rise to about **130 million tons** (from 110 million tons), and from Qatar, which is expanding output from **77 to roughly 126 million tons** by 2027, with much of the new capacity ramping up from mid-2026. Meanwhile, global LNG demand is forecast to grow only 3 – 4%, driven mainly by Asia countries, particularly China, whose imports could reach up to **75 million tons**, up 8 million tons from this year.

With supply expanding far faster than demand, Asian LNG prices are expected to ease to around **$10/mmBtu**. Asia will remain the key absorber of excess supply, and lower prices may stimulate additional demand from China and other emerging markets. However, prices would likely need to fall below **$8/mmBtu** to trigger a stronger pickup in gas-fired power and industrial consumption. For new importers such as **Vietnam** and several Southeast Asian economies, a more competitive LNG price environment could create room for higher import volumes.

Global LNG supply - demand forecast



Japan's LNG import prices from Qatar



Sources: Bloomberg, PSI research

OIL AND GAS SECTOR

STOCK PICKS

No.	Ticker	Catalyst	Risk
1	PVD	- **Exploration drilling demand in Southeast Asia remains stable, while rig supply continues to stay tight:** According to Westwood Riglogix, global rig availability remains low, keeping oversupply pressure minimal. Although the number of active rigs in Asia rose slightly in Q2/2025, it remains well below historical averages. - **Most rigs are secured under long-term contracts** through 2026 with stable dayrates. The new rig **PVD VIII** is in the final completion stage and is scheduled to commence operations in **Q4/2025**.	- Oil price volatility may influence rig demand and average dayrates.
2	PVS	- **PVS's growth outlook is supported by its sizeable backlog**. Revenue expansion will be driven by the recognition of work from the Block B packages (EPCI 1 and 2), Lac Da Vang, Greater Changhua 2b & 4, and other ongoing projects. The company currently holds a record M&C backlog, estimated at over **USD 3.9 billion** for the 2025–2030 period. - The FSO/FPSO segment remains a key contributor to PVS's earnings. In 2026–2027, the **Block B FSO project**—with a total value of over **USD 600 million**—is expected to begin generating revenue and profit, significantly expanding earnings from associates and increasing the number of FSO/FPSO units operated by PVS to **8.**	- Volatility in oil prices and market supply–demand conditions could influence FPSO/FSO charter rates and utilization.

OIL AND GAS SECTOR

STOCK PICKS

No.	Ticker	Catalyst	Risk
3	PVT	- We maintain a **positive outlook for PVT in 2026**, particularly in the **crude tanker segment**. With OPEC+ expected to increase production and Brent prices likely to soften, **crude trading and storage volumes should improve**, **supporting solid demand for crude tanker chartering** even in a lower oil price environment. Backed by its large and increasingly modern fleet, along with a high proportion of international time-charter contracts, PVT is well positioned to sustain strong vessel utilization and stable profit margins through this period. - PVT continues to pursue its fleet expansion and renewal strategy, aiming to grow its fleet to around **71 vessels by the end of 2025** and toward **100 vessels by 2030**. This roadmap not only increases total capacity and transport capability but also provides room for PVT to optimize and restructure its fleet portfolio.	- **Potential geopolitical risks** could **negatively affect** vessel demand by disrupting key shipping routes, lengthening voyage times, and increasing insurance costs.
4	GAS	- In the context of **declining LNG** prices driven by global oversupply, we expect this trend to **positively support PVGas's business performance**. As **the main LNG importer and distributor**, the company is well positioned to **increase import volumes and expand regasification activities** through its LNG terminals (Thi Vai and upcoming projects), thereby scaling up its liquefied gas trading segment.	- **Delays in core gas fields** have led to **input gas shortages**, restricting output growth and pressuring results.

OIL AND GAS SECTOR

STOCK PICKS

No.	Ticker	Catalyst	Risk
5	BSR	- Gross margin recovery driven by stronger crack spreads: In Q3/2025, crack spreads for key products rose sharply, including diesel (**+35% YoY**), RON95 gasoline (**+11% YoY**) and RON92 gasoline (**+20% YoY**), helping the gross margin reverse from **-5%** in the same period last year to **3%**. Towards year-end, crack spreads are expected to remain at elevated levels, providing further support for gross margin improvement. - Securing funding for the Dung Quat refinery upgrade and expansion following charter capital increase to VND 50 trillion. BSR has completed a 61.5% stock dividend funded from owners' equity. Following the issuance, the company's charter capital increased from VND 31 trillion to over VND 50 trillion, placing BSR among the **top 23 listed companies by market capitalization** in Vietnam. The capital increase is intended to provide counterpart funding for the Dung Quat Refinery upgrade and expansion project. In addition, PVN is considering a partial divestment in BSR to lift the free float ratio to above **10%**, thereby enhancing stock liquidity and attracting strategic investors.	

PETROVIETNAM PSI

CONSTRUCTION SECTOR - PUBLIC INVESTMENT

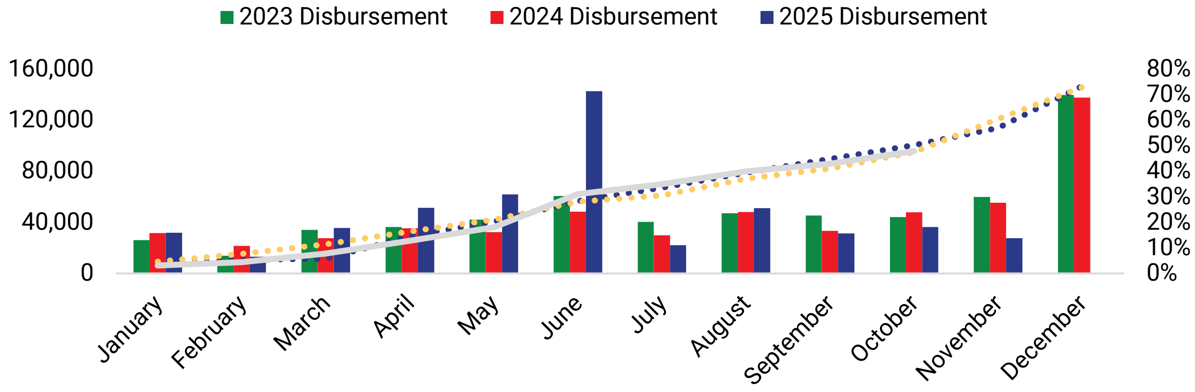
CONSTRUCTION SECTOR – PUBLIC INVESTMENT

PUBLIC INVESTMENT REMAINS A KEY GROWTH PILLAR

Public investment disbursement improved year-on-year.

As of **21 November 2025**, cumulative public investment disbursement reached **VND 516.8 trillion**, or **56.6%** of the plan—about **7 percentage points** higher YoY. Despite this improvement, monthly disbursement has recently lagged behind project capital plans. With over **VND 1 quadrillion** to be disbursed this year, the remaining workload in the last two months is substantial, putting pressure on ministries and localities to remove bottlenecks and accelerate key projects.

Public Investment Disbursement Overview



Sources: Ministry of Finance, PSI research

In 2026, public investment disbursement is expected to remain a key pillar supporting economic growth. According to the Ministry of Finance, the 2026 public investment plan is projected at **VND 1.08 quadrillion**, up roughly **12%** from the previous year. Most of this capital will be directed toward national priority transport infrastructure projects, particularly expressways and key North–South corridors. Vietnam also aims to expand its expressway network to over **5,000 km** during 2026–2030, compared with about **3,300 km** by the end of 2025.

ANNUAL STATE BUDGET EXPENDITURE

(unit: trillion VND)	**2024**	**Plan 2025**	**Estimate 2026**	**%YoY**
Total budget expenditure	2,199	2,577	3,159	22.58%
Frequent expenditure	1,232	1,604	1,809	12.78%
Development investment expenditure	677	791	1,120	41.59%
Interest expense	112	111	121	9.01%

Sources: Ministry of Finance, PSI research

CONSTRUCTION SECTOR – PUBLIC INVESTMENT

CAUTION AMID INPUT COST RISKS

Company	Disclosed Backlog Volume
CTD	51,600 billion VND
VCG	20,000 billion VND
FCN	3,500 billion VND

Sources: CTD, VCG, FCN, PSI research

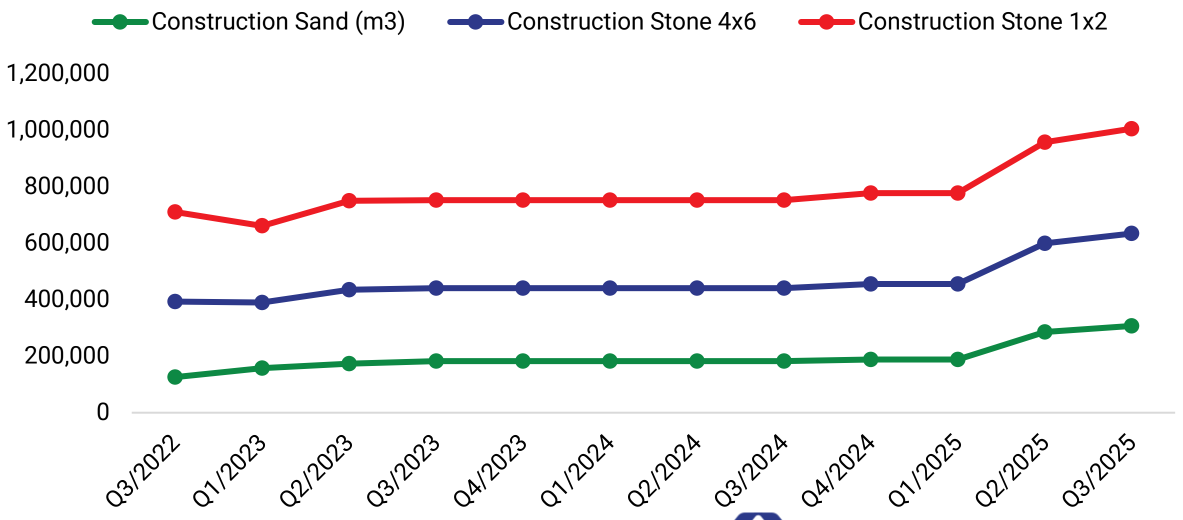
A healthy backlog continues to support revenue stability

Construction and engineering contractors currently maintain a relatively strong backlog, ensuring stable workloads and solid revenue recognition prospects for the sector. In addition to signed projects, the improving domestic real estate market and the government's ambitious public investment disbursement plans provide further grounds to expect positive operating performance for construction companies in 2026.

Margins pressured by rising input costs

Since the second half of 2025, prices of key construction materials, such as sand and aggregates, have risen sharply due to strong demand and constrained supply. With public investment disbursement continuing to accelerate and material demand remaining high, we believe input prices are unlikely to ease soon. This trend could drive up cost of goods sold and place meaningful pressure on construction companies' profit margins, especially as many projects are being accelerated.

Price of Construction Sand and Stone (VND/m3)



Sources: Ministry of Finance

CONSTRUCTION SECTOR – PUBLIC INVESTMENT

STOCK PICKS

No.	Ticker	Catalyst	RIsk
1	CTD	- **Robust backlog**. In Q1 of fiscal year 2026, CTD secured **VND 19.3 trillion** in new contracts, raising its total carried-forward backlog to **VND 51.6 trillion**. This sizeable backlog, achieved despite intense competition among contractors, underscores the company's strong execution capability. In addition, the successful implementation of its partnership-renewal strategy is expected to support more sustainable revenue growth in the coming periods. - **Continue to benefit from public investment.** As the contractor for multiple key infrastructure projects, CTD is expected to keep benefiting from the ongoing public investment cycle, which is forecast to strengthen further in 2026.	Risks of rising competition and higher construction material costs continue to pose risks, requiring effective monitoring and risk management.
2	FCN	**- Record - breaking revenue growth.** FCN has delivered strong business results in recent quarters, supported by a healthy backlog that secures its workload for the coming periods. In addition, the company continues to win high-value contracts, particularly in the urban railway segment, demonstrating solid execution capability and a competitive edge over peers. **- Maintaining profitability despite rising input costs.** In Q2 and Q3, although elevated material prices pressured construction contractors, FCN sustained stable profit margins, demonstrating effective cost management and resilient profitability.	High input material cost would continue to limit profit margin increase, despite the company's strong revenue growth.

PETROVIETNAM PSI

CONSTRUCTION MATERIALS SECTOR - STEEL

CONSTRUCTION MATERIALS SECTOR

THE DOMESTIC MARKET HOLDS STRONG POTENTIAL

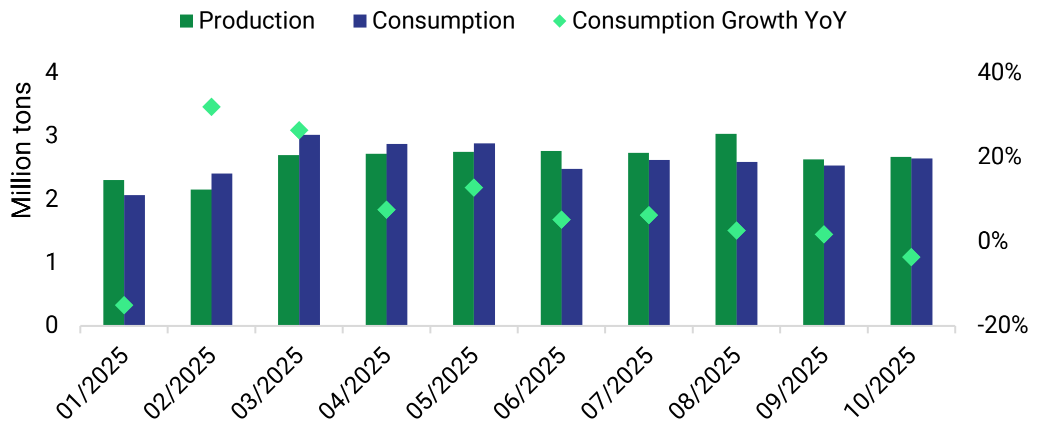
Increased production, improved consumption

According to the Vietnam Steel Association (VSA), finished steel production in the first 10 months of 2025 reached 26.5 million tons, up 8.4% YoY. Nearly all major product categories recorded solid growth of 7–30%, reflecting a clear improvement in manufacturing activity. Sales volume over the first 10 months of 2025 increased 6.8% YoY, with the improvement concentrated in the domestic market while exports weakened. The close alignment between production and sales growth highlights that domestic market absorption is steadily recovering and real end-user demand is rising - strong positive signals for the steel industry's outlook in the coming periods.

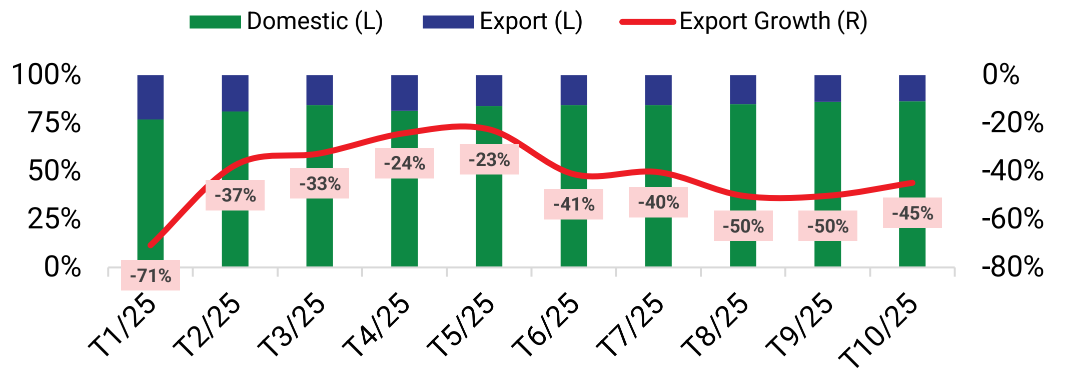
The domestic market continues to be the key pillar of recovery

From the second half of 2025, amid global trade fluctuations, promoting domestic consumption has gradually become the primary strategy for steel producers. We forecast that the domestic market will continue to be the main driver for the steel industry in 2026 due to: (1) Rising domestic demand supported by the recovery of the real estate market and the wave of public investment, (2) Ongoing global tariff policies and trade protection barriers that continue to hinder exports, and (3) Anti-dumping measures implemented by the Ministry of Finance, which help improve the business environment for domestic steel producers.

Finished steel production in 2025



Steel Consumption Breakdown



Sources: VSA, PSI research

CONSTRUCTION MATERIALS SECTOR

THE DOMESTIC MARKET HOLDS STRONG POTENTIAL

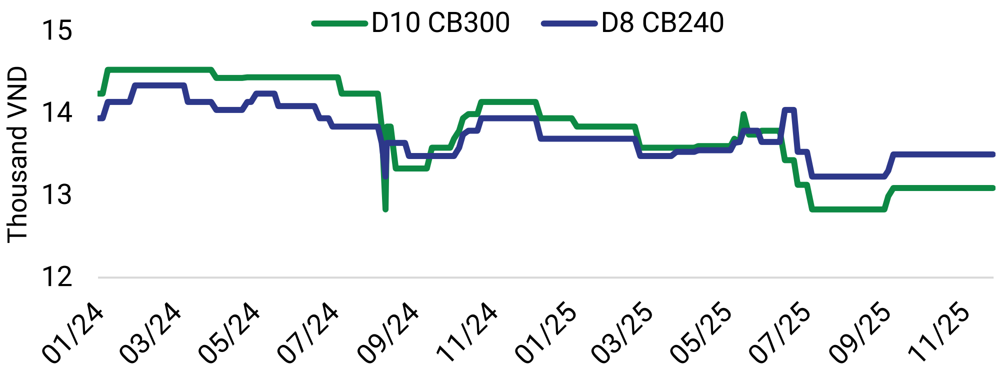
Selling prices have momentum for improvement

After a slight increase in Q2, steel prices trended downward in Q3/2025, mainly due to demand-side factors: public investment disbursements spiked sharply in Q2, while enterprises remained cautious on supply amid unpredictable tariff policy developments. We expect steel selling prices to benefit in the period from now through 2025 and into 2026 as consumption warms up, driven by strong demand from public investment projects and the ongoing recovery of the real estate sector. At the same time, recent rises in key input costs - iron ore and coking coal - will push up cost of goods sold, forcing finished steel prices to edge higher to protect producers' profit margins.

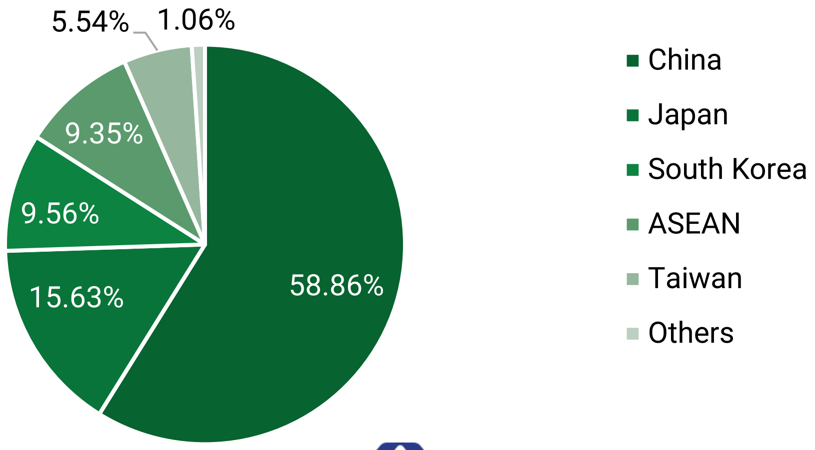
Latent risk of competition from regional oversupply situation

Although there are drivers for improvement, steel prices still face one risk that needs monitoring: the danger of intensifying competition as the regional steel industry is witnessing an oversupply situation, while the main consumption market has so far only shown mild recovery signs. In this context, if regional steel producers increase exports into Vietnam, steel selling prices may come under downward pressure. At the same time, the recovery capacity of domestic demand remains limited, mainly concentrated in the real estate and public investment segments, which may mean the market's absorption capacity will not be sufficient to balance the excess supply over demand.

Steel price developments



Share of steel exports to Vietnam



Sources: VSA, PSI research

CONSTRUCTION MATERIALS SECTOR

STOCK PICK

No.	Ticker	Catalyst	Risk
1	HPG	- **Positive absorption for Dung Quat 2 output products**. In the first 9 months of 2025, HPG's HRC sales volume increased 51% YoY, demonstrating strong positive signals in securing offtake for the Dung Quat 2 project even as overseas markets face pressure from trade defense measures. DQ2 will continue to be a key growth driver supporting HPG's expansion of steel product supply capacity in the coming years. - **Positioning ahead of major transportation infrastructure projects**. In May 2025, HPG commenced investment in a structural steel mill with a total investment of VND 14,000 billion, with the main output being railway steel. These are strategic moves by HPG to capitalize on the wave of public investment and make important preparations for key national infrastructure projects, particularly large-scale railway projects.	- Competition from domestic peers and oversupply from foreign producers may have a certain impact on domestic consumption activities.
2	NKG	- **Expansion project entering acceleration phase**. NKG is currently accelerating capital contribution to the Nam Kim Phu My expansion project - regarded as the company's flagship project. If the plant is commissioned in 2026 as planned, it could become a new "growth explosion" point, helping NKG restructure its consumption structure between the domestic market and exports.	- Due to its high export proportion, NKG faces considerable risk from trade defense measures in overseas markets.

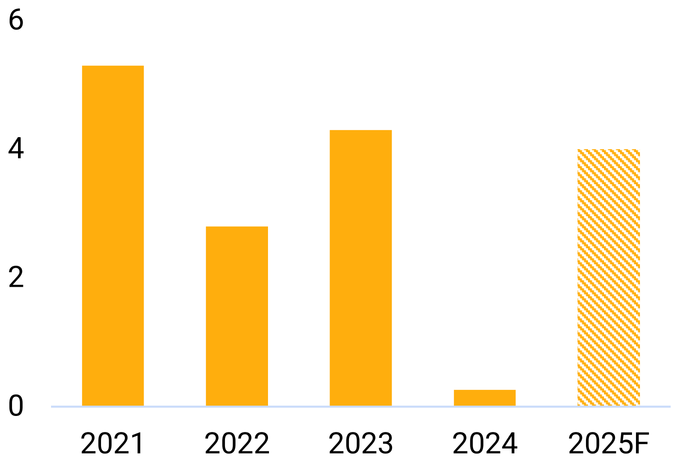
FERTILIZER SECTOR

FERTILIZER SECTOR

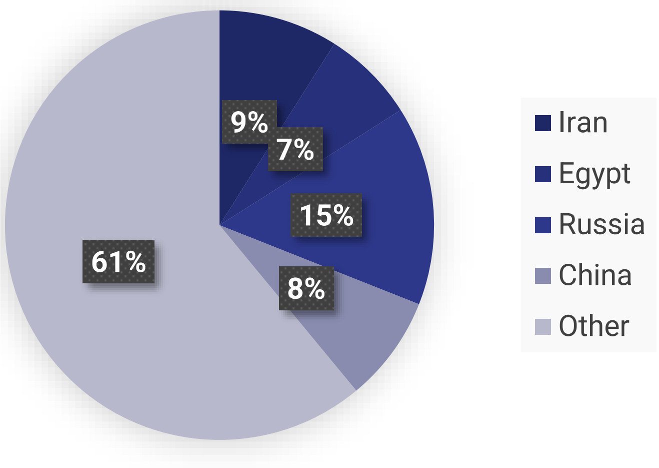
EXPORT LEAD THE GROWTH MOMENTUM IN 2025

Global fertilizer consumption in 2025 is forecast to rise 2.2% YoY to 205 million tons (IFA), while supply remains tight from key exporters (China, Russia, Middle East) due to geopolitical tensions and trade barriers. This environment creates favorable conditions for Vietnamese producers to boost exports. **In the first 10 months of 2025, Vietnam's fertilizer exports reached nearly 1.77 million tons (+22.6% YoY) at an average price of 423 USD/ton (+3.2% YoY) - the strongest growth in three years**. However, global supply is expected to gradually recover from 2026 onward as (1) tensions between Iran and Israel ease, and (2) China relaxes export controls, which could reduce Vietnam's export volumes.

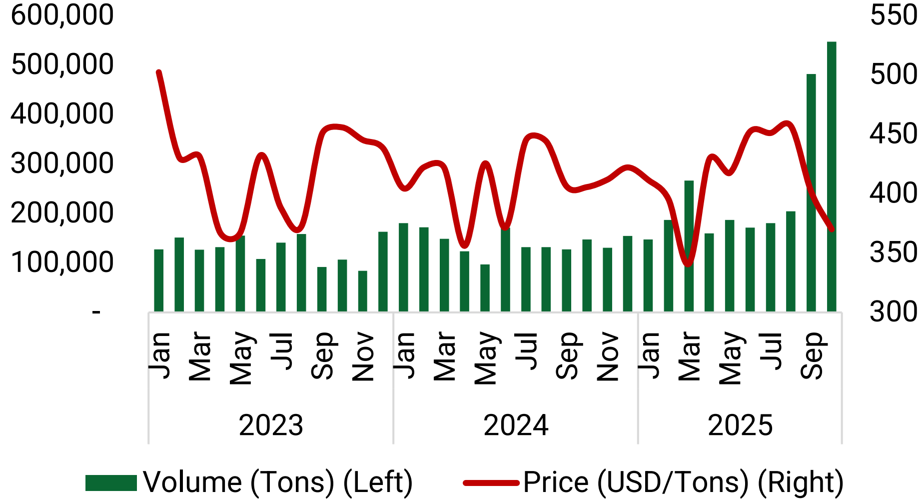
China's Urea Exports (million tonnes)



Market Share of Global Urea Export



Fertilizer Export of Vietnam



Sources: GSO, Bloomberg, PSI research

FERTILIZER SECTOR

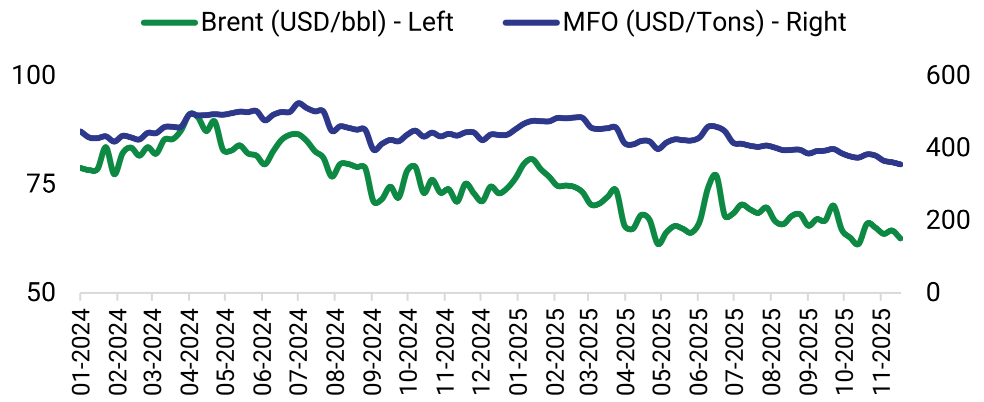
SUSTAINING SOLID AND STABLE PROFIT GROWTH

Input gas prices expected to decline, supporting gross margin expansion: In Q3/2025, Brent and MFO crude prices continued to fall to 68 USD/barrel (-13.2% YoY) and 400 USD/ton (-12.7% YoY). In 2026, Brent is forecast to stay around US$60/barrel due to a persisting global oversupply, helping keep input gas costs for nitrogen fertilizer producers at low levels.

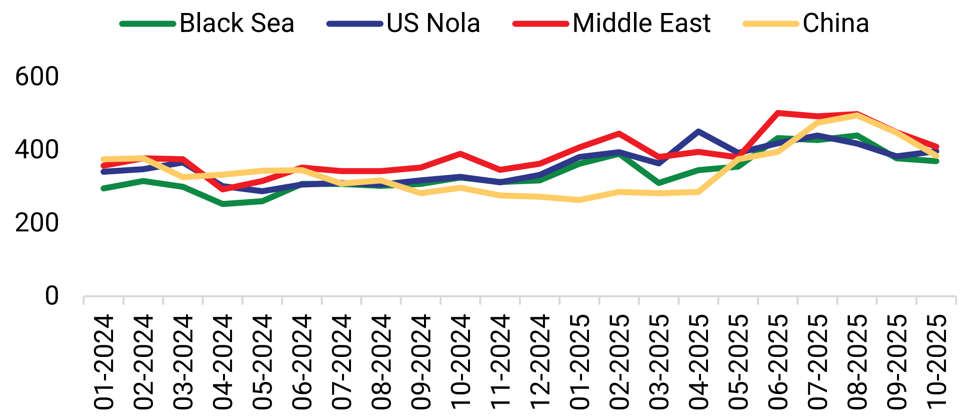
Selling prices expected to remain relatively high. Global urea prices cooled after peaking in August. With world fertilizer supply gradually recovering, we expect the 2026 average price to ease by around 5% YoY to approximately 400 USD/ton, yet still significantly higher than the 2023–2024 period. Supporting factors include: (1) Gradual increase in import tariffs on fertilizers from Russia and Belarus, plus the EU's Carbon Border Adjustment Mechanism (CBAM), which will raise export costs to the bloc; (2) Beijing imposing an FOB floor price range of 370–470 USD/ton, limiting deep price drops. Domestically, prices will track global trends and be supported by stable demand thanks to favorable weather conditions for agriculture.

Benefiting from the amended VAT Law: The 5% VAT Law officially took effect from July 2025, enhancing competitiveness of domestic fertilizer producers against imports while allowing cost savings through the tax refund mechanism.

Oil price movements



Global urea price movements (USD/Tons)



Sources: Bloomberg

FERTILIZER SECTOR

STOCK PICK

No.	Ticker	Catalyst	Risks
1	DCM	- **Input gas prices expected to decline:** In 2026, Brent crude is forecast at around 60 USD/barrel, keep DCM's gas input cost low at approximately 8.4 USD/MMBTU (-5% YoY). - **Investments in high-value-added segments delivering sustainable returns**: Key ongoing projects include: (1) Nhon Trach production plant and port complex, expanding storage capacity to about 700,000 tons and optimizing logistics costs with a port capable of handling vessels up to 45,000 tons. (2) Industrial gases and fertilizer-related chemicals segment expected to generate 5,000-6,000 billion VND in annual revenue.	- Commodity and input material price volatility heavily influenced by geopolitical factors. - China ramping up fertilizer exports, increasing global fertilizer supply and potentially pressuring price.
2	DPM	- **Input gas prices expected to decline thanks to**: (1) MFO price projected to fall to 390 USD/ton (-7% YoY); (2) Average gas transportation costs expected to decrease in 2025–2030 as DPM increases the proportion of gas sourced from the lower-cost Su Tu Trang field. - **Attractive cash dividends supported by strong financial position**: As of end-Q3/2025, the company holds 10,500 billion VND in cash and deposits (56% of total assets) and has been debt-free on long-term borrowings since 2023. This enables a consistent 20% cash dividend payout ratio annually.	

ELECTRIC PRODUCTION SECTOR

ELECTRIC PRODUCTION SECTOR

REMOVING LEGAL BOTTLENECKS TO ACCELERATE RENEWABLE ENERGY DEVELOPMENT

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According to the Adjusted Power Development Plan VIII (PDP8 Adjusted), renewable energy (RE) capacity is set to increase by 166% compared to the original plan, raising the share of installed renewable capacity to 44% of the total system capacity by 2030. To achieve this target, the Government has issued new mechanisms aimed at removing legal bottlenecks and accelerating the development of renewable energy projects. However, these newly introduced policies will require time to be fully absorbed and to take effect.

Policy	Legal document	Key point & assessment
Refined competitive bidding mechanism for RE Projects	Decree 56/2025/NĐ-CP	Notable bidding criteria: (1) Minimum equity ≥ 15% of total investment; (2) Bidding electricity price must not exceed the ceiling and project IRR ≤ 12%. This mechanism effectively filters and gives advantage to investors with strong financial capacity and proven experience.
Official Direct Power Purchase Agreement (DPPA) mechanism between RE generators and large electricity consumers	Decree 57/2025/NĐ-CP	Key improvements compared to the pilot scheme, showing greater flexibility and clearer direction: (1) Addition of biomass power as an eligible source; (2) Capacity and consumption thresholds for large customers will be regulated by MOIT on a phased basis instead of being fixed; (3) Private-line electricity price to be freely negotiated by parties, not exceeding the ceiling; (4) Rooftop solar allowed to sell up to 20% of surplus output to the grid at regulated prices.
New 2025 generation tariff framework for RE	Decision 988/QĐ-BCT Decision 1508/QĐ – BCT Decision 1824/QĐ-BCT	Solar tariffs are lower than the previous transitional framework. Onshore and near-shore wind tariffs rise 9–23% but still sit 6–11% below FIT2 levels. Notably, a separate ceiling for offshore wind is introduced for the first time (~4,000 VND/kWh). Overall, the new framework clears legal hurdles and revives projects that missed earlier FIT incentives.

ELECTRIC PRODUCTION SECTOR

LNG-FIRED POWER – AN INEVITABLE TREND IN ENERGY TRANSITION

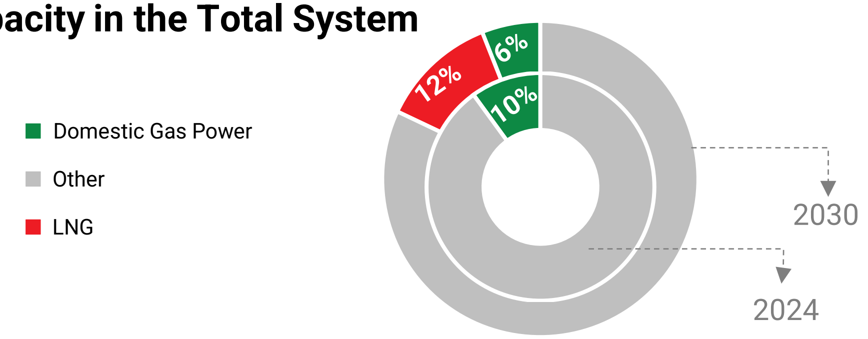
Developing LNG-fired power to offset declining domestic. According to the revised Power Development Plan VIII, most of the additional gas-fired power capacity will come from LNG-fueled plants rather than domestic gas sources. From having no presence in 2024, LNG is expected to account for 12% of the national power generation mix by 2030.

Major LNG projects operating 2025 - 2030

Project	Capacity (MW)	Investor	Progress
LNG Quang Ninh	1500	POW, Tokyo gas, Marubeni	Not yet operational
LNG Thai Binh	1500	Kyuden, Tokyo gas, TTLG	Not yet operational
LNG Quang Trach II	1500	EVN	Not yet operational
LNG Hai Lang phase 1	1500	T&T (Vietnam), HEC, KOGAS, KOSPO	Not yet operational
Nhon Trach 3 & Nhon Trach 4 Power Plants	1624	POW	Expected operation in Q4.2025
LNG Hiep Phuoc phase I	1200	Hai Linh	Not yet operational
LNG Long An I	1500	VinaCapital, GS Energy	Not yet operational
BOT Son My I Power Plant	2250	EDF, Kyushu, Sojitz, Pacific Vietnam	Not yet operational
BOT Son My II Power Plant	2250	EDF, Kyushu, Sojitz, Pacific Vietnam	Not yet operational
LNG Bac Lieu	3200	DOE	Not yet operational
LNG Nghi Son	1500	Under bidding	Not yet operational
LNG Ca Na	1500	Under bidding	Not yet operational
LNG Huynh Lap	1500	Under bidding	Not yet operational
LNG Hai Phong phase I	1600	VinEnergo	Not yet operational
LNG Hiep Phuoc phase II	1500	Hai Linh	Not yet operational

Source: PDP8 Adjusted, PSI research

Structure of Gas Power Capacity in the Total System



Vietnam promotes long-term LNG imports from the U.S.: LNG import demand is a key task that helps improve Vietnam's trade balance with the U.S. PV GAS has signed MoUs with U.S. majors ConocoPhillips and Excelerate for long-term LNG supply. If realized, these partnerships will ensure Vietnam a more stable and cost-advantaged energy supply.

Supporting policies: (1) Cutting preferential LNG import tax from 5% to 2%; (2) Issuing a new LNG power price cap of 3,327.42 VND/kWh, 28% higher than the previous level; (3) The MOIT is proposing to increase the Qc allocation ratio from 65% to 75%.

ELECTRIC PRODUCTION SECTOR

STOCK PICK

No.	Ticker	Catalyst	Risk
1	POW	- **Nhon Trach 3 & 4 enter commercial operation.** Nhon Trach 3 commenced operation on November 21, and Nhon Trach 4 is expected to begin operating in mid-December 2025. We expect the project to start recording revenue from Q1/2026. In the initial phase, high depreciation and financial costs may weigh on profits. However, as Vietnam's first LNG project and with supportive government policies, Nhon Trach 3 & 4 will play an important role in the company's long-term profit growth. - **Capital increase plan:** POW has approved a resolution to raise chartered capital from 23,418.7 billion VND to 30,678.5 billion VND. The purpose is to fund the Nhon Trach 3 & 4 projects.	Gas supply shortages may disrupt power generation.
2	GEG	- **Leading renewable energy enterprise in Vietnam:** Portfolio as of end-2024: 81 MW hydropower, over 300 MWp solar, and 230 MW wind power. GEG is currently developing 4 projects with total capacity of 190 MW, scheduled for commercial operation between 2026–2028, while targeting a renewable energy portfolio of 3,000 MW by 2030. - **Business performance expected to improve significantly once electricity prices for transitional power plants are finalized**. GEG has completed price negotiations for the Tan Phu Dong 1 (TPD1) project at 1,813 VND/kWh - double the temporary 2024 price - providing strong support to project revenue and cash flow.	Hydrological fluctuations affect the utilization and performance of hydropower plants.

RETAIL SECTOR

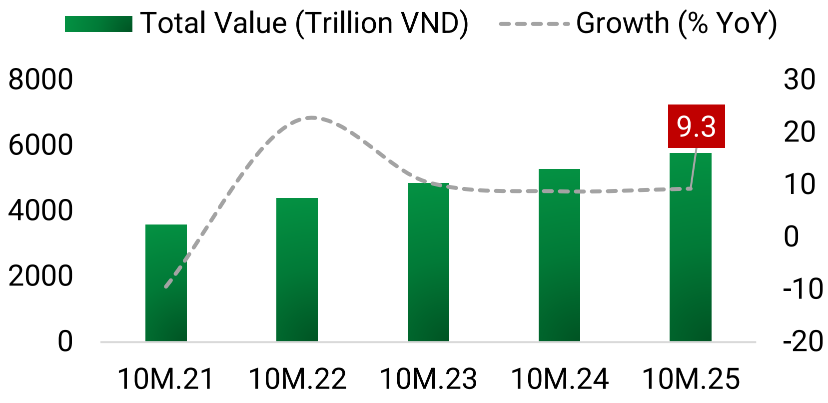
RETAIL SECTOR

CONSUMPTION GRADUALLY WARMING UP THANKS TO IMPROVED LABOR MARKET

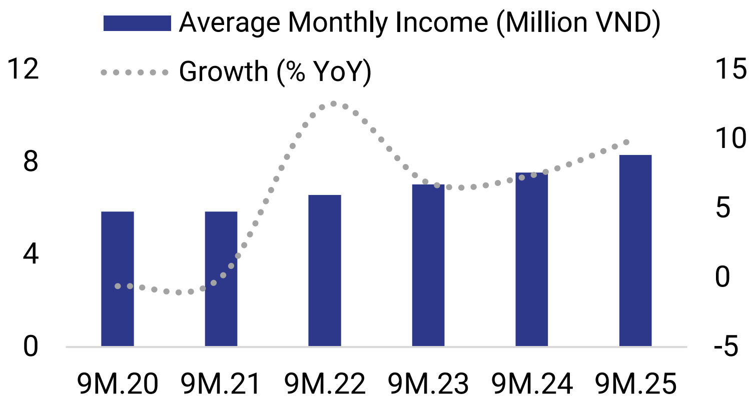
In the first 10 months of 2025, total retail sales of goods and consumer service revenue rose 9.3% YoY, higher than the 8.8% growth recorded in the same period of 2024. Of which: Retail sales of goods increased 8% YoY. Consumer services remained the bright spot, with revenue from accommodation and food services up 14.6% YoY and travel & tourism services revenue surging 19.8% YoY, reflecting the effectiveness of intensified tourism promotion policies and programs. For the period to 2030, the Government targets average annual growth of 11.0–11.5% in total retail sales of goods and consumer service revenue (Decision No. 2326/QD-TTg).

Labor market showing gradual improvement, reflected in: (1) Average monthly income growth of workers in the first 9 months of 2025 reached 10% YoY, 1.36× higher than the 7.4% YoY growth in the same period of 2024. Additionally, the National Assembly has officially approved a 40.9% increase in the personal income tax family allowance effective from 2026, which will create a strong consumption stimulus for the economy; (2) Unemployment rate among the working-age population in the first 9 months of 2025 stood at 2.22%, down 0.03 percentage point YoY and returning to pre-pandemic levels.

Total Retail Sales of Goods and Consumer Service Revenue



Average Monthly Income of Employees



Unemployment Rate

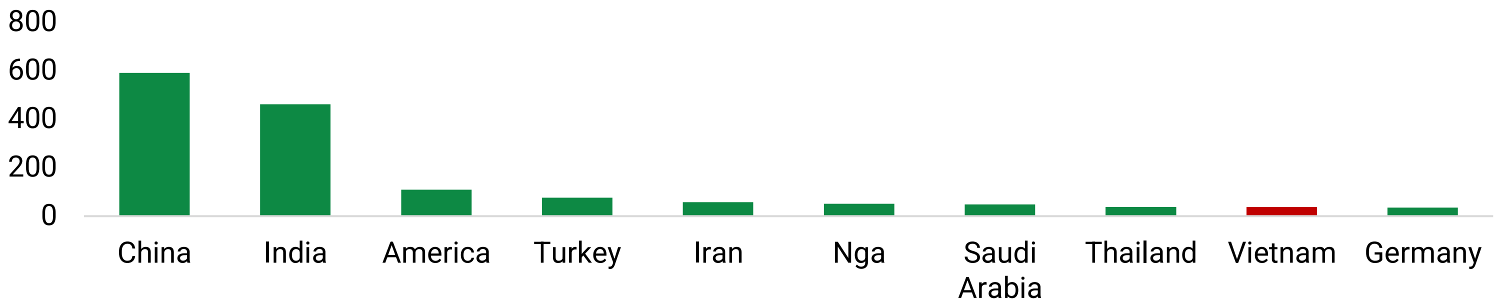
Sources: GSO, PSI research

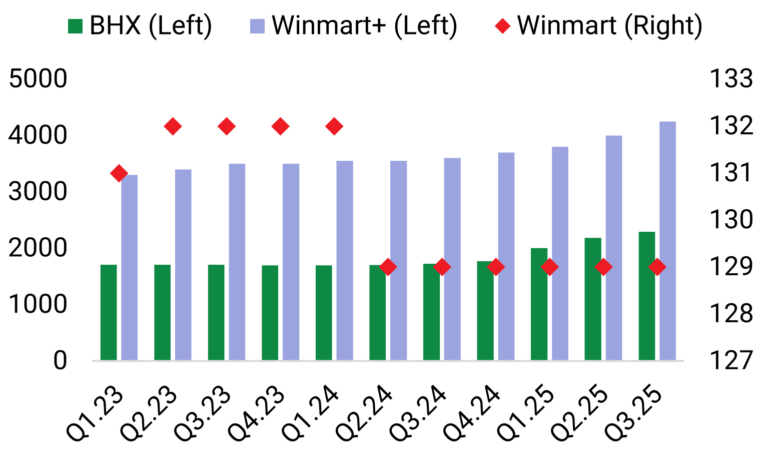
RETAIL SECTOR

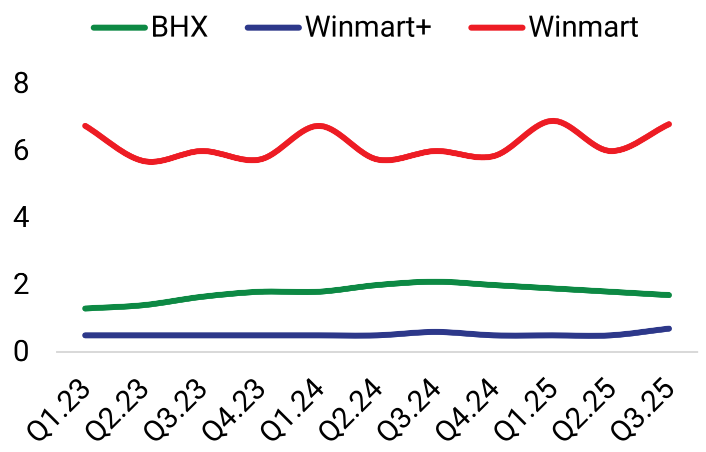
POLICY CHANGES STRENGTHEN THE GROWTH OUTLOOK

The Jewelry Industry Expected to Benefit from Decree 232/2025/ND-CP. Decree 232/2025/ND-CP (effective October 10, 2025) ends the state monopoly on gold bars and raw gold imports, allowing qualified private enterprises and commercial banks to produce gold bars and import raw gold under State Bank of Vietnam (SBV) licensing.

Modern retail channels continue to gain momentum as department store chains turn profitable and aggressively expand in 2025–2026, particularly in the Central region - where low density and cheap costs support gross margin improvements. Standardizing the retail market, including e-commerce, enhances transparency and competition for modern retail chains through: (1) Proposal to shift individual business households from fixed lump-sum tax to revenue-based tax, narrowing the price advantage of traditional channels; (2) Stricter tax management and higher commission fees on e-commerce platforms, reducing the low-cost edge of online sellers.







Source: WGC, MWG, MSN, PSI research

RETAIL SECTOR

STOCK PICK

No.	Ticker	Catalyst	Risk
1	MWG	- **Bach Hoa Xanh (BHX) aggressively scaling up**: Despite rapid expansion, new stores achieved positive store-level profit from day one. Management reported BHX posted about 200 billion VND profit in Q3/2025 and expects around 600 billion VND for full-year 2025. - **The Gioi Di Đong and Dien May Xanh delivered stable growth** without adding new outlets. In the first 10 months of 2025, same-store revenue increased by more than 19% YoY, driven by (1) the usual strong Q4 consumption season supported by large-scale promotions, (2) the September launch of the iPhone 17 that stimulated upgrade demand and boosted sales of older models, and (3) the ongoing 2% VAT reduction that continues to support retail pricing.	- BHX's expansion costs coming in higher than anticipated could weight on the group's overall profit growth outlook. - Intense price competition in the ICT and consumer electronics segment still be a challenge.
2	PNJ	**- PNJ showed strong resilience**: despite softer jewelry demand from high gold prices, 9M/2025 gross margin still reached 20.8% (+4.1 percentage point YoY) thanks to tight inventory control and focus on higher-value products. Retail revenue is expected to continue growing in the peak season from Q4/2025 through Q1/2026. **- PNJ stands to benefit directly from Decree 232/2025/ND-CP**, which permits private enterprises to produce gold bars and import raw gold materials. The company already satisfies the eligibility criteria and is finalizing its quota application; once approved, this new regulatory framework will ease supply constraints and drive both gold and jewelry sales.	- Luxury jewelry demand may remain subdued amid economic volatility.

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