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ACB Bank (ACB)

Updates on 2024 AGM

Business performance in 2023 and 1Q2024

- In the context of numerous economic difficulties and challenges, ACB's total outstanding loans by the end of 2023 amounted to VND448 trillion, up 16.7% YTD. End-2023 total assets exceeded VND719 trillion, marking an impressive increase of 18% compared to 2022. Pre-tax profit fulfilled the full-year target, touching VND20.068 trillion, representing a remarkable growth rate of 17%.
- Concerning the preliminary financial results for the first quarter of 2024, ACB reported that credit growth hit 3.7% YTD, relatively high compared to the industry's low growth of 1.8% YTD. Deposit growth recorded a 2.1% increase, with CASA deposits up 6.4%, helping to improve the CASA ratio from 22% to over 23%. Earnings were estimated at VND4.9 trillion, closely aligning with the year plan. A 5% YoY fall in profits was attributed to an extraordinary recovery income from written-off bad debts in 1Q2023. Otherwise, 1Q2024 profits would expand by 3% YoY.

Conservative business plan for 2024 amid challenges

- Economic difficulties are forecasted to persist in 2024. ACB sets a pre-tax profit target of VND22,000 trillion, up 10% YoY. Loan growth is expected at 14%, staying within the limit assigned by the State Bank of Vietnam (SBV). The non-performing loan ratio should be managed below 2%.
- At the Annual General Meeting of Shareholders, the Board of Directors approved a plan to allocate over VND9,700 trillion for dividend payments with 15% in stock and 10% in cash.
- In 2024, ACB plans to increase its capital. The bank's current charter capital is VND38.840 trillion and should rise by over VND5,800 trillion to VND44,666 trillion after the stock dividend payment. It plans to get it done by the third quarter of 2024.

Questions & Answers

- Regarding the strategy to shift towards wholesale lending: ACB stated that the bank's market share in the retail lending segment is currently quite high and is beginning to plateau as other banks are also tapping into this segment, resulting in increased competition. Therefore, alongside reinforcing its retail lending segment, ACB is also targeting large corporates and SMEs, customer groups where ACB has a competitive advantage not only in interest rates but also in programs and services.
- Regarding ACB's assessment of the business environment in 2023: ACB holds an optimistic view but remains cautious about the economic variables. Deposit interest rates are expected to remain stable at low levels until the end of the year, with the possibility of slight increases. Similarly, lending rates should remain low to support customers.

— Regarding real estate lending and corporate bond holding: ACB does not focus on lending to real estate development projects. The outstanding loans to real estate at ACB are below 2%, without bad debts recorded. Mortgage loans account for 22%, with a lower non-performing loan ratio than the industry average at around 1%. ACB does not hold corporate bonds and has no intention of this in the foreseeable future.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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