BASEL II CAPITAL ADEQUACY RATIO DISCLOSURE PURSUANT TO THE CIRCULAR NO. 41/2016/TT-NHNN

For the period ending 30/06/2025

Disclosure of information

This report is guided by the policy on information disclosure on VIB's capital adequacy ratio, and will be published at least once every 6 months (as required) or earlier on the main website.

The disclosure of information is published on our electronic website at the following link:

https://vib.com.vn/wps/portal/about/shareholder/shareholder-info

Leadership commitment

We hereby certify that the information provided herein is accurate and that we take full responsibility for the information disclosed.

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OVERVIEW

1. Overview of Circular 41 and Basel II

The implementation of Basel II standard is crucial for Vietnamese commercial banks to ensure stability in banking operations and sufficient cushion against material risks such as credit risk, market risk, and operational risk. On Dec 2016, The State Bank of Vietnam (SBV) published the Circular 41/2016/TT-NHNN, Circular 41/2016/TT-NHNN was amended and supplemented by Circular 22/2023/TT-NHNN, dated December 29, 2023 (hereinafter referred to as Circular 41).

Circular 41 prescribes two out of three Basel II pillars, introducing the Capital Adequacy Ratio (CAR) and Disclosure of information. The circular provides transparent and detailed instruction on CAR calculation, taking into account credit, operational, and market risk. In addition, Circular 41 also plays a role in promoting risk-weighted business strategies and objectives, as well as prioritizing loans eligible for credit risk mitigation.

To complete the legal framework for implementing Basel II standard in Vietnam, on May 2018, SBV published Circular 13/2018/TT-NHNN, which stipulates the internal control system of commercial banks, foreign banks branches, and the internal capital adequacy assessment (ICAAP) – a 2nd pillar component of Basel II.

August 2022, the State Bank of Vietnam issued Decision 1382/QD-NHNN on promulgating the action plan of the sector to implement the project "Restructuring the system of credit institutions associated with bad debt settlement in the period period 2021 - 2025, including many contents on continuing to implement Basel II according to advanced methods.

After issuing Circular 41/2016/TT-NHNN in 2016 and Circular 13 in 2018, the SBV continued to issue Circular 22/2023/TT-NHNN amending and supplementing a number of articles of Circular 41/2016/TT-NHNN to complete the legal framework for implementing Basel II according to the standard method with all 3 pillars. On June 30, 2025, the State Bank of Vietnam issued Circular No. 14/2025/TT-NHNN stipulating capital adequacy ratios in accordance with Basel III, which will take effect from 2030.

Disclosure of information

Pursuant to Article 20 of Circular No. 41, VIB issues a detailed disclosure on CAR at least every 6 months in a fiscal year based on the requirements of Appendix 5-Circular 41, as well as other non-regulatory information published by VIB.

Scope of CAR calculation

The consolidated CAR is calculated based on the consolidated financial statements of the bank and its subsidiary. As at 30/06/2025, VIB directly owns one subsidiary company, VIB Asset Management Company (VIB AMC for short), and does not incur investments in any insurance subsisdiaries.

CAPITAL ADEQUACY RATIO

2 Capital adequacy ratio

Capital Adequacy Ratio (**CAR**) calculated in percent (%) is determined according to the following formula:

$$CAR = \frac{C}{RWA + 12{,}5(K_{OR} + K_{MR})} \times 100\%$$

Where:

- **C**: Owners' capital;
- **RWA**: Credit risk weighted assets (including counterparty credit risk weighted assets);
- **K_{OR}**: Capital requirement for operational risk;
- **K_{MR}**: Capital requirement for market risk.

VIB has issued a regulation on CAR management in compliance with Circular 41, which provides for detailed rules, CAR management model, system requirement and responsibility of related parties in measuring, monitoring and reporting CAR.

VIB has developed an automated program for CAR calculation using its core banking and other database sources. The auto-generated calculation will be reviewed and reconciled regularly to ensure data accuracy. CAR will be periodically monitored, forecasted, and reported to the BOD and BOM to oversight the business activities and ensure the compliance with the approved risk appetite and risk limits.

Capital adequacy ratio	30/06/2025 billion VND, %	31/12/2024 billion VND, %
Consolidated		
Available capital	49,716	47,749
Tier-1 capital	43,638	41,862
Tier-2 capital	6,098	5,907
Deductions	19	19
Total risk-weighted assets	409,026	398,936
Credit risk weighted assets	356,644	346,361
Counterparty credit risk weighted assets	2,388.92	3,425
Capital requirement for market risk	109.58	213
Capital requirement for operational risk	3,890	3,719
Tier-1 CAR	10.67%	10.49%
CAR	12.15%	11.97%
Single		

Capital adequacy ratio	30/06/2025 billion VND, %	31/12/2024 billion VND, %
Available capital	49,598	47,608
Tier-1 capital	43,519	41,720
Tier-2 capital	6,098	5,907
Deductions	19	19
Total risk-weighted assets	410,495	399,088
Credit risk weighted assets	358,584	346,905
Counterparty credit risk weighted assets	2,389	3,425
Capital requirement for market risk	110	213
Capital requirement for operational risk	3,852	3,687
Tier-1 CAR	10.60%	10.45%
CAR	12.08%	11.93%

CAPITAL

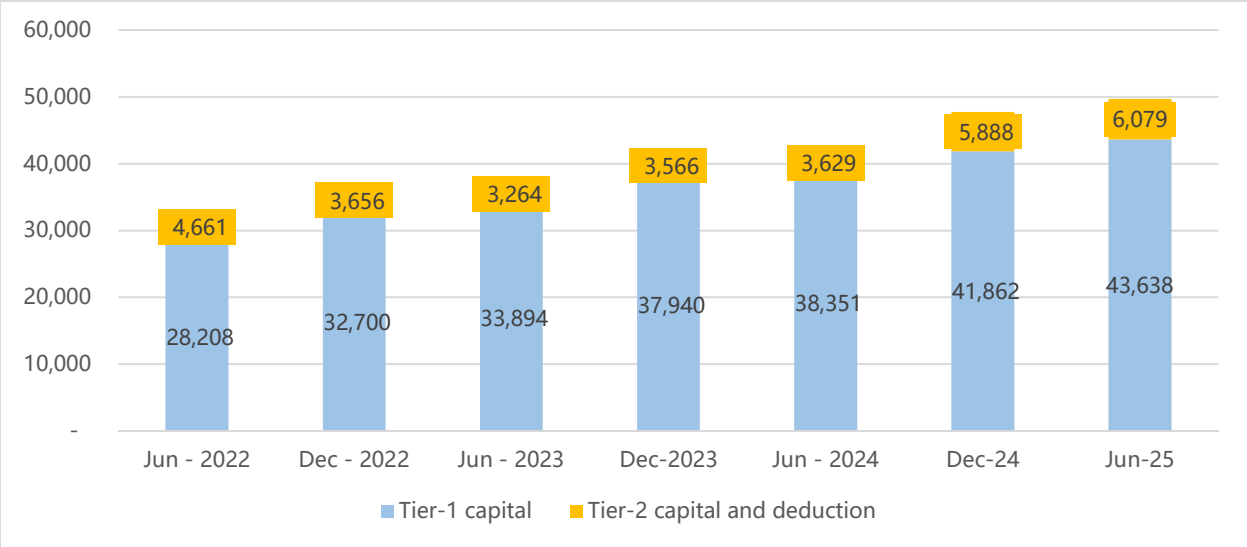
3 Capital structure

3.1. Capital structure

As of Jun 30, 2025, VIB's equity instruments only includes common shares. VIB has not issued debt equity instruments such as dividend preference shares, and other equity instruments that meet the requirements of Circular 41.

3.2. Capital statement

VIB's own capital has grown strongly over the years from sustainable growth from Tier 1 capital.



3.3. Calculation and management methodology

The capital shall be expressed as the total of Tier 1 and Tier 2 capital minus deductions stipulated in Appendix 1 Circular 41. The Capital committee shall monitor and manage capital frequently to ensure the equity growth strategies suitable for asset growth and the prudential ratios in banking operations.

VIB continues to maintain a prudent capital management strategy, focusing on optimizing the efficiency of capital utilization and ensuring full compliance with capital adequacy regulations. Capital raising plans are being regularly monitored and assessed by the bank, based on actual growth needs and prevailing market conditions.

To sustain an effective capital management process, VIB conducts its own Internal Capital Adequacy Assessment (ICAAP) for the next 3 years. The Bank conducts this process semi-annually to assess the adequacy of capital resources for maintaining the targeted CAR in both the business-as-usual and stress scenarios, building blocks for any changes in its business strategy.

CREDIT RISK

4 Credit risk management policy

4.1. Credit risk management policy

VIB has built up the comprehensive credit risk management policy and periodic reviewed on yearly basic. In which, Risk management framework and regulations are reviewed and approved by BOD. Risk Appetites for Business Units are approved by CEO which is aligned with Business direction and segments such as industry, product lines and client profile. CEO is also approver of internal procedures and process guidance. These above procedures, policies and regulations are prudent assessed and endorsed by related departments (legal, risk, business divisions.)

In term of approval authoriry, VIB has set up the credit approval policy, to instruct proper delegation to individual approver and credit committee, with details:

For the Retail Banking Division and the Cards & Unsecured Lending Division, approval authority is delegated to individuals with appropriate limits based on the credit approval authority scoring criteria. Such authority levels are subject to regular monitoring at least once every three months. At the same time, the credit approval authority scoring criteria are reviewed and adjusted in line with the risk appetite of each period. For approval authorities with higher limits, VIB delegates approval authority to the Credit Committee level and above.

For SME Division (SME): The approval authority is assigned to individuals with appropriate limits based on specific evaluations and proposals from the Division and/or based on the credit approval authority scoring criteria issued periodically. This approval authority level will be regularly monitored, at least every 3 months. For approval authority with higher limits, VIB assigns the approval authority to the SME Credit Committee (CC) level or above.

For the Corporate Banking Division, VIB mainly assigns centralized approval limits to the Corporate Credit Committee level and above. For individual approvers, VIB primarily grants approval authority to a limited number of individuals for facilities fully secured by 100% cash or valuable papers issued by VIB.

VIB continues to complies with SBV regulation and direction to support clients who got impacts from Covid-19 by publishing and processing debt restructuring, reduce/waive interest/fee for qualified clients.

Regarding collateral:

To control the quality of assets used as collateral at VIB, the Bank implements:

• Regulations on the conditions for accepting and types of assets that are not accepted as collateral at VIB; regulations on the maximum loan-to-value ratio (LTV) for each type of collateral.

• Restrictions on accepting collateral with low liquidity, limiting the acceptance of real estate collateral in areas with incomplete infrastructure, located away from existing residential areas, with low liquidity and low utility value.

• A focus on delegating the authority for asset valuation to VIB AMC, gradually reducing the proportion of collateral appraised by other

valuation companies and business units. Specifically, for business units, the authority for asset valuation is only delegated for low-risk assets, with low limits, and is assigned to specific individuals with appropriate limits based on the scoring criteria.

Credit risk monitoring and loan management:

Credit risk monitoring is carried out through early risk identification process and supervising based on data analytics. The identified risks will be followed up by responsible departments to measure, evaluate, and take early actions to mitigate and prevent arising risks from the systems, procedures and policies.

In addition, VIB is reviewing and completing credit risk models for the retail lending segment according to the Basel Advance Internal Rating Model in the spirit of closely following the requirements of Basel III and the draft of the State Bank. It is expected that VIB will complete all capital calculation models according to Basel III AIRB in 2025, completing the goal of pioneering compliance with Basel III in accordance with the instructions of the State Bank. In addition, VIB also applies analysis techniques, model building and portfolio management reporting to risk analysis and periodic policy adjustments at VIB. VIB will select good customer segments with low risk to better serve the growing and expanding needs of the Banking Sector. The extensive application of models in VIB's credit activities is also part of the roadmap for implementing Basel according to the advanced method that has been agreed upon and announced by the bank since 2020 in accordance with the spirit and requirements for banks. The bank has implemented Basel III compliance with the advanced approach. VIB is still consistently and resolutely implementing this roadmap with the goal of applying international practices, especially risk management practices, to business operations.

4.2. Credit risk-weighted assets

Credit risk-weighted assets are classified corresponding to risk weights as stipulated in Article 9 Circular 41.

	30/06/2025 billion VND	31/12/2024 billion VND	Change %
Consolidated	356,644	346,361	3%
Credit risk weighted assets	8	16	-47%
Claims on governments	69,745	64,913	7%
Claims on financial institutions	86,016	75,567	14%
Claims on enterprises	11,705	11,878	-1%
Loans secured by real estate	5,043	7,068	-29%
Mortgage loans	129,598	135,715	-5%
Retail credit portfolio	13,813	10,653	30%

Bad debts	40,715	40,552	0%
Other assets	-	-	
Single	358,584	346,905	3%
Credit risk weighted assets	8	16	-47%
Claims on governments	69,745	64,913	7%
Claims on financial institutions	86,200	75,567	14%
Claims on enterprises	11,715	11,878	-1%
Loans secured by real estate	5,048	7,068	-29%
Mortgage loans	129,707	135,715	-4%
Retail credit portfolio	13,571	10,653	27%
Bad debts	42,591	41,096	4%
Other assets	356,644	346,361	3%

4.3. List of external credit rating agencies used for CAR calculation

The list of external credit rating agencies used for CAR calculation includes Moody's, Standard & Poor, and Fitch Rating as stipulated in Article 5 Circular No.41.

Standard & Poor's	Moody's	Fitch Rating
AAA, AA+, AA, AA-	Aaa, Aa1, Aa2, Aa3	AAA, AA+, AA, AA-
A+, A, A-	A1, A2, A3	A+, A, A-
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-
BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-
B+, B, B-	B1, B2, B3	B+, B, B-
CCC+ and below	Caa1 and below	CCC+ and below

As at 30/06/2025, claims, risk weights corresponding to credit ratings and RWA by each selected credit rating agency as followed:

Claims	Credit rating	RW	30/06/2025	31/12/2024
			billion VND	billion VND
Claims on governments and central banks, PSE, municipal governments				
	AAA, AA+, AA, AA-	0%	-	-
	A+, A, A-	20%	-	-
	BBB+, BBB, BBB-	50%	-	-
	BB+, BB, BB-, B+, B, B-	100%	-	-
	Under B- or un-rated	150%	-	-
Claims on foreign financial institutions, foreign bank branches in Vietnam				
	AAA, AA+, AA, AA-	20%	165	37
	A+, A, A-	50%	34	43
	BBB+, BBB, BBB-	50%	-	-
	BB+, BB,BB-, B+, B, B-	100%	-	-
	Under B- or un-rated	150%	-	-
Claims on local credit institution (original tenor of 3 months or more)				
	AAA, AA+, AA, AA-	20%	-	-
	A+, A, A-	50%	-	-
	BBB+, BBB, BBB-	50%	-	-
	BB+, BB,BB-	80%	11,058	15,022
	B+, B, B-	100%	26,802	22,416
	Under B- or un-rated	150%	8,190	4,639
Claims on local credit institutions (original tenor of under 3 months)				
	AAA, AA+, AA, AA-	10%	-	-
	A+, A, A-	20%	-	-
	BBB+, BBB, BBB-	20%	120	130
	BB+, BB,BB-	40%	-	100
	B+, B, B-	50%	9,218	11,752
	Under B- or un-rated	70%	8,576	6,430

4.4. Credit risk-weighted assets by industry

Credit risk-weighted assets by Industry	30/06/2025 billion VND	31/12/2024 billion VND	Change %
Total, in which:	356,644	346,361	3%
Employment activities in households, production of material products and services for household self-consumption	194,354	198,945	-2%
Real estate business	10,458	5,214	101%
Administrative activities and support services	301	428	-30%
Financial, banking and insurance activities	92,118	89,195	3%
Other service activities	100	86	17%
Agriculture, forestry and fisheries	819	584	40%
Wholesale and retail; repair of cars, motorcycles, motorbikes and other motor vehicles	13,370	13,477	-1%
Manufacturing and processing industry	21,417	20,381	5%
Construction	5,009	3,864	30%
Accommodation and food services	755	742	2%
Water supply; waste management and treatment activities.	150	100	51%
Activities of the Communist Party, socio-political organizations, state management, security and defense; compulsory social security	-	-	0%
Art, play and entertainment	-	-	0%
Professional, scientific and technological activities	2,614	2,212	18.2%
Production and distribution of electricity, gas, hot water, steam and air conditioning	5,147	4,299	20%
Health and social assistance activities	381	38	903%
Mining industry	3,192	2,095	52%
Warehousing transportation	4,693	3,060	53%

Credit risk-weighted assets by Industry	30/06/2025 billion VND	31/12/2024 billion VND	Change %
Education and training	1,149	1,022	12%
Information and communication	615	622	-1%

4.5. Credit risk mitigation

Credit risk-weighted assets (on-balance sheet & off-balance sheet) are eligible for credit risk mitigation as stipulated in Article 11 Circular No.41.

	30/06/2025		31/12/2024	
Credit risk-weighted assets by CRM	RWA Pre - CRM billion VND	RWA Post - CRM billion VND	RWA Pre - CRM billion VND	RWA Post - CRM billion VND
Total, in which:	384,896	356,644	256,402	246,405
By collateral mitigation	27,948	3,183	3,950	741
By On-balance sheet netting	4,577	661	1,484	126
By Third-party guarantee	-	-	-	-
By credit derivatives	-	-	-	-
Ineligible for credit risk mitigation	352,372	352,801	250,968	245,538

4.6. Counterparty credit risk-weighted assets

Counterparty risk-weighted assets	30/06/2025 billion VND	31/12/2024 billion VND	Change billion VND
Total, in which:	2,389	3,425	(1,036)
Propriety trading transactions	1,182	1,421	(239)
Repo and reverse repo transactions	210	105	105
Derivatives transactions for risk hedging	968	1,858	(890)
Derivatives and other financial instruments for serving customer	29	40	(12)

OPERATIONAL RISK

5 Operational risk management policy

5.1. Operational risk management policy

Operational risks must be fully identified and effectively controlled across all products, business activities, operational processes, information technology systems, and other related systems. This includes a zero-tolerance approach to internal fraud. Strengthen the culture and awareness of operational risk management by: (i) organizing training programs; (ii) internal communication efforts; (iii) timely management and reporting of operational risks; and (iv) implementing a fair Compensation & Benefits mechanism along with strict disciplinary measures.

Establish and monitor operational risk limits, including at a minimum, financial loss limits for six business activity groups: (i) interest income-generating activities and similar income; (ii) interest expense and similar cost-generating activities; (iii) service activities; (iv) foreign exchange trading activities; (v) trading and investment securities activities; and (vi) other activities. Additionally, set limits for non-financial losses as stipulated in Circular No. 13/2018/TT-NHNN and its amendments or supplements (if any).

Develop operational risk management for outsourcing activities, covering at a minimum the following key aspects: (i) Define the scope of outsourcing activities; (ii) Delegate approval authority; (iii) Assess the capabilities of the outsourcing service providers; (iv) Establish principles for outsourcing contracts to ensure rigor, completeness, and protection of ownership rights, data security, customer information, termination rights, the level and scope of outsourced activities, and clearly define the responsibilities of the bank and the outsourcing service provider; (v) Develop a business continuity plan for outsourced activities.

Implement insurance purchases to mitigate losses arising from operational risks, ensuring that insurance is not used as a substitute for operational risk management. The effectiveness of insurance in reducing losses from operational risks must be evaluated, along with the capacity of the insurance provider to fulfill the terms of the insurance contract and any related operational risks that may arise.

Operational risk management in technology applications is conducted by identifying potential operational risk factors in internal network systems, external network connections, hardware, software, applications, transaction interfaces, operations, and human factors in technology-related activities. Technology application activities must be monitored and evaluated to ensure stable operations in the face of potential operational risks.

The business continuity plan for departments within the bank must be regularly updated and improved, and must include at a minimum the following elements: (i) Loss of important documents and databases; (ii) IT system failures; (iii) Force majeure events (e.g., pandemics, wars, natural disasters, fires, explosions, etc.).

5.2. Business Continuity Plan

Annually, VIB develops, tests, and reviews its Business Continuity Plan (BCP) for the entire system to ensure uninterrupted business operations in the face of disruptions and

compliance with Circular No. 13/2018/TT-NHNN. By continuously updating the content of the BCP to align with the operational realities of departments and divisions, and integrating new technological support applications, VIB has been ensuring stable and seamless business operations across the organization.

The capital requirement for operational risk equals to 15% of the average over 3 quarters of business index (including the last quarter at the calculation date and the respective quarters of 2 years preceding the calculation year). The business index (BI) is determined as instructed in Appendix 3, Circular 41.

5.3. Capital requirement for operational risk

	30/06/2025	31/12/2024	Change
	billion VND	billion VND	%
Consolidated			
Capital requirement for operational risk	3,890	3,719	5%
Business Index (BI) - Lastest quater	25,144	23,880	5%
Business Index (BI) - Quarter last year	27,573	27,225	1%
Business Index (BI) - Quarter two years ago	25,081	23,266	8%
Single			
Capital requirement for operational risk	3,852	3,687	4%
Business Index (BI) - Lastest quater	24,826	23,611	5%
Business Index (BI) - Quarter last year	27,296	26,977	1%
Business Index (BI) - Quarter two years ago	24,921	23,157	8%

MARKET RISK

6 Market risk management policy

6.1. Market risk management policy

The market risk management policy is regularly reviewed and updated to meet the requirements of the State Bank of Vietnam and to balance business needs with internal risk management demands. To effectively implement market risk management, the CEO issues market risk management regulations and sets market risk limits based on the recommendations and consultation of the Risk Cousil.

Market risk positions in VIB's trading book are revalued daily based on market prices to determine potential profit or loss and the level of market risk, serving as a basis for timely warning, reporting, and implementation of appropriate risk mitigation and prevention measures. Market data is collected from reliable sources and is regularly reviewed and assessed to support timely and effective analysis and recommendations. Market risk limits are closely monitored, with timely alerts

provided to business units to minimize potential financial losses arising from adverse market movements.

VIB has applied the Value-at-Risk (VaR) method to measure potential losses caused by market movements. The VaR model is based on historical simulation using data from the previous 500 working days. VIB also conducts backtesting in line with Basel recommendations, comparing the portfolio's actual daily profit/loss with the calculated VaR value over a one-year backtesting period at a 99% confidence level.

To monitor VIB's vulnerability to unexpected but plausible extreme market risk-related events, we conduct periodic market risk stress tests on a quarterly basis and/or in response to adverse market movements. VIB applies the Stress-VaR method in accordance with Basel recommendations. The scenario is based on a one-year time horizon using stressed market data, with adjustments to risk factors where necessary. Conducting stress tests helps VIB proactively monitor and take measures to avoid or minimize risks arising from significant market fluctuations.

VIB has applied internal models' approach (IMA) of Basel II on daily market risk management activities in order to improve the bank's risk management capacity and effectively support business decisions.

VIB is currently implementing a treasury system in collaboration with partners to optimize the transaction operations of the Treasury Divisions. The system supports centralized and automated management of risk limits down to the individual transaction level and/or the entire portfolio in a timely and accurate manner, minimizing operational risks caused by human error. Additionally, the system enhances flexibility of risk management and saves time through a comprehensive and timely reporting system that will be distributed to the appropriate levels.

Trading strategy

The Treasury Department develops and implements trading strategy based on the BOD's risk appetite and market movements in order to makes profit from the fluctuations in exchange rates, interest rates or prices in different markets and target segments. Implementing the trading strategy also plays a role in improving VIB's market share, reputation and cross-selling activities.

Trading book

The trading portfolio as at 30/06/2025 only includes FX portfolio of FX spot, FX forward, and FX swap transations.

6.2. Capital requirement for market risk

The capital requirement for market risk includes capital requirements for interest rate risk and exchange rate risk. VIB does not engage in equity, commodity, or options trading, and therefore does not incur any capital requirements for these types of market risks.

The capital requirement for interest rate risk is determined based on specific capital requirement arising from interest rate movements caused by individual issuers, and general capital requirement arising from market-wide interest rate movements. The capital requirement for interest rate risk shall be calculated in accordance with the instructions provided in Appendix 4 of Circular 41.

Regulatory capital for foreign exchange risk shall apply in the event that total value of net foreign exchange exposure (including gold) of banks and/or foreign bank branches is greater than 2% of the owners' equity thereof. As at 30/06/2025, the total value of net forein exchage exposure at VIB is approximate 0.1% of the bank's capital. Capital

requirement for foreign exchange risk shall be calculated in accordance with the instructions provided in Appendix 4 of Circular 41.

	30/06/2025	31/12/2024	Change
Capital requirement for market risk	billion VND	billion VND	billion VND
Total, in which:	110	213	(104)
Capital requirement for interest rate risk	110	213	(104)
Capital requirement for equity risk	-	-	-
Capital requirement for foreign exchange risk	-	-	-
Capital requirement for commodities risk	-	-	-
Capital requirement for options	-	-	-

GENERAL

7 About VIB and roadmap to manage bank's exposure due to international standards

7.1. About VIB

Vietnam International Commercial Joint Stock Bank, abbreviated as Vietnam International Bank (VIB), was founded on 18 September 1996; currently headquartered at No. 111A Pasteur, Sai Gon Ward, HCMC.

As of June 30, 2025, after nearly 29 years of operation, VIB has become one of the leading joint stock commercial banks in Vietnam with shareholders' equity exceeding VND 43,6 trillion. VIB currently has 10.492 staffs serving customers through its Head Office and 202 business units, including branches and transaction offices in key provinces/cities across the country.

VIB has an effective operating structure and thoroughly applies risk management standards, focusing on governance to ensure safety and transparent coefficients.

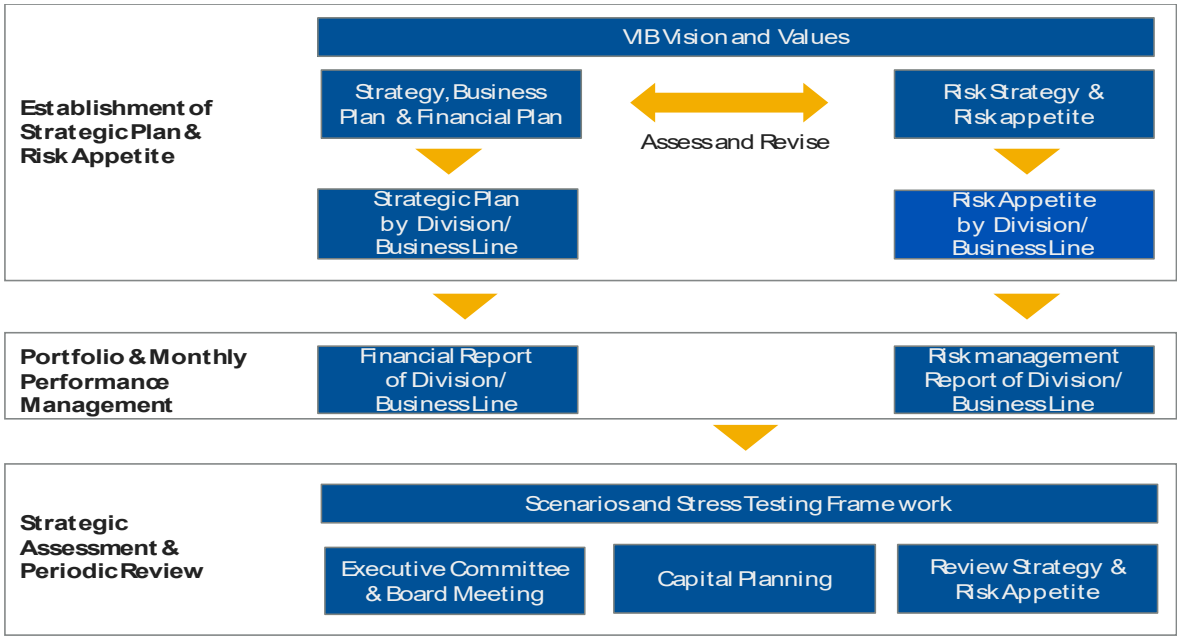
Based on a preeminent operating model, investment in digital transformation of all products and services, and effective risk management, VIB continues to maintain its position as one of the leading retail banks in Vietnam in terms of scale and quality. In which, VIB's retail lending portfolio accounts for 80% of the total credit portfolio.

7.2. Roadmap to manage bank's exposure due to international standards

Risk strategy and appetite

VIB issues a Risk Management Policy for 3 consecutive years, reviews periodically once a year or if necessary. Accordingly, BOD approves general risk management policy for all VIB, and CEO approves specific limits for Business Divisions

on industries, products, customers... These limits will be strictly controlled by relevant departments.



VIB develops a Risk Management Policy for all material risks including credit risk, market risk, liquidity risk, operational risk, concentration risk, interest rate risk on bank books, Cultural risks and corporate governance, and compliance risk. In particular, the Policy focuses on giving principles of risk management and principles of applying measures to prevent and reduce risks. The risk management policy has an appetite for the target capital adequacy ratio, income targets, and management strategies for all material risks. Regarding credit risk, the most important risk of the bank, VIB prescribes strategies for all VIB and for each Business Division, detailing Target NPL Tollerance level, orientation of priority/restricted activities/sectors/credit products/customers or related groups/types of collateral.

Progress report on Basel II 3 pillars implementation

After the completion of Basel II all 3 pillars as of requirements of Circular 41/2016/TT-NHNN and Circular 13/2018/TT-NHNN in December 2019, VIB is increasingly improving risk management capacity to better fit with the bank's digitalization strategies.

VIB also prioritizes on regular reviewing and identifying the material risks. VIB identifies 7 material risks: credit risk, market risk, operational risk, concentration risk, interest rate risk on banking book, liquidity risk and compliance risk. The identification of material risks is based on the pre-defined financial criterias and the qualitative indicatiors to classify the impact of residual risks to VIB's business after accounting for the effectiveness of the risk management. The aim of this process is to enhance the internal policies and procedures and prevent the risks.

Based on the identification of material risks, the internal policies and procedures will be reviewed periodically or upon the business/ regulation's changes. VIB maintains consistently the internal regulations and the technology systems in order to ensure the compliance and optimize the operation.

After completion of 3 pillars of Basel II standardized approach, VIB has focused on the developement of the credit risk models - the risk accounts for 90% of the Bank's total risk weighted assets. VIB applied Application scorecard to support credit approval in loan origination process. The behavior scorecards are subsequently implementing, helps to improve the early risk identification, play as key decisive factor for upsell and crossell customers. VIB also develops the models to measure the credit risk expected loss according to Basel's Internal Rating Based approach for retail and corporate banking segments; then applies the model to credit approval, loan management, determination of the targeted customer segments and capital management.

In 2023, VIB was selected by the State Bank of Vietnam as one of the pilot banks to implement Basel III under both the standardized approach and the advanced approach in accordance with the State Bank's roadmap. In June 2025, the State Bank of Vietnam issued Circular No. 14/2025/TT-NHNN providing guidance on the implementation of Basel III for capital adequacy ratio requirements applicable to commercial banks and foreign bank branches. Accordingly, VIB is expected to complete the implementation ahead of the deadline set by the State Bank of Vietnam.

To successfully implement the Basel advanced approach, VIB has deeply invested in technology systems. The systems supporting the whole credit life cycle are strictly and consistently designed in sense of digitalization, allowing the bank to gather and synchronize data. VIB invests in the Credit Solution System, which embeds the workflow process from the loan origination,

credit rating, underwriting, credit approval, collateral management and limit management. The credit solution system will integrate with the Core banking system and the Debt collection system to gather the data in the credit life cycle and ensure data synchronization. Based on the data, VIB will analyze the risks and adjust the business strategies. The critical technology projects to support the sustainable business growth are continously created, speed up and go-live, to align with the transformation strategies.

Pillar	Item	SBV's requirement	VIB respone
Pillar 1	Time to completion	01.01.2020	01.01.2019
	Minimum CAR	8,0%	10,34%
	Revising and issuing related policy	Required	Completed
	Accurate and early CAR	Required	Completed
Pillar 2	Time to completion	01.01.2021	01.12.2019
	ICAAP	Required	Completed
Pillar 3	Time to completion	01.01.2020	01.01.2019
	Disclosing information in full and on-	Required	Completed

Chief Executive Officer

Han Ngoc Vu