

Ref: 02 /2011/QD-HDQT

Ha Noi, March 22<sup>nd</sup>, 2011

## **DECISION OF THE BOARD OF MANAGEMENT**

### **3<sup>RD</sup> MEETING OF 2<sup>ND</sup> TERM**

#### **THE BOARD OF MANAGEMENT**

- Pursuant to the Enterprise Law, the Insurance Business Law and the implementation guiding documents;
- Pursuant to Licence of Establishment and Operation 28GP/KDBH dated 15/11/2004, Amended Licence 28/GPDC1/KDBH dated 10/12/2007 and Amended Licence 28/GPDC2/KDBH dated 18/2/2008 of the Ministry of Finance;
- Pursuant to the Charter of Organization and Operation of Vietnam National Reinsurance Corporation;
- Based on the discussions and voting results at the 3<sup>rd</sup> meeting of the Board of Management, 2<sup>nd</sup> term, on March 18<sup>th</sup>, 2011

#### **DECIDES**

**Article 1:** To approve the audited financial statements 2010 and submit to the GSM for approval.

*a. To approve the unconsolidated financial statements 2010 which has been audited by Deloitte Vietnam Ltd., (see statements attached). Some key figures:*

- 1.1. Gross written premium: VND1,215,461,285,819, increasing 8.52% over the target and increasing 9.07 % compared with 2009;
- 1.2. Net written premium: VND414,147,104,917 increasing 13.7% over the target and increasing 22.5 % compared with 2009;
- 1.3. Financial investment and other incomes: VND245,568,753,635 increasing 6.31% over the target and increasing 12.3% compared with 2009;
- 1.4. Pre-tax profit: VND268,550,860,091, increasing 9.63% over the target and increasing 15.36% compared with 2009;

***General observation: VINARE has outperformed all the targets of the 2010 business plan***

*b. To approve the consolidated financial statements 2010 which has been audited by Deloitte Vietnam Ltd., (see statements attached).*

**Article 2:** To approve the Salary fund realised in 2010 (Including Unit Salary, Fixed Salary and Supplemented Salary): VND22,149,824,575.

**Article 3:** To approve the Purchases (Fixed assets and amortised costs) realised in 2010: VND1,706,090.635. VINARE is responsible for managing, cost recording and using the assets according to relevant regulation

**Article 4:** To approve the allocation of profit 2010 and submit to the GSM for approval:

***4.1 Profits:***

- Previous period's undistributed profit carried forward to 2010: VND58,536,584.520 (after paying 2009 dividend for the 2nd time at the rate of 8% : VND53,774,752,000)

In which: Distributable profit: VND50,103,442,716

Undistributable profit as a result of foreign currency translation: VND8,433,141,804

- Profit realised in 2010:

+ Profit before tax: VND268,550,860,091

+ Profit after tax: VND207,990,180,040

- Accumulated profit after tax as at 31/12/2010: VND266,526,764,560

In which: Distributable profit: VND258,093,622,756

Undistributable profit as a result of foreign currency translation:  
VND8,433,141,804

***4.2 Allocation of profit after tax:***

- Allocation to Financial Provision Fund 10%: VND20,799,018,004
- Allocation of Compulsory Reserve Fund 5%: VND10,399,509,002
- Allocation to Business Development Fund 2%: VND4,159,803,601
- Dividend payment in 2010 - 20%: VND134,436,880,000

The first payment of dividend at 10% already made : VND67,218,440,000

The second payment of dividend at 10% to be made: VND67,218,440,000

- Bonus fund for persons outside VINARE (0.6% of pre-tax profit): VND1,611,000,000
- CEO's bonus fund (10% of one-month salary): VND184,581,872 VND
- Corporate welfare fund (one-month salary): VND1,845,818.715
- Bonus to the BOD, BOM, BOC, Chief Accountnat (0.25% of pre-tax profit): VND671,000,000
- Retained profit: VND92,419,153,366

In which: Distributable profit: VND83,986,011,562

Undistributable profit as a result of foreign currency translation:  
VND8,433,141,804

*NB: The allocation of the above-mentioned funds has been approved by the GSM. The payment of dividend has been approved at the rate of 18%, however, the BOD would propose 20% instead.*

**Article 5:** To approve the Remuneration (including tax) for BOM, BOC and secretaries in 2010

- Remuneration to the BOM (including full-time and part-time members): VND2,395,113,057
- Remuneration to the BOC (0.15% of profit before tax): VND402,826,290
- Remuneration to the Secretariat (under GMS Resolution): VND52,800,000

**Article 6:** To approve the Business plan for 2011 with key targets as follows:

- Gross written premium: VND1,320 bn
- Net written premium: VND450 bn
- Financial investment and other incomes: VND260 bn
- Pre-tax profit: VND295 bn
- Projected dividend for 2011: 15% (This is the projected dividend after the bonus share issuance at the ratio of 2:1 from surplus capital)

**Article 7:** To approve the Salary scheme and the Indicator of “Total Incomes – Total Expenses” for 2011:

7.1 The principle to determine the annual Salary Fund (to be applied for 2011 and subsequent financial years until decided otherwise by the BOM): details to be found in the Minutes of the BOM Meeting on March 18<sup>th</sup>, 2011.

7.2 The indicator of “Total incomes – Total expense” not including Salary Fund to be assigned for 2011 is: VND318.6 bn.

**Article 8:** To approve the principle to allocate and use the Catastrophe Reserve Fund:

8.1 The Catastrophe Reserve Fund is allocated following the method and the rate already registered with and approved by the Ministry of Finance.

8.2 Disbursement: In case there is one or several catastrophic losses affecting the business result of the financial year, the CEO will propose to use part of the Catastrophe Reserve Fund to pay for these losses for the BOM to decide.

8.3 This principle is to be applied from 01/01/2011.

**Article 9:** To agree that VINARE will study and select an international rating agency to secure a credit rating for VINARE and report to the BOM before execution.

**Article 10:** VINARE will coordinate with the relating parties to carry out agriculture reinsurance according to Decision 315/QD-TTG dated 1/3/2011 of the Prime Minister and the instruction of the Ministry of Finance.

**Article 11:** To approve the SCA report 2010 and the plan for 2011; the IT project report; and the Report of the Board of Management 2010.

## **Article 12:**

- 12.1 To approve the plan on allocation and usage of the investment capital in 2011 presented by the CEO (Details to be found in the Minutes of BOM Meeting on March 18<sup>th</sup>, 2011). In order to optimize the investment efficiency, VINARE is allowed to flexibly allocate its assets in compliance with legal regulations, the Charter of Organisation and Operation and VINARE's regulation on investment management/decentralisation.
- 12.2 To approve the modification of decentralization in real estate investment:
- The Chief Executive Officer is authorised to make decision on real estate investment with limit not exceeding VND50 bn/an independent project.
  - The BOM Chairman is authorised to make decision on real estate investment on the basis of the CEO's recommendation with limit not exceeding VND80bn/an independent project.
  - The total amount of money allocated to real estate investment is not to exceed the annual limit approved by the BOM. In case the annual limit is not used up in the current financial year, the remaining can be brought forward to the subsequent financial year.
  - Other cases are decided by the BOM or the General Meeting of Shareholders.

## **Article 13:**

- 13.1 To approve the plan on bonus share issuance to existing shareholders to increase charter capital (plan and schedule attached) and submit to the General Meeting of Shareholders for approval. Some major contents of the plan as follows:
- Type of share: ordinary share
  - Face value: VND10,000/share.
  - Total projected number of shares to be issued: 33,609,220 shares.
  - Object of issuance: Existing shareholders in the list determined on the registration date to exercise the bonus share option.
  - The ratio of receiving bonus shares: 2:1 (shareholders holding two existing shares at the finalization date will receive one new share).
  - Source of capital: From the share capital surplus of the Corporation as at 31/12/2010.
  - Principle of rounding, handling odd shares: The number of bonus shares will be rounded to the unit to determine the number of shares received when issuing bonus shares. The number of odd shares arising from rounding will not be accountable for.
  - Projected issuance time: Q. II/2011.
- 13.2 The BOM proposes that the General Meeting of Shareholders authorize the BOM Chairman:
- To carry out the issuance plan, to decide on the time of execution and to comply with issuance registration regulation as stated in the law.
  - To register the capital increase and to amend the Charter accordingly in compliance with the law. Projected charter capital after issuance: VND1,008,276,600,000.
  - To deposit and have the bonus shares issued listed on Hanoi Stock Exchange (HNX).

- The BOM Chairman is fully authorised to handle all of the issues arising during the implementation of the issuance plan.

13.3 The BOM Chairman is to report the outcome of the issuance to the BOM and the General Meeting of Shareholders at the nearest meeting.

**Article 14:** To agree with and submit to the GSM to approve the proposal of the BOC: approving the list of auditing companies for 2011 as follows:

1. Auditing, Accounting and Financial Consultancy Service Company ( AASC )
2. KPMG Vietnam Ltd
3. Deloitte Vietnam Ltd
4. Ernst & Young Vietnam Ltd (E & Y)
5. Pricewaterhouse Coopers Vietnam Ltd ( PWC )

The BOM Chairman is authorised to select one of the above-mentioned auditing companies to audit 2011 financial statements based on the proposal made by the CEO.

**Article 15:** To approve the agenda for the Annual General Meeting of Shareholders 2011:

- ❖ Proposed time: April 29<sup>th</sup> 2011
- ❖ Agenda:
  - Report on 2010 business results and 2011 business plan
  - Allocation of profit after tax, dividend payment and remuneration to BOM, BOC and secretaries 2010
  - Report of the BOM 2010
  - Report of the BOC 2010
  - Share issuance plan to increase charter capital 2011
  - Selection of independent auditor 2011

**Article 16:** This decision is of full force and effect from the date of signing. The Chief Executive Officer and the relating personnel are responsible for the implementation of this decision./.

*For and on behalf of* **BOARD OF MANAGEMENT**

**CHAIRMAN**

**Receivers::**

- BOM , BOC, BOD

- Filing: BOM secretaries

*General Affairs, Investment*

**Trinh Quang Tuyen**