



**SAI GON – HANOI
COMMERCIAL JS BANK**

No.: 03/TTr-HDQT

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

Hanoi, April , 2023

PROPOSAL

**Re: Capital increase by issuing shares under the Employee Stock Option Program
of SHB**

To: GENERAL MEETING OF SHAREHOLDERS

- Pursuant to the Law on Enterprises No. 59/2020/QH14 dated June 17, 2020;
- Pursuant to the Law on Securities No. 54/2019/QH14 dated November 26, 2019 and guiding documents;
- Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010; Law amending and supplementing a number of articles of the Law on Credit Institutions No. 2017 of the 14th National Assembly and guiding documents;
- Pursuant to Decree 155/2020/ND-CP December 31, 2020 detailing the implementation of a number of articles of the Law on Securities;
- Pursuant to relevant legal regulations;
- Pursuant to the current Charter of Saigon - Hanoi Commercial Joint Stock Bank;
- Based on the actual operational needs of Saigon - Hanoi Commercial Joint Stock Bank,

In recent years, Saigon - Hanoi Commercial Joint Stock Bank (SHB) have always achieved stable growth, safe and sustainable operation thanks to the dedicated guidance of the State Bank and other management authorities, the support and companionship of shareholders, investors, customers, and the solidarity - determination and ceaseless efforts of the entire management board and staff of SHB.

With the aim of creating a bond between the Bank and employees, and at the same time encouraging talents to improve working efficiency, the Board of Directors of SHB (BOD) would like to submit to the General Meeting of Shareholders for consideration and approval upon the plan to issue shares under SHB's Employees' Stock Option Plan ("ESOP Plan"), specifically as follows:

I. Legal basis and the need to increase charter capital

1. Legal basis

- Pursuant to the Law on Enterprises No. 59/2020 and guiding documents; Pursuant to the Law on Credit Institutions No. 47/2010/QH12, the Law amending and supplementing a number of articles of the Law on Credit Institutions No. 17/2017/QH14 and guiding documents;

- Pursuant to the Law on Securities No. 54/2019/QH14 and guiding documents;
- Pursuant to Decree No. 155/2020/ND-CP dated December 31, 2021 of the Government;
- Pursuant to the Charter of Saigon - Hanoi Commercial Joint Stock Bank;
- Pursuant to relevant legal regulations;
- Based on the actual operational needs of Saigon-Hanoi Commercial Joint Stock Bank (SHB),

2. The need to implement the ESOP

- The issuance of shares under SHB's ESOP program has an important meaning in retaining talents, recognizing the efforts of all levels of officers/staff for the Bank in recent years. High-quality human resources who are attached to the Bank are the driving force for SHB to complete its goals and development strategies in the future.
- Bringing good human values in the internal culture of SHB.

II. Detailed issuance plan

1. Charter capital increased

- **Increase charter capital by ESOP**
 - + Number of shares to be issued: 45,120,000 shares.
 - + Total value of shares issued at par value: VND 451,200,000,000.

2. Detailed issuance plan

Issuance of shares under SHB's ESOP

- Share name: Saigon - Hanoi Commercial Joint Stock Bank
- Share Type: Common Share
- Currency: Vietnam Dong
- Number of shares issued: 45,120,000 shares.
- Par value of shares issued: VND 10,000/share.
- Total value of shares issued at par value: VND 451,200,000,000.
- Issuing objects: optional for SHB employees, the General Meeting of Shareholders assigns the Board of Directors to decide on standards, list of employees, and principles for determining the specific number of shares to be distributed to each object after the General Meeting of Shareholders has approved the ESOP.
- Issuance method: Issuing shares under SHB's ESOP.
- The principle of determining the issue price: Is the preferential price for SHB's employees, according to the ESOP for SHB employees with the expected selling price of VND 10,000/share .

- Restricted transfer period: Common shares issued to employees will be restricted from being transferred for **18 months** from the end of the issuance.
- Handling of odd shares or shares not fully distributed after the issuance (if any):
 - + Odd shares: Assign the Board of Directors to handle odd shares arising when distributing shares to employees.
 - + Shares not fully distributed: In case certain employees do not exercise the right to buy, or do not buy in full amount, the General Meeting of Shareholders shall assign the Board of Directors to distribute the remaining shares to other employees of the Bank with the same selling price to employees according to the original list.
- Expected time of issuance: To be decided by the BOD after the approval of General Meeting of Shareholders and the competent State authorities (Expected in 2023).
- Expected completion time: Expected in 2023 or until SHB completes legal procedures.
- Registering for custody and listing additional issued shares: Additional issued shares will be centrally registered at the Vietnam Securities Depository Center (VSD) and additionally listed on the Stock Exchange in accordance with provisions of the Law. The General Meeting of Shareholders assigns the Board of Directors to decide on the registration of depository and listing of additionally issued shares in accordance with the law.

3. Plan to use additional charter capital:

The expected increase in charter capital from this charter capital increase is **VND 451,200,000,000**, which will be used to supplement capital for SHB's lending, investment and credit extension activities.

Plan to use capital	Expected amount (billion VND)	Expected disbursement time
Additional working capital	451.2	Quarter III, Quarter IV/2023 or until completion of issuance procedures as prescribed
Corporate loans, in which:		
- Loan to supplement working capital, finance fixed assets	100.0	
- Loans for production, business, and project implementation	301.2	
Individual loan	50.0	

The Board of Directors decides in detail the capital use plan on the basis of SHB's interests and ensures compliance with relevant laws.

III. Expected consolidated financial plan in 2023

Unit: VND billion

No.	Criteria	<u>Plan 1:</u> Credit growth limit in 2023 is 10%	<u>Plan 2:</u> credit growth limit in 2023 is 14%

		Plan 2023	Increase/decrease compared to 2022	Growth compared to 2022	Plan 2023	Increase/decrease compared to 2022	Growth compared to 2022
1	Total assets	600,106	49,202	8.93%	606,500	55,596	10.09%
2	Charter capital	36,645	5,972	19.47%	36,645	5,972	19.47%
3	Customer deposit	456,180	49,046	12.05%	467,291	60,157	14.78%
4	Credit balance (*)	429,880	31,061	10.00%	445,126	46,307	14.00%
5	NPL ratio	< 2%			< 2%		
6	Profit before tax	10,285	596	6.15%	10,626	937	09.67%
7	Expected dividend	15%			15%		

(*) Credit growth adjusted according to the approval of the State Bank

IV. Management, operation and control capacity after capital increase

With the additional charter capital, SHB has the ability to manage, administer and control the Bank's business activities, specifically as follows:

- The number of Board of Directors (BOD) members always meets the requirements of SHB's governance. The BOD members of SHB are officers with professional qualifications, profound experience in the banking and finance industry in Vietnam and internationally, have leadership capacity, and are qualified according to the Law on Credit Institutions and the Charter and internal regulations of SHB.
- The Supervisory Board currently has 03 members. The members of the Supervisory Board are all highly qualified and experienced in the banking and finance industry and are responsible for monitoring and evaluating the implementation of risk management strategies, regulations, processes and risk limits of business units throughout the system, ensuring compliance with the provisions of the law and SHB, compliance with the development strategy and business objectives of the Bank.
- The Board of Management (BOM) of SHB includes: CEO, Deputy General Directors, Directors of functional Divisions. SHB's BOM is capable, qualified, has many years of experience and enthusiasm in work.
- To assist the Board of Directors, there are committees, namely: Risk Management Committee, Human Resources Committee, Strategy Committee, and Internal Security Committee. Each committee has specific regulation on tasks and powers on the basis of compliance with the guidance of the SBV and the management needs of SHB. The high internal solidarity among the Board of Directors, the Board of Management and all SHB employees creates favorable conditions for SHB's governance activities to be implemented effectively and transparently.

- SHB's internal control and internal audit system is completed according to the provisions of Circular No. 13/2018/TT-NHNN, Circular No. 40/2018/TT-NHNN and according to market realities and SHB's business operations. The staff in charge of internal control and audit of SHB are professional, qualified, ethical, and knowledgeable about SHB's activities.
- SHB's employees are capable, creative and enthusiastic in their work. As of December 31, 2022, the total number of employees of the whole SHB system was 9,504 people. The number of employees with university and postgraduate degrees accounts for over 80% of the total number of employees of the Bank. With the business philosophy of "serving from the heart", all employees of SHB take customers as the focus to serve at their best, giving customers satisfaction thanks to their professionalism and dedication in their work.
- SHB's risk management system is operated based on the model of 3 lines of defense in all activities. Risk measurement, control and warning methods are continuously improved according to international standards.
- SHB spends huge resources to invest in the information technology system, which will be the foundation for SHB to make a breakthrough in business activities and successfully realize its goal of becoming a leading modern digital bank.

With the current management, administration and control system, human resources and modern technology platform, SHB is fully capable to control the Bank's operations properly when increasing capital scale, ensuring stable and sustainable development.

The Board of Directors proposes to the General Meeting of Shareholders for consideration and approval:

- 1. Approving the plan to increase charter capital of SHB as above**
- 2. Approving the update of the content of the change of charter capital in the Operation License, Charter, and Certificate of Business Registration after completing the issuance.**
- 3. Assign the Board of Directors to actively perform the following tasks:**
 - Approve the criteria and list of employees participating in the program, the principles of determining the number of shares to be distributed to each object and the implementation time;
 - Decide and carry out related works and procedures to complete the issuance of shares to increase capital;
 - Decide on the amendment, supplement and adjustment of the share issuance plan under SHB's ESOP as approved by the General Meeting of Shareholders; prepare, edit and explain all documents and procedures related to the issuance at the request of the competent management agencies (if any), in order to effectively implement the issuance program in accordance with the regulations. in accordance with the

actual needs of SHB's business activities, the provisions of law, SHB's charter and the interests of SHB shareholders;

- Adjust the allocation of proceeds from the offering for purposes of using capital as approved, or change the purpose of using the proceeds from the offering to suit the actual situation and report to the nearest General Meeting of Shareholders on adjustments related to this capital use plan;
- Make a detailed capital use plan for each purpose of using capital obtained from the offering. Use capital in accordance with the business situation of the Bank, ensuring efficient use of capital and interests of shareholders;
- Decide the time to close the list and the progress of issuing shares to increase charter capital; time of listing and supplementing shares;
- Decide on the stock plan for shares that have not been fully distributed (if any);
- Proactively carry out relevant legal procedures after completing the capital increase: change the business registration, change the content of charter capital stated in the Bank's charter, the Bank's operation license and other legal documents as prescribed by law;
- Decide on a plan to ensure that the issuance of shares to employees of SHB meets the regulations on foreign ownership ratio.
- Proactively decide and implement other tasks (if any) to ensure a successful issuance.

The Board of Directors respectfully submits to the General Meeting of Shareholders!

**PP. BOARD OF DIRECTORS
CHAIRMAN OF THE BOARD**