

*Hanoi, 08 April 2019***REPORT****Business performance in 2018, targets and focuses on 2019****To: Annual General Meeting of Shareholders**

BIDV Insurance Corporation reports its business results in 2018 along with targets and focus for 2019 as follows:

I – Business results in 2018**1. Insurance market overview in 2018**

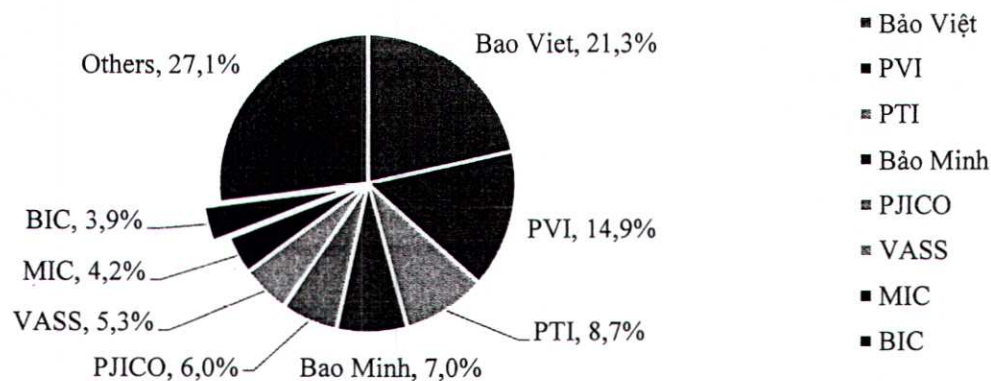
In 2018, total direct premium of the non-life market was estimated to be VND 45,694 billion, up 9.9% compared to 2017. Leading the market in terms of direct premium was Bao Viet with 21.3% market share and direct premium of VND 9,728 billion, an increase of 20.83% compared to 2017. PVI was second with 14.9% market share and estimated direct premium of VND 6,791 billion, up 1.53% compared to 2017. Rounding out the top 3 was PTI with 8.7% market share and estimated direct premium of VND 3,965 billion, up 23.65% compared to 2017. Bao Minh ranked fourth with 7.95% market share and estimated direct premium of VND 3,634 billion, up 7.01% compared to 2017, PJICO was fifth with 6% market share and estimated direct premium of VND 2,740 billion, up 4.91% from the previous year. BIC's direct premium of VND 1,778 billion represented 8th highest market share.

Some insurers experienced very high growth rates in direct premium: VBI had 2018 direct premium of VND 1,450 billion with growth rate of 62.94%; SGI had direct premium of VND 40 billion with growth rate of 58.5%; BSH had direct premium of VND 866 billion with growth rate of 43.95%.

In terms of business lines, motor vehicle insurance accounted for the largest proportion of total direct premium (VND 14,142 billion, accounting for 30.95%). This was followed by health insurance (VND 14,044 billion, accounting for 30.74%), property insurance and casualty insurance (VND 6,233 billion, accounting for 13.64%). Fire insurance (VND 4,216 billion, accounting for 9.23%) and cargo insurance (VND 2,560 billion, accounting for 5.60%) were the next.

Non-life insurance claim losses in 2018 is estimated at VND 19,476 billion. Direct loss ratio was 42.62%;

2018 Market Share by Direct Premium:



1. Audited Business results in 2018

Key financial figures:

Unit: million

No.	Items	2018	2017	Growth rate
I. Business Results of BIC (Separate financial statements)				
1	Total assets	4,900,626	4,501,474	8.9%
2	Owners equity	2,087,044	2,044,561	2.1%
3	Insurance premium	2,105,447	1,808,583	16.4%
	<i>Direct premium</i>	<i>1,778,812</i>	<i>1,594,284</i>	<i>11.6%</i>
	<i>Inward premium</i>	<i>300,224</i>	<i>187,986</i>	<i>59.7%</i>
	<i>Other premium from insurance business</i>	<i>26,411</i>	<i>26,313</i>	<i>0.4%</i>
4	Loss ratio	45.7%	46.5%	
5	Combined ratio	102.8%	101.5%	
6	Profit from financial investment activities	238,011	230,206	3.3%
7	Profit before tax	202,577	213,169	-5.0%
8	Profit after tax	147,577	174,802	-15.6%
II. Consolidated business results				
1	Total assets	5,133,417	4,716,493	8.8%
2	Owners equity	2,128,218	2,095,148	1.6%
3	Insurance premium	2,308,387	2,009,133	14.9%
	<i>Direct premium</i>	<i>2,072,302</i>	<i>1,842,741</i>	<i>12.5%</i>
	<i>Inward premium</i>	<i>205,224</i>	<i>129,508</i>	<i>58.5%</i>
	<i>Other premium from insurance business</i>	<i>30,861</i>	<i>36,884</i>	<i>-16.3%</i>
4	Loss ratio	44.4%	45.2%	
5	Combined ratio	102.9%	101.4%	
6	Profit from financial investment activities	238,722	199,014	20%
7	Profit before tax	202,478	186,455	8.60%
8	Profit after tax	144,027	143,230	0.60%

Business results vs 2018 targets approved by the Annual General Meeting of Shareholders 2018:

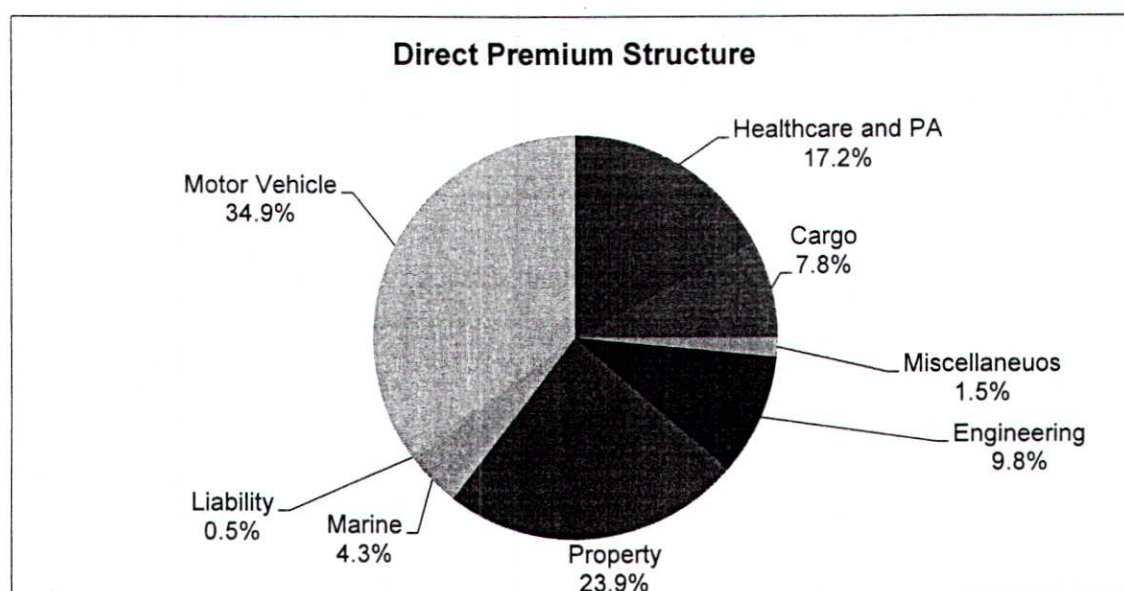
No.	Items	2018 Target	2018 Actual	Completion rate
1	Insurance premium (Parent Company)	2,070,000	2,105,448	101.7%
2	Consolidated profits	190,000	202,478	106.6%

Business performance (Separate Financial Statements):

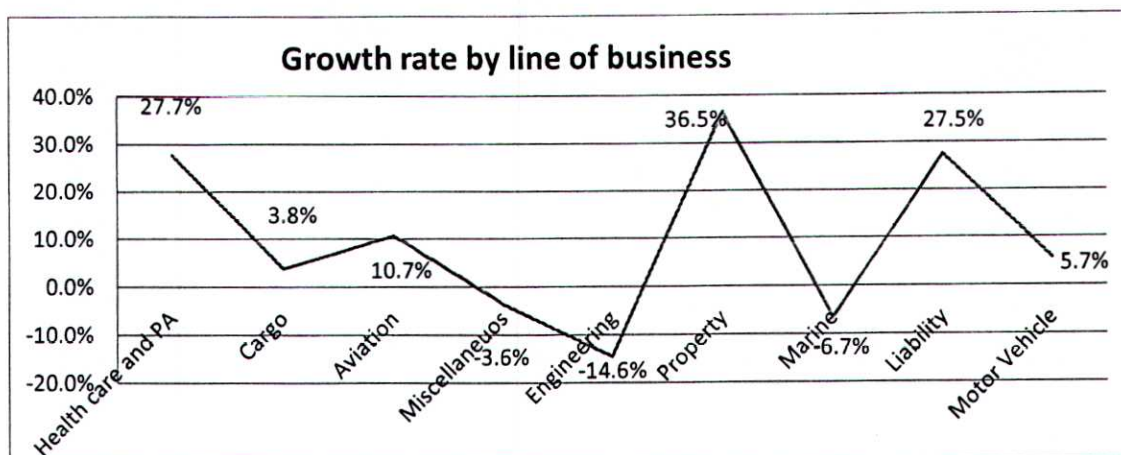
Insurance premium:

Total insurance premium of BIC reached VND 2,105 billion, up 16.4% compared to 2017, completing 101.7% of the target approved by the Annual General Meeting of Shareholders 2018.

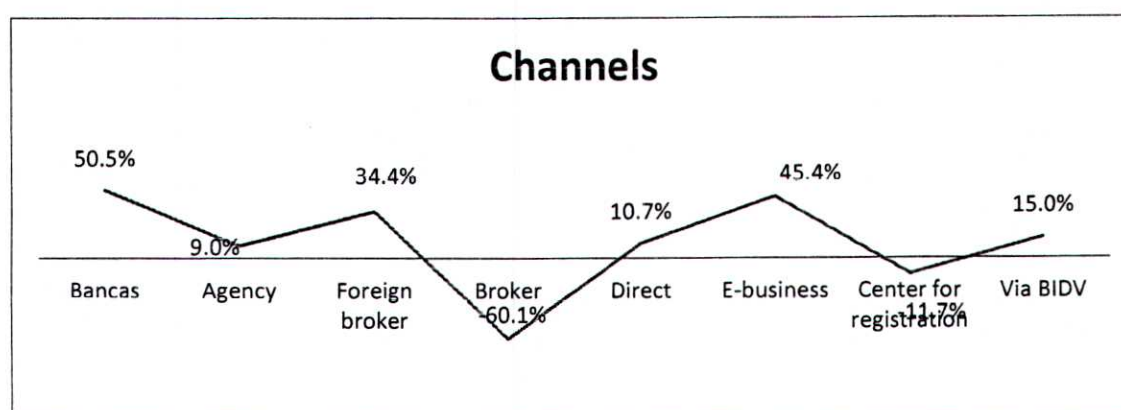
Main lines of business in 2018 were: Motor Vehicle Insurance, Property Insurance, Health and Personal Accident Insurance. Property, Health and Personal Accident Insurance in particular were the main growth drivers for 2018.



Premium growth rate of Health Care and Personal Accident Insurance was 27.7% compared to 2017 due to the outstanding growth of the Bancassurance channel in 2018. Premium growth rate of Property Insurance was 36.5% due to high premium growth, mainly from the new regulations on premium. Motor vehicles GWP grew 5.7% while Engineering decreased by 14.6% and Marine decreased 6.7% compared to 2017. Engineering and Marine premium declined following the overall trend of the market for these businesses lines.



Bancassurance, Online Sales, Foreign Broking showed impressive growth. In particular, Bancassurance growth in 2018 was 50.5% and the average growth rate for the banca channel over the past 3 years (2015-2018) is 45%.



Loss ratio:

Despite many major losses, BIC still maintained an acceptable loss ratio. Loss ratio of 45.7% was slightly lower than in 2017 (46.5%).

Profits:

Consolidated profit (BIC and LVI) in 2018 was VND 202.5 billion, an increase of 8.6% compared to 2017, exceeding the consolidated profit target approved by the Annual General Meeting of Shareholders (VND 190 billion).

2. Achievements and outstanding issues in 2018

a. Achievements

- Gross written premium grew by 16.4% outperforming (101.7%) the full year target. Consolidated profit reached VND 202.5 billion, completing 106.6% of the 2018 target.

- BIC's Board of Management oriented all activities according to the efficiency requirements of the system. Accordingly, all business activities of BIC aim to develop premium growth of profitable lines of business.

- One of the highlights of BIC in 2018 was the 50%+ growth seen in the Bancassurance channel business fulfilling 103% of the year target. In 2018, BIC also signed cooperation contract with new bancassurance partner, Co-op Bank.

- KPI has been implemented across the entire BIC system and will serve as the basis for realizing strategies to improve productivity and operational efficiency as well as to provide transparent salary and benefit practices rewarding staff according to individual efforts linked to the results.

- A.M.Best upgraded BIC's Financial Strength Rating from B+ to B++ (Good), and upgraded BIC's Long-term Issuer Credit Rating from bbb- to bbb with stable outlook.

- BIC continued to be included among the Top 10 most prestigious non-life insurance companies in Vietnam; Top 50 most effective business companies in Vietnam; Top 500 largest enterprises in Vietnam and Top 100 strongest brands in Vietnam

b. Outstanding issues

- Although total premium grew at quite a good rate of 16.4%, the direct insurance premium was still lower compared to the target set as BIC aims to improve efficiency across business lines instead of focusing on increasing market share. In 2018, BIC actively reduced lines of business with high loss ratio.

- Loss ratio and combined ratio have improved gradually but remain higher compared to targets. BIC will continue to restructure a number of product groups with high loss ratio in order to improve operational efficiency.

- The claim process is still slow and inflexible making it difficult to produce high levels of customer satisfaction.

II – Targets and focuses in 2019

1. Targets for the year 2019

- Total Insurance Premium: VND 2,220 billion;
- Consolidated Profit Before Tax: VND 223 billion.

2. Focuses in 2019

Direction of the Executive Board:

- The Executive Board will focus on supporting, sharing and promptly resolving problems with branches and subsidiaries in business activities. In particular, branches with poor business results or lower than average growth will be a primary focus.

- Coordination and cooperation with BIDV Head Office, Co-op Bank, BIDV branches and Co-op Bank branches to reach borrowers in these organizations, promote cross-selling activities through the banking system and increasing premium from the Bancassurance channel. Emphasis will be place on actively coordinating with Co-op Bank to exploit insurance premium through the

People's Credit Funds. BIC will also aim to expand cooperation with other banks for Bancassurance activities.

Modernizing BIC's IT system

- Building a modern IT system in accordance with the development trend in aligned with with 4th Generation technology and Insurtech.
- Promoting the application of technology in insurance business activities, especially the retail segment. BIC aims to apply technology to optimize sales efficiency, meet demand, improve customer satisfaction, improve management and administration performance

Human Resources

- Strengthening the training of staff at all levels of BIC at BIC's headquarters and through BIC courses with BIDV and Fairfax support. Training at branches and self improvement courses that are available to staff.
- Reducing staff to improve labor productivity at all levels. Proactively reducing staff that do not meet the requirements of BIC.
- Strengthening claim staff in Head Office and branches;
- Building a new salary system gradually reducing fixed salary and increasing the proportion of salary according to work performance

Lines of business

- Reviewing and regularly evaluating products; identifying key products, improving product competitiveness and ensuring efficient business operations, especially to limit the high-risk product groups such as property Group 4 and 5 and automobiles with value under VND 800 million.
- Improving the underwriting quality of branches as well as Head Office Divisions;

Claims Activities

- Adjusting claims authorization throughout the system
- Revising the general procedure of loss inspection especially for claim settlement of retail products and the Bancassurance channel.
- Reviewing and adjusting documents guiding the insurance operations in accordance with actual and newly issued insurance products.
- Reviewing and adjusting instructions for loss inspection of motor vehicles in accordance with new rules and upgraded content of the Online Auto Claim Processing System
- Developing claim policies for VIP customers.
- Improving the quality of claim processing activities to increase customer satisfaction.

Communication and Advertising activities

- Advertising BIC products and promoting brand awareness via Media, Online sites and social media with a focus on promoting retail products.
- Continuing to maintain and expand BIC brand awareness at BIDV offices and Co-op branches nationwide.

Improvement of financial efficiency

- Strictly controlling management & operating costs to ensure achievement of the profit targets assigned;
- Diversifying forms of investment to increase the profitability of BIC's investment capital.
- Implementing electronic invoices in accordance with state regulations, consistent with the operational characteristics of BIC

Boosting business activities at Bank Branches

- Actively coordinate with BIDV branches, credit institutions such as Co-op Bank and VRB to reach insurance customers of these organizations
- Establish working delegations to branches with low target completion rates for timely support.

The Executive Board submitted to the Annual General Meeting of Shareholders for approval.

CHIEF EXECUTIVE OFFICER



Tran Hoai An

