

Thematic report

VIETNAM STOCK MARKET UPGRADING

03/2024

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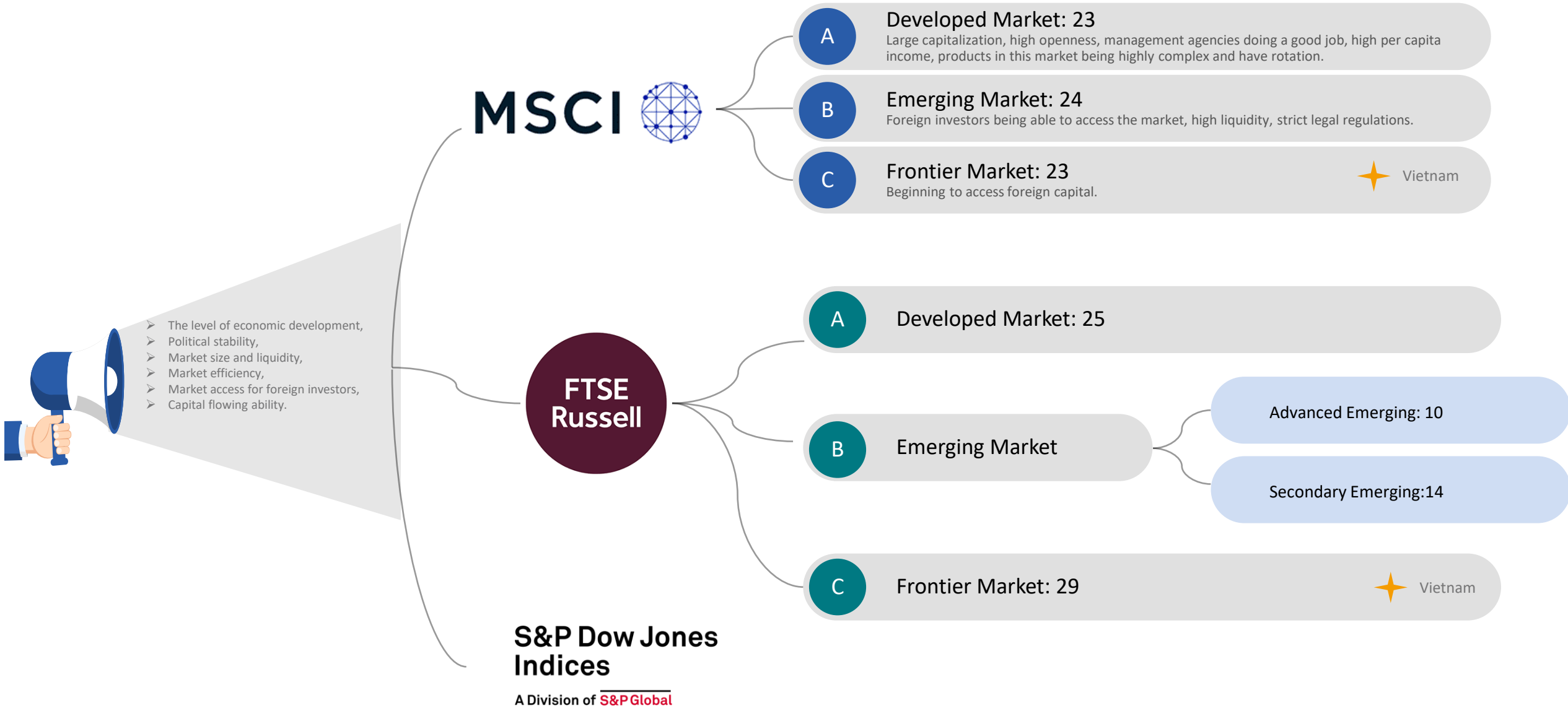
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Rating agencies





| | | |
|-----------------------|---|---|
| Established | Originally established as Capital International in 1969. After Morgan Stanley bought the data licensing rights and became Capital's largest shareholder in 1998, the company began using the abbreviation MSCI. | Established in 1987 |
| Scale of use | 98/100 of the world's largest money managers according to P&I rankings with an asset size of 14,900 billion USD invested according to the MSCI indexes. | 94/100 of the world's largest money managers with assets of 5,100 billion USD invested according to the FTSE indexes (excluding real estate). |
| Construction criteria | Economic development, market size, liquidity, market accessibility | Economic development, market size, liquidity, market accessibility |
| Indexes | Indexes: + MSCI World Index + MSCI Emerging market Index + MSCI Frontier market Index; | FTSE GEIS: FTSE Developed total Cap; FTSE Emerging Total Cap; FTSE Secondary Emerging Total Cap; FTSE Frontier market Index |
| Review cycle | June | March and September |
| Assessment process | Extensive consultation with international investors; The advisory committee decides. | Extensive consultation with 100 international investors; The advisory committee decides. |

| Criteria | Frontier | Emerging | Developed |
|---|-------------------|---|--|
| A. Economic Development | | | |
| A.1 Sustainability of economic development | No requirement | No requirement | Country GNI per capita 25% above the World Bank high income threshold* for 3 consecutive years |
| B. Size and Liquidity Requirements | | | |
| B.1. Number of companies meeting the following Standard Index criteria | 2 | 3  | 5 |
| Company size (full market cap)** | 1,033 million USD | 2,066 million USD | 4,133 million USD |
| Security size (float market cap)** | 73 million USD | 1,033 million USD | 2,066 million USD |
| Security liquidity*** | 2.5% ATVR | 15% ATVR | 20% ATVR |
| C. Market Accessibility Criteria  | | | |
| C.1 Openness to foreign ownership | At least some | Significant | Very high |
| C.2 Ease of capital inflows / outflows | At least partial | Significant | Very high |
| C.3 Efficiency of the operational framework | Modest | Good and tested | Very high |
| C.4 Availability of investment instruments | High | High | Unrestricted |
| C.5 Stability of the institutional framework | Modest | Modest | Very high |

* High income threshold: 2021 GNI per capita of USD 13,205 (WB, Atlas method)


**Minimum in use for the May 2023 Index Review, updated on a quarterly basis

*** ATVR: Annual transaction value ratio calculated according to the formula of annual trading value/free-float adjusted trading value

 Vietnam met the criteria

| Criteria | Developed | Advanced emerging | Secondary emerging | Frontier |
|---|-----------|-------------------|--------------------|----------|
| World Bank GNI Per Capita Rating (Atlas Method) | | | | |
| Credit Worthiness | | | | |
| Market and Regulatory Environment | | | | |
| Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC) | X | X | X | X |
| Fair and non-prejudicial treatment of minority shareholders | X | X | | |
| No or selective incidence of foreign ownership restrictions | X | X | | |
| No objections or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income | X | X | X | X |
| No or simple registration process for foreign investors | X | X | | |
| Foreign Exchange Market | | | | |
| Developed foreign exchange market | X | X | | |
| Equity Market | | | | |
| Brokerage fees – Sufficient competition to ensure high quality broker services | X | X | X | |
| Transaction costs – Implicit and explicit costs to be reasonable and competitive | X | X | X | |
| Tax: imposition of taxes to be reasonable and comparable between domestic and non-domestic investors | X | X | | |
| Stock Lending is permitted | X | | | |
| Short sale is permitted | X | | | |
| Developed Derivatives Market | X | | | |
| Off-exchange transactions are permitted | X | | | |
| Efficient trading mechanism | X | X | | |
| Transparency – market depth information / visibility and timely trade reporting process | X | X | X | X |
| Clearing, Settlement and Custody | | | | |
| Settlement – costs associated with failed trades | X | X | X | X |
| Settlement Cycle (DvP) | X | X | X | X |
| Central Securities Depository | X | X | X | |
| Central Counterparty Clearing House (Equities) | X | X | | |
| Settlement – Free delivery available | X | | | |
| Custody – Sufficient competition to ensure high quality custodian services | X | X | X | |
| Account structure operating at the Custodian level (securities and cash) | X | | | |

Criteria for capitalization and proportion for Emerging/Developed

| Entry | Emerging | Developed |
|---|---|---------------|
| Minimum number of shares | 5  | 5 |
| Investable market capitalization | 6.98 bil USD | 31.91 bil USD |
| Proportion in FTSE Emerging Allcap basket (%) | ≥ 0.10 | ≥ 0.05 |
| GNI | Average | High |
| Disqualified (placed on Watch List) | Emerging | Developed |
| Minimum number of shares | 2 | 2 |
| Investable market capitalization | 3.49 bil USD | 15.96 bil USD |
| Proportion in FTSE Emerging Allcap basket (%) | ≥ 0.05 | ≥ 0.025 |

**For frontier markets: countries are not required to meet minimum requirements in terms of size and number of shares to create a national index.*



Vietnam met the criteria

Proportion of countries in the FTSE Emerging Allcap basket

| Country | No. of Cons | Net MCap (USDm) | Wgt % |
|---------------|-------------|------------------|---------------|
| Brazil | 165 | 474,297 | 6.37 |
| Chile | 31 | 43,924 | 0.59 |
| China | 2361 | 2,003,081 | 26.90 |
| Colombia | 5 | 11,133 | 0.15 |
| Czech Rep. | 5 | 10,015 | 0.13 |
| Egypt | 9 | 11,845 | 0.16 |
| Greece | 29 | 44,089 | 0.59 |
| Hungary | 4 | 19,208 | 0.26 |
| Iceland | 14 | 8,946 | 0.12 |
| India | 462 | 1,651,593 | 22.18 |
| Indonesia | 79 | 162,797 | 2.19 |
| Kuwait | 21 | 69,677 | 0.94 |
| Malaysia | 79 | 139,905 | 1.88 |
| Mexico | 49 | 224,045 | 3.01 |
| Pakistan | 14 | 3,975 | 0.05 |
| Philippines | 35 | 57,393 | 0.77 |
| Qatar | 21 | 70,669 | 0.95 |
| Romania | 7 | 9,746 | 0.13 |
| Saudi Arabia | 90 | 348,028 | 4.67 |
| South Africa | 77 | 227,748 | 3.06 |
| Taiwan | 496 | 1,470,108 | 19.74 |
| Thailand | 130 | 169,341 | 2.27 |
| Turkiye | 137 | 91,585 | 1.23 |
| UAE | 36 | 124,014 | 1.67 |
| Totals | 4356 | 7,447,160 | 100.00 |

Comment: Vietnam currently has 5 companies that meet the criteria to be considered for upgrade to Emerging Market, including stocks: VCB, VHM, BID, VIC, GAS



Current status of Vietnam stock market



Basically, 9/18 criteria have been met, specifically:

- **Openness to foreign ownership** (1/4): level of requirements for investors.
- **Ease of capital inflows / outflows** (1/2): level of restrictions on capital flows.
- **Accessibility to the market** (1/1): registration process and account setup for investors.
- **Market organization** (1/2): legal regulations related to the market.
- **Market infrastructure** (3/7): depository/registration, monitoring, and trading activities in the market.
- **Availability of investment instruments** (1/1)
- **Stability of the institutional framework** (1/1)

9/18 criteria have not been met, specifically:

- **Openness to foreign ownership** (3/4): Limit foreign ownership, remaining foreign room for foreign investors, equal rights of foreign investors.
- **Ease of capital inflows / outflows** (1/2): Degree of freedom in the foreign exchange market.
- **Market organization** (1/2): Information flows.
- **Market infrastructure** (4/7): clearing, easy transferability, securities lending, short selling.

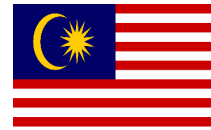
9/21 criteria have been met, specifically:

- **2/5 criteria on regulatory and legal environment:** management agencies actively monitor the market and do not object, restrict or impose penalties on investment/capital recovery activities.
- **4/9 criteria in the equity market:** appropriate transaction costs, appropriate taxes applied on foreign and domestic investors, quality consulting and brokerage activities, transparent information in the market and timely transaction reporting process.
- **3/7 criteria on payment, clearing and depository:** T+2 payment cycle, a Securities Depository Center capable of providing quality services.

12/21 criteria are limited and have not seen much improvement, specifically:

- **3/5 criteria on legal regulatory environment:** Fair treatment of minority shareholders, restriction of foreign ownership, simplification of the registration process for foreign investors.
- **5/9 criteria in the equity market:** underdeveloped derivatives market, no securities lending, no short selling, restricted foreign exchange trading activities, restricted effective trading mechanism.
- **4/7 criteria in payment, clearing and depository:** Central clearing partner transaction mechanism, ability to be ready for payment and transactions, account structure of custodial account (cash and securities).
- Degree of freedom in the foreign exchange market is still restricted.

| Criteria | DEV WATCH | ADV WATCH | SEC EMG WATCH | FRONTIER WATCH | VIETNAM |
|---|-----------|-----------|---------------|----------------|--------------|
| World Bank GNI Per Capita Rating | | | | | Low average |
| Credit Worthiness | | | | | Speculative |
| Market and Regulatory Environment | | | | | |
| Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC) | X | X | X | X | Achieved |
| Fair and non-prejudicial treatment of minority shareholders | X | X | | | Restricted |
| No or selective incidence of foreign ownership restrictions | X | X | | | Restricted |
| No objections or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income | X | X | X | X | Achieved |
| No or simple registration process for foreign investors | X | X | | | Restricted |
| Foreign Exchange Market | | | | | |
| Developed foreign exchange market | X | X | | | Restricted |
| Equity Market | | | | | |
| Brokerage fees – Sufficient competition to ensure high quality broker services | X | X | X | | Achieved |
| Transaction costs – Implicit and explicit costs to be reasonable and competitive | X | X | X | | Achieved |
| Tax: imposition of taxes to be reasonable and comparable between domestic and non-domestic investors | X | X | | | Achieved |
| Stock Lending is permitted | X | | | | Restricted |
| Short sale is permitted | X | | | | Not achieved |
| Developed Derivatives Market | X | | | | Restricted |
| Off-exchange transactions are permitted | X | | | | Not achieved |
| Efficient trading mechanism | X | X | | | Restricted |
| Transparency – market depth information / visibility and timely trade reporting process | X | X | X | X | Achieved |
| Clearing, Settlement and Custody | | | | | |
| Settlement – costs associated with failed trades | X | X | X | X | Restricted |
| Settlement Cycle (DvP) | X | X | X | X | T+2 |
| Central Securities Depository | X | X | X | | Achieved |
| Central Counterparty Clearing House (Equities) | X | X | | | Not achieved |
| Settlement – Free delivery available | X | | | | Not achieved |
| Custody – Sufficient competition to ensure high quality custodian services | X | X | X | | Achieved |
| Account structure operating at the Custodian level (securities and cash) | X | | | | Not achieved |



| | Emerging market | | | | Frontier market |
|---|-----------------|----|----|----|-----------------|
| Market classification | | | | | |
| Openness to foreign ownership | | | | | |
| Investor qualification requirement | ++ | ++ | ++ | ++ | ++ |
| Foreign ownership limit (FOL) level | - | + | ++ | - | - |
| Foreign room level | - | ++ | ++ | - | - |
| Equal rights to foreign investors | - | + | + | + | - |
| Ease of capital inflows / outflows | | | | | |
| Capital flow restriction level | ++ | ++ | ++ | ++ | ++ |
| Foreign exchange market liberalization level | + | + | - | - | - |
| Market entry | | | | | |
| Investor registration & account set up | ++ | ++ | ++ | ++ | + |
| Market organization | | | | | |
| Market regulations | ++ | ++ | ++ | ++ | + |
| Information flow | ++ | ++ | + | ++ | - |
| Market infrastructure | | | | | |
| Clearing and Settlement | + | ++ | + | + | - |
| Custody | ++ | ++ | ++ | ++ | ++ |
| Registry / Depository | ++ | ++ | ++ | ++ | ++ |
| Trading | ++ | ++ | ++ | ++ | ++ |
| Transferability | ++ | + | + | ++ | - |
| Stock lending | + | ++ | + | - | - |
| Short selling | + | + | + | - | - |
| Availability of Investment Instruments | ++ | ++ | ++ | ++ | ++ |
| Stability of institutional framework | + | + | + | + | + |

++: no problem; +: no significant problem and can improve; -: need improvement



Comment on Vietnam for the goal of upgrading to Secondary Emerging

Qualitative criteria

Based on assessments of foreign investment organizations when surveyed by FTSE/MSCI.

- Market accessibility
- Equal rights of investors, ability to access information



Needs improvement: Remaining foreign room for foreign investors, Equal rights for foreign investors, Information flow

Vietnam has achieved 5/5 targets of the Secondary Emerging market

Quantitative criteria

Vietnam has met the requirements of scale and liquidity. However, it still does not meet the infrastructure criteria:



- Transferability
- Clearing

- Payment cycle
- Transaction failed

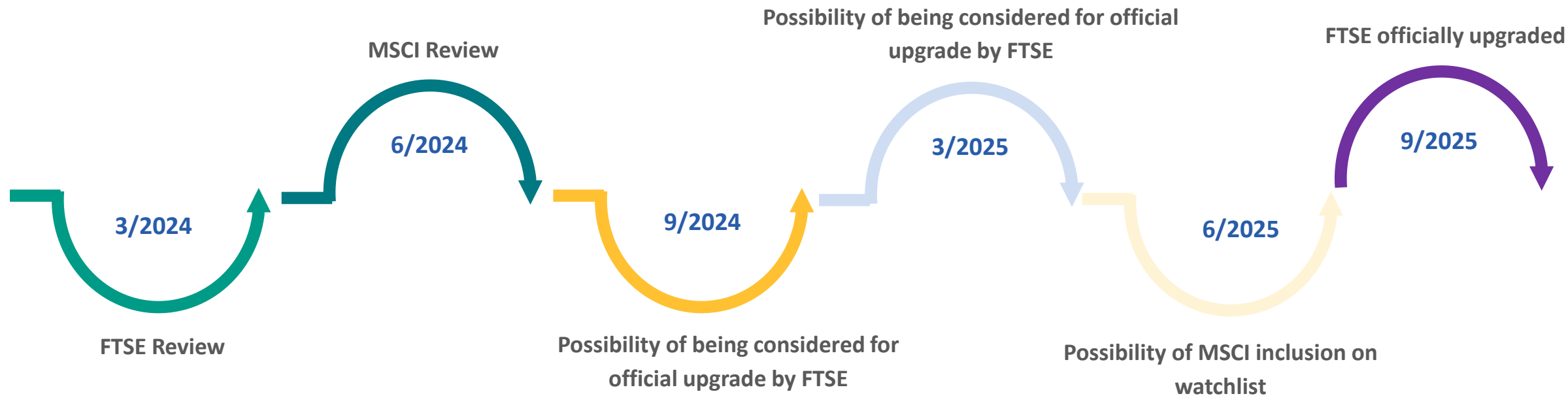
Issues that need improvement

1. Establishment of a central clearinghouse (CCP).
2. Improve infrastructure, enhance transparency and quality of information disclosure of businesses.
3. Improve policy mechanisms and legal regulations.
4. Resolve the issue of foreign ownership ratio and account registration process for foreign investors.
5. Strengthen the protection of investors' rights.
6. Strengthen inspection and supervision.

❖ Among the qualitative criteria set by FTSE Russell and MSCI, the requirements from FTSE Russell are much simpler because FTSE Russell divides emerging markets into two levels based on the level of market development: Second emerging markets and Advanced emerging markets.

Efforts of authorities in the upgrade process





Some notable timelines and events:

- Annual market classification assessment reports of market rating organizations - especially comments from FTSE.
- Actual progress of implementing the **KRX system**.
- The management agency's action in resolving outstanding issues is first the "pre-funding" criterion.
- **The movements of foreign investors and ETFs in the market** - in which the strong net buying of stocks that meet the criteria of foreign investors is a factor that needs careful observation.
- **Viewpoints of ministries and ministerial-level agencies** related to coordination in promoting the market upgrading process.



700 mil. → 1.5 bil. USD



MSCI

1.2 bil → 2 bil. USD



Top 10 stocks

HPG, VHM, VNM, VIC, MSN


SSI, VCB, VRE, VND, DGC




Potential of Vietnam stock market when upgraded

+  The local investors are key player
~ 84.61% avg trading value
Net buy ~ 1 billion USD (2023)

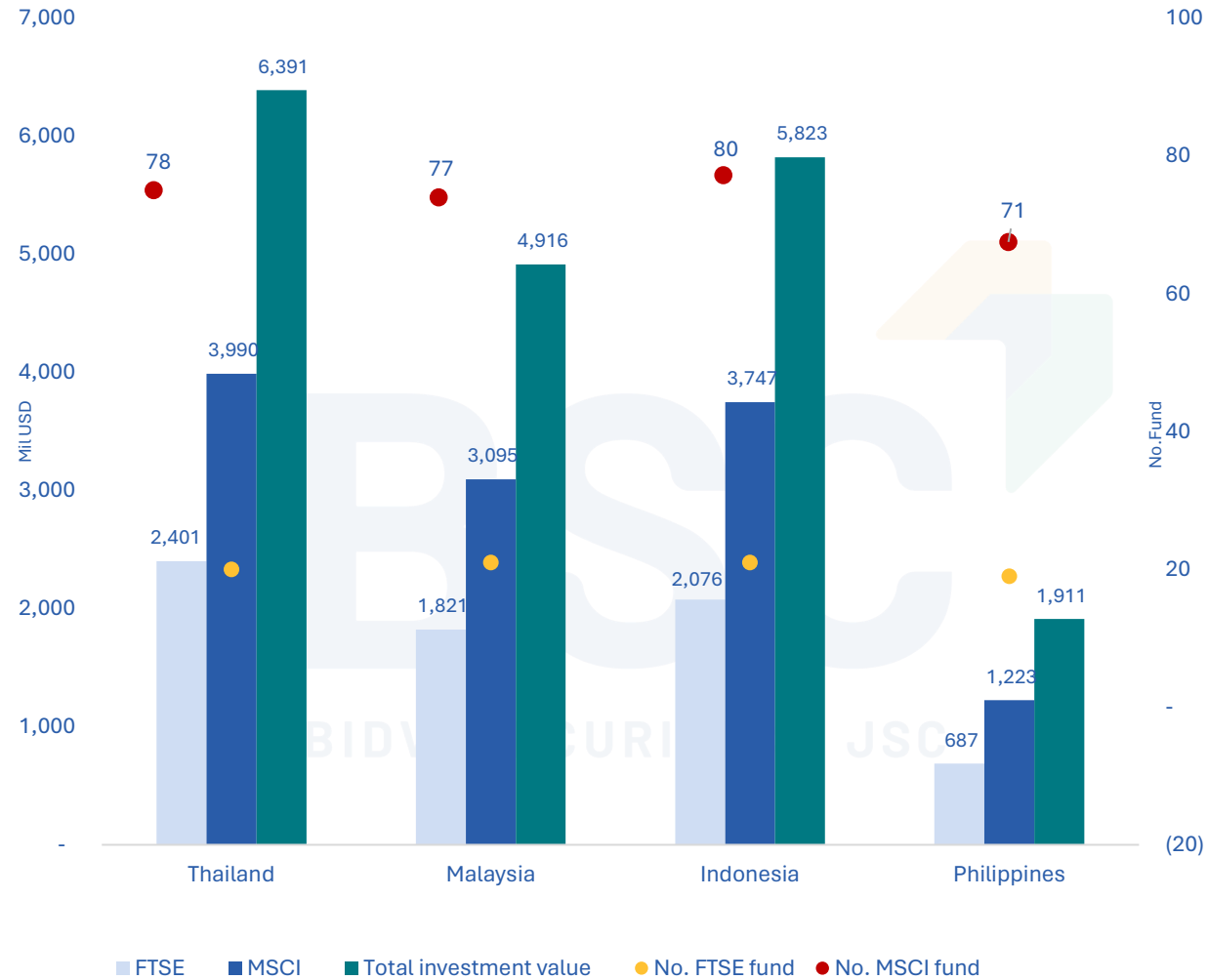
+  Opportunity to upgrade the market
2024 -> 2025 ?

+  The Supply is limited
no new listing, IPO, issuance

-  The Demand is tricky
no robot , deposit product

| Criteria | Value (Bil. VND) | 2023 % GDP | Targets for the stock market | | Notes |
|--------------------------|---|---------------|--|------------|------------|
| | | | 2025 | 2030 | |
| Nominal GDP | 10,221,815 | | | | |
| Marketcap | 5,874,232 | 57.47% | ≥ 100% GDP | ≥ 120% GDP | 31/12/2023 |
| HSX | 4,515,051 | 44.17% | | | |
| HNX | 305,344 | 2.99% | | | |
| Upcom | 1,053,837 | 10.31% | | | |
| Bond Market | 2,950,016 | 28.86% | ≥ 47% GDP | ≥ 58% GDP | 31/12/2023 |
| Government bonds | 1,799,665 | 17.61% | | | |
| Corporate bonds | 1,150,351 | 11.25% | ≥ 20% GDP | ≥ 25% GDP | |
| Number of stock accounts | 7,292,361 | | 9,000,000 | 11,000,000 | 31/12/2023 |
| Domestic | 7,246,977 | | Focus on developing institution and professional investors | | |
| Individual | 7,230,742 | | | | |
| Institution | 16,235 | | | | |
| Foreign | 45,384 | | Focus on attracting foreign investors | | |
| Individual | 40,833 | | | | |
| Institution | 4,551 | | | | |
| Other Objectives | A. 2025 | | | | |
| | - Upgrade the stock market to emerging market; | | | | |
| | - Complete the division of shares listed at the Stock Exchange; | | | | |
| | - Towards the development level of the 4 leading countries in the ASEAN region; | | | | |
| | B. General | | | | |
| | - Integrate into world financial and stock markets, improve competitiveness, risk management, apply international standards and practices; | | | | |
| | - Applying corporate ESG practices and standards at stock exchanges and VSDs, aiming for sustainable development according to international practices | | | | |

Market size and number of ETFs in ASEAN emerging markets



Open-end funds and ETFs in ASEAN emerging markets

| Criteria | | Thailand | Malaysia | Indonesia | Philippines |
|------------------|--------------|-------------------|---------------|--------------------|-------------|
| Index | | SET Index | FBMEMAS Index | JCI Index | PASHR Index |
| MKC (Bil. USD) | | 476 | 320 | 758 | 314 |
| Num of companies | | 685 | 262 | 880 | 281 |
| Class | Stock Market | Advanced Emerging | | Secondary Emerging | |
| | | Emerging Market | | Emerging Market | |
| Ave. weight (%) | FTSE | 1.81 | 1.44 | 2.20 | 0.94 |
| | MSCI | 3.04 | 1.85 | 2.28 | 0.99 |
| | Total | 2.77 | 1.60 | 2.23 | 0.96 |
| ETFs funds | Number | 20 | 21 | 21 | 19 |
| | MSCI | 78 | 77 | 80 | 71 |
| | Total | 98 | 98 | 101 | 90 |
| Value (mil. USD) | FTSE | 2,317 | 1,871 | 2,175 | 684 |
| | MSCI | 3,813 | 3,265 | 3,907 | 1,403 |
| | Total | 6,130 | 5,137 | 6,082 | 2,087 |
| Ave. weight (%) | FTSE | 0.76 | 0.60 | 1.26 | 0.30 |
| | MSCI | 1.36 | 0.90 | 2.42 | 0.52 |
| | Total | 1.30 | 0.87 | 2.31 | 0.49 |
| Opend Funds | Number | 12 | 8 | 9 | 11 |
| | MSCI | 91 | 77 | 114 | 79 |
| | Total | 103 | 85 | 123 | 90 |
| Value (mil. USD) | FTSE | 2,216 | 1,834 | 2,079 | 731 |
| | MSCI | 2,111 | 1,507 | 2,535 | 750 |
| | Total | 4,327 | 3,341 | 4,615 | 1,482 |
| Ave. weight (%) | FTSE | 1.29 | 1.02 | 1.73 | 0.62 |
| | MSCI | 2.20 | 1.38 | 2.35 | 0.76 |
| | Total | 2.04 | 1.24 | 2.27 | 0.73 |
| Total | Number | 32 | 29 | 30 | 30 |
| | MSCI | 169 | 154 | 194 | 150 |
| | Total | 201 | 183 | 224 | 180 |
| Value (mil. USD) | FTSE | 4,533 | 3,705 | 4,255 | 1,415 |
| | MSCI | 5,924 | 4,772 | 6,442 | 2,153 |
| | Total | 10,457 | 8,477 | 10,697 | 3,568 |

Source: BIDV Securities (BSC) compiled from Bloomberg. Data updated until March 08, 2024



List of large proportion stocks being held by foreign ETFs

| | Premia | iShares | Fubon | FTSE Vietnam | Vaneck | CGS Fullgoal | |
|------------|--------------|------------------------------|-----------------|--------------|----------------------------|-----------------------------|----------------------------|
| Index | MSCI Vietnam | Frontier and Select Emerging | FTSE Vietnam 30 | FTSE Vietnam | MarketVector Vietnam Local | iEdge Vietnam 30 Sector Cap | VN30 Index |
| Issuer | MSCI | MSCI | FTSE | FTSE | MVIS - Vaneck | Singapore Stock Exchange | Ho Chi Minh Stock Exchange |
| Weight (%) | 100% | 29% | 100% | 100% | 100% | 100% | |
| HPG | 10.46% | 3.14% | 10.87% | 14.45% | 6.91% | 9.46% | VN30 |
| VHM | 8.32% | 2.37% | 8.63% | 9.88% | 6.57% | 6.59% | VN30 |
| VNM | 6.70% | 2.05% | 9.16% | 9.14% | 6.72% | 9.75% | VN30 |
| VIC | 6.74% | 2.05% | 8.50% | 10.01% | 6.42% | 6.27% | VN30 |
| MSN | 5.69% | 1.62% | 7.83% | 7.81% | 4.24% | 5.12% | VN30 |
| SSI | 4.51% | 1.28% | 6.96% | 6.95% | 5.83% | 10.53% | VN30 |
| VCB | 6.28% | 1.26% | 8.86% | 8.84% | 6.27% | 0.00% | VN30 |
| VRE | 2.88% | 0.82% | 3.85% | 3.84% | 2.11% | 1.75% | VN30 |
| VND | 2.65% | 0.74% | 2.41% | 2.39% | 4.56% | 4.87% | Not belonging |
| DGC | 2.40% | 0.73% | 3.31% | 3.31% | 3.02% | 3.32% | Not belonging |
| VJC | 2.29% | 0.68% | 3.17% | 3.16% | 1.62% | 1.83% | VN30 |
| NVL | 2.00% | 0.59% | 0.00% | 0.00% | 3.54% | 2.85% | Not belonging |
| VCI | 1.68% | 0.48% | 2.24% | 2.23% | 2.80% | 2.91% | Not belonging |
| KDH | 1.67% | 0.48% | 2.28% | 0.00% | 0.64% | 0.51% | Not belonging |
| GEX | 1.30% | 0.41% | 1.79% | 1.79% | 1.74% | 1.93% | Not belonging |
| SHB | 1.59% | 0.40% | 1.87% | 1.86% | 2.15% | 2.37% | VN30 |
| EIB | 1.33% | 0.39% | 0.00% | 1.84% | 2.04% | 2.58% | Not belonging |
| POW | 0.90% | 0.39% | 0.99% | 0.99% | 1.27% | 1.39% | VN30 |
| VIX | 1.42% | 0.38% | 0.00% | 1.99% | 2.50% | 2.67% | Not belonging |
| BID | 1.27% | 0.37% | 0.00% | 0.00% | 0.00% | 7.90% | VN30 |
| KBC | 1.59% | 0.37% | 2.20% | 2.19% | 1.60% | 1.29% | Not belonging |
| STB | 1.04% | 0.00% | 1.92% | 0.00% | 0.00% | 0.00% | VN30 |
| SAB | 1.10% | 0.36% | 1.68% | 0.00% | 1.95% | 0.00% | VN30 |
| KDC | 1.06% | 0.31% | 1.63% | 0.00% | 1.34% | 1.72% | Not belonging |
| DIG | 1.03% | 0.35% | 1.43% | 1.43% | 1.60% | 1.10% | Not belonging |
| PVD | 1.01% | 0.30% | 0.00% | 1.39% | 1.02% | 1.13% | Not belonging |
| DPM | 0.71% | 0.21% | 1.20% | 1.19% | 1.09% | 1.10% | Not belonging |
| HUT | 0.48% | 0.18% | 0.00% | 0.00% | 2.09% | 0.00% | Not belonging |
| PDR | 1.16% | 0.34% | 1.15% | 0.00% | 1.89% | 0.00% | Not belonging |
| VHC | 0.93% | 0.26% | 0.00% | 0.00% | 1.64% | 2.00% | Not belonging |
| BVH | 0.00% | 0.00% | 0.55% | 0.00% | 0.93% | 1.75% | VN30 |

Source: Bloomberg, BIDV Secutires (BSC) Research



Case Study



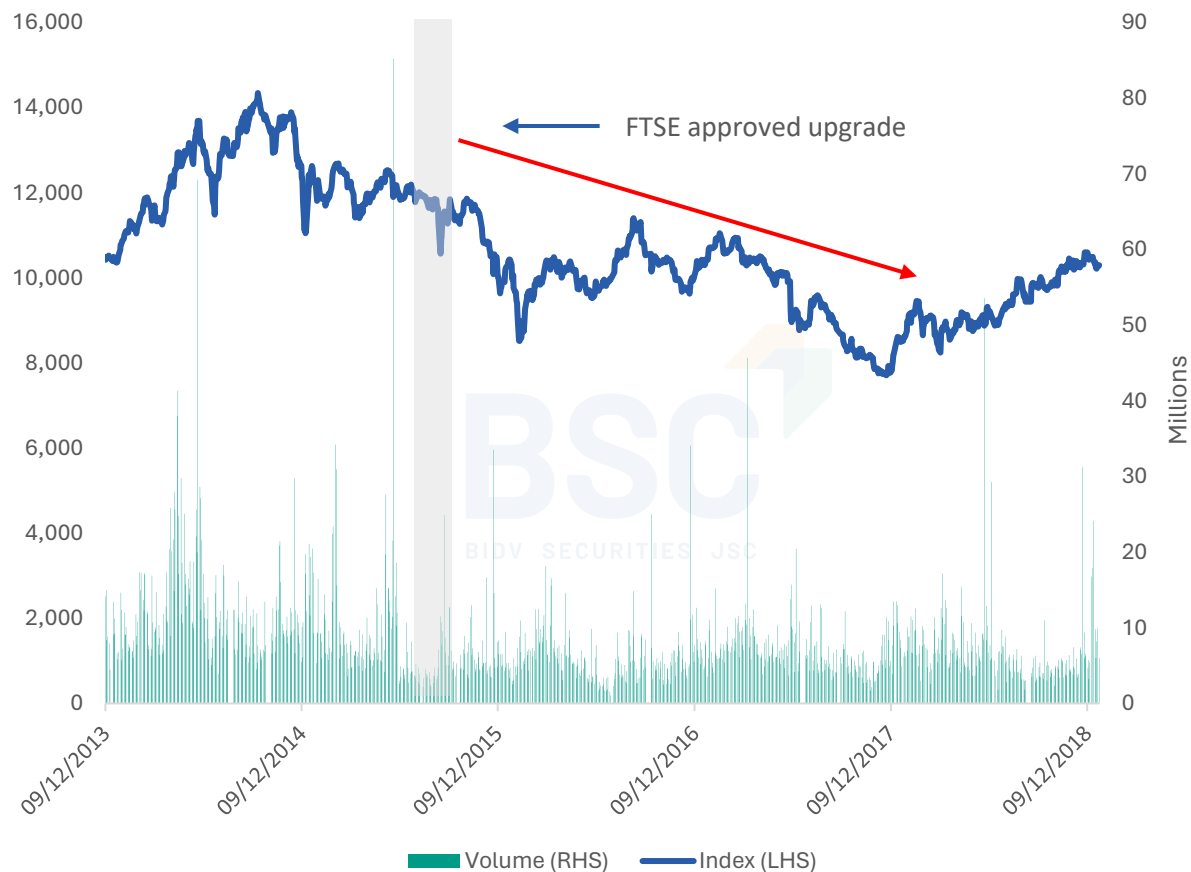
Asian countries upgraded to Secondary Emerging Market by FTSE



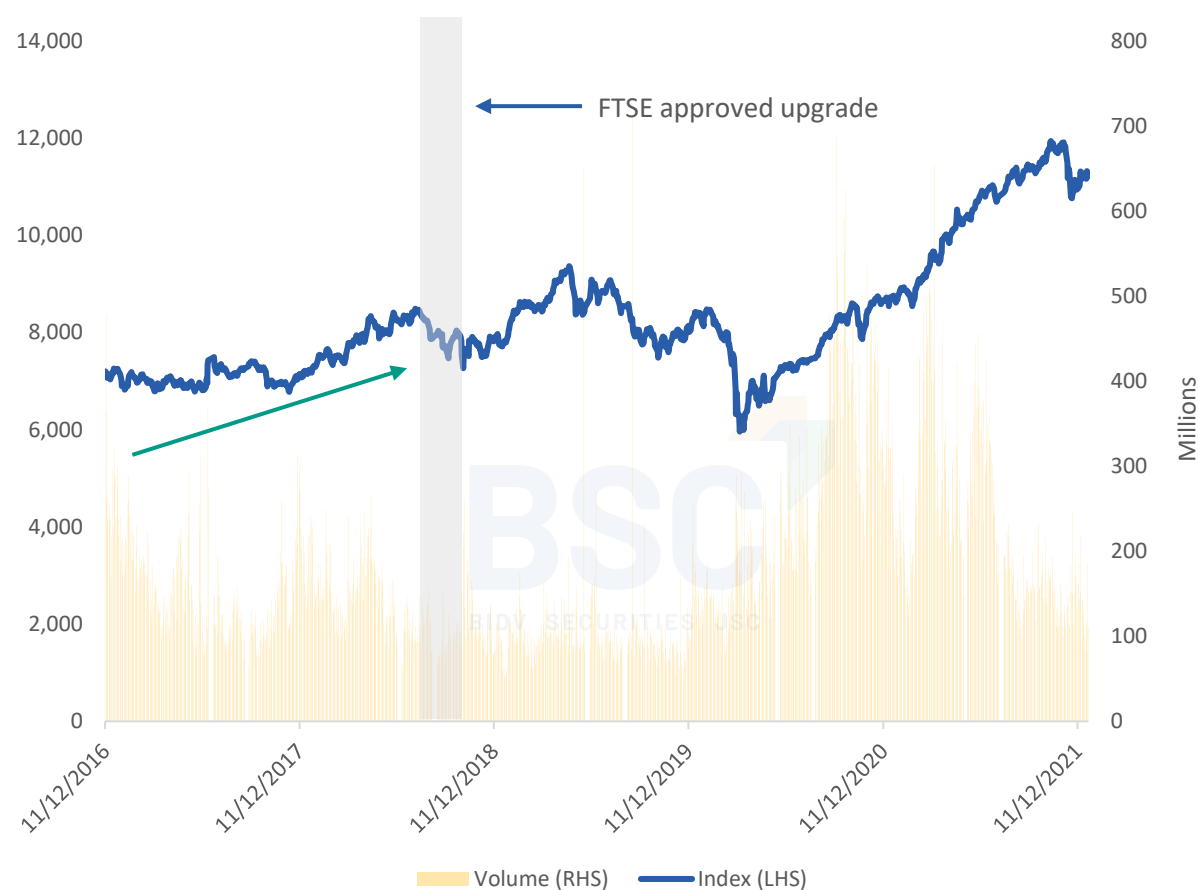
| Some Criteria | Qatar | Kuwait | Saudi Arabia | China A | UAE |
|---|---|---|---|---|---------------------------------|
| "Watch list" to Secondary Emerging | 09/2013 | 09/2008 | 09/2015 | < 09/2006 | 09/2008 |
| FTSE approved the upgrade | 09/2015 | 09/2017 | 03/2018 | 09/2018 | 09/2010 |
| The time it takes for the conversion to complete | 09/2016-03/2017 | 09/2018-12/2018 | 03/2019-06/2020 | 06/2019-06/2020 | 09/2010 |
| Details of the conversion process | 2 stages 50% in 09/2016 50% in 03/2017 | 2 stages 50% in 09/2018 50% in 12/2018 | 6 stages From 03/2019 to 06/2020 | 4 stages Each stage 25% from 06/2019 – 06/2020 | |
| Market class | Frontier -> Secondary | | Unclassified -> Secondary Emerging Market | | |
| Time from "Watch list" -> "FTSE approved upgrade" | 2 years | 9 years | 2.5 years | 12 years | 2 years |
| Preparation period after FTSE approval | 1 year | 1 year | 1 year | 1 year | |
| Total conversion completion time | 0.5 year | 0.25 year | 1.25 years | 1 year | |
| Reference index | Qatar Exchange | Boursa Kuwait All Share | Tadawul All Share | Shanghai Stock Exchange Composite | FTSE Abu Dhabi Exchange General |
| Market cap (bil. USD)/Number of companies | 144/20 | 156/159 | 2,977/230 | 6,392/2,169 | 707/69 |



Qatar's Stock Market

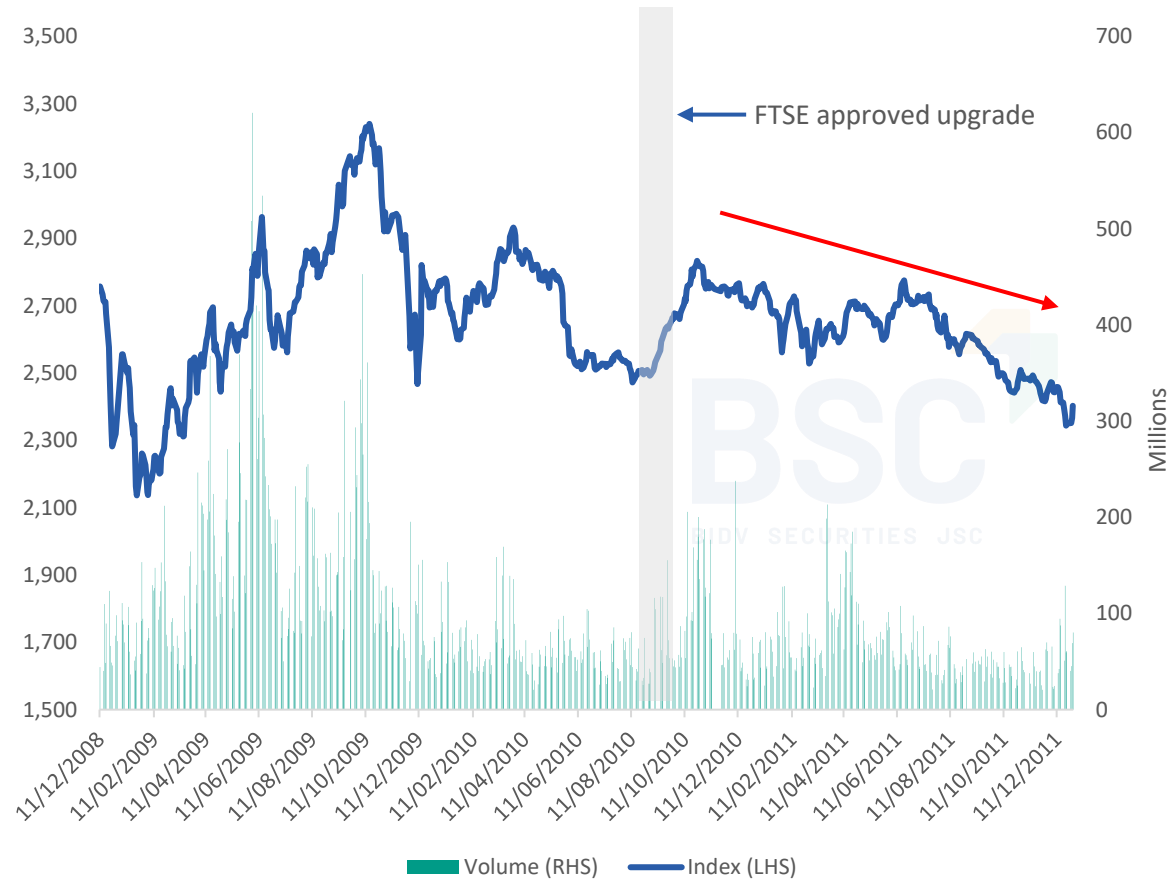


Saudi Arabia's Stock Market

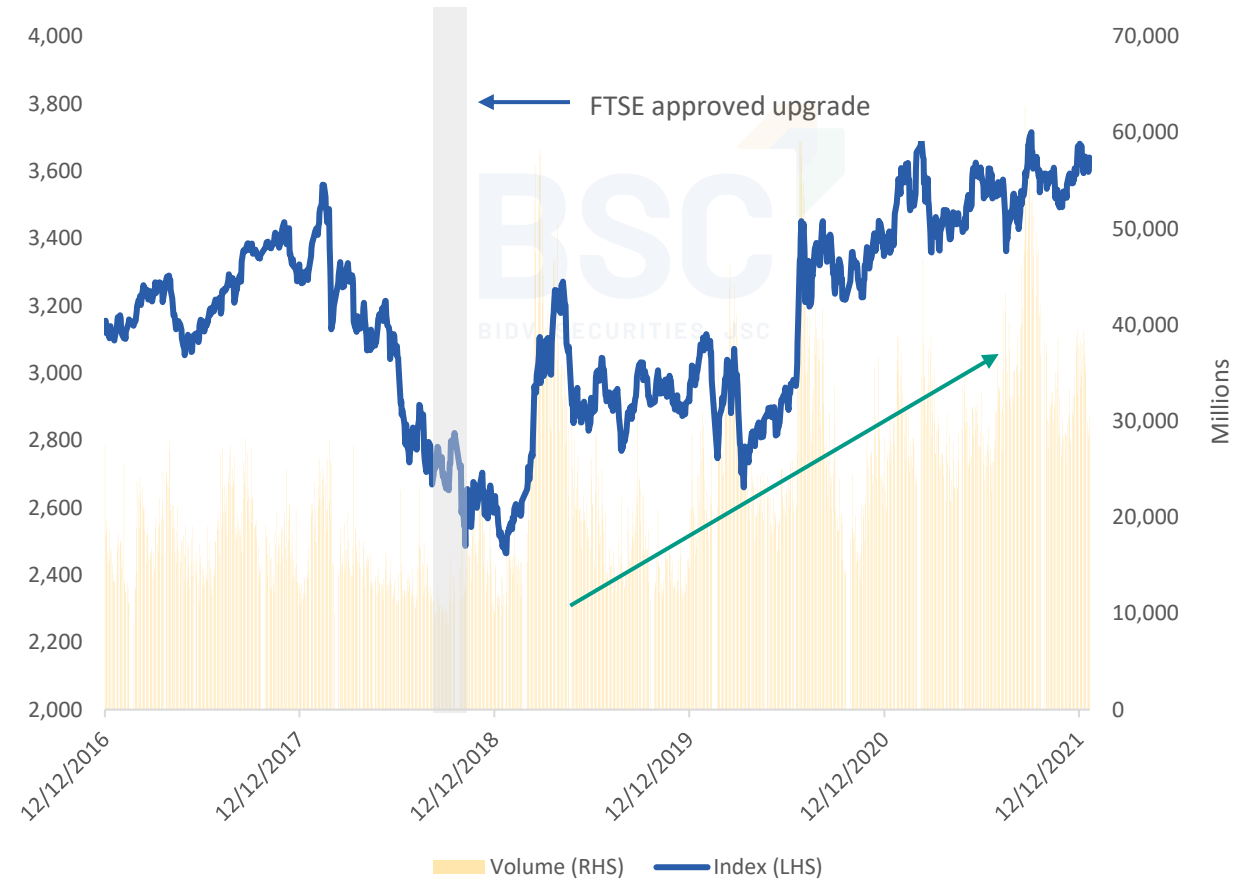


Stock market when FTSE approved upgrade to Secondary Emerging Market

UAE's Stock Market



China's Stock Market





Index and volume when FTSE approved upgrade to Secondary Emerging Market

| | Country | T0-1Y | T0-9M | T0-6M | T0-3M | T0 (Approved Upgrade) | T0+6M | T0+1Y | T0+1.25Y | T0+1.5Y | T0+1.75Y | T0+2Y | T0+2.5Y |
|--------|--------------|---------|--------|--------|--------|--------------------------|---------|--------|----------|---------|----------|---------|---------|
| %Index | Qatar | 23.10% | -4.08% | 0.26% | 2.11% | 0% | -10.90% | -8.77% | -14.41% | -8.88% | -14.87% | -24.51% | -25.11% |
| | Saudi Arabia | -11.52% | -5.24% | -8.44% | -8.48% | 0% | -1.67% | 10.23% | 12.27% | 0.34% | 4.47% | -22.70% | 3.84% |
| | China A | 20.22% | 17.83% | 12.90% | -0.71% | 0% | 8.42% | 7.11% | 7.06% | -3.73% | 4.60% | 17.42% | 23.02% |
| | UAE | 19.45% | 3.63% | 8.55% | -3.66% | 0% | -1.21% | -1.84% | -6.59% | -2.68% | -7.32% | -2.64% | 14.72% |

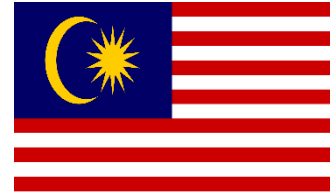
| | Country | T0-1Y | T0-9M | T0-6M | T0-3M | T0 (Approved Upgrade) | T0+6M | T0+1Y | T0+1.25Y | T0+1.5Y | T0+1.75Y | T0+2Y | T0+2.5Y |
|---------|--------------|---------|---------|---------|---------|--------------------------|---------|---------|----------|---------|----------|---------|---------|
| %Volume | Qatar | 10.49% | 75.67% | -7.77% | -33.87% | 0% | -7.28% | -31.91% | -1.80% | 37.56% | -47.20% | 2.41% | -3.18% |
| | Saudi Arabia | -12.27% | -6.63% | -36.26% | 38.89% | 0% | -43.86% | -37.86% | 69.96% | 45.82% | 30.19% | 24.28% | 185.44% |
| | China A | 37.23% | 53.60% | 11.08% | -16.38% | 0% | 173.16% | 30.01% | 51.68% | 115.00% | 63.66% | 33.57% | 147.05% |
| | UAE | 75.50% | -57.09% | -59.19% | -10.79% | 0% | -47.63% | -56.67% | -79.04% | -22.08% | -52.79% | -42.82% | 29.16% |

*Note: Calculated volume is the average trading volume/month calculated during the evaluation period, for example T0 - is the time when FTSE officially approved the market upgrade for that country

Comment: The stock market will usually perform positively before FTSE approved upgrade with **clearly improved liquidity**, typically the Chinese stock market, but 2018 is also the period when China begins to enter the war. The trade war with the United States caused the stock market to record a decline - then the country's stock market continued to record impressive growth. After the upgrade approval information was announced, liquidity and index were declined in countries: **Qatar, UAE. For Saudi Arabia** - with a long transition period of 6 stages - liquidity was declined and the index was a slight increased after receiving official information approving the upgrade.

Besides that, the growth of stock market depends on the socio-economic context and geopolitical situation in each country at each time. The upgrade factor is not the main condition affecting the growth of the stock market.

ASEAN countries upgraded to Advanced Emerging Market



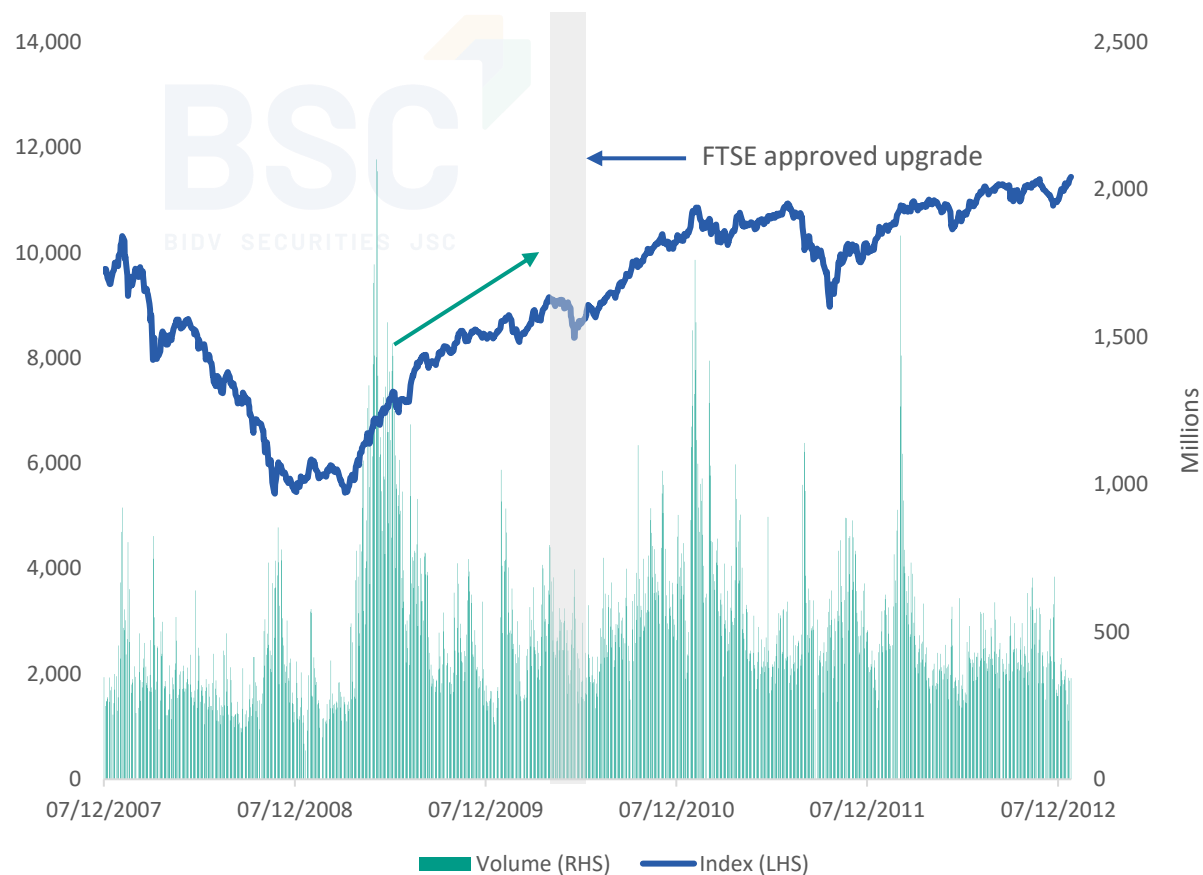
| Some Criteria | Thailand | Malaysia |
|--|---------------------------------------|--------------------------|
| Time of Secondary Emerging* | 01/11/1994 | 31/12/1986 |
| “Watch list” to Advanced Emerging | 09/2010 | 09/2009 |
| FTSE approved the upgrade | 09/2011 | 09/2010 |
| The time it takes for the conversion to complete | 03/2012 | 06/2011 |
| Market class | Secondary -> Advanced Emerging Market | |
| Time from “Watch list” -> “FTSE approved upgrade” | 1 year | 1 year |
| Preparation period after FTSE approval | 0.5 year | 0.75 year |
| Time in Secondary Emerging until being on the “Watch list” Advanced Emerging | 16 years | 23 years |
| Reference index | Stock Exchange of Thailand | FTSE Bursa Malaysia EMAS |
| Market cap (bil. USD)/Number of companies | 476/685 | 320/262 |

*Based on the market classification table published by FTSE in the market classification assessment report

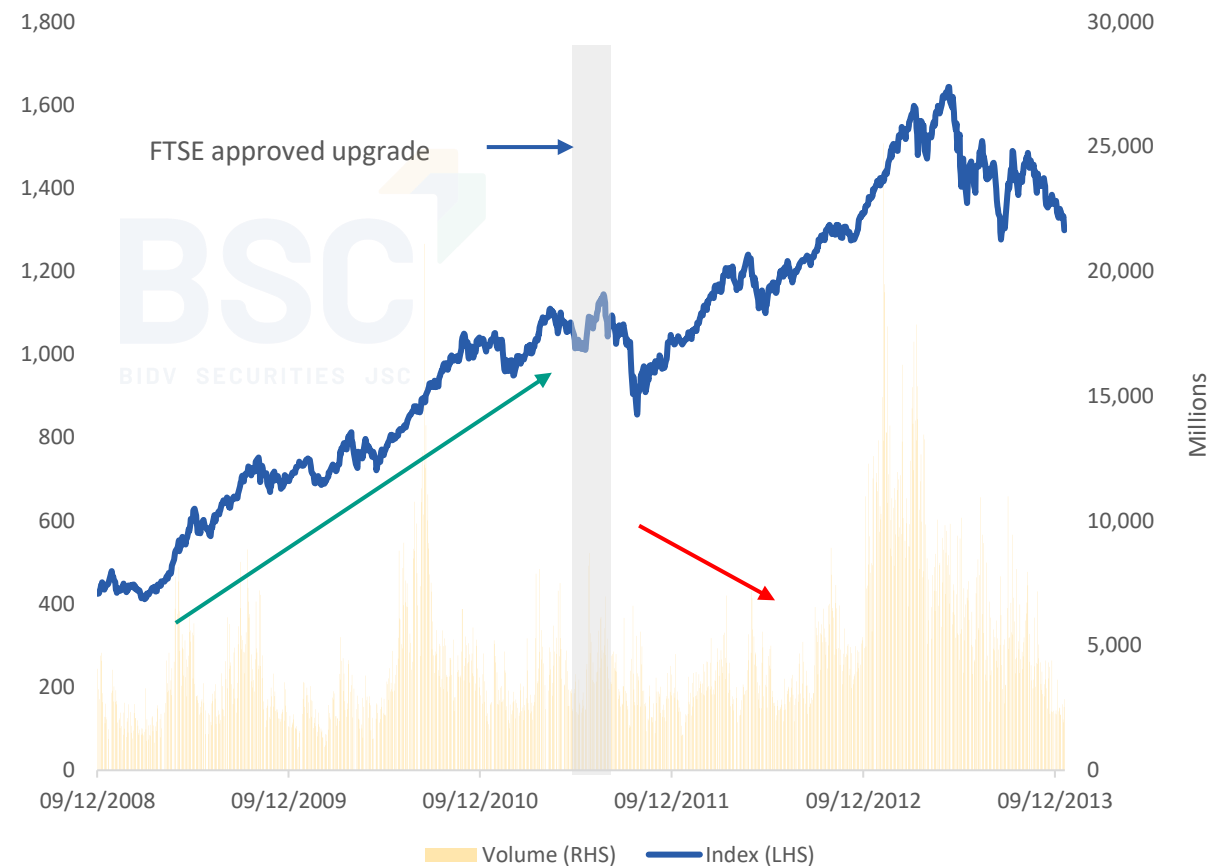
Source: FTSE, BIDV Securities (BSC) Research



Malaysia's Stock Market



Thailand's Stock Market





Index and volume when FTSE approved upgrade to Advanced Emerging Market

| %Index | Country | T0-1Y | T0-9M | T0-6M | T0-3M | T0 (Approved Upgrade) | T0+6M | T0+1Y | T0+1.25Y | T0+1.5Y | T0+1.75Y | T0+2Y | T0+2.5Y |
|--------|----------|---------|---------|--------|---------|--------------------------|--------|--------|----------|---------|----------|--------|---------|
| | Thailand | 5.79% | 13.77% | 17.73% | 19.00% | 0% | 31.41% | 40.18% | 49.90% | 61.42% | 52.86% | 62.52% | 49.87% |
| | Malaysia | -16.90% | -12.74% | -7.14% | -10.09% | 0% | 6.58% | -5.89% | 4.50% | 11.12% | 11.67% | 14.05% | 13.07% |

| %Volume | Country | T0-1Y | T0-9M | T0-6M | T0-3M | T0 (Approved Upgrade) | T0+6M | T0+1Y | T0+1.25Y | T0+1.5Y | T0+1.75Y | T0+2Y | T0+2.5Y |
|---------|----------|---------|---------|--------|---------|--------------------------|--------|--------|----------|---------|----------|--------|---------|
| | Thailand | 5.79% | 13.77% | 17.73% | 19.00% | 0% | 31.41% | 40.18% | 49.90% | 61.42% | 52.86% | 62.52% | 49.87% |
| | Malaysia | -16.90% | -12.74% | -7.14% | -10.09% | 0% | 6.58% | -5.89% | 4.50% | 11.12% | 11.67% | 14.05% | 13.07% |

*Note: Calculated volume is the average trading volume/month calculated during the evaluation period, for example T0 - is the time when FTSE officially approved the market upgrade for that country

Comment: Liquidity and growth of stock market in Thailand and Malaysia all recorded positive trends before being approved by FTSE to upgrade from Secondary to Advanced emerging market. This clearly reflects the stability of the Advanced market compared to Frontier/Unclassified markets. When FTSE approved the upgrade to Advanced, the markets of these countries developed positively when receiving large capital flows from foreign countries in the context of the impact of the 2008 financial crisis still affecting the global market.



Appendix

| Developed (25 Markets) | Advanced Emerging (10 Markets) | Secondary Emerging (14 Markets) | Frontier (29 Markets) |
|---------------------------|-----------------------------------|------------------------------------|-----------------------------|
| Australia | Brazil | Chile | Bahrain |
| Austria | Czech Republic (7) | China (17) | Bangladesh |
| Belgium/Luxembourg | Greece (1 & 11) | Colombia | Botswana |
| Canada | Hungary (3) | Egypt | Bulgaria |
| Denmark | Malaysia (7) | Iceland (17 & 20) | Côte d'Ivoire |
| Finland | Mexico | India | Croatia |
| France | South Africa | Indonesia | Cyprus |
| Germany | Taiwan | Kuwait (15) | Estonia |
| Hong Kong | Thailand (8) | Pakistan | Ghana (9) |
| Ireland | Turkiye (7) | Philippines | Jordan |
| Israel (2) | | Qatar (12) | Kazakhstan (14) |
| Italy | | Romania (18) | Kenya |
| Japan | | Saudi Arabia (16) | Latvia (13) |
| Netherlands | | United Arab Emirates (5) | Lithuania |
| New Zealand | | | Malta (6) |
| Norway | | | Mauritius |
| Poland (3 & 15) | | | Mongolia (21) |
| Portugal | | | Morocco (10) |
| Singapore | | | Oman |
| South Korea (4) | | | Palestine (13) |
| Spain | | | Peru (19) |
| Sweden | | | Republic of North Macedonia |
| Switzerland | | | Serbia |
| UK | | | Slovak Republic |
| USA | | | Slovenia |
| | | | Sri Lanka |
| | | | Tanzania (18) |
| | | | Tunisia |
| | | | Vietnam |

Appendix 2. FTSE Quality of Markets Matrix, effective from September 2023

| CRITERIA | DEVELOPED | ADVANCED EMERGING | SECONDARY EMERGING | FRONTIER |
|---|-----------|-------------------|--------------------|----------|
| World Bank GNI Per Capita Rating (Atlas Method) | | | | |
| Credit Worthiness | | | | |
| Market and Regulatory Environment | | | | |
| Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC) | X | X | X | X |
| Fair and non-prejudicial treatment of minority shareholders | X | X | | |
| No or selective incidence of foreign ownership restrictions | X | X | | |
| No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income | X | X | X | X |
| No or simple registration process for international investors | X | X | | |
| Foreign Exchange Market | | | | |
| Developed foreign exchange market | X | X | | |
| Equity Market | | | | |
| Brokerage - Sufficient competition to ensure high quality broker services | X | X | X | |
| Transaction costs - implicit and explicit costs to be reasonable and competitive | X | X | X | |
| Tax – imposition of taxes to be reasonable, consistent in nature and comparable between domestic and non-domestic investors | X | X | | |
| Stock lending permitted | X | | | |
| Short sales permitted | X | | | |
| Developed Derivatives Market | X | | | |
| Off-exchange transactions permitted | X | | | |
| Efficient trading mechanism | X | X | | |
| Transparency - market depth information / visibility and timely trade reporting process | X | X | X | X |
| Clearing, Settlement and Custody | | | | |
| Settlement - costs associated with failed trades | X | X | X | X |
| Settlement Cycle (DvP) | X | X | X | X |
| Central Securities Depository | X | X | X | |
| Central Counterparty Clearing House (Equities) | X | X | | |
| Settlement - Free delivery available | X | | | |
| Custody-Sufficient competition to ensure high quality custodian services | X | X | X | |
| Account structure operating at the Custodian level (securities and cash) | X | | | |

Source: FTSE, BIDV Secutires (BSC) Research

FTSE GEIS Coverage and modularity image

FTSE GLOBAL SMALL CAP

\$5.6 trillion net market cap
4,992 stocks

FTSE ALL-WORLD®

\$47.0 trillion net market cap
3,954 large & mid cap stocks

FTSE GLOBAL MICRO CAP

\$1.1 trillion net market cap
8,224 stocks

FTSE GLOBAL ALL CAP

\$52.6 trillion net market cap
8,946 large, mid & small cap stocks

FTSE DEVELOPED TOTAL CAP

\$48.2 trillion net market cap
11,527 large, mid, small & micro cap stocks

FTSE EMERGING TOTAL CAP

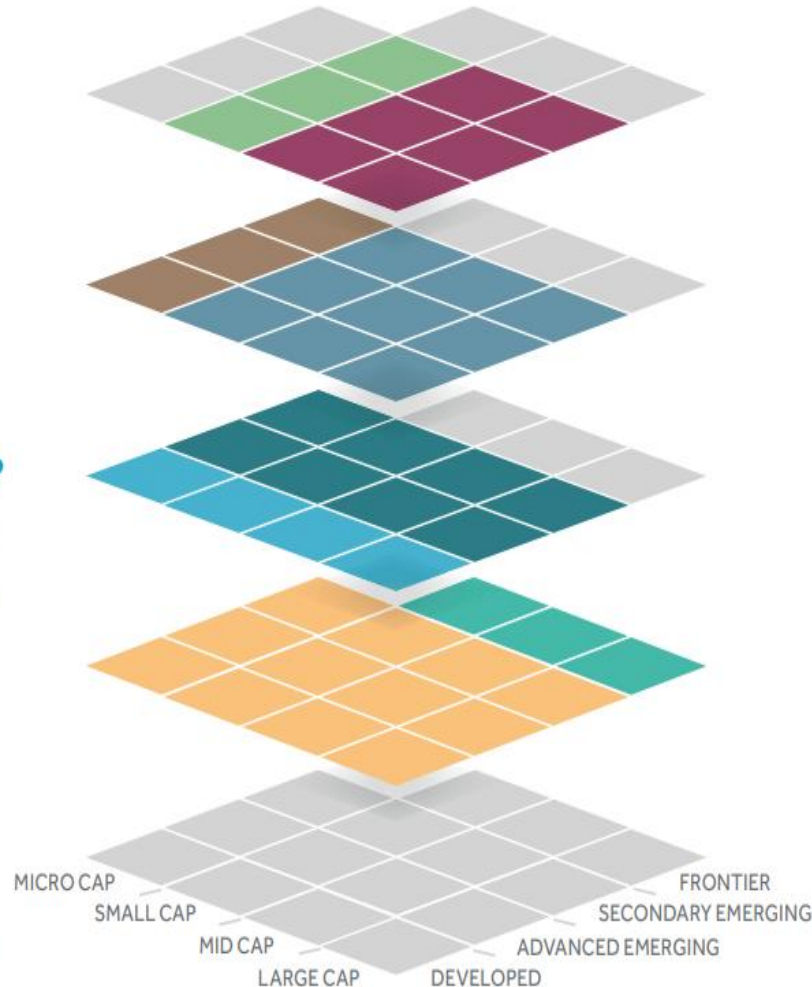
Advanced and Secondary
\$5.5 trillion net market cap
5,643 large, mid, small & micro cap stocks

FTSE FRONTIER

\$109.5 billion net market cap
364 large, mid & small cap stocks

FTSE GLOBAL TOTAL CAP

\$53.7 trillion net market cap
17,170 large, mid, small & micro cap stocks



FTSE GEIS

Data-driven classification at a granular level.
The confluence of top-down and bottom-up analysis

| MARKET STATUS | | SIZE | | STYLE | | SECTOR (ICB®) | |
|--------------------|-------------------|-------|-------|-----------|---------|---------------|------------|
| Developed | Advanced Emerging | Large | Mid | Growth | Value | Industries | Sectors |
| Secondary Emerging | Frontier | Small | Micro | Defensive | Dynamic | Supersectors | Subsectors |

FTSE GEIS headline indexes

| Index | FTSE Global Total Cap | FTSE Global All Cap | FTSE All-World® | FTSE Global Small Cap | FTSE Global Small/Micro Cap | FTSE Global Micro Cap |
|----------------------------------|--------------------------|-----------------------|-----------------|-----------------------|-----------------------------|-----------------------|
| Included cap segments | Large, Mid, Small, Micro | Large, Mid, and Small | Large and Mid | Small | Small and Micro | Micro |
| % of FTSE Global Total Cap Index | 100% | 98% | 88% | 10% | 12% | 2% |
| Net Mcap (USDt) | 53.7 | 52.6 | 47 | 5.6 | 6.7 | 1.1 |
| Number of countries | 49 | 49 | 49 | 48* | 49 | 49 |
| Developed | 25 | 25 | 25 | 25 | 25 | 25 |
| Emerging | 24 | 24 | 24 | 23 | 24 | 24 |
| Advanced Emerging | 10 | 10 | 10 | 10 | 10 | 10 |
| Secondary Emerging | 14 | 14 | 14 | 13* | 14 | 14 |
| Number of constituents | 17,170 | 8,946 | 3,954 | 4,992 | 13,216 | 8,224 |
| Developed | 11,631 | 5,580 | 2,172 | 3,525 | 9,355 | 5,830 |
| Emerging | 4,672 | 3,366 | 1,782 | 1,467 | 3,861 | 2,394 |
| Advanced Emerging | 2,489 | 1,030 | 413 | 617 | 2,022 | 1,405 |
| Secondary Emerging | 2,183 | 2,336 | 1,369 | 850 | 1,839 | 989 |

Source: FTSE Russell, data as of September 30, 2019.

* While FTSE GEIS covers 49 countries, the FTSE Global Small Cap Index covers 48, because Peru had no eligible Small Cap constituents as of the September 2019 review.

Source: FTSE, BIDV Secutires (BSC) Research



MSCI's market classification and latest comments on Vietnam's stock market

| Developed Markets | | | Emerging Markets | | | Frontier Markets | | |
|---------------------------------|--|---|---|--|---|---|--|--|
| Americas | EMEA | APAC | Americas | EMEA | APAC | Americas | EMEA | APAC |
| Canada USA | Austria Belgium Denmark Finland France Germany Ireland Israel Italy Netherlands Norway Portugal Spain Sweden Switzerland UK | Australia Hong Kong Japan New Zealand Singapore | Brazil Chile Colombia Mexico Peru | Czech Republic Egypt Greece Hungary Kuwait Poland Qatar Saudi Arabia South Africa Turkey UAE | China India Indonesia Korea Malaysia Philippines Taiwan Thailand | — | Bahrain Benin* Burkina Faso* Croatia Estonia Guinea-Bissau* Iceland Ivory Coast* Jordan Kazakhstan Kenya Latvia Lithuania Mali* Mauritius Morocco Niger* Oman Romania Senegal* Serbia Slovenia Togo Tunisia | Bangladesh Pakistan Sri Lanka Vietnam |
| Standalone Markets ¹ | | | | | | | | |
| | | | | | | Americas | EMEA ² | APAC ³ |
| | | | | | | Argentina Jamaica Panama Trinidad and Tobago | Bosnia and Herzegovina Botswana Bulgaria Lebanon Malta Nigeria Palestine Ukraine Zimbabwe | — |

Vietnam

Foreign Ownership Limit Level: Companies in certain conditional and sensitive sectors are subject to foreign ownership limits ranging from zero to 51 percent. These limitations still affect more than ten percent of the Vietnamese equity market.

Foreign Room Level: The equity market is significantly impacted by foreign room issues. More than one percent of the MSCI Vietnam IMI is impacted by low foreign room.

Equal Rights to Foreign Investors: Some company related information is not always readily available in English. In addition, the rights of foreign investors are limited as a result of the stringent foreign ownership limits imposed on both total as well as individual foreign investors.

Foreign Exchange Market Liberalization Level: There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

Investor Registration & Account Set Up: Registration is mandatory and account setup requires the approval of the VSD.

Market Regulations: Not all regulations can be found in English.

Information Flow: Stock market information is not always disclosed in English and occasionally is not detailed enough.

Clearing and Settlement: There are no overdraft facilities and pre-funding of trades is required.

Transferability: Certain off-exchange transactions and in-kind transfers require prior approval from the State Securities Commission of Vietnam.



Classification of MSCI's equity investment indexes (MSCI Global Equity Indexes)

| MARKET CAP | MSCI FACTOR AND STRATEGIC INDEXES | MSCI THEMATIC INDEXES | REAL ESTATE | MSCI ESG INDEXES | MSCI CUSTOM INDEXES |
|-------------------------------|-----------------------------------|---|---------------------|---|------------------------|
| All Country (AC) (DM + EM) | Single Factor Indexes: | Economic Exposure | Sector Real Estate | Global Sustainability | Select Universe |
| Developed Markets (DM) | Quality | Emerging + Frontier Markets Workforce Index | Core Real Estate | Global SRI (Socially Responsible Investing) | Different Weighting |
| Emerging Markets (EM) | Value | Agriculture Food Chain | Liquid Real Estate | Global ex Controversial Weapons | Currencies & Tax Rates |
| Frontier Markets (FM) | Size | Commodity Producers | IPD Property Fund | Global Environment | |
| Domestic | Yield | Infrastructure | IPD Direct Property | Bloomberg Barclays MSCI ESG Fixed Income* | |
| Large Cap | Volatility | Faith based | Custom Real Estate | Sustainable Impact | |
| Mid Cap | Momentum | | | Low Carbon | |
| Standard (Large + Mid Cap) | Multi-Factor Series | | | ESG Focus | |
| Small Cap | Diversified Multiple-Factor | | | | |
| SMD CAP (Small + Mid Cap) | Strategic Indexes: | | | | |
| IMI (Large + Mid + Small Cap) | Capped: | | | | |
| Micro Cap (DM only) | 10/40 | | | | |
| All Cap (DM only) | 25/50 | | | | |
| Value & Growth | Standard Capped | | | | |
| | Hedged & Currency: | | | | |
| | Hedged | | | | |
| | FX Hedge | | | | |
| | Currency | | | | |
| | Adaptive Hedge | | | | |
| | Short & Leveraged (Daily) | | | | |

Định nghĩa

Openness to foreign ownership

| | |
|-------------------------------------|--|
| Investor qualification requirement | Existence of qualifying conditions for international investors. Existence of a level playing field for all international investors. |
| Foreign ownership limit (FOL) level | Proportion of the market being accessible to non-domestic investors |
| Foreign room level | Proportion of shares still available for non-domestic investors. Existence of a foreign board where non-domestic investors could trade with each other |
| Equal rights to foreign investors | Equal economic and voting rights as well as availability of information in English. Equal rights for minority shareholders. |

Ease of capital inflows / outflows

| | |
|--|---|
| Capital flow restriction level | Existence of restriction on inflows and outflows of foreign capital to/from the local stock market (excluding foreign currency exchange restrictions) |
| Foreign exchange market liberalization level | Existence of a developed onshore and offshore foreign exchange market. |

Efficiency of the operational framework

| | |
|--|--|
| Market entry | Existence/level of complexity of registration requirements for international investors such as Tax IDs as well as ease/complexity for setting up local accounts (e.g., documents to be provided, approvals required). The time to complete the process includes the preparation of the documents. |
| - Investor registration & account set up | |
| Market organization | Level of advancement of the legal and regulatory framework governing the financial market, the stock exchange and the various other entities involved in the financial markets, an important weight is assigned to: ease of access (including in English), lack of ambiguity and prompt enforcement of laws and regulations, as well as consistency over time. |
| - Market regulations | Timely disclosure of complete stock market information items (e.g., stock exchange alerts, corporate news, float information, dividend information) in English and under reasonable commercial terms |
| - Information flow | |
| Market infrastructure | Well functioning clearing and settlement system based on the broad framework published by the Bank for International Settlements including Delivery Versus Payment (DVP), the absence of prefunding requirements/practices and the possibility to use overdrafts. Availability of real omnibus structures. |
| - Clearing and Settlement | |
| - Custody | Level of competition amongst local custodian banks as well as the presence of global custodian banks. Existence of an efficient mechanism that prevents brokers to have unlimited access to the investor's accounts and guarantees the safekeeping of its assets. |
| - Registry / Depository | Well functioning central registry or independent registrars and a central depository |
| - Trading | Level of competition amongst brokers ensuring high quality services (e.g., cost efficient trading, ability to execute grouped trades at the same price for the various accounts of a fund manager) |
| - Transferability | Possibility of off-exchange transactions and "in-kind" transfers. |
| - Stock lending | Existence of a regulatory framework as well as an efficient mechanism allowing extensive use of stock lending |
| - Short selling | Existence of a regulatory and practical framework allowing short selling |

Availability of Investment Instrument

Existence of restrictions on access to derived stock exchange information, data and products that prevents the creation of investment instruments

Stability of institutional framework

Basic institutional principles such as the rule of law and its enforcement as well as the stability of the "free-market" economic system. Track record of government intervention with regards to foreign investors

Source: MSCI, BIDV Securities (BSC) Research

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