



News Release

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HSBC Vietnam and Vietcombank jointly implement the first live blockchain domestic Letter-of-Credit transaction in Vietnam

The first live blockchain domestic Letter-of-Credit in Vietnamese dong to be executed by HSBC and Vietcombank

*** The breakthrough deal signals Vietnam's readiness for the next phase of digital transformation in trade***

(Ho Chi Minh City) – Today, HSBC Bank (Vietnam) Ltd. (HSBC Vietnam) and Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) announce the successful joint implementation of the first live blockchain domestic Letter-of-Credit (LC) in Vietnamese dong in the country.

The transaction is performed on Contour platform, which is powered by R3's blockchain software Corda, and during the Contour's Beta phase. This deal facilitated the purchase of prepainted alloy galvalume steel of Kirby South East Asia Co.,Ltd as the Buyer from Ton Dong A Corporation as the Seller with HSBC Vietnam as the Issuing Bank and Vietcombank as the Advising/Nominated Bank. The end-to-end process of this Letter-of-Credit transaction (except for payment) was completed on a single platform, Contour, where all four parties (HSBC Vietnam, Vietcombank, Kirby South East Asia and Ton Dong A) have simultaneous and instantaneous access to information, via a simple provided web interface that connects to their own dedicated node.

The live transaction of VND DC issuance and DC advising was processed successfully within 27 minutes which is far faster than the conventional lead time of three to five working days.

Another turning point of this transaction was that all parties have completed the document presentation on Contour instead of sending paper documents via courier with many manual steps and costs. The electronic documents were processed and sent from the seller (Ton Dong A) through the seller's bank (Vietcombank), the issuing bank (HSBC) to the buyer (Kirby South East Asia) in half a day instead of about ten days as before. The Contour system also helps all parties' communication on the rejection/acceptance status of documents to be more convenient and quicker.

Blockchain-enabled LC on Contour platform offers numerous benefits including:

- **Minimized complexity:** All parties are now transacting on one single platform with simplified workflow.
- **Increased visibility:** Live transaction allows all parties to track transaction's status and plan next steps on time.
- **Cost efficiency:** The solution helps reduce time, remove unproductive activities, eliminate manual storage of documents, and provide digital warehouse for records.
- **Reduced errors:** Data can flow directly from Contour to parties' system, eliminating duplicated inputs.
- **Frictionless:** The platform provides paperless movement, saving five to ten days normally taken over a traditional Letter-of-Credit (end to end process). It also offers real-time data sharing and status updates, reducing time from presentation to acceptance to pay, resulting in working capital efficiencies.

Tim Evans, CEO of HSBC Vietnam, shared: "This transaction marks another milestone for Vietnam's trade capabilities in Industry 4.0. In addition to completing the first international blockchain transaction between two corporates in Vietnam and Korea in 2019, HSBC Vietnam is proud to be able to support our corporate clients with the ability to now undertake domestic Letter-of-Credit transactions faster and safer on blockchain platform, and reinforces our commitment to support Vietnamese corporates to prosper and thrive. This deal also emphasizes Vietnam's breakthrough into the technology in the world, opening up even more opportunities for the country to become an active trade hub in Asia."

Nguyen Thanh Tung, Deputy General Director of Vietcombank, said: "Vietnam is having a huge opportunity of effectively applying blockchain technology - one of the technologies that play a core role in Industry 4.0. As always keeping updated with the latest digital trend, Vietcombank has made constant efforts to provide the most advanced digital technology application to customers. The successful implementation of blockchain Letter-of-Credit transaction offers a completely different experience from previous traditional transactions. Vietcombank is always proud to be one of the pioneers in the digital revolution with our desire of satisfying mostly of customers' needs. In the future, Vietcombank will continue developing digital transactions to improve service quality and contribute to promoting the success of Industry 4.0 in Vietnam."

The success of the first live blockchain domestic Letter-of-Credit in Vietnamese dong with the cooperation of HSBC Vietnam, Vietcombank, Kirby South East Asia, and Ton Dong A was distilled from Vietcombank's progressive and constantly evolving mindset, as well as HSBC's capability of new technology capture and rich experience in successfully executing the pilot blockchain Letter-of-Credit transaction before. It also underscores the fact that banks and businesses in Vietnam are fully capable of accessing and mastering innovative technology in trade to save time and bring more convenience to customers.

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Notes for Editors:

Contour

Contour initially began life as a project between a group of global banks and R3 in 2018. It is a blockchain-based open industry platform whose first product is to create, exchange, approve, and issue Letters of Credit on Corda, R3's blockchain platform. It transitioned in December 2019 to be a legal entity established in Singapore with investment by 8 financial institutions. In January 2020 it was renamed as Contour.

HSBC Bank (Vietnam) Ltd.

HSBC has been in Vietnam for 150 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and two full-service branches in Binh Duong and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, product range, and customer base.

Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)

With 58 years of growth and development, Vietcombank is now one of the largest and oldest local banks in the country with nearly 600 branches/transaction offices both in Vietnam and abroad. Heading towards international standards, Vietcombank has been continuously rated as "Best Bank in Vietnam" by global prestigious organisations. Vietcombank is also the first and only bank in Vietnam voted among Top 500 world leading banks by The Banker. With great wisdom and high dedication, Vietcombank staff has been making efforts striving for a more and more sustainable Vietcombank. Vietcombank's goal is to maintain its No.1 position in Vietnam in 2025, one out of the 100 largest banks in Asia, and among the 300 largest banking financial groups in the world, one of the 1,000 largest listed companies in the world, making great contributions to the development of Vietnam.

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