

RISK MANAGEMENT

Throughout SeABank’s operations, we constantly face various risks arising from the business environment, financial markets, and internal operations. The identification and disclosure of foreseeable material risks is a crucial part of risk management, helping ensure transparency and strengthen response capabilities.

With a focus on sustainable development and enhanced competitiveness, SeABank's Risk Management, Legal and Compliance Division continues to make significant progress. To meet the increasingly high requirement from regulatory authorities and partners, SeABank focuses on the following key areas:

- Strengthen risk management and monitor capabilities through continued improvement of the risk management framework across the entire bank.
- Enhance the application of data and advanced analytics, promote modeling and automation to optimize credit assessment, approval, and control processes, and improve accuracy and efficiency.
- Diversify the credit portfolio in a way that is safe, efficient, and balanced between risk and return, while aiming for long-term sustainable growth.

Faced with existing and potential risks in a volatile market environment, SeABank has proactively developed and implemented appropriate response solutions, aiming to improve compliance standards, enhance transparency, and strengthen a solid risk management foundation for sustainable development.

In the process of completing overall risk management framework, SeABank proactively implemented the identification and classification of key risks across the entire system, in accordance with SeABank's business characteristics, risk appetite, and development orientation. Key risks are identified through various sources of information, including historical data analysis, business environment assessment, regulatory requirements, and international best practices.

Based on this, SeABank has developed a risk management approach tailored to each specific risk type, ensuring that each risk is clearly described in terms of its nature, identifying the root causes leading to its occurrence, and designing appropriate management and control measures. These measures include preventive, detectable, and corrective actions, implemented throughout from the strategic to the operational levels.

Credit risk	Risk mitigation measures
<p>This refers to the potential loss for the bank when a customer or obligated party fails to pay or is unable to pay part or all of its debt repayment obligations under a contract or agreement with the bank.</p>	<p>SeABank applies a centralized credit risk management model, implemented throughout the entire credit lifecycle, from product development, sales, appraisal, valuation, approval, disbursement to post-loan management and debt recovery. This approach ensures consistency, transparency, and tight risk control at each stage of the credit process.</p>
<p>Possible causes include: declining financial capacity of customers; unfavorable fluctuations in the economic environment; inadequate credit assessment quality; concentration of credit in certain high-risk industries/sectors, etc.</p>	<p>SeABank establishes credit risk standards based on approved risk appetite and develops a suitable limit system to control the level of risk acceptance. Credit risk management is implemented for each customer segment and specific product; new products are always comprehensively evaluated, carefully considering risk factors and designing appropriate control measures before official launch.</p> <p>SeABank utilizes credit risk measurement models based on international best practices to enhance accuracy in assessment and decision-making. Simultaneously, SeABank is promoting comprehensive digitalization of its credit processes, building a centralized and complete data system. This effectively supports proactive risk identification, the implementation of early warning mechanisms, close monitoring of credit quality,</p>

	and the timely and efficient provisioning and utilization of risk provision.
Market risk	Risk mitigation measures
This refers to the potential for losses due to unfavorable fluctuations in market factors such as interest rates, exchange rates, and the prices of securities and commodities.	SeABank manages market risk on both a daily transaction basis and across its entire portfolio to ensure compliance with established market risk limits. These limits are developed in accordance with risk appetite, risk management strategy, and the allocation of risky assets to market risk; and are reviewed and assessed periodically, at least annually, or adjusted promptly when significant fluctuations affect the risk status, as per SeABank's internal regulations.
Possible causes include: macroeconomic fluctuations; changes in monetary policy; market supply and demand volatility; and a lack of diversification in the investment portfolio.	In its management practices, SeABank establishes a system of limits for each business portfolio; applies risk measurement tools such as VaR, stress testing, and backtesting; and monitors market and portfolio fluctuations in real time. In addition, SeABank proactively uses appropriate risk mitigation tools to minimize adverse impacts from the market. Risk reports are conducted periodically and on an ad hoc basis, ensuring timely provision of information to the Executive Board.
Liquidity risk	Risk mitigation measures
This refers to the possibility that the bank does not have sufficient funds to meet its financial obligations in a timely manner when they fall due.	SeABank's liquidity risk management principle is to maintain a suitable minimum level of liquid assets to ensure the ability to fully and promptly meet payment obligations when due, including liabilities and disbursement commitments.
Possible causes include: mismatch in the maturity of assets and liabilities; mass withdrawals; limited access to funding in the market; and ineffective cash flow management.	Based on this, SeABank proactively and comprehensively manages liquidity risk by maintaining liquidity adequacy ratios as required; developing and implementing liquidity contingency plans; and diversifying funding sources to minimize dependence on short-term capital. In addition, SeABank regularly conducts liquidity stress tests to assess its ability to respond to adverse scenarios. Supervision is enhanced through close monitoring of cash flows and management of maturity mismatches between assets and liabilities, thereby ensuring that liquidity is always controlled within acceptable risk limits and in line with the approved risk appetite.
Operational risk	Risk mitigation measures
This refers to the possibility of losses occurring due to inadequate or flawed internal mechanisms, policies, and regulations; due to human factors; due to system errors or failures; or due to external factors.	To minimize operational risks, SeABank has built and implemented a comprehensive operational risk management framework across its entire system, covering all components from risk identification, measurement, monitoring to control and reporting.
Possible causes include: operational errors; internal or external fraud; IT	Specifically, SeABank conducts operational risk identification for all products, services, systems, processes, and operations, including both existing activities and new initiatives planned

<p>system failures; incomplete or non-compliant procedures.</p>	<p>for implementation. Simultaneously, SeABank collects and builds a centralized operational risk data warehouse, serving as a crucial foundation for risk analysis, assessment, and management.</p> <p>SeABank establishes and monitors key risk indicators (KRIs) provide early detection of risk signals; and leverages findings from internal audits and compliance control activities to propose and implement appropriate risk mitigation measures. In addition, SeABank focuses on developing tools to identify and prevent fraud, as well as monitoring operational risk limits in compliance with applicable regulations.</p>
<p>Legal and compliance risks</p>	<p>Risk mitigation measures</p>
<p>Legal risk is the possibility of losses arising from transactions that lack legal validity or from changes in legal regulations.</p> <p>Compliance risk is the possibility of losses resulting from non-compliance with legal and internal regulations.</p>	<p>SeABank implements compliance risk management by proactively updating legal regulations, strengthening supervision, and applying technology to improve internal control efficiency.</p> <p>Specifically, SeABank regularly updates itself on legal regulations and requirements from regulatory authorities, ensuring that all operations fully comply with current regulations. Independent compliance checks and monitoring are strengthened to detect deviations early and take timely corrective measures.</p>
<p>Possible causes include: changes in the legal framework; inadequate contracts and legal documentation; insufficient awareness and compliance with regulations; and ineffective internal controls.</p>	<p>In addition, SeABank implements training programs on compliance and professional ethics for employees, contributing to raise awareness and fostering a culture of compliance throughout the entire system.</p> <p>In addition, SeABank has established a transparent and efficient mechanism for receiving, reporting, and handling violations, thereby ensuring that emerging issues are addressed promptly and minimizing compliance risks.</p>
<p>Information technology and cybersecurity risks</p>	<p>Risk mitigation measures</p>
<p>This refers to the potential for losses related to information technology systems that do not meet security, integrity, and availability.</p>	<p>SeABank implements IT risk management and cybersecurity in a proactive and comprehensive manner, focusing on ensuring system security, protecting data, and maintaining business continuity.</p>
<p>Possible causes include: cyberattacks; security vulnerabilities; system failures; weakness in access controls; and reliance on third-party technology service providers.</p>	<p>SeABank is upgrading IT infrastructure to ensure the stability, availability, and security of the systems. Simultaneously, SeABank is implementing advanced security solutions such as Identity and Access Management (IAM), Data Leak Prevention (DLP), and Security Information and Event Management (SIEM), contributing to enhanced defenses against cybersecurity threats.</p> <p>In addition, SeABank conducts regular penetration testing and security vulnerability assessments to detect and handle weaknesses in the system promptly. SeABank also develops</p>

	<p>and maintains disaster recovery and contingency plans, ensuring continuous operation in the event of disruptions.</p> <p>Alongside technological solutions, SeABank focuses on raising awareness of information security among employees and customers, thereby minimizing risks arising from human factors and enhancing the overall protection of SeABank's information systems.</p>
Reputation risk	Risk mitigation measures
<p>This refers to the possibility of losses occurring due to negative reactions from customers, partners, shareholders, investors, and the public regarding SeABank's reputation.</p>	<p>SeABank implements a proactive and consistent approach to reputational risk management through the development of a transparent communication strategy, enhanced information monitoring, and improved customer service quality.</p> <p>SeABank has established a clear communication strategy, ensuring timely, accurate, and consistent information delivery to stakeholders. Simultaneously, SeABank has developed and implemented a crisis communication management process to effectively respond to negative events and minimize adverse impacts on SeABank's reputation.</p> <p>Information monitoring across media channels and social networks is carried out regularly, helping to detect potential risks related to reputation risks early. In addition, SeABank continuously improves the quality of products, services, and customer experience, considering this a core element in maintaining and strengthening brand reputation.</p> <p>Through these measures, SeABank aims to protect and enhance its brand value, while strengthening the trust of customers, partners, and the market.</p>
<p>Possible causes include: service disruptions; negative media coverage; violations of laws or business ethics; and customer experiences that did not meet expectations.</p>	

SeABank implements risk management using a three lines of defense model, applying appropriate policies, procedures, and control tools to identify, measure, monitor, and mitigate the aforementioned risks. The list of key risks is reviewed and updated periodically by SeABank to reflect changes in the business environment and legal regulations. Disclosure of risk information enhances transparency and reaffirms SeABank's commitment to be safe, sustainable development and adheres to risk management standards.