SOUTHEAST ASIA JOINT STOCK COMMERCIAL BANK
25 Tran Hung Dao, Hoan Kiem, Hanoi

SeABank

CAPITAL ADEQUACY RATIO DISCLOSURE

JUNE 30

2021

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SeABank

Kết nối giá trị cuộc sống

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GENERAL INTRODUCTION

On October 29 of 2019, SeABank received formal regulatory recognition from the State Bank of Vietnam ("SBV") in achieving, among other things, a satisfactory capital adequacy ratio in line with Basel II, as specified in Decision 2263/QD-NHNN of the SBV. The application of Basel II into SeABank's business activities delivered a positive impact, in particular:

- The capital adequacy ratio (CAR) now forms part of SeABank's risk appetite and is a key basis for implementing business plans and risk management in the short and medium term.
- Business units are improving customer data (such as financial statements of SME customers, collateral security and credit limits, etc.).
- Improved awareness of business units in reviewing and granting credit limits to customers.
- Clear understanding by the Board of Management of capital adequacy requirements for risk provisions, including regulatory capital (stipulated in Circular 41 for credit risk, market risk and operational risk) and other material risks (stipulated in Circular 13 for interest rate risk in banking book, concentration risk, etc.).

Scope of disclosure

This report is made as at June 30, 2021 and is made in accordance with Circular 41/2016/TT-NHNN dated December 30, 2016 stipulating capital adequacy ratio and information disclosure requirements for commercial banks and the foreign banks' branches.

Scope of capital adequacy ratio calculation

Consolidated CAR is calculated on the basis of the consolidated financial statement of SeABank and its subsidiaries, which are SeABank Asset Management Company Limited (SeABank AMC) and Post & Telecommunication Finance Company Limited (PTF Vietnam) which is 100% owned by SeABank and has no insurance business subsidiary. Both companies financial statements are consolidated in accordance with accounting standards.

Unit: million VND

	Investment Amount	Proportion of ownership (%)
Capital contribution		
1. SeABank Assets Management One Member Company Limited	500,000	100%
2. Post and Telecommunication Finance Company Limited	1,260,000	100%
TOTAL	**1,760,000**	

CAPITAL ADEQUACY RATIO

Process of calculating the capital adequacy ratio

SeABank has issued an internal regulation managing its capital adequacy ratio ("CAR") in line with Circular 41, to provide the CAR principles, CAR model management, requirements of SeABank's IT system and the responsibilities of stakeholders in CAR measurement, monitoring and reporting.

The CAR calculation system of SeABank is automated on the basis of data extracted from the core banking system. Data for CAR calculations is regularly reviewed and collated to ensure accuracy. The CAR report is also reviewed and approved before being issued.

CAR calculation process include 3 steps:

- Collecting and validating data;
- Automatic calculation in the system;
- Analysis reporting, providing results, and archiving.

Capital plan

SeABank's capital plan is built in accordance with the capital requirements of Circular 41 to ensure capital adequacy so that it can:

- Meet requirements in terms of SeABank's own risk appetite and commitments;
- Successfully comply with the minimum 8% CAR stipulated by legal regulations to ensure stable implementation of business strategies.
- Allow SeABank to operate with stability, even during periods of recession or adverse market volatility.
- Be aligned with the strategic and operational targets of SeABank, the expectation of shareholders and investors.

Unit: million VND

Table 1: Capital adequacy ratio & Risk-weighted assets		SEPARATE	CONSOLIDATED
(1)	Total of tier-1 capital (after deduction)	15,061,818	14,362,943
(2)	Total of tier-2 capital (after deduction)	1,713,604	1,715,560
(3)	Items deducted when calculating equity	1,273,643	-
	Total equity	**15,501,779**	**16,078,503**
(4)	Credit risk-weighted assets	122,868,810	123,178,912
(5)	Counterparty credit risk-weighted assets	1,906,626	1,906,626
(6)	Regulatory capital for operational risk	213,345	234,378
(7)	Regulatory capital for market risk	1,549,668	1,549,795
	Total risk-weighted assets	**146,813,098**	**147,387,706**
Minimum regulatory capital		11,745,048	11,791,016
Tier-1 capital adequacy ratio		***10.26%***	***9.75%***
Capital adequacy ratio (CAR)		***10.56%***	***10.91%***

EQUITY

Components of equity: According to SBV regulations, SeABank's own capital is divided into two main types: Tier 1 capital and Tier 2 capital, based on the holding time and the ability to absorb capital losses.

Tier 1 capital – Equity consists primarily of equity and published reserves. There is no obligation to pay interest periodically or dividends to shareholders of this type of capital. Equity can be used immediately and without limitation, to offset any risks or losses.

Tier 2 capital – Additional capital sources include: (1) Other reserve funds deducted from profit after tax, (2) 45% of the capital increase due to revaluation of long-term investment capital contributions, (3) 50% of capital increase due to revaluation of fixed assets, (4) 80% of general provisions under the SBV's regulations on classification of assets, deduction levels, methods of making provisions and using risk provisions, (5) Capital debt instruments issued by the Bank, and (6) Subordinated debt signed by the Issuing Bank that fully satisfies the conditions of the SBV.

Equity instruments: SeABank has not yet issued any equity instruments.

Unit: million VND

Table 2: Separate equity

SEPARATE TIER 1 CAPITAL (A) = A1 – A2		**15,061,818**
Separate tier 1 capital components (A1) = ∑1÷7		**15,061,818**
1	Charter capital (allocated capital, contributed capital)	12,087,442
2	Reserve fund for charter capital supplement	156,102
3	Professional development investment fund	-
4	Financial provision fund	263,053
5	Capital construction investment, fixed assets procurement	-
6	Undistributed profits	2,555,221
7	Share premium	-
Amounts deducted from separate tier 1 capital (A2) = ∑ 8÷10		**-**
8	Goodwill	-
9	Accumulated losses	-
10	Treasury shares	-
SEPARATE TIER 2 CAPITAL (B) = B1 - B2 -19		**1,713,604**
Separate tier 2 capital components (B1) = ∑11÷16		**2,163,604**
11	Other funds are deducted from profit after corporate income tax as prescribed by law (excluding bonus fund, welfare fund and executive bonuses)	-
12	50% of the difference due to revaluation of assets, exchange rate differences as prescribed by law	-

Table 2: Separate equity

13	45% of the increasing difference due to revaluation of contributed capitals for long-term investment according to the provisions of law	-
14	80% of the general provision in accordance with the State Bank's regulations on classification of assets, level of deduction, method of setting up risk provisions and use of risk provisions for credit institutions, foreign banks' branches	657,604
15	Debt instruments issued by banks or foreign bank branches	-
16	Subordinated debt of issuing bank (For details of satisfaction of conditions, refer to Section A.1, Appendix 1 of Circular 41)	1,506,000
Amounts deducted from separate tier 2 capital (B2) = (17) + (18) + (19)		**450,000**
17	The positive difference in value (Item 14) and 1.25% of "Total assets calculated according to credit risk" is prescribed in the Circular.	-
18	Positive difference in value between item (16) and 50% of A	-
19	Purchase and investment of subordinated debt issued by other credit institutions or foreign bank branches that fully meet the conditions for counting into secondary capital of such credit institutions or foreign bank branches (not including subordinated debt received as collateral, discount, rediscount of customers).	450,000
Additional deductions		**-**
20	The positive difference in value between (B1-B2) and A	-
Items deducted when calculating equity		**1,273,643**
21	Credit extensions for capital contribution, share purchase at other credit institutions	-
22	Capital contributions, share purchases at other credit institutions	-
23	Contribution of capital, purchase of shares in enterprises operating in the field of insurance, securities, remittances, foreign exchange, gold trading, factoring, credit card issuance, consumer credit, services intermediary payment, credit information	1,273,643
24	Capital contribution and share purchase of an enterprise or an investment fund after subtracting deductible amounts prescribed in (22) and section (23) in excess of 10% of the charter capital and the reserve fund for supplementing the capital bank charter	-
25	The total of capital contributions and shares purchases of enterprises and investment funds after subtracting amounts from (22) to section (24), exceeding the level of 40% of the charter capital and the charter capital supplement reserve fund of the bank	-
SEPARATE EQUITY (C)= (A) + (B) - (20) - (21) - (22) - (23) - (24)		**15,501,779**

Unit: million VND

Table 3: Consolidated equity

CONSOLIDATED TIER 1 CAPITAL (A) = A1 – A2		**14,362,943**
Consolidated tier 1 capital components (A1) = ∑1÷8		**14,879,183**
1	Charter capital (allocated capital, contributed capital)	12,087,442
2	Reserve fund for charter capital supplement	168,422
3	Professional development investment fund	-
4	Financial provision fund	287,688
5	Capital construction investment, fixed assets procurement	-
6	Undistributed profits	2,346,024
7	Share premium	-
8	Differences in exchange rates derivative when consolidating financial statements	(10,393)
	Amounts deducted from consolidated tier 1 capital (A2) = ∑ 9÷11	**516,240**
9	Goodwill	516,240
10	Accumulated losses	-
11	Treasury shares	-
CONSOLIDATED TIER 2 CAPITAL (B) = B1 - B2 -22		**1,715,560**
Consolidated tier 2 capital components (B1) = ∑12÷18		**2,165,560**
12	Other funds are deducted from profit after corporate income tax as prescribed by law (excluding bonus fund, welfare fund and executive bonuses)	-
13	50% of the difference due to revaluation of assets, exchange rate differences as prescribed by law	-
14	45% of the increasing difference due to revaluation of contributed capitals for long-term investment according to the provisions of law	-
15	80% of the general provision in accordance with the State Bank's regulations on classification of assets, level of deduction, method of setting up risk provisions and use of risk provisions for credit institutions, foreign banks' branches	659,560
16	Debt instruments issued by banks or foreign bank branches	-
17	Subordinated debt of issuing bank (For details of satisfaction of conditions, refer to Section A.1, Appendix 1 of Circular 41)	1,506,000
18	Minority interest	
	Amounts deducted from consolidated tier 2 capital (B2) = (19) + (20) + (21)	**450,000**
19	The positive difference in value (Item 15) and 1.25% of "Total assets calculated according to credit risk" is prescribed in the Circular.	-
20	Positive difference in value between item (17) and 50% of A	-

Unit: million VND

Table 3: Consolidated equity

21	Purchase and investment of subordinated debt issued by other credit institutions or foreign bank branches that fully meet the conditions for counting into secondary capital of such credit institutions or foreign bank branches (not including subordinated debt received as collateral, discount, rediscount of customers).	450,000
	Additional deductions	**-**
22	The positive difference in value between (B1-B2) and A	-
	Items deducted when calculating equity	-
23	Credit extensions for capital contribution, share purchase at other credit institutions	-
24	Capital contributions, share purchases at other credit institutions	-
25	Contribution of capital, purchase of shares in enterprises operating in the field of insurance, securities, remittances, foreign exchange, gold trading, factoring, credit card issuance, consumer credit, services intermediary payment, credit information	-
26	Capital contribution and share purchase of an enterprise or an investment fund after subtracting deductible amounts prescribed in (22) and section (23) in excess of 10% of the charter capital and the reserve fund for supplementing the capital bank charter	-
27	The total of capital contributions and shares purchases of enterprises and investment funds after subtracting amounts from (22) to section (24), exceeding the level of 40% of the charter capital and the charter capital supplement reserve fund of the bank	-
CONSOLIDATED EQUITY (C)= (A) + (B) - (23) - (24) - (25) - (26) - (27)		**16,078,503**

RISK MANAGEMENT

SeABank has built a system of risk management policies, regulations and procedures to manage risks that complies with Basel II, is consistent with the orientation of the SBV, which SeABank's specific requirements.

SeABank has a comprehensive suite of risk management policies covering risk appetite, risk management strategy and material risks. SeABank's risk management policies are approved by the Board of Directors, with participation of management levels based on consideration of (1) the interests of shareholders, owners, and capital contributors; (2) SeABank's capital and future available sources of capital, and (3) adaptability to ensure feasibility across economic cycles. SeABank's risk management policy is established for a minimum period of 3 years but not more than 5 years and is reviewed at least annually unless a more immediate review is required by a change in the legal and business environment.

SeABank's risk appetite indicates the extent to which it accepts each of the material risks.

SeABank's risk appetite ensures its ability to integrate and align with the bank's strategy, including business strategies, risk strategies and financial plans in both the short and long term as well as evaluate business performance.

The list of material risks is determined and established by SeABank on a bank-wide basis, ensuring critical risks (including credit risk, operational risk, market risk, liquidity risk, account risks, central bank interest rates, concentration risks) and other risks arising from essential activities are fully identified, accurately measured, regularly monitored for timely prevention and minimize the losses to SeABank.

CREDIT RISK

Credit risk is the risk that customers (including credit institutions and foreign bank branches) fail to perform part or all of their debt payment obligations under a contract or agreement with SeABank. This includes obligations to make payments via trusts, deposits and debt issuances.

Counterparty credit risk is the risk that a counterparty fails to perform or is unable to perform part or all of the payment obligations prior to or upon the maturity of proprietary dealing transactions; repo and reverse repo transactions; derivative trading products to manage risks and foreign currency transactions. In particular, counterparties are customers (including credit institutions and foreign bank branches) having transactions with SeABank in repo and reverse repo; derivative hedging products and trading foreign currency /financial asset to serve the needs of customers and counterparties.

Credit risk management is implemented during the appraisal, approval and credit portfolio review to ensure compliance with the provisions of the law, the SBV and SeABank.

SeABank has developed a credit risk management strategy that includes at least the following:

- Target NPL ratio, target credit extension ratio by type of customer, industry and economic sector.
- Principles to determine the cost of credit risk offset in the method of calculating interest rates, pricing credit products according to the customer's credit risk level.
- Principles of application of credit risk mitigation measures (including the competence to approve credit risk mitigation measures).

Measuring and assessing credit risk plays an important role in managing credit risk in SeABank. SeABank has developed quantitative and qualitative tools to measure the risks existing in the credit portfolio, creating a basis for credit risk management, control and adjustment.

RWA according to each criterion as follows:

Unit: million VND

Table 4: Credit risk-weighted assets by each type of accounts receivable		RW	RWA	
			Separate	Consolidated
1	Cash, gold, cash equivalents	0%	-	-
2	Accounts receivable from Vietnam Government, SBV, State Treasury, PSEs	0%	-	-
3	Accounts receivable from VAMC, DATC	20%	63,873	63,873
4	Accounts receivable from international organizations	0%	-	-

Table 4: Credit risk-weighted assets by each type of accounts receivable		RW	RWA	
			Separate	Consolidated
5	Accounts receivable from governments, central banks of countries	0%-150%	-	-
6	Accounts receivable from PSEs, local governments	0%-150%	-	-
7	Accounts receivable from foreign financial institutions	20%-150%	-	-
8	Accounts receivable from foreign bank branches operating in Vietnam	20%-150%	70,956	70,956
9	Accounts receivable from domestic credit institutions	20%-150%	13,062,623	13,042,394
10	Purchases, subordinated debt investments, debt securities of other banks	20%-150%	-	-
11	Accounts receivable from businesses not credit institutions	50%-250%	83,059,017	83,280,073
12	Lending secured by real estate	30%-160%	7,047,573	7,047,573
13	Mortgage loan	25%-200%	-	-
14	Retail credit extension	75%-100%	10,631,865	10,918,458
15	Bad debt	50%-150%	2,271,090	2,277,885
16	Receivables from selling bad debts	200%	-	-
17	Equity instruments, stocks of the enterprise, securities investment and lending business	150%	-	-
18	Financial leasing	160%	-	-
19	Acquisition of receivables with recourse of finance companies and finance leasing companies	0%-250%	-	-
20	Other assets on the balance sheet	100%	6,661,814	6,477,701
TOTAL			**122,868,810**	**123,178,912**

Unit: million VND

Table 5: Counterparty credit risk-weighted assets by each type of accounts receivable		RW	RWA	
			Separate	Consolidated
1	Cash, gold, cash equivalents	0%	-	-
2	Accounts receivable from Vietnam Government, SBV, State Treasury, PSEs	0%	-	-
3	Accounts receivable from VAMC, DATC	20%	-	-
4	Accounts receivable from international organizations	0%	-	-
5	Accounts receivable from governments, central banks of countries	0%-150%	-	-
6	Accounts receivable from PSEs, local governments	0%-150%	-	-

Table 5: Counterparty credit risk-weighted assets by each type of accounts receivable

		RW	RWA	
			Separate	Consolidated
7	Accounts receivable from foreign financial institutions	20%-150%	-	-
8	Accounts receivable from foreign bank branches operating in Vietnam	20%-150%	-	-
9	Accounts receivable from domestic credit institutions	20%-150%	1,865,705	1,865,705
10	Purchases, subordinated debt investments, debt securities of other banks	20%-150%	-	-
11	Accounts receivable from businesses not credit institutions	50%-250%	40,920	40,920
12	Lending secured by real estate	30%-160%	-	-
13	Mortgage loan	25%-200%	-	-
14	Retail credit extension	75%-100%	-	-
15	Bad debt	50%-150%	-	-
16	Receivables from selling bad debts	200%	-	-
17	Equity instruments, stocks of the enterprise, securities investment and lending business	150%	-	-
18	Financial leasing	160%	-	-
19	Acquisition of receivables with recourse of finance companies and finance leasing companies	0%-250%	-	-
20	Other assets on the balance sheet	100%	-	-
TOTAL			**1,906,626**	**1,906,626**

Unit: million VND

Table 6: Credit risk-weighted assets by industries

		RWA	
		Separate	Consolidated
1	Agriculture, Forestry and fishery	188,993	188,993
2	Extractive	381,389	381,389
3	Manufacturing and processing industry	8,788,722	8,788,722
4	Producing and distributing electricity, gas, hot water, steam and air-conditioning	1,770,100	1,770,100
5	Water supply, activities of management and treatment of waste and wastewater.	2,053	2,053
6	Construction	6,324,864	6,324,864

Table 6: Credit risk-weighted assets by industries		RWA	
		Separate	Consolidated
7	Wholesale and retail; Repair of automobiles, motors, motorbikes and other motor vehicles	24,126,266	24,126,266
8	Warehouse transportation	7,676,792	7,676,792
9	Accommodation and catering services	9,528,186	9,528,186
10	Information and communication	1,816,086	1,816,086
11	Financial activities, banking and insurance	18,591,530	18,571,301
12	Real estate business	3,875,926	3,875,926
13	Professional activities, science and technology	7,291,387	7,291,387
14	Administrative activities and support services	163	163
15	Education and training	11,655	11,655
16	Health and social assistance activities	114,674	114,674
17	Arts, fun and entertainment	6,131,936	6,131,936
18	Other service activities	11,757,141	11,757,141
19	Employment activities in households, production of material products and services for household self-consumption	9,694,839	9,694,839
20	Others	6,702,734	7,033,064
TOTAL		**124,775,436**	**125,085,537**

Unit: million VND

Table 7: Credit risk-weighted assets under the risk mitigation method - separate	The value before deduction	Mitigation value				Value after deduction	RWA
		Netting	By collateral	RWA	Credit derivatives		
Accounts receivables from Vietnamese government and SBV	14,534,568	-	-	-	-	14,534,568	63,873
Accounts receivable from financial institutions	52,214,470	16,770,566	10,947,134	-	-	24,496,770	14,999,284
Accounts receivable from businesses	92,956,147	-	6,682,411	-	-	86,273,736	83,099,938
Accounts receivable secured by real estate	10,433,951	-	62,427	-	-	10,371,524	7,047,573

Table 7: Credit risk-weighted assets under the risk mitigation method - separate	The value before deduction	Mitigation value				Value after deduction	RWA
		Netting	By collateral	RWA	Credit derivatives		
Accounts receivable are mortgage loans	-	-	-	-	-	-	-
Accounts receivable from the retail	15,619,728	-	1,747,822	-	-	13,871,906	10,631,865
Bad debt	1,606,000	-	1	-	-	1,605,999	2,271,090
Others	7,754,240	-	-	-	-	7,754,240	6,661,814
TOTAL	**195,119,104**	**16,770,566**	**19,439,795**	**-**	**-**	**158,908,743**	**124,775,436**

Unit: million VND

Table 8: Credit risk-weighted assets under the risk mitigation method - consolidated	The value before deduction	Mitigation value				The value after deduction	RWA
		Netting	By collateral	3rd party guarantee	Credit derivatives		
Accounts receivables from Vietnamese government and SBV	14,534,568	-	-	-	-	14,534,568	63,873
Accounts receivable from financial institutions	52,185,572	16,770,566	10,947,134	-	-	24,467,872	14,979,055
Accounts receivable from businesses	93,177,203	-	6,682,411	-	-	86,494,792	83,320,994
Accounts receivable secured by real estate	10,433,951	-	62,427	-	-	10,371,524	7,047,573
Accounts receivable are mortgage loans	-	-	-	-	-	-	-

Table 8: Credit risk-weighted assets under the risk mitigation method - consolidated	The value before deduction	Mitigation value				The value after deduction	RWA
		Netting	By collateral	3rd party guarantee	Credit derivatives		
Accounts receivable from the retail	16,001,852	-	1,747,822	-	-	14,254,030	10,918,458
Bad debt	1,612,794	-	1	-	-	1,612,793	2,277,885
Others	7,570,127	-	-	-	-	7,570,127	6,477,701
TOTAL	**195,516,066**	**16,770,566**	**19,439,795**	**0**	**0**	**159,305,705**	**125,085,537**

RWA results by rating

SeABank uses the credit ratings of the three independent credit rating agencies: - Fitch Ratings (FITCH), - Moody's Investor Service (MOODY'S), - Standard and Poor's (S&P), base on some following categories:

- Using the effective agreement of the credit rating results and updated at the time of reporting.

- - In case the customer / partner has two or more credit ratings of credit rating agencies, the credit rating corresponding to the highest credit risk of customers / partners will be used.

Unit: million VND

Table 9: Credit risk-weighted assets by rating		**Rating**	**RW**	**RWA**	
				Separate	**Consolidated**
Domestic financial institutions	The claim has original maturity of less than 3 months	AAA to AA-	10%	-	-
		A+ to BBB-	20%	101	101
		BB+ to BB-	40%	1,506,575	1,506,575
		B+ to B-	50%	5,117,970	5,117,970
		Under B- and no ratings	70%	1,509,936	1,489,707
	The claim has original term of 3 months or more	AAA toAA-	20%	-	-
		A+ to BBB-	50%	-	-
		BB+ to BB-	80%	1,790,905	1,790,905
		B+ to B-	100%	2,941,833	2,941,833
		Under B- and no ratings	150%	2,061,009	2,061,009
Foreign financial institutions		AAA to AA-	20%	110	110
		A to BBB-	50%	70,846	70,846
		BB to B-	100%	-	-
		Under B- and no ratings	150%	-	-
TOTAL				**14,999,284**	**14,979,055**

MARKET RISK

Market risk policy

SeABank's market risk is primarily managed across two business divisions: (1) Treasury, and (2) Investments. Market risks arising from other business units must be transferred to the market risk department. In addition:

- Financial markets products and instruments ("FMPI") must have accounting and recording regulations in either the banking book or trading book to ensure that market risks arising from the trading of FMPI is appropriate and fully recorded on a daily basis.

- Market risk in FMPI in the trading book is managed in stages. This includes: (1) identification, (2) measurement and risk mitigation, and (3) monitoring and supervision. Furthermore, proprietary trading of FMPI is managed in accordance with the three lines of defense (3LOD) methodology.

- Market risk appetite is developed and re-evaluated annually in parallel with the reassessment of market risk limits for each proprietary trading portfolio.

- The proprietary trading portfolio must be quantitatively measured and formulated stress test scenarios must clearly show the level of market risk that SeABank holds.

- An early warning system has been developed to identify and mitigate market risks.

Proprietary trading strategies & Portfolios

SeABank manages proprietary trading portfolios which include: (1) foreign exchange, (2) government bonds, and (3) corporate bonds. In particular, it is noted that:

- SeABank manages market risk in foreign exchange by limiting trading in G7 currencies (primarily USD) via setting of appropriate risk limits.

- SeABank also manages interest rate risk by limiting trading to short to medium-term, highly liquid government and corporate bond exposures.

Unit: million VND

Table 10: Regulatory capital for Market Risk	Separate		Consolidated	
	RWA	Capital required	RWA	Capital required
Interest rate risk	17,331,647	1,386,532	17,331,647	1,386,532
Stock price risk	-	-	1,593	127
Commodity price risk	-	-	-	-
Foreign exchange risk	2,039,208	163,137	2,039,208	163,137
Option price risk	-	-	-	-
TOTAL	**19,370,855**	**1,549,668**	**19,372,448**	**1,549,796**

OPERATIONAL RISK

Operational risk is the risk due to incomplete or erroneous internal processes, human factors, system failures, faults or external factors that cause financial losses. The main negative impacts were non-financial impacts on SeABank (including legal risks). Operational risks do not include reputational and strategic risks.

SeABank has developed an operational risk management policy that covers the following:

- Principles of operational risk management.
- Principles for outsourcing, insurances and application of technologies.
- Business continuity planning.

SeABank fully identifies operational risks in all products, business activities, business processes, information technology systems and management systems.

SeABank strictly manages outsourcing activities to ensure the use of outsourced services does not cause dependence, does not compromise the security of SeABank's database and customer information and is more effective than self-implementation. The business continuity plan has been developed to meet SBV requirements and covers a number of scenarios such as loss of important documents and databases; malfunctioning of information technology systems and force majeure events. such as natural disasters and fires. The business continuity plan focuses on those key activities which may significantly impact the bank's capabilities if compromised, such as payment systems, communications and treasury.

Unit: million VND

Table 11: Regulatory capital for operational risk – separate	**IC**	**SC**	**FC**	**BI Total**	**Capital required**
4 last quarters	1,300,251	609,771	72,218	1,982,240	160,107
4 next quarter	691,511	445,403	80,360	1,217,274	182,591
4 first quarters	762,550	240,061	64,766	1,067,377	297,336
Total required capital for operational risk in the last 3 years					**640,034**
Required capital for operational risk in the current year					**213,345**

Table 12: Regulatory capital for operational risk – consolidated	**IC**	**SC**	**FC**	**BI Total**	**Capital required**
4 last quarters	1,325,012	979,354	71,702	2,376,068	356,410
4 next quarter	698,389	437,204	82,801	1,218,394	182,759
4 first quarters	766,800	254,908	71,391	1,093,099	163,965
Total required capital for operational risk in the last 3 years					**703,134**
Required capital for operational risk in the current year					**234,378**