

**THE BOARD OF MANAGEMENT REPORT
ON BUSINESS PERFORMANCE IN 2023 AND BUSINESS
PLAN IN 2024**

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BUSINESS PLAN IN 2024**

To: GENERAL MEETING OF SHAREHOLDERS

Saigon - Hanoi Commercial Joint Stock Bank (SHB) respectfully submits to the General Meeting of Shareholders the report on business performance in 2023 and business plan in 2024 as follows:

PART I. BUSINESS PERFORMANCE IN 2023

1. An overview of the banking sector

In 2023, Vietnam continued the economic growth, in principle achieving the objectives in many areas and retaining a bright spot in the global economy. Gross domestic product (GDP) in 2023 is estimated to increase by 5.05% year-on-year. Inflation was controlled at 3.25% and major balances guaranteed. State budget revenue exceeds around 8.12%. The monetary and foreign exchange markets were stable and interest rates decreased. Import and export recovered with the trade surplus estimated at about 28 billion USD. Public investment disbursement, higher than 2022, reached 95% of the plan. Foreign investment amounted to nearly 36.6 billion USD.

In the banking sector, the SBV closely follows the Resolutions of the Communist Party of Vietnam (CPV), National Assembly and Government, and issued Directive 01/CT-NHNN dated January 6, 2023 on implementing key tasks of the banking sector with the consistent goal of controlling inflation, stabilizing the macroeconomy, supporting reasonable economic growth and ensuring banking operational prudence. In addition, the SBV stayed watchful to the market fluctuations, promptly adjusted policies, promulgated and deployed proper solutions in order to contribute to stabilizing the macroeconomy, controlling inflation, supporting economic recovery and ensuring the prudent growth of credit institutions. The SBV continues to direct the drastic implementation of *Restructuring the system of credit institutions focused on handling non-performing loans between 2021 - 2025* (Project 689). By the end of 2023, credit institutions had implemented ‘safe and healthy’ credit policies, maintained stable deposit interest rates and

reduced lending interest rates, promptly meeting both corporate and personal capital needs. As of December 31, 2023, credit increased by 13.71% year-on-year.

Besides, the global economy in 2023 posed various potential risks and challenges. Decelerating economic growth in many of Vietnam's major trading partners hurt its exports very hard. Elevated inflation in many countries forced key Central Banks to raise policy rates, putting great pressure on national interest rate and exchange rate. World commodity prices change unpredictably due to war, climate change, food security policies... These factors impact the economy in general and the performance of the banking sector in particular.

Under these macroeconomic conditions, SHB remained sustainable grow while well implementing the policy of the Government and the SBV, especially customer support programs. SHB has been accelerating the disruptive transformation and achieved positive results.

2. Business performance in 2023

In 2023, SHB was honored to receive the Third Class Labor Medal from the State of Vietnam, marking the 30-year journey of developing with the country and the recognition of SHB's positive contributions to the development of national socio-economic development.

Throughout the development journey, SHB has always received support and guidance from the Government, the SBV, trust from shareholders, partners and customers. As one of the large and prestigious credit institutions, SHB has financed to fuel the growth of many sectors and industries, key national projects, especially focusing on priority areas such as agriculture, supporting industries, small and medium enterprises... that are drivers for economic development, contribute to the development of infrastructure and provide credit to production and trading. SHB has affirmed its mission to accompany the country and businesses in economic development and embrace corporate social responsibility.

Enhance brand presence in 50 major provinces/cities

In 2023, SHB opened five new branches in Ben Tre, Quang Tri, Quang Binh, Bac Giang, Phu Tho and 25 new transaction offices. The total number of domestic and international transaction offices amounts to 571. The expansive branch network has promptly satisfied the transaction needs of customers, linked various economic sectors, created jobs and contributed to the local development and provincial budget, especially in mountainous and rural areas.

SHB is maintained at B1 credit rating by the international credit rating organization Moody's Investors Service (Moody's) amid the fluctuating and challenging global economy.

Maintaining SHB's B1 and B2 BCA ratings reflects Moody's expectation that SHB's credit index will remain stable in the next 12 to 18 months. Moody's updated report reflects challenges in domestic and foreign markets, as well as fluctuations and challenges for the banking sector in particular. In that context, Moody's maintaining the B1 rating shows that SHB's business

operations are safe and effective in achieving sustainable growth goals. SHB believes that our strengths will allow the Bank to improve operational prudence and business efficiency, as well as adopt international standards in the coming time.

SHB share was selected to be included into the VN30 index

On July 17, 2023, SHB share was selected by Ho Chi Minh City Stock Exchange (HOSE) to be included in the VN30 index as it satisfied the requirements including capitalization, free-float ratio, liquidity, and other factors related to the stability and performance. Inclusion in the VN30 index testify to the quality and key position of SHB shares and the right direction of comprehensive transformation.

SHB was awarded by many prestigious domestic and international organizations for its strong business performance

In 2023, SHB was awarded with many major awards such as Best Trade Finance Bank in Vietnam, Best ESG bank in Vietnam, Outstanding bank for the community, Best workplace in Asia...

Key indicators as of December 31, 2023

In 2023, strategic transformation and business growth, led by the customer-centricity, produced the following results :

Unit: Billion VND

Indicators (*)	In 2023	Growth rate
1. Business size and profits		
Total assets	630,501	16.2%
Charter capital	36,194	
Core capital	70,268	
Total customer deposit	497,417	22.2%
Total outstanding loan (*)	455,718	16.9%
Profit before tax	9,239	
2. Performance indicators		
CIR	23.68%	
ROE	19.87%	
ROA	1.58%	
NPL ratio	2.7%	
3. Dividend yield ratio	18%	As per GMS Plan

(*) According to the SBV's calculation of credit growth limits

- Expected dividend yield ratio in 2023 is 16%, 5% and 11% of which are cash dividend and stock dividend respectively.

Total assets SHB's total assets in 2023 reached 630,501 billion VND, an increase of 88,073 billion VND, equivalent to an increase of 16.2% compared to the end of 2022, completing 104% of the 2023 plan. Average growth rate of SHB's total assets in the past 3 years reached 15.3%, exceeding that of the industry in the 2021-2023 period (12.7%).

SHB is in the TOP 4 private commercial banks with a charter capital of 36,194 billion VND.

Its owners' equity reached 50,098 billion VND and core capital 70,268 billion VND.

Strong growth in deposit and higher liquidity

Forecasting fluctuations in interest rates and liquidity, right from the beginning of 2023, SHB promoted deposit from sustainable sources, ensuring capital abundance for liquidity and effective use of funds.

Total customer deposit reached 497,417 billion VND and was listed in the Top 5 private commercial banks by deposit size. This number rose by 90,283 billion VND and 22.2% compared to 2022, completing 106.0% of the 2023 plan. Deposit from retail customer increased by 35.6%, demonstrating stable deposit structure and customer confidence in SHB. SHB's liquidity reserve ratio is 19.7%, higher than the SBV threshold of 10%.

SHB always utilizes medium and long-term term at favourable interest rates from development financial institutions (DFI) to finance green projects, infrastructure development, and women-led small and medium-sized enterprises (WSME) and SMES. Total DFI funds (IFC, DEUTSCHE BANK...) in 2023 amounted to more than 485 million USD.

Continue to expand cooperation with large, reputable domestic and international organizations

In 2023, SHB continues to expand relationships with many DFIs with a network of 600 correspondent banks worldwide, helping to affirm the bank's position and enhance its reputation. . Notably, in 2023, SHB and the International Finance Corporation (IFC) - a member of the World Bank Group signed a 3-year senior loan agreement worth 120 million USD and IFC's Global Trade Finance Program (GTFP), in which SHB participates as the issuing bank with an initial trade finance guarantee limit up to 75 million USD . Previously, SHB was also participating in ADB's GTFP program with guarantee size of 200 million USD. Currently, the trade finance limit granted to SHB has reached nearly 1 billion USD. At the same time, SHB signed a Memorandum of Understanding with Busan Bank – a member of BNK Financial Group of Korea to officially cooperate in growing corporate customers, digital banking and investment banking.

Promote credit growth and green credit growth

Total outstanding loan at the end of 2023 reached VND 455,718 billion, an increase of 16.9% compared to 2022 (according to the SBV's credit growth rate calculation). Along with the direction and guidance of the SBV, SHB's credit recent years has been channeled into production and trading, key industries, key national projects, priority areas such as rural agriculture, export, especially key produce including rice, seafood, coffee, cashew, processing and manufacturing industry, infrastructure construction, trade, SME, green sector.

Sticking to the credit growth strategy, SHB has flexibly deployed many solutions to promote credit growth such as: Issuing credit products to meet customer needs and market demand; providing value chain loan to streamline process, facilitate customers' access to capital and assist banks in managing cashflow and minimizing risks; promoting products and services on digital channels and enhancing retail customers' access to banking services; Actively participate

in business connection programs hosted by the SBV and organize its own program, be alert to customer difficulties in accessing capital then work with various business associations including SME Business Association, Vietnam Business Association to resolve ;

In recent times, SHB has offered many preferential interest rate programs worth up to tens of trillions of VND to support retail customers and businesses to get better access to financing to serve production, business and personal use and contribute to economic recovery.

SHB is fully aware that the banking sector acts as an intermediary that can affect the environment by regulating customers' choices. SHB has been greening capital flows by directing them into green sectors such as high-tech enterprises, renewable energy projects, supporting industries in agriculture, small and medium hydropower projects, biomass, waste and wastewater treatment,... to gradually increase green credit in the portfolio and encourage borrowers to switch to environmentally friendly projects.

Besides promoting green credit growth, SHB always prioritize prudence and sustainable business growth. Eligible green project must meet stringent conditions in line with international and domestic standards on environment. SHB has included environmental and social (ES) risk assessment as a mandatory requirement in the loan underwriting process to select low ES risk project and consult customers in implementing appropriate measures to satisfy ES requirements. In addition, industries/segments attracting green finance in the future can be identified and more financial products such as green bonds and convertible loans might be developed to better serve the new demand of green loan market.

Asset quality control

Amid challenging market, SHB offered debt restructuring product to support customers in line with the government policies and regulations of the SBV. In addition, SHB focuses on handling and recovering bad debts to control NPL ratio.

Total on-balance sheet loan as prescribed in Circular 11 in 2023 was 514,679 billion VND, NPL 13,887 billion VND and off-balance sheet items (including L/C commitments and guarantee) 23,618 billion VND. NPL ratio as prescribed in Circular 11 was 2.7%.

Provision for credit losses as of December 31, 2023 was VND 9,101 billion, of which: general provision VND 3,211 billion, specific provision VND 5,890 billion and total provisions used from January 1, 2023 to December 31, 2023 VND 4,433 billion.

Revenue growth and operating costs were under control despite its branch expansion and heavy investment in modernization projects.

Net income reached 21,328 billion VND, an increase of 10.3%. Net interest income reached 19,285 billion VND, an increase of 9.9% compared to 2022 due to good credit growth and optimized deposit expenses. Income from foreign exchange trading reached 282 billion VND, an increase of 143% compared to 2022.

Operating costs were under control irrespective of the Bank's branch expansion (in 2023, SHB opened 5 new branches and 25 transaction offices) and heavy investment in digitization. This

result is achieved by combination of process optimization and application of technologies... In 2023, SHB will continue to maintain its position as the leading bank in the market. Cost-to-Income ratio (CIR) remained at 23.7%.

Pre-tax profit reached 9,239 billion VND, cutting 405 billion VND compared to 2022 as SHB increased provisions for credit losses to customer loans. Appropriate amount of provision would protect the Bank against future losses, especially in the challenging economy in 2024. SHB raised Loan Loss Reserves, managed NPL ratio below 3%. Provision set aside in 2023 equal to VND 7,308 billion increased by VND 1,778 billion compared to 2022. However, the highlight is that net income increased by 10.3, reaching 21,328 billion VND.

Subsidiaries and subsidiary banks performed well, contributing to the positive results of the entire bank.

SHB Laos SMC Bank : By December 31, 2023, SHB Laos' network includes 1 headquarters, 2 branches, 74 employees. Total assets reached 3,026 billion LAK (equivalent to 3,573 billion VND), total customer deposit 382 billion LAK (equivalent to 451 billion VND), total outstanding loan 1,728 billion LAK (equivalent to 2,040 billion VND).

SHB Cambodia SMC Bank : By December 31, 2023, SHB Cambodia has 5 transaction offices including 1 headquarters and 4 branches, 60 employees. Total assets reached 13,122 billion VND, total customer deposit 2,464 billion VND and total outstanding loan 11,723 billion VND.

SHB Asset Management SMC (SHB AMC): SHBAMC lines of business are buying, selling, managing seized collateral and providing security services to other credit institutions in accordance with the provisions of law.

Accompany customers and embrace corporate social responsibility

SHB always prioritizes the interests and sustainable development of the country and community. In addition to financial support through interest rate reduction packages worth thousands of billions of VND in 2023, SHB engaged from the business plan stage in order to provide comprehensive product including deposits, payments, trade finance, electronic banking, money transfer... on a modern technology platform, helping customers manage their finance more effectively ; connecting businesses with reputable domestic and international organizations to help businesses be proactive in business plans; Providing domestic/international market information, Vietnamese and world financial market information, and state preferential policies and support.

Besides supporting business activities, SHB spared up to tens of billions of VND to embrace its social responsibility in the cause of poverty reduction, support to veterans and their families, natural disaster relief and relief to vulnerable groups including the ethnic minority, industrial zone workers, and community in far-off regions.

3. Executive management

After 30 years of outstanding development, SHB has transformed itself in all aspects, from institutions, mechanisms, policies, to business development, along with risk management, digitalization and modernization of banking.

SHB management complied with the orientations and directions of the Government and the SBV, following the strategic goals and business plans approved by the General Meeting of Shareholders. The goal-based management allowed business plans to be deployed flexibly in alignment with macroeconomic conditions to maximize available resources and adopt transformation initiatives to improve competitiveness.

Transformed organizational structure and regulations/processes led by customer-centricity

SHB continued to transform the organizational structure and improve the roles and responsibilities of divisions/departments to become the customer-centric organization. Many divisions/departments were restructured or newly established to improve business performance, cost efficiency, productivity, and management.

Transforming internal regulations and processes ensures legal and regulatory compliance and effective risk management with early warning but still has room for operational flexibility. In 2023, SHB streamlined and automated processes to reduce staffing costs and transaction processing time; increase productivity by means of training, improving skills and workplace environment; Apply advanced information technology: artificial intelligence, automation, and data analysis to improve performance and minimize manual errors.

Breakthrough in comprehensive banking transformation / Developing digital banking / Increasing investment in technology

On the journey to digitize and modernize banking, SHB has invested to implement many projects, applying the latest solutions, with leading consulting firms in the world. SHB has perfected its retail banking strategy on the digital channel; conversion to digital channels for retail customers project (omi – channel); conversion to digital channels during the Customer journey, Microservices architecture consulting project for SHB's entire information technology system, Hybrid Cloud platform project...

In 2023, SHB launched a new banking platform offering full features, stable operation and smart navigation - SHB SAHA - to ensure seamless customer experience across all interactive channels from the Mobile App, Internet Banking and transactions at physical branches. Payment features on digital platforms for corporate customers increased the transaction rate to more than 46% in the same period last year. The number of corporate customers using e-Banking services increased significantly by more than 6 times due to reduced transaction time and convenience in cash flow management such as online pre-approval overdraft, Slink virtual account, tuition fee auto debit. Omni channel for retail customers is being implemented with a series of features and utilities built on all 3 Channels of SHB SAHA (Mobile Application, Online Banking and Branch) .

The convenience of features on both old and newly developed platforms has helped business units save nearly 400 sales personnel, reducing operating time and giving employees time to focus on products that require in-depth consulting, while increasing number of transactions and customer engagement without higher expenses.

Risk management to meet international standards

In recent times, material risk management not only complies with the SBV's regulations but also aims to adopt the best practices. SHB prudence and liquidity ratios were always higher than regulatory threshold, ie : Consolidated capital adequacy ratio reached 12.2% while SBV requires 8%. Liquidity reserve ratio 19.7% while SBV requires 10%. The loan-to-deposit ratio (LDR) is 77.6% while SBV requires 85%.

Capital and liquidity management: SHB has applied Basel III standards in liquidity risk management, implemented capital calculation using advanced methods, and built an advanced forecasting system for asset and liability management (FTP, ALM)...

SHB diversifies sources and tenor of financing to increase stability; Maintain a reasonable balance between assets and liabilities. Financing plans are built and monitored based on each unit's business plan and the overall strategy of the entire bank, ensuring daily liquidity in stress scenarios. Liquidity stress testing is performed monthly based on many scenarios, and liquidity risk measurement and monitoring are performed daily.

A sound Internal Capital Adequacy Assessment Process (ICCAP) is a critical component of a strong risk management program that provide the capital commensurate with the bank's risk profile, especially in severe adverse events. SHB's capital planning process also incorporate rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact the bank.

Market risk management: Under the volatile market conditions, SHB actively managed market risk to ensure timely identification and prompt response.

SHB has market risk management policy in place and a full process specifying risk identification, measurement, monitoring/control to reporting as well as responsibilities of relevant departments and personnel.

Market risk measurement metrics, including open position, PV01 (sensitivity), MtM (Mark-to-Market), VaR (Value at Risk), were regularly reviewed and updated to match prevailing market conditions and SHB's business situation.

Credit risk management: SHB adopted the credit risk management in line with international practices and standards. SHB has established credit risk management policy/strategy, built credit risk appetite entailing credit risk limits, early warning thresholds. Solid credit risk monitoring allowed the Bank to accurately capture and proper mitigate risks.

In 2023, SHB launched many projects to adopt IFRS9 standards and Advanced IRB method, the deliverables of which are expected to assist SHB's credit risk management and enable risk-based decision-making.

SHB measures credit risk in both normal and adverse conditions and build according contingency plans.

Interest rate risk on the bank book: SHB applies interest rate risk limits on the bank book in accordance with the Bank size, complexity of business and risk appetite including: Interest rate gap, NII (net interest income) limit. The bank measures interest rate risk for Vietnam dong and foreign currencies valued at 5% of total assets or more using various metrics, i.e interest rates sentivity, assessment of interest rate change on NII and economic value of equity (EVE) and the Delta EVE method prescribed in Basel III Accord.

Operational risk management: SHB implemented the operational risk management framework in compliance with Circular 13/2018/TT-NHNN and international practices to protect customers' interests making transaction at SHB . SHB equiped departments at the Head Office with risk identification and assesment, Directors of business units with operational risk management, Customer Service staff with training bulletins and videos and customers with notices on fraud and scam... SHB performed annual BCP (Business Continuity Planning) testing at branches and DC (Data Center)/DR (Data Recovery) testing.

Improve the effectiveness of internal control in compliance with regulatory requirments and international standards

SHB's internal control, in compliance with the regulations of the SBV and best practices, suits daily business operations and the bank's strategic plans.

Internal control consisted of 03 lines of defense identifies, measures, monitors and controls risks in the bank's operations. Business divsions, business units and back office departments identify, evaluate, prevent, report and monitor risks arising in daily business process. The Risk Management, Internal Control, Legal and Compliance departments assess, control and manage material risks by establishing risk appetite/lending policies, building credit and lending guidance/ processes, early warning, portfolio management, legal compliance and risk management policy.

In 2023, to improve the effectiveness of internal control, SHB:

- Enhanced the organizational structure of internal control department (ICD) and legal and compliance department (LCD);
- Upskilled and retrained employees at ICD and LCD to keep pace with the complexity of the bank business;
- Review and update internal control and compliance policy to ensure the relevance with the Bank business and compliance with the provisions of law.

Therefore, ICD was able to detect and prevent risks arising in SHB's operations.

Perform preventing and combating and corruption (PCC) and anti-money laundering (AML) to ensure legal compliance with regulations and prudent operation

Preventing and combating corruption and internal fraud

In addition to the Government regulations on anti-corruption, SHB has its own policy in place on preventing and combating internal fraud. Violations of regulations and working against the interests of customers and the bank are whistle-blown then handed over the relevant department for further analysis and disciplinary actions employed in the event of violations. Disciplinary and reward policies are put in place to guide and regulate employee behavior to do the right thing.

Anti-Money Laundering (AML)

SHB is one of the leading banks in implementing the AML framework in compliance with the the AML Law. In addition to the regulatory KYC process and AML risk identification, SHB has deployed the latest suspicious transaction scanning system in banking operations. In addition to common suspicious transaction scenarios, SHB supplements scenarios and criteria to identify prohibited transactions in accordance with the instructions and directives of the SBV. This system not only helps to promptly warn of suspicious transactions so that adjustments can be made to customers or reported to competent authorities.

In addition, SHB has provided intensive training for employees working at AML and PCC department and extensive Bankwide training to other employees.

People-centered human resource management policy

People - one of the four strategic pillars on its transformation journey. SHB has been implementing human resources policies to maximize human resources, from recruitment, onboarding, training and development, rewards to recognition. In 2023, SHB attracted nearly 1,000 employees to join the SHB family, including many experienced managers and experts in banking and finance in Vietnam and internationally. SHB's human resources policy aim to maximize human resources, serving as a foundation for the bank's development. Each individual has the opportunity to be trained and developed with training programs on professional skills from basic to advanced. In 2023, thousands of employees participated in training with a total of 369,490 training hours. The average annual training hours per one employee at SHB was 65.

2023 marks a pivotal point in SHB's journey of fostering and training high-quality human resources. SHB invested heavily in training programs to improve management and leadership capability such as “SHB Talent Lead” for senior managers; “Unlock Your Potential” to prepare employees with transformation,.... From these training programs, in addition to improving and developing management capability, the Bank can identify and nurture new personnel to implement strategic goals.

Excellent HR policy to ensure the health, safety and welfare of workers. SHB understands and cares for its employees with competitive benefits. Benefits for female officers, staff and leaders have improved year by year and play as the leading factor to attract new employees. SHB's HR policy aims at fairness and welfare of employees and can attract high quality global personnel.

Build a strong corporate culture

Corporate culture is the root and key to creating strength for SHB's sustainable and robust growth. Therefore, in 2023 SHB continued to enforce corporate culture built on the 6 core values "Heart - Trust - Faith - Knowledge - Wisdom - Vision". The value of *Heart* is the "root" of each and every SHB employees' actions that put customers at the center to bring the best experiences. SHB believes that, when acting from the heart, SHB and each employee will build trust and establish their reputation. To serve customers conscientiously, SHB people also regularly cultivate knowledge, share knowledge and apply knowledge to improve themselves and the organization.

Taking people as the center, SHB has been building a workplace of Innovation - Responsibility – Efficiency to create strength and solidarity towards the common goals.

PART II. SHB'S BUSINESS PLAN FOR 2021 - 2025 (PURSUANT TO DECISION NO. 689/QD- TTG DATED JUNE 8, 2022)

On June 8, 2022, the Prime Minister approved the "Restructuring the system of credit institutions focused on handling NPL for 2021 - 2025" project as per Decision No. 689/QD-TT to build and develop a sound and sustainable credit institution system.

On August 8, 2022, the Governor of the SBV issued Decision No. 1382/QD-NHNN on the Action Plan to implement the SBV's direction in the implementation of goals, tasks and solutions prescribed in Decision No. 689/QD-TTg, in which each credit institution was required to build a Plan for 2021-2025 in line with Project 689 and Decision No. 1382.

Based on SHB's business objectives and strategies and the SBV's instructions, SHB built "*Saigon - Hanoi Commercial Joint Stock Bank business plan for 2021 – 2025 (SHB's restructuring plan for 2021 - 2025 in accordance with Decision No. 689/QD-TTg dated June 8, 2022 approving the project to restructure the system of credit institutions focused on handling NPL for 2021 - 2025)*", (hereinafter referred to as the Plan)

SHB respectfully submits to the General Meeting of Shareholders to approve the Plan:

1. Approve the Plan

(Details in the attached Appendix)

2. Assign and authorize SHB board of directors to

- Review and decide on all matters related to implementation, amendment, supplement and completion of the Plan according to the legal and regulatory requirements and the business operations of SHB.

- Direct, approve and implement the detailed solutions stated in the Plan approved by the General Meeting of Shareholders.

PART III. TRANSFORMATION STRATEGY FOR 2024-2028 AND 2024 BUSINESS PLAN

1. Transformation strategy for the period 2024 - 2028

Over the past 3 decades, SHB has succeeded in securing its position among the leading joint stock commercial banks by growth rate of total assets and revenue. However, it is

guaranteed that what drove SHB to success in the past will ensure the same result in the next 5 or 10 years. The increasingly competitive market and inextricably intertwined business relationships require most businesses to build their capacity and actively serve the value chain.

SHB's competitors have been investing heavily in digital products and services to grow the sophistication and hyper-customization of products and services for retail and corporate customers. In order to enhance its position, competitiveness and business efficiency, SHB is forced to urgently implement a comprehensive transformation. Information technology is the key driver to accelerate transformation at SHB.

The transformation driven by customer-centricity places an emphasis on strategic clients and developing the capacity to serve their ecosystem. These partnerships are essential in expanding business and strengthening relations between strategic clients and their ecosystem which in return further promote SHB business growth.

SHB's strategic goals for 2024 - 2028:

- Develop strategic customer by offering better products/service to large customer bases and strategic clients built on the insight on their value chain requirements and needs.
- Effectively deploy retail banking strategy: promote multiplier effects in retail banking growth via employee banking solutions for strategic clients, large corporate customers and their ecosystem as well as their value supply chain, and even their entire families.
- Improve financial and operational efficiency: focus on developing high-quality human resources; offer better banking products and services to increase fee revenue; Standardize and digitize processes and apply effective risk management measures.
- Optimize target operating model: follows OKR (Objectives and Key Results) management; A fair and transparent empowerment and delegation are to create flexibility for business units to develop their potential while still ensuring operational safety for the bank, along with automation and standardization of processes. Support business development and improve the responsibility and management capability of the Head Office.
- International standards and best practices on governance and risk management: Apply industry standards and best practices in accordance with SHB's transformation roadmap to minimize risks and optimize efficiency.

By 2028, SHB will become "The most efficient bank, the most popular digital bank, the best retail bank and the leading bank in financing the ecosystems, supply chains, value chains, and green sectors"

To achieve the above goals, the Bank 's transformation strategy is shaped based on important business highlights that will guide the journey to become a leading bank:

- Sales Channel and Sales Model: SHB will enhance the development of banking products and services suitable for each customer segment and ensure the access to banking

products and services for all types of customers by developing self-service channels and digital platforms. Data analytics capabilities supported by an advanced technology will play a key role in empowering the sales force and business units to identify sales opportunities, manage the sales funnel and increase sales performance.

- Service model: An offer management system (OM) shall be put in place to create and manage offers across various channels and audiences, control the offers throughout their entire lifecycle and target at right customers.
- Technology and infrastructure: SHB will invest in modern technology platforms, modern infrastructure and integration capacity to support implementation of the bank's strategic goals. This investment is critical to gaining a competitive advantage in the market, delivering superior customer experiences, and driving operational excellence.

Deploy a transformation strategy in **03 phases**:

Phase 1	Phase 2	Stage 3
2024 – 2025	2026 – 2027	2028
Build and Develop Capability	Accelerate growth	Achieving great efficiency

2. Business plan in 2024

- It is forecasted that in 2024, the world and regional situation will continue to be unpredictable and challenging; The consequences of the COVID-19 pandemic will have a lasting impact. Strategic rivalry among major countries is becoming more and more fierce. Inflation and monetary policies of some major economies remain uncertain. Non-traditional security challenges, especially epidemics, natural disasters and climate change, have become permanent risks. Domestically, the economy has mixed opportunities, advantages, difficulties and challenges. Inflation pressure is still strong; Production and business are still to face difficulty; Demand from Vietnam's large, traditional export markets continues to decline; Financial, monetary and real estate markets still pose potential risks.

- Challenges and difficulties are great, but the global economic outlook still has many bright spots. Vietnam's economy is predicted to recover due to the driving forces such as: the recovery of production and exports, increasing FDI capital flows, higher public investment. Domestic consumption continues to grow positively... Vietnam's GDP growth in 2024 is planned to reach 6 - 6.5%, CPI 4.0 - 4.5 %. The SBV targets credit growth for the entire banking sector to reach 14-15% in 2024 with proactive and flexible monetary policy aligning with market development.

- Under those conditions, SHB's business plan in 2024 is as follows:

No	Indicator	2023	2024	Growth rate	
1	Total assets	630,501	701,000	70,499	11.2%
2	Charter capital	36,194	40,658	4,464	12.3%
3	Total outstanding loan (*)	455,718	518,555	62,837	14.0%
4	Profit before tax	9,239	11,286	2,047	22.2%
5	NPL ratio	2.70%	< 3%		
6	Dividend yield		18%		

(*) Credit growth shall be adjusted as per the approval of the SBV, Total customer deposit shall be commensurate with the actual credit growth rate, in order to optimize the balance sheet

3. Solutions to implement the 2024 business plan

In 2024, the macroeconomic in general and the banking sector in particular is forecast to be favorable but there are still potential difficulties and challenges. Continuing to expand business size with many potential risks and increasing complexity requires SHB to focus on promoting all resources and implementing strategic initiatives. Strategy for 2024 - 2028 and transformation goal in 2024 promptly respond to changes in the economy. Some action plans are as follows:

3.1. Management and operations

Implement OKR management and closely follow the Bank's 5-year strategy, flexibly develop and deploy business solutions and new strategic initiatives that contribute to achieving common goals; Proactively respond and adapt to economic and market fluctuations.

Developing safe, effective and sustainable business on the basis of promoting risk management according to international practices and regulations of the SBV, strengthening international cooperation, expanding relationships with DFIs.

3.2. Green finance promotion and sustainable growth

The green credit growth strategy is an important part of SHB's overall strategy for sustainable development. The green growth action plan is implemented by SHB according to a specific roadmap including: revised policy and processes to direct finance into green sectors, including ES assessment in the loan underwriting process; building products and services for green sectors offering incentives on lending limits, terms and interest rates; Promoting loan to green sectors such as high-tech enterprises, renewable energy projects, supporting industries, agricultural production, irrigation projects, small and medium-sized hydropower, biomass, wastewater and waste treatment plant.

Integrate ESG (Environmental, Social and Governance) standards in implementing SHB's long-term goals, towards sustainable development.

Promote and expand cooperation with ministries and state agencies, DFIs to promote green finance and sustainable finance.

3.3. Customer growth

Do research on and gain insight into customer need to provide suitable products and services and add value to customers.

Build and provide programs and products suitable for customer segments in priority industries that are the driving force for Vietnam's economic development and local potential industries.

Strengthen cooperation and provide all-in and customized products and services for strategic clients and their ecosystems and supply chains.

Encourage loyal term deposit customers and frequent users of products and services to maintain more demand deposit.

Design product packages and smart products: preferential policies exclusively for high-end customers on online channels; payment service packages for different customer segment; product and service solutions by industry/area; products specifically for corporate customers and their ecosystems/value chains...

Improve sales and service: build and operate a customer service model; Building a sales model for SHB First Banking.

3.4. Policy management and risk management

Continue to revise and standardize the internal regulations/policies/processes in a streamlined direction, ensuring full compliance with legal regulations from time to time and align with international standards and the Bank operation.

Policy management must be led by customer-centricity.

Increase the digitalization of policies, processes and operations by at least 50% compared to 2023.

Strengthen risk management, internal control, compliance, promptly detect and prevent potential risks; Data-backed analysis, forecast and early warning were performed to ensure comprehensive control in daily operation.

3.5. Organizational structure

Strengthen the organization of Divisions/Departments at Head Office (SHBHO), upskill risk management, AML, PCC and compliance to keep pace with the increasing size of SHB.

Rearrange branches in accordance with the bank's strategy to improve operational efficiency.

Attract high-quality and young talents and improve the quality of training.

3.6. Technology and digital transformation

Complete the long-term IT planning in accordance with the bank's development strategy, focusing on implementing the IT development roadmap.

Implement key projects in accordance with the Bank's strategic direction and business plan such as: Omni Channel, Core Card, Core Banking upgrade, Retail Loan Origination system (RLOS), Migration to New data center (DC Tier 3).

Ensure IT systems to run stably and safely, redundant systems in accordance with best practices.

Continue to accelerate the Digital Transformation to best meet customer needs and enhance competitiveness, optimize customer experience, and ensure customer data security.

Above is the report on SHB business performance in 2023 and business plan in 2024 respectfully submitted to the General Meeting of Shareholders for consideration.

CHIEF EXECUTIVE OFFICER

(signed and sealed)

NGO THU HA

APPENDIX

Summary of "Business plan for 2021 - 2025 of Saigon - Hanoi Commercial Joint Stock Bank (SHB's restructuring plan for 2021 - 2025 in accordance with Decision No. 689/QĐ -TTg dated June 8, 2022 on approval of the Project to restructure the system of credit institutions associated with handling NPL for 2021 - 2025)"

(Attached to report no.:02 /BC-BDH.SHB-DHĐCĐ dated March 29, 2024)

The summary of the business plan for 2021 - 2025 of Saigon - Hanoi Commercial Joint Stock Bank (Restructuring plan for 2021 - 2025 of SHB in accordance with Decision No. 689/ Decision-TTg dated June 8, 2022 approving the Project to restructure the system of credit institutions associated with handling NPL for 2021 - 2025), (hereinafter referred to as the Plan) is as follows:

Chapter 1: The achievements of credit institution restructuring policy associated with handling NPL

- 2021 is the first year of implementing the 10-year socio-economic development strategy for 2021-2030 and the 5-year socio-economic development plan for 2021-2025 as per the Resolution of the 13th Party Congress and Resolutions of the National Assembly and the Government in the context of many difficulties and challenges. The outbreak of the Covid 19 pandemic caused a global economic recession, stagnation and supply chain disruption; Financial and currency markets fluctuated strongly, capital flows withdrew from emerging markets. A series of policies and measures to support the economy in overcoming difficulties on an unprecedented scale have been simultaneously implemented by many countries. Domestically, the Covid 19 pandemic along with natural disasters ... seriously affect economic, cultural, social activities as well as the employment and income of workers.

- In that context, under the leadership of the Party, the management of the State, with the drastic participation of the entire political system, all levels, sectors, local and the sympathy, support and the active participation of the business community and people nationwide, Vietnam basically controlled the epidemic nationwide, proactively loosened social distancing, and shifted to a safe, flexible adaptation. Effectively control the COVID-19 epidemic, gradually opening the economy. Thanks to that, the socio-economic situation has gradually recovered and achieved very important and encouraging results in many fields.

- 2022 is the first year the Government implements the Socio-Economic Recovery and Development Program after the Covid 19 pandemic. The political tasks set for the banking sector in general and the SBV are to control inflation, stabilize the macroeconomy and support economic growth recovery.

- Closely follow the Resolutions of the Party, the National Assembly, the Government, and the directions of the Prime Minister, the SBV proactively and flexibly managed monetary policy and banking operations, timely adjusted policies, promulgated and implemented

synchronously solutions to manage monetary policy and banking operations, contributing to stabilizing the macroeconomy and controlling inflation. at a low level, supporting the recovery of economic growth and ensuring the safe development of the system of credit institutions.

- On June 8, 2022, Deputy Prime Minister Le Minh Khai signed Decision No. 689/QĐ-TTg approving the Project "Restructuring the system of credit institutions associated with handling NPL for 2021-2025" (hereinafter referred to as Project 689). With the goal of creating a clear and substantive change in restructuring the system of credit institutions associated with NPL handling, the Project has clearly indicated specific tasks and solutions to reduce the number of credit institutions by 2025, fundamentally handle weak banks, prevent new weak banks from establishment and make the system of credit institutions healthy and sustainable. Along with that, we will promote the handling of NPL, improve credit quality, prevent and minimize new NPL; improve financial capacity of credit institutions; Prevent cross-investment, cross-ownership and manipulative and dominant ownership in related credit institutions.

- On August 2, 2022, the Governor of the SBV issued Decision No. 1382/QĐ-NHNN to implement the Project "Restructuring the system of organizations credit associated with NPL handling for 2021-2025" (Hereinafter referred to as Decision 1382). The banking sector's action plan closely follows the perspective, orientations, goals, tasks, and solutions to restructure the system of credit institutions associated with handling NPL for 2021-2025 stated in Decision No. 689/QĐ -TTg; Highlight the proactive attitude and efforts of each unit and the cooperation and coordination between units inside and outside the banking sector to effectively implement the set goals, tasks and solutions.

- Saigon - Hanoi Commercial Joint Stock Bank (SHB) was established in 1993 and officially listed on the Vietnam stock market in 2009. After 30 years of development with the country, SHB's business have always been stable, safe and on sustainable growth momentum. SHB has fully promoted its role as one of the major credit institutions, meeting the needs for capital and use of banking and financial services of businesses and retail customers, facilitating the development of the economy and contributing to the development of the economy, make a positive contribution to the development of Vietnam.

- SHB always proactively follows the directions of the Government and the SBV such as: implementing safe and effective credit growth, focusing on improving credit quality; balance capital sources, direct credit to production and business and priority fields according to the Government's policies; create favorable conditions for customers to access bank credit capital on the basis of reviewing and streamlining processes and procedures; Improve management capability, strengthen internal audit and control; promote digital transformation in banking activities, develop modern payment services, ensure security and safety of information technology and payment systems; Comply with prudent ratios in operation according to international standards...

- Based on the past achievements, SHB gain trust of customers, investors and shareholders. SHB has been awarded Second and Third Class Labor Medals by the Party and

State; has been awarded many prestigious banking awards by financial and non-financial organizations around the world.

- With the support of the State, promoting its key role as one of the 5 largest private joint stock commercial banks in Vietnam, SHB, one of the pioneer banks in implementing the restructuring policy, acquired Hanoi Housing Commercial Joint Stock Bank (HBB) at the end of 2012 and VINACONEX-VIETTEL Joint Stock Finance Company (VVF) at the end of 2016, providing special loans to peoples' credit funds.

- Up to now, SHB has basically completed the restructuring goals according to the Project of the banking sector and SHB's Project in each stage. The past achievements prove the policy of comprehensive restructuring of the commercial banking system that the Government and the SBV have been implementing.

- Continuing the successes achieved, SHB continues to develop a restructuring plan associated with NPL handling for 2021 - 2025 to implement the directions and orientations of the Government and the SBV in the Project 689 and Decision 1382, realizing the goal of becoming one of the leading banks, contributing to the development of Vietnam's economy.

Chapters 2, 3, 4: the purpose, requirements and legal basis of the Plan and business performance of SHB for 3 years from 2021 to June 30, 2023.

The purpose of restructuring plan associated with NPL handling for 2021 - 2025

- Continue to develop SHB in the direction of safety, efficiency, transparency, meeting standards on prudent banking operations in accordance with the law and best practices.

- Comply with the Government and State Bank's direction on restructuring the Vietnamese credit institution system and the development orientation of the Vietnamese banking sector to 2030.

Legal basis and requirements of the Plan

- Pursuant to Enterprise Law No. 59/2020/QH14 dated June 17, 2020, Law on amendments and supplements and documents guiding implementation;

- Pursuant to the Law on Credit Institutions No. 47/2010/QH12, the Law amending and supplementing a number of articles of the Law on Credit Institutions No. 17/2017/QH14 and documents guiding its implementation;

- Pursuant to Circular No. 116/2020/TT-BTC dated December 31, 2020 of the Ministry of Finance guiding a number of articles on corporate governance applicable to public companies in Decree No. 155/2020/ND-CP dated December 31, 2020 of the Government detailing the implementation of a number of articles of the Securities Law;

- Pursuant to the current Charter of Saigon - Hanoi Commercial Joint Stock Bank;

- Pursuant to Decision No. 689/QĐ-TTg dated June 8, 2022 approving the Project "Restructuring the system of credit institutions associated with NPL handling for 2021 - 2025" (Decision 689)

- Pursuant to Decision No. 1382/QĐ - NHNN dated August 2, 2022 of the SBV promulgating the Action Plan of the banking sector to implement the Project "Restructuring the system of organizations credit institutions associated with NPL handling in the period 2012 - 2025" (Decision 1382)

- Pursuant to Official Dispatch No. 2954/NHNN-TTGSNH dated April 25, 2023 of the SBV on the construction and approval of the restructuring plan.

- Pursuant to the provisions of relevant laws.

- Based on SHB's actual operations as of December 31, 2022 and June 31, 2023 and the bank's strategic goals for developing business activities .

Chapter 5: An overview of challenges and factors affecting the Bank's operations

About the product

- Always accompanying customers, with a business strategy that puts the market, customers and area as the focus, as the guideline in all activities. SHB focuses on researching and developing specific products/services, suitable for each individual and business customer segment. Products are built by SHB to maximize benefits and increase customer satisfaction and always ensure the following principles:

+ Suitable for each target customer segment and according to local characteristics

+ Competitive, different from the market and competitors

+ Keep abreast of market trends and technology trends in the era of Industry 4.0

+ Enhance the packaging of many products and services according to each specific individual customer group to increase convenience, incentives and suit customer needs.

+ Products are researched before being released. Survey and evaluate to ensure product suitability for the market, in accordance with State regulations, optimal for customers.

+ Products after deployment are evaluated, surveyed and adjusted by SHB to suit customers, markets and locations.

- The product portfolio for individual and corporate customers has been built by SHB to be diverse .

- SHB has a foundation of customer files that are businesses in major economic sectors. With the reputation of one of the top commercial joint stock banks, with the strength of understanding customers, SHB looks deeper into the nature of the business rather than positioning target customers as individual individuals. To deeply understand the needs of corporate customers, SHB targets their entire ecosystem - the value chain from suppliers and manufacturing businesses to distributors and final consumers through Comprehensive financial solutions according to the operational value chain, specifically suitable for each segment/industry.

- Understanding the needs and difficulties of small and medium-sized enterprises, SHB provides a full range of financial service products specific to businesses, especially SHB demonstrates its development companionship by committing to connecting and promoting businesses with reputable domestic and international organizations in arranging finance,

preferential capital sources and issuing bonds, connecting input and output markets and solutions Outstanding financial package.

- In addition to financial service products, SHB focuses on designing non-financial service product packages specifically for Business Owners and employees of the Enterprise to create synchronous and comprehensive financial solutions and utilities. SHB provides training support packages on financial management knowledge, marketing management for businesses, and communication support for small and medium enterprises .

About price

- SHB develops a comprehensive price/fee policy for each target customer segment to ensure optimal profits while ensuring competitiveness compared to competitors.

- For many years, SHB has been considered a bank with relatively competitive prices and fees.

Distribution channel

- Traditional channels: SHB's branch/transaction office distribution network is considered quite extensive and highly competitive among joint stock commercial banks. The total number of active transaction offices of SHB nationwide is 569 points, including branches, transaction offices, savings funds, transaction offices in nearly 60 provinces and cities in Vietnam, 1 subsidiary bank of 100. % capital in Laos, 1 subsidiary bank with 100% capital in Cambodia, representative office in Myanmar and 2 subsidiaries (Debt Management and Asset Exploitation Company Limited - SHAMC, affiliated company is Viet Nam Finance Company). SHB One Member Limited Liability Company – SHB FC.

- online channels are increasingly diverse and rich with many forms and distribution methods based on modern technology platforms such as cash machines, electronic payment points, distribution via the Internet...

About Marketing and communications

- Identify and deploy appropriate communication channels for the target customer segment to effectively convey information to customers: the Bank's business activities, product advertising and brand development begin to transform. Translation oriented by location and target customer segment. This helps improve the effectiveness of the impact on customer awareness and the general public in improved areas, thereby attracting more interested customers to SHB.

- Communication and product advertising tools are also enhanced to expand multi-channel, in addition to communication channels such as physical tools, increasing the proportion of investment in media advertising on social network channels, new information technology applications, digital advertising systems from reputable third parties

- Develop plans and implement appropriate promotion programs to support product sales promotion: sales promotion activities are also invested in expanding promotion programs, enhancing training and guidance on regulations. sales promotion programs and activities, and at the same time assign the right to proactively promote sales to business units in the area. In

particular, SHB focuses on activities, tools, and values that can increase customer satisfaction and loyalty through customer care programs, products, and incentives.

- Evaluate the effectiveness of each Communication channel towards target customer segments to adjust accordingly.

- The bank has received many awards recognized by domestic and international organizations to support brand promotion activities such as: Best Trade Finance Bank in Vietnam", Best Bank in Vietnam; Best SME Bank in Vietnam, Top 50 best enterprises in Vietnam for many consecutive years...

About human resources

- By strengthening internal training, regularly updating product features, and discussing in detail with employees about product policy needs and difficulties during implementation to have timely adjustment solutions. SHB has built a team of employees with product and professional knowledge and customer understanding

- Staff attitude and qualifications are among the highly appreciated factors and advantages of the Bank .

- Sales promotion programs for the sales team also positively affect the quality of sales personnel at SHB.

- Although SHB's number of employees is less than its competitors, SHB is one of the banks with a workforce that creates the best performance .

About processes and policies

- SHB builds appropriate procedures towards target customer segments, ensuring competitiveness in service delivery time with the best quality compared to competitor banks.

- Periodically review, evaluate and solicit customer feedback to ensure continuous improvement of Bank procedures .

- The system of policy documents and products is fully diversified, making searching for operations convenient and easy

- Good service quality evaluation system to ensure customer care

- Convenient procedures and processes that help customers feel comfortable are SHB's advantages that need to be promoted

Facilities and information technology

- Review and adjust and upgrade facilities, technology and brand identity at Branches/Transaction Offices towards synchronization and professionalism.

Chapters 6, 7: SHB perspectives, restructuring goals to 2025, solutions and roadmap

Based on the perspective, goals, and restructuring solutions associated with NPL handling stated in Decision No. 689/QD-TTg, action Plan of the banking sector, and directive documents of competent authorities, SHB's goals, orientations, plans, current operational status, trends, challenges , SHB develops overall and specific solutions to achieve the set goals. The overall solution is as follows:

- Increase capital and improve the quality of equity capital to increase the capital adequacy ratio according to international standards .
- Control credit quality, reduce bad debt, improve asset quality
- Continue to improve management and administration
- Improve human resource management ; Build a team of highly qualified staff with a sense of responsibility, professional ethics and a sense of compliance with the law.
- Improve transparency in banking operations, approaching international standards in operational safety
- Modernize banks to improve competitiveness
- Continue to promote the multi-service business model
- Modernize banking technology and payment systems
- Develop a digital banking model, effectively deploy the **banking sector's** digital transformation plan; develop non-cash payments
- Continue to apply and deploy Basel II advanced methods
- Improve the efficiency of credit capital allocation; Promote green credit, green banking, and investment in low-carbon production and consumption industries
- Developing non-credit service activities : Continue to implement solutions to increase income from non-credit service activities in accordance with the market in each period; Simplify and streamline procedures and documents, create conditions for maximum support for businesses and people to conveniently access, fully and promptly use safe and modern banking services with good quality, actively implementing banking modernization in accordance with development trends and legal frameworks of each period.
- Continue to seriously implement the tasks of handling NPL according to the direction of the SBV, and at the same time apply measures and policies specified in Resolution 42/2017/QH14 (or documents amending and supplementing /replacement) and relevant legal regulations in the process of handling bad debt recovery in order to effectively implement the goal of handling bad debt and improving operational quality.

With the desire to build a bank with sustainable development and at the same time actively contribute to the process of restructuring the Vietnamese banking system, the Board of Directors, Executive Board and all SHB employees are determined to Successfully implement development goals for 2021 - 2025 and development orientations for the credit institution system in accordance with Decision 689/QD-TTg and Decision 1382/QD-NHNN.