

TECHCOMBANK FY24 ANALYST PRESENTATION TRANSCRIPT

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Speakers:

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Slide number refers to the FY24 presentation document. Materials and event video are available [here](#).

MANAGEMENT PRESENTATION SESSION

Moderator: Good afternoon and welcome to the Techcombank Fourth Quarter and Full Year 2024 Financial Results Presentation. As this event is being broadcast, we would like to remind those of you in the live audience to please put your mobile devices on silent. Today, Techcombank's Chief Executive Officer (CEO) Jens Lottner will begin with opening remarks and Alex Macaire – Chief Finance Officer (CFO) will share more details of the financial results and business updates, followed by a Questions and Answers session. Jens and Alex 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 around 90 minutes; with that I'll turn it over to Jens to begin the presentation.

Jens Lottner: Good afternoon, everyone and thanks for joining. Wishing everyone a belated Happy New Year. Let me summarize the key performance of the Bank in Quarter 4, but probably more holistically in 2024.

Slide 4 - Another quarter of strong results

So, 2024 was a pretty strong year for us. Overall, we saw a very good expansion on the credit book, Total Operating Income (TOI), Profit before tax (PBT), on all the operating metrics. There were a little bit lower results coming in Quarter 4 because we took a big expense of VND 1.8 trillion as part of the separation from Manulife. If we took this out, TOI would have grown around 22% year-on-year. In terms of profit, we are at VND 27.5 trillion, which is above the guidance we gave to the AGM, again that despite the fact that we have taken this one-off expense in full in the fourth quarter. Year-on-year, it's an increase of more than 20%; if we did not take that expense, the growth would have been around 28%. Return on assets (ROA) therefore still stands pretty strong.

Regarding current account savings account (CASA), we have continued to improve our CASA position, again, most of which is really thanks to the efforts we've done with some of the product innovation, especially the Auto-earning product, which has seen tremendously good results in the fourth quarter. Again, we start bringing the numbers

up: the CASA ratio, which helps us on the funding side, and still maintaining the net interest margin (NIM).

Regarding non-performing loans (NPLs), we see a further improvement on our credit book at 1.17%, which is lower than where we were one year back. The quality of the credit portfolio, despite this growth, has continued to strengthen, which was one of the key areas we were looking at. Then at the same time, our Capital Adequacy Ratio (CAR) still stands very strong, one of the strongest in the industry, which is basically thanks to the way how we diversify our credit portfolio but also basically based on the very strong earnings growth, where the earnings retained and started to accumulate in the capital buffer. So, from that perspective, as I said, it's a very strong quarter. Again, there have been a lot of changes and lot of headwinds in between in some parts. But overall, we are very satisfied with the performance in the last quarter and overall, in 2024. Alex will now give you a little bit more details when it comes to the numbers, so therefore I hand it over to Alex.

Alex Macaire: Thank you, Jens and good afternoon, everyone.

Slide 6 - Extended GDP growth momentum with controlled inflation providing support for economic activities

We'll start as usual with a quick view of the macroeconomic environment. As you can see, most indicators show an improving trend: GDP growth continued to accelerate, reaching 7.6% in the fourth quarter, and 7.1% for the full year. Vietnam is one of the most open economies in the world as you know, and it continues to benefit from the very robust demand particularly in the US and also growth of exports and FDIs. Domestic demand remained a bit subdued. The 5.8% growth that you see here, 5.9% growth in the fourth quarter, is largely still driven by the Tourism sector. However, in 2025 we expect that domestic demand will rebound and will become a more sustainable driver of economic growth.

On the FX side, the election of Donald Trump combined with strong employment reports in the UK sent the DXY index up and as a result of that the Dong lost around 2% against the Dollar in the quarter.

For 2025 we expect a moderate depreciation of around 2 to 5% with a limited impact to interest rates because of the liquidity support to be provided by public investments.

Slide 7 - Broadly resilient market in 2024 despite DXY strengthening, credit growth increased to multi-year high

Looking now at the banking sector, we can see that credit growth accelerated quite a lot, reaching 15.1% for the full year, which is the highest level since 2017. And as economic agents invest more, their available cash tends to decrease, which is the reason why you can see some downward pressure on the CASA ratio of most banks in the market, except Techcombank. As a result, banks have had to raise more term deposits, resulting in more competition on term deposit rates and you can see a continued upward trajectory for the deposit rates in the market.

Interbank rates, on the other hand, have tended to stabilize in the 3% to 5% range and we believe that the Central Bank will aim to maintain rates in this bracket, allowing for relatively stable funding environment for banks in 2025. All in all we expect that interest rates should have only moderate increase in 2025, maybe 10 to 30 basis points.

Slide 9 - Financial highlights

Let's look now at our financial highlights. As Jens said, it's been a very strong year for Techcombank. And it's also been a solid quarter in the sense that the Bank performed in line with our expectations and showed also improvement across a number of metrics, including CASA, including risk diversification, including risk metrics and retail market share. Net interest income (NII) growth slowed down a bit this quarter, driven by strong competition in the market and also by the continued impact of our flexible pricing policy. However, we still achieved an impressive 28.2% growth in our NII in the full year. Net fee income (NFI) also faced some temporary headwinds in the fourth quarter. The key drivers were first the termination of our banca distribution agreement with Manulife and then the need for the Letter of Credit (L/C) market to adjust to some changes in the regulatory environment. As these issues are resolved, we believe that this sets a strong foundation for our NFI to go back to double digit growth from the first quarter of this year.

Finally, our PBT this quarter, as Jens highlighted, also include the impact of the 1.8 trillion Dong compensation paid to Manulife, as well as seasonal impact on cost including from marketing, as we aimed to support the launch of our new Auto-earning hero proposition. In spite of this, we finished the year with a PBT of VND 27.5 trillion, a PBT growth of 20%, Cost Income Ratio (CIR) of 32.7% and ROA of 2.4%. So, all this I think particularly this combination of metrics is truly industry leading. Our balance sheet remained as well among the strongest in the industry. We had improvement this quarter in our NPL, in our Capital Adequacy Ratio (CAR) and in our CASA ratio. So, all these positions as well for the investments that we ambition to make in 2025 to affirm our leadership in AI, in sustainability, and in ecosystem place, as we will see later.

Slide 10 - PBT exceeded AGM guidance despite one-off effects

This is an overview of our P&L. As I already noted, the decreases in TOI and PBT this quarter were largely driven by the VND 1.8 trillion payment to Manulife, which was recorded in other income. If I exclude this one-off, then the TOI and PBT in Q4 were still up on the previous year by 3% and 13% respectively. Also worth noting is the very low level of credit risk provision, only VND 118 billion this quarter. So, we benefited from lower Special Mention Loans, lower NPL, but also provision reversals for the debt collected in the quarter. So overall, despite the one-off impact from the termination of our banca partnership with Manulife, our total PBT reached VND 27.5 trillion, which is significantly above the VND 27.1 trillion target we communicated to the General Meeting of shareholders.

Slide 11 - Stabilization of CoF whilst asset yields still under pressure

At a consolidated level, we grew our Interest Earning Assets (IEA) by 22%, our customer funding grew even faster by 28% year-on-year. We reclaimed the number one position for NAPAS payments in the entire banking system in Vietnam and we also benefited from the success of our new hero proposition Auto-earning 2.0.

On rates, asset yields continue to decrease this quarter as a consequence of the diversification of our credit books and also the continued impact of our flexible pricing policy. However, as you know, we manage our books and allocate our capital on the basis of the return on risk weighted assets, and therefore some degree of reduction in asset yields is acceptable if it is accompanied by a parallel reduction in risk weighted assets. This was the case in Q4 as we allocated more and more of our capital toward the retail business. So as the consequence of the pressure on asset yields, our NIM reduced a bit this quarter to 3.9%. However, if you look holistically through 2024 then it still stood at 4.2%, which is one of the highest levels in the market.

Slide 12 - Strong continued momentum in Retail loans

Similarly in the previous quarter, I'm quite pleased with the progress we have made on asset diversification and sector diversification. As you can see, we accelerated the expansion of our retail books with an impressive 8% quarter-on-quarter increase. Meanwhile, corporate exposure remained broadly flat. Our corporate bond portfolio increased also, as you can see, from VND 33 trillion to VND 51 trillion as we needed to replenish our stock of bonds to meet the needs of our customers in 2025. The proportion of medium, long-term assets in our credit books has reduced slightly in 2025 so confirming our present management of the funding position.

Slide 13 - Further progress in credit diversification

The share of retail exposure in our credit books has reduced to 57% from 61% at the beginning of the year. And then this portfolio, as the proportion of our total credit books, has gone down to now 33%, compared to 37% one year ago. So, it might look relatively small in absolute terms, but the reality is that to get to this level and quantum of reduction, you need to start growing other parts of your book very meaningfully. So, it's I think a very encouraging achievement.

Within the retail book, the share of margin loans, home equity loans and loans to micro/SME customers has increased very fast. That's another characteristic of our retail book growth this year and this portfolio now represents around 16% of our total retail loans in Q4. Overall, I believe that these results show the strength of Techcombank's retail franchise and also our determination to continue to pursue the diversification of our credit books.

Slide 14 - Real estate value-chain: 2024 mortgage disbursement reached record-high

Looking now at the real estate value chain in more details. Mortgage disbursements in Q4 reach VND 35 trillion, which is the second highest quarter in three years. It is therefore clear that the real estate market is on an improving trend, even though the recovery remains uneven. So, as we mentioned in the previous presentation, the North is performing very well and continues to drive the market, while the activity remains still a bit subdued in the South, at least for the higher-end landed properties - the segments on which we are maintaining our flexible pricing policy. But seen as the whole, we expect the real estate market to continue to expand in the coming years.

We estimate that the conditions are now are very favorable to the real estate market with a much more transparent legal framework and also very low level of interest rates, which is broadly at the same level as in the boom years of 2015 to 2019. So, with this improved environment and an easier access to financing, we expect the cash flows of developers to improve, allowing them also to cope with some of the redemptions which are due to come in 2025.

Slide 15 - Customer funding continued its strong momentum

Our CASA balances grew by 27% in 2024, including a remarkable 15% increase in the fourth quarter of the year. We can see that the average CASA per customer has also seen a very impressive increase by 35% during the year, reaching VND 28.5 million on average at the end of the fourth quarter. We expect this momentum to continue after the recent launch of Auto-earning 2.0, which incorporates many compelling features including:

- no minimum or maximum balance constraint for customers
- and also unified account structure, which allows customers to get interest rates of up to 3% on their side deposits.

This is a truly groundbreaking product, which we believe sets a new bar, a new benchmark in the banking sector in terms of performance and convenience for customers. So, it's one of the key drivers behind the industry leading CASA ratio of 41% that Jens highlighted at the beginning of his presentation.

Slide 16 - Resilient NFI amidst challenges in the operating environment

Our total NFI grew 4.4% in 2024 to VND 10.6 trillion. It is a relatively modest level of growth for Techcombank, and we will look at the details on now. So, investment banking activities first posted a record growth of 88% year-on-year. Our securities subsidiary TCBS continued to gain market share, reaching 8% in the equity brokerage market in Q4 and 50% for all bonds originated in Vietnam in the corporate segment. On the other hand, we experienced temporary headwinds in a number of product lines. On banca, as I mentioned, we had to adjust to the termination of our distribution agreement with Manulife, which means that for most of the fourth quarter we were not able to record fees. However, the profitability of the banca business is now back to normal and has the potential to improve further in the future as we look for a new long-term strategic partner.

On LC, Cash and Settlement, the lower fee collection was mostly driven by what I mentioned earlier, which is a change in the regulatory environment combined with relatively adverse interest rate conditions, which affected a very specific category of products: essentially credit link Letter of Credit, called UPAS LC. So, we expect these headwinds to make the market adjust to the new regulatory environment. However, it might take a few quarters and during this period we will see pressure on this part of our fee income.

On cards, the decrease was mainly due to us adjusting the features of a number of our offerings to make them more competitive in the market. So, this essentially reduced the profitability temporarily of our card business, but we believe that it will also set a foundation for this business to grow faster in the future.

Finally, FX activities were also a bit slow in 2024 and including particularly in the first half of the year. However, you can see that the second half, and particularly the fourth quarter, showed already a much better momentum. So, we hope that this trend will reverse in 2025, and we hope that it will become a more meaningful driver of fee income in 2025. Overall, I would say apart from the performance of our investment banking activities, it was a bit of a consolidation year for Techcombank across a number of product lines. But we believe that we have set the foundation for a much more robust growth and a much brighter outlook in 2025.

Slide 17 - Cost-Income Ratio ended the year at mid-thirty for FY24, in line with guidance

Our operating expenses increased by 16% in 2024, driven by selective but resolute investment in our areas of strategic priority. As in the previous years, we saw a significant acceleration during the fourth quarter driven by the usual seasonality, and a step-up in our marketing activities, centred around the launch of our loyalty and Auto-earning position, also the sponsorship of a number of highly successful events like the “Anh Trai” [Vuot Ngan Chong Gai] concerts.

During Q4, Techcombank reached the number one brand equity index position in Vietnam for the first time, overcoming the biggest state-owned bank in Vietnam. We are also one of the only two banks in Vietnam in the category of Developed Brands, as assessed by Nissan IQ.

Those are massive achievements, essentially strengthening the top of the funnel, meaning that customers will be drawn to Techcombank a lot more in the future and there are very important proof points for our strategy. As I mentioned in a in a previous call, you should therefore expect that we will not deviate from our strategy. We will continue to invest, our cost will continue to increase, and we will continue to double down in the investments required to affirm our leadership in technology and in brand strengths. And whilst doing this we will ensure that our Cost Income Ratio (CIR) remains in our target range of 30 to 35%, which was exactly the case in 2024 because we achieved 32.7%.

Slide 18 - Asset quality further improved with NPL down to 1.17%

Regarding asset quality, we started to see a much more significant improvement this quarter. Our credit cost reduced to a very low level of VND 0.1 trillion as I mentioned in Q4, which is 0.6% on net of recoveries on the last 12 months basis. Our Special Mention loans, or Bucket 2, decreased sharply by 14% quarter-on-quarter and our non-performing loans ratio reduced to 1.17%.

Finally, and contrary to a number of banks in the system, our coverage ratio improved further and remain significantly above 100% to 114% precisely. So, this combination of improvements constitutes a very significant change compared to the previous quarter and suggest that we might be on an inflation point.

Slide 19 - Credit cost deep-dive

The drop in credit cost in Q4 was not just driven by provision reversal, but also by a significant reduction in the trend for normal credit cost. In addition, it's not just the ratio of Special Mention loans and non-performing loans that has reduced, but also the absolute amount of non-performing loans. This is again a significant and notable improvement compared to the previous quarters.

Slide 20 - 4Q24 – Asset book health

Regarding our asset health, the key points to highlight are (1) the decrease in asset yields; the continued reduction in asset yields due to heightened competition in the market as we mentioned earlier, as well as the impact of our credit diversification, and (2) the management of our interest receivables, which have gone down to 0.9% as a proportion of our interest earning assets through concerted actions with our customers to collect interests.

Slide 21 - Capital and liquidity positions remained robust

Turning to Capital and Liquidity, despite the rapid growth of our credit books, we increased them again by 22% in 2024. Our Capital Adequacy Ratio (CAR) continued to improve and strengthen, reaching 15.3%. This shows the strong organic profit generation of Techcombank but also the positive impact of the asset diversification. On the one hand it may have a negative influence on our Net Interest Margin (NIM). But on the other hand, it also allows us to reduce our risk rates and therefore improve our Capital Adequacy Ratio (CAR) in anticipation of further value distribution or further investments.

On liquidity, funding from customers further increased to 78% at the end of Q4 though overall I think it's fair to say that the Bank is following a very strong trajectory across all risk metrics whether it is diversification, delinquency, capital or funding.

Slide 22 - Differentiated operating metrics relative to sector peers

Finally, a glimpse into our performance, how it compares versus peers. As you can see, we continue to outperform the market across all metrics.

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

To answer “what are the drivers behind our industry leading CASA performance”, the short answer is that it requires a lot of efforts in many different areas. For a purely private bank like Techcombank, competing with state-owned institutions, then the bar is extremely high. The first thing we had to do is to reclaim our number one position in NAPAS transactions. We had to increase transaction volumes by 50% and transaction value by 20%, and we had to reach a level of market share of around 15% across all transactions in Vietnam. So, for a bank of our size which represents only 4 to 5% of the overall market in terms of assets, I think it's a really truly tremendous achievement.

Secondly, we invested massively on improving our brand positioning both top and bottom of the funnel. We were therefore absolutely thrilled to claim the number one position in Vietnam in the Banking market for the first time in terms of brand equity index. This is a comprehensive index which includes factors like top-of-line brand consideration and brand attributes. For a bank like us, which is only 31 years old, being number one in the Vietnam market is quite an achievement.

Finally, we have been very methodical in driving engagement with our customers and we have accelerated the fourth quarter of the year with the objective to drive CASA. And the chart you can see at the top right-hand side of the slide shows a very strong correlation between CASA and number of transactions per customer, with a maximum CASA amount [reaching] for around 100 transactions per customer per month. So, this is a threshold that we call and define as Main Transaction Bank (MTB) status. So, from there the objective is clear: we want to get more and more of our customers to reach this Main Transaction Bank status. Thanks to our hyper personalized strategy, enabled by digital marketing and our Adobe platform, which is truly cutting edge, you can see that we have made tremendous progress in terms of increasing the engagement with our customers, particularly new-to-bank customers, and increasing the proportion of new-to-bank customers that have Techcombank as Main Transaction Bank (MTB). And you can see that over the span of two years we've increased the proportion of customers who have reached MTB status from 8% to 23% in our new-to-bank customers after just one month on board. This is a massive improvement which I think validates the investments we've made in our payment platform to drive engagement with customers and innovative propositions.

Slide 25 - GDP growth forecast of 7.0% for FY25

We will turn now to the 2025 outlook, first with the forward-looking guidance on GDP growth. As you can see, our forecast for 2025 is for GDP growth of around 7%, which is broadly the same level as in 2024. We believe that Vietnam economy will continue to benefit from a number of factors:

- strong export activities driven by external demand, particularly from the US,
- strong and resilient FDI thanks to extensive government support; we've seen that recently in the areas of AI semiconductors and so on,
- improved infrastructure; a lot of investment in infrastructure, competitive energy and construction cost, compared to other markets in the region,

- and finally also significant progress on corruption perception index, which now has Vietnam at the same level as China. We have made continued progress over the last few quarters, we have now gone past all other countries in the region, and now at the same level as China, which is I think quite a significant achievement.

- and the other factors which hopefully will support growth in 2025 are the increase in public spending and also the recovery in the real estate market.

Slide 26 - FY25 Outlook: broadly positive supported by more accommodative environment

So how will this translate into what you are interested in: the performance of the Bank? Credit growth, as always will be in line with the credit quota we received in 2024. We received a quota of 20.8%. The quota in 2025 could be even higher as the government aims to accelerate the growth of the economy and will therefore probably allocate stronger higher quotas to banks in 2025.

We expect our cost of funds to remain relatively stable. The favorable impacts from our new Auto-earning proposition should offset the moderate rate increases if any. Our CASA ratio hopefully will continue to be able to drive it up thanks to the strategies we described earlier. NIM will be managed to remain in the same ballpark. Our main level continues to be a cost of funding. We cannot really control the pricing strategy of our competitors and therefore, will focus on cost of funding. NII goals [are targeted] at more than 20%. If we get more than 20% credit growth, this will require action on cost of funding and NIM. NFI, an area of relative disappointment in 2024 for temporary reasons as I mentioned, we expect to go back to double digit growth in 2025 through our ecosystem place. Our Cost Income Ratio (CIR) will remain the same ballpark around 32-33%. Our NPL ratio should be also relatively stable compared to 2024, in any case we will manage it below the 1.5% mark. And as for our credit cost, which has been relatively and remarkably stable at 0.8% before recovery in 2023 and 2024, we believe also that we can manage it below 1% in the base scenario.

So, in a nutshell, even though our bottom line this year and this quarter was a bit impacted by the payment made to Manulife for the termination of our distribution partnership, it was still a very important and a very meaningful quarter for Techcombank. We had a turning point in the dynamic of our Cost of Risk, and impressive organic growth in our CASA balances, particularly during the fourth quarter. We had the launch of a market-shaping new hero proposition with Auto-earning 2.0 and we had a massive validation of our strategy with our access to the top position in the Vietnam banking sector in terms of brand equity index. So, this is a lot and once again, I would like to thank our staff, our stakeholders, our shareholders, and importantly our customers for having help us get to where we are today.

Slide 27 – Key directions for 2025 and beyond: Unparalleled shareholder value creation over the long-term

For 2025 we have already defined three areas of priorities, which we might expand also further as we work on our new 5-year strategic plan. Those are AI, Ecosystem, and ESG.

On AI, we ambition to be the first fully AI powered bank in Vietnam. We already have a very strong foundation; we have an AI-ready data architecture which is truly unique in the banking sector in Vietnam and also quite unique even in the region. We have some AI power processes already for lead generation for also real time monitoring of customer interactions. But going forward we want to expand this even more to build truly unique customer value propositions, which could include for example 24/7 service availability, hyper-personalized services, shorter time to market... And we will also expand on strategy of mass empowerment of Techcombank staff to reach exponential productivity gains with virtual sales assistance, IT code productivity, co-pilots marketing content creation and so on. So, AI is going to be a very important priority for us.

Second one is ecosystem; we have built already a very compelling ecosystem as you know in our areas like Real Estate value chain, and Wealth services with our subsidiary TCBS. Going forward we want to push this strategy even more and build an integrated diverse group, which will provide a range of financial and non-financial products and services to customers by the Bank but also by the Bank's selective partners in the ecosystems. We have already defined our four priorities in the short term, which are: first real estate (no change here), FMCG (which include business to business, and business to consumer, retail), protection (including insurance and health care), and auto/mobility. So, this we believe has a potential to help us acquire a much broader range of customers and more importantly also generate more value with each of our customers.

Finally, ESG, another very important strategy for the Bank in 2025; we are already fully ESG enabled and now and we have put all the key capabilities in place already we had some early wins in 2025 to establish leadership in the market. For example, we were the first private bank to issue a green bond framework complying with ICMA standards. We were also the first private bank to issue green bonds and the first bank in Vietnam to introduce carbon tracking cards in partnership with Visa. So going forward our approach and focus will be and continuing to affirm our ESG leadership through innovative solutions like the Eco Card I mentioned earlier. We will also actively engage with regulators to push the sustainability agenda, including helping Vietnam achieve its Net Zero commitment. And then we will aim to deliver on our USD 5 billion green credit aspiration, focusing on renewable energy, green agriculture, data centers, and green building. This is an exciting agenda, and I am personally confident in the strength of our brand and the technological capabilities and believe that with these assets we will be able to create the required momentum to make this happen.

QUESTION AND ANSWER SESSION

Moderator: Thanks Jens and Alex. Let's begin the Q&A session. The first question is for Jens. Could the Bank share its view on the macroeconomic situation in 2025 regarding GDP growth, interest rates and exchange rates? Relating to this question what would be the key external factors that you will monitor in terms of Trump 2.0 FED rate cuts and outlook?

Jens Lottner: Overall, we expect the growth to be somewhere in the 7% range. The guidance given by the government is somewhere between 7 and 8%. We can easily get our head around an 8% scenario but to be fair there's also potentially on downsides, which might make this a little bit more complicated. But if you think about the underlying elements, looking at the key sectors (Tourism, FDI Manufacturing, propelled by the China Plus One strategy from a lot of overseas companies), I think there's enough room to believe that you can get a 7 to 8% GDP growth. Also, with the recovery of the Real Estate sector, that would also be a very important contributor. If the Real State sector is coming back - we've seen that in the past - there's an overall wealth effect where people feel more comfortable and that will then relate to a broader uptick in domestic consumption. Overall we believe there's a relatively strong case for growth in the country, driven really across all different areas of the GDP.

Now if that's happening, what happens to some of the prices? I think we will probably see that the interest rates might be still going up a little bit on the funding side. That comes probably a little bit to where we are on and the FED in the US. So, if the US is right now going on a relatively strong expansion, then inflation is relatively under control there. Even if it's a little bit an uptick [in interest rates] but as GDP growth is strong, then I think the FED will probably not reduce the rates so much.

People already are expecting less of FED rate cuts. This means that similar to any other country in the world, Vietnam cannot diverge too much from relatively higher interest rates in the US. Just think about it at this point in time: the 10-year Government Bond in the US stands at around 4.8%; we are in Vietnam at 2.9%. That somehow will lead to the depreciation of the currency; money will be flowing into the US. So, we believe that there's a maybe between 3% - 5% depreciation potentially in the Vietnam Dong versus the US dollar again. That all assumes ultimately a relatively strong performance of the US, at the same time the willingness to support the domestic growth and not defend the exchange rates by all means. So, we believe within reasons that the trading corridor will slip a little bit, as I said, 3 to 5%, but that should also then take out a little bit of pressure on the domestic interest rates, leading to a little bit of an increase maybe on 20-30 basis points, but not so much. I think the Central Bank will try to balance these targets of exchange rate, inflation and domestic growth. But I think the real target will be domestic growth.

With that 7 to 8%, what can come in the way? I think the only thing what could really massively come in the way is: if the US would start singling out Vietnam as one of their

key targets because of the trade surplus. In the first interaction, or the first time Trump 1.0 [in] 2016, the trade surplus with the US was 50 billion. We're now standing at roughly 120 billion, only behind Mexico and China. We are number three when it comes to trade surplus Vietnam with the US. Right now, from what we've seen, the comments made were very much around Canada, Mexico and China; there was no further naming of anybody else. This would lead us to believe that if there will be tariffs it will be across the world, which would still leave our relative competitive position intact. If that would be different suddenly (which again we don't expect), then that might put more pressure on exports.

This year we have not seen everything on the Real Estate side; we have not seen the Tourism completely coming back; we have not seen all the disbursement of public funds. So even if that starts coming in, I think there are still some other errors in the quiver, which the government can take. Overall, 7 to 8% probably is a relatively okay scenario, that's what is underlying all our assumptions.

Moderator: Thanks Jen. As a follow-up, the SBV set high credit growth target for the whole system of 16% for 2025, would Techcombank then expect to be granted a higher growth quota of at least 20 to 25%?

Jens Lottner: In the past, it always happened that way; we always got more quota than the average. So, if the average would be at 16%, we would probably expect to be higher; that's exactly what Alex has said. There was an official letter written to all the banks, where the State Bank were asking "what kind of growth are you expecting", and "what can you handle". We put back to the Central Bank that we could easily deal with 25% credit growth. Whether we will get 25% credit growth will depend. We're getting a 16% overall system growth/ system quota but already in the current environment we were roughly at 21%. So you would expect that we will probably get closer to a 25% number in the end of 2025, than what we have seen this year, which was 21%.

Moderator: How does the revised Securities Law and draft amending Decree 155 impact the bond business for TCBS?

Alex Macaire: Broadly speaking there are two ways of issuing bonds in Vietnam. The first one is to go through private placement, which is relatively simple, straightforward, and has many advantages. The only drawback is that it's reserved to professional investors. The new regulations have introduced some additional requirements on issuers, particularly obligation to have a credit rating, obligation to have a collateral as well or bank guarantee. Therefore, it's good because it improves the transparency and the quality of the market. But also, it potentially reduces the number of issuers. That's for the supply side. On the demand side, the new legislation also makes it a bit more straightforward for professional investors to prove their eligibility. However, the pool of the eligible investors still remains quite constrained. So, for this reason we do not expect that the bond market will suddenly expand at a massively different pace in 2025. And we would rather anticipate a 10% growth in the volume of issuances at least for private placement.

Now, the second modality is public offering; so, in theory it has a lot of advantages because you would be able to approach a much wider range of investors. In practice, the requirements are quite stringent in terms in particular debt on service ratio, and then on top of that obviously the process for issuing is quite cumbersome and expensive even though the new low securities, low aims at making the approval from State Securities Commission (SSC) more straightforward. We believe that this compartment of the market public offerings will remain a little bit marginal, for TCBS at least. Overall, our forecast is for the new bond originations to grow double digit in 2025, but maybe low double digit rather than high double digit.

Moderator: Could you share your view on the recovery momentum of the real estate market, specifically do you think that the recovery momentum that we saw in 2024 will continue to be maintained or even accelerate in 2025? What are the prospects of projects that Techcombank is financing especially the real estate developers in the South?

Jens Lottner: Again, I think we've seen that slide in the presentation which Alex has given; it follows a relatively strict pattern: first comes the decline, then recovery, then growing again. What is still completely unbroken is the demand for housing - we have an ever-increasing gap of demand and what is supplied. Therefore, I believe that while a relatively strong recovery in the North that we already saw will continue, the South will be coming back. Last year there were not a lot of approvals given, maybe because of some administrative backlog. Given there are certain changes right now in the leadership in the South, we really expect that some of these things will come back. We will see more approvals, and more supply hitting the market, which will be absorbed. As what we've seen very clear even at the high-end, the moment you put something out in the market, the demand is overwhelming. Given the fact that the change in Labor Law is now coming through, we also see that new land will be much more expensive. That means all the products that are still there, that are still in the backlog, if they start getting executed on the existing land bank, we believe that there is a lot of momentum.

Some of that will be depending on what is the overall feeling, as to how people perceive the economy, if they are feeling confident...Therefore, if we are in a 7 to 8% GDP environment, if the changes coming with the Trump 2.0 administration are not too disruptive, I think people will feel rather confident, and you will see that money is coming into the market. Probably we still have a problem at the lower end, and so we will need to see how that lower end will also be supplied.

Overall, I believe what we are seeing is there's a lot of companies who are making plans, who want to develop products. And we see customers who are really interested in buying, and also investing in real estate, not just for living there but [treating it] as an investment class. From that perspective, we are relatively confident that we will see a continued recovery, and that the asset class, the real estate market will be coming back.

Moderator: In light of that, would you expect to revise up the real estate market outlook in 2025 because also the government's GDP growth target is 7 to 7.5 % and the SBV has a 16% credit growth? Then related to that, are you seeing less pressure on lending yields for both developers and home buyer loans? And do you expect to see improvement in your mortgage book NPL in 2025?

Alex Macaire: To the first point around our assumptions for 2025 and are they affected by the recent communications from the Central Bank and the government, first, our plan was based on an assumption of GDP growth of 7%. From that point of view, we are not changing our assumptions or changing our projections at this stage. And as for the fact that the government is now targeting 16% credit growth, this is consistent with the GDP aspirations of the government. So, if they want to reach 8%, reach 10%, then obviously this will have to come with the higher amount of financing to the economy. And we believe that it's also a case for us to receive a higher credit quota in 2025. In 2024 we got 20.8%. In 2025, we will be ready to get up to 25%.

At this stage we are not changing our interest rate projections. It's more like in terms of how much credit quota we could get and usually it doesn't impact too much [on] revenue, it's more something that will have an impact on 2026's NII. As to the impact on mortgage rate, the true and the sad reality is that it's a very competitive market and a number of players, including state-owned banks are having very aggressive pricing policies. The market has become even more competitive after September 2023, when customers were allowed to freely move their mortgage from one bank to another. During the second half of the year, as you saw, we had very strong disbursements in the market. We had a strong rebound of real estate market particularly in the North, with transaction prices increasing 25-30% year-on-year, and yet mortgage rates have continued to decrease and are on a downward trend. Therefore, I would not be too excessively optimistic about the possibility for mortgage rates to suddenly increase massively in the near future. Hopefully at some point that will go up, but before that, as our market analysis team expects, the main impact could be a further support and improvement in the demand for real estate investment. So, it will still benefit the Bank but not in the form of NIM, more in the form of our capacity to continue to build our retail franchise.

In terms of NPL of mortgage book, so the reality that most of our NPL for retail, most of our NPL for the Bank is driven by primary mortgages and only a relatively limited number of primary mortgages and primary mortgage projects. Situations are typically where we have a buyer, typically quite wealthy, buying to invest and investing in a number of properties, who is involved in contentious discussions with the developer because this investor is not happy with the market trend and the price appreciation in the development that he/ she has invested in. So, it's very specific and we have made progress in resolving these situations, as you've seen, this is one of the drivers behind the improvement in our NPL for our mortgage book. It went down to 1.9% in Q4 and beyond that we have also learned from these situations, and we have updated our underwriting policies.

So, those are essentially the two reasons why we believe that the trend for NPL in our mortgage book going forward should be more positive, or continue to be positive, driven by a better control of the delinquency experience on primary mortgages. So, it's not directly linked to what is happening in the market, or the rebound in the real estate market. It will be more linked to us resolving these very limited situations in primary developments, and us also drawing the lessons of what we've been through to adjust our risk appetite and underwriting policies going forward.

Moderator: Could you comment on the bond market performance in 2024, and the outlook for next year?

Alex Macaire: 2024 performance in the bond market was quite impressive. We had a 60% year on-year increase in bond origination, and this was one of the main drivers behind our stellar performance on investment banking fees. For the record, we increased our banking fees by 88% year-on-year. A lot of the new issuances were from bank bonds, which increased 69% year-on-year, but we had also a very robust demand from corporate customers. On the back of this new framework for bond insurance, we create more transparency and therefore more confidence from investors. So, as I mentioned for 2025, we believe that the environment will remain supportive. However, this catchup effect of pent-up demand that we saw in 2024 were not completely certain that it will happen again in 2025, which is why we we're having a more cautious forecast of double-digit cost in bond origination and bond distribution this year, in 2025. We might be surprised on the upside but let's be surprised on the upside rather than the downside.

Moderator: We heard that Techcombank was the first joint-stock commercial bank to issue/ to have issued a green bond in Vietnam. What was the size of the deal? Who are the targeted investors, and what do you see developing for this market in the next two years?

Jens Lottner: Yes indeed, we issued the first green bond as a joint-stock bank. The size was relatively small. It was around VND 450 billion, for our normal sizes, that's relatively small. And it went to insurance companies, who are very much interested in these kinds of instruments. We would expect for the year the number to be much larger; we plan to issue up to roughly VND 3 trillion. Again, I think the demand is there; sometimes it's really a question of when you start executing it because there's a lot more due diligence that needs to be done that takes time. But I think the NIM is good, the framework and also the rating we've gotten by S&P has given us a very good standing.

So, we expect that we can do these VND 3 trillion this year and we believe there's enough demand. We also believe that there's a need for these kinds of instruments. Despite what we've seen in some other parts of the world, where some banks and governments are retracting a little bit on their commitments, I think the Vietnamese government is very clear what they want to achieve. And we also believe it's absolutely critical for really creating a sustainable economy, and for being one of the leading production hubs in the world. I think there is a demand for very clear sustainably

produced products. From that perspective, I think nothing has changed; we will continue on that trajectory. We believe the VND 3 trillion is probably only the beginning, with the framework in place and the experience we have.

Moderator: What are the Bank's priorities and must-win battles in 2025? When do you think that the Bank can go back to the 4.5 to 5% NIM to sustain that prior 1-1.5% lead over your peers?

Jens Lottner: Again, I think the priorities have not changed pretty much; we are still saying at the beginning it starts with cheap funding then when you have the funding completely sorted then that gives you the freedom to pick the right credit and sectors, where you want to disperse the funds. Then as you start going in there, I think it's the ability to do fee-based business around wealth and all these other areas. So, I think nothing has changed there.

On the funding side, I think it's very clear that is the area where most of the focus will be. You've seen some of the charts that Alex has showed, where we really saying it comes through the transactions, through all the investments we have made. We continue to harness these investments, and we continue to push even further because we've seen enough of the evidence to give us the confidence that as we're just pursuing it, we should be able to get to these outcomes. It might take a little bit longer but and again I think it's very clear that the mechanics are working, so that is a clear area we will continue like what we did in the past to really focus on that.

At the same time, we are running a little bit against this rising tide because if, as I said, there's pressure on the overall interest rates because of the policy set by the FED; we're a very open economy then we need to see how far we can go with that. But I think over time it will start enabling us, everything else being the same, to bring our cost of fund down and as you've seen, the industry is probably at around 20% whilst we are at around 40%. That will continue to give us an advantage.

On the credit side/ credit yields, I think that's a little bit the question of "where's the overall economy heading", and then "what exactly is the strategy driven by some of the large state-owned banks", and that is a little bit frankly out of our hand. What we will do is, we will expand into some areas where we believe we have better return on risk-rated assets, which might be on the unsecured space, and which might be on the retail credit side. You've seen that this is what we're doing. So, we're bringing down the corporate book; we're bringing down some of the sectors like Real Estate if it has a relatively high risk weighted asset consumption, and we will start driving the other ones up. But that will probably take a little bit of time. Again, some of the big parts of the book, like the mortgage, will be under constant pressure as people are basically trying to really find relatively safe assets. And if you are constrained in your risk management capabilities the easiest is to just look at the areas which have proven by other banks to be relatively safe and then going after these customers, just basically saying "I do the same for you, but I do it for 50 basis points less". So as long as this dynamic is there, I think we're still dealing with that problem. But again, we believe that

we can at least manage the NIM at this level and then as over time credit demand is really coming in interaction then we should also see that the margins are opening up.

Last but not least I think in the end while NIM is important, it's also for the overall return on assets, it's important to get fee income up. And that's where we said in investment banking, we really believe that and there's much more what we can do on the bank assurance side. Then some of the effects which we've seen are rather effects which we took this year like the change and regulation, that certain things booked in the past as fee income are now booked as interest income. Some of the areas we're also seeing problems on the effect side because of the way how the trading corridors are set and how the Central Bank is defending the currency. So, a lot of these things are changing and therefore on the baseline, which probably was muted this year, we should be able to set up on top of that and it should give us better return on asset. So again, nothing has changed; we just need to make sure that some of the things that are really under our control, we are executing these flawlessly, then if there are some where market dynamics will make it a little bit harder (mostly on the credit yield side), then we just need to basically make sure that we compensate with other measures.

Moderator: How would you rate your portfolio diversification efforts? And do you see opportunity to drive lending fee income and cross-selling in the new segments of SMEs, households and merchants? Plus, how do you plan to maintain the low NPL high asset quality as you go into unsecured lending?

Jens Lottner: In terms of the diversification, there is clear progress: bringing the overall real estate exposure down, we see this in every single one of the components, we are trying to see into shifting more into retail and also there into SMEs and households. So, we will continue to do that, and in the overall corporate book we still are at probably 60/40 is on the retail side. Again, we will try to get this to 55/45 and then 50/50 but again ultimately, we believe the biggest growth is still on the retail side. We will continue to invest in that, on the retail side.

You're right in asking the question and we believe there's a lot more cross-selling we can do, especially on the SME and household side. I think we only started to get into that segment in all earnest, frankly in 2024. We already made quite some strides and so we started, and I think our proposition were very much around payments, collections and also Auto-earning. We now will start expanding that into credit so we're seeing pretty good uptick. We also know that the owners of these businesses, a lot of them are affluent/ mass affluent customers, who are on the private side looking much more for a wealth management solution. So, there's a lot of cross-selling and that's when Alex was showing the numbers of how quickly we are able to create somebody and create a Main Transaction Banking relationship. That is one of the key ingredients to start bringing product penetration up.

For a long period of time because we were growing so fast, the product penetration or product per customer, was not growing so much because we always got new customers in exactly one product. But now that we're able to manage both sides of the equation; we manage growth at the same point in time the number of products per

customer is going up because we are using much more sophisticated onboarding journeys and be using and technologies data and all of that. So, I think you will see that the profitability per customer will be going up and therefore the key part is, yes, we will shift into retail. On the retail side, we will have a higher product penetration, we will go on the credit side but also on wealth management.

What about NPLs - I think if you have seen the numbers, we still believe that on the overall book, the 1.17 is probably elevated. Still, we need to work through some of the portfolio. We still also have cross defaults from CIC so these numbers should be going up, which would allow us to start expanding into other areas where we will see more NPLs. The NPL per segment might be higher per product and overall because the books are still relatively small. They will add over-proportionally on the NIM side because the return on risk weighted assets and the margins are much better. So again, I think from a diversification perspective, we're pretty much on track, bringing down credit portfolio on the corporate side, increase on the retail side. The retail side will do the right mix of a low-risk loans, which are more on the mortgage, but then adding in some unsecured pieces. The overall NPL will still be okay, but NIM should improve in that context and should give us a broader set of opportunities for fee-based income.

Moderator: NFI has shown a downward contribution recently. Is it reasonable to expect NFI growth back to 20% per annum in 2025 once some of the one-time items and reclassifications are behind us?

Alex Macaire: I think it's absolutely reasonable to expect that the growth in 2025 will be faster than in 2024. I mentioned double digit, I also said that it might be low double digit rather than a high double digit because we will continue to see some headwinds particularly in LC, Cash and Settlement. So, if I take the sources of fees one by one, IB fees we I mentioned earlier, we had a very strong progression expansion in the bond business in 2024 plus 60% give or take. In 2025 we expect this growth to slow down so this will be relatively on the downside compared to 2024, but still obviously growing.

On banca, that's where you will see probably the biggest rebound. If you look at our quarterly performance, essentially, we were not booking any fees for banca during most of the fourth quarter of the year. This was a big impact on our NFI performance in 2024 and clearly in 2025 we will not see that again. On the positive side, we will also benefit from more income coming from our general insurance business after the setup of TCGI specialized subsidiary. On cards, 2024 was a year of overhaul for our card strategy. We increased product feature cost to make our offerings more competitive in the market - that reduced our margins and explains why our fee income on cards was down, despite a very significant progression on volumes. So, we set a new base in 2024 and from there we expect to be able to grow much faster in 2025. But the market remains very competitive. It's a commodity product so we need to accept the fact that there will be continued pressure on margins in this market.

LC, Cash and Settlement are the area which led to the most significant headwind in 2024, and this will probably also stay there for another few quarters as we and other

players in the market are working on new products that could potentially meet the needs of our customers and comply with the new legal framework for this credit related Letter of Credit, called UPAS L/C. There is clearly hope and there is also a potential for upside, but at this stage we're still assuming the double digit NFI growth that I mentioned. We are still assuming that this compartment of our flow business remains under pressure.

FX sales has seen a lot more traction in Q3 and even more Q4 as you've seen. We therefore expect that this trend, hope that this trend, will continue. It will depend a lot of on the policy of the Central Bank and the dynamic of the FX rate if the Dong trades too close to the SBV ceiling rate, then again margins will be compressed.

So, there are a number of factors we do not control but we have, I would say, a clear objective to grow this line of business very meaningfully in 2025. My overall analysis confirms what you said, right, that 2025 you can expect it to be better than 2024 in terms of your growth. However, because of this overhang on LC/ UPAS LC, unless we are in a very favorable scenario we will not be back to the 25 or 20% plus growth in the past. Our assumption at this stage is more like in the 10 to 20% range.

Moderator: Could you elaborate more on the Bank's insurance strategy?

Alex Macaire: Basically the Bank's insurance strategy remains one of the key pillars of our strategic plan. We believe that it's a need that needs to be met by our customers. When you look at Vietnam compared to other markets in the region, and then in the world, you see that the penetration of insurance product is quite low. You see that although the amount that people dedicate to insurance and protection compared to their income is also abnormally low, that we believe that at some point a catchup will happen. For this catchup to happen, we will need, however, probably the regulatory framework to evolve, for example in the form of more attractive tax breaks for people who buy a life insurance policies; in the form of more support for health protection; or in the form of also incentives for corporates and organizations to put in place retirement plans even though this is probably a bit farther away on the horizon at this stage.

We have mutually agreed with Manulife to terminate our banca partnership. We have new distribution arrangements in place with TCA and with AIA, which provide a very satisfactory level of profitability already. And as I mentioned, we are looking for a new long-term insurance partner which will hopefully allow us to unlock the growth and get to a very significantly higher level of performance in the next few years.

If I look back at the trajectory over the last three years in Vietnam, the banca market has really clearly suffered from a crisis of confidence following the Van Thinh Phat and Saigon Commercial Bank issue. We believe that the market is now reap for rebound, probably reach the bottom and as far as we are concerned, we suffered comparatively less than other players, which shows in a way the quality of our sales processes, our customer centric selling processes. We will apply to this compartment/ this line of business the same customer centric and ecosystem approach. So it's an integral part of our wealth offering. We are a leader in wealth therefore we should be a leader in

life insurance. Over the next couple of years working with our future long-term strategic partner, we will aim to create the most compelling life insurance proposition in Vietnam, leveraging the technology platform that we have built, leveraging the insurance experience of our partner and leveraging our technological capabilities.

Moderator: Regarding the strategy of expanding in the South, when do you think we will see a material contribution on concrete results in this policy?

Jens Lottner: To a certain extent, given the fact that 60% of our corporate book already sits in the South, it's a bit hard to say when we see a massive contribution because there is a massive contribution already. When we're saying we want to go more into the South, it's more like, if you just compare the market share, if you compare a lot of the measures that we usually put forward, we're basically saying we are not as strong as we are in the North. Therefore, I think with just the normal performance and the way how we allocate, we will start allocating more marginal resources into the South. I think we will continue to basically show the results like what we've seen in the past, growing 20-25% on the credit side, so you would expect that if that's the case that probably 60 or maybe 70% starts growing into the South. We will continue to do that, but I think to a certain extent we don't need to call this out particularly. If there is something to be called out, what we're probably rather saying is while the focus always has been very much on Ho Chi Minh, Hanoi, Danang, Hai Phong, the big cities and especially the two centers, we will start going into some of these provinces with very high GDP growth, the centers of FDIs where a lot of economic activity is happening, and that's where we will grow.

Again, I think it's not that that suddenly we're saying okay now we basically growing 40% or 50% because ultimately as long as you're still working in a credit quota environment, the quota is the quota, it's just a question of relative allocation. However, when it comes to fee-based products, when it comes to wealth, when it comes to mobilizing of funds and all of that, we would expect that the contributions from the South are stronger. That's again if you see that when Alex was saying, we expect 10 to 20% growth in some of these areas, we would expect an over-proportional amount of that growth to come going forward from the South. The other area where we will see that is the success of the household and SME strategy because a lot of that activity sits more in the South. Then we will see how that is developing. Over the last year we probably grown around 800,000 to a million customers in that space. We want to add even another million plus this year so that will be all activities that will center a little bit more on the South, but again it will not be probably as radical. It will all be contributing to the overall performance of the Bank more than anything else.

Moderator: Thanks, Jen. You saw a double digit increase quarter-on-quarter in FMCG, Retail, Logistics and Utilities and then also Construction and Material saw a surge of mid 20% quarter and quarter. Does this have any correlation with the public investment or FDI growth at the year end?

Jens Lottner: Not so much. How should I say, in a quota environment, we always have been a little bit constrained: where else we put our money in, and where else we

are lending. These demands were always there. It's more like really allocating the money to these customers of course. By definition if you're saying, okay we're not going into the non-real estate sector, there is a lot of other recon (real estate and construction) related activities: industrial parks, infrastructure projects and all of that. When we look into that, one is clearly we are expanding our footprint in areas which are very strong or driven by domestic consumption. So that would be FMCG, that's retail, and that's even to a certain extent non-bank financial institutions, because they are all benefiting from that, I think that's just part of our normal strategy.

Of course, for FDI, we have been probably more active than in the past in this sector. That is probably more really owed to the fact that because of the FDI but also especially China Plus One, you've seen much more demand coming up, where right now we are also playing a more active role. But I think this is more secular trends than anything, owed to the fact that something happened especially in quarter 4. I think this is just part of the longer-term strategy.

Moderator: Could you elaborate on what the policy is for paying dividend this year given that we didn't see a mention of it in the press release?

Jens Lottner: Again, the policy this year is the same as the policy last year, where we basically said, "okay what's the policy". At the AGM, the Board and the Chairman basically made a comment that we had a policy for 10 years of not paying dividends, then we paid dividends in 2024. At this point in time, we already said structurally we should be able to do that without jeopardizing our targets, which are as we said being at the level of 15% CAR and still self-funding our growth of around 20% credit growth.

Nothing has changed from that perspective; the Board will look into these parameters and will then take the decision on what to submit to the shareholder meeting, which will be due somewhere over the next couple of weeks. But again, this's just part of the normal deliberation and this really is the prerogative of the Board. As a management team you cannot do anything else but basically do the plans and provide the operational efficiency and capital efficiency. If the Board decides to afford these dividend payments or if the decision to take or to pay it, it is really with the board. I think there's probably nothing more to add than what we said over the last couple of quarterly analyst meetings and in the last AGM already.

Moderator: This fourth quarter OPEX was up sharply whereas last year was flat quarter-on-quarter. Could you explain a little bit the reason for that?

Alex Macaire: Yeah, sure. Roughly our cost this quarter in Q4 were around VND 4.5-4.6 trillion and the trend or the baseline for the previous quarter was around 3.5. Let's say we have a VND 1 trillion increase to explain. The first comment I would make is that it's not just that Q4 is high, also that the previous quarters were relatively lower. We made it clear particularly when we reported a Cost Income Ratio (CIR) of 27% in Q2 that it was not what we believed is the right level of investment and expenses for the Bank. We also made it clear that we would continue to invest and as a result of that, the Cost Income Ratio (CIR) would go back to the range of 30 to 35%. We were

always very clear on that; it's just that we do not decide of when the cost materialize, or when is the right time to invest. Sometimes it's just something that we have to leave with, so we have again VND 1 trillion increase to explain.

I would say it's about evenly allocated between three main drivers. The first driver is staff costs and more particularly performance-linked bonuses, and more specifically in our investment banking activities. Given the very strong performance that I highlighted before, we have to accrue based on certain rules, and it's not something that's set in our HR policies and in our agreements with the shareholder of TCBS, as an example. So, it's not something that we control, but we can always decide after the fact to potentially pay less. The accrual of one third of the increasing cost is linked to this performance, linked accrual and staff cost more generally.

Second third is linked to marketing, with the much more intense effort on marketing in the fourth quarter of the year to harness our new propositions on loyalty on in Auto-earning to offer also some new exclusive differentiated experiences to our top priority customers, like the “Anh Trai” [Vuot Ngan Chong Gai] concerts. This has a cost, but it also allowed us to drive CASA massively. A 15% quarter-on-quarter increase is quite a significant achievement, and it also allowed us to reach the number one position in the banking sector in terms of brand equity index. So, I think it's money well spent.

And then the third bucket is more like other expenses with some elements of seasonality but also some one-offs. I can give you two examples of one-offs: one is a performance-linked or outcome-linked payment we had to make to one of our providers because they achieved the performance targets, and it's for around VND 100 billion. We had another payment of the same magnitude that we made to support the government's relief programs for people affected by Typhoon Yagi. So that's two items. Then on top of that you have the usual year-end thank you parties, business meetings, all the activities that we organize for our staff and our partners, ecosystem partners at the end of the year, which also drive a seasonal increase in cost. I hope to have given you more insights into what the increase in cost in the last quarter of the year.

So should we expect the same [cost] growth in 2025, and will the first quarter be as high? The answer is no because Q4 included the one-off elements I mentioned earlier. We grew our cost by 16% in 2024, we expect to grow our cost by the same quantum, maybe a bit less in 2025.

Moderator: This concludes our Fourth Quarter and Full Year 2024 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 and we wish you not only health but wealth as we're back over Tet and the New Year. Look forward to speaking to you again in three months.