



**SAI GON – HANOI
COMMERCIAL JS BANK**

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

Hanoi, 2024

No.: /TTr-HDQT

PROPOSAL

Re: Charter capital increase by issuing shares to pay dividends in 2023 for existing shareholders

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 upon the actual operational needs of Saigon - Hanoi Commercial Joint Stock Bank;
- According to the Minute of BOD Meeting No. 11/BBH-HDQT and Resolution of the BOD on approving documents to be submitted to the 2024 annual General Meeting of Shareholders,

The Board of Directors of SHB would like to submit to the General Meeting of Shareholders the plan to increase charter capital from by issuing shares to pay dividends in 2023 for existing shareholders as follows:

Saigon - Hanoi Commercial Joint Stock Bank (SHB) currently has a charter capital of VND 36,193,981,130,000. According to Resolution 01/NQ-DHDCD dated April 11, 2023, SHB has completed the issuance of 43,510,429 shares under the ESOP for SHB employees (according to Announcement No. 118/UBCK-QLCB dated February 27, 2024 regarding documents reporting the results of share issuance under SHB's ESOP). Currently, SHB is carrying out procedures to amend the content of the License for establishment and operation, with a change in charter capital from VND 36,193,981,130,000 to VND 36,629,085,420,000.

To implement the goals and business plans in the coming time, the BOD of SHB respectfully submits to the General Meeting of Shareholders for consideration and approval on increasing SHB's charter capital as follows:

1. Approving the plan to increase the charter capital of SHB from **VND 36,629,085,420,000** to an expected amount of **VND 40,657,739,010,000** according to the attached charter capital increase plan.

2. Approving the update of the change of charter capital in the License for Establishment and Operation, the Charter, and the Certificate of Business Registration after completing the issuance of additional shares.

3. Assign the Board of Directors to actively carry out:

- Decide and carry out related works and procedures to complete the issuance of shares to increase capital;
- Decide on the amendment, supplementation and adjustment of the charter capital increase plan 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 authorities (if any), in order to effectively implement the increase in charter capital appropriate to the actual needs of SHB's business operations, the provisions of law, the charter of SHB and the interests of SHB's 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;
- Decide the time to finalize the list of shareholders to exercise their rights, the time and progress of the issuance of shares to increase charter capital; the time of listing and supplementing shares, ensuring the interests of shareholders;
- Decide on the plan to handle odd shares arising (if any);
- Prepare, edit and explain all documents and procedures related to the issuance at the request of the competent authorities (if any), in order to effectively implement the capital increase appropriate to the actual needs of SHB's business operations, the provisions of law, the charter of SHB and the interests of SHB's shareholders;
- 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 in accordance with the applicable law;
- Proactively decide and implement other tasks (if any) to ensure a successful issuance.

The Board of Directors would like to submit to the General Meeting of

Shareholders for consideration and approval!

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

**Do Quang Hien
(Signed and sealed)**

PLAN TO INCREASE CHARTER CAPITAL BY ISSUING SHARES TO PAY 2023 DIVIDENDS FOR EXISTING SHAREHOLDERS

(attached to Proposal No. /TTr- HDQT dated 2024)

I. LEGAL BASIS AND NEED TO INCREASE CHARTER CAPITAL

1. Legal basis

- 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;
- According to the Minute of BOD Meeting No. 11/BBH-HDQT and Resolution of the BOD on approving documents to be submitted to the 2024 annual General Meeting of Shareholders,

2. The need to implement the plan to increase Charter Capital

The issuance of shares to increase SHB's charter capital has an important meaning in order to improve governance capacity and improve SHB's competitiveness in the process of SHB's international economic integration, specifically:

- Improve financial capacity, competitiveness, better meet prudential criteria in banking activities in order to adapt to market fluctuations and comply with international standards.
- Implement projects to modernize information technology, promote the development of digital banking towards the goal of becoming the leading modern universal retail bank in Vietnam.
- Investing in facilities, expanding the network of branches and transaction offices
- Expand the loan scale to better meet the needs of customers.

II. CHARTER CAPITAL INCREASE PLAN

1. Charter capital increased

- SHB currently has a charter capital of VND 36,193,981,130,000. According to Resolution 01/NQ-DHDCD dated April 11, 2023, SHB has completed the issuance of 43,510,429 shares under the ESOP for SHB employees (according to Announcement No. 118/UBCK-QLCB dated February 27, 2024 regarding documents reporting the results of share issuance under SHB's ESOP). Currently, SHB is carrying out procedures to amend the content of the License for establishment and operation, with a change in charter capital from VND 36,193,981,130,000 to VND 36,629,085,420,000.
- The charter capital of SHB after completing the amendment of License for establishment and operation amounted to VND 36,629,085,420,000, of which:
 - + Number of shares outstanding: 3.662.412.356 shares.
 - + Number of treasury shares: 496,186 shares (without dividend).
- Charter capital increase by issuing shares to pay dividends in 2023 at the rate of 11%:
 - + Number of shares to be issued: 402,865,359 shares.
 - + Total value of issued shares at par value: VND 4,028,653,590,000.
- Total charter capital is expected to increase by VND 4,028,653,590,000.
- Expected charter capital after the issuance is VND 40,657,739,010,000.
- Expected number of shares after the offering: 4,065,773,901 shares
 - + Number of outstanding shares: 4,065,277,715 shares.
 - + Number of treasury shares: 496,186 shares.

2. Detailed issuance plan

- Share name: Saigon - Hanoi Commercial Joint Stock Bank.
- Share Type: Common share
- Par value: VND 10,000 /share
- Charter capital increase by issuing shares to pay dividends in 2023 at the rate of 11%:
 - + Number of shares issued: 402,865,359 shares
 - + Total issuance value (according to par value): VND 4,028,653,590,000
 - + Right exercise ratio: 100:11 (shareholders owning 100 shares will receive 11 new shares), corresponding to a dividend rate of 11% on par.
- Source of capital used to issue dividend-paying shares: From profit after tax and after setting aside adequate funds in accordance with the law according to the 2023 consolidated financial statements and audited separate financial statements, and in accordance with the provisions of law.
- Issuing object: Existing shareholders named on the list at the closing date of the list of shareholders to exercise the right to receive dividends in shares.

- Issuance method: payment of dividends in shares issued to existing shareholders according to the method of exercising rights.
- The right to receive dividends in shares is not transferable. Shares paying dividends are not subject to transfer restrictions. Shareholders in a state of restricted transfer are still entitled to receive shares from this issuance; Treasury shares are not exercised.
- Handling of odd shares (if any): Shares paying dividends to existing shareholders will be rounded down to the unit. The odd shares arising (if any) will be canceled.
- Estimated time of issuance: Within 45 days from the date of notification from the State Securities Commission of receiving full issuance report documents.

The General Meeting of Shareholders authorizes the Board of Directors to decide on a specific time.

- Expected completion time: In 2024.
- Registering for custody and listing of additional issued shares: Additional issued shares will be centrally registered at the Vietnam Securities Depository and Clearing Corporation (VSDC) and additionally listed on the Stock Exchange in accordance with provisions of the Law.
- The General Meeting of Shareholders authorizes the Board of Directors to decide on the registration of depository and listing of additional issued shares in accordance with the law.

3. Information about the reserve fund to supplement charter capital, share capital surplus, retained profit and other funds is determined according to the audit results of independent auditors

* Information about the consolidated funds of SHB as of December 31, 2023 according to the consolidated audited financial statements for 2023 is as follows:

- Reserve fund for supplementing charter capital: VND 1,704,535 million.
- Share capital surplus: VND 1,449,603 million.
- Undistributed profit (retained earning): VND 8.010.896 million.
- Financial reserve fund: VND 3.384.369 million.
- Investment and development fund: VND 48.172 million.
- Other funds: VND 1,022 million.

* Information about separate funds of SHB as of December 31, 2023 according to the separately audited financial statements for 2023 is as follows:

- Reserve fund to supplement charter capital: VND 1,671,385 million.
- Share capital surplus: VND 1,449,603 million.
- Undistributed profit (retained earning): VND 7,154,262 million.

- Financial reserve fund: VND 3,384,369 million.
- Investment and development fund: VND 23,551 million.
- Other funds: VND 1,022 million.

4. Plan to convert bonds into stocks: SHB has no plan to convert bonds into stocks

5. List of shareholders and shareholding ratio of shareholders with a ratio of 5% or more compared to voting share capital and compared to current and expected charter capital after capital increase; List of shareholders and related people with shareholding ratio of 20% or more compared to charter capital at present and after capital increase

(as in the attached Annex)

6. Information on current and expected total share ownership of foreign investors after capital increase

(as in the attached Annex)

The General Meeting of Shareholders assigns and authorizes the Board of Directors to decide on a plan to ensure foreign ownership.

III. PLAN TO USE CHARTER CAPITAL INCREASE

Charter capital is expected to increase by VND 4,029 billion, which will be used to supplement SHB's business capital on the principle of safety and efficiency. The intended use is as follows:

| Plan to use capital | Estimated amount (VND billion) | Expected disbursement time |
|--|---------------------------------------|---|
| Additional working capital | 4,029 | 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 | 1,029 | |
| - Loans for production, business, and project implementation | 2,700 | |
| Individual loan, in which: | | |
| - Car loan, consumer loan | | |
| - Home loans | 100 | |
| - Loans for production and business | 200 | |

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

IV. PROJECTED CONSOLIDATED FINANCIAL PLAN OF 2024

Unit: VND billion

| No. | Item | 2023 results | 2024 Plan | Growth | |
|-----|--------------------|--------------|-----------|--------|-------|
| | | | | | |
| 1 | Total assets | 630.501 | 701.000 | 70.499 | 11,2% |
| 2 | Charter capital | 36.194 | 40.658 | 4.464 | 12,3% |
| 3 | Credit balance (*) | 455.718 | 518.555 | 62.837 | 14,0% |
| 4 | PBT | 9.239 | 11.286 | 2.047 | 22,2% |
| 5 | NPL ratio | 2,70% | < 3% | | |

(*) Credit growth adjusted according to the approval of the State Bank, tier 1 capital in line with practical credit growth, aiming at optimizing the balance sheet

V. SHB's ADMINISTRATION, MANAGEMENT AND SUPERVISION CAPACITY FOR CAPITAL SCALE AFTER THE ISSUANCE AND CORRESPONDING GROWTH

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.
- In assisting 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, 2023, the total number of employees of the whole SHB system was 6,246 people with high qualifications and professionalism, including many senior management personnel and professional personnel from reputable domestic and international organizations.
- 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.

VI. ORGANIZATION OF IMPLEMENTATION.

The Board of Directors shall be responsible for carrying out legal procedures to issue shares to pay dividends in accordance with the above plan.

Best regards!