

*Hanoi, 29 March 2019*

**REPORT ON OPERATION OF BOARD OF DIRECTORS IN 2018  
AND PLAN OF 2019**

**To: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Pursuant to Charter of BIDV Insurance Corporation issued with Decision No. 018/QĐ-HĐQT dated 29/02/2016 of Board of Directors of BIDV Insurance Corporation, the BOD of BIDV Insurance Corporation would like to report its operation from the annual general meeting of shareholders 2018 to the annual general meeting of shareholders 2019 as follows:

**A. OPERATION IN 2018**

**I. General information:**

- Implementation of governance, oversight of management operation of the corporation and Board of Management in accordance with Regulations, Resolutions and Decisions on authority of Board of Directors.
- To implement detailed assignment of business plan objectives approved by the 2018 Annual General Meeting of Shareholders. To oversee the implementation of Chief Executive Officer on business plan and to direct the Corporation to achieve the assigned target.
- To approve, issue, amend regulations and decisions under the authority of Board of Directors to ensure sustainable and consistent operations of the Corporation complying with applicable laws.
- In addition to obtaining opinions from members of Board of Directors via email or in writing, meetings were also held quarterly to evaluate the business performance of the Corporation as well as to provide appropriate direction in a timely manner. In 2018, BOD issued 86 Decisions/Resolutions to guide the business operations of the Corporation.
- The Investment Committee performed well in their role of consulting the BOD in investment activities of the Corporation according to the authorization of BOD.

- The main direction and orientation of the BOD in 2018:
  - + Business orientation: continue to grow safely, efficiently and sustainably, and redirect to retail market segment;
  - + KPI: Development of a KPI system has been approved for implementation by the BOD since 2017. This should be completed and implemented in 2018.
  - + IT System: the BOD has assigned the BOM to work closely with Fairfax to complete all draft investment procedures for the ' transformation of BIC's core IT system in 2018. Approval and and deloyment is expected in 2019.
  - + Re-location of BIC's head office: with the increasing scale of BIC's Head office, the BOD guided the CEO to study and propose the project of new office investment for BIC's HO to stablize the operation of the corporation; Completion of investment procedures is expected in the second quarter of 2019.
  - + Organization/Authorization: the BOD had consistent guideline in organization structure to increase the pro-activity of branches, adjust the authority of branch directors; seperate operations of HO into groups (operating/sale/underwiting...) to work closely with branches and the market.

## II. Details

### 1. Business performance:

On the basis of the business plan objectives assigned by the 2018 Annual General Meeting of Shareholders, The BOD has directed the General Director, branches and units to concentrate and make efforts to implement the assigned targets and results as follows

*Currency Billions Dong*

Items	Business plan 2018	Actual 2018	%
Gross written premium	2,070,000	2,105,448	101.7%
Consolidated profit before tax	190,000	202,478	106.6%

In 2018, total GWP of BIC reach VND 2.079 million, growth of 16.6% compared to 2017. The consolidated profit (BIC and LVI) before tax in 2018 reached VND 202.5 billion; exceeding the assigned plan (VND 190 billion).



Overall, in 2018, the BOD assessed that the CEO followed the objectives, directions and implementation tasks assigned by the AGM and the BOD, namely:

- Building and deploying business tasks to branches, orienting solutions so that units can take initiative in managing and administering business activities;
- Clarifying objectives and taking measures to implement the business plan, strengthen financial management and claims management to achieve targets of continuing safe, effective growth, sustainable development and moving towards retail market segmentation;
- Revenue structure in 2018 was based on effective management objectives so the CEO adjusted the product structure, limiting high-risk products to ensure business growth towards efficiency. BIC will promote the implementation of promoting Bancassurance channel, expanding the network of cooperative banks. The results of Bancassurance in 2018 continued to grow impressively with the growth rate of over 50% and the overall claim rate is much lower than the overall rate of the Corporation which contributes to bring great efficiency to the Corporation.
- Continuing consolidation of the organizational structure to increase autonomy of branches, supply high-level personnel in time; provide appropriate authorization decentralization to boost business activities to achieve positive results and continuously develop in the non-life insurance market.
- Completing the KPI for official implementation in 2018.

## **2. Others activities:**

- *Risk management*: BIC continued to strengthen the risk management function after first implementing the Risk Management Framework from May 2017
- *Credit rating*: A.M. best upgraded BIC's by financial capacity to stable from B + to B ++.
- *Adherence*: updated and adjusted regulations of decentralization of authority in accordance with the current law.
- *Technical Assistance program from Fairfax*: In 2018, BIC continued to receive support from its strategic shareholder as per the Technical Assistance Agreement between the 2 parties across 10 main workstreams of: IT, Distribution channels, New product development, Risk Management, Business policies, Human Resources, Bancassurance, Investment Management, Reinsurance & Marketing. BIC received particularly strong

support from Fairfax with respect to implementing initial steps to invest in a new Insurance Core System. Investment is expected to start in Q2 of 2019.

- *Providing input to state agencies:* BIC has actively contributed comment and input to documents as well as drafted regulations to related management agencies such as the Ministry of Finance and the Vietnam Insurance Association
- *Social Responsibility:* BIC is gradually moving towards sustainable development and increased society responsibilities. BIC emphasize care for staff and improvement in living standards thus creating a dynamic and youthful working environment and opportunities. BIC also engages in many meaningful volunteer activities, particularly with regards to special circumstances and challenges faced by staff

## **B. PLAN OF THE YEAR 2019**

1. To direct the CEO/Corporation to achieve target of 2019 approved by the AGM.
2. To direct implementation of Technical Assistance project with the strategic investor to improve competitiveness and service quality.
3. To complete the procedure to start the new core insurance system investment project starting from quarter 2, 2019.
4. To direct the move of Head office to a new location in 2019 for the Corporation's stabilization;
5. To implement centralized claim model in the area of Hanoi and Ho Chi Minh City.
6. To complete the change of the operation structure and improve the operation mechanism, governance of the Corporation to encourage initiative, increase accountability, enhance competency of all management levels in order to promote the business and improve competitiveness
7. To enhance risk management for securing sustainable, comprehensive development and meeting requirements on general practice of safety ratio by the law;
8. To enhance the internal inspection throughout all operations.
9. To carry out the overall plan of training, human resources development in order to meet requirements for further development.

With the approval of shareholders, Board of Directors determines to achieve the objectives above, ensure the sustainable development of BIC, rights and interests of valued shareholders.

Sincerely./.

ON BEHALF OF BOARD OF DIRECTORS  
VICE CHAIRMAN



**Ramaswamy Athappan**

