

Bond Credit Rating – Rating Release

Bond XMH12501

**Issued by Xuan Mai – Hanoi Clean Water
Transmission Limited Company (“XMHN”)**

Bond Credit Rating^(*): AAA

Hanoi, 08 April 2025

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** This rating is an Issue Credit Rating which reflects our view of the creditworthiness of a specific debt instrument, including bonds issued by the company.*

The rating scale used by FiinRatings is the domestic rating scale, therefore, it must not be equated with or represented as a rating on the scale used by any other rating agencies.

The rating presented in this announcement is effective from the rating date, until and unless we make any further updates.

This document is prepared in both English and Vietnamese. The English translation is for reference only and the Vietnamese version will prevail in the event of any inconsistency between the English version and the Vietnamese version.

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Hanoi, 08 April 2025

FiinRatings has assigned a first-time long-term rating of “**AAA**” for bond XMH12501 issued by Xuan Mai – Hanoi Clean Water Transmission Limited Company.

RATING RATIONALE

FiinRatings has assigned an “**AAA**” credit rating to bond XMH12501 of VND 317.2 billion issued by Xuan Mai – Hanoi Clean Water Transmission Limited Co. (“XMHN”, “the Issuer”, or “the Company”; Issuer’s credit rating: **BB/Stable**⁽¹⁾). This rating reflects the superior creditworthiness of GuarantCo (“Guarantor”; rated A1 by Moody’s and AA- by Fitch Ratings) which provides an unconditional and irrevocable full payment guarantee for the bond XMH12501. FiinRatings has upgraded the issuer’s Stand-alone Credit Profile by 11 notches, underscoring the impact of GuarantCo’s comprehensive payment guarantee on XMHN’s bond issuance. The proceeds from this issuance are designated for investment in phase 1A of the Xuan Mai – Hanoi water transmission network, with a total project investment value estimated at VND 793.1 billion.

GuarantCo’s creditworthiness is highly regarded as GuarantCo is part of the Private Infrastructure Development Group (“PIDG”) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, and Global Affairs Canada plus France through a stand-by facility. GuarantCo has not yet achieved consistent profitability, it continues to attract substantial funding from highly rated sponsor governments, which will support the planned growth of its business in the coming years on its path to financial sustainability.

As of December 31, 2024, GuarantCo’s total guarantee commitment reached approximately USD 1,024.3 million, corresponding to 1.6 times the total capital base⁽²⁾, with a focus primarily in Asia and Africa, which accounts for 62.0% and 19.4% of the total, respectively. Through its guarantee operations in these regions, GuarantCo has made significant contributions in enabling infrastructure companies and projects to access diverse funding sources and transition to sustainable environmental and social standards. The guarantee amount per contract typically ranges from USD 5 million to USD 50 million, with a maximum term of 20 years. This scale and duration of guarantees enable GuarantCo to strike a balance between risk diversification and portfolio management, ensuring long-term sustainability for its guarantee portfolio.

Vietnam is a key market for GuarantCo, accounting for 17.9% of its guarantee portfolio, with a guarantee value of approximately USD 198.7 million as of 31 December 2024. This reflects GuarantCo’s significant role in supporting the development of the Vietnamese bond market and promoting the issuance of bonds in the local currency.

GuarantCo hold its investments in a range of highly liquid and high quality assets. As of 31 December 2024, about 39.9% of the assets are invested in cash and cash equivalents products such as money market funds and another 55.5% are held in bond portfolios with very high creditworthiness. These assets are closely managed by reputable global financial institutions such as UBS and Fidelity with the objective of capital preservation, focusing on liquidity and credit quality within its asset portfolio.

⁽¹⁾ The rating release for the issuer Xuan Mai – Hanoi Clean Water Transmission Limited Company can be found [here](#).

⁽²⁾ GuarantCo’s capital base consists of paid-in share capital adjusted for accumulated loss, callable capital facility and leverage facility from the shareholder governments of FCDO (U.K.), AFD (France), GAC (Canada), and Sida (Switzerland).

RATING METHODOLOGY

The rating methodology explains FiinRatings approach to assessing credit risk of companies in Vietnam. This methodology is intended as a general guidance to help companies, investors, and other market participants to understand how FiinRatings looks at quantitative and qualitative factors significant in explaining rating outcomes in general and specific for each sector that we cover.

In addition, certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please follow the link below for the Rating Methodology and Related Criteria:

- [Issue Rating Methodology](#)

Or refer to the following link for more details on the general ranking methodology:

- [General Rating methodology](#)

RATING HISTORY

Bond XMH12501 Issued by Xuan Mai – Hanoi Clean Water Transmission Limited Co. (“XMHN”)

| Credit Rating Type | Date | Rating |
|-----------------------------|---------------|--------|
| Initial Issue Credit Rating | 08 April 2025 | AAA |

OWNERSHIP DISCLOSURE AND STATEMENTS

At the time of the publication, the following information is provided as required by current regulations and as a part of our compliance policies in providing credit ratings:

- XMHN's percentage of equity ownership at FiinRatings: *none*
- FiinRatings' percentage of equity ownership at XMHN: *none*
- FiinRatings' other employee percentage of equity ownership at XMHN: *none*
- XMHN's investment value of bond(s) issued by FiinRatings: *none*
- FiinRatings' investment value of bond(s) issued by XMHN: *none*
- XMHN's investment value of other debt instruments issued by FiinRatings: *none*
- FiinRatings' investment value of other debt instruments issued by XMHN: *none*

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FIINRATINGS JOINT STOCK COMPANY

Public Credit Rating Announcement No. 01-XMH12501-2025



Nguyen Minh Tu
Deputy Chief Executive Officer
Hanoi, 08 April 2025

APPENDICES

Appendix 1: Rating Scale and Definition

We employ below rating scale in assigning ratings for all issuers across industries and sectors that we cover in Vietnam. The rating scale used by FiinRatings is the national scale, therefore, it must not be equated with or represented as a rating on the scale used by any other rating agencies.

| Definition | Rating Scale |
|---|--------------|
| Group 1: Extremely strong capacity to meet financial obligation. | AAA |
| | AA+ |
| Group 2: Very strong capacity to meet financial obligation. | AA |
| | AA- |
| Group 3: Strong capacity to meet financial obligations but somewhat susceptible to adverse economic conditions and changes in circumstances. | A+ |
| | A |
| | A- |
| Group 4: Adequate capacity to meet financial commitments but more vulnerable to adverse developments and economic conditions. | BBB+ |
| | BBB |
| | BBB- |
| Group 5: Moderate capacity to meet financial obligations but less vulnerable than other speculative issuers. | BB+ |
| | BB |
| | BB- |
| Group 6: Weak capacity to meet financial obligations. Sensitive to business, financial and economic conditions. High risk. | B+ |
| | B |
| | B- |
| Group 7: Very weak capability or very likely to get into default. Very sensitive to business, financial and economic conditions. Substantial risk. | CCC+ |
| | CCC |
| | CCC- |
| | CC |
| Group 8: Default. Payments on an obligation are not made on the date due (SD) or the issuer becomes insolvent (D). The ' D ' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action. | C |
| | SD, D |

CONTACT

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