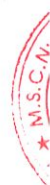




KASIKORNBANK PCL – HO CHI MINH CITY BRANCH

CAPITAL ADEQUACY RATIO DISCLOSURE

Dec 2024





Contents

1. Scope of measurement of capital adequacy ratio	3
2. Equity capital structure	3
3. Capital adequacy ratio	4
4. Credit risk	5
5. Operational risk	8
6. Market risk	10



1. Scope of measurement of capital adequacy ratio

The disclosure of capital adequacy ratio for KASIKORNBANK Public company limited - Ho Chi Minh City Branch (KBank HCMC) is the period ended 31 Dec 2024 and this disclosure complies with regulation, for capital adequacy ratios of foreign bank branches.

As of 31 Dec 2024, KBank HCMC has no any subsidiaries and associates; therefore, the branch has calculated capital adequacy ratio as foreign bank branch only.

2. Equity capital structure

As of 31 Dec 2024, KBank HCMC's own capital consists mainly of contributed capital from KBank as the parent bank and has no financial instruments such as subordinated debt. The following table presents the capital components.

Table 1 Structure of Capital

Unit : Million VND

Capital Information		Amount 31 Dec 2024
1	Tier 1 capital	7,217,136
2	Tier 2 capital	59,116
3	Deductions from capital	700,035
	Total Capital = (1) + (2) – (3)	6,576,217

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3. Capital adequacy ratio

3.1. Capital adequacy ratio assessment

KBank HCMC has the standard operational process to calculate capital adequacy ratio ranging from data collection, calculation, result validation to reporting with the support of KBank as the parent bank. This standard procedure ensures that data is calculated correctly.

3.2. Capital planning

KBank HCMC manages capital adequacy ratio dynamically through capital and RWA management and controls both capital and RWA to be in line with business growth and strategies in order to maintain the capital adequacy ratio above SBV's requirements . In addition, the branch assesses capital projection in the future to ensure sufficient capital for business operation as usual.

As of 31 Dec 2024, the capital adequacy ratio of KBank HCMC was shown as below:

Table 2 CAR, Risk weighted assets and required capital by type of risks

Unit :Million VND

Items	31 Dec 2024	
	Capital requirement	Risk Weighted Asset
Credit risk		17,048,744
Counterparty credit risk		100,403
Market risk	10	123
Operational risk	77,997	974,968
Total risk		18,124,238
Capital Ratios		
Tier 1 Capital ratio	35.96%	
Capital adequacy ratio	36.28%	



4. Credit risk

4.1 . Qualitative disclosures

Credit risk refers to risk whereby a counterparty or borrower may default on contractual obligations or agreements, or have an intention to not abide by an agreement, resulting in losses. Therefore, the branch places significance on credit risk management compatible with international standards and regulatory requirements to ensure sustainable growth and reasonable returns to shareholders and investors.

KBank HCMC has established credit policies and related credit procedures that comply with SBV's requirements. The branch carries out credit risk management throughout the credit review, appraisal, approval and management processes. The branch's strategies focus on proactive risk management related to the latest situation from macroeconomic factors to each customer in order to manage credit risk timely and effectively. The branch also develops appropriate credit risk rating tools, which are used to monitor and assess creditworthiness of customers as well as to ensure the effectiveness of credit risk management . The credit risk rating is also applied across credit processes, including approval process, risk based pricing, and provisioning.

Besides, KBank HCMC shall control risk positions, transactions and activities according to our risk limits and timely handling of risk to ensure compliance to the risk limits .

For capital adequacy ratio calculation, the branch has used the credit rating from Moody's, S&P and Fitch rating agencies for financial institutions and sovereign to assign credit risk weight. As of 31 Dec 2024, the branch uses term deposit and standby Letter of Credit (SBLC) at the bank as credit risk mitigation for risk weighted asset calculation.

4.2. Quantitative disclosures

- Risk-weighted assets for credit risk and counterparty credit risk, broken down by subjects having credit risk weights as prescribed by Article 9 of Circular 41;



Table 3 RWA for Credit risk and Counterparty Credit risk corresponding to credit ratings by External Credit Rating Agencies

Unit : Million VND

Type of Claim	External rating	Credit risk weight (%)	RWA CR	RWA CCR	Total
Overseas Financial Institutions	AAA to AA-	20%	141,355	-	141,355
	A+ to A-	50%	729,914	-	729,914
	BBB+ to BBB-	50%	4,383,234	77	4,383,311
	BB+ to BB-	100%	-	-	-
	B+ to B-	100%	-	-	-
	Below B-	150%	-	-	-
Domestic Financial Institutions (<3M)	AAA to AA-	10%	-	-	-
	A+ to A-	20%	-	-	-
	BBB+ to BBB-	20%	-	-	-
	BB+ to BB-	40%	287,157	3,654	290,811
	B+ to B-	50%	180,025	157	180,182
	Below B-	70%	-	-	-
Domestic Financial Institutions (>=3M)	AAA to AA-	20%	-	-	-
	A+ to A-	50%	-	-	-
	BBB+ to BBB-	50%	-	-	-
	BB+ to BB-	80%	140,067	86,404	226,471
	B+ to B-	100%	706	2,314	3,020
	Below B-	150%	-	-	-
Total			5,862,458	92,606	5,955,064

Table 4 RWA for Credit risk and Counterparty Credit risk by asset classes

Unit : Million VND

Seq.	Type of Claim	RWA Credit	RWA CCR	Total
1	Receivable from the government	-	-	-
2	Receivable from the financial institutions	5,862,458	92,606	5,955,064
3	Receivable from the enterprise	10,240,705	7,797	10,248,502
4	Loans secured by real estates	-	-	-
5	Mortgage loans	63,927	-	63,927
6	Retail receivable	77,840	-	77,840
7	Non-performing loans	96,593	-	96,593
8	Other assets	707,221	-	707,221
Total		17,048,744	100,403	17,149,147



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

Table 5 RWA for Credit risk and Counterparty Credit risk by Industry

Unit : Million VND

Seq.	Industry	RWA Credit	RWA CCR	Total
1	Manufacturing	4,798,942	12	4,798,954
2	Water Supply; Waste And Wastewater Management And Treatment Activities	313,538	-	313,538
3	Construction	108,883	-	108,883
4	Wholesale And Retail Trade; Repair Of Motor Vehicles, Motorcycles And Other Motor Vehicles	3,335,923	7,785	3,343,708
5	Transportation And Warehouse	97,217	-	97,217
6	Hotels And Restaurants	157,733	-	157,733
7	Financial, Banking, Insurance activities	5,862,458	92,606	5,955,064
8	Real Estate Business	1,071,513	-	1,071,513
9	Professional, Scientific and Technological activities	101,221	-	101,221
10	Retail	154,465	-	154,465
11	Agriculture, Forestry and Fishing	225,308	-	225,308
12	Information And Communication	9,303	-	9,303
13	Others	812,240		812,240
Total		17,048,744	100,403	17,149,147

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

As of 31 Dec 2024, the branch uses term deposit and standby Letter of Credit (SBLC) as credit risk mitigation tools for the calculation of risk weighted asset, the amount of risk-weighted assets for credit risk exposures both before and after the application of on-balance-sheet netting by term deposit and third-party guarantee via standby Letter of Credit (SBLC) are as follows:



Table 6 Credit Risk Assets Before And After Applying Risk Mitigation

Unit :Million VND

	Risk weighted assets before risk mitigation	Risk weighted assets after risk mitigation
Collateral	-	-
On Balance Sheet Netting	4,479,738	2,915,004
Third-party guarantee	76,990	35,991
Credit derivatives	-	-
No risk mitigation	14,097,749	14,097,749
Total	18,654,477	17,048,744

5. Operational risk

Operational risk is defined as the risk of direct or indirect losses to a bank's revenue or capital resulting from incorrect or inadequate processes, personal, operating and/or IT systems or external events. KBank HCMC has established operational risk management policies in compliance with SBV's requirements, which consist of two main parts as follows:

- Policy on administration of risk management
- Policy to tackle cases of emergency (BCM)

KBank HCMC implements comprehensive risk management framework that the operational risk is controlled under risk appetite and all employees are aware and accountable for operational risk management as per KBank-wide organization culture . KBank HCMC adopts the KBank-wide concept of transparent and efficient operational risk management framework as follows:

- The three lines of defense: to clarify and specialization of duties clearly defined according to the internal control principles among organization
 - o 1st Line of Defense: The business units identify, control of risk limit on day to day under the authority's body approval, and mitigate risks.
 - o 2nd Line of Defense: The risk controlling unit designs and deploys the overall risk management framework, provides interpretation of regulation, and monitor the adherence to risk strategy, and advise on regulatory issues



to ensure the compliance with relevant laws, regulations and internal risk policies.

- 3rd Line of Defense: Internal audit independently assesses the effectiveness of internal control and provides recommendations for improvements.
- BCM will mitigate possible impacts from a disaster on KBank HCMC's product and service processes. Apart from specifying the IT recovery methods, the BCM plan is aimed to ensure that all critical business functions / mission critical activities will be rapidly restored for fulfillment of KBank HCMC's obligations. The purpose of BCM can be summarized as follows:
 - Minimizing any period of service disruption.
 - Restoring critical business functions/ mission critical activities within an acceptable period after a service disruption.
 - Limiting damages to the Branch's operations and capital that may be caused by a disruptive event.
 - Protecting KBank HCMC's reputation and image.

Operational risk management framework: to ensure the product or service launched to market within acceptable level and appropriate with market practice.

Table 7 Capital requirement and RWA for operational risk

Unit : Million VND

No.	Business Indicator	Annualized (*)	Capital Requirement (**)	RWA (***)
1	IC	292,907	43,936	549,200
2	SC	164,964	24,744	309,305
3	FC	62,112	9,317	116,463
Total for operational risk		519,983	77,997	974,968

IC: Absolute value of interest income and its equivalents minus interest cost and its equivalents.

SC: Total value of income earned from service activities, costs incurred from service activities, other operating income and costs.





FC: Total absolute value of Net Profit/Loss from foreign exchange, trading securities and investment securities trading activities.

(*) The annualized value of Year 2022, 2023 and 2024

(**) Regulatory capital using coefficient 15%

(***) Risk weighted asset using coefficient 12.5

6. Market risk

6.1 . Qualitative disclosures

Market risk may arise from changes in interest rate, foreign exchange, equity and commodity prices, as well as credit spreads. These changes may impact present and future income, capital, the value of financial assets and liabilities as well as off-balance sheet items. According to the current business structure, KBank HCMC is emerging only interest rate risk and exchange rate risk.

KBank HCMC market risk policy is formulated with regulations of State Bank of Vietnam (SBV) and must be reviewed at least once a year. Main objective of the policy is an operational guideline for all stakeholders under the risk framework of the branch . Also, it is to identify and differentiate the transactions of the bank into trading book or banking book. The main strategy of the trading book is to support customers' need and not for proprietary trading.

KBank HCMC ensures that proper risk management process, which comprises risk identification, risk measurement, risk monitoring & control, and risk reporting, is in place, considering both external and internal factors, qualitatively and quantitatively .The process is done by risk units, which are independent from business units to ensure segregation of duties.

The bank only performs FX buying and selling with tenor less than 1 year, including FX today, tomorrow, spot, forward and swap.



6.2. Quantitative disclosures

Table 8 Capital requirement for market risk

Unit : Million VND

No.	Risk Types	Capital Requirement	Remark
1	Interest rate risk	10	
2	Equity risk	-	The bank does not have position related to equity risk
3	Foreign exchange risk	-	NOP is smaller than 2% of bank's equity, hence this is not applied
4	Commodities risk	-	The bank does not have position related to commodities risk
5	Option risk	-	The bank does not have position related to option risk
Total for market risk		10	





Ho Chi Minh city, Mar 18, 2025

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HOCHIMINH CITY BRANCH




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