

## Assessment of the impact of Circular 10/2023 amending Circular 06/2023

The State Bank of Vietnam has just issued Circular 10/2023/TT-NHNN amending Circular 06/2023/TT-NHNN. Accordingly, the enforcement of Clauses 8, 9 and 10 of Article 8 of Circular 06 will be suspended instead of applying from September 1, 2023. Specifically, the capital needs that are not allowed to be loaned under Clauses 8, 9, and 10 of Circular 06 include:

- (1) To contribute capital, purchase capital contributions of private companies and joint stock companies that have not been registered for trading on UPCOM;
- (2) To contribute capital under the contract of capital contribution, investment cooperation or business cooperation to implement an investment project that is not eligible to be put into business as prescribed by law and;
- (3) To refinance, unless specific conditions are met.

### Impact assessment of Circular 10/2023:

For the real estate industry, we believe that Circular 10/2023 is part of the Government's policy of supporting the real estate market in particular and credit growth in general. The suspension of the implementation of the above items will support real estate businesses that are facing difficulties to have the opportunity to restructure through transferring capital in projects to investors with better operating capability or through a business cooperation with other partners. In addition, banks also have a legal corridor to be able to lend to real estate buyers who have not yet met the business conditions (such as sales license), but have met the legal conditions. Besides, this will also support real estate businesses in borrowing for investment, expanding land bank or investing in a new project. Most real estate businesses can benefit from this Circular. However, the real estate businesses that are expected to benefit the most include NVL, PDR, DXG.

Regarding the impact on the banking industry, we believe that the above adjustments will help support credit growth, which has been at a low level recently (only increased 4.56% YTD by the end of July and decrease 0.17% MoM). In fact, each bank will have its own risk appetite and still may not actively disburse credit for projects that they consider to be high risk. Meanwhile, the newly issued Circular will create a legal corridor and favorable conditions for credit disbursement for banks that favor the real estate sector. At the end of June 2023, banks with high proportion of real estate and construction loans included TCB (35.5%), LPB (31.6%), SHB (27.3%), VPB (22.5%), HDB (19.0%) and MSB (17.9%).

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**BUY:** where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

**NEUTRAL:** where we believe it will be -15% to 15%.

**SELL:** where we believe it will be lower than -15%.

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