ANNUAL REPORT 2012



BIDV INSURANCE CORPORATION

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BIC
BIDV INSURANCE CORPORATION

CHAIRMAN'S MESSAGE

Maintaining impressive profit growth at 110.83 billion dong, a 10.3% increase compared to 2011. This proved that the right direction consented by the Shareholders Committee and the tightened risk management are important factors for BIC to sustain good performance in difficulties.



Mr. Pham Quang Tung / *Chairman of the Board*

Dear Valued Shareholders, Clients, Partners and Colleagues,

2012 was such a tough year to BIC in particular and to the insurance market in Vietnam in general. Often-repeated words such as downturn, crisis, bankruptcy, merger and acquisition, bad debts, restructuring, inventory, etc. have expressed the difficulties in the economy in general and in most business sectors in particular. Specifically, the insurance market saw its lowest growth rate in the recent 12 years.

In this context, BIC also experienced such a churning year in 2012. Despite that, I am well-informed that the Board of Management and the entire staff have made great efforts to fulfill the set targets assigned by the Shareholder Committee. Having overcome difficulties and challenges, BIC could hold its head high for the achievements in the year:

- Maintaining impressive profit growth at 110.83 billion dong, a 10.3% increase compared to 2011. This proved that the right direction consented by the Shareholders Committee and the tightened risk management are important factors for BIC to sustain good performance in difficulties;
- Keeping good performance in insurance business activities, as a result of countless efforts in expanding market, customer base and distribution channels, diversifying products and services, and improving client services;
- Controlling the claim ratio at an ideal rate of 38%, which indicates the effectiveness in risk management, claim settlement and underwriting management.
- Ensuring the employment and higher income for its staff despite the gloomy picture in labor market;

Holding positive display at two subsidiaries known as LVI and CVI, especially at LVI where the return on equity (ROE) bursts at 16%.

The enormous impacts of financial and monetary crisis followed by the global economic recession in the year have revealed the weaknesses of economies and enterprises on one hand, and the core values of companies with sustainable development on the other hand. BIC is not an exception when finding not only numerous problems in such areas as competitiveness, service quality, etc., but also core values that sustain it through tough times. BIC's success factors include young and enthusiastic staff, strong backup from its parent bank BIDV, effective governance and management model, and clear, consistent business strategy.

The coming year 2013 is forecast to still be one of difficulties and changes. However, I personally believe that it is full of opportunities for insurance companies in general and for BIC in particular. Insurance companies are restructuring and classifying themselves, thus there will be a natural selection. The restructuring in the market will bring about growth opportunities to professional insurers. More importantly, with big population and growing middle class in need of security and able to afford the fees, the insurance market in Vietnam still has great potential for growth, despite all above-mentioned problems.

I have absolutely no doubt that BIC will turn challenges to opportunities and will achieve the target of minimum profit growth at 10% in 2013. I look forward to seeing BIC as a ship faring stably amidst the stormy economic weather and will safely reach the harbor. May prosperity and success always stay with you!

Yours sincerely,

CHAIRMAN

PHAM QUANG TUNG

CEO'S REPORT

Along with its retail strategy, the brand build-up and promotion have made significant progress. The brand of BIC associated with social messages, traffic safety, and so on, has become more familiar and friendly to the public.



***Mr. Ton Lam Tung** / Chief Executive Officer*

Dear Valued Partners,

The targets set at the beginning of 2012 later turned out to be extremely challenging for BIC due to the much tougher economic conditions than the initial forecast. Staying together, the entire Board of Management and 600 staff of BIC have overcome numerous unexpected challenges and changes, managed to complete main objectives assigned by the Shareholders Committee, and ensured the goal of effective and sustainable growth.

As for business targets, total premium revenue reached 754.259 billion dong, an increase of 9.4% compared to 2011. Total profit before tax reached 110.838 billion dong, increasing 10.3%. Underwriting reserve grew at 23.8%, accounting for 48.6% of equity. Notably, BIC is one of the companies with highest ROE in the non-life insurance market of the year.

As for business strategy, being aware of the significant revenue decrease in its traditional business of engineering and property insurance, BIC has focused on promoting retail activities in 2012. The year has witnessed a boom of BIC's new personal products such as personal accident and healthcare insurance, motorcycle physical insurance, house insurance…together with the breakthroughs of retail channels including Bancassurance, e-Business, and especially the professional agent channel with promising returns after being properly invested.

Along with its retail strategy, the brand build-up and promotion have made significant progress. The brand of BIC associated with social messages, traffic safety, and so on, has become more familiar and friendly to the public.

In order to create a momentum for sustainable growth, BIC has paid adequate attention to building its corporate culture. Internal activities including underwriting exchange forums, experience sharing, and entertainment activities etc., have become favorite recreation to every staff and made every staff part of the BIC family.

As for HR development, in parallel with training and selecting activities, 2012 is the first year that BIC applied new procedures in reviewing and appointing staff in management positions so as to improve staff quality. According to the new procedures, staffs are provided with favorable conditions to compete fairly for career promotion opportunities. Besides, BIC also commenced the project of monitoring staff's work quality following criteria known as balanced score card (BSC) and KPIs.

In 2013, given the unfavourable conditions of the macro economy, total revenue of the entire market is predicted to slowly grow at 10-12%. As a result, BIC and other insurance companies keep facing with severe difficulties and intense competition. In this context, BIC plans to keep on consolidating its position, developing towards safety and sustainability, and maintaining its ROE level. Specifically, BIC will focus on competing by excellent service quality, exceptional brand, diversified products and distribution channels, and better client service and claim settlement.

Looking back at the achievements recorded in 2012, I strongly believe that BIC will stay dedicated to fulfil the ambitious targets set for 2013. I look forward to your constant support in 2013 and years to come.

Your sincerely,

CHIEF EXECUTIVE OFFICER

TON LAM TUNG

GENERAL INFORMATION

Full and Official Name
Bank for Investment and Development of Vietnam Insurance Joint Stock Corporation

Logo icon

Vietnamese trade name **BIDV Insurance Corporation**

Stock code (HOSE) BIC

Chartered capital 660.000.000.000 VNĐ

Head Office:
16th Floor, Building A , Vincom Tower, 191 Ba Trieu,
Hai Ba Trung Dist., Hanoi
Tel : (84-4) 22200282
Fax : (84-4) 22200281
Hotline : 1800 9456
Email : bic@bidv.com.vn
Website : www.bic.vn
www.baohiemtructuyen.com.vn

BIDV Insurance Corporation was established as a result of the development strategy of Bank for Investment and Development of Vietnam to set up a financial group operating under BIDV trademark by purchasing the shares owned by QBE Insurance Group (Australia) in the BIDV – QBE Joint Venture (a foreign-invested company established in Vietnam in 1999). It has officially operated in Vietnam under the new brand BIC since January 1st 2006.

Inheriting six years of experience in the joint venture with QBE and more than 50 years of experience of BIDV in the financial market, after establishment, BIC kept on focusing on the strategy of providing non-life insurance products designed in line with the full package of products and services that the bank offer to its clients.

According to the statistics of Vietnam Insurance Association, BIC is one of ten biggest non-life insurance companies in terms of market share for direct insurance, and one of those having highest growth rate in the market. It is also the leading company in developing up-to-date sales channels including Bancassurance and online insurance purchase (E-Business). The company is also known as the first insurer to have business network covering Indochina.

Since October 1st 2010, BIC has officially transformed from a 100% state-owned company to a joint stock corporation and increased its chaptered capital to 660 billion dong. BIC now has 600 staff serving customers in 21 subsidiaries in 94 offices, and nearly 1,000 agents nationwide. The development orientation of BIC is to become one in Top 5 insurance companies in terms of business performance and popularity in Vietnam, and continue to act as one of two core businesses in the BIDV group.

BIC'stock is currently actively traded on Ho Chi Minh City Stock Exchange (HSX) under stock code BIC.

VISION

To become 1 in Top 5 of non-life insurance enterprises with highest return on equity in the market.

To develop BIC to a reputable insurance brand and one of the business pillars of BIDV financial group.

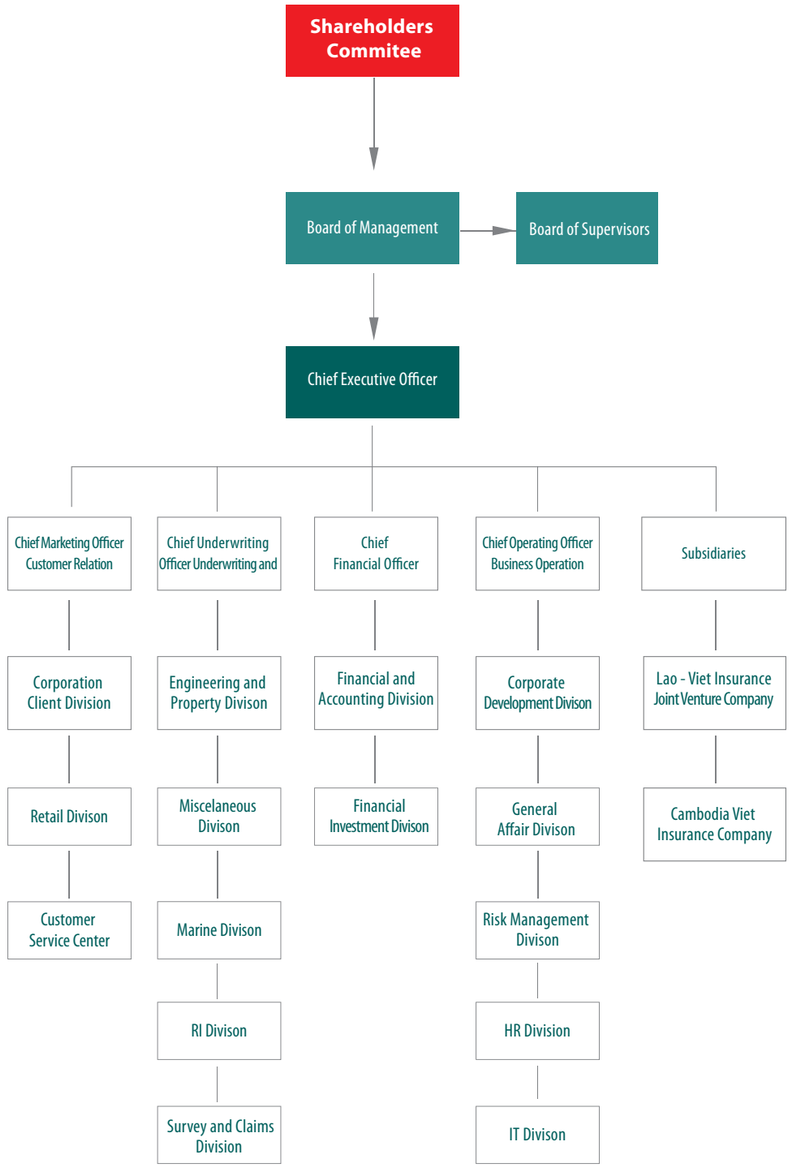
MISSION

To provide comprehensive financial risk management solutions to clients, ensure the rights and benefits of staff and shareholders.

HISTORY OF DEVELOPMENT

YEAR	ESTABLISHMENT AND DEVELOPMENT
7/1999	BIDV - QBE Insurance Joint Venture Company was established as the result of the co - operation between Bank of Investment and Development of Vietnam and QBE Insurance Group (Australia).
1/2006	BIDV officially purchased QBE's shares in the Joint Venture and changed its name to BIDV Insurance Company (BIC).
6/2008	Under the strategy of expanding operation throughout Indochina, BIC cooperated with Lao - Viet Joint Venture Bank (LVB) and Banque Pour Le Commerce Exterior Laos (BCEL) to establish the Lao - Viet Insurance Joint Venture Company (LVI). LVI officially ran into operation since June 2008.
9/2009	Being entrusted with full management of the Cambodia Vietnam Insurance Company (CVI), BIC became the first Vietnamese insurance company to simultaneously operate in all 3 Indochina countries - Vietnam, Laos and Cambodia.
10/2010	On October 1st 2010, BIC officially transformed its operating model to Joint Stock company and increased its chaptered capital to 660 billion dong.
2/2011	BIC'stock was officially listed in Ho Chi Minh city Stock Exchange (HOSE) under stock code BIC
3/2013	BIC received the transfers of contribution capital from Laos Viet joint venture bank at LVI and Investment and Development Cambodia Company at CVI to increase its holding ratio to 65% in both LVI and CVI.

ORGANIZATION CHART



SCOPE OF OPERATION

- Non - life Insurance
- Reinsurance
- Financial Investment
- Other activities regulated by the Law including survey, risk management consulting, real estate, money lending, etc.

LIST OF SUBSIDIARIES

Unit: USD

No	Company Name	Chartered Capital	BIC	
			Contribution Capital	Contribution Ratio (%)
1	Lao - Viet Joint Venture Insurance Company (LVI)	3.000.000	1.530.000	51%
	Total	3.000.000	1.530.000	51% (*)



(*) In March 2013, BIC was officially transferred the contribution capital by Lao - Viet joint venture bank (at LVI) and Investment and Development Cambodia Company (at CVI) to increase its holding ratio to 65% in both LVI and CVI.

MANAGEMENT STRUCTURE

BOARD OF MANAGEMENT



Mr. Pham Quang Tung */ Chairman*

2011 - Present: Deputy General Director of BIDV, Chairman of BIDV Insurance Corporation.
2010 - 2011: Chairman cum CEO of BIDV Insurance Corporation.
2006 - 2010: Director of BIDV Insurance Company



Mr. Tran Xuan Hoang */ Vice Chairman*

2012 - Present: Deputy General Director of BIDV, Member of BOM of BIDV Labor Union Investment Joint Stock Company (BUC), Member of BOM of BIDV Leasing Company.
2009 - 2011: Director of Human Resources Department of BIDV
2006 - 2008: BIDV Deputy Director of BIDV No. 2 Transaction Center
1996 - 2006: Deputy Director of BIDV Gia Lai



Mr. Trinh Minh Tam / Member

2012 - Present: Director of BIDV Ha Tay
2008 - 2011: Director of Credit Risk Management Department of BIDV, Member of BOM of Vietnam-Russia Joint Stock Bank.
2003 - 2008: Deputy Director of BIDV Bac Ha Noi, Deputy Director of Credit Department, Deputy Director of Credit Risk Management Department of BIDV.



Mr. Dang Quang Vinh / Member

2008 - Present: Director of Finance Department of BIDV.
2002 - 2007: Chief Accountant in Laos Viet Bank, General Affair Manager of BIDV Head Office, Director of Finance Department of BIDV.



Ms. Nguyen Thi Thanh Van / Member

2010 - Present: Deputy General Director of BIDV Insurance Corporation, Head of BOS of Vietnam Reinsurance Joint Stock Corporation (VINARE), Chairman of BOM of Cambodia Vietnam Insurance (CVI).
2006 - 2010: Deputy Director in charge of Finance and Accounting in BIDV Insurance Company.
2002 - 2006: Chief Accountant of BIDV-QBE Insurance Company, Deputy Manager of Finance Department of BIDV.

BOARD OF SUPERVISORS



Mr. Cao Cu Tri / Head of the Board

2009 - Present: Deputy Director of Board of Supervisors of BIDV
2002 - 2009: Deputy director of BIDV No. 3 Transaction Center, Deputy Director of Board of Supervisors of BIDV.
1997 - 2002: Worked at Vietnam State Bank.



Mr. Nguyen Trung Kien / Member

2011 - Present: Deputy Director of BIDV Accounting Division.
1999 - 2010: Held various important positions in Banking modernization and settlement system Project Unit, SIBS management and expansion Unit, Accounting Division, BIDV Quang Trung.



Mr. Nguyen Thanh Cong / Member

Present: Deputy Director in Finance Division, Vietnam Reinsurance Joint Stock Corporation.

BOARD OF DIRECTORS



Mr. Ton Lam Tung / Chief Executive Officer
General management

Mr. Ton Lam Tung had many years working in BIDV system.
In the early time, he was business manager of Hanoi branch, and then took the position of Investment Manager.
Since October 1st 2008, he was appointed as Deputy Director of BIC. Two years later, on *October 1st 2010,* he was appointed as Deputy General Director of BIC.
From March 1st 2011, Mr. Tung was appointed as 1st Deputy General Director of BIC.
From April 28th 2011, he was appointed as Chief Excetive Officer of BIC.



Ms. Nguyen Thi Thanh Van / Deputy General Director
Finance

Having many years working in finance & accounting, Ms. Van has taken various important positions in BIDV's system including Chief Accountant of BIDV-QBE Joint Venture Company, Deputy Manager of Finance Division of BIDV, Chief Finance Excecutive of BIDV Insurance Joint Stock Corp.
Ms. Van was appointed as Deputy Director of BIC *since May 2006* and Deputy General Director of BIC *from October 2010.*



Mr. Vu Minh Hai / Deputy General Director
Customer Relationship

Mr. Hai had many years working in insurance sector and joined BIC from 2007. *Since March 2009* he was seconded to Lao – Viet Joint Venture Company and took the position of CEO.
From *April 16th 2012*, Mr. Hai was appointed as Deputy General Director of BIC.



Mr. Tran Trung Tinh / Deputy General Director
Underwriting and Claims

Mr. Tinh had many years working in insurance sector. Before joining BIC, he was Deputy Director of Bao Minh Insurance Company – Hanoi branch.
Mr. Tinh joined BIC from 2007 and was appointed as Manager of Business Development Department of BIC. Since *October 1st 2008*, he was appointed as Deputy Director of BIC. Two years later, on *October 1st 2010*, he was appointed as Deputy General Director of BIC.



Ms. Doan Thi Thu Huyen / Deputy General Director
Operation

Having years of experience in BIDV's system, Ms. Huyen has taken various important positions in HR management. Before being appointed as Deputy General Director of BIC, she was Deputy Director of Human Resources Department of BIDV.
From *May 1st 2012*, Ms. Huyen was appointed as Deputy General Director of BIC.



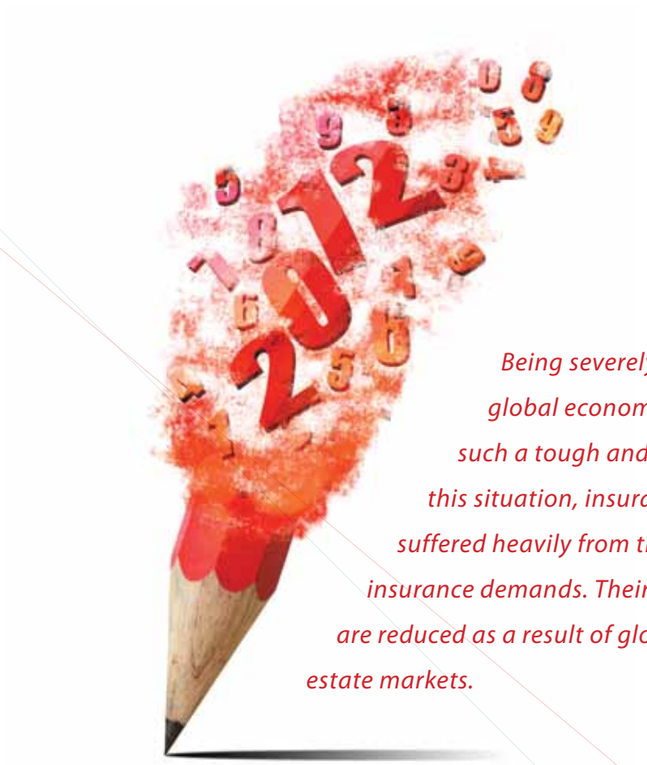
Mr. Tran Hoai An / Deputy General Director
Customer Development in Southern area

Mr. An had year of experience in Customs. He joined BIC from 2009 and was very successful at management position in BIC's Binh Dinh and Hochiminh Insurance company.
Since *April 1st 2013*, Mr. An was appointed as Deputy General Director of BIC, taking charge of customer development in Southern area cum Director of BIC Hochiminh Insurance company.

BUSINESS PERFORMANCE IN 2012



OVERVIEW ON NON-LIFE INSURANCE MARKET



Being severely affected by the global economic crisis, last year was such a tough and challenging one. In this situation, insurance companies also suffered heavily from the clients' cutback on insurance demands. Their earning opportunities are reduced as a result of gloomy stock and real estate markets.

Being severely affected by the global economic crisis, last year was such a tough and challenging one. In this situation, insurance companies also suffered heavily from the clients' cutback on insurance demands. Their earning opportunities are reduced as a result of gloomy stock and real estate markets.

To cope with those economic difficulties, the common trend of most of insurance companies was to adopt an orientation towards stability and sustainable development, in which revenue structure was adjusted to prioritize to most competitive and productive products. R&D on new products, pushing on personal insurance, healthcare, liability insurance, credit insurance, agriculture insurance were paid more attention.

In 2012, the legal framework on direct insurance activities is continued to be completed to match with market developing requirements as well as to materialize Vietnam commitments on international integration, which makes up a common legal corridor and facilitates business activities of insurance companies. Important documents released in 2012 include Decision 1826/QD-TTG of the Prime Minister approving the Restructuring plan of the stock market and insurance companies; Circular 124/2012/TT-BTC and 125/2012/TT-BTC of Ministry of Finance regulating financial matters in insurance companies; Circular 151/2012/TT-BTV of Ministry of Finance regulating the wordings, articles, premium quoting and sum insurance of compulsory liability insurance of vehicle owners; Decree 123/2011/ND-CP permitting foreign owned insurance companies to set up and operate in Vietnam, etc. Notably, inspection activities were also sped up in order to discover and correct defaults, which has made the insurance activities more professional and in order.

Amidst the gloomy picture of the economy in 2012 , the industry industry in general and the non-life insurance in particular were attractive bright spot considering their impressive growth in revenue. Total market revenue of the non-life insurance market was estimated to be **22,776** billion dong, increasing **10.7%** compared to 2011. The total re-investment amount of non-life insurance premium reached **24,230** billion dong, increasing **5.6%** compared to 2011(*).

(*) Source: Insurance Management and Monitoring Department, Ministry of Finance

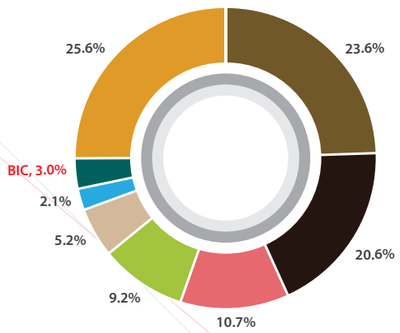
THE GROWTH RATE OF INSURANCE REVENUE IN NON-LIFE INSURANCE MARKET (*)

Unit: billion dong

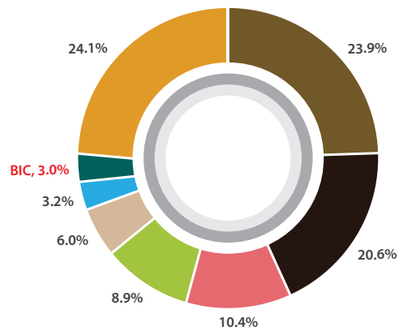
Year	2006	2007	2008	2009	2010	2011	2012
Revenue	6.403	8.211	10.950	13.754	17.364	20.576	22.776

(*) *Source: Insurance Management and Monitoring Department, Ministry of Finance*

Non-life Insurance Market share - 2011



Non-life Insurance Market share - 2012





INSURANCE REVENUE IN NON-LIFE INSURANCE MARKET PER CATEGORIES (*)

Unit: billion dong

No.	Categories	2012	Proportion	2011	Proportion	Growth rate
1	Automobile Insurance	6.288,505	28%	6.230,443	30%	1%
2	Property and Damage Insurance (**)	6.507,307	29%	5.780,338	28%	13%
3	Health care and Personal accident	3.825,711	17%	3.281,458	16%	17%
4	Hull & P&I Insurance	1.842,158	8%	1.864,256	9%	-1%
5	Cargo Insurance	1.955,667	9%	1.815,336	9%	8%
6	Aviation Insurance	741,900	3%	606,771	3%	22%
7	Fire Insurance	472,214	2%	488,385	2%	-3%
8	General Liability Insurance	505,711	2%	454,133	2%	11%
9	Business Interruption Insurance	60,843	0%	66,052	0%	-8%
10	Credit and Financial Risks Insurance	143,737	1%	23,832	0%	503%
11	Agriculture Insurance	218,157	1%	16,618	0%	1213%
	Total	**22,561,910**	**100%**	**20,627,622**	**100%**	**9%**

(*) *Source: Insurance Association of Vietnam*

(**): All property risk insurance included

BIC'S BUSINESS PERFORMANCE



Despite difficulties, BIC still had a successful year when fulfilling most of the assigned business targets. BIC's total revenue in 2012 reached **1.012,954** billion dong, in which written premium was **754.249** billion dong, increasing **9.4%** compared to 2011. Profit before tax reaches **110.838** billion dong, increasing **10.3%** compared to 2011. Underwriting reserve at December 31st 2012 reached **369.033** billion dong, accounting for 48.6% equity, increasing 23.8% compared to that of December 31st 2011. In terms of profitability, BIC was one of the insurance companies having highest ROE in the market.

With the effective and sustainable growth strategy, BIC has implemented a series of comprehensive solutions in 2012 including restructuring operation, tightening risk management, restructuring insurance product portfolio, reducing claim ratio,, cutting operation expenses and maintaining receivables at a low level.

Retail segmentation has brought BIC great success when traditional fields faced with difficulties. Revenue through Bancassurance channel grew **60%** compared to 2011, while that through E-Business channel rocketed at the amazing growth rate of **200%** compared to 2011. In the year, BIC also pushed sales via the personal agent system, bringing in remarkable revenue from personal insurance segment. Especially, the Telesales channel was in the pilot, promising a new and effective distribution channel for BIC in 2013.

Apart from optimistic business results in Vietnam, that at BIC's 2 subsidiaries in Laos and Cambodia is also distinguished. Lao – Viet Insurance Joint Stock Company (LVI) has displayed excellent performance with revenue of **6.766** million USD, increasing **51%** compared to 2011, reinforcing its 2nd position in Laos. After 3 operating years, taking up 7% market share, Cambodia Vietnam Insurance Company (CVI) commenced to have positive profit from insurance, and maintained a sustainable growth.

KEY FINANCIAL CRITERIA

(Unit: billion VND)

No.	Criteria	31/12/2011	31/12/2012
1	Total assets	1.870,011	1.402,617
2	Equity	749,898	758,427
3	Underwriting Reserve	298,102	369,033
4	Total Revenue	689,575	754,259
5	Claim from retained ratio	47%	38%
6	Profit before Tax	100,521	110,838
7	ROE	11,98%	12,75%

HR GROWTH

(Unit: person)

Year	2006	2007	2008	2009	2010	2011	2012
Number of Staffs	118	265	390	493	515	550	589

NETWORK GROWTH

Year	2006	2007	2008	2009	2010	2011	2012
Number of branches/ member companies	9	12	14	19	19	21	21
Number of Business Departments	8	37	47	56	74	91	94



Chairman hands over the business plan to CEO

7 OUTSTANDING EVENTS IN THE 7th OPERATING YEAR

01 2012 was the Year of Retail with a boom of new personal insurance such as personal accident and health care – BIC Health Care, motorcycle physical insurance, house package insurance, etc., and the bloom in most of distribution channels, Bancassurance and E-Business especially.

02 Refreshing personnel in the Board of Management made a milestone in the new development phase of BIC, including the appointment of Mr. Ton Lam Tung as CEO, the appointment Mr. Vu Minh Hai and Ms. Doan Thi Thu Huyen as CMO and COO respectively, replacing Mr. Dao Chi Cuong and Mr. Mai Nguyen Dong who were called back to BIDV.

03 It was the 3rd consecutive year that BIC was in the list of 1000 enterprises paying highest amount of corporate income tax in Vietnam.

04 In such a tough economic conditions under the influence of the global crisis, BIC still fulfilled the business goals set for year 2012 with total written premium of 754.259 billion dong, profit before tax of 110.838 billion dong.

05 E-Business channel put digital signature in application, making a milestone in the development of electronic policy issuance and also affirmed BIC's position as pioneer in online sales in the market.

06 BIC's brand promotion activities made remarkable impressions by sponsoring traffic safety activities, exhibition shows, popular product launches, etc.

07 After the initial success on professional personal agent development policy, BIC tested Tele-sales channel (sales over telephone) so as to increase the revenue from personal insurance.

INSURANCE ACTIVITIES



COMPOSITION OF UNDERWRITING PREMIUMS

(Unit: billion dong)

No	Line	2011		2012	
		Premium	Rate (%)	Premium	Rate (%)
1	Property and damage	235,361	37,73	173,654	25,90
2	Vehicle	183,217	29,37	244,024	36,40
3	Hull and P&I	48,384	7,76	51,153	7,63
4	Fire	62,026	9,94	80,629	12,03
5	Cargo	31,283	5,01	33,466	4,99
6	Personal accident and Health Care	35,235	5,65	65,831	9,82
7	Liability	4,599	0,74	3,691	0,55
8	Aviation	21,408	3,43	6,046	0,90
9	Business Interruption	2,102	0,34	1,476	0,22
10	Credit and financial risk	0,206	0,03	10,406	1,55
	Total	**623,821**		**670,377**	

MARINE INSURANCE

Overcoming the difficulties of Vietnam economics that undermined the financial capability and insurance demand of customers, BIC's direct insurance premium of this line in 2012 reached **90.66** billion dong, amounting **13.52%** of total insurance revenue, in which:

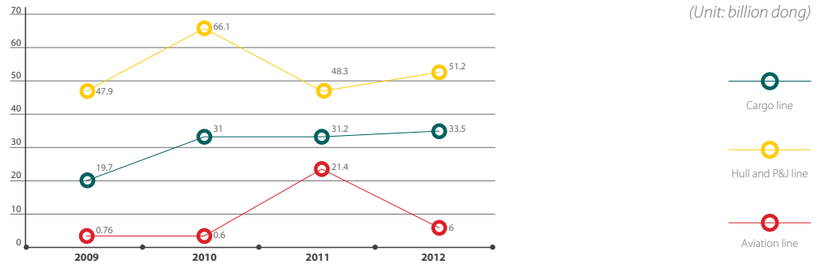
- ***Cargo insurance:*** The direct insurance premium of this line reached **33.47** billion dong, increased **6.98%** compared to 2011.
- ***Hull and P&I:*** The insurance premium of the products reached 51.15 billion dong, increased 5.72% in comparison to 2011, and ranked 6th in the market. This was a remarkable result in the context of the total revenue of Hull and P&I line in the market was estimated to decreased 1.5%(*).

In 2012, the risk management for marine line was well implemented; the claim rate of this line was maintained in the low level (15.2%). The training and emulating programs for salespersons were carried out in order to increase the quality of customer services.

(*) *Source: Insurance Association of Vietnam*

THE GROWTH RATE OF MARINE LINE'S REVENUE 2009 – 2012

(Unit: billion dong)



MISCELLANEOUS INSURANCE

With the business strategy focusing on retailing activity, in recent years, the revenue of this miscellaneous line in BIC has grown significantly. The total revenue of this line reached **323.95** bil.VND, increased 45.1% compared to 2011, amounting to **48.32%** of total direct insurance premium of BIC in 2012.

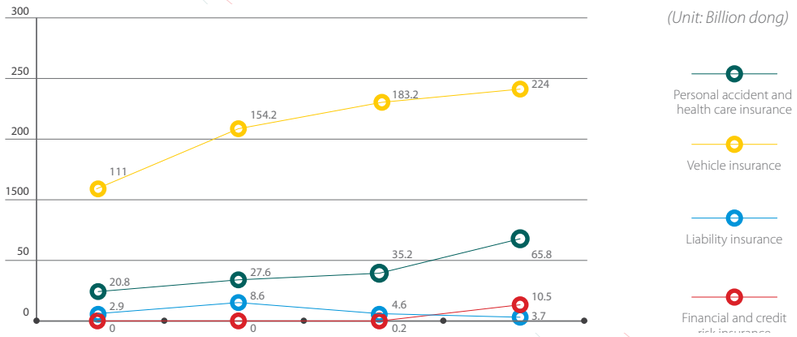
Vehicle insurance: in 2012, the vehicle premium of BIC achieved a high growth rate thanks to launching new vehicle products, flexibly adjusting insurance terms and conditions in order to meet customers' demands such as Motorbike Physical damage and Motorbike fire Insurance…. The revenue of the vehicle line in 2012 reached **244.02** billion dong, increased **33.19%** compared to 2011. Additionally, the quality and speed of claim settlement have also significantly improved.

Personal accident and healthcare insurance: in 2012, the revenue of these products in BIC reached **65.83** billion dong, a striking increase of **86.84%** compared to 2011. It was the highest growth rate among miscellaneous products. Besides some current products such as personal accident 24/7, personal accident 24/24 products…., BIC also researched to officially provide some new products such as BIC Healthcare and Overseas tourists insurance to increase the growth rate of insurance revenue and attract more customers' attention.

Financial and credit risk insurance: Taking advantage of being a member of a big financial institution, BIC has focused on developing the financial and credit risk insurance products. In 2012, despite facing to a lot of difficulties, the revenue of these products of BIC reached **10.41** billion dong, increased 50 times compared to 2011. Especially, apart from providing comprehensive insurance to the BIDV system, BIC has also provided insurance policies to big banks such as Maritime Bank, Dai A, Navibank… With this remarkable result, this promising line is ready for breakthrough development in the time coming.

Liability insurance: BIC's revenue of this line in 2012 reached **3.69** billion dong. Although the revenue of this product and its proportion in total insurance revenue are quite small, it is appraised as a high potential product. Some new products have been researched and provided such as Directors' and Executive Officers' liability insurance, Professional indemnity for architects and engineers…

The growth rate of Miscellaneous Insurance revenue 2009 -2013



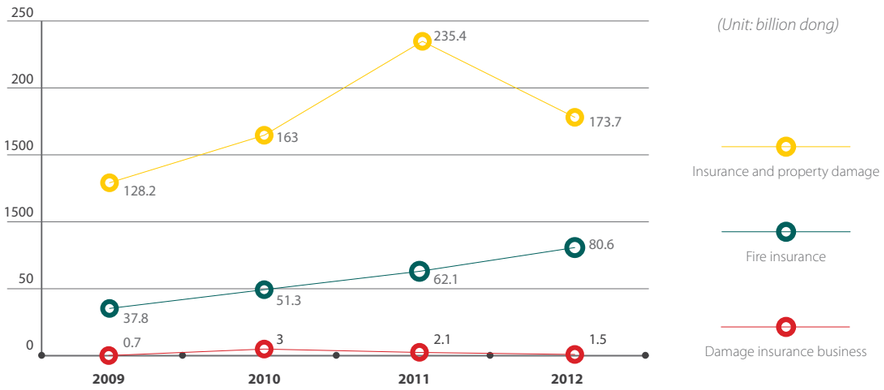
PROPERTY AND ENGINEERING INSURANCE

In 2012, the property and engineering insurance market faced a lot of difficulties due to the shrinking of some traditional fields such as construction, real-estate, etc. BIC's Property and engineering revenue reached **255.76** billion dong. Although facing a lot of risks, especially 2 major storms last year namely Parkhar in Southern provinces, and Son Tinh in the Northern provinces, which caused big damages for properties; thanks to many comprehensive solutions to strengthen the risk management capacity, the claim rate of this line was maintained at approximately 28%.

In general, the selling of property and engineering insurance line in BIC in 2012 has achieved the following remarkable results:

- Risk management was improved, especially for Property and CPM insurance.
- R&D activities have been well invested and implemented towards staying close to market demands and customers' needs by modifying current products and offering new ones such as private house comprehensive insurance
- The number of customers of these products has unceasingly increased, particularly from big corporations and groups.

The growth rate of Property and engineering Insurance revenue 2009 - 2012



ACHIEVEMENTS

In line with the consistent business objectives of efficiency and sustainability, BIC conducted a lot of improvements in 2012 to enhance competitiveness and increase productivity such as: focusing on developing human resources, enhancing risk management, investing in brand promotion and completing the IT system… All these efforts have boosted the insurance business growth.



The Celebration for the Best Performers in 2012

HUMAN RESOURCES DEVELOPMENT

BIC identifies its staff as the most valuable asset and a key driver for the development. In 2012, many solutions were implemented in order to effectively utilize the human resources. One of them was the project of applying Balanced Scored Card (BSC) and Key Performance Indicators (KPIs) methods in employees' performance assessment and management.

At the same time, the planning and appointment of employees also improved. Through the process of self-nomination and defense of one's action plan, candidates would have opportunities to show their abilities and experiences in their respective field. Thanks to this process, many key staffs that are competent, ambitious and passionate at work have been promoted to higher positions.

The training activities have also been focused on to improve the quality of the human resources. In order to offer training programs to right people, which helps to increase the professional qualifications and working skills at each position, in 201 the training map was set up for all positions in the company. Basing on that, training courses on insurance knowledge and soft skills were carried out for nearly 400 turns of staffs. The training courses were organized in various forms, including internal and external training, distance training, workshop, etc…

RISK MANAGEMENT

Risk management is identified as one of the key activities and the core factor to maintain efficiency in the orientation of the company. Thanks to the construction of the IT system connecting all activities of the company, operational risks have been reduced. Moreover, in 2012, the core software was upgraded in order to meet the development requirements and control systematic risks.

Additionally, the operational risk management policies were also focused on by tightly controlling risk selection and assessment procedure. Along with that, a cautious and effective reinsurance program was implemented to minimize catastrophe losses and financial volatility. Internal audit activities were carried out in specialized topics in order to timely detect risks in the operational process of the whole company for prevention and adjustment of management policies.

As for activities of the two overseas joint ventures (LVI and CVI), BIC actively conducted control and inspection on their operations to ensure that the business activities are stable and in compliance with the local Law and BIC's regulations.

BRAND PROMOTION

With the business strategy focusing on retail activities, brand promotion activities were heavily invested upon in 2012.

Taking advantage of being a BIDV group's member, BIC reinforced its brand recognition at all BIDV branches, which created a consistent an united image and facilitated Bancassurance - a cross-selling chanel between bank and insurance businesses.

In addition, brand promotion in the mass media has also been invested on to bring the BIC brand closer to customers and the comunity. Messages about traffic safety, social welfare, etc... were associated with BIC brand in billboards at highly polulated areas in big cities, along with charity programs not only promoted the BIC brand but also created positive perception of BIC as being friendly and socially responsible.



The Annual Kickoff Meeting 2012

PRODUCT AND SERVICE DIVERSIFICATION

It can be said that 2012 is a *"booming year"* of BIC retailing products. In difficult situation when the revenue growth from some tranditional lines was stunned, BIC identified the need to diversifing products and services, especially retail products in order to increase revenue and expand the customer base. Some new products have been provided to meet individual customers' need such as Motorbike phycical damage inssurane, BIC Healthcare, comprehensive insurance for private houses, motorbike fire insurance... Meanwhile, some current products were also improved to meet the customer demands better.

Besides, some potential products such as credit and financial risk insurance and liability insurance have been developed to take opportunities of the market.



BIC's Launching Business Plan in 2013

INFORMATION TECHNOLOGY

Among many tools to enhance competitiveness, IT is considered as the most important for the success of a firm. In 2012, IT was continually concentrated on to make the operation more effective.

The core software was upgraded for to support key business activities. Basing on that, management programs, online selling, and claim information searching... were successfully developed, which helps BIC affirm its position as a pioneer in launching and developing the non-tranditional distribution chanels.

In 2012, the conference call system and online training was put into operation. This helped to enhance the connection between Head Office and all branches nationwide, improve management effectiveness, and reduce the administration costs.

The application of management softwares such as investment portfolio management, administration, asset, personel and salary management programs in 2012 also contributed to increased productivity, cost and man-hour savings in the whole company.

DISTRIBUTION CHANELS AND BUSINESS NETWORK

In parallel with product and service diversification, distribution channel development was also a critical success factor of BIC in this year. The strengthening of Bancasurance and E-business channels marked a significant development step of BIC, together with the improvement of 21 subsidiaries' operation and more 90 business units nationwide.

With the growth rate of Bancasurance's revenue at 60% in comparison to 2011, BIC's commitment and pioneering position in cross-selling via banks were affirmed. BIC has now offered 13 cross-selling and bank-linked products and expanded the partnership with more than 12 banks. Thanks to the remarkable improvements on product catelogies as well as selling methods, especially the application of digital signature in issuing insurance policy, the revenue of E-business channel grew 200% in comparison to 2011. It can be said that BIC is still a pioneer in E-Business channel development with the entirely online selling process from registration to payment and issuance of insurance policies.

The newly-implemented individual agent channel has started to deliver impressive results. The Telesales channel in the pilot also performed well, thus it is considered to be one of the key modern distribution channels of BIC in 2013.

CUSTOMERS SERVICES AND CLAIM SETTLEMENT AND SURVEY



The Insurance Signing Ceremony in Laos and Cambodia market

In 2012, customer services continued to make sustainable progress from awareness to implementation. Looking back at the difficulties in 2012, by managing the renewal rate, implementing selling promotion programs in the whole company, customers care was enhanced to maintain customer relationship. Customer policies were executed consistantly. Customer care programs included appreciation campaigns, birthday-wishing messages, renewal notification, promotion or reminders before rainy season… These programs have made good impression on customers about BIC's customer-oriented direction. Thanks to these efforts, the number of renewal customers reached **8.773**, increasing **20%** in comparison to 2011.

In 2012, claim settlement and survey faced big challenges because of the dramatical increase of arising claims (**14.02%** and **50.27%** more compared to 2011 and 2010 respectively) due to the impact of two big storms. BIC has made great efforts to improve communications on claim guildeline, publicize claim settment status updates on BIC's website, **Error! Hyperlink** reference not valid.consilidate and expand service network (e.g. garages, damage assessment firms...), enhance qualifications of claim staffs, and develope risk management, etc. Thanks to these efforts, claim settlement and survey was considerably improved in term of quality and processing time. The rate of solved cases over arising claims was over 100%; uncompleted cases kept decreasing and hit the lowest level in the last 3 years. Meanwhile, by controlling compensation cost, the rate of claim from retained liability was 38%, at a lower level than 2011.

Customer	Number of renewal customers in 2011	Number of renewal customers in 2012
Organization	3.384	4.437
Individual	3.640	4.336
Total	**7.024**	**8.773**

OVERSEAS JOINT VENTURE PERFORMANCE

Lao-viet Insurance Company (LVI)

2012 continued to be a successful year for LVI. Its capability and position were strengthened thanks to sucessful big projects in Laos market, one of which was asset risk insurance for Hoang Anh Gia Lai Group there. Total insurance revenue in 2012 reached **6,766,558** USD, 51% higher than in 2011 and equal to **108%** of the assigned business plan the year. Total reserve reached 1,489,373 USD, increasing 68%. Especially, LVI's accummulated profit turned positive; Return on Equity was approximatly 18%. With this result, LVI is expected to pay share dividend in 2013.

In 2012, four new products were successfully launched, including vehicle phycial accident insurance, insurance for rubber tree and coffee tree, and insurance for oversea tourists... Besides, the risk assessment, classification and selection in selling process were well implemented ; customer services before and after sales were strengthened As a result, LVI maintained the 2nd position in market share and is considered a favourite brand in Laos market.

Vietnam-Cambodia Insurance Company (CVI)

CVI's business stably operated and grew over years. Total profit after taxes reached **$363,601,** increasing **110%** compared 2011 and fullfilling **129,4%** of the assigned business plan. High growth rate were that of engineering insurance (53%) and miscellaneous insurance which included mainly avion insurance (68%).

CVI continued with its leader positon in Cambodia market in term of Aviation insurance with 03 big customers namely Cambodia Angkor Air, Skywings Asia and Helistar. Besides the advantage of leading in Aviation line, CVI corperated with professional Reinsurers and Brokers to offer industrial insurance products (e.g. rubber, suger cane and palm trees) to provide more products and services for customers, especially Vietnamese investors, customers of BIDC, Canadia bank... CVI aimed to keep developing these products to promote its brand and market share in the Cambodian market.

BUSINESS TARGETS FOR 2013

Due to unsolved problems in the macro economy in 2013, Vietnam insurance market is expected to continue facing challenges that inhibit the growth of insurance demand. The growth rate of total gross written premium of the whole non-life insurance market is forecast to be is about 10-12%.

In view of forecasts on a difficult and unstable business environment, BIC will keep its direction towards efficiency and sustainability, focusing on service quality for brand value.

The business targets for 2013 include: maintain total insurance premium's growth rate above market average and higher than 2012; save operation costs; and increase profit before taxes at least 10%

Criteria	Unit	2012 (performed)	2013 (plan)	% growth rate
Profit before taxes	million dong	110.838	121.000	10%
Total insuance premium	million dong	754.259	850.000	12,7%
Minimum dividend	%	10	10	0%

BUSINESS SOLUTIONS

In order to achieve the business targets above, comprehensive solutions will be consistently applied on the following aspects:

Continue to develop retail activities: basing on the existing business network and distribution channels, BIC will focus on developing its retail by developing new individual insurance products and boosting up its business channels including Bancassurance, individual agents, E-Insurance, and Telesales channel (to be put into practice after test).

Optimize the advantage of being BIDV group's member: Taking advantage of being a BIDV group's member, in 2013, by improving the corporation between BIC and BIDV in cross-selling process, the company will concentrate to effectively utilize customers' resources, and distribution channels from BIDV system.

Improve the organization structure to optimize the business performance: The organization structure will be improved to strengthen the roles of direction, management and support of Head-Office and enhance the pro-activeness of all subsidiaries. At the same time, in order to optimize operation efficiency and improve competitiveness in the market, all processes are revised to simplify administration procedures.

Take advantage of Information technology: in order to enhance competitiveness, the investment for IT system is identified as necessary investments in coming years. In 2013, BIC will upgrade the core software for insurance management system, improve risk approval and acceptance process, online claim and survey program, and other connecting tools such as conference call, online examining and training, etc. in order to reduce administration costs and increase the interaction between Head-Office and subsidiaries.



The Annual Business Plan Meeting 2013

Enhancing public communications and brand promotion: BIC will focus on improving the core value of BIC brand such as brand commitment, repositioning, slogan, etc. At the same time, brand communications via mass media and outdoor advertising billboards will be expanded to reach more potential customers. Moreover, BIC will take the advantage of the growing trend of social network, online marketing, etc. to optimize to effectiveness of communication activities.

Increase cost savings and operation effectiveness: In the pursuance of sustainable and stable direction, BIC will implement a series of methods including operation cost cutdown, risk management enhancement, receivable ratio control, survey and claim, client service improvement, and business performance boost.

Improve HR effectiveness: The HR will be developed through reinforcing training and personnel development programs. Training Map has been built to guide the implementation of training plan in the year. Basing on that, professional knowledge and soft skills training as well as training programs for planned or potential staffs will be conducted in the year. Furthermore, in order to develop HR of the company, the organizational restructuring project in the coming year will be considered as one way to enhance staff circulation to meet business requirements.

Strengthen business performance overseas: In 2013, BIC will enhance management activities to improve business effectiveness of LVI and CVI based on market potential and the positive previous business performance of two joint-venture companies. Especially, in the coming year, BIC will increase the ownership percentage in LVI and CVI up to 65% following the share transfer agreement from IDCC in in CVI and from LVB in LVI. This is a good opportunity for BIC to expand business in Laos and Cambodia market.

Continue with the organizational restructuring project: : According to the plan, BIC will continue its search and selection of strategic partners, credit rating and establishing a life insurance company.

CORPORATE GOVERNANCE

BOD ACTIVITIES

In 2012, the corporate governance and supervision of BOD to BOM's operation were performed based on the company's regulations and authorized classification between BOD and BOM. After having the approval of Annual Shareholder Meeting, the business plan was assigned to BOM for implementation. Moreover, BOD's monitoring and supervising were carried out closely in order to ensure the business plan's fulfillment in the year.

In addition to taking votes from all BOD's members for the final decisions in each meeting session, four meeting sessions of BOD were organized. Regulations and decisions under BOD's authority were issued in order to ensure efficient and consitent operation. Inaddition, BOD also organized confidence votes and performance appraisal of executive officers every 6 months, and at the same time gave timely guidance to the Board of Management to improve the company's performance.

BOARD OF DIRECTORS' ACTIVITIES

Based on the business plan approved by Annual Shareholder Meeting in 2012, BOD and BOM made a lot of efforts to fulfill the assigned business plan in the year.

Employee stock option plan for all staffs (ESOP) was adjusted within 2012 Based on the approval of Annual Shareholder Meeting about ESOP's adjustment in 2012, the stock price of ESOP was changed from 13.500 VND/share to 10.000 VND/share. It is a fixed price to be applied over the remaining duration of this program.

Implemented organization retructuring project: Based on the approval of General Shareholder Meeting, BOD assigned BOM to evaluate the existing governance structure, investments amount in two joint-ventures overseas to build up appropriate programs for share transfer agreements and look for other investment opportunities. BOD directed to amend investment strategy by receiving share transfer in terms of the investments in joint ventures located in Cambodia and Laos. As for Cambodian investment, the company will control 65% of ownership by share transfer agreement from IDCC. As for Laotian one, BIC will pay LVB for 14% of ownership in LVI to become the largest shareholder with 65% of control.

In parallel with receiving share transfer from LVI and CVI, BOD has directed the search for partnership to establish a life insurance joint-venture.

BOARD OF SUPERVISORS' ACTIVITIES

In the second year since BIC transformed from state-own company to joint-stock corporation under the new name BIDV insurance corporation, the restructuring of supervisory board were carried out with Mr. Nguyen Thanh Cong replacing Mr. Dao Manh Duong as a new member of BOS since Annual Shareholder Meeting 2012. During this 02 years, the BOS has fulfilled all duties in compliance with BIC's Charter and the regulation on the organization and operation of BOS, particularly:

- Building work assignment for BOS's members in 2012;
- Supervising the governance and management of BOD and BOM;
- Evaluating the reasonability, legality, honesty and prudence in business management and accounting;
- Performing independent assessment for BIC's financial report in the first 6 months and the whole year in 2012;
- Recommendations for independent audit firm in 2012;
- Evaluating the company's internal audit report and recovery solutions after inspection;
- Performing other related tasks in accordance with the business law, BIC's charter, Regulations on the organizing and operating of BOS and General Shareholder Meeting provisions.

REMUNERATION FOR BOD AND BOS

Remuneration for BOD and BOS were made by BIC according to General Shareholder Meeting's approval in Resolution 01/2012/NQ-DHDCD issued on March 16th 2012, as follows:

No	Criteria	Payment (VND/ month)	Total payment in 2012
1	Remuneration		
	For BOD	18.000.000	270.000.000
	For BOM	4.500.000	67.500.000
2	Meeting allowance (4 meeting sessions)		61.000.000
3	**Total**		**398.500.000**

SHAREHOLDERS AND INVESTOR RELATIONS



BIC's Board of Directors and Board of Management

INVESTOR RELATIONS

In the pursuance of openness and transparency, BIC made information disclosures in a timely and accurately manner. It was also active in exchanges and interaction with shareholders to make clear and consistent communications on the company's operations.

Timely information disclosure

BIC never failed to execute in time periodic and unusual information disclosure or explanation to authorities in accordance with Circular 52/2012/TT-BTC regulating information disclosure in the stock market. Besides disclosure on corporate governance every 6 months, quarterly financial report, and so on, sudden information such as changes in BOM or BOS and resolutions of BOD were also announced to shareholders.

In addition, BIC maintained its website the official communication channel with an Investor Relations corner. Information, forms and procedures for investors were frequently updated on this website. Additionally, other communication channels include the newspapers, television, annual reports and direct communication through the Investment department… This helped ensure that shareholders can access updated and complete information.

Increasing transparency in information disclosure:

The quality of information communicated to investors was ensured all the time. Apart from information required by regulations, BIC constanly updated information on its performance, events, new products and services on website and other communication facilities in time in order to provide objective and comprehensive understanding of BIC to investors.

BIC is known as one of earliest insurance firms applying financial report form following international standards. The annual financial statement is audited by a prestige audit firm to ensure compliance to regulations and planned progress.

SHARES

Chartered Capital	**660.000.000.000**
Number of listed shares	**60.000.000**
Number of outstanding shares	**60.000.000**
Type of share	**Common share**
Stock Code (HOSE)	**BIC**

OWNERSHIP STRUCTURE

Shareholder	Number of shares	Value (VND)	Percentage of Chartered capital (%)
Founding shareholder			
Bank for Investment and Development of Vietnam	54.317.509	543.175.090.000	82,3%
Total	**54.317.509**	**543.175.090.000**	**82,3%**