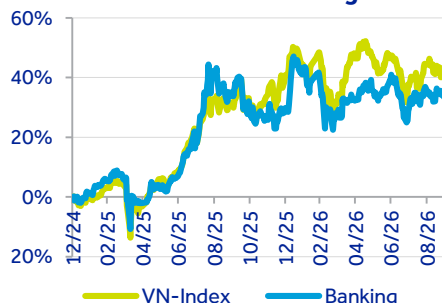


Hung Cao, CFA

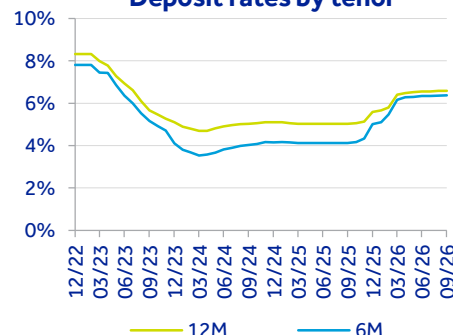
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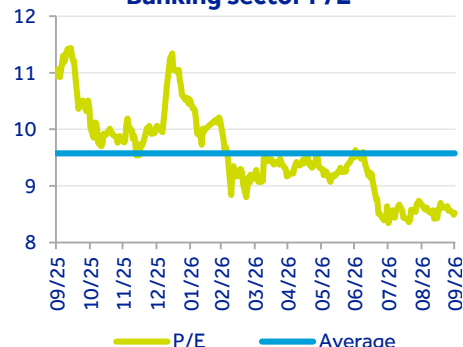
VN-Index vs Banking



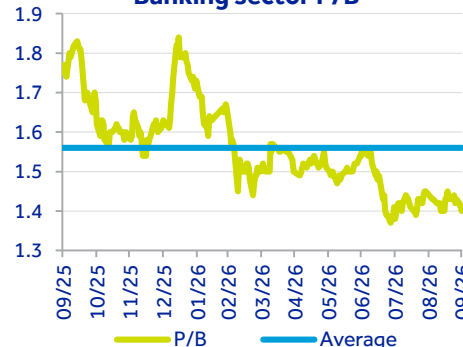
Deposit rates by tenor



Banking sector P/E



Banking sector P/B



CIRCULAR 50/2026 REPLACES CIRCULAR 22/2019: MORE RELAXED THAN THE PREVIOUS DRAFT

On 30 September 2026, the State Bank of Vietnam (SBV) issued Circular 50/2026, replacing Circular 22/2019 on prudential limits and ratios in banking operations, effective from December 2026.

Circular 50/2026 is much looser than the April 2026 draft: the LDR cap rises from 85% to 95%, net interbank borrowings are added to the denominator, and the LCR roadmap is extended by two years, taking effect in 2028. Although the new LDR formula is 3–13 ppts higher than the current one, the 95% cap keeps 8/9 banks under our coverage within the limit. The Circular encourages early adoption of LCR and NSFR, moving closer to international standards (Basel III). Overall, compliance pressure on banks eases, creating room for interest rates to cool down going forward.

In detail, the Circular raises the LDR cap to 95%, revises its formula and officially introduces the Basel III ratios: **LCR**, **NSFR** and **LEV**.

LDR remains loans over deposits, but the denominator (D) is redefined towards stable funding. Deposits from other credit institutions (CIs) are excluded and replaced by net interbank borrowings. Bonds count only if they qualify as Tier 2 capital. In return, D now includes equity (net of fixed assets and equity investments), while State Treasury term deposits still count at only 20%.

LCR is the ratio of high-quality liquid assets (HQLA) to 30-day net cash outflows. Level 1 HQLA comprises cash, SBV deposits and government bonds, but not deposits at other CIs. Retail VND term deposits with over 30 days remaining are excluded from outflows if early withdrawal earns only the demand deposit rate.

NSFR is the ratio of available stable funding (ASF) to required stable funding (RSF). Equity and funding over 1 year are weighted at 100%, retail deposits at 90–95% and corporate deposits under 1 year at 50%, while CI funding under 6 months is excluded. Loans over 1 year carry RSF factors of 65–85%.

The **LEV** ratio (Tier 1 capital to total exposure) applies only if the SBV Governor so decides, instead of the 3% threshold in the draft.

Overall, the final Circular is **more relaxed** than the previous draft and phases in international standards via a roadmap, giving banks more time during the transition.

Although the new 95% LDR cap allows most banks to comply, we believe listed **large banks** are likely to fully meet (100%) the above liquidity ratios (LCR and NSFR) early and thereby be exempt from the LDR and the ratio of short-term funding for medium- and long-term lending. Meanwhile, **smaller banks** that cannot comply with the new standards early still have a fairly long transition period.

The relaxation versus the previous draft eases compliance pressure on banks, thereby creating room to **lower interest rates** and **improve credit growth** going forward.

Roadmap for the new liquidity ratios

Banks must meet the minimum thresholds under the following roadmap, from 1 October of each year:

	2028	2029	2030	2031	2032	2033
LCR	50%	60%	70%	80%	90%	100%
NSFR	90%	95%	100%			

Source: SBV

Banks may register for early adoption of LCR and NSFR under the roadmap (before 1 January 2028) or at the 100% threshold (before 1 January 2033). Upon switching to the new framework, the ratio of short-term funding for medium- and long-term lending (currently 40%) is waived, and the LDR is waived once both LCR and NSFR reach 100%, although periodic reporting is still required.

The **LEV** ratio (Tier 1 capital to total exposure) applies only if the SBV Governor so decides, instead of the 3% threshold in the draft.

The final LDR formula is more relaxed than the previous draft

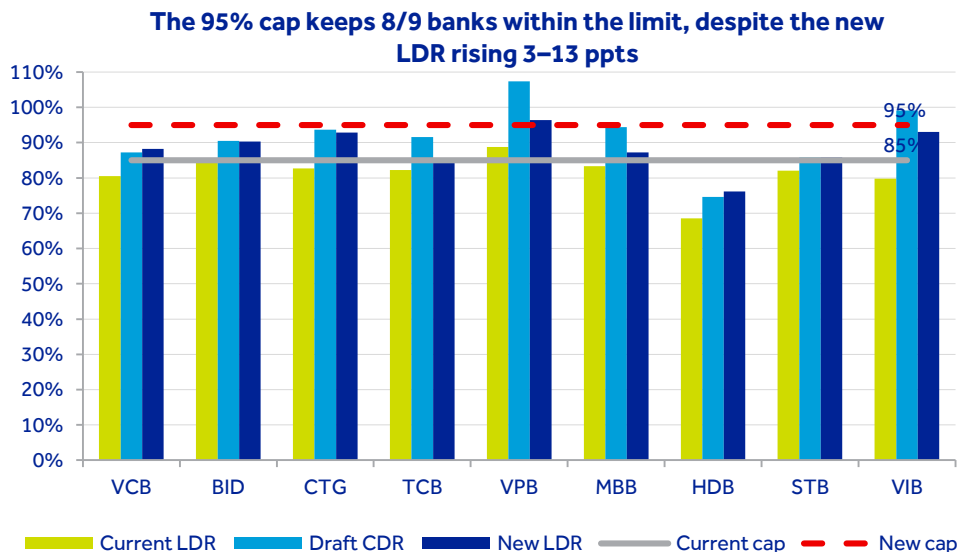
Compared to the draft, the SBV retains the LDR name and shifts most of the adjustments to the denominator. The differences between the two formulas are shown in the table below:

Current LDR (85% cap)	New LDR (95% cap)	ACBS assessment
Loans (L) = + Customer loans, excluding loans to CIs + Funds entrusted to other CIs for credit extension - Credit extended from entrusted funds - Foreign borrowings - SBV refinancing loans	Loans (L) = + Customer loans (including those funded by entrusted funds where the bank bears the risk), excluding loans to CIs + Funds entrusted to other CIs for lending - SBV refinancing loans not for liquidity support	- Foreign borrowings are now added to D instead of deducted from L. - Other credit extensions (discounting, payment on behalf) and corporate bonds are now deducted from D. => Overall, L is virtually unchanged.
Deposits (D) = + Deposits from individuals and organisations, including deposits from other CIs + Certificates of deposit and bonds issued by the bank + 20% of State Treasury term deposits (Circular 25/2026) - Margin deposits and dedicated funds	Deposits (D) = + Deposits from individuals and organisations (incl. CDs), EXCLUDING other CIs + Net borrowings (if positive) from other CIs + Bonds only if qualifying as Tier 2 capital , foreign borrowings + 20% of State Treasury term deposits + Equity (net of fixed assets and equity investments) and retained earnings - Corporate bond holdings and other credit extensions - Margin deposits and dedicated funds	- Replacing deposits from other CIs with net borrowings raises the LDR by 8–26 ppts, most notably at VIB, VPB and CTG. - Adding equity lowers the LDR by 6–13 ppts, most notably at TCB and VPB. - State Treasury deposits are still counted at 20%, unchanged from the current rule. => D decreases and the LDR rises by 3–13 ppts, but the cap is raised to 95%.

Source: SBV, ACBS

(*): **Green**: reduces LDR, **red**: increases LDR

Overall, the LDR under the new formula will **increase**, mainly because deposits from other CIs are replaced by net interbank borrowings. However, with the 95% cap, only VPB exceeds the threshold by our estimates, while VIB and CTG are close to the cap (~93%).



Source: Banks, ACBS estimates based on 2Q26 financial statements (HDB: 1Q26, VPB: separate), which may differ from figures reported by the banks.

The LDR rises the most at net interbank placers or banks with large two-way interbank borrowing/lending, such as VIB (+13.3 pts), CTG (+10.1 pts), VCB (+7.7 pts) and VPB (+7.7 pts), while TCB, STB and MBB see the smallest increases (3.2–3.9 pts). For TCB, MBB and VPB, if most of their issued valuable papers are ordinary bonds that do not qualify as Tier 2 capital, the new LDR could reach 105–112%, exceeding the 95% cap.

Circular 50/2026 has an insignificant overall impact on banks' earnings outlook

We view the new Circular as relaxed for banks registering early for LCR/NSFR. Raising the LDR cap and removing the ratio of short-term funding for medium- and long-term lending significantly ease liquidity constraints for banks.

In return, the LCR framework raises demand for government bonds. Currently, cash, SBV deposits and government bonds account for only 3–11% of total assets across the 9 banks, while deposits at other CIs (6–23% of total assets) are not counted as HQLA. **We expect liquidity to partly shift from interbank deposits to government bonds and T-bills, boosting demand for government bonds and supporting funding for public investment.**

Nearly equal ASF factors for retail deposits across all tenors give medium- and long-term deposit rates more room to ease, while corporate bonds become less attractive as they are deducted from the LDR denominator.

Bank	New LDR	CI funding/ total funding	Retail deposits/ customer deposits	Level 1 HQLA/ total assets	Equity/ total assets	MLT loans/ total loans
VCB	88.2%	17.1%	48.7%	6.3%	9.4%	44%
BID	90.3%	11.7%	49.9%	7.1%	5.8%	39%
CTG	92.8%	17.5%	48.1%	4.8%	6.8%	37%
TCB	85.5%	15.7%	59.4%	11.2%	14.8%	59%
VPB	96.4%	26.2%	58.5%	4.0%	11.9%	60%
MBB	87.2%	19.0%	58.2%	5.5%	9.0%	50%
HDB	76.2%	17.4%	79.5%	5.7%	8.5%	50%
STB	85.8%	11.2%	80.2%	9.4%	7.0%	40%
VIB	93.0%	27.3%	62.9%	3.1%	8.2%	59%

Source: Banks, ACBS estimates.

For individual banks, we have not revised our earnings forecasts as the impact on business results is insignificant. In the long term, banks with a high share of retail deposits and large HQLA holdings, such as STB and TCB, are better positioned for the transition to LCR/NSFR. Conversely, VIB and VPB face pressure as their new LDRs are close to or above the 95% cap, CI funding accounts for 26–27% of total funding and Level 1 HQLA is only 3–4% of total assets. CTG barely benefits (new LDR of 92.8%, near the cap), while BID, despite the LDR relief, remains constrained by the lowest equity ratio in the group (5.8% of total assets).

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OUR RECOMMENDATION SYSTEM

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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