



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

**Regarding the approval on charter capital increase plan**

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

Pursuant to the Enterprise Law No. 59/2020/QH14 and guiding documents;

Pursuant to the Law on Credit Institutions No. 47/2010/QH12, amendment and supplement of several articles of the Law on Credit Institutions No. 17/2017/QH14 and guiding documents;

Pursuant to the Securities Law No. 54/2019/QH14 and guiding documents;

Pursuant to the Charter of Military Commercial Joint Stock Bank;

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

Pursuant to the actual needs of the Military Commercial Joint Stock Bank;

**The Board of Directors (BOD) of the Military Commercial Joint Stock Bank (MB) hereby submits this proposal to the General Meeting of Shareholders (GMS) for its consideration and approval on the charter capital increase plan, specifically from VND 27,987,568,720,000 to VND 38,675,617,770,000:**

**I. THE NECESSITY OF THE CHARTER CAPITAL INCREASE PLAN**

It is necessary and important for MB to continue to increase its charter capital in order to improve MB's financial and operational capacity as well as its competitiveness:

- To ensure the compliance with capital adequacy criteria in banking activities, and improve risk management ability in banking activities;
- To improve investment ability in MB's capacity, expand its network and add profitable business capital in activities.
- To protect and increase charter capital according to the law.

**II. CHARTER CAPITAL INCREASE PLAN**

**1. Charter capital increase plan in 2021**

**1.1. Charter capital increase**

- Charter capital as of 31 December 2020: **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 dong*), in which:

- + Issued common shares: **2,798,756,872** shares;
- + Common shares in circulation: **2,773,140,752** shares;
- + Treasury shares: **25,616,120** shares;
- + Preferred shares: **0** shares.

- In the first quarter of 2021, MB finished to divide treasury shares to existing shareholders. The existing charter capital: **VND 27,987,568,720,000** (*In words: Twenty-seven thousand nine hundred eighty-seven billion five hundred sixty-eight million seven hundred and twenty thousand dong*), in which:

- + Issued common shares: **2,798,756,872** shares;
- + Common shares in circulation: **2,798,756,872** shares;
- + Treasury shares: **0** shares;
- + Preferred shares: **0** shares.

- Total expected charter capital increase: **VND 10,688,049,050,000**, (*In words: Ten thousand six hundred eighty-eight billion forty-nine million and fifty thousand dong*).

- The expected charter capital after charter capital increase completion in 2021 is **VND 38,675,617,770,000** (*In words: Thirty-eight thousand six hundred seventy-five billion six hundred seventeen million seven hundred and seventy thousand dong*).

## **2. Charter capital increase plan**

The charter capital is expected to increase from **VND 27,987,568,720,000** to **VND 38,675,617,770,000** with the following plan:

**2.1. The 1st stage:** The charter capital is expected to increase by **VND 9,795,649,050,000** by issuance of common shares for dividend payout at a rate of 35% of the total common shares in circulation.

- **Targeted holders:** Existing shareholders on the list of shareholders are entitled to receive dividends in common shares in accordance with the law from time to time.

- **Issued shares:** **979,564,905** common shares with the par value of VND 10,000/share.

- **Total par value:** **VND 9,795,649,050,000**.

- **Source of implementation:** From the accumulated after-tax profit of MB in 2020 according to the regulations. In which:

+ MB's consolidated after-tax profit in 2020: VND 8,606,039,143,709.

+ MB's separate after-tax profit in 2020: VND 7,480,347,183,684.

+ MB's cumulative undistributed consolidated after-tax profit in 2020: VND 12,955,987,659,897.

+ MB's separate undistributed separate after tax profit in 2020: VND 12,102,743,904,525.

+ Expected MB's separate retained after-tax profit after fund extraction in 2020: VND 10,103,455,372,686.

- According to the audited consolidated financial statements as of 31 December 2020, other capitals can be supplemented to the charter capital as follows:

+ Reserve for charter capital supplement: VND 1,916,411,707,711

+ Capital surplus: VND 1,177,562,648,983

+ Funds and other capitals of credit institutions (excluding undistributed profits): VND 3,744,027,611,381;

- **Transfer restriction time:** Common shares issued to existing shareholders are not restricted from transfer.

- **Expected issuance time:** No later than the fourth quarter of 2021. The BOD decides the implementation time after obtaining permissions/approvals of the State authorities and favorable market conditions.

- **Plan for fraction of shares, fractional shares and undistributed shares:** The amount of issued shares according to the ratio of distribution of rights to each shareholder is an interger, the decimal will not be rounded into 01 share. The plan for fraction of shares, fractional shares and undistributed shares (if any) shall be decided by the BOD in accordance with the law, including but not limited to assignment of management and distribution to MB's trade unions.

**2.2. The 2nd stage:** The charter capital is expected to **increase by VND 700,000,000,000** by private placement, including 70,000,000 common shares, expectedly as follows:

- **Selection criteria:** Investors in telecommunications and technology sector capable and willing to cooperate with MB to create a digital ecosystem for MB's long-term benefits.

- **Offered investors** include:

- + The Military Industry and Telecoms Group.

- + Viettel Import-Export and Trading One Member Co., Ltd.

- + Other professional securities investors meeting the above selection criteria (The maximum number of offered investors must not exceed the number of professional investors according to the securities law).

- **Amount of shares offered to selected investors:**

- + Viettel Group: **max. 43,000,000 shares.**

- + Viettel Import-Export and Trading One Member Co., Ltd.: max. 27,000,000 shares.

- + In case of unable to distribute all shares to these 02 investors, the BOD shall be authorized to decide on the amount and selection of professional investors and the number of offered shares to each Investor according to the regulations.

- **Par value of issued shares:** VND 10,000/share.

- **Total expected par value: up to VND 700,000,000,000.**

- **Offering price:** The agreed price is not lower than the booked value in the latest audited/reviewed financial statement. The BOD is authorized to decide on the offering price for each investor to ensure the benefits of shareholders and MB according to the regulations.

- **Transfer restriction:** Common shares offered to professional investors will be restricted from transfer according to the law and the agreements between MB and investors.

- **Offering time:** No later than the fourth quarter of 2021, after the first capital increase. The implementation time is decided by the BOD after obtaining permission/approval of the State authorities and meeting favorable market conditions.

**2.3. The 3rd stage:** The charter capital is expected to increase by **VND 192,400,000,000** by issuing expectedly 19,240,000 common shares to MB's key personnel and talented employees.

- **Targeted holders:** MB's key personnel and talented employees. The BOD is authorized and assigned to decide on the eligibility criteria and the list of employees, as well as the number of shares distributed to each holder.

- **Expected issued share amount:** max. 19,240,000 common shares.

- **Par value:** VND 10,000/share.

- **Total issued par value:** max. VND 192,400,000,000.
- **Issued price:** 10,000/share.
- **Transfer restriction time:** Common shares issued to employees will be restricted from transfer, the BOD is authorized and assigned to decide on the transfer duration limit according to the regulations.
- **Implementation time:** Expectedly in 2021. The implementation time is decided by the BOD after obtaining permission/approval of the State authorities and meeting favorable market conditions.
- **Withdrawal of shares issued to employees:** The BOD is authorized and assigned to decide on the withdrawal of shares issued to employees (including but not limited to assignment to MB's trade unions of withdrew share management and distribution) if such employees are in the case of share withdrawal according to MB's regulations.

### **3. Expected completion time for the charter capital increase**

The completion time for charter capital increase is specified above according to the permission/approval of the competent authorities.

### **4. Information Disclosure**

MB shall announce this information according to the law and the guidance of competent authorities (if any).

### **5. List of shareholders and share ownership ratio of shareholders with ownership ratio of 5% or higher compared to voting share capital and current and expected charter capital after the capital increase**

Detailed list and information of shareholders are specified in Appendix 01 attached herewith.

### **6. List of shareholders and related people with a share ownership ratio of 20% or higher compared to the current and expected charter capital after the capital increase**

MB has no shareholders and related people with share ownership ratio of 20% or higher compared to the current and expected charter capital after the capital increase

### **7. Share ownership of current and expected foreign investors after the capital increase**

MB's share ownership rate of current and expected foreign investors after the maximum capital increase: **23.2351%** of MB's charter capital.

## **III. INCREASED CAPITAL USAGE PLAN**

Increased charter capital (expectedly **VND 10,688,049,050,000**, *in words: Ten thousand six hundred eighty eight billion forty nine million and fifty thousand dong*s) shall be used as MB's additional capacity investment and business capital safely, efficiently and beneficially to shareholders. The charter capital increase is expected to be used as follows:

- **Capacity investment** (including system investment, IT solutions, investment in HCMC headquarter and other necessary investments for the stability and development of the bank's business): **VND 4,783,000,000,000** (*In words: Four thousand seven hundred and eighty three billion dong*s);

- **Addition of investment capital for other businesses** (including additional capital for business activities, new business models, etc.): **VND 5,905,049,050,000** (In words: Five thousand nine hundred five billion forty-nine million and fifty thousand dong).

#### IV. PERFORMANCE WITH THE NEW CHARTER CAPITAL AMOUNT

With the above charter capital increase plan and charter capital usage plan, MB has set expectations for business targets in 2021 as follows:

*Unit: VND Billion*

No.	Target	Results in 2020		Plan in 2021 (*)
		Consolidated	Separate	
1	Charter capital	27,988	27,988	Increased ~38.2%
2	Customer's deposit mobilization	355,751	359,312	Increased according to the capital demand
3	Total assets	494,982	477,840	Increased ~11%
4	Credit	325,713	307,623	Increased according to SBV's limit (~ 10% - 11%)
5	NPL	1.09%	0.92%	Up to 1.5%
6	Before-tax profit	10,688	9,698	Min. increased ~ 20% ~ VND 13,200 billions
7	Dividends	35%	35%	Expected 10%-15%
8	Capital adequacy ratio	10.42%	10.14%	Comply with SBV's regulations
9	Other adequacy ratios	According to State Bank's regulations		Comply with SBV's regulations
10	Consolidated after-tax return on average equity (Consolidated RoE)	19.13%	18.66%	>19%
11	Consolidated after-tax return on average assets (Consolidated RoA)	1.90%	1.79%	~2%

(\*) 2021 Consolidation Plan (Growth rates compared to 2020 performance)

**The BOD hereby submits to the GMS for its review and approval on:**

1. Approval on MB's charter capital increase plan according to Section II and Section III hereinabove;
2. Approval on the registration and depository of additional securities transactions; registration of listing of all further issued shares at the competent authority;
3. Authorization and assignment to the BOD of decision on certain contents and corresponding implementation, implementation of the capital increase plan hereinabove according to MB's actual needs and the law and guidance of competent authorities based on the shareholders'

benefits; implementation of relevant procedures in competent authorities to deploy the capital increase plan according to the GMS's Resolution and the law, including but not limited to:

3.1. Authorization and assignment to the BODs of review and decision on the time of issuance of shares for dividends, the closing time of the list of shareholders entitled for share-based dividend payout according to the capital increase plan specified in Section II & III, and the actual situation and guidance of competent authorities.

3.2. Authorization and assignment to the BOD of decision on review of selection criteria and shares amount offered to professional investors and MB's personnel in accordance with the capital increase plan specified in Section II & III, and the actual situation and guidance of competent authorities.

3.3. Authorization and assignment to the BOD of decision on certain contents and adjustment to the capital usage plan effectively in accordance with MB's actual business situation and the law.

3.4. Authorization and assignment to the BOD of decision on implementing procedures and signing relevant documents for registration and depository of additional securities transactions; registration of additional listings, notification of the maximum rate of foreign ownership and implementation of other relevant procedures under the guidance of competent authorities.

3.5. Authorization and assignment to the BOD of decision on implementing procedures and signing documents for amendment and supplementation of the operation license, business registration certificate, charters and other procedures and legal papers for update of MB's new charter capital in accordance with the actual results of the capital increase plan approved by the GMS.

3.6. Assignment to the BOD of seeking and researching other secondary capital increase plans in case of favorable market conditions, including: (i) issuance of convertible bonds, or (ii) issuance of bonds in international markets. After obtaining specific plan for issuance of convertible bonds/international bonds, the BOD shall submit the report to consult with the GMS according to the regulations.

4. Approval on the listing and trading of securities at foreign stock exchanges for the whole or part of abroad offered bond amount (if any) in the plan specified in Section 3.6 hereinabove. Authorization and assignment to the BOD of decision and implementation of certain contents related to abroad bond offering, listing and trading plans and necessary procedures with authorities, organizations and individuals in Vietnam and abroad.

5. During the performance of the above missions, the BOD is entitled to: (i) Decide on contents within authorized missions; (ii) Implement and/or direct and assign MB's units and individuals to: Implement necessary tasks in accordance with the regulations; Complete and sign relevant document and papers; Implement procedures and work with the authorities and stakeholders; Implement all other necessary tasks and procedures to complete the assigned and authorized tasks according to the regulations.

**The BOD hereinabove submits to the GMS for its review and approval!**

***Recipients:***

- GMS;

**ON BEHALF OF BOARD OF DIRECTORS  
CHAIRMAN OF THE BOARD**

- SBV;
- BOD, BOS, GD;
- Archived in BOD's office./.

*(Signed & Sealed)*

**Le Huu Duc**

**APPENDIX 01: LIST OF SHAREHOLDERS AND SHARE OWNERSHIP RATIO OF SHAREHOLDERS WITH OWNERSHIP RATIO OF 5% OR HIGHER COMPARED TO VOTING CAPITAL AND CURRENT AND EXPECTED CHARTER CAPITAL AFTER THE CAPITAL INCREASE**

No.	Shareholder's name	Business Registration Number	Address	Legal representative	Owned as of 31 March 2021 Charter Capital/Voting capital: 2,798,756,872	Increased 35% Charter Capital/Voting capital: 3,778,321,777		Issued separate shares Charter Capital/Voting capital: 3,848,321,777		ESOP issued Charter Capital/Voting capital: 3,867,561,777	
					Owned shares	Owned shares	Rate (%)	Owned shares	Rate (%)	Owned shares	Rate (%)
1	Saigon Newport Corporation	0300514849	722 Dien Bien Phu, Binh Thanh District, HCM City	Mr. Ngo Minh Thuan ID No. 034071002516 issued by the Police Department of Residence Registration and Management and National Population Database on 2 November 2017	201,810,658	272,444,388	7.21	272,444,388	7.08	272,444,388	7.04
2	Vietnam Helicopter Corporation - Limited Company and branches			Mr. Kieu Dang Hung ID No. 96028489 issued by the General Department of Politics on 30 September 2018	240,122,612	324,165,526	8.58	324,165,526	8.42	324,165,526	8.38
2.1	Vietnam Helicopter Corporation - Limited Company and branches	0100107966	172 Truong Chinh, Khuong Thuong Ward, Dong Da District, Hanoi		229,285,912	309,535,981	8.19	309,535,981	8.04	309,535,981	8.00
2.2	Branch of Vietnam Helicopter Corporation - Limited Company - Southern Vietnam Helicopter Company	0100107966-006	36 30/4 Street, Ward 9, Vung Tau City		10,836,700	14,629,545	0.39	14,629,545	0.38	14,629,545	0.38
3	State Capital Investment Corporation - The	0101992921	117 Tran Duy Hung, Trung Hoa Ward,	Mr. Nguyen Chi Thanh ID No. 001072002368 issued	263,781,711	356,105,309	9.42	356,105,309	9.25	356,105,309	9.21

No.	Shareholder's name	Business Registration Number	Address	Legal representative	Owned as of 31 March 2021 Charter Capital/Voting capital: 2,798,756,872	Increased 35% Charter Capital/Voting capital: 3,778,321,777		Issued separate shares Charter Capital/Voting capital: 3,848,321,777		ESOP issued Charter Capital/Voting capital: 3,867,561,777	
					Owned shares	Owned shares	Rate (%)	Owned shares	Rate (%)	Owned shares	Rate (%)
	Limited Company		Cau Giay District, Hanoi	by the Police Department of Residence Registration and Management and National Population Database on 21 October 2015							
4	The Military Industry and Telecoms Group and its subsidiaries				518,163,225	699,520,353	18.51	769,520,353	20.00	769,520,353	19.89
4.1	The Military Industry and Telecoms Group	0100109106	1 Tran Huu Duc, My Dinh 2 Ward, Nam Tu Liem District, Hanoi	Mr. Le Dang Dung - ID No. 83207303 issued by the Ministry of Defense on 15 January 2014	395,672,566	534,157,964	14.14	577,157,964	15.00	577,157,964	14.92
4.2	Viettel Import-Export and Trading One Member Co., Ltd.	0104831030	1 Giang Van Minh, Ba Dinh, HN	Pham Van Hung - ID No. 15027953 issued by the General Department of Politics on 15 August 2016	122,490,659	165,362,389	4.38	192,362,389	5.00	192,362,389	4.97
	<b>Total</b>				<b>1,223,878,206</b>	<b>1,652,235,576</b>	<b>43.73</b>	<b>1,722,235,576</b>	<b>44.76</b>	<b>1,722,235,576</b>	<b>44.52</b>