



**SUBMISSION OF THE BOARD OF DIRECTORS OF THE MILITARY
COMMERCIAL JOINT STOCK BANK**

**For the approval of the plan to increase the charter capital and distribution of treasury
stock plan**

Attention to: General Meeting of Shareholders of the Military Commercial
Joint Stock Bank

Pursuant to Law on Enterprises No. 68/2014/QH13 and guidance of implementation;

Pursuant to Law on Credit Institutions No. 47/2010/QH12; No. 17/2017/QH14 on
amending and supplementing a number of articles of Law on Credit Institutions, and guidance
of implementation;

Pursuant to Law on Securities No. 70/2006/QH11 dated 29/06/2006; No. 62/2010/QH12
dated 24/11/2010 by National Assembly on amending and supplementing a number of articles
of Law on Securities and guidance of implementation;

Pursuant to Charter of Military Commercial Joint Stock Bank;

Pursuant to relevant laws and regulations and Military Commercial Joint Stock Bank
regulations;

Based on actual operating requirement of Military Commercial Joint Stock Bank;

**The Board of Directors of Military Commercial Joint Stock Bank (MB) reports on
the result of increasing charter capital according to the MB Resolution of the General
Meeting of Shareholders in 2019 and respectfully submits to the General Meeting of
Shareholders for the perusal and approval of the plan to increase the charter capital from
VND 24,370,428,610,000 to the expected VND 27,987,568,720,000 and distribution of
treasury stock plan as follows:**

I. THE NECESSITY TO INCREASE CHARTER CAPITAL

The increase of MB charter capital is necessary and is of great significance to improve
financial capacity, operations and competitive advantage of MB. Such as:

- Comply and meet standard criteria to ensure safety and security in banking activities and
improve risk management capacity in banking operations;
- Enhance MB's capacity and Develop MB network expansion capacity; Provide
supplementary capital for profitable investment in other activities;
- Preserve and develop the charter capital in accordance with the law.

II. PLAN TO INCREASE CHARTER CAPITAL

1. The size of charter capital increase

- The charter capital as of December 31, 2019 was VND: **23,727,322,800,000** (In words: *Twenty three thousand seven hundred twenty seven billion three hundred twenty two million eight hundred thousand dong*);
- The charter capital increase in Q1/2020 was VND: **643,105,810,000** (In words: *Six hundred forty three billion one hundred and five million dong eight hundred and ten thousand dong*) through the private placement of 21,436,860 treasury shares and private issuance of 64,310,581 common shares to foreign investors according the capital raising plan approved by the General Meeting of Shareholders in 2019.
- The current charter capital is VND **24,370,428,610,000** (In words: *Twenty four thousand three hundred seventy billion four hundred twenty eight million six hundred ten thousand dong*), in details:
 - + Number of common shares issued: **2,437,042,861** shares;
 - + Number of common shares in circulation: **2,411,426,741** shares;
 - + Number of treasury shares: **25,616,120** shares.
- The charter capital is expected to increase by VND **3,617,140,110,000** (In words: *Three thousand six hundred seventeenth billion, one hundred forty million, one hundred and ten thousand Vietnamese Dong*).
- The expected charter capital after completing the increase of charter capital in 2020 is: VND **27,987,568,720,000** (In words: *Twenty seven thousand, nine hundred eighty seven billion, five hundred sixty eight million, seven hundred twenty thousand Vietnamese Dong*);

2. The plan to increase charter capital

The expected charter capital increase from VND 24,370,428,610,000 to the expected VND 27,987,568,720,000 through plan as details below:

Increase through issuance of shares for dividend payment, equivalent to 15% of total ordinary shares outstanding of MB (expected to increase by VND 3,617,140,110,000), as details:

- + **Issuance subjects:** shareholders named in the List of shareholders will receive dividend rights by common shares in accordance with the law. The Board of Directors decides the date of closing the List of shareholders to exercise the right to receive share dividends based on maintaining the interest of MB and shareholders.
- + **Number of shares issued:** 15% total common shares outstanding of MB (expected to 361,714,011 ordinary shares) with face value is VND 10,000 per share; in which total ordinary outstanding shares is determined at closing time of the List of shareholders having rights to receive share dividends.
- + **The total face value issued:** equal to 15% total ordinary outstanding shares of MB multiply (x) by VND 10,000 (expected to be VND 3,617,140,110,000)

+ **Dividend-paying source:** Dividends is taken from MB's profit after taxes of FY 2019 after making appropriation in accordance with the laws, in which:

Audited consolidated profit after tax of MB in 2019: VND 8,068,601,378,488;

Audited separated profit after tax of MB in 2019: VND 7,496,779,970,773;

Paying share dividends through issuance equivalent to 15% total common outstanding shares is taken from the net profit after tax of MB in 2019 (approximately to expected VND 3,617,140,110,000).

- **Lock-up period:** There's no restriction on shareholders transferring their shares.
- **Time for implementation:** Expected in Q3 to Q4 of 2020. The specific implementation time will be decided by the Board of Directors based on the license/approval of the State authorities and suitable with the market conditions.

3. Expected time for issuance

The expected time for MB to issue new shares for increasing charter capital in 2020 is implemented in the Section 2; the specific time shall be decided by the Board of Directors in accordance with approval/license of the State authorities, issuing conditions and capital use demand of MB.

4. The time limit for completing the increase of charter capital

The time limit for completing the increase of the charter capital shall comply with the provisions in the license/ approval of the State authorities.

5. Information disclosure

MB discloses the information about the plan to increase charter capital, and the issuance of shares in accordance with the law and guidance of the State authorities (if any).

6. Principles of handling odd shares

The number of shares issued according to the distribution of rights to each shareholder is calculated by the integer, the decimal fraction will not be rounded up to 1 share. The handling of odd shares (if any) will be decided by the Board of Director, including but not limited to the transfer to the Labor Union of the Military Commercial Joint Stock Bank.

III. PLAN FOR CAPITAL USE

Charter capital expected to increase (equivalent to 3,617,140,110,000, *In words: Three thousand six hundred seventeenth billion, one hundred forty million, one hundred and ten thousand Vietnamese Dong*), continues to be used for MB business on the basis of efficiency and safety principle, and contributes to MB shareholders' interests, with details as follows:

Enhance capabilities: investing to strategic projects, especially in technologies and infrastructure upgrades, the headquarters and other necessary equipment for stable operations and business development of bank: VND 3,617,140,110,000 billion.

IV. PLAN OF TREASURY STOCK DISTRIBUTION

1. The total remaining treasury shares before the General Meeting of Shareholders of MB in 2020 is 25,616,120 shares, in which:

Total treasury shares are repurchased by MB in 2019: 47,052,980 shares;

Total treasury shares sold in Quarter 1 of 2020: 21,436,860 shares.

2. Implementation

25,616,120 treasury shares over total outstanding shares shall be distributed to existing shareholders.

+ **Type of shares: Common shares.**

+ **Number of shares is distributed: 25,616,120 treasury shares.**

+ **Distribution objectives:** shareholders named in the list of shareholder at the closing date will receive dividend rights by treasury shares in accordance with law. The Board of Directors will decide the date of closing the List of shareholders to exercise the right to receive treasury stock based on maintaining the interest of MB and shareholders.

+ **Source of implementation:** The capital used to distribute treasury shares from the shareholders equity according to the latest audited financial statements, complying with the law, including: capital surplus, undistributed retained earnings after taxes and other equity sources in accordance with the law.

3. **Time for implementation:** Expecting from Q4/2020 to Q1/2020. The specific implementation time will be decided by the Board of Directors based on the license/approval of the State authorities and suitable with the market conditions.
4. **Principles of handling odd shares:** The number of shares issued according to the distribution of rights to each shareholder is calculated by the integer, the decimal fraction will not be rounded up to 1 share. The handling of odd shares (if any) will be decided by the Board of Director, including but not limited to the transfer to the Labor Union of the Military Commercial Joint Stock Bank.

V. BUSINESS EFFICIENCY BASED ON THE NEW CHARTER CAPITAL

With the plan to increase its charter capital and use the additional charter capital as mentioned above, MB plans to achieve some major business targets in 2020 as follows:

Unit: Billion VND

No	Indicators	Result 2019		Plan 2020
		Consolidated (1)	Separated	Consolidated (2)
1	Charter capital	23,727	23,727	Expected 27,988 18% growth
2	Deposits from customers	292,409	294,699	Growth suitable with capital need
3	Total assets	411,488	398,557	~ 8% growth
4	Total loans (*)	264,920	249,974	~ 12% growth (under limit of SBV)
5	Non-performing loan ratio	1.16%	0.98%	Maximum 1.9%

No	Indicators	Result 2019		Plan 2020
		Consolidated (1)	Separated	Consolidated (2)
6	Profit before tax	10,036	9,286	Decrease 10% <i>Where Bank's separate result decreases 12% compared with 2019</i>
7	Dividends	15%	15%	Expected ~11-15%
8	Capital adequacy ratio	10.1%	9.8%	Comply with the regulations of SBV
9	Other financial ratios	Comply with the regulations of SBV		Comply with the regulations of SBV
10	After tax return on average Equity (ROE)	21.79%	21.58%	16.4%
11	After tax return on average Assets (ROA)	2.09%	2.00 %	1.7%

(*)Growth rates are comparable to performance in 2019.

Thus the Board of Directors respectfully submits to the General Meeting of Shareholders for the perusal and approval:

1. Approval of the plan to increase MB's charter capital according to Article II, Article III and Plan of treasury stock distribution in the Article IV as the mentioned above;
2. Approval of the registration of securities depository and registration of additional securities transactions; registration for additional listing of all additional shares issued at the State Authorities;
3. Authorize and assign the Board of Directors to implement, amend, and complete the charter capital increase plan and treasury stock distribution plan in line with MB's operational demands, in accordance with the law, ensure the interests of shareholders and the guidance of state management agencies; submit to the state authorities for consideration and approval in accordance with resolutions of the General Meeting of Shareholders and the law, including but not limited to the following issues:
 - 3.1 Authorize and assign the Board of Directors to consider and make decision on the issuance, the time of issuance of shares in accordance with increase plan mentioned in the Article II, III and the real situation and the guidance of the state authorities.
 - 3.2 Authorize and assign the Board of Directors to make decision on the amendment and supplement of the plan to use the collected capital in an efficient manner, in line with the business practices of MB.
 - 3.3 Authorize and assign the Board of Directors to make decision on the amendment, supplement of the documents for registration of depository and registration of additional securities trading; A document for registration of additional listing under the guidance of the state authorities.

3.4 Authorize and assign the Board of Directors to carry out the legal procedures for amending and supplementing the Operation License, Business Registration Certificate, Charter and other legal documents related to updating MB's new charter capital.

3.5 Authorizing and assigning the Board of Directors to implement the plan and carry out legal procedures related to treasury stock distribution plans and decide the time of implementation, closing the list of shareholders with rights receive treasury stocks, specific sources of execution and other contents to implement the plan of dividing treasury stocks according to Section IV in order to preserve the charter capital scale and harmonize the interests of shareholders and the bank;

3.6 Assigning the Board of Directors the task of finding and researching other tier 2 capital raising options in case of favorable market conditions, including the following: (i) issuing convertible bonds, or (ii) issuing bonds in the international market. After the specific plan of issuing convertible bonds / international bonds, the Board of Directors will report / ask for the General Meeting of Shareholders as prescribed.

4. In the course of performing the above mentioned tasks, the Board of Directors has the right to: Make decision on the contents within the scope of its mandate; Implement and/or direct and assign MB functions to carry out tasks in accordance with applicable laws; Complete and sign the relevant documents and papers; Cooperate with state authorities and related parties; Carry out all the work and other necessary formalities to perform the assigned tasks in accordance with the law.

The Board of Directors respectfully submits to the General Meeting of Shareholders for the perusal and approval!

Recipients:

- General Meeting of Shareholders;
- State Bank of Vietnam;
- BOD, SB, CEO;
- Archives: BOD Office;

**ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN**

(Signed & Sealed)

Le Huu Duc