



ANNUAL 2016 REPORT

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SHB CONNECTING PROSPERITY

MESSAGE OF CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and Gentlemen!

On behalf of the Board of Directors, Board of Supervisors, Board of Management and all staffs of Saigon - Hanoi Commercial Joint Stock Bank (SHB), I would like to extend to shareholders, strategic partners, entrepreneurs –enterprises customers and friends of SHB my warmest greetings, sincere thanks and best wishes.!

Ladies and Gentlemen,

The year of 2016 was over, Q1/2017 has ended, SHB has turned into the age of 24 years with a higher and more ambitious goal - from a Top 5 to become a Top 3 private-owned commercial joint stock bank in Vietnam.

We understand that achieving this goal is a challenge, but this is a powerful motivator for us to hold hands together in unity, determined to meet the pre-set goals for prosperity and success of SHB. We are determined to continuously improve SHB's position in the financial and banking markets in Vietnam, Laos and Cambodia, contributing to economic development of those countries and people.

Ladies and Gentlemen!

With the strategic objective of becoming a modern multi-functional retail bank by 2020, over the past 23 years of operation, SHB always develops strategic objectives consistent with each period of development, with the overall strategy of competition by differentiation. SHB has consistently grown over the years and has reached the Top 5 largest private-owned commercial joint stock banks in Vietnam. Its operation is always transparent, safe, and sustainable and it has been A-rated by the State Bank for many years, awarded with the Second and Third Class Labor Medal by the Party and the State awarded with prestigious titles by domestic and international financial and non-financial institutions. At the same time, SHB's profits are stable over the years; dividend yields are equal to or higher than banks' applicable deposit interest rates at the same period.

Those achievements are thanks to the unity and determination and continuous efforts of SHB's employees, the support and assistance of regulators and the State Bank, the cooperation of SHB's shareholders, strategic partners, entrepreneurs – enterprises and people in Vietnam, Laos, and Cambodia.

Once again, I sincerely thank you for your precious cooperation!

Ladies and Gentlemen!

Promoting good traditions in the past 24 years, SHB will continue to unite, innovate, renovate, improve its management and administration capabilities, aim to achieve international banking standards, transparent and sustainable development; to successfully implement resolutions of the General Assembly of Shareholders, to successfully realize strategic objectives of SHB, for best returns of shareholders, strategic partners, entrepreneurs – enterprises and prosperity of the country.

Wishing you good health, happiness, success!

Chairman of the Board of Directors

Mr. Do Quang Hien

MR. DO QUANG HIEN Chairman of the Board of Directors

1....

VISION, MISSION, CORE VALUES

SHR

VISION

To become a leading modern multi-functional retail bank in Vietnam and a strong financial holding group under international standards.

MISSION

To become a leading bank in Vietnam offering modern and convenient banking products and services under international standards, bringing maximum returns to shareholders, customers, partners, etc. and contribute to achieving prosperity.



Hotog Days - Hadas Kiriss His Mar

NGAN MANG SAL GOM - HA MO





Shareholder's returns

Commit to maintain and increase the Bank's values, to grow sustainably, to bring the maximum returns to shareholders and investors for a thriving SHB.



Continuous renovation

Set out competition strategy including creating differentiation, listening, learning, renovating, reforming and developing.



Core is customers

Always understand customers and focus on customers in a professional and modern serving manner; offering customers with diversified, convenient, friendly, quick and efficient banking services and products.



Corporate culture

Develop and take pride in SHB's culture of creativeness, solidarity, create development opportunities for all people, praising individual of good achievements.

CORE VALUES



Integrity and transparency

Pay attention to transparency and integrity in all activities in the whole network, increase management capacity, risk management and internal control & audit.



Brand value

SHB is a modern multifunctional retail bank with distinctive qualities, with high reputation and strong position inside and outside the country.

The Bank's brand name is its asset and honor of its all staffs.

GENERAL INFORMATION

If you're walking down the right path and you're willing to keep walking, eventually you'll make progress

> **Barrack Obama** America's President

* Overview

Transaction name:

Saigon – Hanoi Commercial Joint Stock Bank (SHB)

Business Registration Certificate No. 1800278630 issued by the Hanoi Department of Planning and Investment, the 24rd amendment was made on June 03, 2016

Chartered capital: 11,196,891 million đồng

Owner's Equity: 13,231,573 million đồng

Address: 77 Tran Hung Dao, Hoan Kiem, Ha Noi

Telephone No.: (04) 3942 3388

Fax No.: (04) 3941 0944

Website: www.shb.com.vn

Stock code: SHB

SHB continues to confirm its position as one of leading Vietnamese private commercial banks with the presence in 40 cities and provinces country-wide and overseas branches in Laos and Cambodia, with the network of almost 500 transaction points

KEY BUSINESS PERFORMANCE INDICATORS IN THE PERIOD 2012-2016



Total assets (Bn dồng)

Total deposits (Bn đồng)





Total loans (Bn đồng)



Charter capital (Bn dồng)

Number of employees (People)



Network (Transaction points)



HISTORY

1993 2006 Period Establishment Saigon - Hanoi Commercial Joint Stock Bank (SHB), formally known as Nhon Ai Rural Commercial Joint Stock Bank, was established on 13/11/1993 in Can Tho province.

In 2006, the Bank had approval from SBV for Nhon Ai Rural Commercial Joint Stock Bank to change its business model to become an Urban Commercial Bank and to change its name into current name Saigon – Hanoi Commercial Joint Stock Bank (in abbreviation as SHB).

2007 2011

Period Moving

2012 2015

Period Pioneering in M&A and access to regional financial market In 2008: SHB moved its head office from Can Tho to Hanoi capital city;

In 2009: SHB was one of the first Vietnamese commercial joint stock banks officially listing its shares on Hanoi Stock Exchange;

In 2011: SHB enhanced operational scale to increase its charter capital to nearly VND 5,000 billion. Approved by the State Bank, SHB opened branches in Cambodia and Laos, beginning SHB's overseas investments.

In 2012:

- * Being a pioneering bank in expanding network to international market with the establishment of SHB's branches in Cambodia in 2/2012 with total investment of 37 million USD and Laos in 8/2012 with charter capital of 104 billion LAK.
- * Taking the lead in implementing the Government's policy of restructuring of the banking system, SHB acquired Hanoi Building Commercial Joint Stock Bank (Habubank) in 8/2012.

In 2013 - 2014:

* SHB celebrated 20 years of establishment, SHB was honored to receive the Second Class Labor Medal from the State President.

In 2015: Increased capital to nearly VND 9,500 billion, network rose to almost 450 transaction points in the country and abroad.

2016 - present

- * Increased capital to VND 11,197 billion, network rose to almost 500 transaction points in the country and abroad
- * Established 100% subsidiary banks in Laos (15/1/2016) and Cambodia (9/9/2016) to expand operations in those two neighboring markets.
- * Acquired Vinaconex-Viettel Finance JSC (VVF) in 12/2016 to increase charter capital to over VND 11,000 and established SHB Finance Company (SHB FC).

With slogan "Solid Partner, Flexible Solutions" and innovative business strategy in order to bring values to customers, shareholders and investors, SHB always satisfies customers and partners with synchronized, useful, good quality and competitive banking products and services with professional service style.

Making unremitting efforts, SHB strives to become a Vietnam's leading multifunction modern retail bank and a strong financial group under international standards by 2020.

MAIN BUSINESS ACTIVITIES

Mobilizing and taking short, medium and long term deposits from organizations and individuals; Providing short, medium and long term loans to organizations and individuals; Performing foreign exchange businesses, international trade finance, discounting commercial papers, bonds and other valuable papers; Trading gold in accordance with legal regulations; Factoring; Safe box keeping services (including gold keeping and safe box keeping services); Insurance agent; Entrust third party for lending business and taking entrusted loans; Providing credits in the form of discounting of negotiable instruments, and other valuable papers.



CORPORATE GOVERNANCE MODEL AND MANAGEMENT STRUCTURE

Corporate governance model:

SHB organizes its organizational structure in a modern, streamlined, tight and optimal manner, in line with retail banking strategy.

Business organization and management structure

In order to optimize the organizational structure, focus resources for business development, SHB has strengthened the organizational structure and completed description of functions and tasks of departments/divisions in the direction of professionalism and effectiveness throughout the bank.







BOARD OF DIRECTORS (BOD)



DO QUANG HIEN

Chairman of Board of Directors of SHB

- Chairman of Board of Directors of Chairman of Board of Directors of Saigon-Hanoi Securities JSC (SHS)
- Chairman of Board of Directors and Chief Executive Officer of T&T Group
- Chairman of Board of Directors of Saigon-Hanoi Insurance Joint Stock Company (BSH)
- Saigon-Hanoi Fund Management JSC (SHF)
- Chairman of Hanoi Small and Medium Enterprise Association.
- Member of the Vietnam Fatherland Front Committee
- Achievement: second and third class Labor Medals by President of the Socialist Republic of Vietnam.



NGUYEN VAN LE Member of Board of Directors of SHB



TRAN NGOC LINH

Member of Board of Directors of SHB

- Founding shareholder of SHB



DO QUANG HUY Member of Board of Directors of SHB



PHAM NGOC TUAN Member of Board of Directors of SHB



VO DUC TIEN Independent Member of Board of Directors of SHB

BOARD OF SUPERVISORS



PHAM HOA BINH Head of Board of Supervisors (BOS)

- Bachelor of economics



NGUYEN HUU DUC Deputy Head of Board of Supervisors (BOS)

- Ph.D in Economics



NGUYEN THI HOAT *Member of BOS*

- Master in Economics



BUITHANH TAM Member of BOS

- Bachelor of economics

BOARD OF MANAGEMENT (BOM)



NGUYEN VAN LE Chief Executive Officer

- PhD in Banking and Finance.
- More than 21 years of managing experiences in banking finance industry.
- He holds the CEO position of the bank since 2000 until now.
- He has received Third Class Labor Medal presented by the President of Vietnam, Certificate of Merit by the Prime Minister and the Governor of the State Bank of Vietnam and Awards of Excellent and Distinctive Leader and also greatly contributed to the development of SHB in particular and the national economy and society in general.
- He has been recognized for participating in various social and charitable activities.



NGO THU HA Deputy General Director

- PhD in Economics
- 21 years of experiences in banking finance industry.
- From March 15, 2011: Deputy General Director of Saigon – Hanoi Commercial Joint Stock Bank.



NINH THI LAN PHUONG Deputy General Director

- Master in Economics
- 20 years of experiences in banking finance industry.
- From June 11, 2012: Deputy General Director of Saigon Hanoi Commercial Joint Stock Bank.
- Chairman of Board of Directors of SHB Loan Management and Asset Development Company (SHAMC)



LE DANG KHOA Deputy General Director

- Master in Economics (Business Administration major), Hanoi National Economics University.
- 20 years of experiences in banking finance industry.
- Former Director of Treasury Division of VIB.
- From March 2009 to current: Deputy General Director of Saigon – Hanoi Commercial Joint Stock Bank.



NGUYEN HUY TAI

Deputy General Director

- Bachelor in Economics (Credit Finance Major).
- 20 years of experiences in banking finance industry.
- From March 2009 to February 2013: Director of Hanoi Branch, Saigon – Hanoi Commercial Joint Stock Bank;
- From February 2013: Deputy General Director cum Director of Hanoi Branch, Saigon – Hanoi Commercial Joint Stock Bank;



DANG TO LOAN Deputy General Director

- Master in Economics (Credit Finance Major).
- 21 years of experiences in banking finance industry.
- From August 2007 to October 2012: Director of Ho Chi Minh Branch, Saigon – Hanoi Commercial Joint Stock Bank.
- From October 9, 2012: Deputy General Director cum Director of Ho Chi Minh Branch, Saigon – Hanoi Commercial Joint Stock Bank



NGO THI VAN (06) Chief Accountant

- Bachelor in Economics (Auditing Major).
- 15 years of experiences in accounting and banking finance industry.
- From 2014 now Chief Accountant cum Accounting Department Manager, Saigon – Hanoi Commercial Joint Stock Bank.

SUBSIDIARIES AND AFFILIATES

- Subsidiaries

Subsidiaries	Address	Main business sectors	Chartered Capital (billion VND)	Paid-up capital by SHB (billion VND)	Holding rate
SHB Loan Management and Asset Development One Sole Member Limited Liability Company (SHAMC)	71B Hang Trong, Hoan Kiem Dist., Ha Noi	Loan Management and Asset Development	20 billion VND	20 billion VND	100%
SHB Securities Company (SHBS)	2A Hang Trong, Hoan Kiem Dist., Ha Noi	Financial and Securities Services: Brokerage, Trading, Investment advisory, Underwriting, securities depository	150 billion VND	147.71 billion VND	98.47%
Saigon - Hanoi Bank Lao Limited	Group 1 Lanexang street, Hatsadytai village, Chanthabuly district, Vientian, Laos PDR	Banking, Financial	50 million USD	50 million USD	100%
Saigon - Hanoi Bank Cambodia Limited	707 Monivong Boulevard, Phnom Penh, Cambodia.	Banking, Financial	50 million USD	50 million USD	100%
SHB Consumer Finance Company Limited	Fl. 1, Building 18T2, Trung Hoa – Nhan Chinh UZ, Nhan Chinh, Thanh Xuan, Hanoi	Banking, Financial	1,000 billion VND	1,000 billion VND	100%

DEVELOPMENT ORIENTATIONS

In order to achieve the vision of becoming a leading multi-functional retail bank in Vietnam and a strong financial group in accordance with international standards, SHB develops appropriate strategies for each stage of development, based on three main goals in 2017-2020.

GOAL	STRATEGY
	Aiming to become a modern multi-functional bank, on basis of an advanced governance system and technology platform in line with international banking practices and standards to increase competitiveness and become differentiated;
Effective and	A customer-centric SHB always endeavors to better serve the needs of customers and the demands for financial-banking services of the economy contributing to the stability and growth of the national economy;
safe growth	Focusing on reinforcing and enhancing financial capabilities; Improving management and governance competencies; Expanding the scope and building capacity to keep pace with other banks in the region so as to gradually meet the requirements of international economic integration;
	Increasing business efficiency and ensuring prudence to comply with international standards and meet the requirements of Basel Committee.
Sustainable society development	Implementing community support programs such as sports development, charity, gratitude, social security as a part of SHB's corporate social responsibility, and contributions of SHB's staffs. SHB considers it as a core value for sustainable development of the bank.
Environmental protection	SHB is committed to protecting the ecological environment by implementing activities that reduce greenhouse gas emissions and waste in the office. Along with such activities, SHB is going to protect the environment with green credit policy, ensuring sustainable development of the country by setting an important criteria for projects financed by SHB to conform with international and domestic standards on environmental protection, energy and resource saving.

RISK MANAGEMENT

In 2016, world economic growth slowed down (estimated growth was 3.1%, while that in 2015 was 3.2%) due to falling commodity prices and slowly-improved productivity, while trade growth continued its down trend by reaching 2.3% only (that in 2014 and 2015 was 3.9% and 2.6%, respectively). Thus, developed economies continued loosing their monetary policy, encouraging indirect investment in emerging and developing economies. The newly elected U.S. president has announced his new policies, including: (i) trade protection, with the US withdrawal from TPP; (ii) focusing on economic stimulus measures through increasing government spending and reducing taxes; loosing control over financial investment activities. These policies may have certain impacts on Vietnam's economy in 2017 such as: (1) Vietnam's export to the U.S may be affected (export turnover to U.S market accounts for 19.3% of total turnover); (2) the possibilities of fiscal policy loosening and FED's interest rate increase will increase USD value, which puts stress on VND exchange rate and domestic inflation.

Vietnam's GDP growth rate in 2016 decreased to 6.2% from 6.7% in 2015, which was mainly attributed to the significantly lower growth rate in agricultural and mining sectors over 2015. The 2016 inflation rate was 5%, 0.75% higher than that in 2015 mainly due to the increase in public service prices (health and education). Trade balance surplus in 2016 was USD2.8 billion (in the same period in 2015, the trade balance deficit was USD 3.8 billion). Overall, however, the growth rates of both export and import were lower than those in 2015. FDI in 2016 was USD15.8 billion, increasing by 9% against 2015, which witnessed a record value.

In the banking sector, the State Bank of Vietnam continued to implement proactive and flexible monetary policies in close combination with other fiscal and macro-economic policies in order to keep targeted inflation rate, stabilize macro-economy, contribute to support economic

development, ensure liquidity of credit institutions and the national economy; maintain the stability of money market; continue to implement bad debts settlement measures and enhance credit quality, strive to keep non-performing loans over total outstanding loans below 3% in compliance with Vietnam's debt classification standards. In 2016, total payment instruments increased by 18.38% while credit growth rate was 18.25% against 2015. Customer (individuals and entities) deposit increased by 17.78%. Average non-performing loan ratio of the entire banking system slightly decreased to 2.8% from 2.9% in 2015. Interest rates on market 1 were kept stable. The lending interest rates in 5 priority sectors of many commercial banks were reduced to approximately 6%, which helped facilitate business activities of enterprises in those sectors. The foreign exchange market in 2016 was also stable due to the overall payment balance surplus.

In context of slow and uncertain global economic recovery, Vietnam economy in 2016 showed signs of improvement both in terms of production and business as well as macro-economic stability. However, the economy still faces many challenges when economic stability is fragile. The signing of free trade agreements has opened up opportunities but also placed greater pressure on the government and businesses in restructuring and improving competitiveness.

The requirements to meet international standards of risk management under Basel II, III and SBV's regulations on prudential ratios, liquidity and credit policies in Circular 36 and Circular 06 also impact on the entire governance of the banking sector in general and of SHB in particular, which require banks to prepare thoroughly and comprehensively and to align their internal management systems accordingly.

In that context, SHB has continually improved and strengthened its centralized risk management model, aiming to build a modern risk management platform that is close to international standards for early warning, monitoring and mitigation of external risks as well as close control of liquidity risk, interest rate risk, credit risk, market risk, operational risk, etc. Risk management strategy is structured, with close connection to each business segment of the Bank, ensuring the risk management is updated and better meet the needs of business development. Moreover, in realization of objective of gradually implementing and applying international standards on prudential ratios following Basel II, SHB has introduced specific implementation plans and timelines for each banking operation, gradually standardizing its processes and procedures. At the same time, SHB also focuses on training and development of human resources according to international standards and improvement of risk management culture, ensuring safe and sustainable development of its businesses.



HIGHLIGHTS IN 2016

I think if you do something and it turns out pretty good, then you should go do something else wonderful, not dwell on it for too long. Just figure out what's next!

> **Steve Jobs** Apple's CEO

SHB is committed to the prosperity of the country, shareholders, partners and customers.

HIGHLIGHTS



SHB was honored to welcome visit of Mr. Nguyen Xuan Phuc – formerly Deputy Prime Minister and currently Prime Minister of Vietnam and Mr. Nguyen Van Binh – former Governor of the State Bank of Vietnam and currently Head of Central Economic Board of Vietnam Communist Party on the occasion of Lunar New Year to the head office of the Bank.



SHB was honored to welcome Mr. Somphao Phaysith - Governor of the Bank of Laos and Mr. Nguyen Kim Anh - Deputy Governor of the State Bank of Vietnam and senior leaders from the two central banks at its head office.



SHB established its 100% subsidiary bank in Laos with charter capital of USD50 million, becoming one among two first Vietnamese commercial joint stock banks allowed to establish a subsidiary bank in Laos. This is a milestone in SHB's development pathway, scale expansion and network growth to international level.



SHB opened a 100% subsidiary bank in Cambodia in September 2016, marking a new phase in its development strategy in Cambodia in particular and in Indochina in general.



SHB officially acquired Vinaconex-Viettel Finance Joint Stock Company (VVF on 12/12/2016), raised its chartered capital to over VND 11,000 billion, opening up an opportunity to realize its strategy to become one of leading retail banks in Vietnam.

SHB signed a strategic cooperation contract with world renowned Barcelona Football Club (FCB). This distinctive strategy was awarded "Brand Initiative of the Year" 2016 by the Asian Banker.

SHB continued co-branding with Manchester City F.C. until 2018 for developing affinity products and carrying out community activities.

SHB was designated as a serving bank and on-lending bank in many ODA projects funded by international organizations. At the same time, it continued to be selected by ADB as an issuing bank in Global Trade Financing Program (TFP) with an increased credit line of USD 150 million

SHB affirmed its position as the best retail bank with two awards honored by the Asian Banker at the 17th Asian Banker Summit 2016, including "Deposit Product of the Year 2016" and "Brand Initiative of the Year 2016".

SHB signed SHB-THACO agreement - a comprehensive strategic cooperation agreement and signed a cooperation agreement to assist customers applying loans to purchase THACO vehicles.







INSTITUTION



ACHIEVEMENTS AND RECOGNITION OF THE SOCIETY

During the journey of more than 23 years of development, SHB has maintained steady growth, sustainability, worthy of the trust and expectations of customers, shareholders and investors. The success and reputation of SHB is recognized by many honors of the Party and the State, many prestigious awards from reputational domestic and international organizations.

ACHIEVEMENTS AND RECOGNITION OF THE SOCIETY





Awards presented by State:

- Second and third class Labor Medals of the President awarded to SHB;
- Second class Labor Medal of the President awarded to SHB Chairman;
- Third class Labor Medal of the President awarded to SHB CEO;
- Certificate of merit, emulation flag from the Government, the State Bank, People's Committees of provinces and cities where SHB branches are located;







Domestic awards:

- Top 50 Excellent Vietnam Enterprises by Vietnam Report.
- Top 10 most favoured Vietnamese brands by Department of Industry and Trade and Association of Small and Medium Enterprises.
- Top 100 Vietnamese sustainable enterprises by VCCI, MOLISA, MOIT and MONRE
- Excellent Brand Award, Well-known Brand in Vietnam for many consecutive years;
- Top 500 largest enterprises in Vietnam with continuously increased ratings over the years;
- Top 30 most transparent enterprises in HNX for many years;
- Top 10 most trusted enterprises in Vietnam in the same banking sector by Vietnam Union of Science and Technology Associations.
- Top corporate tax payers in Vietnam for many years;

International awards:



VIETNAM COUNTRY AWARDS 2016

THE ASIAN BANKER[®] VIETNAM COUNTRY AWARDS 2016

THE ASIAN BANKER

BEST BRAND INITIATIVE

Best Deposit Product

"Vietnam's Best IT Security Bank" 2016 by IDG Vietnam..

"Outstanding Performing Foreign Bank" in Cambodia 2016 by IDG ASEAN; "Outstanding SME Service Bank" in Cambodia 2016 by IDG ASEAN.

"Brand Initiative of the Year" 2016 by Asian Banker; "Deposit Product of the Year" 2016 by Asian Banker.



"Best Internet Bank" 2016 by Global Banking & Finance Review; "Best Savings Bank" 2016 by Global Banking & Finance Review;





RETAIL BANKING Awards **2016**

SHB is honored to be one of five banks in Vietnam receiving PCI DSS card payment system security certificate version 3.1 from ControlCase.

And many other prestigious awards ...

OPERATIONS IN 2016



Samuel Moore Walton Wal-Mart's founder





Outstanding growth in scale but constant improvement of asset quality continues to be highlights of SHB in 2016

BUSINESS ACTIVITIES IN 2016

In 2016, SHB continued achieving remarkable growth in business activities.

Total assets of the Bank reached nearly VND 233,948 billion, up 15% as compared to 2015, fulfilling 101% of the plan. Merger of Vinaconex -Viettel Finance Company brought SHB's equity up to VND 16,371 billion, an increase of 32% over 2015, of which chartered capital was VND 11,197 billion, increasing by 18%, completing 100% of the plan.

Total mobilized funds were VND 214,462 billion, in which customer deposits (economic organizations and individuals) reached VND 181.153 billion, up 15% over the previous year.

Abundant and long term mobilized funds was an important condition for SHB to provide loans to many key economic sectors of the country encouraged by the government and the SBV. Loans to economic organizations and individuals stood at VND 162.376 billion.

The network and personnel were expanded to reach nearly 500 transaction points across 40 provinces and cities nationwide, one wholly-owned subsidiary bank and 1 branch in Laos, 1 subsidiary bank with 4 branches in Cambodia.

Thanks to remarkable achievements, SHB is now among Top 5 largest private commercial banks in Vietnam.

Total income of the Bank in 2016 reached VND 16,246 billion an increase of 26.4% over the previous year. The development of the Bank's services was given high priority. The year 2016

saw international settlement volume of \$3 billion, and foreign currency business of \$6.5 billion. Profit before tax reached VND 1,156.4 billion, an increase of 14% over the previous year.

With drastic effective risk management solutions in order to control current non performing loans and prevent new ones, at the end of 2016 SHB's non performing loans ratio was 1.87%.

SHB's capital adequacy ratio and liquidity ratio always complied with and even exceeded SBV's requirements, among others the CAR stayed at 13%.

SHB, thanks to its internal strengths as well as adaptation to external environment, accomplished most of its targets and achieved many important milestones such as:

- Completed the plan to increase its chartered capital to VND11,197 billion an increase of 18% over 2015, thereby enhancing the Bank's management capacity, financial position, and maintaining its position as one of the largest private commercial banks in Vietnam.
- Inaugurated 2 fully-owned foreign banks in Laos and Cambodia after 5 years of operation at branch-level.
- Officially merged Vinaconex-Viettel Financial Joint Stock Company (VVF) and established SHB Finance Company Limited (SHB FC).

Indicator	Actual 31/12/2016	Growth 2016/ 2015		% 2016 Plan	
		(+/-)	%	%	
Total assets (BVND)	233,948	29,244	14.3	101.0	
Chartered Capital (billion VND)	11,197	1,711	18.0	100.0	
Customer deposits (BVND)	181,153	23,650	15.0	96.0	
Customer loans (BVND)	162,376	30,949	23.5	102.9	
Profit before tax (BVND)	1,156	139	13.7	90.0	
Capital Adequacy Ratio (%)	13.00			Fulfilled	
Non Performing Loans Ratio (%)	1.87			Fulfilled	

Business performance vs. plan

(Source: Audited Consolidated Financial Reports for 2016)
ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE

Board of Management

No.	Full name	Position	Share ownership
1	Nguyen Van Le	Chief Executive Officer	0.248%
2	Le Dang Khoa	Deputy General Director	-
3	Ngo Thu Ha	Deputy General Director	0.096%
4	Ninh Thi Lan Phuong	Deputy General Director	0.005%
5	Dang To Loan	Deputy General Director	0.076%
6	Nguyen Huy Tai	Deputy General Director	-
7	Ngo Thi Van	Chief Accountant	

Number of employees: Total number of employees of the Bank and its subsidiaries as of 31/12/2016 was 6,351 employees, up by 4.4% compared with 2015; over 92% of the employees had bachelor and master degrees.

Employee policy

With the goal of building an experienced, qualified and committed workforce that meets the requirements of a modern and developing bank, SHB continues to pursue many policies to attract and retain talents.

Public and transparent recruitment policy with criteria to assess expertise and skills of candidates based on occupational standards has been used for recruitment.

Training and employee development policy SHB always considers human resources as the most valuable assets, taking people as the greatest motivation for SHB development. Therefore, training and employee development policies according to business strategy of the Bank have been built by for each group of employees.

Compensation and benefit policy of SHB is competitive with the aim of providing a stable source of income for employees to make them assured with the bank.

For details of employee policies and amendments thereof, please see section of Sustainable Development.

INVESTMENT AND IMPLEMENTATION OF PROJECTS

Subsidiaries

SHAMC

SHB Loan Management and Asset Development One Sole Member Limited Liability Company (SHAMC)

SHB Loan Management and Asset Development One Sole Member Limited Liability Conpany (SHB AMC) was established under Decision No. 508 / QD-NHNN dated 11/03/2009 and officially started operation since 05.12.2009.

After 8 years in operation, the company plays an increasingly important role in bad loan recovery and asset management for the Bank and for its customers.

SHAMC continues focusing on its main business lines: Trading and management of assets in relation with loan settlement and safe-guarding activities to support SHB's business. Besides meeting the demand for bad loan settlement and asset management of SHB, SHBAMC also provides such services for other banks as prescribed under the laws.

In 2016, SHAMC satisfied 100% of the demand for security/safe-guarding and need for warehouse protection proposed by the Bank's units. Inspections were conducted at the frequency as specified and further inspections were conducted at high-risk warehouses. The signing of service providing contracts with SHAMC was centrally processed by SHB in stead of by SHB's branches as previously. This was an important move in the course of operations of SHAMC.

By the end 2016, total number of employees of the company increased by 11 people to 646 people as compared to 2015.



SHB Securities Company (SHBS)

SHB Securities JSC (SHBS) is formerly Habubank Securities JSC (HBBS). After HBB-SHB merger deal, HBBS has become a subsidiary of SHB and renamed to SHB Securities JSC (SHBS). After becoming a subsidiary of SHB. SHBS benefits from values of SHB brand, attracts gualified managers and receives maximum support in terms of both financial and other resources from its parent bank; thus the company made strong progresses in 2016.

2016 was the year SHBS restructured under the Resolution of the Annual General Shareholders' Meeting 2016. Accordingly, SHBS focused on recovering overdue receivables from previous years and at the same time developing a plan to merge with another securities company to increase financial capacity and competitiveness in the market in the upside trend of the Vietnam stock market. SHBS's business activities were also affected, but the results were still impressive.

As of 31/12/2016, the total number of SHBS personnel was 49, total revenue reached VND 40.5 billion.

According to 2017 orientation, SHB will fully divest from SHBS.



Saigon - Hanoi Bank Lao Limited

SHB Laos Bank Limited was founded with charter capital of USD 50 million, on the basis of converting SHB Laos branch. SHB Laos operates independently and has independent organizational structure, with one branch in Champasak. SHB Laos provides banking products and services, contributes to diversify business portfolio of the parent bank, mitigates risks, proactively improves and implements various business operations as prescribed by the laws as well as under authorization from the parent bank in Vietnam. SHB Laos' inauguration will bring SHB more opportunities to exploit and take advantage of the vast, potential and promising market of Laos, to attract investment, to enhance the reputation and position of SHB in financial markets of Vietnam, Laos and international markets in parallel with mission and vision to develop SHB's international brand, and contribute to the friendly neighborly relations between Vietnam and Laos.

As of 31/12/2016, the total number of employees of SHB Laos was 44.



Saigon - Hanoi Bank Cambodia Limited

With chartered capital of USD 50 million, SHB Cambodia is SHB's second 100%-owned subsidiary in Indochina after SHB Laos. SHB Cambodia operates independently and has independent organizational structure, on the basis of converting SHB Cambodia branch.

After 5 years of operations, SHB Cambodia has created a diverse customer base, including Vietnamese enterprises in Cambodia and local businesses, focusing mainly on key economic sectors such as rubber, electricity, bridges & roads and mining. In the coming time, SHB Cambodia will boost its comprehensive development to exploit the full potential and provide a full range of products and services for customers. In order to achieve that goal, SHB Cambodia is on its plan for capital increase up to USD 75 million by the end of 2018. After the capital increase, the Bank will have more financial resources to actively carry out financial and banking activities and expand the transaction network as specified by laws of Cambodia and Vietnam and under the authorization from the parent bank in Vietnam.

As of 31/12/2016, SHB Cambodia had 5 transaction points including 1 headquarter and 4 branches.

Saigon – Hanoi Bank Finance One Member Liability Limited Company



Saigon – Hanoi Bank Finance One Member Liability Limited Company

Saigon – Hanoi Bank Finance One Member Liability Limited Company (in short: SHB Consumer Finance Co., Ltd) was established in December 12, 2016, on the ground of the merger of Vinaconex – Viettel Finance Joint Stock Company (VVF) into Saigon – Hanoi Joint Stock Bank (SHB). Its charter capital is VND 1,000 billion.

Specializing in consumer finance, SHB Consumer Finance Co., Ltd (SHBFC) offers diverse, convenient products on a modern, advanced technology platform, meeting capital demand of Vietnamese. SHB's receipt of VVF's merger is a necessary and important move to contribute to enhancing Vietnamese financial market's competitiveness by creating regional scale banks. This is also a great opportunity for SHB to realize its strategy of becoming one of leading retail banks in Vietnam as well as increase its competitiveness and position on national and international market.

FINANCIAL INDICATORS

Indicator	Unit	2015	2016	Growth 2016/2015
1. Size				
Total assets	BVND	204,704	233,948	14.3%
Charter capital	BVND	9,486	11,197	18.0%
Owner's equity	BVND	12,410	16,371	31.9%
2. Business results i	n 2016			
Customer deposits	BVND	157,503	181,153	15.0%
Customer loans	BVND	131,427	162,376	23.5%
Total income	BVND	12,857	16,246	26.4%
Profit before tax	BVND	1,017	1,156	13.7%
3. Prudential ratios				
Capital Adequacy Ratio (%)	%	11.40	13.00	Compliant with SBV's requirements (\geq 9%)
Non Performing Loans Ratio (%)	%	1.72	1.87	Compliant with SBV's requirements (\leq 3%)

Some key financial indicators

(Source: Audited Consolidated Financial Reports for 2016)

SHAREHOLDER STRUCTURE

Shareholder structure, changes in owner's equity

Shares:

- Total number of shares: 1,119,689,100 shares
- Total number of shares in circulation: 1,119,192,914 shares
- Number of shares to be conditionally transferable: 60,372,747 shares
- Number of shares to be freely transferable: 1,058,820,167 shares

Shareholder Structure

- Majority shareholders, minority shareholders

No.	Type of shareholders	Number of shareholders	Percentage of holding ordinary shares (%)
1	Majority shareholders	1	9.97
2	Minority shareholders	27,851	90.03
	Total:	27,852	100

Majority shareholders are shareholders with over 5% of the Bank's shares. Minority shareholders are shareholders with below 5% of the Bank's shares



Share holding by majority and minority shareholders

- Institutional shareholders and Individual shareholders



Share holding by institutional and individual shareholders

- Domestic shareholders and foreign shareholders



Share holding by domestic and foreign shareholders

Changes in charter capital:

Increased charter capital from VND 9,485,944,610,000 to VND 11,196,891,000,000 by paying dividend in share to existing shareholders and acquired Vinaconex Viettel Finance Joint stock Company in 2016.

Transaction of treasury stocks: None

Share transactions of members of Board of Directors, Board of Management, and Board of Supervisors

Transaction of internal shareholders and related persons

- Transaction of internal shareholders: None
- Transaction of persons related to internal shareholders: Elder sister of the Chairman of Board of Directors purchased 7,936,080 shares increasing her holding ratio from 0.564% to 0.778%.
- Contracts or transactions with internal shareholders: None
- Other transactions: None



REPORT AND EVALUATION OF THE BOARD OF MANAGEMENT

Over more than 23 years of establishment and development, SHB is proud to be one of the Top 5 largest private joint stock commercial banks in Vietnam, performing well two major tasks at the same time: doing prudential and effective business towards international standards while actively leading the implementation of guidelines and policies of the Party, the Government and the State.

EVALUATION OF BUSINESS RESULTS

In 2016, in the context of economic recovery and increasingly fierce competition in the banking industry, SHB continued gaining significant achievements thanks to its inner strengths, determination of the domestic and international network; support from partners, customers and trust of shareholders

Total assets

Total assets in 2016 increased by 14.3% to VND 233,948 billion, continuing to provide SHB a position in top private commercial banks in Vietnam.



Fund mobilization and management

Mobilized funds saw strong growth thanks to the entire Bank's efforts when 100% branches fulfilled or even surpassed deposit targets.

- In 2016, deposit interest rate cap applicable to less than 06 month deposit was lowered to 5.5% by the State Bank. As a result, during the year 2016, common market deposit interest rates decreased by approximately 0.2% and are currently at relatively low level. However, fund mobilization of SHB was not impacted but achieved positive results.

- As of 31/12/2016, total mobilized fund of the Bank reached VND 214,462 billion, increasing by 16% against 2015.

Not only achieving high growth rate and growth amount but SHB's deposit structure also saw effective and sustainable growth. Market I deposits (corporates and individuals) increased by 15% against 2015 reaching VND 181,153 billion. Savings of individuals always accounted for high proportion, covering more than 60% of the market I deposits. Besides, SHB unstoppingly sought for low-cost sources of fund from local and international financial institutions. In 2016, the funds financed from international organizations and other governments (including WB, ADB, JICA, KFW,...) who selected SHB as on-lending bank and serving bank was USD1.5 billion with 18 projects system-wide. Those were prerequisite and favorable conditions for the Bank to effectively utilize funds as well as mitigate liquidity risks and improve business efficiency.

To gain such results, SHB had endlessly created attractive, modern products and services which were tailored to each customer segment. Further, SHB branches always attached high importance to customer retaining and new customer development in which marketing and customer care through good communication and consulting was a top priority.



250.000



Credit activities and credit risk management

Abundant and stable deposit sources create an important condition for SHB to provide loans in various key sectors of the economy in line with orientations of the Government and the SBV.

As of 31/12/2016, SHB's total loans to customers increased by VND 30,949 billion to VND 162,376 billion. Not only boosting loan volume, SHB also continued restructuring credit portfolio by sectors and clients and focused on low-risk sectors such as: increasing loans to average and higher income retail clients, exporter enterprises and enterprises in agriculture sector; big economic groups and corporations using various banking services locally and internationally.



Implementing policy of the Government and the SBV in financing prioritized sectors, in 2016 SHB fully and actively participated in many preferential credit programs such as: Program offering subsidized loans for businesses in purchase of rice for temporary storage during Summer-Autumn and Winter-Spring season crops; Preferential programs for housing loans under Resolution 02; financing for businesses of high technology applications; 4 parties linked loans to support real estate sector; Bank - Business connection loans.

In order to achieve such impressive results, loans were prioritized to finance key industries under the Country's 2011-2020 socio-economic development strategy, namely: manufacturing, rural & agriculture, export, supporting industries, processing, small and medium-sized enterprises.

SHB's credit programs and products had been equipped with policies which were customized to sectors, commodities, for instance loans for fisheries supply chains; loans for short-term working capital for consumer goods distributors, medium and long-term loans for purchasing cars and trucks for transport enterprises; loans for renewable energy projects (SMEFP), financing working capital for SMEs within 24 hours. In particular, the Bank had always given its continuous support to the satellite partners of enterprises by providing specific services and programs to product input suppliers and output distributors. This makes a perfect chain which provides enterprises with easy and secured access to Bank's loans and services for their business activities given that both their input and output phases are supported.

nearly VND11,000 billion to realize two preferential programs, including "Accompanying large corporations" and "Super preferential interest rate for SMEs" with preferential interest rate only from 5.50% p.a. Previously, SHB even gave its full support to small and medium-sized enterprises which operate in production and trading of export products through preferential interest rate policy of only from 2.35% for short-term USD loans under the program named "Connect with export enterprises", among many other programs.

In addition, credit growth in retail banking with diverse and competitive products suitable with different customer segments had been top priority of SHB. Loans for car purchase, real-estate purchase, business working capital, account overdraft, studying abroad, securities investment, etc. were promoted via the cooperation between SHB and many other partners in order to bring best benefits to customers.

SHB's loan growth is not just in quantity but is attached with credit quality, in which non performing loans ratio is reduced to below the average ratio of the whole banking system.

SHB' risk management followed risk appetite framework so as to identify risk limit, and accept risk in a selective and reasonable way. The inspection and supervision of each operation were also emphasized with the close cooperation among different units and strict compliance with legal regulations in order to detect risks and give early warnings to prevent new bad debts. Accordingly, SHB's non-performing loans ratio was 1.87% at the end of 2016, after the peak ratio of 8.80% following the merger with Habubank.



In the last six months of 2016 only, SHB injected

Service activities

On basis of state-of-the-art technology platform, many products & services were launched to boost income from services and minimize risks in banking operations.

International settlement

An extensive international correspondent banking network (above 400 Correspondent Banks across the world) enabled SHB to provide international settlement and trade finance services in a safe and prompt manner for import and export customers with Straight Through Processing (STP) rate of 98.5%. In addition, SHB's membership of the Factors Chain International (FCI) enabled it to provide the export factoring services in a more comprehensive and professional manner. On that basis, enterprises had benefited various advantages such as better utilization of current credit line, elimination of export payment risks, enhancement of competitiveness with D/A and T/T after shipment, time and cost saving in accounts receivable management and collection, thus increasing export revenues and boosting their reputation. As of end of 2016, international settlement volume of SHB gained USD3 billion. SHB has been honored with Straight Through Processing (STP) awards by BNY Mellon (USA) for many consecutive years

Domestic payment

Money of the Bank and its clients were well, safely and accurately managed. SHB's domestic settlement followed a centrally processing model allowing the Bank to improve efficiency of bank transfer speed. In addition, SHB actively enhanced service quality of Western Union money transfer service bringing customers with best products and services.

Guarantee

SHB developed guarantee services with numerous forms such as: contract performance guarantee, tender guarantee, payment guarantee, borrowing guarantee, import tax payment guarantee, advance repayment guarantee, valuable paper issue underwriting, international guarantee and other guarantee products & services with total guarantee volume of nearly VND 19 trillion in 2016. New products & services of SHB were always appreciated due to their differentiated and typical competitiveness and tailored-features for each customer segment.

- SHB had offered enterprises many new products such as: The 4-links credit programs in construction, real estate development and construction material production sectors; loans to high-technology application agriculture sectors; packages of financing for national key projects; preferential credit program of "Accompanying enterprises – Reaching success"; "Preferential USD loan program for exporters", etc.

- Products & services for individual customers had been studied and developed focusing on privileges in travelling, shopping, studying abroad, and comprehensive health caring. SHB's consumption products were designed to simplify procedures and meet numerous needs of customers such as home loan, car loan, consumer loan, etc. Besides, SHB had also successfully segmentized VIP clients and deployed specialized products and policies for this client segment.

- In 2016, SHB Visa Platinum international credit card – a high class card for VIP clients such as businessmen and company managers continued to be developed. At the same time, SHB maintained and developed modern debit and credit cards such as Solid cards, The Moment cards, Master Cards, SHB-Vinaphone cards, School Cash Cards, SHB - Manchester City Visa affinity debit cards built with EMV chip technology.

In addition, SHB had boosted E-banking channels such as SHB Online, SHB Phone, SHB SMS, SHB Mobile. These were modern web-based applications available on computers, smart phones and tablets enabling customers to transfer money, open and close savings accounts, top up, pay for bills (electricity, water, cable TV, air ticket) at any time from any location.

Network development

Network development was prioritized at domestic and overseas potential areas and always stuck to quality, operational efficiency improvement and suitableness with governance capability of SHB.

In 2016, SHB continued expanding its network nation-wide and in 2 neighboring countries, i.e. Laos and Cambodia; New office locations had been established for some branches in 05 new provinces; The Bank also got approval from SBV for opening new transaction offices and branches in several provinces and continued to monitor works under construction in order to ensure schedules and quality, etc.

By the end of 2016, total outlets of SHB were up to approximately 500 points in 40 cities/provinces countrywide along with one 100%-owned subsidiary bank, one branch in Laos and one subsidiary bank, four branches in Cambodia, which created a firm position for SHB in entering the regional financial market.



The Bank's modernization

SHB continued heavy investments to develop modern IT to effectively support governance, management and products & service development. IT infrastructure of SHB always met the highest requirements on continuity and availability.

Security system had been deployed synchronously to ensure safety for IT infrastructure and operations of the Bank. All IT services were placed in separate network zones and protected by separate firewall/ IPS devices operating in Active – Active mode. Equipment was supplied by world leading vendors such as Cisco, Fortinet, CheckPoint, etc. In 2016, SHB honorably received "Best Information Security Bank 2016" - an annual award to honor outstanding bank by International Data Group.

SHB had set up modern distribution channels applied high technology meeting any need of customers. E-banking service of SHB was provided via many channels including ATM, POS, Internet Banking, Mobile Banking, SMS Banking, Phone Banking, etc.

SHB had set up a complete management information system to serve governance, management and customer support requirements. All data for reporting processed by a server was under real time synchronization ensuring accuracy and prompt provision of data. Applications were built to serve large-scale transactions; hence, they always satisfy SHB's demand of increasing operational scale.

The Bank had developed a number of software to optimize database for business activities, human resource management, risk management, research and forecast such as: human resource management software; a system connecting SHB with SHBS and SHS; Electronic scratch card; Lucky draw; Evaluation on customer profitability; Card utilities; Card risk management application; Online savings; Credit card online limit management; Money transfer for charity purpose; etc.

Development of high quality IT human resource was a critical task. IT staffs of SHB had high qualifications, expertise and systematic training. In addition, SHB also invited senior experts from big IT companies to join its IT team.

Risk management

SHB always strictly complied with all requirements on prudential ratios specified by the SBV.

SHB's operational structure was designed in decentralized management from business divisions to business units, from supporting divisions/departments at head-office to supporting departments/teams at branches/

transaction offices system-wide. The decentralized management ensured smooth operation of the whole system, from highest level to each business unit, thereby minimizing risks occurring to the Bank.

Policies, regulations and procedures on management of credit risks, liquidity risks, market risks, operational risks, etc. were regularly reviewed and adjusted to timely detect and prevent risks which may occur during the course of operation. Such policies, regulations and procedures may include: Controlling credit balance within the risk appetite and risk limit of the Bank; Reviewing and evaluating the internal credit rating system applied to corporate customers, retail customers and business households; Analyzing problem loans, high risk loans and giving warning to business units for timely applications of debt collection measures;

Internal audit was strengthened including comprehensive audit and thematic audit with concentration on auditing main operations such as credit, investment, entrustment, fund mobilization, accounting, and several new issues such as network,... to make timely detection and warning of errors during operations and promptlypropose corrective measures and minimize risks in business.

Anti-money laundering inspection, monitoring and prevention, implementation of post-inspection corrective actions and recommendations by SBV Inspectors were areas that SHB internal auditors much focused on.

Apart from impressive business results, Capital adequacy ratio, solvency ratio of local and foreign currencies and ratio of short-term funds for medium and long-term loans were compliant with regulations of the SBV.

Training and Human resource development

SHB had young and dynamic workforce with average age ranging from 29 – 31 years old with graduate and post-graduate qualifications accounting for 92% of the total workforce.



SHB always paid attention to human resource quality with input standards on qualifications, health and work ethic with the opening of an online recruitment website, an internal recruitment bulletin and "SHB's Talent Internship" program. Professionalism, transparency and fairness in SHB's recruitment unceasingly increased which then enhanced the brand name of SHB in the labor market.

- Training in 2016 gained positive results. Titlebased training courses were designed and focused on deep knowledge, expertise and soft skills.

Apart from hundreds of external and internal training courses, SHB conducted training research and development through the application of high technology in training such as: Online Learning Management System - online testing application; survey system – online post-course quality assessment; training via videoconference, etc. to save training costs as well as improve employee productivity.

Many projects were implemented in the entire Bank: human resource software project to meet human resource management needs, salary restructuring project, KPIs-based assessment, etc. bringing lots of professional changes in enhancing human resource management competency and meeting business requirements.

Contribution to environmental protection and sustainable community development

Implementing the National Strategy for Green Growth in the 2014 – 2020 period, SHB had pro-actively promoted greenhouse gas emission reduction measures. Moreover, the Bank also applied green financing policies, granted loans for "green" projects such as wind energy, solar energy, hydropower, thermal power, etc. in order to raise enterprises' awareness on environmental protection. Total volume of renewable energy projects financed or consulted by SHB in 2016 was more than USD600 million. Education and communication activities were also undertaken to raise employees' awareness on green financing, efficient use of energy and natural resources.

The Bank always acknowledged the significance and necessity of common contribution to the sustainability and prosperity of community. Total amount SHB has contributed to social security in the last 5 years is hundreds of billions VND, excluding contribution programs from employee's salaries and wages. The amount has been used to sponsor different funds, flood victims, natural disaster victims, poor households, and policy beneficiaries across the country.

In the future, SHB will continue sticking to the work of social security, to contribute to the development of the community as a large enterprise.

THE BANK'S ACHIEVEMENTS IN 2016

Operational capacity and scale improvement

By increasing charter capital to more than VND 11,197 billion in 2016, SHB created a good step in increasing its prudential ratios and gradually following international standards.

The establishment of 100% foreign owned banks in Lao PDR and Cambodia, along with the successful merger with Vinaconex - Viettel Finance Joint Stock Company (VVF) and followed by the establishment of SHB Consumer Finance Co Ltd (SHB FC) not only helped the Bank raise its charter capital, expand operational scope and scale, and specialize in consumer lending activities but also brought a larger customer base and a more diversified product portfolio and especially led SHB closer to the goal of becoming one of leading retail banks in Vietnam.

Safe and efficient credit growth

In the context where businesses were still facing difficulties, to secure credit disbursement and create a stable source of income for the Bank, SHB had built a solid customer base and developed new customers with good financial capability, good management skills, stable markets, and business efficiency.

Loans in key sectors such as rural development and agriculture, supporting industries, export, SMEs and businesses of hightech applications accounted for a large proportion in SHB's loan portfolio.

Also, SHB had implemented the policy of the Government and the State Bank by actively participating in credit-priority programs such as: the 4-Links Credit Program to solve difficulties of real estate and construction sectors; Bank-Business connection programs in many cities and provinces; Credit programs for aquaculture development under the Government's Decree No. 67; Loans for temporary storage of rice; Financing high-tech application agricultural projects; Financing many key national infrastructure projects; etc.

Non-performing loans continued to be maintained at low level

The collection of overdue and non-performing loans was particularly focused on in 2016 and SHB had implemented the following solutions:

Assigning bad loan recovery targets to each business unit and individual in SHB; selling collateral to recover bad loans; urging customers to repay; conducting litigation in case clients commit violations in loan application or collateral procedures; selling bad loans to VAMC under the State Bank's policy; etc.

Customer supporting solutions: consider lowering interest rates; restructure repayment schedules in accordance with cash flow income of customers; ...

Closely monitor the customer's loan purposes; improve customer's management quality before, during and after loan disbursement; assist customers for efficient use of loans through financial consultation, business plan advice, expansion of customer base for consumption and distribution, thereby providing enterprises with secured feeling in access to Bank's loans given that both their input and output phases are supported.

As a result, as of 31/12/2016, SHB's non-performing loans ratio reduced to 1.87%, achieving the target set out by the General Meeting of Shareholders.

Ensure transparency in operations

In 2016, SHB was one among 2 banks honored in Top 30 most transparent companies listed in Hanoi Stock Exchange (HNX). Such achievement further marked the Bank's positive contribution to the development of the stock market in the 2009-2016 period, evidencing regulator's recognition of its corporate governance quality and information transparency.

As a listed company, SHB always aims at transparent operations and strictly abides with information disclosure regulations. This is an important component of corporate governance and is one of the key factors determining success of a company. Information transparency helps SHB create trust from shareholders, partners and customers, which is the basis to help SHB overcome challenges and gain new achievements in the future.

Establishment and development of a modern distribution channel network

The network system of branches, transaction offices locally and internationally was continuously expanded to improve its competitiveness and realize its goal of becoming one of leading retail banks in Vietnam.

The official launch of 100%-owned banks in Laos and Cambodia marked a milestone in the Bank's development and expansion of its scale and network to international level. At the same time, the Bank has got approval from SBV for opening a representative office in Myanmar.

In addition to traditional channels (branches, transaction offices, etc.), E-banking channels such as ATM, POS, Internet/ Mobile/SMS/Phone Banking were increasingly supplemented and upgraded to offer maximum facilitations to clients. Also, SHB promoted strategies associated with securities companies, insurance companies, real estate companies, etc. to diversify products, increase sales and improve competitiveness.

The scale expansion was undertaken in association with the re-arrangement and reinforcement of network, branch and transaction office structure in a simple yet efficient way in conformity with the Bank's governance capabilities.

Strong development in international relations, local and international cooperation

With such achievements in 2016, SHB was honored to receive courtesy visits and great

encouragement from senior leaders of the Government.

Following those achievements, in 2016, SHB continued to sign comprehensive cooperation agreements with large international groups such as Manchester City, Barcelona - the world's leading football teams. International cooperation was stronaly boosted to promote SHB's brand and position and look for cooperation opportunities at regional and international level. So far SHB has established relationships with about 400 international financial institutions.

At local level, SHB continued to sign agreements with many enterprises, groups and corporations such as Vietnam Posts and Telecommunications Group (VNPT), Truong Hai Auto Group, Vietnam National Coal - Mineral Industries Holding Corporation Limited, Viettel Telecom and other groups and corporations in oil and gas, petroleum, electricity, telecommunications, etc.. This affirms SHB's prestige, great potential, safe, effective and sustainable operation, which make a firm basis for partners' trust and long-term cooperation.

SHB continued to be appointed as a serving bank, on-lending bank for many large-scale ODA projects

As a veteran commercial bank in implementing ODA projects (since 2004), SHB has always been highly valued and trusted by state ministries, agencies and donors as servicing bank and on-lending bank at many ODA

projects.

In implementation of ODA projects, SHB benefits from stable medium and long term funds with low interest rates; a large amount of foreign currency as demand deposit and flexible determination of foreign exchange rates; opportunities to develop a large number of customers. In addition improved business performance, SHB has positioned itself among peer banks in the market, while enhancing its reputation in the public.

In 2016, SHB was qualified as servicing bank and on-lending bank in several new projects funded by international organizations in energy sector, Vietnam water development program and urban development program.

Also in 2016, SHB continued to be selected as issuing bank by Asian Development Bank (ADB) in its Trade Finance Program with total financing limit up to USD150 million.

Enhancement of financial capabilities for safe and sustainable development towards international standards

The development of diverse, convenient service has been a priority to increase servicebased income. Implementation steps have been focused to apply Basel II standards.

Corporate culture, professionalism

Maintain and promote a united, creative and professional work environment.

DEVELOPMENT PLAN AND ORIENTATION

In strict compliance with the direction from the Government and SBV, on the basis of business results in 2016 and prediction of business environment in 2017, the main objectives of SHB in 2017 are identified as follows:

* Business development objectives

1. Continue the position in Top 5 largest Joint Stock Commercial Banks in Vietnam in terms of capital, assets and business efficiency.

2. Continue implementing the plan on increasing charter capital and owner's equity in order to improve prudential ratios and expand business scale.

3. Boost business activities to increase market shares of key business lines: customer deposit, loan; competitive banking services and products.

4. Strengthen the development of retail banking services (retail consumer loans) through SHB Consumer Finance Company Limited (SHBFC), which is expected to officially go into operation from Quarter 3, 2017.

5. Strengthen the development of banking services with derivative products and banking service products which are competitive and responsive to market demand.

6. Develop insurance services through Bancassurance cooperation with prestigious foreign insurance firms as their life insurance exclusive distributor in order to increase insurancebased revenue, service-based income and significantly contribute to SHB's profits.

7. Promote the growth of service-based income to realize the goal of increasing the ratio of service-based net income to total income to 20-25%.

8. Optimize assets portfolio, increase revenue, efficiently manage operation costs, and enhance work productivity through regularly reviewing and managing assets/liabilities portfolio.

9. Continue the expansion of network along with strict network monitoring and control to optimize the performance of branches/transaction offices.

10.Strongly develop retail customer base to gradually achieve the objective of becoming a leading retail bank in Vietnam.

11. Focus all resources; comprehensively perform strategic cooperation agreements signed with large economic groups such as Vietnam Electricity,

Vietnam Rubber Group, Truong Hai Auto, etc. to continue to sign new strategic cooperation agreements with large organizations and economic groups domestic and abroad.

* Operational objectives

12. Continue to improve governance capability; reform, renovate human resource development in order to have a work force of high qualifications.

13. Strengthen practices of risk management, investigation, supervision and internal audit of each operation in order to enhance the capability to early detect and warn emerging risks in SHB's activities.

14. Enhance the management, supervision and collection of bad debts, problem debts; establish strict loan management procedures in conformity with business targets in order to ensure both credit growth and credit quality.

15. Continue to invest in information technology applications in order to increase management capability, risk mitigation as well as synchronous, efficient and competitive development of banking services and products, thereby improving work performance of employees.

16. Promote the Bank's roles as serving bank for ODA projects funded by international financial institutions; promote fund mobilization from local and international financial institutions, in particular long-term funds at reasonable costs.

17. Continue to restructure loan portfolio with prioritized segments that are oriented by the Government and the SBV and potential segments that are developing based on domestic and international macroeconomic conditions.

18. Promote public communication and international relations in order to propagate SHB's brand name in local and international markets.

19. Enhance activities of Communist Party, Youth Union, and Labor Union in order to educate ethical mentality for SHB employees, enhance solidarity spirit as well as maintain and develop corporate culture, contributing to SHB's sustainable development.

Financial Objectives in 2017

Indicator	2017 plan	2017/2016 growth rate
TOTAL ASSETS (BN VND)	270,000	15.0%
CHARTER CAPITAL (BN VND)	12,036	7.5%
CUSTOMER DEPOSIT (BN VND)	217,382	20.0%
CUSTOMER LOAN (BN VND)	191,603	18.0%
PROFIT BEFORE TAX (BN VND)	1,750	51.3%
DIVIDEND YIELD	9% of charter capital	
NPLs RATIO	<3%	
CAR	>9%	
Loan-to-Deposit Ratio	<80%	
Ratio of short-term capital source for medium and long-term loan	< 40%	
ROA	0,7%-0,8%	
ROE	10%-11%	

Other business indicators

Operating network:

- + Put into operation 5 local branches, including Daklak, Ha Nam, Ha Tinh, Binh Dinh, Tay Ninh.
- + Complete the procedures for license and launching of transaction offices approved by SBV.
- + Officially put SHB Consumer Finance Co., Ltd. into operation from Q3/2017.
- + Complete the divestment from and merger of SHBS into another securities company.
- + Implement procedures for opening SHB's representative office in Myanmar.

Salary budget:

VND1.400 billion (increase by 12.2% against 2016 due to the increase in number of employees following the expansion of branch and transaction office network).

EVALUATION OF THE BOARD OF DIRECTORS ON PERFORMANCE OF THE BANK

The role of business is to provide products and services that make people's lives better - while using fewer resources and to act lawfully and with integrity

> Charles Koch hairman cum CEO's Koch Industries

Promoting available strengths, being keen on realizing the objectives to make sustainable development, effectiveness improvement and position enhancement

EVALUATION OF THE BOARD OF DIRECTORS ON PERFORMANCE OF THE BANK

Achievements

Promoting the gained achievements and the learned lessons, the Board of Directors has built appropriate policies and orientations with drastic implementing measures. Thus, the business of SHB saw rapid growth, sustainability and safety with the following results in 2016.

- Well fulfilled 2016 business plan assigned by the General Meeting of Shareholders.
- Applying drastic measures helped the Bank reduce its non-performing loans ratio to only 1.87% by the end of 2016.
- Mobilized funds, especially customer deposits, rose substantially to ensure the Bank's liquidity.
- The Bank had financed many national key projects.
- More branches and transaction offices were opened in many provinces and cities of the country and overseas markets.
- Management costs and operating costs were reduced, which contributed to improving business performance of the bank.
- The bank had successfully restructured and completed description of tasks and functions, regulations, processes and procedures of Departments/Divisions/Centers, Branches, and Transaction Offices under business development orientations set by the BOD.
- The Bank had continued business restructuring of some borrowing companies after the acquisition of Habubank. So far, those companies have stabilized their business, made profit, ensuring jobs for thousands of employees and made repayment to SHB.

- The official merger with Vinaconex Viettel Finance Company (VVF) and followed by the establishment of SHB Consumer Finance Co Ltd (SHB FC) led SHB closer to the goal of becoming one of leading retail banks in Vietnam.
- The dividend yield was maintained at 7.5% as set out by the General Meeting of Shareholders.

BOD evaluation on BOM operation

The year 2016 continued seeing bright color in SHB's business following solid achievements in the past years. Gaining such achievements when competition among banks was increasingly fierce, Board of Directors of SHB always closely followed developments of all SHB business activities, supervised the Board of Management to perform policies approved by the General Meeting of Shareholders and the Board of Directors.

Board of Management of SHB performed their tasks and authority with a high sense of responsibility, managing operations of units of SHB safely and effectively and in compliance with prescriptions of the laws on banking; ensuring that every activity in each SHB unit was fully and timely checked and controlled.

PLAN AND DIRECTIONS OF THE BOARD OF DIRECTORS

SHB's goal is to become a leading modern multifunctional retail bank in Vietnam with vision to become a strong financial holding group under international standards by 2020. The Board of Directors always develops strategic objectives consistent with each period of development, with the overall strategy of competition by differentiation based on orientations for the period 2017 – 2020 as follows:

• Continue the position in Top 05 largest privateowned Joint Stock Commercial Banks in Vietnam.

Pushing forward the development of business activities in order to take over the market; increasing market shares in main activities of the bank, for instance: deposit-taking products, lending products and other highly competitive products; improving efficiency of investment activities in order to diversify profit-making channels for the bank; increasing fee income to take up about 35-40% of net income; efficient expense management and cost control; improving financial ability, growing safely and sustainably in accordance with international standards.

• Develop and restructure the network

Continue the expansion of network along with strict network monitoring and control to optimize network operation. Completing registration procedures and opening new transaction points as approved by the SBV; proceeding the operation plan for SHB Consumer Finance Company; implementing procedures to open SHB representative office in Myanmar..

• Improve policies and regulations

Regularly improving and updating the Bank's regulations and policies in line with provisions of laws and its own operations

• Enhance governance capability

Unceasingly innovate and improve governance and administration capability in all business activities; keeping up with the development of domestic and foreign markets in order to properly adjust business strategies consistent with each period and on a long term basis; Map out business orientation with flexible solutions for safe and sustainable development

• Strengthen risk management

Step by step developing a suitable risk management system that is adequate to Basel Il standards: developing and improving the system of criteria for risk identification and risk assessment as the basis to detect and mitigate risks. Strengthening the organization for risk management and urgently implement risk management and anti-money laundering solutions under guidance of the State Bank in accordance with provisions of laws and international best practices.

• Diversify and enhance product & service quality

Accelerating the development of products and services by promoting researches, evaluation of market impacts to existing products of SHB, survey and assess the needs of customers to develop featured products or services.

• Actively handle NPLs

Accelerating the settlement of non-performing loans; setting aside adequate risk provision amounts as prescribed. Ensuring to maintain NPL ratio at below 3%.

• Attracting and training high quality human resource

Improving human resource policy to be fair and creating a healthy working environment; focusing on training, especially training on governance capacity and management capacity for managers from Head/Deputy Head of Departments upwards. Regularly updating, and providing professional training for all employees under the following policy: "Each employee is a part-time lecturer to guide and train other colleagues and staff in his/ her scope of work".

• Corporate culture is core value

Maintaining and developing SHB's corporate culture with traditional and distinctive identity of SHB. Enhancing solidarity and loyalty of employees to create collective strength to contribute to the sustainable development of the Bank.

CORPORATE GOVERNANCE

Great things in business are never done by one person. They're done by a team of people

> Steve Jobs CEO of Apple

With the slogan of "Solid partner, flexible solutions" and innovative business strategy, SHB commits to providing high benefits to customers and shareholders – investors.

BOARD OF DIRECTORS (BOD)

BOD is the ultimate body with its members elected by the General Shareholders Meeting, who has full power to make decisions, exercise rights and perform responsibilities of SHB.

Members and structure

No.	Name	Position	Holding Percentage (%)
1	Do Quang Hien	BOD Chairman	3.010%
2	Nguyen Van Le	BOD Member	0.248%
3	Tran Ngoc Linh	BOD Member	0.218%
4	Do Quang Huy	BOD Member	-
5	Pham Ngoc Tuan	BOD Member	-

Committees under the BOD

There are Committees and Councils established by the BOD to perform duties, power authorized by the BOD including:

- + HR Committee
- + Risk Management Committee
- + Assets and Liabilities Management Committee (ALCO)
- + Credit Committee
- + Investment Committee
- + Problem Loan Management and Collection Committee

Activities of the Board of Directors

The Board of Directors always strictly follows all business of the Bank; supervises the Board of Management in implementing guidelines and policies passed by annual General Shareholder Meeting and Board of Directors.

Committees under the Board of Directors frequently report to the Board all issues within their responsibilities to ensure the most comprehensive information provision to the Board of Directors and compliance with laws and resolutions of annual General Shareholder Meetings.

Activities of the BOD's committees

HR Committee

HR Committee is organized and performs several functions on human resource management and remuneration as authorized the BOD. Key tasks of the HR Committee include:

Advise the BOD in issuance of regulations and policies in HR management, election, appointment, removal of BOD members, BOS members and BOM members in accordance with provisions of the laws and Charter of SHB

- Make research and advise the BOD in issuance of internal regulations of the bank under the approval authority of the BOD relating to salary, compensation, bonuses and recruitment of staff, training, and other compensation policies to the Administrator, managers and staff of the Bank.

- Conduct examination, inspection and assessment of the implementation of HR regulations and policies. Based on that, the Committee advises the BOD to revise existing regulations and/or to issue new regulations in accordance with the practical situation and development strategy of SHB.

Risk Management Committee

Risk Management Committee is organized and performs several functions and duties on risk management as authorized by the BOD. Key tasks of the Risk Management Committee include.

Advise the BOD in issuance of internal regulations and policies relating to risk management.

Make analysis and warnings on safety level of the bank relating to contingent risks and propose measures to prevent and manage such risks in short term and long term.

Review and assess the appropriation and efficiency of existing internal risk management regulations and policies of the Bank to make recommendations to the BOD on necessary changes to existing regulations and policies or business strategy.

Assets and Liabilities Management Committee

This Committee performs several functions and duties relating to risk management strategies and policies of all risks relating to all items on the Assets and Liabilities on the Balance Sheet of the bank as authorized by the BOD.

Direct business units to do their business under preset strategy and policy to create reasonable items in the assets and liabilities of the balance sheet of the Bank in order to maximize profits of the bank and shareholder returns in long term.

Credit Committee

Credit Committee performs several functions and duties on credit policy as authorized by the BOD.

Advise the BOD in targeted structure of the loan portfolio of the bank by sectors, products or geographic locations.

Approve credit polices including interest rates, fees, credit conditions, credit risk prevention measures applied to each type of customers and related parties.

Approve loans exceeding the approval limit of the CEO such as loans exceeding 10% of SHB's equity and other loans exceeding credit limits

Investment Committee

Investment Committee performs several functions and duties on investment activities as authorized by the BOD

Appraise investment plans and allocate investment in allowed sectors to increase income and profits for SHB

Problem Loan Management and Collection Committee

This Committee is set up by the BOD to handle problem loans.

Develop strategy, measures to prevent and mitigate overdue and non-performing loans in order to achieve goals of safe and effective operation of SHB.

Direct and approve measures to prevent and handle problem loans in the entire Bank.

BOARD OF SUPERVISORS (BOS)

Members and organization of Board of Supervisors (BOS)

No.	Name	Position	Holding Percentage (%)
1	Pham Hoa Binh	Head of BOS	0.006%
2	Nguyen Huu Duc	Deputy Head of BOS	(+/-)
3	Nguyen Thi Hoat	Full-time member of BOS	(+/-)
4	Bui Thanh Tam	Part-time member of BOS	-

Activities of the Board of Supervisors

Board of Supervisors is the Bank's supervisory body elected by annual General Shareholder Meeting.

BOS is in charge of supervising and assessing compliance with internal and external regulations and with the bank's Charter as well as implementation of resolutions of annual General Shareholder Meetings and the Board of Directors

BOS performs internal audit of SHB's business activities and financial statements.

Supervisors conducted 05 meetings in 2016 with contents and outcomes of the meetings as follows::

Meeting of BOS dated 05/02/2016

Reviewed the work performed by the BOS during quarter IV/2015:

Pursuant to the work plan for Quarter IV/2015 outlined in the BOS Quarter III/2015 Minutes Meeting No. 60A/BB-BKS dated 27/10/2015, the BOS reviewed and evaluated the works (21 work items) performed during quarter IV/2014).

Worked out the work plan of the BOS in Quarter I/2016 (15 work items).

Meeting of BOS dated 13/04/2016

Reviewed the work performed by the BOS during quarter I/2016 (including 26 work items)

Worked out the work plan of the BOS in Quarter II/2016 (17 detailed work items).

Meeting of BOS dated 29/07/2016

Reviewed the work performed by the BOS during quarter II/2016 following 18 work items

Worked out the work plan of the BOS in Quarter III/2016 (14 detailed work items).

Meeting of BOS dated 26/08/2016

Reviewed work performance during probation period of the Director of Internal Audit Division to report to the BOD considering to officially appoint the position of Director of Internal Audit Division.

Meeting of BOS dated 06/10/2016

a) Reviewed the work performed by the BOS during quarter III/2016: 27 work items.

b) Worked out the work plan of the BOS in Quarter IV/2016 (14 work items).

All activities of Board of Supervisors in 2016 strictly followed functions and tasks assigned in compliance

with legal regulations, Charter of SHB, internal regulations of SHB, completed plans and orientations periodically set by the Board of Supervisors as well as upon requests of the BOD and proposals of the CEO.

Share transactions, salaries and bonuses of members of Board of Directors, Board of Management, and Board of Supervisors

Salary, bonuses, compensations and benefits

Total salary, bonuses, compensations and benefits for the BOD and BOS was VND 10.2 billion, equivalent to 52.14% of the plan adopted by the Annual General Shareholder Meeting. As a result, in 2016, compensations and benefits plan for members of the BOD and the Supervisory Board adopted by the Annual General Shareholder Meeting 2016 was not used up.

Share transaction of internal shareholders

Sister of the Chairman bought more shares, raising the number of shares from 5.350.000 to 7.936.080 and the holding percentage from 0.564% to 0.778% for investment purpose

Implementation of regulations on corporate governance

Established in 1993, passing over 20 years of operations, SHB has implemented its corporate governance in accordance with requirements of the Law on Enterprises, Law on Credit Institutions, Circular No. 121/2012/ TT-BTC issued on 26/07/2012 and other prudential banking regulations. Specifically:

- The Bank has ensured shareholders' rights and benefits.
- Charter of the bank was revised in accordance with the Credit Institution Law and Circular No.121/2012/TT-BTC.
- The BOD has convened annual General Shareholder Meeting in accordance with regulations. The bank provides full disclosure of meeting documents on the website as a basis for shareholder's discussion and voting at the meeting, Organized annual General Shareholder Meeting actively, thoughtfully to present the prestige of SHB.
- The BOD and the Supervisory Board have made sufficient reports at the General Shareholder Meeting.
- The nomination, election, appointment, and qualifications of members of the BOD and the BOS have complied with regulations of the Credit Institution Law, Circular No.121/2012/TT-BTC. . The BOD and the BOS have performed rightly their duties and tasks
- Board of Directors and Board of Supervisors fully comply with responsibilities and obligations under provisions of the Enterprises Law, the Law on Credit Institutions and other relevant legal documents.
- Members of the Board of Directors, Board of Supervisors, Board of Management, and other managers publish all related benefits and interests according to the Enterprise Law and other relevant legal documents.
- The bank complies fully with reporting and information disclosure regulations, and has been considered as one of the most transparent companies on the stock market.

SUSTAINABLE DEVELOPMENT

A business is simply an idea to make other people's lives better

> **Richard Branson** Virgin Group

With firmly invested foundation, SHB combined essential factors for realizing strategic targets, bringing long-lasting returns to customers, shareholders, staff and community

SOCIAL RESPONSIBILITY TO THE COMMUNITY

Responsibility to the community - society has always been an element closely linked and run in parallel with SHB's business activities on the way of 23 years of establishment and development. This is also one of important objectives SHB has always headed for with enthusiasm, deep community sharing and understanding. As a Top 5 largest private-owned joint stock commercial banks in Vietnam, SHB has continued and will continue its efforts to bring the best values to the community - society, contributing to economic development and social security of the country.

The year 2016 marked a boom in SHB's business operations as well as practical contribution to the community and society with total amount contributed to social security in the past 5 years reaching hundreds of billion Vietnamese dongs.









Eliminate hunger and reduce poverty

- SHB supported the construction of a patient treatment facility and ancillary works of Hoai Nhon District's Medical Center in Binh Dinh Province to express SHB's care for health services offered to people in Binh Dinh Province, especially the policy beneficiaries in the province.
- In the spirit of mutual care, SHB sponsored the People's Public Security Television (ANTV) to implement the program "Share loves and join hands to help difficult children and people in the province of Lang Son".
- To promote the spirit of humanity which has become the traditional culture of SHB, the bank's employees donated to buy blankets, warm clothes to poor people, bought school-bags and books for poor children in Hung Thinh commune, Bao Lac district, Cao Bang province in the "Warm winter clothes" program launched by SHB's trade union.
- Sharing difficulties in the life of poor people and desiring to bring them a full, happy, warm and loving Lunar New Year festival, SHB supported hundreds of millions dongs to the Fund for the Poor and awarded gifts to hundreds of poor households, people in difficulty, policy beneficiaries and orphans in cities and provinces where SHB branches are located.
- Supporting the nation's islands, SHB visited and funded the purchase of a ship for Trung Sa Island; supported the advocacy program "For Beloved Truong Sa"; supported Quang Ngai fishermen in the program "Relaying fishermen to go offshore at sea".
- Accompanying with the poor, in order to develop economy of rural areas, SHB together with other banks executed projects in Tay Nguyen province's area with the amount of money of about 15.000 billion VND to invest in the construction of transportation and hydroelectricity, agriculture manufacture, cattle-breeding.

Gratitude to families with meritorious services to the revolution

• To express the gratefulness of all the staff to the preceded generation that sacrificed for the country, SHB supported to build and fix houses for them on theoccasion of a conference to praise outstanding enterprises and businessmen, and deployed a housing support program for people with meritorious services to the revolutionand launched a peak month "for the poor" in 2016

Investing in education and young generation

- To develop the country's football, SHB built SHB Da Nang Sport Centre, which would be the place where young talents from all over the country get together to study and cooperate with foreign experts following the modern model of other international sport institutes.
- In response to "Ho Chi Minh City Startup city for the young" movement jointly organized by Vietnam Youth Federation – Vietnamese Student Association - Ho Chi Minh City Young Entrepreneurs Association, SHB has sponsored and co-founded the HCMC Startup & Innovation Fund (SSIF).
- With the desire to bring profound human values to the community and contribute to the maintenance and development of ancient art and culture of Vietnam, SHB has funded Phase 2 of the project "Wings of Faith" with the Youth Theatre, organized 100 free concerts dedicated to audiences nationwide.
- Realizing the dream of Vietnam football lovers to meet and interact with the world's top stars, as well as promoting image of the country and people of Vietnam to the world, SHB invited Manchester City Football Club to Vietnam for a friendly match, organized several exchanges with the community (SOS children's village, exchanges with students of Vietnam National University, exchanges with fans ...). On this special occasion, SHB donated VND 2 billion from ticket revenues to the Gratitude Fund of the Ministry of Labor, War Invalids and Social Affairs.
- Wholly funding the budget to build My Thuan kindergarten (My Khanh commune, Phong Dien district, Can Tho province), SHB affirmed its care to offspring of people with meritorious services to the revolution.

















Disaster relief

 Sharing damages caused by natural disasters in the 40-year record heavy rainfall in Quang Ninh Province, SHB donated VND 1 billion to the "Disaster Assistance Fund" of the Vietnam Coal and Mineral Group (Vinacomin).

Other activities

Not only taking part in constructing home country, SHB actively contributed to international community development, strengthened the relationship among Vietnam - Laos - Cambodia.

- On the occasion of opening 100% foreign owned bank in Laos, SHB supported Laos by creating employment for native people, which contributed to stabilize social security.
- The "Golden hearts SHB Cambodia" program is held frequently for poor local children: Gave presents to Lasalle Pothum orphanage in Pothum village - Areyksat commune
 Lavea Em district - Kandal province; poor children in Prey Thom primary school in Prey Thom village, Reaksmey Samaki commune, Aoral district, Kampong Speu province.
- Supported "Women for Peace and Development of Cambodia" fund and "National Liberation Front" fund; sponsored Preah Khan Reach soccer team; contributed money to build Pi Tho Nu temple, Svay Rieng province and schools in Kampong Thom province; Phuoc Thien pagoda, Neak Loeung village, Peam Ror commune, Prey Veng province.

And many other activities.

EMPLOYEE POLICY

Total number of employees of the bank and its subsidiaries as of 31/12/2016 was 6,351 employees, up 4.4% compared with 2015, over 92% of which have bachelor and master degrees.

The average income of employees is gradually improved, achieving VND 16.4 million /person in 2016



With the goal of building an experienced, qualified and committed workforce that meets the requirements of a modern and developing bank, SHB continues to pursue many policies to attract and retain talents.

Recruitment policy

Publicity and transparency along with criteria to assess skills of candidates based on occupational standards as bases for recruitment

Internal rotation and recruitment is focused by the bank's management, internal candidates in recruitment are encouraged and prioritized in order to create cohesion and employee development. For external candidates, SHB prioritizes experienced candidates, candidates with good and excellent distinctions graduating from universities at home and abroad and they are offered with negotiated and expected salary depending on their experience, ability and qualifications.

Candidates who are final year students are always welcome to join SHB programs of "Talent Internship" to have the opportunity to assert themselves and become official employees of SHB.

In domestic and foreign provinces and cities having the presence of SHB, local workers are preferentially recruited due to their knowledge of local market and time dedication.

Training and employee development policy

SHB always considers human resources as the most valuable assets, taking people as the greatest motivation for SHB development

SHB creates conditions for professional development for each individual worker, focusing on training of human resources with high quality training plans built on basis of business strategy of the bank, following analyzed development trends of the financial market, based on an annual survey of training needs of the staff. With the policy that all workers have the opportunity to be trained and developed, all costs for training courses organized by SHB as well as outside training courses attended by SHB staff are sponsored by the bank.

In 2016, SHB held over 100 special subjects/training topics for staff throughout the system with over 20,000 staff participating. The average total study hours of one employee is nearly 20 hours with average score on training quality is 4.03/5.

Training programs are built for each employee group

SHB executed training program based on competency framework of each title and level of ability required in each position. The training programs at SHB are diverse, constantly improved, updated on content, form, suitable for many objects.

For newly recruited staff, SHB offers orientation training programs with coaching from experienced staff to provide employees with overview of SHB and background knowledge, to quickly integrate and become familiar with SHB corporate culture.

For experienced and capable staff, SHB focuses on advanced and in-depth professional training, for the purpose of creating a succession pool, and creating career advancement opportunities.

For staff at management level, SHB implements training programs to enhance management and administration capabilities, strategic planning and building skills, change management ... Annually SHB sends managers to overseas training courses and

Post training effectiveness assessment is periodically conducted by examinations and professional evaluation throughout the bank to encourage employee's self-training and selfimprovement of lacked and weak professional knowledge and skills.

The application of technology in training has always been focused through the implementation of e-learning and e-examining systems, e-libraries
(including learning materials, slides, tutorial and Q&A videos, ...), individual learning and training software, discussion forums, online surveys ... Modern training system has made employee's learning easier and more efficient.

Salaries and bonuses

Living on salary, becoming rich on bonuses" is the motto in which SHB always attempts to retain employees.

Employee rights are guaranteed with salaries as stipulated in SHB's Regulation on Salaries and Wages, on the basis of ensuring interests of the bank's employees and complying with current laws. Salary policy is attached to the result of period working performance review, which motivates employees to achieve the target. Annual salary increase is publicly, fairly and transparently guaranteed, reflecting SHB's development policy.

Bonus policy is implemented fully on all staff on national holidays and anniversary of the institute. In particular, the reward policy is recognized by SHB in a timely manner with the Certificate of Merit / Certificate of Merit given by the President, the General Director andoverseas travel (Europe, Asia, ...) to motivate and encourage collective / individual employees to have new initiatives, exceeding the targets of the plan, achieving excellent performance ...

Insurance, healthcare and allowance

The difference between SHB and other banks is that currently SHB pays for social insurance, health insurance, unemployment insurance, personal income tax and trade union fees on behalf of employees. This policy is one of SHB' highlights which not only helps SHB to ensure and improve incomes of employees but also acts as one of policies to attract personnel to work for the bank.

SHB has affiliated with leading hospitals to organize health examinations for staff once a year, with an average cost of 1 million VND per person.

Besides allowances for toxicity, make-up, dualposition, talent-attraction ... all SHB staffs also receive gasoline allowance and monthly parking fee. Managers at the head office as well as at branches are arranged with private cars to go to work and to go on business trips, which helps to control travelling costs.

Other policies and trade union activities

In addition to implementation of employee policies in compliance with requirements of the laws, SHB also applies many other employee benefit programs every year, such as: free uniforms, modern well-equipped working tools and instruments, periodic free health examinations, annual free vacations for the entire staff, preferential policy for employee mortgage loans and auto loans at low interest rates, stock option at par value of the bank's share, distribution of which depends on job titles, etc.

Team building, football and art events are regularly held throughout the system in order to create unity, cohesion between the bank and employees, creating a fun and warm atmosphere to motivate staff.

The programs of social activities, charity, and environmental protection... are always focused by SHB, through which it aims to build a sense of responsibility for the community for employees.

RESPONSIBILITY FOR THE ENVIRONMENT

Being one of the largest banks in Vietnam pioneering the implementation of the Party's and the State's policies, SHB identifies that sustainable development strategy is not only making a safe and sufficient financial growth but also doing well in social progress and justice; Reasonable exploitation and economical use of natural resources, protecting and improving environment quality.

Materials management

SHB is a service provider in finance and banking sector, so main materials for business operation are papers, ink and stationery. Many measures were adopted in order to save materials and tools and reduce pollution such as:

- Enhancing development of products and services applying modern technology, while minimizing document-related procedures to bring convenience to customers, save transaction processing time and stationary expense. Deposittaking, lending, payment, card, etc. products are and eventually will be online so the use of stationery, paper and other physical materials is significantly decreased over the years.

- The electronic information exchange system has been upgraded and expanded from head office to branch offices, which is used for meetings, video conferences, online job applications and recruitment examinations, electronic newsletters and magazines.

- Reusing single-sided printing papers; Registering usage norm for each department; Stationery is provided on one-off, monthly or ad hoc basis; Tracking and comparing periodic usage.

- In addition, the bank always generalizes awareness among staff about how to reduce the amount of waste paper, increase the exchange of information, documents, and reports via internal emails and reuse old stationery. Due to effective management measures, the cost of printing paper, printing ink, and all kinds of stationery of SHB in 2016 was VND 1 billion less compared to 2015.

Energy consumption

The energy used for business operations at SHB is mainly electricity for lighting, maintaining computer operation, operating air conditioners, petrol for transporting employees.

SHB has ultimately saved electricity consumption, which is also a way to reduce the cost of operating business by equipping and constantly maintaining energy saving bulbs and air conditioners that meet greenhouse gas emission standards. In addition, energy saving is seriously performed by leaders and staff, for example: switching off the circuit breaker when leaving, closing the door when air conditioners are working, and organizing seats properly to reduce lighting electricity consumption. Great effort to reduce electricity consumption has helped SHB to save nearly VND 2 billion in 2016.

Gasoline cost norms are quoted and itineraries of business car users are frequently checked. Business car use out of the approved itinerary will have to be booked in advance to ensure car service availability, gasoline expense saving and car depreciation saving.

Water consumption

SHB uses water primarily for activities of all staff and buildings, for instance: drinking water, sanitation water, floor cleaning, etc.; which are included in office rental expense. Domestic sewage is centralized and disposed according to the building's regulations.

The cost of drinking water for staff and guests is paid by SHB with the highest saving attitude, such as taking just a sufficient amount of water for drinking, using water dispensers at internal meetings. With meetings outside the bank, the bank provides small water bottles to avoid waste.

Compliance with the law on environment protection

SHB's main source of waste that is potentially harmful to the environment is solid waste generated from office operations, such as unused printed papers, carton paper, outdated stationery, etc.; and source of gaseous waste comes mainly from the means of transport going in and out of the building. Therefore, SHB assigned staff to take charge of environment issues and implementing environmental protection measures..

- Sanitation activities outside work place are performed by outsourced environment company (included in office rental expense) with the following main activities:
 - + Cleaning toilets, lounges, stairs, corridors, walls, basements, etc. once every hour to ensure that these areas are always clean.
 - + Providing hand sanitizer in the toilet to ensure sterilization for employees.
 - + Ensuring that water for toilet and toilet hand wash is sufficient.
 - + At the end of the day, janitors of the building gather all garbage in dust bins to garbage collection point in front of the building.
- Sanitation activities inside offices are performed by Administrative Department with the following main activities::
 - + Cleaning waste baskets containing unused printed paper, documents, carton, broken pens, bottles, fruit peels ... in offices and meeting rooms. Cleaning frequency is three times a day or more, depending on quantity of garbage.
 - + Taking care of plants in offices of the building to mitigate dust disperses into the air.

- + In the basement and in front of the building, SHB arranges security guards to remind people to shut down vehicles before entering the building to reduce emissions and noise. The ventilation system in the basement is installed in accordance with standards to ensure air ventilation..
- Modern information technologies such as videoconferencing, telephones and video calls are maximally utilized for internal meetings and recruitment interviews throughout the country to minimize travel time and vehicle using frequency contributing to reduce CO2 emissions in the environment.
- In addition, each employee always upholds the spirit of self-preservation, cleaning his own desk and the surrounding area; increasing exchange of documents via internal email system to reduce the amount of paper; reusing old stationery.

With the awareness of abiding to the law of environment protection, SHB has never been subject to any sanctions related to environmental issues.

GREEN FINANCING

SHB has recognized the role of the banking system as an intermediary that has impacts on the environment through customers' activities and can direct investment flows and financial resources to green sectors helping to motivate borrowers towards environmentally-friendly projects. Therefore, SHB has actively deployed social & environmental risk management solutions in credit extension, incorporating environmental criteria in the credit appraisal process. Furthermore, SHB also develops favorable credit programs and policies to support enterprises, especially those in priority sectors, including green growth/sustainable growth area such as: enterprises applying high technology, enterprises in renewable energy, supporting industries, rural and agriculture.

SHB always supervises the safety and sustainability of projects it finances under the conditions set out in the appraisal process that these projects must comply with international and national standards for environmental protection and energy and resource saving. Projects for the development of renewable energy, protection of natural environment such as small & medium size hydropower projects, biomass projects, waste water, garbage treatment projects are always received priority from SHB to gradually increase the share of green credit in its total credit portfolio.

Under the orientation on "green credit" development and appropriate credit policies to bring affordable funds to businesses and in realization of regulator's objectives of: energy security, climate change mitigation as well as socio-economic development in Vietnam, in 2016, SHB was selected to be the servicing bank and on-lending bank in various projects funded by international organizations in renewable energy development, reduction of CO2 emission from electricity generation, program for development of Vietnam water sector, etc.



FINANCIAL REPORT

Rule No.1: Never lose money. Rule No.2: Never forget rule No.1

> Warren Buffet CEO Berkshire Hathaway

Audited financial statements (audited financial statements include: Blance sheet; Income Statement; Cash Flow Statement; Notes to financial statements in accordance with the law on accounting and auditing. The financial statements presented in the Annual Report are consolidated financial statements

Saigon - Hanoi Joint Stock Commercial Bank

Consolidated Financial Statements for the year

ended 31 December 2016

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CORPORATE INFORMATION

Banking Licence No.	0041/NH-GP	13 November 1993
	The Banking Licence was granted by is valid for 50 years from the granting	
Business Registration Certificate No	1800278630	17 June 2013
	The Bank's Business Registration Cert eral times, the most recent of which Certificate dated 1 March 2017.	
Board of Directors	Mr. Do Quang Hien	Chairman
	Mr.Nguyen Van Le	Member
	Mr. Tran Ngoc Linh	Member
	Mr. Pham Ngoc Tuan	Member
	Mr. Do Quang Huy	Member
	Mr. Le Quang Thung	Member (resigned on 21/4/2016)
	Mr. Vo Duc Tien	Member (resigned on 21/4/2016)
Supervisory Board	Mr. Pham Hoa Binh	Head of Supervisory Board
	Mr. Nguyen Huu Duc	Deputy Head of Supervisory Board
	Mr. Bui Thanh Tam	Member
	Ms. Nguyen Thi Hoat	Member
Board of Management and Chief Accountant	Mr.Nguyen Van Le	Chief Executive Officer
	Mr. Dang Trung Dung	Deputy Executive Officer (resigned on 1/9/2016)
	Mr. Le Dang Khoa	Deputy Executive Officer
	Ms. Ngo Thu Ha	Deputy Executive Officer
	Ms. Ninh Thi Lan Phuong	Deputy Executive Officer
	Ms. Dang To Loan	Deputy Executive Officer
	Mr. Nguyen Huy Tai	Deputy Executive Officer
	Ms.Ngo Thi Van	Chief Accountant
Legal representative	Mr.Nguyen Van Le	Chief Executive Officer
Registered office	No. 77 Tran Hung Dao Street, Hoan K	iem District, Hanoi, Vietnam
Auditor	KPMG Limited, Vietnam	

The Board of Management of Saigon - Hanoi Joint Stock Commercial Bank ("the Bank") presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "SHB") for the year ended 31 December 2016.

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

- (a) the consolidated financial statements set out on pages 5to 80give a true and fair view of the consolidated financial position of SHB as at 31 December 2016, and of its consolidated results of operations and consolidated cash flows for the yearthen ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Management to believe that SHB will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Chief Executive Officer

Hanoi, 31 March 2017



INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Saigon - Hanoi Joint Stock Commercial Bank

We have audited the accompanying consolidated financial statements of Saigon - Hanoi Joint Stock Commercial Bank("the Bank") and its subsidiaries (collectively referred to as "SHB"), which comprise the consolidated balance sheet as at 31 December 2016, the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by SHB's Managementon31March 2017, as set out on pages 5to 80.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon - Hanoi Joint Stock Commercial Bankand its subsidiaries (collectively referred to as "SHB") as at 31 December 2016, and of its consolidated results of operations and cash flows for the year then endedin accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 3(c)to the consolidated financial statements which describes accounting policies regarding allowance for bad debt and reversal of interest receivables recognised for outstanding financial debts in accordance with the Schemefor "Merging Hanoi Building Commercial Joint Stock Bank intoSaigon - Hanoi Joint Stock Commercial Bankfor the period from 2016 to 2020". For the outstanding financial debts, mainly from Hanoi Building Commercial Joint Stock Bank ("HBB"), SHBhas been approved by the State Bank of Vietnam for adoption of special accounting policies based on the solutions for financial treatments suggested in the amended SHB-HBB Merging Scheme approved by the State Bank of Vietnam on 8 November 2016 ("the Scheme"). For each of the years from 2016 to 2024, SHB would make allowance for bad debt and reversal of interest receivables recognised with an amount determined in accordance with the Scheme for the aforesaid outstanding debts.

Other Matter

The consolidated financial statements of SHBfor the year ended 31 December 2015 were audited by another firm of auditors whose audit report dated 14 April 2016 expressed an unqualified auditopinion on those statements with an emphasis of matter paragraph related to the adoption of the special accounting policies.

KPMG Limited

Vietnam



Tran Anh Quan Practicing Auditor Registration Certificate No. 0306-2013-007-1

Deputy General Director

Truong Tuyet Mai Practicing Auditor Registration Certificate No. 2594-2014-007-1

Hanoi, 31 March 2017

Consolidated balance sheet at 31 December 2016

		Note	31/12/2016 VND million	31/12/2015 VND million
A	ASSETS			
I	Cash and gold on hand	4	1,291,694	1,917,860
11	Balances with State Banks	5	2,718,757	4,362,518
	Balances with and loans to other credit institutions	6	30,136,422	29,793,709
	Balances with other credit institutions		23,230,559	25,935,846
)	Loans to other credit institutions		6,911,000	3,863,000
8	Allowance for loans to other credit institutions		(5,137)	(5,137)
V	Securities held for trading	7	40,899	54,378
	Securities held for trading		65,382	70,927
-	Allowance for securities held for trading		(24,483)	(16,549)
/	Derivatives and other financial assets	8	44,578	-
/I	Loans and advances to customers		160,578,800	130,005,807
	Loans and advances to customers	9	162,376,185	131,427,193
2	Allowance for loans and advances to customers	10	(1,797,385)	(1,421,386)
/111	Investment securities	11	18,846,623	17,316,651
	Available-for-sale securities		10,788,497	7,479,883
	Held-to-maturity securities		9,439,853	10,399,493
	Allowance for investment securities		(1,381,727)	(562,725)
Х	Long-term investments	12	222,949	303,409
ļ	Other long-term investments		229,393	313,397
	Allowance for diminution in the value of long- term investments		(6,444)	(9,988)
(Fixed assets		3,962,052	4,056,266
	Tangible fixed assets	13	424,046	361,018
1	Cost		962,704	813,363
)	Accumulated depreciation		(538,658)	(452,345)
5	Intangible fixed assets	14	3,538,006	3,695,248
7	Cost		3,726,916	3,848,511
)	Accumulated amortisation		(188,910)	(153,263)
(I	Investment property	15	16,815	16,955
l	Cost		17,401	17,401
)	Accumulated depreciation		(586)	(446)
(II	Other assets	16	16,088,151	16,876,587
	Receivables		1,705,468	1,950,668
)	Accrued interest and fee receivables		7,875,554	8,872,126
1	Other assets		6,719,575	6,124,385
5	Allowance for other assets	-	(212,446)	(70,592)
	TOTAL ASSETS		233,947,740	204,704,140

		Note	31/12/2016 VND million	31/12/2015 VND million
В	LIABILITIES AND SHAREHOLDERS' EQUITY			
	LIABILITIES			
I	Amounts due to the Government and State Banks	17	2,572,420	4,224,915
11	Deposits and borrowings from other credit institutions	18	33,309,432	28,145,783
1	Deposits from other credit institutions		23,299,257	24,319,748
2	Borrowings from other credit institutions		10,010,175	3,826,035
	Deposits from customers	19	166,576,217	148,828,876
IV	Derivatives and other financial liabilities	8	-	100,011
V	Other borrowed and entrusted funds	20	808,887	414,632
VI	Valuable papers issued	21	13,767,675	8,259,448
VII	Other liabilities	22	3,681,536	3,472,713
1	Accrued interest and fee payables		3,204,877	3,053,554
3	Other liabilities		476,659	419,159
	TOTAL LIABILITIES		220,716,167	193,446,378
	SHAREHOLDERS' EQUITY			
VIII	Shareholders' equity and reserves	23	13,231,573	11,257,762
1	Capital		11,293,347	9,582,401
а	Share capital		11,196,891	9,485,945
С	Share premium		101,716	101,716
d	Treasury shares		(5,260)	(5,260)
2	Reserves		1,038,259	863,808
5	Retained earnings		897,661	808,832
6	Non-controlling interest		2,306	2,721
	TOTAL SHAREHOLDERS' EQUITY		13,231,573	11,257,762
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		233,947,740	204,704,140

		Note	31/12/2016 VND million	31/12/2015 VND million
	OFF-BALANCE SHEET ITEMS			
I	CONTINGENT LIABILITIES			
1	Loan guarantees		176,415	193,394
2	Foreign exchange commitments		20,258,207	10,735,194
	Foreign currency purchase commitments		-	560,318
	Foreign currency sale commitments		-	1,238,878
	Swap commitments		20,258,207	8,935,998
4	Letters of credit		10,670,815	7,841,919
5	Other guarantees		12,157,598	9,336,269
6	Other commitments		250,000	1,000,000

Prepared by:

Nguyen Thi Hanh Hoa Accountant

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Ngo Thi Van *Chief Accountant*

Approved by: 80027863 NGÂN HÀNG M Ś THƯƠNG MẠI CỔ PHẦN 4 SÀI GÒN-HÀ NÔ 79 KIÊM Nguyen Van Le Chief Executive Officer

31 March 2017

Consolidated income statement at 31 December 2016

		Note	2016 VND million	2015 VND million
1	Interest and similar income		14,568,653	11,991,798
2	Interest and similar expenses		(10,393,205)	(8,295,644)
I	Net interest income	25	4,175,448	3,696,154
3	Fee and commission income		409,808	189,988
4	Fee and commission expenses		(71,743)	(92,550)
II	Net fee and commission income	26	338,065	97,438
ш	Net gain from trading of foreign currencies	27	102,040	26,565
IV	Net (loss)/profit from trading securities	28	(10,104)	4,160
v	Net (loss)/profit from investment securities	29	10,539	(69,645)
5	Other income	30	736,223	304,992
6	Other expenses	30	(371,907)	(130,408)
VI	Net other income		364,316	174,584
VII	(Loss)/income from capital contribution purchase	on, share	(14,193)	8,564
VIII	Operating expenses	31	(2,507,759)	(2,078,640)
IX	Net operating profit before allowance provision expenses	and	2,458,352	1,859,180
X	Allowance and provision expenses	32	(1,301,913)	(842,126)
XI	Profit before tax (carried forward to next page)		1,156,439	1,017,054

Consolidated income statement (continues) at 31 December 2016

		Note	2016 VND million	2015 VND million
XI	Profit before tax (brought forward from previous page)		1,156,439	1,017,054
7	Income tax expense - current	33	(243,378)	(221,437)
8	Income tax expense - deferred	33	-	(461)
XII	Income tax expense	33	(243,378)	(221,898)
XIII	Net profit after tax		913,061	795,156
	Attributable to:			
	Net profit after taxof the Bank		913,248	795,130
	Non-controlling interest		(187)	(26)
xv	Basic earnings per share (VND/share) (restated)	34	896	780

Prepared by: 800 Approved by: NGÂN HÀNG Yu 2 THƯƠNG MẠI CỔ PHẦN * SÀI GÒN-HÀ NỘI Mguyen Van Le Nguyen Thi Hanh Hoa Ngo Thi Van Accountant Chief Accountant Chief Executive Officer

31 March 2017

Consolidatedcash flow statement at 31 December 2016

		2016 VND million	2015 VND million
	CASH FLOWS FROM OPERATING ACTIVITIES		
01	Interest and similar income received	15,541,712	10,044,545
02	Interest and similar expenses paid	(10,241,882)	(6,972,978)
03	Net fee and commission income received	361,578	97,438
04	Net receipts for foreign currencies, gold and securities trading activities	100,724	2,832
05	Other (expenses)/income	311,318	(33,707)
06	Proceeds from loans previously written off	52,998	198,121
07	Operating and salary expenses payments	(2,385,383)	(1,937,547)
08	Corporate income tax paid	(246,439)	(224,991)
	Net cash flows from operating activities beforechanges in operating assets and liabilities	3,494,626	1,173,713
	Changes in operating assets		
09	(Increase)/decrease in balances with and loans to other credit institutions	(5,491,877)	2,700,849
10	Increase in securities held for trading	(2,259,425)	(1,451,426)
11	(Increase)/decrease in derivatives and other financial assets	(44,578)	18,611
12	Increase inloans and advances to customers	(30,948,992)	(29,957,833)
13	Decrease in provision for impairment	(167,263)	(317,712)
14	Decrease/(increase) inother assets	479,771	(512,566)
	Changes in operating liabilities		
15	(Decrease)/increase in amounts due to the Government and State Banks	(1,652,495)	3,463,757
16	Increase in deposits and borrowings from other credit institutions	5,163,649	2,892
17	Increase in deposits from customers	17,747,341	25,601,257
18	Increase invaluable papers issued	5,508,227	4,348,448
19	Increase inother borrowed and entrusted funds	394,255	200,145
20	(Decrease)/increase in derivatives and other financial liabilities	(100,011)	100,011
21	Increase/(decrease) inoperating liabilities	46,377	(163,877)
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	(7,830,395)	5,206,269

Consolidatedcash flow statement (continues) at 31 December 2016

		Note	2016 VND million	2015 VND million
	CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets		(173,680)	(103,775)
02	Proceeds from disposals of fixed assets		538,765	145
08	Collections on investments in other entities		44,380	27,649
09	Dividends and profit received from long-term investments		2,127	8,565
п	NET CASH FLOWS FROM INVESTING ACTIVITIES		411,592	(67,416)
	CASH FLOWS FROM FINANCING ACTIVITIES			
04	Dividends paid to shareholders, profits distributed		(288)	(2,761)
ш	NET CASH FLOWS FROM FINANCING ACTIVITIES		(288)	(2,761)
IV	NET CASH FLOWS DURING THE YEAR		(7,419,091)	5,136,092
v	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		33,761,238	28,625,146
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	26,342,147	33,761,238

Significant non-cash investing and financing activities

	2016 VND million	2015 VND million
Increase of capital from payment of dividend in the form of shares	710,946	620,150
Increase of capital due to merger of VVF	1,039,713	-

Hanoi, 31 March 2017

Prepared by

Nguyen Thi Hanh Hoa Accountant

Reviewed by

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Ngo Thi Van Chief Accountant

Approved by 8002786 NGÂN hương mại cổ phân - HA NO SAI GON Nguyen Van Le KIEM Executive Officer

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 Joint Stock Commercial Bank (herein referred to as "the Bank") is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to the Banking License No. 0041/NH-GPissued 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 Joint Stock Commercial Bank under Decision No. 1764/QD-NHNN dated 11 September 2009 granted by the Governor of the SBV. In 2012, the Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("HBB") into its operation, which is in line with the Restructuring plan of the banking system of Vietnam for the period 2011 - 2015.

The Bank currently operates under Business Registration Certificate No. 1800278630 of Hanoi Department of Planning and Investment amended for the 25th time on1March 2017.

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, investment in bonds and trading foreign currencies in accordance with the provisions of law.

(b) Charter capital

As at 31 December 2016, the Bank's share capital was VND11,197 billion (31/12/2015: VND9,486 billion). The Bank issued 1,119,689,100 ordinary shares t par value of VND10,000 per share.

(c) Location and operation network

The Bank's Head Office is located at 77 Tran Hung Dao, Hoan Kiem District, Hanoi. As at 31 December 2016, the Bank had one (1) Head Office, fifty three (53) branches in Vietnam, four (4)branches in Cambodia and one(1)branch in Laos, and two hundred and thirty two(232)transaction offices (31/12/2015: 1 Head Office, 53 branches including 4branches in Cambodia and 1 branch in Laos), and 174 transaction offices).

(d) Subsidiaries

The consolidated financial statements of the Bank as at 31 December 2016and for the year then endedconsist of the financial statements of the Bank and its subsidiaries (herein collectively referred to as "SHB").

As at 31 December 2016, the Bank had four (4) subsidiaries as follows(31/12/2015: 2 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	100.00%
SHB Securities Joint Stock Company ("SHBS")	Securities investment and trading	98.47%
Sai Gon - Hanoi Bank Laos Limited ("SHB Laos")	Banking/Finance	100.00%
Sai Gon - Hanoi Bank CambodiaLimited ("SHB Cambodia")	Banking/Finance	100.00%

(e) Number of employees As at 31 December 2016, SHB had6,351employees (31/12/2015: 6,083employees).

(f) Changes in the composition of the Bank

On 15 January 2016, Laos Branch of the Bank converted its operating model to a wholy-owned subsidiary of the Bank and officially named as Sai Gon - Hanoi Bank Laos Limited. Thisbank has charter capital of USD50 million with its Head Office is located in the capital of Vientiane, Laos P.D.R.

On 12September 2016, Cambodia Branch of the Bank converted its operating model to a wholyowned subsidiary of the Bank and officially named as Sai Gon - Hanoi Bank Cambodia Limited. This bank has charter capital of USD50 million with its Head Office is located in the capital of Phnom Penh, The Kingdom of Cambodia.

On 12September 2016, the SBV issued Official Letter No. 6812/NHNN-TTGSNH approving the proposed principle, according to which Vinaconex - Viettel Finance Joint Stock Company is merged into SHB and a subsidiary, namely SHB Finance Company Limited under the Scheme on merger approved by SHB's General Meeting of Shareholders in its Resolution No. 02/NQ-DHDCD dated 24 October 2015 and by VVF's General Meeting of Shareholders in its Resolution No. 01NQ/2015/VVF-DHDCD dated 24 November 2015. On 12 December 2016, the SBV issued Decision No. 2400/QD-NHNN approving the merger of VVF into the Bank; accordingly, the Bank received all assets, rights and obligations, and legal benefits of VVF.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the SBV 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, 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 Vietnam's 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) Annual accounting period

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

(d) Accounting currency

The accounting currency of SHB is Vietnam Dong ("VND"). These consolidated financial statements are prepared and presented in 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. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of SHB's interest in the investee. The accounting policies of subsidiaries have been also revised when necessary to ensure consistency with the accounting policies applied by the Bank.

(iii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the SHB's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the SHB's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(a) 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 rates of exchange ruling at the balance sheet date, non-monetary foreign currency assets and liabilities are reported 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 exchange rates ruling on the dates of the transactions.

Foreign exchange differences arising from revaluation of assets and liabilities in foreign currencies as at the balance sheet date are recorded in the consolidated statement of income.

(ii) Foreign operations

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

(b) Accounting policies regarding allowance and reversal of interest receivables recognised for outstanding financial debts in accordance with the SHB-HBB Merging Scheme 2016 -2020

- For the outstanding financial debts, mainly from HBB, the Bankhas been approved by SBVfor adoption of special accounting policies based on the solutions for financial treatments suggested in the amended SHB-HBB Merging Scheme approved by the State Bank of Vietnam on 8 November 2016 ("the Scheme"). The outstanding financial debts comprise:
- Bonds of Vietnam Asset Management Company ("VAMC") (Note 3(g)(iv) and 11);
- Loans 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"), including those which have been converted to special bonds and those have not (Notes 3(g), 3(k), 10, 11 and 16(iii);
- Allowance for bad debts of HBB (Note 10); and
- Doubtful debts of HBB (Note16(iii)).

For each of the years from 2016 to 2024, SHB would make allowance for bad debts and reversal ofrecognised interest receivables with an amount determined in accordance with the Scheme for the aforesaid outstanding debts.

(c) 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 balance sheet date and the differences arising on revaluation are recorded in the consolidated statement of income

(d) Securities held for trading

(i) Classification

Securities held for trading are debt or equity securities or other securities, which are acquired with the purpose of trading for profits in the short term.

(ii) Recognition

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

(iii) Measurement

Securities held for trading are stated at cost less allowance for diminution in the value. Allowance for diminution in the valueof securities held for trading is made when the market value at the balance sheet date becomes lower than cost

Market value of listed securities held for trading is calculated by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the balance sheet date.

For unlisted trading securities which are actively traded on market for Unlisted Public Companies ("UpCom"), market price is the closing price of securities at the UpCom at the balance sheet date.

Unlisted trading securities which are actively traded on over-the-counter (OTC) market are stated at cost less allowance for securities which is determined by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion in accordance with Circular No. 228/2009-TT-BTC issued by the Ministry of Finance on 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 ("Circular 89").

Unlisted trading securities which are not actively traded on the over-the-counter (OTC) market are stated at cost, less any allowance for securities. Allowance for diminution in the value of trading securities is made when their carrying value is higher than the market value determined in accordance with Circular 228. Securities are stated at cost when it is impossible to determine the market value of the securities.

Gains or losses from the disposal of securities held for trading are recognised in the consolidated statement of income.

(iv) 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.

(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 exceeding twelve months.

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

Credit risk classification of deposits with credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09") which takes effects from 1 June 2014. Accordingly, the SHBhas provided specific allowance for balances with and loans to other credit institutions in accordance with the method described in Note 3(k).

According to Circular 02, SHB is not required to provide general allowance for balances with and loans to other credit institutions.

(f) 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, the Bank 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 the Bank 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; 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 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 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 closing price at the end of the annual accounting period.

Market value of unlisted available-for-sale equity securities which are actively traded on over-thecounter 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.

Debt securities

Debt securities are initially stated 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 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.

Listed held-to-maturity debt securities and available-for-sale investment securities are measured at cost less allowance for securities which equals the deficit compared with market value. Market value is determined by reference to closing prices on Hanoi Stock Exchange at the end of the annual accounting period.

Held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises are recognised at cost less allowancefor securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans and advances to customers as described in Note3(k). No general allowance is made for purchases of valuable papers issued by other credit institutions and foreign bank branches in Vietnam.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognised in the consolidated statement of income on an accrual basis. The acccumulated interest income before the acquisition date is recognised as a decrease in cost when the income is received.

(i) 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.

(ii) Special bonds issued by Vietnam Asset Management Company ("VAMC")

Special bonds issued by VAMC are term valuable papers issued by VAMC for purchasing bad debts of SHB.

For each bad debt sold to VAMC, SHB received one special bond issued by VAMC. Par value of special bonds equals to carrying amount of loan principal balance of the bad debt less specific allowance made but not yet utilized for such bad debt.

Upon completion of bad debt factoring transactions, the Bank decreases the carrying amount of the bad debts, uses the specific allowance made but not yet utilised and settle the account balance of off-balance sheet account monitoring uncollected interest income of such bad debt. At the same time, the Bank recognises special bonds issued by VAMC in the account of debt securities issued by local economic entities and held to maturity.

For special bonds issued by VAMC, Circular No. 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV, on the purchase, sale and settlement of bad debts of VAMC ("Circular 19") and Circular No. 14/2015/TT-NHNN dated 28 August 2014 issued by the SBV, regarding the amendments of and supplements to a number of articles of Circular 19 ("Circular 14") provide that specific allowance is calculated and provided on the principle of equal annual allocation in a manner that at the maturity date of the special bonds, allowance will have been fully made for 100% of their value and no general allowance is required for these special bonds. In accordance with Circular 19, specific allowance is made on an annual basis within 05 working days prior to the maturity date of each special bond. Specific allowance for special bonds is recorded in the consolidated statement of income in "Allowance and provision expenses".

Adoption of accounting policies under the Scheme

Upon adoption of accounting policies under the Scheme described in Note 3(c), SHB provides allowance for special bonds issued by VAMC over 8 years.

(g) 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) Allowance for diminution in value of other long-term investments

Allowance for diminution in value is required for other long-term investments when the investee companies suffer losses, except when the loss was anticipated in its business plan before the date of investment. 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 recognized. 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 recognized.

(h) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated financial statements. The corresponding cash received is recognised as a liability in the consolidated balance sheetand the difference between the sale price and purchase price and is amortised on a straight line basis to the consolidated statement of income over the term of the agreement.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognised in the consolidated financial statements. The corresponding cash payment is recognised as an asset in the consolidated balance sheet. The difference between the purchase price and resale price and is amortised on a straight line basis to the consolidated statement of income over the term of the agreement.

(i) Loans and advances to customers

Loans and advances to customers are stated at the amount of the principal outstanding less allowance for loans and advances to customers.

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

For the loans sold to Vietnam Asset Management Company ("VAMC"), SHB shall remove them from the balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV.

Debt classification and allowance for credit risks are made in accordance with Circular 02 and Circular 09 as described in Note 3(k).

(j) Allowance for balances with and loans to other credit institutions

(i) Debt classification

Classification of deposits with and loans to other credit institutions (excluding current deposits), purchases and entrustment to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (collectively referred to as "loans"), loans already sold but payments not yet collected, is implemented using the method [based on the quantitative element as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit risks

Except for the loans to Vinashin, Vinalines and bad debts of HBB, specific allowance for credit risksas at 31 December under Circular 02 and Circular 09 is determined based on the allowance rates corresponding to loan principals at the last working day of November less discounted collateral value.

Loan group		Overdue status	Rate of allowance
1	Current	 (a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or (b) Loans 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. 	0%
2	Special mentioned	(a) Loans which are overdue for a period of between 10 days and 90 days; or(b) Loans which are restructured repayment term for the first time.	5%
3	Sub- standard	 (a) Loans which are overdue for a period of between 91 days and 180 days; or (b) Loans which are extended repayment term for the first time; or (c) Loans which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Loans in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: Loans in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; Loans in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; Loans in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions; or 	20%

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

Loan group		Overdue status	Rate of allowance
4	Doubtful	 (a) Loans which are overdue for a period of between 181 days and 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Loans which are restructured repayment term for the second time; or (d) Loans which are specified in point (d) of loan 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) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 	50%
5	Loss	 60 days ago. (a) Loans which are overdue for a period of more than 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that 	100%
		first restructured repayment term; or(c) Loans which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or	
		(d) Loans which are restructured repayment term for the third time or later, whether loans are overdue or not; or	
		(e) Loans which are specified in point (d) of Sub-standard loan have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or	
		(f) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or	
		(g) Loans of customers being credit institutions which are an- nounced by SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.	

From 20 March 2014 tobefore 1 April 2015, According to Article 10, Clause 3a of Circular 02, loans are restructured and maintained in the same loan group as before rescheduling when they meet the following criteria:

- Loans and credit granting are not in breach of the law;
- Loan rescheduling serves the purpose of borrowings in credit contracts;
- Customers use the loans for the right purpose;
- Customers have the new contracted loan repayment scheme which is feasible and aligned with their business plans; and
- Bank meets the regulations of SBV on limits, safety ratios in operations, including a maximum ratio
 of short-term fund used for medium- or long-term loans in cases of rescheduling short-term loans
 to medium- or long- term loans.

Only when the above conditions are met, may the Bank reschedule the repayment period of the loans to customers based on internal credit ratings and maintain such loans to customers in the same loan group as being currently classified. Article 10, Clause 3a of Circular 02 is effective from 20 March 2014 and expires on 1 April 2015.

The discounted value of collateral assets is determined in accordance with regulations in Circular 02, specifically as follows:

- Collateral assets with the value of VND50 billion or more for debts of customers who are related parties
 of the Bank and others as prescribed in Article 127 of the Law on Credit Institutions and collateral
 assets with the value of VND200 billion or more shall be evaluated by a licensed asset valuator.
- Other than the above, collateral assets are evaluated in accordance with the Bank's internal policy and process.

Types of collateral assets	Maximum discount rates
Deposits from customers in VND	100%
Gold bars, except for those without listed prices, deposits from customers in foreign currencies	95%
Government bonds, negotiable instruments, valuable papers issued by the Bank; saving cards, deposit certificates, treasury notes, treasury bills issued by other credit institutions, foreign banks' branches:	
 With the remaining term of less than 1 year 	95%
 With the remaining term of between 1 year and 5 years 	85%
 With the remaining term of more than 5 years 	80%
Securities issued by other credit institutions and listed on the Stock Exchange	70%
Securities issued by other enterprises and listed on the Stock Exchange	65%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c, Clause 6, Article 12 of Circular 02), and issued by credit institutions which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c, Clause 6, Article 12 of Circular 02), and issued by credit institutions which have not registered securities listing on the Stock Exchange	30%

The maximum discount rates for collateral assets are determined as follows:

Types of collateral assets	Maximum discount rates
Securities unlisted on the Stock Exchange, valuable papers issued by enter- prises which have registered securities listing on the Stock Exchange	30%
Securities unlisted on the Stock Exchange, valuable papers issued by enter- prises which have not registered securities listing on the Stock Exchange	10%
Real estate	50%
Gold bars without listed prices and other gold and other collateral assets	30%

For collateral assets which fail to fully meet conditions specified in Clause 3, Article 12 of Circular 02, their discounted value must be considered as zero.

The Bank makes and maintains general allowance calculated at 0.75% of outstanding loans and advances that are classified into Group 1 to 4 on 30 October.

Allowance is recognised as expenses in the consolidated statement of income and used to write off bad debts. The Bank established a Risk Settlement Committee to write off bad debts when loans and advances have been classified to Group 5 or when borrowers have declared bankruptcy or dissolved (for borrowers being organisations, enterprises) or borrowers have been dead or missing (for borrowers being individuals).

Adoption of accounting policies under the Scheme

Upon adoption of accounting policies under the Scheme described in Note 3(c), for loans to Vinashin and Vinalines and bad debts of HBB, the Bank recognises allowance with amounts determined under the Scheme.

(i) Provision for receivables from customers in respect of securities transactions, financial support and advances to customers who purchase and sell securities of SHB Securities Joint Stock Company, a subsidiary of the Bank

Receivables are subject to review for impairment 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. The rate of provision for the overdue receivables is determined under the same policies applicable to other receivables as described in Note3(p).

(ii) Treatment of bad debts

According to Circular 02 and Circular 09, 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 bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

(iii) Provision for off-balance sheet commitments

According to Circular 02 and Circular 09, the classification of off-balance sheet items are made only for purpose of managing and supervising quality of credit provision. No provision 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(k).

(k) Derivative financial instruments

(i) 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 and will be paid in cash. 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 balance sheet. 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 recognized 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 balance sheet. This difference is amortised to the consolidated statement of income on a straight-line basis over the term of the swap contracts.

(ii) Interest rate swap contracts

The contract value in basic interest rate swaps of the same currency is not recognised in the consolidated balance sheet.

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 balance sheet. 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 balance sheet in the same manner with the contract value of currency forward contracts. These contracts are accounted 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/period 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 -5years
 Means of transportation 	6-10years
 Office equipment 	3 - 7years
 Other tangible fixed assets 	4 - 7 years

(n) Intangible fixed assets

(i) 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.

(ii) 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.

(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.

(o) Investment property

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. No depreciation is charged to indefinite land use rights.

(q) Other assets

Other assets, except 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. Provision expense is recorded in "Allowance and provision expenses" during the year.

For the overdue receivables, the provision rates are determined in accordance with Circular 228 and Circular 89 as follows:

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%

Adoption of accounting policies under the Scheme

Upon adoption of accounting policies under the Scheme described in Note 3(c), for doubtful debts of HBB, SHB recorded allowance for bad debt/reversed recognised interest receivables with an amount determined in accordance with the Scheme.
(q) Other provision

Other provision, except for the allowance described in Note3(e), 3(f), 3(g), 3(h), 3(k) and3(p) is recognised if, as a result of a past event, the Bank 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.

(r) Deposits from customers

Deposits from customers are stated at their cost.

(s) Valuable papers issued

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

(t) Other payables

Other payables are stated at their cost.

(u) Merger of VVF

The merger of VVFis accounted for at the date on which control is transferred to the Bank. In assessing control, potential voting rights that are exercisable at the time of assessment are taken into account.

(v) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(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

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity and presented as a reduction in total equity.

(w) Reserves and funds

(i) Reserves and funds of the Bank

According to Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government of Vietnamon financial system for credit institutions ("Decree57"), the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	Share capital
Financial reserve	10% of profit after tax	25% of share capital

The financial reserve is used to cover losses incurred during the normal course of business. These 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 is approved by the shareholders in the General Shareholders Meeting. Other equity fundsare not required by law and are fully distributable.

(ii) Reserves and funds of subsidiaries

SHB Debt and Asset Management One Member Company Limited ("SHAMC")

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 Bank. Reserves and other equity funds are made from profit after tax at year-end.

SHB Securities Joint Stock Company ("SHBS")

The reserves and funds are allocated by SHBS in accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	10% charter capital
Financial reserve	5% of profit after tax	10% charter capital

Other equity funds are allocated according to decision of General Shareholders Meeting.

Saigon - Hanoi Bank Lao Limited ("SHB Laos")

Under the Law on Commercial Banking dated 16 January 2007, foreign banks are required to allocate part of their profits to the following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds

According to Decision No. 508/BFIS issued by Bank of the Lao P.D.R on 2 October 2009, allocation rate to regulatory reserve fund applicable to foreign branches shall be nofitied to each branch by the Lao PDR. Under the guidance from the Accounting Department of the Lao P.D.R, the allocation rate to regulatory reserve fund applicable to the Branch is 10% of profit after tax.

	Annual allocation	Maximum balance
Regulatory reserve fund	10% of profit after tax	Unlimited
Business expansion fund and other funds	As per decision of the Board of Management	Unlimited

Other subsidiaries

Other subsidiaries make reserves and funds according to the Bank's guidance. The allocation rates are normally consistent with those applicable to credit institutions under Decree 57.

(n) Bonus and welfare funds

Bonus and welfare funds are allocated 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.

(0) Revenue

(i) Interest income

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 in accordance with the policy as described in Note 3(k) which is recognised upon receipt. When loans are classified in Group 2 to Group 5 as defined in Note 3(k), interest receivable will be removed and recorded as off-balance sheet items. Interest on these loans are recognised in the consolidated statement of income upon receipt.

Interest income from repo contracts, financial support and advances to customers of SHBS is recognised in the consolidated statement of income on an accrual basis unless the recoverability is uncertain.

(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.

(z) Interest expenses

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

(p) Fee and commission expenses

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

(q) 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.

(r) Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income.

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 balance sheet 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.

(s) Basic earnings per share

SHB presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

(t) 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.

(u) Related parties

Parties are considered to be related to SHB if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where SHB and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the investors and their subsidiaries and associates.

(v) Commitments and contingent liabilities

At any point of time, SHBhas 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.

4. Cash and gold on hand

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand in VND	765,199	1,588,869
Cash on hand in foreign currencies	525,163	308,074
Gold	1,332	20,917
	1,291,694	1,917,860

5. Balances with State Banks

	31/12/2016 VND million	31/12/2015 VND million
Current account at the State Bank of Vietnam (i)	1,880,377	2,368,278
Balances with the Bank of Lao P.D.R (ii)	185,140	637,167
Balances with the National Bank of Cambodia (iii)	653,240	1,357,073
	2,718,757	4,362,518

(i) Deposits at the State Bank of Vietnam ("the SBV") consist of a compulsory reserve for liquidity and a current account.

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 in scope.

Year-endCRR rates were as follows:

Demosite in scone	CRR rates	
Deposits in scope	31/12/2016	31/12/2015
Preceding month's average balances of:		
 Deposits in foreign currencies other than VND with term of less than 12 months 	8.00%	8.00%
 Deposits in foreign currencies other than VND with term of and more than 12 months 	6.00%	6.00%
 Deposits in VND with term of less than 12 months 	3.00%	3.00%
 Deposits in VND with term of and more than 12 months 	1.00%	1.00%

Year-endannual interest rates were as follows:

	31/12/2016	31/12/2015
Compulsory reserve requirement in VND	1.20%	1.20%
Compulsory reserve requirement in USD	0.00%	0.00%
Demand deposits in VND	0.05%	0.05%
Demand deposits in USD	0.00%	0.00%

(iii) Balances with the Bank of Lao P.D.R (the "BOL") include the margin deposit of the Bank in Lao Kip ("LAK") and other foreign 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	
Deposits in scope	31/12/2016	31/12/2015
 Deposits in foreign currencies other than LAK with term of less than 12 months 	10.00%	10.00%
 Deposits in foreign 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%	5.00%
 Deposits in LAK with term of and more than 12 months 	0.00%	0.00%

The margin deposits at the BOL are interest free.

(iv) Balances with National Bank of Cambodia include the margin deposit of the Bank in Cambodia Riels ("KHR") and other foreign 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:

Demosite in scone	CRR rates	
Deposits in scope	31/12/2016	31/12/2015
 Deposits in foreign 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.

Year-endannual interest rates were as follows:

	31/12/2016	31/12/2015
Compulsory reserves requirement in USD	0.23%	0.10%
Compulsory reserves requirement in KHR	0.00%	0.00%
Demand deposit in USD	0.00%	0.50%
Demand deposit in KHR	0.00%	0.75%

6. Balances with and loans to other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Current accounts		
Current accounts in VND	11,706,516	4,904,093
Current accounts in foreign currencies	613,878	1,664,526
Term deposits		
Term deposits in VND	8,165,137	15,405,137
Term deposits in foreign currencies	2,745,028	3,962,090
	23,230,559	25,935,846
Loans to other credit institutions		
Loans in VND	6,911,000	3,863,000
Allowance for loans to other credit institutions (i)	(5,137)	(5,137)
	30,136,422	29,793,709

Portfolio ofbalances with and loans to other credit institutions by loan group was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Group 1 - Current	17,816,028	23,225,090
Group 5 - Loss	5,137	5,137
	17,821,165	23,230,227

Allowance for balances with and loans to other credit institutions consists of:

	31/12/2016 VND million	31/12/2015 VND million
Specific allowance	5,137	5,137

Movements in specific allowance for balances with and loans to other credit institutions were as follows:

	2016 VND million	2015 VND million
Opening balance	5,137	5,137
Increase due to merger of VVF	15,000	-
Allowance reversed during the year (Note32)	(15,000)	-
Closing balance	5,137	5,137

Year-end annual interest rateswere as follows:

	31/12/201 6	31/12/201 5
Term deposits in VND	4.50% - 5.50%	3.90% - 5.40%
Term deposits in foreign currencies	0.10% - 1.11%	0.15% - 1.20%
Loans in VND	3.50% - 6.00%	3.80% - 6.50%

7. Securities held for trading

	31/12/2016 VND million	31/12/2015 VND million
Equity securities		
Shares issued by local economic institutions	1,008	70,927
Shares issued by local credit institutions	64,374	-
Allowance for diminution in the value of securities held for trading(i)	(24,483)	(16,549)
	40,899	54,378

Listing status of securities held for trading was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Equity securities		
Listed	25,427	26,570
Unlisted	39,955	44,357
	65,382	70,927

(i) Movements allowance for diminution in the value of securities held for trading were as follows:

	2016 VND million	2015 VND million
Opening balance	16,549	19,049
Allowance made/(reversed) during theyear(Note28)	7,934	(2,500)
Closing balance	24,483	16,549

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 of the effective date of the contract)	Total book value (at exchange rate of reporting dat			
		Assets	Liabilities	Net	
	VND million	VND million	VND million	VND million	
As at 31 December 2016					
Forward transactions	7,407,386	13,424	-	13,424	
Swap transactions	1,675,003	31,154	-	31,154	
	9,082,389	44,578	-	44,578	
As at 31 December2015					
Forward transactions	4,533,809	-	(8,028)	(8,028)	
Swap transactions	799,679	-	(91,983)	(91,983)	
	5,333,488	-	(100,011)	(100,011)	

9. Loans to customers

	31/12/2016 VND million	31/12/2015 VND million
Loans to domestic business entities and individuals	161,341,033	130,402,393
Loans granted from other borrowed and entrusted funds	808,887	784,280
Payments on behalf of customers	47,338	35,933
Discounted bills	6,299	6,823
	162,203,557	131,229,429
Receivables from securities transactions of SHBS	172,628	197,764
	162,376,185	131,427,193

Loan portfolio by loan group was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Group 1-Current	156,920,432	127,042,671
Group 2-Special mentioned	2,239,145	1,924,083
Group 3-Sub-standard	263,785	181,863
Group 4-Doubtful	993,341	798,176
Group 5-Loss	1,786,854	1,282,636
Receivables from securities transactions of SHBS	172,628	197,764
	162,376,185	131,427,193

Loan portfolio by term was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Short term loan	73,797,009	56,097,040
Medium term Ioan	38,022,985	35,346,301
Long term loan	50,383,563	39,786,088
Receivables from securities transactions of SHBS	172,628	197,764
	162,376,185	131,427,193

Portfolio of loans to customers by ownership and customer type was as follows:

	31/12/2016 VND million	%	31/12/2015 VND million	%
Loans to economic entities				
State-owned enterprises	7,231,657	4.45	5,855,667	4.46
One-member limited state-owned enterprises	12,412,504	7.64	10,171,688	7.74
Other limited companies	24,494,250	15.08	26,459,450	20.13
Joint stock companies in which the State's holding percentage is more than 50% (dominating percentage)	15,114,294	9.31	10,991,218	8.36
Other joint stock companies	69,049,630	42.52	51,319,976	39.05
Partnerships	96,250	0.06	3,122	0.00
Private companies	1,565,104	0.96	1,263,687	0.96
Foreign invested enterprises	59,215	0.04	78,411	0.06
Cooperatives, cooperative unions	64,345	0.05	42,875	0.03
Loans to individuals				
Household business, individuals	30,331,453	18.68	23,230,822	17.68
Other loans				
Other economic sectors	1,784,855	1.11	1,812,513	1.39
	162,203,557	99.89	131,229,429	99.85
Receivables from securities transactions of SHBS	172,628	0.10	197,764	0.15
	162,376,185	100.00	131,427,193	100.00

Loan portfolio by industry sectors was as follows:

	31/12/2016 VND million	%	31/12/2015 VND million	%
Agriculture, forestry and aquaculture	34,501,644	21.25	26,984,705	20.53
Mining	8,483,683	5.22	6,534,738	4.97
Manufacturing and processing	25,232,054	15.54	20,032,465	15.24
Electricity, gas, hot water, steam and air- conditioning	8,427,214	5.19	6,233,780	4.74
Water supplying and garbage and sewage treatment and management	154,238	0.09	109,289	0.08
Construction	22,636,557	13.94	19,309,760	14.69
Wholesale and retail trade; repair of motor vehicles, motor cycles	25,922,633	15.96	20,587,147	15.66
Transport, warehouse	3,326,876	2.05	3,406,075	2.59
Hospitality services	1,213,657	0.75	931,310	0.71
Information and communications	143,909	0.09	112,641	0.09
Finance, banking and insurance	983,861	0.61	641,715	0.49
Real estates trading	10,597,684	6.53	9,315,326	7.09
Science and technology	591,889	0.36	351,226	0.27
Administrative activities and supporting service	1,237,078	0.76	1,473,191	1.12
Party, unions, state management, security and national defence, social guarantee	51,676	0.03	19,266	0.01
Education and training	179,654	0.11	44,792	0.03
Health care and social work	137,533	0.08	82,149	0.06
Art, playing and recreation	313,037	0.19	201,605	0.15
Other service activities	17,758,144	10.94	14,830,420	11.28
Households services	310,536	0.19	27,829	0.02
	162,203,557	99.90	131,229,429	99.85
Receivables from securities transactions of SHBS	172,628	0.10	197,764	0.15
	162,376,185	100.00	131,427,193	100.00

Year-end annual interest rates were as follows:

	31/12/2016	31/12/2015
Loans and advances in VND	7.00% - 15.00%	5.00% - 11.23%
Loans and advances in USD	2.00% - 8.00%	1.00% - 5.04%
Loans and advances in other foreign currencies	2.00% - 6.00%	1.00% - 5.04%

10. Allowance for loans and advances to customers

Allowance for loans and advances to customers consists of:

	31/12/2016 VND million	31/12/2015 VND million
General allowance (i)	1,066,332	948,355
Specific allowance (ii)	731,053	473,031
	1,797,385	1,421,386

Movements in general allowance for loans and advances to customers were as follows:	advances to cust	tomers were as t	follows:			
		2016			2015	
	Vietnam	Foreign branches	Total	Vietnam	Foreign branches	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	897,197	51,158	948,355	899,152	36,965	936,117
Allowance made/(reversed) in the year (Note32)	120,589	(3,552)	117,037	(1,955)	13,175	11,220
Increase due to merger of WVF	940	ı	940	ı	I	ı
Foreign exchange difference	ı	ı	I	ı	1,018	1,018
Closing balance	1,018,726	47,606	1,066,332	897,197	51,158	948,355
Movements in specific allowance for loans and advances to customers were as follows: 2016	dvances to custc	omers were as fo	ollows:		2015	
	Vietnam	Foreign branches	Total	Vietnam	Foreign branches	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	469,952	3,079	473,031	101,811	9,320	111,131
Allowance made in the year (Note32)	354,384	54,938	409,322	684,287	15,325	699,612
Increase due to merger of WVF	15,403	ı	15,403	I	I	I
Allowance utilised during the year	(167,263)	I	(167,263)	(316,146)	(21,566)	(337,712)
Foreign exchange difference	I	560	560	I	I	I

For the loans granted to Vinashin and Vinalines, and bad debts of HBB, the Bank recognised allowance amounts determined under the Scheme as described inNote 3(c).

473,031

3,079

469,952

731,053

58,577

672,476

Closing balance

at 31 December 2016

Notes to the consolidated financial statement (continues)

11. Investment securities

	31/12/2016 VND million	31/12/2015 VND million
Available-for-sale securities		
Debt securities		
 Government Securities 	6,426,047	3,972,390
Securities issued by other local credit institutionsSecurities issued by local economic entities	2,599,788 1,729,064	131,064 3,328,316
Equity securities		
 Securities issued by other local credit institutions 	796	11,689
 Securities issued by local economic entities 	32,802	36,424
	10,788,497	7,479,883
Allowance for available-for-sale securities (i)	(125,790)	(97,342)
	10,662,707	7,382,541
Held-to-maturity securities		
 Government Securities 	-	1,726,735
 Securities issued by other local credit institutions 	999,879	999,866
 Securities issued by local economic entities 	615,529	673,019
 Special bondsissued by VAMC 	7,824,445	6,999,873
	9,439,853	10,399,493
Allowance for held-to-maturity securities (ii)	(1,255,937)	(465,383)
	8,183,916	9,934,110
	18,846,623	17,316,651

The term and annual interest of debt securities at the year-end were as follows:

	31/1	2/2016	31/1	2/2015
	Term	Interest rate per annum	Term	Interest rate per annum
Available-for-sale securities				
Government bonds	5 years	6.00% - 6.30%	2 - 10 years	5.60% - 12.70%
Bonds issued by local credit institutions	3 - 10 years	8.00% - 9.20%	1 - 10 years	10.33% - 11.75%
Bonds issued by local economic entities	3 - 15 years	8.90% - 16.25%	3 - 15 years	8.30% - 16.25%

	31/1	2/2016	31/1	2/2015
	Term	Interest rate per annum	Term	Interest rate per annum
Held-to-maturity securities				
Government bonds	-	-	2 - 5 years	6.50% - 13.20%
Bonds issued by local credit institutions		8.20%	10 years	8.20%
Bonds issued by local eco- nomic entities		8.90% - 15.25%	5 - 10 years	8.20% - 15.25%

(i) Movements in allowance for diminution in the value of available-for-sale securities were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Allowance for available for sale securities (*)	33,050	37,629
General allowance for available for sale securities (**)	17,740	59,713
Specific allowance for available for sale securities (***)	75,000	-
	125,790	97,342

(*) Movements in allowance for available for sale securities during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	37,629	6,921
Allowance (reversed)/made during the year (Note 29)	(4,579)	30,708
	33,050	37,629

(**) Movements in general allowance for available for sale securities during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	59,713	26,685
Allowance (reversed)/made during the year (Note 29)	(41,973)	33,028
	17,740	59,713

2016
VND million2015
VND millionOpening balance-Increase due to merge of VVF30,000Allowance made during the year (Note 29)45,00075,000-

(***) Movements in specific allowance for available for sale securities during the year were as follows:

(iii) Movements of allowance for held-to-maturity securities were as follows:

	2016 VND million	2015 VND million
Allowance for bonds issued by local economic entities(*)	1,050	1,050
Allowance for bonds issued by VAMC (**)	1,254,887	464,333
	1,255,937	465,383

(*) Movements in allowance for bonds issued by local economic entitieswere as follows:

	2016 VND million	2015 VND million
Opening balance	1,050	390
Allowance made in the year (Note 28)		660
Closing balance	1,050	1,050

(**) Movements in allowance for bonds issued by VAMCwere as follows (Note 3(g)(iv)):

	2016 VND million	2015 VND million
Opening balance	464,333	333,039
Allowance made in the year (Note 32)	790,554	131,294
Closing balance	1,254,887	464,333

Portfolio of unlisted debt securities (excluding Government bonds, Government-guaranteed bonds and special bonds) classified as assets exposed to credit risk by loan group was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Current	5,200,317	4,490,888
Sub-standard	684,000	728,850
	5,884,317	5,219,738

12. Long-term investments

Portfolio by type of investments was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Other long-term investments- cost (i)	229,393	313,397
Allowance for diminution in the value of long-term investments (ii)	(6,444)	(9,988)
	222,949	303,409

Details of other long-term investments were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Investments in economic entities	198,236	214,486
Investments in financial institutions	31,157	98,911
	229,393	313,397

Movements in allowance for diminution in the value of long-term investments were as follows:

	2016 VND million	2015 VND million
Opening balance	9,988	20,558
Allowance reversed in the year (Note31)	(1,464)	(10,570)
Allowance utilised in the years	(2,080)	_
Closing balance	6,444	9,988

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Year ended 31 December 2016

	Buildings and structures	Machines and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Cost						
Balance at 1 January 2016	234,555	293,825	173,193	86,450	25,340	813,363
Purchases during the year	80,549	21,033	30,670	6,127	3,122	141,501
Increase due to merger of VVF	25,005	112	2,174	2,866	I	30,157
Disposals	(15,144)	(148)	(3,979)	(1,766)	(1,739)	(22,776)
Foreign exchange difference	325	45	23	99	I	459
Balance at 31 December 2016	325,290	314,867	202,081	93,743	26,723	962,704
Accumulated depreciation						
Balance at 1 January 2016	66,560	191,458	102,961	73,442	17,924	452,345
Charge for the year	17,171	36,230	19,881	8,516	7,468	89,266
Increase due to merger of VVF	5,775	112	2,173	2,340	I	10,400
Foreign exchange difference	(5,867)	(276)	(3,991)	(1,697)	(1,522)	(13,353)
Balance at 31 December 2016	83,639	227,524	121,024	82,601	23,870	538,658
Net book value						
Balance at 1 January 2016	167,995	102,367	70,232	13,008	7,416	361,018
Balance at 31 December 2016	241,651	87,343	81,057	11,142	2,853	424,046

	Buildings and structures	Machines and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Cost						
Balance at 1 January 2015	202,342	296,991	169,702	84,808	24,519	778,362
Purchases during the year	31,594	17,847	5,621	2,718	2,931	60,711
Increase due to completion, acquisition of fixed assets	146	5,978	I	63	I	6,187
Disposals	(166)	(27,107)	(2,215)	(1,271)	(2,110)	(32,869)
Foreign exchange difference	639	116	85	132	I	972
Balance at 31 December 2015	234,555	293,825	173,193	86,450	25,340	813,363
Accumulated depreciation						
Balance at 1 January 2015	49,477	177,643	85,821	63,940	17,575	394,456
Charge for the year	17,037	40,282	19,201	10,702	2,367	89,589
Disposals	(95)	(26,525)	(2,098)	(1,272)	(2,018)	(32,008)
Foreign exchange difference	141	58	37	72	I	308
Balance at 31 December 2015	66,560	191,458	102,961	73,442	17,924	452,345
Net book value						
Balance at 1 January 2015	152,865	119,348	83,881	20,868	6,944	383,906
Balance at 31 December 2015	167,995	102,367	70,232	13,008	7,416	361,018

Year ended 31 December 2015

Other information on tangible fixed assets

	31/12/2016 VND million	31/12/2015 VND million
Cost of tangible fixed assets fully depreciated but still in active use	192,613	152,948

14. Intangible fixed assets

Year ended 31 December 2016

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
Cost				
Balance at 1 January 2016	3,629,594	183,424	35,493	3,848,511
Purchases during the year	5,356	21,668	4,695	31,719
Increase due to merger of VVF	-	2,756	-	2,756
Disposals	(156,032)	-	-	(156,032)
Other movements	(38)	-	-	(38)
Balance at 31 December 2016	3,478,880	207,848	40,188	3,726,916
Accumulated amortisation				
Balance at 1 January 2016	5,489	130,729	17,045	153,263
Charge for the year	158	28,310	5,481	33,949
Increase due to merger of VVF	-	1,709	-	1,709
Other movements	-	-	(11)	(11)
Balance at 31 December 2016	5,647	160,748	22,515	188,910
Net book value				
Balance at 1 January 2016	3,624,105	52,695	18,448	3,695,248
Balance at 31 December 2016	3,473,233	47,100	17,673	3,538,006

Year ended 31 December 2015

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
Cost				
Balance at 1 January 2015	3,629,594	179,022	35,493	3,844,109
Purchases during the year	-	4,402	-	4,402
Balance at 31 December 2015	3,629,594	183,424	35,493	3,848,511
Accumulated amortisation				
Balance at 1 January 2015	5,332	103,343	13,590	122,265
Charge for the year	157	27,386	3,455	30,998
Balance at 31 December 2015	5,489	130,729	17,045	153,263
Net book value				
Balance at 1 January 2015	3,624,262	75,679	21,903	3,721,844
Balance at 31 December 2015	3,624,105	52,695	18,448	3,695,248

Other information on intangible fixed assets

	31/12/2016 VND million	31/12/2015 VND million
Cost of intangible fixed assets fully amortised but still in active use	48,360	16,441

15. Investment property

Movements of investment property for the year ended 31 December 2016

	Buildings and structures VND million	Land use rights VND million	Total VND million
Cost			
Balance at 1 January 2016	3,822	13,579	17,401
Balance at 31 December 2016	3,822	13,579	17,401
Accumulated depreciation			
Balance at 1 January 2016	446	-	446
Charge for the period	140	-	140
Balance at 31 December 2016	586	-	586
Net book value			
Balance at 1 January 2016	3,376	13,579	16,955
Balance at 31 December 2016	3,236	13,579	16,815

Movements of investment property for the year ended 31 December 2015

	Buildings and structures	Land use rights	Total
	VND million	VND million	VND million
Cost at the beginning and at the end of the year			
Balance at 1 January 2015	3,822	13,579	17,401
Balance at 31 December 2015	3,822	13,579	17,401
Accumulated depreciation			
Balance at 1 January 2015	306	-	306
Charge for the year	140	-	140
Balance at 31 December 2015	446	-	446
Net book value			
Balance at 1 January 2015	3,516	13,579	17,095
Balance at 31 December 2015	3,376	13,579	16,955

16. Other assets

	31/12/2016 VND million	31/12/2015 VND million
Receivables	1,705,468	1,950,668
 Receivables (i) 	1,590,973	1,773,024
 Purchase of fixed assets and construction in progress (ii) 	114,495	177,644
Accrued interest and fee receivables	7,875,554	8,872,126
Other assets (iii)	6,719,575	6,124,385
 Trusted investments 	1,926,309	1,926,959
 Other assets 	4,793,266	4,197,426
Allowance for other assets (iv)	(212,446)	(70,592)
	16,088,151	16,876,587

(i) Receivables

	31/12/2016 VND million	31/12/2015 VND million
Internal receivables	73,950	144,779
 Receivables from employees 	66,244	114,039
 Other internal receivables 	7,706	30,740
External receivables	1,517,023	1,628,245
 Margin deposits 	19,096	17,006
 Advance to State Budget (Note 38) 	229	229
 Receivables from State Budget 	62,751	50,914
 Receivables of SHBS 	63,086	78,801
 Prepaid expenses 	286,613	267,743
 Deposit for securities brokerage 	70,000	-
 Other receivables 	782,625	622,836
 Bad debts sold to VAMC, not received special bonds 	232,623	590,716
	1,590,973	1,773,024

(ii) Purchase of fixed assets and construction in progress

	31/12/2016 VND million	31/12/2015 VND million
Office and land use rights	33,778	38,991
Construction in progress	71,552	109,947
Others	9,165	28,706
	114,495	177,644

(iii) Other assets

	31/12/2016 VND million	31/12/2015 VND million
Outstanding trusted investments of HBB (*)		
Trusted investments for portfolio management	651	651
Trusted investments for REPO	1,405,398	1,406,048
Other trusted investments	520,260	520,260
	1,926,309	1,926,959
Other assets		
Materials and equipment	9,050	8,133
Prepaid expenses	165,682	1,230,936
Foreclosed assets	1,278,693	1,063,259
Deferred interbank settlements	2,123,118	409,066
Frozen Ioans - Vinashin	948,584	1,048,584
Real estates for sale of SHBAMC	133,139	213,448
Other assets	135,000	224,000
	4,793,266	4,197,426
	6,719,575	6,124,385

(iv) Allowance for other assets

Allowance for other on-balance sheet assets includes:

	31/12/2016 VND million	31/12/2015 VND million
Allowance for receivables	82,746	70,592
Allowance for outstanding trusted investments (*)	129,700	-
	212,446	70,592

(*) For outstanding financial assets (mainly from HBB) which currently include accrued interest and fee receivables and other assets, the Bank made allowance for bad debt/reverse recognised interest receivables at amounts determined under the Scheme as described in Note 3(c).

Movements in allowance for other on-balance sheet assets were as follows:

Year ended 31 December 2016	Allowance for outstanding trusted investments	Allowance for receivables	Total
	VND million	VND million	VND million
Opening balance	-	70,592	70,592
Allowance made in the year (Note 31)	129,700	18,259	147,959
Allowance utilised during the year	-	(6,105)	(6,105)
Closing balance	129,700	82,746	212,446

Year ended 31 December 2016	Allowance for outstanding trusted investments VND million	Allowance for receivables VND million
Opening balance	-	51,997
Allowance made in the year (Note 31)	-	18,595
Closing balance	-	70,592

17. Amounts due to the Government and the State Banks

	31/12/2016 VND million	31/12/2015 VND million
Borrowings from SBV		
Borrowings based on credit facilities	1,038,428	268,629
Borrowings on discounted and rediscounted valuable papers	1,533,992	3,956,286
	2,572,420	4,224,915

Borrowings from the Government and SBV included the borrowing based on credit facilities from SBV with a term of 12 months and the interest rate of 3.5% per annum (31/12/2015: from 15 days to 1 year, interest rate from 3.00% to 5.00% per annum).

18. Deposits and borrowings from other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Demand deposits		
Demand deposits in VND	11,834,285	4,832,380
Demand deposits in foreign currencies	56,375	55,791
Term deposits		
Term deposits in VND	9,236,500	14,850,000
Term deposits in foreign currencies	2,172,097	4,581,577
	23,299,257	24,319,748
Borrowings in VND	8,511,444	3,038,422
Borrowings in foreign currencies	1,082,467	14,995
Borrowings under Financial projects (*)	416,264	772,618
	10,010,175	3,826,035
	33,309,432	28,145,783

(*) These are borrowings from International Development Association (World Bank) under Rural Finance Project II and III through the Ministry of Finance to provide loans to households for the rural development and poverty reduction in Vietnam. Loans to households bear interest rates as declared by the Bank from period to period.

Year-end annual interest rates were as follows:

	31/12/2016	31/12/2015
Term deposits in VND	1.90% - 5.90%	3.80% - 5.40%
Term deposits in foreign currencies	0.10% - 1.75%	0.60% - 5.00%
Borrowings in VND	3.30% - 6.00%	3.75% - 6.50%
Borrowings in foreign currencies	1.51% - 2.36%	1.88%

19. Deposits from customers

	31/12/2016	31/12/2015
	VND million	VND million
Demand deposits		
Demand deposits in VND	17,487,501	17,282,328
Demand deposits in foreign currencies	1,573,423	3,019,900
Term deposits		
Term deposits in VND	132,528,676	113,419,890
Term deposits in foreign currencies	13,793,905	14,423,689
Deposits for specific purposes		
Deposits for specific purposes in VND	204	-
Deposits for specific purposes in foreign currencies	24,185	2,057
Margin deposits		
Margin deposits in VND	1,156,856	385,712
Margin deposits in foreign currencies	11,467	277,976
Transfer payables		
Transfer payables in foreign currencies	-	17,324
	166,576,217	148,828,876

Deposits from customers by type of customers were as follows:

	31/12/2016 VND million	31/12/2015 VND million
State-owned enterprises	3,462,816	5,103,029
One-member limited 100% state-owned enterprises	11,192,275	12,170,752
Other limited companies	6,278,950	4,694,217
Joint stock companies in which the State's holding per- centage is more than 50%	13,612,181	11,952,400
Other joint stock companies	17,585,129	14,167,414
Partnerships	114	243,639
Private companies	1,486,953	70,760
Foreign invested enterprises	1,308,756	1,034,625
Cooperatives, cooperative unions	111,576	40,950
Household business, individuals	102,675,897	90,954,479
Administrative units, parties, unions and associations	2,987,414	1,083,214
Others	5,874,156	7,313,397
	166,576,217	148,828,876

Year-end annual interest rates were as follows:

	31/12/2016	31/12/2015
Term deposits in VND	0.00% - 8.30%	1.00% - 7.10%
Term deposits in foreign currencies	0.00% - 5.85%	0.00% - 1.00%

In case customers withdraw term saving deposits prior to the maturity date, interest shall be applied depending on the Bank's policy from period to period in conformity with the SBV's regulations.

20. Other borrowed and entrusted funds

	31/	/12/2016	31	/12/2015
	VND million	Interest rate/ annum	VND million	Interest rate/ annum
Medium-term, long-term borrowings from Small and Medium Enterprise Development Fund - Phase II and Phase III (i)	389,848	0.40% - 0.41%	402,291	5.64%
Long - term borrowings from Renewable Energy Development Project (ii)	419,039	4.73% - 5.75%	12,341	4.76%
	808,887		414,632	

- (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 the Bank in different periods. Principal and interest on these loans are paid every three months.
- (ii) Long-term borrowings from Renewable Energy Development Project are borrowings from International Development Association through the Ministry of Finance, the Ministry of Industry and Trade to provide loans to renewable energy projects. Interest rate of these loans is a weighted average of interest rates of customer deposits in VND with terms ranging from 0 to 12 months published quarterly by the SBV, adjusted by interest margin and the deduction rate as regulated by the Ministry of Finance. Principal and interest on these loans are paid every six months.

21. Valuable papers issued

	31/12/2016 VND million	31/12/2015 VND million
Promissory notes (i)	13,767,675	8,217,648
Bond issued by SHBS		41,800
	13,767,675	8,259,448

(i) Promissory notes issued include:

	31	/12/2016	31/	12/2015
Terms	VND million	Interest rate/ annum	VND million	Interest rate/ annum
Under 12 months	9,567,675	6.50% -7.20%	6,017,648	6.50% - 7.50%
From 12 months to 5 years	1,200,000	7.00%	1,200,000	7.00%
Over 5 years	3,000,000	8.20%	1,000,000	8.20%
	13,767,675	-	8,217,648	

22. Other liabilities

	31/12/2016 VND million	31/12/2015 VND million
Accrued interest and fee payables	3,204,877	3,053,554
Other payables and other liabilities	476,659	419,159
Internal payables	27,639	23,722
 Bonus and welfare funds 	24,009	13,680
 Other internal payables 	3,630	10,042
External payables	449,020	395,437
 Taxes and others payable to State Budget (i) 	117,598	79,542
 Amounts awaiting settlements and other payables 	274,454	313,461
 Unearned revenue 	56,747	13
 Other payables 	221	2,421
	3,681,536	3,472,713

(ii) Taxes and others payable to State Budget

	31/12/2016 VND million	31/12/2015 VND million
Value added tax	41,891	1,414
Corporate income tax	60,315	63,597
Other taxes	15,392	14,531
	117,598	79,542

Details of taxes payable are presented in Note 38.

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Changes in capital and reserves of the Bank for the year ended 31 December 2016 and 31 December 2015 were as follows:

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve	Financial Supplemental reserve capital reserve	Other reserves	Non controlling interest	Retained earnings	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
As at 1 January 2016	9,485,945	101,716	(5,260)	20,013	588,896	254,899	'	2,721	808,832	11,257,762
Net profit for the year	I			I	I	I	1	(187)	913,248	913,061
Reclassification of financial reserve	I	I	'	5,000	(20,000)	15,000	1	I		I
Increase due to merger of VVF (*)	1,000,000	I	I	I	31,938	16,307	1,022	I	27,546	1,076,813
Increase in capital due to payment of share dividends	710,946	I	I	I	I	I	I	I	(710,946)	I
Minority shareholders reserves	I	I	I	I	228	I	I	(228)	I	I
Appropriation to bonus and welfare funds	I	I	I	I	I	I	I	I	(15,901)	(15,901)
Temporary appropriation to funds	1 1	1	1 1	1 1	81,870	43,090 (A)	1 1	1 1	(124,960)	- ((71)
	11 106 801	212 101	(196 3)	7E 012	60 603			שטכ ר		(70) (7)
			1007101		1011200	74/14	440/1	2000/4		
As at 1 January 2015 Net profit for the year	8,865,795	101,716	(5,260)	13	517,699	216,751		2,908	783,350 795187	10,482,972 795 156
Tax on profit retained of								(07)	201,00	
Cambodian branch	I	I	I	1	I	1	I		(6,276)	(6,276)
Appropriation to investments and developments fund	I	I	I	20,000	·	I	ı	ı	(20,000)	I
Appropriation to bonus and welfare funds	I	I	I	I	I	I	I	I	(15,426)	(15,426)
Increase in capital due to payment of share dividends	620,150	I	I	I	I	I	I	I	(620,150)	
Foreign exchange differences	I	ı	I	I	I	I	I	ı	1,497	1,497
Temporary appropriation to funds	I	I	I	I	71,197	38,148	I	ı	(109,345)	
Payment of dividends to SHBS	I	'	'	I	'	1	'	(161)	'	(161)
As at 31 December 2015	9,485,945	101,716	(5,260)	20,013	588,896	254,899	'	2,721	808,832	11,257,762

(*) VND1,000 billion was added to SHB's capital as at 31 December 2016 due to merger of VVF in accordance with Official Letter No. 681 2/NHNN-TTGSNH of the SBV.

Notes to the consolidated financial statement (continues) at 31 December 2016

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Share capital

	31/12/	/2016
	Number of shares	VND million
Shares registered for issuance	1,119,689,100	11,196,891
Issued share capital		
Ordinary shares	1,119,689,100	11,196,891
Number of shares repurchased		
Ordinary shares	496,186	4,962
Shares in circulation		
Ordinary shares	1,119,192,914	11,191,929

	31/12/2	016
	Number of shares	VND million
Shares registered for issuance	948,594,461	9,485,945
Issued share capital		
Ordinary shares	948,594,461	9,485,945
Number of shares repurchased		
Ordinary shares	496,186	4,962
Shares in circulation		
Ordinary shares	948,098,275	9,480,983

Nominal value of the Bank's ordinary share is 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.

Movements in share capital during the year were as follows:

	201	6	20	15
	Number of shares	VND million	Number of shares	VND million
Opening balance	948,098,275	9,480,983	886,083,361	8,860,833
Payment of share dividends	71,094,639	710,946	62,014,914	620,150
Increase due to merger of VVF	100,000,000	1,000,000	-	-
Closing balance	1,119,192,914	11,191,929	948,098,275	9,480,983

24. Dividends

The General Meeting of Shareholders of the Bank on 21 April 2016 resolved to distribute dividends in the form of shares with the rate of 7.5% (24 April 2015: dividends in the form of shares with the rate of 7%).

25. Net interest income

	2016 VND million	2015 VND million
Interest and similar income from		
Balances with other credit institutions	328,026	537,162
Loans to customers and other credit institutions	12,894,127	9,871,676
Investments in debt securities	961,944	889,712
Fees from guarantee services	79,775	146,268
Other credit activities	304,781	546,980
	14,568,653	11,991,798
Interest and similar expenses for		
Deposits	9,301,976	7,670,102
Borrowings	301,591	121,652
Valuable papers issued	722,892	414,761
Other credit activities	66,746	89,129
	10,393,205	8,295,644
Net interest income	4,175,448	3,696,154

26. Net fee and commission income

	2016 VND million	2015 VND million
Fee and commission income from		
Settlement and cash services	135,519	94,129
Treasury services	17,618	15,771
Agency services	91,519	3,092
Consulting services	100,350	16
Other services	64,802	76,980
	409,808	189,988
Fee and commission expenses from		
----------------------------------	---------	--------
Settlement and cash services	21,980	20,210
Treasury services	19,206	10,879
Other services	30,557	61,461
	71,743	92,550
Net fee and commission income	338,065	97,438

27. Net gain from trading of foreign currencies

	2016 VND million	2015 VND million
Gain from trading of foreign currencies		
Spot foreign exchange trading	333,005	169,969
 Income from trading of gold 	1,285	3,386
Financial derivatives	187,792	117,301
	522,082	290,656
Loss from trading of foreign currencies		
 Spot foreign exchange trading 	276,716	124,328
 Expenses for trading of gold 	1,248	8,504
 Financial derivatives 	142,078	131,259
	420,042	264,091
Net gain from trading of foreign currencies	102,040	26,565

38. Net (loss)/gain from trading securities

	2016 VND million	2015 VND million
(Loss)/gain from trading securities	(2,170)	1,660
(Addition)/reversal of allowance for diminution in the value oftrading securities (Note 7)	(7,934)	2,500
Net (loss)/gain from trading securities	(10,104)	4,160

29. Net (loss)/gain from trading of investment securities

	2016 VND million	2015 VND million
Gain /(loss) from trading of available-for-sale securities	8,987	(5,909)
Reversal/(addition) of allowance for diminution in the value of available-for-sale securities(Note 11(i))	4,579	(30,708)
Reversal/(addition) of general allowance for diminution in the value of available-for-sale securities (Note 11(i))	41,973	(33,028)
Addition of specific allowance for diminution in the value of available-for-sale securities (Note 11(i))	(45,000)	-
Net gain/(loss) from trading of investment securities	10,539	(69,645)

30. Net income from other activities

	2016 VND million	2015 VND million
Income from other activities		
Collection of debts written off in prior years	52,998	198,121
Proceeds from disposals of fixed assets	538,765	919
Other incomes	144,460	105,952
Income from other activities	736,223	304,992
Expenses for other activities		
Payment for social work	29,885	28,828
Expenses for disposals of fixed assets	160,710	890
Other expenses	181,312	100,690
Expenses for other activities	371,907	130,408
	364,316	174,584

31. Operating expenses

	2016 VND million	2015 VND million
Tax, duties and fees	35,777	28,389
Expenses for employees	1,393,682	1,217,053
In which:		
Salary and allowances	1,246,423	1,098,820
Salary based contributions	73,781	68,511
• Allowances and other expenses to employees	73,478	49,722
Expenses on assets	413,712	392,414
In which:		
Depreciation of fixed assets	123,355	120,727
Administration expenses:	397,015	330,970
In which:		
• Per diem	13,921	16,625
Union activities	103	828
Insurance fee for customers' deposits	121,078	101,789
Reversal of allowance for diminution in the value	(1,464)	(10,570)
of other long-term equity investments (Note 12)	(1,404)	(10,370)
Other allowance (Note 16)	147,959	18,595
	2,507,759	2,078,640

32. Allowance and provision expenses

	Note	2016 VND million	2015 VND million
Reversal of sepcific allowance for balances with other credit institutions	6	(15,000)	-
General allowance made for loans and advances	10	117,037	11,220
Specific allowance made for loans and advances to customers	10	409,322	699,612
Allowance made for special shares issued by VAMC	11	790,554	131,294
		1,301,913	842,126

33. Income tax

(a) Recognised in the consolidated statement of income

	2016 VND million	2015 VND million
Current tax expense		
Current year	240,523	221,437
Under provision in prior years	2,855	-
Income tax expense	243,378	221,437
Deferred tax expense		
Deferred tax expense	-	461
Income tax expense	243,378	221,898

(b) Reconciliation of effective tax rate

	2016 VND million	2015 VND million
Profit before tax	1,156,439	1,017,054
Adjustments for:		
- Tax exempt income from dividends	(2,127)	(8,565)
- Profits from foreign branch	(74,165)	(57,742)
- Non-deductible expenses	4,884	231

Taxable income	1,085,031	950,978
Income tax expense of the Bank	217,006	209,364
Income tax expense of foreign branch	26,372	12,534
	243,378	221,898

(c) Applicable tax rate

The usual income tax rate applicable to the Bank before any incentives is 20% for 2016 (2015: 22%).

34. Basic earnings per share

(i) Net profit attributable to ordinary shareholders

	2016 VND million	2015 VND million
Net profit attributable to ordinary shareholders for the year	913,248	795,130

(ii) Weighted average number of ordinary shares

	2016	2015 (as restated)	2015 (as previously reported)
Issued ordinary shares at the beginning of the year	1,019,192,914	886,083,361	886,083,361
Effect of shares issued to pay dividens in 2015	-	62,014,914	62,014,914
Effect of shares issued to pay dividens in 2016	-	71,094,639	-
Effect of shares issued for merger of VVF	273,973	-	-
Weighted average number of ordinary shares for the year ended 31 December	1,019,466,887	1,019,192,914	948,098,275

(III) Basic earnings per share

	2016	2015 (as restated)	2015 (as previously reported)
	VND	VND	VND
Basic earnings per share	896	780	839

35. Cash and cash equivalents

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand, gold and gemstone	1,291,694	1,917,860
Balances with the State Banks	2,718,757	4,362,518
Current accounts at other credit institutions	12,320,394	6,568,619
Deposits at other credit institutions with original term not exceeding 3 months	10,011,302	20,912,241
	26,342,147	33,761,238

36. Employee benefits

	2016 VND million	2015 VND million
Total number of employees (person)	6,351	6,083
Employees' income	1,246,423	1,098,820
Average monthly income (VND million)	16,35	15,03

37. Significant transactions with related parties

In the normal course of banking business, the Bank carries out transactions with related parties. The terms of these transactions are in accordance with the Bank's regulations.

Balances of significant transactions with related parties during the year were as follows:

	Bala	nces
	31/12/2016 VND million	31/12/2015 VND million
	Receivables/ (Payables)	Receivables/ (Payables)
Major shareholders		
Loans granted	-	2,242,072
Investments entrusted	-	651
Investments in related parties	71,849	102,700
Interest income receivables from loans, entrusted investments and investment bonds	266,958	850,551
Demand deposits	(188,869)	(811,795)
Term deposits	(1,152,610)	(1,613,122)
Capital contributions from related parties	(1,116,063)	(1,351,002)

Details of transactions with related parties during the year are as follows:

	Transac	tions
	2016 VND million	2015 VND million
	Revenue/ (expenses)	Revenue/ (expenses)
Dividend income from related parties	-	1,350
Interest income from loans	81,445	164,562
Interest income from entrusted investments	-	15,822
Board of Directors and Supervisory Board		
Remuneration for Board of Directors and Supervi- sory Board	13,024	11,404

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Year ended 31 December 2016

Incurred Paid Payable Receivable VND million VND million 106,762 (66,301) 41,891 106,762 (66,301) 41,891 515 515 243,378 (246,439) 60,315 515 243,378 (246,439) 60,315 515 86,412 (85,583) 15,392 517,598 436,552 (398,323) 117,598		1/1/2016	016	Increase due			31/12	31/12/2016
VND million VND million VND million VND million ND million 41,891 ND million 15,392 117,598 117,598 117,598 117,598 117,598 117,598 117,598 117,598 117,598 117,598 1		Payable	Receivable	to merger of VVF	Incurred	Paid Payable	Receivable	
1,414 - 16 106,762 (66,301) 63,597 - (221) 243,378 (246,439) ent - (229) - - - 14,531 - 32 86,412 (85,583) 79,542 (229) (173) 436,552 (398,323) 1		VND million	VND million	VND million	VND million	VND million	VND million	VND million
63,597 - (221) 243,378 (246,439) ent - (229) - <td< td=""><td>Value added tax</td><td>1,414</td><td>I</td><td>16</td><td>106,762</td><td>(66,301)</td><td>41,891</td><td>1</td></td<>	Value added tax	1,414	I	16	106,762	(66,301)	41,891	1
- (229)	Corporate income tax	63,597	I	(221)	243,378	(246,439)	60,315	I
14,531 - 32 86,412 (85,583) 79,542 (229) (173) 436,552 (398,323) 1	Advance for CIT payment	I	(229)	I	I	I	I	(229)
(229) (173) 436,552 (398,323)	Other taxes	14,531	I	32	86,412	(85,583)	15,392	I
	. 1	79,542	(229)	(173)	436,552	(398,323)	117,598	(229)

Year ended 31 December 2015

	/1/1	1/1/2015			31/12/2015	/2015
	Payable	Receivable	Incurred	raiu rayable	Receivable	
	VND million	VND million	VND million	VND million	VND million	VND million
Value added tax	2,544	I	22,867	(23,997)	1,414	I
Corporate income tax	66,820	I	221,768	(224,991)	63,597	I
Advance for CIT payment	I	(130)	(229)	130	I	(229)
Deferred tax liabilities of Combodian Branch	461	I	I	(461)	I	I
Other taxes	35,819	ı	86,102	(107,390)	14,531	
	105,644	(130)	330,508	(356,709)	79,542	(229)

Notes to the consolidated financial statement (continues) at 31 December 2016

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As at 31 December 2016	Loans and advances to customers - gross	Deposits from customers	Contingent liabilities and commitments	Derivative financial instruments	Trading and investment securities - gross
	VND million	VND million	VND million	VND million	VND million
Domestic	156,851,206	165,812,143	22,989,942	44,578	20,228,350
Overseas	5,524,979	764,074	14,886	I	1
	162,376,185	166,576,217	23,004,828	44,578	20,228,350

39. Concentration of assets, liabilities and off-balance sheet commitments by	geographical segments
39. Concentration of assets, liabilities and off-balance sheet comm	itments by
39. Concentration of assets, liabilities and off-balance sl	heet commi
39. Concentration of assets, liabilities and off	-balance sl
39. Concentration of assets, liabili	ties and off
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As at 31 December 2015	Loans and advances to customers - gross	Deposits from customers	Contingent liabilities and commitments	Derivative financial instruments	Trading and investment securities - gross
	VND million	VND million	VND million	VND million	VND million
Domestic	125,955,583	148,071,567	17,370,008	100,011	17,950,302
Overseas	5,471,610	757,309	1,574	I	1
	131,427,193	148,828,876	17,371,582	100,011	17,950,302

40. Segment reporting

Geographical segment reporting

	Foreign countries	The North	The Central	The South	Total
	VND million	VND million	VND million	VND million	VND million
2016					
Net interest income	215,550	2,585,463	465,820	908,615	4,175,448
Net fee and commission income	15,752	300,093	2,847	19,373	338,065
Net gain from trading of foreign currencies	4,334	87,288	1,254	9,164	102,040
Net loss from trading securities	-	(10,104)	-	-	(10,104)
Net gain from investment securities	-	10,539	-	-	10,539
Net other income	3,618	345,363	4,538	10,797	364,316
Loss from capital contribution, share purchase	-	(14,193)	-	-	(14,193)
Operating expenses	(95,296)	(1,793,843)	(179,763)	(438,857)	(2,507,759)
Net operating profit before allowance and provision expenses	143,958	1,510,606	294,696	509,092	2,458,352
Allowance and provision expenses	(55,487)	(1,122,844)	(48,309)	(75,273)	(1,301,913)
Profit before tax	88,471	387,762	246,387	433,819	1,156,439
As at 31 December 2016					
Cash and gold on hand	41,746	951,919	88,211	209,818	1,291,694
Balances with State Banks	838,380	1,865,248	7,661	7,468	2,718,757
Balances with and loans to other credit institutions	575,023	29,558,448	2,282	669	30,136,422
Loans and advances to customers	5,418,798	109,206,683	15,704,015	30,249,304	160,578,800
Financial investments	-	19,155,049	-	-	19,155,049
Fixed assets and investment property	34,562	3,909,288	10,220	24,797	3,978,867
Other assets	255,928	13,477,792	423,218	1,931,213	16,088,151
Total assets	7,164,437	178,124,427	16,235,607	32,423,269	233,947,740
Deposits and borrowings from other credit institutions	713,447	35,168,361	4	40	35,881,852
Deposits from customers	764,075	124,571,538	10,602,363	30,638,241	166,576,217
Other mobilised funds	-	13,789,777	782,100	4,685	14,576,562
Other liabilities	591,071	2,406,184	217,221	467,060	3,681,536
Total liabilities	2,068,593	175,935,860	11,601,688	31,110,026	220,716,167

	Foreign	The North	The Central	The South	Total
	countries				
2015	VND million				
Net interest income	164,737	2,072,809	469,298	989,310	3,696,154
Net fee and commission income (expense)	(4,347)	88,553	(214)	13,446	97,438
Net gain from trading of foreign currencies	1,156	12,830	1,185	11,394	26,565
Net gain from trading securities	-	4,160	-	-	4,160
Net loss from investment securities	-	(69,645)	-	-	(69,645)
Net other income (expense)	36	171,306	(736)	3,978	174,584
Gain from capital contribution, share purchase	-	8,564	-	-	8,564
Operating expenses	(75,086)	(1,497,310)	(147,885)	(358,359)	(2,078,640)
Net operating profit before allowance and provision expenses	86,496	791,267	321,648	659,769	1,859,180
Allowance and provision expenses	(28,500)	(710,773)	(61,110)	(41,743)	(842,126)
Profit before tax	57,996	80,494	260,538	618,026	1,017,054
As at 31 December 2015					
Cash and gold on hand	28,866	1,652,681	68,392	167,921	1,917,860
Balances with State Banks	1,994,240	2,330,481	28,134	9,663	4,362,518
Balances with and loans to					
other credit institutions	2,444,191	27,346,841	2,055	622	29,793,709
Loans and advances to customers	5,417,373	80,023,530	15,181,352	29,383,552	130,005,807
Financial investments	-	17,674,438	-	-	17,674,438
Fixed assets and investment property	24,064	4,013,602	10,304	25,251	4,073,221
Other assets	668,944	13,702,194	815,007	1,690,442	16,876,587
Total assets	10,577,678	146,743,767	16,105,244	31,277,451	204,704,140
Deposits and borrowings					
from other credit institutions	207,615	27,936,720	3	1,445	28,145,783
Deposits from customers	757,339	111,771,225	8,703,388	27,596,924	148,828,876
Other mobilised funds	-	12,876,370	3,554	19,071	12,898,995
Other liabilities	1,911,751	1,047,363	191,846	421,764	3,572,724
Total liabilities	2,876,705	153,631,678	8,898,791	28,039,204	193,446,378

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	Credit	Investment	Treasury	Services	Total
	VND million				
2016					
Revenue	14,404,075	996,624	366,598	1,252,332	17,019,629
As at 31 December 2016					
Segment assets	174,434,984	21,636,499	28,969,169	143,512	225,184,164
Allocated assets	3,681,654	86,870	2,401,348	2,593,704	8,763,576
Total assets	178,116,638	21,723,369	31,370,517	2,737,216	233,947,740
Segment liabilities	689,084	1	219,174,892	472,956	220,336,932
Allocated liabilities	159,320	3,759	103,916	112,240	379,235
Total liabilities	848,404	3,759	219,278,808	585,196	220,716,167

	Credit	Investment	Treasury	Services	Total
	VND million				
2015					
Revenue	11,392,541	957,915	210,159	824,402	13,385,017
As at 31 December 2015					
Segment assets	141,467,937	20,393,828	33,577,428	115,791	195,554,984
Allocated assets	3,856,393	22,561	3,176,560	2,093,642	9,149,156
Total assets	145,324,330	20,416,389	36,753,988	2,209,433	204,704,140
- Segment liabilities	249,633	1	192,400,579	379,410	193,029,622
Allocated liabilities	175,663	1,028	144,697	95,368	416,756
Total liabilities	425,296	1,028	192,545,276	474,778	193,446,378

41. Combination of VVF

As described in 1(f), during the year, the Bank performed procedures to merge VVF, a financial company incorporated in Vietnam. The principal activities of VVF are provide financial services as registered in accordance with the provisions of law.

On 12 January 2017, the Bank completed issuance of 100,000,000 shares, equivalent to VND1,000,000 million to swap with 100,000,000 shares of VVF, equivelent to 100% of the charter capital of Vinaconex - Viettel Finance Joint Stock Company. Establishment and Operation License No. 304/GP-NHNN dated 14 November 2008 issued by the Governor of the SBV to Vinaconex - Viettel Finance Joint Stock Company was revoked in accordance with Decision No. 2400/QD-NHNN dated 12 December 2016 issued by the SBV officially became null and void on 14 March 2017.

	Pre-acquisition carrying amounts VND million	Adjustments to assets and liabilities VND million	Recognised value on acquisition VND million
Balances with State Banks	189	-	189
Balances with other Cls	271,293	-	271,293
Loans to other Cls	266,000	-	266,000
Loans and advances to customers	100,883	-	100,883
Allowance for loans and advances to customers	(16,782)	-	(16,782)
Available-for-sale securities	150,000	-	150,000
Allowance for investment securities	(75,000)	-	(75,000)
Other long-term investments	1,000	-	1,000
Allowance for diminution in the value of long-term investments	(389)		(389)
Tangible fixed assets	19,756	-	19,756
Intangible fixed assets	1,047	-	1,047
Other assets - gross	334,510	-	334,510
Allowance for other on-balance sheet assets	(261)	-	(261)
Other liabilities	(12,533)	-	(12,533)
Net identifiable assets of VVF	1,039,713	-	1,039,713

The merger had the following effect on the Bank's assets and liabilities on the acquisition date:

42. Financial risk management

This section provides information of SHB's exposure to risk and describes the policies, the methods used by SHB's 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 (with deposit products and valuable papers issued) and investments in high quality financial assets has 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 balance sheet 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 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 represented by the carrying amounts of the assets on the consolidated balance sheet. 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.

Financial assets that are neither overdue nor impaired

Financial assets that were neither overdue nor impaired of SHB include loans under Group 1 classified in accordance with Circular 02 and Circular 09; securities, receivables and other financial assets which were not overdue and not provided for allowance in accordance with Circular 228 and Circular 89. SHB assessed that these financial assets could be recovered in full and on due dates in the future.

Financial assets that are overdue but not impaired

Financial assets that are overduebut not impaired mainly comprise loans and advances to customers classified by SHB in Group 2 to Group 5 and overdue receivables under Circular 02 and Circular 09 that have sufficient collateral, including real estate, valuable papers and other collateral.

Details of collateral held by SHB at the year-end were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Real estates	142,242,648	124,880,041
Movable assets	41,864,819	42,037,461
Valuable papers	22,282,769	20,497,771
Other collateral	178,136,039	131,183,721
	384,526,275	318,598,994

(c) Liquidity risk

Liquidity risk arises in the general funding of SHB's activities and in the management of 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 into 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 addenda to the contracts which may exist.

	Overd	rdue			Not overdue	due		
As at 31 December 2016 (VND million)	Overdue less than 3 months	Overdue more 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	Total
Assets								
Cash and gold on hand	I	I	1,291,694	I	I	I	I	1,291,694
Balances with State Banks	I	I	2,718,757	I	I	I	I	2,718,757
Balances with and loans to other credit institutions - gross	5,137	I	18,921,818	7,317,744	3,896,860	I	I	30,141,559
Securities held for trading - gross	'	I	65,382	I	I	ı	'	65,382
Derivatives and other financial assets		I	44,578	I	I	I	I	44,578
Loans and advances to customers - gross	2,932,788	2,445,468	10,602,289	15,620,627	55,182,077	44,947,205	30,645,731	162,376,185
Investment securities - gross	150,000	I	133,682	240,974	1,453,233	15,336,115	2,914,346	20,228,350
Long-term investments - gross	I	I	I	I	I	I	229,393	229,393
Fixed assets and investment property		I	3,469,197	452	10,512	193,955	304,751	3,978,867
Other assets - gross	1,034,295		14,518,431	7,753	61,388	668,259	10,471	16,300,597
	4,122,220	2,445,468	51,765,828	23,187,550	60,604,070	61,145,534	34,104,692	237,375,362
Liabilities								
Amounts due to SBV and other credit institutions	I	I	20,431,787	9,847,813	5,318,443	277,837	5,972	35,881,852
Deposits from customers	I	I	57,453,274	37,128,279	67,283,471	4,708,374	2,819	166,576,217
Other borrowed and entrusted funds	I	I	9,041	16,126	104,254	321,735	357,731	808,887
Valuable papers issued	ı	I	1,901,785	244,268	8,620,909	I	3,000,713	13,767,675
Other liabilities	I	I	3,681,536	I	I	I	I	3,681,536
	•	•	83,477,423	47,236,486	81,327,077	5,307,946	3,367,235	220,716,167
Net liquidity gap	4,122,220	2,445,468	(31,711,595)	(24,048,936)	(20,723,007)	55,837,588	30,737,457	16,659,195

	Ovel	Overdue			Not overdue	rdue		
As at 31 December 2015 (VND million)	Overdue less than 3 months	Overdue more 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	Total
Assets								
Cash and gold on hand	I	I	1,917,860	I	I	I	I	1,917,860
Balances with State Banks	I	I	4,362,518	ı	I	I	I	4,362,518
Balances with and loans to other credit institutions - gross	ı	5,137	23,027,209	5,673,500	1,093,000	'	ı	29,798,846
Securities held for trading - gross	I	I	70,927	I	I	I	I	70,927
Loans and advances to customers - gross	1,812,968	2,373,791	8,573,588	13,767,222	24,854,623	42,715,336	37,329,665	131,427,193
Investment securities - gross	I	I	200,428	1,392,520	2,201,134	11,500,217	2,585,077	17,879,376
Long-term investments - gross	I	I	1	I	1	I	313,397	313,397
Fixed assets and investment property	I	I	3,619,029	243	8,694	213,551	231,704	4,073,221
Other assets - gross	1,048,584		15,325,845	7,988	118,966	440,020	5,776	16,947,179
	2,861,552	2,378,928	57,097,404	20,841,473	28,276,417	54,869,124	40,465,619	206,790,517
Liabilities								
Amounts due to SBV and other credit institutions	I	ı	22,806,164	8,204,433	1,138,931	216,420	4,750	32,370,698
Deposits from customers	I	I	54,966,012	32,387,676	57,124,807	4,348,147	2,234	148,828,876
Derivatives and other financial liabilities	I	I	100,011	I	I	I	I	100,011
Other borrowed and entrusted funds	I	I	6,090	12,044	76,906	300,305	19,287	414,632
Valuable papers issued	I	I	31,200	1,670,000	4,352,635	1,205,613	1,000,000	8,259,448
Other liabilities	1	1	3,472,713	ı	I	I	T	3,472,713
			81,382,190	42,274,153	62,693,279	6,070,485	1,026,271	193,446,378
Net liquidity gap	2,861,552	2,378,928	(24,284,786) (21,432,680)	(21,432,680)	(34,416,862)	48,798,639	39,439,348	13,344,139

(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 currency 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 effective interest rates at the end of the annual accounting period.

Time limit for repricing of effective interest rates is the remaining period from the date of consolidated financial statements to the most recent repricing of effective interest rates of assets and equity items.

As at 31 December 2016	oubrow	Free of	Up to 1	From 1 to 3	From 3 to 6	From 6 to 12	From 1 to	Over 5	Total
(VND million)		interest	month	months	months	months	5 years	years	IOCA
Assets									
Cash and gold on hand	I	1,291,694	I	I		I	I	I	1,291,694
Balances with State Banks	ı	2,718,757	I	I	1	I	I	I	2,718,757
Balances with and loans to									
other credit institutions -	5,137	I	19,010,454	7,317,744	3,520,133	288,091	I	I	30,141,559
gross									
Securities held for trading		COC 1 7							
- gross	I	705'00	I	I	I	I	I	I	705'00
Derivatives and other									
financial assets	I	44,2,8	I	I	I	I	I	I	44,5/8
I nans and advances to									
customers - gross	5,378,256	I	56,608,980	68,733,594	18,212,889	12,065,886	951,956	424,624	162,376,185
Investment securities -									
gross	150,000	33,599	100,082	1,184,722	347,316	1,953,163	13,845,052	2,614,416	20,228,350
Long-term investments	I	229,393	I	I	I	I	I	I	229,393
Fixed assets and investment									
property	I	100'016'C	I	I	I	I	I	I	100,016,0
Other assets - gross	1,034,295	14,374,288	892,014	I	I	I	-	I	16,300,597
	6,567,688 22,736	22,736,558	76,611,530	77,236,060	22,080,338	14,307,140	14,797,008	3,039,040	237,375,362
Liabilities									
Amounts due to SBV and other credit institutions	I	I	22,716,389	9,855,447	3,125,914	177,778	2,022	4,302	35,881,852
Deposits from customers	I	I	57,453,275	37,128,279	37,762,171	29,521,299	4,708,374	2,819	166,576,217
Other borrowed and	1	I	8,349	800,538		ı	I	1	808,887
Valuahla nanars issuad	1	I	1 901 785	944 768	302 375	7 818 584	1 000 713		13 767 675
Other liabilities	·	3,681,536	-	-	-	- 000000		-	3,681,536
	I	3,681,536	82,079,798	48,028,532	41,690,410	37,517,661	5,711,109	2,007,121	220,716,167
Interest sensitivity gap	6,567,688 19,055	,022	(5,468,268)	29,207,528	(19,610,072)	(23,210,521)	9,085,899	1,031,919	16,659,195

As at 31 December 2015 (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 and gold on hand	ı	1,917,860		ı	I	'	·	ı	1,917,860
Balances with State Banks	I	4,362,518	I	I	I	I	I	I	4,362,518
Balances with and loans to other credit institutions - gross	5,137	I	23,027,209	5,673,500	1,093,000	I	I	I	29,798,846
Securities held for trading - aross	I	70,927	I	I	I	I	ı	I	70,927
Loans and advances to customers - gross	4,186,759	I	40,891,753	66,516,558	14,226,782	2,086,569	3,289,772	229,000	131,427,193
Investment securities - gross Long-term investments	1 1	7,047,986 313,397	200,428 -	1,392,520 -	831,835 -	1,369,300 -	4,500,344 -	2,536,963	17,879,376 313,397
Fixed assets and investment	I	4,073,221	I	I	I	I	I	I	4,073,221
Other assets - gross	1,048,584	15,898,595	T	I	I	T	I	T	16,947,179
	5,240,480	33,684,504	64,119,390	73,582,578	16,151,617	3,455,869	7,790,116	2,765,963	206,790,517
Liabilities									
Amounts due to SBV and other credit institutions	I	I	23,074,792	8,730,087	515,000	44,071	1,998	4,750	32,370,698
Deposits from customers	I	I	54,966,012	32,387,676	31,919,053	25,205,754	4,348,147	2,234	148,828,876
Derivatives and other financial liabilities	I	100,011	I	I	I	I	I	I	100,011
Other borrowed and entrusted funds	I	I	6,091	12,054	384,146	I	12,341	I	414,632
Valuable papers issued Other liabilities	1 1	- 3,472,713	31,200	1,679,600 -	473,693 -	3,879,942 -	1,195,013 -	1,000,000	8,259,448 3,472,713
	ı	3,572,724	78,078,095	42,809,417	33,291,892	29,129,767	5,557,499	1,006,984	193,446,378
Interest sensitivity gap	5,240,480	30,111,780	(13,958,705)	30,773,161	(17,140,275)	(25,673,898)	2,232,617	1,758,979	13,344,139

(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 2016 (VND million)	QNV	OSD	EUR	Other cur- rencies	Total
Assets					
Cash and gold on hand	765,199	468,028	50,380	8,087	1,291,694
Balances with State Banks	1,705,265	905,156	I	108,336	2,718,757
Balances with and loans to other credit institutions - gross	26,782,653	2,621,556	324,911	412,439	30,141,559
Securities held for trading - gross	65,382	I	I	I	65,382
Derivatives and other financial assets	44,578	I	I	I	44,578
Loans and advances to customers - gross	150,702,852	11,167,306	14,649	491,378	162,376,185
Investment securities - gross	20,228,350	I	I	I	20,228,350
Long-term investments	229,393	I	I	I	229,393
Fixed assets and investment property	3,944,306	25,853	I	8,708	3,978,867
Other assets - gross	12,940,172	3,327,781	I	32,644	16,300,597
	217,408,150	18,515,680	389,940	1,061,592	237,375,362
Liabilities					
Amounts due to SBV and borrowings from other credit institutions	32,154,649	3,727,203	I	I	35,881,852
Deposits from customers	151,173,237	14,918,701	385,771	98,508	166,576,217
Derivatives and other financial liabilities	(998,671)	988,040	1,497	9,134	I
Other borrowed and entrusted funds	808,887	I	I	I	808,887
Valuable papers issued	13,767,675	I	I	I	13,767,675
Other liabilities	3,642,097	29,069	2,148	8,222	3,681,536
Capital and reserves	13,040,235	150,403	I	40,935	13,231,573
	213,588,109	19,813,416	389,416	156,799	233,947,740
FX position on balance sheet	3,820,041	(1,297,736)	524	904,793	3,427,622

As at 31 December 2015 (VND million)	DNV	USD	EUR	Other cur- rencies	Total
Assets					
Cash and gold on hand	1,588,869	268,258	31,112	29,621	1,917,860
Balances with State Banks	1,209,245	2,280,098	I	873,175	4,362,518
Balances with and loans to other credit institutions - gross	24,172,230	4,825,705	491,924	308,987	29,798,846
Securities held for trading - gross	70,927	I	I	I	70,927
Derivatives and other financial assets	(3,333,287)	3,333,287	I	I	I
Loans and advances to customers - gross	121,126,330	10,153,256	15,045	132,562	131,427,193
Investment securities - gross	17,879,376	I	I	I	17,879,376
Long-term investments	313,397	I	I	I	313,397
Fixed assets and investment property	4,049,155	20,178	I	3,888	4,073,221
Other assets - gross	15,339,907	1,578,094	I	29,178	16,947,179
	182,416,149	22,458,876	538,081	1,377,411	206,790,517
Liabilities					
Amounts due to SBV and borrowings from other credit insti- tutions	27,711,298	4,659,400	I	I	32,370,698
Deposits from customers	131,097,042	16,956,641	535,254	239,939	148,828,876
Derivatives and other financial liabilities	70,130	I	576	29,305	100,011
Other borrowed and entrusted funds	414,632	I	I	I	414,632
Valuable papers issued	8,259,448	I	I	I	8,259,448
Other liabilities	2,584,619	63,962	3,234	820,898	3,472,713
Capital and reserves	11,132,779	102,787	ı	19,475	11,255,041
	181,269,948	21,782,790	539,064	1,109,617	204,701,419
FX position on balance sheet	1,146,201	676,086	(683)	267,794	2,089,098

43. Commitments

Leases

At the reporting date, the minimum lease payments under non-cancellable operating leases were:

	31/12/2016 VND million	31/12/2015 VND million
Up to one year	101,832	105,145
From more than one year to five years	285,026	379,322
More than five years	357,686	45,280
	744,544	529,747

44. Exchange rates of some currencies at the balance sheet date

The followings were the significant exchange rates applied by SHB:

	Exchange rate as at	
	31/12/2016 VND million	31/12/2015 VND million
USD	22,159	21,890
EUR	23,936	24,583
GBP	28,091	33,339
CHF	22,357	22,726
JPY	195	187
SGD	15,717	15,908
CAD	16,943	16,231
AUD	16,422	16,428

Prepared by

Nguyen Thi Hanh Hoa Accountant

31 March 2017

Reviewed by

Mu

Ngo Thi Van *Chief Accountant*



SHB NETWORK

An extensive network of over 500 transaction points in 40 provinces/cities in Vietnam and in Laos and Cambodia.

SUBSIDIARIES AND AFFILIATES

Subsidiaries



OPERATION NETWORK



LIST OF BRANCHES

SHB An Giang

6 - 8 Nguyen Hue A, My Long Ward, Long Xuyen city, An Giang. **Tel:** 0763.940309 **Fax:** 0763.940329 - 0763.941969

SHB Ba Dinh

21 Lang Ha, Ba Dinh District, Hanoi **Tel:** 04.3846 0135 **Fax:** 04. 3726 3595

SHB Bac Ninh

Floor 1-2, Viglacera building, cross-road 6 Dai Phuc Ward, Bac Ninh city, Bac Ninh Province **Tel**: 0241 3874 636 **Fax:** 0241 3874 959

SHB Binh Duong

302 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot city, Binh Duong Province **Tel**: 0650.3834102 **Fax**: 0650.3834100 - 0650.3834103

SHB Bình Phước

372, National Road 14, Tan Dong Ward, Dong Xoai Town, Binh Phuoc Province **Tel**: 0651.3838.123, 124, 125 **Fax**: 0651.3838.126

SHB Can Tho

No.138, 3/2 road, Hung Loi Ward, Ninh Kieu Dist, Can Tho City. Tel: 0710.3838389 Fax: 07103.781083

SHB Da Nang

89 Nguyen Van Linh, Nam Duong Ward, Hai Chau Dist, Da Nang City Tel: 0511.3584599 Fax: 0511.3655399

SHB Dong Nai

10 -11 Nguyen Ai Quoc - KP8, Tan Phong Ward, Bien Hoa, Dong Nai Province **Tel**: 0618 871666 **Fax**: 0618 871 670

SHB Dong Thap

193-195 Hung Vuong, Ward 2, Cao Lanh City, Dong Thap Province. Tel: 067 353 3388 Fax: 067 353 8788

SHB Gia Lai

87 Hoang Van Thu, Pleiku, Gia Lai Tel: 059.3828333 Fax: 059.3828499

SHB Ha Dong

No. 16-18 Nguyen Khuyen Str.; Van Quan Ward, Ha Dong Dist, Hanoi Tel: (04) /33516688/33546511/33546514 Fax: (04)33546513

SHB Hanoi

No. 49 Ngo Quyen, Hoan Kiem Dist, Hanoi **Tel**: 04 6256 3666 **Fax**: 04.6256.3616

SHB Hai Phong

No. 15 Tran Phu, Ngo Quyen Ward, Hai Phong Tel: 031.3652668 Fax: 031.3652669

SHB Ham Long

67C Ham Long, Hang Bai Ward, Hoan Kiem Dist, Hanoi Tel: 043 943 2958 Fax: 043 945 4169

SHB Han Thuyen

No. 11 Han Thuyen, Pham Dinh Ho Ward, Hai Ba Trung, Hanoi **Tel**: 043 624 8028/30/31 **Fax**: 043 624 8029/75

SHB Hang Trong

No. 71B Hang Trong, Hoan Kiem Dist, Hanoi **Tel**: 0439289175

SHB Ho Chi Minh

41-43-45 Pasteur, Nguyen Thai Binh Ward, 1 District, HCM City Tel: (08)3 8 211 112 Fax: (08) 3 8 230 204

SHB Hoan Kiem

No. 40 Hang Giay Str.; Dong Xuan Ward, Hoan Kiem Dist, Hanoi **Tel**: (04) 3.8258926 **Fax**: (04) 3.8258745

SHB Hon Gai

No. 18, 25/4 Road, Bach Dang Ward, Ha Long City, Quang Ninh Province **Tel** : (033) 3 811 800 **Fax**: (033) 3 628 822

SHB Hong Bang

12 Tran Quang Khai, Hoang Van Thu Ward, Hong Bang Dist.; Hai Phong City Tel: 031 3810971 Fax: 031 3810972

SHB Hue

No. 28 Ly Thuong Kiet road, Vinh Ninh Ward, Hue City, Thua Thiên Hue Province **Tel**: 054 3 966 688 **Fax**: 054 3 944.666; 054 3 944 888

SHB Hung Yen

Km22 + 600 NR 5A, Ban Townlet, Yen Nhan, My Hao, Hung Yen Tel: 0321.3742.688 Fax: 0321.3742.886

SHB Kien Giang

No. 02 Tran Phu, Vinh Thanh Ward, Rach Gia City, Kien Giang Province Tel: 077.3947.303 Fax: 077.3947.313

SHB Kinh Bac

Ly Thai To Road, Dong Ngan Ward, Tu Son Town, Bac Ninh Province Tel: 02413 743 036/037 Fax: 02413 742 444

SHB Khanh Hoa

175-177 Thong Nhat, Nha Trang, Khanh Hoa Tel: 0583.828.786 Fax: 0583.828.766

SHB Lang Son

No. 20 - 17/10 Road - Vinh Trai Ward, Lang Son City **Tel**: (025) 3898 222 **Fax**: (025) 3898 212

SHB Lao

336,337,338 Dao Huong Market, Phoncung village, Pakse District, Champasak Province, Lao PDR **Tel**: (00856) 31 257 167 **Fax**: (00856) 31 257 137

SHB Lao Cai

No. 009, Coc Leu Road, Coc Leu Ward, Lao Cai Tel: 0203.899.696 Fax: 0203.899.695

SHB Lam Dong

No. 147 Ba Thang Hai Road 1 Ward, Da Lat City Tel 063.3 512 251 Fax 063.3 512 000

SHB Le Chan

63A Tran Nguyen Han, Le Chan Dist, Hai Phong City Tel: 0313.719400 Fax: 0313.719401

SHB Long An

98-100 Hung Vuong, 2 Ward, Tan An City, Long An Province Tel: 0723 567 567 Fax: 0723 567 667

SHB Ninh Binh

No. 55 Tran Hung Dao, Phuong Dong Thanh Ward, Ninh Binh City, Ninh Binh Province **Tel**: 0303.888.542 - 0303.888.540 - 0303.888.544 **Fax**: 0303.888.543

SHB Nghe An

No. 58 Le Loi, Hung Binh Ward, Vinh City, Nghe An Province Tel: 038.3560388 Fax: 038.3560399

SHB Phnompenh-Campuchia

707 Monivong, Beoung Keng Kang 3, Phnom Penh Tel : 023 221900 Fax: 023 22 4151

SHB Phu Nhuan

127 Tran Huy Lieu, 12 Ward, Phu Nhuan Dist, HCM City. Tel: (08) 3 997 1122 Fax: (08) 3 997 1133

SHB Quang Nam

215 Phan Boi Chau, Tan Thanh Ward, Tam Ky City, Quang Nam Province **Tel:** 05103.815888 **Fax**: 05103.815777

SHB Quang Ninh

No. 488 Tran Phu, Cam Pha City, Quang Ninh Province. **Tel**: 0333.723.855 **Fax**: 0333.723.866

SHB Quang Ngai

SHB Sai Gon

Lot H3 Hoang Dieu, 6 Ward, 4 District 4, HCM City Tel: 39.434.224 - 39 434 229 Fax: 39.434.299 - 39.435.290

SHB Soc Trang

02 Tran Hung Dao - F2 - Soc Trang City, Soc Trang Province Tel: 0793.819 888 Fax: 0793.819 666

SHB Song Be

351, Binh Duong, Chanh Nghia Ward, Thu Dau Mot City, Binh Duong Province **Tel**: 0650 6 250 801 **Fax**: 0650 3 813 401

SHB Tay Da Nang

250 Le Duan, Tan Chinh Ward, Thanh Khe Dist, Da Nang City **Tel**: 05113. 911.883 **Fax**: 05113. 911.886

SHB Tay Ha Noi

No. 101, Lot C, D5 Area, Nguyen Phong Sac, Cau Giay Dist, Hanoi **Tel**: 04 62690530 **Fax**: 04 62690531

SHB Tay Nam Ha Noi

No. 98 Hoang Quoc Viet, Nghia Do Ward, Cau Giay Dist, Hanoi **Tel**: 04.37480745/3.7554709/3.7552510 **Fax**: 04.37563120/3.7480047

SHB Tien Giang

No. 210, Nam Ky Khoi Nghia , 7 Ward, My Tho City, Tien Giang Province **Tel**: 0733 877 789 **Fax**: 0733 877 669

SHB Tuyen Quang

138 Nguyen Trai Road, Group14, Tan Quang Ward, Tuyen Quang City, Tuyen Quang Province **Tel**: 0273.827.555 **Fax**: 0273.827.588

SHB Thai Binh

Viettel Building, No. 431, Tran Hung Dao Dist, Tran Hung Dao Ward, Thai Binh City, Thai Binh Province **Tel**: 0366.278.555 **Fax**: 0366.252.626

SHB Thai Nguyen

Minh Cau Shopping Centre - No. 2 Minh Cau Road Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province Tel: 02803655588 Fax: 02803756866

SHB Thanh Hoa

No. 02 Phan Chu Trinh Road, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province **Tel**: 0373 855 111 **Fax** 0373 752 555

SHB Thang Long

No. 91 Nguyen Chi Thanh, Dong Da Dist, Hanoi Tel: 04 627 69187 / 04 62769 189 /168 /138 /159 /108 Fax : 04 6276 9167 Fax Phòng DVKH : 04 6 276 9136

SHB Trung Hoa Nhan Chinh

1 Floor, 17T1 Building, Trung Hoa Nhan Chinh Uban Area, Trung Hoa Ward, Cau Giay Dist, Hanoi Tel: 0462815158 Fax: 0462815159

SHB Van Phuc

No. 34 - 36 Lieu Giai Str.; Cong Vi Ward, Ba Dinh Dist, Hanoi **Tel**: (04)37 262.025 **Fax**: (04)37.262.236

SHB Vinh Phuc

No. 361 Me Linh Road, Lien Bao Ward, Vinh Yen City, Vinh Phuc Province **Tel**: (0211) 3710 145 **Fax**: (0211) 3710 146

SHB Vung Tau

12G3 Shopping Centre, Nguyen Thai Hoc Road, 7 Ward, Vung Tau City, Ba Ria Vung Tau **Tel** : 064.3577676



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