

THE MECHANISM OF PROTECTION THE RIGHTS OF VULNERABLE CUSTOMER IN COLLECTION ACTIVITIES FOR CONSUMER BANKING

Department in charge	Consumer Banking Debt Management Team	
Version	1.1	
Date of approval	25/06/2024	
Approver	President of Head Office	

DEBT NEGOTIATION WITH VULNERABLE CUSTOMERS

1 Purpose

To protect the interests of vulnerable consumers, increase communication channels, and address special cases, the Bank shall take into account the needs of vulnerable customers, defined as clause 2, offering debt counseling and assistance to support and maintain relations with the customers.

2 Applicable Groups and Eligibility

This Chapter applies to any of the following groups who are likely to suffer many adverse impacts on access to information, health, property, and dispute settlement at the time of collection processing, including:

1. Elderly people as specified by the law on the elderly;
2. People with disabilities as specified by the law on people with disabilities;
3. Ethnic minority people; people living in ethnic minority-inhabited areas, mountainous areas, islands, areas with difficult socio-economic conditions and areas with extremely difficult socio-economic conditions as specified by law;
4. Women who are pregnant or raising children under 36 months old;
5. People suffering fatal diseases as specified by law;
6. Members of poor households as specified by law.

4.3 Settlement Plan

The Bank shall take vulnerable customers' debt repayment capability into account and consider to

provide the following settlement plans to them upon request:

1. Debt restructuring
2. Interest exemption
3. Interest reduction
4. Extension of loan tenor
5. Payment Holiday

The agreed settlement plan shall be approved in accordance with (1) The Delegation of Authority Matrix, Ho Chi Minh City Branch, Cathay United Bank and (2) Guidelines for Dealing with Non-performing/Non-accrual Loans and Bad Debts, Cathay United Bank and (3) other local and Head Office regulations/laws applicable to this matter. Particularly, the debt classification and reserve risk provisioning, accounting book shall be compliant with relevant regulations when applying the settlement plan respectively.

4.4 Notice

1. When a vulnerable consumer files a request for debt negotiation, enclosed with evidence and documents proving that he/she is a vulnerable consumer, the Bank shall prioritize the receipt and processing of such request and may not forward it to a third party for resolution, unless the third party has related obligations. In case of refusing to resolve the vulnerable consumer's request, the Bank shall respond in writing, clearly stating the legal basis and inconformity with Chapter 4 of this Principle or other relevant regulations of the Bank.
2. Facing vulnerable customers, the Bank shall demonstrate empathy by listening to customers, understanding customers' hardship to gain insight into their repayment abilities, using softer languages than usual, and assessing the collection frequency.
3. Extension of loan period/installment or payment holiday are only applicable before or within 10 days from the due date.
4. The debt restructuring and keeping the same risk group are only applicable for the specific cases as regulated in the Bank' regulations.
5. The Bank should make public to vulnerable consumers information by posting at our Head Office and business locations or publishing on our websites or application software (if any) and training our employees on such contents.