

No: 16/BC-TCĐL

Hanoi, February 22nd, 2024

**REPORT OF THE BOARD OF MANAGEMENT
ON BUSINESS PERFORMANCE IN 2023 AND 2024 BUSINESS PLAN**

To: Shareholders,

The Board of Directors of EVNFinance Joint Stock Company (EVNFinance) respectfully reports to the General Meeting of Shareholders on Business performance in 2023 and orientation and goals of the Business Operation Plan in 2024.

**PART I
BUSINESS PERFORMANCE IN 2023**

2023 is a difficult year for the worldwide economy associated with the tensions of geopolitical conflicts, climate changes and widespread epidemics. Vietnam is a highly open country that has been affected by the world economic situation. The dynamics of the economy have not been effective, especially in the first 6 months of the year. More positive trends in the last months of the year help GDP growth in 2023 reach 5.05%, the average CPI increase by 3.25%. Accordingly, the operation of the banking industry is greatly affected by the implementation of management and administration policies, with highlighted events such as: The State Bank of Vietnam (SBV) continuously reduces operating interest rates, credit growth of the background economic reach 13.71%, which does not reach the set target; Business performance of credit institutions decrease, non-performing loans increase, the real estate market and stock market are negative. The SBV strictly controls consumer finance activities. Consumer finance activities are also negatively affected by the tightening of personal information management and debt collection activities.

I. BUSINESS PERFORMANCE IN 2023

1. Key performance indicators

- As of December 31st, 2023, Total assets reach VND 49,221 billion, up 17% compared to 2022.



- Profit before tax in 2023 reach VND 409.3 billion, fulfilling 73% of the set plan, equivalent to 90% compared to 2022. This is a great effort of the Company in the context that the consumer lending market is negatively affected, many consumer finance companies suffer heavy losses; fund mobilization activities of the Company are affected, facing more difficulties with negative information on consumer finance;
- Total mobilized funds at December 31st, 2023 reach VND 39,351 billion, up 6.7% compared to 2022, ensuring liquidity and business demand.
- NPL ratio at December 31, 2023 is 1.08%, decrease in comparison with 2022 (1.64%).
- The CIR ratio of 2023 is 27.16%, which is 5% lower than that of 2022 (28.6%), indicating that the Company's cost management has been improved and become more efficient. The reason for achieving this goal is that in 2023, EVNFinance has optimized resources, strengthened the digitalization in business operations and executive management.

Unit: billion dong

TT	Indicator	2023 Plan	Implementation in 2023	
			Implement	%/Plan
1	Charter Capital	7,042	7,042	Complete the capital increase plan
2	Total Assets	49,790	49,221	99%
3	Profit before tax	560	409.3	73%
4	NPL ratio	< 2%	1.08%	
5	CAR	> 9%	18.29%	

2. Evaluation of Business Performance in 2023

2.1. Complete capital increase, improve financial capacity, grow capital sources for business activities

In 2023, EVNFinance has completed an increase in charter capital to more than VND 7,042 billion through 1:1 share issuance and employee stock ownership program - ESOP, accordingly, EVNFinance's charter capital has increased by 100% compared to the beginning of 2023. This is the first time EVNFinance has issued

shares to employees who are leaders and senior employees working at EVNFinance. The doubling of charter capital will help EVNFinance improve its financial capacity, and at the same time create a basis for development and increase basic returns on shares in the following years.

In addition, the total capital mobilized at December 31st, 2023 reach VND 39,351 billion, up 6.7% compared to the end of 2022, contributing to ensuring liquidity and operational safety, strictly complying with the ratios and indicators prescribed by the State Bank.

In 2023, in the difficult situation of the world economy and Vietnam, especially in early 2023, the liquidity of the whole system is serious, credit institutions have faced difficulties in raising capital. In this context, EVNFinance has consistently adhered to strategic goals, effectively implemented solutions to develop business activities and ensure operational safety. In addition to raising capital from deposits and issuing valuable papers, in 2023, EVNFinance continue to stick to the goal of expanding the international market in capital mobilization, increasing foreign mobilization capital from established partners and new partners from the global market.

2.2. Credit growth according to the target plan

As at December 31st, 2023, EVNFinance's total credit balance reached VND 33,569 billion. In the context that Vietnam's economy has to continue to overcome the effects of the Covid pandemic, while facing great challenges from world economic instability, war... EVNFinance has set goals and effective solutions, implemented effective and safe credit growth, supported businesses and people to access credit capital with interest rates in accordance with the reality of capital mobilization of the Company. The credit growth results will create a solid foundation of asset scale for the next stages of EVNFinance's development.

In 2023, the Company continue to prioritize the development of credit in the energy sector, especially renewable energy, green energy projects, loans for production and business development and loans for life.

2.3. Good control of asset quality

The NPL ratio of the whole company at December 31, 2023 is 1.08%, fulfilling the set target; at the same time, absolute compliance and much lower than the level below 3% according to the direction of the State Bank.

The quality of the Company's assets is always guaranteed. EVNFinance ensures the operational safety ratios as prescribed by the State Bank at all times. The company always operates in strict compliance with the system of regulatory documents,

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ensuring the control corridor, monitoring the compliance of business activities, and at the same time operating an appropriate risk management system to accurately determine the level of risk for management measures, timely prevention and appropriate handling measures to minimize possible risks.

2.4. Maintain service activities

On-lending and entrustment management is a key service activity of the Company. By 31/12/2023, EVNFinance is managing the disbursement and on-lending of projects with a total committed value of nearly 5 billion USD. Activities of controlling expenditures, disbursing and receiving debts, post-loan management operations are implemented on schedule. The collection and repayment of debts shall comply with the provisions of credit documents, without incurring bad debts or overdue debts under the risk-bearing loan program (DPL2).

To ensure the quality of services for implementing assigned projects, EVNFinance has focused on investing resources and ensuring the capacity of professional units to provide the best service to customers.

2.5. Application technology development

With the policy of developing digital banking and digital finance products and services to provide to a wide range of customers in all regions of the country, in 2023, EVNFinance has continued to research, develop and apply to deploy products and services applying modern technology, meet the needs of customers. EVNFinance's digital transformation strategy focuses on improving and digitizing business processes and upgrading existing systems continuously around 04 issues of cloud computing, Big Data processing, Mobile technology and expanding platform business services (Platform).

EVNFinance has developed and implemented a technology strategy in sequence of process automation by artificial intelligence, collection, processing and business with big data model as the foundation for the next steps of digital technology development. Projects use robots to appraise, identify customers, collect data and process customer profiles. Loan appraisal and approval system in an automated process based on big data.

EVNFinance has connected and cooperated with many partners who are payment intermediaries, financial technology (Fintech) to jointly exploit the market, develop platform business models, strongly apply digital technology to provide friendly products and services, reasonable costs, Fast and convenient, safe for customers.



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The development of products associated with new digital technology has brought high efficiency and are important components in the development process of the Company in 2023 and the following years in accordance with the set orientation and roadmap, becoming a strong General Financial Institution, pioneering in the application of digital technology.

2.6. Promote business support activities and improve work efficiency

As at 31/12/2023, the total number of employees of the Company including the Board of Directors, the Board of Supervisors, the Board of Management, staff at the Head Office and 02 Branches is 314 people. The company always focuses on recruiting personnel with many advanced criteria in terms of expertise, work experience and ability to meet job requirements, especially rejuvenating many managerial positions.

Especially in the context of requiring sustainable development in the new era, in 2023, the Company will focus on promoting the implementation of training and coaching programs to develop leadership capacity for leaders in business as well as in management, run the Company.

In addition to the above efforts to bring business efficiency, the Company has focused on creating a foundation to support - strengthen corporate culture, professional and effective working style; business activities and daily operations of the Company in accordance with ISO 9001: 2015; apply Information Security management system for business activities according to ISO/IEC 27001:2013.

The audited 2023 Financial Statements of the EVNFinance Joint Stock Company are attached.

PART II

2024 BUSINESS PLAN

I. Orientation - Objectives

Global economic growth is forecast to continue to be difficult in 2024. 2024 is the second year since the war in Ukraine has sent commodity prices such as wheat and oil soaring, with several countries already banning food exports in 2023. Domestically, the Government sets a GDP growth target of 6-6.5% in 2024; Inflation is controlled at 4-4.5%, stabilizing the currency market, foreign exchange and banking system. The banking industry aims for credit growth in 2024 of about 15%; drastically



and effectively implement the Project "Restructuring the system of credit institutions associated with bad debt settlement in the period of 2021-2025"; effectively implement the plan for digital transformation of the banking industry.

In this context, on the basis of the achieved results of 2023, EVNFinance determined the goals for 2024, specifically as follows:

1. Grow the scale, ensure operational efficiency and safety.
2. Increase assets align with ESG sustainability goals, which is a cross-cutting goal in 2024.
3. Increase capital sources for business activities on the basis of balancing the optimal capital structure in accordance with the characteristics of financial companies. Continue to expand and further promote the scale of capital mobilization from international markets and international partners.
4. Continue service activities, with a focus on Entrustment Management and On-lending.
5. Continue to promote digitalization in business operations and administration, improve labor efficiency and management efficiency.
6. Implement the "Plan on restructuring credit institutions in the period of 2021 – 2025".
7. Focus on building the image, brand and marketing strategy of the Company to enhance brand awareness with foreign partners.
8. Continue to position EVNFinance with the international credit rating system.
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II. 2024 business plan submitted to the 2024 Annual General Meeting of Shareholders

Business plan targets in 2024

Unit: billion dong

STT	Indicator	Implementation in 2023	2024 Plan	
			Plan	%/Implementation in 2023
1	Total Assets	49,221	54,500	110%
2	Profit before tax	409.3	585	143%

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Kindly report and submit to the Annual General Meeting of Shareholders in 2024./.

GENERAL DIRECTOR

Recipients:

- AGM;
- Board of Directors, Board of Supervisors;
- Save: VT, Finance-Accounting Department.



Mai Danh Hien

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

