

BIDV **R**eview

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**YEARS
AND COUNTING**

**GLORIOUS
TRADITION FOSTERS
BRIGHT FUTURE**



BIDV headquarters seen from Hoan Kiem Lake, Hanoi

ABOUT BIDV

Founded in 1957, BIDV is the largest commercial bank in Vietnam by assets. The bank boasts subsidiaries in finance, banking, securities and insurance. It has a wide network of more than 1,060 branches and transaction offices as well as commercial presences in six countries and territories. BIDV stock (BID) is listed on Ho Chi Minh City Stock Exchange (HOSE). For more information, please visit www.bidv.com.vn.



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Editor's Letter

Dear readers,

In April, BIDV celebrated its 63rd anniversary. Looking back, we were once a small-scale bank with just 11 branches and 200 staff; today BIDV is a multi-functional and primarily state-run commercial bank, operating a wide network of more than 1,060 transaction points and with nearly 25,000 professional and well-trained employees working in Vietnam and six other countries and territories.

On our relentless 63-year journey, generations of BIDV's employees have upheld revolutionary values: industry, thrift, integrity and uprightness; devoting their dedication and intellect, sweat and toil to foster a priceless asset - the distinctive cultural value that has laid solid foundations for BIDV to continue reaching further. Like a strong eagle which soars above the clouds and mountains, BIDV is set to foster a bright future in its long established, glorious tradition.


Recently BIDV and Hana Bank signed a Memorandum of Understanding (MOU) on business credit card issuance. Under the MOU, BIDV will provide a business credit card product to Hana Bank's corporate customers in Vietnam. In addition to the business credit card, the two banks expect to enhance their cooperation in many fields, such as corporate co-finance, trade finance, international payment, cash management products for Korean companies and multinational companies operating in Vietnam.

Cutting lending rates is one solution BIDV has employed in the implementation of

the State Bank Governor's direction for credit institutions and commercial banks to prioritise support for businesses affected by the Covid-19 pandemic. The bank announced further reductions in lending interest rates, cutting lending rates by up to 2 p.a. for VND loans in the fields affected by Covid-19.

According to Moody's announcement of its periodic review, released on 16 April, BIDV's long-term local-currency bank deposit and local and foreign-currency issuer ratings were affirmed at Ba3 and long-term bank foreign currency deposit at B1. Moody's expected a very high probability of support from the Government of Vietnam (Ba3) in times of need. These are the highest ratings among Vietnamese banks in the context of the economy facing difficulties caused by the Covid-19 pandemic.

As ever more people stay away from supermarkets and other crowded shops during the COVID-19 pandemic, a boom in digital transactions is expected. Given the complicated pandemic, online payment channels have become more convenient, safe and suitable for a large number of users instead of cash. Promoting cashless payment to support growth is one of the directions of the government and efforts of the State Bank of Vietnam.

Last but not least, on the occasion of the 45th anniversary of the Liberation of the South and National Reunification Day, BIDV Review offers a look at historical relics which attract the attention of visitors, both local and international. 



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Fostering a bright future in the glorious tradition



Mr. Phan Duc Tu, BIDV's Board Chairman

On the 63rd anniversary of BIDV, BIDV Review provides an extract of the story of Mr. Phan Duc Tu, Chairman of the Board of Directors, on the bank's tradition and achievements as well as the path that lies ahead.

PROMOTING SOLID VALUES

Over 63 years, BIDV has overcome difficulties, outdoing itself to develop and thrive. It is the experience of overcoming challenges that has tempered the stance, stuff and culture of BIDV - a pioneering and creative organisation that has carried out and successfully fulfilled all missions and tasks entrusted by the Party, the State, the government and the people in each historical period of the Vietnam Revolution, significantly contributing to the overall success of the national defense, construction and development.

On our 63-year journey, generations of BIDV's employees have upheld revolutionary values: industry, thrift, integrity and uprightness; devoting their dedication and intellect, sweat and toil to foster a priceless asset - the distinctive cultural value that has laid solid foundations for BIDV to continue reaching further.

Looking back to our time as a small bank with 11 branches and 200 staff, performing the task of allocating and managing capital construction investment only, BIDV has changed tremendously into a multi-functional and primarily state-run commercial bank, operating a professional and modern network of more than 1,060 branches, transaction offices, with nearly 25,000 professional and well-trained employees working in Vietnam and six other countries and territories.

BIDV concluded the year 2019 and entered the second decade of the 21st century in the position of the largest commercial joint stock bank with total assets reaching VND1.49 quadrillion (VND63.3 billion), deposits of VND1.18 quadrillion (USD50.1 billion), outstanding loans of VND1.32 quadrillion (USD56 billion), paying VND8,550 billion (USD363 million) in 2019 to the State budget, and spending nearly VND300 billion (USD13 million) on social security activities.

BIDV's market capitalisation as of 31 December 2019 hit VND186,000 billion (USD7.9 billion), ranking sixth in Vietnam's stock market. The bank has also become the largest bank in Vietnam by charter capital (VND40,220 billion or USD1.71 billion) after the strategic cooperation deal with KEB Hana Bank (Republic of Korea). The Vietnamese lender has been a companion of more than 11 million domestic customers and 2,300 financial institutions from nearly 180 countries and territories around the globe.

Over the past 63 years, the country has seen significant developments, the living conditions of the people are getting better. The national construction works built through the funding from the Construction Bank; Bank for Investment and Construction, then Bank for Investment and Development of Vietnam, and now the Joint Stock Commercial Bank for Investment and Development of Vietnam are still present in all



BIDV headquarters seen from Hoan Kiem lake in the centre of Hanoi

corners of the country. The modern banking products, services and utilities trusted and used by tens of millions of people are testament to BIDV's great contribution to the country's socio-economic development and the people's comfortable and prosperous lives in all regions.

The contributions of the bank's generations of employees over the years have contributed to shaping a proud and splendid history for BIDV. The bank has been honoured with prestigious awards by the Parties and the States of Vietnam, Laos and Cambodia. BIDV's reputation has thus been affirmed and our brand now enjoys the trust of millions of customers and partners.

Such proud achievements are attributed to the constant leadership of the Party, State, National Assembly and government; the close and

effective support and guidance of the State Bank of Vietnam and ministries, and localities; the trust, support and companionship of millions of customers and partners; as well as the relentless efforts of generations of employees over the past 63 years.

MOVING FORWARD TO A BRIGHT FUTURE

Vietnam entered 2020 with many challenges, including the severe impact of the Covid-19 pandemic and drought and saltwater intrusion in the Mekong River Delta. Against that backdrop, difficulties are unavoidable for the whole economy, banking industry in general and BIDV in particular. It requires BIDV to have ever higher determination and make greater efforts to achieve the goals set.

2020 is a year of significance for BIDV. It is the year for completing the

restructuring scheme in association with handling bad debts according to the spirit of the National Assembly's Resolution 42 and the Prime Minister's Decision 1058/QĐ-TTg. This is the starting year for implementation of the development strategy to 2025 and vision to 2030, towards sustainable development.

The bank's Annual General Meeting of Shareholders held in March 2020 identified specific targets and goals for 2020. However, given the unpredictable developments of the Covid-19 pandemic and the impact of natural disasters, taking the role and responsibility of a leading financial institution in Vietnam, BIDV has continued to share resources to support customers and the community.

The leadership of BIDV will make more appropriate calculations on growth targets to both ensure the



accomplishment of the responsibilities to the country and create a driving force for development of the whole system.

The way ahead is opening both opportunities and challenges. The entire BIDV system must evaluate the situation correctly more than ever, adhering to guidelines and policies of the Party and State, and the directions of the government and the State Bank of Vietnam to bring into full play its role as a primarily state-owned joint stock commercial bank, maintaining the position of a leading and responsible bank of the country, actively contributing to macroeconomic stability and national economic development.

BIDV will aggressively implement uniform solutions and measures to improve operational quality and business efficiency, creating favourable conditions and meeting all needs for banking products and services of the economy.

Building on the 63-year tradition, with the action motto “Discipline

- Accountability - Efficiency - Breakthrough”, the bank’s employees of today will continue to foster their ethics, skills and professionalism, overcoming difficulties and challenges, striving to successfully fulfill the missions set for 2020, and soon complete the strategic goals for the period 2020-2025, ensuring the trust

of regulators, customers, partners and generations of former employees.

The whole bank unanimously joins to foster the core values of BIDV: “Quality and Trustworthiness - Customer orientation - Innovation - Professionalism - Social responsibility”, fulfilling the mission of “delivering the best values and benefits to customers, shareholders, employees and society”, striving to become “a top-class bank in Southeast Asia and among the top 100 largest banks in Asia”.

Turning difficulties into motivation, opportunities into resources, promoting our glorious tradition, exploiting the strength of solidarity, consensus and efforts of 25,000 employees, it is believed that BIDV will overcome all challenges, continue to assert itself and achieve new and greater success.

Like a strong eagle which soars above the clouds and mountains, BIDV is set to foster a bright future in its long established, glorious tradition. **B**

BIDV'S KEY MILESTONES

26 Apr 1957	Established as the Bank for Construction of Vietnam, under the Ministry of Finance.
24 Jun 1981	Renamed as the Bank for Investment and Construction of Vietnam, under the State Bank of Vietnam.
14 Nov 1990	Renamed as the Bank for Investment and Development of Vietnam (BIDV).
18 Nov 1994	Transformed into a fully commercial bank.
01 May 2012	Successfully equitized, converted into Joint Stock Commercial Bank for Investment and Development of Vietnam.
24 Jan 2014	BIDV shares officially listed on Ho Chi Minh City Stock Exchange.
11 Nov 2019	Signing the strategic cooperation agreement and announcing KEB Hana Bank (a member of Hana Financial Group) as its foreign strategic shareholder.

THANH HUYEN

BIDV announces first quarter business results



BIDV concluded the first quarter of 2020 with stable and safe performance despite a decline in a number of indicators due to the Covid-19 pandemic.

According to the consolidated financial statements for Q1-2020 released by BIDV, the bank's business performance was heavily affected by the Covid-19 pandemic as well as cyclical factors; profit before tax was lower than the same period last year, yet metrics such as net service income, revenue and expenditure gap were still ensured. During the quarter, BIDV bought back all bonds which had been sold to VAMC.

BIDV's total assets reached over VND1.45 quadrillion (USD62 billion), down 3 percent year to date. Loans

to customers as of 31 March 2020 hit over VND1.101 quadrillion (USD46.7 billion), down 1 percent year to date. The decline in the outstanding loans of the bank as well as the whole banking sector is mainly due to the impact of the prolonged Covid-19 pandemic, and credit packages to support customers affected by the Covid-19 need time to be effective and depend on the market absorption capacity. As a matter of fact, credit growth is usually low in the first quarter due to the business cycle impact as well as the Lunar New Year holiday.

Non-performing loan ratio was at 1.74 percent. BIDV has conducted an overall review of its customer base (financial position, solvency and level of damage) to take appropriate measures, ensuring safe and effective credit growth. By 31 March, BIDV had completed the buy-back of bonds which had previously been sold to Vietnam Asset Management Company (VAMC).

Customer deposits as of 31 March this year reached over VND1.1 quadrillion (USD46.6 billion), slightly decreasing by 1.26 percent year to date. Deposits only saw growth in the retail banking and financial institutions segments, while the corporate segment plunged.

Net service income was nearly VND1,086 billion (USD46 million), an increase of VND209 billion (USD9 million) or 23.9 percent over the same period last year. Forex income reached VND418 billion (USD18 million), up 96 billion or 30 percent year-on-year. Income from trading securities reached VND180 billion (USD7.6 million), up VND 141 billion (USD6 million) or 3.6 times higher year-on-year.

The gap between revenue and expenditure hit VND7,855 billion (USD333.2 million), up 1.9 percent from the same period last year and profit before tax was VND1,814 billion (USD77 million). Provisions were fully made according to regulation on debt classification and VAMC bonds; operational safety indicators were ensured according to regulation.

BIDV concluded the first quarter of 2020 with stable and safe performance despite a decline in a number of indicators given the business environment affected by Covid-19 pandemic. BIDV said it would continue to closely monitor the system situation, reviewing the impact of Covid-19, with a focus on increasing non-interest income, bolstering e-banking services, maximising revenue sources and controlling costs. **B**

HAI HA

BIDV and Hana Bank cooperate in business credit card issuance

Recently BIDV and Hana Bank signed a Memorandum of Understanding (MOU) on business credit card issuance.

Under the MOU, BIDV will provide a business credit card product to Hana Bank's corporate customers in Vietnam. Specifically, Hana Bank, via its two branches in Hanoi and Ho Chi Minh City, will introduce BIDV's business credit card product to their corporate customers. Similarly, the customers can contact the Hana Bank's branches in Vietnam on demand for the guidance and procedure of BIDV's business credit card application.

BIDV guarantees to provide high quality products with convenience and safety for Hana Bank's customers in Vietnam. In terms of credit card products, BIDV is one of the leading service providers in Vietnam's market. The bank has been honoured by the International Finance Magazine with the "Best Credit Card, Vietnam" award for four years in a row (2016 -2019).

The cooperation in business credit card issuance is among various fields that BIDV and Hana Bank have been actively implementing recently, especially after Hana Bank officially became BIDV's strategic partner in November 2019.

In addition to the business credit card, the two banks expect to enhance their cooperation in many fields, such as corporate co-finance, trade



The cooperation in business credit card issuance is among various fields that BIDV and Hana Bank have been actively implementing recently

finance, international payment, cash management products for Korean companies and multinational ones operating in Vietnam including collection, tax payment and payroll payment in order to better serve the customers of both bank in Vietnam, Korea and around the globe.

Hana Bank is a member of Hana Financial Group (Republic of Korea) - one of the largest financial groups in Asia, providing comprehensive financial services. Hana Bank manages an extensive operating network with

752 branches in the Republic of Korea and 176 branches in 24 countries. In Vietnam, Hana Bank has opened two branches in Hanoi and Ho Chi Minh City.

On 11 November 2019, BIDV officially signed a strategic cooperation agreement with Hana Bank, announcing Hana Bank as its foreign strategic shareholder owning 15 percent of BIDV's charter capital. This is the largest M&A transaction made with a strategic investor in Vietnam's banking industry to date. **B**

ANH TUAN

Moody's affirms BIDV's ratings

Moody's Investors Service completed a periodic review of BIDV's ratings, affirming long-term local-currency bank deposit and local- and foreign-currency issuer ratings at Ba3 and long-term bank foreign currency deposit rating at B1.

According to the review, Moody's expects a very high probability of support from the Government of Vietnam (Ba3) in times of need. This assumption is based on the government's 81 percent ownership in BIDV as well as the bank's significant market shares of system assets and deposits.

Released on 16 April, the review states that BIDV's long-term local and foreign-currency deposit and long-term issuer ratings were maintained. These ratings are the highest among Vietnamese banks while the economy is facing difficulties caused by the Covid-19 pandemic.

Moody's assesses that the bank's capitalisation is strengthened following the external capital raise in 2019, as well as steady improvements in asset quality following the resolution of legacy problem assets and write off of VAMC bonds.

Funding is a key strength for BIDV as the bank's deposit base is supported by its extensive branch network and strong relationships with large Vietnamese corporates.


As of 31 December 2020, BIDV's total assets reached VND1.49 quadrillion



BIDV headquarters in Hanoi

(USD63.3 billion), allowing it to maintain the leading position among Vietnamese banks. The Vietnamese lender has an extensive network, covering 63 provinces and cities nationwide with 1,060 branches and transaction offices as well as presences in six countries and territories. BIDV has been serving 12 million customers and established partnerships with

2,300 financial institutions around the world.

2020 marks the 15th consecutive year that BIDV has been reviewed by Moody's. BIDV is also the pioneering bank in this field, confirming the bank's commitment to financial transparency as well as compliance with international standards. 

BIDV cuts more lending rates to support customers



BIDV takes the lead in helping customers affected by Covid-19

On 1 April BIDV announced it would further reduce lending interest rates for customers affected by the Covid-19 pandemic.

The specifics of the announcement are as follows: For current loans: restructuring the repayment period, waiving or reducing interests and fees, and maintaining the debt group of borrowers affected by the Covid-19; and cutting lending rates by up to 2 percent p.a. for VND loans in the fields affected by Covid-19. The specific reduction of interest rates depends on the business field, industry and level of impact due to Covid-19 for each business.

BIDV will also reduce lending rates by up to 1 percent p.a. for unsecured personal loans in VND which are repaid by customers' monthly income, where the income has been reduced due to the Covid-19 pandemic. For customers becoming retrenched and entitled to a subsidy of VND1.8 million/month according to the government's direction, BIDV will reduce the interest rate by 2 percent p.a. and apply a grace period for principal and interest during the pandemic period.

For new loans, BIDV is offering credit packages for businesses affected by the Covid-19 pandemic who have demand for new loans, with interest rates cut by 2 percent p.a. compared to the same type of lending rates on 31

December 2019.

The lending interest rate cuts (for both current and new loans) shall be applied for up to three months from the date the Prime Minister announces the end of the Covid-19 pandemic.

Cutting lending rates is one solution BIDV has employed in the implementation of the State Bank Governor's direction for credit institutions and commercial banks to prioritise support for businesses affected by the Covid-19 pandemic. According to the bank, its income will be reduced by VND2,400 to 3,000 billion (USD127 million) as a result of supporting customers to overcome their difficulties during the pandemic.

Earlier, BIDV actively joined hands with customers, supporting them by reducing interest rates, restructuring repayment periods, extending new loans as well as offering new credit packages. BIDV has also encouraged cashless payment by reducing transaction fees for its e-banking products and services, helping to minimise the spread of the coronavirus.

BIDV has been amongst businesses leading the way in supporting the Covid-19 response program. The bank's branches have implemented a number of measures to support local communities, such as donating face masks and sanitising products, and providing meals for officers on the front lines of fighting the pandemic. **B**

THANH VU

BSC honoured with Best Investment Bank Vietnam 2020 award



BIDV Securities Company (BSC) recently received the Best Investment Bank Vietnam 2020 award from Global Banking & Finance Review (UK), a testament to the company's efforts in improving investment banking operations over the past years.

Since its inception, BSC has prioritised the development of investment banking. The company's financial advisory service is aiming at taking the position of market maker, focusing on financial structure advisory and delivering greater value to customers and partners.


BSC has provided consultancy to more than 200 enterprises on equitisation, the issuance of shares and bonds, including major brands such as Vietnam Dairy Products Company (Vinamilk), FPT Group, Vietnam Textile and Garment Group (Vinatex), Airports Corporation of Vietnam (ACV), BIDV, Binh Son Refining and Petrochemical Company, among others.

Despite the difficult economic situation in 2019, resulting in a sharp decline in listing activities, issuance of shares and corporate bonds, BSC's revenue from financial advisory remained at a good growth rate of 7.9 percent per year with many successful advisory transactions such as consultancy on listing for Binh Minh Garment Joint Stock Company, divestment for Vietnam National

Chemical Group, and listing for Vietnam Airlines Corporation on Ho Chi Minh City Stock Exchange.

According to BSC, investment banking will continue to be a core business activity. The investment activities focus on three main areas including shares, bonds and structured products. In particular, BSC focuses on stocks with large market capitalisation and foreign room and stocks related to structured products, while promoting trading activities to increase profit.

BSC also continues to develop financial advisory services for corporate customers. This year, the continuous fluctuations of the financial market in particular and the economy in general require businesses to take measures to ensure financial capacity to stand firm and grow.

Established in 1999, BSC was one of the first three securities companies in Vietnam. With more than 20 years of experience in financial advisory for leading businesses, the company always strives to bring effective financial and risk management solutions, ensuring optimal benefits for businesses. 

Global Banking & Finance Review is a leading financial portal and print magazine offering news, analysis, opinion, reviews, interviews and videos from the world of banking, finance, business, trading, technology, investing, brokerage, foreign exchange, tax and legal, asset and wealth management.

THANH AN

New policies effective this month

A range of new policies will come into effect this month, including fines being placed on businesses failing to pay employees on time; persons over 15 years old and having civil act capacity being permitted to use credit cards.



Circular 28/2019/TT-NHNN issued by the State Bank of Vietnam, taking effect from 1 April 2020, states that a person aged between 15 and 18 years old, who has not lost or limited his/her civil act capacity, may use a debit card, credit card or prepaid card without requiring the written consent of their legal representative as was previously the case.

On 1 March, the government issued Decree 28/2020/ND-CP regarding administrative sanctions for violations in the field of labour and social insurance. The decree came into effect on 15 April.

The decree also states that individual business owners will be fined a minimum of VND5million (USD212) for failing to pay the salary for 1-10 workers; to VND50 million (USD2,125) for failing to pay the salary for more than 300 workers. The fine will be doubled to VND100 million if the employers are organisations.

On 3 February the government issued Decree 15/2020/ND-CP on administrative sanctions in the fields of

posts and telecommunications, information technology and electronic transactions. The decree stipulates that a person found spreading fake news on social media will be fined up to VND20 million (USD850). The decree came into effect on 15 April.

On 30 March, the State Bank of Vietnam issued Circular 02/2020/TT-NHNN guiding payment and money transfer related to the transshipment of goods. The circular prescribes payment and money transfer activities related to current transactions which are transshipment of goods by Vietnamese traders.

Subjects of application include banks and foreign bank branches licensed for operating and providing forex services; Vietnamese traders engaged in goods transshipment (other than Vietnamese traders who are foreign-invested economic organisations); and other organisations and individuals related to payment and money transfers for transactions of goods transshipment. The circular will take effect on 15 May this year. [R](#)



KIEU OANH

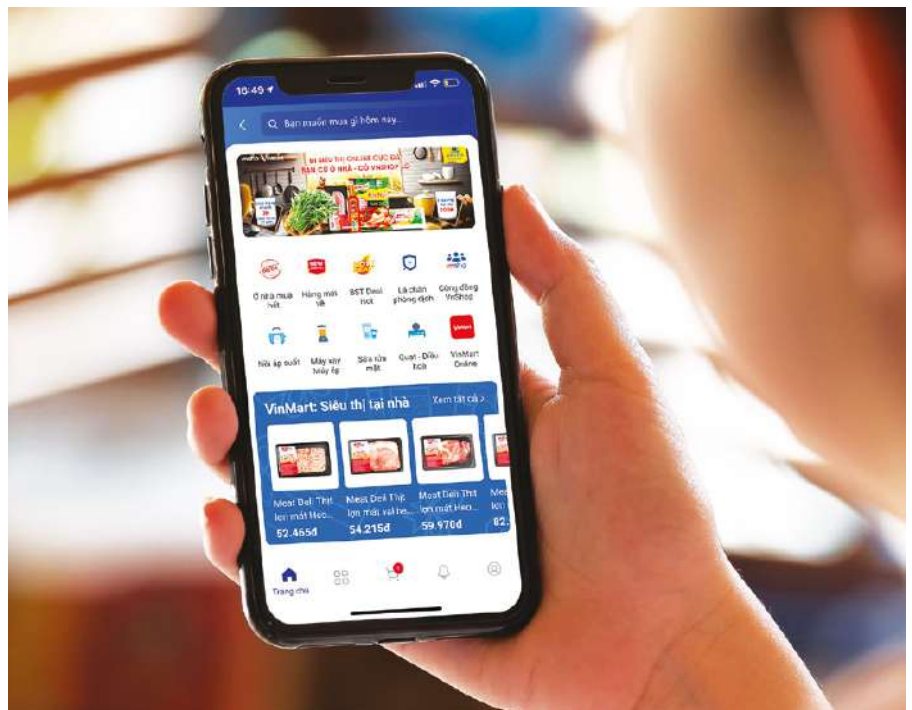
Shop online at Vinmart via mobile app

BIDV's SmartBanking app has been updated to feature a new service that enables people to shop for fresh food and other necessities provided by Vinmart supermarkets quickly and safely during the Covid-19 pandemic.

This service aims to support customers during the pandemic while ensuring service quality, stable prices, and convenience via an online platform.

Vinmart supermarket offers a diverse range of products with clearly displayed origins. The products have undergone the requisite food safety testing before distribution. To meet delivery time and to ensure goods are fresh, the packaging process, delivery and customer care are uniform, consistent and dependable. Goods are delivered within two to three hours in urban areas, ensuring freshness for customers.

The service has been well-received by customers, who appreciate not having to spend time outside, queuing and paying at supermarkets. By following a few easy steps on the BIDV SmartBanking app, customers can order



With BIDV SmartBanking, customers can shop for fresh food and other necessities at Vinmart

from the safety and comfort of their home and receive their shopping on their doorstep within just a few hours.

The Vinmart Online Supermarket utility on BIDV SmartBanking was updated on the iOS and Android operating systems.

The integration of Vinmart online shopping on BIDV SmartBanking is highly valuable for customers during the Covid-19 outbreak. [\[B\]](#)

To experience the function, update your device to the latest version of BIDV SmartBanking and follow these simple steps:

- Step 1: Log in to BIDV SmartBanking
- Step 2: Select "VnShop"
- Step 3: Select "Vinmart", select goods and add to carts
- Step 4: Check cart information and verify payment.

HAI VAN

BIDV launches huge retail credit packages at low rates

BIDV has launched two credit packages totalling VND50,000 billion (USD2.12 billion) for individual customers.

VND20,000 BILLION PACKAGE “REACHING FURTHER TOGETHER”

The medium and long-term loan package “Reaching further together” totals VND20,000 billion (USD850 million) at the introductory rate of only 7.3 percent p.a., effective until 30 September 2020 (or until the package has been fully disbursed). The credit package aims to meet the needs of individual customers for buying houses, cars or doing business.

Diverse interest rate options that BIDV offers to customers include: from 7.3 percent p.a. for the first six months of the first disbursement; 7.8 percent p.a. for the first 12 months of the first disbursement; 8.2 percent p.a. for the first 18 months of the first disbursement; 8.6 percent p.a. for the first 24 months of the first disbursement; or 9.3 percent p.a. for the first 36 months of the first disbursement.

The actual interest rate is subject to the discretion of each BIDV branch. The last three options are applicable to home loans only.

The program applies to newly disbursed loans with loan terms of at least 36 months and aims to help customers proactively balance their finances. The lending interest rates have been reduced to provide optimal



support to customers to overcome the difficulties of the Covid-19.


VND30,000 BILLION PACKAGE “CONNECTING TO REACH FURTHER”

The VND30,000 billion (USD1.27 billion) package aims to support individual customers to continue business activities during the difficult Covid-19 period. The programme is applicable to new loans, starting from 31 March 2020 to 31 July 2020 or until the funds have been fully disbursed.

Customers may choose different options and enjoy attractive interest rates, specifically: New customers (having credit relationship with BIDV for less than six months or no outstanding loans and no valid credit contract for disbursement, issuance of guarantee, or commitment to payment with a period of more than 12 months)

are entitled to an introductory rate of 6.5 percent p.a. only for loans with terms of less than six months and from 7 percent p.a. only for loans from six months to 12 months.

Other existing customers are also offered interest rates from 7 percent p.a. only for loans of less than six months and from 7.5 percent p.a. only for loans from six months to 12 months.

Customers applying for production and business loans during this time will also be offered incentives from the bank such as waiver of e-banking maintenance fee; additional 0.5 percent interest rate p.a. on online savings; reduction of over 70 percent interbank transfer fee as well as incentives on insurance and credit cards from time to time. 

Fitch revises outlook on Vietnam to stable

On 8 April Fitch Ratings revised its outlook on Vietnam's long-term foreign-currency issuer default rating (IDR) to stable, from positive, and has affirmed the country's rating at 'BB'.

The outlook revision reflects the impact of the escalating Covid-19 pandemic on Vietnam's economy through its tourism and export sectors, as well as weakening domestic demand.

The affirmation reflects Vietnam's strong medium-term growth prospects, lengthening record of macro stability, lower government debt levels and stronger external finances compared with peers, including foreign-exchange reserves built up over the previous few years during more favourable economic conditions.

Fitch projects Vietnam's GDP growth to slow to 3.3 percent in 2020, from 7.0 percent in 2019, on account of the pandemic. This would be the lowest annual growth rate since the mid-1980s. Growth in Q1-2020 slowed to 3.8 percent, from about 7.0 percent in Q4-2019. The 2020 forecast is highly uncertain and subject to downside risk, depending on the evolution of the pandemic, both within Vietnam and in its major export markets. Vietnam has so far recorded a relatively low number of Covid-19 cases.

The tourism and export sectors are particularly vulnerable to weaker activity. Tourism accounts for about 10 percent



Tourism sector is particularly vulnerable to weaker activity. Golden Bridge in Da Nang, Vietnam

of GDP directly, but its contribution to overall GDP is considerably higher through indirect spillovers. Tourist arrivals in March fell by roughly 68 percent year-on-year. Fitch's baseline assumes the outbreak will have been contained by the second half of this year and the global tourism industry starts to recover at a gradual pace.

Domestic demand is likely to stay muted as strict measures aimed at maintaining social distancing to contain the spread of the virus are put in place. Authorities are implementing policies to mitigate the impact, including relief measures to assist households and the tourism and transport sectors. Specifics include payment extensions for value-added, personal income and land taxes for those affected by the outbreak, and cash handouts to workers who have lost jobs.

Fiscal consolidation is likely to be delayed due to the pandemic relief

measures and higher spending to cushion the economic impact of the outbreak. Fitch expects the budget deficit to widen to 6.5 percent of GDP in 2020, from an estimated 3.4 percent in 2019, and for gross general government debt to increase to 42.5 percent of GDP, from about 38 percent of GDP in 2019, which is in line with the 'BB' median. The projected deficit and debt levels could rise if the outbreak lasts longer than they expect. Fitch's calculations are based on the provisional numbers for the revised GDP series.

Fitch expects economic momentum to rebound in 2021, with growth projected at 7.3 percent as external and domestic demand gradually recover in line with global and regional trends. Exports and tourism are likely to rebound and FDI in the manufacturing sector should pick up, supporting strong medium-term growth prospects. 

PHUONG THAO

Update on Covid-19 impact on Vietnam's economy



In the stock market, the negative effects of the Covid-19 have been clearly reflected

BIDV Training and Research Institute (BTRI) has released a report on the impact of Covid-19 on Vietnam's economic sectors. The banking-finance-insurance sector is amongst those most heavily affected by the pandemic.

According to BTRI's updated report on economic growth scenarios released on 10 April, Vietnam is directly affected by the pandemic on both the demand side and the supply side. The BTRI outlined Vietnam's three economic growth scenarios in 2020 including baseline, optimistic and pessimistic.

The scenarios were calculated on six factors: (i) Developments of Covid-19 in the world and in Vietnam to date; (ii) Possibility of a world economic recession and recession in leading economies such as the US, EU, China, Japan and Korea; (iii) Economic dependence and impact (trade, investment, tourism, etc.) between

Vietnam and important partners (including China, Japan, Korea, USA and the EU); (iv) sectoral structure and contribution to GDP; (v) Calculations based on available sector/industry data without duplication; and (vi) Comparison with the case without Covid-19; referring to the year-end and quarterly goals and plans according to the government's Resolution No.01/NQ-CP dated 1 January 2020.

In the baseline scenario, with the assumption that the government's measures to prevent and control the disease, and policies to support the economy, businesses and people continue to be effective and Covid-19 is controlled in Q2-2020, socio-economic activities soon resume to "normal" from June or early July 2020. Under this scenario, Vietnam's GDP growth in 2020 will decrease by 1.8 to 2 percentage points, equivalent to a growth rate of 4.81-5.01 percent (of which, the growth in Q1 will be 3.82 percent; in Q2 to be 3.45-3.67 percent; and in the first half of the year will be 3.81-4.05 percent).

In the optimistic scenario, countries will achieve positive results in the prevention and control of Covid-19, the lockdown and social distancing is not extended (epidemic peak in the US and Europe falls in mid-May, and is contained in June 2020) and the Covid-19 pandemic is basically controlled in the middle of the third quarter of 2020; production

and business activities in the world soon recover from the end of the third quarter. In Vietnam, with assumption that the Covid-19 outbreak is controlled in mid-May 2020; production and business activities resume thereafter. Under this scenario, Vietnam's GDP growth in 2020 will decrease by 1.4 percentage points to reach 5.4-5.6 percent.

In the pessimistic scenario, the pandemic is not controlled until the end of the third quarter despite the efforts of governments. In Vietnam, the disease is controlled in the second quarter but is negatively affected by external total supply and demand. Under this scenario, Vietnam's GDP growth will decrease by 2.58 percentage points to reach 4.07-4.42 percent in 2020.

According to BTRI, the finance-banking-insurance sector witnessed a modest decrease in revenue in Q1-2020 (-2 percent) year-on-year, as it is more indirectly affected and has higher latency (customers - depositors, borrowers, service users when facing difficulties begin to reduce the use of these services, absorb less capital and bad debts are likely to increase sharply).


In particular, for the banking sector, the general difficulty of the economy has directly affected customers' credit demand, reduced banks' revenue, as well as increasing the risk of bad



debt due to customers' difficulties and easing preferential loans to rescue customers. In addition, the debt rescheduling, forbearance and reduction of interest and fees will also reduce the revenues and profits of credit institutions. Bank stock prices fell sharply (-22.4 percent) compared to the beginning of the year, leading to a sharp decline in market capitalisation and a decrease in dividends of these credit institutions.

In the stock market, the negative effects of the pandemic have been clearly reflected. As of 31 March 2020, the VN-Index had dropped sharply (-31 percent) compared to the beginning of the year, due to investors' concerns about the virus situation. After Tet,

Vietnam's new year, foreign investors net sold for 33 consecutive sessions with the first quarter's net selling value of about VND9,200 billion (USD390 million); while stock prices of securities companies fell by 28 percent compared to the beginning of the year.

The insurance sector has also been doubly impacted: (i) the demand for insurance service (including life and non-life) has reduced due to buyers' economic and income difficulties; and (ii) the ratio of insurance payments (especially increasing health insurance) caused the industry's revenue to decrease. Shares of insurance companies plunged (-35.2 percent) compared to the beginning of the year. 

KIEU ANH

Opportunity growth for cashless payments

A boom in digital transactions is expected as more and more people stay away from crowded shops during the COVID-19 pandemic.

GROWTH IN ONLINE PAYMENT

According to the Vietnam e-Commerce and Digital Economy Agency under the Ministry of Industry and Trade, the recent positive developments in the e-commerce market have boosted internet and mobile payments, up 238 percent in value.

Statistics from the National Payment Corporation of Vietnam (NAPAS) showed that the total number of non-cash payment transactions through its system grew by 76 percent from Vietnam's Lunar New Year to mid-March. The total transaction value soared by 124 percent over the same period last year.

Some banks are adapting their online services and mobile apps to include major grocery chains, allowing shoppers to order and pay without leaving their homes.

Mr. Nguyen Chien Thang, head of BIDV's Digital Banking Centre said that apart from integrating new technology solutions to serve customers during the pandemic, the bank was cooperating with partners to ensure quality, price and the origin of goods



for customers. One such cooperation is the addition of Vinmart online supermarket to its mobile application BIDV SmartBanking.

Data from commercial banks also reveals online transactions have increased sharply.

The value of transactions via digital channels at VPBank by the end of the first quarter of this year increased by 25 percent, while the number of online transactions increased by 50 percent compared to the same period last year.

The number and value of online transactions at the Military Commercial Joint Stock Bank (MB) has also grown by about 26 percent per month on average compared to the time pre-COVID-19.

A representative at Sacombank said the proportion and value of e-banking transactions compared to those at counters increased weekly over the past three weeks, by an average of five percent. Since social distancing regulations were imposed, the proportion of online payments for public services compared to those at counters at Sacombank has increased by 19 percent.

According to a representative of VNPAY-QR, the growth of payment via this platform is huge, increasing by 600 percent in February this year. The Covid-19 pandemic has created a strong impact on consumer behaviour, navigating them to online channels which are modern and more secure.

POTENTIAL FOR EXPLOSION

In the complicated context of the pandemic, online payment channels have become more convenient, safe and suitable for a large number of users.

Mobile banking applications have been integrated with more utilities, meeting most of the needs of users instead of just focusing on basic transactions such as managing account information, balance checks and transferring money as before. Now, with just a smartphone and a banking application, users can save, borrow money online, pay bills for electricity, water, television, and the internet, as well as for entertainment such as movie tickets, airplane tickets and hotel reservations, or even to buy vegetables and meat.


Many banks have waived and reduced fees for transactions via e-banking to encourage people to use services online instead of cash. By the end of March, 37 commercial banks slashed their fees, accounting for 98.9 percent of the total fund transfer transactions processed by NAPAS. Of them, 14 banks, accounting for 41.9 percent of fund transfer transactions processed by NAPAS, cut their fees to zero for transactions conducted on all money transfer channels.

BIDV reduced online interbank transfer fees (including BIDV Online, BIDV SmartBanking, Bankplus and ATMs) by over 70 percent for amounts less than VND500,000. The move comes in response to the Covid-19 outbreak,

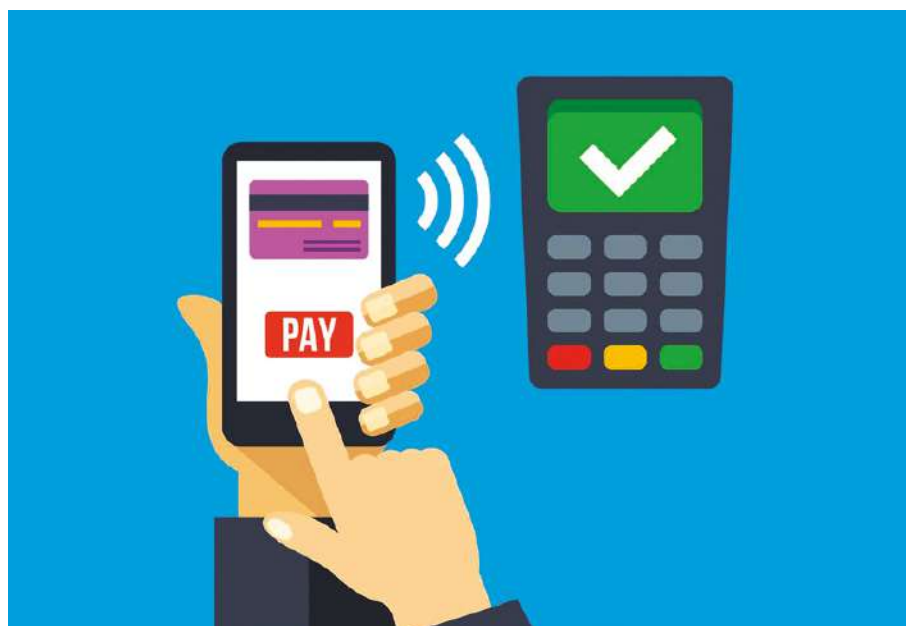
aiming to help protect public health by reducing the amount of face to face contact.

BIDV committed to refunding 100 percent of transaction fees on BIDV SmartBanking and BIDV Online for new users registering for these services and continued its policy of no registration or maintenance fees for such services. Customers making deposits via BIDV SmartBanking or BIDV Online will also enjoy an extra 0.2 percent p.a. interest rate for all saving terms compared to the interest rates quoted at BIDV transaction counters.

The bank's service fee reduction program not only helps businesses

and individual customers ease the cost burden in production and business activities, but also promotes online financial transactions, minimising risks and contributing to changing people's spending habits. 

Promoting cashless payment to support growth is one of the directions of the government and efforts of the State Bank of Vietnam. Under the government's decision on a cashless payment development project for 2016-20, Vietnam targeted to reduce the ratio of cash to total payment instruments to less than 10 percent by the end of 2020.



Discover Vietnam's most scenic



Adventurous travellers will be in their element on the Ta Nang – Phan Dung route, where they can be at one with nature, enjoying splendid views while taking plenty of rest stops on lush green hillsides cooled by gentle breezes.

The 55km trekking route spans three southern central provinces - Lam Dong, Ninh Thuan and Binh Thuan, 300 kilometres from Ho Chi Minh City and 80 kilometres from Da Lat City. The route starts from Ta Nang in Duc Trong district, Lam Dong province and ends at the mountainous town of Phan Dung, Tuy Phong district in Binh Thuan province.

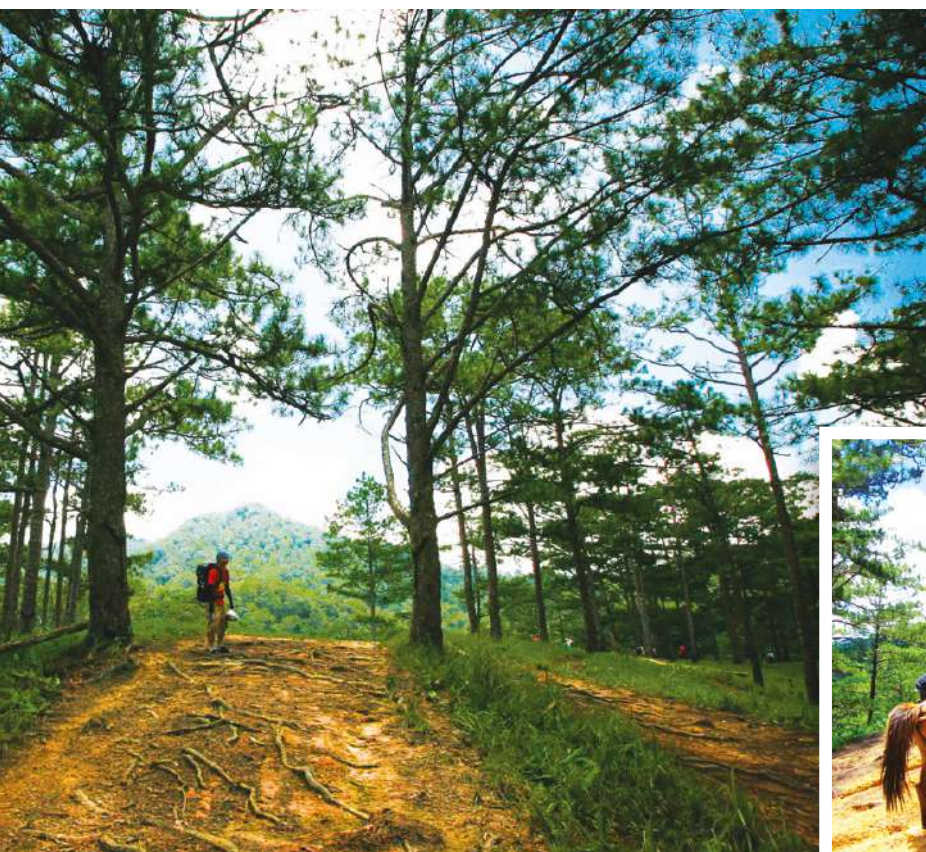
The route is reminiscent of emerald silk flowing through lush green meadows and patches of pine trees bordering the forests; a magnificent yet delicate transition from the Central Highlands to the Central Coastal area that unfolds before adventurous trekkers. The route is famous for its rich and diverse vegetation and poetic natural landscapes. Possessing natural beauty, waterfalls, and rugged hills, it attracts many adventurous types.

To discover the route, trekkers must


journey from an elevation of 1100m to 500m above sea level, crossing streams and vibrant green forests. Though it is only 18km long as the crow flies, it takes at least three days to traverse the entire route. Trekkers can stop on a hillside and pitch their tent for an overnight stop, experiencing a peaceful evening beside a warm, glowing bonfire under the shining stars.

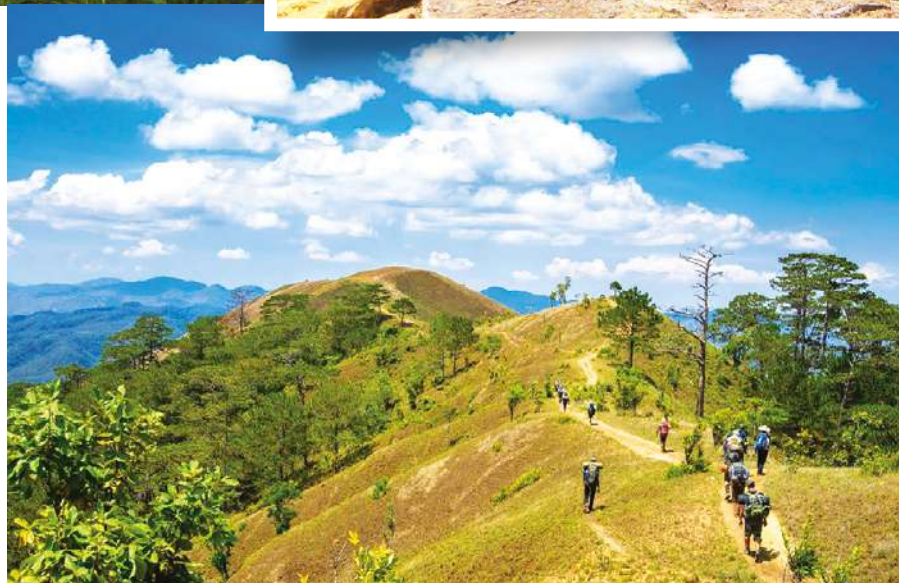
To trek safely while watching the wild and majestic beauty of nature along the Ta Nang - Phan Dung route, trekkers must be equipped with the necessary skills. As there is almost no phone signal deep in the forests and

trekking route



the temperature drops sharply at night often with strong winds, trekkers need to prepare clothes, heating tools and sleeping bags. A porter service is also available for transporting trekkers' belongings and equipment.

Visitors should refrain from trekking this area in the mid rainy season because the weather causes the ground to become wet and slippery. October to March is the best time to trek Ta Nang - Phan Dung when the rainy season has ended and temperatures are mild. At this time of year it is safe for trekkers while offering beautiful scenery all along the route. 



Stumbling through the past in Ho Chi Minh City

The country's vibrant modern city is home to numerous historical sites that make for a rewarding and educational visit.

HO CHI MINH MUSEUM – DRAGON WHARF

Constructed in 1863, the museum is where the archive of Vietnam's president Ho Chi Minh is exposed. Here, there are displays related to his personal items, such as sandals, clothing, and spectacles.

More remarkably, you can glean a look into his life from childhood to his involvement in political activities through photographs, introducing you to his journey from a former stoker and galley boy on a French freighter to becoming



Ho Chi Minh museum - Ho Chi Minh City branch



the nation's most revered president.

REUNIFICATION PALACE

Undoubtedly, Reunification Palace – a place of great historic significance in Ho Chi Minh City should be included in the itinerary of a day trip around the city since it is viewed as the independence icon of Vietnam. It rose to fame in 1975 when a tank of the North Vietnamese Army hit the main gate, marking the end of the Vietnam War and regaining the nation's independence. Fringed by peaceful tropical gardens, the palace contains secret rooms, corridors, and antiques



Reunification Palace

closely associated with a defined period of Vietnamese history.

WAR REMNANTS MUSEUM

The War Remnants Museum researches, collects, preserves, and displays documents, photos and artifacts revealing the crimes committed during the wars of aggression against Vietnam and their consequences. The museum curators hope to educate the public, especially the younger generations, about the spirit of struggle for national independence, the sense of opposition to the wars of aggression



and safeguarding peace and solidarity between nations.

The Museum has more than 20,000 documents, artifacts, films, and photos, 1,500 of which are showcased in eight permanent exhibitions. With over one million visitors a year, the War Remnants Museum is among the most visited of all cultural locations and tourist destinations in Ho Chi Minh City. The museum was chosen as one of the country's five most outstanding museums in August 2012.

CU CHI TUNNEL COMPLEX

At the Cu Chi Tunnels you have a chance to witness the unique architecture and structure of the

site while gaining insight into the important role it plays in Vietnam's history. Located about 60 kilometres to the northeast of Ho Chi Minh City, Cu Chi is an extensive labyrinth of underground tunnels. It served as a means of communication between villages and helped the Vietnamese to evade scouting French soldiers.

In the tunnel system, a number of special closed-door buttons were set up in different places to prevent the enemy entering and stop toxic gas. The soldiers also carved hidden ventilation vents into the ground, ensuring they were highly camouflaged. A whole host of skillfully made deadly traps were created to keep those inside safe. **B**



A visitor in Cu Chi tunnels

HONG NHUNG



BIDV wishes to accompany customers to spread the spirit of philanthropy and social responsibility

Donations on online transactions support efforts to fight Covid-19

BIDV launched the program “One transaction – One helping hand” with the desire to join hands with the community in combating the Covid-19 pandemic.

After 12 days of implementation, the cumulative amount of the program reached over VND3.63 billion (USD155,000). This total was split between the National Hospital of Tropical Diseases in Dong Anh district (VND1 billion), National Lung Hospital (VND500 million), Bach Mai Hospital (VND1 billion) and other localities with difficulties (VND1.13 billion).


The “One transaction - One helping hand” program was launched on 4 April, ending on 15 April. For each transfer transaction to another account holder conducted via BIDV SmartBanking and BIDV Online, BIDV deducted VND1,000 (USD0.042) from the bank’s source to go towards supporting the prevention of the Covid-19 virus. This is one of a number of solutions the bank has implemented to encourage customers to conduct online transactions, preventing the spread of Covid-19 as well as promoting Vietnam’s digital economy.

A representative of BIDV said: “During this period, the health workers at the front lines of the coronavirus fight need great care and support from the

community. Through the program, BIDV wishes to accompany customers to spread the spirit of philanthropy and social responsibility, and join the country to fight this virus.”

One of the most difficult problems that hospitals face is protecting the health of doctors and medical staff who are undertaking very large workloads in the context of an increasingly complex pandemic.

Associate Professor, Dr. Nguyen Viet Nhung, Head of the National Lung Hospital, said: “BIDV’s program is of humane significance and is a great encouragement for medical staff, giving us more confidence in the prevention and control of Covid-19.”

Dr. Le Van Dung, Deputy Director of the National Hospital of Tropical Diseases in Dong Anh district, Hanoi shared: “We feel touched by the attention of the people and the bank. This is a great motivation for us to well-accomplish our tasks and overcome the current difficulties as well as the next ones.” 

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