



AMENDMENT TO CIRCULAR 22

– Banking sector

May 7, 2026

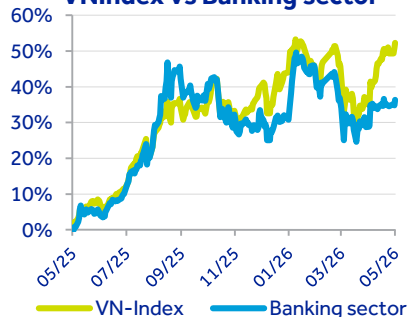


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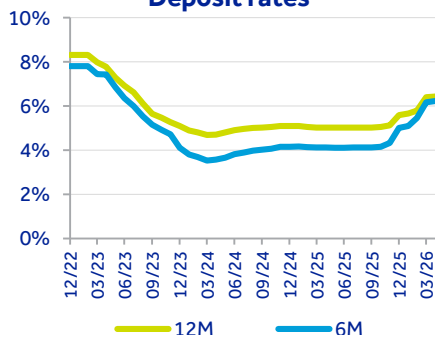
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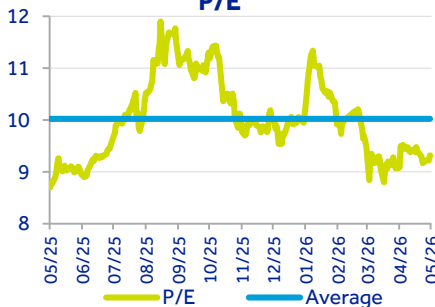
VNIndex vs Banking sector



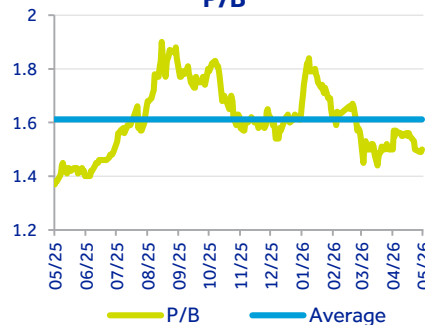
Deposit rates



P/E



P/B



IMPACT OF THE DRAFT AMENDMENTS TO CIRCULAR 22/2019 ON BANKING SYSTEM LIQUIDITY

On April 29, 2026, the State Bank of Vietnam (SBV) sought feedback from banks regarding amendments to Circular 22/2019, which regulates prudential ratios and safety limits in banking operations.

Overall, we believe the replacement of the LDR ratio with the CDR ratio represents a tighter and more substance-based approach compared to the previous regulation, while also encouraging banks to adopt international standards earlier. Our estimates suggest that the CDR of several banks may exceed the regulatory cap of 85%. However, as banks are allowed to choose between applying the standard ratios (i.e. CDR) or Basel III-based ratios, we believe the overall impact of the draft amendments on banking system liquidity and credit growth capacity will likely be limited.

Specifically, the SBV revised the calculation methodology from LDR to CDR to better reflect the liquidity status, while also introducing several new ratios in line with international practices (Basel III standards), most notably **LCR**, **NSFR**, and **LEV**.

CDR (Credit-to-Deposit Ratio) replaces the traditional LDR ratio. Under the draft, corporate bond balances are added to, while equity is deducted from, total credit (C). On the funding side (D), interbank deposits are excluded, while 20% of term deposits from the State Treasury are included. Overall, the revised methodology would result in a higher CDR compared to the previous LDR calculation. The regulatory threshold remains unchanged at 85%.

LCR (Liquidity Coverage Ratio) measures a bank's ability to meet net cash outflows over a 30-day stress period. It is calculated as high-quality liquid assets (cash, government securities, etc.) divided by projected net cash outflows over the next 30 days. The ratio is intended to measure short-term liquidity resilience.

NSFR (Net Stable Funding Ratio) measures the stability of a bank's funding structure. It is calculated as available stable funding (deposits, equity, etc.) relative to required stable funding. The ratio is intended to assess a bank's ability to sustain ongoing operations such as credit over the longer term.

Banks are required to comply with the minimum thresholds according to a phased roadmap starting from the beginning of each year as follow:

	2028	2029	2030	2031
LCR	70%	80%	90%	100%
NSFR	90%	95%	100%	

Source: SBV

However, banks may voluntarily adopt **LCR** and **NSFR** earlier. Banks that comply early with both ratios at the 100% threshold will be exempt from complying with the **CDR** ratio as well as the short-term funding for medium and long-term lending ratio, although they will still be required to report CDR periodically.

Another ratio introduced is **LEV** (Leverage Ratio), calculated as Tier 1 capital divided by total exposure. Banks are required to maintain a minimum threshold of 3%. For systemically important banks, dividend distributions are only permitted if LEV exceeds 3% + 50% of the capital conservation buffer (CCB), equivalent to approx 3.3%–4.2%. The purpose of this ratio is to prevent excessive leverage within the banking system. However, the SBV does not yet mandate implementation of LEV, and this ratio requirement is less stringent than the existing CAR framework.

Impact of the CDR ratio on banking system liquidity

The SBV stated that replacing LDR with CDR is intended to better “reflect the true nature” of banks’ liquidity structures, while also improving regulatory effectiveness.

The differences between the LDR and CDR methodologies are summarized in the table below:

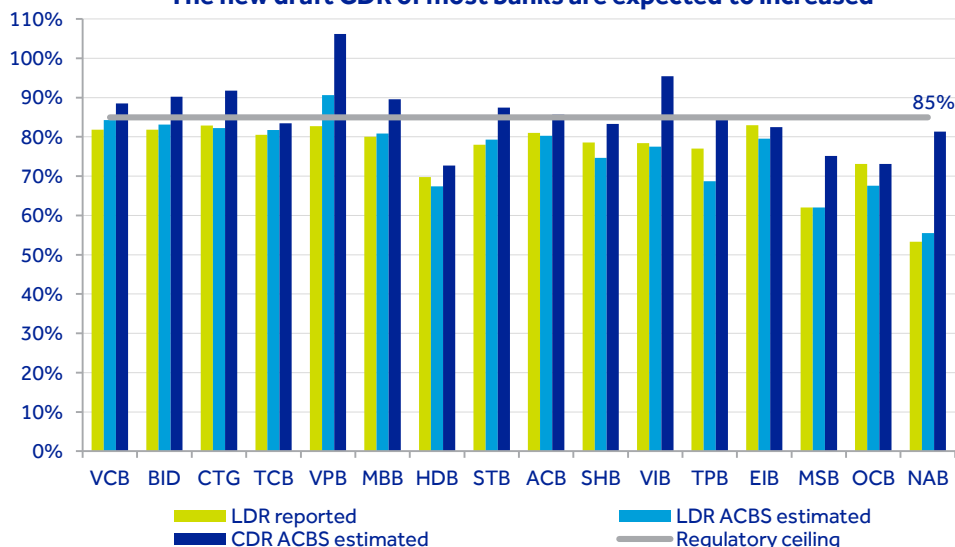
LDR (Circular 22/2019)	CDR (draft amendment)	ACBS assessment
Loans (L) = + Customer loans, excluding loans to credit institutions (CIs) + Entrusted lending to other CIs - Loans funded by entrusted sources - Foreign borrowings - SBV refinancing borrowings	Credit (C) = + Total credit exposure to customers, excluding loans to CIs + Corporate bonds + Entrusted lending to other CIs - Loans funded by entrusted sources - Foreign borrowings - SBV refinancing borrowings - Equity, excluding fixed assets and equity investments	<ul style="list-style-type: none"> The inclusion of corporate bonds slightly increases C. The exclusion of equity significantly reduces C. <p>=> Overall impact: C decrease</p>
Deposits (D) = + Deposits from individuals and organizations, including deposits from other CIs + Certificates of deposit and bank bonds issued - State Treasury deposits - Margin deposits and dedicated funds	Deposits (D) = + Deposits from individuals and organizations, EXCLUDING deposits from other CIs + Certificates of deposit and bank bonds issued - 80% of term deposits from the State Treasury - Margin deposits and dedicated funds	<ul style="list-style-type: none"> Excluding deposits from other CIs materially reduces D, resulting in a significantly higher CDR. Including 20% of term deposits from the State Treasury slightly increases D for state-owned banks, leading to a modest reduction in CDR. <p>=> Overall impact: D decrease materially</p>

Source: SBV, ACBS

(*): **Green:** Decreases the numerator C, decreases the denominator D;
Red: Increases the numerator C, decreases the denominator D

Overall, the CDR ratio is expected to **increase** relative to the previous LDR ratio, mainly because deposits from other credit institutions are no longer included in denominator D. We estimate that the CDR ratios of most banks would rise and could potentially exceed the 85% regulatory ceiling if banks do not adjust their funding structures accordingly.

The new draft CDR of most banks are expected to increased



Source: Banks, ACBS estimates based on Q1 2026 reports of banks

We estimate that several tier-2 banks appear to experience a significantly larger increase in CDR compared to their previous LDR ratios, including VPB, VIB, MBB, CTG, BID, STB, and NAB. Meanwhile, the differences between the two methodologies are relatively limited at some banks such as ACB, VCB, HDB, TCB, and OCB.

Nevertheless, **banks will be exempt from complying with the CDR ratio as well as the short-term funding for medium and long-term lending ratio if they achieve early compliance with LCR and NSFR at the 100% level.** This mechanism is expected to accelerate the banking sector's transition toward international standards. In practice, many large banks are already pursuing Basel III compliance targets.

The new framework also helps reduce reliance on the more "mechanical" prudential rules previously applied, particularly the short-term funding for medium- and long-term lending ratio. As a result, medium and long-term deposit rates – which currently remain elevated at around 8–9% at many banks – could see additional room for moderation in the coming period.

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BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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