SOCIALIST REPUBLIC OF VIETNAM
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No: 198 /TTr - MB - HĐQT

Hanoi, April 4th , 2022

PROPOSAL OF THE BOARD OF DIRECTORS OF MILITARY COMMERCIAL JOINT STOCK BANK
Re.: Receipt a mandatory transfer of a credit institution

To: **General Shareholders Meeting of Military Commercial Joint Stock Bank**

- Pursuant to the Enterprise Law No. 59/2020/QH14, the Law on Credit Institutions No. 47/2010/QH12, the Law amending and supplementing a number of articles of the Law on Credit Institutions No. 17/2017/QH14 (the Law on Credit Institutions) and relevant legal documents;
- Pursuant to the Charter of Military Commercial Joint Stock Bank (MB);

MB Board of Directors (BOD) reports the General Shareholders Meeting (GSM) on the implementation of Resolution No. 12/2021/NQ-MB-ĐHĐCĐ dated April 27, 2021 and submits the GSM for approval of MB receiving a mandatory transfer of a credit institution as follows:

I. On the implementation of GSM's Resolution No. 12/2021/NQ-MB-ĐHĐCĐ dated April 27th 2021:

(i) Implementing Resolution No. 12/NQ-MB-ĐHĐCĐ of the 2021 GSM approving MB of searching for, taking part in and implementing the opportunities for merger/consolidation, restructuring/support for credit institutions (CI) in accordance with the State policy and in the best interest of shareholders, MB BOD has actively organized, searched for and done research on the execution plan. After obtaining approvals from competent authorities, MB BOD requested the State Bank (SBV) for approval on restructuring a credit institution.

(ii) Getting competent authorities' approval of restructuring a credit institution through mandatory transfer. MB is developing a mandatory transfer plan in accordance with the Law on Credit Institutions[1] and carrying out the procedures to submit to competent authorities in accordance with the Law on Credit Institutions and applicable law.

II. Receiving the mandatory transfer is necessary and appropriate to the policy of the Government, the SBV and regulations, giving opportunity for MB development, creating values to shareholders, customers and the nation, specifically:

1. Appropriate to the policy of the Government and the SBV:

[1]Clause 38.8 of Article 4 of the Law on Credit Institutions provides: "mandatory transfer plan" means a plan in which the owner, capital contributors or shareholders of a commercial bank placed under special control has to transfer 100% of their shares/stakes to the transferee".

Receiving the mandatory transfer is necessary and appropriate to the policy of the Government and the SBV in terms of restructuring non-performing commercial banks, creating a healthy banking industry in the direction of safety and sustainability, at the request of MB and according to the regulations.

2. Beneficial to MB and shareholders

(i) According to the Law on Credit Institutions, after receiving the mandatory transfer of a commercial bank, MB is entitled to hold 100% of charter capital of the credit institution (the transferor); the transferor is a separate legal entity from MB. According to the regulations, MB has the rights and benefits of: Exemption from consolidating financial statements of the transferor; Excluding the transferor when calculating the consolidated capital adequacy ratio; Exemption from making provisions for decline in value of the capital contributed in the transferor and exclude them when calculating the limit on capital contribution or share purchase by MB; getting assisting measures under the approved plan.

(ii) The mandatory transfer gives MB the opportunity to grow in scale 1.5~2 times higher than the average market growth in the long term, improving its competitive ranking and having more room to grow.

(iii) Optimizing the locations of MB and the transferor (expected to be about 401 locations nationwide) along with prioritizing network development in the future will help MB save time and investment costs, increasing customer service coverage according to MB's retail and digital transformation strategy.

(iv) During the implementation of the mandatory transfer plan, MB is entitled to handle the contributed capital, shares in appropriate forms or merge under the approved mandatory transfer plan, through which MB has the opportunity to create capital surplus and/or increase the scale.

(v) Improving the brand value and competitiveness of MB in the market.

(vi) Opportunity to increase the market capitalization of MB by expanding its business scale in the medium and long term.

(vii) The dividend policy, profit and funds distribution policies are not dependent on or affected by this mandatory transfer plan and independent from the business results of the transferor during the implementation of the mandatory transfer plan, unless MB decides to consolidate the financial statements and capital adequacy ratios of the transferor under the approval of the competent authorities.

3. Beneficial to other stakeholders

(i) To society and the state: contribute to the healthy banking industry, avoid risks of system insecurity, step by step settle the negative balances of the transferor and reduce the burden on the State budget.

(ii) To customers: The customer's legitimate rights, interests and obligations towards the transferor shall be maintained after the mandatory transfer. Resources, experience of MB and the support of the State Bank will help the transferor provide better added value to customers.

(iii) To employees: guaranteed remuneration, improved working environment and several development opportunities.

4. Risks and challenges of executing the mandatory transfer plan

(i) Implementing the mandatory transfer plan and successfully restructuring a credit institution is a difficult and long-term goal to achieve, requiring a lot of resources, efforts and intelligence of MB. Therefore, it needs a high consensus and support from the GSM, State authorities and MB's staff.

(ii) There are risks fluctuations of the business environment under the impact of epidemics, legal environment, international conflicts, etc. However, with outstanding management experience and capacity, it is highly likely that MB can complete the goal.

III. The BOD submits to the GSM for approval of the mandatory transfer plan as follows:

1. Approval of the mandatory transfer plan

(i) At the time MB receives the transferor according to the approval of the competent authorities, the operation scale of the transferor (in terms of total asset, equity) is not higher than 10% compared to that of MB, the registered charter capital of the transferor must not exceed VND 5,000 billion, the actual value of the charter capital and reserve funds of the transferor is expected to be not lower than negative VND 20,000 billion (max 10% difference), based on independent audit results and/or valuation results determined by an independent consulting organization.

(ii) After the transfer, the transferor operates in the form of a one-member limited liability bank owned by MB. The GSM approves the policy of MB charter capital contribution up to VND 5 trillion to the transferor with an appropriate capital contribution schedule. MB can raise the capital contribution, shares in the forms in accordance with the law and the approved mandatory transfer plan (such as capital mobilization, receipt of capital contribution, capital contribution in cash or other assets (such as intellectual property rights, technology, technical know-how and/or other property in accordance with the law), issuance of shares, transferring part or the whole of contributed capital, offering shares to domestic and foreign organizations and individuals, mergers and other forms); change the legal form of the transferor in accordance with the mandatory transfer plan approved by the competent authorities and regulations.

(iii) On the purpose of the mandatory transfer plan:

- MB is entitled to support the transferor in administration, management, training, technology infrastructure deployment and other support measures in accordance with the approved mandatory transfer plan.

- The GSM hereby approves transactions, investment contracts, purchases and sales of assets between MB and the transferor with a value of more than 20% of MB's charter capital recorded in the latest audited financial statements, depending on a case-by-case basis, on the purpose of receiving the mandatory transfer and implementing the mandatory transfer plan approved by the competent authorities.

- MB and the transferor are entitled to receive assisting measures according to the Law on Credit Institutions. Specific assisting measures and amount are clarified in the approved mandatory transfer plan.

2. The GSM authorizes and assigns the BOD to:

(i) Decide and organize all the necessary and relevant tasks, contents, documents and issues to prepare, develop, implement, perform and complete the transfer and the mandatory transfer plan according to the contents approved by the GSM above, including but not limited to the following contents:

- Decide on the transferor in accordance with the approval of the competent authorities.

- Decide on the charter capital contribution to the transferor in a suitable time.

- Decide on the contents related to the mandatory transfer and the mandatory transfer plan (including but not limited to the specific contents and time limit of the mandatory transfer plan; transactions, assisting measures for MB and/or the transferor in accordance with the actual conditions while implementing the plan; approve the content of specific contracts and transactions between MB and the transferor and related parties and all other relevant contents); draft, submit and work with competent authorities/agencies to approve the mandatory transfer plan and the transfer transaction; propose, recommend on policies, mechanisms, measures and support levels of the Government, the State Bank and related agencies, organizations and individuals and/or the transferor in order to implement the mandatory transfer plan;

- Decide and organize the implementation and signing of documents, papers, materials and perform necessary tasks to carry out legal procedures to apply for and adjust permits/approvals of state agencies in relation to the receipt of the mandatory transfer and the change of business registration of the transferor;

- Decide and organize the implementation of tasks, work with related parties, sign, deliver related documents and execute the corresponding terms and conditions and other works related to the receipt of the mandatory transfer and the plan approved in accordance with the regulations, approved by competent authorities and suitable with the actual needs.

(ii) While implementing the contents above, the BOD has the rights to: Firstly, decide on the contents within the scope of assigned/authorized tasks; secondly, assign/authorize the Chairman of the BOD, the General Director. The GSM hereby agrees for the Chairman of the BOD, the Chief Executive Officer to reassign/reauthorize the above tasks to the units, individuals employees (in accordance with MB's regulations) to: perform necessary jobs according to the regulations; complete, finalize and sign relevant documents, papers and materials; work on and carry out procedures with competent authorities and relevant parties; carry out all other necessary tasks and procedures to achieve the assigned/authorized tasks, in accordance with the regulations.

The GSM approves all the decisions and tasks performed by the BOD (and duly authorized/assigned units and individuals) in accordance with the above-mentioned scope of assignment/authorization and other tasks related to the mandatory transfer plan and the corresponding transaction in accordance with the law and the Charter of MB.

Units and individuals participating in and performing tasks related to the receipt of mandatory transfer and the development and implementation of the mandatory transfer plan are exempted from taking personal responsibility for (including but not limited to damages, compensation for costs related to claims and proceedings) in the event that the receipt of the transfer and/or the mandatory transfer plan do not achieve or achieve only part of the proposed objectives/results or in case of risks and damages during the implementation process (including but not limited to risks, damages, failure to achieve or only partially achieve the proposed objectives/results due to unforeseeable objective events or beyond the control of relevant units and individuals such as changes in policies and laws; natural disasters, epidemics; macroeconomic fluctuations (domestic and/or international); armed conflict, etc.), provided that the relevant units and individuals properly implement the functions and roles assigned according to the approval of the GSM, decisions of the competent authorities, the Charter, internal regulations of MB and relevant laws.

The BOD herein above submits to the GSM for its review and approval!

Recipients:

-GSM;
-BOD, BOS, CEO
-Archived in BOD's office./.

ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN

(Signed & Seal)

Le Huu Duc