PUBLIC DISCLOSURE ON CAPITAL ADEQUACY RATIO

(IN ACCORDANCE WITH THE CIRCULAR 41/2016/TT-NHNN dated December 30th, 2016)

As of 31st December 2024

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I. OVERVIEW

The objective of this public disclosure under Circular 41/2016/TT-NHNN (Circular 41) and its amendments and supplements is to provide transparency information on status of equity, value of risk weighted and risk management framework of Wooribank Vietnam ("the Bank") to related parties (depositors, government agencies, etc.), based on the information the Bank can evaluate the capital adequacy ratio.

According to Public Disclosure of Circular 41, the Bank implements the qualitative and quantitative information on the capital adequacy ratio ("CAR").

II. SCOPE OF CAPITAL ADEQUACY RATIO CALCULATION

1. Qualitative Content

According to regulations on financial reporting for credit institutions and foreign bank branches, the following entities are subject to consolidation and non-consolidation of the Bank:

- Subsidiaries: *not incurred*
- Affiliated companies: *not incurred*
- Exempt companies (insurance companies): *not incurred*

The Bank, consisting of no subsidiaries or affiliated companies, shall only be subjected to the minimum CAR based on its Financial Statements.

2. Quantitative Content

Amount of investment in a subsidiary that is an insurance business enterprise: *not incurred.*

III. OWN CAPITAL STRUCTURE

1. Qualitative Content

The capital of the Bank as of 31st December 2024 does not include stocks and no debt-equity instruments. The Bank's own capital consists mainly of contributed capital from Wooribank Korea (Mother Bank), reserves, and retainted earnings from initial investment in Vietnam to date.

2. Quantitative Content

Table 01 – Own Capital of the Bank

Unit: Million VND

Items	**Amount** *(31/12/2024)*
Tier 1 Capital	17,097,691
Tier 2 Capital	233,450
Own capital	**17,331,141**

IV. CAPITAL ADEQUACY RATIO

1. Qualitative Content

a. Process of calculation and management of Capital Adequacy Ratio

Step 1: Data collection
- Collect data.
- Cleansing input data.
Step 2: Calculation and Review CAR
- Calculate CAR through the automatic CAR calculating tool.
- Verify the accuracy of the calculation tool ensuring that CAR results are accurate.
- A review is conducted by an independent unit.
Step 3: Approval and Disclosure of Information
- Management level approves the CAR result.
- Report to the State Bank of Vietnam ("SBV"), disclosing the information.

b. Capital planning to secure Capital Adequacy Ratio

The Bank establishes the targeted CAR for the next 3-5 years and annually conducts a periodical judgement in order to adjust on time when there are changes in the business environment, law to meet the target of risk management. On the basis of established targeted CAR, the Bank establishes the suitable capital plan and business plan.

2. Quantitative Content

Table 02 – Credit risk weighted assets & CAR

Unit: Million VND

Items	**Amount** *(31/12/2024)*
Credit risk weighted assets. Including:	53,118,890
Credit risk weight assets	52,375,128
Counterparty credit risk weighted assets	743,772
Regulatory capital for operational risk	412,534
Regulatory capital for market risk	15,689
Tier 1 capital adequacy ratio (%)	29.24
CAR (%)	**29.64**

V. CREDIT RISK

Credit risk is one of the Bank's material risks, accounting for the largest proportion of the Bank's total regulatory capital. To manage and minimize credit risk, the Bank has focused on completing the credit risk management framework, upgrading information and technology systems, and implementing a series of initiatives to strengthen credit risk management system.

"Credit risk" is the risk when customers do not or are unable to partially/fully perform the loan repayment obligations under contracts/agreements with the Bank, excluding the cases exposed to counterparty credit risk. In which, customers (credit institutions and foreign bank branches) have relations with the Bank in receiving credit (receiving credits through trust), deposits, and corporate bond issuance.

"Counterparty credit risk" is the risk when the counterparty does not or is unable to partially/fully perform its payment obligations before or on the due date of its proprietary, repo, and reverse repo transactions; trading of derivative products for hedging risks, foreign exchange ("FX") trading, financial asset trading to serve the customers and counterparties' demand. In which, counterparties (credit institutions and foreign bank branches) have transactions with the Bank include proprietary transactions, repo transactions and reverse repo transactions; trading of derivative products to prevent risk; FX trading, financial asset trading to serve the customers and counterparties' demand.

1. Qualitative Content

a. Credit risk management policy

The Bank has issued the ***"Credit Risk Management Policy"*** to specify issues needed for an accurate assessment of the Bank's credit risk. Accordingly, the Bank ensures that credit extension is in compliance with laws and internal regulations of the Bank, checking and supervising credit before, during and after extension; maintaining independence and objectivity in a risk assessment within the protection tiers at the same time.

➢ **Credit risk management principles**

Credit risk is managed based on the following principles:

- The balance between risk and return, if there is a discrepancy between risk and return opportunity, risk management must be prioritized.
- For all credit risk transactions, credit risk must be assessed and prioritized for management.

- The credit portfolio must be diversified and should not be concentrated in specific assets or asset classes.

- ➢ **Credit risk management strategy**

The Bank's target bad debt ratio and bad credit grant ratio are in line with the credit risk appetite.

- ➢ **Credit risk management apparatus**

- Credit risk limit must be determined according to the following criteria: Credit risk limit proposed by the Risk Management Division, submitted to the Risk Council for review, to the General Director for promulgation or amendment.
- The Risk Management Division periodically monitors limit performance and potential limit breaches, and shall coordinate with relevant units to have a suitable solution to submit to competent authorities.
- The Bank has decentralized the credit approval authority based on: credit size, customer credit rating and collateral type. The Bank grants an approval authority to 4 levels: consultation with the Mother Bank, Credit Committee, Credit Officer Committee and Branch/Transaction Office.

- ➢ **Evaluation, monitoring and control of credit risk**

Regarding measurement of credit risk (methods and models):

The Bank use the Expected Loss measuring model to measure the credit risk. The model was set up in accordance with international practices. Herein, the risk level is classified according to the business type (credit rating and business) and retail credit (individual credit scoring model).

The Bank uses a credit rating model to conduct customer reviews. For corporate customers, the Bank has operated a model of customer credit ratings under Basel III standards with support from the Mother Bank. Accordingly, indicators of credit risk such as PD (Probability at Default), EAD (Exposure at Default), LGD (Loss Given at Default) are calculated for each loan. For individual customers, the Bank has developed and operated a credit rating model based on customer information and credit status.

b. List of independent credit rating agencies

The Bank utilizes the credit rating scales of the three independent credit rating agencies: Standard and Poor's (S&P), Moody's Investor Service (Moody's) and Fitch Rating.

c. Security assets, third party guarantee, offset and derivative assets eligible credit risk mitigation instruments

Table 03 – List of Eligible Credit Risk Mitigation Instruments

(31/12/2024)

No.	Items
1	Collateral - *Valuable documents, savings card issued by credit institutions and foreign bank branches.*
2	Third party guarantee

2. Quantitative Content

a. Credit risk weighted assets, classified by credit rating category based on an independent credit rating

Table 04 – Credit risk weighted assets

(By independent credit rating)

Unit: Million VND

By Credit Ratings	Risk Weight	Amount *(31/12/2024)*		
		Fitch Rating	S&P	Moody's
Claims on foreign financial institutions (including foreign credit institutions) and foreign branch banks in Vietnam				
From AAA to AA-	20%			1,923,544
From A+ to BBB-	50%	301,520		3,478,324
Claims on domestic credit institutions with an initial term of less than 3 months				
From BB+ to BB-	40%			2,217,666
From B+ to B-	50%			256
Under B- or not available	70%	160,317		
Claims on domestic credit institutions with an initial term of over 3 months				
From A+ to BBB-	50%			740
From BB+ to BB-	80%			627,666
Under B- or not available	150%	650,539		
Total		**9,360,572**		

b. Credit risk weighted assets by credit risk and counterparty risk

Table 05 - Credit risk weighted assets *(By risk factors and counterparty type)*

Unit: Million VND

Items	**Amount** *(31/12/2024)*
Financial Institution Receivable	9,360,572
Enterprises Receivable	30,671,424
Real Estate Receivable	24,922
Housing Receivable	1,433,738
Retail Receivable	10,020,647
Bad Debt Receivable	144,493
Other Assets	719,332
Total credit risk weighted assets	**52,375,128**

c. Credit risk weighted assets by Sector

Table 06 - Credit risk weighted assets *(by Sector)*

Unit: Million VND

No.	Items	**Amount** *(31/12/2024)*
1	Agriculture, Forestry and Fisheries	126,371
2	Mining industry	11,223
3	Manufacturing and Processing industry	14,099,491
4	Producing and distributing electricity, gas, water, etc,	1,834,155
5	Water supply, Waste management and Treatment	443,834
6	Construction	515,992
7	Wholesale, Retail, Repair cars and motorcycles	1,381,480
8	Transportation and Warehouse	1,661,483
9	Accommodation and Food services	49,913
10	Information and Communication	527,740
11	Financial, Banking, and Insurance operations	16,445,753
12	Real Estate	1,595,561
13	Professional activities, Science and Technology	193,931
14	Administrative activities and Supporting services	288,829
15	Education and Training	768,754
16	Health and Social assistance activities	831

No.	Items	Amount *(31/12/2024)*
17	Art and Entertainments	16,381
18	Other Services	207,370
19	Individuals	11,486,704
20	Other Assets	719,332
Total credit risk weighted assets		**52,375,128**

d. Credit risk weighted assets (including on- and off-balance sheet) mitigated the credit risk under the risk mitigation methods

Table 07. Credit risk weighted assets *(Before and after Credit Risk Mitigations)*

Unit: Million VND

(31/12/2024)

Total credit risk weighted assets (Before CRM)	**CRM* measures**		**Total credit risk weighted assets** (After CRM)
	Security Asset	Guarantee	
52,560,726	93,723	91,875	**52,375,128**

* CRM: Credit Risk Mitigation

e. Counterparty credit risk weighted assets

Table 08 - Counterparty credit risk weighted assets

Unit: Million VND

No.	Items	Amount *(31/12/2024)*
1	Derivative product transactions aimed at hedging risks	606,497
2	Foreign exchange or financial asset trading transactions aimed at serving customer's demands	137,275
Counterparty credit risk weighted assets		**743,772**

VI. OPERATIONAL RISK

Operational risk arises from deficiencies or failures in internal processes, human errors, system malfunctions, failures, or external events which may result in financial loss or negative non-financial impacts on the Bank. Operational risk shall include legal risks; excluding reputational risk and strategic risk.

The Bank has synchronously implemented operational risk management throughout the system and has brought important values in minimizing the frequency and the impact of operational risk on the Bank's finance, reputation, and legal obligations.

1. Qualitative Content

a. Operational risk management policy

The Bank has issued the ***"Operational Risk Management Policy"*** in order to unify the principles, creating a seamless framework for managing operational risk, fully meeting international standards and practices, as well as the SBV's internal control system requirements and legal regulations.

➢ **Principles of operational risk management**

All products, business activities, business processes, and IT systems of the Bank must be identified with operational risk; from there, this enables the implementation of monitoring and controlling measures, supported by appropriate tools and methodologies to assess and quantify risks and potential impacts of operational disruptions.

All operational risks must be managed by risk limits within the risk appetite of the Bank.

A culture of the operational risk management should be established in the whole banking system to prevent risk incidents.

The operational risk management framework is structured based on the independent Three Lines of Defense model ensuring that the operational risk must be managed with clear defined authorities and responsibilities; assessed independently and objectively; reported fully and accurately to the Members' Council, Risk Management Council, General Director, Risk Council and Divisions/Departments/Branches of the Bank.

Objectively manage all the operational risks that may arise during business activities.

Comply with the SBV's regulations on the operational risk management.

➢ **Operational risk management framework**

The operational risk management framework at the Bank prescribes the overall components, include: (i) operational risk governance and organization - the principle, strategy, objectives and limits of operational risk ; (ii) operational risk management documentation; (iii) operational risk management culture and awareness; (iv) procedures for identifying, evaluating, measuring, controlling and reporting operational risk ; (v) operational risk management in new products/systems/markets, outsourcing and technology application; and (vi) operational risk management system.

➢ **Content of operational risk management policy**

The operational risk management policy at the Bank specifies the following contents:

- A strategy for operational risk management.
- Limits on operational risk, including financial loss limit (sorted by 7 operational risk events and 6 business groups according to Circular 13/2018/TT-NHNN) and non-financial loss limits (reputation, service errors, labor and arising legal obligations).

- Organizational structure of operational risk management: the structure of 3-lines of defense, roles and responsibilities of risk management of the Risk Management Division, the managers of the divisions, the staffs in charge of managing operational risk and the role of each division/department at the Bank.
- The operational risk management process: identifying, measuring, and evaluating operational risk by applying operational risk management tools.
- Managing operational risk for new products, new markets, outsourcing activities, and in technology application.
- Handling of operational risk, include: avoidance, reduction, acceptance or transfer of risk.
- Reporting and managing operational risk data.

b. Business continuity plan

The Bank establishes, periodically runs and revises (if neccessary) a business continuity plan in accordance with the operational risk management strategy. A business continuity plan has to meet the following requirements:

- An available plan, method, and resources to maintain business continuity and mitigate damage in case of interruption/on stopping events.
- An established plan is consistent with the qualifications, scale of the Bank.
- There are backup systems for human resources, IT system and database.
- Ability to restore disrupted business activities back to the normal state within the requested time limit.
- Be reviewed and tested annually in order to determine effectiveness of a plan to sustain the operation and adjust accordingly.

2. Quantitative Content

Regulatory capital for operational risk according to Circular 41/2016/TT-NHNN is calculated based on the Basic Indicator method.

Business index (BI) includes 3 components taken from the Bank's income statement: IC (Absolute value of Interest Incomes and similar incomes minus Interest Expenses and other similar accounts), SC (Total value of Service Incomes, Service Expenses, other Operating Incomes, other Operating Expenses), FC (Sum of absolute value Net gain/loss from foreign exchange trading, trading securities, and investment securities).

The BI and its the component, the regulatory capital for operational risk are shown in the table below:

Table 09 - Regulatory capital for operational risk

Unit: Million VND (31/12/2024)

Period (the lastest 12 quarters at time calculated Regulatory capital for operational risk)	**IC**	**SC**	**FC**	**BI** (=IC+SC+FC)
The latest 4 quarters (BI - year n)	2,077,456	304,405	466,420	2,848,281
The next 4 quarters (BI – year n-1)	2,067,666	280,276	473,517	2,821,459
The first 4 quarters (BI – year n-2)	1,877,914	302,679	400,339	2,580,932
Regulatory capital for operational risk $\{(BI_n + BI_{n-1} + BI_{n-2})/3 \times 15\%\}$				**412,534**

VII. MARKET RISK

1. Qualitative Content

a. Market risk management policy

The ***"Market Risk Management Policy"*** in the Bank is in line with the Bank's objectives, business strategy, risk appetite and the SBV's regulations, where by:

- Organizational model of the market risk management is implemented according to the model of three independent tiers of protection: The first tier of protection has the function of identifying, controlling and minimizing risks; The second tier of protection establishes risk management policies, internal regulations, risk measurement and monitoring; The third tier of protection has an internal audit function performed by the Internal Audit Department.
- Regulations on classification of trading books and banking books follows the principles: Items in trading books are only allowed to be reclassified and converted to banking books when they no longer meet the criterion for recording in the trading books; banking book entries are not allowed to be reclassified and converted to trading book; transferring status from trading books to banking books of items must be approved.
- The Bank conducts identifying, measuring, monitoring, mitigating, tracking and reporting the market risk.
- Principles of setting market risk limit: The limit of market risk will be proposed by the Risk Management Division in cooperation with other related units, submitted to the Risk Council for review and approved by the General Director. The market risk limit is reviewed and re-evaluated at least annually or when there is a major change affecting the market risk exposure to the Bank.

b. The Bank's proprietary trading strategy

As of 31th December 2024, the Bank has no strategy for proprietary trading on its transaction. All foreign exchange and derivatives transactions are aimed at meeting liquidity, customers and partner's demands.

c. Portfolio of trading books

The Bank's trading book consists of the following:

- Foreign exchange transactions: to facilitate demands of customers and counterparties, along with their corresponding back to back transactions.
- Derivatives transactions: to facilitate demands of customers and counterparties, along with their corresponding back to back transactions.

2. Quantitative Content

Table 10 - Regulatory capital for market risk

Unit: Million VND (31/12/2024)

Type of market risk	Regulatory capital for market risk	Market risk weighted assets
Interest rate risk	15,689	196,113
Total	**15,689**	**196,113**

As of 31th December 2024, capital for the market risk of the Bank only combines the interest rate risk.

The Bank's total net foreign exchange position per its own capital as of 31th December 2024 is **0.12%**, which is less than 2%. Therefore, the Bank's regulatory capital for the foreign exchange risk as of 31st December 2024 is zero.

Regulatory capital for the stock price risk, product price and option trading as of 31st December 2024 is zero for the reason that those activities are not in the portfolio of the Bank.

We hereby confirm that the information provided herein is accurate and take all legal responsibilities in regards to contents of the public disclosure.

Hanoi, 22 May 2025

Wooribank Vietnam Limited

KIM BYUNG JIN

General Director