

Contact

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Email: saokim@shinhan.comkimdinshb@gmail.com**INFORMATION****SHINHAN BANK OFFICIALLY APPLIES LIQUIDITY RISK MANAGEMENT INDICATORS OF BASEL III**

Ho Chi Minh City, April 19th, 2022 – Shinhan Bank Vietnam Ltd. ("Shinhan Bank Vietnam") would like to officially announce the application of two LCR and NSFR indicators to manage liquidity risk in accordance with Basel III standards. The continuous improvement of risk management system in accordance with the most advanced international standards affirms the focus of Shinhan Bank on risk management.

In comparison with Basel II standards that are being widely deployed in many banks in Vietnam, Basel III standards concentrate on strengthening the capital and enhancing the liquidity risk management of the banking system. One of the key updates is 2 indicators, LCR (Liquidity coverage ratio) and NSFR (Net stable funding ratio) have been officially included in the Basel framework.

Accordingly, the LCR indicator aims to ensure that banks have enough liquid assets to meet liquidity needs in 30 days, even in stress conditions. This allows management and regulators enough time to take appropriate corrective actions, minimizing negative impacts on the banks as well as the entire financial system.

The NSFR indicator requires banks to maintain a sustainable capital structure that limits their reliance on short-term wholesales funding with both on and off-balance sheet assets. As a result, the banks' regular funding sources will be more stable, reducing the risk of liquidity position erosion leading to banking crisis as well as system-wide stress.

Based on the support from the Basel III implementation experience of the parent bank in Korea and experts' consultation, Shinhan Bank develops the system to automatically calculate LCR and NSFR from the centralized risk data warehouse, and simultaneously sets internal limits as well as integrates indicators into the comprehensive daily risk monitoring mechanism.

In the future, Shinhan Bank is committed to constantly upgrading the risk management system in line with the orientation of the State Bank of Vietnam and the most updated international standards, contributing to the overall stability of the entire banking system.

ABOUT SHINHAN BANK VIETNAM

Shinhan Bank Vietnam Limited (“Shinhan Bank”) is a subsidiary of Shinhan Bank Korea, an affiliate of Shinhan Financial Group (SFG). SFG is the leading financial holding company in Korea and listed to both Korea Exchange (KRX) and New York Stock Exchange (NYSE).

In Vietnam, Shinhan Bank’s history can be traced back to 1993 when Shinhan Bank first opened the representative office in Ho Chi Minh City. Over the history of over 29 years, Shinhan Bank has built a broad network expanding from the North, the Central and the South of Vietnam. Currently, Shinhan Bank has been offering a diversified portfolio of tailored corporate and consumer banking products and solutions.

Shinhan Bank was awarded the “Best Retail Foreign Bank in Vietnam 2020”, the “Best Foreign Bank in Vietnam” for three consecutive years (2020, 2021 and 2022), and the “Best Company To Work For In Asia” for three consecutive years by HR Asia publication.

For more information about Shinhan Bank Vietnam, please visit

Website: <https://shinhan.com.vn/>

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