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ASSESSMENT OF THE BOARD OF DIRECTORS ON SHB'S OPERATIONS



In 2023, amidst challenges for Vietnam's economy and banking sector, SHB seized the opportunity to transform robustly. It strengthened its foundation, enhanced internal capabilities, sustained growth momentum, aiming to consolidate its market leadership and prepare for growth.

1. TOVERALL ASSESSMENT OF SHB'S ACTIVITIES

- As of December 31, 2023, SHB's total assets reached VND 631 trillion. Customer deposits amounted to VND 497 trillion, with Basel II equity reaching VND 70 trillion. The charter capital stood at VND 36,194 trillion, maintaining its position among the Top 4 largest private commercial banks in the system. SHB's outstanding loan reached VND 456 trillion, a 16.9% increase compared to the end of 2022, focusing on priority sectors aligned with government policies such as agriculture, rural areas, exports, manufacturing, construction, infrastructure, and consumer goods.

Net operating income reached VND 21,328 trillion, a 10.3% increase from 2022. Pre-tax profit amounted to VND 9,239 trillion. SHB maintained stable business efficiency with positive growth in key indicators such as ROE, NIM... particularly achieving a CIR of 23.7%.

- The Board of Directors for the 2022-2027 term has closely monitored all business activities of the Bank, guiding, overseeing, directing, and supervising the Board of Management in implementing the 2023 business plan as approved by the General Shareholders' Meeting resolution.

- The Board of Directors has excelled in developing and implementing internal management regulations, ensuring cohesive governance and effective operational oversight. This safeguards shareholder interests and aligns stakeholder interests, including customers, staff, and shareholders. SHB consistently executes its corporate governance responsibilities, maintaining compliance with the Law on Enterprises, the Law on Credit Institutions, and the Bank's Charter.

- Board of Directors has outlined strategies for 2023 and the following years, focusing on four main pillars: Institutional reform, encompassing policies, regulations, and processes; People-centricity; Customer and Market-centricity; and IT platforms modernization and digital transformation. This includes prioritizing institutional reforms, streamlining internal documentation, and restructuring headquarters to enhance human resource management, development, and training.

- Continuing to ensure shareholder interests, SHB completed the 2022 dividend payment in 2023, issuing stock dividends at a rate of 18%.

- With its strong reputation and financial capability, SHB partnered with international financial institutions like IFC, ADB, and WB, with collaboration values reaching hundreds of millions of USD.

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SHB maintained stable business efficiency, with all key indicators showing robust growth. Notably, the CIR reached 23.7%, positioning SHB as the bank with the best CIR control across the industry.



- Alongside its business activities, SHB meets its environmental and social responsibilities by developing green credit in line with international and domestic standards. SHB actively engages in community initiatives such as disease prevention, poverty alleviation, and improving living standards through various social welfare programs.

2. ASSESSMENT OF THE BOARD OF MANAGEMENT'S PERFORMANCE

■ The Bank is managed by a dedicated and experienced team, including experts with decades of expertise in investment, business administration, banking, and finance. Most Board of Management members have over 20 years of experience in these fields and more than 10 years with SHB, demonstrating significant leadership stability. In 2023, under this skilled management, SHB achieved sustainable growth and received numerous prestigious awards from both domestic and international organizations.

■ Guided by the Board of Directors, SHB's Board of Management effectively implemented the strategies, policies, and resolutions approved by the General Meeting of Shareholders. The Board of Management diligently fulfilled its duties, managed operations flexibly, and closely supervised each unit. They developed timely solutions and proposals for the Board of Directors to ensure comprehensive monitoring and control of activities across the system, maintaining safety, efficiency, and compliance with legal standards.

3. BUSINESS PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS

With a transformative vision for 2028, SHB aims to become The most efficient bank; The preferred digital bank; The leading retail bank; The premier provider of financial services to strategic corporate customers with a green supply chain and ecosystem.

Drawing insights from past successes and lessons learned, the Board of Directors has embarked on a strategic journey to achieve long-term goals. Accordingly, SHB has engaged leading strategic consulting firms to assist in planning and supervising the execution of the Bank's development strategy.

With a distinguished history, strong internal resources, and a dedicated team, SHB anticipates another year of significant breakthroughs. The Bank aims to realize its grand aspirations, delivering greater value to customers, shareholders, and the community, thereby contributing to national prosperity. The Board of Directors has set the strategic direction for 2023 and beyond, guiding the Board of Management and the entire Bank to achieve its goals. The focus is on four pillars: (i) Institutional reform, encompassing policies, regulations, and processes; (ii)

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People-centricity; (iii) Customer and Market-centricity; and (iv) IT platforms modernization and digital transformation.

Specifically:

- **Institutional reform, encompassing policies, regulations, and processes:** Streamlining the system, perfecting SHB's internal regulations, processes and documents. Digitalizing credit process, digitalizing customer journey, effectively controlling coordination, centralizing customer management.

- **People-centricity:** Improving human resources management capability, improving system administration, training, and management capacity, reward, discipline, KPI, labor productivity; building a corporate culture towards working efficiency; Attracting and retaining talent.

- **Customer and Market-centricity:** Every aspect of SHB, from products, branding, policies, organizational structure, personnel, and technology to cultural activities, is aimed at serving and satisfying customers, tailored to the specific needs of each regional segment. Develop strategic initiatives to fully leverage the customer base and ecosystem, supply chains, and offer differentiated value propositions through suitable products and services.

- **IT platforms modernization and digital transformation:** Modernizing the IT system to be automated, innovative, flexible, and connected with future ecosystems and strategic partners. Emphasize digital transformation by fostering a digital culture and driving change through people. Digitize internal processes and customer service workflows to enhance operational efficiency.

