

*No.: 02/BC.SHB-DHĐCD*

# **REPORT**

## **BUSINESS RESULTS IN 2021**

### **BUSINESS PLAN FOR 2022**

#### **To: GENERAL MEETING OF SHAREHOLDERS**

Saigon - Hanoi Commercial Joint Stock Bank (SHB) would like to report on business results in 2021 and business plan in 2022 as follows:

#### **PART 1. BUSINESS RESULTS IN 2021**

2021 is an important year for Vietnam's economic development, the first year of implementing the 10-year socio-economic development strategy 2021-2030 and the 5-year plan 2021-2025. The situation still has many difficulties and challenges, especially the complicated developments of the COVID-19 pandemic, but thanks to the high determination of the whole socio-political system, our country has achieved many important results, has drastically implemented a safe, flexible adaptation roadmap and effectively controlled the COVID-19 epidemic, being one of the countries with the highest vaccine coverage rate in the world. Macroeconomy continued to be stable, inflation was under control, GDP growth reached 2.58%, CPI increased by 1.84% compared to 2020. Major balances of the economy guaranteed; State budget revenue exceeded 16.4% of the estimate; total import-export turnover increased by 22.6%, reaching USD 668.5 billion, the highest ever. Agriculture continues to affirm its supporting role of the economy, with agricultural, forestry and fishery exports reaching over \$48.6 billion. The manufacturing and processing industry increased by 6.37%, continuing to be the driving force of growth.

The State Bank of Vietnam has proactively and flexibly adopted monetary policy instruments, promptly implemented measures to fight against the Covid-19 epidemic and supported businesses, thereby, credit growth of the entire industry reached 12.97%; capital mobilization from credit institutions increased by 8.44%; exchange rate was stable, lending interest rates dropped sharply; SBV has also actively implemented solutions to restructure the system of credit institutions and handle non-performing loans, ensuring system safety; encouraged non-cash payments; promoted digital transformation in banking activities; ensured operational safety of the entire banking system and credit institutions, significantly contributed to the country's socio-economic development.

Implementing the Resolution of the Annual General Meeting of Shareholders in 2021, the Board of Directors, Supervisory Board and Executive Board of SHB firmly pursued the goal of "Aspiration to lead", developing SHB into a TOP bank in terms of efficiency, a TOP retail bank and

the most popular digital bank. In 2021, SHB achieved many important achievements, laying the foundation for future development.

## 1. results in 2021

Business results in 2021 as in the financial statements of SHB audited by KPMG Co., Ltd. are as follows:

### - Summary of some business indicators until December 31, 2021

*Unit: VND Billion*

Indicators	Unit	2021	Growth 2021/2020
<b>1.Capital scale</b>			
total assets	VND Billion	506,604	22.8%
Authorized capital	VND Billion	26,674	52.3%
Equity capital	VND Billion	53,114	42.9%
<b>2.Business results</b>			
Mobilization from financial institutions & individuals	VND Billion	378,441	11.9%
Credit balance	VND Billion	368,514	16.4%
Profit before tax	VND Billion	6,260	91.6%
CIR	%	24.27%	-10.95%
ROE	%	21.02%	5.66%
<b>3. Capital adequacy ratio, NPL ratio</b>			
Capital adequacy ratio (CAR)	%	11.86	Ensuring the prescribed level of the State Bank ( $\geq 8\%$ )
NPL ratio	%	1.69	Ensuring the prescribed level of the State Bank ( $\leq 3\%$ )

### - Total assets:

As of December 31, 2021, SHB's total assets reached VND 506,604 billion, an increase of VND 93,925 billion, up 22.8% compared to the end of 2020, completing 110.1% of the 2021 plan.

SHB ranks in the top 6 in terms of total assets among the largest private commercial banks in Vietnam.

The average growth rate of SHB's total assets in 5 years (term 2017-2021) is 16.0%/year.

### - Charter capital, equity capital:

Equity reached VND 53,114 billion, up VND 15,934 billion, equivalent to an increase of 42.9% compared to 2020.

Charter capital reached VND 26,674 billion, up VND 9,164 billion, equivalent to an increase of 52.3% compared to 2020, completing 100% of the 2021 plan.

SHB ranks in the top 5 in terms of charter capital among the private commercial joint stock banks with the largest charter capital in Vietnam.

The average growth rate of SHB's charter capital in the past 5 years has reached 19.0%/year.

### - Capital mobilization:

- + Mobilization of capital in Market 1 from financial institutions and individuals reached VND 378,441 billion, up 11.9% compared to 2020, completing 97.4% of the plan.

SHB ranked in the top 4 among the largest private commercial joint stock banks in terms of capital mobilization

The average growth rate of SHB's capital mobilization from financial institutions and individuals over the past 5 years reached 15.9%/year.

- + Capital mobilization Market 2:

- Credit institutions deposits and loans at SHB reached VND 79,733 billion, an increase of VND 40,770 billion compared to 2020.
- SHB deposits and loans at other credit institutions was VND 64,172 billion, an increase of 32,921 billion VND compared to 2020.
- Difference: +15,561 billion dong.

- **Credit:**

Credit growth:

As of December 31, 2021, the credit balance reached VND 368,514 billion, up 16.4% compared to the end of 2020, outperforming 102.1% of the plan for 2021.

SHB ranks in the top 5 in terms of credit balance among private commercial joint stock banks.

The average growth rate of SHB's outstanding loans in the past 5 years reached 16.4%/year.

Loan structure:

Loans to corporate customers reached VND 285,975 billion, up VND 45,007 billion, equivalent to an increase of 18.7% compared to 2020.

Personal loans reached VND 76,441 billion, up VND 11,772 billion, equivalent to an increase of 18.2% compared to 2020.

Credit quality:

In 2021, SHB achieved the best credit quality, lowest NPL ratio, lowest overdue loans ratio in recent years.

- **Financial results:**

- + Net income in 2021 reached VND 18,153 billion, up 48.7%, corresponding to an increase of VND 5,946 billion compared to 2020. The growth rate of SHB's average net income in the past 5 years was 29.6%/ year.

- + Operating costs in 2021: VND 4,406 billion, an increase of 2.5% compared to 2020, implementing 80.8% of the plan in 2021.

- + Provision for risks set up in 2021 was VND 7,487 billion, an increase of VND 2,847 billion compared to 2020, of which:

- Provision for 100% debt settlement of Vinashin: VND 1,900 billion.
- Provision for 100% of VAMC bonds before maturity: VND 4,247 billion.

(As of December 31, 2021, SHB has no outstanding debts of Vinashin and VAMC bonds).

- + Consolidated pre-tax profit reached VND 6,260 billion, an increase of VND 2,992 billion compared to 2020, equivalent to an increase of 91.6%. Completed 102.2% of the whole year 2021 plan, ranked 7th in profit before tax among private joint stock commercial banks. The average growth rate of SHB's profit before tax in the past 5 years reached 40.2%/year.
- + Dividend payment rate in 2021: 15%, fulfilling the target set by the 2021 Annual General Meeting of Shareholders.

## 2. Overview of results achieved in 2021 and term 2017-2021

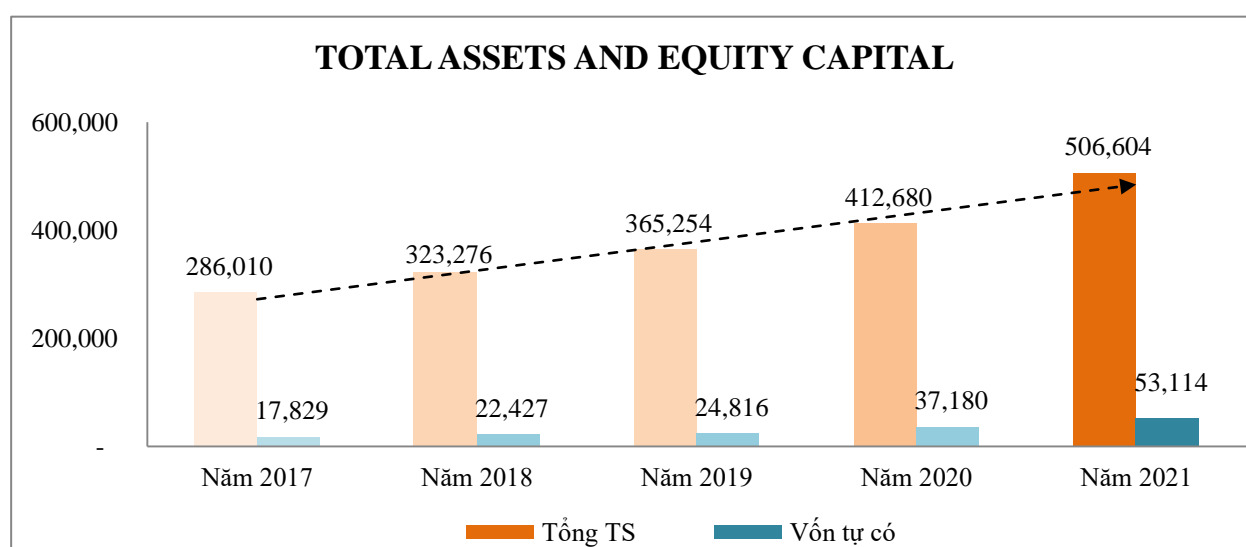
At the end of the past 5 year period, SHB has well accomplished its dual goals: developing healthy business activities and preparing the foundation to launch a comprehensive innovation process towards a modern digital bank.

- **Annual business results have grown steadily, higher than the average growth rate of the whole industry, and completed the annual targets assigned by the General Meeting of Shareholders.**

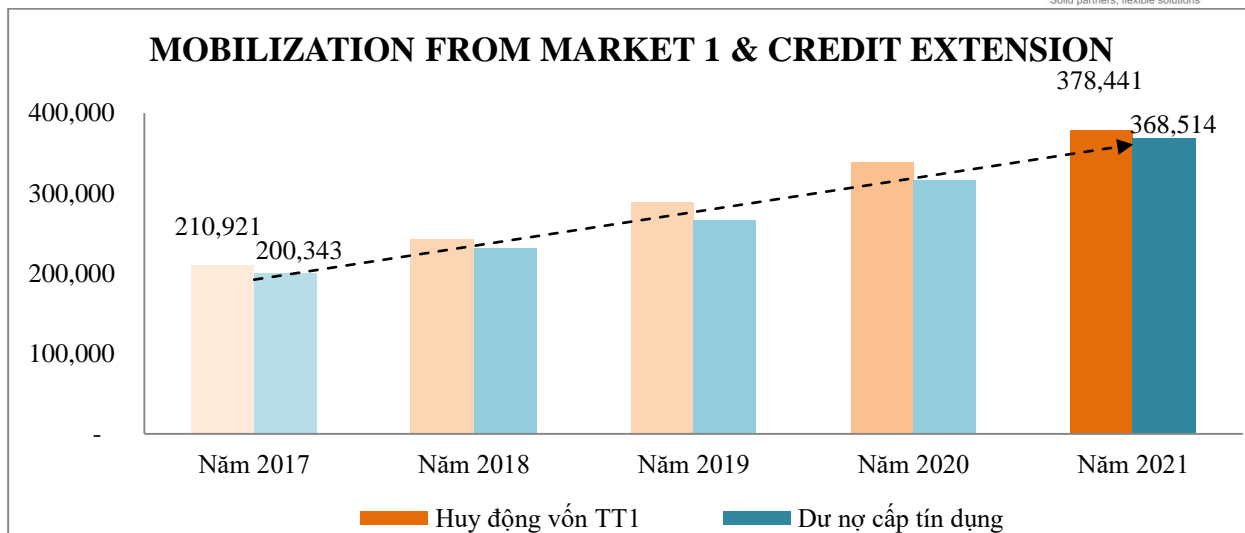
All indicators on scale of total assets, loans, and capital mobilization have exceeded the annual plan: Total assets increased by 2.1 times, charter capital by 2.4 times, outstanding loans increased by 2.1 times, and mobilization from market 1 increased 2.1 times compared to December 31, 2016.

Asset quality has been continuously improved, SHB has handled all outstanding debts after the merger of HBB, debts of Vinashin and VAMC bonds, the bad debt ratio has been controlled and gradually decreased over the years.

*Unit: VND Billion*

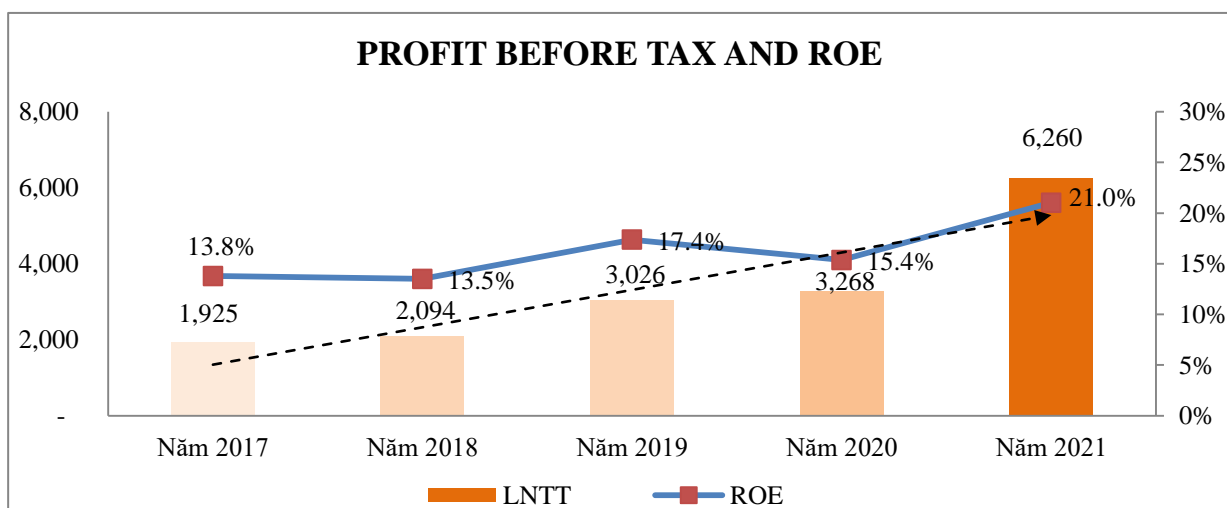


*Unit: VND Billion*



Annual pre-tax profit reached and exceeded the plan, profit in 2021 increased by 5.4 times compared to December 31, 2016, ranking in the Top 7 of private joint stock commercial banks. ROA, ROE indicators improved significantly, 2.7 times higher in ROA and 2.2 times in ROE.

*Unit: VND Billion*



- **Along with efficiency, safety is the top criterion set by SHB in business, capital adequacy criteria are continuously improved and towards compliance with international standards.**

In 2018, SHB completed the organizational structure, system of policies, processes and internal regulations as required in Circular 13, ensuring that the internal control system was built in accordance with the regulations of the State Bank of Vietnam and approaching international risk management standards.

In 2019, SHB built and put into operation the system for calculating risky assets (RWA), complying with Circular 41 according to the roadmap set out by the State Bank. Currently, the bank always ensures a capital adequacy ratio (CAR) of over 9% - higher than the minimum 8% required by law.

In 2020, SHB complied with all 3 Basel II Pillars ahead of required schedule.

In 2021, SHB completed increasing charter capital to VND 26,674 billion, capital adequacy ratio according to Basel II standards reached 11.86%. Also in 2021, SHB completed the

preparation of the foundations for the transition to advanced capital calculation (FIRB), meeting Basel III standards on liquidity risk.

- **The strong capitalization, among the top enterprises with largest capitalization scale on HOSE.**

After 11 years of listing on the Hanoi Stock Exchange (HNX), in 2021, SHB has moved to list on the Ho Chi Minh City Stock Exchange (HOSE), opening new growth drivers. Along with the impressive and sustainable growth in business results, the market capitalization and trading value of SHB shares also recorded important milestones.

As of December 31, 2021, the market capitalization value of SHB reached more than VND 59,471 billion, (US\$ 2.7 billion), 8.2 times higher than 5 years ago, ranking 9th among private commercial banks and in the top 30 enterprises with the largest market capitalization scale on the stock exchange; bringing high profitability to investors, with an average dividend payout ratio of 11.3% over the past 5 years; and become one of the banks that effectively attract foreign investment cash flows.

No.	Year	Share dividend payout ratio
1	2017	20.9%
2	2018	
3	2019	10%
4	2020	10.5%
5	2021	Estimated 15%
<b>5 years on average</b>		<b>11.3%</b>

- **Breakthrough in digital transformation/Digital banking/Information technology projects.**

Focused on developing and modernizing IT infrastructure, upgrading/converting Corebanking, Core card systems... with high integration capabilities for modern IT application systems and digital transformation such as Omni Channel, CRM... to improve customer experience and increase the efficiency of SHB's system administration.

Completed the construction of a governance framework for digital transformation and banking modernization. Strongly restructured organizational structure/human resources, established Digital Banking Division, Digital Transformation Center; applied the most appropriate way of doing digital transformation in the market – the Agile methodology and Design Thinking at work in the Digital Banking Division, taking steps to expand the transformation roadmap for SHB in the next period.

Successfully implemented 100% digital product journeys, including: (i) Online pre-approved credit cards; (ii) Online pre-approved overdraft without collateral; (iii) Automatic bill payment and a series of new features related to public service payment connection, insurance cross-selling and product backlog management of products and services on ebanking for individual customers.

- **Successfully implemented major mergers and acquisitions deals in the market, contributing to enhancing the stature and brand of SHB.**

SHB has always been the pioneer bank in implementing the Government's policy of restructuring the system of credit institutions with the successful merger of Hanoi House Commercial Joint Stock Bank (Habubank); Established wholly owned subsidiary banks in Laos and Cambodia; In 2016, Vinaconex Viettel Finance Joint Stock Company (VVF) was merged to form SHB Finance Company Limited (SHB FC). To date, SHB has successfully negotiated the sale of SHBFC to a foreign partner (Thai Investor - Bank of Ayudhya Public Company Limited - Krungsri), which will complete divestment in 2022 in 02 phases: Phase 1 : SHB will transfer 50% of the company's charter capital to Krungsri expected in May 2022 (or at another time as agreed upon by the parties); Phase 2: Three years after the completion of phase 1, SHB will continue to transfer the remaining 50% of the charter capital of the company owned by SHB to Krungsri.

- **Subsidiaries operate effectively, contributing to the positive performance of the whole bank**

*SHB Asset Management One Member LLC (SHB AMC)*

SHB AMC's main activities include buying, selling, managing and exploiting assets, handling debts, providing security services to support the business activities of SHB and credit institutions in accordance with the law. 2021 profit reached VND 13.2 billion.

*Saigon - Hanoi Commercial Joint Stock Bank Finance Company Limited (SHB FC)*

SHB FC has a charter capital of VND 1,000 billion. SHB FC aims to become one of the pioneering financial companies applying technology to quickly meet the financial needs of customers, while improving service quality and convenience for customers. As of December 31, 2021, total assets reached VND 6,253 billion, outstanding loans reached VND 4,545 billion, profit of VND 33 billion.

*SHB Laos One Member Bank Limited*

SHB Laos One Member Bank Limited was established with a charter capital of 50 million USD. Business activities of SHB Laos exploit the vast and promising potential of the Lao market, attract investment, and contribute to improving SHB's reputation and position in the Vietnamese financial market. As of December 31, 2021, the network of SHB Laos includes 1 head office, 2 branches, and 76 employees. Total assets reached VND 5,341 billion, mobilized capital from market 1 reached VND 728 billion, credit balance reached VND 2,661 billion, profit before tax was VND 91.8 billion.

*SHB Cambodia One Member Bank Limited*

With a charter capital of 75 million USD, SHB Cambodia is the second wholly owned subsidiary of SHB in Indochina market after SHB Laos. After 10 years of operation, SHB Cambodia has created a diverse customer base including both Vietnamese enterprises in Cambodia and enterprises in the host country, mainly focusing on key economic sectors, such as rubber, electricity, road and bridge, mining. As of December 31, 2021, SHB Cambodia has 5 transaction points including 1 head office and 4 branches, 57 employees. Total assets reached VND 10,111 billion, mobilized capital from market 1 reached VND 1,681 billion, credit



balance reached VND 9,049 billion, profit before tax reached VND 246.5 billion.

- **Actively contribute to the social community**

SHB always accompanies the Government and the social community, joining hands to support and share difficulties with corporate and individual customers over the years by offering preferential loan programs of trillions of dong, interest rate reduction, fee reduction, financial solution consulting, business administration, etc.

During the Covid-19 pandemic (2020-2021), SHB has deployed a credit package of VND 30 trillion with preferential interest rates and conditions for corporate and individual customers, reducing lending interest rates from 0.5-2 % for nearly 42 thousand customers with a total outstanding loan of nearly VND 145 trillion, interest and fee exemption and reduction for thousands of corporate and individual customers, making loans to VN Airline with an amount VND 1000 billion in the support package of VND 4000 billion of 4 commercial banks to support VN Airlines to overcome Covid-19. With the implementation of such programs, SHB is in the Top 2 private joint stock commercial banks with the most interest rate reduction to support customers affected by Covid-19.

SHB is also a pioneer in social security activities with annual contributions of hundreds of billions of dong for the past 5 years. Specifically, in 2021, SHB has contributed more than VND 300 billion to social security activities such as: building houses of gratitude, schools, supporting people recover from natural disasters, storms and floods,...; medical support activities for the community: donation of medical equipment, supplies, medicines, etc., the bank was awarded the Certificate of Merit by the Prime Minister for achievements in the prevention of the Covid-19 epidemic.

- **SHB is highly appreciated by domestic and international organizations.**

In the past 5 years, the success and prestige of SHB has been recognized with many noble awards from the Party and State, many prestigious awards from prestigious domestic and international organizations.

Awards of the Party and State: Second-class and third-class Labor medal, Certificates of Merit from the Government, Ministries, Departments, People's Committees of provinces and cities.

Currently, SHB is in the Top 5 largest commercial joint stock banks in Vietnam, Top 10 most prestigious commercial banks in Vietnam; Top 1,000 global banks, Top 500 strongest banks in Asia; 1 among top 10 most influential credit institutions in Vietnam's banking system; one of the 50 most valuable enterprises in Vietnam and maintains its position in the Top 10 most valuable brands in Vietnam's banking industry,...

Since the credit rating of B3 in 2017, up to now, with the results achieved in business activities, the credit rating of SHB has been upgraded by Moody's, continuing to remain at a stable outlook with a long-term deposit rating index (local and foreign currency) at B2; The long-term counterparty risk index (local and foreign currencies) at B1.

For many years in a row, the bank has been honored by international organizations in several award categories, such as: Typical Bank of the Year, Best SME Bank, Best Trade Finance



Bank, Bank with Best Initiatives to Support customer, Bank with the best strategic cooperation initiative 2020, "Bank with the best deposit service" and "Bank with the best Internet Banking service" in Vietnam, "Enterprise with the best deposit service" in Vietnam. Country winner for Priority Integration Sector – Banking & Finance 2019 by ASEAN Business Advisory Council (BAC) for its positive contributions to the process of integration and connection among Asean businesses, “Best company to work for in Asia” by HR Asia Magazine, “Best CSR bank in Vietnam” by Asiamoney Magazine.

For many years in a row, it has won prestige domestic awards such as: Top 10 "Vietnamese favourite brands", Top 10 "Large-cap enterprises with the best annual report", Top 30 “best corporate governance companies”, Top 30 "most transparent enterprise on HNX" for many consecutive years, Top 50 "Best enterprises in Vietnam", Top 50 "Best growth enterprise in Vietnam", Top 100 Vietnam Gold Stars, Top 500 "Fastest growing enterprises in Vietnam" with rankings continuously increasing over the years, Top 100 largest enterprises paying highest corporate income tax in Vietnam for many consecutive years, Top 100 sustainable enterprises in Vietnam, Strong Brand Award, Famous Brand in Vietnam for many consecutive years.

## **PART 2. BUSINESS PLAN FOR 2022 AND OBJECTIVES FOR THE TERM 2022-2026**

In 2022, the Government, the Ministry of Health and all sectors will continue to increase vaccination against Covid-19 to basically control the epidemic, gradually open the economy, promote public investment, and promote economic growth to achieve GDP growth target in 2022 from 6-6.5%, average inflation about 4%... The State Bank of Vietnam focuses on directing the implementation of key solutions to complete improving the legal foundations of the banking industry; actively and flexibly manage monetary policy instruments, interest rates and exchange rates; administering credit solutions, contributing to controlling inflation, supporting the recovery of economic growth; continue to restructure credit institutions; promote digital transformation, promote non-cash payment...

SHB would like to submit to the General Meeting of Shareholders to approve the 2022 business plan and targets in 2026 (5 years) with the following specific business targets and tasks:

### **1. Business plan targets 2022 and goals 2026**

*Unit: Billion VND*

No.	Criteria	Plan 2022	Increase/decrease compared to 2021	Growth compared to 2021	Target 2026
1	total assets	569,610	63,006	12.4%	Top 3
2	Authorized capital	36,459	9,785	36.7%	Top 3
3	Total mobilized capital	504,539	44,854	9.8%	Top 3
4	Total credit balance <sup>(*)</sup>	421,715	53,201	14.4%	Top 3
5	Bad debt ratio	1.30%	- 0.39%		Top 3
6	Profit before tax	11,686	5,426	86.7%	Top 3
7	CIR	24.5%	0.23%		Top 2

8	ROE	26.63%	5.61%	Top 3
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(\*) Credit growth is adjusted according to the approval of the State Bank.

- **Total assets:**

Total assets as of December 31, 2022: 569.6 trillion, up 12.4% compared to 2021.

Target TOP 5 in 2022.

Target 2026: SHB ranks in the TOP 3 private commercial joint stock banks in terms of total assets.

- **Charter capital:**

Charter capital as of December 31, 2022: 36.5 trillion, up 37% compared to 2021.

Target TOP 4 in 2022.

Target 2026: SHB ranks in TOP 3 private commercial joint stock banks in terms of charter capital.

- **Total mobilized capital:**

Total capital up to December 31, 2022: 504.5 trillion, up 9.8% compared to 2021.

Target TOP 4 in 2022.

Target 2026: SHB ranks in TOP 3 private commercial joint stock banks in terms of capital.

- **Total credit balance:**

Total credit balance as of December 31, 2022: increased by about 14.4% to 421.7 trillion, according to the limit of credit growth room assigned by the State Bank.

Target TOP 4 in 2022.

Target 2026: SHB ranks in TOP 3 private commercial joint stock banks in terms of total outstanding loans.

- **Profit before tax:**

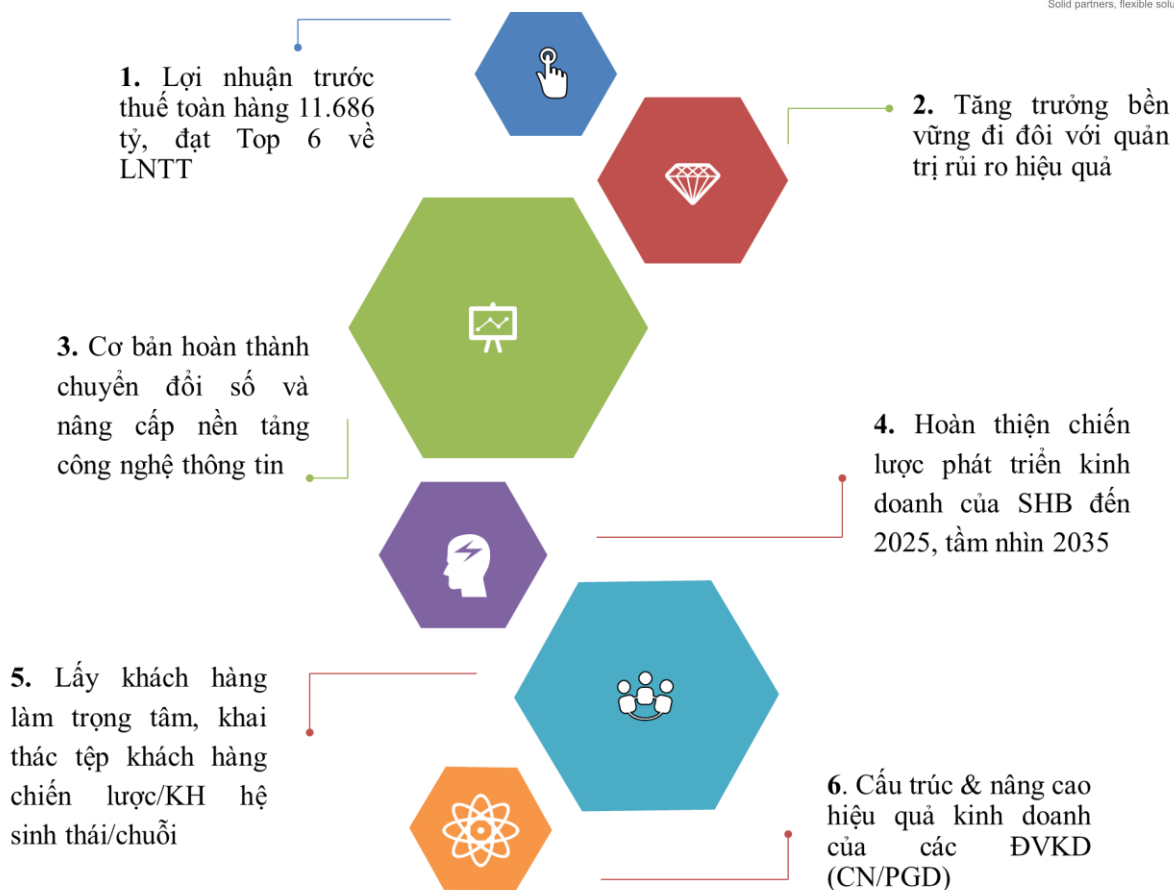
Total PBT in 2022: 11,686 billion, up 87% compared to 2021. Expected to pay 18% dividend in 2022.

Target TOP 6 in 2022.

Target 2026: SHB ranks in TOP 3 private commercial joint stock banks in terms of profit before tax.

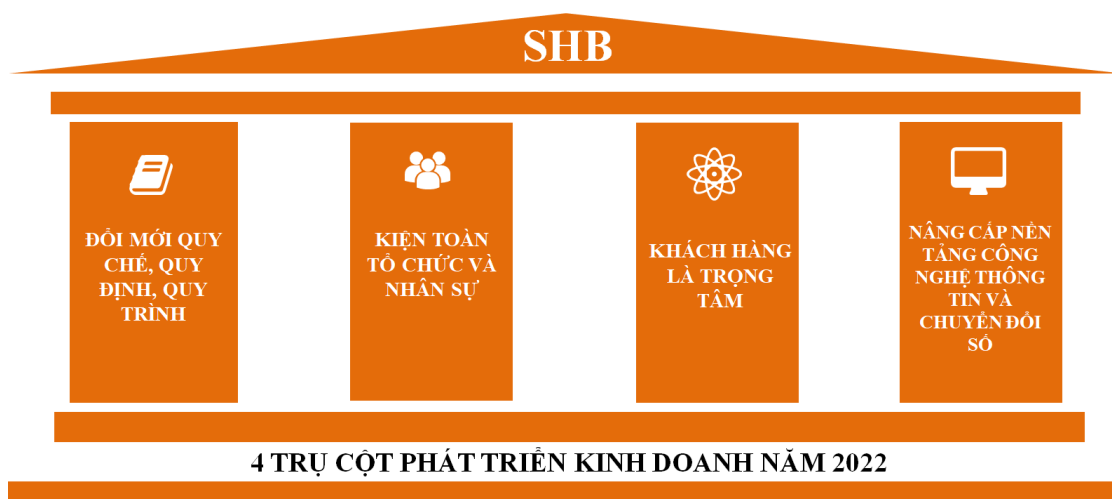
## 2. Goals, tasks and business development initiatives 2022

### 2.1. 6 Business development goals in 2022



1. System-wide profit before tax of VND 11,686, top 6 in terms of PBT
2. Sustainable development, along with effective risk management
3. Basically complete digital transformation and IT platform upgrade
4. Complete SHB's business strategy up to 2025 and 2035 vision
5. Customer-centric, deploy customer files, customer eco-system/supply chain
6. Restructure and strengthen business capacity at business units

## 2.2. 4 Pillars and 12 key tasks for business development in 2022



<p>(1) Improve the quality of SHB's regulations, and business processes</p>	<p>(4) Strengthening the Division/Department/TT at HO, establishing and operating the Business Executive Board</p>	<p>(7) Customers are at the heart of SHB's business journeys</p>	<p>(10) Invest in modern IT infrastructure</p>
<p>(2) SHB's policy mechanism must focus on customers and for SHB's business development goals</p>	<p>(5) Rearrange transaction offices, improve business efficiency, approach new areas and markets.</p>	<p>(8) Exploiting the Ecosystem and financing the chain of strategic customer files of SHB</p>	<p>(11) Transforming Corebanking and Omni Channel, CRM, LOS integration projects...</p>
<p>(3) Digitizing SHB's business processes</p>	<p>(6) Increasing the capacity of management and administration personnel, focusing on IT and digital transformation personnel</p>	<p>(9) Step-by-step centralized customer management at HO, BOS is the sales channel</p>	<p>(12) Digitizing the journeys of the Bank and customers</p>

## 12 KEY TASKS IN 2022

### 2.3. Business development initiatives in 2022

- **Policy mechanism initiatives:** Reviewing, amending and promulgating synchronous regulations, and processes in SHB's management and governance, improving the quality of documents, focusing on customers, and gradually digitizing regulations and process.
- **Initiatives on organizational structure and personnel:** Consolidate the organizational structure of Divisions/Departments/TTs at Head Office (SHBHO), rearrange transaction offices to improve business efficiency, access new locations , new urban areas...; focus on solutions to attract young talents and employees, especially information technology and digital transformation personnel.
- **Customer-centric business management initiatives:**  
 Implement flexibly, effectively, in accordance with the actual conditions of SHB development strategy to 2026 according to the advice of BCG & IFC.  
 Taking customers as the center, accompanying and sharing with customers, continuing to support credit packages for customers affected by Covid-19, continuing to restructure loans, exempting interest and reducing fees under the direction of the Government, the State Bank of Vietnam and in line with the financial capacity of SHB.  
 Concentrating credit, investing in key national economic sectors, promoting socio-economic growth, restructuring and improving the quality, efficiency and profitability of assets.  
 Strengthening credit risk management and banking operational risk in accordance with Basel II/IFRS 9 standards and regulations of the State Bank of Vietnam.  
 Managing operational and administrative expenses and expense ratios according to planned targets, maintaining the Top 2 in CIR in private commercial banks (under 25%).

- **IT and digital transformation initiatives:**

Digital transformation and modern IT are prerequisites to be implemented in 2022 and the following years to achieve SHB's goal of "Aspiration to lead". In 2022, focus on developing and modernizing IT infrastructure platforms, upgrading/converting Corebanking, Core cards... and high integration capabilities for modern IT application software and digital transformation such as Omni Channel, CRM... to improve customer convenience and improve SHB's system administration. Select capable domestic and foreign strategic partners to consult, deploy and organize the implementation of IT modernization and digital transformation.

- **Other initiatives:**

SHB continues to be proactive and flexible with other solutions in business administration and management based on the needs of customers and the market, developing safe, effective and sustainable business.

The above is the report of SHB's business results in 2021, business plan for 2022 and goals until 2026 of SHB, respectfully submit to the General Meeting of Shareholders.

Best regards!

**VICE EXECUTIVE CHAIRMAN OF  
THE BOARD**

**Recipients:**

- As above;
- Board of Directors, Supervisory Board, Executive Board;
- Divisions/Departments/Centers;
- Archived.