

# THE STATE BANK OF VIETNAM HAS RESTRUCTURED THE REPAYMENT PERIODS TO SUPPORT CUSTOMERS AFFECTED BY COVID-19 EPIDEMIC

To share the struggles caused by detrimental impacts of the pandemic with the businesses and the people, on 13 March, 2020, the Governor of the State Bank of Vietnam 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 ("**Circular 01/2020**"). Accordingly, Circular 01/2020 regulates a number of following remarkable regulations:

## **1. The State Bank of Vietnam has restructured the repayment periods to support customers affected by Covid-19 epidemic.**

Debts subject to rescheduling are the outstanding amounts of principal and/or interest that wholly satisfy the following conditions:

- (i) Arising from lending activities, financial leasing;
- (ii) 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 pandemic;
- (iii) Customers are unable to pay the debts and/or interest per signed lending or financial leasing agreements/contracts in due time owing to decreases in revenues and incomes caused by the impacts of Covid-19 pandemic.

The restructuring repayment period of the aforementioned debts is to be conducted in following circumstances:

- (i) The outstanding loan is not yet overdue or has become overdue 10 (ten) days from the repayment date as set out in the relevant loan agreement.
- (ii) The outstanding amount has become overdue in the period from 23 January 2020 to the following day after the 15th day since the circular becomes valid;

To enhance the possibility of receiving supports from banks, companies have to collect statistics, proofs to precisely prove the damages caused by the pandemic.

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

Pursuant to Circular 01/2020, the credit institutions, the foreign bank branches, shall determine the waiver, reduction of interest and fees in regard to the outstanding loan arising from credit extension operations (apart from activities of buying and investing in corporate bonds) if:

- (i) 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; and
- (ii) Simultaneously, customers are unable to pay the debts and/or interest in due time due to decreases in revenues and incomes caused by the impacts of Covid-19 pandemic.

Circular 01/2020 was valid as of 13 March, 2020.

**If you are interested in the content of this newsletter or you need professional legal advice, please feel free to contact with LuatViet as information follows:**

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