

Securities Sector

Private-bank affiliated firms will lead the sector profit growth, boosted by stronger investor sentiment and stabilizing asset risk

In 2025, we expect the credit fundamentals for Vietnam securities firms will improve modestly from the prior year, driven primarily by stronger profits from a pick-up in margin lending and bond distribution. We expect investor sentiment in 2025 will be buoyed by robust economic growth and improvements in the financial health of corporates in general. Ongoing efforts to enhance the market infrastructure will help to attract investors to the domestic equity and bond markets. Declining corporate bond defaults will help stabilize asset risks, even as firms increase their investment portfolios. Firms will maintain stable leverage and liquidity through ongoing efforts to raise new capital to support business growth.

Sector profitability will improve by 30-50 basis points compared to 9M2024, reaching 5.3%-5.5%, driven by higher income from margin lending and bond investments. Private bank-affiliated firms, in particular, will lead the sector profit growth of around 25% in 2025. These firms can continue to leverage customer networks and capital from their parent banks. As bond issuance picks up in 2025, bond investment and advisory fees will grow, supported by banks' strong customer relationships and extensive distribution networks. However, we expect the profitability upside will be limited for foreign firms given their small customer base and lack of scale advantages in their main brokerage and margin lending business.

Sector asset risk will stabilize despite higher corporate bond investments. The sector's exposure to higher-risk assets, mainly corporate bonds, will increase, particularly for private bank-affiliated firms. Banks and their affiliated firms typically partner closely to lend to large corporate borrowers. Firms may also commit more to bond buybacks as they increase sales to retail investors. However, we expect the sector's credit losses to remain stable due to lower bond defaults. Robust business conditions will support corporate cash flows and debt serviceability. Private bank-affiliated firms tend to offer large margin loans to customers and, hence, are more exposed to event risks. Nonetheless, asset risks are mostly well-managed through substantial collateral coverage.

Sector leverage will moderate through new capital injections. In particular, private bank-affiliated firms will maintain higher-than-peer capital raises from banks' capital support to boost their asset growth. On the other hand, foreign firms may seek more short-term bank borrowings to expand margin lending.

Refinancing risks will be limited as firms maintain good access to a variety of funding sources. Following the implementation of the new Securities Law¹, we expect investor confidence and liquidity in the domestic corporate bond market to improve over the course of 2025. Firms will be able to supplement their bank funding by tapping into both the public and private markets for new bond funding. As such, liquidity risks will be well-managed.

¹ [Refer to Credit Insights: Latest amendments to the Securities Law will limit excessive risk-taking and improve market behavior, credit-positive for bond holders \(December 2024\)](#)

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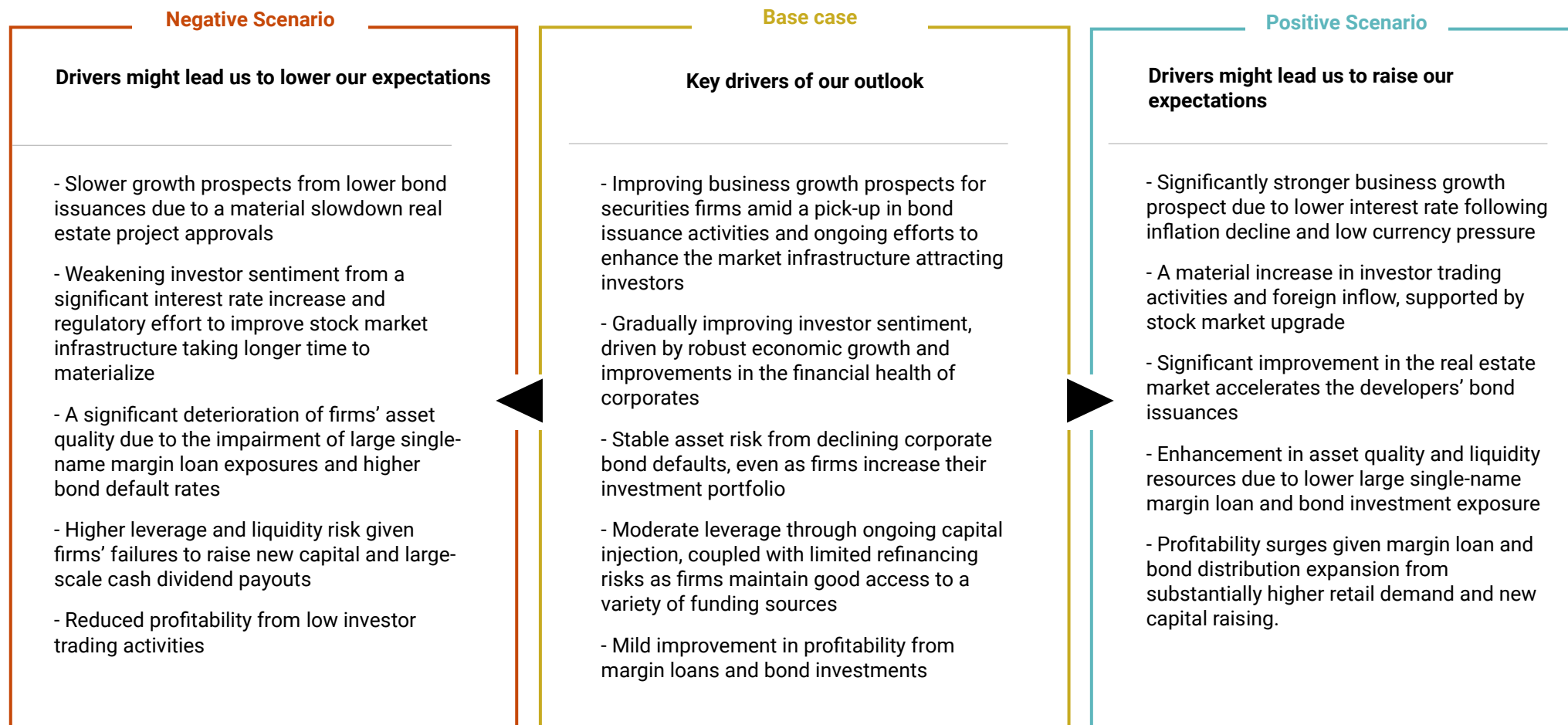
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Exhibit 1: Securities Sector – Credit Outlook Improving for 2025 and Key Drivers

● Improve
 ● Stable
 ● Deteriorate

Factors	Outlook	Key drivers
 Operating environment		- Investor sentiment in 2025 will be buoyed by robust economic growth and improvements in the financial health of corporates in general. - Ongoing efforts to enhance the market infrastructure will help to attract investors to the domestic equity and bond markets. - Interest rates will rise slightly amid currency pressure linked to the US's trade barriers and slower Fed rate cuts, posing a downside risk to market valuation and investor sentiment.
 Risk appetite		- The sector's exposure to higher-risk assets, mainly corporate bonds, will increase, particularly for private bank-affiliated firms given their close partnership with affiliated banks to lend to large corporate borrowers - Firms may also commit more to bond buybacks as they increase sales to retail investors - Sector's credit losses to remain stable due to lower bond defaults as robust business conditions will support corporate cash flows and debt serviceability. - Private bank-affiliated firms tend to offer large single-name margin loans, and, hence, are more exposed to event risks. - Asset risks for margin loans are mostly well-managed given substantial collaterals.
 Profitability		- Sector profitability will improve, driven by higher income from margin lending and bond investments. - Private bank-affiliated firms will lead the sector in profit growth from bond investment and advisory fees, driven by leveraging customer networks and capital from their parent banks - Foreign firms will face limited profitability upside given their small customer base and lack of scale advantages in their main brokerage and margin lending business.
 Leverage		- Private bank-affiliated firms will continue to inject higher-than-peer new capital to boost their asset growth. - Foreign firms will seek more short-term bank borrowings to expand margin lending.
 Funding & Liquidity		- Refinancing risks will be limited as firms maintain good access to a variety of funding sources. - Firms will be able to supplement their bank funding by tapping into both the public and private markets for new bond funding, following improved investor confidence and liquidity in the domestic corporate bond market. - Liquidity risks will be well-managed.

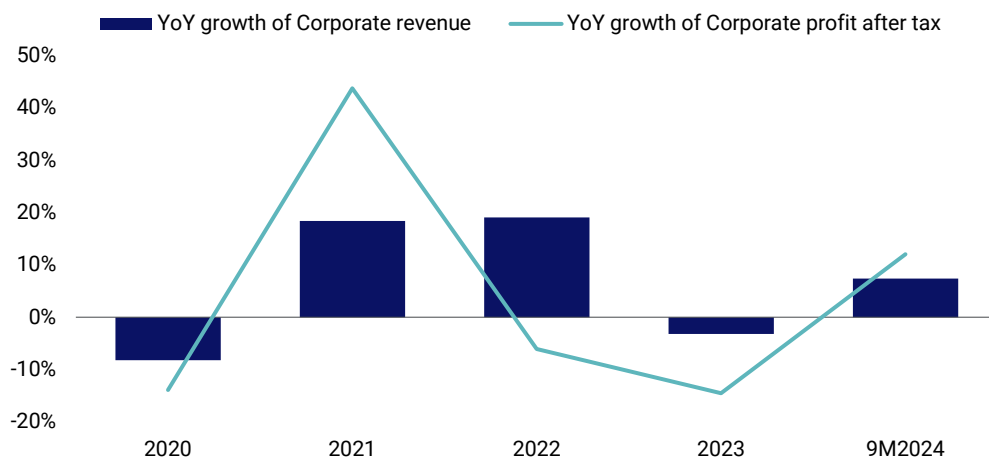
Source: VIS Rating

Exhibit 2: Key Drivers of Outlook Change

Source: VIS Rating

Improving business growth prospects for securities firms in 2025

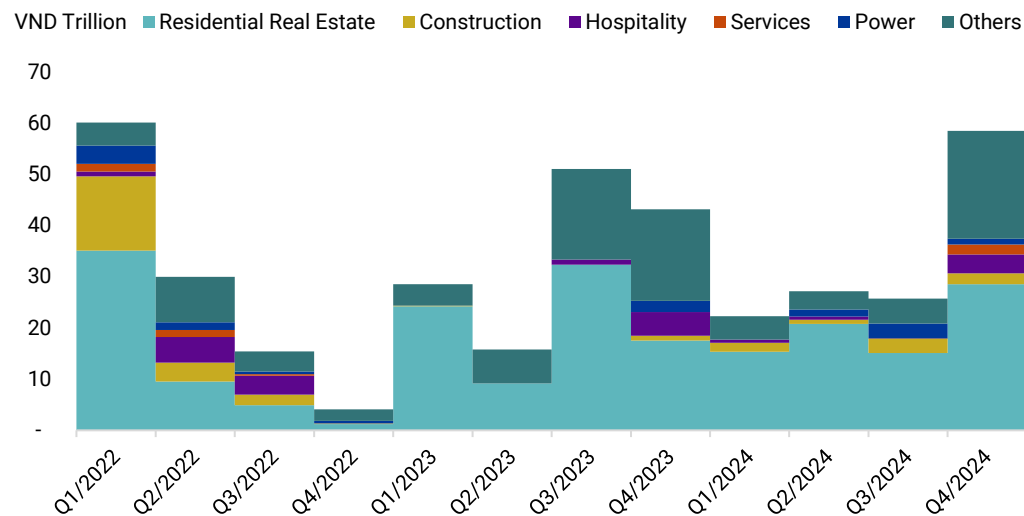
Exhibit 3: Investor sentiment in 2025 will be buoyed by robust economic growth and improving financial health of corporates in general, ...



Source: Company data, VIS Rating

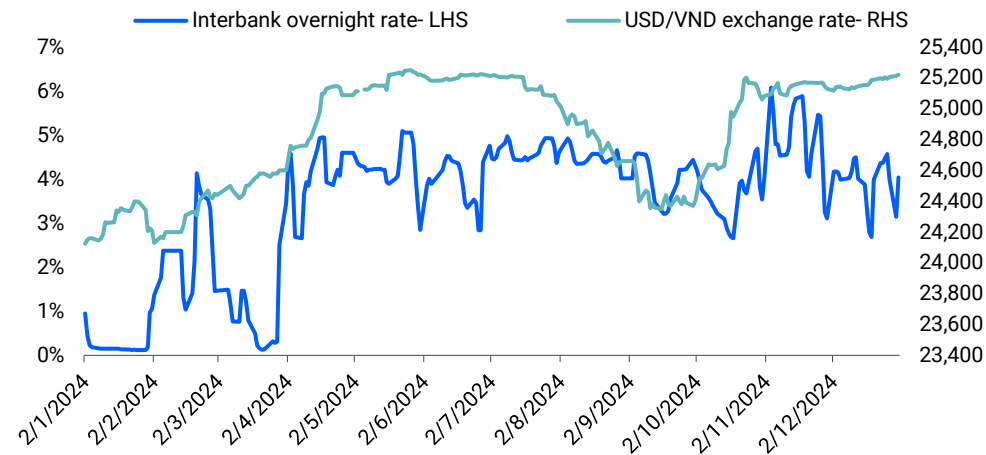
Note: Data includes all listed non-financial institution companies

Exhibit 5: Higher corporate bond issuance activities following the recovery in the bond market



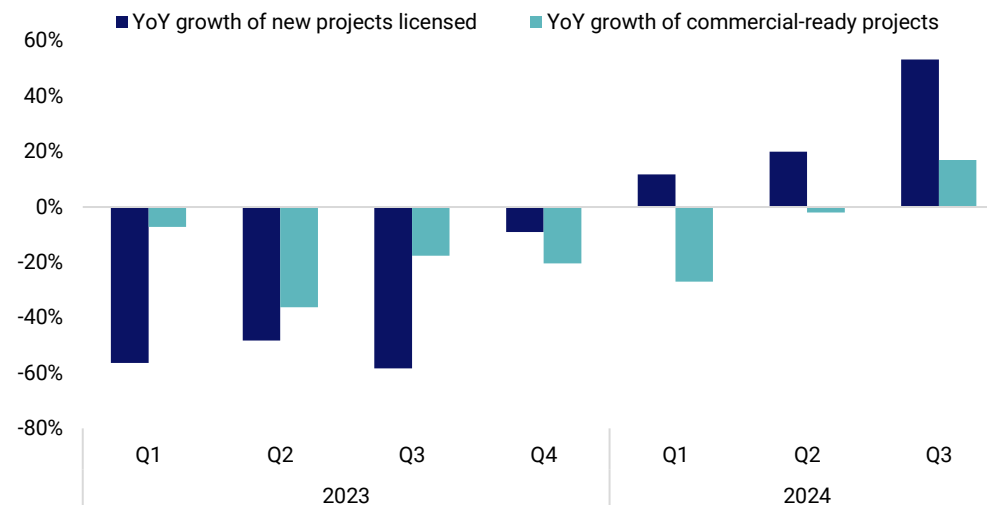
Source: VIS Rating

Exhibit 4: ...but interest rates will rise slightly amid currency pressure, posing a downside risk to market valuation and investor sentiment



Source: VIS Rating

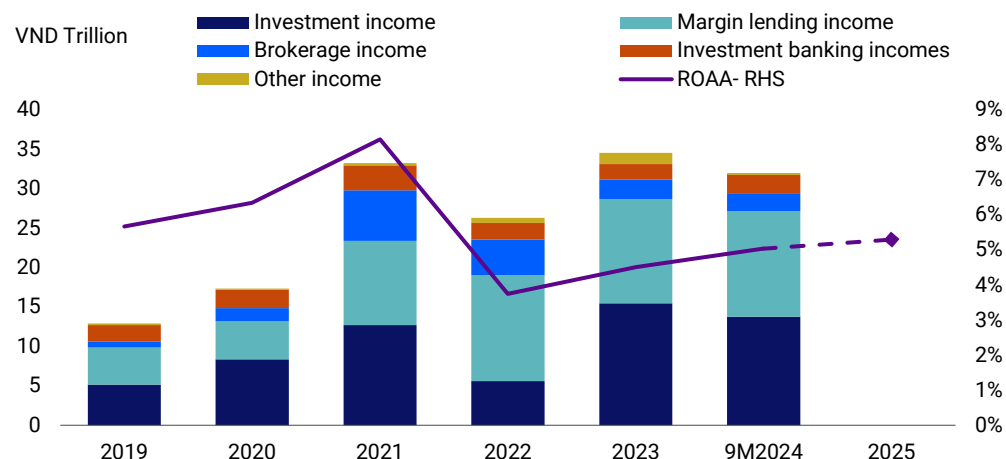
Exhibit 6: Growing refinancing demand and accelerated project expansion will gradually drive stronger bond issuances for real estate developers



Source: Ministry of Construction, VIS Rating

Sector profitability will improve by 30-50 basis points compared to 9M2024, reaching 5.3%-5.5%, driven by higher income from margin lending and bond investments

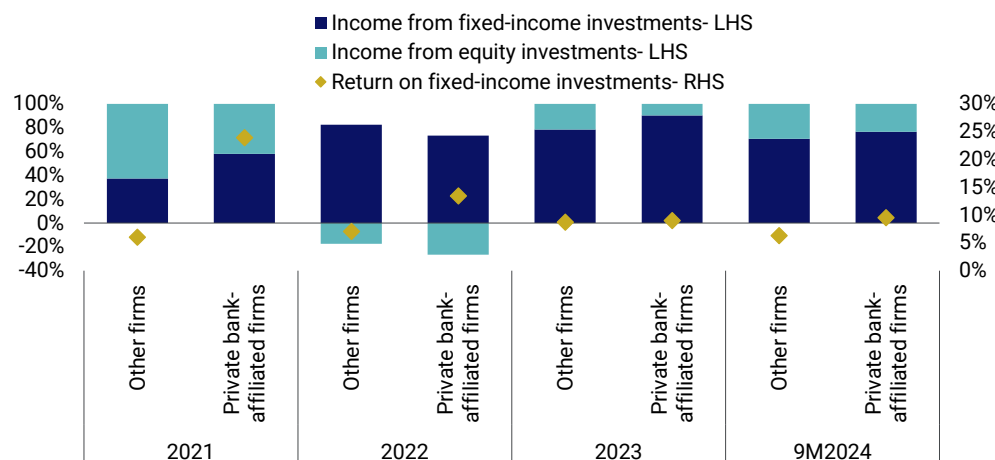
Exhibit 7: Sector profitability will improve to 5.3%-5.5%, driven by higher income from margin lending and bond investments



Source: Company data, VIS Rating

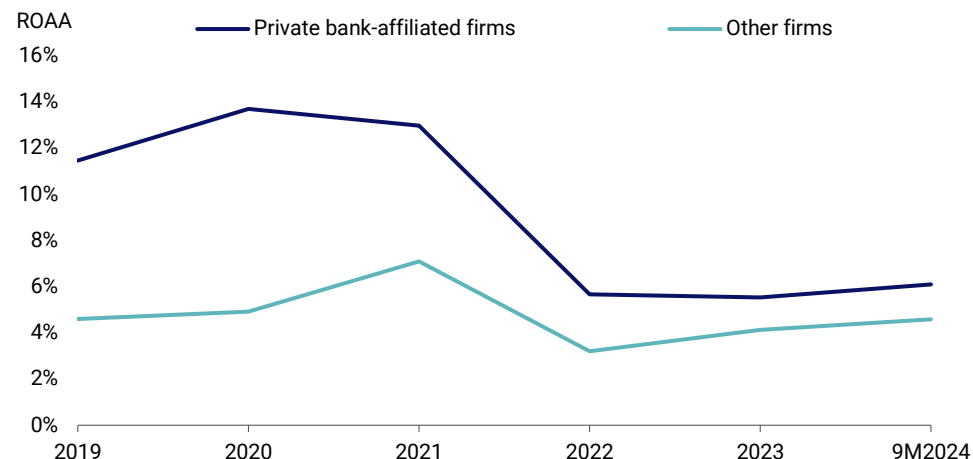
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets

Exhibit 9: As bond issuance picks up in 2025, private bank-affiliated firms will grow bond investment income...



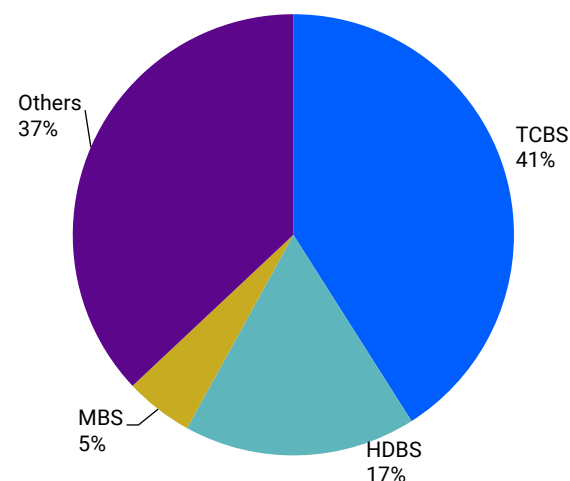
Source: Company data, VIS Rating

Exhibit 8: Private bank-affiliated firms will lead the sector in profit growth by leveraging customer networks and capital from their parent banks



Source: Company data, VIS Rating

Exhibit 10: ...and advisory fees given their dominant market share in bond advisory activities

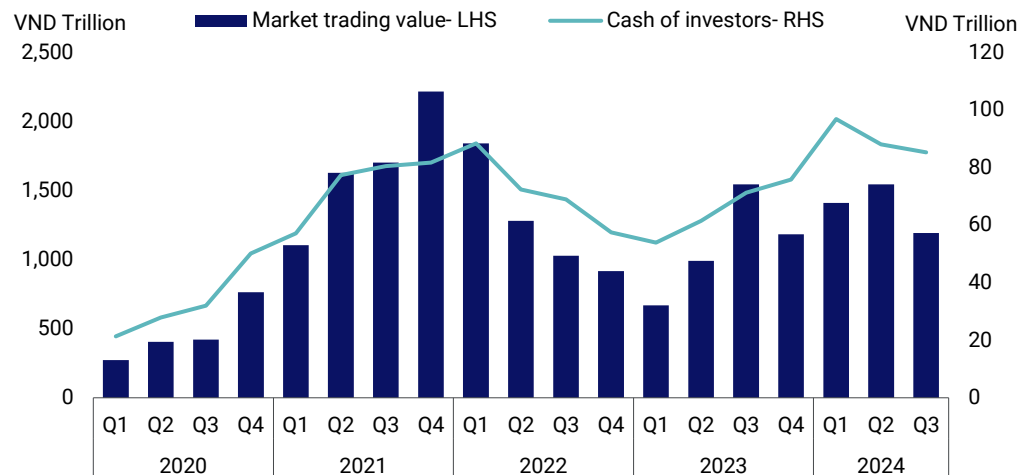


Source: Hanoi Stock Exchange (HNX), VIS Rating

Note: Data regarding non-financial institution corporate bond issued in 9M2024. Refer to the Appendix for the full name of securities firms

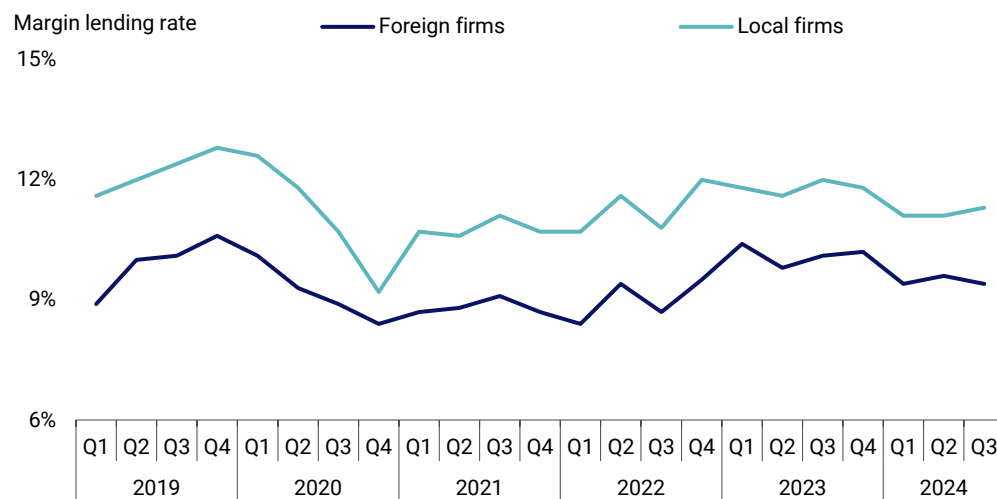
Margin lending income will improve amid higher investor sentiment, while brokerage income will remain sluggish given lower brokerage fees following zero-free policy

Exhibit 11: Ongoing efforts to enhance the market infrastructure will help to attract investors to the domestic equity market



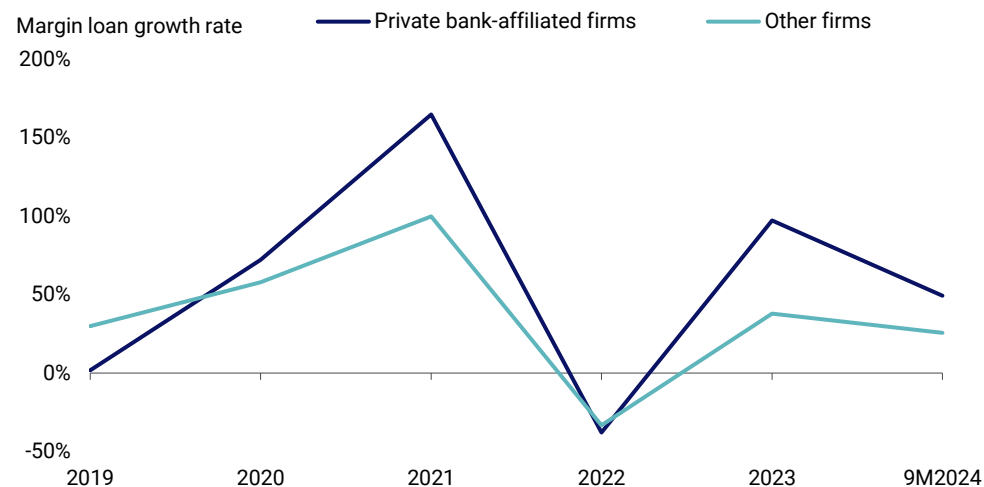
Source: HNX, Ho Chi Minh Stock Exchange (HSX), Company data, VIS Rating

Exhibit 13: Foreign firms will face limited profitability upside with lower-than-peer lending rates given their small customer base and lack of scale advantages



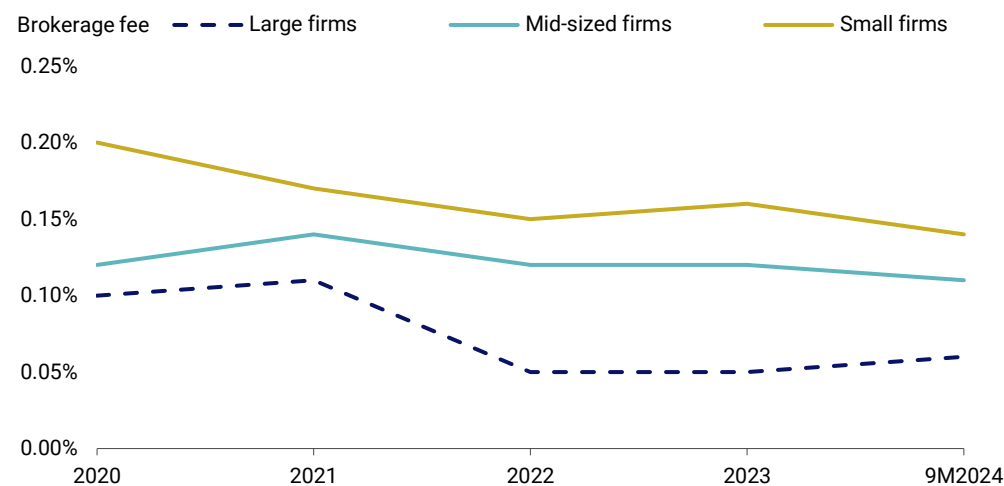
Source: Company data, VIS Rating

Exhibit 12: Private bank-affiliated firms will be able to grow margin loan balance faster than peers, supported by higher capital injection in 2024-2025



Source: Company data, VIS Rating

Exhibit 14: More mid-sized and small firms will reduce their brokerage fees following large firms' zero-free policy

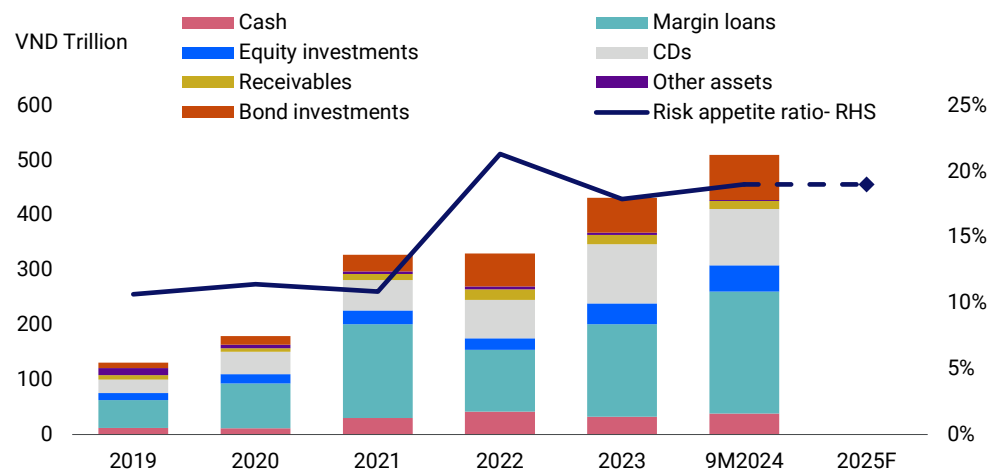


Source: Company data, VIS Rating

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

Sector asset risk will stabilize despite higher corporate bond investments

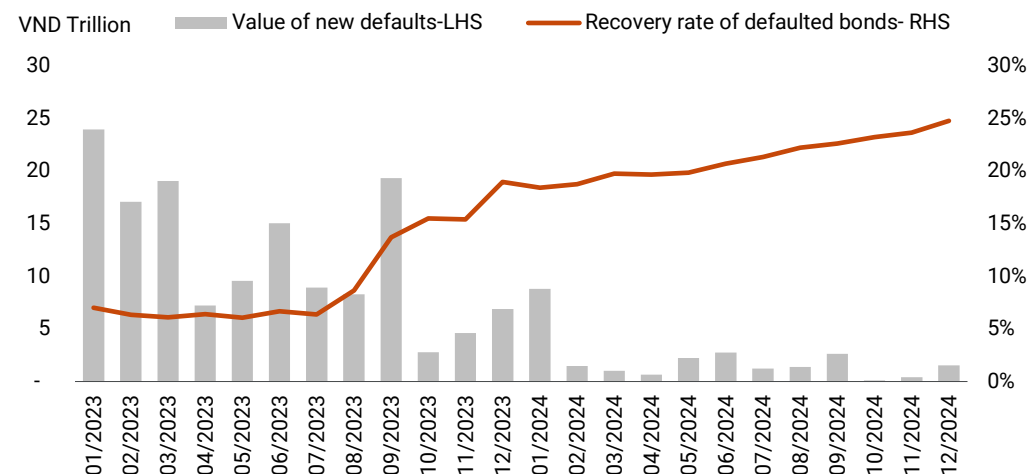
Exhibit 15: Declining corporate bond defaults will help stabilize asset risks, even as firms increase their investment portfolios



Source: Company data, VIS Rating

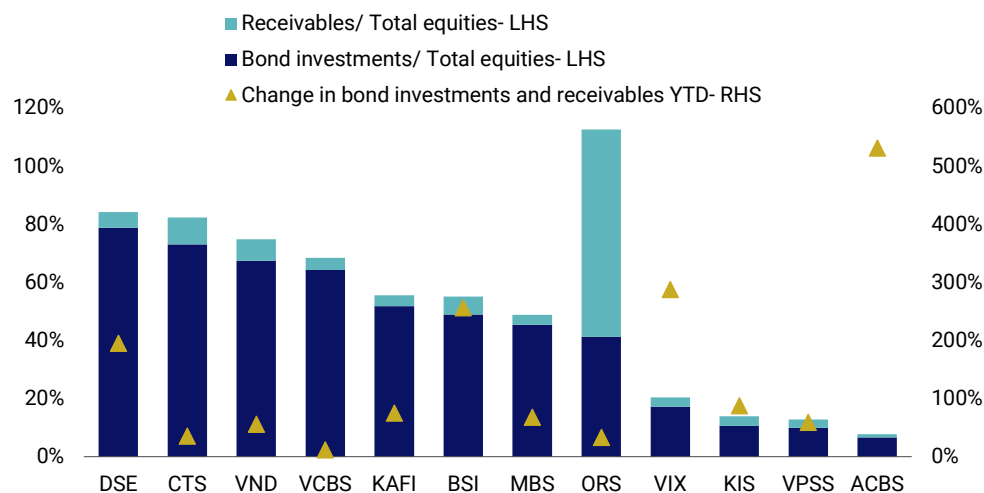
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets

Exhibit 16: Lower bond defaults as robust business conditions will support corporate cash flows and debt serviceability



Source: VIS Rating

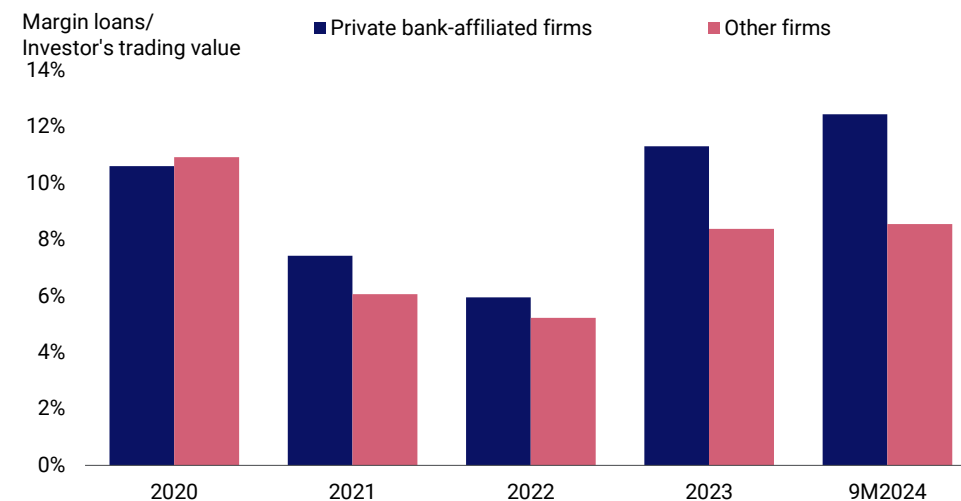
Exhibit 17: Private bank-affiliated firms will increase corporate bond exposures, given their close partnership with affiliated banks to lend to large corporate borrowers



Source: Company data, VIS Rating

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

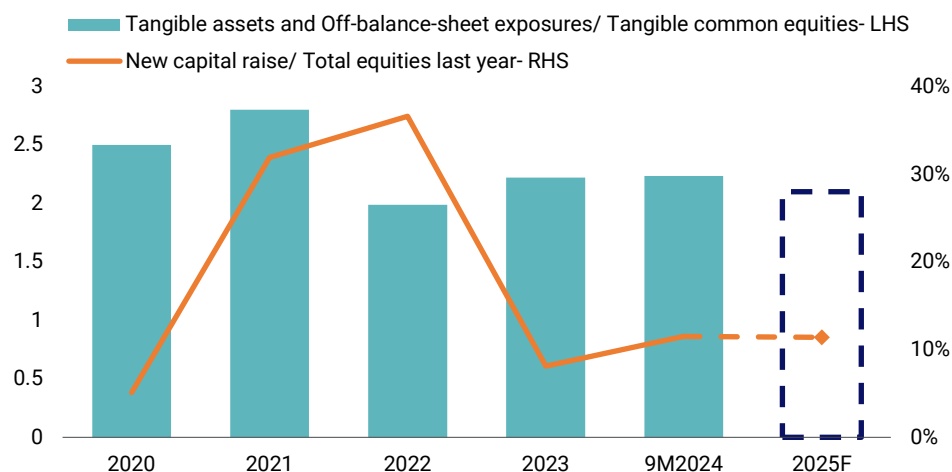
Exhibit 18: Private bank-affiliated firms are more exposed to event risks as they tend to offer large single-name margin loans



Source: Company data, VIS Rating

Sector leverage will moderate through new capital injections

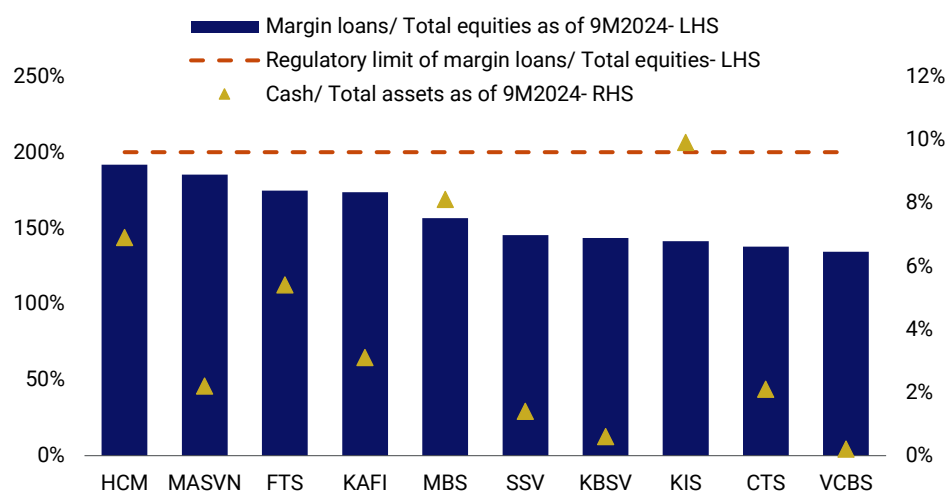
Exhibit 19: Leverage will remain low through ongoing new capital raise



Source: Company data, VIS Rating

Note: Data includes published new capital raising plans of top 30 securities firms by assets as of 15/01/2025

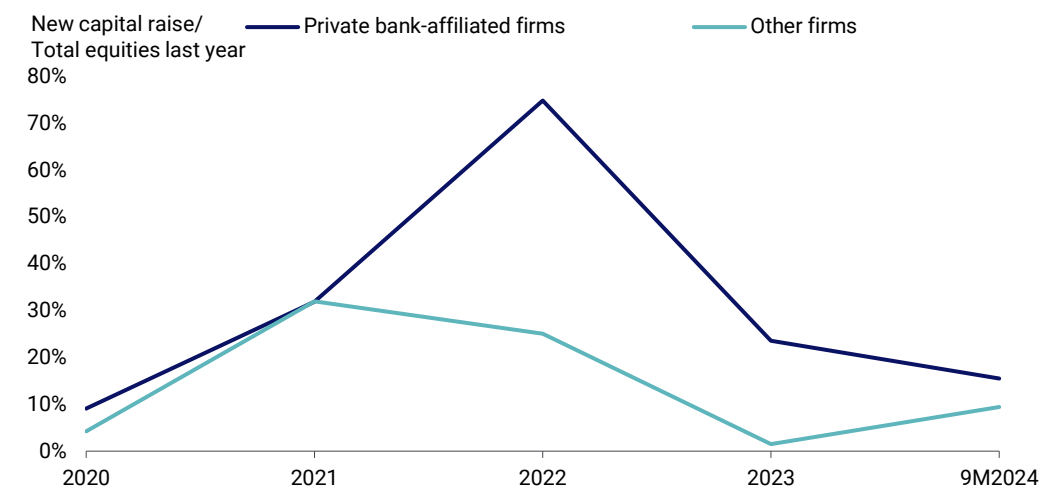
Exhibit 21: Several firms need to raise new capital to meet the regulatory threshold



Source: Company data, VIS Rating

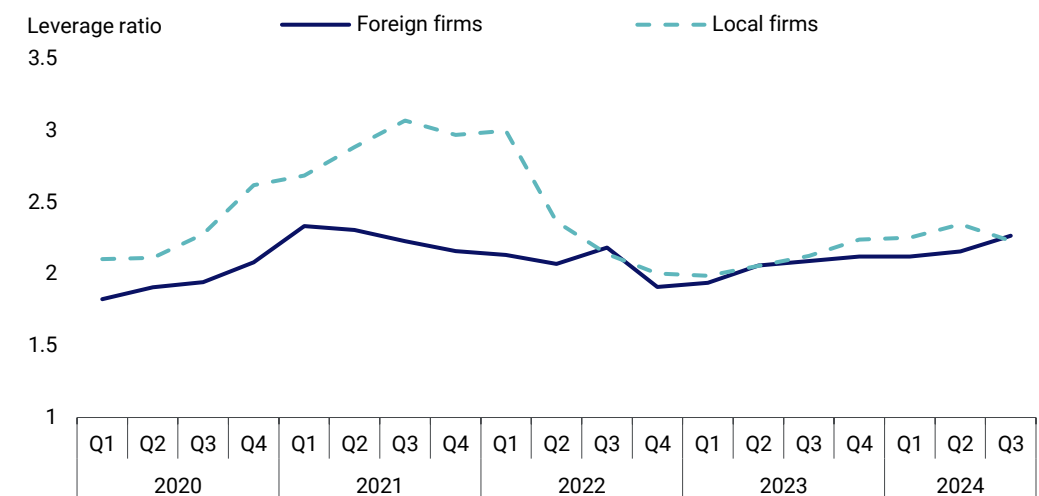
Note: Refer to the Appendix for the full name of securities firms

Exhibit 20: Private bank-affiliated firms will maintain higher-than-peer capital raises from banks' capital support to boost their asset growth



Source: Company data, VIS Rating

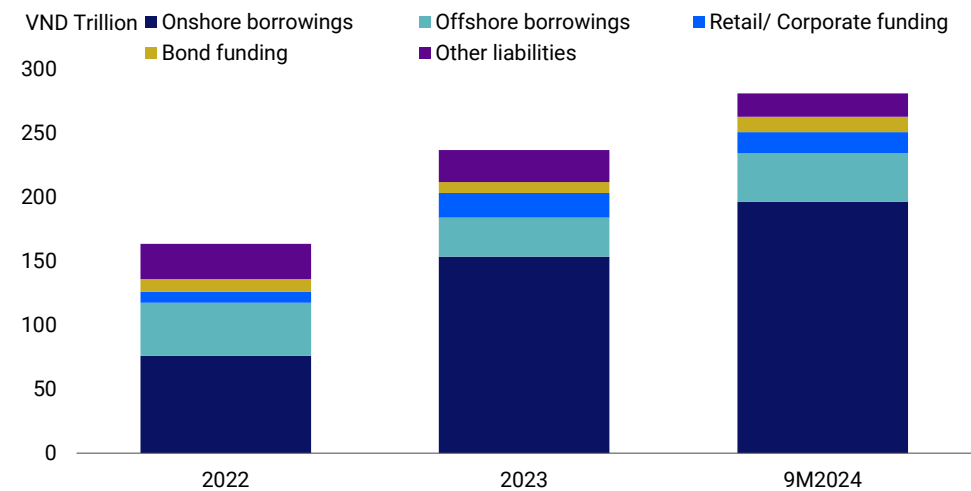
Exhibit 22: Foreign firms may seek more short-term bank borrowings to expand margin lending



Source: Company data, VIS Rating

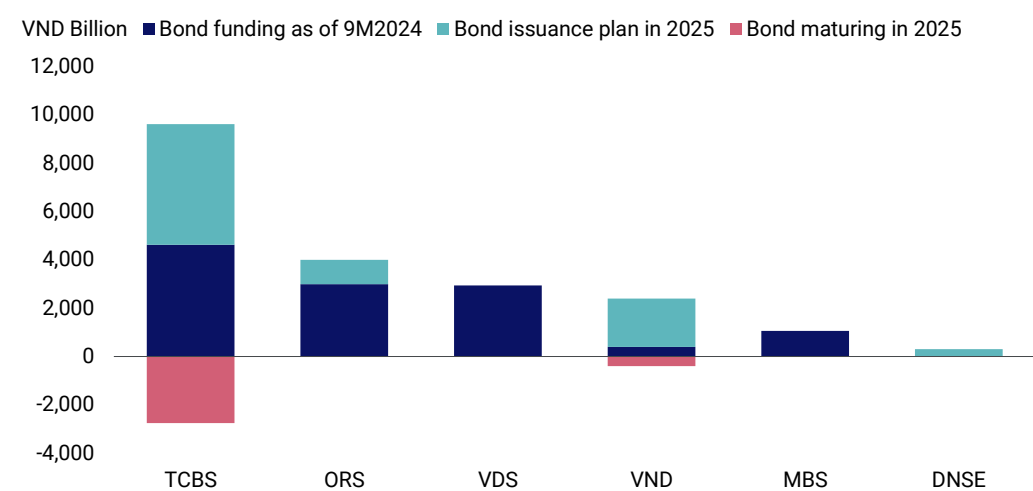
Refinancing risks will be limited as firms maintain good access to a variety of funding sources

Exhibit 23: Improving funding stability with good access to a variety of funding sources



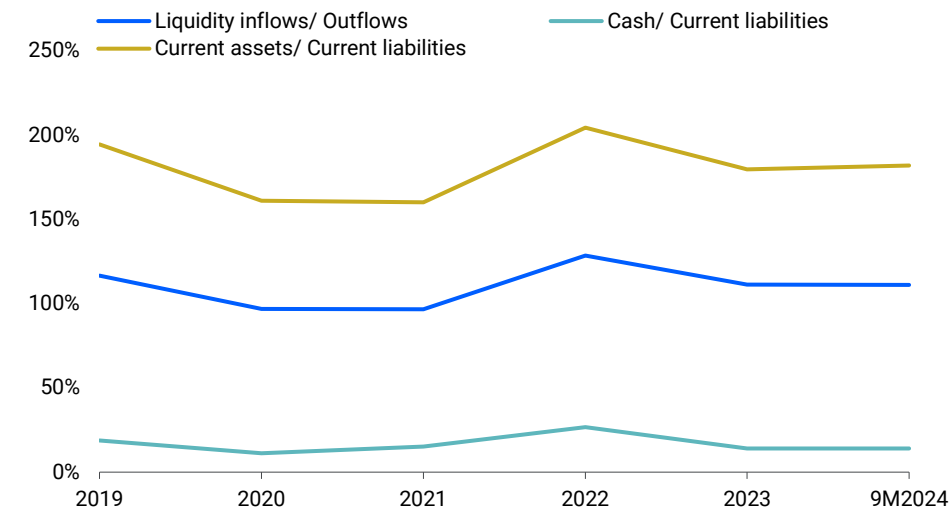
Source: Company data, VIS Rating
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets

Exhibit 24: Firms will supplement their bank funding by tapping into new bond funding



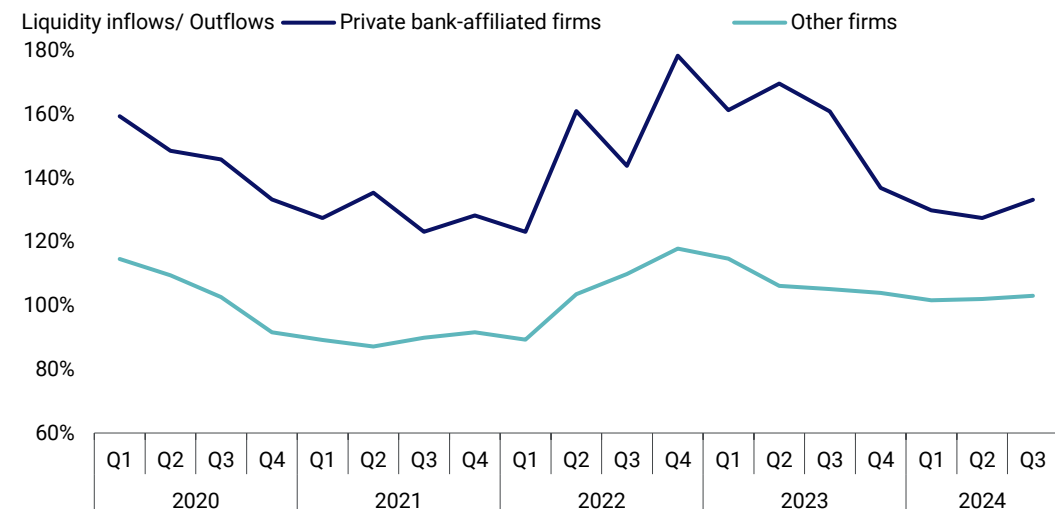
Source: Company data, VIS Rating
Note: Data for published bond issuance plan as of 15/01/2024
Refer to the Appendix for the full name of securities firms.

Exhibit 25: Sector liquidity risks will be well-managed...



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

Exhibit 26: ... particularly for private bank-affiliated firms



Source: Company data, VIS Rating

APPENDIX

List of top 30 securities firms by total assets as of 30/09/2024

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 JSC	Large firm
3	VND	VNDirect Securities Corporation	Large firm
4	HCM	Ho Chi Minh City Securities Corporation	Large firm
5	VPSS	VPS Securities JSC	Large firm
6	MASVN	Mirae Asset Securities (Vietnam) JSC	Large firm
7	VPBANKS	VPBank Securities JSC	Large firm
8	ACBS	ACB Securities Co., Ltd.	Large firm
9	VCI	VietCap Securities JSC	Large firm
10	MBS	MB Securities JSC	Large firm
11	VIX	VIX Securities JSC	Mid-sized firm
12	KIS	KIS Vietnam Securities Corporation	Mid-sized firm
13	SHS	Saigon - Hanoi Securities JSC	Mid-sized firm
14	KAFI	KAFI Securities JSC	Mid-sized firm
15	VCBS	Vietcombank Securities Co., Ltd.	Mid-sized firm
16	ORS	Tien Phong Securities Corporation	Mid-sized firm
17	BSI	BIDV Securities JSC	Mid-sized firm
18	DSE	DNSE Securities JSC	Mid-sized firm
19	KBSV	KB Securities Vietnam JSC	Mid-sized firm
20	CTS	Viet Nam Bank For Industry & Trade Securities JSC	Mid-sized firm
21	FTS	FPT Securities JSC	Small firm
22	HDBS	HD Securities Corporation	Small firm
23	SSV	Shinhan Securities VietNam Co., Ltd.	Small firm
24	TVS	Thien Viet Securities JSC	Small firm
25	VDS	Viet Dragon Securities Corporation	Small firm
26	YSVN	Yuanta Securities Vietnam Ltd Company	Small firm
27	MBKE	Maybank Securities Limited	Small firm
28	DSC	DSC Securities Corporation	Small firm
29	BVS	Baoviet Securities Company	Small firm
30	LVS	LPBank Security JSC	Small firm

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