

VIS Rating assigns first-time A- issuer rating to Thien Viet Securities Joint Stock Company, stable outlook

Hanoi, 16 December 2025 - VIS Rating has assigned a long-term issuer rating of A- to Thien Viet Securities Joint Stock Company (TVS). The outlook on TVS's A- issuer rating is stable. This is the first time VIS Rating assigned a rating to TVS.

RATING RATIONALE

TVS's A- long-term issuer rating reflects its above-average standalone assessment, alongside our expectation of a low likelihood of affiliate support and low government support for the firm in times of need. The firm's standalone assessment incorporates its above-average risk appetite, funding and liquidity, as well as average profitability and leverage relative to peers¹.

TVS is a mid-sized, privately-owned securities firm with total assets of VND 7.6 trillion as of September 30, 2025. Since its establishment in 2006, TVS has expanded its range of services beyond retail brokerage and investment banking advisory services to include asset management and principal investments. Today, it distinguishes itself from industry peers through its growing portfolio of private equity investments, in which it serves as an active and strategic equity investor rather than a purely financial sponsor.

As of 3Q2025, TVS's balance sheet was primarily allocated to fixed income and liquid assets for its treasury activities, which accounted for approximately 68% of total assets. Equity investments represented close to 18% of total assets, comprising holdings in listed companies and strategic investments in private firms. The remainder consisted mainly of margin loans, representing nearly 5%, debt instruments issued by unlisted firms, and investments in affiliated companies, namely Finsight Joint Stock Company (Finsight) and CASSA Joint Stock Company (CASSA). We consider TVS's exposure to higher-risk assets to include its equity and debt investments in unlisted firms, which together amount to around 7% of its total assets, this lower-than-industry-average level underpins TVS's 'Above-Average' risk appetite score.

As of 3Q2025, TVS's strategic equity investments in private firms accounted for 4.3% of total assets, spanning multiple industry sectors including technology, artificial intelligence, financial services, healthcare, education, and entertainment. According to management, TVS focuses on business-to-customer businesses that have leading positions in their respective segments, with a strategic focus on strengthening market competitiveness and expanding products and the customer base. We note that while most investee firms have made meaningful progress in corporate development, some continue to record negative operating cash flows and/or cumulative losses, reflecting their growth-stage profiles. According to management, TVS typically provides active support to its portfolio companies through strategic planning, capital support, and performance oversight. Over the past five years, TVS has achieved average annual investment returns of above 50% from its private investment activities. Going forward, TVS intends to expand into healthcare and food and beverage businesses, while exploring opportunities to exit certain investments.

TVS also invests in debt instruments of unlisted firms - 2.7% of assets as of 3Q2025 - including early-stage businesses with weak cashflow profiles, primarily for working capital purposes.

TVS's investments in its affiliated firms (Finsight and CASSA) amounted to 8.2% of its total assets as of 3Q2025, through a combination of equity and preferred share investments and debt instruments to support its asset management and treasury operations. We note that Finsight and CASSA invest primarily in highly liquid assets, including term deposits (TDs), certificate of deposits (CDs), and bank bond investments. According to management, the asset management business will continue to focus on low-risk investment mandates, with limited exposure to corporate bonds.

We position TVS's profitability at an 'Average' level, reflecting the firm's higher-than-peers return on average assets (ROAA) and elevated pre-tax earnings volatility given its reliance on market-driven investment income.

¹ Peers include mid-sized securities firms

As of 9M2025, TVS's return on average assets (ROAA) was at 4.9% higher than the peer average of 4.6%, driven by listed equity investment gains amid improved market valuations.

Investment income –including listed equity and fixed-income investments– made up 76% of TVS's operating profit as of 9M2025, materially higher than the industry average of nearly 50%, followed by asset management fee (18.8%), margin lending (4.5%), and investment banking (~1%). As of 3Q2025, TVS's pre-tax earnings volatility² remained elevated at 57%, similar to the peer average.

According to management, TVS aims to enhance income stability over the next 12-18 months through expanding asset management services to boost fee-based income. We expect these initiatives to reduce reliance on listed equity trading and will gradually lower the firm's earnings volatility.

We position TVS's leverage at an 'Average', reflecting higher-than-peer use of short-term borrowings to support treasury activity as well as its modest capital raise. Over the past 3 years, TVS's new capital raise accounted for 14.6% of total equity on average, well below the industry average of 60%.

TVS's leverage ratio³ was around 3.0x over the last two years, higher than the industry average of 2.7x. According to management, they will continue to deploy excess capital into principal investments, while using short-term borrowings from banks, financial institutions, and other sources to support its treasury activities.

We expect the firm to keep its leverage stable as it targets annual asset growth of 15% over the next 12–18 months, focusing on core principal investments and treasury activities.

We view TVS's funding and liquidity position as 'Above-Average', underpinned by its substantial holdings of highly liquid assets relative to the industry average, which cover its short-term obligations.

As of 3Q2025, liquid assets – primarily short-term bank deposits and CDs - accounted for 60.3% of total assets, well above the industry average of 19.6%. Their tenors matched with short-term borrowings – 59% of TVS's total fundings, reflecting the firm's low interest rate risk and robust liquidity risk management. As of 3Q2025, TVS's liquidity inflow-to-outflow ratio stood at 113%, exceeding the industry average of 95%.

At 3Q2025, the majority of TVS's borrowings are short-term, secured loans from state-owned banks. According to the management, given the moderate growth of treasury activities, TVS prioritized secured funding sources over unsecured credit lines or offshore funding to reduce funding costs and enhance returns. TVS's average funding costs during 2024-9M2025 were 3.3%, lower than the peer average of 4.4%.

In addition, TVS issued VND 300 billion in 2-year unsecured bonds, accounting for 4% of total funding during 9M2025, to refinance short-term debt and enhance funding stability.

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

The outlook on TVS's long-term issuer rating is stable, reflecting our view that its credit fundamentals will remain stable over the next 12-18 months.

Factors that could lead to an upgrade of the rating

TVS's A- rating could be upgraded if (1) the firm raises substantial new capital to strengthen its loss-absorption buffers, for example, its leverage ratio falls to below 2.0x on a sustainable basis; (2) the firm demonstrates a track record of improving earnings stability, for example through expanding assets management services to boost fee-based income and reducing reliance on listed equity investments income.

Factors that could lead to a downgrade of the rating

TVS's A- rating could be downgraded if (1) the firm significantly increases its exposure to higher-risk assets, which, in turn, heightens the likelihood of balance sheet losses, for example through substantial increase in equity investments and debt instruments in unlisted companies, or CASSA and Finsight significantly increase investments in higher-risk assets; or (2) the firm becomes increasingly vulnerable to liquidity risks, for example, liquid assets decline substantially and may not sufficient to cover its short-term obligations.

² Pre-tax earnings volatility is calculated by dividing the standard deviation of pre-tax earnings from trailing ten semi-annual periods over the mean of the company's pre-tax earnings

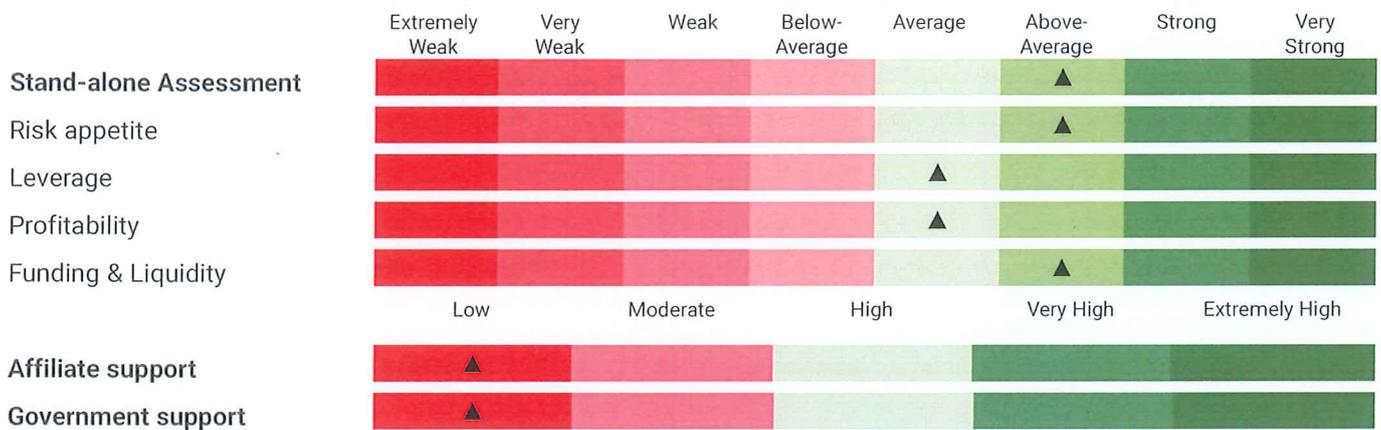
³ Leverage ratio is measured by total tangible assets and off-balance-sheet exposures over tangible common equity

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
16 December 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.

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