

BIDV **R**eview



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CONFERENCE TO BOOST INVESTMENT IN QUANG BINH

Inspiring financial
inclusion





BIDV headquarters in Hanoi, Vietnam

ABOUT BIDV

Established in 1957, BIDV is the largest commercial bank in Vietnam by assets. The bank boasts subsidiaries in finance, banking, securities and insurance. BIDV has expanded its business to the international markets including Lao PDR, Cambodia, Myanmar, Czech Republic, Russian Federation and Taiwan (China). BIDV stock (BID) is listed on the Ho Chi Minh City Stock Exchange (HOSE). For more information, please visit www.bidv.com.vn



Cover photo:
Son Doong Cave in Quang Binh province



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Editor's Letter

Dear readers,

The first half of 2018 has passed, seeing the vigorous developments of Vietnam's economy. Continuous improvement is forecast, with gross domestic product expected to increase by 6.8 percent this year, according to the latest economic update for Vietnam from the World Bank.

As Vietnam's leading financial institution, BIDV has been pioneering in implementing the national monetary policy for economic stability and development. In June, BIDV coordinated with Quang Binh province to hold a seminar on meeting potential investors in preparation for the Investment Conference 2018 scheduled to take place at the end of July this year. The bank hosted the initiative of the first Quang Binh investment conference, held successfully in April 2014. The bank also collaborated with the province to hold an investment and tourism promotion conference in 2015.


During the month, BIDV and UnionPay International met to discuss ways to deepen their cooperation. The two parties looked into the issuance of BIDV-UnionPay cards, which are expected to contribute to the development of cashless payment in Vietnam. BIDV is currently the bank with the largest volume of UPI card acceptance in Vietnam.

Pioneering in studying the impacts of blockchain and its application to business

operations, BIDV Training School held a seminar on the software platform attended by leading local and foreign industry experts. The seminar aimed to boost the innovative and learning culture at the bank, with its results expected to provide key input to BIDV's digital banking strategy.

BIDV joined Fintech Challenge Vietnam (FCV) programme as a main sponsor, working with Enable Code, a software company staffed almost entirely by people with disabilities, to provide a mobile application named FX Assist for currency exchange agents for the competition at FCV. Enable Code took the title of most inspirational fintech at the competition.

Committed to being a responsible bank, BIDV accompanied the Red Journey "Joining hands for blood donation" for the fifth time, demonstrating the bank's efforts and contributions for the interest of the community and creating a better society.

Last but not least, this issue offers readers a glance at the intricate and unique headdresses of the La Hu ethnic women in the northern region of Vietnam as well a chance to discover the wild beauty of the country's southernmost mainland point, Ca Mau Cape. 



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Quang Binh prepares for conference to boost investment



Mr. Nguyen Huu Hoai, chairman of Quang Binh province speaks at a seminar with investors

On 15 June Quang Binh province coordinated with BIDV to hold a seminar on meeting potential investors in preparation for the Quang Binh Investment Conference 2018 which is scheduled to take place at the end of July this year.

The province aims to provide businesses with information about the potential, advantages and incentive policies of the province

as well as calling for investment in the following areas: tourism, renewable energy, high-tech agriculture, infrastructure and other projects for the period 2018 - 2020.

Mr. Nguyen Huu Hoai, chairman of Quang Binh province said: "Quang Binh meets all the requisite conditions to become a major tourism hub of Vietnam and Southeast Asia. The province is regarded as having a good business environment, evidenced by its first rank position in the provincial governance and public administration

effectiveness index. The province's smooth and streamlined administrative procedures have satisfied investors."

Since 2014, the province has approved 312 projects totaling over VND43,420 billion (USD1.9 billion), of which VND27,280 billion (USD1.2 billion) has been for domestic projects and the remainder for FDI projects. These investments have boosted the province's economy with GRDP increasing by 6.5 percent per year on average between 2014 and 2018. The province's economic structure consists of agriculture, forestry and fisheries (18.44 percent), industry, construction (26.33 percent) and services (55.23 percent). GRDP per capita of the province was VND34.6 million (USD1,530).

At the seminar a list of 48 projects calling for investment for the period 2018-2020 was announced, with expected investments totaling over VND50,000 billion (USD2.2 billion) and the land areas for the projects totalling over 8,000 ha. In particular, the province called for investment in the tourism sector for six coastal resorts, eight eco-resorts, and three trade centres totaling over VND37,000 billion (USD1.7 billion) covering an area of 1,500 ha. In the fields of industry, the



Quang Binh meets all the requisite conditions to become a major tourism hub of Vietnam

province called for investment in five projects of wind-power, solar power, household electronics and electric appliances and automobile spare parts factories totaling VND8,000 billion (USD354 million).

The province also approved the calling for investment in eight agriculture projects, three in healthcare and training, eight municipal infrastructure projects and five industrial zone infrastructure projects. These projects have all been evaluated as having strong potential for investors.


As Vietnam's leading financial institution, BIDV has been pioneering in implementing the national monetary policy for economic stability and development. In recent years, BIDV and its branches have accompanied the province in its economic development. To date, BIDV's deposits mobilised in the province hit VND10,600 billion (USD469 million) and outstanding loans to economic sectors reached VND13,100 billion (USD580 million). BIDV has financed and supported

612 businesses in the province with total outstanding loans of around VND10,000 billion (USD443 million).

Mr. Le Ngoc Lam, senior executive vice president of BIDV, commented that as well as being a bridge connecting investors with Quang Binh province, BIDV has rendered its best efforts to the economic development of the province, committing to arranging credit for capable, prestigious investors in feasible projects in the province.

BIDV hosted the initiative of the first Quang Binh investment conference which was held successfully in April 2014. The bank also worked with the province to hold an investment and tourism promotion conference in 2015.

In addition to contributing to the province's economic development, BIDV branches actively supported local social security activities through programmes announced by the bank and the province, to a total amount of VND130 billion (USD5.8 million), with

the main focus on rural development, new-year gifts for disadvantaged people, education, healthcare and disaster relief. 

Quang Binh province lies in the northern central region of Vietnam, 500km south from Hanoi and 1,200km north of Ho Chi Minh city. The province borders Laos to the west with its borderline stretching 201km, and faces the East sea with a coastal line of 116km. Quang Binh province is an attractive destination for both domestic and foreign investors. The province holds a strategic position in the East-West economic corridor, satisfying the requisite conditions to become a complex economic hub, particularly in tourism.

The province is famed for its Phong Nha – Ke Bang National park, twice recognised by UNESCO as a World Natural Heritage and the world's largest cave Son Doong cave - in the heart of the Phong Nha Ke Bang National Park .

QUANG BINH



Soc Trang local authorities grant the investment certificates to businesses investing in the province.

Aiding development in Soc Trang

At the 2018 Investment Promotion conference in Soc Trang Province on June 19, BIDV committed to supply capital to many projects, reaffirming its commitment to accompanying businesses as well as the development of Soc Trang province and of the country in general.

Prime Minister Nguyen Xuan Phuc addressed the conference themed “Soc Trang – Your opportunity”, which attracted more than 650 participants including business associations and domestic and foreign investors.

CREATING MOMENTUM FOR SOCIO-ECONOMIC DEVELOPMENT

Tran Van Chuyen, chairman of Soc Trang People’s Committee, said that in recent years, the province has been striving to improve its business environment and competitiveness in order to attract domestic and foreign investors. A number of investment projects have motivated socio-economic development and economic restructuring, creating jobs and increasing labour productivity. The province creates the best conditions for investors and businesses to operate effectively.

Through the conference, Soc Trang expects to attract investment in the

fields where it has strength, such as ecotourism, religious tourism, resort construction, aquaculture, aquatic products exploitation and processing, the processing industry, high-tech agriculture, modern trade centres and recycled energy.

At the same time, the province believes that the launch of a start-up community together with the support and cooperation of organisations in the start-up field will help to foster the development of this community within the province in the coming time.

MORE WORK TO DO

At the conference, the prime minister suggested that there were three

development trends the province should focus on, including high-tech agriculture adapted to climate change, clean seafood production and processing targeting high-class markets and ecotourism that applies clean and smart agricultural models.

The prime minister highlighted other local advantages, from cultural and religious diversity to cuisine and festivals, notably Ok Om Bok (moon worship) festival and the Ghe Ngo (Khmer boat) race.

Stressing that education is key to development, the prime minister asked the province to strive to attract talented people to contribute, considering this a driving force for rapid, sustainable, and inclusive development in the province and the southwestern region as a whole.

The prime minister also called for the creation of a cooperation model between farmers, authorities, investors, banks, scientists, and distributors, and for the province to develop value chains and quality standards for agricultural products.

On this occasion, Soc Trang received pledges for investments worth nearly VND123 trillion (USD5.4 billion) in 47 projects with a focus on renewable energy, high-tech agriculture and tourism services.



Cho Kinh Bridge, Soc Trang province

BIDV continues to be the bank accompanying the province on its socio-economic development path. The bank committed to providing credit for many projects, focusing on agriculture, processing industry and ecotourism. This includes funding three enterprises with total capital of up to VND1,165 billion (USD51.5 million), including Khanh Son Co., Ltd. and Clean Seafood Joint Stock Company in their seafood processing projects and My Hung Co., Ltd in its Nam Song Hau petroleum depot investment project.

Previously, BIDV actively coordinated with the Vietnam Association of Small and Medium Enterprises and Soc Trang People's Committee to

implement activities connecting banks and enterprises. These actions helped small and medium enterprises in the province to acquire the favourable conditions to develop quickly and sustainably and are an important economic driver of the province's socio-economic development.

At the conference, donors contributed more than VND110 billion (USD4.9 million) to Soc Trang province social security fund. Of the total, BIDV funded VND12.5 billion (USD553,000) to construct Tran De General Hospital (phase 2) and VND1 billion to hold the conference.

LAN PHUONG

Inspiring financial inclusion

The first Fintech Challenge Vietnam (FCV) organised by the State Bank of Vietnam (SBV), the Asian Development Bank and the Australian Embassy in Hanoi, drew the participation of 141 fintech companies from 27 countries, including 45 companies from Vietnam. Fifteen vetted finalists pitched their solutions after undergoing more than a month of fine-tuning, with the winners announced as the FCV drew to a close.

As one of few banks pioneering in fintech application in Vietnam, BIDV joined FCV as a main sponsor and supported Enable Code to finetune their solutions for the final round of the competition.

Enable Code is a software company staffed almost entirely by people with disabilities. The company aims to change society's awareness and attitude to people with disabilities towards a greater general involvement in business activities for these people as well as the provision of better services and products.

Enable Code's foreign exchange agent



Mr. Nguyen Kim Anh, deputy governor of the State Bank of Vietnam (second from left), visits and experiences BIDV's modern online payment apps

mobile application was designed specifically for the Vietnamese market and to comply with State Bank of Vietnam regulations. Enable Code were selected as one of the 15 finalists and partnered with BIDV to fine tune their product. The Enable Code won the title of the most inspirational fintech at FCV 2018 for its outstanding app, receiving prize money of USD5,000.

For the competition at FCV, Enable Code worked with BIDV to provide a mobile application named FX Assist

for BIDV's currency exchange agents at points such as airports, hotels and areas with a great number of foreign tourists. The main features offered by the app include recognising, calculating and reporting forex sell and buy deals at a foreign exchange rate updated by the bank. It helps reduce manual work and mistakes for the agencies. The app can scan and store personal identity papers to transform into characters for necessary information, ensuring compliance with regulations related to



Representatives of BIDV and Enable Code receive the award at Fintech Challenge Vietnam

forex transactions as well as reporting and storing requirements.

The final pitch was made to ministers and experts from the central banks of Vietnam, France, Thailand and Australia, who were suitably impressed and awarded one of the six prizes to Enable Code. The State Bank of Vietnam are keen for the application to be used by banks throughout the country to improve compliance and foreign exchange services to counter dollarisation.

SBV governor Le Minh Hung emphasised the importance of fintech to Vietnam's banking and financial system in the digital era. According to the governor, partnerships between fintechs and banks can contribute to the goal of expanding financial inclusion, reducing poverty, promoting social equity and sustainable economic development. The governor of

SBV highly appreciated the idea of organising the competition as the Steering Committee of the State Bank of Vietnam will be able to gain a deeper understanding of the emerging technologies in the banking and finance sector.

Also in the framework of the FCV programme, BIDV introduced its modern online payment products and applications. The bank prided its BIDV SmartBanking, QR Pay – a virtual assistant for online purchases, hotel, cinema ticket and flight bookings – and many other utilities to meet the financial needs of individual customers. BIDV's booth at the FCV received Mr. Nguyen Kim Anh, deputy governor of the State Bank of Vietnam, to visit and experience the bank's QR Pay service.

By applying a customer-centric approach, BIDV has improved, diversified and fine-tuned its high-tech

based products and services to best meet the needs and expectations of customers. **R**

The Fintech Challenge Vietnam incentivises adoption of the latest financial technology and encourages collaboration among banks and fintechs in order to promote financial inclusion in Vietnam. The challenge placed focus on five areas of fintech: e-payment, e-KYC, P2P lending, Open API's, and Blockchain.

FCV's partners include seven commercial banks: BIDV, Vietcombank, VietinBank, Shinhan Bank, TPBank, VIB and VPBank. FPT is a technical partner with the participation of two startup accelerators: Vietnam Silicon Valley and Vietnam Innovative Startup Accelerator (VIISA).

TUE NHI

BIDV cements cooperation with UnionPay International



Mr. Bui Quang Tien, member in charge of the BIDV Board of Directors (third from left) and Mr. Mr. Wang Li Xin, vice president of UnionPay International (fourth from left) and members of the two parties pose for a group photo in Hanoi.

Senior leaders of BIDV and UnionPay International met to discuss more fruitful cooperation in Hanoi.

On 7 June at the headquarters of BIDV, Mr. Bui Quang Tien, member in charge of the BIDV Board of Directors, and BIDV senior executive vice president Mr. Le Trung Thanh met with Mr. Wang Li Xin, vice president of UnionPay International (UPI) and his delegation.


The two parties exchanged information about their respective business operations as well as development directions for retail banking, particularly in the field of bank cards in light of the fourth industrial revolution. The representatives from BIDV expressed the hope for the two to continue cooperation to expand the card acceptance system, develop QR payment technology, contactless cards and non-physical cards and look into the issuance of BIDV-UnionPay cards, thus contributing to the development

of cashless payment in Vietnam.

UnionPay International (UPI) is a subsidiary of China UnionPay focused on the growth and support of UnionPay's global business. In partnership with more than 1800 institutions worldwide, UnionPay International has enabled card acceptance in 169 countries and regions with issuance in 48 countries and regions. UnionPay International provides high quality, cost effective and secure cross-border payment services to the world's largest cardholder base and ensures convenient local services to a growing number of global UnionPay cardholders and merchants.

UPI has issued 6 billion cards, representing 30 percent of the global market share. The company has 34 million merchants and 2.2 million ATMs, placing it just behind VISA and MasterCard in this respect.

In Vietnam, UnionPay has been accepted since 2005. To date, over 98 percent of ATMs and more than 80 percent of EDC POS of Vietnamese banks accept UnionPay cards. BIDV is currently the bank with the largest volume of UPI card acceptance in Vietnam.

BIDV expressed its belief that given the potential, BIDV and UPI will have more fruitful cooperation in many areas. 

VIET ANH



Trung Luong - My Thuan Expressway on track to launch in 2020

On June 17, the investor of Trung Luong-My Thuan Expressway project, Trung Luong-My Thuan BOT Company signed credit agreements worth VND6.85 trillion (USD300 million) with BIDV, Vietinbank, VPBank, and Agribank.

Under the agreement, BIDV and VPBank will provide loans of VND1.28 trillion each, Vietinbank will provide a loan package of VND3.3 trillion, and Agribank VND1 trillion.


The loans are to be used to carry out the first phase of the big-ticket project, which is of national importance. The project is included in a master plan for developing Vietnam's expressway

system until 2020, with a vision afterwards and a detailed plan for the Eastern North-South Expressway.

According to Mr. Duong Quang Chau, chairman of Trung Luong-My Thuan BOT Company, the expressway project requires more than VND9.6 trillion (USD421.3 million), with the owner's equity accounting for 30 percent of the total, equal to VND2.8 trillion. More than VND1.7 trillion of the investor's capital has already been disbursed, including over VND1.3 trillion for site clearance and roughly VND460 billion for construction, consultancy and other costs.

The four-lane expressway will be some

51 kilometres long, with 4.5 kilometres of access roads, and will run through five outlying districts of the Mekong Delta province - Tien Giang. It will start at the intersection of Than Cuu Nghia T-Junction and HCMC-Trung Luong Expressway, ending at the intersection with National Highway 30.

Work on the Trung Luong-My Thuan-Can Tho Expressway is scheduled for completion by late 2020. The expressway is expected to shorten travel time between HCM City and Mekong Delta provinces, bolster the socio-economic growth of Vietnam's southwest region, and reduce traffic congestion on National Highway 1. 

Deep-dive in blockchain for banking sector



Speakers at the seminar on blockchain held by BIDV

Blockchain is forecast to be the leading technology in the decades to come, affecting many aspects of the economy including banking and finance. A seminar titled “Blockchain: impacts and applications to the banking sector” was recently organised by BIDV Training School and attended by leading industry experts both local and foreign.

PIONEERING IN ACQUIRING NEW TECHNOLOGY

BIDV is regarded as the financial institution pioneering in studying the impacts as well as the application of

blockchain to its business operations.

The seminar consisted of two components including a plenary session and expertise session. The plenary session attracted more than 250 participants including senior leaders of BIDV from head office, departments and branches in Hanoi and was broadcast live to 70 branches of the bank nationwide, while the expertise session drew nearly 100 delegates.

Mr. Nguyen Van Loc, board member at BIDV, opened the seminar, expressing his support for the event and praising the speakers. He hoped that the participants would gain a greater awareness of the area and apply the information they acquired to the system operations, particularly the

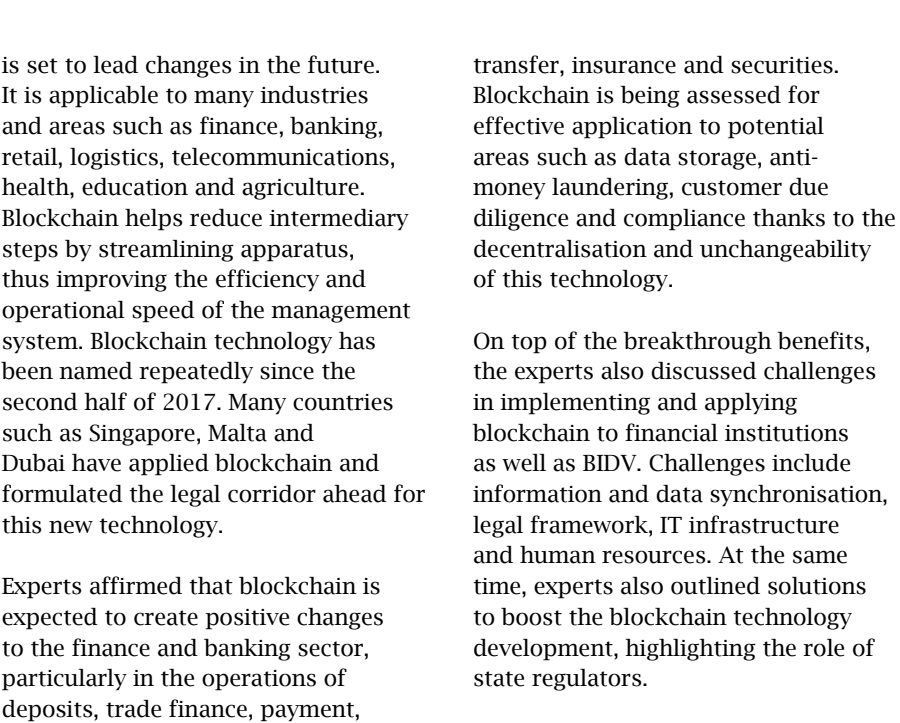
development of the bank’s digital banking strategy.

The speakers at the seminars provided a clear picture of blockchain, its challenges and advantages as well as impact on the financial and banking sector in the world and in Vietnam in particular. The seminar outlined valuable information, updating the trend of blockchain developments in the banking sector, helping businesses to be more robust in the IR4.0 race.

EFFECTING POSITIVE CHANGE

Blockchain is basically a platform for storing and transmitting information and data through blocks which connect and expand over time. Given its decentralised, transparent and highly secure feature, blockchain





THAI BAO

Relief efforts for flood victims

BIDV joined local authorities to provide emergency relief assistance to victims of flash floods in the northern provinces of Vietnam.

Flash floods and landslides triggered by torrential rains have killed 19 people, injured 12 and left 11 missing in the northern provinces of Lai Chau and Ha Giang. More than 120 houses had been swept away and over 700 hectares of rice fields have been damaged. The floods and landslides have caused destruction estimated at over VND440 billion (USD19.5 million), with Lai Chau being the worst hit province. The figures come from a report released on 27 June by the Central Steering Committee for Natural Disaster Prevention and Control.

To support people living in the affected areas, BIDV Trade Union encouraged employees across the whole bank system to provide emergency aid to families of victims in Lai Chau and Ha Giang provinces. Over VND350 million was raised.


BIDV has provided initial financial aid of VND10 million per person to



Deputy head of BIDV Lai Chau branch Mr. Pham Quang Hung presents a panel with a VND250 million donation from BIDV for households affected by the flood in Lai Chau province.

families who have lost a loved one or have a missing family member.

On 27 June BIDV Lai Chau branch met with the Department of Labour – Invalids and Social Affairs (DOLISA) in Lai Chau province to offer financial assistance worth VND250 million to families of the victims to help them recover from the flood.

BIDV said it would continue to encourage its employees to donate to support the victims, in line with the plan of the Vietnam National Union of Bank Workers. The bank expressed its hope that the timely support and donations from its employees would contribute to ease the difficulties and damage caused by the flood. 

THAO NGUYEN

SuMi TRUST Bank CEO visits BSL

A high-ranking delegation of SuMi TRUST Bank led by the bank's CEO Mr. Hashimoto Masaru paid a working visit to BIDV and BSL.

Mr. Hashimoto Masaru and Mr. Phan Duc Tu - chief executive officer of BIDV had a fruitful meeting. The two CEOs exchanged views on the situation and prospects for cooperation between the two parties, expressing their resolve for the development of BIDV-SuMi TRUST Leasing Co., Ltd (BSL).

During the meeting with the delegation, Mr. Nguyen Thieu Son, general director of BSL reported the company's preliminary business results and goals for 2018 and the next years. He updated information on the financial leasing market in Vietnam as well as the outlook of the financial leasing industry.

Mr. Hashimoto Masaru congratulated BSL for completing the operational regulations and corporate governance scheme, laying the foundation for the company to develop in the next phase.

The chief executive officer of SuMi TRUST Bank lauded BSL for its

achievements in the first year of operation while sharing views on Vietnam's financial leasing market. He willed BSL to be more aggressive to meet the expectation of the two parent banks, more importantly contributing to the development of this potential market. He said SuMi TRUST Bank would continue to provide full support to BSL, supporting the company to reach further to become one of the leading financial leasing companies in Vietnam. **B**

BIDV-SuMi TRUST Leasing Company Limited, a joint venture between BIDV and Sumitomo Mitsui Trust Bank, was officially launched in September 2017. The company has charter capital of VND895.6 billion (approximately USD40 million) and operates in all fields under the laws for a financial leasing company.



The high-ranking delegation of SuMi TRUST Bank and BSL management pose for a photo.

THU NGAN

VRB inks VND150 billion credit agreement

Vietnam – Russia Bank (VRB) and FLC AMD Mining and Investment Joint Stock Company (AMD Group) officially signed a credit agreement on 7 June to finance Ha Linh quarry mining project in Thanh Hoa province worth VND150 billion (USD6.6 million).


Under the agreement, VRB was committed to providing credit totaling VND150 billion to finance the construction of works for the exploitation of split rock quarry as construction material in Ha Linh commune, Thanh Hoa province. The project is implemented by AMD Group, a company with great experience in mineral mining and investment. AMD Group has been exploiting coloured marble in other two quarries in Thanh Hoa, Nui Long and Nui Ben, with exploitation capacity up to 175,000m³ per year, and these have been well-received by both local and foreign markets.

Addressing the signing ceremony, Mr. Chumakovskiy S.O – chairman of VRB expressed his thanks to AMD Group for choosing VRB as a companion to finance the project while committing to providing loans for



Mr. Luong Duc Thanh, deputy CEO of VRB and Mr. Nguyen Tien Dung – chairman and CEO of AMD Group sign the credit agreement.

the implementation of the project on schedule. He also expressed his belief that the signing would open more opportunities for both.

Mr. Nguyen Tien Dung, chairman of AMD Group, expressed his appreciation of the objective, quick appraisal and professionalism of the leaders and officers at VRB, adding that the company would use the loan effectively to bring high benefits to both parties. 

Vietnam-Russia Bank (VRB), a joint venture between the two leading banks in Vietnam and Russia - Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) and and the Bank for Foreign Trade of Russia (VTB) - was officially launched on 19 November 2006, attended by the president of Vietnam Nguyen Minh Triet and the Russian president Vladimir V. Putin. The establishment of VRB has opened new opportunities for cooperation between the two economies as well as the two financial systems.

Moody's assigns counterparty risk ratings to 16 Vietnamese banks

On June 18, 2018, Moody's Investors Service assigned Counterparty Risk Ratings (CRRs) to 16 rated banks in Vietnam.

BIDV was amongst the banks rated by Moody's, receiving local and foreign currency long-term counterparty risk ratings of b1 and local and foreign currency short-term counterparty risk ratings of not prime.

According to Moody's, if the B1 rating on the Vietnam government is upgraded, Moody's will likely upgrade the long-term ratings of BIDV, by incorporating additional notches of government support uplift.

The following factors could result in an upward revision of BIDV's BCA including material improvements in asset quality and core capital levels, and significantly lower credit risk concentration to individual borrowers and industry groups.


Moody's counterparty risk ratings are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate

to transactions with unrelated parties.

Because Moody's considers Vietnam not to have an operational resolution regime, in assigning CRRs to the Vietnamese banks subject to this rating action, the rating agency applies its basic loss given failure (LGF) approach. Moody's basic LGF analysis positions CRRs in line with the banks' CRAs, one notch above their adjusted BCAs, prior to government support.

Furthermore, the CRRs also

incorporate between zero and one notch of uplift due to Moody's assessment of government support for the 16 banks in times of need, based on the banks' systemic importance to Vietnam. The uplifts are in line with that applied to the CRAs.

The 15 other banks to be assigned ratings include ABB, ACB, HDBank, Vietcombank, Lienvietpostbank, Military Bank, OCB, SHB, Sacombank, TPBank, VIB, VietinBank, MSB, VPBank and Techcombank. 



TUAN VAN

Vietnam's GDP expected to increase by 6.8 percent



Vietnam's economy is forecast to continue improving, with gross domestic product (GDP) expected to expand by 6.8 percent this year, according to the latest economic update for Vietnam from the World Bank.

According to the WB's Taking Stock report released on 13 June, Vietnam's economic growth has been robust in recent times, accompanied by broad macro-economic stability.

Vietnam's medium-term outlook has improved further since the last Taking Stock report, released in December 2017. Reflecting stronger than expected momentum especially

of export oriented manufacturing and agriculture, the World Bank revised its forecast upwards with real GDP now projected to expand by 6.8 percent in 2018 (up from 6.5 percent in the previous projection) before moderating to 6.6 percent in 2019 and 6.5 percent in 2020. The slowdown in the outer years reflects the envisaged cyclical moderation of the global economy which is expected to dampen external demand as well as tighter monetary and fiscal policies in Vietnam.

The report states that Vietnam's export performance continues to be exceptionally strong, supported by robust export-oriented foreign-invested manufacturing output and improved external demand.

Over the first four months of 2018,

Vietnamese export growth accelerated 19.2 percent in value terms (year-on-year). This is mainly due to a combination of robust growth of manufacturing and agriculture exports. The foreign investment led manufacturing sector continues to drive Vietnam's merchandise trade expansion. The foreign invested sector accounts for approximately 72 percent of total merchandise exports and 60 percent of total merchandise imports, dominating Vietnam's critical manufacturing trade sector. Hence, despite Vietnam's overall strong trade performance, enhancing participation of domestic firms in trade and global value chains remains a challenge.

Against the backdrop of moderate inflationary pressures, monetary policy remains accommodative. Monetary policy targets for 2018 continue to aim at ensuring the State Bank of Vietnam's dual focus of maintaining stability while boosting overall economic growth. The targets include achieving GDP growth of 6.7 percent, maintaining CPI below 4 percent, reaching a credit growth rate of 17 percent, and accelerating total liquidity (a proxy for money supply) growth rate to 16 percent. In practice, monetary policy has remained accommodative over last two years with significant unsterilised interventions in the foreign exchange market, high credit growth, and interbank rates routinely dipping well below the policy rates. With year-on-year headline inflation at 2.8 percent as of April 2018, real short-term interest rates are effectively



Ho Chi Minh City, Vietnam

zero or even negative. Abundant liquidity could exacerbate volatility in Vietnam's financial markets, especially against the backdrop of tighter global monetary conditions and rapid domestic credit growth.

Despite a slight deceleration in the first quarter of 2018, credit growth remains elevated. Total banking sector lending is estimated to expand 3.6 percent (year-to-date) in the first quarter of 2018 – equivalent to about 14 percent year-on-year in nominal terms, below the estimate of 18.2 percent cumulative credit growth in 2017. Vietnam credit cycle stands out from trends in most other countries of the region, including China, which have seen gradual tightening. Vietnam's overall credit to GDP is also relatively high - at about 130 percent of GDP in December 2017, and credit is expanding at around 1.4 times the growth rate of nominal GDP. This rapid pace of credit growth may present

risks to banking sector stability, especially given remaining balance sheet weaknesses and thin capital buffers in some of the banks.

While Vietnam continues to receive resilient remittance inflows, the outflows of investment income including repatriation of profits of the FDI sector weigh on the external income account. Net remittances from overseas Vietnamese amounted to an average of USD8.7 billion, equivalent to 4.7 percent of GDP between 2011 and 2017. On the other hand, investment income outflows, including repatriated profits and interest payments associated with Vietnam's dynamic, export oriented FDI sector have grown steadily to USD10.8 billion, equivalent to 4.9 percent of GDP in 2017, moving the overall income account into deficit and creating a growing drag on the overall current account (figure 21). As the FDI sector expands, the associated external income transfers will likely

continue to increase over time.

Reflecting positive investor sentiment, foreign direct investment inflows accelerated in 2017 and in the first quarter of 2018. Recently concluded trade agreements—such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and EU Vietnam Free Trade Agreement (EV-FTA) - have further boosted investor confidence and helped usher in sustained FDI inflows. In 2017, foreign investors disbursed a record USD17.5 billion to Vietnam across a broad and diversified range of investment activities. In the first quarter of 2018, FDI disbursements were sustained at the 7.2 percent growth rate achieved over the same period in 2017. Currently, the foreign-invested sector contributes about a fifth of Vietnam's GDP, 26.5 percent of total investment, 72 percent of total exports, and millions of direct and indirect jobs. 

HAI LONG

Vietnam remains a frontier market

Morgan Stanley Capital International (MSCI) has decided to hold Vietnam's status in the equity market in the Frontier Markets Index until 2019.

This means that Vietnam will remain in the MSCI Frontier Markets Index for at least two more years before being given a chance to raise its status from a frontier market to an emerging market.

MSCI maintained Vietnam's rankings at all criteria, suggesting the international financial organisation expects more effort on the part of the authorities.

According to MSCI, the promotion of the Vietnamese equity market would depend largely on the improvement of eight items: foreign ownership limits, foreign room levels, equal rights for foreign investors, foreign exchange market liberalisation levels, information and market regulation English disclosure, clearing and settlement, and transferability.

In June 2015, the government issued Decree 60 allowing foreign investors to increase their ownership in local companies to 100 percent. However, this has not had a far-reaching impact as a significant number of listed companies are operating in sectors that are not open, like national security and defence,



real estate, information communication technology and banking.

Since the decree took effect, only 19 listed companies have lifted the bar for foreign ownership, and that is a very small number compared to 700 shares being traded in the securities market.

Meanwhile, there has been speculation that MSCI is concerned about strong foreign sell-offs on the Vietnamese stock market since mid-April when the benchmark VN Index hit its record high of 1,204.33 points, especially after the US Federal Reserves (Fed) raised its interest rates two weeks ago and signalled two more hikes this year.

Net foreign selling has touched around VND5 trillion (USD221 million) since that day and has caused hesitation among foreign investors given the context of high local corporate earnings and the stable development of Vietnam's economy.

As a frontier market, Vietnam's stock market is among the group meeting investment criteria by foreigners at the lowest level. The next level is "emerging market" with improvements in legal infrastructure, liquidity and scale, and "developed market" offering the highest accessibility to foreign investors. ^R

ANH TUAN



Kobe, Japan

FDI in upward trend

By 20 June, FDI-registered capital continued to increase, with 1,366 newly licensed projects and total registered capital of USD11.8 billion, representing a 15.5 percent increase in volume but 0.3 percent drop in value year-on-year, according to General Statistics Office (GSO) of Vietnam.

Capital supplement to 507 existing projects plunged by 13.8 percent year-on-year to approximately USD4.4 billion in six months.

In total, FDI-registered capital and supplement one reached USD16.2 billion, an annual reduction of 4.4 percent, according to the data.

In the first six months of 2018, realized

FDI in Vietnam rose 8.4 percent year-on-year to USD8.37 billion.

In the first six months of the year, 2,749 deals were made by foreign investors to contribute capital to businesses and to buy shares of Vietnamese businesses with total capital of USD4.1 billion, an annual rise of 82.4 percent.

Statistics also showed foreign investors had injected their capital in 17 industries and fields during the same period.

According to Foreign Investment Agency (FIA) under the Ministry of Planning and Investment, the manufacturing and processing sectors attracted the lion's share, the real

estate sector came second while the wholesale and retail sector ranked third

Among the 55 cities and provinces that received FDI in the first six months of 2018, Hanoi was on top with USD5.87 billion, followed by Ho Chi Minh City (USD3.68 billion) and Ba Ria - Vung Tau (USD1.93 billion).

Among the 87 nations and territories investing in Vietnam in the first six months, Japan topped the list with registered capital of more than USD6.47 billion, accounting for 31.8 percent of the country's total registered capital. The Republic of Korea and Singapore followed with USD5.06 billion, and USD2.39 billion, respectively. **R**

THANH MAI

Win Apple products with BIDV

BIDV Online and BIDV Smart Banking have been well received by customers for their great features and user-friendliness.

From 12 June to 7 September, newly registered customers successfully conducting a financial transaction via BIDV Online or BIDV SmartBanking have the chance to join the promotion programme “Win Apple products with BIDV”.

Customers newly registering and successfully conducting one of the following transactions: money transfer within BIDV, domestic transfer, 24/7 fast money transfer, charitable money transfer, payment, bill payment, QRPay, mobile top-up and online deposits/withdrawals, amongst others, will receive one code for each lucky draw organised at the end of each batch (with a total of three batches) and another at the end of the promotion.

The first batch will take place on 10 July, applicable to codes issued between 12 June and 7 July.


The second lucky draw will take place on 8 August for codes issued between 8 July and 5 August. The last batch is scheduled for 12 September, applicable to codes issued between 6 August and 7 September.



Each batch offers the winners an iPhone X 64GB, two Ipads Pro and 200 prizes worth VND200,000 each prize. The total prizes from the three batches are worth VND300 million (USD13,300).

In addition, at the end of the promotion lucky draw, customers will have the chance to win a set of Apple products worth VND100 million including iPhone X 64GB, Laptop Apple

Macbook Pro Touch, Ipad mini 4 wifi 128 GB, Apple watch S3 GPS 42mm or a savings book worth VND100 million

For information about BIDV Online visit <https://goo.gl/Jm9gZa>, and BIDV SmartBanking visit <https://goo.gl/PVvQPZ>, contact BIDV's nearest branch or call the bank's 24/7 hotline on 1900 9247. 

THANH NGA

Priority product offers exclusive benefits

To better meet the needs of priority customers for banking products and services, BIDV has launched a BIDV Premier product bundle designed with these customers in mind.

From 15 June to 15 September, BIDV's priority customers in Hanoi and Ho Chi Minh City will have the opportunity to experience the bank's priority package titled BIDV Premier with outstanding utilities for priority customers.

Customers will be provided with a line of credit up to VND1 billion without collateral or income proof under flexible lending options. The following offers will be applied:

- BIDV Premier credit card and BIDV Visa Infinite credit card with limit up to VND1 billion (USD44,300).
- Standalone loans up to VND1 billion and provided overdraft limit up to VND500 million.



- Free BIDV account balance notifications (BSMS).

In particular, customers will be offered transactions made via BIDV SmartBanking free-of-charge with a transfer transaction limit of up to

VND2 billion per day.

Visit BIDV's nearest branch nationwide or call the bank's 24/7 hotline on 19009247 to get more information about the BIDV Premier service. [B](#)

Ca Mau - the imprint of the Mekong Delta



On the way to Ca Mau Cape

Ca Mau, an area of wild beauty, offers visitors a chance to discover the country's southernmost mainland point and glide by boat through lush mangrove forests.

CA MAU CAPE

The Cape of Ca Mau is the most famous place of Ca Mau province. This is a unique spot for Vietnamese tourism, not only due to its southernmost location, but also because it is the only place in Vietnam where one can see both the sun rising in the East and setting in the West.

Visitors can explore the mangrove ecosystems formed on the alluvial

grounds and the rugged rows of mangrove rising from the ground, their roots reaching in every direction representing the freedom and openness of Ca Mau people.

From the town of Nam Can, visitors can travel by canoe, crossing the Cua Lon River to reach the cape of Ca Mau. Along the roadside is scenery of untouched green, of orchards, cajuput and mangroves. The vast land is home to hundreds of canals and swamps.

After about an hour peacefully travelling by canoe, visitors will set foot on the Ca Mau Cape, located in Ngoc Hien district. While it is winter in the north, the sun is still shining its warmth here. The cape is Vietnam's closest point to the equator.

Dawn in Ca Mau is exceptionally beautiful, when the sun shimmers its first rays, and at sunset, when it casts its red glow.

Visitors usually stop to take pictures with one of Ca Mau's landmarks - the statue of a ship and the symbol of Ca Mau. The national coordinate GPS 0001 (0 km) is placed here.

U MINH HA FOREST

U Minh Ha forest in the southernmost province of Ca Mau possesses an unforgettable beauty, bordered by mangrove shades and immense field of reeds.

Over recent years, thanks to its largely untouched natural areas, U Minh Ha has become a popular destination



U Minh Ha forest

for both domestic and international visitors. U Minh Ha National Park is home to more than 8,000 hectares of indigo blues and 25,000 hectares of buffer zone as well as rich fauna and flora.

U Minh Ha National Park is one of three core zones of the Mui Ca Mau (Ca Mau Cape) World Biosphere Reserve.

In U Minh Ha, visitors can rent a boat to glide gently along interlacing canals or take a walk through the forest. The national park is also home to a variety of wildlife species, including deer, wild boars, monkeys, weasels, snakes, turtles and pangolins, many of which are listed in Vietnam's Red Book.

The forest is a source of life for local people in this area, producing an



Ca Mau

abundance of rich natural resources and produce and enabling them to earn a living.

Discovering the serene beauty of the mangrove forests is a truly memorable experience for visitors to the southern forest land. [B](#)

PHUONG THANH

Unique headwear of La Hu women

The intricate and unique headdresses of the La Hu women demonstrate their desire for living in harmony with nature.

Vietnam is home to 54 different ethnic minority groups, whose traditional costumes typically demonstrate their particular cultural characteristics. For women in the La Hu community in Muong Te District, Lai Chau Province, their intricate and unique headdresses express the way in which they strive to live in harmony with nature.

The headdress of a La Hu woman is usually made from green and red cloth embroidered with colourful patterns. The colour of these embroidered






patterns must not only match the background colour of the scarf but the La Hu aesthetic as well. The scarf is also decorated with white beads. From the headdress a La Hu woman wears, one can see her embroidery talent.

For young La Hu women, the process of putting on a headdress is one which requires great care. First, she parts her long hair in the middle and fastens it with a reddish brown plastic ring and then puts on the scarf. Next, she ties and covers the pony tail with a colourful string and rolls it around her head. After that, she puts a round cap with colourful fringe on top of her head. This is an important sign to

show that she is young because elder women do not wear this cap.

In the past, when La Hu people didn't live in one village, their headdresses helped them recognise others from the same tribe when going out. The headwear also helps distinguish them from animals to avoid being mistaken by hunters.

Nowadays the La Hu have resettled in villages, but they still keep the tradition of wearing their eye-catching headdresses and costumes for community festivals and religious events.

The everyday clothing of La Hu women differs from that of other ethnic groups in the northeastern region in being less colourful and intricate, as they wear tight, long black dresses with simple blue trim. However, their colourful and elaborate headdresses make them look graceful and unique. The headdresses show the group's aesthetic taste and add emphasis to their traditional costume. 

According to the 2009 general survey on population and housing, the La Hu live in 16 out of 63 provinces and cities across Vietnam, mostly in Lai Chau Province.

LINH KIEU

BIDV accompanies blood donation ‘Red Journey’

BIDV, Vietnam’s leading financial institution, continues to accompany the 2018 Red Journey “BIDV – Joining hands for blood donation”.

This is the fifth time BIDV has accompanied the programme, demonstrating the bank’s efforts and contributions for the interest of the community and creating a better society. BIDV’s Trade Union and Youth Union actively joined and supported the organising committee to implement the programme, encouraging BIDV employees and customers to donate blood voluntarily, and presenting gifts to patients living in difficulties.


The 2018 Red Journey started on 13 June, reaching over 26 provinces and cities nationwide, is expected to receive at least 30,000 units of blood. The official day for the journey to reach Hanoi is scheduled for 14 July.

Dr. Bach Quoc Khanh, director of the National Institute of Hematology and Blood Transfusion, and head of



BIDV has accompanied the blood donation programme “Red Journey” for the fifth time

the 2018 Red Journey said: “The Red Journey has contributed to the strong development of the voluntary blood donation movement from scale and communications to professionalism. This year, the organising committee has introduced the “globin code” programme to some localities with a

view to encouraging young people to learn about thalassemia disease, and to prevent genetic inheritance to the next generations. To date, the journey has received strong support from leaders of agencies and sectors, resulting in over-expected blood donation volume”. 

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(*) Terms and conditions apply.

The programme is organised in cooperation with Hanoi City/ Hanoi
Information Technology and Communication Transaction Centre

