

Hanoi, February 22<sup>nd</sup>, 2024

## STATEMENT

On: Maximum foreign ownership ratio; Choose a development strategy that integrates sustainable elements into business activities; Restructuring plan associated with bad debt handling for the period of 2021 - 2025

### To: EVNFinance General Meeting of Shareholders,

- Pursuant to Enterprise Law No. 59/2020/QH14 dated June 17, 2020;
- Pursuant to the Law on Credit Institutions No. 47/2010/QH12 dated June 16, 2010 and Law No. 17/2017/QH14 dated November 20, 2017 amending and supplementing a number of articles of the Law on Credit Institutions ;
- Pursuant to the Charter of organization and operation of EVNFinance Joint Stock Company approved by the General Meeting of Shareholders on March 17, 2023.

EVNFinance's Board of Directors (BOD) kindly reports and submits to the 2024 Annual General Meeting of Shareholders (AGM 2024) the following contents:

#### I. Maximum ownership ratio of foreign investors

The maximum ownership ratio of foreign investors is currently 50% of EVNFinance's Charter Capital, according to the provisions of law. In order to create favorable conditions for domestic investors that have potential and wish to become shareholders of EVNFinance, the Board of Directors kindly submits to the 2024 Annual General Meeting of Shareholders for approval:

- 1) Approving the maximum ownership ratio of foreign investors at 15% of EVNFinance's charter capital. In case this content is approved by the 2024 General Meeting of Shareholders, it will be specifically stipulated in EVNFinance's Charter.
- 2) Authorize/Assign the Board of Directors to carry out implementation procedures, ensuring compliance with legal regulations.

#### II. Choose a development strategy for EVNFinance that integrates sustainable elements into business activities



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The Board of Directors kindly submits to the 2024 Annual General Meeting of Shareholders for approval and adoption of EVNFinance's development strategy towards integrating sustainable elements into business operations, specifically:

- 1) **Choose a development strategy for EVNFinance that integrates sustainable elements into EVNFinance business activities**
- 2) **The General Meeting of Shareholders assigns the Board of Directors to implement:**
  - Develop roadmaps and policies related to integrating sustainable elements into EVNFinance's business activities;
  - Approve implementation plans and resources at EVNFinance;
  - Monitor the implementation of integrating sustainable elements into EVNFinance's business activities;

Details of the submission are according to attached Appendix 01.

### **III. Restructuring plan associated with handling bad debts for period 2021 - 2025 of EVNFinance Joint Stock Company and Authorizing/Assigning the Board of Directors to complete the detailed contents according to legal regulations**

The Board of Directors kindly submits to the 2024 Annual General Meeting of Shareholders for approval and adoption:

#### **3.1. Restructuring plan associated with bad debt handling for the period 2021 - 2025 of EVNFinance Joint Stock Company**

Details are according to attached Appendix 02.

#### **3.2. Authorize/Assign the Board of Directors to complete detailed contents according to legal regulations including but not limited to the following tasks:**

- 3.2.1. Decide on all detailed content of the Plan;
- 3.2.2. Develop, complete and edit the Plan at the request of the State Management office;
- 3.2.3. Direct the implementation and implementation of the Plan;
- 3.2.4. Perform other necessary work to develop, complete and implement the Plan;

Kindly submits to the General Meeting of Shareholders for consideration and approval.

Kind regards./.

#### **Recipients:**

- Board of Directors, Board of Managements;
- Board of Supervisors;
- Archives: Financial accounting Office, Governance Office.

**O/B. BOARD OF DIRECTORS**  
**CHAIRMAN**  
  
**PHAM TRUNG KIEN**

## Appendix 01

# REPORT OF THE 2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS REGARDING CHOOSING DEVELOPMENT STRATEGY FOR EVNFINANCE TOWARDS INTEGRATING SUSTAINABLE ELEMENTS INTO BUSINESS ACTIVITIES

### 1. Sustainable development trends in the world and in Vietnam

- Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet these needs. ESG sustainable development is based on the close and harmonious combination of economic growth, solving social problems and environmental protection. Especially in the context of global climate change and increasingly unpredictable geopolitical conflicts, Sustainable Development is an inevitable global trend.
- Vietnam is a country that strongly committed to implementing sustainable development goals through the promulgation of Vietnam's Strategic Orientation for Sustainable Development in 2004, Vietnam's Sustainable Development Strategy for the period 2011- 2020 and most recently the National Action Plan to implement the 2030 Agenda for Sustainable Development.
- For businesses in general and EVNFinance in particular, sustainable development is both a challenge and an opportunity. The challenges that businesses are facing in the process towards sustainable development are: High initial costs and long capital recovery period; Difficulty in measuring and demonstrating sustainability; Difficulty changing from traditional business forms; It is difficult to balance economic and sustainability goals.
- However, instead of seeing sustainable development as a challenge, many pioneering businesses are now realizing the opportunity to gain a leading edge to enhance the competitive advantage of the organization such as: Competitive advantage from new capacity; Save costs through improved efficiency; New products, services and business models; Enhance brand reputation; Expand market access and partner relationships, especially foreign partners.

### 2. General overview of sustainable development

- Sustainable development ESG stands for Environment, Society and Governance. This is a concept in the field of investment and business, often used to measure factors related to sustainable development and the impact of businesses on the community.

This standard is intended to measure corporate social performance that responsible investors use to screen potential investments.

Why is ESG important?

- Environment: Evaluate issues related to the impact of businesses on the living environment, such as greenhouse gas emissions, water and waste management, raw material supply, and impacts from climate change ...
- Society: Evaluate issues related to diversity, equity and inclusion of businesses internally and with stakeholders, such as human resource management/personnel, security, privacy data and community relations.
- Governance: Evaluate issues related to corporate governance, business ethics, professional ethical standards, protection of intellectual property rights, compliance with legal regulations and governance practices advanced company.

### **3. Current status of sustainable development at EVNFinance**

- Over the years, EVNFinance has practiced sustainable development in a number of business activities. However, awareness of sustainable development at EVNFinance has not yet been synchronized and complete. Implementation activities have specific programs for each year, but are not seamless in plans from two to three or five years. year. Therefore, EVNFinance needs to have a strategic direction for sustainable development that is medium-term and consistent with market trends.
- EVNFinance's Board of Directors has identified the importance of ESG sustainable development and has a policy of integrating sustainable development elements into EVNFinance's business strategy and core operations, accordingly, gradually building a strategy long-term integration as well as building into corporate culture.
- In December 2023, the Board of Directors assigned the Company's Strategy Committee to research and advise the Board of Directors on the ESG implementation plan at EVNFinance, and at the same time, the Board Member participating in the Strategy Committee will be supervisor of the Executive Board's ESG implementation activities..

### **4. Orientation for integrating sustainable elements in EVNFinance's business activities**

Based on the current status of ESG at EVNFinance, the Board of Directors evaluates the integration of sustainable elements into EVNFinance's business



- activities through three main points, aiming to balance economic goals with environmental - social goals, moving towards a responsible financial company model (Responsible Finance). At that time, EVNFinance will focus on:
- Sustainable development management: Focusing on EVNFinance's management structure, employees and human resources. In particular, focus on building corporate culture to connect employees at EVNFinance.
  - Sustainable development risk management: is EVNFinance's identification of sustainable development risk issues in EVNFinance's business activities and integration into EVNFinance's current risk management system.
  - Sustainable product framework: EVNFinance's contributions to the society, community, and environment through responsible business products such as: green bonds, green credit, responsible credit and investment responsibility.



## Appendix 02

### **RESTRUCTURING OPTION ASSOCIATED WITH BAD DEBT HANDLING PERIOD 2021 – 2025 OF EVNFINANCE JOINT STOCK COMPANY (EVNFINANCE)**

Implement the requirements of the Banking Inspection and Supervision Agency - State Bank of Vietnam in Documentary No. 2981/NHNN-TTGSNH dated April 25, 2023 on the construction and approval of the Restructuring Plan associated with handling bad debts in the period 2021 - 2025 of EVNFinance Joint Stock Company (hereinafter referred to as "Plan"). Accordingly, in the Plan, the Construction Company offers solutions to overcome shortcomings, limitations, and respond to difficulties and challenges forecast in the coming time to ensure compliance with the viewpoints, Objectives and tasks in Decision No. 689/QĐ-TTg dated June 8, 2022 of the Prime Minister in approving the Project "Restructuring the system of credit institutions associated with handling bad debts in the period 2021-2025" and Decision No. 1382/QĐ-NHNN dated August 2, 2022 of the State Bank on Promulgating the Action Plan of the banking industry to implement the Project "Restructuring the system of credit institutions associated with bad debt handling in the period 2021-2025". The main contents of the Plan include:

- I. Results of implementing the Restructuring Plan associated with bad debt handling for the period 2016 - 2020 and updated until December 31, 2023**
- 1. Evaluate the implementation of common goal results**

EVNFinance Joint Stock Company (EVNFinance) has developed and reported to the State Bank (SBV) on EVNFinance's restructuring plan associated with bad debt handling in the 2016 - 2020 period in Official Dispatch No. 180/CV. -TCĐL-VPĐQT dated May 25, 2018 and be approved by the Governor of the State Bank in Document No. 4036/NHNN-TTGSNH dated May 31, 2018. Objective of the Plan - The period 2016 - 2020 is the period when the Company determines to implement effective and safe growth; Developing retail credit activities; Ensure operational safety, always maintain bad debt ratio below 3%.

Implementation results by the end of 2020, the Company has basically completed the General Objectives according to the reported Plan as follows:

1. For the goal of developing in the direction of a general financial company, the Company has persistently developed according to the identified development orientation, restructuring in a flexible way to meet the requirements. develop and improve apparatus management and operational capacity on the basis of developing



highly qualified human resources; Develop and implement plans to increase equity capital each year.

2. For the goal of safe and effective growth: The Company increases the scale of operations year by year, thereby achieving safe credit growth, ensuring to meet the direction of the State Bank, sustainable capital growth, profit growth to ensure shareholders' benefits; Regarding capital mobilization activities, the Company has closely followed the orientation of expanding operations to the international market, laying the foundation for strong development of this market in the next period.
3. For the goal of promoting the development of consumer credit activities in the period from 2018 to 2020: By the end of 2020, the Company has implemented a diverse and flexible supply of applied products and services, high technology to meet the demands of market, joining hands to repel black credit according to the policies of the Government and State Bank.
4. For the goal of ensuring operational safety: In parallel with the process of growth in scale and operational efficiency, the Company always ensures safety indicators that meet standards according to regulations of the State Bank, bad debt ratio always below 3%. The Company ensures full compliance with the regulations in Circular 36/2014/TTNHNN, Circular 06/2016/TT-NHNN; Implement research on regulations on safety ratios closest to Basel 2 standards.
5. For the goal of implementing responsibility to the community: Implementing business activities, the Company is always conscious of protecting and improving the environment, protecting human rights, and complying with labor regulations. activities, employment and participation in socially meaningful programs.

## **2. Evaluate specific results**

By the end of 2020 and updated to December 31, 2023, the Company has synchronously and drastically implemented the set solutions, achieving the following specific results:

### ***2.1. Continue to develop the operating organization according to the general finance company model:***

By 2020, the Company has implemented specific plans to develop and diversify products and services, on the one hand maintaining traditional activities of credit and investment, combining promoting retail financial products and services; Strongly invest and implement modern technology applications in business, management and operations activities; Registered to trade the Company's shares (EVF code) on the Unlisted Public

Company Market (Upcom) in 2018. By January 12, 2022, EVF shares were officially traded on Hochiminh Stock Exchange (HSX).

## ***2.2. Improve equity capacity***

The company has set a plan for each year and implemented the increase in Charter Capital according to the set plan (Achieved the increase of 6% in 2020, 15% in 2021, completed the first time with 6.5% and the second time with 8.2% in 2022, and completed a 100% increase in 2023 from public share issuance, achieved 21.2 billion VND of increase according to the Employee Choice Program). The Company's Charter Capital reaches 7,042.4 billion VND at period of December 31, 2023.

## ***2.3. Effective and safe growth***

- The company implemented growth in scale of operations in parallel with always ensuring operational safety indicators in compliance with regulations of the State Bank of Vietnam.
- The company has promoted mobilized capital activities on the basis of providing suitable products, expanding customer diversification. The scale of capital resources grew, meeting the Company's business needs.
- Effective and safe credit growth, ensuring strict compliance with the direction of the State Bank.
- Retail credit activities: The company develops retail credit activities, develops consumer credit products suitable for financial company model; establish and apply an appropriate operating model, build a professional staff team; Develop and apply product and service policies appropriate with market needs.
- Profit: in parallel with growing scale and controlling bad debt, the Company has completed the annual profit growth target.

## ***2.4. Ensure operational safety***

The company always controls and maintains bad debt < 3%. In the period from 2017 - 2022, the Company has increased resources for debt handling, establishing a Debt Handling Department with specialized functions and tasks.

## ***2.5. Carry out responsibility to the community***

Always strengthen the protection and improvement of environmental quality through social activities and business activities following green credit trends; Protect human rights, ensure the system complies with labor regulations.

## **3. Evaluate existing problems, difficulties, causes, and lessons**



The company has evaluated the existing difficulties and problems during operations, thereby drawing lessons to have appropriate response solutions in the next stages.

## **II. Purpose, requirements and legal basis of developing a restructuring plan associated with bad debt handling in the period 2021 – 2025**

### **1. Purpose and requirements**

Implement the Banking Industry Action Plan to implement the State Bank's direction to units of Banking industry in organizing the implementation of goals, tasks, and solutions on restructuring the system of organizations. Credit institutions (CIs) associated with bad debt handling in the period 2021-2025 are stipulated in Decision No. 689/QD-TTg dated June 8, 2022 of the Prime Minister in approving the Project "Restructuring the credit system associated with bad debt handling in the period 2021-2025" (Decision No. 689/QD-TTg) and the contents of the Plan.

### **2. Legal basis**

- Enterprise Law No. 59/2020/QH14 and guiding documents;
- Law on Credit Institutions No. 47/2010/QH12; Law amending and supplementing the Law on Credit Institutions No. 14/2017/QH14 and guiding documents;
- Securities Law No. 54/2019/QH14 and guiding documents;
- Decision No. 689/QD-TTg dated June 8, 2022 of the Prime Minister in approving the Project "Restructuring the system of credit institutions associated with bad debt handling in the period 2021-2025";
- Decision No. 1382/QD-NHNN dated August 2, 2022 of the State Bank on Promulgating the Action Plan of the banking industry to implement the Project "Restructuring the system of credit institutions associated with with bad debt handling in the period 2021-2025";
- Charter of organization and operation of EVNFinance Joint Stock Company;

## **III. Evaluate current status of operations**

### **1. Some basic financial indicators**

*Unit: billion VND*

| <b>No.</b> | <b>Indicators</b>          | <b>31/12/2020</b> | <b>31/12/2022</b> | <b>31/12/2023</b> |
|------------|----------------------------|-------------------|-------------------|-------------------|
| 1          | Charter Capital            | 2,649.8           | 3,510.6           | 7,042.4           |
| 2          | Total assets               | 28,804.9          | 42,197.9          | 49,221.1          |
| 3          | Profit before tax          | 285.7             | 455.3             | 409.3             |
| 4          | Non-performing loans ratio | 1.32%             | 1.64%             | 1.08%             |
| 5          | Capital adequacy ratio     | 11.04%            | 11.5%             | 18.29%            |

## **2. Organization, executive management**

### **2.1. License of establishment and operation**

EVNFinance Joint Stock Company was established under License No. 187/GP-NHNN dated July 7, 2008 of the State Bank of Vietnam, and was granted a Registration Certificate the first time by the Hanoi Department of Planning and Investment on July 8, 2008, business code 0102806367.

### **2.2. Organizational model, personnel, meeting the organizational structure and personnel of the Board of Directors, Board of Supervisors, and Board of Managements according to the provisions of the Law on Credit Institutions (amended and supplemented)**

EVNFinance Joint Stock Company is organized, managed and operated according to the credit institution model of a joint stock company specified in Articles 43, 44, 48 and 62 of the Law on Credit Institutions No. 47/2010/QH12 approved by the National Assembly of the Socialist Republic of Vietnam on June 16, 2010; Law amending and supplementing a number of articles of the 2017 Law on Credit Institutions and Point a Clause 1 Article 137 of Enterprise Law No. 59/2020/QH14 by the National Assembly of the Socialist Republic of Vietnam on September 17 /6/2020.

### **2.3. Active network**

- Head office address: Level 14, 15 and 16, Tower B, EVN Building, No. 11 Cua Bac, Truc Bach Ward, Ba Dinh District, Hanoi City, Vietnam.
- Da Nang City Branch address: Plot A2.12, 30.04 Street, Hoa Cuong Bac Ward, Hai Chau District, Da Nang City, Vietnam.
- Ho Chi Minh City Branch address: Plot H (ii) and I (i), Level 9, Sunwah Tower Building, 115 Nguyen Huc Avenue, Ben Nghe Ward, District I, Ho Chi Minh City, Vietnam

### **2.4. Executive management**

- EVNFinance specially concerns and focuses on executive management capacity, development strategy and risk management activities. Accordingly, in the face of fluctuations in the financial market, EVNFinance has provided development orientations, adapted to the market, and organized the implementation of business activities according to the strategic orientation approved by the General Meeting of Shareholders.
- EVNFinance builds an inspection system according to the model of three lines of defense, ensuring that the lines are independent, while still having coordination and regular exchange of information based on consultation, criticism, support each other towards common goals.

### **3. Information technology system, digital transformation implementation situation at EVNFinance**

#### **3.1. Promote the application of advanced technology**

In the period from 2021 to present, EVNFinance has promoted the application of advanced technology to serve business operations and executive management, such as a centralized automatic reporting system; upgrade the T24 system and deploy a backup system for T24; deploying and applying automatic scoring tools; implement the project to digitize professional activities; standardize datamart data tables...

#### **3.2. Upgrade information security and data safety systems**

- Backup system has been deployed at the Data Center located in Vietnam to prepare for emergency situations.
- Customer data and personal data are stored and protected in Vietnam in compliance with the requirements of the Cyber Security Law.
- EVNFinance has implemented the application of information security management standards according to ISO 27001 with the scope of application within units in the Company. In 2022, EVNFinance has applied and received ISO 27001 certification throughout the system.

#### **3.3. Organization and implementation work to ensure information system security**

The company organizes and implements to ensure information system security and comply with regulations of Circular 09/2020/TT-NHNN dated October 21, 2020.

#### **3.4. Implementation of Decisions of the Government and State Bank**

EVNFinance has implemented Decision No. 810/QD-NHNN dated May 11, 2021 in approving the "Digital transformation plan for the banking industry to 2025, orientation to 2030", Decision No. 2655/QD-NHNN dated on December 26 by the SBV Governor in Banking Industry IT Development Strategy to 2025, orientation to 2030, EVNFinance's IT development strategy and related regulations.

### **4. Financial situation**

#### **4.1. Capital**

- The level of charter capital, real value of charter capital, and equity capital of EVNFinance at all times meets the requirements for compliance and Company's capital adequacy indicators according to regulations;
- EVNFinance has no violations of ownership of shares/contributed capital;



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- EVNFinance strictly complies with legal regulations on credit granting and investment activities for shareholders and related people. The company seriously implements the regime of periodic statistical reporting to the State Bank.

#### ***4.2. Mobilize capital***

- Over the past period, EVNFinance has made great efforts in capital mobilization, always ensuring stability and efficiency in capital structure.
- With appropriate capital balance, EVNFinance always ensures liquidity at all times, including very stressful times at all times.

#### ***4.3. Asset quality***

- Credit activities are one of the key business activities, contributing the largest proportion of EVNFinance's annual profits. EVNFinance implement credit activities, always ensuring to closely follow the guidelines and operating policies of the State Bank, setting specific goals to operate, manage, and implement activities to achieve the best results, ensuring Comply with operational safety rates and legal regulations.
- EVNFinance provides credit, always sharing the difficulties of businesses and individuals due to the impact of the Covid-19 while still ensuring the goal of good quality control.
- EVNFinance does not grant credit to subjects who are not eligible for credit.

#### ***4.4. Payment, agency and entrustment activities***

EVNFinance does not have payment, agency or trust activities.

#### ***4.5. Business results***

EVNFinance implements and announces business results according to the audited 2023 Financial Report.

#### ***4.6. Liquidity situation and compliance with safety limits and ratios***

- EVNFinance always ensures and complies with the State Bank's requirements on limits and safety ratios.
- EVNFinance provides credit - fully comply with regulations in Article 126 of the Law on Credit Institutions.
- EVNFinance does not incur business activities of subsidiary company, affiliated domestic and foreign companies.

#### ***4.7. Operational situation and business results of domestic subsidiaries and affiliated companies***

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#### **4.8. Operational situation and business results of subsidiaries and abroad branches**

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#### **4.9. Operational situation of domestic branches**

EVNFinance has 02 branches operating in Da Nang City and Ho Chi Minh City. EVNFinance's branches are operating in a development direction, contributing to the overall profit of the entire Company. Currently, all branches are operating profitably and the bad debt ratio is below 3%.

#### **IV. Shortcomings, violations, and risks in EVNFinance's operations**

- EVNFinance evaluates and identifies existing problems and risks that are always hidden in the Company's operations. EVNFinance always have to strictly control operations to prevent in advance.
- EVNFinance has been implementing the recommendations in the Inspection Conclusion and recommendations of the independent auditor, periodically reporting to the State Bank according to regulations.
- The Company's activities are always ensured to comply with licensed activities by the State Bank of Vietnam. EVNFinance builds, operates, and maintains a list of internal regulatory documents in accordance with the regulations of the State Bank and relevant laws currently in effect in regulating business activities.

#### **V. Overall assessment of strengths, weaknesses, difficulties, challenges, trends affecting EVNFinance's operations**

- Tighter limits regulations in capital mobilization activities of financial companies compared to commercial banks have limited the ability to diversify mobilized capital sources at EVNFinance, so EVNFinance have to make efforts to keep, maintain customer files, leading to periods that deposit mobilization has a slightly high concentration level.

Influenced by the Covid epidemic, the world economic crisis, and Vietnam's economic slowdown, EVNFinance has to face many challenges to both keep credit growth closely following with the set goals and control quality assets, ensuring operational safety goals.

In addition to general market difficulties, as a financial company, EVNFinance's credit activities face more difficulties than commercial banks because customers cannot open payment accounts at EVNFinance.

- Bad debt recovery is basically a difficult activity. In the current difficult economic context, bad debt recovery activities face even more difficulties and challenges.

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## **VI. Perspectives and goals of restructuring until 2025**

In the period 2021-2025, the Company identifies the following basic goals:

- Consolidate and develop the organizational and operational model following the general financial company model; Improve equity capacity.  
Increase the scale of operations effectively and safely; Always ensure that ratios and operational safety structures meet the standards prescribed by the State Bank.
- Diversify capital sources.

## **VII. Restructuring solutions and implementation roadmap**

- Develop a specific vision and business strategy, reaching out internationally.
- Maintain and improve capital adequacy ratio (CAR).
- Proactively expand the number of customers; Diversify capital mobilization channels.
- Continue to maintain and improve the quality of credit granting.
- Control receivables to avoid overdue debts.
- EVNFinance continues to implement the recommendations in the Inspection Conclusion and recommendations of the independent auditor, and periodically reports to the State Bank according to regulations.
- Continue to apply digital technology in statistical reporting activities, combined with dedicating human resources to carefully review reports before sending to the State Bank to ensure the statistical reporting to the State Bank, State management agencies are accurate and complete, control to minimize errors.
- Improve management and executive capacity and transparency in operations.
- Strengthen modern and effective technology platforms in business operations and executive management activities.
- Promote green credit; Carry out good responsibilities to the community and society.

## **VIII. Suggestions and recommendations**

EVNFinance has proposals and recommendations to state management agencies to support the Company's operations, reduce the difficulties of financial companies mentioned in section V and other recommendations during operation.



*Notice: In case of difference between two versions of English and Vietnamese, Vietnamese version shall prevail.*

