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Credit Rating Surveillance

FiinRatings affirms Issuer Rating of Asia Commercial Joint Stock Bank ("ACB") at "AA+"" with a "Stable" outlook

Ha Noi, 09 March 2025

Key Updates:

- **Accelerating the shift in lending towards large corporate clients**: In 2024, ACB reinforced its strategy to expand into the large corporate segment, increasing the proportion of loans to large businesses from 6% (2023) to 9% (2024). Outstanding loans to this segment surged by over 80%, the highest among all customer segments, raising the outstanding balance from 6% to 9.4% of the total loan book.
- **Robust risk management helped mitigate pressure from rapid large corporate loan growth, keeping asset quality above expectations:** ACB maintained a stringent selection policy for borrowers, focusing on industries aligned with its core development strategy and those linked to manufacturing, such as industrial real estate, construction, or sectors with factories such as steel and electricity. The non-performing loan (NPL) ratio for large corporate clients at YE2024 is lower than FiinRatings' initial projection of 1.6%.
- **A well-diversified loan portfolio with low-risk concentration:** ACB's loan portfolio maintained a low concentration risk across both retail and corporate clients, with the top 20 borrowers accounting for only below 1% and 6% respectively. The Bank's NPL ratio remained at 1.5%, while secured loans accounted for over 98% of total loans, with an average loan-to-value (LTV) ratio exceeding 53%.
- **Investment portfolio expanded by 50.1% in 2H2024**: While all investment categories grew, ACB's portfolio increase was primarily driven by banks' certificates of deposit (2Q2024: VND 26,000 billion; 4Q2024: VND 56,000 billion), followed by government and financial institution bonds. The bank reduced its government bond holdings to approximately 37% of its investment portfolio from 50% in 2Q2024 to optimize returns while maintaining its policy of not investing in corporate bonds.

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Recent Publication: FiinRatings affirms a first-time Long-Term Issuer Credit Rating of 'AA+' to Asia Commercial Joint Stock Bank ("ACB") with 'Stable' rating outlook

** 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.

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RATING SUMMARY

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

Industry Update: Recent Research

Rating Rationale:

FiinRatings maintains ACB's "AA+" Issuer Credit Rating (ICR) with a "Stable" outlook, reflecting our assessment that the Bank's Business Position, Capital, and Risk Position will remain stable. Additionally, strong profitability and ample liquidity will continue to support ACB's credit rating.

FiinRatings maintains its "Strong" Business Position assessment, highlighting ACB's strategic shift toward large corporate lending, which delivered positive results in 2024 while preserving its solid retail banking base. In 2024, credit growth reached 19.1%, marking ACB's highest growth in seven years and surpassing the industry average of 17.6%. Retail loans accounted for 64% of total outstanding credit, reinforcing the retail segment's core role. Meanwhile, ACB experienced substantial growth in large corporate lending, with an over 80% increase primarily driven by loans in real estate, power, and steel. In the first half of 2024, both retail and corporate lending grew by 12%. However, by YE2024, retail loan growth slowed to 15%, while corporate lending surged to 25%, reflecting ACB's strategic priority in expanding its corporate loan portfolio.

ACB's capital and earnings continue to maintain as "Strong", by a sustainable capital structure and the ability to maintain profitability above the industry average. In 2024, ACB's capital adequacy ratio (CAR) stood at 11.8%, remaining stable as planned. Additionally, the Bank successfully implemented its capital-raising plan, achieving a 15% annual increase as projected in our initial assessment. ACB's net interest margin (NIM) declined to 3.62% in 2024 (2023: 3.9%; 1H2024: 3.9%) but remained above the industry average of 3.5% and in line with our initial rating forecast of 3.5% – 4.0%. Looking ahead, we expect ACB's NIM to remain under pressure due to its own competition with state-owned banks and lower lending rates across the industry aimed at boosting economic growth. However, it is projected to remain above 3% and exceed the industry average.

The Bank's risk position remains as "Very Strong". Risk concentration remains low, with the top 20 customers (both individual and corporate) accounting for below 6% of the Bank's total outstanding loans, and this proportion is expected to remain stable in the medium term. ACB's risk appetite is also considered prudent, with NPLs projected to remain stable in the second half of 2024. For the retail banking segment, ACB primarily lends to its core customer base (~80% of outstanding loans), consisting of affluent clients or those with stable incomes (VND 20–40 million per month). In the large corporate segment, the Bank has improved its LTV ratio to 53% (from 58% as of mid-2024), bringing its NPL ratio to below its internal regulatory threshold while maintaining its focus on the manufacturing sector. We note that the SME segment has experienced a significant increase in NPL (over 80%) compared to loan growth (12.1%), primarily due to the migration of some top-tier SME clients to the large corporate segment. However, we expect this increase to have a limited impact on the Bank's profitability and capital buffer, given its high-quality collateral and stringent risk management policies. ACB also maintains a conservative investment portfolio, refraining from corporate bond investments, and we expect the Bank to continue this approach in the medium term.

ACB's funding and liquidity profile remains 'Strong,' supported by robust issuance capacity and a highly liquid investment portfolio. In 2024, the Bank successfully increased its charter capital by 15%, aligning with our initial rating projection. While deposit growth (11.3%) fell slightly short of expectations (12%), for which ACB compensated by aggressively issuing debt securities, up 94% YoY, making it one of the largest bond issuers in the market. These issuances were well absorbed at competitive costs, with ACB's average funding cost at below 3.5% versus the industry average of 4.2%. Beyond strong capital-raising capabilities, ACB's liquidity is reinforced by its strategy of holding highly liquid assets. Its investment portfolio – including government bonds, bank bonds, and certificates of deposit – grew 54.9% in 2024, reaching 14% of total assets (up from 11% at the initial rating). This has helped the Bank maintain its broad liquid assets/short-term wholesale funding ratio above 100%.

	Initial Rating	Surveillance
Banking Anchor	**a-**	**a-**
Modifiers		
Business Position	*+1*	*+1*
Capital, Leverage & Earnings	*+1*	*+1*
Risk Position	*+2*	*+2*
Funding & Liquidity	+1	+1
Stand-alone Credit Profile	aa+	aa+
External Support	**+0**	**+0**
Issuer Credit Rating	**AA+**	**AA+**
Outlook	**Stable**	**Stable**

Outlook: The stable outlook for ACB reflects our expectation that the Bank will maintain the rating score for the next 12-24 months.

Upgrade scenarios:

- FiinRatings expects that ACB will not experience a positive rating action over the next 12 months.

Downgrade scenarios:

- Earnings are negatively impacted due to (i) lower interest income and/or (ii) increasingly unfavorable market conditions that prevent the development of fee-income products like settlement and bancassurances;
- Increasing problematic loans results in higher credit costs, therefore straining the Bank's capital buffer and earnings. In addition, the Bank loosens its risk appetite by lending to businesses with weaker performance or financial capacities and/or lower-quality retail customers;
- Funding and liquidity position are negatively affected, as evidenced by the declining and below-industry average stable funding ratio and long-term funding ratio as well as broad liquid assets ratio;
- Liquidity profile is weakened due to rising drawdown pressure from on-balance sheet and off-balance sheet credit-linked items.
- ACB encounters unfavorable / challenging special events that could potentially damage the Bank's reputation.

Exhibit 01: Key Financial Metrics of ACB (2020-2024)

Key metrics	Unit	2020	2021	2022	2023	2024
Total assets	VND trillion	444,530	527,770	607,875	718,795	864,006
Gross customer loans (adjusted for corporate bond holding)	VND trillion	311,479	361,913	413,706	487,602	580,686
Customer Deposits	VND trillion	353,196	379,921	413,953	482,703	537,305
Reported Capital adequacy ratio (CAR)	%	11.1%	11.2%	12.8%	12.5%	11.8%
Common Equity Tier-1 Capital to Total Assets	%	7.9%	8.4%	9.5%	9.8%	9.6%
Net interest margin (NIM)	%	3.7%	4.1%	4.3%	3.9%	3.6%
Return on average assets (ROA)	%	1.9%	2.0%	2.4%	2.4%	2.1%
Non-performing loan ratio (NPL) (FiinRatings- adjusted)	%	0.6%	0.8%	0.7%	1.2%	1.5%
Reserve Coverage Ratio (FiinRatings- adjusted)	%	160.3%	209.4%	159.3%	91.2%	77.9%
Stable funding ratio (FiinRatings- adjusted)	%	103.7%	103.0%	104.1%	103.1%	99.7%
Broad liquid assets / Short-term wholesale funding	%	197.6%	177.4%	153.0%	145.5%	112.9%

Source: ACB, FiinRatings

Key Updates

- In 2H2024, the Government and the State Bank of Vietnam (SBV) issued several directives to commercial banks regarding lending rate reductions to support economic development (e.g., Resolution No. 105/NQ-CP). These measures led to a certain decline in profitability at ACB and similarly sized joint-stock commercial banks, as reflected in the average NIM of this group, decreasing from 4.5% to 4.2% during this period. As funding costs are expected to keep rising in 2025 due to inflationary pressures (4.5% target, the highest in five years), FiinRatings expects that CASA will serve as the primary short-term driver for the bank in stabilizing its NIM:
  - From a macroeconomic perspective, if economic development policies prove effective, CASA is expected to be an optimal short-term cash flow management solution for investors, enabling them to allocate capital more efficiently into high-yield investment channels.
  - Within the bank's structure, ACB has successfully expanded value chain financing, particularly in the large corporate segment, reinforcing FiinRatings' expectation that the bank possesses significant CASA growth potential in this area.
  - Furthermore, ACB maintains a conservatively low ratio of short-term capital for medium and long-term loans (consistently below 20%), providing the bank with strategic flexibility to restructure its loan portfolio, increase exposure to long-term mortgage lending, and ultimately support NIM expansion.
- The bank's non-interest income dropped by 27% year-over-year, mainly due to:
  - Decline in income from government bond sales: ACB recorded a one-off revenue of VND 2.7 trillion in 2023 from bond sales in 2023 by capitalizing on favorable market conditions; however, in 2024, the bank only reported VND 457 billion from this source. The decline was mainly driven by a sharp appreciation of the USD, which exerted pressure on exchange rates; stable yet elevated interest rates from Q2 2024, following SBV's intervention to narrow the interest rate differential between VND and USD; and an increase in government bond yields, which rose from Q2 2024 and remained in the 2.6% – 3.0% range.
  - In 2024, ACB did not record any income from its risk management operations, while in 2023, the Bank recorded an income of 391 billion from this source.
  - Service fee income increased by 11%: Income from card services and international payments rose by 39% and 24%, respectively, compared to the previous year. However, insurance revenue declined by 26%, reflecting overall market challenges, and is not expected to show significant improvement in 2025. Given the positive performance of the large corporate segment, particularly the FDI segment, we expect that ACB's service fee income could grow by 18-20% in 2025.
- FiinRatings expects that the removal of credit limits will be officially implemented in 2025. In the short to medium term, if this policy is enacted, some expected impacts include:
  - A shift in SBV's regulatory approach, moving away from setting credit quota toward monitoring banks based on prudential indicators such as CAR, LDR, and the proportion of short-term capital used for medium and long-term loans.
  - Increased competitive pressure among banks to maintain and expand their market share. However, we assess that the advantage will likely shift toward joint-stock banks that have the capacity to absorb this change, supported by strong prudential indicators, flexibility in capital mobilization, and a well-structured product and service portfolio that effectively meets customer needs.
  - For ACB, historical data from 2019 to 2024 indicates that the bank consistently achieved a credit growth rate exceeding the industry average and fully utilized the credit quotas allocated by the SBV. Meanwhile, its NPL ratio remained among the lowest in the sector. As a result, we assess that ACB is likely to benefit from the removal of credit quotas if the policy is formally implemented.
- In 2024, ACB's NPL coverage ratio declined due to a shift in its asset valuation approach to better reflect actual market conditions. This led to an increase in risk-weighted assets, thereby reducing the overall provision across the banking system compared to previous years.

- In terms of funding, ACB successfully increased its charter capital by 15%, in line with its plan and FiinRatings' initial projections. The Bank's funding costs (below 3.5%) remained lower than both the industry average (4.2%) and that of similarly sized joint-stock banks (3.6%). In the second half of 2024, ACB successfully issued valuable papers, including bonds, with the largest market issuance volume (net increase of VND 36.7 trillion), demonstrating strong absorption rates and is expected to continue in 2025.

Assumptions and projections

Key Assumptions

Factors	Base-case key assumptions
Credit growth and drivers	- ACB's credit growth is projected to reach 19.1% per year in 2025, in line with its 2024 growth rate, and 18% per year during 2026–2027, matching the Bank's growth target of 17–18%. The key drivers of credit growth for 2026–2027 are expected to be: (i) Expansion of the retail loan portfolio, particularly in mortgage and real estate lending, driven by regulatory easing that unlocks housing supply—especially in the southern region, ACB's core market; (ii) Sustained growth in the large corporate segment, expected to grow 20–27% annually, with FDI enterprises contributing 50% of this expansion. - The Bank's total credit structure is expected to shift between 2025 and 2027. In particular, the share of loans to retail and SME customers is projected to decrease by 4% of total outstanding loans, while the large corporate (MMLC) segment is expected to see a corresponding increase. Moreover, we anticipate that ACB will continue its policy of not investing in corporate bonds under both scenario.
Funding sources	- In 2025, we forecast that ACB's customer deposit growth will lag behind credit growth, with deposit growth reaching 12% per year under the base-case scenario (2024: 11.3% per year). As a result, we assume that the Bank will continue to expand its issuance of debt securities during the 2025–2027 period, maintaining a ratio of approximately 13–16% of total funding. - FiinRatings expects the funding structure to remain largely unchanged compared to 2024. Customer deposit growth is assumed to continue through 2025–2027, and the Bank is expected to further strengthen its capital buffer at an annual rate of 15% from various sources.
Funding costs and net interest spread	- The average funding cost of ACB is assumed to increase by 0.3% in 2025 and remain at this level until 2026-2027. During the 2025-2027 period, the State Bank of Vietnam (SBV) aims to guide banks to lower lending rates to support the economy, which is expected to have a negative impact on the sector's net interest margin (NIM). Consequently, we expect ACB's return on equity (ROE) to decline to approximately 1.9-2% during 2025-2027, with NIM falling to 3.3% in 2025 and only recovering above the 2024 level (3.7%) by 2027
Fee income	- Fee income is projected to decrease slightly in 2025, dropping to 8.8% from the current 9.7% of total operating income. This decline is mainly due to the lack of a clear recovery in the insurance segment and foreign exchange business, which have been impacted by stricter regulatory oversight on banks' insurance distribution and exchange rate volatility. However, we expect non-interest income to rebound in 2026-2027, supported by growth in international payment revenues and guarantee fees from large corporate clients.
CIR	- We expect the cost-to-income ratio (CIR) to remain steady at 32.5%—the same level as in 2024—over the next three years. This projection is based on the assumption that the bank will continue to effectively control major operating expenses, particularly personnel costs (which make up around 59% of total operating expenses), by accelerating digital transformation in both operations and business processes.
Assets quality	- We expect ACB to maintain a stringent risk management policy, keeping special mention loans stable at around 0.5% during the 2025-2027 period. Thanks to the bank's strong asset quality and effective risk control strategy, the ratio of problem loans (including special mention loans and non-performing loans) is projected to remain below 3%. Additionally, we anticipate that ACB's non-performing loans (NPLs) have peaked, assuming they remain at 1.5% (the bank's internal warning threshold and equivalent to the 2024 NPL ratio) during 2025-2026 before declining to 1.4% in 2027. - Regarding risks associated with specific customers, FiinRatings has strengthened provisioning and written off the remaining outstanding balance of **the unsecured outstanding debt** from a steel customer that has been overdue for 23 months, assuming that ACB can liquidate the customer's real estate collateral. As a result, the bank's charge-off ratio to total customer loans has increased to 0.4%, while the non-performing loan (NPL) coverage ratio is expected to remain around 80-90% under the stress test scenario.

Key metrics	Unit	2022A	2023A	2024A	Base Case 2025F	2026F	2027F
Customer loans (and C-bonds) growth	%	14.3	17.9	19.1	19.1	18.0	18.0
Total equity / Total Assets	%	9.6	9.9	9.7	10.0	10.5	11.6
Net interest income / Total operating income	%	81.7	76.2	82.9	84.4	85.3	85.4
Net fee income / Total operating income	%	12.2	8.9	9.7	8.8	9.0	9.8
Net interest income / Average earning assets (NIM)	%	4.3	3.9	3.6	3.3	3.6	3.7
Cost-to-income ratio	%	40.3	33.2	32.5	32.5	32.5	32.5
Pre-provision operating income / Average assets	%	3.0	3.4	2.9	2.6	2.8	2.9
Return on average assets (ROA)	%	2.4	2.4	2.1	1.9	2.0	2.1
Return on average common equity (ROE)	%	26.5	24.8	21.7	19.2	19.6	18.9
Non-performing loan ratio (NPL) (FiinRatings- adjusted)	%	0.7	1.2	1.5	1.5	1.5	1.4
Problem loan ratio (FiinRatings- adjusted)	%	1.3	1.9	2.0	2.0	2.0	1.9
Reserve coverage ratio	%	159.3	91.2	77.9	84.0	86.1	93.5
Average financing cost	%	3.6	4.9	3.4	3.7	3.5	3.7
Stable funding ratio (FiinRatings- adjusted)	%	104.1	103.1	99.7	104.1	97.1	98.3
Board liquid assets/ Short-term wholesale funding ratio	%	153.0	145.5	112.9	110.8	116.2	121.1

Source: FiinRatings, ACB
Note: A – actual, F – future

FINANCIAL STATEMENT

Balance sheet (VND bn)	2020	2021	2022	2023	2024
Assets					
Cash, gold, silver and gemstones	6,968	7,510	8,461	6,909	5,696
Balances with SBV	16,617	32,350	13,658	18,505	25,220
Balances with and loans to other credit institutions (net)	31,671	49,819	85,971	114,874	117,882
Trading securities (net)	6,168	11,260	1,131	7,177	3,881
Derivatives and other financial assets	54	227	100	-	56
Loans to customers (net)	308,529	356,051	408,857	482,235	573,947
Loans to customers (gross)	*311,479*	*361,913*	*413,706*	*487,602*	580,686
Provision for loans to customers	*(2,950)*	*(5,862)*	*(4,850)*	*(5,367)*	(6,740)
Debt purchasing	-	-	-	-	-
Investment securities (net)	63,399	59,475	75,535	73,463	121,090
Capital contributions and long-term investments	99	172	147	140	125
Fixed assets	3,783	3,763	3,981	4,763	5,412
Investment properties	349	216	177	177	177
Other assets	6,893	6,929	9,858	10,552	10,519
Total Assets	**444,530**	**527,770**	**607,875**	**718,795**	**864,006**
Amount due to the Government and SBV	-	-	506	-	7,955
Deposits and borrowings from other credit institutions	23,875	54,394	67,841	89,507	111,592
Customer deposits	353,196	379,921	413,953	482,703	537,305
Derivatives and other financial liabilities	-	-	-	117	-
Funding, investment trust, and loan to credit institutions subject to risk	117	86	60	42	28
Valuable papers issued	22,050	30,548	44,304	52,410	101,650
Other liabilities	9,844	17,920	22,772	23,060	22,014
Total Liabilities	**409,082**	**482,869**	**549,437**	**647,839**	780,544
Capital	21,887	27,291	34,046	39,112	44,938
Fund of institutions	5,742	7,164	9,220	11,557	14,790
Foreign exchange differences	-	-	-	-	-
Retained earnings	7,819	10,445	15,172	20,286	23,734
Non-controlling interest	-	-	-	-	-
Total Shareholders' Equity	**35,448**	**44,901**	**58,439**	**70,956**	**83,462**
Total Liabilities and Shareholders' Equity	**444,530**	**527,770**	**607,875**	**718,795**	**864,006**

Source: FiinRatings, ACB

Income Statement (VND bn)	2020	2021	2022	2023	2024
Interest and Similar Income	31,856	33,714	40,699	52,347	50,903
Interest and Similar Expenses	(17,274)	(14,769)	(17,165)	(27,387)	(23,108)
Net Interest Income	**14,582**	**18,945**	**23,534**	**24,960**	**27,795**
Fees and Commission income	2,803	4,026	5,058	4,946	5,465
Fees and Commission expenses	(1,109)	(1,132)	(1,531)	(2,023)	(2,226)
Net Fee and Commission Income	**1,695**	**2,894**	**3,526**	**2,922**	**3,239**
Net gain/(loss) from foreign currency and gold dealings	687	872	1,048	1,110	1,171
Net gain/(loss) from trading of trading securities	167	450	(388)	168	200
Net gain/(loss) from disposal of investment securities	732	244	21	2,647	450
Net Other income/expenses	280	139	990	863	624
Income from capital contribution and equity investments	19	20	59	76	36
Total Operating Income	**18,161**	**23,564**	**28,790**	**32,747**	**33,515**
Operating Expenses	(7,624)	(8,230)	(11,605)	(10,874)	(10,903)
Operating Profit Before Provision for Credit Losses	**10,537**	**15,334**	**17,185**	**21,872**	**22,612**
Provision for credit losses	(941)	(3,336)	(71)	(1,804)	(1,606)
Profit/(loss) before tax	**9,596**	**11,998**	**17,114**	**20,068**	**21,006**
Corporate income tax expenses	(1,913)	(2,395)	(3,426)	(4,023)	(4,216)
Net profit/(loss) after tax	**7,683**	**9,603**	**13,688**	**16,045**	**16,790**

Source: FiinRatings, ACB

TERMS AND DEFINITION

Key metrics	Formula
Adjusted NPL & SML ratio	**Numerator:** Special-mentioned loans + Substandard loans + Doubtful loans + Non-performing loans + VAMC bonds **Denominator:** Gross customer loans + VAMC bonds
Adjusted NPL ratio	**Numerator:** Substandard loans + Doubtful loans + Bad loans + VAMC bonds **Denominator:** Gross customer loans + VAMC bonds
Average financing cost	**Numerator:** Interest and similar expenses **Denominator:** Average of Total debts (in which Total debts = 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 + Convertible bonds, CDs and other valuable papers issued)
Broad liquid assets to short-term wholesale funding	**Numerator:** Broad liquid assets = Cash + Short term interbank loans and reverse repos + Securities owned net of illiquid portion - Restricted cash (in which, Short-term interbank loans and reverse repos = Deposits at the SBV + Deposits with and loans to other credit institutions + Reverse repurchase agreements Securities owned net of illiquid portion = Trading securities + Investment securities - Allowance/Loss reserve (for both HTM and AFS securities) + long-term contributions Restricted Cash = 1% * Deposits from customers) **Denominator:** Short-term wholesale funding
CASA Volatility	**Numerator:** Standard deviation of CASA ratio in a period **Denominator:** Average of CASA ratio in said period
Common equity tier 1 capital / Total Assets	**Numerator:** Paid-in capital + Funds of the credit institution + Fund for basic constructions + Foreign exchange differences + Capital surplus + Undistributed earnings – Goodwill – Treasury shares **Denominator:** Total assets
Cost to Income ratio (CIR)	General and Admin expenses / Total operating income
Customer deposits growth volatility	**Numerator:** Standard deviation of customer deposits growth in a period **Denominator:** Average of customer deposits growth in said period
Deposits/ Liabilities	Deposits from customers / Liabilities
Estimated CASA ratio	**Numerator:** Current deposits + Margin deposits + Deposits for special purposes **Denominator:** Deposits from customers + Convertible bonds, CDs, and other valuable papers issued
Interest and fees receivable days	**Numerator:** Average of Accrued interest and fee receivables **Denominator:** (Interest and similar income + Fees and commission income)/365
Liquid assets/ Total liabilities	**Numerator:** Liquid assets = Cash and cash equivalents + Balances with the SBV + Placements with and loans to other credit institutions + Government and Government-guaranteed bonds **Denominator:** Total liabilities
Loan to Deposit ratio	**Numerator:** Gross customer loans – Loan loss reserve – Reverse repurchases agreements)/ **Denominator:** Adjusted customer deposits + Convertible bonds, CDs, and other valuable paper issued (in which, Adjusted customer deposits = Customers deposits - Margin deposits - Deposits from special purposes)
Long-term Funding Ratio	**Numerator:** Available Stable Funding **Denominator:** Total Equity + Funding Base
Net Interest Margin (NIM)	**Numerator:** Net interest income **Denominator:** 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)
Net write-offs/average gross loans	**Numerator:** Increase/(decrease) in provision for loan losses + Receipts from debts written off) **Denominator:** Average of Gross customer loans
Loan loss reserve to (NPL + SML)	**Numerator:** Provision for losses on loans and advances to customers + Provisions for VAMC bonds **Denominator:** Special- mentioned loans + Substandard loans + Doubtful loans + Bad loans + 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	**Numerator:** Provision for losses on loans and advances to customers + Provisions for VAMC bonds **Denominator:** Substandard loans + Doubtful loans + Bad loans + VAMC bonds
Return on Average Assets	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	**Numerator:** Short-term funding from the Government and SBV + Short-term interbank and debt market funding + Short-term valuable papers issued **Denominator:** Funding base = Adjusted customer deposits + Interbank and debt funding + Other liabilities (in which, Interbank and debt funding = Debts from the Government and SBV + Deposits and borrowings from other credit institutions + Valuable papers issued)
Short-term wholesale funding / Total wholesale funding	**Numerator:** Short-term wholesale funding = Short-term funding from the Government and SBV + Short-term interbank and debt market funding + Short-term valuable papers issued **Denominator:** Total wholesale funding = Funding base – Customer deposits
Stable funding ratio	**Numerator:** Available stable funding = Adjusted customer deposits + Tangible common equity + Long-term interbank and debt market funding (in which, Adjusted customer deposits = Customers deposits - Margin deposits - Deposits from special purposes

	Tangible common equity = Total equity – Intangible fixed assets - Goodwill Long-term interbank and debt market funding = Debts from the Government and SBV + Deposits and borrowings from other credit institutions + Valuable papers issued) **Denominator:** Stable funding needs = Customer loans and Long-term interbank lending + Risky and less liquid securities holdings+ Restricted cash + Other assets + 5%* Off-balance sheet credit equivalents (in which, Customer loans and Long-term interbank lending = Net customer loans + Debt purchases + Deposits with and loans to other credit institutions Risky and less liquid securities holdings = Available-for-sale securities (Government and Government-guaranteed, debt instruments issued by financial institutions, corporates, and foreign issuers, equity are haircut) + Held-to-maturity securities + Long-term investments
Wholesale funding/ Liabilities	**Numerator:** Due to Government and loans from SBV + Deposits and loans from other credit institutions + Valuable papers issued + Derivatives and other financial liabilities **Denominator:** Total liabilities
Ability to cover liabilities AND commitments	**Numerator:** Broad liquid assets + Government bond **Denominator:** (Deposit from customer - Loans to customers) + Deposits and Loans from others Cis + Valuable papers issued+Liabilities commitments

RATING SCALE

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 scale
Group 1: Extremely strong capacity to meet financial obligation.	**AAA**
Group 2: Very strong capacity to meet financial obligation.	**AA+**
	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
	C
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.	**SD, D**

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:

- Rating methodology for banks in Vietnam

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

- General Rating methodology

CREDIT RATING HISTORY

Asia Commercial Joint Stock Bank ("ACB")			
Credit Rating Type	**Date**	**Issuer Credit Rating**	**Outlook**
Initial	10/09/2024	AA+	Stable
Surveillance	09/03/2025	AA+	Stable

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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:

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

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FIINRATINGS JOINT STOCK COMPANY

Public Credit Rating Announcement No.: 02-C47-2025

Nguyen Quang Thuan, FCCA

Chief Executive Officer

Hanoi, 09 March 2025

CONTACT

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