

Hà Nội, March 8<sup>th</sup> 2018

## PLAN FOR RAISING CHARTER CAPITAL 2017

### 1. Need for raising charter capital

The annual aggressive business plan requires the raise in owners' equity and charter capital to support business, ensure prudential ratios.

In 2018, the business growth shall be driven by two scenarios with credit growth at 15-20% (the specific ratio is to be approved by SBV, and VPBank shall adapt its business target accordingly).

The raise in charter capital aims at supporting the business activities, as follows:

- Rapidly grow mid-long term capital to serve credit growth,
- Improve capital and operational prudential ratios,
- Contribute capital into subsidiaries and other business segments which may support and supplement the bank's business,
- Invest in infrastructure which serve the development needs of both head office and network branch.

### 2. Charter capital raise plan

#### Batch 1: Issuance of shares for dividend payments and issuance of shares using reserve to supplement charter capital

Structure of charter capital before the issuance of shares as dividend payments and the use of reserve to supplement share capital fund

Item	Common shares	Preferred shares	Total
Before capital raise (number of shares)	1,497,403,415	73,219,600	1,570,623,015
Charter capital before capital raise (VND)	14,974,034,150,000	732,196,000,000	15,706,230,150,000

The funding sources for raising charter capital are as follows:

Funding source	Amount (VND)
Reserve to supplement share capital fund	154,690,740,000
Consolidated profit and fund in 2017 available for allocation	4,524,754,290,000
<b>Total</b>	<b>4,679,445,030,000</b>

Where maximum consolidated profit in 2017 is used to make dividend payments in the form of shares:

Source	Amount (VND)	Number of shares (share equivalent)	Ratio of distribution/charter capital
Reserve to supplement charter capital	154,690,740,000	15,469,074	1,03%
Consolidated profit in 2017 available for allocation	4,524,754,290,000	452,475,429	30,22%
<b>Total</b>	<b>4,679,445,030,000</b>	<b>467,944,503</b>	<b>31,25%</b>

Charter capital after being raised according to the above option:

	Common shares	Preferred shares	Total
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Charter capital before dividend payments	14,974,034,150,000	732,196,000,000	15,706,230,150,000
Raised capital	4,679,445,030,000	-	4,679,445,030,000
Charter capital after dividend payments	19,653,479,180,000	732,196,000,000	20,385,675,180,000
Number of shares	1,965,347,918	73,219,600	2,038,567,518

Other details:

Method for raising capital: make dividend payments in the form of common shares by utilizing retained profit after allocating profit in 2017 and issue common shares to raise capital from owner's equity (hereinafter bonus share), Total distribution ratio is about 31.25%/total common shares at the time of shareholder list finalization, Actual ratio shall be based on the number of common shares at the time of shareholder list finalization,

Eligibility: All holders of VPBank's common shares at the time of finalizing the list of eligible shareholders, Holders of preferred shares at the time of finalizing shareholder list will not be paid dividends in the form of common shares and bonus stock,

Deadline for completion: tentatively 2018, subject to competent agencies' approval,

Implementation method: after finalizing procedures with competent agencies, the BOD Chairman is authorized to decide on and inform the deadline for shareholders eligible for dividends in the form of common shares and bonus shares,

After finalizing the list, the BOD Office will implement all procedures with related parties to allocate dividends in the form of common shares and bonus shares to each shareholder as follows: only integral part of the number of shares owned by each shareholder is multiplied with the total number of additional shares, divided by the total number of shares of the Bank, Fractions (of shares) will be allocated to the talent acquisition fund with the ownership of such shares being registered to Head Office Labor Union of VPBank so as to hit the capital raising target under this plan,

In particular: integer part means the integer equity capital that each shareholder receives and fully divided by VND 10,000, Fraction means the fractional equity capital that each shareholder receives and less than VND 10,000,

After distribution, the BOD shall approve the actual increment of charter capital to register with competent authorities,

**Batch 2: Issuance of shares to VPBank staff under Employee Stock Option Program (ESOP), Detailed issuance plan:**

**Purpose:**

Provide additional benefit to staff for higher performance and accountability

Align staff's interests with the Bank's business performance to drive staff's performance

Retain high-calibre staff members,

**Detailed issuance plan:**

Type of shares: common,

Face value: VND 10,000

Total face value of shares issued in 2018: VND 336,950,940,000, equivalent to 4.14% of consolidated profit before tax in 2017,

Total issue: 33,695,094 shares

Time: tentatively Q2 2018, after getting approval from competent agencies

Eligible buyers: members of Supervisory Board, members of Board of Management, and staff. The eligibility criteria and list will be decided by the Board of Directors on the condition that no more than the total issue above will be allocated,

Share transfer restriction: 100% of the ESOP shares are subject to three years transfer restriction from the finalization of such issue. Other rights associated to such ESOP shares are unrestricted. Except that CEO, members of the Supervisory Board shall be subject to restriction during their office term as per Law on Credit Institutions,

Issued price: VND 10,000/share

Remaining shares after the issue: subject to the BOD's decision, either to sell to other members of the staff and under the above conditions or cancel, Only record the actual number of shares sold,

**Change in charter capital after the issue**

Item	Common shares	Preferred shares	Total
Before ESOP	1,965,347,918	73,219,600	2,038,567,518
Shares issued under ESOP	33,695,094	-	33,695,094

Total shares after ESOP	1,999,043,012	73,219,600	2,072,262,612
Charter capital after SEOP	19,990,430,120,000	732,196,000,000	20,722,626,120,000

#### **Foreign investors' room at VPBank after issuance**

Currently, foreign shareholders own 22.378% of VPBank's shares. Foreign investors will buy up to 22.378% of the new issue so that the overall foreign stake after the issue will be maximum 22.378%,

Where expats are eligible to buy/register to buy less than the above-mentioned cap, resulting in overall foreign stake less than 22.378% after the issue, the Bank will register the new actual ratio with the Securities Commission and Securities Depository Center to call for new foreign investors with the remaining foreign stake,

**Passing of the plan for using proceeds from the issue:** the total proceeds from share issuance to staff will supplement the Bank's capital,

#### **Batch 3: Purchase preferred shared to be treasury shares and use such treasury shares to distribute bonus shares to shareholders after restriction period of treasury shares as per existing regulations.**

**Purpose:** to purchase full amount of preferred shares issued in 2015 and allocate them as treasury shares,

The purchase price is determined based on contract/commitment of the Bank = amount invested on preferred share x (1 + 15%/p.a. x 3 annum) – preferred dividend paid in 2016, 2017, 2018,

Total preferred share to be purchased as treasury share: VND 73,219,600, equivalent to VND 732,196,000,000 in charter capital,

Total amount to re-purchase preferred shares: VND 2,489,232,374,288

Source: using share premium and investment/development fund,

Tentative transaction time: after obtaining SSC' approval and disclosure by VPBank and agreement with shareholders, Tentative: Q3/2018

Method of transaction: based on the contract with existing holder of preference shares.

#### **The distribution of bonus shares using treasury shares is as follow:**

- Using the treasury shares, as described above, to distribute to existing shareholders to convert preferred shares into common shares and therefore keeps charter capital unchanged,
- The owners' equity shall be used as follow:
  1. Share premium: 1,287,493,637,440 VND
  2. Investment and development fund: 1,201,738,736,848 VND
- The amount of capital after distribution of treasury shares being converted into common shares:: 732,196,000,000 VND,
- Timing for distribution of treasury shares: after obtaining approval by competent and expiry of restriction applicable to treasury shares,
- Eligible recipients: shareholders upon finalization of shareholder list,

#### **Batch 4: Private placement for local and foreign investors to raise charter capital.**

- Private placement to local and foreign investors in private placements to raise charter capital,
- Type of shares: common,
- Face value: VND 10,000/share,
- Maximum offer: 15% of total common shares at the time of issuance,
- Implementation method: Private placements to local and international investors to raise charter capital,
- Eligible buyers: less than 100 local and/or foreign investors who meet requirements to purchase shares issued by a credit institution as per applicable laws,
- Price: to be determined based on direct negotiations with investors, in line with the commitment of the Bank made to the investors and approved by AGM, or no lower than the average of most recent 6 months where VPBank did not make any commitment of most recent 6 months where VPBank did not make any commitment on price,
- Number of placement in the year: 01,
- Timing: Within 2018, Specific timing shall be subject to approval by competent authorities,
- Restriction time: at least 1 year as stipulated by laws,
- The proceeding from such placement shall be invested in fixed assets, supplementing middle and long term capital of VPBank,

- Placement method: delegate BOD to decide after completion of required procedures with competent authorities and applicable laws,
- The placement is not applicable to BOD, Supervisory Board and CEO of VPBank,
- Note: investors purchase shares of VPBank in such private placement are responsible to their source of funding, VPBank's BOD takes no responsibility in examining the investors' source of funding,

Given VPBank succeeds in issuing 250,000,000 shares from the placement, structure of charter capital shall be as follow:

	Common shares	Charter capital (VND)
Before issuance	19,990,430,120,000	20,722,626,120,000
Shares issued (TBD)	2,500,000,000,000	2,500,000,000,000
After issuance	22,490,430,120,000	23,222,626,120,000

**Batch 5: Distribute of bonus shares from capital surplus gain after the 2017 private placement**

The figures below are tentative and are driven by result of the private placement, timing for finalizing list of shareholders, etc. However, after distributing all capital surplus for existing shareholders, the charter capital will be raised by 4,577,242,670,000 VND,

	Common shares	Charter capital
- Capital before distributing surplus	22,490,430,120,000	23,222,626,120,000
- Surplus distributed to common shareholders to raise capital	4,577,242,670,000	4,577,242,670,000
- Capital after surplus distribution	27,067,672,790,000	27,799,868,790,000
- Distribution ratio applicable to common shares (not applicable to treasury shares)	20.35%	

- Execution time: Q4/2018,
- Eligible recipients: all common shareholders at the time of finalizing shareholder list, Preferred or treasury shares are not eligible,
- After finalizing the list of shareholders, the BOD Office will implement all procedures with related parties to allocate bonus shares to each shareholder as follows: only integer part of the number of shares owned by each shareholder is multiplied with the total number of additional shares, divided by the total number of shares of the Bank, Fractions (of shares) will be allocated to the talent acquisition fund with the ownership of such shares being registered to Head Office Labour Union of VPBank so as to hit the capital raising target under this plan,
- In particular: integer part means the integer equity capital that each shareholder receives and fully divided by VND 10,000, Fraction means the fractional equity capital that each shareholder receives and less than VND 10,000,
- After distribution, the BOD shall approve the actual increment of charter capital to register with competent authorities,

**The plan to use capital surplus:**

The tentative VND 12 trillion surplus as results of the above actions (whereas, the owners' equity is only raised as result of the private placement) shall be used, besides for enhancing financial capability, prudential ratios, as follow:

No	Need	Required amount (VND bil)
1	Raise mid-long term capital to serve credit growth	8,500
2	Supplement charter capital for subsidiaries (VPBFC and VPBAMC) and purchase shares of other companies operating in the areas which can support and supplement core activities of VPBank	3,000
3	Invest in infrastructure, major IT systems development, etc. to serve the growth of both Head office and branch network, purchasing modern equipment to serve customers' needs;	500

	expand/repair/upgrade branch network,	
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**Agree on contents related to capital raise and authorized tasks to the BOD for all aforementioned charter capital raises and treasury share purchases:**

To facilitate the aforementioned charter capital raise processes, the AGM delegates and authorizes the BOD to perform the following tasks:

- a. Determine the order of the batches, payment ratio/the above data on capital raise are tentative. Authorize the BOD to decide on the order and specific time for the batches in view of processes/time of regulators' approval(s) time, the reality, and negotiations with other stakeholders.
- b. Approve the adjustment of foreign shareholders' stake at VPBank based on actual figures after implementing ESOP. Authorize the BOD to decide on specific ratio and carry out necessary procedures.
- c. Approve the increase in foreign stake after private placements with local and foreign investors in 2018 to maximum 30% of the charter capital. Authorize the BOD to decide on a reasonable percentage in view of the reality and to the maximum interests of the Bank and carry out the procedures for adjusting/registering with competent agencies.
- d. Determine the time for finalizing the dividend/bonus share distribution list after fulfilling all procedures in accordance with the provisions of law with competent agencies.
- e. Approve the criteria, time and list of employees who are eligible for ESOP and binding policies/requirements related to the shares.,
- f. Decide on the offer price, negotiation plans, plans for conducting buying/selling transactions, criteria for selecting investors and the selection of particular investors to offer for sale during private placement.,
- g. Decide on the raised/issued amount of charter capital/shares in comparison with the estimated figures in the aforementioned charter capital raising plan as a result of performing the following tasks: (i) payment of stock dividend, (ii) share issuance under ESOP, (iii) share issuance to investors in private placements (iv) handling of the remainder from the process of dividend distribution in the forms of common shares and bonus shares.,....
- h. Decide on the time and method of offering for sale, and the number of unsold shares in private placements.,
- i. Decide on continuing to carry out capital raise plans in 2019 or adopting appropriate measures on the basis of actual situations and for the interest of shareholders in case VPBank fails to raise its charter capital in 2018.,
- j. Decide on signing contracts, transaction materials, and related documents to carry out the aforementioned capital raises.,
- k. Decide on supplementing, amending, and finalizing all related issues and contents of the charter capital raise plan (including contents which have not been stated in this capital raise plan) and completing other necessary documents as required in the capital raise processes.,

We kindly propose AGM to consider and approve the above plan to raise capital so that the Bank's BOD can grasp market opportunities and ensure benefits of its shareholders and of the Bank.

Sincerely,  
*Recipients*  
*As above*  
*SBV, SSC*  
*Filing at BOD Office*

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

**(Signed)**

**Ngo Chi Dzung**