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| **THE STATE BANK OF VIETNAM------------** | **SOCIALIST REPUBLIC OF VIETNAMIndependence - Freedom - Happiness------------** |
| No. 493/2005/QD-NHNN | *Hanoi, April 22, 2005* |

**DECISION**

ON THE ISSUANCE OF REGULATION ON THE DEBTS CLASSIFICATION, PROVISIONING AND USE OF PROVISIONS AGAINST CREDIT RISKS IN THE BANKING ACTIVITY OF CREDIT INSTITUTIONS

**THE GOVERNOR OF THE STATE BANK**

*- Pursuant to the Law on the State Bank No. 01/1997/QH10 dated 12 December 1997, the Law on the amendment, supplement of several Articles of the Law on the State Bank No. 10/2003/QH11 dated 17 June 2003;
- Pursuant to the Law on the Credit Institutions No. 02/1997/QH10 dated 12 December 1997; the Law on the amendment, supplement of several Articles of the Law on the Credit Institutions No. 20/2004/QH11 dated 15 June 2004;
- Pursuant to the Decree No. 52/2003/ND-CP dated 19 May 2003 of the Government providing for functions, assignments, authorities and organizational structure of the State Bank of Vietnam;
- In agreement with the Minister of Finance at the Official Dispatch No. 4280 TC/TCNH dated 12 April 2005 of the Ministry of Finance;*

*Upon the proposal of the Director of Banks and Non-Bank Credit institution Department,*

**DECIDES:**

**Article 1.** To issue in conjunction with this Decision the Regulation on the debts classification, the provisioning and use of provisions against credit risks in the banking activity of Credit Institutions.

**Article 2.** This Decision shall be effective after 15 days since its publication in the Official Gazette. Provisions on the classification of assets, the provisioning and use of provisions to deal with risks in the banking activities of credit institutions stated in the following documents shall cease their effectiveness:

1. The Decision No. 488/2000/QD-NHNN5 dated 27 November 2000 of the Governor of the State Bank on the issuance of the Regulation on the assets classification, provisioning and use provisions against risks in banking activities of credit institutions;

2. The Official Dispatch No. 354/CV-CNH dated 10 July 2002 of the Governor of the State Bank on the classification and provisioning upon the carrying over of overdue debts under the Decision No. 688/2002/QD-NHNN of the Governor of the State Bank.

**Article 3.** The Director of the Administration Department, the Director of the Banks and non-bank credit institutions Department, Heads of units in the State Bank, General Managers of the State Bank branches in provinces, cities under the central Governments management, Chairman of the Board of Directors, General Directors (Directors) of credit institutions shall be responsible for the implementation of this Decision.

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|   | **THE GOVERNOR OF THE STATE BANKLe Duc Thuy** |

**REGULATION**

ON THE DEBTS CLASSIFICATION, THE PROVISIONING AND USE OF PROVISIONS AGAINST CREDIT RISKS IN THE BANKING ACTIVITIES OF CREDIT INSTITUTIONS
*(issued in conjunction with the Decision No. 493/2005/QD-NHNN dated 22 April 2005 of the Governor of the State Bank)*

**Chapter 1**

**GENERAL PROVISIONS**

**Article 1.**

1. Credit institutions operating in Vietnam (hereinafter referred to as credit institution), except for the Bank for Social Policy, shall be obliged to carry out the classification of debts, the provisioning and use of provisions to deal with credit risks in the banking activities of credit institutions.

In case where a foreign bank branch in Vietnam wishes to carry out the debts classification, provisioning and use of provisions to deal with credit risks in accordance with provisions of the foreign bank, the foreign bank branch must submit to the Governor of the State Bank the foreign banks policy of provisioning for his consideration and decision. The foreign bank branch shall only be permitted to perform the debts classification and use of provisions to deal with credit risks in accordance with provisions of the Head office of the foreign bank after obtaining the written approval from the State Bank.

2. The provisioning and use of provisions for the fall of inventory prices, the fall of securities prices, and financial provision Fund shall be carried out in compliance with provisions of applicable laws on the finance regime applicable to credit institutions.

**Article 2.**

In this Regulation, following terms shall be construed as follows:

1. Credit risks in the banking activities of credit institutions (hereinafter referred to as risks) are potential losses that may arise in the banking activities of the credit institutions due to the failure of their customers to perform or their not being able to perform their obligations in accordance with their commitments.

2. Risk provisions are an amount to be made available to provide for potential losses that may arise due to failure of credit institutions customers to perform their committed obligations. Risk provisions are determined by outstanding loan principals and charged to the operational expenditure of credit institutions. Risk provisions consist of specific provisions and general provisions.

Specific provisions are an amount to be made available on the basis of the classification of specific debts which are stipulated in Article 6 or Article 7 of this Regulation to provide against potential losses that may arise.

General provisions are an amount to be made available to provide against losses that have not yet been determinable during process of specific debts classification and provisioning and for cases where the financial difficulty of credit institutions occurs due to their deteriorating debts quality.

3. Use of provisions is an act by which a credit institution uses the risk provisions to compensate for debts, which have been lost.

4. Debts include:

a. Loans, advances, overdrafts and financial leases;

b. Discounts, rediscounts of commercial papers and other valuable papers;

c. Factoring amounts:

d. Other forms of credit facilities.

5. Overdue debt is a debt where a part or the entire of its principal and /or interest has become overdue.

6. Bad debts (NPL) are debts, which have been classified as those in Groups 3, 4 and 5 stipulated in Article 6 or Article 7 of this Regulation. The ratio of bad debts to the total outstanding debt is used to assess the credit quality of credit institutions.

7. Debts with restructured repayment term are debts, the repayment term of which a credit institution accepts to restructure or reschedule for customers because the credit institution assesses that the capability of customers to duly pay the principals or interests as stated in the credit contract deteriorates, but there are sufficient grounds for the credit institution to assess that customers are capable to fully pay the principals and interests under the restructured repayment term.

8. Customer is an organization or an individual that has credit relations with the credit institution.

**Article 3.**

1. Each quarter at least, within the first 15 working days of the following month of the quarter, credit institutions shall carry out the classification of principal debts and set up risk provisions for the period ending by the last day of the previous quarter (month).

For the IV quarter, credit institutions shall, within the first 15 working days of December, perform the debts classification and set up risk provisions for the period ending by 30 November.

2. In respect of bad debts (NPL), credit institutions must carry out the debts classification, assessment of repayment capacity of customers on the monthly basis for the sake of credit quality and risk management.

3. For loans made by the funds, which are financed, entrusted by the third party and the third party undertakes to take full responsibility for dealing with the risks when they arise and for loans co-financed by other credit institutions where the credit institution is not subject to any risk, it shall not set up risk provisions, but it shall be obliged to carry out the debts classification in accordance with provisions in Article 6 or Article 7 of this Regulation to correctly assess the financial status, repayment capacity of customers for the credit risks management.

4. Credit institutions must classify guarantee amounts, lending commitments and payment acceptances to the Group 1 as stipulated in Article 6 or Article 7 of this Regulation for the management, supervision of the financial status, capability to perform obligations of their customers and making the general provisions.

**Chapter II**

**DETAILED PROVISIONS**

**Section 1. Classification of debts and setting up of general provisions**

**Article 4.**

1. Credit institutions shall, within a maximum period of three (03) years from the effective date of this Regulation, design an internal credit ranking system to support the debts classification, the credit quality management in line with their scope of operation, their actual situation. The internal credit ranking system must, at the minimum, consist of:

- Legal grounds relating to the establishment and business lines of customers;

- Consolidated economic norms relating to the business performance, financial status, assets, ability to perform committed obligations;

- Prestige to credit institutions with which they have had business relations;

- Criteria for assessing customers in details, which must be specific and systematic (assessing industrial and location factors) and on that basis to carry out specific classification of customers.

2. The provisions in paragraph 1 of this Article shall not be compulsory for rural joint -stock commercial banks and local peoples credit funds.

**Article 5.**

Credit institutions shall carry out the debts classification and specific provisioning in accordance with provisions in Article 6 or Article 7 of this Regulation.

**Article 6.**

1. Credit institutions shall carry out the debts classification as follows:

a. Group 1 (standard debts) includes:

- Current debts that credit institutions assess as fully and timely recoverable, both principals and interests;

- Other debts which are classified to the Group 1 in accordance with provisions in Paragraph 2, this Article.

b. Group 2 (debts, which need special attention) includes:

- Debts which are overdue for a period of less than 90 days

-Debts with restructured repayment term, which are still current under the restructured repayment period;

- Other debts which are classified to Group 2 in accordance with provisions in Paragraph 3 and Paragraph 4 of this Article.

c. Group 3 (sub-standard debts) includes:

- Debts which are over due for a period of 90 to 180 days;

- Debts with restructured repayment term, which are overdue for a period of less than 90 days under the restructured repayment period;

- Other debts which are classified to Group 3 in accordance with provisions in Paragraph 3 and 4 of this Article.

d. Group 4 (doubtful debts) includes:

- Debts, which are overdue for a period of 181 to 360 days;

- Debts with restructured repayment term, which are overdue for a period of 90 to 180 days under the restructured repayment period;

- Other debts, which are classified into group 4 in accordance with provisions in Paragraph 3 and 4 of this Article.

dd. Group 5 (potentially irrecoverable debts) includes:

- Debts, which are overdue for a period of more than 360 days;

- Frozen debts pending settlement by the Government

- Debts with restructured repayment term, which are overdue for a period of more than 180 days under the restructured repayment period;

- Other debts which are classified into Group 5 in accordance with provisions in Paragraph 3 and 4 of this Article.

2. In case where customers have made full repayment of the principal and interests under the restructured repayment period for at least a year in respect of long and medium-term debts and 3 months in respect of short-term debts and are assessed by credit institutions as being capable to pay principals and interests fully and timely in accordance with restructured repayment term, credit institutions may classify those debts to Group 1.

3. In case where a customer has more than one debt from a credit institution, if any of his debts is classified to a more risky group, the credit institution shall be obliged to classify the remaining debts of that customer to a more risky group corresponding to the respective risk level.

4. In case of debts (including current debts and debts with restructured repayment term, which are current under the restructured repayment term) where a credit institution has sufficient grounds to assess that the repayment capacity of customers deteriorates, the credit institution shall take the initiative to decide on the classification of those debts to a more risky group corresponding to their respective risk level.

5. The specific provisioning ratio for groups of debt as provided for in Paragraph 1 of this Article shall be as follows:

a. Group 1: 0%;

b. Group 2: 5%

c. Group 3: 20%

d. Group 4: 50%

dd. Group 5: 100%. For frozen debts pending the settlement by the Government, the specific provisions shall be made depending on the financial capacity of the credit institution.

**Article 7.**

Credit institutions, which satisfy full capacity and conditions for debt classification by the qualitative method, shall design the policy on debt classification and risk provisioning as follows:

1. Credit institutions shall, based on the internal credit ranking system, submit to the State Bank their risk provisions policy and only be permitted to implement this policy after obtaining the written acceptance from the State Bank.

2. Conditions for giving the acceptance of the risk provisions policy by the State Bank:

a. The internal credit ranking system has been applied on a test basis for at least 1 year;

b. The result of credit ranking has been approved by the Board of Directors;

c. The internal credit ranking system is in line with the business activity, customers, the risk nature of debts of the credit institution;

d. The policy for credit risk management, the model of credit risk supervision, the method of credit risk determination and valuation has run efficiently and include the assessment of the customers repayment capacity, credit contracts, security assets, the debt recoverability and debt management of the credit institution;

dd. There is clear distinction between responsibilities, authorities of the Board of Directors and General Director in approval, performance and performance examination in respect of the internal credit ranking system and provisions policy of the credit institution and the independence of the risk management unit;

e. The information system must run efficiently for making decisions, the management and control of the business activity of the credit institution and in line with the internal credit ranking system and the debts classification.

3. The application filed by the credit institution for the acceptance of the risk provisions policy from the State Bank (Banks and Non bank credit institution Department) shall include:

a. A written document of the Chairman of the Board of Director requesting the State Bank for acceptance of the risk provisions policy which must prove that the internal credit ranking system and the provisions policy of the credit institution have fully satisfied conditions as stipulated in Paragraph 2 of this Article.

b. A copy of the internal credit ranking system and risk provisions policy and the draft documents that guide the performance of debts classification and setting up of risk provisions of the credit institution.

4. Within a period of 30 days since the full receipt of file in accordance with provisions in Paragraph 3 of this Article, the State Bank shall issue the written acceptance of the risk provisions policy of the credit institution. In case of non-acceptance, the State Bank shall request, in writing, the credit institution for correction in accordance with applicable provisions.

5. Every year, the credit institution shall reassess the internal credit ranking system and the risk provisions policy in line with the actual situation and provisions of applicable laws. The amendment, adjustment of the risk provisions policy of the credit institution must be accepted in writing by the State Bank.

6. Credit institutions which have the risk provisions policy accepted by the State Bank as provided for in Paragraph 1, this Article shall carry out the debts classification and provisioning specifically as follows:

6.1. Debts classification:

a. Group 1 (standard debts) includes: debts that credit institutions assess as fully and timely recoverable, both principals and interests;

b. Group 2 (Debts which need special attention) includes: Debts which credit institutions assess as fully recoverable, both principals and interests, but there are signs that customers payment capability is deteriorating.

c. Group 3 (sub-standard debts) includes: Debts which credit institutions assess as not recoverable in due course, both principals and interests. A part of principals and interests of these debts are assessed to be likely impaired.

d. Group 4 (Doubtful debts) includes: Debts that credit institutions assess as highly impaired.

dd. Group 5 (potentially irrecoverable debts) includes: Debts that credit institutions assess as irrecoverable and lost.

6.2. The specific provisioning ratio for debt groups stipulated in Paragraph 6.1 of this Article shall be as follows:

a. Group 1: 0%;

b. Group 2: 5%

c. Group 3: 20%

d. Group 4: 50%

dd. Group 5: 100%

**Article 8.**

1. Amount of specific provisions required to set up shall be calculated under the following formula:

**R = max {0, (A-C)} x r**

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| Of which: | R: amount of specific provisions required to set up |
|   | A: Value of the debt |
|   | C: Value of security assets |
|   | r: ratio of specific provisioning |

2. The value of security assets (C) is determined on the basis of the multiplication of the applicable ratio stipulated in Paragraph 3 of this Article and:

- The market value of gold

- The face value of Government Bonds, Treasury Bills and all kinds of valuable papers of credit institutions;

- The market value of securities of enterprises and other credit institutions;

- The value of security assets, which are movable, immovable assets and other security assets stated in the security contract, financial leasing contract.

3. The maximum ratio applicable to determine the value of security assets is provided for as follows:

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| **Types of security assets** | **Maximum ratio (%)** |
| The balance of deposit account, savings book in Vietnam Dong at the credit institution | 100% |
| Treasury bills, gold, balance of deposit account, savings book in foreign currency at the credit institution | 95% |
| Government Bonds:- With the remaining term of one year and less- With the remaining term of 1 to 5 years- With the remaining term of more than 5 years | 95%85%80% |
| Commercial papers, valuable papers of other credit institutions | 75% |
| Securities of other credit institutions | 70% |
| Securities of enterprises | 65% |
| Immovable assets (including: residence of inhabitants with valid documents and/or immovable assets tied to the legal land use right) | 50% |
| Other kinds of security assets | 30% |

4. For financial leases, leased assets shall be considered as security assets

**Section 2. GENERAL PROVISIONS**

**Article 9.**

1. Credit institutions shall make the general provisioning and maintain a general provisions equal to 0.75% of the total value of debts from Group 1 to Group 4 stipulated in Article 6 or Article 7 of this Regulation.

2. Within a maximum period of 5 years from the effective date of this Regulation, the credit institutions must make full provisioning for the general provisions in accordance with provisions in Paragraph 1 of this Article.

**Section 3. USE OF PROVISIONS**

**Article 10.**

Credit institutions shall be entitled to use provisions to deal with the credit risks for debts in following cases:

1. Customers are organizations, enterprises which are dissolved, go bankrupt in accordance with provisions of applicable laws; individuals who die or are missing.

2. Debts classified to the Group 5 as stipulated in Article 6 and Article 7 of this Regulation. For frozen debts pending settlement from the Government, the credit institution shall be entitled to use provisions (if any) to deal with the credit risks.

**Article 11.**

1. Credit institutions shall be entitled to use provisions to deal with credit risks once a quarter. The use of provisions to deal with credit risks shall be made on the basis of following principles:

a. To use specific provisions which are stipulated in Paragraph 1, Article 8 of this regulation to deal with credit risks for that debt.

b. To dispose of the security assets for debt recovery: The credit institution must promptly put on sale the security assets according to the agreement with customers and in accordance with provisions of applicable laws on debt recovery.

c. In case where the disposal of asset is not sufficient to cover the credit risks of the debt, the general provisions can be used for the full settlement

2. The use of provisions to write off the credit risks by the credit institution is not a form of the debt forgiveness for customer. The credit institution and related individuals shall not be permitted to inform customer of the settlement of the credit risks in any form.

3. After provisions have been used to deal with the credit risks, the credit institution shall transfer the accounting of the debts, the credit risk of which have been dealt with, from the on-balance sheet accounts to the off-balance sheet accounts for continuous following up and taking measures for the debt recovery.

4. After 5 years from the use of provisions to deal with the credit risks, the credit institution shall be entitled to release settled debts from the off-balance sheets accounts in respect of cases stipulated in Paragraph 1 Article 10 of this Article. For the State owned commercial banks, the release of those debts shall be only performed upon the approval from the Ministry of Finance and the State Bank.

**Article 12.**

1. In case where the provisions are not sufficient to deal with the entire credit risks of debts to be dealt with, the credit institutions shall directly charge the deficient amount to the operation expenses.

2. In case where the provisions, which have been made, remain larger than that to be made, the credit institution must return the excessive provisions in accordance with provisions of applicable laws on finance regime applicable to credit institutions.

**Article 13.**

1. Credit institutions must set up a Risks Settlement Committee, which is headed by the Chairman of the Board of Directors and consists of members, who are the Head of Controllers Committee, the Chief of Accounting Division, the Chief of Credit Division, and other members, which are decided upon by the Chairman of the Board of Directors.

2. For Credit institutions, which do not have the Board of Directors, Controllers Committee, the Risks settlement Committee, shall be headed by the General Director (Director) and other members shall be decided upon by the General Director (Director).

**Article 14.**

The duties of the Risks Settlement Committee:

1. To review the debts classification, setting up of provisions against credit risks, which have been performed by the General Director (Director), for the current quarter.

2. To review the report on the performance of the monitoring, the statement and recovery of debts that have been written off.

3. To decide on the writing off of credit risks in the current quarter and the plan of the debt recovery in the next quarter (month) for the debts that have been dealt with, in which the time and applicable measures for the debt recovery must be identified.

**Article 15.**

The file that is used as basis for the risk settlement shall include:

1. The file of lending and debt recovery; the file of discount, rediscount of commercial paper and other valuable papers; the file of guarantee; lending commitment; the file of financial lease; the file of security assets and other related documents.

2. For cases, which are stipulated in Paragraph 1, Article 11 of this Regulation, in addition to the file stated in Paragraph 1 of this Article, following documents must be available:

a. In respect of customers being organizations, enterprises:

- A copy of Courts decision on the bankruptcy or the decision on the dissolution of the competent State Agency in accordance with provisions of applicable laws;

- A copy of the report on the enforcement of the decision on bankruptcy, report on the completion of the enforcement of the decision on the bankruptcy made by the enforcement agency; written documents concerning the settlement of debts of the dissolved organizations, enterprises.

b. In respect of customers being individuals:

- A copy of Death Certificate, Missing Certificate, which is granted by the competent agency.

**Article 16.**

All amounts recovered from the debts the credit risks of which have been dealt with by using the risk provisions shall be recorded in accordance with provisions of applicable laws on finance regime applicable to credit institutions.

**Section 4. ACCOUNTING, REPORTING**

**Article 17.**

1. General provisions and specific provisions shall be charged to the operation expenditure of the credit institution.

2. General provisions and specific provisions shall be charged to account Risk provisions. Credit institutions shall perform the accounting for the provisioning, the use of provisions and the recovered amounts after the provisions have been used to deal with the credit risks in accordance with the stipulation of the State Bank.

**Article 18.**

1. Credit institutions shall perform the report on the debts classification, the provisioning and use of provisions to deal with the credit risks in accordance with the statistic reporting regime applicable to units of the State Bank and credit institutions, issued by the State Bank

2. Prior to the 15th of the second month of each quarter, credit institutions shall submit reports on the debts classification, the provisioning and use of provisions to deal with credit risks to the Ministry of Finance and Department of Tax in provinces, cities where the credit institutions locate their head offices as follows:

a. Credit institutions that carry out the debts classification in accordance with provisions in Article 6 of this Regulation shall prepare report on debts classification, provisioning and use of provisions under forms No. 1A and 1B (attached)

b. Credit institutions that carry out the debts classification in accordance with provisions in Article 7 of this Regulation shall prepare report on debts classification, provisioning and use of provisions under forms No. 2A and 2B (attached)

**Section 5. ORGANIZATION OF THE IMPLEMENTATION**

**Article 19.**

1. Joint stock commercial banks, finance companies, financial leasing companies, local peoples credit funds, joint venture banks, banks with 100% foreign owned capital, foreign banks branches (except for foreign banks branches which are permitted to perform under Paragraph 1, Article 1 of this Regulation) shall carry out specific and general provisioning in accordance with this Regulation.

2. The State owned commercial banks shall assess the performance of specific provisioning and the capacity of general provisioning to report to the State Bank and the Ministry of Finance for consideration and decision on the basis of each specific case, but the State owned commercial banks must, not in excess of 5 years at the maximum, fully set up provisions under this Regulation.

**Section 6. EXAMINATION AND DEALING WITH VIOLATION**

**Article 20.**

1. The State Bank (State Bank Inspectorate) shall be responsible for cooperating with the Ministry of Finance to examine the implementation of the debt classification, provisioning and use of credit risk provisions in the banking activity of credit institutions.

2. In case where a credit institution violates this Regulation, it shall, depending on the nature and act of violation, be dealt with as follows:

- To be subject to administrative punishment

- To be subject to the increased ratio of provisioning corresponding to the risk level of debts;

- To be subject to the limitation of credit extension, the expansion of the operation network and operation scope;

- To be suspended from the operation in case of serious violation.

**Chapter III.**

**IMPLEMENTING PROVISIONS**

**Article 21.**

The amendment, supplement and replace of this Regulation shall be decided upon by the Governor of the State Bank in agreement with the Minister of Finance.

**Form No. 1A**

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| **CREDIT INSTITUTION--------------** | **SOCIALIST REPUBLIC OF VIETNAMIndependence - Freedom - Happiness--------------------------------** |

**REPORT**

**ON THE DEBTS CLASSIFICATION, PROVISIONING TO DEAL WITH CREDIT RISKS IN THE BANKING ACTIVITIES**

Quarter .......year 20

Unit: million Dong

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| **Norms** | **Value of debts** | **Amount of provisions** |
| **1. General provisions** |  |  |
| **2. Specific provisions:***Group 1 includes:*- Current debts that credit institutions assess as fully and timely recoverable, both principals and interests;- Amounts of guarantee, lending commitments and payment acceptance under provisions in Paragraph 4, Article 3 of this Regulation;- Debts with restructured repayment term, which are classified to Group 1 in accordance with provisions in Paragraph 2, Article 6 of this Regulation.*Group 2 includes*:- Debts that are overdue for a period of less than 90 days- Debts with restructured repayment term, which are still current under the restructured repayment term and classified to group 2;- Debts that are classified to Group 2 in accordance with provisions in Paragraph 3, Article 6 of this Regulation.- Debts that are classified to Group 2 in accordance with provisions in Paragraph 4, Article 6 of this Regulation.*Group 3 includes*:- Debts that are overdue for a period of 90 to 180 days;- Debts with restructured repayment term, which are overdue for a period of less than 90 days;- Debts that are classified to Group 3 in accordance with provisions in Paragraph 3, Article 6 of this Regulation.- Debts that are classified to Group 3 in accordance with provisions in Paragraph 4, Article 6 of this Regulation.*Group 4 includes:*- Debts that are overdue for a period of 181 to 360 days;- Debts with restructured repayment term, which are overdue for a period of 90 to 180 days;- Debts that are classified to Group 4 in accordance with provisions in Paragraph 3, Article 6 of this Regulation.- Debts that are classified to Group 4 in accordance with provisions in Paragraph 4, Article 6 of this Regulation.*Group 5 includes*:- Debts that are overdue for a period of more than 360 days;- Frozen debts pending settlement by the Government- Debts with restructured repayment term, which are overdue for a period of more than 180 days; - Debts that are classified to Group 5 in accordance with provisions in Paragraph 3, Article 6 of this Regulation.- Debts that are classified to Group 5 in accordance with provisions in Paragraph 4, Article 6 of this Regulation. |   |   |

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| **REPORT DRAWER(**Clearly state full name) | **CONTROLLER**(Clearly state full name**)** | **GENERAL DIRECTOR (DIRECTOR) OF CI**(Clearly state full name) |

**Form No. 1B**

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| **CREDIT INSTITUTION--------------** | **SOCIALIST REPUBLIC OF VIETNAMIndependence - Freedom - Happiness--------------------------------** |

**REPORT**

**ON THE USE OF PROVISIONS TO DEAL WITH CREDIT RISKS IN THE BANKING ACTIVITY**

Quarter........ year 200....

Unit: million Dong

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| **Norms** | **Amount** |
|  **I. Total amounts of provisions that have been set up:****II. The use of provisions to deal with credit risks in the quarter:**1. Customers who are organizations, enterprises that are dissolved, go bankrupt in accordance with provisions of applicable laws, individuals who die, are missing.2. Debts in the Group 5:- Debts that are overdue for a period of more than 360 days;- Frozen debts pending settlement by the Government- Debts with restructured repayment term, which are overdue for a period of more than 180 days; - Debts that are classified to Group 5 in accordance with provisions in Paragraph 3, Article 6 of this Regulation.- Debts that are classified to Group 5 in accordance with provisions in Paragraph 4, Article 6 of this Regulation**III. Remaining provisions after dealing with credit risks****IV. Recovered amount from the debts that have been dealt with in the quarter:****V. Total amounts that have been used for credit risk settlement but not yet been recovered by the reporting date** (accumulated):  |   |

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| **REPORT DRAWER**(Clearly state full name) | **CONTROLLER**(Clearly state full name) | **GENERAL DIRECTOR (DIRECTOR) OF CI**(Clearly state full name) |

**Form No. 2A**

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| **CREDIT INSTITUTION--------------** | **SOCIALIST REPUBLIC OF VIETNAMIndependence - Freedom - Happiness--------------------------------** |

**REPORT**

**ON THE DEBTS CLASSIFICATIONS, PROVISIONING TO DEAL WITH CREDIT RISKS IN THE BANKING ACTIVITY**

Quarter ........ year 200....

Unit: million Dong

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| **Norms** | **Value of debts** | **Provisioning amounts** |
| **1. General provisions** |  |  |
| **2. Specific provisions:***Group 1 (standard debts) includes:* - Debts that credit institutions assess as timely fully recoverable, both principals and interests.- Amounts of guarantee, lending commitments and payment acceptance in accordance with provisions in Paragraph 4, Article 3 of this Regulation.*Group 2 (Debts that need special attention) includes*:- Debts that credit institutions assess as fully and timely recoverable, both principals and interests, but there are signs that customers repayment capacity is deteriorating.*Group 3 (sub-standard debts) includes*: - Debts which credit institutions assess as not recoverable in due course, both principals and interests. A part of principals and interests of these debts are assessed to be likely impaired.*Group 4 (Doubtful debts) includes*: - Debts that credit institutions assess as highly impaired.*Group 5 (Debts that are potentially irrecoverable) includes:* - Debts that credit institutions assess as irrecoverable and lost. |   |   |

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| **REPORT DRAWER**(Clearly state full name) | **CONTROLLER**(Clearly state full name) | **GENERAL DIRECTOR (DIRECTOR) OF CI**(Clearly state full name) |

**Form No. 2B**

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| **CREDIT INSTITUTION--------------** | **SOCIALIST REPUBLIC OF VIETNAMIndependence - Freedom - Happiness--------------------------------** |

**REPORT**

**ON THE USE OF PROVISIONS TO DEAL WITH CREDIT RISKS IN THE BANKING ACTIVITIES**

Quarter .......year 200....

Unit: million Dong

|  |  |
| --- | --- |
| **Norms** | **Amount** |
| **I. Total amounts of provisions that have been set up:****II. The use of provisions to deal with credit risks in the quarter:**1. Customers who are organizations, enterprises that are dissolved, go bankrupt in accordance with provisions of applicable laws, individuals who die, are missing.2. Debts of Group 5: Debts that credit institutions assess as irrecoverable, lost.**III. Remaining provisions after dealing with credit risks****IV. Recovered amount from the debts that have been dealt with in the quarter:****V. Total amounts that have been used for credit risk settlement but not yet been recovered by the reporting date** (accumulated):  |   |

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| **REPORT DRAWER**(Clearly state full name) | **CONTROLLER**(Clearly state full name) | **GENERAL DIRECTOR (DIRECTOR) OF CI**(Clearly state full name) |