

REPORT

ANNUAL GENERAL MEETING OF SHAREHOLDERS FY 2022 HO CHI MINH CITY SECURITIES CORPORATION

Subject: FY 2023 Business Plan

The Board of Management (“BOM”) would like to submit to the General Meeting of Shareholders (“AGM”) the business plan of HSC in 2023.

A. MAJOR ASSUMPTIONS ON THE STOCK MARKET IN 2023

Based on the market average daily trading value in 2022, the actual market performance in the first quarter of 2023 and HSC’s view on market performance for the rest of this year, the Board of Management makes major assumptions on the stock market in 2023 as below:

Stock market trading value (VND billion)	2023F	2022A	YoY	1Q2023 Forecast
Total market trading value	2,254,200	5,020,913	-55%	666,700
Average daily trading value	9,000	20,164	-55%	11,300
Trading value of local investors	1,799,312	4,273,396	-58%	514,592
% of total market trading value	90.0%	92.6%		88.6%
Trading value of foreign investors	454,888	747,517	-39%	152,108
% of total market trading value	10.0%	7.4%		11.4%

B. BUSINESS PLAN OF HSC IN 2023

In 2023, HSC targets to achieve a pretax profit of VND901 billion, a 16% YoY decline.

Business target (VND billion)	2023F	2022A	YoY	1Q2023 Estimate
Revenue (*)	2,338	2,854	-18%	487
Operating expenses (*)	1,437	1,786	-20%	333
Profit before tax	901	1,068	-16%	154
Profit after tax	721	852	-15%	123
Return on average equity (ROE)	8.9%	11.2%		1.5%
Earnings per share (EPS) – (VND)	1,346	1,865	-28%	269
Book value per share (VND)	13,608	17,268	-21%	17,505

(*) Profit and loss of the proprietary investments are presented on a net basis for comparison purpose.

HSC plans to deliver a revenue of VND2,338 billion in 2023, which translates to a 18% decline YoY.

Operating expenses in 2023 are expected to decline by 20% YoY. The ratio of operating expenses over revenue is estimated at 61%, better than this ratio in 2022 at 63%.

Securities brokerage, margin lending and proprietary investments will remain the major revenue drivers of HSC in 2023. Business targets of each business are as follows:

Revenue (VND billion)	2023F	2022A	YoY	1Q2023 Estimate
Securities brokerage fee	497	882	-44%	133
Margin loan interest income	962	1,273	-24%	222
Proprietary investments	650	623	4%	129
Financial advisory services fee	218	54	305%	0
Other revenue	10	22	-54%	2
Total revenue	2,338	2,854	-18%	487

1. Securities Brokerage Services

Based on two major assumptions on the market daily average trading value and the proportion of trading value of local investors in total trading value of the whole market, HSC plans to achieve VND497 billion of securities brokerage fee in 2023 (-44% YoY). In this year, HSC will continue to enhance client policies, service and product quality and trading tools to better serve clients.

2. Margin Lending

Based on the forecast liquidity of the stock market in 2023, the margin lending business in this year is expected to be at the same level in 4Q 2022. With the existing solid shareholder capital base, HSC could flexibly raise debt capital from various sources to serve client demand on margin loan. Besides, we will continue to pursue our robust risk management policies to manage margin lending risk as effectively as we did during the times of market turbulence in 2022.

3. Financial Advisory Services

The Financial Advisory business of HSC is well-positioned, both in terms of human resources and deal pipeline, to capture opportunities from better market conditions in 2023. Based on the deals that the Investment Banking team has secured, the business plans to deliver a total revenue of VND218 billion in 2023, an increase of more than four times YoY.

4. Proprietary Investments and Treasury Management

In 2023, we will continue to pursue our unique business model in proprietary investments to primarily focuses on market making activities, risk hedging and supporting clients' transactions. In this year, the Proprietary Investments division plans to further scale up its covered warrant business. The division will also continue to coordinate with the Financial Advisory business to execute large business restructuring and underwriting transactions once stock market conditions improve.

C. FORECAST FINANCIAL POSITION OF HSC IN 2023

Total assets are forecast to reach VND16.4 trillion as at the end of 2023, which translates to a 6% YoY increase. Assets will primarily comprise of margin loans and financial assets. HSC's plans to deploy and raise additional capital in 2023 are as below:

- To optimize the new capital base to scale up the margin lending business and proprietary investments with a focus on market making and risk hedging activities once the stock market rebounds. Demand for margin loans is expected to recover from the low level in 1Q 2023.
- In the borrowing structure, off-shore loans are expected to range from US\$100 million to US\$140 million.

No.	Balance Sheet (VND Billion)	31/12/2023 (Forecast)	31/12/2022	YoY
A	Current assets	16,223	15,262	6%
I	Financial assets	16,146	15,196	6%
1	Cash and cash-equivalents	4,000	5,640	-29%
2	Financial assets	2,251	1,424	58%
3	Margin loans	9,628	7,379	30%
4	Other receivables	267	753	-65%
II	Other current assets	76	66	15%
B	Long-term assets	182	184	-1%
	Total assets	16,405	15,447	6%
A	Liabilities	8,121	7,555	7%
I	Short-term liabilities	8,121	7,555	7%
1	Short-term borrowings	7,559	6,938	9%
2	Other payables	562	617	-9%
B	Owners' equity	8,283	7,892	5%
I	Shareholders' equity	8,283	7,892	5%
	Total resources	16,405	15,447	6%

Above is the summary of 2023 business plan of Ho Chi Minh City Securities Corporation for the consideration and approval of the shareholders at the Annual General Meeting.

**ON BEHALF OF
HO CHI MINH CITY SECURITIES CORPORATION
CHIEF EXECUTIVE OFFICER**



TRINH HOAI GIANG



To:

- As aforementioned
- BOD's office for record