

REPORT OF THE BOARD OF DIRECTORS 2019 AND THE TERM (2015-2019)

(Document for 2020 Annual General Meeting of Shareholders 11 June 2020)

I. OPERATION OF THE BOARD OF MANAGEMENT IN 2019

A/ 2019 BUSINESS RESULTS

Unit: million VND

Items	2019	2018	2019/18	Plan 2019	2019/Plan
Gross written premium	2,221,248	1,802,718	123.2%	1,967,000	112.9%
Net written premium	1,190,970	784,741	151.8%	944,600	126.1%
Pre-tax profit	332,127	315,680	105.2%	331,000	100.3%
- Foreign exchange gains	(249)	5,378		(unidentified)	
- Profit excluding foreign exchange gains	332,376	310,302	107.1%	331,000	100.4%

VINARE has fulfilled the business plan assigned.

B/ ACTIVITIES OF THE BOARD OF DIRECTORS IN 2019

In 2019, the BoD has conducted regular meetings (4 times), negotiated, collected opinion form in writing and also voted for some issues relating to the operation of the Corporation (7 times):

1. **BOD Meeting in 2019:**

❖ **16th BOD Meeting, 3rd term dated 21/3/2019**

- To approve 2018 audited Financial Statement.
- To approve the allocation of profit 2018 and submit to the the General Meeting of Shareholders for approval.
- To approve and submit to the the General Meeting of Shareholders the remuneration for BOD, BOC and secretaries in 2018.
- To approve the divestment plan of VINARE in Phu Hung Life.

- To approve the divestment plan of VINARE in PJICO.
- To approve business plan for 2019.
- To approve the related party transaction in 2018.
- To approve the Report of the Board of Management.
- To approve the re-appointment of CEO, Deputy CEO and Chief Accountant.
- To agree with and submit to the AGM to approve the dismissal of BOD's and BOC's members in 2018.
- To approve and submit to the the General Meeting of Shareholders the amendment of Article 9 Charter of Organization and Operation: To delete Point 3 Article 9 - "Restricted Shares".
- To agree with and submit to the the General Meeting of Shareholders to approve the proposal of the BOC on the list of auditing companies for 2019.
- The BOD delegate to the Chairman to approve the documents to submit to the General Meeting of Shareholders 2019 and to decide on arising relating to the convention of the Annual General Meeting of 2019.

❖ **17th BOD Meeting, 3rd term dated 23/4/2019**

❖ **18th BOD Meeting, 3rd term dated 27/8/2019**

- To acknowledge the interim business results of 6 months 2019.
- To approve the proposed plan to celebrate VINRE's 25th anniversary of establishment and honor customers. The funds are accounted to expenses for business activities.
- To agree with and submit to the General Meeting of Shareholders for approval: Deducted 2 billion from after-tax profit to reward the employees who have contributed to the development of VINARE: current and retired.

❖ **19th BOD Meeting, 3rd term dated 21/11/2019**

- To acknowledge the interim business results of 9 months.
- To approve the report of divestment from PJICO.

2. The BoD has collected opinion form in writing and promulgated decisions as follows:

- **Decision No. 02/2019/QĐ-HDQT dated 6/3/2019**

- To approve the time and agenda of 2019 Annual General Meeting of Shareholders.

- **Decision No. 08/2018/QĐ-HDQT dated 10/4/2019**

- To agree with and submit to the AGM to approve the adjustment of development targets in the term 2015 – 2020.
- To agree with and submit to the AGM to approve 2019 business plan.
- To approve the dismissal of Deputy Chairman - Mr. Phan Kim Bang.
- To agree with and submit to the AGM to approve the appointment of BOD's member – Mr. Vu Anh Tuan

- To agree with and submit to the AGM to approve the appointment of BOD's member – Mr. Nguyen Xuan Viet
- **Decision No. 10/2019/QĐ-HĐQT dated 21/6/2019**
 - To approve the projection of costs for renovating VINARE's office.
- **Decision No. 11/2019/QĐ-HĐQT dated 10/7/2019**
 - Agree in principle on securing life insurance for officers and senior staff as proposed in the submission to the Board of Directors dated July 2, 2019. Expenses for purchasing life insurance are accounted as business expenses as regulated.
- **Decision No. 12/2019/QĐ-HĐQT dated 12/7/2019**
 - To agree to select Deloitte Viet Nam as the external auditing company to audit VINARE's 2019 financial statement.
- **Decision No. 13/2019/QĐ-HĐQT dated 16/7/2019**
 - To approve the appointment of Deputy Chairman - Mr. Nguyen Xuan Viet in term 2015 - 2019
- **Decision No. 16/2019/QĐ-HĐQT dated 26/12/2019**
 - To approve the 2020 Reinsurance programme of VINARE.

C/ ACTIVITIES OF COMMITTEE OF THE BOARD OF DIRECTORS 2019

1. Strategic Development Committee:

- Review development strategic during 2015 – 2019.
- Give out directions and business plan in the term 2020 – 2024.

2. Human Resource Committee:

- Participate in preparation process of restructuring governance model related to human resource.

3. Remuneration and Compensation Committee:

- Maintain Compensation policy in 2018.

D/ REMUNERATION FOR BOD MEMBERS 2018

Pursuant to the Resolution No. 06/2013/NQ-DHĐCĐ dated 25/4/2013, remuneration (including tax) for BoD, BoC and secretaries was VND 3.85 billion/year. The remuneration for each member is distributed in compliance with Decision No. 11/2015/NQ-HĐQT dated 21/8/2015

Income (before tax) for each member in 2019 as follows:

Board of Directors	Income (before tax) (VND)
Mr. Le Song Lai – Chairman (<i>Head of Strategic</i>	300,000,000

<i>Development Committee)</i>	
Mr. Phan Kim Bang – Deputy Chairman (dismissed since 27/3/2019)	54,000,000
Mr. Pham Sy Danh – Director (<i>Head of Human Resource Committee</i>)	240,000,000
Mr. Pham Cong Tu - Director	180,000,000
Mr. Mai Xuan Dung – Director	180,000,000
Mr. Dao Nam Hai – Director	240,000,000
Mr. Nguyen Dinh An – Director	180,000,000
Mr. Vu Anh Tuan – Director (<i>since 24/4/2019</i>)	120,000,000
Mr. Nguyen Xuan Viet – Director (<i>Member since 24/4/2019 and Deputy Chairman since 16 July 2019</i>)	136,500,000
<u>Total</u>	<u>1,630,500,000</u>

E/ SUPERVISION OVER BOARD OF MANAGEMENT AND MANAGEMENT LEVEL

- All issues relating to the decision making of the BOD have been discussed and informed in a fully, timely and correctly manner to the BOM.
- The BOM has strictly followed all resolutions of Annual General Meeting of Shareholders and Board of Directors.
- The BOM has been present and given opinions at BDM meetings.
- All proposals of the BOM to the BOD have been studied and discussed and the BOD has given out directions in a timely manner.
- The CEO has directed the Corporation and the management level to follow all the decisions of the BOD, AGM and regulatory requirement, charter of listed company in a fully and timely manner.

F/ COORDINATING WITH THE BOM AND BOC

- The BOD has closely coordinated with the BOM, BOC in the implementation of the resolutions of GSM and the BOD.
- All issues relating to the decision making of the BOD have been discussed, informed in a fully, timely, correctly manner to the BOC and BOM.
- The BOM and BOC have participated and given opinions in all of the BOD meetings.
- The proposals of the BOM to the BOD have been considered, discussed and the BOM has given out the directions in a timely manner.
- The Corporation has followed the decisions of the BOD, GSM and also the regulations of the State, Charter of the listed company in a fully, timely manner.

G/ BUSINESS PLAN AND TASKS FOR 2020

The BOD approves and directs VINARE to fulfill all the targets of 2020 business plan and tasks as follows:

1. Business plan for 2020:

a. Business Plan

Unit: million VND

Criteria	2020 Plan	2019 Performance	Growth
Gross written premium	2,564,600	2,221,248	15.5%
Profit before tax	355,600	332,127	7.0%
- Foreign exchange difference	(unidentified)	(249)	
- Profit excluding foreign exchange gain	355,000	332,376	6.8%
Projected dividend payment	12%	20%	

b. Investment portfolio:

Unit: million VND

	Investment portfolio	2020	2019	+/-	Percentage (31/12/2020)
1	Deposits	2,687,544	2,690,000	-2,456	65.7%
2	Bonds	400,000	270,000	130,000	9.8%
3	Equities	610,156	588,155	22,000	14.9%
4	Securities, fund certificates & entrusted investment	315.000	255.000	60.000	7.7%
5	Office leasing	8.300	9.409	-1.109	0.2%
6	Real estate	6.000	13.304	-7.304	0.2%
7	Non-term deposits	60.000	100.815	-40.815	1.5%
	Total	4.087.000	3.926.683	+160.317	100,0%

2. Business tasks for 2020 (assignment for individual by sector):

- Strive to fulfill business plan 2020 at the highest level.
- Enhance study/research in Public asset insurance.

- Focus resources on Public asset insurance, Bancassurance, Nat Cat, Agriculture insurance, ect. Promoting solutions/ reinsurance capacity for the market.
- Enhance value added services for clients, step by step expanding the market.
- Evaluate and complete policies on human resources development; strengthening the organization.
- Enhance risk management (internal & providing value added in terms of Risk management).
- Maintain/ upgrade credit rating. Current business rating maintained at B ++
- Focus on effective management of expenses.
- Enhance investment capability, closely monitor investment portfolio and carry out periodical evaluation.
- Organize Reinsurance Conference 2020

II. OPERATION OF THE BOARD OF DIRECTORS IN THE TERM 2015-2019

A. BOD STRUCTURE

The BOD 2015 – 2019 was elected at the Annual General Meeting of Shareholders held on 22/4/2015 consisting of the following members:

- | | |
|--------------------------|--|
| 1. Mr. Le Song Lai | Chairman |
| 2. Mr. Martyn Parker | Deputy Chairman (<i>dismissed since 30/6/2018</i>) |
| 3. Mr. Phan Kim Bang | Deputy Chairman (<i>dismissed since 27/3/2019</i>) |
| 4. Mr. Beat Schnegg | Director (<i>dismissed since 30/6/2018</i>) |
| 5. Mr. Pham Cong Tu | Director |
| 6. Mr. Mai Xuan Dung | Director |
| 7. Mr. Tran Vinh Duc | Director (<i>dismissed since 24/12/2018</i>) |
| 8. Mr. Dao Nam Hai | Director |
| 9. Mr. Pham Sy Danh | Director |
| 10. Mr. Nguyen Dinh An | Director (<i>since 26/4/2017</i>) |
| 11. Mr. Nguyen Xuan Viet | Deputy Chairman (<i>member since 24/4/2019, Deputy Chairman since 16/7/2019</i>) |
| 12. Mr. Vu Anh Tuan | Director (<i>since 24/4/2019</i>) |

B. BOD OPERATION

1. Business operation

- The BOD has approved the annual business results and business plan, approved and submit to the the General Meeting of Shareholders the annual allocation of profit after tax, and the remuneration for BOD, BOC and secretaries.
- The BOD has approved the annual Reinsurance Programme, the yearly selection of the auditing company.

- The BOD has made decisions on building the General Accounting application and the renovation of the office building.

2. Organisation and regulation

- The BOD has submitted to the the General Meeting of Shareholders to amend the Charter of Organisation and Operation in 2015 and 2019.
- The BOD has made decisions on appointing the Deputy CEOs (Mr. Yves-Daniel Cochand from 18/11/2015 to 31/7/2018 and Mr. Nguyen Manh Linh from 1/9/2016 to 1/9/2019); re-appointing CEO (Mr. Pham Cong Tu from 7/5/2019 – 7/5/2024); re-appointing Deputy CEO (Mr. Mai Xuan Dung from 1/4/2019 to 1/4/2022, Mr. Nguyen Manh Linh from 1/9/2019 to 1/9/2022); re-appointing Chief Accountant (Ms. Luu Thi Viet Hoa from 22/4/2019 to 22/4/2023).
- The BOD has promulgated the Regulations on Organization and Operation of Development Strategy Committee, Human Resource Committee and Compensation Committee.
- The BOD has made decisions on the dismissal and appointment of VINARE's representative at ABIC, SVI.
- The BOD has made decisions on changing the number of Board of Directors members for the term 2015-2019 (in 2017), appointing and dismissing members of the BOD, BOC.
- The BOD has made decisions on appointing the corporate secretaries and the person in charge of corporate governance.
- The BOD has amended the Financial Investment Guidelines (2017).
- The BOD has made decisions on the process of restructuring governance model (2018).

3. Investment decisions

- Divestment from PJICO.

C. OVERALL ASSESSMENT OF THE BOD OPERATION

The BOD has directed the Corporation to overfulfull the annual business plan set by the BOD.

Performance highlights 2015-2019:

Criteria	Average growth
Gross written premium	7.45%
Pre-tax profit	4.95%
Combined Ratio	92,64%
ROE	9,00%

General observation on BOD activities:

- The BOD has closely, timely and frequently coordinated with the BOD and the BOC in overseeing the implementation of the resolutions of the General Meeting of Shareholders and the decisions of the BOD.

- All the decisions of the BOD have been discussed and informed in a full timely manner to the BOC and BOM.
- The BOM and BOC have participated and provided opinions in all the meeting of the BOD.
- All the proposals of the BOM to the BOD are studied and discussed in time.
- The Corporation fully complies with the decisions of the BOD, the General Meeting of Shareholders and statutory regulations.

D. DIRECTIONS IN THE TERM 2020 – 2024

❖ Vision: continued from the Strategy 2015 - 2019

- To become a leading reinsurer in Vietnam and the region; a professional investor.
- A centre of reinsurance business exchange for the market. To provide customers with value added services with necessary warranty derived from the core values of the company.
- To focus on profitability and profit optimisation and meet with shareholders' expectation.
- An enterprise responsible for the community

❖ Objectives:

➤ *Reinsurance business:*

- To focus on market expansion, quality and profitability of core business – reinsurance. To strengthen the position of the leading reinsurer in Vietnam and the region.
- To continue following a tight underwriting discipline, being selective with regards to risks to ensure profitability, and not pursuing underwriting for cashflow.
- To enhance the capability of product development, pricing, risk management and to effectively perform the function of good business exchange in Vietnam market.
- To expand international relationship and be cautious and selective in overseas business exchange. To enhance marketing activities and establish a prioritised action plan for marketing.
- To try to get A- rating in the short-run
- To provide a value-added chain for the Vietnam market in all areas: products and distribution channel, training, risk management, pricing, information exchange, reinsurance solutions and sustainable development solutions.
- To establish a reasonable composition of business lines underwritten to ensure profitability, sustainable development and balance between various development targets.
- To ensure effective financial resources for reinsurance business via the optimisation of retention and the structure of reinsurance programme.
- To upgrade corporate governance to meet international standards in reinsurance business management.

➤ *Investment:* To enhance professionalism in investment activities. To adhere to the principle of Security – Profitability – Sustainability – Liquidity. This principle has been put in place

before 2020 and needs to be maintained together with improving the operation and quality of asset allocation.

➤ ***Capital/charter capital, dividend policy:***

- Dividend policy: To maintain a reasonable dividend policy in balance with the need to ensure sound financial position and capital growth. To approach the international practice in dividend payout as recommended by A.M. Best.
- Increasing capital/charter capital: To keep close track of and evaluate the demands – capital market in order to decide a suitable point in time and method.

➤ ***To make sure that the goals and solutions for enhancing VINARE's competitiveness and position in the international market are effectively carried out:*** products/pricing, finance, IT, risk management and reserving, human resource strategy, corporate branding and rating, corporate management and governance.

❖ **2020 – 2024 business targets:**

📊 ***Business results (not including impacts from Covid-19 pandemic):***

- Average gross written premium growth: 9%/year
- Maximum average combined ratio: 98%
- Average pre-tax profit growth: minimum 7%/year
- Dividend payout rate: minimum 12%/year
- Average ROE: minimum 10%

- 📊 Charter capital: increase charter capital to VND2,000 billion by 2024. The specific time and issuance plan will be prepared and submitted to the AGM for approval.

BOARD OF DIRECTORS