SOCIALIST REPUBLIC OF VIETNAM

Independence–Freedom– Happiness

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Hanoi, April 17 , 2019

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

For the approval of the plan to increase the charter capital from VND 21,604,513,810,000 to VND 25,840,881,130,000

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) respectfully submits the plan to increase the charter capital from VND 21,604,513,810,000 to VND 25,840,881,130,000 to the General Meeting of Shareholders for the perusal and approval as follows:

I. THE NECESSITY TO INCREASE CHARTER CAPITAL

The increase of 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: invest in banking infrastructure, build offices, tools and equipment, invest in a modern information technology system to support business activities, bank governance and to provide new banking products and services;
- Improve MB network expansion capacity;
- Provide supplementary capital for profitable investment in other activities.

II. PLAN TO INCREASE CHARTER CAPITAL

1. The size of charter capital increase

Note: For reference only. This is not an official translation.

- The charter capital as of December 31, 2018 was VND **21,604,513,810,000** (In words: *twenty first thousand six hundred and four billion five hundred thirteen million and eighty one thousand Vietnamese Dong)*;

- The charter capital is expected to increase by VND **4,236,367,320,000** in 2019 (In words: *Four thousand two hundred thirty six billion, three hundred sixty seven million, three hundred and twenty thousand Vietnamese Dong*).

- The expected charter capital after completing the increase of charter capital in 2019 is: VND **25,840,881,130,000** *(In words: Twenty five thousand, eight hundred and forty billion, eight hundred eighty one million, one hundred and thirty thousand Vietnamese Dong);*

2. The plan to increase charter capital

<u>Phase 1</u>: Includes 2 compositions

Composition 1: Increase by VND 1,690,718,720,000 through issuance of shares for dividend payment FY 2018, equivalent to 8% of charter capital (excluding 47,052,980 reserved shares)

- **Issuance subjects:** shareholders named in the list at the cutoff date when the list is finalized will receive dividend rights by shares according to the resolution of the Board of Directors and it's certified by the Vietnam Securities Depository.

- **Number of shares issued:** 169,071,872 shares issued with face value of VND 10,000 per share.

- **Dividend-paying source:** Dividends is taken from MB's profit after taxes of FY 2018 after making appropriation and in accordance with the laws and regulations.

- **Lock-up period**: There's no restriction on shareholders transferring their shares.

- **Time for implementation:** Expected in QII to QIII of 2017. 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.

Composition 2: Increase by VND 432,090,270,000 through issuance of 43,209,027 shares to employee, equivalent to 2% of charter capital.

- **Issuance subjects:** Employees: The Board of Directors decides the criteria and the list of staff and employees participating in the program.

- **Number of shares issued: 43,209,027 shares, equivalent to 2% of charter capital;**

- **Offering price:** VND 10,000 per shares.

- **Issuance proportion**: The number of shares offered to each individual employee is decided by the Board of Directors.

- **Lock-up period**: These shares will be subject to transfer restrictions according to MB regulation and in accordance with the laws.

- **Time for implementation:** Expected in QII to QIII of 2017. The specific implementation time will be decided by the Board of Directors based on the license / approval

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of the State authorities and suitable with the market conditions.

<u>Phase 2:</u> Increase charter capital through issuance of 258,408,813 shares, equivalent to 10% of charter capital, including 211,355,833 newly issued shares and sale of 47,052,980 reserved shares.

- **Issuance subjects:** Vietnam investors and foreign investors. MB decides the criteria and the list of investor in accordance with MB regulation and Vietnam Law.
- **Number of shares issued:** 258,408,813 shares, equivalent to 10% of charter capital.
- **Offering price:** negotiable price with the reference of market price, but not less than book price and and par value. Board of Director gets authorization to decide the offering price on the ground of cooperation between investor and MB, in accordance with Vietnam law, MB's interests and MB shareholders' interests.
- **Lock-up period**: These shares will be subject to transfer restrictions based on the agreement between MB and investor, and in accordance with the laws.
- **Criteria to choose strategic shareholder/partner, both Vietnam and foreign investor:** General Meeting authorize MB BOD to decide the specific criteria and finalize the list of strategic shareholder/partner based on criteria.
- **Time for implementation**: Expected in QIII to QIV of 2019. The specific implementation time will be decided by the Board of Directors based on license / approval of the state authorities and suitable with the market conditions. Under the condition suitable with market, but not suitable for MB, MB BOD could research and negotiate various following methods: (i) increase capital through convertible bond, or (ii) increase capital through newly issued shares in part and convertible bond in part. After the specific method is decided, BOD would report and get approval of General Meeting in accordance with Vietnam law.

3. Time for issuance of new shares

The time for MB to issue new shares to increase charter capital is when MB has been granted with the amended Business Registration Certificate with new charter capital by Business Registration Office under the Hanoi Authority for Planning and Investment.

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 Bank of Vietnam, the State Securities Commission, and the Ho Chi Minh City Stock Exchange.

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.

7. Principles of handling undistributed shares

The number of shares that are not completely distributed (or not completely registered for purchase) will be decided by the Board of Directors in accordance with the laws. The offering criteria decided by BOD will not be given more preference than the criteria for strategic investors/partners, or BOD decides to stop the issuance. In the case of offering to existing shareholders, the offering price is VND 10,000 per one share.

III. PLAN FOR CAPITAL USE

Charter capital expected to increase by 20% , equivalent to 4,236,367,320,000 in 2019 (In words: Four thousand two hundred thirty six billion, three hundred sixty seven million, three hundred and twenty thousand Vietnamese Dong). The capital increase is expected to be used for MB business on the ground of effeciency and safety principle, and MB shareholders' interests , with details as follows:

Enhance capabilities: investing in building offices, branch offices, technologies and other necessary equipment for stable operations and development: approximately VND 4,236 billion.

IV. 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 2019 as follows:

Unit: billion Dong

No	Indicators	Result 2018		Plan 2019	Growth (2)/(1)%
		Consolidated (1)	Separated	Consolidated (2)	
1	Charter capital	21,605	21,605	25,841	~ 20%
2	Deposits from customers	239,964	240,789	~ 269,396	~ 12%
3	Total assets	362,325	352,482	~ 402,606	~ 11%
4	Total loans (*)	214,686	206,956	~ 246,036	~ 15%
5	Non-performing loan ratio	1.33%	1.21%	Max 2%	
6	Profit before tax	7,767	7,030	9,560 *Where Bank's separate result 8,345*	23% *Where Bank's separate result 19%*
7	Dividends (*)	5% in shares 6% in cash		Expected ~14%	
8	Capital adequacy ratio	11%	10%	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	19.4%	18.7%	~ 18.6%	
11	After tax return on average Assets	1.8%	1.7 %	2.0%	

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(*) Total loans according to audited financial statements as of 31/12/2018.

(*) Dividend payment ratio in 2018, not including bonus shares.

The growth of Total loans according to regulation of State Bank of Vietnam is calculated based on the balance of customer loans and the balance of corporate bonds purchased and invested (including VAMC bond): as of 31/12/2018, the loans is VND 211,774 billion, and 2019 plan is VND 239,500 billion, equivalent to the growth of 13%, in accordance with State Bank of Vietnam.

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 by 20% from VND 21,604,513,810,000 to VND 25,840,881,130,000 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 Vietnam Securities Depository and Ho Chi Minh Stock Exchange;

3. Authorize and assign the Board of Directors to implement, amend, supplement and complete the charter capital increase 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:

- Authorize and assign the Board of Directors to consider and make decision on the issuance, the time of issuance of shares in accordance with the real situation and the guidance of the state authorities.

- Authorize and assign the Board of Directors to make decision on the amendment, supplement of the dossier for registration of depository and registration of additional securities trading; A dossier for registration of additional listing under the guidance of the state authorities.

- 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.

- 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.

- Authorize and assign the Board of Directors to carry out the different methods to increase capital in case of market condition and partner choosing unsuitable to MB, including the following methods: (i) increase capital through issuance of convertible bond, or (ii) increase capital through newly issued shares in part and convertible bond in part. After the specific method is decided, BOD would report and get approval of General Meeting in accordance with Vietnam law (if any).

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

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