

Banking Sector

Profit vs Risk: Securities Expansion Fuels Profit Growth and Credit Concentration

Over the past six months, private banks announced plans to acquire stakes (e.g., STB, SSB, MSB) or establish partnerships (e.g., OCB, VIB) with securities firms. This report will outline the rationale behind banks' acquisition of securities firms, examine the evolving sector dynamics, and assess the impact of these acquisitions on banks' risk profiles.

Expansion into securities operations will boost bank fee-based income and unlock customer synergies to strengthen bank group ecosystem

Banks are striving to enhance their competitiveness by expanding their suite of products and services, and strengthening their ecosystem to facilitate cross-selling and attract new customers (Exhibits 1 & 2).

Banks' traditional lending business is facing keen competition, thinner margins, and is constrained by credit growth quotas. As of 3M2025, banks' net interest margin (NIM) declined by 35 basis points to 2.9% from the prior year (Exhibit 3).

An increasing number of banks are adding higher-margin securities brokerage and capital market services – with margins higher than those of bank lending – to strengthen their group ecosystem (Exhibit 4). While investments in securities subsidiaries attract regulatory capital deductions¹, banks remain confident that expanding into the securities business will enhance their overall profitability. In 2024, several bank-affiliated securities firms, such as TCBS, contributed substantially—nearly 20%—to the parent banks' profits (Exhibit 5).

Growing bank-affiliated securities firms will intensify competition among securities firms

Over the past three years, private bank-affiliated firms have gained significant traction among the top 30 by asset size (Exhibit 6), given substantial capital infusions. Their margin lending market share also surged from 19% in 2022 to 30% in 2024 (Exhibits 7 & 8), underscoring their strong growth.

Private bank-affiliated firms often leverage their parent banks' capital and customer networks to expand their market coverage in brokerage and bond distribution, a unique strength not shared by other local standalone firms. As such, we expect private bank-affiliated firms to continue leading sector profit growth over the next 12-18 months.

Over the past three years, their return on average assets (ROAA) averaged 5.5%, consistently surpassing that of their peers at 3.5% (Exhibit 9). In contrast, profit growth of foreign and smaller domestic securities firms will lag behind, as their small customer base and a lack of scale limit their ability to compete.

Stringent customer selection and collateral management are key to managing bank asset risks, as they expand corporate bond operations

Banks and their affiliated securities firms typically partner closely to lend large corporate borrowers - mainly in real estate and renewable energy - through corporate loans, bond investments and/or margin lending. Several corporate borrowers have recently been embroiled in project-related legal issues and/or defaulted on corporate bond payments. In addition, securities firms may also commit to buy back bonds sold to retail customers as part of their bond distribution.

High credit concentration among banks and securities firms toward large corporates will increase banks' operational risks and amplify their vulnerability to single-name credit events and runs on customer deposits. To limit large credit losses, it is crucial for banks and their securities firm affiliates to harmonize new customer selection criteria and strengthen the management of collateral assets.

¹ Refer to [Circular 41/2016/TT-NHNN: Regulation on capital adequacy ratio for banks and foreign bank branches](#)

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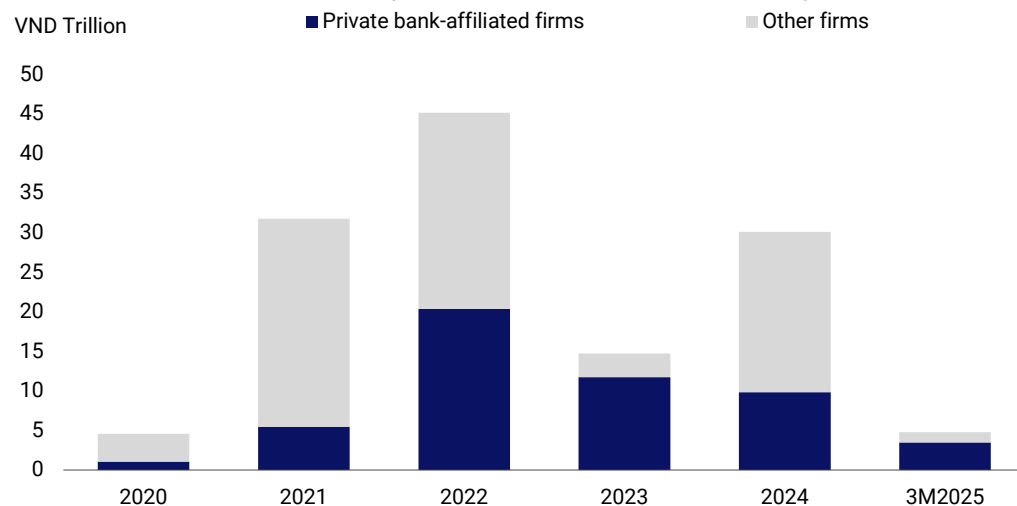
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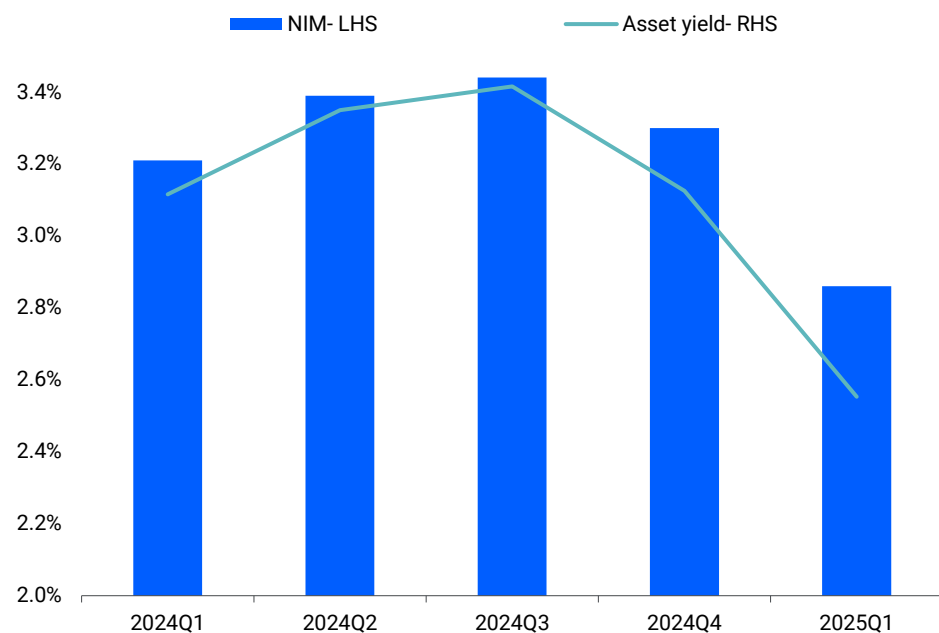
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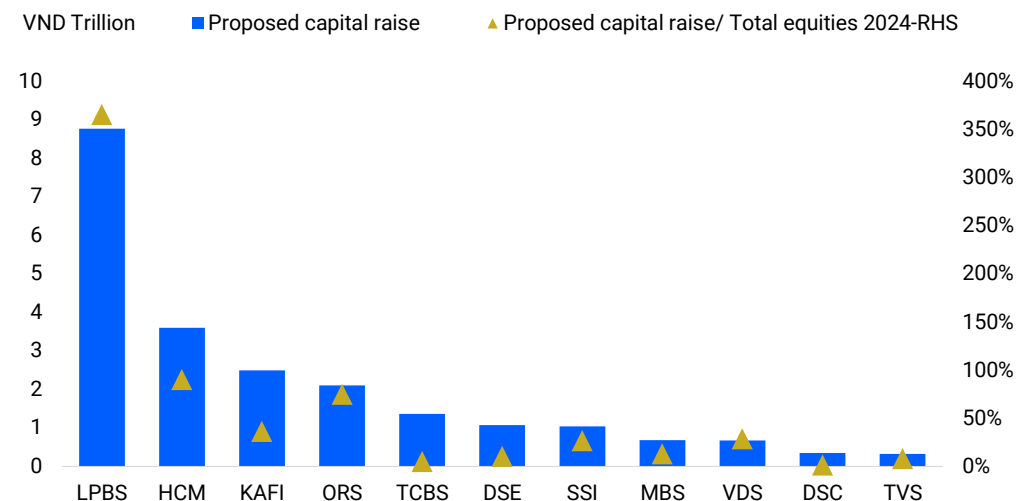
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Exhibit 1: Banks increased capital injection into securities firms to diversify income sources

Source: Company data, VIS Rating

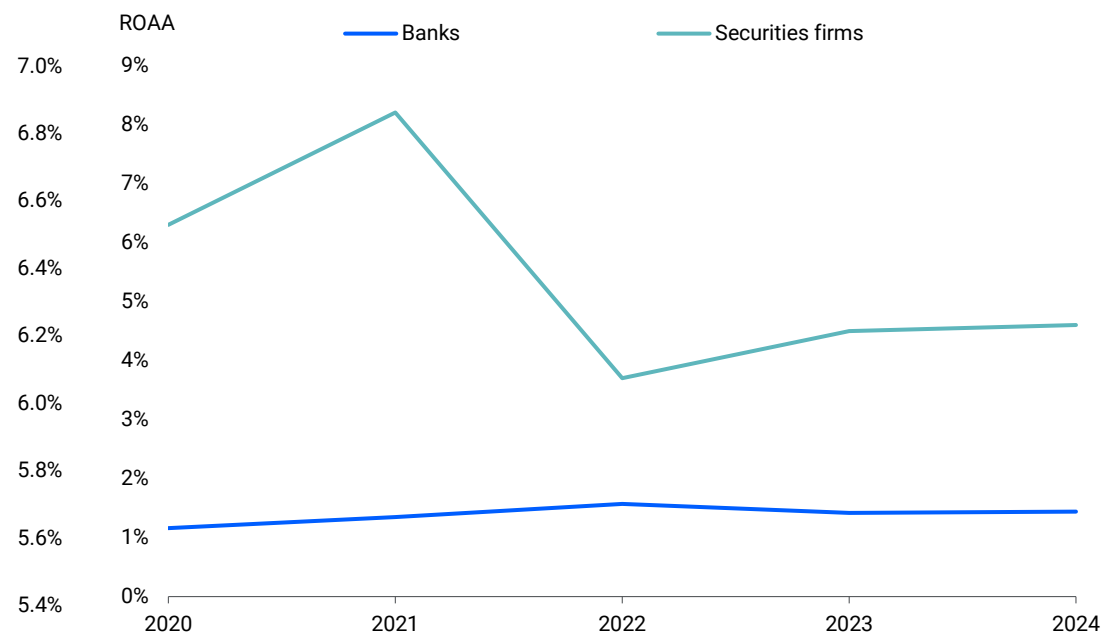
Exhibit 3: Banks' traditional lending face keen competition from thinner margins

Source: Bank data, VIS Rating

Exhibit 2: Proposed capital raises in 2025 mostly come from private bank-affiliated firms

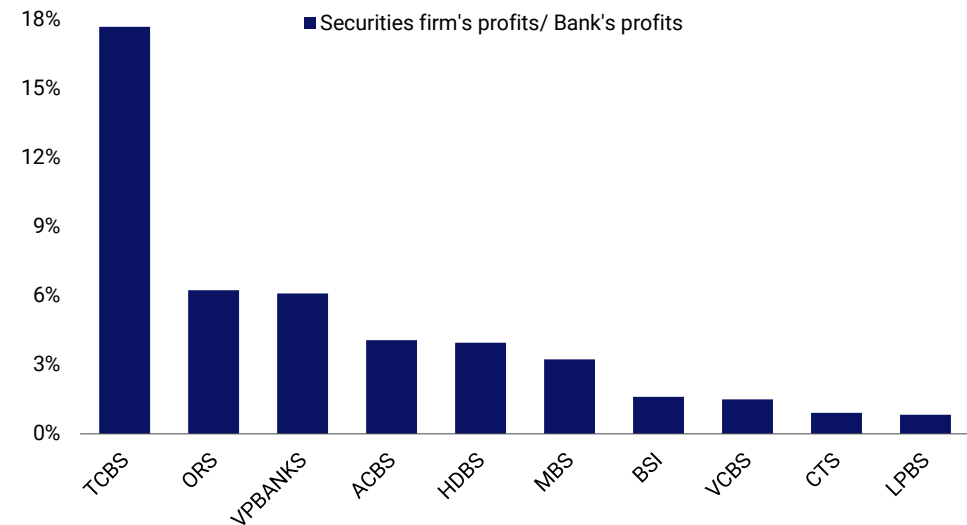
Note: Refer to the Appendix for the full names of securities firms

Source: Company data, VIS Rating

Exhibit 4: High-margin securities operations will boost bank fee-based income

Source: Company data, VIS Rating

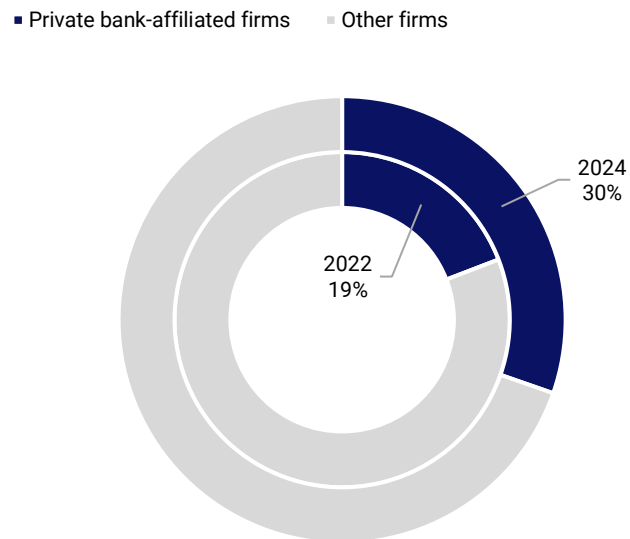
Exhibit 5: Several securities firms contributed significantly to parent banks' profits



Note: Data based on 2024's consolidated financial statements; Refer to the Appendix for the full names of securities firms

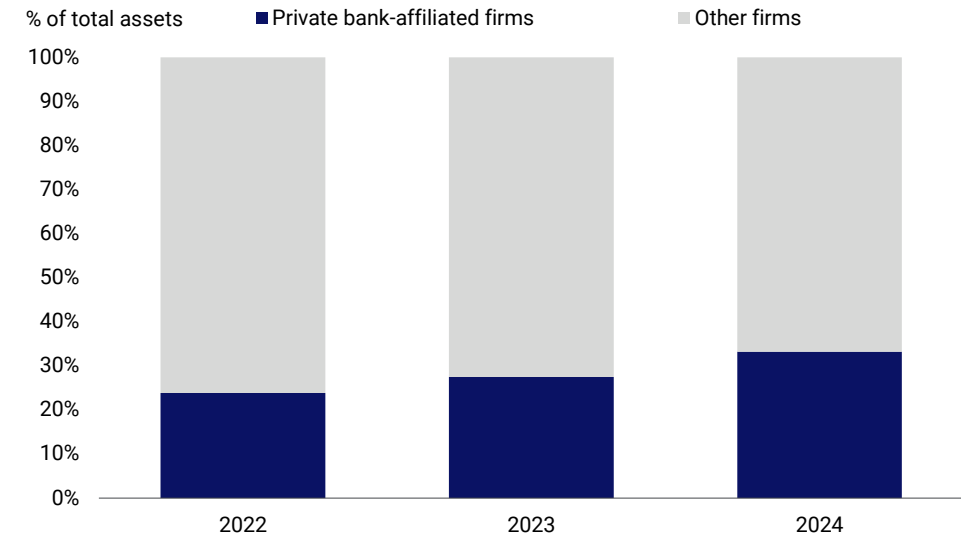
Source: Company data, VIS Rating

Exhibit 7: Bank-affiliated firms rapidly expanded margin lending market share



Source: Company data, VIS Rating

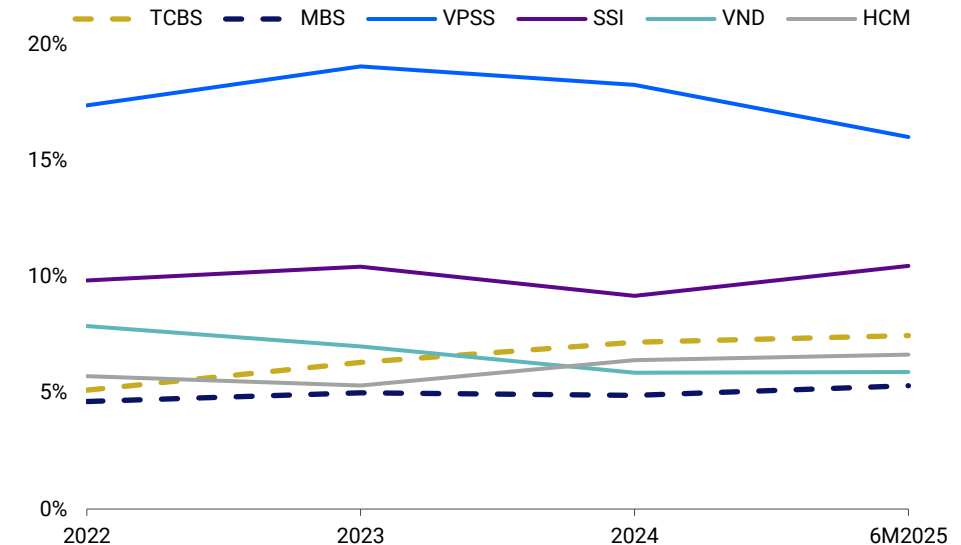
Exhibit 6: Growing size of private bank-affiliated firms given significant capital injection



Note: Data include top 30 largest firms, accounting 90% of the sector's total assets

Source: Company data, VIS Rating

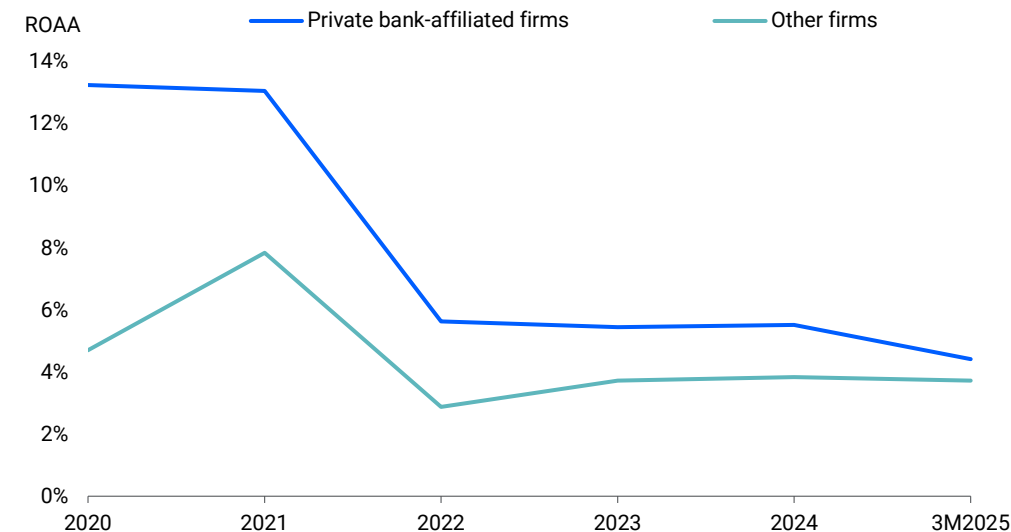
Exhibit 8: Bank-affiliated firms also acquired sizeable brokerage market shares



Note: Brokerage market share in Ho Chi Minh Stock Exchange (HSX); Refer to the Appendix for the full names of securities firms

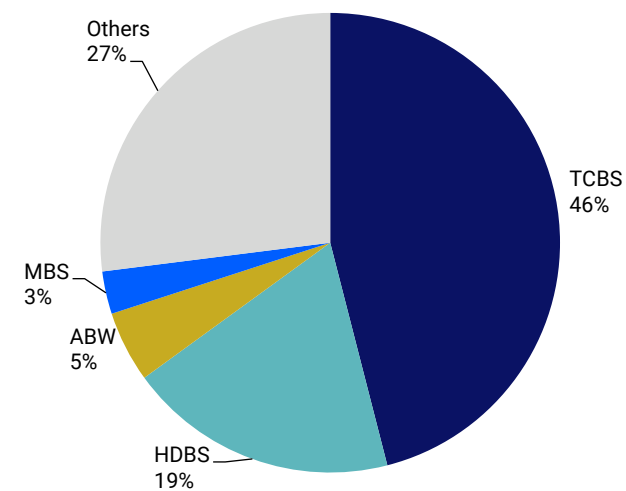
Source: HSX, VIS Rating

Exhibit 9: Private bank-affiliated firms outperform peers' profit, driven by parent banks' capital and customer networks



Source: Company data, VIS Rating

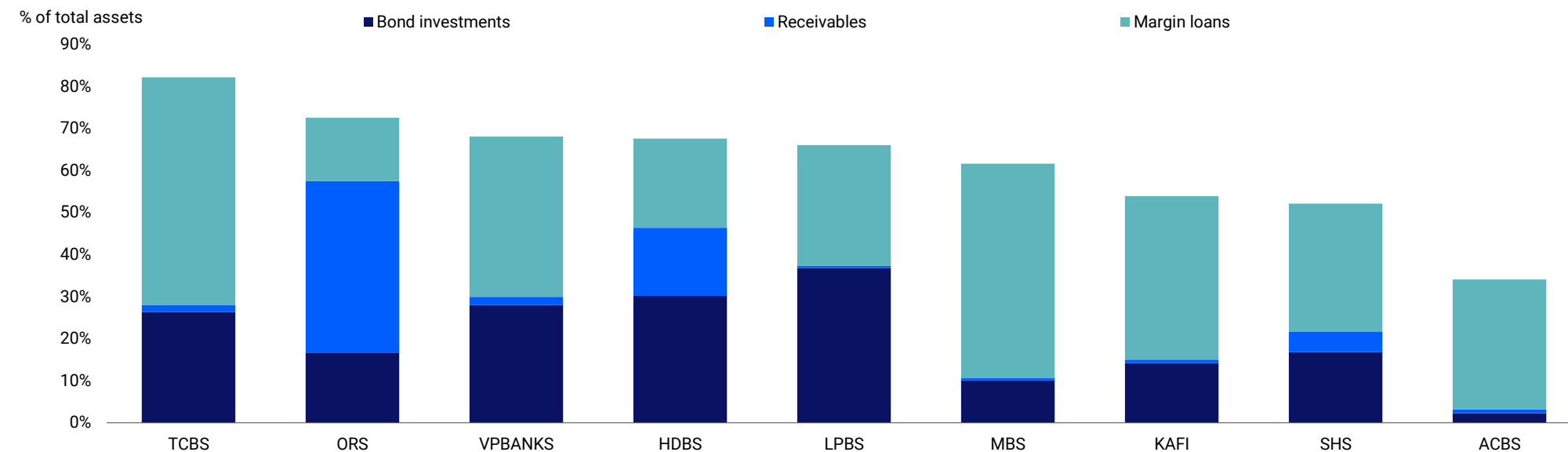
Exhibit 10: These firms lead bond advisory market share



Note: Bond advisory market share (excluding bank bonds) in 2024; Refer to the Appendix for the full names of securities firms

Source: Hanoi Stock Exchange (HNX), VIS Rating

Exhibit 11: Stringent customer selection and collateral management are key to managing bank asset risks, as they expand corporate bond operations



Note: Asset structure as of 3M2025

Source: Company data, VIS Rating

APPENDIX

The banks included in our analysis are as follows:

	Short name	Full name	Classification
1	ABB	An Binh Commercial Joint Stock Bank	Small
2	ACB	Asia Commercial Joint-Stock Bank	Large
3	AGRIBANK	Vietnam Bank For Agriculture And Rural Development	State-owned
4	BAB	Bac A Commercial Joint Stock Bank	Small
5	BID	Joint Stock Commercial Bank for Investment and Development of Vietnam	State-owned
6	BVB	Viet Capital Commercial Joint Stock Bank	Small
7	CTG	Vietnam Joint-Stock Commercial Bank for Industry and Trade	State-owned
8	EIB	Vietnam Commercial Joint Stock Export Import Bank	Mid-sized
9	HDB	Ho Chi Minh City Development Joint Stock Commercial Bank	Large
10	KLB	Kien Long Commercial Joint Stock Bank	Small
11	LPB	Fortune Vietnam Joint Stock Commercial Bank	Mid-sized
12	MBB	Military Commercial Joint Stock Bank	Large
13	MSB	Vietnam Maritime Commercial Joint Stock Bank	Mid-sized
14	NAB	Nam A Commercial Joint Stock Bank	Mid-sized
15	NVB	National Citizen Commercial Joint Stock Bank	Small
16	OCB	Orient Commercial Joint Stock Bank	Mid-sized
17	PGB	Prosperity and Growth Commercial Joint Stock Bank	Small
18	SGB	Saigon Bank for Industry and Trade	Small
19	SHB	Saigon - Hanoi Commercial Joint Stock Bank	Large
20	SSB	Southeast Asia Commercial Joint Stock Bank	Mid-sized
21	STB	Saigon Thuong Tin Commercial Joint Stock Bank	Large
22	TCB	Vietnam Technological and Commercial Joint-Stock Bank	Large
23	TPB	Tien Phong Commercial Joint Stock Bank	Mid-sized
24	VAB	Vietnam Asia Commercial Joint Stock Bank	Small
25	VBB	Vietnam Thuong Tin Joint Stock Commercial Bank	Small
26	VCB	Joint Stock Commercial Bank for Foreign Trade of Vietnam	State-owned
27	VIB	Vietnam International Commercial Joint Stock Bank	Mid-sized
28	VPB	Vietnam Prosperity Joint Stock Commercial Bank	Large

The securities 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	LPBS	LPBank Security JSC	Small firm
31	OCBS	OCBS Securities JSC	Small firm
32	ABW	An Binh Securities JSC	Small firm

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