TECHCOMBANK 6M25 ANALYST PRESENTATION TRANSCRIPT

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Speakers:

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Slide number refers to the 6M25 presentation document. Materials and event video are available here.

MANAGEMENT PRESENTATION SESSION

Moderator: Good afternoon and welcome to the Techcombank Second Quarter 2025 Financial Results Presentation. Today Techcombank CEO Jens Lottner will begin with opening remarks and Ethan Nguyen, Head of Business Finance, standing in for our CFO, will share more details of the financial results and business updates, followed by a Questions and Answers session. Jens and Ethan will present in English with live Vietnamese translation available via a separate link. As usual there will be another call in Vietnamese tomorrow for retail investors. Today's presentation and Q&A will last about 90 minutes. With that I'll turn it over to Jens to begin the presentation.

Jens Lottner: Good afternoon, everyone, to the Second Quarter 2025 Result Presentation. As we probably all know, these have been interesting times and of course this was a very interesting quarter for everyone to watch, given the tariff discussions and other developments. But I think it's probably fair to say that as Techcombank we managed very well during that second quarter, it was actually the highest quarterly profit we ever recorded in our history.

Slide 4 - Another quarter of strong results

When we look at the Total Operating Income (TOI), they are a little bit down for the first half 2025 compared to the first half 2024. The main reason is that (a) there was quite some NIM compression, which is owed to the competitive dynamics right now in the market. But the other reason, as we said already during the first quarter presentation, we had very strong results, extraordinary strong results in the first quarter of 2024 due to trading income, which was not repeated this year.

However, when we look at the Profit before tax (PBT), we're very well on track to achieve our targets and we are very much on track with the guidance we provided, as well as our long-term growth trajectory. Returns on Assets (ROA) have come down a little bit. Net interest margin (NIM) is coming down because of the competitive pressure in the market. Current account savings account (CASA) still stands very strong, and we improved that on multiple accounts, on the retail side, SME, as well as on the corporate side, thanks to a lot of new offerings we introduced to the market.

Non-performing loans (NPLs) are still amongst the lowest in the industry - gone up a little bit and mostly due to the spillover from the credit bureau [CIC]. If we just looked at our own organic NPLs, we would actually see that they are broadly stable and therefore our risk cost is very low compared to last year. Our loan loss provisioning is still relatively strong at 106%.

CAR still very strong - came down a little bit mostly owed to the fact that we expanded 9 our book quite considerably in the first half, so year-to-date growth is around 10.6%, very much in line with the expectations we had at the beginning of the year. Overall, I think very strong performance of the Bank and in line with what we had guided.

I will now hand it over to Ethan to give you a little bit more detail about some of the numbers and the drivers behind them.

Ethan Nguyen: Thank you, Jens, and good afternoon, everyone. First let's start with the usual view of our macro environment.

<u>Slide 6 - Stellar 1H25 GDP growth and favorable tariff outcome point to a strong year of 2025</u>

We started the second quarter with quite a lot of uncertainties around the impact of the US tariff on the economy of Vietnam, despite the fact we still have a relatively strong set of economic data. As you can see, GDP growth for the second quarter reaching 8%, slightly accelerated compared to Quarter 1 thanks to strong FDI and export growth. Inflation stabilized at 3.3% and has been in this range for the past four quarters, which a positive signal of price stability, which is supportive for the Central Bank [the State Bank of Vietnam, or SBV for short] to continue to run the low rates policy. FDI continue to be a strong point for the quarter, with disbursed FDI at USD 6.8 billion thanks to the capital expansions in Manufacturing and some of the M&A deals, and we expect this continues to be strong for the full year at USD 26-28 billion.

Export growth rebounds strongly at 18% growth year-on-year, partially driven by the dynamic of the trade deals as some of the US suppliers might have front-loaded the orders in anticipations of the tariff hike. However, we expect the full year export to continue to be strong at 14-16% given the favourable outcome of the negotiation with the US.

PMI contracted slightly to 48%, whereas FX rates continue to be under pressure. So overall I would say we are optimistic about the macro environment as there are several factors supporting the economy in the second half, namely strong growth, robust FDI together with the government support for transformations and the supportive Central Bank in the rate policy.

<u>Slide 7 - Interest rate environment supports 6-year high credit expansion</u>

Moving now to the Banking sector, the Central Bank continued to run accommodative monetary policy to support the economic growth. And they have been trying to keep the lending rates at a stable and supportive level since last year. As such we have seen corporate growth this year at 9.9% for the first half [of the year], which is one of the strongest levels for the first half since over the past six years. However, at the same time, as Jens mentioned, we also see a lot of competition in the lending on the markets, impacting the asset yields of the sector.

On the funding side, credit growth also relatively strong, 6.1%, but slightly lacking the credit growth. On FX, although the Dollar index gone down by almost 10% year-to-date, the FX still continues on the uptrend mainly due to the interest rates differential between the two currencies not having been supportive for the Dong. As such, the Central Bank has to step in to defend the currency, which has caused some of the tighter liquidity, as you can see, in the interbank market rates. For some short tenure we can see that the interbank rates are even higher than the customer deposit rates, and we think that this condition might not be sustainable in the long run for some of the smaller banks with a higher reliance on the interbank funding.

Slide 9 – Financial highlights

Looking at our financial highlights for the quarter, as Jens said, in this quarter we achieved the highest second quarter in the history of the Bank in term of PBT as we reached VND 7.9 trillion in term of profit, and we are on the right course to achieve the full year guidance of VND 31.5 trillion. On the revenue side, however, TOI growth has been slightly lower than last year, driven by the NII and a little bit by NFI. On NII side, the main contributor to that was due to the intense level of competition in the lending markets together with our flexible pricing policy, compressing the NIM a little bit. On the fee income side, we have some regulatory changes impacting our LC UPAS business, together with some technical accounting changes, impacting the Cash business. Other than that, our core business in term of fee income still growing at a very good momentum and therefore, the contribution of NFI to TOI still remains at a very stable level of 24%, which is pretty strong compared to our peers.

Another key highlight was on the CASA ratio as we reached above 40% level, driven by the continuous efforts in Auto-earning 2.0 and our merchant offerings. So overall I would say that we are operating at a very high level of profitability and efficiency with our Cost Income Ratio [CIR] of 30%, Return on Asset [ROA] 2.2% together with NPL and CAR ratio among the best in the industry.

Slide 10 - A strong quarter on both QoQ and YoY basis

This slide provides an overview of our P&L [Profit & Loss]. Our revenue continues to be facing some headwinds with the competitive pressure in the markets. And in that context, while the Bank’s working on some business opportunities, we are trying to manage our OPEX and improve our credit quality, which have both contributed quite positively to the bottom-line result. As you can see just again noting that this is the highest second quarter interval PBT in the history of the Bank

If you look at the chart the at the bottom, this is the long-term chart which have smoothen out some of the volatility from seasonal and one-off factors. Techcombank still managed to achieve quite a phenomenal compound annual growth rate of 19% since early 2018.

Slide 11 - Wealth bank: increasing contribution thanks to unique propositions across ecosystem

Regarding the performance of our wealth bank in the second quarter, wealth bank achieved an impressive result of VND 4.1 trillion in revenue, which was up strongly 14% year-on-year, driven by a number of our key businesses, number one on the investment distribution business. We achieve a robust growth of 100% year-on-year thanks to our bond underwriting business, as we managed to capture 45% of the market share in the first half in term of non-bank bonds plus the very strong demand from the wealth clients.

Our issuing business also grew very strong 22% year-on-year and 30% versus quarter one. On our affluent banking side, the growth has been relatively modest, mainly due to the lower lending rates and compressing NIM. However, if you look on the right-hand side, the number of affluent customers is still growing at a very fast pace, at 73% while assets under management (AUM) growing at 48% year-on-year, which are phenomenal. This will set it up for a very strong earning capability for the coming periods. So overall I would say that the wealth bank will continue to be one of our key focus strategic plays, representing one-third of revenue. I think this continues to be a critical engine in our financial performance going forward.

Slide 12 - Strong balance sheet expansion with total assets exceeding VND1 quadrillion

Our Interest Earning Assets [IEA] grew by 20% year-on-year, mainly due to customer loans, also growing at the same pace 20% versus last year. In term of the year-to-date total loan book grows at 12% compared to the beginning of the year, slightly accelerated versus the previous quarter. But it was noted that we are cautiously growing our balance sheets in this competitive market as we're trying to balance between growth, profitability and also diversification.

On the funding side, our total funding grew by 14% year-on-year mainly thanks to the customer deposit, which has a strong growth of 20% versus last year whereas the balance in the interbank markets declined 11%. So, this was the proactive response due to the differential between the rates in the interbank and the customer deposits in order to manage our Cost of Fund and also enhance the stability of our funding base.

Asset Yields [AY] rose slightly by 10 basis point to 7% thanks to the disbursement to some of the higher rate loans. However, it was offset by a slight increase in the Cost of Fund to 3.5% due to the tighter liquidity, which caused the increase in some the short-term tenure - one to three months deposit. And therefore, our NIM continued to be as one of the main challenges - our quarterly NIM stood at 3.8% and NIM on the last 12-month basis at 3.7%. So, I would say that even though the lending margin has been compressed a little bit, the overall target is on the total returns on risk weighted assets and therefore we expect the fee income to grow faster to offset with some of the shortfall in the interest income.

Slide 13 - Strong credit disbursement in 2Q

In terms of the quarterly expansions, I would say that the credit on the corporate and the retail side are quite balanced at 7% versus Quarter 1. However, if you look at the year-on-year basis, the retail book has been growing at a quite faster rate, at 27%, compared to corporate book at 15%, also reflecting some success from our diversification strategy. In terms of tenure, our short-term loans have been growing slightly faster, which will allow us to reprice more quickly once the rates are picked up.

Slide 14 - Further progress in credit diversification

Looking into more details in term of the asset diversifications. On the corporate side, there are a few sectors that we managed to grow at quite a fast pace. Constructions grow at 40% year-on-year, Material 14% and Utility 53% year-on-year, which are faster than real estate book, which has been growing at 13% versus last year. The total lending to Real Estate sector currently accounts for 59% of the total corporate book, slightly down versus the previous quarter, showing the continuous effort of our diversification strategy.

On the right-hand side we look at the retail book which have been growing 27% strongly year-on-year. The margin lending business has achieved quite a robust growth at 37% thanks to the rich inflow into the equity markets. Plus, if you look at the other portions of the book which are mainly our personal and instalment loans together with the lending to the SMEs and Merchants, also achieving a phenomenal growth year-on-year of 76%, and 16% versus Quarter 1. This book I would say carries a higher margin, which will help us to support the asset yield in the long run.

Slide 15 - Real estate value-chain: quarterly mortgage disbursement reached ~VND30trillion again

Looking now at some details on the real estate value chain. In general, the market in the North and in Hanoi continue to be busy with a very strong supply and the high absorption rates. Meanwhile on the other hand, the market in Ho Chi Minh City continues to be relatively muted compared to the North, with the number of new high-rise supply only less than 2,000 for the first half [of the year]. In term of the new disbursements, we reached almost VND 30 trillion for the second quarter, a robust result with some room for further improvement once the market in the South really recovered.

Slide 16 - Strong CASA-led deposit franchise

Looking now at the deposit side, our total deposit has grown strongly at 19% on a year-on-year basis, with our total CASA including Auto-earning balance growing at 25% faster than the growth of our term deposit, which was at 15%. Therefore, this has improved our CASA ratio to 41% for the quarter. For the retail business in particular, the CASA including Auto-earning balance has been growing at a strong pace of 30% year-on-year, reflecting our success in Auto-earning 2.0 together with the other merchant solutions. I would say that the Auto-earning solution is now one of the best in the industry. We allow the customer to earn the high yield of up to 4.4% for some groups of customers while at the same time allowing them to have the true level of flexibility 24/7 - this combination is very hard for the competitors to replicate. As such, the total number of customers using the product is now reaching 3.8 million, up 25% compared to the previous quarter.

Slide 17 - NFI generated over VND3trillion in a quarter again

Looking at our NFI, the total fee income, as Jens mentioned, has been flattish year-on-year as we compare against a very strong performance of second quarter last year. Looking at the compositions, firstly I would say the investment banking [IB] activity continues to play a key role in our fee income business, generating VND1.4 trillion of revenue, which was up strongly by 36% year-over-year, mainly due to the bond and the underwriting business as I mentioned in the wealth bank performance.

On bancassurance, the new distribution agreements also yield some good momentum as we see a 11% up versus the second quarter last year and 18% up versus the first half of last year. This is quite an encouraging result and as TechcomLife was being licensed by the Ministry of Finance plus our increased take in the general insurance company, Techcombank has been in a very strong position to expand our insurance business in the coming years. On FX, our total income on FX also growth strongly at 65% versus last year mainly thanks to the retail business from some of the tailor solutions on travel, studying overseas and also relocations.

On LC, Cash and Settlement business, the decline year-on-year was mainly due to the regulatory change as I mentioned, impacting the LC UPAS business. Our core business on trade and cash did show a very good momentum over time. Similarly on Card, as we mentioned in the previous quarter, there was an accounting change on the revenue recognition side, which explained for the decline year-on-year. However, our total card spending transaction volume I would say still at the top bank in the market. So overall I would say this is a very strong quarter in term of fee income with the accelerations in a number of the core business like investment banking, bancassurance, and FX. We are also very strong versus peers on this front.

Slide 18 - Cost-Income Ratio [CIR] remained at 29-30% despite continuous investment effort

Looking now at the cost side, our total OPEX slightly down year-on-year and slightly up compared to the first quarter, driven by staff cost as we made the annual adjustment to our salary base. In Quarter 2, our marketing expense also ramped up in the second quarter, which allow us to achieve some of the breakthrough results in the branding activities, therefore, we are ranked at number #1 in term of brand equity index and number #3 in term of Net Promoter Score (NPS). We also deployed some investment into our physical network to achieve what we call fully paperless branches, which is the first one in the country doing so, also showing our further commitment toward sustainability. So overall, I would say the cost management of the Bank remained to be really strong - Cost Income Ratio at 30%, one of the strongest levels in the industry.

Slide 19 - Stable asset quality reflects best-in-class risk profile

Turning now into Asset Quality - the credit cost continued to decline to 0.6% and 0.4% net recoveries, showing the higher quality of our asset base. In term of NPL, though we see a slight increase of 1.2 to 1.3% for this quarter, but as Jens mentioned, it was mainly due to a couple of specific CIC cases on the corporate side. With our organic NPL staying at 1% mark, which is relatively stable compared to [the] previous quarter. The NPL on the mortgage book also stabilized at 2.2% and coverage ratio at 106%, which is also one of the strongest levels versus peers.

Slide 20 - Credit cost deep-dive

This slide provides some additional information on the credit cost. As you can see on the left-hand side, normal credit cost further declined compared to the second quarter [last year] thanks to some of the positive result from the recoveries. Our Bucket 2 went down compared to previous quarter, as the mortgage book stabilized and the NPL increased as we mentioned due to the CIC cases on the corporate side.

Slide 21 - Capital and liquidity positions remained robust

Regarding capital and liquidity, our Capital Adequacy Ratio (CAR) went down slightly to 15% but still at a very compatible level. In term of the funding positions, the majority of our funding mix still coming from customer deposits of 77% and therefore our overall bank's risk profile remains relatively strong compared to peers.

Slide 22 - Differentiated operating metrics relative to sector peers

This slide as usual provides a comparison of Techcombank versus the industry. As you can see, we are better than the industry average in almost all key metrics.

Slide 23 - #1 transaction banking & Brand Equity, key in driving CASA and main operating account

As you can see, our retail digital transaction volume continued to be up very strongly year-on-year at 28% and this supports us to defend our Number One position in terms of transaction volume going through NAPAS, which also is a reflection on the high level of engagement with our customer. Also, on the chart on the right-hand side, we are looking at the percentage of customers using Techcombank as the Main Transaction Bank within the first month after the onboard and we have seen a healthy trend up since 2023, currently at 31%, which also shows the increased level of engagement with our customers.

Slide 25 - Internal GDP growth forecast of 7.7% for FY25

Looking now at the forward-looking guidance - as you recall in the previous quarter, Alex presented the two scenarios: an optimistic and a pessimistic case. However, with the recent developments in the US trade deals unveiling a more favourable outcome for Vietnam, together with the strong set of second quarter data, we believe that the worst-case scenario is no longer likely. Therefore, we forecast the full year GDP to be around 7.7%. To support this growth, there are a few key drivers. Number one - we expect export to continue to be strong, driven by the resilient external demands from the key sectors where we are strong at. Secondly, we believe that FDI will still remain as a cornerstone with the support from the Government on the growth agenda of high-tech industries like AI and semiconductor, plus the infrastructure and logistic projects on airports, traffic routes and industrial parks. Additionally, I believe that the country also benefits from the competitive energy prices and labour costs in comparison to the neighbouring countries. And to complement that, the increased public spending plus the recovery of the real estate market also help boost domestic consumptions. With this optimistic outlook we believe that the country is positioned for a sustained strong growth period that is coming, and we are ready also excited to capture some opportunities that are coming.

Slide 26 - FY25 vs. FY24 guidance unchanged as 6M25 outcome was in line with expectation

Let's look at the forward guidance for financial. CASA is expected to further improve with the continuous efforts in Auto-earning 2.0 and our merchant offerings. Fee income growth also expected to accelerate further into the second half of the year with our core businesses like investment banking, bancassurance and FX. On the lending side, however, we anticipate that the level of competition continues to be strong, hence our increased income and increased margins will remain under pressure, with our NIM probably hovering slightly below 4% toward 3.7-3.8%. Other areas are still in line with the previous guidance, and therefore we are quite confident in our ability to deliver the full year guidance of VND 31.5 trillion.

Slide 28 - TCB share price performance in 1H25

Last but not least, let's take a look at the performance of our share price. On a year-to-date basis, our stock has gone up by almost 40% on a very high-volume trading session, outperforming the index and our peers. I would say this is the reflections of the bullish view of investor on a few fronts. Number one is the strong Quarter 1 result with the management commitment to deliver the full year guidance despite the volatility of the tariff. Secondly, it is probably the IPO of our securities company. Thirdly, [it is] the potential of our ecosystem plays. And last but not least, I would say Techcombank is positioned as the leading private bank in the area where the government [has] a very strong support for the private sector to be a key growth engine for the economy and therefore there are a lot of advantages for us in the coming periods. With that I would like to conclude our financial presentation here and hand over to the moderator for the Q&A session.

QUESTION AND ANSWER SESSION

Moderator: Thank you, Jens and Ethan. We'll now begin the Q&A session. Two weeks ago, we had a very successful Techcombank Investment Summit, where over 700 domestic and international participants attended in Hanoi. As a result, we received many questions between the conclusion of that event and yesterday, when our financial statements were released. In addition to the ones this morning and during management's presentation, as a result, we're going to group and merge similar questions as much as possible to make it easier for investors and analysts to follow along. The Investor Relations (IR) team will follow up after this session for any questions that we are not able to cover today due to time constraints.

To begin, the first question will be for Jens on tariffs. What is your view of the 20% tariff on Vietnamese exports and what are the implications for Techcombank and the Vietnam economy, given the developments between the April 1st announcement and the 90-day period that was recently up?

Jens Lottner: To a certain extent, the tariffs are still in flux, right? And yes, we have an announcement that all tariffs of import goods from the US would be brought down to zero and then exports to the US would be 20% taxed and there would be a 40% on transhipments. I think there's still probably further discussions going on. So, we should assume that this is probably rather the worst case. And so, it could be well likely that these numbers are actually still going down and maybe not on the transhipment but on the regular side. If that would be true, we still need to see what's happening until the 1st of August then that would actually leave Vietnam in a pretty good position because ultimately, it's about the relative positioning vis a vis and some of the other countries who produce similar products for consumption in the US, be it Thailand, Malaysia, Indonesia, some of our ASEAN neighbours; but then of course there are also others like Mexico, Bangladesh and whatever.

Overall, in terms of relative terms I think this is one of the lowest tariff regimes, which would mean that on a relative basis it strengthens the position of Vietnam, and would be especially important for areas like footwear, electronics, wood furniture, some of the key areas which make up around 70% of the total exports to the US. So, I think that's good. It's also good for FDIs because if you're really having tariffs on transhipment, what it would mean is that probably even more production facilities would need to be onshore in order to increase the local content. And that means actually more direct investments to deepen the value chain which is produced here in Vietnam, which should have a positive impact and on the overall situation.

Now the problem is still it's a little bit unclear what transhipment really means as it can have a relatively broad definition. It can really be defined as products with not enough local content, or it could really be an area where they are landed on, they are not even unloaded and then they are just basically rerouted from a Vietnamese harbour to somewhere else in the world. Depending on that definition of course, different amount of goods would be falling under 40% tariff regime. Right now, if you really take the real definition or the purest definition of transhipment, that actually is only a relatively small number. However, we should also be clear that overall, we are going into a world where on average probably tariffs for all the products going to the US are roughly 20%, a number that has not been seen since 1910. And ever since the number was down maybe 1 or 2%, now it's 18% up. So, there will be a real pressure on any products that will be consumed in the US. That means there will be some implications on the demand in the US as prices are going up. That again will have implications on the exporting countries to the US, of which Vietnam is one of the biggest. I think it's all playing out, but as Ethan has said, we would still assume it's a 7.7% GDP growth for the country, which is mostly due to the fact that we went out of the conservative or worst-case scenario into a much more optimistic scenario, which overall reflects our perspective.

Now what we are seeing is we will still be somewhat conservative. We will look from the risk management into those that have a very strong exposure to the US in one way or another. I think we will also look for a hedging solution for our customers because I don't believe that FX volatility will be coming down. I still think there is, as we've seen, quite some volatility in the markets and the FED policies regarding interest rates are still uncertain and there are variations there. The overall demand development across the world is a little bit unclear. That will all have implications on exchange rates and therefore hedging interest rates and FX are probably very important elements for our customers. That for us is a business opportunity. Overall, I think the outcome compared to three months ago is probably rather positive.

Moderator: Recently there have been some volatility in the USD rates. How does that affect your view on interest rates and liquidity in the system for the remaining months?

Ethan Nguyen: On FX we have seen the rise in the FX into this year even though the DXY has gone down. There are several reasons. Number 1 - the domestic demand for USD still remains strong from the importers for overseas remittance and also for foreign debt payments. But secondly, which I think more fundamentally, the interest rate differential between the two currencies, still remains not so supportive for VND, as the US rate continues to be at the 4-4.5% versus the VNIBOR [Vietnam interbank overnight rate] rate, which is around 3.5-5%. For some period of time, the gap is even negative, which has rarely happened historically as USD rate has already been in the 2% range and therefore it is natural and also understandable to see the capital flow towards USD. Thirdly, the fact that the Fed has been delaying on their rate cut decisions is not helpful for Vietnam and for emerging markets in general. But looking forward into the second half [of the year], I would say that I hope the pressure to be eased into year end. Number one - we expect that the Fed will need to cut rates once or twice this year, and also more into the next year as they are running a very high leverage on debt to GDP ratio. I think the high rates are not very sustainable for them and once that happens, we believe that the USD will be weakened, and the tension will be less. Secondly, with the more favourable outcome from the trade negotiations and if the FDI and export continue to be strong, it would help rebalance the USD on the supply side. Once the Fed cut rates, I believe that the interbank rates in the domestic market will also come down a little bit.

On the customer deposit rate and lending rate side, we anticipate that in the 6 to 12-month period it might slightly go up as the economy recovers further and also more demand for credits but not by a lot, maybe around 20-30 basis point, probably below the pre-Covid level.

Moderator: How are housing prices evolving in Hanoi and Ho Chi Minh City? And what are the implication for mortgage lending and financial stability?

Jens Lottner: I think it's fair to say housing prices are still on the rise, and they're on the rise in both markets. They're on the rise in Ho Chi Minh City, probably even more so than in Hanoi, which have seen a major increase over the last 12 months. In Ho Chi Minh City, it's mostly because of supply. We only have an estimated only 2,000 new units in the first half, which is much lower than what it used to be. There will probably be more units released in the second half [of the year], but again it's still a far away from what the city can really absorb. In Hanoi, the fact that the prices are actually still going up despite the already-high prices for the last 12 months just also shows there is still a lot of demand for housing. Now that most of that actually happens right now in the luxury segment, as we have said two weeks ago at the Techcombank Investment Summit, there is of course major demand for affordable housing for much more units that are not as expensive as what we're currently seeing. For the next 10 years, I think that is still probably one of the most important markets and one of the most important asset classes Vietnamese are investing in. From a wealth management perspective, that clearly is an area.

However, we also see that prices are already a little bit on the high side. If you look at the rental yields and you compare this to other Asian markets, we're probably right now much closer to cities like Singapore, Hong Kong than what you would have in in Bangkok, for example. So that means that the prices already are very high, not just on a pure comparison to the average income but just also as an investment class. Everything now comes from the appreciation that of course is still driven by the fact that there are so limited asset classes in Vietnam where people can invest in. And I think because people are asking for financial stability, we will see more asset classes coming up. As more and more products become available, hopefully that will also then take some of the funds and basically move them into another asset classes, which will reduce a little bit the pressure. Anyway, we still believe it's a very important asset class for wealth management. So we are, as one of the major players, actually still very much involved in it and we will create more solutions. But we also need to find much more integrated solutions for other products, not just mortgages but even when it comes to asset management, and when it comes to probably life insurance, even if you think about how you might actually liquidate that house over time. From our side, it's one of the most relevant asset classes and we will continue to invest in in that area and be relevant in that area.

Moderator: Could you provide us an update on the bond market in the first half and how it impacted TCBS's performance?

Ethan Nguyen: In the second quarter, we observed a very strong bond issuance volume at, I would say, close to VND 200 trillion in the second quarter, making the first half of 2025 one of the best over the past two-three years. On year-on-year basis, this volume was up 50% compared to prior year, showing that the market has been in the recovery mode.

In term of sector, the Banking sector continued to dominate 70% of the total volume, with the remaining 30% TCBS plays a very strong role in that market as we captured

45% of the total market share of the non-bank volume. That definitely was very positively contributed to the bottom-line result with total revenue from the distributions and underwriting business reaching VND 1.5 trillion, almost 20% up year-on-year. We believe that the bond market will continue to be warmer in the coming quarters with more demand for credit.

Moderator: Today, Vingroup, Vinhomes and Masan make up a large part of the existing corporate ecosystem of issuers for TCBS. In the next three to five years, does TCBS have plans to expand this set of customers and bring on other large customers?

Jens Lottner: Thanks for the question. Probably it's not for a lack of our trying or we don't have more issuers. But the logic will be that there must be more issuers going forward and we had discussed that at the Summit two weeks ago, where we just put a couple of numbers out and so the pure capital formation for the next five years for Vietnam needs to be USD 1.1 trillion and just the upgrading of the economic model, which means investments into new sectors, high growth sectors infrastructure, investments to be more integrated into the global supply chain and ESG investments for sustainability. This amount alone is around USD 400 billion over the next five years. The banks' balance sheets cannot hold that so it needs to be financed through capital markets, through other areas and of course you could do syndicated loans and other areas.

But I think the capital markets will play a very important role, that means companies who will invest, who want to invest in that area need to find different ways to access these pools of capital. The areas we're seeing is infrastructure, energy, basically electric vehicles, retail area as GDP growth and will lead to much more domestic consumption. There's banking digital finance, and the industrial park… all areas of the economy will see actually these kind of investment and therefore we are out there, we're discussing with our large customers about their plans, what are they intending to do and then also seeing how we can help them in ways not just bank funding but, as I said, also other products on the capital market side.

To make it short, it's clear we need more capital market products, we need more bond issuances and it's really a question of how to make sure that we help our clients to identify the right instruments and then help them access these capital markets over time.

Moderator: Could you explain what you meant at the Techcombank Investment Summit when you said that within the TCB ecosystem, Masterise will develop critical physical assets and national infrastructure. What kind of physical assets or what kind of infrastructure, as these terms are rather broad?

Jens Lottner: As we said in that Summit, we are a financial services group. So, we are providing financing, and at the same time we're really taking it very seriously that we want to support Vietnam as a nation to really move forward and get to this new growth trajectory. Therefore, we might actually go within that ecosystem work with other partners to provide digital infrastructures especially when it comes to financial assets, to payments, to trading capital markets etc. But also, in some cases when the physical assets are actually not there, or somebody is not developing it in the right amount we're actually helping to work with companies to see if they can create that capability and start developing that infrastructure.

So, what could that infrastructure be? It could be airports, right? And so, if there is a demand or necessity for building more airports to really get deeper integrated into the supply chain and that means not just an airport but really multimodal hubs where you have connectivity between different logistic companies, warehousing etc. That is an area where we don't think so much is existing at this point in time and we think we need more of that especially in the North, where we will have all that proximity to China. And if FDIs are coming over to basically set up more production capacity here - do we have the infrastructure, do we have the industrial parks and all of those to build that capacity with higher value added in the economy?

If nobody is actually taking it up, there could be a company like Masterise really working on this, building an infrastructure, supporting that infrastructure. At the same point in time, we talked about affordable housing. A lot of the housing we're having right now in this part of the world is actually at the high end because land bank is very restricted. The moment you go a little bit outside of the core areas and travel time becomes very high, it's very hard for people to just commute. So as infrastructure is built up, more highways, more railways, you will see there will be new developments outside or in a further distance to the city centre, where suddenly affordable housing developments of larger and smart cities and suburban cities can actually come up.

Now if nobody is focusing on that then I think Masterise in its capability to develop these residential areas they could take over some of the responsibility and basically develop economically viable projects to basically build that infrastructure. I think it will be mostly around really logistics. It will be very much around real estate, but it will need to make economic sense. If there are other companies better positioned and situated, we will also work with these companies. But if let's say they are not taking it up and Masterise is in a good position then we will actually work there. In any case, it always needs to make economic sense for us and so we will always look in terms of our risk appetite, return and risk weighted assets, concentration risk etc. to basically seeing whether we are doing it or are we just an arranger of capital - we will decide from case to case how we want to engage with these partners.

Moderator: Masterise is known for high-end and luxury properties, but you mentioned that it will expand and provide affordable housing. Will that dilute the brand value of Masterise? Will you still get the same type of ROA and attractive returns that Techcombank has traditionally seen in its lending business?

Jens Lottner: Of course, that's probably something you would need to ask Masterise; but to be very clear, there are enough examples in the world where you see that different real estate developers are basically having different brands. Just because you have a top- end brand you might actually also have brands which are addressing a different customer segment. The mass affluent you have this in the Philippines with

Ayala Land and you have Pruksa in Thailand. There are enough examples surrounding us where you have different branded concepts for different market segments. Will you probably need to launch a different brand? I think very much so. But I think the question will be: is there credibility around the group of Masterise that they are able to launch branded properties for a certain sub- segment? I think that is probably what we're looking first and foremost.

When it comes to the financing, we will make our assessment and, in my experience, when we look into the numbers and yes maybe interest rates might actually be the same on the credit yields. But of course, if it's in a somewhat lower segment, NPLs might be a little bit higher. Usually, it's okay because and it's getting mitigated against the collaterals. But it would still mean that probably your operating cost, because of smaller units and all of that, is higher. However usually the customer lifetime value is actually higher, and the reason is that, in a lot of the affluent segments, people are paying back relatively early whereas in the lower, more affordable housing segments, the total duration of the loan is actually longer. That means all your acquisition costs and all of that are getting amortized over a longer period of time, which actually bring up the return on risk weighted assets.

There are pros and cons but when we looked at it it's relatively clear that this is still a very attractive segment, which will meet our risk weighted assets (RWA) hurdles and our Return on Asset hurdles. However, we will see how quickly that will develop and because, as I said, the land banks in the very close vicinity of the big cities are very well exhausted. So, you need to go outside. If you need to go outside, you need to have the connectivity first and then you build the affordable housing areas, the sub-urban areas outside. First, we would need to see how that infrastructure develops then you will see that this one is coming up. And we look at it as part of the next 5 years - 10 years strategy. Again, I think it will be step by step but it's very clear from a secular trend perspective, it is a very attractive opportunity and it's something we want to tap in, and I think we can actually tap in.

Moderator: Switching to digital payments - what is the Bank's ambition and plan with regard to being a partial owner of the establishment of mobile phone digital payment [company]?

Jens Lottner: I think probably that gets a little bit closer to the discussion we had on digital infrastructure. We believe if we really want to be a digital economy and digital payments, digital real-time payments are very important. In order to really be very well connected and have this, you need to probably have a technology stack, which is a little bit different than what is currently provided in this country. It would need from account-to-account payment services, from cross-border payments, from also anti-money laundering when it comes to security etc. And it probably would need a somewhat different technology stack and different value-added services on top of it as well as data capabilities, AI capabilities.

When we discussed with Mobifone, we basically thought that there is an opportunity in the market and so we set up that company, there we are only a 11% shareholder and one group who said they could actually participate as a conduit for the technology piece for the for the digital infrastructure. They are actually holding a much larger piece and the idea is really to create something together where we are giving the inputs from a user perspective and then the Mobifone 1MG as technology companies will basically come in providing that physical infrastructure to create the digital infrastructure to really create this account-to-account pay-to-bank payment, real-time payment infrastructure, also create a national billing hub for all billing services etc. This would just lower the total cost of doing business in the country, providing additional service to all the financial intermediaries but also create probably more security as we have a much better understanding of the payment flows in that country - something I think the government is also very interested in.

Moderator: TCBS's 5-year plan is ending this year. The securities firm had said that it planned to reach 5 million customers, each using five products, VND 5 trillion in profit and 5 billion dollars in capitalization. Could you update on which of these KPIs TCBS has achieved and which goals turned out to be more difficult than expected? Could you also comment on the core values that TCBS has created in the last 5 years?

Ethan Nguyen: Firstly, in term of the product per active customer we have achieved five product per active customer, given that the number of products that we have been rolling out in the recent years. Secondly, with the target of VND 5 trillion profit, I believe that is achievable within this year as we currently at VND 3 trillion for the first half [of the year], which account for 53% of our full-year guidance. So, we are confident of these targets.

In term of the number of customers of the target of 5 million, we are not there yet. But I believe that with the upcoming plans to develop the new customer segments and the products, we will achieve this goal soon. Lastly on the USD 5 billion market cap, this is definitely still a goal that we are aiming at.

On the second part of the question on the core values of TCBS, I would say that unlike a traditional local security company, I think TCBS possesses some unique qualities, which is the combination of very strong culture and governance on the Bank side, together with the agile and modern way of working like tech industry, which gives TCBS a very unique competitive advantage. Together with our focus on wealth solutions and also tech, TCBS has been the pioneer to roll out some of the differentiated and innovative wealth solutions for our customers over the past years.

Moderator: Could you share the development strategy for TCBS in the next five years?

Jens Lottner: Sure. We can share what are the big changes right now - the first one is we need to find a different way to mobilize funds through the capital markets. We probably need to build up our investment banking (IB) advisory and capacity over and above what we currently have. We're very good in the debt markets but I think there's will also be a massive need for equity advisory and funds need to be raised on the equity side in order to facilitate some of the debt financing. Then also some of that is then a question of how exactly do you structure it? Is it just plain equity, plain debt, or are there more sophisticated instruments? And so IB advisory clearly is an area we need to expand.

There's wealth - I think a lot of the wealth offerings we have already and TCBS is probably one of the best product providers in this area. We just need much more of that, as new asset classes are created from digital but also as regulation may allow for some other asset classes. TCBS will just develop these products and offer them to our customers, also provide the trading platform to avail these products. All of that they will do on what they have done in the past just basically using technology data, creating very scalable platforms and services, which will basically be allowing them to hyper-personalize products as well as advice. Because everything will be on the back of agents and agentic AI and that will basically scale up what we already have in the past. From that perspective, I think some of that is more of what we had at least the winning formula, but then really taking it to other product areas, to other investor types, as and when this market really opens up, also the regulator allows probably more innovative products going forward.

Moderator: Can you explain the drop in Capital Adequacy Ratio from 15.3% to 15.0% in 2Q25? Where do you see TCB's CAR by the end of the year?

Ethan Nguyen: As you recall in the presentation, our credit book expanded by 30% year-over-year; and our loans book increased by 12% on a year-to-date basis, with some accelerations in the second quarter. With that, our risk weighted asset grew while the capital has not been catching up yet; it needs some more time to build up and therefore our CAR ratio going down slightly by 30 basis point. However, even at 15% CAR it is still a very a strong and comfortable level. Forward-looking wise, even if we pay the dividends of VND1,000 per share, I would say that our CAR ratio still comfortably above 14%, which is in the 14-15% forward guidance that we have provided.

Moderator: When does the Bank expect to pay cash dividends?

Jens Lottner: We announced at the Annual General Meeting of Shareholders (AGM) that we would pay cash dividend within this year and so and it needs to be done within 6 months after the AGM approval. The latest would be in around October. As usual, we are very much considerate of all the different surrounding restrictions. There is also an ESOP program that needs to be implemented and we also need to look at any unforeseeable events coming. So, the latest is in October but if we see very clearly that we want to do it earlier, we will probably do it earlier. As I said, October is the latest.

Moderator: Could you explain the slight uptick in the Bank's NPL ratio in the second quarter? And were there any particular segments that contributed to this movement?

Ethan Nguyen: In terms of NPL going up this quarter, it was mainly driven by some of the specific cases on the corporate side due to CIC NPL as they have NPL with other banks. So, these clients have been facing with some adverse impact from the market volatility, with the rising material price and FX fluctuations. We have been working with them to manage exposure to a more manageable level. Overall, I don't think this is a systematic issue, just a couple of very specific cases. Therefore, our organic NPL is still staying at a relatively stable level of 1%. On the credit cost side, we are still going down on quarter-on-quarter basis to 0.6% and 0.4% net recovery. Overall, I would say that the overall bank asset quality is still at a very satisfactory level.

Moderator: How would investing in the life insurance impact the Bank's consolidated financial position? And could you update us on the progress of the life insurance business?

Jens Lottner: Sure. I think in the short term you would not see a huge impact on the consolidated position as the expenses in the beginning are relatively low as we start building up the business. We look into the financials in detail, and I think we can actually manage that pretty well. It's completely within the range of the financial capacity of the Bank.

We have got a license approval from the Ministry of Finance and we will probably inform in very due time about it. Now we are working on basically getting all the other approvals in place especially when it comes to the product approvals. And we communicated that we actually want to be in the market around Quarter 4, which is actually still true. And so, we are working right now on setting up on all the operations. We believe, as we had said beforehand, that this is actually a really critical element for our overall strategy.

We believe that health is one of the most important concerns of people, and that they live the right life and hopefully a very long life and that they are protecting themselves and their closest and dearest to their heart against any mis-happenings. Then from that perspective I think creating something really unique which integrates and uses all our capabilities that we have built when it comes to product innovation, technology, data and really integrate in an offering that is probably something that could really make a difference in the market. So, we are very much on track. Quarter 4 should be the first where we will test systems and all of that, but that's and probably when we will really start getting real market results and market feedback, then we will scale from there.

Moderator: Techcombank has been announced that it will be included in the Vietnam Sustainability Index. Could you comment on the importance of this?

Jens Lottner: I think that is actually something we have worked for quite some time by now in order to be included. We made this and we think sustainability is really important. We really want to participate in that commitment, which the government also has made it to become net zero by 2050. All our efforts also help our customers to create a green financing capabilities being able to advise them. I think that's all very important for us. Inclusion to the Vietnam Sustainability Index (VNSI) is just reflection of external recognition of that commitment.

We're now included together with 19 others to form this in VNSI 20. This, as I said, reflects a lot of the work we've done and the commitments we've made, when it comes to green financing, our contribution when it comes to creating green bond frameworks helping the capital markets to create the right legal frames to be open to these financing… For us it's a very important recognition and also an incentive to just continue to go down that path. But, as I said, it's not just that we think we need to tick a box. It is really deep in our commitment that if we want to create and get Vietnam on a completely different growth trajectory, it needs to be done in a sustainable manner.

Moderator: What benefit does Techcombank receive from accepting to develop the national crypto trading platform? Other than collecting fee income, are there plans to mobilize or leverage this source of funding? And then lastly, how will this platform entice traders to move from the foreign ones into the domestic one?

Jens Lottner: That's a very good question. First let's talk about this crypto trading platform. I mean trading is just one piece of the whole chain, right? It first comes from the tokenization of assets, then you need to trade them. Then you need to provide custodian services. Then you get off-ramps and on-ramps in terms of currencies. There's a lot of different areas where we intend to participate, assuming our financial models give the right answers, and we can really make money in these areas. Therefore, the pure exchange is one, but we believe especially when it comes to the mobilization of funding and tokenization of real-world assets is probably one of the key areas. As I said, if we need to find financing for all these infrastructure projects, digital assets might actually be a good answer, and we know that around USD 120 billion are probably in cryptocurrencies overseas. And so being able to bring that home and finding a home here is probably important.

Now, why would people come and put the money here and not overseas? To be fair, there is still right now a lot of work done in order to put a little bit more light on some of the grey areas. I think we've seen people who have invested where exchanges basically went burst and people lost a lot of their money and therefore there is the questions: do you trust and who are you trusting in these exchanges? Are you trusting someone who's closely regulated and where you know the parties who are organizing it, what's the kind of backing behind all of this? In general, I believe that banks or trusted financial intermediaries will play a larger role in it, especially right now as we see more regulation coming up for stable coins etc.

So, I think we are intending to compete and with such big names assuming we get a license and because there's still license granting process. But we will really try to provide exactly the same services and the same security protocols like what you would get overseas but with the confirmation that this is basically done with entities in a regulatory regime you can probably understand much better than where currencies or some of these assets are traded as of today. From our perspective, it is a very important asset class. We know that the Vietnamese like this asset class. I think we want to provide it as an important element in terms of wealth formation and wealth accumulation. We just believe it's a good opportunity we want to participate in. But more than just the platform; the trading platform is just one small piece of the overall puzzle.

Moderator: With the strong PBT in the first half [of the year], the Bank only needs to have two quarters of relatively flat VND 8 trillion per quarter to achieve the full-year guidance of VND 31.5 trillion. What's holding you back from having the traditional back half increase and how do you see the balance of upside opportunities versus downside risk for the rest of the year?

Jens Lottner: You know that our approaches we are pretty fact-based, and we rather prefer to basically make predictions in terms of what we can see and control than being maybe too optimistic and then usually numbers are coming in only a little bit higher. But the real point here is, and I think we are seeing at this point in time, some tendency in the market on the NIM side, which are very different than what we had expected. In the beginning of the year, we said that NIM should be above 4% but now we're basically saying probably it may be slightly below the 4% mark.

The reason is again that there's so much competition out there and also direction setting by the Government actions by some market participants, which give us a little bit of a pause to say how are we able to get acceptable growth at the right margins. We probably could really drive up the interest income; but we would probably do so by booking a lot of assets at much lower NIM, which would mean that our Return on Assets and some of our efficiency ratios would probably be coming down and we're not quite sure if that is the best use of capital and that's really what shareholders want.

So, we're observing it very closely and ultimately what we need to weigh off is additional growth on the balance sheet side with the price that we can earn for these assets. Therefore, I think the NII side is still somewhat under pressure. We need to see where we are on the fee income with drivers such as the bond market, the stock market, things we can do on the insurance side, etc. I think VND 8 trillion is not a small number and as we said it's actually the highest quarter PBT we ever had at 7.9 trillion. You can rest assured we're trying our very best but right now completely going to the BOD [Board of Directors] saying this will all be going up and increase, I think we're seeing some market dynamics, which as I havesaid, give us a little bit of a pause.

Moderator: Thank you. This concludes the Second Quarter 2025 Financial Results Presentation. The presentation and replay link will be posted on the IR section of the website soon. Please contact the IR team for any additional questions. We look forward to speaking to you again in three months.