

PROPOSAL

Ref: Charter Capital Increase in 2020

To: General Assembly of Shareholders

- Based on the Law on Enterprise No.68/2014/QH13 dated November 26, 2014 of the 14th National Assembly
- Based on the Law on Credit Institution 2010 of 12th National Assembly; Law amending, supplementing some articles of the Law on Credit Institution 2017 of the 14th National Assembly
- Based on the Charter of Saigon-Hanoi Commercial Joint Stock Bank issued together with Decision No. 261/QD-HDQT dated June 26, 2018 of the Board of Directors of SHB;

SHB Board of Directors proposes General Assembly of Shareholders the plan for charter capital increase in 2020 as follows:

Saigon-Hanoi Commercial Joint Stock Bank (SHB) has current charter capital of 17,558,331,260,000 VND (seven teen thousand five hundred fifty eight billion three hundred thirty one million two hundred sixty thousand VND). The most recent increase is the increase of 2,514,370,350,000 VND (two thousand five hundred fourteen billion three hundred seventy million three hundred fifty thousand VND) from the stock dividend distribution in 2017, 2018 and the increase of 3,007,799,810,000 VND (three thousand seven billion seven hundred ninety nine million eight hundred ten thousand VND) from the share offering to existing shareholders. From the capital increase to date, SHB has used the increased capital according to the charter capital plan approved by the General Assembly of Shareholders and accepted by the State Bank of Vietnam and the State Securities Committee.

Implementing the direction of the State Bank of Vietnam about raising financial competence of credit institutions, speeding up the satisfaction of Basel II standards and prudential ratios as provided in the Circular No.41/2016/TT-NHNN of the State Bank of Vietnam; and at the same time, enhancing business activities, expanding operation network, modernizing banking technology and meeting growth objectives both in scale and operation quality, SHB Board of Directors proposes

General Assembly of Shareholders to approve the SHB's charter capital increase with the following details:

- 1. Approve SHB's charter capital increase plan to 19,313,668,200,000 VND (nineteen thousand three hundred thirteen billion six hundred sixty eight million two hundred thousand VND) according to the attached charter capital increase plan because of the increase of 1,755,336,940,000 VND (one thousand seven hundred fifty five billion three hundred thirty six million nine hundred forty thousand VND) from the stock dividend distribution in 2019;**
- 2. Approve the update of the charter capital increase content at the Clause 1 of this Proposal into the Operating License, Charter, Business Registration Certificate.**
- 3. Assign the Board of Directors and members of the Board of Directors working on a permanent basis to actively implement:**
 - Decide the amendment, supplementation, adjustment of the 2020 Charter Capital Increase Plan approved by the General Assembly of Shareholders; prepare, adjust and explain all the documents and procedures relating to the issuance required by competent authority (if any), in order to implement effectively charter capital increases in accordance with practical needs of business operation of SHB, with legal regulations, SHB charter and the rights of SHB's shareholders.
 - Decide the time to finalize shareholder list to exercise rights, the time and progress for issuing stock to increase charter capital; the time to list and to supplement stocks, ensuring the benefits of shareholders;
 - Decide the plan to solve the odd stocks arised and the stocks not distributed completely (if any)
 - Actively implement related legal procedure after completing the capital increase: change business registration, change the capital content on the bank's charter, operation license of the bank and other legal documents as per legal provision;
 - Actively decide and implement other works (if arised) to ensure the successful issuance.

Respectfully submitted for approval!

For and on behalf of the Board of Directors

Chairman of the Board of Directors

Do Quang Hien

(Signed and Sealed)

Hanoi, June 04, 2020

CHARTER CAPITAL INCREASE PLAN

I. LEGAL BASIS AND THE NEED FOR CHARTER CAPITAL INCREASE

1. Legal Basis

- Law on Credit Institutions No. 47/2010/QH12 issued by the National Assembly of the Socialist Republic of Vietnam on June 16, 2010;
- Securities Law No. 70/2006/QH11 issued by the National Assembly of the Socialist Republic of Vietnam on June 26, 2005;
- Law No. 62/2010/QH12 amending some articles of the Securities Law No. 70/2006/QH11 issued by the National Assembly of the Socialist Republic of Vietnam on November 24, 2010;
- Decree 58/2012/ND-CP dated July 20, 2012 of the Government providing in detail and guiding the implementation of some articles of the Securities Law and the Law amending, supplementing some articles of the Securities Law;
- Circular 130/2012/TT-BTC dated August 10, 2012 of the Ministry of Finance guiding the repurchase of stock, selling treasury stock and some cases of issuing additional stock of public company;
- Circular 50/2018/TT-NHNN dated December 31, 2018 of the State Bank providing on documents, order, procedure for accepting some changed contents of commercial bank, branch of foreign bank
- Charter of Saigon-Hanoi Commercial Joint Stock Bank approved by the Governor of the State Bank
- Based on practical operation of Saigon-Hanoi Commercial Joint Stock Bank

2. The need for Charter Capital Increase

The issuance of stock to increase SHB's charter capital is of significant importance in order to increase management capabilities, to raise competitiveness of SHB in the international economic integration process, specifically:

- Meet regulations on capital and Basel II standards according to regulation in the Circular 41/2016/TT-NHNN
- Increase capital using capacity, expand lending scale and develop network to meet customer's needs better.

- Increase financial competence, competitiveness in order to implement the objective of SHB's becoming one of the largest private commercial joint stock banks in Vietnam in the coming time according to international standards.
- Improve facilities, modernize banking technologies and equipment to serve management, provide new and diversified products and services to meet competition requirements in the current banking operation context.
- Invest in facilities, expand branch and transaction network in 2020.

II. PLAN FOR CHARTER CAPITAL INCREASE

1. Capital Increase:

- SHB's charter capital up to May 6, 2020 is 17,558,331,260,000 VND, corresponding to 1,755,833,126 outstanding shares, in which:
 - + Outstanding Shares: 1,755,336,940 shares
 - + Treasury Shares: 496,186 shares

1.1. Share Issuance to pay dividend of 2019 to existing shareholders

- Number of shares expected to be issued: 175,533,694 shares (one hundred seventy five million five hundred thirty three thousand six hundred ninety four shares)
- Total value of issued shares calculated by face value: 1,755,336,940,000 VND (one thousand seven hundred fifty five billion three hundred thirty six million nine hundred forty thousand VND).

1.2. Number of shares after the issuance:

- Number of shares after the issuance: 1,931,366,820 shares
- Expected charter capital after the issuance: 19,313,668,200,000 VND

2. Issuance Method: Issuing dividends to existing shareholders by right exercising method

3. Issuance Plan:

3.1. General Information about issuing organization:

- Issuing organization: Saigon-Hanoi Commercial Joint Stock Bank
- Address: 77 Tran Hung Dao, Tran Hung Dao ward, Hoan Kiem district, Hanoi city
- Establishment License No. 0041/NN/GP issued by the State Bank on November 13, 1993
- Business Registration License No. 1800278630. First Registration on December 10, 1993. 26th Adjustment Registration on May 16, 2018.
- Tel: (04) 3942 3388 Fax: (04) 3941 0944

3.2. Information about the issuance:

- Name of share issued: Saigon-Hanoi Commercial Joint Stock Bank
- Type of share issued: Common stock
- Type of currency: Vietnam Dong
- Face Value: 10,000 VND/stock (Ten Thousand VND/Stock)
- Charter Capital up to May 6, 2020 is 17,558,331,260,000 VND
- Number of outstanding shares: 1,755,336,940 shares
- Number of shares issued to pay dividend of 2019 to existing shareholders: 175,533,694 shares
- Expected Charter Capital after issuance: 19.313.668.200.000 VND

3.3. Detailed Issuance Plan:

- Type of Share: Common Stock
- Number of Shares issued: 175,533,694 shares
- Total value of shares issued calculated by face value: 1,755,336,940,000 VND
- Right exercise ratio: Ratio 100:10 (at the time of finalizing shareholder list, each shareholder owns 100 stocks (face value of 10,000 VND/1 stock) will receive additional 10 new stocks), corresponding to the dividend ratio of 10% on face value.
- Odd stock solution principle: Additional stock issued will be rounded down, the odd stock arised (if any) will be destroyed.

3.4. Implementation Time:

Implementation time is expected to be in Quarter 3, 2020. The General Assembly of Shareholders authorizes the Board of Directors to implement procedure for issuing stocks to increase charter capital according to legal provision.

3.5. Completion Time:

Time for completing the issuance is expected to be in Quarter 3 and Quarter 4 of 2020.

4. Registration and listing of additional shares issued:

Additional shares issued will be registered centrally at the Vietnam Securities Depository (VSD) and listed at the Hanoi Stock Exchange according to legal provision.

5. Information about reserve for charter capital, share premium, retained profit and other reserves will be determined according to the auditing result of independent auditor

Information about consolidated reserves of SHB at December 31, 2019 according to result of independent auditor is as follows:

- Reserve for Charter Capital: 596,639 million VND
- Share Premium: 101,716 million VND
- Undistributed profit (retained profit): 4,607,693 million VND, in which retained profit of 2017 and 2018 has been used to distribute dividend with the ratio of 20.9% in early 2020, the retained profit of 2019 will be used for dividend distribution with expected ratio of 10%.
- Financial Reserve: 1,181,879 million VND
- Development Investment Reserve: 37,413 million VND
- Other Reserve: 1,022 million VND

Information about unconsolidated reserves of SHB at December 31, 2019 according to result of independent auditor is as follows:

- Reserve for Charter Capital: 565,460 million VND
- Share Premium: 101,716 million VND
- Undistributed profit (retained profit): 4,206,765 million VND (in which retained profit of 2017 and 2018 has been used to distribute dividend with the ratio of 20.9% in early 2020, the retained profit of 2019 will be used for dividend distribution with expected ratio of 10%).
- Financial Reserve: 1,172,517 million VND
- Development Investment Reserve: 23,511 million VND

- Other Reserve: 1,022 million VND

III. PLAN TO USE THE INCREASED CHARTER CAPITAL

The total amount collected from charter capital increase which is 1,755,336,940,000 VND will be used as follows:

No.	Plan to use capital	Expected Cost
1	Investment in modern IT system, fixed assets for development of business network	400,000,000,000
2	Expand lending scale	1,355,336,940,000
	Total	1,755,336,940,000

1. Improving facilities and modernizing technologies

SHB aims to become a modern universal retail bank, constantly developing and gradually reaching out to international integration. Therefore, SHB continues to increase its charter capital to invest in modernizing banking technology according to the 4.0 standard, invest in facilities to expand the network in 2020, upgrade and repair existing branches according to standard brand identity. This cost is expected to be around VND 400 billion, including:

- *Investment in technology modernization, estimated at VND 300 billion.*
 - SHB continues to invest in modern information technology systems according to the 4.0 standard in order to improve business management and development capabilities such as: continuing to upgrade Corebanking, building an Information Technology system to meet Basel II standards, data warehouse management system, customer portfolio management system and other IT solutions to improve management capacity, minimize business risks, improve business efficiency of SHB, and developing a variety of competitive, convenient and diversified banking products and services, following the digital banking trend, etc.
 - Investment in infrastructure for information technology system.
- *Investment in procurement of fixed assets, facilities, construction, labor tools to serve business activities and to expand domestic and foreign networks: about VND 100 billion*
 - Network development: Invest in building new branches, upgrade the old branch network according to the uniform brand identity; Invest in facilities, rent locations to open new transaction offices in provinces and cities according to the plan to expand the transaction office network, in accordance with regulations of TT21/TT-NHNN.
 - Install new ATM, POS systems and ATM system operation maintenance equipment, serving the network and customer utilities.
 - Investment in facilities, procurement of fixed assets and labor tools for the bank's operations.

2. Increasing capital to expand lending scale

In addition to using capital raised from organizations and individuals, SHB plans to use the increased capital to lend to VND 1,355.3 billion. SHB focuses on lending to customers as follows:

(1) Individual customers:

Vietnam has a large population of over 95 million, but the level of people using banking products and services is relatively low. With the goal of becoming a modern universal retail bank, SHB continues to focus on the development of diversified and convenient personal banking products based on modern technology and a wide network of distribution channels.

In addition to traditional distribution channels such as branches and transaction offices, SHB has promoted e-banking distribution channels such as ATM, POS, Internet / Mobile / SMS / Phone Banking ... The increasingly added and upgraded utilities are aimed at creating the most favorable conditions for customers.

Consumer loans to individual customers of SHB Consumer Finance Company.

(2) SME customers:

SHB's SME development objective is also the target throughout the 5-year plan 2016-2020. In 2020, SHB will continue to focus on supporting economic sectors with high growth rates such as : export handicrafts, garments, leather shoes for export, agricultural production, rice, aquatic products and food for export, energy, consumption, animal feed, aquaculture, etc.

The Board of Directors decides the details of the capital use plan based on the interest of SHB and ensuring compliance with the relevant legal provisions.

IV. 2020 FINANCIAL PLAN AFTER CHARTER CAPITAL INCREASE

The charter capital increase in 2020 facilitates the increase in business scale of SHB, whereby the financial targets are expected as follows:

Unit: Billion VND

No.	Item	2020 Plan	Increase/Decrease against 2019
1	Total Assets	408,448	43,194
2	Charter Capital (*)	19,314	7,278
3	Deposits and Borrowings from Individuals and Economic Organizations	334,636	46,157
4	Outstanding Loans	306,122	39,929
5	Profit before Tax	3,268	242

