



SAIGON – HANOI  
COMMERCIAL JS BANK

SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness

No: 04 /2025/TTr-HĐQT

Hanoi, March 31, 2025

## PROPOSAL

*Regarding approval of the early intervention contingency plan  
at Saigon - Hanoi Commercial Joint Stock Bank*

**To: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

### 1. The purpose

The early intervention contingency plan is formulated to comply with the provisions of the Law on Credit Institutions 2024 (hereinafter referred to as the Law on Credit Institutions), specifically as follows:

- Articles 143, 156 and 161 of the Law on Credit Institutions require commercial banks to formulate a contingency plan in the event of early intervention by the State Bank of Vietnam;
- Regarding the approval authority for the Contingency Plan, Clause 4, Article 143 of the Law on Credit Institutions stipulates that the plan *"must be approved by the Annual General Meeting of Shareholders, the Board of Members, the owner, or the representative agency of the owner of the commercial bank, as well as the parent bank of the foreign bank branch, and submitted to the State Bank of Vietnam within 10 days from the date of approval."*
- Regarding the approval authority for revisions to the Contingency Plan, Clause 5, Article 143 stipulates that *"5. At least every two years, commercial banks and foreign bank branches must update and revise the contingency plan as prescribed in Clause 1 of this Article. The updated and revised plan must be approved by the Annual General Meeting of Shareholders, the Board of Members, the owner, or the representative agency of the owner of the commercial bank or the parent bank of the foreign bank branch, and submitted to the State Bank of Vietnam within 10 days from the date of approval."*
- Clause 6, Article 143 stipulates that *"If a commercial bank or a foreign bank branch fails to formulate a contingency plan as prescribed in Clause 4 of this Article or fails to update or revise such plan as required in Clause 5 of this Article, the State Bank of Vietnam shall impose one or more restrictive measures as stipulated in Clause 2, Article 157 of this Law."*

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- Clause 7, Article 143 of the Law on Credit Institutions stipulates that *“The contingency plan prescribed in this Article must be formulated and approved no later than July 1, 2025, or within one year from the date of issuance of the License for the establishment and operation of a commercial bank or the License for the establishment of a foreign bank branch.”*
- Furthermore, the Contingency Plan must include the contents stipulated in Clauses 2 and 3, Article 143 of the Law on Credit Institutions.

## 2. Key points of the early intervention contingency plan

The early intervention contingency plan (“Contingency Plan”) is formulated in compliance with Clause 2, Article 143 of the Law on Credit Institutions and specifically includes the following key points:

- 1) Overview and evaluation of the Bank's organizational structure and business operations;
- 2) Financial and operational overview of the Bank;
- 3) Specific remedies to address each case of early intervention as prescribed in Clause 1, Article 156 of the Law on Credit Institutions:
  - i. The cumulative loss exceeds 15% of the charter capital and reserve funds recorded in the most recent audited financial statements or determined by inspection and audit conclusions of competent state agencies, resulting in non-compliance with the regulatory capital adequacy ratio (CAR);
  - ii. A rating below average as regulated by the Governor of the State Bank of Vietnam;
  - iii. Failure to comply with the liquidity coverage ratio for 30 consecutive days;
  - iv. Failure to comply with the regulatory CAR for 06 consecutive months;
  - v. Occurrence of a bank run, with a report submitted to the State Bank of Vietnam.
- 4) Roadmap and timeline for implementing each remedy.

## 3. The proposal

The Board of Directors proposes that the Annual General Meeting of Shareholders approve the Contingency Plan as detailed in the attached Appendix.

Respectfully submit,

PP THE BOARD OF DIRECTORS



*Đỗ Quang Hiền*



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*Hanoi, March 31, 2025*

## **APPENDIX**

### **THE EARLY INTERVENTION CONTINGENCY PLAN AT SAIGON - HANOI COMMERCIAL JOINT STOCK BANK (SHB)**

#### **PART I – THE BASIS AND GENERAL INFORMATION**

##### **A. THE BASIS FOR THE CONTINGENCY PLAN FORMULATION**

- Pursuant to Articles 143, 156 to 161 of the Law on Credit Institutions 2024 (amended and supplemented) and relevant legal provisions on the requirement that commercial banks develop a proposed contingency plan in case of early intervention;
- Pursuant to SHB's current Charter;
- The current organizational structure and business operations of SHB and prevailing economic and social conditions;

##### **B. THE PURPOSE**

This early intervention contingency plan defines the necessary actions and ensures flexibility in SHB's selection of suitable remedy enabling proactive and timely responses to various issues in the event of early intervention.

##### **C. THE SCOPE OF APPLICATION**

This early intervention contingency plan applies exclusively to SHB, excluding its subsidiaries.

##### **D. OVERVIEW OF SHB IN 2024**

###### **I. Overview and evaluation of organizational structure and business operations**

###### **1. Organizational structure, branch network and personnel**

- 1.1. License for establishment and operation of a joint stock commercial bank No. 115/GP-NHNN issued by the Governor of the State Bank of Vietnam on November 30, 2018 (License No. 115) and Decisions amending and supplementing License 115 (Decision No. 35/QD-NHNN dated January 13, 2020; Decision No. 1321/QD-NHNN dated August 11, 2021; Decision No. 1323/QD-NHNN dated June 25, 2024).

- 1.2. Business registration certificate first issued on December 10, 1993, 35<sup>th</sup> change registered on July 2, 2024.

Business registration certificate number : **1800278630**

Head office address: No. 77 Tran Hung Dao Street, Tran Hung Dao Ward , Hoan Kiem District , Hanoi

Telephone number: 9423388

Fax: 9410844

Email: [shbank@shb.com.vn](mailto:shbank@shb.com.vn) Website: [www.shb.com.vn](http://www.shb.com.vn)

Charter capital: 36,629,085,420,000 VND (Thirty-six thousand, six hundred and twenty-nine billion, eighty-five million, four hundred and twenty thousand VND).

Share face value: 10,000 VND

Total number of shares: 3,662,908,542

Legal representative: Ms. Ngo Thu Ha - Title: Chief Executive Officer

- 1.3 SHB's governance structure is organized as a joint stock company, comprising the Annual General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Chief Executive Officer.

The branch network: SHB is headquartered at 77 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi City, Vietnam. As of December 31, 2024, SHB has one (1) Head Office, 63 branches, 230 transaction offices.

The total number of employees of SHB and its subsidiaries as of December 31, 2024 is 6,651 people.

As of December 31, 2024, SHB has 3 following subsidiaries as follows:

- SHB Asset Management Company Limited
- Saigon – Hanoi Laos single-member limited liability company bank
- Saigon – Hanoi Cambodia single-member limited liability company bank

As of December 31, 2024, SHB has 1 affiliated company:

- Saigon - Hanoi Commercial Joint Stock Bank Finance Company Limited

## 2. Business activities

- 2.1. SHB performs the activities of a commercial bank in accordance with the provisions of the Law, the State Bank of Vietnam and the establishment and operation license No. 115/GP-NHNN issued by the State Bank of Vietnam on November 30, 2018, which has been adjusted many times, with the latest adjustment according to Decision No. 1669/QD-NHNN dated September 7, 2023 and Business Registration Certificate No. 1800278630 dated December 10, 1993, registered for the 35<sup>th</sup> change issued by the Department of Planning and Investment of Hanoi City on July 2, 2024.
- 2.2. SHB operates nationwide and has two subsidiary banks in Laos and Cambodia.
- 2.3. SHB is among the first joint stock commercial banks in Vietnam to fully implement BASEL II standards and is actively progressing toward compliance with BASEL III standards. The organizational structure and operations comply with legal regulations and commitments to partners, and are rated A by the State Bank of Vietnam according to Circular 52/2018/TT-NHNN.

## II. Financial and operational overview of SHB

Below is the financial and operational overview of SHB:

Unit: billion VND

INDICATORS	Planned in 2024	Achieved in 2024	31/12/2023		Achieved compared to plan
			+/-	%	
Total assets	701,000	747,478	116,977	Up 18.6%	Exceeded the plan by 6.6%

INDICATORS	Planned in 2024	Achieved in 2024	31/12/2023		Achieved compared to plan
			+/-	%	
Charter capital (*)	40,657	40,657			
Total credit outstanding (**)	518,555	533,984	78,266	Up 17.2%	Complied with the SBV's credit growth quota
Pre-tax profit	11,286	11,569	2,330	Up 25.2%	Exceeded the plan by 2.3%
Non-performing loan ratio	< 3%	2.4%			Achieved the planned target

Indicator	As per consolidated financial statement as of 31/12/2024
Capital Adequacy Ratio (CAR)	11.8% higher than the SBV's regulatory threshold of 8%

(\*) On December 30, 2024, SHB was approved by the State Bank of Vietnam to increase its charter capital through the issuance of stock dividends. The stock dividend distribution was completed in February 2025, resulting in an increase in charter capital to VND 40,657 billion.

(\*\*) Credit growth was adjusted in accordance with the SBV's approval. Total customer deposits aligned with the actual credit growth rate to optimize the balance sheet.

## PART II – THE CONTINGENCY PLAN

### A. CONDITIONS FOR EARLY INTERVENTION BY THE STATE BANK OF VIETNAM

Pursuant to Clause 1, Article 143 of the Law on Credit Institutions, SHB formulates a Contingency Plan in cases of early intervention. The specific events necessitating early intervention are as follows<sup>1</sup>:

1. The cumulative loss exceeds 15% of the charter capital and reserve funds recorded in the most recent audited financial statements or determined by inspection and audit conclusions of competent state agencies, resulting in non-compliance with the regulatory capital adequacy ratio (CAR)<sup>2</sup>;
2. A rating below average as regulated by the Governor of the State Bank of Vietnam (SBV).
3. Failure to comply with the liquidity coverage ratio<sup>3</sup> for 30 consecutive days;
4. Failure to comply with the regulatory CAR for 06 consecutive months;
5. Occurrence of a bank run, with a report submitted to the State Bank of Vietnam.

<sup>1</sup> Clause 1, Article 156 of the Law on Credit Institutions 2024

<sup>2</sup> At the time of issuance of this document, the regulatory capital adequacy ratio is 8% according to Point b, Clause 1, Article 138 of the Law on Credit Institutions 2024 and Circular 41/2016/TT-NHNN (amended and supplemented).

<sup>3</sup> According to Circular 22/2019/TT-NHNN (amended and supplemented).

**B. SPECIFIC REMEDIES OF THE EARLY INTERVENTION CONTINGENCY PLAN<sup>4</sup>**

**I. In the event of the cumulative loss exceeds 15% of the charter capital & reserve funds and non-compliance with the regulatory CAR**

**1. Improve business performance**

- Limit or discontinue ineffective and/or high-risk business activities:
  - + Re-evaluate the asset portfolio by assessing the income generated and costs incurred for each business activity. Identify ineffective or loss-making asset portfolios and decide whether to discontinue them
  - + Review retail business channels based on revenue, expenses, and risk factors to pinpoint unprofitable or inefficient operations and determine whether to discontinue or adjust their direction
- Reduce operating costs through organizational restructuring and IT application: Prioritize the adoption and expansion of business and support models that leverage automation and high technology. Restructure operations to enhance efficiency and reduce direct operating costs.
- Reduce and phase out ineffective investment sectors to recover investment capital, prioritizing the expansion of customer groups with low-risk coefficients in accordance with Circular 41/2016/TT-NHNN and relevant amended regulations on bank capital adequacy.
- Focus on retail banking:
  - + Enhance retail banking by leveraging the ecosystem and supply chain of existing corporate customer segments;
  - + Prioritize credit growth through comprehensive financial solution packages to retain customers, increase product and service adoption, and maximize efficiency per customer.
- Other appropriate solutions as needed based on each period's specific requirements

**2. Increasing charter capital and implementation timeline, roadmap for reducing shareholding percentage as prescribed in point b, clause 1, article 159 of the law on credit institutions.**

- Develop flexible and proactive charter capital increase plans based on the capital requirements including but not limited to:
  - + Suspend dividend payments and transfer after-tax profits to supplement charter capital
  - + Capital mobilization from existing shareholders
  - + Attract new investors, including domestic and foreign financial institutions, to increase capital
- Based on the share ownership ratio exceeding regulatory limits, develop a reasonable reduction roadmap that ensures compliance without negative impacts on the Bank's operation.
  - + Shareholders shall be requested to sell a part of their shares.
  - + Issue new shares to dilute the ownership ratio of existing shareholders
  - + Other remedies: in compliance with the applicable law and the regulation of the State Bank of Vietnam

<sup>4</sup>Clause 3, Article 143 of the Law on Credit Institutions 2024

**II. In the event of rating below average as regulated by the Governor of the SBV**

**1. Improve governance capability**

- Restructure governance and management by reviewing the organizational structure, roles, and responsibilities of leadership
- Strengthen key leadership, enhance leadership capabilities, and improve coordination between leadership and implementation levels
- Enhance internal control capability to promptly detect and prevent potential risks, strengthen accountability, and ensure accurate and timely information for effective response.
- Develop long-term strategies and recovery plans to support sustainable development.

**2. Address financial weaknesses, NPLs, secured assets, and legal compliance**

- SHB is committed to implementing proactive and flexible remedies in line with legal regulations and best practices to: Address existing financial weaknesses, reduce NPLs, handle collateral, recover outstanding debts and rectify any legal violations (if applicable) in compliance with the state agency regulations.
- Other appropriate solutions as needed based on each period's specific requirements.

**III. In the event of failure to comply with the liquidity coverage ratio for 30 consecutive days**

**1. Improve liquidity**

- Increase funding source:
  - + Maximize unsecured interbank borrowing in terms of both value and maturity, while negotiating extensions for maturing interbank loans
  - + Secure funding through various channels, including OMO, Repo transactions with valuable papers, State Bank overdrafts, rediscounting and pledging of valuable papers, loan rediscounting, and leveraging real estate as collateral for borrowing from other credit institutions.
  - + Enhance customer deposit, such as revising product terms and conditions to attract customers.
- Premature withdrawal of interbank deposit or loan prepayment:
  - + Negotiate for early withdrawal of interbank deposits and refrain from making new interbank deposits or loans.
  - + Consider loan prepayments and suspension of new disbursements/investments in compliance with legal regulations... Engage with customers holding large outstanding debts or good relationships with SHB to explore early prepayment.

**2. Increase highly liquid assets, including valuable papers issued by the Government or guaranteed for payment, as well as those with high credit ratings from independent rating agencies,...**

**3. Sale and transfer of assets:**

- Sell debts, investments, and securities/valuable papers portfolio currently held by SHB;
- Identify and sell suitable real estate and assets classified under Owners' equity.

**4. Other remedies as necessary:**

- Conduct daily capital balancing and management to ensure sufficient cash for payment needs and optimize net cash outflow over the next 30 days.



- Implement policies such as customer care initiatives and interest rate adjustments to optimize the capital mobilization structure and usage across customer segments, products, and tenors, gradually improving capital surplus.;
- Other appropriate solutions as needed based on each period's specific requirements.

**IV. In the event of failure to comply with the regulatory CAR for 06 consecutive months**

1. Improve total regulatory capital, including Tier 2 capital.
2. Improve risk-weighted assets.
3. Other appropriate solutions as needed based on each period's specific requirements

**V. In the event of a bank run with a report submitted to the State Bank of Vietnam**

1. IT and communication remedies to resolve the liquidity stress
  - Communication remedies:
    - + Provide key messaging guidelines for staff when communicating with customers
    - + Develop and implement internal and external communication reports: Monitor and analyze news and public reactions across traditional media and social networks. Prepare communication channels and develop strategies for media engagement, handling requests, and managing crises effectively.
  - Information Technology remedies: Ensure the seamless operation of information systems with continuously updated and accurate data. Maintain real-time tracking of SHB's liquidity status and provide timely forecasts and warnings. Implement appropriate and effective solutions based on data-driven insights
2. Closely monitor customer withdrawals and their maturity timelines; engage with key customers, maintain strong relationships, and provide reassurance to minimize premature withdrawals
3. Implement special promotion programs to attract customer deposits at competitive costs.
4. Other solutions to win the trust of depositors
5. Engage with the SBV and business partners to secure various funding sources, including loans for electronic payments, clearing payments, special payments, refinancing, and interbank borrowing.
6. Other appropriate solutions as needed based on each period's specific requirements

**C. SUPPORTIVE REMEDIES DURING THE EARLY INTERVENTION<sup>5</sup>**

1. During the execution of the contingency plan, upon approval by the State Bank of Vietnam (SBV), SHB is entitled to apply the following supportive remedies:
  - 1.1 A roadmap for compliance with one or more of the limits and ratios prescribed in Articles 136 and 138 of the Law on Credit Institutions 2024;
  - 1.2 When implementing a capital increase as part of the contingency plan, shareholders may temporarily exceed the share ownership limit set in Article 63 of the Law on Credit Institutions. SHB and its shareholders must establish a roadmap to gradually reduce ownership ratios to comply with such limits.

<sup>5</sup>Article 159 of the Law on Credit Institutions 2024





2. If SHB's accumulated losses exceed 50% of its charter capital and reserve funds (as recorded in the most recent audited financial statements or determined by regulatory inspection/audit), the bank may propose one or more of the following remedies:
  - 2.1. If the required provisioning exceeds the difference between revenue and expenses (excluding provisions made during the year), the provisioning amount will be adjusted to match this difference;
  - 2.2. If there is interest receivable that must be reversed, allocate it based on financial capacity, ensuring that the total reversal and required provisioning align with the net revenue and expenses difference in SHB's annual business results.
  - 2.3. Other remedies as regulated by the State Bank of Vietnam.

#### **D. ROADMAP AND TIMELINE FOR IMPLEMENTING EACH REMEDY**

In cases requiring early intervention, the roadmap and implementation timeline for each remedy will be determined based on SHB's actual circumstances and the specifics of the early intervention case.

The remedial measures selected at that time may include, but are not limited to, those outlined in Section B - Part II.

The Board of Directors directs the CEO to assign relevant units to implement appropriate remedies in accordance with their roles and responsibilities and legal regulations.

### **PART III – IMPLEMENTATION**

#### **I. Implementation plan**

1. This Contingency Plan takes effect upon approval by the Annual General Meeting of Shareholders<sup>6</sup>. SHB shall submit the plan to the SBV within 10 days of its approval.
2. Based on the approved Contingency Plan, the CEO shall direct relevant divisions and departments to develop specific implementation plans for each remedy.
3. SHB shall proactively implement appropriate and legally prescribed measures to prevent early intervention.

Based on the approved early intervention contingency plan and the directive from the SBV requesting SHB to implement remedial measures in the event of early intervention, SHB identifies the cause of early intervention, updates the contingency plan, submits it to the Board of Directors for approval, and sends it to the SBV within 10 days from the approval date<sup>7</sup>.

4. If the SBV provides feedback on the submitted Contingency Plan, SHB shall revise and resubmit it within the required timeline<sup>8</sup>. Any revisions requested by the SBV shall be executed by the Board of Directors in compliance with the Law on Credit Institutions.

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<sup>6</sup> Must be approved by the Annual General Meeting of Shareholders before July 1, 2025, in accordance with Clause 7, Article 143 of the Law on Credit Institutions.

<sup>7</sup> Clause 1, Article 158 of the Law on Credit Institutions 2024

<sup>8</sup> Clause 3, Article 158 of the Law on Credit Institutions 2024

5. During the implementation of the Contingency Plan, SHB is responsible for reporting its progress and results as required by the SBV<sup>9</sup>.
6. In cases requiring an extension of the implementation deadline or modifications to support measures, the Board of Directors shall approve the necessary changes, report and/or submit them to the SBV for approval in accordance with regulations.
7. If any relevant legal provisions are not mentioned in this document or if new legal provisions differ from those stated herein, the applicable laws shall prevail.

## **II. Update and revise the contingency plan.**

1. SHB shall update and revise the Contingency plan at least every two years or whenever necessary.
2. The revised early intervention contingency plan shall be approved by the Annual General Meeting of Shareholders and submitted to the SBV within 10 days of its approval date.<sup>10</sup>

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<sup>9</sup>Clause 2, Article 160 of the Law on Credit Institutions 2024

<sup>10</sup> Clause 5, Article 143 of the Law on Credit Institutions 2024. In case the Plan is not updated, the State Bank shall apply one or several restrictive remedies prescribed in Clause 2, Article 157 of the Law on Credit Institutions.