VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

Funding Vietnam's Era of Growth: Unlocking Infrastructure Bonds for Long-term Capital Mobilization

Do Le Thanh Dat

Associate Director – Research & Ratings, VIS Rating

20 August 2026

Agenda

1. Ambitious Infrastructure Pipeline Highlights the Role of Capital Market

2. Inherent Project Risks Remain a Key Constraint on Bankability

3. Building the Policy Foundations for Infrastructure Bond

4. De-Risking Infrastructure Bonds to Unlock New Capital

1 Ambitious Infrastructure Pipeline Highlights Role of Capital Market

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

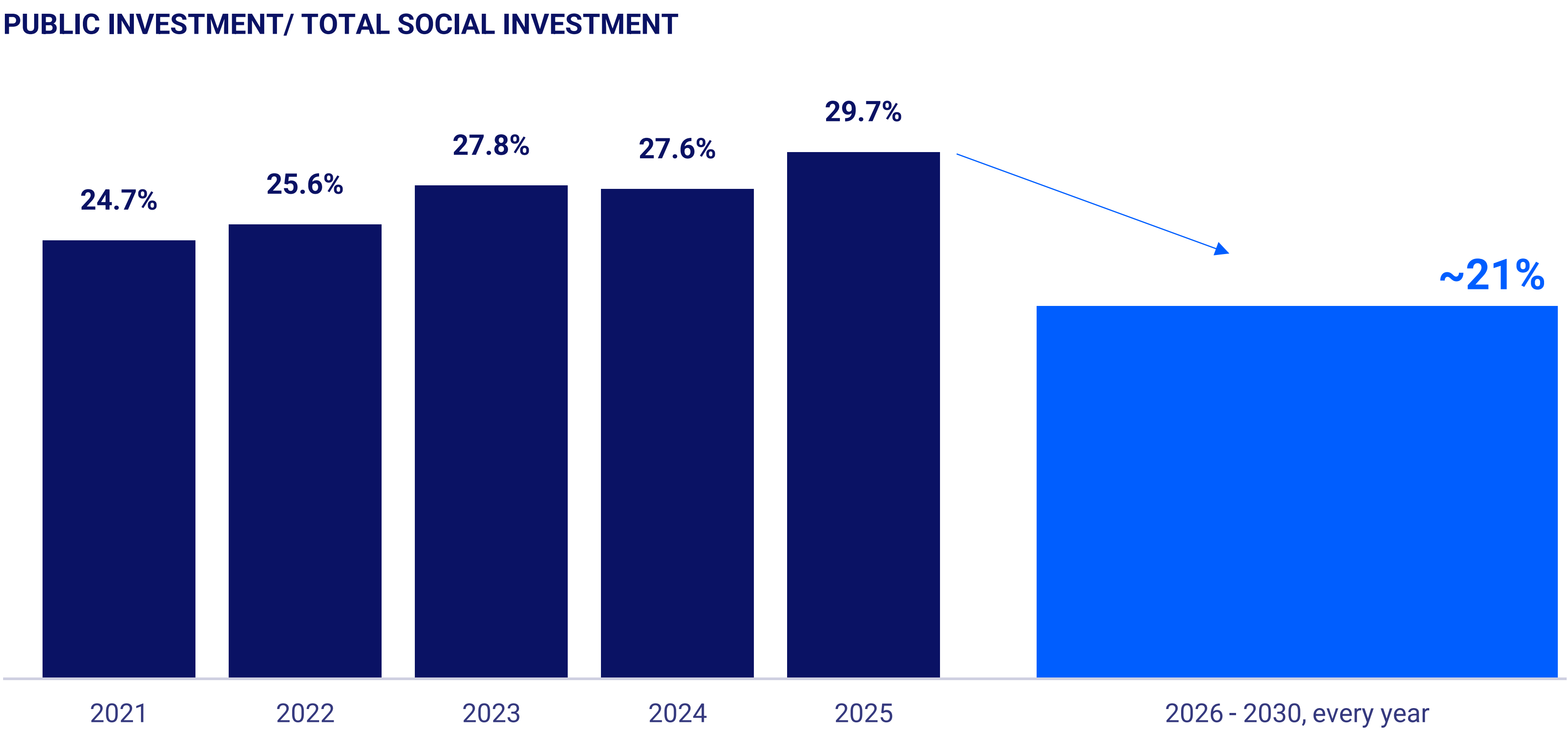
Vietnam's ambitious 2026-2030 infrastructure pipeline

	Sector	End-2025	By 2030		TOTAL CAPITAL REQUIREMENT
	**Expressways** km open	3,345 km	**5,000 km**	**1.5x**	**US$30.9 bn**
	**Rail: HSR & Metro** km in service	41 km	**2,296 km**	**56x**	**US$128 bn**
	**Airports** annual capacity (passenger)	106 m	**294.5 m**	**2.8x**	**US$24.6 bn**
	**Seaports** annual capacity (tonne of cargo)	864 m	**1,375 m**	**1.6x**	**US$13.5 bn**
	**Power** GW of installed capacity	88 GW	**210 GW**	**2.4x**	**US$134.7 bn**
	**Cross-border rail** Lao Cai - Ha Noi - Hai Phong, km	0 km	**419 km**	**NEW**	**US$7.8 bn**

THE BIGGEST LIFT - HSR COMPLETES 2035

Sources: Ministry of Construction, ACV, VIMC, EVN, Sun Group, VIS Rating estimates.

Public Capital to Play a Diminishing Role

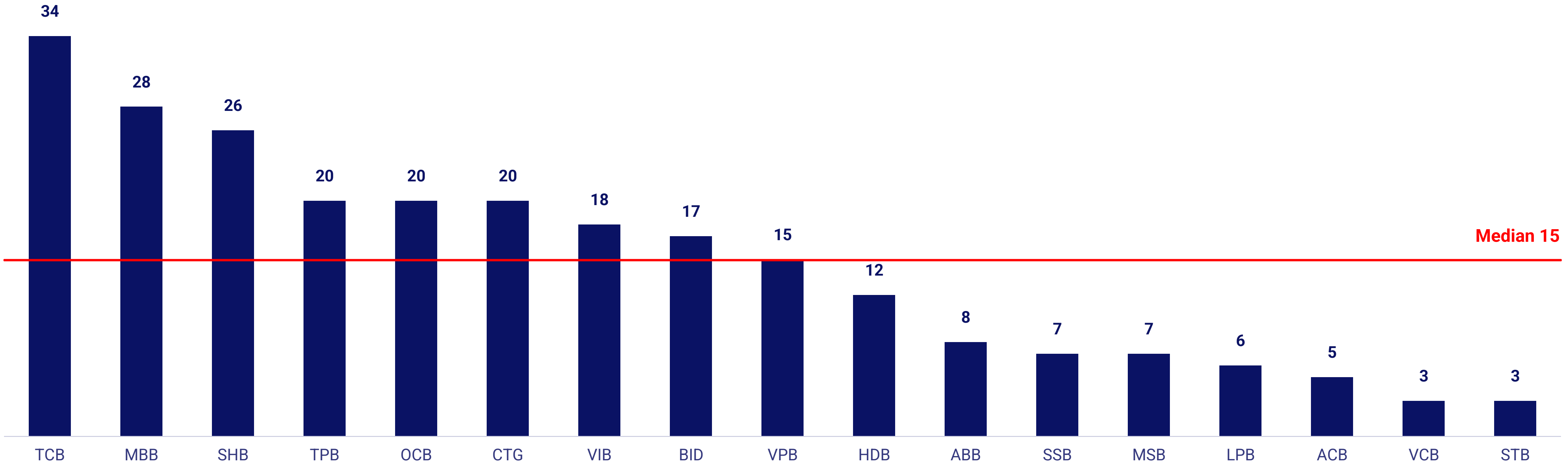


Sources: General Statistics Office, Ministry of Finance, VIS Rating.

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

Banks lack long-term funding sources to finance infrastructure

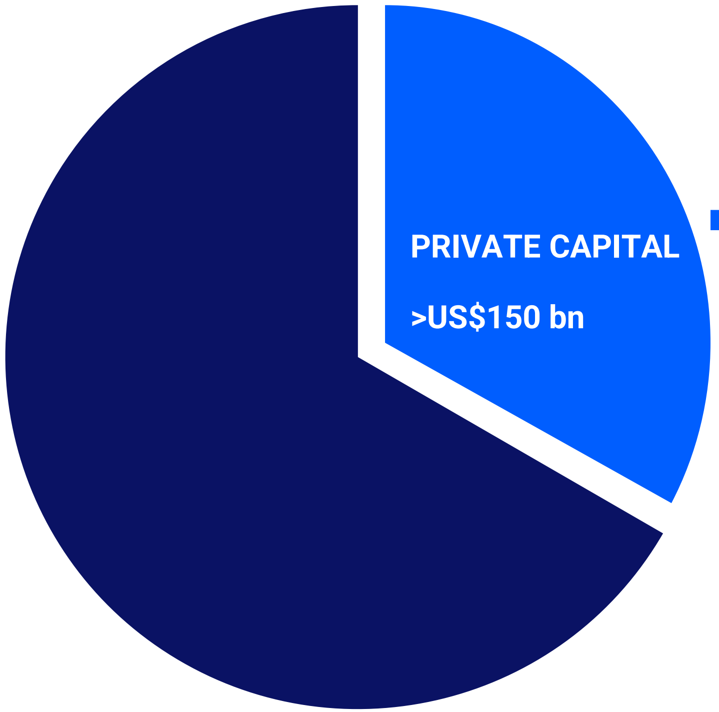
LONG-TERM FUNDING (>1 YEAR) AS A SHARE OF TOTAL LIABILITIES (%)



Sources: SBV, VIS Rating and Bank Data.

Capital market must step up to play more pivotal role

TOTAL INFRASTRUCTURE FUNDING NEEDS IN 2026 – 2030: >US$450 bn



ESTIMATED FUNDING NEEDS FROM CAPITAL MARKET

US$ 20-25 bn

RAISED in 2021-2025

US$3.9 bn

Total infrastructure – related bond and listed equity new issuance

Source: VIS Rating

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

2 Inherent Project Risks Remain a Key Constraint on Bankability

Project risks illustrated in VIS Rating Project Finance Framework

Standard Rating Factors

In-Construction

POLITICAL AND REGULATORY

CONSTRUCTION COMPLEXITY
- Structure and technique
- Site prep and land clearance
- Performance risk
- Construction constraints

CONSTRUCTOR PROFILE
- Experience
- Readiness and risk management
- Ease of replacement

COST OVERRUN RISK
- Margin, contingency, budget build-up
- Constructor strength vs project size

DELAY RISK
- Schedule room
- Liquidity for a schedule overrun

In-Operation

BUSINESS PROFILE
- Market position
- Cash flow predictability

OPERATING RISK
- Technology and performance
- Capital reinvestment
- Sponsor/ Owner profile

LEVERAGE AND COVERAGE
- Debt service coverage (DSCR)
- CFO to adjusted debt

Other Considerations

LIQUIDITY

REFINANCING RISK

STRUCTURAL FEATURES

RAMP-UP RISK

OTHER CONSIDERATIONS

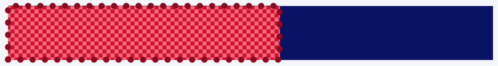
Source: VIS Rating Project Finance Methodology

What tends to go wrong in practice

LAND CLEARANCE DELAY

56%

of delayed projects were due to site clearance issues

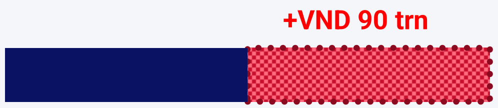


56% (1,598 of 2,848) of delayed public projects were held up by land clearance.

COST OVERRUN

+VND 90 trn

extra on five metro lines



Budget - VND 90 trn

vs. **Actual cost - VND 180 trn**

OFFTAKER RISK

173

renewable projects with payment disputes

12 GW/35 GW of solar and wind capacity is affected.

REVENUE SHORTFALL

~40%

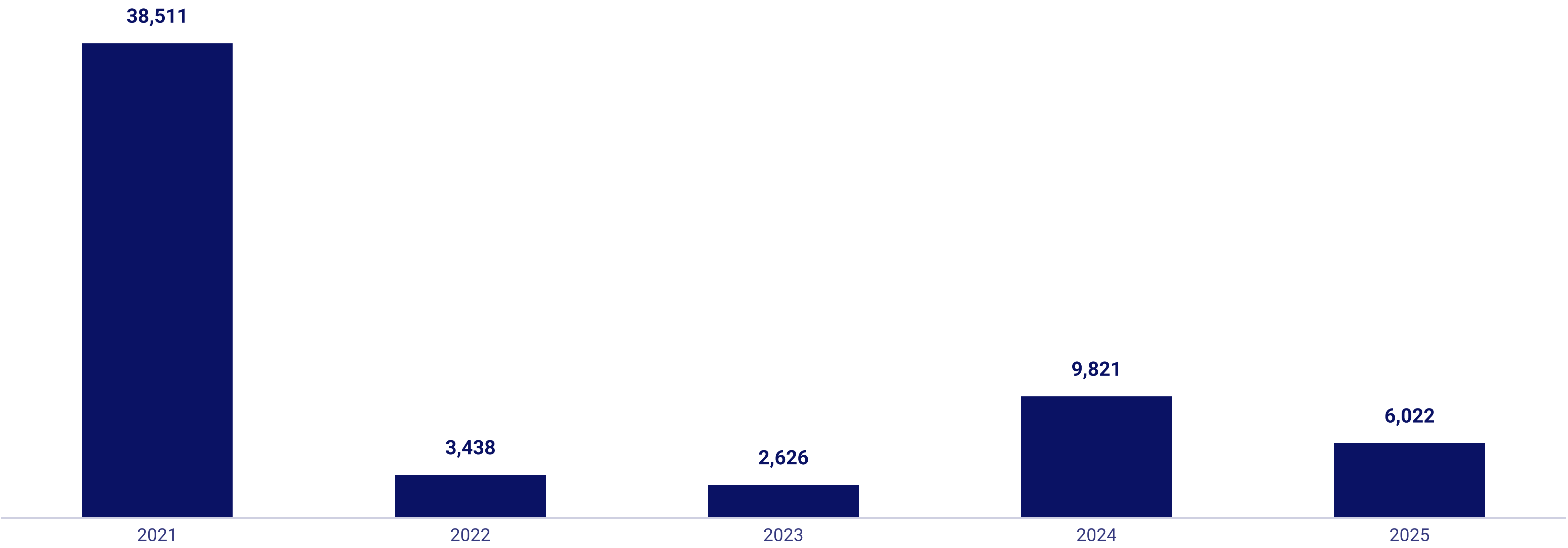
of 52 BOT projects report revenue below 70% of their financial plan

Sources: Ministry of Planning and Investment, Ministry of Transport, Ministry of Construction, EVN, IRENA and VIS Rating.

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

Project risks have been hindering bankability

Proceeds from infrastructure-related bond issuance (VND billion)



Source: VIS Rating.

3 | Building the Policy Foundations for Infrastructure Bond

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

Current policy supports and constraints for infrastructure bond financing

WHAT IS IN PLACE

Risk sharing mechanisms for PPP projects

- State capital contribution up to 70% of total investment
- 50% of revenue shortfall sharing from the State under certain conditions.
- State reimbursement to problematic BOT projects.

Strengthened disciplines in corporate bond market

- Increasing bondholder safeguard
- Use of proceed monitoring
- Mandatory periodical reporting

Mandatory credit rating practice

Mandatory credit rating for public offerings and private placements to individual investors

Regulatory limits exemption

- Selected infrastructure projects are exempted from credit limits
- Raising SMLR cap

WHAT IS STILL CONSTRAINING

Issuing conditions block infrastructure project company

- Required track record of profitability
- D/E ≤ 5
- PPP project companies are restricted to private placements

6-12 month offering period limit for multiple tranche issuances

Not align with long construction time for infrastructure project

Limitations on long-duration buyers

- Bank and insurer can not buy refinancing bond
- Pension fund

Source: VIS Rating

Upcoming policy reforms pave way for PPP project bond, yet challenges remain

WHAT THE DRAFT GETS RIGHT

Removing issuing blockages
Public offering is open
Operating history and profitability dropped.

Emphasizing payment guarantee
Full principal and interest must be secured, with a bondholder representative for each offering. Both are new.

Rating, or a rated guarantor
Required unless the bond is fully guaranteed by a credit institution, foreign bank branch or international financial organisation - which must itself be rated.

REMAINING CHALLENGES

Lack of re-opening mechanism
Allowing PPP companies to issue bonds multiple times that align with long construction schedule to utilize financing costs

Inadequate liquidity enhancements
More initiatives required to build secondary liquidity for infrastructure bond

Need of domestic bond rating push to build yield curve
VND issues should be rated based on domestic rating scale to form yield curves

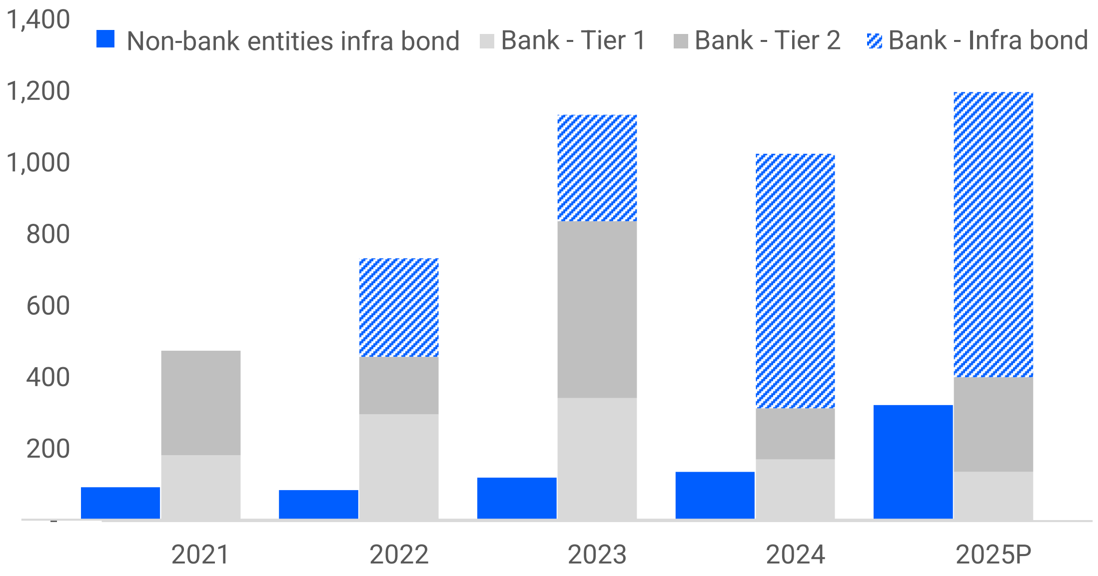
Lack of incentives
For guarantors and investors

Source: VIS Rating

India market: Policy incentives are driving new issuance

India has introduced several measures to encourage infrastructure bond issuance

Bonds issued by infra companies, NBFCs and infra trust & Bank bonds by purpose [INR billions]



Favorable tax schemes: capital gain tax saving, tax-free bonds issued by government-backed entities (NHAI, PFC, and IRFC).

Exemptions from regulatory reserve requirements such as statutory liquidity ratio (SLR) and cash reserve ratio (CRR).

Partial Credit Enhancement by commercial banks, financial institutions, certain NBFCs, and housing finance companies to strengthen the credit profile of infra bonds.

Sources: India BondInfo, ICRA Research (2025), VIS Rating

4 | De-Risking Infrastructure Bonds to Unlock New Capital

New capital come from long-term but low-risk tolerant investors

	Legal constraint	Fund size	Risk tolerance
Vietnam Social Security Fund	Not allowed to invest	VND 1.5 qd	Very low
Insurers	Cannot buy refinancing bonds	VND 902 trn	Low
Voluntary pension funds	Not allowed to invest	VND 2.3 trn	Low

Sources: Vietnam Social Security; Ministry of Finance

VIETNAM INVESTORS SERVICE
AN AFFILIATE OF MOODY'S

Credit enhancement makes risk tolerable to targeted investors

Project-Level Risk Transfer

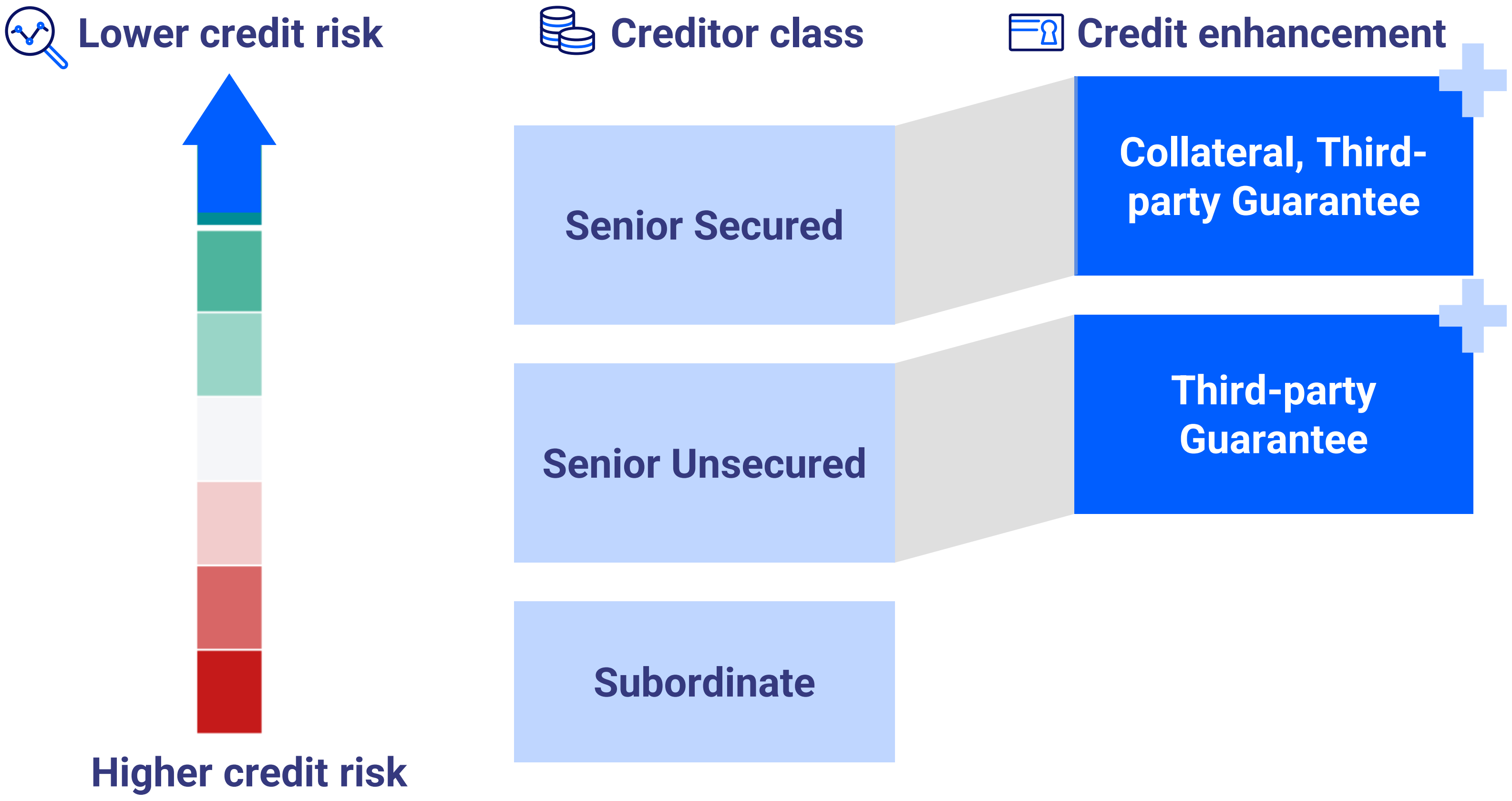
Guarantee	Guarantee	Political Risk Insurance (PRI)	Political Risk Insurance (PRI)	Securitization
Full credit guarantees	**Partial credit guarantees**	**Partial risk insurance**	**Insurance for non-payment of arbitral award**	**Project loan securitization**
Guarantee expected to insulate investors from the borrower's performance	A guarantee of a borrower's payment obligations up to a limit that is below 100%	Insurance covering political risks, e.g. expropriation, breach of contract, currency transfer or convertibility restrictions	Insurance covering non-payment of an arbitral award in relation to a default on an underlying financial obligation	Pooling of multiple loan exposures, creating different tranches to provide a diversified exposure across assets and countries

Sources: VIS Rating, Moody's Ratings

Bond rating improve risk assessment and transparency in complex structures of infrastructure bond

VIS Rating Methodologies:

» Non-Financial Corporates
» Financial Institutions (Banks, Securities, Fincos)
» Project Finance



Source: VIS Rating

Key takeaways:

Capital market and bond market will play more pivotal role in Vietnam's new era of growth

Further policy reforms and incentives are needed to facilitate infrastructure bond issuance

Credit Enhancements and Bond Ratings are key enablers of private capital mobilization for infrastructure bond

Thank you! Xin cảm ơn.