

BIDV **R**evue



A Newsletter of Bank for Investment and Development of Vietnam JSC • Issue **No.23** | Jan 2017

The year '2017' is rendered in large, colorful, geometric, low-poly style digits. The background is dark blue with numerous bright, colorful fireworks exploding in various patterns and colors (blue, green, yellow, red, white) around the year.

SOLID FOUNDATIONS
FOR NEW SUCCESS

**Best
Retail Bank**
3 years running





Cat Ba Island, Vietnam - UNESCO biosphere reserve in the world

ABOUT BIDV

Established in 1957, BIDV has grown to become one of the leading commercial banks in Vietnam. 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, Russia 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



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Editor's Letter

Dear readers,

*T*his year seems particularly special with the New Year 2017 being close to Vietnam's traditional New Year – a Year of the Rooster. Therefore, we would like to introduce to you an exceptional publication comprising both the December 2016 and January 2017 issue.

As a traditional occasion, you can find top ten events and achievements in 2016 in the very first article of the publication. By the end of 2016, BIDV's total assets reached over VND1 quadrillion (USD44.5 billion), the highest in the Vietnam's banking system. The bank has seen positive achievements, laying solid foundations for the bank's next development stage, heading toward to its 60th anniversary.

Readers can understand more about the bank's business results and strategy through messages from the board member in charge of the board of directors and the chief executive officer of BIDV. Information about specific activities of BIDV such as retail banking, FDI banking, road to Basel accords and results of BIDV's subsidiaries and overseas commercial presences are also available, giving you an overview of

the bank's business operation in 2016.

New Year is also a time for BIDV to express great thanks to customers through our grand sale in products and services titled "Tet with love".

To mark the new year coming, BIDV will donate and distribute 24,000 gifts nationwide, bringing the Tet spirit and a warmer and happier Tet to disadvantaged families.

In this publication, we also introduce the beautiful pictures of Vietnam when Tet is coming, the vivid color of peach blossom – the typical Tet blossom of Vietnam and provide a picture of Rooster – a Vietnamese zodiac sign. Roosters are highly motivated, hard working, loyal, and trustworthy – traits that enable most roosters to have successful careers.

Finally yet importantly, BIDV Review wishes to express gratitude to its readers. Thank you for the overwhelming support which has enabled the publication to grow and flourish. We wish you a year of success, happiness and prosperity. ♦





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Creating momentum for economic development



Prime Minister Nguyen Xuan Phuc speaks at the Vietnam's banking sector conference in January 2017

In 2016 Vietnam's economy achieved positive results, setting base for trust in higher goals for 2017.

2016 IN REVIEW

Vietnam's economy in 2016 was affected by the world and domestic political and economic factors: the slowing-down global economy; low trade growth; Brexit votes; dropping crude oil and agricultural product prices; drought and natural disasters.

Against that backdrop, the new government took aggressive and effective measures to promote the country's socio-economic development. Thanks to the government's efforts, Vietnam's economy developed steadily despite the difficulties, and the macroeconomic targets were basically

achieved. According to the General Statistics Office, Vietnam's GDP growth in 2016 reached 6.21 percent; macro-economy was stabilized, and inflation was curbed (at 4.74 percent); revenue increased; lending interest rates reduced; currency and gold markets were stable; foreign exchange reserves reached USD41 billion, the highest ever.

Vietnam sustained the pace of trade surplus reaching USD2.68 billion as exports rose by 8.6 percent. Meanwhile, the total capital mobilized for investment of whole society made up 33 percent of GDP; realized FDI capital reached over USD15.8 billion, up 9 percent compared to 2015.

According to economic experts, there are many factors that contribute to Vietnam's economic growth in the past year, including the active support from

the financial system with total capital supplied for the economy reaching about VND1,230 trillion, which was 181.2 percent of GDP. Along with that, the confidence of both local and foreign investors was bolstered. Vietnam's stock market in 2016 saw the highest growth rate over the past 8 years.

SETTING BASE FOR ACTIONS

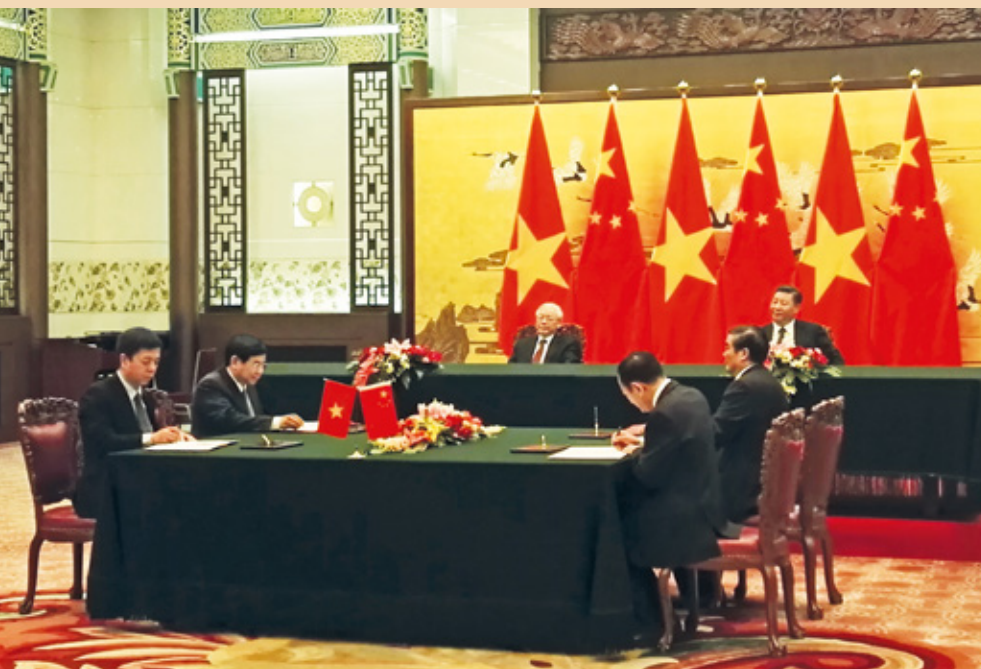
On 1 January 2017, the government of Vietnam issued Resolution No. 01/NQ-CP regarding key tasks and solutions to direct the implementation of socio-economic development plan and the State budget estimates in 2017.

The resolution said the Government continued the economic restructuring economy, ensuring macroeconomic stability and improving the quality of growth. The easing monetary policy could still be the major trend in 2017. The resolution said the government would create favorable conditions and environment for businesses to develop, continuing to implement measures to support enterprises, especially small and medium enterprises to access loans.

The overall objective of the socio-economic development plan in 2017 was identified: "Ensuring macroeconomic stability, creating robust changes in implementing three strategic breakthroughs; restructuring the economy associated with innovating the growth model; improving productivity, quality, efficiency and competitiveness; incentivizing start-ups, enterprise development, and sustainable growth".

Some key macroeconomic indicators set by Vietnam's National Assembly for

BIDV, CDB ink MOU on bilateral cooperation



Mr. Phan Duc Tu, BIDV's Chief Executive Officer (sitting 2nd from left) and Mr. Hu Huai Bang, CDB Chairman sign the MOU on bilateral cooperation under the witness of the Party chiefs of the two nations

On January 12, 2017, the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) and China Development Bank (CDB) signed a Memorandum of Understanding (MOU) on Bilateral Cooperation for the period 2017-2019.

The signing ceremony took place in the Great Hall of the People, Beijing, China, under the witness of Vietnamese Communist Party's General Secretary Nguyen Phu Trong and Chinese Communist Party's General Secretary and President Xi Jinping. Signatory for CDB was Mr. Hu Huai Bang, Chairman of CDB. BIDV was represented by Mr. Phan Duc Tu, Chief Executive Officer.

As the leading banks of the two countries, BIDV and CDB have set up good relationship for years. The MOU on Bilateral Cooperation is the new effort of the two banks in better supporting the trade and economic relations between Vietnam and China, for the sustainable development of the two banks as well as for the benefits of the customers and the people of the two nations. ♦

2017 and allocated by the government to ministries and agencies include: GDP growth of about 6.7 percent; average inflation rate of about 4 percent; total social investment capital making up 33 percent of GDP.

REQUIREMENTS FOR BANKING SECTOR

To achieve the first goal of macroeconomic stability and inflation curbing, the government asked relevant ministries to implement uniform solutions.

The State Bank of Vietnam is asked to coordinate with ministries to closely monitor the domestic and international trade and finance and economic movements to timely response. First, managing credit growth in line with macroeconomic developments while improving credit quality, channeling credit into manufacturing sectors and prioritized areas. Second, keeping

interest rates stable, striving to reduce interest rates, especially the medium and long-term rates keeping interest rates steady, striving to reduce interest rates, lending rates especially medium and long term. Third, effectively managing the foreign exchange and gold markets. The SBV is requested to finalize and submit to the Prime Minister a proposal on anti-dollarization and goldenization, studying the mobilization of foreign currencies and gold for business and production purposes.

The Ministry of Finance must complete the plans on issuing government bonds while ensuring no disturb on the capital mobilization and credit growth of the country; and coordinate with ministries to save costs, strictly control the state budget expenditure estimates.

To improve the business environment, productivity, quality, efficiency and competitiveness, the government requested the State Bank to continue

implementing measures to support businesses especially SMEs to access credit. The government also asked the Ministry of Finance to complete credit guarantee formulation for SMEs; venture capital funds of the government and private sector.

The government also requested the State Bank to finalize and submit to the Prime Minister the proposal on restructuring credit institutions and handling bad debts in the second quarter of 2017; build a legal framework for handling bad debts and debt trading market; developing plan on dealing with and eliminating cross-ownership, and promoting non-core divestments. The Ministry of Finance is asked to implement the roadmap on restructuring the state budget and public debt, strictly controlling public debt indicators, mobilization of the government bonds, ensuring the proportion of 5-year term bonds to the total government bonds is at least 70 percent. ♦



AN BINH

Banking sector sets goals in 2017

On 5 January 2017 the State Bank of Vietnam (SBV) held a conference in Hanoi, setting tasks for the banking sector in 2017.

SIGNIFICANT CONTRIBUTIONS

State Bank Governor Le Minh Hung emphasised that, although the socio-economy in 2016 had faced many difficulties and challenges which had directly affected banking operations, the banking sector successfully fulfilled its assigned tasks.

The SBV regulated the country's money supply in an appropriate manner, facilitating credit institutions to stabilise deposit rates and striving to lower lending rates. Furthermore, the bank supported the successful issuance of a large amount of government bonds with low interest rates, as well as supporting exchange rate stability and ensuring inflation curbing. Monetary targets increased in line with the SBV orientations set at the beginning of the year.

By 29 December last year, total liquidity had increased by 13.88 percent, and capital mobilisation increased by 18.38 percent compared with end-2015. Core inflation was controlled at a stable level of 1.87 percent for the whole year, making



Mr. Le Minh Hung, Governor, State Bank of Vietnam

a significant contribution to curbing CPI at a level of 4.74 percent, thereby achieving the objective of below 5 percent set by the National Assembly. Liquidity of the whole banking sector was ensured and abundant, and the operations of the inter-bank market were smooth.

Speaking at the conference, Prime Minister Nguyen Xuan Phuc noted his appreciation of the efforts of the banking sector in 2016 in implementing the directives and policies of the government, which greatly contributed to the stabilisation of the macroeconomy, curbing inflation, resolving difficulties, supporting enterprises and enhancing

economic growth. He added that the banking sector, and the SBV's management in particular, had made a significant contribution to national achievements in the context of the difficulties and challenges of 2016.

ACHIEVING TARGETS

Emphasising the vital role of the banking sector in the economy, the Prime Minister said that during 2016 the SBV managed monetary policy in an active and flexible manner, creating favorable conditions for the management of fiscal policy and the pricing of essential goods. The common interest rate was stable and on a downward trend. The operations



of weak commercial banks recovered gradually, thereby strengthening the confidence of depositors.

The Prime Minister also spoke highly of SBV's policy reaction function in 2016. He stated that the approved overall objectives of the 2017 plan for socio-economic development was "ensuring the stability of the macro-economy, making great leaps in implementing three strategic breakthroughs; restructuring the economy in conjunction with reforming the growth-model; improving productivity, quality, efficiency and competition; encouraging start-ups, developing enterprises, enhancing sustainable growth; and strengthening economic autonomy."

The Prime Minister suggested that the SBV be a role model in successfully completing the socio-economic targets as set out in the Resolutions of the Communist Party of Vietnam

(CPV) and the National Assembly. The SBV must operate efficient monetary-policy instruments in order to keep inflation below 4 percent, stabilise the macroeconomy, and achieve breakthroughs in banking restructuring and NPL handling, thereby contributing to developing the economy with a GDP growth at 6.7 percent. This was the most crucial task assigned by the government to the SBV.

In order to achieve these targets, monetary policies must be operated in a proactive, flexible and cautious manner, and in accordance with movements in the market; be closely coordinated with fiscal policy to support higher growth, ensure macroeconomic stability, control inflation, stabilise the foreign exchange and gold markets, increase State reserves, and stabilise the value of the Vietnamese dong. The SBV management must fundamentally shift

towards market-oriented policies and streamline administrative procedures so that individuals and businesses can proactively develop their production and business plans.

The Prime Minister required the SBV to manage reasonable credit growth from the start of the year, and focus credit flow on priority areas and sectors that promote growth including export and job creation opportunities from the first quarter of 2017.

In particular, the SBV should channel credit in high-tech industries, agriculture, tourism, SMEs and start-up businesses; and improve the quality and control of credit structures. He warned that the SBV should be careful with potentially high risk fields such as investments in real-estate and stocks, and customers with debts above VND5,000 billion (USD222 million). ♦



CONG CHUNG

Solid foundations for new success

On the first days of 2017, Mr. Tran Anh Tuan, in charge of BIDV's Board of Directors talked with BIDV Review about the bank's outstanding results as well as the new direction it plans to take for the year in order to continue the success of the previous year.

Could you please give an overview of BIDV's operation last year in the context of the general socio-economic environment?

2016 saw many fluctuations globally, which brought challenges to the global market. The Vietnamese economy was significantly impacted, in particular the export and state budget revenue. Added to this, the country experienced natural disasters and environment accidents which took their toll on the economy.

Against this backdrop, the government, ministries and relevant agencies in localities across the country implemented policies to solve the difficulties of enterprises, enhance the investment environment and raise competitiveness, thereby creating the conditions for the macroeconomy to recover with GDP reaching 6.21 percent and inflation being 4.74 percent.

The Vietnamese banking system saw many positive results, including



Mr. Tran Anh Tuan, in charge of BIDV's board of directors

stable interest rates, slightly reduced lending rates, a stable gold market and 19-percent credit growth with focus on production, business and priority areas. The exchange rate increased by about 2 percent compared to the end of 2015, despite the impact from fluctuations in international financial markets.

Along with the achievements of the whole sector, BIDV demonstrated

strong progress, cementing its leading position. In 2016, BIDV continued its safe and efficient growth, ensuring the interests of shareholders and employees, and contributing positively to the state budget.

What is BIDV's operation strategy for 2017?

2017 is the first year that BIDV will implement the phase 2 of its restructuring programme. The bank's board of directors (BOD) set the principle "Discipline - Responsibility - Efficiency". The BOD has clearly identified specific objectives. First, sustainable development based on financial capacity enhancement, asset quality and structural improvement. BIDV will prioritise handling non-performing loans; ensuring capital adequacy ratios gradually close to meet international standards.

Second, the bank aims to increase its customer base by focusing on retail customers, small and medium enterprises, and foreign invested enterprises; and reduce the credit proportion by sectors and large corporates.

Third, we will focus on sourcing revenue with the increase in service income and non-interest income to total income ratio by dramatically changing toward customer-oriented operation, diversified product and service portfolio, and the development of an all-in banking-insurance product package with high technological

content. BIDV strives to be the leading bank in Vietnam for customer satisfaction.

Fourth, we strive to be the leading bank in terms of IT application, bringing benefits, high standard services, and satisfaction to domestic and international customers.

Fifth, BIDV will restructure its organisational model, operating network and human resources, contributing to enhancing productivity and efficiency of the whole system.

Sixth, the bank will continue the roadmap to improve credit ratings – setting the foundations to become a qualified ASEAN bank.

The seventh target is to accelerate the efficient operation of subsidiaries, joint venture companies and overseas commercial presences through strengthening management and restructuring operations.

Finally, BIDV will continue to perform socio-economic development tasks assigned by the government and the State Bank of Vietnam, actively contributing to the State-budget revenue, and ensuring labour income and commitment to bring the best value to shareholders. This includes a commitment to ensuring the dividend ratio each year is not less than the VND deposit rate of the 12 months.

The bank is determined that its growth in 2017 will be consistent with the overall forecast of the whole system. Profit before tax in 2017 is targeted to reach VND7,500 billion (USD333



million). Deposits are planned to reach VND912,000 billion (USD41 billion), up 16 percent against 2016. Credit is forecast at VND841,800 billion (USD37.7 billion), up 15 percent year-on-year, of which retail credit should reach at least VND240,300 billion (USD10.8 billion), up 35 percent.

On the occasion of Tet, what is your message to your employees?

2017 marks the 60th anniversary of BIDV. With the responsibility and prestige of a leading commercial bank, the tasks set for the whole system are extremely heavy in the new year. BIDV will implement the restructuring scheme phase 2 - an opportunity for us to overcome limitations and weaknesses; paving the way for a new phase of safe, efficient operation and

sustainable development.

I wish the whole system to thoroughly raise awareness about discipline in corporate governance. The unit directors will uphold the responsibility and the role of the leader; inspiring corporate culture to all staff within the system. Each employee should comply with workplace regulations and fulfill their tasks.

I believe that following the tradition of the last 60 years, the BIDV system will continue to promote solidarity and consensus to achieve its business plan and fulfill the mission and tasks of the bank in the coming period.

On the occasion of the New Year, on behalf of the board of directors, I wish the whole BIDV system good health and success. ♦



For more effective banking operations

Addressing the banking sector conference in early 2017 Mr Phan Duc Tu - Chief Executive Officer of BIDV shared the view on the banking sector in 2016 and proposed measures to address shortcomings.

BANKING SPOTLIGHTS IN 2016

2016 was a peaceful year in the operation of the State Bank of Vietnam (SBV). Banking sector is no longer a hot issue for debate on the national assembly sessions and internet coverage on the monetary policies of the central bank is not much. According to the data analyzed by BIDV Social Media Command Center, there were about 490,000 discussions about banking operations in 2016; which is a relatively modest figure if compared with the number of 41 million Facebook users in Vietnam. Of which the false information on demonetization accounted for more than 51 percent (about 251,000 discussions) and information related to exchange rates accounted for nearly 41 percent (200,000 discussions). A note is that such information was discussed most between November and December.

This does not mean the banking sector is no longer important, or loses its roles; or is forgotten by the society. Actually the banking sector did a good job, delivered what it promised and brought interest to the economy and the mass.

In other words, the banking sector handled issues “smoothly” given the



Mr. Phan Duc Tu, Chief Executive Officer, BIDV

unpredictable turbulent world (many countries devaluating their currencies; Brexit, the US presidential elections, etc.) on the two aspects: SBV’s success in regulating policies and good performance of the Vietnamese credit institutions.

With the management policies and directions of the SBV, Vietnamese credit institutions have made positive changes in terms of size, quality, efficiency and institutional development. Total assets of the sector reached VND7.5 quadrillion (USD333.3 billion), up 14 percent compared to 2015. Total credit provided to the economy reached VND5.527 million billion (USD245.6 billion), up 18.71 percent. Mobilized capital reached

VND6.094 million billion (USD270.8 billion), up 18.38 percent.

The year 2016 saw the central bank’s success in the flexible regulation of open markets and inter-bank market to support the market 1. The interest rates of deposits and loans continued to reduce from 0.5 to 1.5 percent, marking the lowest rates in the past 10 years (short-term lending rates were between 5.5 and 8 percent, long-term rates were from 8 to 9.8 percent and even 4-5 percent for good customers). This bolsters the confidence of society in value of Vietnamese currency.

Regarding credit quality and business performance, the whole sector’s NPLs were controlled, standing at 2.46 percent. SBV was also successful in aggressively directing the handling of bad debts, controlling arising bad debts, giving warnings and imposing severe sanctions on high-risk credit investments.

In 2016, credit institutions beefed up the application of technology to their banking governance in accordance with international practices, researching and launching a variety of products and utilities with high-tech content to the market to meet the diverse needs of customers and the society. For BIDV, the bank in 2016 completed 15 IT projects, launching dozens of products and utilities which were socially appreciated.

On the restructuring of credit institutions, with the drastic direction alongside the effective measures of the government and



the state bank, credit institutions consolidated and strengthened their activities comprehensively, improving competitiveness and operational capacity. The banks after the mergers and consolidations continue to be strengthened and operate stably.

SOLUTIONS FOR BETTER PERFORMANCE

In recent years, many issues emerged but have not been handled or not fully addressed. To further the efficiency of the banking operations, the following need to be thoroughly addressed.

First of all, the long-term capital for the economy. According to the economic restructuring plan for the period 2016 - 2020 adopted by the National Assembly, total investment of the whole society required is estimated at VND10 quadrillion. Meanwhile in Vietnam, banks are the primary capital channel which provide approximately 68 percent (higher than that in the region at 50 percent). The stock and bond markets are small-scaled with the ratio of stock market capitalization to GDP in 2016 being at 42 percent despite the significant growth (significantly behind Thailand at 99 percent, or the Philippines at 68 percent). This is a heavy task which also implies huge risks for the banking sector.

While the need for medium and long-term capital for the economy is huge, the mobilization of medium

and long-term capital by commercial banks face difficulties. Deposits from customers are mostly under 1 year term. Therefore, the ratio of short-term capital used for medium and long-term loans of banks has increased clearly. It is recommended that the Government, the Ministry of Finance, and the State Bank: first, in the long run develop areas within the financial system uniformly, especially the stock market and corporate bond markets to support the banking operations. Second, take measures to boost derivative operations, investment banking operations. Third, in the short run, consider on the ratio of short-term capital used for medium and long-term loans to match with the level of development of the areas in the financial system.

The increase in the charter capital of the state-run commercial banks is another issue. Currently, the financial capacity of the Vietnamese banks is very small compared with regional financial institutions as well as the needs of the economy. The four state-run commercial banks accounted for 26.68 percent of charter capital but made up 44.6 percent of total assets of the whole system. The capital adequacy (CAR) is low and even much lower than the required CAR under the new standard. If failing to increase own capital, the state-run commercial banks could not increase their credit to serve the needs of economic growth; and could not be able to compete domestically and internationally.

To address this problem, it is recommended that the Government, the Ministry of Finance, and the State Bank first allow the use of the following sources to raise the capital: annual dividend (dividend will be paid in the form of shares); Retaining profits over the years; Amount collected from the divestment from subsidiaries and affiliates; second allow banks to sell preferred stock to their employees, and third, continue to sell shares to foreign partners and gradually reduce the proportion of state ownership.

The fact proves that Vietnamese laws hold shortcomings in the regulations on credit relationship and collateral. Although in recent years, the government and the ministries made tremendous efforts to modify and supplement the regulations and policies to suit the requirements of handling the bad debts, it is not enough to handle this relationship smoothly. Therefore, it is proposed that the government and ministries conduct a review of the provisions of laws related to credit, collateral, secured transactions, handling of collateral to ensure the rights of the lenders and request the borrowers to adhere to their commitment to repayment; impose strong sanctions on the borrowers who persistently refuse to repay. The lifeblood of the economy could be blocked if no sanctions on borrowers are imposed, or the rights of the lenders are not ensured. We support the proposal on developing a separate interim law to handle bad debts and restructure credit institutions at present. This law will regulate, handle the current issues as well as ensuring the stability of the relevant legislations. ♦



DUC ANH



THE HIGHLIGHTS IN 2016

The year 2016 was of great importance with key events including the 12th National Congress of the Party and elections to the National Assembly. During the year, Vietnam's status in the international arena was enhanced, however the nation also faced unfavourable conditions in the global economic context.

Against this backdrop, under the aggressive direction of a government of integrity, creation and action, the banking sector has worked to overcome difficulties. The results include stable interest rates, curbed inflation, positive credit growth and a stable exchange rate and gold market.

In 2016, BIDV continues to be a leading financial institution that fosters innovation. With breakthroughs in corporate governance, BIDV's business growth has remained sustainable, safe, and efficient, ensuring benefits for shareholders and employees.

The top ten events and achievements in 2016 were:



1 CONTINUED STATUS AS THE LARGEST BANK IN VIETNAM BY ASSETS

As of 31 December 2016, BIDV's total assets reached VND1,007,335 billion (USD44.8 billion), up 17.5 percent compared to 2015, continuing to top commercial banks in Vietnam.

Total operating capital was nearly VND938,780 billion (USD41.7 billion); of which capital mobilised from economic organisations and individuals was VND795,733 billion (USD35.4 billion), up 20.45 percent, accounting for 12.6 percent of the banking sector's market share.

Total outstanding loans and investments reached VND935,600 billion (USD41.6 billion); of which outstanding loans to the economy were VND758,585 billion (USD33.7 billion), up nearly 17.85 percent, accounting for 13.3 percent of the entire sector's market share.

Profit before tax stood at VND7,507 billion (USD333.6 million); non-

performing loan ratio was 1.47 percent within the regulated rate. BIDV was among the top businesses contributing the highest amounts to the State budget.

BIDV has been actively implementing measures to remove difficulties for production and doing business; supporting the market and local economic development. The bank issued more than ten guidance documents to effectively implement the policies of the Government and the State Bank; creating favourable conditions for enterprises to access bank loans, particularly for small and medium-sized enterprises and start-up companies through 28 credit packages and credit products. The bank cut lending rates twice at competitive levels compared to the market. BIDV also participated in providing consultancy for local socio-economic development planning; as well as initiating and jointly organising seven investment promotion conferences in the country's localities.

BIDV has been honoured with the "Vietnam Value" award for the fifth year,



Mrs. Le Thi Kim Khuyen, member of the BOD (centre, front), receives the "leading partner bank" award from ADB

THE HIGHLIGHTS



BIDV IT Centre receives the Third class Labor Medal

awarded “Vietnam’s Excellent Brand”; and was named by Forbes as one of the top 2000 world’s largest public companies; as well as being recognised by Asian Development Bank (ADB) as “the leading partner bank in Vietnam”.

2 NETWORK REARRANGEMENT AND EXPANSION TO IMPROVE CUSTOMER SERVICE CAPACITY

In 2016, BIDV rearranged and changed the business location of 12 branches and established eight new branches and 16 transaction offices, increasing its network to 190 branches and 815 transaction offices, thereby ensuring better service to meet the needs of customers.

A robust modern distribution channel was developed with 1,823 ATMs and 34,000 POS (an increase of nearly 8,000 POS year to date). Modern services

with high-tech content such as internet banking and mobile banking were promoted, connecting payment with more than 1,000 agencies worldwide.

BIDV’s customer base numbered 9 million; of which corporate customers reached 205,300 (up over 8 percent compared to 2015, accounting for 30 percent of total Vietnamese enterprises). SME customers reached 119,000 (accounting for 58 percent of the bank’s business customers; an increase of 30 percent compared to 2015, outperforming against the growth rate of 17 percent of SMEs of the entire economy). FDI customers reached 2,620, up 12 percent against 2015.

The bank’s personal customer base grew 10 percent compared to 2015, reaching over 8.8 million and accounting for about 9.5 percent of the country’s population.

According to Nielsen Vietnam, Resident’s Satisfaction Index (RSI) with BIDV significantly improved from average in 2015 to strong in 2016.

3 IT’S CONTRIBUTION TO THE STRONG DEVELOPMENT OF BIDV FOR THE PAST 25 YEARS

Over the past 25 years, by applying information technology to business operations BIDV has become one of the banks with the strongest technology platform in Vietnam with more than 1,000 servers, 7,000 network devices, and 1000 LAN networks operated by 700 skilled IT officers. BIDV continues to occupy the number one position in the country for the readiness of IT application. The bank’s IT has gradually met business and management requirements, and has played a key role in the bank’s service business development, improving the competitiveness, innovation and

IN 2016



integration of BIDV.

In 2016, BIDV received several prestigious awards: Third-class Labour Medal for its IT Centre, Sao Khue award for two products namely Home Banking and IMAP; and Vietnam Domestic Technology and Operations Bank of the Year award as voted by Asian Banking and Finance Magazine.

4 BEING THE BEST BANK IN VIETNAM FOR TWO CONSECUTIVE YEARS AND BEST RETAIL BANKING FOR 2016

In 2016, BIDV was honoured by national and international organisations for retail business. The bank was named Best Retail Bank in Vietnam by The Asian Banker for two years in a row; Best Retail Banking in 2016 by International Data Group and Vietnam Banks Association, as well as receiving the awards for Best Credit Card, Vietnam

2016 and Best Card Payment Service POS/ATM, Vietnam 2016 as voted by International Finance magazine.

BIDV achieved good business results and maintained its leading position among commercial banks in terms of resident deposits and retail credit. Capital mobilised from residents grew over 23 percent, reaching VND435 trillion (USD19.3 million) and accounting for nearly 57 percent of total deposits; retail credit increased by almost 27 percent, reaching VND180 trillion (USD8 million) and accounting for 25 percent of total outstanding loans.

Modern retail distribution channels are strengthened towards safety and efficiency; increasing interaction with customers via internet banking, mobile banking, customer contact centre and a social media centre. BIDV currently has more than 100 products to serve

individual customers.

5 TREASURY OPERATION'S SIGNIFICANT CONTRIBUTIONS TO BANK PERFORMANCE

The year 2016 saw the strong growth of BIDV's treasury business in line with development trends of domestic and overseas markets, meeting the increasing demands of customers.

Total net income from treasury operations in 2016 reached VND1,469 billion (USD65.3 million), up 61 percent against 2015, of which net income from currency trading and derivatives was over VND787 billion (USD35 million), and net revenue from self-trading activities was VND632 billion (USD28.1 million), an increase of 192 percent compared to 2015. BIDV conducted 6100 transactions with total sales of VND900 trillion (USD40 billion).

THE HIGHLIGHTS



BIDV was Vietnam's first bank to open its branch in Yangon, Myanmar in July 2016

In 2016, BIDV continued to be honoured and recognised by international organisations, receiving nearly 20 prestigious awards for treasury products. The bank received six awards for Best Domestic Provider of FX Services in Vietnam as voted by financial institutions for four consecutive years; three awards for Best FX Products and Services in Vietnam as voted by corporates; Best for FX Options in Vietnam as voted by Corporates; and Best for FX Research & Market Coverage in Vietnam as voted by Corporates. For the first time BIDV has joined and earned the award Best Foreign Exchange Provider in Vietnam as voted by Global Finance.

6 **STRENGTHENING INTERNATIONAL BUSINESS, CONTRIBUTING TO FOSTERING THE ECONOMIC AND FRIENDLY RELATIONSHIPS BETWEEN**

VIETNAM AND OTHER COUNTRIES

In July 2016, BIDV opened a branch in Yangon, becoming the sole Vietnamese bank to open a branch in Myanmar, demonstrating its sustained and consistent efforts in promoting economic cooperation between Vietnam and Myanmar.

The bank's commercial presences in Laos, Cambodia, the Czech Republic, Russian Federation and Taiwan continued to be fine-tuned and achieve positive results.

BIDV initiated and co-organised 13 international economic cooperation programmes in preparation for Vietnam joining FTAs, the ASEAN economic community and connecting markets in Europe and North East Asia. The bank successfully co-organised a seminar on "Trade development

and cooperation promotion between Vietnam and Russia", as well as the conference "Four countries – One destination" in Myanmar.

To date, BIDV has established relationships with more than 3,500 financial institutions domestically and internationally, providing services to more than 100 foreign banks, and establishing correspondent relationships with over 1,700 financial institutions in 122 countries and territories.

7 **40 YEARS OF OPERATION AND CONTRIBUTION TO THE SOCIO-ECONOMIC DEVELOPMENT OF SOUTHERN VIETNAM**

Following Vietnam's liberation, under Decision No. 580/TC-VP dated 15 November 1976 by the Ministry of Finance, 21 branches of BIDV were

IN 2016



The signing of MOU on cooperation between BIDV and Sumi Trust Bank

established in the South (from Binh Tri Thien southwards), opening a new chapter for the bank's business operations.

Over the past 40 years of development in the region, BIDV has been striving to grow in terms of both scale and quality. The bank's network in the region has increased from 21 branches to 106 branches and 380 transaction offices with outstanding loans reaching nearly VND400 trillion to date.

BIDV outperformed its roles in providing credit, connecting businesses and promoting investment; providing consultancy on socio-economic development, and promoting social security. The bank has been accompanying and making significant contributions to the strong development of the entire region.

8 STRENGTHENING INSTITUTIONAL AND GOVERNANCE CAPACITY

In 2016 four board directors retired, including Mr. Tran Bac Ha who stepped down from the highest position of board chairman from 1 September 2016. In his 35 years of working at the bank, with 13 of those holding the position of chief executive officer and chairman of the board, Mr. Tran Bac Ha made great contributions to the bank's development.

BIDV appointed one new senior executive vice president, 194 branch and department-level leaders and 1,465 division managers. The bank organised over 340 training courses for 22,119 turns of trainees.

The bank has focused on improving risk management capabilities in

accordance with Basel II standards; continued to promote restructuring and improve governance to meet international best practices and standards. BIDV evaluated and restructured its organisational model and the responsibilities of units at headquarters and member companies. BIDV was the first financial institution to issue a full set of capability framework documents to serve human resource development.

9 RESTRUCTURING AND IMPROVING THE EFFICIENCY OF AFFILIATES AND SUBSIDIARIES

BIDV implemented the strategic sale of shares of its financial leasing company to Sumitomo Mitsui Trust Bank and transformed the operating model of the company into a joint venture with the new name BIDV Sumi Trust Financial Leasing Co., Ltd.



THE HIGHLIGHTS

CHUNG KẾT HỘI THAO BIDV NĂM 2016

Đà Nẵng, ngày 09 - 11 / 9 / 2016



The winners at BIDV's sports festival 2016

The bank completed the divestment from VID Public Bank, ensuring the requirements of BIDV's restructuring scheme and non-core divestment roadmap at the request of the Government.

BIDV implemented the restructuring of the BIDV - Vietnam Partners Investment Management JVC (BVIM); and resumed the operation of BIDV Asset Management Company (BAMC).

BIDV Securities Company (BSC) achieved positive results despite market volatility, maintaining its position among the top ten by market share and top three by bond market share.

BIDC Insurance Corporation continued to strengthen its position, ranking fifth among the top ten most prestigious insurance companies in Vietnam; top eight leading insurance companies by

market share; and top five insurers with the highest profitability rates in the market.

The bancassurance channel of BIDV MetLife was successfully deployed across the BIDV system, making BIDV the bank with the most comprehensive insurance operations in Vietnam.

10 CONTINUING FOSTERING CORPORATE CULTURE, RESPONSIBILITY TOWARD EMPLOYEES AND THE COMMUNITY, LOOKING TOWARDS THE 60TH ANNIVERSARY OF THE BANK

2016 marked energetic activities of the whole system, contributing to foster and enhance the corporate culture values of the bank.

BIDV's credit contest 2016 attracted

nearly 1,200 contestants and thousands of supporting employees. The best cashier contest 2016 received the participation of 4,000 employees across the BIDV system. These contests provided motivation for further study and knowledge strengthening as well as scouting talented BIDV employees for career development opportunities.

Programmes such as a bank-wide sports festival, and art performances at branch and regional level brought excitement, interest and new experiences for employees; encouraging participation in sport and exercise to improve physical health and nurturing employees' healthy spiritual lives. Employees across the system become more united, sharing mutual support and love - the spiritual values which are at the core of BIDV.

BIDV continued to maintain and foster

IN 2016



a professional working environment for the sake of human development; ensuring jobs, income and career opportunities for employees.

The bank continued to provide support for the community through social security activities and community development programmes. Total funds committed to social security amounted to nearly VND300 billion (USD13.3 million). The bank completed and handed over 64 educational facilities; 16 clinics; 50 ambulances, and 794 houses for families living in poverty. In addition, BIDV continued gratitude-showing activities, giving Tet gifts to the poor, scholarships to disadvantaged students and free heart surgery to children from poor families. BIDV also actively implemented social security activities in Laos, Cambodia and Myanmar. ♦

Overcoming many challenges in 2016, with the intensive efforts of more than 24,000 employees, BIDV has made positive achievements, laying solid foundations for its next development stage.

2017 marks the 60th anniversary of BIDV's development alongside Vietnam. Through its special role of a primarily state-run enterprise, BIDV has set out major solutions: flexibly operating its business according to market developments, increasing financial capacity, improving credit structure towards sustainability, credit quality control, bad debt control, boosting retail banking, and improving network efficiency.

The entire BIDV system is focused on the sustainable development of BIDV and the prosperity of Vietnam.

**BIDV – 60 YEARS OF DEVELOPING
TOGETHER WITH VIETNAM**



PHAN ANH

Targets for the coming year



BIDV sets PBT for 2017 at VND7,500 billion

BIDV held its annual business conference on 24 December 2016 in Hanoi, setting business goals for 2017.

LAYING SOLID FOUNDATIONS

In 2016, with effective solutions and innovations from the government coupled with the intensive effort of the whole bank, BIDV has overcome challenges and turbulences to reap positive results.

The bank completed its business targets with good growth. Total assets grew 16.7 percent against 2015, amounting to nearly 14 percent of the Vietnamese banking sector's

total assets; deposits mobilised from residents and organisations saw growth of 19 percent, accounting for 12.6 percent of market share of the entire sector; and outstanding loans increased 17.9 percent, making up 13.3 percent of the market share of the whole sector.

The bank's joint ventures, subsidiaries and overseas commercial presences continue to achieve good results. Affiliates such as BIDV Securities and BIDV Insurance maintain their leading positions in their respective markets. Overseas units such as LaoVietBank, Lao-Viet Insurance, Vietnam-Russia Bank, and Bank for Investment and Development of

Cambodia Plc (BIDC) continue to uphold the position and brand of BIDV within international markets, despite facing challenges. Joint ventures BIDV Tower, Aircraft Leasing, and BIDV MetLife Life Insurance also showed good performance, contributing to the bank's overall performance.

BIDV effectively implemented the policies of the government and the State Bank of Vietnam, including adhering to the national monetary policy and actively implementing measures to support and ease difficulties for enterprises and the market. Added to this, the bank continued to integrate deeper into regional and international markets, applying the best business operational standards and practices. Further, the bank promoted administrative reform; improving its independent research capacity and showing good corporate social responsibility.

However, there remain operational shortcomings. The aim of increasing charter capital was unrealised due to the objective conditions of the market. Credit quality, although controlled, faced risks and pressures. The structure of assets proved unsustainable. Furthermore, product and package development saw no breakthroughs, lacking signature products.

GOALS FOR 2017

According to forecasts, Vietnam's economy in 2017 will remain stable, maintaining the development

momentum with growth targeted at 6.7 percent, and inflation below 5 percent. Following the banking sector's policy, BIDV defines 2017 as the first year of the implementation of its second phase of restructuring under the motto "Discipline – Accountability – Efficiency".

The bank has set the following targets for 2017: deposit growth of 16 percent; maximum credit growth of 15 percent; net service income of VND4,600 billion (USD204 million); profit before tax at VND7,500 billion (USD333 million),

positively contributing to the state budget, ensuring workers' income and best value to shareholders with dividend payout rate no lower than 12-month deposit rates denominated in Vietnamese dong.

One of the key tasks the bank will focus on is accelerating the implementation of the plan on strengthening financial capacity for the period 2017-2021. In particular, BIDV will prioritise implementing measures to increase charter capital from

strategic investors, financial investors, private placement and the employee stock ownership plan (ESOP). The bank will also continue to control quality of assets, asset structure, cost saving, and increasing operational efficiency.

While securing credit growth in an efficient manner, BIDV will prioritise credit for retail, SME and foreign-invested customers, continue to structure its credit portfolio, strictly control credit quality and boost debt collection. ♦



Mr. Tran Anh Tuan, in charge of BIDV's board of directors speaks at the bank's business conference 2017



DINH HOC

FDI segment triggers new opportunities

In recent years Vietnam has witnessed a strong influx of foreign direct investment (FDI), which is playing an increasingly important role in Vietnam's economy.

FDI is the most dynamic economic sector, sustaining high and stable growth compared to the average rate of the economy due to the advantages of capital, technology, capacity and management experience.

According to the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment, although the number of FDI enterprises was approximately 22,300 by the end of November this year, less than 4 percent of Vietnam's total enterprises, they contributed 71.5 percent and 70.2 percent to the export turnover and import turnover respectively of the whole economy. The FDI sector also saw trade surplus in the



BIDV collaborated with Japanese partner banks to hold a seminar on developing Japanese corporate clients in Ho Chi Minh City, Sep 2016

region of USD21.2 billion in the first eleven months of 2016, creating a huge source of foreign exchange for Vietnam.

Data from the FIA shows that FDI capital invested in Vietnam has been following a strong upward trend since 2007 and is expected to continue to increase in the coming time when



BIDV's Japanese corporate client base has increased significantly

Vietnam participates in new free trade agreements. As of 20 November, FDI disbursement in 2016 amounted to USD14.3 billion, up 8.3 percent from the same period in 2015; total accrued registered FDI capital by the end of the third quarter of 2016 reached USD330 billion, and accrued realised disbursement reached USD150 billion.

Recognising the increasingly important role of FDI, BIDV established its FDI Banking Department on the first day of February this year. This was upgraded from its Japan Desk, though target FDI customers have been expanded to a number of countries, and not just limited to Japanese.

To date, BIDV's Japanese corporate client base has increased four times, to number over 420. Mobilised capital has increased three times and time deposits were maintained at a very high rate of 42 percent on average. BIDV has signed cooperation agreements with 26 Japanese partner

banks whose network is widespread in Japan, and 12 out of the 26 banks sent their secondees for long-term work at BIDV's FDI Banking Department. This has laid solid foundations for BIDV to develop FDI corporate client models with the formation of its Korea Desk, Chinese Language Desk, and International Client Desk (including European, US, and other ASEAN customers).

Though less than one year since its establishment, the FDI Banking Department has already achieved good business results: the number of new businesses opening accounts reached more than 400, mobilised capital has increased 38 percent, average outstanding loans were up 10 percent, and net income increased 15 percent compared to 2015.

The FDI customer segment poses new challenges yet offers new business opportunities and new forms of products for BIDV towards

approaching the needs of global customers such as mergers and acquisitions and business matching.

Communication and training have also been areas of focus. The FDI department worked with partner banks to successfully organise forums on Japanese corporate customers in Hanoi in March and in Ho Chi Minh in September this year as well as a seminar on promoting tourism between Vietnam and Gifu Prefecture in Japan. The department also invited experts in customer care skills and development from Sumi Trust Bank to speak in Hanoi and Ho Chi Minh City.

Building on the initial successes, the FDI Banking Department has set indicators for 2017: for deposits and credit to grow 25 percent, net service revenue to increase 20 percent, net income to increase 15 percent, and the number of new customers to reach 300-500. ♦



PHUONG LINH

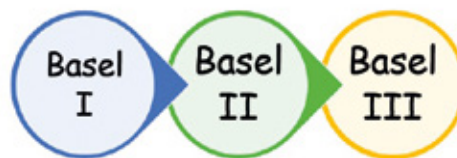
On the road to the Basel accords

The Basel accords have proved indispensable since their inception in the 1990s, with banks around the world implementing Basel and recognising it as one of the best practices for banking governance and risk management.

PILOT GROUP

Two years ago, the State Bank of Vietnam (SBV) signaled a strong determination regarding applying the Basel Accords to Vietnam's banking sector. BIDV was among ten Vietnamese commercial banks chosen to apply Basel II in 2014. In the same year, BIDV set up the Basel Steering Committee, with BIDV's board chairman as head. The Basel Project Management Office (PMO) was also established, led by BIDV's chief executive officer.

2015 was a successful year for Basel implementation at BIDV as the bank successfully deployed the Basel II standards gap analysis and implementation master plan



development project. The bank's board issued key documents including the roadmap and governance regulations on implementing the Basel project. Implementing Basel and best practices in risk management is the solution for BIDV to grow sustainably and integrate in the coming time.

The financial and banking sector face risks, which are becoming more and more complicated for regulators to identify, measure and control. A series of lawsuits, administrative sanctions and the criminal prosecution of banking officers made headline news this year, awakening banks in Vietnam to the importance of risk management.

By successfully implementing the Basel Accords, BIDV can demonstrate that it has strictly adhered to the SBV requirements. Furthermore, the implementation will enhance the bank's ability to manage risk, support

capital management, and avoid unexpected serious losses.

Moreover, meeting the Basel standards will affirm BIDV's position and reputation in the international markets, laying the foundations for the bank to earn higher credit ratings and expand its international network.

OBSTACLES AHEAD

Under the direction of the SBV, BIDV's management accelerated the deployment of the Basel Accords as the core work of the bank in 2016 in order to improve its risk management capacity.

However, the Basel implementation process has posed certain difficulties for the bank, including obtaining strong consensus from the whole system, building the risk data warehouse, setting aside financial resources annually for Basel implementation, the process and timeline for Basel project appraisal, and the challenges in capital adequacy ratio (CAR) that BIDV will face after the Basel implementation.



BIDV was among ten Vietnamese commercial banks chosen to apply Basel II

If the Basel implementation is derived from the requirement of enhancing banking management capacity, the gap closing results need to be confirmed by BIDV's authority and verified by the State Bank of Vietnam. Therefore, BIDV's gap closing management mechanism and necessary files should be in place at the very first stage for confirmation and reporting to the SBV to verify the bank's Basel implementation results.

BIDV, especially the PMO, has never questioned whether they should continue applying Basel even when facing numerous difficulties. It is said that delicious fruits such as "Basel" are always located in the most difficult to reach places. How to make the seeds germinate is not easy, how to help it grow, develop buds, and produce beautiful flowers and delicious fruits is even harder. However, it is also believed that with the right methodology and timeline, achieving the "sweet" results is in our hands. To reach the ultimate goal, great effort and unanimous support of the whole BIDV system is essential. ♦



VIET QUANG

Pillar of support for SMEs

In recent years, small and medium enterprises accounted for over 98 percent of the total number of businesses in Vietnam. With SMEs being identified as priority partners for BIDV, the bank has created favourable conditions for enterprises to access banking services and capital at preferential rates.

PROACTIVE SUPPORT

BIDV continues to proactively implement supporting programmes for enterprises in order to support the economy and business sector following directions from the government. Last October, BIDV reduced lending rates to 6 percent per year for small and medium-sized enterprises (SMEs), a cut of 1 percent against the rates at that time.

Prior to this, BIDV had launched two credit packages with attractive offers for micro-businesses and start-ups. These included a VND3-trillion (USD134 million) credit for micro-businesses with minimum lending rates from 6.8 percent per year and a VND500 billion (USD22 million)



Mr. Le Ngoc Lam, BIDV's Senior Executive Vice President remarked upon SMEs importance for Vietnam's economy.

credit package for start-ups with introductory lending rates from 6.5 percent per year.

Along with providing modern banking products and services, BIDV simplified administrative procedures to shorten turnaround time and provide ease of service for businesses. New technology was implemented to help customers reduce costs and manage their cash

flow effectively.

BIDV deployed a consultancy service for SMEs, providing tools for them to establish financial statements that meet accounting standards; developing effective business and investment plans; and building information systems to support SMEs, including a basic legal system relating to business activities; regulations related



to investment projects; and market information.

A TRUSTED PARTNER

BIDV was authorized by the Small and Medium Enterprise Development Fund (SMEDF) to provide loans to SMEs. The SMEDF is a public financial institution under the Ministry of Finance. With capital scale of VND560 billion (USD25 million) and medium - long term lending rates of 7 percent over 7 years, the programme supports SMEs in investing in long-term projects and expanding their production and business.

Through widespread banking agency relationships, BIDV is trusted to finance SME projects using funds from the Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC). Total

disbursed funds reached VND2,000 billion (USD89.5 million). With long-term preferential interest rates and flexible conditions, the fund helps supplement capital to BIDV to enhance capacity and improve customer base through increasing the number of SMEs.

BIDV also participated in the Green Investment Facility (GIF) programme under the Low Carbon Transition in Energy Efficiency Project (LCEE Project). The Green Investment Facility provides an innovative financial package including a bank guarantee and bonus payment based on efficient performance with funding guaranteed by Vietnamese banks. Participating businesses will receive financial assistance amounting to 50 percent of the loan through bank guarantee to invest in projects focusing on energy saving.

Through this cooperative effort BIDV has earned its position as the leading bank in terms of SME market share. The bank established connections with nearly 200,000 enterprises and total outstanding loans to SMEs reached VND150 trillion (USD6.7 billion), equivalent to 15 percent of the total loans to SMEs in the banking system and 22 percent of BIDV's credit. ♦

In recent years, SMEs has played an important role in the economy, serving as a driving force by providing jobs and income for labourers and contributing to social security. They generated over 1 million jobs per year and employed 51 percent of the workforce. SMEs also attracted 38 percent of social investment capital and contributed 31 percent of export turnover and 40 percent of GDP.

NGUYEN QUANG

Flourishing partnerships with neighbouring countries

Vietnam's trade partnership with nearby countries has strengthened over the years, aided by the contribution of Vietnamese enterprises, including BIDV.

FACILITATING CAMBODIA'S MONETARY MARKET

By the end of November 2016, Vietnamese enterprises had invested 185 projects in Cambodia, with registered capital amounting to USD2.86 billion. The number of projects had increased by 100 and registered capital increased eightfold compared to 2009. Vietnam currently ranks fifth in terms of investment value to Cambodia. The majority of Vietnamese projects in Cambodia focus on agriculture (equivalent to 70 percent of total registered capital), with finance, banking and insurance next at 9.4 percent and telecommunications at 7.5 percent.

Cambodia's rubber industry has seen significant development thanks to the important contribution of Vietnamese enterprises. Currently Vietnamese enterprises' rubber investment projects in Cambodia comprise 160,000 hectares, of which approximately 1,300 hectares of rubber has already begun to be exploited.

Vietnam's investment in Cambodia's finance and

banking sector has helped accelerate the development of the country's monetary market. Officially starting operations in December 2009, the Bank for Investment and Development of Cambodia Plc (BIDC) has earned its place as the largest bank in Cambodia, being known as "The most promising growth bank in Cambodia".

CONNECTING PAYMENT IN LAOS

Vietnam's Ministry of Planning and Investment has licensed 266 Vietnamese projects to invest in Laos. Vietnam ranks third amongst the most active investors in Laos, with the country being the most appealing investment hub for Vietnamese investors. To date, the total

accumulated disbursed capital reached approximately USD2.2 billion.

Vietnamese enterprises' operations in Laos helped raise the country's state budget revenue to USD240-260 in 2015. This figure is expected to hit USD350-400 USD in 2017. Vietnamese enterprises have generated jobs for more than 35,000 Laotian workers in 2015, with an additional 7,000-10,000 jobs expected to be created by 2017.

The total social security fund from Vietnamese enterprises in Laos reached approximately USD70 million.

BIDV is the pioneer bank, with 16-years experience operating in Laos and continuously developing dynamic banking and finance activities. BIDV's joint venture LaoVietBank (LVB) owns the largest total chartered capital and is amongst the top three banks in Laos by total assets. LaoVietBank now has presences in eight out of the country's 18 provinces, including six branches and two transaction offices. LaoVietBank has brought sufficient credit and provided a payment system for Vietnamese enterprises' investment, trade and tourism activities in Laos.

Lao-Viet Insurance Company (LVI) ranked top in terms of network and second in terms of insurance premium market share in Laos. LVI is also a popular brand in Laos, providing diversified insurance services for Vietnamese enterprises investing in Laos.



BIDC is named the most promising growth bank in Cambodia



BIDV Yangon branch in Myanmar



LaoVietBank

BRIDGING VIETNAM AND MYANMAR

According to the Myanmar Investment Commission (MIC), by the end of October 2016, investment from licensed Vietnamese investment projects in Myanmar, totalling 11 projects, reached USD693,262,000. This figure accounted for 1.09 percent of the total FDI in Myanmar. The two countries' import and export turnover hit USD492,453,782, up 25 percent compared with the same period last year.

Key export products of Vietnam to Myanmar include iron and steel, base metals and products, machinery parts and other appliances, vehicles and spare parts, plastic products and consumer goods. Goods imported from Myanmar to Vietnam are mainly agricultural products.

By the end of September 2016, Vietnamese enterprises had sponsored USD1.5 million in social security activities (mainly in the field of technical assistance, agriculture and healthcare). The sponsorship has helped improve living conditions for local communities, with the aim of gradually eliminating poverty by improving knowledge and expertise in relevant fields.

With the opening of BIDV Yangon in Myanmar, BIDV became the first Vietnamese bank to commence banking operations in the country. After a year of operation, the Yangon Branch has facilitated the trade and investment of both foreign and Vietnamese enterprises in Myanmar, actively promoting the economic relationship between two countries. ♦



THU TRANG

Core banking story in Myanmar

BIDV Review met Mr. Dang Manh Pho, senior executive vice president of BIDV and member of core banking project management unit (PMU) for BIDV Yangon Branch to better understand the implementation progress of this important project.

How did you select a core banking system for Yangon Branch?

As set out in the application dossiers, BIDV first planned to apply Oracle FLEXCUBE Core Banking in its Yangon branch, a system that was being used in LaoVietBank. In March 2016, BIDV received its license for banking operations in Myanmar. The bank worked closely with Oracle who clarified that although the copyright of FLEXCUBE Core Banking System for LaoVietBank was an asset of BIDV, it was only valid in Vietnam and therefore could not be used overseas. BIDV was forced to look for other solutions, while time was of the essence.

In 2015, Mekong Housing Bank (MHB) merged into BIDV. Through this merger, the Intellect core banking system used by MHB became BIDV's asset. When BIDV informed Intellect's service provider, they expressed enthusiasm and a desire to bring Intellect from Vietnam to Myanmar. It is noted that the purchase of the copyright of a new core banking system could run into USD millions. By using the existing system Intellect BIDV could save both time and costs. Moreover, Intellect is a modern solution verified and implemented in some



Mr. Dang Manh Pho, BIDV Senior EVP

banks in Vietnam as well as other Asian countries. Therefore, the Core Banking Intellect for BIDV Yangon would make a suitable choice.

BIDV reported to the Central Bank of Myanmar (CBM) its plans to replace Flexcube with Intellect in the application document and received the approval of CBM on the condition that the new solutions could meet all Myanmar's requirements for the operation of the Yangon branch.

During the early stage of implementing Intellect Core Banking, what advantages and challenges did BIDV face?

The main advantage has been the determination of the board of directors to open the branch in Myanmar, followed by a rapid plan to select an appropriate core banking solution, in this case Intellect. Myanmar and Vietnam have built a strong working relationship

based on friendship and cooperation, which extends to BIDV. Myanmar was open to the implementation of the Intellect Core Banking system. In addition, the enthusiasm, responsibility, efficient work and collaboration between staff and departments including the Intellect provider in the whole preparation and implementation process have been keys to its success.

Can you tell us about milestones in the project implementation process?

Shortly after being preliminarily approved for banking operations, the Myanmar Foreign Bank Licensing Committee announced that they would inspect all the conditions to prepare the establishment of the branch, which included a special focus on infrastructure and IT systems.

At that time, the infrastructure of the branch did not meet the conditions set. BIDV immediately established PMU for Yangon Branch's core banking project, established the requisite infrastructure for the branch, and continued handling other application procedures necessary for the authorities of both Vietnam and Myanmar.

In record time, the core banking system was installed with a standardised version meeting inspection requirements. On the inspection day, the committee followed by a German consultancy company visited the branch. The PMU reported on the infrastructure, particularly the Intellect Core Banking system, presenting its findings to the inspection team. Following this, the Myanmar inspection committee confirmed that

BIDV's preparation fully met their requirements, marking a milestone in the implementation process.

On 1 July 2016 BIDV Yangon Branch was officially launched. Since time was short, the PMU decided to implement the project in two phases.

In the first phase, the core banking system was deployed to operate with basic operations including deposits, payments, money transfers, payment guarantees and trade financing. The second phase of the project was implemented soon after this. The PMU and Intellect service provider worked mainly in Vietnam and at the end of November 2016, the team arrived in Yangon, Myanmar to update the system and deploy all the functions

of Intellect Core Banking. Yangon Branch's core banking officially came into operation with full service from 5 December 2016.

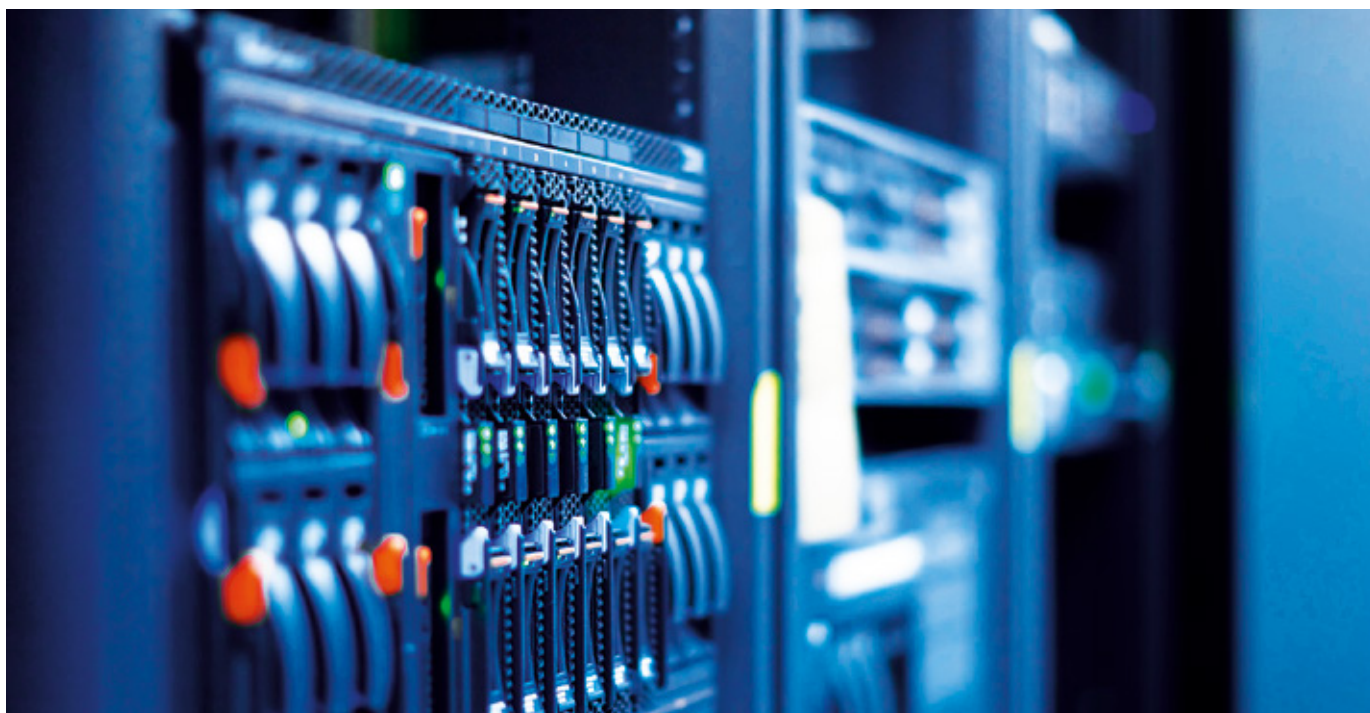
What has been most significant in executing core banking for Yangon Branch?

The project was successfully implemented in a very short time, overcoming some tough challenges including the inspection day on 22 May, the official operation day on 1 July, and finishing the second phase in the final month of 2016. These milestones are the most memorable for the project members.

The successful deployment of a core banking system in a relatively

short time has helped the Yangon Branch to start operating quickly, meeting the needs of customers for modern banking products and services. By operating effectively based on a modern IT platform, BIDV Yangon Branch has attracted many customers, including businesses, large corporations such as Vietnam Airlines, Viettel, FPT and Hoang Anh Gia Lai.

In addition, many foreign enterprises investing in Myanmar and customers of Bank for Investment and Development of Cambodia (BIDC) and LaoVietBank with trading activities in Myanmar have also become partners of Yangon Branch and the number of customers is increasing rapidly. The success of the BIDV Yangon branch has been rewarding for all participants in the project. ♦



LAM HONG HUYEN

LaoVietBank strikes Laos bond market

Over the past five years the Lao economy has maintained high and stable economic growth, at an average of 7.92 percent per year. However, the budget deficit, public debts, and increasing foreign debts have posed significant challenges for the country.

The government of Laos announced the budget deficit in the period 2011-2015 to be LAK19,168 billion, equivalent to 4.7 percent of the country's GDP (with the government's target set between 3-5 percent of GDP). Long term deficit is forecast at around 5 percent of GDP. In the coming years, Laos may face rising public debts if revenues fail to meet the target and expenses are not reduced.

To increase medium and long term funds to finance socio-economic projects, the Lao government should develop the domestic bond market, increase capital mobilisation from domestic objects, and reduce foreign debt to ease the pressure of repayment in foreign currencies amid the fluctuating and unpredictable changes in the exchange rates of the major currencies in the world, as well as thin foreign exchange reserves (about USD780 million in 2016). In addition, the bond market will help diversify products in the financial markets, reducing the pressure on the banking system, and facilitating cash flow.

The current status of the Laos bond market is unfledged, small-scale and



LaoVietBank CEO speaks at a workshop on interbank market development

in the early stages of development with low market liquidity. It is only available in the primary market and not yet in the secondary market. The total government bonds in circulation at present are worth about USD1.5 billion, accounting for 11.2 percent of total assets of the Laos's banking system and making up 11.5 percent of GDP, much lower than that of other countries in the region and the world.

In Laos, most of the money invested in government bonds is sourced from state-run commercial banks or Thai banks. Creating a government bond market is urgently required in order to unfreeze the capital mobilisation channel for the government, as well as increasing investment channels for the banking system and enterprises. However, how to shape this market to create the most favourable capital flows while protecting investors has posed challenges for the government, central

bank and the banking system in Laos.

Given the urgent need for the formation of the bond market, particularly government bonds, LaoVietBank actively conducted market surveys and analysis of the economic and financial situations domestically and abroad, seeking experience of countries in the region, with the expectation to pioneer in kicking off the Laos bond market.

At a workshop on interbank market development held on 16 December 2016, LaoVietBank analysed the facts and experience in developing the bond market in Vietnam, proposing a number of solutions which were well-received. LaoVietBank committed to adhering to the development directions of the Bank of Laos and to consulting with the Lao Ministry of Finance in order to engage in the country's bond market development. ♦

NGUYEN TRAN

BIDV appointed serving bank for WB-funded project

On 8 December 2016, the governor of State Bank of Vietnam (SBV) issued Decision No. 2392/QĐ-NHNN appointing BIDV to provide banking services for the World Bank-funded Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project.

The SBV governor assigned BIDV as the serving bank for the World Bank-funded project according to the Financing Agreement No. 5845-VN signed on 11 July 2016 by authorised representatives of Vietnam and the WB.

Under the decision, the SBV governor requires that the Chief Executive Officer of BIDV be responsible for complying with provisions stipulated in the Government Decree No.16/2016/ND-CP dated 16 March 2016 on the management and utilisation of donors' ODA and concessional loans, the guidelines of SBV, the Ministry of Finance and the WB.

The development objectives of the Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project for Vietnam are to enhance



Cai Rang Floating market - Mekong Delta River

tools for climate-smart planning and improve climate resilience of land and water management practices in selected provinces of the Mekong Delta in Vietnam.

The project is comprised of five components. Firstly, enhancing monitoring, analytics, and information systems; secondly, managing floods

in the upper delta; thirdly, adapting to salinity transitions in the delta estuary; fourthly, protecting coastal areas in the Delta Peninsula; and fifthly, project management and implementation support. The project will cost up to USD385 million and will be implemented within six years of the effective date of the financing agreement. ♦

MANH HAI

A year of challenge for non-life insurance

The year of 2016 was challenging for BIDV Insurance Corporation (BIC) yet it marked remarkable efforts of the company in sustaining its growth.

According to data from the Insurance Supervisory Authority under the Ministry of Finance, non-life insurance premium is estimated at VND36,372 billion (USD1.6 billion), up 14.68 percent compared to 2015, and life insurance premium estimated at VND49,119 billion (USD2.2 billion), up 28.35 percent against 2015.

BIC projected its 2016 total premium income at VND1,650 billion (USD73.5 million), up 12 percent year-on-year, of which direct premiums are estimated at VND1,470 billion (USD65 million), up 15 percent compared to 2015. BIC's separate profit before tax (PBT) in 2016 was estimated at VND135 billion (USD6 million), an increase of 16 percent year-on-year while consolidated PBT is estimated at VND168 billion (USD7.5 million), up 7 percent compared to 2015.

With strengthened capital base thanks to the cooperation and support from its strategic shareholder FairFax Asia Limited, and stable growth of net income over the past five years, A.M. Best – one of the world's leading credit rating firms – raised the 2016 prospect of BIC to Positive and affirmed the financial capacity rating of the company at B+ (Good) and issuer rating at bbb-.

In 2016, BIC was amongst the top five most prestigious non-life insurers as voted by Vietnam Report Company and e-news site Vietnamnet. Accordingly,



BIC receives the Third Class Labor Medal

BIC ranked fifth in financial capacity, third in media coverage and third in customer satisfaction. BIC has also been listed in the Top 50 most performing companies in Vietnam for three consecutive years, and top 1000 largest corporate taxpayers in Vietnam for seven years running. BIC is among 100 brands in the country rated 'excellent'.

In overseas markets, the business performance of the company's joint ventures Lao-Viet Insurance (LVI) and Cambodia-Vietnam Insurance (CVI) faced difficulties. In Laos, the insurance market saw increasingly fierce competition in terms of fees and commissions to acquire customers. However, LVI is determined to complete its 2016 business plan targets. In Cambodia, CVI still maintains higher revenue growth rate than the market growth rate (17 percent versus 15 percent), and continues to maintain its leading position for aviation insurance business in the country.

The non-life insurance market in 2017 is expected to see no breakthroughs, and obstacles still remain that require the support of the regulators to help insurers to resolve them. The market growth rate is forecast to be at the same level as that of recent years.

Against that backdrop, BIC is set to implement holistic business solutions to increase market share of direct premiums, progressively closing the gap with the top five insurers. BIC said they will also focus on developing retail business through promoting retail distribution channels, especially bancassurance, and applying a cutting-edge technology platform to create new products and distribution channels while strengthening risk management and governance.

BIC currently has 26 subsidiaries and the company's network has continued to expand, now reaching over 140 trading desks across the country. ♦

DIEM MY

BSC: from strength to strength

BIDV Securities Company (BSC) offers outstanding and sustainable value for partners and customers

As one of the two first securities companies introduced at the establishment of the stock market in Vietnam 16 years ago, BSC has long been cementing its position as a pioneering financial institution, providing products and services that meet the needs of demanding customers at home and abroad.

BSC quickly made a name for itself by arranging and providing consultancy for the initial public offering (IPO) of industry leaders such as Vinamilk and FPT. Due to its growing reputation for public listings, BSC has since been selected as consultant for major IPOs including Vietnam Textile Corporation, Vietnam Airlines and the Airports Corporation of Vietnam.

In 2016, BSC provided some high profile M&A consultancy. The company worked with Amidas to successfully provide consultancy to Eurowindow leading to the strategic partnership of the latter with Bunka Shutter of Japan. This significant M&A deal was



completed with the participation of international consultants including

Deloitte (Japan and Vietnam) and Baker McKenzie (Japan, Singapore and Vietnam). Following this success, BSC is now developing its M&A consultancy and deals with foreign partners and investors.

BSC arranges capital through the issuance of bonds for leading enterprises. Bonds have become a stable pillar in the strategic development of the company. As of Q3-2016, BSC maintains the number one position among securities firms bidding for government bonds and bond brokerage market share at Hanoi Stock Exchange (HNX). The BSC is always among the top ten securities companies with the largest market share in stock brokerage on the Ho Chi Minh City Stock Exchange and HNX.

BSC has also completed its capital increase to VND902.1 billion (USD40 million) in preparation for the derivative securities market which will be open in 2017. ♦

BSC has long been recognised by local and international organisations. The State Securities Commission presented a certificate of merit to BSC for its contribution to the development of Vietnam's stock market. The company was named Best Investment Management Company by World Finance in the fields of risk management and operation in accordance with international standards.



BIDV receives the Best Retail Bank award for 3 consecutive years

BIDV named Best Retail Bank three years running

BIDV has been named Best Retail Bank in Vietnam during the “Future of Finance” Summit held by The Asian Banker magazine on 12 January 2017 in Hanoi - the third consecutive year the bank has earned the prestigious title.

The bank also won the award for Best Mortgage Product in Vietnam from the magazine for the second year in a row.

The awards programme, administered

by The Asian Banker and refereed by prominent global bankers, consultants and academics, is the most prestigious of its kind. These are the most sought-after awards in the field of retail banking and finance every year presented by The Asian Banker magazine on the basis of monitoring, evaluating and recognising the best retail banks in the region and countries in the Asia-Pacific, Middle East and Africa.

The Best Retail Bank awards are given to the banks that show the greatest efforts and achievements in providing products and services for individual customers, and hold a strong position

in the financial and banking markets with impressive retail business performance throughout the year.

The Best Mortgage Product award is given on the basis of an assessment of the bank’s performance according to criteria such as market share, size of outstanding loans, number of customers, net income, credit quality and loan documents and procedures.

BIDV has been pioneering in researching and launching new retail products and services to serve nearly 9 million customers, supported by a network of over 1,000 transaction

HIEN NGUYEN

BIDV honoured as outstanding retail bank

points, 32,000 ATMs/POS and 1,000 agencies across the world.

The excellent business results and outstanding achievements in 2016 also contributed significantly to BIDV winning awards in the field of retail banking. Since 2013, the bank has achieved outstanding business results and maintained its number one position among commercial banks in Vietnam in terms of personal deposits and retail credits, with annual growth rates in the 2013-2016 period of 30 percent per year and 50 percent per year, respectively.

BIDV boosted the deployment of modern distribution channels towards safety, efficiency, and more interaction with customers via internet banking, mobile banking, customer contact centre and its social media centre. In doing so, the bank committed to giving its customers experience in friendly retail and modern services and products. BIDV's retail banking activities have seen outstanding developments in terms of scale, effectiveness and quality.

With advantages and experiences in providing capital for investment and construction, and a close cooperation relationship with investors and property developers, BIDV designed development strategies for differentiated housing loans to attract customers and target all segments of the housing market. The bank has launched a series of competitive housing credit packages with policies tailored to developers and to meet the needs of customer segments. The launch of online loan applications further served to

At the Vietnam Retail Banking Forum 2016 co-organised by the Vietnam Banks Association (VNBA) and International Data Group (IDG) on 1 December in Ho Chi Minh City, BIDV received the honoured title of Vietnam's Outstanding Retail Bank for 2016.

The award is the most important

among eight awards of the Vietnam Outstanding Banking Awards programme 2016. The awards were based on strict criteria and evaluated through three rounds in a transparent, objective, and independent manner by industry experts from governmental agencies, ministries, and associations in the fields of finance, banking and technology.

The award is the recognition of BIDV's consistent efforts in retail banking over the past ten years. With deep insight in the development trend of retail banking, BIDV shifted its business to this area in 2006, with many innovative and creative reforms being made. The bank has achieved outstanding achievements in terms of scale, efficiency and quality. ♦



Mr. Nguyen Mai Khanh, Head of BIDV Retail Banking, receives the best retail banking award

streamline procedures and increase convenience for customers.

Over the past three years, BIDV has been honoured with numerous prestigious awards from national and international organisations: Outstanding Retail Bank 2016; Outstanding e-bank for two

consecutive years (2014 and 2015) as voted by the Vietnam Banks Association and IDG; My E-Bank award as voted by VnExpress e-newspaper; as well as these most recent awards from The Asian Banker. These prestigious awards further confirm the prestige and position of BIDV in the personal financial services market. ♦



Mr. Quach Hung Hiep, BIDV's senior EVP (centre) represented BIDV to receive the Vietnam Value award

BIDV earns Vietnam Value for five straight years

BIDV recently became one of five companies operating in the field of banking, finance and insurance to receive the Vietnam Value award for the fifth consecutive year.

The award acknowledges BIDV's consistent efforts in its business operations, reaffirming the bank's prestige, branding and position in the financial and banking market. Receiving the award gives the bank motivation to continue its efforts in improving the quality of its products and services, strengthening competitiveness and striving to build a high profile Vietnamese bank brand in the region and the world.

The National Branding Programme, also known as "Vietnam Value", is an initiative from the Government of Vietnam aiming to promote the country's image through well-branded Vietnamese products and services. The programme aims to support Vietnamese

export products under the Vietnam brand to increase their competitiveness in global markets. The national brand mark 'Vietnam Value' is granted to selected products and services that meet national branding requirements. Companies having their products and services approved to participate in the programme must pursue the three core values that the country is targeting in facilitating international integration. In 2016, 88 enterprises coming from all sectors won the Vietnam value awards.

Over the past 13 years, the programme has helped raise awareness of the significance of strengthening capacity, and promoting and protecting Vietnamese product brand names locally and abroad. ♦

NHUNG NGUYEN

Best bond house in Vietnam 2016

On 11 January 2017 at the annual 17th The Asset Triple A Country Awards held in Hong Kong, BIDV received two awards from the Asset including Best bond house in Vietnam and Best Local Currency Bond in Vietnam for 2016.

The Asset's annual Triple A recognition represents the industry's most prestigious awards for banking, finance, treasury and the capital markets. With close to 20 years of experience conducting awards programs, The Asset Triple A's has gone from strength to strength distinguishing best in class organizations.

The awards programs are built upon a stringent methodology that is combined with a rigorous approach in selecting the best institutions operating within Asia. The awards are based on criteria such as number of deals, types of deals, industry spread, size/significance of deals, number of sole books, innovation/impact on the capital market, quality of execution, secondary market performance

Since 2007, BIDV has provided advisory to and arranged the issues of corporate bonds with a total value of up to nearly VND50,000 billion for clients being leading corporations, state-run



BIDV was honored with Best bond house in Vietnam and Best Local Currency Bond in Vietnam for 2016



enterprises and private companies in Vietnam. BIDV holds an corporate finance expert team who have diverse expertise and experience in advisory and structured financial products

tailored to the needs of customers.

This is the 4th consecutive year BIDV has earned the prestigious awards from international financial magazines as the "Best bond house in Vietnam", cementing its position as one of the most active bond advisors in the Vietnam market. ♦

The Asset is a financial publishing group in Asia with the widest reach among Asian issuers and global institutional investors active in the region.



MINH AN

BIDV commended for card services

On 16 December BIDV was received two awards from International Finance Magazine (IFM) in Singapore. The accolades 'Best Credit Card, Vietnam 2016' and 'Best Card Payment Service POS/ATM, Vietnam 2016' were awarded to the bank in recognition of its achievements in card services and card payments throughout the year.

The Annual International Finance Magazine Awards is one of the industry's most prestigious functions taking place across Europe, Asia and Middle East. The award recognizes organizations that excelled Award in the field of banking and finance.

The category "Best Credit Card, Vietnam 2016" was judged based on a set of objective criteria that included the outstanding features of the product; safety and security; privilege offers and promotions for credit cardholders; exclusive cooperation programmes; business results; and quality of customer services. In 2016 alone, BIDV received 11 domestic and international



A BIDV representative receives the credit card award from the International Finance magazine

awards commending its outstanding card products and services.

The awards confirm BIDV's exceptional card services, particularly its credit card service and card payment service at ATMs and POSs. In winning the awards the bank expressed gratitude toward its 8.8 million retail customers, who continue to support and trust in BIDV card services. The bank

has committed to continue to introduce innovative new products and services in order to provide the best service possible to its loyal customers.

Over the past 60 years, BIDV has been pioneering in developing and introducing first-rate financial products, packages and services. BIDV offers a diverse product portfolio with over 100 retail products and launches 20 new products and services annually. Currently, the bank offers eight types of credit cards connected to a network of more than 1,800 ATMs and 32,000 POSs across the country, providing maximum convenience for its customers. ♦

International Finance Magazine (IFM) is a leading subscription-based print and online publication, delivered quarterly to senior executives in more than 100 countries around the globe. With a network of journalists reporting to headquarters in London, IFM provides in-depth and insightful coverage of key market developments and analysis of the drivers behind change that help readers understand the complicated economic processes taking place in the international financial community.

CAO ANH - PHAM NGÀ

Best FX provider in Vietnam



In November 2016 Global Finance magazine published its seventeenth annual list of the World's Best FX Providers. Spanning 93 countries and seven global regions, the prestigious list named BIDV as the Best FX Provider in Vietnam.

Criteria for choosing the FX Providers winners included transaction volume, market share, scope of global coverage, customer service, competitive pricing and innovative technologies. Global Finance also considered input from industry analysts, corporate executives and technology specialists.

The award provides recognition of BIDV's consistent efforts in the foreign exchange market in Vietnam. BIDV is always innovative in offering the best options in FX services and products to customers.

For years, BIDV has been among the top three banks with the largest foreign currency sales volume in Vietnam, seeing a steady growth of 45 percent from USD11 billion (2012) to USD16 billion (2016), which is an annual average growth of 9 percent. The bank's diverse customer base included large corporates, SMEs, FDI and individual customers. The corporate customer base involved in currency trading as of end-2016 numbered close to 10,000, an increase of more than 20 percent over the same period last year.

Given the increasing needs of customers, BIDV actively developed and deployed a variety of products, ranging from basic products such as spot, forward, and swap to those tailored to each group of customer. BIDV is the pioneering bank in providing advisory services and market movement updates to assist customers in making suitable decisions for their production and business operations, thus mitigating exchange rate risks.

Amongst banks, BIDV is currently trading the greatest range of currencies in the market, at more than 140. In 2016, the bank implemented currency transactions in Korean won, making BIDV the only bank in the local market to trade the currency both in cash and by transfer.

Both the quality and diversity of BIDV's FX products have been appreciated by customers, reflected in the customer satisfaction survey for BIDV products in 2016. Customers gave the highest rating to the bank's products in terms of service quality and procedures for FX products at BIDV.

Global Finance's award "Best FX Provider in Vietnam" extends BIDV's awards and accolades in recent years. To date, BIDV has outperformed, winning awards such as "Best Domestic Provider of FX Services in Vietnam as voted by financial institutions" for four consecutive years, and "Best for FX Research & Market Coverage in Vietnam as voted by Corporates" by Asiamoney magazine. These awards help position the bank's rising brand in domestic and international markets. ♦



THU TRANG

Vietnam in global and regional outlook



Global growth in 2016 looks set to be softer than anticipated. East Asia and Pacific region is projected to ease, but Vietnam remains a resilient economy with GDP is projected to accelerate slightly to 6.3 in 2017, predicated on a recovery in agriculture and improving global prospects.

GLOBAL AND EAST ASIA AND PACIFIC OUTLOOK

Global growth in 2016 reflected in large part weaker momentum in major advanced economies and commodity-exporting emerging markets. Driven by sluggish import demand in advanced economies, global trade remains weak with trade volumes contracting in the first quarter and stagnating in the second quarter of 2016. Amidst lackluster global

growth prospects, developing East Asia Pacific continues to perform relatively well with weak external demand being largely offset by robust domestic demand, supported by accommodative monetary and fiscal policies across most countries in the region.

Growth in the East Asia and Pacific region slowed to an estimated 6.3 percent in 2016, in line with expectations, reflecting the gradual deceleration of China. Excluding China, the region grew at a 4.8 percent pace, as a modest acceleration in commodity importers was offset by weaker growth in commodity exporters.

Strong domestic spending, supported by generally benign financing conditions for most of 2016, largely counterbalanced weak export growth. Narrowing domestic and external imbalances and stronger policy buffers, coupled with solid growth,



helped improve resilience to external headwinds.

Growth in the rest of the region (excluding China) was close to its long-term average as robust domestic demand countered weaker external demand. Low and declining inflation enabled central banks in the region to ease or maintain accommodative monetary policy stances last year. Growth picked up in commodity importers, led by the Philippines and Thailand. Activity softened among commodity exporters, including Lao People's Democratic Republic, Malaysia, Myanmar, and eased considerably in Mongolia and Papua New Guinea, where adjustment needs were significant. Financial markets experienced an uptick in volatility toward the end of the year amid heightened policy uncertainty in the United States.

According to World Bank, growth in the East Asia and Pacific region is projected to ease to 6.2 percent in 2017 as slowing growth in China is moderated by a pickup in the rest of the region. Output in China is anticipated to slow to 6.5 percent in the year. Macroeconomic policies are expected to support key domestic drivers of growth despite softness of



external demand and overcapacity in some sectors. Excluding China, growth in the region is seen advancing at a more rapid 5 percent rate in 2017.

VIETNAM - ENORMOUS PROGRESS IN AGRICULTURAL SECTOR

Despite a fragile global environment, Vietnam's economy remains resilient, thanks to robust domestic demand and export-oriented manufacturing, according to the World Bank's latest Taking Stock report. Vietnam's medium-term outlook remains favorable.

The report, a biannual review of the country's economic performance, finds that Vietnam's growth slowed to 5.9 percent during the first three quarters of the year, mainly because of a severe drought that has reduced agricultural output, cut down on oil production and slowed external demand. The fundamental drivers of growth – resilient domestic demand and export oriented manufacturing – remain in force.

Vietnam's growth was accompanied by low inflation and widening current account surplus. Despite price hikes for health and education services, core inflation remains low and headline

inflation is expected to stay below the official target of 5 percent.

"Vietnam's macroeconomic stability creates a favorable environment for policy makers to accelerate structural reforms, which is crucial as the country moves toward a more productivity-led growth model," said Ousmane Dione, World Bank Country Director for Vietnam. "The adoption of the 2016-2020 economic restructuring plan by National Assembly in November, for instance, would address some of the emerging obstacles to growth in the economy."

According to the report, Vietnam's fiscal deficit remains sizable and is approaching the statutory limit of 65 percent of gross domestic product, but the government has reinforced its commitment to achieving fiscal consolidation in the medium term. The economy's recent performance owes in part to rapid credit growth and an accommodative fiscal stance, which may support growth in the short term but amplify existing medium-term financial and fiscal risks.

In addition, easing monetary conditions and reducing credit growth

can exacerbate existing macroeconomic and financial vulnerabilities. Several risks could adversely affect medium term prospects, including delayed implementation of structural and fiscal reforms, a further slowdown in the global economy, fragile global financial market conditions, and the prospect of rising interest rates in the US.

The report also discusses how the agricultural sector can bring about more economic value and better livelihoods for farmers and consumers, using less natural and human resources but without degrading the environment.

Vietnam's agricultural sector has made enormous progress, such as higher productivity and output, contributing to national goals of achieving food security, poverty reduction and social stability. But there are growing concerns about the quality and sustainability of Vietnam's agricultural growth. Higher productivity has come from more and more inputs and increasing environmental costs.

According to the report, the Vietnamese government has played a major role in agricultural development. But the government will need to lead less yet facilitate more to transform Vietnam's agriculture and agro-food system. For example, the government can undertake less direct investment in agriculture while focusing more on facilitating a more active agricultural land market, supporting rural infrastructure, reducing the transaction costs of farmers and agro-enterprises, and revitalizing the country's agricultural innovation system. ♦

Making headway in digital banking

The strong development of information technology has led to the formation of digital banking - a new modern trend for retail banking. It brings about new opportunities as well as challenges for banks taking the lead.

Digital technology has changed the banking industry in developed markets and is now sweeping through emerging markets. A McKinsey survey of personal-financial-services customers shows Southeast Asian consumers beginning to increase in sophistication and gravitating toward digital banking. In Southeast Asia, Singapore is pioneering this trend.

At the 2016 Vietnam Retail Banking Forum held in early December in Ho Chi Minh City, Mr. Nguyen Toan Thang, general secretary of the Vietnam Banks Association said that digital technology is now relevant in all aspects of life, and the Vietnamese banking sector must enhance digital banking and ensure security to keep up with modern demands.

Dr. Can Van Luc, BIDV's senior executive vice president and financial and banking expert, said the development of information



technology has led to the development of digital banking, with Vietnam being no exception. The development of digital banking is also derived from the demand of banks in expanding and changing their distribution channels,

improving competitiveness and saving costs.

According to Business Monitor International's 2015 research, Vietnam saw a high growth rate of internet



Digital banking will give customers a better experience and create differentiated distribution channels

use and accessibility, rising to rank 15th in the world. The country has the advantage of a young population, with 52 percent of the population currently utilising the internet. Currently, the number of customers of commercial

banks in Vietnam using digital services such as mobile banking and internet banking accounted for roughly 44 percent.

Mr. Luc said the application of digital

technology to the banking system would give customers a better experience, create differentiated distribution channels, products and services, as well as a competitive environment standing apart from traditional commercial banks. Customers can use mobiles to perform transactions in an easy and optimal manner.

According to financial experts, by 2018, digital-based business will contribute 44 percent to banks' revenues compared with 32 percent in 2013. Due to the changes in technology investment, digital banking would have a positive impact on the reduction of operating costs and improving profits, however certain risks exist that are of concern.

Mr. Luc outlined potential risks when developing digital banking such as the leakage of customer data and information, transaction fraud and hackers. If information technology projects are delayed or of poor quality, they will negatively impact customer transactions as well as the business performance of banks. Modernising the banking system through the application of digital banking requires compliance with regulations on technological risk management and the consistent commitment of bank managers. ♦

LAN ANH

TPP: new scenario for Vietnam

With the result of the recent US election, the Trans-Pacific Partnership (TPP) trade deal faces the possibility of being abandoned, a move that will impact many economic sectors of Vietnam while presenting new opportunities for the economy to enhance economic effectiveness.

IMPACT ON VIETNAM'S ECONOMY

The much-anticipated TPP is considered to present significant economic development opportunities for all country members, with Vietnam in particular set to benefit. The import-export sector and overseas investment are expected to see the greatest effects.

In terms of exports, total export value of Vietnam in 2015 to 11 country members reached over USD62.5 billion (of which the USA and Japan accounted for 53.5 and 22.6 percent respectively), equivalent to 38.6 percent of the export turnover of the whole country. Over the last nine months of 2016, this figure reached USD49.5 billion, equivalent to 38.5 percent of Vietnam's total export turnover.

In terms of foreign direct investment (FDI), the total accumulated registered amount from TPP partners reached USD105.8 billion, accounting for 38 percent of total FDI to Vietnam. Of this, FDI from Japan reached USD38.9 billion, from Singapore reached USD35.1 billion (12.5 percent), from Malaysia reached USD13.4 billion (4.7

percent) and from the USA reached USD11.3 billion (4 percent).

With at least 90 percent of tariffs reducing to 0 percent, Vietnam's key export products including textiles, footwear, electronics and electronic components will bear lower tax rates. Along with trade opportunities, the TPP would help attract foreign investment into Vietnam, facilitating institutional reform and economic restructuring progress, improving the investment environment and enhancing labour productivity.

With the TPP, Vietnam's GDP has the potential to increase by USD23.5 billion and USD33.5 billion by 2020 and 2025, respectively. Exports could rise by USD68 billion. However, as well as these opportunities challenges would arise from the TPP, most significantly greater competition for the economy



Registered FDI from Singapore to Vietnam made up 12.5 percent of that of TPP members



that could negatively affect sectors such as livestock, automobiles and pharmaceuticals. Moreover, conditions relating to product origin and intellectual property are likely to be problematic for Vietnamese products and Vietnamese enterprises.

With US President-elect Donald Trump's declaring plans to abandon the TPP as soon as he takes office, Vietnam looks set to miss these opportunities for economic, FDI and export growth as well as institutional reform.

Currently, the USA is Vietnam's biggest export partner, accounting for 20.7 percent of exports and with trade surplus reaching USD27.7 billion in

2015, when the USA ranked eighth in terms of investment to Vietnam.

THE PICTURE FOR VIETNAM

While the end of the TPP will bring pressure to Vietnam's economy; this pressure will force the country to change in line with international requirements.

The pressure will also push Vietnam to improve product quality and raise added export value. In the globalisation era, the role of exports is increasingly important as it contributes to economic growth and restructuring and helps attract FDI. Without the TPP, and if the US increases its protectionist measures, to maintain

economic growth Vietnam's export products must have better quality and competitiveness, cementing the Vietnamese brand and image, promoting development of supporting industries, enhancing localisation rates and ensuring food hygiene safety.

Vietnam should also renew its FDI attraction strategy and raise FDI capital quality and effectiveness. The foreign investment economic sector has confirmed its important role in Vietnam's economy. The contribution of this sector to GDP has increased over the years, with the average for the 2011-2015 period reaching nearly 14 percent per year, and capturing 70 percent of the total export turnover of the country.

Besides improvements to the overall investment environment, a new and effective FDI attraction and usage strategy in line with Vietnam's economic development direction and priority sector focus is essential.

Vietnam is also under pressure to accelerate its economic growth, which is closely linked with the implementation of three strategic breakthroughs: transform to a market economy, enhance the attractiveness of the investment environment and promote economic restructuring. These strategies are based on a combined growth in width and depth, switching from relying on increase in input to increase in productivity, labour quality and the application of science and technology; ensuring growth not only relies on investment and exports but also on the local market; and exploiting domestic resources associated with attracting and using external resources efficiently. ♦



HONG HOA

Czech Republic leads for ease of trading across borders

In its 2017 report *Doing Business* the World Bank compared business regulations for domestic firms in 190 countries. The Czech Republic ranked 27th in overall ranking and earned top place for ease of trading across borders.

The report outlines the relative ease of opening and running a small to medium-size business when complying with relevant regulations for entrepreneurs. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labour market regulations.

According to data collected through the report, starting a business in the Czech Republic requires eight procedures, normally takes nine days, and costs 5.7 percent of income per capita. Globally, the Czech Republic stands at 81 out of 190 economies on the ease of starting a business, up seven places from the previous year. The report states that the Czech Republic made starting a business easier by reducing the cost and time required to register a company in commercial courts by allowing notaries to directly register companies through an online system.

Regulation of construction is critical to protect the public. However, in order to avoid excessive constraints on a sector that plays an important part in every economy, it must be efficient. In

the 2017 global rankings, the Czech Republic dropped four places from 2016 in the category of dealing with construction permits, to 130. Twenty one procedures are required, taking 247 days and costing 0.3 percent of the warehouse value.

In the resolving insolvency category, the Czech Republic ranks 26th, down four

places from the previous year. According to the report, resolving insolvency takes 2.1 years on average and costs 17 percent of the debtor's estate, with the most likely outcome being that the company will be sold. The average recovery rate is 66.5 cents on the dollar.

The Czech Republic saw no change in rankings in the categories of paying



taxes (53rd), registering property (31st), and obtaining electricity (13th) among the 190 economies.

In today's globalised world, facilitating ease of trade between economies is increasingly important for business. Excessive use of paper documents, burdensome customs procedures, inefficient port operations and

inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential.

Globally, the Czech Republic stands first in the ranking of 190 economies on the ease of trading across borders. The Czech Republic has reduced time taken to export and import by allowing electronic submission of customs

declarations and other documents.

The Czech economy scored 6.0 on the strength of minority investor protection index. In this category, the country stands at 53 out of 190. While the indicator does not measure all aspects related to the protection of minority investors, a higher ranking does indicate that an economy's regulations offer stronger minority investor protections against self-dealing in the areas measured.

In the Doing Business 2015 report, the Czech Republic improved access to credit by adopting a new legal regime on secured transactions that allows the registration of receivables at the collateral registry and permits out-of-court enforcement of collateral. In the Doing Business 2017, the Czech Republic received a score of 7.0 on the depth of credit information index and a score of 7.0 on the strength of legal rights index. Overall, the Czech Republic stands at 32 in the ranking of 190 economies in this category, down three places from the previous year.

For Vietnam, the country jumped from 91st to 82nd place out of 190 economies measured in the Doing Business 2017 report. The country posted improvements in such indicators as getting electricity (up five places); protecting minority investors (up 31 places); paying taxes (up 11 places); trading across borders (up 15 places); and resolving insolvency (up one place). However, Vietnam's rankings fell in other indicators, including starting a business (down ten places); dealing with construction permits (down three places); getting credit (down three places); registering property (down one place); and labour market regulation (down one place). ♦



The Czech Republic ranked 27th in the WB's overall doing business ranking



TUE MINH

Taiwan growth outlook for 2017

According to the latest preliminary estimation released by the Directorate General of Budget, Accounting and Statistics (DGBAS) of the Republic of China (Taiwan) on 25 November, Taiwan's gross domestic product (GDP) is predicted to grow 1.87 percent in 2017.

Real GDP increased by 3.91 percent on a quarter-on-quarter, seasonally-adjusted annualised basis, and grew by 2.03 percent on a year-on-year (yoy) basis in the 3rd quarter of 2016, 0.03 percentage point lower than the advanced estimate. Meanwhile, the economic growth rate of the 1st and 2nd quarters of 2016 have been revised to -0.23 percent and 1.13 percent respectively (formerly -0.29 percent and 0.70 percent).

On the demand side, real private final consumption expanded by 2.46 percent (yoy) in Q3-2016, faster than the 1.59 percent growth of the previous quarter, primarily due to the increase of consumption in transport, communication and miscellaneous-goods- and -services.

Real exports of goods and services increased by 3.59 percent (yoy), which was mainly driven by the foreign demand for electronic components. Imports also increased by 5.27 percent (yoy).

On the production side, the manufacturing sector increased by 5.17 percent (yoy) in Q3-2016, compared to the 0.29 percent growth in the previous quarter, mainly due to output expansion of semiconductor and chemical material products. The construction sector decreased by 2.51 percent (yoy), following the 2.24 percent decline in the previous quarter, which can be partly attributed to the continuing wet weather and weak demand. The wholesale and retail trade sector expanded by 1.58 percent (yoy), a turnaround from the 0.78 percent contraction in the previous quarter.

The transportation and storage sector grew by 5.12 percent (yoy) in Q3-2016, faster than the 2.01 percent growth in the previous quarter, primarily due to the continued expending demand of air transportation.

Taiwan's exports are expected to continue to improve in Q4-2016, mainly benefitting from the remarkable rebound of the semiconductor market and rising commodity prices. In the domestic sector, semiconductor manufacturers are speeding up the expansion of advanced capacity, helping to maintain the growth momentum of private fixed capital formation. Meanwhile, real private consumption is anticipated to grow at a modest rate, reflecting the interaction of the government's tax reduction policy to boost the automobile market and the limited increment of salaries and employment.



Looking at the whole of 2016, taking into account the above factors and following that real GDP growth rate (yoy) was upwardly revised to 0.99 percent (formerly 0.82 percent) in the first three quarters, Taiwan's real GDP will grow by 1.35 percent and has been revised upward 0.13 percentage point. Consumer price index (CPI) will increase 1.31 percent in 2016 and has been revised upward 0.19 percentage point, due to the high price of food resulting from damage from extreme



Taiwan's real GDP is predicted to grow by 1.87 percent in 2017

weather and typhoons.

OUTLOOK FOR 2017

Both the global economy and world trade volume are anticipated to grow slightly faster in 2017, together with the emerging demand of new smart applications, such as IOT and automotive electronics, which will bring gains to Taiwan's goods exports. Coupled with services exports, real exports of goods and services will

grow by 3.83 percent in 2017.

Real private fixed capital formation will grow by 2 percent in 2017, supported by the continuing investment of the semiconductor industry and the government's strategies to encourage innovative industries and to improve the investment environment, offsetting the influence of the declining housing market. Real private consumption will grow moderately by 1.74 percent. Combined with the public sector,

Taiwan's real GDP is predicted to grow by 1.87 percent in 2017. CPI is expected to increase slightly by 0.75 percent. ♦

In late November 2015, BIDV inaugurated a new representative office in Taipei, Taiwan. The inauguration marked BIDV's new approach in the international monetary market in the Northeast Asian region



MINH THAO



Mr. Le Trung Thanh, Senior EVP (centre) attends the opening of E-Zone

Fast and efficient banking with E-Zone

On 23 December 2016 BIDV officially launched its modern electronic banking system BIDV E-Zone.

Located at BIDV Hanoi branch, BIDV E-Zone is an interactive form that helps customers access banking products and services in a fast and efficient manner.

At the zone, customers can manage their transactions through self-service screens and create and register transactions online through internet banking and mobile banking.

In addition, within the e-zone area

there are large screens displaying preferential offers for banking products and services as well as introduction videos and tutorials for accessing the BIDV E-Zone, helping customers to easily conduct banking transactions such as payment, withdrawals, deposits, transfers, account opening and more.

The interactive screens are arranged to ensure complete customer privacy and to keep information secure.

Mr. Le Trung Thanh, senior executive vice president of BIDV, said the launch of the E-Zone was a significant step in the bank's overall development strategy towards modern digital

banking, expressing the determination of the bank management in building a dynamic, modern and innovative bank.

BIDV continues to innovate and transform to best meet the needs of customers as well as proactively heading the trend of the market. Applying modern and advanced technologies to business operations for customer service is at the core of the bank's strategy.

The launch of the BIDV E-Zone continues the bank's aspiration in providing customers with more technology-based channels in order to reduce transaction turnaround time, bringing the best experiences to customers. ♦

THAO MINH

Rewards for remittance through BIDV

From 19 December 2016 to 20 February 2017 BIDV is running a programme entitled “Xuan trao gui - Tet yeu thuong” for individual customers.

Each time customers pick up money via Western Union (WU) to the value of USD200 or more (or the equivalent value in other currencies) they will receive VND30,000.

In addition, customers picking up remittance through their BIDV account will receive a code for a lucky draw which will take place at the end of the programme. Prizes on offer include a first prize 49 inch Sony TV worth VND20 million, two second prizes Electrolux washing machines worth VND10 million each, three third prizes of VND5 million per prize and 400 runner up prizes of VND200,000. The prizes total VND135 million in value. By running the programme BIDV wishes to give to its customers happiness and



fortune to start the new year.

BIDV has been named best retail bank in Vietnam for two consecutive years by The Asian Banker and is the sole bank voted by Vietnam Banks Associations

and International Data Group as the outstanding retail bank for 2016.

Visit BIDV's nearest branch or call the bank's 24/7 contact centre on 19009247. ♦



HUYEN TRANG

Attractive rates on business loans

From 18 November 2016 to 31 March 2017 (or until the loan package is fully disbursed), BIDV is offering a credit package worth VND15,000 billion (USD672 million) with attractive promotions to meet the needs of customers for borrowing loans to do business and for production for individuals and households.

Customers can choose from loan options with introductory lending rates of only 6.5 percent per year for loan terms of less than six months and 6.8 percent per year for loans with terms of 6 to 11 months (actual lending rates are subject to the discretion of the individual branches). This will help customers balance their funds and business plans. The programme is applicable to new disbursement during the effective period.

The loan package demonstrates BIDV's consistent efforts in supporting individuals and households in easing difficulties in their business and production. ♦



Bonuses for new depositors

BIDV has launched a new deposit programme titled "Tet yet thuong - Xuan ngap tran" (Joyful Tet with love). From 28 November 2016 to 1 February 2017 all new customers making deposits with terms

of nine months or more with BIDV will receive VND100,000 on every VND100 million (USD4,400) deposited with the bank (equivalent to a bonus of 0.1 percent of the deposit amount at the beginning of the term). The total value of the

programme is up to VND8 billion.

BIDV hopes that the programme will bring luck and fortune to customers and a new year of happiness and prosperity. For more details, call the bank's 24/7 hotline 19009247 or visit the nearest branch nationwide. ♦

HAI HA

Get a new car

From 23 December 2016 to the end of 30 June 2017 BIDV is launching an autoloan program, applicable to individual and household customers to help them realize their dream of owning a comfortable and luxury car.

Customers will be offered preferential interest rates under flexible loan options. Eligible customers who meet autoloan/business loan conditions will enjoy preferential interest rate of the VND3 trillion (USD133 million)-credit package until end of 30 June 2017.

In particular, the fixed interest rate only from 7.5 percent per year in the first 12 months at the maximum of the first disbursement date under the program will apply to customers who use the loan

insurance product BIC Binh An in a period of at least one year of borrowing the loan, in the amount equal to the loan.

Or only from 7.7 percent per year fixed in the maximum period of 12 first months of the first disbursement date under the program.

In addition to the autoloan offers, customers also enjoy incentives when using services such as: BSMS, BIDV Online, Smart Banking, money transfers offered in the “Tet with love” program (effective from 28 December 2016 to 09 March 2017).

Contact BIDV’s nearest branch across the country or call the bank’s 24/7 hotline on 19009247 for more information. ♦



Enjoy life in the slow lane

From 28 November 2016 to 24 February 2017 BIDV is running a promotion programme for BIDV cardholders entitled “Enjoy life in the slow lane” with the following benefits.

New customers opening BIDV Premier or Platinum credit cards and spending VND2.5 million or more on the card will receive an Accor membership card with the opportunity to enjoy holidays at Accor hotels in the Asia Pacific region.

New customers opening and using BIDV Precious and Flexi cards will be offered vouchers to use Grab service or make purchases on Lazada.vn worth VND800,000 and VND400,000 respectively.

Holders of BIDV international cards spending VND1 million or more on the cards will receive a code for a lucky draw with sensational prizes up for grabs such as a voucher worth VND20 million for a three day two night stay at one of six luxury resorts in Vietnam including Six Senses Con Dao, Amanoi Resort, and InterContinental Danang Sun Peninsula Resort.

For new domestic debit cardholders using the card to withdraw cash or make purchases, BIDV will conduct lucky-draws every month with lucky customers winning a trip to Korea worth VND27.8 million (USD1,230).

As well as these, many more incentives are on offer such as cash bonuses worth VND200,000 each for the 200 first customers conducting transactions via BIDV Ready debit card and discounts at restaurants, fashion shops and trade centres. ♦

Spreading warmth at Tet

On 5 January BIDV announced its 2017 Lunar New Year (Tet) programme to support disadvantaged communities. The bank said it donated 24,000 gifts with total value of VND12 billion (USD537,000).

Launched in 2009 with the aim of bringing the Tet spirit to families living in poverty nationwide, the programme has become an annual event. Each family will receive VND500,000 cash to enable them to buy meat, square rice cake (banh chung), a Tet jam box, wine, monosodium glutamate, cooking oil and fish sauce - the ingredients for a traditional Tet.

BIDV's Head of Trade Union Ms. Le Thi Kim Khuyen commented that by dispersing the money via nationwide branches, BIDV's trade unions in every province will be able to present gifts to poor families, flood-hit victims, and

troops nationwide as soon as possible, helping these communities to have a warmer and happier Tet.

To date, nearly 600,000 Tet gifts, worth a total of VND140 billion (USD6.2 million), have been presented to disadvantaged families, helping them to enjoy the Tet celebrations and ease the financial burdens.

BIDV organises regular social welfare activities, assisting people toward a more comfortable life. In 2016, the bank responded to natural disasters in the Central Region, implementing a programme to provide aid amounting to VND17.5 billion (USD783,000). ♦



BIDV announced its Tet gifts for the disadvantaged people

HOAI LINH

Scholarships spur on students

On 25 November BIDV awarded 100 scholarships worth VND300 million to the 55th-intake students of the National Economics University (NEU).

The awarding of the scholarships follows the master cooperation agreement signed by BIDV and NEU in February 2015. Under the agreement, in the period 2015 – 2019 the two parties are committed to promoting their potential to strengthen cooperation and support for sustainable development. The areas of cooperation include research, training, recruitment, scholarships, communication and branding, and banking services.

Furthermore, under the agreement BIDV is committed to providing scholarships to NEU students worth VND1.5 billion (USD66,700) over five years, amounting to VND300 million (USD13,300) each year. This is the second year that BIDV has delivered its commitment according to the agreement.

The scholarships from BIDV provide the NEU students with a financial source for their study, motivating them to gain greater achievements in their learning as well as in life. ♦

Awarding academic excellence



BIDV collaborated with the Ministry of Education and Training to honor excellent students.

On 3 December 2016 BIDV collaborated with the Ministry of Education and Training to organise a ceremony to honour students receiving the International Olympic award as well as those attaining the highest results in the National High School Graduation Examination. Prime Minister Nguyen Xuan Phuc was in attendance.

Vietnam has a strong tradition of learning and many students achieve good results in international exams, earning the country a bright spot on the international education map.

Since 2013 BIDV has sponsored 191 awards for excellence, honouring those students achieving the highest performance in the international and national exams. The awards include VND10 million (USD450) per student as well as full scholarship for the duration of the students' time studying at public universities.

BIDV hopes to set an example for other organisations and businesses to jointly invest in education, encouraging and enabling students to study and thereby contributing to the country's education. ♦



QUYNH CHI

Exquisite blooms for Tet

Winter in northern Vietnam brings colder weather, perfect for the delicate peach flower synonymous with the Lunar New Year or Tet to flourish.



Red peach flower

The pretty bloom is the commonest floral adornment of the northern people, who place red or pink peach flowers around their home to create a warm and festive atmosphere for Tet. For Vietnamese, the blossoms bring the promise of fortune and peace in the New Year.

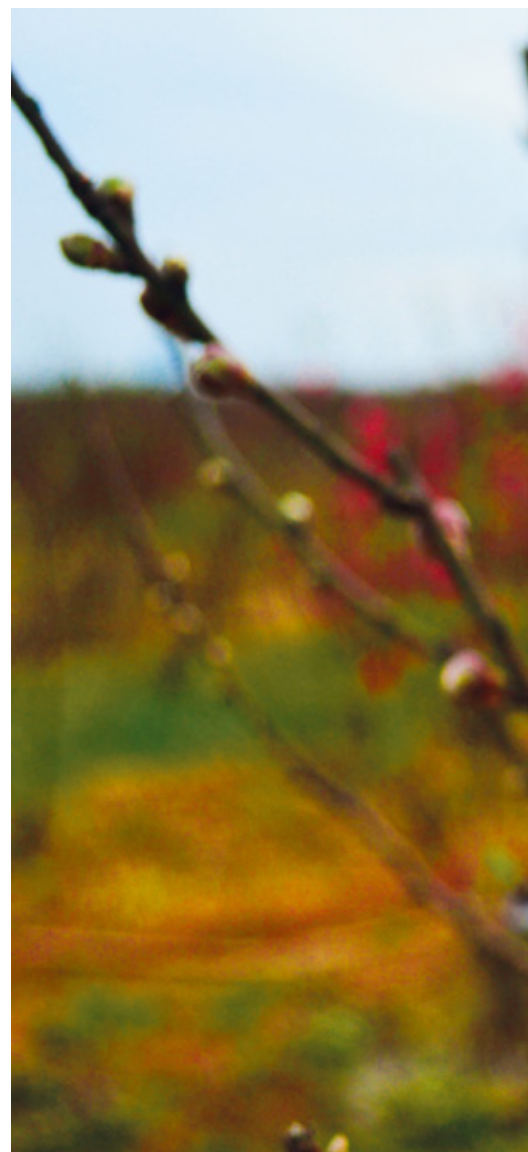
The four most popular peach flowers in Vietnam include red, pink, white and “That Thon”. Each has its own origin and brings different beauty and meaning. Some families vary their choice of peach flower each year whilst others prefer to stay faithful to their favourite.

RED PEACH FLOWER

The petals of the red peach flower glow red and dark pink. Though small each blossom has 20-22 petals. Large trees or individual branches are placed in the lobby or reception of hotels and restaurants while smaller ones decorate rooms. In Vietnam it is traditional to place a vase of red peach flowers on the ancestral altar. The vibrant colours of the flowers and fruits, the scent of incense and the lit candles create the traditional warm atmosphere of Tet.

PINK PEACH FLOWER

The pretty pink peach flower is a soft light pink. More simple in design this flower can have as few as five petals.



This blossom is often chosen for its rustic appearance. Pink and red peach flowers are most commonly chosen by Vietnamese families as they are easy to grow and therefore reasonably priced. Branches come in various sizes so people can choose the most suitable one for their homes. Pink and red flowers can last for about 15 days until the flower buds bloom.

WHITE PEACH FLOWER

White peach flowers are precious and hard to find. As its name suggests, the flower is pure white in colour and is usually the smallest of the peach flowers. The white peach flower is difficult to grow and doesn't bloom in



Pink peach flower



That Thon peach flower

time for Tet, therefore few people grow this kind of peach flower these days.

THAT THON PEACH FLOWER

That Thon peach trees are short and have more flowers than other varieties, but are also more sensitive to changes in weather. In the past, only royalty and high-class families could afford to display such trees. The flowers of the That Thon peach tree have a beautiful reddish colour. For each period of its growth the tree will need a different temperature, therefore growing That Thon peach flowers is difficult and costly. However the beauty of the trees makes the effort and cost worth it. ♦



SOMMALY VONGKHAMSAO



Hoan Kiem Lake, the heart of Hanoi, Vietnam

Vietnam: My second home

Laos born Sommaly Vongkhamsao explains why she loves to spend Tet in Vietnam and what makes the year's most important festival so special to her.

I was born in the beautiful country of Laos. When I was a little girl, my dad told me stories about Vietnam and its people; he'd lived in Hanoi and had once taken me there to celebrate Vietnamese Tet. Today, Vietnam is my second home. Each time I have had the opportunity to travel to Vietnam I have felt a new source

of vitality, feeling like a person who is returning to their homeland after years of distance. Because of this I chose Vietnam for my studies with the aim of using the knowledge I gained to develop my own nation and helping to foster the special relationship between these two countries.

At Tet I always try to visit my relatives in Vietnam and the friends with whom I worked closely during the years I lived there, especially the friends from BIDV who supported and helped me in work and everyday life.

I love Vietnam, I love the joyful



Ms. Sommaly Vongkhamsao



Patuxai, Vientiane, Laos

atmosphere of Tet, and the warm reception from friends. I love to visit families to extend my best regards and good wishes for the New Year. Exchanging good wishes and hearing the sound of laughter at Tet brings me a sense of peace.

This year, I'm going to visit Hanoi. For me, this New Year will be very special as it will be the first with my Vietnamese husband and we will celebrate Tet with his family and relatives. Nothing is better than seeing a peaceful Hanoi with no noisy crowded streets. Instead, everyone feels relaxed when strolling around Hoan Kiem Lake on the days. The sight of people decorating peach trees, or cheerful children wearing new clothes playing with each other warms the heart. The city is bright, with thousands of sparkling lights and colourful flowers.

Although the two countries have very different cultures in many ways, there are also many similarities between Vietnamese Tet and the Bun Pi May celebration in Laos. During Bun Pi May everyone will visit relatives and friends and express best wishes for them, praying for beautiful things to come in the New Year. In Laos, our New Year celebration is simpler, lasting for less time and featuring fewer cultural events than Tet.

Perhaps what I like most about Vietnamese Tet is the food. Vietnamese food on New Year days is wonderful. My Vietnamese friends have introduced their traditional dishes and their origins to me when I visited their homes. A favourite of mine is *banh chung* – a traditional Vietnamese rice cake made of glutinous rice, beans, pork and other ingredients. This is a great dish not only for its taste

and beautiful form, but also for The Legend of Square Rice Cake and Round Rice Cake that goes with it and which Vietnamese recount every year.

One aspect of Tet that I am very fond of is that the first day of the New Year is Father's Tet, the second day is Mother's Tet and the third day is Teacher's Tet. This shows the filial piety which is similar to the values ingrained in Lao people.

Ultimately, Tet is about feelings of goodwill, peace and happiness, all of which are neatly summed up by the sight of joyous children enjoying this exciting time of year. ♦

Sommaly Vongkhamsoo, born in 1985, is an officer in the Planning Department at the LaoVietBank Head Office.



Year of the Rooster

Vietnamese New Year symbolises the arrival of the new year and is commonly known as Tet and this Tet Vietnamese people will be welcoming the year of the rooster.

The rooster is the tenth in the 12-year cycle of Vietnamese zodiac signs. The rooster is a familiar animal in Vietnam and plays an important role in the lives of Vietnamese people. In Vietnamese culture the rooster is almost the epitome of fidelity and punctuality, probably due to the role it played in waking people up before the age of alarm clocks.

People born in the Year of the Rooster are said to have many excellent characteristics, such as being honest, bright, communicative and ambitious. Most of them are born pretty or handsome and they like to dress well. They certainly don't need to rely on others for their opinions and are happy to stick their neck out if necessary. They might be enthusiastic about something quickly, but soon lose interest. Thus, they need to take care to have enough faith and practice patience.

Roosters are highly motivated, hard-working, loyal, and trustworthy – the traits that enable most roosters to have successful careers. Roosters also tend to make their careers a priority in their



lives. Roosters often make good actors, musicians and dancers. Other good career choices for roosters include banker, dentist, insurance agent, secretary, and bookkeeper. Roosters also do well in the armed forces.

Roosters are extremely sociable and prefer being the center of attention, always bragging about themselves and their accomplishments. Roosters are as proud of their homes as they are of themselves. They're extremely organised individuals as evidenced by the fact that

their homes are always neat.

Roosters are talented and capable, but that doesn't mean they don't have a sense of adventure. You will often find roosters travelling the world to seek new experiences. Roosters are quite self-sufficient and self-confident and are likely to start trends.

A rooster can be bossy and challenging to live with at times, but if you can get past that then you'll learn that a rooster can be caring and passionate. ♦



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