

New restrictions on bank lending

2 August 2023

At a glance...

On 28 June, the State Bank of Vietnam issued Circular 06/2023/TT-NHNN amending various regulations on lending by Vietnamese banks and branches of foreign banks. Circular 06 will come into effect on 1 September 2023.

In detail...

Key amendments include:

- **Additional cases where lending is not allowed**

Besides the existing restrictions as specified in Circular 39/2016/TT-NHNN (e.g., to invest in prohibited business sectors; to purchase gold), Circular 06 adds four more cases where loans are not allowed, including:

- To make a savings deposit;
- To make capital contribution or purchase equity/shares in a limited liability company or a joint-stock company which has not been listed or registered for trading on UPCoM;
- To make capital contribution for implementing an investment project that has not yet met conditions to be put into business operation; and
- For certain re-financing arrangements.

- **Currency for repayment of loans**

While keeping the general stipulation that the re-payment currency is the currency of the loan, Circular 06 allows parties to agree on repayment in another currency.

Loan agreements signed prior to the effectiveness of Circular 06, i.e., 1 September 2023, can continue to be implemented in accordance with Circular 39. However, in the event of any amendment to such loan agreements on or after 1 September 2023, the amended content(s) must be in line with Circular 06.

Contact us

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