

Securities Sector: 3M2025 Update

Momentum Builds on Market Optimism; Funding Stability Set to Improve

The securities sector began 2025 with strong tailwinds. Buoyant market sentiment fueled a surge in trading volumes, boosting earnings from margin lending and proprietary investments. Asset quality showed signs of stabilization, supported by a slowdown in bond defaults. Liquidity conditions remained broadly steady, despite increased reliance on short-term funding. Looking ahead, we expect a modest improvement in credit fundamentals, underpinned by resilient profitability from margin lending and bond distribution, particularly private bank-affiliated firms.

● Improved
 ● Stable
 ● Deteriorated

Factors Trend

Key highlights



Asset
Quality



Sector asset risk stabilized from slower bond defaults

- The sector exposure to higher-risk assets declined from 21% in 2024 to 19% in 1Q2025, led by reduced corporate bond holdings among major players like MBS and TCBS.
- Some private-bank affiliated firms ramped up margin lending to large clients, raising concentration risks. That said, asset risks remain broadly intact, supported by strong collateral buffers.
- We expect sector asset risk to remain broadly stable through 2025, as easing bond defaults help contain downside risks in corporate bond portfolios



Profitability



Robust market sentiment and elevated trading activity drive earnings upside

- Sector return on average assets (ROAA) rose to 4.2% in 1Q2025 from 3.7% in 4Q2024, driven by stronger income from margin lending and proprietary investments.
- Large firms recorded strong gains in key revenue streams – MBS from margin lending, SSI from fixed-income gains, and TCBS from bond advisory fees.
- ROAA for small and mid-sized firms (CTS, VIX, VDS) jumped 390 bps quarter-on-quarter to 5.5%, supported by rising equity investment income amid improving market valuations.
- Of the 30 firms covered, we note that ORS was the only firm that posted a net loss for Q12025, stemming from investment losses in equity and corporate bonds
- We expect private bank-affiliated firms to lead sector profit growth in 2025, leveraging their parent bank's networks and capital to scale margin lending and bond distribution, capitalizing on favorable market conditions.



Leverage



Leverage rises to fuel business expansion, led by bank-affiliated firms

- Sector leverage rose to 2.4x in 1Q2025 from 2.2x at end-2024, reflecting increased borrowings to support business growth, particularly in margin lending and fixed-income operations.
- Several bank-linked firms boosted short-term bank borrowings to scale fixed-income activities (e.g., LPBS), margin lending (e.g., VPBANKS, VCBS), and client receivables (e.g., ORS).
- Firms nearing regulatory thresholds—such as HCM (margin lending) and VND (bond investments)—will require fresh capital to sustain growth. ACBS was the only firm to raise capital in 3M2025, increasing its equity base by 30%.
- We expect sector leverage to stabilize over 2025 as more firms (e.g., LPBS, TCBS, KAFI, ORS, VDS) execute capital raising plans to support expansion while maintaining regulatory headroom.



Funding &
Liquidity



Sector liquidity remained broadly stable in 1Q2025, even as reliance on short-term funding increased

- Sector liquidity inflows/outflows deteriorated to 102% in 1Q2025 from 108% in 2024, reflecting higher short-term borrowings by firms such as LPBS, VCBS, VPBANKS, and ORS.
- Liquidity risks for these firms remain manageable, backed by expanded credit facilities from local banks.
- Long-term bond issuance by VPSS and DSE improved their funding stability and reduced refinancing risk.
- We expect more firms, such as ORS, TCBS, to issue new long-term bonds over 2025, further strengthening their funding profiles.

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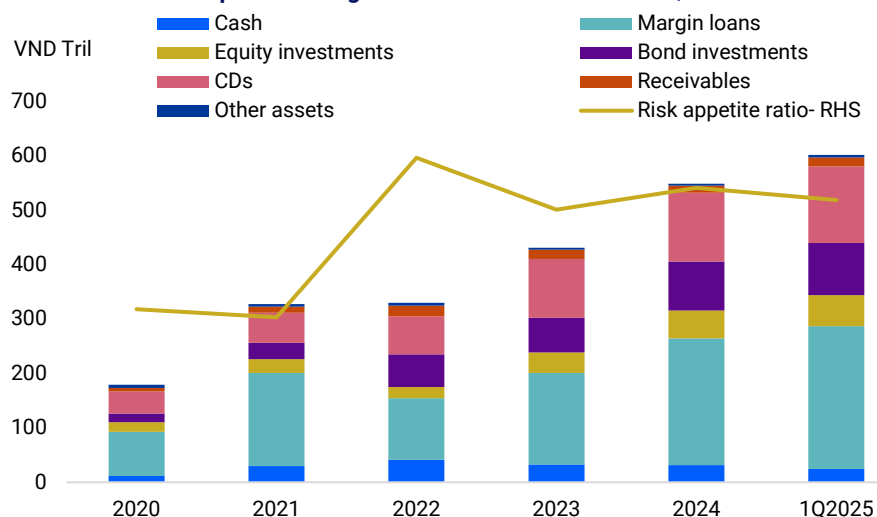
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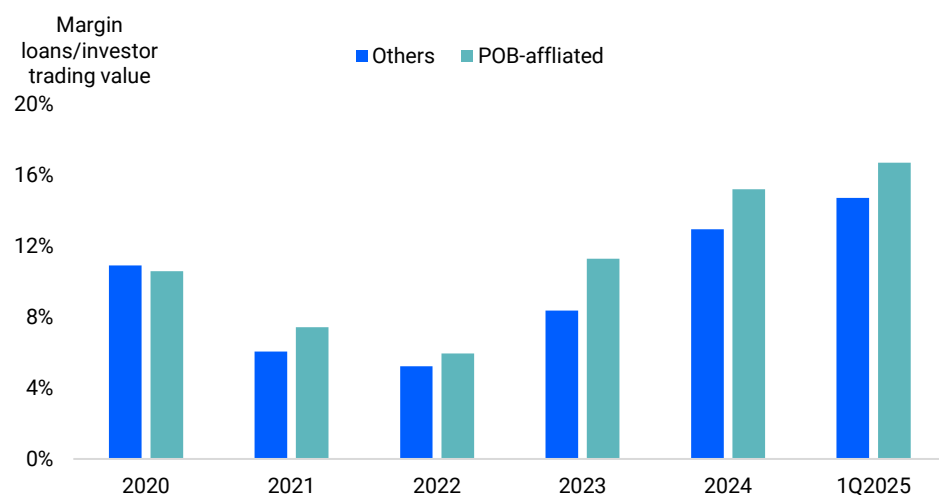
Sector asset risk stabilized from slower bond defaults

Exhibit 1: Sector exposure to higher-risk assets declined in 1Q2025



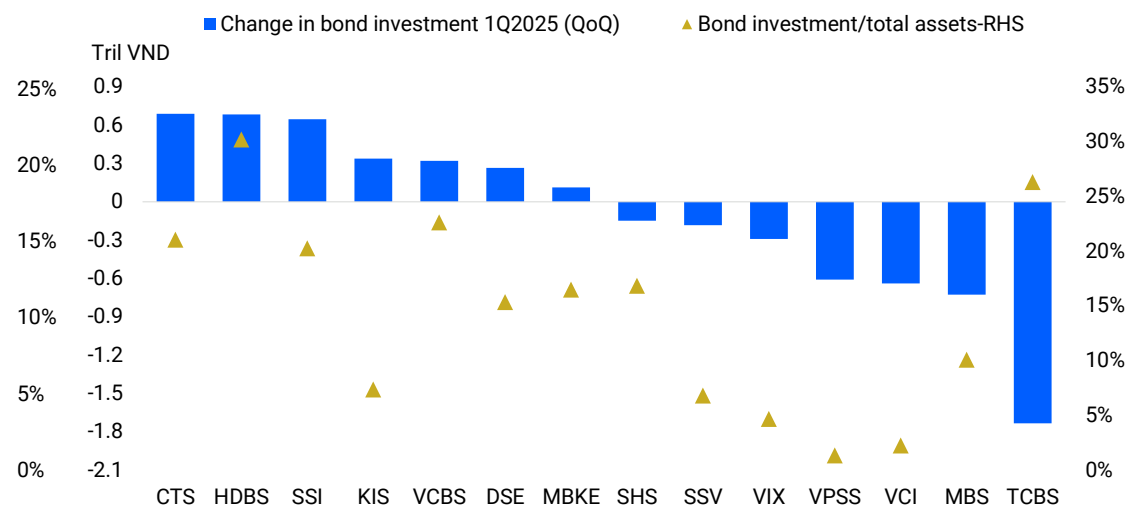
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets
Risk appetite ratio is calculated as total higher-risk assets, including corporate bonds, unlisted shares, overdue margin loans and receivables, and off-balance sheet exposures, divided by tangible assets.
Source: Company data, VIS Rating

Exhibit 3: Exposure to event risk remains high for private-bank affiliated firms



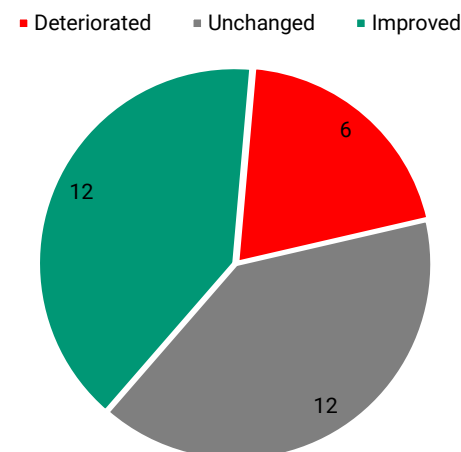
Source: Company data, VIS Rating

Exhibit 2: Large firms reduced corporate bond holdings



Note: Refer to the Appendix for the full name of securities firms
Source: Company data, VIS Rating

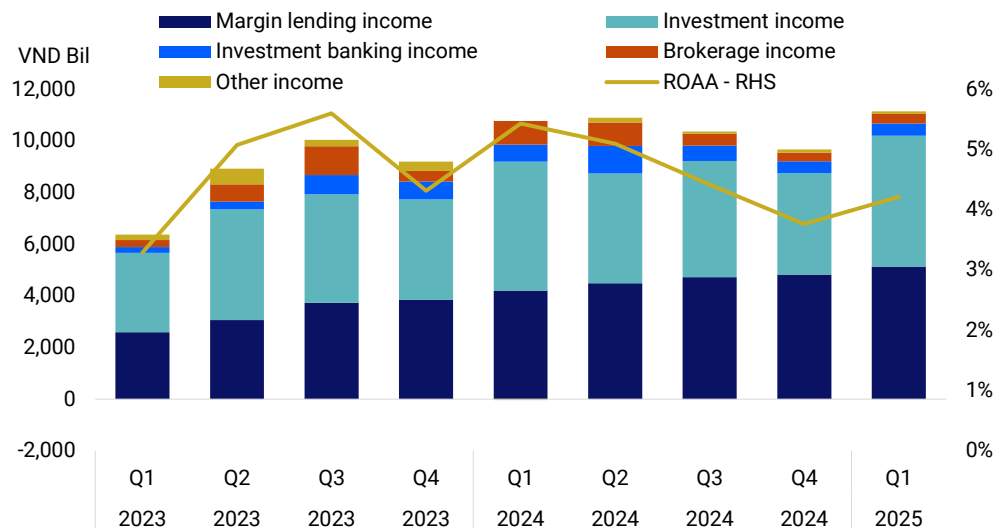
Exhibit 4: Asset risk improved for several large firms from lower corporate bond holdings and slower bond defaults



Source: VIS Rating

Robust market sentiment and elevated trading activity drive earnings upside

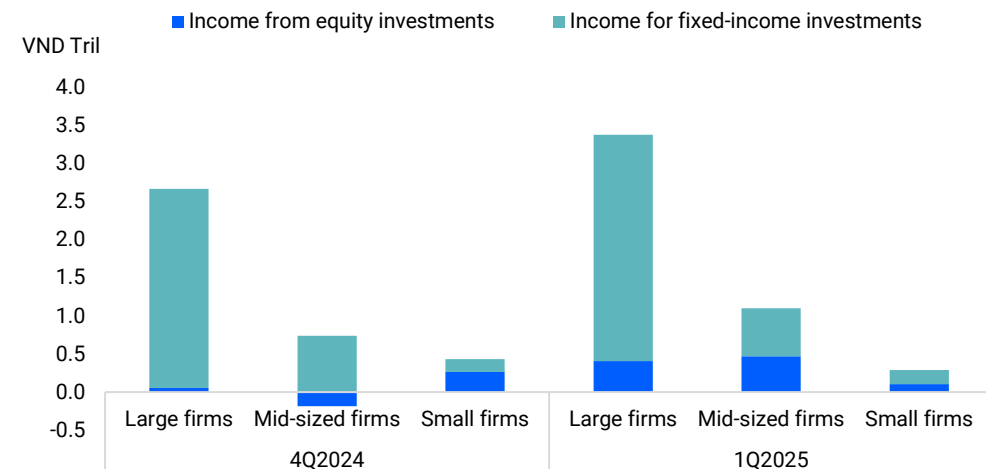
Exhibit 5: Sector profits improved, driven by stronger income from margin lending and proprietary investments



Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets

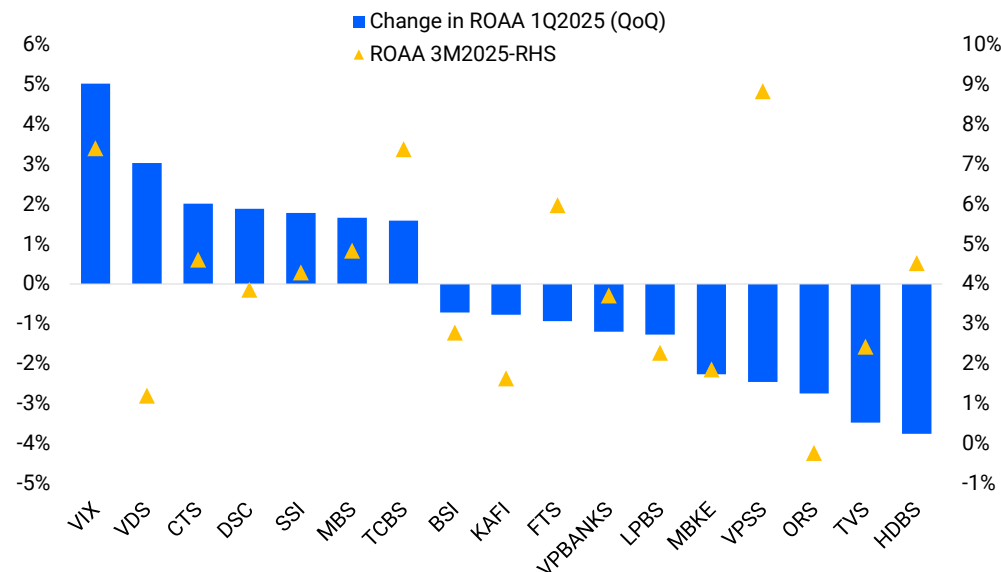
Source: Company data, VIS Rating

Exhibit 7: Mid-sized firms benefited from higher equity investment income amid improving market valuations



Source: Company data, VIS Rating

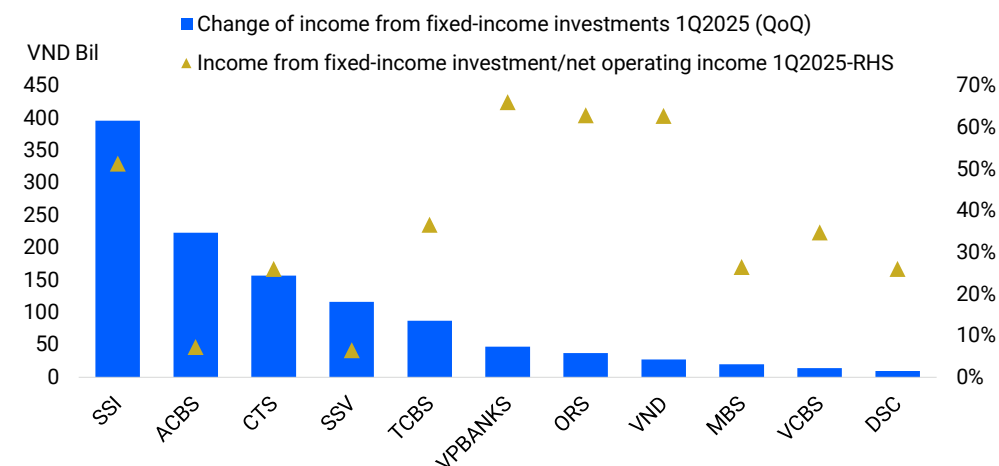
Exhibit 6: Large firms and mid-sized firms led the profit growth in 1Q2025



Note: Refer to the Appendix for the full name of securities firms

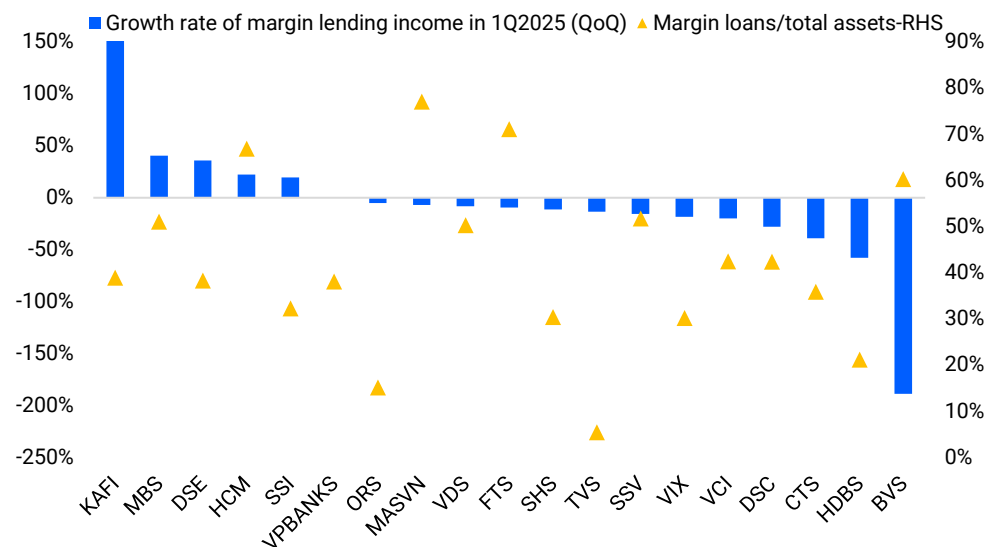
Source: Company data, VIS Rating

Exhibit 8: Large firms record higher fixed-income investment gains



Note: Refer to the Appendix for the full name of securities firms

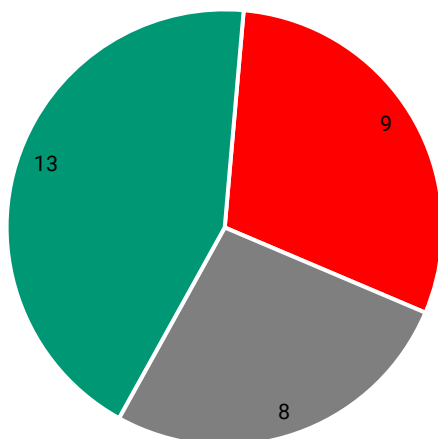
Source: Company data, VIS Rating

Exhibit 9: Several large firms also benefited from higher margin lending income

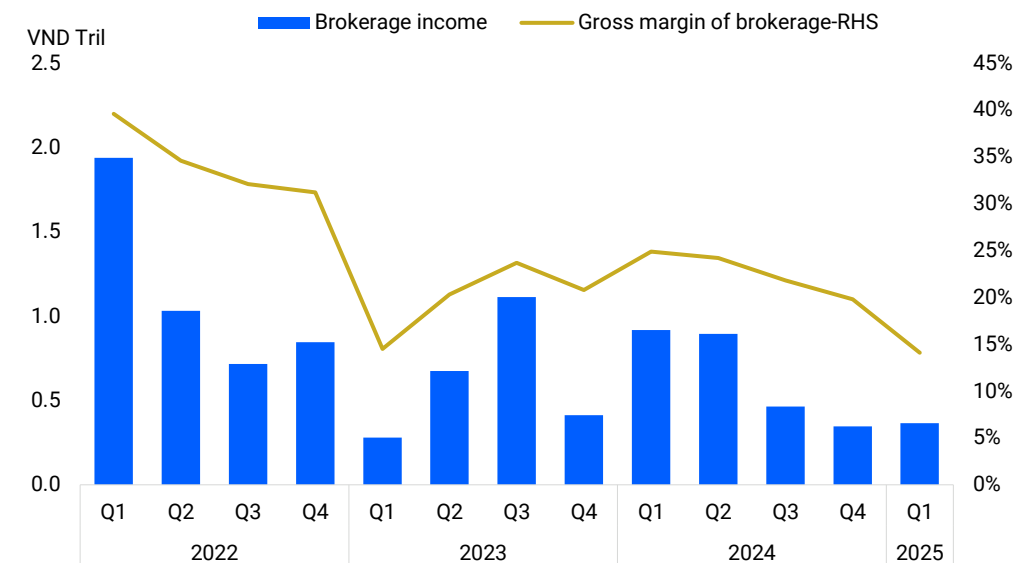
Source: Company data, VIS Rating

Exhibit 11: Large firms and mid-sized firms improved profitability profiles in 1Q2025

■ Deteriorated ■ Unchanged ■ Improved



Source: Company data, VIS Rating

Exhibit 10: Brokerage income remains low driven by fee competition

Source: Company data, VIS Rating

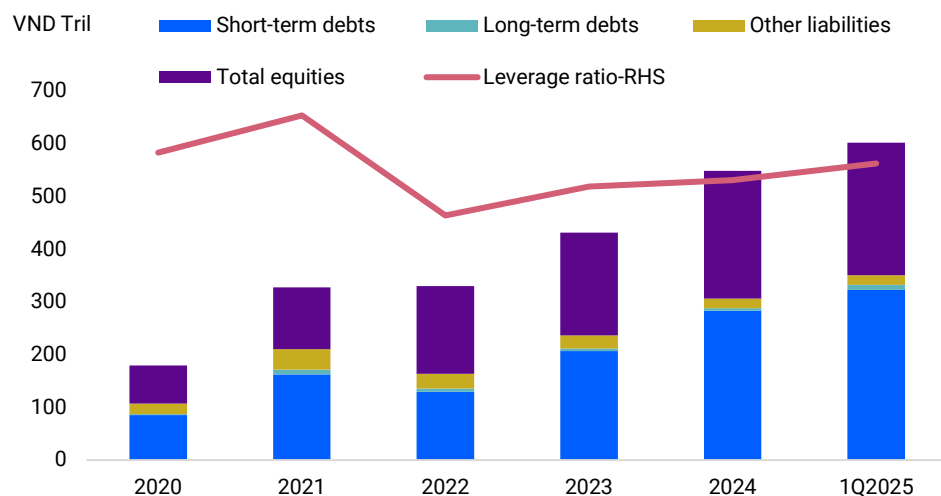
Exhibit 12: Majority of firms are on track to achieve their target

Note: Refer to the Appendix for the full name of securities firms

Source: Company data, VIS Rating

Leverage rises to fuel business expansion, led by bank-affiliated firms

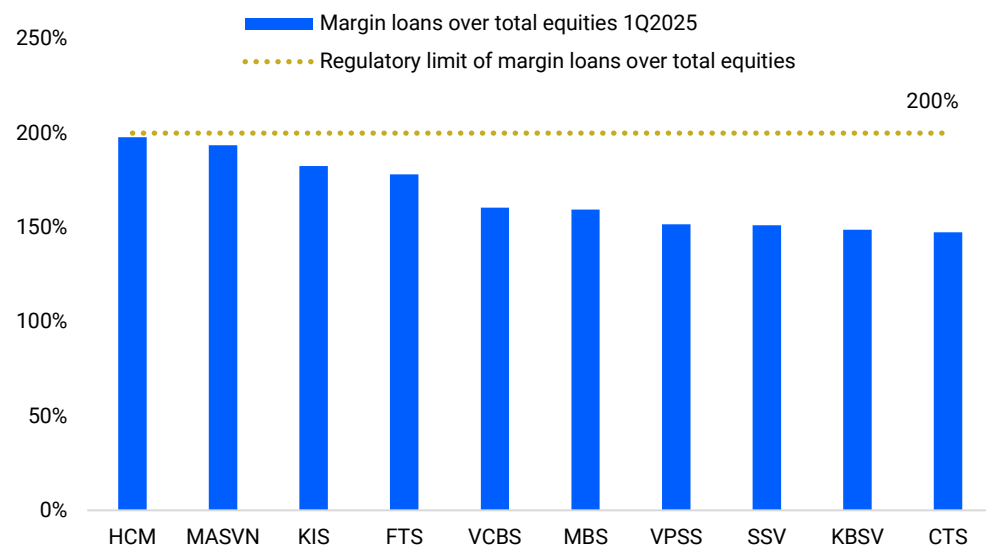
Exhibit 13: The sector leverage increased in 1Q2025 ...



Data includes top 30 securities firms by assets, covering around 90% of total sector assets

Source: Company data, VIS Rating

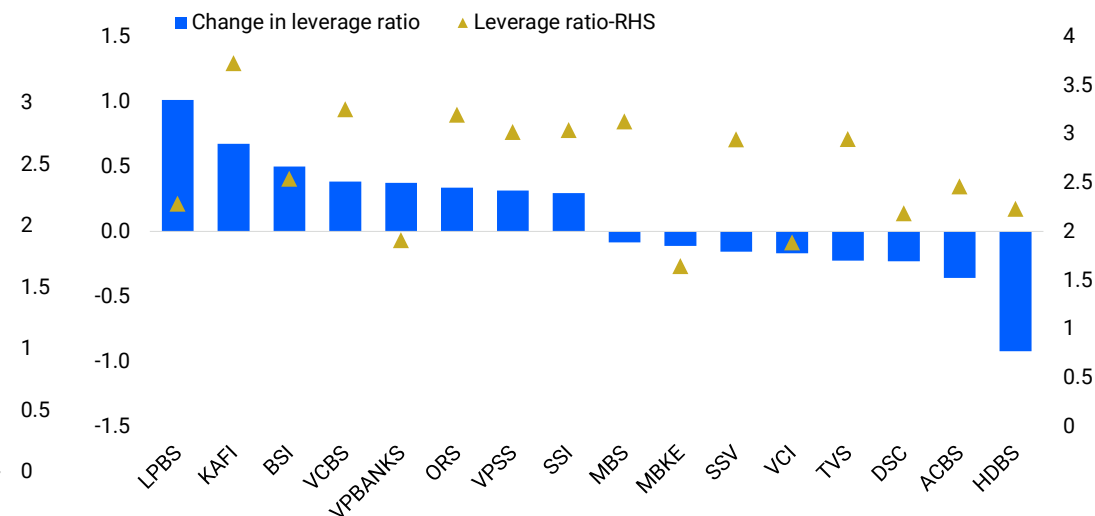
Exhibit 15: Firms nearing regulatory thresholds will require fresh capital to sustain growth



Note: Refer to the Appendix for the full name of securities firms

Source: Company data, VIS Rating

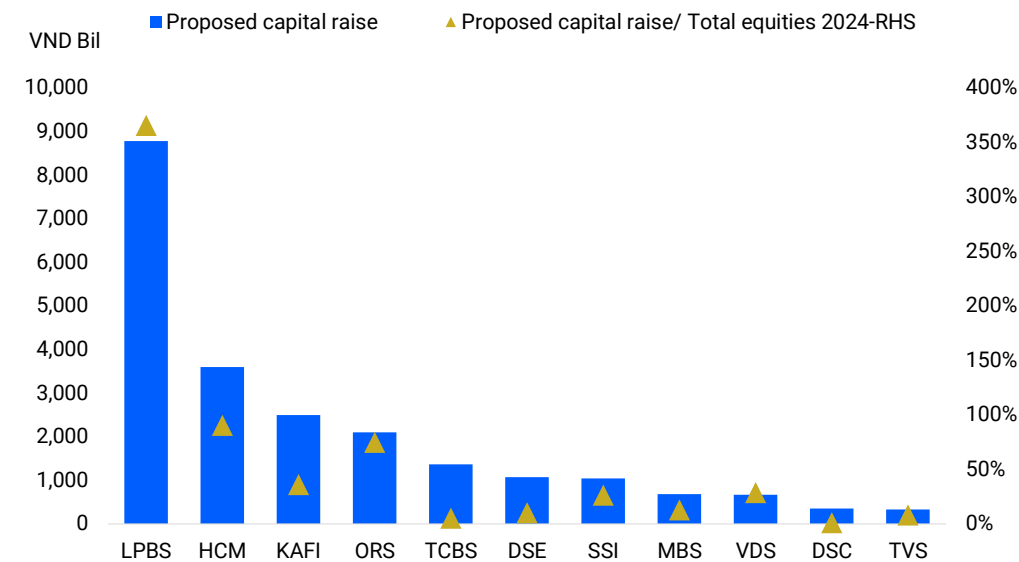
Exhibit 14: ...led by bank-affiliated firms



Note: Refer to the Appendix for the full name of securities firms

Source: Company data, VIS Rating

Exhibit 16: Proposed capital raises mostly come from bank-affiliated firms

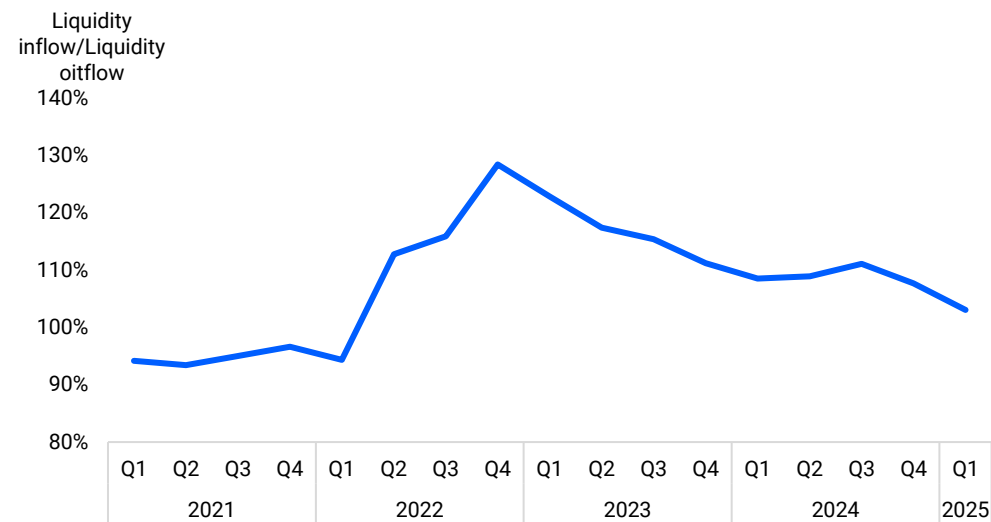


Note: Refer to the Appendix for the full name of securities firms

Source: Company data, VIS Rating

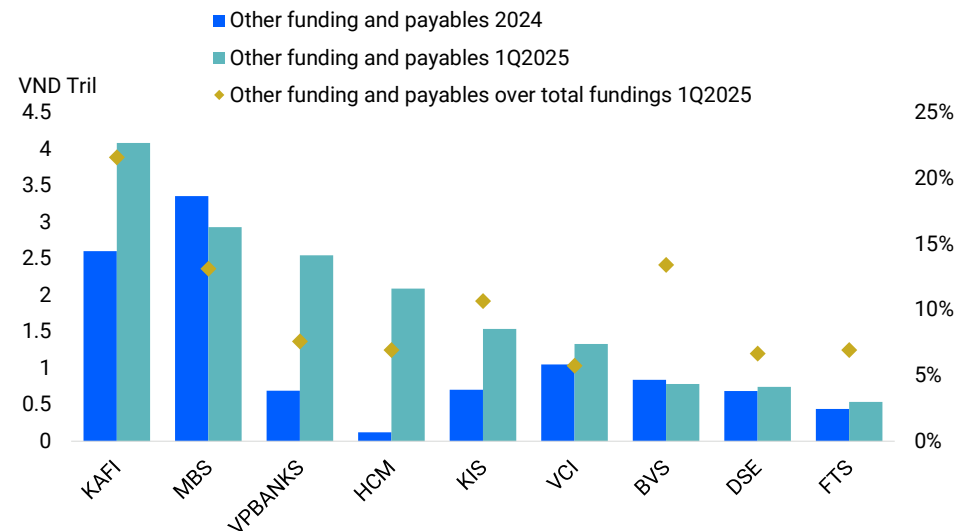
Sector liquidity remained broadly stable in 1Q2025, even as reliance on short-term funding increased

Exhibit 17: Sector liquidity inflows/outflows deteriorated in 1Q2025



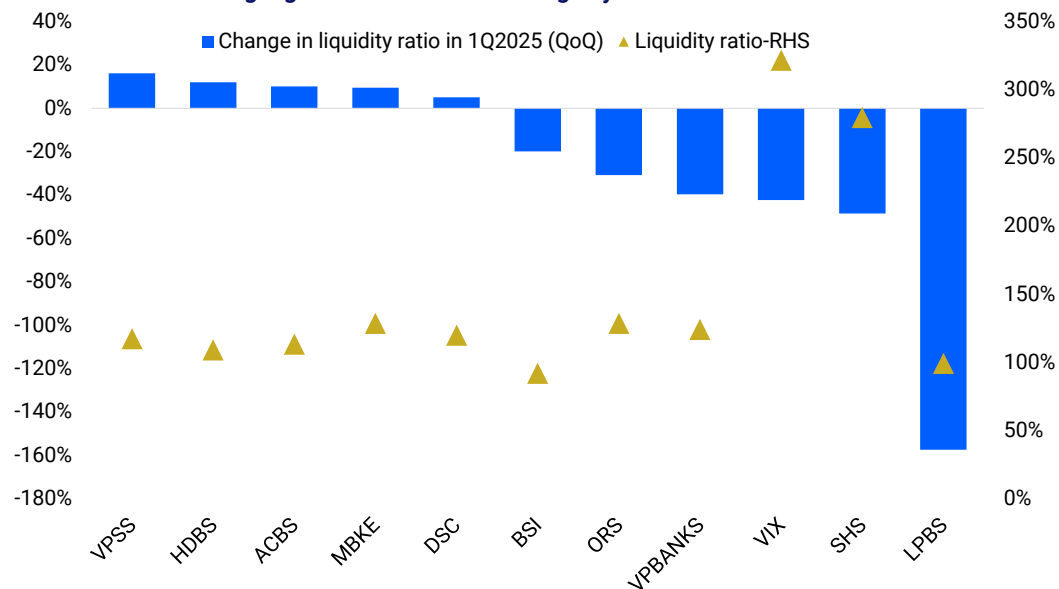
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets
Source: Company data, VIS Rating

Exhibit 19: Several firms increased borrowings from customers



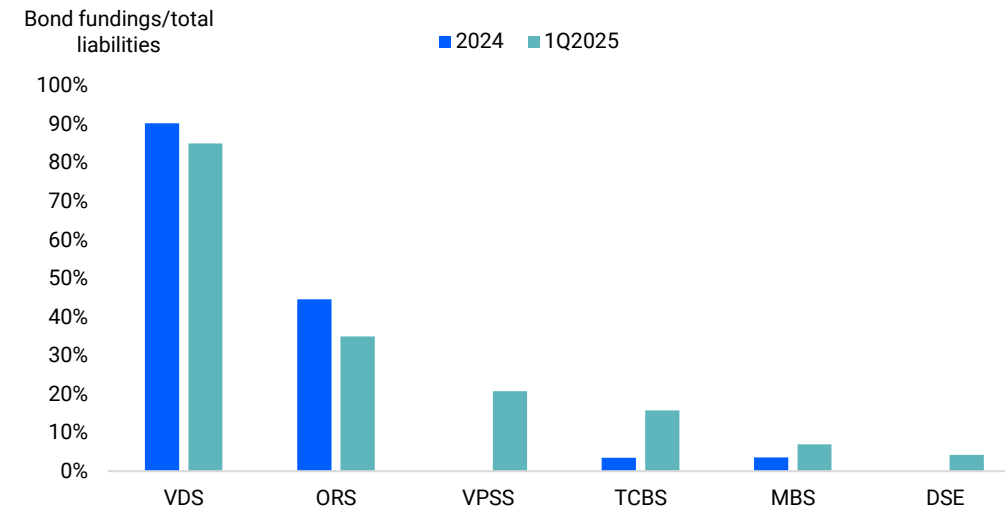
Note: Refer to the Appendix for the full name of securities firms
Source: Company data, VIS Rating

Exhibit 18:... reflecting higher short-term borrowings by firms affiliated with banks



Note: Refer to the Appendix for the full name of securities firms
Source: Company data, VIS Rating

Exhibit 18: Firms improve their funding stability through higher long-term bond issuance



Source: Company data, VIS Rating

APPENDIX

The firms included in our analysis are as follows:

	Short name	Full name	Classification
1	SSI	SSI Securities Corporation	Large firm
2	TCBS	Techcom Securities Joint Stock Company	Large firm
3	VND	VNDirect Securities Corporation	Large firm
4	VPBANKS	VPBank Securities Joint Stock Company	Large firm
5	VPSS	VPS Securities Joint Stock Company	Large firm
6	MASVN	Mirae Asset Securities Joint Stock Company	Large firm
7	HCM	Ho Chi Minh City Securities Corporation	Large firm
8	VCI	Vietcap Securities Joint Stock Company	Large firm
9	MBS	MB Securities Joint Stock Company	Large firm
10	TVS	Thien Viet Securities Joint Stock Company	Large firm
11	KBSV	KB Securities Vietnam Joint Stock Company	Mid-sized firm
12	ACBS	ACB Securities Ltd., Co	Mid-sized firm
13	VCBS	Vietcombank Securities Company, Ltd.	Mid-sized firm
14	SHS	Saigon - Hanoi Securities Joint Stock Company	Mid-sized firm
15	KIS	KIS Vietnam Securities Corporation	Mid-sized firm
16	VIX	VIX Securities Joint Stock Company	Mid-sized firm
17	CTS	Vietnam Bank For Industry & Trade Securities Joint Stock Company	Mid-sized firm
18	BSI	BIDV Securities Joint Stock Company	Mid-sized firm
19	FTS	FPT Securities Joint Stock Company	Mid-sized firm
20	DSE	DNSE Securities Joint Stock Company	Mid-sized firm
21	ORS	Tien Phong Securities Corporation	Small firm
22	SSV	Shinhan Securities Vietnam Co., Ltd.	Small firm
23	KAFI	KAFI Securities Joint Stock Company	Small firm
24	BVS	Baoviet Securities Company	Small firm
25	VDS	Viet Dragon Securities Corporation	Small firm
26	MBKE	Maybank Securities Limited	Small firm
27	YSVN	Yuanta Securities Vietnam Limited Company	Small firm
28	DSC	DSC Securities Corporation	Small firm
29	PHS	Phu Hung Securities Corporation	Small firm
30	TVSI	Tan Viet Securities Joint Stock Company	Small firm

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