



No.: 930/2025/TTr-HĐQT

*Hanoi, April 4, 2025*

## **PROPOSAL**

### **Regarding the proposed remedial plan in case of early intervention as prescribed in Article 143 of the Law on Credit Institutions 2024**

To: General Meeting of Shareholders of Fortune Vietnam Joint Stock Commercial Bank (LPBank)

According to the provisions of the Law on Credit Institutions No. 32/2024/QH15, credit institutions must develop a proposed remedial plan in case of early intervention and report to the State Bank of Vietnam (SBV).

Therefore, to ensure compliance with SBV regulations and enhance proactiveness in risk prevention, the Board of Directors (BOD) reports and respectfully submits to the General Meeting of Shareholders (GMS) the following:

1. Approve the framework of the proposed remediation plan in case of early intervention as stipulated in Article 143 of the Law on Credit Institutions (detailed content is provided in the attached document).

2. Assign/authorize the Board of Directors to:

- Direct the development and implementation of the proposed remediation plan in case of early intervention as stipulated in Article 143 of the Law on Credit Institutions.

- Proactively adjust and modify relevant contents of the remediation plan based on objective actual circumstances or as required by competent state authorities.

Respectfully submitted to the General Meeting of Shareholders for consideration and approval.

#### **Recipients:**

- As above;
- Member of BOD;
- Head of Board of Supervisors;
- Storage: Governance Office, hienptt.

**ON BEHALF OF BOARD OF DIRECTORS  
CHAIRMAN**

**Nguyen Duc Thuy**

Hanoi, April 4, 2025

## FRAMEWORK FOR EXPECTED REMEDIES IN CASE OF EARLY INTERVENTION

*(Attached is the Proposal No. /2025/TTr-HĐQT on the proposed remedial plan in case of early intervention as prescribed in Article 143 of the Law on Credit Institutions 2024)*

LPBank always has a contingency plan to ensure timely response to any adverse developments that may arise in business operations. This includes scenarios for some unusual events as prescribed by the Law on Credit Institutions (CIs) 2024.

These plans are built to ensure the highest proactive response in all situations, ensuring LPBank's continuous business operations.

It should be emphasized that with LPBank's current financial capacity and extremely tight management methods, there is no information/sign indicating the possibility of these events occurring at LPBank.

*Note: The plan will be built and flexibly adjusted to suit actual operations and market conditions.*

### I. Financial and operational status in 2024

LPBank has achieved outstanding growth results in 2024:

- **Total assets:** Reaching VND 508,330 billion, up 33% compared to 2023;
- **Total outstanding lending:** Reaching VND 331,606 billion, up 20.4% compared to 2023, focusing on priority areas;
- **Profit before tax:** Reached 12,168 billion VND, up 72.9% compared to 2023;
- **Bad debt ratio:** Controlled at 1.57%, in the group with good credit quality;
- **Capital adequacy ratio (CAR):** 13.33%, higher than the minimum requirement of 8% of the State Bank;
- **Profitability ratio:** ROE reached 25.1%, among the top of the banking industry;
- **Customer deposits:** Increased by 19.3%, reaching VND 283.1 trillion.

### II. Plans to overcome risk scenarios as prescribed in the Law on Credit Institutions 2024

#### 1. In case accumulated loss is greater than 15% of charter capital

##### 1.1. Conditions and implementation time

- **Condition:** Accumulated losses exceed 15% of charter capital
- **Time and schedule:** Daily, monthly, quarterly monitoring. Corrective measures are implemented as soon as accumulated losses arise.

## **1.2. Implementation measures**

### **1.2.1. Group of solutions to improve business efficiency**

- **Portfolio:** Review, evaluate performance, limit compliance and close trading positions when necessary.
- **Credit portfolio:** Adjust focus on products with competitive advantages, promote business activities.
- **Service activities:** Promote diverse service activities, continuously improve service quality to increase service fees.

### **1.2.2. Group of solutions to handle existing problems and weaknesses in credit granting activities**

- **Overdue debt, bad debt**
  - + Check, analyze, recover bad debt, handle risks.
  - + Focus all efforts on debt collection and settlement.
  - + Push the handling of secured assets to quickly recover bad debts and overdue debts.
- **Credit policy:** Review policies and procedures to minimize risks.

### **1.2.3. Group of solutions to improve management and operation capacity**

- **Financial structure:** Evaluate efficiency, liquidate low-yielding assets, sell off some unnecessary assets.
- **Cost Control:** Cut operating costs.
- **Adjust plans for using accumulated profits**  
(bonus/remuneration/dividends/deductions from optional funds...).

## **2. Below average rating according to the regulations of the Governor of the State Bank of Vietnam (SBV)**

### **2.1. Time and implementation roadmap**

- Monitor each indicator at least monthly to identify early signs of deterioration;
- The Risk Management Division is responsible for regularly monitoring the indicators;
- Activate corrective action as soon as a declining trend is detected and maintain until improvement occurs.

## **2.2. Implementation measures**

### **2.2.1. Group of solutions to increase charter capital**

- Offering shares to existing shareholders, public or private;

- Payment of dividends in shares;
- Ensure compliance with ownership ratios as prescribed by law.

#### **2.2.2. Group of solutions to improve liquidity index**

- Negotiate payment term adjustment with partners;
- Purchase additional and liquidate unused assets;
- Balance cash inflows and outflows to improve ratios;
- Control the balance of capital mobilization - capital use at a reasonable level.

#### **2.2.3. Group of solutions to improve capital safety**

- Implement solutions to increase charter capital;
- Restructure asset portfolio, reduce assets with high risk coefficient.

#### **2.2.4. Group of solutions to improve concentrated risk**

- Set risk limits by customer, partner, industry;
- Regular monitoring (monthly under normal conditions, daily when alarm occurs);
- Diversify portfolio risk through retail market share expansion.

#### **2.2.4. Group of solutions to improve management and administration**

- Establishment of a Steering Committee on monitoring the results of Bank ratings (Established);
- Activate emergency mode when there are adverse signs in the classification results.

### **3. 30-day solvency ratio violation**

#### **3.1. Time and implementation roadmap**

- Monitor solvency ratio periodically on a daily basis with internal warning thresholds;
- The Risk Management Division (RMD) is responsible for regular monitoring;
- Trigger measures to increase high liquidity assets immediately upon first violation or unusual decline;
- Synchronously deploy measures to reduce cash flow in VND and foreign currencies when violations last for 30 consecutive days.

#### **3.2. Implementation measures**

Maintenance requirement: 30-day solvency ratio for VND at least 50%, for foreign currency at least 10% when net cash outflow is positive.

In case the Bank violates the solvency ratio for 30 consecutive days, the Bank shall apply one or more of the following measures at the same time:

#### **In case of temporary liquidity shortage**

- Increase cash in funds, deposits at the State Bank and credit institutions;

- Borrowing/receiving deposits with a term of over 30 days, performing Repo transactions with collateral that is not highly liquid assets;
- Conduct money market operations with the State Bank (open market, discount, currency swap transactions);
- Negotiate for early repayment of interbank counterparties (interbank loans/deposits);
- Increase long-term capital mobilization from loyal customers and long-term partners.

#### **In case of severe liquidity crisis**

- Secured loans/deposits with financial institutions;
- Use valuable papers to conduct money market operations with the State Bank;
- Sell all types of valuable papers with high liquidity;
- Recapitalization loan from State Bank;
- Negotiate with customers, extend disbursement schedule for signed credit contracts.

#### **In case of false rumors**

- The Governance Office coordinates with relevant departments to process and manage information promptly;
- Issue official and timely announcements to prevent panic affecting depositors' psychology.

### **4. Violation of capital adequacy ratio (CAR) for more than 6 months**

#### **4.1. Time and implementation roadmap**

- Monitor minimum capital adequacy ratios on a monthly basis with internal warning thresholds;
- The RMD is responsible for regularly monitoring the CAR index;
- Trigger corrective action immediately upon first violation and intensify upon 6-month violation.

#### **4.2. Implementation measures**

##### **4.2.1. Increase equity capital**

##### **For Tier 1 capital**

- Increase capital contribution from major shareholders with a roadmap to reduce ownership ratio to comply with regulations;
- Reduce the usage of financial reserve funds and development investment;
- No dividends by cash, switch to dividends by stock;
- Restrict/stop contributing capital to other credit institutions and enterprises in the financial sector;
- Reduce investment in basic construction and purchase of fixed assets.

## **For Tier 2 capital**

- Increase holdings of bonds or debt instruments issued by banks;
- Reduce holdings of bonds of other credit institutions.

### **4.2.2. Reduction of risky assets**

- Reduce focus on high-risk asset classes
- Limit off-balance sheet commitments with high conversion factors
- Increase low-risk assets

## **5. Mass withdrawal**

### **5.1. Time and implementation roadmap**

- Regularly monitor liquidity risk indicators according to internal procedures;
- Activate corrective action as soon as there are signs of mass withdrawals;
- Direct handling by Incident Command until situation is under control.

### **5.2. Implementation measures**

#### **5.2.1. Initial measures**

- Review financial plans, prioritize cash resources for customer needs;
- Deploy resource and infrastructure arrangements to serve increasing customer demand;
- Priority is given to meeting customer deposit payment requirements.

#### **5.2.2. Support measures from the State Bank**

- Sell valuable papers to the State Bank in open market operations at 0% interest rate;
- Conduct foreign currency transactions with the State Bank to ensure liquidity;
- Special loans from the State Bank, deposit insurance organizations or other credit institutions.

#### **5.2.3. Roadmap for implementing remedial measures**

- **Day 1: Identify the cause and assess the situation**
  - Collect and analyze data on the number, speed and value of withdrawals;
  - Immediately report to the State Bank and competent authorities;
  - Build customer service plan
- **Day 1-7: Stabilize customer psychology**
  - Publish press releases, information on websites and social networks;
  - Organize press conferences, meet customers to answer questions.
- **Day 1-7: Increase liquidity**
  - Limit capital use, concentrate resources, increase liquidity reserves;

- Prepare for options such as selling liquid assets (government bonds)
- Contact the State Bank to borrow capital to support liquidity when needed.
- **Day 1-7: Organizing customer service at business units**
  - Maintain order at transaction points with the support of security guards and branch staffs;
  - Always ready to answer all customer questions, have specific plans ready to meet customer needs.