



Task Force on Climate-related Financial Disclosures (TCFD)

Update 2025

“As we reflect on 2025, climate change continues to have an increasingly evident impact on the business environment, infrastructure, and operations of the financial sector. Extreme weather events, together with the need to transition toward a low-emission growth model, have created an urgent demand to strengthen climate risk management capabilities and direct capital flows toward sustainable sectors.

In 2025, VPBank has chosen “Sustainable Synergy” as the message of its report. The term reflects both a process and an outcome, whereby multiple factors move in harmony and support one another toward a common direction, creating alignment and multiplying effectiveness. We believe that by pursuing business growth alongside transparent governance, social responsibility, and a commitment to environmental protection, VPBank will generate sustainable value for all stakeholders.

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APPROACH TO CLIMATE CHANGE

1.1. Tone from the top

Dear Shareholders, Customers, Partners and all VPBank employees,

As we reflect on 2025, the global economy operated in an environment marked by heightened volatility, prolonged geopolitical tensions, shifts in trade and tariff policies, and unpredictable movements in international financial markets. Alongside these economic challenges, climate change has become increasingly evident as a systemic risk, directly affecting economic growth, business operations, and the resilience of both enterprises and economies.

According to the World Meteorological Organization (WMO), key climate indicators remained at alarming levels throughout 2025, while extreme weather events occurred with increasing frequency and intensity across many regions of the world. In Vietnam, natural disasters and extreme weather conditions continued to have significant economic impacts. In 2025, the East Sea recorded 21 tropical storms and tropical depressions, making it one of the most active storm seasons on record, while total economic losses caused by natural disasters were estimated to exceed VND 85 trillion¹. These events highlight the growing impact of climate risk on business operations and the financial system.

Given this context, the transition toward a low-carbon economy continued to gain momentum. Requirements related to ESG governance, climate risk management, and sustainable capital allocation are increasingly becoming integral components of the strategies adopted by corporations and financial institutions. As a key provider of capital to the economy, the banking sector has a responsibility to support its customers throughout this transition while also contributing to the enhancement of the economy's resilience against the growing risks posed by climate change.

For VPBank, sustainable development is not only a responsibility towards the environment and society, but also an integral part of the Bank's long-term growth strategy. In 2025, VPBank continued to strengthen its ESG governance foundation, expand its green finance, social finance and sustainable finance portfolios, and gradually enhance its climate risk management tools in line with international standards. These efforts were recognized through several prestigious sustainable finance awards, including *The Achievement in Climate Risk Management* by The Asian Banker and the *Best Issuer for Sustainable Finance* by The Asset Triple A Awards. These awards recognize achievements delivered during the 2025 reporting year and underscore the Bank's continued progress in expanding sustainable finance solutions and embedding sustainability into its core business activities. Moreover, VPBank remains committed to channeling capital into areas capable of generating positive impact, such as clean energy, sustainable infrastructure, efficient resource use and the circular economy.

With a solid financial foundation, increasingly robust governance capabilities and the support of its strategic shareholder SMBC, VPBank believes it is well positioned to further expand its pioneering role in green finance in Vietnam. We are committed to accompanying our customers and the business community in the transition towards a greener, lower-carbon and more sustainable growth model. The efforts we make today will serve as the foundation for VPBank to contribute to a more climate-resilient economy, while creating long-term value for shareholders, customers, employees and the broader community.

Representative of Vietnam Prosperity Joint-Stock Commercial Bank
Standing Deputy Chief Executive Officer and Senior Executive Managing Director


Luu Thi Thao

¹ <https://hanoimoi.vn/qiam-doc-trung-tam-du-bao-khi-tuong-thuy-van-quoc-gia-mai-van-khiem-chu-dong-ung-pho-truoc-dien-bien-thoi-tiet-bat-thuong-727293.html>

1.2. About the Task Force on Climate-Related Financial Disclosure

In response to the increasingly evident impacts of climate change on bank's customers, credit portfolio, and operations, VPBank continues to enhance its climate-related financial disclosures in accordance with the recommendations of the TCFD, while progressively strengthening alignment with IFRS S1 and IFRS S2. Maintaining and improving the quality of disclosure not only supports the bank in enhancing its capacity to identify, measure, and manage climate-related risks, but also contributes to greater transparency, comparability of disclosed information, and stakeholder trust. Thereby, VPBank continues to support Vietnam's sustainable development orientation and national commitments to the transition toward a low-carbon economy.

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB) in 2015, laid the foundation for transparent disclosure of climate-related risks and opportunities through four pillars: governance, strategy, risk management, metrics and targets. In 2023, the TCFD completed its mandate, and the FSB requested the IFRS Foundation to take over the role of monitoring the progress of corporate climate-related disclosures globally.

On that foundation, the International Sustainability Standards Board (ISSB) issued IFRS S1 and IFRS S2 in 2023, establishing a global baseline for sustainability and climate-related disclosures, effective for reporting periods beginning on or after 1 January 2024. These standards build on the core structure of the TCFD recommendations, while introducing more detailed requirements on materiality, governance, strategy, risk management, metrics, targets, and greenhouse gas emissions. In 2025, the ISSB also issued targeted amendments to IFRS S2 related to greenhouse gas emissions disclosures, aimed at supporting organizations in applying the standards more effectively during the implementation phase. These amendments are effective for reporting periods beginning on or after 1 January 2027.

Climate-related financial disclosure continued to make important progress in 2025 as organizations and financial markets increasingly moved toward the adoption of globally consistent reporting standards. Accordingly, VPBank continued to use the TCFD recommendations as the primary framework for its climate-related financial disclosures, while progressively strengthening alignment with IFRS S1 and IFRS S2. This approach helps strengthen the transparency and comparability of its disclosures, while also improving the Bank's climate risk management capabilities in accordance with international best practices.

VPBank will continue to collaborate with partners both within and beyond the financial sector to research and apply tools for assessing climate-related risks and opportunities. Thereby, the bank will progressively improve its ability to identify and quantify the impacts of climate change on its business operations, credit portfolio, and customers. In subsequent reporting periods, the Bank aims to further enhance its climate-related reporting in line with international practices, including transition planning, scenario analysis, stress testing, physical risk assessment, and measurement of financed emissions, subject to the Bank's data availability and implementation capacity.

TCFD Update 2025

1.3. About us

Name	
In Vietnamese	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng
In English	Vietnam Prosperity Joint-stock Commercial Bank
Ticker symbol	VPB
Business Registration Certificate No.	0100233583
First registration	8/9/1993
45 th amendment	21/11/2023
CHARTER CAPITAL	VND 79,339,236 million
Head Office	VPBank Tower, 89 Lang Ha Street, Dong Da Ward, Hanoi
Phone number	(84) 1900 545 415
Fax	(84) 024 3928 8901
Website	www.vpbank.com.vn
Banking services: VPBank's principal activities include:	
1	Providing banking services, including mobilizing and receiving short-, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals.
2	Conducting foreign exchange transactions; providing international trade finance services; discounting commercial papers, bonds, and other valuable papers.
3	Investing in securities and bonds; investing in Government bond futures contracts.
4	Providing settlement payment and e-wallet services.
5	Providing asset management services.
6	Extending credit in the form of rediscounting negotiable instruments and other valuable papers and other banking services permitted by the State Bank of Vietnam.

Sustainable development strategy

Vision

Becoming the top 3 largest banks in Vietnam and top 100 largest banks in Asia, contributing to promoting the sustainable development and prosperity of the country and community;

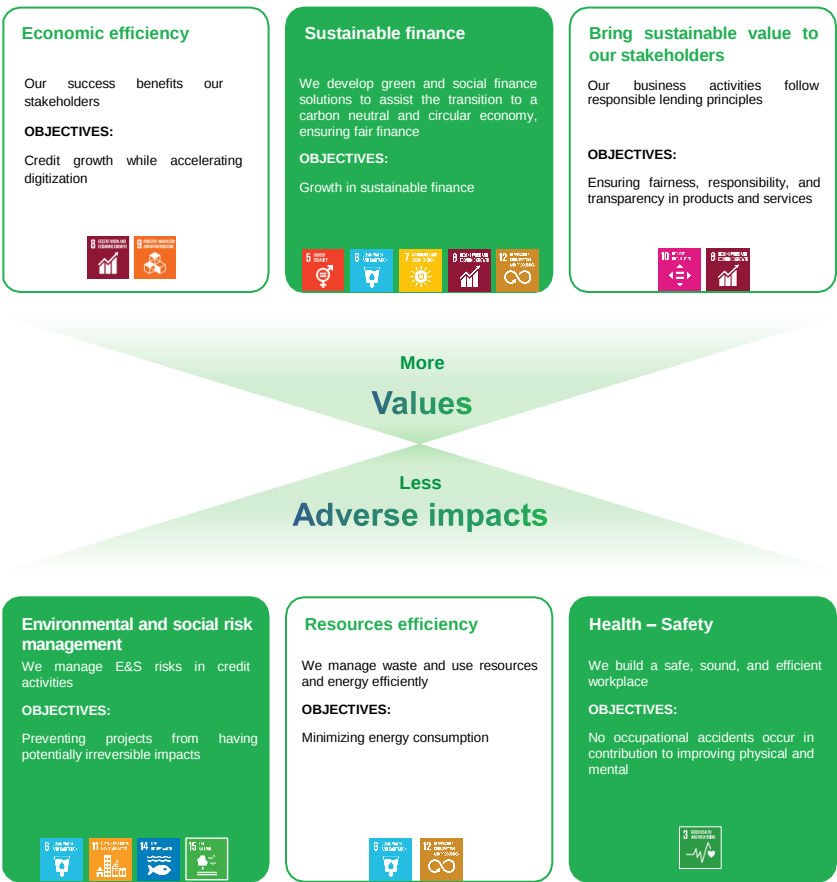
VPBank transforms robustly to become the leading green and sustainable bank in Vietnam, comprehensively contributing to economic, social, environmental goals and creating a future of sustainable development.

Mission

Pioneering innovation, improving the quality of outstanding financial solutions for customers and partners, and efficiently delivering sustainable prosperity to shareholders, the community, and society;

- Expanding a multi-layered ecosystem along with accelerating digital transformation and technology application across all segments and products;
- Creating “More value - Less negative impact” through responsible lending principles, ensuring fair and equitable financing for sustainable development activities;
- Create the best conditions for all employees to exploit their potential and develop comprehensively;
- Maximize long-term benefits and added value for all stakeholders.

Actions



TCFD Update 2025

1.4. TCFD Index

The table below highlights how the contents of this report align with the disclosure recommendations set out by the TCFD.

Pillar	Recommendation	Page reference
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	10
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	11-13
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	15-17
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	18-19
	c) Describe the resilience of the organization's strategy, considering different climate-related scenarios, including a 2°C or lower scenario.	20-41
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	43-44
	b) Describe the organization's processes for managing climate-related risks.	44-56
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	47-52
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	54-56
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	56-58
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	58-64

GOVERNANCE

VPBank's governance around climate risks and opportunities

CHAPTER 2. GOVERNANCE

2.1. VPBank's risk governance structure

VPBank integrates the management of climate-related risks and opportunities into the Bank's overall governance structure. Accordingly, the Board of Directors (BOD) plays a key role in providing direction, approving and overseeing material matters related to strategy, risk appetite, and climate risk management orientation, while also supervising the Board of Management (BOM) in implementing approved initiatives. Periodic reports on climate-related risks and ESG are reviewed to support the BOD and BOM in monitoring implementation progress, assessing governance effectiveness, and ensuring transparency throughout the implementation process.

At VPBank, the Three Lines of Defense model continues to serve as the foundation of the Bank's overall risk governance system, clearly defining the roles, responsibilities, and coordination mechanisms among business units, risk management/compliance control functions, and internal audit. This approach enables the Bank to strengthen its ability to identify, assess, monitor, and control Environmental – Social – Governance (ESG) matters, including climate-related risks, in a consistent manner across the system.

The diagram below illustrates how the Board's climate strategy is cascaded and implemented throughout the organization.

Figure 1. VPBank's risk governance structure follows the Three lines of Defense model



2.2. Board oversight of climate risks and opportunities

Board of Directors

The BOD provides high-level oversight of VPBank's ESG Risk Management Framework, including setting strategic direction, approving ESG risk appetite, and monitoring implementation effectiveness across the Bank. With advice and support from the Risk Management Committee, the BOD supervises the BOM in establishing, operating, and updating the ESG Risk Management Framework, ensuring its alignment with internal risk management objectives, regulatory requirements, ESG governance practices, and stakeholder expectations. This approach helps VPBank enhance transparency, strengthen risk control capabilities, and reinforce the foundation for sustainable development in the Bank's operations.

Risk Management Committee

The Risk Management Committee (RCO) plays an advisory and supporting role to the BOD in ESG risk governance, including climate-related risks. The RMC oversees the development and implementation of the governance framework, strategy, and ESG risk appetite; periodically reviews the relevance and effectiveness of related policies and procedures; and proposes improvement measures when limitations are identified during implementation. Material matters, monitoring results, and recommendations from the RMC are reported directly to the BOD to support decision-making, strengthen accountability, and ensure transparency in ESG risk governance.

In 2025, the RMC received high-level risk reports to monitor strategy implementation and the overall risk profile, including climate risks. Key updates and decisions encompassed:

- Quarterly updates on VPBank's loan exposure to high-risk, carbon-intensive sectors and the overall portfolio-level assessment of Environmental & Social (E&S) risks, using an E&S risk scoring framework.
- Approval of the Risk Appetite Statement and top-down strategic risk metrics, which integrate considerations for the impacts of climate risks into its risk governance and strategic decision-making processes;
- Review and advisory on the results of the climate risk stress test to assess the long-term impact of physical and transition risks on the Bank's business resilience and its ability to sustain operations under different climate-related scenarios.

2.3. Management's role in assessing and managing climate risks & opportunities

The Chief Executive Officer (CEO) is responsible for managing the Bank's daily operations and organizing the implementation of strategies, directions, and policies approved by the BOD. In this process, the CEO is supported by the BOM and management-level risk committees, with responsibilities assigned to each division and specialized unit to ensure that governance matters are implemented consistently across the organization.

Within its sustainable development orientation, VPBank continues to prioritize two key areas: (i) Promoting sustainable finance; and (ii) Strengthening climate risk management, in compliance with legal regulations and international best practices. The assignment of responsibilities across governance and management levels enables the Bank to progressively integrate climate-related risks and opportunities into relevant planning, decision-making, and business implementation processes.

In 2025, VPBank continued to strengthen its ESG governance model by clearly defining the roles and responsibilities of dedicated functions across the Bank. In this regard, the Risk Management Division continued to integrate ESG risks (including climate risk) into the Bank's overall risk management framework, while also take charge of developing and overseeing the implementation of E&S risk management systems and policies within its lending activities. In addition, the Treasury and Financial Markets Division serves as the focal point for mobilizing international funding sources and works closely with business units to develop and deliver green finance, social finance, and sustainable finance solutions.

VPBank's BOD and BOM comprise members with extensive experience in bank governance, management, and strategic planning. This serves as an important foundation for the Bank in guiding ESG governance, particularly on climate change-related matters:

Table 1. ESG experiences of senior management

	Corporate governance	Risk management/ Audit/ Law	Economics/ Finance/ Banking	Human resources / Operations/ Information technology	Environment/ Society/ Climate	Social responsibility/ Communication/ Marketing
BOARD OF DIRECTORS						
Mr. Ngo Chi Dung BOD Chairman	✓	✓	✓	✓	✓	✓
Mr. Bui Hai Quan BOD Vice Chairman	✓	✓	✓	✓	✓	✓
Mr. Lo Bang Giang BOD Vice Chairman	✓	✓	✓	✓	✓	✓
Mr. Nguyen Duc Vinh BOD Member and CEO	✓	✓	✓	✓	✓	✓
Mr. Takeshi Kimoto BOD Member	✓	✓	✓	✓	✓	✓
Ms. Pham Thi Nhung BOD Member	✓	✓	✓	✓	✓	✓
Mr Daniel Ashton Carroll BOD independent member	✓	✓	✓	✓	✓	✓
Mr. Mai Xuan Hung BOD independent member	✓	✓	✓	✓	✓	✓
BOARD OF MANAGEMENT						
Mr. Nguyen Duc Vinh BOD Member and CEO	✓	✓	✓	✓	✓	✓
Ms. Luu Thi Thao Standing Deputy CEO and Senior Executive Managing Director	✓	✓	✓	✓	✓	✓

	Corporate governance	Risk management/ Audit/ Law	Economics/ Finance/ Banking	Human resources / Operations/ Information technology	Environment/ Society/ Climate	Social responsibility/ Communication/ Marketing
Mr. Phung Duy Khuong Standing Deputy CEO in charge of the South and Head of Retail Banking Division cum managing Debt Collection Division	✓	✓	✓	✓	✓	✓
Ms. Duong Thi Thu Thuy Deputy CEO and Head of Corporate and Investment Banking Division	✓	✓	✓	✓	✓	✓
Mr. Nguyen Thanh Binh Deputy CEO and Head of Credit Division	✓	✓	✓	✓	✓	✓
Mr. Dinh Van Nho Deputy CEO and Head of Commercial Banking Division	✓	✓	✓	✓	✓	✓
Mr. Kamijo Hiroki Deputy CEO and Head of Foreign Direct Investment & Transaction Banking Division	✓	✓	✓	✓	✓	✓
Mr. Vu Minh Truong Deputy CEO and Head of the Balance sheet & Financial Markets Division	✓	✓	✓	✓	✓	✓
Mr. Nguyen Hong Trung Chief Information Officer	✓	✓	✓	✓	✓	✓
Ms. Tran Thi Diep Anh Head of Human Resource Division	✓	✓	✓	✓	✓	✓
Ms. Le Hoang Khanh An Head of Finance Division	✓	✓	✓	✓	✓	✓
Ms. Nguyen Thuy Duong Head of Marketing and Communications Division	✓	✓	✓	✓	✓	✓
Mr. Andre Debakhapouve Chief Risk Officer	✓	✓	✓	✓	✓	✓
Mr. Dao Gia Hung Head of SME Division	✓	✓	✓	✓	✓	✓

	Corporate govern- ance	Risk manage- ment/ Audit/ Law	Economics/ Finance/ Banking	Human resources / Operations/ Information technology	Environment/ Society/ Climate	Social responsibility/ Communication/ Marketing
Ms. Phan Thi Hai Anh Head of Legal and Compliance Division	✓	✓	✓	✓	✓	✓
Ms. Nguyen Thi Tuyet Chinh Head of Operations	✓	✓	✓	✓	✓	✓
INTERNAL AUDIT						
Ms. Tran Thi Hue Head of Internal Audit	✓	✓	✓	✓	✓	✓

Note:

- ✓ : Having experiences in charge of the mentioned area, having graduated from a related major, or having experience managing tasks related to the mentioned areas for 5 years or more;
- ✓ : Having adequate, relevant knowledge/ experience in the mentioned area.

STRATEGY

The actual and potential impacts of climate risks and opportunities on VPBank's financial resilience

CHAPTER 3. STRATEGY

3.1. Climate risks identified over the short, medium, and long term

The transition to a low-carbon economy is reshaping how the financial and banking sector views risks, opportunities and long-term growth priorities. Changes in policies, technologies and market behaviour, together with the increasingly evident impacts of extreme weather, require financial institutions to strengthen their climate risk management capabilities, assess their resilience and direct capital towards more sustainable sectors.

For VPBank, climate risk is considered an important factor in strategic planning, risk management and long-term business development. Accordingly, the Bank classifies climate risk into **two main categories**:

- **Physical risks** arise from the increasing frequency and severity of extreme weather events (acute risks), such as storms, heavy rainfall, floods, landslides and wildfires, or from long-term shifts in climate patterns (chronic risks), such as rising average temperatures, changing precipitation patterns and sea-level rise. These events may cause property damage, disrupt customers' business and production activities, affect supply chains and weaken their debt repayment capacity, thereby affecting the Bank's credit quality, overdue loans and provisioning requirements. In terms of VPBank's operations, natural disasters such as storms, heavy rainfall and flooding may also affect its physical facilities, including branches, transaction offices and supporting operational infrastructure, resulting in remediation costs, potential operational disruptions and the need to strengthen business continuity planning. VPBank therefore considers physical risk an important factor in financial and operational risk management and in assessing the Bank's resilience to the impacts of climate change.
- **Transition risks** arise from the shift towards a low-emission economy, including changes in climate policies, environmental standards and carbon-pricing mechanisms, developments in green technologies, and shifts in the expectations of investors, customers and consumers. These factors may affect companies' business models, compliance costs, competitiveness and capital needs, particularly in emissions-intensive industries or those heavily dependent on fossil fuels. In some cases, assets, projects or technologies that are no longer compatible with the transition pathway may lose value, have shorter economic lives or become stranded assets. For VPBank, identifying and managing transition risk enables the Bank to assess the sensitivity of individual industries, sectors and customers to policy, technological and market changes, while supporting the allocation of capital towards green and sustainable sectors aligned with Vietnam's transition pathway.

On this basis, VPBank is progressively integrating climate risk scenarios into its business planning, risk management and business continuity planning. The Bank continues to strengthen its technology infrastructure, improve its disaster response and recovery plans, and apply measurement tools, scenario analysis and disclosure practices aligned with international standards. This approach helps enhance VPBank's resilience to the impacts of climate change while providing a foundation for supporting customers in their green transition and sustainable development.

VPBank has identified several potential channels through which climate risk may have financial impacts on its customers' businesses and the Bank's own operations. The risk categories that may be significantly affected are summarised in the table below.

Table 2. Examples of climate risks and potential impacts

Risk type	Physical risk	Transition risk
Credit risk	- Severe natural disasters damaging customers' factories, warehouses, or farms, disrupting production and operations, reducing revenue, and impairing customers' repayment capacity. - Prolonged climate shifts, such as droughts and extreme temperatures, can undermine agricultural productivity, forcing customers to liquidate assets prematurely and adversely affecting their debt repayment capacity.	- New carbon tax policies or mandatory emission limits increase customers' operating and investment costs, reducing profitability and debt repayment capacity. - Legal risks arise when customers face lawsuits or liabilities due to negative environmental impacts, leading to higher costs and lower revenues.
Market risk	Natural disasters or extreme events reducing the value of collateral or customers' equities, indirectly affecting the bank's investment portfolio.	Global and domestic shifts towards clean energy, products, and services drive down the value of shares, bonds, or investments linked to high-emission sectors, adversely affecting banks' profitability.
Liquidity risk	Floods or storms compel customers to withdraw funds to restore operations, leading to deposit depletion and heightened liquidity demands on the bank.	Customers' need for greater liquidity to finance projects aligned with new climate regulations places pressure on banks' funding and lending capacity.
Compliance risk	Natural disasters or wildfires disrupting branch or office operations, impeding reporting and regulatory compliance.	Delays in complying with international and domestic standards on climate, ESG, or GHG emission reporting expose banks to potential penalties or reputational damage.
Operational risk	Disruptions to branch operations, data centers, or logistics caused by natural events, affecting service delivery and internal controls.	Supplier or process transitions required to meet new environmental standards may abruptly alter operational workflows, creating operational risks tied to change management.
Strategic risk	Inaccurate forecasting of natural disaster or drought impacts can lead to underprepared investment or insurance plans, undermining strategic execution.	Slow adaptation to low-carbon economy requirements or ESG mandates may render banks' business plans, products, and services less competitive.
Reputational Risk	Perceptions by customers, partners, or the public that the bank manages physical events (storms, floods) poorly, resulting in negative evaluations of risk governance.	Public or investor scrutiny of VPBank's exposure to high-emission sectors or its failure to meet climate targets could erode trust and damage reputation.

From 2021 to 2025, following the strong commitments to GHG reduction at COP26, the Vietnam Government has actively accelerated the transition towards a low-carbon economy through the enhancement of legal frameworks and macroeconomic policies guided by green growth principles. Key initiatives include:

- Low-Carbon Economic Development Strategy 2021–2030 (Decision 167/QĐ-TTg, 2021)
- National Green Growth Strategy for 2021-2030 period, vision to 2050 (Decision No. 1658/QĐ-TTg, 2021);
- Project on Tasks and Solutions for Implementing the Outcomes of COP26** (Decision No. 888/QĐ-TTg, 2022);
- Project for Implementing the Political Declaration on Establishing the Just Energy Transition Partnership (JETP) (Decision No. 1009/QĐ-TTg, 2023);
- National Energy Development Strategy to 2030, with a Vision to 2045 (Decision No. 215/QĐ-TTg, 2024);
- Decree No. 119/2025/NĐ-CP amending and supplementing a number of provisions of Decree No. 06/2022/NĐ-CP;
- Decision on Environmental Criteria and the Certification of Investment Projects under the Green Taxonomy (Decision No. 21/2025/QĐ-TTg).

In parallel with macro policies, Vietnam has issued a series of sector-specific policies to steer the green transition across key industries:

- Energy: Power Development Plan VIII (2023), The Revised Power Development Plan VIII (2025)
- Green Transport: Decision 876/QĐ-TTg (2022) on the Action Program for Green Energy Transition and Carbon and Methane Emissions Reduction in the Transport Sector
- Energy Efficiency: Directive 20/CT-TTg (2023) on Strengthening Electricity Savings for 2023–2025 and Beyond; Directive No. 10/CT-TTg of the Prime Minister on strengthening electricity conservation and promoting the development of rooftop solar power
- Circular Economy: Decree 08/2022/ND-CP

The adoption of Decree 06/2022 and its subsequent amendment and supplementation under Decree No. 119/2025 on greenhouse gas mitigation and ozone layer protection has established the initial legal framework for a carbon market, encouraged businesses and financial institutions to engage in green and clean energy projects. These measures contribute directly to Vietnam’s objectives of achieving carbon neutrality and net-zero emissions by 2050.

3.2. Climate opportunities identified over the short, medium, and long term

The transition toward a low-carbon economy is creating new opportunities for business activities, capital allocation, and the development of innovative financial solutions. VPBank is proactively capitalizing on this trend by expanding its sustainable finance offerings, prioritizing sectors that support the green transition, and continuously strengthening its climate risk management capabilities and the quality of its disclosures in line with international best practices.

VPBank assesses climate-related opportunities based on the Bank's strategic development priorities, the evolving economic landscape, and market demand. The extent to which these opportunities can be realised depends on various factors, including developments in government policies and regulations, technological advancement, customers' readiness to transition toward more sustainable business models, and the Bank's ability to mobilise sustainable funding.

Table 3. Examples of climate opportunities of some strategic sectors

Type of opportunities	Examples of climate opportunities	Opportunities for VPBank
Efficient Resource & Industrial Decarbonisation	- Invest in technologies that improve energy, water, and raw material efficiency; - Transform production processes to reduce emissions and meet CBAM and ESG requirements in export markets.	- Finance projects that enhance resource efficiency and reduce emissions - Develop sustainable lending and financing products for businesses undertaking green transition
Efficient energy usage & Regeneration	- Expand the use of wind power, solar power, energy storage, and grid infrastructure. - Accelerate the energy transition in line with Net Zero commitments and the Just Energy Transition Partnership (JETP).	- Finance renewable energy and energy infrastructure projects; - Mobilise international funding sources and developing transition finance products.
Sustainable transportation	- Develop electric vehicles, charging infrastructure, and green logistics; - Promote low-emission transportation solutions.	- Develop electric vehicle loan packages and financing charging infrastructure; - Provide credit to businesses transitioning to greener operations.
Sustainable agriculture and the bioeconomy	- Low-emission, climate-resilient agriculture; - Develop biomass, biogas, and bio-economy models.	- Provide credit for high-tech and sustainable agriculture; - Finance biomass energy projects and green agricultural value chains.
Climate change Adaptation	- Invest in disaster-resilient infrastructure, water resource management, and flood prevention. - Restore ecosystems and enhance climate resilience. - Restore forests; protect coastal ecosystems, biodiversity, and water resources to mitigate the impacts of natural disasters.	- Support ecotourism models and activities focused on forest, marine, and ecosystem restoration and conservation - Finance infrastructure projects and facilities that support climate change adaptation

Type of opportunities	Examples of climate opportunities	Opportunities for VPBank
Green digital infrastructure & data centers	• Apply digital technologies, artificial intelligence, and energy management systems to optimize resource consumption and reduce emissions. • Enhance ESG data digitalization and develop greenhouse gas Measurement, Reporting and Verification (MRV) systems to strengthen emissions management and support the low-carbon transition.	• Support businesses in investing in technologies for green transition and ESG integration. • Finance carbon credit generation projects. • Develop financial products and services related to carbon markets.

3.3. Climate strategy

In 2025, VPBank continues to implement the comprehensive ESG Strategy adopted by the Board of Directors in 2023 to guide its business activities towards achieving the goal of Net Zero emissions by 2050, including:

- i. Reducing direct GHG emissions from operations and indirect GHG emissions from the Bank's credit granting activities;
- ii. Developing green finance and participating in the carbon credits market.

The Bank's climate strategy is designed to promote the responsible use of financial resources, ensure financial fairness, and accompany customers and businesses in their journey towards carbon neutrality.

To achieve the Net Zero emissions target, the Bank simultaneously implements two solutions: **(i) GHG emissions reduction** and **(ii) Carbon offsetting**, under which:

- **GHG emission reduction:** This is the core solution and has the greatest impact on the pathway towards achieving the Net Zero target, including:
 - **Scope 1 & 2 emission reduction:** Based on improving energy efficiency, switching to renewable energy sources, digitalizing operational processes, and establishing green, clean, and sustainable offices, VPBank implements measures to minimize direct GHG emissions from sources owned or controlled by the Bank (Scope 1) as well as indirect GHG emissions from purchased energy such as electricity, steam, heating, or cooling (Scope 2) across its operations.
 - **Scope 3 emission reduction:** Based on reducing indirect GHG emissions from credit granting activities (Scope 3 – Financed emissions), through the following approaches:
 - i. **Green the finance** through restructuring the portfolio to “green” the credit book, including restricting lending to carbon-intensive industries or only approving loans if the purpose is to support green transition initiatives (e.g., investment in emission control equipment or technology);
 - ii. **Finance the green** by extending lending to projects that enable carbon capture and

storage, projects with solutions to eliminate or reduce GHG emissions (e.g., energy efficiency projects), or projects with negative carbon emissions (e.g., reforestation) in order to reduce the total indirect GHG emissions across the Bank's credit portfolio (Scope 3).

- **Carbon offsetting:** For the volume of GHG emissions that cannot be eliminated through the above reduction measures, carbon offsetting serves as the next necessary solution. "Carbon offsetting" refers to the practice of mitigating the impact of GHG emissions released into the atmosphere through (i) Direct investment in projects that generate carbon credits by reducing or absorbing GHG emissions, such as reforestation, renewable energy development from wind and solar, or energy efficiency improvement; or (ii) Indirect investment through trading carbon credits in the market. Carbon credits, also referred to as emission allowances, represent a unit of measurement equivalent to the right to emit one metric ton of CO₂ or an equivalent amount of another GHG (tCO₂e) into the atmosphere. Based on their impact on net emissions, carbon credits can generally be categorized into three types including Carbon reduction, Carbon removal and Carbon avoidance:
 - Carbon reduction: Activities that reduce GHG emissions compared with previous or existing practices;
 - Carbon removal: Processes that extract carbon from the atmosphere (absorption) and lock it away for decades, centuries, or millennia;
 - Carbon avoidance: Activities that prevent carbon emissions from occurring in the first place.
- The deployment of these solutions must ensure the following:
 - Transparency and accountability: Continuous monitoring and regular reporting on GHG emission measurements to help the Bank identify areas for improvement and track progress towards its Net Zero targets.
 - Stakeholder engagement: Active participation of stakeholders (including employees, customers, shareholders, investors, and the community) is key to fostering a culture of sustainable development and progressively realizing the Bank's climate commitments.

3.3.1 Achieving Net Zero emissions target

Through climate-related disclosures and communications, VPBank provides a clear and transparent account of the Bank's transition efforts to adapt to climate change, reaffirming the commitment to achieve net-zero emissions by 2050. As the sustainable transition strategy moves forward, industry guidelines and environmental regulations are expected to undergo continuous refinement across different phases. In this context, VPBank remains proactive in studying global best practices, with a view to applying national carbon quotas for specific sectors to better control emissions from financed industries, on which foundation the Bank will periodically review, update, and refine the transition roadmap to ensure alignment with the national climate change strategy and the evolving regulatory framework.

To achieve Net Zero emissions by 2050, VPBank has developed a roadmap as below:

- Step (1): Survey and measure GHG emissions;

- Step (2): Develop a roadmap for implementing GHG emission management solutions;
- Step (3): Monitor, report, and disclose information.

In the short term, the Bank will focus on building an information system of GHG emissions measurement results, which will be the fundamental basis for implementing the following tasks such as setting GHG emissions reduction targets.

Table 4. Roadmap to Net Zero emissions target

Step	Scope 1 & 2	Scope 3
1. Survey and measure GHG emissions	• Establish a mechanism to collect and build a database to store and monitor the energy consumption (fuel, electricity) of units/branches for the calculation of operational GHG emissions across the Bank. • Scope: Study the feasibility of expanding the calculation scope to include the Bank's subsidiaries • Assessment method: Fine-tune the calculation methodology in line with IPCC, ISO 14064, Decision No. 2626/QD-BTNMT dated 10/10/2022 of the Ministry of Natural Resources and Environment, and sector-specific standards such as Circular No. 13/2024/TT-BXD dated 20/12/2024 of the Ministry of Construction and other international standards.	Apply the following methods simultaneously in order of decreasing priority: 1. Collect data directly from customers • For businesses subject to mandatory GHG inventory: Collect the GHG inventory results report/ GHG Certificate (ISO 14064-1:2018) of the company. Under the National Strategy on Climate Change to 2050 (Decision No. 896/QD-TTg dated 26/07/2022), greenhouse gas inventory requirements are expected to become increasingly stringent: – From 2022 to 2030: conduct GHG inventories for facilities with annual emissions of 3,000 tonnes of CO₂ equivalent (tCO₂e) or more; – From 2030 onwards: conduct GHG inventories for facilities with annual emissions of 2,000 tonnes of CO₂ equivalent (tCO₂e) or more; – From 2040 onwards: conduct GHG inventories for facilities with annual emissions of 500 tonnes of CO₂ equivalent (tCO₂e) or more. – From 2050 onwards: conduct GHG inventories for facilities with annual emissions of 200 tonnes of CO₂ equivalent (tCO₂e) or more. • For businesses not subject to mandatory GHG inventory but voluntarily applying: Collect the company's self-inventory results if aligned with international voluntary industry standards (e.g., Higg Index, Global Recycled Standard in the textile industry) or GHG Certificate (ISO 14064-1:2018).

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Step	Scope 1 & 2	Scope 3	
		For other enterprises: Raise customer awareness and collect GHG data from customers using tools developed by VPBank, including guidance and advisory support for measuring and monitoring GHG emissions or emission sources, such as energy and fuel consumption and production or operational processes 2. Use tools or models to estimate GHG emissions (to address the lack of national GHG inventory data). 3. Apply an estimation approach consistent with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the financial industry, based on consideration of the reliability of emission factors, aligned with the Bank's portfolio.	
2. Develop a roadmap and mitigation solutions	Set emission reduction targets for each period (short and medium term) to adopt energy-saving measures, including but not limited to: - Issue regulations on energy standards for specific activities; - Prioritise renewable energy use at headquarters/buildings; - Maintain, renovate, and upgrade cooling and lighting systems in buildings to enhance efficiency; - Use electric vehicles for business operations to replace gasoline-powered vehicles; - Integrate environmental and energy-saving/ high-efficiency standards into the Bank's procurement process.	- Based on data on emission scale to identify high-emission sectors, the Bank will prudently make decisions to restructure the credit portfolio; - Develop a roadmap and solutions to reduce Scope 3 GHG emissions by adjusting credit policy orientations in the short, medium, and long term, aiming to achieve the Net Zero target by 2050.	
3. Monitor, report, and disclose information	- Develop a monitoring mechanism; - Continue to maintain and strengthen transparency by applying international sustainability reporting standards.	- Develop a monitoring mechanism; - Continue to maintain and strengthen transparency by applying international sustainability reporting standards.	

VPBank acknowledges that the process of measuring GHG emissions is still at an early stage and is prioritizing the development of Scope 3 financed emission reduction targets within credit portfolios for high-emitting sectors. These targets are framed based on carbon neutrality scenarios, in alignment with the Paris Agreement as well as Vietnam’s climate policies and legal framework.

Rather than pursuing a pure divestment approach, VPBank has adopted a prudent strategy: partnering with customers in their energy transition, encouraging the use of low-carbon energy sources, promoting electrification, and adopting advanced technologies. This approach contributes to maintaining national energy security while enabling customers to transition sustainably, mitigating the risk of reliance on alternative capital sources with lower transparency and accountability. However, establishing specific emission reduction targets for each sector still faces significant constraints due to data limitations, particularly the availability of reliable emissions data from customers. This challenge is common not only to VPBank but to the broader financial sector in advancing towards net-zero emissions.

3.3.2 Financing the transition to Net Zero future

Despite the strong climate commitments made by many countries under COP26 and subsequent climate conferences, global implementation progress has yet to meet expectations. Updates published in 2025 indicate that global CO₂ emissions continued to rise, with no evidence of a sustained decline. According to the Global Carbon Budget 2025, CO₂ emissions from fossil fuels increased by approximately 1.1% year on year, reaching a record level of around 38.1 gigatonnes of CO₂². Meanwhile, total global greenhouse gas emissions remained at a record high, reflecting mounting pressure from energy demand and economic growth.

Alongside rising emissions, global climate indicators have continued to set new records. The year 2024 was considered as the warmest year on record, with the global average temperature exceeding approximately 1.5°C above pre-industrial levels for the first time across several international datasets. Notably, recent climate analyses indicate that human-induced warming reached approximately 1.37°C³ in 2025 and could exceed the 1.5°C threshold within the next few years if current trends continue. These developments highlight the persistent gap between climate commitments and their implementation, while underscoring the growing urgency of global emissions-reduction efforts.

At the global level, investment needs for the transition to a low-emission economy continue to rise significantly. However, recent assessments indicate that approximately USD 6.5 trillion in annual investment will be required through 2030—covering developed countries, China and emerging economies excluding China—to achieve the goals of the Paris Agreement⁴.

In Vietnam, the transition to a low-carbon economy is being strongly promoted through national commitments and sustainable development policies. According to recent assessments by the World Bank and other international organisations, Vietnam’s total investment needs for achieving its emissions-reduction and climate adaptation objectives are estimated at approximately USD 368 billion by 2040,

² [Global Carbon Budget | Fossil fuel CO2 emissions hit record high in 2025](#)
³ <https://phys.org/news/2026-06-global-137c-earth-accumulating.html>
⁴ [Raising ambition and accelerating delivery of climate finance - Grantham Research Institute on climate change and the environment](#)

equivalent to around 6–7% of GDP. At the same time, without effective adaptation measures, climate change could significantly constrain Vietnam’s long-term economic growth.

As one of Vietnam’s leading financial institutions, VPBank has developed an ESG Strategy with a phased action plan designed to support the nation’s goal of achieving net-zero emissions by 2050. In 2025, VPBank continued to pursue long-term international capital mobilisation strategy will continue to prioritize collaboration with financial institutions to advance sustainable development objectives.

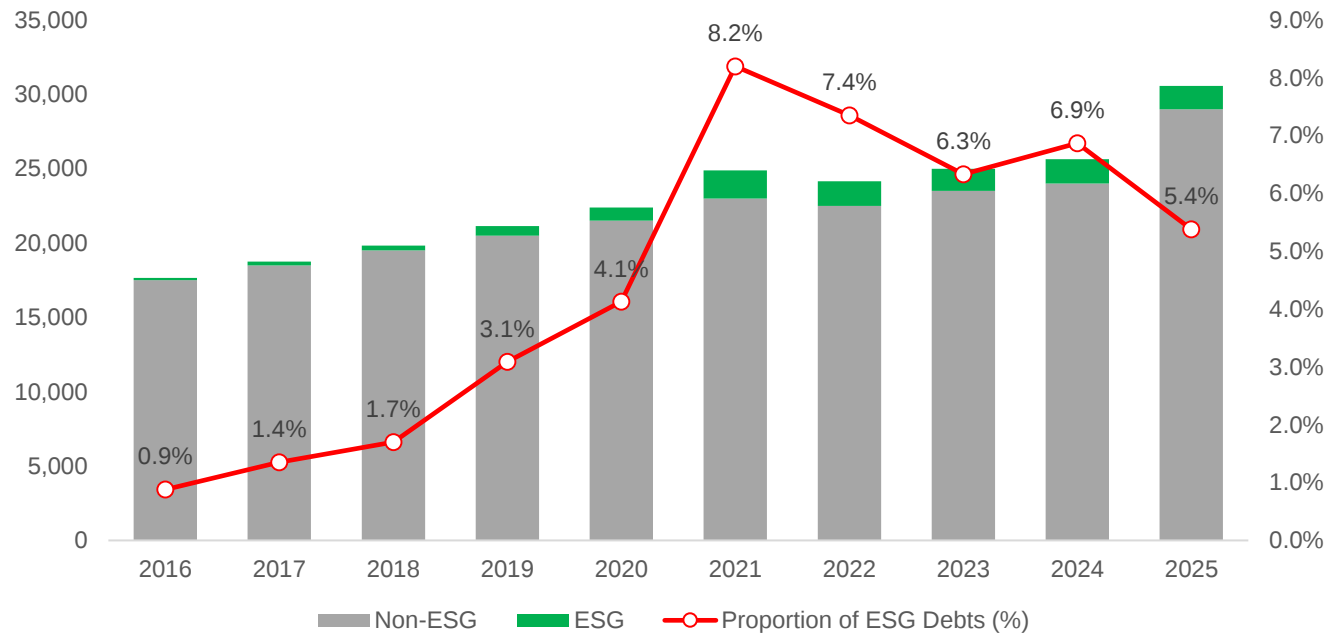
The global ESG capital market has experienced robust growth over the past decade (Figure 2), although growth slowed during 2024-2025. In 2024, total issuance in the ESG syndicated loan market reached USD 1,648 billion⁵, representing a 10.8% increase compared with 2023. However, in 2025, this total issuance declined by 5.3% to USD 1.560 trillion. This figure is forecast to recover to USD 1.62 trillion in 2026⁶.

These figures have demonstrated that international ESG financing not only contributes to national sustainable development goals but also presents attractive business opportunities for banks in the global capital market.

Enhancing the mobilization of international funding from Development Finance Institutions (DFIs) dedicated to advancing sustainable development in both the public and private sectors of developing economies is a key direction consistent with VPBank’s ESG Strategy. This approach strengthens the Bank’s capital foundation to finance sustainability-focused initiatives in Vietnam. In parallel, through technical cooperation and capacity-building partnerships with DFIs, VPBank has made significant strides in recent years to establish itself as a national leader in sustainable finance. The Bank continues to integrate global best practices in ESG risk management, including the Environmental and Social Risk Management framework, climate risk management, and climate-related financial disclosures in line with TCFD standards, while cultivating a team of specialists in environmental and social management, green finance, and sustainable finance.

⁵ <https://think.ing.com/articles/sustainable-finance-paint-it-green/>
⁶ <https://sustainabilitymag.com/news/ing-sustainable-finance-to-reach-us-1-62tn-in-2026>

Figure 2. Global ESG and Non-ESG Debt Instruments Breakdown (2016–2024)



Source: ING Bank & S&P Global

In 2025, VPBank made a significant mark by successfully securing sustainable funding from global financial institutions, including:

- In May 2025: VPBank raised a USD 1.56 billion international syndicated loan from major international financial institutions to support its sustainable finance objectives. The facility was arranged, underwritten, bookrun and jointly financed by prominent financial institutions, including Sumitomo Mitsui Banking Corporation (SMBC), Standard Chartered Bank, MUFG, ANZ, Cathay, Commerzbank AG, CTBC Bank, Mashreq Bank and the State Bank of India. This was the largest offshore ESG syndicated loan in Vietnam’s market.
- In July 2025: VPBank, together with SMBC, BII, EFA, FinDev and JICA, announced a USD 350 million syndicated loan to promote sustainable development in Vietnam. The five-year facility, equivalent to approximately VND 9.1 trillion, was fully drawn down by VPBank on 17 October 2025. The facility represents an important source of funding for VPBank’s sustainable finance strategy, focusing on three key pillars: social finance, green finance and essential infrastructure financing. It also contributes to Vietnam’s national objectives of promoting inclusive economic development, green growth and the expansion of critical infrastructure. The proceeds will be allocated to green projects contributing to Vietnam’s commitment to achieve net-zero emissions by 2050; supporting SMEs, particularly those owned or led by women, in line with the global 2X Challenge initiative to promote gender equality; and to finance critical infrastructure projects in underserved areas, thereby improving access to essential services such as healthcare, education, sanitation, clean water and social housing.

- In September 2025: VPBank became the first Vietnamese bank to successfully issue USD 300 million in sustainable bonds in the international market, marking an important milestone for Vietnam’s banking sector in the global sustainable finance landscape. Of the total issuance, the International Finance Corporation (IFC) invested USD 200 million, while the remaining USD 100 million was invested by Proparco, the French development finance institution. As the anchor investor, IFC provided strong validation for VPBank’s sustainable bond issuance in the international market, demonstrating the confidence of a reputable global financial institution in VPBank’s sustainable development strategy and highlighting the potential of Vietnam’s green finance market. VPBank will allocate all proceeds to green, social and sustainable projects in Vietnam, including renewable energy, sustainable transport and low-emission agriculture, as well as financial inclusion programmes targeting SMEs, women-led businesses and projects that improve community well-being.
- In September 2025: VPBank successfully drew down a USD 150 million, five-year international loan from the Asian Infrastructure Investment Bank (AIIB) to contribute to sustainable infrastructure development and support climate change mitigation efforts in Vietnam. The loan will enable VPBank to expand lending for green and climate adaptation activities, particularly transport decarbonisation through financing for electric vehicles and related infrastructure. Additional investments may include renewable energy installations, logistics and warehousing projects, and green building initiatives. A significant portion of the loan is earmarked for climate finance, in line with AIIB’s strategic commitment to climate financing and its support for Vietnam’s Nationally Determined Contributions under the Paris Agreement.

To ensure transparency in the criteria for selecting projects and loans that qualify as green, social, or sustainable, VPBank has established the Green Finance Framework (2020), the Social Finance Framework (2022), and the Sustainable Finance Framework (2024). These frameworks are aligned with international capital market practices and support relevant global commitments, such as the United Nations Sustainable Development Goals and the Paris Agreement on climate change. Through these frameworks, VPBank sets out detailed portfolios and specific technical criteria for projects across green sectors, serving as the basis for assessing and appraising their positive environmental, climate, or social impacts.

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GOVERNANCE		STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Framework	Year of issuance	Reference Standards	SPO Provider	Access link
Green Loan	2020	Green Loan Principles (GLP) 2018, jointly issued by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA)	 SUSTAINALYTICS	 https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phat-trien-ben-vung/082020_khung-tn-dng-xanh-ca-vpbank.pdf
Social Finance	2022	Social Loan Principles (SLP) 2021 jointly issued by LMA, APLMA, and the Loan Syndications and Trading Association (LSTA)	 SUSTAINALYTICS	 https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phat-trien-ben-vung/khung-tai-chinh-xa-hoi
Sustainable Finance	2024	Green Bond Principles (GBP) 2021 by ICMA; Social Bond Principles (SBP) 2023; Sustainability Bond Guidelines (SBG) 2021; Green Loan Principles (GLP) 2023 by LMA; Social Loan Principles (SLP) 2023	 SUSTAINALYTICS	 https://www.vpbank.com.vn/-/media/vpbank-latest/8aboutvpbank/phat-trien-ben-vung/2024/khung-tai-chinh-ben-vung-2024.pdf

Total green loan balance in 2025

VND 39,052 billion

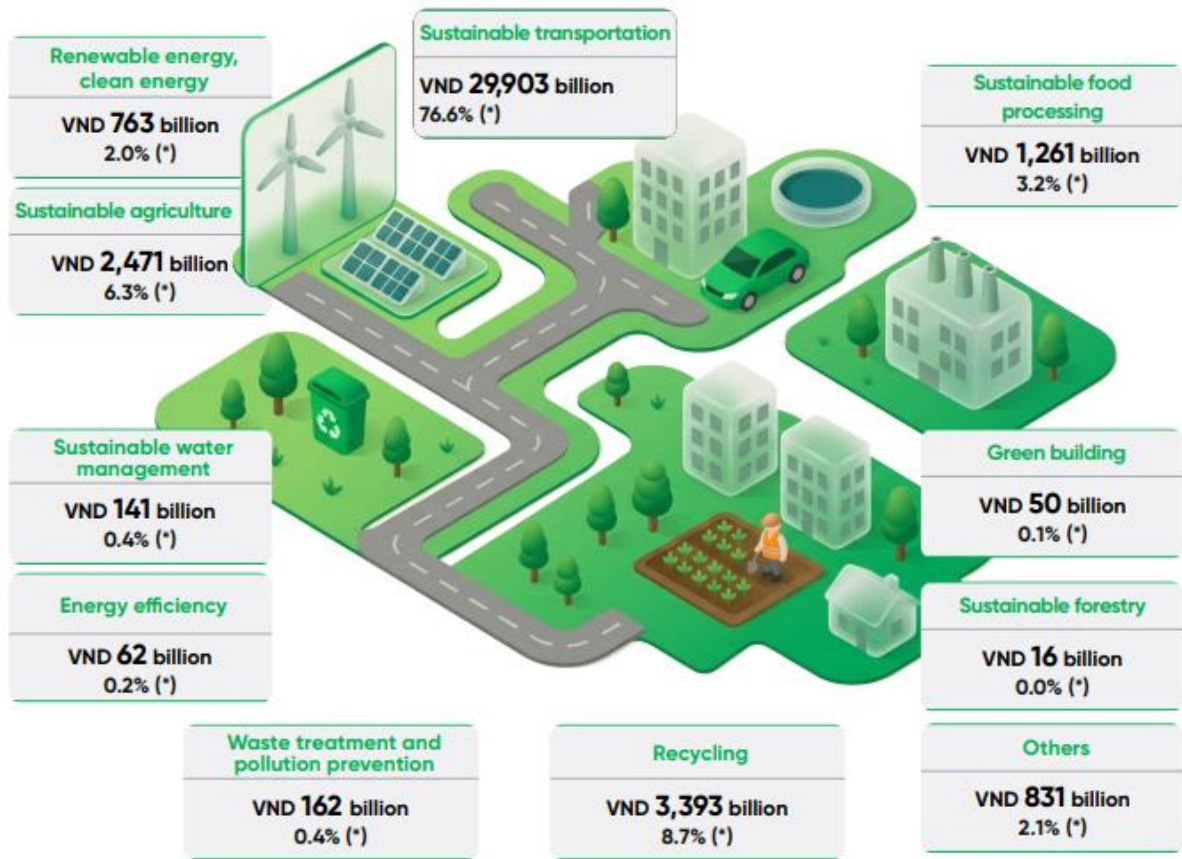
(2024: VND 21,943 billion)

In 2025, VPBank reached an important milestone in its sustainable finance development strategy. Total green credit outstanding amounted to VND 39,052 billion, representing a 78% increase compared with 2024. This strong growth was driven by the significant expansion of loans in key areas of the green transition, including Low-carbon transport, Green buildings, Recycling and Circular economy, Sustainable agriculture and forestry, and Renewable energy.

During the year, VPBank provided green financing to 29,121 retail customers and nearly 300 corporate customers, representing a 6.3-fold increase compared with 2024. The substantial growth in the number of customers reflects the rapidly expanding market demand, while also demonstrating VPBank’s responsiveness and reliability in delivering financial products that support the green transition. This results also underscore the growing demand for green investment across the economy and highlights VPBank’s capabilities in product development and operational execution to accompany customers throughout their ESG transition journey.

The detailed allocation of VPBank’s green credit portfolio is illustrated in the diagram below.

Figure 3. VPBank’s green portfolio breakdown by categories



Entering 2025, as sustainability-related disclosure standards such as IFRS S1 and IFRS S2 have moved into the implementation phase globally, transparency requirement related to climate and ESG matters for financial institutions increasingly become more rigorous and standardized. Following the trend, financial institutions remain at the forefront of mobilizing capital and supporting customers in their transition toward a low-carbon economy.

VPBank aims to further expand its portfolio of sustainable finance products and solutions, thereby enabling customers to access capital for green projects, improve resource efficiency, and implement climate adaptation initiatives. Advancing sustainable finance not only helps meet the increasingly stringent expectations of international investors and business partners, but also strengthens the Bank's competitiveness and access to long-term funding sources as global financial markets continue to shift toward ESG-aligned investments.

To follow this strategic direction, VPBank recognizes the importance of ensuring alignment across the entire transition ecosystem, including public policy frameworks that prioritize the development of key sectors, the implementation of mandatory requirements on ESG disclosures and GHG inventories, as well as proactive efforts from the business community to innovate technologies and production models. Close coordination among macro-level policies, customers' transition pathways, and commitments from the financial system will serve as a critical foundation for fostering the transparent, equitable, and effective development of the green finance market.

Building on the progress achieved, VPBank will continue to strengthen its efforts to mobilize sustainable financing from DFIs in alignment with the Bank's ESG Strategy. These efforts aim to support the Government of Vietnam's GHG emission reduction commitments while contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). Key areas of contribution include poverty reduction, improvement of healthcare quality and social well-being, enhancement of education, promotion of gender equality, environmental and climate protection, as well as improved access to clean water and the development of sustainable infrastructure.

In parallel, VPBank continues to proactively seek and expand collaboration opportunities to develop innovative financial products and services, thereby increasing its market presence and accelerating the growth of green finance. The Bank aims to diversify financial instruments that support ESG objectives, including financing from Export Credit Agencies (ECAs), social loans and bonds, sustainability loans and bonds, blue bonds dedicated to ocean protection, as well as sustainability-linked loans and bonds with transparently measured performance indicators. At the same time, VPBank continues to expand its investments toward sustainable development objectives, contributing to the transition toward a more inclusive and low-carbon economy.

3.4. Testing the resilience of the Bank's strategy and business model in different climate scenarios

To assist the Board of Directors in making strategic and financial decisions in response to risks arising from climate change, the Bank has developed and implemented climate scenario analysis to assess the potential impacts of climate risks on its loan portfolio. The characteristics of these risks are comprehensively reflected in the analyses, providing useful insights to support effective risk management and business operations.

3.4.1 Scenario analysis

At VPBank, climate scenario analysis has been carried out with the objectives of: (1) Exploring the impacts of climate change and the transition to a low-carbon economy on the resilience of the Bank's strategy and business model; (2) Identifying climate-related risk factors, including physical and transition risks, and recognizing the most vulnerable sectors, industries, and clients; (3) Measuring sensitivity and estimating potential losses by constructing assumptions under each scenario, assessing impacts on asset quality and credit risk, and thereby quantifying possible financial losses to the loan portfolio; and (4) Evaluating the effectiveness of the climate risk management framework, including the integration of climate risks into the overall risk governance process and the adequacy of risk mitigation measures to ensure sustainable business operations.

In parallel, VPBank periodically conducts climate risk stress tests, an essential tool for analyzing future potential impacts, identifying vulnerable economic sectors under different scenarios, and assessing implications for the Bank's earnings.

Scenario analysis is undertaken with a focus on the Bank's material risks, particularly exposures to sectors with heightened climate vulnerability (covering both physical and transition risks) across credit, operational, market, and reputation risks. VPBank also identifies transmission channels through which climate risks may transform into traditional financial risks, as outlined below:

- **Credit risk:** The value of collateral may decline when adversely affected by extreme weather events such as storms, floods, droughts, or sea-level rise. Carbon-intensive industries or those heavily dependent on fossil fuels may face declining revenues and rising operating costs due to emission-reduction policies and shifting consumer behavior. This increases the likelihood of default and directly affects the quality of the Bank's credit portfolio
- **Operational risk:** Climate change may disrupt the Bank's business operations through damage to infrastructure, power outages, IT system interruptions, or limitations in service delivery to clients. Furthermore, global supply chain dependence on climate-vulnerable regions may indirectly impact the Bank's operations, driving up remediation costs and reducing efficiency.
- **Market risk:** Climate-related developments make commodity, energy, and financial asset prices increasingly volatile and difficult to predict. Regulatory changes such as the imposition of carbon taxes, adoption of green technologies, or implementation of emission caps may sharply reduce the market value of certain businesses, affecting the Bank's investments, financial assets, and capital market activities.
- **Reputation risk:** Stakeholder expectations from the public, investors, and regulators regarding the Bank's role in managing climate risks are rising. Continued financing of carbon-intensive or environmentally harmful projects could provoke negative reactions from the media, investors, and credit rating agencies, as well as erode trust among clients and strategic partners. Conversely, strong climate risk management enhances the Bank's reputation, attracts clients, and creates opportunities for sustainable business growth.

3.4.2 Climate risk stress test

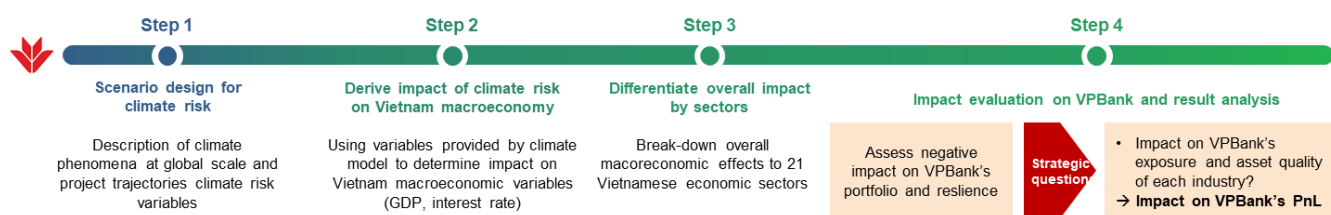
Recognizing the strategic importance of climate risk stress testing, VPBank in 2024 continued to conduct assessments designed to measure the potential impacts of climate-related risks on its lending portfolio. The objective is to evaluate the resilience of the Bank's business model under a range of climate scenarios, thereby gaining deeper insights into potential implications and identifying both areas of strength and points of vulnerability.

The results have been incorporated into the Bank's strategic planning and risk assessment processes, supporting VPBank's gradual transition towards a low-carbon economy. In particular, the outcomes serve to:

- (1) Provide additional information to improve risk governance and decision-making capabilities;
- (2) Integrate environmental factors into the risk appetite development process, ensuring a comprehensive risk management strategy aligned with sustainable development trends;
- (3) Shape a more flexible and adaptive business strategy in response to future climate changes, minimizing risks while capitalizing on new opportunities.

The climate risk stress test is conducted in line with the guidance of the Bank for International Settlements (BIS)⁷, and translates climate risks into financial impacts on the Bank's loan portfolio. The assessment follows four key steps, as illustrated in the figure below.

Figure 4. The process of analysis on climate risk impact



The implementation has reviewed and assessed the medium - and long-term impact of transition and chronic physical risks on the Bank's lending portfolio.

Scenario design

VPBank climate risk stress test is developed based on a set of climate scenarios published by the Network for Greening the Financial System (NGFS) for use by international financial institutions executing climate risk stress tests as a standard and consistent starting point for analyzing climate risks. In 2024, NGFS did update the new climate scenario. The table below summarizes four scenario groups with different transition pathways:

- **Orderly transition** scenarios assume climate policies are introduced early and gradually become more stringent to achieve ambitious climate targets. Both physical and transition risks are relatively subdued.

⁷ FSI Study on the Implementation of Policy No. 34: Banks' Climate Stress Testing – A Comparison of Practices
<https://www.bis.org/fsi/publ/insights34.pdf>

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
• Disorderly transition scenarios assume policies are delayed and applied in a fragmented, uncoordinated manner across countries and sectors. This increases transition risk, exemplified by the potential for a sharp spike in carbon prices after a period of delay, causing significant volatility in markets and production. • Hot house world scenarios assume that some climate policies are individually implemented in some countries, but these efforts are insufficient to halt global warming. The scenarios in this group recorded severe chronic physical risks, including irreversible impacts (e.g., higher sea level). • Too little, too late scenarios assume a delayed and divergent climate policy response among countries globally, leading to high levels of both physical and transition risks, with severe and prolonged impacts on the economy and financial system.			

These climate scenarios were designed with five-year intervals over a 30-year forecast horizon. This approach ensures that the analysis captures both medium- and long-term impacts of the physical and transition risks faced by the Bank.

Table 5. Overview of NGFS Climate Scenarios

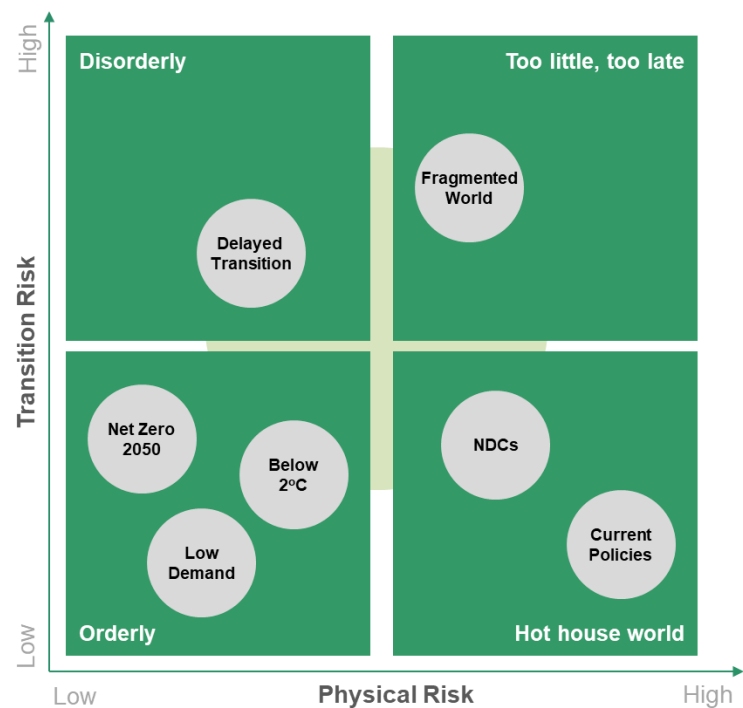
Category	Scenario	Main assumptions
Orderly	Low Demand	• Global warming limited to 1.5°C and net zero CO₂ emissions achieved around 2050; • Countries with a political commitment to a net zero target defined before March 2024 reach net zero at their target year or earlier; • Several countries/regions, including the US, EU, UK, Canada, Australia, and Japan, achieve net-zero for all GHGs; • Additional measures in end-use sectors (e.g., behavioral changes, reduced energy demand, accelerated electrification, and renewable substitution) help alleviate pressure on carbon taxes.
	Net Zero 2050	• Global warming is limited to 1.5°C (with a 50% probability), achieving net zero emissions by 2050; • Stringent climate policies, initiatives, and technological advancements are implemented early and smoothly; • Several countries/regions, including the US, EU, UK, Canada, Australia, and Japan, achieve net-zero for all greenhouse gases (GHGs).
	Below 2°C	• Global warming is kept below 2°C by the end of the 21st century (with a 67% probability).

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GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Category	Scenario	Main assumptions	
		- Stringent climate policies are progressively implemented, with increasing levels of regulatory oversight and control over time. - Countries with net-zero emissions targets achieve approximately 80% of their transition pathways, while some others pursue less ambitious decarbonization trajectories.	
Disorderly	Delayed Transition	- Global warming is limited to 2°C by the end of 21st century; - Annual GHG emissions do not decline until 2030. Countries maintain current policies and continue using fossil fuels. In 2030, climate policies are abruptly implemented, negatively affecting economic development; - Countries with net-zero policy target commitments are assumed to follow-through on 80% of them.	
Hot house world	Nationally Determined Contributions (NDCs)	- Global warming limited to 2.3°C by the end of 21st century; - Climate policies are based on voluntary (but non-binding) commitments in addition to existing policies.	
	Current Policies ⁸	- Global warming limited to 3.0°C by the end of 21st century - Only currently implemented policies are preserved, leading to high physical risks.	
Too little, too late	Fragmented World	- Global warming is limited to 2.4°C by the end of 21st century; - Current policies continue to be implemented until 2030; after that, countries adopt climate policies in a slow and fragmented manner. Countries that set net zero emissions targets only achieve 80% of their reductions by 2050; others simply maintain current policies.	

⁸ Climate policies include mitigation policies (e.g., carbon pricing) and adaptation policies (e.g., shifting to carbon-neutral investment, technological innovation, etc.).

Figure 5. Scenarios Framework of NGFS



Climate scenarios and impacts on Vietnam's macro economy

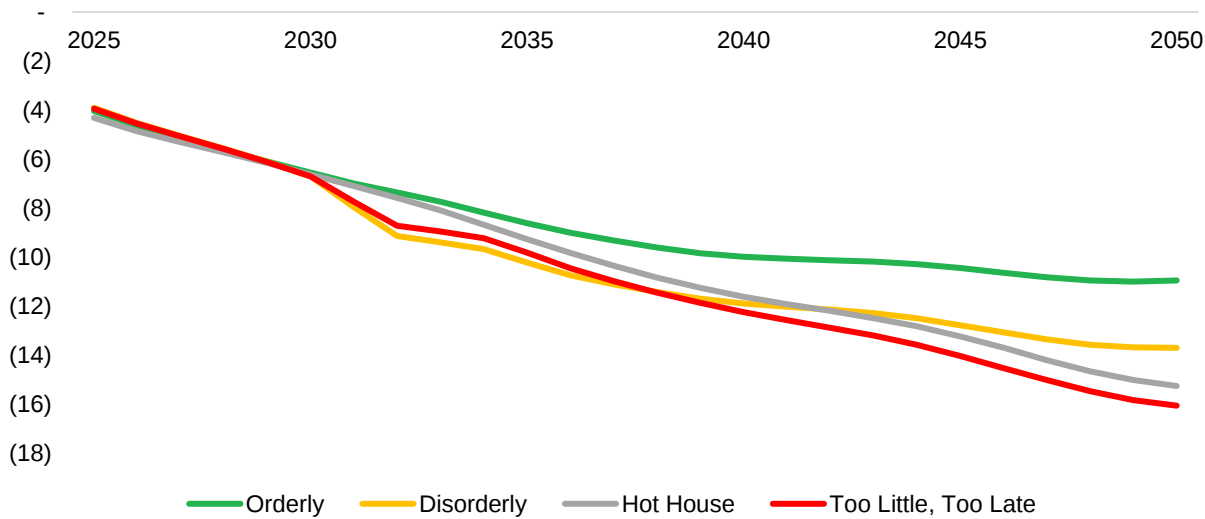
Based on four climate scenario groups, VPBank has assessed the impacts of climate risks on Vietnam’s macroeconomic indicators, including, but not limited to, GDP growth, interest rates, carbon emissions, and energy prices. These scenarios clearly reflect the impact of climate risks on the economy, stemming from the interplay between the cost of implementing (transition risk) and not implementing (physical risk) climate-change policies.

The analysis results indicate that the projected GDP loss in 2025 is higher compared to 2024, as the NGFS damage assessment model has more comprehensively captured the impacts of climate change on the economy, thereby increasing the estimated losses from physical risks relative to previous scenarios.

Specifically, the Too little, Too late scenario is projected to result in the most severe GDP decline, owing to the consequences of delayed and fragmented implementation of climate policies.

Meanwhile, projections under the Orderly and Disorderly scenarios are revised upward. This adjustment is attributed to delays in the introduction and enforcement of stringent climate policies, combined with the energy crisis triggered by escalating geopolitical tensions. The shrinking window for policy implementation necessitates more intensive efforts from countries, leading to higher carbon prices and more pronounced adverse impacts on economic growth.

Figure 6. Vietnam’s GDP loss under each scenario (Unit: %)



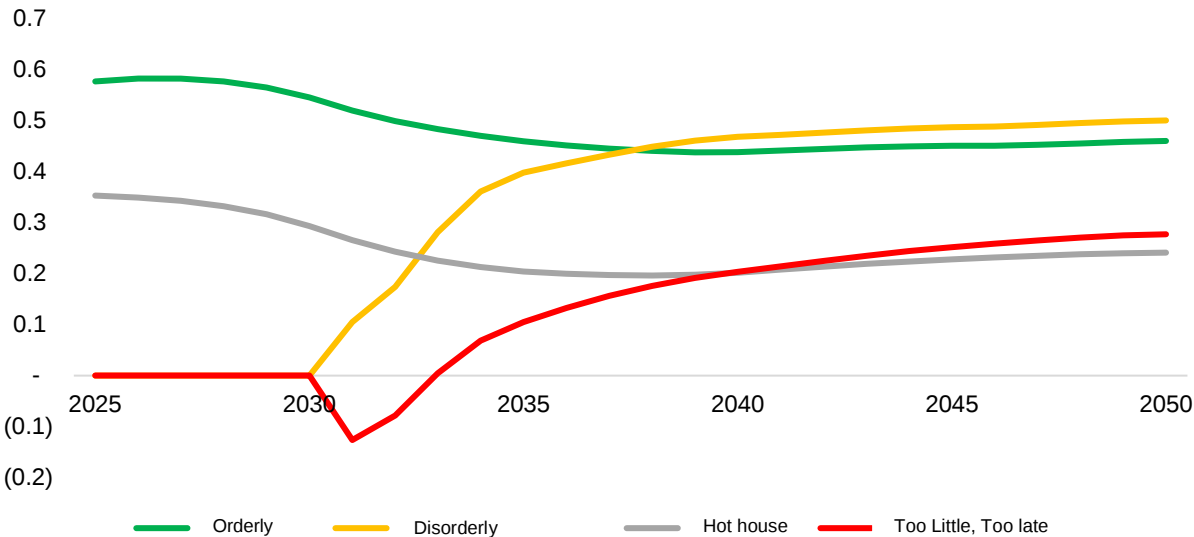
In addition to analyzing the impact on GDP growth across the four climate scenarios, VPBank also assessed the effect of climate risk on the economy's interest rates.

The results indicate that in the "Disorderly" scenario, interest rates are projected to increase significantly compared to the baseline scenario. This is primarily driven by inflationary pressure from escalating carbon prices beginning in 2030, the point at which countries are forced to implement simultaneous climate policies after a prolonged period of delay. This compressed policy adjustment over a short timeframe creates a significant cost shock for the economy, leading to a sharper rise in interest rates.

Conversely, in the "Hot House World" scenario, the interest rate differential compared to the baseline remains low due to the limited scope of policy implementation and emission reduction targets. This implies less inflationary pressure from carbon prices but reflects a higher physical risk, as climate change is not effectively controlled.

For the "Too Little, Too Late" scenario, the interest rate trajectory is similar to the "Disorderly" scenario but with a lower differential. This is because the climate policies in this scenario are both delayed and uncoordinated, resulting in a less immediate and abrupt impact on inflation and interest rates. However, in the long term, the economy still faces significant risk from the combined burden of delayed transition costs and physical risk damages.

Figure 7. Interest rate change compared to Vietnam's baseline scenario in climate scenarios (Unit: %)



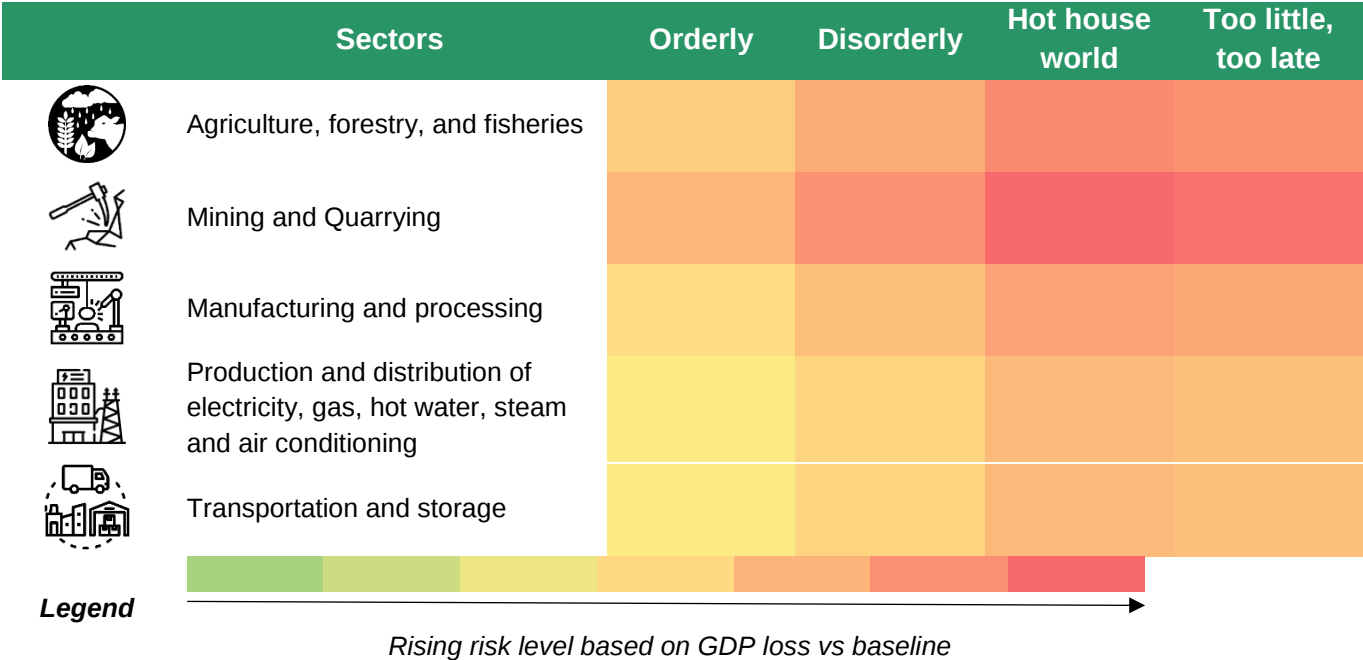
Impact on economic sectors

Following the overall assessment of climate risk impacts on Vietnam's economy, VPBank proceeded to analyze the effects of transition and physical risks on individual economic sectors. The objective of this analysis is to identify industries, sectors, or economic activities that are more vulnerable than others, thereby informing the Bank's risk governance orientation and appropriate adaptation strategies.

The results show that climate-sensitive industries, particularly those with high carbon emissions, will face multiple challenges, including (1) pressure to reduce emissions to meet policy requirements and market trends, and (2) direct risks from the physical impacts of climate change. This places these sectors at risk of more severe impacts compared to those with lower emissions or less dependence on natural conditions.

The figure below illustrates the assessment results, identifying the top 5 economic sectors most affected by climate risks in each scenario. These are sectors with a high proportion of carbon emissions in the economy.

Figure 8. Top 5 economic sectors that are most affected by climate risks in each scenario



Analysis results

From the impact analysis in the previous steps, VPBank compared the relative impacts of the climate risk scenarios against the baseline to assess the effect on the Bank's business performance (reflected through profit and loss impact).

According to the 2024 climate stress test results, VPBank projects the highest P&L loss under the "Too Little, Too Late" scenario. This is due to a convergence of two factors:

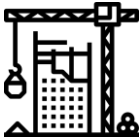
- **Transition risk:** The delayed and uncoordinated global implementation of emission reduction policies leads to higher compliance costs and a severe decline in GDP growth.
- **Physical risk:** Many economic sectors suffer severe and irreversible impacts from climate change, such as sea-level rise, prolonged droughts, rising temperatures, and extreme weather events.

This outcome reflects the consequences of delayed, inefficient, and uncoordinated global climate policy, forcing the economy to bear the dual burden of adjustment costs and climate damages.

Conversely, under the "Disorderly" scenario, the profit and loss in the short term (until 2030) is projected to be the lowest. However, after this period, the loss is expected to accelerate and become more severe, reflecting the cumulative consequences of lacking a long-term adaptation and response plan for climate change. This indicates that short-term benefits do not outweigh the escalating risks in the medium and long term.

In particular, high-carbon-emission sectors will face more severe impacts from transition risks. VPBank has identified several key sectors exposed to elevated risks, summarized in the table below.

Table 6. Impacts of climate risks on some sectors

Industry	Risk sector rationale
 Agriculture, Forestry & Fishing	Shifts in environmental regulations may raise production costs for animal protein. Volatile weather conditions and increased ESG regulation in the food sector will affect agriculture. Due to social and behavioral changes, meat and dairy consumption will likely fall.
 Construction	Higher expense to develop technology, such as constructing sustainable building design, minimizing resource extraction, decarbonizing construction processes, and adopting low-emission heating and cooling technologies.
 Manufacturing & processing	Difficulties in reducing emissions in some sectors (e.g., cement production) face the combined challenge of carbon taxes and increased abatement costs in the <i>Orderly</i>, <i>Disorderly</i>, and <i>Too little, too late</i> scenarios. This may lead to a significant rise in credit expenses.
 Mining and Quarrying	Costs are likely to rise due to tighter environmental regulations and increasing water stress. There has been a reduction in coal demand due to the transition of the energy sector and decreasing reliance on fossil fuels. Some heavy metal industries (e.g., steel) are likely to face higher pressure to reduce emissions.
 Real Estate Activities	Extreme weather events (e.g., floods, and storms) can affect real estate and lower property values and borrowers' ability to afford their mortgage payments. The transition to a low-carbon economy could also reduce borrowers' ability to repay loans.
 Wholesale & Retail Trade	Negative impact on the sale of energy category (e.g., gas, oil) from the low carbon transition and carbon tax.

Challenges

VPBank took the initiative to implement a climate risk stress test exercise to better understand the challenges and nuances of climate modeling and shall continue to enhance the tool for scenario analysis and stress testing. However, unique and complex features of climate risks, with potential tipping points, represent major challenges in accurately capturing the climate risk impacts. Major challenges are:

- Climate risk analysis requires approaches and tools that are more granular (e.g., company-level analysis). This creates a need for more granular data, which VPBank may not have maintained;
- Climate risk assessment typically occurs over long time horizons subject to significant uncertainty. When estimating large and diverse portfolios, pinpointing where and when risks will manifest and their severity is quite challenging.

3.5. Assessing the impact of climate hazards on the business operations of VPBank's branches and transaction offices

3.5.1 Impact of physical risks on VPBank's physical asset network

Extreme weather events in 2025 continued to demonstrate increasing irregularity and unpredictability across Vietnam, particularly in relation to typhoons, tropical depressions, heavy rainfall and flooding across multiple river systems. According to the Viet Nam Meteorological and Hydrological Administration, the East Sea recorded a high number of typhoons and tropical depressions during the year, with several severe weather events significantly affecting infrastructure, transport and economic activities in various localities. Widespread flooding across Northern Vietnam, Central Vietnam, the Central Highlands and the lower Mekong Delta made water levels in some rivers exceed historical records. This further demonstrated how physical climate risks may directly affect physical facilities, access to transaction locations and the operational continuity of financial institutions, including the Bank's branch and transaction-office network.

Based on the developments outlined above, VPBank continued to review and assess the exposure of its physical network to acute physical risks in 2025. The assessment focused on the potential impacts of tropical storms, heavy rainfall, river flooding and inundation on the Bank's branches and transaction offices. VPBank combined data from the Disaster Management Policy and Technology Centre, the Viet Nam Meteorological and Hydrological Administration and other relevant disaster-risk-management sources with internal operational incident data to identify higher-risk areas, assess actual impacts on physical facilities and support the development of disaster response and business continuity plans.

The assessment results are summarized in the table below:

Table 7. Impacts of climate hazards on the Bank's property network

Number of Storms & Floods ⁽¹⁾	Properties at Risk 2025		
	No. of properties at risk ⁽²⁾	No. of properties affected ⁽³⁾	Business Impact
22	53	8	Minor impact ⁽⁴⁾
<i>Breakdown by regions</i>			
Region	Number of Storms & Floods ⁽¹⁾⁽⁵⁾	No. of properties at risk ⁽²⁾	No. of properties affected ⁽³⁾
Northern midland and mountainous	3	8	1
Red River Delta	8	23	1
North Central Coast and South Central Coast	11	22	6
Southeast	0	-	-
Mekong River Delta	0	-	-

Note:

(1) Riverine floods were recorded at alert level 2 or higher and affect branches/transaction offices;

- (2) *Properties at risk: Properties located within the affected area of the storm and/ or flood risk areas;*
- (3) *Buildings affected: Properties that have sustained some level of damage reported, such as water ingress from heavy rain;*
- (4) *Minor impact: Immaterial impact on business operation and/ or minor financial losses and no injuries;*
- (5) *Only included tropical storms in 2023 that made landfall directly and weakened to a tropical depression.*

3.5.2 Impact of physical risks on VPBank’s credit granting activities

In 2025, VPBank initiated the identification of physical risk impacts on economic sectors and the business areas where the Bank has a presence.

The assessment methodology applied is a Quantitative Matrix, adapted from the environmental impact assessment technique guided by the Ministry of Natural Resources and Environment. This matrix illustrates: (i) the exposure level of each sector to selected physical risks and (ii) the physical risk level across the 63 provinces and cities of Vietnam (based on the former administrative boundaries). This method allows for the quantification of the level and likelihood of impact by dividing each matrix cell into two parts, each rated on a 1-5 scale. The composite impact of each physical risk is calculated by multiplying the scores of (i) sectoral exposure and (ii) regional risk level, then classified as follows:

- Score 1-5: Very Low Risk
- Score 6-10: Low Risk
- Score 11-15: Medium Risk
- Score 16-20: High Risk
- Score 21-25: Very High Risk

Input data was sourced from reputable sources, including: (i) sectoral exposure levels based on IFC research; and (ii) regional risk levels published by ThinkHazard!⁹

The assessment results, summarized in the table below, serve as a critical foundation for VPBank to shape future climate risk management activities. This includes formulating a Climate Risk Management Policy consistent with the *Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment* and setting strategic priorities for sectors and business activities.

⁹ <https://thinkhazard.org/en/>. ThinkHazard! provides a general overview of the hazards relevant to a specific location that should be considered in project design and implementation to build disaster and climate resilience. The tool indicates the likelihood of various natural hazards affecting a project area (Very Low, Low, Medium, and High) and provides guidance on how to mitigate their impacts and where to find further information. The provided hazard levels are based on published data from a range of private, academic, and public organizations.

Table 8. Impacts of Physical Risks on economic sectors and the Bank's business operations

No.	Physical Risk	Impact Identification
1	Water Scarcity	The composite impact is mostly at the Very Low or Low level. No impacts are at the High or Very High level. A Medium impact is projected in 23/63 provinces and cities for sectors related to fossil fuels and renewable energy, including: oil and gas exploration & production, fossil fuel production and distribution, and renewable energy equipment manufacturing. These are primarily areas with numerous industrial parks, export processing zones, high population density, or high urbanization rates.
2	Earthquake	The composite impact for all sectors and regions is at the Very Low or Low level .
3	Landslide	The composite impact for all sectors and regions is at the Very Low or Low level .
4	Volcano	The composite impact for all sectors and regions is at the Very Low or Low level .
5	Riverine Flood	Most industry groups and regions are assessed to be affected at levels ranging from Medium to Very High. - Fossil fuels and renewable energy: 50/63 provinces and cities are assessed at a Very High level of impact, while 8/63 are assessed at a High level. - Power generation & transmission, telecommunications, tourism, and clean water supply: the majority of regions are assessed to face impacts ranging from Medium (13/63 provinces and cities) to High (49/63 provinces and cities). - Healthcare and pharmaceuticals: many regions are assessed at a High level of impact, with only 8/63 provinces and cities at a Medium level. Some localities, such as Da Nang, Lang Son, Ninh Thuan, and Quang Ninh, recorded a Low level of impact. - Other sectors: predominantly assessed at a Medium level, accounting for 53/63 provinces and cities.
6	Coastal Flood	The composite impact for all sectors and regions is at the Very Low or Low level .
7	Heatwave	- Approximately 20% of industries/sectors are significantly affected, with impact levels assessed from Medium to High. - Power generation & transmission, telecommunications, tourism, and clean water supply: 32/63 provinces and cities are assessed at a High level, while 32/63 are assessed at a Medium level. No regions recorded impacts at Low or Very Low levels. - Household goods, furniture, textiles and apparel, consumer products, construction, healthcare, and pharmaceuticals: the assessment indicates impacts at Low or Medium levels across all 63 provinces and cities.

RISK MANAGEMENT

The risk management process to identify, assess, and manage climate risks

CHAPTER 4. RISK MANAGEMENT

VPBank manages climate risk by aligning the Bank's strategic direction with regulatory requirements and relevant international standards. Climate risk is integrated into the overall risk management framework to capture the impacts of natural disasters and extreme weather events, as well as changes in policies, technologies and market behaviour. The Bank also continues to improve data quality, enhance monitoring tools and strengthen analytical capabilities to support the identification, measurement and management of climate risk across the organisation.

4.1. Processes for identifying and assessing climate risk

4.1.1 Risk identification

Given the increasingly evident impacts of climate change on the economy, customers and banking operations, VPBank continues to regard climate risk as a factor that should be integrated into its overall risk management framework. Climate risk may directly or indirectly affect traditional risk categories, including credit, market and operational risks. Accordingly, the Bank classifies risks based on relevant climate-related factors and assesses their anticipated impacts over the short, medium and long term, providing a basis for updating its risk management direction and methodologies as appropriate. Details are provided in *Table 3.1. Climate Risks in the Short, Medium, and Long Term*.

At VPBank, climate risk identification is an ongoing process that combines information from the first line of defence through a bottom-up approach and from the second line of defence through a top-down approach. This process is supported by expert input, international guidance and practices, changes in laws and regulations, green taxonomy standards, natural disaster data, and internal analyses based on the composition of the Bank's loan portfolio. Assessments are reviewed annually to update the impact, likelihood and materiality of each risk within the context of the Bank's operations.

Greenwashing has become a growing concern as requirements for ESG disclosures, green finance taxonomies and the verification of green activities become increasingly stringent. For financial institutions, this may give rise to compliance, reputational and disclosure-quality risks where assessment criteria, data and control processes have not yet been fully standardised. The banking sector also continues to face challenges, including inconsistent climate data, emissions-reporting requirements under the transitional phase of the Carbon Border Adjustment Mechanism (CBAM) for certain carbon-intensive industries, and technology risks arising from the rapid evolution of emissions-reduction solutions and technical standards

Climate risk management and sustainable finance continues to evolve, making requirements relating to ESG disclosures, transition plans, green finance taxonomies, and the verification of environmentally sustainable activities become increasingly developed and standardized globally. At the same time, concerns over greenwashing and transition washing, together with growing expectations regarding data quality, transparency, and verifiability, are increasing the demands placed on financial institutions' risk management and disclosure practices. In addition, the expansion of emissions measurement and reporting requirements, particularly those relating to value chain emissions, as well as the ongoing implementation of the Carbon Border Adjustment Mechanism (CBAM), continue to create new challenges

for the banking sector in managing climate-related risks and supporting customers throughout their transition journeys.

In Vietnam, the continued enhancement of the policy framework for green growth, energy transition, and sustainable finance—particularly through the Power Development Plan VIII (PDP VIII), the National Green Taxonomy under Decision No. 21/2025/QĐ-TTg, and initiatives supporting the implementation of the Just Energy Transition Partnership (JETP)—is driving capital flows toward low-carbon economic activities and raising expectations for the banking sector in managing climate-related risks. Accordingly, VPBank continues to strengthen its climate risk management capabilities, refine its screening and assessment criteria for lending activities, and expand its portfolio of green finance solutions to support customers in their transition toward a low-carbon economy.

4.1.2 Risk measurement

Scenario analysis and stress testing enable the Bank to assess the resilience of its portfolio and business operations to climate-related impacts, thereby supporting appropriate strategic adjustments in the context of the transition.

In 2025, VPBank continued to conduct climate risk stress testing, marking the fifth consecutive year in which the Bank has undertaken this exercise. The stress test was developed based on updated NGFS scenarios and advances in international methodologies to simulate the medium- and long-term impacts of climate change on the loan portfolio, thereby identifying the underlying drivers of risk and assessing the effectiveness of existing risk management measures. Details are presented in 3.4. *Testing the resilience of the Bank's strategy and business model in different climate scenarios*. In addition to assessing the impacts of climate risk, VPBank continues to evaluate the exposure of its operational network to acute physical risks. The assessment focuses on events such as storms, heavy rainfall, floods and inundation that may affect branches, transaction offices and operational support facilities. Details are provided in 3.5. *Assessing the impact of events on business operations of VPBank's branches and transaction offices*.

VPBank recognises the limitations involved in measuring climate risk, including data availability, the quality of input data and the complexity of modelling climate-related impacts on its portfolio and business operations. The Bank continues to refine its assessment methodologies, improve data quality and strengthen its analytical capabilities in line with the TCFD recommendations and its objective of closer alignment with IFRS S1 and IFRS S2. In doing so, VPBank is progressively enhancing the transparency of its disclosures and the quality of its climate risk management.

4.1.3 Risk monitoring and reporting

At VPBank, information on material risks is consolidated and reported periodically to the RCO, including emerging risks arising from changes in the socio-economic environment. Within this reporting mechanism, climate risk is monitored to help the Bank promptly identify factors that may affect its business operations, credit portfolio and risk management. Incorporating climate risk into periodic reporting enables VPBank to maintain consistent oversight at the governance level while strengthening the foundation for enhancing climate-related disclosures in line with international practices. The monitoring and reporting mechanism is described in *Chapter 2. Governance*

4.1.4 Risk controlling

At VPBank, climate risk controls are implemented within the Three Lines of Defence model. Climate risk is progressively integrated into the overall risk appetite framework and considered when managing exposure limits for certain emissions-intensive sectors. In parallel, VPBank continues to develop its credit and investment portfolios in a manner that supports customers' transition to low-carbon business models. The Bank is also strengthening the application of monitoring and control tools, including quantitative monitoring indicators, green credit screening criteria and early warning indicators throughout credit appraisal, approval and post-disbursement management. These measures enable VPBank to enhance the effectiveness of its risk controls while providing a basis for supporting customers in adapting and transitioning in response to the impacts of climate change.

4.2. Processes for managing climate risk at VPBank

4.2.1 The integration of climate risk into VPBank's overall risk management

As part of implementing its sustainable development strategy, VPBank has established and continues to maintain an ESG Risk Management Framework to support the identification, assessment, monitoring and control of environmental, social and governance risks across the Bank's operations. The key components of the Framework have been reviewed by EY Consulting Vietnam and confirmed as aligned with international ESG risk management standards and practices, including guidance issued by the Monetary Authority of Singapore (MAS), the European Central Bank (ECB), the Bank for International Settlements (BIS) and the International Finance Corporation (IFC), as well as regulations of the State Bank of Vietnam on environmental risk management in lending activities.

In 2025, VPBank continued to enhance the integration of ESG risks into its overall Risk Management Framework. The Bank implemented its ESG risk management process through three key areas: (i) Incorporating climate risk factors into its risk appetite when setting credit limits for the coal-fired power sector; (ii) Developing and applying ESG risk measurement tools, including scenario analysis and stress testing; and (iii) Strengthening environmental and social risk management in lending activities through the Environmental and Social Management System (ESMS).

Alongside its risk management, VPBank continued to develop platforms supporting sustainable finance. The Bank's Sustainable Finance Framework, which was independently assessed by Sustainalytics as aligned with international capital market practices and relevant principles, continues to guide the identification, classification and development of green, social and sustainable financial products. By the end of 2025, VPBank's green finance portfolio had reached VND 39,052 billion, equivalent to 87.7% of its 2030 target, of which total outstanding credit to women-owned businesses already exceeded VND 25.6 trillion.

VPBank identifies two material categories of climate risk: physical risk and transition risk. Physical risk arises from acute climate events or long-term changes in climate patterns, while transition risk relates to the shift towards a low-carbon economy, including changes in policies, technologies, markets and consumer behaviour. These two categories may affect the Bank's traditional risks, including credit, market and operational risks. The specific transmission channels of climate risk are summarised in *Table 2*.

Given that banking activities are primarily exposed to climate-related impacts through lending and investment portfolios, VPBank prioritises the integration of climate risk into its credit risk management processes. This approach enhances the Bank's ability to identify credit exposures that are more sensitive to climate change, while supporting the development of green finance opportunities and helping customers transition towards more sustainable business models.

Table 9. Integration of climate risk into credit risk management process

Integration of climate risk into credit risk management process	
Description	The risk of loss from the failure of clients, customers, or counterparties, including sovereigns, to fully perform their payment obligations to VPBank, including the whole and timely payment of principal, interest, and other receivables.
Identification and measurement	At the counterparty level, VPBank applies environmental and social risk management system as part of the due diligence process for credit granting activities. Specifically, environmental and social risks are identified and evaluated to classify specific risk category for each project/ credit grant. At the portfolio level, VPBank focuses on identifying high carbon-emitting sectors, which are considered high-risk areas in relation to climate change. Carbon-intensive enterprises without a clear transition plan will face increasing carbon tax costs, which puts pressure on cash flows and elevates credit risk. This serves as the basis for VPBank to adjust governance approach and progressively shape a sustainable credit portfolio that is more resilient to the impacts of climate change. The Bank concurrently utilizes scenario analysis and stress testing to estimate the medium and long-term impacts of climate change on the quality of credit portfolio.
Management	At the counterparty level, an Environmental and Social action plan is developed to bring the project into compliance with VPBank's Environmental and Social Policy within a reasonable timeframe. For project-related loans, the action plan becomes a binding covenant under the credit agreement that requires the customer to adhere to the plan and report the results to VPBank regularly to confirm compliance. At the portfolio level, climate risk management is monitored and managed based on a set of metrics integrating climate considerations. The Risk Management Division will coordinate with business units to develop and implement an action plan to bring such metrics back to the safe zone if any breach or signal of potential violation arises.
Reporting	The compliance status of climate-related metrics (on a quarterly basis) and assessment results of climate risk stress test (on an annual basis) are timely reported to RCO. The reporting system is designed to progressively align with international standards (IFRS S2, TCFD), aiming to meet transparency disclosure requirements and enhance oversight capabilities across the entire system.

In the next phase, VPBank intends to progressively expand the integration of climate risk beyond credit risk to other risk management areas, including operational, market and liquidity risks, rather than focusing only on credit risk. For operational risk, the Bank plans to incorporate climate-related factors into its business continuity planning while monitoring emerging compliance requirements as the climate change regulatory framework evolves. Key priorities include improving data quality, refining monitoring indicators

and developing analytical tools to better assess the impacts of extreme weather events and long-term transition scenarios. This approach will strengthen VPBank’s climate risk controls and support the identification of relevant opportunities arising from the transition to a green economy.

4.2.2 The integration of climate risk into due diligence process

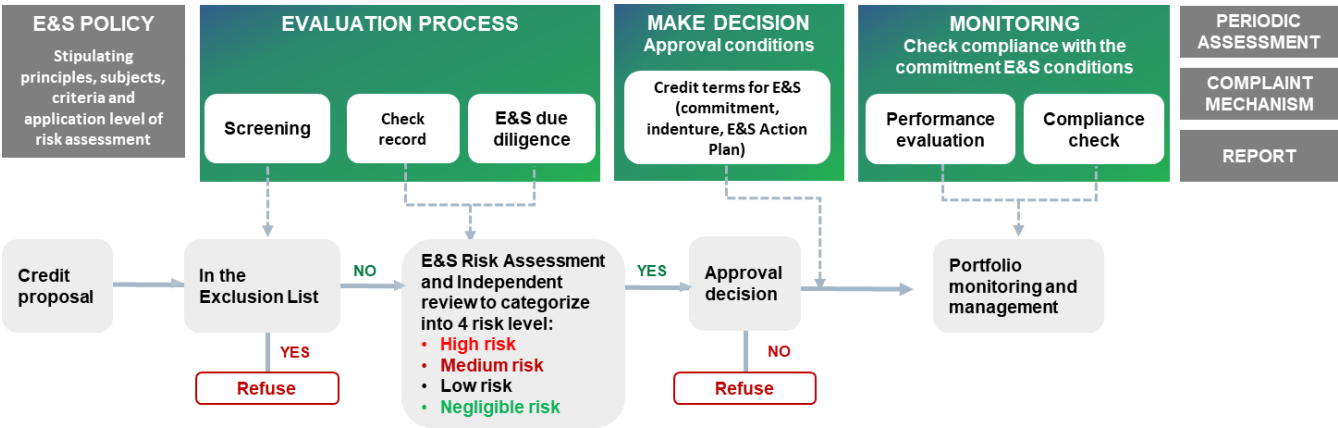
Environmental and Social Management System (ESMS)

Recognizing the mounting challenges of climate change, VPBank has developed the ESMS framework that applies across all lending and investment activities. This framework enables the Bank to identify, assess, and manage climate, natural resource, and biodiversity-related risks as an integral part of its overall risk governance. The ESMS framework integrates environmental and social considerations directly into risk management processes, while providing flexibility to adapt decisions when material issues arise, ensuring that every financing activity is aligned with environmental protection and community responsibility.

VPBank maintains rigorous oversight of its credit and investment portfolio, embedding environmental and social (E&S) factors throughout the appraisal, approval, and post-disbursement monitoring stages. To reinforce this commitment (as illustrated in the model below), the Bank has introduced a Policy, Regulations, Procedures, and Guidelines on environmental and social assessment in financing and investment. The policy clearly stipulates that VPBank will not provide financing or credit to activities that may cause significant adverse impacts on the environment or society, including risks related to climate change, natural resource depletion, biodiversity loss, and human rights violations (details in Figures 9 and 10).

VPBank is committed to progressively enhancing the ESMS framework to ensure closer integration with its overall risk management system. This approach affirms the Bank's long-term objectives to encourage sustainable business models, protect natural resources, mitigate negative impacts on communities and the environment, and actively contribute to the green development goals of Vietnam and the international community.

Figure 9. Environmental and Social Risk Management Process Flowchart at VPBank



E&S exclusion list

As part of the measures implemented to manage E&S risks, VPBank establishes specific criteria to restrict and exclude activities in sectors sensitive to these risks, as well as criteria for classifying

sustainable credit products and lending transactions. In relation to the financing activities, the Bank has issued an Exclusion List¹⁰ that specifies the businesses and sectors likely to cause significant and irreversible adverse impacts on the environment and society, and commits not to finance firms and projects with such adverse impacts, as illustrated in Figure 10 below:

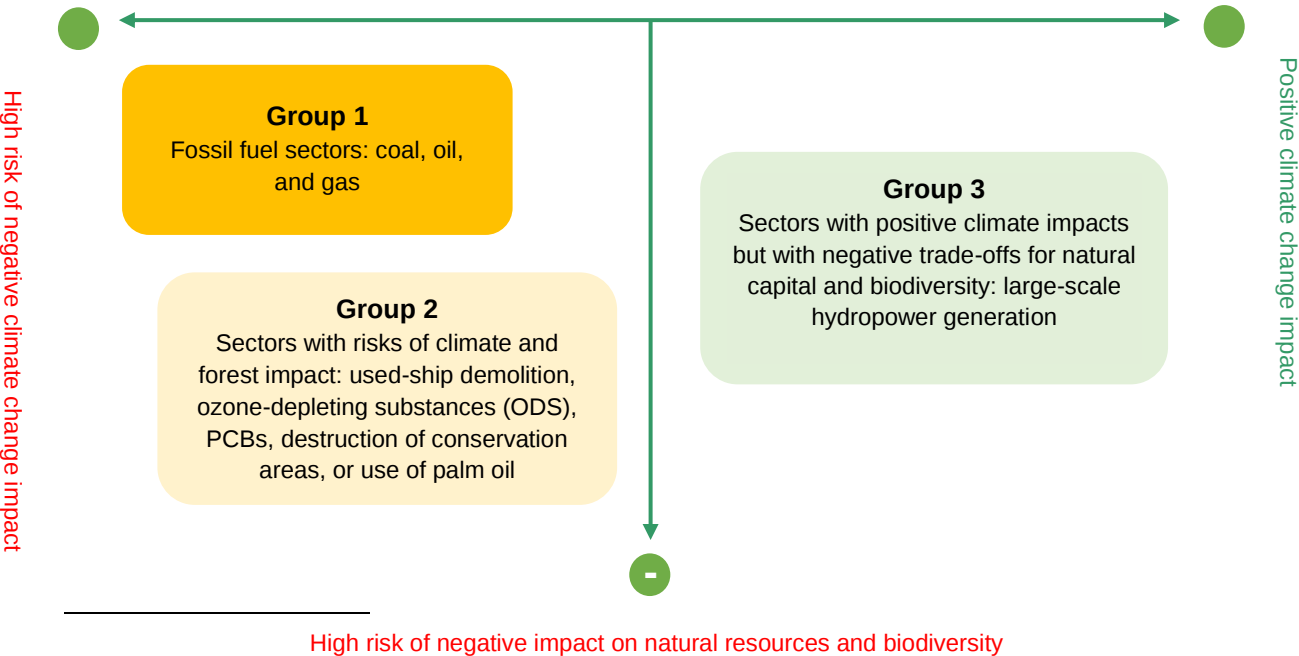
Figure 10. Businesses and sectors likely to have significant impacts on the environment



Note: Businesses and sectors in the red frame are those likely to have more significant adverse effects on climate change.

The diagram below illustrates specific sectors that may be subject to adverse impacts from the perspectives of climate change, natural resources, and biodiversity. These sectors are categorized into groups with shared environmental issues.

Figure 11. Groups of sectors with shared environmental issues



¹⁰ VPBank's Exclusion List: <https://www.vpbank.com.vn/-/media/vpbank-latest/8/aboutvpbank/phat-trien-ben-vung/danh-sach-khong-cap-tin-dung-v-mtxh-2022---vpbank.pdf>

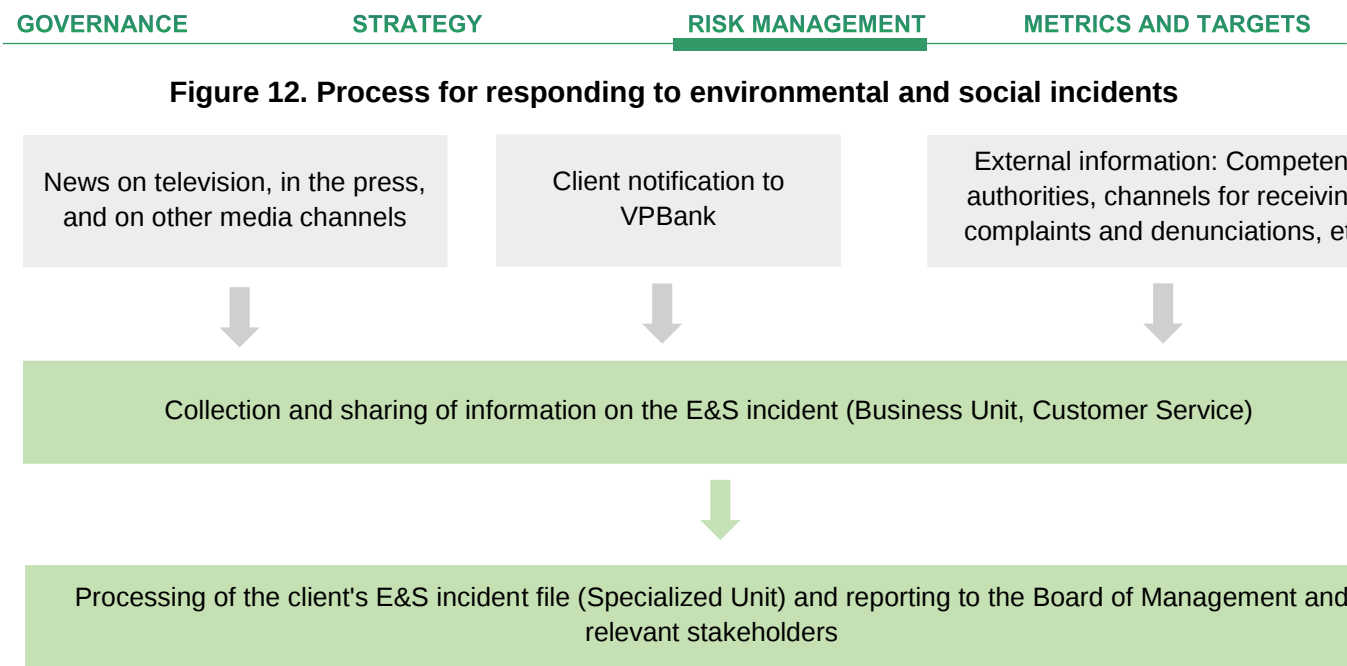
Table 10. VPBank's policies on sectors that have significant climate change impacts

Business/ Sector	Policy
GROUP 1	
Coal thermal power	No support for new coal thermal power plant projects/ the expansion or life-extension of any existing coal thermal power facilities. Clients are only eligible for credit consideration under the following circumstances: 1. Requiring for investing in equipment and technology for emission reduction, environmental protection, and climate change mitigation, including but not limited to: dust filtration, carbon capture, sulfur SO_x, NO_x removing, continuous emission monitoring systems, dust suppression systems, and fire particulate treatment. These include, but are not limited to: dust filtration, carbon capture, SO_x and NO_x desulfurization, continuous emission monitoring systems, dust suppression spraying, fine particle treatment in coal processing plants, or fire prevention and firefighting systems. 2. Requiring working capital financing that does not involve extending the lifetime or increasing the capacity of the project, while committing to a roadmap for implementing greenhouse gas emissions reduction technologies (e.g., carbon capture, desulfurization, fuel switching from coal to sustainable alternatives, or transitioning to renewable energy), and remains within the approved credit limits stipulated by VPBank from time to time. Additionally, clients are required to sign a contractual commitment with VPBank to implement emission reduction solutions and adhere to a carbon neutrality roadmap. The Bank also encourages clients to establish and publicly disclose long-term strategies aimed at realizing a carbon-neutral business model and other climate change mitigation initiatives.
Coal mining	No support for coal mining or services and infrastructure dedicated to coal mining activities, in order to limit adverse environmental impacts.
GROUP 2	
Used-ship demolition	No support for used-ship demolition activities, as this is a source of significant risks to the environment and community livelihoods. This process depletes aquatic resources, affects coastal agriculture, and generates large volumes of toxic chemicals and hazardous waste. The risk is further exacerbated when it involves the dismantling of tankers that carried oil, chemicals, radioactive substances, or other hazardous materials.
Ozone-depleting substances, PCBs	Commitment to not support for any activities related to the production or use of ozone-depleting substances or PCBs, which are considered agents of severe harm to the environment and public health.

Business/ Sector	Policy
Destruction of areas with high conservation value	No support for activities that destroy high conservation value areas (including UNESCO World Heritage Sites, IUCN Red List species habitats, and Ramsar Wetland Sites) through any means (i.e., production, trade of timber or forest products from non-sustainably managed sources) No support for unsustainable fishing practices.
Deforestation	No support for the production or trade of timber or other forest products that do not originate from sustainably managed forests. Timber and non-timber forest product harvesting activities are only considered when they comply with legal regulations and international practices on management and traceability of origin.
Refining, production, processing, or trade of palm oil originating from natural forest conversion	No support for the refining, production, processing, or trade of palm oil originating from natural forest conversion (except where certified by RSPO, RSB, SAN, ISCC, or equivalent certifications). This sector presents high potential risks of deforestation and adverse impacts on biodiversity, climate change, and community livelihoods. Therefore, when considering related investments or loans, the Bank requires clients to provide appropriate environmental certifications before credit approval.
GROUP 3	
Large-scale hydropower	No support for large-scale hydropower plants (including dams with a height of 15 meters or more from the foundation to the crest, or dams with a height of 5-15 meters but a reservoir capacity exceeding 3 million cubic meters). Large-scale hydropower projects contribute to clean energy supply as a renewable source. However, VPBank recognizes the risks associated with dam construction, including impacts on the biodiversity of river basins. To respond, the Bank considers clients' implementation of environmental and social considerations in their investments and loans for large-scale hydropower projects.

Responding to environmental and social incidents

VPBank regularly monitors information regarding environmental and social incidents (activities of enterprises, business operations, and related events that may cause severe impacts on the environment and society) involving the clients. Based on continuously updated information, the Bank proactively implements timely response measures to mitigate reputational and credit risks arising from environmental and social factors.



Protecting nature and biodiversity

Nature and biodiversity form the foundation of economic productivity, social well-being, and long-term economic stability. VPBank is developing plans to enhance its disclosure capabilities in alignment with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). Accordingly, the health and resilience of nature should be recognized as factors that have direct impacts on businesses and financial systems and, therefore, need to be integrated into governance, strategy, and disclosures. In this context, the financial sector plays a critical role in directing capital flows toward environmentally and nature-responsible activities through financing, investment, and risk management decisions. As a bank with a diversified customer portfolio across multiple sectors, VPBank recognizes the interconnection between climate change and biodiversity loss, and considers understanding nature-related “dependencies - impacts - risks - opportunities” as a prerequisite for strengthening risk management capabilities and making responsible financing decisions.

In 2025, in addition to the continued implementation of its E&S Risk Management Policy, VPBank began conducting enhanced assessments of customers’ operational risks for selected products with high sensitivity to nature-related factors, particularly in the agriculture, forestry, and fisheries sectors. At the same time, the Bank strengthened internal communications on responsible resource use and expanded engagement with stakeholders on sustainability-related topics. VPBank’s E&S Risk Management Policy is designed to identify and manage nature- and biodiversity-related risks arising directly or indirectly from customers’ activities, taking into consideration the scope, duration, and intensity of impacts (including the extent to which impacts may be reversible or irreversible), in alignment with TNFD-oriented risk management and disclosure practices.

VPBank’s E&S Risk Management Policy provides specific guidance on assessing risks related to natural resources and biodiversity, helping the Bank control significant direct and indirect impacts from clients’ business activities, as detailed below, taking into account the scope, duration, and intensity (strong, weak, reversible, or irreversible) of impacts:

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
i. Compliance with legal regulations and standards on biodiversity, including ensuring the possession of necessary operating permits. ii. Pollution (the presence of non-naturally occurring substances in the living environment from point and non-point sources); iii. Invasive alien species, pests, and pathogens that alter ecosystem structures; iv. Declines in species abundance and/or diversity, affecting ecosystem functions and ecosystem services. Impacts on species listed in the IUCN Red List and species protected under national conservation lists whose habitats are located within areas affected by the activities; v. Habitat conversion, causing fragmentation of ecological corridors and degradation of habitat integrity; vi. Changes in ecological processes beyond the range of natural variability (i.e. changes in salinity, groundwater levels, etc), increasing systemic risks to production systems and livelihoods .			

In 2025, VPBank did not provide financing for any project or loan located within, or having adverse impacts on:

- Areas inhabited by species listed on the IUCN Red List
- Species protected under the National Conservation List
- No impacts were identified on any species classified under the following IUCN threat categories
 - i. CR – Critically Endangered – 0 species affected
 - ii. EN – Endangered – 0 species affected
 - iii. VU – Vulnerable – 0 species affected
 - iv. NT – Near Threatened – 0 species affected
 - v. LC – Least Concern – 0 species affected

METRICS AND TARGETS

The metrics and targets used to assess and manage climate risks and opportunities

CHAPTER 5. METRICS AND TARGETS

VPBank uses GHG emissions metrics as a basis for monitoring and assessing risks and identifying opportunities related to climate change. Managing these metrics supports the Bank in progressively quantifying climate-related impacts across its operations and business portfolio, while contributing to Vietnam's low-carbon transition and net-zero emissions target. Relevant data are monitored, periodically updated and reported to the BOD, the BOM and the RCO, thereby supporting VPBank's strategic planning, operational oversight and climate risk management.

The tracking methodologies and targets are summarized in the table below and will be detailed further in the subsequent sections.

Table 11. Metrics and targets to manage climate-related risks and opportunities

Strategy	Metric	2021	2022	2023	2024	2025	Target
 Reducing GHG emissions from operations	GHG emissions from the Bank's operational activities only	19,749 tons CO ₂ e	20,270 tons CO ₂ e	16,450 tons CO ₂ e	16,366 tons CO ₂ e	16,915 tons CO ₂ e	Improve energy efficiency and strengthen emissions control in operations
	GHG emissions from operational activities per average number of employees	2.03 tons CO ₂ e/employee	1.87 tons CO ₂ e/employee	1.32 tons CO ₂ e/employee	1.16 tons CO ₂ e/employee	1.04 tons CO ₂ e/employee	
 Reducing GHG emissions from financing activities	GHG emissions of sectors financed by the Bank	-	-	-	-	-	Net-zero emissions by 2050

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GOVERNANCE		STRATEGY		RISK MANAGEMENT		METRICS AND TARGETS	
Strategy	Metric	2021	2022	2023	2024	2025	Target
 Strengthening management of high-risk	Outstanding credit exposure to coal-fired power generation (%)	0.02%	0.012%	0.01%	0.00%	0.03%	Net-zero emissions by 2050
	Outstanding credit exposure to coal mining and coalining-dedicated infrastructure	0%	0%	0%	0%	0%	No credit extension under E&S policies

* The USD exchange rate is based on the Bank's audited financial statements at the end of each fiscal year.

To monitor progress in implementing its climate and sustainable development priorities, VPBank continues to enhance its system of climate-related metrics and targets. These metrics cover not only greenhouse gas (GHG) emissions from the Bank's operations but also the scale of green finance, the extent of support provided to customers in their transition, and the progressive estimation of financed emissions from the credit portfolio. This approach enables VPBank to monitor climate-related impacts across both its internal operations and financing activities, while supporting risk management, portfolio strategy and the achievement of its long-term net-zero emissions objective.

In 2025, green finance remained one of the key metrics reflecting VPBank's commitment to allocating capital to sectors with positive environmental impacts. By the end of 2025, the Bank's green finance portfolio had reached VND 39,052 billion, equivalent to 87.7% of its target of USD 1 billion by 2030. This result demonstrates VPBank's continued support for sectors such as renewable energy, green infrastructure, resource efficiency, energy-efficient technologies and emissions-reduction activities. Based on the portfolio's growth and the Bank's implementation experience in recent years, VPBank will continue to consider adjusting or expanding its green finance targets in line with market conditions, implementation capacity and customers' transition priorities.

In addition to tracking the scale of green finance, VPBank is progressively developing methodologies to estimate financed greenhouse gas emissions from its credit portfolio. This is important for identifying the indirect climate impacts of banking activities, particularly in emissions-intensive sectors. Given the limited consistency of customer emissions data in Vietnam, VPBank continues to apply estimation methods appropriate to the level of data availability, while referencing the PCAF Standard and industry practices to progressively improve measurement quality. The resulting insights provide a basis for the Bank to better assess its financed emissions, identify priority sectors and develop an appropriate pathway for reducing portfolio emissions.

Policy developments in 2025 also provided a stronger basis for VPBank to enhance its climate-related metrics and targets. The issuance of the national Green Taxonomy under Decision No. 21/2025/QĐ-TTg helped clarify the criteria for identifying green projects, thereby supporting financial institutions in

classifying, monitoring and disclosing their green finance portfolios. Meanwhile, Decree No. 119/2025/ND-CP, amending and supplementing Decree No. 06/2022/ND-CP, further strengthened Vietnam's legal framework for greenhouse gas inventories, emissions allowance allocation and carbon market development. These developments are expected to increase corporate demand for emissions management solutions, emissions-reduction investments and access to green finance.

On this basis, VPBank intends to continue improving the quality of climate-related data, measurement methodologies and metric disclosures in future reporting periods. Enhancing its system of metrics and targets will not only support the Bank in monitoring progress against its sustainable development strategy, but also provide a foundation for more effective climate risk management, the development of green financial products and support for customers transitioning to low-carbon business models.

5.1. Greenhouse gas emission

The table below presents VPBank's GHG emissions data for the 2020-2024 period, covering Scope 1 and Scope 2 emissions. The inventory methodology is based on the Decree on GHG emissions inventory, the guidance of the Intergovernmental Panel on Climate Change (IPCC), and the Guidelines for National GHG Inventories (2006). The application of these standards ensures the consistency, comparability, and reliability of the disclosed data.

Databases, models, and methodologies are continuously being updated and refined, emission data from prior periods may be adjusted to reflect these changes. Consequently, in some instances, readers may encounter challenges in making direct like-for-like comparisons of disclosed emission levels between reporting periods. To ensure transparency, whenever data is restated or adjusted, the report will consistently include a specific explanation of the underlying reasons and the nature of the adjustments.

Table 12. VPBank's GHG emissions data, 2021-2025

GHG emissions	Unit	2021	2022	2023	2024	2025
Scope 1 Direct emissions						
Mobile and Transportation ⁽¹⁾	MtCO ₂ e	706	794	880	953	965
Standby generator	MtCO ₂ e	37	28	7	6	3
From wastewater	MtCO ₂ e	0.3	0.3	0.3	0.3	0.3
CO ₂ directly from the use of fire extinguishers	MtCO ₂ e	706	794	880	953	965
Scope 2 Indirect emissions from the use of purchased electricity, steam, heating and cooling						
Purchased electricity, steam, heating and cooling ⁽²⁾	MtCO ₂ e	19,006	19,447	15,563	15,408	15,948
TOTAL Scope 1 & Scope 2 emissions	MtCO₂e	19,749	20,270	16,450	16,366	16,915
Scope 3 Indirect emissions			Not yet disclosed			

Note:

(1) The monthly fuel consumption is determined by the total payment divided by the average gasoline/diesel fuel price per month.

(2) The monthly electricity consumption is determined by the total payment divided by the average price of electricity per month.

In 2024, VPBank's estimated GHG emissions under Scope 1 and Scope 2 continued to improve compared with previous years, with a 34.8% reduction against the 2018 baseline, despite the Bank's expansion with 4 new branches and 20 additional transaction offices. This positive outcome was mainly driven by the effective implementation of energy-saving measures in the operation of buildings and offices. VPBank is also researching and assessing the feasibility of other technical solutions, such as the installation of solar power systems and the application of renewable energy at the headquarters, branches, and transaction offices. These orientations are consistent with the Government's Directive No. 20/CT-TTg on enhancing electricity savings for the 2023-2025 period and subsequent years.

Regarding Scope 3 emissions, VPBank acknowledges that the majority of the total GHG emissions originate from the financing activities for clients (financed emissions), as well as other indirect emissions within their value chains. In the context of Vietnam's data scarcity at both national and corporate levels, and with support from domestic and international financial organizations, VPBank has piloted a model-based approach to preliminarily estimate the emissions from the credit portfolio. This methodology adheres to the international standards of the Partnership for Carbon Accounting Financials (PCAF). However, due to the inherent limitations of model-based estimations, VPBank is adopting a cautious approach, closely monitoring the results while enhancing the internal capabilities and knowledge before formally setting targets and disclosing the monitoring roadmap.

As a result, Scope 3 emissions, particularly financed emissions, remain one of the most complex and challenging areas for financial institutions in Vietnam. This is largely due to their significant reliance on the availability and quality of customer data, as well as the continued evolution of methodological standards and guidance at both the national and international levels.

In 2025, VPBank focused on implementing preparatory and pilot initiatives, including reviewing and assessing of internationally recognized approaches and the pilot application of selected methodologies across priority portfolios or customer segments to gain practical experience. These efforts were not intended to achieve comprehensive measurement in the short term; rather, they were aimed at establishing the data foundations, processes, and internal capabilities required for broader implementation in subsequent phases. Besides, VPBank actively collaborated with international organizations and development partners to exchange knowledge, align methodologies, and improve access to supplementary data sources. Such multi-stakeholder collaboration is considered a key enabler in helping the Bank progressively address data gaps and enhance the accuracy of financed emissions calculations over time.

The initial pilot results have provided VPBank with a better understanding of the scale and sources of the emissions, thereby enabling the gradual adjustment of the credit portfolio structure towards a transition from carbon-intensive activities to lower-emission sectors. Specifically, VPBank has added coal mining and related infrastructure and services to the exclusion list, and also tightening the credit policy for the coal thermal power sector. The Bank only considers providing credit in two specific cases:

- (1) Investment in equipment and technology to mitigate environmental impacts and reduce GHG emissions. Combating climate change and ensuring fire safety compliance;

- (2) Provision of working capital for existing coal thermal power plants, on the condition that it does not extend their operational life or expand capacity, and that a roadmap for applying GHG emission reduction technology is in place, in compliance with internal sectoral limits for each period.

In the next phase, the Bank will focus on establishing the foundations for a climate risk management framework for customers, including the identification of key risk indicators, the refinement of methodological approaches, and the enhancement of risk identification capabilities across business units. These activities will be carried out in parallel with a review of existing policies to assess their suitability and ensure consistency in the integration of climate-related considerations into the Bank’s overall risk management framework. Although a dedicated climate risk policy framework had not been issued as of 2025, these preparatory efforts represent an important step toward ensuring the feasibility and effectiveness of implementation across the Bank’s portfolio in subsequent phases.

5.2. Green finance

Each green credit facility at VPBank is assessed based on the volume of GHG emissions reduced or avoided, directly reflecting the Bank’s contribution to advancing low-emission technologies. While a comprehensive methodology for calculating GHG impacts across all green sectors is not yet available, VPBank has proactively adopted international tools to monitor and transparently disclose results.

The Bank currently focuses on three priority areas: sustainable transportation; recycling and circular economy; and renewable energy, waste-to-energy, energy efficiency, and green buildings. Measurement is conducted using the Climate Assessment for Financial Institutions (CAFI) tool developed by IFC. When disclosing results, VPBank goes beyond absolute emission reductions, taking into account the proportion of its financing relative to project size or the client’s total assets, thereby reflecting the climate-related contributions of the Bank’s provided capital.

Figure 13. Calculation of GHG reduction

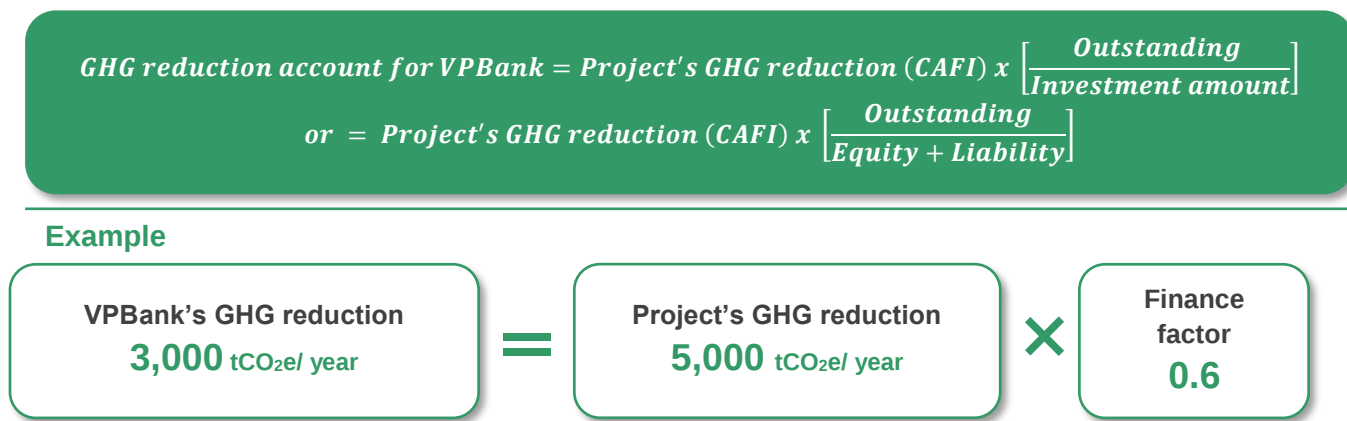


Table 13. GHG reduction resulting from green project funded by VPBank's Green Credit Programme

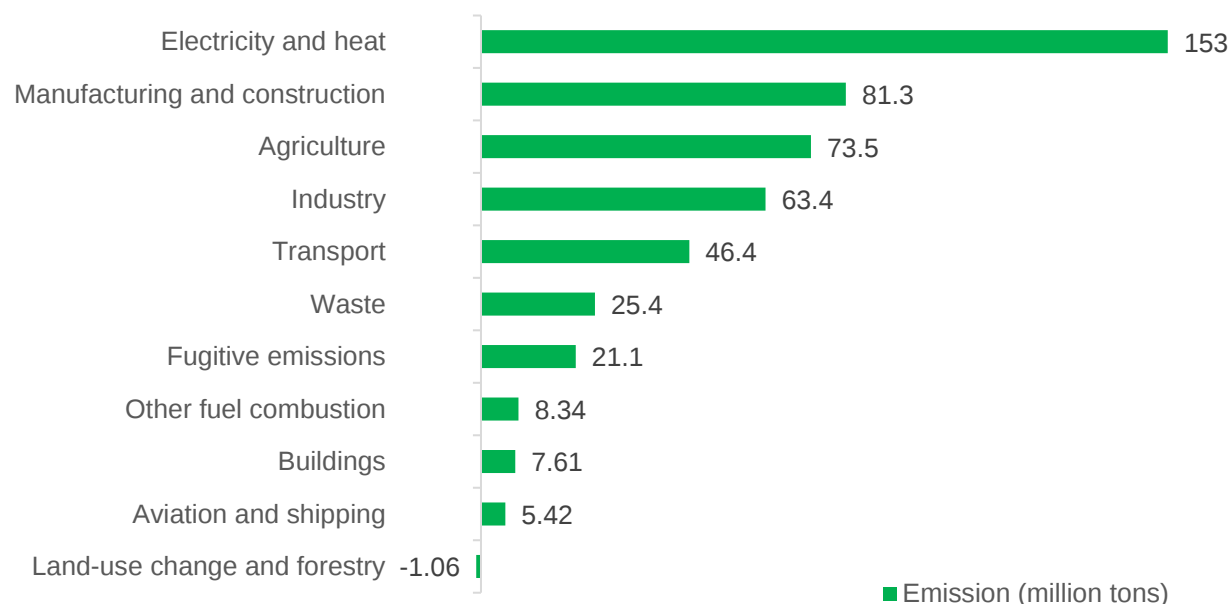
	Unit	2021	2022	2023	2024	2025
GHG reduction (via Green Credit Programme)¹¹	<i>MtCO₂e</i>	32,840	33,487	36,466	23,127	50,123

In 2025, VPBank's composition of the green portfolio shifted, with particularly strong growth in sustainable transport (electric vehicles), sustainable agriculture, and recycling/circular economy. Financing for renewable energy remained relatively modest, reflecting the Bank's strategic focus on small-scale renewable energy projects and businesses operating within the clean energy value chain.

Green growth strategy going forward:

According to data published by Climate Watch, several sectors with high GHG in Vietnam, ranked from the largest to the smallest source of emissions, include: (i) Electricity and heat (153 million tCO₂e); (ii) Manufacturing and construction, excluding electricity consumption (81.3 million tCO₂e); (iii) Agriculture (73.5 million tCO₂e); (iv) Industry (representing non-energy-related industrial emissions) (63.4 million tCO₂e); (v) Transport (46.4 million tCO₂e); (vi) Waste (25.4 million tCO₂e); and (vii) Other sectors.

Figure 14. Greenhouse gas emissions by sector, Vietnam, 2023



¹¹ The data pertains only to energy and energy consumption-related sectors within VPBank's green portfolio, calculated according to the detailed guidance on GHG emissions provided by the CAFI tool

According to Vietnam’s updated Nationally Determined Contribution (NDC) submitted in 2022, Vietnam has committed to reducing GHG emissions by 43.5% relative to the business-as-usual (BAU) scenario by 2030, subject to international support, while also targeting net-zero emissions by 2050. To achieve these objectives, mitigation measures are being implemented across five key sectors: (i) energy; (ii) agriculture; (iii) land use, land-use change and forestry (LULUCF); (iv) waste; and (v) industrial processes. The 2026-2030 is expected to mark an acceleration of the global green transition, as many clean technologies move into large-scale commercial deployment and countries increasingly compete to become manufacturing hubs for cleantech. This trend is reflected in the fact that approximately two-thirds of global energy investment was directed toward cleantech in 2025, alongside rapid expansion in sectors such as electric vehicles, renewable energy, energy efficiency, and circular economy.

Accordingly, to support Vietnam’s climate ambitions, VPBank will further strengthen its green finance initiatives, focusing on 7 key strategic priorities in the years ahead.

Strategic Priorities	Trends and Potentials	VPBank’s Actions
Sustainable Transportation 	• EVs continue to grow strongly and account for one-quarter of global vehicle sales in 2025, according to BloombergNEF, despite signs of slowdown in some markets due to policy shifts. • Governments in many countries, including Vietnam, continue to support EV adoption and charging infrastructure development, enabling sustained strong demand in both the passenger and logistics segments through 2030.	VPBank promotes financing across the electric vehicle value chain, including manufacturing, distribution, charging infrastructure and end-user vehicles, aiming to reduce emissions in the transport sector and accelerate the transition toward green mobility.
Recycling & Circular Economy 	• Increasing regulatory pressure and rising raw material prices are making circular economy models a key competitive strategy for global enterprises. • Vietnam and many countries are expanding mandatory recycling requirements and extended producer responsibility (EPR) frameworks.	The Bank prioritizes projects related to waste management, recycling, resource reuse and circular production models. The objective is to support enterprises in reducing reliance on raw materials, improving resource efficiency and minimizing waste generation.

Strategic Priorities	Trends and Potentials	VPBank's Actions
Sustainable Agriculture 	- Climate change is increasing demand for low-carbon farming solutions, water-efficient irrigation and smart agriculture (AgriTech). - Asia, particularly Southeast Asia, is becoming a key growth hub for low-carbon agriculture, driven by rapid urbanization and rising ESG-driven export requirements.	The Bank's credit is focused on smart farming models, water-efficient agriculture, low-carbon farming and sustainable agricultural value chains, aiming to enhance the resilience of the agricultural sector to climate change.
Waste Management 	- Major cities are facing increasing pressure in managing municipal, industrial and hazardous waste. The country generates around 60,000 tons of municipal solid waste per day and this figure is projected to increase by 10–16% by 2030, outpacing the upgrade of existing treatment infrastructure (with 91% treated, although many facilities remain overloaded or do not meet environmental sanitation standards). - Low-emission waste treatment technologies, waste-to-energy recovery and water/air pollution reduction solutions are becoming key priorities in the environmental strategies of many countries.	VPBank is committed to supporting projects related to municipal solid waste management, industrial waste, hazardous waste and pollution abatement technologies, contributing to improved environmental quality and public health.
Sustainable food processing 	- The global food supply chain is shifting toward low-emission models with greater transparency and traceability. - Energy-efficient food processing technologies, post-harvest loss reduction solutions and high-efficiency cold storage systems are expected to grow strongly through 2030. - Export-oriented companies are increasingly required to meet ESG standards, creating strong incentives for investment in operational upgrades.	The Bank supports enterprises in adopting clean technologies, improving energy efficiency, enhancing operational performance, reducing waste and emissions and complying with international food safety standards such as BRC, ISO 22000, HACCP, GMP, SQF, FSSC 22000 and IFS in food processing and preservation.

Strategic Priorities	Trends and Potentials	VPBank's Actions
Energy Efficiency & Green Buildings 	- According to S&P Global, global energy demand is rising significantly due to AI and data centers, making energy efficiency a key solution for emissions reduction and operational cost control through 2030. - High-efficiency equipment, automation, energy management systems (EMS) and retrofit solutions are increasingly prioritized by enterprises. The Government has issued a list of 3,491 key energy-consuming facilities and 2,166 enterprises required to conduct greenhouse gas inventory reporting. - Vietnam's green building market recorded a breakthrough in 2025 with 780 certified buildings, up 20% in number (196 new projects) and 18.69 million m2 of floor area (an increase of 4.4 million m² compared to 2024), far exceeding strategic targets. EDGE certification leads the market (50.51% share), followed by LEED and Green Mark, with projects concentrated mainly in Ho Chi Minh City, Hanoi and Binh Duong.	The Bank provides financing for solutions related to equipment upgrades, energy-efficient machinery, energy management systems, automation and ESCO models. It also supports green-certified buildings under LEED/LOTUS or equivalent international standards and energy-efficient smart urban infrastructure.
Renewable energy 	- Power Development Plan VIII (PDP VIII) sets a clear direction to significantly expand renewable energy capacity toward 2030, particularly offshore wind and large-scale solar power. - Vietnam's renewable energy development policies have been further strengthened since 2025, including Decree No. 58/2025/ND-CP on renewable energy development, effective from March 2025, which has provided a strong boost to the market.	The Bank provides financing for solar power projects (utility-scale and rooftop), onshore and offshore wind power, battery energy storage systems (BESS), distribution grid upgrades and energy efficiency optimization technologies.

5.3. Top risk sectors

Climate change is placing unprecedented pressure on the financial system as the shift from carbon-intensive energy to cleaner alternatives accelerates. Decisive government policies on climate are expected to channel capital away from high-emission industries, leaving companies in these sectors increasingly exposed to default risk, weaker repayment capacity, and declining equity valuations.

In this context, VPBank is taking a forward-looking approach by closely monitoring high-carbon sectors and formulating tailored risk management responses. The Bank is tracking its loan exposure to coal-related activities and has initiated portfolio-level emission measurements, laying the foundation for phased reduction targets towards Net Zero. At the same time, VPBank is developing financial solutions to assist existing clients along their energy transition journey, while also attracting new businesses with firm carbon-reduction commitments, and further expanding research and disclosure practices to encompass additional greenhouse-gas-intensive sectors in the future.

According to disclosures for the period 2020–2025, VPBank has maintained only a modest level of exposure to the coal thermal power sector and coal mining activities, representing an immaterial share of the Bank's total loan portfolio. The majority of these loans are short-term in nature, serving commercial needs and supporting Vietnam's energy security, thereby reflecting the Bank's prudent approach. In line with the stringent criteria set out in its publicly available Environmental and Social Exclusion List, VPBank does not provide financing either for new coal thermal power projects or for the extension of existing plants, and it declines to fund coal mining infrastructure, reaffirming its commitment to environmental protection and sustainable development.

Vietnam is continuing its transition away from coal-fired power generation and toward cleaner energy sources under the National Power Development Plan VIII. Under this roadmap, approximately 13 GW of planned new coal-fired power capacity has been removed, while the expansion of coal power is being tightly controlled through 2030 and is expected to decline significantly thereafter.

However, in the practical operation of Vietnam's power system during 2024–2025, coal-fired power continued to play a critical role as a baseload power source. On average, coal generation accounted for approximately 45–50% of total electricity output and could exceed 55% during peak demand periods, particularly in the dry season when weather-dependent generation sources declined. This highlights the reality that, despite their rapid growth, renewable energy sources have yet to provide a fully reliable supply of electricity due to their dependence on natural conditions, as well as constraints in transmission infrastructure and large-scale energy storage capacity.

In the coming years, coal-fired power is expected to continue accounting for a significant share of the power mix in order to meet rapidly growing electricity demand, economic growth and industrialization. At the same time, the development of alternative energy projects (including LNG, offshore wind, and energy storage) continues to face implementation delays and is not yet in a position to fully replace the role of conventional thermal power generation. In addition, hydrological conditions in 2025 were influenced by neutral ENSO conditions and climate variability, resulting in uncertainty in reservoir inflows during certain periods. This, in turn, increased the need for thermal power generation to support the reliability of the power system.

Alongside emissions reduction objectives, Vietnam’s gradual reduction of coal-fired power must be accompanied by efforts to safeguard national energy security and ensure a just transition. This includes supporting workforce reskilling and job transitions for workers in the coal sector, while also developing the skilled workforce required for clean energy industries, energy storage technologies, and future power infrastructure. In addition, the energy transition requires a coordinated set of measures, including enhancing power system flexibility, advancing the development of a competitive electricity market, and attracting investment in low-carbon technologies.

In this context, VPBank adopts a prudent and responsible approach to financing coal-fired power generation. Specifically, the Bank only considers providing credit facilities, primarily in the form of working capital financing, to existing coal-fired power plants under stringent conditions, including: (i) no financing for the extension of plant operating life or the expansion of plant capacity; (ii) requiring customers to develop and implement clear emissions reduction roadmaps, including the adoption of appropriate technology solutions such as carbon capture, utilization and storage (CCUS), where feasible; and (iii) encouraging a gradual transition toward lower-carbon fuels over the medium to long term.

This approach is intended to balance the need to maintain energy security during the transition period with VPBank’s long-term commitment to advancing sustainable finance, in line with international standards and Vietnam’s emissions reduction objectives.

LOOKING FORWARD

The transition to a low-carbon economy is expected to remain one of the key trends shaping the business environment, capital flows, and the financial system in the years ahead. In Vietnam, the implementation of strategies on green growth, energy transition, carbon market development, and sustainable finance is gradually laying the foundation for the economy's long-term transition. At the same time, expectations from investors, customers, and international markets regarding climate risk management, ESG transparency, and sustainable development are projected to continue increasing.

In this context, financial institutions are expected to play an increasingly important role in directing and allocating capital toward activities that support the green transition, while strengthening their capacity to identify, assess, and manage climate-related risks. Despite challenges associated with data availability, measurement methodologies, and increasingly stringent disclosure requirements, this transition also creates new opportunities in areas such as renewable energy, sustainable infrastructure, the circular economy, climate change adaptation, and carbon markets.

Aligned with the Vietnamese Government's sustainable development agenda and the growing convergence toward international best practices in climate risk management and sustainability disclosure, VPBank intends to further strengthen its climate risk management capabilities, enhance transparency, and progressively improve its tools for managing, measuring, and monitoring climate-related impacts. At the same time, the Bank will continue to promote green finance, sustainable finance, and transition finance solutions to support customers in adapting to evolving market requirements, strengthening resilience to climate change impacts, and capturing opportunities arising from the transition to a low-carbon economy.

As a financial institution, VPBank is committed to continuing its partnership with customers and the broader economy throughout the green transition by directing capital flows toward sustainable sectors, supporting efforts to enhance climate resilience, and contributing to Vietnam's national objectives on green growth, sustainable development, and net-zero emissions by 2050. VPBank will also continue to enhance the quality of its climate-related disclosures in line with the TCFD recommendations, while working towards closer alignment with IFRS S1 and IFRS S2. Enhancing disclosure quality will not only address the growing expectations of investors, regulators and other stakeholders, but also help VPBank strengthen its internal governance and climate-related decision-making capabilities.

VPBank recognises that the transition to a low-carbon economy requires coordinated efforts from the Government, regulators, the financial system, businesses, and domestic and international partners. As a financial institution, VPBank will continue to leverage its role in connecting and allocating capital, support customers in transitioning towards more sustainable business models, and progressively strengthen its comprehensive climate risk management system. This will provide a foundation for the Bank to safeguard its long-term financial interests while contributing to Vietnam's sustainable development, green growth and net-zero emissions goals.

Disclaimer

In preparing this TCFD Report, we have:

- made necessary judgments, estimations, and assumptions to simplify the complex processes, for example, the case in relation to the climate risk stress test.
- used ESG and climate data, models, and methodologies that we consider appropriate and suitable at the date they were deployed. However, these data, models, and methodologies are subject to future risks and uncertainties and may change over time. There is an inability to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. Outputs of models, processed data, and methodologies will also be affected by underlying data quality, which can be hard to assess or challenges in accessing data on a timely basis.
- continued (and will continue) to review and develop our approach to data, models, and methodologies in line with market principles and standards as this subject area matures. The data, models, and methodologies used and the judgments, estimates, or assumptions made are rapidly evolving, and this may directly or indirectly affect the metrics, data points, and targets contained in the climate and sustainability content within the TCFD Report. Further development of accounting and/or reporting standards could impact (potentially materially) the performance metrics, data points, and targets in this report. In future reports, we may present some or all of the information for this reporting period using updated or more granular data or improved models, methodologies, market practices, or standards, or recalibrated performance against targets based on updated data. Such re-presented, updated, or recalibrated information may result in different outcomes than those included in this TCFD Report. Where information is represented from time to time, we will identify this and (where we think it is appropriate) include an explanation. Readers and users of this TCFD Report need to be aware that direct like-for-like comparisons of each information disclosed may not always be possible from one reporting period to another..

ANNEX 1. LIST OF ACRONYMS

BOD	Board of Directors
BOM	Board of Management
CAFI	Climate Assessment for Financial Institutions
DFC	US International Development Finance Corporation
DFI	Development Financial Institution
ESG	Environment, Social, Governance
ESMS	Environmental and Social Management System
GHG	Greenhouse Gas
IFC	International Finance Corporation
IPCC	Intergovernmental Panel on Climate Change
IRI	International Research Institute
NDC	Nationally Determined Contribution
NGFS	Network for Greening the Financial System
RCO	Risk Management Committee
SDG	Sustainable Development Goal
SME	Small and Medium-sized Enterprise
WMO	World Meteorological Organization

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