

*Hanoi, March 12, 2024*

## **BUSINESS PLAN FOR 2024**

*(To be submitted to the 2024 Annual General Meeting of Shareholders)*

### **I. Forecast of the macroeconomic situation in 2024**

#### **1. Forecast of the macroeconomic situation in 2024**

- According to the IMF assessments, the economy is expected to gradually recover from 2024 onwards, and inflation will be controlled. The average growth rate of public investment and the retail and service sector during the period 2024-2028 is forecasted to be equal to the growth rate during the period 2018-2023.
- For the period 2024-2028, the credit growth rate is expected to stabilize between 13% and 17% to meet the economic growth demand.
- The exchange rate is expected to be stable and controlled due to several favorable factors such as: (i) The trade balance of goods and services maintaining a trade surplus, with foreign currency demand for import activities not increasing due to weak demand; (ii) Remittances increasing over the years; (iii) Cash flows from FDI disbursement and stock transactions being maintained.

#### **2. Market opportunities and new trends in 2024**

2024 is a year with many opportunities for the Bank, supported by a macroeconomic environment and Government policies, specifically:

- Change in customer preferences - the adoption rate of digital technology doubles, loyalty decreases, and expectations increase (50%-60% of customers are willing to switch banks for a better customer experience).
- The emergence of innovative business models and purely digital business models in retail banking sector.
- With the support from the SBV in promoting cashless payments, online customer identification (eKYC) is allowed for retail banking customers and small-and-medium enterprises (SMEs), regulatory sandbox environment, open application programming interfaces (APIs), and industry integration.
- Greater demand for redefining the role of banks in society - financial inclusion, education, and sustainable development.

## II. Business targets for the year 2024

*Unit: billion dong*

No.	Items	Actual 2023	Plan 2024	Plan 2024/Actual 2023
1	Total assets	161,981	170,000	105%
2	Customer deposits	100,054	113,349	113%
3	Credit loans (*)	102,448	116,272	113%
4	NPL ratio (**)	< 3%	< 3%	
5	The percentage of NFI and guarantee fee to TOI	21.01%	13.66%	-7.34%
6	Profit before tax	513	1,000	195%

(\*) including outstanding loans for corporate and individual customers, corporate bond investments; adjusted according to the credit room allowed by the SBV for each period

(\*\*) according to Circular 11/2021/TT-NHNN dated 30/7/2021 of the SBV

## III. Key tasks

### 1. Retail banking (RB)

- Focus on building and developing digital channels to enhance experience & attract customers based on Backbase's platform technology and ABBANK's ability to self-develop service systems. Diversify distribution channels to help customers easily access the Bank's services. Change basic services from counter to digital channels to promote self-service and bring modern trading space to customers.
- Understand the hidden needs of target customer segments, thereby offer fast and convenient payment solutions with appropriate incentive programs to attract CASA from customers and target customers to use ABBANK account as the main bank, increase the transactional banking fees. Besides, through analyzing customer behavior and understanding customer needs, ABBANK can implement targeted retention initiatives such as personalized incentives, proactive customer support and loyalty programs. These efforts contribute to improved satisfaction, reduced churn rates, and increased customer loyalty.

- Focusing on building lending solutions for customer segments wishing to buy houses for living through cooperation channels with the Investor as well as building preferential interest rate packages to help customers access loans more easily. In addition, strictly control the valuation of real estate assets to be able to control risks in lending activities more effectively.

## **2. Small-and-medium enterprises (SME)**

Based on internal analysis, industry trends, potentials and good market practices; selecting target customers, potential customers, key industry groups to build knowledge, position supply value, design solutions, program/campaigns in parallel with process improvement and accelerate digital transformation to provide excellent and differentiated customer experiences, SME's business directions for 2024 include:

- Concentrate growth, cross-sales and deep extraction into the SMEs group with revenues ranging from 25 billion to 2,500 billion; companies in the eight key groups: (1) Construction, (2) Construction Materials, (3) Food and Beverages, (4) Logistics, (5) Information Technology, (6) Textile, garment and footwear, (7) Telecommunications, (8) Pharmaceuticals and Medical Equipment; Supply Chains from the strategic and business partners;
- Accelerate digital transformation, increase capacity and experience for SME customers through non-cash payment solutions, high-tech products such as: Bilateral payment with the State Treasury, port infrastructure charges, collection through virtual accounts, Omni channel project - multi-channel transactions are expected to go live in the second quarter of 2024, with the path to developing continuously updated features in agile methodology and launching mobile applications for business customers. At the same time, ABBANK is also investing in a digital signature project with the aim of providing a platform for customers to trade, sign contracts with ABBANK through digital signatures without having to go directly to ABBANK, eKYC project – opening online identified payment accounts allowing customers to open payment accounts at ABBANK, etc.
- Refine the service sales model, specialization, and enhancing the capabilities of the sales team;
- Improve risk management capabilities with investment/upgrading of the credit rating models (Type A), behavioral models (Type B), and early warning scorecards (EWS).

### **3. Wholesale banking (WB)**

In 2024, the Wholesale Banking Division continues to play a leading role in advancing business activities along value chains based on the operation scale, financial policy, purchasing policy of the products and services and payment procedure to develop synchronous solutions for the large corporation/the anchor of value chain in the segment of wholesale banking to small and medium businesses and retail banking customers. The focus on unifying the establishment of mechanisms, policies, and solutions to support first-tier enterprises, enterprises within the chain, and consumer clients with financing along the Chain will streamline operations, optimize costs, and enhance efficiency, thereby promoting increased sales effectiveness, optimizing cash flow, forming sustainable chain cohesion, fostering comprehensive development for the industry, customers, and reflecting the Bank's development trends while promptly meeting the need for capital, network connections, and stable business operations will provide customers using a variety of bank products/services such as credit, deposits, accounts, cards, etc., and enhance the exploitation of customer segments in the retail banking segment.

### **4. Treasury, Financial Market & Transactional Banking**

#### **Transactional banking:**

- Focus on enhancing the development and provision of transactional banking products for SMEs and WB customers;
- Focus on growing foreign currency trading activities to serve customers (FX sale), especially import-export clients.

#### **Treasury and Financial market:**

- Ensure the maintenance of liquidity across the entire system and compliance with regulatory safety ratios set by the SBV.
- Utilize market opportunities to increase profits for the Bank in foreign exchange markets, fixed income.
- Adhere to liquidity reserve ratios, 30-day liquidity coverage ratios in VND, USD as per Circular 22/2019/TT-NHNN.
- Collaborate with Business Units to proactively develop cash flow scenarios, forecast daily cash flows, serving as a basis for liquidity management, capital balancing ensuring safety and limits approved by the Asset-Liability Management Council (ALCO).
- Actively monitor interest rate movements in the market daily, optimize cost of funds; timely adjust internal interest rates in line with business direction.

## **5. Risk management**

- Promote NPLs control, risk provisions and credit risk limits, in particular:
  - Monitor and supervise the implementation of the 2024 Credit Orientation and compliance with the 2024 Credit Risk Limits according to the target threshold.
  - Monitor NPLs according to KPIs of each customer segment, each region, forecast NPL movements to have solutions with daily/weekly/monthly frequency.
  - Early warning through management of the current status, developments and risk trends of the portfolio, behavioral models/early warnings of high possibility of bad changes, monthly portfolio risk analysis.
- Strengthen debt collection to control NPLs and enhance capital recovery for banks.
- Continue to prioritize the development of risk quantitative models such as behavioral models and prediction models, apply models to the credit extension process, for helping decision-making to be more accurate, gradually reducing decision-making based on qualitative factors.
- Optimize and maximize the efficiency of the lending process.
- Improve management systems including standardizing management information and automating SBV reports.

## **IV. Key strategic actions**

In 2023, ABBANK implemented the key project "Renewal of the 2024-2028 Bank Strategy," with the consulting assistance of McKinsey – the leading international strategic management consulting firm. Accordingly, in 2024, based on the agreed-upon and defined directions, ABBANK focused on building the Bank's transformation roadmap based on the following pillars:

### **1. Scaling**

For retail banking and SME customers, ABBANK concentrated on focuses on attracting a large number of customers, innovating products according to segments, and improving customer relationships based on in-depth analysis of customer needs.

Additionally, ABBANK prioritized enhancing the customer experience journey through physical and digital banking channels, such as reviewing locations and redesigning the branch/transaction office network model to optimize solution and service advisory operations for customers.

### **2. Streamlining**

In 2024, ABBANK continues its efforts to streamline the bank's operational processes, with a particular focus on optimizing lending processes through refining credit models and redesigning lending journeys.

### **3. Strengthening (Enhancing capabilities)**

ABBANK particularly focused on investing in enhancing the Bank's operational capabilities, identifying risk management and information technology as critical capabilities to be strengthened and developed.

ABBANK aimed to enhance comprehensive risk management effectiveness, particularly focusing on monitoring, early warning, and debt recovery. Throughout this process, ABBANK could execute, adjust risk appetite, and enhance risk management culture within the organization, ensuring compliance with advanced market practices, regulatory requirements, and meeting international standards.

Additionally, ABBANK continued to focus on restructuring and strengthening the Bank's technology and data foundation. In terms of technology, ABBANK continued to refine and implement improvements to its information technology systems and infrastructure to enhance performance and meet customers' service usage needs. Regarding data, the Bank also focused on upgrading, collecting, and processing information in existing databases to serve in-depth, multidimensional analysis of customer needs, thereby providing the best service experience for customers.

### **4. Solidify (Optimize Operations) & Seeding (Developing New Business Initiatives)**

On the transformation journey, ABBANK has aimed to become an organization that emphasizes overall efficiency and talent management. In 2024, we will continue to optimize the organizational structure, machinery, and management model to enhance efficiency and productivity across the entire enterprise to align with the development direction in the next phase. Additionally, ABBANK will gradually improve the internal talent experience journey from joining the organization to ensure the attraction and retention of high-quality staff at the Bank.

The Chief Executive Officer respectfully reports and submits to the Annual General Meeting of Shareholders.

**ON BEHALF OF AN BINH JSC BANK  
ACTING CHIEF EXECUTIVE OFFICER**

*(Signed)*

**Phạm Duy Hiếu**