FiinRatings
A Strategic Partner of S&P Global

Presentation Deck:

How credit ratings contribute to attracting capital for issuers

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FiinRatings introduction

A Member Company of FiinGroup

FiinRatings

FiinGroup ENLIGHTEN THE MARKET

A Strategic Partner of NIKKEI Quick

FiinGroup is a leading provider of financial information, business information, and market research to support investors in the Vietnamese market and companies in their business development and expansion in Vietnam.

For more information, please visit: https://www.fiingroup.vn.

FiinRatings ENLIGHTEN THE MARKET

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FiinRatings is a member company of FiinGroup and a strategic partner of S&P Global, operating in the credit rating field under a license from the Ministry of Finance. We offer a diverse range of services, including credit ratings, risk assessment and analysis, and SPO (Second Party Opinion), meeting the needs of issuers, lenders, and investors across various industries in Vietnam.

For more information, please visit: https://www.fiinratings.vn.

FiinGroup

Financial Information

- FiinPro Platform: Financial Market Information Platform
- FiinTrade Platform: Stock Analysis Platform
- API Datafeed: Securities Data Service

Business Information

- Corporate Credit Report
- FiinGate Platform: Corporate Information Platform
- SME Credit Scoring Solution
- Risk Analytics

Market Research

- Industry Analysis Report
- Market Research
- Business Due Diligence
- Market Entry Consulting

FiinRatings

- Credit Ratings
- Credit Assessment
- Sector Credit Research
- Sustainable Finance

01 FiinRatings introduction

Overview

20/03/2020
Licensed Date

VND 65.3 Billion
Owner's Equity

FiinGroup: 56.5%
S&P Global: 43.4%
Management: 0.1 %
Shareholders

20+
Qualified Analysts

Nguyen Quang Thuan
CEO and Legal Representative

pwc
Auditor

70+
Clients under Issuer-Pay model

20+
Clients under Investor-Pay model

Our Key Development Milestone

2008

FiinGroup (previously known as StoxPlus) was founded as a stock market information provider.

2020

Expanded and start operating as a local licensed Credit Rating Agency.

2021

Received Technical Assistant from **S&P Global Ratings** and **Asian Development Bank (ADB)**.

2022

Authorized by CBI to be an Approved Verifier for Green Bonds & Green Loans. Corporate reorganization and renamed as **FiinRatings JSC**.

2025

Formed a strategic partnership with **S&P Global**, which acquired a **43.4%** minority stake in FiinRatings on 25th February.

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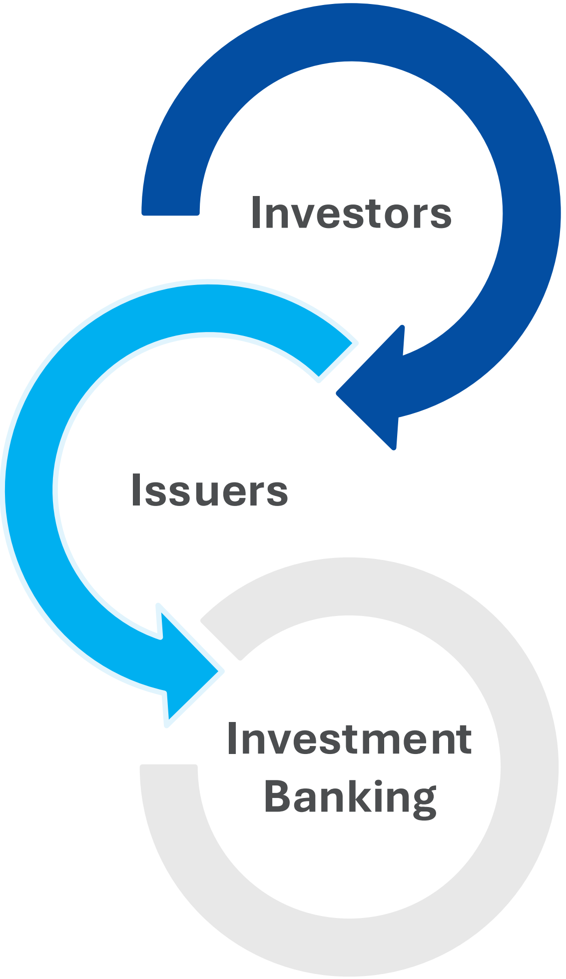
02 Overview about credit rating's role in capital market

For Borrowers/Issuers:

- Optimize the cost of funding with respect to interest rates and tenors
- Increase access to capital markets
- Diversify funding sources



For Investors:

- Independent assessment of credit quality
- A standardized framework for comparison across asset classes, industries, regions, and peers
- Comprehensive information and benchmarks to support informed decision-making

For Investment Bankers:

- Independent evaluation of credit quality
- Strengthen the investor base to enhance bond distribution

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The roles in attracting capital for issuers

Applied by Issuers

FiinRatings

Phase 1

Better understand the financial profile before bond issuance

Support the selection of instruments, structures, and target investors for bond issuance.

- Serve as a reference in determining interest rates and funding costs for planned debt issuance.

Phase 2

Expand the investor base and enhance negotiation effectiveness

- Leverage credit rating results alongside yield curves and relative benchmarks to negotiate reasonable interest rates.
- Leverage enhanced transparency through credit ratings.

Phase 3

Serve as a basis for improving credit profile

- Utilize credit ratings to define future capital-raising strategies.

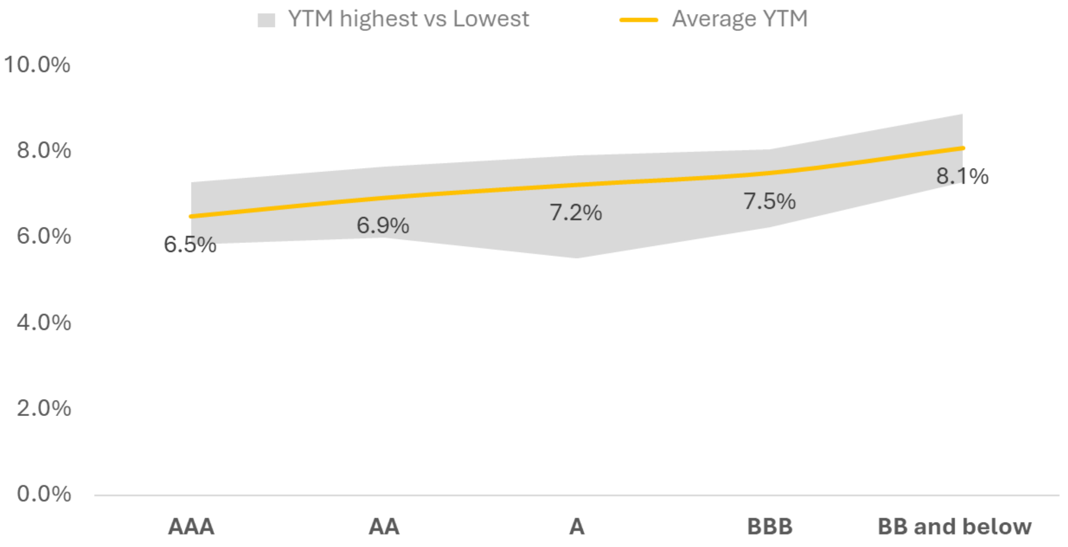
03 The roles in attracting capital for issuers

Applied by Issuers

Below is the relationship between our ratings and yield-to-maturity of corporate bonds which are trading on the secondary market under Hanoi Stock Exchange (“HNX”). Banking bonds and real estate bonds accounted for a majority of daily trading values in HNX.

Pricing vs. Ratings: Banking Bonds

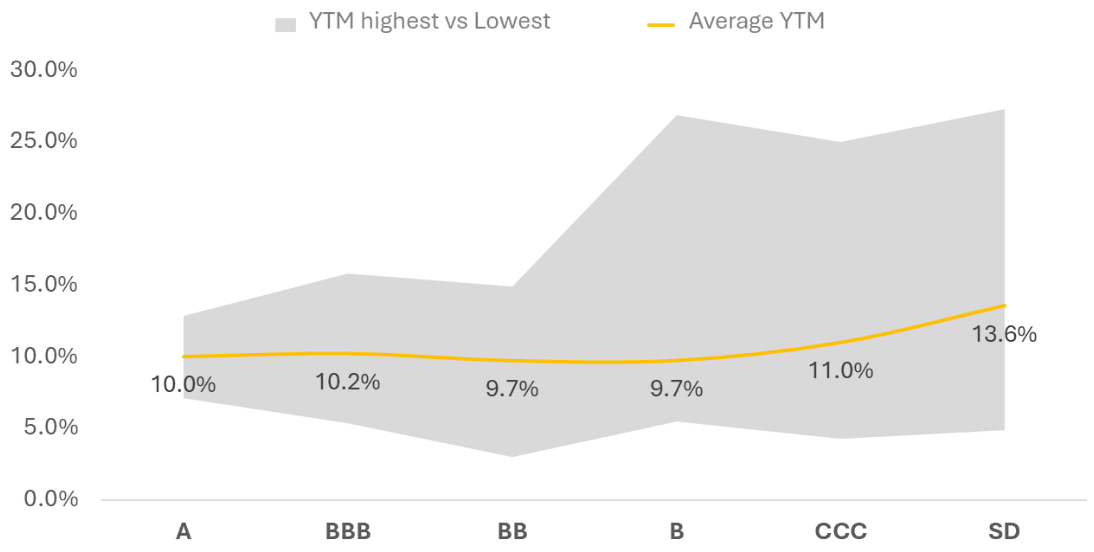
[Update by 30 March 2024]



Source: Rating Scale by FiinRatings. The calculations and compilation based on FiinRatings’ data, which includes 30 banking issuers with the largest bond trading liquidity on the secondary market during Q1 2024.

Pricing vs. Ratings: Real Estate Bonds

[Update by 30 March 2024]



Source: Rating Scale by FiinRatings. The calculations and compilation based on FiinRatings’ data, which includes 62 issuers with the largest bond trading liquidity on the secondary market during Q1 2024.

03

The roles in attracting capital for issuers

Applied by Issuers

FiinRatings

Preparations from the issuers to maximize credit rating's values:

01 To clarify capital/ debt strategy before entering the bond issuance journey, including credit rating

02 To incorporate credit rating into overall bond issuance timeline to optimize time and steps for preparing documents

03 To consider rating advisory services by securities companies/ advisory firms to navigate the complex rating process effectively

04 To be proactive and transparent in sharing information and documents with rating agencies

05 To use rating review service periodically (after the initial credit rating) to maintain the credit profile's transparency for investors and regulators

03 The roles in attracting capital for issuers

Applied by Investors

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For investors, credit ratings deliver comprehensive value throughout the entire investment process:

01 **Identifying financial-transparent issuers, screening proactively and pre-investment evaluation**

02 **Determining interest rates and tenors that match their investment policies**

03 **Risk monitoring post-investment**

04 **Capital calculation applying Risk-based Capital Management**

05 **Asset allocation and rebalancing strategy**

The roles in attracting capital for issuers

Applied by Investors

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Risk management: Applied to Commercial Banks

- According to the regulatory Framework for Risk Management under Basel, risk weights are applied to different assets of commercial banks to determine the capital they must hold to cover potential risks.
- Risk weights reflect the level of risk and can be referenced to credit ratings (if available) for various asset types and loan credits. This is used to calculate **Risk-Weighted Assets (RWA)** and, consequently, **the Capital Adequacy Ratio (CAR).**
- In Vietnam, this practice is applied to bonds issued by banks. However, for non-bank corporate bonds, the use of risk weights based on independent credit ratings is not yet permitted. Instead, risk weights are determined based on the company's revenue size, leverage, and equity capital (Circular 41/2016/TT-NHNN and Circular 22/2023/TT-NHNN).

$$CAR = \frac{Capital}{RWA}$$

Risk Weights for Corporate Credit Based on Credit Ratings in Some ASEAN Countries

	Basel	KH	ID	MY	PH	SG	TH	VN
AAA to AA-	**20**	20	20	20	20	20	20	**n/a**
A+ to A-	**50**	50	50	50	50	50	50	**n/a**
BBB+ to BBB-	**75**	75	75	100	100	100	100	**n/a**
BB+ to BB-	**100**	100	100	100	100	100	100	**n/a**
Below BB-	**150**	150	150	150	150	150	150	**n/a**
Unrated	**100**	100	n/a	100	100	100	100	**n/a**

Source: CGIF

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Risk management: Applied to Insurance Companies

- The global and regional insurance industry applies a Risk-Based Capital Framework.
- Since insurance companies frequently hold significant investments in corporate bonds, independent credit ratings are widely used to assess capital adequacy.
- In Vietnam, the Insurance Business Law of 2022 and related regulations are transitioning from a solvency-based approach to a risk-based management framework.

Capital Charge = Capital Required for Credit Risk/Debt Instruments + Capital Required for Equity Investment Risk + Capital Required for Interest Rate Risk + Capital Required for Operational Risk.

Risk Charge Coefficient Based on Credit Ratings for Debt Instrument Investments in the Insurance Sector in Several ASEAN Countries (currently not yet applied in Vietnam)

	ID	MY	PH	SG	TH
AAA	1.6	1.6	1.5	0.5	0.01
AA+ to AA-	2.8	2.8	1.5	1.0	0.35
A+ to A-	4.0	4.0	4.0	2.0	0.4
BBB+ to BBB-	6.0	6.0	6.0	5.0	1.5
BB+ to BB-	12.0	12.0	12.0	10.5	4.0
B+ to B-	12.0	12.0	12.0	10.5	14.0
Below B-	12.0	12.0	25.0	20-48.5	14.0
Unrated	12.0	12.0	15-25	7.75	14.0

Note: For Singapore, the figure reflects the risk charge on non-sovereign entities.

Source: CGIF

03 The roles in attracting capital for issuers

Applied by Investors

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Below is the relationship between our ratings and historical default ratio.

Our Ratings and Historical Default Ratio of Corporate Bonds in Vietnam

Rating Scale	2021	2022	2023
AAA	0%	0%	0%
AA	0%	0%	0%
A	0%	0%	0%
BBB	0%	2.5%	4.5%
BB	1%	1.3%	19.6%
B	0%	2.7%	32.0%
CCC and below	0%	6.7%	41.9%
Investment Grade	**0.0%**	**2.0%**	**3.1%**
Speculative Grade	**0.3%**	**2.4%**	**27.1%**
Total	**0.2%**	**2.3%**	**23.0%**

Source: FiinRatings

Note:

1. *Each rating group includes all symbols. For example, the AA group includes AA+, AA, and AA- ratings;*
2. *The ratio calculation bonds at the time of assessment. Issuers that have settled their outstanding bonds will be excluded from the T+1 calculation (excluding companies using temporary measures to extend bond payment terms);*
3. *Preliminary credit ratings are based only on publicly available information and are not the results of formal Issuer Credit Ratings (ICR). For official ICR ratings, FiinRatings conducts assessments of various factors for issuing organizations, including interviews with management, and evaluations of the business models of each specific issuer.*

02 The roles in attracting capital for issuers

Applied by Investors

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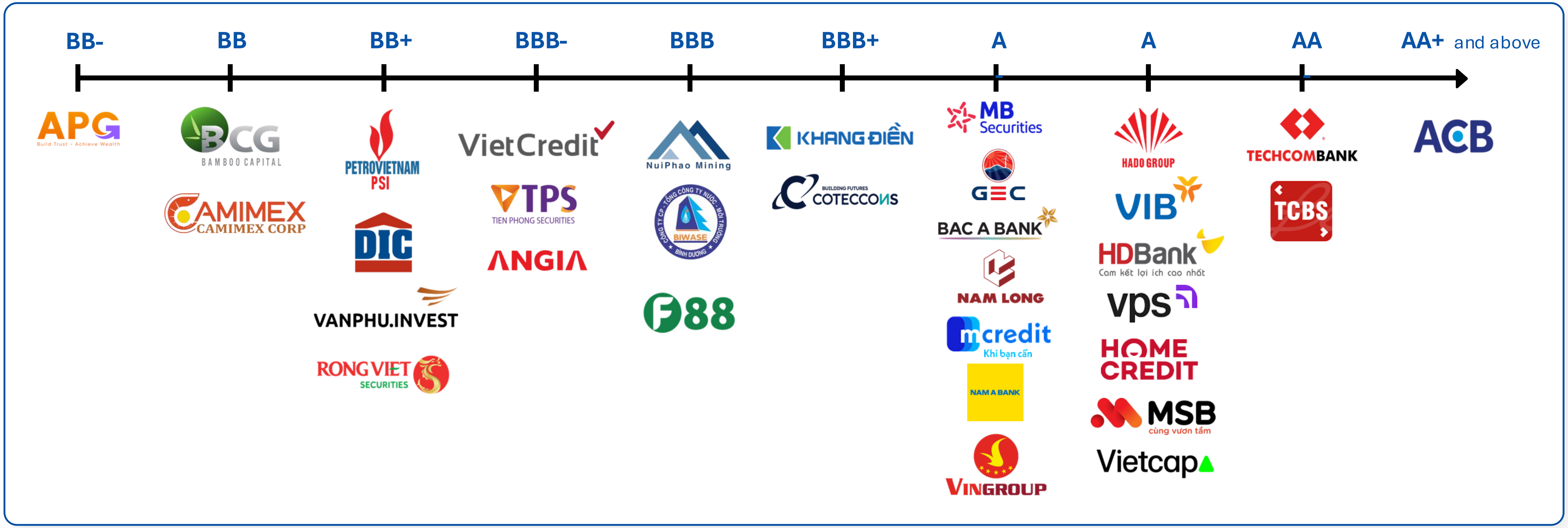
We have conducted credit ratings for the major enterprises in Vietnam. Below are selected issuers that have been rated under the domestic rating scale.



Note: Some Issuers listed here have discontinued using FiinRatings' credit rating service. FiinRatings' domestic rating scale has 20 notches, from C to AAA (AAA for Vietnamese government bonds).

02 The roles in attracting capital for issuers

Applied by Investment bankers

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To strengthen assessment foundation before formal advisory

- The rating results provide additional grounds for securities firms in assessing and selecting transactions prior to entering into formal advisory agreements with issuers.

To facilitate efficient and timely bond distribution

- Credit rating results facilitate more effective communication and disclosure with investors.
- Public disclosure of credit ratings helps attract greater investor interest.

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04 Case Studies

Typical rated issuers by FiinRatings

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Issuers	Credit rating results	Credit rating application
HOA BINH - XUAN MAI CLEAN WATER LIMITED LIABILITY COMPANY	▪ Initial issuer credit rating in 2024: BB (outlook: Stable) ▪ Issue credit rating (for the guaranteed bond by GuarantCo): AAA ▪ FiinRatings issuing Second Party Opinion Report for Green Bond Issuance in alignment with ICMA's Green Bond Principle	▪ Successfully issued Green bonds with a volume of 875 billion VND, interest rate of 5.75%/year with a term of 20 years.
BIWASE	▪ Initial issuer credit rating in 2024: BBB (outlook: Stable) ▪ Issue credit rating (for the guaranteed bond by CGIF): AAA	▪ Successfully issued a bond lot worth 700 billion VND, fixed interest rate of 5.5%/year with a term of 10 years.
Vietcap	▪ Issuer credit rating in 2025: A (outlook: Stable) ▪ Issuer credit rating in 2023: A- (outlook: Stable)	▪ Leveraging credit rating reports for successful syndicated loan transactions with international investors/lenders.
F88	▪ Initial issuer credit rating in 2021: BBB- (outlook: Stable) ▪ Latest issuer credit review in 2025: BBB (outlook: Stable)	▪ Using credit rating for different bond transactions over the past 04 years. ▪ Strengthening investor relation activities for IPO.

04

Case Studies

Along with rated bonds, green bonds are also emerging as a growing segment in the market

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No. vvv	Issuer	Bond type	Value (VND)	Term	Release date	Applied Green Standards	External Review Agency	Domestic Credit Ratings
1	Bank for Investment and Development of Vietnam (BIDV)	Green	2,500 billion	5 years	Oct 25, 2023	ICMA	Pre-issuance: MOODY'S Post-issuance: FiinRatings	
2	Bank for Investment and Development of Vietnam (BIDV)	Sustainability	3,000 billion	5 years	Sept 23, 2024	ICMA	MOODY'S	*Not applied*
3	Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB)	Green	2,000 billion	2 years	Nov 14, 2024	ICMA	S&P Global Ratings	*Not applied*
4	International Development & Investment Corporation (IDI)	Green	1,000 billion	8 years	Nov 26, 2024	ICMA	FiinRatings	*Not applied*
5	Hoa Binh – Xuan Mai Clean Water Co., Ltd. (a subsidiary of AquaOne)	Green	875.1 billion	20 years	Nov 28, 2024	ICMA	FiinRatings	Issuer Rating: **BB**; Bond Rating: **AAA** by FiinRatings
	Total		**9,375.1 billion**					

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