**Press release on the issuance of the Circular No.09/2017/TT-NHNN**

**The Governor of the State Bank of Vietnam (SBV) issued Circular No.09/2017/TT-NHNN dated August 14th, 2017 on revising and amending several contents of Circular No.19/2013/TT-NHNN dated September 6, 2013 by the SBV Governor on buy, sell non-performing loan (NPL) and NPL resolution of Vietnam Asset Management Company (VAMC).**

Circular No.09/2017/TT-NHNN revises and amends several contents related to the buy, sell non-performing loans (NPL) and NPL resolution VAMC in line with stipulations in the Resolution No.42/2017/QH14 dated June 21st, 2017 by the National Assembly on the pilot program of NPL resolution of credit institutions; the Decree 61/2017/ND-CP by the Government dated May 16th, 2017 stipulating on appraisal of the reserve price of nonperforming loans, collateral of nonperforming loans and establishment of the Council for auction of nonperforming loans, collateral of nonperforming loans for bad debts and for high value nonperforming loans, and the practical operation of VAMC.

Circular 09/2017/TT-NHNN includes 3 Articles with the major substances as follow:

- Revising, supplementing the interpretation of terms relating to debts and bad debts in order to ensure the reference, application and determination of the NPLs are consistent with provisions at Resolution No.42/2017/QH14 or SBV’s regulations on assets classification, deduction level, method of deduction for risk provisions and the use of provisions to deal with risks in operations of credit institutions, foreign banks branches.

- Revising, supplementing conditions of NPLs shall be bought by VAMC at market price, with the specific requirements such as: (i) bad debts under SBV’s regulations on assets classification, deduction level, method of deduction for risk provisions and the use of provisions to deal with risks in operations of credit institutions, foreign banks branches; (ii) bad debts regulated in Article 4 of Resolution No.42/2017/QH14.

- Revising, supplementing provisions on the implementation of purchasing NPLs at market price, specifying regulations on procedures VAMC must conduct before buying bad debts at price market, including converting bad debts purchased with special bonds into bad debts purchased at market price and buying NPLs at Article 4, Resolution No.42/2017/QH14 in accordance to regulations at Item 3, Article 6, Resolution No.42/2017/QH14.

The specific regulations on converting bad debts purchased with special bonds into bad debts purchased at market price by VAMC and credit institutions selling bad debts, including final statement of special bonds; payments for debt recovery, capital contribution, related shares; paying the price of debt purchasing and selling; handling the finance relating to the debt and risk provision for those special bonds, etc.

- Revising, supplementing regulations on exempting and decreasing overdue interest, fees, fine for bad debts bought with special bonds, including adding regulations for VAMC to consider exempting, decreasing partly or completely overdue interest, violation fee, fine that the borrowers of the bad debt hadn’t paid while all principals of bad debts have already been paid to VAMC.

- Revising, supplementing regulations relating to principle on selling the purchased NPLs, accordingly, VAMC will determine the price of bad debts which are auctioned in compliance with regulations, Law on Property Auction.

- Revising, supplementing regulations relating to selling bad debts which were bought at market price, accordingly, VAMC sells bad debt by negotiating directly with debt buyers when the price of selling bad debts is not lower than the price written in book entry of principal outstanding for bad debts at VAMC or when selling debt by auction or competitive bidding failed.

- Revising, supplementing regulations on selling collateral assets of bad debt purchased with special bonds, including stipulating VAMC must discuss with credit institutions selling debt before negotiating collateral assets settlement with the guarantor in compliance with the laws. After 20 days since VAMC issues document to request responses from credit institutions, VAMC shall decide and is responsible for handling collateral assets with the guarantor as stipulated in laws.

The Circular takes effect from August 15th, 2017.

**The State Bank of Vietnam**