



# **ADVANCE WITH NATIONAL PROSPERITY**

**ANNUAL REPORT 2022**



The Dragon - the Qilin - the Turtle - the Phoenix, otherwise named as “Four Holy creatures”, represent blessings and good luck in fengshui practice and Vietnamese folk religion. “Four combined, sacred appearance” is characterized by the harmonization of the four Holy creatures as well as the four pillars that stay inseparable, symbolizing our country’s sustainable growth and prosperity.

During the development journey, each country endeavours to achieve the harmonization of inseparable pillars as People Development - Economic Growth - Cultural Heritage - Social Value perfectly symbolized by “Four Holy creatures”. These are also the four pillars that SHB has extensively cultivated throughout 30 years accompanying Vietnam growth.

Out of the above-mentioned factors, it is the “People” factor that influences, connects and promotes the other values. People development is strongly linked to the Vision and Strategy at all growth stages. SHB is led by the six overarching values that are Heart - Faith - Trustworthiness - Knowledge - Wisdom - Prestige.

Undergoing 30 years of establishment and growth, SHB resolutely follows the guiding principles: Heart is the root for action to achieve higher Prestige together with the country.

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SHB is sustaining a more advantageous position and greater strength than ever. Fueled by the trust and support of the Valued clients, partners, shareholders and investors, SHB is determined and confident to fulfill the transformation goals and realize the objective of becoming Top performing bank in Vietnam, the leading retail bank in the region and Vietnam's most popular digital bank in the next 5 years.

Chairman  
Do Quang Hien



## MESSAGE OF THE CHAIRMAN OF THE BOD

### Dear Valued clients, partners, shareholders and investors,

On behalf of the Board of Directors, the Board of Supervisors, and the Board of Management and all staff of SHB, I would like to express our profound gratitude to the Valued clients, partners, shareholders and investors for your trust and support throughout our 30-year journey.

Your trust and support have become invaluable in the context of the turbulent and challenging 2022. Thanks to the mutual co-operation, we are able to overcome the difficulties and expand the success to contribute more effectively to the national prosperity.

SHB's success is demonstrated by a number of amazing results. The bank continues to be ranked in Top 5 private commercial joint stock bank in Vietnam. As of December 31, 2022, the total assets of SHB equal VND 550,904 billion; Tier 1 capital in line with Basel II standards VND 62,577 billion; total customer deposit VND 478,015 billion; total loan outstanding is equivalent to VND 398,819 billion.

Business performance of SHB continually improves as Total operating income in 2022 reaches VND 19,341 billion; pre-tax profit equivalent to VND 9,690 billion approximately 54% growth compared to 2021. Capital adequacy, liquidity, and risk management ratio all exceed regulatory requirements prescribed by the State Bank of Vietnam (SBV) and international standards.

SHB keeps on the right track to become the top performing bank in Vietnam with Returns on equity (ROE) in 2022 equal to 24.7% and the banking sector's lowest cost-to-income (CIR) ratio 22.7%.

In order to satisfy shareholders' interest and expectation, the dividend payout ratio is 18% - the highest ratio in the past years. During its operation, SHB remains as one of a few regular dividend-paying commercial banks.

Having finished all 3 pillars of Basel II ahead of schedule, in the past year SHB prepares for adopting Foundation IRB (FIRB) approach and International Financial Reporting Standards (IFRS) to promote sustainable and comprehensive growth strategy and further foster the foundation for risk management and more effective capital use.

Thanks to continuous efforts in strengthening financial capacity and promoting business efficiency, SHB's reputation and position have been recognized and honored by international organizations in the past year. Moody's has rated SHB at B1, positive outlook. Many large financial institutions such as the WB, ADB, and IFC... enhance cooperation by providing SHB higher and higher value of grants and loans.

In 2022, SHB also carries out the final step to divest SHB Finance to Krungsri Bank of Thailand (a strategic member of MUFG Group - Japan). This capital transfer agreement will bring about a significant capital surplus to serve business growth and investment in 2023.



**Along with improving financial capacity, applying international standards in operations and risk management, the radical digital transformation process of the past two years is establishing increasingly dynamic and flexible foundations to adapt to ever changing environment and expand the digital eco-system facilitating the modern and effective retail banking strategy.**

Year 2022 marks the radical transformation of SHB in its comprehensive digitization and modernization strategy when more than 30 new digital products, features, utilities and many digitization projects have been launched. The digital transformation strategy not only directly promotes business activities but also constantly improves the customer experience and further optimizes the operation.

In the digitization strategy, SHB has invested extensively to upgrade Core Banking, card system and implement investment banking, LOS, Omni Channel system... Besides, SHB has cooperated with leading fintech enterprises in the world, expanding cooperation with various service partners to promote digital transformation and develop a thick digital ecosystem. Particularly in 2023, SHB is working on a totally new digital platform branded as SHB SAHA utilizing leading technology on the market.

Digital transformation with the focus on digital culture also contributes to a modern, professional and innovative workplace at SHB. Along with a competitive compensation package, this is one of the talent attractions for SHB to continue to consolidate and develop its human resources in the past year as well as preparing the ground for upcoming successes.

On the journey of those successes, overcoming arching challenges, SHB more than ever appreciates the patronage of the Valued Clients, partners, shareholders and investors.

Many community activities and customer support programs have been actively implemented by SHB in the past year to embrace the corporate social responsibility and continue as the transcending corporate value in the 30-year journey of SHB and in the future.

Highly appreciated by many prestigious domestic and international organizations, the bank is honored as "The Best Socially responsible bank in Vietnam" in addition to many awards and ranks in Top most effective banks in Vietnam, Top 50 best enterprises in Vietnam, Top 500 most valuable banking brands in the world...

**2023 marks the 30<sup>th</sup> year of SHB's establishment. Overcoming numerous difficulties and challenges on the journey, we remain steadfast with the six guiding values: Heart - Faith - Trustworthiness - Knowledge - Wisdom - Prestige that have led our people's mind and actions.**

## Ladies and Gentlemen,

SHB has stepped into the second year of transformation period between 2022 and 2027. Each member of the Board of Directors and the Board of Management, each employee in the whole Bank, every single operation process, market segment and product are all under the rising pressure to transform extensively. The ultimate objective of this process is to optimize operational efficiency. Thereby, SHB will deliver more values to customers and partners and satisfy the best interests for shareholders and investors.

The transformation strategy of SHB adheres to four key pillars: Institutional and policy reform; Customer and market-centricity; Human resources development; Modern information technology platform and digital transformation. With the trust, support and patronage of customers and partners, shareholders and investors, SHB is determined and confident to successfully implement this transformation strategy, realizing the goal of becoming top performing bank in Vietnam, the leading modern retail bank in the region and the most popular digital bank in Vietnam in the next 5 years.

In 2023, SHB plans to increase its charter capital to over VND 36,600 billion, consolidating its position in the Top 5 private commercial joint stock banks in Vietnam. Key performance indicators grow by up to 15%, dividend payout ratio is ensured; credit quality is strictly monitored in line with sustainable growth requirements and international operational standards.

2023 marks the 30<sup>th</sup> year of SHB's establishment. Overcoming numerous difficulties and challenges on the journey, we remain steadfast with the six guiding values: Heart - Faith - Trustworthiness - Knowledge - Wisdom - Prestige that have led our people's mind and actions.

Taking people as the center, taking the heart as the root, from thoughts to actions of SHB people all come dedicate from the heart and dedication. Regardless of the circumstances, the Heart guides all activities of the bank operation and, keeping seriously adhering to our Code of the business ethics with partners and customers, being kind to the community social responsibility and humane to employees people-centric human resources policy and colleagues.

From the Heart to create trust and confidence. In order to have restore success like today as well as in the future, first of all, each an every SHB person employee first nurtures their self-chas faith and ability in themselves confidence and capability and then, faith in the mission and strategy of the bank. And We always keep in mind that each successful step is closely tied to determined and sustained by the trust of customers and shareholders, which form the for sustainability. That trust is the most valuable asset that we always keep in mind and preserve to build a solid reputation in the market to affirm our Prestige in the market.

Moving to advance forward together, to overcome difficulties and challenges, to have formulated a sound vision and strategy, seize the opportunities for sustainable development, each SHB person employee is well aware of the requirement of constantly fostering and accumulating. Their knowledge, understanding, knowledge, associated with skills and experience... Along with that, always have to practice wisdom, bravery to face challenges, dare to do the impossible to break through, use wisdom to create turning points in the development process. Furthermore, we shall constantly sharpen the mind and fearlessness spirit to readily face with challenges and do the impossible that can create turning points during the course of business growth.

With those guiding values, taking Mind as the root to reach Reach, with the close companionship of customers and partners, shareholders and investors. We believe that SHB will continue to conquer new heights after its 30-year journey full of pride, just now.

**Best regards,**

**Chairman of the Board of Directors**



**Do Quang Hien**

# HEART THE ROOT OF SUCCESS



Each of the Four Holy Creatures embodies a critical factor in developing the country. That all four factors develop in a balanced and harmonized manner sets the foundation for a robust growth.

On the past 30 years journey and further, the “Four Holy Creatures” that SHB defines and aims to achieve is to harmonize the values of the four pillars of People - Economy - Culture - Society in which Human is the decisive factor.

SHB’s people are led by 6 guiding values: “**Heart - Faith - Trustworthiness - Knowledge - Wisdom - Higher range**”. Taking Dedication as the root, linking and resonating with other values to create a strong foundation for the Bank towards sustainable successes and reaching the New Height and national prosperity.



*Can Tho Province - In 1993, Nhon Ai Rural Bank, the predecessor of SHB was established.*



## OBJECTIVES AND VISION

# 2027

By 2027, together with drastic digital transformation, SHB will strive to become the No. 1 bank in terms of efficiency and technology innovation among commercial banks in Vietnam.

# 2035

Vision to 2035, SHB shall become a top modern retail bank in the region; an effective investment bank financing key sectors of the Vietnamese economy.

**SHB has been working with the world's leading consultants to design and execute competitive differentiation strategies and appropriate at different times to accelerate realization of those goals.**

## MISSION



Become the most trusted financial solution provider for customers thanks to friendliness, understanding and sharing on each customer's journey through a comprehensive and unique system of product and service solutions that deliver value for each smallest customer need.



Creating an ideal working environment where each employee as a cell of the enterprise is respected, learns and fully develops for the Bank's development and personal success.



Protecting interests, delivering long-term values to shareholders through the implementation of different business strategies towards sustainable growth.

## 6 GUIDING VALUES

### HEART - FAITH - TRUSTWORTHINESS - KNOWLEDGE - WISDOM - HIGHER RANGE

• **HEART** denotes the core of life, human existence, and is also the leading quality that places people above all other creatures. HEART is the premise and the root that determines other human qualities. At SHB, we think and act from the bottom of our heart to dedicate ourselves to the shareholders, partners and customers, to employees, to the social community.

• **FAITH** is placed in a defined objectives or credo, including the affirmed values that become the foundation and the goal to strive for. SHB people always keep the fire of "BELIEF", that is CONFIDENCE in their own capacity and ability, TRUST in the vision of the Board of Directors and the Board of Management, FAITH in the mission to create prosperity and sustainable values for the country.

• **TRUSTWORTHINESS** is a core element that characterizes human relations in all aspects of life, especially in economic relations, ensuring mutual trust in agreements. When trust spreads in the community, shareholders, customers and partners, it is also when SHB's PRESTIGE in the financial market is established and increasingly fostered.

• **KNOWLEDGE** denotes knowledge, skills and experience acquired via accumulation, learning or research leading to different levels of education and classes among individuals, organizations, enterprises, and communities. To achieve special success in the digital age, SHB people strive to cultivate knowledge of numerous fields to improve work efficiency every day.

• **WISDOM** commonly understood in the concept of "Intelligence", which has reached a systematic clarity and resulted in measurable positive impact in daily and economic activities. SHB people are proud to use WISDOM to turn challenges into opportunities in the ups and downs of the country's economy, put accumulated knowledge into practice and establish the position of the top bank in the system.

• **RANGE** is the difference in terms of level and class expressed by specific achievements, including the ability to predict the future. Over 3 decades of development, from HEART, SHB has risen to become TOP 5 commercial private joint stock banks in Vietnam, and continues to conquer new heights.

**SHB strives from the Heart, establishes FAITH, builds TRUSTWORTHINESS, accumulates KNOWLEDGE and achieves WISDOM to constantly reach higher PRESTIGE.**





## Mr. Do Quang Hien

Chairman of the Board of Directors of SHB

- Mr. Do Quang Hien was born in 1962; He graduated as a Radio-physicist from Hanoi University.
- He has worked at SHB and was elected to hold the position of Vice Chairman of the Board of Directors of SHB from 2005 to 2008. He was elected to hold the position of Chairman of the Board of Directors of SHB from 2008 to present.
- He has 39 years of experience in corporate governance and in finance and banking. He previously held the following positions: Chairman of the Board of Directors cum CEO of T&T Group Joint Stock Company, Chairman of the Board of Directors of Saigon - Hanoi Securities Joint Stock Company (SHS), Chairman of the Board of Directors of Saigon - Hanoi Insurance Company (BSH). He used to work at Hanoi Radio & Television, Hanoi Electronics Company (Hanel), National Institute of Technology.

*During his prolific career, he was recognized by the Party, State and organizations for many outstanding achievements in business, contributing to socio economic development of the country such as: First-class Labor Medal in 2019 and Second-class Labor Medal in 2013, Third-class Labor Medal in 2008 awarded by the State President of the Socialist Republic of Vietnam; "Asian Entrepreneur 2017" honored by Enterprise Asia magazine. "Outstanding Citizens of the Capital City 2018" awarded by the Hanoi People's Committee. "Typical Vietnamese businessman" awarded by Hanoi People's Committee.*



## Mr. Vo Duc Tien

Vice Chairman of the Board of Directors of SHB

- Mr. Vo Duc Tien was born in 1962; He holds a Master's degree in Economics and Advanced Political Theory.
- He has worked at SHB since 2016 and was elected to hold the position of Vice Chairman of the Board of Directors of SHB in 2017. From August 2021 to July 20, 2022, he was assigned the position of Executive Vice Chairman of the Board of Directors of the bank.
- He has 39 years of experience in banking and finance, having held senior leadership positions at Vietnam Bank for Social Policies and Branch Director of Agriculture and Rural Development of Vietnam (Agribank).



## Mr. Nguyen Van Le

Member of the Board of Directors

- Mr. Nguyen Van Le was born in 1973 and graduated with a doctorate in Economics, Banking Academy.
- He has worked at SHB since 1999 and was elected to hold the position of Member of the Board of Directors of SHB since 2000.
- He used to hold the position of CEO of SHB from 2000 to August 2021.
- He has 28 years of executive management experience in the banking and finance sector, of which more than 21 years with SHB and achieved many successes.
- He was recognized by the Party, State and reputational organizations for many outstanding achievements in business, contributing to socio economic development of the country such as: first - and second - class Labor Medal awarded by the State President; Certificate of Merit from the Prime Minister, Governor of the SBV of Vietnam (SBV); Award for excellent business manager.





### Mr. Thai Quoc Minh

Member of the Board of Directors

- Mr. Thai Quoc Minh was born in 1960; He graduated with a Master of Business Administration, Edith Cowan University Australia.
- He has worked at SHB and was elected to hold the position of Member of the Board of Directors of SHB since 2017.
- He has 39 years of experience in banking and finance. He used to hold the following positions: Member of the Board of Directors of Unitel Telecommunications Infrastructure Development and Technology Joint Stock Company; Vice Chairman of the Board of Directors of Vinaconex Trading Development Joint Stock Company; Member of the Board of Directors of Vinaconex - Viettel Finance Joint Stock Company; Vice Chairman of the Board of Directors of Vietnam Expressway Services Joint Stock Company...



### Mr. Do Quang Vinh

Member of the Board of Directors cum Deputy CEO

- Mr. Do Quang Vinh, born in 1989, holds a master's degree in Finance and Business Administration from the University of East Anglia London.
- He has worked at SHB since 2011 and was appointed Member of the Board of Directors of SHB in April 2022.
- He has 12 years of experience in banking and finance. He is currently holding Deputy CEO of SHB cum Director of Digital Banking Division.
- He was honored as "Asian outstanding entrepreneur in Financial service".



### Mr. Do Van Sinh

Independent Member of the Board of Directors of SHB

- Mr. Do Van Sinh was born in 1961. He holds an Economics Doctorate from Ho Chi Minh National Politics Institute.
- He works at SHB and was elected the Independent Member of the Board of Directors of SHB in April 2022.
- With 38 years of experience in finance management, he held many senior leadership and managing roles such as Head of Financial Planning Board/ Deputy General Director of Vietnam Social Security; He was elected the Member of the Fourteenth National Assembly for the term 2016-2021 and acted as Standing Committee - Economics Committee of the Fourteenth National Assembly (July 2016 - July 2021).



### Mr. Pham Hoa Binh

Head of the Board of Supervisors

- Mr. Pham Hoa Binh was born in 1961; He graduated with a Bachelor of Economics, majoring in Finance and Credit, Banking Academy.
- He has worked at SHB since 2006 and was appointed Head of the Board of Supervisors of SHB since 2012.
- He used to hold the position of Head of Internal Audit Department of SHB, Member of Board of Supervisors of SHB cum Head of Internal Audit; Chief Inspector of the SBV of Vietnam - Can Tho Branch, Deputy Director of Saigon Bank - Can Tho branch,... and has 33 years of experience in banking and finance.

### Ms. Le Thanh Cam

Full-time member of the Board of Supervisors

- Ms. Le Thanh Cam was born in 1967; She graduated with a Master of Business Administration - Pacific Western University, USA; Bachelor of Finance and Banking - National Economics University.
- She has worked at SHB since 2013 and was appointed a full-time member of the Board of Supervisors of SHB since 2020.
- She used to hold the position of Deputy Director of Internal Audit Division of SHB, Head of FX and Treasury Division of ABBANK, Deputy Director of Risk Management Division of Maritime bank, Director of Internal Audit of Maritime bank,... and had 33 years of experience in banking and finance.

### Mr. Vu Xuan Thuy Son

Full-time member of the Board of Supervisors

- Mr. Vu Xuan Thuy Son was born in 1981; He graduated with a Bachelor of Finance and Banking - National Economics University.
- He has worked at SHB since 2011 and was appointed a full-time member of the Board of Supervisors of SHB in April 2022.
- He used to hold the position of Deputy Head of Internal Audit Department of SHB from August 2012 to June 2016, Deputy Director of Internal Audit Division from July 2016 to April 2022 and has 20 years of experience in finance and banking industry.



## Ms. Ngo Thu Ha

CEO

- Ms. Ngo Thu Ha was born in 1973; She graduated with a doctorate in Economics, National Economics University.
- She has worked at SHB since 2008 and was appointed CEO of SHB in September 2022.
- She previously held the following positions: Deputy CEO of SHB from 2011 to August 2022 cum Director of Finance & Accounting Management Division; a member of the Board of Directors of SHBS; a member of the Member's Council of SHBFC; Director of SHAMC,... and has 29 years of experience in finance and banking industry.

## Mr. Do Quang Vinh

Deputy CEO

- Mr. Do Quang Vinh, born in 1989, holds a master's degree in Finance and Business Administration from the University of East Anglia London.
- He has worked at SHB since 2011 and was appointed member of the Board of Directors in April 2022; Deputy CEO of SHB in October 2021; cum Director of Digital Banking Division, cum Standing Vice Chairman of the Member's Council - SHB Finance Company.
- He used to hold the position of Standing Chairman of the Member's Council of SHBFC and has 12 years of experience in banking and finance.

## Mr. Le Dang Khoa

Deputy CEO

- Mr. Le Dang Khoa was born in 1974; He graduated with a Master of Business Administration, National Economics University.
- He has worked at SHB and was appointed Deputy CEO in March 2009; cum Director of Treasury & Financial Market division.
- He used to hold the position of Director of Finance & Foreign Exchange in VIB Bank and has 23 years of experience in banking and finance.

## Ms. Ninh Thi Lan Phuong

Deputy CEO

- Ms. Ninh Thi Lan Phuong was born in 1974; She graduated with a Master of Banking and Finance, Banking Academy.
- She has worked at SHB since 2007 and was appointed Deputy CEO of SHB in June 2012 cum Chairman of the Member's Council of SHAMC (SHAMC) in February 2016 cum Director of Operation Division of SHB.
- She used to hold the position of Chief Accountant and has 27 years of experience in the finance and banking.

## Ms. Hoang Thi Mai Thao

Deputy CEO

- Ms. Hoang Thi Mai Thao was born in 1973; She graduated with a Master of Economics, Banking Academy.
- She has worked at SHB since 2010 and was appointed Deputy CEO in charge of Business cum Director of Retail Banking Division; cum Member of the Member's Council of SHB Finance Company on January 8, 2021.
- She used to hold the position of Chairman of the Member's Council of SHB Finance Company, Director of the Support Division; Head of Treasury Division of SHB; Branch Manager of VPBank... and has 29 years of experience in banking and finance.

## Ms. Ngo Thi Van

Chief Accountant

Ms. Ngo Thi Van was born in 1980. She graduated with a Bachelor degree in Auditing, a Master degree in Business Administration, National Economics University; She has worked at SHB since 2008 and was appointed Chief Accountant cum Director of SHB's Accounting Department in 2014. She used to hold the position of Deputy Director of SHB Finance and Accounting and has nearly 20 years of experience in Accounting, Finance and Banking.

## Mr. Nguyen Huy Tai

Deputy CEO

- Mr. Nguyen Huy Tai was born in 1974; He graduated with a bachelor's degree in Finance from Banking Academy; Bachelor of Law, Hanoi Law University.
- He has worked at SHB since 2007 and was appointed Deputy CEO of SHB cum Director of SHB Hanoi Branch in February 2013.
- He previously held the position of Director of Problem Loan Management and Collection Division; Branch Manager at Bac A Joint Stock Commercial Bank and has 27 years of experience in banking and finance.

## Mr. Do Duc Hai

Deputy CEO

- Mr. Do Duc Hai was born in 1982; He graduated with a Bachelor of Finance and Banking, National Economics University.
- He has worked at SHB since 2012 and was appointed Deputy CEO cum Director of Van Phuc Branch on January 28, 2021, cum Director of Investment Banking Division; cum Director of Corporate Banking; Chairman of the BOD cum President of Management Board of SHB Laos,... and has 19 years of experience in banking and finance.

## Mr. Luu Danh Duc

Deputy CEO

- Mr. Luu Danh Duc was born in 1973; He had a Master's degree in Information Technology from Institute de la Francophonie pour l'Informatique (IFI).
- Joining SHB, he was appointed Deputy CEO cum Director of IT Division in September 2022.
- As a senior expert with extensive experience in both international and domestic banking technology, he used to hold the position of Chief Information Officer in Vietnam's largest corporation Vin group, Sovico Group, and VIB Bank; Deputy General Director in charge of IT at Sun Group and VETC.





## Mr. Nguyen Dinh Duong

Chief Internal Auditor

- Mr. Nguyen Dinh Duong was born in 1977; He graduated with a Master of Business Administration and a Bachelor of Law, a Bachelor of Finance & Banking.
- He has worked at SHB since 2007 and was appointed Chief Internal Auditor in 2016, the BOD member of and Chairman of the Audit Committee of SHB Laos in 2015; Vice Chairman of the BOD of SHB Laos in 2022.
- He used to hold the position of Head of Internal Audit Department, Head of SHB's Problem Loan Management and Collection Department, Head of Board of Supervisors of Saigon - Hanoi Bank Securities Company (SHBS),... and has 23 years of experience in banking and finance.

## Mr. Cao Minh Tuan

Director of Problem Loan Management Division

- Mr. Cao Minh Tuan was born in 1981; He graduated with a bachelor's degree in Business Administration.
- He joined SHB in 2008 and was appointed Director of Problem Loan Management Division in January 2023.
- During his time working at SHB, he used to hold the position of Deputy Director of Problem Loan Management Division, Director of Corporate Banking Division,... and has 19 years of experience in the field of banking and finance.

## Mr. Vu Tuan Anh

Chief Lending Officer

- Mr. Vu Tuan Anh was born in 1982; He graduated with a Bachelor's degree in Foreign Economics from Foreign Trade University.
- He, joining SHB in 2014, was appointed as Chief Lending Officer on January 17, 2023.
- He previously held the position of Acting Director of Corporate Banking division, Director of SHB Ham Long branch, Director of SHB Hanoi,... and has 18 years of experience in banking and finance industry.

## Ms. Dang Hong Thu

Chief Strategy & Transformation Officer

- Ms. Dang Hong Thu was born in 1973; She graduated with a Master of Business Administration from Oxford Brookes University.
- Joining SHB in 2019, she was appointed as Chief Strategy & Transformation Officer on February 2, 2023.
- She used to hold the position of Director of Human resources management and development division, Head of Business Planning committee, Deputy Director of Finance & Accounting Division, and other managerial roles in Citibank Vietnam, Standard Chartered Bank Vietnam, MB bank,... and has 27 years of experience in banking and finance industry.

## Mr. Luu Tien Cuong

Chief Risk Officer

- Mr. Luu Tien Cuong was born in 1978. He graduated with a Master of Business Administration from Free University of Brussels, Belgium.
- Joining SHB, he was appointed Chief Risk Officer in September 2022.
- He previously held the position of Deputy Director of Risk Management division at MBBank and ACB and has 23 years of experience in banking and finance.



BUILDING FAITH FROM HEART

## FROM VISION TO STRATEGY



Dragon - the leading Holy creature out of the Four with the highest vision and authority sows faith and guide all other animals. The image of the sacred dragon represents the initiative and strength that enables a clear vision of the future and the highest embodiment of the clear Heart, Self confidence, Trustworthiness, Wisdom and Position of the leader.

In the 30-year journey of development with the country, SHB has embraced the importance of strategic vision and pioneered to implement key national economic policies creating prosperity and sustainable values for the community and customers.

Similar to the visionary capacity of the Dragon, SHB's vision, turned into actions, has brought about numerous achievements and affirmed clients, partners, shareholders and investors' belief in a sustainable future.





# 01

## GENERAL INFORMATION

### 1. GENERAL INFORMATION

ADVANCE WITH NATIONAL PROSPERITY



#### 1.1. GENERAL INFORMATION



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

**SHB**



Business registration certificate number

**1800278630** issued by Hanoi Department of Planning and Investment



First registration

**December 10, 1993**



Registration for the 32<sup>nd</sup> change

**January 17, 2023**



Charter capital

**VND 30,673,832 million**



Equity

**VND 42,904,471 million**



Address

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Website

**[www.shb.com.vn](http://www.shb.com.vn)**



Ticker symbol

**SHB**



## 1.2. THE JOURNEY OF ESTABLISHMENT AND DEVELOPMENT - INNOVATION JOURNEY

Saigon - Hanoi Commercial Joint Stock Bank (SHB), formerly known as Nhon Ai Rural Commercial Joint Stock Bank, was established in 1993 in Can Tho. In 2006, the Bank officially changed its name to Saigon - Hanoi Commercial Joint Stock Bank (SHB), moved its headquarters from Can Tho to Hanoi and was listed on the Hanoi Stock Exchange in 2009. Up to now, the network of the bank covers nearly 50 provinces and cities with 539 domestic and foreign transaction points. Total assets of the Bank reached VND 551 trillion as of December 31, 2022, ranking in Top 5 largest commercial joint stock bank.

### 1.2.1. DATE OF ESTABLISHMENT

- SHB was established on November 13, 1993 under Decision No. 214/QĐ-NH5 and Operation License No. 0041-NH/GP of the SBV of Vietnam with the original name of Nhon Ai Rural Joint Stock Commercial Bank. Business registration certificate No. 1800278630 issued by Hanoi Department of Planning and Investment, changed for the 32<sup>nd</sup> time on January 17, 2023.

### 1.2.2. DATE OF LISTING

- SHB was listed on the Hanoi Stock Exchange according to Decision No. 399/QĐ-SGDHN and started trading on 20/04/2009.

### 1.2.3. STAGES OF DEVELOPMENT

- 30 years of development is the 30 years of non-stop innovation of SHB, from a small rural commercial bank in Can Tho, which has transformed itself into one of top 5 national commercial joint stock banks.

## 1993 - 2006

### STARTING FROM HEART AND FAITH CONSOLIDATED

#### 1993

- Saigon - Hanoi Commercial Joint Stock Bank (SHB), formerly known as Nhon Ai Rural Commercial Joint Stock Bank, was established on November 13, 1993 in Can Tho.

#### 2006

- In 2006, Nhon Ai Rural Commercial Joint Stock Bank transformed into Urban Commercial Joint Stock Bank and renamed to Saigon - Hanoi Commercial Joint Stock Bank (SHB) with charter capital of VND 500 billion.

## 2007 - 2011

### TRANSFORMATION, DEVOTION TO CREATING PRESTIGE

*During the first 5 years of change from a rural bank into an urban one, SHB did not only build up a reputation in Vietnam but also reached out to two neighboring countries, seizing opportunities in accordance with policies of the state, fostering the trust of the community.*

#### 2008

- Moved the head office from Can Tho to Hanoi, confirming a big turning point in the bank's scale, position and potential with charter capital of VND 2,000 billion.

#### 2009

- Being one of the first banks in Vietnam to be officially listed on the Hanoi Stock Exchange.

#### 2011

- Upscale the Bank with the charter capital increase to nearly VND 5,000 billion, approved by the SBV of Vietnam to open branches in Cambodia and Laos, starting the overseas investment. In the same year, on the occasion of its 18th establishment anniversary, SHB was honored to receive the Third Class Labor Medal awarded by the State President, recognizing SHB's business efforts.

## 2012 - 2016

### FACED WITH CHALLENGES, APPLY HEART AND WISDOM TO TURN INTO OPPORTUNITIES

*The radical change of the globalized economy created opportunities and challenges. In that common context, SHB adheres to the principle of taking the HEART to nourish the MIND, turning challenges into opportunities for transformation. Determined to overcome challenges but also strived to integrate and cooperate with domestic enterprises and state credit institutions for the national interests.*

#### 2012

- As one of the pioneer banks to expand its business network to the international market, opening a branch in Cambodia in February 2012 with initial charter capital of USD 37 million and a branch in Laos in August 2012 with charter capital of Lao Kip 104 billion; Taking the lead in implementing the Government's policy of restructuring the system of credit institutions with the successful merger of Hanoi Building Commercial Joint Stock Bank (Habubank) in August 2012.

#### 2013

- Celebrating 20 years of establishment, SHB was honored to receive the Second-class Labor Medal awarded by the State President, marking the success through the development process.

#### 2015

- Increasing charter capital to VND 9,500 billion, transaction network increased to nearly 500 points at home and abroad.

#### 2016

- Increasing charter capital to VND 11,197 billion.
- Opening a wholly owned subsidiary in Laos on January 15, 2016 and a wholly-owned subsidiary in Cambodia on September 9, 2016 - demonstrating SHB's outstanding business efforts in the two markets; Acquired Vinaconex Viettel Finance Joint Stock Company (VVF) in December 2016 and established SHBFC (SHB FC).



## 2017 - 2022

### DURING DEVELOPMENT PHASE, MAKE EVERY EFFORT TO ACCUMULATE KNOWLEDGE

Time serves as both an opportunity and a measure of business maturity. One year before the 30-year milestone (2023), SHB entered its prime according to the traditional concept of 30-year-old setting solid foundations in his life with a physically healthy body. Opportunities and desire to accumulate knowledge becomes a life command. The strong innovation with the strategy of optimizing the management, promoting digital transformation is the ideal environment for the effective development of SHB.

#### 2017

- SHB increased its charter capital to VND 12,036 billion, improving its financial capacity; Acquiring operation license to open a representative office in the Republic of the Union of Myanmar. This is also an important step for SHB when it set presence not only in the Indochina peninsula but also in Southeast Asia.

#### 2018

- SHB celebrated its 25th anniversary of establishment and development, honored to receive the Second Class Labor Medal awarded by the State President of the Socialist Republic of Vietnam for the second time, affirming its position as one of the leading banks in Vietnam.

#### 2019

- SHB thoroughly restructured its organizational structure and operating model with the merger/split of many professional divisions/departments in line with the development strategy; rearrange 100% of titles and salary system for employees; apply uniform key performance indicators (KPIs) throughout the system; completed many technology projects to support business management and risk management such as upgrading CoreBank, Core Card, Ebanking, Workstation information management project on Service Desk software, FTP software, Bitvise SSH server at ATM, POS user transfer tool for applications to limit manual delegation, ECM project, CRM, Basel 2, Debt collection, Data Loss Prevention Project (DLP);...
- SHB established and implemented three strategic project committees, including: Development Strategy Project, Banking Modernization Project and Governance & Organizational Restructuring Project, headed directly by the Chairman of the BOD to realize strategic targets.

#### 2020

- SHB increased its charter capital to VND 17,510 billion; completed the three pillars of the Basel II Capital Adequacy standards ahead of schedule, fully complying with the requirements of the SBV; promoted investment in IT as well as improved governance capability, improved SHB's competitiveness in international economic integration.

#### 2021

- SHB increased the charter capital to VND 26,674 billion; finishing writing off VAMC Special Bonds and cut it down to zero balance, improving asset quality; transferring shares from Hanoi Stock Exchange (HNX) to Ho Chi Minh City Stock Exchange (HOSE); Banking modernization and comprehensive digital transformation have achieved initial successes.
- SHB also created a big incentive for investors - a highlight in the M&A market by signing a full divestiture agreement of SHB Finance for Krungsri Bank - Thailand within 3 years; became the second highest value M&A deal among consumer finance companies in the market, bringing significant capital surplus to SHB's shareholders as well as improving financial capacity and market position of SHB.

#### 2022

- The charter capital rises to VND 30,674 billion, maintaining its position in the Top 5 commercial joint stock banks in terms of charter capital.

## 2023 - to the future

### JOURNEY TO THE FUTURE, FROM HEART TO NEW HEIGHT

Each climax is a starting point for the journey to the future. The 30-year milestone forest out the beginning of the future aspiration and ambitions and SHB must reach and conquer the market with confidence in what has been accumulated over the past 3 decades. Still from HEART to build FAITH, establish TRUSTWORTHINESS, accumulate KNOWLEDGE to achieve new heights.

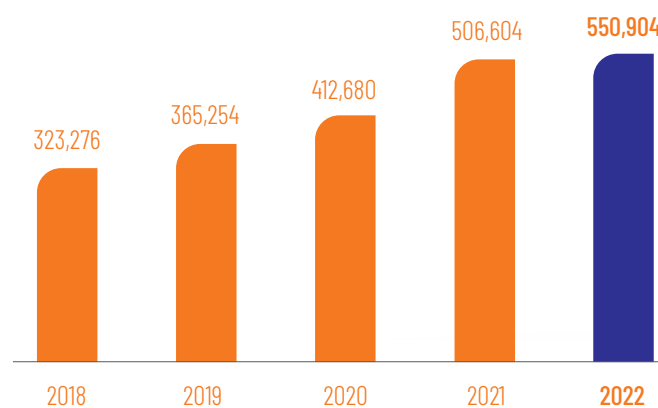
- With 6 core values "Heart - Faith - Trustworthiness - Knowledge - Wisdom - Prestige" and the slogan "Solid partners - Flexible solutions" with "agile" strategy to deliver more values to customers and prosperity for shareholders - investors, SHB always satisfies demands of customers and partners with synchronized, high-quality and competitive products and services.
- SHB constantly endeavours to become No. 1 in terms of efficiency and technology among commercial banks in Vietnam; leading modern retail bank in the region.

#### 1.2.4. IMPRESSIVE FINANCIAL METRICS FOR THE PERIOD 2018 - 2022



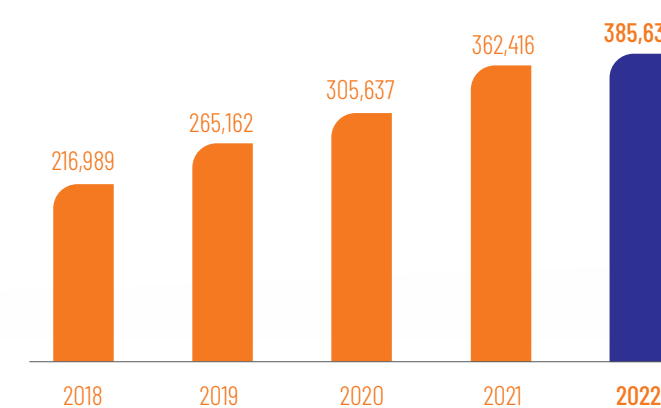
TOTAL ASSETS (VND billion)

**550,904**



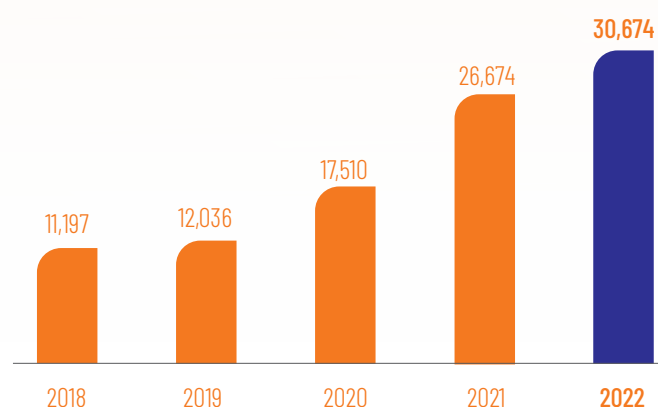
OUTSTANDING LOANS TO CUSTOMERS (VND billion)

**385,633**



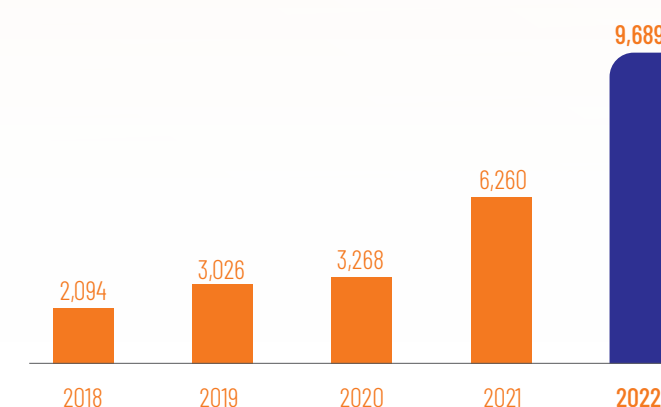
CHARTER CAPITAL (VND billion)

**30,674**



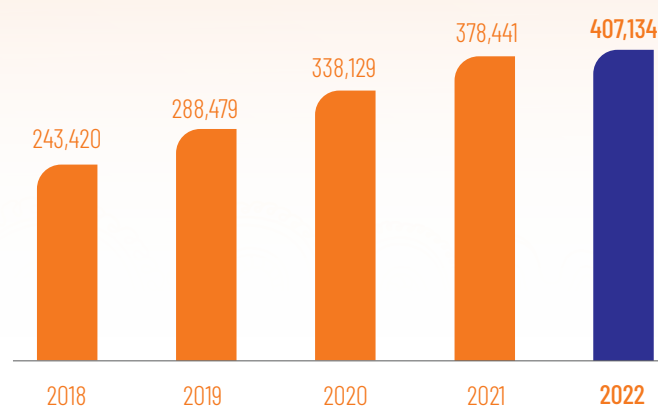
PROFIT BEFORE TAX (VND billion)

**9,689**



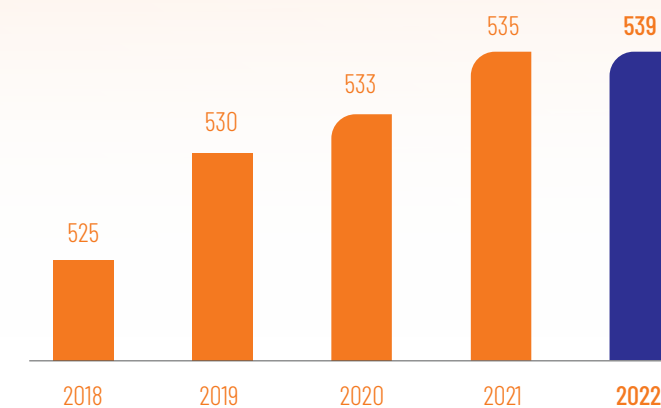
CUSTOMER DEPOSIT (VND billion)

**407,134**



NETWORK (Transaction points)

**539**

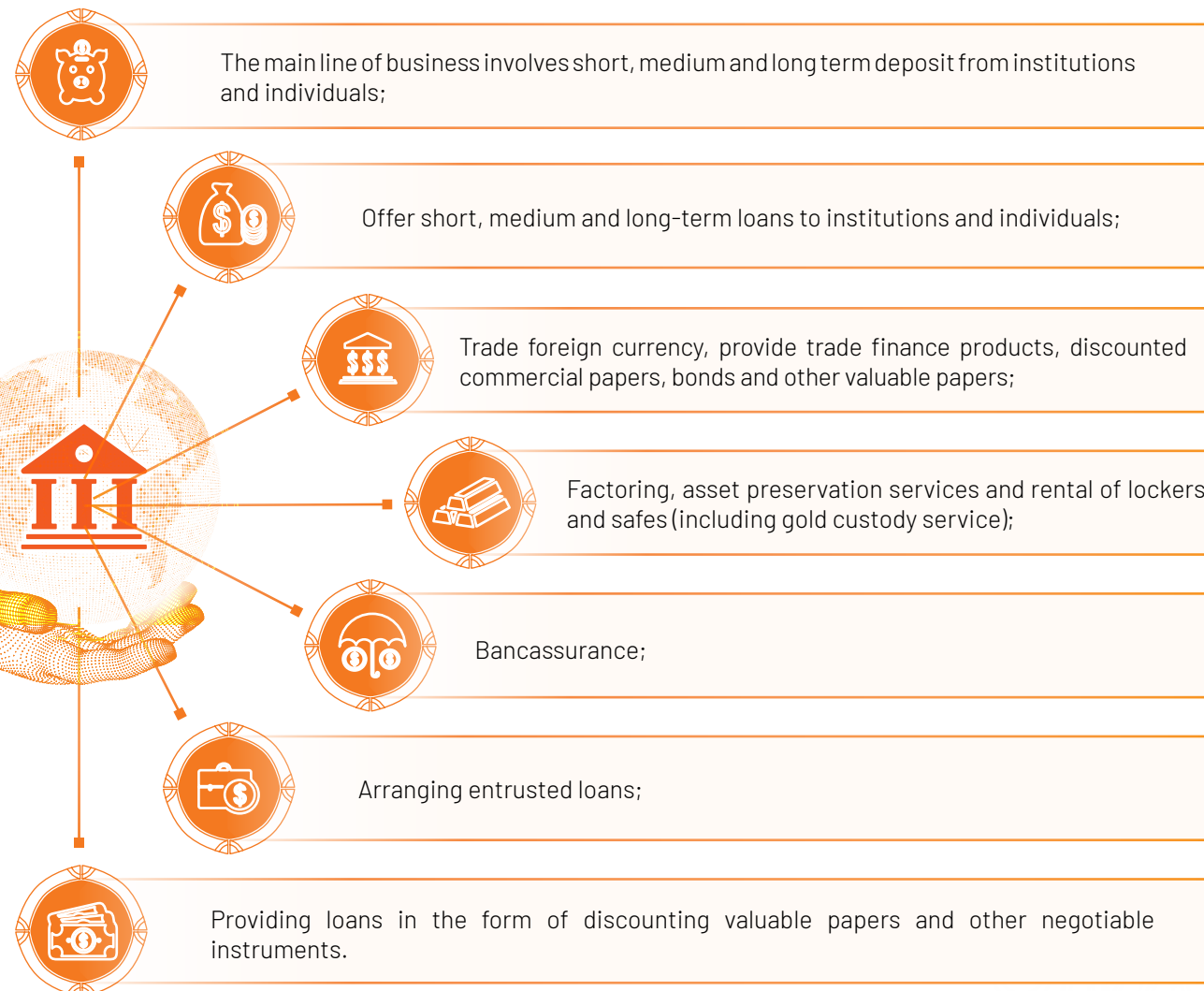




## 1.3. BUSINESS AREAS AND LOCATIONS

### 1.3.1. BUSINESS LINES

*SHB always innovates and develops banking and financial products and services in line with market needs and trends.*



### 1.3.2. BUSINESS REGIONS

*SHB always innovates and expands its business network to best serve the needs of customers.*

- By December 31, 2022, SHB continued to expand its network, expanding the total number of transaction points to 539, present in nearly 50 provinces and cities in the country, which are major provinces and cities directly under the central government, provinces/cities with strong economic development potential across the country.
- Overseas: Present in 3 Southeast Asian countries, namely Lao PDR (Vienna, Champasak, Savannakhet), Kingdom of Cambodia (Phnom Penh, Kampong Thom, Nehru...), Myanmar and in the process of opening a new branch in Côte d'Ivoire.

(Please refer to page 136 for more details)

## 1.4. GOVERNANCE MODEL AND ORGANIZATION STRUCTURE

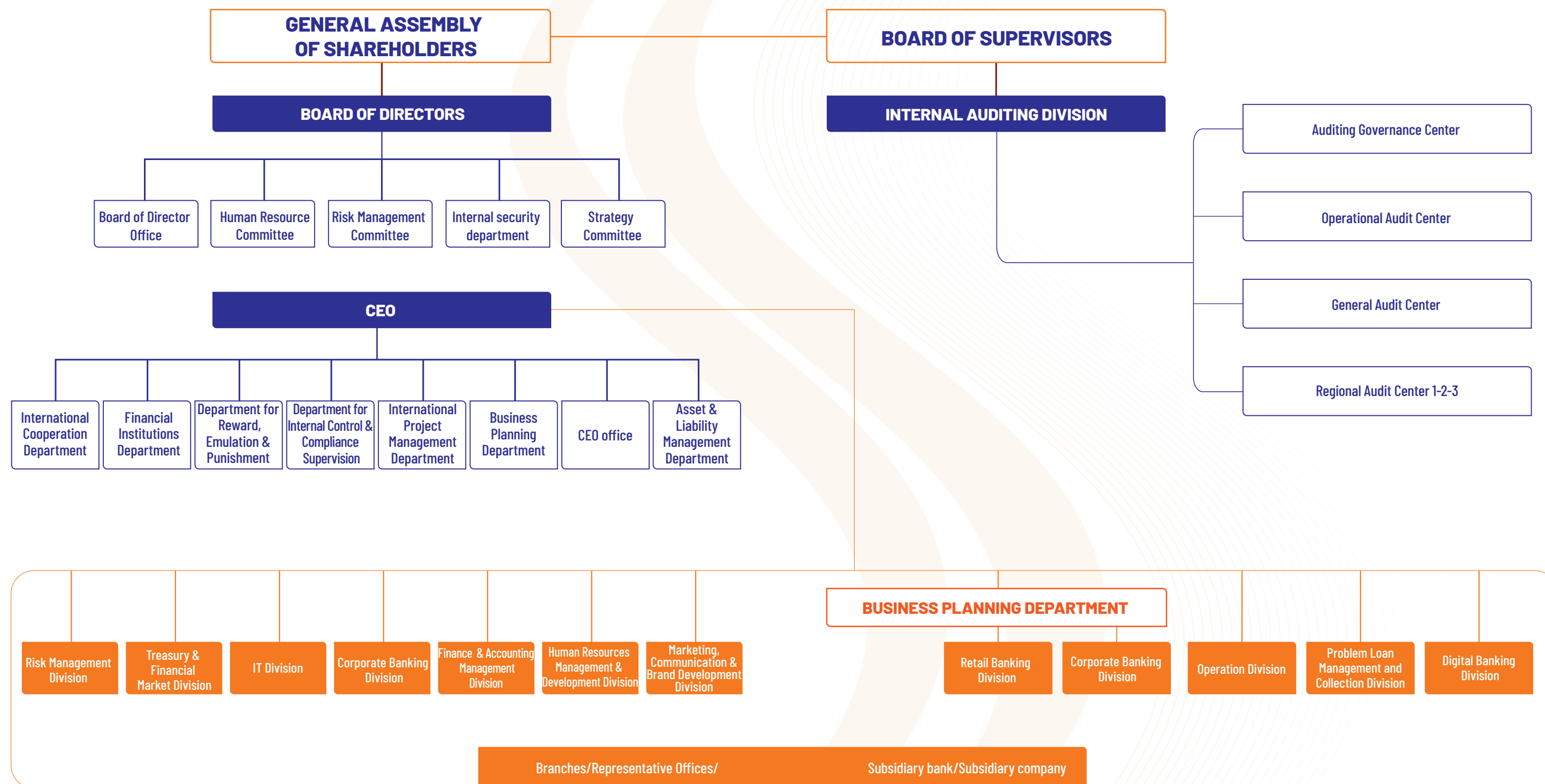
### 1.4.1. GOVERNANCE MODEL

*SHB always focuses on strengthening and transforming the organizational structure to ensure that the governance is carried out according to a modern, streamlined and optimized model in line with the business strategy towards becoming a modern, versatile retail bank.*

### 1.4.2. ORGANIZATION STRUCTURE

- In order to optimize operational efficiency and resources for business development, SHB has consolidated the organizational structure and clearly defined roles and responsibilities of all Divisions/Departments.
- The governance structure includes the General Assembly of Shareholders, the Board of Directors (BOD), the Board of Supervisors and Chief Executive Officer (CEO) as well as regulatory requirements applied to credit institutions in Law on Credit Institutions in 2010 and Clause 32.1 in the amending and supplementing a number of articles of the Law on Credit Institutions in 2017.
- The General Assembly of Shareholders is the highest authority of the Bank.
- The BOD is the highest governing body with members elected by the General Meeting of Shareholders.
- Board level committees, councils and offices perform the tasks as delegated by the BOD, including the Human Resources Committee, the Risk Management Committee, the Strategy Committee, BOD office, Internal Security Department.
- SHB consists of the Bank and its subsidiaries. The Bank is structured into Head Office, branches and transaction offices. The Head Office includes divisions, departments, centers and offices directly under the CEO.







## 1.4.3. SUBSIDIARIES, AFFILIATED COMPANIES

## SUBSIDIARIES

Company name	Address	Business areas	Charter capital	SHB's contributed capital	SHB's holding rate
DOMESTIC SUBSIDIARIES					
SHB Asset Development and Loan Management One Member LLC (SHAMC)	14 <sup>th</sup> floor, Building 169 Nguyen Ngoc Vu, Cau Giay District, Hanoi City	Loan management and asset development	20 billion VND	20 billion VND	100%
Saigon - Hanoi Commercial Joint Stock Bank Finance Company Limited (SHB FC)	GELEX Building, 52 Le Dai Hanh Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City	Finance, banking	1,000 billion VND	1,000 billion VND	100%
OVERSEAS SUBSIDIARIES					
SHB Laos single member Limited Liability Bank	Lanexang Road, HatsadyTai Village, Chanthabouly District, Vientiane Capital, Lao PDR.	Finance, banking	1,158 billion VND	1,158 billion VND	100%
SHB Cambodia Limited Liability Bank	Building No. 107, Norodom Avenue, Boeing Rang Ward, Daun Penh District, Phnom Penh, Cambodia	Finance, banking	1,749 billion VND	1,749 billion VND	100%



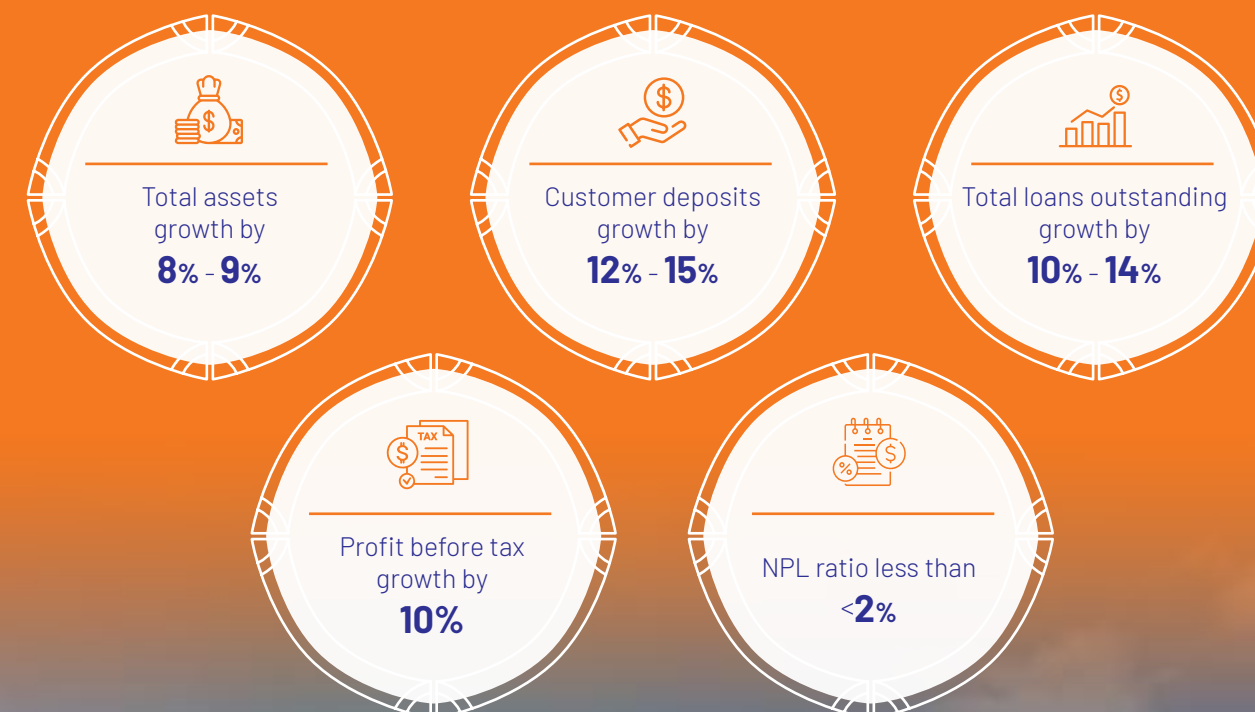
## 1.5. BUSINESS ORIENTATION

SHB's orientation is to become the leading modern retail bank in Vietnam, strongly transforming moved by the latest digital technology, diverse customer ecosystem and high value chain.

Customer - centricity together with the driving force of its people and technology, risk management, product development, sales, service,... are the foundation of success.

## 1.5.1. KEY OBJECTIVES

## KEY FINANCIAL GOALS IN 2023



## MEDIUM AND LONG TERM GOALS

SHB's strategic goal by 2027, along with drastic digitalization, is to become the top performing commercial bank, leading in efficiency and technology.

### 1.5.2. MEDIUM AND LONG-TERM BUSINESS STRATEGY

*In order to realize the goal of becoming the No. 1 bank in terms of efficiency and technology among commercial banks in Vietnam, SHB designs a customized strategy for each development stage, with long-term orientation, always strives for differentiation, towards the market and clients, which includes:*



### 1.5.3. SUSTAINABLE GROWTH GOALS

SHB defines a sustainable development strategy that not only aims at efficient and prudent financial growth approach, but also fulfills environmental and social responsibility.

- Ensure competitive compensation package, learning opportunities and career growth for employees; fair and transparent recruitment policy.
- SHB commits to participate in protecting the environment by reducing greenhouse gas emissions and workplace waste; Reasonable exploitation, economical use of natural resources, protection and improvement of living environment quality; Green credit development must strictly comply with international and domestic standards on environmental protection, energy and resource saving.
- Social security supports focused on medical aid, the underprivileged, education demonstrate corporate social responsibility and staff compassion as a foundational value for continuous development.



## 1.6. THE RISKS

*In 2022, SHB continued to implement proactive risk management to cope with the adverse global and domestic market. Risks are identified, periodically assessed and promptly reported to the Board of Management and the BOD to control and mitigate the negative impacts on business operations and the Bank reputation in a timely manner.*

### 1.6.1. OPPORTUNITIES AND CHALLENGES

**OPPORTUNITIES** *Positive macroeconomic factors stimulated both the Vietnam economy in general and banking sector in particular after disruptions caused by the Covid-19 pandemic.*

In 2022, in the context of the world economy facing many difficulties and uncertain factors, Vietnam's economy still recovers strongly and achieves GDP growth rate of over 8%. This result comes from a combination of values and advantages such as: a stable political situation, an economy with fast growth drivers, a large consumption market, strong FDI attraction, and many free trade agreements support import-export activities, etc. In addition, Vietnam has affirmed its ability to adapt to changes, and has flexible and timely policies to support the economy to overcome challenges and continue recovery. This is also the basis for Vietnam's economy in 2023 to be forecasted with a positive outlook.

The updated report of the World Bank (WB) recently also emphasized that Vietnam still has room to implement measures to promote growth, unlike many other countries. Effective implementation of key public investment projects is a key to growth in both the short and long term. At the same time, fiscal and monetary policies should be synchronized to ensure support for the economy, and macroeconomic stability.

The Government, the State Bank and the ministries have also been closely following the economy to produce flexible, timely and effective solutions and simultaneously maintain macroeconomic stability, control inflation, promote growth and ensure major

balances of the economy.

Along with a positive macroeconomic growth outlook, the banking industry has also achieved significant improvements, creating conditions for sustainable medium and long term development. The legal framework is constantly bettering, and the application of Basel standards not only helps banks to increase capital capacity but also improve governance capacity, meeting the requirements of the development process and international integration. The asset quality of the banking system is expected to continue to improve when the loan settlement process is promoted and achieved positive results in the past period, the NPL coverage ratio of the whole industry continues to increase.

In 2022, the Government launched the Project "Restructuring the system of credit institutions associated with NPL settlement for the period of 2021-2025", the State Bank of Vietnam also issued an action plan, which emphasized the requirement to increase the capital of commercial banks, continue to take measures to minimize arising NPL, and at the same time encouraged and promoted the process of restructuring the system. With the implementation of synchronous solutions, the market and banking activities are becoming increasingly transparent and professional, affirming the key role in the economy.

*With 70% of Vietnam's population not yet accessing banking services, the potential of the banking industry is still very high. The banking industry is playing a key role in connecting and allocating capital among economic sectors in the country, as well as linking and promoting financial services, contributing to the growth of the country.*

Vietnam is a country that is changing rapidly with high economic growth, good education, and people's living standards are increasingly improved... Rapid urbanization, young population structure with open social awareness and constantly updated knowledge about banking, finance and technology are strongly promoting the demand for utilities and services of commercial banks.

The country is increasingly open to free trade, participating in many free trade agreements, opening up a lot of cooperation opportunities between domestic and foreign businesses. This trend promotes a strong increase in the number of newly established businesses, as well as new records in import and export turnover, associated with the increased demand for capital and financial services which the banking system is playing a key connecting role.

*The world in general and Vietnam in particular are transforming under the wave of extensive and radical digital transformation, with breakthroughs in digital technology and artificial intelligence. This wave is pushing the banking system to further optimize in management and operation, in the construction and development of products and services, as well as putting more pressure and competitiveness to earn new and higher values.*

Recognizing the importance and potential of Technology, the Government has considered "Industrial Revolution 4.0 as Vietnam's historic opportunity" to direct the country towards "Digital Government and Digital Economy". This is an important driving force for business activities and stronger competition for the benefit of the economy, consumers, communities and society. For enterprises in general and enterprises in the banking and finance industry in particular, ever-changing science and technology requires the application of technologies more quickly and effectively presenting both opportunities and challenges for executives and strategic director.

Technology transfer and automation between banks and finance technology companies (Fintech) gradually increase, leading to joint ventures and linkages between banks to complement each other with new technologies. As a result, the technical-technological system of the banking industry is continuously upgraded and modernized to meet the higher needs of customers, thereby developing increasingly diverse and multi-layered ecosystems.

### CHALLENGES

#### Firstly

the booming credit poses the hidden risk of hot growth accompanied by increased risk of bad debts and higher provisions.

#### Third

the pressure on equity capital increase continues in the banking industry to ensure prudential ratios under unfavorable conditions such as the economy still in the recovery phase, GDP growth in 2023 forecasted to slow down at 6.0-6.5% and the considerable challenge of exchange rate and interest rate.

#### Second

higher risks of technology crimes due to the application of technology in transactions, information and data management place banks as favorite targets of severe cyber attack.

#### Finally

the rapid development of Fintech in the banking sector present significant challenges to the regulatory agencies such as: cyber security, personal data protection, consumer rights, money laundering and terrorist financing, etc.

Macroeconomic factors	Impacts on the banking system including SHB		
	Trend	Mid-term	Long-term
> <b>Stable economic growth</b> ; growth moves towards sustainability	Stable	Positive	Positive
> <b>Inflation is under control</b> thanks to prudent macroeconomic policy	Stable	Positive	Positive
> <b>Manufacturing sector has a lot of potentials</b> and continuously improves	Increasing	Positive	Positive
> <b>Private sector is emphasized as the key growth driver</b>	Increasing	Positive	Positive
Absorb long-term investment capital flow	Increasing	Positive	Positive
> <b>Youth labor force participation increases</b> and tend to shift to key economic regions	Increasing	Positive	Positive
> <b>Import-export trade is under a lot</b> of short-term pressure from global trade conflicts among powerful countries	Increasing	Negative	Stable
> <b>Participating in global trade agreements</b> encourages Vietnam to more deeply involve in the global value chain	Bettering	Positive	Positive

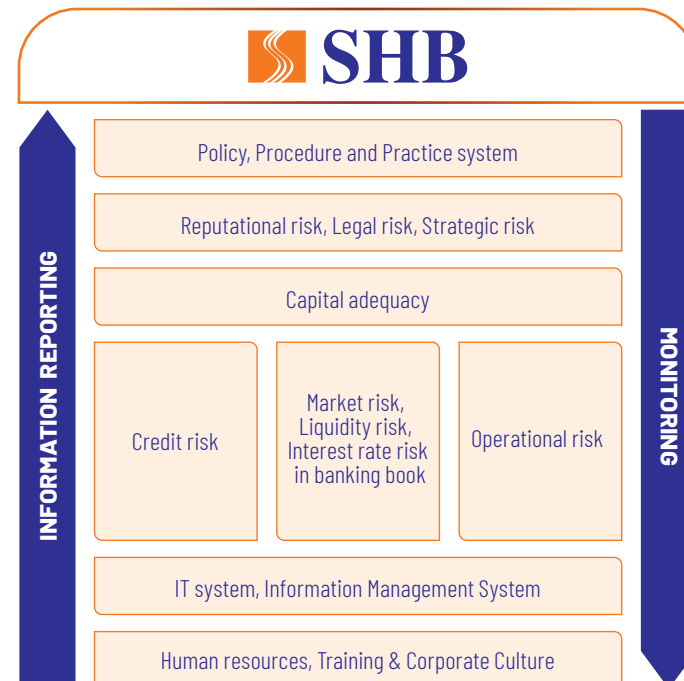
*In addition to the macroeconomic risks, SHB always identifies, closely monitors and controls industry-specific risks such as credit risk, liquidity risk, operational risk and market risk, interest rate risk in the banking book (IRRBB),...*

## 1.6.2. THE BANKING INDUSTRY SPECIFIC RISKS

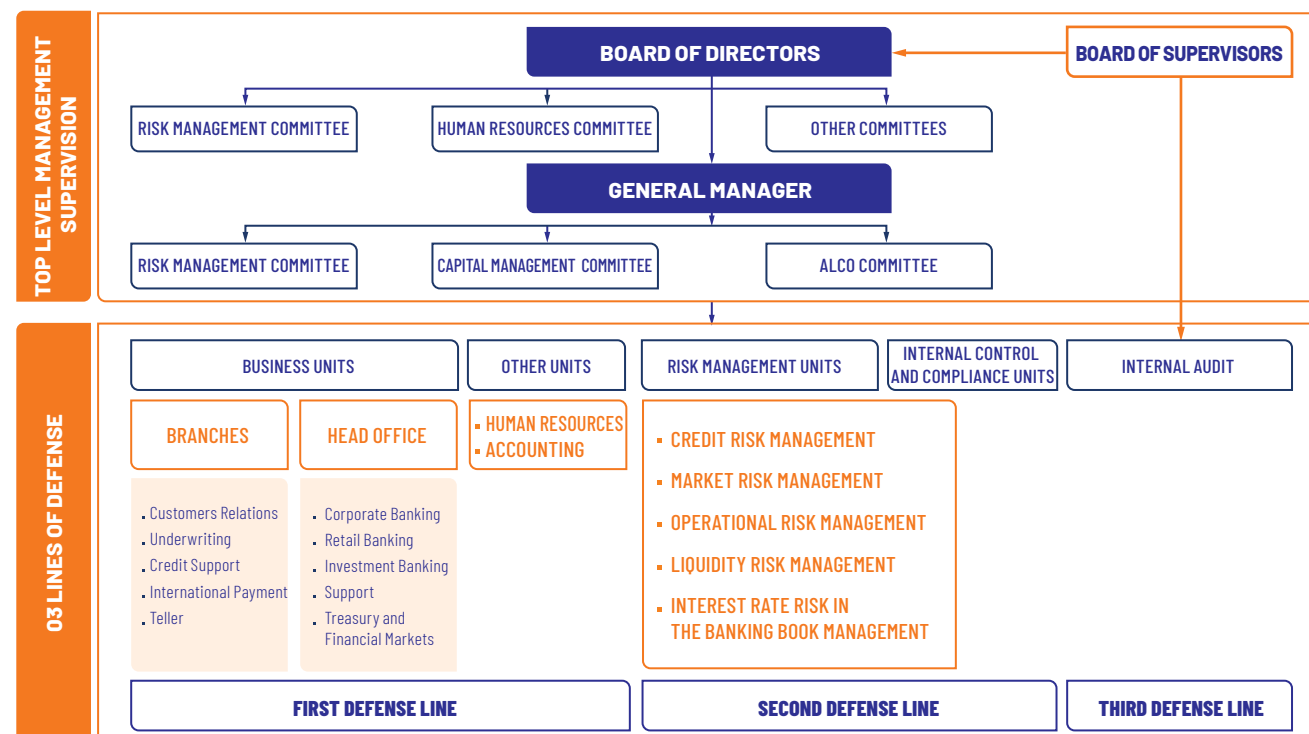
### RISK MANAGEMENT FRAMEWORK

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.



### RISK MANAGEMENT STRUCTURE



*Three lines of defense model is adopted at SHB to enhance risk management capability across the Bank.*

- **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.

### CAPITAL ADEQUACY

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.

The management have always been consistent in risk management policy and capital adequacy, in which fulfilling three pillars of Basel does not mean a stopping point but rather a springboard to further enhance the risk management capacity framework towards the application of higher international standards.

On that basis, in 2022, the development and implementation of upgrading the liquidity risk measurement tools specified by Basel III standards were finished and applying LCR, NSFR indicators

for internal monitoring/supervision is expected to carry out in 2023. At the same time, consolidating risk measurement model and adopting advanced internal rating based approach to measure credit risk exposure are being in progress. The results of these projects will be applied to further improve the Bank's operational efficiency.

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.





## 1.6.3. MATERIAL RISKS MANAGEMENT

**A** 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. 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.

All credit-related procedures, policies and products are reviewed and evaluated by three lines of defense to control and prevent systematic credit risks. In 2022, the system of credit risk management documentation shall be bettered in line with the Bank's business orientation, operational practices and risk management objectives.

Customer assessment and appraisal models are being developed; moreover, an early warning model is initially implemented. In addition, the internal credit rating model is periodically inspected by SHB to enhance its quality. SHB's loan pricing methods based on risk measures quite similar to Basel IRB better serve informed decision-making process supported by data and statistical models.

The credit risk reporting is conducted at shortened intervals in order to assess the overall risk status, credit risk exposure and produce forecasts and early warnings to ensure appropriate and timely credit procedures and policies.

In addition, in order to strengthen credit risk management capacity, SHB focused on building and upgrading the database, data warehouse and SHB-owned credit information center (SHB CIC), early warning system (EWS) and debt collection system.

SHB is gradually adopting risk management method of international credit institutions.

**B** Environmental and Social (E&S) risks

Sustainable, prudential and effective growth is the ultimate goal of SHB as well as other banks in Vietnam. In particular, green credit plays a very important role in the overall strategy for sustainable development at SHB. This direction also aligns with green banks and green credit policy of the government and the SBV.

Regulations on managing E&S risks in credit extension procedures have been issued. E&S risk assessment, listed as a mandatory requirement in the customers appraisal process, helps to select environmentally friendly business plans/projects to finance and advise customers to minimize and/or mitigate negative ES impacts.

SHB E&S risk assessment complies with both the regulatory E&S requirements and taxonomy and guidelines recommended by IFC. The assessment includes the impact of the business plan /project on the environment, labor and working conditions, community health and safety, biodiversity, resettlement, indigenous minorities and cultural heritage.

Monitoring E&S risks is carried out in the periodical customer appraisal after credit extension in order to detect early warnings and minimize arising E&S risks.

In the coming time, SHB will continue to improve the policy framework, regulations, taxonomy related to E&S risks and provide staff with comprehensive E&S risk management training to improve execution capacity and E&S risk management, contributing to sustainable green credit growth.

**C** Operational risk

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. In order to manage operational risk effectively, SHB applied appetite and limits of operational risk loss and methods of identifying, measuring, monitoring and controlling operational risks in compliance with Circular 13/2018/TT-NHNN, Basel 2 standards and international practices.

In 2022, SHB managed operational risk proactively via adopting prevention measures and preparing well for newly arising risks such as: counterfeiting of bank messages (SMS phishing brand name); interruption of operations due to rumors and negative information disclosure related to the bank.

In addition to annual communication and training on operational risk management for employees, in 2022, SHB will strengthen and diversify forms of communication to employees and customers such as building an operational risk manual for Customer Service staff and disseminating more videos warning of various forms of fraud, forgery to Customers,...

In 2022, SHB conducted fire drill at several Branches and Head Office Units, ensuring the availability of backup locations, technology and facilities for remote working as well as testing the alternate operation of the data center and disaster recovery system (DC/DR).

In addition, SHB concentrated on information security, actively monitoring the transmission of data with the support of data loss prevention (DLP) technology.

Fraud risk management has been enhanced by SHB by setting up a specialized department for fraud investigation and a mechanism to receive fraudulent denunciations/suspects of fraud, and developing scenarios for early detection of fraud.

**D** IT Risks

IT risk is the possibility of losses occurring when performing operations related to information systems such as the management and use of hardware, software, communications, system interfaces, operations and human.

IT Division works as an IT service provider, including: organization, the operating model under ITIL (IT Infrastructure Library) to improve Service Level Agreement (SLA), timely meeting business requirements, minimizing IT risks. The Cyber Security Center under the IT Division is a specialized unit with the function of ensuring cyber safety, information confidentiality, and IT risk management.

SHB has implemented cyber security solutions to fully comply with the cyber security regulations prescribed by the SBV. In addition, SHB has applied international cyber security standards and has been certified to comply with the following standards:

- ISO 27001:2013 Standard in 2015
- PCI DSS Card Data Security Standard in 2016
- 3D Secure technology for online transactions of cardholders in 2016
- The Swift Customer Security Controls Framework (CSCF) in 2019

SHB stays updated for the latest global information security trends and adopts flexible measures to limit IT risks.

**E Market risk**

Market risk: is the risk caused by adverse fluctuations in interest rates, exchange rates, stock prices and commodity prices on the market. SHB faces two main types of market risks: interest rate risk and exchange rate risk. The system of policies, regulations, procedures on market risk management has been consolidated, specifying individual steps from risk identification, measurement, monitoring/control/and report and responsibilities of relevant units.

Along with interest rate risk management policy, centralized exchange rate at Head Office, the Bank has fully applied the market risk limit system such as position/portfolio limit, trader limit, loss/stop loss limit, sensitivity limit, etc. Market risk limits are reviewed at least annually or ad hoc in case of large fluctuations in the market.

Market risk measurement is carried out through modeling and a set of indicators such as: Open position; Price Value of a Basis point (PV01); Profit and Loss Market-to-Market; Value at risk (VaR - Value at risk). Measurement methods and tools are regularly reviewed and revised to accurately quantify risk in line with the market and SHB's business in each period.

**F Liquidity risk**

Liquidity risk arises from the inability to fulfill debt repayment obligations when due, or the ability to pay debt obligations when due but having to pay at a cost higher than the average of the market.

Along with the policy of maintaining a reasonable balance between liabilities and assets, ensuring to maintain enough high-liquidity assets to meet payment needs, SHB advocates diversifying funding sources and terms to increase liabilities stability. Mobilization plans including funding sources and maturities are built and monitored safely and effectively in each period based on the business plan of each unit and the Bank-wide strategy to ensure daily liquidity support and provision of funds in case of a crisis.

SHB has issued and applied liquidity risk limits such as: solvency ratio, Loan-to-deposit ratio (LDR), ratio of short-term funds for medium and long-term loans, total net cash outflow. The limits are evaluated and reviewed annually or on an ad-hoc basis, ensuring compliance with the provisions of law, the market conditions and SHB's business situation in each period.

Liquidity risk is measured by modeling and the system of liquidity risk indicators such as behavioral model, Gap Maximum cumulative outflow report,... In addition, in 2022, tools to measure liquidity risk conforming to Basel III standards such as Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR) were adopted.

Along with performing stress tests on liquidity risk every 6 months to quantify risks in different scenarios, SHB measures and assesses compliance with limits to ensure safety. Contingency funding plan (CFP) is in place ensure the ability to pay according to the respective scenarios and circumstances.

**G Interest rate risks in banking books (IRRBB)**

IRRBB is the risk caused by adverse fluctuations of interest rates on income, assets value, liabilities value and off-balance sheet items.

Along with the policy of centralized interest rate risk management at the Head Office through the internal capital transfer tool (FTP - Fund Transfer Pricing), SHB maintained a reasonable balance of maturity structure /repricing period between assets and liabilities, applying an appropriate base rate policy to set interest rates on loans, ... thereby limiting the bank book interest rate risks that the Bank may face. such as: repricing risk, basic risk, etc.

SHB issues and applies a limit of bank book interest rate risk in accordance with the size, complexity of business operations and risk appetite as well as the ability to measure and manage bank book interest rate risk, including: Limits on the difference between financial assets and financial liabilities at the same interest rate or repricing gap; Limits on changes in Net interest income (NII) due to changes in interest rates.

SHB measures the bank book interest rate risk for items with interest rates in VND or foreign currencies with a value of 5% or more of total assets through methods and systems of indicators such as: Sensitive Gap interest rate; Evaluation of the impact of interest rate fluctuations on net interest income (NII) and economic value of equity (EVE); Calculation of the required capital for the bank book interest rate risk through the Delta EVE method according to Basel III guidelines.

**H Anti-money laundering**

Through cooperation with international banks, SHB has developed mechanisms to prevent money laundering in accordance with domestic and international regulatory requirements, meeting the standards of the international banking system, creating necessary conditions for cooperation with international banks, thereby strengthening correspondent banking relationship, increasing the revenue generated from international payment transactions. Control mechanisms in place include: developing and regularly updating the list of embargoed countries and the areas/currencies embargoed by each country; warnings of banks with high risk or failure to meet requirements on anti-money laundering (AML) and counter-terrorist financing (CTF). So far, no international payment transactions of SHB have been frozen due to violation of embargo regulations.

SHB also strengthens customer transaction monitoring to detect suspicious transactions and illegal transactions. SHB built an automatic system to control customers' transactions based on pre-set scenarios. All customer transactions will be automatically checked and alerted by the system with transactions showing suspicious signs/violations of the law. The warnings are carefully investigated and immediately reported to the competent state agencies when arising. In addition, the tricks of violating the law are also widely communicated by SHB to the staff to minimize the risks incurred by the customers and the bank itself.





02

BUSINESS OPERATIONS IN 2022



## 2.1. BUSINESS PERFORMANCE

### 2.1.1. BUSINESS RESULTS

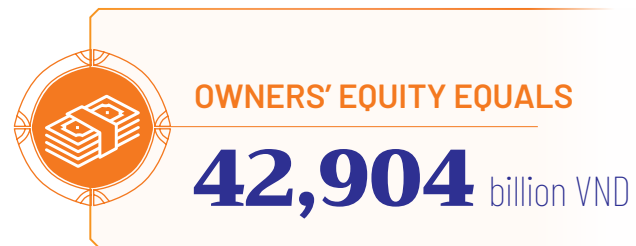
*In 2022, SHB continues to affirm its position as one of the leading banks in Vietnam with the fulfillment and achievement of key objectives and milestones:*

Total assets of the bank have grown well in the context of economic difficulties. Equity capital according to Basel II standards amounts to VND 62,577 billion. Owners' equity equals VND 42,904 billion, up 20.7% compared to 2021. Our profound and long-term funding facilitates financing may key projects in line with the government and the SBV orientation.

Network and personnel continued to be invested and expanded with the opening of many new domestic and foreign branches, bringing the total number of transaction points to 539 at home and abroad: one 100% owned subsidiary bank and 2 branches in Laos, one 100% owned subsidiary bank and 4 branches in Cambodia, a representative office in Myanmar and 2 subsidiaries (Debt Management and Asset Exploitation One Member Company Limited - SHAMC and SHB Finance One Member Limited Company - SHB FC). With more than 9,500 employees and a network in nearly 50 provinces in the country and abroad, SHB is serving over 5 million individual and corporate customers and working with 400 correspondent banks across the globe.

SHB has gradually shifted its income structure towards diversification, reducing dependence on lending activities. In addition to size and income growth, SHB strictly monitors costs to enhance operational efficiency.

*With such achievements, SHB now ranks in top 5 commercial joint stock banks in Vietnam.*



Capital adequacy ratio according to Basel II equals to 12.22% (SBV's regulation is  $\geq 8\%$ ). Loan-to-deposit ratio reaches 77.83% (SBV's regulation  $\leq 85\%$ ); Ratio of short-term funds for medium and long-term loans is equivalent to 27.60% (SBV's regulation  $\leq 34\%$ ).

Completing all three pillars of Basel II ahead of schedule in 2022, SHB has completed foundations for the transition to advanced capital calculation (FIRB) and the application of international financial reporting standards (IFRS), towards better meeting international standards. This is the basis for the bank to continue to develop a sustainable and comprehensive business strategy, a corridor for risk management and effective use of capital.

SHB was also rated B1 by Moody's, with positive outlook for the past year.

### 2.1.2. PERFORMANCE OVERVIEW

- In 2022, SHB's total assets reaches VND 550,904 billion, up by 8.7%, 3% lower than target.
- Planned charter capital is VND 36,000 billion, in the progress of completing business registration procedures in 2023.
- Customer deposit amounts to VND 407,134 billion - 7.6% increase, 19% lower than the target.
- Total loan outstanding is equivalent to VND 398,819 billion, an increase of 10.1%, ensuring the credit growth limit prescribed by the State Bank of Vietnam.
- Profit before tax equals to VND 9,689 billion rises by 54.8% year-on-year, 17% lower than the planned target.
- The capital adequacy and risk management ratios surpass those regulated by the SBV and international practices.
- In 2022, SHB has completed stock dividend payout for 2021 at the rate of 15%.







## 2.2. ORGANIZATION STRUCTURE AND PERSONNEL

### 2.2.1. LIST OF BOARD OF MANAGEMENT

No.	Full name	Position/Main Duties	Percentage of stock ownership
①	Ms. Ngo Thu Ha	CEO	0.0728%
②	Mr. Nguyen Huy Tai	Deputy CEO	Do not own
③	Mr. Le Dang Khoa	Deputy CEO	Do not own
④	Ms. Ninh Thi Lan Phuong	Deputy CEO	0.0036%
⑤	Ms. Hoang Thi Mai Thao	Deputy CEO	Do not own
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	Do not own
⑨	Ms. Ngo Thi Van	Chief accountant	0.00002%

(For brief biography of members of the BOM, please refer to page 18-19)

### 2.2.2. CHANGES OF THE BOM MEMBERS

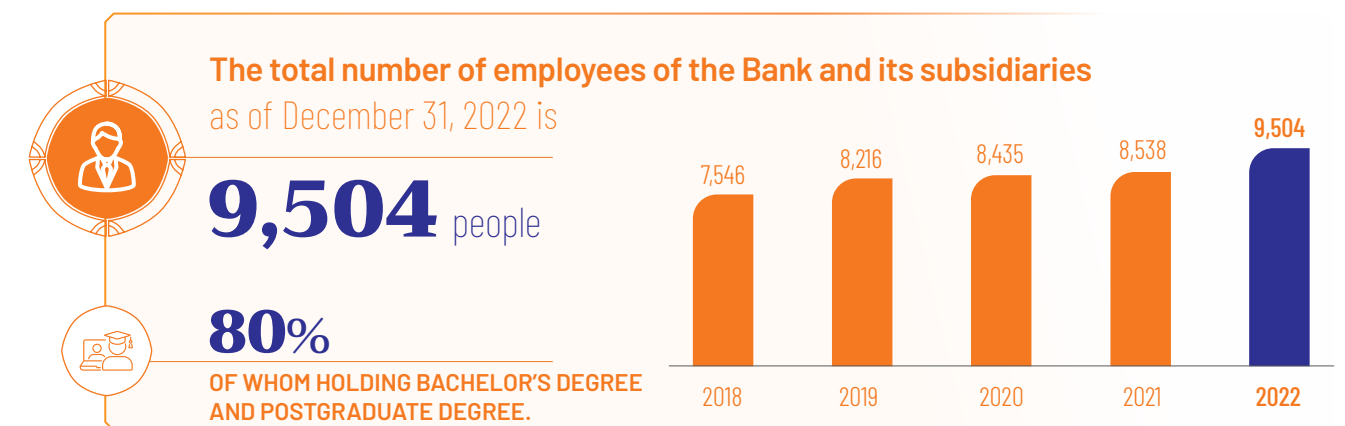
- Mr. Vo Duc Tien - Vice Chairman of the Board of Directors: from August 4, 2021 to July 19, 2022 Mr. Vo Duc Tien was appointed as CEO.
- Ms. Ngo Thu Ha: On July 20, 2022, Ms. Ngo Thu Ha, Deputy CEO was appointed as Acting CEO. On September 1, 2022 she was appointed as CEO of SHB.
- Mr. Luu Danh Duc: Mr. Luu Danh Duc was appointed Deputy CEO of SHB on September 1, 2022.

### 2.2.3. LIST OF IN CHARGE OF OTHER BUSINESS DIVISIONS

No.	Full name	Position
①	Mr. Nguyen Dinh Duong	Chief Internal Auditor
②	Mr. Luu Tien Cuong	Chief Risk Officer
③	Ms. Dang Hong Thu	Chief HR officer
④	Mr. Vu Tuan Anh	Chief Credit officer
⑤	Mr. Cao Minh Tuan	Director of the Problem Loans Management Division

(For brief biography of C-suite managers, please refer to page 20-21)

### 2.2.4. NUMBER OF EMPLOYEES



### 2.2.5. HUMAN RESOURCES POLICY

*With the goal of building qualified, experienced and qualified human resources to meet the requirements of a modern bank, dedicated to the bank's development, SHB continues many policies to attract, create development motivation and long-term attachment of employees to the bank.*

#### RECRUITMENT POLICY

Fair and transparent recruitment policy with defined criteria to assess qualifications and skills of candidates based on professional standards as a basis in the recruitment process.

The selection of personnel with high standards of qualifications, health and ethics has always been focused by SHB with the maintenance of recruitment website, internal recruitment newsletter, and job posting in the social networks to ensure professionalism, transparency and fairness and enhance the image and reputation of the SHB brand in the labor market.

#### EMPLOYEE TRAINING AND CAREER DEVELOPMENT POLICY

SHB always considers human resources as the most valuable asset, taking staff as the driver for SHB's development with the training and development policy in line with its business strategy, suitable to each target group.

Training in 2022 has many changes with training programs appropriate for key positions in the bank, focusing on training courses on improving management capacity - Leader of SHB Talent Lead, Sales Skills & Sales Management, Improving Customer Service Quality, Appraisal Skills, Soft Skills...

In addition to hundreds of external and internal direct training courses, SHB develops training through high-technology applications such as: SHB - Learning management system (LMS); training courses quality survey; Learning exchange forum; video conference training;... in order to minimize training costs as well as improve the labor productivity.

#### COMPENSATION PACKAGE

Compensation package are competitive with the goal of providing a stable source of income so that employees are really dedicated to their works.

(For details of HR policies and policy changes, please see the section Sustainable development - HR policy, please refer to page 120)



## 2.3. INVESTMENT AND PROJECT IMPLEMENTATION

### 2.3.1. IMPLEMENTATION OF MAJOR PROJECTS

SHB has successfully negotiated the divestment of SHBFC (SHBFC) to the foreign partner (Thai Investor - Bank of Ayudhya Public Company Limited - Krungsri), in 02 phases.

**During phase 1:** SHB will transfer 50% of the company's charter capital to Krungsri in 2023 (or at other time agreed upon by the parties).

**In phase 2:** Three years since the completion of phase 1, SHB will continue to transfer the remaining 50% of the charter capital to Krungsri. On December 30, 2022, the SBV of Vietnam issued a written approval for SHBFC to convert from a one-member limited liability company to a limited liability company with two or more members. The approval of the SBV of Vietnam is one of the final steps to divest from SHBFC to Krungsri Bank of Thailand - a strategic member of MUFG Group, Japan. At the beginning of 2023, the two parties will expedite the remaining procedures to complete the agreement.

In addition, SHB continues to implement a series of projects in its roadmap to become a leading modern and effective retail bank in Vietnam. The biggest project has been converted into a functional unit - the establishment of SHB Digital Banking with the goal of becoming No. 1 bank in terms of growth rate of active digital customers in middle class and affluent customer segments by 2027.

#### a. Digital Banking Division (DBD)

Digital Banking Division was established to lead digital transformation activities guided by the principle of customer companionship and insights and following Agile working methodology and Design Thinking. The Division's organizational model, roles and responsibilities and recruitment were also completed. Squads setup were quickly conducted to build digital product journeys. By the end of 2022, SHB Digital Banking Division was consisted of 150 employees, building 100% digital customer journey on digital channels with 8 Squads and 86 major features to facilitate online pre-approved credit cards, online pre-approved unsecured overdraft, loan on pledged saving books, online savings, eKYC and various payment features to promote channel shifting and digital transformation in transactions. The DBD has also established a separate squad for corporate customers with 10 features.



In addition, the DBD officially launched the Omni Channel project for retail customers in April 2022. This is a project to rebuild the integrated platform of mobile banking, internet banking and offline channels (branches, 24/7 hotline) aiming at delivering a superior experience whenever customers interact with the bank. The project will synchronize a series of technologies of leading partners including:

- ① Omni Channel Architecture to ensure smooth experience of all channels;
- ② Micro Service architecture to increase flexibility and scalability, including moving the system to the Cloud;
- ③ Upgrade ESB to enhance the connection efficiency between digital channels and core services (Core, Card, LOS).

Boosting the current experiences coupled with designing more features shall further satisfy customer needs (online credit cards, online loans, online pledged loan, ...), the project will increase business growth in retail banking segment. MVP2 Omni Channel channel went live as planned in October 2022. This platform is expected to fully go live and provide an outstanding experience for retail clients starting from the second quarter of 2023.

#### b. Key projects on digital transformation at SHB

- ① **Core banking system replacement:** analyzing and assessing future development needs according to the bank's strategy, SHB needs a Core banking system characterized by modern architecture, stable operation and capability to meet growing customer demands, products and transactions. The project will perform system transformation, data transformation and implementation of features to meet the requirements of core banking operations.
- ② **Loan Origination System (LOS) - Building credit extension procedure to improve the customer journey** is based on open platforms with high modularity and flexible scalability. The project focuses on bettering the credit granting procedure on the current IT platform and at the same time designing tailored credit grant procedure for each product journey. The up-to-date RLOS solution aims to provide a quick systemized lending process, optimizing resources for units involved and delivering tailored loans in a speedy manner. The project will first target at retail customers and later expand to corporate clients.
- ③ **Microservices architecture consultation for Bank-wide IT system:** This is the first step in implementing Microservices architecture for IT system. Due to the complex nature of implementing an IT system following the Microservices architectural model, SHB has been working with leading global IT partners to select a qualified consultant to transform IT system from Monolithic architecture model to Microservices model in line with the current IT infrastructure and needs.
- ④ **Enterprise Service Bus (ESB) upgrade** adds more features and improve connectivity standards, availability, execution and management of the digital transformation journey. The new integrated vertical axis that meet all the required technical specifications of microservices architecture continue to run on the old physical platform. With an open architecture form, the new integration axis also enhances the availability to help customers access open source codes and/or commercial to implement CI/CD model (Continuous Integration/Continuous Delivery).
- ⑤ **Hybrid Cloud platform deployment:** SHB invests in hybrid cloud infrastructure for the Omni Channel Multichannel Banking system to expand the virtual infrastructure aligning with IT architecture and cost optimization. The project will better serve Omni Channel banking solutions.

In addition, in 2022, SHB invests hugely in core IT infrastructure such as upgrading Core card, data platform, human resource management system,... completing data center and backup data center, network aligning with the IT strategy. At the same time, SHB also redesigns the bank's website and prepares for the Customer Data Platform (CDP) project to pilot solutions to build digital marketing capacity.



## 2.3.2. SUBSIDIARIES



**SAIGON - HANOI COMMERCIAL JOINT STOCK BANK ASSET MANAGEMENT ONE MEMBER LIMITED LIABILITY COMPANY (SHAMC)**

PROFIT BEFORE TAX

**8.3** billion VND

SHAMC was established under Decision No. 508/2009/QĐ-NHNN, dated 11/03/2009 and officially went into operation on December 5, 2009.

After 13 years in operation, the Company is now playing an increasingly important role in bad loan recovery and asset management for the Bank and for its customers. SHAMC continues focusing on its main business lines including trading and management of assets in relation with loan settlement and safe-guarding activities to support SHB's business. Besides meeting the demand for bad loan settlement and asset management of SHB, SHAMC also provides such services for other banks as prescribed under the laws.

Total assets of the Company in the past 13 years have increased sharply from VND 28 billion (in 2009) to VND 70.4 billion (in 2022). This growth demonstrates the company expansion from the charter capital equal to VND 20 billion in the establishment year.

In 2022, the Company has achieved the following: satisfy 100% of the security needs at SHB's business locations nationwide, increasing the total number of business locations that have deployed security to 266 targets (59 branch offices and 207 transaction offices nationwide). SHB AMC is managing 18 warehouses and 5 debt settlement assets nationwide, meeting 100% of warehouse deployment needs proposed by SHB units. This number will be further expanded in the following years to serve the security and warehousing needs of the parent company - SHB.

As of December 31, 2022, the total number of employees was 792 people; Total revenue in 2022 reached VND 91.1 billion. Total revenue amounted to VND 89 billion. Profit before tax reached VND 8.3 billion.



Solid partners, flexible solutions

**SAIGON - HANOI LAOS SINGLE-MEMBER LIMITED LIABILITY BANK (SHB LAOS)**

PROFIT BEFORE TAX

**73** billion VND

SHB Laos was established with a charter capital of USD 50 million transforming from SHB Laos branch. From 2012-2015, SHB Laos operated in the form of an SHB branch in Laos. On December 18, 2015, according to the operation license number 41 of the SBV of Laos, SHB Laos branch was licensed to be a one-member bank in Laos and a "subsidiary" bank of SHB. On January 15, 2016, SHB Laos officially opened its head office in Vientiane, marking a new development in the scale of SHB Laos' operations. SHB Laos operates as an independent legal entity and has its own organizational structure, with two branches, one located in Champasak province and the other located in Savannakhet province. SHB Laos provides banking and financial services and products, contributing to diversifying business portfolios, limiting risks, proactively improving judgment ability and performing further business operations in compliance with relevant regulations, and as authorized by the parent bank in Vietnam. The birth of SHB Laos brought SHB several opportunities in exploiting, making full use

of the vast and promising potential of the Lao market, attracting investment, contributing to improving SHB's reputation and position in the Vietnamese and international financial markets, contributing to accomplishing the mission of promoting the vision and brand of SHB to the world, contributing to promoting the friendly neighborly relationship between Vietnam and Laos.

After 11 years of operation, and 6 years of transforming the model from SHB Laos Branch to Bank Limited Laos (2016), SHB Laos has made positive changes in the process of investing and developing its business activities in Laos.

As of December 31, 2022, SHB Laos has 3 transaction points including 1 head office and 2 branches, 81 employees. Total assets reach VND 3,661 billion; Customer deposit amounts to VND 585 billion. Total loan outstanding equals VND 2,067 billion. Profit before tax reaches VND 73 billion.



Solid partners, flexible solutions

**SAIGON - HANOI CAMBODIA LIMITED LIABILITY BANK (SHB CAMBODIA)**

PROFIT BEFORE TAX

**200** billion VND

With a charter capital of USD 75 million, SHB Cambodia is the second wholly owned subsidiary of SHB in Indochina after SHB Laos. SHB Cambodia operates independently, has its own organizational structure based on the model converted from SHB Cambodia branch.

After 11 years of operation, SHB Cambodia has created a diverse customer base including both Vietnamese enterprises in Cambodia and enterprises in the host country, focusing mainly on key economic sectors, such as: rubber, electricity, road and bridge, and mining. In the coming time, SHB Cambodia will promote comprehensive development to exploit its full potential and provide a full range of products and

services to customers. Stepping into the year 2022, despite facing the general difficulties of the Covid-19 global pandemic, SHB Cambodia has achieved strong business performance in terms of total outstanding loans, customer deposit and pre-tax profit compared to 2021.

As of December 31, 2022, SHB Cambodia has 5 transaction points including 1 head office and 4 branches, and 59 employees. Total assets reached VND 12,882 billion; customer deposit counts up to VND 2,287 billion. Total loan outstanding equals VND 11,897 billion, up 30%. Profit before tax is equivalent to VND 200 billion.



TÀI CHÍNH TIÊU DÙNG

**SHB FINANCE SINGLE-MEMBER LLC (SHBFC)**

TOTAL ASSETS

**6,839** billion VND

SHBFC was established on 12/12/2016 after the acquisition of Vinaconex - Viettel Joint Stock Finance Company (VVF) with a charter capital of VND 1,000 billion.

SHBFC aims to become one of the pioneering financial companies applying technology to quickly meet the financial needs of customers, and at the same time improve service quality and convenience for customers through the cooperation with leading technology companies (Trusting Social, CIC data...), e-wallets (True Money), payment gateways (VNPT pay) to lend through a partner ecosystem to optimize costs and ensure the quality of input customers.

The company has deployed strong sales to create a breakthrough, quickly occupying the market. Diverse sales channels include direct sales with a network covering 37 provinces/cities; telephone sales channels; Online sales channel through website, Landing page, facebook fanpage, zalo... Especially, the digital technology sales center officially went into operation from March 2020 to help design small loans through the technology platform, automatic approval process, provide convenient access to customers from urban to rural areas.

In 2022, SHB Finance continues to build advanced techniques, up-to-date applications, digitized consumer credit activities to meet the demand of turning consumer finance demands into products and

control the proportion of indirect disbursement. New loan products disbursed via bank accounts or linked with payment intermediaries to control the purpose of customer's capital is developed. Distribution channels are strengthened. Mobile application of SHB Finance to provide customers with a completely automatic and convenient means of loan application is already launched to the market. Loans disbursed in cash on the application focus on the segment of loans under or equal to VND 20 million. The application is developed based on internal resources to provide the best customer service and expand the automatic sales channel for customers who need to borrow small loans and re-borrowing;

In 2022, the economy rebounds sharply, some industries even undergoing higher growth rate than before the Covid-19 epidemic. On that basis, the following results have been achieved:

As of December 31, 2022, the staff of SHBFC is 3,263 people. Total assets reach VND 6,839 billion, an increase of VND 587 billion equivalent to a 9.4% increase. Total customer deposit amounts to VND 4,622 billion, up VND 952 billion, equivalent to a 26% rise. Total loan outstanding is equivalent to VND 6,021 billion, an increase of VND 1,476 billion equivalent to 32% year-on-year growth.

Basically, key financial indicators demonstrate solid performance in line with the business plan.

## 2.4. FINANCIAL PERFORMANCE

### 2.4.1. MAJOR FINANCIAL INDICATORS

INDICATORS	UNIT	2021	2022	GROWTH RATE 2022/2021
<b>CAPITAL</b>				
Total assets	VND billion	506,604	550,904	8.7%
Charter capital	VND billion	26,674	30,674	15.0%
Equity capital	VND billion	53,114	62,577	17.8%
<b>BUSINESS RESULTS</b>				
Total customer deposit	VND billion	378,441	407,134	7.6%
Total loan outstanding (*)	VND billion	368,514	398,819	10.1%
Total income	VND billion	40,650	45,556	12.1%
Profit before tax	VND billion	6,260	9,689	54.8%
<b>CAPITAL ADEQUACY</b>				
Capital adequacy ratio	%	11.86	12.22	Fulfilling the regulatory requirement of the SBV in line with Basel II ( $\geq 8\%$ )
NPL ratio	%	1.69	2.81	Fulfilling the regulatory requirement of the SBV ( $\leq 3\%$ )
Overdue debt ratio	%	2.36	4.56	Fulfilling the regulatory requirement of the SBV ( $\leq 5\%$ )
<b>LIQUIDITY</b>				
Loan-to-Deposit ratio (LDR)	%	76.86	77.83	Fulfilling the regulatory requirement of the SBV ( $\leq 85\%$ )
Ratio of short-term funds for medium and long-term loans	%	27.36	27.60	Fulfilling the regulatory requirement of the SBV ( $\leq 34\%$ )
Liquidity reserve ratio	%	13.69	15.79	Fulfilling the regulatory requirement of the SBV ( $\geq 10\%$ )

(Source: Audited Consolidated Financial Statements for the year 2022)

(\*) Calculated based on the credit growth rate approved by the SBV

## 2.5. SHAREHOLDER STRUCTURE, CHANGE IN OWNER'S EQUITY CAPITAL

### 2.5.1. SHARES



Total number of shares (shares)

# 3,067,383,196

- Number of outstanding shares: 3,066,887,010 shares
- Number of restriction-on-transfer shares: 116,485,677 shares
- Number of freely transferable shares: 2,950,897,519 shares

### 2.5.2. SHAREHOLDER STRUCTURE

Type of shareholder	Total number of shareholders	Percentage of common stock ownership	CHART
<b>CLASSIFIED AS MAJOR AND MINOR SHAREHOLDERS</b>			
Major shareholder	1	9.998%	<p>Major shareholder: <b>9.998%</b> Minor shareholders: <b>90.002%</b> (Major shareholders are those who own more than 5% of the Bank's shares, minor shareholders less than 5%.)</p>
Minor shareholders	78,959	90.002%	
Total:	78,960	100%	
<b>CLASSIFIED AS INSTITUTIONAL SHAREHOLDERS AND INDIVIDUAL SHAREHOLDERS</b>			
Institutional	231	24.748%	<p>Institutional shareholders: <b>24.748%</b> Individual shareholders: <b>75.252%</b></p>
Individual	78,729	75.252%	
Total:	78,960	100%	
<b>DOMESTIC AND FOREIGN SHAREHOLDERS</b>			
Domestic shareholders	78,507	93.950%	<p>Domestic shareholders: <b>93.950%</b> Foreign shareholders: <b>6.050%</b></p>
Foreign shareholders	453	6.050%	
Total:	78,960	100%	
<b>STATE-OWNED SHAREHOLDERS AND OTHER SHAREHOLDERS</b>			
State-owned shareholders	8	0.938%	<p>State shareholders: <b>0.938%</b> Other shareholders: <b>99.062%</b></p>
Other shareholders	78,952	99.062%	
Total:	78,960	100%	

### 2.5.3. CHANGE IN OWNER'S EQUITY CAPITAL

- In 2022, SHB increases its charter capital from VND 26,673,697,990,000 to VND 30,673,831,960,000 by paying dividends in shares in 2021.

### 2.5.4. TRADING OF TREASURY SHARES

- Number of treasury shares as of December 31, 2022: 496,186 shares
- In 2022, SHB has no transaction of treasury shares

### 2.5.5. OTHER SECURITIES

Not available

## 2.6. ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT REPORT

(For Environmental and social impact assessment report, please refer to the Sustainable development on page 120)



SOWING PROSPERITY FROM THE  
HEART

## CONTRIBUTING TO THE BLOOMING ECONOMY



Qilin - the holy creature portends luck and great happiness. Qilin, considered a symbol of prosperity and national economic stability, earns its reputation thanks to its flexibility and wit.

SHB is proud of its positive contributions to the economy and the national development via effective business operations, strong financial capacity as one of TOP 5 commercial joint stock banks in terms of scale and corporate social responsibility. Active engagement in the country's prosperity also creates our people's happiness and purpose.



03

THE BOARD OF  
MANAGEMENT REPORT







### 3.1. BUSINESS PERFORMANCE EVALUATION

*After 30 years of continuous development and innovation, SHB is proud to be one of the 5 largest commercial joint stock banks in Vietnam, performing well dual tasks simultaneously: safe and effective business development, towards international standards, and at the same time actively take the lead in implementing major undertakings and policies of the Communist Party of Vietnam (CPV), the Government and State.*

*In the past 5 years, guided by the customer-concentric principle, the growth rate of key indicators has always been stable, higher than that of the industry ranging from 15% to 25%. Especially in 2022, SHB has managed to achieve the business objectives despite macroeconomic challenges.*

In 2022, in the context of tightened financial conditions along with strong fluctuations of the world financial market, creating great pressures on the Vietnamese economy as well as the banking and financial sector, SHB will continue to achieve important successes thanks to the capacity and determination of both domestic and foreign systems; support cooperation of partners, customers and the trust of shareholders. The operational targets all increased compared to 2021 and closely followed the plan:

- The growth rate of customer deposits has always been stable over the years and is higher than the market average. By the end of 2022, this number equals 7.6%.
- Total loan outstanding rises by 10.1% in compliance with the credit growth limit granted by the State Bank.
- Net fee income accounts for a significant part of the bank's profit structure and rises by 52.1%.
- Capital adequacy and liquidity ratio always meet the regulatory requirements of the State Bank contributing to overall liquidity of the banking system.

The network and personnel continued to be invested and expanded along with the focus on reorganizing and consolidating the organizational structure, organizing branches and transaction offices in a streamlined, efficient manner, in line with the governance capability and upscaling operations, building a large network and modern distribution channels.

Thanks to the solidarity between the BOD, the BOM and all employees, the drastic guidance from the BOD to promote business activities, effort to accomplish the plan 2022 assigned by the General Meeting of Shareholders, SHB has made remarkable progress such as:

- Realizing most of the planned targets in terms of outstanding loans, customer deposit, income,...; improvement in financial capacity, governance capability to maintain its position as one of the largest commercial joint stock banks in Vietnam.
- Well controlled operating expenses, bringing CIR to 22.7% - the lowest ratio in the Bank's operation history and the industry second best.
- Complete the dividend payout plan for existing shareholders.
- Successful co-operation with many international financial institutions such as IFC, ADB, WB... with the agreements' value up to billions of USD. The final step in the roadmap to divest of SHB Finance to Krungsri Bank of Thailand (a strategic member of MUFG Group - Japan) is conducted to assist SHB in strengthening its foundation, promoting various customer segments, accelerate the digital transformation process and improve risk management capacity.
- Designing an agile and creative business strategy for the 2022-2027 by signing a consultancy contract with the world's leading consulting firm BCG.
- Banking modernization and comprehensive digital transformation have seen initial successes.



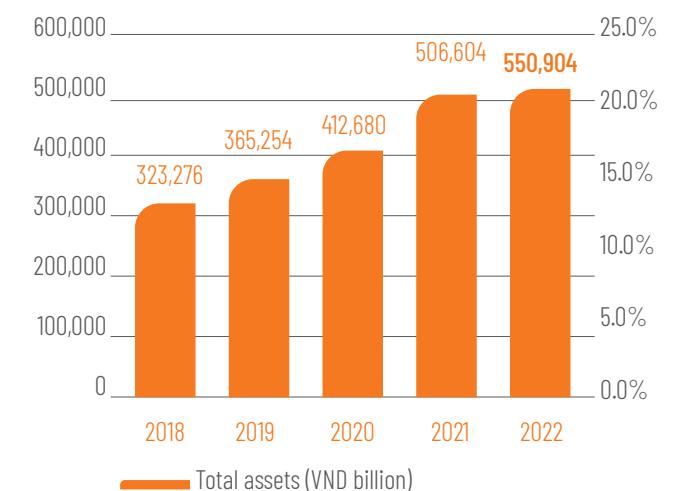
### 3.2. FINANCIAL PERFORMANCE

#### 3.2.1. ASSETS OVERVIEW

Total assets in 2022 increases by 8.7% to VND 550,904 billion, securing SHB's position in the largest commercial joint stock banks in Vietnam. The average growth rate of SHB's assets in the past 5 years amounts to 14.1%, higher than that of the industry average (industry growth equals to 12%).

In parallel with business growth, SHB always pays attention to improving asset quality with the proportion of assets being structured at a reasonable level, ensuring high profitability, operational safety and liquidity. Asset structure shifts towards increasing the proportion of non-credit activities in order to reduce dependence on credit activities.

5 YEAR AVERAGE ASSETS GROWTH RATE EQUAL TO 14.1%



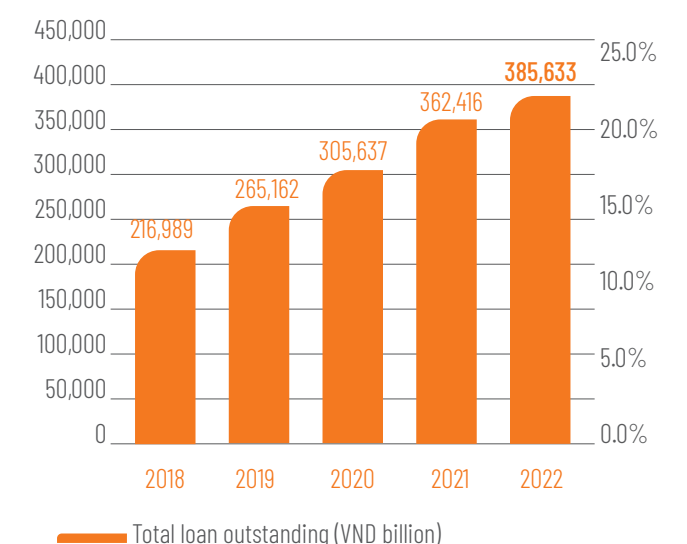
#### 3.2.2. CREDIT ACTIVITIES

Promoting its key role as one of the five largest private commercial banks in Vietnam, SHB has actively responded to the policy of the Government and the State Bank of Vietnam, focusing credit on sectors in the socio-economic development strategy for period 2021 - 2025, directing capital flows to customers who are enterprises operating in the field of agriculture - rural areas, enterprises engaged in export business, small and medium enterprises, enterprises operating in support industries, high-tech application enterprises and start-up businesses, etc.

As of December 31, 2022, total outstanding loan amounts to VND 385,633 billion. The loan growth rate average in the past 5 years is 14.4%.

SHB's profitable asset base is supported by a strong and diversified loan portfolio. As of December 31, 2022, outstanding loans to corporate customers sums up to VND 297,988 billion, accounting for 77.3% of total loans; total outstanding loans to individual customers amounts to VND 87,645 billion, accounting for 22.7% of total loans.

5 YEAR AVERAGE LOAN GROWTH RATE EQUAL TO 14.4%



*To achieve the above results, SHB has always taken customer-centric approach in each and every business operation. The Bank always actively carried out market research to truly understand needs, wants and preferences of each customer segment to develop appropriate and competitive policies and products.*

In 2022, SHB continues to deploy a credit package of hundreds of trillions dong with preferential interest rates and service fees to support industries and fields affected by the Covid-19 epidemic. such as: VND loan interest rate reduction of up to 3%/year for medium and long-term loans, 2.5% for short-term loans;

USD loan interest rate up to 1%/year for short-term loans; free-of-charge prepayment for short-term loans, free of-charge e-banking (SMS fee for balance notification, SMS fee for automatic debt reminder; Ebanking fund transfer fee,...)

#### FOR CORPORATE CUSTOMERS

SHB has actively maintained and implemented many key credit programs and products such as: Loans to purchase for temporary storage of winter-spring and summer-autumn paddy and rice of Vietnam Food Association; loans for aquaculture, seafood processing and export; lending for agricultural, forestry, fishery and salt production, industry development, investment in rural infrastructure construction; Supply chain finance guarantee; Investor Guarantee on the handover of houses formed in the future; guarantees requested by construction enterprises;...

In particular, SHB is proud to be one of the pioneering private joint stock commercial banks participating in the 2% interest rate relief program from the State budget of VND 40,000 billion according to Decree 31/2022/ND-CP of the Government and Circular 03/2022/TT-NHNN of the State Bank. This is the first interest rate support policy using the large scale state budget deployed through the commercial banking system. The preferential package to reduce loan interest rates by 2%/year is to accompany the Government in supporting businesses in priority industries and promoting easy access to loans.

In addition, some typical big programs are "Accompanying development with big enterprises", "Bluechip preferential credit package", "Pilot loan for agricultural development", "Business loan". agricultural products", "Preferential interest rates - fueling success", "Lending to stabilize the market", "Preferential interest rates - Accompanying businesses"... with special offers such as:

- The typical interest rate is 1.5 - 2% lower than that of the industry and the funding amount is up to 90% of the value of the business plan or project.
- Providing loan products suitable to farmers' production such as inter-season loans, loans through credit books, directly reaching to the local area to lend and collect debts (principal and interest) instead of borrowers having to go to the bank's headquarters ; lending to models of production and export of agricultural products in the chain of high technology application, helping people and businesses shorten production and business time and at the same time help banks save delivery costs and better manage cash flow,...



- Flexible repayment policy, in line with customer's cash flow; credit extension procedures make access to capital and banking services more convenient; shorten processing time of certification, notarization,...
- Building high quality customer referral programs that allow corporate customers in the same supply chain, production and business chain to be entitled to a similar packages with optimal benefits and simplified procedures; consider lending to members without collateral if the cash flow of the linked chain can be controlled,...

With the above programs, policies and products tailored to customers, the Bank's loan portfolio is diversified in key economic sectors: (i) the wholesale and retail trade, motorcycle and motor vehicle repair accounts for 28.9%; (ii) agriculture, forestry and aquaculture 9.3%; (iii) processing and manufacturing industry 11.2%; (iv) electricity, gas and air-conditioning sectors 3.6%, etc. In addition, the Bank's loans are diversified in terms as short-term loans accounts for 47% and medium and long-term loans 53%.

SHB has a large corporate loan portfolio, which could enable the Bank to further expand its customer base and diversify its loan portfolio to SME and retail

customers. Large enterprises are the main customers providing non-interest income, and the Bank derives non-interest income from cash collection services, cash payments, payment account management, internet banking for businesses, payment services, salary payment, foreign exchange services and trade finance services. Each large corporate customer is a focal business and often has hundreds of SME suppliers and buyers in their supply chain.

Especially, for each customer, SHB not only supports financial resources but also accompanies customers from developing business plans to providing comprehensive product packages including deposits, payments, trade finance, e-banking, money transfer... on modern technology platforms, helping customers to proactively manage their finances in the most effective way; Introduces and connects businesses with prestigious domestic and international organizations to help businesses take the initiative in their business plans, provides domestic/international financial market information, and preferential policies and support from the State to businesses. That's why SHB's products and services are highly appreciated by domestic and foreign organizations. For many years in a row the Bank was honored for various reputable awards such as: Best SME Bank, Best Trade Finance Bank, Best Project Financing Bank,...



## FOR INDIVIDUAL CUSTOMERS

With the strategic orientation of becoming a leading modern universal retail bank, SHB has continuously researched and developed diversified and competitive products suitable to the income of many customer groups. Retail products and services are designed specifically for each customer, such as retail products specifically designed for priority customers and products designed based on customer requirements. Loan products are strongly developed with the cooperation and association with many partners aiming at delivering the outstanding customer experience.

SHB has also tapped into the ecosystem of large enterprises, those with millions of employees and retail customers, by providing capital financing solutions for employees receiving salaries from large enterprises. These financing solutions include salary account management, consumer loans, home mortgage loans, car loans, credit cards, payment services, internet banking, digital banking and bancassurance, etc.

In the past year, SHB has developed many incentive programs and policies to support individual customers affected by the Covid-19 epidemic with preferential interest rates and fees for existing and new customers. Many preferential programs for individual customers, especially, individual customers who need to borrow capital for production and business are entitled to preferential interest rates, free card issuance, and e-banking services. At the same time, in order for people to easily borrow consumer loans and save more time, SHB has implemented the loan payment feature of SHB on the SHB Ebank phone application. Accordingly, customers can make loan payment transactions for themselves and their loved ones right on their phones in a convenient, safe and secure way without having to go to a transaction counter.

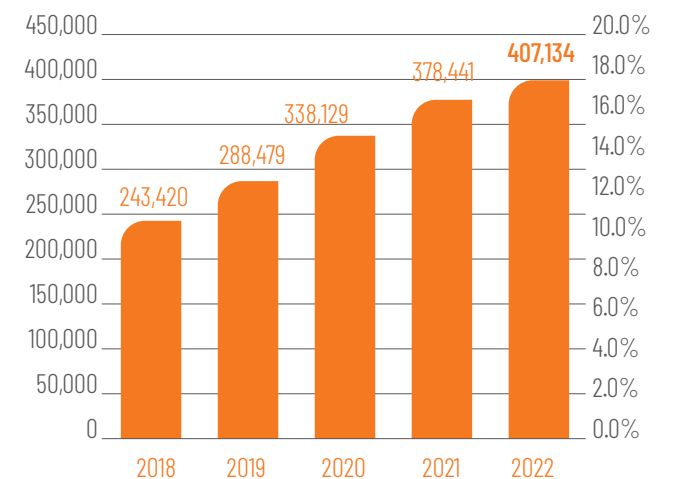


## 3.2.3. CUSTOMER DEPOSIT

*Customer deposit grows well thanks to the Bank-wide efforts when most of SHB's branches meet or exceed the objective on customer deposit.*

As of December 31, 2022, total customer deposit reaches VND 407,134 billion. The average growth rate of customer deposit in the past 5 years has reached 14%, higher than that of the industry equal to 11.8%.

**5 YEAR AVERAGE FUNDING GROWTH RATE EQUAL TO 13.7%**



Customer deposit (VND billion)

Not only high in growth rate and value, funding structure also demonstrates effective and sustainable growth. Retail customers' saving amounts always accounts for 60% of the total deposits.

Besides, SHB is constantly looking for low-cost funding from domestic and foreign financial institutions. International organizations and national governments (including World Bank - WB, Asian Development Bank - ADB, Japan International Cooperation Agency - JICA, German Reconstruction Bank - KFW,...) has selected SHB as the on-lending bank and servicing bank with the amount up to USD 2.64 billion (equivalent to VND 627 trillion) with 27 projects implemented.

To achieve this result, SHB constantly improves product and service quality, introduces flexible and modern products, suitable for all customer segments, focuses on retaining existing customers and expanding new customers. In which, marketing and customer care are always put on top priority, reflected through professional service style, reasonable consulting on products to create trust for depositors.

### 3.2.4. INVESTMENT ACTIVITIES

Securities investment portfolio continued to be structured with a reasonable proportion in order to use capital effectively. As of December 31, 2022, total debt securities and equity securities value reach VND 33,056 billion, in which corporate bonds is VND 13,186 billion.

SHB trades corporate bonds in order to diversify its business. Most of the corporate bonds are intended for short-term business purposes, contributing to increasing profits for the bank. Following the direction of the Prime Minister on encouraging and promoting the development of clean energy and solar power projects. In 2022, SHB has boosted investment in a number of bonds in the energy sector (thermoelectricity, hydroelectricity, solar power). The balance of bonds in the energy sector accounted for nearly 50% of the

total investment of corporate bonds. SHB's credit financing for energy projects will contribute to providing capital for businesses to implement projects, helping businesses benefit from preferential policies and programs from the Government. Once completed and put into operation, the projects will contribute to reducing the pressure on supply for the system, contributing to environmental protection...

The balance of long-term investment capital as of December 31, 2022 is VND 4,157 billion. Capital contribution to subsidiaries amounts to VND 3,999 billion, other long-term investments VND 158 billion.

### 3.2.5. INCOMES, EXPENSES, AND PROFITS

SHB's total income in 2022 reached VND 45,556 billion, rising by 12.1% compared to 2021. Total operating income reached VND 19,341 billion, up 6.5%. Net interest income (NII) increased by 12.7%, reaching 17,550 billion dong; net fee income (NFI) reached VND 891 billion, an increase of 52.1%;...

The total expense in 2022 is 35,867 billion VND. In which, operating expenses decreased slightly by 0.3% to VND 4,392 billion, closely in line with the objective. Provision expense for bad debts amounts to VND 5,260 billion.

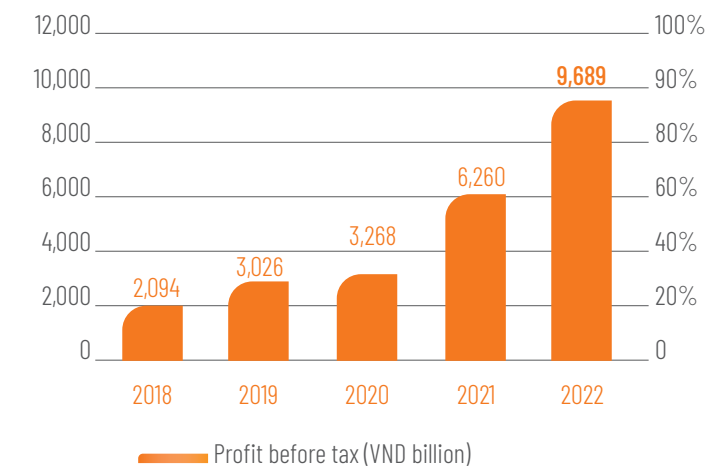
In 2022, with the complicated developments of the global Covid-19 pandemic, seriously affecting the economy, SHB has given timely instructions on making business adjustment based on Covid-19 scenarios. In order to operate and use management costs effectively in accordance with the post-pandemic situation, the bank has practiced thrift and anti-waste, and at the same time reviewed all administrative expenses to used economically and efficiently, ensuring that the target cost growth rate is always lower than the net income growth rate.

While interest income still accounts for the majority of the bank's income, NFI has increased year on year. From 2016 to 2022, NFI increased from VND 791 billion in 2016 to VND 1,791 billion in 2022, originating from cash collection, cash payment, and management of current accounts, internet banking, payment services, salary payment, insurance, foreign exchange services and trade finance services.

Profit before tax in 2022 reaches VND 9,689 billion, an increase of 54.8% compared to 2021. The average growth rate in the last 5 years amounts to 41.4%.

SHB is ranked among the top private joint stock commercial banks in terms of pre-tax profit growth. The Bank's growth in pre-tax profit was largely due to effective operating costs, including proactively seeking low-cost or preferential capital, and improving the quality of risk management to minimize related costs. to credit and operational risks, promote automation and digitization, and introduce advanced technology into the Bank's governance to improve governance capacity, as well as significantly increase fee income services from revenue from payment services and cash. Therefore, the ratio of operating expenses to operating income ("CIR") of the Bank is on a downward trend. In 2022, SHB's CIR ratio is 22.7%, the lowest in the Bank's history and as the industry second best.

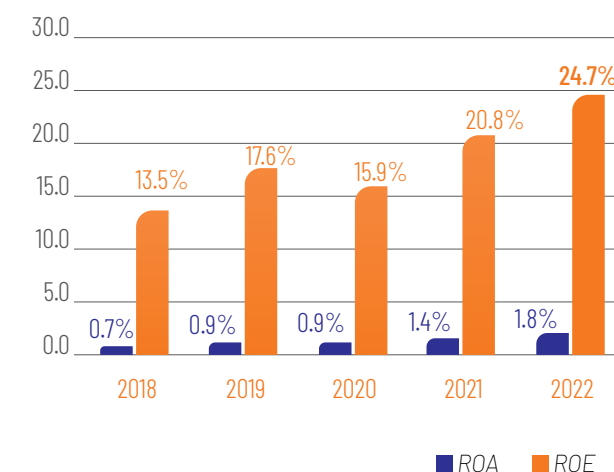
**5 YEAR AVERAGE PROFIT BEFORE TAX GROWTH  
EQUALS TO 41.4%**



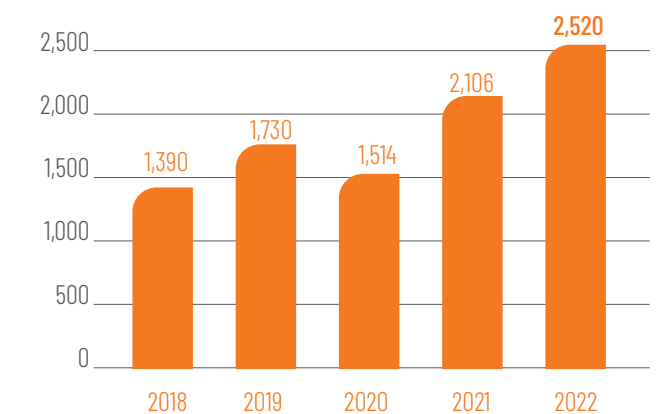
### 3.2.6. RATE OF RETURN AND EARNINGS PER SHARE

In 2022, return on assets (ROA) reaches 1.8%, return on equity (ROE) 24.7% and earnings per share (EPS) 2,520 VND/share.

Rate of return



Basic earnings per share EPS (VND/Share)





### 3.2.7. ASSET QUALITY

*Business growth coupled with the focus on the asset quality has enabled SHB to manage non-performing loan ratio below the average of the banking system.*

In 2022, SHB has focused on handling large debts despite the impact of the epidemic as well as the fluctuating economy and customers' struggling business.

Previously, in 2021, SHB had made full provision for VAMC bonds and write them off before maturity. As of December 31, 2021, SHB has no VAMC Bonds.

Besides, SHB always increases provision to improve asset quality. By the end of 2022, total provision for NPL reaches VND 7,496 billion.

### 3.2.8. CAPITAL ADEQUACY AND LIQUIDITY

*Always strictly comply with all regulations of the State Bank on prudential ratios*

In addition to impressive business performance indicators, SHB always adheres to safety and sustainability with the capital adequacy ratio (CAR) always stable above the threshold of 8% according to the state's regulations in Circular 41/2016/TT-NHNN; reserve requirement ratio in 2022 reached 15.79% (SBV's regulation  $\geq 10\%$ ); ratio of using short-term capital for medium and long-term loans 27.60% (SBV's regulation  $\leq 34\%$ ); The liquidity coverage ratio complies with the SBV regulations.

SHB also completed 3 pillars of the Basel II Accord in 2020 and implemented annual internal assessment of capital adequacy (ICAAP) since 2021, fully complying with the requirements of the State Bank on risk management activities in particular and the internal control system in general. SHB not only always maintains a minimum capital adequacy ratio with all kinds of material risks, in both normal and adverse conditions, but also ensures a capital buffer to support business operations. The Bank's business has grown sustainably and effectively.

#### CAR FOR THE PERIOD 2018 - 2022

2018	2019	2020	2021	2022	REGULATIONS OF THE SBV
11.79%	12.01%	10.08%	11.86%	12.22%	In 2018 and 2019 in accordance with Circular 36 ( $\geq 9\%$ ); In 2020 according to Basel II ( $\geq 8\%$ )



## 3.3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND GOVERNANCE

### IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND GOVERNANCE

In 2022, SHB continued to consolidate its organizational structure, complete functions and tasks of divisions/departments/departments in a professional, efficient and in-depth manner throughout the system to match the development strategy. towards Retail Banking. Many business divisions/departments/centers were merged/divided, newly established to improve business performance, cost efficiency, increase labor productivity, improve risk management... (such as Digital Banking Division, Marketing Division, IT Division, etc.).

### RISK MANAGEMENT

In 2022, tools to measure liquidity risk conforming to Basel III standards such as Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR) are completed to monitor/supervise daily operation in 2023. At the same time, projects are implemented to improve risk measurement and capital calculation models according to the advanced Basel II method for credit risk. Deliverables of such projects shall be applied to business activities to further enhance Bank-wide operational efficiency.

### IMPROVEMENTS IN TECHNOLOGY AND PRODUCTS

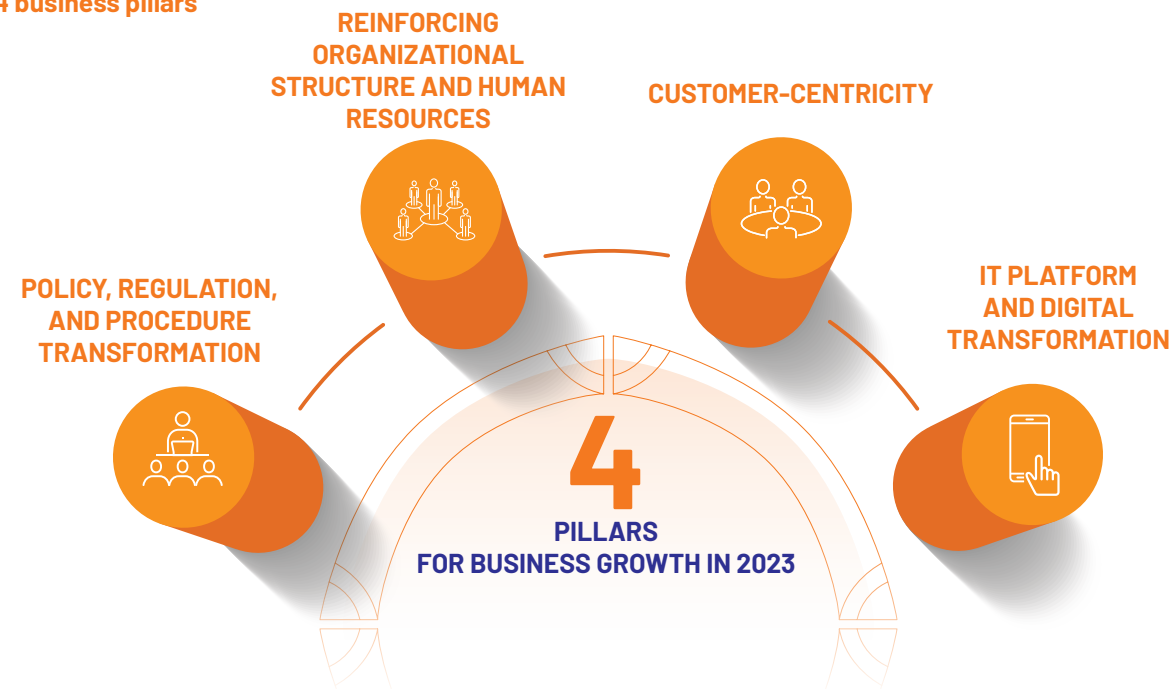
In addition, SHB continues to complete and implement many key technology projects to support banking governance, improve product and service quality as well as ensure risk management. In particular, during the year, SHB operated a number of project components such as: SHB Digital Banking Division; Foundation projects on digital transformation for individual customers (OMNI Channel Project, CRM Project - Customer Relationship Management System); Complementary projects for digital transformation activities at SHB (LOS project - Building loan process according to customer journey, Microservices architecture consulting project for SHB's entire IT system, Upgrading project ESB integration axis, Hybrid Cloud platform deployment project),...



### 3.4. BUSINESS PLAN IN 2023

On the basis of business results in 2022, research and forecast of the business environment, SHB determines to implement 4 pillars as follows:

#### 4 business pillars



#### KEY FINANCIAL TARGETS IN 2023

No.	Indicator	Scenario 1: Credit growth limit in 2023: 10%			Scenario 2: Credit growth limit in 2023: 14%		
		PROJECTED in 2023	YOY INCREASE/ DECREASE	YOY GROWTH RATE	PROJECTED IN 2023	YOY INCREASE/ DECREASE	YOY GROWTH RATE
1	Total assets	600,106	49,202	8.93%	605,500	55,596	10.09%
2	Charter capital	36,645	5,972	19.47%	36,645	5,972	19.47%
3	Customer deposit	456,180	49,046	12.05%	467,291	60,157	14.78%
4	Total loan outstanding (*)	429,880	31,061	10.00%	445,126	46,307	14.00%
5	NPL ratio	< 2%			< 2%		
6	Profit before tax	10,285	627	6.50%	10,626	967	10.00%
7	Projected dividend payout ratio	15%			15%		

(\*) Credit growth adjusted according to the approval of the SBV

### 3.5. EXPLANATION OF THE BOM REGARDING AUDITOR'S OPINION

KPMG Auditing Company has no negative opinion on SHB's financial statements.

### 3.6 ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT REPORT

#### 3.6.1. ENVIRONMENTAL IMPACT ASSESSMENT

SHB does not carry out environmental impact assessment because the majority of office buildings and transaction points are being rented.

As a service provider in the finance and banking sectors, SHB business activities do not produce high level of greenhouse gas emissions, making lesser impact on the environment. The sources of greenhouse gas emissions, if any, mainly originate directly from office equipment and indirectly from buildings lighting system, repair and maintenance of equipment, power generation systems, air conditioning system as well as the means of transportation of employees and customers accessing transaction points.

Training and propaganda activities are to raise employee awareness of environmental protection in the workplace, more efficient use water, materials, energy and natural resources.

In addition, SHB is a leading bank in implementing green credit programs, channelling finance to green projects and companies.

#### 3.6.2. HUMAN RESOURCES POLICY ASSESSMENT

SHB always complies with the regulatory requirements on working conditions, salary, insurance. Attractive compensation package, competitive welfare, humane and inspiring corporate culture have been the driving force for increasing productivity and personal growth.

Employees get easy access to updated professional training and labor relations regulations.

Trade union protects employees' rights as well as improves their quality of living.

#### 3.6.3. SOCIAL IMPACT ASSESSMENT

Regarding the responsibility to the local community, SHB constantly contributes material and spiritual values, sowing trust to the community. In the past year, SHB has spent nearly VND 32 billion for social security activities, most of which are for medical support activities, Covid-19 epidemic prevention, education, the poor and disadvantaged,...

With huge efforts during the sustainable development journey, SHB has been recognized by the society with awards such as: "Bank of the Community" voted by the International Data Group (IDG) in collaboration with the Vietnam Bankers Association; "The best socially responsible bank in Vietnam" for the second time by Asia's leading magazine on Economics, Finance and Banking - Asiamoney; "The bank with the best COVID pandemic management initiative in Vietnam" honored by The Asian Banking and Finance (ABF) magazine.

For more detail of Environmental and Social Impact Assessment Report, please refer to page 120.



# 04

ASSESSMENT OF THE BOARD  
OF DIRECTORS ON BUSINESS  
PERFORMANCE

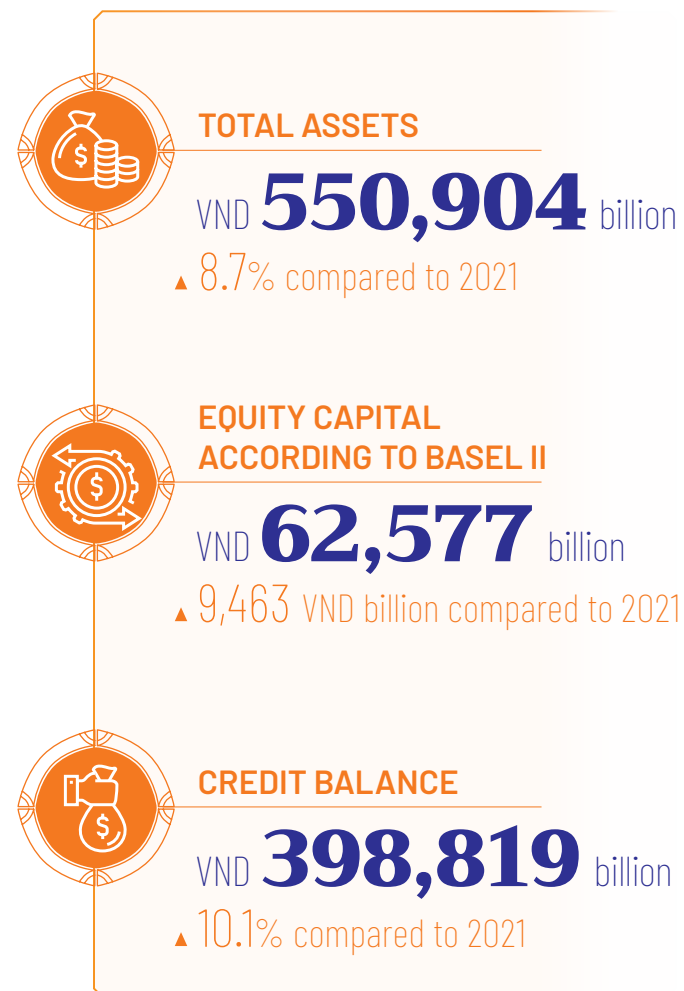




## 4.1. EVALUATION OF THE BOARD OF DIRECTORS

*2022 continues to be a year of many challenges for the Vietnamese economy in general and the banking system in particular. However, this is also an opportunity for rapidly transforming financial institutions like SHB to strengthen their foundation, internal resources, and maintain the growth momentum in a sustainable and effective way to create a stepping stone for a new growth phase, affirming its leading position in the market.*

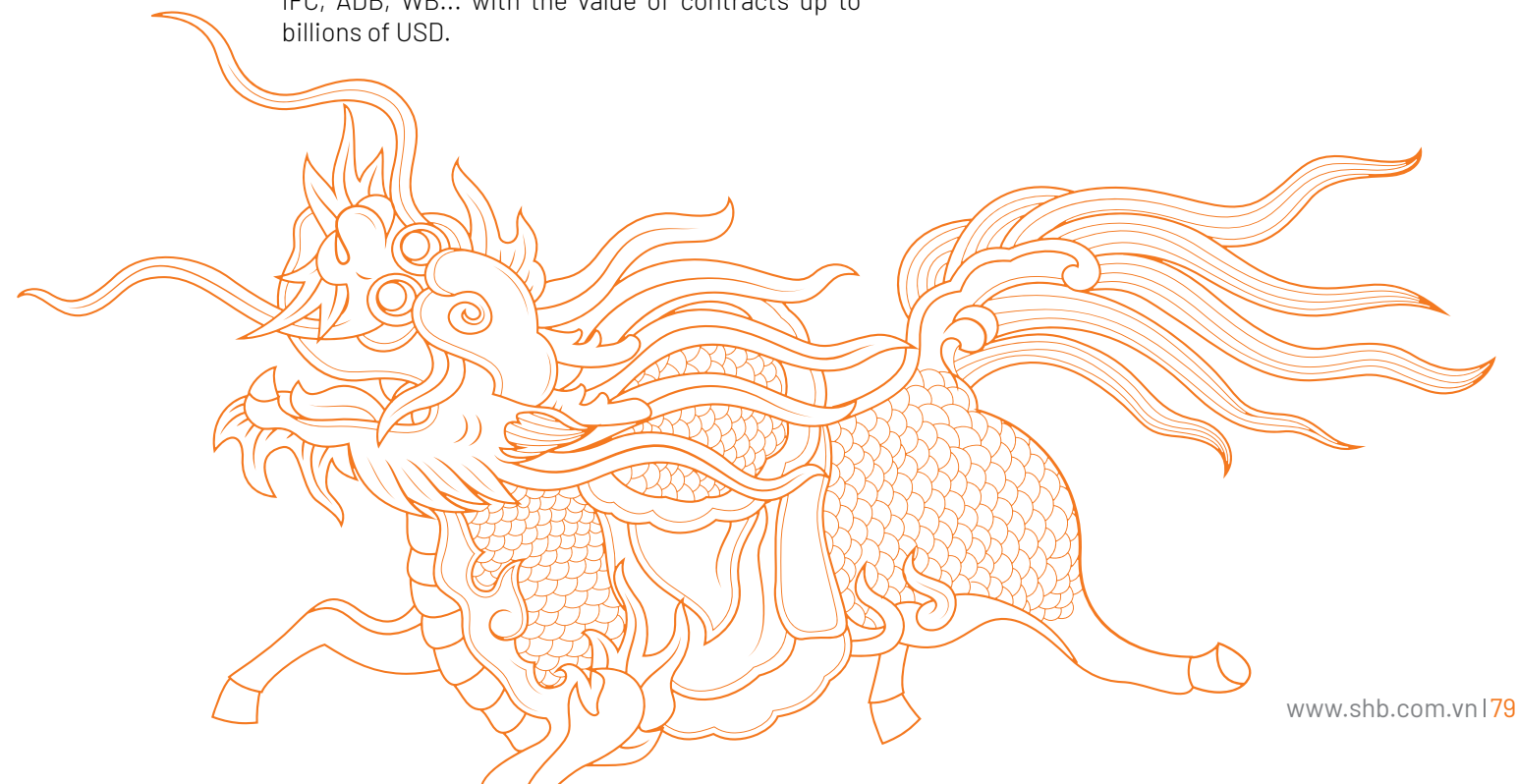
- The preceding Board of Directors (2017-2022) performed their assigned tasks until the end of April 20, 2022 and successfully directed the organization of the 2022 Annual General Meeting of Shareholders and term 2022-2027 of SHB. The Board of Directors for the new term (2022-2027) was elected at the General Meeting of Shareholders on April 20, 2022 with 06 members. The Board of Directors always closely followed all business activities of the bank, oriented, monitored, directed and supervised the Board of Management to implement the business plan in 2022 in accordance with the Resolution approved by the General Meeting of Shareholders.
- The Board of Directors properly carried out its roles and responsibilities in developing and issuing a system of internal management regulations, so as to create a unified and transparent governance mechanism, effectively controlled and supervised operations of the governance model, contributing to ensuring the interests of shareholders and harmonizing the interests of stakeholders including customers, employees and shareholders. SHB has been performing well in corporate governance, ensuring its organizational structure and operation in accordance with the provisions of the Enterprise Law, the Law on Credit Institutions and the Bank's Charter.
- The Board of Directors of SHB has oriented activities for 2022 and the following years for the Board of Management and the whole system to complete the strategic objectives for the bank's development based on 04 main pillars, namely: Institutional reform, and consolidation of regulations and procedures; Taking customers and the market as the focus; Strengthening the organization and personnel; Upgrading IT platform and digital transformation. Accordingly, the Board of Directors has directed to focus on promoting institutional and mechanism reform, streamlining the internal document system and strongly restructuring the Head Office in terms of organizational structure, improving the quality of human resources development and training.



In addition, in 2022, the Board of Directors of SHB established a Business Administration Committee under the CEO to separate functions of planning, directing, managing and operating business from functions of implementing and executing business activities, thereby improving the connection and system management among the Head Office and business units following the philosophy of "Management by goals", with consistent direction, comprehensive and synchronous management in business development policies.

- Continuing to ensure the interests of shareholders, in 2022, SHB has completed the payment of dividend for 2021 in shares at the rate of 15%.
- As a bank that completed all three pillars of Basel II ahead of schedule, in 2022, SHB has completed the preparation of the foundations for the transition to advanced capital calculation (FIRB) and the application of IFRS 9, completed the development and implementation of upgrading the liquidity risk management tool according to Basel III standards. This is the basis for the bank to continue to develop a sustainable and comprehensive business strategy, a corridor for risk management and effective use of capital.
- In the past year, SHB was rated at B1 by Moody's, with a positive outlook. With prestige and financial capacity, SHB continued to be a trusted partner of many international financial institutions such as IFC, ADB, WB... with the value of contracts up to billions of USD.

- Along with business activities, SHB well performed its environmental and social responsibilities, including developing green credit in accordance with international and domestic standards on environmental protection, energy saving, resources. SHB is also a bank that always actively implemented community responsibilities with a series of practical and meaningful social security programs such as supporting the prevention and control of epidemics, hunger eradication and poverty reduction, and improvement of people's living standards. Engraved with the philosophy of "attaching social responsibility in business", since the outbreak of the epidemic, SHB has been one of the pioneering commercial banks joining with the Government and the community in fighting epidemics by social contributions: is one of the pioneering organizations to support the Vaccine Fund; offered for free millions of Covid-19 rapid test kits to customers, partners, employees and localities in the fight against the epidemic; supported frontline agencies and hospitals to fight the epidemic and provided practical support to localities. Also, SHB always accompanied businesses to overcome difficulties. SHB is one of the commercial joint stock banks that carried out the highest interest rates cut to support Covid-19 inflicted customers and was also one of the pioneering joint stock commercial banks to participate in the 2% interest rate support program from the State budget as well as reducing interest rates on loans to businesses, cooperatives and business households recovering after the pandemic.







### 4.2. EVALUATION OF THE BOARD OF DIRECTORS ON THE PERFORMANCE OF THE BOARD OF MANAGEMENT

The bank has a dedicated management team with many years of experience, including reputable experts with decades of experience in investment, business administration, banking and finance. Most of the Board of Directors members have over 20 years of experience in the fields of investment, business administration, banking and finance, and especially have worked at SHB for over 10 years, showing a high level of stability on the Bank's leadership team. Led by a dedicated and experienced management team, in 2022 SHB has achieved outstanding business results and was honored with many awards from domestic and international agencies and organizations.

Under the timely direction and orientation from the Board of Directors, the Board of Management of SHB has completed the guidelines, policies and resolutions approved by the General Meeting of Shareholders and the Board of Directors. Specifically, the Board of Management has performed its duties and powers with a high sense of responsibility, flexibly operated operations and closely directed the units, provided timely solutions and proposals to the Board of Directors to help ensure all activities at each unit in the whole system are fully, promptly, safely, effectively, and properly checked and controlled in accordance with the provisions of law.



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

With the goal by 2027 of becoming the No. 1 bank in terms of efficiency and technology among commercial banks in Vietnam and by 2035, SHB shall become a leading modern retail bank in the region, an investment bank providing the most effective capital for key sectors of the economy, the Board of Directors of SHB has determined an appropriate strategy for each period, which is flexible, creative and different.

On the basis of learning from past experiences, inheriting and promoting from the achievements gained, in order to realize the long-term strategic goals, the Board of Directors has selected strategic consulting partners, the world's leading strategic consulting firms to accompany SHB in developing plan and supervising the implementation of the Bank's development strategy.

2023 is also a year marking an important milestone when SHB celebrates its 30<sup>th</sup> anniversary of establishment and accompanying the country's development. With a long history, strong internal potential, and a team of determined, enthusiastic leaders and employees, creative and flexible to adapt, 2023 promises continuously be a breakthrough and transformative year with powerful transformation, realizing huge aspirations of SHB people, bringing more values to customers, shareholders, and the community, contributing to the prosperity and development of the country. The Board of Directors of SHB has oriented activities for 2023 and the following years for the Board of Management and the whole system to be determined to complete the strategic goals of the bank's development based on four main pillars:

(i) Regulations, mechanism; (ii) Human Resources; (iii) Customer-centricity; (iv) IT Platform and Digital Transformation.

Specifically:

- **Regulations and mechanism:** Streamlining the system, perfecting SHB's internal regulations, processes and documents. Digitalizing credit process, digitalizing customer journey, effectively controlling coordination, centralizing customer management.
- **Human Resources:** 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-centricity:** SHB's products, identity, policies, organizational structure, people, technology, cultural activities, etc. all aim at serving customers, satisfying and matching customers, suitable for each customer segment according to the characteristics of the region. Developing strategic initiatives to make the most of the customer files and customer ecosystem and supply chain; offering differentiated values with the right products/services.
- **Information Technology Platform and Digital Transformation:** Modernizing the information technology system, automation, creativity, flexibility, connecting with the ecosystem and strategic partners in the future. Paying special attention to digital transformation, building a digital culture, transforming people themselves, towards digitizing internal processes and processes related to serving customers, improving operational efficiency.





05

CORPORATE GOVERNANCE







## 5.1. BOARD OF DIRECTORS

With 6 core values “Heart - Faith - Trustworthiness - Knowledge - Wisdom - Prestige” and the business principle of “Solid partners, Flexible solutions”, SHB is committed to delivering prosperity to customers, the community and the best interests to shareholders and investors.

The Board of Directors is the highest governing body of the Bank, with members elected by the General Meeting of Shareholders, having full authority on behalf of SHB to decide and exercise SHB's rights and obligations in accordance with the Law.

### 5.1.1. MEMBERS AND COMPOSITION OF THE BOARD OF DIRECTORS FOR THE TERM 2022 - 2027

The Governance - Management structure of SHB complies with the key points of the legal regulations and corporate governance orientations issued by the State Management Authorities, such as: Decree 155/2020/ND-CP detailing the implementation of a number of articles of the Law on Securities; Circular 13/2018/TT-NHNN on the internal control system of commercial banks, branches of foreign banks, and amendments and supplements; Code of Corporate Governance according to best practices issued in August 2019 by the State Securities Commission and International Financial Corporation (IFC).

The Board of Directors of SHB consists of 06 members; including 01 independent director and 01 executive director. Specifically:

No.	Full name	Position	Appointment date (Term 2022-2027)	Share ownership (%)
①	Mr. Do Quang Hien	Chairman of the Board of Directors - non-executive	April 26, 2022	2,750
②	Mr. Vo Duc Tien	Vice Chairman of the BOD Executive from August 4, 2021 until July 20, 2022	April 26, 2022	0.004
③	Mr. Nguyen Van Le	Member of the Board of Directors - non-executive	April 26, 2022	0.227
④	Mr. Thai Quoc Minh	Member of the Board of Directors - non-executive	April 26, 2022	0
⑤	Mr. Do Quang Vinh	Member of the Board of Directors - executive	April 26, 2022	0.026
⑥	Mr. Do Van Sinh	Independent member of the Board of Directors non-executive	April 26, 2022	0

(Background of members of the Board of Directors can be referred to at pages 14-16)

### CHANGE OF MEMBERS OF THE BOARD OF DIRECTORS

Number of members, structure of Board of Directors for the term 2017-2022

- Number of BOD members: 07 members.
- Number of independent members: 01 member.

Number of members, structure of Board of Directors for the term 2022-2027

In 2022, SHB held the 30<sup>th</sup> Annual General Meeting of Shareholders and proposed for approval on the structure, number of persons to be elected as members of the Board of Directors for the term 2022-2027, which includes 06 members, among which there is 01 independent member.

No.	Full name	Title	No.	Full name	Title
①	Do Quang Hien	Chairman of the BOD	①	Do Quang Hien	Chairman of the BOD
②	Vo Duc Tien	Vice-Chairman of the BOD (Executive from August 04, 2021 until July 20, 2022)	②	Vo Duc Tien	Vice-Chairman of the BOD (Executive from August 04, 2021 until July 20, 2022)
③	Nguyen Van Le	Member of the BOD	③	Nguyen Van Le	Member of the BOD
④	Thai Quoc Minh	Member of the BOD	④	Thai Quoc Minh	Member of the BOD
⑤	Nguyen Thi Hoat	Member of the BOD	⑤	Do Quang Vinh	Member of the BOD and CEO
⑥	Pham Cong Doan	Member of the BOD	⑥	Do Van Sinh	Independent member of the BOD
⑦	Trinh Thanh Hai	Independent member of the BOD			

### TITLES AT OTHER COMPANIES OF THE BOD MEMBERS FOR THE TERM 2022-2027

No.	Member of the BOD	Title	Titles held by BOD members at other companies
①	Do Quang Hien	Chairman of the BOD	<ul style="list-style-type: none"> <li>■ Chairman of the Association of Hanoi Small and Medium Enterprises</li> <li>■ Member of the Vietnam Fatherland Front Central Committee</li> <li>■ CEO of T&amp;T Group Joint Stock Company</li> <li>■ Chairman of the Business Alumni Club of Hanoi National University</li> </ul>
②	Vo Duc Tien	Vice-Chairman of the BOD	None
③	Nguyen Van Le	Member of the BOD	None
④	Thai Quoc Minh	Member of the BOD	<ul style="list-style-type: none"> <li>■ Chairman of the Council of Members and CEO of Vietnam - Latin America Friendship Co., Ltd</li> </ul>
⑤	Do Quang Vinh	Member of the BOD	<ul style="list-style-type: none"> <li>■ Chairman of the Board of Directors of Saigon - Hanoi Securities Joint Stock Company (SHS);</li> <li>■ Chairman of Saigon - Hanoi Insurance Joint Stock Company (BSH);</li> <li>■ Standing Vice Chairman of the Council of Members - SHB FC;</li> <li>■ Chairman of BVIM Fund Management Joint Stock Company.</li> </ul>
⑥	Do Van Sinh	Independent member of the BOD	None

### 5.1.2. BOARD COMMITTEES

*Committees/Divisions/Centers are units established by the Board of Directors to perform the duties and powers of advising the Board of Directors in governance and supervision of the Bank, including:*

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

### 5.1.3. THE BOARD OF DIRECTORS OPERATION

#### MEETINGS OF THE BOARD OF DIRECTORS FOR THE TERM 2017-2022 IN 2022

No.	Member of the BOD	Number of BOD meetings attended	Meeting attendance rate	Reasons for not attending
①	Mr. Do Quang Hien	3/3	100%	
②	Mr. Vo Duc Tien	3/3	100%	
③	Mr. Nguyen Van Le	3/3	100%	
④	Mr. Thai Quoc Minh	3/3	100%	
⑤	Mr. Pham Cong Doan	3/3	100%	
⑥	Ms. Nguyen Thi Hoat	3/3	100%	
⑦	Mr. Trinh Thanh Hai	3/3	100%	

#### MEETINGS OF THE BOARD OF DIRECTORS FOR THE TERM 2022-2027 IN 2022

No.	Member of the BOD	Number of BOD meetings attended	Meeting attendance rate	Reasons for not attending
①	Mr. Do Quang Hien	4/4	100%	
②	Mr. Vo Duc Tien	4/4	100%	
③	Mr. Nguyen Van Le	1/4	25%	Unpaid leave from April 27, 2022
④	Mr. Thai Quoc Minh	4/4	100%	
⑤	Mr. Do Quang Vinh	4/4	100%	
⑥	Mr. Do Van Sinh	4/4	100%	

#### THE BOARD OF DIRECTORS SUPERVISION OF THE BOARD OF MANAGEMENT

The Board of Directors is elected and empowered by the General Meeting of Shareholders to carry out the governance of the Bank. Surveillance activities of the Board of Directors of SHB on the Board of Management are fully implemented in accordance with the internal governance regulations of SHB (the Regulation was issued together with Decision No. 83/QĐ-HĐQT dated May 4, 2022). The Board of Directors always closely follows all business activities of the bank, orients, monitors, directs and supervises the Board of Management to implement the business plan in 2022 according to the resolution approved by the General Meeting of Shareholders.

The Board of Directors has assigned specific tasks to each member of the Board, each member is assigned to perform governance and supervision work in each of the key areas of operation of the bank. The Board of Directors closely and promptly gave direction and orientation to the Board of Management to adjust business activities appropriately from time to time, creating motivation to boost up business development and ensure completion of the plans approved by the General Meeting of Shareholders in a safe, effective and sustainable manner.

In 2022, the Board of Directors held 7 direct meetings, in addition, many meetings were convened ad hoc, online meetings and meetings in the form of written opinions were also carried out to timely and effectively resolve issues in the bank's operation. In the meantime, the Board of Directors also issued resolutions and decisions in accordance with the law and SHB. On the other hand, the committees and units under the Board of Directors also regularly reported to the Board of Directors on matters within their scope of responsibility to ensure that information is provided to the Board of Directors fully and comprehensively, stick to the bank's operation, ensuring compliance with the provisions of law and resolutions of the General Meeting of Shareholders.

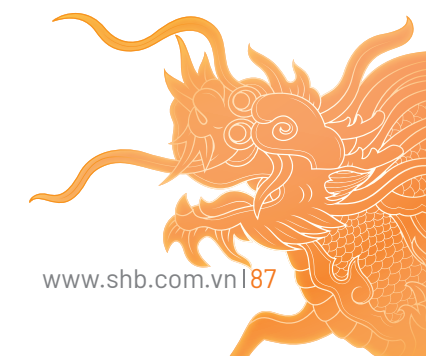
The Board of Directors has established Committees and Steering Committees to promptly orient and supervise the Board of Management to drastically implement and promote business activities. Especially in 2022, the Board of Directors of SHB decided to establish a Strategy Committee under the Board of Directors, a Steering Committee on banking development strategy, technology modernization and digital transformation, a Steering Committee, and Project Management Unit at SHB, and in the meantime consolidating the personnel of the committees and councils under the Board of Directors such as Human Resources Committee, Risk Management Committee, Problem Loan Collection and Interest Relief Council, Loan Trading Council, etc. In 2022, SHB has selected the world's leading consulting firm to advise on strategic planning for banking development, accompanying the bank in the innovation and modernization journey. The Steering Committees have been active in directing, supervising and organizing the implementation of projects/plans on business strategy development, digitalization technology, and information technology transformation at SHB according to the approval of the Board of Directors.

The Board of Directors of SHB has oriented activities for 2022 and the following years for the Board of Management and the whole system to complete the strategic objectives for the bank's development based on 04 main pillars, namely: Institutional reform, and consolidation of regulations and procedures; Taking customers and the market as the focus; Strengthening the organization and personnel; Upgrading IT platform and digital transformation. Accordingly, the Board of Directors has directed to focus on promoting institutional and mechanism reform, streamlining the internal document system and strongly restructuring the Head Office in terms of organizational structure, improving the quality of human resources development and training.

In 2022, SHB's Board of Directors directed to focus on promoting business development; reforming the system of internal documents (regulations, processes, policies, products) in a streamlined and advanced

manner on the basis of conformity with legal regulations and international practices, inheriting and promoting governance requirements of the Board of Directors of SHB; serving business development according to the principle of customer-centricity; renewing and upgrading the information technology system, actively promoting digital transformation,...; Strongly restructured the Head Office in terms of organizational structure/human resources, established the Digital Banking Division, the Digital Transformation Center, appointed additional members to the Board of Management; promoted the role of the Board of Management/Divisions/Departments/Centers at the Head Office in management and administration and focused on closely inspecting and controlling risks in all areas of SHB's business activities. The Board of Directors has also directed the implementation of solutions to prevent, combat and respond to the Covid-19 epidemic throughout the system, closely following the direction of the Government, the Ministry of Health, the State Bank, ... to ensure safety and efficiency, and business continuity. At the same time, the bank acted as a pioneer enterprise accompanying the whole country in the fight against the Covid-19 pandemic and provided timely medical support. In addition, the Board of Directors has issued and implemented solutions and measures to recover bad debts and overdue debts; developed a manual to guide relevant units throughout the system in debt collection, strengthened inspection work before, during and after lending in order to improve bank-wide credit quality.

The Board of Directors regularly participated in meetings of the Board of Management, Divisions/Departments/Centers, and Business Units in the system to grasp the units' operation situation, promptly removed difficulties and created motivations for business development. At the same time, the Board of Directors supervised the Bank's activities on a regular basis through periodic reports and proposals from the Board of Management. In addition, supervision was also carried out through reviewing and processing information from reports prepared by the Supervisory Board and Internal Audit Division. As a result, management and supervision activities were always effective, ensuring safe and sustainable development. As of December 31, 2022, SHB has basically completed the 2022 business plan and tasks assigned by the General Meeting of Shareholders.





Through the meetings in 2022, the Board of Directors has issued 35 resolutions as below:

No.	Resolution No.	Date	Contents
①	01/NQ-HDQT	18/01/2022	Implementing corporate bond trading activities
②	02/NQ-HDQT	18/01/2022	Confirmation of the type of depository securities
③	03/NQ-HDQT	21/01/2022	Making the list and organizing the Annual General Meeting of Shareholders in 2022
④	04/NQ-HDQT	28/02/2022	Approving the nomination of persons as members of the Board of Directors and Supervisory Board of SHB for the term 2022 - 2027
⑤	05/NQ-HDQT	07/03/2022	Appointment of Shareholders' eligibility inspection board at the 30 <sup>th</sup> Annual General Meeting of Shareholders
⑥	06/NQ-HDQT	17/03/2022	Approving the granting of credit lines to corporate customers
⑦	07/NQ-HDQT	30/03/2022	Approving the change in credit conditions for corporate customers
⑧	08/NQ-HDQT	04/04/2022	Approving the adjustment of the operating term in the establishment and operation license of SHBFC
⑨	09/NQ-HDQT	04/04/2022	Approving the list of Members' Council and Supervisory Board members of SHBFC for the term 2022 - 2027
⑩	10/NQ-HDQT	18/04/2022	Change management unit of Tan Trieu Transaction Office under SHB Van Phuc branch to SHB Ha Dong branch
⑪	11/NQ-HDQT	26/04/2022	Assigning titles for members of the Board of Directors of SHB for the term 2022 - 2027
⑫	12/NQ-HDQT	10/05/2022	Assigning tasks to members of the Board of Directors for the term 2022 - 2027
⑬	13/NQ-HDQT	10/05/2022	Applying remuneration to members of the Supervisory Board for the term 2022 - 2027
⑭	14/NQ-HDQT	10/05/2022	Applying remuneration to members of the Board of Directors for the term 2022 - 2027
⑮	15/NQ-HDQT	12/05/2022	Approving the granting of credit lines to corporate customers
⑯	16/NQ-HDQT	12/05/2022	Unpaid leave of Mr. Nguyen Van Le
⑰	16.1/NQ-HDQT	12/05/2022	Assigning tasks to members of the Board of Directors for the term 2022 - 2027 during Mr. Nguyen Van Le's unpaid leave
⑱	17/NQ-HDQT	17/05/2022	Approving the granting of L/C limit and guarantee limit for corporate customers
⑲	18/NQ-HDQT	31/05/2022	Signing a loan contract with Deutsche Bank AG and approve the loan plan and use of the loan
⑳	19/NQ-HDQT	16/06/2022	Approving the expected personnel to hold the position of CEO of SHB
㉑	20/NQ-HDQT	06/07/2022	Adjusting type of depository securities
㉒	21/NQ-HDQT	20/07/2022	Stop applying executive allowances to Mr. Vo Duc Tien- Vice Chairman of the Board of Directors
㉓	22/NQ-HDQT	11/08/2022	Registering for change of Charter capital at the Certificate of Business Registration

No.	Resolution No.	Date	Contents
㉔	23/NQ-HDQT	07/09/2022	Opening branches and transaction offices under SHB branches
㉕	24/NQ-HDQT	27/09/2022	Approving the implementation of the plan to issue shares to increase charter capital in 2022
㉖	25/NQ-HDQT	27/09/2022	Approving the plan to ensure the issuance of shares to meet the regulations on foreign ownership ratio
㉗	26/NQ-HDQT	27/09/2022	Approving the shares issuance plan following the ESOP in 2022
㉘	27/NQ-HDQT	27/09/2022	Using the consulting service concerning shares issuance to increase charter capital provided by Saigon-Hanoi Securities Joint Stock Company
㉙	28/NQ-HDQT	27/09/2022	Approving registration documents to offer additional shares to the public
㉚	29/NQ-HDQT	19/10/2022	Approving the order of offering/issuing shares to increase charter capital
㉛	30/NQ-HDQT	19/10/2022	Implementing the plan to issue shares to pay dividends in 2021 & the plan to handle odd shares
㉜	31/NQ-HDQT	03/11/2022	Approving the last registration date to close the list of shareholders exercising the right to receive dividends in shares in 2021
㉝	32/NQ-HDQT	07/12/2022	Determining the type of depository securities
㉞	33/NQ-HDQT	12/12/2022	Closing the list of shareholders to exercise the right to candidate, nominate expected personnel to elect additional members of the Board of Directors for the term 2022-2027
㉟	34/NQ-HDQT	23/12/2022	Approving the implementation of loan agreement with Mashreq Bank PSC

#### 5.1.4. ACTIVITIES OF INDEPENDENT NON-EXECUTIVE BOARD OF DIRECTORS MEMBERS

- Exercised the rights and obligations of independent BOD members in accordance with SHB's internal regulations and the assignment decision of the Board of Directors/Chairman of the Board of Directors carefully and honestly, contributing to the success of SHB's 2022 business results.
- Attended all the meetings of the Board of Directors, the Risk Management Committee, the Steering Committee on Bank's Development Strategy and Digital Transformation and gave opinions on issues approved at the meeting and issues addressed in the form of written opinions.
- Implemented the resolutions and decisions of the 30<sup>th</sup> General Meeting of Shareholders and the term 2022-2027, and the Decision on assignment of tasks of the Board of Directors.
- Fully prepared reports and carried out information disclosure in accordance with current law.
- Completed the duties and powers in accordance with the roles and positions as assigned by the Board of Directors; Effectively assisted the Board of Directors in making timely decisions for the bank's business management process.

### 5.1.5. ACTIVITIES OF SUBCOMMITTEES IN THE BOARD OF DIRECTORS

Currently, Committees and Departments under the Board of Directors of SHB include: Strategy Committee, Human Resources Committee, Risk Management Committee, Internal Security Department with the role of consulting, assisting the Board of Directors. The establishment of Committees/Departments is to ensure compliance with regulations of the State Bank and the law. The Committees/Departments operate in accordance with the Regulation on organization and operation of each unit issued by the Board of Directors.

#### ① Strategy Committee

The Strategy Committee is a unit directly under the Board of Directors, advising the Board of Directors in formulating, supervising the implementation of strategies and development orientations of SHB,...

The Strategy Committee was established in 2022, currently has 05 members, in which Chairman of the BOD - Mr. Do Quang Hien is the Chairman of the Committee and CEO - Ms. Ngo Thu Ha is the Vice Chairman of the Committee. In 2022, the Strategy Committee held 04 meetings and performed the following tasks:

- Advising the Board of Directors on the formulation, monitoring and implementation of SHB's development strategy and orientation, transformation initiatives to create a foundation, environment and motivation for the Board of Management and Business Divisions to effectively and flexibly implement throughout the system in order to continuously bring added values and achieve annual business goals and long-term strategic goals of the Bank.
- Acting as a contact point to work with domestic and foreign strategic consulting companies, advising/suggesting the Board of Directors in deciding and selecting a consulting firm that meet requirements of the SHB and in line with the Bank's strategic goals in each period. The Strategy Committee is the focal point to evaluate and report on results of strategy implementation; recommend changes to the strategy, promote the implementation of the strategy to ensure the achievement of the objectives assigned by the Board of Directors.
- Researching and proposing to the Board of Directors solutions in institutional reform, mechanisms and policies to improve operational efficiency in the governance and management of the Bank.

#### ② HR Committee

Human Resources Committee is a subordinate unit of the Board of Directors, with the function of advising and assisting the Board of Directors in performing the tasks and powers of the Board of Directors in terms of personnel organization.

In 2022, the HR Committee has a fundamental change in personnel according to the orientation and assignment of tasks of the Board of Directors for the new term 2022-2027. Currently, the Committee has 5 members. Chairman of the BOD Mr. Do Quang Hien as Chairman of the Committee and CEO Ms. Ngo Thu Ha as Vice Chairman of the Committee. HR Committee has the function of advising and assisting the Board of Directors in performing the tasks and powers of the Board of Directors on human resource organization. In 2022, the Committee held four quarterly meetings. During the year, the HR Committee has completed the following tasks:

- Advising, assisting and supervising the BOD in developing and implementing HR policies, salary, bonus, remuneration, organizational structure, reward and discipline...
- Proposing, considering and appraising candidates for nomination and candidacy for positions of members of the BOD, the Supervisory Board and the Board of Management;
- Advising and assisting the BOD to approve and issue decisions according to regulations or requirements of the Board of Directors.
- Advising the Board of Directors on the consideration, appraisal and arrangement of personnel for positions under the authority of the BOD, managing the requirements of the BOD on the organization, personnel arrangement and performing other tasks assigned by the BOD/Chairman of the BOD related to the activities of the BOD, the Supervisory Board and units under the Board of Directors, the Supervisory Board.

#### ③ Risk Management Committee

The Risk Management Committee is a subordinate unit of the Board of Directors, with the function of advising the BOD in developing and supervising the implementation of risk management strategies and policies.

In 2022, the Risk Management Committee has a fundamental change in personnel according to the orientation and assignment of tasks by the Board of

Directors for the new term 2022-2027. Currently, the Risk Management Committee consists of 5 members, in which Mr. Vo Duc Tien - Vice Chairman of the Board of Directors is the Chairman of the Committee and Mr. Do Van Sinh Independent Board Member is a Committee Member. In 2022, the Risk Management Committee held 04 regular meetings to give advice to the BOD in developing and supervising the implementation of risk management strategies and policies. During the year, the Risk Management Committee has successfully completed the following tasks:

- Advising and recommending the BOD and BOM to review, adjust, update and issue nearly 60 new professional regulations, review organizational structure of committees/councils, thereby improving the efficiency of risk control checkpoints to limit risks, and help achieving safe and sound business development.
- Advising on the implementation of risk management projects such as: centralized CIC; monthly calculation of capital adequacy ratio (CAR); internal assessment of ICAAP; upgrading the components of the internal credit rating system.
- Advising and supervising the periodic review of policies and regulations on risk management, including: directly giving comments, developing and adjusting other professional regulations to ensure consistency and suitability with risk management strategy; developing and implementing business continuity plan (BCP) for all business units and Head Office; developing regulations to implement self identification, assessment and risk control (RCSA).

- Evaluating the results, operational efficiency and advising and proposing recommendations to improve the organizational structure and capacity building activities of the Risk Management Division, the Internal Control and Compliance Monitoring Department.

#### ④ Internal Security Department

The Internal Security Department has the function of advising and assisting the Chairman of the Board of Directors in ensuring security and safety activities throughout the system of SHB and its member units.

In 2022, the Internal Security Department organized the implementation of the work contents according to the functions and tasks assigned by the Board of Directors, specifically:

- Developed and implemented measures to ensure security, internal safety and information security at SHB; coordinated with relevant departments to check and supervise the compliance with policies and laws, developed regulations, procedures, etc. to limit risks and losses for SHB.
- Contributed ideas to develop documents, processes and regulations by units across the Bank in a timely and effective manner.
- Coordinated with functional units of SHB to verify, effectively investigate and suggest to the Board of Directors solutions and measures to recover assets for SHB and prevent violations, contributing to limiting risks, losses to the Bank.

### 5.1.6. LIST OF MEMBERS OF THE BOARD OF DIRECTORS WITH CERTIFICATES IN CORPORATE GOVERNANCE

From 2018 to now, members of the Board of Directors, Supervisory Board, Office of the BOD, BOM have attended training courses and obtained certificates of Corporate Governance issued by the State Securities Commission in accordance with regulations.

In addition, SHB regularly appointed leaders and senior managers of SHB to participate in courses, seminars and conferences organized by domestic and international partners by methods of direct or online training to update and improve corporate governance capacity, implemented projects on banking modernization and digital technology application, etc. in which, there have been 12 courses and seminars organized with the participation of 54 classes, topics covered can be named as: 4.0 Technology Seminar and Banking Technology Challenges, Crisis Leadership Seminar, Latest Practices Workshop on Talent Assessment and Development; Modern management system architecture according to international standards; Outstanding leadership and management model; Operational risk management, General law on ODA, concessional loans and on-lending, Workshop on Covid prevention and business continuity plan, Real-time collateral management, Operational risk management according to Basel II standards,...





## 5.2. SUPERVISORY BOARD

*The Supervisory Board is an unit elected by the General Meeting of Shareholders, responsible for controlling and evaluating the compliance with internal regulations, legal regulations, the Charter and the implementation of policies, resolutions of the General Meeting of Shareholders, the Board of Directors; performing internal audit of SHB's business operations and financial statements.*

### 5.2.1. MEMBERS AND STRUCTURE OF THE SUPERVISORY BOARD

No.	Full name	position	Shareholding (%)
①	Mr. Pham Hoa Binh	Head of the Supervisory Board	0.0055%
②	Ms. Le Thanh Cam	Specialized member	-
③	Mr. Vu Xuan Thuy Son	Specialized member	-

*(Brief biography of members of the Supervisory Board, please refer to page 17)*

### 5.2.2. ACTIVITIES OF THE SUPERVISORY BOARD

The activities of the Supervisory Board of SHB in 2022 closely followed the powers and duties of the Supervisory Board in accordance with the provisions of the Law, the Charter and internal regulations of SHB, according to the plan and direction of the Supervisory Board set out in the year and each period; the Supervisory Board has performed other tasks at the request of the Board of Directors (BOD) and CEO of SHB.

In 2022, the Supervisory Board held 05 regular meetings with 100% of the members attending and 100% voting rate, with contents as below:

- **Supervisory Board meeting on January 10, 2022:** Evaluated the results of the work done by the Supervisory Board in the fourth quarter of 2021; set out the direction and tasks of the Supervisory Board in the first quarter of 2022.
- **Supervisory Board meeting on April 5, 2022:** Evaluated the results of the work done by the Supervisory Board in the first quarter of 2022; set out the direction and tasks of the Supervisory Board in the second quarter of 2022.
- **Supervisory Board meeting on April 20, 2022:** The first meeting of the Supervisory Board for the term 2022-2027 approved the organizational structure (electing the Head of the and members of the Supervisory Board) and assigned tasks to the Supervisory Board.
- **Supervisory Board meeting on July 7, 2022:** Evaluated the results of the work done by the Supervisory Board in the second quarter of 2022; set out the direction and tasks of the Supervisory Board in the third quarter of 2022.
- **Supervisory Board meeting on October 7, 2022:** Evaluated the results of the work done by the Supervisory Board in the third quarter of 2022; set out the direction and tasks of the Supervisory Board in the fourth quarter of 2022.

*In the spirit of unifying the content in the meetings, the Supervisory Board has completed the plan and direction of the tasks set out in 2022 and in each quarter. As follows:*

- ① Implemented the supervision of management and administration activities of the Board of Directors and the CEO of SHB in accordance with the provisions of law and the Charter of SHB.
- ② Promulgated internal regulations of the Supervisory Board and Internal Audit during the assurance period in accordance with the regulations of the State Bank (SBV), the Charter and other current regulations of SHB: Regulation on organization and operation of the Supervisory Board (according to the Resolution of the 30<sup>th</sup> General Meeting of Shareholders) issued together with the Decision No. 35/2022/QĐ-BKS dated May 4, 2022 of the Supervisory Board; Working mechanism and assignment of tasks of the Supervisory Board No. 35A/2022/QĐ-BKS dated May 4, 2022 of the Supervisory Board; Regulation on organization and operation of Internal Audit Division promulgated together with Decision No. 58/2022/QĐ-BKS dated June 28, 2022 of the Supervisory Board.
- ③ Ensured adequate performance of the internal audit function of the Supervisory Board:
  - Through directing the activities of the Internal Audit Division by planned and unscheduled inspections and audits, the internal audit work of the Supervisory Board has been carried out independently, regularly and comprehensively at each unit of SHB.
  - The Supervisory Board also directed the Internal Audit Division to conduct remote monitoring of the operations of SHB's units in accordance with the Internal Audit Process, as well as monitored the operational safety criteria in accordance with the regulations of the State Bank; applied information technology in developing monitoring methods, techniques and tools.
  - Monitored and supervised the rectification and handling of shortcomings detected through the audit process; directed the Internal Audit Division to participate in the settlement of complaints and denunciations; directed the implementation of periodical reports according to regulations of the State Bank and internal regulations of SHB to ensure comprehensiveness and timeliness.
  - Focused on training to improve professional qualifications for internal audit staff to ensure that the internal audit's activities are sufficient in quantity and in quality.
  - Performed other functions and duties of Internal Audit in accordance with the Charter, and other regulations of SHB and applicable laws.
- ④ Ensured the full and accurate implementation of the appraisal of SHB's financial statements in 2021 and financial statements in the first 6 months of 2022 in accordance with the law and SHB.
- ⑤ Checked accounting books, other documents and management and operation of SHB.
- ⑥ Timely notified the Board of Directors when detecting violations of the bank manager.
- ⑦ Timely updated the list of major shareholders and related persons of members of the Board of Directors, members of the Supervisory Board, CEO, institutional shareholders and other individual shareholders of SHB participating in share capital contribution according to regulations and SHB's Charter.
- ⑧ Effectively coordinated with Independent Auditors, State Auditors, Government Inspectors, State Bank Inspectors when these units come to work at SHB.



### 5.3. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND SUPERVISORY BOARD

#### 5.3.1 SALARY, BONUS, REMUNERATION, BENEFITS:

In 2022, the remuneration and benefits of the Board of Directors, the Supervisory Board, and the Board of Management are as follows:

- The Board of Directors: VND 12.7 billion
- The Supervisory Board: VND 4.4 billion
- The Board of Management: VND 22.5 billion

#### 5.3.2 TRANSACTIONS OF INTERNAL SHAREHOLDERS:

##### SHB share transactions by internal persons and related persons

No.	Performed by	Relation with internal person	Shares owned at beginning of the period (30/06/2022)		Shares owned at end of the period (31/12/2022)		Reason (buying, selling, transfer, bonus...)
			Number of shares	Share ownership percentage	Number of shares	Share ownership percentage	
1	Do Quang Hien	Chairman of the BOD	73,352,898	2.7500%	84,355,832	2.7501%	Stock dividend payout
1.1	Do Quang Vinh	Member of the BOD and DCEO. Son	692,500	0.0260%	796,375	0.0260%	Stock dividend payout
1.2	Do Vinh Quang	Son	79,036,284	2.9631%	90,891,726	2.9632%	Stock dividend payout
1.3	Do My Linh	Daughter in law	5,540	0.0002%	6,371	0.0002%	Stock dividend payout
1.4	Do Thi Thu Ha	Sister	54,857,924	2.0566%	63,086,612	2.0567%	Stock dividend payout
1.5	Do Thi Minh Nguyet	Sister	18,963,224	0.7109%	21,807,707	0.7110%	Stock dividend payout
1.6	T&T Group JSC	Related institution	266,682,746	9.9980%	306,685,157	9.9983%	Stock dividend payout
1.7	Saigon-Hanoi Securities JSC	Related institution	39,487,278	1.4804%	45,410,853	1.4804%	Stock dividend payout
2	Vo Duc Tien	Vice chairman of the BOD	108,747	0.0041%	125,059	0.0041%	Stock dividend payout
3	Nguyen Van Le	Member of the BOD	6,052,731	0.2269%	6,960,640	0.2269%	Stock dividend payout
3.1	Vu Thi Le Quyen	Wife	819,710	0.0307%	942,666	0.0307%	Stock dividend payout

3.2	Vu Van Cung	Father in law	9,306	0.0003%	10,701	0.0003%	Stock dividend payout
3.3	Nguyen Thi Mi	Mother in law	250,714	0.0094%	288,321	0.0094%	Stock dividend payout
3.4	Nguyen Ngoc Phung	Sister	672,417	0.0252%	773,279	0.0252%	Stock dividend payout
4	Pham Hoa Binh	Head of Supervisory Board	147,173	0.0055%	169,248	0.0055%	Stock dividend payout
5	Ngo Thu Ha	CEO	1,941,608	0.0728%	2,232,849	0.0728%	Stock dividend payout
6	Vu Thi Hoa	Related person	200	0.0000%	0	0.0000%	Selling
7	Ninh Thi Lan Phuong	DCEO	96,930	0.0036%	111,469	0.0036%	Stock dividend payout
8	Do Duc Hai	DCEO	134	0.0000%	154	0.0000%	Stock dividend payout
9	Pham Bich Lien	Person in charge of corporate governance	0	0.0000%	115	0.0000%	Buying, Stock dividend payout
10	Ngo Thi Van	Chief Accountant	457	0.0000%	524	0.0000%	Stock dividend payout

#### 5.3.3 CONTRACTS OR TRANSACTIONS WITH INSIDERS

None

#### 5.3.4 THE IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

*SHB always believes that the best corporate governance practice of a bank is to ensure the sustainable development of the business, to help bring about trust and maximize shareholder benefits.*

The Board of Directors, the Board of Management and the Supervisory Board of SHB have fully implemented the regulations on corporate governance in accordance with the law. SHB conducted reports on corporate governance in accordance with Circular No. 96/2020/TT-BTC dated November 16, 2020. In parallel with strict compliance with the provisions of the Law on corporate governance in Vietnam in general and regulations applied to listed companies in particular, SHB's governance is gradually improved according to the best corporate governance practices in the region and the world such as "ASEAN corporate governance scorecard", or the "The Code of Corporate Governance according to best practices" released by the State Securities Commission and the International Finance Corporation (IFC) in August 2019.

In order to strengthen the Bank's governance, SHB has made positive changes, satisfying more criteria than previous years through comparison with the evaluation criteria in ASEAN Regional Corporate Governance Scorecard, took it as a guideline to define a roadmap to improve governance standards and practices, reduce risks and move towards sustainable development of the bank. In which, 5 key corporate governance principles that are always ensured: Shareholders' rights. Equal treatment of shareholders. Roles of stakeholders. Transparent disclosure of information. and Responsibilities of the Board of Directors.



### 5.3.4.1. OVERALL ASSESSMENT ON SHB'S CORPORATE GOVERNANCE

**SHB ensures shareholders' rights and treats shareholders equally**

#### Ensures shareholders' rights

Shareholders are allowed to participate in the process of approving and approving the Charter and issuing shares of SHB. elect the Board of Directors and Supervisors. approve the issues proposed by the General Meeting of Shareholders at the General Meeting of Shareholders.

Shareholders may, based on the meeting documents posted on the website, vote on related issues and send them to SHB before the meeting, these votes of shareholders are considered valid and counted in the number of votes in favor/disagree/no opinion when counting votes at the General Meeting.

Ensures dividend payment to shareholders within 30 days from the date the Board of Directors issues the Resolution on dividend payment and within 6 months from the date of holding the Annual General Meeting of Shareholders.

Provides the Notice of Meeting and Documents of the General Meeting of Shareholders at the website of the bank. Provides sufficient basis, information and explanations for the issues to be submitted to the General Meeting of Shareholders for approval at the meeting.

Fully discloses information about BOD candidates, dividend payment policy in GMS documents and 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.

Attendance at the General Meeting of Shareholders by the Board of Directors, Executive Board, Supervisory Board and shareholders.

#### Transparent information disclosure to ensure shareholders' right

As a listed organization with a large number of shareholders, SHB always attaches great importance to transparency in information disclosure and always proactively discloses periodical/extraordinary information fully, timely, and in compliance with the deadlines as prescribed on the media, such as Website (in both Vietnamese and English), websites of Stock Exchanges, State Securities Commission, Vietnam Securities Depository and Clearing Corporation etc. In 2022, SHB has made full periodic and extraordinary information disclosure in accordance with regulations, including financial statements, corporate governance reports, annual reports, information about the General Meeting of Shareholders/collection of shareholders'

written opinions, information on increasing charter capital through issuing shares to pay dividends, etc.

SHB facilitates shareholders to promptly access information about the Bank's business results at the Annual General Meeting of Shareholders. On the basis of the presented reports and proposals, shareholders have the right to directly question and propose recommendations to SHB's Board of Directors before voting on important issues related to SHB's operations. The General Meeting of Shareholders documents are fully posted on the SHB website, ensuring information transparency and full access for all shareholders and investors.

In addition, SHB actively supports and answers investors' questions and requests for information through indirect channels such as email, phone and website...

#### Dividend policy

SHB builds a stable dividend policy, bringing high rate of return to investors, on the basis of harmonization between shareholders' interests and ensuring development resources for SHB. SHB's average dividend payment rate over the past 5 years is 11.3%, of which, in 2021, the dividend payment rate is 15%, in 2022 is 18%.

#### SHB ensures rights of stakeholders

SHB publishes policies and implements social security policies with local communities where SHB's transaction points are located. publishes and implement policies on health, safety, welfare and training programs for employees.

Provides contact information on the bank's website and annual reports so that stakeholders such as customers, partners, shareholders, etc. can approach to get problems solved.

Develops, promulgates and publishes internally and on the bank's website complaint process about illegal acts such as the publication of the Code of Conduct and professional ethics, the Anti-corruption Regulation to orient the corporate culture.

Develops and applies process and procedures for selection of suppliers/contractors.

Develops a reward policy associated with the performance of the business units.

#### SHB conducts transparent disclosure of information

##### Widespread communication on mass media

Besides, on the mass media/press, the information provided to shareholders is regularly and continuously published by SHB on many domestic and international newspapers, television stations, news sites with high coverage to provide timely, complete, transparent and official information to investors and shareholders.

Especially, SHB always focuses on strategic information

which has a great impact on the interests of investors and shareholders, such as: information before, during and after the General Meeting of Shareholders, dividend payment information, charter capital increase, business results, prospects, strategic orientations, signing cooperation events, credit ratings and awards, etc., thereby affirming SHB's capacity and prestige.

SHB ensures to provide timely and transparent information on the Annual Report in Vietnamese and English at the website such as: Information about shareholders, the bank's ownership structure, subsidiary system and other financial and non-financial information...

Organize meetings to report and press release on business results and operational strategies.

#### Promotes contact and meeting with investors

In 2022, SHB has worked with many foreign investors who have expressed interest in investment opportunities in SHB such as banks, investment funds, prestigious financial groups to learn, exploit and resonate each other's strengths while promoting and expanding opportunities for cooperation and development.

SHB has participated in co-organized investment promotion seminars and conferences in localities where SHB's transaction points are located (in 2022, SHB participated in the conference "Credit solutions to promote purchasing, consumption and exportation of key agricultural products in the Mekong Delta" on December 13, 2022. Seminar on "Meeting with business representatives of the two countries Vietnam - Laos" on January 10, 2022. jointly organized an introductory seminar on the Project of "Promoting energy saving in Vietnamese industries"...)

The above activities have been contributing to promoting professionalism and transparency in providing information in particular and strengthening relations with investors in general, thereby increasing investors' trust, contribute to enhancing SHB's brand position in the market.

In the coming time, SHB will further promote information sharing and newsletters to investors to improve professionalism and increase credibility in the stock market in order to achieve the goal of sustainable development and create long-term values for shareholders.

#### SHB always enhance responsibilities of the BOD

Roles and responsibilities of members of the Board of Directors of SHB and regulations on corporate governance are detailed in SHB's Charter and corporate governance regulations.

The Board of Directors held meetings in 2022 and announced the attendance information of each member in the annual report.

Established committees under the Board of Directors. Conducted evaluation on members of the Board of Directors and committees under the Board of Directors and published in the annual report.

### 5.3.4.2 SHB'S PLAN TO ENHANCE CORPORATE GOVERNANCE EFFICIENCY

With the goal of gradually approaching the corporate governance standards of the region and the world, SHB shall continuously improve its corporate governance activities in the coming time as follows:

#### Improve standards related to Disclosure and Transparency:

- Continue to revise and issue the Regulation on information disclosure on the stock market to ensure comprehensiveness, strict compliance with regulations in Circular 96/2020/TT-BTC of the Ministry of Finance on information disclosure on the stock market and regulations on information disclosure of relevant laws.
- Strive to better implement the standards specified in current regulations and international practices to provide information to domestic and foreign shareholders and investors.

#### Strengthen the responsibility of the Board of Directors:

- Develop succession plans, orientation and training programs for new and incumbent members of the Board of Directors to ensure that SHB's next leadership team is maintained with sufficient experience and necessary skills to undertake the tasks.
- Develop a specific roadmap to approach the quorum requirement of independent members in the BOD in accordance with best governance practices and Vietnamese laws.
- Increase the participation of independent members in the Committees of the Board of Directors, improve the performance of the Committees to advise the Board of Directors. strengthen the independence of the committees of the Board of Directors.
- Increase the number of extended BOD meetings in addition to regular meetings to discuss key issues related to business orientation and key solutions.

**Continue to consolidate and strengthen the role of Internal Audit, Risk Management and Compliance in SHB's internal governance framework with the aim of: (i) ensuring risk management and internal control system set of effective and accurate operations, (ii) significantly contributing to enhancing corporate governance practices and (iii) being lines of defense to protect investment capital and create sustainable values in long-term for shareholders.**

### 5.3.4.3 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 pay the dividend within 60 days?	In 2022, SHB has completed the payment of 15% dividend to existing shareholders according to BOD's Resolution No. 31/NQ-HDQT dated November 3, 2022	Complied
<b>A.2</b>	<b>Right to participate in decisions concerning fundamental corporate changes.</b>		
	<b>Do shareholders have the right to participate in:</b>		
A.2.1	Amendments to the company's constitution?	Provided for in the Charter and Internal Regulations on Bank Governance	Complied
A.2.2	The authorization of additional shares?	Approved by the General Meeting of Shareholders in accordance with the law	Complied
A.2.3	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
<b>A.3</b>	<b>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.</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 a meeting?	Provided for and disclosed on SHB's Website before holding the General Meeting of Shareholders (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 General Meeting of Shareholders 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 2022 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 2022 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

No.	Criteria	Evaluation basis	SHB's Compliance
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 General Meeting of Shareholders	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 General Meeting of Shareholders	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 2022 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
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 General Meeting of Shareholders and approved at the meeting	Complied
<b>A.4</b>	<b>Markets for corporate control should be allowed to function in an efficient and transparent manner.</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
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		Complied
A.5.1	Does the company disclose its practices to encourage shareholders to engage 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>Shares and voting rights</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>Notice of AGM</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



No.	Criteria	Evaluation basis	SHB's Compliance
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 at the General Meeting of Shareholders 2022	Complied
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 Insider trading and abusive self-dealing should be prohibited.</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 Related party transactions by directors and key executives.</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?	The regulatory transactions 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?	The regulatory transactions 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 on the General Meeting 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 Protecting minority shareholders from abusive actions</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

No.	Criteria	Evaluation basis	SHB's Compliance
<b>C Rights of stakeholders</b>			
<b>C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.</b>			
<b>Does the company disclose a policy and practices that address:</b>			
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	Complied
C.1.6	How are creditors' rights 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 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.</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 Mechanisms for employee participation should be permitted to develop.</b>			
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	SHB has shown in the 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 shown in the 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

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 whistleblowing 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 the Stock Exchange	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 the Stock Exchange	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 the Stock Exchange	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 the Stock Exchange	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 the Stock Exchange	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
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 Supervisory Board and the Executive Board shall be announced separately	Partial compliance

No.	Criteria	Evaluation basis	SHB's Compliance
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</b>	<b>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	Complied
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	Complied
<b>D.4</b>	<b>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</b>	<b>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</b>	<b>Medium of communications</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</b>	<b>Timely filing/release of annual/financial reports</b>		
D.7.1	Is the audited annual financial report/statement released within 120 days from the financial year end?	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
<b>D.8</b>	<b>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



No.	Criteria	Evaluation basis	SHB's Compliance
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 duties and responsibilities</b>			
<b>E.1 Clearly defined board 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 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
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

No.	Criteria	Evaluation basis	SHB's Compliance
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 Supervisory Board	Complied
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	The Supervisory Board operates independently, supervises the activities of the Board of Directors and the Executive Board	Complied
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	The Head of the Supervisory Board 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
<b>E.3 Board Processes</b>			
E.3.1	Are the board of directors meeting scheduled before the start of the financial year?	The Board of Directors of SHB meets periodically and irregularly 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 held 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

No.	Criteria	Evaluation basis	SHB's Compliance
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.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	The term of the Board of Directors of SHB is 5 years, as stipulated in the Charter, Internal Governance Regulations of SHB	Complied
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long-term incentives and performance measures) for its executive directors and CEO?	Shown in SHB's Charter, Annual Report	Complied
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	Shown in SHB's Charter, Annual Report	Complied
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	The General Meeting of Shareholders approved the remuneration norms and the Board of Directors detailed regulations	Complied
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executive directors with long-term interests of the company, such as claw back provision and deferred bonuses?	Shown in SHB's Charter	Complied
E.3.16	Does the company have a separate internal audit function?	SHB has an Internal Audit Division under the Supervisory Board	Complied
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Shown in SHB's Charter, Annual Report	Complied
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	The appointment and dismissal of the Internal Auditor falls under the decision-making authority of the Supervisory Board	Complied
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	Shown in the Annual Report - Risk section	Complied
E.3.20	Does the Annual Report/Annual CG Report disclose that the Board of Directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	Shown in Annual Report - Corporate Governance Section	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

No.	Criteria	Evaluation basis	SHB's Compliance
<b>E.4 People on the Board</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
E.4.3	Has the chairman been the company CEO in the last three years? 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 Board Performance</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 board committees and disclose the criteria and process followed for the assessment?	Shown in SHB's Annual Report	Complied



# FIRM IN THE HEART **GENERATING SUSTAINABLE VALUES**



Turtle - the holy creature embodies the protection and preservation of good values and identities that have been created in a sustainable and lasting manner.

After 30 years growing up, been through waves of challenges and changes, SHB has always been firm in the heart and mind to reach new successes and bring more values, along with sustaining and enriching the existing ones.

Beside business efficiency, SHB has built an increasingly unified organization, a strong brand, rich in identity and full of humanity, embedded and resonated with socio-cultural values of the country through different development stages.



# 06

BREAKTHROUGH ACTIVITIES,  
ACHIEVEMENTS AND SOCIAL  
RECOGNITION





## 6.1 BREAKTHROUGH ACTIVITIES IN 2022

1

**Successfully organizing the 30<sup>th</sup> Annual General Meeting of Shareholders, SHB affirmed to drastically implement 4 strategic pillars.**

On April 20, 2022 in Hanoi, SHB successfully held the 30<sup>th</sup> Annual General Meeting of Shareholders, term 2022 - 2027. In 2022 and the following years, SHB shall focus to implement 4 strategic pillars for development, specifically: Institutional and mechanism reform; Consolidating the organization and HR; Customer-centricity; Information technology platform and digital transformation.



2

**Cooperating with BCG - the world's leading strategic consulting group, drastically implementing comprehensive solutions to improve business efficiency.**

In the next period, the information technology platform and digital transformation shall continuously be one of the main pillars for SHB's development, aiming to develop the Bank in the direction of modernization, increasingly efficient in business operation with international reach.

3

**Moody's Investors Service has upgraded SHB's credit rating from stable to positive.**

Based on the fundamental factors that SHB has successfully built and implemented in 2021, in evaluating the business plan of 2022 and strategic direction of SHB in the next 3-5 years, the international credit rating agency - Moody's Investors Service has decided to upgrade SHB's long-term deposit and issuer credit rating from B2 to B1, outlook from stable to positive.

Moody's upgrade of SHB's rating reflects a marked improvement in the Bank's asset quality, recognizing the Bank's financial capacity as its charter capital is continuously improved.

4

**SHB promoted capital investment in sustainable development, including agriculture and agricultural products for key regions of the country.**

In the past time, with the support of the State, promoting its key role as one of the largest private commercial banks in Vietnam, SHB has actively responded to the policy of the Government and the State Bank in bringing capital flows to priority areas in the rural financial market, in order to help businesses in product development and trade promotion with higher value, contributing to opening up export doors for more agricultural products of Vietnam. SHB's loan turnover to the agricultural and rural sector is on average more than VND 100 trillion annually, of which in 2022, loan sales will reach VND 236 trillion.

5

**Launching the project of building an omnichannel trading platform with Temenos, affirming a strong breakthrough in digital transformation.**

SHB and Temenos Company - a world leader in banking software have signed a strategic cooperation contract to build an omnichannel platform.

Building an information technology platform and digital transformation is one of the strategic pillars that SHB has been focusing on. In particular, the Omni Channel system is the premise to build a modern multichannel technology platform, allowing SHB to build the best customer journeys and experiences, in order to achieve SHB's position as a most favorite digital bank by 2025.



6

**Comprehensive cooperation with large organizations and economic groups of the country: Vietnam Airlines, Vietnam Railways Corporation, Vietnam Textile and Garment Group; Hanoi National University, etc.**

With the orientation to accompany the development of the business, backed by the rich experience in providing diversified and outstanding financial products and services to corporate customers, SHB has been cooperating with many large organizations and enterprises in recent years. Attracting strategic partners who are large economic groups in Vietnam and internationally, SHB has affirmed its solid financial potential as well as its prestige and position in the financial and banking market.



7

**Accompanying the Ministry of Industry and Trade and the World Bank to improve energy efficiency investment in Vietnam's industry.**

In order to support industrial enterprises to increase opportunities to access capital to research and invest in technological innovation, improve efficiency in use and save energy in the production process, SHB has actively participated in The project of "Promoting energy saving in Vietnamese industries" funded by the Green Climate Fund and entrusted via the World Bank and the Ministry of Industry and Trade.

In which, SHB is the bank that issued guarantees to other banks participating in providing credit for energy saving investment loan projects in Vietnamese industries, creating favorable conditions for energy saving investment projects with access to a \$75 million Risk Sharing Fund (RSF) funded by GCF and WB.

8

**Consolidating the entire key leadership, implementing important decisions to promote bank-wide operations.**

On September 1, 2022, the Board of Directors of SHB officially appointed Ms. Ngo Thu Ha (PhD in Economics) to hold the position of CEO of SHB. At the same time, a number of positions of Deputy CEO and leaders of the Division were also filled with experienced personnel. The appointment of senior leaders has a special meaning for SHB in consolidating the whole organization structure, enhancing governance and operating capacity, contributing to promoting the implementation of the strong growth target in line with the Bank's strategy.

9

**SHB completed issuing more than 400 million dividend shares, raising charter capital to VND 30,674 billion.**

On December 7, 2022, the State Securities Commission issued an official document confirming the results of the share issuance to pay the 2021 dividend of SHB. Thus, SHB has successfully issued more than 400 million shares to pay dividends in 2021 at the rate of 15%, raising charter capital to VND 30,674 billion, maintaining its position in the Top 5 private commercial joint stock banks with highest charter capital. This is an important foundation to help SHB increasingly affirm and enhance its reputation in the domestic and foreign investment community, as well as to international credit rating agencies.

10

**SHB Finance is approved by the SBV in principle for legal form conversion**

On December 30, 2022, the State Bank of Vietnam issued a document approving the principle of converting the legal form of Saigon - Hanoi Commercial Joint Stock Bank One Member Finance Company Limited into SHB Finance Limited Company (SHB Finance).

The approval of the State Bank of Vietnam is one of the final steps in the roadmap to transfer SHB's charter capital at SHB Finance to Krungsri Bank of Thailand - a strategic member of MUFG Group - Japan. The two sides will soon expedite the remaining procedures to soon realize the agreement. The transfer agreement will bring a significant capital surplus for SHB, as well as improve the financial capacity and position of the Bank.





## 6.2 ACHIEVEMENTS AND SOCIAL RECOGNITION



*SHB's long history, understanding of markets and customers, and outstanding efforts of SHB over the past 30 years are the premise for recognition by the state and prestigious organizations at home and abroad. In 2022, SHB strengthened its position in the rankings and proud to be honored in many prestigious award categories.*

SHB is currently  
ranked in

TOP 5

LARGEST PRIVATE COMMERCIAL BANKS  
IN VIETNAM IN TERMS OF SCALE

TOP 10

MOST PRESTIGIOUS PRIVATE JOINT  
STOCK COMMERCIAL BANKS IN VIETNAM

TOP 50

BEST ENTERPRISES IN VIETNAM

TOP 100

REGIONAL BANKS ASEAN REGION

TOP 500

BANKS IN ASIA - PACIFIC REGION

TOP 1,000

GLOBAL BANKS



### 6.2.1. TYPICAL TITLES AWARDED BY THE PARTY - STATE

- Second Class Labor Medal (2<sup>nd</sup> time) and Third Class Labor Medal awarded by the President.
- First-class Labor Medal awarded by the President of the State to the Chairman of the Board of Directors of SHB.
- Second-class Labor Medal awarded by the President of the State to the former CEO of SHB - Member of the Board of Directors.
- Third-class Labor Medal awarded by the State President to the Deputy CEO of SHB.
- Emulation flag and Certificate of Merit from Hanoi People's Committee awarded to SHB for many years.
- The title of "Excellent Capital Citizen" awarded by the Hanoi People's Committee to the Chairman of the Board of Directors of SHB.
- Thang Long Cup of Hanoi People's Committee honors SHB bank.
- Many other certificates of merit and emulation flags from the Government, the State Bank, the People's Committees of the provinces and cities where SHB is located; etc..



## 6.2.2. TYPICAL DOMESTIC AWARDS BY DEPARTMENTS/INDUSTRIES/ ORGANIZATIONS



**TOP 10** MOST PRESTIGIOUS VIETNAMESE  
COMMERCIAL BANKS  
honored by Vietnam Report for the 7<sup>th</sup> time

**TOP 50** MOST OUTSTANDING ENTERPRISES  
IN VIETNAM  
honored by Vietnam Report for the 7<sup>th</sup> time

**TOP 50** BEST GROWTH ENTERPRISES IN  
VIETNAM  
honored by Vietnam Report for 4 consecutive years

**TOP 50** MOST EFFECTIVE COMPANIES  
IN VIETNAM  
honored by Investment Bridge Magazine and Thien  
Viet Securities Company

### VIETNAM OUTSTANDING BANK AWARD

honored in categories of "Best CSR Bank" and  
"Bank with outstanding products/services" by  
International Data Group (IDG) in association with  
Vietnam Banks Association.

**TOP 21** LEADING FINANCIAL BRANDS IN  
VIETNAM  
honored by Forbes - The leading business magazine  
present in 40 countries worldwide

**TOP 1** VIETNAMESE GOODS VOTED BY  
CONSUMERS  
for the SHB Mastercard Cashback card product within  
the framework of the Consumer's Favorite Vietnamese  
Products Poll by Hanoi Department of Industry and Trade

**TOP 10** GOOD QUALITY PRODUCTS FOR  
THE BENEFIT OF CONSUMERS  
SHB MasterCard card products

**TOP 10** ENTERPRISES FOR SUSTAINABLE ENERGY  
DEVELOPMENT IN VIETNAM IN 2022  
honored by Vietnam Energy Association (VEA).

**TOP 10** FAMOUS BRANDS IN 2022

## 6.2.3. TYPICAL INTERNATIONAL AWARDS BY FAMOUS COUNTRIES/GROUPS/ ORGANIZATIONS/MAGAZINES



**1** BEST BANK IN VIETNAM  
selected by Global Finance

**2** BEST SOCIALLY RESPONSIBLE BANK  
honored by Asia's leading magazine on  
Economics, Finance and Banking - Asiamoney for  
the 2<sup>nd</sup> time.

**3** BEST DOMESTIC TRADE FINANCE  
BANK IN VIETNAM

**BANK WITH THE BEST COVID-19  
PANDEMIC MANAGEMENT INITIATIVE  
IN VIETNAM**  
honored by Asian Banking & Finance Magazine

**4** BEST TRADE FINANCE BANK  
IN VIETNAM  
selected by Alpha Southeast Asia  
Magazine for 4 years in a row.

**5** BEST COMPANY TO WORK FOR IN ASIA  
honored by HR Asia - a leading HR magazine,  
held annually, with wide spread across Asia.

**6** THE CREDIT RATING AGENCY MOODY'S  
INVESTOR SERVICE UPGRADED SHB'S  
LONG-TERM DEPOSIT AND ISSUER  
RATING FROM B2 TO B1, FROM STABLE  
TO POSITIVE OUTLOOK.

AMONG MANY OTHERS...

07

SUSTAINABLE DEVELOPMENT  
REPORT







*With solidly invested foundations, SHB is converging all the necessary elements for realizing strategic goals, bringing long-term benefits to customers, shareholders, employees and the community.*

The sustainability report is compiled with information and data from the actual activities of SHB and its subsidiaries for the year ended December 31, 2022. The information disclosure is carried out according to Circular 96/2020/TT-BTC.

The person with the highest responsibility related to the sustainable development policy is the CEO. At SHB, policies on environmental and social issues are specified in internal documents issued by the Board of Directors and the CEO. The Board of Management has closely followed the direction and orientation of the Board of Directors, actively implemented activities related to social responsibility and environmental protection in order to bring better values to the community and society.

Economic growth associated with Social Responsibility and Environmental Protection are three factors that play a fundamental role for the sustainable development of SHB. Sustainable development is thoughtfully carried out by SHB from vision, strategic orientation to annual business performance.



## 7.1. HR POLICIES

*SHB has young human resources with an average age ranging from 29 to 31 years old, an age rich in enthusiasm, passion and dedication to development.*

With the goal of building an experienced, dedicated and qualified workforce that can meet the requirements of a modern bank, SHB has identified 4 Employee Attraction Values (or Core Values of SHB). 4 values are not only SHB's competitive advantage in the recruitment market, but also a guideline for the Bank's human resource development activities to maintain and promote those strengths.

### Value 1 Competitive benefit

SHB understands and cares about its employees with practical and competitive benefits compared to other banks and businesses in the market. Welfare for female, staff at all levels, and leaders stands out, which is the initial value that attracts talents.

### Value 2 Humane and responsible working environment

Joining SHB, employees will be able to work in a humane environment that values people, an ideal working environment to dedicate themselves to and develop a sustainable career. SHB understands that the culture of kindness built from "kind people" is the core and sustainable foundation. After all, the human spirit of the new organization is the biggest motivation for employees' dedication and attachment for a long time, beyond material values.

### Value 3 Private bank with international outlook

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 big brands. SHB is also the first joint stock commercial bank to have an office in ASEAN. Challenge themselves and enroll in big cooperation projects is an opportunity for employees when joining SHB.

### Value 4 Accompanying the aspirations of entrepreneur Do Quang Hien

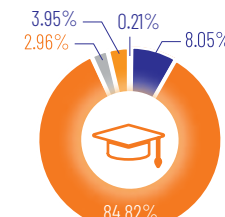
Most employees think that "Where to work is not as important as who to work with". At SHB, employees are proud to be inspired and accompanied by the aspiration to lead of the talented Entrepreneur Do Quang Hien, full of passion and faith in life.

## 7.1.1. NUMBER OF EMPLOYEES, AVERAGE SALARY FOR EMPLOYEES

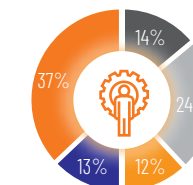
The total number of employees of SHB as of December 31, 2022 was 9,504 people. In 2022, the average income of SHB employees reached VND 22.3 million/person/month, up 1% compared to 2021.

SHB's human resources in recent years have been continuously enhanced in both quantity and quality to meet the business strategy. SHB is also aiming to build a team of successors, ensuring a source of managers, experts,... with young average age, well-trained in the field of finance and banking, with comprehensive knowledge of market economy, foreign language proficiency, ability to adapt sensitively to the modern and highly integrated business environment.

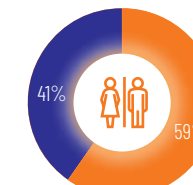
The percentage of female employees at SHB has always been higher than 50% every year. In which, the structure of women in the Board of Management and senior leadership of SHB accounts for 50%, showing that SHB always values women and their important influence on the bank's business.



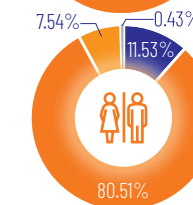
Personnel structure by qualification



Personnel structure by seniority



Personnel structure by gender



Personnel structure by age



### 7.1.2. LABOR POLICY TO ENSURE THE HEALTH, SAFETY AND WELFARE OF EMPLOYEES.

*“Living on salary, getting rich on bonus” is the motto that SHB always strives to implement so that employees can feel secure to attach with the bank.*

*Basically, in 2022, despite being affected by the Covid-19 pandemic, SHB still ensures all policies and benefits of employees.*

#### Salary and bonus regime

In 2022, SHB continued to adjust in the direction of innovation and reclassifying income by title for employees of all business units according to ranking results, grades and regions. KPI sets were continuously revised, aiming to pay a fair and accurate monthly income according to the dedication capacity of employees and the functions and duties of each professional department. The salary policy was associated with the results of job performance evaluation, level of contribution by employees, as well as the business performance by SHB.

With a specific KPI system, high or low income is decided by the employees themselves. The annual salary increase is guaranteed to be open, fair and transparent, reflecting the development policy of the SHB.

The bonus regime is fully implemented for all employees on national holidays and New Year celebrations and the bank's establishment anniversary. In particular, the policy of emulation and reward within each unit, branch, region and the entire system is updated and renewed every year, is a regular activity that is expected by employees. Important recognitions include: Quarterly/ Yearly Certificate of Merit/Certificate of Merit awarded by the Chairman of the Board of Directors, General Director and overseas trips (Europe, Asia,...) to encourage teams/individuals who have new initiatives, exceed planned targets, achieve excellent results...

#### Insurance, health care, safety and welfare regimes

Currently, the difference between SHB and other banks is that SHB is paying for employees social insurance, health insurance, unemployment insurance, personal income tax and trade union fee. This is one of the prominent policies that not only helps to ensure and improve income for employees, but also is one of the policies to attract employees to work at the bank.

The health of employees is one of the decisive factors to the quality, productivity and performance of the enterprise. Therefore, SHB's leadership always focuses on creating a safe working environment, ensuring good health, life and policies for SHB employees. SHB focuses on health care for employees with a relatively high cost. SHB cooperated with leading hospitals to organize medical examinations for their staff periodically once a year, at an average cost of VND 1.2 million/person. At the same time, employees are entitled to comprehensive health care insurance under the SHB Care program linked with BSH insurance with policies and insurance values increasingly beneficial to the employees. Specifically, for the leader positions, the insurance value is nearly 1 billion VND/person. For other titles, the average level of insurance is VND 200 million/person.

In particular, 2022 continues to be the year when the Vietnamese economy in general and SHB in particular are affected by the Covid-19 pandemic. In the face of extremely complicated developments of the pandemic, SHB's Board of Directors always focuses on welfare policy/health activities to protect the health of SHB employees and their relatives. Some remarkable policies can be listed as:

- Regularly directing, recommending and providing epidemic information to employees;
- Issuing regulations on flexible working policies (allowing to work remotely) but still ensuring income for employees. Ensure employees still complete their work but are protected safely every time an outbreak breaks out in the locality/unit.
- Organizing regular/periodic Covid-19 screening and testing activities to promptly detect epidemics; Support expenses for SHB employees and their relatives who are F0 and F1; Organizing the implementation of 3 vaccinations for 100% of employees and their relatives; Support medicine treatment for employees and relatives when infected with Covid-19,...

In addition, the bank always ensures specific allowances such as toxic allowances, makeup allowance for the treasury, money counting department or units which have direct transactions with customers; dual-position allowances attractive to qualified employees; monthly fuel and parking allowance for 100% of employees. Management at the headquarter as well as at branches are arranged with private cars to transport to work, ensuring reasonable costs.

In addition to implementing policies for employees in accordance with the law, SHB also applies many useful welfare programs for employees every year such as: allocation of working uniforms, sufficient provision of modern working tools in accordance with professional operation; organization of annual vacation for all employees; policies to give employees preferential loans to buy houses, cars, consumer loans with low interest rates, etc.

The activities of unions, football sports and mass performances were regularly held throughout the system to create solidarity, attachment between employees and the Bank, creating a warm and happy atmosphere to motivate employees.

Social activities, charity support, environmental protection, etc. were always focused by SHB, thereby building a sense of responsibility for the community of employees.

### 7.1.3. TRAINING AND EMPLOYEE DEVELOPMENT ACTIVITIES

*Always consider human resources as the bank's most valuable asset, maximizing human resources, taking people as the center of the bank's development motivation.*

Human resources development is one of the four strategic pillars of SHB. SHB created all conditions for each individual employee to develop his career, focusing on training high-quality human resources with training plans built on the bank's business development strategy, according to analysis of financial market development trends, based on annual employee need survey. With the policy that all employees have the opportunity to be trained and developed, so all training costs organized by SHB as well as training courses sent by SHB are sponsored by the bank.

In 2022, SHB continued to foster and develop employees' capacity through 05 groups of training programs with 86 courses. In particular, SHB organized the first Talent Lead course excellent senior management staff. SHB's first Talent Lead participants are trusted to bring about breakthrough - blooming and realizing the goal of becoming No.1.



Total training hours in 2022 of all employees of the Bank were 166,006 hours, equivalent to the average number of training hours/one employee at SHB of 29.2 hours/employee/year.

Object	Hours of training (hours x person)	Average training hours/ year (hours/person/ year)
Staff	138,328	29.9
Management	27,678	25.7
<b>Total</b>	<b>166,006</b>	<b>29.2</b>

## The training program was built for each target group

SHB provided training on the basis of the competency standard framework of each title and according to the required competency level of each position. The training programs at SHB were diversified, continuously improved, updated in content and form, suitable for many target groups. The programs are designed based on the training list under 04 groups of titles: (i) Senior management; (ii) Middle management; (iii) Low level Managers and (iv) Specialists/Staff.

- Regarding newly recruited employees, SHB developed integration training programs with the arrangement of senior employees to mentor to

provide employees with general knowledge about SHB, background knowledge for work, helping them quickly integrate and get familiar with SHB culture. In 2022, SHB has implemented 25 integration courses for new employees.

- Regarding experienced and competent employees, SHB focused on advanced and specialized training in order to plan resource employees, creating career promotion opportunities. The number of courses in intensive product and professional skills in 2022 was 52 courses.



- Regarding managers, SHB implemented training programs to improve management capabilities, strategic planning & developing skills, change management skills, etc. Every year SHB facilitated so that managers can participate in training courses and seminars abroad. In 2022, 9 training courses in management skills, soft skills and specialized seminars were organized.

The performance assessment at the end of the course was periodically organized by professional tests and assessments throughout the system to encourage employees to train themselves and supplement the knowledge and skills which they were still weak and lacking.

Training activities at SHB are flexibly carried out in many different forms, such as outsourced training, in-house training at SHB, online training, blended learning, etc. SHB has made the maximum application of technology in training activities according to its ability and conditions to improve the quality of online lectures with digitized and transferred training topics/ contents and put it into service for learning/training on the elearning system. Training programs with instructors are carried out in the form of online classes via MS Teams software, Zoom, video conferencing classes, etc. Technology applications in training were always focused through the operation of the Study-Exam System (SHB-LMS) and Online Survey (SHB-Survey, Google Docs). Modern training system made the learning of employees become easier and more effective, as well as optimizing training costs.

## Recruitment policy

*Publicity and transparency, along with the criteria for evaluating a candidate's qualifications and skills based on professional standards are the basis for recruitment.*

The strategy of attracting, developing and nurturing talents has always been valued in SHB's recruitment policy. Through internship programs, talent introduction, etc., targeting a wide range of audiences from potential students to excellent managers/ experts, SHB has always placed its trust and given opportunities to young people willing to challenge, innovate and create. In 2022, SHB participated in 06 job fairs at universities/colleges across the country to approach and share job opportunities to more than 5,000 students.

SHB's recruitment policy is always public, transparent and evaluates the candidate's ability based on professional standards and actual job requirements. In 2022, SHB had 964 new employees, including 60 managers and 904 specialists. The total number of applications for the year was 17,002 applications (for 329 vacancies).

In addition to recruiting employees from outside sources, the rotation and appointment of internal employees is also focused on by the management. SHB prioritizes internal human resources for recruitment in order to create attachment and encourage employees to develop.

In the provinces/cities at home and abroad with the presence of SHB, local workers were prioritized to be recruited because of the background of a thorough understanding of the local market and the commitment and enthusiasm of the employees.

Besides, SHB also signed cooperation agreement with partners providing major recruitment services such as Vietnamwork, Careerbuilder, First Alliance, Navigos to increase the efficiency of recruitment information communication and supplement high quality candidates; promoted cooperation with major universities through scholarship programs for excellent students, exchange information, participation in job fairs to expand recruitment sources.







## 7.2. RESPONSIBILITY TO THE LOCAL COMMUNITY

*Over the years, SHB has always been known as one among high performance commercial banks, affirming its prestige and brand name domestically and internationally. Along with sound business activities, SHB has also actively demonstrated community responsibilities with a series of practical and meaningful social security programs.*

In 2022, SHB has spent nearly VND 80 billion budget for sponsorship activities towards the social community, including socio-cultural sponsorship activities, cultural and spiritual works, supporting the poor, difficult situations and the development of the young generation.

Previously, in 2021, when the Covid-19 pandemic was complicated, all socio-economic activities were stalled, people's lives were seriously affected, in order to share difficulties with the community, SHB spent hundreds of billions of VND on social security activities, increasing 6 times over the same period of the previous year.

Responding to the emulation movement "The whole country joins hands for the poor - Leaving no one behind" launched by the Prime Minister, SHB supported poverty alleviation through funds and organizations such as: Contribution to the Fund for the Poor; Support the Vietnam Children's Fund; Supporting the Children's Fund in Hanoi, building the Great Solidarity House launched by the Vietnam Fatherland Front in Hanoi city... and practical activities for each difficult case in the localities. In 2022, SHB participated in overcoming consequences of natural disasters such as in Lien Chieu District, Da Nang City, Ky Son District, Nghe An Province. In addition, the Bank also accompanied a

number of social and cultural activities, promoted the love of sports and football, and contributed to spiritual and cultural works in Vietnam.

With contributions to the development of the country, SHB was honored to be awarded the Certificate of Merit by the Prime Minister in accompanying the Government to remove difficulties for businesses and implement social security during the pandemic; the Bank was also honored by Asiamoney Magazine as "The best socially responsible bank in Vietnam", "Best CSR Bank" honored by the International Data Group (IDG) in collaboration with the Vietnam Banks Association; "Bank with the best COVID pandemic management initiative in Vietnam" honored by The Asian Banking and Finance (ABF) magazine, along with many other prestigious domestic and foreign awards. It is a testament to the community's trust and recognition for a bank that always takes "social responsibility" as its business philosophy, creating long-term brand value.







### 7.3. ENVIRONMENTAL IMPACT ASSESSMENT REPORT

*SHB has long been aware of the responsibility of a Top commercial bank in Vietnam in terms of scale to make every effort to minimize the impact on the environment and contribute to the regeneration and preservation of the green planet. SHB has determined a sustainable development strategy that not only brings effective and safe financial growth to the bank itself, but also rationally exploits and economically uses natural resources, protects and improves the quality of the living environment.*

At SHB, the policy on environmental issues is concretized in the regulations issued by the Board of Directors and the CEO. In which, the CEO is responsible for implementing policies. The CEO and the Board of Management closely followed the direction and orientation of the Board of Directors, actively implemented activities related to social responsibility and environmental protection in order to bring better values to the community and society.

#### 7.3.1. ENVIRONMENTAL IMPACT

SHB does not assess environmental parameters because most of SHB's buildings and transaction points are currently rented. The assessment is carried out by the building operator.

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.

Sources of greenhouse gas emissions at SHB's buildings and transaction points:

- Direct emission sources (negligible) include: Labor tools.
- Indirect emission sources: Lighting system, elevator system, air-conditioning system, power generation system; means of transportation of employees and customers to transactions, repair and maintenance activities.

In order to create a green space, SHB alternately arranged bonsai at buildings and transaction points, helping to reduce the amount of CO<sub>2</sub> emitted into the air. In addition, customer transactions, internal transactions, training,... in online form also help reduce emissions during transportation and save energy.

#### 7.3.2. RAW MATERIAL MANAGEMENT

SHB is a service provider in the fields of finance and banking, so the main materials for the business process are mainly printing paper, printing ink, stationery, etc.

SHB's total annual cost of using materials increases in line with the size of the bank's business. However, thanks to effective saving measures, the cost of using materials per staff is always kept at a low level. The cost of materials in 2022 was VND 1.18 million/01 employee/year, a decrease of 13.2% compared to 2021.

Many measures were used by SHB to save materials, labor tools, and minimize environmental pollution such as:

- With the orientation of becoming a modern universal retail digital bank, SHB enhanced the development of products and services applying modern technology, and at the same time minimized the cumbersome paper-using process in order to bring utility for customers, save transaction processing time and stationery costs. Banking operations or operational document processes were largely shifted to online transactions and approvals thanks to online document storage and approval systems; The online automatic individual customer information identification application (eKyc) was put into operation in 2020, so the number of papers, pens, etc. and other labor tools decreased significantly year by year.
- The electronic information exchange system was upgraded and expanded from the head office to branches such as meetings, recruitment interviews via videoconference, online recruitment examinations, electronic news and magazines, etc., making an important contribution to minimize the amount of printed papers and improve labor efficiency.
- Reuse of 1-sided printed paper; Registering annual usage quota for each department; Classifying stationery according to one-time supply, supply according to monthly request and unusual usage requirement; Tracking and comparing periodic usage.
- The bank's internal communication activities also devoted many contents and topics to raise staff's awareness in document printing in order to minimize the amount of redundant printed paper and enhance the exchange of information, documents, reports via internal email and the reuse of old stationery.





### 7.3.3. 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.

Facing negative impacts from climate change affecting not only the present but also future generations, SHB always focused on monitoring the use of energy and natural resources, thereby contributing to minimizing greenhouse gas emissions intensity and environmental impacts.

#### FUEL CONSUMPTION

SHB's petrol consumption source was mainly from operational cars, money carrying trucks and staff transportation vehicles, etc. Petrol cost quota was assigned and specific itinerary was checked regarding head of units who regularly travel by work vehicles. Regarding other activities, itinerary and transportation time must be registered in advance to ensure maximum service of employees while saving petrol costs and vehicle wear. SHB's petrol consumption per 01 employee in 2022 was VND 0.59 million, decreased 20.3% compared to 2021.

ITEMS	2020	2021	2022
Fuel cost per employee in 1 year (million VND/ person/year)	0.76	0.74	0.59

#### 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.



### 7.3.4. CONSUMPTION OF WATER

SHB used water mainly for the activities of all staff and the building such as drinking water, sanitation, floor cleaning, labor tools, etc. and water cost was included in the building rental cost. Domestic wastewater was brought to a gathering place for treatment according to the building's regulations.

Cost of drinking water for managers, staff and guest reception was paid by SHB with the highest saving spirit such as pouring enough water for drinking, using small water bottles in internal meetings. For meetings and receptions with guests, the bank provided small volume water bottles to avoid wasting.

### 7.3.5. COMPLY WITH THE LAW ON ENVIRONMENTAL PROTECTION

The source of waste potentially harmful to the environment at SHB was mainly solid waste generated from office activities such as unusable printing paper, cardboard, stationery that are no longer usable, etc. and the source of gas waste mainly came from vehicles entering, leaving, circulating through the building. Therefore, SHB arranged personnel in charge of the environment and implemented environmental protection plans.

- The environmental sanitation outside the working area was done by the outsourced environmental company (included in the cost of building renting) with the main activities as follows:
  - Clean toilet floors, toilets, lobbies, stairs, corridors, walls, basements, etc. with a frequency of about 1 hour to ensure these areas were always clean.
  - Equip hand sanitizer in the toilet area to ensure the disinfection for employees.
  - Make sure the toilet flush and toilet hand sanitizer worked properly.
  - At the end of working hours, the building cleaning staff sorted the garbage and collected all the trash in the bin to the garbage collection point in front of the building.
- The cleaning inside working rooms were done by the administrative department of the bank with main activities as follows:
  - Clean up trash bins containing printing paper, documents, cartons, broken pens, water bottles, fruit peels, etc. in the working rooms, meeting rooms. The cleaning frequency was about 3 times/ day or more depending on the amount of waste.
  - Take care and prune bonsai in the building's areas and offices to ensure that it is fresh and green to avoid spreading dust into the air.
  - In the basements and in front of the building's door, SHB assigned security guards to remind and request that vehicles entering the building shut down the engine before entering the building to reduce emissions and noise. Ventilation fan system in the basement was installed in accordance with standards to ensure airy ventilation.
- Modern information techniques such as videoconference, telephone were maximized to organize internal meetings, interview staff across the country to minimize travel time as well as frequency of using aircraft, vehicles, contributing to reducing CO<sub>2</sub> emissions into the environment.
- In addition, each bank employee always upheld the spirit of keeping clean and cleaning his own working desk and the surrounding area; Strengthen exchange of documents and official letters via internal email to minimize the amount of redundant printed paper; reuse old stationery.

With the intention of strictly complying with the law on environmental protection, during the operation, SHB was not sanctioned for any violation related to environmental issues.





### 7.3.6. GREEN FINANCE

In addition to developing traditional banking operations, SHB paid great attention to the development of green banking.

Aware of the banking system's role as an intermediary that has an impact on the environment through customer activities, SHB has greened investment capital flows by directing financial resources into green sectors such as high-tech enterprises, renewable energy projects, supporting industries, rural agriculture, small and medium-sized hydropower projects, biomass, wastewater and waste treatment, etc. in order to gradually increase the proportion of green credit in the credit portfolio structure, encouraging borrowers to convert projects and purposes of using loans to environmentally friendly projects. With its contributions to green credit activities, in the past year SHB was honored as "Best CSR Bank in Vietnam" by IDG, "Best Trade Financing Bank in Vietnam" by Asan Banking and Finance, and "Best Bank in Vietnam" by Global Finance. These are valuable records for SHB's efforts and capacity in the process of "greening" banking operations. Some typical green projects of SHB include:

- SHB became one of 07 joint-stock commercial banks participating in disbursing the REDP Project funded by the World Bank since 2014. With the advantage of participating in REDP Project, SHB can bring outstanding benefits to investors of Green projects such as: The lending interest rate is 1.5 - 3% lower than the normal loan interest rate; The project supports the implementation and reimburses 100% of dam safety consultancy costs, 50% of environmental and social consultancy costs; Participation in the Carbon Finance Program; Participation in technical assistance, training, capacity building programs for Investors, etc.
- Accompanying Vietnam's Renewable Energy Development Strategy to 2030 with the goal of achieving the proportion of electricity produced from renewable energy sources (excluding large, medium and large-scale hydroelectricity and storage hydroelectricity) around 7% in 2020 and over 10% in 2030, SHB has actively participated as a credit risk-free and credit-bearing on-lending bank for ODA projects funded by the German Government through the Reconstruction Bank Germany such as: Project "Smart Grid - Efficiency in Power Transmission" (phase 1) worth EUR 65 million and Project "Effective grid in small and medium

sized cities" (phase 1 and 2) worth 350 million EUR. The objective of the two projects is to expand and develop the power transmission grid system, reduce overload for the national grid, meet the current urgent power demand, maintain safety safety, improving the reliability and quality of the national power transmission system.

- Currently, SHB is also sponsoring a number of moderate-scale solar power projects, hydropower projects, wind energy, etc. from customer deposit. Some typical projects can be listed as: Nam Luc Hydropower Plant (Lao Cai Province), Dak Sin 1 Hydropower Plant (Dak Nong Province), Bai Thuong Hydropower Project (Thanh Hoa Province).
- In early 2022, Hanh Phuc Rice Factory Project - Asia's largest rice factory with an area of 161,000m<sup>2</sup> in An Giang has completed construction and launched for operation. This is a typical sub-project loaned by SHB using the Rural Finance Project (VnSAT) funded by the World Bank. The factory operates 100% of modern technology solutions and equipment from Europe, ensuring to meet the world's most stringent requirements in terms of food safety, operational safety and environmental friendliness, in line with the World Bank's sustainable development criteria. SHB is proud to be the bank that effectively implements both VnSAT project components (rice and coffee projects), the only commercial joint stock bank granted the highest VnSAT project limit among 11 banks participating in the project (ranked after AgriBank).
- With the experience and achievements gained during the implementation of ODA projects related to environment and climate, SHB has been selected by the World Bank and the Ministry of Industry and Trade as the Project Implementing Entity (PIE) of the Project on Promoting Energy Efficiency in Industries in Vietnam, funded by the Green Climate Fund (GCF) through the World Bank. SHB will manage the Risk Sharing Fund on behalf of the Ministry of Industry and Trade and issue credit risk guarantees to banks participating in lending to energy saving sub-projects. The model of the project, applied for the first time in Vietnam, will significantly contribute to the process of encouraging businesses to transform technology towards economical and efficient use of energy - one of the key factors contributing to the Government's goal of reducing greenhouse gas emissions.



Hanh Phuc Rice Factory - Typical project loaned by SHB using capital funded by the World Bank

- SHB also promotes lending policies to encourage the development of high-tech agriculture, clean agriculture, and cooperates with BCG and IFC - two leading strategic and chain consulting organizations in the world to consolidate and develop loan products to finance chain agriculture and hi-tech agriculture.

SHB always controls safety and sustainability when sponsoring projects. Projects must satisfy strict conditions according to international and domestic standards on environmental protection, energy and natural resource saving. Therefore, when evaluating projects, SHB relies on the social and environmental risk assessment toolkit issued by the State Bank in coordination with IFC. Accordingly, with the credit decision making, SHB often adds to the loan agreement: client's responsibility and commitment to improve environmental and social risk management, an action plan and timeline to minimize risks before or after loan disbursement, SHB's actions to limit responsibilities related to the social environment caused by transactions.

In addition, SHB supports project owners by consulting technical safety in accordance with donor regulations, providing support for carbon finance programs, training programs, loan guarantees, etc. They are a number of tools that can help improve the viability of financing for green sectors and sustainable development.

With green credit strategy, SHB has been striving to maintain the top 1 position among private joint stock commercial banks in green credit. In recent years, the Bank has always been proactively approaching green capital sources of international financial institutions (WB, ADB, KfW, IIB, etc.), considering issuing green bonds, etc. to finance infrastructure construction projects of Vietnam, especially green energy projects. SHB also focused on assisting customers to raise awareness of green economic activities, especially compliance with the requirements of environmental impact assessment of projects applying for loans. For foreign-financed projects, the Bank involved in providing technical safety advice, training on requirements and fulfillment of the sponsor's E&S standard requirements.

When the Bank strengthens environmental risk management in lending activities, it will create incentives for businesses to improve production efficiency in a cleaner direction, thereby, raising customers' awareness of finance and banking services, environmental protection issues, ensuring social security, and sustainable development. This will help businesses and rural households expand their businesses, promote the development of agriculture, renewable energy, and efficient energy in Vietnam and at the same time, connect businesses along the value chain from production, processing to consumption and export; creating more jobs for workers.



THE NEXT JOURNEY

# FROM HEART TO NEW HEIGHTS



Phoenix - a holly creature symbolizing successes gained at new heights, where successes are more glorious than ever.

Proudly inherit the 30-year development legacy, SHB is ready to journey on, reaching new heights.

Taking the heart as the root to conquer new heights. The heights can only be reached, sustained and brightened, when SHB puts it heart towards customers, shareholders, the community and society.



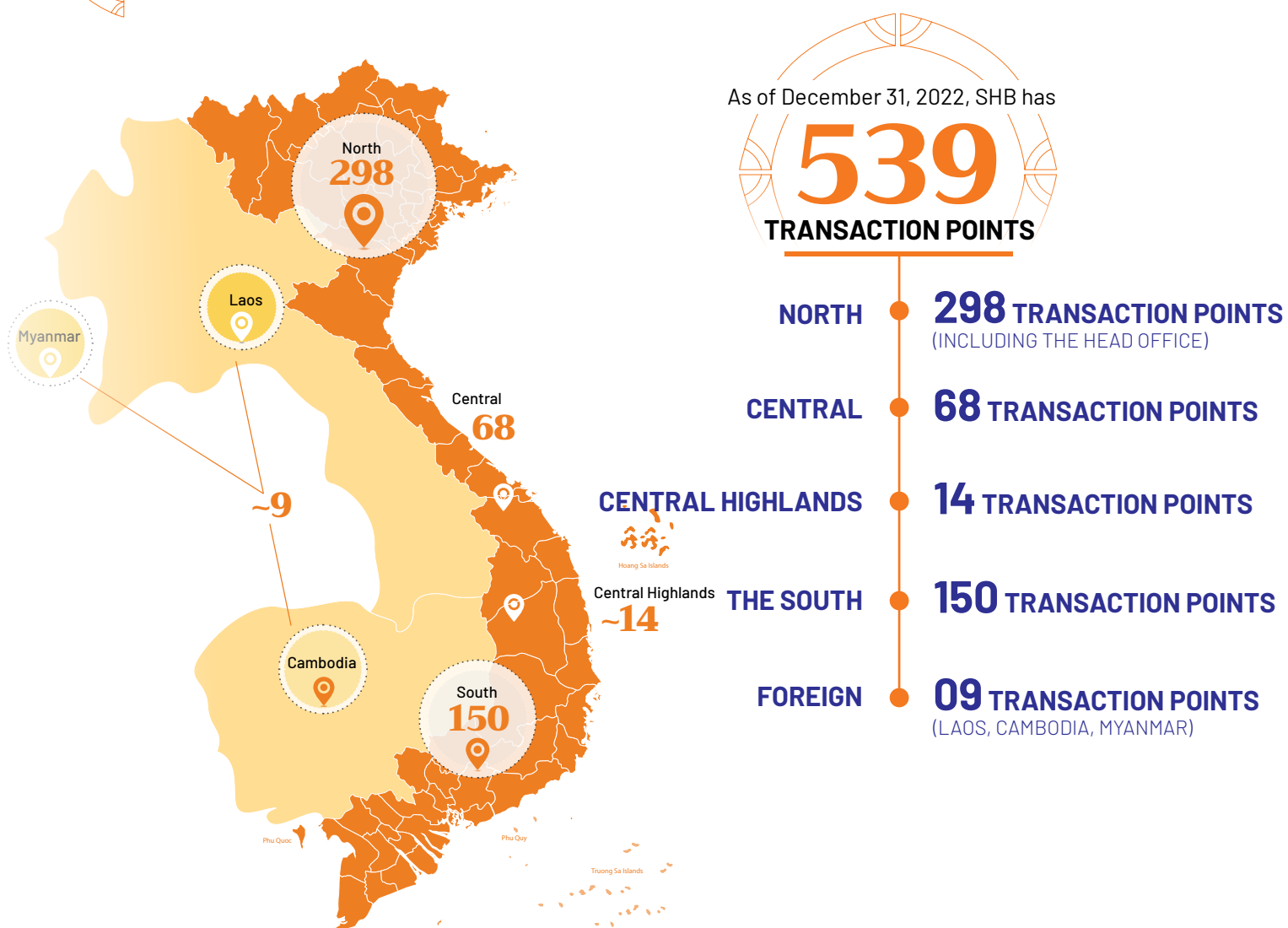


# 08

## NETWORK OF TRANSACTION OFFICES



### 8. NETWORK OF TRANSACTION OFFICES



### LIST OF SHB BRANCHES (AS OF DECEMBER 31, 2021)

No.	NAME OF UNITS UNDER THE BANK	ADDRESS	TEL	FAX
	<b>Headquarters</b>	No. 77 Tran Hung Dao - Hoan Kiem District - Hanoi City	(024) 3942 3388	(024) 3941 0944
	<b>Business Center (Headquarters)</b>	No. 77 Tran Hung Dao - Hoan Kiem District - Hanoi City	(024) 3942 3388	(024) 3941 0944
①	<b>Hanoi Branch</b>	No. 49 Ngo Quyen, Hang Bai Ward, Hoan Kiem District, Hanoi City	(024) 6256 3666	(024) 6256 3616
②	<b>Thang Long Branch</b>	No. 91 Nguyen Chi Thanh, Lang Ha Ward, Dong Da District, Hanoi City	(024) 6276 9189	(024) 6279 6167
③	<b>Ba Dinh Branch</b>	No. 21 Lang Ha, Thanh Cong Ward, Ba Dinh District, Hanoi City	(024) 3 8460 135	(024) 3 7263 595
④	<b>Hang Trong Branch</b>	No. 71B Hang Trong, Hang Trong Ward, Hoan Kiem District, Hanoi City	(024) 3 9289 175	(024) 3 9289 262
⑤	<b>Dong Do Branch (former Ham Long)</b>	1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> floor, 2A Dai Co Viet building, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City	(024) 3 9432 958	(024) 3 9432 436
⑥	<b>Hoan Kiem Branch</b>	No. 40 Hang Giay Street, Dong Xuan Ward, Hoan Kiem District, Hanoi City	(024) 3825 8926 (024) 3928 3054	(024) 3825 8745
⑦	<b>The West Hanoi Branch</b>	Serviced apartment No. 101, Lot C, Area D5, Nguyen Phong Sac, Dich Vong Hau Ward, Cau Giay District, Hanoi City	(024) 6 2690 530	(024) 6 2690 531
⑧	<b>Ha Thanh Branch (Former Southwest of Hanoi)</b>	No. 98 Hoang Quoc Viet Street, Nghia Do Ward, Cau Giay District, Hanoi City	(024) 3 7552 510	(024) 3 7563 120
⑨	<b>Van Phuc Branch</b>	No. 34 - 36 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi City	(024) 3 7262 025	(024) 3 7262 236
⑩	<b>Han Thuyen Branch</b>	No.11 Han Thuyen, Pham Dinh Ho Ward, Hai Ba Trung District, Hanoi City	(024) 3 6248 028	(024) 3 6248 029
⑪	<b>Kinh Do Branch (former Trung Hoa Nhan Chinh)</b>	1 <sup>st</sup> floor, Building 17T1, Trung Hoa - Nhan Chinh urban area, Trung Hoa Ward, Cau Giay District, Hanoi City	(024) 6 2815 158	(024) 6 2815 159
⑫	<b>Ha Dong Branch</b>	No. 16-18, Nguyen Khuyen Street, Van Quan Ward, Ha Dong District, Hanoi City	(024) 3351 6688	(024) 3 3546 513
⑬	<b>Lao Cai Branch</b>	Ly Cong Uan Street, intersection 6, Kim Tan Ward, Lao Cai City, Lao Cai Province	(021) 4389 9696	(021) 4389 9695
⑭	<b>Lang Son Branch</b>	No. 133 Le Loi Street, Vinh Trai Ward, Lang Son City, Lang Son Province	(0205) 389 8222	(0205) 389 8212
⑮	<b>Vinh Phuc Branch</b>	361 Me Linh Street, Lien Bao Ward, Vinh Yen City, Vinh Phuc Province	(0211) 3 710 145	(0211) 3 710 146
⑯	<b>Bac Ninh Branch</b>	Floor 1-2 Viglacera Building, Crossing 6, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	(0222) 3874636	(0222) 3874959
⑰	<b>Kinh Bac Branch</b>	Ly Thai To Street, Dong Ngan Ward, Tu Son Town, Bac Ninh Province	(0222) 3 743 036	(0222) 3 742 444
⑱	<b>SHB Hung Yen Branch</b>	No. 1-3 Nguyen Binh Street, Ban Yen Nhan Ward, My Hao Town, Hung Yen Province	(0221) 3742 688	(0221) 3742 886
⑲	<b>Quang Ninh Branch</b>	No. 488 Tran Phu, Cam Thuy Ward, Cam Pha City, Quang Ninh Province	(0203) 3723 855	(0203) 3723 866

## LIST OF SHB BRANCHES (AS OF DECEMBER 31, 2021)

No.	NAME OF UNITS UNDER THE BANK	ADDRESS	TEL	FAX
20	<b>Hai Phong Branch</b>	DG Tower Building, 15 Tran Phu, Cau Dat Ward, Ngo Quyen District, Hai Phong City, Vietnam	(0225) 3652 668	(0225) 3652 669
21	<b>Thanh Hoa Branch</b>	Thanh Hoa Trade Center No. 27 - 29 Le Loi Street, Lam Son Ward, Thanh Hoa City, Thanh Hoa Province	(0237) 3855111	(0237) 3752555
22	<b>Nghe An Branch</b>	Tecco Tower Apartment No. 215 Le Loi Street, Le Loi Ward, Vinh City, Nghe An Province	(0238) 356 0388	(0238) 356 0399
23	<b>Hue Branch</b>	No. 28 Ly Thuong Kiet Street, Vinh Ninh Ward, Hue City, Thua Thien Hue Province	(0234) 3966688	(0234) 3944666
24	<b>SHB Da Nang Branch</b>	No. 205-207 Nguyen Van Linh, Nam Duong Ward, Hai Chau District, Da Nang City	(0236) 3584 599	(0236) 3655 399
25	<b>Quang Nam Branch</b>	215 Phan Boi Chau Street, Tan Thanh Ward, Tam Ky City, Quang Nam Province	(0235) 3815888	(0235) 3815777
26	<b>Khanh Hoa Branch</b>	No. 175 -177 Thong Nhat Street, Phuong Sai Ward, Nha Trang City, Khanh Hoa Province	(0258) 3828777	(058) 3828766
27	<b>Lam Dong Branch</b>	135-145 Phan Dinh Phung, Ward 2, Da Lat City, Lam Dong Province	(0263) 3512251	(0263) 3512000
28	<b>Gia Lai Branch</b>	No. 87 Hoang Van Thu, Dien Hong Ward, Pleiku City, Gia Lai Province	(0269) 3828333	(0269) 3828499
29	<b>Ho Chi Minh City Branch</b>	No. 41-43-45 Pasteur, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City	(028) 3821 1112	(028) 3823 0204
30	<b>Saigon Branch</b>	Lot H3, Hoang Dieu Street, Ward 6, District 4, Ho Chi Minh City	(028) 3 9434 224	(028) 3 9434 299
31	<b>Phu Nhuan Branch</b>	No. 127 Tran Huy Lieu, Ward 12, Phu Nhuan District, Ho Chi Minh City	(028) 3997 1122	(028) 3997 1133
32	<b>Binh Duong Branch</b>	No. 481, area 01, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province	(0274) 3834 101	(0274) 3834 100
33	<b>Dong Nai Branch</b>	No. 10-11, Nguyen Ai Quoc Street, Ward 8, Tan Phong Ward, Bien Hoa City, Dong Nai Province	(0251) 8871 666	(0251) 8871 670
34	<b>Vung Tau Branch</b>	12G3 Trade Center Area, Nguyen Thai Hoc Street, Ward 7, Vung Tau City, Ba Ria Vung Tau Province	(0254) 3577676	(0254) 3577686
35	<b>Binh Phuoc Branch</b>	No. 147 Hung Vuong Street, Tan Binh Ward, Dong Xoai Town, Binh Phuoc Province	(0271) 3 838 123	(0271) 3 838 126
36	<b>Long An Branch</b>	No. 135 - 137, Hung Vuong Street, Ward 2, Tan An City, Long An Province	(0272) 3 567 567	(0272) 3 567 667
37	<b>Can Tho Branch</b>	No. 138, 3/2 Street, Hung Loi Ward, Ninh Kieu Army, Can Tho City	(0292) 3838 389	(0292) 3839 987
38	<b>Kien Giang Branch</b>	Lot C10 - 50 + 51 3/2 Street, Vinh Lac Ward, Rach Gia City, Kien Giang Province	(0297) 3947 303	(0297) 3947 313
39	<b>An Giang Branch</b>	No. 6-8 Nguyen Hue A, My Long Ward, Long Xuyen City, An Giang Province	(0296) 3940 309	(0296) 3941 969
40	<b>Bank of Saigon - Hanoi Cambodia</b>	No. 107, Norodom Avenue, Boeng Reang Ward, Don Penh District, Phnom Penh, Cambodia	+855 23 221 900	+855 23 224 151

## LIST OF SHB BRANCHES (AS OF DECEMBER 31, 2021)

No.	NAME OF UNITS UNDER THE BANK	ADDRESS	TEL	FAX
41	<b>Saigon - Hanoi Laos Bank Ltd</b>	Group 01, Lanexang Road, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao People's Democratic Republic	+856 21 96 8888	+856 2196 8899
42	<b>Thai Binh Branch</b>	Viettel Thai Binh Building, No. 431 Tran Hung Dao Street, Tran Hung Dao Ward, Thai Binh City, Thai Binh Province, Vietnam	(0227) 6278555	(0227) 6252626
43	<b>Soc Trang Branch</b>	No. 2 Tran Hung Dao, Ward 2, Soc Trang City, Soc Trang Province	(0299) 3819 888	(0299) 3819 666
44	<b>Ninh Binh Branch</b>	55 Tran Hung Dao Street, Dong Thanh Ward, Ninh Binh City, Ninh Binh Province	(0229) 3888 542	(0229) 3888 543
45	<b>Tuyen Quang Branch</b>	No. 138 Nguyen Trai Street, Group 14, Tan Quang Ward, Tuyen Quang City, Tuyen Quang Province	(0207) 3827 579	(0207) 3827 588
46	<b>Thai Nguyen Branch</b>	Minh Cau Market Trade Center, No. 2, Minh Cau Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	(0208) 3655 588	(0208) 3756 866
47	<b>Tien Giang Branch</b>	No. 210, Nam Ky Khoi Nghia, Ward 7, My Tho City, Tien Giang Province	(0273) 3877 789	(0273) 3877 669
48	<b>Dong Thap Branch</b>	No. 168-170 Nguyen Hue, Ward 2, Cao Lanh City, Dong Thap Province	(0277) 353 4488	(0277) 353 8788
49	<b>Ca Mau Branch</b>	No. 132A, Nguyen Tat Thanh Street, Ward 8, Ca Mau City, Ca Mau Province	(0290) 3582592	(0290) 3582593
50	<b>Quang Ngai Branch</b>	No. 252-254-256 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	(0255) 3739777	(0255) 3739775
51	<b>Ha Nam Branch</b>	PG1 - 05, PG1 - 06 Vincom Shophouse Phu Ly, Bien Hoa Street, Minh Khai Ward, Phu Ly City, Ha Nam Province	(0226) 2460909	(0226) 2460011
52	<b>Ha Tinh Branch</b>	No. 52 Phan Dinh Phung, Nam Ha Ward, Ha Tinh City, Ha Tinh Province	(0239) 373766	(0239) 3668877
53	<b>Binh Dinh Branch</b>	85 Mai Xuan Thuong, Quy Nhon City, Binh Dinh Province	(0256) 3636688	
54	<b>Dak Lak Branch</b>	18A Nguyen Tat Thanh, Tu An Ward, Buon Ma Thuot City, Dak Lak Province	(0262) 369 7979	(0262) 357 6879
55	<b>Tay Ninh Branch</b>	No. 409, 30 April Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province	(0276) 3898 999	(0276) 3898 988
56	<b>Son La Branch</b>	No. 375, Chu Van Thinh Street, Chieng Le Ward, Son La City, Son La Province	(0212) 3 856 666	(0212) 3 830 888
57	<b>Nam Dinh Branch</b>	No. CL14 - 24,25,26 Nam Dinh Textile and Garment Urban Area, Tran Phu Street, Tran Dang Ninh Ward, Nam Dinh City, Nam Dinh Province	(0228) 3898999	(0228) 3898998
58	<b>Hai Duong Branch</b>	No. 1 Thong Nhat Street, Le Thanh Nghi Ward, Hai Duong City, Hai Duong Province	(0220) 3830688	(0220) 3860979
59	<b>Binh Thuan Branch</b>	No. 187 - 189 Ton Duc Thang, Quarter 7, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province	(84-252) 3523 888	(84-252) 3523 999
60	<b>Vinh Long Branch</b>	PG 01-05, PG 01-06 Shophouse Vincom Vinh Long, Pham Thai Buong Street, Ward 4, Vinh Long City, Vinh Long Province		



09

FINANCIAL STATEMENTS





## 9.1. BANK INFORMATION

Banking Licence No.	0041/NH-GP	13 November 1993	Board of Management and Chief Accountant	Ms. Ngo Thu Ha	Chief Executive Officer (*) (from 1 September 2022)	
	115/GP-NHNN	30 November 2018			Acting Chief Executive Officer (from 20 July 2022 to 31 August 2022)	
	The Banking Operation Licence was granted by the State Bank of Vietnam and is valid for 50 years from the granting date. The Establishment and Operation Licence No. 115/GP-NHNN has been amended several times, the most recent of which is the Amendment under Decision No. 08/QĐ-NHNN dated 4 January 2023. The term of operation of the Bank is 99 years from 13 November 1993.			Mr. Le Dang Khoa	Deputy Executive Officer	
Business Registration Certificate No.	1800278630	17 June 2013		Mr. Nguyen Huy Tai	Deputy Executive Officer	
	The Bank's Business Registration Certificate has been amended several times, the most recent of which is the 31 <sup>st</sup> Amendment to Business Registration Certificate dated 12 August 2022.			Ms. Ninh Thi Lan Phuong	Deputy Executive Officer	
				Ms. Hoang Thi Mai Thao	Deputy Executive Officer	
Mr. Do Duc Hai				Deputy Executive Officer		
Board of Directors	Mr. Do Quang Hien	Chairman		Mr. Do Quang Vinh	Deputy Executive Officer	
	Mr. Vo Duc Tien	Vice Chairman		Mr. Luu Danh Duc	Deputy Executive Officer (appointed on 1 September 2022)	
	Mr. Nguyen Van Le	Member		Ms. Ngo Thi Van	Chief Accountant	
	Mr. Thai Quoc Minh	Member		(*) From 4 August 2021 until 19 July 2022, Mr. Vo Duc Tien, Vice Chairman, was assigned to take charge of management of the Bank.		
	Mr. Do Quang Vinh	Member (appointed on 20 April 2022)				
	Mr. Do Van Sinh	Independent Member (appointed on 20 April 2022)				
	Mr. Pham Cong Doan	Member (dismissed on 20 April 2022)		Legal Representative	Mr. Do Quang Hien	Chairman
	Ms. Nguyen Thi Hoat	Member (dismissed on 20 April 2022)		Registered office	No. 77 Tran Hung Dao, Hoan Kiem District Hanoi, Vietnam	
	Mr. Trinh Thanh Hai	Independent Member (dismissed on 20 April 2022)		Auditor	KPMG Limited Vietnam	
	Board of Supervisors	Mr. Pham Hoa Binh	Head of Board of Supervisors			
Ms. Le Thanh Cam		Member				
Mr. Vu Xuan Thuy Son		Member (appointed on 20 April 2022)				
Ms. Pham Thi Bich Hong		Member (dismissed on 20 April 2022)				



## 9.2. STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon - Hanoi Commercial Joint Stock Bank ("the Bank") presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "SHB") for the year ended 31 December 2022.

The Board of Management of the Bank is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management.

- (a) the consolidated financial statements set out on pages 147 to 218 give a true and fair view of the consolidated financial position of SHB as at 31 December 2022, and of its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Management to believe that SHB will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Ngo Thu Ha  
Chief Executive Officer

Hanoi, 20 March 2023

## 9.3. INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS SAIGON - HANOI COMMERCIAL JOINT STOCK BANK

We have audited the accompanying consolidated financial statements of Saigon - Hanoi Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively referred to as "SHB"), which comprise the consolidated statement of financial position as at 31 December 2022, the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 20 March 2023, as set out on pages 147 to 218.

### MANAGEMENT'S RESPONSIBILITY

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the 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 Bank's Board of Management, as well as evaluating the overall presentation of the financial statements.

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

## 9.3. INDEPENDENT AUDITOR'S REPORT (continued)

## AUDITOR'S OPINION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon - Hanoi Commercial Joint Stock Bank and its subsidiaries as of 31 December 2022 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

## KPMG LIMITED

Vietnam  
Audit report No. 22-02-00089-23-4



Wang Toon Kim  
Practicing Auditor Registration  
Certificate No. 0557-2023-007-1  
Deputy General Director

Hanoi, 22 March 2023

Pham Thi Thuy Linh  
Practicing Auditor Registration  
Certificate No. 3065-2019-007-1

## 9.4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

Form B02/TCTD-HN  
(Issued under Circular No. 49/2014-TT-NHNN dated 31  
December 2014 of the State Bank of Vietnam)

	Note	31/12/2022 VND million	31/12/2021 VND million
<b>A ASSETS</b>			
<b>I Cash on hand and gold</b>	<b>4</b>	<b>1,897,545</b>	<b>1,878,293</b>
<b>II Balances with the State Bank</b>	<b>5</b>	<b>15,145,862</b>	<b>14,352,057</b>
<b>III Balances with and loans to other credit institutions</b>	<b>6</b>	<b>63,008,862</b>	<b>64,131,782</b>
1 Balances with other credit institutions		52,456,685	55,578,817
2 Loans to other credit institutions		10,651,971	8,592,759
3 Allowance for balances with and loans to other credit institutions		(99,794)	(39,794)
<b>IV Securities held for trading</b>	<b>7</b>	<b>1,547</b>	<b>3,245</b>
1 Securities held for trading		3,881	3,881
2 Allowance for securities held for trading		(2,334)	(636)
<b>V Derivatives and other financial assets</b>	<b>8</b>	<b>269,772</b>	<b>252,448</b>
<b>VI Loans to customers</b>		<b>378,575,443</b>	<b>357,778,608</b>
1 Loans to customers	9	385,633,215	362,416,124
2 Allowance for loans to customers	10	(7,057,772)	(4,637,516)
<b>VIII Investment securities</b>		<b>32,954,676</b>	<b>25,104,577</b>
1 Available-for-sale securities	11	12,988,616	9,981,614
2 Held-to-maturity securities	12	20,063,662	15,168,829
3 Allowance for investment securities	13	(97,602)	(45,866)
<b>IX Long-term investments</b>	<b>14</b>	<b>46,699</b>	<b>131,652</b>
4 Other long-term investments		158,272	164,391
5 Allowance for diminution in the value of long-term investments		(111,573)	(32,739)
<b>X Fixed assets</b>		<b>4,954,396</b>	<b>4,978,978</b>
1 Tangible fixed assets	15	502,854	536,194
a Cost		1,287,149	1,318,279
b Accumulated depreciation		(784,295)	(782,085)
3 Intangible fixed assets	16	4,451,542	4,442,784
a Cost		4,772,975	4,747,199
b Accumulated amortisation		(321,433)	(304,415)
<b>XII Other assets</b>	<b>17</b>	<b>54,049,318</b>	<b>37,992,688</b>
1 Receivables		37,702,381	31,332,967
2 Accrued interest and fee receivables		15,295,742	6,132,269
4 Other assets		1,178,109	783,035
5 Allowance for other assets		(126,914)	(255,583)
<b>TOTAL ASSETS</b>		<b>550,904,120</b>	<b>506,604,328</b>

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



#### 9.4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022 (continued)

Form B02/TCTD-HN  
(Issued under Circular No. 49/2014-TT-NHNN dated 31  
December 2014 of the State Bank of Vietnam)

	Note	31/12/2022 VND million	31/12/2021 VND million
<b>B LIABILITIES AND OWNERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>I Amounts due to the Government and the State Bank of Vietnam ("SBV")</b>	<b>18</b>	<b>9,715,193</b>	<b>1,510,983</b>
1 Deposits and borrowings from the Government and SBV		9,715,193	1,510,983
<b>II Deposits and borrowings from other credit institutions</b>	<b>19</b>	<b>78,283,936</b>	<b>79,732,550</b>
1 Deposits from other credit institutions		72,871,039	74,428,582
2 Borrowings from other credit institutions		5,412,897	5,303,968
<b>III Deposits from customers</b>	<b>20</b>	<b>361,675,593</b>	<b>327,196,828</b>
<b>V Borrowed and entrusted funds</b>	<b>21</b>	<b>1,615,605</b>	<b>4,952,170</b>
<b>VI Valuable papers issued</b>	<b>22</b>	<b>36,440,208</b>	<b>46,292,114</b>
<b>VII Other liabilities</b>	<b>23</b>	<b>20,269,114</b>	<b>11,388,018</b>
1 Accrued interest and fee payables		9,069,320	7,687,455
2 Deferred tax liabilities		30,233	31,026
3 Other liabilities		11,169,561	3,669,537
<b>TOTAL LIABILITIES</b>		<b>507,999,649</b>	<b>471,072,663</b>
<b>OWNERS' EQUITY</b>			
<b>VIII Capital and reserves</b>	<b>24</b>	<b>42,904,471</b>	<b>35,531,665</b>
1 Capital		32,118,175	28,118,041
a Share capital	25	30,673,832	26,673,698
c Share premium		1,449,603	1,449,603
d Treasury shares		(5,260)	(5,260)
2 Reserves		4,061,834	2,923,272
3 Foreign exchange differences		(606,344)	(293,665)
5 Retained profits		7,330,806	4,784,017
<b>TOTAL OWNERS' EQUITY</b>		<b>42,904,471</b>	<b>35,531,665</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>550,904,120</b>	<b>506,604,328</b>

#### OFF BALANCE SHEET ITEMS

	Note	31/12/2022 VND million	31/12/2021 VND million
1 Loan guarantees		23,856	43,824
2 Foreign exchange commitments		38,872,143	44,805,879
Forward foreign currency purchase commitments		6,324,654	2,743,904
Forward foreign currency sale commitments		3,074,583	1,825,585
Swap commitments		29,472,906	40,236,390
4 Letters of credit commitments		19,146,337	27,656,867
5 Other guarantees		16,035,382	10,097,594
7 Uncollected past-due loan interest and fees	38	7,070,140	4,911,523
8 Written-off bad debts	39	33,087,997	32,232,063
9 Other assets and documents in custody	40	4,156,915	4,060,764

20 March 2023

Prepared by:

Reviewed by:

Approved by:

**Nguyen Thi Lien**  
Head of Accounting and  
General Affairs Department

**Ngo Thi Van**  
Chief Accountant



**Ngo Thu Ha**  
Chief Executive Officer

**9.5. CONSOLIDATED STATEMENT OF INCOME**

for the year ended 31 December 2022

Form B03/TCTD-HN

(Issued under Circular No. 49/2014-TT-NHNN dated 31 December 2014 of the State Bank of Vietnam)

	Note	2022 VND million	2021 VND million
1 Interest and similar income		40,773,670	35,606,329
2 Interest and similar expenses		(23,223,586)	(20,035,980)
<b>I Net interest income</b>	<b>27</b>	<b>17,550,084</b>	<b>15,570,349</b>
3 Fee and commission income		1,241,869	908,741
4 Fee and commission expenses		(351,315)	(323,118)
<b>II Net fee and commission income</b>	<b>28</b>	<b>890,554</b>	<b>585,623</b>
<b>III Net gain from foreign currencies trading</b>	<b>29</b>	<b>116,250</b>	<b>143,539</b>
<b>V Net gain from investment securities trading</b>	<b>30</b>	<b>92,641</b>	<b>988,410</b>
5 Other income		807,767	1,133,849
6 Other expenses		(120,540)	(272,502)
<b>VI Net other income</b>	<b>31</b>	<b>687,227</b>	<b>861,347</b>
<b>VII Income from capital contribution, share purchase</b>		<b>4,226</b>	<b>3,750</b>
<b>VIII Income from capital contribution, share purchase</b>	<b>32</b>	<b>(4,391,593)</b>	<b>(4,405,941)</b>
<b>IX Net operating profit before allowance and provision expenses</b>		<b>14,949,389</b>	<b>13,747,077</b>
<b>X Allowance expenses for credit risks</b>	<b>33</b>	<b>(5,260,021)</b>	<b>(7,487,035)</b>
<b>XI Profit before tax (carried forward to next page)</b>		<b>9,689,368</b>	<b>6,260,042</b>

	Note	2022 VND million	2021 VND million
<b>XI Profit before tax (brought forward from previous page)</b>		<b>9,689,368</b>	<b>6,260,042</b>
7 Income tax expense - current	34	(1,961,243)	(1,256,692)
8 Income tax expense - deferred	34	793	3,811
<b>XII Income tax expense</b>	<b>34</b>	<b>(1,960,450)</b>	<b>(1,252,881)</b>
<b>XIII Net profit after tax</b>		<b>7,728,918</b>	<b>5,007,161</b>
			<b>(Restated)</b>
<b>XV Basic earnings per share (VND/share)</b>	<b>35</b>	<b>2,520</b>	<b>1,803</b>

Prepared by:



**Nguyen Thi Lien**  
Head of Accounting and  
General Affairs Department

20 March 2023

Reviewed by:



**Ngo Thi Van**  
Chief Accountant

Approved by:



**Ngo Thu Ha**  
Chief Executive Officer



**9.6. CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended 31 December 2022 (Direct method)

Form B04/TCTD-HN

(Issued under Circular No. 49/2014-TT-NHNN dated 31 December 2014 of the State Bank of Vietnam)

	2022 VND million	2021 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01 Interest and similar income received	31,743,193	37,019,925
02 Interest and similar expenses paid	(21,841,721)	(20,981,622)
03 Net fee and commission income received	757,558	600,383
04 Net receipts from foreign currencies and investment securities trading	260,627	1,087,900
05 Other income	60,297	238,319
06 Proceeds from loans previously written off	626,930	623,028
07 Operating and salary expenses payments	(4,340,550)	(4,298,311)
08 Corporate income tax paid	(502,344)	(1,244,609)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>6,763,990</b>	<b>13,045,013</b>
<b>Changes in operating assets</b>		
09 Increase in balances with and loans to other credit institutions	(2,059,212)	(8,496,184)
10 (Increase)/decrease in securities held for trading	(7,901,835)	4,368,164
11 Increase in derivatives and other financial assets	(17,324)	(118,576)
12 Increase in loans to customers	(23,217,091)	(56,778,814)
13 Decrease in allowance for credit losses and debt handling	(2,907,739)	(6,736,609)
14 Increase in other assets	(7,011,932)	(10,881,861)
<b>Changes in operating liabilities</b>		
15 Increase in amounts due to the Government and the SBV	8,204,210	901,271
16 (Decrease)/increase in deposits and borrowings from other credit institutions	(1,448,614)	40,770,160
17 Increase in deposits from customers	34,478,765	23,615,099
18 (Decrease)/increase in valuable papers issued	(9,851,906)	15,258,035
19 (Decrease)/increase in other borrowed and entrusted funds	(3,336,565)	1,439,203
21 Increase in operating liabilities	6,042,059	1,305,448
<b>I NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(2,263,194)</b>	<b>17,690,349</b>

	2022 VND million	2021 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01 Payments for purchases of fixed assets	(71,255)	(195,065)
02 Proceeds from disposals of fixed assets	15,151	(9,874)
08 Collections on investments in other entities	6,119	1,500
09 Dividends and profit received from long-term investments	4,226	3,750
<b>II NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(45,759)</b>	<b>(199,689)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01 Additions to charter capital	-	6,739,434
04 Dividends paid to shareholders, profits distributed	(122)	(933)
<b>III NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(122)</b>	<b>6,738,501</b>
<b>IV NET CASH FLOWS DURING THE YEAR</b>	<b>(2,309,075)</b>	<b>24,229,161</b>
<b>V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>71,809,167</b>	<b>47,580,006</b>
<b>VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 36)</b>	<b>69,500,092</b>	<b>71,809,167</b>

20 March 2023

Prepared by:

Reviewed by:

Approved by:

**Nguyen Thi Lien**  
Head of Accounting and  
General Affairs Department

**Ngo Thi Van**  
Chief Accountant



**Ngo Thu Ha**  
Chief Executive Officer

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

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

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

Form B05/TCTD-HN  
(Issued under Circular No. 49/2014-TT-NHNN dated 31  
December 2014 of the State Bank of Vietnam)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

### 1. REPORTING ENTITY

#### (a) Incorporation 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 ("SBV") on 13 November 1993 initially known as 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 granted by the Governor of SBV. 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 is in line with the Restructuring plan of the banking system of Vietnam.

The Bank currently operates under the Establishment and Operation License No. 115/GP-NHNN issued by the State Bank of Vietnam on 30 November 2018 which has been amended several times, the most recent of which is the Amendment under Decision No. 08/QĐ-NHNN dated 4 January 2023, and Business Registration Certificate No. 1800278630 by the Hanoi Department of Planning and Investment which was amended for the 31<sup>st</sup> time on 12 August 2022. Term of operation of the Bank is 99 years from 13 November 1993.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposit funds from organisations and individuals; lending on a short, medium and long-term basis up to the nature and ability of the Bank's capital resources; conducting settlement and cash services and other banking services as approved by the SBV; making capital contributions, purchasing shares, investing in bonds and trading foreign currencies in accordance with the provisions of law.

#### (b) Location and operation network

The Bank's Head Office is located at No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi. As at 31 December 2022, the Bank had one (1) Head Office, fifty eight (58) branches and two hundred and five (205) transaction offices (31/12/2021: 1 Head Office, 58 branches and 205 transaction offices).

#### (c) Subsidiaries

As at 31 December 2022, the Bank had four (4) subsidiaries as follows (31/12/2021: four (4) subsidiaries):

Company name	Nature of Business	% owned by the Bank
SHB Debt and Asset Management One Member Company Limited ("SHB AMC")	Debt and asset management	100%
SHB One Member Limited Finance Company ("SHB FC")	Consumer lending	100%
Sai Gon - Hanoi Bank Laos Limited ("SHB Laos")	Banking/Finance	100%
Sai Gon - Hanoi Bank Cambodia Limited ("SHB Cambodia")	Banking/Finance	100%

The Bank and its subsidiaries are hereinafter collectively referred to as "SHB".

#### (d) Number of employees

As at 31 December 2022, SHB had 9,504 employees (31/12/2021: 8,538 employees).

### 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ, in some material respects, from International Financial Reporting Standards as well as generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present SHB's consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnamese accounting principles, procedures and practices applicable to credit institutions.

#### (b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

#### (c) Accounting period

The annual accounting period of SHB is from 1 January to 31 December.

#### (d) Accounting currency

The accounting currency of the Bank is Vietnam Dong ("VND"). These consolidated financial statements are prepared and presented in Vietnam Dong ("VND"), rounded to the nearest million ("VND million").

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by SHB in the preparation of these consolidated financial statements.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by SHB. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### (ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of subsidiaries have been also revised when necessary to ensure consistency with the accounting policies applied by the Bank.



## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

Form B05/TCTD-HN  
(Issued under Circular No. 49/2014-TT-NHNN dated 31  
December 2014 of the State Bank of Vietnam)

### (b) Foreign currency

#### (i) Foreign currency transactions

All transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the last working day of the annual accounting period, non-monetary foreign currency assets and liabilities are translated into VND using the exchange rates effective at the dates of the transactions.

Income/expense related transactions incurred in foreign currencies are translated into VND using the the average of the account transfer buying rates and selling rates on the dates of the transactions.

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated to VND at exchange rates at the end of the annual annual accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated statement of financial position under the caption "Foreign exchange differences" in equity.

### (c) Specific accounting policies regarding allowance for credit risks relating to outstanding financial debts

For the outstanding balances of debts granted to Vietnam Shipbuilding Industry Group ("Vinashin") (renamed as Vietnam Shipbuilding Industry Corporation - "SBIC"), some member entities belonging to SBIC and entities previously belonging to SBIC and transferred to Vietnam National Oil and Gas Group ("PVN") and Vietnam National Shipping Lines ("Vinalines"), in those which have been swapped and those have not, in accordance with Official Letter No. 856/NHNN-TTGSNNHN.m dated 8 November 2016 ("Official Letter 856") on approval of the Scheme, allowance made for these debts are amortised in 10 years, from 2014 to 2024, as approved in Official Letter No. 559/NHNN-TTGSNNHN dated 17 October 2014 ("Official Letter 559").

In 2021, the Bank made full allowance for the outstanding balances of debts granted to SBIC, some member entities belonging to SBIC and entities previously belonging to SBIC and transferred to PVN and Vinalines.

### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, balances with other credit institutions that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Gold is revaluated at the end of the annual accounting period and the differences arising on revaluation are recorded in the consolidated statement of income.

### (e) Balances with and loans to other credit institutions

Balances with other credit institutions, except for current deposits, are deposits at other credit institutions with original terms of not exceeding three months.

Loans to other credit institutions are loans with original terms to maturity of not more than twelve months.

Balances with and loans to other credit institutions are stated at the amount of the outstanding principal less any specific allowance for credit risks.

Current deposits with other credit institutions are stated at cost.

Credit risk classification of deposits with and loans to credit institutions and allowance thereof is made in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the SBV on classification of assets, level and method of allowance making, and use of allowance against credit risks in activities of credit institutions and foreign banks' branches. Accordingly, SHB has provided specific allowance for balances with and loans to other credit institutions in accordance with the method described in Note 3(j).

According to Circular 11, SHB is not required to provide general allowance for balances with and loans to other credit institutions.

### (f) Securities held for trading

#### (i) Classification and recognition

Securities held for trading are unlisted equity securities, which are acquired principally for the purpose of selling it in the near term or there is evidence of a recent pattern of short-term profit-taking.

SHB recognises securities held for trading at the date that it becomes a party under contracts with respect to these securities (trade date accounting).

#### (ii) Measurement

Equity securities are stated at cost; and are subsequently recognised at the lower of the cost and market value with the difference recognised in the consolidated statement of income.

Market value of unlisted equity securities which are actively traded on over-the-counter market ("OTC") is stated at cost less allowance for securities by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND 300 billion.

In cases where market value of securities cannot be determined reliably, such securities are stated at cost.

Interest income from debt securities held for trading after the acquisition date is recognised in the consolidated statement of income upon receipt. The accumulated interest income from debt securities held for trading before acquisition date will be reduced against the cost upon receipt.

#### (iii) De-recognition

SHB derecognises trading securities when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

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### (g) Investment securities

#### (i) Classification

At the purchase date, investment securities are classified into two categories: held-to-maturity investment securities and available-for-sale investment securities. In accordance with Official Letter No. 2601/NHNN-TCKT issued by the SBV on 14 April 2009, SHB is allowed to reclassify investment securities once after the purchase date.

##### *Held-to-maturity investment securities*

Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments, where SHB has the positive intention and ability to hold until maturity.

##### *Available-for-sale investment securities*

Available-for-sale investment securities are debt securities, equity securities or other securities, which are held for an indefinite period and may be sold at any time.

#### (ii) Recognition

SHB recognises investment securities at the date that it assumes substantially all the risks and rewards of ownership of the securities. Investment securities are initially recognised at cost.

#### (iii) Measurement

##### *Equity securities*

Available-for-sale equity securities are stated at cost, including purchase cost plus other directly attributable costs such as brokerage and transaction fees, information fees, and bank charges (if any). They are subsequently recognised at the lower of the cost and market value with the difference recognised in the consolidated statement of income.

Market value of listed available-for-sale equity securities is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange at the most recent trading date prior to the end of the annual accounting period.

Market value of unlisted available-for-sale equity securities which are actively traded on market for Unlisted Public Companies ("UPCOM") is determined by the average price within the last 30 transaction days prior to the end of the annual accounting period announced by the Stock exchange.

Market value of unlisted available-for-sale equity securities which are freely traded on over-the-counter market ("OTC") is stated at the average of the transaction prices at the end of the annual accounting period provided by three securities companies having charter capital above VND 300 billion.

In cases where market value of securities is not available or cannot be determined reliably, such securities are stated at cost.

### *Debt securities*

For debt investment securities, SHB initially records at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for risks of investment securities, including allowance for credit risks and allowance for diminution in value of securities. Premium and discounts arising from purchases of debt securities are amortised to the consolidated statement of income on a straight-line basis over the period from acquisition date to maturity date.

Allowance for diminution in value of investment securities is determined based on actual market prices. The Bank does not make allowance for Government bonds, Government-guaranteed bonds and local government bonds.

For corporate bonds that have neither been listed in the stock market nor registered for trading in the market of unlisted public companies, SHB provides allowance for credit risks in accordance with Circular 11 as described in Note 3(j).

The allowance for diminution in value of investment securities is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

Interest income from debt securities and equity securities after the acquisition date is recognised in the consolidated statement of income on an accrual basis. Accrued interest receivable account of the pre-acquisition accumulated interest income of SHB will be reduced against the cost upon receipt.

#### (iv) *De-recognition*

SHB derecognises investment securities when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

### (h) Capital contribution, long-term investments

#### (i) *Other long-term investments*

Other long-term investments are investments in the equity of other companies without having control or significant influence. These investments are initially stated at cost, and subsequently stated at cost less allowance for diminution in the value of investments.

#### (ii) *Dự phòng giảm giá đầu tư dài hạn*

Allowance for diminution in value of other long-term investments is made when the investee companies suffer losses. Allowance for diminution in value is determined as the total actual contributed capital of parties to the investee less (-) the actual owner's equity multiplied (x) by the SHB's ownership percentage in the investee. The allowance is reversed if the recoverable amounts are subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

#### (i) *Loans to customers*

Loans to customers are stated in the consolidated statement of financial position at the amount of the principal outstanding less allowance for loans and advances to customers.



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Short-term loans are those with a repayment date within 1 year from the loan disbursement date. Medium-term loans are those with a repayment date between 1 to 5 years from the loan disbursement date. Long-term loans are those with a repayment date of more than 5 years from the loan disbursement date.

SHB derecognises loans when the contractual rights to the cash flows from these loans expire or when substantially all the risks and rewards of ownership of these loans have been transferred.

Debt classification and allowance for credit risks are made in accordance with Circular 11 as described in Note 3(j).

### (j) Allowance for loans to customers

### (i) Debt classification

Classification of term deposits with and loans to other credit institutions, foreign banks' branches, purchases of unlisted corporate bonds, loans to customers, entrusted extension of credit, debts already sold but payments not yet collected, debts repurchased, repurchase of Government bonds, purchase of treasury notes, treasury bills, certificates of deposit issued by other credit institutions or foreign banks' branches (collectively referred to as "debts") is implemented in accordance with Circular 11. Accordingly, the Bank implements monthly debt classification based on loan principals balance at the last day of the month.

The Bank implements debt classification using the quantitative method as follows:

Group	Overdue status
1 Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.
2 Special mentioned	(a) Debts which are overdue for a period of up to 90 days; or (b) Debts which are restructured repayment term for the first time and are undue.
3 Substandard	(a) Debts which are overdue for a period of between 91 days and 180 days; or (b) Debts which are extended repayment term for the first time and are undue; or (c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) (Debts in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> <li>» Debts in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or</li> <li>» Debts in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or</li> <li>» Debts in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.</li> </ul>
	(e) Debts which are recovered under inspection conclusions; or
	(f) Debts that need to be recovered under premature debt recovery decisions due to borrowers' breach of agreements, but are not yet recovered within a period of less than 30 days from the effective dates of recovery decisions.

Group	Overdue status
4 Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of up to 90 days under that restructured repayment term; or (c) Debts which are restructured repayment term for the second time and are undue; or (d) Debts which are specified in point (d) of debt in Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term under inspection conclusions was overdue up to 60 days; or (f) Debts that need to be recovered under premature debt recovery decisions of credit institutions due to borrowers' breach of agreements, but are not yet recovered within a period of 30 to 60 days from the effective dates of recovery decisions.
5 Loss	(a) Debts which are overdue for a period of more than 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of 91 days or more than under that first restructured repayment term; or (c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or (e) Debts which are specified in point (d) of Sub-standard debts have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Debts that need to be recovered under premature debt recovery decisions due to borrowers' breach of agreements, but are not yet recovered within a period of more than 60 days from the effective dates of recovery decisions; or (h) Debts of customers being credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.

For off-balance sheet commitments, the Bank classified debts based on the number of overdue days from the date when the Bank performs its obligation under the commitments:

- » Group 3 - Sub-standard debts: overdue below 30 days;
- » Group 4 - Doubtful debts: overdue from 30 days to less than 90 days;
- » Group 5 - Loss debts: overdue from 90 days and above.

Bad debts are those under Groups 3, 4 and 5.

Where a customer has more than one debt at the Bank, and if any of them is classified into the group with higher risk, the Bank is obliged to classify the remaining debts of such customer into the higher debt group.

The Bank also collects loan classification results of the customers provided by the Credit Information Center of the SBV ("CIC") at the date of loan classification in order to adjust its own classification of loans. If a customer's loans and off-balance sheet commitments are classified in a loan group that has a lower risk than the loan groups provided in CIC's list, the Bank shall adjust its classification of loans and off-balance commitments following the loan groups provided by CIC.

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### *Debt classification for loans having rescheduled debt repayment term, exempted or reduced interest and fees in order to support customers affected by Covid-19 pandemic*

The Bank has applied Circular No. 14/2021/TT-NHNN dated 7 September 2021 (Circular 14) and Circular No. 03/2021/TT-NHNN dated 2 April 2021 (Circular 03) issued by the SBV amending and supplementing a number of articles of Circular No. 01/2020/TT-NHNN dated 13 March 2020 (Circular 01) issued by the SBV providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the Covid-19 pandemic. Accordingly, for customers whose loans are disbursed before 1 August 2021, with obligations of paying principals and/or interest incurred from 23 January 2020 to 30 June 2022 and these customers are unable to repay the principal and/or interest on schedule under the agreement due to decrease in revenue or income caused by Covid-19 pandemic, the Bank is allowed to reschedule loan repayment periods, grant exemption/reduction of interest/fees and maintain loan groups as follows:

Loan incurring period	Overdue status	Overdue loan incurring period	Loan classification application
Before 23/1/2020	Current or overdue up to 10 days	From 30/3/2020 to 30/6/2022	Loan groups are kept unchanged from those classified at the most recent date prior to 23/1/2020.
From 23/1/2020 to 1/8/2021	Current or overdue up to 10 days	From 17/5/2021 to 17/7/2021 or from 7/9/2021 to 30/6/2022	Loan groups are kept unchanged from those classified at the most recent date prior to initial restructuring of loan repayment period.
Before 23/1/2020	Overdue	From 23/1/2020 to 29/3/2020	Loan groups are kept unchanged from those classified at the most recent date prior to 23/1/2020.
From 23/1/2020 to 10/6/2020	Overdue	From 23/1/2020 to 17/5/2021	Loan groups are kept unchanged from those classified at the most recent date before the loan is classified as overdue.
From 10/6/2020 to 1/8/2021	Overdue	From 17/7/2021 to 7/9/2021	

### (ii) Allowance for credit risks

Allowance for credit risks include specific allowance for credit risks and general allowance for credit risks.

#### *Specific allowance for credit risks*

Specific allowance for credit risks at the end of each month in accordance with Circular 11 is determined based the allowance rates corresponding to debt classification results and debt principals balance as at the end of the month less discounted value of collateral assets.

The rates of specific allowance for individual loan groups are as follows:

Group	Type of debt	Specific allowance rate
1	Current	0%
2	Special mentioned	5%
3	Sub -standard	20%
4	Doubtful	50%
5	Loss	100%

The value and maximum discount rate of collaterals are determined according to the provisions of Circular 11 whereby each type of collateral has a certain maximum discount rate for the purpose of calculating allowance for credit risks.

In addition, the Bank determines and records the specific allowance amount required to be added for the entire outstanding loan balance of customers, including the loan balances with repayment period rescheduled, interest exempted or reduced according to the loan classifications in accordance with Circular 11 (if the regulations on keeping loan groups unchanged under the provisions of Circular 01, Circular 03 and Circular 14) as follows:

Additional allowance	Deadline
At least 30% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	Until 31 December 2021
At least 60% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	Until 31 December 2022
100% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	Until 31 December 2023

The Bank adopted the above policy on additional specific allowances at the date of the annual financial statements. As at 31 December 2021, the Bank has made 30% amount of the additional specific allowances mentioned above. As of 31 December 2022, the Bank has made 60% of such additional specific allowance and intends to apply the next additional specific allowance according to the deadline specified above.

#### *General allowance for credit risks*

According to Circular 11, general allowance is also required at the rate of 0.75% of total balance of principal debts at the last day of each month for debts classified in Group 1 to Group 4 except for term deposits with and loans to other CIs, purchases of valuable papers issued by other CIs and repurchases of Government bonds.

Allowance is recognised as expenses in the consolidated statement of income and used to write off bad debts.

### (iii) Bad debts written off

According to Circular 11, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankruptcy or dissolved (for borrowers being organisations) or borrowers are dead or missing (for borrowers being individuals).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the consolidated statement of income upon receipt.

### (iv) Allowance for off-balance sheet commitments

According to Circular 11, the classification of off-balance sheet items is made only for purpose of managing and supervising quality of granting credit. No allowance is made for off-balance sheet commitments unless SHB is required to fulfil its payment obligation under guarantee contracts, in which case, classification and allowance for such payment are made in accordance with the accounting policies described in Note 3(j)(i) and Note 3(j)(ii).



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### (k) Derivative financial instruments

#### Foreign exchange contracts

SHB is involved in currency forward contracts and currency swap contracts to facilitate customers to transfer, adjust or reduce foreign exchange risks and other market risks and also for the business purposes of SHB.

Currency forward contracts are commitments to buy or sell a specific currency at a specific date in the future with a pre-determined rate, calculated based on nominal amount of principal. The forwards contracts are recorded at nominal value at the transaction date and are revalued at effective exchange rate at the reporting date and are stated at net value in the consolidated statement of financial position. Gains or losses from currency forward contracts are recognised in the consolidated statement of income.

The currency swap contracts are commitments to settle in cash at a future date based on the difference between the pre-determined rates, calculated on notional principal amount. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the consolidated statement of financial position. This difference is amortised to the consolidated statement of income on a straight-line basis over the term of the swap contracts.

#### Interest rate swap contracts

The contract value in basic interest rate swaps of the same currency is not recognised in the consolidated statement of financial position.

For cross currency interest rate swaps to exchange principals denominated in two different currencies which are exchanged at the effective date, the contract value is recognised on the consolidated statement of financial position. Income earned and expenses incurred are recognised on an accrual basis.

For cross currency interest rate swaps to exchange principals denominated in two different currencies which are not exchanged at the effective date, the contract value is recognised on the consolidated statement of financial position in the same manner with the contract value of currency forward contracts. These contracts are accounted for in the same manner with currency forward contracts. Income earned and expenses incurred due to interest rate effects are recognised on an accrual basis.

### (l) Tangible fixed assets

#### (i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

### (ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

» Buildings and structures	25 years
» Machines and equipment	3 - 5 years
» Means of transportation	6 - 10 years
» Office equipment	3 - 7 years
» Other tangible fixed assets	4 - 7 years

### (m) Intangible fixed assets

#### (i) Land use rights

##### Definite land use rights

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of definite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over 30 - 46 years.

##### Indefinite land use rights

Indefinite land use rights are stated at cost and are not amortised. The initial cost of indefinite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

### (ii) Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 3 - 8 years.

### (iii) Other intangible fixed assets

Copyrights, patents and other intangible fixed assets are amortised over a period from 4 years to 10 years on a straight-line basis.

### (n) Other assets

Other assets, except for receivables from credit activities, are stated at cost less allowance.

SHB considers making allowance for impairment of assets based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Allowance expense is recorded in "Allowance expenses for credit risks" during the year.

For the overdue receivables, the allowance rates are determined as follows:

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Overdue period	Allowance rate
» From more than six (06) months up to less than one (01) year	30%
» From one (01) year up to less than two (02) years	50%
» From two (02) years up to less than three (03) years	70%
» Three (03) years or more	100%

Provision for on-balance sheet assets is made for possible losses to the debts that have not been due as determined by SHB after taking into account the recoverability of the debts.

### (o) Provisions

Provisions are recognised if, as a result of a past event, SHB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### (p) Deposits from customers

Deposits from customers are stated at their cost.

### (q) Valuable papers issued

Valuable papers issued are recorded at cost less extra allocations and discounts. Costs of valuable papers issued include amounts received from issuance less direct expenses of issuance.

### (r) Other payables

Other payables are stated at their cost.

### (s) Share capital

#### (i) Ordinary shares

Ordinary shares are classified as equity and recognized at par value. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium.

#### (ii) Share premium

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

#### (iii) Treasury shares

Treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the company issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognized as equity are repurchased, their par value amount is recognized as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

#### (t) Reserves and funds

##### (i) Reserves and funds of the Bank and SHB FC

According to Decree No. 93/2012/ND-CP dated 7 August 2017 issued by the Government of Vietnam on financial system for credit institutions ("Decree 93"), the Bank and SHB FC is required to make the following reserves before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% of share capital
Financial reserve	10% of profit after tax	Not regulated

The financial reserve is used to cover the rest of the losses and damages of assets incurred during the normal course of business after it has been compensated by compensation from organizations and individuals causing the losses or damages, and by insurers, using the allowance provided in expenses; and using for other purposes as prescribed by law. These statutory reserves are non-distributable and classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax to other equity funds and utilisation of other equity funds must be approved by the shareholders in the General Shareholders Meeting.

##### (ii) SHB AMC

According to Circular No. 27/2002/TT-BTC issued by the Ministry of Finance on 22 March 2002, the allocations to reserves before distribution of retained profits are made by SHB AMC the same as that of the parent Bank. Reserves and other equity funds are made from profit after tax at year-end.

##### (iii) SHB Laos

Under the Amended Enterprises Law No. 46/NA dated 26 December 2013, SHB Laos is required to make allocations to compulsory reserves at the rate as follows:

	Annual allocation	Maximum balance
Regulatory reserves	10% of profit after tax	50% of registered capital
Business expansion and other funds	As per decision of the Board of Management	Unlimited



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### (iv) SHB Campuchia

There is no requirement on making allocation to compulsory reserves.

### (u) Bonus and welfare fund

Bonus and welfare fund is appropriated from profit after tax in accordance with the resolution of the annual General Meeting of Shareholders and are used primarily to make payments to SHB's employees.

### (v) Revenue

#### (i) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 described in Note 3(j), and debts kept unchanged in Group 1 (Current debts) as a result of adoption of Circular 01, Circular 03 and Circular 14 or adoption of special policies issued by the Government. When loans are classified in Group 2 to Group 5 as described in Note 3(j), or kept unchanged in Group 1 (Current debts) as a result of adoption of Circular 01, Circular 03 and Circular 14 or as a result of implementing a special policy of the Government, interest receivable will be derecognised and recorded as off-balance sheet items and are recognised in the consolidated statement of income upon receipt.

#### (ii) Fee and commission income

Fees and commissions are recognised in the consolidated statement of income upon completion of the services rendered.

#### (iii) Income from investment

Differences between selling price and weighted average cost of securities are recognised as income from securities trading.

Dividend income in cash is recognised in the consolidated statement of income when SHB's right to receive payment is established.

Dividends received in the form of shares, bonus shares and rights to purchase shares given to existing shareholders, shares distributed from retained earnings are not recognized as an increase in investment and such dividend income is not recognized in the consolidated statement of income. When share dividends are received, SHB only recognises an increase in the number of shares in the notes to the consolidated financial statements.

Dividends received in connection with the period before the investment is made are recognised as a decrease in carrying amount of the investment.

### (w) Interest expenses

Interest expenses are recognised in the consolidated statement of income on an accrual basis.

### (x) Fee and commission expenses

Fee and commission expenses are recognised in the consolidated statement of income when these expenses are incurred.

### (y) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense, over the term of the lease.

### (z) Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (aa) Related parties

Related parties of SHB include:

- » Management or members of the Supervisory Board of the Bank;
- » Wives, husbands, parents, children, siblings of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- » Individuals, organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- » Enterprises held directly or indirectly by such individuals hold an important part of voting rights or through this person, this person may significantly influence the enterprises. This case includes businesses owned by the Bank's leaders or key shareholders and those businesses that have a key managing member with the Bank;
- » Representatives for the Bank's paid-in capital and shares.

### (bb) Commitments and contingent liabilities

At any point of time, SHB has outstanding credit commitments. These commitments are in the form of loans and approved overdraft. SHB also provides guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the outstanding commitments and contingent liabilities will expire without incurring any part or all of an advance. Therefore, commitments and contingent liabilities do not necessarily reflect the cash-flows expected in the future.

### (cc) Basic earnings per share

SHB presents basic earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of SHB (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) by the weighted average number of ordinary shares outstanding during the year. At the reporting date and for the year then ended, SHB did not have any dilutive potential ordinary shares. Therefore, the requirement for disclosure of diluted earnings per share is not applicable.

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### (dd) Segment reporting

A segment is a distinguishable component of SHB that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. SHB's primary format for segment reporting is based on geographical segments.

### (ee) Nil balances

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV ("Circular 49") on amending and supplementing a number of articles of the regulation on financial reporting regime applicable to CIs accompanying Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and the chart of accounts of CIs accompanying the Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 of SBV's Governor that are not shown in these consolidated financial statements indicate nil balances.

### (ff) Financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to SHB's financial position and results of operations and the nature and extent of risk arising from financial instruments, SHB classifies its financial instruments as follows:

#### (i) Financial assets

##### *Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- » It is considered by management as held-for-trading. A financial asset is classified as held-for-trading if it meets either of the following conditions:
  - » it is acquired principally for the purpose of selling it in the near term;
  - » there is evidence of a recent pattern of short-term profit-taking; or
  - » a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- » Upon initial recognition, it is designated by SHB as financial assets at fair value through profit or loss.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that SHB has the positive intention and ability to hold to maturity, other than:

- » financial assets that, upon initial recognition, were categorised by SHB as financial assets at fair value through profit or loss;
- » financial assets already categorised by SHB as assets that available for sale; or
- » financial assets that meet the definitions of loans and receivables.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except for:

- » that SHB intends to sell immediately or in the near term, which are classified as held-for-trading, and those that the entity on initial recognition designates as financial assets at fair value through profit or loss;
- » that SHB, upon initial recognition, designates as available-for-sale; or
- » for which SHB may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as assets available-for-sale.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as:

- » financial assets at fair value through profit or loss;
- » held-to-maturity investments; or
- » loans and receivables.

### (ii) Financial liabilities

##### *Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- » It is considered by management as held-for-trading. Financial liability is classified as held-for-trading if:
  - » it is incurred principally for the purpose of repurchasing it in the near term;
  - » there is evidence of a recent pattern of short-term profit-taking; or
  - » a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- » Upon initial recognition, it is designated by SHB as financial liabilities at fair value through profit or loss.

##### *Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above-described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

### (gg) Comparative information

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present SHB's consolidated financial position, consolidated results of operation or consolidated cash flows for the prior year.



## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 4. CASH ON HAND AND GOLD

	31/12/2022 VND million	31/12/2021 VND million
Cash on hand in VND	1,380,662	1,196,884
Cash on hand in foreign currencies	516,883	681,409
	1,897,545	1,878,293

### 5. BALANCES WITH THE STATE BANK

	31/12/2022 VND million	31/12/2021 VND million
Balances with the State Bank of Vietnam (i)	13,968,683	13,412,927
Balances with the Bank of Lao P.D.R (ii)	371,619	234,716
Balances with the National Bank of Cambodia (iii)	805,560	704,414
	15,145,862	14,352,057

- (i) Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month's average balances of deposits of individual and corporate customers.

Year-end CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2022	31/12/2021
Preceding months' average balances of:		
» Demand deposits and deposits in foreign currencies with terms of less than 12 months	8.00%	8.00%
» Deposits in foreign currencies with term of and more than 12 months	6.00%	6.00%
» Demand deposits and deposits in VND with terms of less than 12 months	3.00%	3.00%
» Deposits in VND with terms of and more than 12 months	1.00%	1.00%
» Deposits in foreign currencies from overseas credit institutions	1.00%	1.00%

- (ii) Balances with the Bank of Lao P.D.R (the "BOL") include the margin deposit of the Bank in Lao Kip ("LAK") and other currencies to establish its subsidiary in Lao People's Democratic Republic and compulsory deposits maintained in accordance with the BOL's requirement.

Year-end annual CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2022	31/12/2021
» Deposits in currencies other than LAK with term of less than 12 months	5.00%	5.00%
» Deposits in currencies other than LAK with term of and more than 12 months	0.00%	0.00%
» Deposits in LAK with term of less than 12 months	5.00%	3.00%
» Deposits in LAK with term of and more than 12 months	0.00%	0.00%

The margin deposits at the BOL are interest free.

- (iii) Balances with National Bank of Cambodia include the margin deposit of the Bank in Cambodia Riels ("KHR") and other currencies to establish its branch in the Kingdom of Cambodia and compulsory deposits maintained in accordance with National Bank of Cambodia's requirement. The compulsory reserve deposits are calculated based on the daily average deposit balance multiplied by the corresponding CRR rate.

Year-end annual CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2022	31/12/2021
Deposits in currencies rather than KHR	12.50%	12.50%
Deposits in KHR	8.00%	8.00%

The reserve of 8.00% in KHR is interest free, while for the 12.50% of reserve in foreign currency, the reserve of 8.00% of which is interest free and the 4.50% remaining of reserve is subject to interest rate according to the rates ruled by National Bank of Cambodia regarding the interest for term deposits.

### 6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2022 VND million	31/12/2021 VND million
<b>Current accounts</b>		
Current accounts in VND	31,980,505	32,360,855
Current accounts in foreign currencies	893,839	2,245,498
<b>Term deposits</b>		
Term deposits in VND	19,510,000	17,997,000
Term deposits in foreign currencies	72,341	2,975,464
	52,456,685	55,578,817
<b>Loans to other credit institutions ("CIs")</b>		
Loans in VND	10,463,971	8,263,453
Loans in other foreign currencies	188,000	329,306
Allowance for loans to other credit institutions (i)	(99,794)	(39,794)
	10,552,177	8,552,965
	63,008,862	64,131,782

Analysis of the quality of the outstanding balance of term deposits and loans to other credit institutions is as follows:

	31/12/2022 VND million	31/12/2021 VND million
Group 1 - Current debt	30,134,518	29,525,429
Group 5 - Loss debt	99,794	39,794
	30,234,312	29,565,223

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Annual interest rates for term deposits and loans to other credit institutions at the end of the period/year are as follows:

	31/12/2022	31/12/2021
Term deposits in VND	0.20% - 5.00%	0.20% - 4.00%
Term deposits in foreign currencies	0.00% - 1.70%	0.00% - 1.50%

(i) Movements of allowance for loans to other credit institutions were as follows:

	2022 VND million	2021 VND million
Opening balance	39,794	-
Allowance made during the year (Note 33)	60,000	39,794
Closing balance	99,794	39,794

## 7. SECURITIES HELD FOR TRADING

	31/12/2022 VND million	31/12/2021 VND million
Equity securities issued by local economic entities	3,881	3,881
Allowance for securities held for trading (i)	(2,334)	(636)
	1,547	3,245

(i) Movements of allowance for securities held for trading during the year were as follows:

	2022 VND million	2021 VND million
Opening balance	636	2,929
Allowance made/(reversed) during the year	1,698	(2,293)
Closing balance	2,334	636

## 8. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

Details of financial derivatives at the end of the year were as follows:

	Total contract value (at exchange rate at the effective date of the contract) VND million	Total book value (at exchange rate at reporting date)		
		Assets VND million	Liabilities VND million	Net VND million
<b>As at 31 December 2022</b>				
Forward transactions	9,183,413	101,170	(9,972)	91,198
Swap transactions	29,471,074	349,570	(170,996)	178,574
	38,654,487	450,740	(180,968)	269,772
<b>As at 31 December 2021</b>				
Forward transactions	3,658,202	16,476	(12,143)	4,333
Swap transactions	40,236,601	319,637	(71,522)	248,115
	43,894,803	336,113	(83,665)	252,448

## 9. LOANS TO CUSTOMERS

	31/12/2022 VND million	31/12/2021 VND million
Loans to economic entities and individuals	379,222,542	354,597,707
Loans granted from borrowed and entrusted funds	5,566,002	7,815,425
Payments on behalf of customers	843,341	1,662
Discounted bills	1,330	1,330
	385,633,215	362,416,124

Loan portfolio by loan groups was as follows:

	31/12/2022 VND million	31/12/2021 VND million
Group 1 - Current debt	368,044,572	353,861,142
Group 2 - Special mentioned debt	6,735,687	2,442,423
Group 3 - Sub-standard debt	1,611,827	1,479,683
Group 4 - Doubtful debt	1,898,472	1,601,012
Group 5 - Loss debt	7,342,657	3,031,864
	385,633,215	362,416,124



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Portfolio of loans to customers by ownerships and customer types was as follows:

	31/12/2022 VND million	%	31/12/2021 VND million	%
<b>Loans to economic entities</b>				
State-owned enterprises	2,270,232	0.59	5,898,388	1.63
Limited liability companies	110,741,372	28.71	108,000,253	29.80
Joint stock companies in which the State's holding percentage is more than 50% (dominating percentage)	10,452,618	2.71	10,724,311	2.96
Other joint stock companies	168,426,720	43.67	155,305,057	42.85
Partnerships	26,855	0.01	294,011	0.08
Private companies	5,884,271	1.53	5,329,007	1.47
Foreign invested enterprises	126,605	0.03	341,542	0.09
Cooperatives, cooperative unions	34,395	0.01	32,017	0.01
<b>Loans to individuals</b>				
Household business, individuals	87,645,147	22.73	76,441,469	21.09
<b>Other loans</b>				
Other economic sectors	25,000	0.01	50,069	0.02
	385,633,215	100.00	362,416,124	100.00

Loan portfolio by terms was as follows:

	31/12/2022 VND million	31/12/2021 VND million
Short-term loan	180,372,262	155,664,853
Medium-term loan	82,300,107	86,074,980
Long-term loan	122,960,846	120,676,291
	385,633,215	362,416,124

Loan portfolio by industry sectors was as follows:

	31/12/2022 VND million	%	31/12/2021 VND million	%
Wholesale and retail trade; repair of motor vehicles, motorcycles	111,258,709	28.85	94,125,479	25.97
Agriculture, forestry and aquaculture	35,700,343	9.26	50,448,631	13.92
Manufacturing and processing	43,153,183	11.19	47,137,639	13.01
Construction	62,132,037	16.11	48,641,243	13.42
Real estates trading	31,492,937	8.17	24,469,395	6.75
Electricity, gas, hot water, steam and air-conditioning	13,950,907	3.62	18,457,306	5.09
Households services	13,452,084	3.49	9,715,237	2.68
Mining	1,477,970	0.38	1,691,415	0.47
Transport, warehouse	12,944,231	3.36	12,870,968	3.55
Hospitality services	1,745,617	0.45	1,778,330	0.49
Finance and insurance	827,474	0.21	2,573,670	0.71
Information and communications	160,882	0.04	344,957	0.10
Administrative activities and supporting service	311,085	0.08	707,816	0.20
Water supplying and garbage and sewage treatment and management	268,887	0.07	269,072	0.07
Art, playing and recreation	51,793	0.01	81,359	0.02
Science and technology	265,552	0.07	244,807	0.07
Health care and social work	77,429	0.02	61,722	0.02
Education and training	226,799	0.06	289,513	0.08
Party, unions, state management, security and national defence, social guarantee	28,650	0.01	35,507	0.01
Other service activities	56,106,646	14.55	48,472,058	13.37
	385,633,215	100.00	362,416,124	100.00

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Loans and advances in VND	2.50% - 12.5%	3.50% - 10.22%
Loans and advances in other foreign currencies	2.25% - 8.00%	1.50% - 8.30%

**10. ALLOWANCE FOR LOANS TO CUSTOMERS**

Allowance for loans to customers consists of:

	31/12/2022 VND million	31/12/2021 VND million
General allowance (i)	2,843,216	2,697,260
Specific allowance (ii)	4,214,556	1,940,256
	7,057,772	4,637,516

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(i) Movements in general allowance for loans to customers were as follows:

	2022 VND million	2021 VND million
Opening balance	2,697,260	2,186,737
Allowance made during the year (Note 33)	146,499	512,030
Foreign exchange differences	(543)	(1,507)
Closing balance	2,843,216	2,697,260

(ii) Movements in specific allowance for loans to customers were as follows:

	2022 VND million	2021 VND million
Opening balance	1,940,256	1,251,517
Allowance made during the year (Note 33)	4,982,423	3,279,368
Effect of the repurchase of debts sold to VAMC	-	4,031,078
Allowance utilised in the year	(2,707,852)	(6,613,784)
Foreign exchange differences	(271)	(7,923)
Closing balance	4,214,556	1,940,256

### 11. AVAILABLE-FOR-SALE SECURITIES

	31/12/2022 VND million	31/12/2021 VND million
<b>Debt securities</b>		
» Government bonds	-	3,004,621
» Debt securities issued by other local credit institutions	300,000	1,376,537
» Debt securities issued by local economic entities	12,659,163	5,571,003
<b>Equity securities</b>		
» Shares issued by other local credit institutions	796	796
» Shares issued by local economic entities	28,657	28,657
	12,988,616	9,981,614

The term and annual interest of available-for-sale debt securities at the year-end were as follows:

31/12/2022			31/12/2021	
Term	Interest rate per annum		Term	Interest rate per annum
<b>Available-for-sale securities</b>				
Government bonds	Nil	Nil	5-15 years	4.00% - 15.00%
Debt securities issued by local credit institutions	5 years	7.90%	1-10 years	4.00% - 7.00%
Debt securities issued by local economic entities	2 - 15 years	10.90% - 15.50%	1-15 years	9.00% - 11.45%

Portfolio of unlisted available-for-sale securities (excluding Government bonds and Government guaranteed bonds) classified as assets exposed to credit risk by loan groups was as follows:

	31/12/2022 VND million	31/12/2021 VND million
Current debt	12,959,163	6,859,540

### 12. HELD-TO-MATURITY SECURITIES

	31/12/2022 VND million	31/12/2021 VND million
Government bonds	18,687,126	13,241,284
Securities issued by other local credit institutions	850,000	1,401,009
Securities issued by local economic entities	526,536	526,536
	20,063,662	15,168,829

The term and annual interest of held-to-maturity debt securities at the year-end were as follows:

31/12/2022			31/12/2021	
Term	Interest rate per annum		Term	Interest rate per annum
<b>Held-to-maturity securities</b>				
Government bonds	7 - 15 years	2.00% - 8.90%	10 - 15 years	3.00% - 8.90%
Bonds issued by other local credit institutions	1 - 2 years	3.90% - 7.10%	1 - 2 years	4.50% - 7.10%
Bonds issued by local economic entities	10 years	8.90%	10 years	8.90%

Portfolio of unlisted debt securities (excluding Government bonds and Government-guaranteed bonds) classified as assets exposed to credit risk by loan groups was as follows:

	31/12/2022 VND million	31/12/2021 VND million
Current debt	1,376,536	876,536

### 13. ALLOWANCE FOR INVESTMENT SECURITIES

	31/12/2022 VND million	31/12/2021 VND million
Available-for-sale securities (i)	93,653	41,917
Held-to-maturity securities (ii)	3,949	3,949
	97,602	45,866



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(i) Movements in allowance for available-for-sale securities in the year were as follows:

Year ended 31 December 2022

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for-sale debt securities VND million	Specific allowance for available-for-sale debt securities VND million	Total VND million
Opening balance	400	41,517	-	41,917
Allowance made during the year (Note 30)	159	51,577	-	51,736
Closing balance	559	93,094	-	93,653

Year ended 31 December 2021

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for-sale debt securities VND million	Specific allowance for available-for-sale debt securities VND million	Total VND million
Opening balance	32,993	47,039	37,934	117,966
Allowance reversed during the year (Note 30)	(593)	(5,522)	(37,934)	(44,049)
Allowance utilised during the year	(32,000)	-	-	(32,000)
	400	41,517	-	41,917

(ii) Movements of allowance for held-to-maturity securities in the year were as follows:

Year ended 31 December 2022

	Allowance for bonds issued by VAMC VND million	Allowance for other held-to-maturity bonds VND million	Total VND million
Opening and closing balance	-	3,949	3,949

Year ended 31 December 2021

	Allowance for bonds issued by VAMC VND million	Allowance for other held-to-maturity bonds VND million	Total VND million
Opening balance	757,086	3,949	761,035
Allowance made during the year (Note 33)	3,273,992	-	3,273,992
Effect of the repurchase of debts sold to VAMC	(4,031,078)	-	(4,031,078)
Closing balance	-	3,949	3,949

## 14. LONG-TERM INVESTMENTS

Portfolio by types of investments was as follows:

	31/12/2022 VND million	31/12/2021 VND million
Other long-term investments - cost (i)	158,272	164,391
Allowance for diminution in the value of long-term investments (ii)	(111,573)	(32,739)
	46,699	131,652

(i) Details of other long-term investments at the end of the year were as follows:

	31/12/2022 VND million	31/12/2021 VND million
Investments in economic entities	114,258	120,377
Investments in financial institutions	44,014	44,014
	158,272	164,391

(ii) Movements in allowance for diminution in the value of long-term investments in the year were as follows:

	2022 VND million	2021 VND million
Opening balance	32,739	32,751
Allowance made/(reversed) during the year (Note 32)	78,953	(12)
Allowance utilised during year	(119)	-
Closing balance	111,573	32,739

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### 15. TANGIBLE FIXED ASSETS

Year ended 31 December 2022

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>						
Opening balance	474,868	304,414	232,494	304,119	2,384	1,318,279
Additions	4,832	4,576	10,701	21,980	19	42,108
Disposals	(11,222)	(9,017)	(43,144)	(4,844)	-	(68,227)
Reclassification	2,075	68	-	(2,143)	-	-
Other movements	(798)	-	-	(130)	-	(928)
Foreign exchange difference	815	(2,105)	(2,003)	(554)	(236)	(4,083)
Closing balance	470,570	297,936	198,048	318,428	2,167	1,287,149
<b>Accumulated depreciation</b>						
Opening balance	179,341	241,622	162,781	197,453	888	782,085
Charge for the year	15,148	12,427	11,781	20,106	257	59,719
Disposals	(4,756)	(9,012)	(33,736)	(4,670)	-	(52,174)
Reclassification	236	8	-	(244)	-	-
Other movements	(2,144)	-	-	-	-	(2,144)
Foreign exchange difference	635	(1,769)	(1,527)	(400)	(130)	(3,191)
Closing balance	188,460	243,276	139,299	212,245	1,015	784,295
<b>Net book value</b>						
Opening balance	295,527	62,792	69,713	106,666	1,496	536,194
Closing balance	282,110	54,660	58,749	106,183	1,152	502,854

Included in tangible fixed assets were assets costing VND403,342 million which were fully depreciated as of 31 December 2022 (31/12/2021: VND426,505 million), but which are still in active use.

Year ended 31 December 2021

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>						
Opening balance	475,271	287,073	246,662	278,530	1,398	1,288,934
Additions	25,330	21,130	10,921	28,176	2,650	88,207
Disposals	(4,919)	(2,562)	(25,008)	(2,362)	-	(34,851)
Reclassification	(20,384)	358	1,110	343	(1,506)	(20,079)
Foreign exchange difference	(430)	(1,585)	(1,191)	(568)	(158)	(3,932)
Closing balance	474,868	304,414	232,494	304,119	2,384	1,318,279
<b>Accumulated depreciation</b>						
Opening balance	174,045	232,343	167,504	181,645	411	755,948
Charge for the year	15,835	12,255	15,181	17,238	445	60,954
Disposals	(4,527)	(2,560)	(20,470)	(2,343)	-	(29,900)
Reclassification	(5,698)	788	1,537	1,305	88	(1,980)
Foreign exchange difference	(314)	(1,204)	(971)	(392)	(56)	(2,937)
Closing balance	179,341	241,622	162,781	197,453	888	782,085
<b>Net book value</b>						
Opening balance	301,226	54,730	79,158	96,885	987	532,986
Closing balance	295,527	62,792	69,713	106,666	1,496	536,194



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### 16. INTANGIBLE FIXED ASSETS

Year ended 31 December 2022

	Land use rights VND million	Software VND million	Other intangible fixed assets VND million	Total VND million
<b>Cost</b>				
Opening balance	4,347,706	373,793	25,700	4,747,199
Additions	-	29,147	-	29,147
Disposals	-	(96)	-	(96)
Other movements	-	(238)	-	(238)
Foreign exchange difference	-	(1,353)	(1,684)	(3,037)
Closing balance	4,347,706	401,253	24,016	4,772,975
<b>Accumulated amortisation</b>				
Opening balance	6,437	278,297	19,681	304,415
Charge for the year	158	18,974	1,019	20,151
Disposals	-	(96)	-	(96)
Foreign exchange difference	-	(1,353)	(1,684)	(3,037)
Closing balance	6,595	295,822	19,016	321,433
<b>Net book value</b>				
Opening balance	4,341,269	95,496	6,019	4,442,784
Closing balance	4,341,111	105,431	5,000	4,451,542

Included in intangible fixed assets were assets costing VND230,623 million which were fully amortised as of 31 December 2022 (31/12/2021: VND231,478 million), but which are still in active use.

Year ended 31 December 2021

	Land use rights VND million	Software VND million	Other intangible fixed assets VND million	Total VND million
<b>Cost</b>				
Opening balance	4,280,840	314,512	27,998	4,623,350
Additions	46,808	60,050	-	106,858
Other movements	20,058	135	(1,170)	19,023
Foreign exchange difference	-	(904)	(1,128)	(2,032)
Closing balance	4,347,706	373,793	25,700	4,747,199
<b>Accumulated amortisation</b>				
Opening balance	6,279	263,744	20,250	290,273
Charge for the year	158	14,868	1,144	16,170
Other movements	-	588	(588)	-
Foreign exchange difference	-	(903)	(1,125)	(2,028)
Closing balance	6,437	278,297	19,681	304,415
<b>Net book value</b>				
Opening balance	4,274,561	50,768	7,748	4,333,077
Closing balance	4,341,269	95,496	6,019	4,442,784

### 17. OTHER ASSETS

	31/12/2022 VND million	31/12/2021 VND million
Purchase of fixed assets and construction in progress	565,743	466,391
Receivables	37,136,638	30,866,576
<i>In which:</i>		
» Receivables from usance payable at sight letters of credit	17,034,245	17,999,306
» Receivables from sale of bonds	3,388,279	2,406,468
» Receivables from sale of debts	6,329,712	7,099,373
» Receivables for interbank fast fund transfers via Napas	5,023,716	1,910,337
» Receivables from customers under foreign currency credit contracts - where the Bank is not exposed to risks	3,452,319	-
» Other receivables	1,908,367	1,451,092
Accrued interest and fee receivables	15,295,742	6,132,269
Other assets (i)	1,178,109	783,035
Allowance for other assets	(126,914)	(255,583)
	54,049,318	37,992,688

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### (i) Other assets

	31/12/2022 VND million	31/12/2021 VND million
Foreclosed assets awaiting resolution	53,141	1,443
Prepaid expenses	236,632	402,564
Real estates for sale	4,948	4,948
Other assets	883,388	374,080
	1,178,109	783,035

### 18. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31/12/2022 VND million	31/12/2021 VND million
<b>Borrowings from the SBV</b>		
Borrowings on the basis of credit profiles (i)	1,413,078	1,510,983
Borrowings on discount and rediscount of valuable papers (ii)	8,302,115	-
	9,715,193	1,510,983

(i) The Bank's borrowings from the SBV have a term of one year and interest rate of 3.5% per annum (31/12/2021: a term of one year and interest rate of 3.5% per annum).

(ii) The borrowings from discount and rediscount of valuable papers of the State Bank of Vietnam have terms ranging from 7 days to 3 months and interest rates from 6.0% to 6.3% per annum (31/12/2021: Nil).

### 19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2022 VND million	31/12/2021 VND million
<b>Demand deposits</b>		
In VND	28,356,594	27,497,079
In foreign currencies	146,139	151,066
<b>Term deposits</b>		
In VND	26,285,390	27,904,866
In foreign currencies	18,082,916	18,875,571
	72,871,039	74,428,582
<b>Borrowings from other credit institutions</b>		
Borrowings in VND	2,118,871	1,488,838
Borrowings in foreign currencies	3,294,026	3,815,130
	5,412,897	5,303,968
	78,283,936	79,732,550

Included in deposits and borrowings from other credit institutions as at 31 December 2022 were payables for UPAS letters of credit amounting to VND 17,038,721 million (31/12/2021: VND 17,998,762 million).

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Term deposits in VND	0.65% - 5.50%	0.65% - 5.10%
Term deposits in foreign currencies	0.00% - 2.00%	0.00% - 2.00%
Borrowings in VND	2.00% - 6.30%	1.70% - 6.00%
Borrowings in foreign currencies	0.00% - 3.50%	0.00% - 3.00%

### 20. DEPOSITS FROM CUSTOMERS

	31/12/2022 VND million	31/12/2021 VND million
<b>Demand deposits</b>		
Demand deposits in VND	23,624,868	27,684,462
Demand deposits in foreign currencies	2,076,723	2,177,510
<b>Term deposits</b>		
Term deposits in VND	326,721,890	287,136,727
Term deposits in foreign currencies	7,315,198	8,823,180
<b>Margin deposits</b>		
Margin deposits in VND	1,872,762	1,294,033
Margin deposits in foreign currencies	35,150	30,660
<b>Deposits for specific purposes</b>		
Deposits for specific purposes in VND	6,078	815
Deposits for specific purposes in foreign currencies	22,924	49,441
	361,675,593	327,196,828

Deposits from customers by types of customers/enterprises were as follows:

	31/12/2022 VND million	31/12/2022 VND million
Economic entities	103,343,108	103,969,323
Individuals	230,867,844	207,708,488
Others	27,464,641	15,519,017
	361,675,593	327,196,828



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Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Demand deposits in VND	0.00% - 0.50%	0.00% - 0.50%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	0.00% - 9.50%	0.00% - 8.80%
Term deposits in foreign currencies	0.00% - 0.00%	0.00% - 1.00%

## 21. BORROWED AND ENTRUSTED FUNDS

	31/12/2022 VND million	31/12/2021 VND million
Medium-term, long-term borrowings from Small and Medium Enterprise Development Fund - Phase II and III (i)	144,137	245,315
Long-term borrowings from Renewable Energy Development Project (ii)	695,156	750,769
Medium and long-term borrowings from the Smart Grid Transmission Efficiency Project (iii)	460,731	3,566,083
The project for receipt of funds from IIB (iv)	268,581	390,003
Risk Sharing Facility - RSF (v)	47,000	-
	1,615,605	4,952,170

- (i) Borrowings from Small and Medium Enterprises Development Fund - Phase II and Phase III are borrowings from Japan International Cooperation Agency (JICA) through Project Management Unit of ODA International Credit to provide loans to eligible small and medium enterprises. For loans to small and medium enterprises, applied interest rates are declared by SHB from time to time.
- (ii) Long-term borrowings from Renewable Energy Development Project are borrowings from International Development Association to provide loans to renewable energy projects. Interest rate of these loans is published quarterly by the SBV, adjusted by interest margin and the deduction rate as regulated by the Ministry of Finance.
- (iii) Long-term borrowings from Kreditanstalt für Wiederaufbau (KfW) to finance the investments in high voltage power grid in Vietnam. The implementing unit of the project is National Power Transmission Corporation - Vietnam Electricity (EVN NPT).
- (iv) These represent the borrowings from the International Investment Bank ("IIB") for financing infrastructure in Vietnam and contracts for exporting/importing goods to/from IIB member countries. The interest rate for each borrowing of each interest payment period shall be a percentage per annum, the total of profit margin and LIBOR.
- (v) This is an initial grant funded by the Green Climate Fund (GCF) and the World Bank within the framework of the Project on Promoting Energy Saving in Industries of Vietnam (VSUEE Project). The Bank was selected by the Government, the Ministry of Industry and Trade, and the World Bank as the Risk Sharing Fund (RSF) Management Unit of the project in Vietnam with the role of the guarantee issuer for participating banks. Under the project framework, the Bank received USD 2 million (equivalent to VND 47 billion) of which the amount allowed to be used for project purposes is USD 1 million (equivalent to VND 23.5 billion) and the amount to be appropriated to the term provision for losses of the RSF Fund is USD 1 million (equivalent to VND 23.5 billion), which will only be disbursed if losses arise.

## 22. VALUABLE PAPERS ISSUED

Valuable papers issued are classified by type as follows:

	31/12/2022 VND million	31/12/2021 VND million
<b>Deposit certificates</b>		
Up to 12 months	1,153,000	515,000
From 12 months to below 5 years	9,613,246	14,693,508
From 5 years or more	20,773,962	17,433,606
<b>Bonds</b>		
From 12 months to below 5 years	4,900,000	13,650,000
	36,440,208	46,292,114

## 23. OTHER LIABILITIES

	31/12/2022 VND million	31/12/2021 VND million
Accrued interest and fee payables	9,069,320	7,687,455
Deferred tax liabilities	30,233	31,026
Internal payables	66,163	101,077
External payables	11,103,398	3,568,460
» Taxes and others payable to State Treasury (Note 42)	1,811,318	331,496
» Payables on payment intermediaries and other liabilities	5,270,212	2,902,035
» Receipt of entrustment in foreign currencies	3,452,319	-
» Other payables	569,549	334,929
	20,269,114	11,388,018

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 24. CAPITAL AND RESERVES

Changes in capital and reserves of SHB for the year ended 31 December 2022 and 31 December 2021 were as follows:

	Share capital VND million	Share premium VND million	Treasury shares VND million	Investment and development fund VND million	Financial reserve VND million	Supplemental capital reserve VND million	Other reserves VND million	Foreign exchange difference VND million	Retained profits VND million	Total VND million
<b>As at 1/1/2021</b>	17,510,091	101,716	(5,260)	43,685	1,430,863	728,640	1,022	(97,830)	4,323,293	24,036,220
Net profit for the year	-	-	-	-	-	-	-	-	5,007,161	5,007,161
Shares issued for payment of dividends	3,772,060	-	-	-	-	-	-	-	(3,772,060)	-
Share public offering during the year	5,391,547	1,347,887	-	-	-	-	-	-	-	6,739,434
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	-	(22,413)	(22,413)
Appropriation to equity funds	-	-	-	5,556	475,655	247,010	-	-	(728,221)	-
Foreign exchange difference	-	-	-	(2,820)	-	(4,624)	-	(195,835)	(25,458)	(228,737)
Other changes	-	-	-	-	-	(1,715)	-	-	1,715	-
<b>As at 31/12/2021</b>	26,673,698	1,449,603	(5,260)	46,421	1,906,518	969,311	1,022	(293,665)	4,784,017	35,531,665
Net profit for the year	-	-	-	-	-	-	-	-	7,728,918	7,728,918
Shares issued for payment of dividends (Note 26)	4,000,134	-	-	-	-	-	-	-	(4,000,134)	-
Appropriation to equity funds	-	-	-	4,897	763,424	387,510	-	-	(1,155,831)	-
Foreign exchange difference	-	-	-	(5,933)	-	(9,485)	-	(312,679)	(28,015)	(356,112)
Other changes	-	-	-	-	437	(2,288)	-	-	1,851	-
<b>As at 31/12/2022</b>	30,673,832	1,449,603	(5,260)	45,385	2,670,379	1,345,048	1,022	(606,344)	7,330,806	42,904,471



## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 25. SHARE CAPITAL

	31/12/2022		31/12/2021	
	Number of shares	Par value VND million	Number of shares	Par value VND million
<b>Issued share capital</b>				
Ordinary shares	3,067,383,196	30,673,832	2,667,369,799	26,673,698
<b>Number of shares repurchased</b>				
Ordinary shares	496,186	4,962	496,186	4,962
<b>Shares in circulation</b>				
Ordinary shares	3,066,887,010	30,668,870	2,666,873,613	26,668,736

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Bank. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets. In respect of shares bought back by the Bank, all rights are suspended until those shares are reissued.

Movements in charter capital during the year were as follows:

	2022		2021	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Opening balance	2,667,369,799	26,673,698	1,751,009,094	17,510,091
Shares for payment of dividends	400,013,397	4,000,134	377,205,963	3,772,060
Shares public offering	-	-	539,154,742	5,391,547
Closing balance	3,067,383,196	30,673,832	2,667,369,799	26,673,698

### 26. DIVIDENDS

Resolution No. 01/NQ-DHDCD of 2022 Annual General Meeting of Shareholders dated 20 April 2022 passed the plan on 2021's profit distribution and appropriation to equity funds in accordance with Statement No. 01/TTr-HDQT dated 30 March 2022 of the Bank's Board of Directors, including the plan to distribute share dividends to the existing shareholders at the ratio of 15%. On 9 December 2022, the State Securities Commission of Vietnam sent Document No. 8138/UBCK-QLCB confirming the receipt of the report on issuance of shares to pay dividends under Report No. 302/CV-SHB dated 1 December 2022 of the Bank. Accordingly, the Bank distributed 400,013,397 shares.

### 27. NET INTEREST INCOME

	2022 VND million	2021 VND million
<b>Interest and similar income from</b>		
Balances with other credit institutions	360,567	557,707
Loans to customers and other credit institutions	38,378,057	32,673,357
Investments in debt securities	1,791,079	2,134,154
Fees from guarantee services	166,089	163,620
Other credit activities	77,878	77,491
	40,773,670	35,606,329
<b>Interest and similar expenses for</b>		
Deposits from customers and other credit institutions	(19,641,683)	(17,243,825)
Borrowed and entrusted funds	(1,001,804)	(472,236)
Valuable papers issued	(2,475,954)	(2,288,977)
Other credit activities	(104,145)	(30,942)
	(23,223,586)	(20,035,980)
<b>Net interest income</b>	17,550,084	15,570,349

### 28. NET FEE AND COMMISSION INCOME

	2022 VND million	2021 VND million
<b>Fee and commission income from</b>		
Settlement and cash services	482,358	374,714
Treasury services	14,061	17,819
Other services	745,450	516,208
	1,241,869	908,741
<b>Fee and commission expenses for</b>		
Settlement and cash services	(83,423)	(70,979)
Treasury services	(45,739)	(37,121)
Other services	(222,153)	(215,018)
	(351,315)	(323,118)
<b>Net fee and commission income</b>	890,554	585,623

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 29. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2022 VND million	2021 VND million
<b>Revenues from trading of foreign currencies</b>		
Spot foreign exchange trading	1,200,786	978,158
Financial derivatives	1,091,986	461,422
	2,292,772	1,439,580
<b>Expenses from trading of foreign currencies</b>		
Spot foreign exchange trading	(1,167,192)	(885,699)
Financial derivatives	(1,009,330)	(410,342)
	(2,176,522)	(1,296,041)
Net gain from trading of foreign currencies	116,250	143,539

### 30. NET GAIN FROM TRADING OF INVESTMENT SECURITIES

	2022 VND million	2021 VND million
Gain from trading of available-for-sale securities	435,846	1,513,556
Loss from trading of available-for-sale securities	(291,469)	(569,195)
Allowance (made)/reversal for diminution in the value of available-for sale securities during the year (Note 13)	(51,736)	44,049
	92,641	988,410

### 31. NET INCOME FROM OTHER ACTIVITIES

	2022 VND million	2021 VND million
<b>Income from other activities</b>		
Collection of debts written off in prior years	626,930	623,028
Income from derivative financial instruments	1,826	47,400
Other income	179,011	463,421
<b>Income from other activities</b>	807,767	1,133,849
<b>Expenses for other activities</b>		
Expenses for derivative financial instruments	(1,821)	(242,858)
Other expenses	(118,719)	(210,972)
<b>Expenses for other activities</b>	(120,540)	(272,502)
	687,227	861,347

### 32. OPERATING EXPENSES

	2022 VND million	2021 VND million
Tax, duties and fees	49,837	42,214
Expenses for employees	2,790,873	3,048,550
Expenses on assets	498,674	458,863
<i>In which:</i>		
Depreciation of fixed assets	79,870	77,124
Administration expenses	654,084	567,205
Insurance fee for customers' deposits	319,172	289,121
Provision/(reversal) of allowance for diminution in the value of other long-term equity investments (Note 14)	78,953	(12)
	4,391,593	4,405,941

### 33. ALLOWANCE EXPENSES FOR CREDIT RISKS

	2022 VND million	2021 VND million
Movement of allowance for loans to customers		
» General allowance made for loans to customers (Note 10)	146,499	512,030
» Specific allowance made for loans to customers (Note 10)	4,982,423	3,279,368
Movement of allowance for loans to other credit institutions		
» Specific allowance made for loans to other credit institutions	60,000	39,794
Allowance expense for special bonds issued by VAMC (Note 13)	-	3,273,992
Allowance expense for other assets	71,099	381,851
	5,260,021	7,487,035

### 34. INCOME TAX

#### (a) Recognised in the consolidated statement of income

	2022 VND million	2021 VND million
<b>Current tax expense</b>		
Current year	1,961,243	1,256,692
<b>Deferred income tax benefit</b>		
Origination of temporary differences	(793)	(3,811)
	1,960,450	1,252,881



## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### (b) Reconciliation of effective tax rate

	2022 VND million	2021 VND million
Profit before tax	9,689,368	6,260,042
Tax at the Bank's tax rate	1,937,874	1,252,008
Non-deductible expenses	2,479	1,623
Tax exempt income	(845)	(750)
Others	20,942	-
	1,960,450	1,252,881

### (c) Applicable tax rate

The usual income tax rate applicable to the Bank and its subsidiaries is 20% for the year ended 2022 (2021: 20%). The computation of corporate income tax is subject to review and approval by tax authorities.

## 35. BASIC EARNINGS PER SHARE

### (i) Net profit attributable to ordinary shareholders

	2022 VND million	2021 VND million
Net profit for the year	7,728,918	5,007,161

### (ii) Weighted average number of ordinary shares

	2022	2021 (Restated) (*)	2021 (As previously reported)
Issued ordinary shares at the beginning of the year	2,667,369,799	1,751,009,094	1,751,009,094
Effect of ordinary shares issued to pay dividends for the year 2021	-	377,205,963	377,205,963
Effect of ordinary shares issued to existing shareholders for the year 2021	-	249,295,139	249,295,139
Effect of ordinary shares issued to pay dividends for the year 2022	400,013,397	400,013,397	-
Weighted average number of ordinary shares for the year	3,067,383,196	2,777,523,593	2,377,510,196

(\*) The restatement is due to the effect of the increase in charter capital through issuing shares to pay dividends to existing shareholders during the year.

### (iii) Basic earnings per share

	2022 VND	2021 VND (Restated)	2021 VND (As previously reported)
Basic earnings per share	2,520	1,803	2,106

## 36. CASH AND CASH EQUIVALENTS

	31/12/2022 VND million	31/12/2021 VND million
Cash on hand and gold	1,897,545	1,878,293
Balances with the State Bank	15,145,862	14,352,057
Demand deposits at other credit institutions	32,874,344	34,606,353
Deposits at other credit institutions with original term not exceeding 3 months	19,582,341	20,972,464
	69,500,092	71,809,167

## 37. EMPLOYEE BENEFITS

	2022 VND million	2021 VND million
Average number of employees (person)	9,073	8,363
Employees' income	2,428,437	2,220,428
Average monthly income (VND million)	22.30	22.13

## 38. UNCOLLECTED PAST-DUE LOAN INTEREST AND FEES (OFF BALANCE SHEET)

	31/12/2022 VND million	31/12/2021 VND million
Past-due loan interest not yet collected	6,903,123	4,744,506
Past-due securities interest not yet collected	166,775	166,775
Past-due deposit interest not yet collected	242	242
	7,070,140	4,911,523

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### 39. WRITTEN-OF BAD DEBTS

	31/12/2022 VND million	31/12/2021 VND million
Written-off principal of debts under surveillance	13,825,883	13,864,311
Written-off interest of debts under surveillance	19,262,114	18,367,752
	33,087,997	32,232,063

### 40. OTHER ASSETS AND DOCUMENTS IN CUSTODY

	31/12/2022 VND million	31/12/2021 VND million
Precious metals, gems kept under custody	26,988	27,644
Other assets kept under custody	2,163,938	2,383,310
Leased asset	(*)	(*)
Other valuable documents in custody	1,965,989	1,649,810
	4,156,915	4,060,764

(\*) The Bank was unable to determined the values of leased assets.

### 41. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In the normal course of operation, SHB carries out transactions with related parties. The terms of these transactions are in accordance with SHB's regulations.

Balances with related parties at the year-end were as follows:

	Balance	
	31/12/2022 VND million Assets/ (Liabilities)	31/12/2021 VND million Assets/ (Liabilities)
<b>Major shareholders</b>		
<i>T&amp;T Group Joint Stock Company</i>		
» Capital contribution received	(3,066,852)	(2,666,827)
» Demand deposits received	(202,230)	(416,075)
» Accrued interest payable on deposits	(1,044)	(820)
<b>Entity with common key management members</b>		
<i>Sai Gon - Hanoi Insurance Corporation</i>		
» Contributed capital	42,857	42,857
» Demand deposits received	(470,001)	(734,305)
» Accrued interest payable on deposits	(4,554)	(21,026)

Key management personnel compensation actually received during the year is as follows:

	2022 VND million	2021 VND million
Board of Directors	12,665	14,111
Supervisory Board	4,421	3,767
Board of Management	22,482	21,328

### 42. OBLIGATIONS TO THE STATE BUDGET

Year ended 31 December 2022

	1/1/2022 Payable VND million	Incurred during the year		31/12/2022 Payable VND million
		Increase VND million	Decrease VND million	
Value added tax	4,854	53,829	(50,260)	8,423
Corporate income tax	287,618	1,961,243	(502,344)	1,746,517
Other taxes	39,024	306,510	(289,156)	56,378
	331,496	2,321,582	(841,760)	1,811,318

Year ended 31 December 2021

	1/1/2021 Payable VND million	Incurred during the year		31/12/2021 Payable VND million
		Increase VND million	Decrease VND million	
Value added tax	9,263	57,346	(61,755)	4,854
Corporate income tax	275,535	1,256,692	(1,244,609)	287,618
Other taxes	36,148	270,951	(268,075)	39,024
	320,946	1,584,989	(1,574,439)	331,496



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Year ended 31 December 2022	The North VND million	The Central VND million	The South VND million	Overseas VND million	Total VND million
Net interest income	13,224,667	793,811	2,935,923	595,683	17,550,084
Net fee and commission income	689,285	35,590	144,727	20,952	890,554
Net gain/(loss) from trading of foreign currencies	91,745	5,587	33,628	(14,710)	116,250
Net gain from investment securities	73,989	3,037	15,615	-	92,641
Net gain from other activities	541,953	88,704	52,401	4,169	687,227
Income from capital contribution, share purchase	4,226	-	-	-	4,226
Operating expenses	(3,212,666)	(323,110)	(700,986)	(154,831)	(4,391,593)
<b>Net operating profit before allowance expenses for credit risks</b>	<b>11,413,199</b>	<b>603,619</b>	<b>2,481,308</b>	<b>451,263</b>	<b>14,949,389</b>
Allowance expenses for credit risks	(4,580,757)	23,693	(524,279)	(178,678)	(5,260,021)
<b>Profit before tax</b>	<b>6,832,442</b>	<b>627,312</b>	<b>1,957,029</b>	<b>272,585</b>	<b>9,689,368</b>

As at 31 December 2022	The North VND million	The Central VND million	The South VND million	Overseas VND million	Total VND million
Cash and gold on hand	1,220,559	154,791	447,207	74,988	1,897,545
Balances with the State Bank	13,952,711	9,969	7,145	1,176,037	15,145,862
Balances with and loans to other CIs	62,583,679	3,480	1,696	420,007	63,008,862
Trading securities	1,547	-	-	-	1,547
Derivatives and other financial assets	269,772	-	-	-	269,772
Loans to customers	280,477,491	21,098,819	63,447,666	13,551,467	378,575,443
Investment securities	32,954,676	-	-	-	32,954,676
Long-term investments	46,699	-	-	-	46,699
Fixed assets	4,872,080	21,434	53,028	7,854	4,954,396
Other assets	45,602,704	1,726,405	6,505,314	214,895	54,049,318
<b>Total assets</b>	<b>441,981,918</b>	<b>23,014,898</b>	<b>70,462,056</b>	<b>15,445,248</b>	<b>550,904,120</b>
Amounts due to the Government and the State Bank	9,715,193	-	-	-	9,715,193
Deposits and borrowings from other CIs	66,787,408	4,361	1,800,602	9,691,565	78,283,936
Deposits from customers	259,296,398	26,335,045	73,171,724	2,872,426	361,675,593
Borrowed and entrusted funds	1,615,605	-	-	-	1,615,605
Valuable papers issued	28,416,260	3,742,234	4,281,714	-	36,440,208
Other liabilities	37,219,422	(7,694,061)	(10,748,470)	1,492,223	20,269,114
<b>Total liabilities</b>	<b>403,050,286</b>	<b>22,387,579</b>	<b>68,505,570</b>	<b>14,056,214</b>	<b>507,999,649</b>

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Year ended 31 December 2021	The North VND million	The Central VND million	The South VND million	Overseas VND million	Total VND million
Net interest income	9,551,349	2,211,909	3,314,580	492,511	15,570,349
Net fee and commission income	430,626	30,219	94,831	29,947	585,623
Net gain/(loss) from trading of foreign currencies	126,977	2,374	24,460	(10,272)	143,539
Net gain from investment securities	974,955	2,478	10,977	-	988,410
Net gain from other activities	662,990	183,365	10,219	4,773	861,347
Income from capital contribution, share purchase	3,750	-	-	-	3,750
Operating expenses	(3,270,206)	(298,261)	(710,809)	(126,665)	(4,405,941)
<b>Net operating profit before allowance expenses for credit risks</b>	<b>8,480,441</b>	<b>2,132,084</b>	<b>2,744,258</b>	<b>390,294</b>	<b>13,747,077</b>
Allowance expenses for credit risks	(4,332,342)	(1,730,974)	(1,371,714)	(52,005)	(7,487,035)
<b>Total profit before tax</b>	<b>4,148,099</b>	<b>401,110</b>	<b>1,372,544</b>	<b>338,289</b>	<b>6,260,042</b>

As at 31 December 2021	The North VND million	The Central VND million	The South VND million	Overseas VND million	Total VND million
Cash and gold on hand	1,298,723	125,847	390,344	63,379	1,878,293
Balances with the State Bank	13,397,539	11,724	4,816	937,978	14,352,057
Balances with and loans to other CIs	63,550,276	2,525	2,558	576,423	64,131,782
Trading securities	3,245	-	-	-	3,245
Derivatives and other financial assets	252,448	-	-	-	252,448
Loans to customers	273,161,768	19,334,232	54,476,026	10,806,582	357,778,608
Investment securities	25,104,380	-	197	-	25,104,577
Long-term investments	131,652	-	-	-	131,652
Fixed assets	4,889,441	23,654	55,674	10,209	4,978,978
Other assets	17,292,858	8,125,927	12,397,661	176,242	37,992,688
<b>Total assets</b>	<b>399,082,330</b>	<b>27,623,909</b>	<b>67,327,276</b>	<b>12,570,813</b>	<b>506,604,328</b>
Amounts due to the Government and the State Bank	1,510,983	-	-	-	1,510,983
Deposits and borrowings from other CIs	71,636,178	10,067	61,838	8,024,467	79,732,550
Deposits from customers	248,956,235	19,718,019	56,281,671	2,240,903	327,196,828
Borrowed and entrusted funds	4,952,170	-	-	-	4,952,170
Valuable papers issued	37,821,757	3,974,333	4,496,024	-	46,292,114
Other liabilities	8,980,393	520,376	1,115,198	772,051	11,388,018
<b>Total liabilities</b>	<b>373,857,716</b>	<b>24,222,795</b>	<b>61,954,731</b>	<b>11,037,421</b>	<b>471,072,663</b>



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Business segments	Credit VND million	Investment VND million	Services VND million	Treasury VND million	Total VND million
<b>Year ended 31 December 2022</b>					
Interest and similar income	38,622,024	1,791,079	-	360,567	40,773,670
Fee and commission income	-	-	236,217	1,005,652	1,241,869
Net gain from trading of foreign currencies	-	116,250	-	-	116,250
Net gain from investment securities	-	92,641	-	-	92,641
Other income	-	-	807,767	-	807,767
Income from capital contribution, share purchase	-	4,226	-	-	4,226
	38,622,024	2,004,196	1,043,984	1,366,219	43,036,423
<b>As at 31 December 2022</b>					
Segment assets	403,058,542	33,942,595	220,815	69,978,541	507,200,493
Allocated assets	28,808,177	67,987	14,604,959	222,504	43,703,627
<b>Total assets</b>	431,866,719	34,010,582	14,825,774	70,201,045	550,904,120
Segment liabilities	(1,250,979)	-	(130,469)	(495,532,728)	(496,914,176)
Allocated liabilities	(7,307,226)	(17,245)	(3,704,564)	(56,438)	(11,085,473)
<b>Total liabilities</b>	(8,558,205)	(17,245)	(3,835,033)	(495,589,166)	(507,999,649)
<b>Year ended 31 December 2021</b>					
Interest and similar income	32,914,468	2,134,154	-	557,707	35,606,329
Fee and commission income	-	-	143,934	764,807	908,741
Net gain from trading of foreign currencies	-	143,539	-	-	143,539
Net gain from investment securities	-	988,410	-	-	988,410
Other income	-	-	1,133,849	-	1,133,849
Income from capital contribution, share purchase	-	3,750	-	-	3,750
	32,914,468	3,269,853	1,277,783	1,322,514	38,784,618
<b>As at 31 December 2021</b>					
Segment assets	371,235,367	28,091,484	234,814	70,639,900	470,201,565
Allocated assets	21,608,389	67,526	14,505,854	220,994	36,402,763
<b>Total assets</b>	392,843,756	28,159,010	14,740,668	70,860,894	506,604,328
Segment liabilities	(718,706)	-	(79,356)	(465,322,722)	(466,120,784)
Allocated liabilities	(2,939,396)	(9,185)	(1,973,236)	(30,062)	(4,951,879)
<b>Total liabilities</b>	(3,658,102)	(9,185)	(2,052,592)	(465,352,784)	(471,072,663)

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### 44. FINANCIAL RISK MANAGEMENT

This section provides information of SHB's exposure to risk and describes the policies, the methods used by the Board of Management to control risk. The most important types of financial risk to which SHB is exposed are credit risk, liquidity risk and market risk.

#### (a) Risk management policy for financial instruments

SHB's orientation 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 the 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 of position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimise risks. By holding various assets being high quality financial instruments, the structure of SHB's consolidated statement of financial position is able to protect SHB from significant risks during its business processes and ensure liquidity. In addition, SHB has been also 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 details 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, term deposits at the SBV and other credit institutions and valuable papers. The safety ratios 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 deployment of 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.

#### (b) Credit risk

SHB is subject to credit risk through its lending, investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. SHB's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is reflected by the carrying amounts of the assets on the consolidated statement of financial position. In addition, SHB is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued.

SHB has maintained a credit risk management policy to ensure the following basic principles are complied with:

- » Establishing an appropriate environment for credit risk management;
- » Operating in accordance with a healthy credit granting process;
- » Maintaining an appropriate credit management, measurement and monitoring process; and
- » Ensuring proper controls over credit risk,

SHB approves credit facilities through various levels to ensure that each credit is considered independently; concurrently, the approval of the loan is made on the basis of the credit limit assigned to each authorisation level. Besides, the credit approval model of SHB is maintained with the involvement of the Credit Committee to ensure centralised credit approval with the highest quality.

SHB is using the internal credit rating system which has been approved by the SBV as a management tool to control credit risk, according to which each customer is classified in a level of risk. The level of risk may be modified and updated frequently. Data and results of customer rating across the system are controlled and centrally managed at the Head Office. This is the basis for credit granting and provision of services to customers as well as making allowance for credit risk in accordance with regulations.

Financial assets that are "overdue but not requiring allowance yet" mainly comprise loans and advances to customers classified by SHB in Group 2 to Group 5 and overdue receivables under Circular 11 that do not require allowance yet.

Financial assets that are "overdue and full allowance made" mainly comprise loans and advances to customers classified by SHB in Group 2 to Group 5 and overdue receivables under Circular 11 that require allowance and have been fully made for by SHB.

The maximum exposure to credit risk on balance sheet of SHB, excluding collaterals or credit support was as follows:



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As at 31 December 2022 (VND million)	Not overdue and not requiring allowance	Overdue but not requiring allowance yet				Overdue and allowance made	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue more than 360 days		
Balances with the State Bank	15,145,862	-	-	-	-	-	15,145,862
Balances with and loans to other CIs - net	63,008,862	-	-	-	-	-	63,008,862
Derivatives and other financial assets	269,772	-	-	-	-	-	269,772
Loans to customers - net	359,454,055	1,063,446	94,711	126,546	1,301,521	16,535,164	378,575,443
Investment securities - net	32,925,782	-	-	-	-	-	32,925,782
Other financial assets - net	52,305,466	-	-	-	-	-	52,305,466
	523,109,799	1,063,446	94,711	126,546	1,301,521	16,535,164	542,231,187

As at 31 December 2021 (VND million)	Not overdue and not requiring allowance	Overdue but not requiring allowance yet				Overdue and allowance made	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue more than 360 days		
Balances with the State Bank	14,352,057	-	-	-	-	-	14,352,057
Balances with and loans to other CIs - net	64,131,782	-	-	-	-	-	64,131,782
Derivatives and other financial assets	252,448	-	-	-	-	-	252,448
Loans to customers - net	347,941,085	302,638	131,200	84,587	516,748	8,802,350	357,778,608
Investment securities - net	25,075,524	-	-	-	-	-	25,075,524
Other financial assets - net	36,743,262	-	-	-	-	-	36,743,262
	488,496,158	302,638	131,200	84,587	516,748	8,802,350	498,333,681

Details of collaterals held by SHB at the year-end were as follows:

	31/12/2022 VND million	31/12/2021 VND million
Real estates	437,758,779	378,746,009
Movable assets	45,756,474	78,281,411
Valuable papers	54,473,475	61,187,873
Other collaterals	484,846,057	460,542,822
	1,022,834,785	978,758,115

### (c) Liquidity risk

Liquidity risk arises in 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 risk 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 appropriate to 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 mobilisation, 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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As at 31 December 2022 (VND million)	Overdue		Trong hạn				
	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Total
Assets							
Cash on hand and gold	-	-	1,897,545	-	-	-	1,897,545
Balances with the State Bank	-	-	15,144,720	1,142	-	-	15,145,862
Balances with and loans to other CIs - gross	-	-	55,962,307	1,445,146	5,601,409	99,794	63,108,656
Securities held for trading - gross	-	-	3,881	-	-	-	3,881
Derivatives and other financial assets	-	-	(62,604)	(21,559)	353,935	-	269,772
Loans to customers - gross	10,852,955	6,735,688	28,017,427	53,599,823	100,609,779	85,464,358	385,633,215
Investment securities - gross	-	-	300,000	-	3,766,039	6,030,972	22,955,267
Long-term investments - gross	-	-	-	-	-	-	158,272
Fixed assets	-	-	1,671,052	7	4,276	95,883	4,954,396
Other assets - gross	-	-	38,859,515	3,933,005	11,160,626	223,086	54,176,232
	10,852,955	6,735,688	141,793,843	58,957,564	121,496,064	91,914,093	558,400,109
Liabilities							
Amounts due to the Government and the State Bank	-	-	8,142,298	169,895	1,403,000	-	9,715,193
Deposits and borrowings from other CIs	-	-	54,358,364	8,142,023	12,190,846	3,590,643	78,283,936
Deposits from customers	-	-	79,174,625	54,808,869	209,706,728	17,983,086	361,675,593
Borrowed and entrusted funds	-	-	71,587	44,064	305,368	775,476	1,615,605
Valuable papers issued	-	-	9,567	5,410,975	8,840,989	8,916,850	36,440,208
Other liabilities	-	-	20,269,114	-	-	-	20,269,114
	-	-	162,025,555	68,575,826	232,446,931	31,266,055	507,999,649
Net liquidity gap	10,852,955	6,735,688	(20,231,712)	(9,618,262)	(110,950,867)	60,648,038	50,400,460

As at 31 December 2021 (VND million)	Overdue		Not overdue				
	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Total
Assets							
Cash on hand and gold	-	-	1,878,293	-	-	-	1,878,293
Balances with the State Bank	-	-	14,350,940	1,117	-	-	14,352,057
Balances with and loans to other CIs - gross	-	-	62,442,764	1,040,266	588,752	99,794	64,171,576
Securities held for trading - gross	-	-	3,881	-	-	-	3,881
Derivatives and other financial assets	-	-	(31,054)	26,089	257,413	-	252,448
Loans to customers - gross	6,112,559	2,442,423	23,058,543	42,408,521	103,346,384	78,346,752	362,416,124
Investment securities - gross	-	-	-	1,026,692	2,853,129	2,737,134	25,150,443
Long-term investments - gross	-	-	-	-	-	-	164,391
Fixed assets	-	-	1,677,436	98	1,117	83,393	4,978,978
Other assets - gross	187,500	-	22,295,194	4,009,985	11,687,784	65,047	38,248,271
	6,300,059	2,442,423	125,675,997	48,512,768	118,734,579	81,332,120	511,616,462
Liabilities							
Amounts due to the Government and the State Bank of Vietnam	-	-	-	10,077	1,500,906	-	1,510,983
Deposits and borrowings from other CIs	-	-	54,426,153	8,259,479	16,277,355	698,375	79,732,550
Deposits from customers	-	-	86,002,295	65,928,916	161,730,781	13,533,458	327,196,828
Borrowed and entrusted funds	-	-	72,569	49,819	813,905	3,060,007	4,952,170
Valuable papers issued	-	-	364,173	3,184,849	10,134,934	22,043,309	46,292,114
Other liabilities	-	-	11,388,018	-	-	-	11,388,018
	-	-	152,253,208	77,433,140	190,457,881	39,335,149	471,072,663
Net liquidity gap	6,300,059	2,442,423	(26,577,211)	(28,920,372)	(71,723,302)	41,996,971	40,543,799



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### (d) Market risks

#### (i) Interest rate risk

SHB's operations 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 differing amounts, Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

SHB adopts a 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 categorised by the contractual re-pricing or maturity date and the interest rates at the end of the annual accounting period.

Time limit for repricing of interest rates is the remaining period from the end of the annual accounting period to the most recent repricing of interest rates of assets and equity items.

As at 31 December 2022 (VND million)	Overdue	Free of interest	Up to 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	Total
<b>Assets</b>									
Cash on hand and gold	-	1,897,545	-	-	-	-	-	-	1,897,545
Balances with the State Bank	-	-	15,144,720	1,142	-	-	-	-	15,145,862
Balances with and loans to other CIs - gross	-	-	55,962,307	1,445,146	5,530,909	70,500	99,794	-	63,108,656
Securities held for trading - gross	-	3,881	-	-	-	-	-	-	3,881
Derivatives and other financial assets	-	269,772	-	-	-	-	-	-	269,772
Loans to customers - gross	17,588,643	-	110,436,691	228,151,663	8,876,532	8,254,368	9,715,666	2,609,652	385,633,215
Investment securities - gross	-	29,454	299,999	5,414,969	7,794,193	1,093,792	2,004,108	16,415,763	33,052,278
Long-term investments - gross	-	158,272	-	-	-	-	-	-	158,272
Fixed assets	-	4,954,396	-	-	-	-	-	-	4,954,396
Other assets - gross	-	37,141,988	2,126,557	4,165,048	8,632,983	2,109,656	-	-	54,176,232
	17,588,643	44,455,308	183,970,274	239,177,968	30,834,617	11,528,316	11,819,568	19,025,415	558,400,109
<b>Liabilities</b>									
Amounts due to the Government and the State Bank	-	-	8,142,298	169,895	157,904	1,245,096	-	-	9,715,193
Deposits and borrowings from other CIs	-	-	54,125,594	8,374,793	12,451,986	2,676,360	653,143	2,060	78,283,936
Deposits from customers	-	-	77,182,303	56,801,191	112,894,402	96,812,326	17,983,086	2,285	361,675,593
Borrowed and entrusted funds	-	-	4,447	44,064	99,966	406,844	641,174	419,110	1,615,605
Valuable papers issued	-	-	2,502,905	10,212,491	6,808,818	15,461,824	1,454,170	-	36,440,208
Other liabilities	-	20,269,114	-	-	-	-	-	-	20,269,114
	-	20,269,114	141,957,547	75,602,434	132,413,076	116,602,450	20,731,573	423,455	507,999,649
<b>Interest sensitivity gap</b>	17,588,643	24,186,194	42,012,727	163,575,534	(101,578,459)	(105,074,134)	(8,912,005)	18,601,960	50,400,460

## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

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As at 31 December 2021 (VND million)	Overdue	Free of interest	Up to 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	Total
<b>Assets</b>									
Cash on hand and gold	-	1,878,293	-	-	-	-	-	-	1,878,293
Balances with the State Bank	-	-	14,352,057	-	-	-	-	-	14,352,057
Balances with and loans to other CIs - gross	-	-	62,441,648	1,041,382	588,752	-	99,794	-	64,171,576
Securities held for trading - gross	-	3,881	-	-	-	-	-	-	3,881
Derivatives and other financial assets	-	252,448	-	-	-	-	-	-	252,448
Loans to customers - gross	8,554,982	-	105,669,079	204,846,172	15,518,569	15,043,323	7,432,496	5,351,503	362,416,124
Investment securities - gross	-	29,455	-	2,310,531	4,747,181	942,029	2,217,214	14,904,033	25,150,443
Long-term investments - gross	-	164,391	-	-	-	-	-	-	164,391
Fixed assets	-	4,978,978	-	-	-	-	-	-	4,978,978
Other assets - gross	187,500	20,061,466	2,463,270	3,990,018	7,351,287	4,194,730	-	-	38,248,271
	8,742,482	27,368,912	184,926,054	212,188,103	28,205,789	20,180,082	9,749,504	20,255,536	511,616,462
<b>Liabilities</b>									
Amounts due to the Government and the State Bank	-	-	10,078	255,809	1,245,096	-	-	-	1,510,983
Deposits and borrowings from other CIs	-	-	54,436,434	8,249,197	9,557,615	6,719,741	698,375	71,188	79,732,550
Deposits from customers	-	-	83,521,203	68,410,008	93,039,045	68,691,736	13,533,458	1,378	327,196,828
Borrowed and entrusted funds	-	-	397,570	49,819	350,234	398,670	2,800,007	955,870	4,952,170
Valuable papers issued	-	-	2,326,898	6,831,306	12,650,352	9,309,007	15,174,551	-	46,292,114
Other liabilities	-	11,388,018	-	-	-	-	-	-	11,388,018
	-	11,388,018	140,692,183	83,796,139	116,842,342	85,119,154	32,206,391	1,028,436	471,072,663
<b>Interest sensitivity gap</b>	8,742,482	15,980,894	44,233,871	128,391,964	(88,636,553)	(64,939,072)	(22,456,887)	19,227,100	40,543,799

(ii)

### Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates. SHB was incorporated and operates 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.

As at 31 December 2022 (VND million equivalent)				
	USD	EUR	Other currencies	Total
Assets				
Cash on hand and gold	479,632	27,152	10,099	516,883
Balances with the State Bank	1,602,503	490	133,258	1,736,251
Balances with and loans to other CIs - gross	513,488	574,217	66,475	1,154,180
Derivatives and other financial assets	576,296	153,574	25,283	755,153
Loans to customers - gross	12,713,495	460,731	1,958,282	15,132,508
Fixed assets	6,494	-	1,360	7,854
Other assets - gross	14,935,743	3,452,347	27,950	18,416,040
	30,827,651	4,668,511	2,222,707	37,718,869
Liabilities				
Deposits and borrowings from other CIs	21,413,321	976	108,784	21,523,081
Deposits from customers	8,551,243	201,783	696,969	9,449,995
Borrowed and entrusted funds	315,581	460,731	-	776,312
Other liabilities	1,460,595	3,988,810	28,475	5,477,880
	31,740,740	4,652,300	834,228	37,227,268
FX position on balance sheet	(913,089)	16,211	1,388,479	491,601



## 9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

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As at 31 December 2021 (VND million equivalent)	USD	EUR	Other currencies	Total
<b>Assets</b>				
Cash on hand and gold	620,388	46,679	14,342	681,409
Balances with the State Bank	3,878,859	512	165,552	4,044,923
Balances with and loans to other Cls - gross	5,220,967	115,638	213,663	5,550,268
Derivatives and other financial assets	(2,547,573)	-	(9,917)	(2,557,490)
Loans to customers - gross	11,902,213	3,566,083	1,989,209	17,457,505
Fixed assets	7,010	-	3,380	10,390
Other assets - gross	17,270,702	527	37,697	17,308,926
	36,352,566	3,729,439	2,413,926	42,495,931
<b>Liabilities</b>				
Deposits and borrowings from other Cls	22,739,981	1	101,785	22,841,767
Deposits from customers	10,242,739	153,268	684,784	11,080,791
Borrowed and entrusted funds	390,003	3,566,083	-	3,956,086
Other liabilities	1,534,070	10,627	20,002	1,564,699
	34,906,793	3,729,979	806,571	39,443,343
<b>FX position on balance sheet</b>	1,445,773	(540)	1,607,355	3,052,588

### 45. OPERATING LEASE COMMITMENTS

At the reporting date, the minimum lease payments under non-cancellable operating leases were:

	31/12/2022 VND million	31/12/2021 VND million
Up to one year	159,672	188,716
From more than one year to five years	745,231	787,445
More than five years	441,383	409,456
	1,346,286	1,385,617

### 46. EXCHANGE RATES OF FOREIGN CURRENCIES AT THE END OF THE ANNUAL ACCOUNTING PERIOD

The followings were the exchange rates applied by the SHB:

	Exchange rate as at	
	31/12/2022 VND	31/12/2021 VND
USD	23,500	22,750
EUR	24,770	25,737
GBP	28,402	30,739
CHF	25,514	24,899
JPY	178	198
SGD	17,549	16,858
AUD	15,983	16,528
HKD	3,024	2,921
CAD	17,401	17,885
LAK	1,360	2,036
THB	682.5	683.7

Prepared by: \_\_\_\_\_  
20 March 2023

\_\_\_\_\_  
Nguyen Thi Lien  
Head of Accounting and  
General Affairs Department

Reviewed by: \_\_\_\_\_  
Approved by: \_\_\_\_\_

\_\_\_\_\_  
Ngo Thi Van  
Chief Accountant

\_\_\_\_\_  
Ngo Thu Ha  
Chief Executive Officer



9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

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1. Audit opinion
2. Audited financial statements (audited annual financial statements include: balance sheet; statement of business results; statement of cash flows; notes to financial statements. The financial statements presented in the Annual Report are the Consolidated Financial Statements).

Saigon - Hanoi Commercial Joint Stock Bank (SHB)

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Hanoi, April , 2023



Ngo Thu Ha  
CEO



