

**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, April 28th 2022

PROPOSAL**ON RECEIVING A MANDATORY TRANSFER OF A BANK**

- Pursuant to Law on Enterprises No 59/2020/QH14;
- Pursuant to Law on Credit Institutions No 47/2010/QH12; Law amending, supplementing a number of articles of Law on Credit Institutions and related legislative documents;
- Pursuant to Charter of Incorporation and Operation of JSC Bank for Foreign Trade of Vietnam (VCB) approved by AGM 2021 dated 23/04/2021,

VCB is expected to participate in restructuring a weak bank (“the Bank”) in the form of mandatory transfer (“the Transfer”). The participation is in line with Government policies, SBV regulations and the law, contributing to the stable and healthy development of the banking sector as well as the economy; at the same time, creating opportunities to bring benefits to VCB’s shareholders. The Board of Directors respectfully propose the AGM’s consideration and seeking principal approval for receiving mandatory transfer of the Bank with basic information as follows:

1. Objective of the mandatory transfer acceptance

- For the Bank: support the Bank to gradually restore its normal operation, overcome weaknesses, become a bank with a healthy financial position, and ensure business continuity;
- For VCB: VCB will have favorable conditions to expand its business scale, customer base, network, etc. and can acquire, continue to maintain the Bank as its subsidiary bank or sell the Bank to new investors.

2. Principles of receiving the mandatory transfer of the Bank

- Comply with the law;
- Minimize impact on VCB’s business and reputation; ensure the legitimate rights of VCB’s shareholders, officers/employees;
- Restore the Bank in the shortest time possible;

- VCB has the right to sell/transfer, acquire, continue to maintain the Bank as VCB's 100% subsidiary during and after completing the mandatory transfer plan ("the Plan") implementation;

- VCB's policies on dividend, distribution of profit after tax and reserve funds shall not depend on or be impacted by the Transfer and shall be independent with the business results of the Bank during the implementation of the Plan.

3. Basic contents of receiving the Transfer of the Bank:

- After VCB receives the Transfer, the Bank will operate as a one-member limited liability bank 100% owned by VCB, act as an independent legal entity and its financial statement is not consolidated into VCB's consolidated financial statement.

- VCB does not inject capital into the Bank when the Bank still has accumulated loss.

- VCB is not responsible for the Bank's liquidity & financial obligations during the Plan implementation.

- VCB participates in governance, management, and implementation of support measures in the Plan approved by competent authorities.

- VCB and the Bank are allowed to apply support measures as prescribed in Law on Credit Institutions and relevant local regulations which approved by competent authorities in the Plan, including but not limited to:

- For the the Bank:
 - ✓ The Bank will be provided special loans by SBV at preferential interest rate to 0% during the Plan implementation;
 - ✓ The Bank does not have to comply with prudential ratios during the Plan implementation;
 - ✓ The Bank is reissued operating license by SBV to ensure the Bank is allowed to operate in all business areas that VCB is doing and will be licensed to do if any without meeting conditions set out by SBV.
 - ✓ The Bank's annual credit growth is not be capped and has to follow the Plan, this also can exceed the annual credit growth target in order to meet the Plan's objectives;
 - ✓ The Bank is allowed not to make general provision for the loans purchased from VCB (if any) under the Plan;

- ✓ Deposit Insurance of Vietnam buys bonds issued by the Plan at the same yields of bond with similar terms issued by the State Treasury;
- For VCB:
 - ✓ VCB is given priority to be approved to provide loans exceeding 15%/25% of VCB's equity to a customer and related customer group; to provide medium and long term foreign currency loans for key projects, increase VCB's market share in serving international credit projects when the Bank still has accumulated losses;
 - ✓ VCB's annual credit growth is not capped if it meets the regulated capital adequacy ratio;
 - ✓ VCB is allowed to issue long-term bonds to Deposit Insurance of Vietnam after accepting mandatory transfer of the Bank;
 - ✓ VCB is allowed to use all retained earnings after setting aside funds to pay stock dividends to increase capital (in the years when the Bank's accumulated losses remain).
 - ✓ VCB is allowed to open branches/transaction offices in the provinces/cities with the minimum number equal to the lowest number of branches/transaction offices of other state-owned banks in these provinces/cities.
 - ✓ VCB does not have to apply restriction conditions in transactions with the Bank as its subsidiary bank; the transactions related to assets with the Bank will apply risk weights of 0% when calculating prudential ratios and are classified as standard loans.

Specific support measures and support level under the Plan shall be subject to competent authorities' approval.

Board of Directors respectfully submit to AGM for:

1. Approving in principle VCB's acceptance of mandatory transfer of the Bank with basic information as above;
2. Authorizing the Board of Directors to:
 - Approve materials according to Law on Credit Institutions to submit to SBV to seek for the Government's principal approval on mandatory transfer of the Bank to VCB;

- Approve the Plan and approve any revised contents thereof as required by competent state authorities in accordance with local regulations & law;
 - Report and obtain approval from competent state authorities in accordance with legal regulations;
 - Execute the mandatory transfer of the Bank based on approval of competent state authorities in accordance with legal regulations;
 - Decide all other related works to the mandatory transfer of the Bank and implement the Plan approved by the authorities.
3. Any related decisions of the BOD (delegated by AGM in Section 2 above) will only be approved when:
- It is approved by 100% of the attending BOD members (except for any BOD member who does not have voting right as prescribed by law, if any); and
 - The BOD meeting have the attendance of the BOD member who represents strategic shareholder Mizuho.

**ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN**

Pham Quang Dzung