TABLE OF CONTENTS

DISCLOSURE OF CAPITAL ADEQUACY RATIO OF SHB

(As of June 30, 2025)

Scope of capital adequacy ratio calculation

This is the information disclosure related to the capital adequacy ratio of Saigon – Hanoi Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively referred to as "SHB") as of June 30, 2025. The information is disclosed in accordance with Circular 41/2016/TT-NHNN dated December 30, 2016 of the State Bank of Vietnam (SBV) regulating the capital adequacy ratio for banks and branches. foreign banks (Appendix 5 - Disclosure content).

As at June 30, 2025, the Consolidated CAR for SHB was calculated by including its subsidiaries and affiliates:

Subsidiaries

No.	Company name	Charter capital (million VND)	Business lines	Bank ownership ratio
1	Debt Management and Asset Exploitation One Member Company Limited Saigon – Hanoi Commercial Joint Stock Bank ("SHB AMC")	20.000	Debt management and asset exploitation	100%
2	Saigon – Hanoi Laos One Member LLC Bank ("SHB Laos")	1.279.488	Finance/Banking	100%
3	Saigon – Hanoi Cambodia One Member LLC Bank ("SHB Cambodia")	1.744.452	Finance/Banking	100%

Affiliates

No.`	Company name	Charter capital (million VND)	Business lines	Bank ownership ratio
1	Saigon – Hanoi Commercial Joint Stock Bank Finance	1.000.000	Consumer Finance	50%

	Company Limited ("SHB FC")			

As of June 30, 2025, SHB has no insurance subsidiaries/affiliates. Consequently, the consolidated balance sheet used to calculate the Consolidated CAR is identical to the balance sheet.

1. Owner's equity capital structure

❖ Main components of SHB's equity include:

➢ *Main components of Tier 1 Capital:*

- Charter capital
- Reserve fund to supplement charter capital
- Professional development investment fund
- Financial provision fund
- Undistributed profits

➢ *Main components of Tier 2 Capital:*

- 80% of the general provision in compliance with the regulations of the SBV on classification of assets, provisioning ratio, provisioning method and usage for credit institutions, foreign bank branches.
- Subordinated debt issued by SHB in compliance with the SBV's requirements is included in tier 2 capital.

❖ Information is provided regarding the components of Tier 1 and Tier 2 Capital, detailing deductions upon calculating SHB's separate and consolidated equity as of June 30, 2025 is as follows:

Unit: million dong

Equity	**Separate**	**Consolidated**
1. Deductions from equity		
Deductions from Tier 1 capital	5.260	5.260
Deductions from Tier 2 capital	-	-
Other	3.567.955	392.682
Total deductions	**3.573.214**	**397.942**
2. Equity		
Tier 1 capital (after deductions)	62.345.553	63.062.806

Tier 2 capital (after deductions)	21.093.229	21.198.157
Total Owner's Equity	**79.870.828**	**83.868.281**

2. Capital adequacy ratio (CAR):

a) Qualitative content

- Procedure for calculating CAR:

SHB has developed an automated system to calculate the CAR on a monthly basis. Additionally, SHB has implemented internal regulations and processes that define the responsibilities and authority of the relevant departments in calculating and managing the CAR in accordance with Circular 41/2016/TT-NHN.

- Capital plan to maintain CAR:

SHB actively manages its CAR to ensure compliance with the regulations of the SBV, in alignment with its Risk Appetite, while maintaining a capital safety buffer to safeguard the bank's business activities and growth.

In particular, SHB develops an annual Capital Plan based on the Internal Capital Adequacy Assessment Process (ICAAP) with the following key components:

- The Capital Plan is prepared annually and includes a three-year forecast.
- The plan is detailed for each component, including Tier 1 capital, Tier 2 capital, and deductions, with specific plans for increasing each capital tier.
- The Capital Plan ensures compliance with the regulations of the SBV and reflects the bank's Risk Appetite under both normal business and adverse conditions.

b) Quantitative content:

Unit: million dong

Indicators		**Separate**	**Consolidated**
A	**Equity capital**	**79.870.828**	**83.868.281**
A1	Tier 1 capital (after deductions)	62.345.553	63.062.806
B	**Risk-weighted Assets (RWA) (= 1 + 2 + (3+ 4)* 12.5)**	**662.200.267**	**673.195.348**
1	RWA for credit risk (RWA CR)	619.382.954	627.856.213
2	RWA for counterparty credit risk (RWA CCR)	185.700	185.700

3	Required capital for operational risk	3.313.769	3.515.514
4	Required capital for market risk	96.761	96.761
C	**Tier 1 capital ratio (=A1/B)**	**9,41%**	**9,37%**
D	**CAR (=A/B)**	**12,06%**	**12,46%**

3. Credit risk:

a. Qualitative content:

Credit risk is one of the key risks of the bank, defined by SHB as:

(i) Credit risk: The risk that a customer (whether an individual or legal entity, including credit institutions and foreign bank branches) fails, or is unable, to fulfill part or all of their debt repayment obligations under a contract or agreement with SHB, excluding counterparty credit risk;

(ii) Counterparty credit risk: The risk that a counterparty (an individual or legal entity) fails to perform or is unable to perform part or all of its payment obligation before or when due for the following transactions. :

- Proprietary transactions ;
- Repo transactions and reverse repo transactions;
- Trading derivatives to hedge risks ;
- Buying and selling foreign currencies and financial assets for the purpose of serving the needs of customers and partners.

❖ Credit Risk Management Policy

SHB has established a Credit Risk Management Policy to align the objectives, principles, and framework of credit risk management, ensuring adherence to international standards and best practices in Vietnam.

The policy comprehensively outlines the measures required to ensure SHB's credit activities are conducted safely and effectively, in line with the bank's risk management orientation for each period. Specifically, it covers:

- Aligning the objectives, principles, and responsibilities of credit risk management;
- Detailing key aspects of Credit Risk Management, including: credit risk management strategy, risk limits, identification, measurement, control, and

mitigation of credit risks, the internal credit rating system, credit appraisal, approval of credit risk decisions, credit management, early warning systems, post-disbursement management, collateral management, problem credit management, debt classification and provisioning, credit risk management for new products and markets, credit portfolio management, centralized credit risk management, credit risk management data, and reporting;

- Counterparty credit risk management, including: counterparty credit risk management, measurement, monitoring, control, and reporting.

SHB has established Credit Risk Limit Regulations. These limits are developed based on requirements set by the Law on Credit Institutions and the State Bank, as well as SHB's risk appetite, business strategies, and risk management strategies. They also consider the business practices and capabilities of the bank's human resources and IT systems for calculating, monitoring, and managing these limits. Historical data on risk limit indicators—including assessments and analyses of fluctuations, compliance levels, and the impact on capital and profit for each market segment—are also factored in. SHB assesses its credit risk limits annually to make appropriate adjustments.

In addition, SHB has developed a range of tools and models for measuring and assessing credit risk, including the Internal Rating-Based (IRB**)** approach, the Debt Collection Management System**,** and a comprehensive reporting system to proactively detect and manage credit risks. These systems enable SHB to implement timely measures to prevent and mitigate risks. SHB has also established a dedicated unit to monitor, issue early warnings, and supervise debts requiring attention

❖ Use independent rating

According to Circular 41, banks are required to utilize contracted and regulation-compliant independent rating agencies to assign risk weights to financial institution receivables. At SHB, the bank uses the rating results of three independent credit rating agencies: Moody's, Standard & Poor's and Fitch Rating *(For further details, please see Section b. Quantitative content below).*

❖ Mitigate credit risk

According to Circular 41 issued by the SBV, banks are allowed to mitigate credit risks by implementing one or a combination of the following measures to ensure that all the conditions mentioned in Articles 11 to 15 of the Circular are fully satisfied:

(1) Collateral

(2) Balance sheet offsetting

(3) Third Party Guarantee

(4) Credit Derivatives.

As of June 30, 2025, SHB primarily utilized balance sheet offsetting as the primary credit risk mitigation measure and did not employ credit derivative products (*For further details, please see Section b . Quantitative content below).*

b. Quantitative content:

❖ Weighted risks of receivables are defined by independent ratings and their corresponding consolidated RWA are as follows:

Unit: million dong

Rating	**RWA**
From AAA to AA-	10.460
From A+ to BBB-	230.561
From BB+ to B-	8.916.478
Below B- or no rating	5.505.291
Total	**14.662.790**

❖ The RWA CR and RWA CCR in the consolidated figures are as follows:

Unit: million dong

Indicators	**Amount**
1. RWA CR	**627.856.213**
Receivables from the Government	1.919.550
Receivables from Financial Institutions	12.744.898
Receivables from Corporate Customers (*)	530.236.054
Receivables from Retail Customers (**)	57.046.243
Others	25.909.468
2. RWA CCR	**185.700**

(*) Including receivables from businesses and loans secured by real estate to corporate customers.

(**) Including retail receivables, mortgage loans, agricultural and rural loans ,retail loans secured by real estate.

❖ RWA by industry in consolidated amount are as follows:

Unit: million dong

Indicators	**Amount**
Total loan	**545.445.087**
1. Economic entities	482.307.715
Wholesale and retail; repair of cars, motorcycles and other motor vehicles	100.329.814
Manufacturing and processing industry	32.735.421
Construction	85.360.411
Agriculture, forestry and fisheries	7.313.719
Real estate trading	154.486.322
Transportation, warehousing	26.674.707
Production and distribution of electricity, gas, hot water, steam and air conditioner	34.618.696
Other service activities	3.734.200
Accommodation and food services	11.957.763
Mining	1.209.133
Finance, banking and insurance	1.965.000
Others	21.922.529
2. Retail customers	**63.137.373**

❖ RWA (including both on-balance sheet and off-balance sheet Indicators) are subject to the credit risk mitigation measures outlined in Circular 41, in consolidated amount as follows:

Indicators	**Amount before mitigation**	**Amount after mitigation**
RWA subject to mitigation	**110.525.216**	**13.895.210**
Mitigation by Collateral	45.865.104	13.403.246
Mitigation by balance sheet offsetting	64.660.112	491.965
Mitigation by third party guarantees	0	0
Mitigation by credit derivatives	-	-

Indicators	Amount before mitigation	Amount after mitigation
RWA subject to no mitigation	**613.961.003**	**613.961.003**
Total	**724.486.219**	**627.856.213**

4. Operational risks:

a) Qualitative content:

Operational risk (OR) of SHB is defined as: the risk due to incomplete or erroneous internal processes, human factors, system failures, or external factors. financial loss, negative non-financial impact on SHB (including legal risks). Operational risk excludes reputational risk and strategic risk.

(i) **Current operational risk management policy of SHB** :

SHB issued and reviewed the Operational Risk Management (ORM) Policy to ensure compliance with current practices, align the ORM framework with the requirements of the SBV of Vietnam, and meet international standards and best practices. The policy covers the following key aspects:

- Alignment of definitions, classification, and general principles of operational risk (OR);
- Regulations on the three lines of defense model to manage operational risks, detailing the roles and responsibilities of all parties involved in ORM across the bank, including the Board of Directors, Risk Management Committee, Chief Executive Officers/Management, Risk Management Council, Risk Management Division, Compliance Department, and all individuals and units at SHB; dedicated ORM employees are assigned at each branch;
- Guidelines on ORM strategies**,** risk appetite, and risk limits;
- Methods for identifying, measuring, monitoring, and controlling operational risks and specific measures.
- ORM for new products and operations in new markets, technology applications and outsourcing activities;
- Regulations on the Business Continuity Plan (BCP)**;**
- Insurance policies aimed at minimizing operational risk losses;
- Capital requirements for operational risks;
- ORM reporting, communication, and early warning mechanisms.

SHB has issued instructions and implemented the aforementioned ORM Policy. During the first half of 2025, the bank continued to apply the following four methods for identifying, measuring, and controlling operational risks:

1. Collection and analysis of internal and external loss data;
2. Self-assessing risks and controls
3. Mapping business processes;
4. Key risk indicators in compliance with Circular 13/2018/TT-NHNN which requires the implementation of at least two such methods.

In addition to mandatory insurance, SHB has also signed and maintained several insurance contracts from 2022 to 2025 to further mitigate operational risk losses. These include Cyber Risk Insurance**,** Financial Institution Professional Indemnity (FIPI) Insurance**,** and Bankers Blanket Bond & Electronic Computer Crime (BBB & ECC) Insurance.

(ii) **Business continuity plan (BCP):**

SHB has issued comprehensive guidelines and developed a detailed Business Continuity Plan (BCP) to address disruption events, as required by Circular 13/2018/TT-NHNN. The BCP is implemented at 19 key units at headquarter, bank-wide branches, and business centers to ensure operational resilience.

In the first half of 2025, the following BCP tests were conducted:

- A total of 23 Level 3 IT systems were tested on a rotational basis.
- For the 24/7 customer service hotline: A test stimulating the loss of internal transmission lines at the primary location was conducted, thereby requiring a switch to a backup site.
- For critical Headquarter Units: Tests included scenarios such as fire, flood, or loss of internal transmission lines, all of which required emergency evacuation from the building and relocation to a backup site.
- For Branches and Transaction Offices: BCP tests covered several scenarios, including: 1) Obstruction of office access, necessitating relocation to a backup site or the use of an alternate unit; 2) Fire or explosion, requiring emergency evacuation from the building; 3) Temporary cessation of transactions at the branch or office; 4) Loss of power and/or internal transmission lines.

b) Quantitative content:

The required capital for operational risk is calculated at 15% of the average performance indicators over the past three years, as of the time of calculation, and is outlined in accordance with the Appendix 3 of Circular 41. The specific consolidated figures are as follows:

Components	Separate	Consolidated
IC	25.592.501	26.353.742
FC	559.548	560.749
SC	838.345	920.479
BI	26.990.394	27.834.970
K_{OR} *(Required capital for OR)*	**3.313.769**	**3.515.514**
12.5*K_{OR} *(Total RWA for OR)*	**41.422.107**	**43.943.928**

5. Market risk:

a) Qualitative content:

❖ Market risk (MR) is the risk caused by adverse fluctuations in interest rates, exchange rates, stock prices and commodity prices in the market.

❖ Market risk management policy:

The Market Risk Management (MRM) policy is issued, reviewed, and evaluated on an annual or ad-hoc basis to ensure alignment with the Bank's evolving risk management strategy. In line with the objectives and principles outlined in the MRM policy, SHB has developed and implemented a comprehensive system of documents, regulations, and processes for effective market risk management. These include:

- Regulations on the separation of trading books and banking books;
- Regulations for market risk measurement;
- Guidelines for market risk measurement;
- Market risk management processes;

- Regulations on market risk limits;

This structured approach ensures that market risk management is carried out efficiently and consistently across the organization:

- The MRM policy establishes the objectives and principles of risk management to meet the requirements of the MRM strategy. It also outlines the oversight system, which is structured around the three lines of defense.
- In addition to the centralized interest rate and exchange rate risk management policy at the Head Office, SHB has developed principles for MRM under both normal and crisis conditions. This includes establishing risk limits and thresholds, developing stress scenarios, and conducting stress testing. These efforts enable SHB to formulate contingency plans for adverse situations. The policy also prescribes preventive measures and principles, such as closing positions and utilizing derivatives or hedging products, to mitigate risks effectively
- Implemented the Policy on MRM**,** SHB has fully established a system of MRM measures to manage risks, including:

  - Dealers limit;
  - Loss limit;
  - Stop loss (stop loss limit);
  - Status/portfolio limit;
  - Maximum holding period limit;
  - Sensitivity limit (PV01 – present value of 01 bps), etc.

  Market risk limits are reviewed at least annually or on an ad-hoc basis when there are significant market fluctuations

- Based on the established market risk limits**,** SHB conducts measurement**,** monitoring, and control to assess compliance with these limits. This process ensures the capability to provide early warnings, enabling timely and appropriate remedial actions.

❖ Outline of the Proprietary Trading Strategy ;

The Proprietary Trading Strategy is developed for proprietary activities and products for a period of three years and is reviewed annually to allow for timely adjustments in response to changing market and business conditions. SHB formulates a proprietary trading strategy for each product and currency, incorporating hedging principles for each product group based on the bank's risk appetite. This approach ensures the optimization of capital while maintaining a balance between profit target and the bank's CAR.

❖ Trading book portfolio includes:

- ✓ Bonds
- ✓ Interest rate derivatives
- ✓ The entire forex trading portfolio includes spot, forward and swap transactions

b) Quantitative content:

The capital required for market risk includes the capital necessary for interest rate risk and foreign exchange risk. As of June 30, 2025, SHB has not engaged in stock, commodity, or options trading activities; therefore, it has not incurred capital requirements for these associated risks.

The required capital for interest rate risk and foreign exchange risk is calculated according to the guidance in Circular 41 are as follows:

Indicators	**Separate**		**Consolidated**	
	Required capital for market risk	**Total RWA**	**Required capital for market risk**	**Total RWA**
Interest rate risk	96.761	1.209.507	96.761	1.209.507
Stock price risk	0	-	0	-
Forex risk	0	-	0	-
Commodity price risk	0	-	0	-
Risks for option trading	0	-	0	-
Total	**96.761**	**1.209.507**	**96.761**	**1.209.507**