

## Credit Rating Surveillance

# FiinRatings affirms Issuer Rating of Bac A Commercial Joint Stock Bank ("BAB") at "A-", with a "Stable" outlook

Ha Noi, 1 April 2025

### Key updates:

- **Solid pre-tax profit growth driven by strong net interest income recovery:** BAB reported a pre-tax profit of VND 1,260 billion in 2024, marking a 19% year-on-year increase and exceeding its annual target by 15%. This improvement was primarily attributed to a robust rebound in net interest income (+39%). However, most non-interest income sources declined, including losses in foreign exchange operations, a drop in investment securities trading income (-11%), and a sharp contraction in other operating income (-93%).
- **Despite a significant rise in NPL ratio, risk profile remains stable thanks to prudent risk management and recovering borrower repayment capacity:** BAB maintained a stable risk profile, supported by consistent risk management practices and a conservative risk appetite. Its non-performing loan (NPL) coverage ratio reached 97.4% in 2024—substantially above the sector average of 66.9%. Although the NPL ratio rose by 35% compared to the end of 2023, BAB remained among the banks with the lowest NPL ratios in the sector. This was partly due to improved debt recovery efforts, with the recovery rate increasing to 57% in 2024, contributing to a reduction in the NPL ratio from 1.48% as of 30/06/2024, to 1.24% by 31/12/2024.
- **Funding profile strengthened with an improvement in stable funding sources and a notable increase in capital adequacy ratio (CAR):** While BAB still belongs to the group of banks with relatively low CAR, it significantly improved its ratio from 8.56% in 2023 to 11.19% in 2024. This was largely driven by a successful VND 3,500 billion bond issuance, which helped reinforce the bank's capital buffer. Furthermore, the State Bank of Vietnam has approved a maximum charter capital increase of VND 1,579 billion for the 2025–2026 period. FiinRatings expects this capital enhancement to bring BAB's CAR closer to the industry average, strengthening its financial foundation, expanding lending capacity, and supporting long-term stability amid intensifying competition in the banking sector.

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### Recent Publication: [Rating Announcement of Bac A Commercial Joint Stock Bank](#)

\* This rating is an Issuer Credit Rating (ICR). An ICR reflects our view of the senior unsecured credit rating of an issuer and is not specific to a debt instrument such as bond that it may issue.

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.

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.

# Rating Summary

Company Name	Rating Type	Issue Date	Rating	Outlook
Bac A Commercial Joint Stock Bank	Issuer Rating – Surveillance	April 01, 2025	A-	Stable

**Industry Classification:** Financial Institutions  
| Commercial Banks

**Industry credit outlook:**

**Rating Outlook:** The 'Stable' outlook reflects our expectation that the Bank will maintain the rating score for the next 12–24 months.

**Upgrade Scenarios:** We may consider an upward rating revision should one or more of the following factors materialize for BAB:

- The Bank successfully expands its customer base and achieves credit growth at or above the system average, while maintaining its current risk profile;
- Improvement in net interest margin (NIM) and capital buffer, with NIM and capital adequacy ratio (CAR) rising to sector averages of approximately 3.4% and 12%, respectively
- The Bank maintains a stable funding profile and achieves a material improvement in its funding cost to a level comparable with the sector average of around 5–6%

**Downgrade Scenarios:** We may consider an downward rating revision should one or more of the following factors materialize for BAB:

- BAB's business position deteriorates (evidenced by declining market share), due to the inability to retain its current customer base or a weakening credit growth trajectory relative to previous years; and/or
- Asset quality weakens as a result of loan portfolio expansion into higher-risk sectors or increased exposure to low-liquidity assets, or a significant rise in restructured loans with poor recovery prospects. This would be reflected in a marked increase in non-performing loans (NPLs) and special mention loans; and/or
- Deterioration in funding and liquidity conditions, reflected in weakening key ratios such as the stable funding ratio, high-quality liquid asset ratio, or loan-to-deposit ratio; and
- Increased pressure from rising funding costs, alongside persistent inefficiencies in operating cost management relative to current levels.

**Rating Snapshot:**

	Surveillance (Oct 2024)	Surveillance (Apr 2025)
<b>Banking Anchor</b>	<b>a-</b>	<b>a-</b>
<b>Modifiers:</b>		
<i>Business Position</i>	-1	-1
<i>Capital &amp; Earnings</i>	-1	-1
<i>Risk Position</i>	+2	+2
<i>Funding &amp; Liquidity</i>	+0	+0
<b>Stand-alone Credit Profile</b>	<b>a-</b>	<b>a-</b>
<b>External Support</b>	<b>+0</b>	<b>+0</b>
<b>Issuer Credit Rating</b>	<b>A-</b>	<b>A-</b>
<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>

**Rating Summary:**

- FiinRatings has affirmed BAB's credit rating at 'A-' with a 'Stable' outlook, reflecting our view that the Bank's credit profile is expected to remain stable over the next 12–24 months. This assessment is supported by BAB's continued efforts to strengthen its capital adequacy ratio, while its business position and profitability have remained resilient across various stress-testing scenarios. In addition, we expect the Bank to maintain sound risk management capabilities despite emerging asset quality pressures. BAB's funding capacity remains stable, backed by a solid retail deposit base that supports its liquidity position under stress scenarios.
- **BAB's business position remains assessed at 'Moderate'**, reflecting its relatively modest scale and limited business diversification compared to other leading private joint stock commercial banks in Vietnam. This is underpinned by prudent business orientation and stable operational management. In 2024, total assets increased by 8.7% to VND 165 trillion. However, BAB has yet to expand its market share, with Total Assets, Customer Deposits, and Gross Loans continuing to account for only around 0.9–1.0% of the banking system. Furthermore, the Bank remains heavily reliant on interest income, with limited progress made toward enhancing non-interest income streams. No significant shift in income composition is expected in 2025.
- **BAB's capital structure and profitability showed slight improvement in 2024.** The net interest margin (NIM) rose to 2.2% from 1.8% in 2023, mainly due to a favorable shift in the deposit mix, with a higher proportion of short-term deposits. The Bank also successfully raised long-term funding through bond issuance. Nonetheless, profitability remains below the sector average, as funding costs remain elevated—driven by a high proportion of medium- to long-term funding—and operational cost efficiency continues to lag peers. Notably, BAB increased its capital adequacy ratio (CAR) from 8.5% in 2023 to 11.2% in 2024, though the ratio remains below the industry average..
- **Risk profile remains a key credit strength for BAB**, supported by consistent and well-defined risk governance and a conservative risk appetite. The Bank continues to focus on lower-risk segments, including retail and low-risk corporate clients. BAB has demonstrated a prudent track record in asset quality management, with lower inherent credit risk compared to the industry average, partly due to its relatively simple business model and conservative lending practices. Although the NPL ratio rose to 1.48% mid-2024 from 0.9% in 2023, it improved to 1.24% by year-end. BAB remains among the banks with the lowest NPL ratios in the industry (sector median: 2.3%).
- **BAB's funding and liquidity profile remains assessed at 'Adequate'**, supported by a stable and gradually growing funding base. The Bank benefits from a loyal retail customer base and established ecosystem linkages. In 2024, BAB's stable funding ratio increased to 98.5%, close to the sector average of 99.1%. The ratio of high-quality liquid assets to short-term wholesale funding remained well above 1.0x. With healthy liquidity, stable customer deposits, and aggressive interest rate cuts since Q2/2023, BAB's funding costs are expected to trend downward in 2025, approaching the sector average.

**Exhibit 01: Key Financial Metrics of BAB (2020 – 2024)**

Key metrics	Unit	2020	2021	2022	2023	2024
Total assets	VND billion	117,189	119,792	128,794	152,243	165,487
Gross customer loans (adjusted for corporate bond holding)	VND billion	79,440	84,598	94,121	99,854	112,219
Customer Deposits	VND billion	86,442	93,440	96,905	118,477	122,550
Reported Capital adequacy ratio (CAR)	%	8.4%	9.2%	9.0%	8.6%	11.10%
Common Equity Tier-1 Capital to Total Assets	%	7.1%	7.6%	7.6%	7.1%	6.5%
Net interest margin (NIM)	%	1.9%	1.9%	2.1%	1.8%	2.2%
Return on average assets (ROA)	%	0.5%	0.6%	0.7%	0.6%	0.7%
Non-performing loan ratio (NPL)	%	0.8%	0.8%	0.5%	0.9%	1.2%
Reserve Coverage Ratio	%	130.9%	161.8%	203.8%	131.0%	97.4%
Stable funding ratio (FiinRatings- adjusted)	%	105.5%	102.6%	104.1%	102.7%	120.8%
Broad liquid assets / Short-term wholesale funding	%	223.5%	463.7%	222.9%	394.0%	144.8%

Source: FiinRatings, BAB

# Financial Projection

## Key Assumptions

**Exhibit 02: Key assumptions for BAB in base case**

Factors	Base-case
<b>Credit growth 2025-2026</b>	<ul style="list-style-type: none"> <li>- BAB's credit growth reached 9.25% in 2024, nearly matching its five-year compound annual growth rate (CAGR). For 2025, the Bank targets credit growth of approximately 11%.</li> <li>- The main drivers of credit growth in 2025 are expected to include continued expansion of the retail lending segment (currently accounting for around 70% of the loan book), as well as loans to projects in energy, construction, and telecommunications currently under negotiation. BAB also plans to expand lending to clients in agriculture and processing industries in the Central–Highlands region and the Mekong Delta.</li> </ul>
<b>Asset quality 2025-2026</b>	<ul style="list-style-type: none"> <li>- The non-performing loan (NPL) ratio is projected to remain stable and under control, below 1.5%, while the problematic loan ratio is expected to remain between 1.8%–2.3% during the 2025–2026 period..</li> <li>- Credit cost is expected to rise in line with NPL movements, estimated at approximately 1.3%–1.4%;</li> <li>- The NPL coverage ratio is projected to remain at around 95% in 2025, remaining slightly below the 100% threshold.</li> </ul>
<b>Funding 2025-2026</b>	<ul style="list-style-type: none"> <li>- Customer deposits are expected to grow by 6.5% in 2025, reaching VND 135 trillion as per BAB's internal targets..</li> <li>- The volume of issued valuable papers is forecast to decline in 2025, after a sharp increase in 2024, and is expected to remain below 10% of total funding.</li> <li>- The remaining funding needs are assumed to be supplemented by interbank borrowings.</li> <li>- The average funding cost in 2025 is expected to remain stable at around 5.8%, compared to the low base in 2024, though it may rise again in line with future interest rate trends.</li> </ul>
<b>Net Fee and Commission Income 2025–2026</b>	<ul style="list-style-type: none"> <li>- In 2025, BAB plans to intensify its focus on fee-based services, particularly international credit card services. FiinRatings anticipates that the Bank's lending strategy will remain consistent, with limited changes expected in its service ecosystem.</li> <li>- With the declining interest rate environment since late 2024, the yield on interest income is forecast to remain stable at approximately 7.5% in 2025.</li> </ul>
<b>Cost-to-Income Ratio (CIR)</b>	<ul style="list-style-type: none"> <li>- The cost-to-income ratio (CIR) is projected to stay around 60% during 2025–2026, consistent with the three-year average. However, we believe BAB's digital transformation initiatives aimed at improving operational efficiency will serve as a key driver in gradually lowering operating costs in the medium term..</li> </ul>

**Exhibit 03: BAB' key metrics in base case scenario**

Key Metrics	Unit	2022A	2023A	2024A	Base-case 2025F
-- Year ended Dec. 31 --					
Credit growth (including corporate bonds)	%	12.7%	5.0%	9.2%	11.0%
Deposit growth	%	3.7%	22.3%	3.4%	6.5%
Adjusted loan-to-deposit ratio	%	88.9%	78.6%	78.1%	88.5%
Net interest income / Total operating income	%	87.6%	78.4%	90.7%	89.1%
Net fee income / Total operating income	%	3.2%	3.4%	2.9%	2.7%
Total equity / Total Assets	%	7.6%	7.1%	7.1%	7.7%
Net interest income / Average earning assets (NIM)	%	2.1%	1.8%	2.2%	2.3%
Cost-to-income ratio (CIR)	%	59.9%	60.2%	61.4%	60.5%
Preprovision operating income / Average assets	%	0.9%	0.9%	0.9%	1.0%
Return on average assets (ROA)	%	0.6%	0.6%	0.6%	0.6%
Return on average common equity (ROE)	%	8.5%	7.9%	8.6%	7.8%
Non-performing loan ratio (NPL)	%	0.5%	0.9%	1.2%	1.4%
Problem loan ratio (SML + NPL)	%	1.2%	1.9%	1.6%	1.8%
Loan loss provisions/ Average customer loans	%	0.1%	0.2%	0.1%	0.3%
Loan loss reserve / NPL	%	203.8%	131.0%	97.4%	94.0%
Average financing cost	%	7.1%	8.8%	6.0%	5.8%

Source: FiinRatings, BAB

Note: A – actual, F – forecast

## 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:

- [Banks Rating Methodology](#)
- [Notching for Group Support Methodology](#)

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

- [General Rating Methodology](#)

## Credit Ratings History

### Credit Ratings History

#### Bac A Commercial Joint Stock Bank

##### Issuer Credit Rating History

01 April 2024	Initial Rating	Issuer Rating: <b>A-</b> Outlook: <b>Stable</b>
01 October 2024	Surveillance	Issuer Rating: <b>A-</b> Outlook: <b>Stable</b>
01 April 2025	Surveillance	Issuer Rating: <b>A-</b> Outlook: <b>Stable</b>

## 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:

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

FiinRatings aforementioned includes FiinRatings JSC., its directors, Credit Rating Committee members, and analysts of FiinRatings engaged in this rating action. The information above was examined during the client acceptance process and before the signing date of the Credit Rating Agreement with the Company and was updated on the issue date of this report.

FiinRatings maintain a strict independence policy to meet current regulations in providing credit rating services in Vietnam as well as to comply with our conflicts-of-interest policy and to ensure the objectivity and independence in giving opinion on our credit ratings. Accordingly, personnel directly participated in credit rating are not allowed to own or to execute any transactions of securities, shares or debt instruments issued by the Company once FiinRatings has established a credit rating relationship.

## FIINRATINGS JOINT STOCK COMPANY

Public Credit Rating Announcement No.: 03-C31-2025



Nguyen Quang Thuan, FCCA

Chief Executive Officer

Ha Noi, 01 April 2025

## Appendices

### Appendix 1: BAB's financial statement

Balance sheet (VND bn)	2020	2021	2022	2023	2024
<b>Assets</b>					
Cash, gold, silver and gemstones	639	650	712	617	567
Balances with SBV	730	1,023	786	887	798
Balances with and loans to other credit institutions (net)	12,379	10,596	11,895	15,363	16,024
Trading securities (net)	7,837	8,528	4,768	20,993	24,600
Derivatives and other financial assets	10	5	103	-	184
Loans to customers (net)	78,619	83,538	93,073	98,654	108,228
<i>Loans to customers (gross)</i>	79,440	84,598	94,121	99,854	109,553
<i>Provision for loans to customers</i>	(822)	(1,060)	(1,047)	(1,200)	(1,324)
Debt purchasing	-	-	-	-	-
Investment securities (net)	13,219	11,866	12,948	10,549	9,381
Capital contributions and long-term investments	194	147	143	143	146
Fixed assets	726	759	761	1,053	1,059
Investment properties	4	14	4	4	4
Other assets	2,834	2,665	3,599	3,982	4,497
<b>Total Assets</b>	<b>117,189</b>	<b>119,792</b>	<b>128,794</b>	<b>152,243</b>	<b>165,487</b>
Amount due to the Government and SBV	148	96	53	24	8
Deposits and borrowings from other credit institutions	13,232	9,087	11,090	11,159	11,881
Customer deposits	86,442	93,440	96,905	118,477	122,550
Derivatives and other financial liabilities	-	-	-	97	-
Fund for finance, entrusted investments and loans	3	4	3	10	26
Valuable papers issued	5,890	5,314	7,838	7,062	16,021
Other liabilities	3,111	2,801	3,105	4,546	3,220
<b>Total Liabilities</b>	<b>108,826</b>	<b>110,741</b>	<b>118,993</b>	<b>141,375</b>	<b>153,704</b>
Capital	7,092	7,539	8,141	8,442	9,067
Fund of institutions	598	686	795	919	1,045
Foreign exchange differences	-	-	-	-	-
Retained earnings	673	826	864	1,508	1,670
Non-controlling interest	-	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>8,364</b>	<b>9,051</b>	<b>9,800</b>	<b>10,868</b>	<b>11,782</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>117,189</b>	<b>119,792</b>	<b>128,794</b>	<b>152,243</b>	<b>165,487</b>
<b>Income Statement (VND bn)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Interest and Similar Income	9,825	9,459	10,342	13,384	11,812
Interest and Similar Expenses	(7,794)	(7,342)	(7,829)	(10,995)	(8,491)
<b>Net Interest Income</b>	<b>2,031</b>	<b>2,117</b>	<b>2,513</b>	<b>2,389</b>	<b>3,321</b>
Fees and Commission income	91	90	127	138	150
Fees and Commission expenses	(31)	(25)	(36)	(33)	(44)
<b>Net Fee and Commission Income</b>	<b>60</b>	<b>65</b>	<b>91</b>	<b>105</b>	<b>106</b>
Net gain/(loss) from foreign currency and gold dealings	24	30	52	115	(68)
Net gain/(loss) from trading of trading securities	-	-	-	-	-
Net gain/(loss) from disposal of investment securities	47	169	107	320	284
Income from capital contribution and equity investments	65	81	97	90	6
Net Other income/expenses	3	2	7	28	13
<b>Total Operating Income</b>	<b>2,230</b>	<b>2,464</b>	<b>2,868</b>	<b>3,046</b>	<b>3,661</b>
Operating Expenses	(1,240)	(1,312)	(1,716)	(1,833)	(2,249)
<b>Operating Profit Before Provision for Credit Losses</b>	<b>989</b>	<b>1,152</b>	<b>1,151</b>	<b>1,213</b>	<b>1,412</b>
Provision for credit losses	(254)	(244)	(112)	(153)	(151)
<b>Profit/(loss) before tax</b>	<b>735</b>	<b>908</b>	<b>1,039</b>	<b>1,061</b>	<b>1,260</b>
Corporate income tax expenses	(147)	(182)	(206)	(206)	(249)
<b>Net profit/(loss) after tax</b>	<b>588</b>	<b>726</b>	<b>833</b>	<b>854</b>	<b>1,011</b>

Source: FiinRatings, BAB

## Appendix 2: BAB's key metrics

Key metrics	Unit	2020	2021	2022	2023	2024
<b>Business Position</b>						
Total Assets	VND bn.	117,189	119,792	128,794	152,243	165,487
Gross Customer Loans	VND bn.	79,440	84,598	94,121	99,854	109,553
Customer Deposits	VND bn.	86,442	93,440	96,905	118,477	122,550
Operating Income	VND bn.	2,230	2,464	2,868	3,046	3,661
Fees and commissions income/ Operating income	%	2.7%	2.6%	3.2%	3.4%	2.9%
<b>Capital and Earnings</b>						
Common Equity Tier 1 Capital / Total Assets	%	7.1%	7.6%	7.6%	7.1%	6.5%
Reported CAR	%	8.4%	9.2%	9.0%	8.6%	11.1%
Net Interest Margin	%	1.9%	1.9%	2.1%	1.8%	2.2%
Return on Average Assets	%	0.5%	0.6%	0.7%	0.6%	0.7%
Interest and fees receivable days	days	109	107	91	94	116
<b>Risk Position</b>						
Adjusted NPL ratio	%	0.8%	0.8%	0.5%	0.9%	1.2%
Adjusted (NPL + SML) ratio	%	0.8%	1.0%	1.2%	1.9%	1.6%
Reserve Coverage to NPL	%	131%	162%	204%	131%	97.4%
Reserve Coverage to (NPL + SML)	%	122%	131%	93%	65%	75.7%
Net write-offs/average gross loans	%	0.5%	-0.2%	-0.03%	-0.09%	0.01%
<b>Funding and Liquidity</b>						
Adjusted loan-to-deposit ratio	%	85.2%	84.7%	88.9%	78.7%	78.1%
Wholesale funding/ total liabilities	%	17.7%	13.1%	16.0%	12.9%	18.2%
ST wholesale funding / Funding base	%	12.7%	4.5%	9.3%	7.9%	9.7%
Average financing cost	%	7.8%	7.2%	7.1%	8.8%	6.0%
Broad liquid assets / Short-term wholesale funding	%	223.5%	463.7%	222.9%	394.0%	93.8%
Stable funding ratio	%	105.5%	102.6%	104.1%	102.7%	120.8%

Source: FiinRatings, BAB

## Appendix 3: Terms and Definition

Key metrics	Formula
Adjusted NPL & SML ratio	<b>Numerator:</b> Special-mentioned loans + Substandard loans + Doubtful loans + Non-performing loans + VAMC bonds <b>Denominator:</b> Gross customer loans + VAMC bonds
Adjusted NPL ratio	<b>Numerator:</b> Substandard loans + Doubtful loans + Bad loans + VAMC bonds <b>Denominator:</b> Gross customer loans + VAMC bonds
Average financing cost	<b>Numerator:</b> Interest and similar expenses <b>Denominator:</b> Average of (Due to Government and loans from SBV + Deposits and loans from other credit institutions + Deposits from customers + Derivatives and other financial liabilities + Funds received from government, international, and other institutions + Valuable papers issued)
Broad liquid assets to short-term wholesale funding	<b>Numerator:</b> Broad liquid assets = Cash + Short term interbank loans + Securities owned net of illiquid portion – Estimate restricted cash <b>Denominator:</b> Short-term wholesale funding
CASA Volatility	<b>Numerator:</b> Standard deviation of CASA ratio in a period <b>Denominator:</b> Average of CASA ratio in said period
Common equity tier 1 capital / Total Assets	<b>Numerator:</b> Paid-in capital + Funds of the credit institution + Fund for basic constructions + Foreign exchange differences + Capital surplus + Undistributed earnings – Goodwill – Treasury shares <b>Denominator:</b> Total assets
Cost to Income ratio (CIR)	General and Admin expenses / Total operating income
Customer deposits growth volatility	<b>Numerator:</b> Standard deviation of customer deposits growth in a period <b>Denominator:</b> Average of customer deposits growth in said period
Deposits/ Liabilities	Deposits from customers / Total Liabilities
Estimated CASA ratio	<b>Numerator:</b> Current deposits + Margin deposits + Deposits for special purposes <b>Denominator:</b> Deposits from customers + Convertible bonds, CDs, and other valuable papers issued
Số ngày lãi và phí phải thu Interest and fees receivable days	<b>Numerator:</b> Average of Accrued interest and fee receivables
Tài sản thanh khoản cao/ Tổng nợ phải trả Liquid assets/ Total liabilities	<b>Denominator:</b> (Interest and similar income + Fees and commission income)/365 <b>Numerator:</b> Liquid assets = Cash and cash equivalents + Balances with the SBV + Placements with and loans to other credit institutions + Government and Government-guaranteed bonds
Tỷ lệ vốn dài hạn Loan to Deposit ratio	<b>Denominator:</b> Total liabilities <b>Numerator:</b> Gross customer loans – Loan loss reserve – Reverse repurchases agreements/
Biên lãi ròng (NIM) Long-term Funding Ratio	<b>Denominator:</b> Adjusted customer deposits + Convertible bonds, CDs, and other valuable paper issued (in which, Adjusted customer deposits = Customers deposits - Margin deposits - Deposits from special purposes) <b>Numerator:</b> Available Stable Funding
Tỷ lệ xóa sổ nợ ròng/ Dư nợ cho vay trung bình Net Interest Margin (NIM)	<b>Denominator:</b> Total Equity + Funding Base <b>Numerator:</b> Net interest income
Tỷ lệ bao phủ nợ có vấn đề Net write-offs/average gross loans	<b>Denominator:</b> Average of Interest-earning assets (in which, Interest-earning assets = Gross customer loans + Balances with the SBV + Placements with and loans to other credit institutions + Debts purchase + Trading securities + Available-for-sale securities + Held-to-maturity investments) <b>Numerator:</b> Increase/(decrease) in provision for loan losses + Receipts from debts written off)
Tỷ lệ nợ có vấn đề Loan loss reserve to (NPL + SML)	<b>Denominator:</b> Average of Gross customer loans <b>Numerator:</b> Provision for losses on loans and advances to customers + Provisions for VAMC bonds
Preprovision operating income	Operating income before provision expenses and reversals
Problem loan ratio	(Non-performing loans + Special-mentioned loans) / (Gross loans + VAMC bonds)
Reserve Coverage Ratio	<b>Numerator:</b> Provision for losses on loans and advances to customers + Provisions for VAMC bonds <b>Denominator:</b> Special- mentioned loans + Substandard loans + Doubtful loans + Bad loans + VAMC bonds
Vốn bán buôn ngắn hạn/ Tổng nguồn vốn huy động Return on Average Assets	<b>Denominator:</b> Substandard loans + Doubtful loans + Bad loans + VAMC bonds Net profit after tax/ Average of Total assets
Return on Average Equity	Net profit after tax/ Average of Total equity
Risk weighted assets (RWA)	Asset or off-balance sheet (OBS) exposures, weighted according to risk
Short-term wholesale funding/ Funding base	<b>Numerator:</b> Short-term funding from the Government and SBV + Short-term interbank and debt market funding + Short-term valuable papers issued <b>Denominator:</b> Funding base = Customer deposits + Interbank and debt-market funding + Other liabilities
Short-term wholesale funding / Total wholesale funding	<b>Numerator:</b> Short-term wholesale funding = Short-term funding from the Government and SBV + Short-term interbank and debt market funding + Short-term valuable papers issued <b>Denominator:</b> Total wholesale funding = Funding base – Customer deposits



## Appendix 4: Rating Scales and Definitions

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 and explanation	Rating scales
Group 1: <b>Extremely strong</b> capacity to meet financial obligation	AAA
	AA+
Group 2: <b>Very strong</b> capacity to meet financial obligation	AA
	AA-
	A+
Group 3: <b>Strong capacity</b> to meet financial obligations but somewhat susceptible to adverse economic conditions and changes in circumstances	A
	A-
	BBB+
Group 4: <b>Adequate capacity</b> to meet financial commitments but more vulnerable to adverse developments and economic conditions	BBB
	BBB-
	BB+
Group 5: <b>Moderate capacity</b> to meet financial obligations but less vulnerable than other speculative issuers	BB
	BB-
	B+
Group 6: <b>Weak capacity</b> to meet financial obligations. Sensitive to business, financial and economic conditions. High risk.	B
	B-
	CCC+
Group 7: <b>Very weak</b> capability or very likely to get into default. Very sensitive to business, financial and economic conditions. Substantial risk.	CCC
	CCC-
	CC
	C
Group 8: <b>Default</b> level. In default or in breach of an imputed promise. This level is used upon the	SD, D

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