

*Hanoi, March 21<sup>st</sup> 2024***REPORT ON  
2023 Business Performance and  
2024 Business Plan**

Respectfully to: THE GENERAL MEETING OF SHAREHOLDERS

**A - 2023 BUSINESS PERFORMANCE****I. Overview of Vietnam's socio-economic situation**

The year 2023 remains a year of numerous changes and difficulties for the global economy as it confronts a succession of challenges: Consequent to the escalation of the Russia-Ukraine conflict, the disruption of energy and food markets brought about by war, which has resulted in high inflation and trade stagnation, etc., and most recently the comprehensive crisis in the Gaza Strip, the global economy in 2023 has remained in a state of instability, with economic crises potentially precipitated by economic or geopolitical risks, with the global economic growth rate forecasted at mere 2.7%. Amidst the worlds' general situation, Vietnam's economy encountered a challenging year, but thanks to the supportive policies implemented by the Government to encourage enterprise business activities, promote domestic consumption, and stimulate exports, etc., Vietnam's economy continues to maintain stability and outstanding growth compared to other nations in the region. GDP increased by 5.02% in 2023 compared to the same period last year, falling short of the target (6.5%), but still placing Vietnam among the world's fastest-growing nations.

Given the aforementioned prevalent context and particular occurrences in the financial and insurance markets, 2023 is an exceptionally challenging year for insurance enterprises as a whole, and non-life insurers in particular, given its estimated record-low growth rate of 2%. PVI Insurance is not immune to such adverse environmental effects, however, through the implementation of adaptable solutions and the ongoing dedication of its staff and management, PVI remains a bright spot in the market, holding the leading position in terms of both scale and underwriting profitability.

**II. Solutions implemented in 2023:**

The business plan 2023 was implemented when the world and Vietnam had experienced 3 years of challenges with threats of recession and pressures for economic recovery. PVI's management requested the whole system to continue to further promote the PVI's strength and resources, promoting creativity, fully leveraging the benefits gained from the improvement and application of information technology in business operations and management along with the synchronous implementation of the main solutions introduced to maintain efficiency, which were:

- Continuing to promote PVI Holdings' role in providing comprehensive assistance to the operations and development of subsidiaries in alignment with the objectives of transparent governance, effective business and sustainable development.
- Promoting the role of inspecting and monitoring the operations and business situation of units in order to deliver timely and efficient management resolutions.
- Adapting policies and mechanisms for insurance business with flexibility, promoting exploitation of large projects inside and outside the traditional market. Enhancing protocols for reinsurance services to ensure their safety and efficacy, bolstering business partnerships with both domestic and international counterparts through the promotion of credit rating benefits, expanding scale and improving business efficiency, further refining service quality, and controlling insurance fraud and controlling costs.
- Optimizing the utilization of cash flow, mobilizing capital resources and implementing strategic investments, structuring asset portfolios in a flexible manner, and capitalizing on favorable interest rate investment prospects. Constructing a methodical and professional Fund manager while increasing investment efficiency.
- Continuously reviewing and restructuring the internal system in order to consistently enhance operational efficiency and meet development requirements in volatile market conditions.
- Implementing performance-based remuneration and incentive policies, increasing employee income and encouraging the expansion of businesses in line with profit-driven strategies.

### **III. Assessment of 2023 business performance**

PVI was to some extent affected by the many difficulties and common challenges of the market, however, thank to the Management's flexible governance, which well responded to market developments, along with the right development strategy and efforts and determination of the system, PVI continued to overcome difficulties and successfully completed all the tasks and targets set by the General Meeting of Shareholders (GMS)/Board of Directors (BoD) for 2023. Specifically, the performance results are as follows:

#### **1. Completing and exceeding the targets set for 2023 with dividend per share expected to be 32%, higher than the target of 28.5% set by the GMS:**

##### **1.1 Consolidated business performance:**

- PVI's total consolidated revenue in 2023 amounted to **VND 16,083 billion**, achieving **119%** of the target for 2023, of which:
  - + Revenue from insurance activities: **VND 14,466 billion**, achieving **118%** of the target
  - + Revenues from financial activities, office leasing and other: **VND 1,524 billion**, achieving **132%** of the target for 2023.
- Profit before tax: **VND 1,246 billion**, achieving **126%** of the target
- Profit after tax: **VND 1,007 billion**, achieving **127%** of the target
- Remittance into the State Budget: **VND 1,099 billion**, achieving **118%** of the target

##### **1.2 PVI Holdings' business performance:**

- Total revenue amounted to **VND 1,126 billion**, achieving **103%** of the target for 2023;
- Profit before tax amounted to **VND 788 billion**, achieving **109%** of the target for 2023;

- Profit after tax amounted to **VND 764 billion**, achieving **108%** of the target for 2023;
- Remittance into the State Budget amounted to **VND 82 billion**

With the business performance exceeding the targets, PVI is submitting to the GMS a dividend per share of 32% for 2023, higher than the target of 28.5% set by the GMS. This is the ninth year running that PVI has paid a high cash dividend rate of 20% or more and is the second highest dividend payment in PVI's history since its inception (2021:33%; 2023: 32%).

**2. Continuing to hold the No. 1 position in Vietnam's Non-life Insurance Market in terms of scale and underwriting profitability and always innovating and developing insurance products on the back of technology**

As the first and only non-life insurer to obtain an A- (excellent) credit rating, this is the first year PVI reached the milestone of direct insurance premiums of over **VND 11,000 billion**, representing a growth rate that is nearly 5 times higher than that of the market, maintaining the position of No. 1 insurer in terms of both scale and underwriting profitability.

Besides, PVI has always delivered a quick, timely and accurate settled claim payments, helping to stabilize business activities of its clients with more than 850,000 losses and the total compensation was nearly VND 3,300 billion.

To attain the aforementioned accomplishments, PVI has consistently strived for improvement, leveraged opportunities flexibly, and operated on a developed information technology platform, all while implementing radical measures in accordance with the GMS and BoD's directives. PVI Insurance is proving its pillar position in the system, being the No. 1 non-life insurer in Vietnam.

**3. Continuing to implement guidance in the right direction, enhancing arrangements for domestic reinsurance and improving insurance business efficiency throughout the system**

PVI's reinsurance arrangement has been continually improved and promoted, contributing to the enhancement of the overall insurance business efficiency throughout the system. In 2023, Hanoi Re was approved by the Ministry of Finance to increase its charter capital from VND 728 billion to VND 1,044 billion, as well as officially operated under a new name and brand identity. Also in 2023, by implementing flexible policies with enhanced risk assessment quality, Hanoi Re continued to exceed planned targets assigned by PVI.

**4. Continuing to review and perfect investment activities and fund management with a professional investment model, contributing to the enhancement of cash flow efficiency, capital safety and overall business performance throughout the PVI system**

In 2023, investment activities remained stable amid volatile financial markets and continued to be the primary source of profit for the whole system. With the close direction of the Board of Directors on the operating model and investment strategy, PVIAM's investment support activities for the system and the management of the two investment funds PIF and POF have yielded highly favorable outcomes, thereby aiding PVI in safeguarding its assets and augmenting their value. The profit from investment activities realized by the whole PVI system exceeded 131% of the target for the year 2023.

**5. Enhancing corporate governance, risk management and brand development throughout the system:**

Corporate governance and risk management are expected to determine business performance and create sustainable development throughout the PVI system. Therefore, enhancing these two factors are in alignment with the viewpoints and objectives for development,

which have always been requested by PVI to a higher requirement to meet the development and change of the system. In 2023, PVI continued to implement risk management projects throughout the system, establishing the Internal Audit department at insurance business units as of 01 January 2023, as soon as the new Law on Insurance Business took effect, and remained its focus on ongoing review and refinement of internal regulations, processes, and management documents, which contributed to the enhancement of transparency and efficiency in management and governance.

On the back of that, PVI's modern and transparent corporate governance system is continuously affirmed and highly recognized by many prestigious domestic and international organizations. 2023 is the 7th consecutive year that PVI is recognized by Forbes Vietnam as one of the Top 50 Best Listed companies in Vietnam. PVI is also honored to be included in Top 10 listed companies on HNX with the best corporate governance in 2022-2023 and won a number of other titles such as "Top 50 Best-performing Companies in Vietnam in 2023"...

#### **6. Relations with shareholders, investors and other operations:**

With its prestigious brand and effective corporate governance, PVI has always been No.1 insurer in Vietnamese non-life insurance market in terms of efficiency as well as ensuring the best dividend ratio and benefits for shareholders, endeavoring to bring the professional and competitive service quality to its clients.

Furthermore, PVI consistently places significant emphasis on the actual operations of political organizations, unions, and social and environmental activities that are linked to the sustainable development strategy of the whole system.

## **B - 2024 BUSINESS PLAN**

### **I. Opportunities and Challenges:**

The year 2024 continues to be a challenging year for the global economy, as global trade, investment, and economic growth continue to decline, with global economic growth projected to reach a mere 2.4%. Uncertainty persists in the inflation and monetary policies of a number of major economies, geopolitical risks escalate with complex developments, and supply chains are disrupted, etc. all of which have a profound impact on all economies.

Amidst this global context, the Vietnamese economy encounters numerous obstacles in its pursuit of reviving development, with projected GDP growth fluctuating between 6% and 6.5%. Specifically, 2024 will be a critical juncture for the Vietnamese economy, as it will generate positive momentum to attain the most ambitious objectives for the period 2021-2025. Accordingly, the Government implemented a series of policy mechanisms by the end of 2023 in an effort to further eliminate obstacles and assist businesses in resuming growth momentum in 2024. Recovery outcomes of the global economy in general and of the Vietnamese economy in particular are contingent on a multitude of objective factors and potential risks.

The insurance market persists in confronting numerous obstacles under a high growth pressure and there are many requirements to change in terms of governance, capital, transparency, corporate efficiency as well as competitive pressure of insurers in light of the implementation of the amended Law on Insurance Business.

Additionally, the real estate and stock markets are anticipated to recover progressively in 2024, based on developments in economic growth. Despite this, deposit interest rates remain modest, fluctuating between 4.5% and 5.3% as predicted.

The aforementioned factors will collectively have a significant impact on PVI's business operations. By taking into account and evaluating these opportunities, challenges, and risks, as well as the promotion of current accomplishments, PVI establishes the following objectives and formulates its 2024 business plan in accordance with the best mobilization of resources for development:

## II. 2024 business objectives

- To accomplish the business plan assigned by the GMS and the BoD;
- To maintain the No. 1 position in terms of underwriting profit in the non-life insurance market; Continue expanding and renewing services within and beyond traditional sectors; Sustain efforts to enhance the model and optimize the operational effectiveness of the retail system;
- To strengthen the domestic and international reinsurance business performance;
- To promote efficiency in capital and assets management operations; to operate prudent investment and Fund management, ensuring effective and safe capital across the system;
- To maintain the international credit rating of A- for the non-life insurance sector and B++ for the reinsurance sector.
- To proactively prepare for the restructuring of PVI under the direction of the Government and instructions of the Vietnam Oil and Gas Group. To enhance the efficiency of governance system as well as to improve risk management.
- To distribute dividends at the minimum rate of 28.5% in 2024.

## III. 2024 business plan

### 1. Items of PVI's 2024 consolidated business plan

*Unit: VND Billion*

No.	Items	2024 plan
1	Charter Capital	2,342
2	Total revenues	17,398
3	Profit before tax	1,080

### 2. 2024 business plan for the Parent Company - PVI Holdings

*Unit: VND Billion*

No.	Items	2024 plan
1	Total revenues	1,136
2	Total expenses	371
3	Profit before tax	765
4	Dividend per share	At the minimum rate of 28.5%

## IV. Solutions for realization of the plan:

Given the sustainable and effective development targets in the overall challenging context, in order to fulfill the tasks in 2024, the main solutions are specified as follows:

1. Restructuring solutions: Participate proactively and actively in the government-approved Plan for restructuring of PVN. Based on this, proceed with the synchronous and comprehensive completion of the restructuring efforts across the Whole system in order to create a support mechanism for the sustainable and stable progress of PVI as an organization; Further increase charter capital for Subsidiaries to promote core business efficiency and satisfy capital requirements in accordance with the credit rating target.
2. Corporate governance and risk management solutions: Further refine the modern corporate governance model; Enhance system administration and operation efficacy while adhering to global benchmarks and guaranteeing transparency and professionalism; Implement cost-saving measures, exercise effective control over profiteering and compensation, and implement prompt adjustments and introduce adaptable business policies and mechanisms/policies that contribute to the enhancement of overall business efficiency.
3. Solutions for promoting business in line with efficiency: Sustain and advance the PVI brand by maintaining a commitment to professionalism, competitiveness, service quality, innovation, creation and adaptability in business mechanisms and the development of new products and distribution methods:
  - For non-life insurance business: Formulate a distinct development strategy and orientation for every market and field. Maintain vigilant observation and management of the oil and gas industry's market. Promote the market effectively beyond the retail sector and the petroleum industry; Generate competition for the development of market-driven insurance products. Continue to promote the application of technology in business underwriting and insurance product implementation. Advocate for the expansion of cross-selling channels for products, with a particular focus on Bancassurance, e-commerce, brokerage, etc. in proportion to the magnitude and reputation of PVI. Strictly manage business expenses and compensation while assuring a thorough risk assessment; Enhance service quality. To work closely with shareholder HDI Global to research and implement solutions to open foreign markets, especially regional markets.
  - For reinsurance business: Further enhancing the efficacy of reinsurance arrangements on the domestic market and expanding into foreign markets based on the efficiency, aiming for a leadership position on both the domestic and international reinsurance markets by optimizing the utilization of the A-credit rating.
  - For investment and fund management: Sustain the enhancement of the investment model while concentrating on the development of a pragmatic and adaptable investment strategy in alignment with actual conditions for the period 2024 to 2028. On that basis, effectively develop Investment funds with promising investment rate; Set out a plan of utilizing cash flow throughout the system to ensure maximum profitability and added values to the system; Construct a wide range of investment products and offer competitive consulting, asset management, and fund management services and products to clients within and outside PVI, with the highest quality and efficiency.
  - For service business: Enhance the pursuit of new clients and service excellence in order to guarantee the realization of the 2024 plan.
4. Human resource solutions: To continue to focus on and improve the quality of human resources throughout the system.

- Review and develop a strategy for human resource management, training and development for the period of 2024-2028.
  - On that basis, to implement a comprehensive performance strategy for human resource management, development, and training for the system, cultivate a team of qualified and professional personnel capable of fulfilling all job requirements, and serve as a foundation for subsequent periods of development.
  - To develop effective salary and bonus policies to attract talents
5. Information technology solutions: This is a key factor that generates a competitive edge for the PVI system to adapt to the digital age's development trend.
- Promote the operational efficiency of the IT Center. Sustain infrastructure development, innovation, and improvement, ensuring confidentiality, while refining the management and business software systems for the system. Implement information technology comprehensively into business operations and management.
  - To continue to strongly implementation of digital transformation across the PVI system, establishing a solid groundwork and a significant milestone in the subsequent phase of development devoted to the comprehensive advancement of the system.

**CHIEF EXECUTIVE OFFICER**