

*Hanoi, April 2024*

**REPORT  
OF THE BOARD OF SUPERVISORS  
OF BIDV INSURANCE CORPORATION  
At the 2023 Annual General Meeting of Shareholders**

**To: 2024 Annual General Meeting of Shareholders  
of BIDV Insurance Corporation**

Based on the rights and duties of the Board of supervisors (BOS) specified in the Enterprise Law, the Charter of BIC and the Operation Regulations of BOS, the members of BOS met and agreed to approve the Report of BOS to submit to the 2024 Annual General Meeting of Shareholders of BIDV Insurance Corporation (BIC) with the following specific contents:

**I. ACTIVITIES OF THE BOARD OF SUPERVISORS BETWEEN TWO  
SESSIONS OF ANNUAL GENERAL MEETING OF SHAREHOLDERS 2023-  
2024**

Between the two sessions of annual General Meeting of Shareholders 2023-2024, BOS held 02 online meetings, discuss via email and agreed to approve the following main contents:

- Discussing and approve the monitoring report of BOS about BIC's business operation quarterly in 2023;
- Appraising the Financial Statements 2023 after working with independent audit firm EY;
- Approving the report of BOS to submit to the 2024 annual General Meeting of Shareholders of BIC.

In addition, BOS discussed and collected opinions from the BOS's members on the following contents:

- Internal audit work plan in 2024;
- Reviewing internal audit results reports after each audit engagement.

The head and members of BOS have participated in the meetings of the Board of Directors, summary meetings, briefings, professional discussions and other meetings, directed professional work for internal audit activities.

In addition, the Head of BOS supervised the contents, scope and progress of reviewing and auditing the financial statements 2022 according to the audit contract signed with EY Vietnam; give opinions to managers of BIC in management and administration activities.

Perform other tasks specified in the BIC Charter, Operational Regulations of BOS, Internal Audit Charter and relevant legal regulations.

## II. THE SUPERVISION REPORT OF ACTIVITY RESULT FOR 2023

### 1. Implementing the Resolution of the Shareholders' Meeting 2023

No.	Resolution of the General Meeting of Shareholders	Implementation
1	Resolution of the General Meeting of Shareholders assigning the revenue and profit plan for 2023 - Insurance premium revenue: <i>4,585 billion VND</i> - Consolidated profit before tax: <i>480 billion VND</i> .	- Insurance premium revenue: 4,774 billion VND, exceeded the plan by 4.1%. - Consolidated profit before tax: 574.0 billion VND, exceeded the plan by 19.6%.
2	Profit distribution: - Statutory reserve: 14.962 million VND. - Investment and development fund: 59.847 million VND. - Bonus and Welfare funds: 88.582 million VND.	Profit distribution: distributed in accordance with the approved Resolution, as follows: - Statutory reserve: 14.962 million VND. - Investment and development fund: 59.847 million VND. - Bonus and Welfare funds: 88.852 million VND.
3	Dividend payment 13%	Paying 13% dividend (approved by AGM) from 03/10/2023.
4	Remuneration for the Board of Directors, the Supervisory Board, and the Internal Audit Division: - Part-time members of BOD: Total payment is 1,470 million VND. - Full-time members: + Head of BOS: monthly salary according to the salary scale specified in BIC's the salary regulation and the salary in 2023 for this position if it can be considered to increase in accordance with the general level of BIC.	Remuneration for the Board of Directors, the Supervisory Board, and the Internal Audit Division: - Part-time members of BOD: Total payment was 1,434 million VND, in the budget plan. - Full-time members: + Head of BOS: monthly salary equivalent to level 5 for the Head of BOS in the salary regulation

## **2. Supervising the management**

### *2.1. For the Board of Directors*

- In 2023, the Board of Directors successfully organized the 2023 Annual General Meeting of Shareholders and directed the Executive Board to implement the Resolution of the Annual General Meeting of Shareholders
- The Board of Directors held 4 meetings, 41 times to collect written opinions from members, issued 8 Resolutions and 123 Decisions to decide the contents of the responsibilities and duties of the Board of Directors in directing, managing and monitoring BIC's activities.
- In the meetings of the Board of Directors in particular and the activities of the Board of Directors in general, the members of BOD participated fully and worked with a high sense of responsibility, promoting the experience and leadership capacity of each member BOD.

Through monitoring, the BOS found that: the Board of Directors has operated in accordance with the authority and duties specified in the Charter, internal regulations on corporate governance, internal regulations of BIC and the law. At the meetings, the Board of Directors reviewed the implementation of the business plan for the period and the entire year, considered the explanations and proposals of the Executive Board, discussed and decided to approve the Resolutions/Decisions. Resolutions and decisions issued by the Board of Directors are in line with actual conditions, meeting the requirements of BIC's governance and business development, ensuring that the legitimate rights and interests of shareholders are properly and fully implemented.

### *2.2. For the General Director*

In 2023, under the direction of the Board of Directors, the General Director and other managers have made great efforts in leading and directing regularly, in a timely manner, in setting and implementing the business solutions to successfully complete the business plan for 2023. Specifically:

+ Regularly reviewing the implementation of the business plan, directing the timely removal of problems in the operation in accordance with the orientation set by the Board of Directors.

+ Monthly, evaluate business performance on the following aspects: premium revenue, loss ratio, combined ratio, debt ratio, results of BIC's business plan implementation by LOB insurance and at each branch, indicators that do not meet the management requirements are discussed to provide solutions, thereby providing the focus of work in the next month, specific instructions for each member of the Executive Board and the divisions at the head office and branches.

+ Results of implementing resolutions and decisions of the Board of Directors: The General Director has fully implemented the work.

Through monitoring, the BOS found that: During the management process, the General Director has complied with the governance authority in the Charter, Governance Regulations, internal regulations of BIC as well as the resolutions and decisions of the Board of Directors. The General Director has proposed the

appropriate decision, effective and timely solutions to help business activities of the whole BIC successfully complete the assigned plan, ensure effective goals and sustainable development.

### **3. Internal audit**

- In 2023, the internal audit division conducted five audit engagements including two divisions at HO (Financial Investment Division, Engineering & Property Division) and three branches (BIC Saigon, BIC Da Nang and BIC Nam Trung Bo).
- Through the internal audit results, a number of records were discovered and recommended by the Internal Audit, specifically:
  - + For underwriting activities: it is recommended to comply strictly with the underwriting and data input process. Insurance contracts need to clearly stipulate terms, avoiding misunderstandings leading to disputes and lawsuits when settling claims.
  - + For underwriting management divisions: recommendations on internal regulations for premium reduction, promoting the role of actuarial experts in promulgating rules and premium rate for insurance products; Review internal regulatory documents to ensure they are strict but convenient for application; Standardize data input fields into the software for effective risk management.
  - + For operations at branches: Internal Audit has recommendations related to the implementation of internal regulations on underwriting, claim survey, and accounting documentation procedures; rectifying the management and finalization of the use of business expenses needs to be clear, transparent and effective use of resources.
- For the implementation of the internal audit's recommendations: According to the current process, the remedial of the Internal Audit's recommendations is periodically reported to the BOD by the audited objects and annual reports are sent to the Internal Audit. The Internal Audit Division only audits the remedial work when returning to re-audit these objects. According to the report was send to the Internal Audit Division by the end of 2023, most of the recommendations have been completed or are being implemented, but there are still some recommendations have not been resolved due to objective reasons or need to wait for support from the software after successful digital transformation.

### **4. Appraisal of financial statement and business result of 2023**

BOS has studied and held a direct meeting with representatives of the independent audit firm Ernst&Young Vietnam Company Limited (EY) to evaluate the financial statements of BIDV Insurance Corporation in 2023, the evaluation results as follows:

- a. *Regarding the implementation of the accounting regime and financial statement regime:*
  - The separate financial statements and the consolidated financial statements for the 2023 have been prepared on the basis of appropriate accounting policies, consistently applied, assessed and estimated reasonably and in compliance with the Vietnamese accounting regulations, standards and regime.

- The separate financial statement and the consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Corporation as at 31 December 2023 and of the results of its operations and its cash flows for the year then ended.
- The separate and consolidated financial statements for 2023 that have been audited by EY Vietnam and have no qualified opinion from the auditor.

*b. Financial data and business results*

- BOS agreed with the figures presented in the separate and consolidated financial statements of 2023 in accordance with Vietnamese Accounting Standards and audited by EY.
- Some main indicators on consolidated financial statements:
  - + The main indicators on the balance sheet:

*Unit: million VND*

<b>Items</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>
<b>Total assets</b>	Million VND	7,550,246	6,669,734
Current assets	Million VND	6,853,001	5,910,205
Non-current assets	Million VND	697,245	759,530
<b>Asset structure</b>			
Current assets/Total assets	%	90.8%	88.6%
Non-current assets/Total assets	%	9.2%	11.4%
<b>Total Liabilities and owner's equity</b>	Million VND	7,550,246	6,669,734
Liabilities (excluding technical reserves)	Million VND	1,282,044	1,086,398
Technical reserves	Million VND	3,484,213	2,982,314
Owner's equity	Million VND	2,783,989	2,601,022
<i>In which: Non-controlling interest</i>	Million VND	23,030	27,285
<b>Capital structure</b>			
Liabilities/Total Liabilities and owner's equity	%	17.0%	16.3%
Technical reserves/Total Liabilities and owner's equity	%	46.1%	44.7%
Owner's equity/Total Liabilities and owner's equity	%	36.9%	39.0%
<b>Profitability</b>			
Profit after corporate income tax	Million VND	456,048	318,235
ROE	%	16.9%	12.3%
ROA	%	6.4%	5.0%

- + Some main indicators of business results:

*Unit: million VND*

<b>Main items</b>	<b>2023</b>	<b>2022</b>	<b>Growth rate</b>
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<b>Gross insurance operating profit</b>	<b>884,208</b>	<b>576,504</b>	<b>53.4%</b>
Net revenue from insurance activities	5,020,688	3,869,363	29.8%
Net Reinsurance premium ceded	(1,390,620)	(1,213,463)	14.6%
Total direct operating expenses	(2,745,860)	(2,079,396)	32.1%
<b>Profit from financial activities</b>	<b>393,123</b>	<b>353,881</b>	<b>11.1%</b>
Finance income	431,315	391,825	10.1%
Finance expenses	(38,192)	(37,944)	0.7%
<b>General and administrative expenses</b>	<b>(704,206)</b>	<b>(533,562)</b>	<b>32.0%</b>
<b>Net other profit</b>	<b>933</b>	<b>290</b>	<b>221.8%</b>
Other income	1,354	577	134.6%
Other expenses	(421)	(287)	46.6%
<b>Profit before corporate income tax</b>	<b>574,059</b>	<b>397,113</b>	<b>44.6%</b>
<b>Profit after corporate income tax</b>	<b>456,048</b>	<b>320,888</b>	<b>42.1%</b>
Profit after tax attributable to non-controlling interests	6,255	6,719	-6.9%
Profit after tax attributable to equity owners of the parent	449,794	314,169	43.2%

- Some main indicators on separate financial statements:

+ The main indicators on the balance sheet:

Items	Unit	2023	2022
<b>Total assets</b>	Million VND	<b>7,393,817</b>	<b>6,525,998</b>
Current assets	Million VND	6,721,943	5,801,646
Non-current assets	Million VND	671,874	724,352
<b>Asset structure</b>			
Current assets/Total assets	%	90.9%	88.9%
Non-current assets/Total assets	%	9.1%	11.1%
<b>Total Liabilities and owner's equity</b>	Million VND	<b>7,393,817</b>	<b>6,525,998</b>
Liabilities (excluding technical reserves)	Million VND	1,259,197	1,066,034
Technical reserves	Million VND	<b>3,374,797</b>	<b>2,901,566</b>
Owner's equity	Million VND	2,759,823	2,558,398
<b>Capital structure</b>			
Liabilities/Total Liabilities and owner's equity	%	17.0%	16.3%
Technical reserves/Total Liabilities and owner's equity	%	45.6%	44.5%

Owner's equity/Total Liabilities and owner's equity	%	37.3%	39.2%
<b>Profitability</b>			
Profit after corporate income tax	Million VND	299,236	386,288
ROE	%	16.6%	11.8%
ROA	%	6.4%	4.9%

+ Some main indicators of business results:

*Unit: million VND*

Main items	2023	2022	Growth rate
<b>Gross insurance operating profit</b>	<b>859,983</b>	<b>556,707</b>	<b>54.5%</b>
Net revenue from insurance activities	4,655,421	3,589,308	29.7%
Net reinsurance premium ceded	(1,106,240)	(997,659)	10.9%
Total direct operating expenses	(2,689,198)	(2,034,942)	32.2%
<b>Profit from financial activities</b>	<b>383,584</b>	<b>334,287</b>	<b>14.7%</b>
Finance income	406,316	358,866	13.2%
Finance expenses	(22,732)	(24,579)	-7.5%
<b>General and administrative expenses</b>	<b>(686,344)</b>	<b>(517,889)</b>	<b>32.5%</b>
<b>Net other profit</b>	<b>680</b>	<b>210</b>	<b>223.9%</b>
Other income	862	485	77.6%
Other expenses	(182)	(275)	-33.9%
<b>Profit before corporate income tax</b>	<b>557,903</b>	<b>373,315</b>	<b>49.4%</b>
<b>Profit after corporate income tax</b>	<b>442,568</b>	<b>301,889</b>	<b>46.6%</b>

- The implementing of 2023 business target :

*Đơn vị: tỷ đồng*

No.	Items	2023	2023 Target	% completion
1	Insurance premium revenue	4,774	4,585	104.1%
	Gross written premium	4,602	4,400	104.6%
2	Separate profit before tax	557.9	460	121.3%
3	Consolidated profit before tax	574.1	480	119.6%
4	Combined ratio (%)	94.6%	<= 98%	

- General assessments of business activities of the year 2023:

- *Achievement:*

+ Total assets increased by 13%, equity has growth by 7%, ROE reached 16.9%, increased by 4.6% compared to 2022.

+ Direct written premium revenue has increased by 27.8% compared to 2022, a higher growth rate than the market (2.8%), of which outstanding growth LOBs include:

- ✓ Engineering has increased by 27.4% mainly due to all-risks construction insurance increased, all-risks erection insurance increased compared to the last year.
  - ✓ Motor vehicles increased by 6.4% compared to 2022, mainly due to the car physical damage insurance increased.
  - ✓ Health & PA insurance increased by 64% due to the increase of personal accident insurance, student insurance and personal accident insurance for borrowers.
  - ✓ Hull insurance: increased by 11.1%, due to the increase of PNI insurance and hull insurance for river vessel.
- + The net loss ratio of direct written insurance in 2023 decreased by 8.1% compared to last year, due to the loss ratio decrease of health & PA insurance, cargo insurance motor vehicle insurance and engineering insurance.
- + The loss ratio has decreased sharply so insurance business activities was profitable and grew well over the last year by 347%, the combined ratio decreased by 3.6% over the last year, better than planned target 3.4%.
- *Issues to note:*
- + The direct written insurance activities:
- ✓ Property insurance: increased by 2.5%, mainly due to Compulsory fire and explosion insurance has decreased, all property risk insurance has decreased.
  - ✓ The insurance premium of transported cargo by sea has decreased: mainly due to objective factors from the decrease in import and export turnover of goods in 2023.
  - ✓ The loss ratio of property insurance increased by 6.8% compared to the last year due to the number of claim cases over 100 million increasing by 20%.
- + Inward/outward reinsurance activities:
- ✓ Inward premium received from foreign markets tends to decrease.
  - ✓ Receivables of reinsurance activities: Receivables with age more than 3 months has increased, so the provision for reinsurance receivables increases compared to 2022.

## **5. Report on review of contracts and transactions with related parties under the approval authority of the Board of Directors or the General Meeting of Shareholders**

On the declaration about related parties of the members of BOD, BOS and Executive Board, BOS report on the approval of the BOD or the General Meeting of Shareholders for the transactions of BIC with related parties in accordance with the Enterprise Law and the Charter of BIC are as follows:



5.1. Transactions of BIC with shareholders, authorized representatives of shareholders being organizations owning more than 10% of the total shares of the company and their related persons

<u>Company</u>	<u>Relationship</u>	<u>Transaction</u>	<u>2023</u>	<u>2022</u>
			VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Gross written premiums	155,645,191,815	142,778,656,382
		Claim expense	(3,352,828,178)	(4,560,602,520)
		Commission expense	(875,821,151,955)	(491,273,420,855)
		Interest income from term deposit	260,215,328,140	168,970,637,336
		Office rental expense	(12,741,433,190)	(14,275,485,482)
		Bank transfer expense	(2,267,333,775)	(2,149,063,508)
		Bank overdraft interest IT service expenses	- (1,732,889,325)	- (1,553,270,163)
BIDV-SUMI TRUST Leasing Company	Affiliate	Gross written premiums	780,492,662	424,494,947
		Claim expense	(1,254,508,254)	(1,769,819,302)
		Interest income from term deposit	1,273,161,644	2,548,219,178
BIDV Securities Company	Affiliate	Gross written premiums	1,608,428,974	1,359,485,767
Bank for Investment and Development of Cambodia (BIDC)	Affiliate	Gross written premiums	554,714,264	555,638,855
		Interest income from term deposit	13,223,451,754	6,935,915,068
		Claim expense	(29,352,400)	(23,220,000)

The above transactions (sales and purchases) were performed at the usual market prices and terms, with a value of less than 20% of the total value of BIC's assets recorded in the most recent financial statements. Therefore, according to the Charter of BIC, they are under the authority and approved by the BOD.

5.2. Transactions of BIC with Members of BOD, Executive Board and their related persons: None incurred

5.3. Transactions of BIC with enterprises which members of BOD, BOS, Executive Board of the company must declare according to the provisions of Clause 2, Article 164 of the Law on Enterprises: None incurred

### **III. SELF-ASSESSMENT REPORT ON OPERATION RESULTS OF BOS AND MEMBERS OF BOS**

#### **1. Assessment of BOS's operation results**

BOS has 5 members, of which only the Head of BOS works full-time, with 02 members who are foreigners not residing in Vietnam. All members are independent, are not BIC's managers, do not work in the accounting division of BIC, are not independent auditors to audit BIC's financial statements. On the basis of the rights and duties as stipulated in the BIC's Charter and the Operation Regulation of BOS, with the above results, BOS assess itself as follows:

- BOS has promoted its function well in supervising business activities, financial management at BIC, supervising the governance and management of the Board of Directors, General Director.
- BOS has completed well the appraisal of consolidated and separate financial statements audited by EY according to Vietnamese Accounting Standard.
- Through the monitoring process, BOS has made recommendations to the Board of Directors and the Executive Board to strengthen governance, administration, and improve the internal audit system to meet the requirements of management and implementing the business plans.
- BOS held regular meetings in accordance with the Law on Enterprises and the Charter of BIC to discuss and collect opinions of members of BOS via email to perform the duties.
- BOS has operated in accordance with the rights and duties, in accordance with the procedures according to the provisions of the Enterprise Law, the Charter of BIC and the operation regulation of BOS.

## **2. Assessment of operation results of members of BOS**

- On the basis of the BIC's Charter, the operation regulation of BOS and the assigned tasks of members of BOS, members of BOS have actively participated in all meetings of the Board of Directors and meetings of BOS, completed well the assigned tasks.
- During the meetings of BOS, all members work responsibly and contribute ideas to BOS to complete its tasks.

## **3. The operation combination between BOS and the Board of Directors, General Director, and shareholders**

- For the Board of Directors and General Director: BOS has closely coordinated with the Board of Directors and General Director for the legitimate interests of the BIC, of shareholders and in accordance with the law and BIC's Charter. BOS fully participated in the meetings of the Board of Directors. Head of BOS attended briefings and other meetings of the BIC.
- For shareholders: Between two sessions of General Meeting of Shareholders 2023-2024, the BOS did not receive requests and complaints from a shareholder or a group of shareholders with the rate of ownership and ownership period in accordance with the law and BIC's Charter.

## **IV. OPERATION ORIENTATION OF BOS IN 2024**

Based on the functions and duties of BOS according to the BIC's Charter, the operation regulation of BOS, BOS plans to work between the two sessions of Annual General Meeting of Shareholders 2024-2025 as follows:

- Supervising the financial situation, management activities, business activities at BIC, promptly send proposals and recommendations to the Board of Directors, Executive Board every quarter, year.

- Supervising content, scope, progress of reviewing and auditing financial statements in 2023. Performing the appraisal of financial statements every 6 months, 1 year.
- Supervising and directing internal audit activities at BIC.
- Coordinating with the inspection team of State agencies to perform inspection for BIC in 2024.
- Performing other tasks according to BIC's Charter, the operation regulation of BOS and other relevant regulations.

The above are the entire contents of the operation report between the two sessions of Annual General Meeting of Shareholders 2023-2024 and the operation orientation of BOS in 2024-2025.

To submit to the General Meeting of Shareholders for consideration and approval./.

**THE HEAD OF BOS**

**Lại Ngân Giang**