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*Hanoi, March 2018*

**ACTIVITY REPORT OF THE BOARD OF SUPERVISORS  
AT THE ANNUAL GENERAL SHAREHOLDERS MEETING 2018 OF  
BIDV INSURANCE CORPORATION**

Pursuant to Charter of the organization and operation of BIDV Insurance Corporation issued together with Decision No. 018/QĐ-HĐQT dated 29.02.2016 of the Board of Directors of BIDV Insurance Corporation, the Board of Supervisors (BOS) reports to the General Shareholders of BIDV Insurance Corporation about the operating results in 2017 as follow:

**A. ACTIVITIES OF THE BOS IN 2017**

**I. General Result**

On behalf of shareholders to supervise the operations of BIDV Insurance Corporation, in 2017, Board of Supervisors fully completed the responsibilities and tasks assigned by General Shareholders, including monitoring, checking and supervising the governance, management and business performance of BIC as follows:

- Assigned specific tasks to all members yearly, appointed representative to participate in Board of Directors's meetings;
- Supervised the governance and management of the Board of Directors and Chief Executive Officer;
- Supervised the implementation of the Resolution of the General Shareholders and Board of Directors of Chief Executive Officer;
- Independently verified 6 months period as well as annual financial statements;
- Evaluated the relevance, legality, honesty and prudence in financial management, investment, business management and accounting to ensure the operation of the Board of Directors, Chief Executive Officer full compliance with the law and the BIC Charter;
- Performed other duties as prescribed by Law on Enterprises, the Charter of BIC, the Operation Regulation of the Board of Supervisors and the Resolution of the General Shareholders;
- In addition to the method of providing and exchanging opinions among the members of the Board of Supervisors between meetings, the Board of

Supervisors held regular meetings every six months to evaluate the performance as well as providing timely recommendations during the operation of BIC. The members fully performed and fulfilled their assigned tasks, participated fully in the regular meetings, participated in discussion and voted on issues and content falling under their functions and duties of the Board of Supervisors.

- According to the approval of the General Meeting of Shareholders 2017, the Board of Supervisors has supervised the bidding activities to select the "Independent Auditor for 2017-2019" as Ernst & Young.

## **II. Detail Result**

### ***1. Compliance with the policies of the State, the BIC Charter:***

Pursuant to the Law on Enterprise, the Law on Insurance Business, the regulations on listed companies and the BIC Charter, the Board of Supervisors acknowledged that the Board of Directors and Chief Executive Officer directed the operation of BIC in accordance with the functions, duties and powers defined by the Law and Resolution of the General Shareholders. At the same time, business processes strictly respected the related policies of the State.

### ***2. The governance and management of the Board of Directors:***

- In 2017, the Board of Directors held periodic meetings in accordance with legal regulations and BIC Charter. Board of Directors's meetings which were chaired by the Chairman, had serious and accountable discussion; members participated fully in meetings and took high responsibility for consulting on the contents of the meeting; meetings had specific content recorded in reports and Resolutions were issued for implementation.
- *The governance of the Board of Directors* complied with the Law, BIC Charter and Resolutions of General Shareholders Meeting. The operation of BIC ensured openness and transparency, focusing on business strategy approved by General Shareholders and directed to performance targets.
- *Regarding the disclosure of information*, BIC complied with the regulations on disclosure of information on the securities market for listed companies. The information disclosure was in full, accurate and in a transparent manner in accordance with the law.

### ***3. The governance and management of the Chief Executive Officer:***

In 2017, the Chief Executive Officer has followed closely to the objectives, orientations and fully implemented the tasks assigned by the General

Shareholders and Board of Directors, such as:

- Specifying the objectives and measures to implement business plan, strengthening financial management, compensation ... aiming for safe and profitable growth, focusing on retail business;
- Developing and implementing business tasks to branches, orienting synchronized solutions for branches to have proactive management and business operations;
- Working to improve the organizational structure by: studying the organizational structure to increase autonomy for branches, providing appropriate authorization and specifying tasks in each branch, which have been proven to be an important factor driving BIC's business activities to achieve good result and continuously develop in the context of economic difficulties and volatilities.
- Focusing and improving key distribution channels as Bancassurance; expanding and developing new distribution channels such as E-biz, Telesales....

**4. *The activities of internal control:***

- The internal inspection work continues to be carried out regularly and in accordance with the annual plan. The control contents are concentrated mainly in the fields of management, underwriting operation, claim, financial accounting, retail, agent management... to ensure safe and effective operation which were reflected through the results of activities of the units and inspection results of the State agencies.
- Units subject to inspection in 2017 shall report on the improvement results after the inspection of errors/faults recorded in the internal inspection records. The results of previous inspections shows that the units have made relatively good improvement according to the recommendations in the minutes of internal inspection. However, there are still some irreparable faults because some records have been completed, the units have committed not to relapse.
- The results of the internal inspection at the units are reported comprehensively by the internal inspection teams to the Board of Management and the Underwriting Divisions for direction/correction/reminding/monitoring/control the recidivism as well as coordinate with units to solve their proposals of the unit during the operation. In addition, the Corporation also issued guidance dispatch with specific requirements after inspection.

- Some contents proposed by the units are considered to amend and guide suitably.

#### 5. *The supervising of State agencies:*

In 2017, the State Auditing Agency carried out their audits at BIC from October to December 2017. Preliminary results of the inspection showed that BIC fully complies with the regulations of the State and Law, without serious violations.

### **B. ASSESSING 2017 FINANCIAL STATEMENTS**

The Board of Supervisors reviewed the financial statements of BIDV Insurance Corporation in 2017 which was audited by Ernst & Young Vietnam Limited and agreed with the audit opinion that "The financial statements have been duly and fairly reported in all material respects. The financial position of the BIC as at 31/12/2017, the results of its operations and cash flows for the fiscal year ended on the same date are in accordance with Vietnamese Accounting Standards, accounting guidelines applicable to insurers and legal regulations relating to the preparation and presentation of financial statements."

#### *Some separate financial ratios as follows:*

*Unit: million VND*

<b>Items</b>	<b>2017</b>	<b>2016</b>	<b>Δ2017/2016</b>
Gross written premium	1,809,908	1,700,377	6.44%
<i>Direct premium</i>	<i>1,594,284</i>	<i>1,476,410</i>	<i>7.98%</i>
<i>Inward premium</i>	<i>187,986</i>	<i>195,076</i>	<i>-3.63%</i>
<i>Other from insurance activities</i>	<i>27,638</i>	<i>28,891</i>	<i>-4.33%</i>
Profit before tax standalone	213,169	137,786	54.71%
<i>Underwriting profit</i>	<i>-17,391</i>	<i>-17,812</i>	
<i>Investment profit</i>	<i>230,206</i>	<i>154,371</i>	<i>49.1%</i>
<i>Other profit</i>	<i>353</i>	<i>1,227</i>	
Total assets	4,501,475	4,001,015	12.5%
Equity	2,044,561	1,971,853	3.7%
Technical reserves	1,906,137	1,502,126	26.9%

### **C. RECOMMENDATIONS AND PLAN FOR THE NEXT TERM**

1. Recommend the Board of Directors and Chief Executive Officer to direct/to fulfill the targets set by the General Shareholders Meeting in 2018.
2. Develop solutions and specific action plans to improve competitiveness in the market on the basis of providing high quality insurance products to meet the needs of customers while improving service quality include good

consultancy before sales and in claim settlement.

3. Plan and establish the Internal Audit Team under Board of Supervisors in accordance with current regulations.
4. Regarding internal control/risk management: continue to develop and operate effectively risk management and internal controls for compliance and sustainable development.

Above are the entire contents of the report of the Board of Supervisors on the implementation and supervisory results of BIDV Insurance Corporation.

**ON BEHALF OF BOARD OF SUPERVISORS  
HEAD OF BOARD OF SUPERVISORS**

**Cao Cu Tri**