

Key Takeaways from the Forum:

Vietnam's Growth Perspectives and Financing Needs for High-Growth Targets

The analyses and perspectives presented in this report are synthesized from the fireside chat titled "Vietnam's Growth Perspectives and Financing Needs for the Next Development Phase" in the Vietnam Bond Market Forum 2026, co-organized by FiinRatings, FiinGroup, and S&P Global Ratings in Hanoi on April 2, 2026. The speakers included:

- Mr. Kim Eng Tan, Managing Director - Sector Lead, Asia-Pacific Sovereign Ratings, S&P Global Ratings
- Mr. Nguyen Anh Quan, Director, Financial Institution Ratings, FiinRatings

April 29, 2026

This report does not constitute a credit rating action.

Key highlights:

- The relationship between growth and investment is inseparable across economies at all income levels. High-income economies typically maintain investment rates of above 20% of GDP, whereas low-income and slower-growing countries tend to exhibit lower investment ratios. Notably, high investment rates demonstrate a stronger correlation with economic growth at lower income levels.
- Mr. Kim Eng Tan, speaker from S&P Global Ratings, also noted that improvements in the institutional framework, along with enhanced policy predictability and transparency will be key factors in supporting a potential sovereign credit rating upgrade in the future. Conversely, the rapid expansion of bank credit in recent years is creating latent risks to the country's sovereign credit profile.
- The financing gap between capital demand and the mobilization capacity of existing funding channels for Vietnam's economic growth targets is estimated by FiinGroup at approximately USD 20-30 billion annually. Developing the capital markets, particularly the corporate bond market, therefore, has become an urgent priority to secure long-term funding, reduce reliance on bank credit, and mitigate exposure to volatile short-term foreign capital flows.
- Looking ahead to 2026, the banking sector's outlook is expected to shift from a phase of rapid expansion to more selective credit growth. In this context, capital strength (capital buffer), reflected in Tier 1 capital adequacy, and liquidity resilience are set to play an increasingly important role.

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Context: As Vietnam enters a new phase of development, the need to mobilize stable medium- and long-term capital has become increasingly urgent. The corporate bond market (CBM) is therefore identified as a key funding channel, contributing to high, sustainable economic growth and improved growth quality.

Despite recent volatility, Vietnam's corporate bond market has begun to establish fundamental foundations. However, for the market to fully realize its role, it needs to shift from width-driven expansion to depth-oriented development. This is particularly important given substantial capital demand from the corporate sector, including both private and state-owned enterprises.

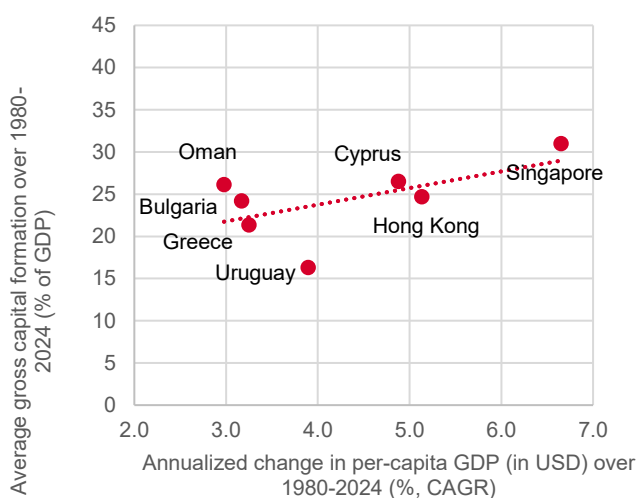
Developing the corporate bond market in greater depth not only lays out the groundwork for the capital market's completion but also creates opportunities to attract stronger inflows from international financial institutions. Foreign investor interest in Vietnam has increased significantly, especially following the upgrade of Vietnam's stock market to emerging market status by FTSE Russell. In this context, alongside equities, corporate bonds are increasingly viewed as an important asset class within investment portfolios.

1. Based on the analyses by S&P Global Ratings, the relationship between growth and investment is inseparable at all income levels.

High-income economies typically maintain investment rates of above 20% of GDP, whereas low-income and slower-growing countries tend to exhibit lower investment ratios. Notably, high investment rates demonstrate a stronger correlation with economic growth at lower income levels, and this relationship becomes more strengthened when outliers are excluded.

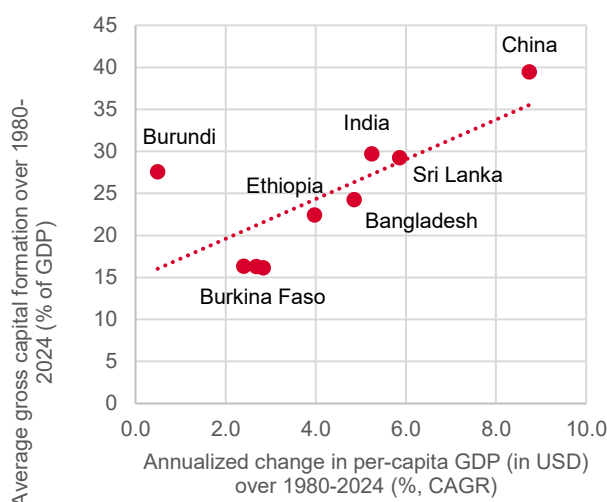
The speaker from S&P Global Ratings, Mr. Kim Eng Tan, Managing Director - Sector Lead, Asia-Pacific Sovereign Ratings, also noted that insufficient infrastructure and capital remain major obstacles to economic development in the lowest-income economies, while absorption becomes a key determinant in higher-income countries. As an economy's infrastructure and capital base improve, how much economic growth will benefit from new investments increasingly depends on whether they are allocated to the right projects. Governance-related factors such as laws, regulations, and the predictability of legal judgments that can help increase the speed of implementation of business decisions become more important.

Exhibit 01: Economies with GDP per capita of around USD 4,000–6,000 in 1980



Source: IMF. World Economic Outlook (WEO), <https://data.imf.org/en/datasets/IMF.RES:WEO>. Accessed on 30/03/2026.

Exhibit 02: Economies with GDP per capita of around USD 200–500 in 1980



Source: IMF. World Economic Outlook (WEO), <https://data.imf.org/en/datasets/IMF.RES:WEO>. Accessed on 30/03/2026.

Regarding the potential of improvement in Vietnam's sovereign credit rating, Mr. Kim Eng Tan stated: *"Improvements in the institutional environment, along with greater policy predictability and transparency, are key factors that we consider in assessing potential changes to Vietnam's sovereign credit rating."* In addition, while Vietnam's government bond yields remain relatively low, sustained rapid bank credit growth over many years may pose risks to the sovereign credit profile. This is particularly relevant in the context of relatively weak revenue-generation capacity, which may constrain the government's ability to finance public investment.

2. The funding gap to support growth is estimated at around USD 20–30 billion per year. Developing the capital market, particularly the corporate bond market, has become urgent priority to secure long-term funding, reduce reliance on bank credit, and mitigate exposure to volatile short-term foreign capital flows.

To realize the ambitious target of achieving double-digit GDP growth (10% or higher) starting from 2026, Vietnam's economy can be likened to a "high-speed race car" requiring a substantial amount of "fuel" to reach its desired pace. According to analysis by FiinGroup and FiinRatings (published in January 2026), achieving this growth trajectory would require a significant scaling-up of total social investment, estimated to reach nearly 40% of GDP by 2030. This

represents an unprecedented level of capital mobilization, posing considerable challenges to the existing financial system. The core issue lies in the substantial gap between available funding and estimated demand. Data indicates a medium- to long-term funding gap ranging from USD 20 to 30 billion annually.

Historically, the banking system has played the dominant role in financial intermediation. However, by the end of 2025, the credit-to-GDP ratio had exceeded 140%. This is a notable threshold, as it is approaching risk levels for an emerging economy like Vietnam, thereby constraining the capacity for continued aggressive credit expansion. In addition, maturity mismatch risk are still present: while over 90% of customer deposits are short-term (with tenors of less than 12 months), the banking system is expected to finance long-term infrastructure projects with investment horizons of up to 20 years.

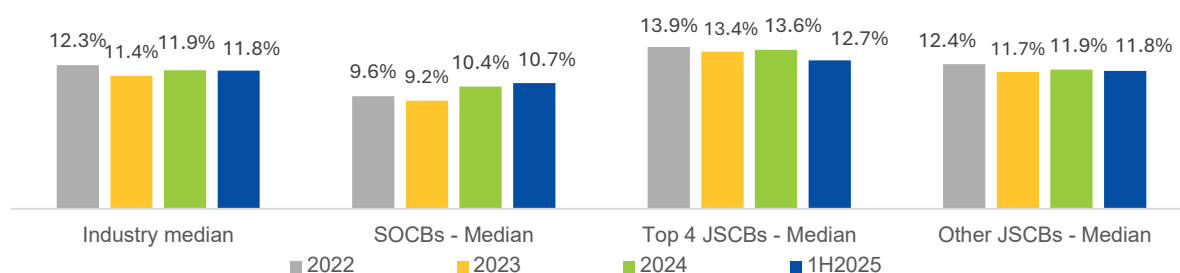
Looking ahead, the data sends a clear signal: banks cannot sustain high growth without placing additional strain on the banking system. As such, a shift toward alternative funding channels, particularly the corporate bond market, to share the financial burden and gradually become a core pillar of capital allocation is no longer optional, but an urgent necessity to sustain long-term, stable economic growth.

3. Looking ahead to 2026, the banking sector outlook is expected to shift from a phase of rapid expansion to more selective credit growth. In this context, capital strength (capital buffer), reflected in Tier 1 capital adequacy, and liquidity resilience are set to play an increasingly important role.

System credit grew by approximately 19% in 2025, surpassing the State Bank of Vietnam's (SBV) target range of 15%-16%. This growth was supported by infrastructure expansion, FDI-driven industrial activity, real estate, and recovering retail lending. We expect credit growth in 2026 to be lower than in 2025, given the existing high credit to the economy (GDP) ratio of over 140%. New measures by the SBV in 2026 (e.g. requiring that each bank's lending in Q1/2026 not exceed 25% of total 2026 credit target and each bank's 2026 real estate lending growth cannot exceed its 2025's total lending growth ...) are expected to help slow down real estate lendings.

A positive highlight of Vietnam's banking sector in 2025 is its ability to sustain profitability despite a significant compression in net interest margins (NIM), which declined to 2.9% from 3.5% in 2024. While sector NIM is expected to remain below 3.0% in 2026 amid higher cost of funds and the need to maintain low lending yields to support borrowers, banks' profitability is increasingly supported by a strategic shift toward non-interest income streams, which are estimated to account for approximately 23.8% of total operating income by the end of 2025. We also observe a growing trend among banks to expand fee-based services, including brokerage, agency fees, and letters of credit (L/C) guarantee services, as well as strengthen non-performing loan (NPL) recoveries to offset pressure from narrowing net interest margins.

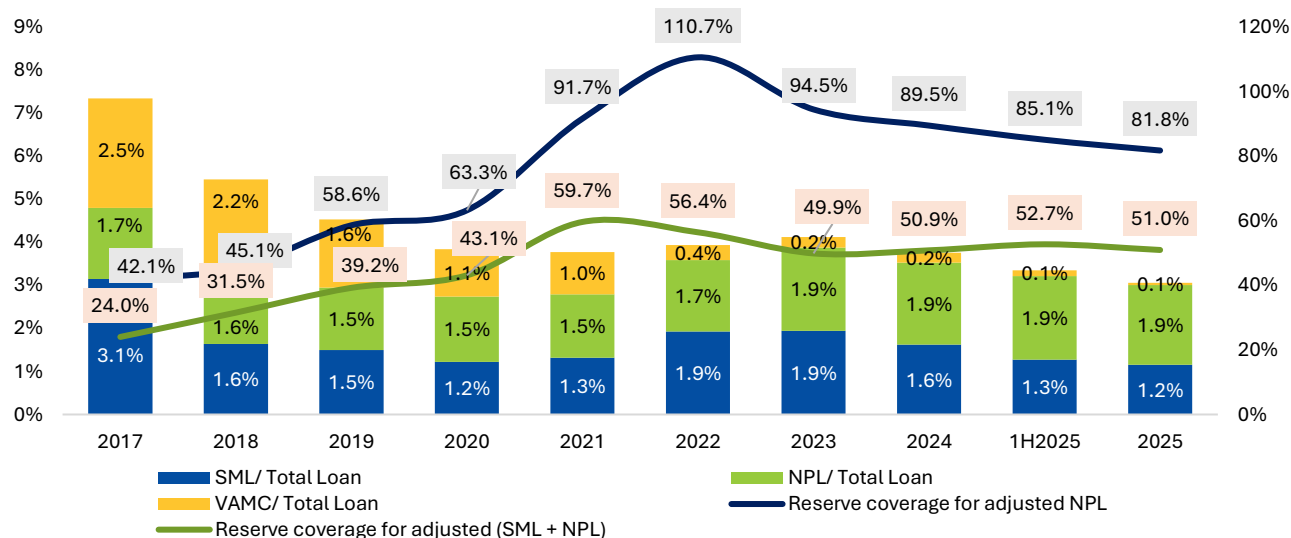
Exhibit 03: Capital Adequacy Ratio (CAR) (by banking group and by sector) (2022 – 1H2025)



Source: FiinRatings

On the other hand, capital buffer constraints, particularly Tier 1 capital, are expected to remain a key challenge for the banking sector in the up comings. The system Capital adequacy ratio (CAR) currently stands at 11.8% as of 1H2025, which is lower than same figure of regional peers, acting as a structural constraint on future credit expansion ambitions. As of mid-2025, we observe a clear divergence in capital strength across banking groups: while state-owned commercial banks (SOCBs) improved their CAR to around 10.7% (mainly driven by Tier 2 capital issuance), the four largest private joint-stock commercial banks (top 4 JSCBs) saw their CAR decline to approximately 12.7%, as risk-weighted assets grew faster than their ability to build up their capital. This pressure is expected to persist into 2026 as Circular 14/2025/TT-NHNN (aligned with Basel III standards) is implemented, requiring banks to strengthen Tier 1 capital through retained earnings or equity issuance, rather than relying on debt-like capital instruments, in order to maintain regulatory capital adequacy ratios.

Exhibit 04: Problematic loans* ratio (LHS) and reserve coverage ratio (RHS) of commercial banks in Vietnam



Source: FiinRatings

Note: (*) Problematic loans comprise of special-mentioned loans (SML), non-performing loans (NPL), and the divestment of non-performing loans to Vietnam Asset Management Company (VAMC);

Total loans = Loan book + VAMC bonds

In addition, asset quality pressure is expected to increase in 2026 as credit growth slows and elevated NPL write-offs (equivalent to 1.3% of total loans in 2025) normalize, while banks enter the year with provision buffers at their lowest level since 2021. Liquidity pressure, meanwhile, re-emerged in late 2025 and is likely to persist into 2026, as credit growth of 19.0% continues to outpace deposit growth of 11.4% by a wide margin. This widening gap is forcing many institutions to reduce liquid asset holdings and rely more heavily on higher-cost interbank funding, as well as bond issuance, to manage structural maturity mismatches.

Speakers' presentations from the Forum are available at: [THIS LINK](#)

If you require further information or wish to speak directly with our analysts, please contact us at:

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