LOAN NUMBER 1932-VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Second Financial Sector Program -Subprogram I)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 29 JANUARY 2003

LPS: VIE 30295

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 29 January 2003 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called the Bank).

WHEREAS

(A) the Bank has received from the Borrower a development policy letter dated 24 October 2002 (hereinafter called the Policy Letter), setting forth certain objectives, policies and actions designed to develop the Borrower's financial sector (hereinafter called the Second Financial Sector Program), some of which, representing the first (hereinafter called the Subprogram I), of three subprograms which comprise the Second Financial Sector Program are described in Schedule 1 to this Loan Agreement;

(B) the Borrower has applied to the Bank for a loan from its Special Funds resources for the purposes of the Subprogram I; and

(C) the Bank has, on the basis inter alia of the foregoing, agreed to make a loan to the Borrower from the Bank's Special Funds resources upon the terms and conditions hereinafter set forth.

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of the Bank, dated 7 December 1982, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Special Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

(a) Section 2.01(9) is deleted and the following is substituted therefor:

> 9. The term "Program" means the program for Subprogram I of which the Bank has agreed to make the Loan, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Bank and the Borrower.

(b) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

(c) Section 2.01(10) is deleted and the following is substituted therefor:

10. The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

(d) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

(e) Section 2.01(17) is deleted and the following is substituted therefor:

17. The term "dollar" or "dollars" or the sign "$" means dollar or dollars in the currency of the United States of America.

(f) Section 2.01(27) is deleted and the following is substituted therefor:

27. The term "interest charge" means a charge made on the Loan pursuant to Section 3.02, and includes a portion to cover administrative expenses and a portion that does not.

(g) The term "service charge" wherever it appears in the Loan Regulations shall be substituted by the term "interest charge".

(h) Section 4.05 is deleted and Sections 4.06, 4.07 and 4.08 are renumbered as Section 4.05, 4.06 and 4.07, respectively.

(i) Section 5.01(a) is deleted and the following is substituted therefor:

(a) Subject to any conditions or restrictions specified in the Loan Agreement, the Borrower shall be entitled to withdraw from the Loan Account such amounts as shall be required to meet payments for expenditures required for the Program and to be financed under the Loan Agreement.

(j) Section 5.02 is deleted and the following is substituted therefor:

Commitment Letters by the Bank. Upon the Borrower's request, the Bank may issue commitment letters to pay amounts in respect of the cost of goods and services to be financed under the Loan Agreement notwithstanding any subsequent suspension or cancellation.

(k) Section 5.03 is deleted and the following is substituted therefor:

Application for Withdrawal. When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to issue commitment letters pursuant to Section 5.02, the Borrower shall deliver to the Bank an application in such form and containing such statements and agreements as the Bank shall reasonably request.

(l) Section 8.03 is deleted and the following is substituted therefor:

Cancellation by the Bank. If (i) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days, or (ii) at any time the Bank determines, after consultation with the Borrower, that any amount of the Loan will not be required for the purposes of the Program, or (iii) at any time the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement/consultant selection or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, or (iv) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement, or (v) by the date specified in the Loan Agreement as the closing date for withdrawals an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower and the Guarantor, if any, terminate the right of the Borrower to make withdrawals with respect to such amount or contract. Upon the giving of such notice, the amount of the Loan or the relevant portion thereof shall be cancelled.

(m) Section 8.04 is deleted and the following is substituted therefor:

Amounts Subject to Commitment Letters. No cancellation or suspension shall apply to amounts subject to any commitment letter issued by the Bank pursuant to Section 5.02 except as expressly provided in such commitment letter.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Counterpart Funds" means the Dong proceeds generated from the proceeds of the Loan;

(b) "Deposit Account" means the account to be established by the Borrower pursuant to paragraph 4 of Schedule 3 to this Loan Agreement;

(c) "DIV" means the Deposit Insurance of Viet Nam of the Borrower and any successor thereto;

(d) "Dong" means Dong in the currency of the Borrower;

(e) "Eligible Items" means the goods imported under Subprogram I (except those specifically excluded pursuant to Attachment 1 to Schedule 3 to this Loan Agreement), the foreign exchange costs of which are eligible for financing out of the proceeds of the Loan;

(f) "First Tranche" means the portion of the proceeds of the Loan to be initially withdrawn to be withdrawn pursuant to and subject to the provisions of paragraph 5 of Schedule 3 to this Loan Agreement and utilized, in an aggregate amount not exceeding the equivalent of SDR15,154,000;

(g) "MOF" means the Ministry of Finance of the Borrower, and any successor thereto;

(h) "MOJ" means the Ministry of Justice of the Borrower, and any successor thereto;

(i) "MPI" means the Ministry of Planning and Investment of the Borrower, and any successor thereto;

(j) "National Assembly" means the National Assembly of the Borrower and any successor thereto;

(k) "Program Executing Agency" means, for the purposes and within the meaning of the Loan Regulations, SBV, which is responsible for the carrying out of Subprogram I;

(l) "Program Period" means the means the period from 1 October 2002 until 31 March 2004;

(m) "Policy Letter" means the development policy letter dated 24 October 2002 addressed by the Borrower to the Bank and referred to in Recital (A) of this Loan Agreement;

(n) "Policy Matrix" means the policy matrix as agreed between the Borrower and the Bank attached to the Policy Letter which sets forth the actions to be taken by the Borrower under the second financial sector Program;

(o) "SBV" means the State Bank of Viet Nam, and any successor thereto;

(p) "SCERD" means the Steering Committee on Enterprise Reform and Development and any successor thereto;

(q) "Second Tranche" means the balance of the proceeds of the Loan remaining in the loan account after the utilization of the First Tranche, to be withdrawn pursuant to and subject to the provisions of paragraph 6 of Schedule 3 to this Loan Agreement;

(r) "SSC" means the State Securities Commission of the Borrower, and any successor thereto; and

(c) Section 2.01(10) is deleted and the following is substituted therefor:

10. The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

(d) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

(e) Section 2.01(17) is deleted and the following is substituted therefor:

17. The term "dollar" or "dollars" or the sign "$" means dollar or dollars in the currency of the United States of America.

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27. The term "interest charge" means a charge made on the Loan pursuant to Section 3.02, and includes a portion to cover administrative expenses and a portion that does not.

(g) The term "service charge" wherever it appears in the Loan Regulations shall be substituted by the term "interest charge".

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(i) Section 5.01(a) is deleted and the following is substituted therefor:

(a) Subject to any conditions or restrictions specified in the Loan Agreement, the Borrower shall be entitled to withdraw from the Loan Account such amounts as shall be required to meet payments for expenditures required for the Program and to be financed under the Loan Agreement.

(j) Section 5.02 is deleted and the following is substituted therefor:

Commitment Letters by the Bank. Upon the Borrower's request, the Bank may issue commitment letters to pay amounts in respect of the cost of goods and services to be financed under the Loan Agreement notwithstanding any subsequent suspension or cancellation.

(k) Section 5.03 is deleted and the following is substituted therefor:

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