INTRODUCTION

1. Rationale for the Study

Over the past decade, credit risk has been significantly influenced by cyclical shocks and structural changes in the economy, including fluctuations in interest rates, volatility in asset markets, disruptions in supply chains, and shifts in business models. Credit losses are often not immediately apparent at the loan origination stage; rather, they tend to accumulate within credit portfolios and become evident only when economic conditions deteriorate. Consequently, a key requirement of modern risk management is to shorten the time lag between the emergence of risk and the implementation of corrective actions by banks. At the same time, the focus of credit risk management has gradually shifted from reactive measures after non-performing loans have emerged to proactive prevention, early identification, and timely intervention throughout the entire credit life cycle, in line with international risk management standards and practices.

Against this backdrop, the author identifies the topic ***"Credit Risk Resolution at Saigon Thuong Tin Commercial Joint Stock Bank"*** as possessing both theoretical and practical research gaps. The topic is of significant academic and practical relevance, particularly in the context of strengthening credit risk management capacity, enhancing banking resilience, and promoting the sustainable development of commercial banks in Vietnam. Therefore, the study is considered timely, necessary, and highly appropriate for a doctoral dissertation in the field of Finance and Banking.

2. Literature Review

2.1. Review of Studies on the Concept, Causes, and Characteristics of Credit Risk

A review of the literature and research conducted by the Basel Committee on Banking Supervision (BCBS), the International Monetary Fund (IMF), the World Bank (WB), Saunders and Cornett (2018), Hull (2007), Berger and DeYoung (1997), Altunbas et al. (2007), among others, indicates that credit risk is the most fundamental risk faced by commercial banks because it is directly associated with lending activities. Academic approaches generally begin with the broader concept of risk as uncertainty and the probability of loss, before defining credit risk as the possibility that borrowers fail to fulfill their contractual debt obligations, thereby causing financial losses to lenders.

The literature further highlights several key characteristics of credit risk. First, credit risk is cyclical in nature, tending to increase during periods of economic downturn when borrowers' income and cash flows weaken. Second, credit risk possesses a systemic and contagion effect, whereby distress in one institution or market segment may spread through financial linkages and market sentiment. Third, credit risk is heterogeneous, varying across industries, geographic regions, borrower categories, and the quality of collateral. Finally, credit risk manifests itself in multiple forms, including overdue loans, deterioration in loan quality, non-performing loans (NPLs), declines in collateral value, and other indicators of borrower distress.

2.2. Review of Studies on Mechanisms for Resolving Non-Performing Loans and Credit Risk

Based on a review of relevant studies (BIS, 2006; Fair and Isaac, 1963; Albareto, Felici & Sette, 2016; Altman & Hotchkiss, 2005, among others), this dissertation argues that credit risk resolution constitutes a fundamental pillar of commercial banks' sustainable development strategies, exerting a direct influence on operational efficiency and financial system stability. Existing studies have primarily focused on mechanisms, instruments, and legal policies designed to address non-performing loans and credit-related losses.The literature consistently suggests that effective resolution of non-performing loans and credit risk contributes to loss containment, improvement of asset quality, enhancement of lending capacity, and maintenance of confidence and liquidity necessary for future credit expansion.

In Vietnam, studies conducted by Quach Hai Yen et al. (2023), Nguyen Tien Hung and Le Thi Huyen Trang (2018), Diep Thanh Tung and Vo Thi Hoang Phung (2019), among others, emphasize the critical role of legal frameworks and institutional arrangements in facilitating credit risk resolution. Particular attention has been given to the pilot framework for NPL resolution established under Resolution No. 42/2017/QH14, as well as the legal foundation governing debt trading and debt resolution through the Vietnam Asset Management Company (VAMC), including Decision No. 843/QD-TTg, Circular No. 19/2013/TT-NHNN, and Circular No. 09/2018/TT-NHNN. These studies also underscore the need for further market-oriented reforms, particularly in debt valuation, transfer mechanisms, and competitive debt trading markets.

2.3. Research Gaps and the Scientific Arguments of the Dissertation

A review of both domestic and international studies indicates that credit risk and credit risk management have been extensively examined. Research conducted by Basel institutions, the IMF, the World Bank, the European Banking Authority (EBA), the European Central Bank (ECB), and scholars such as Altman, Merton, Stiglitz and Weiss, and La Porta et al. (1998) has established important theoretical foundations concerning credit risk, creditor rights, and contract enforcement mechanisms. However, significant research gaps remain regarding credit risk resolution at the level of individual commercial banks from a legal - institutional perspective. Details:

First, many of the studies reviewed adopt a broad credit risk management perspective, focusing on risk identification, measurement, prevention, and control; Second, although the studies reviewed examine various methods of resolving non-performing loans, further clarification is needed as to how these methods can be integrated into a coherent process within a specific bank, encompassing the

determination of a loan's status, triage, negotiation and restructuring of repayment obligations, collateral realization, debt sales, litigation, judgment enforcement, and debt recovery following the utilization of provisions; Third, there remains a lack of research examining credit risk resolution from the perspective of creditors' rights and the effectiveness of enforcing repayment obligations; Fourth, the indicators used to assess credit risk resolution in existing studies remain predominantly oriented towards credit quality, particularly the non-performing loan ratio, provisioning ratio, and capital adequacy ratio, while insufficient attention is paid to indicators capturing the substantive effectiveness of resolution efforts; Fifth, empirical studies on credit risk resolution in Vietnam have yet to examine in sufficient depth the case of an individual commercial bank operating in a highly distinctive context, such as Sacombank; Sixth, within the scope of the studies reviewed, further clarification is needed on how to combine an analysis of a bank's existing credit risk resolution practices with a survey examining factors associated with perceived resolution outcomes.

Based on these gaps, the dissertation establishes the following central scientific argument : credit risk resolution in commercial banks should not be understood merely as debt collection activities or efforts to reduce reported non-performing loan ratios. Rather, it should be approached as a legal–institutional process aimed at mitigating the consequences of realized credit risk or preventing potential losses from materializing.

This process is founded upon three fundamental pillars: (i) the creditor rights of the bank; (ii) the repayment obligations of borrowers; and (iii) the institutional mechanisms that ensure the enforcement of such rights and obligations. Consequently, the effectiveness of credit risk resolution depends not only on a bank's internal capabilities but also on the quality of legal documentation, the liquidity and enforceability of collateral, the effectiveness of judicial and enforcement systems, the development of debt trading markets, the legal framework governing loan classification and provisioning, and the degree of coordination among relevant stakeholders.

Building upon this central argument, the dissertation advances three specific propositions: (i) Credit risk resolution constitutes a distinct component of credit risk management, possessing its own starting point, instruments, and evaluation criteria; (ii) The effectiveness of credit risk resolution should be assessed based on substantive recovery outcomes rather than solely on non-performing loan ratios; (iii) In the case of Sacombank, enhancing credit risk resolution requires prioritizing improvements in legal enforcement capacity and institutional mechanisms for debt resolution.

2.4. Research Questions

The dissertation addresses six central research questions: (1) How should credit risk and credit risk resolution in commercial banks be conceptualized from legal and institutional perspectives, and how does credit risk resolution differ from conventional credit risk management, prevention, and control?; (2) How do Vietnam's current legal framework and institutional arrangements influence credit risk resolution in commercial banks, particularly regarding loan classification, debt restructuring, collateral realization, debt sales, provisioning, litigation, judgment enforcement, and debt recovery?; (3) What achievements, limitations, and bottlenecks characterize credit risk resolution at Sacombank during the study period in terms of legal, institutional, operational, efficiency, time, cost, and recovery dimensions?; (4) Which legal and institutional factors affect the effectiveness of credit risk resolution at Sacombank and Vietnamese commercial banks, particularly legal barriers, inter-agency coordination, litigation, judgment enforcement, debt trading markets, and collateral realization?; (5) What theoretical and practical lessons can be drawn from the Sacombank case for improving credit risk resolution mechanisms in Vietnamese commercial banks?; (6) What solutions and policy recommendations should be proposed to improve the legal framework, enhance implementation effectiveness, and strengthen credit risk resolution capacity at Sacombank and throughout the Vietnamese commercial banking system?

3. Research Objectives

3.1. General Objective

The dissertation aims to clarify the theoretical and practical foundations of credit risk resolution in commercial banks from a legal–institutional perspective. On this basis, it evaluates the current credit risk resolution mechanisms at Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank), identifies bottlenecks in creditor rights enforcement, debt recovery, collateral realization, debt sales, litigation and judgment enforcement, provisioning, and provision utilization, and proposes a comprehensive set of solutions to improve the credit risk resolution framework at Sacombank toward greater transparency, efficiency, loss reduction, recovery enhancement, and banking safety by 2030.

3.2. Specific Objectives

First, to systematize and clarify the theoretical foundations of credit risk resolution in commercial banks from a legal–institutional perspective ; Second, to define the conceptual scope, characteristics, instruments, and evaluation criteria of credit risk resolution effectiveness ;Third, to analyze the legal framework, institutional mechanisms, and factors influencing the effectiveness of credit risk resolution in commercial banks ; Fourth, to assess the current state of credit risk resolution at Sacombank during the period 2016–2025 ; Fifth, to identify the achievements, limitations, and underlying causes of limitations in Sacombank's credit risk resolution practices ; Sixth, to identify and empirically test the factors affecting credit risk resolution effectiveness at Sacombank using the Partial

Least Squares Structural Equation Modeling (PLS-SEM) approach ; Seventh, to propose solutions and policy recommendations aimed at improving the legal–institutional framework for credit risk resolution at Sacombank.

4. Research Object and Scope

- Research Object :The dissertation focuses on Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) and its organizational units directly involved in credit activities and credit risk resolution, including business units, risk management units, debt management and recovery units, legal and debt enforcement departments, as well as internal control and internal audit functions.

- Research Scope : The dissertation examines credit risk resolution in commercial banks during the stage when credit exposures have exhibited signs of deterioration in quality, become overdue, are classified as non-performing loans, or are likely to materialize into actual losses. The primary focus is placed on legal, institutional, and operational measures relating to debt recovery, collateral realization, debt restructuring, debt sales and transfers, litigation and judgment enforcement, provisioning and provision utilization, and value recovery following resolution activities.

- Scope of Time : Secondary data used for assessing the current situation cover the period from 2016 to 2025. The survey and empirical investigation were conducted in 2025.

5. Research Methodology

This dissertation adopts a case study approach combined with a mixed-methods research design in order to simultaneously clarify the theoretical foundations and institutional context of credit risk resolution, capture practical implementation issues, and quantitatively assess the effects of influencing factors. The mixed-methods approach enables the triangulation of evidence derived from documentary sources, statistical data, surveys, and interviews, as well as the integration of qualitative and quantitative techniques. Such an approach enhances the reliability of the findings and strengthens the feasibility of the proposed solutions. Qualitative methods are employed to review theoretical foundations, legal frameworks, institutional arrangements, and practical experiences relating to credit risk resolution. Quantitative methods are utilized to evaluate the current state of credit risk resolution and to test the relationships among factors affecting resolution effectiveness. Survey data are subjected to reliability and validity assessments. The dissertation employs Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4 software to examine the influence of five groups of factors on credit risk resolution effectiveness, namely: (i) Bank-specific factors; (ii) Technology and data factors; (iii) Legal and institutional factors; (iv) Human resources and governance factors; and (v) Customer-related factors.

6. New Contributions of the Dissertation

The dissertation makes the following contributions to both theory and practice: (1) It contributes to clarifying and refining the concept of credit risk resolution in commercial banks from a legal–institutional perspective ; (2) It develops a theoretical framework for credit risk resolution based on three fundamental pillars: the creditor rights of banks, the repayment obligations of borrowers, and the institutional mechanisms that ensure the enforcement of such rights and obligations ; (3) It systematizes the content of credit risk resolution as a structured post-risk intervention process comprising multiple interconnected stages ; (4) It proposes a set of indicators for evaluating credit risk resolution effectiveness that better reflects the legal and institutional nature of resolution activities ; (5) It provides systematic empirical evidence on credit risk resolution at Sacombank within the unique context of post-merger restructuring and legacy asset resolution ; (6) It contributes quantitative evidence regarding the factors affecting the effectiveness of credit risk resolution at Sacombank ; (7) It proposes a comprehensive set of solutions aimed at improving the legal–institutional framework for credit risk resolution at Sacombank while ensuring practical applicability and implementation feasibility ; (8) The findings and recommendations of the dissertation may serve as useful references for improving credit risk resolution mechanisms throughout the Vietnamese commercial banking system.

7. Structure of the Dissertation

In addition to the Introduction, Conclusion, References, and Appendices, the dissertation is structured into three chapters: Chapter 1: Theoretical Foundations of Credit Risk Resolution in Commercial Banks ; Chapter 2: Current State of Credit Risk Resolution at Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) ; Chapter 3: Solutions for Enhancing Credit Risk Resolution at Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank).

CHAPTER 1
THEORETICAL FOUNDATIONS OF CREDIT RISK RESOLUTION IN COMMERCIAL BANKS

1.1. CREDIT RISK IN COMMERCIAL BANKS

1.1.1. Concept of Credit Risk

According to the definition provided by the Basel Committee on Banking Supervision (BCBS, 2004), credit risk refers to the possibility that a counterparty to a credit contract fails to fully and timely fulfill its financial obligations, thereby causing financial losses to the lender. According to Circular No. 14/2023/TT-NHNN issued by the State Bank of Vietnam, credit risk is defined as the risk arising from a customer's failure or inability to fulfill part or all of its debt repayment obligations under agreements or contracts entered into with a bank.The scope of credit risk encompasses all forms of credit extension, including consumer lending, corporate lending, credit granted to other financial institutions, as well as debt-related instruments such as bonds and credit derivatives. According to the Organisation for Economic Co-operation and Development (OECD, 2021), in the context of increasingly interconnected and digitalized financial systems, credit risk no longer originates solely from traditional financial factors. It may also arise from non-financial data, consumer behavior, and broader systemic factors. Consequently, the concept of credit risk has expanded beyond conventional assessments of borrowers' financial capacity to include a broader range of economic, technological, and behavioral determinants.

1.1.2. Classification of Credit Risk in Commercial Banks

To manage credit risk systematically, commercial banks typically employ various classification approaches. Credit risk classification not only facilitates the identification of risk sources but also serves as the basis for developing appropriate risk management and resolution strategies. There are four principal approaches to classifying credit risk, among which three commonly adopted perspectives are particularly notable: First, classification by borrower type, which focuses on the characteristics of entities receiving credit facilities, such as individual borrowers, corporate borrowers, small and medium-sized enterprises, or financial institutions ; Second, classification by loan characteristics, including distinctions between secured and unsecured loans, short-term and long-term loans, or different credit products and lending purposes ; Third, classification by risk level, which relies on internal credit ratings or external credit assessment systems to categorize exposures into high-, medium-, or low-risk groups, thereby enabling banks to adopt differentiated risk management and resolution measures.

1.1.3. The Role of Credit Risk Identification and Classification in Commercial Banks

The identification and classification of credit risk play a critical role in enhancing the effectiveness of credit risk management and resolution within commercial banks : First, they enable banks to identify potential risks at an early stage and accurately determine the sources of risk ; Second, they facilitate more efficient allocation of resources for risk monitoring, supervision, and control activities ; Third, they support the design of flexible credit policies tailored to specific customer segments and risk categories ; Fourth, they contribute to credit decision-making processes, strengthen early warning systems, and reduce the likelihood and severity of potential losses. Accordingly, effective identification and classification of credit risk constitute a prerequisite for establishing a sound credit risk management framework and improving the effectiveness of credit risk resolution.

1.1.4. Causes of Credit Risk in Commercial Banks

The causes of credit risk can generally be grouped into three categories: (i) borrower-related factors; (ii) bank-related factors; and (iii) external environmental factors.

From Borrower-Related Factors : Borrower-related causes primarily concern financial capacity, cash flow adequacy, business performance, compliance with contractual obligations, and information-related issues such as lack of transparency and information asymmetry. Weaknesses in these areas may undermine a borrower's repayment capacity and increase the probability of default.

From Bank-Related Factors: Bank-related causes are associated with the quality of credit appraisal, post-disbursement monitoring, credit discipline, professional competence and ethical standards of banking personnel, as well as the effectiveness of internal control and risk management systems. Deficiencies in any of these areas may allow risks to pass through the credit approval stage and materialize during the loan management process.

From External Environmental Factors : External causes include macroeconomic fluctuations, changes in legal and regulatory policies, industry-specific risks, market shocks, and force majeure events such as natural disasters and pandemics. These factors may adversely affect borrowers' financial conditions, weaken repayment capacity, and increase the likelihood of credit losses.

1.2. CREDIT RISK RESOLUTION IN COMMERCIAL BANKS

1.2.1. Concept and Characteristics of Credit Risk Resolution in Commercial Banks

1.2.1.1. Concept of Credit Risk Resolution

From the perspective adopted by this dissertation, credit risk resolution in commercial banks refers to the process through which banks exercise legal rights and obligations, apply legal procedures and mechanisms, and utilize both internal and external institutional arrangements in order to mitigate

the consequences of credit risk that has already materialized or is likely to materialize into actual losses.

Credit risk resolution is activated only when a credit exposure exhibits signs of repayment default, deterioration in recoverability, loan reclassification, overdue status, non-performing loan (NPL) status, or other indications suggesting that the bank may incur financial losses. In other words, credit risk resolution constitutes a stage of response and loss mitigation rather than a stage of risk prevention, customer selection, or credit appraisal. Accordingly, credit risk resolution should be distinguished from credit risk management in its broad sense. While credit risk management encompasses the entire process of identifying, measuring, preventing, monitoring, and controlling risk throughout the life cycle of a credit exposure, credit risk resolution focuses specifically on addressing and mitigating the consequences of realized or potentially realized credit risk.

1.2.1.2. Characteristics of Credit Risk Resolution in Commercial Banks

Credit risk resolution in commercial banks exhibits several distinctive characteristics : First, credit risk resolution is inherently post-risk in nature, as it is triggered by a deterioration in the borrower's ability to fulfill repayment obligations ; Second, credit risk resolution is closely linked to creditor rights and the enforceability of legal commitments established through credit and security agreements ; Third, credit risk resolution is subject to strict legal requirements and procedural rules, requiring compliance with applicable laws, regulations, and judicial processes ; Fourth, credit risk resolution possesses a strong institutional dimension, as its effectiveness depends on the coordination and participation of multiple stakeholders outside the banking institution, including courts, judgment enforcement agencies, asset management companies, debt purchasers, and regulatory authorities ; Fifth, credit risk resolution is both an economic and a legal process. It aims not only to maximize debt recovery and minimize financial losses but also to ensure compliance with legal and contractual obligations ; Sixth, the effectiveness of credit risk resolution should be evaluated primarily on the basis of recovery outcomes and loss mitigation rather than solely on reductions in non-performing loan ratios.

1.2.1.3. Scope and Substance of Credit Risk Resolution from an Institutional Perspective

From a legal and institutional perspective, credit risk resolution in commercial banks should not be equated with the entire process of credit risk management that begins prior to credit origination. Rather, credit risk resolution becomes relevant only when a credit exposure exhibits signs of deterioration, becomes overdue, is classified as non-performing, or faces a significant probability of resulting in financial loss.The primary objective of this process is to safeguard creditor rights, maximize debt recovery, minimize losses, and ensure that all resolution activities are conducted in accordance with applicable legal and regulatory requirements.

1.2.2. Content of Credit Risk Resolution in Commercial Banks

The process of credit risk resolution begins with the determination of the legal status of the distressed loan and the classification of appropriate resolution pathways. Banks are required to review credit agreements, security agreements, outstanding principal balances, accrued interest and fees, borrower conditions, guarantors, and collateral arrangements in order to determine whether the exposure should be subject to negotiation, restructuring, direct recovery, collateral realization, debt sale, or litigation. Based on this assessment, banks formulate appropriate resolution strategies while balancing recovery prospects, resolution time, resolution costs, and legal certainty. Subsequently, banks may implement negotiation, collection, and debt restructuring measures for borrowers that retain repayment capacity and demonstrate a genuine willingness to meet their obligations. Debt restructuring should be viewed as a conditional risk resolution instrument rather than a mechanism for concealing non-performing loans or delaying the recognition of losses. Where borrowers fail to cooperate or where recovery prospects become limited, banks may proceed with debt collection, collateral realization, debt sales, or the transfer of non-performing loans to specialized debt resolution entities. Where consensual resolution measures prove ineffective, banks may initiate litigation proceedings, judgment enforcement actions, or insolvency procedures in order to compel the fulfillment of repayment obligations. At the same time, banks are required to establish and utilize credit loss provisions and recognize credit losses to absorb the unrecoverable portion of distressed exposures. However, the use of provisions does not extinguish the bank's legal claim against the borrower. Banks remain obligated to continue monitoring recovery efforts, pursue post-write-off collections, and maximize the recovery of residual value.

Accordingly, credit risk resolution may be understood as an integrated sequence of interconnected activities comprising as : determination of the legal status of distressed loans; classification of resolution pathways; development of resolution strategies; negotiation and debt restructuring; debt recovery and collateral realization; debt sales and transfers; litigation and judgment enforcement; provisioning and loss recognition; and post-resolution recovery efforts. This perspective emphasizes that the essence of credit risk resolution lies in the mitigation of credit-loss consequences through legal instruments, institutional mechanisms, and the commercial bank's capacity to recover economic value from distressed exposures.

1.2.3. The Role of Credit Risk Resolution in Commercial Banks

First, credit risk resolution helps protect the bank's creditor rights and enhances its ability to recover outstanding debt. Through effective resolution mechanisms, banks are able to enforce contractual obligations, preserve the value of credit exposures, and maximize debt recovery ; Second, credit risk resolution contributes to minimizing losses and maintaining the financial soundness of banks. Timely and effective resolution of distressed loans reduces the erosion of capital, improves asset quality, and strengthens the resilience of banks against adverse economic conditions ; Third, credit risk resolution plays an important role in maintaining credit discipline and mitigating moral hazard. The existence of effective enforcement mechanisms encourages borrowers to comply with repayment obligations and discourages opportunistic behavior that may undermine the integrity of the credit market ; Fourth, credit risk resolution supports banking stability and protects the confidence of depositors, investors, and market participants. A banking system capable of effectively resolving distressed assets is better positioned to maintain financial stability and sustain public trust ; Fifth, credit risk resolution contributes to enhancing the effectiveness of legal enforcement and improving the functioning of credit markets. Effective resolution mechanisms reinforce contractual discipline, strengthen creditor protection, and promote the efficient allocation of financial resources within the economy.

1.2.4. Indicators for Measuring Credit Risk Resolution in Commercial Banks

The effectiveness of credit risk resolution cannot be measured solely by the non-performing loan (NPL) ratio, as this indicator reflects only the level of credit risk and does not adequately capture the actual effectiveness of resolution activities. The evaluation of credit risk resolution should focus on the bank's ability to recover debt, reduce losses, absorb losses, and restore asset quality.

Accordingly, a comprehensive measurement framework should include the following groups of indicators:Indicators of Distressed Debt Requiring Resolution as Non-performing loan ratio, Newly generated non-performing loan ratio, Net non-performing loan ratio ; Volume and value of distressed assets requiring resolution as Non-performing loan recovery ratio, Net recovery ratio, Post-write-off recovery ratio; Collateral Resolution Indicators as Recovery ratio from collateral realization, Average time required for collateral realization, Adequacy and enforceability of collateral-related legal documentation; Debt Restructuring Effectiveness Indicators as Debt recovery rate following restructuring,Loan rehabilitation rate,Re-default rate after restructuring. The last is Impact on capital adequacy and financial performance, Capacity for renewed credit expansion and credit portfolio recycling.

In summary, the measurement of credit risk resolution effectiveness should move beyond the traditional question of "How much non-performing debt exists?" toward a more substantive assessment focused on "How much debt has been recovered, how long the recovery process has taken, what costs have been incurred, and to what extent actual losses have been mitigated."

1.2.5. Factors Affecting Credit Risk Resolution in Commercial Banks

The effectiveness of credit risk resolution in commercial banks is influenced by multiple groups of factors. These factors extend beyond the characteristics of distressed loans and borrowers and are significantly affected by banks' internal capabilities, the legal quality of credit documentation, creditor-rights enforcement mechanisms, and market conditions. From a legal–institutional perspective, credit risk resolution is fundamentally a post-risk process. Therefore, the factors affecting its effectiveness should be examined in relation to debt recovery, collateral realization, debt sales, litigation, judgment enforcement, provisioning practices, and post-resolution value recovery.

On the bank side, key determinants include: The quality and completeness of loan and collateral documentation; Debt resolution strategies and policies; Organizational structure and specialized debt resolution units; Collateral valuation and management capabilities; Debt negotiation and restructuring capacity; Provisioning capacity;Data management systems and technological infrastructure supporting debt resolution activities.Where legal documentation is incomplete, collateral is difficult to enforce, coordination mechanisms are weak, or information systems are inaccurate, the resolution process tends to be prolonged, more costly, and less effective in terms of recovery outcomes.

On the side of Borrower- and Loan-Related Factors : The effectiveness of credit risk resolution is also influenced by : Borrowers' financial recovery capacity; Willingness to repay; Degree of cooperation with the bank; Debt structure and complexity; Characteristics and liquidity of collateral; Industry-specific conditions. Loans involving multiple stakeholders, disputed assets, illiquid collateral, or uncooperative borrowers are generally more difficult and costly to resolve.

However, the legal and institutional environment plays a decisive role in credit risk resolution effectiveness, particularly important are : The level of creditor-right protection; The effectiveness of judicial and judgment enforcement systems; Insolvency and bankruptcy procedures; Regulations governing secured transactions; Loan classification and provisioning frameworks. In addition, the development of debt trading markets, the capabilities of specialized asset management and debt resolution institutions, macroeconomic conditions, and asset market performance directly affect banks' ability to recover debt and minimize losses.

In summary, effective credit risk resolution requires the combined influence of strong internal banking capabilities, borrowers' willingness and ability to repay, a transparent legal framework, effective enforcement mechanisms, a well-developed debt trading market, and a supportive economic environment.

1.3. INTERNATIONAL AND DOMESTIC EXPERIENCES IN CREDIT RISK RESOLUTION AND LESSONS FOR SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK

1.3.1. Domestic and International Experiences in Credit Risk Resolution

National-Level Experience in Systemic Non-Performing Loan Resolution (*Item 1.3.1.1*) : requires a comprehensive and coordinated approach involving legal, institutional, and market-based measures. At the national level, successful experiences highlight the importance of establishing a coherent legal framework, developing an efficient debt trading market, and strengthening coordination among regulatory authorities. Many countries have established Asset Management Companies (AMCs) as specialized institutions to remove non-performing assets from bank balance sheets, thereby facilitating balance sheet restructuring and restoring lending capacity. In addition, debt restructuring programs are often combined with centralized collateral realization mechanisms to accelerate recovery processes and minimize losses. International evidence further underscores the critical role of insolvency legislation, collateral enforcement frameworks, and transparent judicial procedures in enhancing recovery rates and improving the overall effectiveness of credit risk resolution.

Bank-Level Experience in Credit Risk Management and Resolution (credit risk management is commonly viewed as a continuous process) (*Item 1.3.1.2*) : encompassing risk identification, assessment, monitoring, and resolution. Successful banking institutions generally emphasize rigorous and in-depth credit appraisal processes that incorporate not only financial indicators but also qualitative and non-financial factors. In addition, proactive portfolio management and diversification strategies are employed to reduce concentration risk and improve portfolio resilience. Another important lesson is the adoption of early intervention mechanisms. Rather than waiting until loans become non-performing, banks actively implement debt restructuring and borrower support measures when early warning signals emerge. Such proactive approaches contribute significantly to preventing deterioration in asset quality and reducing future resolution costs.

Standardization in Accordance with International Best Practices (*Item 1.3.1.3*) : A common feature among advanced banking systems is the adoption of international prudential standards, particularly Basel II and Basel III. These frameworks provide comprehensive guidance on capital adequacy requirements, supervisory review processes, and market discipline. Banks are increasingly developing Internal Ratings-Based (IRB) approaches and advanced risk measurement systems to improve the accuracy of risk assessment and capital allocation. In addition, stress testing has become a widely used tool for quantifying the impact of adverse scenarios on capital adequacy, profitability, and liquidity. The results of stress testing enable banks to adjust their risk appetite, optimize portfolio structures, and strengthen resilience against future shocks.

Application of Technology in Credit Risk Resolution (*Item 1.3.1.4*) : The rapid advancement of financial technology has transformed the management and resolution of credit risk. Many banking institutions have adopted Artificial Intelligence (AI), Big Data analytics, and Machine Learning (ML) techniques to improve credit scoring models, enhance early warning systems, and optimize debt recovery processes. Furthermore, emerging technologies such as blockchain are being explored to increase transparency in credit and collateral documentation, reduce information asymmetry, and mitigate fraudulent activities. These technological innovations contribute to greater efficiency, accuracy, and transparency throughout the credit risk resolution process.

Research on Experiences of Vietnamese Commercial Banks (*Item 1.3.1.5*) : Evidence from Vietnamese commercial banks reveals several notable characteristics in credit risk resolution practices in recent years : (1) Banks have increasingly standardized risk governance frameworks and strengthened the separation of functions and cross-control mechanisms within credit approval processes ; (2) Credit portfolios are managed in accordance with risk appetite frameworks and multidimensional exposure limits covering borrowers, industries, products, and collateral categories ; (3) Banks have enhanced early warning systems and early intervention mechanisms to prevent problem loans from deteriorating into non-performing loans ; (4) Basel II and Basel III principles have been progressively adopted, with internal models serving as key tools for risk control, risk pricing, and capital management ; (5) Banks have strengthened provisioning buffers and improved asset quality, recognizing loan loss provisions as a primary mechanism for absorbing credit losses ; (6) Debt recovery and non-performing loan resolution activities have become increasingly professionalized through the establishment of specialized units, performance-based management systems, and technology-enabled recovery processes ; (7) Banks have actively utilized debt trading mechanisms and collaborated with the Vietnam Asset Management Company (VAMC) to accelerate the resolution of distressed assets and improve recovery efficiency.

1.3.2. Lessons for Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)

Based on domestic and international experiences, several important lessons may be drawn for Sacombank in improving the effectiveness of credit risk resolution.

(1) Modernizing and Deepening Credit Risk Management and Resolution Processes : Sacombank should continue modernizing its credit risk management framework by integrating advanced analytical models and leveraging Artificial Intelligence (AI), Big Data, and Machine Learning (ML), including the use of alternative and non-traditional data sources. Such initiatives would enhance credit assessment accuracy, optimize lending decisions, and strengthen early identification of adverse credit developments.

(2) Maintaining Capital Buffers and Liquidity Management in Accordance with International Standards : Sacombank should continue its transition from Basel II toward Basel III standards, with particular emphasis on maintaining high-quality regulatory capital, especially Tier 1 Capital and Common Equity Tier 1 (CET1). In addition, liquidity standards such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) should be strengthened to improve resilience against periods of elevated credit risk.

(3) Enhancing Monitoring Effectiveness and Information Transparency : The bank should invest in modern monitoring systems, develop comprehensive early warning indicators, and conduct periodic portfolio stress testing. At the same time, greater transparency should be promoted through timely and comprehensive disclosure of information relating to non-performing loans, provisioning levels, portfolio composition, and risk exposures, thereby strengthening market discipline and stakeholder confidence.

(4) Proactively Applying Technology to Credit Risk Resolution : Technology should be viewed as a strategic enabler throughout the entire credit risk management and resolution process. Advanced technological solutions can support monitoring, early warning, debt restructuring, recovery activities, and decision-making processes, thereby enhancing both operational efficiency and resolution effectiveness.

CHAPTER 2
CURRENT STATE OF CREDIT RISK RESOLUTION AT SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK (SACOMBANK)

2.1. OVERVIEW OF SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK

2.1.1. Historical Development of Saigon Thuong Tin Commercial Joint Stock Bank

Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) was established on December 5, 1991, and officially commenced operations on December 21, 1991, with an initial charter capital of VND 3 billion. The bank was formed through the consolidation of a local bank and several credit cooperatives. During its early years, Sacombank focused primarily on strengthening its operational foundation and expanding its capital base. By the end of the 1990s, the bank had developed a stronger financial capacity, enabling it to expand both its branch network and lending activities. Entering the early 2000s, Sacombank accelerated the modernization of its governance framework and expanded its business ecosystem. In 2001, the bank attracted investments from international financial institutions and strategic investors, including Dragon Financial Holdings, the International Finance Corporation (IFC), and Australia and New Zealand Banking Group (ANZ). This milestone reflected Sacombank's commitment to adopting advanced international banking and governance practices. During the period from 2002 to 2003, Sacombank further expanded its operations through the establishment of subsidiaries and affiliated entities, including organizations involved in investment and asset management activities. These developments demonstrated the bank's strategic orientation toward business diversification and enhanced operational support capabilities.

A major milestone occurred in 2006 when Sacombank became the first joint-stock commercial bank in Vietnam to be listed on the Ho Chi Minh City Stock Exchange (HOSE). The listing created favorable conditions for capital expansion and significantly strengthened the bank's position in the domestic banking market. Between 2007 and 2013, Sacombank experienced substantial growth in charter capital while simultaneously expanding its operations and gradually extending its regional presence. During this period, the bank expanded into neighboring markets, including Laos and Cambodia. By 2012, Sacombank had been included in the VN30 Index, reflecting its growing market significance. The period also witnessed notable changes in the bank's ownership structure and strategic direction, particularly following the divestment of certain foreign shareholders and subsequent changes in shareholding composition.

During the restructuring phase of Vietnam's banking sector, the most significant milestone occurred in 2015 when Sacombank completed its merger with Southern Bank. The merger substantially increased the bank's total assets and network coverage. However, it also created significant challenges associated with resolving legacy assets, non-performing loans, and other distressed exposures inherited from the merged institution. From 2017 onward, Sacombank entered a new phase of restructuring under a restructuring scheme approved by the competent authorities following the merger. During this period, the bank focused on strengthening corporate governance,

accelerating the resolution of non-performing loans and legacy assets, and repositioning itself as a modern retail-oriented commercial bank.

2.1.2. Organizational Structure of Sacombank

Sacombank is organized under a parent company–subsidiary model, supported by an extensive network of branches, representative offices, and specialized business units. This organizational structure is designed to balance business efficiency with effective risk management and corporate governance.

At the highest governance level, Sacombank operates under a multi-tier governance framework. The General Meeting of Shareholders serves as the highest decision-making body, responsible for approving major strategic matters and key corporate decisions. The Board of Directors is responsible for formulating strategic directions, approving major policies, and overseeing their implementation. Supporting the Board are specialized committees, including audit, inspection, and human resources committees, which provide oversight and expertise in specific functional areas. The Supervisory Board and internal control functions are responsible for ensuring compliance, strengthening internal oversight, and mitigating operational and governance risks. Meanwhile, the Board of Management, led by the Chief Executive Officer, is responsible for the day-to-day management of the bank and serves as the coordinating body among various business and functional divisions.

At the Head Office level, the management structure is organized into specialized business and functional divisions, including retail banking, corporate banking, credit operations, risk management, compliance supervision, information technology, digital banking, operations, finance, and human resources, among others. These divisions are supported by specialized centers and operational support units. Such a functional structure facilitates a clear allocation of responsibilities, enhances operational efficiency, and promotes effective coordination in the development and delivery of complex banking products and services.

Sacombank operates an extensive network of branches and transaction offices across Vietnam. Branches are responsible for implementing business activities within their respective local markets and report directly to the Board of Management. In addition, the bank owns and manages a number of subsidiaries and affiliated entities operating in supporting financial sectors, including financial leasing, securities services, debt management and recovery, insurance, asset management, card services, and payment intermediary services. This organizational model enables Sacombank to expand its financial ecosystem while maintaining centralized governance, risk control, and strategic coordination under the parent bank.

2.1.3. Business Performance of Sacombank

Sacombank's business performance during the period 2016–2024 reflects a trajectory of post-merger recovery and robust growth driven by its retail banking strategy, accompanied by significant improvements in operational efficiency and profitability. With respect to funding activities, the bank gradually transitioned from a period of post-merger stabilization to a phase of high-quality deposit growth. Customer deposits increased consistently from approximately VND 291,653 billion in 2016 to VND 566,882 billion in 2024. The bank maintained a predominantly retail-oriented funding structure while actively managing its asset–liability profile through the issuance of long-term funding instruments, including seven-year certificates of deposit, thereby strengthening funding stability and enhancing liquidity management.

In terms of financial performance, key indicators demonstrate substantial improvements in Sacombank's income-generating capacity and profitability. Net interest income increased significantly from VND 4,021 billion in 2016 to VND 24,532 billion in 2024. Profit before tax rose from VND 156 billion to VND 12,720 billion, while profit after tax increased from VND 89 billion to VND 10,087 billion over the same period. Profitability indicators also improved markedly. Return on Equity (ROE) reached approximately 20.03% in 2024, while Return on Assets (ROA) increased to approximately 1.42%. The Net Interest Margin (NIM) remained at a relatively high level, reaching approximately 3.56% in 2024. Notably, the Cost-to-Income Ratio (CIR) declined substantially from approximately 86.96% in 2016 to around 48.76% in 2024, indicating significant improvements in operational efficiency and cost management.

2.2. CURRENT STATE OF CREDIT RISK RESOLUTION AT SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK (SACOMBANK)

2.2.1. Context and Scale of Distressed Assets Requiring Resolution at Sacombank

The current state of credit risk resolution at Sacombank should be examined within the unique context of the bank's post-merger restructuring following its merger with Southern Bank in 2015. While the merger significantly expanded Sacombank's scale of operations and market presence, it also resulted in the transfer of a substantial volume of non-performing loans, legacy assets, and distressed exposures accumulated over previous periods. Consequently, credit risk resolution at Sacombank extends beyond conventional debt recovery activities.

Table 1. Resolution of Non-Performing Loans and Legacy Assets at Sacombank Following the Merger

Time	Period Results of Non-Performing Loan and Legacy Asset Resolution
2016	Following the merger, the on-balance-sheet non-performing loan ratio stood at 6.81%, while legacy assets accounted for a significant proportion of total assets.
2017-2021	Over a five-year period, Sacombank resolved more than VND 58.3 trillion of assets and exposures covered under the restructuring scheme. The on-balance-sheet NPL ratio declined from 6.81% to 1.47%.
2023	The bank recovered and resolved VND 95.818 trillion of non-performing loans and legacy assets, including VND 74.802 trillion under the restructuring scheme. The NPL ratio was maintained at approximately 2.1%–2.28%.
2024	Nearly VND 10 trillion was recovered and resolved during the year. Cumulative recoveries reached VND 103.988 trillion, including VND 76.695 trillion under the restructuring scheme. The NPL ratio declined to 2.08%.
2025	Approximately 86.2% of non-performing loans and legacy assets had been resolved, equivalent to VND 81.928 trillion. The proportion of legacy assets in total assets decreased from 28.1% to 1.4%. However, the NPL ratio increased to 5.09%.

Source: Sacombank's Financial Statements; Vietstock.

The pressure associated with credit risk resolution at Sacombank originates from three primary sources : First, the bank continues to face newly generated non-performing loans arising from ongoing lending activities ; Second, a substantial portion of the resolution burden stems from non-performing loans and legacy assets inherited from the Southern Bank merger, many of which involve complex legal and operational issues ; Third, a significant number of distressed exposures are secured by collateral subject to legal disputes, ownership complications, valuation uncertainties, or limited market liquidity, thereby increasing the complexity and duration of the resolution process. Despite achieving significant progress in resolving non-performing loans, legacy assets, accrued interest receivables, and Vietnam Asset Management Company (VAMC) bonds, Sacombank continues to face considerable resolution challenges. These challenges are reflected in the increase of the NPL ratio to 5.09% in 2025, the substantial level of credit loss provisions of nearly VND 11.4 trillion, and the bank's continued reliance on collateral realization, real estate market conditions, debt sales, litigation proceedings, and judgment enforcement activities to support debt recovery efforts.

2.2.2. Current State of Credit Quality and Non-Performing Loans at Sacombank

The evolution of Sacombank's credit quality and non-performing loan portfolio exhibits a distinctive trajectory. Following the merger with Southern Bank in 2015, the bank experienced a significant deterioration in asset quality due to the transfer of a substantial volume of non-performing loans and legacy assets. This was followed by an extended restructuring period during which the bank gradually improved its asset quality through intensive credit risk resolution efforts, including the recovery of distressed assets and the resolution of non-performing loans. In the immediate aftermath of the merger, Sacombank faced considerable pressure arising from inherited problem assets and was required to allocate substantial financial and managerial resources to debt resolution activities throughout the period from 2016 to 2023. At the beginning of 2016, legacy assets accounted for approximately 28.1% of total assets, reflecting the significant burden imposed by the merger. Through the implementation of its restructuring program, Sacombank progressively improved the quality of its asset portfolio. By 2023, the bank had recovered approximately VND 7.941 trillion in non-performing loans and reduced the proportion of legacy assets to approximately 3% of total assets. These achievements reflected the effectiveness of the bank's restructuring efforts and demonstrated meaningful progress in addressing inherited credit risk exposures. The improvement continued in 2024. Cumulative recoveries and resolutions reached VND 103.988 trillion in non-performing loans and legacy assets, including VND 76.695 trillion resolved under the approved restructuring scheme. As a result, the proportion of legacy assets declined further to approximately 2.0%–2.4% of total assets, indicating a substantially cleaner balance sheet and a significant enhancement in overall asset quality compared with the immediate post-merger period. From the perspective of credit risk resolution, the reduction in legacy assets and non-performing loans provides important evidence of Sacombank's progress in restoring credit quality and strengthening its financial position. The results suggest that the bank has achieved substantial success in resolving historical problem assets inherited from the merger while simultaneously maintaining business growth and operational stability. Nevertheless, improvements in credit quality should not be assessed solely on the basis of reductions in non-performing loan ratios or legacy asset balances. A comprehensive evaluation also requires consideration of recovery effectiveness, provisioning adequacy, collateral realization outcomes, and the sustainability of asset quality improvements over time. These aspects provide a more complete assessment of the effectiveness of credit risk resolution at Sacombank and form the basis for the subsequent analysis presented in this chapter.

Table 2. Selected Financial Indicators of Sacombank, 2016–2025

Năm	Non-Performing Loan Ratio (NPL) (%)	Capital Adequacy Ratio (CAR) (%)	Equity (VND billion)	Credit Loss Provisions Utilized for Risk Resolution During the Year (VND billion)	Recoveries from Previously Written-off Loans (VND billion)	Relative Recovery Ratio (%)
2016	61.94	9.60	22,192	246	603	245.40
2017	44.78	11.30	23,236	84	51	60.54
2018	22.03	11.88	24,632	306	188	61.37
2019	21.44	11.53	26,742	166	251	151.44
2020	19.96	9.47	28,956	285	120	41.95
2021	1.49	9.95	34,261	172	246	142.97
2022	0.24	8.90	38,627	1,822	365	20.01
2023	2.28	9.11	45,734	371	80	21.45
2024	2.08	10.14	54,972	756	112	14.77
2025	5.09	9.20	59,867	5,308	1,406	26.50

Source: Sacombank; compiled by the author based on data obtained from Vietstock

With respect to loss-absorption capacity, Sacombank has continuously strengthened its provisioning buffer and successfully completed the provisioning requirements associated with its Vietnam Asset Management Company (VAMC) portfolio. In 2023, the bank's total credit loss provisions reached approximately VND 25,099 billion, representing an increase of approximately 10% compared to the previous year. In 2024, Sacombank recorded an additional provision expense of VND 2,623 billion and utilized VND 2,061 billion in provisions for credit risk resolution purposes. As a result, total credit loss provisions increased to approximately VND 25,689 billion, while the loan loss coverage ratio reached approximately 68.5%. Consistent with these improvements, Sacombank's creditworthiness received positive recognition from external rating agencies. During the period 2023–2024, Moody's upgraded the bank's credit ratings, providing further evidence of the improvement in asset quality, financial strength, and overall credit risk management capacity. Nevertheless, credit quality risks have not been completely eliminated. Although credit growth continued in 2024, the absolute volume of non-performing loans classified under Groups 3, 4, and 5 increased. The non-performing loan ratio also showed signs of upward pressure, fluctuating within the range of approximately 2.0%–2.5%, with a particularly significant increase in Group 5 loans, which represent the highest-risk category. By the first quarter of 2025, the non-performing loan ratio had risen further to approximately 2.51%. In addition, findings from regulatory inspections revealed certain deficiencies in credit appraisal procedures and post-disbursement monitoring practices. These observations suggest that credit quality risks may re-emerge in cyclical patterns if credit discipline, loan monitoring, and post-lending supervision are not continuously strengthened.

2.2.3. Current State of credit risk resolution at Sacombank

2.2.3.1. Current State of Legal Status Determination and Resolution Pathway Classification of Distressed Loans

Sacombank has gradually established a relatively structured mechanism for determining the legal status of distressed loans and classifying appropriate resolution pathways. This constitutes a critical initial stage in the credit risk resolution process, as it enables the bank to identify the status of a credit exposure, assess the nature and extent of the borrower's default, evaluate the legal sufficiency of credit and collateral documentation, and subsequently determine the most appropriate resolution strategy.

In practice, Sacombank conducts a comprehensive review of credit agreements, security agreements, outstanding principal balances, accrued interest and fees, the timing of repayment defaults, as well as the legal status of borrowers, guarantors, and collateral assets. Based on these assessments, distressed loans are categorized into different resolution pathways, including debt negotiation, debt restructuring, direct recovery, collateral realization, debt sale, litigation, or judgment enforcement. The bank's internal governance framework has also been strengthened through Decision No. 32/2024/QĐ-VBLQ.HĐQT, which establishes responsibilities for relevant units regarding asset classification, credit loss provisioning, and the utilization of provisions for credit risk resolution purposes. This framework contributes to enhancing consistency and accountability throughout the debt resolution process.

A notable strength of Sacombank is the existence of a relatively comprehensive system for loan classification, provisioning, internal credit risk resolution procedures, and specialized units responsible for the management and resolution of non-performing loans, legacy assets, and collateral. These institutional arrangements provide an important foundation for implementing credit risk resolution activities in a systematic and coordinated manner. However, several challenges remain. The quality and completeness of legal documentation associated with certain legacy loans inherited from the merger are not always consistent. In addition, a significant proportion of distressed

exposures are secured by real estate assets, development projects, or property rights whose recoverability depends heavily on legal procedures, administrative approvals, and market conditions. Furthermore, cases requiring litigation and judgment enforcement often involve lengthy procedures, substantial costs, and reliance on multiple external stakeholders beyond the control of the bank.

2.2.3.2. Current State of Debt Negotiation, Debt Restructuring, and Direct Recovery

Sacombank utilizes debt negotiation, debt restructuring, and direct recovery as the primary resolution measures for distressed credit exposures. These mechanisms represent consensual approaches that are generally less adversarial than collateral realization, debt sales, litigation, or judgment enforcement proceedings. Their primary objective is to encourage borrowers to fulfill their repayment obligations while allowing for adjustments to repayment terms where such adjustments are expected to improve recoverability and minimize losses. For Sacombank, these resolution measures are particularly important because the bank has been required to address not only newly generated non-performing loans but also legacy distressed assets and problematic exposures inherited from the merger with Southern Bank. Consequently, debt restructuring and direct recovery have become integral components of the bank's overall credit risk resolution strategy. To support these activities, Sacombank has established a coordinated resolution mechanism involving various internal stakeholders, including loan management units, risk management divisions, accounting departments, regional offices, the Risk Resolution Council, and the Sacombank Debt Management and Asset Exploitation Company. This institutional arrangement facilitates information sharing, enhances coordination among relevant departments, and improves the effectiveness of debt resolution activities. The effectiveness of these measures is reflected, to some extent, in the bank's credit quality indicators. By the end of 2024, Sacombank had maintained its on-balance-sheet non-performing loan ratio at approximately 2.08%, while also fully providing for the remaining stock of non-performing loans and legacy assets. These outcomes indicate that the bank has achieved significant progress in managing distressed assets and containing credit losses. However, debt restructuring should be regarded as a conditional credit risk resolution instrument rather than a mechanism for regulatory forbearance or the concealment of non-performing loans. When applied appropriately to borrowers that retain viable business prospects and demonstrate repayment capacity, restructuring measures can reduce legal and administrative costs, preserve recovery opportunities, and avoid forced asset disposals under unfavorable market conditions. Conversely, restructuring measures may become counterproductive if they are extended to borrowers with little or no realistic prospect of recovery. In such cases, debt restructuring may merely postpone the recognition of losses, prolong the resolution process, reduce the value of collateral, and increase provisioning requirements. Therefore, the effectiveness of restructuring depends heavily on the accuracy of borrower assessments and the bank's ability to distinguish between temporary financial distress and permanent repayment incapacity. Direct recovery remains another important channel within Sacombank's credit risk resolution framework. Direct recovery measures typically include formal repayment notices, negotiations with borrowers, execution of repayment commitments, collection from deposit accounts and business cash flows, and support for borrowers in disposing of assets voluntarily in order to meet repayment obligations. Compared with litigation and collateral enforcement, direct recovery often allows the bank to recover funds more quickly, at lower cost, and with less legal complexity.

2.2.3.3. Current State of Collateral Realization and Legacy Asset Resolution

Collateral realization and legacy asset resolution constitute core components of credit risk resolution at Sacombank, particularly given the substantial volume of non-performing loans, collateral assets, and legacy assets inherited from the merger with Southern Bank. Consequently, collateral resolution at Sacombank extends beyond ordinary debt recovery activities and forms an integral part of the bank's broader restructuring strategy aimed at restoring asset quality, rehabilitating the balance sheet, and strengthening financial capacity.

In practice, Sacombank implements collateral resolution through a series of legal and operational procedures. These include reviewing collateral documentation, verifying the legal validity and enforceability of mortgage, pledge, and guarantee agreements, examining the registration status of secured transactions, conducting collateral revaluations, negotiating private sales, organizing public auctions, repossessing collateral where legally permissible, and coordinating with judgment enforcement authorities when necessary. A significant advantage for Sacombank is the existence of the Sacombank Debt Management and Asset Exploitation Company, which serves as a specialized entity supporting debt recovery and asset resolution activities. This entity provides expertise in legal review, asset valuation, liquidation, asset marketing, and coordination with auction organizations and potential investors.

Its role has been particularly important in addressing the large stock of distressed assets accumulated during the post-merger restructuring period. The outcomes achieved by the bank are noteworthy. By the end of 2024, Sacombank had cumulatively recovered and resolved more than VND 103 trillion in non-performing loans and legacy assets, including more than VND 76 trillion associated with the approved restructuring scheme. These results demonstrate substantial progress in addressing the legacy burden inherited from the merger and reflect the central role of collateral

realization and asset recovery in the bank's restructuring efforts. Despite these achievements, the remaining portfolio of distressed assets has become increasingly complex. Many unresolved exposures involve legal uncertainties, ownership disputes, incomplete documentation, or collateral with limited market liquidity. As a result, the effectiveness of collateral resolution is highly dependent on factors such as legal documentation quality, asset valuation accuracy, market conditions, repossession procedures, auction processes, debt transfer mechanisms, and cooperation among courts, judgment enforcement authorities, auction organizations, and asset registration agencies.

In summary, collateral realization and legacy asset resolution have played a decisive role in Sacombank's post-merger restructuring and credit risk resolution efforts. Nevertheless, further improvements are required to enhance resolution effectiveness. These include strengthening the legal quality of collateral documentation, professionalizing collateral management and realization activities in SBA, expanding the pool of potential asset investors, improving valuation practices to better reflect market conditions, and reducing the time required to complete collateral enforcement and disposal procedures.

2.2.3.4. Current State of Debt Sales, Non-Performing Loan Transfers, and Cooperation with Debt Resolution Institutions

Debt sales, non-performing loan transfers, and cooperation with specialized debt resolution institutions constitute an important component of credit risk resolution at Sacombank. These mechanisms are particularly relevant for distressed exposures that are difficult to recover through direct collection efforts, challenging to resolve through collateral realization, or likely to involve lengthy litigation and judgment enforcement proceedings with uncertain recovery outcomes and high resolution costs. In practice, Sacombank employs various debt resolution mechanisms, including the transfer of non-performing loans to the Vietnam Asset Management Company (VAMC) through special bonds, market-based debt sales, transfers of distressed debt portfolios, and sales of collateral associated with non-performing loans. The bank also collaborates with the Sacombank Debt Management and Asset Exploitation Company (SBA), valuation firms, auction organizations, debt trading companies, and professional investors involved in distressed asset transactions. The VAMC mechanism played a particularly important role during Sacombank's restructuring process by helping reduce the volume of on-balance-sheet non-performing loans and easing pressure on regulatory asset quality indicators. However, the transfer of distressed loans to VAMC does not necessarily represent the final resolution of credit risk. Ultimate resolution occurs only when the underlying exposure is effectively recovered in cash or when the associated loss has been definitively absorbed and resolved.

One of Sacombank's advantages in this area is the support provided by SBA, which assists in legal documentation preparation, asset valuation, liquidation procedures, asset marketing, and investor outreach. The bank's cooperation with VAMC, asset management companies (AMCs), debt trading entities, and other specialized resolution institutions has contributed significantly to its cumulative recovery and resolution of more than VND 103 trillion in non-performing loans and legacy assets. These achievements have been supported by a combination of resolution channels, including direct recovery, collateral realization, debt sales, provisioning, and the settlement of VAMC-related obligations. Despite these accomplishments, several constraints continue to affect the effectiveness of debt sales and loan transfer activities. The debt trading market in Vietnam remains relatively underdeveloped, with a limited number of professional investors and specialized distressed-asset investment funds. In addition, valuation mechanisms for non-performing loans have not yet achieved full transparency and market efficiency. Many distressed exposures remain linked to real estate projects, development assets, or property rights that are subject to legal uncertainties, thereby reducing marketability and complicating transfer transactions. In summary, debt sales, non-performing loan transfers, and cooperation with specialized debt resolution institutions have become increasingly important instruments within Sacombank's credit risk resolution framework. Nevertheless, the effectiveness of these mechanisms remains closely linked to the development of Vietnam's debt trading market, the transparency of valuation practices, the legal status of distressed assets, and the availability of qualified investors capable of participating in distressed debt transactions.

2.2.3.5. Current State of Litigation, Judgment Enforcement, and Compulsory Debt Recovery

Litigation, judgment enforcement, and compulsory debt recovery constitute legal resolution mechanisms employed by Sacombank when debt negotiation, restructuring, direct recovery efforts, or consensual collateral realization fail to achieve satisfactory results. These measures represent the most coercive stage of the credit risk resolution process, aiming to establish borrowers' repayment obligations through legally binding decisions issued by competent authorities and to protect the creditor rights of the bank. For Sacombank, these mechanisms are particularly important because a considerable portion of the non-performing loans, collateral assets, and legacy assets inherited from the merger with Southern Bank involve large-value exposures associated with real estate projects, land-use rights, development assets, or other legally complex transactions. In many cases, judicial intervention becomes necessary to clarify legal rights, enforce contractual obligations, and facilitate

asset recovery.In practice, the litigation and enforcement process typically involves several stages, including the preparation of legal documentation, initiation of legal proceedings, participation in court proceedings, enforcement of legally effective judgments or decisions, asset seizure, valuation, public auction, and subsequent monitoring of recovery activities following enforcement actions. These procedures require close coordination among legal departments, debt recovery units, external legal counsel, courts, judgment enforcement agencies, valuation organizations, and auction institutions. Despite its importance, litigation remains one of the most time-consuming and costly resolution mechanisms available to the bank. The effectiveness of this process is heavily dependent upon the efficiency of judicial institutions, judgment enforcement authorities, valuation procedures, auction mechanisms, and other relevant administrative agencies. Consequently, the duration of legal proceedings may significantly affect recovery outcomes, collateral values, and overall resolution costs.

2.2.3.6. Current State of Provisioning, Provision Utilization, and Post-Write-Off Recovery

Provisioning, provision utilization, and post-write-off recovery represent important components of Sacombank's credit risk resolution framework, particularly in the context of simultaneously addressing newly generated non-performing loans and the substantial volume of legacy assets inherited from the merger with Southern Bank. Credit loss provisions serve as a financial buffer that enables the bank to absorb losses when other resolution measures - such as debt recovery, restructuring, collateral realization, debt sales, or litigation - are unable to achieve full recovery of distressed exposures.

During the period 2023–2025, Sacombank significantly strengthened its provisioning activities. In 2023, the bank completed 100% provisioning for the remaining unresolved VAMC debt portfolio. In 2024, it completed the resolution of all suspended accrued interest balances and fully provisioned the remaining stock of legacy distressed assets. In 2025, provisioning expenses increased sharply to nearly VND 11.4 trillion, resulting in a reduction of profit before tax to approximately VND 7.628 trillion. The scale of loan loss provisions also increased substantially over the study period. Provisions for loans and finance lease receivables rose from VND 2.432 trillion in 2016 to VND 20.056 trillion in 2025. This trend reflects both Sacombank's commitment to strengthening its loss-absorption capacity and the continuing pressure associated with resolving distressed assets and credit losses.

The utilization of provisions at Sacombank is governed by a multi-level approval process involving proposal, review, approval, monitoring, and periodic reporting procedures. In 2024, the bank recorded provision expenses of VND 2.623 trillion and utilized VND 2.061 trillion in provisions for risk resolution purposes. This amount included VND 756 billion related to credit risk resolution and VND 1.305 trillion associated with the resolution of VAMC bonds. Despite these achievements, several challenges remain. The bank's loan loss coverage ratio remains lower than that of certain large commercial banks in Vietnam, suggesting that the provisioning buffer may not yet be sufficiently robust under adverse conditions. Furthermore, high provisioning expenses continue to exert pressure on short-term profitability and shareholder returns. More importantly, provisioning should not be viewed as a substitute for actual recovery efforts. Provisions constitute a mechanism for absorbing losses from an accounting and prudential perspective, but they do not eliminate the bank's legal claim against borrowers. Consequently, effective credit risk resolution requires continuous post-write-off recovery activities, off-balance-sheet monitoring, collateral realization, debt sales, and other measures aimed at maximizing actual recoveries.

2.2.4. Analysis of Survey Results on the Current State of Credit Risk Resolution at Sacombank

2.2.4.1. Causes of Credit Risk at Sacombank

Credit risk at Sacombank is currently perceived by survey respondents as the result of a combination of factors, including: (i) the impact of the macroeconomic environment, (ii) the quality of the bank's credit process implementation, and (iii) the information characteristics and financial condition of borrowers. Among the identified causes, the two most prominent factors appear almost simultaneously, namely macroeconomic fluctuations (58.04%) and inadequate credit appraisal practices (55.01%). This finding suggests that credit risk originates not only from external factors such as economic cycles, market volatility, interest rate movements, and changes in consumer demand, but is also significantly influenced by the quality of credit assessment, underwriting discipline, and risk evaluation capabilities at the branch and business-unit levels.

Factors directly related to borrowers were also selected at relatively high rates, particularly weak borrower financial capacity (48.37%) and a lack of transparent information provided by borrowers (41.11%). These results highlight two important transmission channels of credit risk. The first is information opacity, whereby incomplete, inaccurate, or difficult-to-verify information may lead to biased or suboptimal credit decisions. The second is cash-flow vulnerability, whereby borrowers with weak financial fundamentals are more likely to experience deterioration in repayment capacity when exposed to adverse economic shocks. In addition, ineffective post-disbursement monitoring (37.73%) continues to be viewed as a critical link in the credit lifecycle. Credit risk does not necessarily materialize immediately after loan disbursement; rather, it often

accumulates over time if the bank fails to adequately monitor borrower cash flows, identify early signs of deterioration, and activate timely intervention measures. This finding underscores the importance of continuous monitoring and early warning mechanisms in mitigating the migration of performing loans into non-performing status. Finally, inappropriate credit policies (27.57%) received a relatively lower level of selection. This result suggests that respondents generally perceive current credit risk as being driven less by deficiencies in the formal policy framework and more by the quality of policy implementation, particularly in relation to credit appraisal, post-lending supervision, borrower characteristics, and macroeconomic conditions.

2.2.4.2. Frequency of Non-Performing Loan Occurrence in Sacombank's Lending Activities

The frequency of non-performing loan occurrence in Sacombank's lending activities, as perceived by survey respondents at their respective units and branches, is generally assessed as low. However, a considerable proportion of respondents reported a moderate frequency, suggesting that although credit risk is not widespread across the bank, it continues to persist in certain business segments and operational units. Specifically, 51.95% of respondents rated the frequency of non-performing loan occurrence as low, while 14.70% assessed it as very low. Consequently, approximately 66.65% of respondents believe that non-performing loans arise at a low or very low frequency. This finding indicates that the bank has generally maintained effective control over credit quality and has limited the widespread emergence of problem loans. Nevertheless, 28.65% of respondents selected the moderate level, suggesting that in certain lending contexts, business segments, or customer groups, the occurrence of non-performing loans remains relatively frequent. This result implies that credit risk has not been entirely eliminated and may continue to accumulate within specific areas of the loan portfolio. The proportions of respondents selecting the high (3.74%) and very high (0.96%) categories are relatively small. However, these responses carry important warning signals, as they may reflect the existence of higher-risk lending segments, customer groups, or business units that are particularly vulnerable to cyclical economic fluctuations and adverse market conditions.

2.2.4.3. The Most Common Type of Credit Risk at Sacombank

The most common type of credit risk currently arising at Sacombank is individual credit risk (retail banking segment). Survey results show that individual credit risk accounts for 51.1%, significantly higher than industry- or sector-specific risk (21.9%), risk associated with large customer groups (16.8%), and corporate credit risk (8.6%). In terms of interpretation, the predominance of individual credit risk reflects the risk characteristics of the retail segment, where income and employment conditions are subject to fluctuations, repayment capacity is sensitive to changes in interest rates and living expenses, and information asymmetry increases the likelihood of credit risk occurrence and broader dispersion across a large number of loan exposures.

2.2.4.4. Credit Risk Resolution at Sacombank

The survey results present a relatively positive picture of the effectiveness of the credit risk resolution measures currently implemented at Sacombank, while also indicating room for further improvement. First, regarding the effectiveness of the current credit risk resolution measures, the majority of respondents assessed the solutions being implemented at Sacombank as highly effective. The proportions of respondents selecting the "effective" and "very effective" levels for the various measures ranged from approximately 73% to 80%. Among these measures, enhanced credit appraisal received the highest evaluation (79.8%), indicating that respondents perceive the most important control point for mitigating credit risk to be the initial stage of the lending process. Comprehensive and high-quality credit appraisal is considered essential for preventing the emergence of non-performing loans at their source. This was followed by loan classification and provisioning, which were also evaluated very positively (78.4%). This result reflects the perception that Sacombank has maintained relatively strong discipline in loan classification and has effectively implemented its loss-absorption mechanism through provisioning, thereby providing an important foundation for safe and sustainable credit risk resolution.

System-oriented management measures, including portfolio concentration management, internal credit rating systems, and the application of monitoring technologies, received relatively favorable evaluations (approximately 73.9%–75.10%). These findings suggest that such mechanisms have been implemented and are producing positive effects. However, respondents also identified opportunities for further enhancement through data standardization, early warning capabilities, and cash-flow-based monitoring in order to strengthen risk control effectiveness. Notably, loan restructuring received the lowest effectiveness rating among the surveyed measures (73.4%). This does not imply that restructuring is unnecessary; rather, it reflects the inherent nature of restructuring activities. The effectiveness of loan restructuring is highly dependent on borrowers' willingness to cooperate, their recovery capacity, market conditions, and the prevailing legal framework. Consequently, perceptions of its effectiveness tend to vary across individual cases. The survey findings and the analysis presented in this dissertation also indicate that Sacombank has organized its credit risk resolution activities through a structured process supported by designated coordinating units and monitoring mechanisms. Relevant departments and personnel perform credit risk resolution activities in accordance with decisions issued by competent authorities and submit

monthly reports on implementation progress and operational difficulties. This approach contributes to stronger implementation discipline and reduces the risk of delays arising from prolonged documentation processes or inadequate coordination among responsible parties.

An important feature of Sacombank's approach is the integration of processes, technology, and data in credit risk resolution activities. The bank has developed an Early Warning System (EWS) to identify potentially problematic credit exposures based on indicators such as cash-flow fluctuations, deterioration in repayment capacity, covenant breaches, and declines in collateral value. At the same time, Customer Relationship Management (CRM) systems and Task Management Systems (TMS) are utilized to monitor the progress of individual cases, assign responsibilities, and enhance transparency in debt resolution oversight. However, the assessment also highlights several remaining constraints. The EWS continues to rely heavily on historical financial data and has not yet fully incorporated behavioral or alternative data sources. Post-disbursement monitoring remains largely procedural in certain units. Legal procedures relating to collateral realization may be prolonged due to administrative and regulatory requirements. In addition, the capabilities of personnel involved in debt resolution are not yet uniform across the organization. Furthermore, external factors continue to affect resolution effectiveness. The debt trading market and asset auction market in Vietnam have not yet achieved a high degree of transparency or liquidity, which may slow the recovery process, particularly in relation to real estate assets with complex legal documentation.

2.2.4.5. Discussion of Survey Results

The survey findings at Sacombank present a relatively consistent picture. Most respondents perceive that the bank has established a relatively effective credit risk resolution framework, particularly in key areas such as credit appraisal, loan classification and provisioning, internal credit rating systems, portfolio management, and the application of monitoring technologies. However, a deeper examination of the open-ended responses reveals that the primary bottlenecks are associated with borrowers' willingness and cooperation, limitations in data and technology, weaknesses in early warning mechanisms, and legal and enforcement challenges in collateral realization. This suggests that the effectiveness of credit risk resolution depends not only on the existence of appropriate measures but also on the ability to translate those measures into timely and effective actions under specific implementation conditions.

With respect to the quantitative assessment, the proportions of respondents selecting the "Effective" and "Very Effective" categories were consistently high, ranging from approximately 73.4% to 79.8%. Among the evaluated measures, enhanced credit appraisal received the highest rating (79.8%), indicating that respondents generally regard risk mitigation at the loan origination stage as the most important lever for controlling credit risk. Finally, the analysis of proposed solutions based on the coding of open-ended responses indicates that the most frequently mentioned group of recommendations relates to technology, data, artificial intelligence (AI), big data analytics, and early warning systems. This was followed by recommendations concerning stronger credit appraisal and documentation control, collateral valuation, and cash-flow-based post-disbursement monitoring. Other frequently cited solutions include staff training, enhancement of human resource capabilities, and the development of specialized debt resolution units. Although legal and collateral realization issues were mentioned less frequently, respondents emphasized that these factors become particularly important during the later stages of the credit risk resolution process, when credit losses have already materialized.

2.2.5. Empirical Analysis of Factors Affecting Credit Risk Resolution at Saigon Thuong Tin Commercial Joint Stock Bank

2.2.5.1. Theoretical Foundation

a. Effectiveness of Credit Risk Resolution in Commercial Banks

The effectiveness of credit risk resolution in commercial banks should not be narrowly understood as debt recovery at the final stage of the lending process. Rather, it represents an integrated management capability that spans the entire loan life cycle, from preventing the occurrence of credit risk, identifying early signs of deterioration, and implementing intervention or restructuring measures for problematic loans, to recovering debts and minimizing losses when loans become non-performing. Therefore, the effectiveness of credit risk resolution depends directly on the bank's governance framework, the quality of its credit processes, its risk measurement and monitoring capabilities, and the effectiveness of its internal control system. According to international standards, this dissertation anchors the concept of effectiveness in several recognized frameworks and standards. (i) The Basel Committee's Principles for the Management of Credit Risk emphasize four key components: an appropriate credit risk environment, sound credit-granting processes, effective credit administration, measurement and monitoring, and adequate internal controls. These principles imply that the effectiveness of credit risk resolution is fundamentally the result of organizational capability rather than a single operational activity ; (ii) With respect to non-performing loan resolution, the European Banking Authority (EBA, 2019) emphasizes the need for a comprehensive NPL strategy, governance structure, operating model, internal controls, and supervisory mechanisms. This perspective suggests that effective governance increases the

likelihood of successful debt restructuring, debt recovery, collateral realization, and the reduction of legacy distressed assets.

From a broader risk management perspective, ISO 31000:2018, which defines risk management as a process aimed at creating and protecting value through the sequence of risk identification, analysis, evaluation, treatment, and monitoring, and the COSO Enterprise Risk Management Framework (2017), which views risk management as the integration of culture, capabilities, and practices into strategy and performance, both reinforce the argument that the effectiveness of credit risk resolution should be viewed as the outcome of a continuous management process rather than merely the treatment of non-performing loans at the final stage.

Finally, this dissertation associates the effectiveness of credit risk resolution with measurement discipline and provisioning requirements under IFRS 9 (IASB, 2014) through the Expected Credit Loss (ECL) framework. This framework requires the use of reasonable and supportable information, risk segmentation, and the continuous updating of loss expectations over time. Accordingly, the effectiveness of credit risk resolution should not be evaluated solely in terms of debt recovery outcomes but also in terms of the bank's ability to quantify risk, identify deterioration at an early stage, and absorb losses through data-driven and model-based approaches.

b. Theoretical Foundation of the Factors Affecting Credit Risk Resolution

The synthesis of the theoretical literature indicates that the effectiveness of credit risk resolution in commercial banks is influenced by a multi-layered set of factors, which can be broadly categorized into three main groups: (i) the bank's internal capabilities and resources, including governance, processes, and human resources; (ii) technology and data, including information infrastructure, early warning systems, and risk measurement tools; and (iii) the external environment, including customer-related factors and the legal and institutional framework. These groups of factors interact with one another and collectively determine the bank's ability to identify risks at an early stage, intervene promptly, and optimize recovery outcomes when credit risk materializes.

From a theoretical perspective, this dissertation adopts the modern risk management approach embodied in the Basel framework and Enterprise Risk Management (ERM), which emphasizes that credit risk resolution is fundamentally a management process. Accordingly, the factors influencing resolution effectiveness are not limited to the characteristics of individual loans or borrowers but also encompass the bank's ability to design and implement policies, maintain process discipline, operate effective internal control systems, and mobilize organizational capabilities. Within this framework, technology and data are regarded as critical infrastructure that helps reduce information asymmetry, improve the quality of credit appraisal and monitoring, and shorten response times in the resolution process. Human resources and governance determine the consistency of implementation, accountability, and the effectiveness of coordination among organizational units. Meanwhile, the legal and institutional framework constitutes an external boundary condition that influences both the speed and cost of credit risk resolution, particularly in relation to collateral realization, litigation, and judgment enforcement procedures.

2.2.5.2. Research Variables and Measurement Scales

a. Measurement Scale for the Dependent Variable

The dependent variable, Credit Risk Resolution Effectiveness (HCRB), is measured using two core outcome indicators:

- *HCRB1: Non-performing loan ratio is maintained within an acceptable level*
- *HCRB2: Collateral realization is conducted smoothly and in compliance with regulations :*

b. Measurement Scales for the Independent Variables

The set of independent variables is divided into five groups of factors, representing the inputs and conditions that influence the effectiveness of credit risk resolution:

- Internal Bank Factors (INB): Based on the studies of Jensen and Meckling (1976), Diamond (1984), and BCBS (2000), the INB construct is measured by five indicators emphasizing the quality of credit governance mechanisms and risk discipline: INB1: Credit appraisal procedures are clear, comprehensive, and objective ; INB2: Credit policies are regularly updated ; INB3: The internal credit rating system operates effectively ; INB4: Loan classification and provisioning are conducted in compliance with applicable regulations ; INB5: Post-disbursement monitoring is conducted regularly and supported by early warning mechanisms.

- Customer Factors (CUS): Based on the studies of Akerlof (1970) and Stiglitz and Weiss (1981), the CUS construct is measured by four indicators reflecting borrower quality and the degree of customer cooperation, which are key determinants of the difficulty of resolving deteriorating loans: CUS1: Borrowers possess stable financial capacity and cash flows ; CUS2: Loan proceeds are utilized for their intended purposes ; CUS3: Borrowers provide transparent information and cooperate when problems arise ; CUS4: Borrowers demonstrate a strong repayment commitment and a willingness to resolve debt obligations.

- Legal and Institutional Factors (LEI): Based on the studies of North (1990), Djankov et al. (2008), and Williamson (1985), the LEI construct is measured by four indicators representing the conduciveness and effectiveness of the legal and institutional environment relating to debt

resolution: LEI1: The legal framework governing collateral realization is clear and effectively enforced ; LEI2: The legal framework for debt sales and debt resolution through VAMC is supportive and efficient ; LEI3: Relevant authorities and institutions cooperate effectively in the debt resolution process ; LEI4: Regulations and guidelines issued by the State Bank of Vietnam support debt resolution in a practical and effective manner.

- Technology and Data Factors (TED): Based on the studies of Bharadwaj (2000), IASB (2014), Jensen and Meckling (1976), Diamond (1984), Akerlof (1970), Stiglitz and Weiss (1981), North (1990), Williamson (1985), Barney (1991), Teece et al. (1997), and COSO ERM (2017), the TED construct is measured by three indicators emphasizing data capability, early warning capacity, and risk management tools: TED1: Credit information systems are robust and regularly updated ; TED2: Artificial Intelligence (AI) and Big Data applications effectively support risk warning and detection ; TED3: Risk monitoring and assessment tools based on Basel II and IFRS 9 are effectively implemented.

- Human Resources and Governance Factors (HRG): Based on the studies of Wernerfelt (1984), Penrose (1959), Barney (1991), and Teece, Pisano, and Shuen (1997), the HRG construct is measured by three indicators reflecting organizational execution capability and managerial commitment: HRG1: Credit officers possess adequate professional competence and professional ethics ; HRG2: Management demonstrates an appropriate level of attention to credit risk resolution activities ; HRG3: Regular training is provided on risk management and the legal aspects of debt resolution.

c. Measurement Scale for the Mediating Variable

The mediating variable *(Mediator)* in this study is INB (Internal Bank Factors). The dissertation conceptualizes INB as a mediating construct in order to explain the transmission mechanism through which input conditions and organizational resources enhance the effectiveness of credit risk resolution. Specifically, these inputs contribute to improved credit risk resolution effectiveness only when they are absorbed, organized, and transformed into the bank's internal management capabilities, including processes, policies, tools, and control mechanisms.The INB construct is measured using a five-point Likert scale and is specified as a reflective measurement model comprising five indicators (INB1–INB5). These indicators represent the core components of Sacombank's internal credit risk management and resolution framework, including: (i) clear and objective credit appraisal procedures; (ii) credit policies that are regularly updated to reflect practical conditions; (iii) an effective internal credit rating system; (iv) loan classification and provisioning conducted in accordance with applicable regulations; and (v) regular post-disbursement monitoring supported by early warning mechanisms. As a mediating variable, the role of INB is examined through mediation analysis using the bootstrapping technique, whereby indirect effects within the structural model are assessed to determine the extent to which internal bank factors transmit the effects of the explanatory variables on credit risk resolution effectiveness.

d. Moderating Variables in the Research Model

The moderating variables in the model (*(Moderator)* are LEI (Legal and Institutional Factors) and the interaction term INB × LEI. This dissertation incorporates LEI as a moderating variable to examine whether, given the same level of internal capability and internal mechanisms (INB), a more favorable legal and institutional environment enhances the extent to which internal bank factors are translated into greater credit risk resolution effectiveness (HCRB). Under the PLS-SEM approach, the moderating effect is represented by the interaction term INB × LEI, which exerts an influence on HCRB. The academic significance of this design lies in its ability to clarify not only whether internal bank factors affect credit risk resolution effectiveness, but also whether the strength of such effects varies under different legal and institutional conditions. In other words, the model examines how the legal and institutional environment influences the extent to which internal organizational capabilities can be transformed into effective credit risk resolution outcomes.

With regard to measurement, the LEI construct is operationalized through four Likert-scale items (LEI1–LEI4) that emphasize the effectiveness of the legal framework and institutional coordination in debt resolution and collateral realization activities, including : (i) The legal framework governing collateral realization is clear and effectively enforced ; (ii) The legal framework for debt sales and debt resolution through VAMC is conducive and supportive ; (iii) Relevant authorities and institutions cooperate effectively with banks in the debt resolution process ; (iv) Regulations and guidelines issued by the State Bank of Vietnam support debt resolution in a practical and effective manner.

e. Control Variables in the Research Model

In addition to the principal relationships examined in the model, the dissertation incorporates a set of control variables to minimize potential biases arising from differences in respondents' demographic characteristics and job-related attributes (e.g., degree of involvement in debt resolution activities, decision-making authority, and professional responsibilities). The inclusion of these control variables helps isolate the net effects of the research factors on the effectiveness of credit risk resolution.The control variables are derived from Part I – Respondent Information of the survey questionnaire and include: gender (GEN), age (AGE), educational

attainment (EDU), position/job title (POS), and tenure/work experience (EXP). Specifically: GEN (Gender): coded as a categorical variable, where 0 = Female and 1 = Male ; AGE (Age): represents the respondent's age group ; EDU (Educational Attainment): reflects the respondent's level of education ; POS (Position/Job Title): indicates the respondent's organizational position and level of responsibility ; EXP (Work Experience): reflects the respondent's tenure and professional experience.

2.2.5.3. Development and Refinement of the Survey Questionnaire

a. Survey Questionnaire

Within the scope of this study, the dissertation employs a professional survey questionnaire to: (i) assess the current state of credit risk resolution; (ii) evaluate the factors affecting the effectiveness of credit risk resolution; and (iii) collect respondents' opinions regarding solutions for improving credit risk resolution at Sacombank.

The survey questionnaire is structured into four sections as follows: (i) Part I - Respondent Information (Demographic and Control Variables): This section collects respondents' demographic and professional characteristics, including gender, age, educational attainment, position/job title, and years of experience in the banking sector. The respondent's name is optional ; (ii) Part II – Assessment of the Current State of Credit Risk Resolution: This section consists of multiple-choice questions designed to portray the current situation and contextual factors relating to the occurrence of non-performing loans and credit risk within the respondent's unit or branch ; (iii) Part III – Survey of Influencing Factors (Research Measurement Scales): This constitutes the core component of the questionnaire and is intended to operationalize and quantify the constructs and factors specified in the research model. Respondents are asked to indicate their level of agreement with a series of statements using a five-point Likert scale. The measurement items are organized into groups corresponding to the research constructs, including internal bank factors, customer factors, legal and institutional factors, technology and data factors, and human resources and governance factors ; (iv) Part IV – Survey of Opinions on Proposed Solutions: This section gathers respondents' views and recommendations regarding measures to enhance the effectiveness of credit risk resolution at Sacombank.

b. Process of Developing and Refining the Survey Questionnaire

The process of developing and refining the survey questionnaire comprises the following steps: Step 1: Define the survey objectives and establish principles for information confidentiality and respondent anonymity ; Step 2: Design the overall structure of the questionnaire based on the identified information blocks and research requirements ; Step 3: Develop the measurement scales based on the theoretical review and the proposed research model ; Step 4: Standardize the coding system for survey questions and design the questionnaire according to a question-code and variable-code framework ; Step 5: Refine and revise the questionnaire to ensure clarity of meaning, logical structure, and the elimination of potential sources of ambiguity or measurement bias ; Step 6: Collect survey data and screen responses to identify valid observations for analysis; Step 7: Clean the dataset and verify the coding structure prior to model estimation and empirical analysis.

c. Survey Sample and Data Collection Methods

- Survey respondents: The study employs the individual respondent as the unit of analysis, focusing on employees, managers, and customers involved in credit activities and credit risk resolution at Sacombank.

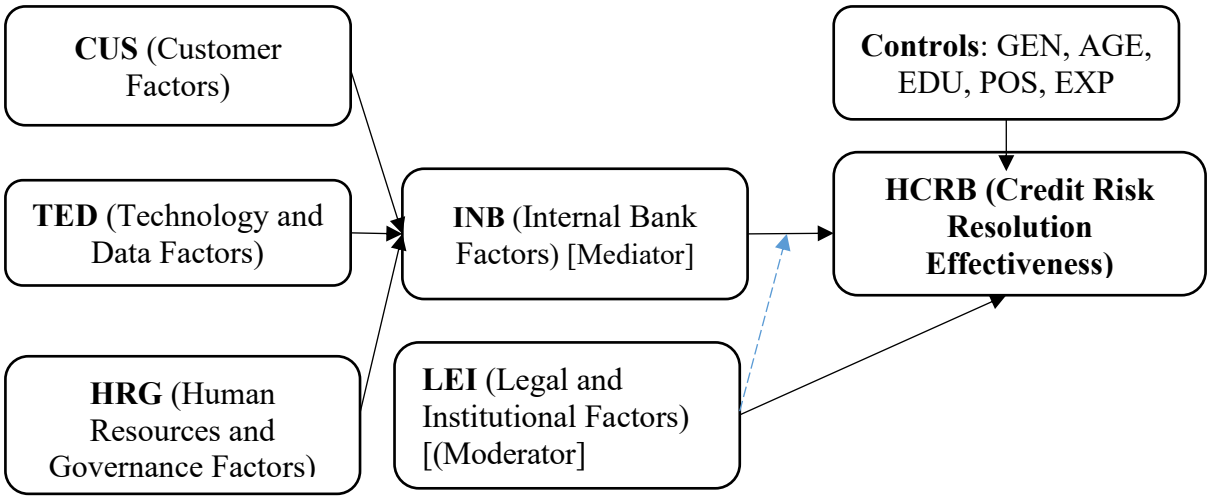
- Survey scope: The questionnaire was designed to closely reflect the operational context of respondents' branches and departments. For example, questions regarding the frequency of non-performing loan occurrences refer specifically to the respondent's branch or department. Accordingly, the collected data capture perceptions and assessments associated with actual working units within Sacombank.

- Data collection methods: The study adopts a combination of two data collection approaches, namely direct distribution of survey questionnaires and online survey administration.

2.2.5.4. Selection of the Quantitative Research Method and Research Hypotheses

a. Selection of the Quantitative Research Method

In this study, the author employs the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach and conducts model estimation using SmartPLS 4 software. The selection of PLS-SEM instead of traditional covariance-based structural equation modeling (CB-SEM) is justified by the characteristics of the survey data as well as the objectives of the study. The dataset was collected from 1,215 valid survey responses.



Note: LEI → HCRB; LEI moderates INB → HCRB

Figure 1. Research Model (PLS-SEM)

Source: Author's compilation.

b. Research Hypotheses

H1: Internal bank factors (INB) have a positive effect on the effectiveness of credit risk resolution (HCRB) at Sacombank ; H2 (Mediation Effect): Internal bank factors (INB) mediate the relationship between customer factors (CUS) and credit risk resolution effectiveness (HCRB) (CUS → INB → HCRB) ; H3 (Mediation Effect): Internal bank factors (INB) mediate the relationship between technology and data factors (TED) and credit risk resolution effectiveness (HCRB) (TED → INB → HCRB) ; H4 (Mediation Effect): Internal bank factors (INB) mediate the relationship between human resources and governance factors (HRG) and credit risk resolution effectiveness (HCRB) (HRG → INB → HCRB) ; H5 (Effect on the Mediating Variable): Technology and data factors (TED) have a positive effect on internal bank factors (INB) at Sacombank ; H6 (Effect on the Mediating Variable): Human resources and governance factors (HRG) have a positive effect on internal bank factors (INB) at Sacombank ; H7 (Direct Effect): Legal and institutional factors (LEI) have a positive effect on the effectiveness of credit risk resolution (HCRB) at Sacombank ; H8 (Moderating Effect): Legal and institutional factors (LEI) positively moderate the relationship between internal bank factors (INB) and credit risk resolution effectiveness (HCRB). Specifically, when the legal and institutional environment is more favorable, the positive effect of INB on HCRB becomes stronger.

2.2.5.5. Evaluation of the Research Model Results

a. Outer Loadings

b. Composite Reliability and Convergent Validity

c. Discriminant Validity Assessment Using HTMT.

d. Discriminant Validity Assessment Using the Fornell–Larcker Criterion

e. Multicollinearity Assessment

f. Structural Model Assessment

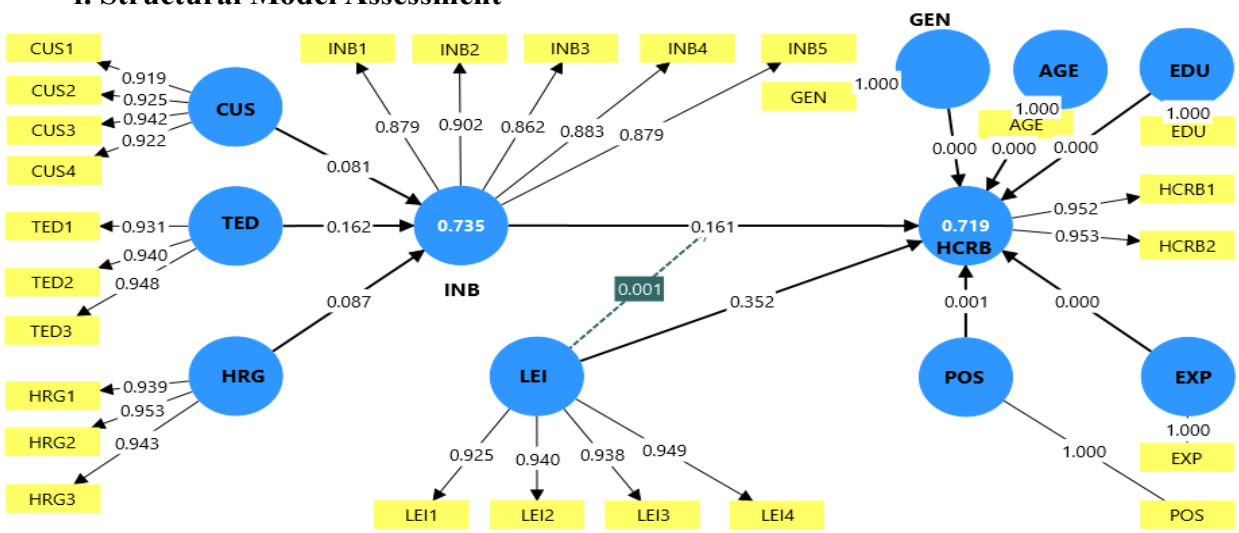


Figure 2. Structural Model Estimated Using the PLS-SEM Algorithm

Source: Extracted from SmartPLS 4.

Table 3. R-Square Coefficients

Endogenous	R2
INB	0.735
HCRB	0.719

Source: Extracted from SmartPLS 4.

g. Model Fit Assessment

2.2.5.6. Hypothesis Testing

a. Testing the Direct Effects on the Mediating Variable (INB):

b. Testing the Direct Effects on the Dependent Variable (HCRB)

d. Testing the Indirect (Mediating) Effects Through INB

e. Testing the Overall Effects

Table 4. Summary of Hypothesis Testing Results

Hypothesis	Tested Relationship	Expected Direction	P-value	CI95%	Conclusion	Remarks/Implications
H1	INB → HCRB	(+)	0,000	[0.323; 0.395]	Supported	Significant direct effect; INB is a key mechanism for improving HCRB.
H2	CUS → INB → HCRB	(+)	0,000	[0.075; 0.107]	Supported	Significant indirect effect; CUS improves HCRB primarily through INB.
H3	TED → INB → HCRB	(+)	0,000	[0.114; 0.150]	Supported	Strongest indirect effect among the three channels; TED generates substantial spillover effects through INB.
H4	HRG → INB → HCRB	(+)	0,000	[0.091; 0.130]	Supported	Significant indirect effect; HRG enhances HCRB through the INB mechanism.
H5	TED → INB	(+)	0,000	[0.335; 0.400]	Supported	TED is the strongest driver of improvements in INB (medium f^2 effect size).
H6	HRG → INB	(+)	0,000	[0.265; 0.347]	Supported	HRG positively affects INB; the effect is small-to-moderate but stable.
H7	LEI → HCRB	(+)	0,000	[0.486; 0.561]	Supported	The most influential determinant of HCRB (large f^2 effect size); policy and managerial priorities should focus on LEI-related factors.
H8	LEI×INB → HCRB	Kỳ vọng (+) hạnh hơn	0,056	[-0.019; 0.001]	Rejected (at the 5% level))	Not significant at the 5% level (p = 0.056), and the confidence interval includes zero; the effect size is extremely small and of limited practical significance.

Source: Extracted from SmartPLS 4 output.

f. Conditional Effects Testing in the Model

2.2.5.7. Discussion of Research Findings

Based on the estimation results regarding the factors affecting the effectiveness of credit risk resolution at Sacombank, the dissertation draws the following conclusions: *(1)* The findings indicate that the model possesses strong explanatory power, implying that the selected factors appropriately capture the key determinants of credit risk resolution effectiveness in banking practice. The most notable finding is that the legal and institutional environment exerts the strongest direct influence on resolution outcomes. This suggests that when the legal framework is clear, inter-agency coordination is effective, and procedures for collateral realization and debt recovery operate smoothly, the effectiveness of credit risk resolution improves substantially. This finding reinforces the argument that credit risk resolution is not merely a matter of internal bank capability but is also highly dependent on the institutional and enforcement environment; *(2)* The internal capabilities of the bank play a pivotal role, exerting a positive and sustained influence on credit risk resolution

effectiveness. These capabilities are primarily shaped by three groups of antecedent factors: customer quality, human resources and governance, and particularly technology and data. Among these, technology and data constitute the most powerful lever for strengthening internal capabilities, as they help reduce information asymmetry, improve credit appraisal quality, enhance post-disbursement monitoring, and shorten the lag between risk emergence and intervention. Human resources and governance rank second in importance, as they determine implementation discipline, accountability, and cross-functional coordination. Customer-related factors exert a relatively smaller but still significant effect, reflecting the fact that credit risk is inherently associated with borrowers' financial health, transparency, and willingness to repay; *(3)* The mediation analysis demonstrates that these input factors do not influence credit risk resolution effectiveness directly. Rather, their effects are largely transmitted through the enhancement of internal banking capabilities. This finding has both theoretical and practical significance: investments in technology, personnel development, or customer-related policies generate meaningful outcomes only when they are effectively translated into operational processes, management tools, and institutionalized implementation discipline within the bank; *(4)* The conditional effects analysis indicates that the impact of internal capabilities on credit risk resolution outcomes tends to decline slightly as the legal and institutional environment becomes more favorable; however, the magnitude of this difference is relatively small. Accordingly, the key implication is that strengthening internal capabilities remains essential regardless of the quality of the institutional environment, while improvements in the legal and institutional framework can reduce resolution delays and costs, thereby enhancing overall effectiveness.

2.3. ASSESSMENT OF THE CURRENT STATE OF CREDIT RISK RESOLUTION AT SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK

2.3.1. Key Achievements

Sacombank has achieved several notable outcomes in credit risk resolution. First, the Bank has successfully resolved a substantial volume of non-performing loans (NPLs) and legacy assets inherited from the merger. In 2024 alone, nearly VND 10 trillion of NPLs and legacy assets were resolved, bringing the cumulative amount resolved to VND 103.988 trillion, of which VND 76.695 trillion was associated with the restructuring scheme. By 2025, non-performing loans and legacy assets had been significantly reduced, with their proportion of total assets declining from 28.1% to 1.4%. In addition, Sacombank has maintained a large operational scale, with total assets, outstanding loans, and customer deposits continuing to grow despite prioritizing NPL resolution and increasing loan-loss provisioning. The Bank has also established a relatively comprehensive internal framework governing asset classification, provisioning, and the utilization of provisions, with clearly defined responsibilities assigned to the relevant departments and units.

Another important achievement is Sacombank's advantage derived from Sacombank Asset Management and Exploitation Company (SBA) in handling collateral, conducting asset valuation and liquidation, marketing distressed assets, and coordinating with auction organizations and potential investors. Furthermore, the Bank has adopted a multi-channel resolution approach, combining debt restructuring and negotiation, direct debt recovery, collateral realization, debt sales, cooperation with VAMC/AMCs, litigation, judgment enforcement, and the utilization of provisions.

2.3.2. Existing Limitations

Despite the significant achievements made in credit risk resolution, Sacombank continues to face several notable challenges and limitations. First, the volume of non-performing loans, legacy assets, and problematic exposures requiring resolution remains substantial, particularly those originating from the post-merger period, involving complex legal documentation or collateral with limited liquidity. In addition, the effectiveness of collateral realization continues to depend heavily on real estate market conditions, legal procedures, asset valuation processes, auctions, transfers, and coordination with external authorities and stakeholders. Debt sales and the transfer of non-performing loans have not yet become a sufficiently effective resolution channel.

2.3.3. Causes of the Existing Limitations

The limitations in credit risk resolution at Sacombank stem from both internal and external factors. From an internal perspective, the most significant challenge arises from the legacy portfolio of non-performing loans and distressed assets inherited following the merger, many of which involve complex legal documentation, collateral arrangements, multiple obligors, and various forms of legal disputes. In addition, the legal quality and completeness of documentation associated with certain historical exposures remain inconsistent, thereby reducing the effectiveness of litigation, judgment enforcement, collateral realization, and debt sales. Although a debt resolution

classification and routing mechanism has been established, it still needs to be more closely aligned with substantive performance indicators, such as net recovery rates, resolution duration, resolution costs, and post-write-off recovery performance.

CHAPTER 3
SOLUTIONS FOR CREDIT RISK RESOLUTION AT SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK

3.1. ECONOMIC–FINANCIAL CONTEXT AND ORIENTATIONS FOR CREDIT RISK RESOLUTION

3.1.1. Economic and Financial Context

Credit risk resolution at commercial banks through 2030 will take place in the context of Vietnam's economy continuing its recovery and maintaining relatively strong growth, thereby creating favorable conditions for improving corporate cash flows and debt repayment capacity. However, rapid credit expansion, substantial financing demand, fluctuations in asset markets and interest rates, and the financial health of borrowers continue to exert pressure on credit quality. For Sacombank, this context is particularly distinctive because the Bank remains engaged in the resolution of non-performing loans and legacy assets inherited from the merger, while its non-performing loan ratio in 2025 remains at a relatively high level. This situation requires credit risk resolution efforts to become increasingly substantive and outcome-oriented.

3.1.2. Orientations for Credit Risk Resolution at Vietnamese Commercial Banks through 2030

The orientation for credit risk resolution at Vietnamese commercial banks through 2030 should shift from the traditional objective of merely "reducing non-performing loan ratios" toward the broader goal of "value recovery and actual loss minimization." Accordingly, banks should standardize the processes for establishing the legal status of distressed exposures and classifying them into appropriate resolution streams; enhance the effectiveness of collateral realization; develop debt-sale and distressed debt transfer channels; professionalize litigation and judgment enforcement activities; integrate debt resolution with loan-loss provisioning and post-write-off recovery; and leverage technology and data to improve the management of loan files, collateral assets, and resolution progress.

3.1.3. Orientations for Credit Risk Resolution at Sacombank

The orientation for credit risk resolution at Sacombank through 2030 must be grounded in the Bank's specific characteristics: its large scale, extensive branch network, continuing exposure to the legacy effects of post-merger restructuring, and its ongoing transition toward safe, efficient, and sustainable growth. Accordingly, credit risk resolution should be elevated from a series of isolated operational activities to a comprehensive legal and value-recovery management program implemented across the entire Bank.

3.2. SOLUTIONS FOR CREDIT RISK RESOLUTION AT SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK

The primary focus of the proposed solutions is to strengthen the Bank's capacity to establish the legal status of distressed loans, classify and route problem exposures, recover debts, restructure repayment obligations, realize collateral, sell distressed debts, conduct litigation and judgment enforcement, utilize loan-loss provisions, and pursue post-write-off recoveries. The research findings indicate that the effectiveness of credit risk resolution at Sacombank is significantly influenced by the legal–institutional environment and the Bank's internal capabilities. Accordingly, the proposed solutions should concentrate on addressing bottlenecks related to legal documentation, collateral assets, real estate market conditions, litigation, judgment enforcement, and inter-agency coordination.

3.2.1. Enhancing Credit Risk Resolution Effectiveness Through Improving Key Determinants

3.2.2. Standardizing the Mechanism for Establishing Legal Status and Resolution Segmentation of Distressed Loans

3.2.3. Strengthening Legal Documentation and Enhancing Creditor Rights Enforcement Capacity

3.2.4. Enhancing the Effectiveness of Debt Negotiation, Restructuring, and Direct Recovery

3.2.5. Accelerating the Resolution of Collateral Assets and Legacy Assets

3.2.6. Expanding Debt Sales, Distressed Debt Transfers, and Cooperation with Specialized Debt Resolution Institutions

3.2.7. Professionalizing Litigation, Judgment Enforcement, and Compulsory Debt Recovery Activities

3.2.8. Linking Loan-Loss Provisioning and Provision Utilization with Post-Resolution Recovery and Value Restoration

3.2.9. Digitalizing Debt Resolution Data and Establishing a Centralized Legal Documentation and Collateral Management System

3.2.10. Strengthening Organizational Structure, Human Resources, and Coordination Mechanisms for Credit Risk Resolution

3.2.11. Developing a Performance Measurement Framework Based on Actual Recovery Outcomes

In summary, the proposed solutions under Section 3.2 are designed to transform credit risk resolution at Sacombank from a case-by-case operational approach into a framework characterized by legal formalization, professionalization, digitalization, market orientation, and performance measurement based on actual recovery outcomes.

3.2.12. Implementation Conditions and Roadmap to 2030

Implementation requires four conditions: (i) approval of the plan by the bank's senior management and designation of focal points; (ii) allocation of legal, debt resolution, valuation, accounting, and technology personnel according to portfolio requirements; (iii) establishment of data resources, access rights, and information security procedures; and (iv) allocation of an appropriate budget for case processing, valuation, litigation, and technology investment.

The proposed roadmap is as follows: (i) 2027: review the portfolio composition, develop minimum documentation requirements, designate focal points, finalize triage guidelines, and select pilot units; (ii) 2028–2029: expand the use of electronic case files, integrate recovery and cost data, pilot difficulty-adjusted key performance indicators (KPIs), conduct periodic assessments, and refine coordination mechanisms; and (iii) 2030: conduct an overall review, independently verify data quality and results, revise procedures, and determine the scope of further rollout. These milestones are proposed for the purposes of this study; the specific implementation schedule and budget are to be determined by the bank following approval.

3.3. RECOMMENDATIONS AND POLICY IMPLICATIONS

3.3.1. Proposal and Recommendations for the State

The State should play a central role in improving the legal and institutional environment, as this factor has a substantial impact on the effectiveness of credit risk resolution at commercial banks, including Sacombank. The key recommendations are as follows: First, refine the guidelines for, and organize the implementation of, the mechanism for repossessing collateral securing non-performing loans; Second, review litigation and judgment enforcement procedures for credit disputes; Third, harmonize the legal frameworks governing land, registration, and secured transactions; Fourth, improve the quality of collateral valuation, auction, and transfer processes by promoting transparency and digitalization and minimizing losses; Fifth, develop the secondary debt trading market and an ecosystem of investors specializing in debt resolution;Sixth, strengthen mechanisms for corporate restructuring and out-of-court debt workouts; Seventh, enhance data infrastructure and data sharing to support credit assessment, early warning, and debt recovery.

3.3.2. Proposals and Recommendations for the State Bank of Vietnam

It is recommended that the State Bank of Vietnam (SBV) strengthen its coordination and supervisory roles and enhance system-wide risk management infrastructure to support more effective credit risk resolution at commercial banks. Specifically: First, strengthen risk-based supervision of the quality of debt resolution within its statutory mandate; Second, refine the capital adequacy framework and macroprudential buffers, linking capital requirements to credit quality, concentration risk, excessive credit growth, and each bank's risk appetite; Third, review and provide guidance on asset classification and provisioning in accordance with the respective scope of each applicable regulatory instrument; Fourth, administer debt restructuring policies to provide conditional and transparent support, while preventing debt restructuring from becoming a means of delaying the recognition of non-performing loans; Fifth, upgrade banking-sector data infrastructure and the Vietnam National Credit Information Centre (CIC), standardize data on customers, credit histories, payment behaviour, and fraud alerts, and improve data-sharing mechanisms between CIC and credit institutions; Sixth, develop system-wide credit risk early warning and stress testing systems, monitoring risks by industry, segment, collateral, restructured debt, cash flow, and market developments; Seventh, effectively implement early intervention and resolution mechanisms for weak banks, with clear warning thresholds for capital, liquidity, asset quality, and governance;Eighth, promote the debt trading market by standardizing loan-level data, valuation mechanisms, transfer and auction procedures, and information sharing with eligible investors; Ninth, improve the framework for reporting credit risk resolution outcomes.

3.4. LIMITATIONS OF THE STUDY AND DIRECTIONS FOR FUTURE RESEARCH

3.4.1. Limitations of the Study

Despite its contributions, the dissertation has several limitations regarding its research scope, data, and analytical methods. Although the Sacombank case study meets the objectives of an in-depth examination of an individual bank, its findings have limited generalizability to the commercial banking system as a whole.

3.4.2. Directions for Future Research

In light of these limitations, future research could pursue the following directions: (1) extend the study to multiple commercial banks; (2) develop loan-level datasets to track debts and the outcomes of each resolution method; (3) refine measurement scales to capture the specific dimensions of credit risk resolution; (4) combine data from multiple time points and sources; and (5) extend and validate the research model.

CONCLUSION

This dissertation has clarified the theoretical foundations, practical realities, and solutions for credit risk resolution at Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) from a legal–institutional perspective. The study emphasizes that credit risk resolution should not be equated with credit risk management in general; rather, it constitutes a process of mitigating and remedying the consequences arising when credit exposures have deteriorated in quality, borrowers have breached repayment obligations, loans have migrated to higher-risk categories, or losses are likely to materialize. The core objectives of credit risk resolution include protecting creditor rights, recovering asset value, realizing collateral, transferring distressed debt, initiating legal proceedings, enforcing judgments, utilizing credit loss provisions, and pursuing post-resolution recoveries. *From a practical perspective*, the dissertation demonstrates that Sacombank has achieved significant progress in controlling non-performing loans, resolving legacy assets, strengthening loan-loss provisioning, and improving its internal risk management framework. Nevertheless, the credit risk resolution process continues to face challenges related to legal documentation, collateral realization, litigation and judgment enforcement, the underdevelopment of the debt trading market, and the high costs associated with debt resolution activities. *From an empirical perspective*, the dissertation employs a PLS-SEM model based on 1,215 observations to examine the factors influencing credit risk resolution effectiveness, including internal bank factors, customer-related factors, legal and institutional factors, technology and data capabilities, and human resource and governance factors. Based on the findings, the dissertation proposes a comprehensive set of solutions aimed at standardizing legal documentation, improving the classification and routing of distressed loans, enhancing debt recovery, strengthening collateral resolution, expanding debt transfer activities, improving litigation and judgment enforcement effectiveness, digitalizing debt resolution data, and evaluating resolution performance based on actual recovery outcomes.

In conclusion, the dissertation argues that Sacombank should shift its focus from merely "reducing non-performing loans on the balance sheet" toward "achieving substantive recovery, minimizing losses, and restoring asset value." Such a transition will contribute to improving asset quality, reducing provisioning pressures, strengthening capital adequacy, and establishing a solid foundation for sustainable credit growth in the future.

LIST OF THE AUTHOR'S RELATED SCIENTIFIC PUBLICATIONS

1. Nguyen Phuong Huyen (2025), International Experiences in Credit Risk Resolution and Policy Implications for Vietnamese Commercial Banks, Banking Review, September 10, 2025. Available at: https://tapchinganhang.gov.vn/kinh-nghiem-quoc-te-ve-xu-ly-rui-ro-tin-dung-va-mot-so-bai-hoc-chinh-sach-doi-voi-cac-ngan-hang-thuong-mai-viet-nam-16475.html
2. Nguyen Phuong Huyen (2025), Credit Risk Resolution in Commercial Banks: A Case Study of Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank), Economics and Finance Online Journal, Issue No. 1101, November 2025. Available at: https://nghiencuu.tapchikinhtetaichinh.vn/xu-ly-rui-ro-tin-dung-tai-ngan-hang-thuong-mai-nghie n-cuu-truong-hop-ngan-hang-tmcp-sai-gon-thuong-tin-32650.html
3. Nguyen Phuong Huyen (2025), A Theoretical Approach to Credit Risk Resolution in Commercial Banks, Economics and Finance Online Journal, Issue No. 1201, December 2025. Available at: https://nghiencuu.tapchikinh tetaichinh.vn/tiep-can-co-so-ly-luan-ve-xu-ly-rui-ro-tin-dung-tai-ngan-hang-thuong-mai-105496.html
4. Nguyen Phuong Huyen (2025), Assessing the Current State of Credit Risk Resolution in Vietnamese Commercial Banks, Accounting & Auditing Journal, No. 266, November 2025, pp. 106–113.
5. Nguyen Phuong Huyen (2025), Some theoretical issues on the causes and consequences of credit risk in commercial banks, *Proceedings of the 7th International conference on Economics, Business & Finance,* Hue University Pubishing House, 1478-1487.