

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

FORM B05/TCTD-HN
Issued under Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the SBV

1. GENERAL INFORMATION

Establishment and Operation

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

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam ("hereby referred as SBV") on 13 November 1993 with the original name of Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No 1764/QĐ-NHNN dated 11 September 2009. The Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("HBB") and Vinaconex – Viettel Finance Joint Stock Company ("VVF") into its operation in 2012 and 2017, respectively, which was in line with the Restructuring plan of the banking system in Vietnam. Currently, the Bank operates under the Establishment and Operation License No. 115/GP-NHNN dated 30 November 2018, issued by the State Bank of Vietnam which has been amended several times and the most recent adjustment is according to Decision No. 1669/QĐ-NHNN dated 07 September 2023, and Enterprise Registration Certificate No. 1800278630 dated 10 December 1993 by the Hanoi Department of Planning and Investment which was amended for the 34th time on 20 September 2023. The Bank's term of operation is 99 years since 13 November 1993.

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

Charter capital

As at 31 December 2023, the Bank's charter capital was VND 36,193,981 million.

Locations and the Branch network

The Head Office of the Bank is located at No. 77 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2023, the Bank had one (1) Head Office, sixty-three (63) domestic branches and two hundred and twenty-five (225) transaction offices.

Employees

The total number of officers and employees of the Bank as of 31 December 2023 was 6,246 (as at 31 December 2022 was 9,504)

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Subsidiaries

As at 31 December 2023, the Bank has three (03) subsidiaries as follows:

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

Associates

As at 31 December 2023, the Bank has one (01) associate as follows:

STT	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Finance Company Limited ("SHB FC")	Registration Certificate No. 21/GP-NHNN by the State Bank of Viet Nam dated 25 April 2023 and Registration Certificate No. 0107779290 by Hanoi Authority for Planning and Investment dated 28 March 2017 and the 9th amendment dated 18 January 2024	Consumer lending	50,00%

Resolution No. 29/NQ-HDQT dated 25 August 2021 signed by the Bank's Board of Directors approving the Bank's transfer of its 100% ownership in SHB Finance Company Limited, a subsidiary of the Bank. The capital transfer is divided into two phases. Currently, the Bank has completed the procedures for transferring 50% of charter capital to Ayudhya Public Bank Limited ("Krungsri") of Thailand – a member of MUFG Group (Japan). After 3 years of joint ownership of SHB FC, the Bank will transfer the remaining 50% of charter capital to Krungsri and Krungsri will become the sole owner of SHB FC. On 25 April 2023, SBV approved the License for Establishment and Operation of SHB Finance Company Limited No. 21/GP-NHNN (replacing the License No. 71/GP-NHNN for Establishment and Operation of SHB Finance Company Limited issued by the SBV dated on 11 November 2021) with an operation period of 50 years and the charter capital is VND 1,000,000 million. On 09 June 2023, the Hanoi Department for Planning and Investment issued the Enterprise Registration Certificate No. 0107779290 which was amended the 7th time, acknowledging that the list of capital contributors of SHB FC includes the Bank and Krungsri with the equal capital contribution ratio of 50%. SHB FC have been agreed to be transferred to Krungsri, as such, Krungsri has the right to appoint key management positions at SHB FC, through which exercising its right to control over SHB FC. Currently, the Bank assesses that it still has a significant influence on SHB FC's financial policy and operations. Therefore, the Bank recognizes its investment in SHB FC after divestment in associate as at 31 December 2023.

2. ACCOUNTING CONVENTION AND ACCOUNTING YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the consolidated financial statements in terms of the financial position, the results of operations and cash flows of the Bank. Regarding the number of shares, the Bank presented the items in units as shown in Note 25.3 and Note 36.

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

Accounting year

The Bank's financial year begins on 01 January and ends on 31 December.

3. APPLICATION OF NEW GUIDELINES

Circular No. 02/2012/TT-NHNN dated on 23 April 2023

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

Some major changes in this Circular that affect the Bank's consolidated financial statements for the accounting year include:

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

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

On 26 December 2022, the State Bank of Vietnam issued Circular No. 18/2022/TT-NHNN ("Circular 18") amendment, supplemented a number of articles of Circular No. 09/2015/TT-NHNN ("Circular 09") dated 17 July 2015 of the State Bank of Vietnam regulating purchase, sale of debts of credit institutions, branches of foreign banks. This circular took effective from 9 February 2023.

Some major amendment in this Circular affecting the Bank's consolidated financial statements during the operation year include:

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

The Bank has applied this Circular in its consolidated financial statements for the year ended 31 December 2023.

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*For the year ended 31 December 2023 (Continued)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Bank and the financial statements of the enterprises/bank controlled by the Bank ("its subsidiaries") for the year ended 31 December 2023. Control is achieved when the Bank has the power to govern the financial and operating policies of investee enterprises so as to obtain benefits from their activities.

The operating results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank. All internal transactions and balances between the Bank and its subsidiaries and among subsidiaries are eliminated in the consolidated financial statements.

In the year, the Bank divested part of capital invested in a subsidiary. After the divestment, the Bank lost control and this subsidiary became an affiliated company of the Bank. Therefore, investments in associates are presented using the equity method. The results of the divestment are recorded in the consolidated income statement according to current accounting regulations.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the initial business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Upon acquisition, the assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Investments in Associates

An associate is an entity over which the Bank has significant influence but not a subsidiary or joint venture of the Bank. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or joint control over those policies.

The operating results, assets and liabilities of associates are consolidated in the consolidated financial statements using the equity method of accounting. Under this method, an equity investment is initially recorded at cost and is subsequently adjusted to reflect by post-acquisition changes in the Bank's share of the net assets of the associates. The associate losses exceeding the Bank's capital contribution to that associate (including any long-term contributions, in substance, form part of the Bank's net investment in the associate) are not recorded.

In the situation that a Bank's subsidiary has conducted transactions with its associate, unrealised profits and losses resulting from these transactions should be eliminated from the consolidated financial statements proportionately to the extent of the Bank's contribution in the associate.

Foreign currencies

According to the Bank's accounting system, all the transactions are recorded at the original currencies. At the date of the consolidated financial statements, monetary assets and liabilities denominated in foreign currencies are translated into VND using the average buying and selling spot exchange rates at the close of business of the statement of financial position date, if the difference between this rate and the weighted average exchange rate of buying and selling of the same day is less than 1% (see details of exchange rates applied on 31 December 2023 at Note 35). In case the buying and selling spot exchange rate at the close of business of the statement of financial position date is greater than or equal to 1% compared with the weighted average of buying and selling spot exchange rate of the same day, the Bank uses the weighted average buying and selling spot exchange rates of the statement of financial position date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. At the end of the year, exchange rate differences arising from revaluation of assets and liabilities denominated in foreign currencies into VND are recorded in "Net gain/(loss) from foreign currency trading" in the consolidated income statement. At the mid-year, exchange differences are recorded in the consolidated income statement.

The reporting currency of SHB Cambodia is the US Dollar. The reporting currency of the SHB Laos is the Lao Kip ("LAK"). For the purposes of consolidation under the equity method for the investment in associated companies in the consolidated financial statements of the Bank and its subsidiaries, assets and liabilities are converted into VND at the average exchange rate of buying and selling spot transfers at the end of the working day on the statement of financial position date, capital accounts are converted into VND at the exchange rate of the date on which the capital contribution transaction arises. Items in the consolidated income statement and cash flow statement are converted at the actual exchange rate at the time the transaction arises. Exchange rate differences arising from the conversion of the report to VND are recorded in the item "Foreign exchange differences" on the consolidated financial position and transferred to the consolidated income statement at the time of the investment disposal.

Cash and cash equivalents

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

Placements with and loans to other credit institutions

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

Placements with and loans to other credit institutions are classified and provisioned in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") issued by the SBV. Accordingly, the Bank makes specific provisions for deposits (except payment deposits) in other credit institutions, branches of domestic banks in accordance with the provisions of law and depositing money at foreign credit institutions and lending to other credit institutions in the same way as for customer loans.

Derivatives

Foreign currency forward and swap contracts

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

As at the date of the consolidated financial statements, commitments of foreign currency forward contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of forward contracts are recognized in the "Foreign exchange differences" item in the consolidated statement of financial position and will be recognized in the income statement at the end of the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31 December 2023 (Continued)***Loans to customers**

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

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

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

- Loans;
- Financial leasing;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds (including bonds issued by credit institutes) which are unlisted on the stock market or unregistered to be traded in the Unlisted Public Company Market (UPCoM) (hereinafter referred to as unlisted bonds), excluding entrusted capital sources for purchase of unlisted bonds where the entrusting parties bear risks;
- Credit granting entrustment;
- Deposits (excluding current accounts and deposits at Social Policy Banks according to the SBV's regulations on the maintenance of deposit balances at social policy banks by state credit institutions) at credit institutions and branches of foreign banks in accordance with law and deposits at credit institutions abroad;
- Buying and selling debts in accordance with the SBV's regulations on debt purchase and sale activities;
- Resale and purchase of Government bonds on the stock market in accordance with the law on issuance, registration, depository, listing and trading of Government debt instruments on the stock market;
- Purchase promissory notes, bills and certificates of deposit issued by credit institutions and branches of other foreign banks.

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

The Bank and subsidiaries maintain the debt group for a number of loans according to the following regulations:

- The Bank maintains the debt group for a number of loans as stipulated in Circular No. 10/2015/TT-NHNN dated 22 July 2015 guiding the implementation of some contents of Decree No. 55/2015/ND-CP dated 09 June 2015 of the Government on credit policies for agricultural and rural development; Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 stipulating that credit institutions and foreign banks' branches restructure debt payment terms, exempt and reduce interest and fees, and maintain debt groups to support customers affected by the Covid-19 epidemic; Circular No. 03/2021/TT-NHNN ("Circular 03") dated 02 April 2021 amending and supplementing a number of articles of Circular 01; Circular No. 14/2021/TT-NHNN ("Circular 14") dated 07 September 2021 amending and supplementing a number of articles of Circular 01; Circular No. 02/2023/TT-NHNN ("Circular 02") dated 23 April 2023 providing instructions for credit institutions and foreign branch banks on debt rescheduling and retention of debt category to assist borrowers in difficulties and documents of the SBV on debt classification and provision for risks;
- Circular No. B7.020.001.SRNN dated 27 March 2020 and Document No. B7.020.1748 Chh.Tor; Circular No. B7-021-002-CL dated 24 June 2021 of the National Bank of Cambodia on debt classification for customers affected by the Covid-19 epidemic; Document No. "Thor 7-020-055 Chhor.Tor" dated 06 January 2020 and Document No. "B7.021.2098 Chhor.Tor" dated 07 December 2021 of the Director General of the State Bank of Cambodia Supervision Department on debt classification for some customers;

- Decision No. 238/BOL dated 26 March 2020 of the Bank of the Lao PDR on debt classification for customers affected by the Covid-19 epidemic; Notification No. 172/BOL dated May 15 2017, of the Governor of the Central Bank of Lao PDR and other documents of the Central Bank of Laos on debt classification for some customers.

Loans are classified by risk level into: Standard, Special mention, Sub-standard, Doubtful and Loss. Loans classified as either Sub-standard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recorded for accounting in the following month. Provision for credit risk on 31 December is recorded in the consolidated income statement for the financial year incurred.

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

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

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

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

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

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

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

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

Subsidiaries in the foreign countries classify debt and make provisions for credit risks according to Laws of the host country.

Write-off

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

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date and other credit risk commitments (collectively referred to as "off-balance-sheet commitments") into groups as stipulated in Article 09, Article 10 or Article 11 of Circular 11. Accordingly, off-balance-sheet commitments

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are classified by risk level as follows: Standard, Special mention, Sub-standard, Doubtful and Loss.

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

Investments***Trading securities***

Trading securities include debt securities that the Bank has bought and had the intention to sell in the near future in order to gain benefits from price differences. Trading securities are recognized at cost at the date of transaction and subsequently recorded at cost during the holding period. Interest and cash dividends received from trading securities are recognized on the cash basis in the consolidated income statement.

These securities are assessed impairment ability at the date of the consolidated financial statements. Provision for securities that are fallen within the scope of Circular 11 (see details in the accounting policy notes for "Provision for credit risks") are made in accordance with Circular 11. Provision for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the consolidated income statement as "Net gain/(loss) from trading securities".

Investment securities***Available-for-sale investment securities***

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

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

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

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

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

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purpose to gain interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have

determinable payments and fixed maturity dates. In case of being sold before maturity, they will be reclassified as trading or available-for-sale securities. Held-to-maturity investment securities are recognized similarly to available-for-sale debt securities.

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

Reclassification

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

Other long-term investments

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

Provision for impairment of investments

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

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

Recognition

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

Derecognition

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

Trust activities and trusted funds

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

Tangible fixed assets

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

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

Intangible assets

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

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

Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards to lessee. All leases other than finance leases are classified as operating leases.

A lease is classified as an operating lease when the lessor retains most of the benefits and bears the risk of ownership of the property. Operating leases are not recognized on the consolidated financial position statement. Lease payable is recorded on a straight-line method in the "Operating Expenses" item during the lease term.

Depreciation and amortization

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

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

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

Prepayments

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

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

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

Receivables

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

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

Other provisions

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

Capital and reserves

Common shares

Common shares are classified as owners' equity.

Share premium

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

Treasury shares

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

Reserves

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

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

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The reserve funds at subsidiaries shall be made according to the Bank's policy, except for the following banks, which is in accordance with relevant laws:

- Saigon – Hanoi Bank Laos Limited ("SHB Laos"): regulatory reserves, development investment and other fund under the amended Enterprise Law No. 46/NA dated 26 December 2013 and the amended Law on Commercial Banking in 2018 issued update by the Lao National Assembly on 07 December 2018 with the following ratios:
 - + Regulatory reserve: 10% of profit after tax, maximum not exceeding 50% of charter capital of the Bank;
 - + Development investment and other funds: according to the decision of the Board of Directors of SHB Laos.
- Saigon-Hanoi Bank Cambodia Limited ("SHB Cambodia"): there are no regulations on the appropriation of compulsory reserve funds and subject to owner's approval.

Revenue and expenses***Interest income/expense and similar items***

Interest income and interest expenses are recognized in the consolidated income statement on the accrual basis. The accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 11, accrued interest income on loans restructured and maintained as Standard loan groups (group 1) as prescribed in Circular 01, Circular 03, Circular 14, Decree 55 dated 09 June 2015 and Circular 02 will not be recognized the consolidated income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is only recognized in the consolidated income statement when it is actually received.

Income and expenses from interest on investments are recorded on the accrual basis. Accrued interest income of securities that are fallen within the scope of Circular 11 and classified from upper group 2 is not recognized in the consolidated income statement for the year. These accruals are recorded as off-balance-sheet items and are only recognized in the consolidated income statement upon actual receipt.

Income from service charges and commissions

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

Income from guarantee and L/C commitment activities

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

Income from securities trading

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

Recognition of dividends and profits received

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

Revenue from other services

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

Recognition of accrued income not yet collected

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

Taxation

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

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

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

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

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

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

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

Employee benefits

Retirement benefits

Retired employees of the Bank and subsidiaries will receive retirement benefits from Social Insurance, an agency under the Government. The Bank must pay social insurance premiums for each employee equal to 30% of the basic monthly salary, salary allowances and other supplements.

Severance allowance

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

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Unemployment insurance

According to the Circular No. 28/2015/TT-BLĐTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/ND-CP of the Government dated 12 March 2015 regulating the implementation of the Law on unemployment insurance, from 01 January 2009, the Bank is obliged to pay unemployment insurance to eligible employees at 2% of their salary fund allocated for unemployment insurance.

Related parties

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

- (a) Directly or indirectly through one or more intermediaries, the party:
- Controls, or is controlled by, or is under common control by the Bank (including the holding company and its subsidiaries);
 - Contributes capital to the Bank and therefore has significant influence over the Bank;
 - Has joint control over the Bank;
- (b) The party is a joint venture or an associate of which the Bank is a venturer or an investor;
- (c) The party has a key management personnel who is also a member of the Board of Directors, Board of Supervisors, and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly controlled, jointly controlled, or significantly influenced by, or of which, significant voting power in such entity resides with, any individual referred to in (c) or (d).

Offsetting

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

5. CASH

	Closing balance	Opening balance
	VND Million	VND Million
Cash in VND	1,116,039	1,380,662
Cash in foreign currencies	254,810	516,883
	1,370,849	1,897,545

6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	Closing balance	Opening balance
	VND Million	VND Million
Current account at the State Bank of Vietnam		
- In VND	48,007,054	13,409,611
- In foreign currencies	6,756,592	1,736,251
	54,763,646	15,145,862

Balances with the SBV are for the purpose of payment and compulsory reserves and deposits at the SBV, the National Bank of Cambodia and the Central Bank of Laos as required.

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	Closing balance	Opening balance
	VND Million	VND Million
Placements with other credit institutions		
Demand deposits	11,894,463	32,874,344
- In VND	9,967,425	31,980,505
- In foreign currencies	1,927,038	893,839
Term deposits	42,931,442	19,582,341
- In VND	42,810,000	19,510,000
- In foreign currencies	121,442	72,341
	54,825,905	52,456,685
Loans to other credit institutions		
- In VND	8,841,433	10,463,971
- In foreign currencies	-	188,000
- Provisions for credit losses	(118,410)	(99,794)
	8,723,023	10,552,177
Placements with and loans to other credit institutions	63,548,928	63,008,862

Analysis of placements with other credit institutions (excluding current accounts at domestic credit institutions, foreign banks' branches in Vietnam) and loans to other credit institutions by quality is as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Standard	52,031,337	30,406,367
Loss	118,410	99,794
	52,149,747	30,506,161

8. PROVISION FOR CREDIT LOSSES ON PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Balance as at 01 Jan 2022	-	39,794	39,794
Provision charged in 2022	-	60,000	60,000
Balance as at 31 Dec 2022	-	99,794	99,794
Provision charged in 2023	-	18,616	18,616
Balance as at 31 Dec 2023	-	118,410	118,410

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For the year ended 31 December 2023 (Continued)

9. TRADING SECURITIES

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	7,849,272	-
Debt securities issued by domestic business entities	7,849,272	-
Equity securities	3,880	3,881
Equity securities issued by local business entities	3,880	3,881
	7,853,152	3,881
Provisions for impairment of trading securities	(60,410)	(2,334)
Provisions for impairment	(1,540)	(2,334)
General provision	(58,870)	-
	7,792,742	1,547

Status of trading securities is as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	7,849,272	-
Unlisted	7,849,272	-
Equity securities	3,880	3,881
Listed	2,965	2,965
Unlisted	915	916
	7,853,152	3,881

Quality analysis of trading securities classified as credit risk assets

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	7,849,272	-
	7,849,272	-

10. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

Details of derivatives as at 31 December 2023 are as follows:

	Total contract value (at exchange rate at the effective date of the contract)	Net book value (at exchange rate as at the reporting date)		
		Assets	Liabilities	Net amount
		VND Million	VND Million	VND Million
As at 31 December 2023				
- Forward contracts	706,520	706,525	(715,608)	(9,083)
- Swap contracts	13,233,556	1,133,159	(1,221,228)	(88,069)
	13,940,076	1,839,684	(1,936,836)	(97,152)
As at 31 December 2022				
- Forward contracts	9,183,413	101,170	(9,972)	91,198
- Swap contracts	29,471,074	349,570	(170,996)	178,574
	38,654,487	450,740	(180,968)	269,772

11. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Loans to local business entities and individuals	438,396,964	384,788,544
Payments made on behalf of customers	67,183	843,341
Discounted bills and valuable papers	-	1,330
	438,464,147	385,633,215

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	416,692,179	368,044,572
Special-mentioned loans	8,532,749	6,735,687
Sub-standard loans	761,107	1,611,827
Doubtful loans	2,493,596	1,898,472
Loss loans	9,984,516	7,342,657
	438,464,147	385,633,215

Analysis of loans portfolio by original term

	Closing balance	Opening balance
	VND Million	VND Million
Short-term loans (Up to 1 year)	184,512,736	180,372,262
Medium-term loans (From 1 to 5 years)	97,604,740	82,300,107
Long-term loans (Over 5 years)	156,346,671	122,960,846
	438,464,147	385,633,215

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Analysis of loans portfolio by type of customers and businesses

	Closing balance	Opening balance
	VND Million	VND Million
State-owned enterprises	1,961,411	2,270,232
Other limited companies	126,648,535	110,741,372
Joint stock company with more than 50% of the State's share holding (The state as a majority shareholder)	9,769,747	10,452,618
Other joint stock companies	213,556,250	168,426,720
Joint ventures	27,646	26,855
Private companies	5,996,418	5,884,271
Foreign invested enterprises	63,057	126,605
Cooperatives, cooperative union	30,406	34,395
Household businesses, individuals	80,410,677	87,645,147
Others	-	25,000
	438,464,147	385,633,215

Analysis of loans portfolio by industry

	Closing balance	Opening balance
	VND Million	VND Million
Agriculture, forestry and aquaculture	24,197,149	35,700,343
Mining and quarrying	1,369,635	1,477,970
Manufacturing and processing	43,942,645	43,153,183
Electricity, fuel gas and hot water	21,424,673	13,950,907
Water supplying, garbage and sewage treatment and management	402,832	268,887
Construction	69,713,722	62,132,037
Wholesale and retail trade, repair of motor vehicles, motor cycles	123,776,536	111,258,709
Transport, warehouse	13,133,856	12,944,231
Hospitality services	2,890,657	1,745,617
Information and communications	106,645	160,882
Financial, banking and insurance	204,929	827,474
Real estate	73,269,016	31,492,937
Profession, science and technology	249,798	265,552
Administrative activities and supporting service	6,536,248	311,085
State management, security and national defense party, union, social guaranteed	206,654	28,650
Education and training	190,989	226,799
Health care and social work	60,083	77,429
Recreational, culture, sporting activities	144,495	51,793
Other service activities	48,949,416	56,106,646
Households	7,694,169	13,452,084
	438,464,147	385,633,215

12. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2023 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Opening balance	2,843,216	4,214,556	7,057,772
Provision made for the year	409,411	6,632,383	7,041,794
Provision utilised for the year	-	(4,432,650)	(4,432,650)
Effect of divestment of SHB FC	(43,797)	(533,615)	(577,412)
Other adjustments	2,765	9,149	11,914
Closing balance	3,211,595	5,889,823	9,101,418

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2022 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Opening balance	2,697,260	1,940,256	4,637,516
Provision made for the year	146,499	4,982,423	5,128,922
Provision utilised for the year	-	(2,707,852)	(2,707,852)
Other adjustments	(543)	(271)	(814)
Closing balance	2,843,216	4,214,556	7,057,772

13. INVESTMENT SECURITIES

13.1 Available-for-sale investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	14,344,306	12,959,163
Government bonds	5,465,909	-
Debt securities issued by other local credit institutions	-	300,000
Debt securities issued by local business entities	8,878,397	12,659,163
Equity securities	29,453	29,453
Equity securities issued by other local credit institutions	796	796
Equity securities issued by local business entities	28,657	28,657
Provisions for impairment of available-for-sale investment securities	(66,071)	(93,653)
Provisions for impairment	(297)	(559)
General provision	(65,774)	(93,094)
	14,307,688	12,894,963

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13.2 Held-to-maturity investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	17,833,636	20,063,662
Government bonds	16,807,100	18,687,126
Debt securities issued by other local credit institutions	500,000	850,000
Debt securities issued by local economic organisations	526,536	526,536
Provisions for impairment of held-to-maturity investment securities	(77,664)	(3,949)
General provision	(3,949)	(3,949)
Specific provision	(73,715)	-
	17,755,972	20,059,713

13.3 Quality analysis of securities in the scope of debt classification of Circular 11

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	9,378,397	14,335,699
Sub-standard loans	526,536	-
	9,904,933	14,335,699

13.4 Movements in provision for impairment of investment securities

Movements in provision for credit losses on investment securities for the year ended 31 December 2023 are as followed:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		Total
	General provision	Provisions for impairment	General provision	Specific provision	
	VND Million	VND Million	VND Million	VND Million	
Opening balance	93,094	559	3,949	-	97,602
Provision (reversed)/ charged for the year	(27,320)	(262)	-	73,715	46,133
Closing balance	65,774	297	3,949	73,715	143,735

Movements in provision for credit losses on investment securities for the year ended 31 December 2022 are as followed:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		Total
	General provision	Provisions for impairment	General provision		
	VND Million	VND Million	VND Million		
Opening balance	41,517	400	3,949		45,866
Provision made for the year	51,577	159	-		51,736
Closing balance	93,094	559	3,949		97,602

14. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

	Closing balance	Opening balance
	VND Million	VND Million
Investments in associates (Note 14.1)	343,172	-
Other long-term investments (Note 14.2)	158,272	158,272
Provisions for impairment of long-term investments (Note 14.3)	(86,996)	(111,573)
	414,448	46,699

14.1 Investments in associates

	Closing balance			Opening balance		
	Cost	Net value of investment using equity method	Proportion of ownership interest	Cost	Net value of investment using equity method	Proportion of ownership interest
	VND Million	VND Million	%	VND Million	VND Million	%
SHB Finance Company Limited	336,604	343,172	50	-	-	-
		343,172			-	

14.2 Other long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Investments in business entities	114,258	114,258
Investments in financial institutions	44,014	44,014
	158,272	158,272

14.3 Provisions for impairment of long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Opening balance	111,573	32,739
Provision reversed/(made) for the year	(24,577)	78,953
Provision utilised for the year	-	(119)
	86,996	111,573

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15. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets for the year ended 31 December 2023:

	Building, structures	Machinery, equipment	Motor vehicles	Office equipment	Others	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Cost						
Opening balance	470,570	297,936	198,048	318,428	2,167	1,287,149
Acquisitions during the year	26,324	11,881	15,853	108,667	607	163,332
Transfer from construction in progress	176,933	-	-	-	-	176,933
Foreign exchange difference	928	(425)	(419)	8	(65)	27
Disposals	(7,460)	(5,023)	(7,244)	(12,700)	-	(32,427)
Decrease due to divestment of SHB FC	-	(63,651)	(2,516)	-	(613)	(66,780)
Other increases/(decreases)	(114)	48	-	335	-	269
Closing balance	667,181	240,766	203,722	414,738	2,096	1,528,503
Accumulated depreciation						
Opening balance	188,460	243,276	139,299	212,245	1,015	784,295
Depreciation charged for the year	24,950	7,597	11,120	35,536	627	79,830
Foreign exchange difference	768	(393)	(363)	10	(47)	(25)
Disposals	(6,402)	(4,992)	(6,946)	(12,296)	(591)	(31,227)
Decrease due to divestment of SHB FC	-	(37,281)	(2,092)	-	(433)	(39,806)
Other increases/(decreases)	141	7	23	282	5	458
Closing balance	207,917	208,214	141,041	235,777	576	793,525
Net book value						
Opening balance	282,110	54,660	58,749	106,183	1,152	502,854
Closing balance	459,264	32,552	62,681	178,961	1,520	734,978

Other information about tangible fixed assets:

	Closing balance	Opening balance
	VND Million	VND Million
Cost of tangible fixed assets fully depreciated but still in use	383,538	403,342

16. INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets for the year ended 31 December 2023:

	Land use rights	Computer software	Others	Total
	VND Million	VND Million	VND Million	VND Million
Cost				
Opening balance	4,347,706	401,253	24,016	4,772,975
Acquisitions during the year	12,664	64,845	-	77,509
Foreign exchange reserves	-	(358)	(446)	(804)
Decrease due to divestment of SHB FC	-	(23,185)	(566)	(23,751)
Closing balance	4,360,370	442,555	23,004	4,825,929
Accumulated amortisation				
Opening balance	6,595	295,822	19,016	321,433
Depreciation charged for the year	159	24,377	999	25,535
Foreign exchange difference	-	(358)	(446)	(804)
Decrease due to divestment of SHB FC	-	(14,107)	(566)	(14,673)
Closing balance	6,754	305,734	19,003	331,491
Net book value				
Opening balance	4,341,111	105,431	5,000	4,451,542
Closing balance	4,353,616	136,821	4,001	4,494,438

Other information about intangible assets:

	Cost/Fair value initially measured	Accumulated amortisation
Cost of intangible fixed assets fully depreciated but still in use	219,994	219,994

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17. Other assets

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
Purchase of fixed assets and construction in progress (Note 17.2)	961,372	1,127,475
Receivables	17,899,290	28,098,871
<i>In which:</i>		
- Receivables from usance payable at sight letters of credit	10,104,025	17,034,245
- Receivables from sales of bonds	2,476,541	3,388,279
- Receivables from sales of debts	3,834,755	6,329,712
- Other receivables	1,483,969	1,346,635
Interest and fee receivables	13,949,182	15,295,742
Other assets (Note 17.3)	3,230,825	1,178,109
Provisions for impairment of other assets (Note 17.4)	(86,402)	(126,914)
	35,954,267	45,573,283

17.1. Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	6,308,296	9,717,991
Loss loans	3,000	-
	6,311,296	9,717,991

17.2. Purchase of fixed assets and construction in progress

	Closing balance	Opening balance
	VND Million	VND Million
Purchase of fixed assets and construction in progress	961,372	1,127,475
<i>In which: Large construction works</i>		
- Constructions in the Northern area	140,929	47,967
- Constructions in the Southern area	200,070	200,070
	961,372	1,127,475

17.3. Other assets

	Closing balance	Opening balance
	VND Million	VND Million
Foreclosed assets awaiting resolution	1,052,516	53,141
Prepaid expenses	748,270	1,108,659
Other assets	1,430,039	16,309
	3,230,825	1,178,109

17.4. Risk provisions for other assets

	Closing balance	Opening balance
	VND Million	VND Million
Provisions for credit risk	50,312	72,885
- <i>General provision</i>	47,312	72,885
- <i>Specific provision</i>	3,000	-
Provisions for bad debts	36,090	54,029
	86,402	126,914

Movements in risk provisions for other assets for the year ended 31 December 2023 are as followed:

	General provision	Specific provision	Provision for bad debts	Total
	VND Million	VND Million	VND Million	VND Million
Opening balance	72,885	-	54,029	126,914
Provision (reversed)/made for the year	(25,573)	3,000	19,235	(6,338)
Provision utilised for the year			(37,174)	(37,174)
Closing balance	47,312	3,000	36,090	86,402

18. BORROWINGS FROM THE GOVERNMENT AND SBV

	Closing balance	Opening balance
	VND Million	VND Million
Borrowings from the SBV	1,333,658	9,715,193
Loans under credit contracts	1,333,658	1,413,078
Discounting and rediscounting valuable papers	-	8,302,115
	1,333,658	9,715,193

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For the year ended 31 December 2023 (Continued)

19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**Deposits from other credit institutions**

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	12,261,777	28,502,733
- In VND	12,260,916	28,356,594
- In foreign currencies	861	146,139
Term deposits	53,024,313	44,368,306
- In VND	41,375,198	26,285,390
- In foreign currencies	11,649,115	18,082,916
	65,286,090	72,871,039

Borrowings from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
- In VND	852,369	2,118,871
- In foreign currencies	4,627,835	3,294,026
	5,480,204	5,412,897

20. DEPOSITS FROM CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	43,074,214	25,701,591
- Demand deposits in VND	40,876,084	23,624,868
- Demand deposits in foreign currencies	2,198,130	2,076,723
Term deposits	402,524,549	334,037,088
- Term deposits in VND	394,742,416	326,721,890
- Term deposits in foreign currencies	7,782,133	7,315,198
Deposits for specific purpose	1,672	29,002
- Deposits for specific purpose in VND	1,398	6,078
- Deposits for specific purpose in foreign currencies	274	22,924
Margin deposits	1,902,991	1,907,912
- Margin deposits in VND	1,861,696	1,872,762
- Margin deposits in foreign currencies	41,295	35,150
	447,503,426	361,675,593

Customers deposit portfolio by type of customers and type of business

	Closing balance	Opening balance
	VND Million	VND Million
Business entities	104,196,216	103,343,108
Individuals	313,020,762	230,867,844
Others	30,286,448	27,464,641
	447,503,426	361,675,593

21. GRANTS, TRUSTED FUND AND BORROWINGS WHERE THE BANK BEARS RISKS

	Closing balance	Opening balance
	VND Million	VND Million
Funds received from other organisations and individuals in VND	705,880	839,293
Funds received from other organisations and individuals in foreign currencies	905,355	776,312
	1,611,235	1,615,605

22. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
Valuable papers in VND	42,821,727	36,440,208
Par value	42,821,727	36,440,208
	42,821,727	36,440,208

Details of the term of issued valuable papers:

Valuable papers	Bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million
Closing balance			
Under 12 months	-	19,310,000	19,310,000
- VND	-	19,310,000	19,310,000
From 12 months to under 5 years	-	126	126
- VND	-	126	126
From 5 years or more	2,448,100	21,063,501	23,511,601
- VND	2,448,100	21,063,501	23,511,601
	2,448,100	40,373,627	42,821,727

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For the year ended 31 December 2023 (Continued)

Valuable papers	Bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million
Opening balance			
Under 12 months	-	8,508,000	8,508,000
<i>Par value</i>	-	8,508,000	8,508,000
From 12 months to under 5 years	4,900,000	2,258,246	7,158,246
- VND	4,900,000	2,258,246	7,158,246
From 5 years or more	-	20,773,962	20,773,962
- VND	-	20,773,962	20,773,962
	4,900,000	31,540,208	36,440,208

23. OTHER PAYABLES AND LIABILITIES

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
Accrued fee and interest expenses	14,025,631	9,069,320
Deferred tax liabilities	36,030	30,233
Other payables and liabilities	2,207,252	2,693,526
<i>In which:</i>		
Internal payables	106,511	66,163
External payables	1,956,066	2,579,900
- Taxes and other payables to State Treasury (Note 24)	1,257,723	1,811,318
- Payables on payment intermediaries and other liabilities	580,834	246,496
- Other payables	117,509	522,086
Bonus and welfare funds	144,675	47,463
	16,268,913	11,793,079

24. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the year		Closing balance
		Payable	Paid	
	VND Million	VND Million	VND Million	VND Million
Value added tax	8,423	155,715	150,419	13,719
Corporate income tax	1,746,517	1,908,466	2,437,226	1,217,757
Other taxes	56,378	474,038	504,169	26,247
	1,811,318	2,538,219	3,091,814	1,257,723

25. CAPITAL AND RESERVES

25.1. Statement of changes in equity

	Charter capita	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Capital supplementay reserve	Other funds	Foreign exchange reserves	Retained earnings	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	30,673,832	1,449,603	(5,260)	45,385	2,670,379	1,345,048	1,022	(606,344)	7,330,806	42,904,471
Share issuance to pay dividends (25.4)	5,520,149	-	-	-	-	-	-	-	(5,520,149)	-
Profit after tax for the year	-	-	-	-	-	-	-	-	7,324,758	7,324,758
Appropriation to bonus and welfare fund (i)	-	-	-	-	-	-	-	-	(105,000)	(105,000)
Temporary appropriation to reserves during the year	-	-	-	5,236	732,007	371,239	-	-	(1,108,482)	-
Adjustments of funds due to divestment of SHB FC	-	-	-	-	(18,017)	(9,009)	-	-	81,666	54,640
Foreign exchange difference	-	-	-	(2,449)	-	(2,743)	-	(82,694)	-	(87,886)
Others	-	-	-	-	-	-	-	-	7,297	7,297
Closing balance	36,193,981	1,449,603	(5,260)	48,172	3,384,369	1,704,535	1,022	(689,038)	8,010,896	50,098,280

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2023 (Continued)

25.2. Details of the Bank's capital

	Closing balance		Opening balance	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
	VND Million	VND Million	VND Million	VND Million
Contributed capital	36,193,981	-	30,673,832	-
Share premium	1,449,603	-	1,449,603	-
Treasury shares	(5,260)	-	(5,260)	-
	37,638,324	-	32,118,175	-

25.3. Details of the Bank's shares

	Closing balance	Opening balance
Number of registered shares for issue (unit)	3,619,398,113	3,067,383,196
Number of shares sold to the public (unit)	3,619,398,113	3,067,383,196
- Ordinary shares (unit)	3,619,398,113	3,067,383,196
- Preference shares (unit)	-	-
Number of shares repurchased (unit)	496,186	496,186
- Ordinary shares (unit)	496,186	496,186
- Preference shares (unit)	-	-
Number of shares in circulation (unit)	3,618,901,927	3,066,887,010
- Ordinary shares (unit)	3,618,901,927	3,066,887,010
- Preference shares (unit)	-	-
Par value	10,000	10,000

25.4. Dividends

Resolution No. 01/NQ-DHD CD of 2023 Annual General Meeting of Shareholders dated 11 April 2023 approved the plan on 2022's profit distribution and appropriation to equity funds in according with Statement No. 01/TTr-HDQT dated 22 March 2023 of the Bank's Board of Directors, including the plan to issue shares to pay dividends to shareholders from undistributed profit after tax in 2022 at the ratio of 18%. According to Resolution No. 17/NQ/ HDQT dated 03 July 2023 of the Board of Directors, the last registration date to confirm the list of shareholders exercising the right to receive stock dividends in 2022 is 25 July 2023. According to the Report on the results of the share issuance to pay dividends in 2022 No. 3853/CV-SHB dated 02 August 2023, the Bank distributed 552,014,917 shares.

26. INTEREST AND SIMILAR INCOME

	Current year	Prior year
	VND Million	VND Million
Interest from deposits	1,445,481	360,567
Interest from loans to customers	52,238,878	38,378,057
Interest from debt securities	3,600,744	1,791,079
- Interest from investment securities	3,600,744	1,791,079
Income from guarantee services	191,982	166,089
Other income from credit activities	112,306	77,878
	57,589,391	40,773,670

27. INTEREST AND SIMILAR EXPENSES

	Current year	Prior year
	VND Million	VND Million
Interest expense on deposits	33,550,170	19,641,683
Interest expense on borrowings	1,119,236	1,001,804
Interest expense on valuable papers issued	3,137,595	2,475,954
Expense on other credit activities	497,037	104,145
	38,304,038	23,223,586

28. NET GAINS FROM SERVICES

	Current year	Prior year
	VND Million	VND Million
Income from services	912,654	1,241,869
- Income from remittance services	349,677	482,358
- Income from trust and agency services	127,073	274,941
- Income from property preservation, cabinet rental services	273,375	79,584
- Others	162,529	404,986
Expense for services	(367,727)	(351,315)
- Expense for remittance services	(129,062)	(83,423)
- Post and telecommunications	(75,948)	(62,150)
- Expense for treasury services	(45,464)	(45,739)
- Others	(117,253)	(160,003)
Net gain from services	544,927	890,554

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For the year ended 31 December 2023 (Continued)

29. NET GAINS FROM FOREIGN CURRENCY TRADING

	Current year	Prior year
	VND Million	VND Million
Income from trading foreign currencies	3,039,266	2,292,772
- Income from spot trading foreign currencies	2,442,366	1,200,786
- Income from trading currency derivative financial	596,900	1,091,986
Expenses for trading foreign currencies	(2,757,059)	(2,176,522)
- Expenses for spot trading foreign currencies	(2,279,584)	(1,167,192)
- Expenses for trading currency derivative financial instruments	(477,475)	(1,009,330)
Net gain from trading foreign currencies	282,207	116,250

30. NET GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES**30.1. Net gain from trading securities**

	Current year	Prior year
	VND Million	VND Million
Income from trading securities held for trading	69,198	-
Provision (made) for impairment of securities held for trading	(58,076)	-
	11,122	-

30.2. Net gain from investment securities

	Current year	Prior year
	VND Million	VND Million
Income from trading investment securities	183,664	435,846
(Expense) for trading investment securities	(109,550)	(291,469)
Provision (made) for impairment of investment securities	(46,132)	(51,736)
Net profit from trading investment securities	27,981	92,641

31. NET GAIN FROM OTHER ACTIVITIES

	Current year	Prior year
	VND Million	VND Million
Other operating income	501,021	807,767
Income from recovery of bad debts	190,201	626,930
Income from other derivative instruments	-	1,826
Other income	310,820	179,011
Other operating expenses	(67,385)	(120,540)
Expense from other derivative instruments	(6,848)	(1,821)
Social welfare expenses	(16,837)	(59,363)
Other expenses	(43,700)	(59,356)
Net profit from other activities	433,636	687,227

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

	Current year	Prior year
	VND Million	VND Million
Dividends received in cash from capital contribution, equity investments	4,958	4,226
- From equity available for sales	4,958	4,226
From capital contribution and long-term investments	731,645	-
Share from net profit under equity method of investments in joint ventures	6,568	-
	743,171	4,226

33. OPERATING EXPENSES

	Current year	Prior year
	VND Million	VND Million
Taxes, fees, and charges	67,742	49,837
Staff cost	2,945,499	2,790,873
Expenses for fixed assets	579,886	498,674
<i>In which:</i>		
- Depreciation and amortisation expenses	105,365	79,870
Expenses for operating management	1,035,554	654,084
Insurance premium for customers' deposits	428,201	319,172
Provision (reversed)/made for provisions (excluding provisions for credit losses and provisions of securities)	(5,343)	78,953
	5,051,539	4,391,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2023 (Continued)

34. PROVISION EXPENSES FOR CREDIT RISKS

	Current year	Prior year
	VND Million	VND Million
Provision reversed for credit losses of loans to credit institutions (Note 8)	18,616	60,000
Provision expense for credit losses of loans to customers (Note 12)	7,041,794	5,128,922
Provision (reversed)/made for other assets (Note 17.4)	(22,573)	71,099
	7,037,837	5,260,021

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

	Current year	Prior year
	VND Million	VND Million
Profit before tax	9,239,021	9,689,368
Adjustments for:		
- Non-taxable dividend income and profits received	(4,958)	(4,226)
- Profit before tax of subsidiaries	(77,474)	(177,419)
- Adjustment of profit due to consolidated financial statements	(19,531)	4,517
- Others	43,503	12,395
Taxable income of the Holding Bank	9,180,561	9,524,634
Income tax rate	20%	20%
CIT expense of the Holding Bank based on local taxable income	1,836,112	1,904,927
Adjustment of the previous year's income tax expense to the current year's income tax expense	2,428	-
CIT expense based on the taxable income		
CIT expense of subsidiaries	1,838,540	1,904,927
	1,908,466	1,961,243
CIT expense based on the taxable income		
Current tax expense	1,908,466	1,961,243
Deferred income tax benefit	(5,797)	793
Total CIT payables	1,914,263	1,960,450

36. BASIC EARNINGS PER SHARE

Profit for calculation of basic earnings per share

	Current year	Prior year (Restated)
	VND Million	VND Million
Profit after corporate income tax	7,324,758	7,728,918
Appropriation to other funds (excluding capital supplementary reserve, financial reserve and other funds in Equity) (*)	-	(105,000)
Profit for the year attributable to equity holder	7,324,758	7,623,918

(*) Appropriation to bonus and welfare fund from the previous year is restated according to the actual receipt on Resolution No. 01/TTr-HDQT dated 22 March 2023 approved under Resolution No. 01/NQ- No. 01/NQ-DHDCD of 2023 Annual General Meeting of Shareholders dated 11 April 2023.

At the date of this consolidated financial statement, the Bank has not made an estimate of the amount of appropriation to bonus and welfare fund for the financial year ended 31 December 2023. As a result, basic earnings per share are calculated based on estimates excluding 2023 appropriation to bonus and welfare fund. The actual amount of distribution to the bonus and welfare fund for the financial year ended 31 December 2023 will be approved during the 2024 General Meeting of Shareholders and therefore the basic earnings per share may differ from the figures set out above.

Number of ordinary shares for calculation of basic earnings

According to VAS 30 – Earnings per share, the Bank retroactively adjusts “Basic earnings per share” for all financial years if the number of ordinary shares in circulation increases due to capitalization, issuance of bonus shares, stock splitting or decreases due to stock pooling, including changes occurring after the end of the financial year but before the date of the consolidated financial statements. As a result, basic earnings per share for the year ended 31 December 2023 are restated because of the following events:

- According to Resolution No. 16/NQ-HDQT dated 20 June 2023, Board of Directors of the Bank decided to issue shares to pay dividends at the rate of 18% from profits after tax in 2022 and the last registration date was on 25 July 2023. On 02 August 2023, the Bank completed the issuance of an additional 552,014,917 shares.

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For the year ended 31 December 2023 (Continued)

Details of common shares for calculation of basic earnings as follows:

	Current year	Prior year (Restated)
	VND Million	VND Million
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	3,618,901,927	3,618,901,927
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	3,618,901,927	3,618,901,927

Basic earnings per share

	Current year	Prior year (Restated)
	VND Million	VND Million
Earnings per share	2,024	2,107

The basic earnings per share for the year ended 31 December 2022 are restated as followed:

	Current year	Prior year (Restated)
	VND Million	VND Million
Profit for the year attributable to common shareholders (VND Million)	7,728,918	7,623,918
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Share)	3,067,383,196	3,618,901,927
Basic earnings per share (VND)	2,520	2,107

37. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND Million	VND Million
Cash	1,370,849	1,897,545
Balances with the State Bank of Vietnam	54,763,646	15,145,862
Current deposits at other credit institutions	11,894,463	32,874,344
Deposits at other credit institutions with terms not exceeding 3 months	42,830,828	19,582,341
	110,859,786	69,500,092

38. EMPLOYEE'S INCOME

	Closing balance	Opening balance
	VND Million	VND Million
I. Total average number of employees during the year (person)	7,567	9,073
II. Employees' income (VND Million)		
1. Total income	2,088,908	2,428,437
2. Average monthly income per employee	23.01	22.30

39. ASSETS, VALUABLE PAPERS AS MORTGAGES, PLEDGES AND DISCOUNTS, REDISCOUNTS

39.1. Assets, valuable papers received as mortgages, pledges and discounts, rediscounts

	Closing balance	Opening balance
	VND Million	VND Million
Real estate	518,813,814	437,758,779
Movable assets	43,664,138	45,756,474
Valuable papers	55,063,096	54,473,475
Other assets	462,899,433	484,846,057
	1,080,440,481	1,022,834,785

39.2. Assets, valuable papers used as mortgages, pledges and discounts, rediscounts

	Closing balance	Opening balance
	VND Million	VND Million
Investment securities	10,000	12,176,000
	10,000	12,176,000

40. TRUST, ENTRUST AND AGENCY ACTIVITIES FOR CREDIT INSTITUTIONS

40.1. Trust activities

	Closing balance	Opening balance
	VND Million	VND Million
Undue loan	4,379,989	4,787,546
Interest from credit granting activities under the trust agreement	241	311
	4,380,230	4,787,857

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For the year ended 31 December 2023 (Continued)

40.2 Trusted and agency activities

	Closing balance	Opening balance
	VND Million	VND Million
Loan from risk-free trusted fund operation	5,585,952	3,452,319
	5,585,952	3,452,319

41. OTHER OFF-BALANCE SHEET ACTIVITIES FOR WHICH CREDIT INSTITUTIONS ARE SUBJECT TO SIGNIFICANT RISKS

	Closing balance	Opening balance
	VND Million	VND Million
Contingent liabilities		
Credit guarantees	55,050	23,856
Commitments	-	-
Foreign exchange transactions commitments	15,454,640	38,872,143
<i>Buying foreign currency commitments</i>	805,070	6,324,654
<i>Selling foreign currency commitments</i>	814,380	3,074,583
<i>Cross currency swap contracts</i>	13,835,190	29,472,906
Letters of Credit	5,085,207	19,146,337
Other guarantees	18,477,630	16,035,382

42. UNCOLLECTED INTEREST INCOME AND FEES

	Closing balance	Opening balance
	VND Million	VND Million
Uncollected loan interest	9,479,493	6,903,123
Uncollected interest from securities	636,328	166,775
Uncollected fees	242	242
	10,116,063	7,070,140

43. BAD DEBTS WRITTEN-OFF

	Closing balance	Opening balance (Restated)
	VND Million	VND Million
Principals of written off bad debts under observation	17,017,207	15,560,184
Interests of written off bad debts under observation	16,488,280	19,262,114
Other written off bad debts	37,174	-
	33,542,661	34,822,298

44. OTHER PROPERTIES AND VALUABLE PAPERS

	Closing balance	Opening balance
	VND Million	VND Million
Precious metals, gemstone in custody	29,879	26,988
Other assets in custody	2,298,517	2,163,938
Outsourced assets	(*)	(*)
Other preserved valuable papers	201,772	1,965,989
	2,530,168	4,156,915

(*) The Bank cannot value outsourced assets.

45. RELATED PARTY TRANSACTIONS AND BALANCES**List of related parties which have significant balances and transactions during the year**

Related party	Relationship
SHB Finance Company Limited ("SHB FC")	Associate (from 09 June 2023) and subsidiary (until 08 June 2023)
T&T Group Joint Stock Company	Major shareholder
Saigon- Hanoi Insurance Corporation	Shared key management members
Saigon - Hanoi Securities Joint Stock Company	Shared key management members

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For the year ended 31 December 2023 (Continued)

Details of significant balances with related parties during the year ended 31 December 2023 are as follows:

	Receivables/ (Payables)	
	Closing balance	Opening balance
	VND Million	VND Million
SHB FC		
- Contributed capital	500,000	1,000,000
- Demand and term deposits received	(175,015)	(114,100)
- Demand and term deposits	1,970,000	3,123,500
- Accrued interest payables on deposits	(18)	(21)
- Accrued interest receivables on deposits	7,100	25,878
T&T Group Joint Stock Company		
- Capital contribution received	(3,618,885)	(3,066,852)
- Demand deposits and term deposits received	(769,387)	(202,230)
- Accrued interest payables on deposits	(240)	(1,044)
Saigon- Hanoi Insurance Corporation		
- Contributed capital	42,857	42,857
- Demand deposits and term deposits received	(1,121,995)	(470,001)
- Accrued interest payables on deposits	(14,572)	(4,554)
Saigon - Hanoi Securities Joint Stock Company		
- Demand deposits and term deposits received	(2,982,979)	(8,143,061)
- Accrued interest payables on deposits	-	(69,354)
- Loans	-	111,000
- Accrued interest receivables on loans	-	274

Details of salaries and allowances of the members of the Board of Directors, Board of Supervisors and Board of Management are as follows:

	Current year	Prior year
	VND Million	VND Million
Board of Directors	14,011	12,665
Board of Supervisors	4,620	4,421
Board of Managements	22,307	22,482

46. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS AS AT 31 DECEMBER 2023

	Total loan balance	Total deposits	Credit commitments	Derivatives (Difference between Debit - Credit)	Trading and investment securities (Difference between Debit - Credit)
	VND Million	VND Million	VND Million	VND Million	VND Million
Domestic	433,542,606	500,382,667	23,240,197	(97,152)	40,060,547
Overseas	13,762,974	12,406,849	377,690	-	-
	447,305,580	512,789,516	23,617,887	(97,152)	40,060,547

47. SEGMENT REPORTS

A business segment is a distinguishable component of the Bank that is engaged in providing products and services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component the Bank that is engaged in providing products and services and that is subject to risks and returns that are different from those of components operating in other economic environments.

Primary segment report of the Bank is business segment report; secondary segment report of the Bank is geographical segment report.

Business segment report

ITEMS	Credit	Investment	Services	Treasury	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Business segment income					
Interest and similar income	52,543,166	3,600,744	-	1,445,481	57,589,391
Income from services	-	-	912,654	-	912,654
Net gain from trading foreign currencies	-	282,207	-	-	282,207
Net gain from trading securities	-	11,122	-	-	11,122
Net gain from investment securities	-	27,981	-	-	27,981
Other income	-	-	433,636	-	433,636
Income from capital contribution, share purchase	-	743,171	-	-	743,171
At 31 December 2023					
Assets	464,448,082	42,229,138	12,595,650	111,227,815	630,500,685
1. Segment assets	452,187,025	42,172,446	190,285	110,934,045	605,483,801
2. Allocated assets	12,261,057	56,692	12,405,365	293,770	25,016,884
Liabilities	(2,370,704)	(4,953)	(1,134,617)	(576,892,131)	(580,402,405)
1. Segment liabilities	(1,299,343)	-	(50,652)	(576,866,462)	(578,216,457)
2. Allocated liabilities	(1,071,361)	(4,953)	(1,083,965)	(25,669)	(2,185,948)

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For the year ended 31 December 2023 (Continued)

Geographical segment report

ITEMS	Northern	Southern	Central	Overseas	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Business segment income					
Interest and similar income	14,497,899	3,396,273	811,439	579,742	19,285,353
Net gain from services	298,975	214,760	22,393	8,799	544,927
Net gain from trading foreign currencies	244,126	32,064	5,054	963	282,207
Net gain/(loss) from trading securities	11,122	-	-	-	11,122
Net gain/(loss) from investment securities	22,871	4,429	681	-	27,981
Net gain from other activities	406,225	17,146	2,430	7,835	433,636
Income from capital contribution, share purchase	743,171	-	-	-	743,171
Operating expenses	(3,632,683)	(867,863)	(406,686)	(144,307)	(5,051,539)
Net profit from operating expenses before provision	12,591,706	2,796,809	435,311	453,032	16,276,858
Provision expenses for credit losses	(6,194,524)	(693,241)	(34,262)	(115,810)	(7,037,837)
Profit before Tax	6.397.182	2.103.568	401.049	337.222	9.239.021

ITEMS	Northern	Southern	Central	Overseas	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Assets					
Cash, gold and gemstones	831,423	361,809	131,591	46,026	1,370,849
Balances with the State Bank of Vietnam ("SBV")	53,347,176	10,677	10,124	1,395,669	54,763,646
Placements with and loans to other credit institutions	63,067,896	1,453	2,599	476,980	63,548,928
Loans to customers	322,906,810	74,761,833	18,469,143	13,224,943	429,362,729
Financial investment	40,270,850	-	-	-	40,270,850
Fixed assets	5,134,868	61,494	27,333	5,721	5,229,416
Other assets	2,132,683	17,487,772	15,698,744	635,068	35,954,267
TOTAL ASSETS	487,691,706	92,685,038	34,339,534	15,784,407	630,500,685
Liabilities					
Deposits and borrowings from the Government and the SBV and other credit institutions	62,608,100	78	51	9,491,723	72,099,952
Deposits from customers	323,666,778	88,268,231	32,653,291	2,915,126	447,503,426
Other mobilization	36,362,582	4,401,428	3,766,104	-	44,530,114
Other liabilities	11,090,199	2,348,324	1,019,036	1,811,354	16,268,913
TOTAL LIABILITIES	433,727,659	95,018,061	37,438,482	14,218,203	580,402,405

48. RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS

SHB's vision is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (in terms of deposit products and valuable papers issued) and investments in high quality financial assets have become key activities to help SHB gain necessary interest rate gaps. From risk management perspective, SHB is required to maintain the structure of assets, liabilities, and equity (including balance sheet items and off-balance sheet items) for the purpose of ensuring safety and mitigating risks in banking activities. In addition, SHB has invested in securities or granted credit facilities to other banks. The risks related to currency and interest rates have been managed through applying position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimize risks. By holding various assets being high-quality financial instruments, the structure of SHB's consolidated statement of financial position helps shield SHB from significant risks during its business processes and ensures liquidity. In addition, SHB has also been involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, SHB has adopted the Credit Handbook which provides in detail the lending policies and procedures as well as implementation guidance on standardization of SHB's credit activities. Liquidity risk is limited by holding appropriate amounts of cash and cash equivalents as Nostro accounts (current placements at other credit institutions), term deposits at the SBV and other credit institutions and valuable papers. The safety ratio with risk factors taken into account are also used to manage liquidity risk. SHB has regularly assessed interest rate gaps, compared to the gaps of domestic markets and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the development of the Centralised Capital Management System and Centralised Payment System in which all capital and payment transactions of SHB are executed by the Head Office. Such centralisation has also helped SHB to monitor capital movements more effectively and reduce any possible errors and unnecessarily complicated procedures.

49. CURRENCY RISK

Currency risk arises when the value of a financial instrument fluctuates due to changes in foreign exchange rates. SHB was incorporated and operated in Vietnam, with Vietnamese Dong as its reporting currency. The major currency in which SHB transacts is Vietnamese Dong. SHB's loans and advances were mainly denominated in Vietnamese Dong and United States Dollar. However, some of SHB's other assets are in currencies other than Vietnamese Dong and United States Dollar. SHB's management has set limits on positions by currency based on the internal risk assessment system of SHB and regulations of the SBV. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

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The book values of the Bank's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2023 are as follows:

ITEMS	EUR	USD	Other	Total
	equivalent	equivalent	currencies	
	VND Million	VND Million	equivalent	VND Million
			VND Million	
Assets				
Cash, gold and gemstone	26,647	213,902	14,263	254,812
Balances with the State Bank	169,305	6,160,431	426,856	6,756,592
Placements with and loans to other credit institutions (*)	94,220	1,859,471	94,788	2,048,479
Loans to customers (*)	648,054	12,568,876	1,816,201	15,033,131
Fixed assets	-	5,180	3,050	8,230
Other assets (*)	278	10,039,543	57,370	10,097,191
Total assets	938,504	30,847,403	2,412,528	34,198,435
Liabilities and owners' equity				
Deposits and borrowings from other credit institutions	-	15,861,206	416,605	16,277,811
Deposits from customers	108,945	9,132,999	779,786	10,021,730
Derivative financial instruments and other financial liabilities	169,142	549,209	18,498	736,849
Grants, trusted funds and borrowings at risk of the credit institution	648,054	257,301	-	905,355
Other liabilities (*)	-	2,157,832	37,718	2,195,550
Capital and reserves	-	1,378,064	726,404	2,104,468
Total liabilities and owners' equity	926,141	29,336,611	1,979,011	32,241,763
Balance sheet currency position	12,363	1,510,792	433,517	1,956,672
Off-balance sheet currency position	-	(98,773)	1,419	(97,354)
Total currency position	12,363	1,412,019	434,936	1,859,318
Profit before Tax	12.363	1.412.019	434.936	1.859.318

(*) Excluding provision.

50. INTEREST RATE RISK

SHB's operation are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in different amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

SHB adopts an interest risk measurement method for all assets – liabilities items with respect to interest income. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show SHB's assets and liabilities categorized by the contractual re-pricing or maturity date and the interest rates at the end of the consolidated financial reporting.

Time limit for repricing of interest rates is the remaining period from the date of the consolidated financial reporting to the most recent repricing of interest rates of assets and equity items.

The table below shows the Bank's exposure to interest rate risk as at 31 December 2023:

	Overdue		Current							Total
	Non - interest bearing	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	
Assets										
Cash, gold and gemstone	1,370,849	-	-	-	-	-	-	-	-	1,370,849
Balances with the State Bank	54,763,646	-	-	-	-	-	-	-	-	54,763,646
Placements with and loans to other credit institutions (*)	-	-	-	53,026,255	5,041,192	5,408,467	73,014	118,410	-	63,667,338
Trading securities (*)	3,880	-	-	-	5,200,730	2,648,542	-	-	-	7,853,152
Loans to customers (*)	-	13,254,425	8,518,218	146,490,857	230,841,901	13,869,196	11,549,949	9,970,496	3,969,105	438,464,147
Investment securities (*)	29,454	526,536	-	-	3,181,108	6,356,597	-	1,903,871	20,209,829	32,207,395
Capital contribution, long-term investments (*)	501,444	-	-	-	-	-	-	-	-	501,444
Fixed assets	5,229,416	-	-	-	-	-	-	-	-	5,229,416
Other assets (*)	25,894,918	41,726	-	774,229	2,533,798	3,255,168	3,540,830	-	-	36,040,669
Total assets	87,793,607	13,822,687	8,518,218	200,291,341	246,798,729	31,537,970	15,163,793	11,992,777	24,178,934	640,098,056
Liabilities										
Borrowings from the Government and the SBV	-	-	-	-	10,077	78,485	1,245,096	-	-	1,333,658
Deposits and borrowings from other credit institutions	-	-	-	49,306,398	12,595,279	3,989,749	4,404,159	469,548	1,161	70,766,294
Deposits from customers	-	-	-	103,210,130	91,013,525	114,846,899	80,670,976	57,761,765	131	447,503,426
Derivative financial instruments and other financial liabilities	97,152	-	-	-	-	-	-	-	-	97,152
Grants, trusted funds and borrowings at risk of the credit institutions	-	-	-	1,768	37,324	51,557	345,232	597,774	577,580	1,611,235

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Valuable papers issued	-	4,994,764	8,815,984	11,092,093	15,470,771	15	2,448,100	42,821,727
Other liabilities (*)	16,268,913	-	-	-	-	-	-	16,268,913
Total liabilities	16,366,065	157,513,060	112,472,189	130,058,783	102,136,234	58,829,102	3,026,972	580,402,405
Balance sheet net interest gap	71,427,542	13,822,687	134,326,540	(98,520,813)	(86,972,441)	(46,836,325)	21,151,962	59,695,651
Off-balance sheet commitments affecting to sensitivity with assets and liabilities' interest rate	(220)	-	-	-	-	-	-	(220)
Total net interest rate gap	71,427,322	13,822,687	134,326,540	(98,520,813)	(86,972,441)	(46,836,325)	21,151,962	59,695,431

(*) Excluding provision.

51. LIQUIDITY RISK

Liquidity risk arises during the general funding of SHB's activities and in the management of currency positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risks of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

SHB adopts a risk measurement method that is suitable for its operation scale and the availability of the information system, ensuring meeting the requirements for the risk mitigation. It includes indicators related to cash flows, ability of capital mobilization, and ability of asset liquidity of SHB. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following table provides an analysis of the assets and liabilities of SHB in terms of relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the appendix to the contracts which may exist.

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For the year ended 31 December 2023 (Continued)

The following table presents the Bank's liquidity risks as at 31 December 2023:

	Overdue		Current			Total
	Over 03 month	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 12 months	
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets						
Cash, gold and gemstone	-	-	1,370,849	-	-	1,370,849
Balances with the State Bank	-	-	54,763,646	-	-	54,763,646
Placements with and loans to other credit institutions (*)	-	-	53,026,255	5,041,192	5,481,481	63,667,338
Trading securities (*)	-	-	3,880	-	7,849,272	7,853,152
Loans to customers (*)	13,254,425	8,518,218	29,297,226	59,866,290	107,730,186	438,464,147
Investment securities (*)	526,536	-	-	659,308	267,739	32,207,395
Capital contribution, long-term investments (*)	-	-	-	-	-	501,444
Fixed assets	-	-	1,685,238	11	1,249	3,430,148
Other assets (*)	41,726	-	25,920,891	2,647,561	7,117,880	36,040,669
Total assets	13,822,687	8,518,218	166,067,985	68,214,362	128,447,807	640,098,056
Liabilities						
Borrowings from the Government and the SBV	-	-	-	10,077	1,323,581	1,333,658
Deposits and borrowings from other credit institutions	-	-	48,332,878	8,944,579	8,393,908	70,766,294
Deposits from customers	-	-	106,868,129	87,350,207	195,518,875	447,503,426
Derivative financial instruments and other financial liabilities	-	-	(4,988)	30,781	71,359	97,152
Grants, trusted funds and borrowings at risk of the credit institution	-	-	1,768	37,324	396,789	1,611,235
Valuable papers issued	-	-	2,644,327	4,234,392	13,195,516	42,821,727
Other liabilities (*)	-	-	16,268,913	-	-	16,268,913
Total liabilities	-	-	174,111,027	100,607,360	218,900,028	580,402,405
Net liquidity difference	13,822,687	8,518,218	(8,043,042)	(32,392,998)	(90,452,221)	59,695,651

(*) Excluding provisions.

52. CREDIT RISK

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

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

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

Overdue and unimpaired financial assets

Overdue and unimpaired financial assets of the Bank mainly include loans classified from Group 2 to Group 5 and overdue receivables which have full collaterals, including real estate, valuable papers and other types of collaterals in accordance with Circular 11.

As at 31 December 2023, overdue and unimpaired financial assets are as follows:

	Overdue			
	10-90 days	91-180 days	181-360 days	Over 360 days
	VND Million	VND Million	VND Million	VND Million
Loans to customers	1,106,301	55,530	111,648	403,936

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

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

Summary of debt group according to Circular 11	Closing balance	Opening balance
	VND Million	VND Million
Current loans	492,259,480	422,257,960
Special-mentioned loans	8,532,749	6,735,687
Sub-standard loans	1,287,643	1,611,827
Doubtful loans	2,496,596	1,898,472
Loss loans	10,102,926	7,442,451
Total debt according to Circular 11	514,679,394	439,946,397
Bad debt	13,887,165	10,952,750
Bad debt ratio	2.70%	2.49%

53. OPERATING LEASE COMMITMENTS

	Closing balance	Opening balance
	VND Million	VND Million
Within 1 year	245,563	159,672
From 2 years to 5 years inclusive	532,735	745,231
After 5 years	63,696	441,383
	841,994	1,346,286

54. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE YEAR

	Closing balance	Opening balance
	VND	VND
USD	24,338	23,500
EUR	26,848	24,770
GBP	30,974	28,402
CHF	28,792	25,514
JPY	172	178
SGD	18,412	17,549
AUD	16,597	15,983
HKD	3,105	3,024
CAD	18,331	17,401
CNY	3,421	3,392
LAK	1.809	1.3598
XAU	7,451,000	6,631,000

55. SUBSEQUENT EVENTS

Resolution No. 01/NQ-DHDCD of the 31st Annual General Meeting of Shareholders dated 11 April 2023 and Resolution No. 24/NQ-HDQT dated 02 October 2023 approved and confirmed to issue SHB's ESOP shares. According to the Report on the results of the SHB's ESOP share issuance No. 567/CV-SHB dated 21 February 2024 and Official letter No. 1188/UBCK-QLCB dated 27 February 2024 of State Securities Commission, the Bank distributed 43,510,429 shares to employees with total money received from issuance is VND 435,104.29 million and opened the blocked bank account on 05 March 2024.

56. COMPARATIVE FIGURES

The comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2022.

Certain representations have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

Off- balance sheet items	Opening balance (Previously presented in the consolidated financial statements for the year ended 31 December 2022	Adjustment (*)	Opening balance (Restated)
	VND Million	VND Million	VND Million
Receivables	37,702,381	(8,476,035)	29,226,346
Other payables	11,169,561	(8,476,035)	2,693,526

Off- balance sheet items	Opening balance (Previously presented in the consolidated financial statements for the year ended 31 December 2022	Adjustment (*)	Opening balance (Restated)
	VND Million	VND Million	VND Million
Bad debts written-off	33,087,997	1,734,301	34,822,298

(*) This includes offsetting receivables and payables from interbank fast fund transfers via Napas.

Prepared by



Do Thanh Phuong
Head of Accounting and General
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Reviewed by



Ngo Thi Van
Chief Accountant

Approved by



Ngo Thu Ha
Chief Executive Director

29 March 2024