



EVN FINANCE JOINT
STOCK COMPANY

BOARD OF SUPERVISORS

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Hanoi, February 21st 2024

REPORT

RESULTS OF THE BOARD OF SUPERVISORS' ACTIVITIES IN 2023 AND PLAN FOR 2024

Based on the Credit Institutions Law of 2010, the amended and supplemented Credit Institutions Law of 2017, and the guiding documents for implementation;

Based on the Charter of Organization and Operation of EVN Finance Joint Stock Company;

Based on the Regulations on the Organization and Operation of the Board of Supervisors;

Based on the 2023 Financial Report of EVN Finance Joint Stock Company, which has been independently audited by Ernst & Young Vietnam Co., Ltd;

Based on the operation situation of the EVN Finance Joint Stock Company (EVN Finance), the Report of the Board of Directors, the Report of the Board of Managers, and the results of the Board of Supervisors's activities in 2023;

The Board of Supervisors reports to the General Meeting of Shareholders (GMS) the results of activities in 2023 and plans for 2024 as follows:

A. RESULTS OF THE BOARD OF SUPERVISORS'S ACTIVITIES IN 2023

1. Board of Supervisors Personnel:

As of 01/01/2023, the Board of Supervisors (BOS) had 4 members. From 17/03/2023, the Board of Supervisors had 3 members after the Annual General Meeting of Shareholders in 2023 elected the BOS for the term 2023 – 2028 according to Resolution No. 01/NQ-ĐHĐCĐ -TCDL dated 17/03/2023. The number of BOS members as of 31/12/2023 was 3 members, including two full-time members and one part-time member. Under the Board of Supervisors, there is an Internal Audit Department consisting of 4 people.

2. Summary of Board of Supervisors Meetings

The Board of Supervisors (BOS) ensures regular meetings as stipulated in the Charter of Organization and Operation of EVN Finance and the Regulations on the Organization and Operation of the BOS. In March 2023, the Board of Supervisors for the term 2023 - 2028 organized a meeting to elect the Head of the BOS and assign tasks to the BOS members according to regulations. In 2023, the BOS conducted 11

regular meetings. The content of the meetings was to discuss and agree on the control contents for the Headquarters and branches, approve the sudden inspection plan, agree on the results of the appraisal of the semi-annual financial report and annual report, agree on the content of the regular report of the Board of Supervisors and other tasks.

In addition to regular meetings, the BOS often exchanges information via phone and email to coordinate and promptly grasp information related to the control activities of the Board of Supervisors.

The meetings of the BOS are convened by the Head of the BOS and have the full participation of the BOS members. The minutes of the BOS meetings are recorded and stored according to regulations.

3. Internal Audit Work.

In 2023, the Internal Audit (IA) conducted 25 audits, including 20 planned audits at 12 units at the Headquarters, 02 audits at the Branch and the Digital Finance Division. Each unit had 01 audit, specifically the Technology Block had 03 audits and the Financial Block had 04 audits. In addition, the IA Department conducted 05 sudden audits at the request of the BOS to strengthen risk control in the company's operations

The internal audit has reviewed, independently and objectively evaluated the appropriateness, completeness, and effectiveness of the internal control system, pointed out the necessary changes of the internal control system to handle, remedy to minimize risks and improve the operation of the internal control system.

4. Supervision of Operations and Financial Situation.

The Board of Supervisors (BOS) has carried out the supervision of the Board of Directors (BOD), the Board of Managers (BOM) in implementing the business objectives of EVNFinance approved by the General Meeting of Shareholders (GMS) and supervised the implementation of transactions with related parties.

The work of preparing regular supervisory reports of the BOS on the implementation of the Resolutions of the GMS and the BOD has helped the BOD grasp the progress of work deployment according to the set objectives and plans, in order to timely direct the units and the BOM.

Implementing the provisions of the Law on Credit Institutions, the BOS has conducted the appraisal of the mid-term financial report and the annual financial report of EVNFinance in order to evaluate the truthfulness and reasonableness of the reported figures presented to the annual GMS as prescribed by law and internal regulations of EVNFinance.

5. Compilation, preservation, and updating of the list of related persons of the Board of Directors members, Board of Supervisors members, and Board of Managers members:

The Board of Supervisors (BOS) has coordinated with the Executive Management Block to monitor and fully update the list of founding shareholders, major shareholders, and persons related to the Board of Directors members, Board of Supervisors members, Board of Managers members, and other members as prescribed. Compared to the beginning of 2023, the list of related persons of the Company changed due to the new election/appointment of the Board of Directors, Board of Supervisors, Board of Managers, and the person in charge of company management.

In 2023, all members of the Board of Directors, Board of Supervisors, and Board of Managers had transactions to buy EVNFinance shares in the capital increase issuance rounds and issuance according to the program for employees at the Company. Information about these transactions has been disclosed as per the regulations on the stock market.

6. Supervision of contracts and transactions of the Company with members of the Board of Directors, members of the Board of Supervisors, General Director, other executives, and related persons of the internal persons mentioned above:

In 2023, the Company carried out contracts and transactions with related parties including: (1) Amya Holding Joint Stock Company, (2) BSH Thang Long Insurance Company, and (3) Amber Fund Management Joint Stock Company. All contracts and transactions with the related persons mentioned above were considered and approved by the Board of Directors in accordance with the provisions in Article 44 of the Company's Charter (corresponding to 05 resolutions approved by the Board of Directors) and the Company disclosed information correctly as prescribed

7. Evaluation of the coordination between the Board of Supervisors and the Board of Directors, General Director, and shareholders.

The coordination between the Board of Supervisors (BOS), the Board of Directors (BOD), the General Director, and the shareholders ensures compliance with the regulations of the law, of EVNFinance, and for the common interest of EVNFinance. In 2023, the coordination between the BOS and the BOD, the General Director was ensured to be independent and continuous, specifically on activities such as:

+ The BOS was provided with information, documents about the management, operation, and business activities of EVNFinance to serve the control of the BOS according to regulations.

+ The BOS fully participated in the regular meetings of the BOD.

+ The BOS regularly exchanged with the members of the BOD, the members of the Board of Managers (BOM) on issues related to management, operation.

+ Through control activities, the BOS timely grasped information and timely made proposals, recommendations to the BOD, BOM in management, operation contributing to improving the effectiveness of the operation of EVNFinance. The BOD and BOM directed the units to implement the recommendations of the BOS and reported the results of implementing the recommendations.

In 2023, the BOS did not receive any written opinions from shareholders on reviewing accounting books, documents, or requests for inspection related to the business activities, management operation of the Company.

8. Implementation of the duties of the Board of Supervisors members, remuneration of the Board of Supervisors.

In 2023, the Board of Supervisors (BOS) organized the full implementation of the functions and duties of the BOS as stipulated in the Charter of Organization and Operation of EVNFinance, and the regulations on the organization and operation of the BOS. The BOS members have well completed the assigned tasks, fully participated in the meetings of the BOS, participated in discussions and voted on issues, contents within the function/duties of the BOS.

The operating expenses of the BOS were implemented according to the company's regulations. The remuneration in 2023 for the BOS members was implemented according to Resolution No. 01/NQ-ĐHĐCĐ-TCĐL dated 17/03/2023 of the 2023 Annual General Meeting of Shareholders. The total pre-tax remuneration of the BOS in 2023 was VND 1.94 billion. (Details in the AGM documents)

B. EVALUATION OF THE COMPANY'S ACTIVITIES

1. Some business plan indicators for 2023.

The Annual General Meeting of Shareholders in 2023 was successfully organized on March 17, 2023, passing Resolution No. 01/NQ-ĐHĐCĐ-TCĐL with some main indicators for 2023 as follows:

+ Total Assets: 49,790 billion VND.

+ Pre-tax profit: 560 billion VND.

2. Activities of the Board of Directors

The Board of Directors (BOD) currently has 06 members (including 01 Chairman, 01 member who is also the General Director, 02 non-executive members,

and 02 independent members). The assignment of tasks to the BOD members, meetings or written opinions to pass the decisions of the BOD are carried out according to the regulations of the law and the Charter of EVNFinance.

The BOD has maintained meetings and issued resolutions, decisions on (1) perfecting the organizational structure of the BOD, issuing the Charter, internal regulations, selecting the auditing unit for 2024, (2) implementing the plan to increase owner's capital and issue shares to employees, (3) directing and supervising the business activities of the Board of Managers in accordance with the law and the resolution of the Annual General Meeting of Shareholders in 2023.

In 2023, the BOD issued 95 Resolutions, 51 Decisions, and there were 68 Resolutions of the Credit Council and 08 Resolutions of the Investment Council that have been and are being implemented.

3. Main activities of the Board of Managers

The Board of Managers has actively organized and focused on managing business activities, implementing Resolutions and Decisions of the Board of Directors, the General Meeting of Shareholders, and completed the increase of owner's capital. However, it did not complete the plan for Total Assets and Pre-tax Profit assigned in 2023. The business operation results in 2023 are as follows::

Unit : Billion VND

Content	Plan 31/12/2023	Implementation 31/12/2023	% of implementation plan 2023
Total Asset	49.790	49.221	99%
Pre-tax Profit	560	409	73%

C. FINANCIAL REPORT APPRAISAL RESULTS

Evaluation of the independent audit firm: The quality of the audit work of Ernst & Young Vietnam Co., Ltd is objective, independent, and appropriate to the audit scope.

The Board of Supervisors (BOS) has conducted an appraisal and agreed with the opinions and results of the independent audit firm - Ernst & Young Vietnam Co., Ltd with the following content: *"The financial report has truthfully and reasonably reflected, in all significant aspects, the financial situation of the Company as of December 31, 2023, as well as the results of business operations and cash flow for the fiscal year ending on the same day, in accordance with accounting standards, accounting regime applicable to credit institutions in Vietnam and legal regulations related to the preparation and presentation of financial statements."*

Some indicators of capital source, company assets at the time of December 31, 2023, and business results in 2023 of the whole company are as follows (figures audited by Ernst & Young Vietnam Co., Ltd):

+ Total assets:	49,221 billion VND.
+ Pre-tax profit:	409.3 billion VND.
+ After-tax profit:	328.4 billion VND.

All safety indicators comply with the regulations of the Law on Credit Institutions and the regulations of the State Bank, specifically:

- + Minimum safety ratio CAR: 18.29% (minimum regulation 9%).
- + Credit limit for a customer (including bonds): 8.24% (maximum regulation 25%).
- + Credit limit for a customer group: 10.2% (maximum regulation 50%).
- + Ratio of capital contribution to buy shares of credit institutions/charter capital at the highest enterprise 11% (maximum decision 11%).
- + Limit of capital contribution to buy shares/total charter capital reserve: 23.98% (maximum decision 60%).

D. EVALUATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. Risk management:

Risk management and the quality of management have been maintained. In addition to implementing risk management as regulated by the State Bank, the company has worked with Moody's in 2023 to be rated for international credit. Accordingly, with the results achieved, EVNFinance still maintains a B2 rating, which is a positive result in the system of credit institutions rated and published by Moody's in Vietnam.

2. Internal control system:

The system of regulations and procedures has been gradually improved, regularly supplemented and adjusted to suit the law and the development situation of the company. The regulations increasingly show a clear decentralization mechanism, delegation of authority, specific functions, duties, and responsibilities for units and individuals in the system as a basis for building effective control points, limiting risks.

The company continues to build and standardize the task of the internal control system according to the 3-line defense model, improving the quality of management to ensure sustainable development.

The report assessing the internal control system of EVNFinance in 2023 by the independent auditor Ernst & Young Vietnam Co., Ltd is expected to be issued at the



end of May 2024, based on the self-compiled report, self-assessment ensuring the effectiveness of the company's internal control system and consistent with the company's assessments.

Ernst & Young Vietnam Co., Ltd has also audited, according to Vietnamese Auditing Standards, the company's financial report for the fiscal year ending December 31, 2023, giving a full acceptance opinion (The report was issued by Ernst & Young Vietnam Co., Ltd on February 7, 2024)

E. BOARD OF SUPERVISORS'S ACTIVITY PLAN FOR 2024

1. Inspect and supervise the implementation of resolutions of the General Meeting of Shareholders, resolutions, decisions of the Board of Directors.

2. Inspect and supervise the preparation and issuance of the semi-annual and annual financial reports for 2024.

3. Direct the Internal Audit Department to audit the business activities and other aspects of the company according to the internal audit plan for 2024 approved by the Board of Supervisors, according to internal regulations.

4. Monitor and update the list of major shareholders and related persons of the Board of Directors members, Board of Supervisors members, Board of Managers members; review contracts/transactions with related persons of the internal persons.

5. Carry out the task according to the correct functions and duties that have been stipulated in the Company's Charter.

F. SOME RECOMMENDATIONS FROM THE BOARD OF SUPERVISORS

Based on the results of supervising business activities, management, and operation of the Board of Directors (BOD), the Board of Managers (BOM), and the financial report data in 2023, the Board of Supervisors (BOS) has some proposals and recommendations for the company as follows:

1. Regularly review, amend, supplement, and perfect internal procedures/regulations, policies to comply with new legal regulations and suit practicality. Focus on improving the effectiveness of risk management according to the regulations of the state management agency and the advanced standards of the banking industry;

2. Focus on completing IT audit personnel, enhancing IT audit capacity according to the correct roadmap, responding to the strong digitalization trend of the company's operations in the coming time.



3. Strengthen self-risk control, enhance the role of the first control line (business units, support units), internal control line (risk management, compliance supervision) according to legal regulations and company regulations.

4. Strictly control the quality of Credit, Investment, strengthen post-loan inspection and supervision, vigorously implement measures to handle bad dBOMts, recover potential risk dBOMts to improve business efficiency; control cash flow to improve the efficiency of use and capital safety

5. Improve the effectiveness and efficiency of management and legal enforcement of the entire company; thoroughly implement strict regulations on code of conduct and professional ethics, regulations on information security in the company.

Above is the report on the results of activities in 2023 and the activity plan for 2024 of the Board of Supervisors respectfully submitted to the General Meeting of Shareholders.

We kindly request the General Meeting of Shareholders to approve. We wish all shareholders health, happiness, and success. We wish the Congress a beautiful success!

Recipients:

- As above;
- Board of Supervisors (BOS);
- Governance Office.

**OB. BOARD OF SUPERVISORS
HEAD OF THE BOARD**



LE LONG GIANG

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

