



The Role of Foreign Investment in Restructuring Vietnam's Banking Sector

The Vietnamese government has placed restructuring the banking sector at the top of its priority list. Its first decree of 2014 to loosen restrictions on foreign investment in Vietnamese banks underscores the recognition that foreign investors can play a role in accomplishing this.

Over the past several years, Vietnamese banks have been negatively impacted both by operational shortcomings and systemic risk. Poor lending practices and internal controls have resulted in high levels of non-performing loans (NPLs) that are estimated at nearly 20% by some accounts. Corruption scandals and poor corporate governance have also negatively impacted performance. Systemic risks have also impacted the banking sector. In particular, Vietnamese banks have high levels of interbank lending as a source of funding as compared to other jurisdictions, and an intricate web of cross-ownership. Consequently, a run on a single

bank could threaten the stability of the financial system. These concerns have resulted in a general lack of confidence in the banking sector both domestically and internationally, with banks being pinpointed as a key reason for Vietnam's economic malaise after years of strong growth beginning in the late 1990s.

Overview of the Major State Banks and Private Sector Banks

Vietnam currently has 51 banks according to the State Bank of Vietnam (SBV), a high number given the historical domination of several large state banks in the economic apparatus. Of these, 35 are private sector banks and only six are state banks, defined as those in which the state holds at least 50% of the charter capital. Four large state banks have dominated the Vietnamese banking landscape: Vietcombank, Vietinbank, Agribank, and BIDV, of which only Agribank currently remains 100% state-owned. In December 2012, The Bank of

Tokyo Mitsubishi-UFJ invested approximately US\$743 million (HK\$5.8 billion) as a strategic investor in Vietinbank, Vietnam's largest bank as measured by registered capital, for a 20% stake. The prior year, Mizuho invested approximately US\$570 million in Vietcombank for a 15% stake. BIDV launched a US\$2.4 billion listing on the Ho Chi Minh City Stock Exchange (HOSE) in January 2014. Foreign investors can trade shares on Vietnamese stock exchanges and therefore BIDV's foreign ownership is subject to the thresholds of foreign ownership in banks discussed in this article.

The largest private sector banks are ACB, Eximbank, Military Bank, Sacombank, and Techcombank. Each of these banks is listed on either the HOSE or the Hanoi Securities Trading Centre except for Techcombank and, other than Military Bank, each has had a foreign strategic investor. In May 2008, Standard Chartered Bank, the strategic investor of ACB, acquired an additional 6.16% stake from IFC, increasing its shareholding in ACB to 8.84%. Sumitomo Mitsui Banking Corporation invested US\$225 million for a 15% stake in Eximbank, recognised as the largest private sector bank as measured by registered capital, in November 2007. HSBC became a strategic investor in Techcombank in 2005, and in 2008, it became the first foreign bank to reach the 20% ownership threshold in a local bank. ANZ Banking Group divested its 10% stake in Sacombank in 2012 leaving Sacombank without a foreign strategic investor.

With respect to their operations, state banks are noted to be particularly strong in foreign exchange settlement (which is critical in Vietnam as export of the Vietnamese dong currency is strictly regulated) but have lagged behind the large private sector banks with respect to retail banking and the geographic coverage of transaction offices and ATMs, in particular, outside of major urban centres.

Given the strong retail platforms of the private sector banks and the state banks' pre-eminent role in foreign exchange settlement, Vietnamese banks will remain merger and acquisition targets of foreign investors, in particular as pricing of investments is more attractive now than at the peak of Vietnam's foreign investment boom of 2007-2009. Several investors have expressed the view that the worst may be behind the banks especially if the Vietnam Asset Management Company (VAMC) – more on this later - can spur new and higher quality credit. A high proportion of NPLs are tied to

speculative real estate loans and there is a sense that the potential for expanding consumer and commercial lending in Vietnam has not fully been realised. Vietnam is a young country with a population of over 100 million and consumer demand is expected to grow. Foreign banks considering investing as strategic investors may also hold out optimism that sharing their expertise and know-how with local banks can reverse operational failures. This may enable them to leverage a Vietnamese bank's existing strong retail platform and introduce better corporate governance and operational management going forward.

The SBV's Approach to Tackling the Sector's Problems

There appears to be a three-pronged approach to the Vietnamese government's solution to the problems faced by the banking sector:

Forced Merger of Weak Banks

The SBV has suggested that by 2015, it is targeting only 15-17 banks in the market. The merger approach was highlighted on a significant scale in 2012 with the merger of Habubank, a Hanoi-based housing lender with NPLs estimated in excess of 15%, and Saigon-Hanoi Commercial Joint Stock Bank, resulting in a bank with a combined registered capital of approximately US\$433 million.

Mergers may not be necessarily be limited to small and weak banks. Two large and comparatively strong commercial banks – Eximbank and Sacombank – signed an agreement in January 2013 calling for increased cooperation and plans to merge the banks within a three- to five-year window. This followed on the heels of Eximbank purchasing ANZ's 10% stake in Sacombank in early 2012 and publicly announcing that it controlled through proxy a sufficient number of voting shares in Sacombank to appoint the majority of its board of directors.¹

Formation of new asset management company to manage NPLs

In May 2013, the VAMC was launched to acquire NPLs from Vietnamese banks. The VAMC provides for two structures under which banks may sell NPLs to VAMC. In the first scenario, banks sell NPLs to VAMC at market price. Under the second scenario, VAMC issues special bonds to the banks at the book value of the NPLs, which can be pledged at the SBV for new funding so that the bank can expand its credit growth.

The banks would continue to service the NPLs and VAMC would hold (at least temporarily) payments of principal, interest and other payments on the NPLs, and realisation proceeds on collateral. At the end of a five-year period, the special bonds would be redeemed and the banks would take the NPLs back on their books and would receive any payments on the NPLs (including realisation on collateral) then held by VAMC. To date, VAMC has only purchased NPLs using this second method acting more as a warehouse than a conduit for trading or disposing of NPLs. As the operations of VAMC have been limited to several months, its impact remains to be seen.

Stimulating foreign investment

Decree 01/2014/ND-CP (Decree 01) facilitates foreign investment in Vietnamese banks and replaces the regulations governing foreign shareholding in Vietnamese commercial banks which date from 2007 – Decree 69/2007/ND-CP (Decree 69).²

The Impact of Decree 01: Facilitating Foreign Ownership

Decree 01 relaxes the limits on foreign shareholding in Vietnamese banks in several key areas, as well as eliminating other restrictions on both investors and the target institutions which should facilitate foreign investment.

New Opportunities for non-banking investors

Foreign institutional investors that are not credit institutions were limited under Decree 69 to holding only 5% of shares in a bank. Such investors may now acquire up to a 15% stake in a bank and up to a 20% stake with their affiliates. However, foreign investors acquiring a 10% stake or greater in a local bank are required to have paid-up capital in excess of US\$1 billion, which may in practice result in most non-banking foreign investors investing less than 10%.

The increased ceiling of foreign investment from entities other than credit institutions may be attractive to private equity houses and funds. There may also be increased opportunities for such investors to co-invest alongside a foreign bank that would take a stronger role in management and/or be a foreign strategic investor.

Provisions applicable to foreign strategic investors

Foreign strategic investors under Decree 01 are foreign banks that commit to holding shares for a five year “lock-up” period and partnering with the local bank to enhance management, capacity and



development of new products. Under Decree 69, foreign strategic investors could acquire up to 15% of shares in a bank, and up to 20% with Prime Ministerial approval. Obtaining this approval was a lengthy process generally taking over a year to cross from the 15 to 20% ownership threshold. Under Decree 01, a foreign investor may acquire a 20% stake without Prime Ministerial approval.

Decree 01 omits the express statement found in Decree 69 that “a foreign credit institution may only be a foreign strategic investor in one bank”. Instead, Decree 01 stipulates that a foreign strategic investor in one bank cannot hold 10% or more of charter capital at any other Vietnamese bank. This opens the door to the possibility that a foreign investor could theoretically be a strategic investor in more than one local bank, though the 10% ceiling on ownership in the second entity may make this unattractive commercially. As discussed, however, this may spur new opportunities for foreign strategic investors to work with friendly co-investors taking a smaller stake.



Expanding the ownership cap in the case of weak banks

Decree 01 maintains the aggregate foreign ownership cap at 30% of shareholding in banks, subject to a key exception. The Prime Minister is now authorised to determine on a case-by-case basis that certain weak banks require additional capital as part of their restructuring plan. If the Prime Minister makes such determination, the 30% threshold may be exceeded. In fact, it is rumoured that one Vietnamese bank will become majority foreign-owned (and possibly 100% wholly foreign-owned) in the foreseeable future as a result of such an approval. This discretion afforded to the Prime Minister is perhaps the most significant change ushered in by Decree 01. Yet, there remain practical questions as to how to reconcile this newfound authority with other legal restrictions in Vietnam on foreign share ownership. The expectation is therefore that this power will be used sparingly.

The prospects of potentially acquiring a majority stake in a local Vietnamese bank may be intriguing for foreign

banks. There are several wholly-owned foreign banks in Vietnam held by large multinational banks including HSBC, Standard Chartered, ANZ, and Citibank. The process for acquiring a license from the SBV is time consuming and the SBV has hinted that there may be enough foreign banks in the market. Therefore, foreign banks that may have previously considered applying for a wholly foreign-owned banking license may be tempted by the prospects of acquiring control of weak banks. The SBV and the Prime Minister are likely to use this incentive for foreign investors in limited circumstances in which the merger option and capital raising from foreign investors within the 20% strategic investor and 30% aggregate limits are not feasible.

Revisiting capital base requirements for investors and the target

Decree 01 also revisits capital base requirements both for investors and target banks that existed under Decree 69.

For foreign investors wishing to acquire less than 10% of a local bank, there is no minimum total asset base requirement. Foreign investors who wish to acquire 10% or more of a Vietnamese bank must have minimum total assets of US\$10 billion (if they are foreign banks, foreign financial institutions or foreign financial leasing institutions) or US\$1 billion (if they are other types of organisations). Those who wish to become foreign strategic investors are required to have minimum total assets of at least US\$20 billion.

Decree 01 removes all requirements laid down under Decree 69 with respect to capital requirements for Vietnamese banks to sell shares to foreign investors. This will pave the way for all Vietnamese banks, especially those most in need of restructuring, to benefit from future flows of foreign investment.

Conclusion

In conclusion, Decree 01 complements the array of tools available to the SBV to put Vietnam's banking sector on track. Together with bank restructurings through merger and managing NPLs through VAMC, Decree 01 can be used to permit majority foreign ownership in struggling banks and removes any capital requirements of target banks to receive foreign investment. Decree 01 should also be viewed as an improvement over its predecessor, Decree 69, outside the context of restructuring. Enabling foreign strategic investors to obtain a 20% stake without the timing constraints and uncertainty of the Prime Ministerial

approval process is a positive step. Moreover, allowing all institutional foreign investors (regardless of whether or not they are credit institutions) and their affiliates to potentially acquire up to 20% of a local bank expands the universe of potential investors, and may spur opportunities for partnering with foreign strategic investors with respect to investments in Vietnamese banks. 

Notes:

- 1 Sacombank is an interesting example as it brings together several of the approaches mentioned in this article—it is listed on the HOSE, it has been in discussions to merger, and it is rumored to be looking for a foreign strategic partner.
- 2 While this article focuses on Vietnamese commercial banks, we note that Decree 01 (in contrast to Decree 69 which applied exclusively to commercial banks) applies to "credit institutions", a broader term that in addition to commercial banks includes finance companies, finance leasing companies, micro-finance institutions, and people's credit funds.



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Abid Shaikh

E: abid@ninehillsmmedia.com

ninehills
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外来投资在越南银行业重整中所扮演的角色

越南政府对该国银行业的重整，视为一项极须优先处理的工作。在对越南银行的外来投资限制予以放宽的首项2014年法令中，越南政府强调外国投资者在协助达成这一目标上，可以发挥积极的作用。

过去数年，越南银行面对着经营失误及系统性风险所带来的各种不利影响。由于贷款操作与内部控制等方面管理不善，导致不良贷款涌现，某些业务范畴的不良贷款，几乎占整体业务的百分之二十。贪腐丑闻及管治不善，给银行业带来了负面的影响，而系统性风险也对其造成了打击。尤其是，越南银行的同业拆借（以作为资金来源）尚与其他地区相比，是处于一个较高水平，并且情况交叉复杂。故此，即使是单一次的银行挤提，也有可能对该国金融体系的稳定性构成威胁。这种顾虑，令越南国内民众对不论是本地还是国际性银行，均普遍缺乏信心，而且感到越南经济从上世纪90年代的强劲增长下滑，银行业对此须负上很大的责任。

主要国有及民营银行概况

根据越南国家银行（SBV）所发布的资料，越南银行数目现时共计有51家，这与过往仅受数家大型国有银行支配相比，为数已是不少。当中有35家是民营银行，而国有银行只有6家。国有银行的意思，是指其资本金至少有百分之

五十是由国家持有。现时处于越南银行业主导地位的四家大型国有银行分别为：越南外贸银行（Vietcombank）、越南工商银行（Vietinbank）、越南农业银行（Agribank）及越南投资开发银行（BIDV），其中只有越南农业银行目前仍然是由国家全资拥有。2012年12月，三菱东京日联银行（Bank of Tokyo Mitsubishi-UFJ）投资约7.43亿美元（58亿港元）于越南工商银行（以注册资本计算，其乃越南最大的银行），作为后者的策略性投资者，并持有其百分之二十的股权。上一年度，瑞穗银行（Mizuho）投资约5.7亿美元于越南外贸银行，并持有其百分之十五的股权。越南投资开发银行于2014年1月在胡志明市证券交易所（HOSE）上市，发售总值24亿美元的股份。由于外国投资者可以在越南各个证券交易所进行股份买卖，因此越南投资开发银行的外资持股比例，乃受银行的外资持股比例门槛所规限（如本文所讨论的）。

越南的最大民营银行为亚洲商业银行（ACB）、越南进出口银行（Eximbank）、越南军人银行（Military Bank）、西贡商信银行（Sacombank）、越南科技及商业股份银行（Techcombank）。除了越南科技及商业股份银行外，其余各银行均在胡志明市证券交易所或河内证券交易中心上市；而除了越南军人银行外，其余各银行均有一名境外策略性投

资者。2008年5月，渣打银行（亚洲商业银行的策略性投资者）自国际金融公司（IFC）购入亚洲商业银行的百分之六点一六额外股权，从而将其所拥有的亚洲商业银行股权增至百分之八点八四。2007年11月，三井住友银行投资2.25亿美元于越南进出口银行（以注册资本计算，其乃越南最大的民营银行），收购其百分之十五的股权。汇丰银行于2005年成为越南科技及商业股份银行的策略性投资者，并于2008年成为首家达至持有当地银行百分之二十股权门槛的外资银行。澳新银行集团在2012年出售其于西贡商信银行的百分之十股权，使后者成为没有任何境外策略性投资者的银行。

就所经营的业务而言，国有银行的强项是在结汇方面（由于越南严格监管越南盾的外流，因此结汇业务对越南来说异常重要），但就零售银行业务、营业网点覆盖范围、自动提款机服务（尤其是在主要市中心以外范围）等各方面，却比不上大型民营银行。

由于民营银行拥有强大的零售业务平台，而国有银行则在结汇方面占优，因此越南银行仍是外国投资者的并购目标，特别是目前的投资定价，较诸2007-2009年间的越南外来投资高峰期更具吸引力。有数名投资者表示，越南银行所面对的最坏情况也许已成过去，尤其是假若越南资产管理公司（VAMC）能推出崭新与更优质信贷一文将进一步论及。由于大部分不良贷款均涉及投机性房地产贷款，因此人们普遍认为，越南的消费及商业贷款增长潜力仍未完全发挥出来。越南是一个年轻的国家，人口超过一亿，其消费需求因而有望增长。有意以策略性投资者身份来越南进行投资的外国银行应抱着乐观的态度，因为它们与当地银行分享其专业知识及技术诀窍后，相信可以将经营失误的局面扭转过来。此举可促使它们充分利用越南银行现有的强大零售业务平台，并在未来更有效地促进企业管治和营运管理。

越南国家银行处理银行业问题的方案

对于如何解决银行业所面对的问题，越南政府大概可以从以下三方面入手：

强迫实力较弱银行进行合并

越南国家银行曾提出在2015年以前，只会以市场上的15-17家银行为目标。在2012年所进行的合并，均具有相当的规模，其中包括河内建设银行（Habubank）（河内的一个房屋贷款机构，其不良贷款估计超过百分之十五）与西贡-河内商业股份银行之间的合并，组成一间拥有合并注册资本大约4.33亿美元的银行。

然而，合并行动并不局限于在小型及实力较弱的银行身上。

有两家大型及实力较强的商业银行—越南进出口银行及西贡商信银行—于2013年1月签订了协议，表明将加强彼此合作，并计划在三至五年间进行合并。此前，越南进出口银行于2012年初自澳新银行购入西贡商信银行的百分之十股权，并宣布它通过委托投票，取得了足够的西贡商信银行具表决权股份，有权委任该银行大部分董事。

组建新资产管理公司来管理不良贷款

2013年5月，越南资产管理公司购入越南各家银行的不当贷款，并提出两个向其出售不良贷款的方案。第一个方案是：银行可按市价向越南资产管理公司出售不良贷款。第二个方案是：越南资产管理公司将按不良资产的账面价值，向各银行发行特别债券，而各银行可将此等债券质押给越南国家银行，取得扩大其信用增长的新资金。各银行将会继续处理其不良贷款，越南资产管理公司则会延付（至少是暂时）不良贷款的本金、利息和其他款项，以及抵押品的变现所得。在五年期结束后，越南资产管理公司将会赎回该等特别债券，而各银行将取回其不良贷款，并就该等不良贷款，获付先前由越南资产管理公司持有的任何款项（包括抵押品的变现所得）。迄今为止，越南资产管理公司只曾运用第二个方案来购入不良贷款，因此与其说它作为买卖或处置不良贷款的管道，不如说其更像一个保管仓。由于越南资产管理公司只运作了数月，其效用如何仍有待观察。

促进外来投资

01/2014/ND-CP法令（《01号法令》）是一项促进外国对越南银行投资的法律，并取代2007年所发布的，规管越南商业银行外资持股量的69/2007/ND-CP法令（《69号法令》）。

《01号法令》的影响：促进外资持股比率

《01号法令》在数个关键领域中，放宽了对越南银行的外资持股限制，并撤消对投资者及目标机构的其他方面限制，因此势将有助促进外来投资。

非银行投资者的新机遇

在以往受《69号法令》规管的境外机构投资者（信贷机构除外），只可持有一家银行百分之五的股权。该等投资者现时可以收购一家银行至多达百分之十五的股权，以及其关联公司的至多达百分之二十的股权。然而，外国投资者如欲收购当地银行百分之十或以上股权，便必须拥有10亿美元以上的已缴足股本，而这项举措将会促使大部分非银行外国投资者收购少于百分之十的股权。

提高信贷机构以外实体的外资持股上限，相信对私募股权公司及基金公司而言将会甚具吸引力，而该等投资者也将有更多与外国银行共同投资的机会，从而在管理上扮演一个更有力的角色，及/或作为一名境外策略性投资者。

适用于境外策略性投资者的规定

根据《01号法令》，境外策略性投资者是指一家承诺在五年的「锁定期」内持有相关股份，并与当地银行携手合作，加强其管理、生产力及新产品开发的外资银行。根据《69号法令》，境外策略性投资者可以收购一家银行高达百分之十五的股权，但如获得越南政府总理的批准，该收购上限可提高至百分之二十。但取得这项批准的过程十分漫长，并一般需要一年以上时间，才可以跨过持股的门槛，将比例从百分之十五增至百分之二十。但根据《01号法令》，外国投资者不须获得越南政府总理的批准，便可持有一间当地银行百分之二十的股权。

《01号法令》删除了《69号法令》中的明文规定：「外国信贷机构只可以担任某一家银行的境外策略性投资者」。取而代之的，是规定某一家银行的境外策略性投资者，不得在任何其他越南银行持有百分之十或以上的资本金。理论上，它可以让外国投资者在超过一间当地银行担任策略性投资者，尽管从商业角度来看，第二个实体中的百分之十持股上限会令投资者感到欠缺吸引力。然而，正如上文所讨论般，这项举措将会为境外策略性投资者与持有较少股份的共同投资者带来友好合作机会。

扩大实力较弱银行的持股上限

除了受制于一个关键例外情况，《01号法令》维持银行的外资总持股上限在百分之三十的水平。越南政府总理现获授权，可视乎个别情况，确认某些实力较弱的银行急需额外资金进行重组。倘获得如此确认，银行的外资持股上限便可超过该百分之三十的水平。事实上，有传言提到在可预见将来，将会有一家越南银行基于该项批准而成为由外资多数拥有（甚或是全资拥有）。这项授予越南政府总理的酌处权，大概是《01号法令》中的一项最重大举措。然而，该项新订立的权力如何与越南其他限制外资持股的法律相容，仍是一个需要加以处理的实际问题，故这项权力预期将不会随意运用。

对于能否取得当地银行的多数股权，外资银行对此感到一定的疑虑。越南现时有数家外资银行是由大型跨国银行拥有，当中包括汇丰银行、渣打银行、澳新银行、花旗银行。越南国家银行的发牌过程旷日持久，而该银行亦曾暗示，市场上的外资银行数目可能已达饱和。因此，以往欲申请外商独资银行牌照的外国银行，现时也许会考虑取得实力较弱银行的控制权。当合并以及在策略性投资者的百分之二十与在百分之三十的总限度内，向外国投资者募资并不实际可行时，越南国家银行及越南总理可能会以此作为吸引外国投资者的方法。

重新审视对投资者及目标的资本基础规定

《01号法令》也就《69号法令》下的投资者及目标银行资本基础规定作出重新审视。

外国投资者如欲取得当地银行不超过百分之十的股权，可不受最低资产总额基础规定的限制。外国投资者如欲取得一家越南银行的百分之十或以上股权，便必须拥有100亿美元（如为外资银行、外资金融机构或外资金融租赁机构）或10亿美元（如为别类机构）的最低资产总额。外国投资者如欲作为境外策略性投资者，便必须拥有至少200亿美元的最低资产总额。

《01号法令》删除了根据《69号法令》而颁布的，与越南银行出售股份给外国投资者的资本规定有关的所有规定，而此举将有助为所有越南银行（尤其是该等急需进行重组的越南银行）得益于未来的外资流入铺平道路。

结论

总而言之，《01号法令》为越南国家银行提供了使越南银行业重回正轨的有效工具。除了通过兼并进行银行重组，及通过越南资产管理公司来管理不良贷款外，《01号法令》还批准外资在正挣扎求存的银行中享有多数股权，以及免除目标银行接受外国投资的任何资本规定。除了发挥重组的效能外，《01号法令》与之前的《69号法令》相比，确可以视为一项进步。它让境外策略性投资者在免除时间上的约束及总理审批过程中的不确定性情况下，取得百分之二十的股权，从而发挥其积极作用。此外，该法令容许所有外国机构投资者（无论是否信贷机构）及其关联公司取得当地银行最高达百分之二十的股权，从而扩大了潜在投资者的投资空间，并创造了与境外策略性投资者合作，共同对越南银行进行投资的机遇。⁵¹

注释

- 1 西贡商信银行是一个有趣的例子，它集中本文所论及的其中数个议题——它在胡志明市证券交易所上市，曾商讨合并事宜，并有传闻它正在寻找境外策略性投资者。
- 2 虽然本文主要论述越南的商业银行，但我们察觉《01号法令》（有别于只适用于商业银行的《69号法令》）也同样适用于「信贷机构」（这是一个含义较广的用语，指除了商业银行外，还包括财务公司、金融租赁公司、小额贷款机构，以及人们的信贷资金）。

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DAVID HARRISON

顾问

孖士打律师行