

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 31st 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.

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(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-TTGSNHNN.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-TTGSNHNN 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 VND300 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 VND300 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"> » Debts in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or » Debts in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or » Debts in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.
		(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	<u>4 - 7 years</u>

(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.

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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. FINANCIAL STATEMENTS

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	31/12/2021
	VND million	VND million
Current accounts		
Current accounts in VND	31,980,505	32,360,855
Current accounts in foreign currencies	893,839	2,245,498
Term deposits		
Term deposits in VND	19,510,000	17,997,000
Term deposits in foreign currencies	72,341	2,975,464
	<u>52,456,685</u>	<u>55,578,817</u>
Loans to other credit institutions (“CIs”)		
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)
	<u>10,552,177</u>	<u>8,552,965</u>
	<u>63,008,862</u>	<u>64,131,782</u>

Analysis of the quality of the outstanding balance of term deposits and loans to other credit institutions is as follows:

	31/12/2022	31/12/2021
	VND million	VND million
Group 1 - Current debt	30,134,518	29,525,429
Group 5 - Loss debt	99,794	39,794
	<u>30,234,312</u>	<u>29,565,223</u>

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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
As at 31 December 2022				
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
As at 31 December 2021				
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		31/12/2021	
	VND million	%	VND million	%
Loans to economic entities				
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
Loans to individuals				
Household business, individuals	87,645,147	22.73	76,441,469	21.09
Other loans				
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	31/12/2021
	VND million	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		31/12/2021	
	VND million	%	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	31/12/2021
	VND million	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

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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
Debt securities		
» 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
Equity securities		
» 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
Available-for-sale securities				
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
Held-to-maturity securities				
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

9. FINANCIAL STATEMENTS

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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

9. FINANCIAL STATEMENTS

9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

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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
Cost						
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
Accumulated depreciation						
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
Net book value						
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
Cost						
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
Accumulated depreciation						
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
Net book value						
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

9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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
Cost				
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
Accumulated amortisation				
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
Net book value				
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
Cost				
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
Accumulated amortisation				
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
Net book value				
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
Borrowings from the SBV		
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
Demand deposits		
In VND	28,356,594	27,497,079
In foreign currencies	146,139	151,066
Term deposits		
In VND	26,285,390	27,904,866
In foreign currencies	18,082,916	18,875,571
	72,871,039	74,428,582
Borrowings from other credit institutions		
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 VND17,038,721 million (31/12/2021: VND17,998,762 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
Demand deposits		
Demand deposits in VND	23,624,868	27,684,462
Demand deposits in foreign currencies	2,076,723	2,177,510
Term deposits		
Term deposits in VND	326,721,890	287,136,727
Term deposits in foreign currencies	7,315,198	8,823,180
Margin deposits		
Margin deposits in VND	1,872,762	1,294,033
Margin deposits in foreign currencies	35,150	30,660
Deposits for specific purposes		
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

9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 USD2 million (equivalent to VND47 billion) of which the amount allowed to be used for project purposes is USD1 million (equivalent to VND23.5 billion) and the amount to be appropriated to the term provision for losses of the RSF Fund is USD1 million (equivalent to VND23.5 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
Deposit certificates		
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
Bonds		
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
» <i>Taxes and others payable to State Treasury (Note 42)</i>	1,811,318	331,496
» <i>Payables on payment intermediaries and other liabilities</i>	5,270,212	2,902,035
» <i>Receipt of entrustment in foreign currencies</i>	3,452,319	-
» <i>Other payables</i>	569,549	334,929
	20,269,114	11,388,018

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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
As at 1/1/2021	17,510,091	101,716	(5,260)	43,685
Net profit for the year	-	-	-	-
Shares issued for payment of dividends	3,772,060	-	-	-
Share public offering during the year	5,391,547	1,347,887	-	-
Appropriation to bonus and welfare funds	-	-	-	-
Appropriation to equity funds	-	-	-	5,556
Foreign exchange difference	-	-	-	(2,820)
Other changes	-	-	-	-
As at 31/12/2021	26,673,698	1,449,603	(5,260)	46,421
Net profit for the year	-	-	-	-
Shares issued for payment of dividends (Note 26)	4,000,134	-	-	-
Appropriation to equity funds	-	-	-	4,897
Foreign exchange difference	-	-	-	(5,933)
Other changes	-	-	-	-
As at 31/12/2022	30,673,832	1,449,603	(5,260)	45,385

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
1,430,863	728,640	1,022	(97,830)	4,323,293	24,036,220
-	-	-	-	5,007,161	5,007,161
-	-	-	-	(3,772,060)	-
-	-	-	-	-	6,739,434
-	-	-	-	(22,413)	(22,413)
475,655	247,010	-	-	(728,221)	-
-	(4,624)	-	(195,835)	(25,458)	(228,737)
-	(1,715)	-	-	1,715	-
1,906,518	969,311	1,022	(293,665)	4,784,017	35,531,665
-	-	-	-	7,728,918	7,728,918
-	-	-	-	(4,000,134)	-
763,424	387,510	-	-	(1,155,831)	-
-	(9,485)	-	(312,679)	(28,015)	(356,112)
437	(2,288)	-	-	1,851	-
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
Issued share capital				
Ordinary shares	3,067,383,196	30,673,832	2,667,369,799	26,673,698
Number of shares repurchased				
Ordinary shares	496,186	4,962	496,186	4,962
Shares in circulation				
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
Interest and similar income from		
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
Interest and similar expenses for		
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)
Net interest income	17,550,084	15,570,349

28. NET FEE AND COMMISSION INCOME

	2022 VND million	2021 VND million
Fee and commission income from		
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
Fee and commission expenses for		
Settlement and cash services	(83,423)	(70,979)
Treasury services	(45,739)	(37,121)
Other services	(222,153)	(215,018)
	(351,315)	(323,118)
Net fee and commission income	890,554	585,623

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29. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2022 VND million	2021 VND million
Revenues from trading of foreign currencies		
Spot foreign exchange trading	1,200,786	978,158
Financial derivatives	1,091,986	461,422
	2,292,772	1,439,580
Expenses from trading of foreign currencies		
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
Income from other activities		
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
Income from other activities	807,767	1,133,849
Expenses for other activities		
Expenses for derivative financial instruments	(1,821)	(242,858)
Other expenses	(118,719)	(210,972)
Expenses for other activities	(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>		
<i>Depreciation of fixed assets</i>	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
Current tax expense		
Current year	1,961,243	1,256,692
Deferred income tax benefit		
Origination of temporary differences	(793)	(3,811)
	1,960,450	1,252,881

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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-OFF 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 determine 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)
Major shareholders		
<i>T&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)
Entity with common key management members		
<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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43. SEGMENT REPORTING

Geographical segment reporting

	Year ended 31 December 2022				Total VND million
	The North VND million	The Central VND million	The South VND million	Overseas 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)
Net operating profit before allowance expenses for credit risks	11,413,199	603,619	2,481,308	451,263	14,949,389
Allowance expenses for credit risks	(4,580,757)	23,693	(524,279)	(178,678)	(5,260,021)
Profit before tax	6,832,442	627,312	1,957,029	272,585	9,689,368

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
Total assets	441,981,918	23,014,898	70,462,056	15,445,248	550,904,120
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
Total liabilities	403,050,286	22,387,579	68,505,570	14,056,214	507,999,649

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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)
Net operating profit before allowance expenses for credit risks	8,480,441	2,132,084	2,744,258	390,294	13,747,077
Allowance expenses for credit risks	(4,332,342)	(1,730,974)	(1,371,714)	(52,005)	(7,487,035)
Total profit before tax	4,148,099	401,110	1,372,544	338,289	6,260,042

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
Total assets	399,082,330	27,623,909	67,327,276	12,570,813	506,604,328
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
Total liabilities	373,857,716	24,222,795	61,954,731	11,037,421	471,072,663

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Business segments	Credit VND million	Investment VND million	Services VND million	Treasury VND million	Total VND million
Year ended 31 December 2022					
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
As at 31 December 2022					
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
Total assets	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)
Total liabilities	(8,558,205)	(17,245)	(3,835,033)	(495,589,166)	(507,999,649)

	Credit VND million	Investment VND million	Services VND million	Treasury VND million	Total VND million
Year ended 31 December 2021					
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
As at 31 December 2021					
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
Total assets	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)
Total liabilities	(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 more than 360 days	Overdue and allowance made	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 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 more than 360 days	Overdue and allowance made	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 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					Total	
	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	Over 5 years		
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	100,353,185	385,633,215	
Investment securities - gross	-	-	300,000	-	3,766,039	6,030,972	22,955,267	-	33,052,278
Long-term investments - gross	-	-	-	-	-	-	158,272	-	158,272
Fixed assets	-	-	1,671,052	7	4,276	95,883	3,183,178	-	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	126,649,902	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	2,060	-	78,283,936
Deposits from customers	-	-	79,174,625	54,808,869	209,706,728	17,983,086	2,285	-	361,675,593
Borrowed and entrusted funds	-	-	71,587	44,064	305,368	775,476	419,110	-	1,615,605
Valuable papers issued	-	-	9,567	5,410,975	8,840,989	8,916,850	13,261,827	-	36,440,208
Other liabilities	-	-	20,269,114	-	-	-	-	-	20,269,114
	-	-	162,025,555	68,575,826	232,446,931	31,266,055	13,685,282	-	507,999,649
Net liquidity gap	10,852,955	6,735,688	(20,231,712)	(9,618,262)	(110,950,867)	60,648,038	112,964,620	50,400,460	

As at 31 December 2021 (VND million)	Overdue		Not overdue					Total
	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	Over 5 years	
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	106,700,942	362,416,124
Investment securities - gross	-	-	-	1,026,692	2,853,129	2,737,134	18,533,488	25,150,443
Long-term investments - gross	-	-	-	-	-	-	164,391	164,391
Fixed assets	-	-	1,677,436	98	1,117	83,393	3,216,934	4,978,978
Other assets - gross	187,500	-	22,295,194	4,009,985	11,687,784	65,047	2,761	38,248,271
	6,300,059	2,442,423	125,675,997	48,512,768	118,734,579	81,332,120	128,618,516	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	71,188	79,732,550
Deposits from customers	-	-	86,002,295	65,928,916	161,730,781	13,533,458	1,378	327,196,828
Borrowed and entrusted funds	-	-	72,569	49,819	813,905	3,060,007	955,870	4,952,170
Valuable papers issued	-	-	364,173	3,184,849	10,134,934	22,043,309	10,564,849	46,292,114
Other liabilities	-	-	11,388,018	-	-	-	-	11,388,018
	-	-	152,253,208	77,433,140	190,457,881	39,335,149	11,593,285	471,072,663
Net liquidity gap	6,300,059	2,442,423	(26,577,211)	(28,920,372)	(71,723,302)	41,996,971	117,025,231	40,543,799

9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022 (continued)

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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
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	5,530,909	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
Liabilities									
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
Interest sensitivity gap	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. FINANCIAL STATEMENTS

9.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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
Assets									
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
Liabilities									
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
Interest sensitivity gap	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

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As at 31 December 2021 (VND million equivalent)	USD	EUR	Other currencies	Total
Assets				
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 CIs - 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
Liabilities				
Deposits and borrowings from other CIs	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
FX position on balance sheet	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

20 March 2023

Prepared by:



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Reviewed by:



Ngo Thi Van
Chief Accountant

Approved by:



Ngo Thu Ha
Chief Executive Officer