

**VIETCREDIT FINANCE
JOINT STOCK COMPANY**

No: 233/2025/VietCredit-BC

**THE SOCIALIST REPUBLIC OF VIETNAM
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Hanoi, 3 Apr 2025

**REPORT OF THE SUPERVISORY BOARD
On the 2024 Operating Results and Orientation for
2025 Operations**

- Pursuant to the Law on Credit Institutions 2024 (hereinafter referred to as the Law on Credit Institutions);
- Pursuant to the functions and duties of the Board of Supervisors (BOS) as stipulated in the Charter of Tin Viet Joint Stock Finance the Company;
- Based on the results of the inspection and supervision of the 2024 business operations of Tin Viet Joint Stock Finance the Company (the the Company).

The Board of Supervisors (BOS) would like to report to the Annual General Meeting of Shareholders (GMS) (AGM) 2025 the following contents:

- ❖ Activities of the Board of Supervisors (BOS) in 2024
- ❖ Results of the Board of Supervisors (BOS)'s inspection and supervision
- ❖ Implementation status of the Board of Supervisors (BOS)'s recommendations
- ❖ Action plan of the Board of Supervisors (BOS) for 2025
- ❖ Recommendations of the Board of Supervisors (BOS)

I. ACTIVITIES OF THE SUPERVISORY BOARD IN 2024

In 2024, the Board of Supervisors (BOS) (SB) performed its duties as prescribed by the Law on Credit Institutions and the the Company's Charter and executed its duties through the following activities:

- The Head of the SB participated in meetings of the Board of Directors (BOD), the Risk Management Committee, the Executive Board (EB), and monthly regular meetings to grasp information on strategic direction, business plans, financial status, and the the Company's operations to better perform the supervision of operations and internal audit orientation, while supervising the Board of Directors (BOD) and the General Director (CEO) in managing and operating the the Company.
- Review of the Board of Supervisors (BOS)'s internal regulations annually: updating the Regulations on Organization and Operation of the Board of Supervisors (BOS) submitted to the General Meeting of Shareholders (GMS) for approval to comply with the Law on Credit Institutions 2024 and Circular 14/2023/TT-NHNN stipulating the internal control

system of non-bank credit institutions; updating the Internal Audit Policy in accordance with current legal regulations and operational practices.

- Developing, approving, and implementing the internal audit plan; reviewing audit results, supervising the remediation of shortcomings according to audit recommendations; directing internal audit to apply the "risk-oriented" audit method right from the planning and implementation of audits to ensure prioritizing resources for units, departments, and processes with high risks.
- Consolidating the organization of operations at the Internal Audit Department. In the past year, the Internal Audit Department conducted 12 audits/audit topics.

The Internal Audit Department issued 13 reports inspecting the implementation of recommendations. The recommendations of Internal Audit have contributed to enhancing the capacity of the internal control system, mitigating risks, saving costs, and increasing operational efficiency. The recommendations of Internal Audit have been agreed upon and seriously implemented by the units within the the Company.

- The SB directed the Internal Audit Department to complete and apply appropriate audit methods, conduct audits, reviews, and reports according to the annual audit plan and at the request of the Board of Directors (BOD) and the General Director (CEO); contribute to the development and amendment of many internal documents/regulations of the the Company; participate in advising units on compliance and process operation.
- Based on internal audit results, the Board of Supervisors (BOS) (BKS) and the Internal Audit Department (Phòng KTNB) promptly informed the Board of Directors (BOD), the General Director (CEO), and relevant company units to enable timely decisions and directions to prevent, detect, and address operational deficiencies; contributing to enhanced operational efficiency; strengthening internal control system capabilities; improving internal regulations; and refining processes, products, and risk management in business operations.
- Monitoring compliance with the regulations in Chapter VII of the Law on Credit Institutions regarding limitations to ensure the safety of the company's operations.
- Monitoring, reviewing, and updating changes in the list of founding shareholders, shareholders owning 1% or more of the charter capital, and related persons of members of the Board of Directors (BOD), members of the Board of Supervisors (BOS), the General Director (CEO) of the company, and shareholders owning 1% or more of the charter capital.
- Supervising the approval and implementation of investment projects, purchase and sale of fixed assets, contracts, and other transactions of the company under the decision-making authority of the General Meeting of Shareholders (GMS) and the Board of Directors (BOD).

II. RESULTS OF THE SUPERVISORY BOARD'S INSPECTION AND MONITORING ACTIVITIES

1. Results of monitoring the company's compliance according to the law and the company's charter.

Through monitoring activities, the Board of Supervisors (BOS) (BKS) observes that the company has complied with legal regulations and the company's charter in its business operations. The company's compliance is demonstrated through the following:

- Compliance with the State Bank of Vietnam (NHNN) regulations on interest rates, exchange rates, and safety ratios; compliance with regulations on organizational structure and operations, governance and administration according to the Law on Credit Institutions and the company's charter; and compliance with specific regulations for each area of operation.
- Seriously implemented and completed 18/19 recommendations of the Information Technology Department's inspection team according to the Report on the inspection results of the implementation of legal documents on information technology at VietCredit on 2022-10-13 and is continuing to implement the remaining 1/19 recommendation on completing the backup system for information systems from level 2 and above. The General Director (CEO) has reviewed and developed a roadmap for implementing information systems from level 2 and above according to the appropriate priority level based on operational functions to ensure readiness and responsiveness in the event of information security incidents, meeting business operations.

2. Results of the company's internal control system assessment in 2024.

Through auditing and monitoring, the Board of Supervisors (BOS) (BKS) assesses that the company's internal control system has been established across the entire company and in all areas of operation to control and prevent risks. The company's internal control system has been established and operated to fully meet the requirements of Circular 14.

The control culture is maintained in all units and internal regulations, and is regularly disseminated to raise awareness of the roles and responsibilities of each individual and department regarding internal control. Internal regulations are adhered to; however, during operation, some units still have operational errors. These errors are detected and rectified early through the activities of the three independent lines of defense.

The Internal Audit Department (Phòng KTNB) conducted an independent assessment of the internal control system for the activities audited during the year. Inadequacies or inefficiencies in the internal control system were identified, addressed, and improved promptly.

3. Evaluation results of the Board of Directors (BOD) and Executive Board (EB)'s activities, and the coordination between the Board of Supervisors (BOS) with the Board of Directors (BOD), General Director (CEO), and shareholders.

Through inspection and supervision, the Board of Supervisors (BOS) (SB) finds that the activities of the Board of Directors (BOD) (BOD) and the Executive Board (EB) (EB) have complied with the law, the the Company Charter, and the Shareholders' Meeting Resolutions.

- Regarding BOD personnel, the BOD structure in 2024 meets legal requirements with 5 members. Regarding EB personnel, as of 2024-12-31, the EB structure includes 01 General Director (CEO), 01 Deputy General Director (CEO), and 1 Senior Director. In 2024, the EB had 2 Deputy General Director (CEO)s resign and 1 new Senior Director appointed.
- The BOD has fully performed its functions and duties in accordance with the law and the the Company Charter; has passed resolutions and decisions promptly at regular and irregular BOD meetings to direct and lead the the Company's operations. The BOD has directed, organized, and implemented the resolutions of the General Meeting of Shareholders (GMS) fully, promptly, and in the right direction.
- The EB has implemented plans and tasks as required by the resolutions and decisions of the BOD, deployed many business measures and solutions to achieve the planned targets assigned by the General Meeting of Shareholders (GMS), and the results have met/exceeded the targets for total assets, outstanding loans, capital mobilization, and bad debt ratio, however, pre-tax profit targets were not met.
- The BOD and EB have closely coordinated in inspection and supervision, facilitating the SB to perform its duties. The SB regularly exchanges information with the BOD and EB. Annually, the SB reports the results of inspections, supervision, and recommendations to the shareholders at the Annual General Meeting of Shareholders (GMS).

4. Audit results of the the Company's 2024 financial statements.

The SB directed the Internal Audit Department to coordinate the audit of the the Company's 2024 financial statements and agreed with the opinion of the independent auditor, KPMG Vietnam Limited, on the audit results of the the Company's financial statements for the year ended 2024-12-31. Accordingly, the the Company's financial statements fairly and reasonably reflect, in all material respects, the financial position, business results, and cash flows of the the Company, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting Regime applicable to credit institutions issued by the State Bank of Vietnam, and relevant legal regulations on the preparation and presentation of financial statements.

Some major financial indicators of the the Company as of 2024-12-31.

Unit: billion VND.

Indicator	Plan 2024	Actual 2024	Actual 2023
Total assets	6.334	8.163	6.850
Profit before tax	51	(156)	22
Outstanding credit	5.183	6.300	4.621
Total mobilized capital	5.210	7.017	5.757
NPL ratio	12,9%	5,02%	14,62%

Compared to the 2024 plan assigned by the General Meeting of Shareholders (GMS), the targets for total assets, total mobilized capital, outstanding loans, and bad debt ratio exceeded the plan. The pre-tax profit target was not met, recording a loss of 156 billion VND because in 2024 the the Company restructured its business model from traditional to electronic methods. VietCredit closed all service introduction networks nationwide from June and stopped disbursing on traditional channels from September, so outstanding consumer loans through domestic credit cards continuously decreased sharply in 2024, leading to a corresponding decrease in interest and fee income. From August 2024, VietCredit has deployed consumer loan products implemented by the Digital Lending Center (DLC), however, the growth in outstanding loans of new products as well as good control of operating costs could not immediately compensate for the decrease in interest and fee income from credit cards.

III. Implementation Status of the Board of Supervisors (BOS)'s Recommendations

In 2024, the Board of Supervisors (BOS) (BKS) held 4 quarterly meetings, 2 extraordinary meetings, and 4 written consultations. In the BKS report on the 2023 performance results and 2024 operational directions, the BKS made several recommendations to the Board of Directors (BOD) (HĐQT) and the Board of Management (BOM) (BĐH). To date, the implementation status of these recommendations is as follows:

Recommendation 1: Continue to review and complete internal regulations and specify them into guidelines to comply with current legal documents and the company's business orientation, especially in the fields of risk management (QLRR) and information technology (CNTT).

Result: In 2024, the company reviewed and completed its internal regulations to comply with current legal documents and the company's business orientation, and updated and issued 48 regulations, rules, processes, policies, and guidelines to improve the company's internal

control system. However, some documents have not been completed on time according to the assigned schedule or according to the recommendations of the internal audit (KTNB).

Recommendation 2: Tightly control specific risks in each of the company's activities with established and future control points, especially debt collection activities, to ensure compliance with legal regulations and minimize reputational risks for the company.

Result: In 2024, the total outstanding balance of customer loans as of 2024-12-31 reached 6,300 billion VND, of which the outstanding balance of consumer loans was 3,194 million VND (credit card outstanding balance was 1,837 billion VND, consumer loan outstanding balance was 1,357 billion VND). Credit risk is regularly controlled with key risk indicators (KRI). In addition, other key risks are specifically assigned to each risk owner with risk indicators and key control point indicators. Debt collection monitoring measures have been tightened to ensure compliance with legal regulations, and no reputational risk incidents occurred in 2024.

Recommendation 3: Improve debt collection, control the ratio of overdue debt and bad debt in the consumer credit portfolio according to the rate approved by the General Meeting of Shareholders (GMS) (ĐHĐCĐ) for 2024, and urge the handling of bad debt, off-balance sheet debt under surveillance, and debts sold to VAMC.

Result: In 2024, the company implemented measures to restructure debt collection activities towards a leaner and more efficient approach, focusing on debt collection measures via telephone and sending debt reminder messages. The results of debt collection activities show that the debt rollover rate for the current debt group is maintained at an average of 1.4% and higher than the target (target 1.8%), the debt collection result for the overdue debt group (with CIC following) is 143 billion VND. In addition, the company sold debts with a total outstanding balance equivalent to 1,259 billion VND (principal outstanding balance equivalent to 747 billion VND), and debt sales revenue was 332 billion VND.

The company has actively handled debts sold to VAMC and handled debts according to the Restructuring Project with a total collection of 35.3 billion VND.

With the above measures, credit risk is controlled with the bad debt ratio reaching 5.02%, lower than the plan set by the General Meeting of Shareholders (GMS) of 12.9%.

Recommendation 4: Control operating expenses

Result: According to the audited financial statements, the company's operating expenses in 2024 were 467 billion VND, reaching 98% of the plan, a decrease of 19% compared to the same period last year due to the restructuring of the operating model and cost reduction. Although personnel costs have not really decreased significantly in terms of value, the restructuring of both

the number and operating model of departments, functions, and tasks will be a premise for good cost control in 2025.

IV. SUPERVISORY BOARD ACTION PLAN IN 2025

Based on the functions and tasks of the Board of Supervisors (BOS) (SB), and the the Company's operational direction for 2025, the SB will focus on the following main tasks:

- Monitor compliance with legal regulations and the the Company's Charter in corporate governance and management, especially in the context of developing business activities with new products and models.
- Monitor activities to improve operational efficiency and cost savings.
- Advise and support the Board of Directors (BOD) and the Executive Board (EB) in enhancing the effectiveness of the internal control system.
- Perform the internal audit function; conduct audits of the semi-annual financial statements and the financial statements for the year ending 2025-12-31.
- Other activities in accordance with the duties and powers of the SB.

V. RECOMMENDATIONS OF THE SUPERVISORY BOARD

- Continue to review and complete internal regulations and rules to ensure compliance with the law and suitability with the new organizational structure.
- Research and deploy new products to increase outstanding loans, thereby increasing revenue, while effectively controlling operating costs in line with the operational situation and revenue growth rate.
- Control the non-performing loan ratio of the consumer credit portfolio according to the rate approved by the General Meeting of Shareholders (GMS) for 2025, allocating risk limits for each product.
- Continue to strengthen the handling of bad debts, off-balance sheet debts, and debts sold to VAMC;

Respectfully submitted to the General Meeting of Shareholders (GMS)!

ON BEHALF OF THE SUPERVISORY BOARD

HEAD OF THE BOARD

Recipients:

- As submitted;
- Archived at the Document Department,
Internal Inspection Department, Board of Control



Bùi Thị Nhật Linh