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Independence - Freedom - Happiness

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LAW
ON CREDIT INSTITUTIONS

In order to ensure the soundness, prudence and efficient operations of credit institutions, to protect the interests of the State and the legitimate rights and interests of organisations and individuals; and to facilitate the implementation of national monetary policy and the development of a socialist oriented market economy;

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam as amended and supplemented in accordance with the Resolution No. 51/2001/QH10 of the National Assembly, Legislature Xth, 10th Session dated 25th December 2001;

This Law provides for the organisation and operation of credit institutions, bank holding companies.

CHAPTER I: General Provisions

Article 1. Governing scope

This Law provides for the establishment, organisation and operation of credit institutions, bank holding companies operating in the Socialist Republic of Vietnam.

Article 2. Applicability

1. Credit institutions.
2. Bank holding companies.
3. Organisations, individuals which are involved in the establishment, organisation, and operation of credit institutions, bank holding companies.

Article 3. Application of the Law on Credit Institutions, international treaties and relevant laws

1. The establishment, organisation and operation of credit institutions, bank holding companies shall be subject to the provisions of this Law and other relevant laws.

2. In case the Law on Credit Institutions and other Law provide differently on the same issue, provisions of the Law on Credit Institutions shall apply; other relevant legal provisions shall apply if there are no provisions in the Law on Credit Institutions.

3. Where international treaties to which the Socialist Republic of Vietnam is a signatory or a member contain provisions that are different from those in this Law, the provisions of such international treaties shall prevail.

4. Parties engaging in banking activities may agree to apply international practices, which are not contrary to the laws of the Socialist Republic of Vietnam.

Article 4. Terms and definitions

In this Law, the following terms shall be understood as follows:

1. **Credit institution** means an enterprise which engages mainly and frequently in banking operations. Credit institutions include banks, non-bank credit institutions, microfinance institutions, and people's credit funds.

2. **Bank** means a form of credit institution permitted to conduct all basic banking operations including taking deposits, providing payment services, issuing payment instruments, extending credits and other businesses related to banking operations. On the basis of the nature and objectives of their operations, banks are classified into commercial banks, development banks, social policy banks, co-operative banks, and other types of bank.

3. **Non-bank credit institution** means a form of credit institution permitted to conduct one or more banking activities but not permitted to take deposit. Non-bank credit institutions include financial companies, financial leasing companies, and other non-bank credit institutions.

4. **Bank holding company** means an enterprise established under the form of a public joint stock company with the aim of investing funds to hold directly or indirectly over 20% of chartered capital of one or more credit institutions. Bank holding companies shall operate only in the banking and financial field and shall not engage in non-financial business or production field. Bank holding companies shall only comprise affiliates being credit institutions, companies operating in the field of finance.

5. **Affiliates of bank holding company** means company which the bank holding company invests funds to have direct or indirect ownership.

6. **Micro-finance institution** means a credit institution being established and operating in accordance with provisions of this Law in order to carry out micro-finance activities.

7. **Micro-finance oriented commercial bank** means a commercial bank which focuses mainly in micro-finance activities. Micro-finance oriented banks shall

ensure a minimum ratio of micro-credit outstanding over total credit outstanding not less than the ratio specified by the State Bank of Vietnam.

8. **Co-operative credit institution** means an institution conducting monetary business and providing banking services which is established on a voluntary basis by organizations, individuals and households in order to carry out banking operations in accordance with the provisions of this Law and the Law on Co-operatives with the main purpose of mutually assisting each other to develop business production and improve living standards. Co-operative credit institutions shall include co-operative banks, people's credit funds and other forms.

9. **People's Credit Fund** means a cooperative credit institution which is allowed to take deposits from its members in Vietnam to extend credit to the fund's members.

10. **Foreign credit institution** means a credit institution established in a foreign country under foreign laws.

11. **Owned capital** includes the actual value of the contribution to charter capital (injected capital in case of foreign bank branches), reserves and some other liabilities of the credit institution as stipulated by the State Bank of Vietnam. Owned capital shall be used as the basis for calculating prudential ratios in banking operations.

12. **Licenses** include establishment and operation license for credit institutions, branch or representative office opening license for foreign credit institutions in Vietnam, and establishment license for bank holding companies granted by the State Bank of Vietnam.

13. **Banking operations** means the conduct of monetary business and banking services on a regular basis. Basic banking operations include taking deposits, extending credits and providing payment services and issuing payment instruments.

14. **Extension of credit** means the agreement of the credit institution for a client to use a certain amount of money on the principle of repayment thereafter through providing loans, discounts, financial leasing, factoring, bank guarantees and others. Terms of credit extension shall be divided into three categories: short-term (less than one year); medium-term (from one year to less than seven years); and long-term (seven years or more).

15. **Financial leasing** means medium or long term credit operations carried out on the basis of a financial leasing contract entered into between the lessor (being the credit institution) and the lessee.

16. **Bank guarantee** means a written undertaking of a credit institution to a party having right to fulfill financial obligations on behalf of the former's clients when such clients fail to fulfill their committed obligations; the clients shall owe to the credit institution the amount paid on their behalf by the credit institution and shall be responsible to make full repayment of such amount to the credit institution.

17. **Discount** means the purchase of transferable instruments and other valuable papers of beneficiaries by a credit institution prior to maturity of such papers.

18. **Re-discount** means the purchase of discounted transferable instruments and other valuable papers prior to maturity of such papers.

19. **Deposit** means any amount of money deposited by organisations and individuals to banks according to the principle that the deposits shall be repaid to the depositors with or without interests as agreed by the banks and the depositors. Deposits include demand deposits, time deposits, savings deposits, or other forms of deposits.

20. **Electronic banking operations** means the offering of banking services to clients by credit institutions through electronic transaction means, including Internet, ATM, telephone and other electronic transaction means.

21. **Contributing capital, buying shares** means the use of charter capital and reserve funds by a credit institution to form charter capital, to buy shares of other enterprises or credit institutions (including the injection of funds or contribution of capital to their subsidiaries); or to contribute capital to investment funds, to implement investment projects, including the entrusting of funds to other legal entities, organization, enterprises to make investment in the above-mentioned forms.

22. **Investments in the form of contributing capital, buying shares in order to control the enterprise** include:

(a) Investments that account for at least 25% of the charter capital of the joint-stock company.

(b) Investment that account for at least 51% of the charter capital of the limited liability company

23. **Major shareholder** means any individual or organization owning directly or indirectly more than five (05) percents of the charter capital or holding more than five (05) percents of the voting shares of a credit institution.

24. **Indirectly owning** means owning charter capital of a credit institution through related parties.

25. **Board of Directors** means a board of directors of a credit institution which is established under the form of a joint stock company, a member's council of a credit institution which is established under the form of a one-member limited liability company or a limited liability company with two or more members.

26. **Independent member of Board of Directors** means a member of the Board who meets the following conditions:

a) He/she neither is currently working for the credit institution or subsidiaries of the credit institution nor worked for the credit institution or subsidiaries of the credit institution at any time in the past three years.

b) He/she shall not receive currently any regular salaries, allowances from a credit institution, other than favourable treatment offered in accordance with the Board of Director member's standards.

c) He/she shall not be a person, whose spouse, father, adoptive father, mother, adoptive mother, children, adopted children, siblings and spouse of these people are the major shareholders of a credit institution; or a manager or a member of the Supervisory Committee of a credit institution or subsidiaries of a credit institution within the past three (03) years and during the tenure of the independent member of Board of Directors.

d) He/she shall not own directly or representatively one percent or more of total voting shares of a credit institution; he/she together with the related persons shall not own five percents or more of total voting shares of a credit institution.

27. **Administrator of a credit institution** include Chairman and members of Board of Directors, CEO and other managerial positions as stipulated in the charter of the credit institution.

28. Managers of a credit institution include CEO, vice CEO and other managerial positions as stipulated in the charter of the credit institution.

29. **Related person** means organisations, individuals having direct or indirect relationship with credit institutions in cases stipulated in clause 17, Article 4 of the Law on Enterprises; spouses of people stipulated in point đ, clause 17, Article 4 of the Law on Enterprises

30. **Microfinance operation** means a business operation which is carried out basing on the following main activities:

a) Taking deposits;

b) Extending credit, and providing other services as stipulated by this Law to low-income individuals, households and micro-finance enterprises.

31. **Microcredit** is a credit of small value as stipulated by the State Bank of Vietnam, with or without security, extended to low-income individuals, households and/or their microbusiness and microenterprises in order to help them generate income and improve living standards. In addition to normal form of loan security, microfinance also includes special forms of security such as group guarantee and/or compulsory savings.

32. **Microfinance customers** are low-income individuals, households and microenterprises which satisfy conditions for becoming microfinance customers as specified by the microfinance institution by referring to poverty threshold stipulated by the Government.

33. **Group guarantee** is a guarantee mechanism by which a group of microfinance customers undertakes joint responsibility for a loan of any member of the group.

34. **Compulsory savings** is a sum that microfinance customers must deposit at the microfinance institution in order to borrow from such institution. Compulsory savings is a small sum deposited periodically or calculated as a certain percentage over the loan amount in accordance with the microfinance institution's regulations.

Article 5. Forbidding frauds and illegal behaviors

1. No organisations shall engage in business operations in the capacity of a credit institution without effective license of the State Bank.

2. Only banks and foreign bank branches licensed by the State Bank shall be entitled to take deposits of the public.

Article 6. Organization forms of credit institutions

1. Credit institutions being banks, non-bank credit institutions, microfinance institutions shall be incorporated under one of the following forms: joint stock company, one-member limited liability company, limited liability company with two or more members in accordance with Law on Enterprises.

2. Cooperative credit institutions shall include cooperative bank, people's credit funds and other cooperative forms in accordance with Cooperative Law.

3. Foreign credit institutions may operate in Vietnam under the following forms:

a) Joint venture credit institution established under the form of limited liability company with two or more members;

b) 100% foreign-invested credit institution established under the form of one member limited liability company or limited liability company with two or more members;

c) Foreign bank branches;

d) Foreign credit institutions may make capital contribution to and purchase shares from credit institutions operating in Vietnam in accordance with the applicable provisions of the Government;

e) Foreign credit institutions may establish representative offices in Vietnam. Representative offices shall not conduct business operations in Vietnam.

Article 7. Rights to business autonomy of credit institutions

Credit institutions shall have the rights of business autonomy and be responsible for their business results. No organisation or individual shall be permitted to interfere illegally into the rights of business autonomy of credit institutions. Credit institutions shall have the rights to refuse any request for credit extension, capital contributions, provision of banking services if such request is deemed ineligible, inefficient and contrary to the laws.

Article 8. Co-operation and competition in banking activities

1. Credit institutions, bank holding companies may co-operate and compete legally.

2. Any acts of illegal competition that damage the implementation of national monetary policies, the safety of the system of credit institutions and the legitimate interests of the involving parties shall be strictly prohibited.

3. The acts of illegal competition shall include:

a) Illegal sales-promotion;

b) Announcing misleading information, thus causing damage to the interests of other credit institutions and customers;

c) Manipulative speculation of the financial, gold and foreign currency markets; and

d) Other acts of illegal competition as stipulated in the laws and the guidelines issued by the State Bank.

Article 9. Protection of customer interests

Credit institutions shall be responsible for:

1. Participating in a deposit insurance organisation; the level of insurance coverage shall be stipulated by the Government.

2. Creating favorable conditions for deposit and withdrawal of money by the customers upon request; ensuring the full and timely payment of both principal and interest of any sum of deposit;

3. Ensuring the confidentiality of the deposit balances of customers; refusing any investigation into, blockage, retention, transfer of any deposit money legally owned by the customers without the consent of them, unless otherwise provided by the laws;

4. Announcing publicly interest rates applicable to deposits, loans, all kinds of fee, rights and responsibilities of customer regarding each type of product and service supplied by the credit institution.

5. Credit institutions shall announce to their customers transaction time and shall not be allowed to terminate transaction during the announced time. In case a credit institution intends to terminate its transactions during the official transaction time, the credit institution shall post announcement at the transaction location at the latest 24 hours prior to such termination. In case a credit institution terminates its transactions more than five working days, it shall be approved by the State Bank.

Article 10. Responsibilities in respect to counter money laundering (AML), the financing of terrorism

1. Credit institution shall not hide or carry out any services related to a sum of money, which is proven to have or suspected of having illegal origin, or is used to finance terrorist acts.

2. Credit institution shall be committed to the State Bank on refraining from the abuse of physical infrastructures of the institution for money laundering or the financing of terrorism; develop internal regulations on combatting money laundering and the financing of terrorism; and establish a central information archive system.

3. Credit institution shall have internal regulation on know-your-customer for customer identification, obtain clear information related to customers and origin of transacted money prior to engaging in transaction with customers. This information shall be maintained in the central archive system of the credit institution, and shall be provided to its staff so that they are able to identify customers before conducting transaction and shall be provided to the state competent authority in accordance with the laws.

Article 11. Legal Representative of credit institution

1. The legal representative of credit institutions shall be the Chairman of the Board of Directors or General Director, which shall be recorded in the institution's Charter. The legal representative may authorise in writing another person to fulfill his

or her duties and powers using internal authorisation mechanism stipulated by the Board of Directors. The letter of attorney shall specify the scope of authorised representation and time-limit of authorisation. The authorised representative shall only conduct transactions within the scope of authorisation and shall not be allowed to grant a reauthorisation to a third party.

2. The credit institution's legal representative shall be reside in Vietnam; in case of absence from Vietnam, a letter of attorney in writing must be issued to another person residing in Vietnam to perform his/her duties and powers in accordance with clause 1 of this Article.

Article 12. Providing information to the account's holder

Credit institutions shall inform periodically to the account's holder on transactions and balance of their account at the credit institution.

Article 13. Exchanging information among credit institutions

Credit institutions may exchange mutually information on banking operations and customers.

Article 14. Exchanging information between the State Bank of Vietnam and credit institutions

Credit institutions shall have responsibility to provide to the State Bank of Vietnam information relating the extension of credit to its customers upon request of the State Bank and shall be provided by the State bank information relating banking operations of customers which have relations with credit institutions.

Article 15. Center for backup data

A credit institution shall establish back-up center to store data in order to ensure that the credit institution will operate in a safe and continuous manner.

Article 16. Protection of banking information

1. Staff of credit institutions and their related persons shall not disclose national secrets and business secrets of credit institutions which they know.

2. Credit institutions have the right to refuse individuals and organisations' request on providing information concerning deposits, assets of customers and operations of credit institutions, except in cases of a request by the competent state authority in accordance with provisions of laws or with the consent of the customers.

Article 17. Foreign bank branches

1. Foreign bank branches shall conduct operations in accordance with provisions of this Law similarly to Vietnamese commercial banks.

2. Foreign bank branches shall conduct the organisation, management and administration in accordance with provisions of this Law. Due to the particular feature of foreign bank branches which are an unit under the foreign bank, some provisions regarding the Board of Directors, Supervisory Committee and other provisions which are unsuitable shall not apply to foreign bank branches.

CHAPTER II: Issuance of Licenses for Establishment and Operation

Article 18. Authority to issue license of the State Bank of Vietnam

1. The State Bank shall be the competent authority to issue and withdraw licenses for establishment and operation to credit institutions, licenses for opening foreign bank's branches, licenses for opening representative offices of foreign credit institutions in Vietnam, and licenses for operation to bank holding companies in accordance with the provisions of this Law and other applicable provisions of the laws (hereinafter referred as the License).

2. The State Bank of Vietnam has the rights to refuse granting the License if individuals or organisations being applicants do not meet current provisions of applicable laws.

Article 19. Legal capital

The State Bank shall stipulate the legal capital applicable to each type of credit institution.

Article 20. Conditions for issuance licenses

1. Conditions for credit institutions to be issued the license for establishment and operation shall be as follows:

- a) Having the legal capital requirements as stipulated;
- b) The founding shareholders or the founding members being legal entities which are legally operating and having sufficient financial capability to make capital contribution; the founding shareholder or the founding members being individuals who have a full capacity for civil acts and are not among those who are serving prison sentences or prohibited by a court from conducting business. The founding shareholders or the founding members shall only make capital contribution to establish a new credit institution from their own capital resources;
- c) The administrators and managers shall have full civil acts capacity and professional qualifications as stipulated by the State Bank of Vietnam;
- d) Having a charter of organisation and operations in accordance with the provisions of this Law and other applicable provisions of the laws (this condition is not applicable to foreign bank's branches);
- e) Having a feasible business plan.

2. Beside general conditions mentioned above, in order to get the approval of establishment, a joint venture credit institution or a 100% foreign-invested credit institution, which opens a branch of foreign bank or a foreign credit institution shall also satisfy the following conditions:

- a) The foreign credit institution is permitted by the competent authority of its home country to conduct banking operations;
- b) The foreign credit institution is permitted by the competent authority of its home country to operate in Vietnam under the form of operations which are applied for;

c) The foreign credit institution shall meet following requirements: having total assets as of the year prior to the application year in compliance with provisions of Vietnamese Government; being profitable and having sound financial and operating record, meeting conditions on prudential requirements in accordance with international practices and guidelines of the State Bank;

d) The competent supervisory, inspectory agencies of credit institution's home country shall have capacity to supervise all operations of the foreign credit institution on a consolidated basis in accordance with international practices; They shall have an agreement with the State Bank on cooperation in managing, supervising operations and exchanging information.

e) The foreign credit institution shall have written commitments with the State Bank on its willingness to provide 100% foreign owned credit institutions, joint venture credit institutions and foreign bank's branches with financial, technological, managerial, operational support; the foreign credit institution must ensure the maintenance of real value of chartered capital/injected capital which is not lower than the legal capital and fully satisfy prudential regulations of the State Bank.

f) Foreign bank shall have written commitment to be liable for all obligations and commitments of its branch in Vietnam.

3. Conditions for issuance of license for the establishment of a representative office in Vietnam of foreign credit institutions shall include:

a) The foreign credit institution is a legal entity permitted to carry out banking operations in its home country;

b) The foreign credit institution is permitted by the competent authority of its home country to set up a representative office in Vietnam, unless otherwise provided by foreign laws.

Article 21. Application files and licensing procedures

The State Bank shall issue regulations on application files and licensing procedures for each type of credit institution.

Article 22. Duration for issuance of licences

Within a hundred and eighty (180) days of receipt of full application files for issuance of establishment and operating licences to the satisfaction of the State Bank, the State Bank shall either issue the licence or refuse the application. In cases of refusal of an application, the State Bank shall provide a written statement of reasons.

Article 23. Licensing fee

A licensed institution shall be obliged to pay a fee in accordance with provisions of the law regulated by The Ministry of Finance.

Article 24. Business registration

Upon being granted the licence, the credit institutions shall carry out registration of its business in accordance with provisions of the law.

Article 25. Conditions for conducting banking operations

1. In order to conduct banking operations, a licensed credit institution shall satisfy all of the following conditions:

a) Its charter shall be in compliance with provisions of the law and registered with the State Bank;

b) It shall have a business registration certificate, adequate legal capital and headquarter appropriate to the requirements of banking operations;

c) Its legal capital contributed in cash shall be deposited into a frozen non-interest bearing account opened at the State Bank at least thirty (30) days prior to the date of commencement of operation of the institution. Such an amount of capital shall only be released after the institution has commenced its operation;

d) It has published in central and local newspapers the contents stated in the issued operating licence in accordance with provisions of the law.

2. A credit institution having been issued by the State Bank with an operating licence shall, within twelve (12) months of receipt of the licence, commence its operations.

Article 26. Use of license

1. A licensed credit institution shall use the name specified in and operate in accordance with the provisions of the license.

2. Forgery, erasure, transfer, leasing or lending of operating licences in any form shall be strictly prohibited.

Article 27. Revocation of operating license

1. The operating licence issued to a credit institution may be revoked by The State Bank in any of the following circumstances:

a) The details stated in the application files for issuance of the licence are identified and proved to be incorrect;

b) The credit institution fails to commence its operation after the time-limit stipulated in Article 25 of this Law;

c) The credit institution wishes to dissolve or is dissolved by the competent State body;

d) The credit institution is divided, incorporated, merged, bankrupt or dissolved;

e) The credit institution fails to operate in accordance with its registered business objectives;

f) The credit institution fails to fully satisfy the conditions stipulated in Article 25 of this Law.

g) The operating license of the parent credit institution (for foreign bank branches and one hundred (100) per cent foreign-owned banks) had been withdrawn;

2. Upon revocation of its operating licence, the related institution shall promptly suspend its operations.

3. Any decision on revocation of operating licences shall be published by the State Bank in the mass media.

Article 28. Changes for which approval of the State Bank must be obtained

1. A credit institution shall be required to obtain written approval of the State Bank prior to making any change in respect of the following contents:

a) Name of the credit institution;

b) Levels of charter capital and injected capital;

c) Location of head office, transaction offices, branches;

d) Contents, scope and duration of operation;

e) Transfer of shares in excess of the proportion stipulated by the State Bank;

f) Proportion of shares held by major shareholders; contributed capital of members – capital contributors;

g) Members of the Board of Directors, CEO and members of the Board of Controllers.

2. After approval of the State Bank has been obtained, a credit institution shall:

a) Register any change of the contents specified in Clause 1 of this Article with the competent State body;

b) Amend the Charter to be fit any change of the contents specified in Clause 1 of this Article;

c) Shall publish the changes specified in sub-clauses (a), (b), (c) and (d) of Clause 1 of this Article in central and local newspapers in accordance with provisions of the law.

CHAPTER III: Organization, Governance and Management of Credit institution

Chương III

Section 1. General Provisions

Article 29. Organizational Structure of the network of Credit Institutions

A credit institution shall be permitted:

1. To open transaction offices, branches and representative offices in localities within the country and overseas where there is a requirement for operations, including the locality in which the head office is located, after obtaining written approval of the State Bank.

2. To establish subsidiaries, professional units after obtaining written approval of the State Bank.

3. Conditions, application files and procedures for opening transaction offices, branches and representative offices and establishing subsidiaries for credit institutions shall be in accordance with relevant provisions of the State Bank.

Article 30. The subsidiary of credit institution

1. A credit institution shall only use its chartered capital and other reserve funds to make capital contribution to establish independent cost accounting subsidiary having legal status to operate in the sectors of finance, banking and other businesses which are directly related to its banking operations.

2. A credit institution shall not be allowed to establish a subsidiary operating in the sectors which are not directly related to its banking operations.

Article 31. Charter of credit institution

1. The charter of a credit institution shall contain the following contents:

- a) Contents stipulated in Article 22 of the Law on Enterprise;
- b) Contents of operations of the credit institution.

2. The charter of a credit institution and any change of its contents must be sent to register with the State Bank and only comes into effect upon obtaining written confirmation of the registration from the State Bank.

Article 32. Organisational management of Credit Institutions

1. Organisational management of a joint stock credit institution shall contain the following: the Shareholders' Meeting, the Board of Directors, the Board of Controllers, the CEO and supporting team.

2. Organisational management of a sole member limited liability credit institution shall include: the Owner, the Board of Directors, the Board of Controllers, the CEO and supporting team.

3. Organisational management of a limited liability credit institution with more than one member shall include: Capital Contributors, the Board of Directors, the Board of Controllers, the CEO and supporting team.

Article 33. Division, Merger, Incorporation, Acquisition and Dissolution of Credit Institutions

1. The written approval of the State Bank shall be required to be obtained in advance in respect of any division, merger, acquisition or dissolution of a credit institution.

2. The approval decision of the State Bank as stipulated in Clause 1 of this Article shall be based upon the consideration of level of competition in any market served by the credit institution (before and after the proposed transaction); and the criteria as if the determination were for the issuance of the establishment and operating license of a new credit institution.

Article 34. The Board of Directors and the structure of the Board of Directors

1. The Board of Directors is a management body of the credit institution, which is entitled to act on behalf of the credit institution in exercising all the rights and obligations, except those fall under the authority of the Shareholders' Meeting (in the case of the joint stock credit institution), or the Owner (in the case of the sole member limited liability credit institution), or Capital Contributors (in the case of the limited liability credit institution with more than one member).

2. The Board of Directors of a credit institution shall consist of at least three (03) members and no more than eleven (11) members and; the exact number of members of the Board of Directors shall be stipulated in the Charter of the credit institution. At least one half (1/2) of the directors of the Board must be non-executive and independent directors of which at least two must be independent director. The Chairman of the Board can be an independent director.

3. Individuals and their related parties or representatives of capital contributors which are organizations must not exceed one third (1/3) of total members of The Board of Directors (this regulation only applicable to joint stock commercial banks).

4. The term of the Board of Directors shall be five years. The term of a director shall not exceed five years. Directors can be re-elected or re-appointed with unlimited terms. If a member is elected, either in supplementing or replacing the member who has been dismissed or exempted, term of this member will be the remaining term of the Board of Directors. The Board of Directors shall continue to work until the newly elected Board of Directors takes over the task.

5. In case the number of directors has been either decreased on more than one third (1/3) or lower than the minimum number of directors as stipulated in the Charter of the credit institution, the credit institution shall take action to supplement the number of directors to the required quantity within sixty (60) days since the date of deficiency in accordance with the provisions of the law.

6. The Board of Directors shall use credit institution's stamp to carry out its duties.

7. The Secretariat of the Board of Directors shall assist the Board of Directors. The Board of Directors shall stipulate functions and duties of the Board's Secretariat.

8. The Board of Directors of a credit institution shall establish Committees to exercise its rights and obligations. There must be at least two committees: Risk Management Committee and Human Resources Committee. The Board of Directors shall stipulate in particular the rights and obligations of such committees in accordance with the provisions of the State Bank.

Article 35. The Board of Controllers and the structure of the Board of Controllers

1. The Board of Controllers is the supervising unit of the credit institution, which is carrying out internal audit in order to assess accurately the business operations and the actual financial status of the credit institution in order to ensure that the credit institution operates safely, effectively and legally.

2. The Board of Controllers of a credit institution shall comprise at least three members. The exact number of the members of the Board is stipulated in the Charter of the credit institution. At least one half (1/2) of the members shall work full-time.

3. The Board of Controllers shall have a supporting unit and an internal audit division to fulfil its duties.

4. The term of the Board of Controllers shall be five years. The term of the member of the Board of Controllers shall not exceed five years. Members of the Board of Controllers can be re-elected or re-appointed with unlimited number of terms. If a member is elected, either in supplementing or replacing the member who is dismissed or exempted, term of this member will be the remaining term of the Board of Controllers. The Board of Controllers shall continue to work until the newly elected Board takes over the task.

5. In case the number of members of the Board of Controllers has been either decreased on more than one third (1/3) or lower than the minimum number of members as stipulated in the Charter of the credit institution, the credit institution shall take action to supplement the number of members to the required quantity within sixty (60) days since the date of deficiency in accordance with the provisions of the law.

Article 36. CEO and supporting team

1. The Board of Directors shall appoint one member amongst itself or hire another person to act as the CEO of the credit institution. The CEO shall be responsible for managing day-to-day operations of the credit institution; subject to the supervision of the Board of Directors. He/she shall be responsible before the Board of Directors for carrying out his/her duties and powers in accordance with the provisions of this Law, other provisions of the law and the Charter of the credit institution.

2. The term of the CEO shall not exceed five (05) years and can be renewed unlimitedly.

3. The Board of Directors shall stipulate in particular the structure, functions and duties of the CEO's supporting team.

Article 37. Conditions, criteria for members of the Board of Directors and Board of Controllers, CEO

1. Individual to be elected as a member of the Board of Directors shall meet following criteria and conditions:

- a) The person shall not be in the scope of provisions in Article 40 of this Law;
- b) The person shall comply with provisions on professional ethics stipulated in Article 45 and **Error! Reference source not found.** of this Law;
- c) The person shall be professionally competent and knowledgeable in financial and banking areas:
 - (i) The person shall be university or higher degree graduated majoring in economics, business administration, law; or
 - (ii) The person shall have at least three (03) years of managing experiences in the position from Deputy Chief Division up in a credit institution or other enterprises; or
 - (iii) The person shall have at least five (05) years of working experiences in areas such as banking, finance, auditing, accounting; or
 - (iv) The person shall be the owner or the authorized ownership representative of at least five (05) per cent of the chartered capital of the credit institution (this regulation shall not be applicable to independent directors).
- d) The person shall be Vietnamese resident during his/her active term (in relation to full-time member of the Board of Directors).
- e) The independent director shall comply with provisions in Clause 25 of Article 4 of this Law in addition to Clause 1 of this Article.

2. Individual to be elected as member of the Board of Controllers shall meet following criteria and conditions:

- a) The person shall not be in the scope of provisions in Article 40 of this Law;
- b) The person shall comply with provisions on professional ethics stipulated in Article 45 and **Error! Reference source not found.** of this Law;
- c) The person shall be university or higher degree graduated majoring in economics, business administration, law or in the professional field that he/she will take the position. He/she shall have at least three (03) years of working experiences in areas such as banking, finance, auditing, accounting;
- d) The person shall not be a related party of the administrator of the credit institution;
- e) The person shall be Vietnamese resident during his/her active term (in relation to full-time member of the Board of Controllers).

3. Individual to be elected as CEO shall meet following criteria and conditions:

- a) The person shall not be in the scope of provisions in Article 40 of this Law;
- b) The person shall comply with provisions on professional ethics stipulated in Article 45 and **Error! Reference source not found.** of this Law;

c) The person shall be university or higher degree graduated majoring in economics, business administration, law. He/she shall have at least three (03) years of working experiences in the position of administrator of a credit institution or other enterprises;

d) The person shall be Vietnamese resident during his/her active term.

Article 38. Conditions, criteria for Deputy CEO, Chief Accountant, General Manager of Transaction office, General Manager of Branch, General Manager of Subsidiary of Credit Institutions

1. The person shall not be in the scope of provisions in Article 40 of this Law. The person to be elected as Deputy CEO shall not be in the scope of provisions stipulated in Article of this Law.

2. Requirements regarding professional competence and experiences:

a) The person shall be university or higher degree graduated majoring in economics, business administration, law or in the professional field that he/she will take the position; or

b) The person shall be university or higher degree graduated majoring any other fields rather than stipulated above and shall have at least three (03) years of working experiences in areas such as banking, finance or in the professional field that he/she will take the position.

3. The person shall be Vietnamese resident during his/her active term.

Article 39. Requirements on approving election, appointment

1. The election, appointment of the Chairman and members of the Board of Directors, Head and members of the Board of Controllers, CEO of a credit institution shall be approved by the Governor of the State Bank (except for the case the Prime Minister directly appoints stated positions). The State Bank shall stipulate provisions on application files and approval procedure.

2. The credit institution shall stipulate regulations on and be self-responsible for the election, dismissal, removal of positions stated in Clause 1 of this Article. It shall submit to the State Bank the name list of elected positions together with their CVs.

Article 40. Prohibited cases on taking positions

1. The following individuals shall not be permitted to take positions such as Chief Accountant, General Manager of Transaction Office, General Manager of Branch, General Manager of Subsidiary of a credit institution:

- a) Minors; persons without capacity for civil acts or persons whose capacity acts is restricted;
 - b) Persons during their criminal trials, verdict;
 - c) Persons who have been sentenced with a crime prejudicial to national security, or offences in relation with ownership violations;
 - d) Persons who have been sentenced with serious criminals.
2. Cadres, civil servants as stipulated by the laws on cadres and civil servants; leaders, managers in hundred (100) per cent state-owned enterprises, except for authorized representatives who assigned to manage the amount of state capital contributed in other enterprises:
- a) Officers, non-commissioned officers, professional army members, military workers at bodies, units of the people's army; officers, professional non-commissioned officers working in the bodies, units of the people's police;
 - b) Father, Mother, Husband, Child, Brother, Sister of a member of the Board of Directors shall not take the position of Chief Accountant of a credit institution;
 - c) Other stipulations in the Charter of the credit institution.
3. The following individuals shall not be permitted to be members of the Board of Directors, members of the Board of Controllers, CEO, Deputy CEO of a credit institution:
- a) Persons who are in the scope of stipulations in Clause 1 of this Article;
 - b) Persons who have been owner of a private enterprise, partner of a partnership, CEO, Chairman and member of the Board of Directors, Members' Council, Board of Controllers of an enterprise, Head and member of the Board of Management of a cooperative at the time the enterprise or cooperative had been announced bankrupt; except for the case the bankruptcy of the enterprise or cooperative had been a force majeure;
 - c) Legal representative of an enterprise at the time the operations of the enterprise had been suspended, or required to be dissolved due to serious violation of the laws, except for the case he/she had been assigned to be legal representative to restructure and strengthen the enterprise by order of the competent state bodies;
 - d) Persons who had been suspended to hold the positions (Chairman of the Board of Directors, Head of the Board of Controllers, member of the Board of Controllers, CEO) of a credit institution in accordance with provisions in Article ... of this Law; or had been identified by state competent or judicial bodies the causality of the license withdrawal of the credit institutions;
 - e) Father, Mother, Husband, Child, Brother, Sister of a member of the Board of Directors shall not be permitted to be a member of the Board of Controllers of a credit institution.

Article 41. Prohibited cases on concurrent positions

1. Member of the Board of Directors:
 - a) Shall not concurrently be a member of the Board of Controllers of the same credit institution;

b) Shall not concurrently be an administrator or member of the Board of Controllers of another credit institution, except for the case the Board of Director of the credit institutions approved such situation or the other credit institution is a subsidiary or joint-venture company of the credit institution;

c) Chairman of the Board of Directors of a credit institution shall not concurrently be a manager of the same credit institution; shall not concurrently be a member of the Board of Directors, manager of another credit institution except for the case the other credit institution is the credit institution's subsidiary or joint venture company.

2. Member of the Board of Controllers:

a) Shall not concurrently be a member of the Board of Directors, manager, staff of the credit institution or subsidiary of the credit institution;

b) Shall not concurrently be a member of the Board of Directors, manager, staff of an enterprise that is a related party of members of the Board of Directors or of managers of the credit institution;

c) Head of the Board of Controllers shall not concurrently be a member of the Board of Controllers or manager of another credit institution.

3. CEO, Deputy CEO shall not involve in management of other enterprises; shall not be Chairman of the Board of Directors, Head of the Board of Controllers of another credit institution, except for the case the other credit institution are subsidiary or joint venture company of the credit institution.

Article 42. Loss of status naturally

1. Cases of naturally losses of status of member of the Board of Directors, member of the Board of Controllers and CEO:

a) Loss of capacity of civil acts, death;

b) Breaches of provisions of Clause 2 of Article 41 of this Law (regarding prohibited cases on taking positions);

c) Legal status of the shareholder who is an organization (that person is authorized representative of contributed capital) has been ceased;

d) Status as authorized representative of such person has been ceased;

e) Upon being expelled from the Socialist Republic of Vietnam by decision of the court;

g) Legal status of the credit institution has been ceased;

h) Upon the decision of the Governor of the State Bank on approval of new term becomes in effect;

i) Upon hiring contract of CEO comes to an end.

2. Positions which had been approved by the Governor of the State Bank shall naturally be no longer in effect upon the occurrence of one of the events stipulated in Clause 1 of this Article.

3. Within five (05) working days since the date of identification of persons subject to naturally loss of status in accordance with provisions in sub-clauses a, b, c, d, e and h of Clause 1 of this Article, the Board of Directors of the credit institution

shall submit written report with documents proving the situation to the State Bank and shall be responsible for the accuracy and truthfulness of the report before the laws. The Board of Directors shall carry out the election, appointment of the vacancies in accordance with provisions of the law.

4. The Chairman and members of the Board of Directors, Head and members of the Board of Controllers, CEO of the credit institution shall continue to be individually responsible for their decisions during their active term after naturally loss of status.

Article 43. Dismissal, removal

1. The Chairman and members of the Board of Directors, Head and members of the Board of Controllers, CEO of the credit institution shall be dismissed, removed in the following cases:

a) Their capacity of civil acts is stricted in accordance with provisions of the law;

b) Having resignation letters (in which clearly specify reasons to resign) submitted to the Board of Directors, Board of Controllers of the credit institution and the Branch of the State Bank in the localities (where the credit institution's head office is located) at least thirty (30) days in advance before ceasing to carry out their duties and powers in the elected positions;

c) Having not met independent requirements for independent directors;

d) Having not involved in activities of the Board of Directors in six (06) consecutive months, except for the special case and having approval of the Board of Directors;

e) Having been identified by state competent body for serious violations of provisions in Article 43 of this Law;

g) When state competent body makes decision on dismissal or removal;

h) Other cases as stipulated in the Charter of the credit institution.

2. Upon dismissal, removal, the Chairman and members of the Board of Directors, Head and members of the Board of Controllers, CEO of the credit institution shall continue to be individually responsible for their decisions during their active.

3. Titles that have been approved by the Governor of the State Bank shall naturally be no longer in effect upon dismissal or removal in accordance with the decision of the competent body of the credit institution, except for the case the dismissal or removal was carried out to evade individual responsibilities or to go against the interests of the credit institution and to counteract the policy of the state competent body.

4. Within five (05) working days since the date of decision on dismissal or removal of titles subject to provisions in Clause 1 of this Article, the Board of Directors of the credit institution shall submit written report with documents proving the situation to the State Bank and shall be responsible for the accuracy and truthfulness of the report before the laws. The Board of Directors shall carry out the election, appointment of the vacancies in accordance with provisions of the law.

Article 44. Suspension, temporary suspension

1. In case a credit institution is put under special control, the Special Controlling Board established by the State Bank shall have the power to suspend or temporarily suspend the administrative authority of Chairman or any member of the Board of Directors, Chairman or any member of Board of Controllers or the CEO of the credit institution, where necessary.

2. The State Bank shall have the power to suspend or temporarily suspend the work of the Chairman or members of the Board of Directors, Chairman or members of Board of Controllers or the CEO of a credit institution if these people fail to comply the legal regulations or the Charter in the performance of their entrusted powers and duties .

3. Those who are suspended, temporarily suspended in accordance to provisions in this Article are responsible to participate in settling the relevant problems and frauds relating to his/her responsibilities where requested by the Board of Directors, Board of Controllers of the credit institution or by the Special Controlling Board or a relevant State competent authority.

Article 45. Rights and obligations of Executives, Managers, members of Board of Controllers of credit institutions; General Manager of branch, General Manager of transaction office, General Manager of Subsidiary, General Manager of credit institutions

1. To exercise their delegated powers and perform their delegated duties strictly in accordance with provisions of the law, the Charter of the credit institution, resolutions of the General Meeting of Shareholders or capital-contributors or the owner.

2. To exercise their delegated powers and perform their delegated duties honestly, diligently to their best ability in the best lawful interests of the credit institution (and of the shareholders/owner of the credit institution).

3. To be loyal to the interests of the credit institution; not to use information, secrets, business opportunities of the credit institution, or abuse their position, powers and assets of the credit institution for their own personal benefits or for the benefit of other organizations or individuals or harming to the credit institution's interest.

4. To timely, fully and accurately notify the credit institution of their benefit gained from other financial institutions, transactions or individuals and only take those noticed opportunities provided that they have been examined and approved by the Board of Directors.

5. Not to illegally compete with the credit institution or provide preferential conditions for third party to harm the credit institution's interest.

6. Not to create opportunities/conditions for himself/herself or his/her related persons as stipulated in Clause 28 **Error! Reference source not found.** of this Law to use services and get loans from the credit institution with preferential terms and conditions in comparison with thoes stipulated in the laws and general regulation of the credit institution.

7. Not to receive or request the credit institution to pay bonus, increase salary or remuneration where the credit institution being in losses.

8. Other obligations in accordance with the Charter of the credit institution.

Article 46. Salary, remuneration and other benefits of members of the Board of Directors, members of Board of Controllers, CEO

Salary, remuneration and other benefits of members of the Board of Directors, members of Board of Controllers, CEO shall be considered and decided by the General Meeting of Shareholders (for joint stock credit institution) or the Owner (for the credit institution structured as sole member limited liability company) or capital contributors (for the credit institution structured as limited liability company with two or more members) in accordance with provisions stipulated in Article 117, Article 125 of the Law on Enterprises.

Article 47. Obligation on disclosure of related interests

1. Members of the Board of Directors, members of Board of Controllers, CEO, Deputy CEO of the credit institution must declare their interests related with the credit institution, including:

a) Enterprises, economic entities of which they own in their names or authorize or entrust other persons, institutions to manage on their behalf at least 5% of the charter capital with the following information: name, address of the head office, scope of business, number and date of the business registration, place of business registration, ; ratio and time of the ownership of such contributed capital or the amount of shares;

b) Enterprises, economic entities in which they are the members of the Board of Directors, Member's Council, members of the Board of Controllers, CEO with the following information: name, address of the head office, scope of business, number and date of the business registration, place of business registration.

2. The declaration stipulated in Clause 1 of this Article shall be conducted within seven working days from the date of arising of such related interests; any change shall be declared to the credit institution within seven working days from the date on which the change occurs.

3. The declaration stipulated in Clauses 1 and 2 of this Article shall be reported annually to the General Meeting of Shareholders, the Owner or capital contributors of the credit institution and shall be posted and stored in the head office of the credit institution.

Article 48. Internal control system

A credit institution shall establish an internal control system to ensure that all operations of the credit institution would be safe and effective in accordance with provisions of the law.

Article 49. Internal audit

1. A credit institution shall develop a specialized internal audit unit to audit the performance of its internal control system.

2. The specialized internal audit unit is under the direct management and guidance of the Board of Controllers.

Article 50. Internal audit report

Results of internal audit shall be reported timely to the CEO, the Board of Directors and the Board of Controllers of the credit institution.

Article 51. External audit

1. At least 30 days before the end of a fiscal year, a credit institution shall select an external audit company in the list of external audit companies declared by the Ministry of Finance to be qualified for auditing enterprises and meet other related legal regulations to audit its operations.

2. During the auditing period, the credit institution shall provide accurate, fully and timely information as requested by Auditor.

3. The audit of cooperative credit institutions, micro-finance institution is stipulated by the State Bank in regards to management requirements and scale of operations of those institutions.

Article 52. Responsibilities of the external auditor

Upon finishing the audit, external auditors are responsible for:

1. Verifying the accuracy, righteousness, validity of all documents, accounting data, financial statements of the credit institution.

2. Making comment and appraises on the compliance of policies, accounting and financial regulations, the effectivity of internal control system; internal audit performance of the credit institution.

3. Making recommendations to the audited credit institution on the issues found during auditing process.

Section 2. Shareholding credit institution

Article 53. Share certificates, Shareholders

1. Share certificates and Shareholders of a credit institution are subject to the regulations stipulated in Clauses 1, 3, 5, 6 of Article 78 of the Law on Enterprises.

2. A credit institution might have preference shares. Owners of preference shares are preference shareholders. Preference shares of a credit institution include:

a) Voting preference shares;

b) Dividend preference shares;

c) Other preference shares as stipulated in the Charter of the credit institution, except for those leading to the decrease of the chartered capital of the credit institution.

3. Voting preference shares are subject to regulations in Clause 1 of Article 81 of the Law on Enterprises.

4. Dividend preference shares:

a) The amount of dividends paid to dividend preference shareholders is of higher level than that paid to ordinary shareholders or the certain annual rate. Annual paid dividend includes fixed dividend and bonus dividend. Fixed dividend shall not be based on the business outcome of the credit institution and paid out only when the business outcome is profitable. In case of loss, fixed dividend paid out to preference dividend shareholders shall be aggregated in the following years. The General Meeting of Shareholders shall decide the fixed dividend rate and method of bonus dividend determination. Such information shall be written on the face of the preference dividend share certificate;

b) The total face value of preference dividend shares shall not exceed 20% of the regulatory capital of the credit institution;

c) Members of the Board of Directors, Board of Controllers, CEO and other administrators, managers shall not be permitted to buy dividend preference shares of their own credit institution. Persons eligible for purchasing dividend preference shares shall be stipulated in the Charter of the credit institution or decided by the General Meeting of Shareholders.

5. A credit institution shall have at least one hundred (100) shareholders.

Article 54. Rights of shareholders

1. Ordinary shareholders shall have following rights:

a) Subject to regulations stipulated in subclauses a, b, c, d, e, g of Clause 1 Article 79 of the Law on Enterprises.

b) To freely transfer his/her shares to other persons, let the credit institution buy back their shares in accordance with provisions of this Law and Charter of the credit institution;

c) To authorize in writing to other persons to exercise his/her rights and obligations; the authorized person is allowed to authorize in writing to third party upon the permission of the shareholder. The authorized person shall not nominate himself as a candidate;

d) A shareholder or a group of shareholders holding more than 10% of the total ordinary shares, or a lower limit as stipulated in the Charter of the credit institution, in a period of at least six consecutive months, shall have the rights as stipulated in Clauses 2 and 3 of Article 79 of the Law on Enterprises;

e) The nomination of candidates to the Board of Directors and the Board of Controllers shall be subject to the regulations stipulated in Clause 4 of Article 79 of the Law on Enterprises. The list of appropriate candidates shall be submitted to the Board of Directors within the timeline set by the Board of Directors.

2. Voting preference shareholders shall have the rights as stipulated in Clause 2 of Article 81 of the Law on Enterprises.

3. Dividend preference shareholders shall have rights as stipulated in Clause 2 of Article 82 of the Law on Enterprises.

Article 55. Obligations of shareholders

1. Shareholders shall have the following obligations:

a) To pay in full for the shares committed to purchase within the timeline stipulated by the credit institution; to be liable for debts and other property obligations of the credit institution within the amount of capital contributed to the credit institution;

b) Not to withdraw the capital contributed to the credit institution in any forms that leads to the decrease of the chartered capital, except for the case where shares are redeemed by the credit institution or bought by other persons in accordance with provisions of this Law. In the case a shareholder withdraws a part or all of the capital amount contributed to the credit institution incompliant with this Clause, members of the Board of Directors and the legal representative of the credit institution shall be jointly responsible for debts and other property obligations of the credit institution according to the value of shares withdrawn;

c) To be responsible before the laws on the lawfulness of the capital source contributed to the credit institution;

d) Other obligations stipulated in Clauses 2, 3, 4, 5 of Article 80 of the Law on Enterprises.

2. Shareholder who is the trustee of other individual, institution shall provide information regarding the real owner of the entrusted shares; otherwise, the credit institution shall have the rights to suspend all shareholder's rights relating to such shares where the truster is exposed.

Article 56. Book of Shareholder Registration and Determination of Shareholder List

1. Book of shareholder registration is subject to regulations stipulated in Article 86 of the Law on Enterprises.

2. Determination of shareholder list:

a) Credit institution determines the deadline to fix shareholder list at which shareholders shall have their full rights. Credit institution shall ensure that shareholders have sufficient time to register with the credit institution for changes relating to their identification information and amount of their owned shares before the deadline.

b) The transfer of shares occurring after the deadline of fixing shareholder list and the date when shareholders' rights eventually exercised, the transferer shall have lawful rights to the shares.

Article 57. Proportion of share holding

1. An individual shall own maximum 10% of chartered capital of a credit institution.

2. An institution shall own maximum 20% of chartered capital of a credit institution.

3. One shareholder and his/her related parties shall own maximum 20% of chartered capital of a credit institution.

4. In extraordinary case, the Prime Minister shall decide the proportion of share holding that exceeds the ratio stipulated in Clauses 2 and 3 of this Article based on the proposal of the State Bank taking into account the national interests.

5. Proportion of share holding of foreign investors is subject to regulation of the Government on foreign investment in Vietnamese credit institutions.

6. Individuals, institutions owning convertible bonds shall comply the provisions on proportion of share holding stipulated in this Article upon convertible bonds converted into ordinary shares.

Article 58. Share certificate

1. Share certificate of credit institution is subject to the regulations stipulated in Article 85 of the Law on Enterprises.

2. Share certificate of a credit institution shall not be used as a mortgage at the issued credit institution.

3. The rights of shareholders to shares shall be effective from the date where shareholders fully paid for the shares registered to purchase and the credit institution has approved the transaction.

4. Within 30 days from the business commencement date (as for newly established credit institution) or from the date of registration of new chartered capital of the credit institution with the business registrar (as for on-going credit institution), the credit institution shall issue new share certificates for shareholders where type of issuance of such shares is certification.

Article 59. Issuance and transfer of shares

1. Issuance and transfer of shares is subject to regulations stipulated in Clauses 1, 2, 3, 4, 6 of Article 87 of the Law on Enterprises.

2. Credit institution shall establish order and procedure of transfer of shares in accordance with provisions of the law. Transfer of shares shall be conducted in writing or handing over share certificate. Transferring document shall be signed by transferrer and transferee or their authorized persons. The transferrer shall continue being the owner of such shares until the transferee's name is registered in the book of shareholder registration. Where only a part of shares in a named share certificate is transferred, the credit institution shall void such share certificate and issue new certificates to recognize the amount of transferred and remained shares.

3. Transfer of shares of majority shareholders, transfer of shares leading to majority shareholders become minority shareholders and vice versa shall be approved in writing by the State Bank in advance.

4. Authorized person of individual or institutional shareholders, who is a member of the Board of Directors, Board of Controllers, CEO, during his/her active term and within 01 year from the date of his/her term termination, shall be allowed to transfer maximum 50% of his/her total shares owned at the time he/she was elected by the General Meeting of Shareholders or appointed by the Board of Directors. In this case, such shareholders shall report to the State Bank in writing in at least 15-working days before carrying out the transaction. transferring f the transferable amount of shares.

5. During the period of resolving consequences due to individual's responsibilities in accordance to the resolution of the General Meeting of Shareholders, members of the Board of Directors, Board of Controllers and CEO shall not be allowed to transfer their shares, except for following cases:

a) Where they are authorized persons of an institutional shareholder which is incorporated, merged, divided, dissolved or bankrupted in accordance with provisions of the law; or

b) Where they are ordered to transfer the shares in accordance with the decision of the Court.

6. The transfer of shares of listed credit institutions shall be conducted in accordance with the Law on securities.

7. The transfer of shares of founding members of credit institutions shall be conducted in accordance with regulations of the State Bank.

Article 60. Issuance of bonds

The issuance of bonds, convertible bonds and other types of bonds of a credit institution shall be conducted in accordance with the regulations stipulated in the Article 88 of the Law on Enterprises and following provisions:

1. Shall be in compliance with regulations stipulated in this Law and other relevant legal documents.

2. Regarding to convertible bonds:

a) Convertible bonds can be converted into ordinary shares of the credit institution in accordance to the conditions predetermined in the issuing plan.

b) The issuance of convertible bonds of credit institution shall be passed by the General Meeting of Shareholders and approved by the Governor of the State Bank in writing.

c) Credit institution stipulates in details the issuance method, issuance time, converting time, converting ratio, margin of shares' price fluctuation, objectives of using funds arising from the issuance, rights and obligations of the convertible bonds' holders in accordance with the provisions of the law. Such information shall be published at the time of issuance of convertible bonds.

d) Procedures and files for the issuance of convertible bonds are conducted in accordance with the regulations of the State Bank and other relevant provisions of the law.

Article 61. Payment of dividends

1. Payment of dividends is conducted in accordance with Article 93 of the Law on Enterprises.

2. Credit institution shall not pay interest or other kind of cash payment in the form like interest on dividend.

Article 62. Purchase of shares, bonds

Shares and bonds of a credit institution shall be paid for in Vietnamese dong in full at once.

Article 63. Redemption of shares upon shareholders' demand or decision of credit institution

1. Redemption of shares upon shareholders' demand or decision of credit institution shall be conducted in accordance with Articles 90 and 91 of the Law on Enterprises and the Law on securities.

2. Conditions for payment and dealing with redeemed shares shall comply with Clauses 2 and 3 of Article 92 of the Law on Enterprises.

3. Credit institution shall be allowed to pay for redeemed shares only if after paying for such shares, the credit institution shall still be able to maintain required prudential ratios and ensure that its chartered capital shall not go under the regulatory capital limit and satisfy relevant conditions stipulated by the State Bank.

4. The redemption of shares of a credit institution shall be approved in writing by the State Bank in advance if such transaction causes the decrease of chartered capital of the credit institution.

Article 64. General Meeting of Shareholders

1. General Meeting of Shareholders shall be subject to regulations stipulated in Clauses 1 and 3 of Article 96 of the Law on Enterprises.

2. General Meeting of Shareholders shall have following rights and responsibilities:

- a) To adopt the development directions of the credit institution;
- b) To make decision on changes and additions to the Charter of the credit institution;
- c) To adopt the Internal Regulations on organization, operations, functions, responsibilities and powers of the Board of Director and Board of Controllers;
- d) To elect, dismiss, remove members of the Board of Directors, Board of Controllers in accordance with conditions and criteria stipulated in this Law;
- đ) To make decision on annual remuneration, bonus and other benefits of the Board of Directors, Board of Controllers and the Boards' operation budgets;
- e) To review and deal with the breaches of the Board of Directors, Board of Controllers that cause losses to the credit institution and its shareholders;
- g) To adopt the proposal on the changes of chartered capital; to make decision on type of share and amount of shares of each type to be issued;
- h) To make decision on repurchase issued shares in accordance with provisions of this Law;
- i) To adopt the proposal on issuance of convertible bonds;
- k) To adopt the annual reports and proposal on profit distribution;
- l) To adopt the Report of the Board of Directors, Board of Controllers on their performance;
- m) To make decision on credit institution's transaction contracts valued at 20% or more of the own capital or a stricter level stipulated in the Charter of the credit institution with members of the Board of Directors, Board of Controllers, CEO, majority shareholder and their related parties. In such case, related shareholders shall

not vote for the contract. The contract or transaction shall be adopted provided that at least 65% of votes of remained shareholders presented at the meeting agree with the proposal;

- n) To make decision on establishment of subsidiaries;
- o) To make decision on reorganization, dissolution or request for bankruptcy of the credit institution;
- p) Other rights and responsibilities as stipulated in the Charter of the credit institution.

3. The annual meeting of shareholders shall discuss and adopt the matters stipulated in subclauses (k) and (l) of Clause 2 of this Article and other matters within its scope of authority as stipulated in the Charter of the credit institution.

Article 65. Meeting of General Meeting of Shareholders

1. Meeting of General Meeting of Shareholders, rights to attend the meeting, method of meeting and voting at the General Meeting of Shareholders shall be subject to regulations stipulated in Articles 97, 98, 99, 100, 101, 102, 103 of the Law on Enterprises.

2. The Board of Directors shall convene a General Meeting of Shareholders where required by the State Bank.

Article 66. Adopting decision of the General Meeting of Shareholders

1. Adopt decisions of the General Meeting of Shareholders is subject to regulations stipulated in Clauses 1, 4, 6 of Article 104 of the Law on Enterprises.

2. Decisions of the General Meeting of Shareholders on matters stipulated in subclauses a, b, d, e, g, i, k, l, m, o of Clause 2 of Article 65 of this Law shall be adopted by voting at the General Meeting of Shareholders.

3. Decisions of the General Meeting of Shareholders shall be adopted if following conditions are satisfied:

a) Conditions stipulated in subclauses (a) and (c) of Clause 3 of Article 104 of the Law on Enterprises;

b) At least 75% of the votes of shareholders presented at the meeting approving proposals with a particular ratio stipulated in the Charter of the credit institution for the followings:

- (i) Decisions on types of shares and total amount of shares to be issued;
- (ii) Decisions on changes and additions to the Charter of the credit institution;
- (iii) Decisions on reorganization and dissolution of the credit institution;
- (iv) Decisions on discount number or discount rates where offer shares to brokers or guarantors.

4. The authority of and procedure of consulting opinion from shareholders to adopt the decision of the General Meeting of Shareholders shall be subject to regulations stipulated in Article 105s of the Law on Enterprises. In such case, at least 75% of the votes of shareholders approving the proposal needed to adopt the decision with a particular ratio stipulated in the Charter of the credit institution.

5. Cancellation of decision of the General Meeting of Shareholders shall be subject to regulations stipulated in Article 107 of the Law on Enterprises.

Article 67. Minutes of the General Meeting of Shareholders

1. Minutes of the General Meeting of shareholders shall be subject to regulations stipulated in Article 106 of the Law on Enterprise.

2. Within 15 days from the closing date of the general meeting of shareholders, any decision of the meeting shall be sent to the State Bank branch in the locality where the head office of the credit institution is located.

Article 68. Duties and powers of the Board of Directors

1. To be responsible to the law and General Meeting of shareholders for exercising its duties and powers.

2. To make decisions on determining the mid-term development strategy and the annual business plan of the credit institution.

3. To make decisions on the organization structure of the head office, the internal audit department, operating centers, branches, subsidiaries, representative offices and administrative units.

4. To make decisions on the establishment of operating centers, branches, representative offices and administrative units.

5. To appoint, remove, dismiss, and decide on the remuneration and other benefit for the CEO, Deputy CEO, Chief Accountant, Secretary of the Board of Directors, officers of internal audit department, Managers of operating centers, Managers of branches, Managers of subsidiaries, Managers of administrative units, Chief of representative offices and other officers within the authority of the Board of Directors in accordance with internal regulations issued by the Board of Directors.

6. To adopt projects of capital contribution to or share purchase of other enterprises or other credit institutions.

7. To appoint the representative to exercise the ownership rights of shares or the rights of capital contribution in other enterprises or credit institutions.

8. To decide on loans or guarantees valued at more than 10% of the own capital of the credit institution on the base of ensuring prudential ratios in banking operations of the credit institution, except for transactions within authority of the General Meeting of shareholders as specified in subclause (m), Clause 2, Article 65 of this Law.

9. To make decisions on the transaction contracts of credit institution valued at 20% or less of the own capital, or at another lower percentage stipulated in the Charter of the credit institution, with members of the Board of Directors, Board of Controllers, CEO, major shareholders and their related parties. In this case, the related member shall be excluded from voting.

10. To decide on the independent auditor selection.

11. To be responsible for the matters related to internal audit department and internal control system pursuant to regulations issued by the State Bank.

12. To oversee, check and guide the CEO in exercising assigned duties; to undertake an annual evaluation of the performance of the CEO.

13. To enforce internal regulations on the organization, governance and operation of the credit institution in accordance with the stipulations of this Law and other applicable laws, except for the matters within the scope of authority of the Board of Controllers or the General Meeting of Shareholders.

14. To decide on risk management policy and supervise the implementation of risk-preventive measures in the credit institution.

15. To review, approve and disclose the annual reports and financial statements of the credit institution in accordance with provisions of the law.

16. To select the professional organizations to evaluate non-Vietnamese Dong assets, free exchanged foreign currencies and gold in accordance with provisions of the law.

17. To submit to the Governor of the State Bank for acceptance or approval on matters as stipulated by the law.

18. To make proposals on reorganization, dissolution or request for bankruptcy of the credit institution.

19. To decide on the issuance of new shares within the amount of permitted issuance of each type;

20. To set offering prices of shares and convertible bonds of the credit institution;

21. To determine the share buy-backs as stipulated by this Law.

22. To submit annual financial statements to the General Meeting of shareholders.

23. To make recommendations on plan of profit distribution, the amount of dividend paid; to decide on the time and procedure for payment of such dividend or method for settlement of losses.

24. To prepare contents and materials to submit to the General Meeting of shareholders for decisions on the matters within the scope of authority of the shareholder's meeting, except for matters within the scope of authority of the Control Committee.

25. To approve the agenda, materials of General Meetings of Shareholders; to convene meetings of shareholders or consult opinions in writing from shareholders for the purpose of adopting decisions of the General Meeting of shareholders.

26. To organize the examination and oversight on the execution of resolutions and decisions of the General Meeting of shareholders or of the Board of Directors.

27. Other duties and powers as stipulated in the Charter of the credit institution.

Article 69. Duties and powers of Chairman of the Board of Directors

1. To implement duties and powers as stipulated in Clauses 2 and 3 of Article 111 of the Law on Enterprises.

2. To ensure that all members of the Board of Directors to be provided with full, fair, accurate and timely information on the matters to be considered by the Board of Directors and with sufficient time for consideration and discussion.

3. To assign tasks to members of the Board of Directors. Assignment of specific tasks to individual member shall be made in writing and signed by Chairman of the Board of Director.

4. To supervise members of the Board of Directors in carrying out their assigned tasks and their duties and powers.

5. To evaluate performance of individual members and committees of the Board of Directors at least once a year and report to the General Meeting of shareholders.

Article 70. Duties and powers of Members of the Board of Directors

1. Together with other members of the Board of Directors to govern the credit institution in accordance with provisions of the law and the Charter of the credit institution.

2. To exercise duties and powers of a member of the Board of Directors in accordance with term of reference of the Board of Directors and the assignment of Chairman of the Board of Directors in good faith and for the interests of the credit institution.

3. To review financial statements prepared by independent auditors and request managers of the credit institution, independent and internal auditors for explanation of concerned matters related to the statements.

4. To vote, remove and dismiss Chairman of the Board of Directors.

5. To request Chairman of the Board of Directors to convene an extraordinary meeting of Board of Directors in accordance with provisions of this Law.

6. To request to convene an extraordinary General Meeting of Shareholders in accordance with provisions of this Law.

7. To attend meetings of the Board of Directors, discuss and vote on matters within the scope of duties and powers of the Board of Directors as stipulated in this Law unless excluded from doing so as a result of a conflict of interest. To be personally responsible before General Meeting of Shareholders and the Board of Directors for their decisions

8. To carry out decisions of General Meeting of Shareholders and resolutions of the Board of Directors.

9. To be responsible for the clarification of execution of the assigned tasks before General Meeting of Shareholders, the Board of Directors as requested.

10. To carry out other duties and powers as stipulated in the Charter of the credit institution.

Article 71. Meetings of the Board of Directors

1. Meetings of the Board of Directors shall be subject to regulations stipulated in Clauses 1, 2, 3, 4, 6, and 7 of Article 112 of the Law on Enterprises.

2. Chairman of the Board of Directors or the Director authorized by Chairman shall convene the meeting of the Board of Directors within 15 days from the date of receiving any request as stipulated in this Law.

3. In case where Chairman of the Board of Directors or the authorized Director fails to convene the meeting as requested, he or she shall be liable to any losses to the credit institution, except for cases caused by force majeure, and such requesting persons shall be entitled to convene the meeting of the Board of Directors, members of the Board of Directors shall vote for the Chairman of the meeting.

4. Provisions regarding cases requiring urgent meeting, period and form of announcement for the urgent meeting of the Board of Directors shall be stipulated in term of reference of the Board of Directors.

5. A meeting of the Board of Directors can be opened if there is attendance of three fourth ($\frac{3}{4}$) of total members of the Board of Directors. Members who do not directly participate in the meeting can authorize another member or vote via mail. Vote in a writing form must be put in a sealed envelop and sent to the chairman of the meeting of the Board of Directors at least one hour prior to the opening time of the meeting. The vote can only be opened in front of all participants in the meeting.

6. A decision of the Board of Directors shall be adopted by the majority of the vote, including vote in a writing form and vote authorized; in case where no majority can be established, the decision shall be adopted in favor of the Chairman's vote.

7. A member of the Board of Directors can authorize another person who is not a member of the Board of Directors to participate meetings of the Board of Directors if approved by a majority of members; the authorized person shall not have the rights to vote.

Article 72. Minutes of the Meeting of the Board of Directors

1. Minutes of the meeting of the Board of Directors shall be subject to regulations stipulated in Clauses 1 and 2 of Article 113 of the Law on Enterprises.

2. A participating member who fails to sign in the minutes must bring up the reasons otherwise his vote in the meeting shall be considered as invalid.

3. The minutes of the Board of Directors shall be made in Vietnamese and in a foreign language and these two versions have the same legal value. If there is any difference between these two versions, the Vietnamese version shall apply.

Article 73. Authority and procedure of consulting opinions from members of the Board of Directors in writing

1. The Chairman of the Board of Directors shall decide on consulting opinions of members of the Board of Directors in writing.

2. The Secretary of the Board of Directors shall prepare opinion inquiry, necessary materials related to the matters subjected to opinion consultation. The opinion inquiry and attached materials must be sent by secured mail to address of individual members.

3. The opinion inquiry must contain following contents:

a) Name, head office, number and issuing date of the operation license and the certificate of business registration of the credit institution.

b) Purpose of consulting opinions;

c) Full name and address of the member of the Board of Directors;

d) Issues subjected to opinion consultation;

e) Proposed votes: for, against and blank;

f) The deadline for sending the opinion inquiry back to the credit institution;

g) Full name and signature of the Chairman of the Board of Directors

4. The opinion inquiry must be signed by individual members of the Board of Directors and sent to the credit institution pursuant to internal regulations of the credit institution.

5. The Secretary of the Board of Directors shall count the vote and make the minute under the observation of at least one independent member of the Board of Directors. This minute must contain following contents:

a) Name, head office, number and issuing date of the operation license and the certificate of business registration of the credit institution.

b) Purpose of consulting opinions and issues subjected to opinion consultation ;

c) Total number of votes sent out, votes sent back, votes valid, votes invalid. The minutes must include an appendix of list of voting members of the Board of Directors.

d) The total number of votes for, against and blank;

e) Full name and signature of the persons who take in charge of counting vote and of the observer.

6. The Secretary of the Board of Directors involving in consulting opinions in writing of members of the Board of Directors and the observer must be jointly responsible for the honesty and accuracy of the counting vote minutes and the losses caused by adopting decisions derived from dishonest or inaccurate vote counting.

7. The vote counting minutes attached to the adopted resolutions, decisions of the Board of Directors as a result of the vote counting must be sent to individual members of the Board of Directors within 15 days from the date of completion of vote counting.

8. Returned opinion inquiry, vote counting minutes, full-text adopted resolutions and related materials attached to the opinion inquiry must be retained at head office of the credit institution.

9. Decisions adopted in form of consulting opinion in writing shall be the same valid as those adopted at the meeting of the Board of Directors.

Article 74. Duties and powers of the Board of Controllers

1. To supervise the compliance with the law and Charter of the credit institution in administration and management of the credit institution; to be responsible

to the law and the General Meeting of shareholders for exercising assigned duties and powers.

2. To issue terms of reference of the Board of Controllers. To review the terms of reference of the Board of Controllers and important policies of accounting and reporting annually.

3. To direct the execution of internal audit and to be responsible for the efficiency of internal audit performance pursuant to regulations issued by the State Bank. The Board of Controllers, when exercising the assigned tasks, is entitled to use independent consultant and to access or to be provided with full, accurate, timely information and materials related to the administration and management of the credit institution.

4. To assess annual and semi-annual financial statements of the credit institution, including the financial reports audited by independent auditors. To report to General Meeting of shareholders the assessment of annual financial statements, the judgement of the rationality, legality, accuracy and prudence accounting, statistics and preparation of financial statements. The Board of Controllers can consult opinions of the Board of Directors before submitting reports and making recommendations to the General Meeting of shareholders.

5. To examine accounting books, other documents and the management of business operation of the credit institution when necessary or upon the decision of General Meeting of shareholders or at the request of major shareholders or of a group of shareholders together holding a certain share of equity as stipulated in Item ...Clause ...Article...of this Law. The Board of Controllers shall exercise examination within 7 working days from the date of receiving the request. Within 15 days from the termination date of examination, the Board of Controllers shall report and make clarification on the issues requested to examine to the Board of Directors and the major shareholders or the group of shareholders who make request. The examination of the Board of Controllers as stipulated in this Clause shall not make any obstruction or disruption to the management of operation of the credit institution.

6. To report to the Board of Directors timely in the event that the CEO or managers commit breach of this law, credit institution charter and other relevant laws and request the CEO or the manager to stop their breach and deal with losses (if any).

7. To make and update a list of related persons to members of the Board of Directors, members of the Board of Controllers, CEO, founding shareholders, major shareholders of the credit institution.

8. To request the Board of Directors to convene an extraordinary meeting of Board of Directors or an extraordinary general meeting of shareholders as stipulated in this Law and the charter of the credit institution.

9. To convene an extraordinary general meeting of shareholders in the case where the Board of Directors makes decisions that critically violate the Law or out of its authority or in other cases as stipulated in the Charter of the credit institution.

10. To carry out other duties and powers as stipulated in the Charter of the credit institution.

Article 75. Duties and powers of the Chairman of Board of Controllers

1. To organize the execution of duties and powers of Board of Controllers as stipulated in this Law.
2. To prepare agenda for meetings of the Board of Controllers that take full account of the issues and the concerns of all members of the Board of Controllers with regard to matters within duties and powers of the Board of Controllers; To convene and chair meetings of the Board of Controllers.
3. To sign, on behalf of the Board of Controllers, in all documents within the authority of the Board of Controllers.
4. On behalf of the Board of Controllers, to convene extraordinary general meeting of shareholders or request the Board of Directors to convene an extraordinary meeting of the Board of Directors as stipulated in this Law.
5. To prepare working plans and assign tasks to members of the Board of Controllers as stipulated in the internal regulations of the credit institution.
6. To ensure that members of the Board of Controllers receive full, fair, accurate and timely information on the matters to be considered by the Board of Controllers and with sufficient time for consideration and discussion.
7. To supervise and guide members of the Board of Controllers in exercising their assigned duties and powers of the Board of Controllers.
8. To authorize another member of the Board of Controllers to exercise his duties during his absence.
9. To carry out other duties and powers as stipulated in the Charter of the credit institution.

Article 76. Duties and powers of members of Board of Controllers

1. To exercise duties and powers of a member of Board of Controllers in accordance with the laws, the Charter of the credit institution and terms of reference of the Board of Controllers in a manner of honesty, prudence and for the interest of the credit institution and shareholders.
2. To appoint, remove or dismiss Chairman of Board of Controllers.
3. To request the Chairman of Board of Controllers to convene extraordinary meetings of the Board of Controllers
4. To be entitled to request any staff of the credit institution to provide data and to make clarification on business operation in order to exercise their assigned tasks.
5. To report to the Chairman of Board of Controllers on unusual financial operations and be personally responsible for his/her assessments.
6. To attend meetings of the Board of Controllers, to discuss and vote on issues within duties and powers of the Board of Controllers unless excluded from doing so as a result of a conflict of interest.
7. To attend meetings of the Board of Directors, to make comments and recommendations but not have right to vote.

8. To request for recording his/her comments in the minutes of meeting of the Board of Directors if these comments are different from decisions of the Board of Directors and report to the General Meeting of shareholders.

9. To carry out other duties and powers as stipulated in the Charter of the credit institution.

Article 77. Duties and powers of Chief Executive Officer

1. To carry out duties and powers as stipulated in Clauses 3 and 4, Article 116 of the Law on Enterprises.

2. To prepare and submit financial statements to the Board of Directors for approval. To be responsible for accuracy, reliability of financial statements, statistic reports, data and other financial information.

3. To establish day-to-day processes and procedures to perform the system of management of business operation and the system of reporting.

4. To report to the Board of Directors, Board of Controllers, the General Meeting of shareholders and competent State bodies on the status of business operation, performance and business result of the credit institution as stipulated in the laws and the Charter of the credit institution.

5. To be entitled to take measures out side his/her power in case of emergency (natural calamity, fire), and responsible for these decisions and then must report immediately to the Board of Directors.

6. To make recommendations and proposals on organization, governance and management of operation of the credit institution in order to enhance the quality and productivity of the operation of the credit institution and submit these recommendations and proposals to the Board of Directors and the General Meeting of shareholders for considering and deciding.

7. To request for convening extraordinary meetings of the Board of Directors as stipulated in this Law.

Section 2. Limited liability credit institution with one member

Article 78. Duties and powers of the owner

1. To exercise rights of the owner as stipulated in items a, b, k, l, m, n Clause 1 of Article 64 of Law on Enterprises and Charter of the credit institution.

2. To exercise obligations of the owner as stipulated in Clauses 2.3.4 of Article 65 of Law on Enterprises and the Charter of the credit institution.

3. To decide on the content of the Charter, supplement and amendment to the Charter of the credit institution and comply with the Charter.

4. To deide on development strategy of the credit institution.

5. To decide on the initial charter capital and the changes in charter capital of the credit institution.

6. To decide on the reorganization, dissolution or request for bankruptcy of the credit institution.

7. To make capital contribution fully and promptly as committed and be liable to debts and other financial obligations in the extent of the amount of committed capital contribution.

8. To decide on organizational structure of the credit institution; To appoint, remove or dismiss members of the Board of Directors, members of the Board of Controllers of the credit institution in accordance with the criteria and conditions as stipulated in this Law; To appoint Chairman of the Board of Directors and chairman of the Board of Controllers.

9. To approve terms of reference of the Board of Directors and of the Board of Controllers.

10. To decide on remuneration, bonus and other benefits for members of the Board of Directors, members of the Board of Controllers and operation budget of the Board of Directors and operation budget of the Board of Controllers.

11. To monitor and evaluate performance of the Board of Directors and the Board of Controllers, including performance of Chairman of the Board of Directors, chairman of the Board of Controllers prior to the reappointment as member of the Board of Directors or member Board of Controllers.

12. To decide on punishment applied to member of the Board of Directors and member of the Board of Controllers who violates his/her duties and powers. To make a claim or take legal proceedings against member of the Board of Directors, member of the Board of Controllers, CEO, who fail to properly perform his/her obligations, causing damages to the benefit of the credit institution in accordance with provisions of the law.

13. To organize the supervision and evaluation of business operations of the credit institution.

14. To decide on profit allocation after paying all taxes and other financial obligations as stipulated in the laws.

15. To distinguish and separate assets possessed by the Owner or by the credit institution.

16. To comply with laws governing contracts and other regulations related to operations and transactions signed between the credit institution and owner.

17. To be entitled to withdraw capital only by transferring a part or whole of the capital to another organization or person when approved by the State Bank;

18. Not to be allowed to get profit when the credit institution fails to fully pay debts and other financial obligation on mature.

19. To collect entire value of assets of the credit institution after the completion of liquidation or bankruptcy process.

20. To carry out other duties and powers as stipulated in the Charter of the credit institution.

Article 79. Duties and powers of the Chairman of the Board of Directors

1. Duties and powers stipulated in Clause 2 (except for the provision in paragraph d), Clause 3 of Article 111 of Law on Enterprise.
2. Duties and powers as stipulated in Clause 2, 3, 4 of Article 70 of this Law.
3. To evaluate performance of individual members of the Board of Directors and performance of committees of the Board of Directors at least once a year and to report the performance evaluation to the Owner.
4. To carry out other duties and powers stipulated in the charter of the credit institution.

Article 80. Duties and powers of the members of the Board of Directors

1. The members of the Board of Directors carry out their duties and powers in accordance with provisions in Clause 1, 2, 3, 5, 10 of Article 71 of this Law.
2. To attend all meetings of the Board of Directors, to discuss and vote on all matters within the scope of duties and powers of the Board of Directors in accordance with provisions of this Law unless excluded from doing so as a result of conflict of interest. To be personally responsible before laws, the Owner and the Board of Directors for their decisions.
3. To carry out decisions of the Owner and resolutions of the Board of Directors.
4. To be responsible of reporting to the Owner and the Board of Directors for their implementation of the duties assigned when requested.
5. To carry out other duties and powers stipulated in the charter of the credit institution.

Article 81. Meetings of the Board of Directors and Minutes of meetings of the Board of Directors

Meetings of the Board of Directors and Minutes of meetings of the Board of Directors shall be complied with provisions in Clause 1, 2, 3, 5 Article 72, Article 73 of this Laws and the following provisions:

1. A meeting of the Board of Directors shall be conducted when there is at least 2/3 of total members of the Board of Directors in attendance.
2. Decisions of the Board of Directors on the issues of amendment and supplement of the credit institution charter, reorganization of the credit institution and assignment of a part or whole of the credit institution's charter capital shall be approved by ¾ or more of the attending members.

Article 82. Consulting opinions in writing from members of the Board of Directors

1. Authority and formalities of consulting opinions of members of the Board of Directors in writing shall be in accordance with provisions of Article 74 of this Law.

Article 83. Duties and powers of the Board of Controllers

8. To oversee the compliance of laws and the credit institution's charter in governance and management of the credit institution; to be responsible before laws and the Owner for the implementation of the assigned duties and powers.

9. To carry out the duties and powers as stipulated in Clause 2, 3, 6 Article 75 of this Law.

10. To assess annual and semi-annual financial reports of the credit institution, including financial statements which are audited by independent auditors. To report the Owner the assessment of annual financial reports, the judgement of the rationality, legality, accuracy and prudence in governance and management of business operation, accounting, statistics and preparation of financial statements. The Board of Controllers can consult opinions of the Board of Directors before submitting reports and making recommendations to the Owner.

11. To examine accounting books, other documents and the management of business operation of the credit institution when necessary or upon the request of Owner. The Board of Controllers shall exercise examination within 7 working days from the date of receiving the Owner's request. Within 15 days from the termination date of examination, the Board of Controllers shall report and make clarification on the issues requested to examine to the Board of Directors and the Owner. The examination of the Board of Controllers shall not make any obstruction or disruption to the management of operation of the credit institution.

12. To make and update the list of related persons to members of the Board of Directors, members of the Board of Controllers, and the CEO.

13. To request an extraordinary meeting of the Board of Directors in accordance with the provisions of this Laws and the charter of the credit institution. To report to the Owner timely in the event that the Board of Directors commits serious breach of the law or makes decisions out of its authority and in other events specified in the charter of the credit institution.

14. To execute other duties and powers as stipulated in the charter of the credit institution.

Article 84. Duties and powers of Chairman of the Board of Controllers

1. Chairman of the Board of Controllers shall execute duties and powers as stipulated in Clause 1, 2, 3, 5, 6, 7, 8, 9 Article 76 of this Law.

15. To request, on behalf of the Board of Controllers, an extraordinary meeting of the Board of Directors in accordance with the provisions of this Laws and the charter of the credit institution.

Article 85. Duties and powers of members of the Board of Controllers

1. To carry out duties and powers as stipulated in clause 3, 4, 5, 6, 7, 8, 10 Article 77 of this Law.

2. To execute duties and powers in accordance with the law, the charter of the credit institution and internal regulations of the Board of Controllers in a manner of honesty, prudence and for the interest of the credit institution and the Owner.

3. To request for recording their opinions in the minutes of the meeting of the Board of Directors if their opinions are different from resolutions of the Board of Directors, and to report directly to the Owner.

Article 86. Duties and powers of the Chief Executive Officer

1. To execute duties and powers as stipulated in Clause 1, 2, 3, 5, 7 Article 78 of this Law.

2. To report to the Board of Directors, the Board of Controllers, the Owner and competent State bodies on the operations, performance and business results of the credit institution in accordance with laws and the charter of the credit institution.

Section 4: Limited liability credit institution with two or more members

Article 87. Capital contributors, powers and duties of capital contributors

1. Capital contributors shall exercise their governance on the credit institution by appointing their representatives who are qualified in accordance with provisions of this Law to be members of the Board of Directors and members of the Board of Controllers based on their share of capital contributed to the credit institution or the agreement among capital contributors.

2. To request for providing information and report on performance of the Board of Directors and the Board of Controllers, business operation, accounting books, annual financial statements and other documents as stipulated in the credit institution's charter.

3. To receive profit distributed in proportion to its share of equity when the credit institution has paid all its taxes and other financial obligations in accordance with the law.

4. To receive the residual assets of the credit institution in proportion to its share of capital in the credit institution upon the dissolution or bankruptcy of the credit institution.

5. Not to withdraw the contributed capital from the credit institution, except for the following cases:

a) To have the right to assign a part or the entire share of capital in accordance with provisions in Article 44 of Law on Enterprise and the assignment shall be approved by the State Bank in writing;

b) To have the right to request the credit institution to redeem its share of equity in accordance with provisions in Article 43 of Law on Enterprise but payment may only be made if, after the full payment for such redeemed share of equity, the credit institution is still able to meet all debts and other property obligations, to maintain prudential ratios in operation, to maintain charter capital not lower than the legal capital and to satisfy other relevant requirements stipulated by the State Bank. A credit institution shall only be permitted to redeem share of equity upon the request of its capital contributor after receiving a written approval from the State Bank.

6. To complain or petition against any member of the Board of Directors, any member of the Board of Controllers or the CEO who fails to properly fulfil his/her duties and powers so as to cause losses and damages to the credit institution or to the capital contributors.

7. To contribute in full and on time the amount of capital as undertaken and to be responsible for the debts and other property obligations of the credit institution to the extent of the amount of capital contributed and the amount of capital undertaken to be contributed.

8. Not to be allowed to directly intervene the governance and management of the credit institution.

9. To comply with the charter of the credit institution.

10. To be given priority in making additional capital contribution to the credit institution when the credit institution increases its charter capital.

11. To carry out other duties and powers as stipulated in the charter of the credit institution.

Article 88. Assignment of share of capital, redemption of share of capital

1. The State Bank shall make guidelines on conditions, procedures and dossier of assignment and redemption of share of capital of credit institution.

a) Any organizational or individual capital contributors assigning their share of capital shall meet criteria as set out for founding members of the credit institution.

Article 89. Duties and powers of the Board of Directors

1. To be responsible before the laws and the capital contributors for the implementation of its duties and power in accordance with the provisions of this Law and the charter of credit institution.

2. To carry out duties and powers as stipulated in Clause 2 Article 69 and Clause 4, 6, 8 Article 81 of this Law.

3. To approve the amendment and supplementation of the charter of the credit institution.

4. To nominate, remove or dismiss Chairman of the Board of Director in accordance with criteria specified in this Law.

5. To review and deal with any breach by a member of the Board of Directors.

6. To approve the amendments to the charter capital.

7. To approve annual financial statements, profit distribution plans.

8. To submit reports on financial performance and business results of the credit institution, the execution of duties and powers assigned to the Board of Directors and members of the Board of Directors upon the request of capital contributors or competent State bodies.

9. To make decisions on capital contribution to and share purchase of enterprises and other credit institution.

10. To make decisions on redemption of share of capital in accordance with the provisions of this Law.

11. To make decisions on the transaction contracts of credit institution with members of Board of Directors, members of Board of Controllers, Chief of Executive Officer, capital contributors and their related persons. In this case, the related member shall not have right to vote.

12. To approve the reorganization, dissolution or request for bankruptcy of the credit institution.

13. To make decisions on the remuneration and benefit offered to Chairman of the Board of Directors, members of the Board of Directors, Chairman of the Board of Controllers, members of the Board of Controllers and the CEO in accordance with the provisions of this Law and charter of the credit institution.

a) To carry out other duties and powers as stipulated in charter of the credit institution.

Article 90. Duties and powers of the Chairman of the Board of Directors

1. Together with other members of the Board of Directors to carry out duties and powers of the Board of Directors specified in Article 91 of this Law.

2. To attend all meetings of the Board of Directors, to discuss and vote on all matters within the scope of duties and powers of the Board of Directors in accordance with provisions of this Law unless excluded from doing so as a result of conflict of interest. To be personally responsible to laws, to the capital contributors and the Board of Directors for their decisions.

3. To carry out decisions and resolutions of the Board of Directors.

4. To be responsible of reporting to the capital contributors and the Board of Directors for their implementation of the duties assigned when requested.

5. To carry out other duties and powers stipulated in the charter of the credit institution.

Article 91. Book of member registration

1. A limited liability credit institution with two or more members shall open and maintain a book of member registration in accordance with provisions in Article 40 of Law on Enterprise.

Article 92. Meetings of Board of Directors and Minutes of Meetings of Board of Directors

Meetings of the Board of Directors shall be held and Minutes of Meetings of the Board of Directors shall be made in accordance with provisions in Article 72, 73 and Clause 1 Article 83 of this Law and the following provisions :

1. Chairman of the Board of Directors shall convene an extraordinary meeting of Board of Director at the request of:

a) at least 02 independent directors or at least a half of total members of the Board of Directors;

b) a capital contributing member or a group of capital contributing members together holding more than 25% of the charter capital or another lower specific percentage stipulated in the charter of the credit institution;

c) a group of all minor capital contributing members in case where there is a capital contributing member of the credit institution holds more than 75% of the charter capital and there is no lower ratio specified in the charter.

Decisions of the Board of Directors on the issues of amendment, supplement of the charter, reorganization of the credit institution, assignment or redemption of share of equity of credit institution shall be passed when it is approved by at least $\frac{2}{3}$ of the attending members.

Article 93. Consulting opinions in writing from members of the Board of Directors

Authority and formalities of consulting opinions in writing from members of the Board of Directors shall be complied with provisions of Article 74 of this Law. Decisions of the Board of Directors shall be approved in the form of consulting opinions in writing by a number of members owning at least 75% of the charter capital. A specific percentage shall be stipulated in the charter of the credit institution.

Article 94. General Director

1. Rights and obligations of CEO as stipulated in Clause 1 of Article 45 of this Law.

2. Salary and other benefits of CEO are as stipulated in Clause 2 of Article 45 of this Law.

CHAPTER IV: Operation of credit institutions

Section 1. General regulations

Article 95. The establishment and operation licence and permitted activities of credit institutions

1. The State Bank determines the scope, types and contents of operations of credit institutions in the License granted to the credit institutions in accordance with this Law.

2. A credit institution carries out its concrete operations in accordance with this Law and guidelines of the State Bank.

Article 96. Procedures and policies necessary for operations

1. For the safety of banking operations, a credit institution shall establish and develop procedures and policies as follow:

- a) Procedures on investment and acquisition management and big investments control;
- b) Procedures on granting loans to maintain suitable credit management system;
- c) An information system shall be maintained to support the procedure on big investments control;
- d) Policies on debt classification and credit provision shall be established and complied with;
- e) Policy on evaluation of asset quality and compliance of capital adequacy ratio;
- f) For credit institutions engaging in foreign credit and investment, the institutions shall have a complete policy and procedure to identify, supervise and control country risk and exchange risk in international loan and investment activities.
- g) A system for measuring, supervising and controlling comprehensively all kinds of risks.
- h) A policy on liquidity management, in which procedures and limits of liquidity management shall be clarified.
- i) An internal control system suitable with operation nature and scale of the credit institution;
- j) Appropriate policies and procedures, including "know-your-customer" principle to ensure ethical and professional standards of finance sector, thus preventing credit institutions from being used intentionally or unintentionally for criminal purposes;
- k) Other processes and policies in accordance with the laws, Charter of the credit institution and international practice based on the principle of formulating internal regulations on operational procedures of installed controlling system in such procedures for each of the operations.

2. The State Bank shall be responsible for cooperating with and guiding credit institutions to develop the procedures and policies set forth in Clause 1 of this Article and to supervise the implementation thereof.

Section 2. Mobilization of capital

Article 97. Taking deposits

Banks shall be permitted to take deposits from organizations, individuals and other credit institutions in the forms of demand deposits, time deposits and other types of deposits.

Article 98. Issuance of valuable papers

Credit institutions shall be permitted to issue certificates of deposits, bonds and other valuable papers in order to mobilize capital from domestic and foreign organizations and individuals in accordance with provisions of the law and guidances of the State Bank.

Article 99. Borrowing funds between credit institutions

A credit institutions may borrow funds from any another domestic or foreign credit institutions.

Article 100. Borrowing funds from the State Bank

Banks may obtain short term loans from the State Bank in the form of re-granting of capital in accordance with the provisions of the State Bank.

Section 3. Credit operations

Article 101. Extension of credit

A credit institution may extend credit to organizations and individuals in the form of loans, discounting of instruments and other valuable papers, guarantees, finance leasing and others in accordance with regulations of the State Bank.

Article 102. Types of loans

1. Credit institutions shall provide short term loans for organizations and individuals to meet their need of capital for development of production, business, services and improvement of living standards.

2. Credit institutions shall provide medium and long term loans for organizations and individuals in order to implement investment projects on development of production, business and services and improvement of living standards.

Article 103. Credit contracts

Loans shall be made on the basis of credit contracts. A credit contract shall contain contents in relation to loan conditions, purposes of use of loan, form of loan, amount of loan, applicable interest rates, loan term, method of security for loan (if any), value of assets used as security (if any), method of repayment and other undertakings agreed by the parties to the contract.

Article 104. Security for loans

1. Credit institutions shall take the initiative in seeking business and production projects which are feasible, effective and have the ability to repay in order to make loans.

2. Credit institutions shall have the right to evaluate and make decisions to make loans with or without security in the form of assets pledged or mortgaged by the borrower or in the form of a guarantee provided by a third party, and shall be

responsible for their own decisions. A credit institution shall not be permitted to make a loan secured by a pledge of shares issued by that same credit institution.

3. Credit institutions shall evaluate and make decisions to make loans secured by assets formed from loan funds.

Article 105. Loan evaluation and approval, inspection of use of loans

1. Credit institutions shall have the right to request a client to provide data proving that its business plan is feasible and proving the financial capacity of the client or a guarantor prior to making a decision to make a loan.

2. Credit institutions must evaluate and approve loans on the principle of separation of responsibility for the evaluation stage and the decision-making stage.

3. Credit institutions shall be responsible and have the right to carry out inspection and supervision of the processes of obtaining loans, using loans and repayment of loans by clients.

Article 106. Cancellation of loans, settlement of debts and adjustment of interest rates

1. Credit institutions shall have the right to cancel a loan and recover it prior to the due date in cases where information provided by the clients is identified to be incorrect or where the clients are identified to have committed a breach of the credit contract.

2. In cases where the client fails to make repayments on the due date, the credit institution shall, unless otherwise agreed by the two parties, have the right to:

a) Carry out the sale of pledged assets or the assignment or sale of mortgaged assets for loan recovery purposes within a certain time-limit stipulated by law; to be permitted to own pledged, mortgaged assets if sale of is unavailable in accordance with the provisions of the State Bank;

b) Request the guarantor to fulfil his or her obligations as committed;

c) Institute legal proceedings against the client having committed a breach of the credit contract and the concerned guarantor in accordance with law.

3. In cases where a client or his or her guarantor becomes bankrupt and therefore fails to make repayment of loans, the loans shall be recovered by the credit institution in accordance with the laws on bankruptcy.

4. Credit institutions shall be permitted to carry out exemptions from and reductions of interest rates and fees, extension of duration of loans and trading of debt certificates in accordance with relevant provisions of the State Bank. Debt reversal shall be carried out in accordance with relevant provisions of the Government.

Article 107. Maintenance of credit files

1. Credit institutions shall maintain files in respect of all loans made by them, including:

a) Credit contracts and relevant documents clearly specifying the purposes of use of loans and origins of the assets used as security for the loans (if any);

- b) Reports on actual financial status of borrowers and guarantors;
 - c) Decisions on extension of credit signed by competent persons; where such decisions are collectively made, the minutes of the meetings approving the decisions shall be required;
 - d) Documents arising in the course of using loans related to credit contracts.
2. Duration of maintenance of credit files shall be stipulated by law.

Article 108. Rights and obligations of borrowers

1. A borrower shall have the following rights:
- a) To refuse to satisfy any requirements of a credit institution which are inconsistent with the terms agreed in a credit contract;
 - b) To lodge a complaint in relation to, or to institute legal proceedings against, a credit institution which commits a breach of a credit contract.
2. A borrower shall have the following responsibilities:
- a) To provide full information and documents relating to the loan and to be responsible for the accuracy of such information and documents;
 - b) To use loans for the correct purposes and to comply with the terms agreed in the credit contract;
 - c) To repay the principal of and interest on loans in accordance with the terms of the credit contract;
 - d) To bear full responsibility upon failure to perform the signed credit contract.

Article 109. Discount and re-discount of instruments and other valuable papers

1. Credit institutions shall be permitted to discount instruments and other valuable papers for clients.
2. Credit institutions shall be permitted to re-discount instruments and other valuable papers as between themselves.
3. The State Bank may re-discount for credit institutions being banks instruments and other valuable papers which have already been discounted.
4. The discount and re-discount of instruments and other valuable papers within the credit institution system shall be carried out in accordance with regulations of the State Bank.

Article 110. Factoring

1. Factoring is one type of credits extended to the seller by repurchasing receivables arising from buying/selling goods and services that has been negotiated by the seller and the buyer in the contract of buying/selling goods and services.
2. The State Bank shall provide in detailed regulations on factoring operation of credit institutions.

Article 111. Bank guarantees

1. Credit institutions may provide guarantees on the basis of their creditworthiness and financial capability.

2. Credit institutions may provide guarantees in favour of loans, payments, contract performance, and tender participation and other types of bank guarantees to organizations and individuals.

3. Only banks authorized to conduct international payments shall be permitted to provide guarantees in favour of loans and payments and other types of guarantees to foreign organizations and individuals.

Article 112. Rights and responsibilities of guarantor credit institutions

1. A credit institution shall have the following rights upon providing a guarantee on behalf of a client:

a) To request the client to furnish documents relating to his, her or its financial capability and other documents relating to the transaction to be guaranteed;

b) To request the client to provide security for the guarantee;

c) To collect a fee for guarantee in accordance with relevant provisions of the State Bank;

d) To supervise the performance of obligation by beneficiary of guarantee;

e) To refuse to provide guarantees to clients who are deemed not to be creditworthy.

2. In cases where the beneficiary of the guarantee fails to fulfil his, her or its obligations, the guarantor credit institution shall be obliged to fulfil the obligations on behalf of the beneficiary of the guarantee.

Article 113. Responsibilities of beneficiaries of guarantees

A beneficiary of a guarantee shall have the following responsibilities:

1. To provide full information and documents relating to the guarantee as may be requested by the guarantor credit institution;

2. To fulfil fully his, her or its undertakings to the recipient of the guarantee and the guarantor;

3. To be subject to supervision by the guarantor credit institution of any of his, her or its operations relating to the guaranteed obligation;

4. To owe and repay to the guarantor credit institution the principal of and interest on any amount paid by the credit institution on his, her or its behalf with respect to, and other costs arising from, the fulfilment of obligations in accordance with the undertakings stated in the guarantee.

Section 4. Payment and Budgetary Services

Article 114. Opening of accounts

1. A credit institution may open its deposit accounts at the State Bank and other credit institutions.

2. A credit institution which receives deposits shall open its deposit accounts at the State Bank and shall maintain in the accounts an average balance of no less than the compulsory reserve level stipulated by the State Bank.

3. A bank may open accounts for both foreign and domestic clients. A client may select at his, her or its discretion the bank at which his, her or its principal transaction account shall be opened.

Article 115. Payment services

Banks shall be authorized to provide the following payment services:

1. To provide clients with payment instruments as required;
2. To conduct domestic payment operations on behalf of their clients;
3. To provide international payment services upon obtaining the permission of the State Bank;
4. To conduct payment and collection operations on behalf of their clients;
5. To provide other payment services as stipulated by the State Bank.

Article 116. Treasury services

Credit institutions shall conduct budgetary operations by way of collection and payment of cash to clients.

Article 117. Organization of and participation in payment systems

Banks may organize their internal payment systems and participate in the national inter-bank payment system. In cases where a bank wishes to participate in an international payment system, the permission of the State Bank shall be required.

Section 5. Electronic banking services

Article 118. Accessing via computer

1. Credit institutions shall be allowed to provide their clients with service of distant account access via their personal computers by using copyright software or the Internet (hereinafter referred to as access via the computer). By accessing via the computer, customers shall transfer money between accounts, make payment and request a loan.

2. Credit institutions which provide customers with access via the computer service shall:

- a) Provide the customers a security policy which contains information that customers shall report and clarify how this information will be used; and

b) Maintain the security of their network system; ensure the safety of transactions and rights of their clients.

Article 119. Electronic Banking Operations

1. Credit institutions may provide services for their customers through electronic channels including Internet, ATM, telephone and mails, without visible points of transaction.

2. The electronic banking operations shall have suitable systems to identify, supervise and control transaction risks arising from the use of technology of credit institutions.

3. Credit institutions shall ensure the security and effectiveness of their electronic banking operations in accordance with the provisions of the State Bank.

Section 6. Other Operations

Article 120. Contribution of capital and purchase of shares

A credit institution shall use only its chartered capital and other reserve funds to make capital contribution to, or purchase shares of, enterprises, investment funds, investment projects, other credit institutions (including subsidiaries of its own) in accordance with provisions of the law and guidance of the State Bank.

Article 121. Participation in monetary markets

Credit institutions may participate in monetary markets established by the State Bank, including the market in which Treasury bills are auctioned, the inter-bank market for domestic and foreign exchange, and the market for other short term valuable papers, in accordance with relevant provisions of the State Bank.

Article 122. Trading of foreign exchange and gold

A credit institution may, upon obtaining the permission of the State Bank, carry out trading of foreign exchange and gold in domestic and international markets.

Article 123. Entrust and agency operations

Credit institutions may offer entrust services or act as agents for other organizations in various areas relating to banking operations, including assets management and investment management for various organizations and individuals on the basis of trust contracts.

Article 124. Real estate business

A credit institution shall not be permitted to conduct directly real estate business operations.

Article 125. Insurance business and services

1. A credit institution may establish subsidiary to conduct insurance operations in accordance with provisions of the law.

2. Banks may provide insurance services in accordance with provisions of the law.

Article 126. Consultancy services

Credit institutions may provide consultancy to their clients in relation to monetary, financial and investment matters.

Article 127. Other services relating to banking operations

Credit institutions may provide precious assets and valuable papers management services, safe-keeping services, pledging and other services to clients in accordance with provisions of the law.

Section 6. Restrictions to ensure the prudence in operations of credit institutions

Article 128. Persons not eligible for loan extension

1. A credit institution shall not be permitted to extend loans to following persons:

- a) Any member of the Board of Directors, the Board of Controllers, the (General) Manager or (General) Deputy Manager of the credit institution;
- b) Any person in charge of appraising and approving the loans;
- c) Parents, spouse, children of a member of the Board of Director, the Board of Controllers, the (General) Manager, the (General) Deputy Manager of the credit institution.

2. *The provisions in clause 1 of this Article shall not apply to cooperative credit institutions and microfinance institutions.*

3. A credit institution shall not be permitted to accept any guarantee from any person mentioned in clause 1 of this Article as security for any extension of credits to a customer.

4. *A credit institution shall not be permitted to extend credit to companies operating in the area of securities over which the credit institution has rights to control; not be permitted to extend unsecured loans for the purpose of securities trading or investment.*

Article 129. Restrictions to extend credit

1. A credit institution shall not be permitted to extend unsecured credits, preferential credits to the following persons:

- a) An auditing company which, or an auditor who, is auditing the credit institution, a Chief accountant and an inspector;
- b) A major shareholder, a capital contributor of the credit institution;
- c) An enterprise of which more than 10% of charter capital is owned by one of the individuals listed in clause 1 of Article 119.
- d) An enterprise over which the credit institution has right to control.

2. The total outstanding loans extended to the persons listed in item a, b, c of clause 1 of this Article shall not exceed 5% of the owned capital of the credit institution.

3. The total value of loans and guarantees of a credit institution to an enterprise over which the credit institution holds the effective control shall not exceed ten (10) percent of the own capital of the credit institution. The total value of loans and guarantees to all enterprises over which the credit institution holds the effective control shall not exceed twenty (20) percent of the owned capital of the credit institution.

Article 130. Limits for lending, guarantee, discount of transferable instruments and other valuable papers

1. Limit of lending to a single client shall be provided as follows:

a) The total outstanding amount of loans made to a single client shall not exceed fifteen (15) percent of the own capital of the credit institution, except for loans made from authorized fund of the Government, organizations or individuals or loans made to other credit institution;

b) In case where the demand for capital of a client exceeds fifteen (15) percent of the own capital of the credit institution or where the client requests fund mobilization from various sources, credit institutions may jointly make syndicated loans to the client in accordance with guidelines of the Governor of the State Bank;

c) In order to implement socio-economic objectives, in special circumstances where the financial capability of the credit institution in making syndicated loans can not satisfy the demand for capital of a single client, the Prime Minister may determine the maximum amount of loans made to the client on a case-by-case basis.

2. The value of guarantee and discount of transferable instruments and other valuable papers of a credit institution in favour of a single client shall not exceed the limits stipulated by the Governor of the State Bank.

Article 131. Limits on capital contributions and share purchases

The amount of capital contributions to, the purchase of shares in a single enterprise or in a single credit institution, the total amount of capital contributions to, and the total amount of the purchase of shares in all enterprises including credit institutions shall not exceed the maximum limits stipulated by the Governor of the State Bank for each type of credit institution.

Article 132. Prudential ratios

1. A credit institution shall maintain the following prudential ratios:

a) The liquidity ratio, which shall be determined by the ratio between the “Assets” with immediate payment capability and “Liabilities” payable at a certain time of credit institutions;

b) The capital adequacy ratio, which shall be determined by the ratio between the regulatory capital and risk-weighted assets including off-balance sheet commitments;

c) The maximum ratio of medium and long term loans financed by short term funds.

2. The Governor of the State Bank shall stipulate in detail the ratios mentioned in clause 1 of this Article for each type of credit institutions.

3. The total amount of capital invested by a credit institution in any other credit institution in the form of capital contribution or purchase of shares and total investments of the credit institution in the form of capital contribution or purchase of shares in order to hold controlling interests in enterprises operating in areas of securities or insurance shall be subtracted from its regulatory capital when calculating the prudential ratios.

Article 133. Risk provisioning

1. A credit institution shall make provision for risks in the banking operations. The risk provision shall be included in its operating expenses.

2. The classification of “Assets”, the provisioning rate, the method of provisioning and the use of the provisions to deal with risks arising in banking operations shall be stipulated by the Governor of the State Bank upon the agreement with the Minister of Finance.

3. In the event credit institutions recover any amount of the funds that has been dealt with the risk provisions, the recovered amount shall be treated as revenue of the credit institutions.

CHAPTER V: Banks

Section 7. Commercial banks

Article 134. Organization, governance and management of commercial banks

The organization, governance and management of a commercial bank shall be in accordance with stipulations applicable to joint-stock credit institutions, liability limited credit institutions with one member, liability limited credit institutions with more than one members mentioned in Chapter III of this Law upon the organizational type of the commercial bank.

Article 135. Operations of a commercial bank

1. A bank is a credit institution which shall be permitted to conduct all banking activities in accordance with provisions as stipulated in Chapter IV of this Law and guidelines of the State Bank.

2. A commercial bank shall not be permitted to directly engage in financial leasing, the business of real estate and securities.

Section 8. Development Bank

Article 136. Development Bank's Owner

Vietnam Development Bank shall be a bank of the Government that is owned and established by the Government in order to implement its policies of investment credit and export credit. The Banks' solvency shall be guaranteed by the Government.

Article 137. Organization and operations of the Development Bank

a. The Development Bank shall operate on a non-profit basis, not take deposits, not be required to make required reserve and deposit insurance.

b. The organization, governance and management of the Development Bank shall be in accordance with regulations of the Government and the charter of organization and operations of the Development Bank approved by the Prime Minister.

Article 138. Restrictions to ensure the prudence in operations of the Development Bank

1. The Development Bank shall comply with restrictions to ensure the prudence in operations stipulated in Section 6, Chapter IV of this Law.

2. The Development Bank shall not be required to comply with provisions on capital adequacy ratio.

3. The Development Bank shall comply with the Government's regulations on limits for lending, guarantee, discount of transferable instruments and other valuable papers.

Section 9. Social Policy Bank

Article 139. Social Policy Bank's Owner

Social Policy Bank shall be a bank of the Government, owned and established by the Government in order to serve the poors and other underprivileged persons. The Banks' solvency shall be guaranteed by the Government.

Article 140. Organization and activities of Social Policy Bank

c. Social Policy Bank shall operate on a non-profit basis, not take deposits, not be required to make required reserve and deposit insurance.

d. The organization, governance and management of Social Policy Bank shall be in accordance with regulations of the Government and the charter of organization and operations of Social Policy Bank approved by the Prime Minister.

Article 141. Restrictions to ensure the prudence in operations of Social Policy Bank

1. Social Policy Bank shall comply with restrictions to ensure the prudence in operations stipulated in Section 6, Chapter IV of this Law.

2. Social Policy Bank shall not be required to comply with provisions on capital adequacy ratio.

3. Social Policy Bank shall comply with the Government's regulations on limits for lending, guarantee, discount of transferable instruments and other valuable papers.

CHAPTER VI: Non-bank credit institutions

Article 142. License of establishment and operation; permitted activities of non-bank credit institutions

1. The State Bank shall make clear specifications on scope and content of operations of a non-bank credit institution in its license of establishment and operation.

2. A non-bank credit institution shall be permitted to conduct some of operations stipulated in Chapter IV of this Law. Apart from that, a non-bank credit institution shall be permitted to conduct some other operations clearly specified in the license in accordance with guidelines of the State Bank depending on the type of non-bank credit institution.

Article 143. Types of non-bank credit institutions and specialized activities of each type

1. A non-bank credit institution specializing in consumer credit shall make loans in the form of installment, lending at point of sale, through credit cards and others.

2. A non-bank credit institution specializing in cards shall be permitted to issue credit cards, prepaid cards and other cards in accordance with the guidelines of the State Bank.

3. A non-bank credit institution specializing in new technology investments shall make loans to individuals or entities engaging in new technology business, to new technology projects; make investments in new technology projects; manage and supervise such projects.

4. A non-bank credit institution specializing in leasing shall be permitted to conduct finance leasing, operation leasing, purchase an asset and lease this asset to individuals or entities in the form of finance leasing, sale of the receivables from the leasing contract and others.

Article 144. Finance leasing

1. Finance leasing shall mean a form of lease of assets based on a lease contract between a lessee and a lessor as a non-bank credit institution whereby the lessor shall commit to buy the asset as required by the lessee and hold the ownership of the leased asset. The lessee shall be entitled to the use of the leased asset and make lease payments during the lease term as agreed upon by the parties.

2. A lease transaction shall be recognized as a finance leasing transaction upon satisfying any of the following conditions:

a) Upon the expiration of the agreed lease term, the lessee shall be entitled to the ownership of the leased asset or may be entitled to renew the lease agreement as agreed upon by both parties.

b) Upon the expiration of the agreed lease term, the lessee shall be entitled to the option to purchase the leased asset at a price which is lower than the real value of the leased asset at the time of execution of the purchase.

c) The lease term of an asset must be equal to at least 60% of the time needed to fully depreciate the leased asset.

d) The total lease payments over an agreed lease term must be at least equal to the market price of the asset at the time of signing a lease agreement.

Article 145. Rights and obligations of lessors in finance leasing

1. The lessor shall have the following rights:

a) to directly purchase or import assets at the request of the lessee;

b) to request the lessee to compensate any damage caused as a result of the lessee's failure to perform adequately its obligations of maintenance, repair and payment of insurance fees for the leased assets during the term of the lease;

c) to recover the leased assets and require the lessee to pay immediately all lease payments upon the lessee's breach of the lease contract.

2. The lessor shall have the following obligations:

a) to sign a contract for purchase of assets, fulfil all procedures for the importation of assets and make full payment for the purchase of assets to be leased;

b) to compensate any damage to the lessee in the event that the lessor breaches the lease contract.

Article 146. Rights and obligations of lessees in finance leasing

1. The lessee shall have the following rights:

a) to select, negotiate and agree with the supplier regarding technical specifications, type, price, insurance, term and date of delivery, installation and maintenance of the assets to be leased;

b) to directly receive the assets to be leased from the supplier pursuant to the agreements in the purchase contract;

c) to exercise the option either to continue the lease or to purchase the assets upon expiry of the lease contract.

2. The lessee shall have the following obligations:

a) to use the leased assets for the purposes as agreed in the lease contract, not transfer the right to use such assets to any other individual or organization without prior written approval of the lessor;

b) to pay lease payments under the lease contract and all costs and expenses incurred in connection with the importation, taxation and insurance in respect of the leased assets;

c) to bear any risk of loss or damage to the leased assets and any risk caused by the leased assets to other individuals and organizations;

d) to maintain and repair the leased assets during the term of the lease;

e) upon expiry of the lease contract, to purchase the leased assets or continue the lease as agreed in the lease contract; and

f) not be permitted to use the leased assets as mortgage, collateral or as security for any financial obligation.

Article 147. Operating lease

1. Operating lease shall mean a form of lease of assets whereby the lessee uses the assets leased out by the lessor (the non-bank credit institution) for a fixed term, which assets the lessee will return to the lessor upon the expiry of the lease term. The lessor retains ownership of the leased assets and receives lease payments under the lease contract.

2. A lease transaction shall be recognized as an operating lease when:

a) ownership of the leased assets is not transferred to the lessee upon the expiry of the lease contract.

b) the leasing contract does not stipulate any agreement between the lessor and lessee on purchase of the leased assets.

c) the lease term only accounts for part of the whole useful life of the leased assets.

d) the total value of lease payments only accounts for part of the value of the leased assets.

Article 148. Rights of lessors in operating lease

1. to request the lessee to provide on time adequately annual and quarterly reports on production and business activities, on financial conditions and on other issues relevant to the leased assets;

2. to inspect the management and use of the leased assets;

3. to affix ownership stamps onto the leased assets;

4. to request the lessee to compensate any loss as a result of the lessee's breach of the lease contract;

5. to transfer its rights and obligations under the lease contract to any other finance leasing company that is permitted to conduct operating leasing activities. In this event, the lessor must give a written notice to the lessee prior to the transfer;

6. to request the lessee to pay a deposit or to provide a guarantee by assets for performance of the leasing contract, if the parties agree so;

7. to exempt or reduce lease payments, defer lease payments, or to sell the leased assets.

8. to recover the leased assets, to start legal proceedings against the lessee if the lessee fails to pay the agreed lease payments or regularly fails to make lease payments on time.

Article 149. Obligations of lessors in operating lease

1. To enter into a contract for the purchase of assets for lease with a supplier;

2. To purchase directly and import assets for lease where the lessor considers it necessary or upon the request of a lessee;
3. To register ownership of and to complete procedures to purchase insurance for the leased assets;
4. To ensure that lease assets are maintained and repaired during the lease term;
5. To fulfil restrictly all contractual undertakings.

Article 150. Rights of lessees in operating lease

1. To select, negotiate and agree with a lessor on technical specifications, types, prices, method and time of delivery, installations and warranty of the leased assets;
2. To receive the leased assets directly from the lessor or the authorized representative of the lessor as agreed in the leasing contract;
3. To request the lessor to pay compensation for any loss as a result of the breach of the leasing contract by the lessor.

Article 151. Obligations of lessees in operating lease

1. To be responsible for the selection, negotiation and agreement referred to in Article 143.1 of this Law;
2. To use the leased assets for the correct purpose as state in the lease contract; not to transfer the right to use the leased assets to any other organization or individual during the effective term of the leasing contract without written approval from the lessor;
3. To provide adequately reports on production and business activities, on financial conditions and on other issues relevant to the leased assets at the request of the lessor; to ensure the truthfulness and accuracy of information and data provided; and to facilitate the lessor in inspecting the leased assets;
4. To make lease payments in accordance with the terms of the leasing contract;
5. To return the leased assets to the lessor upon expiry of the term of the contract;
6. To bear responsibility for all loss of or damage to the leased assets due to the fault of the lessee and responsibility for all consequences caused by other organizations and individuals during the process of use of the leased assets;
7. Not to erase or damage the ownership stamps affixed onto the leased assets;
8. Not to mortgage or pledge the leased assets or to use them as security for performance of any obligation; not to use the leased assets to pay debts to other creditors;
9. To fulfil strictly all contractual undertakings;

10. To preserve properly the leased assets; to comply strictly with the technical operating instructions; and to be responsible for repairing or replacing lost or damaged parts in accordance with technical specifications and according to the quality of the assets.

Article 152. Limit on finance leasing

1. The total outstanding of finance leasing to a single client shall not exceed 30% of the non-bank credit institution's owned capital.

2. In case where the demand for capital of a client exceeds 30% of the non-bank credit institution's owned capital or where the client requests the leased assets from various sources, non-bank credit institutions may jointly make syndicated lease to the client in accordance with guidelines of the Governor of the State Bank.

CHAPTER VII: Cooperative credit institutions

Section 1. Cooperative banks

Article 153. Cooperative banks shall be established and shall operate in compliance with provisions of this Law and Laws on Cooperatives

Article 154. Capital contributors, rights and obligations of capital contributors

Article 155. Making capital contribution, transferring contributed capital, repurchasing contributed capital

Article 156. Members' Council, meeting of Members' Council

Article 157. Board of controllers

Article 158. CEO

Article 159. Charter capital

Article 160. Content of operations

Section 2. People credit funds

Article 161. People credit funds shall be established and shall operate in compliance with provisions of this Law and Laws on Cooperatives.

Article 162. Capital contributors, rights and obligations of capital contributors

Article 163. Making capital contribution, transferring contributed capital, repurchasing contributed capital

Article 164. Members' Council, meeting of Members' Council

Article 165. Board of controllers

Article 166. CEO

Article 167. Charter capital

Article 168. Content of operations

CHAPTER VIII: Microfinance institutions

Section 1. Organizational structure, governance, management of microfinance institutions

Article 169. Types of microfinance institutions

1. A microfinance institution shall be established in the form of joint stock company or limited liability company.

2. A microfinance institution which is established in the form of joint stock company or limited liability company shall have organizational structure, governance, management in accordance with stipulations of this Law and other relevant laws.

3. Limited liability microfinance institutions shall include the following forms:

a) A limited liability company with one member: It shall mean a microfinance institution owned by a Vietnamese socio-political organization experienced in effectively implementing microfinance programs (projects) or by a bank.

b) A limited liability company with more than one member: It shall mean a microfinance institution established by individual and/or organizational members who make capital contribution and have experiences in effectively implementing microfinance activities. The number of members shall not exceed 9.

Article 170. Restrictions on the ownership of microfinance institutions

The State Banks shall make provisions on restrictions on ownership proportion of both domestic and foreign individuals and organizations in a microfinance institution.

Article 171. Election, nomination, dismissal of members of Board of Directors, members of Board of controllers, CEO of a microfinance institution

1. Members of Board of Directors, members of Board of Controllers, CEO of a microfinance institution must satisfy requirements of professional qualification and other criteria stipulated by the State Bank.

2. Election, nomination, dismissal of the chairman and any other members of Board of Director, the chairman and any other members of Board of Controllers, CEO of a microfinance institution shall be complied with provisions made by the State Bank.

Section 2. Activities of microfinance institutions

Article 172. Fund mobilization

A microfinance institution shall be entitled to mobilize funds in VND from the following sources:

1. Deposit taking:

a) Required savings made by microfinance customers;

b) Deposits from organizations and individuals (including voluntary deposits of microfinance customers), except for deposits for settlement purpose.

2. Borrowings:

a) Borrowings from credit institutions permitted to operate in Vietnam;

b) Borrowings from foreign individuals and organizations if permitted by the State Bank.

3. A microfinance institution may receive authorized funds in programs, projects of the Government, of organizations and individuals both within and outside the country.

Article 173. Credit activities

1. A microfinance institution shall be entitled to extend credit in VND to microfinance customers, other individuals and organizations in the form of loans, guarantees and finance leasing.

2. A microfinance institution must make its customers clear about any charges for receiving credit.

3. A microfinance institution shall maintain a ratio between total outstanding of micro credits and total outstanding loans not to be lower than a ratio as determined by the State Bank.

Article 174. Payment and treasury services

1. A microfinance institution shall not be permitted to open settlement accounts for its customers.

2. A microfinance institution shall be entitled to conduct some restricted payment services as stipulated by the State Bank.

3. A microfinance institution shall be entitled to conduct services of collection and payment of cash to its customers.

Article 175. Other activities

1. A microfinance institution may use its owned capital to make capital contributions or to purchase shares in accordance with provisions of the relevant laws. The State Bank shall provide stipulations of restrictions on capital contribution and share purchase applicable to microfinance institutions.

2. A microfinance institution shall be entitled to authorize its funds and to receive authorized funds.

3. A microfinance institution may provide consultancy services related to financial and monetary issues to its customer.

e. A microfinance institution may act as insurance agent.

CHAPTER IX: Bank Holding Company

Article 176. Operation of Bank Holding Company

1. The State Bank shall be the competent authority to grant operating license of a Bank Holding Company.

2. The State Bank shall provide guidelines on conditions, application file, procedures relating to operation of a Bank Holding Company.

Article 177. Organizational structure, governance, management of a banking holding company

A bank holding company shall comply with stipulations on organizational structure, governance and management applicable to joint-stock credit institutions of this Law and other relevant laws.

Article 178. Rights and obligations of Bank Holding Company toward its sub-banks

1. Depending on legal form of sub-bank, Bank Holding Company has the rights and obligations in term of capital contributor or owner or shareholder of sub-bank according to this Law and other related regulations.

2. Contracts, transactions and other relations between Bank Holding Company and its sub-banks should be established and executed fairly and independently applying conditions as for those contracts, transactions and relations were established and executed between legal independent entities.

3. Bank Holding Company shall not interfere or require its sub-bank to conduct business in contrary with ordinary business standards or with the interests of

the sub-bank in excess of the scope of its authority as ownership, capital contributor or shareholder.

4. In the case Bank Holding Company violates Clause 3 of this Article, the administrator of the Bank Holding Company, who was responsible for the interference in the business of sub-bank stated in Clause 3 of this Article, shall be jointly with the Bank Holding Company responsible for compensation for losses caused by its interference.

5. In the case Bank Holding Company does not compensate for losses caused by its interference in the business of its sub-bank as stated in Clause 4 of this Article, creditor or other capital contributor or shareholder, who holds at least 1% of the chartered capital of the sub-bank, has the rights to inquire Bank Holding Company to compensate for such losses on behalf of him/herself or the sub-bank.

6. In the case the interference of Bank Holding Company in the business of its sub-bank as stated in Clause 3 of this Article benefits its other subsidiary, this subsidiary shall be jointly with the Bank Holding Company responsible for returning the interests received to the damaged sub-bank.

Article 179. Relations between sub-bank and other subsidiaries of the Bank Holding Company

1. Sub-bank and other subsidiaries of Bank Holding Company shall not invest in each other's capital.

2. Sub-bank and other subsidiaries of Bank Holding Company shall not concurrently with the Bank Holding Company invest in other entities.

Article 180. Financial Statements of Bank Holding Company

1. At the end of the fiscal year, besides reports and other documents to be prepared in accordance with current legal regulations, Bank Holding Company shall prepare following reports:

a) Consolidated financial statements of Bank Holding Company and its subsidiaries in accordance with general accepted accounting standards;

b) Consolidated annual net income statement of Bank Holding Company and its subsidiaries;

c) Consolidated report on management and operation of Bank Holding Company and its subsidiaries.

2. The person who is assigned to prepare reports stated in Clause 1 of this Article shall not prepare and submit such reports if adequate information and financial statements of subsidiaries of Bank Holding Company have not yet been submitted.

3. Upon request of Legal Representative of Bank Holding Company, Legal Representative of subsidiaries shall provide reports, documents and other related information in accordance with provisions of the law in order to prepare Consolidated Financial Statements and Consolidated Reports of Bank Holding Company.

4. The Administrator of Bank Holding Company shall use information and data from financial statements and reports of its subsidiaries to prepare Bank Holding

Company Consolidated financial statements and reports if she/he is not aware of or not suspicious of any misstatements or frauds in subsidiaries' financial statements and reports.

5. In case subsidiaries do not submit required reports, documents intime and in accordance with provisions of the law inspite of the efforts within the authorization of the Administrator of Bank Holding Company, the Administrator of Bank Holding Company still prepare Cosolidated Financial Statements and Consolidated reports. Consolidated Statements and Reports might include or exclude information regarding such subsidiary provided there is clarification in the Notes to Consolidated Financial Statements to avoid misleads or misunderstanding.

6. Original Annual Reports, accounting documents of Bank Holding Company and its subsidiaries, Consolidated Statements, Consolidated Reports should be stored at the head office of Bank Holding Company. Each of the branch of Bank Holding Company in any localities of Vietnam should have a copy of above stated documents.

7. In addition to required financial statements and documents in accordance with provisions of the law, sub-banks and subsidiaries of Bank Holding Company shall prepare and submit consolidated reports on purchasing, selling and other transactions with Bank Holding Company.

CHAPTER X: State Management, Inspection, Supervision

Section 1. State Management of operation of Credit Institutions, Bank Holding Company

Article 181. Uniform State management

The State shall carry out uniform management of operation of Credit Institutions, Bank Holding Companies.

Article 182. Contents of State management over banking operations

Contents of State management over banking operations shall include:

1. To issue and provide guidelines for implementations of legal instruments on banking operations; to formulate policies, strategies and plans for development of the system of credit institutions.

2. To issue and withdraw banking establishment and operating licenses.

3. To inspect and supervise operations of credit institutions, bank holding companies in accordance with provisions of the law.

4. To adopt measures to prevent and overcome risks; to prevent acts of currency destruction and illegal monetary activities.

5. To carry out collection, processing and provision of information and forecasts on monetary and capital markets.

6. To sign or participate in international treaties on currency and banking operations.
7. To manage operations of Vietnamese credit institutions operating in foreign countries.
8. To organize and manage scientific research on banking issues.
9. To organize training courses for development of managerial and professional staff for the system of credit institutions.

Article 183. State management bodies

1. The Government shall carry out uniform State management of banking operations.
2. The Governor of the State Bank shall be responsible to the Government for State management of banking operations.
3. Ministries, ministerial equivalent bodies, Government bodies shall, within the scope of their respective duties and authority, be responsible for State management of credit institutions in accordance with provisions of the law.
4. People's committees at various levels shall carry out State management of credit institutions within their respective localities in accordance with provisions of the law.

Section 2. Inspection, Supervision of credit institutions, Bank Holding Company

Article 184. Banking Supervisory Body

Credit institutions, Bank Holding Company shall be subject to inspection and supervision of Banking Supervisory Body in accordance with provisions of the law.

Article 185. Rights of credit institutions upon inspection of Banking Supervisory Body

A credit institution shall, upon inspection by the Banking Supervisory Body, have the following rights:

1. To request inspectors to present decision on inspection and their inspectors' cards, and to comply with the provisions on inspection.
2. To lodge complaints or institute legal proceedings at the relevant competent State body in respect of any act of inspectors and conclusions, decisions of Banking Supervisory Body which is considered to be wrongful.
3. To request compensation for any damage resulting from improper acts or wrongful decisions or conclusions of the Banking Supervisory Body.

Article 186. Obligations of credit institutions upon inspection by Banking Supervisory Body

A credit institution shall, upon inspection by the Banking Supervisory Body, have the following obligations:

1. To fulfil requests of the Banking Supervisory Body relating to the contents of inspections.
2. To comply with the decisions of the Banking Supervisory Body.

Chấp hành các quyết định xử lý của Cơ quan giám sát ngân hàng.

Article 187. Powers of the Banking Supervisory Body

The Banking Supervisory Body shall, in carrying out inspection, have following powers:

1. To request the object of the inspection and concerned parties to provide any documents and evidence or to answer questions in relation with the contents of inspection.
2. To make records of inspection and recommendations on solutions to deal with offences.
3. To apply measures to prevent or deal with offences in accordance with provisions of the law.

Article 188. Responsibilities of Banking Supervisory Body

The Banking Supervisory Body shall, in performing their duties, have following responsibilities:

1. To present the decision on inspection and inspector card.
2. To follow the stipulated process of and procedures for inspection; to avoid causing interference or obstruction to the ordinary operations of, and thereby causing damage to, the lawful rights and interests of inspected credit institutions.
3. To prepare and submit to the Governor of the State Bank reports on results of the inspection and proposed measures to deal with offences.
4. To abide by provisions of the law and be responsible to the Governor of the State Bank and before the law for any conclusions, acts and decisions in relation to inspection.

CHAPTER XI: Financial Accounting and reporting

Article 189. Financial collection and payments

1. Financial collection and payments of credit institutions, bank holding companies, shall be subject to the relevant provisions of the law.
2. The Minister of the Ministry of Finance issues, provide guidelines and inspect the implementation of financial regimes of credit institutions, bank holding companies in accordance with provisions of the law.

Article 190. Fiscal year

Fiscal year of credit institutions, bank holding companies begins on the 1st of January and finishes on the 31st of December.

Article 191. Accounting

Credit institutions, bank holding companies shall establish and adopt an accounting system and shall comply with regimes on accounting in accordance with provisions of the law on accounting and statistics.

Article 192. Funds

1. Credit institutions and bank holding companies, on an annual basis, contribute to and maintain the following funds by recourse to its after-tax profits:

a) Chartered capital increasing fund: the annual rate of contribution shall be 5% (five percent) of after-tax profits. The Government shall stipulate maximum level for such a fund.

b) Other funds as stipulated by law.

2. Credit institutions and bank holding companies shall not be permitted to use the funds stated in Clause 1 of this Article to pay dividends to shareholders.

Article 193. Purchase of and investment in fixed assets

Credit institutions and bank holding companies may carry out purchase of or investment in fixed assets provided that the value of such assets shall not exceed 50% (fifty percent) of its chartered capital and chartered capital increasing fund.

Article 194. Reporting regimes

1. Credit institutions and bank holding companies shall prepare financial reports in accordance with provisions of the law on accounting and statistics and periodical professional reports in accordance with provisions of the Governor of the State Bank.

2. In addition to periodical reports, credit institutions and bank holding companies shall immediately report to the State Bank of Vietnam in the following circumstances:

a) There exist tendencies which may cause adverse effect to business operations of credit institutions and bank holding companies.

b) There are major changes of organizational structure of credit institutions and bank holding companies.

3. Credit institutions and bank holding companies shall, within 90 (ninety) days of termination of the fiscal year, forward annual reports to the State Bank in accordance with provisions of the law.

4. Joint-venture credit institutions, 100% foreign-owned credit institutions, branches of foreign banks, representative offices of foreign credit institutions operating in Vietnam shall, within 180 (hundred and eighty) days of termination of the fiscal year, forward annual reports of foreign credit institutions operating in Vietnam to the State Bank.

Article 195. Publication of financial reports

Credit institutions and bank holding companies shall, within 120 (hundred and twenty) days of termination of the fiscal year, make public their financial reports in accordance with provisions of the law.

Article 196. Overseas remittance of profits and assets

1. Foreign bank branches, credit institutions with 100% (hundred) percent foreign-owned operating in Vietnam may remit overseas their retained profits upon contribution to reserves funds and fulfilment of all financial obligations in accordance with provisions of Vietnamese law.

2. The foreign party to a joint-venture credit institution may remit overseas its distributed profits upon contribution to reserves funds and fulfilment of all financial obligations of joint-venture credit institution in accordance with provisions of Vietnamese law.

3. Foreign bank branches, 100% (hundred percent) foreign-owned credit institutions and the foreign parties to joint-venture credit institutions operating in Vietnam may transfer overseas their remaining assets upon liquidation and termination of their operation in Vietnam.

4. Overseas remittance of money and other assets as stated in Clauses 1, 2 and 3 of this Article shall be carried out in accordance with the relevant provisions of Vietnamese law.

CHAPTER XII: Special Control, Bankruptcy, Dissolution and Liquidation,

Section 1. Special Control

Article 197. Report on resolvency

Where a credit institution is likely to become insolvent, it shall promptly report to the State Bank on its actual financial status, causes of insolvent status and measures taken and to be taken to deal with the situation.

Article 198. Application of special control

1. Special control means direct supervision by the State Bank of a credit institution which is likely to become insolvent.

2. The State Bank shall be responsible for identifying in a timely manner any institutions which is likely to become insolvent.

3. A credit institution shall be put under special control in any of the following circumstances:

- a) The credit institution is likely to become insolvent;
- b) The credit institution is committed to bad loans and therefore likely to become insolvent;
- c) The total amount of the aggregated losses of the credit institution exceeds 50% (fifty percent) of actual chartered capital and other reserves funds of the credit institution.

Article 199. Decisions on application of special control

1. The Governor of the State Bank shall make decisions on application of special control to credit institutions.

2. Contents of the decisions on application of special control include:

- a) Name of the credit institution to be put under special control;
- b) Reason for application of special control;
- c) Full name of members of the special controlling board and their specific duties;
- d) Duration of application of special control.

3. The competent State body and relevant competent bodies within the locality in which the credit institution is located shall be notified by the State Bank of the decision on application of special control for co-ordination purposes.

4. A decision on application of special control shall not, under any circumstances, be made public.

Article 200. Duties, powers and responsibilities of Special controlling board

1. Special controlling board shall have following duties:

a) To provide guidelines to the Board of Directors, Board of Controllers, General Director (Director) of the credit institution subject to special control to formulate solutions for strengthening the organizational structure and operations of the credit institution;

b) To direct and supervise the implementation of the approved solutions for strengthening the organizational structure and operations of the credit institution;

c) To report to the State Bank on operations and results of implementation of solutions for strengthening the organizational structure and operations of the credit institution.

2. Special controlling board shall have following powers:

a) To suspend any operations which are not in accordance with the approved solutions for strengthening the organizational structure and operations of the credit institution and with the prudential regulations on banking operations that may cause damage to the legitimate interests of depositors;

b) To temporary suspend any administrative authority of any member of the Board of Directors, Board of Controllers, General Director (Director), Deputy General Director (Deputy Director) of the credit institution where necessary;

c) To request Board of Directors, General Director (Director) of the credit institution to dismiss, suspend operations of any person committing a breach of the laws or failing to comply with the approved solutions for strengthening organizational structure and operations of the credit institution;

d) To propose to the Governor of the State Bank to extend or terminate the duration of the application of special control;

e) To propose to the Governor of the State Bank to provide special loan to the credit institution subject to special control.

3. A special controlling board shall be responsible for its decisions during the application of special control.

Article 201. Responsibilities of the credit institution subject to special control

Board of Director, Board of Controllers, General Director (Director) of the credit institution subject to special control shall have following responsibilities:

1. To formulate and submit solutions for strengthening organizational structure and operations of the credit institution to the special controlling board for approval; to organize the implementation of the approved solutions.

2. To continue to administer and manage operations and maintain the assets of the credit institution subject to special control, except in the cases stipulated in Clause 2(b) Article 202 of this Law.

3. To fulfil requirements of the special controlling board with respect to the organization, administration, control and management of the credit institution.

Article 202. Special loans

In emergency cases where additional funding is required to repay deposits or interests thereon to clients, a credit institution may obtain special loans from other credit institutions or from State Bank. Such special loans shall take precedence over any other liabilities of the credit institution upon liabilities of the credit institution being settled.

Article 203. Termination of special control

1. Special control shall terminate in any of the following circumstances:

a) The duration of special control has terminated and is not extended;

b) Operations of the credit institution has been stabilized;

c) The credit institution is merged or incorporated prior to the expiry of the period of special control;

d) The credit institution becomes bankrupted.

2. The termination of special control shall be subject to decision of the Governor of the State Bank. Such a decision shall be notified to relevant bodies.

Section 2. Bankruptcy, Dissolution and Liquidation of Credit Institutions

Article 204. Bankruptcy of credit institutions

Where a credit institution becomes insolvent upon a written decision on refusal or termination of application of solutions to recover the solvency of the credit institution being made by the State Bank, the credit institution shall be requested by the court to announce bankruptcy in accordance with the Law on bankruptcy.

Article 205. Dissolution of the credit institutions

A credit institution shall be dissolved in any of the following circumstances:

1. The credit institution voluntarily requests to be dissolved, is capable of settling all outstanding debts, and is approved by the State Bank to be dissolved.

2. The credit institution does not apply for extension of its operating license upon the expiry of the license or the credit institution applies for such extension but the application is rejected by the State Bank.

3. The establishment and operating license of the credit institution is withdrawn.

Article 206. Liquidation of credit institutions

1. Where a credit institution is declared bankrupt, it shall be liquidated in accordance with the laws on bankruptcy.

2. Where a credit institution is dissolved in accordance with the provisions of Article 207 of this Law, the credit institution shall be liquidated under the supervision of the State Bank.

3. All costs arising from the liquidation of the credit institution shall be borne by the credit institution.

CHAPTER XIII: Rewards on Contributions and Dealing with Breaches

Article 207. Rewards on contributions

Organizations and individuals making achievements with respect to banking operations, facilitating development of business, production activities, or contributing to the identification of breaches of the laws on monetary and banking operations shall be rewarded in accordance with provisions of the law.

Article 208. Forms of breaches of the laws on monetary and banking operations

Breaches of the laws on monetary and banking operations shall include:

1. Conducting banking operations without the relevant license or beyond the scope of operations stipulated in the operating license issued by the State bank.

2. Continuing to conduct banking operations upon suspension, withdrawal or expiry of the licence.

3. Failure to comply with the provisions on required reserves and prudential ratios; failure to apply the published rates of interest, commission, service fees, and penalties.

4. Committing a breach of the regimes on accounting; or failure to maintain complete and accurate records in accounting books.

5. Forcing, in any manner, credit institutions to extend credits, contribute capital, purchase shares, or provide guarantees inconsistent with applicable provisions; taking advantages of position or powers to gain unlawfully personal interest or to protect illegally offenders.

6. Carrying out unlawful competition.

7. Causing obstructions to inspections by banking inspectors.

8. Committing other breaches of the laws on monetary and banking operations.

Article 209. Dealing with breaches

Organizations, individuals committing breaches of the provisions of Article 210 of this Law shall, depending on the nature and seriousness of the breach, be subject to internal penalty, administrative penalty or investigation for criminal liability and shall be requested to pay compensation for any damage caused in accordance with provisions of the law.

Article 210. Authority to deal with breaches

The State Bank shall be authorized to deal with administrative breaches committed by organizations and individuals in relation to monetary and banking operations in accordance with provisions of the law.

Article 211. Complaints and legal proceedings in relation to decision on dealing with administrative breaches

1. Organizations, individuals being administratively penalized for an offence in relation with monetary and banking operations shall have the rights to lodge a complaint to the competent State body or to institute legal proceedings at a court. Lodgements of complaints and institutions of legal proceedings shall be carried out in accordance with provisions of the law.

2. Pending a response to the complaint lodged or legal proceedings instituted, the administratively penalized organizations and individuals shall continue to comply with the decision on dealing with administrative offence. When a decision on settlement of the complaint by the competent State body or a judgement of the court is made, the decision on settlement of the complaint by the competent State body or the judgement of the court shall be complied with.

CHAPTER XIV: Implementing provisions

Article 212. Provisions applicable to credit institutions that are currently operating

1. Credit institutions, which have been established and operated pursuant to operation Licenses issued by the State Bank prior to the effective date of this Law, shall not be required to apply for re-issuance of the license for establishment and operation.

2. The State Bank shall provide specific time limits for credit institutions to adjust their organizational structure and operations in accordance with provisions of this Law and its guidelines on implementation.

3. Organizations other than credit institutions, which are currently conducting banking activities, must, from the effective date of this Law, terminate their banking activities or apply for a license for banking operations.

4. A credit institution shall be automatically permitted to undertake any permitted activities applicable to its type without any approval, from the effective date of this Law. If a credit institution has a demand to carry out any conditional activities, it must apply for the license for those activities in accordance with the Laws and the guidelines of the State Bank (this provision shall not apply to any credit institutions that already received license for the conditional activities).

Article 213. Effectiveness

1. This Law shall come into effect as of 01st July 2009.

2. Law on credit institutions 02/1997/QH10 and Law on amendment, supplementation of Law on credit institution 20/2004/QH11 shall cease to be effective as of the effective date of this Law.

3. The Government, the people's supreme court and the people's supreme prosecution shall, within their respective duties and powers, organize the review all legal provisions on monetary and banking activities in order to repeal, amend, supplement or issue new provisions or request the Standing Committee of the National Assembly or the National Assembly repeal, amend, supplement or issue new provisions in accordance with the provisions of this Law.

Article 214. Guidelines for implementation of the Law

The Government shall issue detailed provisions and guidelines on the implementation of this Law.