

# BIDV **R**eview

**BIDV**  A Newsletter of Bank for Investment and Development of Vietnam JSC • Issue **No.32** | Oct 2017

## BIDV CO-SPONSORS **APEC 2017**

Positive results  
in first nine months





*BIDV Headquarters in Hanoi*

## **ABOUT BIDV**

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



### **EXECUTIVE PRODUCER**

**QUACH HUNG HIEP, Ph.D**

Senior Executive Vice President

### **EDITORIAL BOARD**

**BRANDING AND PUBLIC RELATIONS DEPARTMENT**

### **HEAD OFFICE:**

BIDV Tower, 35 Hang Voi str., Hoan Kiem dist., Hanoi, Vietnam

Tel: (+84) 24 22205544

Fax: (+84) 24 22225316

Contact center: 19009247

Email: [bidvreview@bidv.com.vn](mailto:bidvreview@bidv.com.vn)

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# Editor's Letter

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Dear readers,

**B**IDV has entered into the last quarter of the year, with positive performance in the first nine months and robust activities creating the momentum for it to complete its end-of-year targets.

The bank has released its third quarter financial report with total assets reaching USD50 billion, up 11.9 percent year-to-date. Total operating income was USD1.23 billion, up 28 percent year-on-year and the bank's profit before tax in the first nine months of the year reached USD266 million, up 6.7 percent year-on-year.

In efforts to facilitate businesses in paying customs tax and customs clearance, BIDV and the General Department of Vietnam Customs signed a cooperation agreement on the electronic collection of customs taxes. BIDV is one of the first commercial banks to cooperate with the General Department in providing a new e-customs tax payment service.

Continuing the sponsor relationship formed with APEC in 2006, this year BIDV joined to accompany APEC 2017 hosted by Vietnam as co-sponsor. Prime Minister Pham Binh Minh, who is also president of the APEC 2017 National Committee, applauded the

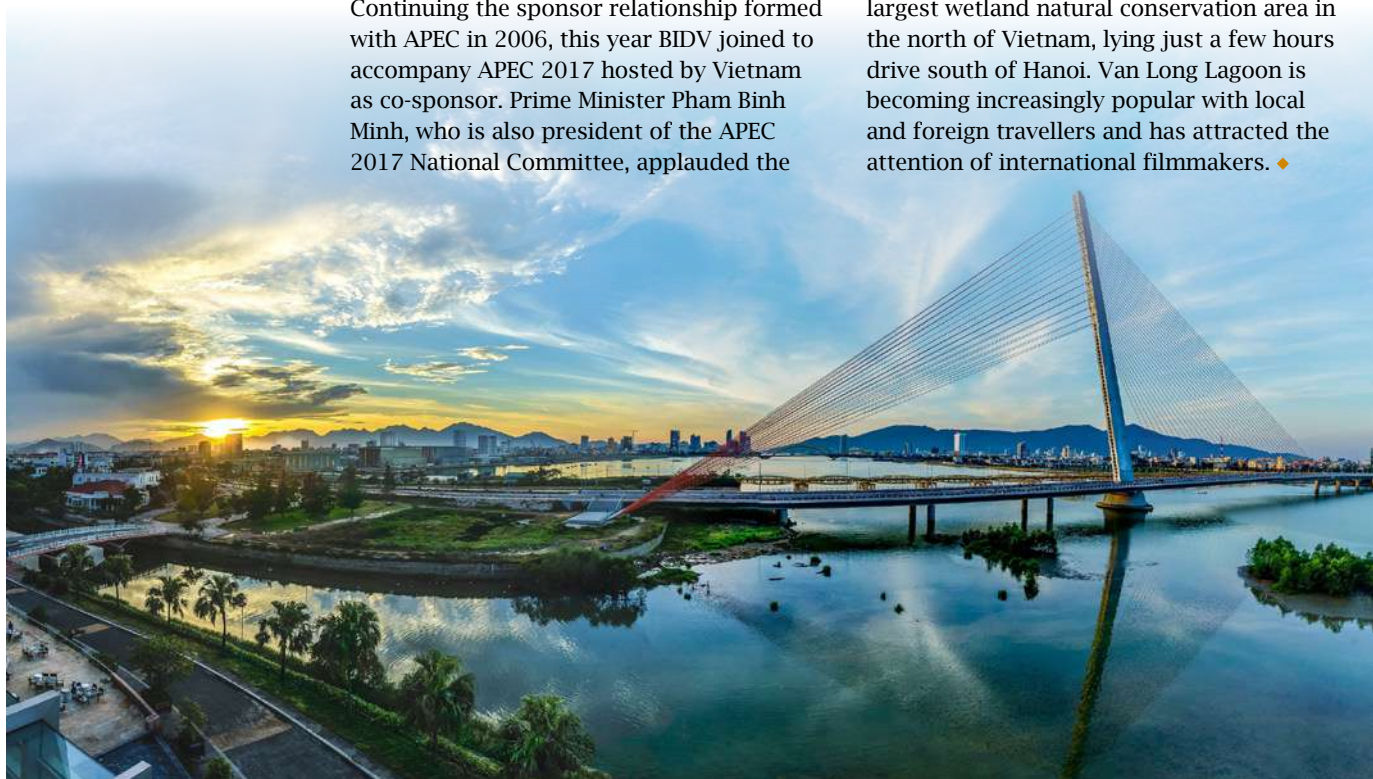
contributions of the sponsors to the event.

BIDV has been awarded "House of the Year, Vietnam 2017" by Asia Risk Magazine in the field of risk management and derivatives for banks and financial institutions in Asia. This is the fifth time BIDV has received this prestigious award and the bank stands alone amongst Vietnamese banks in receiving the award this year.

The bank is also ranked in the list of the 10 most profitable enterprises of 2017 in Vietnam. The list recognises enterprises that have the potential to become pillars for the future development of Vietnam's economy.

BIDV has officially launched a new credit package worth VND10,000 billion ( USD442 million), designed to meet the needs of small and medium enterprises for short-term loans for production and business activities.

In the last pages of the publication is the largest wetland natural conservation area in the north of Vietnam, lying just a few hours drive south of Hanoi. Van Long Lagoon is becoming increasingly popular with local and foreign travellers and has attracted the attention of international filmmakers. ♦



Da Nang City, Vietnam

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**THANH CHUNG**

# BIDV posts third-quarter results

BIDV has released its financial report for the third quarter of the year, which shows the bank is meeting set business indicators and on track to reach its year-end targets.

## TOTAL ASSETS HIT USD50 BILLION

As of 30 September, total assets reached VND1,125,908 billion (USD50 billion), up 11.9 percent year to date and up 8.42 percent year-on-year. Deposits grew well, meeting the demand for credit growth. Total deposits reached VND1,053,841 billion (USD46.6 billion), up 12.1 percent year-to-date, of which customers' deposits reached VND823,073 billion (USD36.4 billion), up 13.36 percent year-to-date.

Credit was channeled in the business and production sector in the short term. Total credit and investment reached nearly VND1,080,702 billion (USD47.8 billion), up 13.7 percent year-to-date. BIDV's credit growth rate was higher than that of the entire banking sector (12.16 percent). Loans to economic organisations and residents reached VND828,007 billion (USD36.6 billion), up 14.4 percent year-to-date. Outstanding loans in the five priority sectors (rural agriculture, export, small and medium enterprises, supporting industries and high-tech enterprises) grew by 19.2 percent year-to-date, accounting for 50 percent of total outstanding loans.

The bank's retail growth is higher than the overall growth rate of the system. Retail deposits grew by 14.3 percent year-to-date, accounting for 56.2 percent of total deposits. Retail outstanding credit growth was up 19.6 percent year-to-date, accounting for 26 percent of total outstanding loans.

Total operating income was VND27,785 billion (USD1.23 billion), up 28 percent year-on-year, of which net interest income stood at VND23,013 billion, up 37.7 percent year-on-year; net service income reached VND2,140 billion (USD95 million), a positive growth of 24.3 percent over the same period last year; and net income from treasury operations was VND513 billion (USD23 million), up 37 percent year-on-year.

The difference between revenue and expenditure of the whole system achieved positive results, reaching VND17,442 billion (USD772 million), up 37 percent over the same period last year. Profit before tax of the bank alone in the first nine months of the year reached VND6,002 billion (USD266 million), up 6.7 percent year-on-year. BIDV made adequate provisions for credit risk in order to improve financial health with operational safety ratios being ensured according to regulations.

## MAINTAINING A STRONG POSITION

BIDV's leaders said the results in



the first nine months were positive, creating momentum for it to complete targets this year. High credit growth in the beginning months of the year resulted in increased profit. In addition, the bank's services and treasury activities also contributed to growth.

In a review carried out in September this year, global rating agency Standard & Poor's (S&P) affirmed BIDV's credit ratings to be unchanged, with a 'stable' outlook. The long-term issuer credit rating was given as B+ and short-term issuer credit rating as B. The 'stable' outlook reflects S&P's expectation that BIDV will maintain its strong franchise



and satisfactory profitability, as well as improve its asset quality, especially through the resolution of legacy bad loans over the next 12 to 18 months.

In the past nine months, BIDV has been recognised by domestic and international organisations with accolades and awards including Top 10 Excellent Trading Service Enterprises (Vietnam Ministry of Industry and Trade); Top 1,000 Global Banks 2017 (The Banker Magazine); Top 10 companies with most valuable brands in Vietnam (Forbes Magazine); Best Retail Bank in Vietnam for three consecutive years 2015, 2016 and 2017 (The Asian Banker Magazine);

House of the Year, Vietnam 2017 (Asia Risk Magazine); Vietnam Domestic Technology & Operations Bank of the Year (Asian Banking & Finance Magazine); Best bond house in Vietnam in 2017 (FinanceAsia Magazine) and many others.

In September 2017, BIDV and Sumitomo Mitsui Trust Bank - the largest trust bank of Japan - joined to celebrate the grand opening of its joint venture BIDV-SuMi TRUST Leasing Co., Ltd (BSL), marking the official entrance in Vietnam's financial leasing. BSL promised a new channel for medium and long-term capital for enterprises doing business in Vietnam. 

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During the last three months of the year BIDV aims to continue to manage credit growth closely while ensuring quality and efficiency; strengthen credit management by sector and industry; grow deposits with reasonable expenses, meeting the demand for capital; render efforts to increase non-interest income to ensure overall effectiveness; utilise resources to implement the restructuring plan associated with the handling of bad debts for the period 2017-2020; and promote the capital increase plan according to the roadmap.

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**DUONG KHANH**

# Promoting e-customs tax payment

BIDV and the General Department of Vietnam Customs signed a cooperation agreement on the electronic collection of the state budget, tax guarantees for imports and exports, and regulators' fees and charges at a ceremony held on 23 October in Hanoi.



*Representatives of BIDV (L) and the General Department of Vietnam Customs sign the cooperation agreement in Hanoi*

Under the agreement, BIDV is one of the first commercial banks to cooperate with the General Department of Vietnam Customs in providing a new 24/7 e-customs tax payment service, deployed at the portal of the general department.

The cooperation between the General Department of Vietnam Customs and BIDV is an action aimed at implementing the customs sector's project of "e-tax payment via banks and 24/7 customs clearance". This is a breakthrough in the administrative

reforms of the customs sector, aiming to best serve the interests of enterprises in import and export procedures.

The "24/7 e-customs tax payment" service assists businesses in paying tax through the customs electronic payment portal any time (including holidays and weekends) and anywhere with internet connection. Through this simple and convenient service, an enterprise's tax payment result will immediately be confirmed by BIDV with assistance from customs officers who will ensure the goods are cleared quickly, thereby shortening both time and costs in tax payment and goods clearance.

In addition to these advantages, when registering for the 24/7 e-customs tax payment service with BIDV, enterprises can also look up and print the entire history of their tax payment transactions, as well as receiving other incentives from the bank.

Mr. Nguyen Duong Thai, deputy director general of Vietnam Customs said, "The "e-tax payment via banks and 24/7 customs clearance" is a key project of the General Department of Vietnam Customs in 2017, designed to create the best conditions for





*The new service helps shorten both time and costs in tax payment and goods clearance*

taxpayers and shorten the time taken for customs procedures for imports and exports to reach the medium level of that of the ASEAN-4 according to the Government's direction."

Addressing the signing ceremony, Mr. Le Ngoc Lam, senior executive vice president of BIDV affirmed, "With a view to serving and facilitating enterprises, BIDV is committed to creating the best conditions in terms of human resources and technology to implement the e-tax collection and tax guarantees effectively under the agreement."

Since 2010, BIDV has cooperated with the General Department of Vietnam Customs to connect electronic payment portals and online information on tax revenue and export tax guarantee cooperation, thereby accelerating customs clearance and commodity circulation for the economy and contributing to the tax administrative reform of the General Department of Vietnam Customs.

By employing a modern technology platform, professional staff, diversified products and a wide network, BIDV

can meet the country's demand for high standard banking services and products. In recent years, BIDV has been co-operating with the General Department of Vietnam Customs, the State Treasury and the General Department of Taxation and related ministries and agencies in the process of reforming administrative procedures, developing more convenient payment services for the business community and contributing to boosting non-cash payment according to the government's policy.<sup>B</sup>

# BIDV co-sponsors APEC Vietnam 2017



*Mr. Bui Thanh Son, permanent deputy minister of foreign affairs, vice chairman of APEC 2017 National Committee (R) presents the sponsor certificate to Mr. Quach Hung Hiep, BIDV senior EVP*

**APEC Sponsorship Mobilisation Committee announced the sponsors of the upcoming APEC 2017 at a ceremony held on 17 October in Hanoi, with BIDV acting as co-sponsor for the event.**

Addressing the ceremony, deputy prime minister **Pham Binh Minh**, who is also president of the APEC 2017 National Committee, applauded the contributions of the sponsors to the activities of APEC 2017.

According to Mr. Minh, by hosting this year's APEC, Vietnam aims to implement its policy of active and proactive international integration and prove itself as a responsible member of the international community. The country is using the occasion to promote its image as a dynamic country which is developing robustly, as well as to market its enterprises.

As many as 31 sponsors have committed support in both kind and cash for APEC 2017 hosted by Vietnam. The sponsorship for the

APEC 2017 event has hit a record high among all meetings hosted by Vietnam to date, indicating the trust businesses and sponsors have in the country's policies. Their support, along with government resources, will contribute greatly to the success of the event.

The APEC Economic Leaders' Week will take place in Da Nang from November 6 to 11. The event will bring together around 10,000 delegates from 21 APEC member economies.

In 2006 when APEC was first hosted by Vietnam, BIDV joined to accompany the event as the official sponsor for APEC 2006. The bank also set up booths to provide banking services for the APEC SOM2 and SOM3, Finance Ministers Meetings and related meetings and the APEC Economic Leaders' Week. BIDV's two hundred staff were also sent to the Leaders' Week held in Hanoi in that year, contributing to the smooth running of the event.

Established in 1989, APEC comprises Australia, Brunei, Canada, Chile, China, Hong Kong (China), Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, the US, and Vietnam. [A](#)



Furama Resort Danang

# VNBA to host 47th ASEAN Banking Council Meeting

The 47th ASEAN Banking Council meeting, hosted by Vietnam Banks Association (VNBA), will take place on 23 and 24 November 2017 at Furama Resort Danang in Danang city.

This year's meeting is expected to receive 200 banking executive and experts from the 10 ASEAN countries. Banking executives from prominent banks in their respective countries have registered for participation, demonstrating the commitment of all ASEAN countries to strengthening ties.

The event will include meetings of the Permanent Committees on Cooperation in Finance, Investment and Trade (COFIT);


on Banking Education; and on ASEAN inter-regional relations, scheduled for 23 November and the morning of 24 November - when the main session of the 47th Council Meeting will take place.

In addition to the meetings, sideline activities have been organised for delegates to experience Vietnamese culture, local cuisine, and visit the famous sites of Da Nang and other central provinces in Vietnam.

The ASEAN Banking Council Meeting meets annually and is rotationally hosted by bankers' associations of the 10 ASEAN countries. This year's meeting will be hosted by Vietnam Banks Association. Mr. Phan Duc Tu, chief executive officer of BIDV - Vietnam's largest commercial bank by assets, is the chairman of the Vietnam

Banks Association.

"With the aim of strengthening cooperation with associations and member banks, this council meeting is an excellent opportunity to connect with senior leaders of banks in the ASEAN region. We hope ASEAN banks will exchange best practices as well as progressively build up infrastructure conducive for enhancing financial inclusion and the growth of businesses in the region," said Mr. Tu.

The ASEAN Bankers Association was founded in 1976. Since joining the Association in 1995, VNBA has contributed an important voice in many areas of cooperation, most recently in the areas of FinTech, anti-money laundering, training and coordination of member banks in the region. 

# Enterprises reap rewards of green credit

In a positive move for the country, small and medium enterprises are working towards environmentally friendly and sustainable development, with the help of capital provided by BIDV and the support of the Embassy of Denmark.

In response to growing concerns around global climate change, the Government of Vietnam has issued policies and action plans to implement strategic goals for green growth and sustainable development. In recent years, the banking sector has begun focusing on environmental factors in their credit operations.

On 24 March 2015, the State Bank of Vietnam issued Directive 03/CT on promoting green credit growth. The directive outlines the SBV's requirement for banks to gradually increase the proportion of green credit in their credit portfolio structure while implementing solutions for managing environmental and social risks in credit activities.

On 28 June 2015, BIDV signed a cooperation agreement with the Embassy of Denmark to support energy saving investments for small and medium enterprises (SMEs) in Vietnam. The bank has committed to accompanying SMEs on their energy



*The two yellow closed cyclo systems for mixing ingredients to form bricks are funded by BIDV*

efficiency investments with the support of the Green Investment Facility (GIF) of Denmark as part of the Low Carbon Transition in Energy Efficiency Project.

Under the agreement, SMEs can access loans from participating banks and receive bank guarantees for 50 percent of the loans in energy savings projects. Businesses investing in energy saving solutions may also be eligible for incentives of between 10 and 30 percent of the loan value based on the results of their energy savings efforts. The total budget for this programme is USD6.5 million.

## GREEN INVESTMENTS

Until recently, Minh Dang Seafood

Company, located in a remote area in Soc Trang province, was an enterprise with low technology. In the early years of operation the company could only process and export raw products of low value to “easy” markets such as China and Korea. The company aspired to upgrade its processing technology to improve the quality of its products to achieve more stringent standards and higher value. With support from GIF and loans from BIDV Soc Trang Branch, the company invested in innovative technology and began operating a new refrigeration system, processing higher quality products and exporting them to new markets such as Japan and Western Europe.

Ms. Nguyen Thi Cam Nhung,



*A new refrigeration system financed by BIDV helps the seafood company operate more environmentally and save operating costs*

director of the company, said that by participating in and following the guidance of GIF project experts, the production efficiency of the company improved significantly, with power consumption and maintenance costs greatly reduced. In 2015, the company's revenue was VND355 billion (USD15.7 million). In 2016, with two new compressors and a freezing line meeting European technology standards, the company's revenue increased to VND406 billion (USD18 million), while reducing its electricity consumption by nearly 25 percent. In the first eight months of 2017, the company achieved revenue of VND386 billion (USD17 million) and profit of over VND9 billion (USD400,000).

"The project has motivated us to aim for more efficient, safer and more environmentally friendly production, at the same time saving on operating and maintenance costs," said Nhung. In line with the Embassy of Denmark's policy, Nhung's company received a bonus payment equivalent to 16 percent of the loan amount borrowed

from BIDV for its energy saving efforts.

Another company participating in the GIF project and receiving loans from BIDV is My Vien Company in Ninh Thuan province. The company used the capital to invest in a modern production line and German technology equipment with high automation and high production output. My Vien has proved to be one of the most effective energy saving units of the GIF project, receiving the highest bonus payment level of over 50 percent.

Mr. Tran Ky Phong, director of My Vien, said that the loan from BIDV helped his company to invest in hydraulic pump technology with two closed cyclo systems for mixing ingredients to form bricks. Phong added that the electricity cost for both new lines was around VND17 million (USD750), much lower than the normal cost of over VND60 million (USD2,650) per month for factories with the same capacity in the area. As well as saving money, the new technology served to reduce

energy use and CO2 emissions.

Ms. Pham Thi Van Khanh, head of BIDV's SME Banking, said: "Although the scale is relatively small, the GIF Project (LCEE) is of great social significance in raising small and medium-sized enterprises' awareness about energy efficiency in production as well as outlining benefits that energy saving solutions could bring about. BIDV's participation in this programme reaffirmed its commitment to continuous innovation and accompanying SMEs towards environmentally friendly and sustainable development. 📌"

By the end of September 2017, GIF had funded 63 projects with total capital of VND59 billion (USD2.6 million) and paid out bonuses of VND19 billion (USD840,000) to 52 enterprises. GIF officially started in January 2015, helping to reduce emissions of more than 240,000 tons of CO2 per year.

# Enhancing connections between banks and businesses



A seminar on enhancing the connection between banks and enterprises held on 19 October by the State Bank of Vietnam (SBV), Vietnam Chamber of Commerce and Industry (VCCI) and the Business Forum Newspaper addressed obstacles in accessing bank loans faced by enterprises. BIDV was among the sponsors for this event.


The banks-enterprises connection programme started in July 2012, and has rapidly grown and proved effective. By the end of 2016, 700 dialogue meetings between banks,

government agencies at all levels and 75,000 enterprises had been organised.

In response to the programme, banks committed new loans of VND1.2 quadrillion (USD53 billion) with interest rates of around 6.8 percent per year for short-term loans and 8-10 percent per year for medium and long-term loans; extended and restructured repayment periods; and adjusted interest rates for old loans amounting to VND38 trillion (USD1.7 billion). In the first nine months of the year, more than 300 meetings between banks and businesses took place. Banks have pledged to lend nearly VND570 trillion (USD25.2 billion) and have disbursed VND550 trillion (USD24.3 billion) to customers. Credit institutions have

also actively reformed, launching 70 credit programmes and products to support enterprises including small and medium ones.

Mr. Vuong Dao Cuong, director of Khanh Loc Power Construction and Trading Company (a long-term customer of BIDV Tan Binh branch), said the programme's efficiency is due to banks offering lower interest rates with faster appraisal and disbursement procedures. He added that banks should provide adequate instructions for enterprises in borrowing loans and reform credit procedures for quick and timely disbursement to enterprises.

Addressing the seminar, Mr. Dao Minh Tu, deputy governor of the State Bank of Vietnam, said most experts and enterprises were of the opinion that the seminar provided practical and efficient solutions for businesses in removing obstacles to accessing bank loans. The seminar also recognised the "win-win" relationship between banks and enterprises. 

BIDV participated in the programme aimed at connecting banks and enterprises in Ho Chi Minh City, deploying registered credit packages amounting to VND150 trillion (USD6.7 billion), of which actual disbursement was nearly VND100 trillion (USD4.4 billion) to around 1,500 customers.

# Development goals in Central South Coastal region

On 27 October, BIDV coordinated with the Banking Academy to organise the national science conference “Promoting access to inclusive finance in the Central South Coastal region” in Phu Yen, Tuy Hoa province.

Ms. Nguyen Thi Hong, deputy governor of the State Bank of Vietnam, attended the meeting, along with representatives of the State Bank of Vietnam, Phu Yen authority and BIDV.

The central south coastal region has eight cities and provinces that have a favourable economic geographical location. In recent years, the government has issued numerous policies and proposed solutions for developing the economy and society in this region toward 2020 with vision to 2030. With these orientations, the region’s socio-economic situation has improved in recent years. However, numerous factors hindering development remain, including a lack of sustainability in growth; substandard products and services; the deterioration of some infrastructure as well as major issues related to the environment and social security.

Capital is the most important driver for the sustainable socio-economic development of the region. The



Mr. Can Van Luc, BIDV's chief economist, speaks at the conference

conference focused on practical issues and relevant current affairs in the Central South Coastal region and capital demand for developing socio-economics in this region; the inclusive finance situation in the region, remaining issues and proposed solutions; the policies of the party and the state in general; credit policies and solutions focused on promoting inclusive finance in the Central South provinces; and supportive solutions to promote inclusive finance.

Research was also shared regarding policies of credit for agriculture; on promoting inclusive finance in rural parts of the central south region; accessing inclusive finance in the

region; difficulties in accessing capital sources to serve the economic development in Phu Yen province.

The conference delegates acknowledged that for sustainable socio-economic development to occur, a clear source of capital must be identified. Looking at the situation in other countries, gaining access to comprehensive financial services has promoted economic development; enhancing comprehensive financial services has eliminated price and non-price barriers in the process of using these services; and microfinance has been the primary means during the process of expansion and gaining access to financial services. **R**

PHUC TRONG

# BIDV receives fifth “House of the Year” award



BIDV representatives receive the “House of the Year” award from Asia Risk Magazine

BIDV has been awarded “House of the Year, Vietnam 2017” by Asia Risk Magazine in the field of risk management and derivatives for banks and financial institutions in Asia. This is the fifth time BIDV has received this prestigious award and the bank stands alone amongst Vietnamese banks in receiving the award this year.


The award ceremony was held at Marina Bay Sands Convention Centre, Singapore, on 26 September and saw the attendance of more than 300 delegates from leading financial institutions around the world.

The award was given on the basis of the effectiveness of BIDV’s financial derivatives development in general and the bank’s contribution to the successful implementation of new outstanding services in Vietnam in 2017 including interest rate swaps in VND and swaps for cotton price in particular. The award recognises both BIDV’s commitment to best practice in the market and ability to provide complex risk management products to users.

Mr. Quach Hung Hiep, senior executive vice president of BIDV, said: “In recent years, given the increasingly competitive business environment, as well as the new derivatives market, BIDV’s treasury and currency trading has seen increasingly strong and clear breakthroughs thanks to its experienced and enthusiastic team.

The “House of the Year, Vietnam 2017” award demonstrates BIDV’s determination to integrate and provide customers with the most advanced and effective risk management solutions. This award affirms BIDV’s prestige and leading position as well as customers’ trust in the bank in supplying derivative products in Vietnam. BIDV will continue to render more efforts to deserve the trust.”

As the market-maker for traditional products such as currency trading, interbank money trading and bond trading, BIDV devotes resources to developing and improving products and sets up specialised teams to implement new business such as derivatives, corporate bond issuance and market analysis. The bank’s product development is implemented in line with its strategy of expanding its customer base and partners as well as developing the market. The award is testament to BIDV’s efforts in recent years and demonstrates the recognition of the domestic and international community in this regard.

As Asia’s most respected risk management and financial derivative magazine, Asia Risk annually interviews candidates and solicits customer feedback from prominent financial institutions in countries such as Australia, China and Singapore to identify financial institutions who have made outstanding achievements in sales growth and business efficiency as well as innovation and diversification of financial derivative products and risk management to be selected for the “House of the Year” award. 



VIET ANH

# Top 10 profitable enterprises

Profit 500, a list of the country's top 500 most profitable enterprises that follows the Fortune 500 model was released on 17 October by the Vietnam Report Company (VNR) and online newspaper VietnamNet. The list recognises enterprises that have the potential to become pillars for the future development of Vietnam's economy.


This year BIDV was ranked one of the 10 most profitable enterprises of 2017. The fields of construction, construction materials and real estate saw the highest number of companies on this year's list, at 17.4 percent; followed by the finance and food & beverage sectors, with 11.4 percent and 10 percent of enterprises coming from these sectors respectively.

The list also names the top 10 sectors with the highest profit before tax, namely telecommunications, information & technology, and retail. Despite having few enterprises in the list, these sectors (making up 3.6 percent and 1.2 percent of the number of enterprises on the list respectively)



saw a steady stream of revenue and high profits in 2017. The food & beverage sector also had positive results and stable improvement in the Profit 500 ranking, ranking sixth amongst sectors in terms of the number of enterprises in the list, and also having the highest average profit before tax. In the context of economic recovery and increased consumption, information & technology has grown exponentially amongst young people and the sector is forecast to see strong growth in the future with high

potential for investment.

According to Profit 500, enterprises are assessed objectively from high to low based on a scoring model with the main criteria including profit before tax, total revenue, and profitability ratios such as ROA, ROE and ROR. In addition, a business's prestige and its number of employees are taken into consideration. These factors together form the basis for evaluating the current strength and potential of each business in each aspect. 

QUANG MINH

# Moody's: Outlook for Vietnam banking system is positive



Moody's Investors Service has changed its outlook for Vietnam's banking system to positive for the next 12-18 months from stable, reflecting the country's strong economic prospects and the positive outlooks for most rated banks.

“The change in outlook - which expresses our expectation of how bank creditworthiness will evolve in this system over the next 12-18 months - reflects Vietnam's robust economic growth, supported by domestic demand, healthy exports and public sector investment,” Eugene Tarzimanov, Moody's vice president and senior credit officer, said. “We forecast Vietnam's real GDP will grow 6.1 percent in 2017 and six percent in 2018, faster than the 5.9 percent

average for the previous five years.”

“Strong economic growth translates into positive conditions for banks' asset quality, but rapid credit growth, aided by accommodative monetary policy, can raise asset risks again,” says Tarzimanov.

According to Moody's the banks' operating environment will benefit from robust economic growth, based on ongoing improvements to infrastructure, favourable demographics and the government's continued focus on reform to support foreign direct investments.

The banks' asset quality will remain largely stable during the outlook with problem loan ratio at 7.1 percent at end-2016, slightly lower than 7.5 percent in 2015. Moody's further expects this ratio to decline to 5.8 percent in 2018, driven by loan growth

outpacing the formation of problem loans and because of modest recovery in the property sector.

However, rapid credit growth will continue to erode capital buffers and capitalisation will deteriorate as banks struggle to replenish capital against rapid loan growth. High provisioning expenses will undermine banks' abilities to generate internal capital, while options to raise external capital are limited.

In addition, the growth in local-currency customer deposits, the main funding source for Vietnamese banks, will continue to be healthy, but it will lag behind credit growth, resulting in slightly tighter system liquidity.

Profitability will remain stable with banks' pre-provision income growing steadily over the next 12-18 months on the back of strong loan growth. However, the improvement will be offset by high credit costs. Net interest margins will also likely decline further due to competition and government pressure to lower bank lending rates.

At the same time, government support notching could increase for some bank ratings. Any upgrade of the government of Vietnam rating - which is on positive outlook - will likely result in upgrades of a number of banks' ratings, which in some cases could receive greater uplifts from their baseline credit assessments.

Moody's rates 15 banks including BIDV in Vietnam, which together account for 58 percent of banking system assets as of June 30, 2017. **R**

NHAT NAM

# FDI into Vietnam hits record high

Vietnam's impressive FDI figures have continued to see steady growth each year, with many foreign investors selecting the country for their business ventures.

According to the latest figures from the Foreign Investment Agency under the Ministry of Planning and Investment, around USD28.24 billion in foreign direct investment (FDI) was poured into Vietnam between January and October, representing a year-on-year increase of 37.4 percent.

Particularly, there were 2,070 new projects with total investment of USD16.3 billion, up 32.9 percent compared to the same period of 2016; 1,001 projects registered for capital adjustment with additional sum of USD7.27 billion, up 35.9 percent, and 4,156 transactions of capital contribution and share purchase by foreign investors worth USD4.67 billion, up 58.8 percent over the same period last year.

Foreign investment was concentrated in 19 fields, with the processing and manufacturing industry ranking first with USD13.75 billion, accounting for 48.7 percent of total investment. Electricity production and distribution came second with USD5.63 billion, followed by real estate with USD2.04 billion.



*The processing and manufacturing industry ranked first, accounting for nearly 50 percent of total foreign investment*

As of 20 October, FDI projects disbursed USD14.2 billion, 11.8 percent higher than the same period last year.

Exports of FDI firms (including crude oil) reached USD125.49 billion, posting an increase of 22.1 percent from the corresponding period last year and accounting for 7.2 percent of total export turnover.

Their imports rose 29.2 percent to USD107.85 billion, accounting for 62.5 percent of the country's total import turnover. In the first 10 months of

the year, the FDI sector saw a trade surplus of USD17.63 billion including crude oil and USD15.24 billion excluding crude oil.

During the first ten months of 2017, South Korea remained to be the largest investor among the 112 countries and territories investing in Vietnam, with total investment of USD7.62 billion, accounting for 27 percent of total investment. Japan holds the second position with total registered capital of USD6.07 billion, accounting for 21.5 percent of total investment, followed by Singapore with USD4.14 billion. 

QUANG NGUYEN

# Asia - the upswing market

The International Monetary Fund (IMF) has recently forecast Asia-Pacific economic growth to continue to pick up, with the main drivers including consumption, export and high investment.

According to the IMF, global growth is projected to accelerate to 3.6 percent in 2017 and to 3.7 percent in 2018, up 0.1 percentage point each year from the April forecast. Asia continues to be the main growth engine of the world and is projected to grow by 5.6 percent in 2017 and 5.5 percent in 2018, 0.1 percentage point higher in both years compared with the April forecast. Strong global growth momentum is expected to support Asian exports (though the tech cycle could lose steam, dampening prospects somewhat), and accommodative policies should underpin domestic demand, offsetting a tightening in global financial conditions.

The near-term outlook for the Asia-Pacific region remains strong, supported by the pickup in the global economy and broadly accommodative policies and financial conditions. The stronger-than-expected growth in the Chinese, Japanese, Korean, and Association of Southeast Asian Nations economies helps compensate for the weaker outlook in Australia and India.

While the Asia-Pacific growth outlook

has been revised upward, inflation has been marked down to 2.3 percent in 2017, 0.6 of a percentage point lower than in April, and to 2.8 percent in 2018, as the drag from low commodity prices wanes. Current account balances are expected to narrow as countries gradually adjust their external positions to the underlying fundamentals.

Other emerging markets and developing economies such as Bangladesh, Cambodia, Laos, Myanmar and Vietnam continue to grow at an impressive rate, well above the average for the region as a whole and supported by positive growth momentum in key trading partners.

ASEAN-5 growth is projected to accelerate, on account of higher investment and exports. Inflation

has been revised down in 2017 and 2018 following lower-than-expected outturns in the first half of 2017. Projected current account balances have been revised up based on faster export growth. In Indonesia, growth is projected to pick up modestly to 5.2 percent in 2017 (from 5.0 percent in 2016), led by external demand and fiscal spending. In Malaysia, growth in 2017 is expected to increase to 5.4 percent, supported by strong domestic and external demand. In the Philippines, growth is projected to remain close to potential at 6.6 percent in 2017 and 6.8 percent in the medium term, driven by robust domestic demand. In Thailand, projected growth has been revised up from 3.2 to 3.7 percent in 2017 and from 3.3 to 3.5 percent in 2018 on the back of strong private consumption and increased dynamism in exports of goods and services. 



Indonesia's growth is projected to pick up to 5.2 percent in 2017

HUYEN TRANG

# Greater convenience with BIDV online saving

With convenient features including no time limit, easy transactions and higher interest rates, online saving has become the first choice of many tech-savvy customers.

Online saving allows customers to open and close savings accounts or check interest rates through internet-connected devices anytime and anywhere, without the need to visit a bank branch.

To opening a savings account at BIDV, customers must hold a current account with the bank and register for BIDV Online or BIDV Smart Banking. With just a touch of the screen on a smartphone or a click on a computer, customers can open a savings account at BIDV with terms ranging from one to 36 months. The transaction can be completed within just a few minutes without requiring any signature from users. Customers can check their online savings account anytime on their smartphone or computer.

What is more, all online savings transactions at BIDV are verified by electronic statements which make it easy for customers to control their finances. The electronic statements have the same legal value as those



produced when making over-the-counter savings transactions. Customers' account information and online transactions are secured on BIDV's electronic banking platform with multi-layer security.

BIDV has increased the automation of transactions in order to improve transaction efficiency and experience for customers. From September 2017 until the end of March 2018, the

bank is launching special offers for customers conducting online saving. Accordingly, the interest rate of online savings will increase by 0.3 percent per year for term of less than 12 months and 0.1 percent for term of over 12 months compared to over-the-counter savings.

Contact BIDV's nearest branch or call the bank's 24/7 hotline 19009247 for more information. [B](#)

THANH LAN

# Online banking offers rewards

From 15 October 2017 to 28 February 2018, BIDV is offering customers the chance to join the programme “Activate now to receive gifts”.

Customers who receive an SMS message from BIDV inviting them to participate in the programme have the chance to sign up to the bank’s online banking services and receive special benefits.

By activating BIDV internet banking including BIDV Online and BIDV SmartBanking, customers will be entitled to preferential benefits such as: service fee waiver, token fee SMS waiver; a 0.3 percent increase on interest rates for online savings; benefits when making payments for Vietnam Airlines airfares; unlimited benefits for connection with MoMo, AirPay and e-wallets, amongst others.

To be in with a chance of receiving the gifts, customers should follow the two steps below:

*Step 1: Activate the service:*

For BIDV Online: Log in to BIDV Online on a computer or through the app and set up a user password (\*);

For BIDV SmartBanking: Log in to BIDV SmartBanking and set up a user password.

\*A first time password is automatically



generated by the system and provided to the customer as soon as the service is successfully registered.

*Step 2: Conduct a financial transaction via BIDV Online/BIDV SmartBanking:*

Within the time period stated in the message, a customer must conduct at least one transaction using BIDV Online or BIDV SmartBanking such as money transfer, online savings, bill

payment, mobile top-up, QRPay, or credit card payment.

Ten days after the transaction has been successfully completed, the customer will be rewarded with a cash gift or top-up card worth VND30,000. BIDV is offering 55,000 gifts for customers.

Visit BIDV’s nearest branch or call the bank’s 24/7 hotline on 1900 9247 for more information. [B](#)

PHAN BINH

# Incentive credit package for SMEs



In order to concretise the terms of the cooperation agreement between BIDV and the Vietnam Association of Small and Medium Enterprises (VINASME), BIDV officially launched a credit package worth VND10,000 billion (USD442 million), aimed at small and medium enterprises (SMEs).

The package has been designed to meet the needs of small and medium enterprises for short-term loans for production and business activities who are members of the VINASME or local enterprise associations, and members of a group of reciprocal companies.

The package has a term of less than six months and is denominated in VND and will be available until it is fully disbursed. The maximum loan available for each customer is VND30 billion (USD1.32 million).

The following groups of enterprises will be given priority to access lower interest rate loans. For referred

enterprises: interest rates of maximum 1 percent per year lower than that applied for such customers. For referring enterprises: interest rates of maximum 0.5 percent per year lower than that applied for such customers.

In recent years, BIDV has devoted a great deal of resources to the SMEs segment: from simplifying procedures so SMEs can conveniently access capital, to implementing a variety of training programmes and providing consultancy for SMEs on financial solutions, as well as continuously offering incentive credit packages for start-up businesses, microenterprises and SMEs.

BIDV has implemented similar programmes such as a start-up credit package of VND2 trillion (USD88 million), microenterprises credit package of VND1 trillion (USD44 million), and SME loan programmes via the SME Development Fund, JICA (SMEFP) Sustainable Association (VNSAT), and Green Investment Facility (GIF). 


## BIDV MetLife celebrates Life Insurance day

BIDV MetLife Life Insurance Limited Liability Company (BIDV MetLife) coordinated with BIDV to organise “Life Insurance Day” in BIDV branches all over the country, with the aim of bringing life insurance products to customers.

The ongoing programme is taking place in over 1,000 transaction points of BIDV and has been organised thoroughly by BIDV MetLife and BIDV branch staff.

During the campaign, BIDV MetLife and BIDV branch staff are offering consultations with customers about BIDV MetLife's products based on their individual requirements and financial capabilities. Since the programme's inception, many customers have opted to begin using the products, completing the application procedures immediately. Customers participating in the programme are eligible for gifts and to become BIDV MetLife customers.

The Life Insurance Day programme in over two months brought the company around 1,000 new insurance contracts.

The programme will continue until the end of 2017, promising to bring customers more products through enthusiastic and professional insurance consultancy. 

PHUONG THAO

# Discovering the waveless bay

Lying just a few hours drive south of Hanoi, Van Long Lagoon in Ninh Binh Province is the largest wetland natural conservation area in the north of Vietnam, offering visitors the chance to admire breathtaking landscapes and get up close to nature.



Covering an area of nearly 3,000 hectares, Van Long Lagoon is considered a “waveless bay”, with its tranquil water surface like a giant mirror reflecting the spectacular surrounding natural scenery.

Boats take visitors around the lagoon for awe-inspiring views of the limestone mountains. A total of 32



mysterious caves are hidden inside the mountains, including Bong, Rua, Chanh, and Doi, and the particularly impressive Ca Cave in Hoang Quyen mountain range. Stretching 250 metres and reaching eight metres at its highest point, the cave is dotted with semi-floating structures and interesting stalactites of various forms.

Floating deeper into the lagoon, the bustle of modern life is gradually replaced by the sounds of oars lapping the water, fish popping to the surface and the calls of amphibians. Under the surface of the water ribbons of algae dance in the waves.

Van Long is home to 39 species of mammals, 72 species of birds, 32 species of reptiles and amphibians, 44 species of fish, 39 aquatic species and 79 species of insects, many of which





are listed in Vietnam's Red Book such as cobra, chamois, and iguana.


According to Vietnam Record Book Centre, the lagoon is home to the largest troop of delacour's langur in

the country, with 100 individuals in danger of extinction. In the dry season from November to April, Van Long is the wintering place of numerous birds from the North such as the Bonelli eagle, gray heron and white stork. It is

also home to 457 species of plants and 35 species of aquatic plants, eight of which are listed in Vietnam's Red Book.

Along with its beautiful natural scenery, Van Long Wetland Natural Reserve has special cultural relics such as Hong Nuong Temple, Mau Temple, Thung La Temple, Thanh Son Pagoda and Dich Long Pagoda.

Although it opened for tourism in 1998, Van Long remains relatively untouched. It is becoming increasingly popular with local and foreign travellers, especially international filmmakers.

Film director Jordan Vogt-Roberts shot the Hollywood movie Kong: Skull Island at the Trang An Scenic Landscape Complex, Tam Coc-Bich Dong National Park and Van Long Lagoon. 



QUYNH CHI

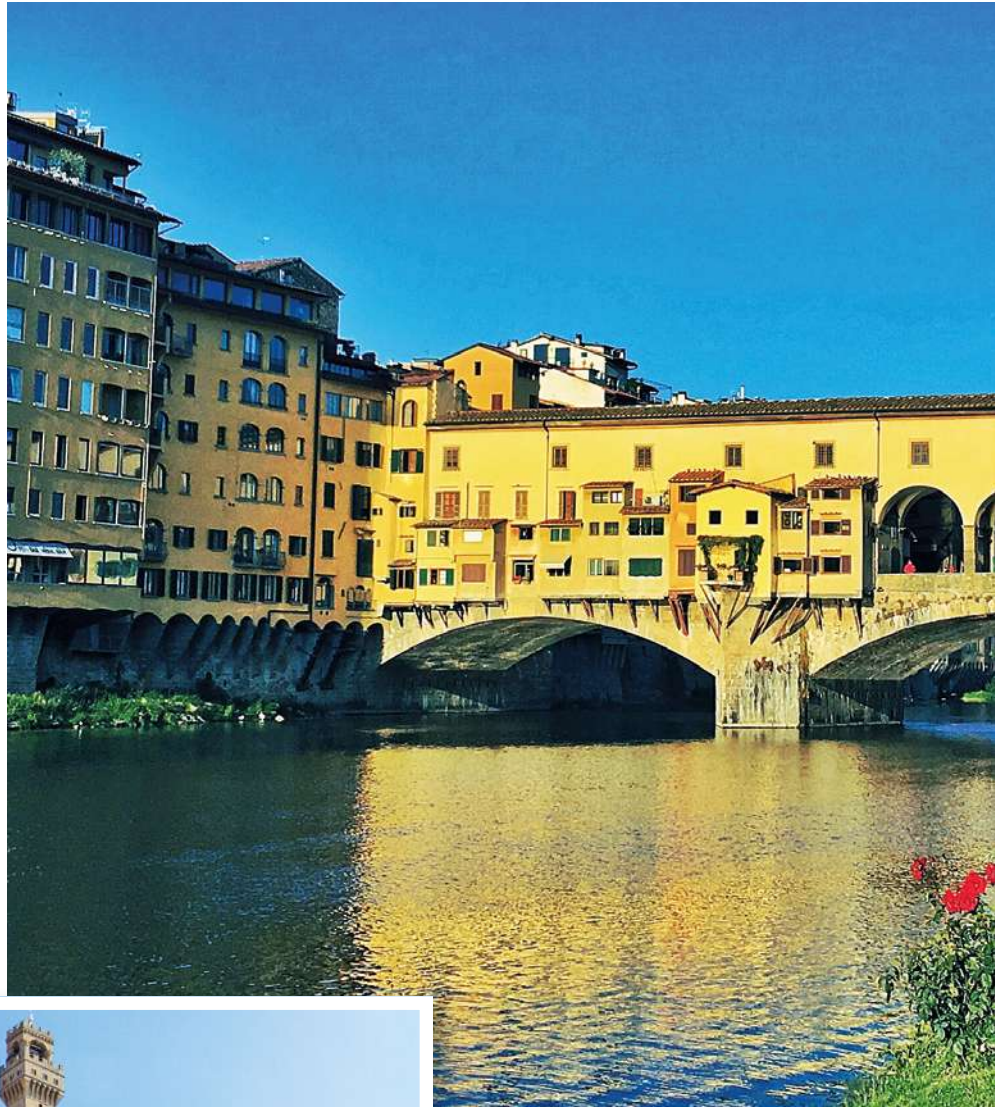
# City of art

Rich in history and art, Florence beguiles visitors with its beauty. Considered the birthplace of the Renaissance and known as the 'Athens of the Middle Ages', the UNESCO World Heritage Italian city is famous for its splendid, centuries-old architecture, monuments, art and sculptures.

## FLORENCE CATHEDRAL

Florence Cathedral is the most famous of all the city's religious buildings and its main church. The cathedral's magnificent Renaissance dome designed by Filippo Brunelleschi, stands tall over the city, with its baptistery forming part of the complex. The cathedral of today was named in honour of Santa Maria del Fiore (Cathedral of Saint Mary of the Flower) and is a vast Gothic structure built on the site of the seventh century church of Santa Reparata, the remains of which can be seen in the crypt.

The cathedral complex is located in



Palazzo Vecchio

Piazza del Duomo, where some of Italy's greatest artistic treasures are gathered into one area. Beside visiting the cathedral, visitors can walk around the square to admire the intricate inlaid marble exteriors, stepping inside each one for a closer look at the stained glass works of art that greet them at every turn.



*The Ponte Vecchio*

### PALAZZO VECCHIO

For a breathtaking panorama of the city and spectacular views of the whole of Piazza del Duomo, it's well-worth making the four hundred step climb to reach the top of Florence's highest tower - Palazzo Vecchio. Palazzo Vecchio is one of Florence's most

significant buildings. Since 1872, it has served in part as a museum as well as the city's town hall. This impressive palace packs a wealth of artifacts and artworks that include beautiful frescoes, sculptures, painted ceilings, intricate carvings and tapestries that all depict historic and Biblical events.



*Florence Cathedral*

### PONTE VECCHIO

The Ponte Vecchio or Old Bridge, is the oldest bridge in Florence and an everlasting symbol of Florence. Its graceful arches topped by a jumble of shops form one of the city's prettiest scenes. The bridge has traditionally housed shops selling the wares of Florence's talented goldsmiths, and a stroll across it still presents a dazzling array of fine jewelry.

The shops all close around 6-7 pm and the bridge takes on an altogether different atmosphere later in the day. Street music is performed by talented Italian musicians and locals and tourists alike can be found perched street-side enjoying coffee and listening to the music.

While it is possible to visit most of Florence's attractions in one day, a longer stay is recommended to gain a deeper understanding of the history of each place and allow time to absorb the beauty and meaning of the historical sites and artistic masterpieces. [B](#)

# BIDV funds houses for the poor



Prime Minister Nguyen Xuan Phuc (centre) and representatives of BIDV and businesses touch a ball to kick off the programme

On 15 October, the programme “Working together for the poor in 2017: do not leave anyone behind” was held in Hanoi and Ho Chi Minh City. As part of the programme, BIDV funded the construction of 50 houses worth VND2.5 billion (USD110,000) for poor people in 2017.

The programme was coordinated by the Vietnam Fatherland Front Central Committee, Ministry of Labour, Invalids and Social Affairs, Ministry of Information and Communications, Party Committee of the Centrally-run Businesses’ Sector, the State Bank of Vietnam, and Vietnam Television.

Speaking at the event, Prime Minister Nguyen Xuan Phuc stressed that while poverty alleviation is the goal of sustainable development, it is a very difficult job. The government of Vietnam is continuing to implement the National Target Programme for New Rural Development and Sustainable Poverty Reduction Project, prioritising resources and encouraging efforts to support poor communities. The cooperation and support of organisations and individuals both in Vietnam and from overseas is vital for progress to be made towards these targets. 

## BIDV grants VND3 billion to An Giang Province

BIDV recently handed over social welfare donations worth VND3 billion to An Giang province.

Mr. Nguyen Van Giau, chairman of the Foreign Relations Committee of the National Assembly, Mr. Pham Huynh Son, head of the National Assembly Delegation of An Giang province and Mr. Nguyen Thanh Binh, vice chairman of An Giang People’s Committee attended the handover ceremony.

The support from the bank included donations of three ambulances (worth USD31,000 each), IT equipment, teaching equipment and 10 houses to Cho Moi, Thoai Son and Phu Tan districts in the province. The gifts are aimed to help reduce poverty, improve health care services, support rural areas and boost socio-economic development.

At the ceremony, the People’s Committee of An Giang Province presented certificates of appreciation for BIDV’s contribution to the province’s health sector. 

## CHUNG ANH

# Supporting communities hit by typhoon

In mid-September Typhoon 10 (also known as Doksuri) swept through Vietnam's central provinces causing huge devastation. In order to help people affected by the typhoon to overcome difficulties, BIDV provided VND2.5 billion (USD110,000) to six central provinces.

The money was donated by BIDV employees all over the country. On 27 September BIDV Nghe An granted VND300 million (USD13,000) to people of affected regions across the province. In addition, the branch directly supported four families who had lost family members or were missing due to the floods, equal to USD450 per person.

Mr. Dinh Viet Hong, vice chairman of Nghe An People's Committee, expressed his gratitude to BIDV for their support. He spoke of his hope that BIDV will continue to provide support to help boost the local economy, in particular launching an incentive programme to support enterprises, households, farmers and poor families to recover their losses, resume production and improve their quality of life.

On 2 October, Thanh Hoa branch



represented BIDV to present donations of VND330 million to Thanh Hoa Fatherland Front Committee to support people in the province who

were seriously affected by the typhoon. On behalf of the people affected by the disaster, leaders of the committee expressed their deep gratitude to BIDV for the support and assistance and pledged to use the donation in a timely manner.

In Thua Thien Hue, on 4 October, Thua Thien Hue Fatherland Front Committee coordinated with BIDV Thua Thien Hue and other relevant units to plan for the disbursement of the bank's emergency assistance of VND300 million (USD13,000) to victims and families affected by the natural disaster. **R**

TIEN DAT

# BIDV inks master agreement with medical university



BIDV supports the upgrade of facilities and equipment for teaching and medical treatment

BIDV and Hanoi Medical University entered into a comprehensive cooperation agreement at a ceremony held on 27 October.


Mr. Le Ngoc Lam, senior executive vice president of BIDV, Mr. Nguyen Duc Hinh, director of Hanoi Medical University, Mr. Pham Duc Huan, director of Hanoi Medical University Hospital, Mr. Tran Long, director of BIDV Ha Thanh and other representatives attended the ceremony.

Under the agreement, BIDV will provide products and services such as credit, deposit accounts, hospital bill payment, payroll services, MetLife Insurance, forex and other banking products and services for the university and hospital

and support them to upgrade the facilities and equipment for teaching and medical treatment.

At the ceremony, BIDV also presented VND3 billion to the university and hospital for upgrading the university's traditional room and the hospital's emergency equipment.

"This donation has come from nearly 24,000 employees in the BIDV system to fund medical training at Hanoi Medical University and treatment at the hospital," Mr Lam said.

In recent years, BIDV has implemented programmes to support the health sector from central to local level such as presenting ambulances and medical equipment and upgrading facilities for health clinics across the country. 

HONG TIEN

## 1,000 meals donated to patients

BIDV Head Office's women affairs committee recently visited patients at the National Institute of Haematology and Blood Transfusions in Hanoi, presenting them with donations of healthy meals worth VND55 million.

According to Ms. Ly Hao, an officer at the institute, various organisations and individuals have offered a great deal of financial support, helping patients and their families to manage their difficult circumstances. Many children with the thalassemia have been in-patients at the institute since birth, and their parents have had to quit work to take care of them, leaving the families struggling to cope financially.

The thalassemia department is located on the third floor housing hundreds of in-patients. The children welcomed the visitors, eager to receive their gifts.

Ms. Le Thi Bich Hanh, head of the women affairs committee, said the bank's committee worked closely with the institute to prepare nutritious meals for the patients. Each food set included rice, soup, and meat. The donation demonstrates the compassion of BIDV employees towards patients, especially children. 

Accompanying **SMEs**



## INCENTIVES FOR SMALL AND MEDIUM ENTERPRISES

VND **10.000** CREDIT PACKAGE  
*billion*



Target audience: SMEs who are members of the Vietnam Association of SMEs or mutual enterprises.



Term and currency: ≤six months in VND



Up to VND30 billion per customer



Preferential rate:

> Referred enterprises: 1 percent/pa lower than the rate normally applied to this customer group

> Referring enterprises: 0.5 percent/pa lower than the rate normally applied to this customer group



Collateral policy: flexible



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# 47<sup>TH</sup> ASEAN BANKING COUNCIL MEETING

23-24 November 2017, Da Nang, Vietnam

