

REPORT OF THE BOARD OF MANAGEMENT 2023 BUSINESS PERFORMANCE BRIEF

Dear Shareholders,

On behalf of the Board of Management of Thien Viet Securities JSC., (TVS), I would like to present to the 2024 Annual General Meeting (AGM) the Executive Board's 2023 activities and Business performance.

I. MACRO AND STOCK MARKET OVERVIEW

1. 2023 Macro Overview

Vietnam's economy registered 5.05% growth in 2023, below the Government's target of 6% - 6.5%. The weak performance was due to (i) negative growth in international trade (-4.3% year-on-year (y/y)) and (ii) a contraction in the manufacturing sectors with the Purchasing Manager Index (PMI) reading below 50 as global retailers destocked their inventory amid weak demand. Major positive drivers were the services and the agricultural sectors which increased by 6.8% and 3.8% respectively due to the return of international tourists and strong demand for agriculture products from China. Encouragingly, the Government supported the economy through their monetary policies as The State Bank of Vietnam (SBV) loosened monetary policy by cutting the policy rate 4 times in 4 months resulting in key rates reaching Covid-19 levels. In addition, a series of regulations were announced by the government to resolve bottlenecks in the economy; particularly those impacting the corporate bond and real estate markets.

Headline inflation which is measured by the Consumer Price Index (CPI) continued in an upward trend and reached 3.6% y/y. Drivers of inflation were food, housing, and transportation. Food & foodstuffs also experienced a 2.9% y/y price increase, primarily due to elevated rice prices. Additionally factors contributing to inflationary pressure were higher electricity and gasoline prices.

In 2023 Vietnam emerged as a focal point on the global economic stage as the country received state visits from South Korea's President Yoon Suk Yeol, USA's President Joe Biden and China's President Xi Jinping as well as commercial visits from top global executives highlighted by Nvidia's CEO Jensen Huang. Importantly, diplomatic relationship with the USA and Japan were upgraded to a Comprehensive Strategic Partnerships, the highest level in Vietnam's diplomatic priorities. The economic benefits from such decisions can clearly be shown by the 32% y/y surge in registered Foreign Direct Investment (FDI), which reached US\$ 36.6 bn. On the trade front, FY23 exports and imports fell FY23 by 4.2% and by 8.7%, respectively. However, in recent months, both exports and imports have started to rebound. The reversal can be attributed to the completion of retailers' destocking activities in the US and the EU. Notably, the trade surplus for FY2023 reached a historic high of USD 28.3 bn.





2. 2023 Stock Market Highlight

The market, measured by the VN-Index, concluded the year with a 12.2% gain. Despite challenges arising from the growth slowdown, lower earnings of listed companies, fluctuating interest rates and sustained foreign net outflows, the market rebounded from the sharp selloff experienced in late 2022.

The positive performance was broad-based with most stocks recovering. In terms of sector performance; most sectors achieved positive performances in 2023 with financial services gaining 83% y/y, materials 52% y/y, and technology 46% y/y being the top highlights. Real estate witnessed only an 8% increase on the year and was the notable underperformer. The sector continued to encounter challenges during the year with the slow recovery in the number of transactions, caused by the mismatch between demand, mostly in the affordable and mid-end segments, and supply mostly in the high-end segment. The considerable decline of Vincom Group (-19.3% y/y), Vincom Retail (-13.7% y/y), and Vinhomes (-12.4% y/y) all weighed heavily on the sector. Food & Beverage also performed relatively poorly and was only up 5% on the year as it was impacted by weak consumption demand as people tightened their spending.

The average daily trading volume on the 3 bourses in 2023 was USD 738mn. Foreign investors continue to be net sellers of USD 1.0 bn. However, it is important to note that foreign outflow occurred across all Southeast Asian markets given the stronger USD. In Vietnam, the outflow intensified in the final months, particularly in December (USD 416mn). This was partially attributed to the increasing repatriation of Thai investors before a new tax regulation takes effect in Thailand in 2024.

2023 Business Performance of Selected Securities Companies by ROE – at 31/12/2023

No.	Ticker	Company Name	2023 P/B	FY 2023 ROE	Market Cap 31/12/2023	FY 2023					
						Asset	Equity	Chartered Capital	Sales	Net Profit	Margin Loan
1	VDS	Viet Dragon Securities	1.1	14.8%	2,195	5,318	2,418	2,100	772	328	2,773
2	TCBS	Techcom Securities	n.a	13.8%	n.a	43,790	23,622	2,177	5,255	2,396	16,619
3	TVS	Thien Viet Securities	1.3	13.2%	2,446	13,529	2,055	1,513	1,332	251	197
4	VND	VNDIRECT	1.4	13.0%	18,146	41,742	16,503	12,178	6,561	2,018	10,277
5	VCBS	VCBS Securities	n.a	12.8%	n.a	11,717	4,041	2,500	1,351	488	5,057
6	FTS	FPT Securities	2.6	12.7%	5,618	8,235	3,644	2,146	944	445	5,394
7	MBS	MB Securities	1.2	12.3%	6,355	15,325	5,038	4,377	1,816	584	9,218
8	VIX	VIX Securities	1.3	11.6%	4,436	9,087	8,829	6,694	1,624	966	3,008
9	SSI	SSI Securities Corp	2.3	10.1%	32,306	69,241	23,241	15,011	7,158	2,293	15,134
10	CTS	Vietinbank Securities	1.3	9.6%	2,506	8,559	2,038	1,487	1,145	188	2,777
11	KISVN	KIS Vietnam Securities	n.a	9.3%	n.a	9,864	5,303	3,762	2,421	469	6,648
12	BSI	BIDV Securities	1.0	9.0%	4,926	8,326	4,685	2,028	1,259	408	4,296
13	HCM	Ho Chi Minh Securities	1.4	8.3%	11,590	17,911	8,312	4,581	2,903	674	12,135
14	ACBS	ACB Securities	n.a	8.1%	n.a	11,773	5,569	4,000	1,675	396	4,575
15	VPBS	VPS Securities	n.a	7.5%	n.a	22,459	8,980	5,700	6,374	657	11,626
16	VCI	Viet Capital Securities	2.8	7.1%	13,762	17,255	7,371	4,375	2,472	492	7,992

Source: Company's Financial Statements, FiinGroup. The data were unaudited
n.a – not available as these stocks are OTC



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II. TVS BUSINESS RESULTS IN 2023

1. 2023 Business Overview

Currency: VNDbn

Items	2023	2022	2021	3-year average
Total assets	13,529	9,460	7,178	10,056
Shareholders' Equity	2,055	1,768	1,755	1,859
Gross revenue	1,322	1,022	1,042	1,129
Profit before tax	313	52	644	336
Profit after tax	252	44	517	271
Return on Equity (ROE %)	13.2%	2.5%	33.7%	16.5%
Earnings per share (VND)	1,662	294	3,309	1,755

Adapting to the volatility of the stock market, firm direction from the Board of Directors and a solid risk management framework enabled TVS' BOM to achieve 2023 gross profit and profit after tax of VND 361 bn and VND 252 bn. This result was mainly due to the performances of the Principal Investment, Treasury and Asset management divisions. Profit after tax exceeded the business plan by 11%. TVS' return on equity (ROE) in 2023 reached 13.2%, exceeding the industry average of 8.4% and ranking in the top 3 in the securities industry.

TVS's cumulative total return including price performance and dividend was 15.8%.

In 2023, TVS was also proud to be one of a few pioneering securities companies that invested in the new economy, by completing an investment in the field of AI, with a focus on developing groundbreaking products and services related to audio signal processing, speech, biometrics, and natural language.

2. Business Performance by Division

Currency: VNDbn

Year-end 2023	Brokerage	Principal investment ⁽¹⁾	Investment banking ⁽²⁾	Treasury ⁽³⁾	Asset management ⁽⁴⁾	Total
Net revenue	40.0	464.9	4.9	316.2	508.2	1,334.2
Expenses	(31.3)	(266.5)	(12.1)	(232.4)	(430.9)	(973.2)
Operating Profit	8.7	198.4	(7.2)	83.8	77.3	361.0
Overhead costs						(48.0)
Profit before tax						313.0

⁽¹⁾ Principal investment referred to as Equity trading in the audited financial statements

⁽²⁾ Investment banking referred to as Financial advisory in the audited financial statements

⁽³⁾ Treasury referred to as Fixed income in the audited financial statements

⁽⁴⁾ Asset management referred to as Fund management in the audited financial statements



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a) *Principal Investment and Fund Management (“TVAM”)*

Principal Investment activities are entrusted to TVAM to manage and invest in public equities. In 2023 Assets Under Management (AUM) managed by TVAM for TVS and its customers increased by 21,8% thanks to the confidence of customers in our ability and professionalism. Principal Investment’s and TVAM’s AUM recorded 32% and 79% growth respectively. TVAM’s managed funds which included TVGF5 launched in October, had returns ranging from 28% to 31%, outperforming the VN-Index growth of 12.2%. TVAM’s managed fixed income increased by 59%. The success was attributed to the leadership of the Investment Committee as well as the execution of the portfolio management team to identify stable companies with above-average earnings growth prospects. The portfolio holdings focused on leading companies which benefit from a low interest rate environment including MBB, VPB, VNM and IDC.

In 2024, TVAM will continue to pursue a balanced investment strategy, focusing on industries with above-average earnings growth prospects, strong corporate governance, and attractive valuations with expectations of profit margins of 25%.

b) *Treasury*

Driven by a low interest rate environment our Treasury team took advantage of the interest rate gap on the money market and proactively executed transactions to maximize profits. FY23 Revenue and Gross profit reached VND 316.2 bn (+13.5% YoY) and VND 83.8bn (+71.4%YOY) respectively, at a compound annual growth rate (CAGR) of 22.0%. The AUM at year-end was VND 5,400bn, with a NIM of 1.2%.

In 2024, our view is that interest rates will bottom out and start rising from 2H2024. The division will take advantage of interest rate gaps and target a moderate profit in 2024 with expected ROI of 15%.

c) *Investment Banking (“IB”)*

In 2023, the global investment-banking sector witnessed turmoil, originating from the merger of Credit Suisse and UBS and the bankruptcy of Silicon Valley Bank. The Vietnam market saw significant contraction in M&A transactions with 264 deals and total USD 4.4bn deal value- a decrease of 23% YoY, according to KPMG Vietnam. This coupled with pressure on the currency meant that foreign investors adopted a cautious approach in M&A activities.

Despite a challenging backdrop for the investment banking sector regionally as well as in Vietnam our IB division closed the year with three deals and a total transaction value of USD 55mn, across the Media & Advertising (M&A), Real Estate (Public Offering) and Entertainment (Private Placement) sectors which highlighted our team's adeptness at identifying and capitalizing on opportunities that drive value for our clients and stakeholders. Another positive was that the IB division achieved was building strong deal flow with potential deal size of USD 550mn, which will serve as pipeline for our private equity / venture capital (PE/VC) investment activities.



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Recognizing the importance of continuous professional development, especially in a slower market, TVS seized the opportunity to enhance the IB team's capabilities. Over the year, we conducted more than ten training sessions covering a range of disciplines such as legal, finance & accounting, investment strategies, and interpersonal skills. These initiatives not only equipped our team to better navigate the complexities of the market but also fostered a culture of learning and growth within the firm. As we move forward, we remain committed to maintaining our position in the industry, driven by our unwavering dedication to excellence and the continuous development of our team.

d) Private Equity

In the context of rising global interest rates and complex international developments, foreign investors have exhibited a deceleration in private equity investment activities globally and within Vietnam over the past year, particularly in the venture capital domain. This challenging economic milieu presents an opportune moment for TVS to discern companies possessing genuinely effective business models. Adhering to a long-term investment strategy focused on private enterprises in the New Economy, TVS prioritizes opportunities featuring seasoned founders alongside established and sustainable business models. Notably, in 2023, TVS group participated in NamiTech's Pre-Series A funding round, contributing USD 2mn. NamiTech specializes in AI, with a concentration on pioneering products and services encompassing audio signal processing, speech, biometrics, and natural language.

Apart from investment activities, TVS remains committed to enhancing the value of our portfolio companies through post-investment endeavors, encompassing, but not limited to, fundraising, the recruitment of top-tier talent, standardization of operational procedures, and strategic advisement. Despite the prevailing funding constraints, our portfolio companies have exhibited resilient business models and promising growth trajectories, underscored by successful fundraising endeavors from reputable investors. Notably, Nhi Dong 315 secured Series B funding from the Government of Singapore Investment Corporation (GIC), one of the globe's largest sovereign funds, while MindX secured Series B funding from Kaizenvest, a prominent Singaporean Private Equity fund.

e) Brokerage

Brokerage and Securities Services amounted to VND 40 bn in Revenues, marking a 38% year-on-year decline. This downturn was primarily attributed to a decrease in the daily average trading value, which fell to USD 738 million, down by 12.6% compared to the previous year. The market also witnessed intense competition in commission fees, with major players aggressively pursuing a "zero-fee" strategy. Consequently, revenue from pure brokerage fees reached VND 19 bn, down by 24% year-on-year.

Margin loan revenue declined to VND 20.5 billion, marking a 35.7% year-on-year decrease, while total clients' Net Asset Value (NAV) surged by 16% to reach VND 2,532 billion. This reflects the cautious stance of TVS' clients amidst volatile periods for financial markets. On a positive note margin lending activities experienced "no bad debts" criteria as the Risk Management team reviewed the margin securities portfolio in accordance with internal regulations. The securities portfolio for margin loans is constructed based on robust business fundamentals and thorough liquidity analysis, ensuring that both TVS and its clients can effectively manage their exposure to risk.



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f) Digital Transformation

Digital transformation has been a cornerstone in driving growth and securing remarkable financial achievements across different sectors and regions. In response to the swiftly changing digital landscape TVS recognizes the importance of meeting the needs of a new generation of digital-first consumers. To achieve this we are transforming into an Investment bank that embraces both human excellence and digital innovation, aiming to establish a sustainable competitive advantage that fosters growth and adaptability.

Our vision for the upcoming years is straightforward: to combine the agility and innovation of a tech startup while maintaining the exceptional human touch of a leading Vietnamese investment bank. Inspired by global Investment Banking peers and tech giants, we strive to simplify banking interactions and seamlessly integrate our operations into our customers' investment journey.

We will harness digital technologies to better serve our clients and create a safer, simpler, and more efficient workplace for our employees. This multi-year transformation will equip us with a comprehensive and efficient digital infrastructure.

Key Goals of TVS Digital Transformation Initiative:

- **Foster interdisciplinary agile teams by breaking down traditional departmental barriers:** TVS aims to enhance collaboration and efficiency by adopting a platform-centric operational model tailored to our unique needs. This approach will expand our capabilities and offerings and foster innovation across departments.
- **Maximize the utilization of Data, Technology, and Artificial Intelligence (AI):** TVS is integrating AI, Data Science, and Technology into all aspects of its operations to drive digital innovation. By leveraging technology alongside our skilled workforce, we will enhance customer service both locally and globally. Advanced data analytics and decision-making tools will improve business operations, risk management, and talent retention within the organization.

g) Organisation and Risk Management

In 2023, TVS appointed one Vice Director and hired new employees for IT, Research and HR. We prides ourselves on having a professional and cohesive working environment combined with attractive employee benefits to attract high-quality key personnel. We will continue to develop our staff and key leaders with expertise, ethics, and professionalism to help the development of the Company.

TVS places significant emphasis on risk management, boasting a robust risk management framework and comprehensive understanding across all levels of the organization, from the Board of Directors and the Board of Management to every division and employee. In 2023, the company accomplished the following milestones:

- Enhanced the Risk Management Framework and provided regular training for all staff.

- Continuously monitored and updated risk profiles, positions, and mitigation strategies, presenting bi-weekly risk dashboards to top management.
- Reviewed and refined operational processes, conducting thorough compliance and operational audits to ensure effectiveness and efficiency

3. Financial position

As of December 31, 2023, equity reached VND 2,055bn (+16.2% y/y). Equity has increased steadily over the years mainly from undistributed earnings rather than new share issuance. TVS' Principal Investment was funded by owners' equity while Treasury continuously employed bank loans to grow its business amounting to VND 4,398bn (+42.2% y/y).

The financial ratios of the single financial statements met the safe threshold for the securities industry: (1) Liabilities/Equity ratio of 2.4x (well below the legal required maximum level of 5x); (2) the current ratio of 1.36x above safe threshold of 1x; and (3) financial safety ratio of 223.72%, higher than the regulated, safe level of 180%.

III. 2024 Macro Outlook & Business Plan

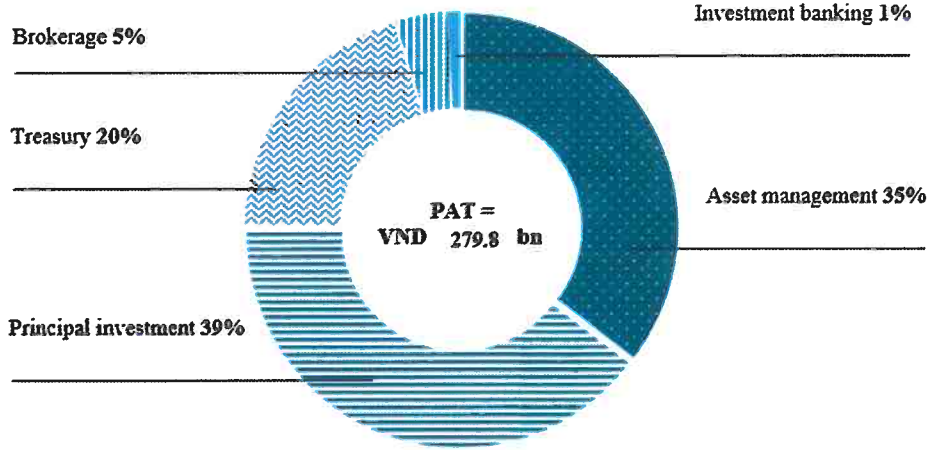
Looking ahead to 2024, we anticipate seeing more capital inflow entering the market which will come from both foreign and domestic investors. We expect foreign funds to return to Vietnam, buoyed by anticipated rate cuts from global central banks and a weakening USD which will make emerging markets like Vietnam more attractive. We also foresee the re-entry of Thai investors into the market after the settlement of their new personal income tax scheme. On the domestic side, we expect interest rates to remain low for an extended period which should encourage investments in the stock market. We also anticipate double-digit earnings growth for listed companies in 2024 which will be a significant difference from the slight decline experienced last year. Several sectors should particularly benefit from positive macroeconomic indicators, such as public investment, international trade and domestic sales.

In terms of market development, there are some positive signals for an emerging market upgrade with (i) a new trading system (KRX) being implemented which should allow for prefunding and (ii) a more specific deadline for an MSCI market upgrade being actively talked about by officials and possibly expected in September 2025. With the efforts of our disciplined investment approach driven on by more positive market conditions, we propose the business plan as below.



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2024 Business Plan



IV. CONCLUSION

With a long-term vision, TVS will continue to promote building a financial platform and bridging the gap between domestic and overseas financial investors. We will also focus on robust growth in business areas such as fintech, healthcare, edtech sectors which we see as having great potential. We will continuously upgrade our information technology systems to strengthen risk controls and data governance in the digital age, in addition to enhancing risk management processes (including stress-testing) for all assets and investment strategies.

TVS is committed to excellence in all of our endeavors and consistently devoted to growing assets, transforming business operations, capturing market share, and increasing value for shareholders over time.

On behalf of the Board of Management, I would like to thank the Shareholders and the Board of Directors for your trust, companionship and unwavering support over the past years. I believe TVS will continue to harvest more successes with the backing of Shareholders and Board of Directors, the execution of the Board of Management and the resolute commitment of our staff.

ON BEHALF OF EXECUTIVE BOARD
CHIEF EXECUTIVE OFFICER

Stamp: S.Đ.K. 0103014996
CÔNG TY CỔ PHẦN CHỨNG KHOÁN THIÊN VIỆT
Đ. BA ĐÌNH - TP. HÀ NỘI

(Signed & Sealed)
NGUYEN THANH THAO

A.C.P. 10/1