

Banking: Update on Circular 50/2026 amending and supplementing Circular 22/2019/TT-NHNN

- The newly adopted Circular 50/2026, effective from 01/12/2026, notably retains the LDR instead of the CDR proposed in the earlier Draft Circular and raises the LDR cap to 95% from the current 85% (applicable once a bank applies both the LCR and NSFR). In addition, the conditions for applying LEV and LCR have been relaxed to ease pressure on banks along the Basel III adoption roadmap.
- We view TT50/2026 as positive for listed banks: early adoption of the LCR and NSFR could lift the LDR cap from 85% to 95%, easing liquidity pressure and creating more room for lending.

Impact assessment of Circular 50/2026 on the banking system

As of 28/09/2026, system-wide credit reached ~VND20,600tn, up 13.2% YTD and still growing faster than deposits, although VND deposit growth in 9M26 has gradually caught up with VND credit growth. Accordingly, the LDR of 27 banks at end-2Q26 rose 118bps QoQ and 255bps YTD. Although still below the 85% cap, the LDR is generally significantly higher than in previous periods, reflecting mounting funding-balance pressure. Against this backdrop, the SBV has rolled out several technical measures to ease liquidity pressure and support the system's capacity to fund credit, including raising the share of State Treasury term deposits counted in the LDR denominator from 20% to 50%, and raising the maximum ratio of short-term funding used for medium- and long-term lending from 30% to 40% to support medium- and long-term loans and key infrastructure projects. However, these are mainly short-term support measures and may increase maturity-mismatch risk as well as liquidity pressure if credit growth stays high. Therefore, a clearer roadmap from the SBV for managing liquidity and funding structure is needed to both support credit growth and safeguard balance-sheet quality and system safety in the medium to long term.

Recently, the SBV issued Circular 50/2026/TT-NHNN (TT50), with several changes versus the earlier Draft Circular replacing TT22/2019, revising capital adequacy and liquidity ratios towards international Basel III standards. Accordingly, TT50's key changes versus the Draft Circular focus on three points: (i) **LEV (leverage ratio)**: the 3% threshold is not applied immediately; the threshold and timing are set by the SBV Governor from time to time; (ii) **LCR (liquidity coverage ratio)**: the roadmap is more extended than in the Draft Circular; (iii) **LDR (loan-to-deposit ratio)**: a return to LDR instead of the CDR proposed in the Draft Circular, keeping most adjustment components but changing how they are split between numerator and denominator; the cap is raised to 95%, applicable once a bank starts applying LCR/NSFR under TT50. We view TT50's changes versus the previous Draft Circular as more flexible during the transition, continuing to support banks' liquidity while retaining a regulatory steer towards early compliance with Basel III.

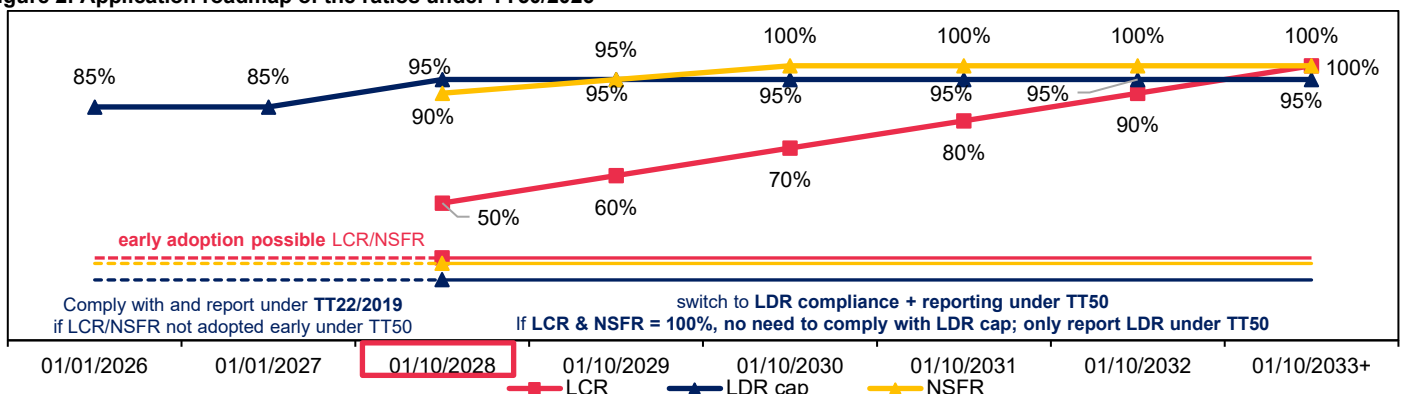
Key changes and impact of TT50/2026 versus TT22/2019 and the Draft Circular amending TT22/2019

Figure 1: Summary of ratio calculations and roadmaps under TT50 versus the Draft Circular and TT22/2019

Item	TT22/2019 & other amending circulars	Draft Circular amending TT22	TT50/2026	Impact assessment
LEV	LEV not yet applied	LEV = T1/Exposure measure - T1 = Tier 1 capital - EM = total exposure, including on-balance-sheet assets, derivatives, off-balance-sheet items and unsettled transactions. - The draft sets a minimum LEV of 3%.	LEV = T1 / Exposure measure No preset 3% minimum or fixed roadmap. From time to time, when necessary, the SBV Governor sets the minimum threshold, timing, frequency and reporting method. Outside required application periods, banks manage LEV under internal regulations.	Tighter leverage control, especially for banks with total assets and large off-balance-sheet commitments relative to Tier 1 capital. However, the short-term impact is much smaller than under the Draft Circular as TT50 does not immediately apply the 3% threshold.
LCR	LCR not yet applied Applies the liquidity reserve ratio and the 30-day solvency ratio under TT22.	LCR = Eligible HQLA / 30-day net cash outflows. - Applies HQLA Level 1, 2A, 2B and haircuts/caps. 13/07 draft roadmap: 60% (01/10/2028) → 70% (2029) → 80% (2030) → 90% (2031) → 100% (2032+). - Early adoption permitted upon registration.	- Keeps the Basel III framework but extends the roadmap by one year and lowers the starting threshold: 50% (01/10/2028) → 60% (2029) → 70% (2030) → 80% (2031) → 90% (2032) → 100% (01/10/2033+). - Early adoption possible; before 01/01/2033, banks may register to apply LCR & NSFR = 100% directly if conditions are met.	Higher requirements to hold high-quality liquid assets may raise demand for cash, government bonds and other highly liquid assets, reducing the share of assets that can be allocated to higher-yielding assets. However, TT50's roadmap is more extended than the draft's, easing short-term compliance pressure.
NSFR	NSFR not yet applied Uses the maximum ratio of short-term funding used for medium- and long-term lending ; raised to 40% from 30% (TT25/2026)	Replaced by NSFR = ASF / RSF . - ASF = available stable funding. - RSF = required stable funding. 90% (01/10/2028) → 95% (2029) → 100% (2030+). - Early adoption possible upon registration.	NSFR = ASF / RSF Keeps the roadmap of the Draft Circular - Upon moving to LCR/NSFR, TT22's short-term funding for medium/long-term lending ratio becomes transitional/reporting-only and is gradually replaced by the NSFR.	Encourages banks to raise the share of stable, long-term funding and reduce reliance on short-term funding for long-term assets. May create pressure to raise medium- to long-term funding, lifting COF for banks with a short-term funding structure or heavy reliance on less stable deposits.
LDR	LDR ≤ 85%; traditional calculation based mainly on loans and deposits / valuable papers.	Switch to CDR Numerator expanded to total credit extension, including corporate bonds and other credit extensions; most adjustments are deducted from the numerator.	LDR ≤ 95% Denominator expanded and heavily adjusted: adds foreign borrowings, capital/reserves, retained earnings and net interbank funding, while deducting corporate bonds and non-loan credit extensions	Cap loosened versus TT22, but the actual impact depends on balance-sheet structure. Banks with large foreign borrowings, equity and retained earnings can enlarge the denominator; conversely, banks with large corporate bond holdings or non-loan credit extensions see it shrink.

Source: SBV, MBS Research

Figure 2: Application roadmap of the ratios under TT50/2026



Source: SBV, MBS Research

Figure 3: Key differences in LDR/CDR calculation

Item	TT22/2019, as amended by TT25/2026	Draft Circular dated 13/07/2026	TT50/2026
I. OVERVIEW			
Ratio	LDR – Loan-to-deposit ratio	CDR – Credit-to-funding ratio	Back to LDR – Loan-to-deposit ratio
Formula	LDR = L/D	CDR = C/D	LDR = L/D
Maximum threshold	85%		95%
II. IMPACT ON TOTAL LOANS (LDR NUMERATOR) (↑ ↓ – raise/lower the LDR, negative/positive)			
Outstanding loans	Mainly outstanding loans and entrusted lending	Expanded to total credit extension , including loans, other credit extensions, corporate bond investments, entrusted credit...	Narrowed back to outstanding loans and entrusted lending ↓
Corporate bond investments, other non-loan credit extensions (*)	Excluded	Included	Shifted to deduction from the denominator ↑
Entrusted credit extension	Only entrusted lending where the bank bears the risk	Broader coverage of entrusted credit extension	Includes entrusted lending Entrusted non-loan credit extension deducted from the denominator
Loans to other credit institutions	Excluded	Excluded	Deducted from numerator ↓
Foreign borrowings (**)	Deducted from numerator	Deducted from numerator	Shifted to addition to the denominator ↓
Charter capital, reserves, share premium, retained earnings... (***)	Excluded	Deducted from numerator	Shifted to addition to the denominator ↓
III. IMPACT ON TOTAL DEPOSITS (LDR DENOMINATOR) (↑ ↓ – raise/lower the LDR, negative/positive)			
State Treasury term deposits	50% counted (1743/QĐ-NHNN)	20% counted	20% counted ↑
Deposits from other credit institutions	Included	Excluded	Excluded ↑
Net interbank funding (positive difference between funds received from and funds placed with other credit institutions)	Excluded	Included	Included ↓
Valuable papers issued by the bank	Fairly broad: promissory notes, bills, certificates of deposit, bonds	Only bonds eligible as Tier 2 capital	Only domestically issued bonds eligible as Tier 2 capital
Entrusted funds received by the bank where it bears the risk	Excluded	Included	Included ↓
Foreign borrowings (**)	Excluded	Excluded	Included ↓
Charter capital, reserves, share premium (***)	Excluded	Excluded	Included (after deductions such as accumulated losses, fixed assets, capital contributions/share purchases, treasury shares) ↓
Retained earnings less interest/fees receivable & payable	Excluded	Excluded	Included (after adjusting for interest/fees receivable – payable) ↓
Positive FX differences in equity	Excluded	Excluded	Included ↓
Corporate bonds held by the bank, other non-loan credit extensions (*)	Excluded	Excluded	Deducted from denominator ↑

Source: SBV, MBS Research

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