



EVNFINANCE JOINT STOCK COMPANY

No: 10/BC-HDQT-TCĐL

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Hanoi, February 22, 2024



**REPORT OF THE BOARD OF DIRECTORS
ABOUT 2023 OPERATIONS AND 2024 ORIENTATION**

To: General Meeting of Shareholders of EVNFinance Joint Stock Company,

The Board of Directors of EVNFinance Joint Stock Company (BOD) would like to report to the General Meeting of Shareholders on the 2023 Operating Results and 2024 Orientation as follows:

PART I. 2023 OPERATION REPORT

1. General situation

In 2023, many major economies slowed down, potentially many risks such as hard landing, rising public debt, and additional risks from conflicts in the Middle East. The World Bank estimates global economic growth to reach 2.6% in 2023, 3.0% lower than in 2022. Domestically, the economic situation and financial market in 2023 started with many transitional difficulties from 2022, affecting specific factors such as the rapid increase in interest rates in November and December of 2022 and peaking in early February 2023, the bond market was heavily affected by bad developments in the domestic financial market from negative events, enterprises, especially real estate, construction, renewable energy power enterprises face up with cash flow difficulties, shortages of order situation of export manufacturing enterprises, capacity/labour cut down. The Government has implemented many policies to support and mitigate difficulties for the real estate market, bond market, and for businesses. However, in general, 2023 is a particularly difficult year and contains many challenges for the operation of businesses, including credit institutions, including EVNFinance Joint Stock Company (EVNFinance).

2. Evaluating the performance of tasks assigned by the General Meeting of Shareholders

2.1. Business performance in 2023

In difficult operating conditions as mentioned above, the Board of Directors has regularly assessed and made judgments closely following market developments, especially interest rate trends and difficulties in the operation of enterprises, the Board of Directors and the Board of Management have closely followed unpredictable developments of business conditions, strengthen risk management, focus on

disbursement growth on safe assets, strengthen debt settlement, which always ensures maintaining asset quality, liquidity safety, keeping bad debt ratio low, ensures all criteria of asset quality safety, etc capital adequacy and liquidity indicators are always above the threshold prescribed by the State Bank. This is a very important condition for the Company to receive a B2 credit rating - a stable outlook assessed by Moody's for the 3rd consecutive year.

The company achieved Business Performance in 2023 with the following key targets:

- Total assets reached VND 49,221.1 billion, up 17% compared to 2022, reaching 99% of the plan assigned by the General Meeting of Shareholders.
- Profit before tax reached VND 409.3 billion, reaching 73% of the plan assigned by the General Meeting of Shareholders.
- Total mobilized capital reached VND 39,351 billion, up 7% compared to 2022.
- NPL ratio at December 31, 2023 was 1.08%, down from 2022 (1.64%).
- The minimum capital adequacy ratio of CAR at December 31, 2023 is 18.29%, which during the year has always remained higher than the minimum 9% stipulated by the State Bank.

Details of business activities are presented in the Report of the Board of Directors to the General Meeting of Shareholders.

2.2. Profit Distribution in 2022

Based on the approval of the 2023 Annual General Meeting of Shareholders in Resolution No. 01/NQ-HĐQT-TCĐL dated March 17, 2023, EVNFinance has made appropriations to the Funds. The remaining 2022 profit after setting aside the Funds is VND 300 billion.

2.3. The implementation of increasing Charter Capital according to the Resolution of the Annual General Meeting of Shareholders in 2022

In January 2023, the State Bank of Vietnam has approved EVNFinance to increase charter capital from Issuing shares to existing shareholders and Issuing shares to employees under the Employee Stock Ownership Program (ESOP) with the maximum charter capital increased by VND 3,545,746,710,000, according to the content of the 2022 Annual General Meeting of Shareholders approved. The company has now implemented and completed capital raising procedures in 2023. As at December 31, 2023, the results of the charter capital increase are as follows:

Total charter capital increased: VND 3,531,842,580,000, of which:

- Capital increase from public offering: VND 3,510,640,310,000
- Capital increase from ESOP: VND 21,202,270,000.

Charter capital at 31/12/2023 reaches: 7,042,482,890,000 VND.

2.4. Remuneration and allowances of the Board of Directors and the Board of Supervisors; Bonus of Board of Directors, Board of Supervisors, Board of Management

- Total remuneration and allowances of the Board of Directors and the Board of Supervisors in 2023: VND 5,222,774,191.

- About bonuses to the Board of Directors, the Board of Supervisors and the Board of Management in 2023: According to the business performance of the Company, the Board of Directors proposes not to make deductions to the Board of Directors, the Board of Supervisors and the Board of Management.

2.5. The selection of independent auditing firm to audit the financial statements in 2024

The Board of Directors of the Company has selected Ernst & Young Vietnam Co., Ltd. to audit the Company's 2024 Financial Statements.

2.6. Implementing procedures for amending and promulgating the Charter on organization and operation of EVNFinance Joint Stock Company, Regulations on organization and operation of the Board of Directors and Internal Management Regulations.

Based on the approval of the 2023 Annual General Meeting of Shareholders in Resolution No. 01/NQ-HĐQT-TCĐL dated March 17, 2023, dated March 28, 2023, the Board of Directors has issued the 12th amended Charter of organization and operation of the Company, Regulations on organization and operation of the Board of Directors and the Company's Internal Management Regulations.

3. Activities of the Board of Directors in 2023

3.1. Governance and supervision activities of the Board of Directors

- EVNFinance's Board of Directors identified specific objectives that closely follow the objectives approved by the 2023 Annual General Meeting of Shareholders:
 - ✓ Continue to grow the scale of the Company's operations, expand markets, affirm EVNFinance's position in domestic market and off-shore markets.
 - ✓ Consistent with the strategic orientation of developing the risk management system at EVNFinance, towards international standards and practices within the framework prescribed by law; Develop and apply strategic and comprehensive overview approaches to identify, assess and handle risks affecting EVNFinance in order to ensure EVNFinance's operational safety and maximize profits.
 - ✓ Strengthen compliance monitoring throughout the system, ensuring that the Company's operations are on the right trajectory, in compliance with the provisions of law and common standards.
- The Board of Directors pays special attention to the Company's development strategy and risk management activities. In the situation of unpredictable events of the world economy which creates great pressure the Vietnamese economy and affects certain activities of the financial market, EVNFinance's Board of Directors has issued development orientations, in accordance with market developments, identify and assign tasks to the Board of Management to implement business activities according to the approved strategic direction. The Board of Directors holds quarterly meetings and extraordinary meetings to ensure timely handling of tasks. During the year, the Board of Directors held 15 official meetings, directly solve and decide

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issues related to the Company's management, administration and business activities. The Board of Directors also organizes informal working sessions at the Company's offices weekly, exchanges, internal discussions and/or works with members of the Board of management to support with resolving arising issues as well as related issues necessary for the Company's operations, at the same time, non-executive Board members also conducted discussions on some sectors of the Company. During the year, the Board of Directors issued 95 Resolutions and 51 Decisions and Notices to direct the Company's activities.

- The Board of Directors has supervised and directed the activities of the Board of Management through organizational activities, directing, reviewing and consolidating to ensure that the current system of internal regulations (regulations, regulations, processes) is promptly updated and completed in accordance with the provisions of law and the development strategy of the Company. During the year, the Board of Directors issued amendments to regulations to ensure and strengthen the rigor of the system. The internal regulatory documents that have been issued include: Regulations on the Organizational Structure of the Company, Regulations on Functions and Duties of departments, Regulations on Internal Credit Rating, Regulations on classification of assets available, deduction level, method of setting up risk provision and the use of provision to handle risks of EVNFinance, ...
- In order to strengthen and strengthen the strength of the system, build a foundation for the development of the scale and quality of the Company according to the orientation set by the General Meeting of Shareholders, in 2023, the Board of Directors has led, organized, researched, built the system, organizational structure, title, hierarchy of tasks, functions of each unit, ensuring a steady foundation for the operation of the system. In February 2023, the Board of Directors has issued a resolution appointing two (02) more Deputy General Directors to strengthen executive governance capacity. On 06/7/2023, the Board of Directors issued Resolution No. 54/NQ-HĐQT-TCĐL on the appointment of General Director and change of the legal representative of EVNFinance Joint Stock Company, appointing Mr. Mai Danh Hien to the position of General Director of the Company, and gradually strengthening the senior personnel system, appoint Ho Chi Minh City Branch Director, promote branch operations in the southern provinces, reappoint Da Nang City Branch Director in December 2023, consolidate business activities in the Central region.
- Implementing the Resolution of the 2022 Annual General Meeting of Shareholders on increasing charter capital, in 2023, the Board of Directors has directed to successfully increase charter capital, with an additional capital of VND 3,531,842,580,000 . The implementation and implementation of the target results according to the expected progress requires very close supervision and direction from the Board of Directors. Charter capital at 31/12/2023 reached VND 7,042,482,890,000, which is a capital level to ensure a steady foundation for the implementation of the Company's development goals in the coming time.

- The Board of Directors directs and supervises information disclosure activities, ensuring that EVNFinance properly and fully complies with legal provisions, helping shareholders and investors fully and promptly grasp EVNFinance's information.
- In line with the trend of sustainable development of the world as well as Vietnam's orientation in 2023, the Board of Directors has directed and oriented the integration of ESG (Environmental, Social and Governance) goals into the development strategy, guiding EVNFinance to gradually approach and implement according to new standards of sustainable development, thereby continuing to affirm EVNFinance's commitment to responsibility and dedication to the environment, community and society. Continuing to follow the set orientation, at this Annual General Meeting of Shareholders in 2024, the Board of Directors submitted to the General Meeting for approval the content on deciding EVNFinance's development strategy towards integrating sustainable factors into business activities (specific content in the Statement).

3.2. Operations of the Risk Management Committee, Human Resources Committee and Strategy Committee

Committees under the Board of Directors including Human Resources Committee, Risk Management Committee, Strategy Committee maintain activities according to regular and/or irregular meeting schedules to help the Board of Directors enhance operational efficiency, promptly make decisions related to personnel, risks and strategies during the operation of the Company. Concrete:

- During the period, the Human Resources Committee consults the Board of Directors on the scale and structure of the Board of Directors and suitable leaders in accordance with the scale of operation and development strategy of the Company; consult the Board of Directors to handle personnel issues arising related to the procedures for election, appointment, dismissal and dismissal of the titles of members of the Board of Directors, members of the Board of Supervisors and Board of Management in accordance with the provisions of law and the Company's charter; research and advise the Board of Directors in promulgating internal regulations of the Company under the competence of the Board of Directors on policies, salary policy, remuneration, bonuses, regulations on personnel selection, training, title hierarchy, organizational structure and other remuneration policies for executives, officers and employees of the Company and other duties assigned by the Board of Directors.
- The Risk Management Committee consults the Board of Directors on risk management strategies, risk policies, risk acceptance levels and permissible limits on risk; on the promulgation of regulations and policies under the competence of the Risk Management Committee related to risk management; analyze warnings about the Company's safety against potential risks and precautions against these risks; reviewing and evaluating the suitability and effectiveness of the Company's current risk management processes and policies to make recommendations to change processes, current policies, and operational strategies of the Company.



- The Strategy Committee was established in September 2023 with the task of consulting the Board of Directors on the development of direction, strategic objective planning of the Company, monitoring, monitoring implementation, evaluating performance results, promoting implementation. Since its establishment, the Strategy Committee has advised the Board of Directors on defining and selecting strategy to develop the Company in the direction of integrating sustainable factors into the Company's business activities, to submit to the General Meeting of Shareholders in the 2024 general meeting.

PART II. ORIENTATION FOR 2024

1. Basis of operation orientation in 2024

It is forecasted that in the domestic and international situation there will be challenges, difficulties, advantages and opportunities. The domestic economy in general is expected to gradually recover by the end of the year, when major export markets, and global investment flows will be able to gradually improve according to the schedule of lowering interest rates of FED and central banks. However, the level of recovery in 2024 is still forecasted to be moderate. The National Assembly aims to set an economic growth target of 6%~6.5%.

2. Orientation for 2024

The Board of Directors orients the Company's operations in 2024 and the following years with the following objectives:

- Increase the size of total assets, increase profits in line with the results of the successful increase in Charter Capital in 2023.
- Continue to improve governance, administration and supervision capacity.
- Look for and develop relations with strategic investors, increase equity capacity.
- Ensure efficient and stable capital, ensure liquidity in all situations to effectively coordinate capital into key business sectors; Continue to expand international capital markets.
- Promote the development of new products based on digital technology and with high technology, constantly develop with strong steps in building a diverse ecosystem of products and services, bringing many new experiences to customers.
- Develop roadmaps and policies related to integrating ESG sustainability factors into business operations and monitoring implementation.
- Focus on branding and marketing strategy, promoting international awareness through increasing transactions with international financial institutions.
- Continue to position EVNFinance with the international credit rating system.
- Targets of the 2024 Business Plan:
 - ✓ Total Assets: VND 54,500 billion, up 10% compared to 2023
 - ✓ Profit before tax: VND 585 billion, up 43% compared to 2023.

The detailed 2024 business plan is presented in the Report of the Board of Management to the General Meeting of Shareholders.



Above is the content of the report of the Board of Directors at the 2024 Annual General Meeting of Shareholders, kindly submit to the General Meeting of Shareholders for approval.

On behalf of the Board of Directors, I would like to sincerely send best wishes of health and peace to all shareholders of the Company!

Recipients:

- As above;
- Board of Directors, General Director;
- Save: Governance Office

**ON BEHALF OF BOARD OF
DIRECTORS
CHAIRMAN**



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