

**THE STATE BANK OF
VIETNAM**

No. 07/2022/TT-NHNN

**THE SOCIALIST REPUBLIC OF
VIETNAM**
Independence - Freedom - Happiness

Hanoi, June 30, 2022

CIRCULAR

Amending and supplementing a number of articles of the Circular No. 07/2019/TT-NHNN dated July 03, 2019 of the Governor of the State Bank of Vietnam on prescribing limits and prudential ratios in operations of the Vietnam Development Bank

Pursuant to the Law on the State Bank of Vietnam dated June 16, 2010;

Pursuant to the Law on Credit Institutions dated June 16, 2010; the Law on Amending and Supplementing a Number of Articles of the Law on Credit Institutions dated November 20, 2017;

Pursuant to the Government's Decree No. 16/2017/ND-CP dated February 17, 2017, defining the functions, tasks, powers and organizational structure of the State Bank of Vietnam;

Pursuant to the Government's Decree No. 32/2017/ND-CP dated March 31, 2017, on state investment credit;

Pursuant to the Government's Decree No. 46/2021/ND-CP dated March 31, 2021 on financial management regime and operational efficiency assessment of the Vietnam Development Bank;

Pursuant to the Decision No. 108/2006/QĐ-TTg dated May 19, 2006 of the Prime Minister on establishment of the Vietnam Development Bank;

At the proposal of the Chief of the Banking Supervision Agency;

The Governor of the State Bank of Vietnam promulgates the Circular on amending and supplementing a number of articles of the Circular No. 07/2019/TT-NHNN dated July 03, 2019 of the Governor of the State Bank of Vietnam on prescribing limits and prudential ratios in operations of the Vietnam Development Bank.

Article 1. To amend and supplement a number of articles of the Circular No. 07/2019/TT-NHNN

1. To amend and supplement Point c, Clause 1, Article 1 as follows:

“c) Ratio of the outstanding balance of loans to the total capital used for lending.”

2. To amend and supplement Clause 3, Article 7 as follows:

“3. The Vietnam Development Bank shall maintain the liquidity reserve ratio of at least 0.6%.”

3. To amend and supplement Article 8 as follows:

“Article 8. Ratio of the outstanding balance of loans to the total capital used for lending

1. The Vietnam Development Bank shall calculate the ratio of the outstanding balance of loans to the total capital used for lending in Vietnamese dong, including Vietnamese dong and freely convertible foreign currencies converted into Vietnamese dong at the central rates versus USD as announced by the State Bank, and the cross rates of Vietnamese dong versus other foreign currencies in accordance with the State Bank’s regulations on announcement of central rates of Vietnamese dong versus USA and cross rates of Vietnamese dong versus other foreign currencies, at the last working day of the month according to the following formula:

$$\text{LDR} = \frac{L}{D} \times 100\%$$

In which:

- LDR: Is the ratio of the outstanding balance of loans to the total capital used for lending;

- L: is the total outstanding balance of loans mentioned in Clause 2 of this Article;

- D: is the total capital used for lending, including the mobilized capital specified in Clause 3 of this Article and the equity specified in Clause 4 of this Article.

2. The total outstanding balance of loans includes:

- a) Short-term outstanding balance of loans supporting export;
- b) Short-term outstanding balance of loans for special projects of the Government;
- c) Intermediate-term outstanding balance of investment credit;
- d) Intermediate-term outstanding balance of loans for special projects of the Government;
- dd) Long-term outstanding balance of investment credit;

e) Long-term outstanding balance of loans for special projects of the Government;

g) Outstanding balance of loans required to be guaranteed;

h) Other outstanding balance of loans (excluding the outstanding balance of lending entrustment receipt of domestic and foreign organizations and individuals without risk);

i) Outstanding balance of pending loans.

3. The mobilized capital used for lending shall be the mobilized capital as specified by the Government's regulations on financial management regime and operational efficiency assessment of the Vietnam Development Bank.

4. The equity used for lending shall be the equity of the Vietnam Development Bank in accordance with the Government's regulations on financial management regime and operational efficiency assessment of the Vietnam Development Bank, except for:

a) The residual value of fixed assets (that equals historical cost of fixed assets minus accumulated depreciation) and actual construction-in-progress expenses, but not exceeding 25% of the charter capital and reserve fund for addition of charter capital of the Vietnam Development Bank;

b) The charter capital used for contributing to the charter capital of Vietnam Infrastructure Development and Finance Investment Joint Stock Company;

c) The financial provision fund.

5. The Vietnam Development Bank shall maintain the ratio of the outstanding balance of loans to the total capital used for lending of 95% at the maximum.”

Article 2. Organization of implementation

Chief of Office, Chief of the Banking Supervision Agency and heads of units of the State Bank of Vietnam and the Vietnam Development Bank shall be responsible for organizing the implementation of this Circular.

Article 3. Implementation provisions

This Circular takes effect on August 15, 2022./.

For the Governor

The Deputy Governor

Doan Thai Son