

# **THE REMEDIAL PLAN IN CASE OF EARLY INTERVENTION AT ABBANK**



*Hanoi, April 2, 2025*

## **SUBMISSION TO THE GENERAL MEETING OF SHAREHOLDERS**

### **The Remedial Plan in Case of Early Intervention at An Binh Commercial Joint Stock Bank**

**To: The General Meeting of Shareholders  
An Binh Commercial Joint Stock Bank.**

#### **I. REQUIREMENTS OF PROMULGATION**

According to Article 143 of the Law on Credit Institutions, An Binh Commercial Joint Stock Bank (ABBANK) is required to develop a proposed remediation plan in case of early intervention at ABBANK, which includes the following requirements:

- A commercial bank must develop a proposed remedial plan in case of early intervention when it falls into one or more of the situations specified in Clause 1, Article 156 of the Law on Credit Institutions, including:
  - + The accumulated losses of the credit institution or foreign bank branch exceed 15% of the charter capital, allocated capital, and reserve funds as stated in the latest audited financial statements or according to the conclusions of inspections or audits by competent state authorities, and the institution violates the minimum capital adequacy ratio as stipulated in Point b, Clause 1, Article 138 of this Law;
  - + The institution is rated below average according to regulations set by the Governor of the State Bank of Vietnam;
  - + The institution violates the liquidity ratio specified in Point a, Clause 1, Article 138 of this Law for a continuous period of 30 days;
  - + The institution violates the minimum capital adequacy ratio specified in Point b, Clause 1, Article 138 of this Law for a continuous period of 6 months;
  - + The institution experiences mass withdrawals and submits a report to the State Bank of Vietnam.
- The remedial plan must be approved by the General Meeting of Shareholders and submitted to the State Bank of Vietnam within 10 days from the date of approval.
- The remedial plan must be developed and approved before July 1, 2025.

## **II. SUMMARY OF THE REMEDIAL PLAN IN CASE OF EARLY INTERVENTION AT ABBANK (hereinafter referred to as "the Plan")**

The Plan framework consists of the following key components:

- Section I: Information and assessment of ABBANK's organizational structure and business operations.
- Section II: Assessment of financial and operational status.
  - 1) Key financial indicators.
  - 2) Governance and management structure.
  - 3) Information technology system, digital transformation progress, and digital banking development at ABBANK.
  - 4) Financial situation.
- Section III: Proposed remedial measures for each scenario as stipulated in Clause 1, Article 156 of the Law on Credit Institutions.
  - 1) Remedial measures in the event that ABBANK's accumulated losses exceed 15% of its charter capital and reserve funds, as stated in the latest audited financial statements or according to inspection and audit conclusions by competent authorities, and it violates the minimum capital adequacy ratio as stipulated in Point b, Clause 1, Article 138 of the Law on Credit Institutions.
  - 2) Remedial measures in the event ABBANK is rated below average as per the regulations of the Governor of the State Bank of Vietnam.
  - 3) Remedial measures in case of violation of the liquidity ratio specified in Point a, Clause 1, Article 138 of the Law on Credit Institutions for a continuous period of 30 days.
  - 4) Remedial measures in case of violation of the minimum capital adequacy ratio specified in Point b, Clause 1, Article 138 of the Law on Credit Institutions for a continuous period of 6 months.
  - 5) Remedial measures in the event of mass withdrawals and reporting to the State Bank of Vietnam.

(Attached Appendix 1: Detailed Framework of the Proposed Remedial Plan)

## **III. IMPLEMENTATION PLAN**

The development and submission for approval of the proposed remediation plan in case of early intervention shall be carried out according to the following roadmap:

- 1) Developing and submitting the proposed remediation plan framework for approval by the General Meeting of Shareholders. Simultaneously, the General Meeting of Shareholders shall approve the framework of the proposed remediation plan in case of early intervention and concurrently authorize the Board of Directors to approve the detailed content of the plan in accordance with the approved framework at the 2025 Annual General Meeting of Shareholders.
- 2) The CEO shall organize the development of the detailed content of the Plan based on the framework approved by the General Meeting of Shareholders, submit it to the Board of Directors for approval, and complete it by July 1<sup>st</sup>, 2025, for reporting to the State Bank of Vietnam in accordance with regulations.

#### **IV. RECOMMENDATION**

The Board of Directors respectfully submits to the General Meeting of Shareholders for approval:

- 1) To approve the proposed remediation plan in case of early intervention – including the framework and implementation roadmap as presented above.
- 2) To assign/authorize the Board of Directors to approve the specific contents of this Plan. The Board of Directors shall have the authority to amend and supplement the contents of this Plan in compliance with legal regulations, ABBANK's actual circumstances, and/or directives and guidance from regulatory authorities, ensuring the completion of the report submission to the State Bank of Vietnam by July 1st, 2025.

Respectfully submitted.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**CHAIRMAN**

*(Signed)*

**Dao Manh Khang**

## **APPENDIX 1:**

### **Remedial Plan in Case of Early Intervention at ABBANK**

#### **I. INFORMATION AND ASSESSMENT OF ABBANK'S ORGANIZATIONAL STRUCTURE AND BUSINESS OPERATIONS**

##### ***1. Organizational Structure***

##### ***2. Business Operations***

#### **II. ASSESSMENT OF FINANCIAL STATUS AND OPERATIONS**

##### ***1. Key Financial Indicators***

##### ***2. Governance and Management***

###### ***2.1. Establishment and Operating License***

###### ***2.2. Organizational Model and Human Resources***

###### ***2.3. Operational Network***

###### ***2.4. Corporate Governance***

###### ***2.4.1. Management Capabilities and Governance Mechanisms***

###### ***2.4.2. Internal Control System***

###### ***2.4.3. Risk Management System***

###### ***2.5 Implementation of Basel II/Basel III***

##### ***3. IT Systems, Digital Transformation, and Digital Banking Development at ABBANK***

##### ***4. Financial Situation***

###### ***4.1 Capital***

###### ***4.2 Capital Mobilization***

###### ***4.3 Asset Quality***

###### ***4.3.1 Credit Granting Status***

###### ***4.3.2 Asset Quality***

a. Total debts and off-balance sheet commitments classified according to Circular No. 11/2021/TT-NHNN dated 30/07/2021

b. Restructured debts, interest waivers, and retention of debt classification under SBV Circulars

- c. Bad debts sold to Vietnam Asset Management Company (VAMC), Debt and Asset Trading Corporation (DATC) (if any), recoverability, and recovery measures
- d. Corporate bond investments at risk of becoming bad debts
- e. Other hard-to-recover receivables
- f. Accrued interest to be reversed but not yet reversed (if any)
- g. Risk provisions (general and specific provisions)
- h. Bad debt resolution status
- i. Debts handled using risk provisions and recovery status
- k. Investment and capital contribution activities (Trading securities; Investment securities; Special VAMC bonds; Long-term capital contributions and investments)
- l. Other activities (foreign exchange services, currency trading, guarantees, etc.)
- m. Other Assets

#### 4.4 Payment, Agency, and Fiduciary Activities

#### 4.5 Business Performance

#### 4.6 Liquidity Status and Compliance with Safety Ratios and Limits

#### 4.7 Operational and Business Performance of Domestic Subsidiaries and Affiliates (if any)

#### 4.8 Performance of Domestic Branches

#### 4.9 Implementation of the Green Banking Development Plan in Vietnam under Decision No. 1604/QĐ-NHNN dated 07/08/2018 by the Governor of SBV and related documents

### **III. GENERAL REQUIREMENTS AND KEY MEASURES PLANNED IN CASE OF EARLY INTERVENTION**

#### ***1. General requirements for implementing corrective actions in case of early intervention***

- 1.1 Identify the causes and actively implement corrective measures;
- 1.2 Fully comply with legal regulations and requirements of the SBV
- 1.3 Implement the corrective measures outlined in Section 2, Part III, which

are specifically determined according to each case of early intervention as detailed in Part IV of this Plan.

**2. *Key measures to be implemented to address issues in case of early intervention***

2.1. Increase charter capital and specify the implementation timeline; establish a roadmap for reducing the shareholding ratio and capital contribution of shareholders as stipulated in Point b, Clause 1, Article 159 of this Law;

2.2. Improve liquidity; strengthen the holding of highly liquid assets; sell, transfer assets, and adopt other solutions to meet banking safety requirements;

2.3. Enhance business efficiency;

2.4. Improve governance and management capacity;

2.5. Address financial weaknesses, bad debts, collateral assets, and remediate legal violations;

2.6. Utilize communication and information technology solutions to mitigate liquidity difficulties.

**IV. IMPLEMENTATION PLANS FOR EACH CASE OF EARLY INTERVENTION (AS STIPULATED IN CLAUSE 1, ARTICLE 156 OF THE LAW ON CREDIT INSTITUTIONS)**

***1. Remedial Plan in Case ABBANK's Accumulated Losses Exceed 15% of Charter Capital and Reserves as Stated in the Latest Audited Financial Statements or as per Government Inspection and Audit Conclusions, and Violation of the Minimum Capital Adequacy Ratio as per Clause 1(b), Article 138 of the Law on Credit Institutions***

1.1 Measures to Improve Business Performance (E)

1.2 Measures to Enhance Capital Adequacy Ratio

1.3 Measures to reduce operating costs, management expenses, remuneration, salaries, and bonuses

1.4 Others

***2. Remedial Plan in Case of Below-Average Ranking According to SBV Regulations***

2.1 Measures to Improve Capital Indicators ©

2.2 Measures to Improve Asset Quality Indicators (A)

2.3 Measures to Improve Governance and Management Indicators (M)

2.4 Measures to Improve Business Performance Indicators (E)

2.5 Measures to Improve Liquidity Indicators (L)

2.6 Measures to Improve Market Risk Sensitivity Indicators (S)

2.7 Others

**3. Remedial Plan in Case of Liquidity Ratio Violation under Clause 1(a), Article 138 of the Law on Credit Institutions for 30 Consecutive Days**

3.1 Measures to improve cash inflows.

3.2 Measures to improve cash outflows.

3.3 Others

**4. Remedial Plan in Case of Minimum Capital Adequacy Ratio Violation under Clause 1(a), Article 138 of the Law on Credit Institutions for Six Consecutive Months**

4.1 Measures for Capital Management and Development

4.2 Measures to Manage and Improve the Quality of Asset Portfolio

4.3 Addressing Financial Weaknesses, Bad Debts, and Collateral Assets

4.4 Others

**5. Remedial Plan in Case of Mass Withdrawals and Reporting to SBV**

5.1 Communication measures to reassure public sentiment and minimize the spread of negative effects.

5.2 Early liquidity management measures by converting long-term assets into liquid assets and liquid assets into cash.

5.3 Request support from the State Bank of Vietnam (SBV) and other credit institutions.

5.4 Other measures.