

VIS Rating affirms Tien Phong Commercial Joint Stock Bank's AA- issuer rating, stable outlook

Hanoi, 22 May 2026 - Vietnam Investors Service and Credit Rating Agency Joint Stock Company (VIS Rating) has affirmed Tien Phong Commercial Joint Stock Bank's (TPBank) AA- long-term issuer rating. The rating outlook remains stable.

The rating presented in this announcement is effective from the date of the announcement and remains in effect unless and until it is superseded by a subsequent rating action. Please visit <https://visrating.com/rating-results> to obtain the latest update on the rating.

RATING RATIONALE

The affirmation of TPBank's AA- long-term issuer rating with a stable outlook reflects our expectation that the bank's above-average profitability will remain sufficient to sustain loss absorption buffers. The rating also incorporates our expectation of elevated asset risks and tightening funding and liquidity conditions; if sustained, these may increase downside risks to the bank's standalone credit profile.

In 2025, TPBank's reported problem loan ratio declined to 1.29% from 1.52% in 2024, driven mostly by improvements in its retail borrower segment.

We expect asset quality to remain under pressure over the next 12–18 months, as persistently high market interest rates weaken borrowers' repayment capacity—particularly in mortgages, unsecured consumer lending, credit cards, and real estate-related corporate loans.

Early-stage stress is already evident, with the problem loan ratio rising to 1.85% in 1Q2026 from 1.29% in 2025, reflecting tighter and more volatile operating conditions and signaling a continued rise in problem-loan formation.

Rising concentration in real estate-linked sectors heightens structural risks. Exposure increased from 38% in 2024 to 42% of gross loans at end-2025, including retail mortgages (around 24% of gross loans), real estate developers (10.5%), constructors (8.3%) – mainly linked to infrastructure projects. This growing credit concentration, which includes exposures to corporate groups linked to past bond market stress, in our view, increases the bank's vulnerability to cyclical downturns and event risks.

We expect profitability to moderate over the next 12–18 months, as tighter system liquidity drives intensified deposit competition, raising deposit and funding costs, compressing net interest margins (NIM), and increasing downside risks to earnings. According to the management, the bank may increase lending rates amid strong credit demand to partially offset higher funding costs and support NIM.

Funding pressures are already evident in the decline in CASA-to-gross loans ratio to 14.7% in 1Q2026 (from 18.1% in 2025 and 20.2% in 2024), a common trend across the banking sector; reflecting intense deposit competition and depositors' shift toward higher-yield term deposits. According to the management, the bank plans to expand longer-term—and more costly—funding sources, including offshore borrowers and domestic bonds to enhance funding stability and diversification.

At the same time, elevated asset quality stress will further lift credit costs, reinforcing pressure on profitability. Although ROAA was resilient at 1.6% in 2025 (above the 1.5% industry average), supported by fee income, this outperformance may gradually erode if operating conditions remain tighter.

Capital should remain broadly stable, underpinned by above-average internal capital generation, which is expected to offset the impact of VND1.4 trillion in planned cash dividends.

TPBank holds liquid assets equivalent to 28% of total assets as of 1Q2026, exceeding the 23% industry average and adequately covering short-term funding needs.



TPBank's AA- rating incorporates our expectation of a moderate likelihood of extraordinary government support, reflecting the bank's sizable domestic franchise and an enhanced regulatory framework that provides authorities with multiple resolution tools for distressed banks.

Factors that could lead to an upgrade of the rating

TPBank's AA- rating could be upgraded if the bank exhibits a significant improvement in its asset quality and loss absorption buffer, for example by establishing a track record of maintaining (1) its problem loan ratio at below 1.4% on a sustained basis, and (2) its TCE as percentage of RWA above 13%.

Factors that could lead to a downgrade of the rating

TPBank's AA- rating could be downgraded if (1) there is material deterioration in its asset quality through continued increases in either the formation rate of new problem loans or credit concentration in high-risk segments and/or large borrowers; or (2) the bank's loss absorption capacity weakens substantially, for example its TCE/ RWA falls below 9% or its ROAA falls below 0.7%; or (3) we view the bank's vulnerability to liquidity risks increases through further increases in reliance on short-term market funds and insufficient liquid assets to serve as a liquidity buffer.

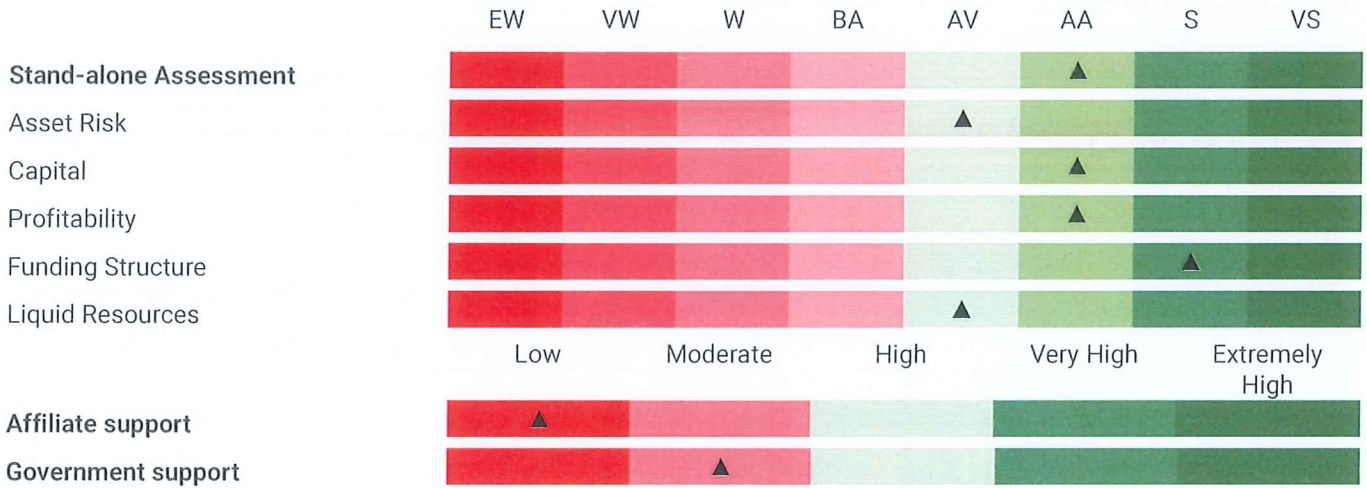
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RATING METHODOLOGY

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

Note: EW- Extremely Weak, VW- Very Weak, W- Weak, BA- Below-Average, AV- Average, AA- Above-Average, S- Strong, VS- Very Strong

CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
22 May 2026	Long-term Issuer rating	AA-	Stable	Affirm
21 May 2025	Long-term Issuer rating	AA-	Stable	Affirm
21 May 2024	Long-term Issuer rating	AA-	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: Vietnam Investors Service 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

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This rating is solicited.

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Vietnam Investors Service and Credit Rating Agency Joint Stock Company

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