



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

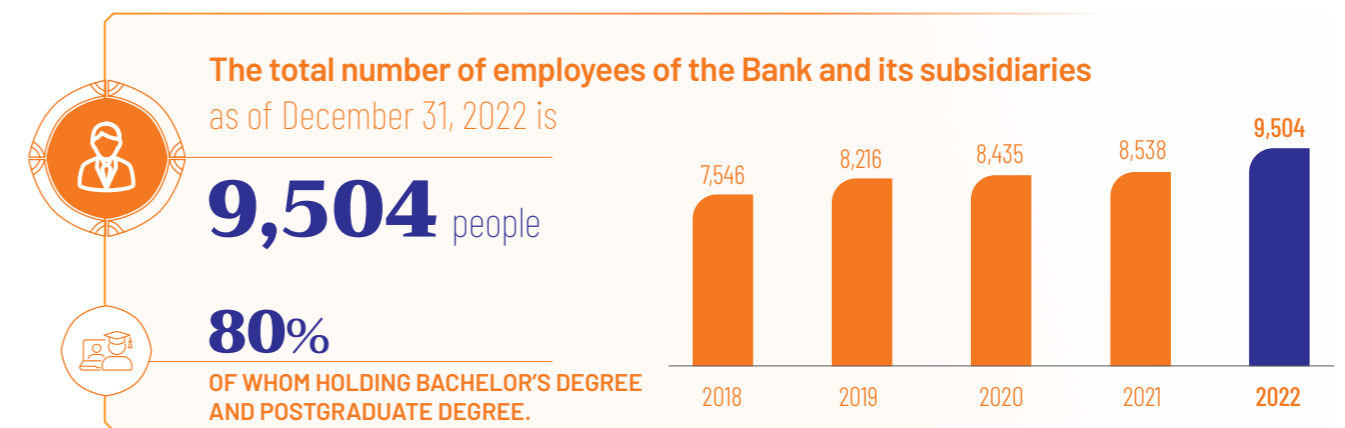
- Mr. Vo Duc Tien - Vice Chairman of the Board of Directors: from August 4, 2021 to July 19, 2022 Mr. Vo Duc Tien was appointed as CEO.
- Ms. Ngo Thu Ha: On July 20, 2022, Ms. Ngo Thu Ha, Deputy CEO was appointed as Acting CEO. On September 1, 2022 she was appointed as CEO of SHB.
- Mr. Luu Danh Duc: 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
CAPITAL				
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%
BUSINESS RESULTS				
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%
CAPITAL ADEQUACY				
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 ($\leq 5\%$)
LIQUIDITY				
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
CLASSIFIED AS MAJOR AND MINOR SHAREHOLDERS			<p>Major shareholder: 9.998% Minor shareholders: 90.002% (Major shareholders are those who own more than 5% of the Bank's shares, minor shareholders less than 5%.)</p>
Major shareholder	1	9.998%	
Minor shareholders	78,959	90.002%	
Total:	78,960	100%	
CLASSIFIED AS INSTITUTIONAL SHAREHOLDERS AND INDIVIDUAL SHAREHOLDERS			<p>Institutional shareholders: 24.748% Individual shareholders: 75.252%</p>
Institutional	231	24.748%	
Individual	78,729	75.252%	
Total:	78,960	100%	
DOMESTIC AND FOREIGN SHAREHOLDERS			<p>Domestic shareholders: 93.950% Foreign shareholders: 6.050%</p>
Domestic shareholders	78,507	93.950%	
Foreign shareholders	453	6.050%	
Total:	78,960	100%	
STATE-OWNED SHAREHOLDERS AND OTHER SHAREHOLDERS			<p>State shareholders: 0.938% Other shareholders: 99.062%</p>
State-owned shareholders	8	0.938%	
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)