



UPDATE
July 29, 2024

***Some new points of the 2024
Credit Institutions Law***

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Some new points of the Credit Institutions Law 2024

From July 1, 2024, the Credit Institutions Law 2024 officially took legal effect with several notable new points as follows:

Supplementing regulations on the provision and public disclosure of information regarding shareholders owning from 1% or more of the charter capital of credit institutions

The Credit Institutions Law 2024 supplements provisions on the provision and public disclosure of shareholder information by credit institutions under Article 49 as follows:

a. Within a period of 7 working days from the date of occurrence or change of information, shareholders owning from 1% or more of the charter capital of a credit institution must provide the credit institution with information regarding:

- Full name; personal identification number; nationality, passport number, date and place of issuance for foreign shareholders; number of Enterprise Registration Certificate or equivalent legal documents for institutional shareholders; date and place of issuance of these documents;
- Information about related persons;
- Their number and percentage ownership of shares in that credit institution; and
- The number and percentage ownership of shares held by their related persons in that credit institution.

b. The credit institution must:

- List and keep records of this shareholder information at its head office and submit reports to the State Bank of Vietnam. Annually, the credit institution shall disclose this information at the Shareholders' General Meeting, Members' General Meeting, and the Council of Members of the credit institution.
- Publicly disclose information on the full name of individual, the name of organizations as shareholders owning from 1% or more of the charter capital of the credit institution, and information on the quantity and percentage of shareholding of shareholders and related persons on the credit institution's website within 7 working days from the date of receiving the provided information.

Amending provisions regarding the ownership percentage of shares

Article 63 of the Credit Institutions Law 2024 stipulates that (i) *individual shareholders must not own more than 5% of the charter capital of a credit institution (remaining the same as before);* (ii) *institutional shareholders must not own more than 10% of the charter capital of a*

credit institution (reduced as compared to 15% previously); and (iii) shareholders and related persons of those shareholders must not collectively own more than 15% of the charter capital of a credit institution (reduced as compared to 20% previously). Additionally, major shareholders of a credit institution and related persons must not own shares amounting to from 5% or more of the charter capital of another credit institution.

From 01 July 2024, shareholders, and shareholders and related persons who own shares exceeding the ownership limits prescribed in the provisions mentioned above may maintain their shares ownership but are prohibited from increasing their shareholding until they comply with the ownership limits specified in the Credit Institutions Law 2024, except in cases where they receive stock dividends.

Amending regulations on credit limit restrictions

Article 136 of the Credit Institutions Law 2024 stipulates the gradual reduction of credit limits in stages. Accordingly, the total outstanding credit limit for a customer, a customer and related persons of that customer, provided by commercial banks, cooperative banks, branches of foreign banks, people's credit funds, and

microfinance institutions shall not exceed the following ratios:

- From 01 July 2024, until before 01 January 2026: 14% of own capital for a customer; 23% of own capital for a customer and related persons of that customer;
- From 01 January 2026, until before 01 January 2027: 13% of own capital for a customer; 21% of own capital for a customer and related persons of that customer;
- From 01 January 2027, until before 01 January 2028: 12% of own capital for a customer; 19% of own capital for a customer and related persons of that customer;
- From 01 January 2028, until before 01 January 2029: 11% of own capital for a customer; 17% of own capital for a customer and related persons of that customer;
- From 01 January 2029: 10% of own capital for a customer; 15% of own capital for a customer and related persons of that customer.
- Additionally, the total outstanding credit limit for a customer provided by a non-bank credit institution shall not exceed 15% of its own capital; the total outstanding credit limit for a customer and related persons of that customer shall not exceed 25% of its own capital for a non-bank credit institution.

In addition to the above, the Credit Institutions Law 2024 amends and supplements several regulations regarding (i) adding several related persons, including parent companies with subsidiaries of subsidiaries; grandparents; grandchildren; paternal and maternal uncles, aunts, cousins, and their descendants, etc.; (ii) prohibiting the sale of non-mandatory insurance products in connection with the provision of banking products and services in any form, etc./.