

# ANNUAL REPORT 2017

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## MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

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**Mr. Do Quang Hien**

*Chairman of the Board of Directors*

**Ladies and Gentlemen!**

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

*Ladies and Gentlemen,*

The year 2017 was over, Q1/2018 has ended, and SHB has turned into the age of 25 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 and determination 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 these countries.

*Ladies and Gentlemen!*

With the strategic objective of becoming a modern multi-functional retail bank by 2020, over the past 25 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 25 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 for the prosperity of the country.

Wishing you good health, happiness, success!

**Chairman of the Board of Directors**



**Mr. Do Quang Hien**

## VISION

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

## MISSION

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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 contributing to national prosperity.



# CORE VALUES

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## 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.

## Customer-centricity

Always understand customers and focus on customers with 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, praise individual of good achievements..

## Integrity and transparency

Pay attention to transparency and integrity in all activities in the whole network, enhance management capacity, risk management and internal control & audit to make a firm basis for building up customers and partners' trust.

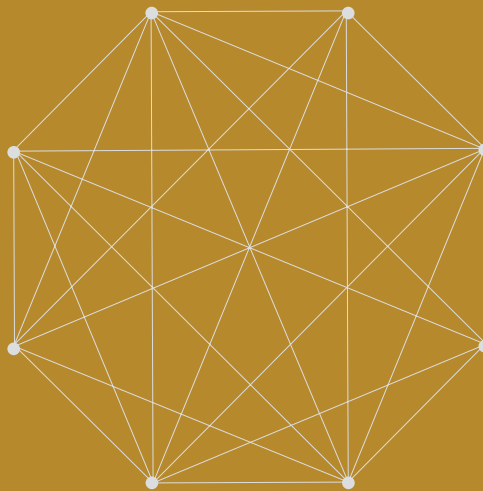
## Continuous renovation

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

## Brand values

SHB is a modern multi-functional 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 pride of all staffs.





# GENERAL INFORMATION







\* Overview

**Transaction name:**

Saigon - Hanoi Commercial Joint Stock Bank (SHB)

Business Registration Certificate No. 1800278630 issued  
by Hanoi Department of Planning and Investment;  
25th amendment: March 08, 2017

**Charter Capital:** VND 12,036,161,100,000

**Owner's Equity:** VND 14,691,220,000,000

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

**Telephone:** (024) 3942 3388

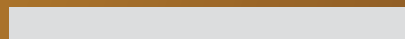
**Fax:** (024) 3941 0944

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

**Stock code:** SHB



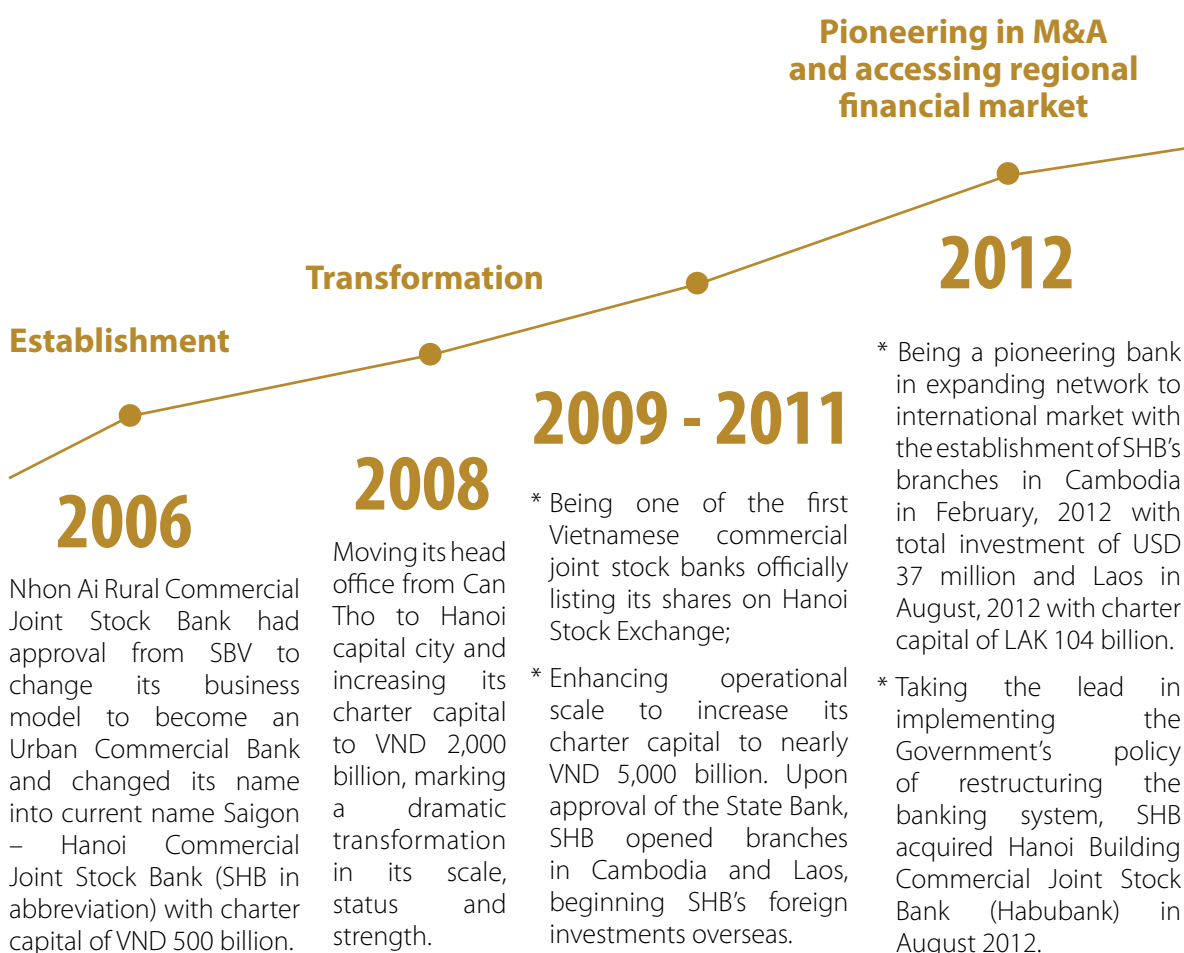
SHB continues to confirm its position as one of leading Vietnamese private commercial banks with the presence in 40 cities and provinces nationwide and Indochina region with an extensive network of almost 500 transaction points

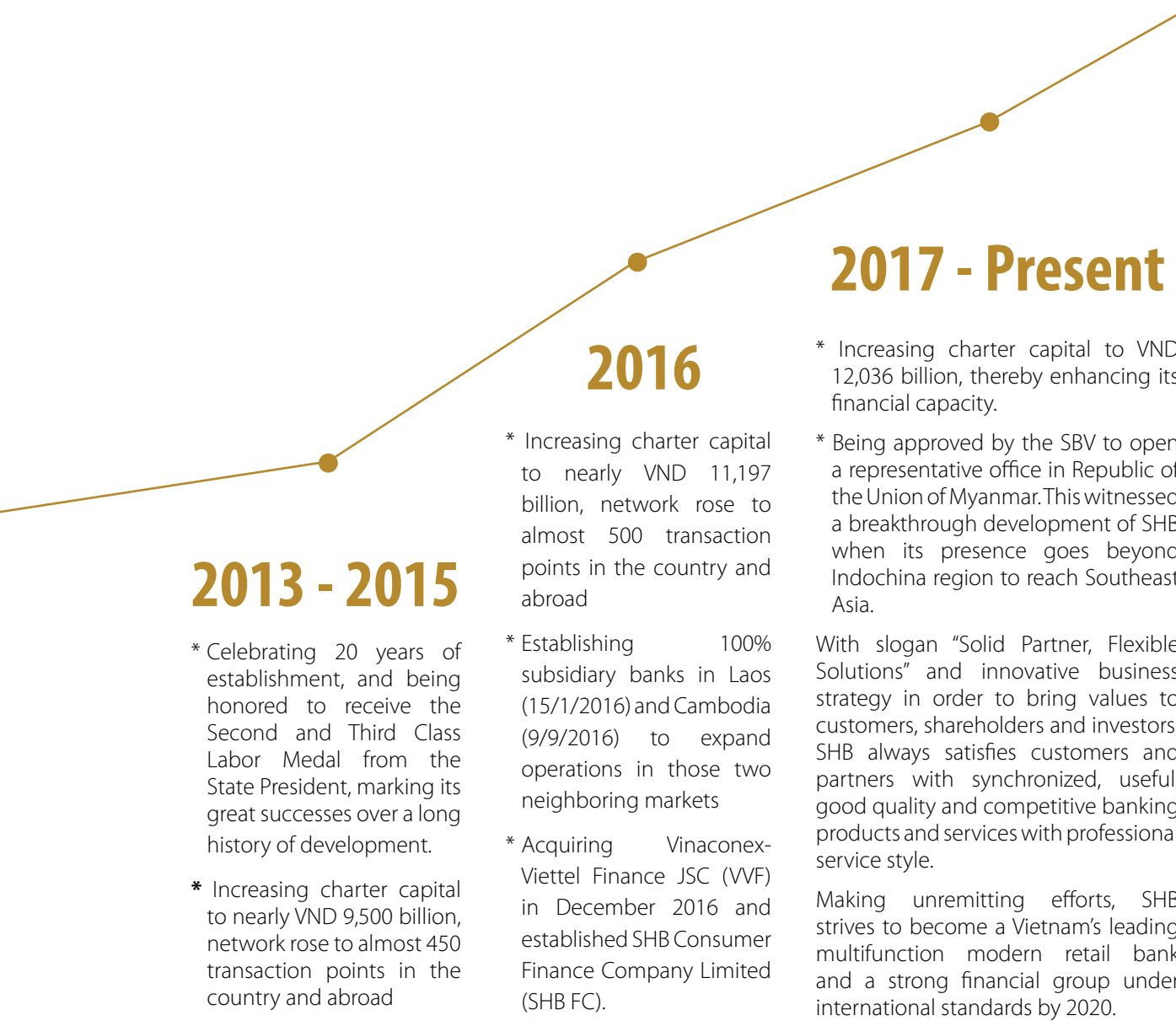


## HISTORY

# 1993

Saigon - Hanoi Commercial Joint Stock Bank (SHB), formerly known as Nhon Ai Rural Commercial Joint Stock Bank, was established on **13/11/1993** in Can Tho province



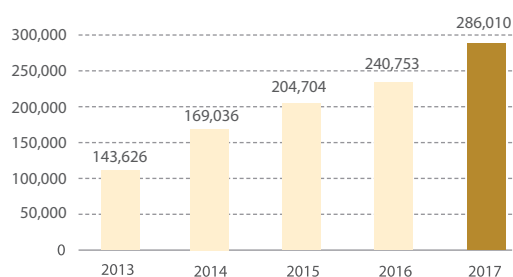


Charter  
Capital

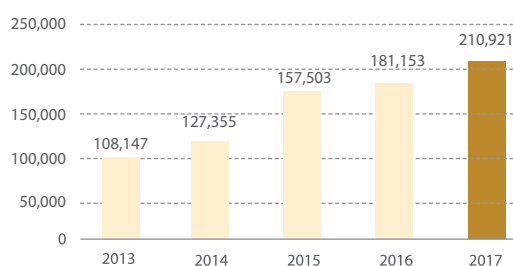
**VND 12,036** billion

# KEY BUSINESS PERFORMANCE INDICATORS IN THE PERIOD 2013-2017

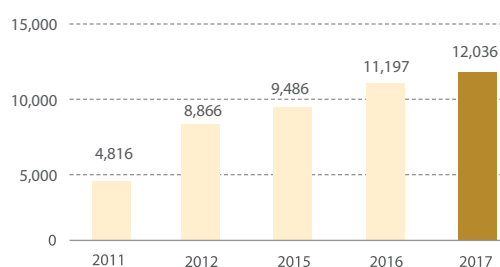
**Total assets (BVND)**



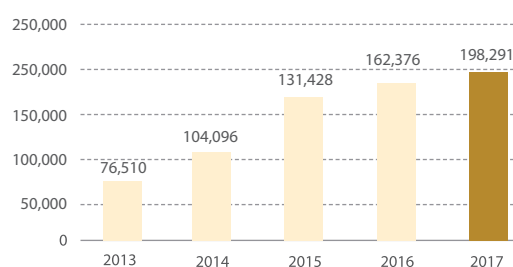
**Customer Deposits (BVND)**



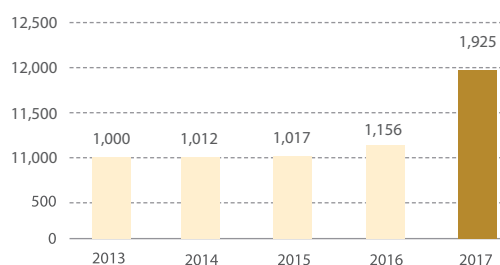
**Charter Capital (BVND)**



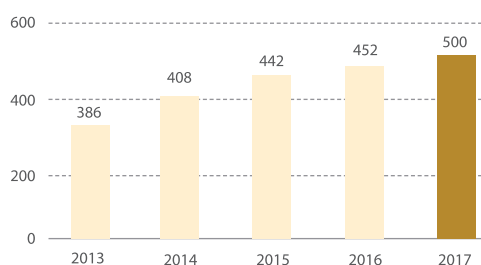
**Customer Loans (BVND)**



**Profit before tax (BVND)**



**Network (Transaction points)**





## KEY BUSINESS PERFORMANCE INDICATORS IN THE PERIOD 2013-2017

### Financial indicators

Total Assets 2017 (BVND)

286,010

Customer Deposits 2017 (BVND)

210,921

Customer Loans 2017 (BVND)

198,291

Profit Before Tax 2017 (BVND)

1,925

Non-interest Income to Total Income 2017

22.6%

Capital Adequacy Ratio 2017

11.3%

### Non-financial indicators

Number of Employees 2017

6,210

Number of Transaction Points 2017

500



# MAIN BUSINESS ACTIVITIES AND TRANSACTION NETWORK

## 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

## TRANSACTION NETWORK

+ SHB has set foot in 40 provinces and cities in Vietnam especially major cities and provinces, provinces with potential for robust economic development across the country.

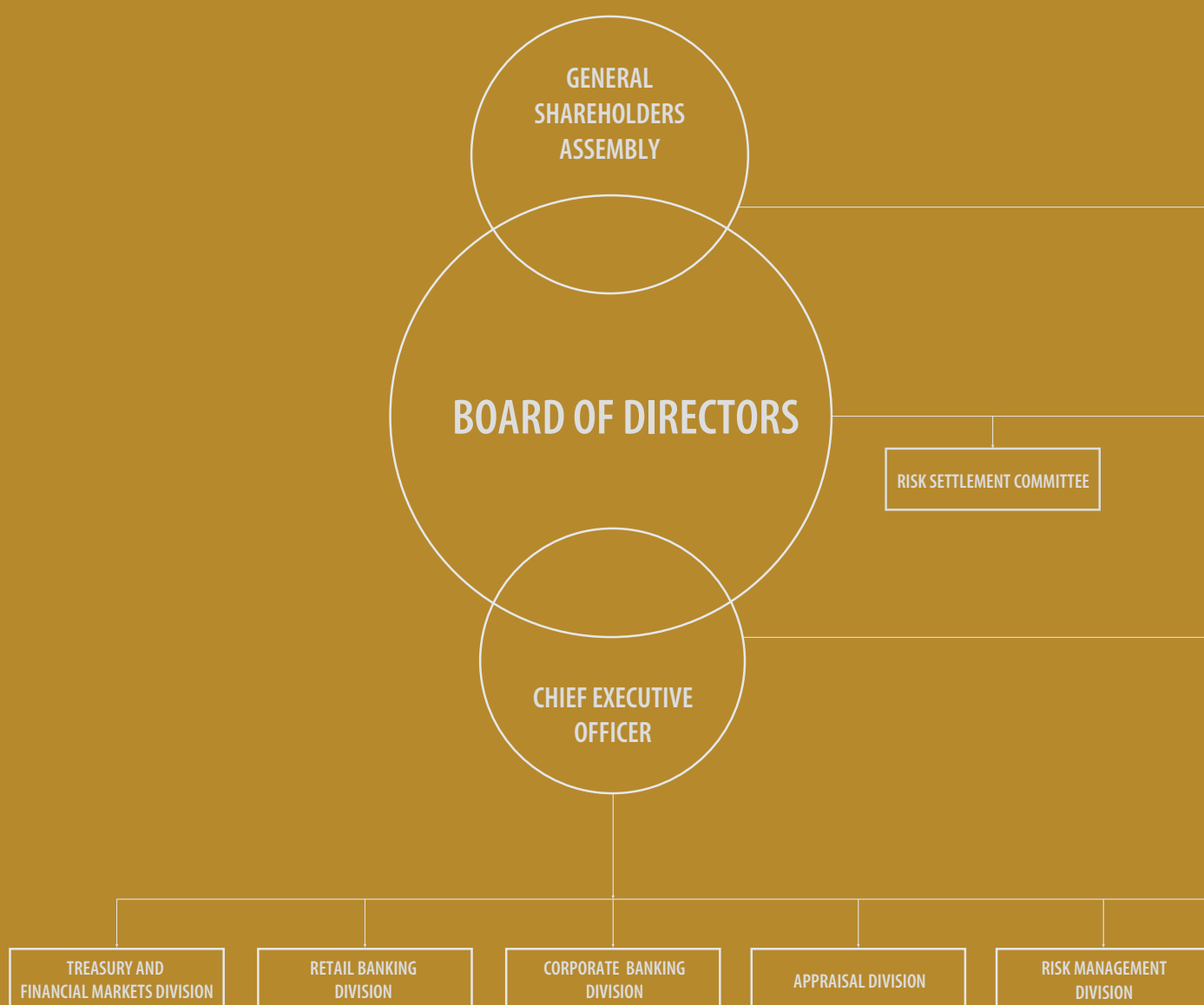
+ Overseas: SHB has marked its presence in three Southeast Asian countries, including Lao People's Democratic Republic (Vientiane, Champasack), the Kingdom of Cambodia (Phnompenh, Kampong Thom, Nehru,...) and Myanmar.

Please refer to page 156 for detailed information on transaction network.



# CORPORATE GOVERNANCE MODEL AND MANAGEMENT STRUCTURE

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## BOARD OF DIRECTORS (BOD)

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### Mr. DO QUANG HIEN

*Chairman of Board of Directors of SHB*

- 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)
- Chairman of Hanoi Small and Medium Enterprise Association
- Member of the Vietnam Fatherland Front Committee



#### Achievements:

Second and Third Class Labor Medals by President of the Socialist Republic of Vietnam

"Asia Pacific Entrepreneurship Award 2017" by Enterprise Asia

## BOARD OF DIRECTORS (BOD)

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**Mr. VO DUC TIEN**

*Vice Chairman of Board  
of Directors*



**Mr. NGUYEN VAN LE**

*Member of Board of Directors cum  
Chief Executive Officer*



**Mr. TRAN NGOC LINH**

*Member of Board of Directors  
(Founding shareholder)*



**Mr. DO QUANG HUY**

*Member of Board of Directors*



**Mr. THAI QUOC MINH**

*Member of Board of Directors*



**Mr. PHAM CONG DOAN**

*Member of Board of Directors*

## BOARD OF SUPERVISORS (BOS)

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**Mr. PHAM HOA BINH**

*Head of Board of Supervisors (BOS)*

Bachelor of Economics



**Ms. NGUYEN THI HOAT**

*Deputy Head of Board of Supervisors (BOS)*

Bachelor of Economics



**Mr. NGUYEN HUU DUC**

*Dedicated Member of BOS*  
Ph.D in Economics



**Ms. LE THANH CAM**

*Member of BOS*  
MBA



**Ms. PHAM THI BICH HONG**

*Member of BOS*  
Bachelor of Economics



## SUBSIDIARIES AND AFFILIATES

### - Subsidiaries

Subsidiaries	Address	Main business lines	Charter Capital	Paid-up capital by SHB	Holding rate
SHB Loan Management and Asset Development One Sole Member Limited Liability Company (SHAMC)	71B Hang Trong, Hoan Kiem Dist., Hanoi	Loan Management and Asset Development	20 billion VND	20 billion VND	100%
Saigon - Hanoi Bank Lao Limited	Group 1 Lanexang street, Hatsadytai village, Chanthabuly district, Vientiane, 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%

(\*): In 2017, SHB divested its entire capital contribution from SHB Securities Company (SHBS)

## DEVELOPMENT ORIENTATIONS

### Main objectives

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 two main pillars by 2020, which are safe, effective growth and sustainable development.

### Financial Objectives in 2018:

*Unit: Billion VND*

**315,494**

Total Assets (BVND)

**13,240**

Charter Capital (BVND)

**250,617**

Customer Deposits (BVND)

**223,822**

Customer Loans (BVND)

*Unit: %*

**<3%**

NPL ratio

**10%**

Dividend yield

## DEVELOPMENT ORIENTATIONS

### *Medium and long-term development strategies*

GOAL	STRATEGY
Effective and safe growth	<ul style="list-style-type: none"> <li>- 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;</li> <li>- Better satisfying financial and banking service demand of the economy towards the stability and growth of the national economy.</li> <li>- 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;</li> <li>- Boosting consumer financing via promoting the operation of SHB Consumer Finance Company Limited (SHBFC), thereby significantly increasing the overall profit.</li> <li>- Ensuring safe credit and payment activities; Minimizing risk-related loss and costs;</li> <li>- Increasing business efficiency and ensuring prudence to comply with international standards and meet the requirements of Basel Committee.</li> </ul>
Sustainable Development	<p>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.</p> <p>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 by setting important criteria for projects financed by the Bank to conform to international and national standards on environmental protection, energy and resource efficiency.</p>

# RISK MANAGEMENT

*In 2017, SHB continues to take initiatives in risk management. Risks are identified, evaluated periodically and timely reported to the Board of Management and the Board of Directors, ensuring strict control of their impacts on the Bank's business performance and reputation.*

## The economic context and SHB's risk management strategy

In 2017, the world economy grew positively in most regions thanks to the dramatic recovery of developed countries as well as the improvement of emerging countries. In this sense, commodity prices and inflation in emerging countries tend to increase, making central banks in developed countries more prudent in regulating monetary policy. International financial markets went against projections when the U.S. dollar fell against most of the major currencies in the whole year. Geopolitical tensions, protectionism tend to increase, affecting the process of global trade recovery.

Vietnam's GDP growth rate in 2017 is estimated to increase 6.81%, about 0.6% higher than that in 2016 thanks to significant improvement in the total supply of the economy. Inflation increased by 3.53% compared to 2016; trade surplus was about USD 2.6 billion, equivalent to 0.6% of total import-export turnover. Total social investment reached a relatively high level, about 13% compared to 2016, equivalent to 33.5% of GDP. However, the domestic economy in the first two quarters had unfavorable developments: inflation increased rapidly from the first months of the year and continued to remain at over 4%; foreign currency market was under psychological pressure as the U.S. dollar continued to rise in the first two months of the year combined with high trade deficit; economic growth rate in

the first two quarters was not as expected ... These developments posed difficulties and challenges for the economy in general and the banking activity in particular both in moderating inflation and supporting appropriate economic growth.

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. In 2017, total payment instruments increased by 15%, credit growth reached 18.25%. NPL ratio of the entire system remarkably decreased to 9.5% from 11.9% in 2016.

In context of slow and uncertain global economic recovery, Vietnam economy in 2017 showed signs of improvement both in terms of production and business as well as macroeconomic stability. However, the economy still faces many challenges when economic stability is fragile. The signing of free trade agreements 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 41 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, tied to each business segment of the Bank, ensuring the risk management is updated and better meet the needs of business development. Through the Internal Audit Division under the Board of Supervisors with a system of internal audit departments in each business unit, the Bank's internal control and audit has been implemented independently, regularly and comprehensively at each business unit. 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 banking business.



# RISK MANAGEMENT

## Common risks

The most significant financial risks that SHB faces include credit risk, liquidity risk and market risk.

### a) Credit risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. The risk level is reflected in book values of assets on the bank's balance sheet.

**Risk measurement, monitoring and management:** SHB has maintained a credit risk management policy that applies the following principles:

- Establish an appropriate credit risk management environment;
- Operate in a sound credit process;
- Maintain a proper credit management, measurement and monitoring process; and
- Ensure adequate control over credit risk

SHB conducts credit approval through multiple levels to ensure that a loan application is independently reviewed; at the same time, the approval of loans is made on the basis of credit limits assigned to each competent authority. In addition, the credit approval model of SHB has the involvement of the Credit Committee to ensure that credit approval is carried out in the highest quality. In the process of credit risk management, SHB has applied the Credit Manual, detailing lending

policies and procedures, as well as implementing guidelines to standardize SHB's credit operations.

### b) Liquidity risk

Liquidity risk is a financial risk that for a certain period of time the bank is unable to mobilize the asset at maturity or unable to liquidate an asset at a reasonable price.

**Risk measurement, monitoring and management:** Liquidity risk is measured by the use of indicators related to cash flow, capital solicitation, and liquidity of SHB's assets. SHB also develops and implements a system of credit limits and approval authorities based on risk measurement results for each portfolio.

Liquidity risk is minimized by holding a fair amount of cash and cash equivalents in the form of Nostro accounts, term deposits with the SBV and other credit institutions, and valuable papers. Risk-weighted prudential ratios are also used to manage liquidity risk. SHB often conducts analysis on interest rate differences, compare to domestic and international markets for timely adjustments. In addition, the application of internal risk management processes has also become more effective through the implementation of the Centralized Fund Management System and Centralized Payment System, whereby all SHB's fund and payment transactions are conducted by its Head Office.

### c) Market risk

#### Interest rate risk

SHB's operations are exposed to interest rate risk when interest-bearing assets and interest-bearing liabilities mature at different times or in different amounts. Some assets do not have specific terms or are very sensitive to interest rates and do not correspond to specific payables

**Risk measurement, monitoring and management:** SHB applies the interest rate risk measurement method for all Liabilities-Assets items in terms of total interest income. SHB also develops and implements a system of credit limits and approval authorities based on risk measurement results for each portfolio.

#### Currency risk

Currency risk is a form of risk that arises from the change in price of one currency against another..

**Risk measurement, monitoring and management:** SHB has set a position limit for each currency based on SHB's internal risk assessment system and SBV regulations. Daily management of currency position and hedging strategies are used by SHB to ensure that currency positions are maintained within established limits.

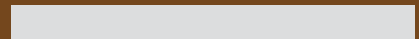


# **HIGHLIGHTS IN 2017**



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



## HIGHLIGHTS IN 2017



Being 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..



Proudly accompanying Government's leaders to visit other countries. In particular, SHB is one among few largest enterprises in Vietnam to participate in bilateral investment forums between Vietnam and major countries such as USA, Netherlands, Switzerland, Belgium, Russia, Germany and Japan, etc



With SHB's proven capability in the Global Trade Finance Program (TFP), the Asian Development Bank (ADB) signed a Revolving Loan Agreement (RCA), increasing the total limit SHB may utilize under the Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) up to USD150 million for export-import transactions at one time



With its great financial strength, SHB has always been entrusted by the Government and the State Bank of Vietnam to carry out major investment promotion programs in many key areas, affirming it's commitment to accompany enterprises in economic development, poverty reduction and social activities.



Always accompanying the businesses and businessmen of Hanoi in particular and the whole country in general as a bridge to connect thousands of businesses, give consultation and offer suitable financial solutions for mutual growth and prosperity.

## HIGHLIGHTS IN 2017

SHB and Dai-ichi Life Vietnam solemnly held a signing ceremony of long-term strategic cooperation for 15 years. Accordingly, Dai-ichi Life Vietnam is the sole partner to introduce and provide its life insurance products to all SHB customers throughout the Bank's network



Being approved by the SBV to open a representative office in the Republic of the Union of Myanmar. Thus, after Laos and Cambodia, Myanmar will be the third foreign market marking SHB's presence. This witnessed a breakthrough development of SHB when its presence goes beyond Indochina region to reach Southeast Asia.



Opening five new branches in the provinces of Ha Nam, Ha Tinh, Binh Dinh, Tay Ninh and Dak Lak as well as prepared for the opening of its representative office in Myanmar, thereby affirming its position and brand value at home and abroad.



Setting up Bank Modernization Project Department, aiming to promote operation digitalization in order to build SHB into a professional, modern and multi-functional bank according to international standards, welcome the Industry 4.0 with diversified and superior products and services.



Officially becoming a member of the Factors Chain International (FCI) and is one among very few members from Vietnam of this prestigious and longstanding association. As an official member of FCI, SHB will offer a more comprehensive and professional export factoring service.





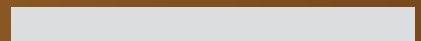
# **ACHIEVEMENTS AND SOCIAL RECOGNITION**





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During the journey of more than 25 years of development, SHB has maintained steady growth, sustainability, worthy of trust and expectations of customers, shareholders and investors. The success and reputation of SHB is acknowledged by many honored titles of the Party and the State and a number of prestigious awards from reputational domestic and international organizations.



## ACHIEVEMENTS AND SOCIAL RECOGNITION



### 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;
- Certificates of merit, emulation flags 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 30 Listed Companies for Best Corporate Governance by Hanoi Stock Exchange (HNX).
- Top 10 Most Favorite 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 50 Best Annual Report by Ho Chi Minh City Stock Exchange (HOSE), Hanoi Stock Exchange (HNX), Vietnam Investment Review and Dragon Capital;
- 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;

## ACHIEVEMENTS AND SOCIAL RECOGNITION

### International awards:



Top 500 Strongest Banks in Asia Pacific by The Asian Banker



"Bank of the Year" by The Banker and The Asset for many consecutive years.



"Best SME Bank in Vietnam" and "Vietnam Domestic Project Finance Bank of the Year" by Alpha Southeast Asia, The Asian Banking & Finance for many consecutive years.



"Vietnam Domestic Trade Finance Bank of the Year", "Automobile Lending Initiative of the Year", "Home Loan Product of the Year", and "Credit Card Initiative of the Year" by The Asian Banking and Finance (ABF).



"Best SME Bank Vietnam" and "Best Mortgage Bank Vietnam" by Global Banking & Finance Review.



Outstanding foreign bank in Cambodia for many consecutive years with two award categories "Outstanding SME Bank" and "Outstanding Innovative Banking Product-Service" by International Data Group (IDG) in collaboration with the National Bank of Cambodia.



"Brand Initiative of the Year" and "Deposit Product of the Year" by The Asian Banker;



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



"Best information security bank" by International Data Group (IDG) for many consecutive years.



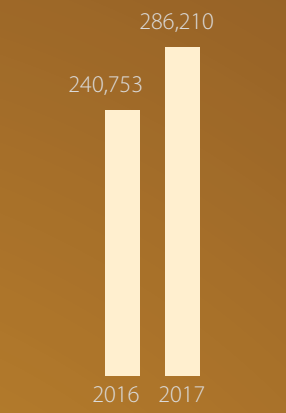
BNY MELLON

Excellence in International Settlement Quality Award (STP Award) by BNY Mellon for the 7th consecutive year

And many other prestigious awards ...

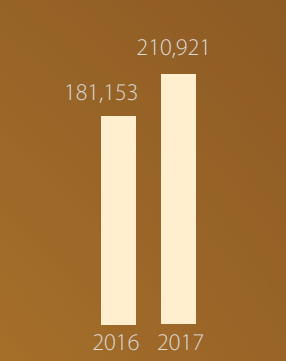
# OPERATIONS IN 2017





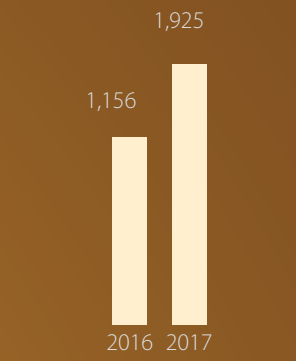
Total Assets  
increased by

19%



Customer deposits  
increased by

16%



Profit before tax  
increased by

66%

“

Outstanding growth  
in profit by increasing  
non-interest income  
to total income is SHB  
highlight in 2017

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# BUSINESS PERFORMANCE IN 2017

## Business results

In 2017, SHB continued achieving remarkable growth in business performance.

Total assets of the Bank reached nearly VND 286,010 billion, increasing by 15% as compared to 2016, fulfilling 105.9% of the plan. Owner's equity was VND 14,691 billion, an increase of 11.1% over 2016. The Bank was approved by SBV to increase its charter capital to VND 12,036 billion.

Focusing on individual and institutional customers, in 2017, SHB's total mobilized fund was VND 266,680 billion, in which customer deposits (economic organizations and individuals) reached VND 210,921 billion, increasing by 16.4% over the previous year.

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. Loans to economic organizations and individuals stood at VND 198,291 billion, increasing by 22.1% over 2016.

The network and personnel were expanded to reach nearly 500 transaction points with more than 6,200 employees across 40 provinces and cities nationwide, one wholly-owned subsidiary bank and 1 branch in Laos, 1 subsidiary bank with 4 branches in Cambodia, 1 representative office in Myanmar and 2 subsidiaries (SHB Loan Management and Asset Development One Sole Member Limited Liability Company - SHAMC, SHB Finance Company - SHB FC). 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.

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

Total income of the Bank in 2017 reached VND 21,005.2 billion, an increase of 29.2% over the previous year on account of a significant change in its income structure to non-interest income. Total non-interest income increased by 330.9% to VND 1,457 billion from VND 1,119 billion in 2016. Non-interest income accounted for 22.6% of total income of the Bank.

Profit before tax reached VND 1,925.3 billion, an increase of 66.5% over the previous year, exceeding 10% of the target set forth by the General Assembly of Shareholders. This year observed the most significant increase in profit before tax in 5 recent years.

While focusing on scale and income growth, SHB strictly controls operation cost to increase its operational efficiency. In 2017, operating expenses to total operating income decreased sharply to 44.9%, the lowest ratio ever in many years.

SHB's capital adequacy ratio and liquidity ratio always complied with and even exceeded SBV's requirements, among others the CAR stayed at 11.3% (SBV's requirement is  $\geq 9\%$ ).

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:

- Exceeded income target for 2017 with dividend yield higher than that set forth by the General Assembly of Shareholders
- Achieved significant increase in non-interest income on account of product diversification and strategic cooperation with large partners, driving SHB to become one of the banks with the highest non-interest income to total income.
- Strictly controlled operating expenses, thereby operating expenses to total operating income decreased sharply to the lowest ratio ever in many years.
- Completed the plan to put SHB Consumer Financial Company Limited (SHB FC) into operation.
- Properly implemented the roadmap to enhance the risk management capability close to the international standards as directed by the State Bank of Vietnam.
- Completed many modern technology projects aiming at enhancing customer service capability (e-banking system for individual customers in Laos and Cambodia, online support to customers, and collection via POS...).



## BUSINESS PERFORMANCE IN 2017

### Business performance vs. plan

Indicator	Actual 31/12/2017	Growth 2017/2016		% 2017 Plan
		(+/-)	%	%
Total Assets (BVND)	286,010	45,257	18.80	105.93
Charter Capital (BVND)	11,197			
Customer Deposits (BVND)	210,921	29,768	16.43	97.03
Customer Loans (BVND)	198,291	35,914	22.12	103.49
Profit before tax (BVND)	1,925	769	66.49	110.02
Capital Adequacy Ratio (%)	11.30			Fulfilled
Non Performing Loans Ratio (%)	2.33			Fulfilled

(Source: Audited Consolidated Financial Reports for 2017)

## ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

### Board of Management

No.	Full Name	Position	Share ownership
1	Nguyen Van Le	Chief Executive Officer	0.226%
2	Le Dang Khoa	Deputy General Director	N/A
3	Ngo Thu Ha	Deputy General Director	0.088%
4	Ninh Thi Lan Phuong	Deputy General Director	0.004%
5	Dang To Loan	Deputy General Director	0.070%
6	Nguyen Huy Tai	Deputy General Director	N/A
7	Ngo Thi Van	Chief Accountant	0.000%

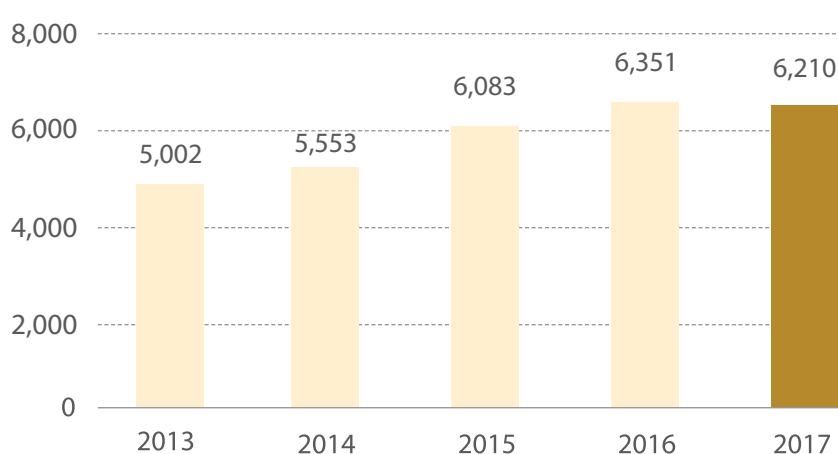
#### • **Change in Board of Management**

There is no change in SHB's Board of Management in 2017.

#### • **Number of employees**

Total number of employees of the Bank and its subsidiaries as of 31/12/2017 was 6,210 employees, with over 92% are graduates and postgraduates.

**Number of employees (person)**



## ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

### Employee policy

With the goal of building an experienced, qualified and committed workforce that meets the requirements of a modern 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.

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 and development policy:** 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.
- Training in 2017 gained positive results. Title-based 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.

- **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 Employee Policy in page 77.



## BOARD OF MANAGEMENT'S MEMBERS

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**Mr. NGUYEN VAN LE**

*Chief Executive Officer*

- PhD in Banking and Finance.
- More than 22 years of managing experiences in banking finance industry.
- Holding the CEO position of the Bank since 2000 until now.
- 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; greatly contributing to the development of SHB in particular and the national economy and society in general.
- Participating in various social and charitable activities.

## BOARD OF MANAGEMENT'S MEMBERS



**Ms. NGO THU HA**

*Deputy General Director*

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



**Ms. NINH THI LAN PHUONG**

*Deputy General Director*

- Master in Economics
- 21 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)



**Mr. LE DANG KHOA**

*Deputy General Director*

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



**Ms. DANG TO LOAN**

*Deputy General Director*

- Master in Economics (Credit Finance Major).
- 22 years of experiences in banking finance industry.
- From August 2007 to October 2012: Director of Ho Chi Minh City Branch, Saigon – Hanoi Commercial Joint Stock Bank.
- From October 09, 2012: Deputy General Director cum Director of Ho Chi Minh City Branch, Saigon – Hanoi Commercial Joint Stock Bank;



**Mr. NGUYEN HUY TAI**

*Deputy General Director*

- Bachelor in Economics (Credit Finance Major).
- 21 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;



**Ms. NGO THI VAN**

*Chief Accountant*

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

# INVESTMENT AND IMPLEMENTATION OF PROJECTS

## Investment and implementation of projects

**“Vietnam Sustainable Agriculture Transformation Project – VnSAT”** aims at promoting economic development of the Central Highlands. Responding to the Government’s “Vietnam Sustainable Agriculture Transformation Project – VnSAT”, especially re-planting coffee tree - a key economic sector that is strongly promoted in the 2015-2025 period, as a leading credit institution, SHB has committed to provide long-term capital with preferential interest rate of only 7% per year to effectively implement coffee re-planting scheme in the Central Highlands to help people in this area increase their income with coffee - an industrial crop that plays a major role in the regional economy.

**Bank modernization projects:** In 2017, SHB had officially put into operation the following large projects/items such as: E-banking system for individual customers in Vietnam and Laos; OOS system; Software for compliance reporting following Circular 35 of the SBV; Anti-money laundering (AML) software; The ESB - Enterprise Service Bus for integrating e-banking system for individual customers into other systems; The ECM - Enterprise Content Management applied for personal credit process, express loan process (loans with valuable papers as collaterals), Online transaction processing procedure (International Banking Center), Foreign exchange transactions confirmation procedure (Treasury and Investment Support and Control Department); Connection to accept ATM-based UPI card payments via Napas; Application for POS-based tuition fee collection at schools; Live Chat to provide online support to customers, replacing outdated applications; Dai-ichi Life premium collection through POS (Offline); Tools test for Internet Banking for individual customers and Daily and monthly exchange rate automatic update system for the Treasury and Investment Support and Control Department, etc.

**Long-term strategic cooperation with Dai-ichi Life Vietnam:** Accordingly, Dai-ichi Life Vietnam is the exclusive partner to introduce and provide all its life insurance products and additional benefits to SHB customers within 15 years. All SHB customers will be introduced all-in banking and insurance packages through SHB’s nationwide network with professional experience in the field of insurance of Dai-ichi Life Vietnam. In addition, the customers also experience the outstanding benefits from the strong financial foundation of SHB and the practical value from the insurance products of Dai-ichi Life Vietnam with the highest satisfaction via convenient one-stop service. Through this strategic cooperation, Dai-ichi Life Vietnam’s customers will also be introduced and utilized synchronous and convenient financial products and services of SHB at reasonable cost and high quality.

And many other projects



## INVESTMENT AND IMPLEMENTATION OF PROJECTS

### *Subsidiaries*



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

SHB Loan Management and Asset Development One Sole Member Limited Liability Company (SHB AMC) was established under Decision No. 508/QD-NHNN dated March 11, 2009 and officially started operation since December 05, 2009.

After nine 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.

To present, SHAMC has satisfied 100% of the demand for security/safe-guarding proposed by the Bank's units nationwide, raising the number of SHB's units safeguarded by SHAMC as of December 31, 2017 to 233 units (including 53 branches and 179 transaction offices nationwide).

By the end of 2017, SHAMC was managing 44 warehouses nationwide. This number will also increase in subsequent years to serve warehouse protection of its parent company - SHB. Since April 2017, SHAMC has cooperated with SHB Asset Valuation Center to provide real estate valuation consultancy service for 36/54 branches of SHB.

As of December 31, 2017, total number of employees of the Company increased by 28 people to 671 people. Profit before tax of the Company reached VND 6.9 billion in 2017.



#### **Saigon - Hanoi Bank Lao Limited**

Saigon - Hanoi Bank Lao 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.

After six years of operation, SHB Lao has one headquarter and one branch with 65 employees in total. As of December 31, 2017, total assets reached LAK 1,325.3 billion, profit before tax was LAK 17.1 billion, or VND 46.2 billion.



## INVESTMENT AND IMPLEMENTATION OF PROJECTS



### ***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 Lao. SHB Cambodia operates independently and has independent organizational structure, on the basis of converting SHB Cambodia branch.

After 6 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 31/12/2017, SHB Cambodia had 5 transaction points including 1 headquarter and 4 branches with 58 employees. Total assets reached USD 246 million, profit before tax was USD 6.6 million, or VND 145.7 billion.



### ***Hanoi Bank Finance One Member Liability Limited Company (SHBFC)***

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.

In 2017, the Company focused on developing its organizational structure, procedures and policies to officially put into operation in 2018.

## FINANCIAL INDICATORS

### Some key financial indicators

Indicator	Unit	2016	2017	Growth 2017/2016
<b>1.Size</b>				
Total assets	BVND	240,753	286,010	18.80%
Charter capital	BVND	11,197	11,197	-
Total capital	BVND	16,371	17,829	8.91%
<b>2.Business result</b>				
Customer deposits	BVND	181,153	210,921	16.43%
Customer loans	BVND	162,376	198,291	22.12%
Total income	BVND	16,255	21,005	29.22%
Profit before tax	BVND	1,156	1,925	66.49%
<b>3.Prudential ratio</b>				
Capital Adequacy Ratio (%)	%	13.00	11.30	Compliant with SBV's requirements ( $\geq 9\%$ )
NPL ratio	%	1.87	2.33	Compliant with SBV's requirements ( $\leq 3\%$ )
<b>4. Liquidity</b>				
Loan-to-Deposit Ratio	%	77.19	78.05	Compliant with SBV's requirements ( $\leq 80\%$ )
Quick ratio	%	10.55	15.00	Compliant with SBV's requirements ( $\geq 10\%$ )

(Source: Audited Consolidated Financial Report 2017)

## 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: **60.379.323** shares
- Number of shares to be freely transferable: **1.059.309.777** shares

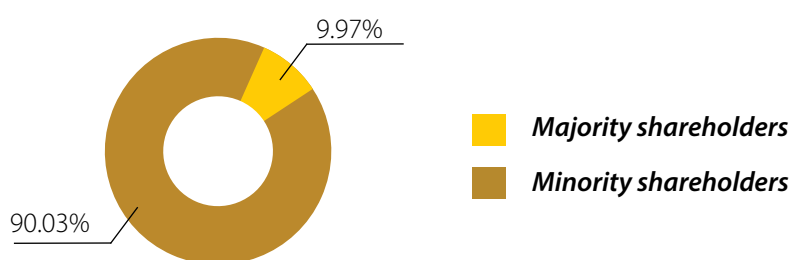
### Shareholder structure

- 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	31,983	90.03%
Total:		31,984	100%

(Majority shareholders are shareholders holding more than 5% of the Bank's shares. Minority shareholders are shareholders with below 5% of the Bank's shares.)

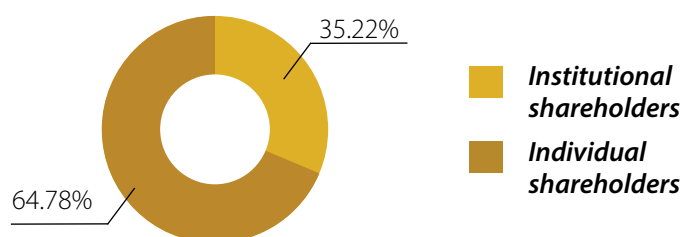
Shareholding by majority and minority shareholders



- Individual shareholders and institutional shareholders

No.	Type of shareholders	Number of shareholders	Percentage of holding ordinary shares (%)
1	Institutional shareholders	191	35.22
2	Individual shareholders	31,793	64.78
Total:		31,984	100

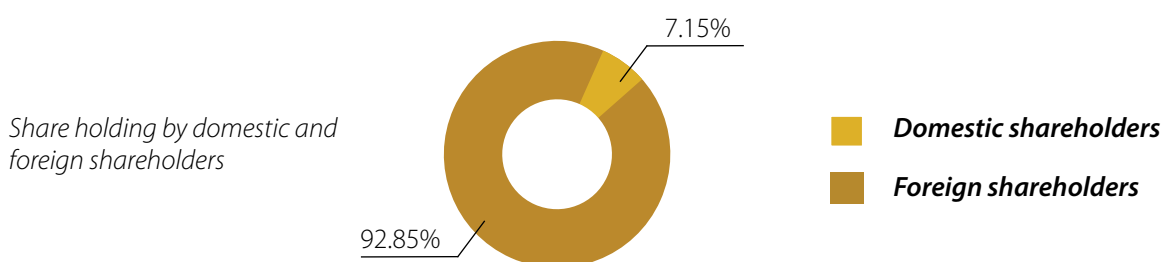
Share holding by institutional and individual shareholders



## SHAREHOLDER STRUCTURE, CHANGES IN OWNER'S EQUITY

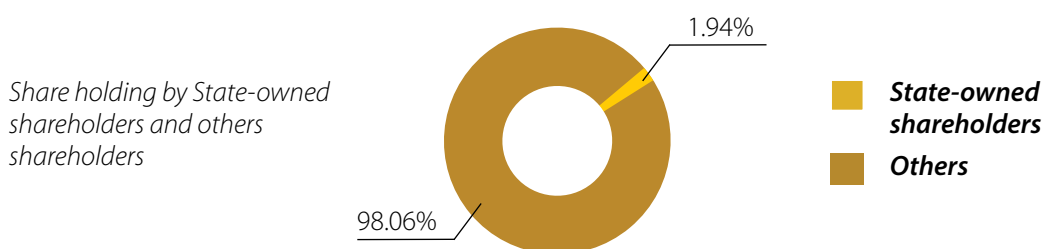
- Domestic shareholders and foreign shareholders

No.	Type of shareholders	Number of shareholders	Percentage of holding ordinary shares (%)
1	Domestic shareholders	31,743	92.85
2	Foreign shareholders	241	7.15
	Total:	31,984	100



- State-owned shareholders and others

No.	Type of shareholders	Number of shareholders	Percentage of holding ordinary shares (%)
1	State-owned shareholders	9	1.94
2	Others	31,975	98.06
	Total:	31,984	100



- **Shareholder structure, changes in owner's equity:** None
- **Transaction of treasury stocks:** None
- **Transaction of internal shareholders and related persons**
  - Transaction of internal shareholders: None
  - Transaction of persons related to internal shareholders: Mr. Tran Van Binh, brother of Mr. Tran Ngoc Linh – BOD member, sold 26,943 shares, decreasing his ownership ratio from 0.002% to 0%. Chairman of the Board of Director of the listed organization who is also the Chairman of the Board of Director of the transaction organization (Saigon - Hanoi Insurance Joint Stock Corporation) bought 7,588,800 shares, increasing his ownership ratio from 0% to 0,68%.
  - Contracts or transactions with internal shareholders: None
  - Other transactions: None

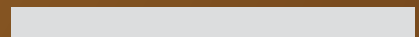


# **REPORT AND EVALUATION OF THE BOARD OF MANAGEMENT**



“

Over more than 25 years of establishment and development, SHB is proud to be one among 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 PERFORMANCE

In the past five years, SHB's growth rate of key indicators in business activities has always been stable, higher than the average growth rate of the whole industry, reaching from 20% to 25%.

In 2017, 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. The performance indicators were higher than those in 2016 and most of them exceeded the set target. Customer deposit growth of SHB has been stable over the years and higher than the market average growth rate. By the end of 2017, customer deposit growth reached 16.43% (while the average growth rate of entire credit institution system was 15%). Customer loans grew by 22.12%. Non-interest income grew sharply by 330.9% against 2016. The network and human resources 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. Besides expanding its operation scale, network and distribution channels, SHB always maintains safe and sound liquidity, ensure transparency in operation. 2017 also witnessed SHB's success in foreign affairs, cooperating with many strategic partners, domestic and foreign organizations.

Thanks to the solidarity between the Board of Directors, the Board of Management and all employees, the drastic direction from the Board of Directors to promote business activities, strive to complete the 2017 plan assigned by the Board of Directors, SHB has made great achievements such as:

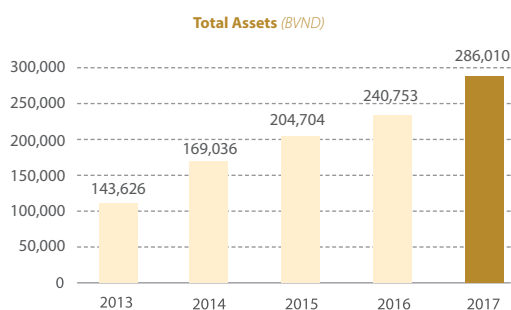
- Achieved and exceeded the targets set out for total assets, outstanding loans, charter capital, profit, etc.; enhanced financial capacity, management capacity, maintaining its position as one of the largest private joint-stock commercial banks in Vietnam.
- Achieved significant increase in non-interest income on account of product diversification and strategic cooperation with large partners, driving SHB to become one of the banks with the highest non-interest income to total income
- Strictly controlled operating expenses, thereby the operating expenses to total operation income decreased sharply
- Completed the plan to put SHB Consumer Financial Company Limited (SHB FC) into operation.
- Opened representative office in the Republic of the Union of Myanmar, thus SHB's presence goes beyond the Indochina region to reach Southeast Asia.
- The dividend yield was higher than that set out by the General Meeting of Shareholders.



## FINANCIAL HIGHLIGHTS

### Total assets

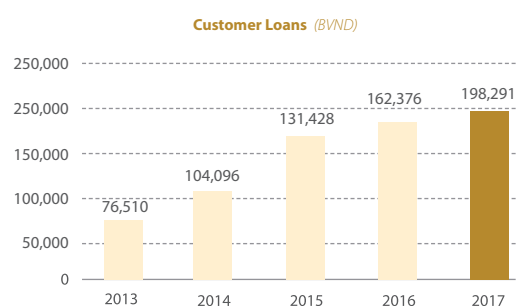
Total assets in 2017 increased by 18.8% to VND 286,010 billion, continuing to provide SHB a position in top private commercial banks in Vietnam. Along with the scale growth, SHB always pay attention to improve the assets quality with appropriate assets structure, ensuring high profitability, safety and good liquidity. Loan-to-deposit ratio was always kept below 78% (SBV's requirement is < 80%). Earning assets accounts for 91% of total assets. Capital adequacy ratios and NPL ratio ensure compliance with SBV's requirements.



### Credit activities

**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 31/12/2017, SHB's total loans to customers increased by VND 35,914 billion to VND 198,291 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 priority sectors; big economic groups and corporations using various banking services locally and internationally.



Taking its leading role as one of the five largest joint stock commercial banks in Vietnam, SHB had actively responded to the policy of the Government and the State Bank of Vietnam, whereby loans were prioritized to finance key industries under the Country's 2011-2020 socio-economic development strategy, namely: rural & agriculture, export, small and medium-sized enterprises, supporting industries, high technology enterprises and start-up enterprises, etc. The provision of credit packages with many incentives which were customized to sectors, commodities, customer groups that SHB had been doing was considered a concrete action proving its commitment to accompanying, sharing financial burdens with customers on "customer-centricity" basis.

In order to achieve the above results, SHB had actively implemented many credit programs and products such as: Program offering subsidized loans for businesses in purchase of rice for temporary storage during Summer-Autumn and Winter-Spring season crops; loans for aquaculture, seafood processing, export; loans for agricultural, forestry, fishery and salt production, developing industries, and investing in the construction of rural infrastructure. Major programs include "Accompanying large corporations," "Bluechip Preferential Credit Package," "Pilot Loan for Agricultural Development," "Agribusiness Loan," "Preferential Interest – Great Success," "Market Stabilization Loans," "Interest incentives - Companion to businesses", "Working capital loans for 24h", etc. with following considerable incentives:

- + Interest rate is 1.5-2% lower than the normal lending rate and financing up to 90% of capital demand.

- + Credit products are suitable for farmers' production activities such as inter-seasonal loans, credit book loans, granting loans and collecting debt (principals and interests) at customer's location instead the Bank's office; loans for agricultural production and export models under high technologies chain, helping people and enterprises shorten production time, while providing the Bank with perfect cash flow management and cost-effective transaction.

- + Flexible repayment policy, in line with customer cash flow; reforming credit procedures to facilitate customers' access to capital and banking services; Shortening processing time for procedures such as certification, notarization, etc.

- + Developing "Customer Referral" programs that

## FINANCIAL HIGHLIGHTS

allow corporate customers in the same supply chain and production chain to enjoy the overall preferential package with optimal benefits and simple procedure; considering granting loans to members without collateral if the chain's cash flow can be well controlled.

In each program, SHB not only provides financial supports but also accompanies customers from developing business plans to providing comprehensive product packages including deposit, payment, e-banking, money transfer ... on modern technology, offering customers with effective financial management. That is why SHB products and services are highly appreciated by domestic and foreign organizations and offered honored awards for many years such as: Fast Disbursement Bank for Rural Finance Project III, Best SME Bank, Best Trade Finance Bank, Best Project Finance Bank, etc.

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.

### Credit quality

**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's risk management followed risk appetite framework so as to identify risk limit, and accept risk in a selective and reasonable way towards its development orientation. 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 always kept under 3% as required by the SBV.

### Deposit activities

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

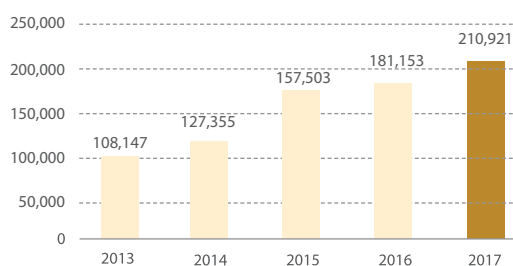
In 2017, interest rates on Market I continued relatively stable trend since 2015. VND deposit rate over 12-month term was usually kept at 6.4-7.2% p.a. Therefore, SHB's deposit activities had achieved very positive results.

- As of 31/12/2017, total deposit of the Bank reached VND 266,680 billion, increasing by 19.14% against 2016.

Not only achieving high growth rate and growth amount but SHB's deposit structure also saw effective and sustainable growth. Customer deposits increased by 16,43% against 2016 to VND 210,921 billion, higher than the market average growth rate (which was 15% against 2016). Savings of individuals always accounted for high proportion, covering more than 61.4% of the Market I deposits. Besides, SHB unstoppably sought for low-cost sources of fund from local and international financial institutions. In 2017, the funds financed from international organizations and other governments (including WB, ADB, JICA, KFW,...) that selected SHB as on-lending bank and serving bank was USD2.16 billion with 22 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

Further, SHB 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.

Customer Deposits (BVND)



# FINANCIAL HIGHLIGHTS

## 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 promptly propose 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.

## 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 2017, international settlement volume of SHB gained USD3.5 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 18.2 trillion in 2017.

## FINANCIAL HIGHLIGHTS

***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.

- 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, and 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.

### Bank 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. SHB had honorably received "Best Information Security Bank 2016" - an annual award to honor outstanding bank by International Data Group for many consecutive years.

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.

# IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

## Improvements in organizational structure and management

In 2017, for organizational structure and resource allocation optimization, SHB deployed various measures and completed the regulations on functionalities of the departments/divisions in the direction of professionalism, effectiveness throughout the system following its development strategy to become a leading retail bank.

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 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. SHB's network continued to be restructured with the termination of 05 branches, ensuring the safe operation of the system during the termination and transfer of operations; opening 5 new branches in Ha Nam, Ha Tinh, Binh Dinh, Dak Lak and Tay Ninh provinces; Completing the application for the opening of new transaction offices and branches in some provinces.

2017 marked SHB's great efforts in building organizational structure, procedures, regulations and officially launched SHB Consumer Finance Company Limited (SHBFC), opening a representative office in Myanmar, extending its development scale and network to international level.

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.

## Improvements in operating policies

### ***Financial capacity enhancement towards international standards, safe and sustainable development***

By increasing charter capital to more than VND 12,036 billion in 2017, SHB created a good step in increasing its prudential ratios gradually following international standards; completing some plans in its implementation road map for Basel II; developing diverse and convenient services to sharply increase non-interest income.

### ***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 through development of retail products, 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 high-tech 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.

## IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

### ***Ensure transparency in operations***

SHB has been honored in Top 30 most transparent companies listed in Hanoi Stock Exchange (HNX) for many years. Such achievement further marked the Bank's positive contribution to the development of the stock market in the 2009-2017 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.

### ***Strong development in international relations, local and international cooperation***

With such achievements in 2017, SHB was honored to receive courtesy visits and great encouragement from senior leaders of the Government.

Following those achievements, in 2017, 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 strongly 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 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 such as the World Bank, Asian Development Bank, JICA, KfW, etc. as serving bank and on-lending bank at many ODA projects, including: "Renewable Energy Development Project", "Nam Thai Binh Duong Solid Waste Processing Complex Construction Project"; "Small & Medium Enterprise Finance Program", "Transmission grid investment phase 3", "Efficient Power Grids in Small and Medium-sized Cities"; Second Greater Mekong Sub-region Corridor Town Development Project"; "Water Sector Investment Program - Tranche 3", etc. These projects finance for enterprises' new investment and expansion of their business activities at preferential loan interest rates, thereby creating stable jobs, improving living standards and working environment for the workers...

To present, the funds financed from international organizations and other governments to SHB as on-lending bank and serving bank was USD2.16 billion with 22 projects system-wide. Especially, SHB continued to be highly recognized and selected as issuing bank by Asian Development Bank (ADB) in its Global Trade Finance Program with total financing limit up to USD150 million.

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, etc. In addition to improved business performance, SHB has positioned itself among peer banks in the market, while enhancing its reputation in the public.



## DEVELOPMENT PLAN

Based on the business performance in 2017, the main objectives of SHB in 2018 are identified as follows

1. Continue the position in Top 5 largest joint stock commercial banks in Vietnam.
2. Continue implementing business plan in parallel with increasing charter capital and owner's equity in order to ensure safe and effective operation, comply with prudential ratios required by the SBV and follow international standards.
3. Boost business activities to increase market shares of key business lines such as customer deposit, ensure high market share and appropriate proportion of stable fund; 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 in order to diversify funds for business activities; promote market share of credit, domestic cards and international cards and retail banking products with high competitiveness.
4. Prioritize lending to SMEs and individual customers to realize the Bank's objective of becoming a leading retail bank in Vietnam; Drastically undertaking business activities at SHB Consumer Finance Company Limited with breakthrough solutions on marketing and expanding network to quickly dominate the market with the mission of "Providing smart, accessible consumer financial solutions to all Vietnamese people" to create momentum for the achievement of the first five years objectives. By the end of 2018, SHBFC plans to cover 10 provinces and cities across the country, with a direct sales staff size of up to 750 people, modern IT systems (LOS, LMS, Process Maker, Call Center, Data warehouse and other supporting systems for business ...) to respond to the strong customer growth in the coming years. Expected that after 05 years of operation, SHBFC will be ranked in Top 03 most effective, convenient and safe financial companies in Vietnam with specific quantitative criteria: ranked 3rd in outstanding consumer loans, corporate value increases at least 4 times and ROE reaches over 45%, network expands in 63 provinces and cities across the country.
5. Strengthen the development of banking services with derivative products and banking service products which are competitive and responsive to market demand; Attract cash flow back from the business plans funded by SHB.
6. Develop insurance services through Bancassurance cooperation with prestigious foreign insurance firms as their life insurance exclusive distributor in order to increase service-based income and greatly contribute to the Bank's profit.
7. Promote the growth of non-interest income to realize the goal of increasing the ratio of non-interest income to total income to 20%.
8. Promote restructuring loan portfolio, increase assets quality to enhance business efficiency; Minimize medium and long-term loans, loans to high risk and ineffective sectors.
9. Continue the expansion of network along with strict network monitoring and control to optimize the performance of branches/ transaction offices.
10. Focus all resources; comprehensively perform strategic cooperation agreements signed with large economic groups such as Vietnam Electricity, Vietnam Rubber Group, Truong Hai Auto, etc. and continue to sign new strategic cooperation agreements with large organizations and economic groups domestic and abroad.
11. Improve governance capability; reform, renovate human resource development in order to have a work force of high qualifications.
12. 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.
13. 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.
14. Continue to invest in information technology applications in order to increase management capability, renovate human

## DEVELOPMENT PLAN

resource development to create a highly qualified employee base; enhance risk mitigation as well as synchronous, efficient and competitive development of banking services and products, thereby improving work performance of employees.

15. 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.
16. Promote public communication and international relations in order to propagate SHB's brand name in local and international markets.
17. Enhance activities of Communist Party, Youth Union, Labour 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 business performance and sustainable development.

### Financial Objectives in 2018

Unit: BVND

No.	Indicator	2018 plan	2018/2017 growth rate (%)
1	Total assets	315,494	10.31%
2	Charter capital (*)	13,240	18.25%
3	Customer deposits	250,617	18.82%
4	Customer loans (**)	223,822	15.00%
5	Profit before tax	2,050	
6	Non Performing Loans Ratio (%)	<3%	
7	Dividend yield (%)	10% of charter capital	
8	Capital Adequacy Ratio (%)	>9%	
9	Loan-to-Deposit Ratio	<80%	
10	Ratio of short-term capital source for medium and long-term loan	<45%	
11	Quick ratio	>10%	
12	ROA	0.6% - 0.8%	
13	ROE	10.5% - 11.5%	

(\*): Charter capital growth in 2018 is 18.25%, including charter capital increased by paying dividend in 2016, approved by the SBV in Quarter 1/2018.

(\*\*): Loan growth follows SBV's official letter approving SHB's loan growth in 2018.

## DEVELOPMENT PLAN

### Other business indicators:

- *Network development:*

- + Put into operation 5 local branches (Son La, Vinh Long, Nam Dinh, Binh Thuan, Hai Duong);
- + Open 20 new transaction offices for SHB branches that have not had enough sub-branches under management authority according to SBV's requirements.
- + Open representative offices, sales kiosks of SHBFC in 10 provinces and cities in the country.
- *Compensation of the Board of Directors, Board of Supervisors: VND24.6 billion (accounting for 1.5% of profit after tax 2018)*
- *Salary budget: VND1,820 billion (increase by 34% against 2017 due to the increase in number of employees following the expansion of branch and transaction office network).*

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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. Activities of training and raising awareness for staff on green credit activities, raising awareness of efficient and economical use of 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.

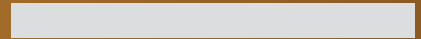
In the future, SHB will continue sticking to the work of social security, to contribute to the development of the community as a large enterprise.

# **EVALUATION OF THE BOARD OF DIRECTORS ON THE PERFORMANCE OF THE BANK**



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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 THE PERFORMANCE OF THE BANK

## Evaluation of the Board of Directors on the performance of the Bank

***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 2017:***

- In agreement with strategic objectives set out by the BOD.
- Well fulfilled 2017 business plan assigned by the General Assembly of Shareholders.
- Applying drastic measures to help the Bank keep its non-performing loans ratio within required limit by SBV.
- Mobilized funds, especially customer deposits, rose substantially to ensure the Bank's liquidity.
- More branches and transaction offices were opened in many provinces and cities of the country and overseas markets.
- The Bank had financed many national key projects.
- Management costs and operating costs were managed properly which contributed to improving the 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
- SHB Consumer Finance Co Ltd (SHB FC) was officially operated leading SHB closer to the goal of becoming one of leading retail banks in Vietnam.
- Ensured profit and dividend for shareholders beyond the target set out by the General Meeting of Shareholders.
- Properly fulfilled environmental and social responsibility including developing green credit development that is in conformity with international and domestic standards on environmental protection, energy, and resource saving. Through Gratitude funds and programs, SHB has always tried its best to share the heavy burden of the society to support people with meritorious services to the revolution, poor people and people suffering from catastrophes.

## Evaluation of the Board of Directors on performance of the Board of Management

The year 2017 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 ORIENTATIONS OF THE BOARD OF DIRECTORS

SHB's goal is to become a leading modern multi-functional retail bank in Vietnam with the 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 long-term orientation, with the overall strategy of competition by differentiation based on orientations by 2020 as follows:

- *Continue to be in Top 5 largest private 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.

- *Always promote research, development and innovation in all activities and operations systemwide*
- *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; undertaking the operation

plan for SHB Consumer Finance Company Limited.

- *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;

- *Focus on information technology modernization with long-term strategy, quickly reaching regional and international levels*

- *Promote the development of SHBFC with market-driven modern technology and products, contributing to the development of SHB*

- *Strengthen risk management*

Step by step developing a suitable risk management system that is adequate to Basel II 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 the 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 research, 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 below 3%.

- *Attract and develop 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 policy that each employee is concurrently an instructor that offers training to his/her colleagues within their professional areas; recruiting and training high-quality young staff.

- *Corporate culture is the core value*

Maintaining and developing SHB's corporate culture with the 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.

- *Enhance international integration and cooperation, apply advanced technologies and practices to promote SHB's brand and position domestically and internationally.*

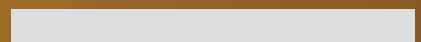


# **CORPORATE GOVERNANCE**



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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

***Board of Directors is the highest governing body of the bank including members elected by the General Meeting of Shareholders having full rights to implement decisions and responsibilities of SHB.***

### Members and structure

No.	Full Name	Position	Holding Percentage (%)
1	Do Quang Hien	BOD Chairman	2.742%
2	Vo Duc Tien	BOD Vice Chairman	0.004%
3	Nguyen Van Le	BOD Member	0.226%
4	Tran Ngoc Linh	BOD Member	0.198%
5	Do Quang Huy	BOD Member	-
6	Pham Cong Doan	BOD Member	-
7	Thai Quoc Minh	Independent BOD Member	-

### Committees under the BOD

***Professional councils and governance committees are established by BOD to implement the tasks assigned by BOD:***

- + 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. Besides, BOD requires BOM give directions to the units to promptly settle bad debts, overdue debts; increase the frequency of inspection before, during and after lending in order to reduce incurred NPL; enhance credit quality throughout the system to ensure the stability, sustainable development and fulfill plans assigned by the General Shareholder Meeting.

BOD regularly participates in meetings with BOM and business units to comprehend fully the business performance and instantly resolve difficulties, which creates motivation for business development. On the other hand, 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.

# BOARD OF DIRECTORS

## Activities of the BOD's committees

### HR Committee

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

Advise the BOD in the 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

Do 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 the targeted structure of the loan portfolio of the bank by sectors, products or geographic locations.

Approve credit policies 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	0.007%
2	Nguyen Thi Hoat	Deputy Head of BOS	-
3	Nguyen Huu Duc	Member	-
4	Le Thanh Cam	Member	-
5	Pham Thi Bich Hong	Member	-

### Activities of the Board of Supervisors

**Board of Supervisors is the body supervising the operation of the Bank with members elected by the General Shareholder Meetings.**

• **Some activities of the BOS are as follow:**

1. Supervising the management of SHB's system to ensure that SHB is always in compliance with the law and SHB's charter.
2. Issuing and reviewing Internal Regulation of the BOS.

In 2017, BOS has built up the working mechanism and assigned tasks for the term of office 2017-2022 managing directly Internal Audit Division, advising BOD, BOS to review, amend and supplement the internal regulations of Internal Audit Division.

3. Performing the internal audit function of the BOS:

Through the Internal Audit Division under the Board of Supervisors with a system of internal audit departments in each business unit, the Bank's internal control and audit has been implemented independently, regularly and comprehensively at each business unit.

The BOS regularly monitors the operation of the Internal Audit Division, promptly directs and revises the contents of the documents and reports to ensure that they meet requirements of each task; directed internal audits (on-site),

reaching 142%, overshoot the 2017 plan; tackle errors detected throughout the audit process, correct after inspection and audit rectification; remotely monitor banking operation safety norms as prescribed by the SBV; coordinate in constructing methods, measures, techniques and tools for monitoring; supervise SHB's internal targets; direct the Internal Audit Division to participate in the settlement of complaints and denunciations; make periodical reports for quarterly submission to The SBV Banking Supervision Agency.

Reporting consolidated audit result; reporting correction result after audit period of the business units; reporting on the result of the supervision of total lending activities; summarizing the monthly results of credit monitoring warning responses.

4. Underwriting consolidated financial statement for the first 6 month period and annually of SHB (as stipulated in Clause 4, Article 59, SHB's charter).
5. Checking accounting books, other related documents and SHB's management and operation (as stipulated in Clause 5, Article 59, SHB's charter): ensuring the consistency between CEO and BOD.
6. Informing promptly BOD when detecting violations of bank managers (as stipulated in Clause 6, Article 59, SHB's charter):

## BOARD OF SUPERVISORS (BOS)

7. Creating a list of major shareholders and related individuals of BOD's members, BOS's members, CEO as regulated by the law and SHB's charter; coordinating with BOD office to set up, record, update changes of this list (as stipulated in Clause 7, Article 59, SHB's charter).

8. Doing other functions of the BOS

- Contributing opinions on the draft of the circular replacing Circular 44/2011/TT-NHNN.

### **Supervisors conducted 05 meetings in 2017 with contents and outcomes of the meetings as follows:**

#### *Meeting of BOS dated 07/02/2017*

- a) Reviewed the work performed by the BOS during quarter IV/2016: Pursuant to the work plan for Quarter IV/2016 outlined in the BOS Quarter III/2016 Minutes Meeting No. 80A/BB-BKS dated 06/10/2016 the BOS reviewed and evaluated the works performed during quarter IV/2016).
- b) Worked out the work plan of the BOS in Quarter I/2017
- c) Result: All participants agree 100% with the content recorded in the meeting minute

#### *Meeting of BOS dated 19/04/2017*

- a) Reviewed the work performed by the BOS during quarter I/2017: Pursuant to the work plan for Quarter I /2017 outlined in the BOS Quarter IV/2017 Minutes Meeting No. 07/2017/BB-BKS dated 07/02/2017, the BOS reviewed and evaluated the works performed during quarter I/2017)
- b) Worked out the work plan of the BOS in Quarter II/2017
- c) Result: All participants agree 100% with the content recorded in the meeting minute.

#### *Meeting of BOS dated 24/4/2017*

- a) Voting for member list of BOS
- b) Result All participants agree 100% with the content recorded in the meeting minute.

#### *Meeting of BOS dated 27/07/2017*

- a) Reviewed the work performed by the BOS during quarter II/2017: Pursuant to the work plan for Quarter II/2017 outlined in the BOS Quarter I/2017 Minutes Meeting No. 40/2017/BB-BKS dated 19/4/2017, the BOS reviewed and evaluated the works performed during quarter II/2017).
- b) Worked out the work plan of the BOS in Quarter III/2017.
- c) Result: All participants agree 100% with the content recorded in the meeting minute.

#### *Meeting of BOS dated 24/10/2017*

- a) Reviewed the work performed by the BOS during quarter III/2017: Pursuant to the work plan for Quarter IV/2017 outlined in the BOS Quarter II/2017 Minutes Meeting No. 64.A/2017/BB-BKS dated 27/07/2017, the BOS reviewed and evaluated the works performed during quarter III/2017.
- b) Set out the direction, working mission of the BOS in quarter IV/2017.
- c) Result: All participants agree 100% with the content recorded in the meeting minute.

All activities of Board of Supervisors in 2017 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.



# COMPENSATIONS AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

## Salary, bonuses, compensations, and other benefits

Total salary, bonuses, compensations and benefits for the BOD and BOS was VND 14.5 billion, equivalent to 74.36% of the plan adopted at the General Meeting of Shareholders. As a result, in 2017, compensations and benefits plan for members of the BOD and the Supervisory Board adopted at the Annual General Shareholder Meeting 2017 was not used up.

Compensation for BOM was VND 17.2 billion.

## Share transaction of internal shareholders:

Mr. Tran Van Binh - brother of BOD member Tran Ngoc Linh sold 26,943 shares decreasing the ownership ratio from 0.002% to 0%. Chairman of listed organization who is also the Chairman of transaction organization (Saigon- Hanoi Insurance Corporation), bought 7,588,800 shares, raising the ownership ratio from 0% to 0.68%.

## Implementation of regulations on corporate governance

Established in 1993, over 25 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:

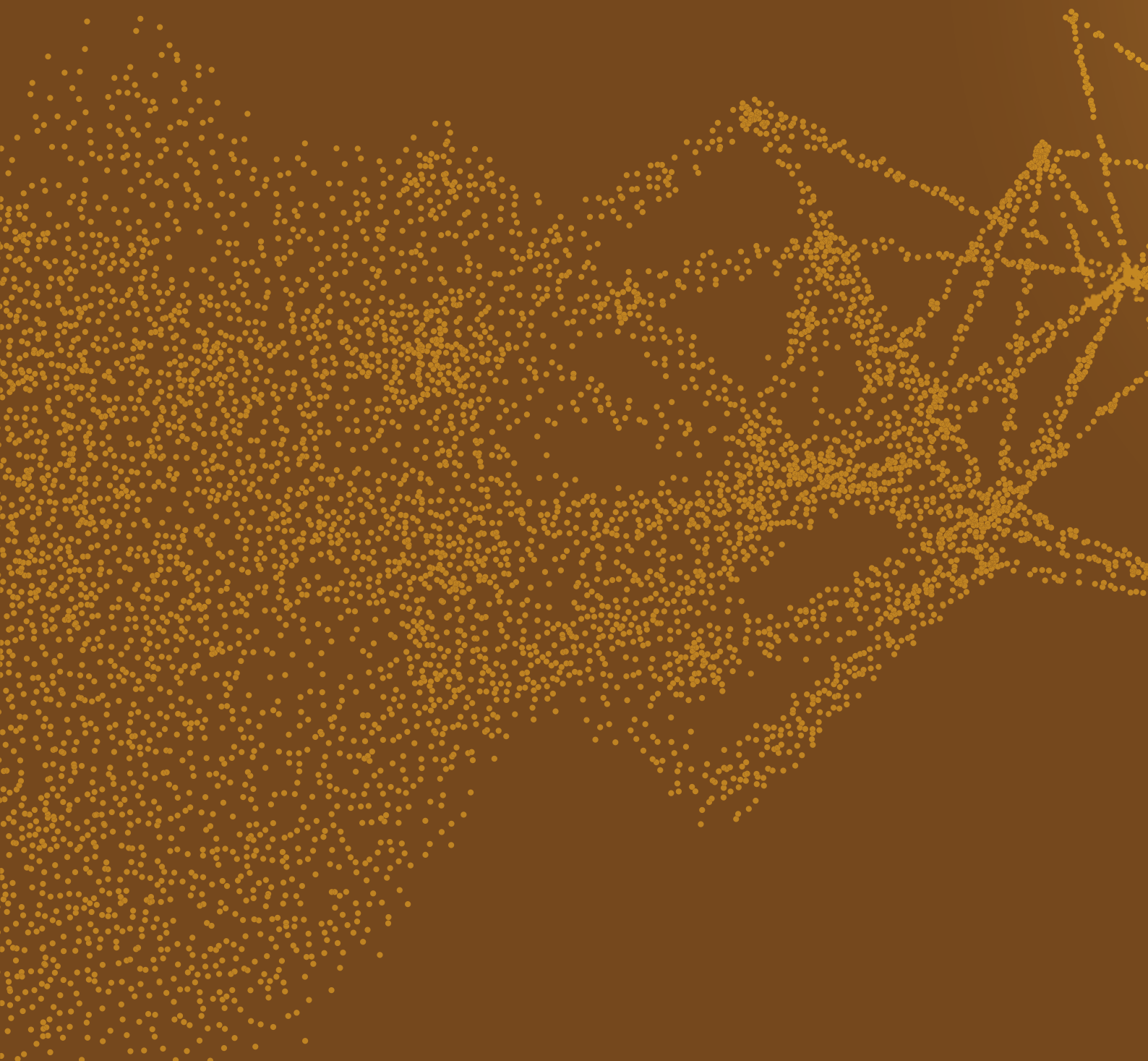
- The Bank has ensured shareholders' rights and benefits.

20

## COMPENSATIONS AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

- 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. Publicly disclosing meeting document on the official website as a basis for discussion and voting at the Annual General Shareholder Meeting. Organizing the Annual General Shareholder Meeting mindfully, carefully to show the prestige of the bank.
- 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**





“

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 25 years of establishment and development. This is also one of the 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 2017 marked a boom in SHB's business operations as well as the 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

- Sharing the burden of life with the poor, hoping to bring an abundant, happy, warm and full of love to the Lunar New Year; SHB donated billions of VND for the Fund for supporting the poor, Fund for poor patients; giving hundreds of gifts for poor families, disadvantaged people, beneficiaries of social welfare and children in Ba Vi - Ha Noi, Ha Tinh, Binh Dinh, Dak Lak, etc. and Agent Orange victims in the program "Business Night 2017".
- Sharing the difficulties in life with the poor, the unlucky ones, SHB supported billions of VND to organize the night of exchange and support Fund for the poor of Vietnam National Front in the peak month of this movement.
- 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.
- 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".





## SOCIAL RESPONSIBILITY TO THE COMMUNITY

- Accompanying with the poor, in order to develop the 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 gratefulness of all the staff to the people with meritorious services to the revolution, SHB donated billions of VND to the program "Gratitude to people with meritorious services to the revolution" arranged by the People's Committee of Hanoi and National Front Committee of Vietnam.
- SHB participated in the support of the Quang Tri Citadel Soldiers in 1972 Association, the War Veterans' Association of the Command 719 billions of VND; Contributed to the gratitude fund of Ha Nam Province, Tay Ninh Province, and many other meaningful gratitude activities

### Investing in education and young generation

- With the purpose of using football as a tool to take on social problems affecting greatly on adolescents like drug abuse, unemployment, future orientation, integration of people with disabilities etc, SHB cooperates with Manchester City to organize "Young leader" program - to train future leaders in SOS village in order to help them believe in themselves and live up to their full potentials.
- 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.
- To help the children of families in the rural area have a clean and beautiful new school, which is in response to the emulation movement "the whole country build up a new countryside"; SHB has supported the construction of the kindergarten of Bach Thuan commune, Vu Thu district, Thai Binh province.
- To inspire young people to start-up, SHB as the main sponsor, invited the top billionaire in Asia, Jack Ma, to communicate and exchange ideas with more than 3,000 Vietnamese students.
- Supporting disadvantaged children at social welfare centers, orphanages in Dong Nai, Ho Chi Minh, Quang Binh, Lang Son etc.
- 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.



## SOCIAL RESPONSIBILITY TO THE COMMUNITY



### Disaster relief

- To share damages caused by natural disasters, SHB held a visit to offer gifts for families suffering severely from the floods in Thanh Hoa, Quang Nam, Hue and Khanh Hoa.
- Sharing the loss with the family of the journalist Dinh Huu Du - correspondent of Vietnam News Agency - sacrificed while disseminating information about the first flood in Ngoi Thia bridge, Nghia Lo town, Yen Bai province, SHB donated 100 million VND to support the family.



### Other activities

- Supporting the preservation of the cultural heritage of the nation, SHB sponsored and co-operated with Nam Dinh province to hold a ceremony to welcome UNESCO certificate for "Practicing Goddesses religion of the Three palaces" - an intangible heritage of the world
- Funding and accompanying with Nghe An province successfully organized the opening ceremony of Cua Lo Beach tourism festival - a meaningful activity promoting Vietnam's tourism in particular and the whole nation in general



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.

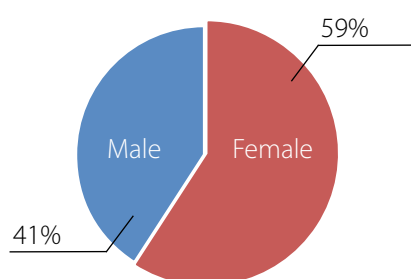


## EMPLOYEE POLICY

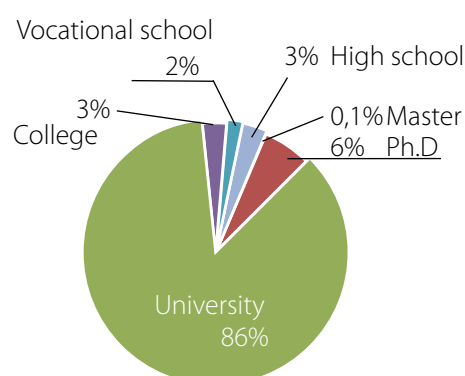
***SHB had a young and dynamic workforce with the average age ranging from 29 – 31 years old with graduate and post-graduate qualifications accounting for 92% of the total workforce.***

Total employees of the bank and its subsidiaries as of 31 December 2017 are 6,210. The average income of employees is gradually improved, achieving VND 18 million /person in 2017.

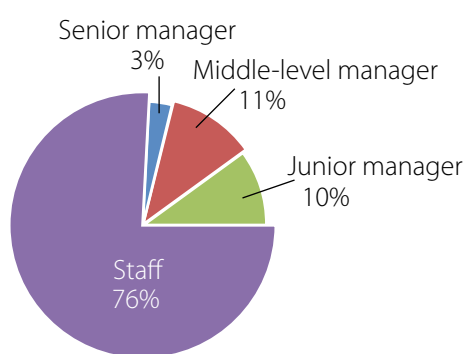
**Personnel structure by gender**



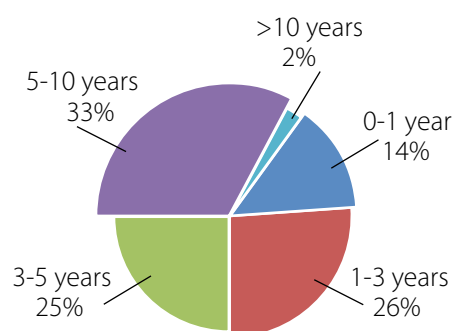
**Personnel structure by education level**



**Personnel structure by position level**



**Personnel structure by number of years of experience**



## 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.

### Recruitment policy

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

Internal rotation and recruitment are focused by the Bank's management, internal human resources in recruitment are encouraged and prioritized in order to promote employee engagement and 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 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 the 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 2017, 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 are nearly 20 hours with the 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 for 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 an 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

Post-training effectiveness assessment is periodically conducted by examinations and professional evaluation throughout the bank to encourage employee's self-training and self-improvement 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 the employee's learning easier and more efficient.

## EMPLOYEE POLICY

### 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 the period working performance review, which motivates employees to achieve the target. The annual salary increase is public, 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 and overseas 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's highlights which not only helps SHB to ensure and improve incomes of employees but also acts as one of the 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. In particular, in 2017, SHB officially launched a comprehensive health insurance program for SHB employees (SHB Care, in association with BSH insurance) with high contract value per employee supporting health care for employees.

Besides allowances for toxicity, make-up, dual-position, 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 help to control travel 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. Deposit-taking, 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 the 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.

### **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.

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.

## RESPONSIBILITY FOR THE ENVIRONMENT

### 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 the workplace* 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 dustbins 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 the 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 video conferencing, 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 reducing 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

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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

Along with such activities, SHB is going to protect the environment with green credit policy, ensuring sustainable development of the country by setting important criteria for projects financed by SHB to conform with international and domestic standards on environmental protection, energy, and resource saving. Projects for the development of renewable

energy, protection of natural environment such as small & medium size hydropower projects, biomass projects, wastewater, 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 2017, SHB was selected to be the servicing bank and on-lending bank in various projects funded by international organizations in renewable energy development, decrease emission from electricity generation, program for development of Vietnam water sector, etc.







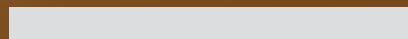


# FINANCIAL REPORTS



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On basis of “Solid partners  
– Flexible solutions” motto  
and innovation-led business  
strategy, SHB is committed  
to bringing maximum  
returns to customers,  
shareholders and investors.



**Saigon - Hanoi Commercial Joint Stock Bank**

Consolidated financial statements

31 December 2017

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## GENERAL INFORMATION

### THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”), initially Nhon Ai Rural Commercial Joint Stock Bank, is a joint stock commercial bank registered in the Socialist Republic of Vietnam on 13 November 1993 under Decision No. 214/QĐ-NH5 and Business License No. 0041-NH/GP issued by the State Bank of Vietnam (herein referred to as “the SBV”). Business license of the Bank has duration of 50 years since the issued date. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QĐ-NHNN dated 11 September 2006 granted by the SBV Governor.

The Bank successfully merged Hanoi Building Commercial Joint Stock Bank (“HBB”) and Vinaconex - Viettel Financial Joint Stock Company (“VVF”) into its operation in 2012 and 2017 respectively according to the restructure of the banking system of Vietnam. As at 31 December 2017, the Bank was operating under the amended Business Registration No. 1800278630 granted by the Department of Planning and Investing on 1 March 2017.

The Bank’s current principal activities are to provide banking services, including mobilizing and receiving short-term, medium-term and long-term deposits from organizations and individuals; making short-term, medium-term and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; providing settlement services and other banking services as approved by the State Bank.

The Bank’s Head Office is located at 77 Tran Hung Dao Street, HoanKiem District, Hanoi. As at 31 December 2017, the Bank had one (1) business centre, fifty-three (53) branches, one (1) saving fund, one hundred and seventy-eight (178) transaction offices nationwide, and four (4) subsidiaries..

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Do Quang Hien	Chairman	Reappointed on 28 April 2017
Mr. Vo Duc Tien	Vice Chairman	Appointed on 28 April 2017
Mr. Nguyen Van Le	Member	Reappointed on 28 April 2017
Mr. Tran Ngoc Linh	Member	Reappointed on 28 April 2017
Mr. Do Quang Huy	Member	Reappointed on 28 April 2017
Mr. Pham Cong Doan	Member	Appointed on 28 April 2017
Mr. Thai Quoc Minh	Independent Member	Appointed on 28 April 2017
Mr. Pham Ngoc Tuan	Member	Resigned on 28 April 2017
Mr. Le QuangThung	Independent Member	Resigned on 28 April 2017

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr. Pham Hoa Binh	Head	Reappointed 28 April 2017
Ms. Nguyen Thi Hoat	Deputy Head	Reappointed on 28 April 2017
Mr. Nguyen Huu Duc	Member	Reappointed on 28 April 2017
Ms. Le Thanh Cam	Member	Appointed on 28 April 2017
Ms. Pham Thi Bich Hong	Member	Appointed on 28 April 2017
Mr. Bui Thanh Tam	Member	Resigned on 28 April 2017

## GENERAL INFORMATION (continued)

### MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Management and Chief Accountant during the year and at the date of this report are:

Mr. Nguyen Van Le	Chief Executive Officer	Reappointed on 21 May 2014
Mr. Le Dang Khoa	Deputy General Director	Appointed on 10 April 2009
Ms. Ngo Thu Ha	Deputy General Director	Appointed on 15 March 2011
Ms. Ninh Thi Lan Phuong	Deputy General Director	Appointed on 8 June 2012
Ms. Dang To Loan	Deputy General Director	Appointed on 9 October 2012
Mr. Nguyen Huy Tai	Deputy General Director	Appointed on 18 February 2013
Ms. Ngo Thi Van	Chief Accountant	Appointed on 11 November 2014

### LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of this report is Mr. Nguyen Van Le - Chief Executive Officer.

### AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited.

## REPORT OF MANAGEMENT

Management of Saigon - Hanoi Commercial Joint Stock Bank ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2017.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of the consolidate results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue their business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, approval documents of the State Bank of Vietnam, and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of Management:



Mr. Nguyen Van Le  
Chief Executive Officer

Hanoi, Vietnam  
6 April 2018



Reference: 60829147/19611443-HN

## **INDEPENDENT AUDITOR'S REPORT**

**To: The Share holders of  
Saigon - Hanoi Commercial Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Saigon - Hanoi Commercial Joint Stock Bank ("the Bank") and its subsidiaries as prepared on 6 April 2018 and set out on pages 93 to 154, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

Management of the Bank is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

## **Emphasis of matter**

We draw attention to Note 4.3 – Special accounting policies regarding outstanding financial debts. As at 31 December 2017, the Bank has adopted special accounting policies on allocation of provision and reversal of accrual interest for outstanding financial debts (mainly transferred from Hanoi Building Commercial Joint Stock Bank (“HBB”)) in accordance with the Revised Merger Plan of HBB into SHB for the period from 2016 to 2020, which is approved in principles by the Government according to Official Letter No. 1922/VPCP-KTTH dated 8 September 2016.

**Our opinion is not modified in respect of this matter.**

## **Other matter**

Consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2016 was audited by another audit firm which expressed an unmodified audit opinion on those consolidated financial statements on 31 March 2017 with an emphasis of matter relating to the adoption of the special accounting policies on allocation of provision/reversal of accrual interest for the outstanding financial debts in accordance with the “Revised Merger Plan of HBB into SHB for the period from 2016 to 2020”.

## **Ernst & Young Vietnam Limited**



Dang Phuong Ha  
Deputy General Director

Audit Practising Registration  
Certificate No. 2400-2013-004-1

Nguyen Thi Bich Le  
Auditor

Audit Practising Registration  
Certificate No. 3405-2015-004-1

Hanoi, Vietnam  
6 April 2018

THE CONSOLIDATED BALANCE SHEET  
as at 31 December 2017

		31/12/2017 VNDm	31/12/2016 (restated) VNDm
	Notes		
<b>ASSETS</b>			
<b>Cash and gold</b>	<b>6</b>	<b>1,446,548</b>	<b>1,291,694</b>
<b>Balances with the State Banks</b>	<b>7</b>	<b>3,742,659</b>	<b>2,718,757</b>
<b>Placements with and loans to other banks</b>	<b>8</b>	<b>33,513,516</b>	<b>30,136,422</b>
Placements with other banks		27,859,510	23,230,559
Loans to other banks		5,654,006	6,911,000
Provision for placements with and loans to other banks		-	(5,137)
<b>Trading securities</b>	<b>9</b>	<b>1,050</b>	<b>40,899</b>
Trading securities		3,889	65,382
Provision for trading securities		(2,839)	(24,483)
<b>Derivatives and other financial assets</b>	<b>10</b>	<b>136,265</b>	<b>44,578</b>
<b>Loans and advances to customers</b>		<b>195,441,551</b>	<b>160,578,800</b>
Loans and advances to customers	11	198,290,566	162,376,185
Provision for credit losses	12	(2,849,015)	(1,797,385)
<b>Investment securities</b>	<b>13</b>	<b>21,207,964</b>	<b>18,846,623</b>
Available-for-sale securities		12,268,348	10,788,497
Held-to-maturity securities		10,682,862	9,439,853
Provision for investment securities		(1,743,246)	(1,381,727)
<b>Long-term investments</b>	<b>14</b>	<b>215,465</b>	<b>222,949</b>
Other long-term investments		227,250	229,393
Provision for long-term investments		(11,785)	(6,444)
<b>Fixed assets</b>	<b>15</b>	<b>3,952,317</b>	<b>3,962,052</b>
<i>Tangible fixed assets</i>	<i>15.1</i>	<i>425,424</i>	<i>424,046</i>
Cost		1,011,431	962,704
Accumulated depreciation		(586,007)	(538,658)
<i>Intangible assets</i>	<i>15.2</i>	<i>3,526,893</i>	<i>3,538,006</i>
Cost		3,738,489	3,726,916
Accumulated amortization		(211,596)	(188,910)
<b>Investment properties</b>	<b>16</b>	<b>-</b>	<b>16,815</b>
Cost		-	17,401
Accumulated depreciation		-	(586)
<b>Other assets</b>	<b>17</b>	<b>26,352,746</b>	<b>22,893,100</b>
Receivables		13,411,455	8,510,417
Interest and fees receivable		7,955,903	7,875,554
Other assets		5,395,762	6,719,575
Provision for other assets		(410,374)	(212,446)
<b>TOTAL ASSETS</b>		<b>286,010,081</b>	<b>240,752,689</b>

THE CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2017

	Notes	31/12/2017 VNDm	31/12/2016 (restated) VNDm
<b>LIABILITIES</b>			
<b>Borrowings from the Government and the SBV</b>	<b>18</b>	<b>2,758,343</b>	<b>2,572,420</b>
<b>Deposits and borrowings from other banks</b>	<b>19</b>	<b>53,000,419</b>	<b>40,114,381</b>
Deposits from other banks		33,297,858	23,299,257
Borrowings from other banks		19,702,561	16,815,124
<b>Customer deposits</b>	<b>20</b>	<b>194,889,770</b>	<b>166,576,217</b>
<b>Other borrowed funds</b>	<b>21</b>	<b>1,064,161</b>	<b>808,887</b>
<b>Valuable papers issued</b>	<b>22</b>	<b>14,967,269</b>	<b>13,767,675</b>
<b>Other liabilities</b>		<b>4,638,899</b>	<b>3,681,536</b>
Interest and fees payable		4,103,201	3,204,877
Other payables	23	535,698	476,659
<b>TOTAL LIABILITIES</b>		<b>271,318,861</b>	<b>227,521,116</b>
<b>OWNERS' EQUITY</b>			
<b>Capital</b>			
Charter capital		11,196,891	11,196,891
Share premium		101,716	101,716
Treasury shares		(5,260)	(5,260)
<b>Reserves</b>		<b>1,234,614</b>	<b>1,038,259</b>
<b>Retained earnings</b>	<b>25</b>	<b>2,163,259</b>	<b>897,661</b>
<b>TOTAL OWNERS' EQUITY</b>	<b>25</b>	<b>14,691,220</b>	<b>13,229,267</b>
<b>NON-CONTROLLING INTEREST</b>		<b>-</b>	<b>2,306</b>
<b>TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROLLING INTEREST</b>		<b>286,010,081</b>	<b>240,752,689</b>

THE CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2017

**OFF-BALANCE SHEET ITEMS**

	<i>Notes</i>	31/12/2017 VNDm	31/12/2016 VNDm
Credit guarantees		179,955	176,415
Foreign exchange commitments		18,542,149	20,258,207
<i>Swaps</i>		18,542,149	20,258,207
Letters of credit		14,695,470	10,670,815
Other guarantees		23,117,644	12,157,598
Other commitments		-	250,000
	<b>39</b>	<b>56,535,218</b>	<b>43,513,035</b>

Prepared by:



Ms. Nguyen Thi Hanh Hoa  
Accountant

Approved by:



Ms. Ngo Thi Van  
Chief Accountant

Approved by:



Mr. Nguyen Van Le  
Chief Executive Officer



Hanoi, Vietnam

6 April 2018

THE CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2017

		2017	2016 (restated)
	Notes	VNDm	VNDm
Interest and similar income	27	18,220,214	14,568,653
Interest and similar expenses	28	(13,423,554)	(10,393,205)
<b>Net interest and similar income</b>		<b>4,796,660</b>	<b>4,175,448</b>
Fee and commission income		1,526,170	409,808
Fee and commission expenses		(69,305)	(71,743)
<b>Net fee and commission income</b>	<b>29</b>	<b>1,456,865</b>	<b>338,065</b>
<b>Net gain from foreign currency trading</b>	<b>30</b>	<b>54,247</b>	<b>102,040</b>
<b>Net gain/(loss) from trading securities</b>	<b>31</b>	<b>16,456</b>	<b>(10,104)</b>
<b>Net (loss)/gain from investment securities</b>	<b>32</b>	<b>(12,372)</b>	<b>10,339</b>
Other operating income		359,978	736,423
Other operating expenses		(222,486)	(388,227)
<b>Net other operating income</b>	<b>33</b>	<b>137,492</b>	<b>348,196</b>
<b>Dividend income</b>	<b>34</b>	<b>2,816</b>	<b>2,127</b>
<b>TOTAL OPERATING INCOME</b>		<b>6,452,164</b>	<b>4,966,111</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>35</b>	<b>(2,896,897)</b>	<b>(2,507,759)</b>
<b>Operating profit before provision for credit losses</b>		<b>3,555,267</b>	<b>2,458,352</b>
Provision charge for credit losses		(1,629,956)	(1,301,913)
<b>PROFIT BEFORE TAX</b>		<b>1,925,311</b>	<b>1,156,439</b>
Current corporate income tax		(386,183)	(243,378)
<b>Corporate income tax</b>	24.1	<b>(386,183)</b>	<b>(243,378)</b>
<b>PROFIT AFTER TAX</b>		<b>1,539,128</b>	<b>913,061</b>
Non-controlling interest		-	(187)
<b>Profit after tax of the Bank</b>		<b>1,539,128</b>	<b>913,248</b>
<b>Basic earnings per share (VND)</b>	<b>26</b>	<b>1,510</b>	<b>896</b>

Prepared by:

Approved by:

Approved by:



Ms. Nguyen Thi Hanh Hoa  
Accountant

Ms. Ngo Thi Van  
Chief Accountant

Mr. Nguyen Van Le  
Chief Executive Officer

Hanoi, Vietnam

6 April 2018

THE CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2017

	Notes	2017 VNDm	2016 VNDm
<b>OPERATING ACTIVITIES</b>			
Interest and similar receipts		18,142,807	15,541,712
Interest and similar payments		(12,551,520)	(10,241,882)
Net fees and commission receipts		1,465,529	361,578
Net receipts from foreign currency, securities trading		412,890	100,724
Net other operating receipts		155,853	311,318
Recovery from bad debts written-off previously		16,912	52,998
Employee and other administrative expense payments		(2,771,257)	(2,385,383)
Corporate income tax paid in the year	24.1	(268,304)	(246,439)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>4,602,910</b>	<b>3,494,626</b>
<b>Changes in operating assets</b>			
(Increase)/decrease in due to other banks		2,155,857	(5,491,877)
Increase in securities		(3,009,463)	(2,259,425)
Increase in derivatives and other financial assets		(91,687)	(44,578)
Increase in loans and advances to customers		(35,914,379)	(30,948,992)
Use of provision for writing-off of loans and investments	8, 12	(236,877)	(167,263)
(Increase)/decrease in other assets		(10,156,232)	479,771
<b>Changes in operating liabilities</b>			
Increase/(decrease) in borrowings from the Government and the SBV		185,923	(1,652,495)
Increase in due to banks		19,690,987	5,163,649
Increase in due to customers (including State Treasury)		28,313,552	17,747,341
Increase in valuable papers issued (except for long-term valuable papers issued presented in financing activities)		1,199,594	5,508,227
Increase in other borrowed funds		255,274	394,255
Increase in derivatives and other financial liabilities		-	(100,011)
(Decrease)/increase in other liabilities		(363,487)	46,377
<b>Net cash flows from/(used in) operating activities</b>		<b>6,631,972</b>	<b>(7,830,395)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(117,245)	(173,680)
Proceeds from sale of fixed assets		203,443	538,765
Payment for sale of fixed assets		(16,229)	-
Payment for investment in other entities		(12,857)	-
Proceeds from investment in other entities		15,000	44,380
Dividend receipts		2,816	2,127
<b>Net cash flows from investing activities</b>		<b>74,928</b>	<b>411,592</b>



THE CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2017

	Notes	2017 VNDm	2016 VNDm
<b>FINANCING ACTIVITY</b>			
Dividend payment to shareholders		(330)	(288)
<b>Cash flows used in financing activity</b>		<b>(330)</b>	<b>(288)</b>
<b>Net cash flows during the year</b>		<b>6,706,570</b>	<b>(7,419,091)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>26,342,147</b>	<b>33,761,238</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>36</b>	<b>33,048,717</b>	<b>26,342,147</b>
<b>Significant non-cash transaction:</b>			
Capital increase by way of stock dividends		-	710,946
Capital increase due to merge with VVF		-	1,039,713

Prepared by:



Ms. Nguyen Thi Hanh Hoa  
Accountant

Approved by:




Ms. Ngo Thi Van  
Chief Accountant

Approved by:



Mr. Nguyen Van Le  
Chief Executive Officer

Hanoi, Vietnam

6 April 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2017 and for the year then ended

## 1. THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”), initially Nhon Ai Rural Commercial Joint Stock Bank, is a joint stock commercial bank registered in the Socialist Republic of Vietnam on 13 November 1993 under Decision No. 214/QD-NH5 and Business License No. 0041-NH/GP issued by the State Bank of Vietnam (herein referred to as “the SBV”). Business license of the Bank has duration of 50 years since the issued date. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QD-NHNN dated 11 September 2006 granted by the SBV Governor.

The Bank successfully merged Hanoi Building Commercial Joint Stock Bank (“HBB”) and Vinaconex - Viettel Financial Joint Stock Company (“VVF”) into its operation in 2012 and 2017 respectively according to the restructure of the banking system of Vietnam. As at 31 December 2017, the Bank was operating under the amended Business Registration No. 1800278630 granted by the Department of Planning and Investing on 1 March 2017.

The Bank’s current principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations and individuals; making short-term, medium-term and long-term loans to organisations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; providing settlement services and other banking services as approved by the SBV.

### **Charter capital**

The charter capital of the Bank as at 31 December 2017 which amounting to VND 11,197 billion (31 December 2016: VND 11,197 billion) has been fully contributed.

### **Operation network**

The Bank’s Head Office is located at 77 Tran Hung Dao Street, HoanKiem District, Hanoi. As at 31 December 2017, the Bank had one (1) business centre, fifty-three (53) branches, one (1) saving fund, one hundred and seventy-eight (178) transaction offices nationwide, and four (4) subsidiaries..

### **Subsidiaries**

As at 31 December 2017, the Bank has four (4) subsidiaries as follows:

No	Subsidiary	Business Registration No.	Line of business	Ownership of the Bank
1	SHB Debt and Asset Management One Sole Member Company Limited (SHAMC)	0104006217 dated 10 December 2009 granted by the Hanoi Planning and Investment Department	Asset management	100%
2	SHB Financial Limited Company (SHBFC)	77/GP-NHNN dated 12 December 2017 granted by the State Bank of Vietnam	Finance/ Banking	100%
3	Saigon-Hanoi Bank Laos Limited (SHB Laos)	911/CBDKKD dated 30 December 2015 granted by the Ministry of Industry and Commerce of Laos	Finance/ Banking	100%
4	Saigon-Hanoi Cambodia Bank Limited (SHB Cambodia)	B35 dated 31 October 2016 granted by the National Bank of Cambodia	Finance/ Banking	100%

The Bank and its subsidiaries herein are referred to as “SHB”.

**1. THE BANK** *(continued)*

***Employees***

Total number of employees as at 31 December 2017 is 6,210 persons (as at 31 December 2016: 6,351).

***Significant events during the year***

On 12 September 2016, the SBV issued Official Letter No. 6812/2016/NHNN-TTGSNH on approval in principles the merger of VVF into SHB, and the establishment of the SHB Finance Company as a subsidiary of the Bank in accordance with the Merger Plan which was approved according to Shareholder Meeting's Resolution No. 02/NQ-DHDCD dated 24 October 2015. On 12 December 2016, the SBV issued Decision No. 2400/2016/QD-NHNN on official approval the merger of VVF into the Bank, accordingly, the Bank should take over all assets, rights, obligations and legal benefits of VVF. As at 12 January 2017, VVF officially terminated its operations and was merged into the Bank.

On 28 March 2017, the Bank officially established Saigon-Hanoi Bank Finance Limited Company ("SHB FC") in accordance with Business License No. 77/GP-NHNN issued by the State bank of Vietnam on 12 December 2016 and Business Registration No. 010779290 initially issued by Department of Planning and Investing on 28 March 2017. SHB FC officially operated since 25 September 2017.

On 18 December 2017, the Bank disposed all of its shareholdings in SHB Securities Joint Stock Company (SHBS) (equivalent to 14,771,007 shares) then ceased its controlling on SHBS accordingly.

**2. FISCAL YEAR AND ACCOUNTING CURRENCY**

**2.1 Fiscal year**

SHB's fiscal year starts on 1 January and ends on 31 December.

**2.2 Accounting currency**

SHB maintain its accounting records in Vietnam Dong (VND). However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the numbers are rounded to and presented in millions of Vietnam Dong (VNDm). This presentation does not impact readers' view on SHB's consolidated financial position, the consolidated results of its operations and its consolidated cash flows.

### **3. APPLIED ACCOUNTING STANDARDS AND SYSTEM**

#### **3.1 Statement of compliance**

Management of the Bank confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

#### **3.2 Accounting standards and system**

The consolidated financial statements of SHB are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 on amendment and supplementation of Decision No. 479/2004/QĐ-NHNN; Decision No. 16/2007/QĐ-NHNN issued on 18 April 2007 and Circular 49/2014/TT-NHNN on amendment and supplementation of a number articles of Decision No. 16/2007/QĐ-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐ-NHNN issued by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and notes to the consolidated financial statements, including their utilization, are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, consolidated results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV stipulating the financial reporting mechanism for credit institutions, which are not presented in these consolidated financial statements, indicate nil balance.

#### **3.3 Assumptions and uses of estimates**

The preparation of the consolidated financial statements requires Management of the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities. These estimates and assumptions also affect income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty. Therefore, actual results may differ from such estimates and assumptions.

### **3. APPLIED ACCOUNTING STANDARDS AND SYSTEM** *(continues)*

#### **3.4 Basis of consolidation**

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at 31 December. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies

All intra-group balances, income, expenses and unrealized profits and losses result from intra-group transactions are eliminated in full.

Financial statements of the subsidiaries (as presented in Note 1) are fully consolidated from the date when the control is transferred to the Bank. The control exists when the Bank has the power to govern either directly or indirectly the financial and operating policies of the entity to obtain benefits from its activities. The results of the subsidiaries acquired or disposed during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interest represents the portion of net results of operations and net assets not owned, either directly or indirectly through the subsidiaries, by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the Bank's equity and liabilities. Share of non-controlling interest in the consolidated result of operation is also presented separately on the consolidated income statement.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **4.1 Changes in accounting policies and disclosures**

The accounting policies adopted by the Bank in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2016, except for the following changes in the accounting policies.

*Decree No. 93/2017/ND-CP on the financial regime applicable to credit institutions, branches of foreign banks and financial supervision, assessment of effectiveness of state capital investment in wholly state-owned credit institutions and partially state-owned credit institutions.*

On 7 August 2017, the Government promulgated Decree No. 93/2017/ND-CP on the financial regime applicable to credit institutions, foreign bank branches, and financial supervision and efficiency evaluation of State capital investment in credit institutions with State owning 100% of charter capital and State-owned credit institutions ("Decree 93"). Decree 93 replaces Decree No. 57/2012/ND-CP dated 20 July 2012 of the Government, and takes effect on 25 September 2017, except for regulations on the efficiency evaluation of State investment in joint-stock credit institutions with State owning over 50% of charter capital.

Decree 93 supplements the regulations on capital adequacy, income, expenses, accounting currency and the distribution order of profit after corporate income tax.

*Circular No. 39/2016/TT-NHNN prescribing on lending transactions of credit institutions and/or foreign bank branches with customers.*

On 30 December 2016, the State Bank of Vietnam ("SBV") issued Circular No. 39/2016/TT-NHNN on lending activities to customers of credit institutions and foreign bank branches, which has taken effect from 15 March 2017.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.2 Ineffective issue accounting policies and disclosures**

On 29 December 2017, the SBV issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of Chart of account system applicable to credit institutions issued in connection with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the SBV ("Circular 22").

The main changes in Circular 22 are as follows:

- ▶ Amending and supplementing the guidances on the accounting treatment for foreign exchange and gold transactions;
- ▶ Amending a number of accounts in the Chart of account system applicable to credit institutions;
- ▶ Amending the guidances on the accounting treatment for some accounts in the Chart of account system applicable to credit institutions; and
- ▶ Amending and supplementing the guidances on the Financial reporting regime applicable to credit institutions

Circular 22 will take effect on 1 April 2018.

##### **4.3 Special accounting policies for outstanding financial debts**

The Bank has adopted accounting policies regarding provision for and reversal of accrual interest for outstanding financial debts, mainly transferred from HBB, in accordance with the Revised Merger Plan of HBB into SHB for the period from 2016 to 2020 ("the Plan"), according to Official Letter No. 1922/VPCP-KTTH dated 8 September 2016 on approval in principles the Plan and Official Letter No. 856/NHNN-TTGSNN dated 8 November 2016 on approval of the Plan. Details are as follows:

- ▶ Provision for special bonds issued by Vietnam Asset Management Company ("VAMC") is made annually with the amount stated in the Plan and shall be made in full in 2024;
- ▶ Provision for loans to Vietnam Shipbuilding Industry Group ("Vinashin"), some of its members and the members which have been merged with PetroVietnam Oil and Gas Group ("PVN") and Vietnam National Shipping Lines ("Vinalines"), including loans which have been converted and not yet been converted to special bonds is made annually with the amount determined in the Plan and shall be made in full in 2024;
- ▶ Provision for bad debts of HBB shall be made in full in a maximum period of 8 years, until 2020;
- ▶ Provision for trusted investments transferred from HBB shall be made in full in a maximum period of 8 years, until 2020; and
- ▶ Provision for troubled long-term investments of HBB and VVF shall be made in full in a maximum period of 8 years, until 2020.

Besides, the Bank has reversed accrual interest of trusted investments in a period of 8 years, until 2020 in accordance with the proposal in the Plan



**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**4.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash, gold, current accounts with the State Banks, treasury bills and other short-term valuable papers that are eligible for discount at the SBV, current accounts and placements with, loans to other banks and securities with an original maturity of less than three months from the acquisition or deposit dates which can be converted into a known amount of cash and that are subject to an insignificant risk of change in value.

**4.5 Placements with and loans to other credit institutions**

Placements with and loans to other credit institutions are presented as the principal balance at the ended of theyear.

Placements with and loans to other credit institutions are classified and provided for allowance in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, levels and method of making risk provision, and use of provision against risk resolution of credit institutions, foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 on amending and supplementing Circular 02 ("Circular 09").

Accordingly, the Bank makes specific provision for placements with (except for current accounts) and loans to other institutions according to the methods as described in Note 4.6.

According to Circular 02, the Bank is not required to make general provision for placements with and loans to other credit institutions.

**4.6 Loans and advances to customers**

Loans and advances to customers are stated at the principal amounts outstanding at the end of the year.

Short-term loans have maturity of less than or equal to 1 year from the disbursement date. Mid-term loans have maturity from over 1 year to 5 years from the disbursement date. Long-term loans have maturity of more than 5 years from the disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in Note 4.7.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### 4.7 ***Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets***

The classification of placements with and loans to other credit institutions, direct investments and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively referred to "debts") is made in compliance with the quantitative method prescribed in Article 10 of Circular 02.

Specific provision as at 31 December is made based on the outstanding principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classifications as at 30 November. The rates of specific provision for each group are presented as follows:

Group		Description	Provision
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or	0%
		(b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	
2	Special Mention	(a) Debts which are overdue for a period of between 10 days and 90 days; or	5%
		(b) Debts which are restructured repayment term for the first time.	
3	Sub standard	(a) Debts which are overdue for a period of between 91 days and 180 days; or	20%
		(b) Debts which are extended repayment term for the first time; or	
		(c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or	
		(d) Debts in one of the following cases have not been recovered in less than 30 days from the date of the decision to collect:	
		▪ Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or	
		▪ Debts violating Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or	
		▪ Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions.	
		(e) Debts which are recovered under inspection conclusions	

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**4.7 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets** (continued)

Group	Description	Provision
4 Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or	50%
	(b) Debts 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) Debts which are restructured repayment term for the second time; or	
	(d) Debts which are specified in point (d) of Group 3 that have not been recovered for a period of between 30 days and 60 days after decisions on recovery have been issued; or	
	(e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	
5 Loss	(a) Debts which are overdue for a period of more than 360 days; or	100%
	(b) Debts which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or	
	(c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or	
	(d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or	
	(e) Debts which are specified in point (d) Group 3 that have not been recovered for a period of more than 60 days after decisions on recovery have been issued; or	
	(f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or	
	(g) Debts of customers being credit institutions which are announced by the State bank to place in special control status, or foreign banks' branches of which capital and assets are blockaded.	

If a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank should classify the entire remaining debts of such customer into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into a higher of the risk group assessed by the leading bank and by the Bank.

For loans to customers in agricultural and rural sector, the Bank is allowed to restructure these loans and keep their classification groups as before the restructuring for only one time in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 providing guidance on certain contents of Decree No. 55/2015/NĐ-CP dated 9 June 2015 by the Government on credit policies for agriculture and rural development.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.7 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets** *(continued)*

The basis to determine the value and discounted value for each type of collateral is specified in Circular 02.

Besides, the SBV approved the Bank's allocation plan of provision for loans to Vietnam Shipbuilding Industry Group ("Vinashin", renamed as Shipbuilding Industry Corporation - "SBIC"), some of its members and the members which have been merged with Petrovietnam Oil and Gas Group ("PVN") or Vietnam National Shipping Lines ("Vinalines"), including loans which have been converted and not yet been converted to special bonds, in a maximum period of 10 years since 2014.

In addition, applying the special accounting policies as presented in Note 4.3, the Bank has allocated the provision for the bad debts transferred from HBB in a period of 10 years since 2015.

General provision as at 31 December is made at 0.75% of total outstanding loans excluding balance with and loans to other credit institutions and excluding any loans classified as loss group as at 30 November.

##### **4.8 Trading securities**

###### *4.8.1 Classification and recognition*

Trading securities comprised debt securities acquired for the purpose of resale. Trading securities are initially recognized at cost.

###### *4.8.2 Measurement*

Listed debt securities held for trading are recognized at cost less provision for diminution in value of securities, which is based on the yield quoted on the Hanoi Securities Exchange as at the balance sheet date.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.7.

Provision for securities held for trading which is mentioned above is reversed when the recoverable amount of securities held for trading increases after the provision is made as a result of an objective event. Provision is reversed up to the gross value of these securities before the provision is made.

Gain or loss from trading securities are recognized on the consolidated income statement.

###### *4.8.3 De-recognition*

Trading securities are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.9 Investment securities**

###### *4.9.1 Available-for-sale securities*

Available-for-sale securities include debt and equity securities that are acquired by SHB for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, SHB is also neither the founding shareholder nor the strategic partner and does not have the ability to make certain influence on establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the separate income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized as "Net gain/ (loss) from investment securities" on the consolidated income statement.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.7.

###### *4.9.2 Held-to-maturity securities*

Held-to-maturity investment securities include debt securities acquired for investment purpose in order to earn interest and SHB has intention and ability to hold the securities until maturity. Held-to-maturity securities have determinable value and fixed maturities. In case securities are sold before maturity, these securities will be reclassified to trading or available-for-sale securities.

Held-to-maturity securities are recognized and measured similarly as available-for-sale debt securities presented in Note 4.9.1

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.9 Investment securities (continued)

###### 4.9.3 Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals to the outstanding balance of the debts sold less their unused specific allowance.

During the holding period, the Bank annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN of the SBV dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of Vietnam Asset Management Company ("VAMC").

As required by Circular No. 14/2015/TT-NHNN, each year within five consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make a minimum specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ : minimum provision for special bonds in the mth year;
- $X_{m-1}$ : accumulated specific provision for special bonds in the m-1th year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- $Z_m$ : accumulated bad debt recoveries at the provision date (mth year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

If  $(Z_m + X_{m-1}) \geq (Y/n \times m)$ , the specific provision ( $X_{(m)}$ ) will be zero (0).

Specific provision for each special bond is recognized in the consolidated income statement as "Provision expense for credit loss". General provision is not required for the special bonds.

In addition, applying the special accounting policies presented in Note 4.3, the Bank has allocated the provision for some special bonds issued by VAMC in a period of 10 years since 2015.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.10 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future are not derecognized from the consolidated balance sheet. The corresponding cash receipt under these agreements is recognized as a borrowing in the consolidated balance sheet. The difference between selling price and repurchasing price is amortized in the consolidated income statement over the term of the agreement on a straight-line basis using the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated balance sheet. The corresponding cash paid under these agreements is recognized as a loan in the consolidated balance sheet. The difference between the purchasing price and reselling price is amortized over the term of the agreement to the consolidated income statement on a straight-line basis using the interest rate stipulated in the contract.

##### 4.11 Other long-term investments

Other long-term investments are investments in other entities in which the Bank and its subsidiary hold less than or equal to 11% of voting rights and investments under business co-operation contracts. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UPCOM), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of the financial year.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \left( \text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity} \right) \times \frac{\text{Invested amount of each party}}{\text{Total invested amount of all parties in the entity}}$$

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

##### 4.12 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement when incur.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded to the consolidated income statement.



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.13 Depreciation and amortization**

Depreciation and amortization of tangible, intangible fixed assets and investment properties are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and building improvements	25 years
Machines and equipment	3 - 5 years
Motor vehicles	6 - 10 years
Office equipment	3 - 7 years
Other tangible assets	3 - 7 years
Computer software	3 - 8 years
Other intangible assets	3 - 20 years

Long-term land use rights which land use fee is paid or the legal long-term land use right is obtained are not amortized. Land use rights with definite term or leased land use rights are amortized over their term.

##### **4.14 Investment properties**

Investment properties are stated at cost, which includes any related expenditures less accumulated amortization. For investment properties that SHB hold for economic benefit in future, SHB does not make amortization for these properties but determining its impairment.

Expenses related to investment properties incurred after initial recognition are accounted from the remaining value of the investment property when SHB have the ability to obtain the economic benefits in future more than the initial assessment of the investment properties.

Investment properties are no longer recognized and presented in the consolidated balance sheet after selling or after the investment property is no longer used and considered no economic benefit in future from the disposal of the investment property. The difference between the net proceeds from disposal of the investment property with its remaining value is recognized in operating results in the fiscal period.

The transfer of property from the owner used to investment properties is made only if there is a change in the purpose of using as the owners stop using the properties and begin operating lease to another party or at the end of the construction phase. The transfer from investment property to owners used is made only when there is a change in use, such as the case of the owners start to use this asset or initiated for the purpose of sale

##### **4.15 Operating leases**

Assets used for operating leasing are not recognized in the consolidated balance sheet. Rentals under the operating leases are recognized in consolidated income statement as "Other operating expenses" on a straight-line basis over the lease term.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.16 Receivables**

###### *4.16.1 Receivables classified as credit-risk assets*

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified and provisioned by the Bank in accordance with the regulations on recognition and use of provision to resolve the credit risk as presented in *Note 4.7*.

###### *4.16.2 Other receivables*

Receivables other than receivables from credit activities in the Bank's operations are initially recognized at cost.

Provision for impairment loss is based on the overdue status of receivables or expected losses that is possibly incurred for undue receivables, but the debtors have declared bankruptcy or in the process of liquidation (for legal entities) or debtors are deceased, missing or under legal prosecution, trial or serving sentences (for individuals). Provision expense is recognized in "Other operating expenses".

Provision for overdue receivables is made in compliance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance, after deducting for its related collateral as follows:

<i>Overdue status</i>	<i>Allowance rate</i>
From over six (6) months up to under one (1) year	30%
From one (1) to under two (2) years	50%
From two (2) to under three (3) years	70%
From three (3) years and above	100%

For trusted investments that are considered as outstanding financial debts, the Bank has allocated related provision to and reversed accrual interest of these trusted investments from the consolidated income statement in accordance with the Revised Merger Plan as presented in *Note 4.3*.

##### **4.17 Off-balance sheet commitments**

SHB issues financial guarantees and letters of to guarantee duties of a customer to a third party. Such the commitments will expire if there are no loans and advances to customer arisen. Therefore, off-balance sheet commitments do not reflect expected future cash flows.

According to Circular 02 and Circular 09, SHB is required to classify the off-balance sheet commitments and contingent liabilities similar to loans and advances to customer for management purposes only.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.18 Foreign currency forward and swap contracts**

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank

###### *Currency forward contracts*

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the financial year.

###### *Swap contracts*

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the financial year.

Differences in interest rate swaps are recognized in the consolidated income statement on an accrual basis.

##### **4.19 Foreign currency transactions**

SHB maintain their accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at the year ended are translated into VND using exchange rates of interbank foreign exchange market as at the consolidated balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 47). Income and expenses arising from foreign currencies during the year are translated into VND at rates ruling at the transaction dates.

Foreign exchange differences arising from the translation is recognized in "Net gain/(loss) from foreign currency trading" on the consolidated income statement

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**4.20 Recognition of income and expenses**

**4.20.1 Recognition of income and expenses from banking activities**

*Interest income and interest expenses*

Interest income and interest expenses are recognized in the consolidated income statement on an accrual basis. The accrued interest of loans classified in group 2 to 5 under Circular 02 and Circular 09 will be derecognized in the consolidated income statement. Accrued interest on such loans is reversed and monitored in the off balance sheet and only recognized in the consolidated income statement upon actual receipt.

*Fees and commissions*

Fees and commissions are recognized when services are provided.

**4.20.2 Recognition of other income and expenses**

*Income from brokerage activities*

When the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. When the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the recovery of the recognized expenses.

*Revenue from trading securities*

Income from trading securities is recognized as difference between the selling price and the cost of the securities sold.

*Portfolio management fee*

Portfolio management fees are recognized in the consolidated income statement on an accrual basis under terms and conditions of portfolio management contract.

*Revenue from other services*

When the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. When the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the recovery of the recognized expenses.

*Dividends*

Dividend received in cash is recognized when the right to receive dividend of SHB is established. Dividend received in shares and bonus shares is not recognized as income but only the number of shares held is updated

**4.20.3 Uncollectible income**

According to Circular No. 05/2013/TT-BTC dated 9 January 2013, income receivables that are recognized as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same accounting period, or reversed as an expense if the due date is not within the accounting period, and must be monitored on the off-balance-sheet for following up collection. When the income is collected, it will be recognized in the consolidated income statement as an "Operating income"

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**4.21 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

**4.22 Deposits from banks, customer deposits, and valuable papers issued**

Deposits from banks, customer deposits and valuable papers issued are disclosed at the principal amounts outstanding at the date of consolidated financial statements.

**4.23 Corporate income taxes**

*Current corporate income tax*

Current corporate income tax assets and liabilities for the current and prior years are measured at the expected amount to be paid to (or recovered from) the taxation authorities. The tax rates and enacted tax laws are applied at the consolidated balance sheet date.

Current corporate income tax is recorded directly to the consolidated income statement except for items related to the tax that are recorded directly to equity, then current corporate income tax is also recorded directly to equity.

Current corporate income tax assets and liabilities are offset only if SHB have the legal right to offset current corporate income tax assets against current corporate income tax liabilities and SHB intend to settle their current corporate income tax assets and liabilities on a net basis.

SHB's tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

*Deferred corporate income tax*

Deferred corporate income tax is provided for temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the consolidated balance sheet date.

Deferred corporate income tax liabilities are recognized for all taxable temporary differences, except:

- The deferred corporate income tax liabilities arise from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit and loss at the time of transaction.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**4.23 Corporate income taxes** (continued)

*Deferred corporate income tax (continued)*

Deferred corporate income tax assets are recognized for all deductible temporary differences, tax losses carried forward and unused tax credits when it is probable that SHB will generate sufficient taxable profit in the foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except:

- The deferred corporate income tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit and loss at the time of transaction.

The carrying amount of deferred corporate income tax assets shall be reviewed at the end of each financial year and reduced to the extent that sufficient taxable profits will be available for all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed at the end of each fiscal year and would be recognized if taxable profits are sufficient for the deferred tax assets to be recovered.

Deferred corporate income tax assets and liabilities are measured at the expected tax rates to apply in the year when the asset is realized or the liability is collected based on tax rates and enacted tax laws at the end of fiscal year.

Deferred corporate income tax is charged directly to the consolidated income statement except for items related to the tax that are charged directly to equity, then deferred corporate income tax is also charged directly to equity.

Deferred corporate income tax assets and liabilities are offset only if SHB have the legal right to offset current corporate income tax assets against current corporate income tax liabilities and deferred corporate income tax assets against deferred corporate income tax liabilities, which are managed by the same tax authority and for the same taxable entity. In addition, SHB intend to settle their current corporate income tax assets and liabilities on a net basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **4.24 Statutory reserves**

In accordance with Laws on Credit Institutions No. 47/2010/QH12 and Decree No. 57/2012/ND-CP, the Bank is required to make the following reserves from net profit of the fiscal year:

	<i>Basic for calculation</i>	<i>Maximum balance</i>
Capital supplementary reserve	5% from profit after tax	100% of charter capital
Financial reserve	10% from profit after tax	25% of charter capital

Other funds are created at the discretion of the General Meeting of Shareholders..

##### *Reserved funds of Saigon-Hanoi Bank Assets Management Company*

In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance that provides guidance on the regime of finance for asset management companies of commercial banks, asset management companies shall appropriate compulsory reserves similarly to their parent banks.

In accordance with Circular No. 200/2014/TT-BTC since the fiscal year starting from or after 1 January 2015, SHAMC stops making financial reserve.

##### *Reserved Funds of SHB Financial Limited Company*

According to Decree No. 93/2017/NĐ-CP issued by the Government on 7 August 2017 replacing Decree No. 57/2012/NĐ-CP dated 20 July 2012, the Company made reserved under same regulation as the Bank.

##### *Reserved Funds of Saigon-Hanoi Bank Laos Limited (SHB Laos)*

In accordance with the Regulation on capital adequacy No.1/BOL dated 28 August 2001 by the Governor of the Bank of Lao P.D.R and other relevant guidance, commercial banks are required to appropriate at least 5% of profit after tax each year, after deducting retained losses, to regulatory reserve fund, until such fund reaches 10% of Tier-1 capital. Based on this requirement, management will decide the exact percentage of each year. The Business expansion fund and other funds shall be created upon decision of the Board of Management. SHB Laos has temporarily made additional statutory reserves at 10% of profit after tax for the year ended 31 December 2017

##### **4.25 Fiduciary assets**

Assets held in trust or in a fiduciary capability are not reported in the consolidated financial statements since they are not assets of SHB.

##### **4.26 Credit classification for off-balance commitment**

According to Circular 02, credit institutions only classify loan to guarantee, payment acceptance and unconditional irrevocably credit commitment at specific conducted time (off-balance commitment) into group as prescribed at Article 10 of Circular 02 to manage and control credit quality. Accordingly, off-balance commitments are classified by credit-risk levels as follows: Current, Special Mention, Sub Standard, Doubtful and Loss based on overdue situation and qualitative factors.



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

##### **4.27 Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet, only if there is a currently legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to settle the asset and the liability simultaneously.

##### **4.28 Segment reporting**

A segment is a separately determinable component of SHB engaging in providing some related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each of segments is subject to risks and benefits, which differ from the others. Primary segment report of SHB is a segment reporting in terms of geographical area. Secondary segment report of SHB is a segment reporting in terms of business activities.

##### **4.29 Employee benefits**

###### **4.29.1 Post-employment benefits**

Post-employment benefits are paid to the retired employees of SHB in Vietnam by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. SHB based in Vietnam are required to contribute to the post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 26.00% of an employee's basic salary on a monthly basis. From 1 June 2017, this rate is deducted to 25.5% of monthly basic salary, bonus and other allowances in accordance with Decision 595/QĐ-BHXH dated 14 April 2017. SHBin Vietnam has no further obligation.

###### **4.29.2 Voluntary resignation**

Under Article 48 of the Vietnam Labor Code No. 10/2012/QH13 dated 18 June 2012, SHB has the obligation to pay allowance arising from voluntary resignation of employees. The allowance is equivalent to one-half month's salary for each year of employment plus salary allowances (if any) until 31 December 2008. From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

###### **4.29.3 Unemployment insurance**

According to Circular No. 04/2009/TT-BLĐTBXH providing guidance for Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is required to contribute to the unemployment insurance at the rate of 2% of salary and wage fund of unemployment insurance joiners.

##### **4.30 Business combinations**

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

##### **4.31 Related parties**

Parties are related to SHB if they are able to, neither directly nor indirectly, control the other parties, or partly affect to the other in making financial and operating decisions; or when SHB and parties are under the same control and effect. Related parties could be organizations or individuals, including the relation of individuals considered as related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 5. SEGMENT REPORTING

### 5.1 Segment reporting by business activities

VNDm

	Credit	Investment	Services	Treasury	Total
<b>For the year ended 31 December 2017</b>					
Revenue	18,440,199	1,224,736	1,824,574	1,285,861	22,775,370
<b>As at 31 December 2017</b>					
1. Segment assets	208,722,772	23,430,203	165,767	33,943,598	266,262,340
2. Asset allocation	7,825,912	45,120	4,216,239	7,660,470	19,747,741
<b>Total assets</b>	<b>216,548,684</b>	<b>23,475,323</b>	<b>4,382,006</b>	<b>41,604,068</b>	<b>286,010,081</b>
1. Segment liabilities	(393,624)	-	(103,677)	(270,228,036)	(270,725,337)
2. Liability allocation	(235,210)	(1,356)	(126,721)	(230,237)	(593,524)
<b>Total liabilities</b>	<b>(628,834)</b>	<b>(1,356)</b>	<b>(230,398)</b>	<b>(270,458,273)</b>	<b>(271,318,861)</b>

## 5.2 Segment reporting by geographic areas

VNDm

I. Income statement	Overseas	Domestic			Total
		North	Centre	South	
Net interest and similar income	326,282	3,077,240	486,679	906,459	4,796,660
Net fees and commission income	27,086	1,409,160	2,701	17,918	1,456,865
Net gain from foreign currencies trading	1,580	42,067	1,672	8,928	54,247
Net gain from trading securities	-	16,456	-	-	16,456
Net loss from investment securities	-	(12,372)	-	-	(12,372)
Net gain/(loss) from other operating income	(1,810)	131,274	165	7,863	137,492
Dividend income	-	2,816	-	-	2,816
Operating expenses	(110,053)	(2,110,510)	(204,175)	(472,159)	(2,896,897)
<b>Operating profit before provision for credit losses</b>	<b>243,085</b>	<b>2,556,131</b>	<b>287,042</b>	<b>469,009</b>	<b>3,555,267</b>
Charge of provision for credit loss	(51,137)	(1,439,981)	(33,500)	(105,338)	(1,629,956)
<b>Profit before tax</b>	<b>191,948</b>	<b>1,116,150</b>	<b>253,542</b>	<b>363,671</b>	<b>1,925,311</b>
<b>II. Assets</b>					
1. Cash and gold	49,850	1,014,234	118,504	263,960	1,446,548
2. Balances with the State Banks	771,700	2,961,064	3,736	6,159	3,742,659
3. Placements with and loans to other banks	1,028,993	32,482,469	1,441	613	33,513,516
4. Loans and advances to customers	5,660,999	139,157,737	17,376,168	33,246,647	195,441,551
5. Financial investments	1,370	21,559,374	-	-	21,560,744
6. Fixed assets	21,195	3,887,117	15,405	28,600	3,952,317
7. Other assets	767,927	23,584,928	228,476	1,771,415	26,352,746
<b>Total assets</b>	<b>8,302,034</b>	<b>224,646,923</b>	<b>17,743,730</b>	<b>35,317,394</b>	<b>286,010,081</b>
<b>III. Liabilities</b>					
1. Deposits and borrowings from other banks	385,187	55,372,994	543	38	55,758,762
2. Customer deposits	710,597	146,056,773	13,740,270	34,382,130	194,889,770
3. Other borrowed funds	-	13,355,681	2,654,299	21,450	16,031,430
4. Other liabilities	69,292	3,745,073	274,427	550,107	4,638,899
<b>Total liabilities</b>	<b>1,165,076</b>	<b>218,530,521</b>	<b>16,669,539</b>	<b>34,953,725</b>	<b>271,318,861</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 6. CASH AND GOLD

	31/12/2017 VNDm	31/12/2016 VNDm
Cash on hand in VND	886,482	765,199
Cash on hand in foreign currencies	557,448	525,163
Gold	2,618	1,332
	<b>1,446,548</b>	<b>1,291,694</b>

## 7. BALANCES WITH THE STATE BANKS

	31/12/2017 VNDm	31/12/2016 VNDm
Balances with the State Bank of Vietnam ("the SBV")	2,970,959	1,880,377
Balances with National Bank of Cambodia ("the NBC")	723,346	653,240
Balances with the Bank of Laos P.D.R ("the BOL")	48,354	185,140
	<b>3,742,659</b>	<b>2,718,757</b>

### *Balances with the SBV*

Balances with the SBV include current account and compulsory reserves. As at 31 December 2017, compulsory reserve in VND and current account in foreign currencies earned interest at rate of 1.20% p.a. and 0.05% p.a., respectively (31 December 2016: 1.20% p.a. and 0.05% p.a., respectively).

In accordance with the SBV's regulations, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory reserve. During December 2017, compulsory deposits are computed at 3.00% and 8.00% (2016: 3.00% and 8.00%) of demand deposits and deposits with term of less than 12 months in VND and in foreign currencies, respectively, and at 1.00% and 6.00% (2016: 1.00% and 6.00%) of deposits with term of over 12 months in VND and in foreign currencies, respectively.

### *Balances with the NBC*

Balances with the NBC include margin deposits, demand deposits, term deposits and compulsory reserve required by the NBC. Compulsory reserve is calculated based on average daily deposit balance, rate of compulsory reserve is 8% to deposits in Riels, and 12.5% to deposits in foreign currency. Compulsory reserve for deposits in Riels does not have interest, while reserve for deposits in foreign currency have interest based on ratio prescribed by Prakas on term deposit interest recognition (as at 31 December 2017, interest rate ranging from 0.38% per annum to 0.78% per annum). At 31 December 2017, margin deposits have interest rate at 0.46% per annum, term deposits have interest rate at 1.03% per annum, and demand deposits do not have interest rate.

### *Balances with the BOL*

Balances with the BOL include margin deposits, demand deposits and compulsory reserve as prescribed by the BOL. Compulsory reserve rate is at 5% for term deposits under 12 months with LAK and 10% for term deposits under 12 months with foreign currency. Margin deposits and demand deposits at the BOL do not have interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 8. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2017 VNDm	31/12/2016 VNDm
<b>Placements with other credit institutions</b>	<b>27,859,510</b>	<b>23,230,559</b>
<i>Demand deposits</i>	20,812,077	12,320,394
In VND	19,799,397	11,706,516
In foreign currencies	1,012,680	613,878
<i>Term deposits</i>	7,047,433	10,910,165
In VND	3,130,000	8,165,137
In foreign currencies	3,917,433	2,745,028
<b>Loans to other credit institutions</b>	<b>5,654,006</b>	<b>6,911,000</b>
In VND	5,654,006	6,911,000
<b>Provision for placements with and loans to other credit institutions</b>	<b>-</b>	<b>(5,137)</b>
	<b>33,513,516</b>	<b>30,136,422</b>

Analysis of outstanding placements with and loans to other credit institutions by quality at the year-end are as follows:

	31/12/2017 VNDm	31/12/2016 VNDm
Current	12,701,439	17,816,028
Loss	-	5,137
	<b>12,701,439</b>	<b>17,821,165</b>

## 9. TRADING SECURITIES

Investments in trading securities as at 31 December 2017 include:

	31/12/2017 VNDm	31/12/2016 VNDm
Securities issued by local business entities	3,889	64,374
Securities issued by other credit institutions	-	1,008
Provision for impairment of trading securities	(2,839)	(24,483)
	<b>1,050</b>	<b>40,899</b>

Listing status of trading securities at the year-end areas follows:

	31/12/2017 VNDm	31/12/2016 VNDm
<b>Equity securities</b>		
<i>Listed</i>	3,889	25,427
<i>Unlisted</i>	-	39,955
	<b>3,889</b>	<b>65,382</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 10. DERIVATIVES AND OTHER FINANCIAL ASSETS

	Total net carrying value (at exchange rates at the consolidated balance sheet date)		
	Assets VNDm	Liabilities VNDm	Net carrying value VNDm
<b>As at 31 December 2017</b>			
<b>Currency derivatives</b>	<b>635,472</b>	<b>(499,207)</b>	<b>136,265</b>
Forward contracts	31,290	(28,974)	2,316
Swap contracts	604,182	(470,233)	133,949
<b>As at 31 December 2016</b>			
<b>Currency derivatives</b>	<b>1,043,249</b>	<b>(998,671)</b>	<b>44,578</b>
Forward contracts	878,539	(865,115)	13,424
Swap contracts	164,710	(133,556)	31,154

## 11. LOANS AND ADVANCES TO CUSTOMERS

	31/12/2017 VNDm	31/12/2016 VNDm
Loans to local business entities and individuals	196,082,946	161,341,033
Discounted commercial and valuable papers	7,548	6,299
Amounts paid for commitments to other parties on behalf of customers	35,359	47,338
Trusted loans	2,164,713	808,887
	<b>198,290,566</b>	<b>162,203,557</b>
Receivables from securities trading of SHBS	-	172,628
	<b>198,290,566</b>	<b>162,376,185</b>

### 11.1 Analysis of loans by quality

	31/12/2017 VNDm	31/12/2016 VNDm
Current	190,368,695	156,920,432
Special Mention	3,298,174	2,239,145
Substandard	669,686	263,785
Doubtful	1,088,771	993,341
Loss	2,865,240	1,786,854
	<b>198,290,566</b>	<b>162,203,557</b>
Receivables from securities trading of SHBS	-	172,628
	<b>198,290,566</b>	<b>162,376,185</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 11. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

### 11.2 Analysis of loans by original terms

	31/12/2017 VNDm	31/12/2016 VNDm
Short-term loans	83,106,717	73,797,009
Medium-term loans	53,433,957	38,022,985
Long-term loans	61,749,892	50,383,563
	<b>198,290,566</b>	<b>162,203,557</b>
Receivables from securities trading of SHBS	-	172,628
	<b>198,290,566</b>	<b>162,376,185</b>

Interest rates of loans in 2017 are as follows:

	31/12/2017 % per annum	31/12/2016 % per annum
In Vietnam		
Loans denominated in VND	7.50 – 12.00	5.01 – 11.25
Loans denominated in foreign currency	1.90 – 5.01	1.00 – 5.03
In Laos		
Loans denominated in LAK	5.00 – 14.50	8.00 – 14.50
Loans denominated in foreign currency	6.25 – 9.50	6.25 – 9.50
In Cambodia		
Loans denominated in foreign currency	2.00 – 10.00	2.00 – 10.00

### 11.3 Analysis of loans by ownership

	31/12/2017 VNDm	%	31/12/2016 VNDm	%
State owned enterprises	7,657,939	3.86	7,231,657	4.45
State limited companies	13,486,439	6.80	12,412,504	7.64
Other limited companies	35,056,234	17.68	24,494,250	15.08
Above-50% State joint stock companies	16,986,532	8.57	15,114,294	9.31
Other joint stock companies	80,842,480	40.77	69,049,630	42.52
Partnerships	8,321	-	96,250	0.06
Private enterprises	2,527,685	1.27	1,565,104	0.96
Foreign invested enterprises	499,434	0.25	59,215	0.04
Co-operatives	66,194	0.03	64,345	0.05
Household business, individuals	38,821,106	19.58	30,331,453	18.68
Others	2,338,202	1.19	1,784,855	1.11
	<b>198,290,566</b>	<b>100.00</b>	<b>162,203,557</b>	<b>99.90</b>
Receivables from securities trading of SHBS	-	-	172,628	0.10
	<b>198,290,566</b>	<b>100.00</b>	<b>162,376,185</b>	<b>100.00</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 11. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

### 11.4 Analysis of loans by economic sectors

	31/12/2017 VNDm	%	31/12/2016 VNDm	%
Agricultural, forestry and aquaculture	43,249,519	21.81	34,501,644	21.25
Mining	7,659,777	3.86	8,483,683	5.22
Processing, manufacturing	27,452,713	13.84	25,232,054	15.54
Electricity, petroleum & steam	10,757,675	5.43	8,427,214	5.19
Water supply and waste treatment	118,922	0.06	154,238	0.09
Construction	27,913,697	14.08	22,636,557	13.94
Wholesale and retail trade, repair of motor vehicles, motor cycles and personal goods	32,346,233	16.31	25,922,633	15.96
Transportation and storage	3,158,672	1.59	3,326,876	2.05
Hospitality	1,331,461	0.67	1,213,657	0.75
Information and communication	111,063	0.06	143,909	0.09
Financial services	2,263,714	1.14	983,861	0.61
Real estate development & property investment	15,700,331	7.92	10,597,684	6.53
Information and communication	599,078	0.30	591,889	0.36
Administration activities and supportive services	1,127,811	0.57	1,237,078	0.76
Activities of the Communist Party, political - social organizations, state management, security and defense	42,649	0.02	51,676	0.03
Education and training	420,811	0.21	179,654	0.11
Healthcare and community development	121,718	0.06	137,533	0.08
Recreational, cultural, sporting activities	257,293	0.13	313,037	0.19
Other service activities	20,154,350	10.17	17,758,144	10.94
Households services, production of material products and services used by households	<u>3,503,079</u>	<u>1.77</u>	<u>310,536</u>	<u>0.19</u>
	<b>198,290,566</b>	<b>100.00</b>	<b>162,203,557</b>	<b>99.90</b>
Receivables from securities trading of SHBS	<u>-</u>	<u>-</u>	<u>172,628</u>	<u>0.10</u>
	<b><u>198,290,566</u></b>	<b><u>100.00</u></b>	<b><u>162,376,185</u></b>	<b><u>100.00</u></b>

## 12. PROVISION FOR LOANS AND ADVANCES TO CUSTOMERS

Applying special accounting policies as proposed in the Revised Merger Plan of HBB into SHB for the period from 2016 to 2020, regarding to the outstanding financial debts, the Bank has made:

- ▶ Distribute provision for loans to Shipbuilding Industry Corporation ("Vinashin"), some of its member, loans transferred to Vietnam National Shipping Lines and Vietnam National Oil and Gas Group (including convertible loans and unconvertible loans) in 10 year, until 2024;
- ▶ Distribute provision for outstanding financial debts of HBB in maximum 8 years, until 2020.

Changes in the provision for credit losses in the current year are summarized as follows:

	<i>Specific provision</i> VNDm	<i>General provisionVN</i> VNDm	<i>Total</i> VNDm
Opening balance	731,053	1,066,332	1,797,385
Charge of provision during the year	887,806	394,053	1,281,859
Use of provision during the year	(231,740)	-	(231,740)
Foreign exchange difference	2,010	(499)	1,511
<b>Closing balance</b>	<b>1,389,129</b>	<b>1,459,886</b>	<b>2,849,015</b>

Changes in the provision for credit losses in the previous year are summarized as follows:

	<i>Specific provision</i> VNDm	<i>General provisionVN</i> VNDm	<i>Total</i> VNDm
Opening balance	473,031	948,355	1,421,386
Charge of provision during the year	409,322	117,037	526,359
Increase due to merge with VWF	15,403	940	16,343
Use of provision during the year	(167,263)	-	(167,263)
Foreign exchange difference	560	-	560
<b>Closing balance</b>	<b>731,053</b>	<b>1,066,332</b>	<b>1,797,385</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 13. INVESTMENT SECURITIES

#### 13.1 Available-for-sale securities

	31/12/2017 VNDm	31/12/2016 VNDm
<b>Available-for-sale securities</b>	<b>12,268,348</b>	<b>10,788,497</b>
<b>Debt securities</b>	<b>12,234,750</b>	<b>10,754,899</b>
Securities issued by the Government of Vietnam	7,996,543	6,426,047
Securities issued by other local credit institutions	2,799,851	2,599,788
Securities issued by local business entities	1,438,356	1,729,064
<b>Equity securities</b>	<b>33,598</b>	<b>33,598</b>
Securities issued by other local credit institutions	796	796
Securities issued by local business entities	32,802	32,802
<b>Provision for impairment of available-for-sale securities</b>	<b>(125,904)</b>	<b>(125,790)</b>
- Specific provision	(107,901)	(108,050)
- General provision	(18,003)	(17,740)
	<b>12,142,444</b>	<b>10,662,707</b>

TGovernment bonds have terms from three (3) years to ten(10) years and bear interest at rates ranging from 4.60% per annum to 12.20% per annum.

Debt securities issued by domestic credit institutions have terms from one (1) year to ten (10) years and bear interest at rates ranging from 6.70% per annum to 9.00% per annum.

Debt securities issued by domestic economic entities have terms from one(1) year to fifteen(15) years and bear interest at rate of 8.98% per annum.

Listing status of available for sales securities at the year-end are as follows:

	31/12/2017 VNDm	31/12/2016 VNDm
Listed bonds	7,534,542	5,911,589
Unlisted bonds	4,700,208	4,843,310
Other unlisted debt securities	1,598	1,598
Listed equity securities	32,000	32,000
	<b>12,268,348</b>	<b>10,788,497</b>

#### 13.2 Held-to-maturity securities

	31/12/2017 VNDm	31/12/2016 VNDm
VAMC bonds	8,118,810	7,824,444
Other debt securities	2,564,052	1,615,409
	<b>10,682,862</b>	<b>9,439,853</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 13. INVESTMENT SECURITIES (continued)

#### 13.2 Held-to-maturity securities (continued)

##### 13.2.1 Special bonds issued by VAMC

	31/12/2017 VNDm	31/12/2016 VNDm
Facevalue	8,118,810	7,824,444
Provision for special bonds (*)	(1,602,984)	(1,254,887)
	<b>6,515,826</b>	<b>6,569,557</b>

(\*) Under the special accounting policies as presented in Note 4.3, the Bank has made provision for special bonds issued by Vietnam Asset Management Company ("VAMC") until 2024.

##### 13.2.2 Held-to-maturity securities

	31/12/2017 VNDm	31/12/2016 VNDm
<b>Held-to-maturity securities</b>	<b>2,564,052</b>	<b>1,615,409</b>
Securities issued by the Government of Vietnam	149,719	-
Securities issued by other local credit institutions	1,799,797	999,879
Securities issued by local business entities	614,536	615,530
<b>General provision for unlisted held-to-maturity corporate bonds</b>	<b>(14,358)</b>	<b>(1,050)</b>
	<b>2,549,694</b>	<b>1,614,359</b>

Securities issued by the Government have term oftwentty (20) years and bear interest at 7.40% per annum.

Securities issued by other local credit institutions have terms from six (6) months to ten (10) years and bear interest at rates ranging from 7.00% per annum to 8.20% per annum.

Securities issued by local business entities have term from nine (9) years to ten (10) years and bear interest at rates ranging from 8.90% per annum to 15.25% per annum.

Listing status of held-to-maturities securities at the year-end are as follows:

	31/12/2017 VNDm	31/12/2016 VNDm
Listed bonds	149,719	-
Unlisted debt securities	2,414,333	1,615,409
	<b>2,564,052</b>	<b>1,615,409</b>

#### 13.3 Classification of unlisted securities considered as assets having credit risks

	31/12/2017 VNDm	31/12/2016 VNDm
Current	5,914,895	5,200,317
Substandard	-	684,000
Loss	150,000	-
	<b>6,064,895</b>	<b>5,884,317</b>

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#### 14. LONG-TERM INVESTMENTS

	31/12/2017 VNDm	31/12/2016 VNDm
Other long-term investments	227,250	229,393
Provision for impairment of long-term investments	(11,785)	(6,444)
	<b>215,465</b>	<b>222,949</b>

#### 15. FIXED ASSETS

##### 15.1 Tangible fixed assets

Movements of tangible fixed assets during the period were as follows:

	Buildings & building improve- ments VNDm	Machines & equip- ment VNDm	Motor vehicles VNDm	Office equip- ment VNDm	Other tangible assets VNDm	Total VNDm
<b>Cost</b>						
Opening balance	325,290	314,867	202,081	93,743	26,723	962,704
Additions in the period	-	20,356	9,950	4,961	3,088	38,355
Increases from completion of purchase of fixed assets	52,749	-	-	-	-	52,749
Disposals	(15,356)	(863)	(3,107)	(3,528)	(2,836)	(25,690)
Divesting from SHBS	-	(14,099)	(518)	-	(90)	(14,707)
Other changes	448	35	8	(2,471)	-	(1,980)
Closing balance	363,131	320,296	208,414	92,705	26,885	1,011,431
<b>Accumulated depreciation</b>						
Opening balance	83,639	227,524	121,024	82,601	23,870	538,658
Charges	18,151	37,784	19,140	5,131	3,012	83,218
Disposals	(11,640)	(789)	(3,072)	(3,171)	(2,768)	(21,440)
Divesting from SHBS	-	(14,099)	(518)	-	(90)	(14,707)
Other changes	197	21	10	50	-	278
Closing balance	90,347	250,441	136,584	84,611	24,024	586,007
<b>Net book value</b>						
Opening balance	241,651	87,343	81,057	11,142	2,853	424,046
Closing balance	272,784	69,855	71,830	8,094	2,861	425,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 15. FIXED ASSETS (continued)

### 15.2 Intangible assets

Movements of intangible assets during the yearended 31 December2017 were as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
<b>Cost</b>				
Opening balance	3,478,880	207,848	40,188	3,726,916
Additions in the period	12,215	13,770	155	26,140
Disposals	(4,294)	-	-	(4,294)
Divesting from SHBS	-	(9,787)	(440)	(10,227)
Other decreases	-	(20)	(26)	(46)
Closing balance	<u>3,486,801</u>	<u>211,811</u>	<u>39,877</u>	<u>3,738,489</u>
<b>Accumulated amortization</b>				
Opening balance	5,647	160,748	22,515	188,910
Charges	158	27,122	5,557	32,837
Divesting from SHBS	-	(9,677)	(439)	(10,116)
Other decreases	-	(19)	(16)	(35)
Closing balance	<u>5,805</u>	<u>178,174</u>	<u>27,617</u>	<u>211,596</u>
<b>Net book value</b>				
Opening balance	<u>3,473,233</u>	<u>47,100</u>	<u>17,673</u>	<u>3,538,006</u>
Closing balance	<u>3,480,996</u>	<u>33,637</u>	<u>12,260</u>	<u>3,526,893</u>

## 16. INVESTMENT PROPERTIES

Movements of investment properties for the year areas follows:

	<i>Buildings, building improvements VNDm</i>	<i>Land use rights VNDm</i>	<i>Tổng cộng VNDm</i>
<b>Cost</b>			
Opening balance	3,822	13,579	17,401
Disposals	<u>(3,822)</u>	<u>(13,579)</u>	<u>(17,401)</u>
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>			
Opening balance	586	-	586
Charges	<u>586</u>	<u>-</u>	<u>586</u>
Disposals	<u>(1,172)</u>	<u>-</u>	<u>(1,172)</u>
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
Opening balance	<u>3,236</u>	<u>13,579</u>	<u>16,815</u>
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**17. OTHER ASSETS**

	<i>Notes</i>	<i>31/12/2017 VNDm</i>	<i>31/12/2016 (restated) VNDm</i>
Interest and fee receivables		7,955,903	7,875,554
Receivables		13,411,455	8,510,417
- <i>Receivables</i>	17.1	13,326,319	8,395,922
- <i>Purchase of fixed assets</i>	17.2	85,136	114,495
Other assets		5,395,762	6,719,575
- <i>Trusted investments</i>	17.3	1,926,309	1,926,309
- <i>Other assets</i>	17.4	3,469,453	4,793,266
Provision for impairment of other assets	17.5	(410,374)	(212,446)
		<b>26,352,746</b>	<b>22,893,100</b>

**17.1 Receivables**

	<i>31/12/2017 VNDm</i>	<i>31/12/2016 (restated) VNDm</i>
<b>Internal receivables</b>	<b>113,775</b>	<b>73,950</b>
Receivables from employees	19,637	66,244
Other internal receivables	94,138	7,706
<b>External receivables</b>	<b>13,212,544</b>	<b>8,321,972</b>
Advance for Corporate Income Tax (Note 22)	-	229
Receivables from State Budget	24,816	62,751
Bad debts sold to VAMC without exchange of special bonds	-	232,623
Deposit for securities brokerage	250,000	70,000
Receivables of SHBS	-	63,086
Receivables regarding usance letters of credit	8,095,834	6,804,949
Receivables from trading securities	3,495,389	-
Receivables from consultant services	416,070	-
Receivables from lending land by subsidiaries	625,557	627,993
Other receivables	304,878	460,341
	<b>13,326,319</b>	<b>8,395,922</b>

**17.2 Purchase of fixed assets**

	<i>31/12/2017 VNDm</i>	<i>31/12/2016 VNDm</i>
Land use rights	43,333	33,778
Construction in progress	26,903	71,552
Others	14,900	9,165
	<b>85,136</b>	<b>114,495</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 17. OTHER ASSETS (continued)

### 17.3 Trusted investments

Details of trusted investments of SHB at the year ended at 31 December 2017 are as follows:

	31/12/2017 VNDm	31/12/2016 VNDm
Trusted investments for portfolio management	651	651
Trusted investments for REPO	1,405,398	1,405,398
Other trusted investments	520,260	520,260
	<b>1,926,309</b>	<b>1,926,309</b>

### 17.4 Other assets

	31/12/2017 VNDm	31/12/2016 VNDm
Prepaid expenses	345,267	165,682
Foreclosed assets	1,428,242	1,278,693
Other deferred settlements	627,735	2,123,118
Freezing loans –Vinashin	828,584	948,584
Real estates for sale of SHAMC	97,191	133,139
Others	142,434	144,050
	<b>3,469,453</b>	<b>4,793,266</b>

Freezing debts - Vinashin are reclassified and recognized in "Other assets" according to guidance of the SBV.

### 17.5 Provision for other assets

	31/12/2017 VNDm	31/12/2016 VNDm
Provision for trusted investment	386,400	129,700
Provision for doubtful debts	23,974	82,746
	<b>410,374</b>	<b>212,446</b>

## 18. BORROWINGS FROM THE GOVERNMENT AND THE SBV

These are borrowings under the term of rediscounting the Bank's valuable papers at the SBV with terms from six (6) months to one (1) year and bear interest at rates ranging from 3.50% to 4.25% p.a. (2016: 3.50% p.a.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2017	31/12/2016 (restated)
	VNDm	VNDm
<b>Deposits from other credit institutions</b>	<b>33,297,858</b>	<b>23,299,257</b>
<i>Demand deposits</i>	19,995,524	11,890,660
In VND	19,036,291	11,834,285
In foreign currencies	959,233	56,375
<i>Term deposits</i>	13,302,334	11,408,597
In VND	11,250,300	9,236,500
In foreign currencies	2,052,034	2,172,097
<b>Borrowings from other credit institutions</b>	<b>11,606,727</b>	<b>10,010,175</b>
In VND	10,261,036	8,511,444
In foreign currencies	905,643	1,082,467
Borrowings from Rural Finance Project II, Rural Finance Project III and borrowings from International Development Association (World Bank) (*)	440,048	416,264
<b>Payables regarding usance letter of credit</b>	<b>8,095,834</b>	<b>6,804,949</b>
	<b>53,000,419</b>	<b>40,114,381</b>

(\*) Borrowings from Rural Finance Project II and III are borrowings from the World Bank 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 in each periods.

Interest rates of deposits and borrowings from other credit institutions at the year-end are as follows:

	31/12/2017	31/12/2016
	% per annum	% per annum
Term deposit from other credit institutions in VND	1.20% - 5.00%	1.90% - 5.90%
Term deposit from other credit institutions in foreign currencies	1.60% - 3.00%	0.10% - 1.75%
Borrowings from other credit institutions in VND	1.10% - 5.95%	3.30% - 6.00%
Borrowings from other credit institutions in foreign currencies	0.75% - 2.79%	1.51% - 2.36%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 20. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

### 20.1 Analysis by products

	31/12/2017	31/12/2016
	VNDm	VNDm
<b>Demand deposits</b>	<b>17,752,881</b>	<b>19,060,922</b>
Demand deposits in VND	16,214,179	17,487,499
Demand deposits in foreign currencies	1,538,702	1,573,423
<b>Term deposits</b>	<b>176,152,566</b>	<b>146,322,581</b>
Term deposits in VND	164,002,428	132,528,676
Term deposits in foreign currencies	12,150,138	13,793,905
<b>Deposits for specific purposes</b>	<b>89,831</b>	<b>24,389</b>
Deposits for specific purposes in VND	89,809	204
Deposits for specific purposes in foreign currencies	22	24,185
<b>Margin deposits</b>	<b>894,492</b>	<b>1,168,325</b>
Margin deposits in VND	872,353	1,156,856
Margin deposits in foreign currencies	22,139	11,469
	<b>194,889,770</b>	<b>166,576,217</b>

### 20.2 Analysis by ownership

	31/12/2017	31/12/2016
	VNDm	VNDm
Deposits from business entities	58,819,060	58,026,164
Deposits from individuals	125,990,775	102,675,897
Deposits from others	10,079,935	5,874,156
	<b>194,889,770</b>	<b>166,576,217</b>

Interest rates for customer deposits at the year-end are as follows:

	31/12/2017	31/12/2016
	% per annum	% per annum
In Vietnam		
Term deposits in VND	1.00% - 7.60%	1.00% - 7.20%
Term deposits in foreign currencies	0.00% - 2.00%	0.00% - 2.00%
In Laos		
Term deposits in LAK	2.57% - 12.75%	3.20% - 12.75%
Term deposits in foreign currencies	1.00% - 6.25%	1.60% - 6.00%
In Cambodia		
Term deposits in foreign currencies	1.70% - 5.75%	3.10% - 5.85%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 21. OTHER BORROWED FUNDS

	31/12/2017	31/12/2016
<i>Lending organizations</i>	<i>VNDm</i>	<i>VNDm</i>
Medium-term, long-term borrowings in VND from Small and Medium Enterprise Development Fund - Phase II and Phase III	418,205	389,848
Long – term borrowings from Renewable Energy Development Project	470,391	419,039
Medium-term, long-term borrowings in VND from Sustainable Rural Development Project	173,399	-
Medium-term, long-term borrowings from Smart Grid Sponsor Project	2,166	-
	<b>1,064,161</b>	<b>808,887</b>

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 International Credit Project ODA - SBV to provide loans to eligible small and medium enterprises.

Long-term borrowings from Renewable Energy Development Project are borrowings from World Bank through the Ministry of Finance, to provide loans to renewable energy projects through participated credit institutions.

Medium-term and long-term borrowings from Sustainable Rural Development Project are borrowings from the World Bank to provide loans to rice and coffee industry at Mekong Delta and Tay Nguyen.

## 22. VALUABLE PAPERS ISSUED

	31/12/2017		31/12/2016	
	<i>VNDm</i>	<i>Terms</i>	<i>VNDm</i>	<i>Terms</i>
Promissory notes	12,744,634	2 - 9 months	13,767,675	2 - 9 months
Bonds	3,000,000	6 - 10 years	-	
Certificate of deposit	222,635	6 - 8 years	-	
	<b>15,967,269</b>		<b>13,767,675</b>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**23. OTHER PAYABLES**

	31/12/2017	31/12/2016
	VNDm	VNDm
<b>Internal payables</b>	<b>13,593</b>	<b>3,630</b>
Payables to employees	4,086	-
Other internal payables	9,507	3,630
<b>External payables</b>	<b>487,721</b>	<b>449,020</b>
Value Added Tax payables	43,051	41,891
Corporate Income Tax payables	178,226	60,315
Other statutory payables	8,236	15,392
Payment awaiting settlement	256,349	274,454
Other payables	1,859	56,968
<b>Bonus and welfare funds</b>	<b>34,384</b>	<b>24,009</b>
	<b>535,698</b>	<b>476,659</b>

**24. OBLIGATIONS TO THE STATE BUDGET**

	Opening balance	Movement during the period		Closing balance
		Increase	Decrease	
Value Added Tax payables	41,801	133,870	(132,620)	43,051
Deductible Value Added Tax	29,007	32,116	(58,642)	2,481
Corporate Income Tax for the year	60,315	386,182	(268,271)	178,226
Other taxes	15,126	33,449	(40,339)	8,236
	<b>146,249</b>	<b>585,617</b>	<b>(499,872)</b>	<b>231,994</b>

SHB has the obligation to pay Corporate Income Tax ("CIT") at the rate of 20% of taxable profits made in Vietnam (2016: 20%).

For SHB Cambodia, SHB shall calculate and determine its CIT in compliance with Cambodian regulations on corporate income tax. According to the Tax Act dated on 08 January 1997, the corporate income tax of the Bank's branch in Cambodia is determined to be the greater of the minimum tax payable determined by 1% of total revenue (including value added tax) and 20% of profits earned. In 2014, the Cambodian branch's CIT was at 20% of its profit.

For SHB Laos, the Bank shall calculate and determine its CIT based on the income tax provisions in Laos. According to the Tax Ordinance No. 001/PRD dated 1 March 2011 issued by the Lao Prime Minister, CIT of SHB Laos is defined as 24% of the profit of the branch.

SHB's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations of many types of transactions in each country is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Current CIT payables are determined based on taxable income of the current period. Taxable income may be different from the one reported in the consolidated income statement. That is because the taxable profit do not include eligible taxable or deductible expenses which are subtracted in prior years due to the differences between SHB's accounting policies and tax requirements moreover the current year taxable income also do not include the previous year's exempted income or non-deductible expenses. The current CIT payables of SHB are calculated based on the statutory tax rates applicable until the end of the fiscal period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 24. OBLIGATIONS TO THE STATE BUDGET (continued)

### 24.1 Current Corporate Income Tax

	31/12/2017 VNDm	31/12/2016 VNDm
<b>Operating profit before tax</b>	<b>1,925,311</b>	<b>1,156,439</b>
Adjustments for:		
- Dividend income exempted from CIT	(51,950)	(2,127)
- Non-deductible fines and penalties	3,715	4,884
- Revenue from foreign subsidiaries	-	(74,165)
- Income from real-estate transfer	(158,950)	-
- Loss exempted from CIT for real-estate transfer	(35,755)	-
<b>Taxable income of the Bank</b>	<b>1,682,371</b>	<b>1,085,031</b>
CIT expense of the Bank	343,415	217,006
CIT expense of subsidiaries	42,492	26,372
Adjustments of CIT for subsidiaries	276	-
<b>Total CIT in the year</b>	<b>386,183</b>	<b>243,378</b>
<b>CIT payable at the beginning of the year</b>	<b>60,315</b>	<b>63,597</b>
CIT paid during the year for real-estate transfer	(38,888)	(81,906)
CIT paid during year for operation	(229,073)	(164,533)
Adjustment due to tax estimation for the Bank	(343)	-
Adjustment due to tax estimation for subsidiaries	127	-
Increase due to merge with VVF	-	(221)
Foreign exchange difference	(95)	-
<b>CIT payable at the end of the year</b>	<b>178,226</b>	<b>60,315</b>

## 25. OWNERS' EQUITY AND RESERVES

### 25.1 Statement of changes in owners' equity

Changes in owners' equity of the Bank for the current year are described in the following table:

VNDm

	Charter capital	Share premium	Treasury shares	Investment and development fund	Financial reserve	Supplemental capital reserve	Other funds	Retained earnings	Non-controlling shareholder interest	Total
<b>Opening balance</b>	<b>11.196.891</b>	<b>101.716</b>	<b>(5.260)</b>	<b>25.013</b>	<b>682.932</b>	<b>329.292</b>	<b>1.022</b>	<b>897.661</b>	<b>2.306</b>	<b>13.231.573</b>
Net profit for the period	-	-	-	-	-	-	-	1,539,128	-	1,539,128
Appropriation to investment and development	-	-	-	-	-	-	-	-	-	-
reverses according to Resolution in 2017	-	-	-	-	-	1,620	-	(1,620)	-	-
Other funds by non-controlling shareholders	-	-	-	-	228	-	-	-	(228)	-
Appropriation to bonus and welfare fund according to Resolution in 2017	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Reserved tax from revenue movement by subsidiaries	-	-	-	-	-	-	-	(5,566)	-	(5,566)
Other adjustments	-	-	-	-	-	-	-	(3,238)	-	(3,238)
Tax adjustment for SHAMC	-	-	-	-	-	-	-	(153)	-	(153)
Temporary appropriation from the parent bank in 2018	-	-	-	-	149,717	74,806	-	(224,523)	-	-
Divesting from SHBS	-	-	-	-	(15,000)	(15,000)	-	(19,392)	(2,078)	(51,470)
Foreign currency difference	-	-	-	-	-	(16)	-	962	-	946
<b>Closing balance</b>	<b>11.196.891</b>	<b>101.716</b>	<b>(5.260)</b>	<b>25.013</b>	<b>817.877</b>	<b>390.702</b>	<b>1.022</b>	<b>2.163.259</b>	<b>-</b>	<b>14.691.220</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 25. OWNERS' EQUITY AND RESERVES (continued)

### 25.1 Statement of changes in owners' equity (continued)

Details of shares issued by the Bank as at 31 December are as follows:

	31/12/2017	31/12/2016
<i>Shares authorized for issuance</i>	1,119,689,100	1,119,689,100
<i>Shares issued and fully paid</i>	1,119,689,100	1,119,689,100
Ordinary shares	1,119,689,100	1,119,689,100
Treasury shares	496,186	496,186
Ordinary shares	496,186	496,186
Preference shares	-	-
<i>Outstanding shares</i>	1,119,192,914	1,119,192,914
Ordinary shares	1,119,192,914	1,119,192,914
Preference shares	-	-
Face value of outstanding shares (VND/share)	10,000	10,000

### 25.2 Reserves of the Bank

According to regulations, the Bank is required to appropriate Supplemental Capital Reserve and Financial Reserve. The appropriation of reserves will be annually implemented in accordance with Resolution of the Annual General Meeting of Shareholders in accordance with legal regulations.

For the year 2017, the Bank has temporarily appropriated reserves with percentage of profit after tax as follows:

	Percentage of profit after tax	Maximum
Supplemental Capital Reserve	5% Profit after tax	100% charter capital
Financial Reserve	10% Profit after tax	25% charter capital

*Reserved funds by Saigon-Hanoi Bank Assets Management Company*

*In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance that provides guidance on the regime of finance for asset management companies of commercial banks, asset management companies shall appropriate compulsory reserves similarly to their parent commercial banks.*

*In accordance with Circular 200/2014/TT-BTC since the fiscal year starting from or after 1 January 2015, SHAMC does not make Fund of financial provision.*

*Reserved Funds of SHB Financial Limited Company*

*According to Decree 93/2017/NĐ-CP issued by the Government dated 7 August 2017 altered to Decree 57/2012/NĐ-CP dated 20 July 2012, the Company made funds as same as the Bank.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 25. OWNERS' EQUITY AND RESERVES (continued)

### 25.2 Reserves of the Bank (continued)

*Reserved Funds of Saigon-Hanoi Bank Laos Limited (SHB Laos)*

In accordance with the Regulation on capital adequacy No.1/BOL dated 28 August 2001 by the Governor of the Bank of Lao P.D.R and other relevant guidance, commercial banks are required to appropriate at least 5% of profit after tax each year, after deducting retained losses, to regulatory reserve fund, until such fund reaches 10% of Tier-1 capital. Based on this requirement, management will decide the exact percentage of each year. The Business expansion fund and other funds shall be created upon decision of the Board of Management. SHB Laos has temporarily made additional statutory reserves at 10% of profit after tax for the year ended 31 December 2017.

Board of Shareholders of the Bank will approve the provision for financial year 2017 of the parent Bank and subsidiaries.

## 26. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of outstanding ordinary shares during the year. The Bank's basic earnings per share are calculated as follows:

	2017 VNDm	2016 VNDm
Net profit after tax for the year attributable to shareholders holding ordinary shares of the Bank	1,539,128	913,248
Weighted average number of outstanding ordinary shares (shares)	1,019,466,887	1,019,466,887
<b>Basic earnings per share (VND/share)</b>	<b>1,510</b>	<b>896</b>

## 27. INTEREST AND SIMILAR INCOME

	2017 VNDm	2016 VNDm
Interest income from deposits	393,956	328,026
Interest income from loans to customers	14,658,175	12,894,127
Interest income from debt investment securities	1,139,572	961,944
Other interest income from credit activities	1,854,823	304,781
Income from guarantee services	173,688	79,775
	<b>18,220,214</b>	<b>14,568,653</b>

## 28. INTEREST AND SIMILAR EXPENSES

	2017 VNDm	2016 VNDm
Interest expenses for deposits	11,493,165	9,301,976
Interest expenses for borrowings	473,635	301,591
Interest expenses for issued valuable papers	1,124,006	722,892
Other expenses for credit activities	332,748	66,746
	<b>13,423,554</b>	<b>10,393,205</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 29. NET FEE AND COMMISSION INCOME

	2017 VNDm	2016 VNDm
<b>Fee and commission income from</b>	<b>1,526,170</b>	<b>409,808</b>
Settlement services	191,422	135,519
Guarantee and treasury services	16,011	17,618
Advisory and agents services	1,242,838	191,869
Other services	75,899	64,802
<b>Fees and commission expenses for</b>	<b>69,305</b>	<b>71,743</b>
Settlement services	44,470	21,980
Guarantee and treasury services	10,179	19,206
Other services	14,656	30,557
<b>Net fee and commission income</b>	<b>1,456,865</b>	<b>338,065</b>

## 30. NET GAIN FROM FOREIGN CURRENCY TRADING

	2017 VNDm	2016 VNDm
<b>Income from foreign currency trading</b>	<b>855,265</b>	<b>521,178</b>
Income from foreign exchange spot contracts	479,847	121,513
Income from gold trading	176	1,285
Income from currency derivatives	79,396	132,659
Foreign exchange income arising from revaluation of monetary accounts denominated in foreign currency	295,846	265,721
<b>Expenses for foreign currency trading</b>	<b>801,018</b>	<b>419,138</b>
Expenses for foreign exchange spot contracts	434,067	130,232
Expenses for gold trading	88	1,248
Expenses for currency derivatives	145,906	115,624
Foreign exchange expenses arising from revaluation of monetary accounts denominated in foreign currency	220,957	172,034
<b>Net gain from foreign currency trading</b>	<b>54,247</b>	<b>102,040</b>

## 31. NET GAIN/(LOSS) FROM TRADING SECURITIES

	2017 VNDm	2016 VNDm
Gain/(loss) from trading securities	5,056	(2,170)
Reversal/(charge) of provision for impairment of trading securities	11,400	(7,934)
<b>Net gain/(loss) from trading securities</b>	<b>16,456</b>	<b>(10,104)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 32. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

	2017 VNDm	2016 (restated) VNDm
Income from trading of available-for-sale securities	23,163	17,582
Expenses for trading of available-for-sale securities	(23,225)	(8,795)
Provision for impairment of available-for-sale securities	(114)	1,552
<b>Net gain/(loss) from available-for-sale securities</b>	<b>(176)</b>	<b>10,339</b>
Expense for trading of held-to-maturity securities	1,111	-
Provision for impairment of held-to-maturity securities	(13,307)	-
<b>Net loss from held-to-maturity securities</b>	<b>(12,196)</b>	<b>-</b>
<b>Net gain/(loss) from investment securities</b>	<b>(12,372)</b>	<b>10,339</b>

### 33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2017 VNDm	2016 (restated) VNDm
Income from disposing of foreclosed assets	135,956	-
Income from bad debts written-off	16,912	52,998
Income from disposing of fixed assets	203,443	538,765
Other income	3,667	144,660
<b>Net gain from other operating activities</b>	<b>359,978</b>	<b>736,423</b>
Expense for handling foreclosed assets	149,304	-
Expenses for social activities	7,387	29,885
Expenses for disposing fixed assets	16,229	160,710
Loss from selling investments in subsidiaries	24,051	-
Expenses for other operating activities	25,515	197,632
<b>Expense for other operating activities</b>	<b>222,486</b>	<b>388,227</b>
<b>Net gain from other operating activities</b>	<b>137,492</b>	<b>348,196</b>

### 34. DIVIDEND INCOME

	2017 VNDm	2016 (restated) VNDm
<b>Dividends received during the year</b>		
- from investment equity securities	900	-
- from capital contribution and other long-term investments	1,916	2,127
	<b>2,816</b>	<b>2,127</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 35. OPERATING EXPENSES

	2017 VNDm	2016 VNDm
<b>Tax expenses and fees</b>	<b>28,134</b>	<b>35,777</b>
<b>Employee expenses</b>	<b>1,566,067</b>	<b>1,393,682</b>
Salary expenses	1,356,709	1,246,423
Expenses related salary	84,156	73,781
Other allowances	125,202	73,478
<b>Expenses on fixed assets</b>	<b>408,687</b>	<b>413,712</b>
<i>In which:</i>		
- Depreciation expenses	116,641	123,355
<b>General and administration expenses</b>	<b>468,580</b>	<b>397,015</b>
<i>In which:</i>		
- Business trip expenses	20,176	13,921
- Expenses for trade union activities	107	103
<b>Insurance for customer deposits</b>	<b>143,148</b>	<b>121,078</b>
<b>Provision for impairment of other long-term investments</b>	<b>5,947</b>	<b>(1,464)</b>
<b>Other provisions</b>	<b>276,334</b>	<b>147,959</b>
	<b>2,896,897</b>	<b>2,507,759</b>

### 36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise of the following balances of the consolidated balance sheet.

	31/12/2017 VNDm	31/12/2016 VNDm
Cash and cash equivalents on hand	1,446,548	1,291,694
Balance with the State Banks	3,742,659	2,718,757
Current accounts at other banks	20,812,077	12,320,394
Deposits with and loans to other banks within original term of three months or less	7,047,433	10,011,302
	<b>33,048,717</b>	<b>26,342,147</b>

### 37. EMPLOYEES' REMUNERATION

	Actual amount in years 2017	Actual amount in years 2016
I. Average number of employees (persons)	6,402	6,351
II. Employees' income (VNDm)	1,356,709	1,246,423
III. Income per capita per month	17.66	16.35

### 38. COLLATERALS

	Carrying value (VNDm)	
	31/12/2017	31/12/2016
Real estate properties	180,743,105	142,242,648
Movable assets	44,428,824	41,864,819
Valuable papers	31,913,273	22,282,769
Other assets	228,243,002	178,136,039
	<b>485,328,204</b>	<b>384,526,275</b>

### 39. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments, which are recorded as off-balance sheet items. These financial instruments mainly comprise of financial guarantees and commercial letters of credit. These instruments involve elements of credit risk besides the amounts recognized in the consolidated balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the possibility of sustaining a loss in case any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collateral for the transaction.

Deferred payment letters of credit represent amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiaries. Deferred payment letters of credit that defaulted by clients are recognized by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank usually requires customers to place margin deposits for credit-related financial instruments when it is deemed necessary. The value of deposits may vary from 0% to 100% of the value of commitments granted depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at the end of the years are as follows:

	31/12/2017	31/12/2016
	VNDm	VNDm
Credit guarantees	179,955	176,415
Foreign exchange commitments	18,542,149	20,258,207
Swaps	18,542,149	20,258,207
Letters of credit	14,695,470	10,670,815
Other guarantees	23,117,644	12,157,598
Other commitments	-	250,000
	<b>56,535,218</b>	<b>43,513,035</b>

#### 40. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which SHB are related. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in financial and operating decisions making. A party is deemed a related party to SHB if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - ▶ controls, is controlled by, or is under common control with SHB (this includes parents and subsidiaries);
  - ▶ has interest in SHB that gives it significant influence over SHB;
  - ▶ has joint control over SHB;
- (b) the party is a joint-venture, associate in which SHB is a venturer, investor;
- (c) the party is a member of the key management personnel of SHB or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c); or
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such SHB resides with, directly or indirectly, any individual referred to in (c) or (d).

Summary of significant transactions with related parties during the six-month period ended 31 December 2017 is as follows:

<i>Transactions</i>	<i>VNDm</i>
Dividend income from related parties	1,157
Income from trusted contracts	4,395
Salary of members of Board of Management and Board of Supervisors	14,486

Summary of receivables from and payables to related parties as at 31 December 2017 is as follows:

<i>Transactions</i>	<i>Receivables VNDm</i>	<i>Payables VNDm</i>
Accrued interest from loans, trusted funds and bonds	231,773	-
Demand deposits	-	72,387
Term deposits	-	1,435,002
Capital from related parties	-	1,191,991

#### 41. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

VNDm

	<i>Total loan balance</i>	<i>Total deposits</i>	<i>Credit com- mitments</i>	<i>Derivatives</i>	<i>Trading and investment securities</i>
Domestic	224,200,529	265,557,695	37,986,227	134,895	22,951,210
Overseas	7,603,553	1,095,784	6,842	1,370	-
	<b>231,804,082</b>	<b>266,653,479</b>	<b>37,993,069</b>	<b>136,265</b>	<b>22,951,210</b>



## **42. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS**

SHB's objective is to optimize the shareholders' wealth and maintain a sustainable profit growth and healthy financial position. Hence, the use of financial instruments, including receiving customer deposits and investing in high quality financial assets, is the core method for SHB to gain required interest margin. From the risk management perspective, SHB is required to maintain a balance between off-balance sheet instruments (such as guarantees and letters of credit) and loans (in VND and foreign currencies) to individuals and organizations of different creditworthiness levels. In addition, SHB also invested part of its mobilized funds in securities or loans to other banks. The currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risk concentration and participating in activities having opposite impacts to minimize risks. By holding high quality financial instruments, SHB is able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

In managing credit risk, SHB has effectively used their credit management manual providing regulations and requirements on lending and guidance to standardize the lending activities of SHB. Liquidity risk is limited by keeping a large amount of cash and cash equivalents in form of Nostro account, term deposits at the SBV and other credit institutions and valuable papers. Risk-adjusted adequacy ratios are also used in liquidity risk management. SHB revalue the interest rate gap and compares to benchmarks of domestic and foreign markets on a regular basis in order to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective due to the application of the Centralized Fund Management and Settlement System. Accordingly, all fund transfers and settlement transactions are centralized at Head office. These systems allow SHB to effectively supervise any changes in capital and reduce possible errors and unnecessary procedures.

## **43. CREDIT RISK**

Credit risk is the risk that the Bank will suffer a loss due to its customers or counterparties fail to discharge their contractual obligations.

SHB manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

SHB has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

### **43.1 Financial assets are not overdue**

SHB's financial assets, which are not overdue, include loans in Group 1 as required by Circular 02 and Circular No.09; securities, receivables and other financial assets which are not overdue and are not required for provision in accordance with Decision No. 228/2009/TT-BTC and Circular No.89/2013/TT-NHNN.

SHB believes that those financial assets can be recovered fully and timely in the future.

**43. CREDIT RISK** (continued)

**43.2 Financial assets are overdue but not impaired**

Overdue but not impaired financial assets mainly include loans classified in groups 2 to 5 as required by Circular 02 and Circular No. 09, which are adequately secured by collateral assets, including real estate properties, movable assets, valuable papers and other assets.

In addition, these financial assets include deposits of Vietnam Shipbuilding Industry Group (Vinashin - renamed as Vietnam Shipbuilding Industry Group - "SBIC") and the related interest receivables. These financial assets will be resolved in accordance with the Government's directions.

**44. MARKET RISK**

**44.1 Interest rate risk**

The interest rate of loans to customers customer deposits denominated in currencies are presented in Note 11 and Note 20, respectively.

*Analysis of assets and liabilities based on effective re-pricing term of interest rate*

The effective re-pricing term of interest rate is the remaining period from the date of consolidated financial statements to the nearest re-pricing term.

The following assumptions and conditions are applied in the analysis of real interest rate re-pricing term of SHB's assets and liabilities:

- ▶ Cash and cash equivalents on hand, long-term investments, derivatives instruments and other financial assets, and other assets (including fixed assets and other assets) are classified as non-interest bearing items.
- ▶ Deposits at the SBV are considered as demand deposits and accordingly, the effective interest re-pricing term is assumed to be one month.
- ▶ The effective interest re-pricing term of investment and trading securities is determined as follows:
  - Items which bear fixed interest rate during the contractual term: The effective interest re-pricing term is determined based on the time to maturity from the consolidated balance sheet date;
  - Items which bear floating interest rate: The effective interest re-pricing term is determined based on the time to the nearest interest rate adjustment date from the consolidated balance sheet date.
  - Investment and trading securities, which are equity securities are classified as non-interest bearing items.
- ▶ The effective interest re-pricing term of deposits due from and loans to other banks, loans to customers, borrowings from the Government and the SBV, deposits and borrowing from other credit institutions, customer deposits, valuable papers issued, other borrowed funds and other liabilities are determined as follows:
  - Items with fixed interest rate during the contractual term: The effective interest re-pricing term is determined based on the time to maturity from the consolidated balance sheet date;
  - Items with floating interest rate: The effective interest re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.
- ▶ The effective interest re-pricing term for other liabilities is categorized as non-interest bearing items.

**44. MARKET RISK (continued)****44.1 Interest risk (continued)**

Classification of assets and liabilities of SHB according to their re-pricing terms as at 31 December 2017 is as follows:

VNDm

	Overdue	Non-interest bearing	Interest re-pricing within						Total
			Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
<b>ASSETS</b>									
Cash, gold	-	1,446,548	-	-	-	-	-	-	1,446,548
Balances with the SBV	-	-	3,742,659	-	-	-	-	-	3,742,659
Placements with and loans to other banks (*)	-	-	24,430,584	5,056,692	3,958,965	67,275	-	-	33,513,516
Trading securities	-	3,889	-	-	-	-	-	-	3,889
Derivatives and other financial liabilities	-	136,265	-	-	-	-	-	-	136,265
Loans and advances to customers (*)	7,921,871	-	63,617,993	87,724,107	17,485,187	13,213,372	7,573,437	754,599	198,290,566
Investment securities (*)	150,000	8,152,409	-	357	1,099,861	3,789,029	7,083,406	2,676,148	22,951,210
Long-term investments (*)	-	227,250	-	-	-	-	-	-	227,250
Fixed assets and investment properties	-	3,952,317	-	-	-	-	-	-	3,952,317
Other assets (*)	3,627,176	23,135,944	-	-	-	-	-	-	26,763,120
<b>Total assets</b>	<b>11,699,047</b>	<b>37,054,622</b>	<b>91,791,236</b>	<b>92,781,156</b>	<b>22,544,013</b>	<b>17,069,676</b>	<b>14,656,843</b>	<b>3,430,747</b>	<b>291,027,340</b>
<b>LIABILITIES</b>									
Deposits of and loans from the SBV and other banks	-	-	38,683,596	11,599,233	5,137,570	332,474	2,047	3,842	55,758,762
Customer deposits	-	-	62,362,701	42,185,113	43,709,958	40,181,015	6,447,810	3,173	194,889,770
Other borrowed funds	-	-	-	-	1,061,995	-	2,166	-	1,064,161
Valuable papers issued	-	-	-	-	5,185,000	6,559,000	1,000,634	2,222,635	14,967,269
Other liabilities	-	4,638,899	-	-	-	-	-	-	4,638,899
<b>Total liabilities</b>	<b>-</b>	<b>4,638,899</b>	<b>101,046,297</b>	<b>53,784,346</b>	<b>55,094,523</b>	<b>47,072,489</b>	<b>7,452,657</b>	<b>2,229,650</b>	<b>271,318,861</b>
<b>Interest sensitivity gap</b>	<b>11,699,047</b>	<b>32,415,723</b>	<b>(9,255,061)</b>	<b>38,996,810</b>	<b>(32,550,510)</b>	<b>(30,002,813)</b>	<b>7,204,186</b>	<b>1,201,097</b>	<b>19,708,479</b>

(\*) The amounts exclude provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**44. MARKET RISK** (continued)

**44.2 Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As SHB is incorporated and operates in Vietnam, VND is the reporting currency. The major currency of transactions is also VND. SHB's assets are mainly denominated in VND with the remainders mainly in USD and EUR. However, some of SHB's other assets are in currencies other than VND, USD and EUR. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions are maintained within established limits.

**44. MARKET RISK** (continued)

**44.2 Currency risk** (continued)

Classification of assets and liabilities denominated in foreign currencies translated into VND as at 31 December 2017 is as follows:

	VNDm			
	EUR as translated	USD as translated	Other foreign currencies as translated	Total
<b>ASSETS</b>				
Cash, gold	34,847	507,125	18,095	560,067
Balances with the State Bank	-	1,394,747	-	1,394,747
Placements with and loans to other banks (*)	106,368	4,059,295	773,852	4,939,515
Trading securities	-	-	-	-
Derivatives and other financial assets	95,407	710,063	-	805,470
Loans and advances to customers (*)	18,850	14,318,366	693,129	15,030,345
Investment securities	-	-	-	-
Long-term investments	-	-	-	-
Fixed assets and investment properties	-	16,877	4,318	21,195
Other assets (*)	40	9,530,765	53,964	9,584,769
<b>Total assets</b>	<b>255,512</b>	<b>30,537,238</b>	<b>1,543,358</b>	<b>32,336,108</b>
<b>LIABILITIES</b>				
Deposits of and loans from the SBV and other banks	-	12,011,323	-	12,011,323
Customer deposits	251,617	13,374,249	86,514	13,712,380
Derivatives and other financial liabilities	-	4,897,685	190,398	5,088,083
Other borrowed funds	2,166	-	-	2,166
Valuable papers	-	-	-	-
Other liabilities	351	72,740	18,734	91,825
Capital and reserves	-	115,605	41,629	157,234
<b>Total liabilities and owners' equity</b>	<b>254,134</b>	<b>30,471,602</b>	<b>337,275</b>	<b>31,063,011</b>
FX position on-balance sheet	1,378	65,636	1,206,083	1,273,097
FX position off-balance sheet	-	-	-	-
<b>FX position on and off-balance sheet</b>	<b>1,378</b>	<b>65,636</b>	<b>1,206,083</b>	<b>1,273,097</b>

(\*) The amounts exclude provisions

**44. MARKET RISK** (continued)

**44.3 Liquidity risk**

Liquidity risk is defined as the risk that SHB will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises in case SHB fails to fulfill its due payment obligations under both normal and stressed circumstances. To limit this risk, SHB have arranged diversified funding sources in addition to their core deposit base, and adopted a policy of managing assets with liquidity, monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral, which could be used to secure additional funding if required.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities from the consolidated balance sheet date to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been applied in the maturity analysis of SHB's assets and liabilities:

- ▶ Deposits at the SBV are classified as demand deposits including compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of SHB's customer deposits.
- ▶ The maturity term of investment securities which are equity securities is calculated based on the maturity date of each kind of securities.
- ▶ Trading securities is considered as up to one (1) month.
- ▶ The maturity term of placements with and loans to other banks; and loans to customers are based on the contractual maturity date. The actual maturity term may be altered when the contract is extended. Besides, loans to customers are reported at the principal amounts, which do not include provisions for credit losses.
- ▶ The maturity term of equity investments is considered as more than five (5) years because these investments do not have specific maturity date.
- ▶ Deposits and borrowings from other banks and customer deposits are determined based on the nature of these items or the contractual maturity date. Vostro accounts and current accounts transacted upon customers' demand are considered as current accounts. The maturity term of borrowings and term deposits is determined based on the contractual maturity date. In practice, these amounts may be rotated and maintained for longer period.
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets.

#### 44.3 Liquidity risk (continued)

The maturity of assets and liabilities as at 31 December 2017 is as follows:

		Overdue		Current				VNDm
		Over 3 months	Up to 3 months	Up to 1 months	From 1 - 3 months	From 3 - 12 months	From 1 - 5 years	Total
ASSETS								
Cash, gold		-	-	1,446,548	-	-	-	1,446,548
Balances with the SBV		-	-	3,742,659	-	-	-	3,742,659
Placements with and loans to other banks (*)		-	-	24,430,584	5,056,692	4,026,240	-	33,513,516
Trading securities (*)		-	-	3,889	-	-	-	3,889
Derivatives and other financial liabilities		-	-	136,265	-	-	-	136,265
Loans and advances to customers (*)		4,623,697	3,298,174	17,663,184	17,537,801	61,711,683	59,586,956	198,290,566
Investment securities (*)		150,000	-	33,599	-	2,489,040	13,557,465	22,951,210
Long-term investments (*)		-	-	-	-	-	227,250	227,250
Fixed assets and investment properties		-	-	811,584	2,342	15,491	153,589	3,952,317
Other assets (*)		3,626,455	721	16,204,082	1,875,293	4,761,060	286,886	26,763,120
Total assets		8,400,152	3,298,895	64,472,394	24,472,128	73,003,514	43,795,361	291,027,340
LIABILITIES								
Deposits of and loans from the SBV and other banks		-	-	37,812,185	11,407,248	6,257,516	20,321	55,758,762
Customer deposits		-	-	62,362,701	42,185,113	83,890,973	3,173	194,889,770
Other borrowed funds		-	-	6,882	27,856	105,430	467,747	1,064,161
Valuable papers issued		-	-	-	-	11,744,000	3,223,269	14,967,269
Other liabilities		-	-	4,638,899	-	-	-	4,638,899
Total liabilities		-	-	104,820,667	53,620,217	101,997,919	7,165,548	271,318,861
Net liquidity gap		8,400,152	3,298,895	(40,348,273)	(29,148,089)	(28,994,405)	40,080,851	19,708,479

(\*) The amounts exclude provisions



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

#### 45. RESTATEMENT OF COMPARATIVE FIGURES

For the purpose of preparing financial statements and to ensure comparative figures, the Bank has restated some figures as at 31 December 2016 and for the year then ended as follows:

	31/12/2016 VNDm	Restate VNDm	31/12/2016 (restated) VNDm
<b>Balance sheet</b>			
<b>Other assets</b>	<b>16,088,151</b>	<b>6,804,949</b>	<b>22,893,100</b>
Receivables	1,705,468	6,804,949	8,510,417
<b>Deposits and loans from other banks</b>	<b>33,309,432</b>	<b>6,804,949</b>	<b>40,114,381</b>
Loans from other banks	10,010,175	6,804,949	16,815,124

	2016 VNDm	Restate VNDm	2016 (restated) VNDm
<b>Statement of profit and loss</b>			
<b>Net loss from investment securities</b>	<b>10,539</b>	<b>(200)</b>	<b>10,339</b>
Income from other operation	736,223	200	736,423
Expenses for other operation	(371,907)	(16,320)	(388,227)
<b>Net gain from other operation</b>	<b>364,316</b>	<b>(16,120)</b>	<b>348,196</b>
Income from investments	(14,193)	16,320	2,127

#### 46. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance date that requires adjustment or disclosure in the consolidated financial statements of SHB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE PERIOD-END**

	31/12/2017	31/12/2016
	VND	VND
USD	22,425	22,159
EUR	27,259	23,936
GBP	30,693	28,091
CHF	23,306	22,357
JPY	202	195
SGD	16,980	15,717
AUD	17,718	16,422
HKD	2,906	2,935
CAD	18,054	16,943
LAK	2.6966	2.7071
THB	694.6	631.41

Prepared by:



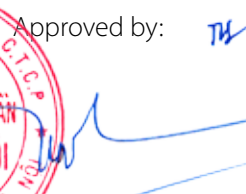
Ms. Nguyen Thi Hanh Hoa  
Accountant

Approved by:



Ms. Ngo Thi Van  
Chief Accountant

Approved by:

Mr. Nguyen Van Le  
Chief Executive Officer

Hanoi, Vietnam

6 April 2018



Đối tác tin cậy, giải pháp phù hợp

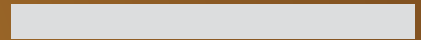


# SHB'S NETWORK



“

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



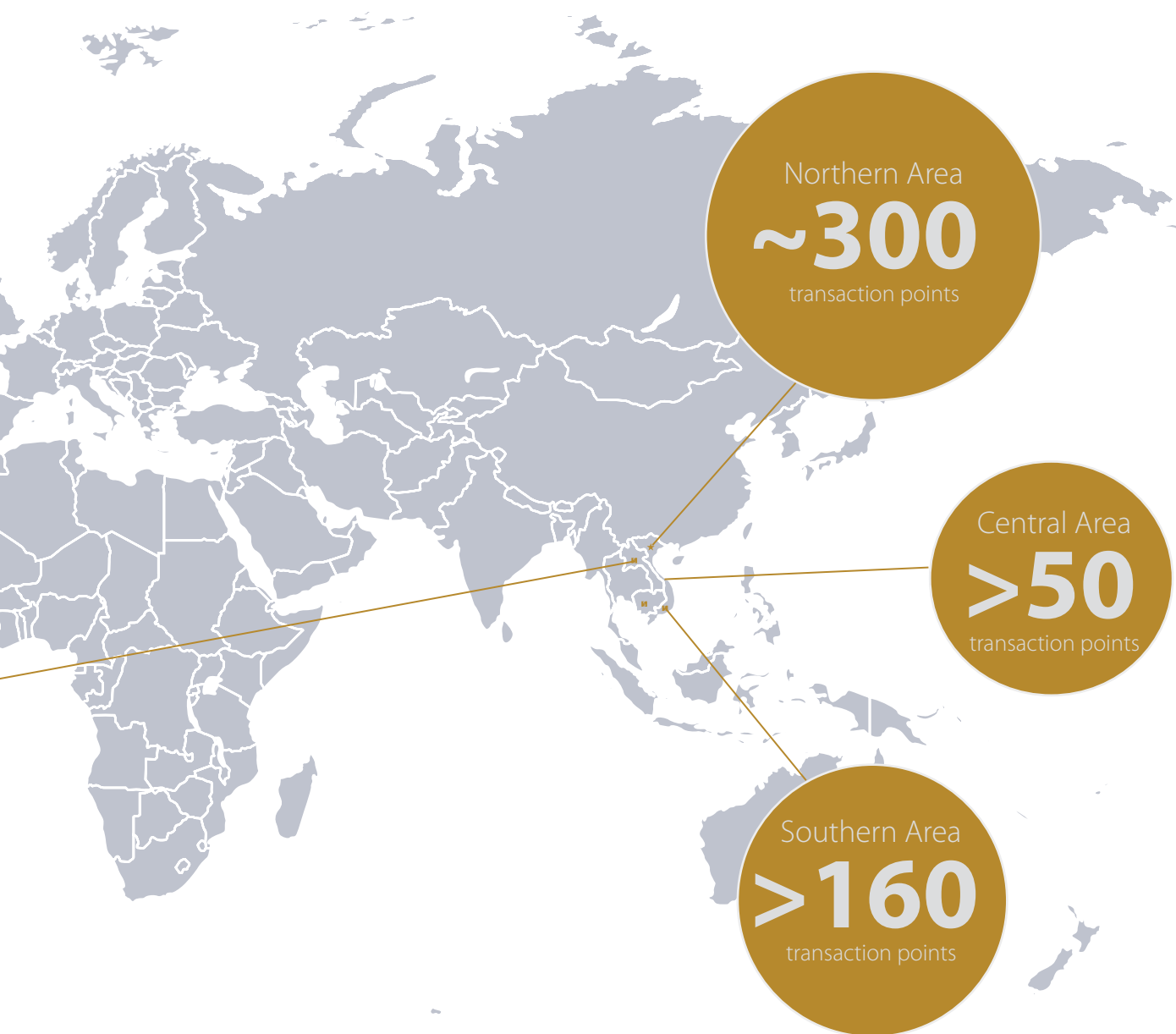
## OPERATION NETWORK

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





## LIST OF BRANCHES

### SHB Ha Noi

No. 49 Ngo Quyen, Hoan Kiem Dist, Hanoi

**Tel:** (024) 6256 3666

**Fax:** (024) 6256 3616

### SHB Thang Long

No. 91 Nguyen Chi Thanh, Dong Da Dist, Hanoi

**Tel:** (024) 6 276 9189

**Fax:** (024) 6 279 6167

### SHB Ba Dinh

21 Lang Ha, Ba Dinh District, Hanoi

**Tel:** (024) 3 8460 135

**Fax:** (024) 3 7263 595

### SHB Hang Trong

No. 71B Hang Trong, Hoan Kiem Dist, Hanoi

**Tel:** (024) 3 9289 175

**Fax:** (024) 3 9289 262

### SHB Ham Long

67C Ham Long, Hang Bai Ward, Hoan Kiem Dist, Hanoi

**Tel:** (024) 3 9432 958

**Fax:** (024) 3 9432 436

### SHB Hoan Kiem

No. 40 Hang Giay Str.; Dong Xuan Ward, Hoan Kiem Dist, Hanoi

**Tel:** (024) 3825 8926 / (024) 3928 3054

**Fax:** (024) 3825 8745

### SHB Tay Ha Noi

No. 101, Lot C, D5 Area, Nguyen Phong Sac, Cau Giay Dist, Hanoi

**Tel:** (024) 6 2690 530

**Fax:** (024) 6 2690 531

### SHB Tay Nam Ha Noi

No. 98 Hoang Quoc Viet, Nghia Do Ward, Cau Giay Dist, Hanoi

**Tel:** (024) 3 755 2510

**Fax:** (024) 3 756 3120

### SHB Van Phuc

No. 34 - 36 Lieu Giai Str.; Cong Vi Ward, Ba Dinh Dist, Hanoi

**Tel:** (024) 3 7262 025

**Fax:** (024) 3 7262 236

### SHB Han Thuyen

No. 11 Han Thuyen, Pham Dinh Ho Ward, Hai Ba Trung, Hanoi

**Tel:** (024) 3 6248 028

**Fax:** (024) 3 6248 029

### SHB Trung Hoa Nhan Chinh

1 Floor, 17T1 Building, Trung Hoa Nhan Chinh Urban Area,

Trung Hoa Ward, Cau Giay Dist, Hanoi

**Tel:** (024) 6 2815 158

**Fax:** (024) 6 2815 159

### SHB Ha Dong

No. 16-18 Nguyen Khuyen Str.;

Van Quan Ward, Ha Dong Dist, Hanoi

**Tel:** (024) 3 351 6688

**Fax:** (024) 3 354 6513

### SHB Lao Cai

Ly Cong Uan St.; cross-road 6, Kim Tan Ward, Lao Cai

**Tel:** (021) 4389 9696

**Fax:** (021) 4389 9695

### SHB Lang Son

No. 20 - 17/10 Road - Vinh Trai Ward, Lang Son City

**Tel:** (0205) 389 8222

**Fax:** (0205) 389 8212

### 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 Bac Ninh

Floor 1-2, Viglacera building, cross-road 6 Dai Phuc Ward, Bac Ninh city, Bac Ninh Province

**Tel:** (0222) 3874636

**Fax:** (0222) 3874959

**SHB Kinh Bac**

Ly Thai To Road, Dong Ngan Ward,  
Tu Son Town, Bac Ninh Province

**Tel:** (0222) 3 743 036

**Fax:** (0222) 3 742 444

**SHB Hung Yen**

196 Road, Ban Town, Yen Nhan,  
My Hao, Hung Yen

**Tel:** (0221) 3742 688

**Fax:** (0221) 3742 886

**SHB Quang Ninh**

No. 488 Tran Phu, Cam Pha City,  
Quang Ninh Province.

**Tel:** (0203) 3723 855

**Fax:** (0203) 3723 866

**SHB Hai Phong**

No. 15 Tran Phu, Ngo Quyen Ward, Hai Phong

**Tel:** (0225) 3652 668

**Fax:** (0225) 3652 669

**SHB Thanh Hoa**

Thanh Hoa Shopping Centre - No. 27-29 Le Loi  
St., Lam Son Ward, Thanh Hoa City, Thanh Hoa  
Province

**Tel :** (0237) 3855111

**Fax:** (0237) 3752555

**SHB Nghe An**

Tecco Tower - No. 215 Le Loi St., Le Loi Ward, Vinh  
city, Nghe An Province

**Tel:** (0238) 3560388

**Fax:** (0238) 356 0399

**SHB Hue**

No. 28 Ly Thuong Kiet road, Vinh Ninh Ward,  
Hue City, Thua Thiên Hue Province

**Tel:** (0234) 3966688

**Fax:** (0234) 3944666

**SHB Da Nang**

205-207 Nguyen Van Linh, Nam Duong Ward,  
Hai Chau Dist, Da Nang City

**Tel:** (0236) 3584 599

**Fax:** (0236) 3655 399

**SHB Quang Nam**

215 Phan Boi Chau, Tan Thanh Ward,  
Tam Ky City, Quang Nam Province

**Tel:** (0235) 381 5888

**Fax:** (0235) 381 5777

**SHB Khanh Hoa**

No. 11 Ly Thanh Ton, Van Thanh Ward, Nha Trang,  
Khanh Hoa Province

**Tel:** (0258) 3828777

**Fax:** (0258) 3828766

**SHB Lam Dong**

No. 135-145 Phan Dinh Phung Road, 2 Ward,  
Da Lat City, Lam Dong Province

**Tel:** (0263) 351 2251

**Fax:** (0263) 3512000

**SHB Gia Lai**

87 Hoang Van Thu, Pleiku, Gia Lai

**Tel:** (0269) 382 8333

**Fax:** (0269) 382 8499

**SHB Ho Chi Minh**

41-43-45 Pasteur, Nguyen Thai Binh Ward,  
1 District, HCM City

**Tel:** (028) 3 821 1112

**Fax:** (028) 3 823 0204

**SHB Sai Gon**

Lot H3 Hoang Dieu, 6 Ward, 4 District 4,  
HCM City

**Tel:** (028) 3 9434 224

**Fax:** (028) 3 9434 299

**SHB Phu Nhuan**

127 Tran Huy Lieu, 12 Ward,  
Phu Nhuan Dist, HCM City.

**Tel:** (028 ) 3 997 1122

**Fax:** (028) 3 997 1133

**SHB Binh Duong**

302 Binh Duong Boulevard, Phu Hoa Ward,  
Thu Dau Mot city, Binh Duong Province

**Tel:** (0274) 3834 101

**Fax:** (0274) 3834 100

**SHB Dong Nai**

10 -11 Nguyen Ai Quoc - KP8,  
Tan Phong Ward, Bien Hoa, Dong Nai Province

**Tel:** (0251) 8871 666

**Fax:** (0251) 8871 670

**SHB Vung Tau**

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

**Tel:** (0254) 3577676

**Fax:** (0254) 3577686

**SHB Binh Phuoc**

No. 147 Hung Vuong road, Tan Binh Ward,  
Dong Xoai Town, Binh Phuoc Province

**Tel:** 0651.3838.123, 124, 125

**Fax:** 0651.3838.126

**SHB Long An**

98-100 Hung Vuong, 2 Ward, Tan An City,  
Long An Province

**Tel:** (0272) 3 567 567

**Fax:** (0272) 3 567 667

**SHB Can Tho**

No.138, 3/2 road, Hung Loi Ward,  
Ninh Kieu Dist, Can Tho City.

**Tel:** (0292) 3838 389

**Fax:** (0292) 3839 987

**SHB Kien Giang**

C10 – 50+51 3/2 Road, Vinh Lac Ward,  
Rach Gia City, Kien Giang Province

**Tel:** (0297) 3 947 303

**Fax:** (0297)3 947 313

**SHB An Giang**

6 - 8 Nguyen Hue A, My Long Ward,  
Long Xuyen city, An Giang.

**Tel:** (0296) 3940 309

**Fax:** (0296) 3941 969

**SHB Por Senchey**

No. 250-252, Russie road, Cacap Ward, Por Senchey  
Dist, Phnom Penh, Cambodia

**Tel:** +855 23 890 353

**Fax:** +855 23 890 363

**SHB Kampong Thom**

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Stoeung Sen, Kampong Thom Province, Cambodia

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**SHB Thai Binh**

Viettel Building, No. 431, Tran Hung Dao Dist,  
Tran Hung Dao Ward, Thai Binh City,  
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**Tel:** (0227) 627 8555

**Fax:** (0227) 625 2626

**SHB Soc Trang**

02 Tran Hung Dao - F2 - Soc Trang City,  
Soc Trang Province

**Tel:** (0299) 3819 888

**Fax:** (0299) 3819 666

**SHB Ninh Binh**

No. 55 Tran Hung Dao, Phuong Dong Thanh Ward,  
Ninh Binh City, Ninh Binh Province

**Tel:** (0229) 3888 542

**Fax:** (0229) 3888 543

**SHB Tuyen Quang**

138 Nguyen Trai Road, Group14, Tan Quang Ward,  
Tuyen Quang City, Tuyen Quang Province

**Tel:** (0207) 3827 579

**Fax:**(0207) 3827 588

**SHB Thai Nguyen**

Minh Cau Shopping Centre - No. 2 Minh Cau Road  
Phan Dinh Phung Ward, Thai Nguyen City,  
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**Tel:** (0208) 3655 588

**Fax:** (0208) 3756 866

**SHB Tien Giang**

No. 210, Nam Ky Khoi Nghia , 7 Ward,  
My Tho City, Tien Giang Province

**Tel:** (0273) 3877 789

**Fax:** (0273) 3877 669

**SHB Dong Thap**

193-195 Hung Vuong, Ward 2, Cao Lanh City,  
Dong Thap Province.

**Tel:** (0277) 353 4488

**Fax:** (0277) 353 8788

**SHB Ca Mau**

No. 132A, Nguyen Tat Thanh Road,  
8 Ward, Ca Mau City, Ca Mau

**Tel:** (0290) 3582592

**Fax:** (0290) 3582593

**SHB Quang Ngai**

252-254-256 Hung Vuong road, Tran Phu Ward,  
Quang Ngai City, Quang Ngai Province

**Tel:** (0255) 373 9777

**Fax:** (0255) 373 9775

**SHB Ha Nam**

PG1 – 05, PG1 – 06 Vincom Shophouse Phu Ly,  
Bien Hoa Road, Minh Khai Ward, Phu Ly City,  
Ha Nam Province

**Tel:** (0226) 246 0909

**Fax:** (0226) 246 0011

**SHB Ha Tinh**

No. 52 Phan Dinh Phung, Nam Ha Road,  
Ha Tinh City, Ha Tinh Province

Ha Nam Province

**Tel:** (0226) 246 0909

**Fax:** (0226) 246 0011

**SHB Binh Dinh**

No. 85 Mai Xuan Thuong,  
Quy Nhon City, Binh Dinh Province

**Tel:** (0256) 363 6688

**Fax:**

**SHB Dak Lak**

No. 18A Nguyen Tat Thanh, Tu An Ward,  
Buon Me Thuot City, Dak Lak Province

**Tel:** (0262) 369 7979

**Fax:** (0262) 357 6879

**SHB Tay Ninh**

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