

**VIETNAM JOINT STOCK COMMERCIAL  
BANK FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem, Hanoi  
Tel: +84.24.39421030

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**SOCIALIST REPUBLIC OF VIETNAM**

Independence - Freedom - Happiness

*Hanoi, April ,2022*

**PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS**

*Plan for charter capital increase through issuance of shares for payment of dividend from profit after tax, funds appropriations and cash dividend payout in 2020.*

On implementation of the vision for developing Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) to become a leading multi-functional, modern and effective bank in Vietnam, one among Top 20 strongest banks in the Asia-Pacific region; to be a strongest and most prestigious bank in Vietnam, a leading bank in the Asia-Pacific region and highly trusted bank in the world; to keep improving financial capacity, in line with business scale and strategic objectives, VietinBank's Board of Directors would like to submit the proposal regarding the plan for charter capital increase through issuance of shares for payment of dividend from profit after tax, fund appropriations and cash dividend payout in 2020 to the General Meeting of Shareholders for consideration and approval with the details as follows:

**I. NECESSITY OF CHARTER CAPITAL INCREASE**

- For the past years, VietinBank has always been the pioneer bank and a model in comprehensively taking various measures to improve financial capacity, from successful privatization and selection of strategic partners for cooperation for business development; to the expeditious implementation of business restructuring towards efficiency, safety and sustainability in order to prepare financial resources for tier-1 capital raising; restructuring the portfolio of assets in the directions of reducing the proportion of high risk-weighted assets, issuing subordinated bonds to raise tier-2 capital. Thanks to the synchronous implementation of different measures to improve capital base, VietinBank has officially adopted Basel II standards as specified in Circular 41/2016/TT-NHNN from January 1, 2021. At the same time, VietinBank has successfully increased its charter capital from VND 37,234 billion to VND 48,058 billion in 2021. However, in order to serve VietinBank's growth in the coming time, and to promote its role as a key bank of the economy in implementing policies and orientations of the State Bank of Vietnam (SBV) and the Government, one of the prerequisites is that VietinBank needs to further improve its financial strength to meet the capital requirements to ensure constant compliance with regulations on capital adequacy ratio as stipulated in Circular No.41/2016/TT-NHNN and Circular 13/2018/TT-NHNN.
- Charter capital is one of the important factors that international rating agencies take into account when making assessments to decide an increase or a decrease to VietinBank's ratings which can affect the assessment of international rating agencies about the general

outlook for the Vietnamese banking sector in particular and the Vietnamese economy in general.

- In addition, charter capital is the basis for determining limits of investment in fixed assets, capital contribution, and credit granting limits, etc. Therefore, the increase of charter capital is a prerequisite to meet the needs of expanding business operations because it helps to increase credit granting limits, investment limits, etc., as the result, to improve the ability to supply capital to the economy, contribute to boost the economy growth as well as ensure social safety, strive for macroeconomic targets as in the direction of the government and the SBV.

## II. LEGAL BASIS

- Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010; Law on amending and supplementing a number of articles of the Law on Credit Institutions No. 17/2017/QH14 dated November 20, 2017;
- Law on Enterprises No.59/2020/QH14 dated April 17, 2020 and its guidelines on execution;
- Law on the management and use of state capital to invest in production and business in enterprises No. 69/2014/QH13 dated November 26, 2014;
- Decree No. 91/2015/ND-CP dated October 13, 2015 on investment of state capital in enterprises and management and use of capital and assets in enterprises; Decree No. 32/2018/ND-CP dated March 8, 2018 amending and supplementing a number of articles of Decree No. 91/2015/ND-CP; Decree No. 121/2020/ND-CP dated October 09, 2020 amending and supplementing the section 2, Article 12 of Decree No. 91/2015/ND-CP which had been amended by Section 5, Article 1 of Decree 32/2018/ND-CP; Decree 140/2020/ND-CP dated November 30, 2020 amending and supplementing a number of articles of Decree 126/2017/ND-CP, Decree 91/2015/ND-CP and Decree 32/2018/ND-CP;
- Decree 155/2020/ND-CP dated December 31, 2020 detailing the implementation of a number of articles of the Law on Securities;
- Circular No. 162/2015/TT-BTC dated October 26, 2015 by the Ministry of Finance guiding the public offering of securities, stock swap, issuance of additional stocks, repurchase of stocks, sale of treasury stocks and tender offer of stocks;
- Circular 118/2020/TT-BTC dated December 31, 2020 guiding a number of contents on securities offering, issuance, public tender offer, share repurchase, public company status registration and revocation;
- Circular No. 50/2018/TT-NHNN dated December 31, 2018 on regulating the dossiers, process and procedures for approving some changes of commercial banks, branches of foreign banks;
- Regulation on Representatives of direct owners, Representative authorized by the State as shareholder of Credit Institutions, Financial Institutions and Corporations managed by the SBV issued together with Decision no. 1500/QĐ-NHNN dated September 20, 2021 on issuance of the;

- Regulation on exercising the rights for securities holders issued together with Decision No.109/QD-VSD dated August 20, 2021 by Vietnam Securities Depository (VSD);
- Regulation on registration and transfer of ownership of securities issued together with Decision No. 108/QD-VSD dated August 20, 2021 by VSD;
- Regulation on listing on Ho Chi Minh City Stock Exchange (HOSE), issued together with Decision No. 85/QD-SGDHCM dated March 19, 2018;
- VietinBank's Charter on organization and operation.
- Other relevant legal normative documents of Vietnam.

### III. PLAN FOR CHARTER CAPITAL INCREASE THROUGH ISSUANCE OF SHARES FOR PAYMENT OF DIVIDEND

#### 1. To-be-increased amount of charter capital

- Current amount of charter capital: VND 48,057,506,090,000.
- To-be-increased amount of charter capital by stock dividend payout: VND 5,694,237,780,000.
- Expected charter capital, after the successful issuance of full amount of shares to pay dividends: VND 53,751,743,870,000 (an increase of 11.8488% compared to the pre-issuance amount).

#### 2. Details of the stock dividend pay-out plan

- **Type of shares:** Common shares
- **Denomination:** VND 10,000/share (Ten thousand dong/share).
- **Current number of shares in circulation:** 4,805,750,609 shares
- **Number of treasury shares:** 0 shares
- **Maximum number of shares to be offered:** 569,423,778 shares
- **Expected total issuance value in denomination** VND 5,694,237,780,000
- **Expected issuance ratio:** 11.8488% of the expected number of shares in circulation.

*(The official numbers including number of shares offered, total issuance value in denomination, and issuance ratio will be executed in line with the approval by State authorities)*

- **Receivers of stocks dividends:** The existing shareholders in VietinBank's list of shareholders as at the time of closing the list of shareholders receiving stocks dividends under the capital increase plan approved by the General Meeting of Shareholders and in compliance with current legal provisions.
- **Sources of funds for execution:** from all profit after tax, appropriation to funds and cash dividend payout in 2020 *(details in item 2, Appendix 1 as attached)*.
- **Issue date:** The General Meeting of Shareholders authorizes the Board of Directors (BoD) to make decision on the issue date after getting the approval by competent authorities for the issue plan.

- **Completion date:** The time to complete the charter capital increase is in accordance with the permit/approval by the competent authorities.
  - **Solution for dealing with fractional shares:** Number of shares issued to pay dividend to shareholders will be rounded down to unit digit, any decimal fraction will be removed. For example, a shareholder who holds 100 shares at the time of closing the list of existing shareholders will receive a stock dividend of 11 shares.
- 3. Registration of additional securities, listing additional securities and making securities available for trading:** Additional shares will be registered VSD; made additional listing at the HOSE in compliance with current provisions of laws.

#### **IV. PLAN FOR INCREASED CHARTER CAPITAL USE AND EFFICIENCY OF CAPITAL USE**

##### **1. Increased capital use plan:**

The whole amount of increased charter capital is expected to be used to supplement and allocate capital for VietinBank's business activities with an appropriate structure on the principle of ensuring safety, efficiency and bringing the highest benefits to shareholders.

Progress of using the increased charter capital for business activities is in line with the capital use demand and market situation, considered and decided by the BoD (or the level delegated and authorized by the BoD). It is expected to be used for the following areas:

- Investment in infrastructure, technology platforms, and development of new services: Investment in modernization projects, banking governance capacity enhancement, technical infrastructure and technology improvement, development of modern products and services, increasing functionalities and utilities for customers.
- Expanding VietinBank's credit activities, investment activities and other business activities;

##### **2. Efficiency of capital use**

- Charter capital increase is an important step in the roadmap for enhancement of financial capacity, position and competitiveness in harmony with VietinBank's business scale. Charter capital increase is a basis to ensure the compliance with capital adequacy ratio under Basel II, continue to promote the role as a credit capital supplier to the economy and ensure the successful implementation of business strategies, contribute to realizing the vision of becoming a leading multi-functional, modern and effective bank in Vietnam, one among Top 20 strongest banks in the Asia-Pacific region; a strongest and most prestigious bank in Vietnam, a leading bank in the Asia-Pacific region and highly trusted bank in the world
- Based on the capital increase plan and 2022 business plan, VietinBank estimates some target financial indicators as follows:

Indicators	2022 projection
Total assets	Growth rate of 5% – 10%
Credit exposure	As approved by the SBV ( <i>the specific growth rate is in line with the monetary policy, the target set forth by the SBV and demand of the economy</i> )
Deposits from economic entities and residents	Growth rate of 8%-10%, adjustable to the credit growth rate, compliant with the SBV's prudent ratios
NPL ratio	< 1.8%
Separate Profit before tax	Growth rate of 15% with adjustment according to approval of the competent State authorities ( <i>VietinBank continues to aggressively improve business performance, promote the role as the key commercial bank and the driving force of the economy</i> )
Dividend payout	Dividend payout ratio and structure ( <i>cash and stock dividends</i> ) are in line with approval of the competent State authority and applicable laws
Prudent ratios	In compliance with the SBV's regulations

## V. CURRENT SHAREHOLDER STRUCTURE AND EXPECTED STRUCTURE AFTER CHARTER CAPITAL INCREASE

The current and post-capital-increase shareholder structure as in the Appendix 2 attached.

## VI. PROPOSAL TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS OF VIETINBANK

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

1. Approve “*the plan for charter capital increase through issuance of shares for payment of dividend from profit after tax, funds appropriations and cash dividend payout in 2020*”.
2. Approve the amendment of the Charter on Organization and Operation of the Vietnam Joint Stock Commercial Bank for Industry and Trade in accordance with the increased charter capital and increased number of shares.
3. Approve the registration of stocks depository, additional listing of stocks and making additional stocks available for trading.
4. Authorize and assign the Board of Directors to:
  - a) Decide or update “*the plan for charter capital increase through issuance of shares for payment of dividend from profit after tax, fund appropriation and cash dividend payout in 2020*” based on the approval by the competent State authorities.

- b) Approve the amendment and promulgation of the Charter on organization and operation of Vietnam Joint Stock Commercial Bank for Industry and Trade in accordance with the increased charter capital and increased number of shares.
- c) Decide and approve the necessary contents to implement the procedures: charter capital increase, stock issuance for payment of dividend, amendment of the License for establishment and operation & Certificate of business registration, registration of stock depository, additional listing, making stocks available for trading and other procedures as provided for by Laws.
- d) Decide other issues related to the charter capital increase of VietinBank.

Respectfully submit to the General Meeting of Shareholders for approval.

**P.P. THE BOARD OF DIRECTORS  
CHAIRMAN**

*(Signed and sealed)*

**Tran Minh Binh**

## APPENDIX 1: SOURCES OF FUNDS FOR CHARTER CAPITAL INCREASE

### 1. Information about the charter capital supplementary reserve, share premium, retained profits and other funds.

Unit: VND million

No.	Single indicators	31/12/2021 (*)
1	Charter Capital Supplementary Reserve	4,418,716
2	Share premium	8,969,827
3	Undistributed profit after tax	19,881,060
4	Other funds	8,811,247

(\*) according to Audited Separate Financial Statements in 2021

### 2. Information about the sources of capital for charter capital increase

No.	Indicators	Formula	Amount (VND)
1	Separate profit after tax in 2020	(1)	13,278,708,117,755
2	Appropriation to the Charter Capital Supplementary Reserve	(2)=(1)*5%	663,935,405,888
3	Appropriation to the Financial Reserve Fund	(3)=(1)*10%	1,327,870,811,776
4	Appropriation to Bonus and Welfare Funds	(4)	1,748,042,790,000
5	Remaining profit after tax and appropriation to funds	(5)=(1)-(2)-(3)-(4)	9,538,859,110,091
6	Cash dividend payout (8% of charter capital)	(6)=Charter capital*8% (*)	3,844,600,487,200
7	Remaining profit after appropriation to funds and cash dividend payout	(7)=(5)-(6)	5,694,258,622,891
8	Stock dividend payout: all of remaining profit after tax, appropriation to funds and cash dividend payout of 2020(*)	(8)= Charter capital *11.8488%	5,694,237,780,000
9	Remaining profit after tax, appropriation to funds and dividend payout (**)	(9) = (7) - (8)	20,842,891

(\*\*) Under the principle for handling fractional shares: Number of shares issued to pay dividend to shareholders will be rounded down to unit digit, any decimal fraction will be removed. Thus, with the stock dividend payout ratio of 11.8488%, expected remaining profit after tax, appropriation to funds and dividend payout of 2020 will be VND 20.842.891(actual remaining profit after appropriation to funds and dividend payout will be based on the results of issuance of shares for dividend payout by VietinBank).

Proposal regarding the plan for charter capital increase through issuance of shares for payment of dividend from profit after tax, funds appropriations and cash dividend payout in 2020.





## APPENDIX 2: EXPECTED SHAREHOLDER STRUCTURE AFTER CHARTER CAPITAL INCREASE

(As at the closing date of the list of shareholders, March 31, 2022)

### 1. List of shareholders with ownership ratio of 5% or more

No.	Name of shareholders	Business code/ Ownership registration number	Current number of shares	Ownership ratio	Address of the company's head office	Legal representative	Title	Number of additional shares to be issued as stock dividends	Value of additional shares to be issued	Expected number of shares after charter capital increase	Expected ownership ratio after charter capital increase
<b>1</b>	<b>State shareholder (State Bank of Vietnam)</b>	15/SL	3,097,932,535	64.46%	No. 49 Ly Thai To, Hoan Kiem, Hanoi	Nguyen Thi Hong	Governor	367,067,830	3,670,678,300,000	3,465,000,365	64.46%
	Represented by:										
1.1	Mr. Tran Minh Binh - Chairman of the Board of Directors of VietinBank, representing 40% of State capital		1,239,173,015	25.78%				146,827,132	1,468,271,320,000	1,386,000,147	25.78%
1.2	Mr. Tran Van Tan - Member of the Board of Directors, representing 30% of State capital		929,379,760	19.34%				110,120,349	1,101,203,490,000	1,039,500,109	19.34%
1.3	Mr. Le Thanh Tung - Member of the Board of Directors, representing 30% of State capital		929,379,760	19.34%				110,120,349	1,101,203,490,000	1,039,500,109	19.34%
<b>2</b>	<b>MUFG Bank. Ltd.</b>	0100-01-008846	948,150,205	19.73%	2-7-1. Marunouchi. Chiyoda-ku. Tokyo. Japan	Takayoshi Futae	Senior Managing Executive Officer	112,344,421	1,123,444,210,000	1,060,494,626	19.73%

2. *List of shareholders and related persons with ownership ratio of 20% or more: None*
3. *Information about the total ownership ratio of foreign investors*

Shareholders	Current number of shares	Ownership ratio	Number of shares as at the time of issuance	Number of additional shares to be issued as stock dividends	Value of additional shares to be issued	Expected number of shares after charter capital increase
Foreign investors	1,234,747,255	25.69%	146,302,732	1,463,027,320,000	1,381,049,987	25.69%

*(\*) Actual shareholder structure after charter capital increase is based on the results of issuance of shares for dividend payout by VietinBank.*