**Press release on the issuance of Circular No.01/2020/TT-NHNN**

On March 13, 2020, the Governor of the State Bank of Vietnam (SBV) issued Circular No. 01/2020/TT-NHNN directing the credit institutions, the foreign bank branches to restructure the repayment periods, waive and reduce the interest and fees, maintain the debt classifications in order to support those customers affected by Covid-19 epidemic.

The Circular was issued in order to provide prompt support and remove part of the difficulties for the businesses and people affected by Covid-19 epidemic, as directed by the Government in Resolution No. 11/NQ-CP issued on February 14, 2020 at the Government's regular meeting in January 2020. The Circular serves as a legal framework to guide the credit institutions and the foreign bank branches to restructure the repayment periods, waive or reduce the interest and fees, maintain the debt classifications for the borrowing businesses and people affected by the impacts of Covid-19 epidemic.

The Circular consists of 03 Chapters and 10 Articles, including some of the following main substances:

**1. Regarding the scope of debt repayment restructuring and criteria for determining debts affected by Covid-19 epidemic:**

The Article 4 of the Circular stipulates that debts subject to rescheduling are the outstanding amounts of principal and/or interest (including debt balances of debts subject to the Government's Decree No. 55/2015/ND-CP issued on June 9, 2015 on credit policies for agricultural and rural development) (as amended and supplemented)) that fully satisfy the following conditions: a) Arising from lending activities, financial leasing; b) The obligation to repay the principals and/or interest arising between January 23, 2020 and the following day after 03 months from the date the Prime Minister announces the end of the Covid-19 epidemic; c) Customers who are unable to pay the debts and/or interest in due time because of decreases in revenues and incomes caused by the impacts of Covid-19 epidemic.

The credit institutions and the foreign bank branches shall be responsible for providing specific guidance on the criteria to determine the outstanding debts of customers affected by Covid-19 epidemic, in which, there must be criteria for customers whose revenues and incomes are reduced because of Covid-19 epidemic.

**2. Regarding the waiver and reduction of interest and fees:**

Article 5 of the Circular stipulates that the credit institutions and the foreign banks branches will decide on waiving and reducing their interest and fees according to their internal regulations for the outstanding loans arising from credit extension operations (except for activities of buying and investing in corporate bonds), with the obligation to repay the principals and/or interest being due between January 23, 2020 and the following day after 03 months from the date the Prime Minister announces the end of the Covid-19 epidemic, and customers who are unable to pay their debts and/or interest in due time because of declines in revenues and incomes caused by the impacts of Covid-19 epidemic.

**3. On maintaining the debt classifications:**

Article 6 of the Circular stipulates that the credit institutions and the foreign bank branches are entitled to maintain the classified debt groups in accordance with the provisions of the SBV at the closest time to January 23, 2020 with regard to the debt balances subject to loan repayment rescheduling, interest & fee waiver and reduction as prescribed in this Circular; also, they are requested to conduct debt classifications, set up risk provisions in line with the restructured terms in accordance with the legal provisions on debt classification, setting up and using risk provisions in order to address risks in the operations of the credit institutions and the foreign bank branches; however the adjustment principles shall not be applied to the debt groups with higher risk levels.

**4. On responsibilities of the credit institutions, the foreign bank branches and the entities of the SBV:**

Article 7 of the Circular specifies the responsibilities of the credit institutions and the foreign bank branches for issuing internal regulations on rescheduling, waiving and reducing their interest and fees, and maintaining the debt classifications in line with the provisions of this Circular in order to implement consistently in the whole system, ensuring close supervision, safety, prevention, and preventing the abuse of the rescheduling, waiver and reduction of interest and fees, and maintaining the debt classifications to profiteering, mis-reflecting the credit quality.

Article 8 of the Circular specifies the responsibilities of the SBV entities in the inspection, supervision, handling with issues arising in the process of implementing this Circular by the credit institutions and the foreign bank branches.

**5. On the effectiveness:**

This Circular took effect from March 13, 2020.

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