

**THE PRIME MINISTER**

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**THE SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom - Happiness**

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No. 13/2018/QĐ-TTg

*Hanoi, March 6, 2018*

## **DECISION**

### **PRESCRIBING ELIGIBILITY AND DOCUMENTATION REQUIREMENTS AND PROCEDURES FOR APPLICATION FOR APPROVAL OF CREDIT OVEREXTENSIONS GRANTED BY CREDIT INSTITUTIONS AND FOREIGN BANK BRANCHES**

*Pursuant to the Law on Government Organization dated June 19, 2015;*

*Pursuant to the Law on State Bank of Vietnam dated June 16, 2010;*

*Pursuant to the Law on Credit Institutions dated June 16, 2010; the Law on Amending and Supplementing certain Articles of the Law on Credit Institutions dated November 20, 2017;*

*Upon the request of the Governor of the State Bank of Vietnam;*

*The Prime Minister hereby issues the Decision dealing with eligibility and documentation requirements and procedures for application for approval of credit overextensions granted by credit institutions and foreign bank branches.*

## **Chapter I**

### **GENERAL PROVISIONS**

#### **Article 1. Scope**

This Decision prescribes eligibility and documentation requirements and procedures for application for approval of credit overextensions granted by credit institutions and foreign bank branches to a single customer or a customer and his/her related person in accordance with Clause 1, 2 and 7 Article 128 of the 2010 amended and supplemented Law on Credit Institutions.

#### **Article 2. Subjects of application**

Credit institutions and foreign bank branches (hereinafter referred to as credit institution), including:

1. Banks: State-owned commercial banks, joint-stock commercial banks, cooperative banks, joint-venture banks and wholly foreign-owned banks.

2. Non-bank credit institutions: Finance companies, finance leasing companies and other non-bank credit institutions.
3. Microfinance institutions.
4. People's credit funds.
5. Foreign bank branches.
6. Borrowing customers, organizations and individuals concerned.

## **Chapter II**

### **SPECIFIC PROVISIONS**

#### **Article 3. Requirements for eligibility to receive credit overextensions**

1. Borrowing customers, business projects or plans shall be offered credit overextensions provided they meet the following requirements:

a) Borrowing customers strictly meets lawful credit extension requirements, have not incurred bad debts for 03 years preceding the year of submission of their applications for credit overextensions, have the ratio in which the debt owed is not three times more than the owner's equity according to their quarterly or annual financial statements prepared at the time preceding the time of application for credit overextensions;

b) Borrowing customers wish to borrow fund to implement business projects or plans with the aim of performing socio-economic development tasks under one of the following circumstances:

- They implement business projects or plans of socio-economic significance and urgent ones in order to perform socio-economic development duties and meet the basic human needs in electricity, coal, oil and gas, petroleum, traffic, public transportation and other industries or sectors under the direction of the Government or the Prime Minister over periods of time.

- They implement investment programs and projects for which investment policies are decided by the National Assembly and the Prime Minister.

- They invest in sectors which are prioritized and encouraged under Resolutions of the National Assembly and the Government on socio-economic development over periods of time.

c) Business projects or plans in need of credit overextensions have already undergone the credit institution's assessment which ensures that they are feasible and borrowing customers remain solvent, and suggests that the credit extension decision should be made; meet applicable regulations on investment and construction, accord with the planning and business plans, and have been approved or received the Investment Registration Certificate granted by competent authorities.

2. Credit institutions must meet the following requirements:

a) Syndicated credit:

- They have already proposed, and followed legally binding procedures for, extension of syndicated credit that funds business projects and plans in need of credit overextensions but such syndicated credit has not yet met borrowing customer's requirements; or

- They have already sent syndication invitation letters to at least 5 other credit institutions and post them on their official websites and mass media within the minimum period of 30 business days but none of credit institutions agree to participate in that syndication.

b) At the time of application of credit overextension, credit institutions satisfy prudential ratio and limit requirements prescribed by the Law on Credit Institutions and other relevant laws;

c) Credit institutions fulfill requirements concerning responsibilities and obligations aforesaid in application documents for credit overextensions and documents stating approval of credit overextension;

d) Credit institutions meet the limits on credit extension provided in Clause 8 Article 128 of the 2010 Law on Credit Institutions even when the amount of credit overextension in demand is included.

#### **Article 4. Documentation requirements for credit overextension**

1. Required documents submitted by credit institutions to the State Bank of Vietnam

Application documents for credit overextension to a single customer, a customer and his/her related person which are submitted to the State Bank of Vietnam must be replicas derived from original registers or duplicates attested by credit institutions, including:

a) Credit institution's written request form submitted to the State Bank of Vietnam for report to the Prime Minister to obtain his permission for credit overextension to a single customer, a customer and his/her related person, using the form given in the Appendix to this Decision;

b) Documents and materials evidencing that credit institutions have already met requirements stated in Point a Clause 2 Article 3 hereof;

c) Written record on credit institution's assessment of borrowing customers, their business projects and plans that need credit overextensions;

d) Written document on approval of credit extension granted by competent authorities which have authority over the requesting credit institutions;

dd) Customer's application form for credit extension granted by credit institutions;

e) Legal documents related to customers applying for credit extension, including: business registration certificate, audited financial statements for last 3 years preceding the application year, and other relevant materials;

g) Legal documents related to business projects or plans in need of credit extension, including:

- Investment registration certificate or written document stating approval or acceptance of business projects or plans that is issued by competent authorities.

- Other relevant documents.

h) Status report on credit relationship and demands for credit overextension of a single customer or a customer and his/her related person, using the Form No.01 given in the Appendix hereto attached.

2. Documents of the State Bank of Vietnam submitted to the Prime Minister shall include the Report Form of the State Bank of Vietnam, enclosing the following materials:

a) Credit institution's written request form submitted to the State Bank of Vietnam for report to the Prime Minister to obtain his permission for credit overextension to a single customer, a customer and his/her related person;

b) Written documents recording contributed opinions from Ministries, sectoral administrations and local authorities involved;

c) Written explanations of credit institutions and customers;

d) Other relevant documents.

#### **Article 5. Determination of credit overextension**

Credit overextension to a single customer, a customer and his/her related person shall be calculated according to the following formula:

$$\text{MCTDTĐ} = \text{DN} + \text{CC} + \text{ĐN}$$

Where:

- MCTDTĐ denotes credit overextension;

- DN denotes total outstanding debt determined as at the reporting time;

- CC denotes the remaining balance of credit determined based on the effective credit agreement;

- ĐN denotes the requested amount of new credit extension that is approved.

In this formula, DN, CC and ĐN shall be determined as follows:

1. Total outstanding debt determined as at the reporting time (DN) which is included in the credit overextension shall be total outstanding credit debt owed by a single customer, a customer and his/her related person at a credit institution at the reporting time, including:

a) Total outstanding debt of credit extension granted within the credit limit under credit institution's jurisdiction;

b) Total outstanding debt of credit overextension granted under the Prime Minister's approval of credit overextension which remains valid as of the reporting time.

2. The remaining balance of credit determined based on the effective credit agreement (CC) which is included in the credit overextension shall be the remaining amount of credit that a credit institution is allowed to continue to extend, including:

a) The remaining balance of credit extension specified in signed credit agreements within the credit limit under credit institution's jurisdiction;

b) The remaining balance of extension of credit lines which are approved by the Prime Minister for credit overextension that remains valid till the reporting time.

3. Request for new credit extension that is approved (ĐN):

The requested amount included in the credit limit shall be total amount of new credit lines which are approved by the Prime Minister for credit overextension.

#### **Article 6. Procedures for application for credit overextension**

1. Credit institution sends the State Bank of Vietnam 01 set of documents prescribed in Article 4 hereof, whether directly or by post.

2. Within duration of 15 business days of receipt of all required documents from credit institutions:

- If these documents do not meet requirements specified in Article 3 hereof, the State Bank of Vietnam shall send the requesting credit institution a written notification clarifying which requirements are not satisfied.

- If these documents are valid, the State Bank of Vietnam shall request ministries, sectoral administrations and local authorities in writing for their advice on economic, engineering and legal aspects of business projects and plans, and customers applying for credit overextension.

3. Within duration of 10 business days of receipt of the State Bank's written request for advice, ministries, sectoral administrations and local authorities shall give their written opinions on issues under their respective jurisdiction to the State Bank of Vietnam. Where necessary, the

State Bank of Vietnam shall request credit institutions and customers to explain issues on which ministries, sectoral administrations and local authorities have given their opinions within duration of 07 business days of the State Bank's receipt of all opinions contributed by these entities.

4. Within duration of 10 business days of receipt of opinions from ministries, sectoral administrations and local authorities or explanations from credit institutions and customers, the State Bank of Vietnam shall check rationality and validity of application documents for credit overextension that credit institutions have provided and submit them to the Prime Minister for his review and grant of decision on credit institution's application for credit overextension.

5. Within duration of 05 business days of receipt of the written commanding opinion of the Prime Minister, the State Bank of Vietnam shall inform that opinion to credit institutions for their information and compliance.

### **Chapter III**

#### **IMPLEMENTATION AND IMPLEMENTARY PROVISIONS**

##### **Article 7. Implementation**

###### 1. The State Bank of Vietnam

a) Take responsibility for assessing documents provided by credit institutions and submitting them to the Prime Minister to seek his decision on application for credit overextension, the amount of credit overextension and ensuring conformance to requirements, processes and procedures prescribed herein;

b) Inspect and oversee compliance of credit institutions with regulations on credit overextension;

c) Submit an annual consolidated report to the Prime Minister on review of credit overextensions approved by the Prime Minister which remains valid; at the same time, forward that report to ministries, sectoral administrations and local authorities involved.

###### 2. Ministries, sectoral administrations and local authorities

a) Cooperate with the State Bank of Vietnam in giving opinions on applications for credit overextension of credit institutions to a single customer, a customer and his/her related person as provided in Clause 3 Article 6 hereof;

b) Assume responsibility for their opinions on business projects, plans and customers applying for credit overextension; other responsibilities under their state management authority over business projects, plans and customers receiving approval of credit overextensions in accordance with laws.

###### 3. Credit institutions

- a) Comply with contents of the written notification of the State Bank of Vietnam and only be allowed to extend the approved maximum amount of credit extension to specific business projects and plans for which they have made requests for credit overextension that have been accepted;
- b) Be held legally liable for accuracy and sufficiency of information and documents sent to the State Bank of Vietnam that then prepares a consolidated report for submission to the Prime Minister to seek his decision on credit institution's request for credit overextension;
- c) Assume responsibility to assess and extend credit, carry out post-lending inspection and control, recover debts and deal with risks (if any) as per regulations on credit overextensions;
- d) Strictly oversee and ensure customer's right use of borrowed funds and, on the 12<sup>th</sup> day of each month, prepare a review report on credit overextensions approved by the Prime Minister by completing the Form No. 02 and No. 03 given in the Appendices hereof.

#### **Article 8. Implementary provisions**

1. This Decision shall commence on May 1, 2018.
2. Credit overextensions approved by the Prime Minister before the date of entry into force of this Decision shall continue to be subject to approval documents issued before that.
3. Ministers, Heads of Ministry-level agencies, Heads of Governmental bodies, Chairs of Members Boards, Chairs of Management Boards and General Directors (Directors) of credit institutions, organizations and individuals involved shall be responsible for implementing this Decision./.

**PP. THE PRIME MINISTER  
THE DEPUTY PRIME MINISTER**

**Vuong Dinh Hue**

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