

FINDEV CANADA TRANSACTION SUMMARY

VP Bank

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

This transaction consists of a senior unsecured five-year loan of up to \$75M to Vietnam Prosperity Joint Stock Commercial Bank ("VP Bank"), a leading privately owned bank in Vietnam. The transaction is structured to support the Bank's lending activities towards climate change, gender equality, and financial inclusion. At least 40% of the loan proceeds will be allocated to climate finance eligible activities, including renewable energy, sustainable transport and recycling sectors. Further, 40% of proceeds are earmarked for women-owned or led micro, small, or medium sized enterprises (WMSME) segment while the remaining 20% will support domestic micro, small, or medium sized enterprises (MSMEs) more broadly.

Established in 1993, VP Bank is the 2nd largest private financial institution in Vietnam, headquartered in Hanoi, ranking among the country's leading commercial banks in terms of total assets, operational efficiency, and profitability. In addition to offering a comprehensive range of financial services across the Retail and Corporate & Investment Banking segments, the Bank and its well-established franchise has become a key player in supporting the growth and development of MSMEs in Vietnam via numerous tailored financial solutions. Additionally, VP Bank has made sizeable investments in mobile banking platforms and digital financial services, being the first to digitize the loan approval process and developing an ecosystem of fintech partners for customer acquisition and deposit mobilisation.

Transaction Details

COUNTERPARTY	Vietnam Prosperity Joint Stock Commercial Bank
DOMICILE	Vietnam
COUNTRY(IES) OF OPERATION	Vietnam
TERM OF FINANCING	5 years
SECTOR	Financial industry
E&S CATEGORY	FI-1
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 75 million
DATE OF TRANSACTION DISCLOSURE	29/11/2024
DATE OF TRANSACTION SIGNING	27/06/2025
DATE OF TRANSACTION SUMMARY PUBLICATION	TBD
2X ALIGNMENT	Yes, under the Employment, Leadership and Portfolio criteria.

Summary of Anticipated Development Impacts

The development impact value proposition of the transaction is to contribute to inclusive and low-carbon economic growth in Vietnam. Proceeds are expected to lead to improved access to credit for MSMEs (including WMSMEs) and to finance green projects. This will support their growth and broader economic development in Vietnam, all the while contributing to climate mitigation in a high climate change vulnerability context.



MARKET DEVELOPMENT

- **Increase access to credit for MSMEs:** The transaction is expected to alleviate financing constraints for Vietnamese MSMEs, which represent over 97% of businesses and 36% of total employment in Vietnam. VP Bank has a strong track record of supporting MSMEs in key sectors such as agriculture, manufacturing, and green growth. Its MSME portfolio includes nearly 150,000 clients with approximately US\$1.9 billion in outstanding loans. VP Bank offers tailored solutions such as reduced interest rates, short-term lending rates, fee waivers for online transactions, and training programs in leadership, e-commerce, and software.



GENDER EQUALITY

- **Increase access to credit for WMSMEs:** VP Bank considers WMSMEs a strategic growth segment, serving over 30,000 WMSME customers with US\$514 million in outstanding loans. The bank provides preferential interest rate reductions for WMSMEs, enhanced credit card benefits, and training opportunities.
- **2X Alignment:** This transaction is aligned with the 2X criteria for financial institutions, meeting the Employment and the Leadership criteria, as well as the Portfolio criterion (40% of proceeds directed to women-owned MSMEs).



- **Contribute to the transition to a low-carbon economy:** VP Bank supports green lending through its sustainable finance framework, which covers green, social, and blue finance categories. Its green finance portfolio includes 602 customers with US\$601 million in outstanding loans, primarily in renewable energy, sustainable transport, and recycling sectors.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social (E&S) Risk Policy. The transaction is a Category FI-1, given the characteristics of VP Bank's portfolio to be supported with FinDev Canada's financing. The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada's assessment, in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts.
- IFC Performance Standard 2: Labour and Working Conditions.

The primary risks associated with this transaction are (1) the capacity of VP Bank to identify, mitigate and manage the inherent E&S hazards associated with their on-lending; and (2) VP Bank's labour and working conditions.

VP Bank has established an E&S risk management framework that is consistent with IFC Performance Standard 1 requirements (IFC PS). The framework is defined in an environmental and social management system (ESMS), and includes commitments to identify, avoid and manage risks or impacts associated with their credit extensions. The ESMS is implemented through three lines of defense structure, which includes defined roles and responsibilities. A transaction environmental and social action plan (ESAP) has been implemented, which will strengthen VP Bank's E&S risk management competencies and capacity in line with IFC PS 1 requirements. VP Bank's labour management practices achieve the objectives of the IFC Performance Standard 2. Identified mitigants, including satisfactory completion of the transaction ESAP is anticipated to support the identification and management of environmental, social or human rights risks associated with VP Bank's credit extensions, in a manner that aligns with FinDev Canada's E&S Risk Policy requirements.