RATING ANNOUNCEMENT
02 October 2025

VIS Rating assigns first-time A issuer rating to Saigon – Hanoi Securities Joint Stock Company, stable outlook

Hanoi, 02 October 2025 - VIS Rating has assigned a long-term issuer rating of A to Saigon – Hanoi Securities Joint Stock Company (SHS). The outlook on SHS's A issuer rating is stable. This is the first time VIS Rating has assigned a rating to SHS.

RATING RATIONALE

The A long-term issuer rating reflects SHS's above-average standalone assessment and our low expectation of extraordinary support from affiliates or the government. SHS's standalone assessment is underpinned by its strong leverage, funding, and liquidity metrics, alongside average profitability and risk appetite compared to industry peers.

Established in 2007, SHS is a mid-sized, privately held securities firm with total assets of VND 17 trillion as of June 30, 2025. Distinct from most securities firms in Vietnam, which emphasize equity brokerage and margin lending activities, SHS maintains a strategic focus on proprietary trading in equities and corporate bonds. Since 2024, the firm has expanded its brokerage and margin lending activities in response to improved market sentiment and outlook. As of 1H2025, investment and trading assets comprised 53% of SHS's total assets, followed by margin loans (36%) and Certificate of Deposits (CDs) (4%). SHS's largest shareholder is T&T Group Joint Stock Company, a leading multi-sector private conglomerate in Vietnam, holding a 5.6% stake.

SHS's 'Strong' leverage position is a key credit strength. The firm has consistently maintained one of the lowest leverage ratios[1] in the sector, averaging 1.3x over the past three years - significantly below the industry average of 2.4x - supported by substantial capital injections and limited reliance on external borrowings. Over the past five years, SHS has raised nearly VND 5.4 trillion through two new equity raising exercises. Capital has primarily been allocated to proprietary trading in equities and bonds.

Over the next 12-18 months, SHS plans to expand its brokerage and margin lending activities to diversify key business lines and reduce reliance on proprietary trading. According to the management, the expansion strategy focuses on leveraging the nationwide network of Saigon Hanoi Commercial Joint Stock Bank (SHB) to extend its reach to retail customers, as well as utilizing its investment advisory capabilities to grow and increase wealth management service fees.

In 2025, SHB began its collaboration with SHS to expand its products and services offerings, boost fee-based income, and unlock customer synergies to strengthen bank group ecosystem.

SHS targets to grow its total assets by 50% over 2H2025 – 2026 period, with more than 40% of the growth allocated to margin lending. We expect its leverage ratio to remain low and stable over the next 12–18 months, supported by plans to raise new capital and borrowings.

We assess SHS's profitability as 'Average', driven primarily by a strong return on average assets (ROAA) of 7.7% over the 2021–2025 period, outperforming the industry average of 5.1%. This performance stems from trading gains in blue-chip equity investments. Investment income contributed over half of SHS's operating profit – higher than the industry average of nearly 40%, followed by margin lending (39%) and brokerage (7%).

However, this reliance on market-sensitive investment income has led to elevated pre-tax earnings volatility (1H2025: 61.5% vs. peer average of 49.1%) - a credit weakness.

To mitigate earnings volatility, SHS plans to shift its focus toward margin lending and invest in digitalization to enhance productivity and drive customer acquisition. Initiatives include launching the SH Advisor platform to deliver a comprehensive investment advisory and product offering to retail customers, a new trading system for institutional clients,

[1] Leverage ratio is calculated as tangible assets and off-balance-sheet exposures over tangible common equity

and leveraging SHB's physical network for cross-selling and corporate bond distribution. Despite these efforts, we anticipate that investment income will continue to be the dominant earnings driver in the near term.

We assess SHS's risk appetite at an 'Average' level, reflecting its sizeable exposure to higher-risk assets – 18% of total assets over the past three years, in line with its peers. These assets were mainly in the form of non-FI bonds, shares of unlisted corporations, as well as margin loans and receivables that remained unpaid long after their repayment due dates.

Over the past five years, we have observed that a small portion of SHS's bond and stock investments (accounting for nearly 3% of total assets as of 1H2025) is associated with several real estate and power companies that either defaulted on bond repayments in 2023–2024 or faced financial and legal issues in the first half of 2025. These financial difficulties had led to fluctuations in the market valuations of the affected corporations, subsequently resulting in some investment losses for SHS, for example, its VND 200 billion equity investment in Tracodi from 2022 to 1H2025.

Its lending activities – through business cooperation (BCC) receivables (originated by SHB Securities Joint Stock Company before SHS acquired the company in 2018) and margin loans – incurred credit losses from lending to illiquid margin tickers and sizeable exposures to large borrowers. The firm's 20 largest margin loans accounted for nearly 50% of its total margin loans as of 1H2025, which is higher than our rated peers. According to the management, as of 1H2025, its overdue loans and receivables included overdue BCC (2.7% of total assets) and overdue margin loans (0.7% of total assets) – all of which have been fully provisioned. We note that SHS offers margin loan facilities for nearly 380 stock tickers – higher than its industry peers; many of these tickers relate to small corporations with limited secondary market demand for their stocks.

Although SHS held a smaller share of the margin lending market than peers in 1H2025, management views expansion in this segment as pivotal to stabilizing its earnings. The firm plans to broaden its margin lending reach to mass retail clients, aiming to reduce concentration risk. This initiative is underpinned by cross-selling with SHB, an upgraded trading platform, and strengthened investment advisory capabilities to attract and retain customers. Concurrently, SHS continues to reinforce its risk controls through dynamic margin calls, internal client assessments, and proactive collateral top-ups, thereby mitigating credit losses.

In addition, it plans to divest its holdings in unlisted shares and develop its corporate bond distribution business to complement its bond investments. The firm also intends to grow its non-FI bond holdings, focusing on 1-3 year bonds in the renewable and real estate sectors. As of 1H2025, non-FI bonds accounted for only 10% of SHS's total bond investments.

Over the next 12-18 months, we expect SHS's business expansion plans may drive incremental asset risks. Moreover, the divestment of its equity investments may require prolonged negotiations with investors, which could potentially lead to investment losses.

We position SHS's funding and liquidity at 'Strong' level, supported by its low reliance on borrowings and substantial liquid asset buffers.

As of 1H2025, SHS held sizable marketable assets, including FI bonds (16% of total assets) and listed equities (33%), exceeding the industry average of 7%. Short-term borrowings accounted for 28% of funding, which is significantly below the industry average of 56%.

The firm's liquidity inflow-to-outflow ratio stood at 181%, well above industry average of 100%. SHS plans to issue up to VND 6.5 trillion in senior unsecured bonds during 2025–2026 to refinance short-term debt and support growth, thereby enhancing funding stability and reducing refinancing risk.

SHS's issuer rating does not incorporate uplift for affiliate and government support.

The outlook on SHS's long-term issuer rating is stable, reflecting our view that its leverage and liquidity profiles will remain robust as it executes its business expansion over the next 12-18 months.

Factors that could lead to an upgrade of the rating

SHS's A rating could be upgraded if (1) the firm demonstrates a meaningful and sustainable diversification of its business lines and income streams, for example, through more substantial income contribution from core margin lending and brokerage, and improves income stability; or (2) the firm further strengthens its loss-absorption buffers through sizable capital raising and maintains its leverage ratio at 1.1x or lower.

Factors that could lead to a downgrade of the rating

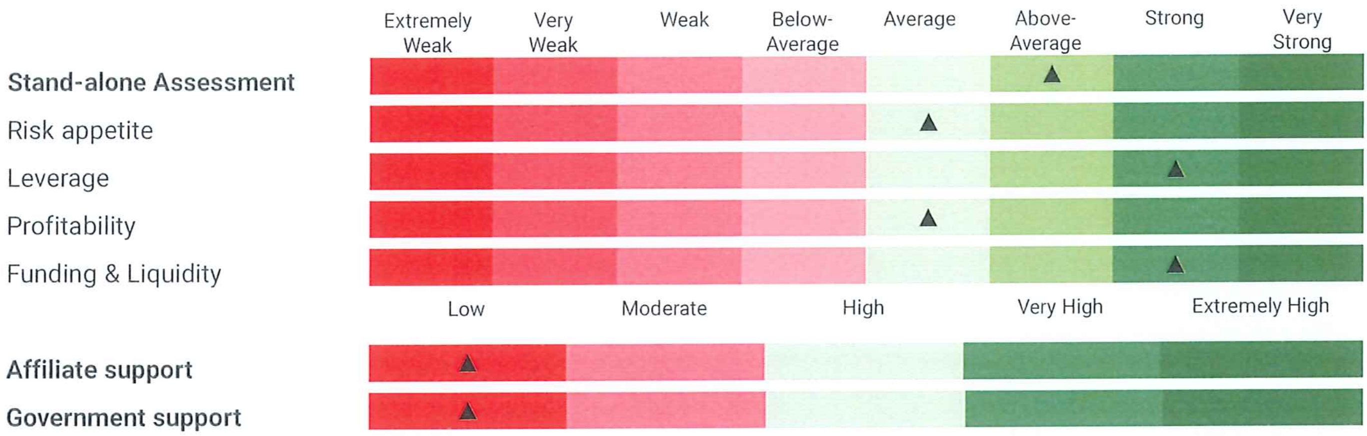
SHS's A rating could be downgraded if (1) we view the firm's risk appetite and the likelihood of balance sheet losses to increase, for example through rapid business expansion and material growth in higher-risk assets; or (2) the firm's leverage metrics deteriorate materially; or (3) we view the firm to be increasingly vulnerable to liquidity risk, either through significant increase in short-term borrowings or decline in liquid asset buffer.

RATING METHODOLOGY

Rating Methodology: Financial Institutions.

For detailed information, please see our full methodologies at: https://visrating.com/how-to-get-rated/view/financial-institutions-rating-methodology.2

SUMMARY OF KEY FACTORS



Source: VIS Rating

CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
02 October 2025	Long-term Issuer Credit Rating	A	Stable	First-time assignment

RATING SCALE

Long-Term Rating

AAA	Issuers or debt instruments demonstrate the **strongest** creditworthiness relative to other domestic entities and transactions.
AA	Issuers or debt instruments demonstrate **very strong** creditworthiness relative to other domestic entities and transactions.
A	Issuers or debt instruments demonstrate **above-average** creditworthiness relative to other domestic entities and transactions.
BBB	Issuers or debt instruments demonstrate **average** creditworthiness relative to other domestic entities and transactions.
BB	Issuers or debt instruments demonstrate **below-average** creditworthiness relative to other domestic entities and transactions.
B	Issuers or debt instruments demonstrate **weak** creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.
CCC	Issuers or debt instruments demonstrate **very weak** creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects.
CC	Issuers or debt instruments demonstrate **extremely weak** creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects.
C	Issuers or debt instruments demonstrate the **weakest** creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.

Note: VIS Rating appends the modifiers + and – to each generic rating classification from AA through CCC. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier – indicates a ranking in the lower end of that generic rating category

REGULATORY DISCLOSURES

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Primary Analysts:
Nguyen Ha My, CFA – Lead Analyst – email: my.nguyen@visrating.com

Rating Committee Members:
Simon Chen, CFA – Committee Chairman – email: simon.chen@visrating.com
Phan Duy Hung, CFA, MBA – Committee Member – email: hung.phan@visrating.com
Phan Thi Van Anh, MSc – Committee Member – email: vananh.phan@visrating.com

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Simon Chen, CFA
Head of Ratings and Research
02 October 2025

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