

# V. PERSONAL LOAN BOND

## General Terms and Conditions

### Article 1 (Formation of Bond Contract)

① A bond contract shall be formed with a prospective bond principal's application for bond and a guarantee insurance company's acceptance thereof (the term "bond contract" shall be hereinafter referred to as the "Contract," "bond principal" as the "Principal", and "guarantee insurance company" as the "Company").

② Any application and acceptance of the Contract shall be made in writing. The Company accepts the Application for bond from the prospective Principal by issuing the Bond to the prospective Principal.

③ The Company may, after receiving an Application for bond, reject the application or request the prospective Principal to furnish appropriate collateral and/or guarantee after examining the details of liabilities guaranteed by the Company, status of the prospective Principal's assets, his/her performance ability, credit rating, etc. (underwriting of the contract).

④ If, prior to acceptance by the Company, the prospective Principal has deposited any money with the Company in an amount equivalent to a premium, the prospective Principal shall pay the deposited amount as the premium when the Company accepts the Application for bond, thereby executing the Contract. If the Company rejects an Application for bond, it shall give a rejection notice and return, to the applicant, the amount of money deposited with the Company.

⑤ If a contract already formed is extended or amended, the Company may state such extension or amendment on the Bond instead of issuing another Bond.

### Article 2 (Duty to Deliver Terms and Conditions and Duty to Explain, etc.)

① Upon receipt of an Application for bond from a prospective Principal, the Company shall deliver to him/her Terms and Conditions, and an Application for his/her keeping (a duplicate of the Application for bond) and explain important terms of the Terms and Conditions: Provided, that the Company may make such delivery and explanation in any of the following manners in the case of a bond contract made by communication media, such as telephone, mail, computer, etc., subject to the consent of the prospective Principal:

1. Delivering the Terms and Conditions or an application for the prospective Principal's keeping (a duplicate of the Application for bond) by an optical recording medium, an electronic mail, or any other electronic means. In such cases, the prospective Principal shall be deemed to have received the Terms and Conditions or the application for the prospective Principal's keeping (a duplicate of the Application for bond), when such documents have been delivered to the prospective Principal himself/herself or his/her representative;

2. Posting on a cyber-mall, which is a virtual sales counter established for bond transactions through a computer system, or providing via the electronic data interchange system built between the Company and the Beneficiary (hereinafter referred to as "EDI system") the Terms

and Conditions and commentaries thereof (documents that explain important terms of the Terms and Conditions for the prospective Principal's understanding) for the Principal to read or download. In such cases, it shall be deemed that the Terms and Conditions have been delivered and the important terms of the Terms and Conditions have been explained to the prospective Principal, if the prospective Principal confirms that he/she has read or downloaded such documents;

3. Asking questions about, or explaining by telephone matters necessary for concluding the Contract, such as the details of the Application for bond, the payment of premium, the bond period, the duty to notify before the execution of the Contract, and the important terms of the Terms and Conditions. In such cases, it shall be deemed that the important terms of the Terms and Conditions have been explained, if the prospective Principal's answers and confirmations have been recorded by a sound recording system.

② An Application for bond submitted by the prospective Principal and the Terms and Conditions furnished to the Principal by the Company in accordance with paragraph ① shall form a part of the Contract.

③ The Company shall, if requested by the Principal, issue the Terms and Conditions or the Bond under paragraph ① to the Beneficiary.

### **Article 3 (Commencement of Coverage by the Company)**

① The Company shall be deemed to have accepted an Application of bond on a date specified in the Bond issued by the Company to the Principal.

② The Company shall provide coverage to the Principal as stipulated in these Terms and Conditions from the time when the former accepts the Application for bond and receives premium.

### **Article 4 (Withdrawal of Application)**

Prior to the Company's acceptance of an application of bond, the prospective Principal may withdraw his/her Application for bond, upon receipt of such withdrawal by the Company, the Company shall return any money deposited by the Principal with the Company back to the Principal without interest.

### **Article 5 (Amendment of Terms and Conditions of Contract, etc.)**

① A Principal may amend the following terms and conditions of the Contract with the written approval of the Company and the written consent of the Beneficiary. In such event, the approval on the amendment of the terms and conditions shall be separately notified in writing by the Company or by way of recording on the back of the Bond:

1. The bond period;
2. Other contents of the Contract, including the Principal, the Beneficiary, and the bond amount.

② If a Principal intends to reduce the bond amount under subparagraph 2 of paragraph ① with the written consent of the Beneficiary, the Company shall deem the reduced portion of the Contract as terminated, and if there are any premiums to be returned to the Principal as a result of such reduction,

the Company shall return such premium to the Principal as specified in Article 15 (Refund of Premium).

#### **Article 6 (Loss Covered)**

The Company shall, pursuant to the terms of the Bond and these Terms and Conditions, indemnify the Beneficiary for any losses incurred due to the Principal's failure to perform its obligations (only the obligations whose due date falls within the Bond Period) under the Loan Contract specified in the Bond (hereinafter referred to as "the Underlying Contract").

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<Definition> "Loan Contract" means a contract(s), regardless of the name, that agrees on the Beneficiary, the Obligee, transferring (loaning, lending, etc.) cash to the Principal, Obligor, and the Principal returning in cash when the time to return comes.

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#### **Article 7 (Payment of Indemnity Proceeds)**

① The loss that the Company shall be liable to indemnify (hereinafter referred to as "Indemnifiable Loss") is the uncollected amount as at the due date specified in the Underlying Contract. However, in case there are other provisions in the Underlying Contract relating to the Principal's failure to perform the obligation, such as acceleration of payment and/or indemnification of any loss incurred as a result of the delayed payment, such provisions shall prevail.

② Within the bond amount, the Company shall pay the indemnity proceeds as follows:

- Indemnifiable Loss × Percentage of Cover

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<Definition> "Percentage of Cover" means such percentage of the loss for which the Beneficiary is entitled to indemnification where a loss event occurs.

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③ The details of the Indemnifiable Loss and the indemnity proceeds could be specified in the Comprehensive Agreement executed under Article 9 (Execution of Comprehensive Agreement).

#### **Article 8 (Loss Not Covered)**

The Company shall not indemnify any loss resulting from any of the following causes:

1. Any causes for which the Beneficiary (and if the Beneficiary is a corporation, then including its directors or any institutions that execute its business) or their legal representatives are liable;
2. Non-performance of obligation due to war, revolution, civil war, incident, terrorism, riot, commotion, or any other accident similar thereto;
3. Non-performance of obligation due to an act of God such as earthquake, eruption, flood, tidal wave, or any other natural calamity similar thereto.
4. Radioactivity, explosiveness or other hazardous characteristics of nuclear fuels (including used fuels; hereinafter the same shall apply) or materials polluted by nuclear fuels (including a fission product), or any accident caused by these characteristics that keep the Principal from performing any of his/her obligations.

## **Article 9 (Execution of Comprehensive Agreement)**

① For the purpose of efficient implementation of this contract, the Company and the Beneficiary may execute and implement a comprehensive agreement which provides for the qualifications of the Principal, settlement method of premium, notice obligations, apportionment of damages, loss event, method of transfer of rights, maintenance of such comprehensive agreement, penalties for breach thereof, etc.

② The Company will not indemnify any loss caused by or aggravated as a result of a breach by the Beneficiary of any provision stipulated in the comprehensive agreement described in ① above.

## **Article 10 (Currency and Exchange Rate)**

① The currency of the Contract shall be the currency specified in the Bond; Provided, that, unless the Vietnam laws permit the Principal to remit to the Beneficiary in a foreign currency (for instance, among others, where overseas remittance is necessary for the implementation of an international bidding package, and, for bidding in oil and gas industry), the currency of the Contract shall be Vietnamese Dong.

② If the currency of the Contract is a foreign currency due to the circumstances under paragraph ① of Article 10 above, and the Principal seeks to determine the amount of debt obligation in Vietnamese Dong and the Beneficiary seeks to receive indemnity proceeds in Vietnamese Dong, the first selling (offer) rate announced (quoted) by the primary bank of Seoul Guarantee Insurance Hanoi branch on the day of payment of the indemnity proceeds shall be applied as the exchange rate.

③ If the currency of the Contract is a foreign currency due to the circumstances under paragraph ① of Article 10 above, and the Principal seeks to pay and refund the premium in Vietnamese Dong, the following exchange rate shall apply;

1. Receipt of Premium: the first selling (offer) rate announced (quoted) by the primary bank of Seoul Guarantee Insurance Hanoi branch on the day of payment of the premium (for cases involving installment payments of premium, the day of payment of each such installment, and for cases involving an amendment of the Contract, the day of payment of any additional premium, as applicable).

2. Refund of Premium: the first selling (offer) rate announced (quoted) by the primary bank of Seoul Guarantee Insurance Hanoi branch on the day of refund of the premium, and such rate shall be applied against the amount calculated by deducting the earned portion of the premium from the original premium in the foreign currency.

④ If there is no exchange rate announced on any of the days in paragraph ①, paragraph ②, or paragraph ③, the closing exchange rate of the day immediately preceding the day of receipt or refund, as applicable, shall be applied, and if there is no exchange rate announced for a foreign currency or it is difficult to apply any exchange rate at all, the Company may use a different foreign currency for purposes of currency conversion, or apply any other exchange rate as determined by the Company at its discretion.

## **Article 11 (Duty to Notify before Execution of Contract)**

At the time of filing the application, a Principal or his/her representative shall notify facts requested on the application form (including questionnaires) to the best of his/her knowledge.

#### **Article 12 (Duty to Notify after Execution of Contract)**

① If any of the following events occurs after the Contract is made, the Principal and/or the Beneficiary shall promptly notify the Company in writing;

1. When he/she intends to modify any matter stated in the Application for bond or realizes that any modification therein has occurred;
2. Change of the Principal;
3. Change of the Beneficiary;
4. Matters that may have an important effect on the duty of the Company to pay indemnity proceeds, such as the amount of coverage, term, etc. under the Underlying Contract.

② Upon receipt of the notification of any change by the Principal or the Beneficiary under paragraph ①, the Company shall decide whether to approve such change within one month, and accordingly may require an additional premium or return the premium already received.

③ The Principal and/or the Beneficiary shall bear all the loss that occurs as a result of neglecting the notification required under paragraph ①.

④ If the Principal has changed his/her address or contact information, he/she shall promptly notify the Company thereof: Provided, that if the Principal fails to give such notice, written notice given by the Company to the Principal to his/her most recent address or contact information notified to the Company shall be deemed delivered to the Principal at the lapse of the period ordinarily required for delivery.

#### **Article 13 (Termination of Contract)**

A Principal may, with the written consent of the Beneficiary, terminate the contract at any time before any loss is incurred.

#### **Article 14 (Annulment of Contract)**

The Contract shall be null and void if a loss event has already occurred before the contract is entered into.

#### **Article 15 (Refund of Premium)**

① The Company shall refund the premium if any of the following events occurs in relation to the Contract:

1. The Contract becomes invalid;
2. The Principal terminates the Contract prior to the occurrence of loss, by either obtaining consent from the Beneficiary, or by proving that the Company's obligations have been extinguished;

3. The Underlying Contract is not entered into, even though the Principal received the bond issued by the Company.

② The Principal shall submit the Bond and documents showing the reason for refund specified in paragraph ① above at the time of making the claim for refund of the premium; provided, that in case the circumstances of the Beneficiary make it difficult to submit the Bond, the Principal is exempted from submitting the Bond.

③ The amount of premium that the Company shall refund is calculated by subtracting the earned premium (or, in case the minimum premium is higher than the earned premium, the minimum premium) from the premium received. Provided, that in the case of subparagraph 3 of paragraph ① above, the minimum premium shall be subtracted.

④ The earned premium specified in paragraph ③ shall be calculated as below:

1. In case the Contract is terminated because the Principal's obligations specified in the Underlying Contract are extinguished: calculated on the prorated daily basis, from the commencement date of the Bond period to the date of extinguishment of the Principal's obligations;

2. When the Contract is terminated for other reasons or the Contract becomes invalid: calculated on the prorated daily basis, from the commencement date of the Bond period to the date of receipt of application documents for refund of premium.

⑤ In case any loss is incurred, the premium shall not be refundable.

#### **Article 16 (Transfer)**

No transfer of subject matter covered by the Contract shall be binding on the Company without written consent of the Company, and where the Company grants written consent, the rights and duties arising from the Contract shall be deemed to have been transferred together.

#### **Article 17 (Transfer or Collateral Provision of Right to Claim)**

The Beneficiary's right to claim payment under the Contract, shall not be transferred to, or provided as a collateral to a third party without the prior written consent of the Company.

#### **Article 18 (Notification and Assessment of Damage)**

① If the Principal and/or the Beneficiary discovers that a loss event has occurred, he/she shall promptly notify the Company of such a fact and cooperate in the Company's assessment of the damage upon its request.

② If the Beneficiary neglects to give notice or fails to cooperate in the assessment of loss under paragraph ① without a justifiable ground and consequently the loss is aggravated, the Company shall provide no compensation for such an aggravated loss.

#### **Article 19 (Duty to Prevent and Mitigate Loss)**

① If any loss event occurs, the Principal and/or the Beneficiary shall endeavor to prevent and mitigate the loss.

② If the Beneficiary has neglected to perform his/her duty under paragraph ① intentionally or by gross negligence, the loss that could otherwise have been avoided or reduced shall be deducted from the amount of indemnity proceeds.

③ The necessary and beneficial amount that is expended by the Beneficiary with the consent of the Company to prevent or mitigate the loss under paragraph ① shall be indemnified by the Company even in the case of exceeding the bond amount.

#### **Article 20 (Claim for Indemnity Proceeds)**

① When the Beneficiary claims for payment of indemnity proceeds, the Beneficiary shall submit to the Company the following documents:

1. A written claim for payment;
2. Document(s) identifying the Beneficiary;
3. The Bond or a copy thereof;
4. Documents specifying the loss;
5. Other documents required by the Company

② If the Beneficiary transfers documents required for a claim via EDI system or via such other methods, the Company shall deem that the Beneficiary has submitted such documents in accordance with subparagraph 1 through 3 of paragraph ①.

③ Upon receipt of a claim to pay indemnity proceeds under paragraph ①, the Company shall immediately decide the amount of indemnity proceeds to be paid, and pay such amount within fifteen days from the date when the indemnity proceeds payable are determined.

④ If the Company fails to pay indemnity proceeds within fifteen days after the amount of the indemnity proceeds payable under paragraph ③ is determined, it shall pay the interest on the late paid amount at the basic interest rate set by the State Bank of Vietnam at the time of payment, for the period from the date from which the payment is delayed until the date on which the indemnity proceeds are paid, provided however that, if any specific provisions are made on the Bond as may be requested by the Beneficiary or the Principal, then the parties shall act in accordance with such provisions.

#### **Article 21 (Time Limit)**

The time limit for requesting indemnity proceeds is one year from the occurrence of a loss event.

#### **Article 22 (Right to Indemnity and Subrogation)**

① If the Company pays indemnity proceeds (including by way of payments made in kind) to the Beneficiary in the absence of any agreement to the contrary, the Company shall have the right to

claim indemnity against the Principal, and to the extent the Beneficiary's interest is not adversely affected, shall be subrogated to any rights of claim that the Beneficiary may have against the Principal.

② If the Principal delays the repayment of any obligation arising under Paragraph ①, the Principal shall be liable for any loss incurred as a result of the delay as well as the following expenses:

1. Expenses incurred for the preservation, transfer and exercise of indemnity claims or subrogated claims;
2. Expenses incurred for the inspection, collection and disposal of collateral;
3. Litigation expenses, legal expenses incurred for the preservation of claim execution (including revocation), exercise of claim, and expenses for the inquiry on the Principal's properties;
4. Other expenses to be borne by the Principal in accordance with law and under any agreements.

③ The amount of loss incurred due to delay under paragraph ② shall be calculated by multiplying the amount of indemnity proceeds paid by the Company by the interest rate that is equal to 150% of the applicable interest rate of Underlying Contract, for the entire period from the day following the payment of indemnity proceeds by the Company to the day all outstanding obligations are repaid in full.

#### **Article 23 (Order of Appropriation of Repayment, etc.)**

① If an amount repaid by the Principal or an amount collected by the Company through the exercise of security rights, setoff or the collection of claims is insufficient to repay the full amount of the Principal's debts, the repayment shall be applied in the order of the expenses, indemnity proceeds (the principal), and interest.

② If more than one debt is to be repaid and the amount collected is insufficient to repay the full amount of the debts, the related laws and regulations shall apply with respect to the amount collected through compulsory execution, the exercise of security rights, etc.

③ If more than one debt is to be repaid and paragraph ② above is not applicable, the repayment shall be applied according to the order designated by the Principal: Provided, that where it might impede the preservation of claims by the Company, the Company may immediately make an objection and change the debt appropriation order taking into consideration whether any security in kind or guarantee is in place, the order in which the claims to any debts will be limited by a statute of limitation, etc.

#### **Article 24 (Disposal of Collateral)**

In the event the Company pays indemnity proceeds, collateral furnished by the collateral provider shall be disposed of in accordance with applicable legal procedures and the contract creating the collateral rights. However, the Company may dispose of any collateral by such method, time and price as the Company deems appropriate, provided that there is a price quoted for the collateral in an established exchange or otherwise the Company expects to receive advantageous terms of disposal,



and the Company can apply the net balance after deducting any expenses related to the disposal from the proceeds of disposal in satisfaction of any outstanding debts.

**Article 25 (Governing Law and Dispute Resolutions)**

These Terms and Conditions shall be governed by and construed in accordance with the laws of Vietnam, and any dispute arising out of or in connection with such Terms and Conditions shall be submitted to and finally settled by the competent People's court located in Hanoi city.