

VIETNAM EXPORT IMPORT COMMERCIAL JOINT STOCK BANK

PROPOSAL

**Re: PLAN FOR CHARTER CAPITAL INCREASE IN 2022
TO PAY DIVIDENDS IN STOCKS**

For realization of the growth strategy orientations of Vietnam Export Import Commercial Joint Stock Bank (Eximbank) up to 2025 which aim at strengthening the Bank's financial capabilities to meet the needs for business development and risk management, the Board of Directors (BoD) would like to lay down to the General meeting of shareholders for consideration of the the plan for charter capital increase in 2022 as below.

1. Charter capital increase by means of stock issuance for dividend payment out of the profit in 2017, 2018, 2019, 2020, and 2021

- **Type:** common stock
- **Par value:** VND10,000/share (ten thousand dong a share)
- **Total number of shares** (including treasury stocks): 1,235,522,904
- **No. of treasury stocks:** 6,090,000
- **No. of outstanding shares:** 1,229,432,904
- **Charter capital before issuance:** VND12,355,229,040,000
- **No. of shares to be issued:** 245,886,580
- **Total value of shares to be issued by par value:** VND2,458,865,810,000
- **Projected charter capital after issuance:** VND14,814,094,840,000
- **No. of outstanding shares expected after issuance:** 1,475,319,484
- **Offering target:** Shareholders named in the shareholder register of Eximbank at the record time as accordingly notified by Eximbank with respect to the stock issuance for dividend payment out of the profit after tax and deduction of funds in 2017, 2018, 2019, 2020, and 2021. These shareholders reserve all the rights as may be specified by law.
- **Issuance rate:** 20% (Shareholders owning 100 shares at the issuance time shall

be entitled to receiving 20 additional shares)

- **Fund source for execution:** profit after tax and deduction of funds in 2017, 2018, 2019, 2020, and 2021
- **Time of execution:** 2022, to be specifically determined by the BoD once approvals from competent State agencies have been obtained
- **Handling of odd shares:** the number of shares issued to existing shareholders shall be rounded to the unit, and the decimal fraction shall be cancelled.

For example, a shareholder owning 148 shares at the record date shall receive 29 additional shares.

2. Plan for use of the proceeds

The increased charter capital shall be used for Eximbank's business activities in the principle of safety, efficiency and for the highest benefits of shareholders. Expected usage includes:

- Investing in infrastructure and technological platforms: building offices, expanding the operating network, and investing in technology and fixed assets;
- Enlarging Eximbank's business activities.

3. Rights and obligations of investors

- Shareholders receiving shares for charter capital increase of Eximbank shall comply with law, regulations of the State Bank of Vietnam, Eximbank Charter and provisions of the Plan for charter capital increase enclosed herewith.

- Institutions and individuals receiving shares for charter capital increase are equally treated and entitled to all rights of Eximbank shareholders in accordance with law.

The BoD would like to propose the General meeting of shareholders for:

1. Approving the Plan for charter capital increase in 2022 (Plan) of Eximbank with the fundamentals stated herein and details in the enclosed Plan;

2. Approving the amendment to Eximbank Charter with respect to the post-issuance charter capital as per the approved Plan and actual result of issuance;

3. Assigning/authorizing the BoD to:

- Decide the time of issuing shares for dividend payment out of the profit in 2017, 2018, 2019, 2020, and 2021 after tax and deduction of funds for payment of stock dividends according to the plan for charter capital increase in 2022;

- Decide the record date to finalize the list of eligible shareholders, upon consent of competent State agencies;

- Decide the increase of charter capital on ground of the consent of competent State agencies in correspondence with law and actual result of issuance;
- Proceed with necessary steps to effect the stock issuance, register the to-be-issued shares with Vietnam Securities Depository Center (VSD), make additional listing on HCMC Stock Exchange (HOSE), register the Bank's charter capital (respective to the capital actually increased post issuance) with competent State agencies, amend Eximbank Charter (those provisions concerning the charter capital), and complete the procedures after capital increase in conformity with law;
 - Flexibly adjust and allocate funds for the purposes stated in the Plan;
 - Decide all other issues relating to charter capital increase.

Look forward to the consideration and ratification of the General meeting of shareholders.

**FOR BOARD OF DIRECTORS
CHAIRMAN**

Luong Thi Cam Tu

PLAN FOR CHARTER CAPITAL INCREASE THROUGH STOCK ISSUANCE FOR DIVIDEND PAYMENT OUT OF THE PROFIT IN 2017, 2018, 2019, 2020, AND 2021

A. PURPOSE OF CHARTER CAPITAL INCREASE

Executing the policy of the Government and State Bank of Vietnam (SBV) in restructuring the banking industry, Vietnam Export Import Commercial Joint Stock Bank (Eximbank) has set its strategy up to 2025 of growing sustainably upon enhanced financial capability.

In light of risk management, the Bank has satisfied SBV requirements on managing risks under Basel II standards. Its consolidated capital adequacy has always met the minimum ratio set out in Circular No. 41/2016/TT-NHNN. Being one of the key pillars in Basel II application, Eximbank has basically completed and officially implemented the internal capital adequacy assessment process (ICAAP) according to SBV Circular 13/2018/TT-NHNN dated 18/05/2018 in order to sufficiently and comprehensively assess internal capital requirements. Other than the 3 major risks being evaluated in Pillar 1 upon calculation of the capital adequacy ratio namely credit risk, market risk and operational risk, Eximbank also needs to identify and estimate the additional capital for such other major risks as concentration risk and interest rate risk in the banking book. Therefore, Eximbank is in great need for, especially within the complicated happenings of the economy both domestically and overseas, charter capital supplementation to ensure its operational safety in case of unfavorable situation, fulfill the business plan and satisfy the risk appetite, and maintain the objective of sustainable development.

On top of that, charter capital is an important indicator for review and evaluation of banks' capital structure by international credit ratings agencies.

In the forthcoming time, the larger charter capital will enable Eximbank to enlarge its business activities and maintain safe and effective credit growth to support customers and economic resilience post COVID-19, and invest in transformation projects to reinforce its management capacity and performance while ensuring capital adequacy and operational safety.

From the foregoing, it is essential for Eximbank to raise its charter capital for realization of its strategic goals step by step.

B. LEGAL FOUNDATIONS

- Law on Credit Institutions No. 47/2010/QH12 dated 16/06/2010, the Law

amending, supplementing a number of articles of the Law on Credit Institutions No. 17/2017/QH14 dated 20/11/2017, and guidelines on implementation;

- Enterprise Law No. 59/2020/QH14 dated 17/06/2020 and guidelines on implementation;

- Securities Law No. 54/2019/QH14 dated 26/11/2019;

- Decree No. 155/2020/NĐ-CP dated 31/12/2020 of the Government detailing the implementation of a number of articles of the Securities Law;

- Circular No. 118/2020/TT-BTC dated 31/12/2020 of the Ministry of Finance providing guidance on offering and issuance of securities, tender offer, share repurchase, registration and delisting of public companies;

- Circular No. 22/2019/TT-NHNN dated 15/11/2019 of the State Bank of Vietnam providing for limits and prudential ratios in operations of banks and foreign bank branches;

- Circular No. 41/2016/TT-NHNN dated 30/12/2016 of the State Bank of Vietnam providing for the capital adequacy ratio applicable to banks and foreign bank branches;

- Circular No. 13/2018/TT-NHNN dated 18/05/2018 of the State Bank of Vietnam stipulating the internal control system of commercial banks and foreign bank branches, as amended and supplemented in Circular No. 40/2018/TT-NHNN dated 28/12/2018 and Circular No. 14/2019/TT-NHNN dated 30/08/2019;

- Circular No. 50/2018/TT-NHNN dated 31/12/2018 of the State Bank of Vietnam on applications and procedures for granting approval for changes of commercial banks and foreign bank branches;

- Eximbank Charter as ratified by the General meeting of shareholders;

- Legislative documents on securities with connection to stock issuance for dividend payment.

C. DETAILS

- **Issuer:** Vietnam Export Import Commercial Joint Stock Bank
 - **Stock code:** EIB, listed on HOSE
 - **Type:** common stock
 - **Par value:** VND10,000/share (ten thousand dong a share)
 - **Total number of shares (including treasury stocks):** 1,235,522,904
 - **No. of treasury stocks:** 6,090,000
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 - **Issuance rate:** 20% (Shareholders owning 100 shares at the issuance time shall be entitled to receiving 20 additional shares)
 - **Fund source for execution:** profit after tax and deduction of funds in 2017, 2018, 2019, 2020, and 2021
 - **Time of execution:** 2022, to be specifically determined by the BoD once approvals from competent State agencies have been obtained
 - **Handling of odd shares:** the number of shares issued to existing shareholders shall be rounded to the unit, and the decimal fraction shall be cancelled.
- For example, a shareholder owning 148 shares at the record date shall additionally receive 29 shares.
- **Depository and additional listing:** shares to be additionally issued to existing shareholders from the owners' equity shall be centrally registered with Vietnam Securities Depository Center (VSD) and additionally listed on HCMC Stock Exchange (HOSE) in accordance with law.

D. ROADMAP OF EXECUTION, PLAN FOR USE OF THE INCREASED CHARTER CAPITAL, MANAGEMENT CAPABILITY, AND ASSESSMENT OF THE CAPITAL OUTPUT

1. Steps and method of capital increase

- Consult shareholders' opinion to ratify the capital increase plan;
- The BoD to take necessary steps to obtain consent from competent State agencies;
- Effect the capital increase upon approval in line with the specified procedures;
- Register for depository and additional listing;
- Conduct formalities to amend the charter capital in the License;
- Register the increased charter capital with HCMC Department of Planning & Investment, amend the Charter (those provisions on charter capital), report/publish information as per regulations, and make additional listing;
- Complete the capital increase in 2022.

2. Plan for use of the proceeds

The increased charter capital shall be used for Eximbank's business activities in the principle of safety, efficiency and for the highest benefits of shareholders. Expected usage includes:

- Investing in infrastructure and technological platforms: building offices, expanding the operating network, and investing in technology and fixed assets;
- Enlarging Eximbank's business activities.

3. Capability of management post charter capital increase

- Larger charter capital requires strengthened management, governance and oversight respectively.

- As to date, Eximbank BoD consists of 7 members who are experienced in corporate governance, finance and banking with strategic vision. All questioned matters are diligently and cautiously discussed before making decisions on the basis of consensus and majority votes. This is one of the crucial factors for the stability and sustainability of Eximbank's operations.

- The Board members are authorized to manage each operational aspect of Eximbank. Some of them work in full-time mode, thus enabling quick, timely and

effective processing of work. The BoD plays the role of formulating the overall strategic orientations and permanent operational directions for Eximbank, and instructing on the establishment of business targets to be submitted to the General meeting of shareholders for approval.

- Eximbank management includes highly professional and experienced persons who are capable of managing, taking grasp of and properly following the orientations of the General meeting of shareholders and BoD. It is their duties to realize the overall strategy and goals set by the Bank via concrete business plans and options; give advice to the BoD on issues relating to strategy and policies; and directly manage all operations of Eximbank.

- The Board of Supervisors of Eximbank currently comprises 3 members. The control of compliance is performed by auditors and supervisors with respect to operational risk, market risk and internal audit of Eximbank.

- The information technology system of Eximbank is up-to-date, management processes are computerized, and network connection is bank-wide available; meeting the high requirements of management.

4. Evaluation of capital output

- The charter capital increase shall be the premises for Eximbank to heighten its financial capabilities aligned with the bigger business size, ensure sustainable growth in line with the common development trend of the Vietnamese banking industry, and facilitate Eximbank to successfully fulfill its business objectives and strategy in the years to come.

- Based on the capital increase plan and business plan in 2022, Eximbank estimates some of the main targets in the year as follows:

Unit: VND billion

Item	2021	2022 plan	% growth
Total assets	165,832	179,000	7.9%
Capital funding ⁽ⁱ⁾	137,374	147,600	7.4%
Credit exposure ⁽ⁱⁱ⁾	115,590	127,149	10.0%
NPL ratio	1.96%	<=1.7%	
Profit before tax	1,205	2,500	107.5%

(i) Incl. customer deposits and valuable papers issued

(ii) Incl. customer loans and corporate bonds invested

Based on the above business plan, it is anticipated that Eximbank will stay obedient with the prudent ratios required by SBV.

APPENDIX

FUND SOURCES FOR CHARTER CAPITAL INCREASE

Unit: VND million

No.	Item	Note	Bank-only
1	Accumulated profit as at end of 2017 (already ratified by the 2018 AGM held on 27/04/2018)	A	154,257
2	Remaining profit in 2018 after deduction of funds	B	498,059
3	Remaining profit in 2019 after deduction of funds	C	664,982
4	Remaining profit in 2020 after deduction of funds	D	821,589
5	Remaining profit in 2021 after deduction of funds(*)	E	797,921
6	Undistributed profit accumulated up to 2021 after deduction of funds	F = A + B + C + D + E	2,936,808
7	Stock dividends paid	G	2,458,866
8	Ratio		20%
9	Undistributed profit remaining after dividend payment(**)	H = F - G	477,942

(*) Remaining profit in 2021 after deduction of funds amounting VND797,921 million has included the accumulated profit of VND63,211 million transferred from the subsidiary to the parent bank

(**) Undistributed profit remaining after dividend payment is retained for strengthening and enhancing the Bank's financial capability