

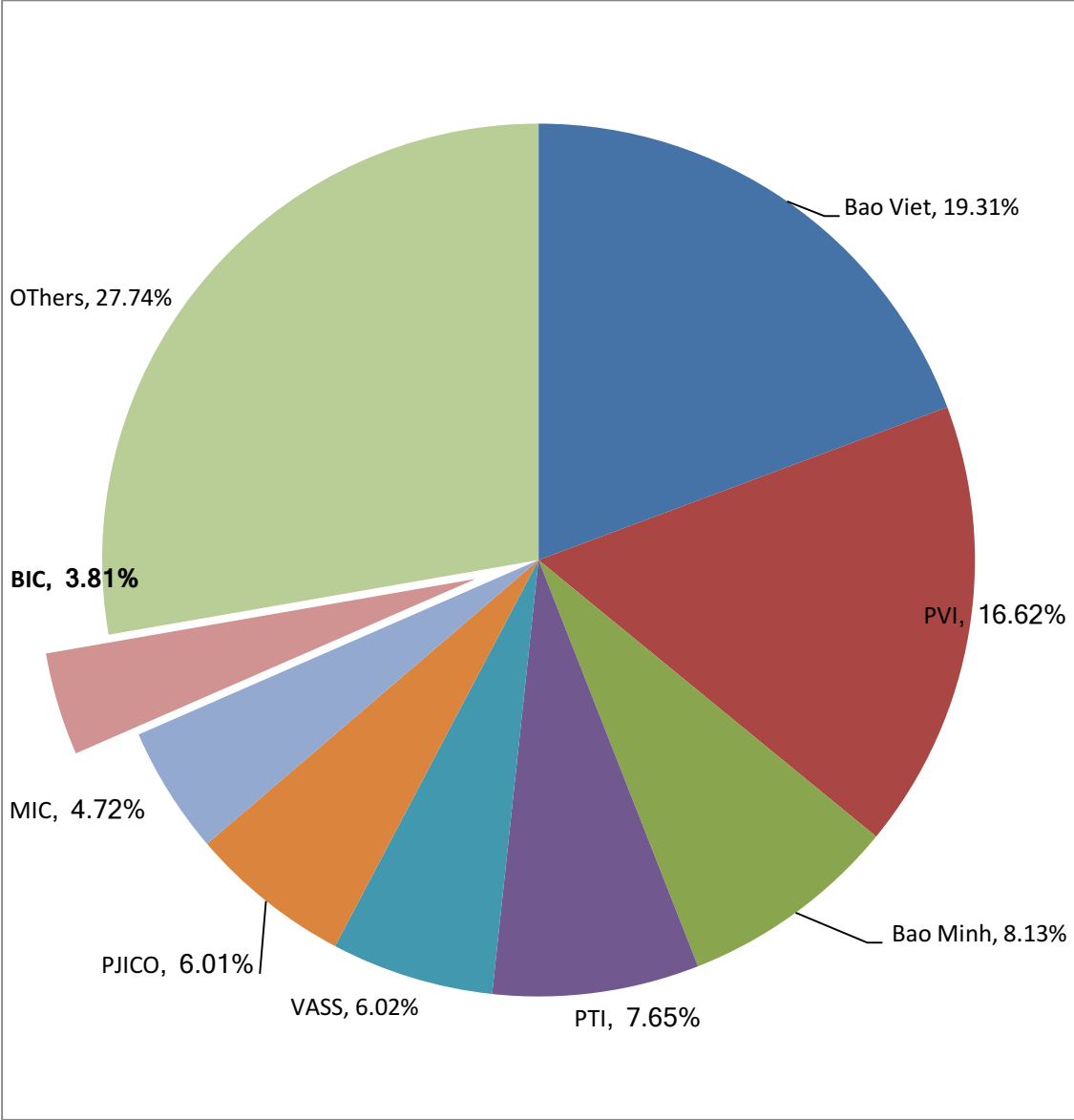
*Ha Noi, March 2018***REPORT*****Business performance of 2017, targets and focuses of 2018*****To: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS****I. BUSINESS PERFORMANCE OF 2017****1. Market overview of 2017:**

Market positively grew in 2017. Total premium of market reached 105.6 trillion dong, growing by 21.2%, in which life insurance premium reached 65 trillion dong with growth of 28.9%; non-life insurance premium reached 40.6 trillion dong, with growth of 10.6%.

- Premium of Motor Vehicle insurance made up 32% of market portfolio, grew by 11%; gross loss ratio at 72% (including claim reserve);
- Healthcare and PA Insurance made up 29% of market premium with growth rate of 31% and gross loss ratio of 35%;
- Property and Damage Insurance made up 14% of market premium with growth of 1% and gross loss ratio of 45%;
- Fire Insurance made up 8% of market premium, with growth of 10% and gross loss ratio of 52%;
- Cargo Insurance made up 6% of market with growth of 8% and gross loss ratio of 41%;
- Hull insurance and P&I made up 5% with growth of 11% and gross loss ratio of 77%;
- Other lines of business: Liability Insurance grew by 16%; Aviation decreased by 9%; Credit and financial risk insurance grew by 27%; Business Interruption Insurance grew by 27%; Agriculture Insurance decreased by 6%.

In regards of market share, top players of market are Bao Viet with market share of 19.31% and growth of 23%; PVI with market share of 16.62% and growth of -2%; Bao Minh with market share of 8.13% and growth of 11%; PTI with market share of 7.65% and growth of 4%; VASS with market share of 6.02% and growth of 42%; PJICO with market share of 6.01% and growth of 2%; MIC with market share of 4.72% and growth of 8%. BIC has been ranked 8th in term of market share, with market share of 3.81% and growth of 8%.

Market share (Based on Direct Premium):



2. Business performance 2017

2.1. Key figures

Unit: million dong

No.	Indicators	2017	2016	Increase/ Decrease (%)
I – Business performance of BIC (Separate financial statements)				
1	Total assets	4,501,475	4,001,015	12.51%
2	Owners' equity	2,044,561	1,971,853	3.69%
3	Gross written premium	1,809,908	1,700,377	6.44%
	- <i>Direct premium</i>	1,594,284	1,476,410	7.98%
	- <i>Inward premium</i>	187,986	195,076	-3.63%
	- <i>Other income from insurance activities</i>	27,638	28,891	-4.33%
4	Loss ratio	45.7%	46.3%	-0.6%
5	Combined ratio	101.5%	101.8%	+0.3%
6	Financial Investment income	230,206	154,371	49.13%
7	Profit before tax	213,169	137,786	54.71%
8	Post tax profit	174,802	113,279	54.31%
II – Consolidated performance				
1	Total assets	4,716,494	4,474,538	5.41%
2	Owners' equity	2,095,148	2,083,066	0.58%
3	Gross written premium	1,972,250	1,794,406	9.91%
	- <i>Direct premium</i>	1,842,742	1,668,508	10.44%
	- <i>Inward premium</i>	129,509	125,898	2.87%
4	Loss ratio	45.2%	44.7%	+0.5%
5	Combined ratio	101.4%	100.6%	+0.8%
6	Financial Investment income	199,015	170,317	16.85%
7	Profit before tax	186,455	165,645	12.56%
8	Post tax profit	143,230	134,451	6.53%
	In which:			
	<i>To non-controlling interest</i>	5,385	7,410	-27.33%

	<i>To owners of the parent</i>	137,845	127,041	8.50%
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2.2. Performance vs. Target 2017

Đơn vị: triệu đồng

TT	Items	Target 2017	Actual 2017	%
1	Gross written premium (Single report)	1,900.000	1,809,908	95.26%
2	Consolidated profit before tax	186,000	186,455	100%

2.3. Clarification of business performance 2017:

Premium: Gross written premium of 2017 only reached 95.26 % of target, with growth of 6.44%. The reasons are:

- BIC prioritized the profit target, therefore we rejected many high-risk businesses;
- Reinsurers have tightened their policies on insurance for property category 4, 5 (high-risk);
- BIC has actively tightened policies for healthcare product and did not undercut premium of motor vehicle while market competition was high.
- Some top players, i.e. Bao Viet, Bao Minh, etc.; have focused on top line, hence greater competition and difficulty for other market players, including BIC.

Profit before tax: Profit before tax (separate basis) of 2017 is 213.169 billion dong, increased by 54.71%, in which there was VND 46 billion dividend from LVI. Consolidated profit before tax of 186.455 billion dong, increased by 12.56%. In order to achieve target of 2017, BIC implemented the following measures:

- Strictly controlled operating and marketing expense;
- Restructured underwriting portfolio: reducing high-loss business, focusing on profitable business, i.e. business from bancassurance channel.

2.4. Other activities:

- Credit rating: BIC has continued maintaining rating of B+ with positive outlook in 2017.
- Promoting business: expand business network with 154 sale offices nationwide.
- Other achievements: One of Top 10 most reputable non-life insurers in the market by Vietnam report; Top 50 most efficient companies in Vietnam; Top 100 strongest brand of Vietnam.

- Ministry of Finance approved appointment of Actuary under Official letter 1604/BTC-QLBH.

3. Assessment on business performance:

- Although top line did not reach expected target and its growth was lower than market average, BIC met the target of consolidated profit before tax of 2017.
- BIC continues to maintain credit rating of B+ with positive outlook.
- However, low growth rate show challenges of BIC in expanding market share in 2018 and coming years.
- In 2017, the State Auditing Agency carried out their audits at BIC from October to December 2017. Preliminary results of the inspection showed that the BIC fully complies with the regulations of the State and Law, without serious violations.

II. TARGETS AND FOCUSES OF 2018

1. The market in 2018:

In the context of the world economy and with many favorable factors, Vietnam's economy in 2018 is likely to flourish, and with the efforts from the government to remove the difficulties of the current economy, to accelerate the radical and drastic growth in 2017; it will also be effective in 2018. Free trade agreements newly signed and implemented are expected to bring about breakthroughs in investment, business and export markets. The improvement of the business investment environment is being directed at various levels and branches. Combining these favorable factors will create momentum to promote economic growth.

The business activities of the company will likely continue to improve. According to the National Financial Supervisory Commission forecast, GDP growth in 2018 could reach 6.5 - 6.8%.

In 2018, the insurance industry aims to increase 22.38% over 2017, of which the non-life insurance sector is expected to grow by about 10%.

2. Targets 2018:

- Gross written premium (BIC single report): 2,040 billion dong
- Consolidated profit before tax: 190 billion dong

The General Shareholders Meeting authorizes the Board of Directors to: (i) Direct the implementation of the 2018 Business Plan approved by the General

Shareholders Meeting; (ii) Decide to adjust the 2018 Business Plan as required by the authority/unit and/or where necessary.

3. Focus in 2018:

- To focus on improving efficiency, stable growth, expanding market share and BIC position in the Vietnam market.
- To reform internal processes and decentralization of authority; reduce administrative procedures, to foster cooperation between branches and Head office:
 - + Specifying the scope, duties, responsibilities of management levels of BIC in the business operation of the system; BIC's leaders, in particular must keep abreast of the operations of the units, share and enhance their personal responsibility and high accountability in the area that they are in charge;
 - + Reviewing and adjusting the professional processes and business activities of units; reducing administrative procedures; coordinating closely between the branches and divisions at the head office, between divisions at the head office; improving the quality of operations, accountability, marketability ... of the Board of Management, Divisions at the head office;
 - + Reviewing the financial and underwriting authority for branches, particularly in retail activities, branches in the dynamic areas of HCM , HN and branches having director with good management capacity for many years.
- Focusing on personnel organization, step by step raising the quality of human resources of BIC:
 - + Focus on the training of BIC staffs at the following levels: BIC Head Office (through BIC's courses, BIDV's course, FF's support);
 - + Screen and refine staff to improve labor productivity, resolutely handle those who do not meet the requirements of the BIC;
 - + Strengthen and develop staff, especially the directors and deputy directors of the units;
 - + Develop and implement KPI in the management of the whole system and income, bonus mechanism for the staff on the basis of KPI results: BIC has hired PWC as a consultant to help build the KPI system and other related income mechanism.
- Promote Bancassurance through the banking system::
 - + Continue to closely co-operate with BIDV to implement revenue plan via bancas channel in 2018;

- + Develop training programs, promote business for branches, staffs of BIDV.
- IT project:
 - + Select consultancy units to support information technology projects;
 - + Actively coordinate with strategic shareholders Fairfax to select the software system and soon deploy the project.

Sincerely!

**ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN**

Tran Luc Lang