



**SERVING
FROM THE HEART**

**LEADERSHIP
ASPIRATION**

MESSAGE OF THE BOARD OF DIRECTORS

VISION, MISSION, CORE VALUES & BRAND PHILOSOPHY

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MESSAGE OF CHAIRMAN OF THE BOARD OF DIRECTORS

“Entering the year of 2021, SHB bears in mind its position and mission as one of the top commercial banks with LEADERSHIP ASPIRATION and philosophy of SERVING FROM THE HEART. SHB’s target is to become the Top 1 in efficiency and technology among commercial banks in Vietnam by 2025.”

“In its vision to 2030, SHB will become a leading modern retail bank in the region and an investment bank providing the most effective funding solutions for important sectors of the Vietnam’s economy. SHB has been working with the world’s leading consultants to strongly develop and execute differentiation and competition strategies to accelerate the successful implementation of those goals.”

On behalf of the Board of Directors, the Board of Supervisors, the Board of Management and all employees of Saigon – Hanoi Commercial Joint Stock Bank (SHB), I would like to extend our respectful greetings, thanks and best wishes to our shareholders, investors, partners and customers!

Ladies and Gentlemen!

The year 2020 is a difficult year for the economy due to the great impact of the Covid-19 pandemic. Although global economic growth gradually showed signs of recovery from the third and fourth quarters, there are still many challenges. Especially, in the context of the pandemic, there are unpredictable developments and increased restrictions in many developed economies. Despite the slump in global economic growth, Vietnam is one of the bright spots in both healthcare and economic sectors. This contributes to enhancing the position and advantages of Vietnam more than ever. Under the strict and timely direction and guidance of the Government and the State Bank of Vietnam, Vietnam has stabilized its macro-economy, turned challenges into opportunities, and put its name in the list of few countries with the highest positive growth rate in the world - at 2.91% in 2020.

As one of the largest commercial banks in Vietnam, SHB has steadily grown in 2020, at the same time contributing to becoming the driving force of the economy in general and the banking industry in particular, accompanying businesses and people to overcome the difficult times.

At the end of 2020, SHB’s total assets reached VND 412,680 billion, up 13.0% compared to 2019; customer deposits reached VND 338,129 billion, up 17.2%; customer loans and bonds reached 316,670 billion VND, up 19% compared to 2019; Profit before tax reached VND 3,268 billion, up 8.0%, completing 100% of the plan set by the General Meeting of Shareholders. In addition, SHB strictly controls operating expenses, bringing Cost to Income Ratio (CIR) down to 35.2%, the lowest in the last 5 years. In particular, with drastic bad loan handling solutions and write-offs, NPL ratio dropped to 1.83%, the lowest in the last 5 years, and NPL plus VAMC bonds ratio fell below 3%, well under bad loan target assigned by the State Bank. The increase in SHB’s provision expenses also helped SHB’s NPL coverage as at December 31, 2020 to be at the highest level in the last 5 years. Thanks to that, in October 2020, SHB completed ahead of schedule all outstanding issues in the Habubank merger project.

This result is due to SHB’s growth in most of business targets, developing banking products on the basis of modern technology and enhanced control & risk management to bring customers outstanding benefits and values. In particular, SHB completed the three pillars of the Basel II Capital Accord ahead of schedule, fully met the requirements of the State Bank, received positive reviews from international organizations, contributed to high reputation of SHB in particular and the entire banking industry in general. Consolidated capital adequacy ratio under Basel II reached 10.1% (SBV’s regulation is > 8%).

In addition, SHB’s community and social responsibility is always a factor closely linked with the bank’s business operations. That is the reason why SHB is constantly bringing the best values to the community, contributing to the sustainable development of the country’s economy and social security with many meaningful activities in education, sports, health care, charity ... In early 2020, as soon as the epidemic affected the economy and the society; SHB quickly deployed 2 support packages of 27.5 trillion dong, supporting corporate and individual customers across the country. Along with that are projects to promote Vietnamese brands to reach out to the world through cooperation with Amazon and T&T Group, offering low-cost funding to small and medium enterprises through the SME Development Fund of the Ministry of Planning and Investment ... and tens of billions of dong supporting people countrywide to fight against the epidemic and overcome flood and storm natural disasters.



Ladies and Gentlemen,,

Ending the volatile year of 2020, SHB at the same time closed the Habubank merger process, basically handling all outstanding issues under the Merger Scheme, opening a stage with comprehensive innovation both in width and in depth - a new decade full of positive prospects, breakthroughs and strong growth.

Recently, SHB has been approved by the State Bank to increase its charter capital to VND 17,510 billion, and plans to increase to nearly VND 21,300 billion by June 2021 from share dividend payment for two years of 2019 and 2020, at the rate of 10% and 10,5%. The divestment roadmap of the Bank at SHB Bank Finance Company (SHB Finance) to foreign strategic investors is on-going where SHB is in selection of qualified investors. In addition, the State Securities Commission has completed the procedure to change SHB share listing from HNX to HOSE. Accordingly, SHB will change its listing exchange at an appropriate time (when the HOSE's infrastructure is ready). These strategic moves will help SHB strengthen its image and attract foreign strategic investors, expand the Bank's financial and business activities to international markets, enhance its position and values both at home and abroad

Entering the year of 2021, SHB bears in mind its position and mission as one of the top commercial banks to show the Leadership Aspiration, with the philosophy Serving from the Heart. SHB's target is to become the Top 1 in efficiency and technology among commercial banks in Vietnam by 2025. In its vision to 2030, SHB will become a leading modern retail bank in the region and an investment bank providing the most effective funding solutions for important sectors of the Vietnam's economy. SHB has been working with the world's leading consultants to strongly develop and execute differentiation and competition strategies to accelerate the successful implementation of those goals.

In particular, SHB pays special attention to digital transformation; forming a digital culture and a digital bank that provides great customer experience, optimizes costs and customer satisfaction, and promotes sales and business efficiency. With the establishment of the Digital Banking Division, SHB will build and continuously launch digital products and services and initiatives to digitize new operating processes and digitize customer journeys, thereby increasing market access, up-scaling and sustainable growth. SHB aims towards a comprehensive banking and finance platform for its digital ecosystems in Vietnam, Indochina as well as in the region.

By 2025, along with strong digital transformation, SHB targets to become the Top 1 best performing commercial bank in Vietnam. In its vision by 2030, SHB will become one of the Top retail banks in the region.

SHB Board of Directors, Board of Management and employees will do their best to realize the aspirations of its staff to serve the market, investors, customers, the community and the country. On that journey, SHB continues to look forward to receiving your valuable companionship and support!

Sincerely yours!

Chairman of the Board of Directors



Do Quang Hien

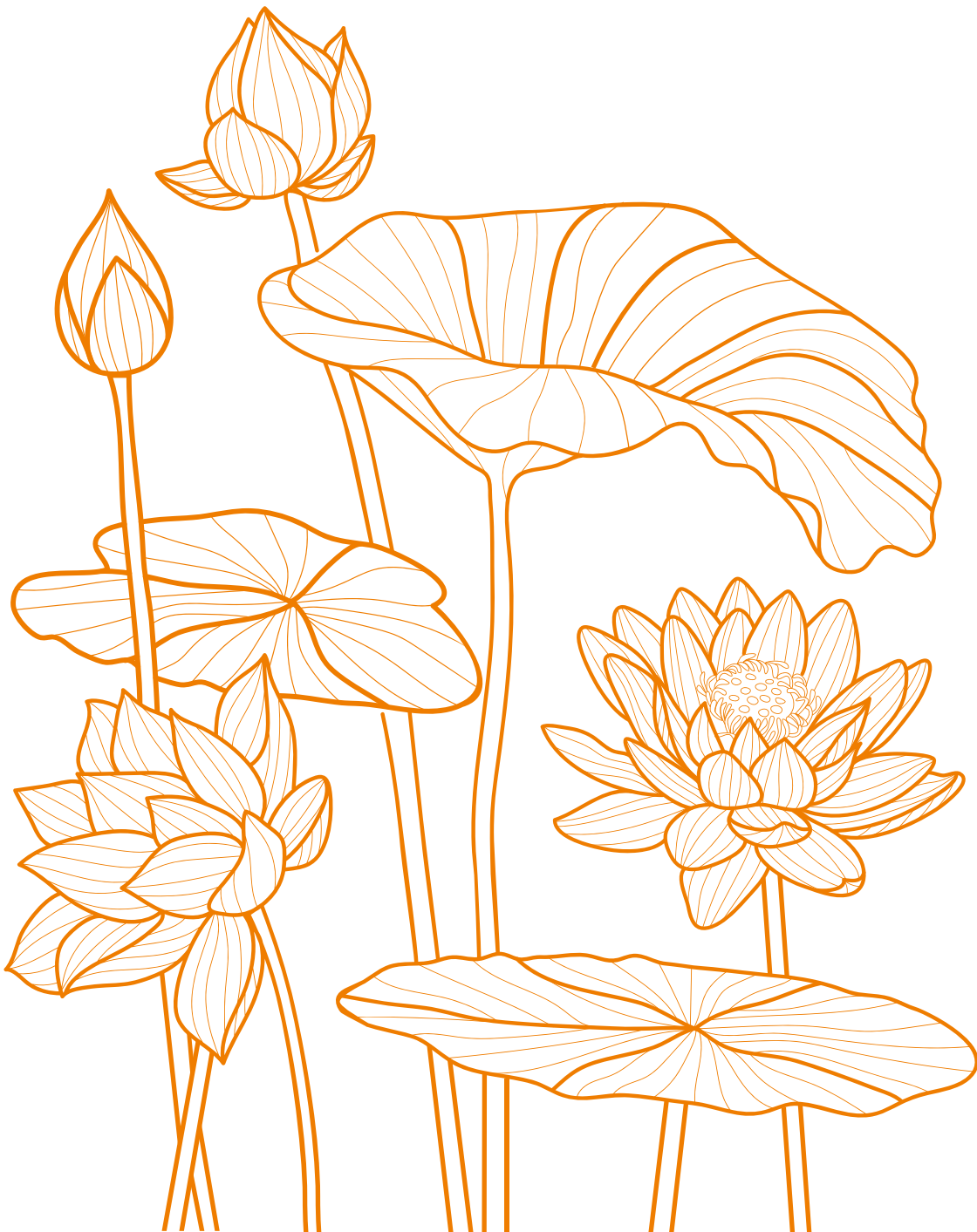






**SERVICE
FROM
THE HEART**

“ Strong financial capacity, wide network, experienced staff in the domestic and international financial markets and a mindset of "Serving from the Heart" are the premises for SHB to act, innovate and go further and farther on the journey of development. ”





Vision, Mission, Brand Philosophy

Goal and Vision

With strong digital transformation, SHB's goal is to rank Top 1 in efficiency and technology among commercial banks in Vietnam by 2025.

In its vision to 2030, SHB will become a leading modern retail bank in the region and an investment bank providing the most effective funding solutions for important sectors of the Vietnam's economy.

SHB has been working with the world's leading consultants to strongly develop and execute differentiation and competition strategies to accelerate the successful implementation of those goals.

Mission

To become the most reliable financial solution destination for customers thanks to its friendliness, understanding and sharing on each journey of customers through a comprehensive and unique system of products and services that bring values to every single need of customers.

To create an ideal working environment where every employee is a cell of the organization, respected, able to learn and promote to their fullest capabilities for the Bank's development and their own success.

To protect interests and to bring long-term values to shareholders through the implementation of different business strategies towards sustainable and effective development.

Brand Philosophy

In the development process, SHB carries its position and mission of one of the leading commercial banks with the philosophy of "Serving from the Heart" and "Leadership Aspiration".

Serving from the Heart: SHB takes the word "Heart" as the core and motto of all activities, creating different values in the market, always mindfully servicing its Nation, Community and Customers with its heart. SHB firmly believes in the philosophy of "Give first - Get back later".

Leadership Aspiration: In Chinese-Vietnamese, the word "Heart" combined with the word "Mind" contributes to the realization of SHB's "Aspiration to lead", enabling SHB to reach out and lead, becoming a leading financial institution in Vietnam and out-reaching to the outside region and the world.



Mr. Do Quang Hien.

Chairman

- Mr. Do Quang Hien was born in 1962; He graduated in radio physics engineer from Hanoi University

- He has been working at SHB and has been appointed as Chairman of the Board of Directors from 2005 to present.

- He is currently in charge of:

+ Chairman of the Board of Directors of Saigon-Hanoi Commercial Joint Stock Bank (SHB)

+ Chairman of the Board of Directors of T & T Group

+ Chairman of the Board of Directors of Saigon - Hanoi Securities Joint Stock Company (SHS)

+ Chairman of the Board of Directors of Saigon - Hanoi Insurance Joint Stock Company (BSH)

+ Chairman of the Board of Directors of Transportation Hospital

+ Chairman of Hanoi Association of Small and Medium Enterprises

+ Member of Vietnam Fatherland Front Committee

- He was recognized by the Party, State and organizations for many outstanding achievements in business, contributing to the development of the country such as: Second-class and Third-class Labor Medals awarded by the President of the Socialist Republic of Vietnam; First-class Labor Medal awarded by the Secretary of the Hanoi Party Committee; "Asian Entrepreneur 2017" honored by Enterprise Asia magazine. "Elite citizens of the capital" honored by the Hanoi People's Committee.

- He used to work at Hanoi Radio, Hanoi Electronics Company (Hanel), National Technology Research Institute ... and has 37 years of experience in banking and finance.

HỘI ĐỒNG QUẢN TRỊ

01



Mr. Vo Duc Tien

Vice Chairman

- Mr. Vo Duc Tien was born in 1962; He graduated with Master degrees from the National Economics University and from the Banking Academy;
- He has been with SHB since 2016 and has been appointed as a Vice Chairman of SHB's Board of Directors from 2017 to present;
- He used to hold various positions: Member of the Board of Directors, Head of Supervisory Board of Vietnam Bank for Social Policy, Director of Vietnam Bank for Social Policy Hanoi branch, Director of Agribank Cho Hom Branch, Hai Ba Trung Branch, Long Bien branch ... and has 37 years of experience in banking and finance industry.

02



Mr. Nguyen Van Le

Member Of The Board Cum CEO

- Mr. Nguyen Van Le was born in 1973, he graduated with a Ph.D in Economics from Banking Academy;
- He has been working at SHB since 1999 and has been appointed a member of the Board of Directors cum CEO of SHB from 2000 to present;
- He was recognized by the Party, State and organizations for many outstanding achievements in business, contributing to the development of the country such as: Second-class and Third-class Labor Medals awarded by the State President; Certificates of Merit from the Prime Minister, the Governor of the State Bank of Vietnam; Award for excellent leader, excellent entrepreneur;
- He has 26 years of experience of management in the banking and finance sector;

03



Mr. Trinh Thanh Hai

Independent Member

- Mr. Trinh Thanh Hai was born in 1964; He graduated with a Master of Business Administration from George Washington University - USA;
- He has been working at SHB and has been appointed an independent member of the Board of Directors from 2018 up to now;
- He used to hold the following positions: Independent Member of the Board of Directors of An Binh Bank; Assistant to Vice President of New York Life Corporation (USA); Director of Business Development and Financial Advisory Services, Indochina Capital Investment Management Group in Hanoi; Consultant Director, TransPacific Pathway Link LLC (TPP Link) (USA); ... and has 34 years of experience in banking and finance.

BOARD OF DIRECTORS

04



Mr. Pham Cong Doan

Member

- Mr. Pham Cong Doan was born in 1960; He graduated with a Bachelor of Economics from National Economics University;

- He has been working at SHB and has been appointed a Member of the Board of Directors from 2017 to now.

- He is currently in charge of: Chairman of the Board of Members of Nui Vang Hoang Son Company Limited; Chairman of the Board of Directors of T&T Air Transport Joint Stock Company; Chairman of the Board of Directors of Ninh Thuan Energy Industry Joint Stock Company; ...

- He used to hold the position: Standing Member of Member Council of Viet Bac Mining Industry Corporation - Vinacomin; Deputy Director of Export - Import and International Cooperation Company - Vinacomin; Head of the Internal Audit Committee of Vietnam Coal - Minerals Industry Group; Head of the Internal Control Board of Deo Nai, Ha Lam, and Cao Son coal mines; ... and has 38 years of experience in banking and finance

05



Mr. Thai Quoc Minh

Member

- Mr. Thai Quoc Minh was born in 1960; He holds a Master of Business Administration from Edith Cowan University Australia;

- He has been working at SHB and has been appointed a member of the Board of Directors of SHB from 2017 to now;

- He used to hold the following positions: Member of Board of Directors of Unitel Telecommunication Technology and Development Joint Stock Company; Vice Chairman of the Board of Directors of Vinaconex Trade Development Joint Stock Company; Member of the Board of Directors of Vinaconex - Viettel Finance Joint Stock Company; Vice Chairman of the Board of Directors of Vietnam Expressway Service Joint Stock Company; ... and has 37 years of experience in banking and finance.

06



Ms. Nguyen Thi Hoat

Member

- Ms. Nguyen Thi Hoat was born in 1986; She graduated with a Master degree in Economics from the Academy of Finance;

- She has been working at SHB since 2015 and has been appointed a member of the Board of Directors of SHB from 2020 up to now;

- She used to hold the position of Deputy Head of the Supervisory Board of SHB and has 12 years of experience in banking and finance;

BOARD OF SUPERVISORS

01



Mr. Pham Hoa Binh

Head

- Mr. Pham Hoa Binh was born in 1961; He graduated with a Bachelor degree from the Banking Academy;
- He has been working at SHB since 2006 and has been appointed Head of the Supervisory Board of SHB from 2012 to present;
- He used to hold the position of Head of Internal Audit Department of SHB, Member of the Board of Supervisors cum Chief Internal Auditor of SHB, Chief Inspector of the State Bank of Can Tho branch, Deputy Director of Saigon Commercial Joint Stock Bank, Can Tho branch, and has 31 years of experience in banking and finance industry;

02



Ms. Le Thanh Cam

Full-time Member

- Mrs. Le Thanh Cam was born in 1967; She holds a Master degree in Business Administration - Pacific Western University US; Bachelor of Banking and Finance - National Economics University;
- She has been working at SHB since 2013 and has been appointed a full-time member of the Supervisory Board of SHB from 2020 up to now;
- She used to hold the positions of Deputy Director of SHB Internal Audit Division, Head of Treasury and Foreign Exchange Business Division of ABBANK, Deputy Director of Risk Management Division Maritimebank, Director of Internal Audit Maritimebank, ... and has 31 years of experience in the banking and finance industry.

03



Ms. Pham Thi Bich Hong

Part-time Member

- Ms. Pham Thi Bich Hong was born in 1968; She graduated with a bachelor degree in economics from Hanoi University of Commerce;
- She has been working at SHB and has been appointed a part-time member of the Supervisory Board of SHB from 2017 to now;
- She used to hold the position of Chief Accountant of Hanoi Securities Company and Head of Supervisory Board of Saigon - Hanoi Securities Company and has 31 years of experience in banking and finance sector.

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

01



Mr. Nguyen Van Le

CEO

- Mr. Nguyen Van Le was born in 1973, he graduated with a Ph.D in Economics from Banking Academy;
- He has been working at SHB since 1999 and has been appointed SHB's CEO from 2000 to present;
- He has 26 years of experience of management in the banking and finance sector, of which more than 20 years with SHB and achieved many achievements.
- He was recognized by the Party, State and organizations for many outstanding achievements in business, contributing to the development of the country such as: Second-class and Third-class Labor Medals awarded by the State President; Certificates of Merit from the Prime Minister, the Governor of the State Bank of Vietnam; Award for excellent leader, excellent entrepreneurs.

02



Ms. Ngô Thu Hà

Vice CEO

- Ms. Ngo Thu Ha was born in 1973; She graduated with a PhD in economics from the National Economics University;
- She has been working at SHB since 2008, and has been appointed Vice CEO of SHB from March 15, 2011 up to now, cum Director of Accounting and Finance Management Division (CFO).
- She used to hold the position of Director of SHB Assets and Loan Management One Member Company Limited, Head of Financial Planning Department of SHB, .. and has 26 years of experience in banking and finance.

03



Ms. Hoang Thi Mai Thao

Vice CEO

- Ms. Hoang Thi Mai Thao was born in 1973; She graduated with a Master degree in Economics from Banking Academy;
- She has been working at SHB since 2010 and has been appointed Vice CEO cum Member of the Board of Members of SHB Finance from January 8, 2021 up to now, cum Director of Retail and Corporate Banking Divisions;
- She used to hold the positions of Chairman of the Board of Members of SHB Finance, Director of Retail Banking Division, Director of Support Division; Director of Treasury Division of SHB; VPBank Branch Director,... and has 26 years of experience in banking and finance.

04



Mr. Le Dang Khoa

Vice CEO

- Mr. Le Dang Khoa was born in 1974; He graduated with a Master of Business Administration from National Economics University;
- He has been working at SHB and has been appointed as Vice CEO of SHB from March 2009 to present, cum Director of Treasury and Financial Markets Division.
- He used to hold the position of Director of Treasury & Foreign Exchange, Vietnam International Commercial JS Bank (VIB) and has 26 years of experience in banking and finance.

05



Ms. Ninh Thi Lan Phuong

Vice CEO

- Ms. Ninh Thi Lan Phuong was born in 1974; She graduated with a Master of Banking and Finance from Banking Academy;
- She has been working at SHB since 2007 and has been appointed Vice CEO of SHB from June 2012 cum Chairman of the Board of Members of SHB Assets and Loan Management Company Limited (SHAMC) from February 2016 to present, cum Director of Operation Division of SHB;
- She used to hold the positions of Chief Accountant, Head of Customer Service and Cashier Department, Deputy Head of Accounting Department of SHB, .. and has 25 years of experience in banking and finance.

06



Mr. Nguyen Huy Tai

Vice CEO

- Mr. Nguyen Huy Tai was born in 1974; He graduated from Banking Academy with a bachelor degree in Finance and Credit; Bachelor of Law, Hanoi Law University;
- He has been working at SHB since 2007 and has been appointed Vice CEO of SHB cum Director of SHB Hanoi Branch from February 2013 up to now;
- He used to hold the position of Branch Manager at Bac A Commercial JS Bank and has 25 years of experience in banking and finance.

07



Mr. Do Duc Hai

Vice CEO

- Mr. Do Duc Hai was born in 1982; He graduated from Banking and Finance Faculty, National Economics University;
- He has been working at SHB since 2012 and has been appointed Vice CEO cum Director of Van Phuc Branch from January 28, 2021 up to now;
- He used to hold the position of Head of Corporate Banking Department, Branch Manager at Habubank (merged with SHB), and has 16 years of experience in banking and finance.

08



Ms. Ngo Thi Van

Chief Accountant

- Ms. Ngo Thi Van was born in 1980; She holds a Master degree in Accounting and Auditing from National Economics University;
- She has been working at SHB since 2008 and has been appointed Chief Accountant cum Director of SHB Accounting Department from 2014 to present;
- She used to hold the position of Deputy Director of Finance and Accounting Department, Head of Finance and Accounting Department of SHB, Supervisor of Vietnam International Commercial JS Bank, ... and has 18 years of experience in accounting, finance and banking.

DIVISION HEADS

02



Mr. Nguyen Dinh Duong

Director of Internal Audit Division

- Mr. Nguyen Dinh Duong was born in 1977; He holds a Master degree in Business Administration and a Bachelor degree in Law;
- He has been working at SHB since 2007 and has been appointed as Director of Internal Auditing Division from 2017 to present. He has also been member of the Board of Directors cum Chairman of Internal Audit Committee of SHB Laos bank since 2015.
- He used to hold the position of Head of Internal Audit Committee, Head of Problem Loan Management Department of SHB, Head of Supervisory Board of Saigon-Hanoi Bank Securities Company (SHBS), ... has and 21 years of experience in the banking and finance sector.

03



Mr. Pham Viet Dan

Director of Risk Management Division

- Mr. Pham Viet Dan was born in 1974; He holds a Master of Business Administration in Banking and Finance from ULB University (University Libre de Brussels);
- He joined SHB and has been appointed as Head of Risk Management Division since September 2016.
- He used to hold the position of Head of Risk Management Department of Corporate Banking Division at HSBC Vietnam, Deputy Head of International Relations Department, Eximbank... and has 20 years of experience in the banking industry.

04



Ms. Nguyen Thi Thanh Loan

Director of Human Resources Division

- Ms. Nguyen Thi Thanh Loan was born in 1980; She graduated with a Master of Business Administration from National Economics University;
- She joined SHB and has been appointed Director of Human Resources Division since June 1, 2020.
- She used to hold the position of Deputy Director of Human Resources Department at T&T Group Joint Stock Company, Human Resource Senior Manager at VKX Company - Joint venture between VNPT Group and Ericsson-LG Group, .. and has 19 years of experience in human resource management.

05



Mr. Vu Mai Tung

Director of IT Division

- Mr. Vu Mai Tung was born in 1969; He graduated from Hanoi University of Technology, Bachelor of Science in Information Technology;
- He joined SHB and was appointed as Director of Information Technology Division on October 1, 2020;
- He used to hold the position of Director, Deputy Director of Information Technology Division at Oriental Bank, NCB Bank, Lien Viet Post Bank, ... and has 28 years of experience, of which 22 years of experience in banking IT.

06



Ms. Doan Thanh Huyen

Director of Support Division

- Ms. Doan Thanh Huyen was born in 1980; She graduated with an MBA from CFVG Management Training Center - National Economics University;
- She has been working at SHB since 2009 and has been appointed as Director of Support Division from September 1, 2016 up to now;
- She used to hold the position of Director of SHB Credit Administration Center and has 19 years of experience in banking and finance.

07



Mr. Tran Tuan Viet

Director of Marketing & Branding Division

- Mr. Tran Tuan Viet was born in 1975; He graduated from Hanoi Foreign Trade University majoring in Foreign Economic Relations;
- He joined SHB and was appointed as Head of Marketing & Brand Development Division on October 01, 2020;
- With over 20 years of experience in management, marketing, communication, branding, he used to hold senior management titles in big corporations like FPT Corporation, Ocean Group, etc. Before joining SHB, he had 7 years of experience of Marketing and Communication Director at Vietnam Prosperity Commercial Joint Stock Bank (VPBank).

**STRONG
VITALITY**





“ As a proof for intense vitality and strong internal strength, in the context of Covid-19 impacts on the economy in the world and in Vietnam, SHB still gained impressive growth. Besides, SHB also actively accompanied and supported customers to overcome difficulties, contributing to promoting Vietnam's economy to become a bright spot on the world growth map for the year. ”

1. General information

1.1. Overview

	- In Vietnamese: Ngân hàng TMCP Sài Gòn – Hà Nội (SHB)
Transaction name:	- In English: Saigon - Hanoi Commercial Joint Stock Bank
	- In abbreviation: SHB
	1800278630 issued by Hanoi Department of Planning and Investment;
Business Registration Certificate No. :	- First registration: 13/11/1993
	- 27th amendment: May 27, 2019.
Charter Capital:	VND 17,510,090,940,000.
Owner's Equity:	VND 24.036.220.000.000.
Address:	77 Tran Hung Dao Str, Tran Hung Dao Ward, Hoan Kiem Dist, Ha Noi
Telephone:	(024) 3942 3388
Fax:	(024) 3941 0944
Website:	www.shb.com.vn
Stock code:	SHB

1.2. History - Innovation journey

Saigon - Hanoi Commercial Joint Stock Bank (SHB), formerly known as Nhon Ai Rural Commercial Joint Stock Bank, was established in 1993 in Can Tho. The bank officially changed its name to Saigon-Hanoi Commercial Joint Stock Bank (SHB) in 2006, moved its headquarters from Can Tho to Hanoi and listed on the Hanoi Stock Exchange in 2009. 13 years after the transformation, its network is developed in nearly 50 cities and provinces with 530 domestic and foreign transaction points. Total assets of the bank reached VND 413 trillion as of December 31, 2020, ranking among the top 5 largest private commercial banks.

1.2.1. Date of establishment:

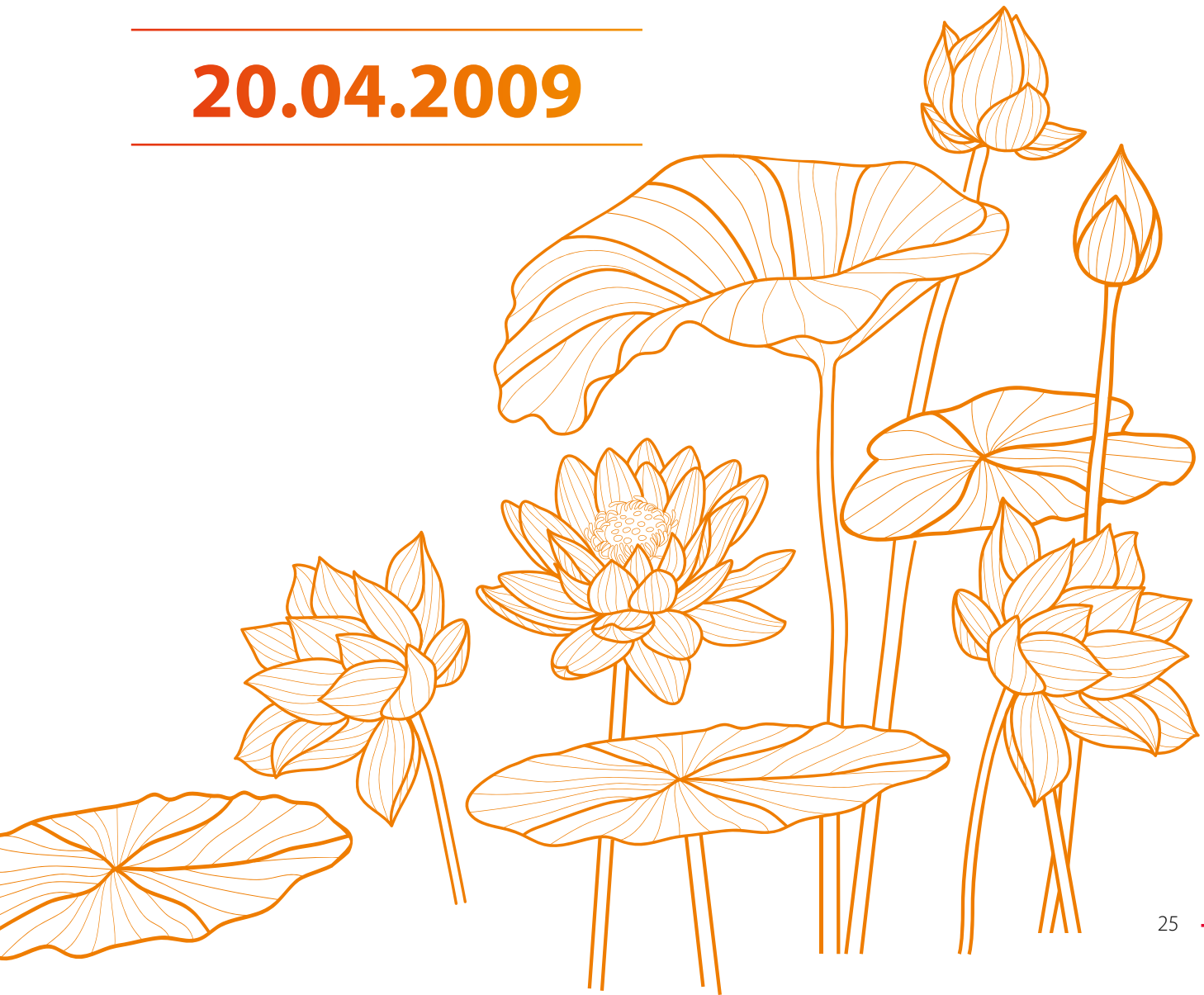
Saigon - Hanoi Commercial Joint Stock Bank (SHB) was established on 13/11/1993 under Decision No. 214/QĐ-NH5 and Operating License No. 0041-NH/GP of the State Bank of Vietnam under the name of Nhon Ai Rural Commercial Joint Stock Bank Business Registration Certificate No. 1800278630 issued by Hanoi Department of Planning and Investment; 25th amendment on March 08, 2018.

13.11.1993

1.2.2. Listing date:

SHB has been listed on Hanoi Stock Exchange according to Decision No. 399/QĐ-SGDHN since 20/04/2009.

20.04.2009



1.2.3. Development stages

2007 - 2011

Stage Transformation

In 2008: Moving its head office from Can Tho to Hanoi capital city and increasing its charter capital to VND 2,000 billion, marking a dramatic transformation in its scale, status and strength.

In 2009: Being one of the first Vietnamese commercial joint stock banks officially listed on Hanoi Stock Exchange;

In 2011: Enhancing operational scale to increase its charter capital to nearly VND 5,000 billion. Upon approval of the State Bank, SHB opened branches in Cambodia and Laos, beginning SHB's foreign investments overseas. In the same year, on the occasion of its 18th anniversary, SHB was presented with Third Class Labor Medal by the President in recognition of its efforts and achievements in the development process.



27 YEARS OF DEVELOPMENT IS 27 YEARS OF CONTINUOUS INNOVATION OF SHB, FROM A SMALL RURAL COMMERCIAL BANK IN CAN THO TRANSFORMED INTO A TOP 5 LARGEST JOINT STOCK COMMERCIAL BANK IN THE COUNTRY.

2012 - 2016

Stage

Pioneering in M&A and accessing regional financial market

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

In 2013: Celebrating 20 years of establishment, and being honoured to receive the Second and Third Class Labor Medal from the State President, marking its great successes over a long history of development;

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

In 2016: Increasing charter capital to nearly VND 11,197 billion, network rose to almost 500 transaction points in the country and abroad.

Establishing 100% subsidiary banks in Laos (15/1/2016) and Cambodia (9/9/2016) to expand operations in those two neighbouring markets. Acquiring Vinaconex-Viettel Finance JSC (VVF) in December 2016 and established SHB Consumer Finance Company Limited (SHB FC)

1993 - 2006

Stage Establishment

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.

In 2006, Nhon Ai Rural Commercial Joint Stock Bank had approval from SBV to change its business model to become an Urban Commercial Bank and changed its name into current name Saigon - Hanoi Commercial Joint Stock Bank (SHB in abbreviation) with charter capital of VND 500 billion.

2017 - 2019

Stage

Preparation and finalization of platforms towards modern banking business

In 2017: Increasing charter capital to VND 12,036 billion, thereby enhancing its financial capacity. Being approved by the SBV to open a representative office in Republic of the Union of Myanmar. This witnessed a breakthrough development of SHB when its presence goes beyond Indochina region to reach Southeast Asia.

In 2018, SHB celebrated its 25th anniversary and received the Second and Third Class Labor Medal from the State President, affirming its position as a leading Vietnamese bank.

In 2019, SHB also thoroughly implemented the restructuring of its organizational structure and operation model by merging/splitting many divisions/departments in accordance with its development strategy; rearranging 100% of job titles and salary systems for employees; application of key performance indicators (KPIs) across the system; completing many technology projects to support business operation, business management and risk management such as upgrading infrastructure of Core Bank, Core Card, Ebanking, ServiceDesk, FTP Bitwise SSH server at ATM, POS user transfer tool for applications to limit manual decentralization, ECM, CRM, Basel2 projects, Loan Collection, Data Loss Prevention Project (DLP; ...



2019 - Present

Stage

Comprehensive reform and renovation

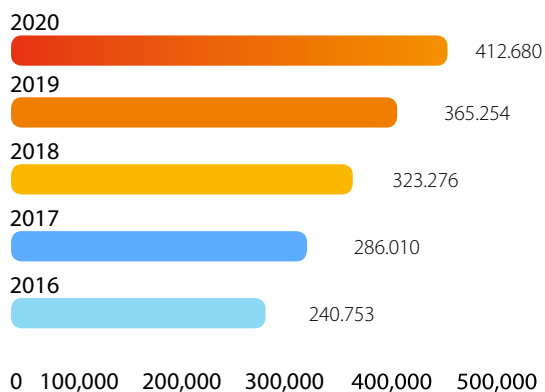
In 2019, SHB established and implemented three strategic project committees, including: Development Strategy Project Committee, Banking Modernization Project Committee and Bank Restructuring Project Committee, headed by the Chairman of the Board of Directors, who directs the realization of targets.

In early 2020, SHB increased its charter capital to VND 17,510 billion, completed the three pillars of the Basel II Capital Accord ahead of time, meeting the State Bank's comprehensive requirements, boosted investment in information technology as well as improved its management capacity and competitiveness in the process of international economic integration

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

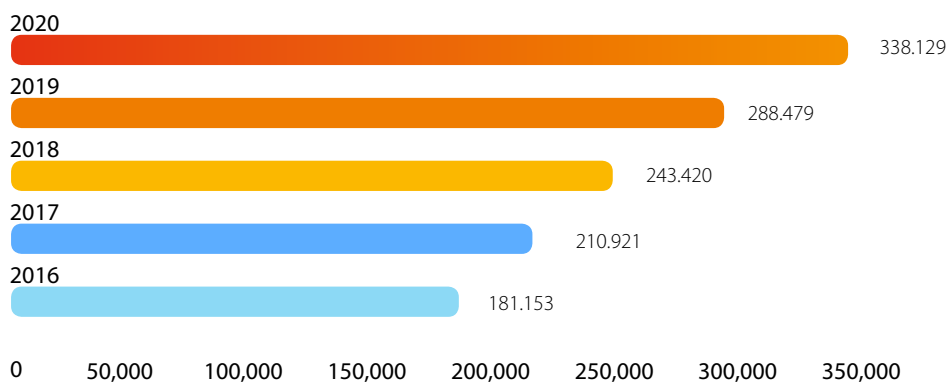
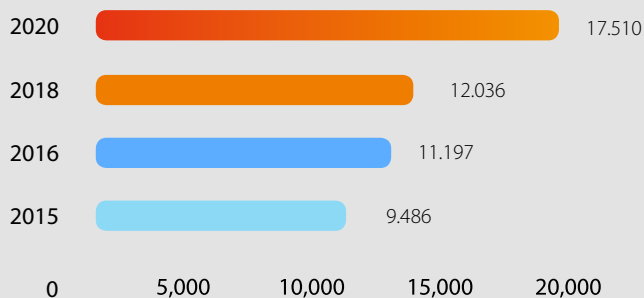
Making unrelenting efforts, SHB strives to become a Vietnam's leading multifunction modern retail bank and a strong financial group under international standards.

1.2.4. Key business performance indicators in the period 2016 – 2020

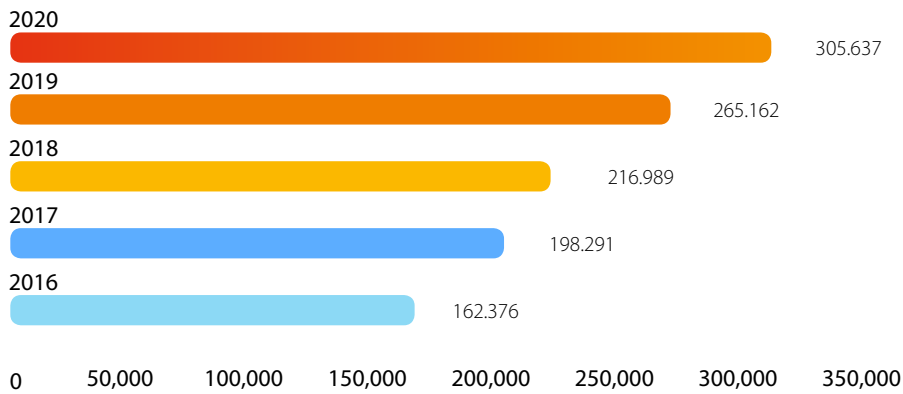


TOTAL ASSETS
(VND Bn)

**CHARTERED
CAPITAL**
(VND Bn)



**CUSTOMER
DEPOSIT**
(VND Bn)

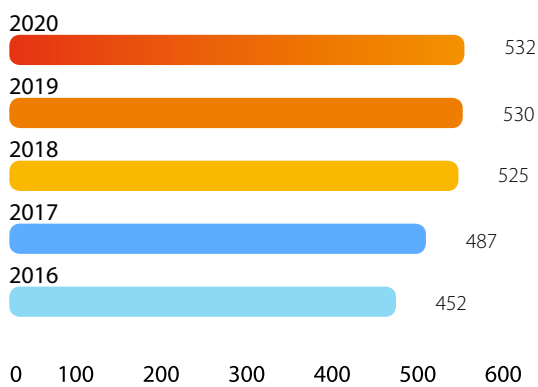
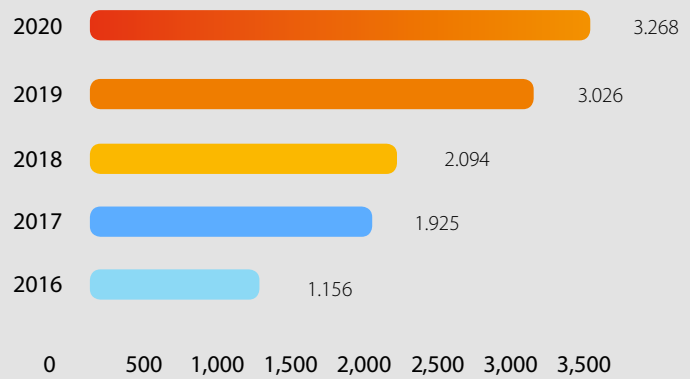


CUSTOMER LOAN

(VND Bn)

PROFIT BEFORE TAX

(VND Bn)



NETWORK

(Number of Transaction Points)

1.3. Main business activities and business locations

1.3.1. Main business activities

SHB always renovates and develops its financial products and services that meet customer needs and market trends.

Main business activities include: 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.

1.3.2. Transaction network

SHB always innovates and expands business locations to serve the maximum needs of customers.

+ As of 31/12/2020, SHB has set foot in 532 transaction points in almost 50 provinces and cities in Vietnam especially major cities and provinces, provinces with potential for robust economic development across the country.

+ In foreign markets: 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 88 for detailed information on transaction network



1.4. Corporate governance model and management structure

1.4.1. Corporate governance model:

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

1.4.2. Management structure

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

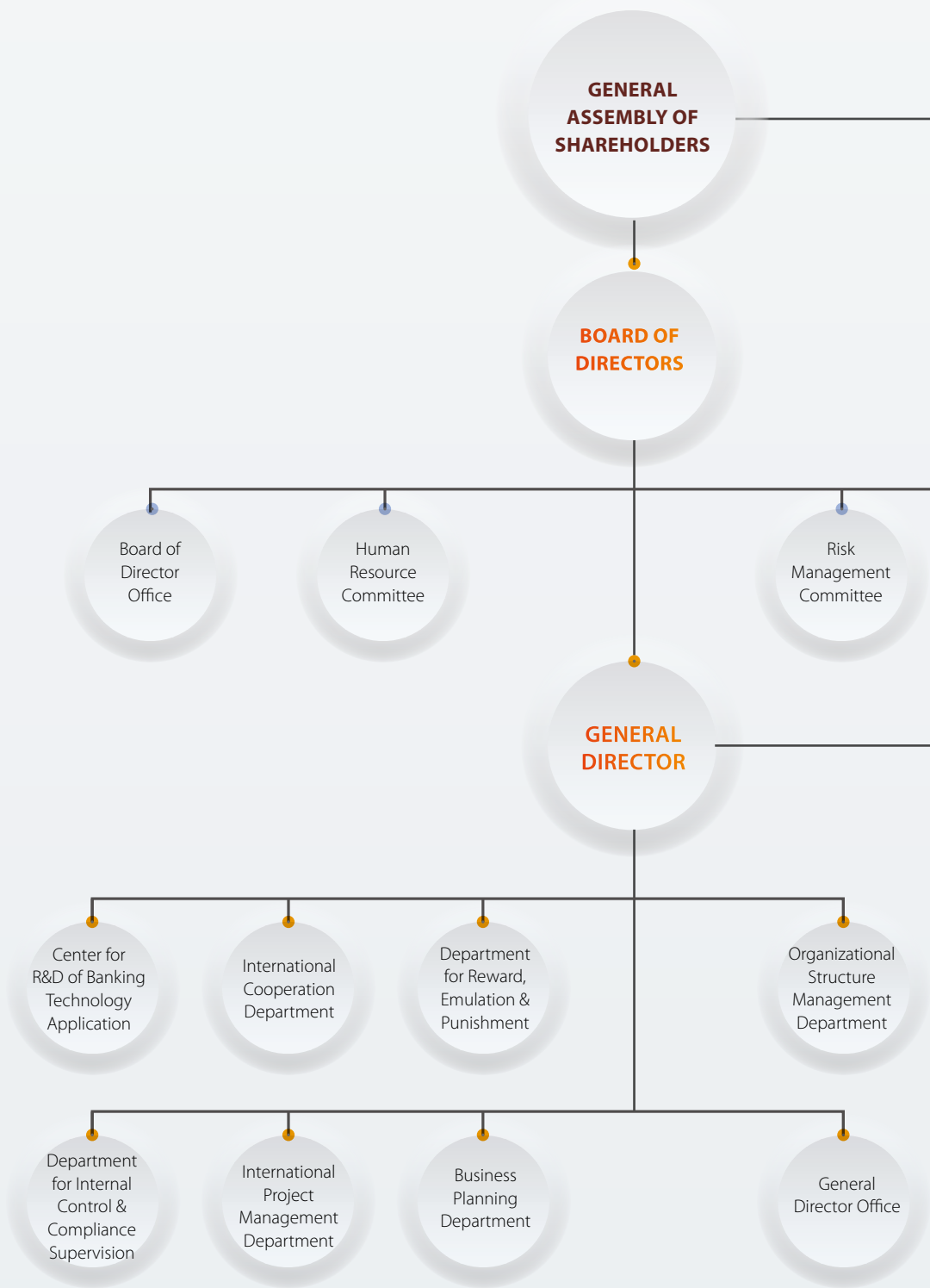
SHB's management structure includes General Assembly of Shareholders, Board of Directors, Board of Supervisors and Chief Executive Officer.

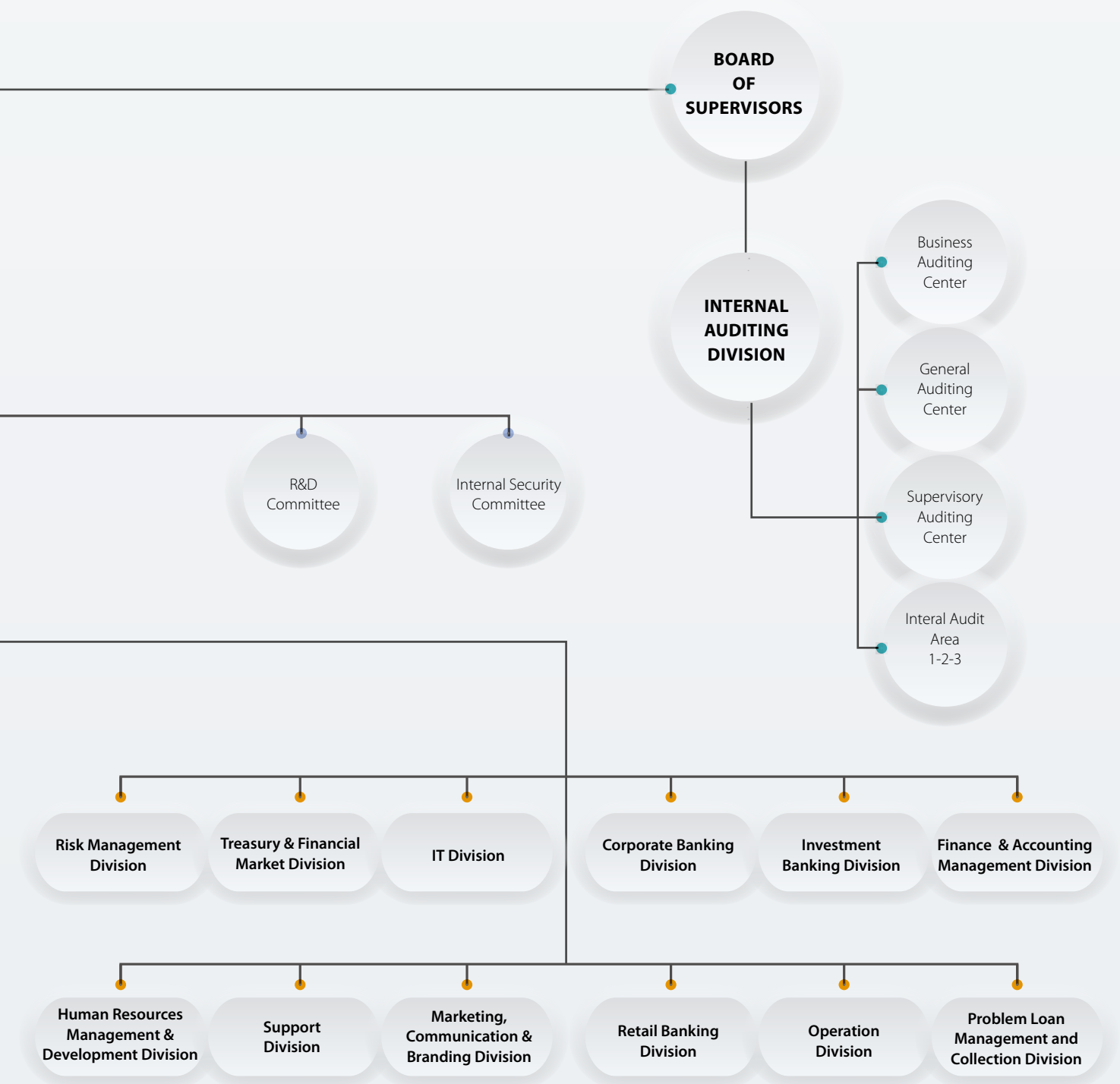
The Board of Directors is the highest authority with members elected by the General Assembly of Shareholders.

The BOD appoints committees and councils, including Human Resources Committee, Risk Management Committee, Internal Security Committee, and R&D Committee.

SHB consists of the Bank and its subsidiaries. The Bank comprises of Head Office, branches and transaction offices. Head Office comprises Divisions, Departments, Centers and Offices under the CEO.







1.4.3. Subsidiaries and Affiliates

- Subsidiaries

Subsidiaries	Address	Main business lines	Charter Capital	Paid-up capital by SHB	Holding rate
Domestic Subsidiaries					
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%
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%
Foreign Subsidiaries					
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	75 million USD	75 million USD	100%





LEADERSHIP ASPIRATION

Financial Objectives in 2021



Total assets
growth of

~13% - 15%

↑ 13% - 15%



Customer Deposits
growth of



Customer Loans
growth of

~13% - 15%

Profit Before Tax
growth of

~78%

NPL ratio

<2%

“ Continuing the successes achieved in 2020, SHB has been making comprehensive renovation and non-stop efforts; entering into the new decade of outstanding breakthrough, realizing the vision to become the number 1 bank in terms of business performance and technology. ”

1.5. Development orientations

SHB's orientation is to become a leading modern retail bank in Vietnam, strongly shifting towards digital technology, promoting the customer ecosystem and the value chain that SHB currently has.

Putting customers on the center of its business, considering people and technology as drivers of its business growth, and other elements (risk, environment, products, sale, operational support, etc.) as development platforms.

1.5.1. Key objectives

• Medium and Long term objectives

The strategic goal of SHB by 2025 is to become the best performing commercial joint stock bank in Vietnam, leading in technology and digital transformation.

1.5.2. Medium and long-term development strategies:

From the assumptions of the macro-economic environment and the strategic priorities, SHB develops an appropriate strategy for each stage of development, with long-term orientation, always making a difference, with market and customer centricity.

ASSUMPTIONS

- In early 2020, the economy was impacted by the Covid pandemic but is expected to recover and sustainably grow.

- Interest rates will be stable in 2021 and increase gradually in the following year.

- Economic growth and technology changes will affect people's savings, investment and spending behaviors.

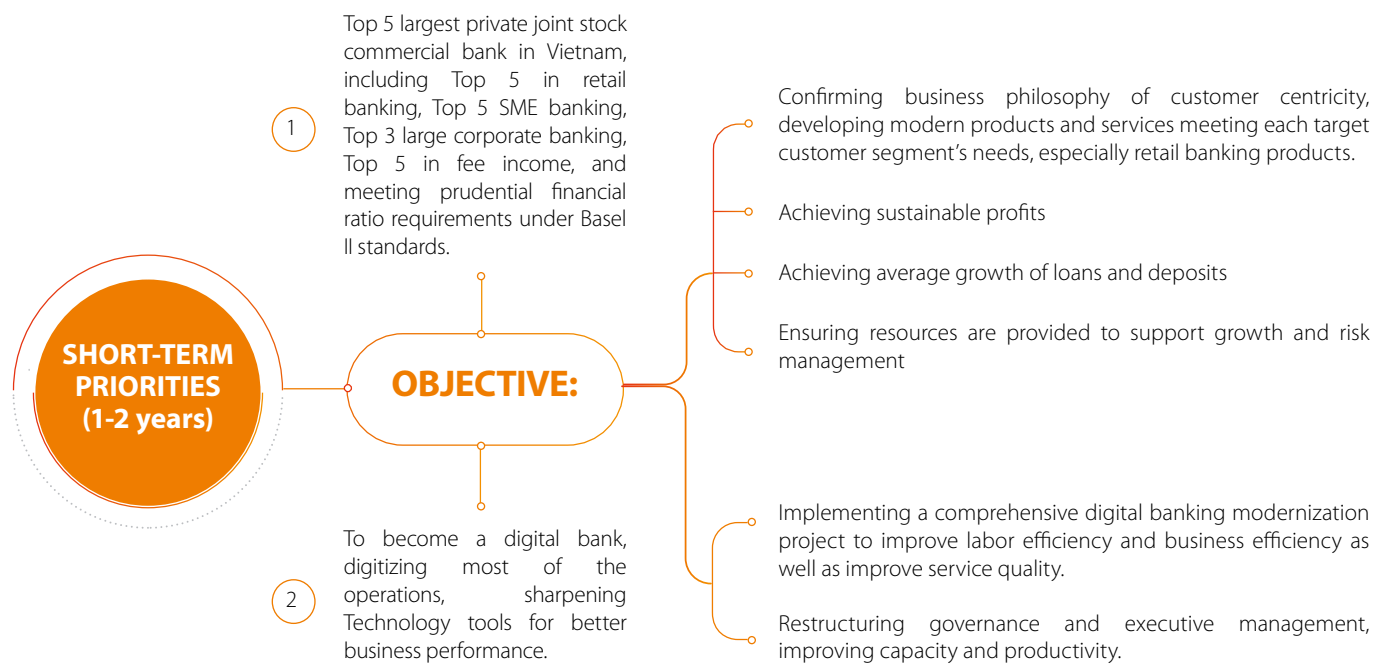
- Large banks will gradually reduce price competition, but focus more on service quality competition.

- The private sector continues to be the driving force of the economy in medium and long-term policies of the State and the Government.

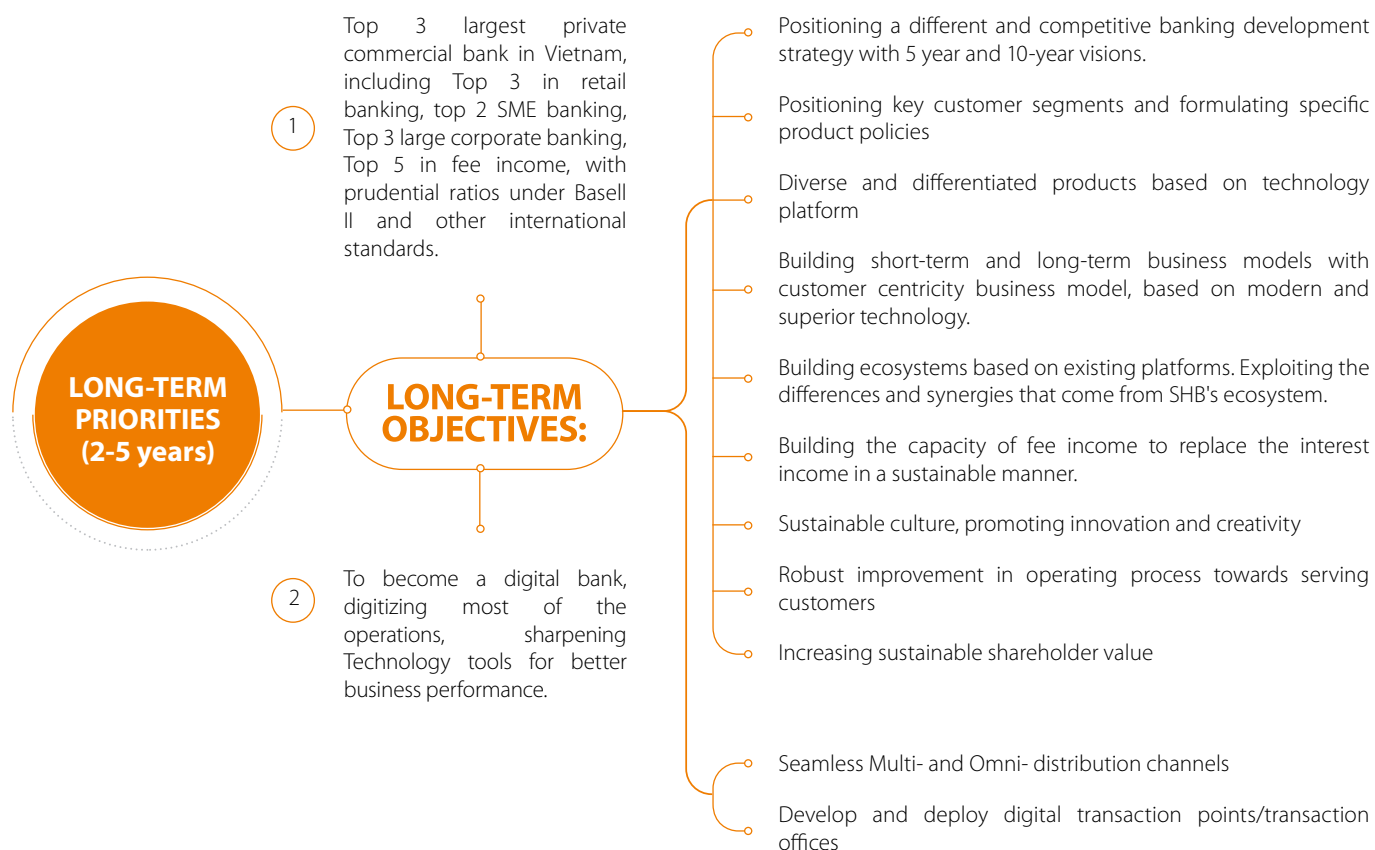
- The legal environment will continue to improve with many bottlenecks removed for businesses in general and for the banking industry in particular, but also bring new challenges.

- Strong retail deposit growth.

- Sectors that take advantage of Vietnam's 100 million population market will be the "throne" sectors in the near future, such as consumer goods, tourism, logistics, construction and construction materials, agriculture and support services for agriculture.



STRATEGIES:



1.5.3. Sustainable development goals

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

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

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.

1.6. Risks

In 2020, 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.

1.6.1. Challenges and opportunities

Opportunities

The stable political background, coupled with the close direction and accompany of the Government and the State Bank, is helping the banking industry become more potential with positive improvements in both safety and efficiency criteria towards sustainable development.

Vietnam is a country with political stability and the "rule of law". This is a favorable factor supporting the development of Vietnam's banking industry and economy in general. Political stability will reduce the risks of terrorism, strikes, etc. thus helping the production and business process of enterprises to avoid risks, therefore attracting investment into industries including banking.

The motto "The government of integrity creates and serves people and businesses" has been set since 2016, emphasizing the Government's activities in two main directions, namely:

- Encourage business freedom, from starting a business to promoting investment in localities at home and abroad, and
- Minimize and eliminate barriers from bureaucracy in institutional conditions with many shortcomings.

This demonstrates that the State attaches great importance to and is active in institutional reform, eliminating difficulties for businesses and people in order to maximize national resources. When the State cares for development of businesses and foreign enterprises are assured to invest capital in domestic businesses, it will promote the development of the banking industry.

The stability is highly appreciated in the management and supervision of banking activities. The trend of spontaneous development is changing, the banking industry's activities are gradually coming into the standard orbit thanks to the cooperation and supervision of the Government and the State Bank.

- Based on the objectives and guidelines of the Government, the SBV has been continuously updating, evaluating and giving directions to the Bank to ensure focusing capital on production

and business sectors and priority fields, controlling credit in risky areas.

- A series of new safety regulations have been set out with clear roadmap to help the banking system have a sustainable development framework. (For example: Basel II 2020 implementation roadmap; the roadmap to reduce short-term capital for medium and long-term loans to 30% in 2021, etc.)
- Sanctions are also imposed on the growth of a bank when the SBV's regulatory criteria are not met.

Domestic macroeconomic factors are showing positive signs on the growth trend, creating favorable conditions for the banking industry to develop sustainably in the medium and long term.

The macroeconomic situation of Vietnam is gaining significant achievements in recent years. One of the bright points of that growth is that from 2017, the growth was good but it did not depend on oil and inflation as the previous period.

Macro factors	Impact on the banking system including SHB		
	Trend	Medium Term	Long Term
>Stable economic growth; the growth structure shifts towards sustainability	Stable	Positive	Positive
>Inflation is stable and is governed carefully without trading to achieve growth	Stable	Positive	Positive
>Production areas are potential and constantly improved	Increasing	Positive	Positive
>Private sector is highly regarded - a leader in growth	Increasing	Positive	Positive
Absorption of long-term capital inflows	Increasing	Positive	Positive
>The structure of young labor population increases and tends to shift to the key economic region	Increasing	Positive	Positive
>Import-Export is subjected to short-term pressures from global conflict of trade interest between major countries	Increasing	Tiêu cực	Stable
>Joining global trade agreements such as: FTA-EU; CTPP will help Vietnam participate in global value chain.	Improved	Positive	Positive

With 70% of the Vietnamese population still not using banking services, the potential for the development of the banking and finance industry is still very high, playing a crucial role in connecting and allocating capital sources among economic sectors in society, accompanying the growth of the country.

Vietnam is a country that is changing rapidly with high economic growth, developed intellectuals, and more and more improved people's lives, etc. The high speed of urbanization due to the increase of new industrial parks and the young population structure with an open social awareness and constantly updated knowledge of banking and finance, technology are making the need for using banking utilities increase.

The country is increasingly open to free trade, participating in many international trade agreements and organizations, which are opening up many opportunities for cooperation between domestic and foreign enterprises. The sharp increase in enterprises has led to an increase in the capital and financial needs, so that the intermediary role of the Bank is indispensable.

The 21st century is considered as a breakthrough period for digital technology and artificial intelligence. The contribution of Technology is gradually reflected and ingrained in the entire business activities of global businesses as well as the lives of people with the presence of Social Networks, Artificial Intelligence, etc

Recognizing the importance and potential of Technology, the Government considered the "Industrial Revolution 4.0 as a historic opportunity of Vietnam" to help the country break through in the orientation of "Digital Government and Digital Economy". This is the guideline for business activities of businesses which is that Technology will play a very important role to help businesses to make breakthrough and healthy competition to bring about many benefits to society and consumers. For businesses in general and businesses in the banking and financial sector in particular, the increasingly developed and modern science and technology requires the quick and effective application of technologies, posing challenges and opportunities for the development strategy managers.

Technology transfer and automation between banks and technology companies (Fintech) increased gradually, leading to joint ventures and cooperation between banks to complement each other with new technologies. Therefore, the technical-technological system of the banking industry has been increasingly upgraded and equipped with modern equipment to meet the higher requirements of customers.

Challenges

The world political situation is constantly changing in a negative way when conflict does not only stop at trade sanctions but also spread to other aspects that can affect global order (rift in US & European alliance relations, US & Iran tensions, complex situation in Hong Kong, etc.)

With political stability, geographic advantages and economic potential, along with flexible foreign affairs policy, the risk of being stuck in the conflict between the two powers which have the most trade influence on Vietnam still exists but temporarily remains low. However, the banking industry may face market risks and great pressure on exchange rates and interest rates in the short and medium term due to the low level of connection with the world financial market. This leads to the fact that financial products of Vietnamese banks to cope with risks are still weak and insufficient as well as the quality of profitable assets is still unstable after a period of spontaneous growth.

On the other hand, the trend of world integration brings more competition as more and more investors enter Vietnam. Foreign banks, or large financial companies still dominate domestic banks in terms of technology. Therefore, in order to be competitive, domestic banks have to constantly improve their technology, take advantage of technology to compensate for gaps and weaknesses in banking business - from improvement of business processes, to the collection of data, analyzing customer behavior to developing suitable products and services, and developing marketing activities and distribution methods.

1.6.2. Specific risks

In addition to risks from the macro environment, SHB always identifies, closely monitors and controls industry-specific risks such as credit risk, liquidity risk, operational risk and market risk....

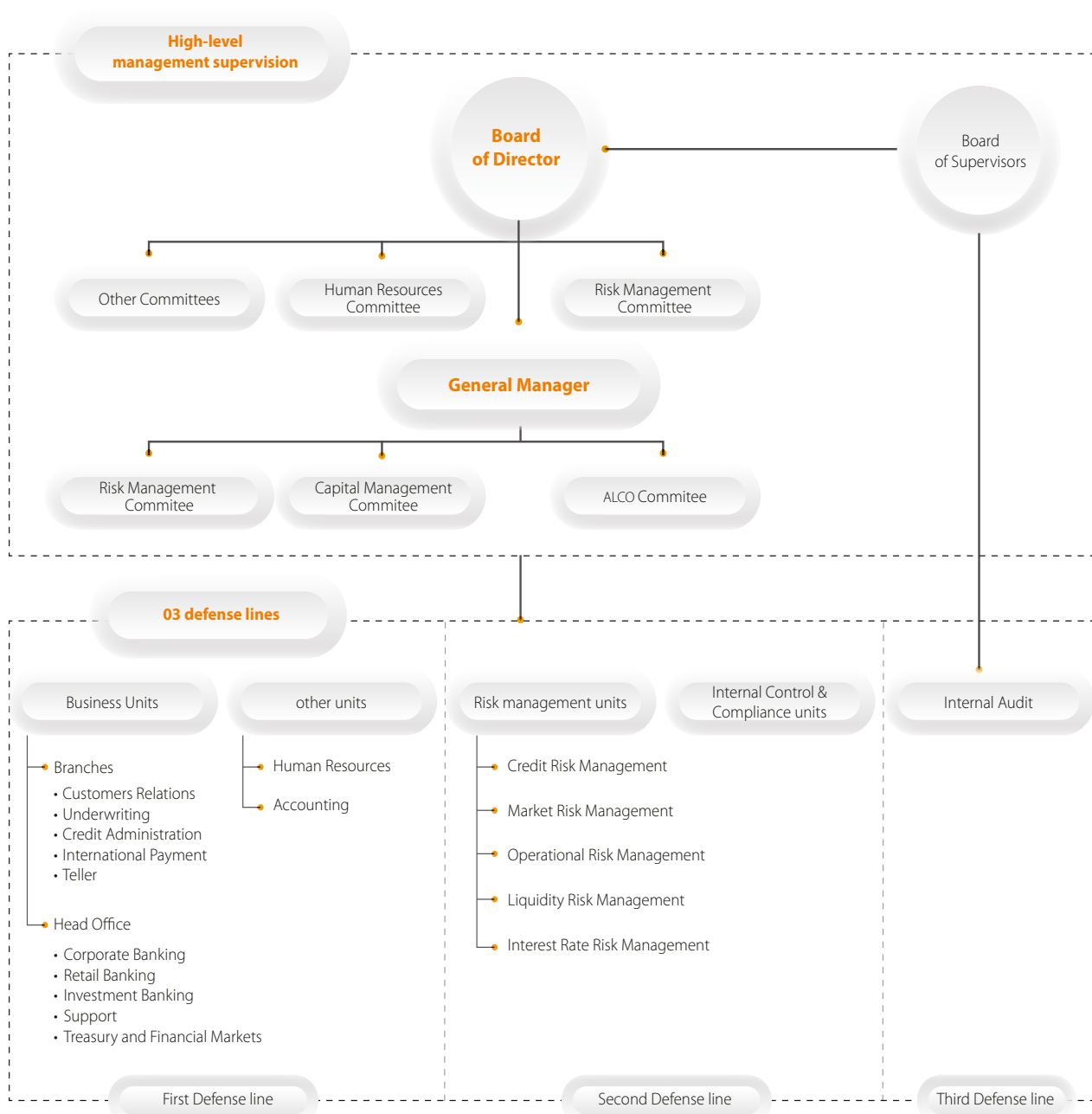
• Risk management framework at SHB



SHB establishes a risk management framework to ensure that there is a complete system of policies, regulations, procedures and guidelines, to run the Bank's business activities in accordance with the Bank's strategic direction and risk management objectives. In which, the Bank's major risks are identified, measured and controlled, and at the same time a full capital adequacy ratio is maintained, commensurate with the Bank's risk profile.

In order to ensure an effective risk management framework, SHB has set up a full information system, along with a management reporting system to ensure timely and accurate information on risk levels of the Bank, provides forecasts about business performance, credit quality, for making appropriate and effective business decisions. SHB also focuses on training and communication as a foundation for building a risk culture throughout the system.

• **Structure of risk control, supervision and management at SHB**



Risk management activities at SHB are implemented according to the model of 03 lines of defense in all activities, in which: The first line of defense has the function of identifying, controlling and implementing risk mitigation measures; The second line of defense is designed to control and monitor risks, along with functions related to legal and compliance issues; The third line of defense has an internal audit function performed by the internal audit department, with the function of independent monitoring and evaluation of the efficiency and completeness of risk management activities at performed at the first and second lines of defense.

In addition, SHB also established a full range of Committees / Boards to help the Board of Directors and CEO to perform the supervisory function of senior management in banking operations.

• Capital Adequacy

The year 2020 marks an important milestone for SHB after completing the three pillars of the Basel II Capital Accord ahead of time, meeting the SBV's comprehensive requirements on risk management in particular and internal control systems in particular.

With the goal of maintaining sufficient capital for all kinds of important risks, SHB ensures the capital adequacy ratio as prescribed in Circular No. 41/2016/TT-NHNN over 10%, greater than the minimum level of 8% as prescribed. At the same time, by reporting to the State Bank ahead of time on the results of its internal capital adequacy assessment, SHB does not only always maintain the minimum capital adequacy ratio for all kinds of critical risks, in normal conditions and unfavorable development conditions but also ensures a capital buffer to support the Bank's business operations for sustainable and efficient growth.

• Management of material risks

a) Credit risk

Credit risk is the possibility of a loss in banking operations caused by a client's failure or inability to fulfill their obligations as committed.

In 2020, SHB will continue to implement and complete the system of credit risk management documents in order to effectively manage credit risks.

The internal credit rating model verification was carried out by SHB with the aim of improving and enhancing the model's quality. In 2020, the early warning model for the corporate customer segment will be put into practice. In addition, in order to support business units in customer appraisal and assessment, SHB continues to develop PD model for retail clients for each product and build financial reporting analysis tools for the corporate customer segment.

The internal credit risk reporting system is periodically implemented to evaluate the overall risk status, compliance with credit risk limits, forecasts, early warning, introduction of mechanisms and policies to regulate credit activities appropriately.

In addition, in order to strengthen credit risk management capacity, SHB focuses on building, completing and upgrading the database system (Datawarehouse), Centralized Credit Information System (CICS), early warning system (EWS), and debt collection system.

b) E&S (Environment and Social) risks

In order to achieve sustainable development and comply with the Government's and SBV's orientation on green credit for environmental protection, SHB has practically implemented the assessment of environmental and social risks in the Bank's credit granting activities. through:

Developing regulations on the implementation of measures to manage environmental and social risks, including organizational structure, responsibilities of the Bank's relevant departments and individuals in E&S risk assessment.

The inclusion of requirements on social and environmental risk assessment is a mandatory requirement in credit rating and appraisal.

For projects with high social and environmental risks, E&S risk assessment is carried out in accordance with IFC guidance, including full compliance environment impact assessment in pollution prevention, waste treatment, labor and working conditions, community health and safety, biodiversity, and resettlement.

c) Operational Risks

The risk is due to incomplete or faulty internal processes, human factors, errors, system failures or external factors causing financial losses or non-financial negative impacts to SHB (including legal risks).

In order to manage operational risk effectively, SHB has applied and implemented limits of operational risk loss, methods of identifying, measuring, monitoring and controlling operational risks. operational risk framework, meeting the requirements of Circular 13/2018 / TT-NHNN, Basel 2 standards and international practices.

SHB focuses on protecting information, especially customer information. The bank has successfully deployed data loss prevention (DLP-data loss prevention) solutions, to prevent data leakage / loss outside through electronic transmission. In addition, SHB has a backup system for key information technology systems in order to maintain continuity of information technology system operation. SHB has completed business continuity plans (BCP) for Business Units, Head Office units to be able to cope and minimize losses when a crisis occurs.

In order to raise staff's awareness of risk management, training and communication activities are carried out periodically and regularly.

d) IT risks

Information technology risk is the possibility of losses occurring when performing operations related to information systems. Information technology risks are related to management and use of hardware, software, communications, system interfaces, operations and people.

Information Technology Division is established under the model of information technology service providers, including: organization, the operating model under ITIL (Information Technology Infrastructure Library) to improve high quality of information technology services, timely meeting business requirements, minimizing risks of information technology services. The Technology Security Center under the Information Technology Division is a specialized unit with the function of ensuring safety, keeping information technology confidentiality, and managing information technology risks for SHB.

SHB has implemented security solutions, accordingly, the information technology system of SHB has fully complied with the regulations on safety and security of the State Bank. In addition, SHB has applied international security standards to improve the security of its internal information technology system, and has been certified to comply with the following security standards:

- Meet ISO 27001: 2013 Standard from 2015,
- Meet the PCI DSS Card Data Security Standard from 2016,
- Deploying 3D Secure technology to secure online transactions for cardholders since 2016.

SHB continuously updates information security trends in the world and applies flexibly and promptly to limit information technology risks.

e) Market Risks

Market risk: is the risk caused by adverse fluctuations of interest rates, exchange rates, securities prices and commodity prices on the market. SHB faces two main types of market risk, interest rate risk and exchange rate risk.

SHB's 2020 market risk management is effectively implemented, specifically:

- Develop and consolidate the system of policies, regulations, processes on market risk management, detailing the contents as well as steps from risk identification, measurement, monitoring / control /and report and responsibilities of relevant units.

- Together with the policy of managing centralized interest rate risk and exchange rate at Head Office, the Bank has issued a full system of market risk limits to manage such as: position / portfolio limit, trader limit, loss / stop loss limit, sensitivity limit ... Risk limits are reviewed periodically or ad-hoc basis in case of major market fluctuations.

- The measurement of market risk is done through modeling methods and a system of indicators such as: open position; Sensitivity PV01 (Present value of one basic point); Profit and loss assessment PnL of closed positions and open positions according to market value (MtM - Mark to market); Value at risk (VaR - Value at risk). Measurement methods and tools are regularly reviewed and revised to accurately quantify the level of risk, in line with market conditions and SHB's business situation in each period.

f) Liquidity risk

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

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

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

The measurement of liquidity risk is done through modeling methods and the system of liquidity risk indicators such as behavioral model (Behavior); Gap MCO report (Maximum cumulative outflow); Liquidity ratios;...

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

g) Interest rate risks on bank books

Bank book interest rate risk: is the risk caused by adverse fluctuations of interest rates on income, assets value, liabilities value and off-balance sheet commitments of the bank.

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

SHB issues and applies a limit of bank book interest rate risk in accordance with the size, complexity of business operations and risk appetite as well as the ability to measure and manage bank

book interest rate risk, including: Limits on the difference between financial assets and financial liabilities at the same interest rate or repricing gap; Limits on changes in Net interest income (NII) due to changes in interest rates.

SHB measures the bank book interest rate risk for items with interest rates in VND or foreign currencies with a value of 5% or more of total assets through methods and systems of indicators such as: Sensitive Gap interest rate; Evaluation of the impact of interest rate fluctuations on net interest income (NII) and economic value of equity (EVE); Calculation of the required capital for the bank book interest rate risk through the Delta EVE method according to Basel III guidelines. For the scenario of interest rate fluctuations, SHB builds and applies the following scenarios: (i) interest rates move in parallel and (ii) interest rates fluctuate by terms based on past data..

h) Anti-money laundering

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

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

2. BUSINESS

PERFORMANCE IN 2020

2.1. Business performance

2.1.1. Business performance

In 2020, SHB continues to affirm its position as one of the leading banks in Vietnam with the completion and achievement of important objectives and turning points:

Total assets of the bank reached VND 412.680 billion, an increase of 13% compared to 2019, achieving 101% of the plan. Equity reached VND 37.180 billion, in which owner's equity reached VND 24.036 billion, an increase of 29,9% compared to 2019.

The total mobilized funds reached VND 377.091 billion, of which customer deposit reached VND 338.129 billion, up 17,2% compared to 2018, achieving 101% of the plan

Abundant and long-term mobilized funds is an important condition for SHB to disburse loans for many key areas of the economy according to the orientation of the Government and the State Bank. Customer loans and bonds reached VND 316.670 billion, up 19%, of which, customer loans reached VND 305.637 billion.

The network and personnel continue to be invested and expanded with the opening of new branches at home and abroad, bringing the total transaction points to 532 domestic and foreign points. In which, there are one 100%-owned subsidiary bank and 2 branches in Laos; one 100%-owned subsidiary bank and 4 branches in Cambodia, a representative office in Myanmar and 2 domestic subsidiaries (SHB Asset Management Company Limited - SHAMC, SHB Finance Company Limited - SHB FC). With 8,435 employees and a network in 44 provinces and cities nationwide and abroad, SHB is serving nearly 4 million individual and corporate customers and connecting to 400 correspondent banks across all continents. Network expansion hand in hand with network re-organization in a streamlined and efficient manner, in accordance with management and administration capabilities.

With the results achieved, SHB is currently in the group of 5 largest private joint stock commercial banks in Vietnam.

In 2020, SHB's total operating income reached nearly VND 35.024 billion, an increase of 13,1% compared to 2019. In which, interest income increased by 30%, reaching 12,207 billion dongs and fee

income increased by 26.9%. SHB has been diversifying its income structure and reducing its dependence on lending business.

Besides increasing scale and income, SHB strictly controls costs to increase operational efficiency. Operating cost to total operating income ratio (CIR) is low at 35,2%, the all-time low.

Profit before tax reached VND 3.268 billion, up 8%, completing the plan set by the General Meeting of Shareholders.

Capital adequacy and prudential ratios are always met and exceeded the State Bank's regulations, in which, capital adequacy ratio under Basel II standard reached 10.08% (meeting requirements of the State Bank $\geq 8\%$), customer loan/customer deposit ratio reached 81,93% (SBV requirement $\leq 85\%$), the ratio of short-term funds for medium and long-term loans was 27,36% (SBV requirement $\leq 40\%$).

In 2020, besides achievements in loan collections, SHB made a provision of 4.640 billion VND for write-off. Especially, SHB made provision for HBB bad loans, completing the HBB-SHB merger plan for the period 2016-2020 ahead of schedule.

In 2020, SHB increased its charter capital from VND 12,036 billion to VND 17.510 billion in the form of 2017 and 2018 dividend payment in shares and private placement.

2.1.2. Business performance vs. plan

Item	Actual 31/12/2020	Growth 2020/ 2019		% 2020 Plan %
		(+/-)	%	
Total Assets (BVND)	412.680	47.425	13,0	101,0
Charter Capital (BVND)	17.510	5.474	45,5	
Customer Deposits (BVND)	338.129	49.650	17,2	101,0
Customer Loans (BVND)	316.670	50.481	19,0	103,4%
Profit before tax (BVND)	3.268	242	8,0	100,0
Capital Adequacy Ratio (%)	10,08			Completed
Non Performing Loans Ratio (%)	1,83			Completed

(Source: Audited Consolidated Financial Reports for 2020)

2.2. Organizational structure and human resources**2.2.1. Board of Management**

No.	Full Name	Position	Share ownership
1	Nguyen Van Le	Chief Executive Officer Managing overall business of the bank	0,226%
2	Le Dang Khoa	Deputy CEO	No ownership
3	Ngo Thu Ha	Deputy CEO	0,073%
4	Ninh Thi Lan Phuong	Deputy CEO	0,004%
5	Hoang Thi Mai Thao	Deputy CEO	No ownership
6	Nguyen Huy Tai	Deputy CEO	No ownership
7	Do Duc Hai	Deputy CEO	No ownership
8	Ngo Thi Van	Chief Accountant In charge of Accounting	0,000%

Profile of Board of Management's members (Please refer at pp 18 - 19)

2.2.2. Changes in Board of Management

In June 2020, Ms. Dang To Loan resigned from the position of Deputy General Director of SHB to focus on operating SHB Ho Chi Minh Branch

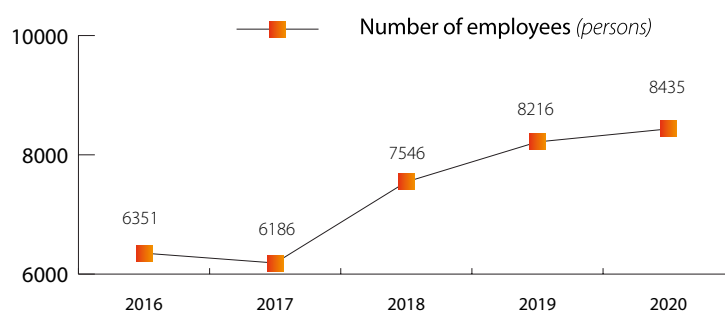
2.2.3. List of Division Directors

No.	Name	Title
1	Mr. Nguyen Dinh Duong	Director of Internal Audit Division
2	Mr. Pham Viet Dan	Director of Risk Management Division
3	Ms. Nguyen Thi Thanh Loan	Director of Human Resource Division
4	Mr. Vu Mai Tung	Director of IT Division
5	Ms. Doan Thanh Huyen	Director of Support Division cum Director of Credit Administration Center
6	Mr. Tran Tuan Viet	Director of Marketing & Branding Division

Profile of Directors of Functional Divisions and Chief Accountant (Please refer at pp 20 – 21)

2.2.4. Number of employees

Total number of employees of the Bank and its subsidiaries as of 31/12/2020 was 8,435 employees, with over 80% are graduates and postgraduates



2.2.5. 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 2020 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 Sustainable Development – Employee Policies in page 80.

2.3. Investment and implementation of projects

2.3.1. Implementation of big projects

Determining the goal of becoming a leading modern retail bank in Vietnam, SHB has built a transformation roadmap to become a comprehensive, efficient and dynamic digital bank. The BOD of SHB has worked with world leading consultants to set up 3 project committees, namely:

Digital Banking Division

SHB Digital Banking Division is established with the goal of developing a variety of alternative sales channels, providing and continuously launching modern products and services and new initiatives to digitize operating processes and customer journeys, thereby increasing market access and scaling up the sustainable growth. SHB aspiration is to come closer towards a comprehensive banking and finance platform for its digital ecosystems in Vietnam, Indochina and in the region.

- **Development Strategy Development:** have a focal role in implementing, directing and managing the development strategy of the Bank's development and renovation strategy, identifying the medium and long-term brand positioning strategy.

- **Banking Management Restructuring Committee:** has the duty of directing, identifying and deploying governance restructuring and management, applying advanced management standards in the world.

- **Banking Technology Modernization Committee:** have the duty of developing strategies and detailed plans for the modernization and transformation of the Bank. In particular, under this roadmap, within 05 years, SHB will focus on implementing projects in different business areas: Customer Centricity, Big Data, Digitalization, Process Optimization, Technology infrastructure, IT Operating model. To implement the IT strategy roadmap, Since 2018, IT projects have been launched and some projects started in 2019, spreading across the business areas. Some typical projects can be named as:

Big Data Project

As we all know data is an extremely important source of industrial revolution 4.0. Therefore, SHB considers data to be valuable assets and is a core element in the digital transformation journey. Therefore, in 2018 SHB began focusing its resources on implementing Big data, Data warehouse and Data analytic projects. Good and reliable data sources and modern analytical tools system will help SHB: (i) Understand customers to offer products and services that best suit each customer; (ii) Analyze and forecast business trends; (iii) Analyzing, forecasting, identifying risks based on data; (iv) Provide correct data to support business and executive decisions; (v) Gradually apply AI and Machine Learning to business activities as well as administration; ... Some items of the project will be put into operation by the end of 2019 and completed by 2020.

Digitalization Project

Some of the first projects in digitalization have begun to start up such as: (1) the application of electronic office systems to digitize office operations, applying digital signatures to replace hand-signing and e-managing storage of documents; (2) Business re-engineering project to help standardize, simplify and optimize the process to determine the redundant process to be removed and process to be digitized; (3) RPA - Robotic Process Automation Project. The project will be completed and put into operation in 2020.

Process Optimization Projects

In these projects, SHB focuses strongly on implementing projects related to Financial Management, Risk Management and Internal Auditing. In financial management project, SHB has implemented software solutions such as ERP, Planning & Budgeting, Profitability, ALM, FTP. The implementation of Finance Transformation project helps SHB apply the most advanced standards and practices in financial management to improve and optimize the bank's operational efficiency. Some items of the project have been completed and put into operation in 2020.

Regarding Risk Management Project, SHB has been cooperating with KPMG to develop Basel II implementation roadmap. At the same time, SHB has just selected the EY-FPT-Oracle consortium to implement the Basel II capital calculation system (RWA). Currently, SHB is also promoting the selection of an Internal Audit solution provider.

Customer Centricity projects

Determining customer-oriented goals, bringing the best prices to customers, SHB has invested heavily in projects to enhance customer experience and put customers at the heart of every action and thought. of the bank. The first Customer centricity project that has been implemented is the CRM system.

IT Operating Model projects

In 2020, SHB began to work with the world's leading consultants to support the development of an IT Operating Model and appropriate IT resources to implement the above roadmap. This is one of the important foundations for SHB to successfully transform into a comprehensive digital bank.



2.3.2. 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 (SHAMC) was established under Decision No. 508/QĐ-NHNN dated March 11, 2009 and officially started operation since December 05, 2009.

After 12 years in operation, the Company is now playing an increasingly important role in bad loan recovery and asset management for the Bank and for its customers. SHAMC continues focusing on its main business lines: Trading and management of assets in relation with loan settlement and safe-guarding activities to support SHB's business. Besides meeting the demand for bad loan settlement and asset management of SHB, SHAMC also provides such services for other banks as prescribed under the laws.

The total number of business locations (SHB headquarters) deployed as of December 31, 2010 is 256 business locations; solutions are timely implemented to meet 100% of the requirements of providing asset management services at the target business locations, branches/transaction offices across SHB system; The total number of warehouses being managed was 29 warehouses and 01 assets for debt settlement; Asset management activities at the warehouses meet 100% of the demand for storage and escorting goods as required by SHB (ensuring operational objectives of SHAMC in 2010). In 2020, SHAMC has implemented the collection of price consulting service fee of Customers with total collected amount for real estate consulting fee of VND 3.4 billion as of December 31, 2020;

As of December 31, 2020, the total number of employees of the Company was 756 people, a decrease of 13 people compared to 2019; Total revenue in 2020 reaches 87.97 billion VND, reaching 102.6% of the plan. Total cost 76.58 billion VND (plan was 77.4 billion VND). Profit reached 11.3 billion VND (37% higher than the plan).

Saigon - Hanoi Bank Lao Limited (SHB Laos)

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 an independent organizational structure, with 2 branches in Champasak and Savannakhet. 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 9 years of operation, and 04 years of transforming the model from SHB Lao Branch to a Limited Bank in Laos (2016). SHB Laos has made positive and positive changes in its investment and business development process in Laos.

As of December 31, 2020, SHB Laos has 2 transaction points including 1 head office and 2 branches, 81 staff members. Customer Deposits reached VND 378 billion, equivalent to an increase of 42% compared to 2019. Customer Loans reached VND 2,458 billion. The total operating costs was 55.8 billion VND. Profit before tax reached 85 billion VND.



Saigon - Hanoi Bank Cambodia Limited

With chartered capital of USD 75 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 9 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.

As of December 31, 2020, SHB Cambodia has 5 transaction points including 1 head office and 4 branches, 56 staff members. Customers Deposits reached VND 1,417 billion, reaching 103% of the plan. Customer Loans reached 6,721 billion VND, reaching 103% of the plan. Total operating expenses was 90 billion VND. Profit before tax reached 164.5 billion VND.

Saigon-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.

Currently, SHB Finance focuses on providing cash loan services to mass customer groups, with an average income of VND 3 million, such as employees, workers, small business people and other customers who can provide the service bill. These cash amounts are aimed at serving the essential needs of the majority of people with modest incomes, currently accounting for nearly 50% of the general consumer loan needs. SHB Finance aims to become one of the pioneering financial companies applying technology to quickly meet the financial needs of customers, while improving the quality of services and utilities for customers.

The company has strongly deployed sales to create a breakthrough and quickly dominate the market. Diversified sales channels include direct sales with networks covering 30 provinces / cities; sales channel by phone; Online sales channel through website, Landing page, facebook fanpage, zalo ... SHB Finance brand has been well received by customers and partners and has become a bright spot in the consumer finance market in terms of quality and coverage, and business growth. In 2020, Moody's confirmed its credit rating at B3 with a stable outlook.

In the year 2020, the impact of the Covid-19 outbreak has had a very negative impact on all sectors of the economy. In which, the most direct and heavily impacted is the low-income groups, which are the main customer segments of the consumer finance industry in general and SHB Finance in particular. However, despite those challenges, in 2020 the Company achieved the following results:

As of December 31, 2020, SHBFC's total assets reached VND 4,098 billion, an increase of VND 810 billion, equivalent to an increase of 24% compared to 2019. Loans reached VND 3,689 billion, an increase of VND 962 billion, equivalent to an increase of 35.3% compared to 2019. The total net income reached 1,072 billion VND, an increase of 357 billion VND compared to 2019. Operating expenses of 411 billion VND, an increase of 66 billion VND compared to 2019. Profit before tax reached 70.7 billions dong. The company's staff is 2,139 people. Basically, the main governance indicators of the company are showing good business performance and are within the control of the business plan.

2.4. Financial indicators

Some key financial indicators

Indicator	Unit	2019	2020	Growth 2020/2019
1. Size				
Total assets	VND Bn	365.254	412.680	13,0%
Charter capital	VND Bn	12.036	17.510	45,5%
Total capital	VND Bn	24.816	37.180	49,8%
2. Business result				
Customer deposits	VND Bn	288.479	338.129	17,2%
Customer loans	VND Bn	266.189	316.670	19,0%
Total income	VND Bn	30.976	35.024	13,1%
Profit before tax	VND Bn	3.026	3.268	8,0%
3. Prudential ratio				
Capital Adequacy Ratio (%)	%	12,01	10,08	Compliant with SBV's requirements In 2020 under Basel II ($\geq 8\%$) In 2019 under TT 36 ($\geq 9\%$)
NPL ratio	%	1,91	1,83	Compliant with SBV's requirements ($\leq 3\%$)
Overdue loans	%	3,71	4,02	Compliant with SBV's requirements ($\leq 5\%$)
4. Liquidity				
Loan-to-Deposit Ratio	%	78,35	81,93	Compliant with SBV's requirements ($\leq 80\%$)
Ratio of using short term funds to finance mid and long term loans	%	32,38	27,36	Compliant with SBV's requirements ($\leq 40\%$)
Quick ratio	%	14,15	13,69	Compliant with SBV's requirements ($\geq 10\%$)

(Source: Audited Consolidated Financial Report 2020)

2.5. Shareholder structure, change in owner's equity

2.5.1. Shares

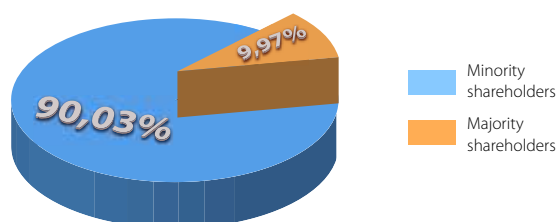
- Total number of shares:	1.755.833.126 shares
- Number of shares in circulation (floating):	1.755.336.940 shares
- Number of shares with restricted transfer:	192.027.532 shares
- Number of shares with free transfer:	1.563.805.594 shares

2.5.2. Shareholder structure

By majority and minority shareholders

No.	Type of shareholder	Total number of shareholders	Ownership percentage
1	Majority shareholders	1	9,97%
2	Minority shareholders	40.104	90,03%
	Total:	40.105	100%

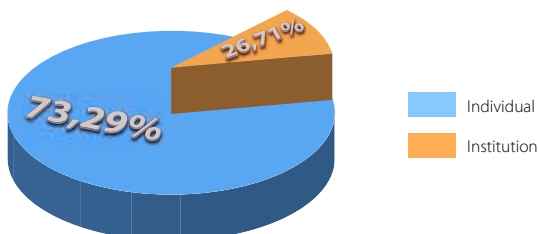
(Majority shareholder holding more than 5% of the shares of the Bank.
Minority shareholder holding more than 5% of the shares of the Bank.)



Shareholder structure by majority shareholders and minority shareholders

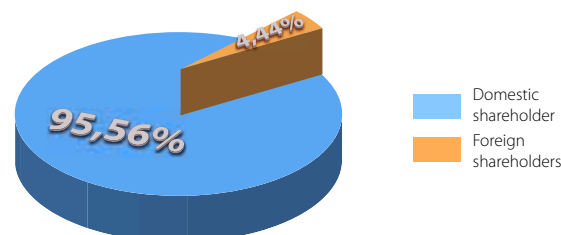
By institutional and individual shareholders

No.	Type of shareholder	Total number of shareholders	Ownership percentage
1	Institution	144	26,71%
2	Individual		73,29%
	Total:		100%



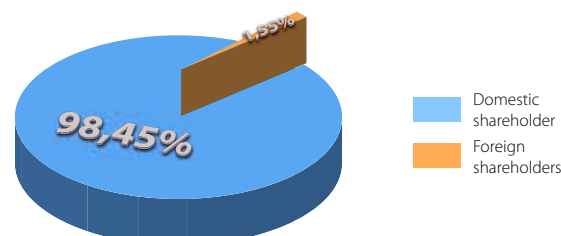
By domestic and foreign shareholders

No.	Type of shareholder	Total number of shareholders	Ownership percentage
1	Domestic shareholder	39.819	95,56%
2	Foreign shareholders	286	4,44%
	Total:	40.105	100%



State and non-State shareholders

No.	Type of shareholder	Total number of shareholders	Ownership percentage
1	State shareholders	8	1,55%
2	Non-State shareholders	40.097	98,45%
	Total	40.105	100%



2.5.3. Changes in the owner's equity:

- + Issue shares to pay dividends: 251.437.035 shares
- + Issue shares to existing shareholders: 300.779.981 shares

2.5.4 Treasury stock transactions: In 2020, no transaction of treasury stock

2.5.5 Other shares: No

2.6. E&S Impact Assessment Report

Details of E&S impact assessment report can be found in the section Sustainable development, page 86

3. Report and evaluation of the board of management

Over 27 years of development and continuous innovation, 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.

3.1. Evaluation of business performance

In the past five years, insisting on customer centricity, 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%. Especially in 2020, SHB reached many achievements and realized all business targets.

- In 2020, in the context many difficulties and challenges, especially the serious impacts and effects of the COVID-19 pandemic and natural disasters, storms and floods, 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 2019 and 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 2020, customer deposit growth reached 17.2% (while the average growth rate of entire credit institution system was 13.5%).
- Credit grew by 19.0 %, meeting the SBV's credit growth quota.
- Non-interest income contributed positively to the bank's total income structure, in which Net income from securities business grew by 178.9%.
- All prudential ratios required by the SBV were met, liquidity ratio was also in compliance with SBV's regulations, contributing to the whole system's stabilization of liquidity level.

The network and human resources continued to be invested and expanded with a focus on reorganizing and consolidating the network of branches and transaction offices in a streamlined and

efficient manner and suitable with management capacity, as well as strengthening the scale of operations, building a large network and modern distribution channels.

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 2020 plan assigned by the Board of Directors , SHB has made great achievements such as:

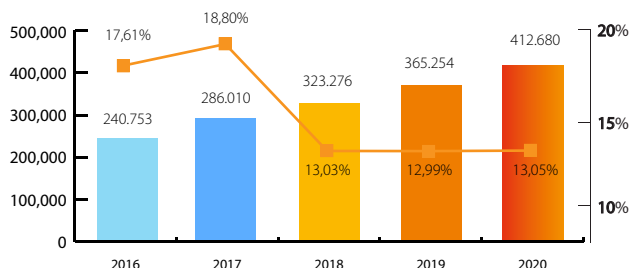
- Achieved and exceeded the targets set out for total assets, outstanding loans, charter capital, profit, etc.; enhanced financial capacity, management capacity, maintaining its position as one of the largest private joint-stock commercial banks in Vietnam.
- Strictly controlled operating expenses, thereby the operating expenses to total operation income decreased sharply to 35%, lowest percentage in the last 5 years.
- Completed the HBB-SHB Merger Plan for 2016-2020 ahead of time.
- Completing the three pillars of the Basel II Capital Accord ahead of time, SHB has fully complied with the requirements of the State Bank, received positive reviews from international organizations, contributing to reputation of SHB in particular and the entire Vietnamese banking industry in general.

3.2. Financial Performance

3.2.1. Total assets

Total assets in 2020 increased by 13.0% to VND 412.680 billion, continuing to provide SHB a position in top private commercial banks in Vietnam. Average asset growth rate of SHB in the last 5 years reached 15.1%, higher than the average growth rate of the whole banking industry (average growth is around 13%).

Average assets growth in 5 years: 15.1%



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. The asset structure shifted towards reducing the proportion of customer loans and increasing the proportion of non-credit activities to reduce dependence on credit activities. Loan-to-deposit ratio was always kept stable at 81.93% (SBV's requirement is $\leq 85\%$). Earning assets accounts for nearly 92.4% of total assets. The ratio of short-term capital used for medium and long-term loans is 27.36% (SBV's regulation is $\leq 40\%$). Capital adequacy ratios and NPL ratio ensure compliance with SBV's requirements

3.2.2. Credit activities

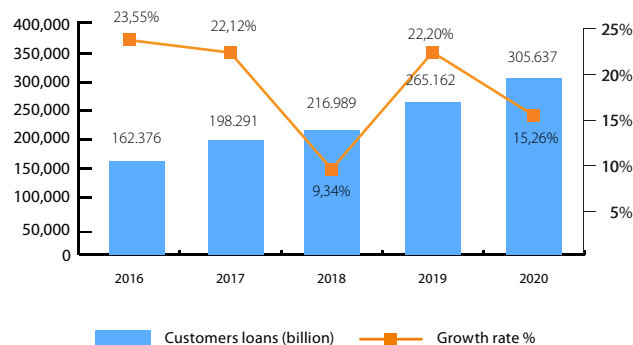
The bank promotes the strength of lending to large enterprises to promote SME loans and individual customer loans in line with the Government's and the SBV's orientations.

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.

As of 31/12/2010, SHB's total customer loans and bonds reached VND 316.670 billion, YoY credit growth of 19.0%, in which customer loans were VND 305.637 billion. Credit growth rate in the last 5 years is 18.5%.

SHB's strong asset base is supported by a diverse and strong loan portfolio. As of December 31, 2010, SHB's loan portfolio including outstanding loans to corporate customers reached VND 240.968 billion, accounting for 79% of total outstanding loans; loans to individual customers of VND 64.669 billion, accounting for 21% of total loans to customers.

5-Year average credit growth of 18.5%



To achieve the above results, SHB is always consistent with the customer-centric business principle. We always proactively keep researching on customers and markets, learning about the unique needs of each customer segment to develop suitable and competitive policies and products.

For corporate customers, over the past years, 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, suppliers sponsor, product guarantee; Guarantee to the investors on the handover of future houses; Guarantee of credit products for construction enterprises; etc.

Major programs include "Accompanying large corporations," "Blue-chip Preferential Credit Package," "Pilot Loan for Agricultural Development," "Agribusiness Loan," "Preferential Interest - Great Success," "Market Stabilization Loans", "Interest incentives - Companion to businesses", 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 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.

With tailor-made programs, policies and products, the Bank's loan portfolio is diversified in key economic sectors. Of which: (i) 22.6% is for the wholesale and retail trade, repair of motorbikes and motor vehicles; (ii) 16.7% for agriculture, forestry and aquaculture; (iii) 13.9% for processing and manufacturing industries; (iv) 5.5% for electricity, gas, and air conditioning, etc. In addition, the Bank's loans are diversified in repayment terms with a loan portfolio including 40.4% for short-term loans, 29.4% for medium-term loans, and 30.3% for long-term loans.

SHB has a large corporate lending portfolio, which can enable the Bank to further expand its customer base and diversify its loan portfolio to SME customers and individual customers. Large enterprises are the main customers that bring non-interest income and the Bank gets non-interest income from cash collection services, cash payments, payment account management, internet banking, payment services, payroll, foreign exchange services and trade finance services. Each large corporate customer is a focal point and often has hundreds of SME suppliers and buyers in their supply chains.

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.

Retail banking, with the strategic orientation of becoming a leading modern multi-functional retail bank, SHB has continuously researched to develop diversified, competitive products, suitable to the income of different groups of customers. Retail products and services are specially designed for each customer such as retail products designed specifically for priority customers and products designed based on customer requirements. Loan products were promoted via the cooperation between SHB and many other partners in order to bring best benefits to customers.

During the past year, SHB has built many incentive programs such as the Golden Birthday loan 2020 with a total limit of 8,000 billion VND, the policy to support retail clients affected by the Covid-19 pandemic with preferential interest rates and fees for both new and old customers. Many preferential programs for individual customers, especially, those wishing to borrow loans for production and business, with preferential interest rates, free card issuance, and e-banking services; Discount 0.1%/year in preferential interest rate when customers open more credit cards, free issuance fee and annual fee of credit cards, ... Over the past year, SHB has also accompanied people from rural and mountainous to fight against shadow banking/black credit, brings opportunities to improve living and access to funding for people in their production and economic development of families and localities with favorable interest rates. At the same time, in order for people to easily borrow loans and save time, SHB has implemented the function of SHBFC consumer finance loan repayment on SHB mobile banking app. Accordingly, customers can repay consumer loans for themselves and their relatives right on the phone in a convenient, safe and secure way without having to go to a transaction counter.

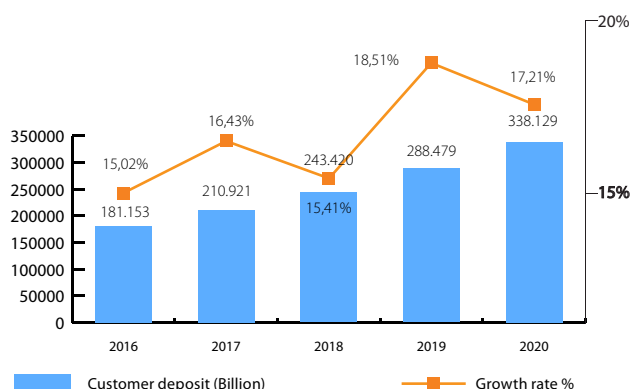
SHB has also exploited the ecosystem of large enterprises, companies with millions of employees and retail customers, by providing capital financing solutions for employees receiving salaries from large enterprises. These financing solutions include salary account management, consumer loans, mortgage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

3.2.3. Deposit activities

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

As of 31/12/2020, total deposit of the Bank reached VND 377.091 billion. In which, customer deposit increased by 17.2% compared to 2019 to VND 338.129 billion. Customer deposit growth rate in the last 5 years is 16.5%, higher than the average growth rate of the whole industry (at 13.5%).

5-Year customer deposit growth at 16.5%



Not only achieving high growth rate and growth amount but SHB's deposit structure also saw effective and sustainable growth. In particular, customer deposits always accounted for a high proportion at 60% of total deposits.

In addition, SHB ceaselessly sought for low-cost sources of fund from local and international financial institutions. In 2019, 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 USD 2.55 billion (equivalent to 59.706 billion VND) with 26 projects country-wide. This is SHB's low cost medium and long term fund to finance medium and long-term projects that meet donors' criteria. This low cost medium and long term funding source will help SHB to improve management capacity and credit ratings.

To achieve such results, SHB is constantly improving products and improving service quality suitable for all customer segments. Customer retention goes hands in hands with customer acquisition. In particular, marketing and customer care are always top priority, expressed through professional service style and reasonable advice of deposit products to create confidence from depositors. The network is constantly expanded and technology is improved to bring the bank closer to the people. During the last year, SHB has always strengthened cooperation and successfully cooperated with large corporate customers in mobilization activities, for example, providing FPT software to develop a plan of issuing smart medical cards based on SHB and HIS systems of the National Hospital of Pediatrics; The project of fee collection for HABECO Company. Some major mobilization programs can be named as: The program of issuing "Corporate Customer Deposit Notes", "Corporate Customer Certificate of Deposit", ...

3.2.4. Investment

- The securities investment portfolio continues to be structured by SHB with a reasonable proportion to use funds effectively. As of December 31, 2020, SHB's investment balance in debt securities and equity securities reached VND 29,522 billion, an increase of VND 7,180 billion, corresponding to an increase of 32.13% compared to 2019. Corporate bond balances are 11,032 billion VND, accounting for 37.4% of the total investment portfolio.

SHB buy / sell corporate bonds to diversify business lines. Most of the corporate bonds SHB is investing in are for short-term business purposes, contributing to increasing profits for the bank. Following the direction of the Prime Minister on encouraging and promoting the development of clean energy and solar power projects, in 2020, SHB has promoted investment in a number of bonds in the energy sector. (thermal power, hydroelectricity, solar power). The balance of bonds in the energy sector accounts for nearly 60% of the total number of corporate bonds. SHB's credit financing for energy projects will contribute to finance energy projects of developers, helping developers benefit from preferential policy programs of the Government. Projects after being completed and put into operation will contribute to reducing the pressure on power supply of the national power system, contributing to environmental protection ... Customers implementing energy projects financed by SHB are all customers with good financial capacity, and feasible projects. Most of the projects are now in operation. After buying these bonds on the primary market, SHB retail-sells on the secondary market and those bonds are interested in and bought by many domestic and foreign investors. In 2020, SHB has retail-sold more than 10 trillion dong of bonds.

- Balance of long-term capital contributions as of December 31, 2020 is 4,101.4 billion VND, in which capital contribution to invest in subsidiaries is 3,935.5 billion VND, other long-term capital contributions is 165, 9 billion VND.

3.2.5. Income, Cost, Profit

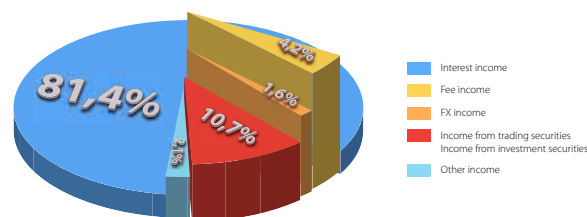
Total income of SHB in 2020 reached VND 35.024 billion, an increase of 13.1% compared to 2019. Total net operating income reached VND 12.207 billion. Of which, net interest income increased by 26.9% to VND 9.933 billion. Net income from securities investment amounted VND 1.293 billion VND, up 178.6%,

Total operating expenses grew slightly by 8.8% to VND 4.299 billion due to network expansion and new staff hiring; however, it still closely followed the cost plan of the Bank. Loan-loss provisioning cost was VND 4.640 billion, up 92.5%

In 2020, with the complicated situation of Covid epidemic taking place globally, seriously affecting the economy because domestic and international trade are paralyzed. SHB has taken timely actions to adjust its business plans based on Covid scenarios. In order to operate and use operating costs effectively in accordance with the epidemic situation, the bank practiced saving against waste, at the same time reviewing all management costs in an economical and effective way to ensure that the cost growth target is always lower than the net income growth rate.

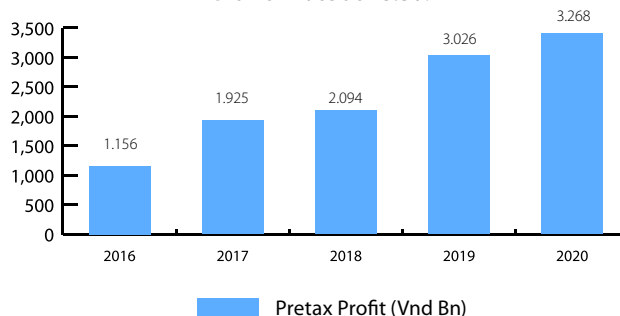
While interest income still accounted for the majority of income, the Bank's non-interest income ("NII") has increased every year. From 2015 to 2020, the Bank's net non-interest income increased from VND 791 billion in 2016 to VND 2,274 billion in 2020. The Bank earned non-interest income from cash collection, cash payment, management of payment accounts, internet banking, payment services, payroll, insurance, foreign exchange services and trade finance services.

Income structure 2020



Profit before tax in 2020 reached VND 3,268 billion, YoY growth of 8.0%, completing the plan set by the General Meeting of Shareholders. The average growth rate of profit before tax in the last 5 years is 28.3%.

5-year Average Profit Before Tax Growth Rate at 28.3%

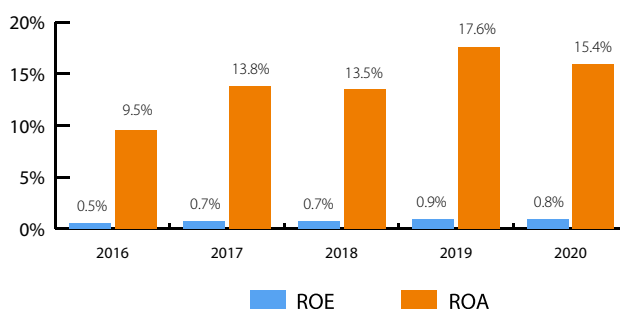


SHB is ranked among the top private commercial banks in terms of profit before tax growth. The Bank's profit growth before tax was largely due to its efficient operating costs, including actively seeking concessional or low cost capital, improving the quality of risk management to minimize costs related to credit risk and operational risk, accelerating automation and digitization and bring advanced technology into Bank governance to improve governance, as well as a significant increase income from payment services and cash. As a result, the Bank's cost/income ratio ("CIR") ratio is on a downward trend. In 2020, SHB's CIR was 35%, the lowest in the past 5 years and is one of the 4 private banks with the best CIR.

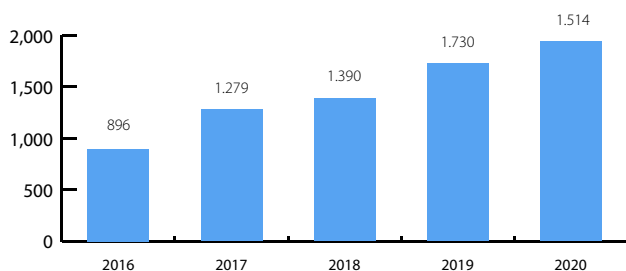
3.2.6. ROA, ROE, EPS

In 2020, the return on assets (ROA) of SHB reached 0.8%. Return on equity (ROE) reached 15.4%. Earning per share reached VND 1,514/ share.

Profitability ratios



Earning Per Share - EPS (VND/Share)



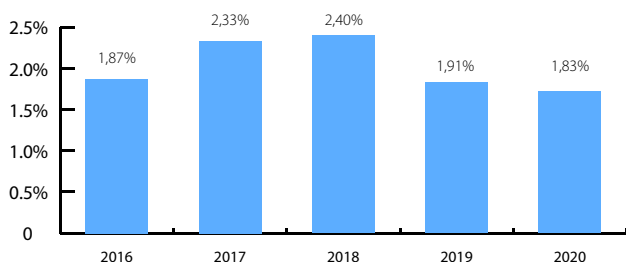
3.2.7. Asset quality

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.

In 2020, and in the following years, SHB will continue to promote debt collection, and make provisions to handle all VAMC bonds. By the end of 2022, SHB target to have no VAMC bonds.

In addition, SHB always enhances provisioning to improve asset quality. By the end of 2020, total loan-loss provisions were VND 4,700 billion, up 6.5%. NPL ratio of SHB dropped to 1.83% - lowest ratio since 2016.

Non-Performing Loan



3.2.8. Capital adequacy and liquidity

Always compliant with SBV's requirements on prudential ratios

Apart from impressive business results, capital adequacy ratio has always been fully complied by the Bank, SHB's CAR is always higher than the required 8% ratio as stipulated in Circular 41; liquidity reserve ratio in 2020 was 13.69%, (higher than SBV requirement $\geq 10\%$); and ratio of short-term funds for medium and long-term loans is 27.36% (SBV requirement $\leq 40\%$); solvency ratio of local and foreign currencies is always compliant with regulations of the SBV.

The year 2020 marks an important milestone for SHB after completing the three pillars of the Basel II Capital Accord ahead of time, meeting the SBV's comprehensive requirements on risk management in particular and the internal controls system in general. At the same time, by reporting to the State Bank ahead of time on the results of the internal capital adequacy assessment, SHB not only always maintains the minimum capital adequacy ratio for all kinds of critical risks, in both normal conditions and unfavorable conditions but also ensures a capital buffer to support the Bank's business operations for sustainable and efficient growth.

CAR in the period of 2016 - 2020

2016	2017	2018	2019	2020	SBV requirement
13,00%	11,30%	11,79%	12,01%	10,08%	-2018,2019 according to Circular 36 ($\geq 9\%$);
					- 2020 according to Basel II ($\geq 8\%$)

To achieve such results, SHB's operational structure has been 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 and internal auditors were areas that have always been focused on.

3.3. Improvements in organizational structure, policies and management

Improvements in organizational structure and management

In 2020, SHB continuously enhanced the organization structure and completed the functions and missions of the divisions/departments in the direction of professionalism, effectiveness throughout the system following its development strategy to become a leading retail bank. Many divisions/departments were merged/split or newly formed to increase business efficiency, cost optimization, productivity, and risk management, etc. (for example, Marketing & Brand Development Division, Information Technology Division, etc.)

The network of branches, transaction offices locally and internationally was continuously expanded to improve its competitiveness and realize the goal of becoming a leading retail bank in Vietnam. The expansion was undertaken together with the re-arrangement and reinforcement of network, branch and transaction office structure in a simple and efficient way suitable with the Bank's management capabilities. The Bank implemented the plan of opening a representative office in Australia and a 100%-owned bank in Ivory Coast, continuing the roadmap of developing the scale and network to reach out internationally.

Risk Management

The year 2020 marks an important milestone for SHB after completing the three pillars of the Basel II Capital Treaty ahead of time, meeting the SBV's comprehensive requirements on risk management in particular and internal control system in general.

With the goal of maintaining sufficient capital for all kinds of important risks, SHB ensured the capital adequacy ratio as prescribed in Circular 41/2016/TT-NHNN over 9%, greater than the minimum level of 8% as prescribed. At the same time, by reporting to the State Bank ahead of time on the results of its internal capital adequacy assessment, SHB not only always maintained the minimum capital adequacy ratio with all kinds of critical risks, in both normal and unfavorable conditions, but also ensured a capital buffer to support the Bank's business activities to grow sustainably and effectively.

Product and technology improvements

In addition, SHB continued to complete and implement many key technology projects to support banking management, improve product and service quality as well as ensure risk management. Especially, during the year, SHB operated and completed several components of the "Bank Modernization" project through a five-year overall information technology strategy advised by IBM Corporation, anticipating the trend of the 4.0 industrial revolution. Some big projects/solutions can be named as: Customer Centricity, Big Data, Digital, Process Optimization, Technology Infrastructure, IT Operating model.

3.4. Development Plan (2021-2023)

On the basis of business results in 2020, research & forecast of business environment in 2021, SHB defines the main targets of the whole system by the end of 2021 as follows:

3.4.1. Four pillars of business development in 2021:



1. Policies, processes and regulations:

Focusing on developing customers to bring high efficiency in accordance with the potentials of the regions and areas where SHB has presence with a variety of product policies to make a difference in the market to meet the needs of customers in using banking services; at the same time, improving policies, processes and regulations: making them renovated, streamlined, easy to understand, easy to implement, combined with business activities to achieve the goal of reducing at least 20% of labor costs and 10% of operating expenses compared to SHB's current regulations.

2. Developing digital banking technology platform:

Modernize, automate, create, increase the content of technology application in all operations of business, backoffice, management, etc. to implement digital bank target in 2021 and towards 2025 SHB will be among the top 3 commercial joint stock banks with the most modern digital banking platform in Vietnam, and at the same time, achieving the goal of improving the efficiency of management and operation of the whole system.

3. Human Resource:

policy of emulation and punishment, discipline; Labor productivity; Improve system administration capacity, business management capacity in order to achieve the goal of improving business efficiency.

4. Risk management:

In 2021, SHB continues to improve its risk management capacity according to international standards and towards Basel III standards; Good management of credit quality, debt collection; reducing overdue loans, NPL; Good operational risk management.

10 key missions in 2021

1. Renew thinking, working methods and in policy making, policy planning, regulations, processes, linking policies and mechanisms with business performance, taking business effectiveness goal as a key factor in issuing policies, regulations, and processes.

3. Arouse aspirations to lead: Arouse aspirations to lead, through emulation and rewarding movements throughout the year 2021 to promote the strength of individuals and collectives, the strength of solidarity for the common goal at all levels, all units, and all individual employees. Strengthen and improve the emulation, rewarding and timely honor individuals and units with high achievements in the system.

5. Risk Management: SHB completed three pillars of Basel II ahead of schedule (there was an independent assessment report of KPMG Co., Ltd. on the completion of all three pillars of Basel II standards). In 2021, SHB continues to improve its risk management capacity according to international standards and towards Basel III standards. Continue to improve credit quality, quality of risky assets, focus on debt management, debt collection and problem debt handling; Raise awareness about operational risk management, proactively identify and prevent risks.

7. Customer development where "customer is the core": Focus on developing new customers, new active customers, focus on developing target customer segments, traditional customers, multi-disciplinary customers, exploit customer ecosystems, customers who bring about high efficiency in accordance with the potential of regions and areas where SHB has presence with a variety of products and services that make a difference in the market and meet all customers' needs.

9. Re-plan branches and transaction offices: Re-plan ineffective branches and transaction offices. Focus on branches, transaction offices with slow growth, low ranking compared to the potential in the area.

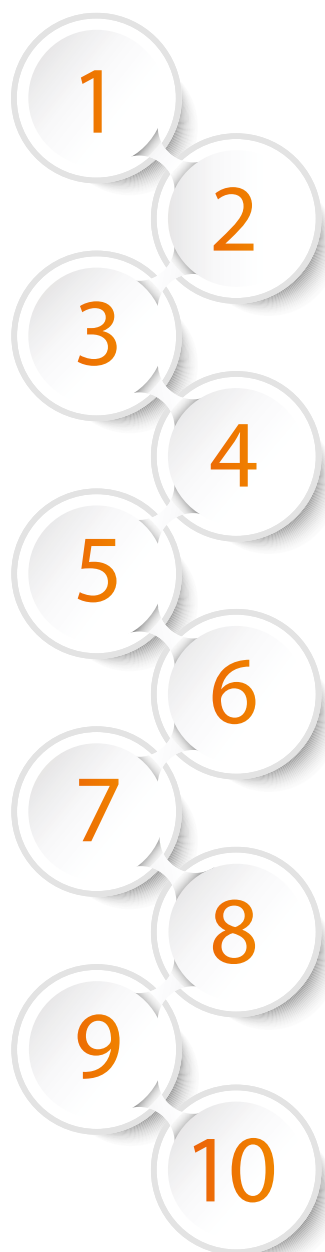
2. Focus on developing the quality of human resources: Promote the quality development of human resources, consider human resources as the key factor for business development. Discover, plan and nurture talents promptly, and at the same time, implement strict discipline, rewarding and punishment, increase sanctions if employees violate SHB's regulations and processes in order to improve business efficiency and limit risks in business activities of the whole system.

4. 4.0 Digital IT transformation: Powerful application of technology, innovation and digital transformation as the foundation for improving labor productivity and efficiency in management.

6. Increase service net income/total net income: Improve quality of customer service, improve SHB's competitiveness in the top 7 commercial joint stock banks, focus on customers, put serving customers first.

8. Improve the management and operation capacity of the system, change the thinking of system operation, improve the business orientation capacity of the Divisions/Departments/Centers at the Head Office, timely provide right direction and remove difficulties and problems, and at the same time, propose specific and practical solutions to create conditions for business units to develop and compete in the area.

10. Manage effectively management costs: Reduce management costs, renovate the organizational structure of several divisions, centers at the Head Office to achieve the goal of reducing management costs by 20% compared to 2020.



Key financial targets expected in 2021

Unit: Billion VND

No.	Target	Plan 2021	Decrease/Increase compared to 2020
1	Total Assets	460.214	47.534
2	Charter Capital (*)	26.674	9.164
3	Mobilization from economic organizations and individuals	388.549	50.420
4	Credit Loans (**)	361.003	44.333
5	NPL (%)	<2%	
6	CAR	≥10%	

(*) Charter capital increase in 2021 includes:

- 1.750,5 bn dong increase from dividend payment by shares from 2019 retained earnings at the dividend yield of 10%,
- 2.022 bn dong increase from dividend payment by shares from 2020 retained earnings at the dividend yield of 10.5%.
- 5.391,5 bn dong from new share public issuance. SHB will record this new charter capital increase after completing all necessary procedures as required by regulations.

(**) Credit loans plan may change according to credit growth cap allowed by the SBV.

a) Pretax Profit Plan for 2021

Based on macroeconomic forecasts, SHB's business goals, and ensuring shareholders' rights, SHB's 2021 profit plan is as follows:

- **Scenario 1:** In case SHB completes the offering of additional shares to the public in the third quarter of 2021, the additional capital used in business activities will contribute to increasing profits for the bank. Expected profit before tax in 2021 of SHB in this scenario would be 6,128 bn VND.
- **Scenario 2:** In case SHB completes the offering of additional shares to the public in the fourth quarter of 2021, the additional capital used in business activities will contribute to increasing profits for the bank. Expected profit before tax in 2021 of SHB in this scenario would be 5,828 bn VND.

b) Dividend payment plan 2021

Expected dividend payment yield in 2021 would be 15%

b.1. Environmental and social responsibility

In 2020, SHB continued its sustainable development goals, in which business development goes hand in hand with environmental and social responsibility.

In terms of environmental responsibility, SHB was honored to receive the "Bank for Green Credit 2020" award under the prestigious Vietnam Bank Award jointly organized by International Data Group (IDG) and the Vietnam Banking Association (VNBA). SHB fully and excellently met the rigorous criteria of the award, affirmed to be the leading bank, actively implementing green credit programs for its efforts to maintain and promote green credit policy, directing the capital flow to serve "green" projects and works.

Training and promotion activities continued to be focused in order to raise staff's awareness of environmental protection in the workplace, increase awareness of efficient use and saving of materials, energy and other natural resources.

In terms of social responsibility, SHB continued to ceaselessly contribute material and spiritual values, and instill trust in the community. The highlight of the year 2020 in the social security work of SHB must include the Support Series for the fight against the second and the third Covid epidemic. The total amount of money which SHB dedicated to support health agencies, localities to fight against epidemic was more than 12.5 billion dong. The year 2020 also witnessed the historic flood disaster in the Central region of Vietnam. SHB joined hands to help alleviate the aftermath of the flood and promptly support people in flooded areas. In addition, SHB continued with the goal of protecting and supporting the vulnerable and disadvantaged in society.

For employees, SHB always complied with the provisions of the law on employment, salary, insurance and completed, supplemented competitive welfare everyday, building a humane working environment, inspiring to increase working productivity and maximize capabilities of each individual. Trade union and party works were promoted, promptly resolving rights and obligations as well as improving the spiritual life of the employees.

For details of the report on environmental and social responsibility, please see the section Sustainable Development, page 80



TRANSPARENCY
&
COMPREHENSIVENESS



“Growth in most business indicators, strong transformation towards digital technology, good risk control & management; 2020 is a special mark for SHB to break through, affirming transparency and comprehensiveness. ”

4. Evaluation of the board of directors on the performance of the bank

4.1. Evaluation of the Board of Directors on the performance of the Bank

In 2020, although doing business in the context of an economy affected seriously by epidemic and general recession of the world, with the right direction of the Board of Directors and close direction of the Management Board and efforts of all employees, SHB fulfilled the business and operation goals assigned by the General Meeting of Shareholders.

- Total assets reached 412,680 billion dong, up 13.0% compared to 2019, completing 101% of the plan
- SHB's charter capital reached 17,510 billion dong, an increase of 5,474 billion dong compared to 2019. Equity capital under Basel II standard reached 37,180 billion dong, an increase of 12,364 billion dong compared to 2019.
- Funds mobilized from Market 1 reached 338,129 billion dong, an increase of 49,650 billion dong, equivalent to an increase of 17.2% compared to the end of 2019, reaching 101% of the plan, accounting for 5.7% of the capital mobilization market share of private credit institutions.
- Consolidated credit outstanding balance reached 316,670 billion dong, an increase of 19% compared to the end of 2019, ensuring compliance with the State Bank's regulations on credit growth limit.
- Profit before tax reached 3,268 billion dong, up 8%, completing the plan proposed by the General Meeting of Shareholders.
- SHB completed the project of merging HBB into SHB before the deadline for the period 2016-2020.
- NPL handling and collection activities were implemented drastically, helping the bank to control the NPL ratio to 1.83%, within the limit set by the State Bank, the lowest level in the past 5 years.
- Strong growth in mobilized capital, especially mobilization from market 1, helped ensure liquidity safety.
- Reasonable management of operating costs contributed to the bank's business performance with the operating expense/operating income ratio of 35%, the lowest ever.
- Participating in capital financing for many national key projects and industries in accordance with the State's direction and strategy.
- The network was structured and expanded according to schedule in many provinces and cities nationwide and abroad.
- Successfully restructured the organizational apparatus and fulfilled the functions and duties of the Departments/Centers, Branches and Transaction Offices according to the business development orientation of the Board of Directors.
- The restructuring of enterprises after merging Habubank has been operating stably, with profitable business, ensuring jobs for thousands of employees which was the basis for the formation of capital for debt payment to SHB.
- Ensuring that profits and dividends for shareholders exceed the plan approved by the General Meeting of Shareholders.
- Implementing well social and environmental responsibilities, in which green credit was developed in compliance with international and domestic standards on environmental protection, energy and natural resources saving; sharing with the community through programs of gratitude to people who contributed to the revolution, supporting the poor, people suffered from natural disasters and floods to share the community's burdens and difficulties.

4.2. Evaluation of the Board of Directors on performance of the Board of Management

The Bank has a dedicated and experienced management team, including reputable professionals with decades of experience in investment, business administration, banking and finance. The Board of Management has an average of over 20 years of experience in investment, business administration, banking and finance. Especially, Mr. Nguyen Van Le has been CEO since 2000, showing a high degree of stability in the leadership of the Bank. Other members of the Board of Management also have extensive professional knowledge, management skills and operational experience and almost all have been with SHB for more than 10 years. Led by a dedicated and experienced management team, the Bank has received recognition and awards from domestic and international agencies and organizations.

Having achieved these successes in the context of increasingly fierce competition among banks, SHB's Board of Directors always closely followed all business developments of the bank, urging and supervising the Board of Management to implement policies and directions which were approved by the General Meeting of Shareholders and the Board of Directors.

The Board of Management performed its duties with a high sense of responsibility, operating flexibly and closely directing the units, having timely solutions and proposals to the Board of Directors to help ensure all activities in each unit in the whole system are fully inspected, controlled in an adequate, timely, safe, effective manner, in accordance with the provisions of law.

4.3. The plans and orientations of the Board of Directors

With the aim of making SHB the leading universal modern retail bank in Vietnam to meet international standards, the Board of Directors always determines the appropriate strategy in each stage with a competitive and differentiating strategy.

To implement the above-oriented plans, SHB Board of Directors has worked with the world's leading consultants to establish and implement important projects, including:

Digital Banking Division

SHB Digital Banking Division is established with the goal of developing a variety of alternative sales channels, providing and continuously launching modern products and services and new initiatives to digitize operating processes and customer journeys, thereby increasing market access and scaling up the sustainable growth. SHB aspiration is to come closer towards a comprehensive banking and finance platform for its digital ecosystems in Vietnam, Indochina and in the region.

Bank Development Strategy Committee

The Bank Development Strategy Committee consists of 16 members, of which the Head of Committee is Mr. Do Quang Hien. The Bank Development Strategy Committee is responsible for working and deciding on the selection of reputable domestic and foreign strategic consulting partners, implementing, directing and managing the planning of development strategies and innovating banking, vision, mission, and business philosophy in the short, medium and long term; Building and positioning vision, mission, business philosophy and long-term strategic goals; Building and planning a sustainable development strategy for the bank, building business models, financial models and strategic projects of SHB transformation and restructuring.

Banking Technology Modernization Committee

The Banking Technology Modernization Committee consists of 19 members. The Head of the Committee is Mr. Do Quang Hien. The Banking Technology Modernization Committee is responsible for being the focal point to work and decide on the selection of reputable domestic and foreign strategic consulting partners on strategies and detailed plans for modernization and digital transformation of the bank, to develop a plan and organize the implementation of modernization and digital transformation of operational processes, products and services in banking operations through technology applications; to direct, manage, research, and deploy banking digitalization through the introduction of technology and serving all banking operations and services; etc.

Management Restructuring and Executive Management Committee

The Banking Management Restructuring Committee includes 18 members. The Head of the Committee is Mr. Do Quang Hien. The

Banking Management Restructuring Committee is responsible for being the focal point to work and select reputable domestic and foreign consulting partners on management restructuring and banking governance; to direct the research and implementation of management restructuring (including reviewing and completing decisions on the authority of the Board of Directors, CEO, and managerial positions at SHB), organization structure, functions & duties, title system, title standards at SHB; to direct the research, implementation of operation mechanism renewal, regulations, processes, and regulations in management and administration.

With differentiation and competition orientation, target customer positioning and implementation of business model based on the principle of putting customer as target and basing on technology, SHB has identified the direction of the period 2021 - 2025 as follows:

- **Strengthen the Bank's risk management to continue driving growth**

The bank has achieved rapid and safe organic growth in recent years. To further drive growth, the Bank plans to focus on strengthening its financial capacity, improving management and governance capabilities and increasing business efficiency and ensuring compliance with international standards and Basel requirements. The bank cooperated with KPMG to develop a roadmap for implementing Basel II standards and also selected partners EY, FPT and Oracle to deploy the Basel II capital calculation system. With relentless efforts, the Bank aims to strengthen risk management, investigation, monitoring, and internal audit practices for each activity to strengthen detection and early warning of risks which newly appear in the Bank's activities.

- **Implement digital projects of the Bank and continue to develop digital initiatives until 2024**

The Bank launched digitalization projects in 2018, and to continue implementing digital initiatives, the Bank developed a digital banking plan from 2020 to 2024. The Bank plans to continue to improve digital platforms by upgrading mobile and internet interfaces and applying the latest 4.0 technology solutions to further penetrate into the growing internet banking and mobile banking market. The Bank plans to roll out special electronic financial services such as mobile wallets to support P2P payments.

- **Strengthen the Bank's processes and products to further improve customer satisfaction**

The Bank is well received by customers in Vietnam and its products have been recognized by well-known domestic and international agencies and organizations. In 2020, the Bank received many international awards, including "Bank of the Year 2020" honored by The Banker, "Best Trade Finance Bank" by Asian Banking & Finance Magazine ("ABF"), "Best Trade Finance Bank in Vietnam" by Alpha Southeast Asia, etc. For more information about the Bank's awards, see the section "Achievements and Recognition of society", page 76

To further improve customer satisfaction, SHB plans to simplify processes and procedures to improve the overall customer experience, tailor suitable product and service ecosystem towards each specific core customer group to optimize customer satisfaction. The Bank recognizes the role of the banking system as an intermediary, with its impact on the environment through customer operations. Through the implementation of Vietnam's National Green Growth Strategy, the Bank has solutions to promote green credit policies and directs capital resources to green areas, such as businesses applying advanced technologies in agriculture, businesses in the renewable energy sector such as wind energy, solar energy, hydropower energy, thermal power and waste management enterprises to gradually increase the proportion of green credit in the Bank's credit portfolio and to increase customer awareness about environmental protection. The Bank intends to continue to focus on sustainable funding by adopting stringent green standards for projects financed by the Bank.

5. Corporate Governance

With the motto of "Solid partner, Flexible solution" and innovative business strategy, SHB is committed to bringing benefits to customers and prosperity for shareholders - investors.

5.1. Board of Directors

The Board of Directors is the highest governing body with members elected by the General Meeting of Shareholders, having full power to decide and exercise SHB's rights and obligations.

5.1.1. Members and structure of the Board of Directors

No.	Full Name	Position	Appointment date	Resignation date	Share ownership ratio (%)
1	Mr. Do Quang Hien	Chairman of the Board – Not participating in operation	April 27, 2017		2.742
2	Mr. Vo Duc Tien	Vice Chairman of the Board of Directors - Not participating in operating	April 27, 2017		0.004
3	Mr. Nguyen Van Le	Member of the Board of Directors – Participating in operation	April 27, 2017		0.226
4	Mr. Thai Quoc Minh	Member of the Board of Directors – Not participating in operation	April 23, 2018		0
5	Mr. Do Quang Huy	Member of the Board of Directors – Not participating in operation	April 27, 2017	June 15, 2020	0
6	Mr. Pham Cong Doan	Member of the Board of Directors – Not participating in operation	April 27, 2017		0
7	Ms. Nguyen Thi Hoat	Member of the Board of Directors – Not participating in operation	June 15, 2020		0
8	Mr. Trinh Thanh Hai	Independent Member of the Board of Directors – Not participating in operation	April 23, 2018		0

- **Profile of the members of the Board of Directors, refer to pages 14 - 16**

- **Change of members of the Board of Directors**

In 2020, SHB dismissed Mr. Do Quang Huy as a member of the Board of Directors (June 15, 2020).

5.1.2. Subcommittees under the Board of Directors

The Professional Committees and Councils are the agencies established by the Board of Directors to perform the duties and powers as assigned by the Board of Directors, including:

- + Human Resources Committee
- + Risk Management Committee
- + Research & Development Department
- + Internal Security Department

5.1.3. Activities of the Board of Directors

The Board of Directors is elected and empowered by the General Meeting of Shareholders to perform the governance of the Bank. In 2020, the Board of Directors conducted 4 regular meetings with the participation rate of 100%. In addition, the Board of Directors also regularly voted through collecting written opinions to promptly resolve arising issues within the authority of the Board. The committees under the Board of Directors also regularly reported to the Board of Directors on issues within the scope of their responsibility to ensure the most complete and comprehensive information provided to the Board of Directors on the operation of the Bank, ensuring compliance with legal regulations and Resolutions of the General Meeting of Shareholders.

Meetings of the Board of Directors in 2020

No	Date	Content & Result
1	February 21, 2020	Meeting on risk report and approving the resolution of the Risk Management Committee Quarter 4, 2019
2	April 28, 2020	Meeting on risk report and approving the resolution of the Risk Management Committee Quarter 1, 2020
3	August 04, 2020	Meeting on risk report and approving the resolution of the Risk Management Committee Quarter 2, 2020
4	October 31, 2020	Meeting on risk report and approving the resolution of the Risk Management Committee Quarter 3, 2020

- The Board of Directors for the term 2017-2022 has always promoted the spirit of solidarity, strived to successfully complete the governance, developed strategies and operational orientation for the Board of Management to bring the Bank to safe, sustainable, effective operation.

- In 2020, the Board of Directors of SHB consisted of 07 members (including 01 independent member) and held 04 regular meetings in 04 quarters of the year according to regulation. In addition to the above meetings, the Board of Directors regularly voted through collecting written opinions to promptly resolve arising issues within the authority of the Board of Directors. The decisions of the Board of Directors orientated and directed the Board of Management to well implement the business plan in 2020.

- Supervisory activities of the Board of Directors towards the Board of Management were fully implemented in accordance with the Internal Governance Regulation of the Bank. The Board of Directors shared the same goal, strategy, orientation, solution, and implementation plan. The Board of Directors assigned specific tasks to each member of the Board of Directors. Each member of the Board of Directors was assigned to perform the governance and supervision works for each key operational area of the Bank. In the

process of implementation, the Chairman of the Board of Directors always required that the members of the Board of Directors have clearly established specific goals, action plans, and closely followed the solutions and urged and supervised to promptly give direction to the Board of Management to adjust business activities according to each stage, completing the plans approved by the General Meeting of Shareholders.

- Along with that, the CEO is also a Member of the Board of Directors, always ensuring the connection and the right direction of the Board of Directors in operating activities. At the regular meetings of the Board of Directors, the CEO reported on all aspects of the Bank's operations; reported on the implementation of Resolutions of the General Meeting of Shareholders, Resolutions of the Board of Directors; reported on some topics as requested by the Board of Directors.

- The Board of Directors regularly participated in meetings with the Board of Management, Divisions/ Departments/Centers, and Business Units in the system to grasp the business performance of each unit, promptly resolving difficulties, creating a driving force to promote business, ensuring safe, efficient and sustainable development. In addition, in 2020, the Board of Directors paid special attention to and directed the strong restructuring of the Head Office in terms of organization structure, HR work, policies, professional processes, and risk management according to international standards, information technology solutions towards a modern universal digital bank and renovating management mechanism to serve business development; Following all market developments, in addition to developing retail customers, the Board of Directors had an orientation to develop investment in key national economic sectors such as rural agriculture, energy (wind power, solar power), etc.; Pioneering in supporting businesses and people borrowing money by reducing interest rates on customers directly and indirectly affected by the Covid 19 epidemic in the context of unfavorable domestic and international economic environment due to the impact of this epidemic. The Board of Directors directed the entire SHB system to seriously implement the guidelines and policies of the Government and the State Bank of Vietnam, undertaking and well fulfilling the set targets, contributing to macro stability and promoting social and economic growth. In 2020, SHB basically completed the business plan targets assigned by the General Meeting of Shareholders.

- Committees under the Board of Directors also regularly reported to the Board of Directors on issues within the responsibility of the Committees to ensure the most complete and comprehensive information provided to the Board of Directors on the Bank's operations, ensuring compliance with legal regulations and Resolutions of the General Meeting of Shareholders.

- With a clear development strategy, defining the customer-focused business principle towards the leading modern universal retail bank in the region, meeting international standards, the Board of Directors of SHB has worked with leading strategic consultants in the international market and set up 03 Strategic Project Steering Committees, including: Bank Development Strategy Steering Committee, Banking Technology Modernization Steering Committee, Bank Management Restructuring Steering Committee. The Steering Committees are chaired by the Chairman of the Board of Directors, directly working with consultants to build a distinctive and sustainable development strategy in the medium and long term, transforming to the comprehensive digital banking model with many utilities and products with modern technology application.

- The Board of Directors directed to build four pillars as the foundation for the implementation organization to achieve business targets across the SHB system in the following years, which are: "Process policy: Innovating to take market and customers as focus, raising competitiveness; Technology foundation: Modernizing, automating, creating, increasing the content of technology application to create convenience for customers and improve efficiency; Human

Resource: Human resource management, increasing system administration capacity, business management, rewarding, punishment, discipline, working productivity; Risk management: Debt management, reduction of overdue debt, NPL, operational risk management ”.

- Through meetings in 2020, the Board of Directors issued 38 resolutions related to network restructuring activities, organizational structure, human resources, credit extension, etc.

Resolutions issued by the Board of Directors in 2020

No.	Resolution Number	Time	Content
1	01/NQ-HĐQT	January 9, 2020	Close the list of shareholders to exercise the right to dividend payment for 2017 and 2018 in shares and the right to buy shares, to stand for election to elect additional members of the Board of Directors for the term 2017-2022
2	02/NQ-HĐQT	January 30, 2020	Approve the plan to repurchase SHB bonds issued to SCB
3	03/NQ-HĐQT	February 21, 2020	Sign an amendment and re-establishment contract with Commerzbank AG and approving a loan plan and loan use
4	04/NQ-HĐQT	February 21, 2020	Prepare a list of shareholders and organizing the 2020 Annual General Meeting of Shareholders
5	05/NQ-HĐQT	February 21, 2020	Change of personnel of the Board of Members and Supervisory Board of Saigon - Hanoi Commercial Joint Stock Bank One Member Finance Company Limited for the term 2016-2021
6	06/NQ-HĐQT	March 2, 2020	Approve L/C for businesses
7	07/NQ-HĐQT	March 13, 2020	Determine the type of custody securities
8	08/NQ-HĐQT	March 18, 2020	Agree to introduce personnel to elect additional members of the Board of Directors for the term 2017-2022
9	09/NQ-HĐQT	March 18, 2020	Change the management unit of SHB Hanoi's transaction offices to other branches
10	10/NQ-HĐQT	March 20, 2020	Handle un-issued shares and extend the share distribution period of the share issuance to public.
11	11/NQ-HĐQT	April 9, 2020	Agree to reduce the remuneration of members of the Board of Directors due to the impact of Covid 19
12	11.1/NQ-HĐQT	April 14, 2020	Approve SHB's plan to issue bonds for the first time in 2020
13	12/NQ-HĐQT	April 16, 2020	Cancel the list of shareholders eligible for attending the 2020 Annual General Meeting of Shareholders prepared on March 16, 2020 and re-approve the last registration date, the date of the meeting of the 2020 Annual General Meeting of Shareholders.
14	13/NQ-HĐQT	April 16, 2020	Handle odd shares, un-issued shares of the issuance to the public
15	14/NQ-HĐQT	May 12, 2020	Establish the Board of Shareholders' Qualification Examination at the 28th Annual General Meeting of Shareholders
16	15/NQ-HĐQT	May 27, 2020	Determine the type of custody securities
17	16/NQ-HĐQT	May 29, 2020	Agree to reduce the remuneration of members of the Board of Directors in May 2020 due to the impact of Covid 19
18	17/NQ-HĐQT	June 12, 2020	Approve SHB's second bond issue in 2020
19	18/NQ-HĐQT	Junly 17, 2020	Apply remuneration to Ms. Le Thanh Cam - Member of the Supervisory Board for the term 2017-2022
20	19/NQ-HĐQT	July 17, 2020	Assign duties to members of the Board of Directors for the term 2017 - 2022
21	20/NQ-HĐQT	July 17, 2020	Apply remuneration to Ms. Nguyen Thi Hoat - Member of the Board of Directors for the term 2017 - 2022
22	21/NQ-HĐQT	August 31, 2020	Approve changing credit extension conditions for businesses

23	22/NQ-HĐQT	August 31, 2020	Approve opening of L/C for businesses
24	22.1/NQ-HĐQT	September 1, 2020	Change personnel of the Board of Members of Saigon - Hanoi Commercial Joint Stock Bank One Member Finance Company Limited for the term 2016-2021
25	23/NQ-HĐQT	September 4, 2020	Approve SHB's 3rd bond issue of 2020
26	24/NQ-HĐQT	September 6, 2020	Delist on HNX and list on HOSE
27	25/NQ-HĐQT	September 17, 2020	SHB participated in supporting and handling the People's Credit Fund of Tho Xung Ward, Bac Giang Province
28	26/NQ-HĐQT	September 21, 2020	Approve the bond investment plan of Securities Company
29	27/NQ-HĐQT	September 25, 2020	Approve the bid guarantee for businesses
30	28/NQ-HĐQT	September 29, 2020	Approve the opening of L/C for businesses
31	29/NQ-HĐQT	October 6, 2020	Approve the provision of bid guarantees for businesses
32	30/NQ-HĐQT	October 16, 2020	Approve changing credit extension conditions for businesses
33	31/NQ-HĐQT	December 14, 2020	Approve the transfer of shares held by SHB in the enterprise
34	32/NQ-HĐQT	December 15, 2020	Approve the granting of credit lines for businesses
35	33/NQ-HĐQT	December 15, 2020	Approve the provision of bid guarantees for businesses
36	34/NQ-HĐQT	December 16, 2020	Approve the redemption of bonds TP/SHB2015-10Y HDQT before maturity
37	35/NQ-HĐQT	December 21, 2020	Approve the divestment of SHB at Thanh Dat Paper Joint Stock Company
38	36/NQ-HĐQT	December 30, 2020	Approve the opening of L/C for businesses

5.1.4. Activities of the independent members of the Board of Directors not participating in the management

- To perform duties as assigned by the Board of Directors and the role of independent members of the Board of Directors as prescribed, independent members of the Board of Directors were assigned and undertook the following functions and duties:

- + Manage and supervise the Risk Management Division and be the Chairman of the Risk Management Committee;
- + Manage and supervise the Investment Banking Division in the first 6 months of the year and from June 2020, administer and supervise the modernization of banking technology and digital transformation, and digital banking development;
- + Perform the functions and duties of members of the Board of Directors as independent members.
- According to SHB's business orientation, in 2020, independent members of the Board of Directors had important activities to contribute to improving business performance, risk management and implementation of IT development strategy of SHB. Main specific activities implemented in 2020 are:
 - + Direct and support Risk Management Committee, Risk Management Division to develop and determine the direction and objectives of risk management in accordance with SHB's business strategy, then building an action plan to achieve the target in 2020. Regarding the result, in 2020, the Bank properly completed the plan of management calculation and reported CAR according to Circular 41; completed the risk management policy system, organizational structure of the internal control system according to 3 independent protection routes; implemented and reported ICAAP in compliance with Circular 13 ahead of time. Thereby, SHB officially became one of the first banks to fully complete 3 pillars according to Basel II standards in 2020;
 - + Direct and organize the implementation of overall activities of the Risk Management Committee and implement the recommendations of the State Bank Inspector. During the year, the independent member of the Board of Directors directed the Risk Management Committee to develop an action plan 2020-2021 to identify goals, tasks, solutions, and develop detailed action plan to achieve the overall goals attached with SHB's development strategy, thereby enhancing the role and efficiency of operation and ensuring that the Risk Management Committee operates in accordance with SHB's regulations, complies with the regulations of the State Bank and the law, meets risk management standards under Basel II;
 - + Direct the implementation, monitoring, review and re-evaluation of the system of documents, product policies towards individual customers and corporate customers, and the risk impact of COVID-19 on SHB's operations; In particular, early direct the Risk Management Division to develop continuous business plan across the entire system to respond to the epidemic. SHB ensured continuous operation throughout the system during the COVID-19 epidemic.
 - + Quarterly report on risk assessment activities, risk management issues of SHB and have specific recommendations to improve the business performance of SHB on the basis of ensuring safety and compliance;
 - + Coordinate with the Head of Supervisory Board to propose and request the direction of the implementation of the recommendations of the State Bank Inspector;
 - + Direct and orient the Investment Banking Division to build core competencies, perfect the organizational structure and build development strategies and business plans according to

projects approved by the Board of Directors. Directly support Investment Banking Division in recruiting human resources, accessing international capital sources, and potential customers. Thereby, although the Investment Banking Division was newly established, it initially achieved positive business results, basically completed the business plans of the year;

- + Direct the IT Division to work with BOD's advisors to determine and assess SHB's IT current situation, thereby identifying immediate priorities to ensure stable operation, maximizing the existing performance of the system;
- + Assess the current situation and analyze the difference with the IT master plan of Ernst & Young consultant to develop an IT modernization strategy, digital transformation strategy and to build a digital bank. Based on the strategy, build a master plan and implementation roadmap to organize implementation. The modernization of technology and digitization is an inevitable and important step for SHB to improve its competitiveness and business efficiency as well as governance. Key projects identified include upgrading core banking system, deploying and developing a CRM system, etc. At the same time, nearly 20 new software applications were deployed and put into use during the year to support business development and management;
- + Direct and orient the improvement of the organizational structure of the IT Division to meet the requirements of new operation and improve the efficiency of using resources from HR and infrastructure equipment. Directly support the recruitment of senior personnel of the IT Division, ensuring the system operates stably, develop and organize the implementation of IT development strategies;
- + Attend all meetings and have independent opinions on the contents of discussion and resolutions of the Board of Directors directly or via opinion form.

5.1.5. Activities of subcommittees in the Board of Directors

Currently, SHB has committees and departments under the Board of Directors including HR Committee, Risk Management Committee, Internal Security Department and Research & Development Department as advisors and assistants to the Board of Directors. The establishment of Committees/Departments ensures compliance with the State Bank's regulations and laws. The Committees/Departments operate according to the Regulation on organization and operation of each unit issued by the Board of Directors.

The Committees/Departments under the Board of Directors have promoted their capacity to advise and assist the Board of Directors in the Bank's governance, specifically:

(i) Human Resources Committee

Human Resources Committee has the function of advising and assisting the Board of Directors on human resource-related matters; developing and implementing policies on HR, salary, bonus, remuneration, organizational structure, rewarding and punishment.

Human Resources Committee consists of 6 members, in which the chairman of the committee is Mr. Do Quang Hien, Chairman of the Board of Directors. In 2020, the Human Resources Committee identified goals and plans to develop and enhance roles and activities with specific tasks as follows:

- + Advise the Board of Directors to consider and approve to orient the Board of Management to research and develop long-term programs and plans related to human resource work in order to deploy HR-related content in the development strategy;
- + Advise and assist the Board of Directors in human resources activities according to the Bank's development strategy on the

basis of defining the Bank's overall goals in each period:

- Advise the Board of Directors to consider, approve and decide the implementation of the HR works and contents in the identified development strategy for the CEO to direct the related units to implement;
 - Through monitoring activities, assist the Board of Directors to urge, inspect and evaluate the above contents.
- + Advise and assist the Board of Directors to consider adjusting, supplementing, renewing, and changing priority of HR contents in the Bank's development strategy in line with the actual situation on the basis of the Bank's overall goal in each period;
- + Advise the Board of Directors on the number, size and structure of the Board of Directors, the Supervisory Board, and the Management Board in accordance with the scale of operations and development strategies of SHB;
- + Advise the Board of Directors to handle HR issues (appraisal, conditions, profile standards of the appointees, candidates, nominees) arising in the process of conducting procedures of election, appointment, dismissal and removal of the titles of members of the Board of Directors, members of the Supervisory Board, the Management Board and positions within the authority of the Board of Directors in accordance with the law and SHB;
- + Study and advise the Board of Directors on proposals to issue internal regulations of SHB within the authority of the Board of Directors;
- + Appraise and evaluate specific proposals, mechanisms, policies for human resource development and management activities;
- + Advise and propose the Board of Directors to consider and approve methods and principles for implementing the salary, bonus, remuneration regime, labor relations in accordance with the law for members of the Board of Directors, Board of Supervisors, Board of Management;
- + Advise and propose to the Board of Directors to approve the workforce schedule in the whole system;
- + Advise and assist the Board of Directors in developing and approving human resources training & development strategies and annual training plans.
- + Through monitoring activities, detect shortcomings, arising problems that are not yet specified, gather advices to submit to the Board of Directors for consideration and approval so that the CEO will direct the relevant units to build, supplement and amend to prevent risks and to apply to similar circumstances.
- + Analyze, forecast, warn about risks, control the compliance with regulations on human resource development and human resource work.

(ii) Risk Management Committee

Risk Management Committee has the function of advising and assisting the Board of Directors in building risk management system and issuing strategies, processes and policies under the authority of the Board of Directors related to risk management in banking activities in accordance with the law and SHB's Charter.

The Risk Management Committee consists of 05 members and is chaired by an independent member of the BOD. In 2020, the Risk Management Committee identified the objectives and plans to meet the requirement of continuing to develop and perfect the modern risk management system, ensuring compliance with the requirements and regulations of the State Bank according to Basel 2 standards, minimizing the material risks and supporting SHB's

operations and business in the direction of profitable, safe and sustainable growth. In addition to regular professional meetings every week, every month during the year, the Risk Management Committee conducted 04 meetings according to the regulations on organization and operation:

No.	Date	Content and Result
1	February 21, 2020	Meeting on risk report and approval of the resolution of the Risk Management Committee of Quarter 4, 2019
2	April 28, 2020	Meeting on risk report and approval of the resolution of the Risk Management Committee of Quarter 1, 2020
3	August 04, 2020	Meeting on risk report and approval of the resolution of the Risk Management Committee of Quarter 2, 2020
4	October 31, 2020	Meeting on risk report and approval of the resolution of the Risk Management Committee of Quarter 3, 2020

Through the meetings by reports, recommendations and resolutions, the Risk Management Committee advised the Board of Directors and coordinated with the Board of Management, Risk Management Division, and Basel II Project Committee to implement the 2020 action plan and achieved important results as follows:

- + Develop and issue sufficiently risk management policies as required by the State Bank to meet the reality of SHB operations; Re-issue the regulations on risk limits, prudential ratios and limits for SHB operations according to Circular 22/2019/TT-NHNN of the State Bank (effective from January 01, 2020) in replacement of Circular 36 regulating prudential limits and ratios in the operations of commercial banks and overseas branches;
- + Complete CAR calculation and report CAR according to Circular 41 from January 2020;
- + Build SHB's internal control system to meet the requirements of Circular 13: Adjust the organizational structure of the Risk Management Division to supplement and fully operate the risk management functions to ensure the internal control system is organized according to 3 independent protection lines;
- + Deploy and report ICAAP under Circular 13 ahead of time, making SHB one of the first banks to fully complete 3 pillars according to Basel II standards, complying with the requirements specified in Circular 13 and Circular 41 of the State Bank in 2020;
- + Have timely recommendations and reports to cope with the COVID-19 epidemic outbreak. Direct the implementation of plans to maintain business continuity throughout the system to respond to epidemic situation and adjust credit policies and interest rate policies according to the State Bank's direction. Ensure that SHB's operations are maintained continuously with no arising case of transaction cessation;
- + Supervise the adjustment of the debt collection and settlement system, establish the Problem Debt Management and Settlement Division and the Internal Control and Compliance Monitoring Department, ensuring the organization and implementation of functions and duties in accordance with the approved request of the Board of Directors;
- + Monitor and evaluate the periodic risk reports of the Board of Management and give notices, recommendations, and proposals to approve the reports and resolutions of the Risk Management Committee, with special attention being paid to solutions and measures to improve credit quality,

ensure centralized management of information and properly, sufficiently and promptly record NPL information, and increase efficiency in handling problem debts. Propose and review the implementation of organizational structure, problem debt management solution and model in the direction of systematization and professionalization.

- + Complete ahead of time the proposals of the State Bank Inspector on the activities of the Risk Management Committee, ensuring that the Risk Management Committee operates in accordance with the regulations and requirements of the risk management work.

(iii) Internal Security Department (ISD)

Internal Security Department is a unit directly under the Board of Directors, having the function of advising and assisting the Chairman of the Board of Directors/the Board of Directors on the work of ensuring security and safety activities throughout SHB system and member units.

- The ISD has 04 members. In 2020, the ISD studied and proposed to rebuild functions and duties to suit the Bank's actual operations, including:

- + Develop and implement strategic measures and plans to ensure security, internal safety and information security at SHB;
- + Cooperate with relevant units to inspect and supervise the compliance with policies, laws, develop regulations, procedures, etc. to limit risks and losses for SHB;
- + Verify, advise the Chairman of the Board of Directors in the personnel selection process;
- + Investigate and verify the faults of organizations and individuals violating professional activities;
- + Implement measures to ensure the security of SHB's facilities and systems;
- + Develop preventive measures, prevent violations in management;
- + Participate in preventing and solving problems causing disorder at the Bank by individuals/organizations affecting the reputation and image of SHB.

(iv) Research & Development Department

The Research & Development Department is a unit directly under the Board of Directors to perform the function of advising and assisting the Board of Directors in the following areas:

- Research development trends of international and domestic banks, and the trend of demand for banking and financial services of domestic and international customers in the medium and long term;
- Research and propose policies, plans, development strategies to orient SHB to overcome competitors and achieve the goals set by the Board of Directors;
- Research, propose policies, plans and strategies for professional SHB orientation, meeting international standards;
- Research organizational development strategies through studying the organizational models of banks/credit institutions in Vietnam and in the world, then propose and advise competent authorities for appropriate application for SHB.
- Organize the implementation of strategic studies and plans/policies into the system reality in order to operate SHB in accordance with the strategy approved by the Board of Directors.

5.1.6. List of Board members with certificates of corporate governance training:

From 2018 to 2020, 33 senior leaders and managers of SHB participated in training courses and obtained certificates of corporate governance issued by the State Securities Commission in accordance with regulations, including Members of the Board of Directors, Members of the Supervisory Board, CEO and Deputy General Directors, Directors/Deputy Directors of management units at the Head Office and Office Chief of the Board of Directors, Office Chief of CEO, Assistant to the Board of Directors, Secretary, etc.

5.2. Supervisory Board

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

5.2.1. Members and structure of the Supervisory Board

No	Full Name	Position	Share Ownership Proportion (%)
1	Mr. Pham Hoa Binh	Head	0,007%
2	Ms. Le Thanh Cam	Specialized member	-
3	Ms. Pham Thi Bich Hong	Non-specialized member	-

For a summary of members of the Supervisory Board, see page 17

5.2.2. Activities of the Supervisory Board

Activities of the Supervisory Board of SHB in 2020 closely followed the rights and duties of the Supervisory Board in accordance with the provisions of law, the Charter and internal regulations of SHB, according to the plan and working direction of the Supervisory Board set out in the year and in each period; performing other tasks as requested by SHB's Board of Directors and CEO.

Through meetings with 100% members participating in 2020, the activities of the Supervisory Board were approved with the following contents:

- *Supervisory Board meeting on January 13, 2020:* Evaluating the results of the work done by the Supervisory Board in Quarter 4, 2019; setting directions and tasks of the Supervisory Board in Quarter 1, 2020.
- *Supervisory Board meeting on April 29, 2020:* Evaluating the results of the work done by the Supervisory Board in Quarter 1, 2020; setting directions and tasks of the Supervisory Board in Quarter 2, 2020.
- *Supervisory Board meeting on June 6, 2020:* Deploying the handover between members of the Supervisory Board; reassigning tasks to members of the Supervisory Board and implementing the work of the Supervisory Board after the restructuring - Term 2017-2022.
- *Supervisory Board meeting on July 21, 2020:* Evaluating the results of the work done by the Supervisory Board in Quarter 2, 2020; setting directions and tasks of the Supervisory Board in Quarter 3, 2020.
- *Supervisory Board meeting on October 1, 2020:* Evaluating the results of the work done by the Supervisory Board in Quarter 3, 2020;

setting directions and tasks of the Supervisory Board in *Quarter 4, 2020*.

In the spirit of unifying the contents of the meetings, the Supervisory Board completed the plan and working directions set forth in 2020 and in each quarter. Specifically, the main activities that have been successfully completed are as follows:

1) Supervise the governance and administration activities of SHB's Board of Directors and CEO in accordance with the law and SHB Charter.

2) Issue internal regulations of the Supervisory Board and Internal Audit (IA) in the period in accordance with the State Bank's (SBV) regulations, the amended and supplemented Charter and other SHB's internal regulations: Regulation on organization and operation of the Supervisory Board (according to the Resolution of the 28th General Meeting of Shareholders) issued together with Decision No.48/2020/QĐ-BKS dated June 22, 2020 of the Supervisory Board; Working mechanism and assignment of duties of the Supervisory Board (amended and supplemented) No.49/2020/CC-BKS dated June 22, 2020 of the Supervisory Board; Regulations on post-internal audit monitoring activities at SHB, issued together with Decision No.18/2020/QĐ-BKS dated April 7, 2020 of the Supervisory Board.

3) Ensure the good implementation of Internal Audit functions of the Supervisory Board:

- By directing the activities of the Internal Audit Division through scheduled and unexpected inspections, audits, the Internal Audit work of the Supervisory Board was carried out independently, regularly and comprehensively regarding activities at each SHB units.

- The Supervisory Board also directed the Internal Audit Division to remotely monitor the activities of SHB units in accordance with the Internal Audit Process as well as monitor the operational safety indicators in accordance with the State Bank's regulations; to apply information technology to develop monitoring methods, techniques and tools.

- Monitor the rectification and handling of problems discovered through the audit process; direct the Internal Audit Division to participate in the settlement of complaints and denunciations; direct the implementation of periodic reports in accordance with the State Bank's regulations and internal SHB regulations to ensure those reports are sufficient and on time.

- Focus on the training to improve the professional qualifications of Internal Audit managers and employees to ensure the sufficient quantity and quality of the operation of the Internal Audit.

- Participate in the Project of implementing Internal Audit management software solution: Head of the Supervisory Board joined the Project Steering Committee as Head of the Committee, members of the Supervisory Board joined the Project Management Committee as Project Supervisors.

- Perform other functions and duties of the Internal Audit in accordance with the provisions of the Charter, other internal regulations of SHB and relevant laws.

4. Ensure the accuracy of the appraisal of SHB's Financial Statements for 2019 and the first 6 months of 2020.

5. Check accounting books, other documents as well as the management and administration of SHB.

6. Promptly notify the Board of Directors when detecting a violation of the bank manager.

7. Timely update the list of major shareholders and related persons of members of the Board of Directors, members of the Supervisory Board, CEO, institutional shareholders and other individual

shareholders of SHB participating in equity contribution according to legal provisions and SHB Charter.

8. Ensure effective coordination with Independent Auditors, State Auditors, Government Inspectors, State Bank Inspectors when these units came to work at SHB.

5.3. Transactions, remuneration and benefits of the Board of Directors, Board of Management and Supervisory Board

• Salary, bonus, remuneration, benefits:

- In 2020, remuneration for the Board of Directors and the Supervisory Board was 29.3 billion VND.

- Salary of the Board of Directors in 2020 was 40.2 billion VND

• **Stock Transactions of internal shareholders:** None

• **Contracts or transactions with internal shareholders:** None

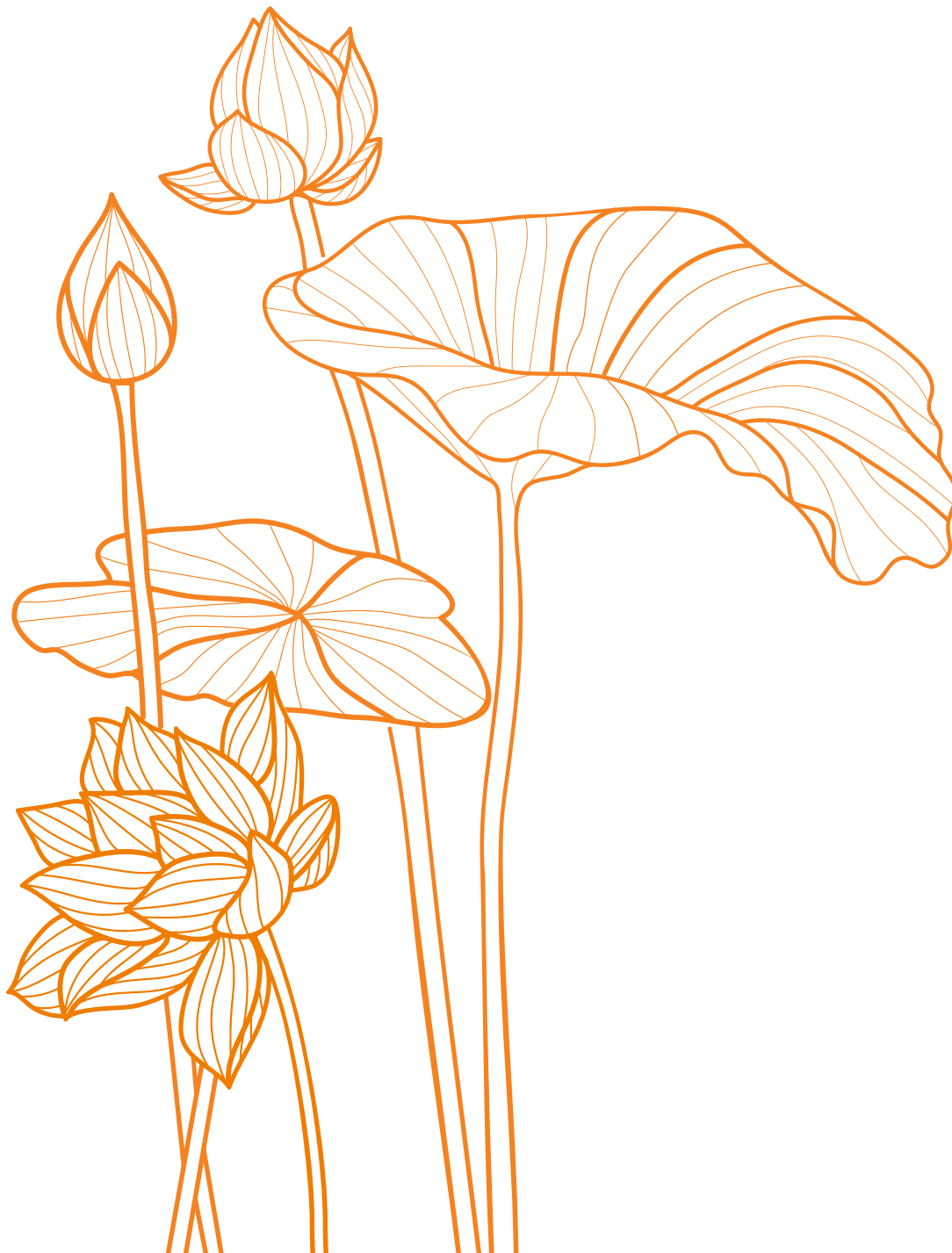
• Implementation of regulations on corporate governance:

The Board of Directors, the Board of Management and the Supervisory Board fully implemented the regulations on corporate governance in accordance with the law.

**FAR-REACHING
BRIGHT MIND**



“ In the coming years, SHB will focus its resources strongly on technology projects to improve customer experience as well as effectively promote the target customer segment, officially opening a new stage of great prospects, where the focus is on development and growth. ”



SHB IMPROVES POSITION, EXPANDS INTERNATIONAL COOPERATING OPPORTUNITIES AND BUSINESS DEVELOPMENT

Over the years, the position and stature of SHB has been affirmed, strengthened and continuously levelled up the Bank very often had the honorto accompany Top leaders of the Party and Government, representing the enterprise community to participate in important seminars on investment and cooperation between Vietnam and other countries. In particular, there have been meetings with leading economic partners in the United States, France, Russia, the Netherlands, Switzerland, Belgium, Germany, Australia, Japan ..., and many cooperation agreements between SHB and economic corporations have been successfully signed in these meetings.

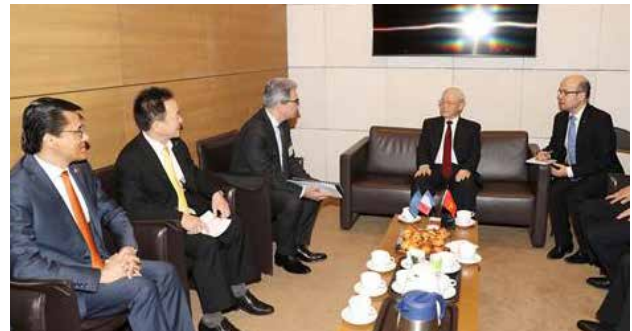
These activities not only contributed to raising the status and image of the country and the Vietnamese business community, but also opened up new opportunities for cooperation and business strategies for Vietnam's enterprises in general and SHB in particular.



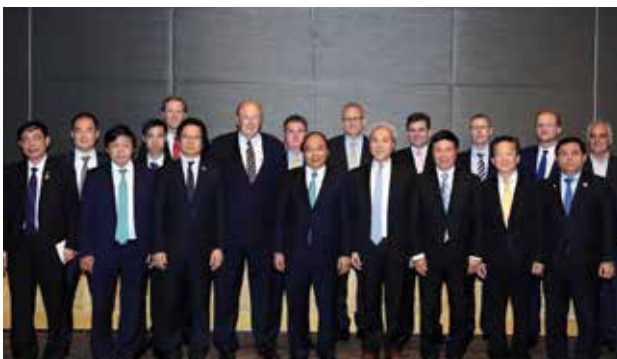
Secretary General Nguyen Phu Trong and French President Emmanuel Macron witnessed Chairman of the Board of Directors Do Quang Hien and Mr. Jean Philippe Trin - Chairman of Bouygues Travaux Publics Company (belonging to Bouygues Group) signing a memorandum of understanding on investment cooperation in the urban railway project number 3



Secretary General Nguyen Phu Trong witnessed the signing ceremony of a memorandum of understanding on investment cooperation between SHB's Chairman of the Board of Directors Do Quang Hien and France's Bouygues Group on the project of upgrading and expanding Hang Day Stadium.



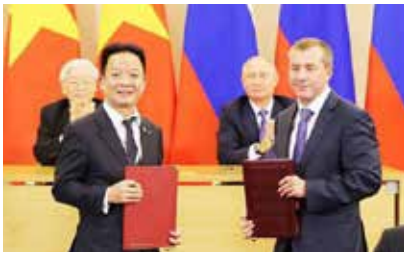
At the headquarters of the French Association of Owners of MEDEF, General Secretary Nguyen Phu Trong had a private meeting with SHB's Chairman of the Board of Directors Do Quang Hien and some leaders of Bouygues Group.



Chairman of the Board of Directors Do Quang Hien took a photo with Prime Minister Nguyen Xuan Phuc (now President) and leading Australian enterprises.



During his visit to New Zealand and Australia, Chairman Do Quang Hien attended many investment promotion activities, met and discussed with many foreign partners to seek cooperation opportunities in different business lines for both SHB, T&T Group.



Secretary General Nguyen Phu Trong and President of the Russian Federation Vladimir Putin witnessed the awarding ceremony of a memorandum of understanding on investment cooperation between Mr. Do Quang Hien - Chairman of the Board of Directors of SHB and Mr. Denis Ivanov - Chairman of the Board of Directors of IBEC.



Secretary General Nguyen Phu Trong and President of the Russian Federation Vladimir Putin witnessed the signing ceremony of the memorandum of understanding on investment cooperation between Mr. Do Quang Hien - Chairman of the Board of Directors of SHB and Mr. Nikolay Kosov - Chairman of the Board of Directors of IIB Bank.



SHB's Chairman Do Quang Hien was honored to take photos with Secretary General Nguyen Phu Trong and high-ranking Vietnamese delegation when he presented flowers at Uncle Ho's monument in Moscow.



SHB's Chairman Do Quang Hien was honored to join General Secretary Nguyen Phu Trong and delegates to plant a tree in Ho Chi Minh Square.



In February 2012, SHB officially opened a branch in Cambodia with a total investment of USD 37 million.



In August 2012, SHB opened a branch in Laos with an initial registered capital of USD 13 million.



In July 2014, SHB and Manchester City Football Club signed a strategic co-branding agreement, marking a new step in the partnership between a leading bank in Vietnam and a fancy, popular and dynamic football team in the world.



In March 2016, SHB and the famous Barcelona Football Club officially signed a strategic co-branding agreement.



In December 2019, SHB signed a strategic cooperation agreement with Amazon Global Selling Vietnam, becoming Amazon's first banking partner in Vietnam, the "extended arm" of Vietnamese enterprises reaching out to the ocean.



Prime Minister Nguyen Xuan Phuc (now president), former Chairman of the National Assembly Nguyen Sinh Hung, Deputy Prime Minister Vuong Dinh Hue and members of the Party Central Committee, leaders of central ministries and branches, The State Bank of Vietnam, Nghe An province took photos with SHB Chairman Do Quang Hien and leaders of large corporations and enterprises at the "2018 Investment Promotion Conference" held in Nghe An.

6. Breakthrough activities and events in 2020

Strong digital transformation, towards modernization of the bank, with a series of technology projects being implemented simultaneously

Starting the digital transformation roadmap, SHB officially launched the CRM project, the beginning of an important development step to realize the goal of SHB becoming a leading modern universal retail digital bank in Vietnam.

The 28th General Meeting of Shareholders

SHB agreed to approve all important contents, including the goal of achieving the Top 03 largest private joint stock banks in Vietnam, strongly transforming towards digital technology, promoting the customer ecosystem and the value chain that SHB has strengths, etc.

Financial health with sustainable growth, completing Basel II pillars

SHB successfully issued more than 500 million shares, raising its charter capital to VND 17,558 billion. This is the foundation for the bank to complete all the pillars of Basel II in 2020, thereby helping SHB affirm and enhance its reputation with domestic and foreign investment community as well as credit rating agencies.

SHB invested capital to promote economic development in the Mekong River Delta:

With the spirit of sharing difficulties with people and businesses in the Mekong River Delta, SHB was always ready to provide financial solutions to meet the capital needs of people and businesses for production and consumption of rice - one of the industries playing a key role in the regional economy.



The Bank made many positive efforts to accompany small and medium enterprises in 2020; recognized by reputable organizations

SHB and Vietnam Association of Small and Medium Enterprises (VINASME) signed a comprehensive cooperation agreement to support member enterprises of VINASME to improve their competitiveness, access capital and use loan effectively.

SHB cooperated with Amazon Global Selling to successfully organize training sessions exclusively for individuals and businesses to help customers access modern e-commerce platforms, opening up opportunities for brand development, bringing Vietnamese products to more than 300 million accounts of consumers worldwide.

SHB brought cheap capital to small and medium enterprises and recently signed the Indirect Lending Framework Contract between the Small and Medium Enterprise Development Fund (SMEDF) and SHB, supporting small and medium-sized enterprises (SMEs) to start up, to join industry clusters, value chains.

Accompany ASEAN Chairmanship Year, support Government Committee to successfully organize conferences 36 and 37

Accompany State agencies in contributing to promoting e-Government and promoting economic development.

Sign cooperation agreement with the State Treasury to coordinate state budget collection and bilateral payment (3 regions)

Accompany and support customers and actively adapt during Covid epidemic.

Package of 25,000 billion VND on national scale, Package of 2,500 billion VND exclusively for Da Nang, Quang Nam, reducing interest rates and transaction fees, and a series of other synchronous solutions, etc.

Accompany social security activities nationwide, towards the community

Enhance the experience for high-end customers with SHB First Club Noi Bai

In 2020, opening SHB First Club Lounge - the first 24k gold plated lounge at Noi Bai International Airport with many outstanding amenities, SHB affirms its commitment to constantly bring high-end services and worthy experiences for customers.



7. Achievements and social Recognition

During 27 years of development, SHB has always maintained a stable and sustainable growth, worthy of the trust and expectation of customers, shareholders and investors. SHB's success and reputation are recognized by many noble awards from the Party and State, many prestigious awards from prestigious domestic and international organizations.

Typical titles awarded by the Party - State:

- Second-Class Labor Medal (2nd time), Third-Class Labor Medal awarded by the State President
- First-Class Labor Medal awarded by the State President to the Chairman of the Board of Directors of SHB.
- Second-Class Labor Medal awarded by the State President to CEO of SHB.
- Second-class Labor Medal of the State President awarded to Deputy General Director of SHB.
- Emulation Flag and Certificate of Merit awarded by the People's Committee of Hanoi to SHB.
- Title "Excellent Citizen of the Capital" awarded by the People's Committee of Hanoi City to Chairman of the Board of Directors of SHB.
- Thang Long Cup of Hanoi People's Committee honoring SHB
- Many other certificates of merit and emulation flags of the Government, the State Bank, the People's Committees of provinces and cities where SHB has transaction office; etc.





Typical domestic awards awarded/voted by Industries/ Sectors/Organizations:

- Top 10 most prestigious Vietnamese banks for 5 consecutive years voted by Vietnam Report Joint Stock Company (Vietnam Report).
- Top 50 best enterprises in Vietnam honored by Vietnam Report Joint Stock Company (Vietnam Report).
- "Outstanding Vietnamese Bank on Green Credit" and "Outstanding Vietnam Bank Accompanying Small and Medium Enterprises" awards

voted by Vietnam Banking Association (VNBA) in collaboration with International Data Group (IDG).

- Top 10 Listed Enterprises with the Best Annual Reports.
- Top 10 "Vietnamese products most loved by consumers" due to the creativity and service quality of "Flexible Online Savings" banking product.



Typical International Awards awarded/voted by Countries/Groups/Organizations/Prestigious Magazines:

**THE ASIAN BANKER®
VIETNAM COUNTRY AWARDS**

- Top 500 strongest banks in Asia voted by The Asian Banker



- Bank of the Year 2020 honored by The Banker.



- Best bank for SMEs Vietnam honored by Asiamoney Magazine.



- "Best Trade Finance Bank 2020", "Bank with the best Customer Support Initiative in 2020" (for the wholesale banking award category) and "Bank with the best strategic cooperation initiative in 2020", "The most innovative bancassurance product in 2020" (for retail banking award category) honored by The Asian Banking and Finance.



- Best Trade Finance Bank in Vietnam 2020 honored by Alpha Southeast Asia Magazine.



- "Bank with user-friendly mobile banking interface" and "Bank with the best savings products" by Global Banking and Finance Review (GBFR) and International Finance Magazine (IFM).

**Moody's
INVESTORS SERVICE**

- Moody's Investor Service maintained its rating and outlook for long-term foreign currency issuer at B2, stable.

And many other prestigious awards ...

8. Sustainable Development

With well-invested foundations, SHB is fully converging the necessary elements for the realization of strategic goals, bringing lasting benefits to customers, shareholders, employees and community.

8.1. Policies related to employees

SHB has a young human resource with an average age ranging from 29 to 31 years old, an age range full of enthusiasm and passion for dedication and development.

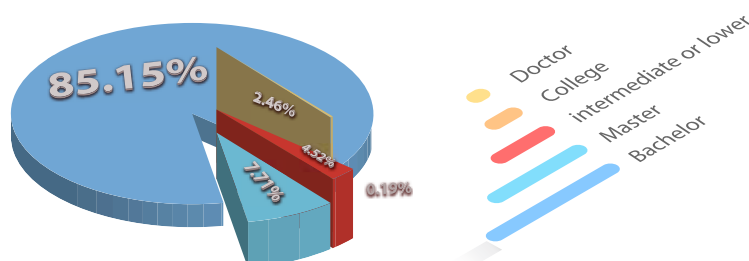
8.1.1. Number of employees, average salary for employees

The total number of SHB's employees as of December 31, 2020 is 8,435, an increase of 2.7% compared to 2019. In 2020, the average income of SHB employees reached 21.2 million VND/person/month, an increase of 4.2% compared to 2019.

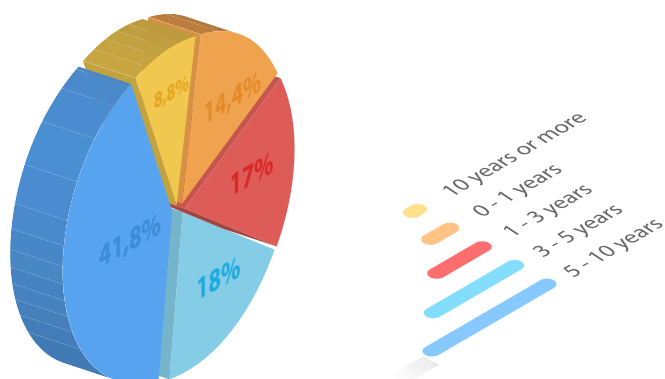
At SHB, the human resources structure is shifting towards professionalism, optimizing labor productivity and increasing the capacity of managers, advisory quality, service, attaching with reality, contributing to improving resource quality and efficiency, strengthening the role of units at the Head Office towards narrowing the gap in business performance compared to personnel size. Therefore, it is required to improve the quality of human resources, especially the young, enthusiastic workforce, experts and managers who have the ability to approach new trends to meet increasingly high requirements in projects, conversion models, contributing to optimal operation.

HR structure in 2020

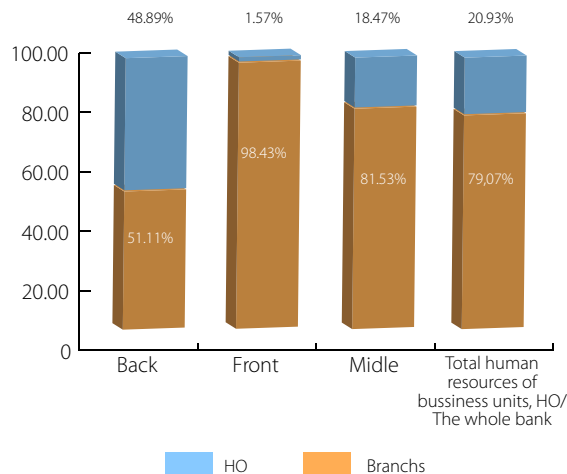
HR structure by qualification



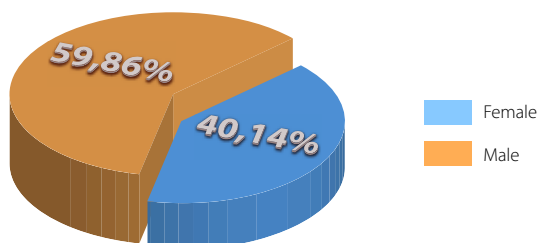
HR structure by seniority



HR structure by HO operation for Business Unit



HR structure by sex



8.1.2. Labor policy to ensure health, safety and welfare of employees..

With the goal of building an experienced, enthusiastic and qualified workforce to meet the requirements of a modern bank, in 2020, SHB identified 4 Employee Attraction Values (or SHB's core values as recruiter). The 4 values are not only SHB's competitive advantage in the recruitment market, but also a guideline for human resource development to make effort everyday to maintain and promote those strengths.

Value 1: Competitive welfare

SHB understands and cares about the staff with practical and competitive benefits compared to other banks and businesses in the market. Welfare for female managers, employees, and leaders is superior and is the number 1 value that attracts employees.

Value 2: A humane and responsible environment

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

Value 3: A private bank with an international vision

With a vision to reach to the region and the world, SHB has been cooperating with leading organizations and brands in the world such as Amazon, Barcelona Club, ManCity Club and many other

big brands. SHB is also the first commercial joint stock bank to have an office in ASEAN. Challenging oneself and working for major cooperation projects is an opportunity for employees joining SHB.

Value 4: Accompany the aspirations of national businessman Do Quang Hien

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

"If you are an entrepreneur, you must always have the thought of getting rich. However, you must not get rich at all costs, but with your kindness, dedication and you must have national pride". This is the famous saying of the People's Entrepreneur Do Quang Hien which summons many talents in many professional areas to accompany SHB.

• Salary and bonus policy

"Living by salary, getting rich by bonus" is the motto SHB always tries to realize so that the employees feel secure to stay with the bank.

In 2020, SHB completed the adjustment and rearrangement of income by title for employees of all business units according to results of ratings, grades and regions. The system of performance evaluation criteria (KPIs) were continued to be completed, aiming to pay a fair and accurate monthly income according to the employees' capacity and dedication to the functions and duties of each operation units. Salary policy is attached with the results of periodic work performance evaluation, motivating employees to work and fulfill their planned goals.

With a specific KPIs system, whether the income is high or low is decided by the employee. The annual salary increase is guaranteed to be public, fair and transparent, demonstrating SHB's development policy.

Salary & Bonus policy was fully implemented for all managers and employees on national holidays, New Year holidays and on the Bank's establishment anniversary. Especially, the policy of emulation and rewarding for each unit, branch, area and the whole bank is updated and renewed annually. This is a regular activity which employees wait for, strive to work and appreciate recognition such as annual/quarterly Certificate of Merit awarded by the Chairman of the Board of Directors, the CEO and overseas trips (Europe, Asia, etc.) in order to promptly encourage team/individual employees with new initiatives, exceeding the planned targets, achieving excellent results, etc.

• Insurance, health care, safety and welfare policy

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

SHB focuses on health care for employees with a relatively high cost. SHB cooperated with leading hospitals to organize medical examinations for their staff periodically once a year, at an average cost of 1 million VND/person. At the same time, employees are entitled to comprehensive health care insurance under the SHB Care program linked with BSH insurance for the third consecutive year with policies and insurance values increasingly beneficial to the employees. Specifically, for the leader positions, the insurance value is nearly 1 billion VND/person. For other titles, the average level of insurance is 200 million VND/person.

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

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

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

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

8.1.3. Training and employee development activities

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

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

In 2020, SHB implemented 71 training topics/contents for employees across the system, with a total of 39,277 employee participations, an increase of 15.9% compared to 2019. Total average class time per student is 38 hours/year. The quality of training was assessed by the trainees to reach 4.32/5 (compared with the minimum quality requirement of 3.75/5).

SHB made maximum application of technology in training activities according to its permissible ability and condition to improve the quality of online lectures with 29 training topics/contents that were digitized and converted in terms of the form of expression and put into service for learning/training on the elearning system. In the context of the spreading of Covid epidemic in many provinces and cities, negatively affecting the organization of the class, SHB successfully applied QR code to student attendance check and implementation of survey and evaluation at the end of the course, helping to save time, stationery costs and increase the efficiency of training management, while reducing the risk of infection due to contact, increasing safety in Covid epidemic prevention.

The training program was built for each target group

SHB provided training on the basis of the competency standard framework of each title and according to the required competency level of each position. The training programs at SHB were diversified, continuously improved, updated in content and form, suitable for many target groups.

- Regarding newly recruited employees, SHB developed integration training programs with the arrangement of senior employees to mentor to provide employees with general knowledge about SHB, background knowledge for work, helping them quickly integrate and get familiar with SHB culture. The number of trainees

participating in integration training in 2020 was 448 times.

- Regarding experienced and competent employees, SHB focused on advanced and specialized training in order to plan resource employees, creating career promotion opportunities. The number of trainees participating in intensive product and professional skills training in 2020 was 38,671 times.

- Regarding managers, SHB implemented training programs to improve management capabilities, strategic planning & developing skills, change management skills, etc. Every year SHB facilitated so that managers can participate in training courses and seminars abroad. By 2020, there were 158 turns of managers participating in

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

Technology applications in training were always focused through the operation of the Study-Exam System (SHB-LMS) and Online Survey (SHB-Survey, Google Docs). The LMS and Survey systems were ensured to maintain stable operation, serving study-exam activities, survey/evaluation of online training service quality, contributing to reducing operating costs (document printing, document management, exam marking, etc.). Modern training system made the learning of employees become easier and more effective.

Recruitment Policy

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

Internal recruitment and appointment was focused by the management board, with priority given to internal human resources recruiting to create attachment and encourage employees to develop. For candidates from outside, SHB prioritized experienced candidates, graduates with good academic performance at prestigious universities at home and abroad and agreed on the desired salary based on experience, capacity and qualifications.

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

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

8.2. Responsibility to the local community

Over the past quarter century, each SHB employee made constant efforts to live, dedicate, and create a brighter future for themselves, their families, the bank and the whole community and nation. That humanitarian spirit came from the benevolence of the Board of Directors and the Board of Management of the bank, gradually spreading to become a typical and proud spirit in SHB's corporate culture.

In 2020, SHB spent a total of more than 52,6 billion dong on social security activities, more than double that of 2019; Most were spent on activities to support the prevention of the Covid-19 epidemic and to support people affected by floods in Central Vietnam during the historic flood in November 2020. The numbers for social security in 2020 said everything for SHB's heart for the community and society.

Working together to prevent the Covid-19 epidemic



The year 2020 was a particularly difficult year for both the world and Vietnam when we had to maintain daily life, production and business, and at the same time, prevent epidemic from spreading. In the most difficult times, SHB always worked closely with central and local agencies, organizations with a total budget to support the fight against Covid from the beginning of the year up to more than 12.5 billion dong, including support activities with cash and direct relief such as: donating medical protective gears, virus testing kits to hospitals, donating rice and necessities to people in epidemic areas. The Bank wanted to share with the Government and people nationwide to be assured to fight against the epidemic as well as to reduce the financial burden in the context of the Vietnamese government providing completely free hospital fees for patients and testing costs, the cost of quarantine for suspected infected people.

Hunger eradication and poverty reduction, recovery from disaster



Following the social responsibility activities of the previous years, with the spirit of decent leaves protecting torn leaves, in 2020, SHB continued to maintain practical social security activities to reach the hands of people with difficult circumstances in many provinces and cities such as patients with critical diseases, families in difficulty, people with disabilities, children in difficult circumstances, etc.

In addition, SHB continued to accompany central and local Charity Funds such as donating VND 5 billion to the Fund for the Poor 2020; VND 2 billion for the Fund for the Poor of Hanoi city; the Fund for the Poor of Nghe An province (VND 1 billion); the Fund for the Poor of Dong Thap province (VND 100 million).

For poor students and poor highland families, SHB's most outstanding activity in 2020 was to sponsor 1 billion VND to build schools and houses of gratitude in Cao Bang.

Especially, before the historic floods and storms in the Central Vietnam, SHB implemented the program "Journey from the Heart" and supported through funds with the amount of more than 21 billion VND to help people to stabilize their lives.

And many other meaningful charitable activities of different scales from North and South.

Supporting health and health care for the community - society



Improving the health care quality for the community was one of the social security tasks that SHB leaders as well as employees cared, spent a lot of time, energy and resources to perform. SHB contributed to sharing with the hardships of the team of nurses and doctors on the front line to fight against the epidemic such as the team of doctors at Bach Mai hospital, Da Nang hospital during the two outbreaks of Covid 19 epidemic.

In addition, SHB also spent more than 1 billion VND to support specific poor cases during medical examination and treatment in localities. This is a gift that shows the sharing and the heart of SHB's employees with people in difficult circumstances, and at the same time, further improving the quality of health care for people, especially people in disadvantaged and difficult circumstances.

Invest in education and the young generation



In 2020, SHB spent 1.5 billion dong on investments for education and young generation - one of the long-term social security goals that SHB leaders intend to maintain for many years. The meaningful training course "Young Leader" organized with ManCity Club for children from SOS Children's Villages continued to be held twice a year, in which the 2nd training program was held for the first time on a remote digital platform to equip young leaders from SOS Children's villages with adaptive proactive skills. Online training with skills training programs and contents were appropriate with the context of the outbreak of COVID epidemic. The main goal of the course was through the use of football to solve problems affecting adolescents. In the context of COVID, the program was adjusted to the community football movement proactively adapting to social distancing, developing specific programs to respond to COVID-19 and educating about WASH, calculation and literacy skills through football. The training contents were aimed at improving the capacity and soft skills for young leaders, proactively adapting in difficult times and cooperation.

In addition, in the school year 2019 - 2020, SHB supported many cases of children with difficulties overcoming difficulties to learn at Thac Dat and Cau Cao schools, Minh Dan and Bach Xa commune, Ham Yen district, Tuyen Quang province; Thanh Hoa and Tan Hung districts, Long An province; at the same time sponsored many gifts, scholarships for students as well as directly surveyed and sponsored schools in difficult circumstances in Cao Bang province.

As a sponsor of SHB Danang Club, SHB continued to provide full support to encourage Danang Club, contributing to maintaining football development in Da Nang, and contributing to the overall success of Vietnam football.

Other activities

Social responsibility did not just stop at financial support, SHB also carried out propaganda programs for the community on many useful topics, including "Expanding bank credit, preventing black credit" in Hoa Binh; and sponsored many social security programs on the occasion of the Lunar New Year.

SHB's humane and compassionate spirit was also expressed through the heart towards cases where employees accidentally died from traffic accidents during the loan application appraisal process in Ho Chi Minh City and Nghe An with support for their family of up to 1 billion VND per case.

SOCIAL SECURITY WORK IN 2020

NO.	CASE	SUPPORT AMOUNT
I	EDUCATION DEVELOPMENT	1,465,160,000
1	Support schools Thac Dat, Cau Cao in Minh Dan and Bach Xa communes, Ham Yen district, Tuyen Quang province	87,880,000
2	Young Leader Training Program for SOS Children	52,800,000
3	Support 50 students in difficulties of Tan Dong Secondary School and Hung Dien B High School	50,000,000
4	Support the Labor League of An Giang province to help disadvantaged students in An Giang province and contribute to the An Giang Study Promotion Association	24,480,000
5	Support school supplies, support scholarships for the 2019-2020 school year summary and scholarships for poor students overcoming difficulties in Ca Mau province at 7 different schools.	50,000,000
6	Hanoi Children's Fund	200,000,000
7	Sponsor the building of schools and houses of gratitude at Ban Gioc Waterfall - Cao Bang	1,000,000,000
II	HEALTH & HEALTHCARE SUPPORT	12,594,202,500
A	Sponsor medical organizations to conduct medical solution scientific seminars and free healthcare examination activities	11,553,202,500
1	Donate to the Fatherland Front Fund for Fighting against Covid-19	5,000,000,000
2	Support Bach Mai Hospital to prevent Covid-19 epidemic	1,000,000,000
3	Support the movement to join hands to prevent COVID-19 epidemic at the call of the Trade Union of the Banking sector	500,000,000
4	Support 3 provinces of Da Nang, Quang Nam and Quang Ngai affected by Covid-19 through the Fatherland Front Committee.	2,000,000,000
5	Donate biological products and medical equipment to the Department of Health of Quang Nam province to fight against Covid-19	2,500,240,000
6	Support for the prevention of the Covid-19 epidemic according to the official letter calling for sponsorship of Bach Mai Hospital	550,462,500
7	Present medical mask for Covid-19 prevention in An Lao District under the campaign program of the Party Committee of the Hai Phong Business Sector	2,500,000
B	Support individuals for medical examination and treatment	1,041,000,000
1	Support treatment costs for patients with difficult circumstances in localities	1,041,000,000
III	SUPPORT THE POOR	14,213,200,000
A	Support the poor through Fund organizations	12,581,800,000
1	Give gifts to poor households in Rach Gia city, Kien Giang province	250,000,000
2	Give gifts to poor households in Ca Mau province	250,000,000

3	Give gifts to poor households in Ha Nam province	250,000,000
4	Give gifts to poor households in Binh Dinh province	120,000,000
5	Give gifts to poor households in Khanh Hoa province	100,000,000
6	Give gifts to poor households in other localities (Lang Son, Bac Giang, Bac Ninh, Ninh Binh, Quang Ninh, Hai Duong, Dak Lak, etc.	317,800,000
7	Donate to the Fund for the Poor in Nghe An province	1,000,000,000
8	Donate to the Fund for the Poor in Dong Thap province	100,000,000
9	Fund for the Poor 2019	
10	Victim of Agent Orange, Hai Ba Trung District, Hanoi	54,000,000
11	Give Tet gifts (cash, bicycles and other gifts) to disadvantaged students in Son La province	65,000,000
12	Give gifts to disadvantaged students in Tuyen Quang province	88,000,000
13	Support Buu Thang II pagoda to take care of orphans and disabled children	60,000,000
14	Support the Association of the Blind in Ben Tre province	60,000,000
15	Support the Nursing Center for people with meritorious services in Thai Binh province	32,000,000
16	Donate basic necessities to the poor and disadvantaged people at 18 points out of 12 high-risk provinces in Covid 19 epidemic nationwide: Hanoi, HCM City, Lao Cai, Quang Ninh, Bac Ninh, Ninh Binh, Da Nang, Quang Nam, Binh Thuan, Khanh Hoa, Tay Ninh, Ha Tinh	600,000,000
17	Support Khanh Hoa Red Cross Association	1,000,000,000
18	Coordinate with the State Bank of Long An province to build houses for the poor in the province	120,000,000
19	Coordinate with the State Bank of Dong Thap province to build houses for the poor in the province	90,000,000
20	Fund for the Poor of Hanoi City	2,000,000,000
21	Fund for the Poor 2020	5,000,000,000
22	Sponsor schools and houses of gratitude for poor households in Cao Bang province	1,000,000,000
23	Buy art performance tickets to support the Fund of Orange Agent of Hanoi city	25,000,000
B	Direct support for poor and difficult circumstances	1,631,400,000
1	Support living expenses for families with poor and difficult circumstances in localities	1,631,400,000
IV	OVERCOME CONSEQUENCES OF NATURAL DISASTERS	21,083,800,000
1	Support for the Central region affected by storms and floods	1,000,000,000
2	Activities of joining hands with businesses of Mr. Hien and sponsors to help the Central region to overcome difficulties and the consequences of floods - The program "Journey of Kindness"	20,083,800,000
VI	OTHER PURPOSES (SUPPORTING RURAL CONSTRUCTION, INFRASTRUCTURE, RURAL DEVELOPMENT, ETC.)	600,000,000
1	Sponsor for the installation of lighting works in Nhan Binh commune, Ly Nhan district, Ha Nam province	300,000,000
2	Sponsor the organization of propaganda programs to expand bank credit, prevent black credit and award social security in Hoa Binh	200,000,000
3	Sponsor "National outstanding young chess tournament" in 2020	100,000,000
VII	OTHER CHARITABLE AND SOCIAL SECURITY PURPOSES	2,635,000,000
1	Deploy charity and social security during the Lunar New Year 2020 in Tien Giang province	200,000,000
2	Deploy charity and social security activities during the Lunar New Year 2020 in An Giang province	250,000,000
3	Support the family of credit specialist who died from traffic accident during loan application assessment in Ho Chi Minh City	1,282,000,000
4	Support the family of credit specialist who died from traffic accident during loan application assessment in Nghe An province	903,000,000
VIII	TOTAL SOCIAL SECURITY BUDGET	52,591,362,500

And many other activities of supporting workdays and other meaningful material support, etc.

8.3. Responsibility for the environment

In an era when business and living activities of mankind have a great impact on the environment and nature, SHB has long been aware of the responsibility of one of the largest joint stock commercial banks in Vietnam to make its best effort to minimize the impact on the environment and contribute to the regeneration and preservation of the green planet. SHB determined that a sustainable development strategy was not only about effective and safe financial growth of the bank itself, but also the reasonable exploitation and economical use of natural resources and protection and enhancement of living environment quality.

8.3.1. Material Resource Management

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

SHB's total annual cost of using materials increases with the size of the bank's business. However, thanks to effective saving measures, the cost of using materials per employee has decreased year by year. The cost of using materials in 2020 was 1 million VND/01 employee/year, down 17.4% compared to 2019.

MATERIAL COST OF SHB

Unit: Million VND

Item	Year 2018	Year 2019	Year 2020
Stationery, printing paper, printing ink cost	9.370	9.945	8.292
Stationery cost per 1 employee per year	1,24	1,21	1,00

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

With the orientation of becoming a modern universal retail digital bank, SHB enhanced the development of products and services applying modern technology, and at the same time minimized the cumbersome paper-using process in order to bring utility for customers, save transaction processing time and stationery costs. Banking operations or operational document processes were largely shifted to online transactions and approvals thanks to online document storage and approval systems; The online automatic individual customer information identification application (eKyc) was put into operation in 2020, so the number of papers, pens, etc. and other labor tools decreased significantly year by year, especially in 2020.

The electronic information exchange system was upgraded and expanded from the head office to branches such as meetings, recruitment interviews via videoconference, online recruitment examinations, electronic news and magazines, etc., making an important contribution to minimize the amount of printed papers and improve labor efficiency.

Reuse of 1-sided printed paper; Registering annual usage quota for each department; Classifying stationery according to one-time supply, supply according to monthly request and unusual usage requirement; Tracking and comparing periodic usage.

The bank's internal communication activities also devoted many contents and topics to raise staff's awareness in document printing in order to minimize the amount of redundant printed paper and enhance the exchange of information, documents, reports via internal email and the reuse of old stationery.

8.3.2. Energy Consumption

Energy used for business activities at SHB is mainly electricity for lighting and maintaining computer operation, air conditioning, fuel for staff transportation vehicles, etc.

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

Petrol consumption

SHB's petrol consumption source was mainly from operational cars, money carrying trucks and staff transportation vehicles, etc. Petrol cost quota was assigned and specific itinerary was checked regarding head of units who regularly travel by work vehicles. Regarding other activities, itinerary and transportation time must be registered in advance to ensure maximum service of employees while saving petrol costs and vehicle wear. SHB's petrol consumption per 1 employee in 2020 was VND 0.76 million, down 24% compared to 2019.

Unit: Million VND

Item	Year 2018	Year 2019	Year 2020
Petrol Cost (million VND)	7.644	8.281	6.295
Petrol cost per 1 employee per year (million VND/1 person/year)	1,01	1,00	0,76

Electricity Energy

SHB made maximum saving in electricity consumption, which was also a measure to reduce business cost by equipping energy-saving bulbs and air conditioners that met greenhouse air emission standards and were maintained constantly. In addition, energy saving was seriously implemented by the leaders and staff such as turning off the circuit breaker when leaving, paying attention to closing the doors so that air-conditioners worked efficiently, arranging reasonable seating to save electricity for lighting equipment, etc.

8.3.3. Water Consumption

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

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

8.3.4. Compliance with laws on environmental protection

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

The environmental sanitation outside the working area was done by the outsourced environmental company (calculated in the cost of building renting) with the main activities as follows:

- Clean toilet floors, toilets, lobbies, stairs, corridors, walls, basements, etc. with a frequency of about 1 hour to ensure these areas were always clean.
- Equip hand sanitizer in the toilet area to ensure the disinfection for employees.
- Make sure the toilet flush and toilet hand sanitizer worked properly.
- At the end of working hours, the building cleaning staff sorted the garbage and collected all the trash in the bin to the garbage collection point in front of the building.

The cleaning inside working rooms were done by the administrative department of the bank with main activities as follows:

- Clean up trash bins containing printing paper, documents, cartons, broken pens, water bottles, fruit peels, etc. in the working rooms, meeting rooms. The cleaning frequency was about 3 times/day or more depending on the amount of waste.
- Take care and prune bonsai in the building's areas and offices to ensure that it is fresh and green to avoid spreading dust into the air.
- In the basements and in front of the building's door, SHB assigned security guards to remind and request that vehicles entering the building shut down the engine before entering the building to reduce emissions and noise. Ventilation fan system in the basement was installed in accordance with standards to ensure airy ventilation.

Modern information techniques such as videoconference, telephone were maximized to organize internal meetings, interview staff across the country to minimize travel time as well as frequency of using aircraft, vehicles, contributing to reducing CO2 emissions into the environment.

In addition, each bank employee always upheld the spirit of keeping clean and cleaning his own working desk and the surrounding area; Strengthen exchange of documents and official letters via internal email to minimize the amount of redundant printed paper; reuse old stationery.

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

8.4. Green Capital Market Operations

In addition to developing traditional banking operations, SHB paid great attention to the development of green banking - credit activities towards sustainable development.

Recognizing the banking system as an intermediary that has an impact on the environment through customer operations, SHB greened investment flows by directing financial resources into green sectors such as enterprises applying high technology, renewable energy projects, supporting industries, rural and agriculture, small and medium hydropower projects, biomass, waste and wastewater treatment, etc. to gradually increase the proportion of green credit in the credit portfolio structure, contributing to promoting borrowers to convert projects and the purpose of using loans to environmentally friendly projects.

With its contributions in green credit activities, in 2020, SHB was honored to receive the award "Typical Bank in Green Credit" by International Data Group in collaboration with the Vietnam Banking Association (VNBA). Some typical projects such as:

- SHB became one of the 04 joint stock commercial banks participating in disbursing the REDP Project funded by the World Bank since 2014. With the efforts and proactiveness in the implementation, up to now, SHB has had 4 eligible sub-projects of small hydroelectricity (<30M) with the total on-lending amount approved to use REDP capital of nearly VND 1,000 billion, ranking 3rd out of 4 participating commercial banks (after Vietcombank, BIDV and above Vietinbank). With the advantage of participating in REDP Project, SHB can bring outstanding benefits to investors of Green projects such as: The lending interest rate is 1.5 - 3% lower than the normal loan interest rate; The project supports the implementation and reimburses 100% of dam safety consultancy costs, 50% of environmental and social consultancy costs; Participation in the Carbon Finance Program; Participation in technical assistance, training, capacity building programs for Investors, etc.

- In parallel with the effective implementation of the REDP Project, it is expected that in the coming time, SHB will be selected by the World Bank and the Ministry of Industry and Trade to become the Implementing Unit of the Project to Promote Energy Saving in Vietnam's Industries, contributing to the achievement of the government's energy saving and greenhouse gas emission reduction goals. Most notably, SHB focused on developing a solar power project financing product with diverse solutions according to the needs of each customer group. Specifically, SHB offered many outstanding incentives: Loan term incentives (maximum 15 years); Preferential interest rates (1% - 1.5% lower than normal interest rates, depending on the type of business); Incentives for collateral, etc.

- In 2020, SHB was granted an additional credit limit of VND 300 billion of the Sustainable Agricultural Development Project (VnSAT), increasing the total project limit to VND 700 billion, leading commercial joint stock banks participating in project implementation.

- Accompany Vietnam's Renewable Energy Development Strategy up to 2030 with the goal of achieving the proportion of electricity produced from renewable energy sources (excluding large, medium and pumped hydroelectric power sources) of about 7% in 2020 and over 10% by 2030. SHB has also been investing heavily in clean energy/renewable energy projects such as the project "Smart grid - Efficiency in electricity transmission" (phase 1) with value of 65 million EUR and the project "Effective grid in small and medium cities" (phases 1 and 2) worth 350 million EUR funded by the German Government through the German Reconstruction Bank.

- Accompany with Vietnam's Renewable Energy Development Strategy up to 2030 with the goal of achieving the proportion of renewable energy (excluding large, medium and pumped hydroelectric power) at about 7% in 2020 and over 10% in 2030, SHB has been selected as the on-lending bank for two projects: Project "Smart grid - Efficiency in power transmission" (phase 1) worth EUR 65 million and the Project "Effective Grid in Small and Medium Cities" (Phase 1 and Phase 2) worth EUR 350 million funded by the German Government through the German Reconstruction Bank. The goal of the two projects is to expand and develop the power transmission grid system, reduce overload for the national grid, meet the current urgent power needs, maintain safety, and improve reliability and quality of the national power transmission system.

- Currently, SHB is also funding a number of medium-sized solar power projects, small hydroelectric projects, and wind energy projects, Some typical projects such as Nam Luc Hydropower Plant (Lao Cai Province), Dak Sin 1 Hydropower Plant (Dak Nong Province), Bai Thuong Hydropower Project (Thanh Hoa Province).

SHB always controlled safety and sustainability when sponsoring projects. Projects must satisfy strict conditions according to international and domestic standards on environmental protection, energy and natural resource saving. Therefore, when evaluating projects, SHB relied on the social and environmental risk assessment toolkit issued by the State Bank in coordination with IFC. Accordingly, with the credit decision making, SHB often adds to the loan agreement: client's responsibility and commitment to improve environmental and social risk management, an action plan and timeline to minimize risks before or after loan disbursement, SHB's actions to limit responsibilities related to the social environment caused by transactions. In addition, SHB supported project owners by consulting technical safety in accordance with donor regulations, providing support for carbon finance programs, training programs, loan guarantees, etc. They are a number of tools that can help improve the viability of financing for green sectors and sustainable development.

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

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



10. Network

of transaction offices

As of December 31, 2020, SHB had 532 transaction office, in which:

North: 280 transaction offices

Central Region: 61 transaction offices

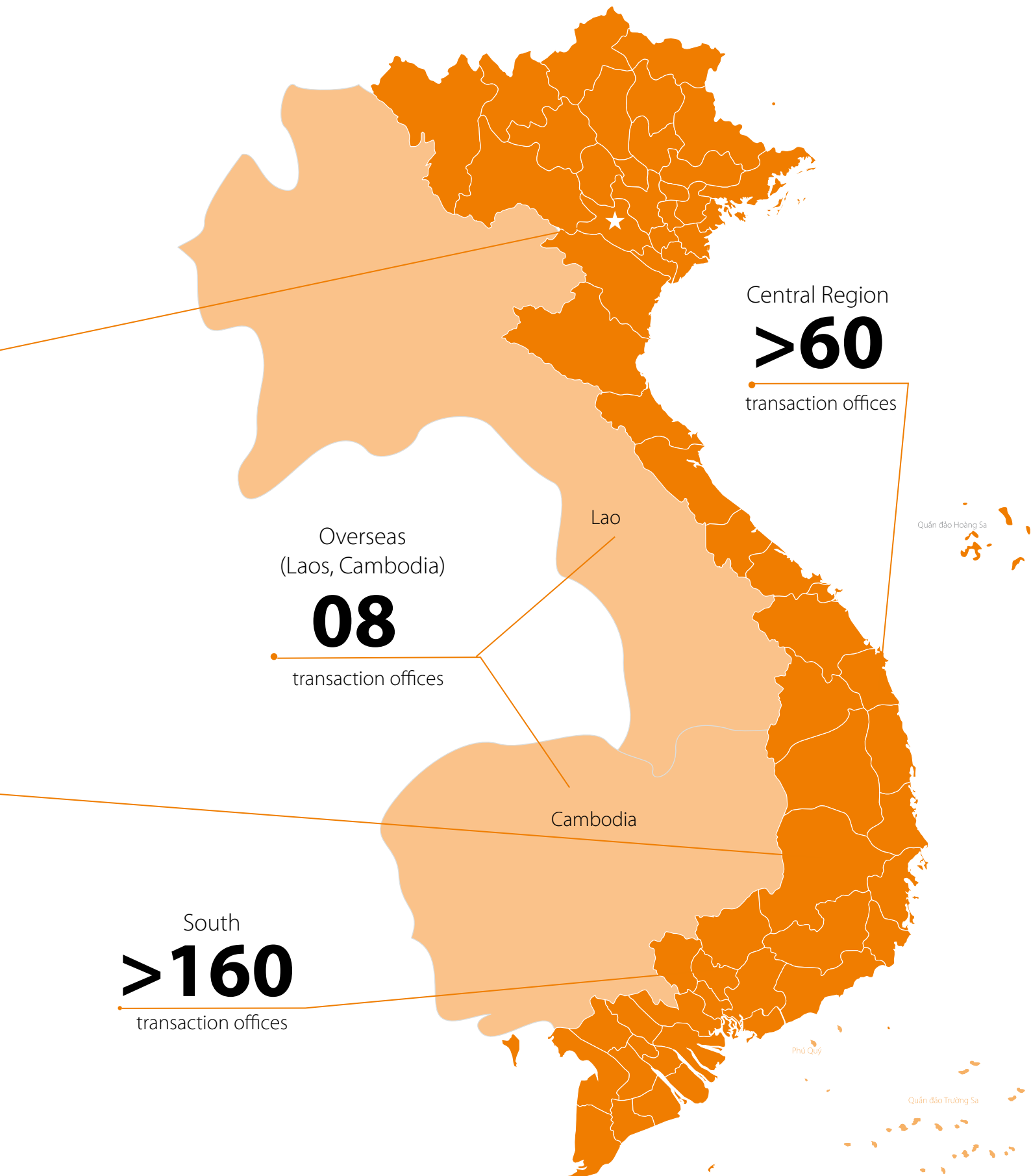
Central Highlands: 14 transaction offices

South: 169 transaction offices

Overseas (Laos, Cambodia): 8 transaction offices

North
~300
transaction offices

Central Highlands
14
transaction offices



LIST OF SHB BRANCHES
(As of December 31, 2020)

No.	NAME OF UNITS UNDER THE BANK	ADDRESS	TEL	FAX
	Head Office	77 Tran Hung Dao – Hoan Kiem District - Hanoi City	(024) 3942 3388	(024) 3941 0944
	Business Office (Head Office)	77 Tran Hung Dao – Hoan Kiem District - Hanoi City	(024) 3942 3388	(024) 3941 0944
1	Hanoi Branch	49 Ngo Quyen, Hang Bai ward, Hoan Kiem District, Hanoi City	(024) 6256 3666	(024) 6256 3616
2	Thang Long Branch	Số 91 Nguyễn Chí Thanh, phường Láng Hạ, quận Đống Đa, TP. Hà Nội	(024). 6 276 9189	(024). 6 279 6167
3	Ba Dinh Branch	21 Lang Ha, Thanh Cong ward, Ba Dinh District, Hanoi City	(024) 3 8460 135	(024) 3 7263 595
4	Hang Trong Branch	71B Hang Trong, Hang Trong ward, Hoan Kiem District, Hanoi City	(024) 3 9289 175	(024) 3 9289 262
5	Dong Do Branch (former Ham Long)	Floor 1,2,3 building 2A Dai Co Viet, Le Dai Hanh ward, Hai Ba Trung District, Hanoi City, Vietnam	(024) 3 9432 958	(024) 3 9432 436
6	Hoan Kiem Branch	40 Hang Giay street, Dong Xuan ward, Hoan Kiem District, Hanoi City	(024) 3825 8926 (024) 3928 3054	(024) 3825 8745
7	West Ha Noi Branch	Service House No.101, Lot C, Area D5, Nguyen Phong Sac, Dich Vong Hau ward, Cau Giay District, Hanoi City	(024) 6 2690 530	(024) 6 2690 531
8	Ha Thanh Branch (former SouthWest Hanoi)	98 Hoang Quoc Viet street, Nghia Do ward, Cau Giay District, Hanoi City	(024)3.7552510	(024) 3 7563 120
9	Van Phuc Branch	Số 34 - 36 phố Liễu Giai, phường Cống Vị, quận Ba Đình, TP. Hà Nội.	(024) 3 7262 025	(024) 3 7262 236
10	Han Thuyen Branch	34 - 36 Lieu Giai street, Cong Vi ward, Ba Dinh District, Hanoi City	(024) 3 6248 028	(024) 3 6248 029
11	Kinh Do Branch (former Trung Hoa Nhan Chinh)	Floor 1, Building 17T1, Trung Hoa – Nhan Chinh Urban Area, Trung Hoa ward, Cau Giay District, Hanoi City	(024) 6 2815 158	(024) 6 2815 159
12	Ha Dong Branch	16-18, Nguyen Khuyen street, Van Quan, Ha Dong District, Hanoi City	(024) 3 3516688	(024) 3 3546 513
13	Lao Cao Branch	Ly Cong Uan street, Kim Lan ward, Lao Cai City, Lao Cai province	(021) 4389 9696	(021) 4389 9695
14	Lang Son Branch	133 Le Loi street, Vinh Trai ward, Lang Son City, Lang Son province	(0205) 389 8222	(0205) 389 8212
15	Vinh Phuc Branch	361 Me Linh street, Lien Bao ward, Vinh Yen City, Vinh Phuc province	(0211) 3 710 145	(0211) 3 710 146
16	Bac Ninh Branch	Floor 1-2, Building Viglacera, Dai Phuc ward, Bac Ninh City, Bac Ninh province, Vietnam	(0222) 3874636	(0222) 3874959
17	Kinh Bac Branch	Ly Thai To street, Dong Ngan ward, Tu Son district, Bac Ninh province	(0222) 3 743 036	(0222) 3 742 444
18	SHB Hung Yen Branch	1-3 Nguyen Binh street, Ban Yen Nhan ward, My Hao district, Hung Yen province, Vietnam	(0221) 3742 688	(0221) 3742 886
19	Quang Ninh Branch	488 Tran Phu, Cam Thuy ward, Cam Pha City, Quang Ninh province	(0203) 3723 855	(0203) 3723 866
20	Hai Phong Branch	Building DG Tower, 15 Tran Phu, Cau Dat ward, Ngo Quyen district, Hai Phong City, Vietnam	(0225) 3652 668	(0225)3652 669
21	Thanh Hoa Branch	Thanh Hoa Trade Center, 27-29 Le Loi street, Lam Son ward, Thanh Hoa City, Thanh Hoa province	(0237) 3855111	(0237) 3752555

22	Nghe An Branch	Tecco Tower Apartment Building, 215 Le Loi street, Le Loi ward, Vinh City, Nghe An province	(0238) 3560388	(0238)356 0399
23	Hue Branch	28 Ly Thuong Kiet street, Vinh Ninh ward, Hue City, Thua Thien Hue province	(0234) 3966688	(0234) 3944666
24	SHB Da Nang Branch	205-207 Nguyen Van Linh, Nam Duong ward, Hai Chau district, Da Nang city	(0236) 3584 599	(0236) 3655 399
25	Quang Nam Branch	215 Phan Boi Chau street, Tan Thanh ward, Tam Ky City, Quang Nam province	(0235) 3815888	(0235) 3815777
26	Khanh Hoa Branch	175-177 Thong Nhat street, Phuong Sai ward, Nha Trang City, Khanh Hoa province	(0258) 3828777	(058 3828766
27	Lam Dong Branch	135-145 Phan Dinh Phung, ward 2, Da Lat City, Lam Dong province	(0263) 3512251	(0263) 3512000
28	Gia Lai Branch	87 Hoang Van Thu, Dien Hong ward, Pleiky City, Gia Lai province	(0269) 3828333	(0269)3828499
29	Ho Chi Minh City Branch	41-43-45 Pasteur, Nguyen Thai Binh ward, District 1, Ho Chi Minh City	(028) 3821 1112	(028) 3823 0204
30	Sai Gon Branch	Lot H3, Hoang Dieu street, ward 6, District 4, Ho Chi Minh City	(028) 3 9434 224	(028) 3 9434 299
31	Phu Nhuan Branch	127 Tran Huy Lieu, ward 12, Phu Nhuan ward, Ho Chi Minh City	(028). 3997 1122	(028). 3997 1133
32	Binh Duong Branch	481, Area 01, Phu Cuong ward, Thu Dau Mot City, Binh Duong province	(0274) 3834 101	(0274) 3834 100
33	Dong Nai Branch	10-11, Nguyen Ai Quoc street, KP8, Tan Phong ward, Bien Hoa City, Dong Nai province	(0251) 8871 666	(0251) 8871 670
34	Vung Tau Branch	12G3 Trade Center Area, Nguyen Thai Hoc street, ward 7, Vung Tau City, Ba Ria Vung Tau province	(0254) 3577676	(0254) 3577686
35	Binh Phuoc Branch	147 Hung Vuong street, Tan Binh ward, Dong Xoai district, Binh Phuoc province	(0271) 3 838 123	(0271) 3 838 126
36	Long An Branch	135-137, Hung Vuong street, Ward 2, Tan An City, Long An province	(0272) 3 567 567	(0272) 3 567 667
37	Can Tho Branch	138, 3/2 street, Hung Loi ward, Ninh Kieu district, Can Tho City	(0292) 3838 389	(0292) 3839 987
38	Kien Giang Branch	Lot C10-50+51, 3/2street, Vinh Lac ward, Rach Gia City, Kien Giang province	(0297) 3.947303	(0297)3947313
39	An Giang Branch	6-8 Nguyen Hue A, My Long ward, Long Xuyen City, An Giang province	(0296) 3940 309	(0296) 3941 969
40	Sai Gon - Hanoi Cambodia One Member Bank Ltd.	107, Avenue Norodom, Boeng Reang ward, Don Penh District, Phnom Penh, Cambodia	+855 23 221 900	+855 23 224 151
41	Sai Gon - Hanoi Laos Bank Ltd.	01 Lanexang street, Hatsady commune, Chanthabuly District, Vientian, Laos People's Democratic Republic	+856 21 96 8888	+856 21 96 88 99
42	Thai Binh Branch	Building Viettel Thai Binh, 431 Tran Hung Dao street, Tran Hung Dao ward, Thai Binh City, Thai Binh province, Vietnam	(0227) 6278555	(0227) 6252626
43	Soc Trang Branch	2 Tran Hung Dao, ward 2, Soc Trang City, Soc Trang province	(0299) 3819 888	(0299) 3819 666
44	Ninh Binh Branch	55 Tran Hung Dao street, Dong Thanh ward, Ninh Binh City, Ninh Binh province	(0229) 3888 542	(0229) 3888 543
45	Tuyen Quang Branch	138 Nguyen Trai street, Group 14, Tan Quang ward, Tuyen Quang City, Tuyen Quang province	(0207) 3827 579	(0207) 3827 588
46	Thai Nguyen Branch	Minh Cau Market Trade Center, 2, Minh Cau street, Phan Dinh Phung ward, Thai Nguyen City, Thai Nguyen province	(0208) 3655 588	(0208) 3756 866

47	Tien Giang Branch	210 Nam Ky Khoi Nghia, ward 7, My Tho City, Tien Giang province	(0273) 3877 789	(0273) 3877 669
48	Dong Thap Branch	168-170 Nguyen Hue, Ward 2, Cao Lanh City, Dong Thap province, Vietnam	(0277) 353 4488	(0277) 353 8788
49	Cau Mau Branch	132A, Nguyen Tat Thanh street, ward 8, Ca Mau City, Ca Mau province	(0290) 3582592	(0290) 3582593
50	Quang Ngai Branch	252-254-256 Hung Vuong street, Tran Phu ward, Quang Ngai City, Quang Ngai province	(0255) 3739777	(0255) 3739775
51	Ha Nam Branch	PG1-05, PG1-06 Vincom Shophouse Phu Ly, Bien Hoa street, Minh Khai ward, Phu Ly city, Ha Nam province	(0226) 2460909	(0226) 2460011
52	Ha Tinh Branch	52 Phan Dinh Phung, Nam Ha ward, Ha Tinh City, Ha Tinh province	(0239) 373766	(0239) 3668877
53	Binh Dinh Branch	85 Mai Xuan Thuong, Quy Nhon City, Binh Dinh province	(0256) 3636688	
54	Dak Lak Branch	18A Nguyen Tat Thanh, Tu An ward, Buon Me Thuot City, Dak Lak province	(0262) 369 7979	(0262) 357 6879
55	Tay Ninh Branch	409, 30-4 street, area 1, ward 1, Tay Ninh City, Tay Ninh province	(0276) 3898 999	(0276) 3898 988
56	Son La Branch	375, Chu Van Thinh street, Chieng Le ward, Son La City, Son La province	(0212) 3 856 666	(0212) 3 830 888
57	Nam Dinh Branch	CL14-24, 25, 26, Nam Dinh Textile Urban Area, Tran Phu street, Tran Dang Ninh ward, Nam Dinh City, Nam Dinh province, Vietnam	(0228) 3898999	(0228) 3898998
58	Hai Duong Branch	1, Thong Nhat street, Le Thanh Nghi ward, Hai Duong City, Hai Duong province	(0220) 3830688	(0220) 3860979
59	Binh Thuan Branch	187-189 Ton Duc Thang, Area 7, Phu Thuy ward, Phan Thiet City, Binh Thuan province	(84-252) 3523 888	(84-252) 3523 999
60	Vinh Long Branch	PG01-05, PG01-06, Shophouse Vincom Vinh Long, Pham Thai Buong street, ward 4, Vinh Long City, Vinh Long province,		



Đôi tác tin cậy, giải pháp phù hợp



11. Financial statements

Saigon - Hanoi Joint Stock Commercial Bank
Consolidated Financial Statement for the year ended

31 December 2020

10.1 Corporate Information

Banking Licence No.	0041/NH-GP The Banking Licence was granted by the State Bank of Vietnam and is valid for 50 years from the granting date.	13 November 1993
Business Registration Certificate No.	1800278630 The Bank's Business Registration Certificate has been amended several times, the most recent of which is the Business Registration Certificate dated 27 May 2019.	17 June 2013
Board of Directors	Mr. Do Quang Hien Mr. Vo Duc Tien Mr. Nguyen Van Le Mr. Thai Quoc Minh Mr. Do Quang Huy Mr. Pham Cong Doan Ms. Nguyen Thi Hoat Mr. Trinh Thanh Hai	Chairman Vice Chairman Member Member Member (Dismissed on 15 June 2020) Member Member (Dismissed on 15 June 2020) Independent Member
Ban Kiểm soát	Mr. Pham Hoa Binh Ms. Nguyen Thi Hoat Mr. Nguyen Huu Duc Ms. Le Thanh Cam Ms. Pham Thi Bich Hong	Head of Board of Supervisors Deputy Head of Board of Supervisors (Dismissed on 15 June 2020) Member (Dismissed on 15 June 2020) Member Member
Board of Management and Chief Accountant	Mr. Nguyen Van Le Mr. Le Dang Khoa Mr. Nguyen Huy Tai Ms. Ngo Thu Ha Ms. Ninh Thi Lan Phuong Ms. Dang To Loan Ms. Ngo Thi Van	Chief Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer (Dismissed on 1 June 2020) Chief Accountant
Legal Representative	Mr. Nguyen Van Le	Chief Executive Officer
Registered office	No. 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam	
Auditor	KPMG Limited Vietnam	



10.2 Statement of the Board of Management

The Board of Management of Saigon - Hanoi Joint Stock Commercial Bank ("the Bank") presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "SHB") for the year ended 31 December 2020.

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

- (a) the consolidated financial statements set out on pages 5 to 78 give a true and fair view of the consolidated financial position of SHB as at 31 December 2020, and of its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Management to believe that SHB will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Nguyen Van Le

Chief Executive Officer

Hanoi, 1 March 2021

10.3 Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Saigon - Hanoi Joint Stock Commercial Bank

We have audited the accompanying consolidated financial statements of Saigon - Hanoi Joint Stock Commercial Bank ("the Bank") and its subsidiaries (collectively referred to as "SHB"), which comprise the consolidated balance sheet as at 31 December 2020, the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 1 March 2021, as set out on pages 5 to 78.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon - Hanoi Joint Stock Commercial Bank and its subsidiaries as of 31 December 2020 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matters

We draw attention to Note 3(c) to the consolidated financial statements which describes specific accounting policies regarding allowance for credit risks relating to outstanding financial debts in accordance with the Scheme for "Merging Hanoi Building Commercial Joint Stock Bank into Saigon - Hanoi Joint Stock Commercial Bank for the period from 2016 to 2020" ("the Scheme"). For the outstanding financial debts, mainly from Hanoi Building Commercial Joint Stock Bank ("HBB"), the Bank has been approved by the State Bank of Vietnam ("SBV") to adopt specific accounting policies based on the solutions for financial treatments proposed in the amended Scheme approved by the State Bank of Vietnam on 8 November 2016. For these outstanding financial debts, the Bank is allowed to allocate allowance for credit risks in accordance with the roadmap as determined in the Scheme. Our opinion is not modified in respect of this matter.

KPMG Limited

Vietnam

Audit report No. 20-02-00121-21-2



Dam Xuan Lam

Practicing Auditor Registration
Certificate No. 0861-2018-007-1
Deputy General Director

Hanoi, 1 March 2021

Trần Đình Vinh

Practicing Auditor Registration
Certificate No. 0339-2018-007-1

10.4 Consolidated balance sheet as

at 31 December 2020

	Note	31/12/2020 VND million	31/12/2019 VND million
A ASSETS			
I Cash on hand and gold	4	1,619,927	1,754,801
II Balances with the State Banks	5	14,806,140	10,163,244
III Balances with and loans to other credit institutions	6	31,250,514	33,708,490
1 Balances with other credit institutions		31,153,939	33,617,238
2 Loans to other credit institutions		96,575	91,252
IV Securities held for trading	7	960	502
1 Securities held for trading		3,889	3,889
2 Allowance for securities held for trading		(2,929)	(3,387)
V Derivatives and other financial assets	8	133,872	172,946
VI Loans to customers		302,199,056	262,031,207
1 Loans to customers	9	305,637,310	265,161,676
2 Allowance for loans to customers	10	(3,438,254)	(3,130,469)
VIII Investment securities		28,639,598	21,604,317
1 Available-for-sale securities	11	16,386,007	6,558,244
2 Held-to-maturity securities	11	13,132,592	15,780,793
3 Allowance for investment securities	12	(879,001)	(734,720)
IX Long-term investments	13	133,140	133,140
4 Other long-term investments		165,891	165,891
5 Allowance for diminution in the value of long-term investments		(32,751)	(32,751)
X Fixed assets		4,866,063	4,817,506
1 Tangible fixed assets	14	532,986	498,334
a Cost		1,288,934	1,222,534
b Accumulated depreciation		(755,948)	(724,200)
3 Intangible fixed assets	15	4,333,077	4,319,172
a Cost		4,623,350	4,590,235
b Accumulated amortisation		(290,273)	(271,063)
XII Other assets	16	29,030,323	30,868,165
1 Receivables		20,234,488	15,804,386
2 Accrued interest and fee receivables		7,560,625	8,065,177
4 Other assets		1,582,399	7,510,779
5 Allowance for other assets		(347,189)	(512,177)
TOTAL ASSETS		412,679,593	365,254,318

Consolidated balance sheet as
at 31 December 2020 (continued)

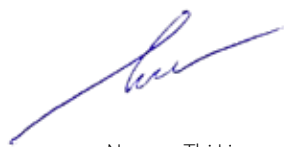
	Note	31/12/2020 VND million	31/12/2019 VND million
B LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
I Amounts due to the Government and the State Banks	17	609,712	725,071
II Deposits and borrowings from other credit institutions	18	38,962,390	48,623,749
1 Deposits from other credit institutions		21,837,944	31,625,632
2 Borrowings from other credit institutions		17,124,446	16,998,117
III Deposits from customers	19	303,581,729	259,236,746
V Other borrowed and entrusted funds	20	3,512,967	2,509,687
VI Valuable papers issued	21	31,034,079	26,732,764
VII Other liabilities	22	10,942,496	8,918,858
1 Accrued interest and fee payables		8,633,097	8,428,063
2 Deferred tax liabilities		34,837	36,599
3 Other liabilities		2,274,562	454,196
TỔNG NỢ PHẢI TRẢ		388,643,373	346,746,875
VỐN CHỦ SỞ HỮU			
VIII Owners' equity and reserves	23	24,036,220	18,507,443
1 Capital		17,606,547	12,132,617
a Share capital	24	17,510,091	12,036,161
c Share premium		101,716	101,716
d Treasury shares		(5,260)	(5,260)
2 Reserves		2,204,210	1,816,953
3 Foreign exchange differences		(97,830)	(49,820)
5 Retained earnings		4,323,293	4,607,693
TOTAL OWNERS' EQUITY		24,036,220	18,507,443
TOTAL LIABILITIES AND OWNERS' EQUITY		412,679,593	365,254,318

Consolidated balance sheet as
at 31 December 2020 (continued)

		31/12/2020 VND million	31/12/2019 VND million
OFF-BALANCE SHEET ITEMS			
I CONTINGENT LIABILITIES			
1	Loan guarantees	22,695	132,784
2	Foreign exchange commitments	15,068,742	45,299,719
	<i>Forward foreign currency purchase commitments</i>	1,046,075	4,900,326
	<i>Forward foreign currency sale commitments</i>	473,179	1,392,000
	<i>Swap commitments</i>	13,549,488	39,007,393
4	Letters of credit commitments	16,434,126	12,906,854
5	Other guarantees	11,034,636	14,253,370

1 March 2021

Prepared by:



Nguyen Thi Lien
Head of Accounting

Reviewed by



Ngo Thi Van
Chief Accountant

Reviewed by



Ngo Thu Ha
Deputy Executive Officer

Approved by:



Nguyen Van Le
Chief Executive Officer



10.5 Consolidated statement of income for the year

ended 31 December 2020

	Note	2020 VND million	2019 VND million
1 Interest and similar income		31,287,120	27,682,704
2 Interest and similar expenses		(21,353,921)	(19,852,265)
I Net interest income	26	9,933,199	7,830,439
3 Fee and commission income		749,200	883,881
4 Fee and commission expenses		(226,451)	(189,775)
II Net fee and commission income	27	522,749	694,106
III Net gain from foreign currencies trading	28	124,713	156,272
V Net gain from investment securities trading	29	1,293,111	464,149
5 Other income		452,687	378,101
6 Other expenses		(104,117)	(136,365)
VI Net other income	30	348,570	241,736
VII Income from capital contribution, share purchase		(14,931)	2,334
VIII Operating expenses	31	(4,299,189)	(3,951,732)
IX Net operating profit before allowance and provision expenses		7,908,222	5,437,304
X Allowance and provision expenses		(4,640,222)	(2,410,964)
• Allowance and provision expenses		(4,569,270)	(2,410,964)
• Additional allowance for debts of Vietnam Shipbuilding Industry Group due to the actual profits exceeding the planned profits	3(c)	(70,952)	-
XI Profit before tax (carried forward to next page)		3.268.000	3.026.340

Consolidated statement of income for the year
ended 31 December 2020 (continued)

		Note	2020 VND million	2019 VND million
XI	Profit before tax (brought forward from previous page)		3,268,000	3,026,340
7	Income tax expense - current	32	(662,750)	(571,851)
8	Income tax expense - deferred	32	1,762	(36,599)
XII	Income tax expense	32	(660,988)	(608,450)
XIII	Net profit after tax		2,607,012	2,417,890
				(Đã điều chỉnh lại)
XV	Basic earnings per share (VND/share)	33	1,514	1,563

1 March 2021

Prepared by:



Nguyen Thi Lien

Head of Accounting

Reviewed by



Ngo Thi Van

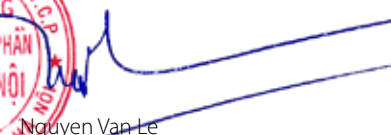
Chief Accountant

Approved by:



Ngo Thu Ha

Deputy Executive Officer

Nguyen Van Le

Chief Executive Officer

10.6 Consolidated statement of cash flows for the year

ended 31 December 2020 (Direct method)

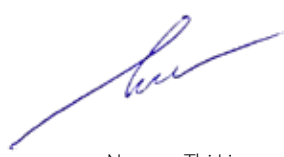
	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	31,775,999	28,808,225
02 Interest and similar expenses paid	(21,074,082)	(16,774,395)
03 Net fee and commission income received	537,007	560,951
04 Net receipts from foreign currencies and investment securities trading	1,355,959	731,395
05 Other income	257,524	79,769
06 Proceeds from loans previously written off	91,046	161,967
07 Operating and salary expenses payments	(4,229,623)	(3,833,891)
08 Corporate income tax paid	(439,256)	(741,739)
Net cash flows from operating activities before changes in operating assets and liabilities	8,274,574	8,992,282
Changes in operating assets		
09 (Increase)/decrease in balances with and loans to other credit institutions	(5,292,424)	5,743,306
10 (Increase)/decrease in securities held for trading	(7,179,562)	27,615,108
11 Decrease/(increase) in derivatives and other financial assets	39,074	(114,718)
12 Increase in loans to customers	(40,475,634)	(48,172,795)
13 Utilisation of allowance	(3,872,177)	(3,738,522)
14 Decrease/(increase) in other assets	967,592	(11,103,999)
Changes in operating liabilities		
15 Decrease in amounts due to the Government and the State Banks	(115,359)	(11,486,166)
16 (Decrease)/increase in deposits and borrowings from other credit institutions	(9,661,359)	3,689,960
17 Increase in deposits from customers	44,344,983	34,012,605
18 Increase in valuable papers issued	4,301,315	10,011,028
19 Increase in other borrowed and entrusted funds	1,003,280	1,035,976
21 Increase/(decrease) in operating liabilities	1,594,605	(506,188)
I NET CASH FLOWS FROM OPERATING ACTIVITIES	(6,071,092)	15,977,877

Consolidated statement of cash flows for the year
ended 31 December 2020 (Direct method - continued)

	2020 VND million	2019 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payments for purchases of fixed assets	(116,006)	(146,714)
02 Proceeds from disposals of fixed assets	536	1,892
08 Collections on investments in other entities	-	21,000
09 Dividends and profit received from long-term investments	(14,931)	2,334
II NET CASH FLOWS FROM INVESTING ACTIVITIES	(130,401)	(121,488)
CASH FLOWS FROM FINANCING ACTIVITIES		
01 Additions to charter capital	2,959,560	-
04 Dividends paid to shareholders, profits distributed	(445)	(436)
III NET CASH FLOWS FROM FINANCING ACTIVITIES	2,959,115	(436)
IV NET CASH FLOWS DURING THE YEAR	(3,242,378)	15,855,953
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	50,822,384	34,966,431
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 34)	47,580,006	50,822,384

1 March 2021

Prepared by:



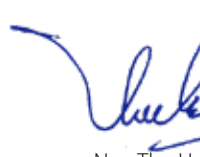
Nguyen Thi Lien
Head of Accounting

Reviewed by:




Ngo Thi Van
Chief Accountant

Approved by:



Ngo Thu Ha
Deputy Executive Officer



Nguyen Van Le
Chief Executive Officer



10.7 Notes to the consolidated financial statements

for the year ended 31 December 2020

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

1. Reporting entity

a. Incorporation and operation

Saigon - Hanoi Joint Stock Commercial Bank ("the Bank") is a commercial joint stock bank incorporated and registered in Vietnam.

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam ("SBV") on 13 November 1993 initially known as Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon - Hanoi Joint Stock Commercial Bank under Decision No. 1764/QĐ-NHNN dated 11 September 2009 granted by the Governor of SBV. The Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("HBB") and Vinaconex - Viettel Finance Joint Stock Company ("VVF") into its operation in 2012 and 2017, respectively, which is in line with the Restructuring plan of the banking system of Vietnam.

The Bank currently operates under Business Registration Certificate No. 1800278630 by the Hanoi Department of Planning and Investment and was amended for the 27th time on 27 May 2019.

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

b. Location and operation network

The Bank's Head Office is located at No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi. As at 31 December 2020, the Bank had one (1) Head Office, fifty eight (58) branches and two hundred and five (205) transaction offices (31/12/2019: 1 Head Office, 58 branches and 205 transaction offices).

c. Subsidiaries

As at 31 December 2020, the Bank had four (4) subsidiaries as follows (31/12/2019: four (4) subsidiaries):

Company name	Nature of Business	% owned by the Bank
SHB Debt and Asset Management One Member Company Limited ("SHB AMC")	Debt and asset management	100%
SHB One Member Limited Finance Company ("SHB FC")	Banking/Finance	100%

Company name	Nature of Business	% owned by the Bank
Sai Gon - Hanoi Bank Laos Limited ("SHB Laos")	Banking/Finance	100%
Sai Gon - Hanoi Bank Cambodia Limited ("SHB Cambodia")	Banking/Finance	100%

d. Number of employees

As at 31 December 2020, SHB had 8,435 employees (31/12/2019: 8,216 employees).

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

2. Basis of preparation of the consolidated financial statements

a. Statement of compliance

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

b. Basis of measurement

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

c. Accounting period

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

d. Accounting currency

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

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

3. Summary of significant accounting policies

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

Except for the adoption of Circular 01/2020/TT-NHNN ("Circular 01") issued by the State Bank of Vietnam providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist borrowers affected by the COVID-19 pandemic applicable to credit institutions and foreign bank branches as described in Note 3(j)(ii), the accounting policies that have been adopted by the Bank in the preparation of these separate financial statements are consistent with those adopted in the preparation of the latest annual financial statements.

a. Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

b. Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

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

c. Specific accounting policies regarding allowance for credit risks relating to outstanding financial debts in accordance with the Scheme for Merging HBB into the Bank for the period from 2016 to 2020

For the outstanding financial debts, mainly from Hanoi Building Commercial Joint Stock Bank ("HBB"), the Bank has been approved by the SBV to adopt specific accounting policies based on the solutions for financial treatments proposed in the Scheme for merging HBB into SHB for the period from 2016 to 2020 ("the Scheme"). The outstanding financial debts for which allowance was made in accordance with the specific accounting policies during 2020 comprise:

- outstanding loans of HBB (Notes 3(j)(ii) and 10(ii));
- non-performing capital contribution, share purchases of HBB (Note 3(h)(ii), 13(ii)). In accordance with the SBV's approval in Official Letter No. 1007/NHNN-TTGSNNH dated 17 December 2020 on the Bank's restructuring plan in relation to bad debts for the period 2016 - 2020, from 2020, the Bank makes allowance for those debts in accordance with the statutory regulations;
- doubtful debts from entrusted investments of HBB (Notes 3(n) and 16(ii)).

For these outstanding financial debts, for each of the years from 2016 to 2020, SHB would record an allowance for credit risks with an amount at least equalling the amount determined in Official Letter No. 856/NHNN-TTGSNNHNN.m dated 8 November 2016 ("Official Letter No. 856") on approving the Scheme.

In addition, for the outstanding balances of debts granted to Vietnam Shipbuilding Industry Group ("Vinashin") (renamed as Vietnam Shipbuilding Industry Corporation - ("SBIC")), some member entities belonging to SBIC and entities previously belonging to SBIC and transferred to Vietnam National Oil and Gas Group ("PVN"), and Vietnam National Shipping Lines ("Vinalines"), including those which have

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

been swapped (Note 3(j)(ii) and Note 10(ii)) and those have not (Note 3(n) and Note 16(i)), accordance with Official Letter No. 856, allowance made for these debts are amortised in 10 years, from 2014 to 2024, as approved in Official Letter No. 559/NHNN-TTGSNNHN dated 17 October 2014 ("Official Letter No. 559").

At the end of the year, if the actual profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made.

d. Cash and cash equivalents

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

Gold is revaluated at the balance sheet date and the differences arising on revaluation are recorded in the consolidated statement of income.

e. Balances with and loans to other credit institutions

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

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

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

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

f. Securities held for trading

(i). Classification and recognition

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

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

(ii). Measurement

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

Market value of unlisted equity securities which are actively traded on over-the-counter market ("OTC") is stated at cost less allowance for securities by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

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

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

(iii). De-recognition

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

g. Investment securities

(i). Classification

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

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

Held-to-maturity investment securities

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

Available-for-sale investment securities

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

(ii). Recognition

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

(iii). Measurement

Equity securities

Available-for-sale equity securities are stated at cost; and are subsequently recognised at the lower of the cost and market value with the difference recognised in the consolidated statement of income.

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

Market value of unlisted available-for-sale equity securities which are actively traded on market for Unlisted Public Companies ("UpCom") is determined by the closing price at the end of the annual accounting period.

Market value of unlisted available-for-sale equity securities which are actively traded on over-the-counter market ("OTC") is stated at cost less allowance for securities by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

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

Debt securities

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

Listed available-for-sale debt securities are measured at cost less allowance for securities determined by reference to closing prices on Hanoi Stock Exchange at the end of the annual accounting period.

Held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises are recognised at cost less allowance for securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans and advances to customers as described in Note 3(j). No general allowance is made for purchases of valuable papers issued by other credit institutions and foreign bank branches in Vietnam.

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

(iv). De-recognition

Chứng khoán đầu tư được dừng ghi nhận khi các quyền lợi nhận các luồng tiền từ các chứng khoán này đã chấm dứt hoặc SHB đã chuyển phần lớn rủi ro và lợi ích của việc sở hữu các chứng khoán này.

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

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

Upon completing the procedures of selling bad debts, the Bank writes down the book value of the bad debts, uses the specific allowance made but not yet utilised and derecognise interest receivables recorded in off-balance sheet account. At the same time, the Bank recognises special bonds issued by VAMC held to maturity securities issued by local economic entities.

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

For special bonds issued by VAMC, the Bank makes allowance in accordance with Circular No. 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV, on the purchase, sale and settlement of bad debts of VAMC ("Circular 19") and Circular No. 14/2015/TT-NHNN dated 28 August 2014 issued by the SBV, regarding the amendments of and supplements to a number of articles of Circular 19 ("Circular 14"). Accordingly, specific allowance for special bonds issued by VAMC is calculated and provided on the principle of equal annual allocation until maturity date of the special bonds. Specific allowance is made on an annual basis within 5 working days prior to the maturity date of each special bond in accordance with the following formula:

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

In which::

- $X(m)$ is the minimum specific allowance for special bonds in the year m ;
- X_{m-1} is the accumulated specific allowance made for special bonds until the end of the year $m-1$;
- Y is the face value of special bonds;
- n is the duration of special bonds (years);
- m is the number of years from issuance of special bonds to the provisioning date;
- Z_m is the accumulated bad debt repayment up to the provisioning date (year).

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

Specific allowance for special bonds is recorded in the consolidated statement of income in "Allowance and provision expenses".

According to Circular 19 and Circular 14, the Bank is not required to provide general allowance for special bonds issued by VAMC.

At the date of bond redemption, the arising interests collected by the credit institution from debts is recorded in "Other income".

h. Capital contribution, long-term investments

(i) Other long-term investments

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

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

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

Adoption of specific accounting policies regarding allowance for credit risks relating to outstanding financial debts in accordance with the Scheme

Upon adoption of specific accounting policies described in Note 3(c), for non-performing capital contribution, share purchases of HBB, for each of the years from 2016 to 2020, the Bank would record allowance with an amount at least equalling the amount determined in Official Letter No. 856 on approving the Scheme. In accordance with the SBV's approval in Official Letter No. 1007/NHNN-TTGSNH dated 17 December 2020 on the Bank's restructuring plan in relation to bad debts for the period 2016 - 2020, from 2020, the Bank makes allowance for those debts in accordance with the statutory regulations.

(iii) Loans to customers

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

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

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

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

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

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

j. Allowance for loans to customers

(i) Debt classification

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

(ii) Specific allowance for credit risks

Except for the loans to SBIC, some subsidiaries within SBIC and former member entities of SBIC, which were transferred to PVN, and Vinalines and outstanding loans of HBB, specific allowance for credit risks as at 31 December under Circular 02 and Circular 09 is determined based on the allowance rates corresponding to loan principals at the last working day of November less discounted collateral value. The rates of specific allowance for individual loan groups are as follows:

Loan group	Overdue status	Rate of allowance
1 Current	(a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or	0%
	(b) Loans which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	
2 Special mentioned	(a) Loans which are overdue for a period of between 10 days and 90 days; or	5%
	(b) Loans repayment terms of which are restructured for the first time.	
3 Sub -standard	(a) Loans which are overdue for a period of between 91 days and 180 days; or	20%
	(b) Loans repayment terms of which are extended for the first time; or	
	(c) Loans which are exempted or reduced interests because customers are not sufficiently capable of paying all interests under credit contracts; or	
	(d) Loans in one of the following circumstances which remain unrecovered during a period of less than 30 days after the date of the recovery decision:	
	• Loans in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or	
4 Doubtful	• Loans in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or	50%
	• Loans in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.	
	(e) Loans which are recovered under inspection conclusions.	
	(a) Loans which are overdue for a period of between 181 days and 360 days; or	
	(b) Loans repayment terms of which are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or	
4 Doubtful	(c) Loans repayment terms of which are restructured for the second time; or	50%
	(d) Loans which are specified in point (c) of Sub - standard loan have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or	
	(e) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue up to 60 days.	

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

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

Since 13 March 2020, SHB has applied Circular 01 issued by the SBV providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the Covid-19 pandemic of credit institutions, foreign bank branches. Accordingly, for customers incur obligations of loan principal repayments and/or interest payments during the period from 23 January 2020 to the succeeding day of the date after three months from the Government's announcement of the termination of Covid-19 pandemic and these customers are unable to repay loan principles or to pay interest upon maturity of the signed loan contracts or agreements due to decreases in revenue and income caused by effect of the Covid-19 pandemic, SHB is allowed to reschedule loan repayment periods, exemption/reduction of interest/fees and loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020.

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

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

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

Types of collateral assets	Maximum discount rates
Deposits from customers in VND	100%
Gold bars, except for those without listed prices, deposits from customers in foreign currencies	95%
Government bonds, negotiable instruments, valuable papers issued by SHB; saving cards, deposit certificates, treasury notes, treasury bills issued by other credit institutions, foreign banks' branches:	
• With the remaining term of less than 1 year	95%
• With the remaining term of between 1 year and 5 years	85%
• With the remaining term of more than 5 years	80%
Securities issued by other credit institutions and listed on the Stock Exchange	70%
Securities issued by other enterprises and listed on the Stock Exchange	65%

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Loại tài sản bảo đảm	Tỷ lệ khấu trừ tối đa
Unlisted securities, valuable papers issued by enterprises which have registered for listing on the Stock Exchange	30%
Unlisted securities, valuable papers issued by enterprises which have not registered for listing on the Stock Exchange	10%
Real estate	50%
Gold bars without listed prices and other gold and other collateral assets	30%

Collateral assets that fail to fully meet conditions specified in Article 12, Clause 3 of Circular 02 are deemed to have zero allowed value.

SHB makes and maintains general allowance calculated at 0.75% of outstanding loans and advances that are classified into Group 1 to 4 on the last working day of November.

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

Adoption of specific accounting policies regarding allowance for credit risks relating to outstanding financial debts in accordance with the Scheme

Upon adoption of specific accounting policies described in Note 3(c), for the outstanding loan balance of HBB, for each of the years from 2016 to 2020, the Bank recognised an allowance amount at least equaling the amount determined in Official Letter 856 on approving of the Scheme. For the loans granted to SBIC, some member entities belonging to SBIC and entities previously belonging to SBIC and transferred to PVN and Vinalines, the Bank would amortise allowance made for these loans in 10 years, from 2014 to 2024 as approved in Official Letter 559.

(iii) Bad debts written off

According to Circular 02 and Circular 09, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankruptcy or dissolved (for borrowers being organisations) or borrowers are dead or missing (for borrowers being individuals).

(iv) Allowance for off-balance sheet commitments

According to Circular 02 and Circular 09, the classification of off-balance sheet items is made only for purpose of managing and supervising quality of granting credit. No allowance is made for off-balance sheet commitments unless SHB is required to fulfill its payment obligation under guarantee contracts, in which case, classification and allowance for such payment are made in accordance with the accounting policies described in Note 3(j).

k. Derivative financial instruments

(i) Foreign exchange contracts

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

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

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

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(ii) Interest rate swap contracts

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

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

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

I. Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

m. Intangible fixed assets

(i) Software

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

(ii) Land use rights

Definite land use rights

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

Indefinite land use rights

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

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(iii) Other intangible fixed assets

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

n. Other assets

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

Except for doubtful debts from entrusted investments of HBB and accounts receivable from conversion of SBIC's debts, SHB considers making allowance for impairment of assets based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Provision expense is recorded in "Allowance and provision expenses" during the year.

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

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

Adoption of specific accounting policies regarding allowance for credit risks relating to outstanding financial debts in accordance with the Scheme

Upon adoption of specific accounting policies under the Scheme described in Note 3(c), for doubtful debts from entrusted investments of HBB, for each of the years from 2016 to 2020, SHB would record an allowance for credit risks with an amount at least equalling the amount determined in Official Letter No. 856 on approving the Scheme. For the accounts receivable from conversion of SBIC's debts, the Bank would amortise allowance for these receivables in 10 years from 2014 to 2024 as approved in Official Letter 559.

o. Provisions

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

p. Deposits from customers

Deposits from customers are stated at their cost.

q. Valuable papers issued

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

r. Other payables

Other payables are stated at their cost.

s. Share capital

(i) Ordinary shares

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

(ii) Share premium

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

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(iii) Treasury shares

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

t. Reserves and funds

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

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

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

The financial reserve is used to cover losses incurred during the normal course of business. Financial reserve and reserve to supplement charter capital are non-distributable and classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax to other equity funds and utilisation of other equity funds must be approved by the shareholders in the General Shareholders Meeting. Other equity funds are not required by law and are fully distributable.

(ii) SHAMC

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

(iii) SHB Lào

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

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

(iv) SHB Campuchia

There is no requirement on making allocation to compulsory reserves.

u. Bonus and welfare fund

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

v. Revenue

(i) Interest income

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 in accordance with the policy as described in Note 3(j) and loans classified in current loan group to comply with the State's

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policies, which are recognised upon receipt. When loans are classified in Group 2 to Group 5 as defined in Note 3(j) or classified in current loan group to comply with the State's policies, interest receivable will be derecognised and recorded as off-balance sheet items. Interest on these loans are recognised in the consolidated statement of income upon receipt.

(ii) Fee and commission income

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

(iii) Income from investment

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

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

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

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

w. Interest expenses

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

x. Fee and commission expenses

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

y. Operating lease payments

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

z. Taxation

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

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

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

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

aa. Related parties

Related parties of SHB include:

- Managers or members of the Supervisory Board of SHB;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, son -in-law, daughter-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of SHB;
- Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of SHB;
- Representatives for SHB's paid-in capital and shares.

bb. Commitments and contingent liabilities

At any point of time, SHB has outstanding credit commitments. These commitments are in the form of loans and approved overdraft.

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

cc. Basic earnings per share

SHB presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of SHB by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

dd. Segment reporting

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

4. Cash on hand and gold

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand in VND	1,108,582	1,095,064
Cash on hand in foreign currencies	511,345	659,248
Gold	-	489
	1,619,927	1,754,801

5. Balances with the State Banks

	31/12/2020 VND million	31/12/2019 VND million
Balances with the State Bank of Vietnam (i)	14,029,805	9,221,799
Balances with the Bank of Lao P.D.R (ii)	235,488	190,588
Balances with the National Bank of Cambodia (iii)	540,847	750,857
	14,806,140	10,163,244

- (i) Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month's average balances of deposits of individual and corporate customers.

Year-end CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2020	31/12/2019
Preceding months' average balances of:		
• Deposits in foreign currencies other than VND with term of less than 12 months	8,00%	8,00%
• Deposits in foreign currencies other than VND with term of and more than 12 months	6,00%	6,00%
• Deposits in VND with term of less than 12 months	3,00%	3,00%
• Deposits in VND with term of and more than 12 months	1,00%	1,00%

- (ii) Balances with the Bank of Lao P.D.R (the "BOL") include the margin deposit of the Bank in Lao Kip ("LAK") and other currencies to establish its subsidiary in Lao People's Democratic Republic and compulsory deposits maintained in accordance with the BOL's requirement.

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Year-end annual CRR rates were as follows:

Deposits in scope	Tỷ lệ dự trữ bắt buộc	
	31/12/2020	31/12/2019
• Deposits in currencies other than LAK with term of less than 12 months	10,00%	10,00%
• Deposits in currencies other than LAK with term of and more than 12 months	0,00%	0,00%
• Deposits in LAK with term of less than 12 months	5,00%	5,00%
• Deposits in LAK with term of and more than 12 months	0,00%	0,00%

The margin deposits at the BOL are interest free.

(iii) Balances with National Bank of Cambodia include the margin deposit of the Bank in Cambodia Riels ("KHR") and other currencies to establish its branch in the Kingdom of Cambodia and compulsory deposits maintained in accordance with National Bank of Cambodia's requirement. The compulsory reserve deposits are calculated based on the daily average deposit balance multiplied by the corresponding CRR rate.

Year-end annual CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2020	31/12/2019
Deposits in currencies rather than KHR	12.50%	12.50%
Deposits in KHR	8.00%	8.00%

The reserve of 8.00% in KHR is interest free, while for the 12.50% of reserve in foreign currency, the reserve of 8.00% of which is interest free and the 4.50% remaining of reserve is subject to interest rate according to the rates ruled by National Bank of Cambodia regarding the interest for term deposits.

6. Balances with and loans to other credit institutions

	31/12/2020 VND million	31/12/2019 VND million
Current accounts		
Current accounts in VND	12,589,235	31,141,297
Current accounts in foreign currencies	2,242,814	685,284
Term deposits		
Term deposits in VND	13,848,050	956,800
Term deposits in foreign currencies	2,473,840	833,857
Loans to other credit institutions		
Loans in VND	676	-
Loans in other foreign currencies	95,899	91,252
	<u>31,250,514</u>	<u>33,708,490</u>

As at 31 December 2020 and 31 December 2019, all term deposits and loans to other credit institutions were Group 1 - Current loans.

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7. Securities held for trading

	31/12/2020 VND million	31/12/2019 VND million
Equity securities issued by local economic entities	3,889	3,889
Allowance for securities held for trading (i)	(2,929)	(3,387)
	960	502

(i) Movements of allowance for securities held for trading during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	3,387	3,234
Allowance made during the year	(458)	153
Closing balance	2,929	3,387

8. Derivatives and other financial assets/(liabilities)

Details of financial derivatives at the end of the year were as follows:

	Total contract value (at exchange rate at the effective date of the contract) VND million	Total book value (at exchange rate at reporting date)		
		Assets VND million	Liabilities VND million	Net VND million
As at 31 December 2020				
Forward transactions	1,519,254	14,580	(400)	14,180
Swap transactions	13,433,431	144,601	(24,909)	119,692
	14,952,685	159,181	(25,309)	133,872
As at 31 December 2019				
Forward transactions	6,292,326	58,767	(2,100)	56,667
Swap transactions	39,007,521	161,546	(45,267)	116,279
	45,299,847	220,313	(47,367)	172,946

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9. Loans to customers

	31/12/2020 VND million	31/12/2019 VND million
Loans to economic entities and individuals	299,831,115	261,841,731
Loans granted from borrowed and entrusted funds	5,538,832	3,286,424
Payments on behalf of customers	266,033	32,191
Discounted bills	1,330	1,330
	305,637,310	265,161,676

Loan portfolio by loan groups was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Group 1 - Current	293,343,282	255,330,034
Group 2 - Special mentioned	6,695,243	4,775,894
Group 3 - Sub-standard	704,066	1,069,368
Group 4 - Doubtful	1,092,911	463,560
Group 5 - Loss	3,801,808	3,522,820
	305,637,310	265,161,676

Loan portfolio by terms was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Short-term loan	123,223,955	105,434,514
Medium-term loan	89,780,591	80,133,227
Long-term loan	92,632,764	79,593,935
	305,637,310	265,161,676

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Portfolio of loans to customers by ownerships and customer types was as follows:

	31/12/2020 VND million	%	31/12/2019 VND million	%
Loans to economic entities				
State-owned enterprises	5,866,302	1.92	15,875,254	5.99
Limited liability companies	83,807,007	27.42	49,455,701	18.65
Joint stock companies in which the State's holding percentage is more than 50% (dominating percentage)	9,162,590	3.00	11,010,448	4.15
Other joint stock companies	136,313,173	44.60	119,620,270	45.11
Partnerships	293,831	0.10	169,067	0.06
Private companies	5,007,422	1.64	3,883,948	1.46
Foreign invested enterprises	364,178	0.12	431,670	0.16
Cooperatives, cooperative unions	53,209	0.02	370,416	0.14
Loans to individuals				
Household business, individuals	64,669,348	21.16	63,801,902	24.07
Other loans				
Other economic sectors	100,250	0.02	543,000	0.21
	305,637,310	100.00	265,161,676	100.00

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Loan portfolio by industry sectors was as follows:

	31/12/2020 VND million	%	31/12/2019 VND million	%
Wholesale and retail trade; repair of motor vehicles, motor cycles	68,944,538	22.56	44,733,777	16.87
Agriculture, forestry and aquaculture	51,075,031	16.71	43,243,886	16.31
Manufacturing and processing	42,392,388	13.87	39,292,368	14.82
Construction	42,258,279	13.83	36,771,735	13.87
Real estates trading	23,671,149	7.74	22,302,690	8.41
Electricity, gas, hot water, steam and air-conditioning	16,883,004	5.52	18,262,849	6.89
Households services	7,780,208	2.55	4,438,261	1.67
Mining	2,638,804	0.86	3,225,156	1.22
Transport, warehouse	4,257,505	1.39	2,379,839	0.90
Hospitality services	1,775,533	0.58	1,696,564	0.64
Finance and insurance	1,139,964	0.37	1,542,296	0.58
Information and communications	138,481	0.05	507,655	0.19
Administrative activities and supporting service	398,846	0.13	414,001	0.16
Water supplying and garbage and sewage treatment and management	197,529	0.06	211,064	0.08
Art, playing and recreation	92,479	0.03	121,841	0.05
Science and technology	72,447	0.02	103,752	0.04
Health care and social work	67,171	0.02	74,934	0.03
Education and training	275,261	0.09	226,017	0.09
Party, unions, state management, security and national defence, social guarantee	35,173	0.01	19,346	0.01
Other service activities	41,543,520	13.61	45,593,645	17.17
	305,637,310	100.00	265,161,676	100.00

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Loans and advances in VND	3.50% - 10.35%	6.00% - 12.05%
Loans and advances in USD	1.80% - 4.40%	2.10% - 5.30%
Loans and advances in other foreign currencies	1.50% - 2.50%	2.10% - 5.30%

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10. Allowance for loans to customers

Allowance for loans to customers consists of:

	31/12/2020 VND million	31/12/2019 VND million
General allowance (i)	2,186,737	1,931,791
Specific allowance (ii)	1,251,517	1,198,678
	3,438,254	3,130,469

(i) Movements in general allowance for loans to customers were as follows:

	2020 VND million	2019 VND million
Opening balance	1,931,791	1,492,247
Allowance made in the year	256,952	439,910
Foreign exchange differences	(2,006)	(366)
	2,186,737	1,931,791

(ii) Movements in specific allowance for loans to customers were as follows:

	2020 VND million	2019 VND million
Opening balance	1,198,678	1,509,982
Allowance made in the year	3,032,740	2,489,250
Allowance utilised in the year	(2,979,772)	(2,799,374)
Foreign exchange differences	(129)	(1,180)
	1,251,517	1,198,678

Included in specific allowance for loans and advances to customers and allowance made for outstanding loan balances of HBB were allowance made for outstanding loan balances of SBIC, some member entities belonging to SBIC and entities previously belonging to SBIC, and transferred to PVN, Vinalines. The Bank applied specific accounting policies described in Note 3(c) to record allowance for these loans.

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11. Investment securities

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale securities (i)	16,386,007	6,558,244
Held-to-maturity securities (ii)	13,132,592	15,780,793
	29,518,599	22,339,037

(i) Available-for-sale securities

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
• Government bonds	4,221,179	1,719,179
• Debt securities issued by other local credit institutions	1,597,469	4,276,985
• Debt securities issued by local economic entities	10,505,905	500,626
Equity securities		
Shares issued by other local credit institutions	796	796
Shares issued by local economic entities	60,658	60,658
	16,386,007	6,558,244

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

	31/12/2020		31/12/2019	
	Term	Interest rate per annum	Term	Interest rate per annum
Available-for-sale securities				
Government bonds	5 - 15 years	4.30% - 15.00%	5 - 15 years	3.90% - 15.00%
Debt securities issued by local credit institutions	1 - 10 years	5.50% - 8.80%	1 - 10 years	5.50% - 9.00%
Debt securities issued by local economic entities	1 - 15 years	9.00% - 12.20%	1 - 15 years	9.00% - 11.30%

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(ii) Held-to-maturity securities

	31/12/2020 VND million	31/12/2019 VND million
Government bonds	8,359,146	7,700,901
Securities issued by other local credit institutions	-	3,049,371
Securities issued by local economic entities	526,536	526,536
Special bonds issued by VAMC	4,246,910	4,503,985
	13,132,592	15,780,793

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

	31/12/2020		31/12/2019	
	Term	Interest rate per annum	Term	Interest rate per annum
Held-to-maturity securities				
Government bonds	5 - 15 years	4.30% - 11.50%	5 - 15 years	4.30% - 8.90%
Bonds issued by other local credit institutions	1 - 10 years	Not applicable	1 - 10 years	7.00% - 8.20%
Bonds issued by local economic entities	10 years	8.90%	5 - 10 years	8.90%

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

	31/12/2020 VND million	31/12/2019 VND million
Current	11,724,910	7,915,518
Loss	817,000	350,000
	12,541,910	8,265,518

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12. Allowance for investment securities

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale securities (i)	117,966	212,437
Held-to-maturity securities (ii)	761,035	522,283
	879,001	734,720

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

Year ended 31 December 2020

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for- sale debt securities VND million	Specific allowance for available-for-sale debt securities VND million	Total VND million
Opening balance	32,993	30,510	148,934	212,437
Allowance reversed during the year	-	(14,596)	(111,000)	(125,596)
Other movements	-	31,125	-	31,125
	32,993	47,039	37,934	117,966

Year ended 31 December 2019

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for- sale debt securities VND million	Specific allowance for available-for-sale debt securities VND million	Total VND million
Opening balance	33,036	83,037	75,000	191,073
Allowance (reversed)/ made during the year	(43)	(52,527)	73,934	21,364
	32,993	30,510	148,934	212,437

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(ii) Movements of allowance for held-to-maturity securities in the year were as follows:

Year ended 31 December 2020

	Allowance for bonds issued by VAMC	Allowance for other held-to-maturity bonds	Total
	VND million	VND million	VND million
Opening balance	499,209	23,074	522,283
Allowance made during the year	257,877	12,000	269,877
Other movements	-	(31,125)	(31,125)
	757,086	3,949	761,035

Year ended 31 December 2019

	Allowance for bonds issued by VAMC	Allowance for other held-to-maturity bonds	Total
	VND million	VND million	VND million
Opening balance	1,670,698	65,449	1,736,147
Allowance reversed during the year	(1,171,489)	(42,375)	(1,213,864)
	499,209	23,074	522,283

13. Long-term investments

Portfolio by types of investments was as follows:

	31/12/2020	31/12/2019
	Triệu VND	Triệu VND
Other long-term investments - cost (i)	165,891	165,891
Allowance for diminution in the value of long-term investments (ii)	(32,751)	(32,751)
	133,140	133,140

(i) Details of other long-term investments at the year-end were as follows:

	31/12/2020	31/12/2019
	Triệu VND	Triệu VND
Investments in economic entities	121,877	121,877
Investments in financial institutions	44,014	44,014
	165,891	165,891

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

	2020 Triệu VND	2019 Triệu VND
Opening balance	32,751	5,983
Allowance made in the year	-	27,731
Allowance utilised in the year	-	(963)
Closing balance	32,751	32,751

Included in allowance for diminution in the value of long-term investments were allowance for capital contribution, inefficient share purchases of HBB. The Bank adopts the specific counting policies as described at Note 3(c) to record allowance for these investments.

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14. Tangible fixed assets
Year ended 31 December 2020

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
Cost						
Opening balance	478,467	325,299	226,696	190,940	1,132	1,222,534
Additions	10,166	22,674	22,154	38,914	776	94,684
Disposals	(5,801)	(2,040)	(4,258)	(1,265)	-	(13,364)
Reclassification	(7,508)	(58,463)	2,394	50,080	(472)	(13,969)
Foreign exchange difference	(53)	(397)	(324)	(139)	(38)	(951)
Closing balance	475,271	287,073	246,662	278,530	1,398	1,288,934
Accumulated depreciation						
Opening balance	170,390	243,185	152,965	157,367	293	724,200
Charge for the year	10,179	10,359	16,830	16,771	224	54,363
Disposals	(5,566)	(2,033)	(4,165)	(1,236)	-	(13,000)
Reclassification	(921)	(18,911)	2,086	8,814	(98)	(9,030)
Foreign exchange difference	(37)	(257)	(212)	(71)	(8)	(585)
Closing balance	174,045	232,343	167,504	181,645	411	755,948
Net book value						
Opening balance	308,077	82,114	73,731	33,573	839	498,334
Closing balance	301,226	54,730	79,158	96,885	987	532,986

Included in tangible fixed assets were assets costing VND371,518 million which were fully depreciated as of 31 December 2020 (31/12/2019: VND397,341 million), but which are still in active use.

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Year ended 31 December 2019

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
Cost						
Opening balance	396,154	383,683	232,312	90,787	37,699	1,140,635
Additions	42,402	37,863	14,637	12,874	3,868	111,644
Other movements	39,985	(95,898)	(19,967)	87,365	(40,430)	(28,945)
Foreign exchange difference	(74)	(349)	(286)	(86)	(5)	(800)
Closing balance	478,467	325,299	226,696	190,940	1,132	1,222,534
Accumulated depreciation						
Opening balance	110,410	286,314	148,514	83,054	26,669	654,961
Charge for the year	33,777	24,641	19,256	19,572	907	98,153
Other movements	26,248	(67,568)	(14,736)	54,791	(27,281)	(28,546)
Foreign exchange difference	(45)	(202)	(69)	(50)	(2)	(368)
Closing balance	170,390	243,185	152,965	157,367	293	724,200
Net book value						
Opening balance	285,744	97,369	83,798	7,733	11,030	485,674
Closing balance	308,077	82,114	73,731	33,573	839	498,334

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15. Intangible fixed assets

Year ended 31 December 2020

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
Cost				
Opening balance	4,280,834	278,157	31,244	4,590,235
Additions	6	21,316	-	21,322
Disposals	-	(1,214)	-	(1,214)
Other movements	-	16,492	(2,949)	13,543
Foreign exchange difference	-	(239)	(297)	(536)
Closing balance	4,280,840	314,512	27,998	4,623,350
Accumulated amortisation				
Opening balance	6,121	245,851	19,091	271,063
Charge for the year	158	10,678	1,580	12,416
Disposals	-	(1,139)	-	(1,139)
Other movements	-	8,594	(123)	8,471
Foreign exchange difference	-	(240)	(298)	(538)
Closing balance	6,279	263,744	20,250	290,273
Net book value				
Opening balance	4,274,713	32,306	12,153	4,319,172
Closing balance	4,274,561	50,768	7,748	4,333,077

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Year ended 31 December 2019

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
Cost				
Opening balance	4,281,049	219,319	44,292	4,544,660
Additions	-	30,540	4,530	35,070
Other movements	(215)	28,515	(17,311)	10,989
Foreign exchange difference	-	(217)	(267)	(484)
Closing balance	4,280,834	278,157	31,244	4,590,235
Accumulated amortisation				
Opening balance	5,963	199,642	32,295	237,900
Charge for the year	158	21,057	1,503	22,718
Other movements	-	25,369	(14,440)	10,929
Foreign exchange difference	-	(217)	(267)	(484)
Closing balance	6,121	245,851	19,091	271,063
Net book value				
Opening balance	4,275,086	19,677	11,997	4,306,760
Closing balance	4,274,713	32,306	12,153	4,319,172

16. Other assets

	31/12/2020 VND million	31/12/2019 VND million
Purchase of fixed assets and construction in progress	264,562	190,192
Other receivables	19,969,926	15,614,194
<i>In which:</i>		
• Receivables from deferred letters of credit	14,877,323	10,207,113
• Receivables from debts purchase contracts	187,500	187,500
• Receivables from sale of bonds	2,529,471	2,799,020
• Other receivables	2,375,632	2,420,561
Accrued interest and fee receivables	7,560,625	8,065,177
Other assets (i)	1,582,399	7,510,779
Allowance for other assets (ii)	(347,189)	(512,177)
	29,030,323	30,868,165

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(i) Other assets

	31/12/2020 VND million	31/12/2019 VND million
Foreclosed assets awaiting resolution	587,696	616,618
Prepaid expenses	312,651	570,745
Loss on the swap of SBIC loans for DATC bonds (*)	382,632	708,584
Real estates for sale	4,948	14,840
Entrusted investments	-	892,013
Other assets	294,472	4,707,979
	1,582,399	7,510,779

(*) On 12 September 2013, SHB swapped the loans to SBIC with Vietnam Debt and Asset Trading Corporation ("DATC") bonds. The difference between carrying value of the loans are translated and the amount of DATC bonds are recognised as other assets. SHB applies the specific accounting policies as described in Note 3(n) and amortises these loans in 10 years, from 2014 to 2024.

(ii) Allowance for other assets

Allowance for other on-balance sheet assets for sale includes:

	31/12/2020 VND million	31/12/2019 VND million
Allowance for other assets	347,189	70,219
Allowance for doubtful debts from entrusted investments	-	441,958
	347,189	512,177

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

Year ended 31 December 2020

	Allowance for doubtful debts from entrusted investments VND million	Allowance for other assets VND million	Total VND million
Opening balance	441,958	70,219	512,177
Allowance made during the year	450,055	277,362	727,417
Allowance utilised during the year	(892,013)	(392)	(892,405)
Closing balance	-	347,189	347,189

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Year ended 31 December 2019

	Allowance for doubtful debts from entrusted investments	Allowance for other assets	Total
	VND million	VND million	VND million
Opening balance	616,400	36,816	653,216
Allowance made during the year	759,853	37,293	797,146
Allowance utilised during the year	(934,295)	(3,890)	(938,185)
Closing balance	441,958	70,219	512,177

(*) This represents allowance for doubtful debts from HBB's entrusted investments. The Bank applies the specific accounting policies as described in Note 3(c) to record allowance for these trusted investments.

17. Amounts due to the Government and the State Banks

	31/12/2020 VND million	31/12/2019 VND million
Borrowings at the SBV	609,712	725,071

18. Deposits and borrowings from other credit institutions

	31/12/2020 VND million	31/12/2019 VND million
Demand deposits		
Demand deposits in VND	9,445,283	23,034,754
Demand deposits in foreign currencies	230,572	199,205
Term deposits		
Term deposits in VND	9,745,260	5,920,619
Term deposits in foreign currencies	2,416,829	2,471,054
	21,837,944	31,625,632
Borrowings from other credit institutions		
Borrowings in VND	-	5,661,238
Borrowings in foreign currencies	571,576	-
Borrowings under financial projects (*)	1,569,714	1,129,766
Payables for UPAS letters of credit	14,983,156	10,207,113
	17,124,446	16,998,117
	38,962,390	48,623,749

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

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Term deposits in VND	1.40% - 5.90%	1.40% - 5.80%
Term deposits in foreign currencies	0.00% - 2.00%	0.00% - 2.40%
Borrowings in VND	1.08% - 6.30%	1.40% - 6.28%
Borrowings in foreign currencies	0.80% - 3.70%	0.00% - 4.02%

19. Tiền gửi của khách hàng

	31/12/2020 Triệu VND	31/12/2019 Triệu VND
Demand deposits		
Demand deposits in VND	26,601,626	17,553,358
Demand deposits in foreign currencies	1,529,891	1,354,645
Term deposits		
Term deposits in VND	263,414,503	226,424,366
Term deposits in foreign currencies	10,641,658	12,813,131
Margin deposits		
Margin deposits in VND	1,366,802	1,053,929
Margin deposits in foreign currencies	24,667	36,945
Deposits for specific purposes		
Deposits for specific purposes in VND	2,474	338
Deposits for specific purposes in foreign currencies	108	34
	303,581,729	259,236,746

Deposits from customers by types of customers/enterprises were as follows:

	31/12/2020 Triệu VND	31/12/2019 Triệu VND
Economic entities	89,125,139	76,514,596
Individuals	205,222,886	174,810,603
Others	9,233,704	7,911,547
	303,581,729	259,236,746

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Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Term deposits in VND	0.80% - 7.00%	1.00% - 7.80%
Term deposits in foreign currencies	0.00% - 1.80%	0.00% - 2.00%

In case that customers withdraw term saving deposits prior to the maturity date, interest rates for demand deposits shall be applied in conformity with the SBV's regulations.

20. Borrowed and entrusted funds

	31/12/2020 Triệu VND	31/12/2019 Triệu VND
Medium-term, long-term borrowings from Small and Medium Enterprise Development Fund - Phase II and III (i)	353,916	483,050
Long-term borrowings from Renewable Energy Development Project (ii)	806,381	861,994
Medium and long-term borrowings from the Smart Grid - Transmission Efficiency Project (iii)	462,400	463,300
The project for receipt of funds from IIB (iv)	1,890,270	701,343
	3,512,967	2,509,687

- (i) Borrowings from Small and Medium Enterprises Development Fund - Phase II and Phase III are borrowings from Japan International Cooperation Agency (JICA) through Project Management Unit of ODA International Credit to provide loans to eligible small and medium enterprises. For loans to small and medium enterprises, applied interest rates are declared by SHB from time to time.
- (ii) Long-term borrowings from Renewable Energy Development Project are borrowings from International Development Association to provide loans to renewable energy projects, approved by the Ministry of Finance and the Ministry of Industry and Trade. Interest rate of these loans is published quarterly by the SBV, adjusted by interest margin and the deduction rate as regulated by the Ministry of Finance.
- (iii) Long-term borrowings from Kreditanstalt für Wiederaufbau (KfW) to finance the investments in high-voltage power grid in Vietnam. The implementing unit of the project is National Power Transmission Corporation - Vietnam Electricity (EVN NPT).
- (iv) These represent the borrowings from the International Investment Bank ("IIB") for financing infrastructure in Vietnam and contracts for exporting/importing goods to/from IIB member countries. The interest rate for each borrowing of each interest payment period shall be a percentage per annum, the total of profit margin and LIBOR.

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21. Valuable papers issued

Valuable papers issued are classified by type as follows:

	31/12/2020 VND million	31/12/2019 VND million
Deposit certificates	15,373,802	15,231,289
Promisory notes	9,410,277	4,351,000
Bonds	6,250,000	7,150,475
	31,034,079	26,732,764

22. Other liabilities

	31/12/2020 VND million	31/12/2019 VND million
Accrued interest and fee payables	8,633,097	8,428,063
Deferred tax liabilities	34,837	36,599
Internal payables	58,576	58,222
• Payables to employees	17,021	14,234
• Bonus and welfare fund	41,555	43,988
External payables	2,215,986	395,974
• Taxes and others payable to State Budget (i)	320,946	90,064
• Other payables	1,895,040	305,910
	10,942,496	8,918,858

(i) Taxes and others payable to State Budget

	31/12/2020 VND million	31/12/2019 VND million
Value added tax	9,263	7,255
Corporate income tax	275,535	52,041
Other taxes	36,148	30,768
	320,946	90,064

Details of taxes payable are presented in Note 37.

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23. Capital and reserves

Changes in capital and reserves of SHB for the year ended 31 December 2020 and 31 December 2019 were as follows:

	Share capital (I) VND million	Share premium VND million	Treasury shares VND million	Investment and development fund VND million	Financial reserve VND million	Supplemental capital reserve VND million	Other reserves VND million	Foreign exchange difference VND million	Retained profits VND million	Total VND million
As at 1 January 2019	12,036,161	101,716	(5,260)	28,551	958,716	478,712	1,022	(5,891)	2,738,805	16,332,532
Net profit for the year	-	-	-	-	-	-	-	-	2,417,890	2,417,890
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Additional allowance made under the Scheme	-	-	-	-	-	-	-	-	(143,853)	(143,853)
Appropriation to equity funds	-	-	-	9,005	223,163	118,468	-	-	(350,636)	-
Foreign exchange difference	-	-	-	(143)	-	(541)	-	(43,929)	(4,513)	(49,126)
As at 31 December 2019	12,036,161	101,716	(5,260)	37,413	1,181,879	596,639	1,022	(49,820)	4,607,693	18,507,443
Net profit for the year	-	-	-	-	-	-	-	-	2,607,012	2,607,012
Issuance of share dividends (Note 25)	2,514,370	-	-	-	-	-	-	-	(2,514,370)	-
Share public offering during the year	2,959,560	-	-	-	-	-	-	-	-	2,959,560
Appropriation to equity funds	-	-	-	6,589	248,984	132,994	-	-	(388,567)	-
Foreign exchange difference	-	-	-	(317)	-	(993)	-	(48,010)	11,525	(37,795)
As at 31 December 2020	17,510,091	101,716	(5,260)	43,685	1,430,863	728,640	1,022	(97,830)	4,323,293	24,036,220

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24. Share capital

	31/12/2020		31/12/2019	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Issued share capital				
Ordinary shares	1,751,009,094	17,510,091	1,203,616,110	12,036,161
Number of shares repurchased				
Ordinary shares	496,186	4,962	496,186	4,962
Shares in circulation				
Ordinary shares	1,750,512,908	17,505,129	1,203,119,924	12,031,199

All ordinary shares of SHB have a par value of VND10,000. Each share is entitled to one vote at meetings of the shareholders of SHB. All ordinary shares are ranked equally with regard to the Bank's residual assets.

25. Dividends

The Bank's 2019 Annual General Meeting of Shareholders on 23 April 2019 passed the plan to distribute share dividends of 2017 and 2018 to the existing shareholders. In accordance with the Report on issuance of share dividends dated 21 February 2020 submitted to the State Securities Commission, the Bank completed the issuance of 251,437,035 share dividends.

26. Net interest income

	2020 VND million	2019 VND million
Interest and similar income from		
Balances with other credit institutions	185,627	547,703
Loans to customers and other credit institutions	29,293,395	24,378,254
Investments in debt securities	1,551,817	2,567,879
Fees from guarantee services	133,411	114,948
Other credit activities	122,870	73,920
	31,287,120	27,682,704
Interest and similar expenses for		
Deposits from customers and other credit institutions	18,215,021	17,023,385
Borrowed and entrusted funds	643,795	962,475
Valuable papers issued	2,476,723	1,845,538
Other credit activities	18,382	20,867
	21,353,921	19,852,265
Net interest income	9,933,199	7,830,439

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kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

27. Net fee and commission income

	2020 VND million	2019 VND million
Fee and commission income from		
Settlement and cash services	262,149	222,264
Treasury services	18,104	17,049
Other services	468,947	644,568
	749,200	883,881
Fee and commission expenses for		
Settlement and cash services	55,233	50,355
Treasury services	27,072	30,275
Other services	144,146	109,145
	226,451	189,775
Net fee and commission income	522,749	694,106

28. Net gain from trading of foreign currencies

	2020 VND million	2019 VND million
Revenues from trading of foreign currencies		
Spot foreign exchange trading	483,015	697,165
Financial derivatives	599,932	731,084
Income from trading of gold	385	90
	1,083,332	1,428,339
Expenses from trading of foreign currencies		
Spot foreign exchange trading	470,692	583,461
Financial derivatives	487,685	688,584
Expenses for trading of gold	242	22
	958,619	1,272,067
Net gain from trading of foreign currencies	124,713	156,272

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29. Lãi thuần từ mua bán chứng khoán đầu tư

	2020 VND million	2019 VND million
Gain from trading of available-for-sale securities	1,466,235	600,605
Loss from trading of available-for-sale securities	(159,830)	(129,773)
Allowance for diminution in the value of investment securities provided during the year	(13,294)	(6,683)
	1,293,111	464,149

30. Lãi thuần từ hoạt động khác

	2020 VND million	2019 VND million
Income from other activities		
Collection of debts written off in prior years	91,046	161,967
Proceeds from disposals of fixed assets	761	2,555
Income from derivative financial instruments	69,514	106,673
Other income	291,366	106,906
Income from other activities	452,687	378,101
Expenses for other activities		
Payment for social activities	17,450	6,645
Expenses for disposals of assets	228	441
Expenses for derivative financial instruments	49,175	104,807
Other expenses	37,264	24,472
Expenses for other activities	104,117	136,365
	348,570	241,736

31. Operating expenses

	2020 VND million	2019 VND million
Tax, duties and fees	66,299	70,335
Expenses for employees	2,705,535	2,305,011
Expenses on assets	446,779	504,694
<i>In which:</i>		
<i>Depreciation of fixed assets</i>	66,779	120,871
Administration expenses	802,895	844,516
Insurance fee for customers' deposits	277,681	228,102
Reversal of allowance for diminution in the value of other long-term equity investments	-	(926)
	4,299,189	3,951,732

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32. Income tax

(a) Recognised in the consolidated statement of income

	2020 VND million	2019 VND million
Current tax expense		
Current year	662,750	571,851
Deferred income tax expense		
Origination of temporary differences	(1,762)	36,599
	660,988	608,450

(b) Reconciliation of effective tax rate

	2020 VND million	2019 VND million
Profit before tax	3,268,000	3,026,340
Tax at the Bank's tax rate	653,600	605,268
Effect of different tax rates in subsidiary banks, subsidiaries	3,400	3,649
Non-deductible expenses	1,002	-
Tax exempt income	2,986	(467)
	660,988	608,450

(c) Applicable tax rate

The usual income tax rate applicable to the Bank is 20% for 2020 (2019: 20%).

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33. Basic earnings per share

(i) Net profit attributable to ordinary shareholders

	2020 VND million	2019 VND million
Net profit for the year	2,607,012	2,417,890
Additional allowance made under the Scheme	-	(143,853)
Net profit attributable to ordinary shareholders for the year	2,607,012	2,274,037

(ii) Weighted average number of ordinary shares

	2020 VND	2019 (as restated) VND	2019 (as previously reported) VND
Issued ordinary shares at the beginning of the year	1,203,119,924	1,203,119,924	1,203,119,924
Effect of ordinary shares issued to pay dividends for year ended 31 December 2020	251,437,035	251,437,035	-
Effect of ordinary shares issued to existing shareholders for the year ended 31 December 2020	267,576,611	-	-
Weighted average number of ordinary shares for the year	1,722,133,570	1,454,556,959	1,203,119,924

(iii) Basic earnings per share

	2020 VND	2019 (điều chỉnh lại) VND	2019 (theo báo cáo trước đây) VND
Basic earnings per share	1,514	1,563	1,890

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34. Cash and cash equivalents

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand and gold	1,619,927	1,754,801
Balances with the State Banks	14,806,140	10,163,244
Current accounts at other credit institutions ("CIs")	14,832,049	31,826,581
Deposits at other CIs with original term not exceeding 3 months	16,321,890	7,077,758
	47,580,006	50,822,384

35. Employee benefits

	2020 VND million	2019 VND million
Average number of employees (person)	8,435	8,216
Employees' income	2,143,466	2,003,219
Average monthly income (VND million)	21.18	20.32

36. Significant transactions with related parties

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

Balances of significant transactions with related parties at year end were as follows:

	Balance as at	
	31/12/2020 VND million Assets/ (Liabilities and owner's equity)	31/12/2019 VND million Assets/ (Liabilities and owner's equity)
<i>T&T Group Joint Stock Company</i>		
• Capital contribution received	(1,750,461)	(1,199,768)
• Demand deposits received	(390,657)	(111,859)
• Accrued interest payable on deposits	(530)	(518)
<i>Sai Gon - Hanoi Insurance Corporation</i>		
• Contributed capital	42,857	42,857
• Demand deposits received	(527,948)	(208,901)
• Accrued interest payable on deposits	(15,867)	(3,814)

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kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

	Transactions	
	2020 VND million Revenue/ (expenses)	2019 VND million Revenue/(expenses)

Members of Board of Directors and Board of Management

Allowance for members of Board of Directors 35,210 38,611

Remuneration of members of Board of Management 29,298 27,492

37. Obligations to the State Budget

Year ended 31 December 2020

	1/1/2020 Payable VND million	Incurred during the year		31/12/2020 Payable VND million
		Increase VND million	Decrease VND million	
Corporate income tax	7,255	91,690	(89,682)	9,263
Value added tax	52,041	662,750	(439,256)	275,535
Other taxes	30,768	264,369	(258,989)	36,148
	90,064	1,018,809	(787,927)	320,946

Year ended 31 December 2019

	1/1/2020 Payable VND million	Incurred during the year		31/12/2020 Payable VND million
		Increase VND million	Decrease VND million	
Corporate income tax	35,912	90,803	(119,460)	7,255
Value added tax	221,929	571,851	(741,739)	52,041
Other taxes	18,156	187,111	(174,499)	30,768
	275,997	849,765	(1,035,698)	90,064

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37. Segment reporting

Geographical segment reporting

Year ended 31 December 2020	The North VND million	The Central VND million	The South VND million	Foreign countries VND million	Total VND million
Net interest income	7,089,560	567,470	1,891,371	384,798	9,933,199
Net fee and commission income	392,170	24,471	73,260	32,848	522,749
Net gain from trading of foreign currencies	105,829	2,675	16,316	(107)	124,713
Net gain from investment securities	1,289,370	302	3,439	-	1,293,111
Net gain from other activities	326,102	5,373	15,522	1,573	348,570
Income from capital contribution, share purchase	(14,931)	-	-	-	(14,931)
Operating expenses	(3,244,917)	(275,658)	(633,099)	(145,515)	(4,299,189)
Net operating profit before allowance and provision expenses	5,943,183	324,633	1,366,809	273,597	7,908,222
Allowance and provision expenses	(4,389,051)	(64,618)	(162,459)	(24,094)	(4,640,222)
Profit before tax	1,554,132	260,015	1,204,350	249,503	3,268,000

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As at 31 December 2020	The North VND million	The Central VND million	The South VND million	Foreign countries VND million	Total VND million
Cash on hand and gold	1,089,485	130,661	333,951	65,830	1,619,927
Balances with the SBV	14,016,581	8,831	5,536	775,192	14,806,140
Balances with and loans to other credit institutions ("CIs")	30,406,027	1,853	1,973	840,661	31,250,514
Trading securities	960	-	-	-	960
Derivatives and other financial assets	133,872	-	-	-	133,872
Loans to customers	218,845,314	21,793,868	52,597,690	8,962,184	302,199,056
Investment securities	28,639,538	-	60	-	28,639,598
Long-term investments	133,140	-	-	-	133,140
Fixed assets	4,776,478	23,828	52,450	13,307	4,866,063
Other assets	19,862,303	2,946,358	6,026,617	195,045	29,030,323
Total assets	317,903,698	24,905,399	59,018,277	10,852,219	412,679,593
Amounts due to the Government and the State Banks	609,712	-	-	-	609,712
Deposits and borrowings from other CIs	32,163,530	5,745	875	6,792,240	38,962,390
Deposits from customers	234,426,331	18,141,943	49,217,823	1,795,632	303,581,729
Borrowed and entrusted funds	3,512,967	-	-	-	3,512,967
Valuable papers issued	24,667,069	3,300,079	3,066,931	-	31,034,079
Other liabilities	8,391,403	597,616	1,128,299	825,178	10,942,496
Total liabilities	303,771,012	22,045,383	53,413,928	9,413,050	388,643,373

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kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

Year ended 31 December 2019	The North VND million	The Central VND million	The South VND million	Foreign countries VND million	Total VND million
Net interest income	5,202,513	349,964	1,941,786	336,176	7,830,439
Net fee and commission income	558,484	27,023	71,318	37,281	694,106
Net gain from trading of foreign currencies	140,071	3,260	16,698	(3,757)	156,272
Net gain from investment securities	464,123	3	23	-	464,149
Net gain from other activities	128,748	13,061	87,880	12,047	241,736
Income from capital contribution, share purchase	2,334	-	-	-	2,334
Operating expenses	(2,881,691)	(281,448)	(636,110)	(152,483)	(3,951,732)
Net operating profit before allowance and provision expenses	3,614,582	111,863	1,481,595	229,264	5,437,304
Allowance and provision expenses	(1,807,292)	18,784	(645,487)	23,031	(2,410,964)
Profit before tax	1,807,290	130,647	836,108	252,295	3,026,340

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kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

Year ended 31 December 2019	The North		The Central		The South		Foreign coun-tries		Total	
	VND	million	VND	million	VND	million	VND	million	VND	million
Cash on hand and gold	1,223,974		146,587		308,547		75,693		1,754,801	
Balances with the State Banks	9,207,302		11,502		4,132		940,308		10,163,244	
Balances with and loans to other credit institutions ("CIs")	33,106,986		3,090		2,667		595,747		33,708,490	
Trading securities	502		-		-		-		502	
Derivatives and other financial assets	172,946		-		-		-		172,946	
Loans to customers	181,429,238		21,038,267		51,106,771		8,456,931		262,031,207	
Investment securities	21,604,317		-		-		-		21,604,317	
Long-term investments	133,140		-		-		-		133,140	
Fixed assets	4,722,689		24,065		52,220		18,532		4,817,506	
Other assets	29,441,874		784,014		466,326		175,951		30,868,165	
Total assets	281,042,968		22,007,525		51,940,663		10,263,162		365,254,318	
Amounts due to the Government and the State Banks	725,071		-		-		-		725,071	
Deposits and borrowings from other CIs	42,168,798		50,146		136		6,404,669		48,623,749	
Deposits from customers	196,824,577		16,299,840		45,216,722		895,607		259,236,746	
Borrowed and entrusted funds	2,509,687		-		-		-		2,509,687	
Valuable papers issued	23,027,976		1,955,973		1,748,815		-		26,732,764	
Other liabilities	5,713,725		570,917		1,138,884		1,495,332		8,918,858	
Total liabilities	270,969,834		18,876,876		48,104,557		8,795,608		346,746,875	

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Business segments

	Credit VND million	Investment VND million	Services VND million	Treasury VND million	Total VND million
Year ended 31 December 2020					
Revenue	29,549,676	2,954,710	582,914	804,600	33,891,900
As at 31 December 2020					
Segment assets	309,476,991	29,443,602	242,746	47,408,108	386,571,447
Allocated assets	15,624,871	47,848	10,278,831	156,596	26,108,146
Total assets	325,101,862	29,491,450	10,521,577	47,564,704	412,679,593
Segment liabilities	(534,475)	-	(930,983)	(385,826,781)	(387,292,239)
Allocated liabilities	(808,611)	(2,476)	(531,943)	(8,104)	(1,351,134)
Total liabilities	(1,343,086)	(2,476)	(1,462,926)	(385,834,885)	(388,643,373)
Year ended 31 December 2019					
Revenue	24,567,122	3,190,634	679,419	1,130,266	29,567,441
As at 31 December 2019					
Segment assets	270,233,255	22,901,446	205,923	45,452,598	338,793,222
Allocated assets	17,577,018	41,364	8,714,027	128,687	26,461,096
Total assets	287,810,273	22,942,810	8,919,950	45,581,285	365,254,318
Segment liabilities	(455,067)	-	(41,484)	(345,722,454)	(346,219,005)
Allocated liabilities	(350,939)	(823)	(173,546)	(2,562)	(527,870)
Total liabilities	(806,006)	(823)	(215,030)	(345,725,016)	(346,746,875)

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38. Financial risk management

This section provides information of SHB's exposure to risk and describes the policies, the methods used by management to control risk. The most important types of financial risk to which SHB is exposed are credit risk, liquidity risk and market risk.

(a) Risk management policy for financial instruments

SHB's orientation is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (in terms of deposit products and valuable papers issued) and investments in high quality financial assets have become key activities to help SHB gain necessary interest rate gaps. From the risk management perspective, SHB is required to maintain the structure of assets, liabilities and equity (including balance sheet items and off-balance sheet items) for the purpose of ensuring safety and mitigating risks in banking activities. In addition, SHB has invested in securities or granted credit facilities to other banks. The risks related to currency and interest rates have been managed through applying of position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimise risks. By holding various assets being high quality financial instruments, the structure of SHB's consolidated balance sheet is able to protect SHB from significant risks during its business processes and ensure liquidity. In addition, SHB has been also involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, SHB has adopted the Credit Handbook which provides in details the lending policies and procedures as well as implementation guidance on standardization of SHB's credit activities. Liquidity risk is limited by holding appropriate amounts of cash and cash equivalents as Nostro accounts, term deposits at the SBV and other credit institutions and valuable papers. The safety ratios with risk factors taken into account are also used to manage liquidity risk. SHB has regularly assessed interest rate gaps, compared to the gaps of domestic markets and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the deployment of Centralised Capital Management System and Centralised Payment System in which all capital and payment transactions of SHB are executed by the Head Office. Such centralisation has also helped SHB to monitor capital movements more effectively and reduce any possible errors and unnecessarily complicated procedures.

(b) Credit risk

SHB is subject to credit risk through its lending, investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. SHB's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is reflected by the carrying amounts of the assets on the consolidated balance sheet. In addition, SHB is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued.

SHB has maintained a credit risk management policy to ensure the following basic principles are complied with:

- Establishing an appropriate environment for credit risk management;
- Operating in accordance with a healthy credit granting process;
- Maintaining an appropriate credit management, measurement and monitoring process; and
- Ensuring proper controls over credit risk.

Notes to the consolidated financial statements

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SHB approves credit facilities through various levels to ensure that each credit is considered independently; concurrently, the approval of the loan is made on the basis of the credit limit assigned to each authorisation level. Besides, the credit approval model of SHB is maintained with the involvement of the Credit Committee to ensure centralised credit approval with the highest quality.

SHB is using the internal credit rating system which has been approved by the SBV as a management tool to control credit risk, according to which each customer is classified in a level of risk. The level of risk may be modified and updated frequently. Data and results of customer rating across the system are controlled and centrally managed at the Head Office. This is the basis for credit granting and provision of services to customers as well as making allowance for credit risk in accordance with regulations.

Financial assets that are “overdue but not requiring allowance yet” mainly comprise loans and advances to customers classified by SHB in Group 2 to Group 5 and overdue receivables under Circular 02 and Circular 09 that do not require allowance yet.

Financial assets that are “overdue and full allowance provided” mainly comprise loans and advances to customers classified by SHB in Group 2 to Group 5 and overdue receivables under Circular 02 and Circular 09 that require allowance and have been fully provided for by SHB.

The maximum exposure to credit risk on balance sheet of SHB, excluding collaterals or credit support was as follows:

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As at 31 December 2020

(VND million)							
	Not overdue and not requiring allowance	Overdue but not requiring allowance yet				Overdue and allowance provided	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue more than 360 days		
Balances with the State Banks	14,806,140	-	-	-	-	-	14,806,140
Balances with and loans to other CIs - net	31,250,514	-	-	-	-	-	31,250,514
Derivative and other financial assets	133,872	-	-	-	-	-	133,872
Loans to customers - net	291,526,345	3,219,199	62,924	187,511	456,160	6,746,917	302,199,056
Investment securities - net	27,982,071	-	-	-	-	629,066	28,611,137
Other financial assets - net	28,822,638	-	-	-	-	207,685	29,030,323
	394,521,580	3,219,199	62,924	187,511	456,160	7,583,668	406,031,042

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As at 31 December 2019

(VND million)

	Not overdue and not requiring allowance	Overdue but not requiring allowance yet				Overdue and allowance provided	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue more than 360 days		
Balances with the State Banks	10,163,244	-	-	-	-	-	10,163,244
Balances with and loans to other CIs - net	33,708,490	-	-	-	-	-	33,708,490
Derivative and other financial assets	172,946	-	-	-	-	-	172,946
Loans to customers - net	251,505,860	3,499,147	664,650	91,402	1,018,664	5,251,484	262,031,207
Investment securities - net	21,374,790	-	-	-	-	201,066	21,575,856
Other financial assets - net	30,185,988	-	-	-	-	682,177	30,868,165
	347,111,318	3,499,147	664,650	91,402	1,018,664	6,134,727	358,519,908

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

	31/12/2020 VND million	31/12/2019 VND million
Real estates	316,125,120	275,018,822
Movable assets	57,340,972	59,105,271
Valuable papers	52,904,021	51,609,368
Other collaterals	404,157,771	347,660,102
	830,527,884	733,393,563

(c) Liquidity risk

Liquidity risk arises in the general funding of SHB's activities and in the management of currency positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

SHB adopts a risk measurement method that is appropriate to its operation scale and the availability of the information system, ensuring meeting the requirements for the risk mitigation. It includes indicators related to cash flows, ability of capital mobilisation, and ability of asset liquidity of SHB. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following table provides an analysis of the assets and liabilities of SHB in terms of relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the addenda to the contracts which may exist.

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As at 31 December 2020 (VND million)	Overdue		Not overdue					Total
	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
Assets								
Cash on hand and gold	-	-	1,619,927	-	-	-	-	1,619,927
Balances with the State Banks	-	-	14,806,140	-	-	-	-	14,806,140
Balances with and loans to other CIs - gross	-	-	29,797,688	1,452,150	-	676	-	31,250,514
Securities held for trading - gross	-	-	3,889	-	-	-	-	3,889
Derivative and other financial assets	5,598,785	6,695,243	11,197	85,494	37,181	-	-	133,872
Loans to customers - gross	817,000	-	61,454	301,846	6,886,789	6,703,887	14,747,623	29,518,599
Investment securities - gross	-	-	-	-	-	-	165,891	165,891
Long-term investments	-	-	1,609,069	9	6,761	71,114	3,179,110	4,866,063
Fixed assets	187,500	-	16,434,762	5,762,442	6,938,161	49,121	5,526	29,377,512
Other assets - gross	6,603,285	6,695,243	80,358,811	46,008,418	86,404,572	93,475,460	97,833,928	417,379,717
	6,603,285	6,695,243	80,358,811	46,008,418	86,404,572	93,475,460	97,833,928	417,379,717
Liabilities								
Amounts due to the Government and the State Banks	-	-	-	77,008	532,704	-	-	609,712
Deposits and borrowings from other CIs	-	-	21,651,933	7,908,904	7,937,931	1,313,027	150,595	38,962,390
Deposits from customers	-	-	77,538,326	56,581,589	124,789,892	44,670,250	1,672	303,581,729
Borrowed and entrusted funds	-	-	6,800	47,626	633,974	2,285,591	538,976	3,512,967
Valuable papers issued	-	-	979,709	2,073,117	7,057,337	9,096,548	11,827,368	31,034,079
Other liabilities	-	-	10,942,496	-	-	-	-	10,942,496
	-	-	111,119,264	66,688,244	140,951,838	57,365,416	12,518,611	388,643,373
Net liquidity gap	6,603,285	6,695,243	(30,760,453)	(20,679,826)	(54,547,266)	36,110,044	85,315,317	28,736,344

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

As at 31 December 2019 (VND million)	Overdue		Not overdue				
	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years
Assets							
Cash on hand and gold	-	-	1,619,927	-	-	-	-
Balances with the State Banks	-	-	14,806,140	-	-	-	-
Balances with and loans to other CIs - gross	-	-	29,797,688	1,452,150	-	676	-
Securities held for trading - gross	-	-	3,889	-	-	-	-
Derivative and other financial assets	-	-	11,197	85,494	37,181	-	-
Loans to customers - gross	5,598,785	6,695,243	16,014,685	38,406,477	72,535,680	86,650,662	79,735,778
Investment securities - gross	817,000	-	61,454	301,846	6,886,789	6,703,887	14,747,623
Long-term investments	-	-	-	-	-	-	165,891
Fixed assets	-	-	1,609,069	9	6,761	71,114	3,179,110
Other assets - gross	187,500	-	16,434,762	5,762,442	6,938,161	49,121	5,526
	6,603,285	6,695,243	80,358,811	46,008,418	86,404,572	93,475,460	97,833,928
							417,379,717
Liabilities							
Amounts due to the Government and the State Banks	-	-	-	77,008	532,704	-	-
Deposits and borrowings from other CIs	-	-	21,651,933	7,908,904	7,937,931	1,313,027	150,595
Deposits from customers	-	-	77,538,326	56,581,589	124,789,892	44,670,250	1,672
Borrowed and entrusted funds	-	-	6,800	47,626	633,974	2,285,591	538,976
Valuable papers issued	-	-	979,709	2,073,117	7,057,337	9,096,548	11,827,368
Other liabilities	-	-	10,942,496	-	-	-	-
	-	-	111,119,264	66,688,244	140,951,838	57,365,416	12,518,611
							388,643,373
Net liquidity gap	6,603,285	6,695,243	(30,760,453)	(20,679,826)	(54,547,266)	36,110,044	85,315,317
							28,736,344

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

(d) Market risks

(i) Interest rate risk

SHB's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in differing amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

SHB adopts a interest risk measurement method for all assets - liabilities items with respect to interest income. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show SHB's assets and liabilities categorised by the contractual re-pricing or maturity date and the effective interest rates at the balance sheet date.

Time limit for repricing of effective interest rates is the remaining period from the end of the annual accounting period to the most recent repricing of effective interest rates of assets and equity items.

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

As at 31 December 2020 (VND million)	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets									
Cash on hand and gold	-	1,619,927	-	-	-	-	-	-	1,619,927
Balances with the State Banks	-	-	14,806,140	-	-	-	-	-	14,806,140
Balances with and loans to other CIs - gross	-	-	29,797,688	1,452,150	-	-	676	-	31,250,514
Securities held for trading - gross	-	3,889	-	-	-	-	-	-	3,889
Derivatives and other financial assets	-	133,872	-	-	-	-	-	-	133,872
Loans to customers - gross	12,294,028	-	86,277,333	170,313,950	6,903,269	5,617,107	21,422,030	2,809,593	305,637,310
Investment securities - gross	817,000	4,308,363	1,608,288	1,792,779	7,179,285	2,207,499	2,147,478	9,457,907	29,518,599
Long-term investments	-	165,891	-	-	-	-	-	-	165,891
Fixed assets	-	4,866,063	-	-	-	-	-	-	4,866,063
Other assets - gross	187,500	14,312,688	2,279,092	5,750,106	5,181,919	1,666,207	-	-	29,377,512
	13,298,528	25,410,693	134,768,541	179,308,985	19,264,473	9,490,813	23,570,184	12,267,500	417,379,717
Liabilities									
Amounts due to the Government and the State Banks	-	-	609,712	-	-	-	-	-	609,712
Deposits and borrowings from other CIs	-	-	21,648,960	9,451,968	5,453,693	2,287,680	117,710	2,379	38,962,390
Deposits from customers	-	-	77,538,326	56,581,589	76,531,534	48,258,358	44,670,250	1,672	303,581,729
Borrowed and entrusted funds	-	-	462,401	1,160,296	87,870	358,237	1,443,300	863	3,512,967
Valuable papers issued	-	-	2,624,478	5,736,844	8,046,733	6,520,964	7,105,060	1,000,000	31,034,079
Other liabilities	-	10,942,496	-	-	-	-	-	-	10,942,496
	-	10,942,496	102,883,877	72,930,697	90,119,830	57,425,239	53,336,320	1,004,914	388,643,373
Interest sensitivity gap	13,298,528	14,468,197	31,884,664	106,378,288	(70,855,357)	(47,934,426)	(29,766,136)	11,262,586	28,736,344

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

As at 31 December 2019 (VND million)	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets									
Cash on hand and gold	-	1,754,801	-	-	-	-	-	-	1,754,801
Balances with the State Banks	-	-	10,163,244	-	-	-	-	-	10,163,244
Balances with and loans to other CIs - gross	-	-	32,390,106	1,279,276	39,108	-	-	-	33,708,490
Securities held for trading - gross	-	3,889	-	-	-	-	-	-	3,889
Derivatives and other financial assets	-	172,946	-	-	-	-	-	-	172,946
Loans to customers - gross	9,831,642	-	80,035,698	137,632,941	5,417,962	2,178,000	28,452,283	1,613,150	265,161,676
Investment securities - gross	350,000	4,565,438	1,550,000	2,238,007	-	1,801,055	4,297,214	7,537,323	22,339,037
Long-term investments	-	165,891	-	-	-	-	-	-	165,891
Fixed assets	-	4,817,506	-	-	-	-	-	-	4,817,506
Other assets - gross	892,013	20,281,049	784,619	3,608,781	4,297,002	1,516,878	-	-	31,380,342
	11,073,655	31,761,520	124,923,667	144,759,005	9,754,072	5,495,933	32,749,497	9,150,473	369,667,822
Liabilities									
Amounts due to the Government and the State Banks	-	-	725,071	-	-	-	-	-	725,071
Deposits and borrowings from other CIs	-	-	27,946,567	12,556,939	6,391,184	1,724,033	2,114	2,912	48,623,749
Deposits from customers	-	-	66,033,170	40,267,012	60,262,214	48,291,641	44,379,607	3,102	259,236,746
Borrowed and entrusted funds	-	-	463,299	-	1,345,045	-	660,327	41,016	2,509,687
Valuable papers issued	-	-	2,265,122	4,241,713	3,237,683	6,151,489	9,836,757	1,000,000	26,732,764
Other liabilities	-	8,918,858	-	-	-	-	-	-	8,918,858
	-	8,918,858	97,433,229	57,065,664	71,236,126	56,167,163	54,878,805	1,047,030	346,746,875
Interest sensitivity gap	11,073,655	22,842,662	27,490,438	87,693,341	(61,482,054)	(50,671,230)	(22,129,308)	8,103,443	22,920,947

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates. SHB was incorporated and operates in Vietnam, with Vietnamese Dong as its reporting currency. The major currency in which SHB transacts is Vietnamese Dong. SHB's loans and advances were mainly denominated in Vietnamese Dong and United States Dollar. However, some of SHB's other assets are in currencies other than Vietnamese Dong and United States Dollar. SHB's management has set limits on positions by currency based on the internal risk assessment system of SHB and regulations of the SBV. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

As at 31 December 2020 (VND million)	VND	USD	EUR	Other currencies	Total
Assets					
Cash on hand and gold	1,108,583	464,163	31,448	15,733	1,619,927
Balances with the State Banks	8,959,080	5,691,656	568	154,836	14,806,140
Balances with and loans to other CIs - gross	20,063,028	10,873,979	178,840	134,667	31,250,514
Securities held for trading - gross	3,889	-	-	-	3,889
Derivatives and other financial assets	3,738,766	(3,586,655)	1,420	(19,659)	133,872
Loans to customers - gross	291,709,358	9,870,061	1,890,270	2,167,621	305,637,310
Investment securities - gross	29,518,599	-	-	-	29,518,599
Long-term investments	165,891	-	-	-	165,891
Fixed assets	4,852,757	8,586	-	4,720	4,866,063
Other assets - gross	15,515,371	13,799,264	319	62,558	29,377,512
	375,635,322	37,121,054	2,102,865	2,520,476	417,379,717
Liabilities					
Amounts due to the Government and the State Banks	609,712	-	-	-	609,712
Deposits and borrowings from other CIs	17,169,886	21,547,490	5	245,009	38,962,390
Deposits from customers	291,385,675	11,342,445	219,361	634,248	303,581,729
Borrowed and entrusted funds	1,160,297	462,400	1,890,270	-	3,512,967
Valuable papers issued	31,034,079	-	-	-	31,034,079
Other liabilities	6,726,718	4,146,962	15,903	52,913	10,942,496
	348,086,367	37,499,297	2,125,539	932,170	388,643,373
FX position on balance sheet	27,548,955	(378,243)	(22,674)	1,588,306	28,736,344

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

As at 31 December 2019 (VND million)	VND	USD	EUR	Other currencies	Total
Assets					
Cash on hand and gold	1,095,064	588,471	47,200	24,066	1,754,801
Balances with the State Banks	8,413,178	1,606,387	-	143,679	10,163,244
Balances with and loans to other CIs - gross	31,789,690	1,502,034	94,275	322,491	33,708,490
Securities held for trading - gross	3,889	-	-	-	3,889
Derivatives and other financial assets	(825,199)	961,834	77,961	(41,650)	172,946
Loans to customers - gross	250,291,254	12,805,375	701,343	1,363,704	265,161,676
Investment securities - gross	22,339,037	-	-	-	22,339,037
Long-term investments	165,891	-	-	-	165,891
Fixed assets	4,798,972	10,958	-	7,576	4,817,506
Other assets - gross	20,442,709	10,885,063	114	52,456	31,380,342
	338,514,485	28,360,122	920,893	1,872,322	369,667,822
Liabilities					
Amounts due to the Government and the State Banks	725,071	-	-	-	725,071
Deposits and borrowings from other CIs	36,529,906	11,911,339	-	182,504	48,623,749
Deposits from customers	245,158,834	13,738,486	267,659	71,767	259,236,746
Borrowed and entrusted funds	1,345,044	463,300	701,343	-	2,509,687
Valuable papers issued	26,732,764	-	-	-	26,732,764
Other liabilities	8,413,662	480,374	3,891	20,931	8,918,858
	318,905,281	26,593,499	972,893	275,202	346,746,875
FX position on balance sheet	19,609,204	1,766,623	(52,000)	1,597,120	22,920,947

Notes to the consolidated financial statements
kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

40. Commitments

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

	31/12/2020 Triệu VND	31/12/2019 Triệu VND
Up to one year	43,984	70,619
From more than one year to five years	477,982	384,961
More than five years	169,405	124,638
	691,371	580,218

41. Exchange rates of foreign currencies at the reporting date

The followings were the exchange rates at the reporting date applied by the Bank:

	Exchange rate as at	
	31/12/2020 VND	31/12/2019 VND
USD	23,120	23,165
EUR	28,391	25,987
GBP	31,591	30,482
CHF	26,225	23,931
JPY	224	213
SGD	17,481	17,220
AUD	17,831	16,246
HKD	2,982	2,976
CAD	18,139	17,785
LAK	2,487	2,607
THB	770.0	778.7

Notes to the consolidated financial statements

kết thúc ngày 31 tháng 12 năm 2020 (tiếp theo)

42. Unusual items

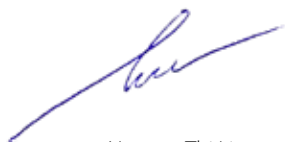
During 2020, Vietnam's socio-economy was significantly affected by the Covid-19 pandemic.

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020, Vietnam Government has performed significant control measures including the social distancing initiated from 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly. On 28 January 2021, the Covid-19 pandemic broke out again in Quang Ninh and Hai Duong and spread to other provinces. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors.

During the year ended 31 December 2020, SHB restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 affected customers in accordance with the guidance of Circular 01.

1 March 2021

Prepared by:



Nguyen Thi Lien

Head of Accounting

Reviewed by



Ngo Thi Van

Chief Accountant

Reviewed by



Ngo Thu Ha

Deputy Executive Officer

Approved by:



Nguyen Van Le

Chief Executive Officer



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Hanoi, 1 April 2021



Nguyen Van Le
General Director



