

**JSC BANK FOR FOREIGN
TRADE OF VIETNAM**

Address: 198 Tran Quang Khai, Hanoi
Business Registration No. 0100112437
(15th revision dated April 14th, 2022)

**SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

Hanoi, January 30th 2023

PROPOSAL**ON THE PLAN OF INCREASING CHARTER CAPITAL
BY USING RETAINED EARNINGS OF 2021 & RETAINED
EARNINGS ACCUMULATED UNTIL THE END OF 2018**

To realize the strategic development direction of VCB to 2025 with the vision up to 2030; to improve the financial capability to meet VCB business development requirement and risk management, the BOD would like to present the Plan of increasing charter capital by using retained earnings of 2021 & retained earnings accumulated until the end of 2018 (the detailed plan is attached to the proposal) as follows:

1. Increase charter capital by using retained earnings of 2021 and retained earnings accumulated until the end of 2018:

- **Type of shares:** common shares;
- **Par value:** VND 10,000/share (ten thousand dong per share);
- **Total number of outstanding shares:** 4,732,516,571 shares as of 31st December 2022, which does not take into account the newly issued shares after completing 2022 charter capital increase plan (with the charter capital increasing ratio of 18.1%);
- **Charter capital prior to issuance:** VND 47,325,165,710,000 as of 31st December 2022, which does not take into account the newly issued shares after completing 2022 charter capital increase plan;
- **Expected number of shares to be issued:** maximum 2,768,522,194 shares and as per approval of competent authorities;
- **Expected issuance value by par value:** maximum VND 27,685,221,940,000 and as per approval of competent authorities;

- **Issuance proportion¹:** based on the charter capital at the time offering, after completing 2022 charter capital increase plan.
- **Source for share issuance and charter capital increase:** retained earnings of 2021 (after tax, fund allocation and no cash dividend) and retained earnings accumulated until the end of 2018;
- **Implementation time:** Tentatively in 2023, 2024; Specific time will be decided by the BOD upon obtaining approval of competent State authorities;
- **Issuance subjects:** VCB existing shareholders at the time of finalizing the right of receiving shares determined by the notice of VCB about ex-rights date regarding the share issuance increasing charter capital to pay dividend by using retained earnings of 2021 and retained earnings accumulated until the end of 2018.
- **Handling of odd shares:** the number of shares issued to shareholders will be rounded down to and figures after the point (.) will be ignored.

2. Plan to use additional capital

The additional equity will be used in the business of VCB on the principle of ensuring safety, efficiency and bringing the highest benefits to shareholders. The intended use for some areas is as follows:

- Investment in facility and technological infrastructure: construction of working offices, expansion of operation networks, investment in technologies and fixed assets;
- To invest in digital transformation, enhance product & service development, ensure information safety and service quality;
- To develop credit operation, treasury operation as well as other business operations; ensure resources to restructure the weak bank.

3. Rights and obligations of investor(s) receiving VCB's additionally issued shares

- Organizations/ individuals receiving VCB's additionally issued shares have the obligations to comply with the laws, regulations set by the State Bank of Vietnam, VCB's Charter as well as all the regulations as per Charter Capital increase plan.

¹ Issuance proportion = *exected number of issued shares / the number of oustanding shares*

- Organizations/ individuals receiving VCB's additionally issued shares are treated equally and are entitled to all the benefits of VCB's shareholders in accordance with laws and regulations.

BOD would like to propose the AGM to

1. Authorize the BOD to complete the Plan of increasing charter capital by using retained earnings of 2021 & retained earnings accumulated until the end of 2018 (the "Plan") with main contents as mentioned in this Proposal, propose to competent authorities to approve the Plan and implement based on the approved Plan;

2. Approve the amendment of VCB's Charter relating capital after the share issuance in accordance with the approved Plan and actual issuance results.

3. Authorize the BOD to:

- Decide on the time to conduct share issuance to pay stock dividend from retained earnings of 2021 and retained earnings accumulated until the end of 2018;

- Decide on ex-right date to finalize the list of shareholders having right after receiving approval from competent authorities;

- Decide on the detailed Charter capital increase based on the approval of competent authorities in accordance with laws and regulations and the actual issuance result;

- Proceed with all the necessary procedures to successfully conduct share issuance, register VCB's new charter capital (in accordance with actual increased share after the issuance) with competent authorities, amend VCB's Charter (relating to the new charter capital), complete all the procedures after the capital raise in accordance with laws and regulations, list the newly issued shares on Ho Chi Minh Stock Exchange after completing the issuance;

- Flexibly adjust and allocate funds for the usage mentioned in the Plan;
and

- Decide all the other issues relating to the charter capital increase.

Respectfully to the AGM's perusal and approval.

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

Pham Quang Dzung

THE PLAN OF INCREASING CHARTER CAPITAL BY USING RETAINED EARNINGS OF 2021 AND RETAINED EARNINGS ACCUMULATED UNTIL THE END OF 2018

A. CAPITAL INCREASE PURPOSE

To implement the strategy of Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB) until 2025 with the vision until 2030 and enhance the financial capacity to meet the requirements of business development and risk management, the increase of charter capital is vital based on the below assessment:

- *Assessment on charter capital of VCB in comparison with that of other domestic and regional banks:* the charter capital of VCB is the lowest by comparison with other State-owned banks, lower by comparison with private banks and much lower by comparison with regional banks. If VCB is not allowed to increase its charter capital, the bank is not able to perform its leading role in terms of size, market share and the ability of supporting domestic market regulation; and not able to achieve the strategic target of banking sector in Vietnam “By 2025, strive to have at least 2 – 3 banks in the Top 100 largest banks (by total assets) in Asia”.

- *Assessment on the implemetation of Increase capital plan of VCB during 2021-2025:* As the global economy is facing depressions, central banks implement monetary tightening policy and raise rates to limit inflation, stock trading and issuance on the capital market is low. Finding an investor with sound financial capacity suitable with the goal of VCB is very challenging. Thus, VCB’s private placement plan has not been successful. Besides, the bond issuance to increase capital also faces difficulties of monetary tightening policy and rising rates, increasing the bank’s cost of fund and decreasing the bank’s operational efficiency.

- *Assessment on the implemetation of supporting the economy:* In order to have enough financial capacity and continue the role as a State-owned bank, implementing the State’s policy supporting the economy, direction of the Government, State Bank of Vietnam “SBV”, promoting the economic development of Vietnam and stability of the banking system, particularly to

have enough resources to participate in restructuring a weak bank, VCB needs to increase its charter capital to become the No 1 State-owned bank by charter capital, maintain its leading role in banking sector.

B. LEGAL BASIS

- The Law on Credit Institutions on June 16th, 2010 and amended and supplemented by Law on amending and supplementing the Law on Credit Institutions on November 20th, 2017 and implementation guidelines;
- The Law on Enterprise on Jun 17th 2020 and implementation guidelines;
- The Law on Securities on Nov 26th 2019 and implementation guidelines;
- Decree 91/2015/ND-CP dated October 13, 2015 amended and supplemented by Decree No. 32/2018/ND-CP dated March 8, 2018 and Decree No. 121/2020/ND -CP dated October 9, 2020 of the Government on investment of state capital in enterprises and management and use of capital and assets at enterprises and implementation guidelines;
- Decree 155/2020/ND-CP providing detailed regulations for implementation of a number of Articles of the Law on Securities and implementation guidelines;
- Circular 118/2020/TT-BTC dated Dec 31st 2020 by The Ministry of Finance providing guidelines for public offer for sale of securities, securities issuance, public offer for buying securities, stocks buying back, public company registration and public company de-registration;
- Circular 22/2019/TT-NHNN dated November 15th, 2019 of SBV on regulating limits, adequacy ratios for banks, foreign bank branches;
- Circular 41/2016/TT-NHNN dated December 30th , 2016 of SBV on stipulating the capital adequacy ratio for the banks and the foreign bank branches;
- Circular 13/2018/TT-NHNN dated May 18th, 2018 of SBV amended, supplemented by Circular 40/2018/TT-NHNN dated December 28th, 2018 of SBV regulating the internal supervising system of commercial banks, foreign

bank branches;

- Circular 50/2018/TT-NHNN dated Dec 31st 2018 of SBV regulating documents, process, procedure to approve changes of commercial banks and foreign bank branches;
- Charter on organization and operation of VCB approved by Resolution No. 14/TN2021/NQ-DHDCD dated April 23th, 2021 by the AGM;
- Resolution 15/TN2022/NQ-DHDCD dated April 29th, 2022 of the 15th AGM;
- Resolution 680/NQ-VCB-HDQT dated December 30, 2022 of the BOD approving VCB's 2021 profit distribution;
- Document 8861/NHNN-TCKT dated December 16th, 2022 of SBV approving VCB's 2021 profit distribution;
- Legal documents on securities related to share issuance to increase capital from owner's equity.

C. CAPITAL INCREASE PLAN

4. Increase charter capital by using retained earnings of 2021 and retained earnings accumulated until the end of 2018

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5. Custody and supplemental listing:

Additional shares issued to existing shareholders will be centrally registered at Vietnam Securities Depository (VSD) and additionally listed at Ho Chi Minh City Stock Exchange (HOSE) in accordance with the law.

D. EXECUTION PROCESS, USAGE PLAN FOR THE INCREASED CAPITAL, MANAGEMENT ABILITY, CAPITAL USAGE EFFICIENCY EVALUATION

1. Procedural order, capital increase method

- Get approval from shareholders for the charter capital increase plan;
- BOD implements necessary procedures to get approval of related competent state authorities;
- Perform the charter capital increase step by step as per regulation after receiving the approval;
- Implement the additional custody and register supplemental listing;
- Register the new charter capital at Hanoi Department of Planning and Investment and amend the Charter (article on charter capital), report and publish

² Issuance proportion = *exected number of issued shares / the number of oustanding shares*

information in accordance with regulation;

- Expected to complete in 2023, 2024.

2. Usage plan for the increased capital

The increased capital will be used for the business operation of VCB based on the principle of safety, efficiency and optimization of benefit to all shareholders. Details are as follows:

- To make investment in facilities, information technology: to build Vietcombank offices, to widen branch network, to invest in technology and fixed assets;
- To invest in digital transformation, enhance product & service development, ensure information safety and service quality;
- To develop credit operation, treasury operation as well as other business operations; ensure resources to restructure weak banks.

3. Capital management capability after charter capital increase

- The increased charter capital requires the corresponding improvement in the management, supervision activities of VCB.
- Currently, Vietcombank's BOD consists of members who are experienced professionals in government governance, corporate governance, banking finance and have strategic vision. Each issue is discussed carefully before decisions are made upon majority's agreement. This is one of the decisive factors for the stability and sustainability of the bank's activities. Each of the Board members is assigned specific scope of duty by the Chairman. Several Board members are full time members, hence, tasks are cleared in a timely and efficient manner. The BOD plays the role as a conductor who decides the overall strategy and VCB's long term operation direction as well as instructs the establishment of business targets to submit to the AGM.
- VCB's Executive Board consists of individuals who are experienced banking professionals, have strong capability in corporate governance and execute exactly the BOD and AGM's directions. The Executive Board has the duty to specify the bank's overall strategy and targets by setting out business plans and to advise the BOD on strategic issues, policies and directly runs all the

bank's activities.

- VCB has developed the management scheme according to international practices for banking operation.
- The Supervisory Board of VCB includes 4 members. The supervision of the compliance is implemented by the team of controllers, compliance supervisors, operation supervisors and internal auditors at every VCB activities.
- The information technology system at VCB is modern, the management procedures is computerized, connected with the whole system network to meet the requirement of the management activity. This is an important factor that helps VCB to provide customers with hi-tech banking products and services.

4. Evaluate the capital usage efficiency

Capital increase is an important step for Vietcombank to develop and strengthen its competitiveness, balancing with the development speed and operation scale of the bank

Capital increase is the foundation for VCB to improve its financial capacity for a sustainable development. In addition, this capital increase is suitable with the current development trend of Vietnam's banking sector, enabling Vietcombank to complete all the strategic business targets in the next following years, support banking targets and particularly State-owned bank targets set by the Government, State Bank of Vietnam. VCB will have enough resources to become the leading commercial bank in Vietnam with the ultimate goal of benefiting shareholders.

5. Expected changes in shareholder structure

The share issuance will tentatively not change shareholders' ownership of VCB.