

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

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

108 Tran Hung Dao Street, Hoan Kiem District, Hanoi
Tel: 024.39421030; Fax: 024.3921032
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PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS

*Plan to increase Charter Capital by issuing shares to pay dividends
from profits after tax and funds appropriation of 2017 & 2018, and remaining profit
after tax, funds appropriation and cash dividends of 2019*

In realizing Vietnam Joint Stock Commercial Bank for Industry and Trade - VietinBank's vision of becoming the leading bank in Vietnam, a modern, vasatile bank which is on par with regional banks, meeting international standards, continuing to improve financial capacity, aligning with business scale and strategic objectives, the Board of Directors (BoD) of VietinBank would like to submit to the General Meeting of Shareholders (GMS) for consideration the Plan to increase Charter Capital by issuing shares to pay dividends from profits after tax and funds appropriation of 2017 & 2018, and remaining profit after tax, funds appropriation and cash dividends of 2019 with the following specific contents:

I. NECESSITY OF CHARTER CAPITAL INCREASE

- For the past years, VietinBank has always been the pioneer bank in improving its risk management capacity, restructuring its assets towards a safer and more sustainable structure in order to ensure the compliance with SBV's minimum capital adequacy ratio (CAR) requirement and its commitment with the strategic partners. Currently, CAR of VietinBank still meets the minimum requirement under the current regulation of the SBV (Circular 22/2019/TT-NHNN). However, since 2013 to date, VietinBank's charter capital has not been raised. Limited capital base makes VietinBank struggle against a huge challenge to meet the minimum CAR requirement according to Basel II standards under the Circular 41/2016/TT-NHNN.
- Charter capital is one of the important factors taken into account by international credit rating agencies in their decision-making in upgrades or downgrades in credit rating of VietinBank, thereby affecting their ratings of overall prospect of Vietnam's banking and finance industry in particular and Vietnam's economy in general.
- Moreover, charter capital is the basis for determining limits of investment in fixed assets, capital contribution, and credit granting limits,...etc. As such, the increase of charter capital is a prerequisite to serve the needs of expanding business operations for it allows raising credit granting limits, investment limits,...etc, thereby helps improving the ability to supply capital to the economy, in contribution to promoting national economic growth as well as ensuring social security, delivery of macroeconomic goals as set forth by the Government and the SBV.

Therefore, increasing charter capital is a necessity for VietinBank in order to: (i) meet the capital adequacy ratio in Basel II standards as required in Circular 41; (ii) improve VietinBank's ratings by international rating agencies; (iii) grow and expand the business of the bank to match with the position, prospects and tasks assigned by the Government and the SBV to VietinBank.



II. LEGAL BASIS

- Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010; Law on amendment to a number of articles of the Law on credit institutions No. 17/2017/QH14 dated 20/11/2017;
- Law on Enterprises no. 68/2014/QH13 dated 26/11/2014 and documents guiding its execution;
- Law on management and use of state capital to invest in production and business in enterprises No. 69/2014/QH13 dated November 26, 2014;
- Decree 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 91); Decree 32/2018/ND-CP dated 8 March, 2018 amending and supplementing a number of articles of Decree No. 91/2015/ND-CP; Decree 121/2020/ND-CP dated 09 October, 2020 amending and supplementing Clause 2, Article 12 of Decree No. 91/2015/ND-CP, as amended and supplemented in Clause 5, Article 1 of Decree 32/2018/ND-CP
- Circular No. 162/2015/TT-BTC dated 26/10/2015 of 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 50/2018/TT-NHNN dated December 31, 2018, providing for the dossier, order and procedures for approval of some changes of commercial banks, foreign banks' branches;
- Regulation on Direct Owner's Representative, Representative of the State's capital in Credit Institutions, Financial Institutions and Corporations managed by the State Bank of Vietnam issued under Decision No. 2678/QD-NHNN dated 30/12/2019;
- Regulation on exercising rights for securities owners issued together with Decision No. 02/QD-VSD dated 2 January 2020 of Vietnam Securities Depository - VSD;
- Regulation on registration and transfer of ownership over securities issued together with Decision No. 03/QD-VSD dated January 2, 2020 of VSD;
- Regulation on listing on Ho Chi Minh 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.

III. CHARTER CAPITAL INCREASE BY ISSUING SHARES TO PAY DIVIDEND

1. To-be-increased amount of charter capital

- Amount of charter capital as at the time of issuance: VND 37,234,046 million.
- Expected additional amount of charter capital through issuance of shares for dividend payout: VND 10,719,644 million.
- Expected amount of charter capital post issuance of shares for dividend payout: VND 47,953,690 million (28.7899% increase over charter capital amount pre-share issuance).

2. Detailed plan on share issuance for dividend payout

- *Type of shares:* Common shares

- **Par value:** VND 10,000/share (Ten thousand dong/share).
- **Number of shares in circulation:** 3,723,404,556 shares
- **Number of treasury stocks:** 0 share
- **Maximum number of shares expected to be issued:** 1,071,964,449 shares
- **Total par value of issued shares:** VND 10,719,644 million
- **Issuance rate:** 28.7899% of the number of shares in circulation.
(*Number of shares to be issued, Total par value of issued shares, Specific issuance rate will comply with the approval of the State competent authorities*).
- **Target buyers:** The existing shareholders in VietinBank's list of shareholders as at the time of closing the right to receive stock dividend under the capital increase plan approved by the GMS and in compliance with current legal provisions.
- **Source of funds for implementation:** from the entire amount of profit after tax and required fund appropriations in 2017-2018 and remaining profit after tax, funds appropriation and cash dividends of 2019 (*details are presented in section 2, Appendix 1 attached*).
- **Time of issuance:** The GMS to authorize the Board of Directors to decide the timing for share issuance after getting the approval of the issuance plan from the competent authorities.
- **Time of completion:** The timeline for completion of the charter capital increase is in accordance with the license/ approval of the competent authorities.
- **Plan for handling fractional shares:** Number of shares issued to pay dividend to shareholders will be rounded down, decimal fraction will be canceled. For example: A shareholder holding 100 shares at the time of closing the shareholder list will receive 28 shares as stock dividend.

3. **Registration and listing of additional shares and putting new shares into trading:**
Newly issued shares will be registered for depository at the Vietnam Securities Depository (VSD) and listed on the Ho Chi Minh City Stock Exchange (HOSE) in accordance with the current law.

IV. PLAN FOR UTILIZATION OF THE INCREASED AMOUNT OF CHARTER CAPITAL AND UTILIZATION EFFICIENCY

1. Plan for utilization of increased amount of capital:

The entire increased amount of charter capital is expected to be used to serve the Bank's business, to be allocated to VietinBank's business lines with an appropriate structure on the principle of ensuring safety, efficiency and bringing the highest benefits to shareholders.

Progress of using the increased amount of charter capital to serve the Bank's business is in line with the capital utilization demand and market situation, considered and decided by the BoD (or the level/unit assigned, authorized by the BoD). It is expected to be used for the following activities:

- Investment in infrastructure, IT platform, development of services: Investment in modernization projects, banking governance capacity enhancement, technical

infrastructure and technology improvement, development of modern products and services, offering better utilities for customers;

- Expansion of VietinBank’s credit activities, investment activities and other business activities;
- Expansion of operational network: Expansion of traditional and modern distribution channels in association with brand development.

2. Capital utilization efficiency

- Charter capital increase is an important step in the roadmap of improving financial capacity, position and competitiveness, ensuring compliance with the bank’s scale of operations. Charter capital increase is the basis for meeting Basel II capital adequacy standards, continuing to promote the role of providing credit facilities to the economy and ensuring successful implementation of business strategic objectives, contributing to the realization of the vision of becoming a leading bank in Vietnam, on par with regional banks and a modern, versatile bank, meeting international standards.
- Based on the capital increase plan and business plan in 2020, below are some projection of business targets of VietinBank:

Item	2020 Targets
Total assets:	Growth rate 1%-3%
Total credit exposure	Growth rate 4%-8.5%
NPL ratio	<2%
Mobilized funds from business entities and residents	Growth rate 5%-10%
Consolidated profit before tax	VND 10,400 billion
ROAE	8%-10%
Capital Adequacy Ratio (CAR)	Compliance with the SBV’s regulations

V. SHAREHOLDER STRUCTURE AS OF NOW AND POST-CHARTER CAPITAL INCREASE

Shareholder structure as of now and post-charter capital increase is presented in Appendix 2 attached herewith

VI. PROPOSALS TO THE GMS OF VIETINBANK

The BoD hereby would like to seek the approval of the GMS of the below:

1. Approval of the *“Plan to increase Charter Capital by issuing shares to pay dividends from profits after tax and funds appropriation of 2017 & 2018, and remaining profit after tax, funds appropriation and cash dividends of 2019”*.
2. Approval of the registration for depository, trading and listing of additional shares.
3. Authorizing the BoD to:
 - a) Make decision on *“Plan to increase Charter Capital by issuing shares to pay dividends from profits after tax and funds appropriation of 2017 & 2018, and*

remaining profit after tax, funds appropriation and cash dividends of 2019” according to the content approved by the State competent authorities.¹

- b) Approve the amendment and promulgation of the Charter on organization and operation of VietinBank, reflecting the increased amount of charter capital, the number of additional shares.
- c) Decide and approve the necessary contents to implement the procedures of: Raising charter capital, issuing shares to pay dividends, amending the License for establishment and operation, Certificate of business registration, registering for depository, trading and listing of additional shares and other procedures as provided for by Laws.
- d) Decide other issues related to the increase in charter capital of VietinBank.

We hereby seek the approval of the GMS.


BOARD OF DIRECTORS
CHAIRMAN


Le Duc Tho

1 Plan to increase Charter Capital by issuing shares to pay dividends from profits after tax and funds appropriation of 2017 & 2018, and remaining profit after tax, funds appropriation and cash dividends of 2019 that VietinBank is submitting to the State competent authorities is the contents as presented in the attached Proposal on Charter Capital Increase. VietinBank will do according to the approval of the State competent authorities. The General Meeting of Shareholders authorizes VietinBank’s Board of Directors to decide the plan on capital increase according to the content approved by the State competent authorities for VietinBank to implement.

APPENDIX 1: SOURCE OF FUNDS FOR CHARTER CAPITAL INCREASE
1. Information about the charter capital supplementary reserve, share premium, retained earnings and other funds and reserves.
Unit: VND million

No.	Indicators on Single basis	31/12/2019 (*)
1	Charter Capital Supplementary Reserve	3,081,772
2	Share premium	8,969,827
3	Undistributed profits	18,883,517
4	Other funds	6,137,397

() In accordance with the audited Financial Statements in 2019*
2. Information on source of funds for charter capital increase
Unit: VND million

No.	Indicators on Single basis	2019	2018	2017
1	Non-consolidated Profit after tax (audited)	9,283,297	5,053,917	6,717,522
2	Appropriation of charter capital supplementary reserve	464,165	252,696	335,876
3	Appropriation of financial reserve	928,330	505,392	671,752
4	Appropriation of bonus & welfare fund	2,265,640	1,374,636	1,674,873
5	Remaining profit after tax and funds appropriations	5,625,162	2,921,193	4,035,021
6	Cash dividend payout	1,861,702	0	0
7	Remaining profit after funds appropriations and cash dividend	3,763,460	2,921,193	4,035,021
8	Expected stock dividend	10,719,644		
9	<i>Remaining profit after fund appropriations and dividend payout(*)</i>	29.5		

() According to the rule of handling fractional shares, the number of shares issued to pay dividends to shareholders will be rounded down, decimal fraction will be canceled. Therefore, in case of stock dividends at the rate of 28.7899%, remaining profit after fund appropriations and dividend payment is expected to be VND 29.5 million (the actual remaining profit after fund appropriations and dividend payout shall be in accordance with the results of share issuance for dividend payout of VietinBank)*

APPENDIX 2: SHAREHOLDER STRUCTURE AS OF NOW AND POST-CHARTER CAPITAL INCREASE

(As at the shareholder list closing date on 30th October, 2020)

1. List of shareholders whose shareholding is 5% or more and their shareholding percentages

No	Name of shareholders	Enterprise code/Ownership registration code	Current number of share held	Current shareholding percentage	Address of the company's head office	Name of legal representative	Position	Expected number of shares newly issued for stock dividend	Expected value of newly issued shares (VND million)	Expected number of shares post charter capital increase	Expected shareholding percentage post charter capital increase
1	State shareholder (State Bank of Viet Nam)	15/SL	2,400,204,956	64.46%	49 Ly Thai To, Hoan Kiem, Hanoi	Le Minh Huong	Governor	691,016,607	6,910,166.07	3,091,221,563	64.46%
	Represented by:										
1.1	Mr. Le Duc Tho - Chairman of the BoD of VietinBank, representing for 40% of the State capital		960,081,982	25.78%				276,406,643	2,764,066.43	1,236,488,625	25.78%
1.2	Mr. Tran Minh Binh - Member of the BoD cum CEO of VietinBank, representing for 30% of the State capital		720,061,487	19.34%				207,304,982	2,073,049.82	927,366,469	19.34%
1.3	Mr. Tran Van Tan - Member of the BoD of VietinBank, representing for 30% of the State capital		720,061,487	19.34%				207,304,982	2,073,049.82	927,366,469	19.34%
2	MUFG Bank, Ltd.	0100-01-008846	734,604,384	19.73%	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	Takayoshi Futae	Senior Managing Director	211,491,868	2,114,918.68	946,096,252	19.73%

2. List of shareholders and their related persons whose shareholding percentage is 20% or more: None
3. Information on the total shareholding of foreign investors

Object	Current number of share held	Current shareholding percentage	Expected number of shares newly issued for stock dividend	Expected value of newly issued shares (VND million)	Expected number of shares post charter capital increase	Expected shareholding percentage post charter capital increase
Foreign investors	1,092,071,632	29.33%	314,406,331	3,144,063.31	1,406,477,963	29.33%

(*). Actual shareholder structure after charter capital raising shall be based on the results of share issuance for dividend payment.

