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PROPOSAL TO THE SECOND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS IN 2013 BY VIETINBANK

"Re: plan to raise charter capital in 2013"

I.NECESSITY TO RAISE CHARTER CAPITAL

1. The increase of the charter capital of VietinBank is a necessity to the financial capability improvement and expansion of scope of operation to serve the growth in assets size and development in business operations in an effort to become a leading financial group in Vietnam and get closer to regional and international level as well as ensure the regulatory prudent ratios in banking activities and the major shareholding by the State.

2. In 2013, VietinBank continues to pursue its strategies of strong, sustainable and efficient growth, becomes a leading commercial bank in Vietnam, proves its role as a key player in the financial and banking system in Vietnam while further integrates into international markets. VietinBank will continue to improve its financial capacity and competitiveness, invest more effort in infrastructure improvement and banking modernization to implement effectively the its business direction and plan while join hands with the Government and the State Bank of Vietnam in to manage the economy, stabilize and develop the financial market system and the banking system in Vietnam.

3. Legal basis for the capital increase plan

- Charter for organization and operation of VietinBank;
- Law on Credit Institutions No. 47/2010/QH12 enacted by the 12th National Assembly of the Socialist Republic of Vietnam, the 7th Session, dated 16/June/2010 and related guidance documents;
- Circular No. 13/2010/TT-NHNN dated 20/05/2010 of the Governor of State Bank of Vietnam provides for the prudent ratios in the operation of credit institutions; Circular No. 19/2010/TT-NHNN dated 27 September 2010 and Circular No. 22/2011/TT-NHNN dated 30/08/2011 amending and supplementing some articles of the Circular No. 13/2010/TT-NHNN by the

Governor of the State Bank of Vietnam on prudent ratios in the operation of credit institutions;

- Decision No. 254/QĐ-TTg dated 01 March 2012 of the Prime Minister approving the Project "Restructuring credit institution system for the period of 2011-2015";
- Resolution of the Annual General Meeting of Shareholders of VietinBank in 2013;
- Long-term development strategy and business plan of VietinBank for the year 2013;
- Some other related documents.

II. Plan to increase charter capital in 2013

The plan to increase the charter capital of VietinBank in 2013 shall be conducted in the following order: pay cash dividend for 2012 at the rate of 16% (for the avoidance of doubt, cash dividend shall not be paid to VietinBank's foreign strategic shareholder – the Bank of Tokyo Mitsubishi UFJ, Ltd. (BTMU)) and issue shares at par value to existing shareholders at a rate of 14% of charter capital at the time of issuance (including right issue to foreign strategic shareholder - BTMU). The fact that BTMU shall not be entitled to receive cash dividend has been reported to and approved by the State Bank of Vietnam (SBV). However, under the plan presented herein, BTMU shall be entitled to the right issue to maintain its shareholding in VietinBank.

1. The amount of charter capital increase

The charter capital as at 30 June 2013 was VND 32,661 billion.

The charter capital will increase through the issuance of new shares to existing shareholders and BTMU at the rate of 14% of the charter capital which is VND 4,573 billion.

Charter capital after increase: VND 37,234 billion.

2. Roadmap to increase charter capital as follows: Issuing new shares to existing shareholders and foreign strategic shareholder - BTMU

- The rate of new shares issued to existing shareholders at the time of issuance (including foreign strategic shareholder - BTMU) is 14% of charter capital at the time of issuance.
- Total capital raised through the issuance of new shares: VND 4,573 billion based on par value of shares, equivalent to 457.3 million shares.

- Method of issuance: Issuance of new shares to existing shareholders (including BTMU) to raise capital.
- Price: VND 10,000 per share (at par value)
- Shareholders owning 100 shares at the time of issuance shall be entitled to buy additional 14 shares.
- **Source of fund to invest in newly issued shares of the State shareholder:** Based on the resolution on dividend payment of the Annual General Meeting of Shareholders in 2013, VietinBank shall pay cash dividend for 2012 to existing shareholders (including the State shareholder) based on the profit after tax in the 2012 audited financial statements. The total dividend for 2012 shall be 16% of the charter capital as at the date prior to the date of recording the proceeds from the sale of shares to BTMU (equal to VND 26,217 billion x 16% = VND 4,195 billion).

BTMU is not entitled to 2012 dividend and shall use its own funds to buy the newly issued shares, at the price of VND 10,000 per share and with the same terms and conditions applicable to the issuance of shares to existing shareholders, in pro rata with BTMU's shareholding at the time of issuance.

Thus, the State shareholder shall be entitled to the dividend of 16% in pro rata with the State's capital contribution to total charter capital at the time before BTMU's officially becoming foreign strategic shareholder of VietinBank (i.e the charter capital of 26,217 billion), equivalent to 80.306% of the 2012 dividend and shall use VND 2,958.20 billion in the total cash dividends of VND 3,368.68 billion to buy newly issued shares.

- The expected charter capital after the issuance: VND 37 234 billion
- Implementation period: Quarter III/2013.

3. Summary of the plan to increase charter capital in 2013

Table 1: Summary of the plan to increase charter capital in 2013

	Indicators	Ratio	Amount (VND bn)
I.	Charter capital as at 30 June 2013		32,661.44
1.	State Shareholder	64.46%	21,054.43
2.	Foreign strategic shareholder	19.73%	6,443.90
3.	IFC parties	8.03%	2,621.77
4.	Other shareholders	7.78%	2,541.34
II.	Issuing new shares to existing shareholders (14% of charter capital)		4,573
1.	State Shareholder	64.46%	2947.76

	Indicators	Ratio	Amount (VND bn)
2.	Foreign strategic shareholder BTMU	19.73%	902.25
3.	Other shareholders	15.81%	722.99
III.	Charter capital by end of 2013 (I + II) (projected)		37,234.44
1.	State Shareholder	64.46%	24,002.19
2.	Foreign strategic shareholder - BTMU	19.73%	7,346.15
3.	Other shareholders	15.81%	5,886.10

4. Other provisions

4.1. Institutional and individual investors who buy shares (to increase charter capital of VietinBank) shall be responsible to comply with the provisions of law, of the State Bank of Vietnam and VietinBank's Charter and provisions of the plan to increase the charter capital which is approved by GMS.

4.2. Institutional and individual investors who buy shares (to increase charter capital of VietinBank) are entitled to all the rights of shareholders upon the registration of their names and related information in the shareholder registrar of VietinBank by Vietnam Securities Depository.

III. IMPLEMENTATION PLAN AND THE EFFICIENCY OF CAPITAL USAGE

1. Implementation plan

- Submission for approval of Charter Capital increase plan to The General Meeting of Shareholders.
- The Board of Directors (BoD) is to carry out necessary procedures to obtain approvals from competent State agencies, implement the capital increase according to its plan and the provisions of law.
- Upon completion of the capital increase, VietinBank will conduct the registration of new charter capital with Hanoi Department of Planning and Investment, disclose information in accordance with the law, register additional shares with the Vietnam Securities Depository and proceed with the listing of such shares on the Ho Chi Minh City Stock Exchange.

2. Additional capital usage plan

The charter capital increase from the offering shall complement business capital, and be used for business activities of VietinBank under a reasonable structure and consistent with the capital growth, to ensure effective, safe use of the fund, and maximize benefits to shareholders.

Planning to use additional capital from the share offering:

a. Credit activities strengthening: VND 1,823 billion

Financing enterprises with sound financial strength and safe, efficient operation, ensuring good solvency for the Bank; supporting medium and long-term investment projects with high efficiency and feasibility by investors with good management and financial capabilities. Additionally, VietinBank shall focus more on granting consumer loans and other retail banking products as well as promoting target credit programs including: rural lending, export financing, SMEs financing, contributing to the sustainable development of the country.

b. Network expansion: VND 1,000 billion

VietinBank shall further expand its business activities and network both at home and abroad; dominate markets with high potential of development. In 2013, VietinBank expects to open representative offices, subsidiaries and other forms of commercial presence in the countries having great potential in terms of cooperation in trade and investment with Vietnam. VietinBank shall focus such markets as Czech, Poland, England, Germany, Laos and Myanmar...

c. Investment in infrastructure, technology and development of new services: VND 850 billion

VietinBank shall further invest in projects serving the Bank's modernization and corporate governance and management improvement; upgrade technical infrastructure and technology; enhance the development of modern products and services; improve customer utilities; increase fee based income in total income.

d. Enhancement of investment activities, investment in joint ventures and capital contribution: VND 900 billion

VietinBank shall further enhance its investment in and trading of valuable papers; diversify investment portfolio in capital market and money market in order to increase its efficiency of investment as permitted by the laws. VietinBank also continues to contribute capital to the joint venture companies and other companies operating in such fields having potential for development in accordance with development strategy of universal banking and finance group model.

3. Efficiency of capital utilization

The capital increase serves as a basis for the improvement of VietinBank's financial capacity to match the Bank's business scale and support the Bank in successful implementation of business strategies and objectives and maintaining good growth in both size and business performance, ensuring VietinBank's sustainable

development, reinforcing its position as the leading commercial bank in Vietnam, and bringing added value to the shareholders.

4. Management, administration and control capacity of VietinBank

VietinBank's governance, administration and control function was organized and consolidated following the model of a commercial bank, in accordance with the provisions of the law, the Charter of VietinBank and gradually approaching advanced international practices.

Board members are those who qualified and well equipped with profound knowledge and experiences in banking management. They are dedicated and devoted to the development of the bank and have a sense of responsibility to complete the tasks assigned.

The Board of Management consists of highly qualified, experienced and capable members who always take initiatives in business management taking into consideration the movements of the market and manage to fulfill the business objectives and strategies set by the General Meeting of shareholders and the Board of Directors.

In 2013, the Board of Directors and Board of Management of VietinBank will be consolidated by additional members experienced in working in international banking environment from the foreign strategic shareholder - BTMU. This will be a new step to improve the governance practices, thereby contributing to the improvement of the business performance of VietinBank.

The Supervisory Board and internal audit and control system are working well, making an important contribution to ensure safety and operational efficiency of VietinBank.

An unified governance mechanisms, regular and effective coordination between the BOD and the Board of Management in business administration combined with an efficient operation of internal audit and control function have been important factors helping VietinBank in its sustainable and rapid development over the past years. At the same time, VietinBank invests in technology development, continuously upgrading, completing and applying effectively modern banking technology in all fields of operations, including the field of management, administration and control.

The above-mentioned increase of charter capital in 2013 is an important step to drive VietinBank's growth, operational efficiency and competitiveness improvement, and ensure balance with the Bank's growth, and operation scale of the Bank. By practical experience and the positive achievements in recent years, along with the strategic direction defined clearly, the Board of Directors and VietinBank management team are confident in the success in implementing the plan of charter capital increase, maximizing the interests of shareholders and increasing the prestige, position and performance of VietinBank.

The increase in charter capital is the basis for VietinBank to improve its business capacity and help buffering against unfavorable developments, creating favorable conditions for the capital increase in the next stage and improving benefits for existing shareholders. Meanwhile, the increase of the charter capital of VietinBank will support the successful implementation of strategic business objectives in the coming years; help maintain high growth in both operation scale and business performance as in recent years with the final goal which is to bring increasing value to the capital contribution of each shareholder. Increasing capital helps VietinBank to maintain its key role in the Vietnam's financial market and contribute to the socio-economic development.

VietinBank's projection of some indicators of 2013 is as follows:

Indicators (VND billion)	31/12/2012	Plan 2013		
		Absolute value	+/--absolute value compared to 31/12/2012	+/--% increase compared to 31/12/2012
Total assets	503,530	555,000	51,470	10%
Mobilized funds	459,395	495,000	35,605	8%
Loans & investment	460,082	524,000	63,918	12%
Equity	33,625	52,000	18,375	55%
Consolidated profit	8,168	8,600	432	5%
Dividends (calculated on the charter capital)	16%	12%		
ROE (based on Profit after tax)	19.9%	15-18%		
ROA (based on Profit before tax)	1.7%	1.5%-1.8%		

I. PROPOSAL TO VIETINBANK'S GENERAL MEETING OF SHAREHOLDERS

Respectfully submit to the 2nd Extraordinary Shareholder's Meeting 2013 of VietinBank to:

1. Approve the above content of the plan on increasing charter capital.

2. Authorize VietinBank's BOD to:

2.1. Decide issues relating to charter capital increase subject to the approval of the competent authorities as prescribed by law.

2.2. Decide the rate of dividend payment and time to distribute cash dividend, time to offering shares to existing shareholders, conditions for issuance of

additional shares and other conditions... to ensure overall benefits of VietinBank and its shareholders.

- 2.3. In case the aforementioned plan has not been completed within fiscal year 2013, the BoD is allowed to submit a proposal to the state competent authorities to extend time-limit for increasing charter capital.
- 2.4. If existing shareholders do not subscribe all the shares allocated to them in the issuance of additional shares to existing shareholders, the BoD of VietinBank may decide to offer such unsubscribed shares to other shareholders provided that the offering conditions are not more favorable than those to existing shareholders in the issuance of additional shares to such existing shareholders.
- 2.5. Implement necessary procedures to perform successfully the shares issuance, register the increase of the bank's charter capital, complete the procedure after raising capital and post up additional shares issued on the Ho Chi Minh City Stock Exchange after completing of issuance.
- 2.6. Decide and the General Meeting of Shareholders approve and ratify all the decisions of the Board of Directors regarding the addition, modification, completion of all issues and the content of the plan to increase capital in 2013 and the signing of all contracts, documents and documents related to the issuance and sale of shares to increase charter capital in order to increase charter capital successfully and effectively, in accordance with the actual conditions of the market, ensuring overall benefits of VietinBank and shareholders, in accordance with the provisions of the law and the Charter of VietinBank.

Respectfully submit to General Meeting of Shareholders for approval.

**For and on behalf of the Board Of Directors
CHAIRMAN**

PHAM HUY HUNG