Rating Update:

Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank")'s issuer rating reaffirmed at 'A' with a 'Positive' outlook

Hanoi, 29 March 2025

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Key updates:

- **Highest credit growth in the banking sector:** HDBank continues to secure its leading position in the sector in terms of credit growth. As of December 31, 2024, the Bank's total outstanding loans reached VND 442 trillion, marking a strong increase of 28.9% compared to the end of 2023. The main driver of this growth was corporate lending segment for small and medium-sized enterprises (CMB), which recorded an impressive 42.2% growth in 2024, thanks to the Bank's stable business operations and a strategy to diversify its lending portfolio.
- **HDBank's superior profitability is reflected in its NIM of 5.4%, significantly above the industry average of 3.5%, ranking second in the sector.** This strong performance was achieved through proactive efforts to reduce the average financing cost to 4.8% (from 5.4% in the previous rating assessment). Key initiatives included attracting new customers, leveraging its ecosystem, accelerating digital transformation, focusing on low-cost funding sources, and maintaining a high-yield loan portfolio.
- **Investment portfolio expanded by 41.7% in Q4/2024**: While all investment categories grew, HDBank's portfolio increase was primarily driven by bonds and certificates of deposit from credit institutions (up 91.8%) and SBV Treasury bills (contributing 27.1% to the overall increase). Meanwhile, the Bank implemented a more prudent investment approach by significantly reducing the proportion of corporate bonds in its portfolio from 26.5% (Q3/2024) to 9.1% as of December 31, 2024.
- **On January 17, 2025, HDBank officially received the mandatory transfer of DongA Bank**, thereby benefiting from preferential mechanisms offered by SBV for credit institutions involved in mandatory transfers, thereby promoting credit growth and business expansion. Notably, the two banks will not consolidate their financial statements, allowing HDBank to limit negative impacts on its financial reports and key financial indicators.

Latest Surveillance: **Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank")'s issuer rating reaffirmed at 'A'; outlook revised to 'Positive'**

Rating Summary

Company Name	Rating Type	Issue Date	Rating	Rating Outlook
Ho Chi Minh City Development Joint Stock Commercial Bank ('HDBank')	Issuer Rating – Surveillance	29 March 2025	A	Positive

Industry Classification: Financial Institutions | Commercial Banks

Industry Update: Recent Research

Rating Rationales:

- **FiinRatings reaffirms HDBank's issuer rating at 'A' with a 'Positive' outlook**, reflecting the Bank's strong growth in 2024, which supports its solid position among the leading private commercial banks**.** Additionally, the Bank continues to demonstrate good profitability thanks to stable funding and liquidity, despite its risk appetite remaining largely unchanged from previous rating surveillances.
- **HDBank's business position is reaffirmed as 'Strong', underpinned by robust credit growth.** In 2024, HDBank led the industry in credit growth, with total outstanding loans reaching VND 442 trillion, up 28.9% compared to the end of 2023, expanding its loan market share to 3.7% (2023: 2.9%). This strong growth momentum was primarily fueled by CMB customers, which experienced an impressive 42.2% increase in 2024, driven by loan diversification into sectors such as wholesale and retail, motor vehicle repair, and accommodation and food services. However, fee income declined sharply in 2024 (down 35% YoY), increasing the Bank's dependence on credit activities, an area that already poses concentration risks. Looking ahead, HDBank is projected to maintain a stable annual credit growth rate of 28% during the 2025-2026 period.
- **FiinRatings maintains HDBank's capital and earnings profile at 'Strong', supported by a solid capital structure and consistent above-average profitability.** As of December 31, 2024, the Bank's CAR stood at 14.0%, placing it among the industry leaders. Additionally, HDBank's NIM remained high at 5.4%, while its average cost of funds declined to 4.8% (from 5.4% in the previous surveillance), reflecting effective cost management. However, CIR showned an upward trend in Q4/2024, reaching 35.2%, though still below the industry average of 40%, primarily driven by higher personnel expenses, including salaries and allowances. FiinRatings expects HDBank to sustain a high NIM, above 5%, during the 2025-2026 period, although profitability may face slight pressure from rising average financing cost and lower lending rates.
- **Risk position continues to be assessed as 'Moderate'**, considering the Bank's rapid credit growth strategy without a corresponding adjustment in risk appetite, amid a slow economic recovery and persistent concentration risks in certain sectors. Specifically, HDBank's NPL remained stable at 1.9%, yet the problem loans increased from 5.6% (3Q2024) to 6.8% by the end of 2024, exceeding the industry median of 4.4%. The increase was primarily driven by the retail segment, where the NPL ratio climbed to 3.8% compared to 3.3% by 3Q2024, highlighting the ongoing challenges faced by the retail segment. In response to pressure from bad debt, the Bank's reserve coverage ratio rose to 68.7%, higher than the industry median of 66.4%. From July 1, 2024, HDBank began classifying UPAS L/C under outstanding loan balances and introduced a new product, the outright purchase without recourse of a set of documents presented under L/C, to support clients and boost fee income. However, this move introduces potential risks related to other receivables and concentration risk, which will be closely monitored in the next rating review.
- **HDBank's funding and liquidity has remained 'Adequate,** thanks to stable growth in funding sources, primarily driven by a strong increase in customer deposits (+18% compared to year-end 2023) through strong customer loyalty within its ecosystem and through strategic partnerships. In the future, we expect the Bank to continue benefiting from these advantages, enabling it to meet funding needs effectively. Liquidity profile is further supported by the Bank's strategy of holding highly liquid assets. The investment portfolio, including government bonds, bank bonds, and certificates of deposit, grew by 41.7% in Q4/2024, accounting for 10.1% of total assets (up from 7.9% in the previous assessment). This has helped the Bank maintain its broad liquid assets/short-term wholesale funding ratio, reaching 199%.

	Surveillance 01	Surveillance 02
Banking Anchor	a-	a-
Modifiers:		
Business Position	*+1*	*+1*
Capital & Earnings	*+1*	*+1*
Risk Position	*-1*	*-1*
Funding & Liquidity	+0	+0
Stand-alone Credit Profile	a	a
External Influence	**+0**	**+0**
Issuer Credit Rating	**A**	**A**
Outlook	**Positive**	**Positive**

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

Upgrade scenarios: Factors that could, individually or collectively, lead to review for positive rating action or upgrade for HDBank:

- Strong earnings are retained to strengthen the Bank's capital base, which helps keep CAR consistently at above 14%; Tier-1 capital consistently accounted for at least 85% of capital adequacy in the next 12-18 months;
- The Bank demonstrates consistent growth at a moderate level compared to the industry, while maintaining or improving its asset quality and minimizing concentration risk as well as other potential risks of the Bank.

Downgrade scenarios: Factors that could, individually or collectively, lead to review for negative rating action or downgrade for HDBank:

- Earnings are severely impacted due to (i) lower interest income and/or (ii) increasingly unfavorable market conditions that prevent the development of fee-income products such as payment and insurance services;
- Increasing problem loans result in higher credit costs, therefore straining the Bank's capital and earnings. In addition, the Bank's risk appetite is broadened in lending to companies with weaker financial positions or operational profiles and/or retail customers with higher-risk credit profiles;
- Funding and liquidity position is negatively affected, as evidenced by the declining and below-industry average stable funding ratio and broad liquid assets ratio. This weakened liquidity profile is further exacerbated by rising drawdown pressure from both on-balance sheet and off-balance sheet credit-linked items

Exhibit 01: Key Financial Metrics (2019-2024) of HDBank

Key metrics	Unit	2019	2020	2021	2022	2023	2024
Total assets	*VND trillion*	229.5	319.1	374.6	416.3	602.3	697.3
Gross customer loans (adjusted for corporate bond holding)	*VND trillion*	146.3	188.2	213.4	268.2	353.4	458.8
Customer Deposits	*VND trillion*	126.0	174.6	183.3	215.8	370.8	437.5
Reported Capital adequacy ratio (CAR)	%	11.2%	12.1%	14.3%	13.4%	12.6%	14.0%
Net interest margin (NIM)	%	4.7%	4.8%	4.4%	5.0%	5.0%	5.4%
Return on average assets (ROA)	%	1.9%	1.8%	1.9%	2.1%	2.1%	2.1%
Non-performing loan ratio (NPL)	%	1.7%	1.3%	1.7%	1.7%	1.8%	1.9%
Reserve Coverage Ratio	%	79.8%	82.1%	73.0%	70.4%	65.8%	68.7%
Stable funding ratio (FiinRatings- adjusted)	%	87.8%	90.6%	90.5%	88.0%	98.6%	108.1%
Broad liquid assets / Short-term wholesale funding	%	89.4%	109.2%	100.7%	81.6%	137.4%	199.6%

Source: FiinRatings, HDBank

Key Updates

• Mandatory Acquisition of DongA Bank

- On January 17, 2025, the State Bank of Vietnam (SBV) announced the mandatory transfer of DongA Bank to Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank), in accordance with the plan approved by the Government. Following the transfer, DongA Bank operates as a single-member limited liability bank wholly owned by HDBank, which has been renamed Digital Bank Vikki, with full assurance of depositor and customer rights.
- DongA Bank retains its legal entity status and does not consolidate its financial statements with HDBank. This structure helps mitigate any negative impacts on HDBank's financial statements, prudential ratios, and regulatory limits following the transfer.
- FiinRatings expects HDBank to maintain positive credit growth momentum, supported by preferential mechanisms granted by the SBV to the acquiring bank in mandatory transfers. This also presents an opportunity for HDBank to expand its scale and strengthen its market position by leveraging DongA Bank's existing network of over 200 branches and transaction offices to enhance brand coverage and customer outreach. In this context, factors such as credit growth, profitability, and asset quality will remain key aspects to monitor in the upcoming credit rating assessments of HDBank.

• Existing concentration risks

- The proportion of outstanding loans to the real estate and construction sectors remains consistently high, reaching 25.6% at the end of 2024, a slight increase from 25.2% at 3Q2024, indicating that the Bank's risk appetite has not changed significantly.
- As of 31Dec2024, HDBank's 20 largest corporate clients represented around 13.1% of its total loan portfolio, showing a modest increase compared to the latest surveillance (11.4%), but still lower than the figures of other banks. The loan portfolio was highly concentrated in big enterprises with good credit quality, operating in transportation and warehousing, electricity, automobile trading, real estate business, construction, and gasoline trading sectors, which are part of HDBank's typical lending value chain, therefore mitigating concentration risks.
- The proportion of the Bank's C-bond portfolio to its loan book was kept at a low level of 1.5%, down from 3.3% in the previous surveillance, and is primarily concentrated in large enterprises carefully selected by HDBank.
- Regarding related parties' risk, the total outstanding loan balance of Sovico Group and related companies remains below 1% of total outstanding loans at the end of 2024.

Financial Projection

Key assumptions

Exhibit 02: Key assumptions for HDBank in base case

Factors	Base-case scenario
Credit growth 2025-2026	- HDBank's credit growth is forecasted to reach 28% during the 2025-2026 period, lower than the Bank's growth target (30-32%). - Key drivers for the 2025–2026 period are expected to come from the recovery of core lending sectors such as real estate, manufacturing, agriculture, and the corporate bond market, as well as the recovery in demand for retail and consumer lending. Additionally, the mandatory acquisition of DongABank may allow HDBank to benefit from SBV incentives and leverage its existing network to expand credit.
Asset quality 2025-2026	- NPL ratio is forecasted to stabilize around 1.8% for the next 2 years - Problem loan ratio is kept at around 7.0%-7.1% in 2025-2026
	- CMB's NPL is kept at 0.7%, the average for the last 2 years. - Retail's NPL is expected to gradually decrease to 3.5% by 2025 and 3.3% by 2026, thanks to HDBank's proactive management of bad debts. The majority of non-performing loans originate from mortgage lending.
	- Credit costs are assumed to rise in line with problem loans and are estimated to be around 1.4%. - Loan loss reserve coverage expected to be maintained at 72-78%.
Funding 2025-2026	- Customer deposit is expected to increase by 13-15% annually, lower than the growth rate in 2024 (18%) and HDBank's plan (18%). - Valuable papers are expected to maintain their percentages of total fundings of around 10%; - The rest of the funding needs will be from foreign financial institutions.
	- The average funding cost in FYE2025 is expected to be 4.8%, before stabilizing at 5.1% in FY2026. During the 2025-2027 period, the SBV is expected to require banks to reduce lending rates to support the economy, which is likely to have a negative impact on the sector's NIM.
Fee income 2025-2026	- Fee income is expected to recover in 2025. FiinRatings forecasts that the insurance activities will start to improve in the second half of the year, while income from payment services will grow due to the strategy of promoting value chain and ecosystem-based payments, particularly in cashless services. Additionally, trust and agency activities are also expected to see significant growth from the beginning of the year.
CIR 2025-2026	- Stably around 35% per annum during the 2025-2026 period. We expect the Bank will continue to proactively manage large operating expenses such as staff costs (~50% of total operating expenses) and marketing costs.

Exhibit 03: HDBank' key metrics in base case projection

Key Metrics	Unit	2022A	2023A	2024A	Base-case projection	
					2025F	2026F
-- Year ended Dec. 31 --						
Customer loans (and C-bonds) growth	%	25.6%	31.8%	28.9%	28.0%	28.0%
Total equity / Total Assets	%	9.4%	7.7%	8.1%	10.6%	11.7%
Net interest income / Total operating income	%	82.0%	84.0%	90.7%	90.4%	91.0%
Net fee income / Total operating income	%	13.5%	8.3%	4.2%	4.7%	5.0%
Net interest income / Average earning assets (NIM)	%	5.0%	5.0%	5.4%	5.1%	5.2%
Cost-to-income ratio (CIR)	%	39.3%	34.6%	35.2%	35.0%	35.0%
Preprovision operating income / Average assets	%	3.4%	3.1%	4.6%	3.5%	3.5%
Return on average assets (ROA)	%	2.1%	2.1%	2.1%	2.2%	2.1%
Return on average common equity (ROE)	%	23.4%	24.6%	25.6%	21.1%	19.1%
Non-performing loan ratio (NPL)	%	1.7%	1.8%	1.9%	1.8%	1.8%
Problem loan ratio	%	4.5%	7.0%	6.8%	7.1%	7.1%
Loan loss provisions/ Average customer loans	%	-1.3%	-1.4%	-1.3%	-1.4%	-1.4%
Loan loss reserve / NPL	%	70.4%	65.8%	68.7%	72.1%	77.9%
Average financing cost	%	4.4%	7.0%	4.8%	4.8%	5.1%
Stable funding ratio	%	88.0%	98.6%	108.1%	101.2%	96.5%
Broad liquid assets/ Short-term wholesale funding	%	81.6%	137.4%	199.6%	147.3%	134.8%

Source: FiinRatings, HDBank
Note: A – Actual, F – Forecasted

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

Ho Chi Minh City Development Joint Stock Commercial Bank		
29 March 2024	*Issuer Rating – Initial*	*Rating:* ***A*** *Outlook:* ***Stable***
06 December 2024	*Issuer Rating – Surveillance*	*Rating:* ***A*** *Outlook:* ***Positive***
29 March 2025	*Issuer Rating – Surveillance*	*Rating:* ***A*** *Outlook:* ***Positive***

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:

- HDBank's percentage of equity ownership at FiinRatings: none**
- FiinRatings' percentage of equity ownership at HDBank: none
- FiinRatings' other employee percentage of equity ownership at HDBank: none
- HDBank's investment value of bond(s) issued by FiinRatings: none
- FiinRatings' investment value of bond(s) issued by HDBank: none
- HDBank's investment value of other debt instruments issued by FiinRatings: none
- FiinRatings's investment value of other debt instruments issued by HDBank: 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 client acceptance process and before the signing date of 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-C30-2025

Nguyen Quang Thuan, FCCA

Chief Executive Officer

Hanoi, 29 March 2025

Appendix

Appendix 1: HDBank's Financial Statement

Balance sheet (VND bn)	2020	2021	2022	2023	2024
Assets					
Cash, gold, silver and gemstones	2,257	2,446	2,938	2,810	3,105
Balances with SBV	7,788	11,848	11,273	41,482	26,680
Balances with and loans to other credit institutions (net)	44,811	55,943	49,132	96,515	101,600
Trading securities (net)	12,478	11,198	1,798	18,581	21,956
Derivatives and other financial assets	-	-	-	110	-
Loans to customers (net)	176,388	200,759	260,755	339,350	436,606
Loans to customers (gross)	*178,323*	*203,211*	*263,856*	*343,404*	*442,485*
Provision for loans to customers	*(1,935)*	*(2,452)*	*(3,102)*	*(4,054)*	*(5,879)*
Debt purchasing	-	-	-	-	-
Investment securities (net)	58,237	65,513	48,789	44,092	48,751
Capital contributions and long-term investments	154	124	144	144	858
Fixed assets	1,059	1,366	1,315	1,423	1,766
Investment properties	21	-	-	-	-
Other assets	15,935	25,415	40,128	57,809	55,958
Total Assets	**319,127**	**374,612**	**416,273**	**602,315**	**697,366**
Amount due to the Government and SBV	143	93	10,821	27	15
Deposits and borrowings from other credit institutions	75,176	107,243	92,653	112,087	99,461
Customer deposits	174,620	183,283	215,797	370,778	437,505
Derivatives and other financial liabilities	215	16	226	-	18
Funding, investment trust, and loan to credit institutions subject to risk	3,037	2,937	2,860	2,811	2,788
Valuable papers issued	34,332	42,756	44,162	50,938	81,350
Other liabilities	6,900	7,495	10,758	19,274	19,571
Total Liabilities	**294,423**	**343,821**	**377,278**	**555,915**	**640,709**
Capital	16,211	20,196	25,426	29,199	35,224
Fund of institutions	1,847	2,547	3,528	4,708	6,313
Foreign exchange differences	-	-	-	-	-
Retained earnings	4,939	6,290	8,000	10,562	12,954
Non-controlling interest	1,707	1,757	2,041	1,931	2,166
Total Shareholders' Equity	**24,704**	**30,790**	**38,995**	**46,400**	**56,657**
Total Liabilities and Shareholders' Equity	**319,127**	**374,612**	**416,273**	**602,315**	**697,366**

Income Statement (VND bn)	2020	2021	2022	2023	2024
Interest and Similar Income	23,137	26,176	33,323	52,641	57,996
Interest and Similar Expenses	(11,240)	(12,285)	(15,312)	(30,457)	(27,138)
Net Interest Income	**11,898**	**13,891**	**18,012**	**22,184**	**30,857**
Fees and Commission income	1,088	2,128	3,308	2,830	3,296
Fees and Commission expenses	(138)	(200)	(352)	(642)	(1,879)
Net Fee and Commission Income	**950**	**1,927**	**2,957**	**2,188**	**1,417**
Net gain/(loss) from foreign currency and gold dealings	168	179	134	565	844
Net gain/(loss) from trading of trading securities	105	101	17	42	69
Net gain/(loss) from disposal of investment securities	140	477	313	1,167	68
Net Other income/expenses	519	183	528	259	706
Income from capital contribution and equity investments	0	-	7	9	72
Total Operating Income	**13,779**	**16,758**	**21,967**	**26,414**	**34,032**
Operating Expenses	(6,173)	(6,383)	(8,631)	(9,129)	(11,981)
Operating Profit Before Provision for Credit Losses	**7,607**	**10,375**	**13,336**	**17,284**	**22,051**
Provision for credit losses	(1,788)	(2,306)	(3,068)	(4,268)	(5,321)
Profit/(loss) before tax	**5,818**	**8,070**	**10,268**	**13,017**	**16,730**
Corporate income tax expenses	(1,171)	(1,616)	(2,059)	(2,681)	(3,482)
Net profit/(loss) after tax	**4,647**	**6,453**	**8,209**	**10,336**	**13,248**

Source: FiinRatings, HDBank

Appendix 2: HDBank's key metrics

Key metrics	Unit	2020	2021	2022	2023	2024
Business Position						
Total Assets	VND bn.	319,127	374,612	416,273	602,315	697,366
Gross Customer Loans	VND bn.	178,323	203,211	263,856	343,404	442,485
Customer Deposits	VND bn.	174,620	183,283	215,797	370,778	437,505
Operating Income	VND bn.	13,779	16,758	21,967	26,414	34,032
Fees and commissions income/ Operating income	%	6.9%	11.5%	13.5%	8.3%	4.2%
Capital and Earnings						
Common Equity Tier 1 Capital / Total Assets	%	7.2%	7.7%	8.8%	7.4%	7.8%
Reported CAR	%	12.1%	14.3%	13.4%	12.6%	14.03%
Net Interest Margin	%	4.8%	4.4%	5.0%	5.0%	5.4%
Return on Average Assets	%	1.8%	1.9%	2.1%	2.1%	2.1%
Interest and fees receivable days	days	47	43	38	35	35
Risk Position						
Adjusted NPL ratio	%	1.3%	1.7%	1.7%	1.8%	1.9%
Adjusted (NPL + SML) ratio	%	2.6%	4.3%	4.5%	7.0%	6.7%
Reserve Coverage to NPL	%	82.1%	73.0%	70.4%	65.8%	68.7%
Reserve Coverage to (NPL + SML)	%	41.9%	28.2%	26.3%	16.8%	19.9%
Net write-offs/average gross loans	%	1.0%	0.8%	0.8%	1.1%	0.9%
Funding and Liquidity						
Adjusted loan-to-deposit ratio	%	84.0%	89.6%	100.4%	80.6%	84.3%
Wholesale funding/ total liabilities	%	38.3%	44.5%	39.9%	29.8%	28.7%
ST wholesale funding / Funding base	%	28.2%	32.9%	28.9%	23.5%	23.8%
Average financing cost	%	4.9%	4.0%	4.4%	7.0%	4.8%
Broad liquid assets / Short-term wholesale funding	%	109.2%	100.7%	81.6%	137.4%	199.6%
Stable funding ratio	%	90.6%	90.5%	88.0%	98.6%	108.1%

Appendix 3: 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 **Denominator:** Short-term wholesale funding
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
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
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
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
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 **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
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

Appendix 4: 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 and explanation	Rating scales
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 or the issuer becomes insolvent. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action.	**SD, D**

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