

**CIRCULAR**

**GUIDING THE IMPLEMENTATION OF MEASURES FOR MANAGING MONETARY  
POLICY INSTRUMENTS TO SUPPORT CREDIT INSTITUTIONS LENDING FOR  
AGRICULTURE AND RURAL DEVELOPMENT**

*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;*

*Pursuant to the Law dated November 20, 2017 which amends the Law on Credit Institutions;*

*Pursuant to Decree No.16/2017/ND-CP dated February 17, 2017 of the Government on  
functions, missions, rights and organizational structure of the State Bank of Vietnam;*

*Pursuant to Decree No.55/2015/ND-CP dated June 9, 2015 of the Government on the credit  
policy for agriculture and rural development;*

*At the request of the Director General of the Department of Monetary Policy;*

*Governor of the State Bank of Vietnam promulgates a Circular guiding the implementation of  
measures for managing monetary policy instruments to support credit institutions lending for  
agriculture and rural development.*

**Article 1. Scope**

This Circular provides guidelines for implementation of measures for managing monetary policy instruments to support credit institutions, branches of foreign banks lending for agriculture and rural development in accordance to regulations in Decree No.55/2015/ND-CP dated June 9, 2015 of the Government on the credit policy for agriculture and rural development.

**Article 2. Regulated entities**

Commercial banks, cooperative banks, non-bank credit institutions (exclusive financial leasing companies, factoring finance companies), microfinance institutions, people's credit funds and branches of foreign banks in Vietnam (hereinafter referred to as credit institutions).

**Article 3. Measures for supporting credit institutions lending for agriculture and rural development**

1. Refinancing credit institutions lending for agriculture and rural development shall comply with regulations on refinancing of credit institutions.

2. Providing support through reserve requirements as follows:

a) The reserve requirements applied to the deposit in Vietnam Dong shall be lower than normal reserve requirements prescribed by the State Bank of Vietnam (hereinafter referred to as the State Bank) which vary according on each type of credit institutions and over time meeting the following criteria:

i) For the credit institution whose ratio of loan outstanding for agricultural, rural development over the average total loan outstanding (hereinafter referred to as the average credit ratio for agriculture and rural development) is 70% and higher: The reserve requirement is requested by such credit institution but not lower than 1/20 (one twentieth) of the reserve requirements applied to each deposit at such credit institution prescribed by the State Bank.

ii) For the credit institution whose the average credit ratio for agriculture and rural development is from 40% to less than 70%: The reserve requirement is requested by such credit institution but not lower than 1/5 (one fifth) of the reserve requirement applied to each

deposit at such credit institution prescribed by the State Bank.

b) The reserve requirement prescribed in point a in this Clause shall be applied in 6 months, specifically as follows:

i) From February to July of the current year (hereinafter referred to as stage 1): The credit ratio for agriculture and rural development as the basis for determining the credit institutions

eligible for the reserve requirement will be calculated as follows: 
$$C = \frac{(A1+A2)/2}{(B1+B2)/2} \times 100\%$$

Where:

- C: the average credit ratio for agriculture and rural development as the basis for applying the reserve requirement from February to July of the current year;

- A1, A2: Loan outstanding for agriculture and rural development of the credit institution until the end of September 30 and the end of December 31 of the preceding year;

- B1, B2; Total loan outstanding of the credit institution until the end of September 30 and the end of December 31 of the preceding year;

ii) From August of the current year to the end of January of the following year (hereinafter referred to as stage 2): The credit ratio for agriculture and rural development as the basis for determining the credit institutions eligible for the reserve requirement will be calculated as

follows: 
$$F = \frac{(D1+D2)/2}{(E1+E2)/2} \times 100\%$$

Where:

- F: The average credit ratio for agriculture and rural development as the basis for applying the reserve requirement from August of the current year to January of the following year;

- D1, D2: Loan outstanding for agriculture and rural development of the credit institution until the end of March 31 and the end of June 30 of the current year;

- E1, E2; Total loan outstanding of the credit institution until the end of March 31 and the end of June 30 of the current year;

c) The reserve requirement prescribed in this Circular shall not be applied to the credit institution whose the average credit ratio for agriculture and rural development is 40% and higher.

3. Other supporting measures as decided by Governor of the State Bank.

#### **Article 4. Notification of application of the reserve requirement prescribed in point a in clause 2 in Article 3 of this Circular**

1. The credit institution shall determine the average credit ratio for agriculture and rural development as prescribed in point b in clause 2 in Article 3 of this Circular, if eligible for the reserve requirement prescribed in point a in clause 2 in Article 3 of this Circular, such credit institution shall send a documented request for the reserve requirement by post or directly to the State Bank (Credit Department of Economic Sectors) which clearly specifies the reserve requirement, specifically as follows:

a) Step 1: Send a documented request for the reserve requirement for stage 1 according to Appendix 1 issued together with this Circular before January 15;

b) Step 2: Send a documented request for the reserve requirement for stage 2 according to Appendix 2 issued together with this Circular before July 15

2. The State Bank shall consider and inform the credit institution of the reserve requirement applied or disapproval of the reserve requirement requested by such credit institution with clear explanation. Notification time:

- a) For step 1: before February 2;
- b) For step 2: before August 1

#### **Article 5. Rights and responsibilities of credit institutions**

1. The credit institution that needs more funds to grant loans serving agriculture and rural development may request the State Bank to consider refinancing in according to provisions of laws in force.
2. The credit institution which is eligible and wishes to apply the reserve requirements prescribed in this Circular may send a documented request to the State Bank (the Credit Department of Economic Sector) in compliance with regulations in clause 1 in Article 4 of this Circular.
3. The credit institution is required to:  
Fully and timely report the credit ratio for agriculture and rural development as regulated by the State Bank; take responsibility for the accuracy and validity of the report of total loan outstanding and loan outstanding for agriculture and rural development as the basis for applying supporting measures for the lending for agriculture and rural development prescribed in this Circular and relevant provisions of laws.
4. Comply with provisions of laws and guidance of the State Bank on the monetary policy for agriculture and rural development.

#### **Article 6. Responsibilities of entities affiliated with the State Bank**

1. The Credit Department of Economic Sectors: According to the documented request for the reserve requirements submitted by the credit institution, consider and submit it to Governor of the State Bank and inform such credit institution of the reserve requirements applied or of disapproval of the reserve requirements requested by such credit institution as prescribed in clause 4 in Article 4 of this Circular and also inform the Transaction Offices and branches of the State Bank in provinces and centrally-affiliated cities of the locality in which the head office of the credit institution is located (or of the locality in which the head office of the foreign bank is located) and relevant agencies.
2. Banking inspection and supervision authorities shall inspect, supervise and handle or propose the settlement, as authorized, the compliance with regulations in this Circular of the credit institution.
3. Relevant entities affiliated with the State Bank shall refinance and implement other measures to support credit institutions lending for agriculture and rural development in accordance to regulations and decisions issued by Governor of the State Bank.
4. Branches of the State Bank in provinces and centrally-affiliated cities of the locality in which the head office of the credit institution is located (or the locality in which the head office of the foreign bank is located) shall look after and cooperate with relevant entities affiliated with the State Bank in implementing this Circular.

#### **Article 7. Effect**

1. This Circular comes into force on July 13, 2018.
2. The following documents will run out of effect from the day on which this Circular comes into force:
  - a) Circular No.20/2010/TT-NHNN dated September 29, 2010 of the State Bank guiding the implementation of measures for managing monetary policy instruments to support credit institutions lending for agriculture and rural development;
  - b) Official Dispatch No.854/NHNN-TD dated January 25, 2011 of the State Bank guiding the implementation of Circular No.20/2010/TT-NHNN;
  - c) Decision No.582/2003/QD-NHNN dated June 9, 2003 of the Governor of the State Bank on adjustments to reserve requirements applied to credit institutions

3. The reserve requirements applied to credit institution as prescribed in Circular No.20/2010/TT-NHNN dated September 29, 2010 of the State Bank guiding the implementation of measures for managing monetary policy instruments to support credit institutions lending for agriculture and rural development is still acceptable until the end of July 2018.

**Article 8. Implementation**

Chief Office, Director General of the Department of Monetary Policy, Directors of entities affiliated with the State Bank, Directors of branches of the State Bank in provinces and centrally-affiliated cities, Chairperson of Boards of Directors, Chairperson of the Member Council and General Director (Director) of credit institutions shall take responsibility to implement this Circular./.

**PP. GOVERNOR  
DEPUTY GOVERNOR**

**Nguyen Thi Hong**