



SOAR TO  
NEW HEIGHTS WITH  
**Dragon's  
Might**

ANNUAL  
REPORT  
**2023**





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## MESSAGE FROM CHAIRMAN



On behalf of the Board of Directors, Board of Supervisors, Board of Management, and all SHB staff, I extend our heartfelt gratitude to you - our esteemed customers, partners, shareholders, and investors - for your unwavering trust, support, and companionship over the past 30 years. Your confidence in us has propelled SHB forward, enabling us to achieve new successes and align closely with the state policies. We are dedicated to contributing to economic growth and supporting national efforts for a prosperous and democratic Vietnam.

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Originating from the heart, we proudly take responsibility for creating positive values and ensuring that everyone throughout Vietnam can enjoy access to them.

**Mr. Do Quang Hien**  
*Chairman*

**Dear valued Customers, Partners, Shareholders, Investors,**

2023 marks a significant milestone for SHB, celebrating a 30-year journey of "From Heart to Greater Heights - Advance with National Prosperity". We are proud to take responsibility for creating positive values and ensuring that everyone can enjoy access to them.

Throughout our 30-year history of supporting national development, SHB has consistently symbolized ongoing improvement and has played a pivotal role in the nation's key milestones. The Bank proactively participates in strategic initiatives, such as engaging in mergers as part of the credit institution restructuring project, financing national infrastructure projects, promoting green energy and sustainable agriculture initiatives, and offering loans with favorable rates and incentives to support both individual customers and corporations. These efforts align with the directives of the Government and the State Bank of Vietnam.

During our extensive evolution, SHB has steadfastly developed clear, distinct strategies customized for each phase, with a commitment to achieving long-term goals.

With a solid foundation, rich heritage, and adherence to a sustainable, prudent, and effective growth strategy, our Bank continuously enhances its management capacity to meet international standards and adopt best practices. We are proud to celebrate numerous achievements at the 30-year milestone.

As of December 31, 2023, total assets exceeded VND 630,500 billion, marking a 16% year-on-year increase. Regulatory capital reached over VND 70,268 billion. Total customer deposits amounted to VND 497,417 billion. Total outstanding loans stood at VND 455,718 billion, primarily financing key manufacturing and business sectors in line with the Government and SBV policies.

The Bank's B1 credit rating, maintained by the credit rating agency Moody's, demonstrates its effectiveness, prudence and stability in such a volatile market.

Asserting its position as one of the top financial institutions, SHB enforces rigorous risk management policies. The capital adequacy ratio and risk management ratios have consistently exceeded SBV thresholds, and our liquidity risk management complies with Basel II and Basel III standards.

In 2023, SHB achieved a 10% growth in total operating income, reaching VND 21,328 billion compared to 2022. Pre-tax profit totaled VND 9,239 billion. With an impressive Cost to Income Ratio (CIR) of 23.7%, SHB demonstrated industry-leading cost management. The dividend yield for 2023 is set at 16%, with 5% in cash and 11% in stocks.

SHB successfully implemented the Employee Stock Option Program (ESOP) in 2022 and stock dividend yield in 2023 at 18%, raising the charter capital to VND 36,629 billion and solidifying its position among the Top 4 private commercial banks. In July 2023, SHB shares were included in the VN30 index, further enhancing its prominence in the stock market.

In the same year, SHB successfully transferred 50% of SHBFinance's capital to Ayudhya Public Bank Limited (Krungsri) of Thailand, with plans to complete the remaining transfer over the next three years. This transaction significantly bolstered our financial capabilities to expand business in strategic sectors and supplement the capital buffer.

SHB is proceeding with capital transfer plans for Saigon - Hanoi Laos Bank Limited (SHB Laos) and Saigon - Hanoi Cambodia Bank Limited (SHB Cambodia). At present, an investor has submitted

## MESSAGE FROM CHAIRMAN

**BUILDING ON THE REMARKABLE SUCCESSES ON THE 30TH ANNIVERSARY, SHB CONTINUES ITS JOURNEY OF INNOVATION – RESPONSIBILITY – EFFICIENCY, SOLIDIFYING THE POSITION AS THE LEADING FINANCIAL INSTITUTION AND PURSUING REGIONAL AND GLOBAL EXPANSION.**

a proposal to acquire the entirety of shares in SHB Laos. Both parties are diligently working to finalize the necessary procedures.

SHB has been a trusted partner to numerous development financial institutions, including the World Bank, IFC, ADB, and KfW. Last year, SHB signed a Memorandum of Understanding with Busan Bank of Korea's BNK Finance Group, establishing comprehensive partnerships focused on corporate banking growth, digital banking, and investment banking. Domestically, SHB has entered into strategic cooperation agreements with major corporations, government bodies, and business associations that possess extensive ecosystems and high-value supply chains.

In line with the policies of the Government and the State Bank of Vietnam (SBV), SHB has implemented numerous effective and timely actions to support businesses and individuals in recovering from challenging periods. The Bank introduced several lending programs totaling tens of thousands of billions of VND, offering favorable interest rates for new clients and reduced rates for existing ones. Additionally, substantial non-financial initiatives were deployed to facilitate business recovery. In 2023, SHB allocated over VND 87 billion to support vulnerable individuals, honor revolution contributors, and promote national health, education, culture, and sports, thereby enhancing social well-being.

The establishment of 5 new branches and 25 transaction offices increases the total number of domestic and international transaction points to 571. SHB's extensive network promptly meets customers' financial service needs, connects economic sectors, creates jobs, and contributes to the growth of the local economy and State budget, especially in mountainous and rural areas.

In recognition of our significant contributions to economic development and outstanding achievements in social security, SHB was honored with the Third-Class Labor Medal by the State President at its 30th anniversary, marking another milestone in the Bank's history. Prestigious domestic and international organizations also awarded SHB several key honors, including Best ESG Impact in Vietnam, Outstanding Bank for the Community, Domestic Social Impact Finance Initiative of the

Year, Best SMEs Bank, and Top 50 Innovative and Effective Businesses in Vietnam.

Building on the remarkable successes on the 30th anniversary, SHB continues its journey of Innovation – Responsibility – Efficiency, solidifying the position as the leading financial institution and pursuing regional expansion.

In 2024, the world is about to undergo unpredictable twists and turns. Domestically, Vietnam's economy remains in the recovery phase, marked by a blend of challenges and opportunities. As a Bank adept at channeling finance into vital economic sectors and aligning with the nation's progress, SHB is embarking on a new phase with renewed mindset and strength.

Building on the momentum of 2023, SHB is dedicating resources to implement a robust and comprehensive Transformation Strategy based on four pillars: **Institutional reform, encompassing policies, regulations, and processes; People-centricity; Customer and Market-centricity; and IT platforms modernization and digital transformation.** Our Bank remains committed to its six core cultural values: **"Heart - Faith - Trustworthiness - Knowledge - Wisdom - Greater Heights"**.

To realize this determination, SHB's Board of Directors approved the establishment of a Transformation Division, led by senior international experts in banking and finance, and endorsed the Transformation Strategy for 2024-2028.

SHB has set its strategic objectives: to become The most efficient bank; The preferred digital bank; The leading retail bank and The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem.

Starting from 2024, significant changes will be implemented across target customer segments, front office capabilities, service delivery, technology and infrastructure, and modern and effective risk management. The Transformation Strategy is structured around a specific roadmap consisting of three phases: Phase 1 from 2024 to 2025 focuses on establishing foundational capabilities; Phase 2 from 2026 to 2027

emphasizes accelerating growth; Phase 3 in 2028 aims to achieve breakthroughs in efficiency and sustainability.

SHB continues its dedication to supporting the community and society through environmental protection initiatives, promoting green growth, sustainable economic development, and the country's circular economy in line with the Government's strategy for renewable energy development by 2050. Additionally, we actively participate in philanthropic endeavors to aid the disadvantaged and the vulnerable.

In 2024, a pivotal year for SHB's Transformation Strategy, our objectives include: Achieving total assets exceeding VND 701,000 billion; Increasing charter capital by 12% to VND 40,658 billion; Maintaining a non-performing loan (NPL) ratio below 3%; Achieving a 14% credit growth rate in compliance with the SBV's approval; Aligning total customer deposits with the approved credit growth; Targeting a 22% increase in pre-tax profit to VND 11,286 billion; Setting dividend yield rate at 18%.

Drawing on a 30-year legacy and a strong financial foundation, the Board of Directors, the Board of Management, and all SHB staff uphold values of solidarity, responsibility, innovation, creativity, and determination. We are dedicated to achieving strategic goals and business plans approved by the General Meeting of Shareholders. Our commitment lies in serving the interests of customers, shareholders, investors, and all SHB staff, contributing to a resilient and prosperous Vietnam.

*Yours sincerely,*

Chairman of the Board of Directors



**Do Quang Hien**

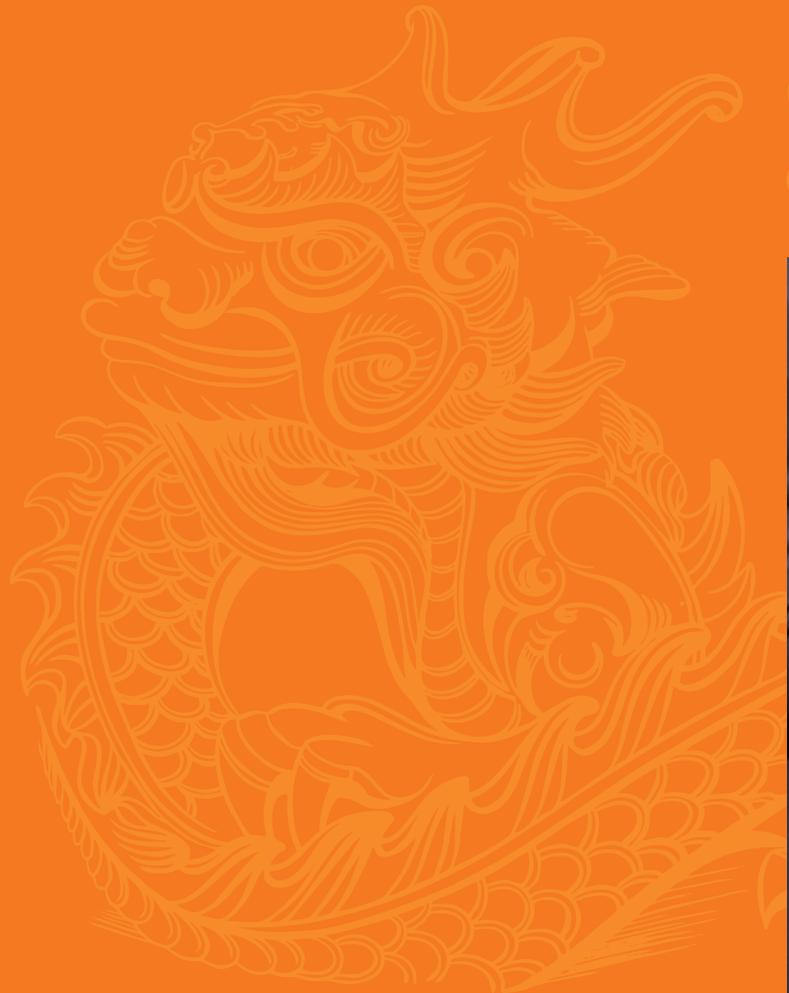
# HARNESSING THE DRAGON'S STRENGTH TO ACHIEVE AMBITIOUS GOALS

SHB aims to be The most efficient bank; The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem; The preferred digital bank, and The leading retail bank. We are enhancing our financial, human, and technological capacities, driven by strong leadership and the pioneering spirit of the Dragon to achieve these goals.



# I

## GENERAL INFORMATION



1. VISION, MISSION, CORE VALUES

## VISION

**Vision for 2028: SHB aims to become**

- The most efficient bank
- The preferred digital bank
- The leading retail bank
- The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem.

## MISSION

Emerging as the foremost destination for dependable financial solutions, we prioritize empathy and customer insight at every step of our customers' journey. Our approach integrates a sophisticated and comprehensive range of products and services, blending modern innovation with timeless principles. We are committed to meeting every customer's needs with exceptional care, adding value even to their smallest requirements.

Establishing an optimal workplace culture where every employee is valued as an integral part of the organization, continuously trained, and fully engaged in driving both the Bank's growth and their personal success.

Ensuring the protection of shareholder interests and delivering enduring value through an alternative strategy that emphasizes sustainable and efficient growth.

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Originating from the **HEART**, fostering **FAITH**, cultivating **TRUSTWORTHINESS**, accumulating **KNOWLEDGE**, attaining **WISDOM**, and perpetually ascending to **GREATER HEIGHTS**.



1. VISION, MISSION, CORE VALUES

# 6 CORE VALUES SHB'S CULTURE

Over its 30-year history, SHB has remained committed to ethical principles and concrete actions rooted in 6 core values. These values underpin the bank's brand philosophy and corporate culture, fostering trust among shareholders, partners, customers, employees, and the community:

## HEART

At SHB, we uphold the notion of **"HEART"** as the quintessential essence. It is the nucleus of existence, embodying paramount excellence and influencing all other human attributes. Rooted in this philosophy, we endeavor to wholeheartedly dedicate ourselves to shareholders, partners, customers, employees, and the community.

## FAITH

At SHB, the concept of **"FAITH"** signifies unwavering commitment to defined objectives. Our team consistently relies on their courage and capabilities, firmly trusting in the vision of the Board of Directors and the Bank's leadership. This steadfast belief extends to the Bank's mission and strategic direction.

## TRUSTWORTHINESS

**"TRUSTWORTHINESS"** embodies integrity, a fundamental characteristic in interpersonal relationships, fostering mutual trust in agreements. At SHB, the precept of integrity is paramount. This steadfast commitment has effectively solidified SHB's esteemed reputation within the financial market, ensuring that it is both preserved and progressively fortified over time.

## KNOWLEDGE

At SHB, **"KNOWLEDGE"** encompasses understanding, expertise, skills, and experience acquired through accumulation and learning. In pursuit of success, especially in the digital age, SHB personnel continuously strive to enhance their knowledge, aiming for international standards.

## WISDOM

**"WISDOM"** is a refined aspect of "Knowledge" that systematically addresses real-life and business challenges effectively. At SHB, we take pride in leveraging wisdom to convert challenges into opportunities during economic fluctuations, transforming accumulated knowledge into practical results.

## GREATER HEIGHTS

**"GREATER HEIGHTS"** means stature, shown by achievements and levels of expertise. Over three decades of development, starting with dedication, SHB has expanded its reach to become one of the Top 5 largest private joint stock commercial banks in Vietnam.

## 2. INTRODUCTION OF BOARD OF DIRECTORS, BOARD OF SUPERVISORS, BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

### BOARD OF DIRECTORS

#### Mr. Do Quang Hien

Chairman

Mr. Do Quang Hien, born in 1962, graduated as a Radio Physics Engineering from Hanoi University. He has a rich professional background and extensive experience.

He served at SHB and was elected Vice Chairman of the Board of Directors from 2005 to 2008. Since 2008, he has held the position of Chairman of the Board of Directors at SHB.

With four decades of experience in corporate governance and banking and finance, he has held prominent roles including Chairman and CEO at T&T Group Joint Stock Company, Saigon - Hanoi Securities Joint Stock Company, and Sai Gon - Ha Noi Insurance Corporation. Prior to that, he contributed his expertise to organizations such as Hanoi Radio & Television Broadcasting, Hanoi Electronics Company (Hanel), and the National Institute of Technology Research.

He currently holds other significant positions such as:

- Member of the Central Committee of the Vietnam Fatherland Front;
- Vice Chairman of Vietnam Association of Small and Medium Enterprises (Vinasme);
- Chairman of Hanoi Association of Small and Medium Enterprises (Hanoisme);
- President of Hanoi National University Entrepreneur Alumni Club.

Throughout his illustrious career, he has been honored and recognized for his outstanding achievements, contributing to socialism and national defense, including:

- First-class Labor Medal in 2019, Second-class in 2013, Third-class in 2008 awarded by the President of the Socialist Republic of Vietnam;

- Numerous certificates of merit from the Prime Minister, Hanoi People's Committee and Ministries;
- "Asia Pacific Entrepreneurship Awards 2017" honored by Enterprise Asia magazine;
- "Honorary Doctorate" in Russia;
- "Outstanding Capital Citizen 2018" awarded by Hanoi People's Committee;
- "City Emulation Soldier" awarded by Hanoi People's Committee in 2009;
- Title "Bach Thai Bui Portrait" awarded by the Ministry of Industry in 2001;
- "Outstanding Vietnamese Businessman" awarded by Hanoi People's Committee for many years;
- Recognized by the Council of Science and Innovation
- Hanoi People's Committee for significant contributions to social life over several years.



## BOARD OF DIRECTORS



### Mr. Do Quang Vinh

Vice Chairman  
cum Deputy CEO

Mr. Do Quang Vinh, born in 1989, obtained a Master's degree in Finance and Business Administration from the University of East Anglia, London.

He has been with SHB since 2011 and was appointed Vice Chairman of the Board of Directors in April 2023.

With 13 years of experience in banking and finance, he currently holds multiple key positions at SHB, including Vice Chairman of the Board of Directors, Deputy CEO and Chief Digital Officer.

He also serves as Chairman of the Board of Directors at Saigon - Hanoi Securities Joint Stock Company (SHS) and Chairman of the Board of Directors at Saigon - Hanoi Insurance Corporation (BSH).

He was honored as "Asia Pacific Entrepreneurship Awards" in Financial Services in 2022 by Enterprise Asia magazine.



### Mr. Do Duc Hai

Vice Chairman  
cum Deputy CEO

Mr. Do Duc Hai, born in 1982, earned a Bachelor's degree in Banking and Finance from the National Economics University.

He has been with SHB since 2012 and assumed the role of Vice Chairman of the Board of Directors in April 2023.

With two decades of experience in the banking and finance, he currently holds multiple key positions within SHB: Deputy CEO and Director of the Van Phuc Branch, from January 28, 2021 to the present, Director of Investment Banking Division, Chief Corporate Banking Officer, Chairman of the Board of Directors cum Chairman of the Executive Committee of Saigon - Hanoi Laos Single-Member Limited Liability Bank.



### Mr. Thai Quoc Minh

Member of BOD

Mr. Thai Quoc Minh, born in 1960, holds a Master's degree in Business Administration from Edith Cowan University, Australia.

He has been serving as a Member of the Board of Directors since 2017.

With 39 years of experience in the banking and finance sector, he has held various notable positions: Member of the Board of Directors at Unitel Telecommunications Infrastructure Development and Technology Joint Stock Company; Vice Chairman of the Board of Directors at Vinaconex Trading Development Joint Stock Company; Member of the Board of Directors at Vinaconex - Viettel Finance Joint Stock Company; Vice Chairman of the Board of Directors at Vietnam Expressway Services Joint Stock Company.



### Ms. Ngo Thu Ha

Member of BOD cum CEO

Ms. Ngo Thu Ha, born in 1973, holds a PhD in Economics and possesses three decades of experience in the banking and finance sector. She is a member of CPA Australia.

Since 2008, Ms. Ha has been a part of SHB. She assumed the role of CEO from September 2022 and continues to serve in that capacity. Additionally, she was elected as a Member of the Board of Directors of SHB in April 2023.

From 2011 to August 2022, Ms. Ha served as the Deputy CEO of SHB. Concurrently, she has held various other significant roles within the Bank: Chief Financial Officer, Member of the Board of Directors of SHS, Member of the Board of Members of SHBFinance, Director of SHB Finance and Planning Department, Director of SHAMC.

## BOARD OF DIRECTORS



**Mr. Pham Viet Dan**

Member of BOD

Mr. Pham Viet Dan, born in 1974, holds a Master's degree in Business Administration in Banking and Finance from ULB University (Université Libre de Bruxelles), Belgium.

He was elected as a Member of Board of Directors in April 2023.

With 23 years of experience in the banking and finance industry, he has spent 8 years at SHB, where he has held several key positions, including: Chief Risk Officer from September 2016 to September 2022, Member of the Board of Members of SHB Finance. Additionally, he held significant positions at other major banks such as Vietnam Export Import Commercial Joint Stock Bank (Eximbank) and HSBC Vietnam Bank Limited.



**Mr. Do Van Sinh**

Independent Member of BOD

Mr. Do Van Sinh, born in 1961, holds a PhD in Economics from the Ho Chi Minh National Academy of Politics.

He has served as an Independent Member of the Board of Directors since April 2022.

He has 38 years of management experience in the field of finance and has held several senior management and executive positions, including: Head of the Financial Planning Department and Deputy CEO of Vietnam Social Insurance; Member of the 14th National Assembly for the 2016-2021 term and Standing Committee Member of the Economic Committee of the 14th National Assembly from July 2016 to July 2021.



**Mr. Haroon Anwar Sheikh**

Independent Member of BOD

Mr. Haroon Anwar Sheikh, born in 1966, has 31 years of experience in banking, finance, financial consulting, and digital transformation.

He was appointed as an Independent Member of the Board of Directors at SHB on April 12, 2023.

Throughout his career, Mr. Haroon Anwar Sheikh has held senior positions at major banks and financial corporations worldwide, including: Director of Credit Management at Citibank; Relationship Manager at ANZ Grindlays Bank; Director of Corporate Finance at BMO Bank of Montreal in Toronto; Member of the Executive Committee, Asset and Liability Management Committee, Risk Management Committee, and Data Management and Customer Experience Forum at Standard Chartered Bank in Vietnam, Malaysia, and Singapore. Currently, he is the Director of Valiant Vietnam Co., Ltd., specializing in digital transformation and business strategy consulting.

# BOARD OF SUPERVISORS



**Mr. Pham Hoa Binh**

Head of BOS

Mr. Pham Hoa Binh, born in 1961, obtained a Bachelor's degree in Economics, specializing in Finance and Credit, from the Banking Academy.

He has been with SHB since 2006 and has held the position of Head of the Board of Supervisors since 2012.

Mr. Pham Hoa Binh, with 34 years of experience in banking and finance, has held several key positions throughout his career, including: Head of Internal Audit at SHB, Member of SHB Board of Supervisors, Chief Inspector of the State Bank Can Tho branch, Deputy Director of Saigon Industry and Trade Joint Stock Commercial Bank - Can Tho branch.



**Ms. Le Thanh Cam**

Full-time Member of BOS

Ms. Le Thanh Cam, born in 1967, holds a Master's degree in Business Administration from Pacific Western University in the US and a Bachelor's degree in Banking and Finance from the National Economics University.

She has been a part of SHB since 2013 and has served as a Full-time Member of SHB Board of Supervisors since 2020.

Ms. Le Thanh Cam, with 34 years of experience in the banking and finance sector, has held various significant positions, including: Deputy Director of SHB Internal Audit Division, Director of ABBANK Treasury and Foreign Exchange Trading Division, Deputy Director of Risk Management Division at Maritime Bank, Director of Internal Audit at Maritime Bank.



**Mr. Vu Xuan Thuy Son**

Full-time Member of BOS

Mr. Vu Xuan Thuy Son, born in 1981, earned a Bachelor's degree in Banking and Finance from Hanoi National Economics University.

He has been employed at SHB since 2011 and has served as a Full-time Member of the Board of Supervisors since April 2022.

During his tenure at SHB, he held positions such as: Deputy Head of Internal Audit (August 2012 to June 2016), Deputy Director of Internal Audit Division (July 2016 to April 2022). He has 21 years of experience in the banking and finance sector.

## BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT



**Ms. Ngo Thu Ha**  
CEO

Ms. Ngo Thu Ha, born in 1973, holds a PhD in Economics and possesses three decades of experience in the banking and finance sector. She is a member of CPA Australia.

Since 2008, Ms. Ha has been a part of SHB. She assumed the role of CEO from September 2022 and continues to serve in that capacity. Additionally, she was elected as a Member of the Board of Directors of SHB in April 2023.

From 2011 to August 2022, Ms. Ha served as the Deputy CEO of SHB. Concurrently, she has held various other significant roles within the Bank: Chief Financial Officer, Member of the Board of Directors of SHS, Member of the Board of Members of SHBFinance, Director of SHB Finance and Planning Department, Director of SHAMC.



**Mr. Do Duc Hai**  
Deputy CEO

Mr. Do Duc Hai, born in 1982, earned a Bachelor's degree in Banking and Finance from the National Economics University.

He has been with SHB since 2012 and assumed the role of Vice Chairman of the Board of Directors in April 2023.

With two decades of experience in the banking and finance, he currently holds multiple key positions within SHB: Deputy CEO and Director of the Van Phuc Branch, from January 28, 2021 to the present, Director of Investment Banking Division, Chief Corporate Banking Officer, Chairman of the Board of Directors cum Chairman of the Executive Committee of Saigon - Hanoi Laos Single-Member Limited Liability Bank.



**Mr. Le Dang Khoa**  
Deputy CEO

Mr. Le Dang Khoa, born in 1974, holds a Master's degree in Business Administration from the National Economics University.

He has been with SHB and has served as Deputy CEO since March 2009, concurrently serving as the Director of the Treasury Division.

Previously, he held the position of Director of Treasury and Foreign Exchange Trading at Vietnam International Commercial Joint Stock Bank (VIB) and has 24 years of experience in the banking and finance sector.



### Mr. Do Quang Vinh

Deputy CEO

Mr. Do Quang Vinh, born in 1989, obtained a Master's degree in Finance and Business Administration from the University of East Anglia, London.

He has been with SHB since 2011 and was appointed Vice Chairman of the Board of Directors in April 2023.

With 13 years of experience in banking and finance, he currently holds multiple key positions at SHB, including Vice Chairman of the Board of Directors, Deputy CEO and Chief Digital Officer.

He also serves as Chairman of the Board of Directors at Saigon - Hanoi Securities Joint Stock Company (SHS) and Chairman of the Board of Directors at Saigon - Hanoi Insurance Corporation (BSH).

He was honored as "Asia Pacific Entrepreneurship Awards" in Financial Services in 2022 by Enterprise Asia magazine.



### Ms. Ninh Thi Lan Phuong

Deputy CEO

Ms. Ninh Thi Lan Phuong, born in 1974, earned a Master's degree in Banking and Finance from the Banking Academy.

She has been a part of SHB since 2007. In June 2012, she was appointed Deputy CEO of SHB. Additionally, since February 2016, she has served as the Chairwoman of the Board of Members of SHB AMC. Furthermore, she holds the position of Chief Operation Officer.

Ms. Ninh Thi Lan Phuong, with 29 years of experience in the field of finance and banking, has held several significant positions throughout her career, including: Chief Accountant, Head of Treasury Customer Service Department, Deputy Head of SHB Accounting Department.



### Ms. Hoang Thi Mai Thao

Deputy CEO

Ms. Hoang Thi Mai Thao, born in 1973, obtained a Master's degree in Economics from the Banking Academy.

She has been employed at SHB since 2010. She currently holds multiple key positions within the Bank: Deputy CEO in charge of Sales cum Chief Retail Banking Officer, Member of the Board of Members of SHBFinance since January 8, 2021.

Ms. Hoang Thi Mai Thao, with 30 years of experience in the banking and finance sector, has held several significant positions throughout her career, including: Chairwoman of the Board of Members of SHBFinance, Director of Support Division at SHB, Director of SHB Treasury Division, VPBank Branch Director.

## BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT



**Mr. Luu Danh Duc**  
Deputy CEO

Mr. Luu Danh Duc, born in 1973, obtained a Master's degree in Information Technology from Institut de la Francophonie pour l'Informatique (IFI).

He joined SHB and has been serving as Deputy CEO since September 2022. Additionally, he holds the position of Chief Information Officer (CIO).

Mr. Luu Danh Duc is a senior expert with extensive experience in domestic and international banking technology. He has held notable positions, including CIO at leading corporations in Vietnam such as Vingroup and Sovico Group. He has also served as Deputy CEO in charge of IT at Sun Group and VETC, and was successful as the CIO at VIB.



**Mr. Nguyen Huy Tai**  
Deputy CEO

Mr. Nguyen Huy Tai, born in 1974, holds a Bachelor's degree in Credit Finance from the Banking Academy and a Bachelor's degree in Law from Hanoi Law University.

He has been with SHB since 2007 and currently serves as the Deputy CEO and Director of SHB Hanoi Branch since February 2013.

Throughout his career, he has held various significant positions: Chief Debt Collection Officer, Branch Director at Bac A Bank. With 29 years of experience in banking and finance, he brings a wealth of expertise to his current roles at SHB.



**Ms. Ngo Thi Van**  
Chief Accountant

Ms. Ngo Thi Van, born in 1980, graduated with a major in Auditing and holds a Master's degree in Business Administration from the National Economics University.

She has been with SHB since 2008. In 2014, she was appointed as Chief Accountant and Director of the SHB Accounting Department.

Ms. Ngo Thi Van, with 22 years of experience in accounting, finance, and banking, has held several significant positions throughout her career, including: Deputy Director of the SHB Finance and Accounting Department, Head of the SHB Finance and Accounting Department.

## C-SUITE EXECUTIVES



**Mr. Nguyen Dinh Duong**

Chief Internal Auditor

Mr. Nguyen Dinh Duong, born in 1977, holds a Master's degree in Business Administration, a Bachelor's degree in Law, and a Bachelor's degree in banking and finance.

With a tenure at SHB since 2007, he currently serves as the Chief Internal Auditor, a role he has held since 2016. Additionally, he has been a Member of the Board of Directors and Chairman of the Audit Committee of SHB Laos since 2015, and he assumed the position of Vice Chairman of the Board of Directors of SHB Laos in 2022.

Throughout 25 years of experience in banking and finance, Mr. Duong has held several key positions, including Head of Internal Audit Department, Head of SHB Debt Collection Officer Department, and Head of the Board of Supervisors of SHS.



**Mr. Luu Tien Cuong**

Chief Risk Officer

Mr. Luu Tien Cuong, born in 1978, earned his Master's degree in Business Management from the Free University of Brussels, Belgium.

He joined SHB and assumed the role of Chief Risk Officer in September 2022.

Prior to his current role at SHB, he held the position of Deputy Director of Risk Management Division at MB Bank and ACB during his 25 years of experience in the banking and finance sector.



**Mr. Dang Cong Hoan**

Chief Retail Banking Officer

Mr. Dang Cong Hoan, born in 1977, holds a PhD in Economics from the University of Economics, Hanoi National University.

He joined SHB and currently serves as the Chief Retail Banking Officer since March 17, 2023.

With over 20 years of experience, he has held various senior positions at Techcombank, including Acting Director of the Personal Finance Service Division cum Director of CFM, Deputy Director of the Personal Finance Service Division, Deputy Director of Banking and Personal Finance Services, Director of the Product Development Center, Director and Deputy Director of the Card Center.

## C-SUITE EXECUTIVES



**Mr. Vu Tuan Anh**

Chief Credit Officer

Mr. Vu Tuan Anh, born in 1982, holds a Bachelor's degree in Foreign Economics from the Foreign Trade University.

He joined SHB in 2014 and currently serves as the Chief Credit Officer since January 17, 2023.

With 20 years of experience in the field, Mr. Anh has held various positions, showcasing his expertise and dedication to the banking and finance industry. He has previously served as the Acting Chief Corporate Banking Officer and held the role of Director at SHB Ham Long Branch and SHB Hanoi.



**Ms. Nguyen Thanh Loan**

Deputy Chief HR Officer

Ms. Nguyen Thi Thanh Loan, born in 1980, holds a Master's degree in Business Administration from the National Economics University.

She joined SHB and has been serving as the Deputy Chief HR Officer since June 1, 2020.

With 23 years of experience in human resource management, Ms. Loan has held various leadership positions in prominent organizations. Previously, she served as the Deputy Director of the Human Resources Department at T&T Group and HR manager at VKX Company, a joint venture between VNPT Group, Ericsson Group - LG.



**Mr. Cao Minh Tuan**

Chief Debt Collection Officer

Mr. Cao Minh Tuan, born in 1981, holds a Bachelor's degree in Business Administration.

He joined SHB in 2008 and currently serves as the Chief Debt Collection Officer since January 2023.

With 19 years of experience in the banking and finance sector, Mr. Tuan has held several key positions, including Deputy Chief Debt Collection Officer and Chief Corporate Banking Officer.



### **Mr. Dinh Ngoc Dung**

Deputy Chief Corporate Banking Officer

Mr. Dinh Ngoc Dung, born in 1976, holds a Master's degree from the National Economics University.

He joined SHB in 2012 and currently serves as the Deputy Chief Corporate Banking Officer since May 31, 2023.

With 19 years of experience, Mr. Dung has demonstrated his expertise in the banking and finance sector. He previously served as the Director of the Credit Underwriting Center at SHB.



### **Mr. Dong Xuan Hoa**

Deputy Chief Marketing Officer

Mr. Dong Xuan Hoa, born in 1977, brings two decades of experience in communications and brand development to his role. He joined SHB in 2022 and currently serves as the Deputy Chief Marketing Officer since January 2024.

Prior to joining SHB, Mr. Hoa worked at Investment Newspaper and held the role of Head of Communications at VPBank.



### 3. OVERVIEW

#### 3.1 Corporate profile

<b>Corporate name:</b>	
- Full name in Vietnamese:	Ngân hàng TMCP Sài Gòn – Hà Nội
- Full name in English:	Saigon Hanoi Commercial Joint Stock Bank
- Abbreviated name in English:	SAHABANK
<b>Business registration certificate number:</b>	1800278630 issued by Hanoi Department of Planning and Investment.
- First registration:	December 10, 1993
- Registration for the 34th amendment:	September 20, 2023
<b>Charter capital:</b>	36,193,981,130,000 VND
<b>Owners' Equity:</b>	50,098,280,000,000 VND
<b>Address:</b>	77 Tran Hung Dao - Hoan Kiem District - Hanoi City.
<b>Phone:</b>	(024) 3942 3388
<b>Fax:</b>	(024) 3941 0944
<b>Website:</b>	www.shb.com.vn
<b>Stock ticker:</b>	SHB

#### 3.2. Key milestones

Saigon - Hanoi Commercial Joint Stock Bank (SHB), previously known as Nhon Ai Rural Commercial Joint Stock Bank, established in 1993 in Can Tho. SHB rebranded and moved its headquarters to Hanoi in 2006. Listed on the Hanoi Stock Exchange in 2009, SHB now operates 571 domestic and foreign transaction points across 50 provinces and cities. As of December 31, 2023, SHB's total assets reached VND 630,501 billion, solidifying its position among the top four largest private joint stock commercial banks by charter capital.

13.11  
1993

##### Founding

SHB Saigon - Hanoi Commercial Joint Stock Bank (SHB), previously known as Nhon Ai Rural Commercial Joint Stock Bank, established in 1993 in Can Tho. SHB rebranded and moved its headquarters to Hanoi in 2006. Listed on the Hanoi Stock Exchange in 2009, SHB now operates 571 domestic and foreign transaction points across 50 provinces and cities. As of December 31, 2023, SHB's total assets reached VND 630,501 billion, solidifying its position among the top four largest private joint stock commercial banks by charter capital.

20.04  
2009

##### Listing

SHB was founded on November 13, 1993, under Decision No. 214/QĐ-NH5 and Operation License No. 0041-NH/GP issued by the State Bank of Vietnam, formerly known as Nhon Ai Rural Joint Stock Commercial Bank. The Business Registration Certificate No. 1800278630 was issued by the Hanoi Department of Planning and Investment, amended for the 34th time on September 20, 2023.

1993

2005

2006



■ Nhon Ai Rural Commercial Joint Stock Bank was founded on November 13, 1993, in Can Tho, with a charter capital of VND 400 million, with the mission to serve customers in the agriculture and rural sectors.



■ In 2005, during a "landmark" encounter with the Chairman of Nhon Ai Rural Bank, entrepreneur Do Quang Hien adeptly negotiated to become a major shareholder and was entrusted with the responsibility to steer the bank forward.



■ In 2006, Nhon Ai Rural Commercial Joint Stock Bank underwent a pivotal transformation, officially transitioning its operational model to an Urban Commercial Joint Stock Bank. Concurrently, it rebranded itself as Saigon - Hanoi Commercial Joint Stock Bank (SHB), with a charter capital of VND 500 billion.

## THE ODYSSEY STARTING FROM HEART TO REACH GREATER HEIGHTS

### SHB's Development Journey

Embarking on a remarkable 30-year journey, Saigon - Hanoi Commercial Joint Stock Bank (SHB) has transformed from a humble rural bank into one of the Top 5 largest private joint stock commercial banks in Vietnam. Guided by the ethos "From Heart to Greater Heights", with each milestone achieved, we have soared to new heights, continually pushing boundaries and striving for excellence as we forge ahead towards a brighter future.

2007

2008

2009

2011



■ In 2007, two prominent state-owned enterprises, the Vietnam National Coal and Mineral Industries Group (Vinacomin) and the Vietnam Rubber Group (VRG), emerged as strategic stakeholders of SHB. This development underscored SHB's esteemed standing among private commercial banks. The executives from Vinacomin and VRG were directly involved in SHB's Board of Directors from 2007 to 2014.

■ In 2008, the headquarters relocation from Can Tho to Hanoi marked a significant milestone in scaling up operations, with a charter capital of VND 2,000 billion.

■ In 2009, SHB was one of the first three banks to officially list its shares on the Hanoi Stock Exchange.

■ Increased its charter capital to nearly VND 5,000 billion.

Remained one of the fastest-growing and most profitable joint stock commercial banks.

On its 18th anniversary, SHB was honored to receive the Third-Class Labor Medal awarded by the President.



2012

2013



2014

2016



- Implemented a regional expansion strategy:

In February 2012, SHB opened a branch in Cambodia, with a total investment of USD 37 million.

In September 2012, a branch in Laos was opened with a charter capital exceeding USD 5 million.

Implementing the state policy of restructuring the banking industry, SHB pioneered the merger with Hanoi Housing Bank (Habubank), a long-established bank in Vietnam. SHB assumed and managed all debts for many years afterward, contributing to the stabilization of the domestic banking system and enhancing Vietnam's image in the international market.

- Celebrating the 20th anniversary, SHB was honored to receive the Second-Class Labor Medal awarded by the President.

Proudly affirming its role as a companion in building the country, SHB has sponsored trillions of VND for numerous key national projects.

- SHB emerged as the sole strategic financial partner in the Indochina region for the globally renowned football club, Manchester City. This partnership not only elevated SHB's position but also enhanced the Vietnamese brand's image internationally.

- SHB officially inaugurated a wholly-owned subsidiary bank in both Laos and Cambodia, further solidifying its influence and presence within the region.

Continuing its commitment to implementing the government and State Bank of Vietnam policies regarding the merger of struggling credit and financial institutions, SHB facilitated the merger of Vinaconex - Viettel Consumer Finance Company and established a Consumer Finance Company under SHB's umbrella. This move significantly bolstered the financial ecosystem and expanded the consumer finance network, further enhancing SHB's offerings and market reach.

SHB Bank and Barcelona Football Club entered into a strategic co-branding partnership, elevating the SHB brand alongside one of the world's foremost football brands.

2018 

2019

2020



■ As SHB commemorated its 25th anniversary, the bank proudly received the Second-Class Labor Medal, awarded by the President for the second time.

By bringing the Premier League Cup to Vietnam, SHB provided Vietnamese fans with a rare opportunity to witness championship trophies firsthand, thereby contributing to the promotion of Vietnam's image and its people to the global stage.

Signing a strategic cooperation agreement with two major international financial institutions, the International Investment Bank (IIB) and the International Bank for Economic Cooperation (IBEC), significantly enhanced SHB's reputation. This partnership not only unlocked development opportunities but also fostered bilateral trade cooperation between Eastern European countries and Vietnam.



■ SHB took pride in being recognized as the inaugural financial partner of Amazon Group, a leader in the global e-commerce sector. This partnership fulfilled the vision of empowering Vietnamese businesses to expand their reach globally, marking a significant milestone in SHB's commitment to supporting local enterprises.



■ In its commitment to supporting Small and Medium Enterprises (SMEs), SHB took proactive steps. The Bank signed a comprehensive cooperation agreement to support member businesses of VINASME, facilitating their growth. Additionally, SHB inked an on-lending framework contract with the Small and Medium Enterprise Development Fund (SMEDF), providing crucial support to innovative startups and SMEs engaged in value chains. These initiatives have been consistently upheld and further promoted in subsequent years.

2021



- Increased the charter capital to VND 26,674 billion and affirmed its robust financial capacity.

SHB relocated its stock trading from the Hanoi Stock Exchange (HNX) to the Ho Chi Minh City Stock Exchange (HOSE) to better serve the needs of foreign investors. Moreover, the bank's emphasis on transparent management practices, in accordance with both domestic and international standards, reinforces its commitment to integrity and accountability.

To enhance the quality of its financial capital, SHB strategically opted to divest 100% of its capital at SHBFinance through an agreement with Krungsri Bank - Thailand, a member of the MUFG group. This move would allow SHB to bolster its capital surplus while minimizing exposure to significant financial risks and optimizing its financial portfolio.

SHB selected BCG, renowned as one of the world's top three strategic consulting firms, as its consulting vendor. This decision reflected SHB's strategic intent to leverage BCG's extensive expertise and experience to fine-tune its strategic direction and bolster its competitiveness within the market.

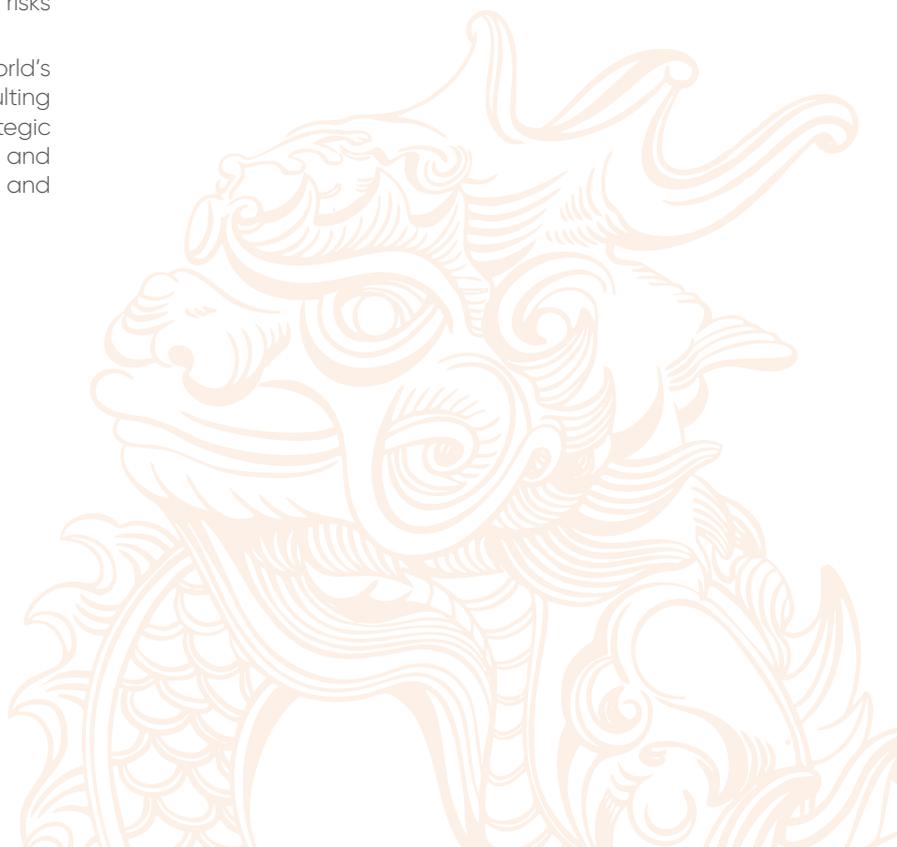
2022



- In alignment with the Government's policy and global development trends, SHB, T&T Group, Vietnam Airlines, and VNR signed a comprehensive strategic cooperation agreement on August 12, 2022.

Continuing its strategy of strengthening partnerships with major corporations, SHB signed cooperation agreements with Vietnam Railway Corporation (VNR), Vietnam National Textile and Garment Group (VINATEX), Vietnam Expressway Corporation (VEC) and Vietnam Posts and Telecommunications Group (VNPT).

In this year, SHB increased its charter capital to VND 30,674 billion, maintaining its position among the Top 5 largest private joint stock commercial banks by charter capital.



2023



- SHB proudly celebrated its 30th anniversary and was honored to receive the Third-Class Labor Medal awarded by the President of the Socialist Republic of Vietnam.

SHB shares were selected for the VN30 index, which comprises the 30 largest and most liquid companies listed on HOSE. The Bank increased its charter capital to VND 36,194 billion, placing it among the Top 4 private joint stock commercial banks with the largest charter capital.

SHB once again affirmed its reputation by meeting IFC's stringent standards, officially signing a senior loan agreement worth USD 120 million and joining IFC's Global Trade Finance Program (GTFP) with an initial trade finance guarantee limit of USD 75 million.

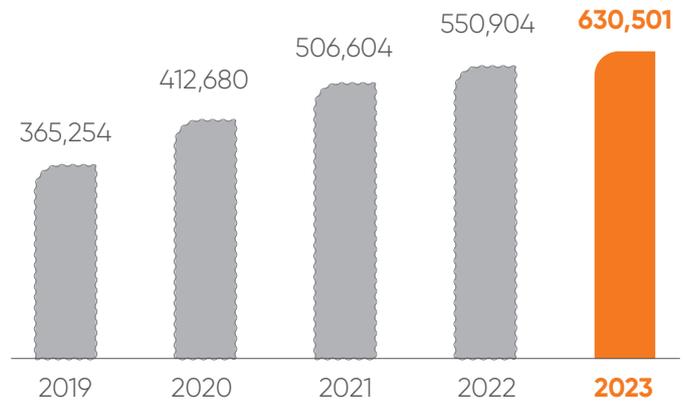
Continuing to bolster its global standing, SHB forged a memorandum of understanding (MOU) with Busan Bank (BNK Financial Group of Korea), solidifying a partnership across all domains. Particularly focused on developing corporate customers, digital banking, and investment banking, this collaboration aims to drive socio-economic development between Vietnam and Korea.

Expanding its network, SHB added 5 new branches and 25 transaction offices, thereby increasing the total number of domestic and international transaction points to 571.

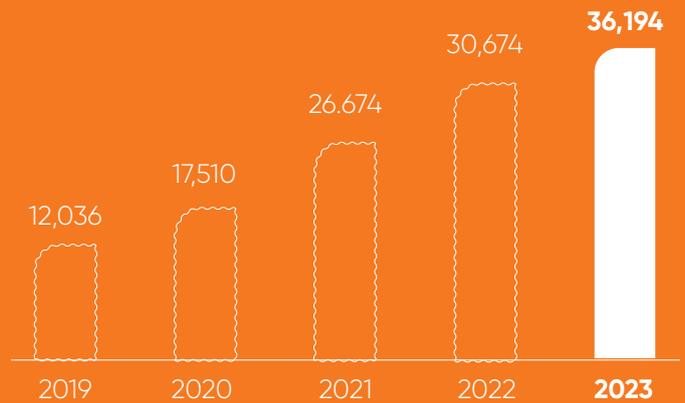


## KEY PERFORMANCE INDICATORS (2019 – 2023)

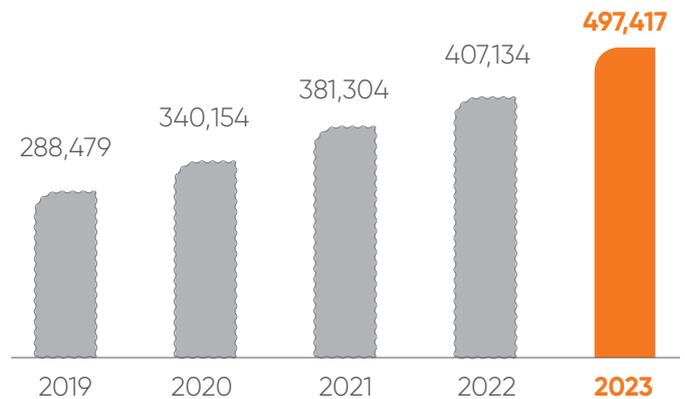
TOTAL ASSETS  
**630,501**  
(VND billion)



CHARTER  
CAPITAL  
**36,194**  
(VND billion)



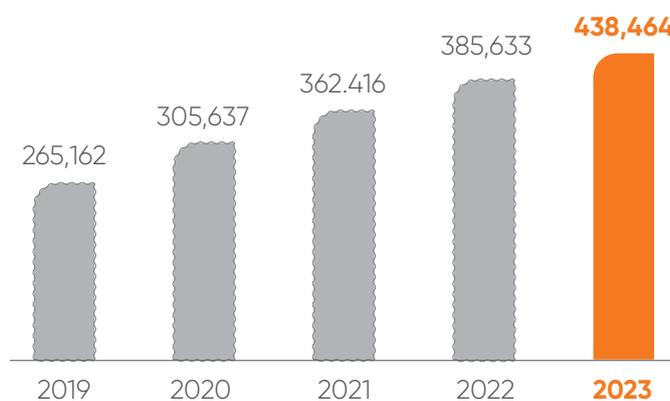
TOTAL CUSTOMER  
DEPOSIT  
**497,417**  
(VND billion)



TOTAL OUTSTANDING  
LOAN

**438,464**

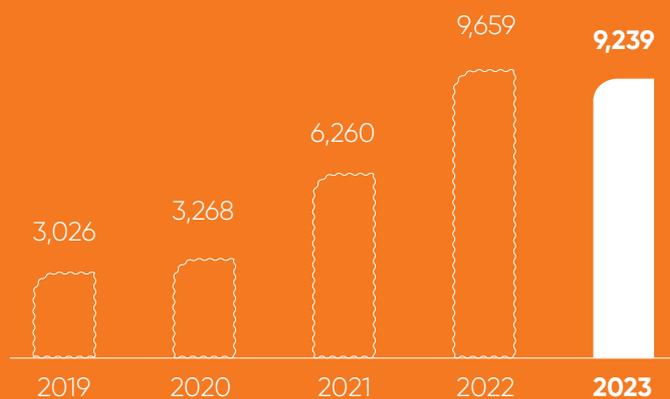
(VND billion)



PRE-TAX  
PROFIT

**9,239**

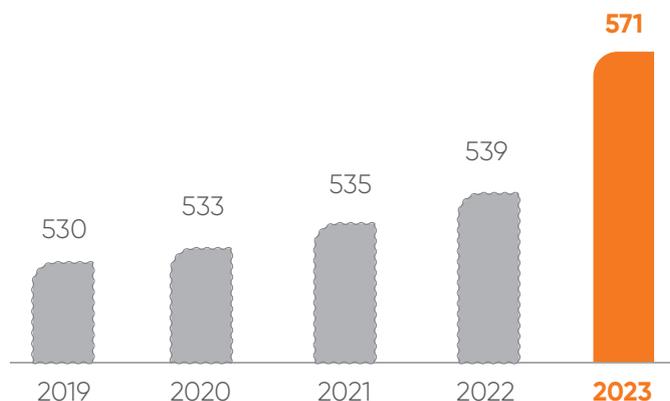
(VND billion)



NETWORK

**571**

(Transaction Offices)



## 4. BUSINESS LINES AND BUSINESS NETWORK

### 4.1. Business lines

SHB continually innovates and tailors its financial products and services to meet the evolving needs of customers and market trends.

The bank's core operations revolve around facilitating various financial transactions, including: Accepting short, medium, and long-term deposits from both individuals and organizations; Extending short, medium, and long-term loans to individuals and organizations; Facilitating foreign currency transactions and providing international trade finance services; Offering discounting services for commercial papers, bonds, and other valuable instruments; Factoring; Offering asset preservation services, including rental of cabinets and safes, ensuring the safekeeping of valuable assets; Bancassurance; Engaging in entrust lending and receiving entrusted lending transactions based on trust agreements; Granting credit by discounting other valuable paper transfer instruments, providing flexible financing options.

### 4.2. Business network

#### **SHB consistently innovates and expands its business network to fully meet customer needs.**

As of December 31, 2023, SHB continues its strategic expansion efforts, fostering its network to 571 transaction points across 50 provinces and major cities throughout Vietnam. These locations are strategically selected to serve regions with significant economic growth potential.

- Internationally, SHB extends its presence to three Southeast Asian countries: Laos (Vientiane, Champasack, Savanakheth), Cambodia (Phnom Penh, Kampong Thom, Nehru), and Myanmar.

*(For further information, please refer to the "Transaction office network" section on page 139)*

### 4.3. Governance model and organizational structure

#### 4.3.1. Governance model:

SHB is dedicated to perfecting and innovating its organizational structure to ensure management is executed in a modern, streamlined, and efficient manner. This approach aligns with SHB's medium and long-term development strategy.

#### 4.3.2. The organizational structure

To optimize its structure and focus resources on business development, SHB has streamlined its organizational framework. The Bank has refined the functions and responsibilities of its Divisions, Departments, and Centers, ensuring they operate in a professional, effective, and thoroughly integrated manner.

SHB's organizational and management structure comprises the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the CEO, in accordance with Article 32.1 of the Law on Credit Institutions 2010 and the amended Law on Credit Institutions 2017.

The General Meeting of Shareholders is the highest authority of the Bank.

The Board of Directors is the highest governance body within the bank, consisting of members elected by the General Meeting of Shareholders.

The Board of Directors establishes various committees, departments, and business offices to carry out specific tasks and responsibilities as assigned. These include Human Resources Committee, Risk Management Committee, Strategy Committee, Board of Directors Office, Internal Security Department, Strategic Partnership Development Committee, Expert Panel.

SHB consists of subsidiaries and subsidiary banks. The Bank comprises units at the Head Office, branches, and transaction offices. The Head Office encompasses Divisions, Departments, Centers, and Offices directly reporting to the CEO.

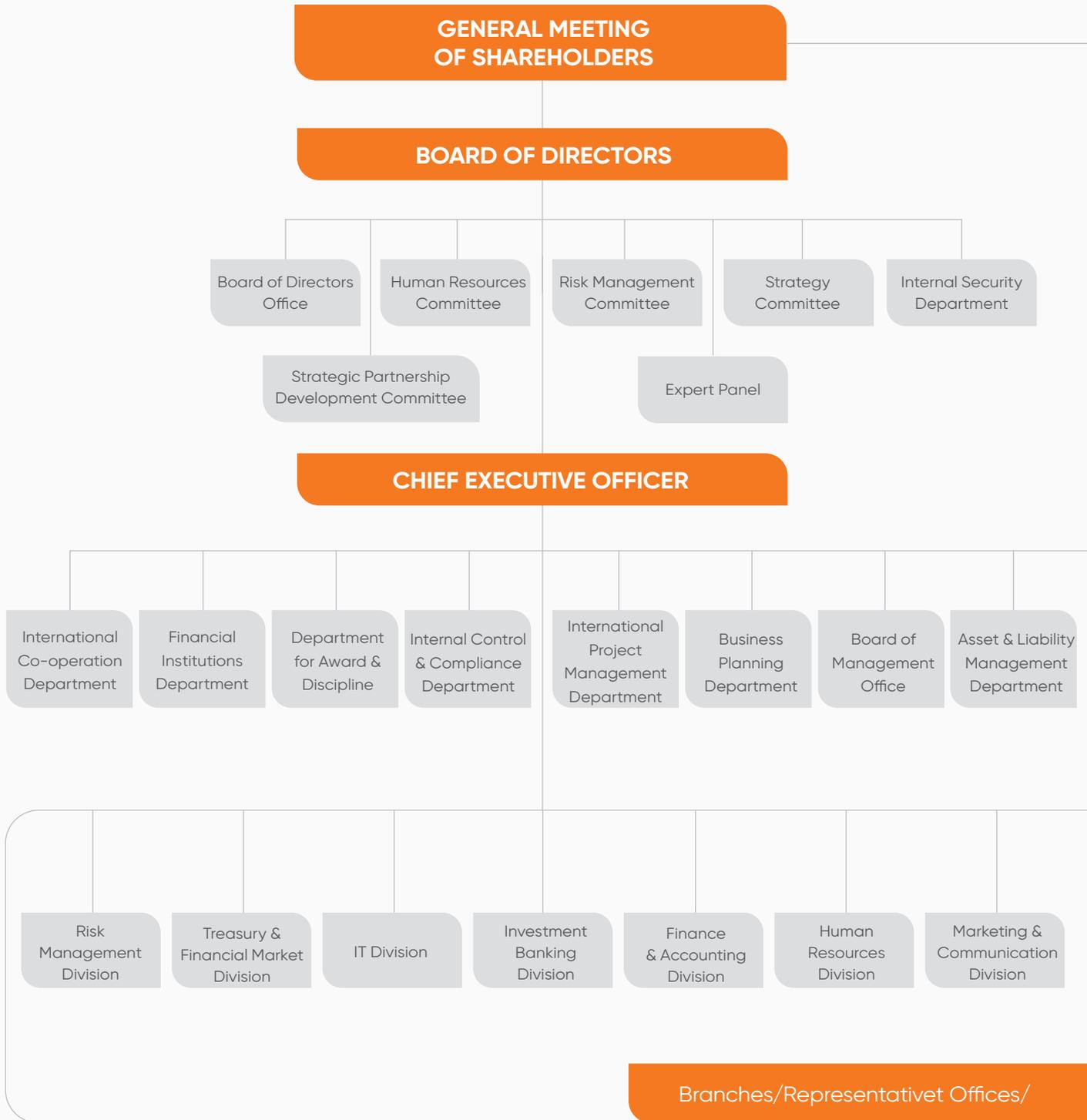
# Khu Vực Giao Dịch



Đôi tác tin cậy, giải pháp phù hợp



**ORGANIZATION CHART**



**BOARD OF SUPERVISORS**

**Internal Audit Division**

Governance Audit Center

Operational Audit Center

General Audit Center

IA Department of Region 1-2-3

Administration  
Department

Construction  
& Branch  
Development  
Department

Legal  
Department

Retail  
Banking  
Division

Corporate  
Banking  
Division

Credit  
Management  
Division

Transformation  
Division

Operation  
Division

Debt Management  
and Collection  
Division

Digital Banking  
Division

/Subsidiary Banks/Subsidiaries

## I. GENERAL INFORMATION

### 4.3.3. Subsidiaries and affiliate companies

Company name	Address	Business lines	Paid-up capital	Con-tributed capital of SHB	Holding percent-age
<b>I. SUBSIDIARIES</b>					
<b>Domestic Subsidiaries</b>					
SHB Asset Management Single-Member LLC (SHAMC)	14 <sup>th</sup> floor, 169 Nguyen Ngoc Vu, Cau Giay, Hanoi	Debt and asset management	VND 20 billion	VND 20 billion	100%
<b>Overseas Subsidiaries</b>					
Saigon - Hanoi Laos Single-Member Limited Liability Bank (SHB Laos)	Lanexang Road, Hatsadytai, Chanthabuly District, Vientiane Capital, Lao People's Democratic Republic	Finance, banking	VND 1,158 billion	VND 1,158 billion	100%
Saigon - Hanoi Cambodia Limited Liability Bank (SHB Cambodia)	Building No. 107, Norodom Avenue, Boeng Rang Ward, Doun Penh District, Phnom Penh, Cambodia	Finance, banking	VND 1,749 billion	VND 1,749 billion	100%
<b>II. AFFILIATE COMPANIES</b>					
SHB Finance Single-Member LLC (SHBFinance)	GELEX Building, 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	Finance, banking	VND 1,000 billion	VND 500 billion	50%



5. HIGHLIGHTS OF 2023

# 10 OUTSTANDING EVENTS

In 2023, SHB celebrated its 30th anniversary, reinforcing its capabilities and solidifying its position through 10 notable events. With a renewed vigor, the Bank moves forward, embracing the ethos of “Soar to New Heights with Dragon’s Might”.





1

### ***30<sup>th</sup> Anniversary Celebration: Awarded Third-Class Labor Medal***

At its 30th Anniversary, SHB proudly received the Third-Class Labor Medal from the President of the Socialist Republic of Vietnam. Prior to this esteemed recognition, SHB was also honored by prestigious domestic and international organizations with several significant awards, including Best Trade Finance Bank in Vietnam, Best ESG Impact Bank in Vietnam, Best CSR Bank, and Best Companies to Work for in Asia.

This momentous occasion underscores SHB's 30-year journey of growth and partnership with the nation, while also serving as a testament to the State's acknowledgment of SHB's positive contributions to the country's socio-economic development.

**Embracing the 6 Core Values of “Heart - Faith – Trustworthiness - Knowledge - Wisdom - Greater Heights”**

President Ho Chi Minh once emphasized that “Culture lights the nation’s path”. SHB views corporate culture as the brand’s “soul”, defining its identity and values. This approach attracts talent, enhances the brand, and supports sustainable growth. Developing SHB’s corporate culture around six core values is a top priority for the Board of Directors.



In 2023, SHB celebrated its 30th anniversary by promoting its six core values through “From Heart to Greater Heights” initiatives, including Innovation Day (Innoday), Sport Festival, Shine, Icon, and more. These events highlighted the bank’s orange brand, instilling pride and fostering human values within staff, and extending this ethos to customers and the community.



3

### **Achieving sustainable growth through robust and holistic transformation**

SHB As of December 31, 2023, Total assets reached VND 630 trillion; Total customer deposits amounted to VND 497 trillion; Regulatory capital under Basel II reached VND 70 trillion; SHB's outstanding loans reached VND 456 trillion, marking a notable year-on-year increase of 16.9%. The bank has prioritized lending in key sectors aligned with the government and SBV policies, focusing on areas that drive economic growth and development.

Total operating income reached VND 21,328 billion, reflecting a substantial 10.3% increase compared to 2022. Pre-tax profit amounted to VND 9,239 billion. Business performance remains stable, with SHB's ROE, NIM, and other key performance indicators showing positive growth trends. Particularly noteworthy is the CIR index, which reached 23.7%, consistently ranking SHB as the leader among banks with the most effective cost control for multiple consecutive quarters. Moreover, increased provisions compared to 2022 have enabled SHB to further enhance its Loan Loss Reserve to 75%.

SHB's business achievements are paralleled by the stringent risk management. The bank's prudent risk management indicators consistently surpass the State Bank's regulations, ensuring compliance with Basel II and Basel III standards in liquidity risk management.

In particular, SHB's digital transformation efforts, guided by clear strategies, have yielded positive outcomes, contributing to robust growth in both customer base and transactions. Presently, 90% of key banking operations at SHB can be seamlessly executed through digital channels, surpassing the target set forth in the Banking Industry's Digital Transformation Plan for 2028. Moreover, a significant portion - 90% of corporate and individual customer transactions are conducted entirely via Mobile banking and Internet banking digital channels, highlighting the widespread success of SHB's digital initiatives



4

### **Expanding Network: Opening 5 New Branches and 25 Transaction Offices**

In 2023, SHB expanded its network with the addition of 5 new branches in Ben Tre, Quang Tri, Quang Binh, Bac Giang, and Phu Tho, along with 25 transaction offices nationwide. This brings the total number of domestic and international transaction offices to 571.

SHB's extensive network has been instrumental in promptly addressing the financial transaction requirements of all customers, fostering connectivity across economic sectors, generating employment opportunities, and contributing to the socio-economic development of various provinces, particularly in mountainous and rural areas. Additionally, SHB directly contributes to the state budget in these localities.



5

**Increasing Charter Capital to VND 36,194 billion, Maintain Top 4 Position Among Largest Private Commercial Joint Stock Banks**

On August 8, 2023, the State Securities Commission of Vietnam issued document No. 5247/UBCK-QLCB, confirming SHB's issuance of over 552 million stock dividends in 2022. Consequently, SHB's charter capital has surged to nearly VND 36,194 billion.

The ongoing augmentation of charter capital in recent periods has underscored SHB's financial resilience and governance proficiency, bolstering the bank's competitiveness in the realm of international integration. Moreover, this trajectory is poised to actualize anticipated benefits for shareholders.

6

**Successful Transferring of 50% of SHBFinance Charter Capital to Partner Krungsri**

On May 23, 2023, SHB and Ayudhya Public Bank Limited (Krungsri) of Thailand, a strategic member of the MUFG Group in Japan, finalized the transfer of 50% of the charter capital at Saigon - Hanoi Commercial Joint Stock Bank Finance Single-member LLC (SHBFinance). As per the agreement, the remaining 50% will be transferred after 3 years.

Additionally, SHBFinance will be converted from Saigon - Hanoi Commercial Joint Stock Bank Finance Single-member LLC to Saigon - Hanoi Commercial Joint Stock Bank Finance LLC, pursuant to the new Decision and License of the SBV issued on April 25.

This transaction is expected to generate substantial surplus for SHB shareholders, providing additional resources for the Bank to fortify its financial capacity, thus facilitating business activities in key segments. Notably, SHB will continue to prioritize investments in the digital transformation process and unlock numerous regional business opportunities.



7

**SHB shares have been included in the VN30 index**

On July 17, Ho Chi Minh City Stock Exchange (HOSE) selected SHB shares for inclusion in the prestigious VN30 index basket. This decision, set to take effect from August 7, 2023, through February 2, 2024, marks a pivotal moment for SHB.

The selection process rigorously assessed various criteria including capitalization, free-float ratio, liquidity, and other critical factors.

Inclusion in the VN30 index serves as a benchmark, validating the quality and prominence of SHB shares. This significant milestone coincides with SHB's robust and comprehensive transformation, garnering praise from various international organizations.



8

**Moody's maintains SHB's credit rating at B1 amid volatile market conditions**

On April 19, 2023, the international credit rating agency Moody's Investors Service (Moody's) reaffirmed the B1 credit rating for SHB during its latest review, despite the global market experiencing significant fluctuations and challenges throughout 2022 and early 2023. Specifically, Moody's upheld the B1 rating in the issuer category and for long-term local currency deposits for SHB, along with several other ratings.

This decision to maintain SHB's B1 and B2 Baseline Credit Assessment (BCA) ratings reflects Moody's expectation that SHB's credit will remain stable over the next 12 to 18 months.

## Actively supporting customers, community and society

Amidst the tumultuous landscape of both domestic and international markets, SHB steadfastly prioritizes the welfare and sustainable progress of the nation and its communities. Anchored by the resolute commitment to social responsibility, SHB imbues every endeavor with this guiding principle. As a trailblazing bank, it proactively aligns with governmental and SBV policies, standing shoulder to shoulder with businesses and individuals even during the most challenging times.

SHB has rolled out numerous preferential lending programs, amounting to tens of trillions of VND, catering to both new and existing customers through interest rate reductions. The cumulative interest reduction for customers has exceeded VND 2,800 billion. In addition to these financial initiatives, the Bank promptly and continuously implements various non-financial policies to aid businesses in recovery phase.

Beyond its focus on business support, SHB actively extends its philanthropic endeavors nationwide. It effectively executes social security policies, extends care to veterans and their families, vulnerable individuals, impoverished households, victims of natural disasters and epidemics, as well as residents in remote, border, island, ethnic minority, and mountainous regions. Furthermore, it extends support to workers and laborers in industrial parks, export processing zones, and industrial clusters, allocating budgets amounting to tens of billions of VND for these initiatives.



## Strengthening partnerships with numerous development financial institutions

SHB and the International Finance Corporation (IFC), a member of the World Bank Group, signed a 3-year senior loan agreement worth USD 120 million. Additionally, SHB entered into an agreement to participate in IFC's Global Trade Finance Program (GTFP), where SHB will act as an issuing bank with an initial trade finance guarantee limit of up to USD 75 million provided by IFC. Alongside IFC, SHB collaborates with several development financial institutions, including the World Bank (WB), the Asian Development Bank (ADB), and KfW, to execute billion-dollar projects.

At the same time, SHB signed a Memorandum of Understanding (MOU) with Busan Bank, a member of BNK Financial Group of Korea, officially establishing a partnership between the two credit institutions. This collaboration focuses on various areas, particularly the development of corporate customers, digital banking, and investment banking.



The support of numerous international financial institutions has further affirmed SHB's reputation and capacity in the global financial market. This collaboration underscores SHB's strategy of prudent, effective, and robust business growth. By building a solid foundation, SHB ensures stable and sustainable development, fully meeting prudential standards and adhering to international norms.



## 6. REMARKABLE ACHIEVEMENTS AND SOCIAL RECOGNITION

The year 2023 is a particularly memorable milestone in SHB's development journey, marking significant progress and concluding the series of events celebrating its 30th anniversary.

With relentless dedication, SHB garners acclaim from both governmental bodies and esteemed domestic and international organizations. In 2023, SHB solidifies and enhances its standing across numerous significant rankings, proudly earning accolades in various prestigious award categories.



### STATE AWARDS

- Second-Class Labor Medal in 2018, 2013 awarded by the President of the Socialist Republic of Vietnam.
- Third-Class Labor Medal in 2023, 2011 awarded by the President of the Socialist Republic of Vietnam.
- Emulation flags and Certificates of Merit awarded to SHB by Hanoi People's Committee for many years.
- Thang Long Cup honored by Hanoi People's Committee
- Many certificates of merit and emulation flags from the Government, SBV, People's Committees of provinces and cities in locations with SHB offices.
- SHB is recognized as a leading and highly reputable institution, having garnered numerous prestigious titles from esteemed domestic and international organizations.



REAFFIRM ITS LEADING  
POSITION IN RANKINGS

**TOP 4**

PRIVATE COMMERCIAL  
BANKS IN TERMS OF  
CHARTER CAPITAL

**TOP 10**

PRESTIGIOUS PRIVATE  
COMMERCIAL BANKS

**VN30**

SHB SHARES  
SELECTED INTO  
VN30 INDEX

**TOP 50**

OUTSTANDING  
ENTERPRISES

**TOP 100**

ASEAN  
BANKS

**TOP 500**

ASIA PACIFIC  
BANKS

**TOP 500**

MOST GLOBAL  
VALUABLE BANKING  
BRANDS

**TOP 1000**

WORLD  
BANKS

### INTERNATIONAL AWARDS IN 2023



Best Domestic Trade Finance Bank in Vietnam - Alpha Southeast Asia Magazine honored for 4 consecutive years



Best Companies to Work for in Asia for 3 consecutive years by HR Asia, a prominent annual human resource magazine widely circulated across the Asian.



Best Workplace Interior Design in Asia 2023 - Asia Architecture Design Awards



Biggest ESG impact 2023 in Vietnam - Finance Asia



Vietnam Domestic Social Impact Finance Initiative of the Year 2023 - Asian Banking and Finance



Banking for Women Initiative of the Year 2023 - Asian Banking and Finance



Best Sustainable Finance Bank in Vietnam 2023 - Global Finance



Vietnam Outstanding Green Bank 2023 - IDG



The best SMEs bank 2023 - IDG

And many other prestigious awards...

## OUTSTANDING DOMESTIC AWARDS IN 2023



The leading bank in Brand Strength Index in Vietnam, as announced by Brand Finance.



Top 10 Most Prestigious Vietnamese Banks for 7 consecutive years by Vietnam Report.



Top 10 Sustainable and Green Enterprises 2023.



Top 10 Best Annual Report – Finance and Banking by HOSE, HNX and Vietnam Investment Review newspaper



Top 50 Vietnam the Best by Vietnam Report



Top 50 Innovative and Effective Businesses in Vietnam for 2023 by Vietnam Investment Review newspaper and Viet Research.



Top 50 Vietnam Best Profitable by Vietnam Report



New Superstar in Payment Volume Growth 2023 by VISA



Top 50 Vietnam's Trusted Products and Services 2023 award was granted to the SHB VISA Platinum international credit card by VNEconomy.

## 7. THE STRATEGIC DIRECTION

"SHB is strategically positioned to address the challenges and capitalize on the opportunities inherent in its comprehensive transformation strategy, aiming for exceptional growth. In 2024, SHB will reinforce its core business sectors, systematically enhance its products and services to maximize customer satisfaction, and implement development initiatives anchored in the principles of Safety, Efficiency, and Sustainability".

Ms. Ngo Thu Ha - CEO



SHB has served as a pivotal financial institution, furnishing vital capital resources to essential sectors of the Vietnamese economy. Marking three decades of distinguished success, SHB embarks on a new era with renewed strength and strategic vision. The Bank aims to become The most efficient bank; The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem; The preferred digital bank, and The leading retail bank.

To achieve this objective, SHB's Board of Directors devises adaptable, innovative, and distinct strategies for each stage. Drawing from lessons learned and building upon past successes, we shall further inherit and promote effective practices. Additionally, the BOD collaborates with partners and leading consulting firms while onboarding top domestic and international personnel to support SHB's plans, overseeing the implementation of the Bank's strategy. 2024 is expected to remain a challenging year for the Vietnamese economy in general and the banking system in particular. However, by turning challenges into opportunities, SHB leverages its rich heritage and strong financial capacity to drive a robust and comprehensive transformation. This includes enhancing customer ecosystems and value chains to realize the great aspirations, affirming and building upon past achievements. Through these efforts, SHB aims to deliver greater value to customers, shareholders, and communities, thereby fostering national prosperity and development.

### 7.1. Key goals

- *Medium and long-term goals*



## Financial Goals for 2024



TOTAL ASSETS TO INCREASE BY

**~11%**



TOTAL OUTSTANDING LOANS TO GROW BY

**~14%**



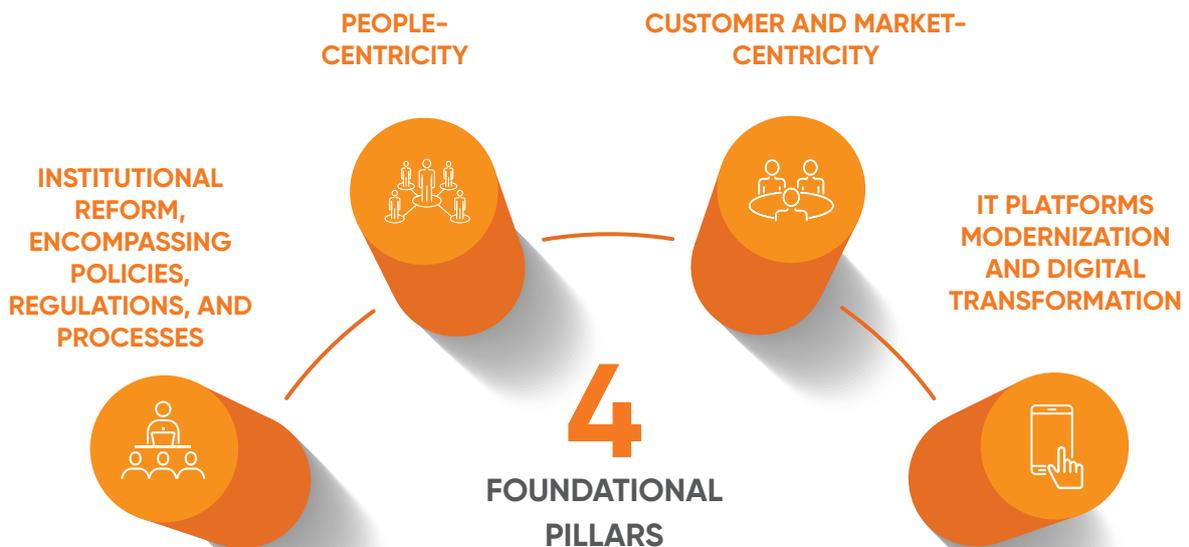
PRE-TAX PROFIT TO ADVANCE BY

**22%**

### 7.2 Medium and long-term development strategy

Drawing from extensive evaluations and research on the macro-environmental foundation, and in collaboration with leading global strategic consulting firms, SHB has adhered closely to its priority strategies. The bank has developed a long-term, direction-oriented strategy aimed at differentiation, with a market and customer-centric focus.

SHB remains committed to the following four foundational pillars:



## SHB TRANSFORMATION STRATEGY FOR 2024 - 2028

Over the past three decades, SHB has positioned itself as a leading joint stock commercial bank, achieving impressive growth in total assets and revenue. However, the past successes won't guarantee similar growth in the next 5 to 10 years. The business environment is becoming increasingly competitive and interconnected. Business relationships are closely linked, as most companies now promote development through their customers' ecosystems and value chains. By continuously expanding their customer base and providing tailored products and services, businesses not only satisfy anchor customers but also engage with ecosystem participants surrounding them.

SHB's competitors have heavily invested in digital products and services, enhancing sophistication and hyper personalization in both retail and corporate banking. To bolster its position, improve competitiveness, and enhance business efficiency, SHB must urgently embark on a comprehensive transformation. This transformation should span innovation across customer segments, service delivery, institutional practices, policies, processes, organizational culture, human resources, financial management, and risk management. Information technology will play a pivotal role in driving the speed of SHB's transformation.

Leading the transformation process with a customer and market-centric focus emphasizes strategic relationships with customers and integrating banking services into their ecosystems. These partnerships are crucial, enabling SHB not only to provide support but also to actively contribute to business expansion and strengthen networks between commercial entities and their customers, thereby driving SHB's customer development and business growth.

### SHB's strategic goals for 2024 - 2028:

- Nurture strategic customers: by cultivating and expanding relationships with key customers of SHB, their ecosystem participants and value chain actors.
- Build an Ecosystem Bank: developing an Ecosystem Bank to ensure common prosperity and connection between SHB and strategic customers, their ecosystem participants and their value chain actors.
- Expand Retail Banking: Create a multiplier effect in retail banking growth by offering tailored employee banking solutions to the employees of strategic

customers, their ecosystem participants and value chain actors. These services shall be expanded to their entire families.

- Improve financial and operational efficiency: by focusing on developing high-quality human resources, standardizing and digitizing processes and applying effective risk management measures.
- Promote a decentralized operating model: Establish a transparently decentralized structure that allocates resources and empowers branches with more decision-making authority. Concurrently, optimize business support processes through automation and standardized practices, thereby strengthening the accountability and managerial effectiveness at the head office.
- Adhere to industry standards and best practices, aligning them with SHB's transformation roadmap to mitigate risk and enhance Bank wide efficiency.

By 2028, SHB will become The most efficient bank; The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem; The preferred digital bank, and The leading retail bank.

To accomplish the stated goals, SHB's transformation strategy involves implementing the following initiatives:

- **Targeted customer segment:** Cultivating and expanding relationships with key customers, including large corporations, their ecosystem participants, and value chain actors. By establishing robust transaction banking and employee banking services, SHB aims to attract and compete in the employee banking segment, offering relevant products and services such as salary payments. This strategic approach drives exponential growth in retail banking and SME customer segments.
- **Sales Channel and Model:** SHB aims to enhance its business by enabling customers to select banking products and services tailored to their individual needs. This goal can be realized through the development of self-service channels and leveraging a modern digital platform. Advanced data analytics capabilities, powered by a cutting-edge technology platform, will empower the sales force and business units to identify sales opportunities, manage the sales funnel, and improve overall sales performance.
- **Adoption of Offer Management system:** The transformation will implement an Offer Management system based on customer value propositions (CVPs) and customer needs. This system will guide the development of product and service solutions, as well as the corresponding operational activities. This



“My mission is to drive transformation, shift mindsets, and redefine working practices. By doing so, we empower ourselves as the next generation to build upon the legacy of the past 30 years and uphold SHB’s core values. Leveraging the digital revolution 4.0 and advancing toward revolution 5.0 through AI, we aim to position SHB as the most efficient and preferred digital bank in the region and Asia”.

**Mr. Do Quang Vinh**  
Vice Chairman cum Deputy CEO

model will ensure SHB remains agile and responsive to changing market dynamics while delivering value-driven and customer-centric solutions.

- **Technology and infrastructure:** SHB will invest in advanced technology platforms, modern infrastructure, and integrated operational capabilities to support the implementation of the Bank’s strategic goals. This investment is crucial for gaining a competitive edge in the marketplace, providing superior customer experiences, and driving operational excellence.

Deploy a transformation strategy through **three phases**, built according to a specific roadmap, ensuring a comprehensive transformation from developing fundamental capabilities to becoming a fully-fledged cutting-edge bank:

Phase 1 2024 – 2025	Phase 2 2026 – 2027	Phase 3 2028
Establishing fundamental capabilities	Accelerating growth	Achieving breakthroughs in efficiency and sustainability

### 7.3 Sustainable development goals

SHB outlines a sustainable development strategy that encompasses not only the bank’s own secure and effective financial growth but also its commitment to environmental and environmental and social responsibilities.

1

Guarantee employee remuneration, provide learning opportunities, and foster career development. Maintain an open, transparent, and equitable recruitment policy.

2

SHB is dedicated to environmental protection through various initiatives aimed at reducing greenhouse gas emissions and office waste. The Bank emphasizes the responsible and economical use of natural resources, and aims to protect and enhance the quality of the living environment. One of SHB’s key strategies is the development of green finance, where projects are appraised based on stringent criteria that ensure compliance with both international and domestic environmental standards.

3

SHB implements social welfare activities aimed at improving health conditions, supporting vulnerable individuals, and enhancing education for the community. These efforts demonstrate the corporate social responsibility and the volunteerism of its employees. SHB considers these initiatives as a fundamental cultural value essential for its ongoing development.

## 8. OPPORTUNITIES, CHALLENGES AND RISKS:

### 8.1. Macroeconomic landscape:

In 2023, the global economy continues to face significant challenges. Geopolitical tensions and severe issues of energy and food security persist. Many countries have recorded lower-than-expected growth and unprecedented increases in public debt, while high inflation poses potential risks. The decline in global aggregate demand is directly impacting countries have extensive engagement in international trade and investment.

Despite global challenges, Vietnam has achieved positive results and garnered high praise from international organizations. The country's GDP growth in the next quarter surpassed the previous quarter, reaching 5.05% for the whole year, exceeding USD 430 billion. Vietnam remains among the group of countries effectively controlling inflation, with the average Consumer Price Index (CPI) in 2023 rising by 3.25% compared to 2022, below the target of 4.5% set by the National Assembly. Core inflation increased by 4.16%.

Diverse forecasts regarding global economic growth in 2024 have emerged. The World Bank anticipates world economic growth this year to be around 2.9%, a decrease from last year's growth rate of 3%. Inflation is still projected to hover around 5.8%. Geopolitical tensions may intensify, potentially leading to heightened complexities, including increases in oil prices and disruptions in supply chains. Major economies are expected to uphold stringent monetary policies and maintain high interest rates, which will persist in exerting pressure on countries worldwide. Amidst global economic instability, several organizations maintain an optimistic outlook on Vietnam's economic growth. Fitch Ratings, a credit rating agency, forecasts that Vietnam's economy will rise by 6.3% in 2024 and 7% in 2025. The Asian Development Bank's Outlook (ADO) maintains a growth forecast of 6% for Vietnam in 2024. Similarly, the International Monetary Fund (IMF) predicts a growth rate of 5.8% for Vietnam in the same year.

In Resolution No. 103/2023/QH15, adopted during Session 6 of the 15th National Assembly, the 2024 Socio-Economic Development Plan was outlined. The resolution sets ambitious targets, including a GDP growth target ranging from 6% to 6.5%. Additionally, the average CPI growth rate is projected to range between 4% and 4.5%. The plan emphasizes three key pillars of growth: exports, investment, and domestic consumption.

FDI is poised to remain a cornerstone and driving force for Vietnam's economy in 2024 and beyond. Vietnam stands out among ASEAN nations for attracting substantial FDI inflows, solidifying its position as a rising star in the global supply chain.



### 8.2. Challenges and Opportunities

#### ■ Opportunities

- The emergence of new financial institutions such as universal banking, fintech, and cross-border e-commerce, alongside digital transformation initiatives, presents significant opportunities for the banking and finance industry to expand and innovate in the future.
- Fee products like transaction banking, forex, and capital markets are expected to remain attractive in Vietnam.
- Syndicated loan products, mergers and acquisitions (M&A), and financial restructuring activities are projected to experience robust growth from 2022 to 2025, as regulations gradually reduce the short-term loan to medium and long-term capital ratio (to 37%).
- Favorable lending conditions are expected for priority sectors, including manufacturing, processing, agriculture, forestry, seafood enterprises, salt production, high-tech agriculture businesses, and clean agriculture businesses.
- The influx of new foreign direct investment (FDI) into Vietnam is expected to foster opportunities for growth in foreign exchange (FX) trading.
- The bond market stands to benefit from the debt rescheduling circular issued by the SBV.

#### ■ Challenges and Risks

- The sharp decline in deposit interest rates diminishes the appeal of bank deposits and savings.



- Escalating competition: State-owned banks are enhancing their capabilities and engaging in price competition, while foreign and regional banks are also intensifying their competitive efforts.
- Rapid advancements in Technology 4.0, AI, and digital transformation are posing potential risks to information security and safety.
- The lingering effects of the pandemic continue to drive an upward trend in NPL at banks and financial institutions. Potential risks persist in the bond market.
- Competition in the corporate customer segment is intensifying, with state-owned banks commanding a significant market share and other banks actively pursuing opportunities.

■ **State Policy Implications for the Banking and Finance Sector in 2024:**

State policies exert a significant influence on the financial market and the growth of businesses and key economic sectors. These policies entail various measures, including enabling interest rate reductions, implementing solutions to support bond markets, guiding policies to stabilize markets, and facilitating favorable loan conditions for businesses and priority sectors in accordance with state directives. Priority sectors encompass manufacturing and processing, agriculture, forestry, seafood, green energy, high-tech agriculture, and clean agriculture.

- (1) Extension of Circular 01 on Debt Restructuring, Interest Exemption, and Reduction until June 30, 2022;
- (2) 2% Interest Rate Reduction Program According to Decree 31;

- (3) Directive to Credit Institutions to Reduce Costs and Balance Funds to Continue Interest Rate Reduction to Support Businesses;
- (4) Amendment of Circular 22 on Changing the LDR Ratio Calculation to Reduce Interest Rate and Liquidity Pressure through Circular 26, effective early 2023;
- (5) Issuance of Circular 02/2023/TT-NHNN by the SBV at the end of April 2023;
- (6) Passage of the Amended Law on Credit Institutions by the National Assembly on January 18, 2024;
- (7) Implementation of Circular No. 06/2023/TT-NHNN;
- (8) Support Policies, Investment Stimulus Packages, and Financial Relief Measures, including Extension of the Government's 2% VAT Reduction Period;
- (9) Government Support Policy through Decree 08/2023/ND-CP and Decree No. 10/2023/ND-CP Amending and Supplementing a Number of Articles of Decrees Guiding the Implementation of the Land Law;
- (10) Implementation of Decision 2345/QĐ-NHNN

Experts anticipate that credit growth in 2024 could range from 13% to 14%, aligning with the projected annual GDP growth of 6% to 6.5%. Notably, retail loans, including consumer loans, home loans, and auto loans, are expected to experience robust stimulation in a low-interest-rate environment.



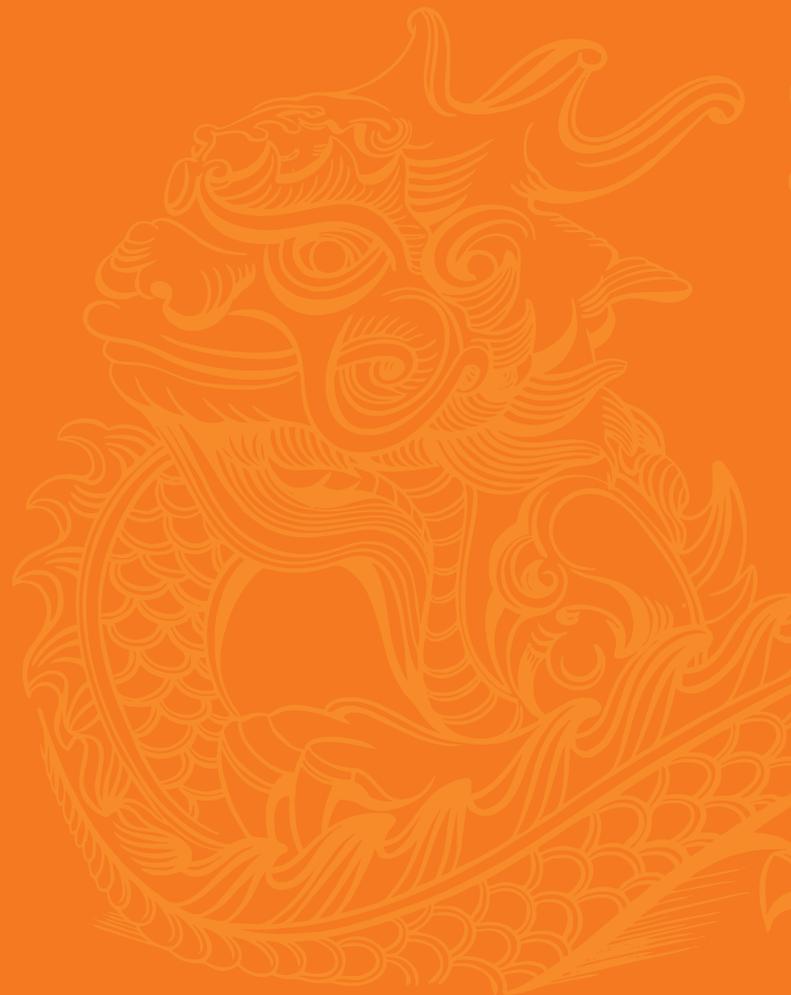
# EMBRACING THE DRAGON'S MIGHT FOR TRANSFORMATION

With the unwavering resolve and mighty power of the Dragon, SHB is steadfast in its comprehensive transformation goals. Through wholehearted dedication and united efforts at multiple levels, SHB is forging an unlimited realm of innovation, striving towards its transformation objectives for 2024-2028.



# II

**BUSINESS PERFORMANCE  
IN 2023**



## 1. BUSINESS PERFORMANCE OVERVIEW

### 1.1. Business performance achievements

In 2023, SHB maintains its standing as a prominent bank in Vietnam, accomplishing significant milestones and objectives

- Despite economic challenges, the Bank's total assets have shown robust growth. Regulatory capital under Basel II standards reached **VND 70,268 billion**, with Owners' Equity reaching **VND 50,098 billion, marking a 16.8% increase compared to 2022**. This abundant, long-term customer deposit serves as a crucial enabler for SHB to extend loans to various key sectors of the economy in line with the Government and SBV's directives.

The Bank continues to invest in and expand its network and personnel, with the establishment of numerous new branches both domestically and internationally. This expansion brings the total number of transaction offices to 571 across domestic and international locations, including subsidiary bank with full capital ownership, two branches located in Laos, another subsidiary fully owned, and four branches operating in Cambodia. Additionally, SHB operates a representative office in Myanmar, along with 1 subsidiary (SHB AMC) and 1 affiliate company (SHBFinance). With a workforce exceeding 6,246 employees and a presence spanning 50 provinces and cities nationwide and abroad, SHB caters to over 5 million retail and business customers, while maintaining connections with 500 correspondent banks worldwide.

SHB has been gradually broadening its income sources, reducing its dependence on interest income. Concurrently, the Bank is expanding its operations and income while also diligently controlling costs to improve operational efficiency.

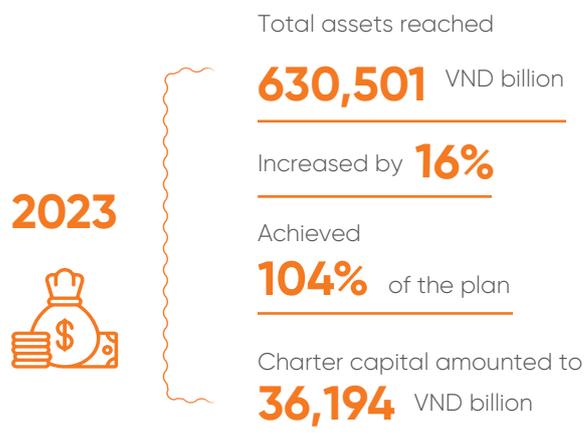
The capital adequacy ratio under Basel III reached 12.20% (SBV regulations require  $\geq 8\%$ ). The outstanding debt-to-deposit ratio was 77.58% (SBV's limit is  $\leq 85\%$ ). The ratio of short-term funding for medium and long-term loans stood at 26.07% (SBV's limit is  $\leq 34\%$ ).

Since the beginning of 2023, SHB has started applying Basel III standards in liquidity risk management. Simultaneously, SHB is implementing Basel II using the advanced Internal Ratings-Based (IRB) approach, which will enable the Bank to optimize capital costs and enhance risk management and financial capacity. This foundation supports the bank's ongoing development of a sustainable and comprehensive business strategy, providing a framework for effective risk management and capital utilization.

Additionally, SHB received a B1 rating from Moody's last year, with a positive outlook.

With these achievements, SHB is now among Top 5 largest private joint stock commercial banks in Vietnam

### 1.2. Actual results vs. Projected plan: a comparative analysis



- Total customer deposits reached VND **497,417** billion, an increase of **22.2%**, achieving 109% of the plan.
- Total outstanding loans reached VND **455,718** billion, an increase of **16.9%**, in compliance with the credit growth limit set by the SBV.
- Pre-tax profit was **9,239** billion, which is 10% lower than the plan.
- SHB's CAR and risk management indicators exceeded the State Bank's requirements and international standards.
- In 2023, SHB completed its 2022 stock dividend yield at a rate of 18%.

(Source: Audited consolidated financial statements of 2023)

## 2. HUMAN RESOURCES

### 2.1. List of the Board of Management

No.	Full name	Title	Shareholding percentage
1	Ms. Ngo Thu Ha	CEO	0.0728%
2	Mr. Nguyen Huy Tai	Deputy CEO	0%
3	Mr. Le Dang Khoa	Deputy CEO	0%
4	Ms. Ninh Thi Lan Phuong	Deputy CEO	0.0036%
5	Ms. Hoang Thi Mai Thao	Deputy CEO	0%
6	Mr. Do Duc Hai	Deputy CEO	0.00001%
7	Mr. Do Quang Vinh	Deputy CEO	0.0260%
8	Mr. Luu Danh Duc	Deputy CEO	0%
9	Ms. Ngo Thi Van	Chief accountant	0.00002%

Summary of the Board of Management's Profiles, refer to pages 20-22

### 2.2. Changes in the Board of Management

No.	Full name	Title	Change
1	Ngo Thu Ha	Member of BOD cum CEO	Elected to SHB's Board of Directors
2	Do Quang Vinh	Vice Chairman cum Deputy CEO	Continue to be elected to SHB's Board of Directors
3	Do Duc Hai	Vice Chairman cum Deputy CEO	Elected to SHB's Board of Directors
4	Tran Xuan Huy	Deputy CEO in charge of the Southern region	Resigned

### 2.3. List of C-suite Executives

No.	Full name	Title
1	Nguyen Dinh Duong	Chief Internal Auditor
2	Dang Cong Hoan	Chief Retail Banking Officer
3	Dinh Ngoc Dung	Deputy Chief Corporate Banking Officer
4	Luu Tien Cuong	Chief Risk Officer
5	Nguyen Thanh Loan	Deputy Chief Human Resource Officer
6	Vu Tuan Anh	Chief Credit Officer
7	Cao Minh Tuan	Chief Debt Collection Officer
8	Dong Xuan Hoa	Deputy Chief Marketing Officer

Summary of the Board of Management's Profiles, refer to pages 23-25

## 2.4. Number of employees

As of December 31, 2023, the total number of employees at the Bank and its subsidiaries is 6,246, with 80% holding Bachelor or postgraduate degrees.

**6,246** employees

**80%** holding Bachelor or postgraduate degrees

## 2.5. Human resources policy

To develop a skilled, experienced, and qualified workforce that meets the demands of a modern bank and is committed to its growth, SHB consistently introduces policies designed to attract, motivate, and encourage long-term employee engagement.

### ■ **Recruitment policy:**

SHB upholds transparency by clearly outlining the evaluation criteria for candidates' qualifications, skills, and ethics based on professional standards.

The Bank prioritizes selecting personnel with high levels of expertise, health, and ethics, utilizing an online recruitment website, internal newsletters, and social media to ensure a professional, transparent, and fair recruitment process, thereby enhancing SHB's reputation in the labor market.

### ■ **Training and HR development policy:**

In 2023, SHB's training programs will undergo significant changes, focusing on designing and implementing programs aligned with the roles and responsibilities of key positions. Key training initiatives will include: Management Capability Improvement (SHB Talent Lead Leadership, Foundational Management Skills, Sales and Sales Management Skills); Customer Service and Underwriting (Improving Customer Service Quality, Underwriting skill and Soft Skills Development). In addition to these highly customized training programs, SHB will continue to offer hundreds of internal and external training courses. To enhance efficiency and reduce costs, SHB will leverage high-tech applications for training delivery, including: Online Learning Management System (SHB – LMS): A platform for delivering and managing online training courses and exams; Survey System – Quality Assessment (SHB – Survey): A system for surveying and assessing the quality of online courses; Learning Exchange Forum: An online forum for knowledge sharing and learning exchange among employees; Videoconference Training: Utilizing MS Teams, Zoom, etc.

### ■ **Compensation and benefits:**

SHB's salary, compensation, and welfare policies are designed to be competitive, with the goal of providing a stable source of income. These policies ensure that employees feel secure and motivated to work at the Bank.

*For further detail on HR policy and related changes, see page 121*

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SHB regards human resources as its most valuable asset, positioning people at the heart of its growth strategy. We implement personalized training and HR development policies that align with the needs and potential of our employees, thereby supporting the bank's overall strategic direction.

### 3. INVESTMENT AND PROJECT IMPLEMENTATION SITUATION

#### 3.1. Project implementation situation

- **Capital transfer at Saigon - Hanoi Commercial Joint Stock Bank Finance Single-member Limited Company (SHBFinance)**

On May 23, 2023, SHB successfully completed the transfer of 50% of the capital in Saigon - Hanoi Commercial Joint Stock Bank Finance Company Limited (SHBFinance) to Ayudhya Public Bank Limited (Krungsri) of Thailand. Krungsri is a strategic member of the MUFG Group in Japan. According to the signed agreement, the two parties will proceed with transferring the remaining 50% of the charter capital after a period of 3 years. As a result of this transaction, SHBFinance officially transformed from a Single-member Limited Liability Company into Saigon - Hanoi Commercial Joint Stock Bank Finance Limited Liability Company.

- **Digital transformation projects of the Digital Banking Division**

The Industrial Revolution 4.0 and digital transformation have become mandatory requirements and strategic imperatives across all sectors, especially in the banking industry. Over the past few years, the world has witnessed the rapid expansion and growth of digital banking trends. The outbreak of the Covid-19 pandemic in early 2020 further underscored the critical need for digital solutions in banking, making their adoption more essential than ever.

In 2023, SHB dedicated substantial resources to launch its latest Omnichannel platform - SHB SAHA to optimize seamless customer experiences across all channels, spanning from the Mobile App to Internet Banking and in-person transactions. It boasts comprehensive utilities, stable operations, secure transactions, and integrates an intuitive design.

SHB has recently introduced payment features on its digital platforms for Corporate Banking. As a result, transaction rates have significantly increased from 26% to 46% compared to the same period last year. The number of corporate customers utilizing e-banking services has also surged, growing from nearly 2,800 to over 15,000. These improvements are attributed to enhanced user experiences, reduced transaction times, and the convenience of online cash management. Notable enhancements include online pre-approved overdrafts, Slink virtual accounts and automated debits for medical and tuition fees.

The user-friendly features of both the old and new applications have resulted in business units saving time equivalent to the workload of more than 293 employees across Retail Banking and Corporate Banking Divisions.

Through the Omnichannel project for Retail Banking, a multitude of features have been developed across all three channels of SHB SAHA - Mobile Apps, Online Banking, and Branches - within a mere 16 months (from September 2022 to December 2023). Simultaneously, the migration of customers to the new application has been underway, with continuous testing and upgrades of features and performance to ensure stability and smoothness. The ultimate goal is to migrate all customers to the new application by 2024.

Building on the Digital Transformation initiatives already in motion, SHB will further advance its offerings on e-Banking in 2024, extending beyond retail customers to include corporate clientele. For Retail Banking, SHB pledges to deliver **"Peace of mind in every transaction"** through the Omni Channel, boasting comprehensive utilities and prioritizing top-notch security. As for Corporate Banking, 2024 marks a year of expansion in customer base, transaction volume, and transaction value to enhance user experience on the digital platform. Additionally, SHB plans to upgrade the e-Banking system for Corporate Banking to accommodate even more remarkable growth in the future.

SHB pledges to deliver "Peace of mind in every transaction" through the Omni Channel, boasting comprehensive utilities and prioritizing top-notch security.

- **Information technology projects**

To achieve the objectives of SHB's digital transformation strategy, business plan, and market positioning, the Bank executed several critical digital IT projects in 2023. These initiatives aimed to digitize customer journeys and enhance overall customer experiences.

**The core banking system upgrade project:** has selected Intellect as the vendor for upgrading the core banking system. Anticipated to be completed in the first quarter of 2025, this project aims to achieve the following objectives:

- Standardize data and optimize business processes: The upgrade will enhance data consistency and streamline business operations to align with both business requirements and compliance standards.
- Establish a modern, stable, open architecture: SHB seeks to create a robust architecture with powerful Application Programming Interfaces (APIs). This modernization will accommodate the expected growth in customer numbers, products, and transaction volumes.
- Automate and parameterize operating processes: By automating routine tasks and parameterizing processes, the project aims to save human resources, reduce errors, and enhance risk management efficiency.



**Retail Loan Origination System (RLOS) project:** In 2023, SHB deployed to transform SHB's retail lending processes. This is one of SHB's key projects that will contribute to improving and changing SHB's credit granting method by providing streamlined and optimal credit products and applying professional solutions. By implementing professional solutions, the RLOS will enable faster and more accurate calculations, evaluations, and loan decisions. The BOD expects that this successful implementation of the RLOS is expected to improve the overall experience for both customers and bank staff. It will contribute to better credit quality by enhancing risk mitigation and fraud detection. SHB aims to shorten the loan processing time by at least 20% compared to the current process.

**Core Card System upgrade project:** aims to enhance operational quality, elevate the card customer experience, improve service quality, and enhance business reporting. Here are some of the main project goals:

- Enhance card acceptance services, ensuring seamless transactions for customers.
- Meet requirements for improving and developing new products and services related to card operations.
- Optimize credit card operations, making them more efficient and effective.
- Ensures compliance with technical requirements for operational management.

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SHB is dedicated to ensuring a secure and efficient experience throughout the customer journey across all interactions with our products and services.

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In 2023, SHB Bank implemented several key projects and digitized various customer journeys



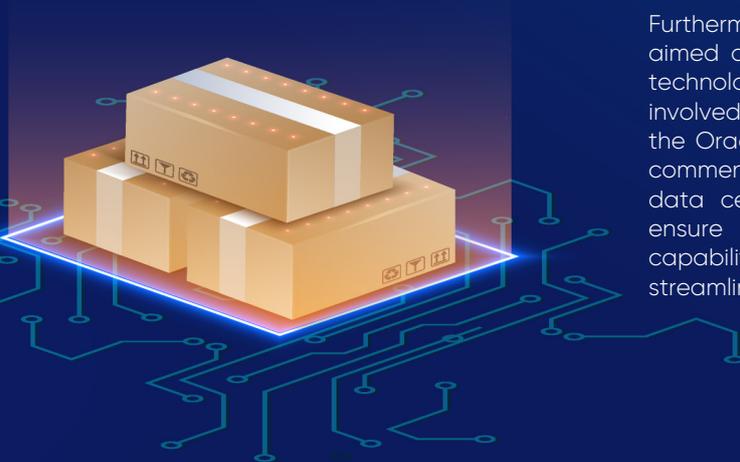
**New SHB Website project:** aims to enhance and align the customer experience across digital channels. The website will prioritize providing financial solutions that best meet the actual needs of customers. Every interaction on the website will be personalized. By understanding user preferences and behavior, the website can tailor content, recommendations, and services to individual users. The project utilizes an optimal website management platform from international partners. The website will incorporate outstanding features to enhance usability, navigation, and overall user satisfaction.

**New Human Resource Management Software (HRMS) project** is designed to enhance the experience and quality of human resources services for employees. It aims to meet the flexibility of human resource management models and management requirements by centralizing personnel data control and fully automating processes. The project also seeks to standardize business processes within the HR department, ensuring easy integration and data synchronization with other human resources software such as Recruitment websites and Online training software. Additionally, it aims to integrate seamlessly with other software used across different divisions within the organization, including business management software, accounting systems, and information technology platforms.

**Fund Transfer Pricing (FTP) project:** involves implementing a capital transfer system that enables SHB to determine the differences earned on assets and debts, as well as the difference earned from interest rates for each customer.

- Upgrading the FTP method will benefit SHB in several ways:
  - (1) Improved Information Delivery Time: Information will be provided quickly to support strategic decisions and management reporting requirements.
  - (2) Increased Transparency;
  - (3) Enhanced Accuracy
  - (4) Strong Multidimensional Analysis
- The adoption of modern and advanced internal capital transfer pricing methods is crucial for SHB. The purchase price facilitates adequate Total customer deposit within SHB. It ensures that the bank can efficiently allocate capital resources to support its operations. When determining the selling price, SHB considers all input costs and capital risks faced by the bank. Implementing effective transfer pricing methods supports SHB's overall business strategy, particularly in developing assets and expanding its market presence.
- This approach supports SHB's business strategy in developing assets. Deploying the FTP (Funds Transfer Pricing) system provides valuable insights for the Board of Directors. It enables informed and timely decisions related to capital allocation, risk management, and profitability.

Furthermore, in 2023, SHB initiated projects aimed at bolstering the bank's core information technology infrastructure. These endeavors involved upgrading the ESB and migrating to the Oracle ExaData X9 system. Additionally, SHB commenced the construction of comprehensive data centers and redundant data centers to ensure high availability and disaster recovery capabilities, aligning with the Bank's IT strategy to streamline solution deployment.



### 3.2. Subsidiaries and affiliate companies

#### 3.2.1. Subsidiaries



**SHB Asset Management  
Single-Member LLC  
(SHAMC)**

**Total assets**

**62**  
**VND billion**

SHB Asset Management Single-Member LLC (SHB AMC) was established under Decision No. 508/2009/QĐ-NHNN, dated March 11, 2009, and commenced operations on December 5, 2009. Over the past 14 years, the company has significantly contributed to supporting SHB in debt management and executing prudent and effective asset management for both the bank and its clientele. SHB AMC remains dedicated to its core activities, which include asset acquisition, sales, management, and optimization, as well as debt settlement and security services, all aimed at bolstering SHB's operational endeavors. Besides catering to SHB's requirements in debt management and asset handling, SHB AMC extends its services to other financial institutions, providing assistance in managing assets and resolving outstanding debts in compliance with government regulations and legal frameworks.

Over the past 14 years, SHB AMC has experienced a significant surge in its total assets, growing from VND 28 billion as of December 31, 2009, to VND 62 billion as of December 31, 2023. This substantial increase underscores the company's expansion and growing influence in the

market.

In 2023, SHB Asset Management Single-Member LLC (SHB AMC) achieved noteworthy milestones and results. These include: Fulfilling 100% of the security requirements across SHB's business locations nationwide, demonstrating the company's commitment to ensuring the security of SHB's operations; Expanding the total number of business locations where security measures were implemented to 290 offices by December 31, 2023. This expansion comprised 64 branch headquarters and 226 transaction offices spread nationwide; Achieving a 100% success rate in meeting security objectives; Managing 15 warehouses and 5 forfeited collateral assets throughout the country; Successfully meeting 100% of the warehouse needs as requested by SHB units.

Looking ahead, SHB AMC aims to continue expanding its services to cater to the evolving security and warehousing requirements of SHB. As of December 31, 2023, SHB AMC employed a total of 357 people, achieved a total net income of VND 104.8 billion and a pre-tax profit of VND 12.4 billion.



Solid partners, flexible solutions

**Saigon - Hanoi Laos  
Single-member Limited  
Liability Bank (SHB Lào)**

**Total assets**

**3,573**  
**VND billion**

The Single-Member Limited Liability bank in Laos, with 100% capital, was established with a charter capital of USD 50 million, transforming from the SHB Laos Branch. From 2012 to 2015, SHB Laos operated as a branch of SHB in Laos. On December 18, 2015, under license No. 41 from the State Bank of Laos, the SHB Laos Branch was licensed to become a single-member limited liability bank in Laos, functioning as a subsidiary bank of SHB. The headquarters officially opened in the capital, Vientiane, on January 15, 2016, marking a significant expansion in SHB Laos's operational scale.

SHB Laos operates as an independent legal entity with its own organizational structure and includes two branches, one in Champasak province and another in Savannakhet province. It offers a range of banking and financial services and products, diversifying business portfolios, mitigating risks, and conducting business in accordance with the law, regulations, and authorization from the parent bank

in Vietnam. The establishment of SHB Laos presents numerous opportunities for SHB to capitalize on the vast and promising potential of the Laos market, attract investment, and enhance SHB's reputation and position in the market. This development supports SHB's international vision and brand, while also contributing to the friendly relations between Vietnam and Laos.

Over 12 years of operation and six years since transitioning from SHB Laos Branch to a Limited Liability Bank in Laos (2016), SHB Laos has experienced positive and promising developments in its investment and business activities within the region.

By December 31, 2023, SHB Laos had two transaction points, including one headquarters and two branches, with a total of 76 employees. Total assets reached VND 3,573 billion, with total outstanding loans reaching VND 2,040 billion. The pre-tax profit for the year was VND 54 billion.



**Saigon - Hanoi Cambodia  
Limited Liability Bank  
(SHB Cambodia)**

**Total assets**

**13,122  
VND billion**

With a charter capital of USD 75 million, SHB Cambodia is the second fully-owned subsidiary bank of SHB in the Indochina market, following SHB Laos. SHB Cambodia operates independently with its own organizational structure, having transitioned from an SHB Cambodia branch.

Over 12 years of operation, SHB Cambodia has built a diverse customer base that includes Vietnamese businesses in Cambodia as well as local enterprises. The bank focuses primarily on key economic sectors such as rubber, electricity, infrastructure, and mineral exploitation. Looking ahead, SHB Cambodia plans to pursue comprehensive development to fully realize its potential and offer a complete

range of products and services to its customers. In 2023, despite global economic and political challenges, SHB Cambodia achieved significant business growth. The bank reported increases in total outstanding loans, total customer deposit, and pre-tax profits compared to 2022.

As of December 31, 2023, SHB Cambodia operates five transaction points, comprising one headquarters and four branches, with a total of 60 employees. The bank's total assets reached VND 13,122 billion, with total customer deposits amounting to VND 2,464 billion and total outstanding loans reaching VND 11,723 billion. The pre-tax profit was VND 284 billion.

### 3.2.2. Associate Companies



**SHB Finance LLC  
(SHBFinance)**

**Total assets**

**8,320  
VND billion**

Saigon-Hanoi Commercial Joint Stock Bank Finance Limited Liability Company (SHBFinance) was established on December 12, 2016, through the merger of Vinaconex - Viettel Joint Stock Finance Company (VVF) into SHB. SHBFinance has a charter capital of VND 1,000 billion, with SHB owning 50% and Ayudhya Public Bank Limited (Krungsri) of Thailand owning the remaining 50%.

In 2023, SHB completed the transfer of 50% of capital in SHBFinance to Ayudhya Public Bank Limited (Krungsri), a strategic member of the MUFG Group from Japan. This transfer provided SHBFinance with new and comprehensive momentum to accelerate the implementation of medium and long-term plans according to international standards. It also aligned with the strategy of developing a financial company with leading strengths in technology and digitalization in Vietnam. SHBFinance is committed to the vision of "Becoming a smart and trustworthy finance company for Vietnamese".

To become a comprehensive touchpoint for all customer needs in the digital space, SHBFinance continuously enhances its applications, websites, and social network channels. Improvements are made in interface design, features, and service speed to provide a better

customer experience. Loan can be disbursed within 15 minutes via SHBFinance application. Additionally, SHBFinance is one of the first financial companies to implement an AI Chatbot for customer service. SHBFinance diversifies payment methods, offering both traditional and online channels, including Viettel stores, VNPost, e-wallets such as MoMo, Payoo, ZaloPay, and the SHBFinance mobile application. These efforts make payments easier and simpler for customers, significantly increasing the debt repayment rate despite the industry's trend of decreasing loan rates. In 2023, the economy experienced a strong recovery, with some industries achieving higher growth rates than in previous periods.

As of December 31, 2023, SHBFinance achieved notable results: SHBFinance employed 2,181 people. Total assets reached VND 8,320 billion. Total customer deposits amounted to VND 7,206 billion, a 56% increase compared to 2022. Total outstanding loans reached VND 7,527 billion, a 25% increase.

Overall, the company's key management indicators reflect good business performance and align with the business plan.

## 4. FINANCIAL OVERVIEW

### Key financial indicators

Key financial indicators	Unit	In 2023	In 2022	YoY growth rate
<b>1. Equity</b>				
Total assets	VND billion	630,501	542,428	16.2%
Charter capital	VND billion	36,194	30,674	18.0%
Regulatory capital	VND billion	70,268	62,722	12.0%
<b>2. Business performance</b>				
Total customer deposit	VND billion	497,417	407,134	22.2%
Total outstanding loan (*)	VND billion	455,718	398,819	14.3%
Total operating income	VND billion	63,038	45,556	32.6%
Pre-tax profit	VND billion	9,239	9,689	-4.6%
<b>3. Prudential ratio</b>				
Capital adequacy ratio	%	12.20	12.22	Satisfy SBV regulatory threshold under Basel II (≥ 8%)
Non-performing loan ratio	%	2.7	2.49	Satisfy SBV regulatory threshold (≤ 3%)
Overdue loan ratio	%	4.36	4.02	Satisfy SBV regulatory threshold (≤ 5%)
<b>4. Liquidity</b>				
Loan-to-Deposit Ratio (LDR)	%	77.58	77.83	Satisfy SBV regulatory threshold (≤ 85%)
Ratio of short-term funding for medium and long-term loans	%	26.07	27.60	Satisfy SBV regulatory threshold (≤ 30%)
Liquidity ratio	%	19.66	15.79	Satisfy SBV regulatory threshold (≥ 10%)

(Source: Audited consolidated financial statements of 2023)

(\*) Total outstanding loan shall adhere to the credit growth limit set and approved by the SBV

## 5. SHAREHOLDER STRUCTURE AND CHANGES TO CHARTER CAPITAL

### 5.1. Shares

**Total shares**  
**3,619,398,113**  
 (Shares)

**NUMBER OF OUTSTANDING SHARES**  
**3,618,901,927**  
 (Shares)

**NUMBER OF RESTRICTED SHARES**  
**116,901,927**  
 (Shares)

**NUMBER OF UNRESTRICTED SHARES**  
**3,501,964,320**  
 (Shares)

## 5.2. Shareholder structure

Type of shareholder	Total number of shareholders	Share ownership percentage	Chart
Major and minority shareholders			<p>■ Major shareholders: <b>99.98%</b>            ■ Minority shareholders: <b>0.0014%</b></p> <p><i>(Major shareholders are those who hold more than 5% of the Bank's shares. Minority shareholders are those who hold less than 5% of the Bank's shares)</i></p>
Major shareholders	1	99.986%	
Minority shareholders	88,266	0.0014%	
<b>Total:</b>	<b>88,267</b>	<b>100%</b>	
Individual and institutional shareholders			<p>■ Institutional shareholders: <b>25.0210%</b>            ■ Individual shareholders: <b>74.9790%</b></p>
Institutional shareholders	248	25.0210%	
Individual shareholders	88,019	74.9790%	
<b>Total:</b>	<b>88,267</b>	<b>100%</b>	
Domestic and foreign shareholders			<p>■ Domestic shareholders: <b>95.0495%</b>            ■ Foreign shareholders: <b>4.9505%</b></p>
Domestic shareholders	87,748	95.0495%	
Foreign shareholders	519	4.9505%	
<b>Total:</b>	<b>88,267</b>	<b>100%</b>	
State-owned and other shareholders			<p>■ State-owned shareholders: <b>0.938%</b>            ■ Other shareholders: <b>99.062%</b></p>
State-owned shareholders	8	0.938%	
Other shareholders	88,259	99.062%	
<b>Total:</b>	<b>88,267</b>	<b>100%</b>	

## 5.3. Changes to charter capital:

In 2023, SHB raised its charter capital from 30,673,832,000,000 VND to 36,193,981,000,000 VND by paying stock dividends from the year 2022.

## 5.4. Treasury shares transaction:

- As of December 31, 2023, SHB held 496,186 treasury shares.
- During 2023, SHB had no treasury share transactions.

## 5.5. Other types of shares :

SHB is presently issuing shares as part of its Employee Stock Option Program (ESOP), with the process anticipated to conclude in the first quarter of 2024.

- Number of shares issued: 45,120,000 shares
- Transfer restriction period: 18 months
- Expected charter capital upon completion of the issuance: 36,645,181,130,000 VND

## 5.6. Stock transactions conducted by the Board of Directors, Board of Management, and Board of Supervisors: None

## 6. ENVIRONMENTAL AND SOCIAL IMPACT REPORT

For further detail, see Sustainable Development section on page 120

# III

**BUSINESS PERFORMANCE REPORT  
OF THE BOARD OF MANAGEMENT**





**As SHB marks its 31st anniversary, it remains one of Top 5 largest private joint stock commercial banks in Vietnam, demonstrating relentless growth and innovation. The Bank excels in two significant undertakings simultaneously: maintaining safe and effective business operations that meet international standards, and leading the implementation of major guidelines and policies set forth by the Government.**

## 1. BUSINESS PERFORMANCE EVALUATION

**Over the past five years, steadfastly adhering to the Bank principle of “customer and market-centricity”, SHB has maintained stable growth in key business indicators, consistently outperforming the industry average with increases ranging from 15% to 25%. Notably, in 2023, despite facing macroeconomic challenges, SHB closely adhered to its planned objectives.**

In 2023, despite the challenges posed by tightened finances and global market fluctuations, SHB managed to achieve significant successes. These achievements were attributed to the determination and capabilities of our entire domestic and international network, as well as the robust partners and customers partnerships, and the strong shareholder trust. All operational targets exceeded those of 2022 and closely aligned with our strategic plans:

- SHB’s total customer deposit growth rate has remained stable and consistently exceeded the market average over the years. By the end of 2023, it reached 22.2%.
- Total outstanding loans grew by 16.9%, in compliance with credit growth limit set by the SBV.
- Fee and commission income saw robust growth, contributing significantly to the Bank’s profit structure, with net gain from foreign exchange surging by 142.8%.
- Prudential and liquidity indicators consistently met SBV regulations and maintained transparency, contributing to the overall stability of the Bank’s liquidity system.

The network and staff continue to receive investment and expansion, accompanied by a focus on reorganizing the network, branches, and transaction offices to be streamlined and efficient, suitable for management capabilities. This is alongside enhancing operational scale, building a vast network, and developing modern distribution channels.

Through strong internal unity and consensus among the Board of Directors, Board of Management, and all staff, as well as decisive actions by the Board of Directors to enhance business activities, SHB has accomplished remarkable results outlined in the 2023 plan assigned by the General Meeting of Shareholder, including:

- SHB has achieved significant milestones in terms of total outstanding loans, customer deposits, and income, while enhancing its financial capacity and management capabilities. The Bank continues to uphold its position as one of Vietnam’s largest private commercial banks.
- Notably, SHB has effectively managed its operational costs, achieving an industry-leading Cost-to-Income Ratio (CIR) of 23.7%.
- The Bank has completed dividend distributions for existing shareholders, ensuring their returns on investment.
- SHB has forged successful partnerships with several prominent development financial institutions, including IFC, ADB, and WB. These collaborations have involved substantial financial engagements worth billions of USD. Furthermore, SHB has strategically divested 50% of its equity in SHBFinance to Ayudhya Public Bank Limited (Krungsri) of Thailand, a strategic member of the MUFG Group (Japan). This move is aimed at strengthening SHB’s foundational strategies, enhancing customer segments, accelerating digital transformation, and enhancing risk management capabilities.
- In collaboration with consulting firm BCG (Boston Consulting Group) and leading transformation experts, SHB has developed a comprehensive transformation strategy for the 2024–2028 period.
- The Bank’s initiatives towards modernization and comprehensive digital transformation have already shown initial successes.

## 2. FINANCIAL REVIEW

### 2.1. Total assets

In 2023, SHB experienced a 16.3% increase in total assets, reaching VND 630,501 billion. This growth reinforces SHB’s position among the largest private joint stock banks in Vietnam.

Over the past five years, SHB has recorded an impressive average growth rate of 14.4% in its assets. This growth outpaces the average growth rate of the banking industry, which stands at approximately 11.4%.

#### Average total assets growth rate



In conjunction with its expansion, SHB remains committed to elevating the quality of its assets, ensuring a prudent asset allocation that guarantees both high returns and robust safety and liquidity. Specifically, the Bank aims to increase the proportion of non-interest income and reduce its reliance on lending.

### 2.2. Loans

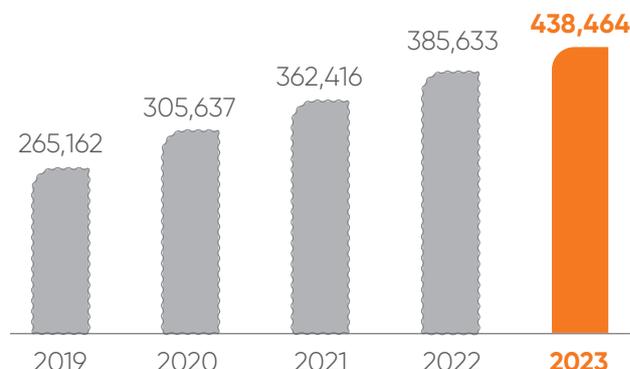
As one of the five largest private joint stock commercial banks in Vietnam, SHB has proactively aligned itself with Government and SBV policies. Here are the key areas where SHB directs its financing efforts as part of the economic development strategy for the period 2021-2025: agriculture and rural areas, export-oriented businesses, SMEs, supporting industries, high-tech businesses and start-ups.

As of December 31, 2023, SHB recorded total outstanding loans amounting to VND 438,464 billion. Impressively, the growth rate of these loans over the past five years has consistently maintained at 15.2%.

SHB maintains a robust asset base, supported by a profitable and diversified loan portfolio. Outstanding loans to corporate customers amount to VND 358,053 billion, accounting for approximately 81.7% of the total

outstanding loans. Meanwhile, Total loans to retail customers total VND 80,411 billion, representing about 18.3% of the total outstanding loans.

#### Average total assets growth rate



**SHB remains steadfast in its customer and market-centricity approach. SHB actively conducts research on its customers and the market to better understand the unique needs and preferences of each customer segment. By staying informed, SHB can tailor its products and services to meet specific requirements effectively and develop suitable and competitive products for the market.**

- **For Corporate Banking:** SHB has proactively maintained and implemented several key lending programs and products, including: (i) financing for the temporary storage of rice seeds and grains during the Winter-Spring and Summer-Autumn crop, especially in collaboration with the Vietnam Food Association; (ii) supporting for aquaculture businesses and seafood processors engaged in export activities; (iii) extending credit to various sectors, including agriculture, forestry, fishery, and salt production, rural infrastructure development; (iv) providing supply chain financing and guarantees, (v) offering guarantees to real estate developers during the handover of future houses and to construction enterprises, supporting their projects and ensuring successful completion.

SHB proudly participates in the pioneering 2% interest rate reduction program, funded by the State budget at VND 40,000 billion, under Decree 31/2022/ND-CP and Circular 03/2022/TT-NHNN. This marks the first large-scale interest rate support policy implemented through commercial banks. By reducing annual loan interest rates by 2%, SHB actively aids businesses in priority sectors, aligning with the government’s economic development objectives.

In addition to its core programs, SHB offers several major initiatives designed to support businesses and stimulate economic growth such as: (1) “Development Partnership with Major Enterprises”, (2) “Bluechip Preferential Loan Package”, (3) “Pilot Loans for Agricultural

Development”, (4) “Agricultural Business Loans”, (5) “Interest Rate Incentives – Supporting Success”, (6) “Market Stabilization Loans”, and (7) Loan Interest Rate Incentives for Businesses, etc. These programs provide the following exceptional incentives:

- Popular interest rates are 1.5 to 2% lower than the current loan interest rates, with a loan-to-value ratio of up to 90%.
- Offer products tailored to the crop cycle, such as inter-crop loans and credit book loans, with lending and repayment of principal and interest conducted directly at the crop fields, removing the need for borrowers to visit branches. Loans for producing and exporting agricultural products within a high-tech value chain not only help farmers and businesses shorten their production and business cycles but also allow banks to reduce transaction costs and manage cash flow more efficiently.
- Flexible debt repayment policies tailored to customers’ cash flow; streamlined lending procedures to facilitate easy access to capital and banking services; reduced processing times for procedures such as confirmation letters and notarization, etc.
- The “Customers Refer Customers” program enables businesses within the same supply or value chain to enjoy similar incentive packages with optimal benefits and simplified procedures. Additionally, unsecured loans can be considered for chain participants if their cash flow can be monitored, etc. With the aforementioned programs, policies, and customer-tailored products, the Bank’s loan portfolio is diversified across key economic sectors. Specifically: (i) 28.1% is allocated to wholesale and retail trade, motorcycle and vehicle repair; (ii) 5.5% is directed towards agriculture, forestry, and aquaculture; (iii) 10.0% is dedicated to the processing and manufacturing industries; (iv) 4.9% is designated for electricity, gas, steam, air conditioning, etc. Furthermore, the Bank’s loan portfolio is diversified in terms of tenor, with 42% comprising short-term loans and 58% consisting of medium and long-term loans.

SHB possesses a substantial corporate loan portfolio of significant value, enabling the Bank to extend its customer base further and diversify its loan portfolio towards SMEs and retail customers. Large businesses serve as primary clients, contributing to non-interest income. The Bank derives non-interest income from various services provided to these large customers, including cash collection, payments, account management, internet banking tailored for businesses, payment services, salary disbursements, foreign exchange services, and trade finance services. Each large enterprise customer acts as an anchor enterprise, typically having numerous SME suppliers and buyers within their supply chain. For each customer, SHB offers more than just financial support – it accompanies them from the initial stages

of drafting business plans to providing comprehensive product packages. These packages include deposits, payment solutions, trade finance options, electronic banking services, and money transfers, all accessible through a modern electronic platform. This approach empowers customers to proactively manage their finances with maximum efficiency. Moreover, SHB facilitates introductions and connections between businesses and reputable domestic and international organizations, empowering businesses to take charge of their business strategies. Additionally, the Bank provides valuable market insights, both domestically and internationally, including information on Vietnamese and global financial markets, as well as state-supported preferential policies for businesses. As a result of these comprehensive services, SHB’s products and offerings have garnered high praise from both domestic and foreign organizations. The Bank has been honored with numerous awards over consecutive years, including recognition as the Best SME Bank, Best Trade Finance Bank, and Best Project Financing Bank.

- **For Retail Banking:** With a strategic aim of emerging as the leading retail bank in the region, SHB consistently engages in research and development to cultivate a wide array of competitive products tailored to meet the diverse income levels of numerous customers. Retail products and services are meticulously crafted for each customer, including offerings specifically tailored for priority customers and those in response to specific customer needs. Loan products undergo robust development through SHB’s collaborations and partnerships with numerous entities, consistently delivering exceptional value to customers.

SHB has also leveraged the ecosystem of large enterprises, which includes millions of employees and customers, by offering capital financing solutions tailored for their employees. These solutions encompass salary account management, consumer loans, home loans, car loans, credit cards, payment services, internet banking, digital banking, and bancassurance.

Recently, SHB launched the “30 Years of Companionship – Continuing Gratitude” program, offering attractive loan interest rates for retail customers. Retail loans for sole proprietorships, home loans, car loans, and consumer loans are eligible for interest rate reductions of up to 1.5% per annum compared to market rates. Additionally, loyal customers who use multiple bank products and services can receive incentives of up to 2.5% per annum. To make consumer loans more accessible and save time, SHB has introduced SHBFinance’s repayment feature on the Ebank SHB mobile application. This feature allows customers to conveniently, safely, and securely make loan payments for themselves and their loved ones directly from their phones, without needing to visit a bank branch.

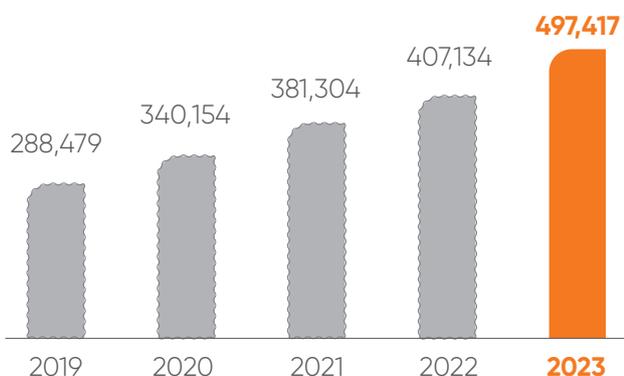
### 2.3. Customer deposit

Total customer deposits have consistently grown robustly, thanks to the dedicated efforts of the entire bank, with most branches meeting or exceeding their deposit targets.

By December 31, 2023, total customer deposit increased by 22.2% compared to 2022, reaching VND 497,417 billion.

The average growth rate of total customer deposits over the past 5 years reached 15.3%, surpassing the industry's average growth rate of 11.9%.

#### The average total customer deposits growth rate reached 15.3%



SHB's substantial customer deposit also demonstrates effective and sustainable growth. Notably, savings deposits from retail customers consistently account for a significant proportion, making up 60% of total customer deposits.

Additionally, SHB collaborates with foreign financial institutions to provide customers with lower-cost, long-term financing. The Bank has been selected as the on-lending and serving bank for funding sources from international organizations and governments, including the World Bank (WB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), and German Reconstruction Bank (KfW). SHB manages a total of USD 2.64 billion across 27 projects.

To achieve these results, SHB continuously improves its products and enhances service quality, ensuring offerings are flexible, modern, and suitable for all customer segments. The Bank places a strong focus on retaining existing customers while attracting new ones. Marketing and customer service are given top priority, evidenced by SHB's professional service style and product consultations that build trust with depositors.

### 2.4. Investment

The securities portfolio continues to be structured by SHB with a reasonable proportion to use capital

effectively. As of December 31, 2023, SHB's debt and equity securities reached VND 40,060 billion. Total corporate bonds are VND 17,254 billion.

SHB engages in corporate bond trading to diversify its operations, primarily investing in short-term business bonds that enhance Bank profits. Following the Prime Minister's directive on clean energy, SHB invested in energy sector bonds (thermal, hydropower, and solar power) in 2022, which comprised nearly 50% of its total bond investments. This financing supports project implementation, enabling businesses to benefit from government incentives. These projects, once operational, will help reduce energy supply pressures and promote environmental protection.

As of December 31, 2023, SHB's total long-term capital contributions amount to VND 3,702 billion. This figure comprises VND 3,544 billion allocated to capital contributions for subsidiaries, and VND 158 billion dedicated to other long-term capital contributions.

### 2.5. Income, expenses, profits

In 2023, SHB's total income surged to VND 63,038 billion, marking a remarkable 38.4% increase compared to 2022. The total operating income amounted to VND 21,328 billion, reflecting a notable 10.3% rise. Notably, net interest income grew by 9.9% to reach VND 19,285 billion. Additionally, the net gain from foreign currency trading reached VND 282 billion, witnessing a significant surge of 142.8%.

However, alongside the impressive income figures, SHB's total expenses for 2023 amounted to VND 53,799 billion. Among these expenses, operating expenses stood at VND 5,052 billion, closely aligning with the set budget. Furthermore, provision expenses for credit losses reached VND 7,038 billion.

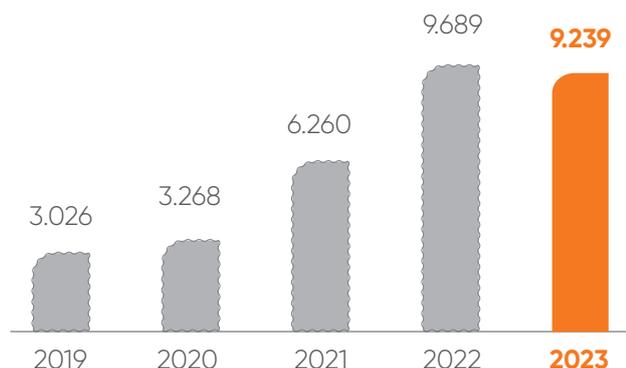
In 2023, amid the unpredictable developments in global economics and politics, SHB prioritized cost-saving measures. Simultaneously, the Bank thoroughly reviewed its cost structure to ensure their economic and effective utilization. The overarching goal was to ensure that the growth rate of costs consistently remained lower than that of net income.

While interest income remains the primary source of the Bank's earnings, its fee income has consistently grown year after year. From 2016 to 2023, the Bank's net fee income increased from VND 791 billion to VND 1,962 billion. The Bank generates fees from various services, including cash collection, cash payments, account management, internet banking, payment services, salary disbursements, bancassurance, foreign exchange and trade finance services.

The pre-tax profit for 2023 reached VND 9,239 billion. SHB's average pre-tax profit growth rate over the past five years has been 38.9%.

In compliance with government and State Bank of Vietnam directives, SHB has implemented substantial preferential loan programs for new and existing customers, resulting in over VND 2,800 billion in interest savings.

**The average pre-tax profit growth rate reached 38.9%**

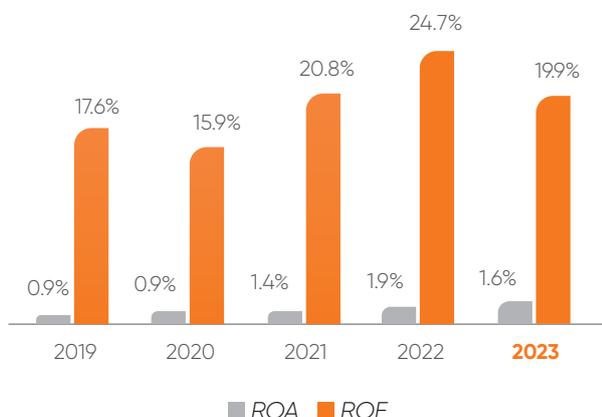


SHB ranks among the top private joint stock commercial banks in terms of high pre-tax profit growth, primarily due to low operating costs from securing preferential funding sources, enhanced risk management, and increased automation and digitalization. The integration of advanced technology has also improved management capabilities. Moreover, a significant rise in fee income from payment services and cash management has contributed to this growth. Consequently, SHB's Cost-to-Income Ratio (CIR) has been decreasing, standing at 23.7% in 2023, the best CIR ratio in the industry.

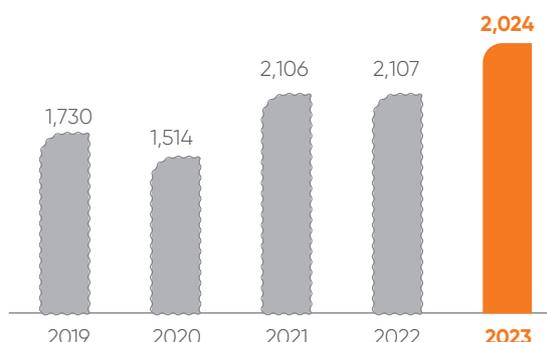
## 2.6. ROA, ROE and EPS

In 2023, SHB achieved a return on assets (ROA) of 1.6% and the return on equity (ROE) for the same period at 19.9%. Moreover, the basic earnings per share (EPS) reached 2,555 VND per share.

### ROA and ROE



### EPS (VND/Share)



## 2.7. Asset quality

In 2023, despite pandemic and economic challenges affecting customers' operations, SHB focused on managing significant debts and consistently enhanced its provisioning to improve asset quality. By year-end, SHB's total reserves amounted to VND 9,579 billion.

## 2.8. Capital adequacy and liquidity

SHB consistently adheres to all regulations set by the SBV regarding prudential ratios.

In addition to achieving impressive business performance indicators, SHB consistently surpasses the SBV's regulations and international standards in key areas such as Capital Adequacy Ratio (CAR), liquidity, and risk management. The CAR remains stable, consistently exceeding the threshold of 8% as mandated by state regulations outlined in Circular T41/2016/TT-NHNN; The liquidity ratio reached 19.66% in 2023, surpassing the SBV regulations which require a minimum of 10%; The ratio of short-term funding for medium and long-term loans stands at 26.07%, well below the SBV regulations ceiling of 34%; The currency liquidity ratio is consistently maintained within the threshold prescribed by the SBV.

Since the beginning of 2023, SHB has adopted Basel III standards in liquidity risk management. Compliance with these standards is assessed by an international consulting company to ensure adherence to best practices and requirements under Basel III standards. Additionally, SHB is in the process of implementing Basel II using the advanced Internal Ratings-Based (IRB) method. This initiative is expected to optimize capital costs and enhance risk management capabilities and financial resilience.

### Capital Adequacy Ratio (2019-2023)

2019	2020	2021	2022	2023
12,01%	10,08%	11,86%	12,22%	12,20%

(\*) SBV regulations mandate a minimum Capital Adequacy Ratio (CAR) of 9% in 2019 under Circular 36, and 8% from 2020 under Basel II standards.

### 3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, AND MANAGEMENT

#### 3.1. Improvements in organizational structure and management

In 2023, SHB will continue to enhance its organizational structure by standardizing the roles and responsibilities of its divisions, departments, and centers in a professional and effective manner. This initiative aligns with SHB’s business strategy of becoming the leading retail bank. To improve business performance, cost efficiency, labor productivity, and risk management, several divisions, departments, and centers were merged, split, or newly established, including the Transformation Division and the Information Technology Division.

#### 3.2. Risk management

Since the beginning of 2023, SHB has started applying Basel III standards in liquidity risk management to ensure compliance with the best practices and requirements of the Basel Committee. This includes the application of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) indicators for monitoring. Simultaneously, SHB is implementing Basel II using the advanced Internal Ratings-Based (IRB) method, which will help the Bank optimize capital costs and enhance risk management and financial capacity.

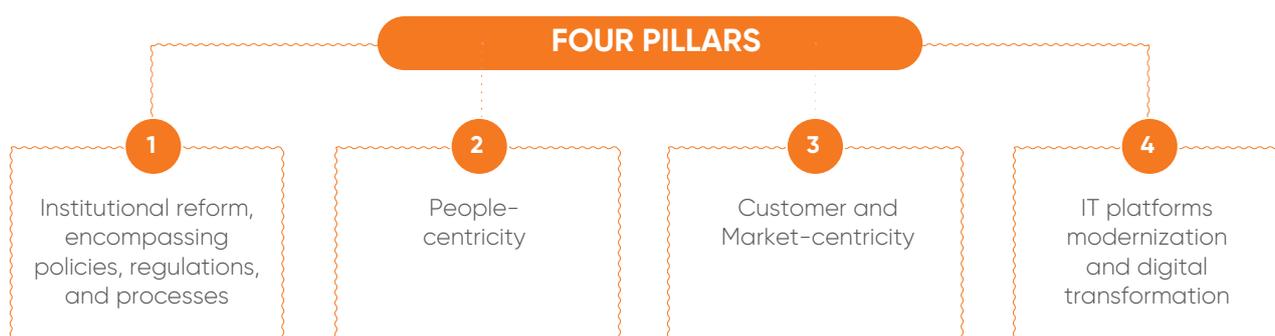
#### 3.3. Technology and product innovation

In addition, SHB continues to implement and complete numerous key technology projects to support banking management, enhance product and service quality, and ensure effective risk management. Notably, during the year, SHB finalized its retail digital banking strategy and established the foundation for digital transformation for retail customers. This includes the OMNI Channel Project and the CRM Project (Customer Relationship Management System); Additionally, SHB has been supporting several projects aimed at digital transformation within the bank, such as the RLOS Project (Retail Loan Origination System), a microservices architecture consulting project for the bank’s IT system, the ESB upgrade, and the Hybrid Cloud project.

### 4. PROJECTED FINANCIAL INDICATORS (2024-2028)

Based on 2023 business results and business environment forecasts, SHB will implement four core pillars and key objectives system-wide in 2024.

Our business plan aims to seize opportunities sharply and achieve goals with innovative initiatives and optimized resource allocation.



## KEY FINANCIAL OBJECTIVES IN 2024

Unit VND billion

No.	Targets	In 2024	Projected YoY increase	Projected YoY growth rate
1	Total assets	701,000	42,517	11.2%
2	Charter capital	40,658	4,464	16.2%
3	Total outstanding loan	518,555	62,837	14.0%
4	Pre-tax profit	11,286	2,047	22.2%

(\*) Credit growth limit shall be set forth by the SBV



## 5. BOARD OF MANAGEMENT'S EXPLANATION REGARDING INDEPENDENT AUDITOR OPINIONS

There are no financial statement disclosures that Deloitte Vietnam finds unaccepted.

## 6. ASSESSMENT ON ENVIRONMENT AND SOCIAL RESPONSIBILITY

### 6.1. Assessment on environmental responsibility

SHB doesn't conduct environmental impact assessments due to its reliance on rented buildings and transaction offices.

As a financial services provider, its operations typically have minimal greenhouse gas emissions or environmental footprint. Any emissions primarily stem from tool and equipment usage, lighting, equipment maintenance, power generation, air conditioning, and transportation for employees and customers.

Despite this, as a joint stock commercial bank, SHB actively promotes environmental responsibility by directing investments towards sustainable development projects.

Employee training and awareness programs prioritize environmental protection in the workplace, emphasizing prudent resource use and conservation practices, including water, raw materials, energy, and natural resources.

### 6.2. Assessment on welfare and compensation for employees

SHB prioritizes adherence to legal regulations concerning employment, wages, and insurance for its employees while continually enhancing competitive benefits, fostering a people-centric workplace. It strives to inspire employees, boosting productivity and unlocking their full potential.

The Bank ensures that staff receive ongoing training to update their technical knowledge and develop new skills, while also keeping them abreast of latest labor relations.

Moreover, SHB actively promotes the activities of trade unions, facilitating the prompt resolution of rights and obligations and overall enhancement of staff's well-being.

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Guided by the core value of “Heart”, SHB’s leadership and staff at all levels are committed to fostering a sustainable Vietnamese society.



### 6.3. Assessment on responsibility to the local community

Over time, SHB has built a reputation for actively engaging in community responsibility through a range of practical and enduring social welfare initiatives.

***Guided by the core value of "Heart", SHB's leadership and staff at all levels are committed to fostering a sustainable Vietnamese society.***

SHB's mission in social security activities extends beyond supporting vulnerable individuals; it aims to build a better future for Vietnam on the journey "From Heart to Greater Heights".

SHB's contributions to the community and society have been recognized with several prestigious awards both domestically and internationally, including the "Outstanding Bank for the Community 2023" awarded by the International Data Group (IDG) in coordination with the Vietnam Banking Association, the "Best CSR Bank in Vietnam" for the second time honored by Asia's leading magazine on Economics, Finance, and Banking - Asia Money, the "Vietnam Domestic COVID Management Initiative of the Year" honored by The Asian Banking and Finance (ABF) magazine, and the "Biggest ESG Impact 2023 in Vietnam" honored by Finance Asia.

*For further details, see the Sustainable Development section on page 120.*

# IV

## ASSESSMENT OF THE BOARD OF DIRECTORS ON SHB'S OPERATIONS



**In 2023, amidst challenges for Vietnam's economy and banking sector, SHB seized the opportunity to transform robustly. It strengthened its foundation, enhanced internal capabilities, sustained growth momentum, aiming to consolidate its market leadership and prepare for growth.**

## 1. TOVERALL ASSESSMENT OF SHB'S ACTIVITIES

■ As of December 31, 2023, SHB's total assets reached VND 631 trillion. Customer deposits amounted to VND 497 trillion, with Basel II equity reaching VND 70 trillion. The charter capital stood at VND 36,194 trillion, maintaining its position among the Top 4 largest private commercial banks in the system. SHB's outstanding loan reached VND 456 trillion, a 16.9% increase compared to the end of 2022, focusing on priority sectors aligned with government policies such as agriculture, rural areas, exports, manufacturing, construction, infrastructure, and consumer goods.

Net operating income reached VND 21,328 trillion, a 10.3% increase from 2022. Pre-tax profit amounted to VND 9,239 trillion. SHB maintained stable business efficiency with positive growth in key indicators such as ROE, NIM... particularly achieving a CIR of 23.7%.

■ The Board of Directors for the 2022-2027 term has closely monitored all business activities of the Bank, guiding, overseeing, directing, and supervising the Board of Management in implementing the 2023 business plan as approved by the General Shareholders' Meeting resolution.

■ The Board of Directors has excelled in developing and implementing internal management regulations, ensuring cohesive governance and effective operational oversight. This safeguards shareholder interests and aligns stakeholder interests, including customers, staff, and shareholders. SHB consistently executes its corporate governance responsibilities, maintaining compliance with the Law on Enterprises, the Law on Credit Institutions, and the Bank's Charter.

■ Board of Directors has outlined strategies for 2023 and the following years, focusing on four main pillars: Institutional reform, encompassing policies, regulations, and processes; People-centricity; Customer and Market-centricity; and IT platforms modernization and digital transformation. This includes prioritizing institutional reforms, streamlining internal documentation, and restructuring headquarters to enhance human resource management, development, and training.

■ Continuing to ensure shareholder interests, SHB completed the 2022 dividend payment in 2023, issuing stock dividends at a rate of 18%.

■ With its strong reputation and financial capability, SHB partnered with international financial institutions like IFC, ADB, and WB, with collaboration values reaching hundreds of millions of USD.

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SHB maintained stable business efficiency, with all key indicators showing robust growth. Notably, the CIR reached 23.7%, positioning SHB as the bank with the best CIR control across the industry.



■ Alongside its business activities, SHB meets its environmental and social responsibilities by developing green credit in line with international and domestic standards. SHB actively engages in community initiatives such as disease prevention, poverty alleviation, and improving living standards through various social welfare programs.

## 2. ASSESSMENT OF THE BOARD OF MANAGEMENT'S PERFORMANCE

- The Bank is managed by a dedicated and experienced team, including experts with decades of expertise in investment, business administration, banking, and finance. Most Board of Management members have over 20 years of experience in these fields and more than 10 years with SHB, demonstrating significant leadership stability. In 2023, under this skilled management, SHB achieved sustainable growth and received numerous prestigious awards from both domestic and international organizations.
- Guided by the Board of Directors, SHB's Board of Management effectively implemented the strategies, policies, and resolutions approved by the General Meeting of Shareholders. The Board of Management diligently fulfilled its duties, managed operations flexibly, and closely supervised each unit. They developed timely solutions and proposals for the Board of Directors to ensure comprehensive monitoring and control of activities across the system, maintaining safety, efficiency, and compliance with legal standards.

## 3. BUSINESS PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS

With a transformative vision for 2028, SHB aims to become The most efficient bank; The preferred digital bank; The leading retail bank; The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem.

Drawing insights from past successes and lessons learned, the Board of Directors has embarked on a strategic journey to achieve long-term goals. Accordingly, SHB has engaged leading strategic consulting firms to assist in planning and supervising the execution of the Bank's development strategy.

With a distinguished history, strong internal resources, and a dedicated team, SHB anticipates another year of significant breakthroughs. The Bank aims to realize its grand aspirations, delivering greater value to customers, shareholders, and the community, thereby contributing to national prosperity. The Board of Directors has set the strategic direction for 2023 and beyond, guiding the Board of Management and the entire Bank to achieve its goals. The focus is on four pillars: (i) Institutional reform, encompassing policies, regulations, and processes; (ii)

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SHB has engaged leading strategic consulting firms to assist in planning and supervising the execution of the Bank's development strategy.



People-centricity; (iii) Customer and Market-centricity; and (iv) IT platforms modernization and digital transformation.

Specifically:

- **Institutional reform, encompassing policies, regulations, and processes:** Streamlining the system, perfecting SHB's internal regulations, processes and documents. Digitalizing credit process, digitalizing customer journey, effectively controlling coordination, centralizing customer management.

- **People-centricity:** Improving human resources management capability, improving system administration, training, and management capacity, reward, discipline, KPI, labor productivity; building a corporate culture towards working efficiency; Attracting and retaining talent.

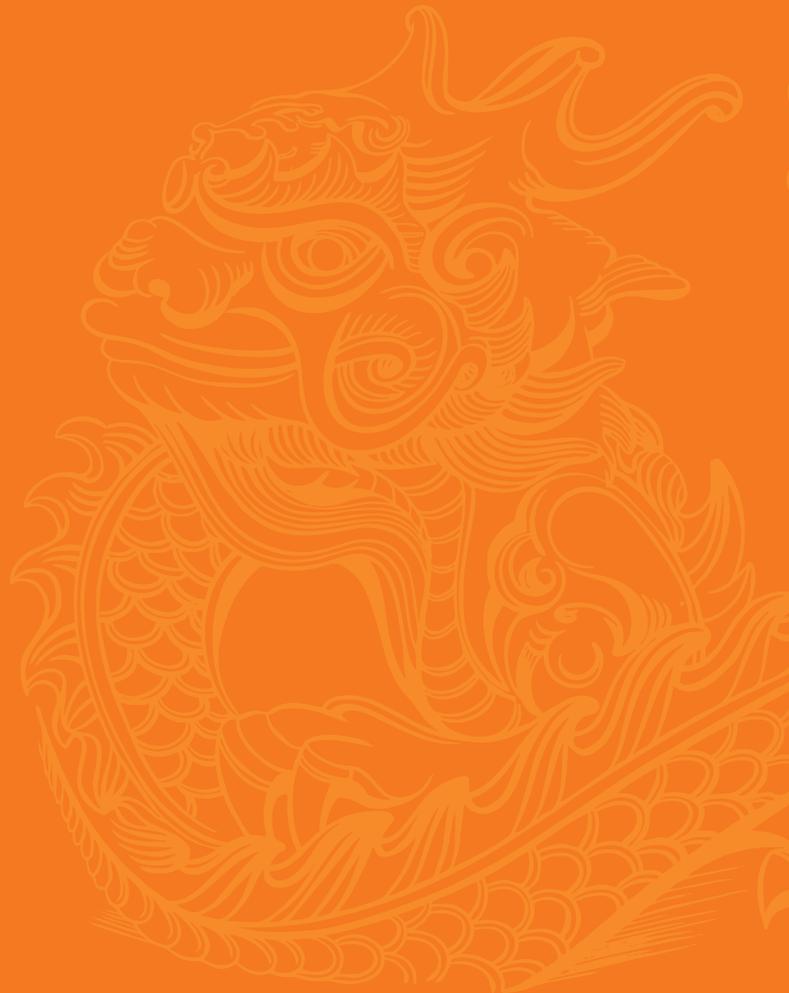
- **Customer and Market-centricity:** Every aspect of SHB, from products, branding, policies, organizational structure, personnel, and technology to cultural activities, is aimed at serving and satisfying customers, tailored to the specific needs of each regional segment. Develop strategic initiatives to fully leverage the customer base and ecosystem, supply chains, and offer differentiated value propositions through suitable products and services.

- **IT platforms modernization and digital transformation:** Modernizing the IT system to be automated, innovative, flexible, and connected with future ecosystems and strategic partners. Emphasize digital transformation by fostering a digital culture and driving change through people. Digitize internal processes and customer service workflows to enhance operational efficiency.



V

CORPORATE GOVERNANCE



**Adhering to the motto “Solid partner, flexible solutions” and tailored development strategies for each phase, SHB’s Board of Directors is dedicated to steering the Bank towards effective operations, ensuring prosperity for customers and the community, while also prioritizing the best interests of shareholders and investors.**

## 1. BOARD OF DIRECTORS

*The Board of Directors, elected by the General Meeting of Shareholders, is the highest governing body of the Bank, with full authority to make decisions and execute SHB’s rights and obligations as prescribed by law.*

### 1.1. Members and Structure of the Board of Directors for the 2022-2027 Term

The Management and Operations structure of SHB adheres to key legal regulations and corporate governance guidelines issued by State Regulatory Agencies, such as: Decree 155/2020/ND-CP detailing the implementation of the Securities Law; Circular 13/2018/TT-NHNN on the internal control systems of commercial banks and foreign bank branches, along with their amendments; and the Corporate Governance Principles according to best practices issued in August 2019 by the State Securities Commission and the International Financial Corporation (IFC);

The Board of Directors consists of 08 members, including 02 independent members and 03 executive members. Specifically:

No.	Full name	Position	Appointment date (2022-2027 Term)	Shareholding – with voting right (%)
1	Do Quang Hien	Chairman – Non-executive member	April 26, 2022	2.7502
2	Do Quang Vinh	Vice Chairman – Executive member	April 26, 2022	0.0260
3	Do Duc Hai	Vice Chairman – Executive member	April 26, 2022	0.00001
4	Thai Quoc Minh	Member of BOD – Non-executive member	April 26, 2022	
5	Ngo Thu Ha	Member of BOD – Executive member	April 26, 2022	0.0728
6	Pham Viet Dan	Member of BOD – Non-executive member	April 11, 2023	
7	Do Van Sinh	Independent Member of BOD	April 26, 2022	
8	Haroon Anwar Sheikh	Independent Member of BOD	April 11, 2023	

*(\*) Summary of the Board of Directors’s Profiles, refer to pages 15-19*

## V. CORPORATE GOVERNANCE

### Changes in the Board of Directors

- Number of members of the Board of Directors: 08 members.
- Number of independent members: 02 members.

In 2023, SHB held its 31st Annual General Meeting of Shareholders, approving the addition of new members to the Board of Directors for the 2022-2027 term and appointed two Vice Chairmen of the Board of Directors, including: Ms. Ngo Thu Ha, Member of BOD cum CEO; Mr. Do Quang Vinh, Vice Chairman cum Deputy CEO; along with Mr. Do Duc Hai, also appointed as Vice Chairman cum Deputy CEO. Additionally, the BOD welcomed Mr. Pham Viet Dan as a new Member of BOD; Mr. Haroon Anwar Sheikh as an Independent Member of BOD.

Following this enhancement, SHB's Board of Directors now includes two Vice Chairmen: Mr. Do Quang Vinh and Mr. Do Duc Hai, and two independent members.

No	Full name	Title
1	Do Quang Hien	Chairman
2	Do Quang Vinh	Vice Chairman
3	Do Duc Hai	Vice Chairman
4	Thai Quoc Minh	Member of BOD
5	Ngo Thu Ha	Member of BOD
6	Pham Viet Dan	Member of BOD
7	Do Van Sinh	Independent Member of BOD
8	Haroon Anwar Sheikh	Independent Member of BOD



## Titles at other companies held by BOD members for the 2022-2027 Term

No.	Full name	Title	Titles at other companies
1	Do Quang Hien	Chairman	<ul style="list-style-type: none"> <li>- Chairman of Hanoi Association of Small and Medium Enterprises;</li> <li>- Vice Chairman of Vietnam Association of Small and Medium Enterprises;</li> <li>- Member of the Central Committee of the Vietnam Fatherland Front;</li> <li>- CEO at T&amp;T Group Joint Stock Company;</li> <li>- President of Hanoi National University Entrepreneur Alumni Club.</li> </ul>
2	Do Quang Vinh	Vice Chairman	<ul style="list-style-type: none"> <li>- Chairman of the BOD at Saigon - Hanoi Securities Joint Stock Company (SHS);</li> <li>- Chairman of Saigon - Hanoi Insurance Corporation (BSH);</li> <li>- Chairman of BVIM Fund Management Joint Stock Company;</li> <li>- Director of Financial Investment - T&amp;T Group Joint Stock Company.</li> </ul>
3	Do Duc Hai	Vice Chairman	<ul style="list-style-type: none"> <li>- Chairman of the BOD cum Chairman of the Executive Committee of Saigon-Hanoi Laos Single-Member Limited Liability Bank.</li> <li>- Chairman of the BOD and Chairman of the Executive Committee of Saigon-Hanoi Cambodia Limited Liability Bank.</li> </ul>
4	Ngo Thu Ha	Member of BOD	None
5	Thai Quoc Minh	Member of BOD	None
6	Pham Viet Dan	Member of BOD	None
7	Do Van Sinh	Independent Member of BOD	None
8	Haroon Anwar Sheikh	Thành viên HĐQT độc lập	None

## 1.2. Committees under the Board of Directors

Committees/Departments/Centers are organizational units instituted by the Board of Directors to undertake designated tasks and exercise authority in advising for the Board of Directors in bank governance and monitoring, including:

- + Strategy Committee;
- + Human Resources Committee;
- + Risk Management Committee;
- + Internal Security Department.

### 1.3. Activities of the Board of Directors

#### Board of Directors Meetings for the 2022-2027 Term in 2023

No.	Member of the BOD	Meetings attended	Meeting attendance rate
1	Do Quang Hien	08/08	100%
2	Do Quang Vinh	08/08	100%
3	Thai Quoc Minh	08/08	100%
4	Do Van Sinh	08/08	100%
5	Ngo Thu Ha	06/08	100%
6	Do Duc Hai	06/08	100%
7	Pham Viet Dan	06/08	100%
8	Haroon Anwar Sheikh	06/08	100%

#### Board of Directors' Supervision of the Board of Management

- The Board of Directors' governance and supervision of the Board of Management are conducted in accordance with the Law, SHB Charter, Regulations on Organization and Operation, and the Bank's internal governance regulations.
- The Board of Directors for the 2022-2027 term, elected at the General Meeting of Shareholders on April 20, 2022, initially consisted of six members. They have fully performed their duties and successfully organized the 31st Annual General Meeting of Shareholders in 2023. On April 11, 2023, the General Meeting of Shareholders approved adding four members, including one independent member, and approved the dismissal of two members. The Board of Directors now consists of eight members, including two independent members.
- The Board of Directors has assigned specific tasks to each member, enhancing operational efficiency by aligning responsibilities with each member's experience and expertise.
- In 2023, the Board of Directors held eight direct meetings and collected written opinions on matters within its authority to ensure timely and effective responses. Expanded meetings with the Board of Management were also held to guide business activities and achieve the targets set by the General Meeting of Shareholders.
- The Board of Directors regularly supervises the Bank's activities through periodic and ad-hoc reports from the Board of Management, the Board of Supervisors, and the Internal Audit Division. This ensures effective governance and promotes safe and sustainable development. The Board of Directors has issued Resolutions and Decisions in compliance with the Law and SHB regulations.
- Committees and units under the BOD regularly report on their responsibilities, providing comprehensive information about the Bank's activities and ensuring compliance with legal regulations and the General Meeting of Shareholders' Resolutions.
- Board of Directors has set the direction for 2023 and the following years, focusing on four main pillars: Institutional reform, encompassing policies, regulations, and processes; People-centricity; Customer and Market-centricity; and IT platforms modernization and digital transformation.

Through meetings in 2023, the BOD has issued 35 resolutions, namely:

### Resolutions of the Board of Directors in 2023

No	Resolution No.	Date	Details
1	01/NQ-HDQT	06/01/2023	Registered for change of charter capital at the Business registration certificate
2	02/NQ-HDQT	10/02/2023	Prepared the list of shareholders and convene the Annual General Meeting of Shareholders in 2023
3	03/NQ-HDQT	20/02/2023	Approved the plan to convert the legal structure of SHB Finance Single-Member LLC, according to the amended and supplemented provisions
4	04/NQ-HDQT	20/02/2023	Officially appointed members of the Members' Council and BOS at SHB Finance Single-Member LLC for the 2022-2025 term
5	05/NQ-HDQT	01/03/2023	Agreed on nominating personnel to supplement and replace members of the Board of Directors for the 2022-2027 term
6	06/NQ-HDQT	01/03/2023	Established the Inspection Committee at the 31st Annual General Meeting of Shareholders
7	07/NQ-HDQT	09/03/2023	Signed the general terms agreement and loan contract with the International Finance Corporation (IFC) and approved the plan for borrowing and utilizing the loan
8	08/NQ-HDQT	10/03/2023	Agreed on nominating additional personnel to elect as members of the Board of Directors for the 2022-2027 term
9	09/NQ-HDQT	15/03/2023	Agreed on nominating personnel to supplement and replace members of the Board of Directors for the 2022-2027 term
10	10/NQ-HDQT	16/03/2023	Signed and executed the comprehensive fraud risk insurance and professional liability insurance service contract at SHB
11	11/NQ-HDQT	11/04/2023	Elected the position of Vice Chairman of the Board of Directors of SHB for the 2022-2027 term
12	11.1/NQ HDQT	11/04/2023	Assigned tasks to the members of the Board of Directors of SHB for the 2022-2027 term
13	12/NQ-HDQT	25/04/2023	Remuneration offered to Mr. Pham Viet Dan – Member of the Board of Directors for the 2022-2027 term
14	12.1/NQ-HDQT	12/05/2023	Approved the plan to issue shares under the Employee Stock Ownership Plan (ESOP) of SHB for 2023
15	13/NQ-HDQT	31/05/2023	Adjusted of depository securities type
16	14/NQ-HDQT	06/06/2023	Changed the personnel of the Board of Members for the 2022-2025 term of SHB Finance Single-Member LLC
17	15/NQ-HDQT	15/06/2023	Signed the Issuing Bank contract under the GTFP program with IFC

## V. CORPORATE GOVERNANCE

No	Resolution No.	Date	Details
18	16/NQ-HĐQT	20/06/2023	Implemented the plan to issue shares for dividend payment in 2022 and the plan to handle odd-lot shares (if any)
19	17/NQ-HĐQT	03/07/2023	Approved the last registration date for shareholders to finalize the list for dividend entitlement in shares for the year 2022.
20	18/NQ-HĐQT	14/07/2023	Registered the change of SHB legal representative
21	19/NQ-HĐQT	11/08/2023	Approved the signing of the agreement to implement the Mastercard collection and disbursement service and to open SBLC for customers
22	20/NQ-HĐQT	16/08/2023	Identified the type of depository securities
23	21/NQ-HĐQT	15/09/2023	Registered the change of charter capital in the Business Registration Certificate
24	22/NQ-HĐQT	20/09/2023	Nominated personnel from SHB Bank to participate in the Committees under the Board of Members of SHB Finance Company Limited (SHBFC)
25	23/NQ-HĐQT	03/10/2023	Approved the registration of bond transactions on the individual corporate bond trading system
26	24/NQ-HĐQT	04/10/2023	Approved the implementation of the plan to issue shares under the Employee Stock Ownership Plan (ESOP) of SHB for 2023
27	25/NQ-HĐQT	04/10/2023	Approved the plan to ensure that the share issuance complies with foreign ownership ratio regulations
28	26/NQ-HĐQT	04/10/2023	Signed a cooperation agreement for data provision
29	27/NQ-HĐQT	31/10/2023	Signed and amended agreements with the IFC and the OPEC Fund, approved the loan agreement with the OPEC Fund, and approved the borrowing and utilization plan
30	28/NQ-HĐQT	14/11/2023	Approved the credit limit for Corporate Banking
31	29/NQ-HĐQT	18/11/2023	Authorized the CEO to develop promulgate the assignment/delegation/authorization mechanism for SHB Board of Management
32	30/NQ-HĐQT	06/12/2023	Approved the credit limit for Corporate Banking
33	31/NQ-HĐQT	25/12/2023	Approved the service contract related to the private bond issuance in 2023
34	32/NQ-HĐQT	26/12/2023	Approved the plan to issue private bonds in 2023
35	33/NQ-HĐQT	29/12/2023	Approved the non-paid leave for Mr. Haroon Anwar Sheikh - Independent member of the Board of Directors

## 1.4. Activities of Non-executive Independent Members of Board of Directors

Fulfilling the duties and responsibilities of independent members of the Board of Directors in accordance with SHB's internal regulations and according to the assignment decision of the Board of Directors/Chairman of the Board of Directors with diligence and integrity, to effectively enhance SHB's business success in 2023.

Attending all Board of Directors meetings, Risk Management Committee meetings, and provided comprehensive opinions on matters discussed in meetings and those approved through written consultation.

Implementing the resolutions and decisions of the 31st Annual General Meeting of Shareholders for the 2022-2027 term, as well as the BOD's delegated decisions.

Submitting reports and disclosed information as required by law.

Completing the tasks and responsibilities assigned by the Board of Directors, effectively supporting the BOD in making timely decisions for managing banking business operations

## 1.5. Activities of Committees under the Board of Directors

The Board of Directors has established various Committees, Departments, and Councils to effectively direct and oversee the Board of Management's execution of business activities. In 2023, SHB's Board of Directors instituted the Strategic Partnership Development Committee and restructured the Strategy, Risk Management, and Human Resources Committees.

Currently, SHB's Committees under the Board of Directors include the Strategy Committee, Human Resources Committee, Risk Management Committee, and Internal Security Department. These entities serve to advise and assist the BOD. These Committees ensure compliance with regulations from the State Bank of Vietnam and the law, operating under specific organizational and operational regulations issued by the Board of Directors.

### 1.5.1. Strategy Committee

The Strategy Committee, an entity under the Board of Directors, provides advisory support in establishing vision, direction, strategic planning, and overseeing the execution of SHB's strategy through various transformation initiatives. Specifically, in 2023, the Strategy Committee performed advisory and support functions for the Board of Directors in the following areas:

Formulating a strategic vision, devised drivers for growth, and guided business expansion based on SHB's strengths and the prevailing trends observed in modern, advanced banking institutions regionally and globally.

Offering strategic guidance that factored in economic and business forecasts alongside an assessment of the current global business landscape.

Outlining strategies for international collaboration concerning capital resources, investments, M&A, partnership and alliance establishment, as well as international networking, which encompassed dealings with international financial entities, investors, and strategic consultancy firms on strategic issues.

Overseeing the organization and prioritization of SHB's strategic initiatives proposed by BCG – the strategic consulting firm. Ensured that strategic implementation aligned with the organization's developmental requirements, adhering to the customer and market-centricity approach.

Directing and monitored the the execution of SHB's strategy and international cooperation plans. Assessed investment effectiveness, capital structure, capital raising plans, asset portfolio structure, liquidity, and other issues impacting the Bank's strategic development.

### 1.5.2. Human Resources Committee

The Human Resources Committee operates under the Board of Directors (BOD), providing advisory and assistance services to the BOD in executing its responsibilities and authorities regarding organizational and personnel affairs. Specifically, in 2023, the HR Committee performed the following advisory and support roles for the BOD:

Advising the BOD on institutional reforms, policies concerning human resources, salaries, bonuses, remunerations, organizational structure, rewards, and disciplinary measures.

Participating in the evaluation of candidates nominated for BOD membership positions to be elected at the 31st Annual General Meeting of Shareholders in 2023, in accordance with legal and SHB regulations.

Assisting the BOD in approving and issuing decisions as per the BOD's requirements and regulations.

Advising the BOD on reviewing, evaluating, and assigning personnel for positions under the BOD's management authority and managing the BOD's organizational and personnel tasks. Performing other duties assigned by the BOD/Chairman of the BOD related to the activities of the BOD, the Board of Supervisors, and units under the BOD and the Board of Supervisors.



### **1.5.3. Risk Management Committee**

The Risk Management Committee operates under the authority of the Board of Directors, providing advisory support to facilitate the BOD's strategic implementation and high-level oversight of risk management policies. Specifically, in 2023, the Risk Management Committee fulfilled the following advisory and support functions for the BOD:

- Executing personnel optimization aligned with the directives and assigned tasks of the BOD for the term 2022-2027.
- Advising the BOD and recommending to the Board of Management for the review, adjustment, and issuance of: Risk appetite, Credit direction for 2023, Delegation of authority for credit approval, Guarantee policies, Buying and selling debt regulations; Environmental and social risk management frameworks in credit operations at SHB; Internal credit rating models A-card and B-card for individual clients; evaluating and implementing strategies to address non-performing loans; revising the Internal Capital Adequacy Assessment Process (ICAAP) framework; lending policies; Asset-backed securities regulations.
- Advising the BOD on personnel restructuring and revising the organizational operating guidelines of Boards, Committees under the BOD; establishing the Credit Management Division; adjusting and enhancing the organizational structure and operations of the Legal Department.
- Developing plans and implementing specialized monitoring and risk management strategies for critical risks and significant risk events.

### **1.5.4. Internal Security Department**

The Internal Security Department operates under the authority of the Board of Directors, advising and supporting the BOD in ensuring security across the entire SHB system and its subsidiaries in 2023:

- Developing banking system safety and security strategies and policies; Implementing internal security and information security measures; Creating contingency plans for potential protests and armed incidents at SHB locations; Coordinating with oversight units to review and enhance internal procedures and regulations; Advising the Chairman of the BOD on advanced security measures used by global financial institutions.
- Implementing security measures at Bank transaction sites; Investigating and proposing solutions for information and customer data security; Coordinating with relevant units to ensure compliance with Banking regulations.
- Organizing investigations conducting investigations and gathering information on banking operations to minimize risks and losses: Investigating internal misconduct allegations and proposing actions to the Chairman of the BOD; Collaborating with the Credit Recovery Committee on debt recovery strategies.



#### **1.6. List of Board of Directors members with corporate governance training certifications:**

The Bank regularly sends its Managers and Leaders to attend training courses, seminars, and workshops on Corporate Governance organized by the Vietnam Stock Exchange, the State Securities Commission, and reputable domestic and international organizations. This initiative aims to enhance their understanding of corporate governance, bolster banking management and operational expertise in line with global best practices, and drive the implementation of banking modernization projects, incorporate cutting-edge digital technologies and ensure swift adaptation to legal amendments. Specifically:

- Between 2018 and 2023, SHB has sent 39 individuals, encompassing Members of the Board of Directors, Board of Supervisors, Board of Management, HO Unit Directors, Officers from the Board of Directors Office, Corporate Governance Officer and Company Secretary, as well as Assistants and Secretaries to the Board of Directors/Board of Management, among others, to participate in comprehensive training programs and receive certifications in Corporate Governance. These programs were organized by the State Securities Commission and reputable institutions. Additionally, Members of the Board of Directors and personnel from the Board of Directors Office also engaged in training sessions focusing on modern management system architecture conforming to international standards, as well as the conference dedicated to enhancing the Corporate Governance proficiency of listed enterprises on Vietnam's stock market.

- The Bank regularly organizes internal training programs to equip management and leadership skills for management team. From 2022 to 2023, SHB made substantial investments in training programs to bolster the management and leadership capabilities of leaders and managers across all tiers of the organization. These initiatives included the Capacity Building program - SHB Talent Lead Management & Leadership, which targeted 27 senior managers at the Head Office, a series of Bank Transformation Training Workshops attended by over 351 managers, and platform management skills training completed by 245 managers. From these training programs, in addition to improving and developing management capacity, the Bank also discovers and cultivates key personnel to implement strategic goals.

## 2. BOARD OF SUPERVISORS

Board of Supervisors (BOS) is a unit elected by the General Meeting of Shareholders, responsible for overseeing and evaluating the compliance with internal regulations, legal provisions, Charter and implementation of policies and resolutions of the General Meeting of Shareholders and the Board of Directors; Conducting internal audit of SHB's business activities and financial statements.

### 2.1. Members and Structure of the Board of Supervisors

No	Full name	Position	Shareholding (%)
1	Pham Hoa Binh	Head of BOS	0.0055 %
2	Le Thanh Cam	Full-time Member of BOS	-
3	Vu Xuan Thuy Son	Full-time Member of BOS	-

Summary of the Board of Supervisors's Profiles, refer to pages 19

### 2.2. Activities of the Board of Supervisors

In 2023, operations of SHB's Board of Supervisors were carried out in strict adherence to the responsibilities and authorities outlined by the Law, Charter, and internal regulations of SHB. These actions aligned with the annual and periodical plans and directions set by Board of Supervisors, ensuring comprehensive fulfillment of their duties. Additionally, the Board of Supervisors undertook supplementary tasks as directed by the Board of Directors and CEO of SHB.

In 2023, the BOS convened four regular meetings, achieving a 100% attendance and a 100% voting rate, addressing the following topics:

- **BOS meeting on January 9, 2023:** Assessing the performance of Quarter IV-2022 and orientation for Quarter I-2023 of the BOS
- **BOS meeting on April 10, 2023:** Assessing the performance of Quarter I-2023 and orientation Quarter II-2023 of the BOS
- **BOS meeting on July 10, 2023:** Assessing the performance of Quarter II-2023 and orientation for Quarter III-2023 of the BOS
- **BOS meeting on October 9, 2023:** Assessing the performance of Quarter III-2023 and orientation for Quarter IV-2023 of the BOS

With the aim of ensuring consistency across meeting discussions, the Board of Supervisors has successfully executed the tasks outlined for 2023 and each quarterly period. Notably, the key tasks accomplished include:

- (1) Supervised the management and operational activities of SHB's Board of Directors and CEO, ensuring compliance with legal provisions and SHB's Charter.
- (2) Issued internal regulations of the BOS and Internal Audit during the period to ensure compliance with the regulations of the State Bank, the Charter and other current regulations of SHB, specifically:
  - Regulation on professional ethical standards of members of BOS issued together with Decision No. 34/2023/QD-BKS dated April 10, 2023;
  - Internal audit process issued together with Decision 06/2023/QD-BKS dated January 18, 2023 and Decision No. 66/2023/QD-BKS dated August 18, 2023 amending a number of schedules in the Internal audit process;
  - Regulations on monitoring and inspection of the implementation of recommendations of the BOS and Internal Audit Division issued together with the Decision 09/2023/QD-BKS dated February 2, 2023;

- Decision 18/2023/QD-BKS dated February 20, 2023 on amending and supplementing the Regulations on organization and operation of the Internal Audit Division issued together with Decision No. 58/2022/QD-BKS dated June 28, 2022;
- Regulations on handling violations in Internal Audit activities issued together with the Decision 23.1/2023/QD-BKS dated February 23, 2023;
- Internal Audit Handbook issued together with Decision 27.1/2023/QD-BKS dated March 15, 2023.

(3) Ensured performance of the internal audit function of the BOS:

- By overseeing the operations of the Internal Audit Division with both planned and unannounced inspections and audits, the Board of Supervisors has ensured that internal auditing functions are performed autonomously, consistently, and comprehensively across all activities within each business unit of SHB.
- The BOS instructed the Internal Audit Division to conduct remote oversight of SHB unit operations in accordance with the Internal Audit process guidelines and to monitor prudential indicators as per the State Bank of Vietnam regulations. They also mandated the utilization of information technology to develop monitoring methodologies, techniques, and tools.
- Carried out monitoring and supervision of rectification and handling of shortcomings discovered through the audit process; Directed the Internal Audit Division to participate in resolving complaints and denunciations; Directed the thorough and timely implementation of periodic reports according to regulations of the State Bank of Vietnam and internal regulations of SHB.
- Focused on training to enhance the professional qualifications of Internal Audit officers and staff, ensuring that Internal Audit operations meet both quantitative and qualitative standards.
- Performed other functions and tasks of Internal Audit according to the provisions of the Charter, other regulations of SHB and relevant laws.

(4) Ensured full and accurate appraisal of SHB's 2022 financial statements and interim financial statement for the first 6 months of 2023 according to the provisions of law and SHB.

(5) Checked accounting books, other documents and management operations of SHB and promptly notify the Board of Directors when detecting violations by Bank managers.

(6) Timely updated the list of major shareholders and related people of members of the BOD, members of the BOS, CEO, institutional shareholders and other individual shareholders of SHB participating in share capital contributions according to provisions of law and SHB's Charter.

(7) Efficiently collaborated with the Independent Auditor, State Auditor, Government Inspectorate, and State Bank Inspectorate during their engagements at SHB.

### 3. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

#### 3.1. Salary, bonus, remuneration, benefits

Unit: VND billion

	2023
Board of Directors	14,011
Board of Supervisors	4,620
Board of Management	22,307

### 3.2. Shares transactions of internal shareholders

Transactions of SHB shares by SHB insiders and related persons

No.	Transactions performed by	Relationship with internal shareholders	Shares owned at beginning of the period (30/06/2023)		Shares owned at end of the period (31/12/2023)		Reason (buying, selling, transfer, bonus, etc.)
			Number of shares	Share ownership percentage	Number of shares	Share ownership percentage	
1	Do Quang Hien	Chairman of the BOD	84,355,832	2.750%	99,539,881	2.750%	Stock dividend payout
1.1	Do Quang Vinh	Vice Chairman cum Deputy CEO; Son	796,375	0.026%	939,722	0.026%	Stock dividend payout
1.2	Do Vinh Quang	Son	90,891,726	2.963%	107,252,236	2.963%	Stock dividend payout
1.3	Do My Linh	Daughter-in-law	6,371	0.000%	7,517	0.000%	Stock dividend payout
1.4	Do Thi Thu Ha	Older sister	63,086,612	2.057%	74,442,202	2.057%	Stock dividend payout
1.5	Do Thi Minh Nguyet	Older sister	21,807,707	0.711%	25,733,094	0.711%	Stock dividend payout
1.6	T&T Group Joint Stock Company	Related institution	306,685,157	9.998%	361,888,485	9.999%	Stock dividend payout
1.7	Saigon - Hanoi Securities Joint Stock Company	Related institution	45,410,853	1.480%	53,584,806	1.480%	Stock dividend payout
2	Ngo Thu Ha	Member of the BOD cum CEO	2,232,849	0.073%	2,634,761	0.073%	Stock dividend payout
3	Do Duc Hai	Vice Chairman cum Deputy CEO	154	0.000%	181	0.000%	Stock dividend payout
4	Nguyen Thi Diem Trang	Related person of Mr. Pham Viet Dan - Member of the BOD	13,225	0.000%	15,605	0.000%	Stock dividend payout
5	Pham Hoa Binh	Head of BOS	169,248	0.006%	199,712	0.006%	Stock dividend payout
6	Ninh Thi Lan Phuong	Deputy CEO	111,469	0.004%	131,533	0.004%	Stock dividend payout

7	Vu Thi Hoa	Related person of Mr. Nguyen Huy Tai - Deputy CEO	0	0.000%	600	0.000%	Buy
8	Ngo Thi Van	Chief accountant	524	0.000%	-	-	Sell
9	Pham Bich Lien	Corporate Governance Officer	4,800	0.000%	-	-	Sell

Transactions between the company and related persons of the company; or between the company and major shareholders, insiders, or related persons of insiders

No.	Name of institution	Relation-ship	Business Registration Certificate number, date of issue, place of issue	Head office address/Contact address	Time of transaction with SHB	BOD Resolution No.	Content
1	Saigon - Hanoi Insurance Corporation	Related person of BOD member	0103085460	86 Ba Trieu, Hang Bai Ward, Hoan Kiem, Hanoi	March 16, 2023	10/ NQ- HDQT	Signed and implementing service contracts for Comprehensive Fraud Risk Insurance and Professional Liability Insurance at SHB
2	SHB Finance Single-Member LLC	Associa- ted Compa- ny	0107779290	Gelex Building, No. 52 Le Dai Hanh, Le Dai Hanh Ward, Hai Ba Trung, Hanoi	August 11, 2023	19/ NQ- HDQT	Signed an agreement to deploy collection and payment services on behalf of Mastercard cards and opened SBLC for customers
3	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	October 4, 2023	26/ NQ- HDQT	Signed a cooperation agreement on data provision
4	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	November 14, 2023	28/ NQ- HDQT	Granted credit limits to corporate customers
5	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	December 6, 2023	30/ NQ- HDQT	Granted credit limits to corporate customers
6	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	December 25, 2023	31/ NQ- HDQT	Signed a service contract on private bond issuance in 2023

## 3.3. Contracts or transactions with internal shareholders

No.	Name of institution	Relationship	Business Registration Certificate number, date of issue, place of issue	Head office address/ Contact address	Time of transaction with SHB	BOD Resolution No.	CONTENT
1	Sai Gon - Ha Noi Insurance Corporation	Related person of BOD member	0103085460	86 Ba Trieu, Hang Bai Ward, Hoan Kiem, Hanoi	March 16, 2023	10/ NQ- HDQT	Signed and implementing service contracts for Comprehensive Fraud Risk Insurance and Professional Liability Insurance at SHB
2	SHB Finance Single-Member LLC	Associated Company	0107779290	Gelex Building, No. 52 Le Dai Hanh, Le Dai Hanh Ward, Hai Ba Trung, Hanoi	August 11, 2023	19/ NQ- HDQT	Signed an agreement to deploy collection and payment services on behalf of Mastercard cards and opened SBLC for customers
3	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	October 4, 2023	26/ NQ- HDQT	Signed a cooperation agreement on data provision
4	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	November 14, 2023	28/ NQ- HDQT	Granted credit limits to corporate customers
5	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	December 6, 2023	30/ NQ- HDQT	Granted credit limits to corporate customers
6	Saigon - Hanoi Securities Joint Stock Company	Related person of BOD member	0102524651	Unit 1-5, Unimex Hanoi Building, No. 41 Ngo Quyen, Hang Bai Ward, Hoan Kiem, Hanoi	December 25, 2023	31/ NQ- HDQT	Signed a service contract on private bond issuance in 2023

### 3.4. Evaluating the implementation of corporate governance regulations

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SHB firmly believes that robust corporate governance practices are essential for ensuring the sustainable development of businesses, fostering trust, and maximizing shareholder benefits.

The Board of Directors, the Board of Management, and the Board of Supervisors of SHB have strictly adhered to corporate governance regulations as required by law. SHB's corporate governance reporting complies with Circular No. 96/2020/TT-BTC dated November 16, 2020. Alongside rigorous compliance with Vietnam corporate governance laws and specific regulations for listed companies, SHB has progressively aligned its governance practices with international best practices, such as the "ASEAN Corporate Governance Scorecard" and the "Corporate Governance Principles for Listed Companies" issued by the State Securities Commission and the International Finance Corporation (IFC) in August 2019.

To enhance governance, SHB has made significant improvements, meeting more criteria compared to previous years by benchmarking against the ASEAN Corporate Governance Scorecard. This framework guides SHB in improving governance standards, minimizing risks, and striving for sustainable development. The five corporate governance principles that SHB consistently upholds are: Shareholder rights, equal treatment of shareholders, stakeholder roles, transparent information disclosure, and BOD responsibilities.

## 4. OVERALL ASSESSMENT ON CORPORATE GOVERNANCE

### 4.1. SHB ensures shareholders' rights and equitable treatment for all shareholders

#### ■ Ensuring shareholder rights

- Shareholders are involved in approving and amending SHB's Articles of Association, issuing shares, electing the Board of Directors and Board of Supervisors members, and addressing agenda items under the authority of the General Meeting of Shareholders.
- Shareholders refer to the AGM documents uploaded on the website to vote on relevant topics and submit their votes to SHB before the AGM. These votes

are validated and included in the final count as approvals, disapprovals, or abstentions during the AGM.

- Ensure dividend payment to shareholders within 30 days from the date the Board of Directors issues a Resolution on dividend payment and within 06 months from the date of the AGM.
- Publish meeting notices and AGM documents on the Bank's website; Providing comprehensive documentation, information, and explanations for issues presented at the AGM for approval.
- Full disclosure of information about Board of Directors candidates, dividend payment policy in the AGM documents and the Annual Report.
- Shareholders have the right to nominate and elect members of the Board of Directors regardless of whether they are major shareholders or minority shareholders.
- Participate in the AGM by the Board of Directors, Board of Management, Board of Supervisors and shareholders.

#### ■ Providing transparent information, ensuring shareholder rights

- As a publicly listed entity with a substantial shareholder base, SHB prioritizes transparency in information disclosure. SHB consistently and proactively discloses periodic and ad-hoc information fully and promptly, adhering to regulatory deadlines, through various media channels such as its website (in both Vietnamese and English), stock exchange websites, the State Securities Commission, and the Vietnam Securities Depository. In 2023, SHB complied with all regulations by disclosing periodic and ad-hoc information, including financial statements, corporate governance reports, annual reports, AGM details, shareholder opinions, and capital increase information through share issuance for dividends.
- SHB facilitates shareholders' swift access to information regarding the Bank's business performance during the AGM. Based on the presented reports and proposals, shareholders have the right to directly question and make recommendations to SHB's leadership before voting on important matters related to SHB's operations. All AGM documents are fully posted on SHB's website, ensuring transparency and full access to information for all shareholders and the investment community.
- Furthermore, SHB proactively assists and addresses investors' inquiries and information requests via indirect channels, including email, telephone, and the website.

## V. CORPORATE GOVERNANCE

### ■ **Dividend policy**

- SHB has established a stable dividend policy that provides high returns for investors while balancing shareholder interests and ensuring resources for SHB's growth. Over the past five years, SHB's average dividend payout ratio has been 11.3%. In 2023, SHB paid a dividend of 18% for the fiscal year 2022.

### **SHB ensures the roles of stakeholders**

- SHB publishes and implements social welfare policies for the local communities where it operates, as well as health, safety, welfare, and training programs for employees.
- Contact information is provided on the Bank's website and in the annual report, allowing stakeholders such as customers, partners, and shareholders to address their concerns.
- SHB develops, issues, and publishes internally and on its website procedures for filing complaints about illegal behavior, including a Code of Conduct and Ethics, and anti-corruption regulations to guide corporate culture.
- SHB establishes and practices procedures for selecting suppliers and contractors.
- SHB has reward policies linked to the performance of its units.

### **SHB fully conducts information transparency and disclosure**

#### ■ **Disseminate information extensively through mass media**

Furthermore, SHB consistently disseminates timely, comprehensive, transparent, and official information to investors and shareholders through various domestic and international newspapers, television stations, and news sites with extensive coverage via mass media.

Especially, strategic information that significantly impacts the rights of investors and shareholders is given particular emphasis by SHB. This includes comprehensive communication before, during, and after the AGM, details on dividend payments, capital increases, business results, prospects, strategic directions, partnership agreements, credit ratings, and awards. These efforts underscore SHB's capabilities and reputation.

SHB guarantees the timely and transparent provision of information regarding the Annual Report in both Vietnamese and English on its website. This includes details about shareholders, the Bank's ownership structure, subsidiary system, and other financial and non-financial data.

Organizes press conference and press releases on business results and operational strategies.

#### ■ **Promoting investor relations**

In 2023, SHB engaged in meetings and collaborations with numerous foreign investors, including banks, investment funds, and prominent credit institutions worldwide. These interactions facilitated the exchange of insights, the exploration of mutual strengths, and the cultivation of opportunities for cooperation and growth, ultimately fostering a platform for expanded collaboration and development.

The aforementioned activities have been instrumental in fostering professionalism and transparency in the dissemination of information, as well as in fortifying relationships with investors. Consequently, this has bolstered investors' trust, thereby augmenting SHB's brand positioning within the market.

In the future, SHB will enhance its efforts to disseminate shared information and newsletters to investors, aiming to continuously elevate professionalism and bolster credibility in the stock market. This endeavor aligns with the goal of achieving sustainable development and fostering long-term value creation for shareholders.

### **SHB always enhances responsibilities of the Board of Directors**

- The roles and responsibilities of members of SHB's Board of Directors and regulations on corporate governance are detailed in SHB's Charter and corporate governance regulations.

- The Board of Directors has organized meetings in 2023 and disclosed each member's meeting attendance in the annual report.

- The Bank has set up committees under the Board of Directors, conducted assessments of both members of BOD and committees, and disclosed these evaluations in the annual report.

#### **3.4.2 Plan to enhance corporate governance efficiency**

With the objective of progressively aligning with regional and global corporate governance standards, SHB will continue to improve its corporate governance activities as follows:

#### ■ **Improve standards related to information disclosure and transparency:**

- Further refining and issuing comprehensive information disclosure regulations for the securities market, ensuring strict adherence to Circular 96/2020/TT-BTC of the Ministry of Finance and other relevant legal requirements;

- Strive to exceed the standards set by current regulations and international practices to provide comprehensive information to both domestic and international shareholders and investors.
- **Strengthen the responsibilities of the Board of Directors:**
  - Develop a succession plan, orientation programs, and training for new and current Board of Directors members to ensure the leadership team has the necessary experience and skills to fulfill their duties.
  - Create a specific roadmap to approach the requirements for the proportion of independent members of BOD in accordance with best governance practices and Vietnam law.
  - Increase the involvement of independent members in Committees under BOD, enhancing their effectiveness in advising and supporting the BOD, and strengthening the independence of these Committees.
- Conduct additional extended BOD meetings beyond the regular ones to discuss key issues related to business direction and strategic solutions.
- **Continue to strengthen and elevate the roles of Internal Audit, Risk Management, and Compliance within SHB's internal governance framework with the objectives of:**
  - (i) Ensuring an effective and accurate risk management and internal control system
  - (ii) Contributing significantly to the enhancement of corporate governance practices
  - (iii) Acting as key defense mechanisms to protect investment capital and create long-term sustainable value for shareholders.

#### 4.2. Detailed assessment of SHB's corporate governance practices according to the ASEAN Corporate Governance Scorecard

No.	Criteria	Evaluation basis	SHB's Compliance
<b>A</b>	<b>Shareholders' rights</b>		
<b>A.1</b>	<b>Basic shareholder rights</b>		
A.1.1	Does the company pay (interim and final/ annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?	In 2023, SHB has completed the payment of 2022 dividend at a ratio of 18% to existing shareholders according to BOD's Resolution No. 17/NQ-HDQT dated July 3, 2023.	Complied
<b>A.2</b>	<b>Right to participate in decisions concerning fundamental corporate changes</b>		
	Do shareholders have the right to participate in:		
A2.1	Amendments to the company's constitution?	Provided for in the Charter and Internal Regulations on Bank Governance	Complied
A2.2	The authorization of additional shares?	Approved by the General Meeting of Shareholders in accordance with the law	Complied
A2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	Approved by the General Meeting of Shareholders in accordance with the law	Complied

## V. CORPORATE GOVERNANCE

No.	Criteria	Evaluation basis	SHB's Compliance
<b>A.3</b>	<b><i>Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings</i></b>		
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	The agenda of the Annual General Meeting of Shareholders shows this content	Complied
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for Board of Directors/commissioners?	Shareholders exercise rights in compliance with the provisions of law and the Charter of the Bank	Complied
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Provided for in Article 29 Rights of shareholders, SHB's Charter	Complied
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	Provided for and disclosed on SHB's website before holding the AGM (according to regulations)	Complied
A.3.5	Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	All questions and answers of shareholders are included in the minutes of the AGM and approved at the meeting	Complied
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Shown in the Minutes of the 2023 Annual General Meeting of Shareholders	Complied
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	Shown in the Minutes of the 2023 Annual General Meeting of Shareholders	Complied
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	Disclosed on SHB's website	Complied
A.3.9	Does the company allow voting in absentia?	Absent shareholders may authorize another person to attend the meeting and vote on issues at the meeting	Complied
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Shown in the Regulations of the AGM	Complied
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	SHB disclosed and asked for approval at the AGM	Complied
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	Minutes of the meeting and Resolution of the 2023 Annual General Meeting of Shareholders are published on SHB's public portal in accordance with regulations.	Complied
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	Announced at SHB's website	Complied

No.	Criteria	Evaluation basis	SHB's Compliance
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	Each item in the draft Resolution has a detailed Proposal/Report attached	Complied
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	All questions and answers are included in the minutes of the Annual General Meeting of Shareholders and approved at the meeting	Complied
<b>A.4</b>	<b><i>Markets for corporate control should be allowed to function in an efficient and transparent manner</i></b>		
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the Board of Directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	SHB complies with the law to ensure the publicity, transparency and reasonableness of merger and acquisition transaction prices to ensure the maximum benefits of SHB and SHB shareholders.	Complied
<b>A.5</b>	<b><i>The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated</i></b>		
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?	Provided for in SHB's Charter	Complied
<b>B</b>	<b>Equal treatment to shareholders</b>		
<b>B.1</b>	<b><i>Shares and voting rights</i></b>		
B.1.1	Do the company's ordinary or common shares have one vote for one share?	Provided for in SHB's Charter	Complied
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	The company has only one class of common stock	Complied
<b>B.2</b>	<b><i>Notice of AGM</i></b>		
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	SHB does not include many contents in the same resolution	Complied
B.2.2	Is the company's notice of the most recent AGM / circulars fully translated into English and published on the same date as the local-language version?	Notice and documents of AGM of SHB are fully translated into English and published on the same day as Vietnamese documents on SHB's website	Complied
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	SHB publishes biographies of candidates to be elected/re-elected on the Bank's Website	Complied
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	Shown in the reports submitted to the General Meeting of Shareholders at the AGM 2023	Complied

V. CORPORATE GOVERNANCE

No.	Criteria	Evaluation basis	SHB's Compliance
B.2.5	Were the proxy documents made easily available?	Announced on the Website and sent directly to shareholders by post with the meeting invitation letter	Complied
<b>B.3</b>	<b><i>Insider trading and abusive self-dealing should be prohibited</i></b>		
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Shown in SHB's charter	Complied
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 business days?	Members of the Board of Directors must disclose information before and after trading shares in accordance with regulations	Complied
<b>B.4</b>	<b><i>Related party transactions by directors and key executives</i></b>		
B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	RPTs are reviewed and reported to the Board of Directors or the General Meeting of Shareholders for approval before carrying out transactions in accordance with the provisions of the Charter of SHB	Complied
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	RPTs are reviewed and reported to the Board of Directors or the General Meeting of Shareholders for approval before carrying out transactions in accordance with the provisions of the Charter of SHB	Complied
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	SHB specifically stipulated in the Charter and Regulations of the Board of Directors	Complied
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	SHB specifically stipulates in the Lending Regulations, complying with the cases in which credit is not granted under Article 126 of the Law on Credit Institutions.	Complied
<b>B.5</b>	<b><i>Protecting minority shareholders from abusive actions</i></b>		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	SHB makes disclosure in accordance with the law	Complied
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	Voting is done in accordance with the law	Complied
<b>C</b>	<b><i>Rights of stakeholders</i></b>		
<b>C.1</b>	<b><i>The rights of stakeholders that are established by law or through mutual agreements are to be respected</i></b>		

No.	Criteria	Evaluation basis	SHB's Compliance
	Does the company disclose a policy and practices that address:		
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	SHB fully promulgates Customer's Complaint Handling Policy and Procedure; Publication of hotlines, email addresses on the web, publications, leaflets, e-banking applications, etc.	Complied
C.1.2	Supplier/contractor selection procedures?	SHB posted on the website	Complied
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	SHB has shown in its Annual Report, section Sustainable development	Complied
C.1.4	The company's efforts to interact with the communities in which they operate?	SHB has shown in its Annual Report	Complied
C.1.5	The company's anti-corruption programmes and procedures?	SHB has published and implemented the Regulations on Prevention of Operational Risks and Anti-Money Laundering as shown in the Annual Report (Section 1.6) and other internal regulations.	Tuân thủ
C.1.6	How creditors' rights are safeguarded?	SHB fully promulgates Customer's Complaint Handling Policy and Procedure; Publication of hotlines, email addresses on the web, publications, leaflets, e-banking applications, etc.	Complied
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	SHB has shown in its Annual Report	Complied
<b>C.2</b>	<b><i>Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights</i></b>		
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	SHB has published a hotline and contact phone number on the bank's website and telephone number in its Annual Report.	Complied
<b>C.3</b>	<b><i>Mechanisms for employee participation should be permitted to develop</i></b>		
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	SHB has disclosed in its Annual Report	Complied
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	SHB has disclosed in its Annual Report	Complied
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	SHB has shown in its annual report and internal documents. There is a policy of issuing shares under the employee selection program.	Complied

V. CORPORATE GOVERNANCE

No.	Criteria	Evaluation basis	SHB's Compliance
<b>C.4</b>	<b>Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this</b>		
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report?	SHB has announced and practiced the issue of Operational Risk and Anti-Money Laundering as shown in its Annual Report (section 1.6) and other internal documents. The hotline is published on the bank's website.	Complied
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	Shown in the Code of Conduct, labor rules and other internal documents. Specific procedures and policies to protect whistleblowers should be developed.	Complied
<b>D</b>	<b>Information disclosure and transparency</b>		
<b>D.1</b>	<b>Transparent ownership structure</b>		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	SHB makes periodical reports in accordance with the regulations of the State Bank, the State Securities Commission and VNX	Complied
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	SHB makes periodical reports in accordance with the regulations of the State Bank, the State Securities Commission and VNX	Complied
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	SHB makes periodical reports in accordance with the regulations of the State Bank, the State Securities Commission and VNX	Complied
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	SHB makes periodical reports in accordance with the regulations of the State Bank, the State Securities Commission and VNX	Complied
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	SHB makes periodical reports in accordance with the regulations of the State Bank, the State Securities Commission and VNX	Complied
<b>D.2</b>	<b>Quality of Annual Report:</b>		
D.2.1	Corporate Objectives	SHB publishes details in its Annual Report	Complied
D.2.2	Financial Performance indicators	SHB publishes details in its Annual Report	Complied
D.2.3	Non-Financial Performance indicators	SHB publishes details in its Annual Report	Complied
D.2.4	Dividend Policy	SHB publishes details in its Annual Report	Complied
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners	SHB publishes details in its Annual Report	Complied

No.	Criteria	Evaluation basis	SHB's Compliance
D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year	SHB publishes details in its Annual Report	Complied
D.2.7	Total remuneration of each member of the Board of Directors/commissioners	Shown in the Annual Report, but only the total remuneration of the Board of Directors, the Board of Supervisors and the Board of Management shall be announced separately.	Partially complied
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	Fully expressed in Annual Report – Corporate Governance Section	Complied
<b>D.3 Disclosure of related party transactions (RPT)</b>			
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	Shown in Annual Report – Financial Statements/Related Party Transactions.	Tuân thủ
D.3.2	Does the company disclose the name, relationship, nature and value for each material RPTs?	Shown in Annual Report – Financial Statements/Related Party Transactions.	Tuân thủ
<b>D.4 Directors and commissioners dealings in shares of the company</b>			
D.4.1	Does the company disclose trading in the company's shares by insiders?	Announced on SHB website, Stock Exchange	Complied
<b>D.5 External auditor and Auditor Report</b>			
D.5.2	Does the non-audit fee exceed the audit fees?	SHB has no fees for non-audit services	
<b>D.6 Communication media</b>			
D.6.1	Quarterly reporting	SHB fully discloses it on the Bank's Website in accordance with regulations	Complied
D.6.2	Company website	SHB fully discloses it on the Bank's Website in accordance with regulations	Complied
D.6.3	Analysts' briefing	Proactively provides information for analysis reports of units/experts	Complied
D.6.4	Media briefings/press conferences	SHB makes periodic press releases on the mass media	Complied
<b>D.7 Timely release of the annual financial statements</b>			
D.7.1	Are the audited annual financial statements released within 120 days from the end of the fiscal year?	Fully discloses information on the Bank's Website in accordance with regulations	Complied
D.7.2	Is the annual report released within 120 days from the financial year end?	Fully discloses information on the Bank's Website in accordance with regulations	Complied
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the Board of Directors/commissioners and/or the relevant officers of the company?		Complied

## V. CORPORATE GOVERNANCE

No.	Criteria	Evaluation basis	SHB's Compliance
<b>D.8 Company website</b>			
D.8.1	Financial statements/reports (latest quarterly)	Fully discloses information on the Bank's Website in accordance with regulations	Complied
D.8.2	Materials provided in briefings to analysts and media	Updated frequently	Complied
D.8.3	Downloadable Annual Report	Full disclosures on the Bank's website and downloadable	Complied
D.8.4	Notice of AGM and/or EGM	Full disclosures of information on the Bank's Website	Complied
D.8.5	Minutes of AGM and/or EGM	Full disclosures of information on the Bank's Website	Complied
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	Full disclosures on the Bank's website and downloadable	Complied
<b>D.9 Investor relations</b>			
D.9.1	Does the company disclose the contact details (e.g., telephone, fax, and email) of the officer/ office responsible for investor relations?	Announced on SHB's website	Complied
<b>E Board of Directors' duties and responsibilities</b>			
<b>E.1 Clearly defined Board of Directors' responsibilities and corporate governance policies</b>			
E.1.1	Does the company disclose its corporate governance policy/board charter?	Full disclosures of information on the Bank's Website	Complied
E.1.2	Are the types of decisions requiring Board of Directors/commissioners' approval disclosed?	Full disclosures of information on the Bank's Website	Complied
E.1.3	Are the roles and responsibilities of the Board of Directors/commissioners clearly stated?	Fully expressed in the Charter of the Bank; Annual Report and Bank Governance Report.	Complied
E.1.4	Does the company have a vision and mission statement?	SHB fully expressed in the Annual Report, the General Meeting of Shareholders and other internal newspapers.	Complied
E.1.5	Does the Board of Directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	The role of the Board of Directors is shown in the Annual Report - Corporate Governance Section.	Complied
E.1.6	Does the Board of Directors have a process to review, monitor and oversee the implementation of the corporate strategy?	The roles and activities of the BOD members are shown in the Annual Report - Section Corporate Governance.	Complied
<b>E.2 Board of Directors' structure</b>			
E.2.1	Are the details of the code of ethics or conduct disclosed?	Publicly announced throughout the SHB system	Complied
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the codes?	Shown in the Charter, internal regulations on governance, publicly announced on the Company's Website.	Complied

No.	Criteria	Evaluation basis	SHB's Compliance
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	Shown in the Labor Regulations, the internal regulations on governance are publicly announced throughout the SHB system	Complied
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/commissioners?	SHB complies with the provisions of law on conditions of independence of independent BOD members	Complied
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	SHB has provisions in the Charter and Regulations on organization and operation of the Board of Directors	Complied
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	Not arise	Complied
E.2.8	Does the company have a Nominating Committee (NC)?	The Human Resources Committee at SHB was established under the Board of Directors	Complied
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Shown in the annual report	Complied
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	Shown in the annual report	Complied
E.2.18	Does the company have an Audit Committee?	SHB has a Board of Supervisors. Operating under the model of General Meeting of Shareholders, Board of Directors, Board of Supervisors, CEO	Complied
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	The Board of Supervisors operates independently, supervises the activities of the Board of Directors and the Board of Management	Complied
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	The Head of BOS operates independently from the Board of Directors	Complied
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Shown in Annual Report, Charter of SHB, internal regulations...	Complied
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Ensured all members have professional experience	Complied
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	Shown in Annual Report	Complied
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Shown in SHB's Charter	Complied

## V. CORPORATE GOVERNANCE

No.	Criteria	Evaluation basis	SHB's Compliance
<b>E.3 Board of Directors Processes</b>			
E.3.1	Are the Board of Directors meeting scheduled before the start of financial year?	The Board of Directors of SHB meets periodically and adhoc in accordance with the law and internal regulations of SHB. At least 04 regular meetings/year	Complied
E.3.2	Does the Board of Directors/commissioners meet at least six times during the year?	In 2022, the Board of Directors convened 7 direct meetings. Shown in the annual report.	Complied
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Shown in the annual report	Complied
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	Provided for in the Charter and Regulations on organization and operation of the Board of Directors	Complied
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?		Complied
E.3.6	Are board papers for Board of Directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	SHB has stated in the Charter and always complied	Complied
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	SHB appoints the person in charge of corporate governance, performs the duties of the company secretary to ensure that corporate governance is conducted effectively.	Complied
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	SHB guarantees the requirements	Complied
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Shown in the Charter, Organizational Regulations of the Board of Directors;	Complied
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	Shown in the Charter, Internal Regulations of SHB.	Complied
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Shown in the Annual Report – Risk section	Complied
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the Board of Directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	Shown in Annual Report	Complied
<b>E.4 Chairman of Board of Directors</b>			
E.4.1	Do different persons assume the roles of chairman and CEO?	SHB has separate Chairman and CEO	Complied
E.4.2	Is the chairman an independent director/commissioner?	The Chairman of the Board of Directors is a Non-executive member	Complied

No.	Criteria	Evaluation basis	SHB's Compliance
E.4.3	Has any director been the company CEO/ executive in the last two years?	Mr. Vo Duc Tien Vice Chairman of the Board of Directors participated in executive works from August 4, 2021 to July 20, 2022	Complied
E.4.4	Are the role and responsibilities of the chairman disclosed?	Provided for in the Charter	Complied
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	SHB has 01 independent BOD member with experience in the fields of finance, insurance and banking	Complied
E.4.6	Does at least one non-executive director/ commissioner have prior working experience in the major sector that the company is operating in?	The members of the Board of Directors all have experience in the field of finance and banking.	Complied
<b>E.5 Performance of the Board of Directors</b>			
E.5.1	Does the company have orientation programmes for new directors/commissioners?	SHB has a learning program for each professional position, and is currently reviewing and updating additional programs for members of the Board of Directors.	Complied
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	SHB has a learning program for each professional position, and is currently reviewing and updating additional programs for all members of the Board of Directors.	Complied
E.5.3	Does the company disclose the process on how the Board of Directors/commissioners plans for the succession of the CEO/Managing Director/ President and key management?		Complied
E.5.4	Does the Board of Directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Reflected in SHB's internal regulations on governance, Annual Report.	Complied
E.5.5	Is an annual performance assessment conducted of the Board of Directors/ commissioners?	Reflected in SHB's internal regulations on governance, published on the website SHB	Complied
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	Reflected in SHB's internal regulations on governance, published on the website SHB	Complied
E.5.7	Did the company conduct an annual performance assessment of the Committees under BOD and disclose the criteria and process followed for the assessment?	Shown in SHB's Annual Report.	Complied

## 5. RISK MANAGEMENT

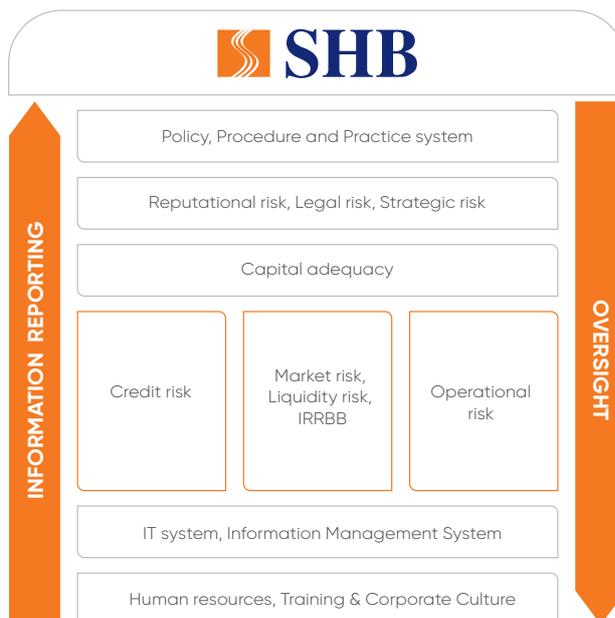
With a commitment to sustainable development, SHB prioritizes and invests significantly in risk management.

SHB conducts annual reviews and assessments of key activities and critical risks to evaluate the overall risk profile. Based on these assessments, SHB measures risk levels and determines the Bank’s risk capacity. This process underpins the development of SHB’s risk appetite, management strategies, and internal control systems to manage critical risks and ensure adequate capital to cover potential losses.

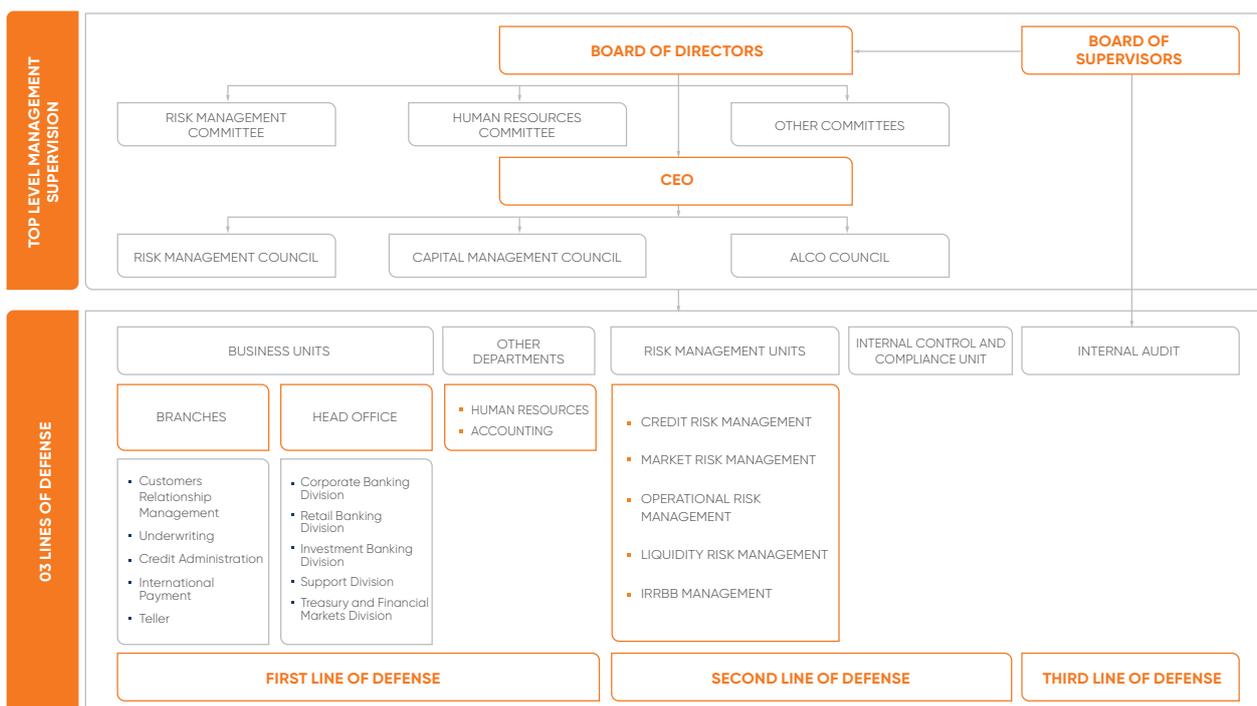
### 5.1. Risk management framework at SHB

SHB establishes a risk management framework to ensure a complete system of policies, regulations, procedures and guidelines to run the Bank’s operation in line with the business strategy and risk management objectives. Material risks are identified, measured and controlled while maintaining a satisfactory capital adequacy ratio commensurate with the Bank’s risk profile.

In order to ensure an effective risk management framework, SHB has established a full information system along with a management reporting system to ensure timely and accurate information about the risk level of the Bank, make forecast on business activities, credit quality and make appropriate and effective business decisions. SHB also pays great attention to training and communication as the foundation for building a risk-aware culture.



### 5.2. Risk management structure



## Risk management activities at SHB are implemented according to the Three Lines of Defense model across all operations:



**The first line of defense** is responsible for identifying, controlling and implementing risk reduction measures.

**The second line of defense** is designed to control and monitor legal and compliance related risks.

**The third line of defense** is executed by the internal audit division to monitor and evaluate the effectiveness and adequacy of the first and the second line of defense.

Furthermore, SHB also established a full range of Committees/Councils to assist the Board of Directors and CEO in performing the supervisory function of top level management. SHB has established and strengthened a comprehensive framework of documents and risk management policies to proficiently oversee risks, ensuring operational safety in alignment with legal requirements, directives from the State Bank of Vietnam, and SHB's risk management objectives. This framework is designed to adhere to current regulations while consistently guiding risk management practices in accordance with international standards and best practices. In 2023, SHB finalized the development and implementation of enhanced liquidity risk management measurement tools conforming to Basel III standards. These tools incorporate Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) indicators for internal monitoring and supervision, subsequently undergoing review and authentication by an international independent audit.

Previously, SHB has completed three pillars of the Basel II Accords in 2020, conducts annual Internal Capital Adequacy Assessment Process (ICAAP) starting from 2021 and fully complies with the SBV's requirements on operational risk management in particular and the internal control system in general.

Additionally, SHB is implementing a project to develop credit risk measurement models and capital calculation according to the advanced Basel II-IRB method, with the guidance of an international consulting firm. The development of these credit risk measurement models is expected to be completed by the second quarter of 2024. SHB plans to apply the Basel II-IRB methodology for calculating capital adequacy ratios in 2025.

In addition, in order to maintain sufficient capital for material risks, SHB regularly implements measures to optimize RWA and improve the Bank's equity capital,

thereby surpassing the minimum capital adequacy ratio of 8% as prescribed in Circular 41/2016/TT-NHNN and keeping the ratio always greater than 10%. This measure is implemented to ensure capital buffer to support the Bank's sustainable and effective growth. SHB's capital adequacy ratio is maintained above the Bank's target capital adequacy ratio in both normal and adverse conditions.

### 5.3. Material risks management

#### 5.3.1. Credit risk

Credit risk is the possibility of a financial loss in banking operations caused by clients failing or unable to fulfill their obligations as committed.

To effectively manage and control credit risk, a system of credit risk management policies has been developed in line with the following principles: (i) Establish an appropriate credit risk management environment; (ii) credit granting procedure carried out under the close coordination among involved departments; (iii) Identify, measure and monitor risks in each tier of three lines of defense to ensure adequate control over credit risk.

In addition, SHB is progressively enhancing its credit risk management practices in line with international norms and benchmarks. Notably, in 2023, SHB has launched many projects in this direction including the conversion of financial statements to adhere to IFRS standards and the implementation of risk management and capital calculation projects based on the advanced IRB method under Basel II. The outcomes of these endeavors will furnish SHB with additional tools for credit risk management, supporting effective risk-based business decision making.

SHB evaluates credit risk both during regular operations and in challenging market conditions. Particularly

## V. CORPORATE GOVERNANCE

in adverse market scenarios, SHB employs scenario analysis to project credit growth rates and assess loan quality, enabling the development of contingency plans and implementation of control measures to monitor and mitigate non-performing loans (NPLs) in a timely and appropriate manner.

### 5.3.2. Environmental and social risks

Green credit represents a global trend within the financial industry, with particular relevance to Vietnam's finance and banking sector. It aims to achieve a balanced and harmonious development that fosters green growth and sustainability, promoting harmony between the economy and the environment.

Acknowledging the significance of green credit, SHB is increasingly prioritizing growing green credit while integrating social and environmental risk management practices into credit extension activities.

SHB has issued internal regulations for integrating social and environmental management practices into its credit assessment procedures, making socio-environmental risk assessment a compulsory component in the credit approval process for customers. This evaluation enables SHB to identify clients with environmentally sustainable initiatives and projects characterized by minimal social and environmental risks, thereby facilitating their financing. Additionally, SHB offers support and guidance to clients in implementing measures and action plans to mitigate, minimize, or eliminate adverse social and environmental impacts associated with their business ventures. This approach aims to encourage clients to transition towards cleaner, safer, and more environmentally friendly production and business practices.

In 2023, with guidance and assistance from IFC experts, SHB finalized regulations concerning social and environmental risk management in lending activities with small and medium-sized enterprises. These regulations were crafted to align with both the requirements of the State Bank of Vietnam and the assessment standards set by the IFC. Additionally, SHB entered into a collaboration agreement with ADB to implement a consultancy package aimed at developing a social environment risk management system for trade finance. Through the support of both IFC and ADB, SHB anticipates enhancing the effectiveness of its social and environmental risk management system in credit extension activities, gradually reaching international practices and standards.

In the coming time, SHB will persist in enhancing its policy frameworks, regulations, and assessment criteria concerning social and environmental risks, with guidance from IFC and ADB. Additionally, SHB will bolster training initiatives for personnel tasked with managing and evaluating socio-environmental risks to

enhance implementation proficiency. These endeavors aim to optimize socio-environmental risk management, thereby fostering sustainable growth in green credit.

### 5.3.3. Operational risks

The risk due to incomplete or faulty internal processes, human factors, errors, system failures or external factors causing financial losses or non-financial negative impacts to SHB (including legal risks) is defined as operation risk.

SHB has fully implemented the operational risk management framework to align with Circular 13/2018/TT-NHNN requirements and international standards. In 2023, SHB focused on executing Risk Assessment Processes for various areas such as pre-issued regulations, processes, products, e-banking activities, and outsourcing, while also assessing the efficacy of control points within the Bank's processes and activities. Apart from its annual training sessions, SHB conducted a series of programs aimed at transferring knowledge of risk identification and assessment to Line 1 Units at the Head Office, providing direct operational risk management insights to unit managers. Furthermore, SHB developed newsletters and videos on operational risks for Customer Service officers, intensified warnings about fraud, counterfeiting, and the misappropriation of high-tech assets for customers, and conducted tests throughout the year to assess potential transaction interruption scenarios for Business Units, including testing the alternate operation of the Core system at the data center (DC-DR).

### 5.3.4. Information Technology Risks

Information Technology (IT) risk is the possibility of loss when performing activities related to information systems. IT risks relate to management and use of hardware, software, communications, system interfaces, operations and people.

The IT department at SHB is organized with an operating model according to ITIL (Information Technology Infrastructure Library) standards. SHB fully complies with the State Bank's safety and security regulations, and has applied international security standards to improve internal IT system security (ISO 27001:2013, PCI DSS, 3D Secure, SWIFT CSCF Security Framework).

In 2023, SHB made significant progress by transitioning services to the cloud environment, enhancing user experience, offering round-the-clock services, and mitigating IT risks. Throughout the year, SHB formulated and executed regulations and risk assessment processes for its IT infrastructure, conducting risk evaluations for critical IT systems and bank projects.

### **5.3.5. Market risks**

Market risk encompasses the potential for adverse fluctuations in interest rates, exchange rates, stock prices, and commodity prices within the market. SHB confronts two primary types of market risks: interest rate risk and exchange rate risk. The Bank has established and fortified a comprehensive system of policy documents, regulations, and processes for managing market risk. These guidelines delineate the steps involved in identifying, measuring, monitoring/control, and reporting on market risks, as well as outlining the responsibilities of relevant units in market risk management.

In conjunction with the centralized management of interest rate and exchange rate risk at the Head Office, SHB has instituted a comprehensive framework of market risk limits for management. These include status/portfolio limits, teller limits, loss/stop loss limits, and sensitivity limits. Market risk limits undergo periodic reviews, at least annually, or irregularly in response to significant market fluctuations. Measurement of market risk is conducted utilizing methods and systems such as Open position, PV01 sensitivity, and profit and loss assessment based on market value (MtM), along with VaR risk assessment. These measurement methods and tools are subject to regular review and refinement to accurately assess risks, aligning with market conditions and SHB's business landscape in each respective period.

### **5.3.6. Liquidity risk**

Liquidity risk is the risk of not being able to fulfill debt obligations when due, or being able to fulfill debt obligations when due but having to pay costs higher than the average cost of the market.

SHB advocates diversifying mobilized capital sources and mobilization terms to increase liability stability; Maintain a reasonable balance between assets and liabilities, ensuring enough highly liquid assets. Mobilization plans are built and monitored safely and effectively in each period based on each unit's business plan and the overall strategy of the entire bank, ensuring daily liquidity and in case of crisis. SHB promotes diversification in sourcing and terms of capital mobilization to enhance the stability of liabilities, while also maintaining a prudent balance between assets and liabilities, ensuring an adequate reserve of highly liquid assets. Mobilization plans are devised and monitored in each period, aligning with the business plans of each unit and the overarching strategy of the Bank as a whole. This approach ensures daily liquidity and preparedness for potential crises

SHB has established and implemented liquidity risk limits, including: maximum net cash flow, solvency ratio, LDR ratio, and the ratio of short-term capital to medium and long-term loans. Daily measurement and monitoring of liquidity risks are conducted. Furthermore, SHB has

successfully implemented liquidity risk management in accordance with Basel III standards (LCR, NSFR), which was reviewed and validated by KPMG in 2023.

### **5.3.7. Interest rate risk in the banking book**

Interest rate risk in the banking book is a risk due to adverse fluctuations of interest rates on the bank's income, asset value, liability value and off-balance sheet commitment value. To mitigate this risk, SHB maintains a prudent balance in the term structure/revaluation period between assets and liabilities. This is achieved by applying appropriate base interest rate policies to determine loan interest rates, thus mitigating potential interest rate risks such as repricing risk and basis risk.

SHB issues and applies bank book interest rate risk limits tailored to the scale and complexity of its business operations and risk tolerance. These include limits on interest rate gap and net interest income (NII). The Bank assesses interest rate risk for both VND and foreign currencies, valued at 5% or more of total assets, using methodologies and indicators such as interest rate gap sensitivity, evaluation of interest rate fluctuations on NII and economic value of equity (EVE). Additionally, SHB determines the required capital for bank book interest rate risk management using the Delta EVE method, in line with Basel III guidelines.

### **5.3.8. Anti-money laundering**

Through activities that strengthen cooperation with international banks, SHB has established mechanisms to control anti-money laundering efforts in compliance with both domestic and international regulations, meeting international standards. This facilitates collaboration with international banks, enhancing the correspondent banking system and increasing revenue from international payment transactions. The control mechanisms in place include regularly updating lists of sanctioned countries, sectors, and currencies by each nation; issuing warnings and recommendations regarding correspondent relationships with high-risk banks or those not meeting anti-money laundering and counter-terrorist financing requirements. To date, SHB has not had any international payment transactions frozen due to sanctions violations.

SHB also enhances customer transaction monitoring to detect suspicious or illegal activities. The Bank has developed an automated system to monitor customer transactions based on pre-established scenarios. All customer transactions are automatically reviewed, and suspicious or illegal activities are flagged. These alerts are thoroughly investigated and immediately reported to relevant state authorities when necessary. Additionally, SHB widely disseminates information about illegal tactics to its staff to minimize risks for both customers and the Bank.

# REACHING FOR A SUSTAINABLE FUTURE

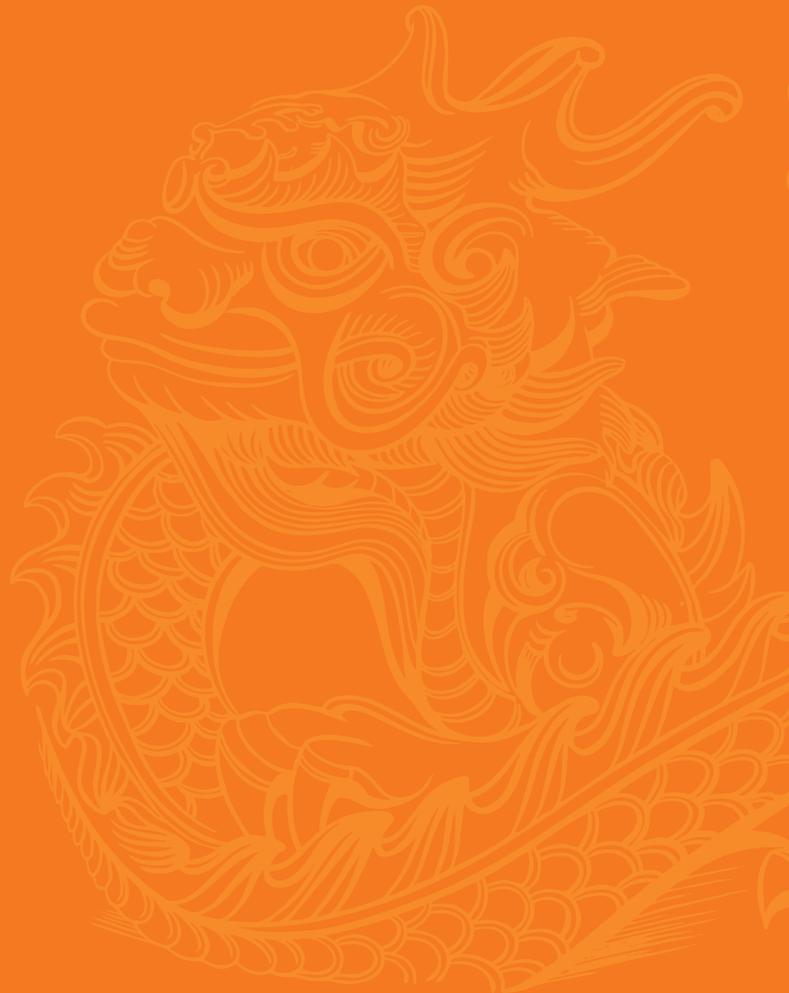
SHB's commitment to sustainable development is anchored in safe growth, social responsibility, human development, and environmental stewardship.

As a pioneering Bank, we have established a comprehensive and rigorous ESG management framework that aligns with international guidelines and best practices, paving the way for a sustainable future for both our nation and the world.



# VI

SUSTAINABILITY REPORT



The Sustainable Development Report is compiled by SHB, gathering information and data from the actual activities of SHB and its subsidiaries for the fiscal year ending on December 31, 2023. The information disclosure is structured based on Circular 96/2020/TT-BTC.

At SHB, the highest authority responsible for sustainable development policies is the CEO. Environmental and social policies are detailed in internal documents issued by the Board of Directors and the CEO. The Board of Management follows the directives and orientations of the Board of Directors, clearly defining SHB's mission and role in the economy as a partner in the nation's comprehensive development, minimizing environmental impacts, and creating long-lasting, sustainable positive effects on the community.

Sustainable development actions at SHB are not limited to isolated programs but are elevated and directed according to Environmental, Social, and Governance (ESG) criteria, encompassing strategic vision and direction to annual business operations. Accordingly, SHB's sustainable development will be evaluated under three major aspects: Policies and activities related to employees and corporate culture; Community engagement activities; and Production and business activities associated with environmental impacts.

”  
At SHB, we believe in “People-centricity”. Our human resource policies are meticulously designed to prioritize and empower our employees, ensuring their growth and well-being.

## 1. EMPLOYEE POLICIES

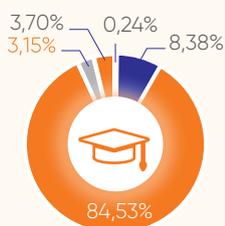
### 1.1. Number of employees, average salary for employees

As of December 31, 2023, SHB employs 6,246 staff members, with an average age between 30 and 35 years. This young and dedicated workforce is central to SHB's operations. At SHB, we uphold the principle of “People-centricity”, one of the four strategic pillars in our transformation journey. Accordingly, SHB has implemented human resource policies to maximize human potential, underpinning the bank's development. In 2023, the average income of SHB employees was VND 23.01 million, a 3.2% increase from 2022.

SHB's workforce has been expanding in both quantity and quality to align with strategic business objectives. The Bank focuses on developing a succession plan to ensure a young, well-trained management team with comprehensive financial knowledge, market economy insights, language proficiency, and adaptability to a modern, integrated business environment. The proportion of female employees at SHB consistently exceeds 60%, with women constituting about 50% of the management team. This highlights SHB's commitment to valuing women and recognizing their significant impact on the Bank's operations.

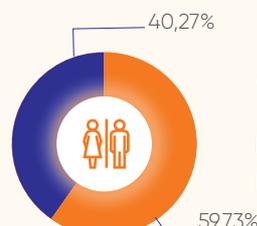
Presented below are key analytical insights into the personnel structure at SHB:

#### Personnel structure in 2023



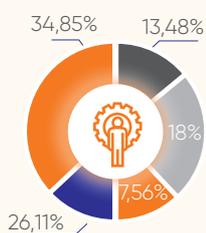
**Personnel structure by qualification**

■ PhD  
■ Master  
■ Bachelor  
■ College, vocational training



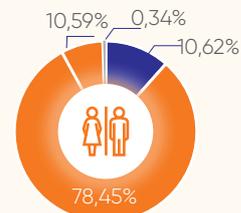
**Personnel structure by gender**

■ Male  
■ Female



**Personnel structure by seniority**

■ Less than 1 year  
■ From 3 to 5 years  
■ From 5 to 10 years  
■ From 1 to 3 years  
■ More than 10 years



**Personnel structure by age**

■ Gen X  
■ Gen Y  
■ Gen Z  
■ Others

## 1.2. Superior Labor Policies Ensuring Employee Health, Safety, and Welfare

SHB takes pride in offering significant values beyond salary and benefits. We believe this is SHB's competitive advantage in the recruitment market:

- **Value 1: Competitive benefits**

SHB understands and cares for its staff by offering practical and competitive benefits compared to other banks and businesses in the market. Benefits for female employees, staff members, and leaders have seen remarkable improvements year by year, becoming the top value that attracts employees.

- **Value 2: Humane and responsible environment**

Upon joining SHB, employees will find themselves in a humane environment that places a high value on individuals, originated from six core values where "Heart" is the root. Our corporate culture emphasizes responsibility and dedication, providing a supportive workplace where employees can confidently contribute and build sustainable careers. SHB recognizes that, ultimately, the organization's humane ethos is the most significant driver for employee commitment and long-term dedication, surpassing material benefits.

- **Value 3: Private banks with an international vision**

With a vision to reach out to the region and internationally, SHB has been cooperating with the world's leading organizations and brands such as Amazon, Barcelona

Club, ManCity Club and many other major brands. SHB is also the first joint stock commercial bank to establish an office in ASEAN. Joining SHB offers employees the opportunity to challenge themselves and participate in significant collaborative projects, marking their careers with these prestigious endeavors.

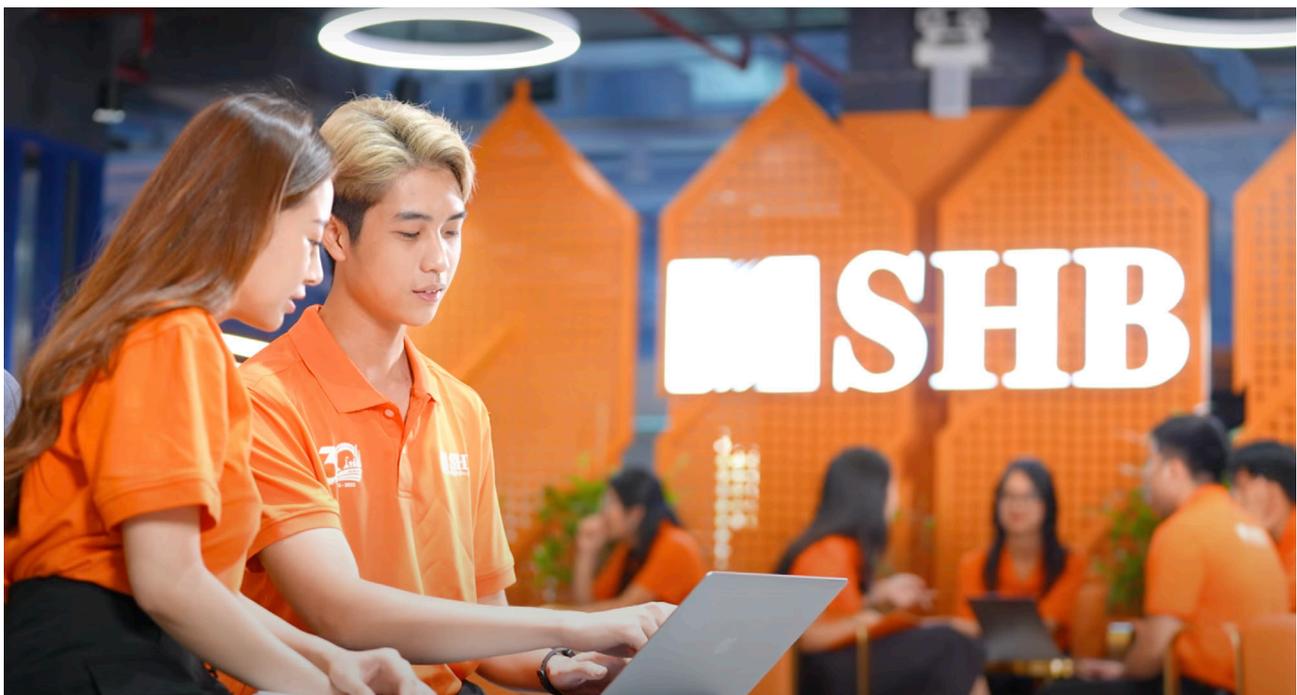
- **Value 4: Accompanying the aspirations of ethnic businessman Do Quang Hien**

Many employees believe that "Who you work with is more important than where you work". At SHB, employees are inspired by and aligned with the national aspirations of entrepreneur Do Quang Hien.

Entrepreneur Do Quang Hien's philosophy, "A true entrepreneur must always aspire to create wealth. However, it must be done with integrity, dedication, and national pride", inspires and instills a sense of dedication and national pride in every SHB employee. This responsible inspiration has attracted numerous talents to join and grow with SHB.

### 1.2.1. Salary and Reward

In 2022, the average income of SHB employees reached VND 22.3 million per person per month, an increase of 1% compared to 2021. In 2023, SHB continued to innovate by restructuring employee income based on job titles, performance outcomes, salary grades, and regions. As a result, SHB's employee salaries are ranked 7th in the entire banking sector.





Every individual is afforded the opportunity to be trained and to flourish

At SHB, salaries are determined by performance evaluations (KPIs), and our KPI system is continually refined to ensure fair and accurate monthly compensation aligned with each employee’s contribution and role responsibilities. Compensation is directly linked to individual effectiveness, contribution levels, and SHB’s business outcomes.

The KPI framework empowers employees to influence their earnings based on performance. Annual salary reviews are transparent, fair, and reflect SHB’s commitment to staff development. Additionally, employees receive bonuses on holidays, anniversaries, and other significant occasions, contributing to meaningful earnings enhancements. Furthermore, our competitive reward policy is revised annually for each unit and branch, fostering a culture of recognition and motivation. Awards such as quarterly or annual certificates of appreciation are issued by the Chairman of the BOD or the CEO to commend teams and individuals for exceptional achievements, surpassing targets, or introducing innovative solutions.

**1.2.3. Insurance, Health Care, Safety, and Welfare Benefits**

One of the key highlights that make SHB’s salary and benefits policy unique and attractive is the “net” salary approach instead of “gross” salary. SHB covers employee contributions to social insurance, health insurance, unemployment insurance, personal income tax, and union fees. This policy not only ensures and improves employees’ income but also demonstrates the Bank’s commitment to its staff.

Additionally, SHB places great emphasis on health care benefits, specific allowances, and the provision of uniforms. Annually, SHB organizes regular health check-ups for employees at leading hospitals and provides comprehensive health insurance through the SHB Care program in collaboration with BSH Insurance, offering increasingly beneficial insurance policies for employees.

- Specific allowances, such as hazardous duty allowances, makeup allowances for cash handling and customer service staff, dual responsibility allowances, incentives for high-performing employees, fuel and parking allowances, are paid monthly to 100% of employees. SHB also arranges private car transportation for headquarters and branch leaders for work and external assignments.

- Beyond legal requirements, SHB offers various beneficial programs for employees, including work uniforms, modern work tools appropriate for their tasks, annual vacations for all staff, preferential loans for home and car purchases, consumer loans at favorable interest rates, and regular team-building activities such as football tournaments and cultural events. In 2023, the 30th anniversary of SHB was marked by a year of vibrant activities, including events like SHB Shine and SHB Icon. These programs provide a creative playground where SHB employees can showcase their talents, foster camaraderie, and create a joyful and warm atmosphere, motivating all staff.

**1.3. Training and HR development**

Human resource development is one of SHB’s four strategic pillars. SHB provides every opportunity for individual career growth and focuses on training high-quality personnel based on three key factors:

- The bank’s business development strategy
- Analysis of financial market trends
- Annual employee needs assessment

With the policy that every employee has the opportunity for training and development, SHB sponsors all training course costs, both for internal training programs and for external training programs attended by employees.

In 2023, SHB enhanced and cultivated employee capabilities through six categories of training programs: (1) Information Technology; (2) Personal Effectiveness and Management; (3) Marketing, Sales, and Service; (4) Legal Compliance; (5) Risk Management and Finance; (6) Products and Processes, totaling 130 courses.

SHB has organized a series of “UNLOCK YOUR POTENTIAL” training seminars, with nearly 350 management staff from business units participating. The program successfully equipped participants with the essential knowledge needed for SHB’s transformation process. All attendees found the program extremely valuable, practical, and inspiring, bolstering their confidence and motivation for the success of the transformation journey.

- In 2023, SHB provided a total of 369,490 training hours, averaging 63.7 training hours per employee per year.

Object	Total number of training hours performed	Average number of training hours/employee/year
Staff	309,345	65.6
Managers	60,145	55.6
All SHB employees	369,490	63.7

■ **Training programs are tailored to specific target groups as follows:**

SHB conducts training based on the competency framework for each job title and the required competency levels for each position. The training programs are diverse, continuously improved, updated in content and format, and designed to cater to various target groups. They are structured around four categories of job titles: (i) Senior Management; (ii) Middle Management; (iii) Frontline Management; and (iv) Specialists/Employees.

- **For new employees:** SHB implements an onboarding training program, pairing new hires with experienced staff to provide them with an overview of SHB, foundational job-related knowledge, and skills, facilitating a swift integration into SHB’s culture. In 2023, SHB regularly conducted monthly onboarding training programs, totaling 32 sessions. Additionally, SHB successfully trained personnel for 5 new branches and 25 new transaction offices, achieving the following objectives: Providing specialized knowledge, processes, and product training to ensure proficiency in each job role; Conducting practical, on-the-job training to build confidence for independent performance at new branches; Offering remote support and supervision during the initial phase of the new branch operations.

- **For experienced and competent employees:** SHB focuses on advanced and specialized professional training to meet the business requirements and transformation goals of the Bank. The number of in-depth courses on products and professional skills

organized in 2023 totaled 73 courses for over 28,000 learners.

- **For management levels:** SHB develops and implements training frameworks based on the competency standards required for each management level, aiming to enhance management capabilities, leadership skills, strategic planning, and change management. Annually, SHB facilitates opportunities for management staff to attend international training courses and seminars. In 2023, SHB conducted 12 training sessions on management and leadership skills, as well as soft skills for managers at all levels.

The effectiveness of training programs is regularly assessed through periodic evaluations and professional competency tests across the entire system to motivate and encourage staff.

SHB employs a flexible approach to training, incorporating various methods such as external training, in-house training, online training, and blended learning. Technology is extensively utilized, with many training modules digitized and integrated into the e-learning system. Training programs with instructors are conducted through online classes using platforms like MS Teams, Zoom, and video conferencing. Additionally, the SHB-LMS system is used for learning and testing, and SHB-Survey and Google Docs are employed for online surveys. This modern training system provides positive learning experiences, making it easier and more effective for staff to acquire knowledge, while also optimizing training costs.



■ **Recruitment Policy**

“Transparency and openness, coupled with the use of professional standards to assess candidates’ qualifications and skills, form the cornerstone of our recruitment process”

The strategy of attracting, developing and nurturing talents has always been valued in SHB’s recruitment policy. From internship programs and talent introduction initiatives to targeting a wide range of candidates, from potential students to outstanding managers and experts, SHB consistently places trust in and provides opportunities for young individuals ready to face challenges, innovate, and create. In 2023, SHB signed strategic partnerships with major universities such as the National University, the National Economics University, and the Banking Academy. Additionally, SHB participated in 10 job fairs and workshops at universities and colleges nationwide, thereby reaching and sharing job opportunities with over 7,000 potential students.

- Openness, transparency, and competency-based recruitment, guided by professional standards and actual job requirements, are the most critical elements of SHB’s recruitment policy. In 2023, SHB welcomed 964 new employees, including 112 management staff and 836 specialized personnel. The total number of applications received during the year was 43,369, for 1,445 job postings. In addition to recruiting from external sources, SHB places a strong emphasis on internal promotions. Priority is given to internal candidates to motivate and encourage staff to develop their careers and make

long-term contributions. The internal appointment rate in 2023 exceeded 70%.

- In both domestic and international locations where SHB operates, local labor is prioritized for recruitment due to their deep understanding of the local market and their dedication and commitment.

- With continuous efforts in recruitment and the development of superior human resource policies, SHB was honored in three categories in 2023.

- **TOP 3 Best Places to work in Vietnam Banking Industry**
- **TOP 50 Best Places to Work in Vietnam**
- **TOP 50 Most Attractive Employers to Vietnamese Students in 2023**

- The awards were based on the results of the “Vietnam Best Place to Work 2023” survey conducted by Anphabe, a pioneer in Employer Branding solutions. This leading survey covered nearly 65,000 working professionals and included participation from over 600 companies across various industries.



**1.4. Developing corporate culture**

At SHB, we prioritize people at the center, aiming to create a sustainable working environment that forms the core of our strength and aligns with our common goals. Therefore, SHB’s corporate culture is built on six core values: “Heart – Faith – Trustworthiness – Knowledge – Wisdom – Greater Heights” with “Heart” as the cornerstone, guiding all actions. Each SHB employee acts from the heart, placing customers at the center of every action to deliver the best experiences. SHB believes that by acting from the heart, we and our employees will build trust and establish our reputation. Concurrently, to serve our customers with dedication, SHB employees continuously cultivate knowledge, share insights, and apply their expertise to elevate both themselves and the organization.

In 2023, SHB’s culture, embodied by the six core values, was promoted and expanded through the 30th anniversary celebration program “SHB – From Heart to Greater Heights – Advance with National Prosperity”.

- With the values of “Knowledge” and “Wisdom”: SHB conducted professional training programs and a series of soft skills training workshops to stimulate mindset transformation and personal development.
- The Innovation Day (Innoday) and the ‘From the Heart, Using Wisdom’ competition fostered a spirit of innovation and creativity among SHB staff. These initiatives encouraged solutions and innovations that increased productivity, enhanced service quality, and improved customer and partner experiences, contributing to SHB’s robust and comprehensive growth.

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SHB has built its corporate culture on six core values: “Heart – Faith – Trustworthiness – Knowledge – Wisdom – Greater Heights” with “Heart” regarded as the foundation. Every SHB employee acts from the heart, placing customers at the center of their actions.



- Alongside professional activities, SHB organizes various sports events and cultural competitions to enable employees to maximize their strengths, improve their health, and foster team spirit and camaraderie, all aimed at embodying the comprehensive SHB employee with six core values.
- As part of the 30th anniversary celebrations, SHB enhanced initiatives to honor long-term employees and those who have made significant contributions, reinforcing the core value of "Knowledge". Programs recognizing outstanding teams and individuals who have contributed to SHB's growth and success were highlights of the 30th anniversary celebration "SHB - From Heart to Greater Heights - Advance with National Prosperity".
- The "Stories from the Heart" Gala on November 11, 2023, featuring nearly 4,000 employees and over 300 internal "artists", showcased SHB's 30-year journey from challenges to triumphs. This event instilled pride and encouraged employees to trust in the Bank's development, enhancing unity and commitment towards common goals. It underscored SHB's mission to support the community and contribute to the nation's progress.



## 2. COMMUNITY RESPONSIBILITY

# TOWARDS A BRIGHTER FUTURE FOR VIETNAM

During the five-year period from 2019 to 2023, SHB allocated a total of VND 490 billion to social welfare activities. In the year 2023 alone, SHB committed over VND 87 billion to various community support programs.

In line with the perspective of SHB's Chairman, "To be an entrepreneur means always aspiring to create wealth. However, this should not be achieved at any cost, but with integrity, dedication, and national pride", SHB has not only aligned itself with national strategies across various phases to foster comprehensive economic growth but has also been recognized as a commercial bank actively fulfilling its community responsibilities through a series of sustainable and impactful social welfare programs.

Rooted in the core value of "Heart", SHB's leadership and employees have committed their goodwill and actions towards building a sustainable society in Vietnam, focusing on three key pillars: advancing education to empower the younger generation, promoting sports and culture to enhance the spiritual well-being of the people, and supporting the underprivileged in society.

### 2.1. Foster education and empower the youth

In support of national educational development, SHB allocates social welfare funds to sponsor learning and teaching equipment and to upgrade facilities at schools in disadvantaged areas. Items such as desks and chairs, libraries, computers, and clean water tanks, while simple, are crucial in improving and enhancing the quality of education for teachers and students. Through its branch network and social welfare programs like "Sharing Love" and "Lighting Up the Future", SHB has provided thousands of gifts to students at kindergartens and primary schools in disadvantaged areas such as Lang Son, Nghe An, Thai Binh, and many other regions across the country.

In 2023 alone, SHB sponsored hundreds of scholarships for students with outstanding academic achievements

or those who have shown perseverance in their studies despite difficult circumstances nationwide. Examples include: Awarding scholarships to final-year students at the Banking Academy who have excelled academically or have overcome significant hardships. Providing 150 computers to Thai Binh University and committing to further support talented students in difficult situations within the province. Supporting scholarships for students at the Banking Academy and developing the Bank's Scholarship Fund in 2023.

In November 2023, SHB sponsored the establishment of the "SHB – VNU Financial and Banking Practice Center" at Vietnam National University, Hanoi, to enhance the quality of financial and banking education. Earlier, at the 2023 academic year opening ceremony of Vietnam National University, Hanoi, the SHB Financial Support and Talent Nurturing Fund donated VND 10 billion, to be utilized over five years. This funding aims to support the investment in facilities for learning, teaching, and research, as well as to provide financial support and nurture talented and underprivileged students who have overcome difficulties to excel academically. Additionally, SHB donated 30 water purifiers and 50 benches to Vietnam National University, Hanoi, for use in the school campus and dormitories, creating a modern and convenient environment, with a total value of nearly VND 800 million.

SHB has also been a leader in supporting large-scale programs for the younger generation, such as "Internet and Computers for Children" and "Spring for Children". The Bank contributes to scholarship funds, education promotion funds, charitable homes, and child protection centers. Through these activities, SHB aims to instill hope in students facing hardships, ignite passions, and uphold the tradition of valuing education among the young generation of Vietnam.

# 4900

## VND BILLION

to social welfare activities from 2019 to 2023

# 3,5

## VND BILLION

Providing 150 computers to Thai Binh University

# 10

## VND BILLION

SHB Financial Support and Talent Nurturing Fund



## 2.2. Accompanying Sports and Culture in Vietnam

With the desire to make a positive contribution to national sports and the spiritual values of the Vietnamese people, SHB has long been a steadfast supporter of Vietnamese football. Over the years, the Bank has sponsored various tournaments and covered broadcasting rights for significant competitions.

As the main sponsor of the SHB Da Nang Football Club since 2008, SHB has been closely associated with the club's remarkable success over the past 15 years. Annually, SHB invests and sponsors between VND 40 to 60 billion to nurture young football talent at the club.

In 2023, SHB also sponsored the broadcasting of 2023 Women's World Cup matches with a value of more than VND 3.5 billion, the National 7-a-side Football Tournament, the V-League, etc. With more than 30 years of accompanying the national sports industry, SHB is proud to have contributed to spreading good spiritual values to the Vietnamese people.

Besides accompanying sports, from 2023 to 2024 SHB also sponsored VND 10 billion to the Vietnamese Buddhist Church to spread beautiful living concepts to the Vietnamese people.

**2.3. Support those in difficult circumstances**

SHB consistently supports individuals facing hardship and aids in disaster recovery efforts, allocating over VND 14 billion in 2023 through various funds such as the Vietnam Children’s Protection Fund, the Vietnam Fatherland Front, the Red Cross, the Institute of Environment and Renewable Energy, and local Fatherland Front funds across provinces.

SHB also prioritizes activities to honor and support war veterans and individuals affected by the war, including supporting the Hanoi Voluntary Youth Force Association and the Agent Orange Associations in Hai Ba Trung District and Hanoi.

Moreover, SHB’s Trade Union is encouraged to engage in community welfare activities. Annually, the SHB Trade Union implements three main programs: “Sharing Tet - Gathering Spring” during Lunar New Year, “Lighting Up the Future” for underprivileged students, and “Sharing Love” for the disadvantaged. These programs are

tailored to the needs of each branch’s local community. In 2023, more than 30 branches organized the “Sharing Tet - Gathering Spring” program, conducting 40 activities and distributing nearly 2,000 gifts to children and families in need. The “Lighting Up the Future” program included educational support and gifts for students nationwide who have overcome hardships.

For those in difficult circumstances, such as low-income patients, children, and the elderly receiving treatment in hospitals, SHB shows deep concern. During the 2023 Lunar New Year, SHB sponsored free meals for patients at Bach Mai Hospital, provided 1,000 free meals at the National Geriatric Hospital, and supported other hospitals, including the Friendship Hospital and the Transport Hospital, with COVID-19 test kits.

SHB’s mission in social welfare activities extends beyond immediate assistance; it contributes to building a brighter future for Vietnam, embodying the motto “From Heart to Greater Heights”.





14  
**VND BILLION**  
 Supporting Those in Need



#### 2.4. Awards for Community

SHB's impactful contributions to the community and society have been recognized with significant awards both domestically and internationally, such as:

*Outstanding Bank for the Community 2023" award presented by the International Data Group (IDG) in collaboration with the Vietnam Banking Association*

*"Best Bank for CSR" Award, conferred for the second time by Asia's premier magazine on Economics, Finance, and Banking - Asia Money*

*"Bank with the Best COVID Management Initiative in Vietnam" award by The Asian Banking and Finance (ABF) magazine*

*"Bank with the Best ESG Impact 2023" by Finance Asia.*

### 3. ENVIRONMENTAL IMPACT ASSESSMENT REPORT

SHB has long recognized that sustainable development extends beyond effective and safe financial growth indicators to include the rational exploitation, conservation of natural resources, and the enhancement of environmental quality.

At SHB, environmental policies are formalized in regulations issued by the Board of Directors and the CEO. The CEO is responsible for implementing these policies and, along with the Board of Management, follows the directives and guidance of the Board of Directors. They actively engage in activities related to social responsibility and environmental protection to bring greater benefits to the community and society.

#### 3.1. Impact on the environment

As a service provider in the financial and banking sectors, SHB's business activities do not produce much greenhouse gas emissions and do not place a significant impact on the environment. The sources of greenhouse gas emissions, if any, mainly come directly from the use of work tools and equipment, and indirectly from lighting activities in buildings, repair and maintenance of equipment, power generation, air conditioning system, as well as the means of transportation of employees and customers around the transaction points. Nevertheless, within SHB, efforts to raise awareness about environmental protection are actively promoted, encompassing initiatives such as conserving electricity and minimizing plastic waste. Moreover, the expansion and refinement of digital channels for transactions and meetings play a vital role in mitigating environmental emissions.

#### 3.2. Management of raw materials

**SHB prides itself on effective resource management, with office material costs per employee decreasing annually.**

As a provider of financial and banking services, SHB primarily uses materials such as paper, ink, and office supplies. Although the total annual material usage costs have increased with the bank's business expansion, efficient saving measures have kept material costs per employee low. In 2023, the material usage cost was VND 0.87 million per employee per year, a 30.6% reduction compared to 2022.

#### SHB'S MATERIAL COSTS

Unit: VND million

Items	2020	2021	2022	2023
Stationery costs, printing paper, and ink	8,292	11,424	11,222	8,970
Stationery costs per employee per year	1.00	1.36	1.18	0.87

- SHB employs numerous measures to save materials and tools, and to minimize environmental pollution, including:
  - As part of its strategy to become the most efficient bank in the system, SHB has developed products and services utilizing modern technology while minimizing paper usage. This approach provides a streamlined customer experience, saving time on transaction processing and reducing office supply costs. Many banking procedures and operational document processes have shifted to online transactions and approvals, thanks to an online document storage and approval system. Since 2020, the implementation of online customer information recognition (eKYC) has significantly reduced the use of paper, ink, and other office tools each year.
  - The electronic communication system has been upgraded and expanded from the headquarters to branches, including video conferencing for meetings and recruitment interviews, online examinations, and the issuance of electronic newsletters and magazines. These advancements have significantly reduced printed materials and improved labor efficiency.
  - SHB practices single-sided paper reuse, sets annual usage limits for each department, categorizes office supplies for one-time issuance, monthly issuance upon request, and for special usage requests. The Bank also monitors and compares periodic usage.
  - SHB's internal communication includes substantial content to raise staff awareness about printing practices, reducing excess printed materials, and encouraging the use of internal email for information exchange, memos, and reports. The reuse of old office supplies is also promoted.

#### 3.3. Energy consumption

Energy used for business activities at SHB is mainly electricity for lighting and maintaining computer operation, air conditioning, fuel for staff transportation vehicles, etc. Each year, SHB implements optimal measures to reduce energy consumption in these areas.

■ **Fuel consumption**

SHB’s primary fuel consumption comes from various vehicles such as operational cars, cash transport vehicles, and employee transport vehicles. The operation costs and fuel consumption are specifically managed and controlled according to set limits for both leaders and staff using company vehicles. All travel activities must be pre-registered to ensure optimal work-related usage, cost savings in operations and fuel consumption, and reduced wear and tear on vehicles.

In 2023, the fuel consumption per employee at SHB decreased to VND 0.36 million, a reduction of 23% compared to 2022 and 38% compared to 2021.

Chỉ tiêu	2020	2021	2022	2023
Items	2020	2021	2022	2023
Fuel costs (VND million)	6,295	6,218	5,600	3,760
Fuel costs per employee per year (VND million/person/year)	0.76	0.74	0.59	0.36

■ **Use of electric power**

SHB made maximum saving in electricity consumption, which was also a measure to reduce business cost by equipping energy-saving bulbs and air conditioners that met greenhouse air emission standards and were maintained constantly. In addition, energy saving was seriously implemented by the leaders and staff such as turning off the circuit breaker when leaving, paying attention to closing the doors so that air-conditioners worked efficiently, arranging reasonable seating to save electricity for lighting equipment, etc.

**3.4. Water Consumption**

Water is also a resource of concern at SHB. Water usage within the workplace is minimal and adheres to building regulations. SHB covers the costs of drinking water for employees and guests with a strong emphasis on conservation. Measures such as pouring just enough water for consumption and using glass water bottles for internal meetings are implemented. Additionally, small-capacity water bottles are provided for external meetings and receptions to prevent waste.

**3.5. Comply with laws on environmental protection**

Ensuring compliance with environmental protection laws is a fundamental commitment for SHB. This encompasses efforts ranging from maintaining cleanliness in both



“GREEN DEVELOPMENT”  
A STRONG COMMITMENT  
FROM A BANK ALIGNING  
WITH NATIONAL  
STRATEGY

external surroundings and workspaces to effectively managing wastewater and emissions. Additionally, the Bank implements measures to reduce travel expenses by embracing digital technology. All SHB employees adhere to the 5S principles in their daily activities, striving to establish an environmentally conscious institution and contribute to sustainable development goals.

With a firm commitment to adhering strictly to legal regulations concerning environmental protection, SHB has maintained a flawless record, having never received sanctions for any violations related to environmental issues throughout its operations.

### 3.6. Green finance

#### ■ **Green growth is imperative; Green Finance fosters its advancement:**

In Vietnam, the adoption of green credit is an unavoidable trend, and drawing increasing attention of commercial banks.

The objective of green growth is to establish mechanisms that enhance the efficient management of natural resources and reduce environmental pressure. It also focuses on technology and consumption, encouraging environmentally friendly behaviors among businesses and individuals. This involves developing policies to effectively transition the economy toward sustainability. SHB aims to maintain its position as a leading commercial bank in green credit, enhancing its reputation and brand while creating new business opportunities. This commitment aligns with sustainable development and Vietnam's pledge at COP26 to achieve carbon neutrality by 2050.

#### ■ **Building a strategic framework for green banking:**

Based on the Proposal for Developing a Green Banking System in Vietnam and the banking sector's action plan to implement the National Green Growth Strategy for the 2021–2030 period, along with guidance from the Government, SHB remains steadfast in its goal of sustainable development and greening its banking operations.

SHB's green banking efforts are at Level 5 in the green banking development framework of the Proposal (Proactive Ecological Balance Initiative). SHB's green banking activities extend beyond individual operations to encompass networks, alliances, community dialogues, and the entire ecosystem to achieve sustainability in social, environmental, and financial aspects. SHB has established a green finance development strategy, identified transition risks, and measures and monitors carbon emissions from its operations and lending activities.

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“SHB is committed not only to growth but also to sustainable development, aligned with community values and a focus on environmental concerns. This strategic direction reflects SHB's dedication to contributing to the nation's green and circular economy initiatives, in line with the Government's Renewable Energy Development strategy up to 2030 and its vision through 2050”.

In May 2023, SHB issued and implemented Environmental Risk Management Regulations in credit activities. SHB is also receiving support from IFC to develop Environmental and Social Risk Management Regulations for credit activities according to international standards.

Recognizing the banking system's role as an intermediary that impacts the environment through customer activities, SHB is greening its investment capital flows by focusing financial resources on funding production and business projects in 11 green sectors: green agriculture, sustainable forestry, green industry, renewable and clean energy, recycling and resource reuse, waste treatment and pollution control, environmental protection and disaster prevention, clean water management, green construction projects, sustainable transportation, and providing environmental protection and resource-saving services. This strategy gradually increases the proportion of green credit in the investment portfolio, encouraging borrowers to transition their projects and loan purposes to environmentally friendly initiatives.

SHB's green growth action plan is implemented systematically according to a specific roadmap, from raising awareness among staff, partners, and customers about the importance of green credit growth to reforming the bank's regulations and processes. SHB will continue to identify sectors and segments for expanding green investments while designing new financial products such as green bonds, transition loans for businesses implementing CO2 emission reduction plans, and advising high carbon-emitting customers to gradually transition to green practices.

#### ■ **Financing for green credit projects:**

Since 2018, SHB's outstanding loans for green projects have grown by nearly 150%, significantly outpacing the

overall credit growth rate of 70%. The proportion of green credit at SHB has now reached over 10% of the total loan portfolio, demonstrating clear effectiveness in contributing to sustainable growth and environmental protection.

Between 2020 and 2023, SHB achieved significant results with approximately 300,000 green credit contracts. As of December 31, 2023, the total outstanding green credit reached VND 39,036 billion. Notably, SHB's outstanding loans in the agriculture, forestry, and fisheries sectors amounted to VND 4,264 billion at the end of 2023, with 80% of these loans focused on financing clean agriculture projects.

During this period, SHB prioritized customers in rural agriculture and green projects by offering special packages, preferential interest rates, fee waivers or reductions for early repayment, service fee discounts, flexible loan procedures, and expedited disbursement processes. These measures ensured that customers could quickly and timely access favorable loan capital. Many of these customers are producing internationally certified clean agricultural products, such as VietGAP and GlobalGAP, and investing in high-tech agriculture. This customer base represents a significant opportunity for SHB to continue growing its green agriculture loan portfolio in the future.

SHB's preferential policies for "green" customers have been instrumental in encouraging borrowers to transition their projects and loan purposes toward environmentally friendly initiatives. Additionally, SHB maintains stringent safety and sustainability standards when financing these projects, ensuring they meet strict domestic and international environmental and social risk criteria, focusing on environmental protection, energy conservation, and resource efficiency.

**Some typical green credit projects in 2023 funded by SHB include:**

- SHB is one of seven commercial joint stock banks (alongside Vietcombank, BIDV, Vietinbank, Techcombank, Sacombank, and ACB) participating in the disbursement of the Renewable Energy Development Project (REDP) funded by the World Bank since 2014. Through proactive efforts, SHB has successfully secured approval for four eligible small hydropower sub-projects (less than 30 MW) with a total re-lending amount of nearly VND 1,000 billion, ranking third among the participating banks, after Vietcombank and BIDV. The REDP participation allows SHB to offer significant benefits to investors of green projects, such as loan interest rates 1.5-3% lower than standard rates, support for 100% of dam safety consulting costs, 50% of environmental and social consulting costs, participation in the carbon finance program, and access to technical support, training, and capacity building programs.

- In line with Vietnam's Renewable Energy Development Strategy to achieve over 10% of electricity production from renewable sources (excluding large and medium-sized hydropower and pumped storage) by 2030, SHB has actively participated as a re-lending bank, free from credit risk, for ODA projects funded by the German Government through the German Development Bank (KfW). Notable projects include the "Smart Grid - Efficiency in Power Transmission" (phase 1) worth EUR 65 million and the "Efficient Power Grids in Small and Medium-Sized Cities" (phases 1 and 2) worth EUR 350 million. These projects aim to expand and develop the power transmission system, reduce overload on the national grid, meet the urgent electricity demand, and enhance the safety, reliability, and quality of the national power transmission system.





Since 2018, SHB's outstanding loans for green projects have grown by nearly 150%, significantly outpacing the overall credit growth rate of 70%. The proportion of green credit at SHB has now reached over 10% of the total loan portfolio, demonstrating clear effectiveness in contributing to sustainable growth and environmental protection.



- Furthermore, SHB is currently financing several solar power and wind energy projects, with notable projects located in Gia Lai, Ninh Thuan, Dak Lak, and Soc Trang provinces.

- Since 2021, SHB has been selected by the World Bank and the Ministry of Industry and Trade as the Project Implementing Entity (PIE) for the Vietnam Industrial Energy Efficiency Project, funded by the Green Climate Fund (GCF) through the World Bank. SHB manages the Risk Sharing Facility (RSF) Fund and issues credit risk guarantees for banks lending to energy-saving sub-projects on behalf of the Ministry. This project's model, applied for the first time in Vietnam, significantly encourages businesses to adopt energy-saving technologies, contributing to the Government's greenhouse gas emission reduction goals.

- Khe Giang Solid Waste Treatment Zone: Phase 1, led by Viet Long Investment and Construction JSC, features a waste treatment plant with a capacity of 200 tons/day in Uong Bi City, Quang Ninh Province. The company uses innovative methods to incinerate 100% of waste without prior sorting and creates an odor-free, fly-free waste treatment environment with safe microbial products. These breakthroughs have attracted interest from Japanese partners for technology transfer. The company consistently applies advanced technologies in waste and wastewater treatment and uses organic waste for environmentally friendly agricultural products.

- Hanh Phuc Rice Mill: The largest rice mill in Asia, covering 161,000 square meters in An Giang, began operations in January 2022. This exemplary sub-project, funded by the World Bank's Vietnam Sustainable Agriculture Transformation (VnSAT) project, operates entirely with modern European technology and equipment, meeting stringent global standards for food safety, operational safety, and environmental friendliness, aligning with the World Bank's sustainable development criteria.

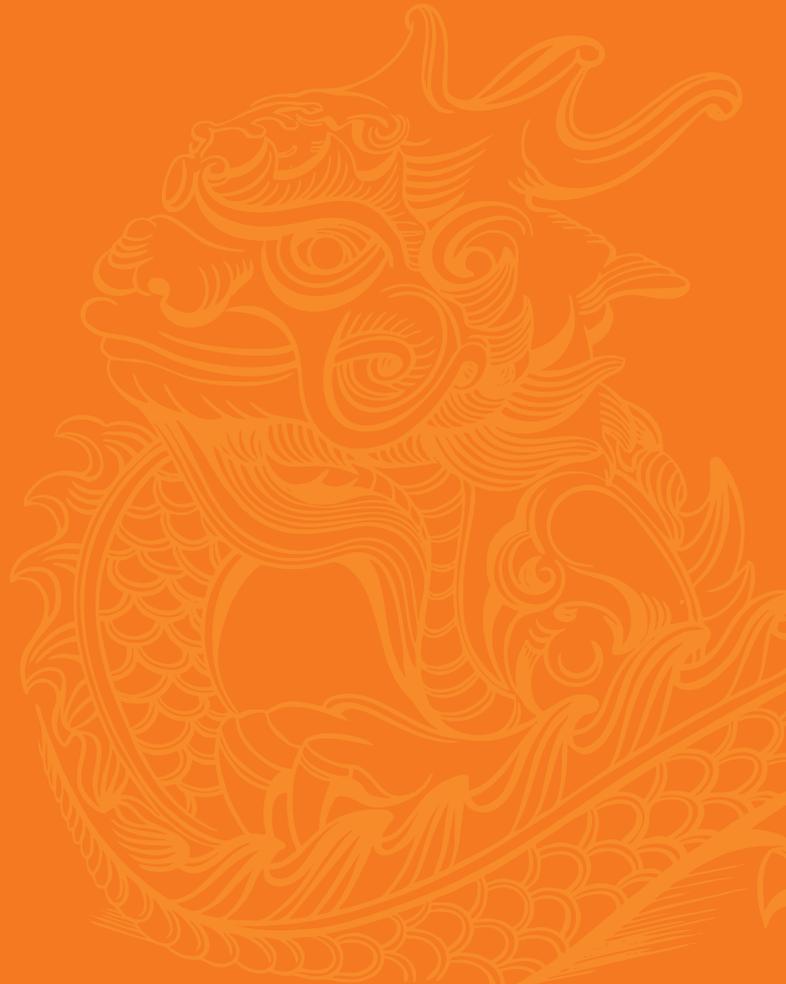
Due to its active contributions and efforts toward green growth goals, SHB received several prestigious awards in 2023, including "Best Bank for ESG Impact" from FinanceAsia, "Best Bank for Sustainable Finance 2023" from Global Finance, and "Outstanding Green Credit Bank 2023" from the International Data Group (IDG).

■ **SHB's next initiatives**

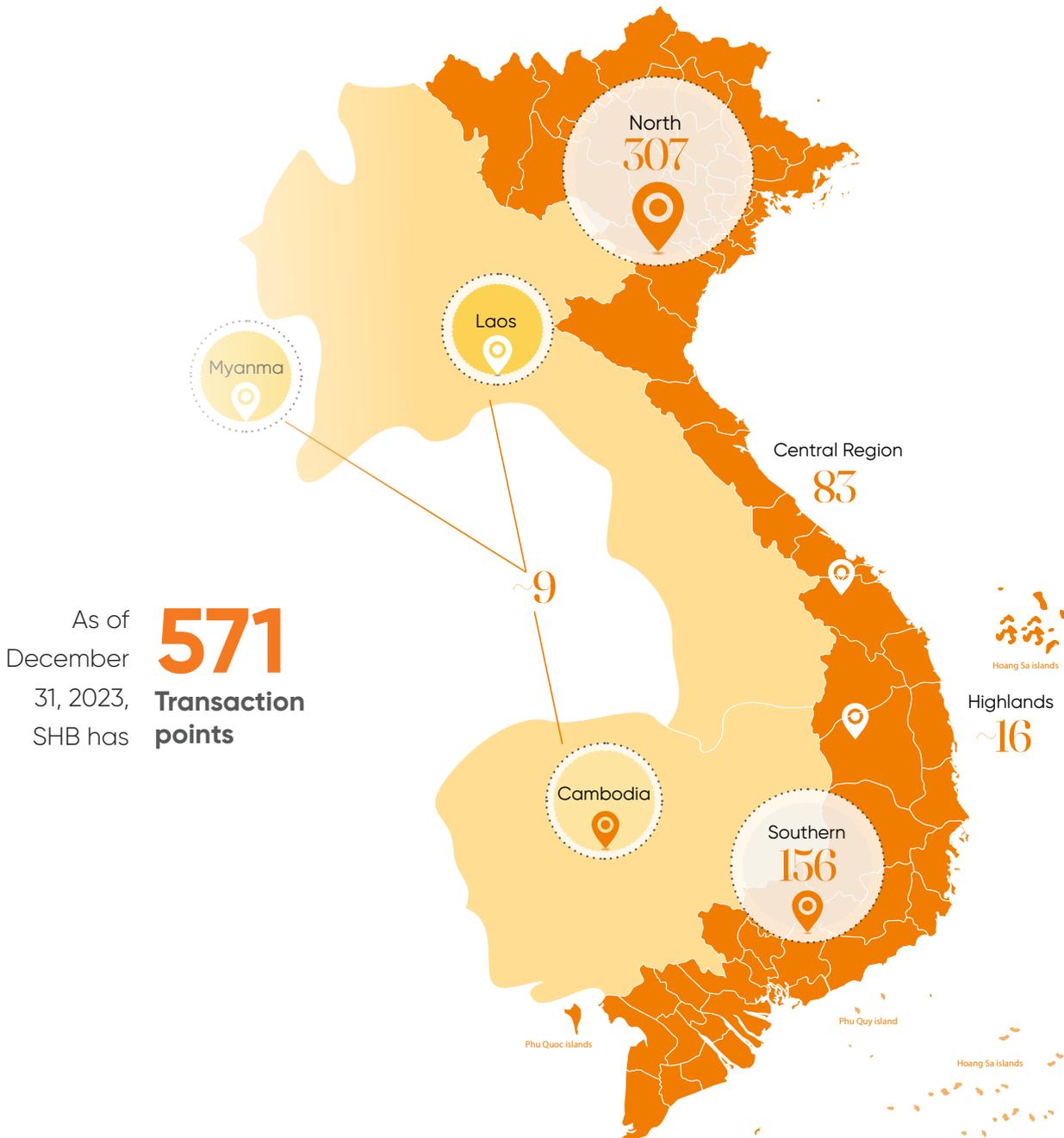
To further pursue its goal of becoming a Green Bank, SHB will implement the following measures: i) Develop additional policies specifically for green credit activities; ii) Promote the development of green credit products; iii) Enhance technology applications and develop modern digital banking services to support green credit products; iv) Diversify funding sources for green investments by mobilizing resources from international financial institutions and foreign donors; v) Raise awareness and provide information to help customers understand green credit and its benefits; vi) Provide training to bank staff to improve their understanding of green credit, enabling them to better support customers.

# VII

NETWORK OF  
TRANSACTION OFFICES



VII. NETWORK OF TRANSACTION OFFICES



<b>307</b> Transaction points (including Head Office)	<b>83</b> Transaction points	<b>16</b> Transaction points	<b>156</b> Transaction points	<b>9</b> Transaction points (Laos, Cambodia, Myanmar)
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## VII. NETWORK OF TRANSACTION OFFICES

### LIST OF SHB BRANCHES (AS OF DECEMBER 31, 2023)

NO	NAMES OF UNITS UNDER THE BANK	ADDRESS	PHONE	FAX
	HEADQUARTERS	No.77 Tran Hung Dao - Hoan Kiem District - City. Hanoi	(024)3942 3388	(024)3941 0944
	BUSINESS CENTER (HEADQUARTERS)	No.77 Tran Hung Dao - Hoan Kiem District - City. Hanoi	(024)3942 3388	(024)3941 0944
1	THE HANOI BRANCH	No.49 Ngo Quyen, Hang Bai Ward, Hoan Kiem District, City. Hanoi	(024)6256 3666	(024)6256 3616
2	THANG LONG BRANCH	No.91 Nguyen Chi Thanh, Lang Ha Ward, Dong Da District, City. Hanoi	(024)6276 9189	(024)6279 6167
3	BA DINH BRANCH	No.21 Lang Ha, Thanh Cong Ward, Ba Dinh District, City. Hanoi	(024)3846 0135	(024)3726 3595
4	CAPITAL BRANCH	No.33 Trang Thi, Tran Hung Dao Ward, Hoan Kiem District, City. Hanoi	(024)3928 9175	(024)3928 9262
5	DONG DO BRANCH	Floors 1,2,3, 2A Dai Co Viet Building, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City, Vietnam	(024)3943 2958	(024)3943 2436
6	HOAN KIEM BRANCH	No.40 Hang Giay Street, Dong Xuan Ward, Hoan Kiem District, City. Hanoi	(024)3825 8926 (024)3928 3054	(024)3825 8745
7	THE WEST HANOI BRANCH	Serviced apartment No. 101, Lot C, Area D5, Nguyen Phong Sac, Dich Vong Hau Ward, Cau Giay District, City. Hanoi	(024)6269 0530	(024)6269 0531
8	HA THANH BRANCH	No.98 Hoang Quoc Viet Street, Nghia Do Ward, Cau Giay District, City. Hanoi	(024)3755 2510	(024)3756 3120
9	VAN PHUC BRANCH	355 - 357 Doi Can Street, Lieu Giai Ward, Ba Dinh District, Hanoi City	(024)3726 2025	(024)3726 2236
10	HAN THUYEN BRANCH	No.11 Han Thuyen, Pham Dinh Ho Ward, Hai Ba Trung District, City. Hanoi	(024)3624 8028	024)3624 8029
11	KINH DO BRANCH	1st Floor, Building 17T1, Trung Hoa - Nhan Chinh Urban Area, Trung Hoa Ward, Cau Giay District, City. Hanoi	(024)6281 5158	(024)6281 5159
12	HA DONG BRANCH	No.16-18, Nguyen Khuyen Street, Van Quan Ward, Ha Dong District, City. Hanoi.	(024)3351 6688	(024)3354 6513
13	LAO CAI BRANCH	Ly Cong Uan Street, intersection 6, Kim Tan ward, city. Lao Cai, Lao Cai province	(021)4389 9696	(021)4389 9695
14	LANG SON BRANCH	No.115 Le Loi Street, Vinh Trai Ward, City. Lang Son, Lang Son province	(0205)389 8222	(0205)389 8212
15	VINH PHUC BRANCH	No.361 Me Linh Street, Lien Bao Ward, City. Vinh Yen, Vinh Phuc province	(0211)371 0145	(0211)371 0146
16	BAC NINH BRANCH	Floor 1-2 Viglacera Building, Crossroads 6, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province, Vietnam	(0222)387 4636	(0222)387 4959

NO	NAMES OF UNITS UNDER THE BANK	ADDRESS	PHONE	FAX
17	KINH BAC BRANCH	Ly Thai To Street, Dong Ngan Ward, Tu Son Town, Bac Ninh Province	(0222)374 3036	(0222)374 2444
18	SHB HUNG YEN BRANCH	No.1-3 Nguyen Binh Street, Ban Yen Nhan Ward, My Hao Town, Hung Yen Province, Vietnam	(0221)374 2688	(0221)374 2886
19	QUANG NINH BRANCH	No.18, Street 25/4, Bach Dang Ward, Ha Long City, Quang Ninh Province, Vietnam	(0203)372 3855	(0203)372 3866
20	HAI PHONG BRANCH	DG Tower Building, No.15 Tran Phu, Cau Dat Ward, Ngo Quyen District, City. Hai Phong, Vietnam	(0225)365 2668	(0225)365 2669
21	THANH HOA BRANCH	Thanh Hoa Commercial Center No. 27 - 29 Le Loi Street, Lam Son Ward, Thanh Hoa City, Thanh Hoa Province	(0237)385 5111	(0237)375 2555
22	NGHE AN BRANCH	Tecco Tower Apartment No. 215 Le Loi Street, Le Loi Ward, Vinh City, Nghe An Province	(0238)356 0388	(0238)356 0399
23	HUE BRANCH	No.28 Ly Thuong Kiet Street, Vinh Ninh Ward, City. Hue, Thua Thien Hue province	(0234)396 6688	(0234)394 4666
24	SHB DA NANG BRANCH	No. 6 Nguyen Van Linh, Nam Duong Ward, Hai Chau District, Da Nang City	(0236)358 4599	(0236)365 5399
25	QUANG NAM BRANCH	No.409 Phan Boi Chau, Tan Thanh Ward, Tam Ky City, Quang Nam Province.	(0235)381 5888	(0235)381 5777
26	KHANH HOA BRANCH	No.175 -177 Thong Nhat Street, Phuong Sai Ward, Nha Trang City, Khanh Hoa Province	(0258) 3828777	(058)382 8766
27	LAM DONG BRANCH	135-145 Phan Dinh Phung, Ward 2, City. Da Lat, Lam Dong province.	(0263)351 2251	(0263)351 2000
28	GIA LAI BRANCH	No.87 Hoang Van Thu, Dien Hong Ward, City. Pleiku, Gia Lai Province	(0269)382 8333	(0269)382 8499
29	HO CHI MINH CITY BRANCH	No.41-43-45 Pasteur, Nguyen Thai Binh Ward, District 1, City. HCM.	(028)3821 1112	(028)3823 0204
30	SAIGON BRANCH	Lot H3, Hoang Dieu Street, Ward 6, District 4, Ho Chi Minh City	(028)3943 4224	(028)3943 4299
31	PHU NHUAN BRANCH	No.127 Tran Huy Lieu, Ward 12, Phu Nhuan District, City. Ho Chi Minh	(028)3997 1122	(028)3997 1133
32	BINH DUONG BRANCH	No.481, Area 01, Phu Cuong Ward, City. Thu Dau Mot, Binh Duong Province.	(0274)383 4101	(0274)383 4100
33	DONG NAI BRANCH	No.10-11, Nguyen Ai Quoc Street, Quarter 8, Tan Phong Ward, City. Bien Hoa, Dong Nai province	(0251)8871 666	(0251)8871 670

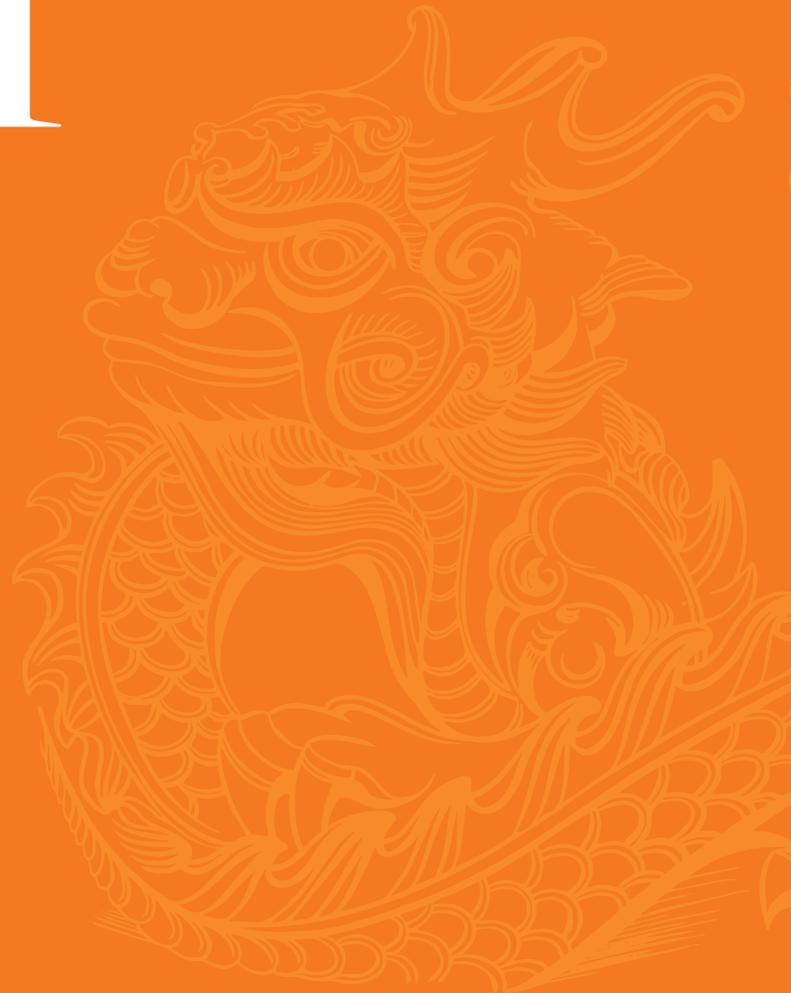
## VII. NETWORK OF TRANSACTION OFFICES

NO	NAMES OF UNITS UNDER THE BANK	ADDRESS	PHONE	FAX
34	VUNG TAU BRANCH	12G3 Commercial Center Area, Nguyen Thai Hoc Street, Ward 7, Vung Tau City, Ba Ria Vung Tau Province	(0254)357 7676	(0254)357 7686
35	BINH PHUOC BRANCH	No.147 Hung Vuong Street, Tan Binh Ward, Dong Xoai Town, Binh Phuoc Province	(0271)383 8123	(0271)383 8126
36	LONG AN BRANCH	No.135-137, Hung Vuong Street, Ward 2, Tan An City, Long An Province	(0272)356 7567	(0272)356 7667
37	CAN THO BRANCH	No.16 - 18, Hoa Binh Avenue, Tan An Ward, Ninh Kieu, Can Tho	(0292)383 8389	(0292)383 9987
38	KIEN GIANG BRANCH	Lot C10-50 + 51 3/2 Street, Vinh Lac Ward, City. Rach Gia, Kien Giang province	(0297)394 7303	(0297)394 7313
39	AN GIANG BRANCH	No.1293 Tran Hung Dao Street, My Binh Ward, Long Xuyen City, An Giang Province	(0296)394 0309	(0296)394 1969
40	SAIGON - HANOI BANK LIMITED CAMBODIA	No.107, Norodom Avenue, Boeng Reang Ward, Don Penh District, Phnom Penh, Cambodia	+855 23 221 900	+855 23 224 151
41	SAIGON - HANOI LAOS BANK LTD	Group 01 Lanexang Street, Hatsady Village, Chanthabuly District, Vientiane Capital, Lao People's Democratic Republic.	+856 21 96 8888	+856 21 96 88 99
42	THAI BINH BRANCH	Viettel Thai Binh Building, No.431 Tran Hung Dao Street, Tran Hung Dao Ward, Thai Binh City, Thai Binh Province, Vietnam	(0227)627 8555	(0227)625 2626
43	SOC TRANG BRANCH	No.2 Tran Hung Dao, Ward 2, Soc Trang City, Soc Trang Province	(0299)381 9888	(0299)381 9666
44	NINH BINH BRANCH	No.55 Tran Hung Dao Street, Dong Thanh Ward, Ninh Binh City, Ninh Binh Province	(0229)388 8542	(0229)388 8543
45	TUYEN QUANG BRANCH	No.138 Nguyen Trai Street, Group 14, Tan Quang Ward, Tuyen Quang City, Tuyen Quang Province	(0207)382 7579	(0207)382 7588
46	THAI NGUYEN BRANCH	Minh Cau Market Commercial Center, No. 2, Minh Cau Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province.	(0208)365 5588	(0208)375 6866
47	TIEN GIANG BRANCH	No.224A, Nam Ky Khoi Nghia, Ward 7, My Tho City, Tien Giang Province.	(0273)387 7789	(0273)387 7669
48	DONG THAP BRANCH	No.168-170 Nguyen Hue, Ward 2, City. Cao Lanh, Dong Thap province, Vietnam.	(0277)353 4488	(0277)353 8788
49	CA MAU BRANCH	No.132A, Nguyen Tat Thanh Street, Ward 8, Ca Mau City, Ca Mau Province	(0290)358 2592	(0290)358 2593

NO	NAMES OF UNITS UNDER THE BANK	ADDRESS	PHONE	FAX
50	QUANG NGAI BRANCH	No.252-254-256 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	(0255)373 9777	(0255)373 9775
51	HA NAM BRANCH	PG1-05, PG1-06 Vincom Shophouse Phu Ly, Bien Hoa Street, Minh Khai Ward, Phu Ly City, Ha Nam Province	(0226)246 0909	(0226)246 0011
52	HA TINH BRANCH	No.52 Phan Dinh Phung, Nam Ha Ward, Ha Tinh City, Ha Tinh Province	(0239)373 766	(0239)366 8877
53	BINH DINH BRANCH	85 Mai Xuan Thuong, Quy Nhon City, Binh Dinh Province	(0256)363 6688	
54	DAK LAK BRANCH	No.90A Tran Phu, Thanh Cong Ward, Buon Ma Thuot City, Dak Lak Province	(0262)369 7979	(0262)357 6879
55	TAY NINH BRANCH	No.409, April 30 Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province.	(0276)389 8999	(0276)389 8988
56	SON LA BRANCH	No.02A, To Hieu Street, To Hieu Ward, Son La City, Son La Province	(0212)385 6666	(0212)383 0888
57	NAM DINH BRANCH	No.CL14 - 24,25,26 Nam Dinh Textile Urban Area, Tran Phu Street, Tran Dang Ninh Ward, Nam Dinh City, Nam Dinh Province, Vietnam	(0228)389 8999	(0228)389 8998
58	HAI DUONG BRANCH	No.1 Thong Nhat Street, Le Thanh Nghi Ward, Hai Duong City, Hai Duong Province	(0220)383 0688	(0220)386 0979
59	BINH THUAN BRANCH	No.211-213-215 Vo Van Kiet, Phu Thuy Ward, City. Phan Thiet, Binh Thuan Province	(0252)352 3888	(0252)352 3999
60	VINH LONG BRANCH	PG01-05, PG01-06 Shophouse Vincom Vinh Long townhouse area, Pham Thai Buong street, ward 4, city. Vinh Long, Vinh Long province	(0270)388 8383	
61	BEN TRE BRANCH	1st and 2nd Floors, TTC Plaza Ben Tre Building, 8/2 Tran Quoc Tuan, Ward 4, Ben Tre City, Ben Tre Province, Vietnam	(0275)364 6666	
62	QUANG TRI BRANCH	No. 112A National Highway 9, Quarter 7, Ward 1, Dong Ha City, Quang Tri	(0233)363 9999	
63	QUANG BINH BRANCH	No. 118A Huu Nghi Street, Nam Ly Ward, City. Dong Hoi, Quang Binh;	(0232)393 9939	
64	BAC GIANG BRANCH	No. 1B, Hung Vuong Street, Hoang Van Thu Ward, City. Bac Giang, Bac Giang Province	(0204)375 5555	
65	PHU THO BRANCH	No. 1606A Hung Vuong Street, Gia Cam Ward, Viet Tri City, Phu Tho Province	(0210)381 6888	

# VIII

FINANCIAL STATEMENTS



**SAI GON – HA NOI COMMERCIAL JOINT STOCK BANK**  
*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2023**

*(In accordance with Vietnamese Accounting Standards,  
accounting regime applicable to credit institutions in Vietnam  
and legal regulations relating to consolidated financial reporting)*

## VIII. FINANCIAL STATEMENTS

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## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank (the “Bank”) presents this report together with the Bank’s consolidated financial statements for the year ended 31 December 2023.

The members of the Board of Directors, Board of Supervisors, Board of Management and Chief Accountant of the Bank during the year and to the date of the consolidated financial statements are as follows:

### **Board of Directors**

Mr. Do Quang Hien	Chairman
Mr. Do Duc Hai	Vice Chairman (appointed on 11 April 2023)
Mr. Do Quang Vinh	Vice Chairman (appointed on 11 April 2023)
Mr. Vo Duc Tien	Vice Chairman (resigned from 11 April 2023)
Mr. Thai Quoc Minh	Member
Ms. Ngo Thu Ha	Member (appointed on 11 April 2023)
Mr. Pham Viet Dan	Member (appointed on 11 April 2023)
Mr. Nguyen Van Le	Member (resigned from 11 April 2023)
Mr. Do Van Sinh	Independent Member
Mr. Haroon Anwar Sheikh	Independent Member (appointed on 11 April 2023)

### **Board of Supervisors**

Mr. Pham Hoa Binh	Head of Board of Supervisors
Ms. Le Thanh Cam	Member
Mr. Vu Xuan Thuy Son	Member

### **Board of Management and Chief Accountant**

Ms. Ngo Thu Ha	Chief Executive Officer
Mr. Le Dang Khoa	Deputy General Director
Mr. Nguyen Huy Tai	Deputy General Director
Ms. Ninh Thi Lan Phuong	Deputy General Director
Ms. Hoang Thi Mai Thao	Deputy General Director
Mr. Do Duc Hai	Deputy General Director
Mr. Do Quang Vinh	Deputy General Director
Mr. Luu Danh Duc	Deputy General Director
Mr. Tran Xuan Huy	Deputy General Director (appointed on 01 March 2023 and resigned from 14 October 2023)
Ms. Ngo Thi Van	Chief Accountant

## STATEMENT OF THE BOARD OF MANAGEMENT *(Continued)*

### THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank, and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



The image shows a red circular official stamp of SHB Bank. The text inside the stamp includes 'M.S.D.N.: 1800278630 - C.T.C.P.', 'NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN SÀI GÒN - HÀ NỘI', and 'HOÀN KIỆT'. A blue ink signature is written over the stamp.

**Ngô Thu Hà**  
**Chief Executive Officer**

Hanoi, 29 March 2024

## INDEPENDENT AUDITORS' REPORT

**To:           The Shareholders  
              The Board of Directors and the Board of Management  
              Saigon – Hanoi Commercial Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Sai Gon – Hanoi Commercial Joint Stock Bank (the "Bank"), prepared on 29 March 2024 as set out from page 05 to page 60, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express a conclusion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT *(Continued)*

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting.

### Other matter

The Bank's consolidated financial statements for the year ended 31 December 2022 was audited by another independent audit firm, with the independent auditors' report signed on 22 March 2023 giving an unqualified opinion.



**Tran Huy Cong**

**Deputy General Director**

Audit Practising Registration Certificate  
No. 0891-2023-001-1

**Nguyen Khuong Duy**

**Auditor**

Audit Practising Registration Certificate  
No. 5063-2020-001-1

**DELOITTE VIETNAM AUDIT COMPANY LIMITED**

29 March 2024  
Hanoi, S.R. Vietnam

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
<b>A.</b>	<b>ASSETS</b>			
<b>I.</b>	<b>Cash</b>	<b>5</b>	<b>1,370,849</b>	<b>1,897,545</b>
<b>II.</b>	<b>Balances with the State Bank of Vietnam ("SBV")</b>	<b>6</b>	<b>54,763,646</b>	<b>15,145,862</b>
<b>III.</b>	<b>Placements with and loans to other credit institutions</b>	<b>7</b>	<b>63,548,928</b>	<b>63,008,862</b>
1.	Placements with other credit institutions		54,825,905	52,456,685
2.	Loans to other credit institutions		8,841,433	10,651,971
3.	Provisions for credit losses	8	(118,410)	(99,794)
<b>IV.</b>	<b>Trading securities</b>	<b>9</b>	<b>7,792,742</b>	<b>1,547</b>
1.	Trading securities		7,853,152	3,881
2.	Provisions for impairment of trading securities		(60,410)	(2,334)
<b>V.</b>	<b>Derivative financial instruments and other financial assets</b>	<b>10</b>	<b>-</b>	<b>269,772</b>
<b>VI.</b>	<b>Loans to customers</b>		<b>429,362,729</b>	<b>378,575,443</b>
1.	Loans to customers	11	438,464,147	385,633,215
2.	Provisions for credit losses of loans to customers	12	(9,101,418)	(7,057,772)
<b>VII.</b>	<b>Investment securities</b>	<b>13</b>	<b>32,063,660</b>	<b>32,954,676</b>
1.	Available-for-sale investment securities	13.1	14,373,759	12,988,616
2.	Held-to-maturity investment securities	13.2	17,833,636	20,063,662
3.	Provisions for impairment of investment securities	13.4	(143,735)	(97,602)
<b>VIII.</b>	<b>Long-term investments</b>	<b>14</b>	<b>414,448</b>	<b>46,699</b>
1.	Investments in associates		343,172	-
2.	Other long-term investments		158,272	158,272
3.	Provisions for impairment of long-term investments		(86,996)	(111,573)
<b>IX.</b>	<b>Fixed assets</b>		<b>5,229,416</b>	<b>4,954,396</b>
1.	Tangible fixed assets	15	734,978	502,854
a.	Cost		1,528,503	1,287,149
b.	Accumulated depreciation		(793,525)	(784,295)
2.	Intangible assets	16	4,494,438	4,451,542
a.	Cost		4,825,929	4,772,975
b.	Accumulated amortisation		(331,491)	(321,433)
<b>X.</b>	<b>Other assets</b>	<b>17</b>	<b>35,954,267</b>	<b>45,573,283</b>
1.	Other receivables		18,860,662	29,226,346
2.	Interest and fee receivables		13,949,182	15,295,742
3.	Other assets	17.3	3,230,825	1,178,109
4.	Provisions for impairment of other assets	17.4	(86,402)	(126,914)
	<b>TOTAL ASSETS</b>		<b>630,500,685</b>	<b>542,428,085</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)

As at 31 December 2023

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
<b>B.</b>	<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>I.</b>	<b>Borrowings from the Government and the SBV</b>	<b>18</b>	<b>1,333,658</b>	<b>9,715,193</b>
1.	Deposits and borrowings from the Government and the SBV		1,333,658	9,715,193
<b>II.</b>	<b>Deposits and borrowings from other credit institutions</b>	<b>19</b>	<b>70,766,294</b>	<b>78,283,936</b>
1.	Deposits from other credit institutions		65,286,090	72,871,039
2.	Borrowings from other credit institutions		5,480,204	5,412,897
<b>III.</b>	<b>Deposits from customers</b>	<b>20</b>	<b>447,503,426</b>	<b>361,675,593</b>
<b>IV.</b>	<b>Derivative financial instruments and other financial liabilities</b>	<b>10</b>	<b>97,152</b>	<b>-</b>
<b>V.</b>	<b>Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>21</b>	<b>1,611,235</b>	<b>1,615,605</b>
<b>VI.</b>	<b>Valuable papers issued</b>	<b>22</b>	<b>42,821,727</b>	<b>36,440,208</b>
<b>VII.</b>	<b>Other liabilities</b>	<b>23</b>	<b>16,268,913</b>	<b>11,793,079</b>
1.	Accrued fee and interest expenses		14,025,631	9,069,320
2.	Deferred tax liabilities		36,030	30,233
3.	Other payables and liabilities		2,207,252	2,693,526
	<b>TỔNG NỢ PHẢI TRẢ</b>		<b>580.402.405</b>	<b>499.523.614</b>
<b>VIII.</b>	<b>Capital and reserves</b>	<b>25</b>	<b>50,098,280</b>	<b>42,904,471</b>
1.	Contributed capital		37,638,324	32,118,175
a.	Charter capital		36,193,981	30,673,832
b.	Share premium		1,449,603	1,449,603
c.	Treasury fund		(5,260)	(5,260)
2.	Reserves		5,138,098	4,061,834
3.	Foreign exchange reserves		(689,038)	(606,344)
4.	Retained earnings		8,010,896	7,330,806
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>630,500,685</b>	<b>542,428,085</b>

The accompanying notes are an integral part of these consolidated financial statements

## OFF-BALANCE-SHEET ITEMS

NO.	ITEMS	Notes	Closing balance	Opening balance
1.	Credit guarantees	41	55,050	23,856
2.	Foreign exchange transactions commitments	41	15,454,640	38,872,143
	<i>Buying foreign currency commitments</i>		805,070	6,324,654
	<i>Selling foreign currency commitments</i>		814,380	3,074,583
	<i>Cross currency swap contracts</i>		13,835,190	29,472,906
3.	Letters of credit	41	5,085,207	19,146,337
4.	Other guarantees	41	18,477,630	16,035,382
5.	Uncollected loan interest and fees	42	10,116,063	7,070,140
6.	Doubtful debts written-off	43	33,542,661	34,822,298
7.	Assets and other documents	44	2,530,168	4,156,915

Prepared by



**Do Thanh Phuong**  
Head of Accounting and General  
Affairs Department

Reviewed by



**Ngo Thi Van**  
Chief Accountant

Approved by



**Ngô Thu Hà**  
Chief Executive Director

29 March 2024

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2023

Unit: VND Million

NO.	ITEMS	Notes	Current year	Prior year
1.	Interest and similar income	26	57,589,391	40,773,670
2.	Interest and similar expenses	27	(38,304,038)	(23,223,586)
<b>I.</b>	<b>Net interest income</b>		<b>19,285,353</b>	<b>17,550,084</b>
3.	Income from services		912,654	1,241,869
4.	Expenses on services		(367,727)	(351,315)
<b>II.</b>	<b>Net profit from services</b>	<b>28</b>	<b>544,927</b>	<b>890,554</b>
<b>III.</b>	<b>Net gain from trading foreign currencies</b>	<b>29</b>	<b>282,207</b>	<b>116,250</b>
<b>IV.</b>	<b>Net gain from trading securities</b>	<b>30.1</b>	<b>11,122</b>	<b>-</b>
<b>V.</b>	<b>Net gain/(loss) from investment securities</b>	<b>30.2</b>	<b>27,981</b>	<b>92,641</b>
5.	Other operating income		501,021	807,767
6.	Other operating expenses		(67,385)	(120,540)
<b>VI.</b>	<b>Net profit from other activities</b>	<b>31</b>	<b>433,636</b>	<b>687,227</b>
<b>VII.</b>	<b>Income from capital contribution, equity investments</b>	<b>32</b>	<b>743,171</b>	<b>4,226</b>
<b>VIII.</b>	<b>Operating expenses</b>	<b>33</b>	<b>(5,051,539)</b>	<b>(4,391,593)</b>
<b>IX.</b>	<b>Net profit from operating activities before credit provision expenses</b>		<b>16,276,858</b>	<b>14,949,389</b>
<b>X.</b>	<b>Provision expenses for credit losses</b>	<b>34</b>	<b>(7,037,837)</b>	<b>(5,260,021)</b>
<b>XI.</b>	<b>Profit before tax</b>		<b>9,239,021</b>	<b>9,689,368</b>
7.	Current corporate income tax expense	35	(1,908,466)	(1,961,243)
8.	Deferred corporate income tax expense		(5,797)	793
<b>XII.</b>	<b>Corporate income tax expense</b>		<b>(1,914,263)</b>	<b>(1,960,450)</b>
<b>XIII.</b>	<b>Profit after corporate income tax</b>		<b>7,324,758</b>	<b>7,728,918</b>
<b>XIV.</b>	<b>Profit attribute to the owners of the Bank</b>		<b>7,324,758</b>	<b>7,728,918</b>
<b>XIV.</b>	<b>Basic earnings per share (VND)</b>	<b>36</b>	<b>2,024</b>	<b>2,107</b>

Prepared by



Do Thanh Phuong  
Head of Accounting and General  
Affairs Department

Reviewed by



Ngo Thi Van  
Chief Accountant

Approved by



Ngo Thu Ha  
Chief Executive Director

29 March 2024

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

Unit: VND Million

NO.	ITEMS	Current year	Prior year
<b>ASH FLOW FROM OPERATING ACTIVITIES</b>			
01.	Interest and similar income received	58,898,319	31,743,193
02.	Interest and similar expenses paid	(33,347,727)	(21,841,721)
03.	Service income received	582,559	757,558
04.	Net cash received from trading foreign currencies and securities	425,519	260,627
05.	Other income	243,550	60,297
06.	Receipts from debts written-off or paid off by risk fund	190,201	626,930
07.	Payments to employees and for operating management	(4,945,722)	(4,340,550)
08.	Corporate income tax paid	(2,437,226)	(502,344)
	<b>Net cash from operating profit before movements in assets and working capita</b>	<b>19,609,473</b>	<b>6,763,990</b>
	<b>Movement in operating assets</b>	<b>(55,153,267)</b>	<b>(43,115,133)</b>
09.	Decrease/(Increase) in deposits at and loans to other credit institutions	1,709,924	(2,059,212)
10.	Increase in trading securities	(7,004,389)	(7,901,835)
11.	Decrease/(Increase) in derivatives and other financial assets	269,772	(17,324)
12.	Increase in loans to customers	(52,830,933)	(23,217,091)
13.	Decrease in provisions for losses	(4,465,088)	(2,907,739)
14.	Decrease/(Increase) in other operating assets	7,167,447	(7,011,932)
	<b>Movement in operating liabilities</b>	<b>76,314,211</b>	<b>34,087,949</b>
15.	(Decrease)/Increase in borrowings from the Government and the State Bank of Vietnam	(8,381,535)	8,204,210
16.	(Decrease) in deposits and borrowings from other credit institutions	(7,517,641)	(1,448,614)
17.	Increase in deposits from customers	85,827,834	34,478,765
18.	Decrease/(Increase) in issued valuable papers (excluding valuable papers charged to financial activities)	6,381,519	(9,851,906)
19.	(Increase) in grants, trusted funds and borrowings at risk of the credit institution	(4,370)	(3,336,565)
20.	Increase in derivatives and other financial liabilities	97,152	-
21.	(Increase)/Decrease in other operating liabilities	(88,748)	6,042,059
<b>I.</b>	<b>Net cash generated by/(used in) operating activities</b>	<b>40,770,417</b>	<b>(2,263,194)</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT** (Continued)

For the year ended 31 December 2023

FORM B04/TCTD-HN  
Issued under Circular No. 49/2014/TT-NHNN  
dated 31 December 2014 of the SBV

Unit: VND Million

NO.	ITEMS	Current year	Prior year
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01.	Acquisition of fixed assets	(240,841)	(71,255)
02.	Proceeds from sales, disposals of fixed assets	1,780	15,151
03.	Expenses on sales, disposal of fixed assets	(1,895)	-
04.	Proceeds from investments in other entities	825,440	6,119
05.	Dividends and profit received from long-term investments and capital contribution	4,958	4,226
<b>II.</b>	<b>Net cash generated by/(used in) investing activities</b>	<b>589,442</b>	<b>(45,759)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
01.	Dividends paid	(165)	(122)
<b>III.</b>	<b>Net cash (used in) financing activities</b>	<b>(165)</b>	<b>(122)</b>
<b>IV.</b>	<b>Net increase/(decrease) in cash</b>	<b>41,359,694</b>	<b>(2,309,075)</b>
<b>V.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>69,500,092</b>	<b>71,809,167</b>
<b>VI.</b>	<b>Cash and cash equivalents at the end of the year (Note 37)</b>	<b>110,859,786</b>	<b>69,500,092</b>

Prepared by



Do Thanh Phuong  
Head of Accounting and General  
Affairs Department

Reviewed by



Ngo Thi Van  
Chief Accountant

Approved by



Ngo Thu Ha  
Chief Executive Director

29 March 2024

The accompanying notes are an integral part of these consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

FORM B05/TCTD-HN  
Issued under Circular No. 49/2014/TT-NHNN  
dated 31 December 2014 of the SBV

### 1. GENERAL INFORMATION

#### Establishment and Operation

Saigon- Hanoi Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated and registered in Vietnam.

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam ("hereby referred as SBV") on 13 November 1993 with the original name of Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No 1764/QĐ-NHNN dated 11 September 2009. The Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("HBB") and Vinaconex – Viettel Finance Joint Stock Company ("VVF") into its operation in 2012 and 2017, respectively, which was in line with the Restructuring plan of the banking system in Vietnam. Currently, the Bank operates under the Establishment and Operation License No. 115/GP-NHNN dated 30 November 2018, issued by the State Bank of Vietnam which has been amended several times and the most recent adjustment is according to Decision No. 1669/QĐ-NHNN dated 07 September 2023, and Enterprise Registration Certificate No. 1800278630 dated 10 December 1993 by the Hanoi Department of Planning and Investment which was amended for the 34<sup>th</sup> time on 20 September 2023. The Bank's term of operation is 99 years since 13 November 1993.

The Bank was established to perform banking activities under its Establishment and Operation License and Enterprise Registration Certificate, including demand deposits, term deposits, savings deposits and other types of deposits; credit granting; opening current accounts for customers; supply of domestic payment services; opening accounts; organizing internal payment; participating in the national interbank payment system; cash management services, banking and financial consultancy; services of managing, asset maintainances, leasing cabinets, safe boxes; providing advisory services on business finance, merger and acquisition, disposal, consolidation and investment; participating in bidding for Treasury bills, purchase and sale of negotiable instruments, Government bonds, Treasury bills, State Bank of Vietnam bills and other valuable papers on the monetary market; buying and selling Government bonds and corporate bonds; providing money brokerage services; issuing certificates of deposit, promissory notes, treasury bills and bonds to mobilize domestic and foreign capital according to the provisions of the Law on Credit Institutions, the Law on Securities, the Government's Law and guidance; borrowing capital from the State Bank of Vietnam in the form of refinancing; lending and borrowing capital from domestic and foreign credit institutions and financial institutions; capital contribution and sale; acting as trustor, trustee and agent in banking-related activities, insurance business and asset management according to the regulations of the State Bank of Vietnam; trading and providing foreign exchange services on the domestic and international market within the scope prescribed by the State Bank of Vietnam; supplying commodity derivative products; providing securities depository and gold trading services; debt purchasing activities; e-wallet services; investment in Government futures contracts.

#### Charter capital

As at 31 December 2023, the Bank's charter capital was VND 36,193,981 million.

#### Locations and the Branch network

The Head Office of the Bank is located at No. 77 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2023, the Bank had one (1) Head Office, sixty-three (63) domestic branches and two hundred and twenty-five (225) transaction offices.

#### Employees

The total number of officers and employees of the Bank as of 31 December 2023 was 6,246 (as at 31 December 2022 was 9,504)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FORM B05/TCTD-HN

For the year ended 31 December 2023 (Continued)

**Subsidiaries**

As at 31 December 2023, the Bank has three (03) subsidiaries as follows:

STT	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Debt and Asset Management One Member Company Limited ("SHB AMC")	Registration Certificate No. 0103811666 by Hanoi Authority for Planning and Investment dated 04 May 2009 and the 5th Amendment dated 25 June 2019	Debt and Asset management	100.00%
2	Saigon – Hanoi Bank Laos One Member Company Limited ("SHB Laos")	Registration Certificate No. 554/2018/VC-SHB.LAO by Central Bank of Lao PDR dated 08 July 2015 and 15 January 2016	Finance/ Banking	100.00%
3	Saigon – Hanoi Bank Cambodia One Member Limited ("SHB Cambodia")	Banking License No. B.35 dated 31 October 2016 issued by the State Bank of Cambodia and Registration Certificate No. MOC-6193635 by Cambodia's Ministry of Commerce dated on 13 March 2017	Finance/ Banking	100.00%

**Associates**

As at 31 December 2023, the Bank has one (01) associate as follows:

STT	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Finance Company Limited ("SHB FC")	Registration Certificate No. 21/GP-NHNN by the State Bank of Viet Nam dated 25 April 2023 and Registration Certificate No. 0107779290 by Hanoi Authority for Planning and Investment dated 28 March 2017 and the 9th amendment dated 18 January 2024	Consumer lending	50,00%

Resolution No. 29/NQ-HDQT dated 25 August 2021 signed by the Bank's Board of Directors approving the Bank's transfer of its 100% ownership in SHB Finance Company Limited, a subsidiary of the Bank. The capital transfer is divided into two phases. Currently, the Bank has completed the procedures for transferring 50% of charter capital to Ayudhya Public Bank Limited ("Krungsri") of Thailand – a member of MUFG Group (Japan). After 3 years of joint ownership of SHB FC, the Bank will transfer the remaining 50% of charter capital to Krungsri and Krungsri will become the sole owner of SHB FC. On 25 April 2023, SBV approved the License for Establishment and Operation of SHB Finance Company Limited No. 21/GP-NHNN (replacing the License No. 71/GP-NHNN for Establishment and Operation of SHB Finance Company Limited issued by the SBV dated on 11 November 2021) with an operation period of 50 years and the charter capital is VND 1,000,000 million. On 09 June 2023, the Hanoi Department for Planning and Investment issued the Enterprise Registration Certificate No. 0107779290 which was amended the 7th time, acknowledging that the list of capital contributors of SHB FC includes the Bank and Krungsri with the equal capital contribution ratio of 50%. SHB FC have been agreed to be transferred to Krungsri, as such, Krungsri has the right to appoint key management positions at SHB FC, through which exercising its right to control over SHB FC. Currently, the Bank assesses that it still has a significant influence on SHB FC's financial policy and operations. Therefore, the Bank recognizes its investment in SHB FC after divestment in associate as at 31 December 2023.

## **2. ACCOUNTING CONVENTION AND ACCOUNTING YEAR**

### **Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the consolidated financial statements in terms of the financial position, the results of operations and cash flows of the Bank. Regarding the number of shares, the Bank presented the items in units as shown in Note 25.3 and Note 36.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices which are generally accepted in countries and jurisdictions other than Vietnam.

### **Accounting year**

The Bank's financial year begins on 01 January and ends on 31 December.

## **3. APPLICATION OF NEW GUIDELINES**

### **Circular No. 02/2012/TT-NHNN dated on 23 April 2023**

On 23 April 2023, the SBV issued Circular No. 02/2023/TT-NHNN ("Circular 02") restructuring debt repayment terms and maintaining debt categories at credit institutions and branches of foreign banks to assist disadvantaged customers. This circular has taken effective from 24 April 2023.

Some major changes in this Circular that affect the Bank's consolidated financial statements for the accounting year include:

- Set the conditions of debts including the principal balance and/or interest with restructured repayment, and provide for the retention of the debt group and classification of debts after restructuring the debt repayment term;
- Regulate on provision for customers whose principal and/or interest balances are restructured in accordance with this Circular;

### **Circular No. 18/2022/TT-NHNN dated 26 December 2022**

On 26 December 2022, the State Bank of Vietnam issued Circular No. 18/2022/TT-NHNN ("Circular 18") amendment, supplemented a number of articles of Circular No. 09/2015/TT-NHNN ("Circular 09") dated 17 July 2015 of the State Bank of Vietnam regulating purchase, sale of debts of credit institutions, branches of foreign banks. This circular took effective from 9 February 2023.

Some major amendment in this Circular affecting the Bank's consolidated financial statements during the operation year include:

- Amending a number of articles of Circular 09 on the principles of buying and selling debts; valuation of the debt; management of purchased and sold debts and financial settlement, accounting for purchased and sold debts;
- Supplementing a number of articles of Circular 09 on buying and selling debts in case the debt buyer has not paid the full amount of debt purchase and managing monitoring in case of selling part of the debt or selling a debt to multiple debt buyers;
- Replacing some phrases, clauses, and articles of Circular 09.

The Bank has applied this Circular in its consolidated financial statements for the year ended 31 December 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FORM B05/TCTD-HN

*For the year ended 31 December 2023 (Continued)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted by the Bank in the preparation of these consolidated financial statements, are as follows:

**Estimates**

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the operating year. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates and assumptions.

**Basis of consolidation**

The consolidated financial statements incorporate the consolidated financial statements of the Bank and the financial statements of the enterprises/bank controlled by the Bank ("its subsidiaries") for the year ended 31 December 2023. Control is achieved when the Bank has the power to govern the financial and operating policies of investee enterprises so as to obtain benefits from their activities.

The operating results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank. All internal transactions and balances between the Bank and its subsidiaries and among subsidiaries are eliminated in the consolidated financial statements.

In the year, the Bank divested part of capital invested in a subsidiary. After the divestment, the Bank lost control and this subsidiary became an affiliated company of the Bank. Therefore, investments in associates are presented using the equity method. The results of the divestment are recorded in the consolidated income statement according to current accounting regulations.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the initial business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Business combinations**

Upon acquisition, the assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

**Investments in Associates**

An associate is an entity over which the Bank has significant influence but not a subsidiary or joint venture of the Bank. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or joint control over those policies.

The operating results, assets and liabilities of associates are consolidated in the consolidated financial statements using the equity method of accounting. Under this method, an equity investment is initially recorded at cost and is subsequently adjusted to reflect by post-acquisition changes in the Bank's share of the net assets of the associates. The associate losses exceeding the Bank's capital contribution to that associate (including any long-term contributions, in substance, form part of the Bank's net investment in the associate) are not recorded.

In the situation that a Bank's subsidiary has conducted transactions with its associate, unrealised profits and losses resulting from these transactions should be eliminated from the consolidated financial statements proportionately to the extent of the Bank's contribution in the associate.

## **Foreign currencies**

According to the Bank's accounting system, all the transactions are recorded at the original currencies. At the date of the consolidated financial statements, monetary assets and liabilities denominated in foreign currencies are translated into VND using the average buying and selling spot exchange rates at the close of business of the statement of financial position date, if the difference between this rate and the weighted average exchange rate of buying and selling of the same day is less than 1% (see details of exchange rates applied on 31 December 2023 at Note 35). In case the buying and selling spot exchange rate at the close of business of the statement of financial position date is greater than or equal to 1% compared with the weighted average of buying and selling spot exchange rate of the same day, the Bank uses the weighted average buying and selling spot exchange rates of the statement of financial position date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. At the end of the year, exchange rate differences arising from revaluation of assets and liabilities denominated in foreign currencies into VND are recorded in "Net gain/(loss) from foreign currency trading" in the consolidated income statement. At the mid-year, exchange differences are recorded in the consolidated income statement.

The reporting currency of SHB Cambodia is the US Dollar. The reporting currency of the SHB Laos is the Lao Kip ("LAK"). For the purposes of consolidation under the equity method for the investment in associated companies in the consolidated financial statements of the Bank and its subsidiaries, assets and liabilities are converted into VND at the average exchange rate of buying and selling spot transfers at the end of the working day on the statement of financial position date, capital accounts are converted into VND at the exchange rate of the date on which the capital contribution transaction arises. Items in the consolidated income statement and cash flow statement are converted at the actual exchange rate at the time the transaction arises. Exchange rate differences arising from the conversion of the report to VND are recorded in the item "Foreign exchange differences" on the consolidated financial position and transferred to the consolidated income statement at the time of the investment disposal.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash, current accounts at the SBV, current accounts and time deposits for term of three months or less from the deposit date.

## **Placements with and loans to other credit institutions**

Placements with and loans to other credit institutions are presented at their principal amounts outstanding at the end of the financial year.

Placements with and loans to other credit institutions are classified and provisioned in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") issued by the SBV. Accordingly, the Bank makes specific provisions for deposits (except payment deposits) in other credit institutions, branches of domestic banks in accordance with the provisions of law and depositing money at foreign credit institutions and lending to other credit institutions in the same way as for customer loans.

## **Derivatives**

### ***Foreign currency forward and swap contracts***

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency purchase/sale commitments using forward exchange rate and spot exchange rate as at effective date of the contract is recognized immediately at the effective date of the contract in lines "Interest and fee receivables" or "Interest and fee payables" in the consolidated statement of financial position. The difference is subsequently allocated to "Net gain/(loss) from foreign currency trading" item using straight-line method over the term of the contract.

As at the date of the consolidated financial statements, commitments of foreign currency forward contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of forward contracts are recognized in the "Foreign exchange differences" item in the consolidated statement of financial position and will be recognized in the income statement at the end of the financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the year ended 31 December 2023 (Continued)***Loans to customers**

Loans to customers are disclosed and presented at their principal amounts outstanding at the end of the financial year.

**Provision for credit losses***Classification of loans and provision for credit losses*

In accordance with Circular 11, credit institutions are required to implement loan classification and make credit risk provision. Loan classification and credit risk provisioning in compliance with Circular 11 are applied to Assets (hereinafter referred to as "debits") including:

- Loans;
- Financial leasing;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds (including bonds issued by credit institutes) which are unlisted on the stock market or unregistered to be traded in the Unlisted Public Company Market (UPCoM) (hereinafter referred to as unlisted bonds), excluding entrusted capital sources for purchase of unlisted bonds where the entrusting parties bear risks;
- Credit granting entrustment;
- Deposits (excluding current accounts and deposits at Social Policy Banks according to the SBV's regulations on the maintenance of deposit balances at social policy banks by state credit institutions) at credit institutions and branches of foreign banks in accordance with law and deposits at credit institutions abroad;
- Buying and selling debts in accordance with the SBV's regulations on debt purchase and sale activities;
- Resale and purchase of Government bonds on the stock market in accordance with the law on issuance, registration, depository, listing and trading of Government debt instruments on the stock market;
- Purchase promissory notes, bills and certificates of deposit issued by credit institutions and branches of other foreign banks.

Accordingly, customers' loans are determined to be in the highest risk group as classified under Article 10 and Article 11 of Circular 11 and customers' debt group by the Credit Information Center ("CIC") of the SBV provided at the time of loan classification.

The Bank and subsidiaries maintain the debt group for a number of loans according to the following regulations:

- The Bank maintains the debt group for a number of loans as stipulated in Circular No. 10/2015/TT-NHNN dated 22 July 2015 guiding the implementation of some contents of Decree No. 55/2015/ND-CP dated 09 June 2015 of the Government on credit policies for agricultural and rural development; Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 stipulating that credit institutions and foreign banks' branches restructure debt payment terms, exempt and reduce interest and fees, and maintain debt groups to support customers affected by the Covid-19 epidemic; Circular No. 03/2021/TT-NHNN ("Circular 03") dated 02 April 2021 amending and supplementing a number of articles of Circular 01; Circular No. 14/2021/TT-NHNN ("Circular 14") dated 07 September 2021 amending and supplementing a number of articles of Circular 01; Circular No. 02/2023/TT-NHNN ("Circular 02") dated 23 April 2023 providing instructions for credit institutions and foreign branch banks on debt rescheduling and retention of debt category to assist borrowers in difficulties and documents of the SBV on debt classification and provision for risks;
- Circular No. B7.020.001.SRNN dated 27 March 2020 and Document No. B7.020.1748 Chh.Tor; Circular No. B7-021-002-CL dated 24 June 2021 of the National Bank of Cambodia on debt classification for customers affected by the Covid-19 epidemic; Document No. "Thor 7-020-055 Chhor.Tor" dated 06 January 2020 and Document No. "B7.021.2098 Chhor.Tor" dated 07 December 2021 of the Director General of the State Bank of Cambodia Supervision Department on debt classification for some customers;

- Decision No. 238/BOL dated 26 March 2020 of the Bank of the Lao PDR on debt classification for customers affected by the Covid-19 epidemic; Notification No. 172/BOL dated May 15 2017, of the Governor of the Central Bank of Lao PDR and other documents of the Central Bank of Laos on debt classification for some customers.

Loans are classified by risk level into: Standard, Special mention, Sub-standard, Doubtful and Loss. Loans classified as either Sub-standard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recorded for accounting in the following month. Provision for credit risk on 31 December is recorded in the consolidated income statement for the financial year incurred.

Net credit risk exposure for each item is calculated by subtracting from the remaining loan balance the discounted value of collateral which is subject to discount rates in accordance with Circular 11 from the remaining loan balance. Specific provision is made based on the net credit risk exposure of each item using the prescribed provision rates as follows:

Group	Category	Provision rate
1	Standard	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Circular 03, the Bank should make a specific provision for customers whose debts are restructured or granted interest and fees exemption, or reduction as prescribed by this Circular as follows:

- Up to 31 December 2021: by at least 30% of the additional specific provision;
- Up to 31 December 2022: by at least 60% of the additional specific provision, and;
- Up to 31 December 2023: 100% of the additional specific provision.

According to Circular 02, the Bank should make specific provisions for customers whose debt balances are restructured in the debt repayment term as prescribed in this Circular as follows:

- Up to 31 December 2023: by at least 50% of the additional specific provision;
- Up to 31 December 2024: 100% of the additional specific provision.

The specific provision amount must be added according to Circular 03 and Circular 02.

In accordance with Circular 11, a general provision is made for credit losses which are yet to be identified during the loan classification and specific provisioning process as well as in cases where the Bank encounters potential financial difficulty due to the deterioration in loan quality. Accordingly, the Bank is required to fully make and maintain a general provision at 0.75% of total loans which are classified in group 1 to 4, except deposits at domestic credit institutions; loans and term purchases of valuable papers to credit institutions and other foreign bank branches in Vietnam; purchases of promissory notes, bills, certificates of deposit, bonds issued domestically by credit institutions and other foreign bank branches; and resale of Government bonds under Circular 11.

Subsidiaries in the foreign countries classify debt and make provisions for credit risks according to Laws of the host country.

### Write-off

Provision is recorded in the consolidated income statement as an expense and will be used to write off bad debts. Under Circular 11, the Bank must set up Risk Settlement Committee to write off bad debts if they are classified into Group 5, or if legal entity borrowers are liquidated or bankrupted, or if individual borrowers are deceased or missing.

### Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date and other credit risk commitments (collectively referred to as "off-balance-sheet commitments") into groups as stipulated in Article 09, Article 10 or Article 11 of Circular 11. Accordingly, off-balance-sheet commitments

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*For the year ended 31 December 2023 (Continued)*

are classified by risk level as follows: Standard, Special mention, Sub-standard, Doubtful and Loss.

The Bank does not make general and specific provisions for off-balance sheet commitments in accordance with the instructions in Circular 11.

**Investments*****Trading securities***

Trading securities include debt securities that the Bank has bought and had the intention to sell in the near future in order to gain benefits from price differences. Trading securities are recognized at cost at the date of transaction and subsequently recorded at cost during the holding period. Interest and cash dividends received from trading securities are recognized on the cash basis in the consolidated income statement.

These securities are assessed impairment ability at the date of the consolidated financial statements. Provision for securities that are fallen within the scope of Circular 11 (see details in the accounting policy notes for "Provision for credit risks") are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the consolidated income statement as "Net gain/(loss) from trading securities".

***Investment securities******Available-for-sale investment securities***

Available-for-sale investment securities include debt and equity securities that the Bank and/ or subsidiaries hold less than 11% of voting rights for investment and ready-for-sale purposes. These securities are not frequently traded but can be sold at any time once they are profitable, and the Bank and/ or subsidiaries are neither the founding shareholder/strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management.

Capital securities are recorded at cost on the transaction date and are always reflected at the original price during the subsequent holding period.

Available-for-sale debt securities are initially recognized at par value at the transaction date. Accrued interest before the acquisition date (for debt securities with interest payment in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium, which is the difference between the cost and the amount equal to par value plus (+) accrued interest before the acquisition date (if any) or minus (-) interest received upfront awaiting amortisation (if any), is also recorded in a separate account.

During the term of those securities, available-for-sale investment securities are recorded at par value minus/plus remaining discount/premium after being amortised into the consolidated income statement using the straight-line method over the remaining term of securities. Interest payment in arrears is recorded as follows: accumulative interest income before the purchasing date is deducted from the cost of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income on an accrual basis. Interest received upfront is amortised into the interest income from securities investment on the straight-line method over the investment period.

Periodically, available-for-sale securities are subject to impairment review. Provision for securities that are fallen within the scope of Circular 11 (see details in the accounting policy notes for "Provision for credit risks") are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the consolidated income statement as "Net gain/(loss) from investment securities".

***Held-to-maturity investment securities***

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purpose to gain interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have

determinable payments and fixed maturity dates. In case of being sold before maturity, they will be reclassified as trading or available-for-sale securities. Held-to-maturity investment securities are recognized similarly to available-for-sale debt securities.

Periodically, held-to-maturity securities are subject to impairment review. Provision for securities that are fallen within the scope of Circular 11 (see details in the accounting policy notes for "Provision for credit risks") are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the consolidated income statement as "Net gain/(loss) from investment securities".

#### *Reclassification*

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, reclassification after transaction date is made only once for each item of investment securities. In special cases or in case a large number of securities has to be reclassified (greater than or equal to 50% of total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the consolidated financial statements.

#### **Other long-term investments**

Other long-term investments represent the Bank's capital investments in other enterprises at which the Bank either owns less than 11% of the voting rights or is a founding shareholder; or a strategic partner; or is capable of controlling, to some extent, the process of initiating and approving financial and operating policies of the investees, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management. The investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

#### **Provision for impairment of investments**

Provision for impairment of investments in subsidiaries, joint ventures, associates and other long-term investments is made when the investee is operating at loss in accordance with prevailing accounting regulations.

Provision for impairment of long-term investments is recognized as an operating expense in the consolidated income statement. In case an investment is made in listed shares, or the fair value of an investment is reliably determined, the provision is made based on the market value of the stock (similar to the provision for impairment of trading securities).

#### **Recognition**

The Bank recognizes investment securities and other investments at the date when contracts are signed and effective (transaction-date based policy). Investment securities and other investments are initially recognized at cost. After initial recognition, investment securities and other investments are recognized under the above accounting policies.

#### **Derecognition**

Investments in securities are derecognized when the rights to receive cash flows from the investments end or when the Bank transfers to the buyer the significant risks and rewards associated with the ownership of the investments.

#### **Trust activities and trusted funds**

The value of trusted funds is recorded when the trust contracts have been signed and trusted funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are following the terms of the signed contracts. The assets that are held under custody services are not considered as assets of the Bank and therefore, they are not recognized in the consolidated financial statements of the Bank.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed asset comprises all the Bank's purchase price plus any directly attributable costs of bringing the asset to the working condition for its intended use.

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Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the consolidated income statement when incurred. When assets are sold or disposed, their cost and accumulated depreciation are written off from the consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the consolidated income statement.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all the Bank's expenditures paid to acquire the asset until it is put into use.

Expenditures for improvements and renewals are capitalized. Costs related to intangible fixed assets incurred after the initial recognition are measured reliably, increasing the economic benefits of intangible fixed assets compared to the initial activity, which is reflected in the increase in the cost of the asset. Other expenditures are charged to the consolidated income statement when incurred. When intangible assets are sold or disposed, their cost and accumulated amortisation are written off from the consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the consolidated income statement.

**Leasing**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards to lessee. All leases other than finance leases are classified as operating leases.

A lease is classified as an operating lease when the lessor retains most of the benefits and bears the risk of ownership of the property. Operating leases are not recognized on the consolidated financial position statement. Lease payable is recorded on a straight-line method in the "Operating Expenses" item during the lease term.

**Depreciation and amortization**

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful lives of the assets.

Assets	Estimated useful lives (Years)
Buildings and structures	25
Machinery and equipment	03 - 05
Motor vehicles	06 - 10
Office equipment	03 - 07
Other tangible fixed assets	04 - 07
Computer software	03 - 08
Other intangible assets	04 - 10

The cost of the land use rights is not amortized if it is granted by the Government of Vietnam for an indefinite term. The cost of the land use rights with definite term is amortized over the granted term from 30 - 46 years.

## **Prepayments**

Prepayments include actual expenses that have arisen but are related to the results of production and business activities of many accounting periods. Prepayments comprise prepaid office rentals and other prepaid expenses.

Office rentals represent the amounts which have been paid in advance. Prepaid office rental is charged to the consolidated income statement using the straight-line method over the rental period.

Other prepayments include repair, maintenance costs for assets, costs of tools and supplies issued for consumption, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepayments and are allocated to the consolidated income statement using the straight-line method over the period of one year or more, but not exceeding three years in accordance with prevailing accounting regulations.

## **Receivables**

Receivables other than those from credit activities in the Bank's operation are initially recognized at cost and subsequently recorded at cost. Other receivables are subject to impairment review based on the overdue status or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the consolidated income statement during the year.

Provision rates for overdue receivables are applied in accordance with the prevailing accounting regulations.

## **Other provisions**

Other provisions are recognized when the Bank has a present obligation due to a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation at the financial year.

## **Capital and reserves**

### ***Common shares***

Common shares are classified as owners' equity.

### ***Share premium***

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to the issuance of common shares are recognized as a decrease in share premium.

### ***Treasury shares***

When issued shares are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of shares, after deducting taxes, is recorded as treasury shares, and stated as a decrease in owners' equity.

### ***Reserves***

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the regulated ratios in the following sequence:

- Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax;
- Other reserves, if any, will be approved by the shareholders at the Annual General Shareholders' Meeting;
- The reward and welfare fund shall be made according to the decision of the General Shareholders' Meeting.

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*For the year ended 31 December 2023 (Continued)*

The reserve funds at subsidiaries shall be made according to the Bank's policy, except for the following banks, which is in accordance with relevant laws:

- Saigon – Hanoi Bank Laos Limited ("SHB Laos"): regulatory reserves, development investment and other fund under the amended Enterprise Law No. 46/NA dated 26 December 2013 and the amended Law on Commercial Banking in 2018 issued update by the Lao National Assembly on 07 December 2018 with the following ratios:
  - + Regulatory reserve: 10% of profit after tax, maximum not exceeding 50% of charter capital of the Bank;
  - + Development investment and other funds: according to the decision of the Board of Directors of SHB Laos.
- Saigon-Hanoi Bank Cambodia Limited ("SHB Cambodia"): there are no regulations on the appropriation of compulsory reserve funds and subject to owner's approval.

**Revenue and expenses*****Interest income/expense and similar items***

Interest income and interest expenses are recognized in the consolidated income statement on the accrual basis. The accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 11, accrued interest income on loans restructured and maintained as Standard loan groups (group 1) as prescribed in Circular 01, Circular 03, Circular 14, Decree 55 dated 09 June 2015 and Circular 02 will not be recognized the consolidated income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is only recognized in the consolidated income statement when it is actually received.

Income and expenses from interest on investments are recorded on the accrual basis. Accrued interest income of securities that are fallen within the scope of Circular 11 and classified from upper group 2 is not recognized in the consolidated income statement for the year. These accruals are recorded as off-balance-sheet items and are only recognized in the consolidated income statement upon actual receipt.

***Income from service charges and commissions***

Income from service charges and commissions is recognized on the accrual basis.

***Income from guarantee and L/C commitment activities***

Income from guarantee and L/C commitment activities is recognized on the accrual and allocation basis.

***Income from securities trading***

Income from securities trading is determined based on the difference in selling price and cost price of securities.

***Recognition of dividends and profits received***

Cash dividends and profits received from investment and capital contributions activities are recorded in the consolidated income statement when the Bank's right to receive dividends and profits has been established. Share dividends, which are distributed from profits of joint stock companies, are recognized neither as an increase in the value of received shares nor financial income in the consolidated financial statements but are only used for tracking the increase in the number of shares according to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

***Revenue from other services***

When the contract results can be determined reliably, revenue will be recognized based on the level of work completion. If the contract results cannot be determined reliably, revenue will only be recognized at the recoverable level of the recorded expenses.

### ***Recognition of accrued income not yet collected***

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables recognized as accrued income but subsequently assessed to be not recoverable or not yet recoverable at the due date are recorded as reduction in revenue if the income has been accrued in the same financial year or recorded as other expenses if accrued in different financial year and monitored off-balance-sheet. Upon actual receipt of these receivables, the Bank recognizes them in "Other income" in the consolidated income statement.

### **Taxation**

Corporate income tax expense represents the sum of the current income tax and deferred tax.

The current income tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences unless they occur from the initial recognition of an asset or liability of a transaction which has no impact on accounting profit or taxable profit/(loss) at the transaction date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the current corporate income tax expense is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

### **Employee benefits**

#### *Retirement benefits*

Retired employees of the Bank and subsidiaries will receive retirement benefits from Social Insurance, an agency under the Government. The Bank must pay social insurance premiums for each employee equal to 30% of the basic monthly salary, salary allowances and other supplements.

#### *Severance allowance*

According to Article 46 of Labour Law No 45/2019/QH14 which is effective on 1 January 2021, the Bank and its subsidiaries in Vietnam are responsible for paying a severance allowance equal to half of the month's salary for each working year for employees who have worked regularly for full 12 months or more to terminate the labor contract in accordance with the provisions of law (in Clauses 1, 2, 3, 4, 6, 7, 9 and 10 Article 34 of the Labor Law), except for cases where they are eligible for pension in accordance with the law on social insurance and the case specified at Point e, Clause 1, Article 36 of the Labor Law 2019. The working time for calculating severance allowance is the total time the employee has actually worked for the employer minus the time the employee has participated in unemployment insurance in accordance with the law on unemployment insurance and the working time has been paid severance allowance by the employer, job-loss benefits. The salary for calculating severance allowance is the average salary of 06 preceding months according to the labor contract before the employee quits.

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For the year ended 31 December 2023 (Continued)

*Unemployment insurance*

According to the Circular No. 28/2015/TT-BLĐTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/ND-CP of the Government dated 12 March 2015 regulating the implementation of the Law on unemployment insurance, from 01 January 2009, the Bank is obliged to pay unemployment insurance to eligible employees at 2% of their salary fund allocated for unemployment insurance.

**Related parties**

The parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
- Controls, or is controlled by, or is under common control by the Bank (including the holding company and its subsidiaries);
  - Contributes capital to the Bank and therefore has significant influence over the Bank;
  - Has joint control over the Bank;
- (b) The party is a joint venture or an associate of which the Bank is a venturer or an investor;
- (c) The party has a key management personnel who is also a member of the Board of Directors, Board of Supervisors, and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly controlled, jointly controlled, or significantly influenced by, or of which, significant voting power in such entity resides with, any individual referred to in (c) or (d).

**Offsetting**

Financial assets and liabilities are offset, and the net amounts are reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**5. CASH**

	Closing balance	Opening balance
	VND Million	VND Million
Cash in VND	1,116,039	1,380,662
Cash in foreign currencies	254,810	516,883
	<b>1,370,849</b>	<b>1,897,545</b>

**6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")**

	Closing balance	Opening balance
	VND Million	VND Million
Current account at the State Bank of Vietnam		
- In VND	48,007,054	13,409,611
- In foreign currencies	6,756,592	1,736,251
	<b>54,763,646</b>	<b>15,145,862</b>

Balances with the SBV are for the purpose of payment and compulsory reserves and deposits at the SBV, the National Bank of Cambodia and the Central Bank of Laos as required.

## 7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	Closing balance	Opening balance
	VND Million	VND Million
<b>Placements with other credit institutions</b>		
Demand deposits	11,894,463	32,874,344
- In VND	9,967,425	31,980,505
- In foreign currencies	1,927,038	893,839
Term deposits	<b>42,931,442</b>	<b>19,582,341</b>
- In VND	42,810,000	19,510,000
- In foreign currencies	121,442	72,341
	<b>54,825,905</b>	<b>52,456,685</b>
<b>Loans to other credit institutions</b>		
- In VND	8,841,433	10,463,971
- In foreign currencies	-	188,000
- Provisions for credit losses	(118,410)	(99,794)
	<b>8,723,023</b>	<b>10,552,177</b>
<b>Placements with and loans to other credit institutions</b>	<b>63,548,928</b>	<b>63,008,862</b>

Analysis of placements with other credit institutions (excluding current accounts at domestic credit institutions, foreign banks' branches in Vietnam) and loans to other credit institutions by quality is as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Standard	52,031,337	30,406,367
Loss	118,410	99,794
	<b>52,149,747</b>	<b>30,506,161</b>

## 8. PROVISION FOR CREDIT LOSSES ON PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
<b>Balance as at 01 Jan 2022</b>	-	<b>39,794</b>	<b>39,794</b>
Provision charged in 2022	-	60,000	60,000
<b>Balance as at 31 Dec 2022</b>	-	<b>99,794</b>	<b>99,794</b>
Provision charged in 2023	-	18,616	18,616
<b>Balance as at 31 Dec 2023</b>	-	<b>118,410</b>	<b>118,410</b>

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For the year ended 31 December 2023 (Continued)

**9. TRADING SECURITIES**

	Closing balance	Opening balance
	VND Million	VND Million
<b>Debt securities</b>	<b>7,849,272</b>	-
Debt securities issued by domestic business entities	7,849,272	-
<b>Equity securities</b>	<b>3,880</b>	<b>3,881</b>
Equity securities issued by local business entities	3,880	3,881
	<b>7,853,152</b>	<b>3,881</b>
<b>Provisions for impairment of trading securities</b>	<b>(60,410)</b>	<b>(2,334)</b>
Provisions for impairment	(1,540)	(2,334)
General provision	(58,870)	-
	<b>7,792,742</b>	<b>1,547</b>

Status of trading securities is as follows:

	Closing balance	Opening balance
	VND Million	VND Million
<b>Debt securities</b>	<b>7,849,272</b>	-
Unlisted	7,849,272	-
<b>Equity securities</b>	<b>3,880</b>	<b>3,881</b>
Listed	2,965	2,965
Unlisted	915	916
	<b>7,853,152</b>	<b>3,881</b>

Quality analysis of trading securities classified as credit risk assets

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	7,849,272	-
	<b>7,849,272</b>	-

## 10. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

Details of derivatives as at 31 December 2023 are as follows:

	Total contract value (at exchange rate at the effective date of the contract)	Net book value (at exchange rate as at the reporting date)		
		Assets	Liabilities	Net amount
		VND Million	VND Million	VND Million
<b>As at 31 December 2023</b>				
- Forward contracts	706,520	706,525	(715,608)	(9,083)
- Swap contracts	13,233,556	1,133,159	(1,221,228)	(88,069)
	<b>13,940,076</b>	<b>1,839,684</b>	<b>(1,936,836)</b>	<b>(97,152)</b>
<b>As at 31 December 2022</b>				
- Forward contracts	9,183,413	101,170	(9,972)	91,198
- Swap contracts	29,471,074	349,570	(170,996)	178,574
	<b>38,654,487</b>	<b>450,740</b>	<b>(180,968)</b>	<b>269,772</b>

## 11. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Loans to local business entities and individuals	438,396,964	384,788,544
Payments made on behalf of customers	67,183	843,341
Discounted bills and valuable papers	-	1,330
	<b>438,464,147</b>	<b>385,633,215</b>

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	416,692,179	368,044,572
Special-mentioned loans	8,532,749	6,735,687
Sub-standard loans	761,107	1,611,827
Doubtful loans	2,493,596	1,898,472
Loss loans	9,984,516	7,342,657
	<b>438,464,147</b>	<b>385,633,215</b>

Analysis of loans portfolio by original term

	Closing balance	Opening balance
	VND Million	VND Million
Short-term loans (Up to 1 year)	184,512,736	180,372,262
Medium-term loans (From 1 to 5 years)	97,604,740	82,300,107
Long-term loans (Over 5 years)	156,346,671	122,960,846
	<b>438,464,147</b>	<b>385,633,215</b>

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For the year ended 31 December 2023 (Continued)

**Analysis of loans portfolio by type of customers and businesses**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND Million</b>	<b>VND Million</b>
State-owned enterprises	1,961,411	2,270,232
Other limited companies	126,648,535	110,741,372
Joint stock company with more than 50% of the State's share holding (The state as a majority shareholder)	9,769,747	10,452,618
Other joint stock companies	213,556,250	168,426,720
Joint ventures	27,646	26,855
Private companies	5,996,418	5,884,271
Foreign invested enterprises	63,057	126,605
Cooperatives, cooperative union	30,406	34,395
Household businesses, individuals	80,410,677	87,645,147
Others	-	25,000
	<b>438,464,147</b>	<b>385,633,215</b>

**Analysis of loans portfolio by industry**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND Million</b>	<b>VND Million</b>
Agriculture, forestry and aquaculture	24,197,149	35,700,343
Mining and quarrying	1,369,635	1,477,970
Manufacturing and processing	43,942,645	43,153,183
Electricity, fuel gas and hot water	21,424,673	13,950,907
Water supplying, garbage and sewage treatment and management	402,832	268,887
Construction	69,713,722	62,132,037
Wholesale and retail trade, repair of motor vehicles, motor cycles	123,776,536	111,258,709
Transport, warehouse	13,133,856	12,944,231
Hospitality services	2,890,657	1,745,617
Information and communications	106,645	160,882
Financial, banking and insurance	204,929	827,474
Real estate	73,269,016	31,492,937
Profession, science and technology	249,798	265,552
Administrative activities and supporting service	6,536,248	311,085
State management, security and national defense party, union, social guaranteed	206,654	28,650
Education and training	190,989	226,799
Health care and social work	60,083	77,429
Recreational, culture, sporting activities	144,495	51,793
Other service activities	48,949,416	56,106,646
Households	7,694,169	13,452,084
	<b>438,464,147</b>	<b>385,633,215</b>

## 12. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2023 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
<b>Opening balance</b>	<b>2,843,216</b>	<b>4,214,556</b>	<b>7,057,772</b>
Provision made for the year	409,411	6,632,383	7,041,794
Provision utilised for the year	-	(4,432,650)	(4,432,650)
Effect of divestment of SHB FC	(43,797)	(533,615)	(577,412)
Other adjustments	2,765	9,149	11,914
<b>Closing balance</b>	<b>3,211,595</b>	<b>5,889,823</b>	<b>9,101,418</b>

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2022 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
<b>Opening balance</b>	<b>2,697,260</b>	<b>1,940,256</b>	<b>4,637,516</b>
Provision made for the year	146,499	4,982,423	5,128,922
Provision utilised for the year	-	(2,707,852)	(2,707,852)
Other adjustments	(543)	(271)	(814)
<b>Closing balance</b>	<b>2,843,216</b>	<b>4,214,556</b>	<b>7,057,772</b>

## 13. INVESTMENT SECURITIES

### 13.1 Available-for-sale investment securities

	Closing balance	Opening balance
	VND Million	VND Million
<b>Debt securities</b>	<b>14,344,306</b>	<b>12,959,163</b>
Government bonds	5,465,909	-
Debt securities issued by other local credit institutions	-	300,000
Debt securities issued by local business entities	8,878,397	12,659,163
<b>Equity securities</b>	<b>29,453</b>	<b>29,453</b>
Equity securities issued by other local credit institutions	796	796
Equity securities issued by local business entities	28,657	28,657
<b>Provisions for impairment of available-for-sale investment securities</b>	<b>(66,071)</b>	<b>(93,653)</b>
Provisions for impairment	(297)	(559)
General provision	(65,774)	(93,094)
	<b>14,307,688</b>	<b>12,894,963</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**13.2 Held-to-maturity investment securities**

	Closing balance	Opening balance
	VND Million	VND Million
<b>Debt securities</b>	<b>17,833,636</b>	<b>20,063,662</b>
Government bonds	16,807,100	18,687,126
Debt securities issued by other local credit institutions	500,000	850,000
Debt securities issued by local economic organisations	526,536	526,536
<b>Provisions for impairment of held-to-maturity investment securities</b>	<b>(77,664)</b>	<b>(3,949)</b>
General provision	(3,949)	(3,949)
Specific provision	(73,715)	-
	<b>17,755,972</b>	<b>20,059,713</b>

**13.3 Quality analysis of securities in the scope of debt classification of Circular 11**

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	9,378,397	14,335,699
Sub-standard loans	526,536	-
	<b>9,904,933</b>	<b>14,335,699</b>

**13.4 Movements in provision for impairment of investment securities**

Movements in provision for credit losses on investment securities for the year ended 31 December 2023 are as followed:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		Total
	General provision	Provisions for impairment	General provision	Specific provision	
	VND Million	VND Million	VND Million	VND Million	
<b>Opening balance</b>	<b>93,094</b>	<b>559</b>	<b>3,949</b>	<b>-</b>	<b>97,602</b>
Provision (reversed)/ charged for the year	(27,320)	(262)	-	73,715	46,133
<b>Closing balance</b>	<b>65,774</b>	<b>297</b>	<b>3,949</b>	<b>73,715</b>	<b>143,735</b>

Movements in provision for credit losses on investment securities for the year ended 31 December 2022 are as followed:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		Total
	General provision	Provisions for impairment	General provision		
	VND Million	VND Million	VND Million		
<b>Opening balance</b>	<b>41,517</b>	<b>400</b>	<b>3,949</b>		<b>45,866</b>
Provision made for the year	51,577	159	-		51,736
<b>Closing balance</b>	<b>93,094</b>	<b>559</b>	<b>3,949</b>		<b>97,602</b>

#### 14. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

	Closing balance	Opening balance
	VND Million	VND Million
Investments in associates (Note 14.1)	343,172	-
Other long-term investments (Note 14.2)	158,272	158,272
Provisions for impairment of long-term investments (Note 14.3)	(86,996)	(111,573)
	<b>414,448</b>	<b>46,699</b>

##### 14.1 Investments in associates

	Closing balance			Opening balance		
	Cost	Net value of investment using equity method	Proportion of ownership interest	Cost	Net value of investment using equity method	Proportion of ownership interest
	VND Million	VND Million	%	VND Million	VND Million	%
SHB Finance Company Limited	336,604	343,172	50	-	-	-
		<b>343,172</b>			<b>-</b>	

##### 14.2 Other long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Investments in business entities	114,258	114,258
Investments in financial institutions	44,014	44,014
	<b>158,272</b>	<b>158,272</b>

##### 14.3 Provisions for impairment of long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Opening balance	111,573	32,739
Provision reversed/(made) for the year	(24,577)	78,953
Provision utilised for the year	-	(119)
	<b>86,996</b>	<b>111,573</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (Continued)

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## 15. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets for the year ended 31 December 2023:

	Building, structures	Machinery, equipment	Motor vehicles	Office equipment	Others	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Cost</b>						
Opening balance	470,570	297,936	198,048	318,428	2,167	1,287,149
Acquisitions during the year	26,324	11,881	15,853	108,667	607	163,332
Transfer from construction in progress	176,933	-	-	-	-	176,933
Foreign exchange difference	928	(425)	(419)	8	(65)	27
Disposals	(7,460)	(5,023)	(7,244)	(12,700)	-	(32,427)
Decrease due to divestment of SHB FC	-	(63,651)	(2,516)	-	(613)	(66,780)
Other increases/(decreases)	(114)	48	-	335	-	269
<b>Closing balance</b>	<b>667,181</b>	<b>240,766</b>	<b>203,722</b>	<b>414,738</b>	<b>2,096</b>	<b>1,528,503</b>
<b>Accumulated depreciation</b>						
Opening balance	188,460	243,276	139,299	212,245	1,015	784,295
Depreciation charged for the year	24,950	7,597	11,120	35,536	627	79,830
Foreign exchange difference	768	(393)	(363)	10	(47)	(25)
Disposals	(6,402)	(4,992)	(6,946)	(12,296)	(591)	(31,227)
Decrease due to divestment of SHB FC	-	(37,281)	(2,092)	-	(433)	(39,806)
Other increases/(decreases)	141	7	23	282	5	458
<b>Closing balance</b>	<b>207,917</b>	<b>208,214</b>	<b>141,041</b>	<b>235,777</b>	<b>576</b>	<b>793,525</b>
<b>Net book value</b>						
<b>Opening balance</b>	<b>282,110</b>	<b>54,660</b>	<b>58,749</b>	<b>106,183</b>	<b>1,152</b>	<b>502,854</b>
<b>Closing balance</b>	<b>459,264</b>	<b>32,552</b>	<b>62,681</b>	<b>178,961</b>	<b>1,520</b>	<b>734,978</b>

Other information about tangible fixed assets:

	Closing balance	Opening balance
	VND Million	VND Million
Cost of tangible fixed assets fully depreciated but still in use	383,538	403,342

16. INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets for the year ended 31 December 2023:

	Land use rights	Computer software	Others	Total
	VND Million	VND Million	VND Million	VND Million
<b>Cost</b>				
Opening balance	4,347,706	401,253	24,016	4,772,975
Acquisitions during the year	12,664	64,845	-	77,509
Foreign exchange reserves	-	(358)	(446)	(804)
Decrease due to divestment of SHB FC	-	(23,185)	(566)	(23,751)
<b>Closing balance</b>	<b>4,360,370</b>	<b>442,555</b>	<b>23,004</b>	<b>4,825,929</b>
<b>Accumulated amortisation</b>				
Opening balance	6,595	295,822	19,016	321,433
Depreciation charged for the year	159	24,377	999	25,535
Foreign exchange difference	-	(358)	(446)	(804)
Decrease due to divestment of SHB FC	-	(14,107)	(566)	(14,673)
<b>Closing balance</b>	<b>6,754</b>	<b>305,734</b>	<b>19,003</b>	<b>331,491</b>
<b>Net book value</b>				
<b>Opening balance</b>	<b>4,341,111</b>	<b>105,431</b>	<b>5,000</b>	<b>4,451,542</b>
<b>Closing balance</b>	<b>4,353,616</b>	<b>136,821</b>	<b>4,001</b>	<b>4,494,438</b>

Other information about intangible assets:

	Cost/Fair value initially measured	Accumulated amortisation
Cost of intangible fixed assets fully depreciated but still in use	219,994	219,994

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For the year ended 31 December 2023 (Continued)

**17. Other assets**

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
Purchase of fixed assets and construction in progress (Note 17.2)	961,372	1,127,475
Receivables	17,899,290	28,098,871
<i>In which:</i>		
- Receivables from usance payable at sight letters of credit	10,104,025	17,034,245
- Receivables from sales of bonds	2,476,541	3,388,279
- Receivables from sales of debts	3,834,755	6,329,712
- Other receivables	1,483,969	1,346,635
Interest and fee receivables	13,949,182	15,295,742
Other assets (Note 17.3)	3,230,825	1,178,109
Provisions for impairment of other assets (Note 17.4)	(86,402)	(126,914)
	<b>35,954,267</b>	<b>45,573,283</b>

**17.1. Analysis of loan portfolio by quality**

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	6,308,296	9,717,991
Loss loans	3,000	-
	<b>6,311,296</b>	<b>9,717,991</b>

**17.2. Purchase of fixed assets and construction in progress**

	Closing balance	Opening balance
	VND Million	VND Million
Purchase of fixed assets and construction in progress	961,372	1,127,475
<i>In which: Large construction works</i>		
- Constructions in the Northern area	140,929	47,967
- Constructions in the Southern area	200,070	200,070
	<b>961,372</b>	<b>1,127,475</b>

### 17.3. Other assets

	Closing balance	Opening balance
	VND Million	VND Million
Foreclosed assets awaiting resolution	1,052,516	53,141
Prepaid expenses	748,270	1,108,659
Other assets	1,430,039	16,309
	<b>3,230,825</b>	<b>1,178,109</b>

### 17.4. Risk provisions for other assets

	Closing balance	Opening balance
	VND Million	VND Million
Provisions for credit risk	50,312	72,885
- <i>General provision</i>	47,312	72,885
- <i>Specific provision</i>	3,000	-
Provisions for bad debts	36,090	54,029
	<b>86,402</b>	<b>126,914</b>

Movements in risk provisions for other assets for the year ended 31 December 2023 are as followed:

	General provision	Specific provision	Provision for bad debts	Total
	VND Million	VND Million	VND Million	VND Million
<b>Opening balance</b>	<b>72,885</b>	<b>-</b>	<b>54,029</b>	<b>126,914</b>
Provision (reversed)/made for the year	(25,573)	3,000	19,235	(6,338)
Provision utilised for the year			(37,174)	(37,174)
<b>Closing balance</b>	<b>47,312</b>	<b>3,000</b>	<b>36,090</b>	<b>86,402</b>

### 18. BORROWINGS FROM THE GOVERNMENT AND SBV

	Closing balance	Opening balance
	VND Million	VND Million
<b>Borrowings from the SBV</b>	<b>1,333,658</b>	<b>9,715,193</b>
Loans under credit contracts	1,333,658	1,413,078
Discounting and rediscounting valuable papers	-	8,302,115
	<b>1,333,658</b>	<b>9,715,193</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS****Deposits from other credit institutions**

	Closing balance	Opening balance
	VND Million	VND Million
<b>Demand deposits</b>	<b>12,261,777</b>	<b>28,502,733</b>
- In VND	12,260,916	28,356,594
- In foreign currencies	861	146,139
<b>Term deposits</b>	<b>53,024,313</b>	<b>44,368,306</b>
- In VND	41,375,198	26,285,390
- In foreign currencies	11,649,115	18,082,916
	<b>65,286,090</b>	<b>72,871,039</b>

**Borrowings from other credit institutions**

	Closing balance	Opening balance
	VND Million	VND Million
- In VND	852,369	2,118,871
- In foreign currencies	4,627,835	3,294,026
	<b>5,480,204</b>	<b>5,412,897</b>

**20. DEPOSITS FROM CUSTOMERS**

	Closing balance	Opening balance
	VND Million	VND Million
<b>Demand deposits</b>	<b>43,074,214</b>	<b>25,701,591</b>
- Demand deposits in VND	40,876,084	23,624,868
- Demand deposits in foreign currencies	2,198,130	2,076,723
<b>Term deposits</b>	<b>402,524,549</b>	<b>334,037,088</b>
- Term deposits in VND	394,742,416	326,721,890
- Term deposits in foreign currencies	7,782,133	7,315,198
<b>Deposits for specific purpose</b>	<b>1,672</b>	<b>29,002</b>
- Deposits for specific purpose in VND	1,398	6,078
- Deposits for specific purpose in foreign currencies	274	22,924
<b>Margin deposits</b>	<b>1,902,991</b>	<b>1,907,912</b>
- Margin deposits in VND	1,861,696	1,872,762
- Margin deposits in foreign currencies	41,295	35,150
	<b>447,503,426</b>	<b>361,675,593</b>

### Customers deposit portfolio by type of customers and type of business

	Closing balance	Opening balance
	VND Million	VND Million
Business entities	104,196,216	103,343,108
Individuals	313,020,762	230,867,844
Others	30,286,448	27,464,641
	<b>447,503,426</b>	<b>361,675,593</b>

### 21. GRANTS, TRUSTED FUND AND BORROWINGS WHERE THE BANK BEARS RISKS

	Closing balance	Opening balance
	VND Million	VND Million
Funds received from other organisations and individuals in VND	705,880	839,293
Funds received from other organisations and individuals in foreign currencies	905,355	776,312
	<b>1,611,235</b>	<b>1,615,605</b>

### 22. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
<b>Valuable papers in VND</b>	<b>42,821,727</b>	<b>36,440,208</b>
Par value	42,821,727	36,440,208
	<b>42,821,727</b>	<b>36,440,208</b>

Details of the term of issued valuable papers:

Valuable papers	Bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million
<b>Closing balance</b>			
Under 12 months	-	19,310,000	19,310,000
- VND	-	19,310,000	19,310,000
From 12 months to under 5 years	-	126	126
- VND	-	126	126
From 5 years or more	2,448,100	21,063,501	23,511,601
- VND	2,448,100	21,063,501	23,511,601
	<b>2,448,100</b>	<b>40,373,627</b>	<b>42,821,727</b>

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Valuable papers	Bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million
<b>Opening balance</b>			
Under 12 months	-	8,508,000	8,508,000
<i>Par value</i>	-	8,508,000	8,508,000
From 12 months to under 5 years	4,900,000	2,258,246	7,158,246
- VND	4,900,000	2,258,246	7,158,246
From 5 years or more	-	20,773,962	20,773,962
- VND	-	20,773,962	20,773,962
	<b>4,900,000</b>	<b>31,540,208</b>	<b>36,440,208</b>

**23. OTHER PAYABLES AND LIABILITIES**

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
<b>Accrued fee and interest expenses</b>	<b>14,025,631</b>	<b>9,069,320</b>
<b>Deferred tax liabilities</b>	<b>36,030</b>	<b>30,233</b>
<b>Other payables and liabilities</b>	<b>2,207,252</b>	<b>2,693,526</b>
<i>In which:</i>		
Internal payables	106,511	66,163
External payables	1,956,066	2,579,900
- Taxes and other payables to State Treasury (Note 24)	1,257,723	1,811,318
- Payables on payment intermediaries and other liabilities	580,834	246,496
- Other payables	117,509	522,086
Bonus and welfare funds	144,675	47,463
	<b>16,268,913</b>	<b>11,793,079</b>

**24. THE BANK'S OBLIGATIONS TO THE STATE BUDGET**

	Opening balance	Movement in the year		Closing balance
		Payable	Paid	
	VND Million	VND Million	VND Million	VND Million
Value added tax	8,423	155,715	150,419	13,719
Corporate income tax	1,746,517	1,908,466	2,437,226	1,217,757
Other taxes	56,378	474,038	504,169	26,247
	<b>1,811,318</b>	<b>2,538,219</b>	<b>3,091,814</b>	<b>1,257,723</b>

## 25. CAPITAL AND RESERVES

### 25.1. Statement of changes in equity

	Charter capita	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Capital supplementay reserve	Other funds	Foreign exchange reserves	Retained earnings	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Opening balance</b>	<b>30,673,832</b>	<b>1,449,603</b>	<b>(5,260)</b>	<b>45,385</b>	<b>2,670,379</b>	<b>1,345,048</b>	<b>1,022</b>	<b>(606,344)</b>	<b>7,330,806</b>	<b>42,904,471</b>
Share issuance to pay dividends (25.4)	5,520,149	-	-	-	-	-	-	-	(5,520,149)	-
Profit after tax for the year	-	-	-	-	-	-	-	-	7,324,758	7,324,758
Appropriation to bonus and welfare fund (i)	-	-	-	-	-	-	-	-	(105,000)	(105,000)
Temporary appropriation to reserves during the year	-	-	-	5,236	732,007	371,239	-	-	(1,108,482)	-
Adjustments of funds due to divestment of SHB FC	-	-	-	-	(18,017)	(9,009)	-	-	81,666	54,640
Foreign exchange difference	-	-	-	(2,449)	-	(2,743)	-	(82,694)	-	(87,886)
Others	-	-	-	-	-	-	-	-	7,297	7,297
<b>Closing balance</b>	<b>36,193,981</b>	<b>1,449,603</b>	<b>(5,260)</b>	<b>48,172</b>	<b>3,384,369</b>	<b>1,704,535</b>	<b>1,022</b>	<b>(689,038)</b>	<b>8,010,896</b>	<b>50,098,280</b>

(i) Appropriation to bonus and welfare funds according to Resolution No. 01/NQ-DHDCD of 2023 Annual General Meeting of Shareholders dated 11 April 2023 and Statement No. 01/TTr-HDQT dated 22 March 2023 of Board of Directors on the plan for profit distribution and appropriation to funds in 2022. Other funds under to equity have been fully appropriated in the audited consolidated financial statements for the fiscal year ended 31 December 2022.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FORM B05/TCTD-HN

For the year ended 31 December 2023 (Continued)

**25.2. Details of the Bank's capital**

	Closing balance		Opening balance	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
	VND Million	VND Million	VND Million	VND Million
Contributed capital	36,193,981	-	30,673,832	-
Share premium	1,449,603	-	1,449,603	-
Treasury shares	(5,260)	-	(5,260)	-
	<b>37,638,324</b>	<b>-</b>	<b>32,118,175</b>	<b>-</b>

**25.3. Details of the Bank's shares**

	Closing balance	Opening balance
Number of registered shares for issue (unit)	3,619,398,113	3,067,383,196
Number of shares sold to the public (unit)	3,619,398,113	3,067,383,196
- Ordinary shares (unit)	3,619,398,113	3,067,383,196
- Preference shares (unit)	-	-
Number of shares repurchased (unit)	496,186	496,186
- Ordinary shares (unit)	496,186	496,186
- Preference shares (unit)	-	-
Number of shares in circulation (unit)	3,618,901,927	3,066,887,010
- Ordinary shares (unit)	3,618,901,927	3,066,887,010
- Preference shares (unit)	-	-
Par value	10,000	10,000

**25.4. Dividends**

Resolution No. 01/NQ-DHDGD of 2023 Annual General Meeting of Shareholders dated 11 April 2023 approved the plan on 2022's profit distribution and appropriation to equity funds in according with Statement No. 01/TTr-HDQT dated 22 March 2023 of the Bank's Board of Directors, including the plan to issue shares to pay dividends to shareholders from undistributed profit after tax in 2022 at the ratio of 18%. According to Resolution No. 17/NQ/ HDQT dated 03 July 2023 of the Board of Directors, the last registration date to confirm the list of shareholders exercising the right to receive stock dividends in 2022 is 25 July 2023. According to the Report on the results of the share issuance to pay dividends in 2022 No. 3853/CV-SHB dated 02 August 2023, the Bank distributed 552,014,917 shares.

## 26. INTEREST AND SIMILAR INCOME

	Current year	Prior year
	VND Million	VND Million
Interest from deposits	1,445,481	360,567
Interest from loans to customers	52,238,878	38,378,057
Interest from debt securities	3,600,744	1,791,079
- Interest from investment securities	3,600,744	1,791,079
Income from guarantee services	191,982	166,089
Other income from credit activities	112,306	77,878
	<b>57,589,391</b>	<b>40,773,670</b>

## 27. INTEREST AND SIMILAR EXPENSES

	Current year	Prior year
	VND Million	VND Million
Interest expense on deposits	33,550,170	19,641,683
Interest expense on borrowings	1,119,236	1,001,804
Interest expense on valuable papers issued	3,137,595	2,475,954
Expense on other credit activities	497,037	104,145
	<b>38,304,038</b>	<b>23,223,586</b>

## 28. NET GAINS FROM SERVICES

	Current year	Prior year
	VND Million	VND Million
<b>Income from services</b>	<b>912,654</b>	<b>1,241,869</b>
- Income from remittance services	349,677	482,358
- Income from trust and agency services	127,073	274,941
- Income from property preservation, cabinet rental services	273,375	79,584
- Others	162,529	404,986
<b>Expense for services</b>	<b>(367,727)</b>	<b>(351,315)</b>
- Expense for remittance services	(129,062)	(83,423)
- Post and telecommunications	(75,948)	(62,150)
- Expense for treasury services	(45,464)	(45,739)
- Others	(117,253)	(160,003)
<b>Net gain from services</b>	<b>544,927</b>	<b>890,554</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**29. NET GAINS FROM FOREIGN CURRENCY TRADING**

	Current year	Prior year
	VND Million	VND Million
<b>Income from trading foreign currencies</b>	<b>3,039,266</b>	<b>2,292,772</b>
- Income from spot trading foreign currencies	2,442,366	1,200,786
- Income from trading currency derivative financial	596,900	1,091,986
<b>Expenses for trading foreign currencies</b>	<b>(2,757,059)</b>	<b>(2,176,522)</b>
- Expenses for spot trading foreign currencies	(2,279,584)	(1,167,192)
- Expenses for trading currency derivative financial instruments	(477,475)	(1,009,330)
<b>Net gain from trading foreign currencies</b>	<b>282,207</b>	<b>116,250</b>

**30. NET GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES****30.1. Net gain from trading securities**

	Current year	Prior year
	VND Million	VND Million
Income from trading securities held for trading	69,198	-
Provision (made) for impairment of securities held for trading	(58,076)	-
	<b>11,122</b>	<b>-</b>

**30.2. Net gain from investment securities**

	Current year	Prior year
	VND Million	VND Million
Income from trading investment securities	183,664	435,846
(Expense) for trading investment securities	(109,550)	(291,469)
Provision (made) for impairment of investment securities	(46,132)	(51,736)
<b>Net profit from trading investment securities</b>	<b>27,981</b>	<b>92,641</b>

### 31. NET GAIN FROM OTHER ACTIVITIES

	Current year	Prior year
	VND Million	VND Million
<b>Other operating income</b>	<b>501,021</b>	<b>807,767</b>
Income from recovery of bad debts	190,201	626,930
Income from other derivative instruments	-	1,826
Other income	310,820	179,011
<b>Other operating expenses</b>	<b>(67,385)</b>	<b>(120,540)</b>
Expense from other derivative instruments	(6,848)	(1,821)
Social welfare expenses	(16,837)	(59,363)
Other expenses	(43,700)	(59,356)
<b>Net profit from other activities</b>	<b>433,636</b>	<b>687,227</b>

### 32. INCOME FROM CAPITAL CONTRIBUTION AND EQUITY INVESTMENTS IN OTHER ENTITIES

	Current year	Prior year
	VND Million	VND Million
Dividends received in cash from capital contribution, equity investments	4,958	4,226
- From equity available for sales	4,958	4,226
From capital contribution and long-term investments	731,645	-
Share from net profit under equity method of investments in joint ventures	6,568	-
	<b>743,171</b>	<b>4,226</b>

### 33. OPERATING EXPENSES

	Current year	Prior year
	VND Million	VND Million
Taxes, fees, and charges	67,742	49,837
Staff cost	2,945,499	2,790,873
Expenses for fixed assets	579,886	498,674
<i>In which:</i>		
- Depreciation and amortisation expenses	105,365	79,870
Expenses for operating management	1,035,554	654,084
Insurance premium for customers' deposits	428,201	319,172
Provision (reversed)/made for provisions (excluding provisions for credit losses and provisions of securities)	(5,343)	78,953
	<b>5,051,539</b>	<b>4,391,593</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**34. PROVISION EXPENSES FOR CREDIT RISKS**

	Current year	Prior year
	VND Million	VND Million
Provision reversed for credit losses of loans to credit institutions (Note 8)	18,616	60,000
Provision expense for credit losses of loans to customers (Note 12)	7,041,794	5,128,922
Provision (reversed)/made for other assets (Note 17.4)	(22,573)	71,099
	<b>7,037,837</b>	<b>5,260,021</b>

**35. CURRENT CORPORATE INCOME TAX ("CIT") EXPENSE**

	Current year	Prior year
	VND Million	VND Million
<b>Profit before tax</b>	<b>9,239,021</b>	<b>9,689,368</b>
<b>Adjustments for:</b>		
- Non-taxable dividend income and profits received	(4,958)	(4,226)
- Profit before tax of subsidiaries	(77,474)	(177,419)
- Adjustment of profit due to consolidated financial statements	(19,531)	4,517
- Others	43,503	12,395
<b>Taxable income of the Holding Bank</b>	<b>9,180,561</b>	<b>9,524,634</b>
Income tax rate	20%	20%
CIT expense of the Holding Bank based on local taxable income	1,836,112	1,904,927
Adjustment of the previous year's income tax expense to the current year's income tax expense	2,428	-
<b>CIT expense based on the taxable income</b>		
CIT expense of subsidiaries	1,838,540	1,904,927
	<b>1,908,466</b>	<b>1,961,243</b>
<b>CIT expense based on the taxable income</b>		
<b>Current tax expense</b>	<b>1,908,466</b>	<b>1,961,243</b>
Deferred income tax benefit	(5,797)	793
<b>Total CIT payables</b>	<b>1,914,263</b>	<b>1,960,450</b>

## 36. BASIC EARNINGS PER SHARE

### Profit for calculation of basic earnings per share

	Current year	Prior year (Restated)
	VND Million	VND Million
Profit after corporate income tax	7,324,758	7,728,918
Appropriation to other funds (excluding capital supplementary reserve, financial reserve and other funds in Equity) (*)	-	(105,000)
<b>Profit for the year attributable to equity holder</b>	<b>7,324,758</b>	<b>7,623,918</b>

(\*) Appropriation to bonus and welfare fund from the previous year is restated according to the actual receipt on Resolution No. 01/TTr-HDQT dated 22 March 2023 approved under Resolution No. 01/NQ- No. 01/NQ-DHDCD of 2023 Annual General Meeting of Shareholders dated 11 April 2023.

At the date of this consolidated financial statement, the Bank has not made an estimate of the amount of appropriation to bonus and welfare fund for the financial year ended 31 December 2023. As a result, basic earnings per share are calculated based on estimates excluding 2023 appropriation to bonus and welfare fund. The actual amount of distribution to the bonus and welfare fund for the financial year ended 31 December 2023 will be approved during the 2024 General Meeting of Shareholders and therefore the basic earnings per share may differ from the figures set out above.

### Number of ordinary shares for calculation of basic earnings

According to VAS 30 – Earnings per share, the Bank retroactively adjusts “Basic earnings per share” for all financial years if the number of ordinary shares in circulation increases due to capitalization, issuance of bonus shares, stock splitting or decreases due to stock pooling, including changes occurring after the end of the financial year but before the date of the consolidated financial statements. As a result, basic earnings per share for the year ended 31 December 2023 are restated because of the following events:

- According to Resolution No. 16/NQ-HDQT dated 20 June 2023, Board of Directors of the Bank decided to issue shares to pay dividends at the rate of 18% from profits after tax in 2022 and the last registration date was on 25 July 2023. On 02 August 2023, the Bank completed the issuance of an additional 552,014,917 shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**Details of common shares for calculation of basic earnings as follows:**

	Current year	Prior year (Restated)
	VND Million	VND Million
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	3,618,901,927	3,618,901,927
<b>Weighted average number of ordinary shares for the purpose of calculating basic earnings per share</b>	<b>3,618,901,927</b>	<b>3,618,901,927</b>

**Basic earnings per share**

	Current year	Prior year (Restated)
	VND Million	VND Million
<b>Earnings per share</b>	<b>2,024</b>	<b>2,107</b>

The basic earnings per share for the year ended 31 December 2022 are restated as followed:

	Current year	Prior year (Restated)
	VND Million	VND Million
Profit for the year attributable to common shareholders (VND Million)	7,728,918	7,623,918
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Share)	3,067,383,196	3,618,901,927
<b>Basic earnings per share (VND)</b>	<b>2,520</b>	<b>2,107</b>

**37. CASH AND CASH EQUIVALENTS**

	Closing balance	Opening balance
	VND Million	VND Million
Cash	1,370,849	1,897,545
Balances with the State Bank of Vietnam	54,763,646	15,145,862
Current deposits at other credit institutions	11,894,463	32,874,344
Deposits at other credit institutions with terms not exceeding 3 months	42,830,828	19,582,341
	<b>110,859,786</b>	<b>69,500,092</b>

### 38. EMPLOYEE'S INCOME

	Closing balance	Opening balance
	VND Million	VND Million
<b>I. Total average number of employees during the year (person)</b>	<b>7,567</b>	<b>9,073</b>
<b>II. Employees' income (VND Million)</b>		
1. Total income	2,088,908	2,428,437
2. Average monthly income per employee	23.01	22.30

### 39. ASSETS, VALUABLE PAPERS AS MORTGAGES, PLEDGES AND DISCOUNTS, REDISCOUNTS

#### 39.1. Assets, valuable papers received as mortgages, pledges and discounts, rediscounts

	Closing balance	Opening balance
	VND Million	VND Million
Real estate	518,813,814	437,758,779
Movable assets	43,664,138	45,756,474
Valuable papers	55,063,096	54,473,475
Other assets	462,899,433	484,846,057
	<b>1,080,440,481</b>	<b>1,022,834,785</b>

#### 39.2. Assets, valuable papers used as mortgages, pledges and discounts, rediscounts

	Closing balance	Opening balance
	VND Million	VND Million
Investment securities	10,000	12,176,000
	<b>10,000</b>	<b>12,176,000</b>

### 40. TRUST, ENTRUST AND AGENCY ACTIVITIES FOR CREDIT INSTITUTIONS

#### 40.1. Trust activities

	Closing balance	Opening balance
	VND Million	VND Million
Undue loan	4,379,989	4,787,546
Interest from credit granting activities under the trust agreement	241	311
	<b>4,380,230</b>	<b>4,787,857</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the year ended 31 December 2023 (Continued)

**40.2 Trusted and agency activities**

	Closing balance	Opening balance
	VND Million	VND Million
Loan from risk-free trusted fund operation	5,585,952	3,452,319
	<b>5,585,952</b>	<b>3,452,319</b>

**41. OTHER OFF-BALANCE SHEET ACTIVITIES FOR WHICH CREDIT INSTITUTIONS ARE SUBJECT TO SIGNIFICANT RISKS**

	Closing balance	Opening balance
	VND Million	VND Million
<b>Contingent liabilities</b>		
Credit guarantees	55,050	23,856
<b>Commitments</b>	-	-
Foreign exchange transactions commitments	15,454,640	38,872,143
<i>Buying foreign currency commitments</i>	805,070	6,324,654
<i>Selling foreign currency commitments</i>	814,380	3,074,583
<i>Cross currency swap contracts</i>	13,835,190	29,472,906
Letters of Credit	5,085,207	19,146,337
Other guarantees	18,477,630	16,035,382

**42. UNCOLLECTED INTEREST INCOME AND FEES**

	Closing balance	Opening balance
	VND Million	VND Million
Uncollected loan interest	9,479,493	6,903,123
Uncollected interest from securities	636,328	166,775
Uncollected fees	242	242
	<b>10,116,063</b>	<b>7,070,140</b>

#### 43. BAD DEBTS WRITTEN-OFF

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
Principals of written off bad debts under observation	17,017,207	15,560,184
Interests of written off bad debts under observation	16,488,280	19,262,114
Other written off bad debts	37,174	-
	<b>33,542,661</b>	<b>34,822,298</b>

#### 44. OTHER PROPERTIES AND VALUABLE PAPERS

	Closing balance	Opening balance
	VND Million	VND Million
Precious metals, gemstone in custody	29,879	26,988
Other assets in custody	2,298,517	2,163,938
Outsourced assets	(*)	(*)
Other preserved valuable papers	201,772	1,965,989
	<b>2,530,168</b>	<b>4,156,915</b>

(\*) The Bank cannot value outsourced assets.

#### 45. RELATED PARTY TRANSACTIONS AND BALANCES

##### *List of related parties which have significant balances and transactions during the year*

Related party	Relationship
SHB Finance Company Limited ("SHB FC")	Associate (from 09 June 2023) and subsidiary (until 08 June 2023)
T&T Group Joint Stock Company	Major shareholder
Saigon- Hanoi Insurance Corporation	Shared key management members
Saigon - Hanoi Securities Joint Stock Company	Shared key management members

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For the year ended 31 December 2023 (Continued)

Details of significant balances with related parties during the year ended 31 December 2023 are as follows:

	Receivables/ (Payables)	
	Closing balance	Opening balance
	VND Million	VND Million
<b>SHB FC</b>		
- Contributed capital	500,000	1,000,000
- Demand and term deposits received	(175,015)	(114,100)
- Demand and term deposits	1,970,000	3,123,500
- Accrued interest payables on deposits	(18)	(21)
- Accrued interest receivables on deposits	7,100	25,878
<b>T&amp;T Group Joint Stock Company</b>		
- Capital contribution received	(3,618,885)	(3,066,852)
- Demand deposits and term deposits received	(769,387)	(202,230)
- Accrued interest payables on deposits	(240)	(1,044)
<b>Saigon- Hanoi Insurance Corporation</b>		
- Contributed capital	42,857	42,857
- Demand deposits and term deposits received	(1,121,995)	(470,001)
- Accrued interest payables on deposits	(14,572)	(4,554)
<b>Saigon - Hanoi Securities Joint Stock Company</b>		
- Demand deposits and term deposits received	(2,982,979)	(8,143,061)
- Accrued interest payables on deposits	-	(69,354)
- Loans	-	111,000
- Accrued interest receivables on loans	-	274

Details of salaries and allowances of the members of the Board of Directors, Board of Supervisors and Board of Management are as follows:

	Current year	Prior year
	VND Million	VND Million
Board of Directors	14,011	12,665
Board of Supervisors	4,620	4,421
Board of Managements	22,307	22,482

**46. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS AS AT 31 DECEMBER 2023**

	Total loan balance	Total deposits	Credit commitments	Derivatives (Difference between Debit - Credit)	Trading and investment securities (Difference between Debit - Credit)
	VND Million	VND Million	VND Million	VND Million	VND Million
Domestic	433,542,606	500,382,667	23,240,197	(97,152)	40,060,547
Overseas	13,762,974	12,406,849	377,690	-	-
	<b>447,305,580</b>	<b>512,789,516</b>	<b>23,617,887</b>	<b>(97,152)</b>	<b>40,060,547</b>

## 47. SEGMENT REPORTS

A business segment is a distinguishable component of the Bank that is engaged in providing products and services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component the Bank that is engaged in providing products and services and that is subject to risks and returns that are different from those of components operating in other economic environments.

Primary segment report of the Bank is business segment report; secondary segment report of the Bank is geographical segment report.

### Business segment report

ITEMS	Credit	Investment	Services	Treasury	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Business segment income</b>					
Interest and similar income	52,543,166	3,600,744	-	1,445,481	57,589,391
Income from services	-	-	912,654	-	912,654
Net gain from trading foreign currencies	-	282,207	-	-	282,207
Net gain from trading securities	-	11,122	-	-	11,122
Net gain from investment securities	-	27,981	-	-	27,981
Other income	-	-	433,636	-	433,636
Income from capital contribution, share purchase	-	743,171	-	-	743,171
<b>At 31 December 2023</b>					
<b>Assets</b>	<b>464,448,082</b>	<b>42,229,138</b>	<b>12,595,650</b>	<b>111,227,815</b>	<b>630,500,685</b>
1. Segment assets	452,187,025	42,172,446	190,285	110,934,045	605,483,801
2. Allocated assets	12,261,057	56,692	12,405,365	293,770	25,016,884
<b>Liabilities</b>	<b>(2,370,704)</b>	<b>(4,953)</b>	<b>(1,134,617)</b>	<b>(576,892,131)</b>	<b>(580,402,405)</b>
1. Segment liabilities	(1,299,343)	-	(50,652)	(576,866,462)	(578,216,457)
2. Allocated liabilities	(1,071,361)	(4,953)	(1,083,965)	(25,669)	(2,185,948)

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**Geographical segment report**

ITEMS	Northern	Southern	Central	Overseas	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Business segment income</b>					
Interest and similar income	14,497,899	3,396,273	811,439	579,742	19,285,353
Net gain from services	298,975	214,760	22,393	8,799	544,927
Net gain from trading foreign currencies	244,126	32,064	5,054	963	282,207
Net gain/(loss) from trading securities	11,122	-	-	-	11,122
Net gain/(loss) from investment securities	22,871	4,429	681	-	27,981
Net gain from other activities	406,225	17,146	2,430	7,835	433,636
Income from capital contribution, share purchase	743,171	-	-	-	743,171
Operating expenses	(3,632,683)	(867,863)	(406,686)	(144,307)	(5,051,539)
<b>Net profit from operating expenses before provision</b>	<b>12,591,706</b>	<b>2,796,809</b>	<b>435,311</b>	<b>453,032</b>	<b>16,276,858</b>
Provision expenses for credit losses	(6,194,524)	(693,241)	(34,262)	(115,810)	(7,037,837)
<b>Profit before Tax</b>	<b>6.397.182</b>	<b>2.103.568</b>	<b>401.049</b>	<b>337.222</b>	<b>9.239.021</b>

ITEMS	Northern	Southern	Central	Overseas	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Assets</b>					
Cash, gold and gemstones	831,423	361,809	131,591	46,026	1,370,849
Balances with the State Bank of Vietnam ("SBV")	53,347,176	10,677	10,124	1,395,669	54,763,646
Placements with and loans to other credit institutions	63,067,896	1,453	2,599	476,980	63,548,928
Loans to customers	322,906,810	74,761,833	18,469,143	13,224,943	429,362,729
Financial investment	40,270,850	-	-	-	40,270,850
Fixed assets	5,134,868	61,494	27,333	5,721	5,229,416
Other assets	2,132,683	17,487,772	15,698,744	635,068	35,954,267
<b>TOTAL ASSETS</b>	<b>487,691,706</b>	<b>92,685,038</b>	<b>34,339,534</b>	<b>15,784,407</b>	<b>630,500,685</b>
<b>Liabilities</b>					
Deposits and borrowings from the Government and the SBV and other credit institutions	62,608,100	78	51	9,491,723	72,099,952
Deposits from customers	323,666,778	88,268,231	32,653,291	2,915,126	447,503,426
Other mobilization	36,362,582	4,401,428	3,766,104	-	44,530,114
Other liabilities	11,090,199	2,348,324	1,019,036	1,811,354	16,268,913
<b>TOTAL LIABILITIES</b>	<b>433,727,659</b>	<b>95,018,061</b>	<b>37,438,482</b>	<b>14,218,203</b>	<b>580,402,405</b>

#### **48. RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS**

SHB's vision is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (in terms of deposit products and valuable papers issued) and investments in high quality financial assets have become key activities to help SHB gain necessary interest rate gaps. From risk management perspective, SHB is required to maintain the structure of assets, liabilities, and equity (including balance sheet items and off-balance sheet items) for the purpose of ensuring safety and mitigating risks in banking activities. In addition, SHB has invested in securities or granted credit facilities to other banks. The risks related to currency and interest rates have been managed through applying position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimize risks. By holding various assets being high-quality financial instruments, the structure of SHB's consolidated statement of financial position helps shield SHB from significant risks during its business processes and ensures liquidity. In addition, SHB has also been involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, SHB has adopted the Credit Handbook which provides in detail the lending policies and procedures as well as implementation guidance on standardization of SHB's credit activities. Liquidity risk is limited by holding appropriate amounts of cash and cash equivalents as Nostro accounts (current placements at other credit institutions), term deposits at the SBV and other credit institutions and valuable papers. The safety ratio with risk factors taken into account are also used to manage liquidity risk. SHB has regularly assessed interest rate gaps, compared to the gaps of domestic markets and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the development of the Centralised Capital Management System and Centralised Payment System in which all capital and payment transactions of SHB are executed by the Head Office. Such centralisation has also helped SHB to monitor capital movements more effectively and reduce any possible errors and unnecessarily complicated procedures.

#### **49. CURRENCY RISK**

Currency risk arises when the value of a financial instrument fluctuates due to changes in foreign exchange rates. SHB was incorporated and operated in Vietnam, with Vietnamese Dong as its reporting currency. The major currency in which SHB transacts is Vietnamese Dong. SHB's loans and advances were mainly denominated in Vietnamese Dong and United States Dollar. However, some of SHB's other assets are in currencies other than Vietnamese Dong and United States Dollar. SHB's management has set limits on positions by currency based on the internal risk assessment system of SHB and regulations of the SBV. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

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The book values of the Bank's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2023 are as follows:

ITEMS	EUR	USD	Other	Total
	equivalent	equivalent	currencies	
	VND Million	VND Million	equivalent	VND Million
			VND Million	
<b>Assets</b>				
Cash, gold and gemstone	26,647	213,902	14,263	254,812
Balances with the State Bank	169,305	6,160,431	426,856	6,756,592
Placements with and loans to other credit institutions (*)	94,220	1,859,471	94,788	2,048,479
Loans to customers (*)	648,054	12,568,876	1,816,201	15,033,131
Fixed assets	-	5,180	3,050	8,230
Other assets (*)	278	10,039,543	57,370	10,097,191
<b>Total assets</b>	<b>938,504</b>	<b>30,847,403</b>	<b>2,412,528</b>	<b>34,198,435</b>
<b>Liabilities and owners' equity</b>				
Deposits and borrowings from other credit institutions	-	15,861,206	416,605	16,277,811
Deposits from customers	108,945	9,132,999	779,786	10,021,730
Derivative financial instruments and other financial liabilities	169,142	549,209	18,498	736,849
Grants, trusted funds and borrowings at risk of the credit institution	648,054	257,301	-	905,355
Other liabilities (*)	-	2,157,832	37,718	2,195,550
Capital and reserves	-	1,378,064	726,404	2,104,468
<b>Total liabilities and owners' equity</b>	<b>926,141</b>	<b>29,336,611</b>	<b>1,979,011</b>	<b>32,241,763</b>
<b>Balance sheet currency position</b>	<b>12,363</b>	<b>1,510,792</b>	<b>433,517</b>	<b>1,956,672</b>
<b>Off-balance sheet currency position</b>	<b>-</b>	<b>(98,773)</b>	<b>1,419</b>	<b>(97,354)</b>
<b>Total currency position</b>	<b>12,363</b>	<b>1,412,019</b>	<b>434,936</b>	<b>1,859,318</b>
<b>Profit before Tax</b>	<b>12.363</b>	<b>1.412.019</b>	<b>434.936</b>	<b>1.859.318</b>

(\*) Excluding provision.

**50. INTEREST RATE RISK**

SHB's operation are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in different amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

SHB adopts an interest risk measurement method for all assets – liabilities items with respect to interest income. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show SHB's assets and liabilities categorized by the contractual re-pricing or maturity date and the interest rates at the end of the consolidated financial reporting.

Time limit for repricing of interest rates is the remaining period from the date of the consolidated financial reporting to the most recent repricing of interest rates of assets and equity items.

The table below shows the Bank's exposure to interest rate risk as at 31 December 2023:

	Overdue		Current							Total
	Non - interest bearing	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	
<b>Assets</b>										
Cash, gold and gemstone										1,370,849
Balances with the State Bank										54,763,646
Placements with and loans to other credit institutions (*)				53,026,255	5,041,192	5,408,467	73,014	118,410		63,667,338
Trading securities (*)	3,880				5,200,730	2,648,542				7,853,152
Loans to customers (*)		13,254,425	8,518,218	146,490,857	230,841,901	13,869,196	11,549,949	9,970,496	3,969,105	438,464,147
Investment securities (*)	29,454	526,536			3,181,108	6,356,597		1,903,871	20,209,829	32,207,395
Capital contribution, long-term investments (*)	501,444									501,444
Fixed assets	5,229,416									5,229,416
Other assets (*)	25,894,918	41,726		774,229	2,533,798	3,255,168	3,540,830			36,040,669
<b>Total assets</b>	<b>87,793,607</b>	<b>13,822,687</b>	<b>8,518,218</b>	<b>200,291,341</b>	<b>246,798,729</b>	<b>31,537,970</b>	<b>15,163,793</b>	<b>11,992,777</b>	<b>24,178,934</b>	<b>640,098,056</b>
<b>Liabilities</b>										
Borrowings from the Government and the SBV					10,077	78,485	1,245,096			1,333,658
Deposits and borrowings from other credit institutions				49,306,398	12,595,279	3,989,749	4,404,159	469,548	1,161	70,766,294
Deposits from customers				103,210,130	91,013,525	114,846,899	80,670,976	57,761,765	131	447,503,426
Derivative financial instruments and other financial liabilities	97,152									97,152
Grants, trusted funds and borrowings at risk of the credit institutions				1,768	37,324	51,557	345,232	597,774	577,580	1,611,235

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Valuable papers issued	-	4,994,764	8,815,984	11,092,093	15,470,771	15	2,448,100	42,821,727
Other liabilities (*)	16,268,913	-	-	-	-	-	-	16,268,913
<b>Total liabilities</b>	<b>16,366,065</b>	<b>157,513,060</b>	<b>112,472,189</b>	<b>130,058,783</b>	<b>102,136,234</b>	<b>58,829,102</b>	<b>3,026,972</b>	<b>580,402,405</b>
Balance sheet net interest gap	71,427,542	13,822,687	134,326,540	(98,520,813)	(86,972,441)	(46,836,325)	21,151,962	59,695,651
Off-balance sheet commitments affecting to sensitivity with assets and liabilities' interest rate	(220)	-	-	-	-	-	-	(220)
<b>Total net interest rate gap</b>	<b>71,427,322</b>	<b>13,822,687</b>	<b>134,326,540</b>	<b>(98,520,813)</b>	<b>(86,972,441)</b>	<b>(46,836,325)</b>	<b>21,151,962</b>	<b>59,695,431</b>

(\*) Excluding provision.

## **51. LIQUIDITY RISK**

Liquidity risk arises during the general funding of SHB's activities and in the management of currency positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risks of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

SHB adopts a risk measurement method that is suitable for its operation scale and the availability of the information system, ensuring meeting the requirements for the risk mitigation. It includes indicators related to cash flows, ability of capital mobilization, and ability of asset liquidity of SHB. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following table provides an analysis of the assets and liabilities of SHB in terms of relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the appendix to the contracts which may exist.

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For the year ended 31 December 2023 (Continued)

The following table presents the Bank's liquidity risks as at 31 December 2023:

	Overdue		Current		Total	
	Over 03 month	Within 03 months	Within 01 month	From 01 to 03 months		From 01 to 05 years
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
<b>Assets</b>						
Cash, gold and gemstone	-	-	1,370,849	-	-	1,370,849
Balances with the State Bank	-	-	54,763,646	-	-	54,763,646
Placements with and loans to other credit institutions (*)	-	-	53,026,255	5,041,192	118,410	63,667,338
Trading securities (*)	-	-	3,880	-	-	7,853,152
Loans to customers (*)	13,254,425	8,518,218	29,297,226	59,866,290	117,468,421	438,464,147
Investment securities (*)	526,536	-	-	659,308	4,054,856	32,207,395
Capital contribution, long-term investments (*)	-	-	-	-	-	501,444
Fixed assets	-	-	1,685,238	11	112,770	3,430,148
Other assets (*)	41,726	-	25,920,891	2,647,561	312,511	36,040,669
<b>Total assets</b>	<b>13,822,687</b>	<b>8,518,218</b>	<b>166,067,985</b>	<b>68,214,362</b>	<b>128,447,807</b>	<b>132,960,029</b>
						<b>640,098,056</b>
<b>Liabilities</b>						
Borrowings from the Government and the SBV	-	-	-	10,077	-	1,333,658
Deposits and borrowings from other credit institutions	-	-	48,332,878	8,944,579	5,093,768	70,766,294
Deposits from customers	-	-	106,868,129	87,350,207	57,765,558	447,503,426
Derivative financial instruments and other financial liabilities	-	-	(4,988)	30,781	-	97,152
Grants, trusted funds and borrowings at risk of the credit institution	-	-	1,768	37,324	597,774	1,611,235
Valuable papers issued	-	-	2,644,327	4,234,392	11,707,646	42,821,727
Other liabilities (*)	-	-	16,268,913	-	-	16,268,913
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>174,111,027</b>	<b>100,607,360</b>	<b>218,900,028</b>	<b>580,402,405</b>
<b>Net liquidity difference</b>	<b>13,822,687</b>	<b>8,518,218</b>	<b>(8,043,042)</b>	<b>(32,392,998)</b>	<b>46,902,222</b>	<b>59,695,651</b>

(\*) Excluding provisions.

## 52. CREDIT RISK

Credit risk is the possibility that the Bank may incur losses because its customers do not perform or fail to perform their contractual obligations. The Bank controls and manages credit risk by setting credit limits based on the risk tolerance level that the Bank specifies for individual customers and each industry and setting up the medium and long-term credit limit suitable for the structure of mobilization.

The Bank has established a credit quality review process to provide early identification of possible changes in financial position, repayment ability of debtors based on qualitative and quantitative factors. Credit limit for each customer is determined by the use of the credit scoring system, in which each customer is classified at a certain risk level. Customer's risk level is updated regularly. The Bank controls and manages credit risk by establishing an authorization limit for each branch based on its credit portfolio quality, management capability and geographical potentiality.

The Bank has developed a number of customer policies in order to select good customers and have suitable and consistent policies applicable to each customer. The Bank has developed a diversified range of products to meet customers' demands and established credit appraisal and approval procedures at branches and the Head Office for consistent implementation in the Bank's entire system to mitigate operational risks. In addition, in order to strengthen secured methods for loans and minimize operational risks, the Bank has also issued detailed guidance on guarantees for loans.

### Overdue and unimpaired financial assets

Overdue and unimpaired financial assets of the Bank mainly include loans classified from Group 2 to Group 5 and overdue receivables which have full collaterals, including real estate, valuable papers and other types of collaterals in accordance with Circular 11.

As at 31 December 2023, overdue and unimpaired financial assets are as follows:

	Overdue			
	10-90 days	91-180 days	181-360 days	Over 360 days
	VND Million	VND Million	VND Million	VND Million
Loans to customers	1,106,301	55,530	111,648	403,936

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**Credit quality for assets with credit risk is fallen within the debt classification scope of Circular 11**

Detailed analysis of credit quality for assets with credit risk in accordance with Circular 11 of the Bank is described below:

Summary of debt group according to Circular 11	Closing balance	Opening balance
	VND Million	VND Million
Current loans	492,259,480	422,257,960
Special-mentioned loans	8,532,749	6,735,687
Sub-standard loans	1,287,643	1,611,827
Doubtful loans	2,496,596	1,898,472
Loss loans	10,102,926	7,442,451
<b>Total debt according to Circular 11</b>	<b>514,679,394</b>	<b>439,946,397</b>
Bad debt	13,887,165	10,952,750
Bad debt ratio	2.70%	2.49%

**53. OPERATING LEASE COMMITMENTS**

	Closing balance	Opening balance
	VND Million	VND Million
Within 1 year	245,563	159,672
From 2 years to 5 years inclusive	532,735	745,231
After 5 years	63,696	441,383
	<b>841,994</b>	<b>1,346,286</b>

**54. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE YEAR**

	Closing balance	Opening balance
	VND	VND
USD	24,338	23,500
EUR	26,848	24,770
GBP	30,974	28,402
CHF	28,792	25,514
JPY	172	178
SGD	18,412	17,549
AUD	16,597	15,983
HKD	3,105	3,024
CAD	18,331	17,401
CNY	3,421	3,392
LAK	1.809	1.3598
XAU	7,451,000	6,631,000

## 55. SUBSEQUENT EVENTS

Resolution No. 01/NQ-DHDCD of the 31st Annual General Meeting of Shareholders dated 11 April 2023 and Resolution No. 24/NQ-HDQT dated 02 October 2023 approved and confirmed to issue SHB's ESOP shares. According to the Report on the results of the SHB's ESOP share issuance No. 567/CV-SHB dated 21 February 2024 and Official letter No. 1188/UBCK-QLCB dated 27 February 2024 of State Securities Commission, the Bank distributed 43,510,429 shares to employees with total money received from issuance is VND 435,104.29 million and opened the blocked bank account on 05 March 2024.

## 56. COMPARATIVE FIGURES

The comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2022.

Certain representations have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

Off- balance sheet items	Opening balance (Previously presented in the consolidated financial statements for the year ended 31 December 2022	Adjustment (*)	Opening balance (Restated)
	VND Million	VND Million	VND Million
Receivables	37,702,381	(8,476,035)	29,226,346
Other payables	11,169,561	(8,476,035)	2,693,526

Off- balance sheet items	Opening balance (Previously presented in the consolidated financial statements for the year ended 31 December 2022	Adjustment (*)	Opening balance (Restated)
	VND Million	VND Million	VND Million
Bad debts written-off	33,087,997	1,734,301	34,822,298

(\*) This includes offsetting receivables and payables from interbank fast fund transfers via Napas.

Prepared by



**Do Thanh Phuong**  
Head of Accounting and General  
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Reviewed by



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Chief Executive Director

29 March 2024

**SAIGON - HANOI BANK**

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