



LEGAL NEWSLETTER

OCTOBER 2025

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Key highlights of the Amended Law on Credit Institutions 2025

The Amended Law on Credit Institutions 2025, effective from October 15, 2025, is considered an important step forward in strengthening the legal framework for credit activities and debt settlement. In this article, TNTP will share with our readers the key provisions of the Amended Law on Credit Institutions 2025, aimed at enhancing the efficiency of recovery and resolution of non-performing loans ("NPLs"), as well as increasing transparency and safety of the financial and banking system.

1. New provisions on the right to seize collateral

One of the most significant highlights of the Amended Law on Credit Institutions 2025 is the first-time recognition in a full and detailed manner of the right of credit institutions, branches of foreign banks and debt trading and resolution organizations ("**Debt Settlement Party**") to seize collateral when handling NPLs. However, in order for this mechanism to be applied correctly and effectively, the law sets out strict conditions regarding the determination of NPLs, the legal status of collateral as well as requirements for transparency in disclosure of information, coordination with state authorities and other regulations. The seizure of collateral must also be conducted in accordance with proper legal procedures, from requesting the securing party to hand over the collateral, to publicizing notices and to the actual seizure with the supervision of local authorities to ensure legality and objectivity.

This matter is highly specialized and directly impacts the practical operations of Debt Settlement Parties. Therefore, TNTP has prepared two separate, detailed articles analyzing this subject, namely: (i) **Conditions for the seizure of collateral under the Amended Law on Credit Institutions 2025** and (ii) **Procedures for seizing collateral under the Amended Law on Credit Institutions 2025**. Please see these two articles for a more comprehensive, practical and in-depth understanding of the right to seize collateral.



Key highlights of the Amended Law on Credit Institutions 2025

2. Additional provisions on the handling of collateral under seizure and the return of collateral used as exhibits in criminal cases

2.1. Seizure of assets of the judgment debtor that are being used as collateral for NPLs

According to the new provision in Article 198b of the Amended Law on Credit Institutions 2025, collateral securing an NPL may only be seized and handled under the Civil Judgment Enforcement Law in the following three cases:

The security contract or other documents (hereinafter collectively referred to as the **"security contract"**) between the Debt Settlement Party and the securing party was signed and took effect after the effective date of the court judgment or decision;

Enforcement of judgments or decisions regarding alimony or compensation for damage to life and health;

Written consent of the Debt Settlement Party.

Thus, unless one of the above three cases applies, enforcement agencies are not permitted to seize or handle assets that are being used as collateral for NPLs.

Previously, there were no specific provisions in the Law on Credit Institutions or the Law on Enforcement of Civil Judgments to restrict the seizure or handling of collateral for NPLs. Accordingly, the new provision in the Amended Law on Credit Institutions 2025 can be seen as a significant step forward, both protecting the right of the Debt Settlement Party to handle collateral and promoting more effective NPL resolution, while enhancing transparency and legal certainty in credit activities.

In addition, Clause 2, Article 3 of the Amended Law on Credit Institutions 2025 provides that in cases where collateral for an NPL has already been seized or handled under Article 90 of the Law on Enforcement of Civil Judgments but has not been fully resolved before October 15, 2025, the provisions of the Law on Enforcement of Civil Judgments shall continue to apply. This may be understood to mean that if a judgment enforcement case is in the process of property seizure before the effective date of the Amended Law on Credit Institutions 2025, but the seized property is collateral for an NPL and does not fall within one of the three cases mentioned above, the credit institution may request the application of the new provision to protect its priority right to handle the collateral. However, the application of this provision may require consideration by competent authorities, especially in cases where a lawful property seizure decision has already been issued under existing law.

Key highlights of the Amended Law on Credit Institutions 2025

2.2. Provision on the return of collateral used as exhibits in criminal case

Before the Amended Law on Credit Institutions 2025 took effect, there were no clear provisions on the return of exhibits in criminal cases that were also collateral securing NPLs. Article 198c of the Amended Law on Credit Institutions 2025 resolves this difficulty and provides greater flexibility in handling such collateral.

Specifically, the criminal procedure authority shall return the exhibits in a criminal case that are collateral securing an NPL when the following conditions are satisfied:

The criminal procedure authority has completed the procedures for identifying evidence and considers that the return of the collateral will not affect the resolution of the case or the enforcement of the criminal judgment;

There is a request for return from the secured party, namely the Debt Settlement Party;

There is an agreement on the seizure of collateral for the NPL in the security contract.

Article 198c of the Amended Law on Credit Institutions 2025 is an important supplementary provision that ensures the secured rights of credit institutions when the collateral is involved as evidence in a criminal case. It creates the conditions for the return of collateral to the secured party if the legal conditions are satisfied, without affecting the handling of the case, thereby supporting the faster, more effective and lawful resolution of NPLs.



Key highlights of the Amended Law on Credit Institutions 2025

3. Amendments and supplements regarding special loans from the State Bank of Vietnam with 0% interest rate

Another important provision of the Amended Law on Credit Institutions 2025 is the granting of authority to the State Bank of Vietnam to approve special loans with an interest rate of 0% for credit institutions in cases stipulated in Clause 1, Article 192 of this Law. This is the sole authority empowered to decide on special loans in situations where a credit institution faces the risk of insolvency, illiquidity or systemic unsafety under Clause 1, Article 192 of the Law on Credit Institutions 2024. These special loans are made pursuant to a special loan decision of the State Bank of Vietnam and accompanied by a special loan agreement executed between the two parties. Depending on the specific circumstances as assessed and decided by the State Bank of Vietnam, such loans may be secured or unsecured.

In addition, Clause 1, Article 3 of the Amended Law on Credit Institutions 2025 provides transitional provisions for special loans from the State Bank of Vietnam to credit institutions that had been approved by the Prime Minister prior to October 15, 2025, specifically as follows:

The parties shall continue to implement the special loan decision/contract that has already taken effect;

The State Bank of Vietnam has the authority to consider loan extension and apply a new interest rate of 0% per year according to regulations issued by the Governor of the State Bank of Vietnam.

This transitional provision ensures continuity and consistency while demonstrating strong support from regulatory authorities for credit institutions in recovery and restructuring phases.

In conclusion, the Amended Law on Credit Institutions 2025 introduces timely adjustments that align closely with practical needs. It also addresses long-standing obstacles in debt settlement while ensuring stakeholder rights. We hope this article provides our readers with a clear and comprehensive overview to help them understand and apply the new provisions of this Law.

Conditions for seizure of collateral under Amended Law on Credit Institutions 2025

The Law amending and supplementing several articles of the Law on Credit Institutions No. 96/2025/QH15 passed by the National Assembly on June 27, 2025 and officially effective from October 15, 2025 (**"the Amended Law on Credit Institutions 2025"**) was issued with the objective of enhancing the safety of the financial system, establishing a clear and transparent legal framework to promote efficient non-performing loan resolution.

One of the most notable contents in the Amended Law on Credit Institutions 2025 is the first-time legalization of the right to seize collateral by credit institutions, branches of foreign banks, and debt trading and resolution organizations. This provision addresses a legal gap that has existed for many years and provides a strong legal basis for credit institutions, branches of foreign banks and debt trading and resolution organizations to accelerate the process of resolving non-performing loans, minimize capital stagnation, and create conditions for the debt trading market to develop. In this article, TNTP will share with our readers the conditions for seizing collateral under the provisions of the Amended Law on Credit Institutions 2025.

1. Authorized parties eligible to seize collateral

According to the provisions of Clause 1, Article 198a of the Amended Law on Credit Institutions 2025, entities with the right to seize collateral include: credit institutions, branches of foreign banks, and debt trading and resolution organizations, hereinafter collectively referred to as the **"Debt Settlement Party"** or entities legally authorized by the Debt Settlement Party. In which debt trading and resolution organizations are defined as organizations in which the State owns 100% of the charter capital with the function of buying, selling, and resolving debts as stipulated in Clause 4, Article 2 of the Law on Credit Institutions 2024.

Clause 6 of Article 198a of the Amended Law on Credit Institutions 2025 also specifically regulates entities permitted to be authorized to seize collateral as follows:

1. Credit institutions may only authorize their asset management and exploitation companies to seize collateral;
2. Debt trading and settlement organizations may only authorize the selling credit institutions or the asset management and exploitation companies of such selling credit institutions to seize collateral;
3. Compulsorily transferred credit institutions may authorize the credit institutions receiving compulsory transfer or the asset management and exploitation company of the credit institutions receiving compulsory transfer to seize collateral.

Conditions for seizure of collateral under Amended Law on Credit Institutions 2025

2. Right to seize collateral of a non-performing loan

According to Clause 1, Article 198a of the Amended Law on Credit Institutions 2025, in cases where the securing party or the person holding the collateral of a non-performing loan does not hand over the collateral and related legal documents to the Debt Settlement Party for handling according to the agreement in the security contract or in another document ("**security contract**") and provisions of the law on securing the performance of obligations, the Debt Settlement Party has the right to seize the collateral in accordance with Article 198a.

The Law on Credit Institutions does not provide a definition of non-performing loan; however, according to Clause 5, Article 3 of Circular 31/2024/TT-NHNN, "non-performing loan" ("**NPL**") refers to debts in groups 3, 4 and 5 as stipulated in points c, d and e of Clause 1, Article 10 of Circular 31/2024/TT-NHNN and still being recorded in the balance sheet of the Debt Settlement Party.

According to Clause 1, Article 198a of the Amended Law on Credit Institutions 2025, the right to seize collateral only arises for the NPL. This means that if a debt has not been classified as a NPL according to Circular 31/2024/TT-NHNN, the Debt Settlement Party does not have the right to seize collateral under Article 198a. The handling of collateral in this case must follow conventional methods such as: handling according to agreement, filing a lawsuit in court or executing a judgment if there is a legally effective judgment/decision. In other words, Article 198a does not apply to regular debts, but only applies in the special context of NPL resolution as a special mechanism to help Debt Settlement Parties quickly and definitively resolve difficult-to-collect debts to protect the financial system.

In summary, the right to seize collateral of NPLs only arises when the Debt Settlement Party has grounds to determine that the securing party's debt is a NPL and the Debt Settlement Party has requested the securing party to hand over the collateral for handling but the obligor fails to cooperate.



Conditions for seizure of collateral under Amended Law on Credit Institutions 2025

3. Conditions for exercising the right to seize collateral of NPLs

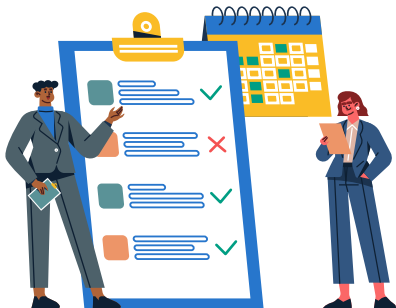
Based on Clause 2, Article 198a of the Amended Law on Credit Institutions 2025, the Debt Settlement Party has the right to seize collateral of NPLs when simultaneously meeting the following conditions:

1. There are grounds for handling collateral according to Article 299 of the Civil Code 2015.
2. The security contract contains an agreement that the securing party consents to the secured party having the right to seize collateral of NPLs when circumstances arise for handling collateral according to the law on securing the performance of obligations.

According to current regulations, the Debt Settlement Party only has the right to seize collateral if there is a written agreement with the securing party regarding the right of seizure. This means that even if the collateral of a NPL meets all conditions for handling according to the agreement or law, it cannot be seized if there is no prior agreement on asset seizure.

3. The security measure has taken effect against third parties according to the law on securing the performance of obligations.

Based on the provisions of Article 297 of the Civil Code 2015 and Article 23 of Decree 21/2021/ND-CP, a security measure takes effect against third parties from the time of registration of the security measure or when the secured party holds or possesses the collateral.



Conditions for seizure of collateral under Amended Law on Credit Institutions 2025

4. The collateral is not a disputed asset in a case that has been accepted but not yet resolved or is being resolved by a competent court; is not subject to temporary emergency measures applied by the court; is not being distrained or subject to enforcement security measures according to law; does not fall under cases of temporary suspension of handling under bankruptcy law.

If the collateral falls under one of the above cases, legal priority belongs to the court or enforcement agency. These regulations serve to protect legal order and ensure fairness among various entities with interests related to the same asset. Allowing the Debt Settlement Party to seize collateral in these cases could cause conflicts of interest with other parties having legitimate disputes, obstruct judicial proceedings and enforcement activities of state agencies and affect the rights of other creditors, especially in bankruptcy cases.

5. The collateral to be seized must meet the conditions stipulated by the Government.

6. The Debt Settlement Party has fulfilled the obligation of information disclosure as stipulated in Clauses 3 and 4 of Article 198a of the Amended Law on Credit Institutions 2025.

In this article, TNTP has summarized the general contents related to the right to seize collateral. TNTP will continue to share detailed guidance on the procedures for seizing collateral as regulated under the Amended Law on Credit Institutions 2025 in the next article. We hope these updates will assist individuals, businesses and relevant organizations in timely understanding and adapting to the upcoming legal changes.

Procedures for seizing collateral under the Amended Law on Credit Institutions 2025

Under the Amended Law on Credit Institutions 2025, the seizure of collateral is one of the key tools enabling credit institutions, branches of foreign banks and debt trading and resolution organizations (**"the Debt Settlement Party"**) to expedite capital recovery, minimize credit risk and ensure the safety of the financial system. Through this article, TNTP will analyze issues relating to the procedures for seizing collateral for non-performing loans (**"NPLs"**) under the new provisions, helping credit institutions, debt management companies and other relevant parties clearly understand and correctly implement the law, thereby limiting disputes and complaints.

Pursuant to Clause 7, Article 198a of the Amended Law on Credit Institutions 2025, the Debt Settlement Party must formulate and promulgate internal regulations on the procedures for seizing collateral, including provisions on the delegation of collateral seizure as stipulated in Clause 6 of this Article. Currently, the law does not provide specific provisions on the procedures for seizing collateral, however, based on existing regulations, TNTP can outline the basic implementation steps as follows:

1. Verify the classification status of the debt

Under the Amended Law on Credit Institutions 2025, the right to seize collateral applies only to collateral securing NPLs. Therefore, the first step the Debt Settlement Party must take is to review, cross-check and determine whether the debt has been classified as an NPL in accordance with current legal provisions. Proving the status of "NPL" requires complete records and documents, including the debt classification minutes, the classification decision of the head office or the risk appraisal committee, together with accounting books showing that the debt is recorded as an NPL. These are important pieces of evidence to support the seizure process and to safeguard the legality of the asset disposal. If the debt has not been classified as an NPL, the provisions of Article 198a will not apply. In such cases, the Debt Settlement Party must resort to other measures such as negotiation, litigation or enforcement proceedings to recover the debt.



Procedures for seizing collateral under the Amended Law on Credit Institutions 2025

2. Procedures for seizing collateral under the Amended Law on Credit Institutions 2025

Before disposing of collateral, pursuant to Articles 299, 300 and 301 of the Civil Code 2015, the Debt Settlement Party must send a written request to the securing party (or the person currently holding the asset) to deliver the collateral and relevant documents in accordance with the security agreement or another document (hereinafter collectively referred to as the **"security contract"**). This step is a practical and legal requirement to demonstrate that a valid request has been made before seizure. If the securing party cooperates, subsequent steps shall follow the security contract and the law. If the securing party fails to cooperate, this request dossier will serve as evidence to establish that the Debt Settlement Party's right to seize the collateral has arisen under Article 198a.

3. Verify the conditions for the parties to have the right to seize collateral

It is necessary to verify the condition of the party because the law grants the right to seize collateral only to a limited group of entities, primarily credit institutions, branches of foreign banks and debt trading and resolution organizations or legally authorized parties. Other individuals or organizations outside this group, even if they have a right to collect debts, are not permitted to apply the seizure mechanism under Article 198a of the Amended Law on Credit Institutions 2025. Therefore, before carrying out the seizure, the Debt Settlement Party must clearly determine whether it has the legal standing to seize collateral under the law. This verification includes: reviewing the entity's legal documents, reviewing the security contract to confirm that the right of seizure has been agreed upon, cross-checking documents proving the right to dispose of the asset, confirming the debt classification status and other related work (if necessary).



Procedures for seizing collateral under the Amended Law on Credit Institutions 2025

4. Verify the legal status of the collateral

The 2025 Amendments to the Law on Credit Institutions stipulate that one of the conditions for seizing collateral securing an NPL is that such collateral is not the subject of a dispute in a case accepted but not yet resolved or pending resolution by a competent court; is not subject to interim urgent measures by a court; is not seized or subject to enforcement security measures under the law and is not subject to a suspension of disposal under the bankruptcy law. Therefore, before seizure, the Debt Settlement Party must verify the status of the collateral by requesting confirmation from the court, enforcement agency or other competent authorities that the collateral is not in one of the above situations. If the collateral is involved in disputes, seizure, interim measures or bankruptcy proceedings, the seizure must be postponed until such procedures are resolved.

5. Publicize information on the collateral seizure

Before seizing collateral, the Debt Settlement Party must publicize information in accordance with Clauses 3 and 4, Article 198a. The forms of publicizing information include: (i) posting information on the Debt Settlement Party's website; (ii) sending written notice to the commune-level People's Committee and commune-level police where the collateral is located; (iii) posting the notice at the office of the commune-level People's Committee where the securing party's address is registered under the security contract and at the commune-level People's Committee where the collateral is located and (iv) notifying the securing party and the person holding the collateral in the manner agreed in the security contract.

For real estate, the Debt Settlement Party must publicize information by all four forms above no later than 15 (fifteen) days before the seizure date. For movable property, the Debt Settlement Party only needs to carry out three forms of notification (i), (ii) and (iv) without posting the notice at the commune-level People's Committee.

Publicizing ensures transparency and allows the securing party or third parties to be informed and respond in accordance with the law. Therefore, the Debt Settlement Party should establish internal procedures for publicizing information, including: notice forms; posting locations; minimum time limits for responses and scenarios for responses from the securing party (negotiation, mediation, litigation). In addition, the Debt Settlement Party must retain full documentation and evidence of publicizing in compliance with the law, such as postal receipts for sending notices, confirmation of website posting and photographs of posted notices at offices or related locations. Retaining these documents not only demonstrates the legality and transparency of the seizure process in case of disputes or complaints but also serves as a basis for authorities, courts or other parties to confirm that the Debt Settlement Party has fully complied with legal obligations before proceeding with seizure.

Procedures for seizing collateral under the Amended Law on Credit Institutions 2025

6. Authorizing the seizure of collateral (if any)

Authorization for seizure is limited to certain entities under Clause 6, Article 198a of the Amended Law on Credit Institutions 2025. This provision aims to avoid widespread authorization to units lacking capacity or having improper purposes. When authorizing, the Debt Settlement Party must have a clear power of attorney/authorization contract and prepare sufficient documents proving the capability of the authorized entity and the supervision process.

The Debt Settlement Party should develop and promulgate internal regulations on the procedures for authorization applicable to entities that meet statutory conditions. The authorization contract should specify the scope of authorization, rights and obligations upon receiving authorization, commitments to comply with the law and penalties for breaches of the authorization agreement.

7. Seizing the collateral

Once all the above conditions are satisfied, the Debt Settlement Party may proceed with the seizure according to the previously publicized information. The Debt Settlement Party organizes a lawful seizure team and prepares a seizure record. The record must state: the time, location, collateral, quantity, condition, delivery and receipt documents, the delivering party, the receiving party, witnesses and other relevant details.

Pursuant to Clause 5, Article 198a of the Amended Law on Credit Institutions 2025, the commune-level People's Committee and commune-level police shall ensure security, order and social safety during the seizure. If the securing party fails to cooperate or is absent at the seizure time as notified by the Debt Settlement Party, a representative of the commune-level People's Committee where the seizure takes place must witness and sign the seizure record. This provision ensures confirmation by local authorities of the legality of the Debt Settlement Party's seizure and limits the possibility of abuse or excessive measures due to on-site state supervision.

In addition, the Amended Law on Credit Institutions 2025 provides that the Debt Settlement Party or the authorized organization seizing the debt must not use any measures that violate the law or contravene social ethics during the seizure process.

In the collateral seizure stage, the Debt Settlement Party may still face various difficulties and risks, even when all conditions are met and procedures are followed. In practice, risks often arise from the securing party or third parties resisting or obstructing the seizure process; the collateral being damaged, lost or dissipated before seizure or new legal disputes arising, interrupting the disposal process. Regarding these issues, please read the next article of TNTP for more detailed information.

In this article, TNTP has analyzed and presented an overview of the provisions on the procedures for seizing collateral under the Amended Law on Credit Institutions 2025. We hope this article will help our readers, particularly credit institutions and related individuals, clearly understand the new legal provisions, thereby proactively applying them correctly and minimizing legal risks in practice.

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