



**SAI GON – HA NOI COMMERCIAL JOINT STOCK BANK**  
*(Incorporated in the Socialist Republic of Vietnam)*

## **REVIEWED INTERIM SEPARATE FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2023**

In accordance with Vietnamese Accounting Standards,  
accounting regime applicable to credit institutions in Vietnam  
and legal regulations relating to interim separate financial reporting

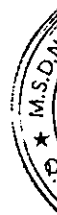


TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF MANAGEMENT	1 - 2
REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS	3 - 4
INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION	5 - 7
INTERIM SEPARATE INCOME STATEMENT	8
INTERIM SEPARATE CASH FLOW STATEMENT	9 - 10
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS	11 - 47

W  
O  
C  
K  
D  
I  
V  
I  
S  
I  
O  
N

**SAIGON – HANOI COMMERCIAL JOINT STOCK BANK**

77 Tran Hung Dao, Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

---

**STATEMENT OF THE BOARD OF MANAGEMENT**

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank (the “Bank”) presents this report together with the Bank’s interim separate financial statements for the 6-month period ended 30 June 2023.

The members of the Board of Directors, Board of Supervisors, Board of Management and Chief Accountant of the Bank during the period and to the date of this report are as follows:

**Board of Directors**

Mr. Do Quang Hien	Chairman
Mr. Do Duc Hai	Vice Chairman (appointed on 11 April 2023)
Mr. Do Quang Vinh	Vice Chairman (appointed on 11 April 2023)
Mr. Vo Duc Tien	Vice Chairman (dismissed from 11 April 2023)
Mr. Thai Quoc Minh	Member
Ms. Ngo Thu Ha	Member (appointed from 11 April 2023)
Mr. Pham Viet Dan	Member (appointed from 11 April 2023)
Mr. Nguyen Van Le	Member (resigned from 11 April 2023)
Mr. Do Van Sinh	Independent Member
Mr. Haroon Anwar Sheikh	Member (appointed from 11 April 2023)

**Board of Supervisors**

Mr Pham Hoa Binh	Head of Board of Supervisors
Ms. Le Thanh Cam	Member
Mr. Vu Xuan Thuy Son	Member

**Board of Management and Chief Accountant**

Ms. Ngo Thu Ha	Chief Executive Officer
Mr. Le Dang Khoa	Deputy General Director
Mr. Nguyen Huy Tai	Vice General Director
Ms. Ninh Thi Lan Phuong	Vice General Director
Ms. Hoang Thi Mai Thao	Vice General Director
Mr. Do Duc Hai	Vice General Director
Mr. Do Quang Vinh	Vice General Director
Mr. Luu Danh Duc	Vice General Director
Mr. Tran Xuan Huy	Vice General Director (appointed on 01 March 2023)
Ms. Ngo Thi Van	Chief Accountant

126  
NG  
NH  
MT  
OI  
TN  
DA

**STATEMENT OF THE BOARD OF MANAGEMENT (Continued)**

**THE BOARD OF MANAGEMENT’S STATEMENT OF RESPONSIBILITY**

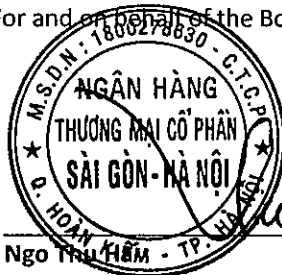
The Board of Management of the Bank is responsible for preparing the interim separate financial statements, which give a true and fair view of the separate financial position of the Bank as at 30 June 2023 and its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to separate financial reporting. In preparing these separate financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim separate financial statements;
- Prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the interim separate financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank, and that the interim separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim separate financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these interim separate financial statements.

For and on behalf of the Board of Management,



Ngo Thu Hien - TP. HỒ CHÍ MINH  
Chief Executive Officer

Hanoi, 24 August 2023

J-C.M.  
Y  
IN  
TE  
M  
H.A.

No.: 0245/VN1A-HN-BC

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To:** The Shareholders  
The Board of Directors and the Board of Management  
Saigon – Hanoi Commercial Joint Stock Bank

We have reviewed the accompanying interim separate financial statements of Saigon – Hanoi Commercial Joint Stock Bank (the “Bank”), prepared on 24 August 2023 as set out from page 05 to page 47, which comprise the interim separate statement of financial position as at 30 June 2023, the interim separate income statement and the interim separate cash flow statement for the 6-month period then ended, and notes to the interim separate financial statements.

### Board of Management’s Responsibility

The Bank’s Board of Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors’ Responsibility

Our responsibility is to express a conclusion on these accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

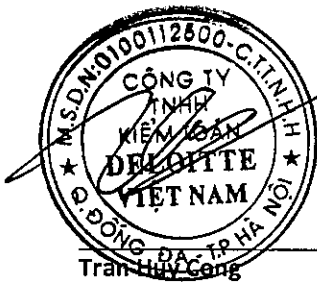
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Bank as at 30 June 2023, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim financial reporting.

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

### Others matters

The Bank's separate financial statements for period ended 31 December 2022 is audited by another independent audit firm, for the financial statements signed on 22 March 2023 giving an unqualified opinion.

The Bank's interim separate financial statements for the 6-month period ended 30 June 2022 is reviewed by another independent audit firm, for the financial statements signed on 24 August 2022 giving an unqualified conclusion.



Trần Huy Công

Vice General Director

Audit Practising Registration Certificate

No. 0891-2023-001-1

**DELOITTE VIETNAM AUDIT COMPANY LIMITED**

24 August 2023

Hanoi, S.R. Vietnam



INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
<b>A.</b>	<b>ASSETS</b>			
I.	Cash		1,392,564	1,822,415
II.	Balances with the State Bank of Vietnam ("SBV")		29,053,790	13,917,545
III.	Placements with and loans to other credit institutions	5	76,839,058	74,177,483
1.	Placements with other credit institutions		60,743,011	63,813,306
2.	Loans to other credit institutions		16,215,209	10,463,971
3.	Provisions for credit losses of loans to other credit institutions		(119,162)	(99,794)
V.	Derivative financial instruments and other financial assets	6	145,447	269,772
VI.	Loans to customers		387,108,264	358,696,908
1.	Loans to customers	7	393,901,726	365,046,921
2.	Provisions for credit losses of loans to customers	8	(6,793,462)	(6,350,013)
VII.	Investment securities	9	33,700,784	32,954,676
1.	Available-for-sale investment securities	9.1	15,959,254	12,988,616
2.	Held-to-maturity investment securities	9.2	17,820,729	20,063,662
3.	Provisions for impairment of investment securities	9.4	(79,199)	(97,602)
VIII.	Long-term investments	10	3,573,417	4,045,723
1.	Investments in subsidiaries	10.1	2,999,024	3,999,024
2.	Investments in associates	10.2	500,000	-
3.	Other long-term investments	10.3	158,272	158,272
4.	Provisions for impairment of long-term investments	10.4	(83,879)	(111,573)
IX.	Fixed assets		4,990,438	4,904,519
1.	Tangible fixed assets		518,031	463,640
a.	Cost		1,255,016	1,170,226
b.	Accumulated depreciation		(736,985)	(706,586)
2.	Intangible assets		4,472,407	4,440,879
a.	Cost		4,784,377	4,743,056
b.	Accumulated amortisation		(311,970)	(302,177)
X.	Other assets	11	43,971,310	52,987,824
1.	Other receivables		23,798,932	36,930,881
2.	Interest and fee receivables		17,710,107	15,231,627
3.	Other assets	11.2	2,573,915	944,715
4.	Provisions for impairment of other balance sheet assets	11.3	(111,644)	(119,399)
<b>TOTAL ASSETS</b>			<b>580,775,072</b>	<b>543,776,865</b>

The accompanying notes are an integral part of these interim separate financial statements

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2023

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
<b>B.</b>	<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>I.</b>	<b>Borrowings from the Government and the SBV</b>	<b>12</b>	<b>1,374,724</b>	<b>9,715,193</b>
1.	Deposits and borrowings from the Government and the SBV		1,374,724	9,715,193
<b>II.</b>	<b>Deposits and borrowings from other credit institutions</b>	<b>13</b>	<b>62,078,786</b>	<b>76,827,185</b>
1.	Deposits from other credit institutions		53,848,701	71,414,288
2.	Borrowings from other credit institutions		8,230,085	5,412,897
<b>III.</b>	<b>Deposits from customers</b>	<b>14</b>	<b>406,676,539</b>	<b>358,448,316</b>
<b>IV.</b>	<b>Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>15</b>	<b>1,452,356</b>	<b>1,615,605</b>
<b>V.</b>	<b>Valuable papers issued</b>	<b>16</b>	<b>42,258,821</b>	<b>34,675,908</b>
<b>VI.</b>	<b>Other liabilities</b>		<b>19,503,538</b>	<b>19,817,187</b>
1.	Accrued fee and interest expenses		13,219,322	8,907,088
2.	Other payables and liabilities	17	6,284,216	10,910,099
	<b>TOTAL LIABILITIES</b>		<b>533,344,764</b>	<b>501,099,394</b>
<b>VII.</b>	<b>Capital and reserves</b>	<b>19</b>	<b>47,430,308</b>	<b>42,677,471</b>
1.	Contributed capital		32,118,175	32,118,175
a.	Charter capital		30,673,832	30,673,832
b.	Share premium		1,449,603	1,449,603
c.	Stock fund		(5,260)	(5,260)
2.	Reserves		3,982,317	3,982,317
3.	Retained earnings		11,329,816	6,576,979
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>580,775,072</b>	<b>543,776,865</b>

The accompanying notes are an integral part of these interim separate financial statements



INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2023

Unit: VND Million

OFF-BALANCE-SHEET ITEMS

NO.	ITEMS	Notes	Closing balance	Opening balance
1.	Credit guarantees	28	20,766	23,856
2.	Foreign exchange transactions commitments	28	9,356,888	38,872,143
	<i>Buying foreign currency commitments</i>		947,564	6,324,654
	<i>Selling foreign currency commitments</i>		1,069,538	3,074,583
	<i>Cross currency swap contracts</i>		7,339,786	29,472,906
3.	Letters of credit	28	12,027,248	19,086,422
4.	Other guarantees	28	14,411,325	15,764,545
5.	Uncollected loan interest and fees		9,633,515	6,656,293
6.	Doubtful debts written-off		31,140,163	27,360,794
7.	Assets and other documents		2,358,541	2,392,588

Prepared by

Approved by

Approved by



Nguyen Thi Lien  
Head of Accounting and  
General Affairs Department



Ngo Thi Van  
Chief Accountant



Ngô Thị Hà  
Chief Executive Officer

24 August 2023



INTERIM SEPARATE INCOME STATEMENT

For the year ended 30 June 2023

Unit: VND Million

NO.	ITEMS	Notes	Current period	Prior period
1.	Interest and similar income	20	27,719,200	17,996,481
2.	Interest and similar expenses	21	(18,635,857)	(10,544,408)
I.	<b>Net interest income</b>		<b>9,083,343</b>	<b>7,452,073</b>
3.	Income from services		410,548	414,699
4.	Expenses on services		(125,201)	(105,926)
II.	<b>Net profit from services</b>		<b>285,347</b>	<b>308,773</b>
III.	<b>Net gain from trading foreign currencies</b>		<b>133,513</b>	<b>83,900</b>
IV.	<b>Net (loss) from investment securities</b>	22	<b>28,346</b>	<b>19,258</b>
5.	Other operating income		134,909	489,866
6.	Other operating expenses		(9,661)	(56,925)
V.	<b>Net profit from other activities</b>	23	<b>125,248</b>	<b>432,941</b>
VI.	<b>Income from capital contribution, equity investments</b>	24	<b>625,615</b>	<b>17,313</b>
VII.	<b>Operating expenses</b>	25	<b>(2,028,364)</b>	<b>(1,655,420)</b>
VIII.	<b>Net profit from operating activities before credit provision expenses</b>		<b>8,253,048</b>	<b>6,658,838</b>
IX.	<b>Provision expenses for credit losses</b>		<b>(2,187,184)</b>	<b>(968,947)</b>
X.	<b>Profit before tax</b>		<b>6,065,864</b>	<b>5,689,891</b>
7.	Current corporate income tax expense	26	(1,208,028)	(1,119,948)
XI.	<b>Corporate income tax expense</b>		<b>(1,208,028)</b>	<b>(1,119,948)</b>
XII.	<b>Profit after corporate income tax</b>		<b>4,857,836</b>	<b>4,569,943</b>

Prepared by

Approved by

Approved by






Nguyen Thi Lien  
Head of Accounting and  
General Affairs Department

Ngo Thi Van  
Chief Accountant

Mo Thu Ha  
Chief Executive Officer

24 August 2023

INTERIM SEPARATE CASH FLOW STATEMENT

For the year ended 30 June 2023

Unit: VND Million

NO. ITEMS	Current period	Prior period
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01. Interest and similar income received	25,212,494	13,581,227
02. Interest and similar expenses paid	(14,323,624)	(10,089,735)
03. Service income received	313,574	250,492
04. Net cash received from trading foreign currencies, gold and securities	143,456	190,331
05. Other income/(expenses)	13,050	(201)
06. Receipts from debts written-off or paid off by risk fund	111,973	433,142
07. Payments to employees and for operating management	(1,982,465)	(1,638,775)
08. Corporate income tax paid	(2,004,860)	(416,770)
<b>Net cash from operating profit before movements in assets and working capital</b>	<b>7,483,598</b>	<b>2,309,711</b>
<b>Movement in operating assets</b>	<b>(25,466,101)</b>	<b>(30,367,020)</b>
09. (Increase) in deposits at and loans to other credit institutions	(5,751,238)	(3,417,715)
10. (Increase) in trading securities	(727,706)	(13,407,120)
11. Decrease in derivatives and other financial assets	124,324	253,465
12. (Increase) in loans to customers	(28,854,805)	(7,437,362)
13. (Decrease) in provisions for losses	(1,730,980)	(8,007)
14. Decreases/(Increase) in other operating assets	11,474,304	(6,350,281)
<b>Movement in operating liabilities</b>	<b>28,625,211</b>	<b>8,610,193</b>
15. (Decrease) in borrowings from the Government and the State Bank of Vietnam	(8,340,469)	(54,056)
16. (Decrease)/Increase in deposits and borrowings from other credit institutions	(14,748,399)	5,119,436
17. Increase in deposits from customers	48,228,222	11,780,344
18. Increase/(Decrease) in issued valuable papers (excluding issued valuable papers charged to financial activities)	7,582,913	(6,461,915)
19. (Decrease) in grants, trusted funds and borrowings at risk of the credit institution	(163,249)	(3,178,785)
20. Increase in derivatives and other financial liabilities	-	67,377
21. (Decrease)/Increase in other operating liabilities	(3,933,807)	1,337,792
<b>I. Net cash generated by/(used in) operating activities</b>	<b>10,642,708</b>	<b>(19,447,116)</b>

301  
CỔ  
T  
KIỂM  
EL  
IẾ  
3/Đ

INTERIM SEPARATE CASH FLOW STATEMENT (Continued)

For the year ended 30 June 2021

Unit: VND Million

NO. ITEMS	Current period	Prior period
<b>CASH FLOWS FROM INVESTMENTING ACTIVITIES</b>		
01. Acquisition of fixed assets	(132,440)	(14,233)
02. Proceeds from sales, disposal of fixed assets	225	14,628
03. Investments in other entities	-	(39,092)
04. Proceeds from investments in other entities	1,086,923	6,000
05. Dividends and profit received from long-term investments and capital contribution	38,692	17,313
<b>II. Net cash (used in) investing activities</b>	<b>993,400</b>	<b>(15,384)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01. Dividends paid to shareholders and profit distribution	(9)	(111)
<b>III. Net cash (used in) financing activities</b>	<b>(9)</b>	<b>(111)</b>
<b>IV. Net increase/(decrease) in cash and cash equivalents</b>	<b>11,636,099</b>	<b>(19,462,611)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>79,553,266</b>	<b>78,382,264</b>
<b>VII. Cash and cash equivalents at the end of the period (Note 27)</b>	<b>91,189,365</b>	<b>58,919,653</b>

Prepared by

Approved by

Approved by





Nguyen Thi Lien  
Head of Accounting and  
General Affairs Department

Ngo Thi Van  
Chief Accountant

Ngô Thị Hà  
Chief Executive Officer

24 August 2023

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

*These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements*

### 1. GENERAL INFORMATION

#### Establishment and Operation

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

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam ("SBV") on 13 November 1993 with the original name of Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No 1764/QĐ-NHNN dated 11 September 2009. 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 in Vietnam. Currently, the Bank operates under the Establishment and Operation License No. 115/GP-NHNN dated 30 November 30 2018, issued by the State Bank of Vietnam which has been amended several times and the most recent adjustment is according to Decision No. 08/QĐ-NHNN dated 04 January 2023, and Enterprise Registration Certificate No. 1800278630 dated 10 December 1993 by the Hanoi Department of Planning and Investment which was amended for the 33<sup>rd</sup> time on 19 July 2023. The Bank's term of operation is 99 years since 13 November 1993.

The Bank was established to perform banking activities under its Establishment and Operation License and Enterprise Registration Certificate, including demand deposits, term deposits, savings deposits and other types of deposits; credit granting; opening current accounts for customers; supply of domestic payment services; opening accounts; organizing internal payment; participating in the national interbank payment system; conducting other business activities of commercial banks such as cash management services, banking and financial consultancy; services of managing, preserving assets, leasing cabinets, safe boxes; providing advisory services on business finance, enterprise acquisition, disposal, consolidation, merger, and investment; participating in bidding for Treasury bills, purchase and sale of negotiable instruments, Government bonds, Treasury bills, State Bank of Vietnam bills and other valuable papers on the monetary market; buying and selling Government bonds and corporate bonds; providing money brokerage services; issuing certificates of deposit, promissory notes, treasury bills and bonds to mobilize domestic and foreign capital according to the provisions of the Law on Credit Institutions, the Law on Securities, the Government's Law and guidance; borrowing capital from the State Bank of Vietnam in the form of refinancing; lending and borrowing capital from domestic and foreign credit institutions and financial institutions; capital contribution and sale; acting as trustor, trustee and agent in banking-related activities, insurance business and asset management according to the regulations of the State Bank of Vietnam; trading and providing foreign exchange services on the domestic and international market within the scope prescribed by the State Bank of Vietnam; supplying commodity derivative products; providing securities depository and gold trading services; debt purchasing activities; investment in Government bond futures contracts.

#### Charter capital

As at 30 June 2023, the Bank's charter capital was VND 30,673,832 million.

#### Locations and the Branch network

The Head Office of the Bank is located at 77 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi, Vietnam. At 30 June 2023, the Bank has one (1) head office, fifty-eight (58) domestic branches and two hundred and five (205) transaction offices

#### Employees

The total number of officers and employees of the Bank as at 30 June 2023 was 5,456 (as at 31 December 2022 was 5,311).

**Subsidiaries**

As at 30 June 2023, the Bank has three (03) subsidiaries as follows:

No.	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Debt and Asset Management One Member Company Limited ("SHB AMC")	Registration Certificate No. 0103811666 by Hanoi Authority for Planning and Investment dated 04 May 2009 and the 5 <sup>th</sup> Amendment dated 25 June 2019	Debt and Asset management	100.00%
2	Saigon – Hanoi Bank Laos Limited ("SHB Laos")	Registration Certificate No. 554/2018/VC-SHB.LAO by Central Bank of Lao PDR dated 08 July 2015 and 15 January 2016	Finance/Banking	100.00%
3	Saigon – Hanoi Bank Cambodia Limited ("SHB Cambodia")	Banking License No. B.35 dated 31 October 2016 issued by the State Bank of Cambodia and Registration Certificate No. MOC-6193635 by Cambodia's Ministry of Commerce dated on 13 March 2017	Finance/Banking	100.00%

**Associates**

As at 30 June 2023, the Bank has one (01) associate as follows:

No.	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Finance Company Limited ("SHB FC")	Registration Certificate No. 21/GP-NHNN by the State Bank of Viet Nam dated 25 April 2023 and Registration Certificate No. 0107779290 by Hanoi Authority for Planning and Investment dated 28 March 2017, the 8 <sup>th</sup> amendment dated 4 July 2023	Consumer lending	50.00%

Resolution No. 29/NQ-HĐQT dated 25 August 2021 signed by the Bank's Board of Directors approved the Bank's transfer of its 100% ownership in SHB One Member Limited Finance Company, a subsidiary of the Bank. The capital transfer is divided into two phases. Currently, the Bank has completed the procedures for transferring 50% of charter capital to Ayudhya Public Bank Limited ("Krungsri") of Thailand – a member of MUFG Group (Japan). After 3 years of joint ownership of SHB FC, the Bank will transfer the remaining 50% of charter capital to Krungsri and Krungsri will become the sole owner of SHB FC. On 25 April 2023, SBV approved the License for Establishment and Operation of SHB Finance Company Limited No. 21/GP-NHNN (replacing the License No. 71/GP-NHNN for Establishment and Operation of SHB Finance Company Limited issued by the SBV dated on 11 November 2021) with an operation period of 50 years and the charter capital is VND 1,000,000 million. On 09 June 2023, the Hanoi Department for Planning and Investment issued the Registration Certificate No. 0107779290 which was amended in the 7<sup>th</sup> time, acknowledging that the list of capital contributors of SHB FC includes the Bank and Krungsri with the

respective capital contribution ratio of 50%. As such, Krungsri has the right to appoint key management positions at SHB FC, through which exercising its right to control over SHB FC. At the moment the Bank assesses that it still has a significant influence on SHB FC's financial policy and operations. Therefore, the Bank recognizes its investment in SHB FC after divestment as investment in associate.

#### **Disclosure of information comparability in the interim separate financial statements**

The comparative figures of the interim separate statement of financial position and the corresponding notes are the figures of the audited separate financial statements for the financial year ended 31 December 2022. The comparative figures of the interim separate income statement, the interim separate cash flow statement and the corresponding notes are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2022.

## **2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

### **Accounting convention**

The accompanying interim separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim separate financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these interim separate financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the interim separate financial statements in terms of the financial position, the results of operations and cash flows of the Bank. Regarding the number of shares, the Bank presented the items in units as shown in Note 19.2.

The accompanying interim separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices which are generally accepted in countries and jurisdictions other than Vietnam.

### **Accounting period**

The Bank's financial year begins on 01 January and ends on 31 December. The accompanying interim separate financial statements were prepared for the 6-month period ended 30 June 2023.

## **3. APPLICATION OF NEW GUIDELINES**

On 23 April 2023, the SBV issued Circular No. 02/2023/TT-NHNN ("Circular 02") regulating on restructuring debt repayment terms and maintaining debt categories at credit institutions and branches of foreign banks to assist disadvantaged customers. This circular takes effect from 24 April 2023.

Some major changes in this Circular that affect the Bank's interim separate financial statements for the accounting period include:

- Set the conditions of debts including the principal balance and/or interest with restructured repayment, and provide for the retention of the debt group and classification of debts after restructuring the debt repayment term;
- Regulate on provision for customers whose principal and/or interest balances are restructured in accordance with this Circular;



**Circular No. 18/2022/TT-NHNN dated 26 December 2022**

On 26 December 2022, the State Bank of Vietnam issued Circular No. 18/2022/TT-NHNN ("Circular 18") amending and supplementing a number of articles of Circular No. 09/2015/TT-NHNN ("Circular 09") dated 17 July 2015 of the State Bank of Vietnam regulating purchasing activities, sale of debts of credit institutions, branches of foreign banks. This circular takes effect from 9 February 2023.

Some major changes in this Circular affecting the Bank's interim separate financial statements during the operation period include:

- Amending a number of articles of Circular 09 on the principles of buying and selling debts; valuation of the debt; management of purchased and sold debts and financial settlement, accounting for purchased and sold debts;
- Supplementing a number of articles of Circular 09 on buying and selling debts in case the debt buyer has not paid the full amount of debt purchase and managing monitoring in case of selling part of the debt or selling a debt to multiple debt buyers;
- Replacing some phrases, clauses and articles of Circular 09.

The Bank has applied this Circular in its interim separate financial statements for the 6-month period ended 30 June 2023.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted by the Bank in the preparation of these interim separate financial statements, are as follows:

**Estimates**

The preparation of the interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim separate financial statements and the reported amounts of revenues and expenses during the operating period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates and assumptions.

**Foreign currencies**

According to the Bank's accounting system, all transactions of the Bank are recorded in original currencies. At the date of the interim separate financial statements, assets and liabilities denominated in foreign currencies are translated into VND at the average buying and selling spot exchange rates at the close of business of the statement of financial position date, if the difference between this rate and the weighted average exchange rate of buying and selling of the same day is less than 1% (see details of exchange rates applied on 30 June 2023 at Note 32). In case the buying and selling spot exchange rate at the close of business of the statement of financial position date is greater than or equal to 1% compared with the weighted average of buying and selling spot exchange rate of the same day, the Bank uses the weighted average buying and selling spot exchange rates of the statement of financial position date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. At the end of the year, exchange rate differences arising from revaluation of assets and liabilities denominated in foreign currencies into VND are recorded in "Net gain/(loss) from foreign currency trading" in the separate income statement. At the mid-year, exchange differences are recorded in the interim separate statement of financial position.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash, current accounts at the SBV, current accounts and time deposits for term of three months or less from the deposit date.



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

Placements with and loans to other credit institutions are presented at their principal amounts outstanding at the end of the reporting period.

Placements with and loans to other credit institutions are classified and provisioned in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 (“Circular 11”) issued by the SBV. Accordingly, the Bank makes specific provisions for deposits (except payment deposits and deposits at social policy banks in accordance with the SBV’s regulations on the maintenance of deposit balances at social policy banks). In other credit institutions, branches of domestic banks in accordance with the provisions of law and depositing money at overseas credit institutions and lending to other credit institutions in the same way as for customer loans.

**Derivatives**

***Foreign currency forward and swap contracts***

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency purchase/sale commitments using forward exchange rate and spot exchange rate as at effective date of the contract is recognized immediately at the effective date of the contract in lines “Interest and fee receivables” or “Interest and fee payables” in the interim separate statement of financial position. The difference is subsequently allocated to “Net gain/(loss) from foreign currency trading” item using straight-line method over the term of the contract.

As at the date of the interim separate financial statements, commitments of foreign currency forward contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of forward contracts are recogd in the “Foreign exchange differences” item in the interim separate statement of financial position and will be recognized in the income statement at the end of the accounting period.

**Loans to customers**

Loans to customers are disclosed and presented at their principal amounts outstanding at the end of the reporting period.

**Provision for credit losses**

***Classification of loans and provision for credit losses***

In accordance with Circular 11, credit institutions are required to implement loan classification and credit risk provisioning. Loan classification and credit risk provisioning in compliance with Circular 11 are applied to Assets (hereinafter referred to as “debits”) including:

- Loans;
- Financial leasing
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds unlisted on the stock market or unregistered to be traded in the Unlisted Public Company Market (UPCoM) (hereinafter referred to as unlisted bonds), excluding entrusted capital sources for purchase of unlisted bonds where the entrusting parties bear risks;
- Credit granting entrustment;

TT  
ON  
IN  
EM  
LC  
BT  
/D/

- Deposits (excluding current accounts and deposits at Social Policy Banks according to the SBV's regulations on the maintenance of deposit balances at social policy banks by state credit institutions) at credit institutions and branches of foreign banks in accordance with law and deposits at credit institutions abroad.
- Buying and selling debts in accordance with the SBV's regulations on debt purchase and sale activities;
- Resale and purchase of Government bonds on the stock market in accordance with the law on issuance, registration, depository, listing and trading of Government debt instruments on the stock market;
- Purchase promissory notes, bills and certificates of deposit issued by credit institutions and branches of other foreign banks.

Accordingly, customers' loans are determined to be in the highest risk group as classified under Article 10 and Article 11 of Circular 11 and customers' debt group by the Credit Information Center ("CIC") of the SBV provided at the time of loan classification.

The Bank maintains the debt group for a number of loans as stipulated in Circular No. 10/2015/TT-NHNN dated 22 July 2015 guiding the implementation of some contents of Decree No. 55/2015/ND-CP dated 09 June 2015 of the Government on credit policies for agricultural and rural development; Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 stipulating that credit institutions and foreign banks' branches restructure debt payment terms, exempt and reduce interest and fees, and maintain debt groups to support customers affected by the Covid-19 epidemic; Circular No. 03/2021/TT-NHNN ("Circular 03") dated 02 April 2021 amending and supplementing a number of articles of Circular 01; Circular No. 14/2021/TT-NHNN ("Circular 14") amends and supplements a number of articles of Circular 01 and documents of the SBV on debt classification and provision for risks.

Loans are classified by risk level into: Standard, Special-mentioned, Sub-standard, Doubtful and Loss. Loans classified as either Sub-standard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recorded for accounting in the following month. Provision for credit risk at 30 June is recorded in business results for that period.

Net credit risk exposure for each item is calculated by subtracting from the remaining loan balance the discounted value of collateral which is subject to discount rates in accordance with Circular 11 from the remaining loan balance. Specific provision is made based on the net credit risk exposure of each item using the prescribed provision rates as follows:

Group	Category	Provision rate
1	Standard	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Circular 03, the Bank should make a specific provision for customers whose debts are restructured or granted interest and fees exemption or reduction as prescribed by this Circular as follows:

- Up to 31 December 2021, by at least 30% of the additional specific provision;
- Up to 31 December 2022, by at least 60% of the additional specific provision; and
- Up to 31 December 2023, 100% of the additional specific provision.

00.  
 TY  
 H  
 OÁN  
 TT  
 YAN  
 P

According to Circular 02, the Bank should make specific provisions for customers whose debt balances are restructured in the debt repayment term as prescribed in this Circular as follows:

- Up to 31 December 2023: by at least 50% of the additional specific provision;
- Up to 31 December 2024: 100% of the additional specific provision.

The specific provision amount must be added according to Circular 03 and Circular 02.

In accordance with Circular 11, a general provision is made for credit losses which are yet to be identified during the loan classification and specific provisioning process as well as in cases where the Bank encounters potential financial difficulty due to the deterioration in loan quality. Accordingly, the Bank is required to fully make and maintain a general provision at 0.75% of total loans which are classified in group 1 to 4, except deposits at domestic credit institutions; loans and term purchases of valuable papers to credit institutions and other foreign bank branches in Vietnam; purchases of promissory notes, bills, certificates of deposit, bonds issued domestically by credit institutions and other foreign bank branches; and resale of Government bonds under Circular 11.

#### ***Write-off***

Provision is recorded in the interim separate income statement as an expense and will be used to write off bad debts. Under Circular 11, the Bank must set up Risk Settlement Committee to write off bad debts if they are classified into Group 5, or if legal entity borrowers are liquidated or bankrupted, or if individual borrowers are deceased or missing.

#### **Classification of off-balance-sheet commitments**

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (collectively referred to as "off-balance-sheet commitments") into groups as stipulated in Article 09, Article 10 or Article 11 of Circular 11. Accordingly, off-balance-sheet commitments are classified by risk level as follows: Standard, Special mention, Sub-standard, Doubtful and Loss.

The Bank does not make general provisions and specific provisions for off-balance sheet commitments in accordance with the guidelines in Circular 11.

#### **Investments**

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

##### ***Available-for-sale investment securities***

Available-for-sale investment securities include debt and equity securities that the Bank holds less than 11% of voting rights for investment and ready-for-sale purposes. These securities are not frequently traded but can be sold at any time once they are profitable, and the Bank is neither the founding shareholder/strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management.

Capital securities are recorded at cost on the transaction date and are always reflected at the original price during the subsequent holding period.



Available-for-sale debt securities are initially recognized at par value at the transaction date. Accrued interest before the acquisition date (for debt securities with interest payment in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium, which is the difference between the cost and the amount equal to par value plus (+) accrued interest before the acquisition date (if any) or minus (-) interest received upfront awaiting amortisation (if any), is also recorded in a separate account.

During the term of those securities, available-for-sale investment securities are recorded at par value minus/plus remaining discount/premium after being amortised into the interim separate income statement using the straight-line method over the remaining term of securities. Interest payment in arrears is recorded as follows: accumulative interest income before the purchasing date is deducted from the cost of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income on an accrual basis. Interest received upfront is amortised into the interim separate income statement using the straight-line method over the investment period.

Periodically, available-for-sale securities are subject to impairment review. Provision for securities that are fallen within the scope of Circular 11 are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the interim separate income statement as "Net gain/(loss) from investment securities".

#### *Held-to-maturity investment securities*

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purpose in order to gain interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have determinable payments and fixed maturity dates. In case of being sold before maturity, they will be reclassified as trading or available-for-sale securities. Held-to-maturity investment securities are recognized similarly to available-for-sale debt securities.

Periodically, held-to-maturity securities are subject to impairment review. Provision for securities that are fallen within the scope of Circular 11 are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the interim separate income statement as "Net gain/(loss) from investment securities".

#### *Reclassification*

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, reclassification after transaction date is made only once for each item of investment securities. In special cases or in case a large number of securities has to be reclassified (greater than or equal to 50% of total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the interim separate financial statements.

***Investments in subsidiaries***

Investments in subsidiaries are investments in entities over which the Bank has control rights and are carried at cost in the interim separate financial statements. Distributions from accumulated net profits of subsidiaries arising subsequently to the acquisition date are recognized in the interim separate income statement for the period. Distributions from other sources are considered as recovery of investments and are deducted from the cost of the investments.

***Investments in associates***

Investments in associates are investments in entities (neither joint venture companies nor subsidiaries) over which the Bank has significant influence. Investments in associates are carried at cost in the interim separate financial statements. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over these policies.

Distributions from accumulated net profits of the associates arising subsequently to the date of acquisition are recognized in the interim separate income statement for the period. Distributions from sources other than from such profits are considered as recovery of investments and are deducted from the cost of the investments.

***Other long-term investments***

Other long-term investments represent the Bank's capital investments in other enterprises at which the Bank either owns less than 11% of the voting rights or is a founding shareholder; or a strategic partner; or is capable of controlling, to some extent, the process of initiating and approving financial and operating policies of the investees, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management. The investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

***Provision for impairment of long-term investments***

Provision for impairment of investments in subsidiaries, associates and other long-term investments is made when the investee is operating at loss in accordance with prevailing accounting regulations.

Provision for impairment of long-term investments is recognized as an operating expense in the interim separate income statement. In case an investment is made in listed shares or the fair value of an investment is reliably determined, the provision is made based on the market value of the stock (similar to the provision for impairment of available-for-sale securities).

***Recognition***

The Bank recognizes investment securities and other investments at the date when contracts are signed and effective (transaction-date based policy). Investment securities and other investments are initially recognized at cost. After initial recognition, investment securities and other investments are recognized under the above-mentioned accounting policies.

W/10  
01/01  
XI  
DE  
VI  
/01/01

***Derecognition***

Investments in securities are derecognized when the rights to receive cash flows from the investments end or when the Bank transfers to the buyer the significant risks and rewards associated with the ownership of the investments.

***Entrustment activities and retrusted funds***

The value of trusted funds is recorded when the trust contracts have been signed and trusted funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are for compliance with the terms of the signed contracts. The assets that are held under custody services are not considered as assets of the Bank and therefore, they are not recognized in the interim separate financial statements of the Bank.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed asset comprises all the Bank's purchase price plus any directly attributable costs of bringing the asset to the working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the interim separate income statement when incurred. When assets are sold or disposed, their cost and accumulated depreciation are written off from the interim separate statement of financial position and any gains or losses resulting from their disposals are recorded in the interim separate income statement.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all the Bank's expenditures paid to acquire the asset until it is put into use.

Expenditures for improvements and renewals are capitalized. Costs related to intangible fixed assets incurred after the initial recognition are measured reliably, increasing the economic benefits of intangible fixed assets compared to the initial activity, which is reflected in the increase in the cost of the asset. Other expenditures are charged to the interim consolidated income statement when incurred. When intangible assets are sold or disposed, their cost and accumulated amortisation are written off from the interim consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the interim separate income statement.

**Leasing**

A lease is classified as a finance lease when significant rights and risks relating to ownership of the leased item are transferred to the lessee. All leases other than finance leases are classified as operating leases.

A lease is considered as an operating lease when the lessor still enjoys many of the benefits and is subject to the risk of ownership of the property. The value of the operating leased property is not recognized on the interim separate financial position statement. Rent payable is accounted for in a straight-line method in the "Operating Expenses" item during the lease term.

1258  
NG  
NHH  
M TO  
OIT  
FN  
A

### Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful lives of the assets.

<u>Assets</u>	<u>Estimated useful lives (Years)</u>
Buildings and structures	25
Machinery and equipment	03 - 05
Motor vehicles	06 - 10
Management tools and equipment	03 - 07
Other tangible fixed assets	04 - 07
Computer software	03 - 08
Other intangible assets	04 - 10

The cost of the land use rights is not amortized if it is granted by the Government of Vietnam for an indefinite term. The cost of the land use rights with definite term is amortized over the granted term from 30 - 46 years.

### Prepayments

Prepayments include actual expenses that have arisen but are related to the results of production and business activities of many accounting periods. Prepayments comprise prepaid office rentals and other prepaid expenses.

Office rentals represent the amounts which have been paid in advance. Prepaid office rental is charged to the interim separate income statement using the straight-line method over the rental period.

Other prepayments include repair, maintenance costs for assets, costs of tools and supplies issued for consumption, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepayments and are allocated to the interim separate income statement using the straight-line method over the period of one year or more, but not exceeding three years in accordance with prevailing accounting regulations.

### Receivables

Receivables other than those from credit activities in the Bank's operation are initially recognized at cost and subsequently recorded at cost. Other receivables are subject to impairment review based on the overdue status or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the interim separate income statement during the period.

Provision rates for overdue receivables are applied in accordance with the prevailing accounting regulations.

TC  
Z  
TE  
M  
HF

**Other provisions**

Other provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation at the accounting period.

**Capital and reserves**

***Common shares***

Common shares are classified as owners' equity.

***Share premium***

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to the issuance of common shares are recognized as a decrease in share premium.

***Treasury shares***

When issued shares are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of shares, after deducting taxes, is recorded as treasury shares and stated as a decrease in owners' equity.

***Reserves***

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the regulated ratios in the following sequence:

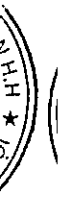
- Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax;
- Other reserves, if any, will be approved by the shareholders at the Annual General Shareholders' Meeting.
- The reward and welfare fund shall be deducted according to the decision of the General Shareholders' Meeting.

**Revenue and expenses**

***Interest income and interest expense***

Interest income and interest expenses are recognized in the interim separate income statement on the accrual basis. The accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 11, accrued interest income on loans restructured and maintained as Standard loan groups (group 1) as prescribed in Circular 01, Circular 03, Circular 14 and Decree 55/2015/ND-CP will not be recognized the interim separate income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is recognized in the interim separate income statement when it is actually received.

Income and expenses from interest on investments in securities are recorded on the accrual basis. Accrued interest income of overdue securities is not recognized in the interim separate income statement for the period and is recorded as an off-balance-sheet item and is only recognized in the interim separate income statement when it is actually received.





***Income from service charges and commissions***

Income from service charges and commissions is recognized on the accrual basis.

***Income from guarantee and L/C commitment activities***

Income from guarantee and L/C commitment activities is recognized on the accrual and allocation basis.

***Income from securities trading***

Income from securities trading is determined based on the difference in selling price and cost price of securities.

***Recognition of dividends and profits received***

Cash dividends and profits received from investment and capital contributions activities are recorded in the interim separate income statement when the Bank's right to receive dividends and profits has been established. Share dividends, which are distributed from profits of joint stock companies, are recognized neither as an increase in the value of received shares nor financial income in the interim separate financial statements but are only used for tracking the increase in the number of shares according to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

***Revenue from other service***

When the contract results can be determined reliably, revenue will be recognized based on the level of work completion. If the contract results cannot be determined reliably, revenue will only be recognized at the recoverable level of the recorded expenses.

***Recognition of accrued income not yet earned***

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables recognized as accrued income but subsequently assessed to be not recoverable or not yet recoverable at the due date are recorded as reduction in revenue if the income has been accrued in the same financial year or recorded as other expenses if accrued in different financial year and monitored off-balance-sheet. Upon actual receipt of these receivables, the Bank recognizes them in "Other income" in the interim separate income statement.

**Taxation**

Corporate income tax expense represents the sum of the current income tax and deferred tax.

The current income tax is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between carrying amounts of assets and liabilities in the interim separate financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences, unless they occurred from the initial recognition of an asset or liability of a transaction which has no impact on accounting profit or taxable profit/(loss) at the transaction date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

X m.c.D.N.  
G.D.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the current corporate income tax expense is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

### **Employee benefits**

#### *Post-employment benefits*

Retired Bank employees will receive retirement benefits from Social Insurance, an agency under the Government. The bank must pay social insurance premiums for each employee equal to 17.5% of the basic monthly salary, salary allowances and other supplements.

#### *Severance allowance*

According to Article 46 of Labour Code No 45/2019/QH14 which is effective on 1 January 2021, the Bank and its subsidiaries in Vietnam are responsible for paying a severance allowance equal to half of the month's salary for each working year for employees who have worked regularly for full 12 months or more to terminate the labor contract in accordance with the provisions of law (in Clauses 1, 2, 3, 4, 6, 7, 9 and 10 Article 34 of the Labor Code), except for cases where they are eligible for pension in accordance with the law on social insurance and the case specified at Point e, Clause 1, Article 36 of the Labor Code 2019. The working time for calculating severance allowance is the total time the employee has actually worked for the employer minus the time the employee has participated in unemployment insurance in accordance with the law on unemployment insurance and the working time has been paid severance allowance by the employer, job-loss benefits. The salary for calculating severance allowance is the average salary of 06 preceding months according to the labor contract before the employee quits.

#### *Unemployment insurance*

According to the Circular No. 28/2015/TT-BLDTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/NĐ-CP of the Government dated 12 March 2015 regulating the implementation of the Law on unemployment insurance, from 01 January 2009, the Bank is obliged to pay unemployment insurance to eligible employees at 1% of their salary fund allocated for unemployment insurance.

### **Related parties**

The parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
- Controls, or is controlled by, or is under common control by the Bank (including the holding company and its subsidiaries);
  - Contributes capital to the Bank and therefore has significant influence over the Bank;
  - Has joint control over the Bank;

11/07/2021  
CC  
KIẾ  
Đ  
VII

- (b) The party is a joint venture or an associate of which the Bank is a venturer or an investor;
- (c) The party has a key management personnel who is also a member of the Board of Directors, Board of Supervisors, and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly controlled, jointly controlled, or significantly influenced by, or of which, significant voting power in such entity resides with, any individual referred to in (c) or (d).

**Offsetting**

Financial assets and liabilities are offset and the net amounts are reported in the interim separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**5. TRADING SECURITIES**

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
<b>Placements with other credit institutions</b>		
Demand deposits	27,930,536	33,717,800
- In VND	24,877,634	31,980,376
- In foreign currencies	3,052,902	1,737,424
Term deposits	32,812,475	30,095,506
- In VND	21,898,000	22,553,500
- In foreign currencies	10,914,475	7,542,006
	<u>60,743,011</u>	<u>63,813,306</u>
<b>Loans to other credit institutions</b>		
- In VND	16,215,209	10,463,971
- Provisions for credit losses	(119,162)	(99,794)
	<u>16,096,047</u>	<u>10,364,177</u>
<b>Placements with and loans to other credit institutions</b>	<u>76,839,058</u>	<u>74,177,483</u>

**Quality analysis of the placements at foreign credit institution, term deposits and loans to other credit institutions**

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Standard loans	51,637,126	41,575,117
Loss loans	119,162	99,794
<b>Total</b>	<u>51,756,288</u>	<u>41,674,911</u>

6. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

Details of derivatives as at 30 June 2023 are as follows:

	Total contract value (at exchange rate of effective date of contract) million VND	Net book value (at exchange rate as at the reporting date)		
		Assets	Liabilities	Net amount
		million VND	million VND	million VND
<b>As at 30 June 2023</b>				
Forward contracts	2,010,618	146,761	(123,538)	23,223
Swap contracts	7,345,947	4,601,551	(4,479,327)	122,224
	<b>9,356,565</b>	<b>4,748,312</b>	<b>(4,602,865)</b>	<b>145,447</b>
<b>As at 31 December 2022</b>				
Forward contracts	9,183,413	101,170	(9,972)	91,198
Swap contracts	29,471,074	349,570	(170,996)	178,574
	<b>38,654,487</b>	<b>450,740</b>	<b>(180,968)</b>	<b>269,772</b>

7. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	million VND	million VND
Loans to local business entities and individuals	393,847,638	364,202,250
Payments made on behalf of customers	52,758	843,341
Discounted bills and valuable papers	1,330	1,330
	<b>393,901,726</b>	<b>365,046,921</b>

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	million VND	million VND
Standard loans	371,238,908	349,710,666
Special-mentioned loans	10,661,499	5,857,730
Sub-standard loans	2,160,689	1,151,764
Doubtful loans	3,545,023	1,258,846
Loss loans	6,295,607	7,067,915
	<b>393,901,726</b>	<b>365,046,921</b>

Analysis of loans portfolio by original term

	Closing balance	Opening balance
	million VND	million VND
Short-term loans (Up to 1 year)	181,908,285	172,853,049
Medium-term loans (From 1 to 5 years)	90,230,643	76,809,221
Long-term loans (Above 5 years)	121,762,798	115,384,651
	<b>393,901,726</b>	<b>365,046,921</b>

8. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 2023 are as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
Opening balance	2,671,071	3,678,942	6,350,013
Provision charged for the period	221,886	1,952,543	2,174,429
Provision utilised for the period	-	(1,730,980)	(1,730,980)
Closing balance	<u>2,892,957</u>	<u>3,900,505</u>	<u>6,793,462</u>

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 2022 are as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
Opening balance	2,568,447	1,794,958	4,363,405
Provision charged for the period	56,669	857,762	914,431
Provision utilised for the period	-	(8,001)	(8,001)
Closing balance	<u>2,625,116</u>	<u>2,644,719</u>	<u>5,269,835</u>

9. INVESTMENT SECURITIES

9.1 Available-for-sale investment securities

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
<b>Debt securities</b>	<b>15,929,801</b>	<b>12,959,163</b>
Government bonds	5,468,084	-
Debt securities issued by other local credit institutions	300,000	300,000
Debt securities issued by local business entities	10,161,717	12,659,163
<b>Equity securities</b>	<b>29,453</b>	<b>29,453</b>
Equity securities issued by other local credit institutions	796	796
Equity securities issued by local business entities	28,657	28,657
<b>Provisions for impairment of available-for-sale investment securities</b>	<b>(75,250)</b>	<b>(93,653)</b>
Provisions for impairment	(364)	(559)
General provision	(74,886)	(93,094)
	<u>15,884,004</u>	<u>12,894,963</u>

9.2 Held-to-maturity investment securities

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Debt securities	17,820,729	20,063,662
Government bonds	17,130,873	18,687,126
Debt securities issued by other local credit institutions	163,320	850,000
Debt securities issued by local business entities	526,536	526,536
Provisions for impairment of held-to-maturity investment securities	(3,949)	(3,949)
General provision	(3,949)	(3,949)
	<u>17,816,780</u>	<u>20,059,713</u>

9.3 Quality analysis of securities in the scope of debt classification of Circular 11 by face value

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Standard loans	10,983,429	14,089,030
Total	<u>10,983,429</u>	<u>14,089,030</u>

9.4 Movements in provision for impairment of investment securities

Movements in provision for credit losses on investment securities for the 6-month period ended 30 June 2023 are as followed:

	<u>Provision for available-for-sale investment securities</u>		<u>Provision for held-to-maturity investment securities</u>	
	<u>General provision</u> million VND	<u>Provision for impairment</u> million VND	<u>General provision</u> million VND	<u>Total</u> million VND
Opening balance	93,094	559	3,949	97,602
Provision (reversed) for the period	(18,208)	(195)	-	(18,403)
Closing balance	<u>74,886</u>	<u>364</u>	<u>3,949</u>	<u>79,199</u>

Movements in provision for credit losses on investment securities for the 6-month period ended 30 June 2022 are as followed:

	<u>Provision for available-for-sale investment securities</u>		<u>Provision for held-to-maturity investment securities</u>	
	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>General provision</u> million VND	<u>Total</u> million VND
Opening balance	41,517	400	3,949	45,866
Provision made for the period	86,933	240	-	87,173
Closing balance	<u>128,450</u>	<u>640</u>	<u>3,949</u>	<u>133,039</u>

10. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Investments in subsidiaries (Note 10.1)	2,999,024	3,999,024
Investments in associates (Note 10.2)	500,000	-
Other long-term investments (Note 10.3)	158,272	158,272
Provisions for impairment of long-term investments (Note 10.4)	(83,879)	(111,573)
	<u>3,573,417</u>	<u>4,045,723</u>

10.1 Investments in subsidiaries

	<u>Closing balance</u>		<u>Opening balance</u>	
	Book value million VND	Bank's ownership ratio %	Book value million VND	Bank's ownership ratio %
SHB AMC	20,000	100.00	20,000	100.00
SHB Laos	1,234,572	100.00	1,234,572	100.00
SHB Campuchia	1,744,452	100.00	1,744,452	100.00
SHB FC (i)	-	-	1,000,000	100.00
	<u>2,999,024</u>		<u>3,999,024</u>	

10.2 Investments in associates

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost million VND	Proportion of ownership interest %	Cost million VND	Proportion of ownership interest %
SHB FC	500,000	50	-	-
	<u>500,000</u>		<u>-</u>	

10.3 Other longterm investments

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Investments in economic entities	114,258	114,258
Investments in financial institutions	44,014	44,014
	<u>158,272</u>	<u>158,272</u>

10.4 Provisions for impairment of long-term investments

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Opening balance	111,573	32,739
Provision (reversed) for the period	(27,694)	(1,047)
Closing balance	<u>83,879</u>	<u>31,692</u>

11. OTHER ASSETS

	Closing balance	Opening balance
	million VND	million VND
Purchase of fixed assets and construction in progress	1,154,708	565,743
Other receivables	22,644,224	36,365,138
<i>In which:</i>		
- Receivables from usance payable at sight letters of credit	8,328,581	17,034,245
- Receivables from sales of bonds	3,276,541	3,388,279
- Receivables from sales of debts	5,559,723	6,329,712
- Receivables for interbank fast fund transfers via Naspas	345,781	5,023,716
- Receivables from customers under foreign currency credit contracts - where the Bank is not exposed to risks	4,608,279	3,452,319
- Other receivables	525,319	1,136,867
Accrued interest and fee receivables	17,710,107	15,231,627
Other assets (Note 11.2)	2,573,915	944,715
Allowance for other assets (Note 11.3)	(111,644)	(119,399)
	<b>43,971,310</b>	<b>52,987,824</b>

11.1 Analysis of loan portfolio by quality

	Closing balance	Opening balance
	million VND	million VND
Standard loans	8,836,264	9,717,991
	<b>8,836,264</b>	<b>9,717,991</b>

11.2 Other assets

	Closing balance	Opening balance
	million VND	million VND
Foreclosed assets awaiting resolution	1,021,965	53,141
Awaiting-allocation expenses	1,433,921	881,800
Other assets	118,029	9,774
	<b>2,573,915</b>	<b>944,715</b>

11.3 Provisions for impairment of other assets

Provisions for impairment of other assets include:

	Closing balance	Opening balance
	million VND	million VND
Provision for credit risk	66,272	72,885
- General provision	66,272	72,885
Provision for other assets	45,372	46,514
	<b>111,644</b>	<b>119,399</b>

11/12  
 ÔNG  
 TÊN  
 M  
 LO  
 8T  
 DA



Movements in provisions for impairment of other assets for the 6-month period ended 30 June 2023 are as followed:

	General provision	Provision for bad debt	Total
	million VND	million VND	million VND
Opening balance	72,885	46,514	119,399
Provision (reversed) for the year	(6,613)	(1,142)	(7,755)
Closing balance	<u>66,272</u>	<u>45,372</u>	<u>111,644</u>

**12. BORROWINGS FROM THE GOVERNMENT AND SBV**

	Closing balance	Opening balance
	million VND	million VND
<b>Borrowings from the SBV</b>	<b>1,374,724</b>	<b>9,715,193</b>
Loans under credit contracts	1,374,724	1,413,078
Discounting and rediscounting valuable papers	-	8,302,115
	<u>1,374,724</u>	<u>9,715,193</u>

**13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**

**Deposits from other credit institutions**

	Closing balance	Opening balance
	million VND	million VND
<b>Demand deposits</b>	<b>26,388,687</b>	<b>29,013,757</b>
- In VND	25,734,202	28,390,704
- In foreign currencies	654,485	623,053
<b>Term deposits</b>	<b>27,460,014</b>	<b>42,400,531</b>
- In VND	19,462,346	26,085,390
- In foreign currencies	7,997,668	16,315,141
	<u>53,848,701</u>	<u>71,414,288</u>

**Borrowings from other credit institutions**

	Closing balance	Opening balance
	million VND	million VND
- In VND	2,372,658	2,118,871
- In foreign currencies	5,857,427	3,294,026
	<u>8,230,085</u>	<u>5,412,897</u>

98-1  
 TY  
 DAN  
 TI  
 AM  
 PH

14. DEPOSITS FROM CUSTOMERS

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
<b>Demand deposits</b>	<b>23,897,690</b>	<b>24,842,865</b>
- Demand deposits in VND	22,725,655	23,627,931
- Demand deposits in foreign currencies	1,172,035	1,214,934
<b>Term deposits</b>	<b>381,183,932</b>	<b>331,691,792</b>
- Term deposits in VND	375,634,381	326,363,896
- Term deposits in foreign currencies	5,549,551	5,327,896
<b>Deposits for specific purpose</b>	<b>18,000</b>	<b>29,002</b>
- Deposits for specific purpose in VND	2,296	6,078
- Deposits for specific purpose in foreign currencies	15,704	22,924
<b>Margin deposits</b>	<b>1,576,917</b>	<b>1,884,657</b>
- Margin deposits in VND	1,557,187	1,872,762
- Margin deposits in foreign currencies	19,730	11,895
	<u><b>406,676,539</b></u>	<u><b>358,448,316</b></u>

15. GRANTS, ENTRUSTED FUND AND BORROWINGS AT RISK-SENSITIVE CREDIT INSTITUTIONS

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
Funds received from other organisations and individuals in VND	767,478	839,293
Funds received from other organisations and individuals in foreign currencies	684,878	776,312
	<u><b>1,452,356</b></u>	<u><b>1,615,605</b></u>

16. VALUABLE PAPERS ISSUED

	<u>Closing balance</u> million VND	<u>Opening balance</u> million VND
<b>Valuable papers in VND</b>	<b>42,258,821</b>	<b>34,675,908</b>
Par value	42,258,821	34,675,908
	<u><b>42,258,821</b></u>	<u><b>34,675,908</b></u>



Details of the term of issued valuable papers:

Type of valuable papers	Book-entry bonds	Certificate of deposit	Total
	million VND	million VND	million VND
<b>Closing balance</b>			
Term under 12 months	-	15,110,000	15,110,000
- VND	-	15,110,000	15,110,000
Term from 12 months to under 5 years	4,900,000	1,300,150	6,200,150
- VND	4,900,000	1,300,150	6,200,150
Term over 5 years	-	20,948,671	20,948,671
- VND	-	20,948,671	20,948,671
	<b>4,900,000</b>	<b>37,358,821</b>	<b>42,258,821</b>
<b>Opening balance</b>			
Term under 12 months	-	7,200,000	7,200,000
- VND	-	7,200,000	7,200,000
Term from 12 months to under 5 years	4,900,000	1,801,946	6,701,946
- VND	4,900,000	1,801,946	6,701,946
Term over 5 years	-	20,773,962	20,773,962
- VND	-	20,773,962	20,773,962
	<b>4,900,000</b>	<b>29,775,908</b>	<b>34,675,908</b>

17. OTHER PAYABLES AND LIABILITIES

	Closing balance	Opening balance
	million VND	million VND
Accrued interest and fee payables	13,219,322	8,907,088
Other payables and liabilities	6,284,216	10,910,099
In which:		
Internal payables	202,273	46,797
External payables	5,931,186	10,815,839
- Taxes and others payable to State Budget (Note 18)	913,144	1,758,398
- Payables on payment intermediaries and other liabilities	302,871	5,084,988
- Receipt of instrument in foreign currencies	4,608,279	3,452,319
- Other payables	106,892	520,134
Bonus and welfare funds	150,757	47,463
	<b>19,503,538</b>	<b>19,817,187</b>

18. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the period		Closing balance
		Payable	Paid	
	million VND	million VND	million VND	million VND
Value added tax	5,925	30,196	32,918	3,203
Corporate income tax	1,702,813	1,208,028	2,004,860	905,981
Other taxes	49,660	250,511	296,211	3,960
	<b>1,758,398</b>	<b>1,488,735</b>	<b>2,333,989</b>	<b>913,144</b>

19. CAPITAL AND RESERVES

19.1 Statement of changes in equity

	Charter capital	Share premium	Treasury shares	Investment and		Financial supplementary reserve	Financial reserve fund	Retained earnings	Total
				Treasury development fund	development fund				
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
Opening balance	30,673,832	1,449,603	(5,260)	23,551	2,652,362	1,305,382	1,022	6,576,979	42,677,471
Profit for the period	-	-	-	-	-	-	-	4,857,836	4,857,836
Appropriation to reserves during the period	-	-	-	-	-	-	-	(105,000)	(105,000)
<b>Closing balance</b>	<b>30,673,832</b>	<b>1,449,603</b>	<b>(5,260)</b>	<b>23,551</b>	<b>2,652,362</b>	<b>1,305,382</b>	<b>1,022</b>	<b>11,329,816</b>	<b>47,430,308</b>

(i) Appropriation to bonus and welfare funds are made according to Resolution No. 01/NQ-DHDCD of 2023 Annual General Meeting of Shareholders dated 11 April 2023 and Statement No. 01/TTr-HDQT dated 22 March 2023 of Board of Directors on the plan for profit distribution and appropriation to funds in 2022. Other funds under equity have been fully appropriated in the audited separate financial statements for the fiscal year ended 31 December 2022.

19.2 Details of the Bank's shares

	<u>Closing balance</u>	<u>Opening balance</u>
Issued share capital (units)	3,067,383,196	3,067,383,196
Shares sold to the public (units)	3,067,383,196	3,067,383,196
- Ordinary shares (units)	3,067,383,196	3,067,383,196
- Preference shares (units)	-	-
Shares to be bought back (units)	496,186	496,186
- Ordinary shares (units)	496,186	496,186
- Preference shares (units)	-	-
Outstanding shares (units)	3,066,887,010	3,066,887,010
- Ordinary shares (units)	3,066,887,010	3,066,887,010
- Preference shares (units)	-	-
Par value	10,000	10,000

19.3 Dividends

Resolution No. 01/NQ-DHDCD of 2023 Annual General Meeting of Shareholders dated 11 April 2023 approved the plan on 2022's profit distribution and appropriation to equity funds in according with Statement No. 01/TTr-HDQT dated 22 March 2023 of the Bank's Board of Directors, including the plan to issue shares to pay dividends to shareholders from undistributed profit after tax in 2022 at the ratio of 18%. According to Resolution No. 17/NQ/ HDQT dated 03 July 2023 of the Board of Directors, the last registration date to confirm the list of shareholders exercising the right to receive stock dividends in 2022 is on 25 July 2023. According to the Report on the results of the share issuance to pay dividends in 2022 No. 3853/CV-SHB dated 02 August 2023, the Bank distributed 552,014,917 shares. Therefore, this is considered event after reporting date which does not require adjustment and/or presentation on the interim separate financial statements for the period ending 30 June 2023.

20. INTEREST AND SIMILAR INCOME

	<u>Current period</u>	<u>Prior period</u>
	million VND	million VND
Interest from deposits	570,403	561,606
Interest from loans to customers	25,450,211	16,600,855
Interest from debt securities	1,549,362	740,714
- Interest income from investment securities	1,549,362	740,714
Income from guarantee services	86,602	75,905
Other income from credit activities	62,622	17,401
	<u>27,719,200</u>	<u>17,996,481</u>

21. INTEREST AND SIMILAR EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	million VND	million VND
Interest expense on deposits	16,440,182	9,009,628
Interest expense on borrowings	710,553	327,425
Interest expense on valuable papers issued	1,471,282	1,203,347
Expenses on other credit activities	13,840	4,008
	<u>18,635,857</u>	<u>10,544,408</u>

35  
 G  
 H  
 T  
 O  
 I  
 N  
 N

22. INCOME FROM CAPITAL CONTRIBUTION AND EQUITY INVESTMENTS IN OTHER ENTITIES

	<u>Current period</u> million VND	<u>Current period</u> million VND
Income from trading investment securities	65,248	228,659
Expense for trading investment securities	(55,305)	(122,228)
Provision reversed/(made) impairment of investment securities	18,403	(87,173)
<b>Net gain from trading investment securities</b>	<b><u>28,346</u></b>	<b><u>19,258</u></b>

23. NET GAIN FROM OTHER ACTIVITIES

	<u>Current period</u> million VND	<u>Prior period</u> million VND
Other operating expenses	134,909	489,866
Income from recovery of bad debts	111,973	433,142
Income from other derivatives	-	268
Other income	22,936	56,456
	-	-
<b>Other operating expenses</b>	<b>(9,661)</b>	<b>(56,925)</b>
Expense from social activities	(4,697)	(36,502)
Other expenses	(4,964)	(20,423)
<b>Net profit from other activities</b>	<b><u>125,248</u></b>	<b><u>432,941</u></b>

24. INCOME FROM CAPITAL CONTRIBUTION AND EQUITY INVESTMENTS IN OTHER ENTITIES

	<u>Current period</u> million VND	<u>Current period</u> million VND
Dividends income from capital contributions and equity investment for the period	38,692	17,313
- From investment equity securities	3,333	2,083
- From long-term investments	35,359	15,230
Income from capital contribution and long-term investments	586,923	-
	<b><u>625,615</u></b>	<b><u>17,313</u></b>

25. OPERATING EXPENSES

	<u>Current period</u> million VND	<u>Prior period</u> million VND
Taxes, fees and charges	20,935	15,843
Staff cost	1,249,620	1,037,067
Expenses for fixed assets	239,312	192,285
<i>In which:</i>		
- Depreciation and amortisation expenses	46,130	31,014
Expenses for operating management	351,103	258,205
Insurance premium for customers' deposits	196,230	153,067
(Reversed) provision expenses (excluding on and off-balance sheet credit risk provision expenses; securities provision expenses)	(28,836)	(1,047)
	<b><u>2,028,364</u></b>	<b><u>1,655,420</u></b>

CÔNG TY TNHH  
 M. H.

26. CURRENT CORPORATE INCOME TAX ("CIT") EXPENSE

	Current period million VND	Current period million VND
<b>Profit before corporate income tax</b>	6,065,864	5,689,891
<i>Less:</i>		
- Non-taxable dividend income and profits received	38,692	17,313
- Others	(2,730)	72,840
<b>Taxable profit</b>	6,029,902	5,599,738
Corporate income tax rate	20%	20%
<b>CIT expenses calculated based on tax rate for the current period</b>	1,205,981	1,119,948
Adjustment of the previous year's income tax expense to the current year's income tax expense	2,047	-
<b>Total CIT expenses for the period</b>	1,208,028	1,119,948
<b>Opening balance current corporate income tax payable</b>	1,702,813	228,056
Current corporate income tax paid during the period	(2,004,860)	(416,770)
<b>Closing balance current corporate income tax payable</b>	905,981	931,234

27. CASH AND CASH EQUIVALENTS

	Closing balance million VND	Opening balance million VND
Cash	1,392,564	1,822,415
Balances with the State Bank of Vietnam	29,053,790	13,917,545
Current deposits at other credit institutions	27,930,536	33,717,800
Deposits at other credit institutions with terms not exceeding 3 months	32,812,475	30,095,506
	91,189,365	79,553,266

28. Other off-balance sheet activities for which credit institutions are subject to significant risks

	Closing balance million VND	Opening balance million VND
<b>Contingent liabilities</b>		
Credit guarantees	20,766	23,856
<b>Commitments</b>		
Foreign exchange transactions commitments	9,356,888	38,872,143
<i>Buying foreign currency commitments</i>	947,564	6,324,654
<i>Selling foreign currency commitments</i>	1,069,538	3,074,583
<i>Cross currency swap contracts</i>	7,339,786	29,472,906
Letters of credit	12,027,248	19,086,422
Other guarantees	14,411,325	15,764,545

29. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties which have significant balances and transactions during the period

<u>Related party</u>	<u>Relationship</u>
SHB Debt and Asset Management One Member Company Limited ("SHB AMC")	Subsidiary
Saigon – Hanoi Bank Laos Limited ("SHB Laos")	Subsidiary
Saigon – Hanoi Bank Cambodia Limited ("SHB Cambodia")	Subsidiary
SHB Finance Company Limited ("SHB FC")	Associate (from 09 June 2023) and subsidiary (until 08 June 2023)
T&T Group Joint Stock Company	Major shareholders
Saigon- Hanoi Insurance Corporation	Entity with common key management members
Saigon - Hanoi Securities Joint Stock Company	Entity with common key management members

Details of significant transactions with related parties during the 6-month period ended 30 June 2023 are as follows:

	<u>Current period</u> million VND	<u>Current period</u> million VND
<b>SHB AMC</b>		
- Interest expenses on deposits	(1,216)	(1,066)
- Other expenses	(45,164)	(37,571)
<b>SHB Laos</b>		
- Interest income from deposits	45,865	31,276
- Interest expenses on deposits	(16,413)	-
<b>SHB Campuchia</b>		
- Interest income from deposits	141,377	33,355
<b>SHB FC</b>		
- Interest income from deposits	99,796	5
- Interest expenses on deposits	(5,100)	(1,774)



Details of significant balances with related parties as at 30 June 2023 are as follows:

	Receivables/(payables)	
	Closing balance million VND	Opening balance million VND
<b>SHB AMC</b>		
- Capital contribution	20,000	20,000
- Demand deposits and term deposits received	(39,781)	(48,143)
- Accrued interest payable on deposits	(690)	(535)
<b>SHB Laos</b>		
- Capital contribution	1,234,572	1,234,572
- Demand deposits and term deposits received	(170,130)	(508,533)
- Demand deposits and term deposits	1,064,250	1,486,056
- Accrued interest payable on deposits	6,327	6,840
<b>SHB Cambodia</b>		
- Capital contribution	1,744,452	1,744,452
- Demand deposits and term deposits received	(493,002)	(511,034)
- Demand deposits and term deposits	6,431,191	6,055,950
- Accrued interest payable on deposits	22,280	60,390
<b>SHB FC</b>		
- Capital contribution	500,000	1,000,000
- Demand deposits and term deposits received	(309,774)	(114,110)
- Demand deposits and term deposits	3,313,000	3,123,500
- Accrued interest payable on deposits	(2)	(21)
- Accrued interest receivable on deposits	31,770	25,878
<b>T&amp;T Group JSC</b>		
- Receive capital contribution	(3,066,852)	(3,066,852)
- Demand deposits received	(71,790)	(202,230)
- Accrued interest payable on deposits	(731)	(1,044)
<b>Sai Gon - Ha Noi Insurance Coporation</b>		
- Capital contribution	42,857	42,857
- Demand deposits received	(592,699)	(470,001)
- Accrued interest payable on deposits	4,501	(4,554)
<b>Saigon - Ha Noi Securities Joint Stock Company</b>		
- Demand deposits and term deposits received	(6,551,504)	(8,143,061)
- Accrued interest payable on deposits	(193,306)	(69,354)
- Loans	100,000	111,000
- Accrued interest receivable on Loans	1,603	274

30. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS AS AT 30 JUNE 2023

	Total loan balance	Total deposits (liabilities)	Credit commitments	Trading and	Derivatives	investment
				debit - credit)	between debit - credit)	securities (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	410,116,935	460,525,240	26,459,339	145,447	33,779,983	
Overseas	-	-	-	-	-	-
	<b>410,116,935</b>	<b>460,525,240</b>	<b>26,459,339</b>	<b>145,447</b>	<b>33,779,983</b>	

**31. RISK MANAGEMENT POLICIES RELATED TO 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 position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimize risks. By holding various assets being high quality financial instruments, the structure of SHB's separate statement of financial position is able to protect SHB from significant risks during its business processes and ensure liquidity. In addition, SHB has been also involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, SHB has adopted the Credit Handbook which provides in detail 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 ratio 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 development of the 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.

**32. CURRENCY RISK**

Currency risk is the risk that the Bank's asset or value of an investment fluctuates due to changes in foreign exchange rates. The Bank was established and operates in Vietnam with reporting currency of VND. The Bank's assets are denominated mainly in VND and partly in other currencies. The Bank has launched a limit system to manage foreign exchange risks deriving from foreign exchange position held by the Bank. Foreign exchange positions are monitored on a daily basis and hedging strategies are used to ensure that risk management indicators are maintained within the established limits.

30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40

The book values of the Bank's foreign currency denominated monetary assets and monetary liabilities as at 30 June 2023 are as follows:

ITEMS	EUR equivalent million VND	USD equivalent million VND	Other currencies equivalent million VND	Total million VND
<b>Assets</b>				
Cash, gold and gemstones	23,619	235,974	180	259,773
Balances with the State Bank of Vietnam	2,301	4,418,614	-	4,420,915
Placements with and loans to other credit institutions (*)	132,882	13,773,071	61,424	13,967,377
Loans to customers (*)	434,850	682,896	-	1,117,746
Other assets	4,605,399	8,012,238	16	12,617,653
<b>Total assets</b>	<b>5,199,051</b>	<b>27,122,793</b>	<b>61,620</b>	<b>32,383,464</b>
<b>Liabilities and owners' equity</b>				
Deposits and borrowings from other credit institutions	1,588	14,507,991	-	14,509,579
Deposits from customers	131,236	6,587,071	38,713	6,757,020
Derivative financial instruments and other financial liabilities	-	4,591,918	10,947	4,602,865
Grants, trusted funds and borrowings at risk of the credit institution	434,850	250,028	-	684,878
Other liabilities	4,612,382	417,244	8,633	5,038,259
<b>Total liabilities and owners' equity</b>	<b>5,180,056</b>	<b>26,354,252</b>	<b>58,293</b>	<b>31,592,601</b>
<b>Balance sheet currency position</b>	<b>18,995</b>	<b>768,541</b>	<b>3,327</b>	<b>790,863</b>
<b>Off-balance sheet currency position</b>	<b>-</b>	<b>(1,566)</b>	<b>1,564</b>	<b>(2)</b>
<b>Total currency position</b>	<b>18,995</b>	<b>766,975</b>	<b>4,891</b>	<b>790,861</b>

(\*) Excluding provision.

**33. INTEREST RISK**

SHB's operation 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 an interest risk measurement method for all assets – liabilities items with 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 categorized by the contractual re-pricing or maturity date and the interest rates at the end of the annual accounting period.

Time limit for repricing of interest rates is the remaining period from the end of the annual accounting period to the most recent repricing of interest rates of assets and equity items.

SAIGON – HANOI COMMERCIAL JOINT STOCK BANK  
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05a/TCTD

The table below shows the Bank's exposure to interest rate risk as at 30 June 2023:

	Overdue		Current							Total
	Non - interest bearing million VND	Over 03 months million VND	Within 03 months million VND	Within 01 month million VND	From 01 to 03 months million VND	From 03 to 06 months million VND	From 06 to 12 months million VND	From 01 to 05 years million VND	Over 05 years million VND	
<b>Assets</b>										
Cash, gold and gemstones	1,392,564	-	-	-	-	-	-	-	-	1,392,564
Balances with the State Bank of Vietnam	-	-	-	29,053,790	-	-	-	-	-	29,053,790
Placements with and loans to other credit institutions (*)	-	-	-	60,326,239	11,412,219	735,600	4,365,000	119,162	-	76,958,220
Derivative financial instruments and other financial assets	145,447	-	-	-	-	-	-	-	-	145,447
Loans to customers (*)	-	12,001,319	10,661,499	106,508,923	219,181,688	13,131,015	9,822,866	20,870,918	1,723,498	393,901,726
Investment securities (*)	29,454	-	-	-	4,994,893	6,249,458	672,974	1,524,931	20,308,273	33,779,983
Other long-term investments (*)	3,657,296	-	-	-	-	-	-	-	-	3,657,296
Fixed assets	4,990,438	-	-	-	-	-	-	-	-	4,990,438
Other assets	18,381,110	45,372	-	7,290,359	8,336,324	5,009,924	2,235,728	2,316,424	467,713	44,082,954
<b>Total assets</b>	<b>28,596,309</b>	<b>12,046,691</b>	<b>10,661,499</b>	<b>203,179,311</b>	<b>243,925,124</b>	<b>25,125,997</b>	<b>17,096,568</b>	<b>24,831,435</b>	<b>22,499,484</b>	<b>587,962,418</b>
<b>Liabilities</b>										
Borrowings from the Government and the SBV	-	-	-	173,202	141,734	930,160	129,628	-	-	1,374,724
Deposits and borrowings from other credit institutions	-	-	-	51,226,683	3,991,710	4,277,771	2,029,711	550,842	2,069	62,078,786
Deposits from customers	-	-	-	81,461,930	74,205,557	125,207,070	99,943,844	25,853,122	5,016	406,676,539
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	206,176	40,574	59,435	89,302	649,960	406,909	1,452,356
Valuable papers issued	-	-	-	4,238,256	5,619,189	6,147,878	24,903,471	1,350,027	-	42,258,821
Other liabilities	6,399,503	-	-	2,450,616	3,119,776	3,663,266	2,991,663	791,583	87,131	19,503,538
<b>Total liabilities</b>	<b>6,399,503</b>	<b>-</b>	<b>-</b>	<b>139,756,863</b>	<b>87,118,540</b>	<b>140,285,580</b>	<b>130,087,619</b>	<b>29,195,534</b>	<b>501,125</b>	<b>533,344,764</b>
<b>Balance sheet net interest gap</b>	<b>22,196,806</b>	<b>12,046,691</b>	<b>10,661,499</b>	<b>63,422,448</b>	<b>156,806,584</b>	<b>(115,159,583)</b>	<b>(112,991,051)</b>	<b>(4,364,099)</b>	<b>21,998,359</b>	<b>54,617,654</b>

(\*) Excluding provision.

34. 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 risks 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 mobilization, and ability of asset liquidity of SHB. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.
- The following table provides an analysis of the assets and liabilities of SHB in terms of relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the appendix to the contracts which may exist.

J01  
C0  
T  
1E1  
EL  
1E  
31

SAIGON – HANOI COMMERCIAL JOINT STOCK BANK  
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05a/TCTD

The table below shows the Bank's exposure to liquidity risk as at 30 June 2023:

	Overdue		Current				Total million VND
	Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	
	million VND	million VND	million VND	million VND	million VND	million VND	
<b>Assets</b>							
Cash, gold and gemstones	-	-	1,392,564	-	-	-	1,392,564
Balances with the SBV	-	-	29,053,790	-	-	-	29,053,790
Placements with and loans to other credit institutions (*)	-	-	60,326,239	11,412,219	5,100,600	119,162	76,958,220
Derivative financial instruments and other financial assets	-	-	63,895	18,681	62,871	-	145,447
Loans to customers (*)	12,001,319	10,661,499	28,018,276	51,784,640	105,275,081	133,023,931	393,901,726
Investment securities (*)	-	-	-	941,750	1,652,212	5,183,992	33,779,983
Other long-term investments (*)	-	-	-	-	-	-	3,657,296
Fixed assets	-	-	1,683,472	43	525	87,414	4,990,438
Other assets	45,372	-	24,183,247	8,423,445	8,368,866	2,657,477	44,082,954
<b>Total assets</b>	<b>12,046,691</b>	<b>10,661,499</b>	<b>144,721,483</b>	<b>72,580,778</b>	<b>120,460,155</b>	<b>141,071,976</b>	<b>587,962,418</b>
<b>Liabilities</b>							
Borrowings from the Government and the SBV	-	-	173,202	141,734	1,059,788	-	1,374,724
Deposits and borrowings from other credit institutions	-	-	50,287,183	1,028,960	6,307,482	4,453,092	62,078,786
Deposits from customers	-	-	84,636,345	71,031,142	225,150,914	25,853,122	406,676,539
Grants, trusted funds and borrowings at risk of the credit institution	-	-	3,448	40,574	283,874	717,551	1,452,356
Valuable papers issued	-	-	2,899,999	3,600,000	14,192,710	11,867,164	42,258,821
Other liabilities	-	-	8,850,119	3,119,776	6,654,929	791,583	19,503,538
<b>Total liabilities</b>	-	-	<b>146,850,296</b>	<b>78,962,186</b>	<b>253,649,697</b>	<b>43,682,512</b>	<b>533,344,764</b>
<b>Net liquidity difference</b>	<b>12,046,691</b>	<b>10,661,499</b>	<b>(2,128,813)</b>	<b>(6,381,408)</b>	<b>(133,189,542)</b>	<b>97,389,464</b>	<b>54,617,654</b>

(\*) Excluding provisions.

35. CREDIT RISK

Credit risk is the possibility that the Bank may incur losses because its customers do not perform or fail to perform their contractual obligations. The Bank controls and manages credit risk by setting credit limits based on the risk tolerance level that the Bank specifies for individual customers and each industry and setting up the medium and long-term credit limit suitable for the structure of mobilization.

The Bank has established a credit quality review process to provide early identification of possible changes in financial position, repayment ability of debtors based on qualitative and quantitative factors. Credit limit for each customer is determined by the use of the credit scoring system, in which each customer is classified at a certain risk level. Customer's risk level is updated regularly. The Bank controls and manages credit risk by establishing an authorization limit for each branch based on its credit portfolio quality, management capability and geographical potentiality.

The Bank has developed a number of customer policies in order to select good customers and have suitable and consistent policies applicable to each customer. The Bank has developed a diversified range of products to meet customers' demands and established credit appraisal and approval procedures at branches and the Head Office for consistent implementation in the Bank's entire system to mitigate operational risks. In addition, in order to strengthen secured methods for loans and minimize operational risks, the Bank has also issued detailed guidance on guarantees for loans.

**Credit quality for assets with credit risk is fallen within the debt classification scope of Circular 11**

Detailed analysis of credit quality for assets with credit risk in accordance with Circular 11 of the Bank is described below:

Summary of debt groups according to Circular 11	Closing balance million VND	Opening balance million VND
Standard loans	442,695,727	415,092,804
Special-mentioned loans	10,661,499	5,857,730
Sub-standard loans	2,160,689	1,151,764
Doubtful loans	3,545,023	1,258,846
Loss loans	6,414,769	7,167,709
<b>Total debt under Circular 11</b>	<b>465,477,707</b>	<b>430,528,853</b>
Bad debt	12,120,481	9,578,358
Bad debt ratio	2.60%	2.22%



36. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE PERIOD

	Closing balance	Opening balance
	VND	VND
USD	23,650	23,500
EUR	25,629	24,770
GBP	29,774	28,402
CHF	26,240	25,514
JPY	163.00	178.00
SGD	17,396	17,549
AUD	15,638	15,983
HKD	3,011.0	3,024.0
CAD	17,787	17,401
LAK	1.2359	1.3598
THD	663.49	682.50

37. SUBSEQUENT EVENTS AFTER REPORTING DATE

Except for the event of issuing shares to pay dividends (as details in Note 19.3), no events occurred after the reporting date that have a material effect on the operations of the Bank, its interim separate financial position and the results of those operations that require adjustment or disclosure in the interim separate financial statements.

Prepared by

Approved by

Approved by






Nguyen Thi Lien  
 Head of Accounting and  
 General Affairs Department

Ngo Thi Van  
 Chief Accountant

Ngo Thu Ha  
 Chief Executive Officer

24 August 2023

\*\*\*