

DISCLOSURE OF CAPITAL ADEQUACY INFORMATION

As at 31st December 2024

*(Issued in accordance with Circular 41/2016/TT-NHNN dated 30 December 2016 of
State Bank of Viet Nam stipulated on Capital Adequacy Ratio)*

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1. APPLICATION SCOPE

The disclosure of Capital adequacy ratio relates to CIMB Bank Vietnam Limited (*herein after called CIMBVN*) for the period ended at 31 December 2024. The disclosures complies with the Circular No.41/TT-NHNN dated 30 December 2016 (“Circular 41”) regulating capital adequacy ratio for banks, foreign bank branches (Annex 5) and other internal regulations on disclosure of capital adequacy information of CIMB Bank Vietnam Limited.

As of 31 December 2024, CIMBVN does not have any subsidiaries or associates, hence the bank has prepared and calculated its capital adequacy ratio on separated equity format as stipulated.

2. OWNER EQUITY AND CAPITAL ADEQUACY RATIO

2.1. STRUCTURE OF CAPITAL

As of 31 December 2024, CIMBVN has not issued equity instrument as per prescribed in Clause 4, Article 2 of Circular 41.

Information about Tier 1 Capital, Tier 2 Capital and Deductions value from Capital when calculating CIMBVN’s owner equity as at 31 December 2024 is as follows:

Table 1- Structure of Capital

Unit: Million VND

Capital information		
1	Tier 1 Capital	3,253,757
2	Tier 2 Capital	26,406
3	Deductions value from Capital	-
Total Capital = (1) + (2) - (3)		3,280,163

2.2. CAPITAL ADEQUACY RATIO

2.2.1 Capital adequacy ratio calculation process.

CIMBVN has issued and implemented Capital Management Policy and Procedures as well as Procedure on Information Disclosure in accordance with Circular 41, which detail the responsibilities of the parties involved in the entry, calculation, review, reporting and disclosure of capital adequacy ratio information. The Bank has also issued and implemented Capital Management Policy and Procedures which set out early warning thresholds for capital adequacy monitoring and management. The bank performs the calculation of the capital adequacy ratio periodically every month and when necessary.

2.2.1 Capital adequacy planning.

At the point of disclosure, the Bank's capital adequacy ratio was 52.96%, much better than the regulated limit. Therefore, the Bank encountered no difficulty in maintaining CAR ratio as per regulated. CIMBVN has been taking proactive steps in controlling capital adequacy ratio, aiming to ensure compliance with SBV's regulated limit, and to create advantages in business activities. In which, CIMBVN considers the methods to stabilize and increase Owners' Equity, such as capital raising from CIMB Bank Berhad, retaining after-tax profits to supplement Capital Tier 1, setting up capital plans based on growth strategies and risk appetites, building contingency plans in response to the situations where capital adequacy ratio showing signals of declining to below the level of the internal capital adequacy ratio.

Besides, in order to maintain the capital adequacy ratio, CIMBVN has also built up and implemented plans and strategies to control risk-weighted assets. With such purpose, the bank will perform multiple actions to direct the credit growth towards lower-risk segments, control/limit credit balance in high-risk segments, and reinforce risk-mitigating procedures.

2.2.1 Capital adequacy ratio.

As at 31 December 2024, the separated Capital adequacy ratio of CIMBVN is as following:

Table 2 - Capital adequacy ratio

Unit: Million VND

A	Total risk weighted assets (RWAs) A = A1 + A2 + A3 + A4	6,193,827
A1	Credit risk	3,528,817
A2	Counterparty credit risk	1,898,944
A3	Market risk	-
A4	Operational risk	766,066
B	Capital and deduction items	
B1	Tier 1 Capital after deductions.	3,253,757
B2	Tier 2 Capital after deductions.	26,406
B3	Total Capital (B3 = B1 + B2)	3,280,163
C	Minimum Capital requirement and Capital ratios	
C1	Minimum required Capital	495,506
C2	Capital ratio	
(1)	Tier 1 Capital ratio	52.53%
(2)	Capital adequacy ratio	52.96%

3. CREDIT RISK

3.1 QUALITATIVE DISCLOSURES:

Credit risk is one of the Bank's material risks, which accounted for more than 80% capital requirement of CIMB Viet Nam. The Bank manages and monitors credit risk through Credit Risk Policy, Systems and Limits /thresholds, Credit ratings and credit risk mitigation methodology.

Credit Risk Policy

- Credit risk is managed through quantitative & qualitative methodology
- Credit underwriting and approval process is performed centrally, branches have no credit delegation authority.

Credit Risk Policy (continued):

- Credit approval is undertaken by delegated individual(s), Committee in according to the Products and credit limit
- Obligor's credit is assessed against their payment capacity and solvency based on credit criteria in Policy and Procedure, which improves the consistency and smoothness of the credit assessment process
- The portfolio quality is managed though regular reports, portfolio review and analysis against thresholds/ limits and Risk Appetite Statement. The portfolio quality is reported to management and relevant committees periodically.
- CIMB Bank Vietnam adopt Three Lines of Defence model in governing and managing Credit Risk:
 - ✓ First Line of Defence: Business divisions, Support Functions
 - ✓ Second Line of Defence: Risk and Compliance division
 - ✓ Third Line of Defence: Corporate Assurance division

Systems

- Credit Applications for individual customers are submitted via Mobile App and partner's platform.
- Credit process is set on LOS module/ system to minimize human processing errors.

Limits

- Portfolio Limits/thresholds are applicable to each portfolio
- Limits are also set to manage the concentration of the portfolio such as concentration on one customer, one customer group.

Credit ratings and credit risk mitigation methodology

- Rating of Moody's, Standard & Poor, Fitch is used for Financial Institutions. In the event that a customer obtains more than two credit ratings from different independent credit rating companies, the credit ratings corresponding to the greatest credit risk factor is applied.
- Credit Risk mitigation methodology is implemented to adjust to value of receivables, includes credit risk mitigation by collateral. Eligible collateral is only fixed deposit at CIMB Viet Nam. There is no credit risk mitigation by derivative products, on-balance sheet netting, third party guarantee.

3.2 QUANTITATIVE DISCLOSURES:

Receivables, rating-specific risk weights and total risk-weighted asset for credit exposure for which rating agencies are used (*).

Unit: Million VND

Rating agency	Credit Risk Weight	Risk Weighted Asset
Fitch, Moody's, S&P	50%	938,056
Moody's, S&P	50%	449,499
S&P	50%	60,007
Fitch	40%	96,009
No rating	70%	160,587
Total		1,704,158

(*) Including risk-weighted assets from Financial Institutions only.

Risk-weighted assets for credit risk exposure and counterparty credit exposure, broken down by subjects having credit weights as prescribed by Article 9 circular 41:

Table 3: RWA for Credit risk & counter parties risk

Unit: Million VND

RWA type	Subjects as prescribed by Article 9 circular 41	Risk weighted asset
Total RWAcrr		3,528,817
RWAcrr	Financial Institution	1,704,158
	Corporate	0
	Retail credit	969,933
	Non- performing	61,563
	Other assets	793,163
RWAccr	Financial Institution	1,898,944
Total		5,427,761

Risk-weighted assets for credit risk, broken down by industry sector

Table 4: RWA broken down by industry sector

Unit: Million VND

Sector	Risk weighted asset
Financial, banking, insurance activities	3,603,102
Service activities at households	1,031,496
The Others service activities	793,163
Total	5,427,761

Risk-weighted assets for credit risk exposure (including on-balance and off-balance sheet) before and after the effect of credit risk mitigations referred to Article 11 of Circular 41.

Unit: Million VND

RWA before credit risk mitigation	RWA after credit risk mitigation
7,726,997	5,427,761

4. OPERATION RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The operational risk management policy includes the principles and methods for identifying, measuring, evaluating, and managing operational risk to ensure full compliance with the current regulations of the State Bank of Vietnam and other regulators, and in accordance with the rules and business strategies of CIMBVN.

In addition, CIMBVN has issued Business Continuity Plan for all divisions to ensure the Bank can maintain business continuity in the event of incidents or disasters. CIMBVN has also invested in Information Technology to ensure all critical systems in the Bank have proper DR systems. Annually, the Bank also performs BCP and DR exercises in compliance with SBV requirements.

CIMBVN implements a risk assessment and control tool called “Risk self- assessment and control (RCSA)” to help business units to identify and assess potential risks at their units, in order to propose necessary solutions to minimize risk.

Control Issue Management (CIM) and Loss Event Database (LED) are used to track operational risk control issues and loss events for management to enhance risk control to minimize future operational losses.

Table 5: Business indicator values

Unit: Million VND

No.	Business Indicator Approach (BIA) Components	Details	Average 12 consecutive quarters	Capital requirement (*)	RWAor (**)
1	IC	Interest income Interest expenses	291,278	43,692	546,150
2	SC	Service free income Service free expenses Other operating income Other operating expenses	88,814	13,322	166,525
3	FC	Net gain/ loss from trading securities Net gain/ loss from trading of investment securities Net gain/ loss from gold and foreign exchange activities Net gain/ loss from interest/ commodity/ derivative business	28,477	4,272	53,401
Total			408,569	61,286	766,076

(*) is calculated by multiplying the Average value of 12 consecutive quarters by alpha coefficient 15%

(**) is calculated by multiplying the (*) by alpha coefficient 12.5

5. MARKET RISK

5.1 QUALITATIVE COMMENTS

Market risk encompasses the risk of financial loss resulting from movements in market risk factors, primarily Interest/Profit Rate Risk, Foreign Exchange Risk, Commodity Risk, Equity Risk, Option Risk.

Market Risk policy

- The CIMB Bank Vietnam Market Risk Policy was developed in compliance with regulations of State Bank of Vietnam (SBV).
- The policy is created for between 3 and 5 years of application but must be reviewed as and when required or according to the frequency required by Circular 13/2018/TT-NHNN or CIMB Vietnam Risk Policy Governance and Approval Standard, whichever is more stringent.
- Objectives of Market Risk Policies are as follows:
 - ✓ Manage volatility in the CIMB Bank Vietnam earnings and value due to market risk
 - ✓ Establish a sound operating environment for market risk activities that are consistent with the governance and control standards of the CIMB Vietnam RAS
- CIMB Bank Vietnam adopt the strategic implementation of Three - Tiered model, i.e. Three Lines of Risk Defence, in governing and managing market risk.
 - ✓ First Line of Defence: Treasury Division
 - ✓ Second Line of Defence: Market Risk Management Department
 - ✓ Third Line of Defence: Corporate Assurance Division
- Market Risk Limits (DV01, NOP) were set up and monitored on a daily basis by Risk Management Department. The positions are reported to Viet Nam Board Risk and Compliance Committee (VBRCC), Vietnam Risk and Compliance Committee (VRCC), Board of Members (BOM) on a monthly basis.

Trading Strategy

CIMB Vietnam focuses on the banking book to prevent accounts or entries on the asset balance sheet (including off-balance-sheet accounts or entries) from being exposed to risks. CIMB also performs financial asset trading transactions to create liquidity reserves. In regard to Proprietary trading, the Bank only performs FX buying and selling in compliance with regulations with tenor less than 1 year to earn profit generated from market price differences, including FX spot transactions.

FX swap transactions used for funding purposes are classified as banking book transactions as per Circular 41. The Risk-weighted assets of these transactions are calculated as counterparty credit risk.

Trading book portfolio

The trading book currently only captures FX aimed at serving the demands of retail customers and transactions that serve the purpose of corresponding to these ones, including:

- Retail clients: FX spot
- At end of December 2024, there were only FX spot transactions.

5.2 QUANTITATIVE COMMENTS

Please find below Regulatory capital for market risk

Table 6: Regulatory capital requirements for Market risk

Unit: Vietnam dong

Number	Detail	Capital requirement	Remark
1	Interest rate risk	0	CIMB VN's trading book only has FX SPOT. Market value of these financial instruments is not impacted by interest rate variation.
2	Equity risk	0	The Bank does not have this related activity
3	Foreign exchange risk	0	NOP is smaller than 2% of bank's equity, hence this is not applied
4	Commodities risk	0	The Bank does not have this related activity
5	Option risk	0	The Bank does not have this related activity
Total for Market Risk		0	

Hanoi, 28 April 2025

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